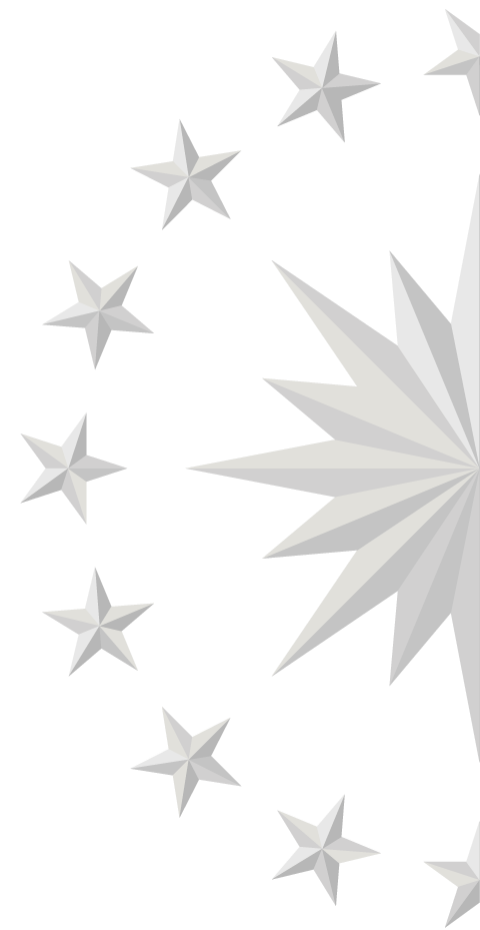




WHY INVEST IN TURKISH **AGRI-FOOD** INDUSTRY?



PRESIDENCY OF THE REPUBLIC OF TURKEY
INVESTMENT OFFICE



AGENDA

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2

Turkish Agri-Food Industry Outlook

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Growth Drivers in Turkey

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Opportunities in Turkish Agri-Food Industry

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TURKEY HAS A STRONG AND GROWING AGRICULTURAL INDUSTRY OFFERING OPPORTUNITIES IN MANY AREAS...

FAVORABLE INVESTMENT ENVIRONMENT



- Strong macroeconomic growth with increasing income per capita and a burgeoning middle-class
- Favorable demographics with a dynamic, young, and skilled labor force
- Cost-competitive labor prices. Compared to Europe and the rest of the world, the labor costs in the sector are 70% -80% lower
- Strong government support through incentives
- Developed industrial and commercial infrastructure

STRONG INTERNATIONAL PRESENCE



- Global agri-food giants are present in Turkey with significant productive activities, using Turkey as a hub to access regional markets
- Successful partnerships with local companies to grow in the region, capitalizing on locals' experience and networks

LUCRATIVE OPPORTUNITIES IN SUB-SECTORS



- Geographically well-placed to take advantage of trade opportunities in Europe, Middle East, and former Soviet countries
- With a growing population of more than 81 million, Turkey is one of the largest markets in the region
- The government invests heavily in irrigation projects and improvements to infrastructure

STRENGTHS OF THE INDUSTRY



- Agriculturally sufficient country with favorable climate, large arable lands, and abundant availability of water resources
- Considered to be one of the leading countries in the world in the field of agriculture and food
- Export opportunities thanks to Turkey's proximity to regional markets
- Strong food and agriculture sector, which employed about 20% of the active population of the country and represented approximately 5.8% of GDP in 2018

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TURKEY IS

2nd

LARGEST COUNTRY IN
EUROPE IN TERMS
OF AGRICULTURAL
ECONOMY (2018)

2nd

LARGEST
AGRICULTURAL
ECONOMY AMONG
OECD COUNTRIES
(WORLD BANK)

9th

LARGEST COUNTRY IN
THE WORLD IN
TERMS OF
AGRICULTURAL
ECONOMY (2018)

1st

FLOUR EXPORTER
IN **THE WORLD** (2018)



AGRICULTURAL
LAND

23.2 million ha



ARABLE
LAND

5.1 million ha



TOTAL EXPORTATION
OF AGRICULTURAL
PRODUCTS

USD 17.7 billion



NUMBER OF
AGRICULTURAL
ENTERPRISES

3,076 million



AVERAGE
ENTERPRISE SIZE

6 ha



TOTAL IMPORTATION
OF AGRICULTURAL
PRODUCTS

USD 12.8 billion



TOTAL AGRICULTURAL
TRADE VOLUME

USD 30.5 billion



EMPLOYMENT
IN AGRICULTURE

5.3 million people

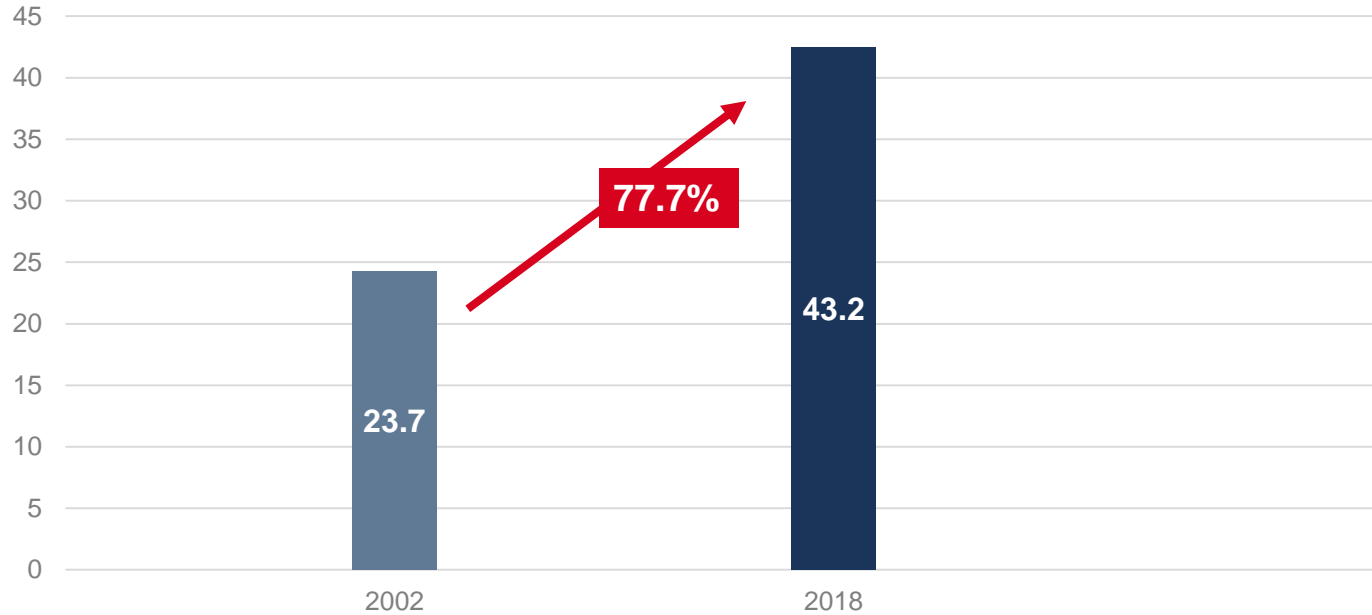


AGRICULTURAL GDP

USD 43.2 billion

THE SECTOR'S VALUE HAS INCREASED
BY 77.7% BETWEEN 2002 AND 2018

THE SECTOR'S VALUE BY CURRENT PRICES
(billion USD)

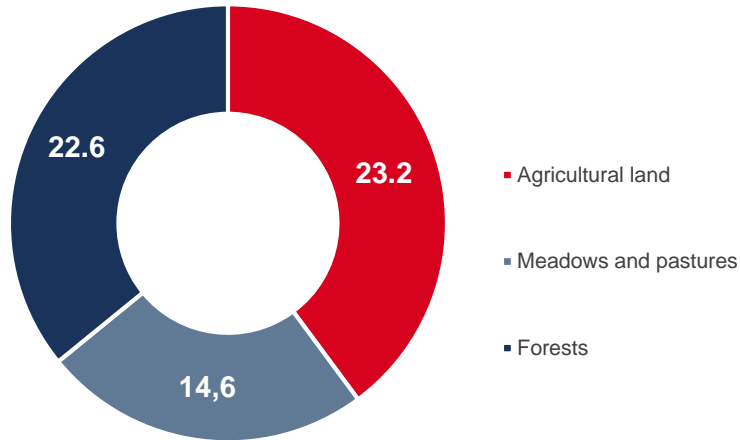


In 2018, 198 of the top 1,000 companies were agri-food companies

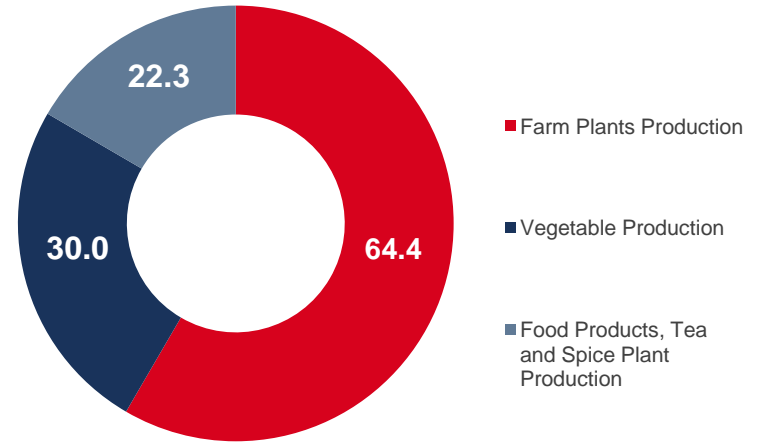
BREAKDOWN OF THE AVAILABLE LAND AND THE VEGETABLE PRODUCTION IN MAIN GROUPS



THE AVAILABLE LAND BREAKDOWN (2017 - million ha)



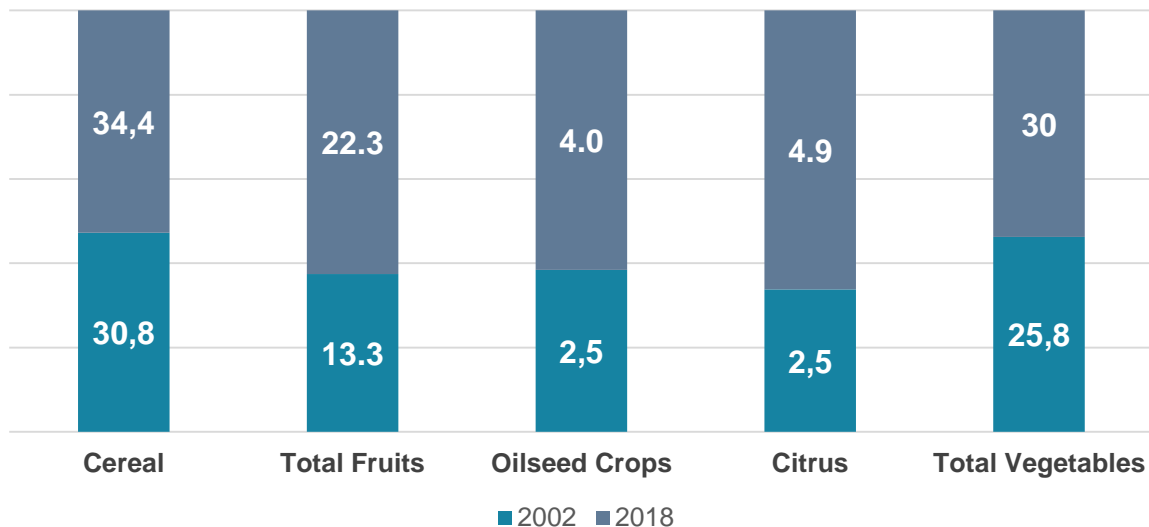
VEGETABLE PRODUCTION IN MAIN GROUPS (2018-million tons)





PLANT PRODUCTS

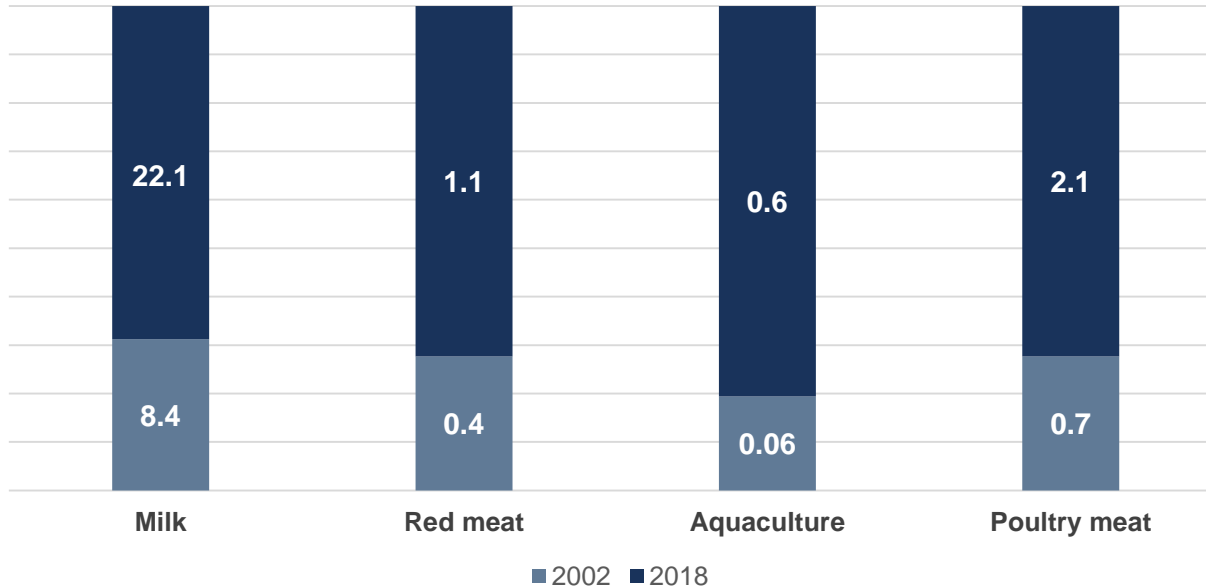
(million tons)



IN 2018, TURKEY PRODUCED 22.1 MILLION TONS OF MILK, MAKING OUR COUNTRY THE LEADING MILK AND DAIRY PRODUCER IN ITS REGION



ANIMAL PRODUCTS
(million tons)



**GLOBAL PLAYER IN
PLANT PRODUCTION
AND EXPORTS**

ABUNDANT PRODUCTION ALLOWS TURKEY TO MAINTAIN A SIGNIFICANTLY POSITIVE TRADE BALANCE THANKS TO ITS POSITION AS ONE OF THE LARGEST AGRICULTURAL PRODUCT EXPORTERS IN THE EASTERN EUROPE, MIDDLE EAST, AND NORTH AFRICA REGION

**IN PRODUCTION
(2018)**



TOP PRODUCER

Hazelnut, apricot, fig,
dried raisin and cherry



**ONE OF TOP 5
PRODUCERS**

Melon, watermelon, cucumber,
lentil, pistachio, quince, sour
cherry, chestnut, pepper, honey,
green beans



**ONE OF TOP 10
PRODUCERS**

Apple, cotton, wheat, barley,
almond, sunflower, tobacco



**IN EXPORTS
(2018)**



TOP EXPORTER

Hazelnut, dried raisin and
apricot, fig, chickpea



**ONE OF TOP 5
EXPORTER**

Cherry, lemon, lentil,
tobacco, olive oil, chestnut



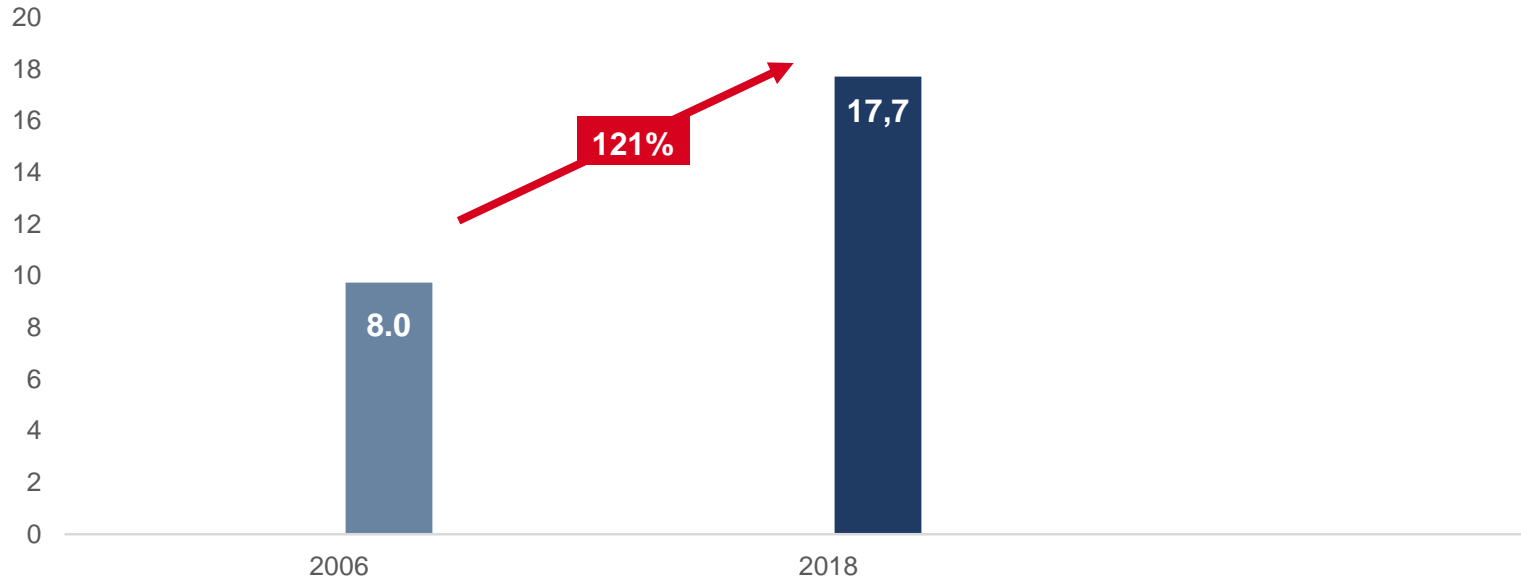
**ONE OF TOP 10
EXPORTERS**

Pepper, olive, pistachio, orange,
tomato, cucumber, peach, grape

IN 2018 THE TRADE BALANCE SURPLUS FOR FOODSTUFFS WAS 4.9 BILLION USD AND FOR AGRICULTURAL PRODUCTS WAS 240 MILLION USD



EXPORTS OF AGRICULTURAL PRODUCTS (billion USD)



**TURKEY IS A PART OF THE CUSTOMS UNION WITH THE EU SINCE 1996
AND HAS SIGNED FREE TRADE AGREEMENTS WITH 27 COUNTRIES**

CUSTOMS UNION WITH EU COUNTRIES FREE TRADE AGREEMENTS WITH 27 COUNTRIES

- 
- Albania
 - Bosnia & Herzegovina
 - Chile
 - Egypt
 - Faroe Islands
 - Georgia
 - Iceland
 - Israel
 - Qatar*
 - Kosovo
 - Lebanon*
 - Lichtenstein
 - Macedonia
 - Malaysia
 - Mauritius
 - Moldova
 - Montenegro
 - Morocco
 - Norway
 - Palestine
 - Serbia
 - Singapore
 - South Korea
 - Switzerland
 - Sudan*
 - Tunisia
 - Venezuela*

Also signed cooperation agreements in the field of agriculture with 77 countries

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13TH LARGEST ECONOMY IN THE WORLD



AVERAGE ANNUAL GDP GROWTH (%), 2003-2018



RANKING OF ECONOMIES BY GDP AT PPP

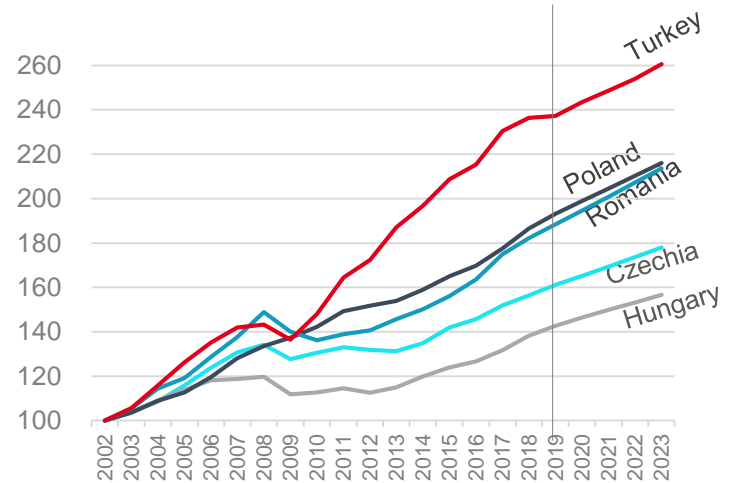
2003

2018

1. USA
2. CHINA
3. JAPAN
4. GERMANY
5. INDIA
6. RUSSIA
7. FRANCE
8. UK
9. BRAZIL
10. ITALY
11. MEXICO
12. INDONESIA
13. SPAIN
14. CANADA
15. S.KOREA
16. S.ARABIA
17. IRAN
18. TURKEY

1. CHINA
2. USA
3. INDIA
4. JAPAN
5. GERMANY
6. RUSSIA
7. INDONESIA
8. BRAZIL
9. UK
10. FRANCE
11. MEXICO
12. ITALY
13. TURKEY
14. S.KOREA
15. SPAIN
16. S.ARABIA
17. CANADA
18. IRAN

REAL GDP GROWTH (INDEX: 2002=100)



DRIVEN BY A DIVERSIFIED STRUCTURE, TURKISH ECONOMY HAS MORE THAN TRIPLED OVER THE PAST 16 YEARS

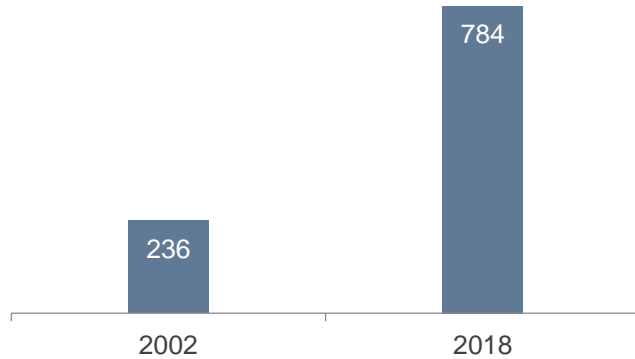


Turkish economy has more than tripled over the past 15 years and is promising more growth in future

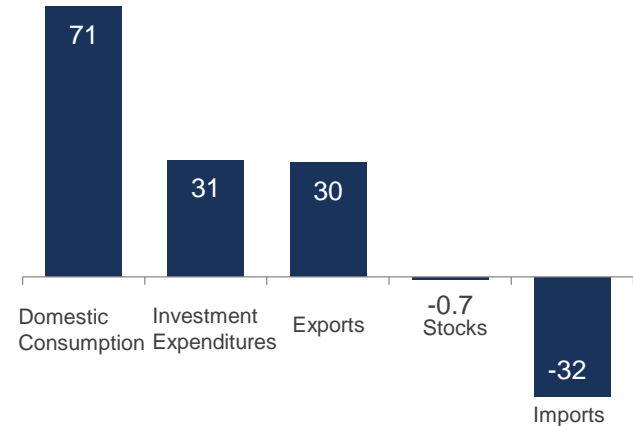


Driven by a robust domestic market and entrepreneurial private sector which has spurred investments and exports

Turkish Economy
(GDP at current prices, \$Billion)

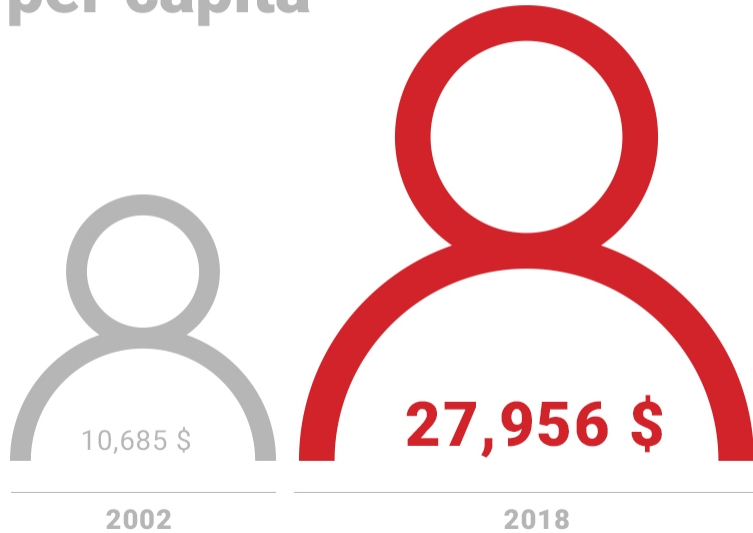


Contribution to GDP Growth
2002-2018* (%)



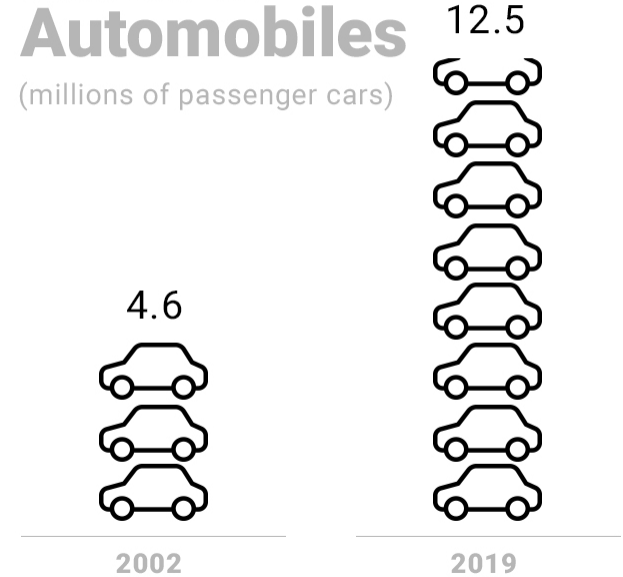
TURKEY'S ECONOMIC GROWTH HAS PAVED THE WAY FOR EMERGENCE OF A SIZEABLE MIDDLE-CLASS WITH AN INCREASING PURCHASING POWER...

Income per capita



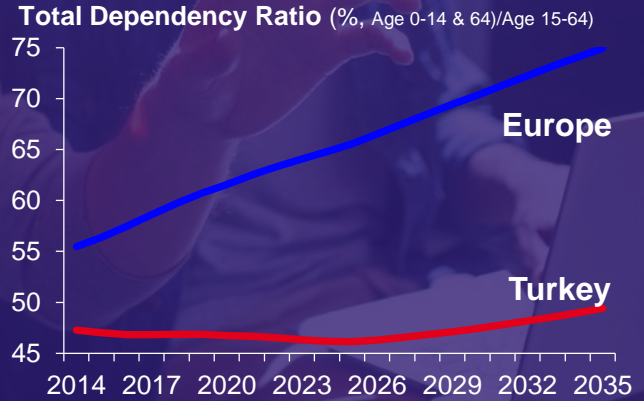
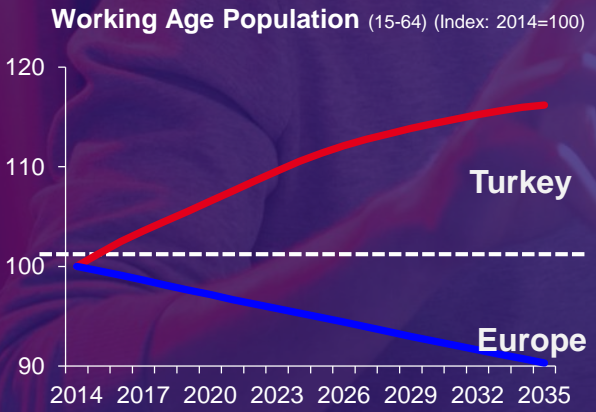
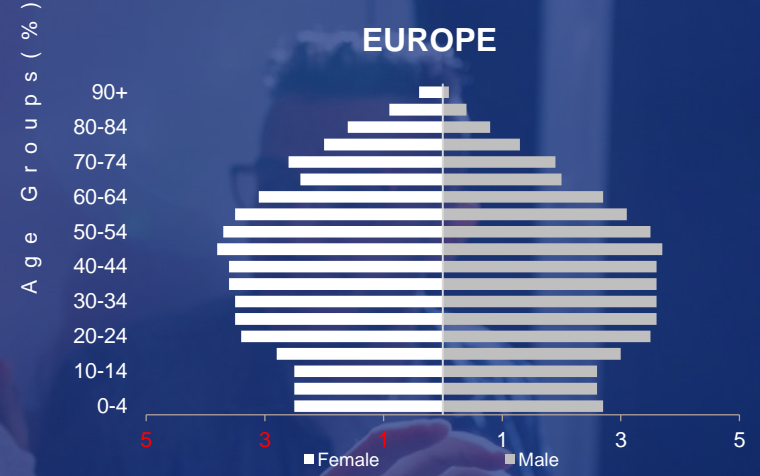
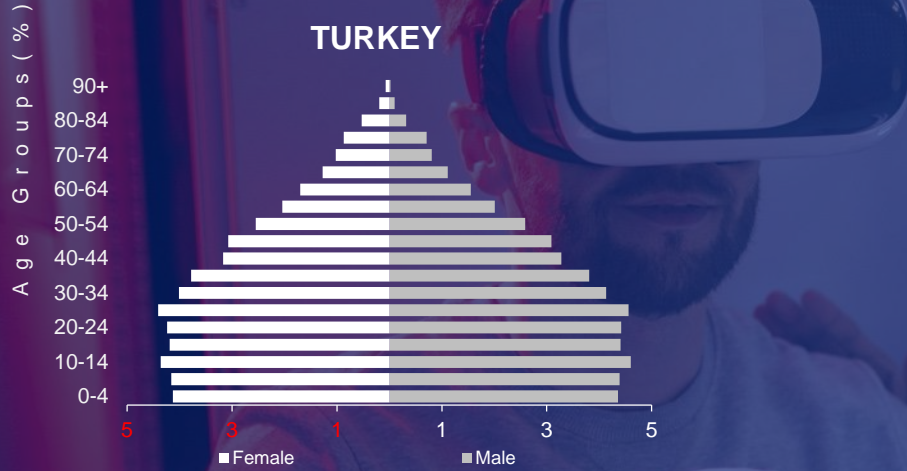
Stock of Automobiles

(millions of passenger cars)



FAVORABLE DEMOGRAPHIC

...HALF OF POPULATION UNDER AGE 30

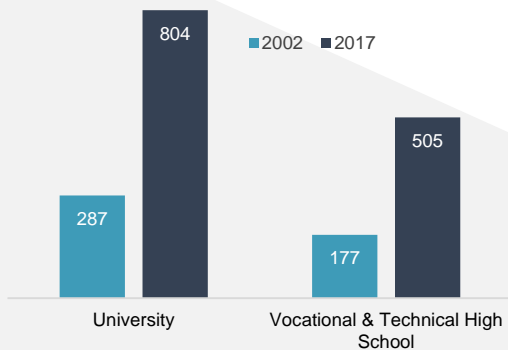


Source: Turkstat, Eurostat, UN, 2016

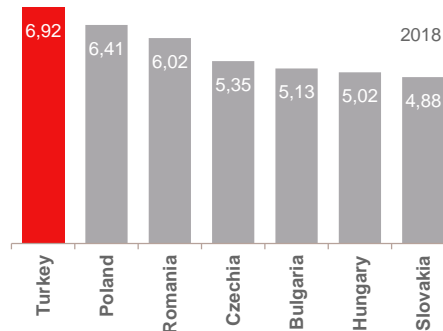
SKILLED WORKFORCE WITH COST ADVANTAGE

TURKEY'S EDUCATION SYSTEM HAS BEEN UPGRADED TO SUPPORT A SKILLED LABOR POOL THAT MEETS BUSINESS REQUIREMENTS..

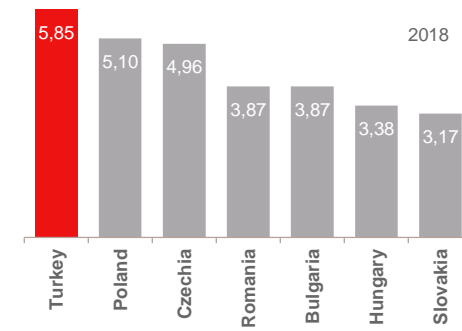
Annual Number of Graduates
(thousands)



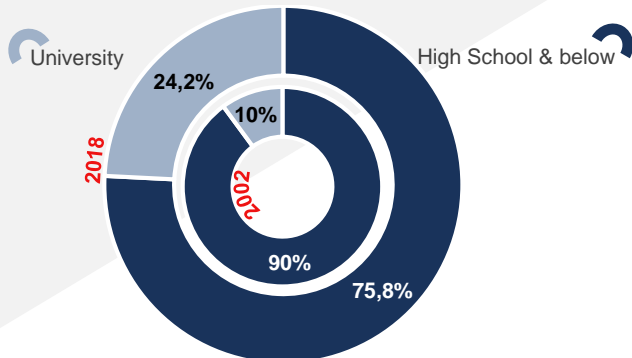
Availability of Qualified Engineers
(10=Available; 0=Unavailable)



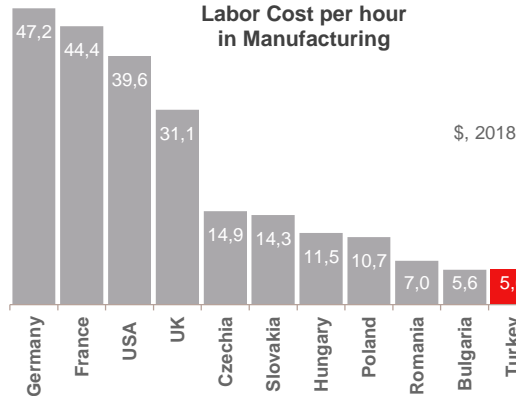
Availability of Competent Senior Managers
(10=Available; 0=Unavailable)



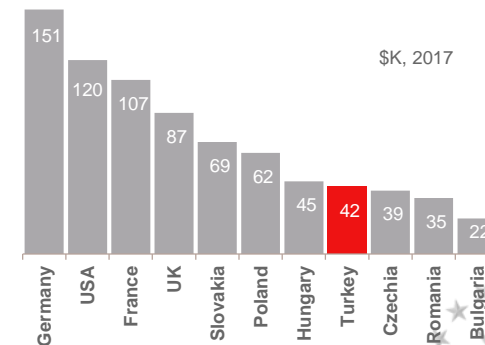
Labor Force by Education Level



Labor Cost per hour
in Manufacturing

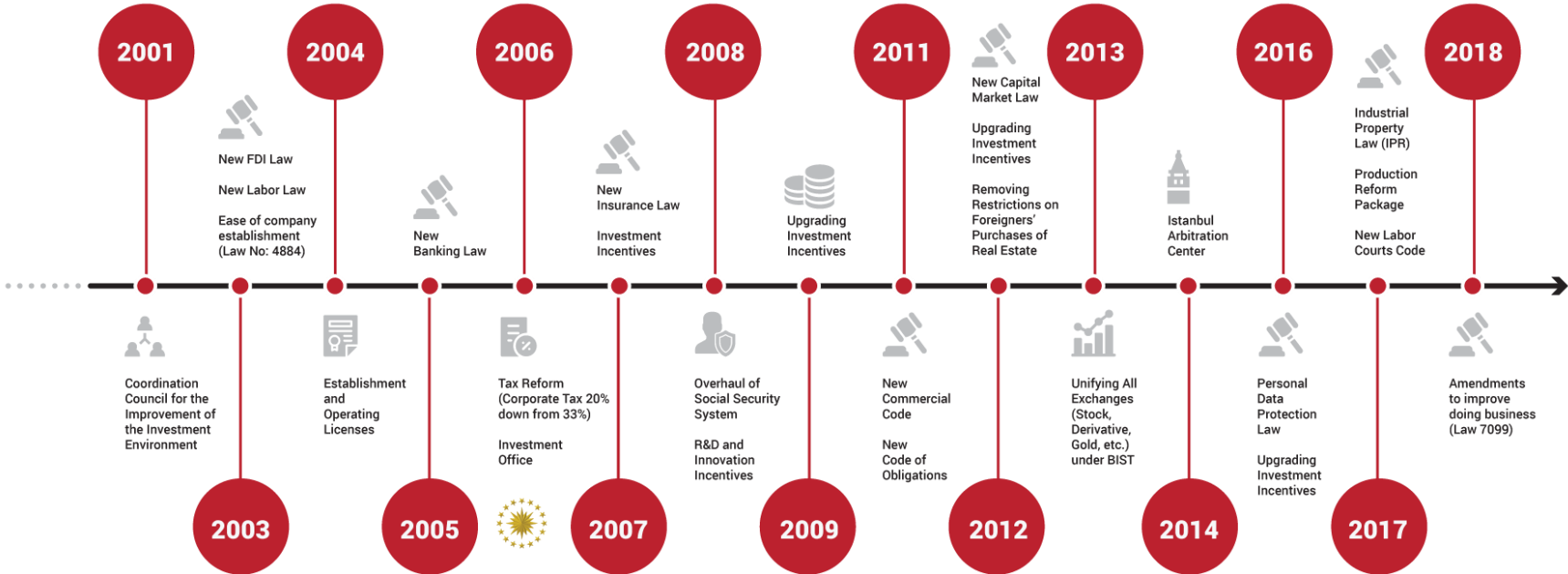


Remuneration of Management/Engineer
Total base salary plus bonuses and long-term incentives



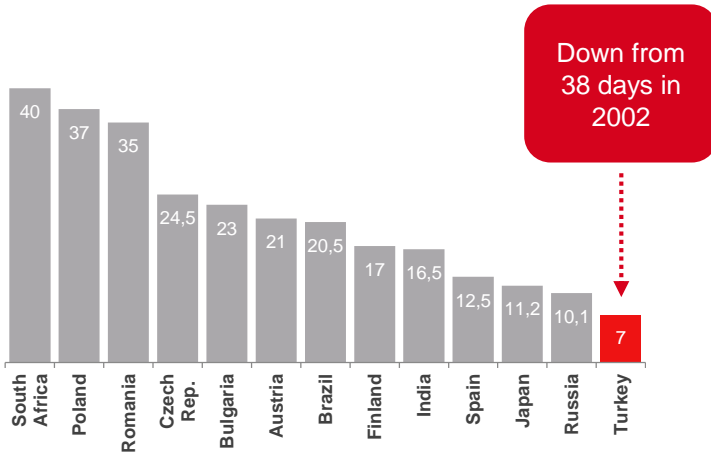
TURKEY HAS IMPLEMENTED SWEEPING REFORMS IN MANY AREAS AND CONTINUES TO INTRODUCE NEW REFORMS..

MAJOR REFORMS

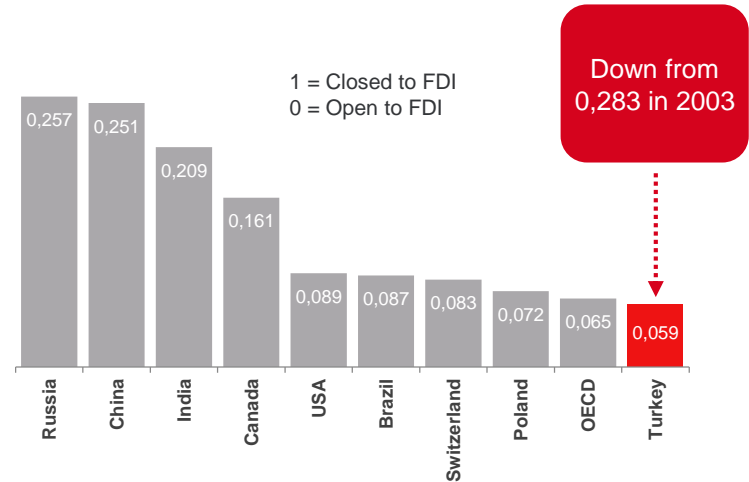


TURKEY HAS IMPLEMENTED SWEEPING REFORMS IN MANY AREAS AND CONTINUES TO INTRODUCE NEW REFORMS..

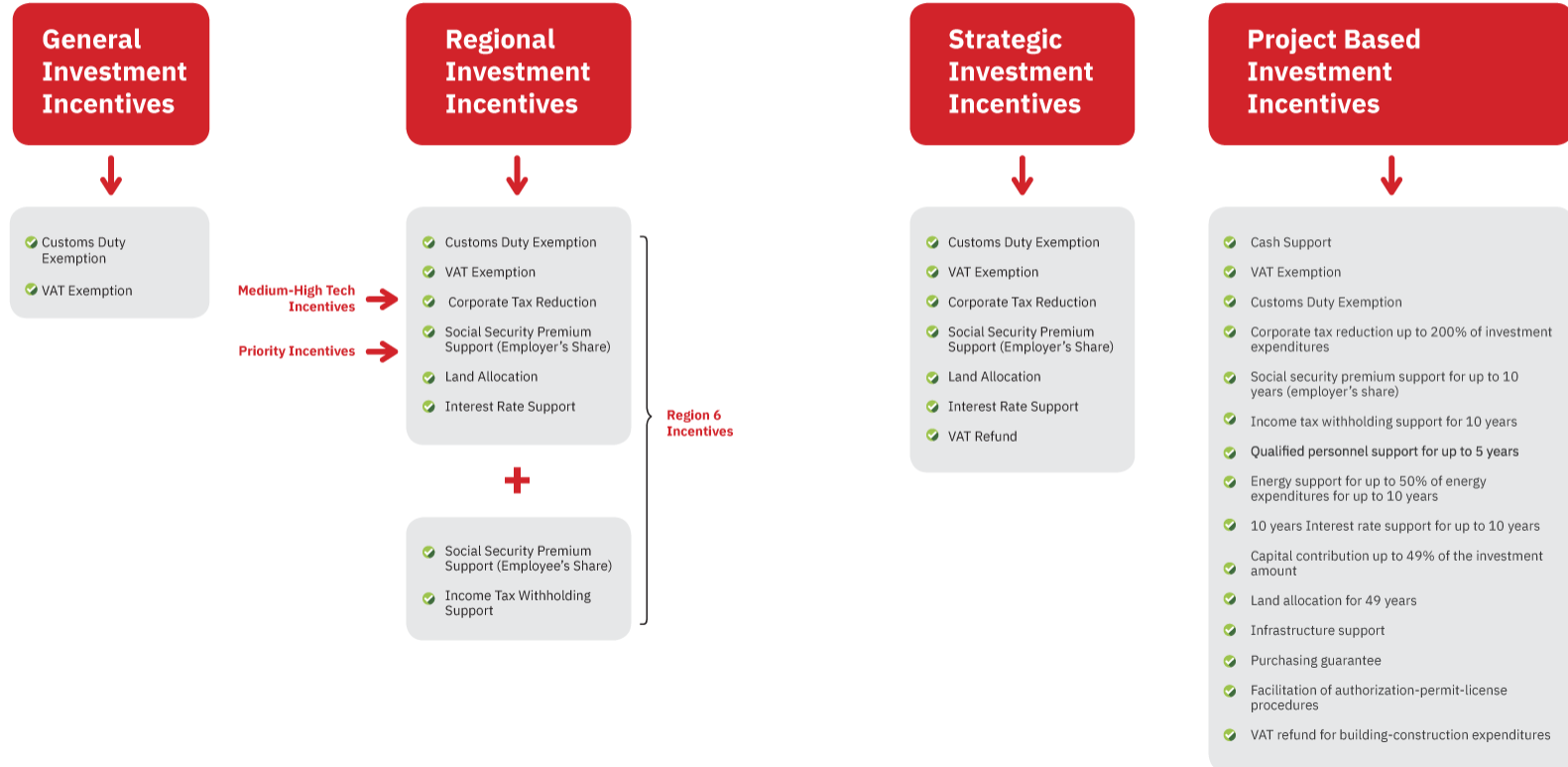
Number of Days to set up a Company, 2018



FDI Regulatory Restrictiveness Index, 2018



INCENTIVES PROVIDED BY THE MINISTRY OF INDUSTRY AND TECHNOLOGY





Support Instruments

- **VAT Exemption:** VAT is exempt for imported and/or domestically delivered machinery and equipment within the scope of the investment incentive certificate.
- **Customs Duty Exemption:** Customs duty is exempt for imported machinery and equipment within the scope of the investment incentive certificate.
- **Tax Reduction:** The income or corporate tax is calculated on basis of reduced rates until the total amount of reduced tax reaches the amount of contribution to the investment. The rate of contribution to investment refers to the rate of the total fixed investment amount that is subject to tax reduction.
- **Social Security Premium Support (Employee's Share):** For additional employment created by the investment, the employee's share of the social security premium calculated on basis of the legal minimum wage will be covered by the government. The instrument is applicable only to investments made in Region 6 within the scope of the investment incentive certificate. There is no upper limit for Social Security Premium Support and it is applicable for 10 years.
- **Social Security Premium Support (Employer's Share):** For additional employment created by the investment, the employer's share of the social security premium calculated on basis of the legal minimum wage will be covered by the government.
- **Income Tax Withholding Allowance:** The income tax with regard to additional employment created by the investment, within the scope of the investment incentive certificate, will not be liable to withholding taxes. The instrument is applicable only to investments made in Region 6 within the scope of the investment incentive certificate. There is no upper limit for income tax withholding allowance and it is applicable for 10 years.
- **Interest Rate Support:** Interest rate support is a financial support instrument provided for investment loans with a term of at least one year obtained within the scope of an investment incentive certificate. A portion of the interest/profit share regarding the loan equivalent, at most 70 percent of the fixed investment amount registered in the investment incentive certificate, will be covered by the government for a maximum of the first five years.
- **Land Allocation:** Land may be allocated for investments, with an investment incentive certificate, in accordance with the rules and principles set by the Ministry of Finance, depending on the availability of such land.
- **VAT Refund:** VAT collected on construction expenses, made within the scope of strategic investments with a minimum fixed investment amount of TRY 500 million, will be rebated.

INCENTIVES

Integrated Livestock investments

Food and beverage investments

Aquaculture

Cold storage

Licensed storage

Greenhouse investments



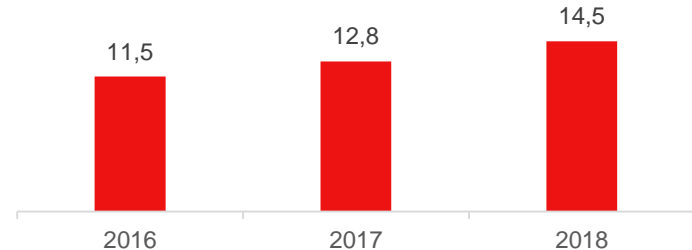
AGRI-FOOD INVESTMENTS CAN BENEFIT FROM VARIOUS LUCRATIVE INCENTIVES..

According to the investment incentives legislation from the Ministry of Industry and Technology investments in these sectors are considered under the “**Regional Investment Incentives Scheme**”

Agricultural supports are being organized on the basis of **QUALITY - SAFETY - YIELD - RURAL DEVELOPMENT**

- Agricultural Basin Model
- Incentives for livestock breeding
- Support for certified seed and seedling
- Support for organic farming
- Farm advisory services
- Implementation of agricultural insurance

AGRICULTURAL SUPPORT BUDGET (BILLION TRY)



RURAL DEVELOPMENT SUPPORT PROGRAM

Initiated in 2006 for investments in;

- **Fixed investments on agricultural production:**
 - Processing, packaging, and storing the agricultural products
 - Fixed investments (bovine, ovine, poultry, fisheries, mushroom, fertilizer processing, greenhouse, renewable energy sources etc.)
 - Greenhouse investments which utilise renewable energy sources
 - Processing, packing and storing the medicinal and aromatic plants



TOTAL (2006-2019)

- **TRY 3 billion in grants**
- **11.821 facilities established**
- **93.000 person employed**

EU GRANT SUPPORTS

- **On the scope of Rural Development (IPARD):**
 - 1,1 billion Euro grant was given
 - 800 million Euro EU contribution, 270 million Euro national contribution

Supported Sectors

- Meat and meat products
- Milk and dairy products
- Diversifying of plant production
- Aquaculture production
- Rural Development Projects
- Machinery parks
- Renewable energy investment



IPARD - II PROGRAM (2014-2020)

- **The program was approved by the EU Commission.**
- **EU grant of 801 million €,**
- **National contribution 244 Million €**
- **TOTAL 1 Billion 45 Million €**

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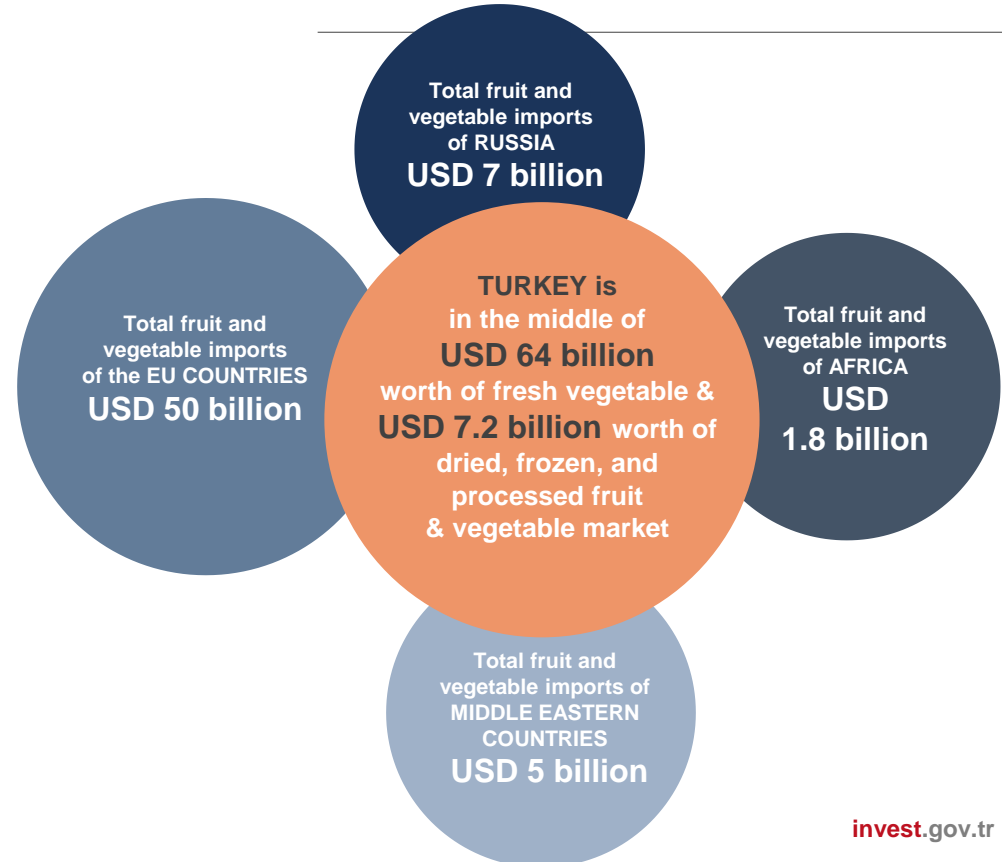
Success Stories



**TURKEY IS WORLD'S 4TH LARGEST PRODUCER OF FRESH VEGETABLES
AND 6TH LARGEST PRODUCER OF FRUITS, WITH A YEARLY TOTAL
PRODUCTION OF 47 MILLION TONS AND
A TRADE VOLUME OF USD 2 BILLION**

OPPORTUNITIES

- Agricultural sector is growing very rapidly thanks to developed regional trade
- The sectoral advantages of Turkey, which is one of the top 10 producers of fruit and vegetables in the world, are:
 - Ecological conditions, contracted production, easy marketing and export opportunities for food processing sector
 - Rapidly increasing domestic demand and the proximity to major markets such as Europe and MENA
 - Significant investment opportunities with high-tech fruit and vegetable processing industries

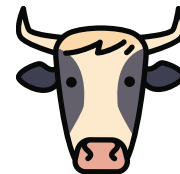


KEY FACTS

Great opportunities created by the increasing domestic demand

- Sectors like confectionery, ice cream, frozen food etc. will increase demand in livestock products
- Proximity to important markets such as Egypt, Greece, Lebanon, and Algeria
- Significant investment incentives offered

TURKEY ALREADY HAS A LARGE AND GROWING MEAT AND DAIRY MARKET...



OPPORTUNITIES

Animal production:

- Number of cattle is 18 million and number of sheep is 49 million
- Production of high quality meat and dairy products is available with high domestic demand
- Processed raw milk → 22,1 million tons (2018)
- Red meat production → 1.1 million tons (2018)

OPPORTUNITIES

Turkey benefits from increased local and regional demand growth, and there is a strong potential for growth in exports

- Proximity to Middle Eastern countries like, Iraq, Saudi Arabia, UAE and Kuwait and Qatar creates mega opportunities for Turkish players through "Halal food"
- Attractive investment opportunities by means of M&As

In 2018, poultry meat production was 2.1 million tons, egg production was 19.6 billion pieces.

In 2018, Turkey exported 439,142 thousand tons of poultry meat worth USD 582 million, an increase of 17% in quantity.



(in 2018)

Turkey is the **8th** country in the world for egg production and 3rd country in the world for egg export

Turkey is the **5th** largest exporting country of poultry to nearly 81 countries including Japan, Iraq, Morocco, Georgia, the Philippines .

WITH ITS 772,000 DECARES OF GREENHOUSE AREA, TURKEY IS THE 4TH COUNTRY IN THE WORLD AND 2ND IN THE EUROPE

KEY FACTS

- 8.1 million tons of production with a total value of approx. USD 1,7 billion
- Considerably export oriented investment area
- Greenhouse farming breakdown is as follows:
 - 94% vegetable
 - 5% fruits
 - 1% ornamental plants
- In geothermal resources, Turkey is 1st in Europe, 7th in the world
- 4,344 decares of area is being heated, potentially 30.000 da of area can be heated
- Adequate infrastructure within the special Industrial Zones

OPPORTUNITIES

- Modern Greenhouses are expected to grow quickly and thanks to technology, production in greenhouses will increase significantly
- There are already foreign operators in the greenhouse sector, mostly from Netherlands and Germany; the government has ambitious targets in the sector and therefore offers advantageous incentives



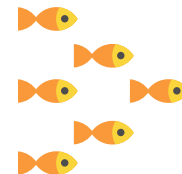
KEY FACTS

Turkey's fishery products (2018)

- → 314,537 tons come from aquaculture
- → 314,094 tons come from hunting
- Turkey's exports of fishery and aquaculture products have risen to 177,500 tons with USD 952 million in value (2018)
- 67% of our exports go to the EU countries

IN 2018 TURKEY HAS PRODUCED 628.000 TONS OF ACQUACULTURE PRODUCTS

OPPORTUNITIES



- Turkey dominates markets in several EU countries and has the potential to create new market opportunities in Russia and the USA
- Obtaining higher values by selling in packaged forms to European markets rather than selling in bulk
- Turkish coasts and regulations allow for large-scale farming that is more competitive than the ones in the EU
- Catchy investment opportunities for seabass and seabream thanks to the low cost of production
- Value added products such as turbot, blue tuna, flatfish, sturgeon, white grouper, etc...
- Available incentives



KEY FACTS

In Turkey;

- 626,884 ha of land
- 2.371,612 million tons of production (2018)
- The number of organic crops is 213 with 79,563 farmers
- Wheat, Fig, Fruits, Hazelnut, Raisin, Appricot, Lentil and Chichpea are the most exported products.

OPPORTUNITIES

- Suitable soil and sufficient technical infrastructure for organic farming
- Organic Agriculture Legislation in line with the EU, main export countries; Italy, Germany, Netherlands, France, Belgium and UK
- Proximity to the European and Middle Eastern markets
- Available support and incentives for organic farming



WORLD SEED TRADE IS ABOUT USD 45 BILLION (ISF) TURKEY RANKS 11TH WITH 2% SHARE

KEY FACTS

- Total seed exportation of Turkey is about USD 151,691 million to 85 countries (2018)
- Russia, Ukraine, Iraq, Azerbaijan, Austria and Italy are the main export destinations
- Total seed importation of Turkey is about USD 178,853 million (2018)
- There are 725 seedling company in Turkey

OPPORTUNITIES

- Favorable ecology and biodiversity
- Integration with international seed systems
- Agricultural support
- Proximity to global market



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SUCCESS STORIES

ALREADY A MANUFACTURING & EXPORT HUB FOR GLOBAL COMPANIES



Exporting **85%** of its production



Exporting **77%** of its production



Production base for MENA



Its **largest production facility** worldwide

MULTINATIONAL COMPANIES CHOSE ISTANBUL AS THEIR REGIONAL HUB

B/S/H/	----->	89 countries
	----->	80 countries
	----->	80 countries
	----->	72 countries
	----->	67 countries
	----->	63 countries
	----->	60 countries
	----->	30 countries





AGRI-FOOD INDUSTRY GIANTS HAVE BEEN MANUFACTURING IN TURKEY FOR DECADES...



BASF
The Chemical Company

- Operational for 139 years
- 6 manufacturing facilities and 8 offices in Turkey for chemicals, performance products, functional materials & solutions, agricultural solutions
- Sales of EUR 63 billion globally in 2018
- Managing 78 countries from Turkey
- 800 employees



Coca-Cola Icecek

- Market share in sparkling of Coca-Cola Icecek (CCI) in Turkey is 65%
- Producing 25 brands in 5 categories
- Following the acquisition of Efes Invest in 2005, evolved from a bottling operation to a regional beverage company
- More than 2.500 employees and 10 production plants



Nestle

- Operational in Turkey for 110 years
- 2 manufacturing facilities in Bursa
- Employs 3,800 people directly and over 7,000 indirectly
- Produces locally 95% of the products it sells in Turkey
- Offers more than 800 products and around 50 brands in 12 different categories
- From its production hub in Turkey, exports to the neighboring countries, particularly to MENA countries



DU PONT

- Operational in Turkey for around 60 years
- 200 employees
- Headquarter & innovation center in Istanbul, seed conditioning & processing plant facility in Adana, sunflower R&D center in Lüleburgaz



FERRERO

- Producing in Manisa OIZ since 2013
- Made an initial investment of 95 million EUR and expanded it to produce more varieties of products
- 7 manufacturing facilities, 6 of them processing nuts
- Exporting to 100 countries from Turkey



Cargill

- Operational in Turkey for around 59 years
- More than 600 employees in 7 locations in Turkey – Adana, Ankara, Istanbul, İzmir, Bursa, Balıkesir, Kocaeli,
- 3 production facilities: starch & sweeteners in Bursa, fats & oils in Balıkesir, oleochemicals in Kocaeli

AGRI-FOOD INDUSTRY GIANTS HAVE BEEN MANUFACTURING IN TURKEY FOR DECADES...



- Operational in Turkey for over 100 years
- 8 manufacturing facilities, over 5,000 employees
- Uses Turkey as a management hub for 35 countries
- New factory for personal and homecare categories in Turkey creates an investment ecosystem of EUR 350 million along with suppliers
- 29 brands and presence in 9 out of 10 households with its products
- Exports from Turkey to 34 countries

The Danone logo, consisting of the word 'DANONE' in a bold, blue, sans-serif font with a red smile-like curve underneath.

- Operational in Turkey since 1998
- Over 500 employees

The Mondelēz International logo, featuring the word 'Mondelēz' in a stylized, red and blue font with a red dot above the 'z', and 'International' in a smaller, black font below it.

- Operating in Turkey since 1993
- An important production facility with an indoor area of 85.000 m2 in Gebze
- Sales of TL 872 million in 2018
- Employs about 1,200 people directly and about 900 indirectly
- Increased its investments in Turkey steadily over the past 20 years

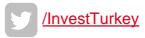
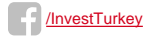
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INVESTMENT OFFICE

