

OPPORTUNITIES FOR SRI LANKAN VIRGIN COCONUT OIL IN TURKEY



Prepared by:
Embassy of Sri Lanka, Turkey
June 2017

CONTENTS

1. SUMMARY.....	3
2. MARKET DESCRIPTION.....	3
3. POSITION OF SRI LANKAN VIRGIN COCONUT OIL IN TURKISH MARKET	4
4. ACTIVITIES OF COMPETITION	5
5. CONCLUSIONS AND RECOMMENDATIONS.....	6

1. SUMMARY

Turkey is an important producer and consumer of various vegetable oils such as Olive, Sunflower, Soy, Corn (Maize), Cotton and Hazelnut oils in the world.

Currently, there is a minimal demand in Turkey for Virgin Coconut Oil because of the existence of domestic Edible oil production, availability of above mentioned oil products and more importantly Coconut Oil does not appeal to the common preference and taste of Turkish People in cooking.

This situation is not likely to change much in the near future because historically, Turkish Cuisine has been predominantly based on Olive and varieties of butter and margarine.

That said, Coconut Oil based cosmetic products have been gaining popularity in Turkey and addressing to the requests of Turkish cosmetics sector could be an opportunity for Sri Lankan exporters. Also, major cities of Turkey such as Istanbul, Ankara, Izmir and Turkish Western Mediterranean region (Antalya province) could offer some opportunities because of their foreign population and tourism potential where hundreds of high level hotels cater to their foreign guests' tastes with examples of international cuisine.

2. MARKET DESCRIPTION

As mentioned earlier, Turkey is a country which is strong in producing and supplying the final product to domestic and foreign markets. Turkey is highly advanced in processing oil seeds, extracting oil, refining vegetable oils and bottling the final products. The demand is centered upon vegetable oils, most notably Olive oil for Household use and sunflower and corn oils for both industrial cooking and household use because of their cheaper price levels.

With regards to Olive Oil, Turkey is pretty much self-sufficient, thanks to its large Olive Groves which are spread over various regions of the country. However, raw materials (Oil Seeds & Crude Oil) for some other cooking oils (most notably Sunflower Oil) does not meet the needs of production for domestic consumption making Turkey an importer for Oil Seeds. (Turkey's imports represent 2% of world imports for Oil Seeds and its ranking in world imports is 8. Turkey's main import partners are Ukraine, U.S.A, Moldova, Nigeria and other countries around Black Sea)

With its advanced production facilities for Sunflower Oil and Margarine, Turkey is also an exporter of Sunflower Oil and Margarine. Its main export markets being Iraq, Syria and other Middle Eastern countries.

Turkey does not have Palm Oil and it is a clear importer which is mostly used in industrial food manufacturing sector (confectionery, snacks, take-home foods etc.) Turkey's main import partners for Palm Oil are Indonesia and Malaysia.

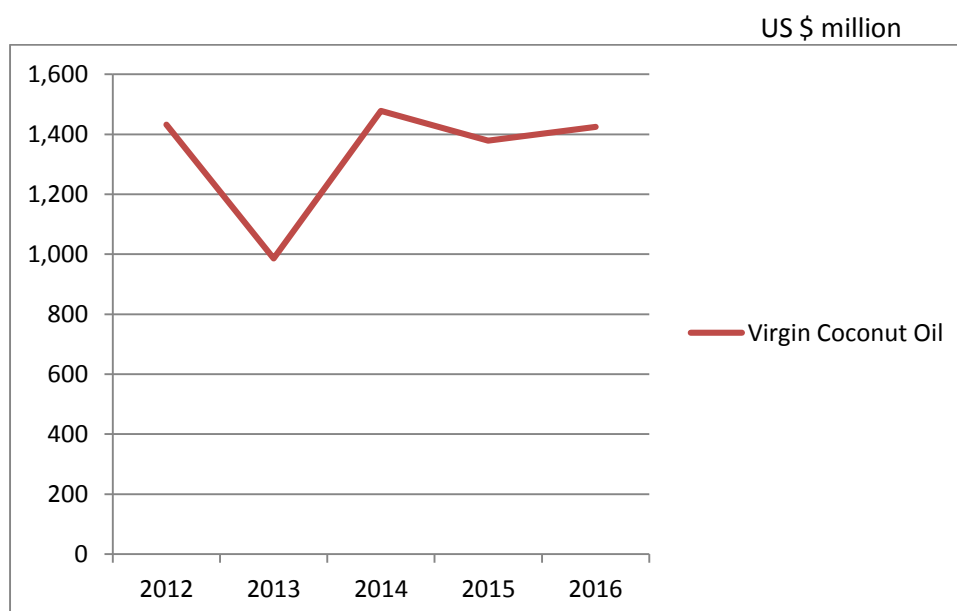
Turkish consumers prefer olive oil, other vegetable oils such as sunflower, corn, hazelnut oils, types of butter and margarine respectively. Olive oil is the default choice of consumers for household use for its taste and health benefits.

Turkish consumers of older age especially prefer olive oil for its health benefits as well. With respect to buyer/country requirements, there isn't an obligation to possess an importers certificate however as for all food products imported to Turkey, the importer must obtain "Food import control certificate" from Ministry of Food Agriculture and Livestock of Turkey.

The Coconut Oil products are imported into Turkey by Specific importer wholesalers and presented to the market by major supermarket chains or niche product suppliers. The retail price of Virgin Coconut Oil in Turkey varies between 30-55 USD/Kg.

According to Trade Map data, average import tariff applied by Turkey on Coconut Oil is approximately 30%. The tariff for Crude Coconut Oil is 13.3%. There are no FTA/PTA concessions on the product and apparent NTB's.

Figure: World import of Virgin Coconut Oil (HS 151311) by Turkey



Source: Trade map

3. POSITION OF SRI LANKAN VIRGIN COCONUT OIL IN TURKISH MARKET

Although Sri Lankan Coconut Oil is present in Turkish market, still the export performance of Sri Lankan Virgin Coconut to Turkey is relatively low.

When competitor countries are observed, Far East countries are the ones come before Sri Lanka in Exports. It's thought that the competitors may have the edge in exports because of their price levels, shipping costs, and most importantly, their position as a "one stop supplier" for other oils and oil seeds most notably Palm Oil, an economically important industrial item being imported to Turkey in much greater amounts, thus effecting the shipping costs.

Table: Sri Lanka Virgin Coconut Oil export to Turkey (2013-2016)

US \$ thousand

HS Code	Description	2013	2014	2015	2016
H.15131111	virgin coconut oil, in bulk				98
H.15131121	Crude, virgin, coconut oil not in bulk	40	40	198	61

Source: Sri Lanka Export Development Board

4. ACTIVITIES OF COMPETITION

Although not by a great margin, Indonesia and Philippines appear to be the major competitive countries for Coconut Oil. Sri Lanka comes third in suppliers rank.

It's thought that these countries have no apparent advantages in quality, packaging, labeling, duty free access etc. However as mentioned earlier, especially as Indonesia is a major supplier of Palm Oil to Turkey, this position of the country may affect the shipping costs positively and also may give the Turkish importers a "one stop supplier" perception. Although not among the competitors for this product, Malaysia and Turkey have an FTA in effect, which enables both countries export majority of their industrial products without any customs taxes.

There are no known special market tools applied by the competitors.

Table: Top 10 exporters of virgin coconut oil to Turkey (2012-2016)

US \$ thousand

Exporters	2012	2013	2014	2015	2016
Philippines	643,867	570,980	764,063	682,434	762,977
Indonesia	639,648	315,916	533,739	447,604	391,061
Sri Lanka	8,789	12,986	48,723	93,905	76,878
Papua New Guinea	27,670	13,326	20,143	23,198	32,191
United States of America	10,850	6,338	7,323	23,982	25,763
Malaysia	36,367	10,529	35,754	27,373	21,771
Germany	5,627	12,711	15,736	19,379	21,687
India	349	153	88	236	20,160
Côte d'Ivoire	3,948	2,405	2,899	2,696	10,510
Netherlands	19,227	10,824	10,999	12,113	10,329

Source: Trade map

5. CONCLUSIONS AND RECOMMENDATIONS

According to many national and global market reports and estimates made in various food and oil categories, the amount of consumption of Niche Edible Oils have been increasing in line with increasing income levels, changing demographics and changing nutrition habits towards healthier and organic food articles.

Maybe not as much as European and American nations, Turkey will be no exception and Edible Oil market is expected to grow in the years to come. However, unstable and unpredictable position of Turkish Lira against U.S Dollar (USD) may cause fluctuations in Turkish Edible Oil imports in the future.

As mentioned in the summary part, Major cities of Turkey such as Istanbul, Ankara, Izmir and Turkish Western Mediterranean region (Antalya province) could offer some opportunities because of their foreign population and tourism potential where hundreds of high level hotels cater to their foreign guests' tastes with examples of international cuisine.

Also, as in rest of the world, Coconut Oil based cosmetic products have been gaining popularity in Turkey and relevant Sri Lankan companies could supply raw materials to Turkish cosmetics manufacturers or attempt to enter the market with their brands and packaged products.

As the virgin Coconut Oil and its by products are not well known and common in Turkey, it's recommended for Sri Lankan companies to participate in related sectoral trade fairs. Participation in sectoral fairs will help Sri Lankan exporters understand the required quality, packaging standards and specifications, observe the upcoming trends as well as promoting and marketing their products. Organizing business to business events with the support of relevant Chambers & Associations from both countries would also generate positive results.

Suggested Exhibition in Turkey for Participation:

World Food Istanbul 2017 (7-10 September 2017)

Exhibition Website: <http://www.worldfood-istanbul.com>

prepared by:

Name - Embassy of Sri Lanka, Turkey

Disclaimer:

Embassy of Sri Lanka, Turkey has taken every care in the preparation of the content of this report, but the Embassy of Sri Lanka, Turkey cannot be held responsible for any errors, defects, lost profits, or other consequential damages arising from the use of any information obtained either directly or indirectly from this report. The Embassy of Sri Lanka, Turkey accepts no liability whatsoever.