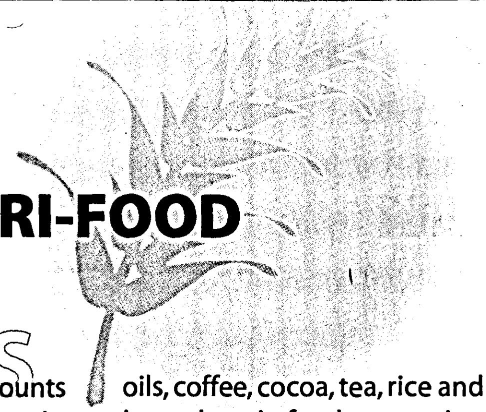

AGRICULTURE *and* AGRI-FOOD

OPPORTUNITIES

OPPORTUNITIES: The total arable land of Turkey amounts to around 300,000 sq. kms. (total size is 777,970 sq. kms.). Cereals and grains account for more acreage than any other crop, with wheat being the most prominent. Turkey is virtually self-sufficient in food, feed and fibre. Agricultural potential has not been fully realized nationwide. Despite agriculture's diminished role in the economy, it still accounts for a large share of total output and employment. Despite the overall trade deficit of Turkey, the agricultural trade balance is significantly positive, and this provides some relief to the balance of payments.

The country is a net exporter of farm products, and agriculture (including the processing sector) employs about one-half of the working population. The agricultural sector's real growth rate was -4.6% in 1999, and its share was 14.86% of gross national product in 1999. Crops represent 55% of the agricultural sector; livestock represents 34%; and the rest comprises forestry and aquaculture.

Turkey is the largest producer and exporter of agricultural products in the Near East and North African region. In 1999, exports of agricultural commodities (excluding agri-food) amounted to $2.2 billion and accounted for 8.3% of Turkey's total export earnings. As well, overall exports of agricultural, livestock and processed agri-food products reached US$3.9 billion. Also, imports of agricultural products totalled around US$2.7 billion. Rapid growth occurred throughout the 1980s, led by manufacturing but also by agri-food, and a resurgence of both domestic and foreign investment in Turkey.

Canada is currently exporting several agricultural products to Turkey: grains, seeds, lentils and potato. Opportunities also exist in cheese, butter, vegetables oils, coffee, cocoa, tea, rice and sugar. Turkey also lacks know-how in food-processing technology. Finally, there are opportunities in introducing new techniques and supplying equipment used in breeding, artificial insemination and embryo transfer.

MARKET CONSIDERATIONS

MARKET CONSIDERATIONS: As of January 1, 1996 — the date of the entry into force of the Customs Union with the European Union (EU) — Turkey has eliminated all custom duties and non-tariff barriers on imports of agricultural products from the EU. Livestock and meat imports have been banned since the beginning of 1997, except the breeding stock. In Turkey, there are well-organized large-scale importer distributors that use their own truck fleets to reach the middlemen or to go directly to retail points in all parts of the country. For bulk commodities, it is best to work with a capable agent, who continuously monitors the requirements for food products, in view of local supply and production. The Turkish market requires long-term commitment and co-operation with Turkish companies. The best way to penetrate the Turkish agricultural sector is to enter into a joint venture with a good Turkish company for either marketing of the end product and/or local production. The chances are better with local production, given the success of European firms in the Turkish market. The availability of almost all agricultural products from local sources makes the investment in processing and quality packaging both reasonable and feasible. Turkish people are open to new species and have a tendency to adapt themselves to Western tastes.

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