

# Talking Turkey

By Erhan Dagdemir, NZTE Country Manager - Turkey

As we commemorated the 97th anniversary of the landing of the ANZACs on the Gallipoli Peninsula, I can't help but look back over the last 10 years in my role as Country Manager Turkey and note the significant changes that have occurred in Turkey from a commercial perspective.

There has been considerable economic reform, especially of state-owned industries and the financial sector. Turkey now enjoys an open and increasingly liberal trade and investment climate.

Turkey posted an impressive 8.5% GDP growth in 2011. Real growth is expected to continue to outperform the Eurozone for the next 10 years. Unlike some other countries, Turkey has managed to weather the economic crisis well; it has a stable Government and is geographically positioned to be the conduit between east and west.



Trade between Turkey and New Zealand has significant potential. In 2011, New Zealand's exports to Turkey were \$69 million – up 3% from 2010. Given the growth being experienced in this country of 74 million people, we believe that Turkey can offer New Zealand businesses a number of opportunities. While we have a small number of companies working in this market, it would appear that a number of businesses are just not aware of what a powerhouse Turkey has become, and what opportunities this presents.

We see strong growth in a number of sectors including construction, specialised manufacturing, health and F&B (all attractive as the economy expands).

As some New Zealand companies have discovered working with Turkish partners does not necessarily mean operating in Turkey. In the construction sector (the largest in the world after China) partnering with a larger Turkish company can often take your business into the Middle East, Russia and Central Asia.

The Business Monitor International Ltd views Turkey's food and drink market as one of the most promising globally. There is a large upwardly mobile population – half of which are under the age of 29. There is also an increase in women in the workforce which is changing buyer behaviour leading to a demand for packaged products via mass grocery chains (something that is quite new in Turkey

where over 65 percent of grocery sales are via independent corner 'dairies').

Apart from the growing local consumerism there is a booming tourism market with over 30 million visiting annually. There has been significant investment in five star hotels in the Antalya area at the Mediterranean coast where visitors demand the best of the best.

There are a number of New Zealand wineries exporting into the Turkish market. Most of the population is Muslim therefore the per capita consumption of wine is low and low volume growth is forecast over the next 4 years. Wine value sales should however increase by 6.4% demonstrating that while people may not consume a lot more they will be demanding a higher quality product.

The New Zealand businesses that have succeeded in this market have understood that things take time and that the first or even second visit to this market may not result in a deal. Some have opted to appoint a distributor initially until they gained some insight – often a less risky approach.

Finding the right distributor is crucial to success - as it is in any market. However, once they are found, don't expect to return to New Zealand and expect the orders to roll in. It is important that you continue to visit this dynamic market on a regular basis. Only then can you really get a full picture of the opportunities, and indeed challenges, in this market.

Source: NZTE