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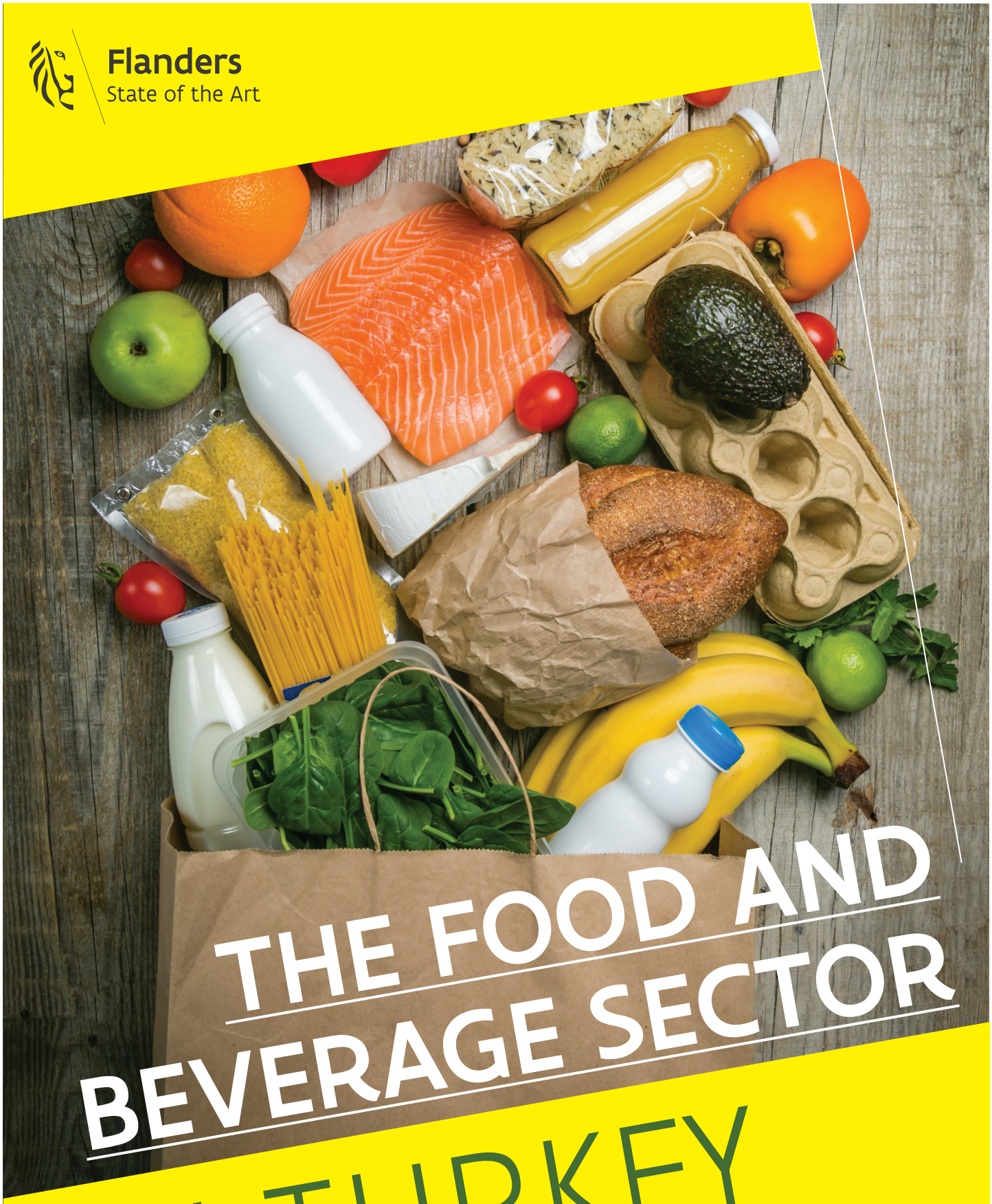

THE FOOD AND BEVERAGE SECTOR IN TURKEY

FLANDERS INVESTMENT & TRADE MARKET SURVEY

Flanders
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Study

The Turkish Food and Beverage Sector

Market Study, December 2018

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1 INTRO

The following report aims to guide the trade and investment strategies of Flemish companies seeking to expand into the Turkish food and beverage market.

First of all we need to point out that Turkey itself is a big producer of food and beverages. The sector has almost %20 of the country's GDP (2017). This has to do with the fact that the country is blessed with a suitable climate and ecological conditions for agricultural production, for a wide variety of fruits and vegetables.

Turkey is the 7th largest agricultural producer in the world, and the largest one in Europe.

It is the world's largest producer of apricots, hazelnuts, figs, cherries and sour cherries, quinces.

It is Europe's largest producer of apples, green beans, beeswax, chestnuts, chick peas, green chilies and peppers, cotton lint, cottonseed, cucumbers and gherkins, eggplants, grapefruits, natural honey, leeks, lemons and limes, lentils, chicken meat, melons, whole fresh sheep milk, dry onions, green onions, pistachios, safflower seed, spices, spinach, strawberries, tea, tomatoes, vanilla, vetches, walnuts, watermelons.

No wonder then that Turkey's exports of food and beverages are much larger than its imports.

In 2017 Turkey's exports of the food & beverage industry reached USD 11,.7 billion. Its main export markets are: Germany, UK, Italy and Iraq.

In 2017 Turkey's imports in the food & beverage categories stood at USD 4.9 billion. The main import markets are: The Netherlands, Germany, USA, Poland and Italy.

Turkey is a growing market with a large population of 80.8 million people, a young population (50% is younger than 30), of increasing affluence, and more and more open to international flavours, to imported foods and drinks, to convenience food. A market with continuously increasing market share of the 'organised retail' as well.

The share of household expenditure allocated to food, beverages, and tobacco will remain high by western standards. It was 23.5 percent of household spending in 2017, but is expected to decline to 22.6 percent in 2022, according to Economist Intelligence Unit (EIU).

There are over 41,000 registered producers in Turkey; but the increase in the population of the country, together with the increasing local production costs, open the doors, allowing the entrance of more foreign products to the domestic markets.

In this respect, opportunities exists for Flemish companies that are able to supply the market with novel and lifestyle aspiring products.

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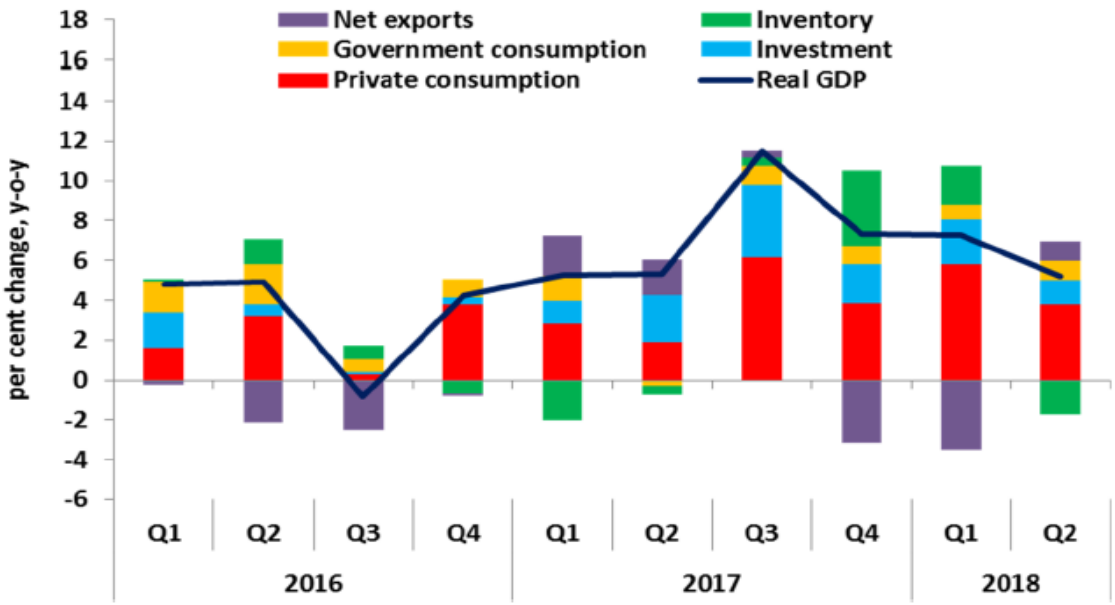
3 TURKEY MACRO ECONOMIC CONTEXT & MARKET OVERVIEW

Turkey Snapshot

Official Name of Country	Republic of Turkey
Capital City	Ankara
Government	Presidential System of Government
Population	80.8 million (2017)
Labor Force (Population)	31.6 million (2017)
Median Age	31.7 (2017)
Official Language	Turkish
President	Recep Tayyip Erdoğan
Area	783,562.38 km^2
Neighboring Countries	Bulgaria, Greece, Syria, Iraq, Iran, Azerbaijan, Armenia, Georgia

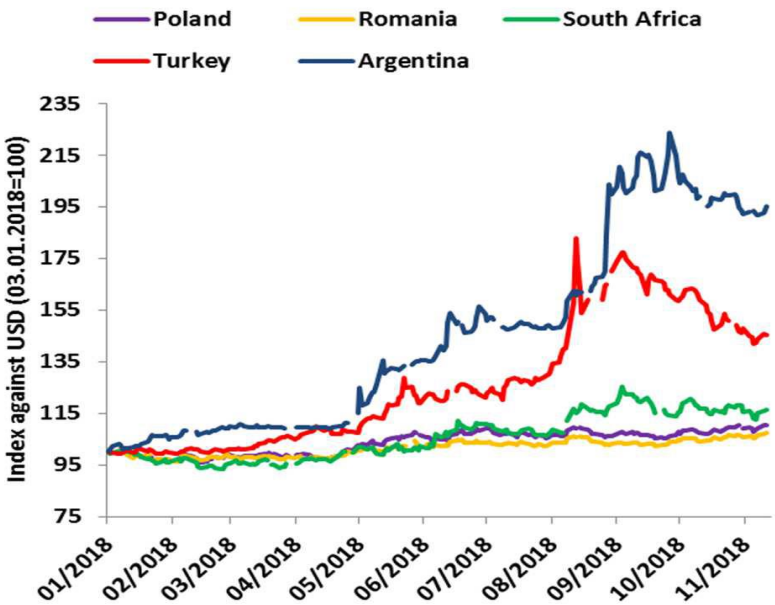
Major Cities (Population)	Istanbul (15.0 million), Ankara (5.4 million), Izmir (4.3 million), Bursa (2.9 million), Antalya (2.4 million) (2017)
Currency	Turkish Lira (TRY)
Financial Center	Istanbul
GDP / GDP Growth (%)	USD 851 billion / 7.4% (2017-Current Prices)
GDP Per Capita	USD 10,597 (2017)
Exports Value	USD 157 billion (2017)
Imports Value	USD 234 billion (2017)
Foreign Direct Investment	USD 10.9 billion (2017)
Number of Companies with Foreign Capital	58,418 (2017)
Inflation Rate	11.9% (CPI-2017)
Major Exports Markets	Germany (9.6%); UK (6.1%); UAE (5.8%); Iraq (5.8%); USA (5.5%); Italy (5.4%); France (4.2%); Spain (4.0%); Netherlands (2.5%) Israel (2.2%) (2017)
Major Imports Sources	China (10.0%); Germany (9.1%); Russia (8.3%); USA (5.1%); Italy (4.8%); France (3.5%); Iran (3.2%); Switzerland (3.0%); South Korea (2.8%); UK (2.8%) (2017)

There are signs of a hard landing following Overheating...



- The economy expanded rapidly by 7.4 per cent in 2017 and by 6.3 per cent in the first half of 2018
- This was achieved through various stimuli provided by the government, including an expansion of the Credit Guarantee Fund (CGF) and several major public infrastructure projects
- Although Q3 growth is not published yet, there are signs of a hard landing
- Forward looking indicators (PMI, confidence etc.) have weakened
- Sharp contraction of imports
- *The economy is likely to enter into a recession over the coming quarters, and we expect growth of around 3.6% in 2018, moderating to around 1.0% in 2019.*

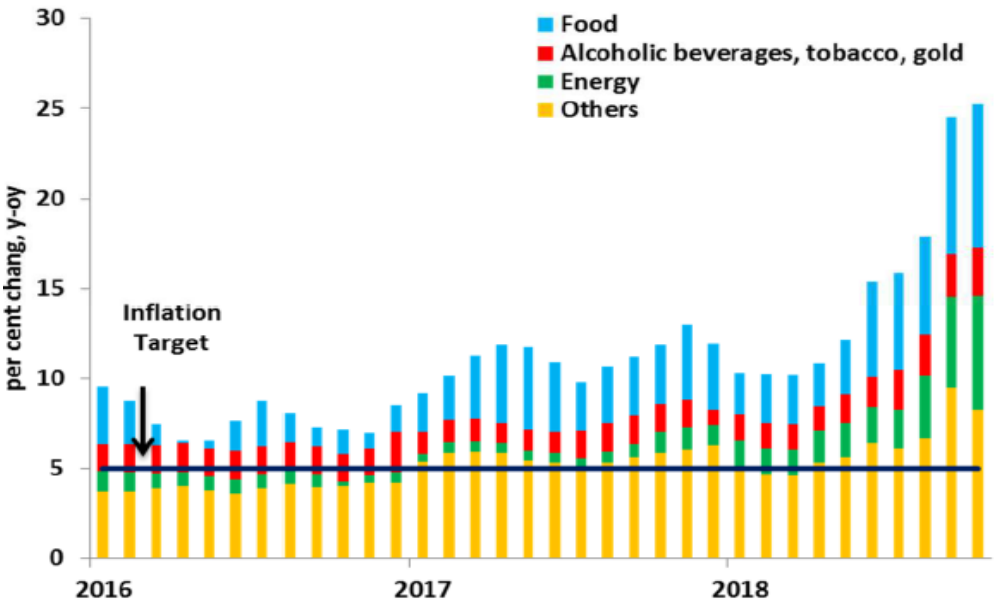
The Turkish lira has been extremely volatile in 2018...



- The authorities' failure to adequately respond to the overheating economy, compounded by geopolitical tensions (notably with the US) saw the lira particularly hard hit among its emerging market peers by the tightening of global liquidity.

- A significant policy response by the Central Bank (CBT) in September, the introduction of the New Economic Programme (NEP), and the normalisation of relations with the US following the release of Pastor Brunson seem to have stabilised the lira for the time being.

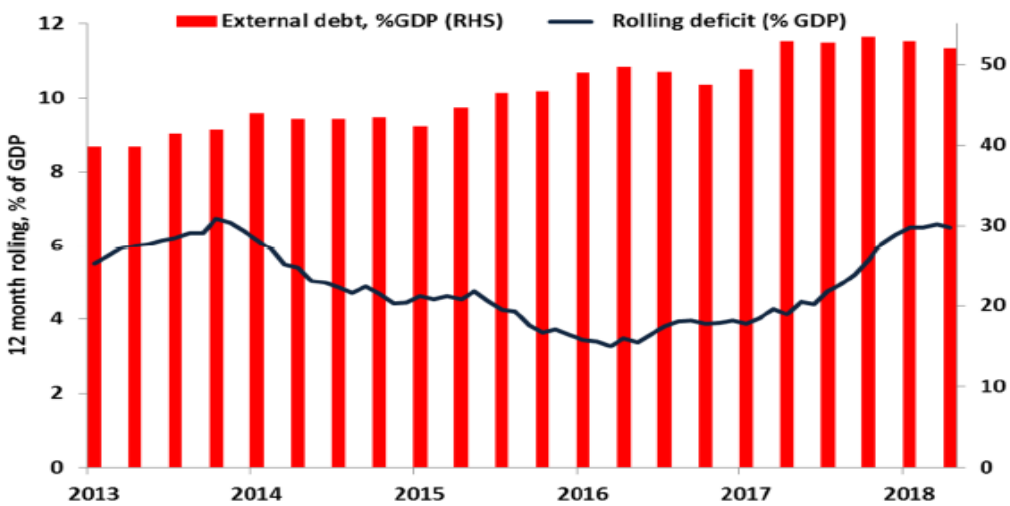
...driving inflation alongside overheating



- The lira's depreciation and overheating of the economy led to a surge in inflation.
- Despite the CBT's consecutive sharp rate hikes, inflation hit a 15-year high of 25 per cent in October 2018.
- Although a high PPI read (45 per cent y/y) suggests there is more cost-push inflation in the pipeline, the sharp slowdown in demand should help to offset this.

There are signs of rebalancing but the situation remains fragile

Current account deficit has risen to over 6% of GDP...



- As a result of the deteriorating trade balance and rising oil prices, the 12-month rolling CA rose from around 3.4 % of GDP in early 2016 to 6.5% at mid 2018.
- More recently we have seen signs of rebalancing: the weak lira has resulted in a significant improvement in the external trade position, giving rise to a CA surplus in August and September.

Risks to the outlook

- Although the economic situation has stabilized recently, investor sentiment remains fragile so policymakers need to tread carefully to avoid a recurrence of the crisis experienced in the summer of 2018.
- The depreciation of the lira has is impacting bank capitalization and asset quality, and despite recent refinancings, there are concerns about both the availability and cost of funding. A lack of transparency concerning restructured loans in the context of FRS9 is impacting confidence in the system.
- There is a risk of a deterioration of the fiscal position if contingent liabilities (PPP revenue guarantees, CGF liabilities) crystallize due to the slowdown in the real economy.

Turkey: Key Macroeconomic Indicators

		2015	2016	2017	2018*	2019*
GDP growth	per cent, y-o-y	6.0	3.3	7.4	3.6	1.0
CPI inflation	per cent, average	7.7	7.8	11.1	15.5	14.5
Government balance	per cent of GDP	-1.0	-1.1	-1.5	-2.7	-2.7
Government debt (nominal)	per cent of GDP	29.1	29.2	28.5	30.0	29.6
Current account balance	per cent of GDP	-3.8	-3.8	-5.5	-5.5	-3.9
Net FDI (neg.sign=inflow)	per cent of GDP	-1.4	-1.4	-1.3	-1.3	-1.3
External debt	per cent of GDP	46.4	47.0	52.3	66.3	68.0
Gross reserves	per cent of GDP	12.9	12.6	13.7	13.0	12.6
Private sector credit	per cent of GDP	63.0	65.7	66.5	67.0	-
Nominal GDP	US$ bn	857.5	861.7	848.1	858.7	-
Unemployment	per cent, average	10.3	10.9	10.9	10.7	10.8
GDP per cap	US$	10,914	10,817	10,597	10,592	-

Source: National authorities, IMF, World Bank and EBRD calculations.

*Forecasts.

4 TURKEY FOOD & BEVERAGE INDUSTRY OVERVIEW

Turkish Statistical Institute (TUİK) data as of 2017, reveals that the food sector is experiencing a year plus in every area.

4.1 EMPLOYMENT IN FOOD AND BEVERAGE INDUSTRY

The food and beverage industry increased its employment in 2017 in parallel with the increase in the number of enterprises. In 2016, the employment in the food industry was recorded as 489 thousand 324, while the employment in the beverage industry was 16 thousand 204, and the total employment in the sector was recorded as 505 thousand 528 people. Last year, a total of 518 thousand 963 people were employed in this sector, of which 502 thousand 225 were in food industry and 16 thousand 738 in beverage industry.

4.2 FOOD INDUSTRY PRODUCTION

While the total production value of the enterprises operating in the food and beverage industry in 2016 was more than 197 billion TRY in 2017, total industrial production was more than 232 billion TRY where 220 billion TRY of this has been realized in the food industry and 12 billion TRY in the beverage industry.

The total value added created in the food and beverage industry in 2016 was 33 billion TRY, whereas in 2017, the total value added produced in the food industry was 37 billion TRY and in the beverage industry 2.6 billion TRY, with the total value added as 39.2 billion TRY.

4.3 REVENUES OF FOOD AND BEVERAGE INDUSTRY

Total sales turnover of the enterprises operating in the food and beverages Industry in 2016 was 215 billion TRY. However, last year, the total turnover increased to 254 billion TRY where 242 billion TRY of this in the food industry, and 12 billion TRY in the beverage industry.

According to the annual GDP data of Turkish statistical Institute, excluding the 348 million TRY worth alcoholic beverages as of 2016, the current size of food and beverage industry reached to more than 401 million TRY.

4.4 FOREIGN TRADE SURPLUS OF FOOD SECTOR

Turkish Statistical Institute's foreign trade statistics have shown that the Food Sector, which has been among the sectors generating a surplus in foreign trade for years, has continued this feature in 2017 as well.

In 2017, Turkey's exports of the food & beverage industry reached USD 11,.7 billion, the imports as of the same year on the other hand was USD 4.9 billion . Thus, the foreign trade surplus of the sector in 2017 had been USD 6,8 billion. In January-September 2018, food and beverage exports amounted to USD 8 billion , while imports amounted to USD 3,6 billion.

4.5 FOOD AND BEVERAGE IMPORTS OF TURKEY

With an ever increasing population and a growing economy, the ratio of imports of food products in Turkey, exceeded the export ratio for the first time is history. Therefore, the import market of Turkish food and beverages industry, which is currently worth about USD 5 billion per year, is expected to grow even more in the upcoming years.

Consumer-Oriented Agricultural Products Imported from the World to Turkey: Top 10 (2015-17)

	Thousands of USD Product	Imports 2015	Imports 2016	Imports 2016	Change 2015-2017 (%)
1	Food Preparations Nesoi	417,840	401,579	455,401	8.99
2	Cocoa Butter, Preparations, Paste, Powder	232,587	215,701	274,679	18.10
3	Walnuts, Fresh Or Dried, In Shell	115,274	139,541	117,958	2.33
4	Coffee Extracts, Essences Etc. & Prep Therefrom	101,610	89,849	112,726	10.94
5	Food Preparations For Infants, Retail Sale Nesoi	103,502	100,287	103,338	-0.16
6	Bananas, Fresh Or Dried, Nesoi	108,017	102,941	102,659	-4.96
7	Almonds, Fresh Or Dried, Shelled	53,796	61,595	72,834	35.39
8	Live Plants, Cuttings & Slips,Nesoi;Mushroom Spawn	58,315	66,740	67,610	15.94
9	Almonds, Fresh Or Dried, In Shell	18,404	45,331	59,380	222.64
10	Black Tea Fermdt & Other Partly Fermentd Tea Nesoi	15,944	39,712	57,768	262.31
	Consumer-Oriented Agricultural Total from All the World	2,330,237	2,237,980	2,561,686	9.93

Source: Global Trade Atlas, Nesoi: Not elsewhere specified or included.
Note: Cocoa products are combined in one line and are assumed to be used in food processing, i.e. chocolate and variations production.

5 most important food and beverage products imported by Turkey:

Fish and Seafood - $ 172 million

Nofima, a researcher company in fishing, agriculture and seafood industry in Norway, has drawn the attention of many exporters to Turkey, in 2016. Turkish citizens are more and more interested in seafood, with each passing day and as they tend more towards seafood as a healthy alternative to meat, the consumption of seafood increases.

In 2016, Turkey imported $ 172 million worth of fish and seafood, while salmon was the most imported product. Norway, which has 27.32% share of the total imports, is the country's largest seafood supplier. Morocco is the second seafood supplier of Turkey with 18.45% import share and Spain is just behind Morocco with a share of 9.19%.

Processed Fruit and Vegetables- $ 134,5 million

Turkey is a major producer of agricultural products, but the number of countries all over the world, that can meet the domestic needs in terms of fruits and vegetables is too little. Turkey, exports niche products from Europe, where the exotic products are imported from inner regions of Asia. This attracts the attention of exporters and exporters fill the gaps in the market.

According to the USDA, in 2016, the value of processed fruit and vegetable imported in Turkey was $ 134.5 million and 52% of it was provided from Thailand. Thailand has currently been the biggest supplier of these products by far. The second largest supplier, Hungary, has 5% share of the total imports.

Snacks- $ 134,4 million

Snack food, with an annual import volume of over $ 130 million, is one of the largest markets in Turkey. There is also a strong interest towards foreign brands in this sector. For example, in consideration of the potato chips sector, more than 90% of the market is controlled by two American brands, Frito-Lay and Pringles.

Three countries that realize most of the snack food exports to Turkey:

- Germany – %32
- Netherlands – %12
- Italy – %10,5

Milk and dairy products – $ 90 million

Importing approximately 40,000 tons of milk and dairy products in 2016, Turkey has revealed that butter and similar products with foreign origin are still of interest. This was just after the successful efforts to increase the production of domestic cheese offered to consumers.

Ireland and New Zealand together has the 36.5% share of Turkish milk and diary products imports. What products do they import? New Zealand, mostly imports butter to Turkey, while Ireland's main export products are both butter and cheese. Cheddar cheese is the type of cheese that the Turks are most interested in.

Meat products- $ 45 million

The lack of a consistent policy pursued by the government and increasing domestic feed prices led to a surge in red meat production in Turkey. Minister of Food, Agriculture and Husbandry, Faruk Çelik stated that there is a supply gap in terms of red meat, between 150,000 to 200,000 tons annually in Turkey. Therefore, a significant increase in imports is expected regarding meat.

Russia and Turkey are negotiating to maintain the joint trade agreements considering meat products. In recent years, the most meat exporting country to Turkey had been Bosnia and Herzegovina, just over 6,000 tonnes with a net worth of $ 45 million in 2016.

5 FOOD PROCESSING IN TURKEY

Turkey has a modern and developed food processing industry which represents 16 percent of all manufacturing in the country. There are 42,030 food processing and 499 beverage producing enterprises in Turkey, with concentrations in fruit and vegetable preparations and processing, bakery products, meat products, and dairy processing. There are 577 foreign direct investments in food and beverage production. 100 of these were German, 44 Dutch, 33 French and 31 from the United States. Of these 577, 12 were started in 2016.

Turkey has a developed food processing industry, but only 15% of the raw material of additives used in the food processing sector are locally produced (e.g. calcium carbonate and citric acid) and the remaining 85% are imported. Recently new production industries have started to emerge such as bovine gelatine, aromas, and colourings.

- *When we look at the distribution of the food processing companies to sub-sectors:*

80% are in the flour, milling and bakery sector;

4% are in the fruit and vegetable processing sector;

5% are in the milk and dairy processing sector;

3% are in the vegetable oils and margarine sector;

4% are in sugar confectionary;

2% are in the fish and meat processing sector;

2% are in beverages. (food-exhibitions.com, 2017)

Quick Facts on Turkey's Food Sector

Imports of Processed Foods, 2017

US$ 3.7 billion

List of Top 10 Growth Products in Turkey (Imported Processed Food Ingredients) 2015-2017

1. Palm Oil, Crude
2. Roasted Chicory
3. Animal Fats & Oils
4. Octopus
5. Cinnamon
6. Sardines
7. Wheat or Meslin Flour
8. Nutmeg
9. Caviar
10. Cherries, Prepared/Preserved

Top 10 Imported Food Processing Ingredients to Turkey (from anywhere) 2017

1. Sunflower Seed/Safflower Oil
2. Food Preparations nesoi
3. Coffee Extracts, Essences etc.
4. Food Preparations for Infants
5. Palm Kernel/Babassu Oil
6. Cocoa Butter/Fat/Oil
7. Cocoa Preparations nesoi
8. Cocoa Paste
9. Cocoa Powder
10. Fish Fats/Oils

Top 10 Retailers (by Market Share in 2017)

1. Bim
2. A 101
3. Migros
4. Şok
5. CarrefourSA
6. M- Jet (a Migros Brand)
7. Ekomini
8. Hakmar
9. Onur
10. Yunus

GDP/Population 2017

Population: 80.1 million
GDP, PPP: US $2,133 billion
GDP Per Capita, PPP: US $26,500

Sources: CIA World Fact Book; Euromonitor International; Turkish Statistical Institute; Global Trade Atlas

Turkey remains a net exporter in the processed foods industry both to the world in 2017, as they have been in the last five years. The country has a developed food processing industry with good quality products and competitive pricing compared to Europe and the United States. Turkey is home to a rich base of agricultural production and is able to supply labor with relatively competitive prices to the industry.

The food processing industry is one of the few industries with a trade surplus.

Turkey continues its structure with small- and medium-sized companies in food processing sector. The small number of large companies have modern techniques and technology, internationally operating enterprises are pioneering the sectoral development.

- *Food processing companies listed -+in Turkish Fortune 500 by Fortune Magazine Turkey 2016*

2016	Fortune 500	Company	Subject of Business
1	10	Anadolu Efes	Alcoholic beverage (Efes Beer), owner of Migros retail chain, master franchise owner and operator of McDonald's in Turkey, bottler of Coca-Cola in 10 countries including Turkey.
2	34	Unilever	Ice cream, ready-to-eat soup, ketchup, mayonnaise, mustard, tea, vegetable based margarine, food ingredients for B2B
3	36	Türkiye Şeker Fabrikaları	Production of Refined Sugar (State owned)
4	37	Tiryaki Agro Gıda	Process and trade pulses and grain, process and trade nuts, trade oil seed, production process trade organic food
5	46	Ülker Bisküvi	Confectionary, Snacks, chocolate, butter, flour, vegetable oil
6	58	Eti Gıda	Confectionary, Snacks, chocolate, baby food
7	70	Konya Şeker	Sugar, Confectionary, Dairy
8	74	Çaykur	Tea
9	79	Banvit	Poultry Products and processing
10	82	Sütaş	Dairy Products and processing
11	94	Abalıoğlu Yem Soya	Fish, poultry and farm animal feed, aquaculture production, fish processing, meat production and processing, poultry production and processing
12	109	TAB Gıda	Operator and master franchise owner (for Turkey) of Burger King, Arby's, Popeye's, Sbarro and Usta Donerci (local fast food)
13	119	Altınmarka Gıda	Cocoa importer and processor, chocolate producer for other companies (B2B)
14	125	Namet Gıda	Meat processing, Meat products
15	153	Erpiliç	Poultry Products and processing
16	177	Beypiliç	Poultry Products and processing
17	183	Tat Gıda	Tomato paste, Preserved vegetables, preserved ready meals, ketchup, mayonnaise
18	186	Küçükbay Yağ	Vegetable Oils (Olive, Sunflower seed, canola, corn, soy), margarine, oils & margarines for processors and food service (B2B)
19	190	Trakya Birlik	Sunflower seed oil, vegetable based margarine
20	218	Beşler Makarna	Pasta production
21	219	Türk Tuborg	Alcoholic beverage (Beer)
22	223	Aves Enerji Yağ Gıda	Trade of sunflower seed oil, sunflower seed, suncake, canola
23	224	Matlı Yem	Farm animal feed, poultry feed, egg production
24	236	Yayla Agro Gıda	Pulse packer, ready-to-eat packed pulse meals
25	251	Torunlar Gıda	Trade of sunflower seed oil and other oil seeds; production of sunflower seed oil, canola oil, soya oil, paddy production and rice processing

- *Important food processing companies in Turkey are listed below with links to their websites:*

Dairy Companies
1. SEK Sut Urunleri
2. Pinar Sut Mamulleri
3. Sutas Sut Urunleri
4. Yorsan Sut Urunleri
5. Danone Turkey
6. Ak Gida / Ulker Icim Sut
7. Eker Sut Urunleri
8. Torku Gida

Meat and Poultry Processing
1. Pinar Et
2. Namet Et
3. Maret Et (Owned by Namet since 2014)
4. Trakya Et
5. Polonez Et Urunleri
6. Sahin Melek Et ve Mamulleri
7. Besler Et ve Gida Sanayi
8. Coskun Et Mamulleri
9. Banvit Poultry
10. Keskinoglu Poultry
11. Beypilic Poultry
12. Akpilic Poultry
13. CP Turkey Poultry

Confectionary, Chocolate, Snack
1. Eti Gida
2. Ulker Gida
3. Nestle Turkey
4. Frito Lay Turkey
5. Mondolez International Turkey
6. Torku Gida
7. Dogus
8. Ferrero Turkey
9. Saray Biscuits
10. Haribo Turkey
11. Bifa Gida

Processed Sea Food
1. Dardanel Gida
2. Kerevitas
3. Leroy Turkey
4. Kocaman
5. Kilic Deniz
6. Marines Sea Food

Nuts and Dried Fruits
1. Malatya Pazari
2. Tadim
3. Papagan
4. Peyman
5. Pinar Kuruyemis
6. Milhans Kuruyemis
7. Seyran Gida

Beverages
1. Dimes Gida (Fruit Juices)
2. Aroma (Fruit Juices, Carbonated Drinks, Water)
3. Tamek (Fruit Juices)
4. PepsiCo Turkey (Carbonated drinks, chips)
5. Coca Cola Turkey (Carbonated drinks, fruit juices, water)
6. Anadolu Efes (Beer)
7. Turk Tuborg (Beer)
8. Mey Icki (Hard liquor, wine)
9. Doluca Wine
10. Kavaklidere Wine

Canned Food, Ready to Eat Food, Frozen Food, Processed Vegetables & Fruits
1. Tat (canned, glass bottle conserved)
2. Tamek (canned, glass bottle conserved)
3. Yurt Konserve (canned)
4. Superfresh (frozen)
5. Pinar (Frozen)
6. Feast (Frozen)
7. Tukas Gida (canned, glass bottle conserved)
8. Penguen Gida (glass bottle conserved)

The majority of food processing is done around major metropolitan areas in Western Turkey. For production of ingredients for bakery products such as flour (but not additives and yeast) there is a concentration around Karaman and Konya, in Central Anatolia where Turkey's wheat is grown. There is a concentration around Izmir and Bursa for dairy processing. Most companies have an office or suppliers centered around Istanbul.

Despite Turkey's strong agricultural production base, when it comes to food additives, such as coloring additives and artificial sweeteners, Turkish companies import these products. They are then sold as mixes

under a Turkish brand or with the original brands. There is one Turkish company that is producing aromas, natural-identical flavors, called Aromsa. The rest of the aromas/flavorings used in the industry are imported. When it comes to yeasts for the bakery sector, there are three large companies in Turkey producing these. The one with the largest market-share is Turkish-owned, called Pakmaya, the other two are European-origin foreign direct investments in Turkey. All three are also exporting to other countries. Regarding enzymes as food processing aids, most are imported from various countries and there is a bit of local production. In gelatin, there is demand for Halal products as Turkey is a Muslim country and pork products are common in gelatin production globally. There are some Halal gelatin producers in Turkey that use only beef products to meet the demand. When it comes to vitamins and minerals as food ingredients, most are imported, though there is some local production, such as calcium carbonate.

Additives are generally imported from developed countries. Europe and the United States are the main sources, with Netherlands and Germany being the two most important countries that sell these to Turkey.

Large food processors in Turkey are often capable of accessing the ingredient suppliers themselves and importing directly. So one might approach them directly or try and meet them in a Trade Show in Europe, the Middle East or in Turkey. The large companies typically attend large shows such as Anuga in Germany, Sial in France, or Gulf Food in Dubai. Food trade shows in Turkey can be helpful to visit before deciding to enter the market. Anfas Food Product, World Food Istanbul, IbaTech and Food Ingredients Fi Istanbul are good shows to visit and meet importers.

5.1 IMPORT PROCEDURE

Turkey's import processes and regulations can be difficult to navigate; in most cases some counseling with a customs broker/consultant in Turkey is useful as these brokers/consultants often understand the complex import processes better than a new lesser-experienced company.

Most laws and regulations are harmonized with EU in Turkey. In the scope of EU harmonisation, the Turkish Government issued a new Law no. 5996 on Veterinary Services, Phytosanitary, Food and Feed on June 13, 2010 with the objective of protecting and ensuring public health, food and feed safety, animal health and welfare, plant health and consumer interests taking into consideration environmental protection. In the past, veterinary services, phytosanitary, food and feed policies were covered by separate laws and regulations.

Law on Veterinary Services, Plant Health, Food and Feed

For more details, please check Turkey Ministry Of Agriculture And Forestry

You can always contact FIT Istanbul office to get more information.

Quick Facts

Imports of Consumer-Oriented Ag. Products 2017 US$2.6 billion

List of Top 10 Growth Products in Turkey (Imported Consumer Oriented Agricultural Products) 2015-2017

1. Nonalc. Beverages, Nesoi	**6.** Meat, Bovine Cuts With Bone In
2. Wilkings and Similar Citrus	**7.** Citrus Fruit (Inc Mixes) Prep etc.
3. Mandarins	**8.** Tea Or Mate Extracts
4. Roasted Chicory	**9.** Soups & Broths & preperations
5. Nonalcoholic Beer	**10.** Black Tea Fermtd

Food Retailers by Channel (Sales in Million USD) 2016*

Modern Grocery Retailers	**43,385**	
- Convenience Stores		1,490
- Discounters	12,960	
- Gas station/ Forecourt retailers		813
- Hypermarkets	1,997	
- Supermarkets	26,124	
Traditional Grocery Retailers		**47,159**
- Food/Drink/Tobacco Specialists		11,167
- Independent Small Grocers (Bakkals)	34,826	
- Other Grocery Retailers	1,165	
Grocery Retailers Total	**90,543**	

Top 10 Retailers (by Marketshare in 2017)

1. Bim	**6.** M- Jet (a Migros Brand)
2. A 101	**7.** Ekomini
3. Migros	**8.** Hakmar
4. Şok	**9.** Onur
5. CarrefourSA	**10.** Yunus

Strong Growth Dynamics - Food retailing sector in Turkey, exhibits positive performance, above the average growth levels of the national economy, and has a strong structure. The annual average growth rate of 13%, announced by Turkish Statistical Institution, concerning the 2015-2017 period, although adjusting the seasonality and calendar effects, reveals that the revenue of food, beverages and tobacco industry, grew above the GDP growth rates in the same period. The annual average rate of increase of respectively 9,4% and 9% in the headline and food inflation during the period in question, has a significant effect. The reason behind is that the sector players have the flexibility to reflect inflation increases to shelf prices in a short time.. The most important organic growth path in the sector is the increase in the number of stores. In Turkey, the total number of stores of food retailing supermarket chains operating in the sector during the period 2015-2017 is estimated to have increased by ~ 12%. The increase in the number of stores of the 3 large discount stores (A101, Bim and Şok) in this period, on the other hand was ~ 16% on average. Taking into consideration the fast-growing demographic factors such as food, beverages and tobacco expenditures (the second largest group after housing and rent), which constitutes 24% of household consumption, and the rising rate of urbanization, we expect this increase to sustain in the upcoming period. Despite the gradual slowdown in mid-long term inflation and store expansion rates, we expect the sector to sustain its growth performance over the economy.

Organized channel share will increase - With the weighted effect of discounted markets, it is estimated that the number of stores in the organized channel regarding the food retailing sector has tripled in the last 10 years and the market share has risen from 28% to 40%. Considering the average of 80% rate thereof in developed countries, as well as rapid store opening of discount stores as well, due to intense competition, and the impact of mergers and acquisition initiatives, we still expect a sustainable increase regarding the organized channel share in Turkey.

Intense competition, shall keep mergers and acquisitions on the agenda - as of 2017, the total number of entities operating in the food retailing sector in Turkey is expected as 166, while the number of stores is estimated to be approximately 194 thousand. We expect that, the need for consolidation created by the fragmented structure and the intense competition regarding the sector, shall keep the merger and acquisition initiatives that we have experienced in recent years (such as the merger of Migros-Kipa) on the agenda more intensely.

Imported high value food items are mostly sold in hypermarket settings which are located in wealthier urban areas. These include Migros, CarrefourSA, Metro Grossmarkets and premium grocery chains such as Macrocenter, as well as more regional gourmet chains like Gourmet Garage. Standalone gourmet/premium food stores that are located in major city centers like Istanbul, Izmir, Ankara, Bodrum, Antalya also sell imported goods. Imported specialty or high value food items are generally not sold in discount grocery chains or in regional grocery chains, though imported commodities such as rice, walnuts, almonds and few imported fresh fruits like bananas and avocados may be available there.

Turkey is also a very price sensitive market. Consumers have started to prefer hard discounters or discounters offering private label products, which are on average 30 percent cheaper than the name brand. Discount Grocery Retailers such as BIM and A101, are transforming the market and are opening up compact stores everywhere (usually sized around 100 to 400 square meters) in neighborhoods and side streets. An increasing number of bakkals (traditional stand-alone small grocery shops), are either closing due to competition, or transforming into smaller size outlets of organized grocery chains such as convenience stores or discounters. Grocery supermarket retailers such as Migros and CarrefourSA are opening smaller convenience stores like M-Jet and CarrefourSA Express to compete.

Grocery retailers are classified in two major groups in Turkey: Organized/Modern Grocery Retailers and Unorganized/Traditional Grocery Retailers. Organized Grocery Retailers are multi-format retail chains, discount grocery chains, regional grocery chains and gas station convenience stores. The largest chunk of the unorganized grocery retailers are traditional standalone grocery stores which are called *bakkal* in Turkish, are up to 500 square feet in size and selling high turnover grocery products. The other one is traditional open-air bazaars (*pazar* in Turkish) where fresh produce, nuts, fish and even some textiles are sold by producers and traders. These are weekly farmers markets and are held on streets in different neighborhoods.

Another useful classification of grocery retail stores in Turkey is Regional Grocery Chains, National Grocery Chains and International Grocery Chains. Regional grocery chains have stores in one or few cities in Turkey; they are all domestic-owned companies. They rarely carry any imported food except agricultural commodities such as rice, popcorn, bananas, lentils and dried beans. They are a large and important part of the retail picture in general, but not for imported processed goods. National grocery chains are supermarket chains with stores across Turkey, with stores in most cities, if not all. They can be discount, regular or premium stores. International grocery chains are companies with international ownership and international presence of stores. They have stores around Turkey, but usually not east of Ankara. In total there are 211 grocery chains in Turkey with more than 5 stores.

Top 10 Grocery Store Chains by Number of Stores in Turkey

	Grocery Chain	Chain Type	Number of Stores Dec. 31, 2017	Number of Stores Dec. 31, 2016	New Stores in 2017
1	A 101	National Discount	7,084	6,400	684
2	BIM	National Discount	6,065	5,601	464
3	Sok	National Discount	5,080	4,000	1,080
4	Ekomini	National Discount	1,804	1,610	194
5	Migros	National	1,647	1,528	119
6	Hakmar Ekspres	Discount - Istanbul	473	382	91
7	UCZ	Discount - Istanbul	390	390	0
8	CarrefourSA Super	National (Int. owned)	382	390	-8
9	UCZ Sistem -Sec	National Discount	303	303	0
10	CarrefourSA Mini	National (Int. owned)	200	212	-12
	Total of Top 10	All types	23,428	20,816	2,612

BIM is the hard discounter of Turkey who sells 80 percent of products as private label. It is present in all cities in Turkey and in most of town centers. Stores are generally 3000 – 6000 square feet. Seventy one percent of BIM shares are publically traded. They are in neighborhoods and side streets as well as some main roads. BIM does not sell imported food except commodity agricultural products such as rice, walnuts, almonds, corn for popcorn and bananas. BIM does not sell alcohol of any kind or tobacco products.

A 101 is a hard discount market chain with the most number of stores in Turkey and is a major competitor of BIM with similar type of stores in similar locations. Similar to BIM, they only sell some imported commodities, not imported packaged or processed foods. Private label products constitute 50 percent of all products. A 101 exists in all 81 cities in Turkey and also in 900 town centers in Turkey. Majority shares are owned by Turgut Aydin Holding. A 101 does not sell alcohol of any kind or tobacco products.

Migros is a multi-format super market chain. It was the first grocery chain established in Turkey in 1954 by the City of Istanbul and Swiss Migros. It was than nationalized as Koc Group acquired majority shares in 1975. After several changes in ownership, the majority of shares are now owned by Anadolu Group of Turkey and the company is 100 percent Turkish. Migros has stores in many different sizes. The smallest format is a convenience store designed to compete with discounters and *bakkals* called M-Jet. The small supermarket format is called M Migros, the larger supermarket format is called MM Migros and hypermarket formats are called MMM Migros and 5M Migros. Their MacroCenter brand stores are gourmet stores where a premium shopping experience is promised. The chain covers 73 out of 81 cities in Turkey, and 22 percent of the offered products are private label. Migros sells imported food, also processed and packed imported food at the larger format stores and especially in MacroCenter stores. Migros stores sell all kinds of alcoholic beverages including imported wines and spirits, as well as tobacco products. Migros' online sales platform began in 1997 and now is serving in 24 cities around Turkey delivering groceries to home in the requested time slot.

Şok is also a discount market chain. Şok is owned by Yildiz Holding, which is the most prominent packaged food and packaged confectionery producer of Turkey, under the famous brand Ülker. Yildiz Holding has declared that they are planning on an initial public offering of Şok in 2018. 35 percent of all the products in Şok are private label and the rest are typically Yildiz Holding's own well-known brands. In 2017, Şok also launched its mobile application which features click and collect services, the first discounter to do so.

CarrefourSA is a joint venture of Carrefour of France and Sabanci Holding of Turkey. 51 percent is owned by Sabanci, which may be the reason for this international chain to survive in Turkey unlike many other foreign chains that left the market. A small part of the shares are open to the public. CarrefourSA is the most important competitor for Migros. Like Migros, CarrefourSA operates multi-size super/hypermarkets. Carrefour has CarefourSA Express (their convenience store size) and CarrefourSA Super in different sizes, and also CarefourSA hypermarkets. CarrefourSA Gurme is their premium market which carries a lot of imported packaged and processed goods as CarrefourSA super and hyper markets do. The chain is present in 58 of 81 major cities in Turkey. The chain has an online sales platform currently serving nine cities. CarrefourSA carries all kinds of alcoholic drinks including imported ones, and tobacco products.

Top Countries supplying Turkey's Imported Consumer-Oriented Agricultural Products:(2015-17)

	Thousands of USD Product	Imports 2015	Imports 2016	Imports 2017	% Share 2017
1	Netherlands	255,516	239,552	292,796	11.43
2	Germany	246,240	241,575	230,708	9.01
3	United States	198,269	225,982	222,025	8.67
4	Poland	119,127	83,528	155,423	6.07
5	Italy	134,218	132,254	141,727	5.53
6	India	62,306	57,831	96,611	3.77
7	France	83,002	72,543	92,867	3.63
8	Ecuador	73,730	86,572	88,901	3.47
9	United Kingdom	61,277	60,321	80,369	3.14
10	Thailand	34,259	32,169	64,220	2.51
	Consumer-Oriented Agricultural Total from All the World	2,330,237	2,237,980	2,561,686	100.00

Source: Global Trade Atlas

7 ROAD MAP FOR MARKET ENTRY

As there are many noteworthy opportunities for Flemish companies in Turkey, there are also many challenges to entering the market. Any market entry strategy for Turkey should begin with a thorough understanding of the costs and benefits to doing business in the country. One of the essential expenditures will be visiting the market to establish relationships with Turkish partners. Investing in these relationships early and routinely will increase the likelihood of more successful business ventures.

Before entering the Turkish market, Flemish companies should consider their own resources, previous export or business experience abroad, and long-term business strategy. For many companies, representation in Turkey by a Turkish agent, distributor, liaison office or partner will be key to their success. The local partner can provide knowledge of the local regulatory framework, language assistance, and valuable business contacts. As business develops, companies may open subsidiaries and make further local investments to expand their market share.

8 OPPORTUNITIES FOR FLEMISH COMPANIES

Turkey's Food & Beverages sector an attractive market well worth looking into:

8.1 A LARGE MARKET SIZE AND A GROWING, YOUNG POPULATION

Turkey is the 17th largest economy in the world. Turkey has grand ambitions to become a top ten economy by 2023, the 100th anniversary of the republic.

Having to cater for a population of 80.8 million, Turkey is the 7th largest agricultural producer in the world.

Food and Beverage sector constitutes almost %20 of the country's GDP, and covers a wide variety of products. The country's own sizeable food & beverages industry also requires the importation of many different intermediary products that feed its own production. In 2017, Turkey's food and beverage exports of USD 11.7 billion and food imports were about USD 5 billion.

The Turkish food retail sector market size was USD 121 billion in 2016. Grocery Sales were US$ 84 billion as of the end of 2017.

8.2 UNSATURATED MARKET, OPEN FOR NEW ITEMS

Turkey's large population is very young and is characterized by high rates of urbanization. Furthermore, as household incomes grow and more international food players penetrate the Turkish market, people likely to try and acquire international tastes in food and beverages, as the traditional is increasingly replaced by modern grocery retailers, multinational products, supermarkets and shopping malls.

Many niche markets – such as those for novel and lifestyle products, mineral water, coffee, etc. – become increasingly popular and profitable especially as income levels rise.

8.3 AN IMPORTANT EXPORT HUB

Turkey's unique geographic location between Europe, Asia, the Middle East and North Africa – as well as its solid logistics infrastructure – makes Turkey is an ideal hub for food imports, exports and transportation. This makes it relatively easy to trade with over 50 countries and markets serving 2 billion people.

Moreover, Turkey's Customs Union with the EU results in lower import duties and harmonized regulations, which is an advantage for exporters in EU member countries. EU and neighboring countries also enjoy lower freight costs and advantages in terms of shipping time.

9 REGULATION OF THE FOOD AND BEVERAGE SECTOR

9.1 Section I. Food Laws

The main target of Turkish food and agriculture policy is to harmonize the related laws and regulations with the European Union (EU) acquis communautaire.

In the scope of EU harmonisation, the Turkish Government issued a new Law no. 5996 on Veterinary Services, Phytosanitary, Food and Feed on June 13, 2010 with the objective of protecting and ensuring public health, food and feed safety, animal health and welfare, plant health and consumer interests taking into consideration environmental protection. In the past, veterinary services, phytosanitary, food and feed policies were covered by separate laws and regulations.

Unlike the old legislations, Law 5996 covers all stages of production, processing and distribution of food, materials and articles intended to come into contact with food and feed, controls of residues of plant protection products and veterinary medicinal products and other residues and contaminants, control of epidemic or contagious animal diseases and harmful organisms in plants and plant products, welfare of farm and experimental animals and pet animals, zootechnics, animal health and plant protection products, veterinary and plant health services, entry and exit procedures of live animals and products to the country as well as related official controls and sanctions.

The Law also gives an authority for the principles and procedures relating to the production, packaging, sale, import and export of spring water, drinking water, natural mineral water and water for medical purposes and the principles and procedures relating to compliance with technical and hygienic rules, ensuring fulfilment of quality standards and monitoring and control of quality standards of potable and utility water to the Ministry of Health (MoH). MoH is also responsible for the principles and procedures relating to the production, import, export, and control of dietary foods for special medical purposes. Law on Veterinary Services, Plant Health, Food and Feed

Another important law is Law no. 5977, which is on Biosafety, and was published in the Official Gazette on March 3, 2010. The objective of this Law is to establish and implement a biosafety system in order to prevent the potential risks of the "genetically modified organisms" and products thereof obtained through modern biotechnological means within the context of scientific and technological advancements; protect human, animal and plant health; safeguard and ensure the sustainable use of the environment and biological diversity and to determine the procedures and principles governing the control, regulation and monitoring of these activities. It governs all activities, including, but not limited to, the research, development, processing, placing on the market, monitoring, utilization, importation, exportation, transit, transportation,

preservation, packaging, labeling, and storage regarding genetically engineered products and products thereof. Veterinary medicinal products, human medicinal products and cosmetics which acquired a license or received approval from the MoH do not fall under the scope of the Biosafety Law. In the scope of this Law, the Biosafety Board was established in 2011. Since then, as of April 2018, twenty six corn events and ten soybean events have been approved by the Biosafety Board for feed use. No traits have been approved for food use in Turkey. For more information, please check the Biosafety Law.

Enforcement of Turkish food and agriculture legislation is performed by 81 Provincial Food, Agriculture and Livestock Directorates (PAD) and 919 District Directorates (DD). The public laboratories of MinFAL (Ministry of Food, Agriculture and Livestock) are involved in the official control system. These laboratories include: 39 Provincial Food Control Laboratories, one National Food Reference Laboratory, one Bursa Food and Feed Control Central Research Institute Laboratory, nine Veterinary Control Institute Laboratories, eight Plant Quarantine Laboratories and Plant Protection Research Institute Laboratories, as well as 99 private food control laboratories which are authorized and audited by MinFAL. Auditing of directorates, districts, and laboratories is performed by GDFC (the General Directorate of Food and Control) officials.

The legal infrastructure of agriculture is mainly based on regulations and/or communiqués and/or circulars rather than on laws. The reason for this is that the Turkish constitutional system does not allow laws to be adopted, amended, or abolished easily. Therefore governments have traditionally preferred to publish regulations, communiqués, directives, or circulars, etc. The majority of the regulations on food and agricultural products are prepared and published by MinFAL. However, there are also regulations published by other Ministries, such as the Ministry of Economy and the Ministry of Health. More than one hundred implementing regulations of Law no. 5996 have been published and enforced by MinFAL since 2011. In recent years the Turkish government has been informing international bodies, such as the WTO, more often than the past about possible or actual regulation changes, but it is still not consistent. Exporters should be aware that there may be some variation among Provinces in applying legislation. This may be due to the lack of guidelines for the enforcement of rules in some cases. Most Turkish food and agriculture-related laws, regulations, communiqués, directives, and circulars are available in Turkish on the website of the GDFC here and a few are in English here.

9.2 Section II. Food Additives Regulations

The food additives section of the Turkish legislation is quite detailed and it was prepared in an effort to conform to EU regulations. The Revised Turkish Food Codex Regulation on Food Additives was published in the Official Gazette on 06/30/2013 and amended on 11/24/2014, 7/16/2016 and 9/22/2017.

The Regulation specifies general conditions for inclusion and use of food additives in the list. It sets the food additive functional groups, names of food additives, defines the food categories, and lists maximum amounts and conditions of additives allowed in defined food categories, as well as exceptions and restrictions. It also lists food items in which food additives are not allowed to be used, and lists certain food additives which are not allowed to be used for certain traditional foods, such as fermented sucuk (traditional spicy beef sausage), heat-treated sucuk, poultry döner, döner, köfte, pastırma, pekmez, pide, bazlama and ciğ köfte. For example E-620-625 (Glutamic acid-glutamates) and E-626-635 (Ribonucleotides), which are flavor enhancers, are prohibited for use in cured meat products such as pastırma, sucuk, heat treated sucuk, poultry döner and köfte. MinFAL states that the reason for this prohibition is to protect the traditional nature of these products and prevent unnecessary usage of additives. In addition, nitrates are banned in the following traditional meat products: fermented sucuk and pastırma, as well as in döner and köfte. MinFAL states that the aim of this prohibition is to prevent additives being used unless considered technically necessary. Enzymes are outside of the scope of this Regulation. The Regulation is available here in the Turkish Language.

9.3 Section III. Pesticides and Other Contaminants

Pesticides are required to be approved by MinFAL before placing on the market. Validity of approval is 10 years. If the approval conditions are continued, the validity can be extended 10 more years. MinFAL abolished its previous regulation and published the revised Turkish Food Codex Regulation on Maximum Residue Levels of Pesticides on 11/25/2016. The Regulation also covers foodstuffs of plant and animal origin to be used as fresh, processed and/or composite food in or on which pesticide residues may be present. It

does not apply to the manufacture of products other than food, or sowing or planting, or products used for authorization of active substances in line with relevant legislation. The Regulation has 5 Annexes:

- Annex 1, animal and plant origin foodstuff categories, sub-categories and names of foodstuffs
- Annex-2, Maximum Residue Levels (MRLs) of Pesticides which are authorized in Turkey
- Annex-3, MRLs authorized in European Union (EU legislation)
- Annex-4, Pesticides no longer authorized for usage in Turkey
- Annex-5, LOD (Level of Detection) for some pesticides

The Regulation is updated occasionally by MinFAL and available **here** in Turkish.

The current Turkish Food Codex Regulation on Pharmacologically Active Substances and Their Classification Regarding Maximum Residue Limits in Foodstuffs of Animal Origin was published in the Official Gazette on 3/7/2017. This replaces the original regulation which was published as no. 28282 dated 05/04/2012 in the Official Gazette and had been amended three times on 7/26/2013, 10/25/2015, and 2/15/2016. Pharmacologically active substances, animal type, target tissue, other conditions such as name of residue and maximum residue limits are set in the Regulation. The Regulation is available **here** in Turkish language.

Turkish Food Codex Regulation on Contaminants was published in the Official Gazette no. 28157, dated 12/29/2011, and amended once on 12/19/2012. It sets the maximum levels of the certain contaminants (nitrates, mycotoxins, heavy metals, 3-monochloropropane-1,2-diol (3-MCPD), dioxins and dioxin- like PCBs, Polycyclic aromatic hydrocarbons and erucic acid) in foodstuffs.

All three Regulations were prepared by MinFAL within the scope of Turkey's harmonization to the EU, however, there are some differences compared to the EU legislation in these regulations. The Turkish Food Law maintains provisions for regulators to refer to the Codex Alimentarius or EU Directives if the pesticides, contaminants or pharmacologically active substances are not contained in the Turkish Food Codex. Enforcement of these regulations is carried out by Provincial Agricultural Directorates of MinFAL.

9.4 Section IV. Packaging and Container Regulations

The framework regulation Turkish Food Codex Regulation on Materials and Articles Intended to Come into Contact with Food was published by MinFAL on the Official Gazette no 28157 dated 12/29/2011 and it was amended twice on 08/03/2012 and 08/16/2014. This regulation applies to materials and articles, including active and smart packaging materials/food contact materials and articles, which in their finished state: - are intended to be brought into contact with food, - are already in contact with food, - can reasonably be expected to be brought into contact with food or to transfer their constituents to food under normal or foreseeable conditions of use and were intended for that purpose. This Regulation does not apply to materials and articles which are traded in antiques, or covering or coating materials, such as the materials covering cheese rinds, prepared meat products or fruits which form part of the food and may be consumed together with this food, and fixed public or private water supply equipment. This regulation sets the general and specific requirements for materials and articles intended to come into contact with food and specific requirements for active and intelligent food contact materials and articles and labeling of these. Under the framework regulation, there are specific communiques for materials and articles made of regenerated cellulose film, ceramic articles and plastic materials and articles which set the specific rules for these materials and articles. There is no special packaging or size required by MinFAL's regulations. These regulations are available here in Turkish language.

9.5 Section V. Labeling Requirements:

General Requirements On January 26, 2017, MinFAL abolished the previous Turkish Food Codex Regulation on Labeling and published two separate regulations to replace it which include: The "Turkish Food Codex Regulation on Food Labeling and Provision of Information to Consumers" (available here in Turkish) and "The Turkish Food Codex Regulation on Nutrition and Health Claims" (available here in Turkish). As with

the prior versions of the regulations, these were prepared in parallel to the relevant the EU Directives and Regulations within the framework of EU harmonization.

Compulsory Information:

The following compulsory information must appear on the packaging or on a label attached to it. The information must be marked in such a way that it is easily visible, clearly legible and indelible. The following information is compulsory on labels of domestically-produced and imported foods:

the name of the food,

(2) the list of ingredients,

(3) certain substances and products (listed in Annex-1 of the Regulation) causing allergies or intolerances

(4) the quantity of certain ingredients or groups of ingredients;

(5) the net quantity of the food

(6) the 'use by' date;

(7) any special storage conditions and/or conditions of use

(8) the name or business name and address of the food business operator

(9) facility registration number

(10) country of origin,

(11) instructions for use where it would be difficult to make appropriate use of the food in the absence of such instructions;

(12) with respect to beverages containing more than 1.2% alcohol by volume, the actual alcoholic strength by volume;

(13) a nutrition declaration.

Additional Compulsory Information:

In addition to the compulsory information listed above, additional ones for specific types or categories of foods are given below;

(14) The statement "packaged in a protective atmosphere" for foods whose durability has been extended by means of packaging gases authorized pursuant to Turkish Food Codex Regulation on Food Additives,

(15) For foods containing sweeteners;

- the statement "with sweetener(s)" or "contain sweetener(s)" for foods containing a sweetener or sweeteners authorized pursuant to Turkish Food Codex Regulation on Food Additives, this statement shall accompany the name of the food ,
- the statement "contains sugar(s) and sweetener(s)" or "with sugar(s) and sweetener(s)" for foods containing both an added sugar or sugars and a sweetener or sweeteners authorized pursuant to Turkish Food Codex Regulation on Food Additives, this statement shall accompany the name of the food
- the statement "contains aspartame (a source of phenylalanine)" for foods containing aspartame/aspartame-acesulfame salt authorised pursuant to Turkish Food Codex Regulation on Food Additives, the statement shall appear on the label in cases where aspartame/aspartameacesulfame salt is designated in the list of ingredients only by reference to the E number. The statement "contains a source of phenylalanine" shall appear on the label in

cases where aspartame/aspartame-acesulfame salt is designated in the list of ingredients by its specific name

- the statement "excessive consumption may produce laxative effects" for foods containing more than 10 percent added polyols authorized pursuant to Turkish Food Codex Regulation on Food Additives

(16) For foods containing glycyrrhizinic acid or its ammonium salt

- Confectionery or beverages containing glycyrrhizinic acid or its ammonium salt due to the addition of the substance(s) as such or the liquorice plant Glycyrrhiza glabra, at concentration of 100 mg/kg or 10 mg/l or above, the statement "contains liquorice" shall be added immediately after the list of ingredients, unless the term 'liquorice' is already included in the list of ingredients or in the name of the food. In the absence of a list of ingredients, the statement shall accompany the name of the food
- Confectionary containing glycyrrhizinic acid or its ammonium salt due to the addition of the substance(s) as such or the liquorice plant Glycyrrhiza glabra at concentrations of 4 g/kg or above, the statement "contains liquorice – people suffering from hypertension should avoid excessive consumption" shall be added immediately after the list of ingredients. In the absence of a list of ingredients, the statement shall accompany the name of the food.
- Beverages containing glycyrrhizinic acid or its ammonium salt due to the addition of the substance(s) as such or the liquorice plant Glycyrrhiza glabra at concentrations of 50 mg/l or above, or of 300 mg/l or above in the case of beverages containing more than 1,2 % by volume of alcohol , the statement "contains liquorice – people suffering from hypertension should avoid excessive consumption" shall be added immediately after the list of ingredients. In the absence of a list of ingredients, the statement shall accompany the name of the food.

(17) For beverages with high caffeine content

- The statement "High caffeine content. Not recommended for children or pregnant or breastfeeding women" for beverages, with the exception of those based on coffee, tea or coffee or tea extract where the name of the food includes the term 'coffee' or 'tea', which:
    - are intended for consumption without modification and contain caffeine, from whatever source, in a proportion in excess of 150 mg/l, or,
    - are in concentrated or dried form and after reconstitution contain caffeine, from whatever source, in a proportion in excess of 150 mg/l,
- The statement shall be in the same field of vision as the name of the beverage, followed by a reference in brackets and the caffeine content expressed in mg per 100 ml.
- Foods other than beverages, where caffeine is added with a physiological purpose, the statement "Contains caffeine. Not recommended for children or pregnant women" shall be in the same field of vision as the name of the food, followed by a reference in brackets and the caffeine content expressed in mg per 100 g or mg per 100 ml. In the case of food supplements, the caffeine content shall be expressed per portion as recommended for daily consumption on the label.

(18) For foods or food ingredients with added phytosterols, phytosterol esters, phytostanols or phytostanol esters, the following should be included:

- the statement "with added plant sterols" or "with added plant stanols" in the same field of vision as the name of the food;
- the amount of added phytosterols, phytosterol esters, phytostanols or phytostanol esters content (expressed in percent or as g of free plant sterols/plant stanols per 100 g or 100 ml of the food) shall be stated in the list of ingredients;
- a statement that the food is intended exclusively for people who want to lower their blood cholesterol level;

- a statement that patients on cholesterol lowering medication should only consume the product under medical supervision;
- an easily visible statement that the food may not be nutritionally appropriate for pregnant or breastfeeding women and children under the age of 5 years;
- advice that the food is to be used as part of a balanced and varied diet, including regular consumption of fruit and vegetables to help maintain carotenoid levels; - a statement that the consumption of more than 3 g/day of added plant sterols/plant stanols should be avoided
- a definition of a portion of the food or food ingredient concerned (preferably in g or ml) with the amount of the plant sterol/plant stanol that each portion contains.

(19) the statement "....contains alcohol" if the ethyl alcohol is used as an ingredient in the manufacture or preparation of a food notwithstanding the amount of the alcohol.

(20) the statement "contains ... obtained from pigs" if the product contains any product/ingredient obtained from pigs notwithstanding the amount of that product/ingredient.

(21) For frozen meat, frozen meat preparations, and frozen unprocessed fishery products; the date of freezing or the date of first freezing in cases where the product has been frozen more than once shall be on the label.

In addition to compulsory labeling, certain foodstuffs such as infant and follow-on formulas, wines, aromatized wines, spirit drinks, food supplements, energy drinks, non-alcoholic beverages, sugar, honey, coffee, meat and meat products, fruit juice, and dairy products have additional specific labeling requirements in their vertical communiques. Because of difficulties in fighting adulterated foods such as baby foods, honey, alcoholic drinks, energy drinks, black tea, food supplements and vegetable oil, MinFAL decided to implement an additional single code system for these food categories. This system is called "Product Verification Monitoring System (PVMS)" but its implementation has been delayed until December 31, 2018. According to PVMS, consumers will be able to verify purchased food products information by using a 19 digit number. Alcoholic beverages have been excluded from the scope of the PVMS, and because the related sectors were not ready to implement the system, implementation has been postponed several times. Currently PVMS will target six food categories: food supplements, honey, energy drinks, black tea, liquid vegetable oil, infant formula, follow-on formula, and supplementary baby foods.

9.6 Section VI. Other Specific Standards

MinFAL has followed a dual approach in preparation of food regulations. "Horizontal" legislation covers aspects which are common to all foodstuffs such as additives, contaminants, labeling, hygiene, official controls, etc. "Vertical" legislation applies to specific products such as food supplements, wine, spirit drinks, meat and meat products, infant and follow-on formulas, honey, fruit juices, etc.

Some of the important **horizontal regulations** are below:

Name of the Regulation	Important Articles
Official import controls of plant originated food and feed	-Based on Turkish Government Law no. 5996 on Veterinary Services, Phytosanitary, Food and Feed -Importers should get an electronic username and password for pre-notification -Importers should electronically fill attached pre-notification form (form is attached to the regulation) for plant origin food; feed and food contact material and attached copies of certificate, ingredient list, and other documents which will be determined by MINFAL. -Border Inspection Post or provincial directorates provide a date of inspection -Frequency of analysis is determined by risk analysis -If there is non-compliance, importers can either use special treatment, declare change in intent of use, send it back, or confiscate the product -If there is a protocol between two countries, electronic certificate will be accepted -Turkish translated labeling should be done before actual import control carried out.
Measurements to monitor certain substances and their residue on live animals and animal products.	-EU harmonization regulation, 96/23/EC -EU harmonization regulation, 97/747/EC -If inspectors detect residue on imported animals or animal products they will increase the frequency of analysis from the same country of origin
Food hygiene	-EU harmonization regulation, 852/2004/EC - Based on Turkish Law no. 5996 on Veterinary Services, Phytosanitary, Food, and Feed -Defines general hygiene criteria for premises including HACCP criteria and good management practices
Food establishments registration and approval	- Based on Turkish Government Law no. 5996 on Veterinary Services, Phytosanitary, Food, and Feed -Defines which establishments requires registration and define criteria of how they should register

Official controls of food and feed	- Based on Turkish Government Law no. 5996 on Veterinary Services, Phytosanitary, Food, and Feed -MinFAL has authority to delegate some of their control and inspection authority to accredited private food control offices or some NGOs. Import and export controls are excluded. -Authorizes MinFAL to publish the list of approved establishments, approval-suspended premises, approval-cancelled establishments, it will increase transparency. -Defined traceability, responsibility, general requirements for imports and exports -Establishes rapid alert system
Pre-notification and veterinary checks of animal and animal products entering the country	-EU harmonization regulation, 282/2004/EC -EU harmonization regulation, 136/2004/EC - Based on Turkish Law no. 5996 on Veterinary Services, Phytosanitary, Food, and Feed : -Pre-notification of imports of animals and animal products -Veterinarians responsibilities to check and sign forms
Specific rules for animal products official inspections	-EU harmonization regulation, 854/2004/EC - Based on Turkish Law no. 5996 on Veterinary Services, Phytosanitary, Food, and Feed -Approval of premises -General hygiene rules -Raw meat inspections -Role and duties of official veterinarian and their assistant -Live animal inspections and animal welfare
Veterinary checks and pre-notification on animals and products entering the country	EU harmonization regulation, 97/78/EC - Based on Turkish Law no. 5996 on Veterinary Services, Phytosanitary, Food, and Feed -Pre-notification and veterinary checks at the border inspection post -Issuance of veterinary entry document electronically or by using other communication tools. -Frequency of veterinary controls
Veterinary checks on products entering the country	-EU harmonization regulation 97/78/EC - Based on Turkish Law no. 5996 on Veterinary Services, Phytosanitary, Food, and Feed -One day before arrival, importers should inform amount, variety and expected date of arrival to veterinary border inspection -Veterinary controls should contain documentary checks and physical checks -First veterinary checks should be done at the border inspection posts
Animal and animal products entering the country are to be subjected to veterinary controls	-EU harmonization regulation 97/78/EC -EU harmonization regulation, 91/496//EC - EU harmonization regulation, 2007/275//EC - Based on Turkish Law no. 5996 on Veterinary Services, Phytosanitary, Food, and Feed -Attached : list of regulation classifies which products are animal and animal products (Attachement 1)

Special hygiene regulation for animal products	-EU harmonization regulation, 853/2004//EC - Based on Turkish Law no. 5996 on Veterinary Services, Phytosanitary, Food, and Feed -Defines criteria for animal slaughtering and animal products processing facilities
Turkish food codex on maximum residue limits of pesticides	- Based on Turkish Law no. 5996 on Veterinary Services, Phytosanitary, Food, and Feed
Turkish food codex on flavorings and certain food ingredients with flavoring properties	-EU harmonization regulation, 1337/2008//EC -EU harmonization regulation, 2065/2003//EC -Based on Turkish Law no. 5996 on Veterinary Services, Phytosanitary, Food, and Feed
Turkish food codex on food additives	EU harmonization regulation, 1333/2008//EC - Based on Turkish Law no. 5996 on Veterinary Services, Phytosanitary, Food, and Feed
Turkish food codex on microbiological criteria for foodstuff	- Based on Turkish Law no. 5996 on Veterinary Services, Phytosanitary, Food, and Feed -EU harmonization regulation, 2073/2005//EC
Turkish food codex on labeling	- Based on Turkish Law no. 5996 on Veterinary Services, Phytosanitary, Food, and Feed -EU harmonization regulation, 2000/13/,/79/112/,2002/67,/608/2004,/90/496,87/250,1924/2006 EEC
Turkish food codex on contaminants	- Based on Turkish Law no. 5996 on Veterinary Services, Phytosanitary, Food, and Feed -EU harmonization regulation,1881/2006/EC
Turkish food codex on materials and articles intended to come into contact with food	Based on 5996 law, veterinary services, plant health, food and feed law -EU harmonization regulation,1935/2004/EC
Turkish food codex on composition and labeling of foodstuffs suitable for people intolerant to gluten	-EU harmonization regulation, 41/2009/EC
Regulation on food irradiation	Based on the Decree Law 560 and Turkish Law 2690 of Turkish Atomic Energy Agency -principles of food irradiation, re-irradiation -requirements for licence, permit, registration -labeling of irradiated foods

Some food products are regulated by MinFAL as vertical legislation, through individual Communiqués to meet special requirements. The production, processing, storage, transportation and placing on the market, product criteria and specific labeling requirements are set in these Communiqués.

Some **vertical** Communiqués under Turkish Codex Regulation:

Communiqué on Aromatized Wines
Communiqué on Wine
Communiqué on Beer
Communiqué on Spirit Drinks (hard alcohol)
Communiqué on Energy Drinks
Communiqué on Non-Alcoholic Beverages
Communiqué on Fruit Juices and Similar products
Communiqué on Coffee and Coffee Extracts
Communiqué on Chocolate and Chocolate Products
Communiqué on Food Supplements
Communiqué on Fermented Milk
Communiqué on Infant Formulas
Communiqué on Follow-on Formulas
Communiqué on Cereal-based Supplementary Baby Foods for Infants and Young Children Communiqué on Foods for Athletes (i.e. energy bars, isotonic/protein/carbohydrate drinks, etc.) Communiqué on Black Tea
Communiqué on Frozen Food
Communiqué on Gluten-Free Foods
Communiqué on Ice cream
Communiqué on Jams marmalades jelly
Communiqué on Lentils
Communiqué on Pasta
Communiqué on Rice
Communiqué on Salt
Communiqué on Sugar
Communiqué on Vegetable Oils
Communiqué on Olive
Communiqué on Egg and Egg Products
Communiqué on Meat and Meat Products
Communiqué on Wheat Flour
Communiqué on Honey
Communiqué on Spices

A complete list of Communiqués is accessible at the website of MinFAL here in Turkish.

9.7 Section VII. Other Certification and Testing Requirements

Imports of *food products* into Turkey are allowed only if they comply with the regulations related to import controls and Turkish Food Codex. Turkey is harmonizing its food import regulations and Turkish Food Codex Regulation with those of the EU. If the product in question is not covered by the Turkish Food Codex, officials can refer to international regulations such as International Organization for Standardization (ISO), Codex Alimentarius, or relevant EU Directives if Turkey is not harmonized yet, on a case-by-case basis.

For the import of *animal, animal products and certain plant materials for production* such as seed, seedling, sapling and flower bulbs, a "Control Certificate" is required. This is considered as pre-import permission and it states whether or not the product is eligible for import.

Please see Attachment 2: HS codes of commodities which require Control Certificate prior to import.

According to import control regulations, food and feed of plant origin and materials and articles intended to come into contact with food, do not require Control Certificate approval to be imported. Instead, there is a pre-notification system in place for these commodities. The importer should register the required information for each product in the electronic system which is called Food Safety Information System (FSIS) of GDFC, which is accessible by the importer.

9.8 Section VIII. Import Procedures

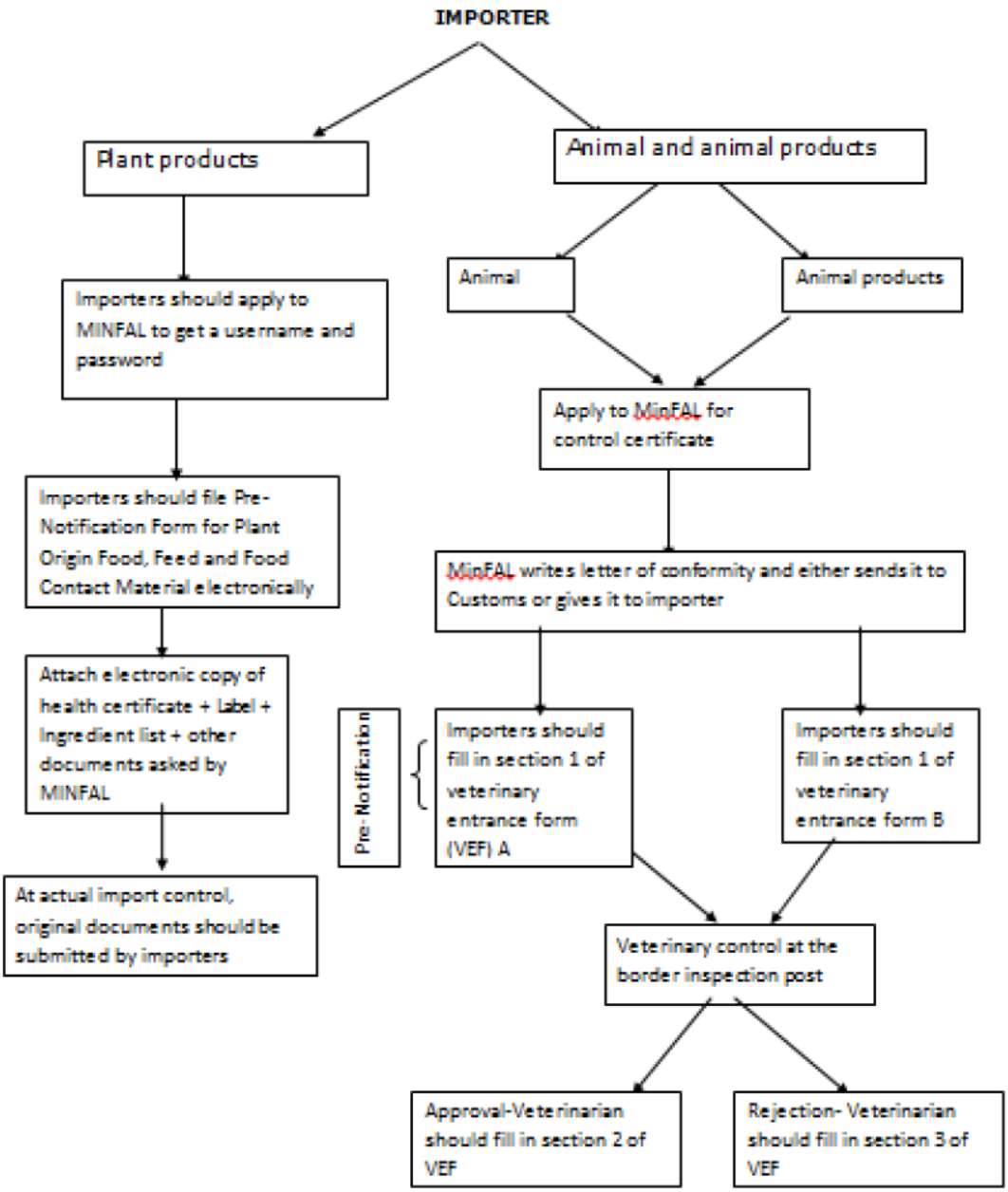
For food and feed of plant origin, other plant-origin agricultural products and materials and articles intended to come into contact with food, the importer notifies the PAD(Provincial Food, Agriculture and

Livestock Directorates) about the shipment details by filling the "Shipment Notification Form" through the Food Safety Information System (FSIS) and uploads the Certificate(s) related to product to be imported within minimum 3 days and maximum 20 days before arrival of the commodity.

When the product arrives at Turkish ports/customs, import procedures are started. Depending on product type, the importer should present the approved Control Certificate (if required for that commodity) together with originals of the invoice, ingredient list, certificate of origin, plant health certificate or free sale certificate or health certificate, as well as other import documentation, such as bill of lading, etc. After the identity and documentary checks, where required, PAD inspectors carry out physical checks, including taking samples of the product according to the analysis frequency requirement, which is set by PAD. If a sample is taken, it is sent to MinFAL's official laboratory or a private laboratory authorized by GDPC for physical, chemical, and microbiological analysis. In addition, if the product is a bulk or semi-processed commodity, it is checked by plant quarantine inspectors for consistency with the legislation in place. The process normally takes up to one week depending on the type of analysis.

Import of the product is allowed if the results of the checks and analysis are found to be acceptable and consistent with regulations. If the inspection results do not comply with Turkish legislation requirements, the importer may request secondary sample tests within seven days. In the case that the secondary test results show that the product is not complying with Turkish import requirements, the shipment is rejected by PAD. Then, the shipment may be sent back to the exporting country or a third country, as decided by the importer.[1]

[1] GAIN Report: Turkey Food and Agricultural Import Regulations and Standards Report



10 KEY CONTACTS AND FURTHER INFORMATION

Republic of Turkey, Ministry of Food, Agriculture and Livestock (MinFAL)

Federation of All Food and Drink Industry Associations of Turkey (TGDF)

Association of Food Additives and Ingredients Manufacturers (GIDABIL)

All Foods Foreign Trade Association (TUGIDER)

Turkish Statistics Institute (TurkStat)

11 ATTACHMENT 1: LIST OF REGULATION CLASSIFIES WHICH PRODUCTS ARE ANIMAL AND ANIMAL PRODUCTS

HS CODES of Animal and animal sourced products:

01.01	03.08	1518.00
01.02	04.01	1601.00
01.03	04.02	16.02
01.04	04.03	1603.00
01.05	04.04	16.04
01.06	04.05	16.05
02.01	04.06	19.01
02.02	0407.00	19.02
02.03	04.08	1904.90.10.10.00
02.04	0409.00	1904.90.10.90.00
0205.00	0410.00	19.05
02.06	0504.00	2103.90.90
02.07	05.06	21.04
02.08	05.07	2105.00
0209.00	0510.00	21.06
02.10	05.11	2202.99
03.01	15.01	23.01
03.02	15.02	30.01
03.03	1503.00	30.02
03.04	15.04	3503.00

03.05	1506.00	3822.00
03.06	1516.10	38.26
03.07	15.17	

Control Certificate is valid for 4 (four) months for the commodities above. However for those HS codes: 0504, 1504, 1516.10, 1517, 1518.00, 1901, 1902, 1905, 2103.90.90, 2104, 2105.00, 2106, 2202.99 the control certificate is valid for 12 (twelve) months.

12 ATTACHMENT 2: HS CODES OF COMMODITIES WHICH REQUIRE CONTROL CERTIFICATE

0601.10.20.00.00	0602.90.99.00.00	1006.10.10.00.00
0601.10.30.00.00	0701.10.00.00.00	1007.10.10.00.00
0601.10.40.00.00	0703.10.11.00.00	1007.10.90.00.00
0601.10.90.10.00	0703.20.00.00.12	1008.21.00.00.11
0601.10.90.90.00	0712.90.11.00.00	1008.21.00.00.12
0601.20.30.00.11	0713.10.10.00.11	1008.50.00.00.00
0601.20.30.00.12	0713.10.10.00.19	1008.60.00.00.11
0601.20.30.00.13	0713.20.00.00.11	1201.10.00.00.00
0601.20.30.00.14	0713.31.00.00.11	1202.30.00.00.00
0601.20.90.10.11	0713.32.00.00.11	1204.00.10.00.00
0601.20.90.10.19	0713.33.10.00.11	1205.10.10.00.00
0601.20.90.90.00	0713.33.10.00.19	1205.90.00.00.00
0602.10.10.00.00	0713.34.00.00.11	1206.00.10.00.00
0602.10.90.00.00	0713.35.00.00.11	1207.10.00.00.00

0602.20.10.00.00	0713.39.00.00.11	1207.21.00.00.00
0602.20.20.00.00	0713.40.00.00.11	1207.30.00.00.00
0602.20.30.00.00	0713.50.00.00.11	1207.40.10.00.00
0602.20.80.00.19	0713.60.00.00.11	1207.50.10.00.00
0602.30.00.00.00	0713.90.00.00.13	1207.60.00.00.00
0602.40.00.00.00	1001.11.00.00.00	1207.70.00.00.00
0602.90.30.00.00	1001.91.10.00.00	1207.91.10.00.00
0602.90.45.00.11	1001.91.20.00.11	1207.99.20.00.19
0602.90.45.00.12	1002.10.00.00.00	1207.99.20.00.11
0602.90.46.00.00	1003.10.00.00.11	1207.99.91.00.00
0602.90.47.00.00	1003.10.00.00.19	12.09
0602.90.48.00.00	1004.10.00.00.00	1209.29.80.00.17
0602.90.50.00.00	1005.10.13.00.00	1212.99.41.00.00
0602.90.70.00.11	1005.10.15.00.00	1212.99.49.00.00
0602.90.70.00.12	1005.10.18.00.00	
0601.10.10.00.00	0602.90.91.00.00	1005.10.90.00.00

13 ATTACHMENT 3: HS CODES OF COMMODITIES WHICH ARE NOT REQUIRED TO OBTAIN A CONTROL CERTIFICATE BUT ARE SUBJECT TO VETERINARY CONTROLS/INSPECTIONS

0502.10	35.02
0504.00	3504.00
05.05	3507.10.00.00.00
0508.00	3825.10.00.00.00
05.11	3913.90
1212.99.95	3917.10
1213.00.00.00.00	41.01
1214.90	41.02
15.04	41.03
1505.00	4205.00.90
1521.90	4206.00.00.00.00
1522.00	43.01
1702.11	51.01
20.04	51.02
20.05	51.03
23.01	6701.00
23.09	95.08
2835.25.00.00.00	9705.00.00.00.00
2835.26.00.00.00	
2932.99	

3006.92.00.00.000	
3101.00	
35.01	

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GAIN Report: Turkish Food Retail Industry

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