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# Turkish Food Industry

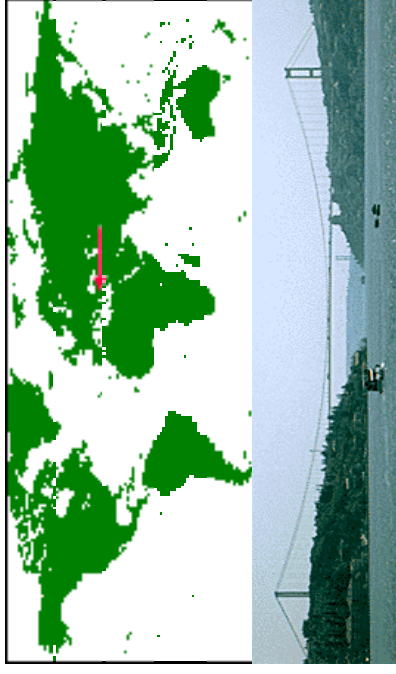
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ITU



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# TURKEY



- The **Republic of Turkey**, established in **1923** as a secular and modernizing nation replacing the Ottoman Empire, is geostrategically the bridge between **East and West**, the Occident and the Orient, as symbolised by the Bosphorus bridge.
- Its land, **Anatolia**, has been the cradle of many civilizations, and bears ~~heritage of several cultures and religi~~



## A land with plenty of natural beauties:



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**Oludeniz**



**Malazgirt**



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**Koprucay**



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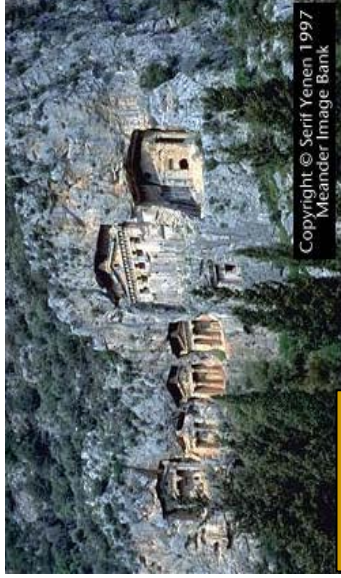
**Capadoccia**



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**Pamukkale**

# and historical wealth:



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Kaunos



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Medrese

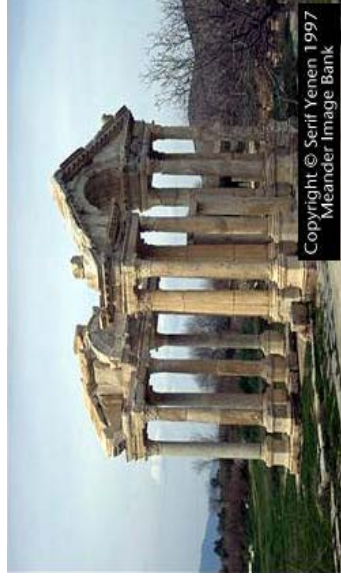


Goddess Afrodite



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Rumeli Hisar



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Afrodissias



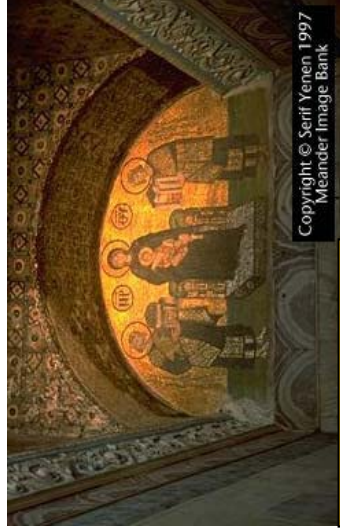
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Ottoman saray



Aqua Ruins Antalya

# And a rich cultural heritage...



Byzantine mosaics

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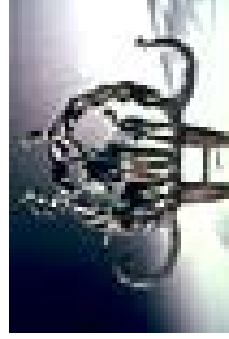
"Yali" on Bosphorus

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Ortakoy Mosque

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Hittite Art



Turkish cuisine



Iznik "cini's"

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Sema : "Whirling dervishes"



Folk dancing

# Agriculture in Turkey

	Turkey	EU*
People employed	9.7	6.9
Millions Share in GDP(%)	14.3	1.7
Income generated (Billion \$)	54	134

**Productivity (GDP per capita) in agriculture is relatively low** since agricultural growth is restrained by some structural deficiencies:

- fragmented and small holdings (67 % of the 4 Million farms are 0.1-5 hectares)
- lack of strong farmers' organizations.

\*15 State-EU

## EU accession

- Turkey has joined the **Customs Union** with the EU in **1996**. Turkey's real accession to the EU is expected to have major effects on the EU agricultural sector and therefore agriculture is one of the main **bottlenecks in negotiations**. It is still unclear whether Turkey, like other candidate countries, will be incorporated into the **CAP\*** following full membership.
- The ultimate goal is reduction of the “rural population dependant mainly on farming” from the present **40%** of the total labour force **to 10%** and to promote Turkish agro-industry, as well as the **adoption of international standards** for producing safer agricultural commodities in the process of integration with EU in the near and medium term.

## Agricultural Crops of Economic Importance

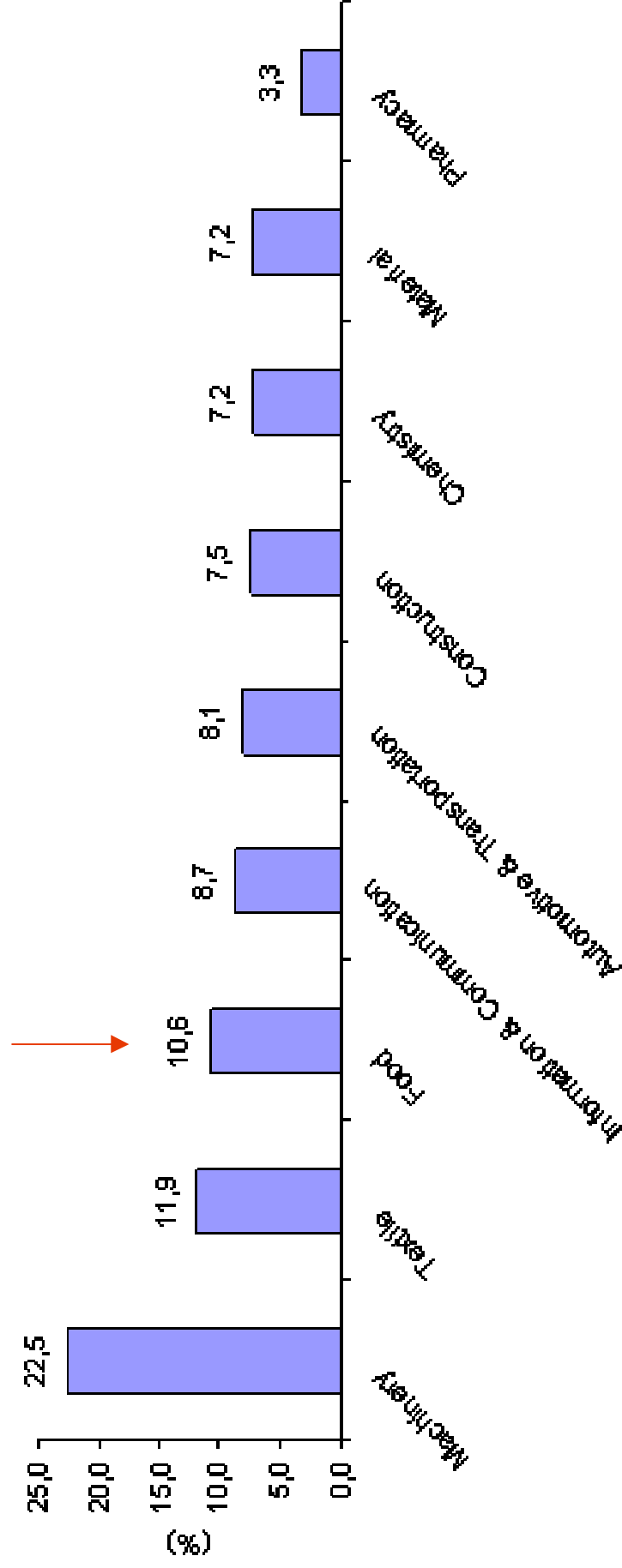
- **Cash Crops:** Wheat, barley, cotton, sugar beets, sunflower, potato, tobacco, vegetables, fresh and dried fruits, nuts.
- **Agricultural Exports:** Hazelnuts, pistachios, figs, dried raisins and apricots, pulses, tobacco, citrus, pome and stone fruits, melons, vegetables, tomato products, cut flowers, poultry meat, cereals, cotton, tea.



# Turkish Industry

- “Industry based growth” has always been one of the main objectives for Turkish economy.
- Turkish industry mainly depends on the **private sector** activities. The share of public sector in the manufacturing industry has been decreased through **privatisation** activities in recent years.
- Currently, more than **80 % of production and about 95 % of gross fixed investment** in the manufacturing industry is realized by the private sector.

# Sectoral Distribution of Manufacturing Industries



# Turkish Food Industry

(Million USD at 1998 Prices)

Food Industry	1990	1995	2000	2002	Annual Increase (%) (1990-2002)
Domestic Consumption	18.931	21.938	25.737	25.347	2,4
Production	19.002	22.101	26.159	25.526	2,5
Export	915	1.813	1.710	1.662	5,0
Import	1.097	1.642	1.608	1.581	3,0

- Turkey traditionally produces more food than its domestic consumption.
- Turkish food sector employs more than **100 thousand registered workers** and technical staff in more than **28 thousand enterprises** which are mostly SMEs. **Two thousand** of these enterprises are relatively modern and big plants.

# Monetary Shares

(Million USD at 1998 Prices)

2002	Production	Share (%)	Export	Share (%)	Import	Share (%)
INDUSTRY	139.754		37.832		50.521	
A.MINING	2.058		414		4.535	
B.MANUFACTURING	128.923	100,0	37.399	100,0	45.854	100,0
CONSUMPTION GOODS	62.875	48,8	16.160	43,2	5.835	12,7
Food products	25.526	→ 19,8	1.806	→ 4,8	1.631	→ 3,6
Beverages	2.207	1,7	57	0,2	22	0,0

## CAPACITY UTILIZATION RATE (%)

Manufacturing Industry	2000		2002		2003	
	4 <sup>th</sup> Quarter		4 <sup>th</sup> Quarter		3 <sup>rd</sup> Quarter	
<b>TOTAL</b>	78,1		75,6		80,9	
Food products and beverages	71,7		68,9		75,0	

(MILLION USD)

Composition of Exports (ISIC, Rev.3)	2002		2003	
	12 Months	Share (%)	10 Months	Share (%)
A. Agriculture and forestry	2.037,5	5,7	1.815,2	4,7
B. Fishing	51,4	0,1	46,6	0,1
C. Mining and quarrying	387,4	1,1	433,4	1,1
Mining of coal, lignite and peat	1,5	0,4	1,1	0,3
Crude petroleum and natural gas	3,2	0,8	2,8	0,6
Metal ores	101,5	26,2	133,7	30,9
Other mining and quarrying	281,3	72,6	295,8	68,2
D. Manufacturing	33.565,4	93,1	35.965,5	93,9
Food products and beverages	1.637,2	4,9	1.862,0	5,2

**Trend: Decrease in agricultural exports; but increase in agro-industry products exports**

(Million USD)

Composition of Imports (ISIC, Rev.3)	2002		2003	
	12 Months	Share (%)	10 Months	Share (%)
	A. Agriculture and forestry	1.705,7	↗ 3,3	2.155,6
B. Fishing	1,2	0,0	3,4	0,0
C. Mining and quarrying	7.199,5	14,0	8.926,9	16,1
Coal, lignite and peat	689,2		681,4	7,6
Crude petroleum and natural gas	6.193,4		6.418,1	71,9
Metal ores	189,8		1.698,6	19,0
Other mining and quarrying	127,1		128,8	1,4
D. Manufacturing	42.511,4	82,5	44.410,2	79,9
Food products and beverages	1.399,0	↗ 3,3	1.358,2	↘ 3,1

**Trend: Increase in agricultural imports; but decrease in agro-industry products imports**

## 2. Product/Subsector Assessment Selected Products in the Food Industry

2002 (As per cent of Total)

Name of Products	Consumption	Production	Exports	Imports
<b>Meat and Meat Products</b>	→ 16,9	→ 13,8	5,8	→ 38,7
Meat	6,5	6,4	0,0	0,0
Poultry Meat	5,5	5,5	0,4	0,0
Others	4,9	1,8	5,4	38,7
<b>Milk and Milk Products</b>	→ 14,6	→ 14,4	2,1	2,7
Yoghurt	4,4	4,3	0,0	0,0
White Cheese	2,7	2,7	0,2	0,0
Others	7,6	7,4	2,0	2,7
<b>Processed Fishery Products</b>	1,6	1,5	0,4	0,2
<b>Products of Cereals and Starch</b>	→ 40,4	→ 40,7	15,2	12,8
Wheat Flour and Semolina	14,2	14,4	3,6	0,0
Pasta	0,9	1,3	1,4	0,0
Bread	16,0	15,9	0,1	0,0
Bisquits	2,3	2,9	6,9	0,2
Starch	7,0	6,1	3,1	12,6
Others				
<b>Processed Fruits and Vegetables</b>	3,5	7,2	→ 47,6	1,9
Canned Products	0,1	0,8	10,7	0,7
Frozen Products	0,2	0,8	4,3	0,0
Tomato Paste	0,6	1,3	6,0	0,0
Juices and Concentrates	0,7	0,8	2,2	0,4
Pickled Olives	0,9	0,8	2,6	0,0
Hazelnut Products	0,1	1,3	→ 17,8	0,0
Others	0,9	1,2	4,0	0,8
<b>Vegetable Oils and Oil Products</b>	7,3	6,1	10,3	→ 31,2
Olive Oil	0,7	0,5	2,4	0,2
Refined Vegetable Oil	2,6	1,8	3,4	→ 22,6
Margarine	1,9	2,2	3,3	0,0
Others	2,0	1,6	1,2	8,4
<b>Sugar, Confectionery and All Others</b>	11,6	12,4	→ 18,4	10,4
Sugar	6,4	6,6	1,6	0,0
Chewing gums	0,3	0,5	2,7	0,0
Sugar confectionery	1,7	1,8	2,2	0,4
Chocolate and other food prep.cont.cocoa	1,3	1,8	5,3	1,9
Manufactures thereof	1,9	3,5	11,9	8,1
Others	4,1	4,1	0,1	2,0
<b>TOTAL</b>	<b>100,0</b>	<b>100,0</b>	<b>100,0</b>	<b>100,0</b>

\*Production capacities at 1996.

Source: Ministry of Agriculture and Rural Affairs, SPO.

# Major Exported and Imported Food Products

## **EXPORTS:**

- Flour, pasta and pastry products, sugar and confectionery, margarine, processed vegetables and fruits are major commodities that are exported to world markets.
- The EU and Newly Independent States of the Former Soviet Union (NIS) are the major export markets for Turkish food products.

## **IMPORTS:**

- Raw vegetable oils, rice, animal byproducts and oilseed cakes are the main products that are imported from abroad.
- The EU and other OECD countries provide nearly half of the imports of Turkey.



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# Main Food Policies and Food Related Legislation

- The issue of **food safety** has long been a priority area, especially following the Customs Union with the EU in 1996, after which **harmonization of Turkish food legislation to the EU acquis** has been started by the government.
  - Food safety controls in the context of the new Turkish food legislation (which is almost fully harmonised with respective EU legislation) are conducted by the **Ministry of Agriculture and Rural Affairs (MARA)** in production and export/import stages .
  - The **food safety system** which our new legislation foresees to be established in food production is expected to emerge into one that will be based upon the **GAP** ( Good Agricultural Practise ) in the farms; **HACCP** (Hazard Analysis Critical Control Points), **GMP** (Good Manufacturing Practices), **GHP** (Good Hygiene Practices), **RA** ( **Risk Analysis**: risk evaluation, management, and communication) in the agro-industry, in parallel with the “farm-to-fork” **food safety approach of EU.**
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# Total Quality System

## Food Safety Management

## Quality Management

ISO 14000;  
OHSAS 18001; SA  
8000

Quality System  
Quality System  
Standards Series  
( ISO 9001:2000)

## FOOD SAFETY SYSTEM

**GAP/GMP/GHP**

**HACCP/RA**

**GAP (Good Agricultural Practices)**

GMP (Good Manufacturing Practices)

GHP (Good Hygienic Practices)

**HACCP (Hazard Analysis and Critical Control Points)**

**RA (Risk Analysis)**

# “SWOT Analysis” of Turkish Food

## Industry

### STRENGTHS and OPPORTUNITIES:

- No difficulty in finding raw materials (sufficient varieties and quantities of agricultural production)
- Relatively cheap labour force,
- Large domestic market and young population,
- Presence of widespread local communication networks and infrastructures,
- Sufficient educated and specialized workforce for food industry,
- Developing markets close to Turkey,
- Increasing volume of foreign trade,
- Perspective for EU accession

# **WEAKNESSES and THREATS**

- **Insufficient integration and cooperation between agriculture and agro-industry,**
- **Some quality and safety problems in agriculture,**
- **Need to improve the official food control system in line with the EU legislation,**
- **Rather low investments in research and development,**
- **Some technology and capacity utilization problems of food producing SMEs.**

## R&D/IT Infrastructure Expenditures

## and Technology Transfer Rates in Turkish Food and

SECTOR	R&D Expenditure (%)		IT Infrastructure Expenditure (%)	
	10-99	100+	10-99	100+
Information & Communication	1,648	0,989	4,184	0,288
Food	0,441	0,336	0,234	0,111

SECTOR	Companies That Pay For Technology (%)			Companies That Sell Technology (%)	
	To National Companies	To International Companies	To International Companies	To National Companies	To International Companies
Information & Communication	17	18	18	17	4,5
Food	17	9	9	17	0,7

# Medium Term Expectations

- In the coming ten years, **domestic market** is foreseen to **grow more and faster** in real terms.
- With the EU membership perspective, agricultural production in Turkey is expected (and obliged too) to get **more knowledge-based, more commercial** and to get **more capital-intensive** in the coming years, in order to become more productive and competitive in the EU market.
- The diverse food demands of the large population of **young generation**(~14 millions) in Turkey and their **consumption trends will be more influential than in** most EU countries.

# Medium Term Expectations

- In almost all sub-sectors, government policies to **motivate investments for technology transfer** and structural improvements or **mergings** are expected to help the enterprises to **grow rapidly** and become **more competitive** in the markets.
- Considering the rich water resources in Turkey, **fish processing** is also foreseen to have a great potential for new investments.
- The production figures of animal husbandry sector (**meat and milk**) are expected to be raised **via governmental support** following improvements in related infrastructures and raw material safety.

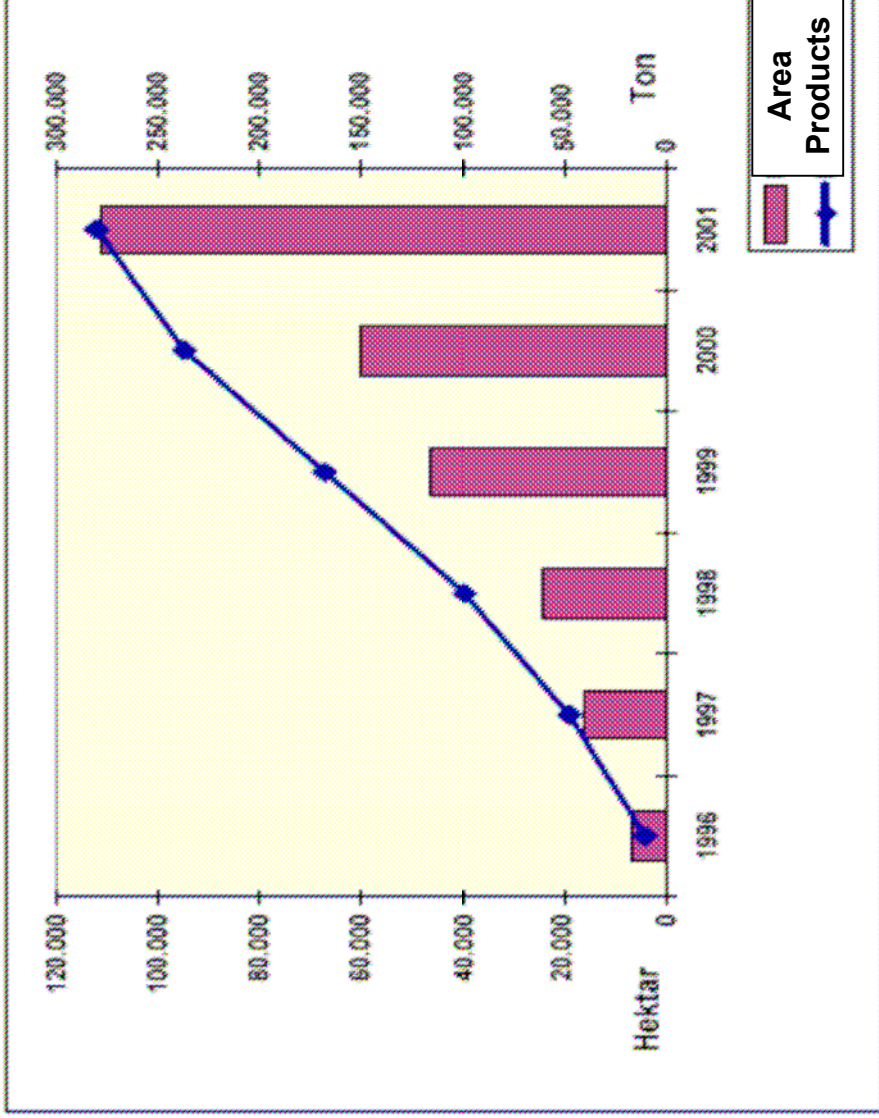
# Medium Term Expectations

- The large number of varieties, and improvements in quality of local **fruit and vegetables**, as well as their price advantages and emerging new marketing opportunities for Turkey, promote new investments in the **fruit and vegetable processing** sector.
- Because of increasing demand due to health concerns in most developed countries, **organic farming and processed organic products (including olive oil)** are believed to generate more income in Turkey.



# Organic Farming

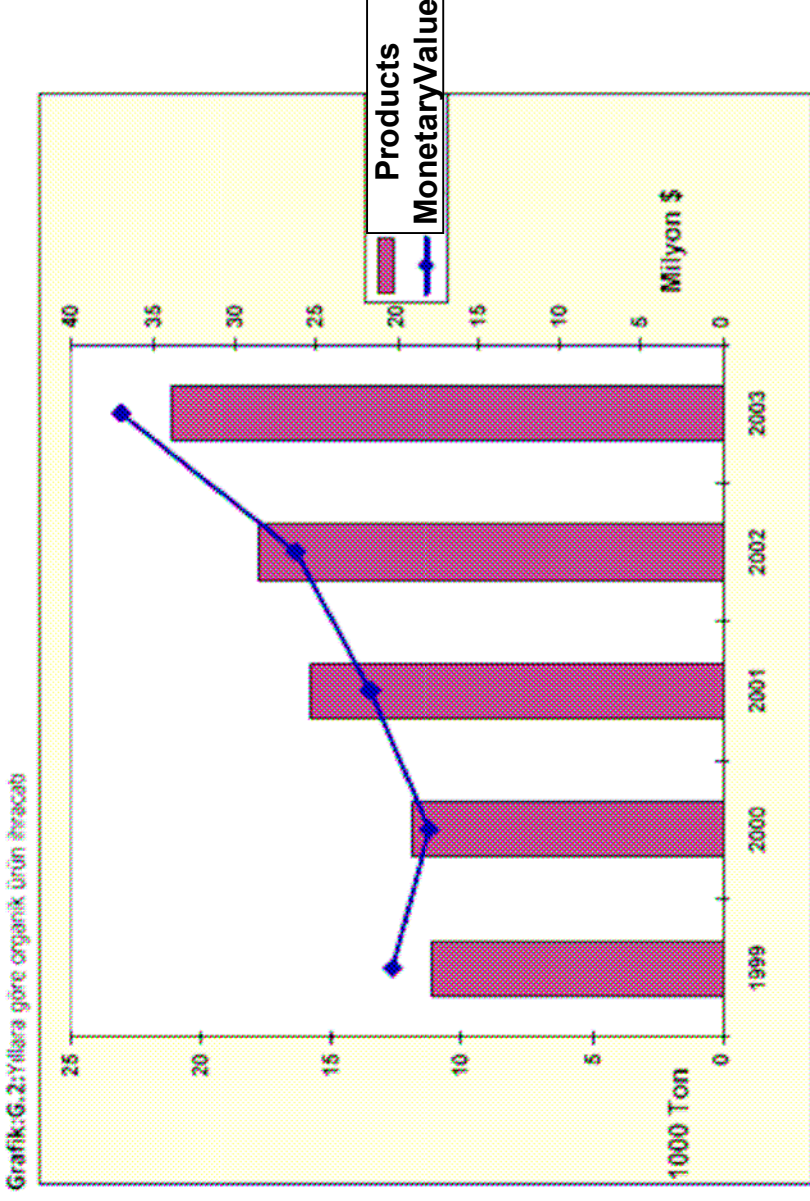
Grafik-G.1: Türkiye'de organik üretim 1996-2001



1. Tomatoes
2. Apples
3. Wheat
4. Apricots
5. Raisins

# Exportation of Organic Products

1. Germany
2. Switzerland
3. Netherlands
4. UK
5. USA





**Teşekkür ederim: Thank you**

**Hoşçakalınız: Good bye**

**Enjoy your stay in Turkey**

**Artemis Karaali**