

TODAY'S BUSINESS

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The number of businesses in the food industry is 23,276 and the production capacity is 127 million tons

Turkey needs overhaul of food industry policies

The worldwide rise in food prices is a top item on every country's agenda including Turkey's, and the issue is not just one of sustenance, but also pertains to other matters such as biofuels. To provide insight into problems facing the food industry in Turkey, Federation of Food and Drink Industry Associations of Turkey (TGDF) Chairman Semsî Kopuz recently spoke with Today's Business. He proposes bold changes to deal with the challenges faced by the food industry in Turkey. "What we need is a council consisting of NGOs, universities, producers and governmental organizations, so that we can put together a policy to regulate agriculture and animal husbandry and deal with such critical problems as water scarcity," he says. **SEE INTERVIEW BY AYŞE GÜR ON PAGE 08**

DEMAND

FRUIT JUICE INDUSTRY CAN'T KEEP UP WITH DEMAND

ZEHRA SAYGIN, İSTANBUL

The numbers look good for the juice industry in Turkey, with fruit juice consumption levels increasing rapidly in recent years not only in Turkey, but worldwide. Many thanks go to the "5 A Day" campaigns in many countries prompted by calls from the World Health Organization (WHO) for governments to encourage people to consume fruit, vegetables or juice five times a day. Turkey is in a good position when it comes to the juice market as it has considerable agricultural potential in terms of the variety of raw materials to provide high quality products and a diversity of tastes, appreciated by local and foreign consumers alike. **CONTINUED ON PAGE 10**

FARMING

SOIL-LESS AGRICULTURE IS EXPANDING

AYŞE BOZKURT, İSTANBUL

The concept of "soil-less agriculture" may be new for many of us, but it is important for global agriculture -- specifically for providing food for billions of people at a time when global warming and drought have reduced agricultural efficiency. With global warming, the availability of water has decreased, resulting in increasing levels of famine. Soil-less agriculture may be the solution in a number of climates. How can the agriculture industry develop without soil? Speaking with Today's Business, Professor Semîm Akıncı, a lecturer at the agriculture faculty of Süleymanîye University in Kahramanmaraş, defines it as "a kind of agricultural production in which plants are fed through a number of materials, such as shavings, bark, compost, sand, pebbles and processed clay in organic and inorganic environments." **CONTINUED ON PAGE 08**



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TURKEY CHALLENGED BY HORMONE-TREATED FOODS

MAHIR ZEYNALOV ISTANBUL

Consumers are increasingly becoming wary of foods tainted with chemicals and fertilizers and express grave concerns over hormonal nutrition and genetically modified foods. They do not want their children exposed to these risky foods in their diets.

According to the industry definition, any of the various hormones produced by plants that control or regulate germination, growth, metabolism or other physiological activities are called plant hormones. These hormones can be organic as well as synthetic.

As hormones and chemical booster medicines are interruptions of natural processes, it is possible to get more, better-looking yet insipid products. However, producers are putting the agriculture industry in jeopardy and at risk, damaging the reputation of and trust in their produce in the long run. Land burdened by overuse of chemicals and hormones is rendered useless after long usage and abuse.

What is more, widespread media coverage over "hormonal disputes" increases consumer awareness and provides negative publicity for the industry. This, in turn, decreases the consumption of hormonized food products. Developed countries, the US in particular, are already in the midst of a movement to transform agriculture into a more environmentally friendly and ecologically balanced business. Unfortunately, the awareness is not that high in developing countries such as Turkey, and hormone and chemical additive manufacturers are also expanding their operations.

Farmers use artificial hormones mostly in tomatoes and eggplants due to difficulties in fertilization in cold weather.

In an interview with Today's Business, Fuat Engin, the general director of the Association for Promoting Consumer Awareness (TUBIDER), said there was increasing public concern over chemically fertilized food products. "Not only do consumers feel anxiety and fear about hormones, but also about those foods that include pesticides (hormone and chemical additive residue) and genetically modified foods." Engin also expressed concern over the lack of control and regulation in the field. "It is up to government officials and regulators to increase awareness among consumers and to promote universal principles such as protecting health and the security of consumers. Those foods that contain pesticides and hormones are becoming the preferred foods of millions of poor people due to their low price. It should be an obligation on the part of government officials who have been entrusted with the health and safety of consumers."

The Turkish food and produce sector needs to comply with stringent food codes, as the majority of food exports head to European Union countries, which set very high standards. European consumers are sensitive to genetically modified and chemically grown food products. Turkey's tomatoes exports to Russia were halted temporarily this year over allegations of chemical residue. As a result of the apprehension of consumers, farmers use various ways to decrease hormones level and use organic chemicals when possible.

In agriculture, wilding, weed and plant illnesses cause a 65 percent loss in production. According to statistics, this kind of loss equates to approximately 23 million tons and could feed 150 million people a

year. To cope with these challenges, farmers rely on chemicals that provide resistance to disease.

Turkish producers argue that the quality of agricultural chemicals is in line with the standards and criteria of the World Health Organization (WHO), the Food and Agriculture Organization of the United Nations (FAO) and the Collaborative International Pesticides Analytical Council (CIPAC). The usage of chemical additives in Turkey is very low in comparison to EU countries. For instance, as an active substance per hectare, in France and Germany, the figure is 4.7 kilograms; Greece 6 kilograms; Italy 7.6 kilograms; Belgium 11.3 kilograms; Netherlands 17.8 kilograms; and in Turkey only 600 grams.

The problem in Turkey is not confined to incorrect chemicals or the dosage of hormones and chemical additives used in food products and fruits. The problem is also the incorrect usage of hormones in terms of application and timing. For example Sweden rejected Turkish exported eggplant due to residue from the additive Neoron. This additive is not illegal, but it needs to be utilized per the manufacturer's instructions. The traces of the additive take time to disappear, so that it requires a long time to dissipate. Application from 14 days prior to harvest is prohibited; otherwise, some traces may remain in fruits and vegetables. The reason the exported eggplant is rejected was either a higher dosage used than needed or late application of the chemical and hormonal additives.

"Producers should be attentive regarding waiting time after using antibiotics in planting -- and exceeding the maximum residue limit [MRL] should be carefully controlled," Irfan Erol, a professor at Ankara University's veterinary faculty, told Today's Business. According to Erol, it is normal in Turkey to find antibiotic and hormonal pesticides in animal foods. "It is certainly threatening people's health in the short and long runs. It is thus important to comply with regulations related to hormone usage, and the National Pesticide Control Program should be effectively implemented," Erol said.

Another threat posed by the industry is the usage of cheap and very poisonous chemicals. Poisonous chemicals are effective because they kill weeds efficiently and cost less. A cheap and poisonous chemical called Methamidophos was incorrectly used in pepper production in Turkey, resulting in problems with pepper exports to Germany. This poisonous hormone is allowed to be used only in tobacco and cotton by government regulatory agencies. However, this additive was later prohibited after farmers used it in pepper production.

Sadly, in Turkey, a loose regulatory system, lapses in quality control and the ability of producers to purchase any hormones and food chemicals and use them in any food products they want put consumer health at risk and tarnish Turkey's image. These kinds of mistakes bear the risk of placing Turkey on the "blacklist" in the food export and agricultural business.

Speaking at a conference titled "Usage of Chemical Additives and Hormone in Plant and Animal Production," Dr. Koksul Demir asserted that it was wrong to use the term "hormone" to denote the primary source of toxic residue in fruits and vegetables because farmers use chemicals in making vegetables and fruits grow faster and bigger.



Consumers are wary of foods tainted with chemicals and fertilizers and they do not want their children exposed to genetically changed foods in their menus.



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Surging food prices shift investors' sights to agriculture

ISA SEZEN ISTANBUL

In response to the recent increases in food prices in Turkey and in the global market, domestic and foreign investors are increasingly putting their money into agricultural land in Turkey, which has gained significant value over the past year.

Mahmut Yıldız, a real estate agent for 20 years in the Mediterranean coastal province of Adana, said the demand for property has shifted from residential housing to agricultural land, noting that his agency cannot meet the demand of investors who want to purchase such plots.

İsmet Onat, who is a real estate agent in the Central Anatolian province of Niğde, noted that the price per acre of fields climbed to YTL 1,500 this year from only YTL 750 last year. He stated that investors

come from big cities and abroad looking for agricultural investments, particularly in regions with numerous orchards or fields, noting that sales of such properties have considerably increased. He noted that most investors are seeking fairly large plots, not just a few acres.

"The farmers who owe money to banks because of the increases in fertilizer and diesel are recognizing the opportunity to sell their fields at a good price," Onat stated. He noted that many farmers have been selling fields to Turkish expats in Germany and the Netherlands. "Turkish immigrants who intend to return to Turkey at some point want something that will generate income during their retirement. Agricultural land fits the bill," he added. The southeastern province of Sanliurfa has proven to be popular among investors looking for agricultural investments. In the province, which is developing thanks in part to the

Southeastern Anatolia Project (GAP), prices per acre have risen to YTL 3,500 from YTL 1,500 in a year for the fertile land near the airport.

Kadir Ballı, sales director of Badilli Real Estate in Sanliurfa, said his company's sales of agricultural land have doubled over last year. Stating that they also have customers abroad, he noted that an investor from New York called him and asked for 150,000 acres of agricultural land. "This is a very big area."

We began searching, but it will not be easy for us to find a plot of this size," he said. Stating that prices per acre of agricultural land had increased to YTL 4,000-5,000 in the Söke district of the Aegean province of Aydın, Aegean Farmers Association Chairman Hulusi Tanman said the demand from India and China for every kind of agricultural product will increase in the future, which, in

turn, will increase the demand for agricultural land. Tanman also noted that large-scale companies are looking for land in regions where drought has not been a significant problem.

Global increases in food prices have affected households in Turkey, along with those in much of the world. The food expenditures of a single-family household have increased by 45 percent since the beginning of the year, with a significant rise in the prices of basic foods such as meat, pasta, milk and bread. The price of a 300-gram loaf of bread, for example, has increased to YKr 85 from YKr 70. The below-average levels of precipitation this past winter and spring are also expected to affect the price of grains and other staple crops. The first sign of this was the 90 percent increase in lentil prices. Meanwhile, poor harvests have resulted in higher prices for fruits and vegetables.



TURKISH GOV'T LAUNCHES NEW AFRICA PROGRAM

A Turkish minister has announced that Turkey is launching a new development assistance program for African countries. "The aim of the program is to improve relations between Turkey and Africa, to provide African countries with modern agriculture and animal husbandry techniques, to raise qualified experts and to raise incomes and living standards," State Minister Said Yazıcıoğlu said earlier this month, during a promotional meeting for the Africa Agricultural Development Program.

Yazıcıoğlu noted that the average annual development aid provided by Turkey to Africa over the last three years was \$650 million. The Turkish Cooperation and Development Agency (TİKA) initiated the program, supported by the Agriculture and Rural Affairs Ministry. Also speaking at the meeting, Agriculture Minister Mehmet Mehdi Eker told the audience that the main reason for the global food crisis was the use of agricultural raw materials for purposes other than food. Eker listed the other reasons for the food crisis as energy problems, global warming, change in nutritional habits and the trade policies of wealthy countries.

"Close to 860 million people are going hungry in the world, according to the Food and Agriculture Organization [FAO], and the majority of them are living in Africa," Eker said.

The program's first stage entailed the training of high-level officials from 13 African countries between July 29 and Aug. 8. The second stage is scheduled for April 2009, with training sessions on vegetable production that will last for 25 days. Technical experts from African countries will assist Turkish staff in these sessions. In addition, a 25-day program on animal diseases and animal breeding will be held in May 2009. In the final stage TİKA experts and Agriculture and Rural Affairs Ministry officials will visit African countries to assess the results of the first and second stages of the program. **Istanbul Today's Business**

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ADESE SUCCESS STORY EXAMPLE FOR OTHER FIRMS

ZEHRA SAYGIN ISTANBUL

Adese, a leading retail marketer, has been expanding into new markets and adding new branches to its chain store in Turkey.

A recent survey titled "Turkey's 500 Largest Private Companies" conducted by Capital, a monthly business magazine, revealed that in 2007 Adese had become Turkey's 188th-largest company, up from its position of 199th in 2006.

Adese recorded a 27.95 percent turnover growth rate in 2007 compared to 2006, reaching YTL 411.4 million in gross sales. According to 2007 figures, Adese was ranked as the fourth-fastest growing retail firm in Turkey.

Founded in 1994, Adese now has 118 branches in seven cities and has become not only one of Turkey's retail giants, but has also developed into a concrete example of the progress of the Anatolian economy. It is the second-largest firm in Konya.

The Capital survey revealed that 283 of the 500 firms are from Istanbul, while a considerable number of them are multinational. Considering these results, the Adese success story could be a potential guide for Anatolian firms on how to become national brands, especially for firms with their own equity capital. "This research provides a broad vision of the growth of the retail sector and of the contribution of firms to the national economy," stated Adese General Manager Ramazan Keser. He added that "their success was a source of pride for their clients and for other Anatolian firms."

Keser stated: "From our first year of establishment, we have invested in our infrastructure and in our corporate identity. In 2008 we started to implement our national expansion project, and because of this we can easily say that Adese stands as a very important candidate for higher rankings next year," Keser stated. He added that they were happy to contribute to the economic power of their city, Konya, as the second of four



Founded in 1994 and with 118 branches in seven cities, Adese has not only become one of Turkey's retail giants, but also developed into a concrete example of the progress of the Anatolian economy.



Konya-based firms in the Top 500 list.

Although Adese ranked as the fourth-fastest growing retail firm, it has continued to grow even faster this year. Having recently merged with discount market chain Mercek, Adese has implemented a new reconstruction model and moved forward with its national expansion project. Having opened two new branches in the Marmara region, Adese has also multiplied the number of stores in Ankara, Konya and Mersin. The company announced a 23.3 percent growth rate according to figures from the first quarter of the year. Adese has 3.5 million customers each month and 2,806 employees working at 118 stores in seven cities in Turkey.

Housewives don baker's cap to save money on bread

OMER ORUÇ İZMİR

The price of bread has recently increased in Turkey as a result of a decline in wheat and barley production arising from a drought that has afflicted the country for the past several years. In big cities such as Istanbul and Ankara a 300-gram loaf of bread sells for YKr 75-80, up from YKr 50 three months ago. Families on a tight budget have started to feel pressure from price hikes on basic commodities, including bread and milk.

In response, some families are coming up with innovative methods such as bread-makers to face the challenges brought on by the continually rising food prices. The price tag for baking a one-kilogram loaf of bread at home is approximately YTL 2, including the cost of both utilities and flour, while the market prices the same quantity at YTL 2.5. As a result kitchen expenses can be slashed by up to 25 percent just by switching to a bread-making machine.

Manufacturers of bread-makers are happy with the sales, with leading brands Sinbo, Arçelik and Tefal have recorded a 50 percent increase in sales over the last six months.

Zeynep Fidan, a housewife from İzmir, said she feels much safer baking her own bread at home. "I don't add baking powder or any other artificial ingredients to the mixture," she said. She even bakes bread with potatoes, olives and other natural ingredients to enhance flavor and taste.

Fidan's monthly bread expense is close to YTL 115 at a rate of five loaves a day. Living on a pension, Fidan went ahead



Manufacturers of bread-makers are happy with the sales, recording a 50 percent increase in sales over the last six months.

and bought a bread-maker for YTL 99 on a 12-month installment plan. "It doesn't take much of my time. Just five minutes is enough," she added. Ayşe Coban, another homemaker, switched to a bread-maker after she sampled home-made bread at the home of a friend. She isn't as concerned about the price as she is with the flavor of the bread itself. "We feel confident in our bread as we know what ingredients we use," she said. "Baking bread at home isn't as difficult as I thought."

Commercial bakers don't feel threatened by the trend to do-it-yourself bread, and in fact complain about the price increases, too. They say, however, that the industry is forced to raise prices because of price increases in basic ingredients. They say unless the government intervenes and better regulates the market, the industry will be hurt in the long run.



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Can the food supply sustain population growth?

MAHIR ZEYNALOV ISTANBUL

According to a new report by the Food and Agriculture Organization of the United Nations (FAO), developing countries face no food shortage problem in the long run. However, some measures should be adopted in order to prevent a possible shortage in the food supply, considering that the world population will surpass 8 billion by 2030. An alarming increase in food prices continues to pose serious challenges to low and middle income families worldwide.

One reason is certainly the price of oil, which has played around \$120 a barrel. Additionally, long-lasting fluctuation presents a dim outlook for food producers. High energy costs push the price of fertilizers and pesticides as well as other materials used in agriculture into the unaffordable range for farmers. For instance, according to FAO, the price of urea -- a source of nitrogen and the main fertilizer used by Asian farmers for the production of rice -- has increased by 107 percent over the last four years. A considerable increase in the cost of agricultural activity will keep food prices high for a while. Accordingly, rice has experienced a notable price increase of 56 percent, wheat an increase of 91 percent and corn of 40 percent since 2003, the FAO reports.

Speaking at a conference on the world food crisis in May, held at the Peter G. Peterson Institute for International Economics in Washington, D.C., Josette Sheeran, the newly appointed head of the UN World Food Programme (WFP), warned about global hunger, which she said the world was experiencing for the first time. Sheeran asked G8 countries and international organizations to solve the issue and alleviate the pain by cooperating. According to Sheeran, 250,000 people die of starvation every 10 days. Since last year, rising food prices have paved the way for 100 million people to fall under the poverty line, the most terrifying number ever, she said.

FAO, using recent UN estimates on world population growth, projects that the world population will experience a notable drop over the years. The world population has doubled since World War II up until the present time; yet, the projections show that the same growth will not be repeated and that the increase will fall within the range of a few billion by 2050 -- an increase that will mirror the food supply increase. Considering the increase in food production as a result of technological advances in agriculture -- or what was termed the "green revolution" -- "estimates are optimistic," the study adds.

In contrast to the decreasing population growth rate, food consumption will continue to rise in developing countries. The FAO study notes that the world average of malnourishment has fallen since the 1960s as a result of rising standards of living in developing countries. The FAO study, in this writer's opinion, is overly optimistic about the future, arguing that, on average, on a global level, the food supply will be more than enough to meet the expectations and needs of the world population by 2030.

The situation in Turkey varies little from that of the world. According to Mehmet Gözyay, an economist and columnist for the Ufuk Ötesi newspaper, Turkey is able to feed more people than it does today. "According to our estimates," Gözyay points out, "Turkey has the potential and capacity to feed 116.5 million people a year. The country's current food production methods, however, allow for only 77.6 million people to be fed."

Gözyay argues that the total world food capacity could meet the demand of 7.1 billion people. In contrast, however, David Paxson, the president of World Population Balance, claims the "current global population of over 6.7 billion is already two to three times higher than the sustainable level." While speaking with Today's Business, Paxson pointed out the alarming nature of the population growth and added: "Several recent studies show that the earth's resources are enough to sustain only about 2 billion people at a European standard of living. An average European consumes far more resources than any of the poorest 2 billion people in the world."

He also touches upon the American way of consumption, which completely differs from other countries. "However," he warns, "Europeans use only about half the resources of Americans, on average. Currently, the 6.7 billion of us are consuming almost 25 percent more resources than the earth is producing during any given time period. For example, in the past 12 months we have consumed the resources that it took the planet almost 15 months to produce. We are consuming our resource base."

He continues to criticize the American way of living, saying it exhausts world resources. "If all of the world's 6.7 billion people consumed as much as an average American, it would take the resources of over five earths to support all of them. On average, each American uses over 23 acres of biologically productive land and water [biocapacity] per year. Conversely, the earth's 27.7 billion acres of biologically productive land and water can support only about 1.2 billion people at an American standard of living and consumption," he said.

Paxson also speaks about conscious and careful consumption. "All of us want a viable, sustainable global home. This can be accomplished only if the wealthier among us reduce our ecological footprint to truly sustainable levels and if all of us begin now to humanely and dramatically reduce our human numbers," he concludes.



PHOTO: HUSEYIN SAKI

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the consumers in the sales points which are close to the districts and hot sales links are made. The cosmetic products on the other hand are mainly used in big cities and especially in the hairdressing shops and beauty shops where there are professional consumers. Nazlı Kozmetik offers these products to many important hairdressing shops in Istanbul.

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GGD Chairman Samim Saner

Food safety interest group becoming vocal in Turkey

YAKUP ABUTAR ISTANBUL

There is an organization called the Turkish Food Safety Association (GGD), and it's out there making a lot of noise for food safety and security in Turkey.

GGD Chairman Samim Saner, speaking to Today's Business, stressed the urgency of raising awareness in society about the risk of unhealthy foods available on the market. He explained his organization's mission as to organize, direct and expand awareness of safety issues regarding food, from processing to consumption.

Saner said that his association operated primarily through a voluntary sharing platform working through social participation and for the benefit of the community. He expressed hope that the association would gather all companies large and small and enlist the aid of leading experts and relevant government agencies under the roof of the GGD to promote food safety.

"The GGD, recognized as a food safety authority in the government, manufacturers and consumer triangle, engages in training, public campaigns and promotions," Saner said. He added: "The GGD is actively working with international bodies addressing food safety on the global agenda."

TURKEY'S SWEET TOOTH SENDS BAKLAVA SALES SOARING

ESMA BENDEZ ISTANBUL

Turks consume nearly 2.3 kilograms of baklava per person in a year, according to research conducted in 2007 by the Baklava and Dessert Producers Association (BAKTAD). Though the number may seem low for the baklava-loving Turks, it makes sense when it excludes homemade sweets and purchases made in the unregistered market, where businesses operate without a license. The trend is visible as various dessert producers are expanding their operations nationally by opening branches in numerous cities. And while the national market is booming, dessert producers are also busy exporting Turkish sweets abroad.

Mehmet Yıldırım, the president of BAKTAD, states that baklava's export volume and market share have tripled since his company was established in 2001. Stressing that baklava is one of the most important components of Turkish culture and tradition, Yıldırım says sales of baklava peak during the Muslim holy month of Ramadan. Data provided by BAKTAD to Today's Business show that nearly 8,000 tons of baklava are sold in Istanbul alone at Ramadan.

Six-month sales figures for the first half of 2007 amounted to 27,000 tons in Istanbul followed by Ankara with 10,800 tons and Gaziantep with 4,000 tons. On average, during the same six-month period in 2007, 80,500 tons of baklava were consumed in Turkey.

Among producer cities, Istanbul surpassed all others, yielding 150 tons per day. After Ankara, Gaziantep and İzmir came in third place with 20 tons per day each. On average for a single day 445 tons of baklava were produced in the country in 2006. BAKTAD records show that in 2006 total exports for Turkey



BAKTAD President Mehmet Yıldırım (C)

amounted to \$1.7 billion. Turkey's neighbor Greece comes first in importing Turkish baklava with \$320 million, followed by the US with \$216 million, Russia with \$198 million, Iraq with \$102 million and Spain with \$76 million in total.

Thanks to a promotional campaign run by BAKTAD, Yıldırım says 50 percent of unregistered workshops that produce baklava have become licensed companies and that standards of quality have been upgraded through the association's efforts. He cautions, however, that consumers should be careful about what they eat and should sample the product before they buy because there

are still some unlicensed producers who are not subject to regulation and oversight by the agencies.

Yıldırım also complains about price increases in the food sector and notes that production costs have soared because of hikes in the cost of basic foodstuffs. Anticipating an increase in the price of baklava with the coming month of Ramadan, workers in sweet shops are demanding overtime payments due to excess hours worked. Nearly 50 percent more payroll is expended on workers during this time of year, with some doubling their salaries in overtime. Owners cannot automatically pass the entire cost increase on to consumers

and instead absorb some of the cost themselves. That means less profit for sweet shop owners.

BAKTAD plans to publish an encyclopedic resource about the history and origin of baklava and its place in Turkish culture. Yıldırım also wants to revive a baklava feast that used to be held in Ottoman times. The BAKTAD president is not happy about some comments made by doctors and dieticians who say baklava causes people to gain weight. On the contrary, he argues, baklava is quite good for the health when consumed in reasonable quantities as it contains walnuts and pistachios and no additives.

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Nazlı Gıda takes on beverage, snack world one region at a time

ZEHRA SAYGIN İSTANBUL

Nazlı Gıda, a leading Turkish snack food and beverage company, has developed a strategy to introduce a broad product range, including innovative, new items, to the world market.

The company first set its sights on revolutionizing the instant coffee sector. In Turkey instant coffee packages either come with sugar or are sugarless. They are called three in one (referring to coffee, creamer and sugar) or two in one (coffee and creamer) in accordance with their sugar content. Nazlı Gıda, however, has come up with a new concept for these instant coffee packets. The company created a product with coffee, coffee creamer and sugar in the

same packet, but in separate sections. People will thus be able to add as much or as little sugar to their coffee as they please, rather than having the amount decided for them.

Nihat Kurt, board member at Nazlı Gıda and chairman of the Marifed Gıda board, said this project is the first of its kind and that Nazlı has already obtained a patent for the product. He noted that the company uses the finest Brazilian coffee in their products and that the board is convinced that customers will like this new item. Kurt stated that with this new product, the company aims to gain a large share of the market in Central Asia and Russia, since coffee sees high levels of consumption in these regions, especially in winter.

Kurt emphasized that the company's objective is to

reach all corners of the world with their products, adding that Asian countries are now the focus, to be followed by the African and Pacific regions. Also operating in Afghanistan and Pakistan, Nazlı Gıda plans to expand its market share in Asian countries. Kurt also noted that the company is going to enter the Balkan market in two months.

Exporting products to countries including Spain, Greece, Morocco, Mozambique, Afghanistan and Pakistan, Nazlı Gıda also aspires to introduce products to the Indian market. It is first looking to gain a share in the Indian beverage market and has already set the gears in motion. The board is hopeful over the planned expansions. Over the last year, company officials have been in contact with Indian officials and businessmen

to learn more about the country's beverage market. Kurt stated that company representatives will visit India next week and meet with officials there.

"We have been conducting serious market research in Africa and the Pacific region, resulting in positive signals for our future achievements there. We are hopeful about these countries. There are domestic beverage brands, but the high quality of our products will be the distinctive factor among our local rivals," Kurt said.

According to Kurt, Nazlı Gıda's products are high quality, while also being sold at affordable prices. Two months ago Nazlı Gıda introduced its chewing gum to the market. Kurt noted that the company will also be offering a new chocolate bar in September 2008.



Nihat Kurt



Ancient Turkish grains to enter international market

A company has begun research and development to introduce southeastern Turkey's rare and valuable "ancient grains" to the entire world.

Ancient grains are luxury organic food products that have not lost their natural characteristics through exposure to fertilizers or any other unnatural intervention.

Two types of ancient grains, known as devedici and harmani, which grow near mountain villages in Turkey's Southeast and are not cultivated for profit, are consumed as winter foods and used as animal feed. Many villagers harvest these ancient grains unaware that they have been in production from time immemorial and are consumed as a luxury item by the wealthy in other parts of the world.

A Turkish company has started working on a project to introduce these grains, which grow wild without human intervention, to the world, as an American company did with the kamut grain from Egypt.

An official from the company working on ancient grains devedici and harmani said the grains have a low rate of fertility and are therefore not cultivated by farmers for profit. But grains are resistant to drought and disease and do not require the assistance of irrigation techniques to grow.

Stating that the glutens in some ancient grains cause no allergic reactions, the official said: "People cultivate grain that needs to be processed in order to produce a bigger yield and in turn, these grains have lost many of their original characteristics. Ancient grains condition themselves naturally in their evolutionary processes without being treated in laboratories." Stressing that the ancient grain market has recently prospered, the official also noted: "Producing these grains requires serious investment. We aim to introduce our ancient grain all over the world and have just started research and development. There is no company working on ancient grains other than ours in Turkey. I hope we will be successful and that our grains attain worldwide popularity."

Worldwide interest in ancient grains

Increasing interest in organic nutrition is leading to the desire for untreated ancient grains, an international research group has found. The number of food products containing untreated grains rose 4 percent from 2004 to 2007, according to research.

Some firms have already begun to purchase ancient grains from the field and reproduce them without interfering in their natural growing process because the nutritional value of these products is considerably higher than that of modern grains.

For example, an American company took an ancient grain from Egypt, calling it kamut -- the ancient Egyptian word for wheat -- and promoted it worldwide. According to the company, a kamut grain is twice as big and is more nutritional than modern, treated grains. The company's kamut sales increased 32 percent in 2007 over the previous year. Twenty-eight percent of the company's kamut was sold in the US and Canada and 72 percent in Europe.

Nutritional value of ancient grains

Ancient grains are more nutritious than other, treated grains. While modern grains are composed of 12.3-14 percent protein, unprocessed ancient grains include 17.3-19.6 percent protein.

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TGDF chairman:

TURKEY NEEDS OVERHAUL OF FOOD INDUSTRY POLICIES

AYŞE GÜR ISTANBUL

The worldwide rise in food prices is a top item on every country's agenda including Turkey's, and the issue is not just one of sustenance, but also pertains to other matters such as biofuels.

To provide insight into problems facing the food industry in Turkey, Federation of Food and Drink Industry Associations of Turkey (TGDF) Chairman Şemsi Kopuz recently spoke with Today's Business. The TGDF, which is made up of 21 organizations and more than 1,000 management staff from these organizations, is also a member of the Confederation of the Food and Drink Industries of the European Union (CIAA). The federation acts as a representative for Turkey and is developing projects to improve the country's agricultural policies.

What are the primary factors that trigger increases in food prices such as we have seen recently?

Basically, there are numerous reasons for the rising costs. But, to name some major ones, you can take global warming, the problems arising from drought, the negative effects of high oil prices on transportation costs and the production process, the immense demand for crops to manufacture bio-fuels, rising demands from fast-growing countries like China and India asking for more dairy products as a result of their changing dietary habits, speculation in stock markets and measures taken by exporter countries since autumn 2007 limiting the international trade of products such as grains.

For instance, China has abolished the subsidies on export of grains, and rather, imposed taxes on such products, while Malaysia began taxing palm oil exports. On the other hand, the importer countries have taken steps since the beginning of 2008 to minimize the negative effects of the rising food prices on society, such as reducing customs tariffs similar to what EU countries and Turkey have done with grains, and India with wheat flour.

What is the share of the food industry in Turkey's economy and how does the rise in food prices influence inflation?

The number of businesses in the food industry is 23,276, the total production capacity is 127 million

tons, and the number of people employed in the sector is 639,000. Also, I must highlight the point that the food industry is the one of the rare sectors that yields profits all the time. Just look at the 193 percent growth rate for the year 2007 in food exports. So, with its share in 2007's gross domestic product being YTL 101 billion, it is clear that the food industry is of great importance to the national economy.

As for the extent that prices affect inflation, let me provide you with some numbers. In 2006, the contribution of the rise in food prices to the world inflation rate was 27 percent, and this figure has risen to 44.3 percent since 2007; the rise in oil prices' share was 20 percent in 2006, and is now 8 percent. Considering the inflation rates in the first four months of 2008 of 9.2 percent, the share of food costs in the year's inflation is 54.6 percent. As for Turkey, the share of the food products for 2008 is 41.2 percent, which is undoubtedly a very striking rate.

At this point, efficient use of water resources is also of great importance. How should Turkey deal with water scarcity and what sort of precautions and projects should be implemented?

Problems related to water consist of numerous factors such as global warming, the Mediterranean basin in which Turkey is located, the scarcity of water resources, as well as the misusage of them, which ultimately has resulted in a drop in fertility and harvests along with a rise in prices. According to the data we have, Turkey is categorized among countries with limited water resources of 1,500 cubic meters per person per year, and that indicates how fast our water resources are being used. The problem is that we don't know how to use water efficiently. Rather than utilizing drip irrigation systems, old irrigation techniques are still used. Israel is a good example of how to create fertile lands out of a desert, while Turkey still carelessly uses up its resources.

So you think the government should revise its policies on agriculture?

Absolutely, we use neither water nor land in an efficient way. To illustrate, it is claimed that we have a fairly good amount of water for the Southeastern Anatolia Project (GAP), yet the land becomes unusable because of faulty irrigation practices. What we need is a council consisting of



Şemsi Kopuz



NGOs, universities, producers and governmental organizations, so that we can put together a policy to regulate agriculture and animal husbandry and deal with such critical problems as water scarcity.

Also, now that even wars are possible because of the problems pertaining to food throughout the world, the government should put more emphasis on agriculture, and the name of the Ministry of Agriculture and Rural Affairs should be changed to Ministry of Food and Agriculture.

When you make a comparison between the agricultural policies of EU member countries and Turkey, what sort of differences do you find?

Our federation is a member of the CIAA, and considering the primary issues discussed in the confederation and in our country, I can state that while the confederation takes food safety and the fight against obesity as top priorities, we are still dealing with inadequate agricultural and husbandry policies. This is because of the lack of strong governmental control and R&D in the area and the fact that 95 percent of the businesses are small and medium sized enterprises and there is no single federation to bring them all together.

What sort of measures need to be taken to solve these problems?

Actually, as a country, we have great advantages but unfortunately most of them we turn into disadvantages. To eliminate the problems, as I indicated before, the first thing to do is to form a council and make short and long-term plans. Only through effective support systems and planning can we compete in the international arena. Also, maintaining the balance between demands of the industry and supply is of great importance. In addition, the government should develop policies to encourage innovation, and I believe regulations that would facilitate rural development, supporting certain products, encouraging investments that will increase efficiency and reduce costs and encouraging energy savings will boost the food industry. Also, as the prices go up, so does the need for a program to provide systematic and standardized assistance throughout the country. So this should be discussed by local and central authorities, and the laws should provide NGOs with more opportunities for involvement.

Through reforms in agricultural policies and effi-

cient use of energy resources, Turkey can raise the \$12 billion export volume to \$25 billion. It is a shame that Turkey has the most expensive meat and sugar prices, despite all its facilities and resources.

And is this because of the lack of integration of agriculture with industry?

Definitely, but to realize such integration, the taxes on employment and R&D should be minimized, so that the country can compete in the international market.

Two of the topics being discussed currently are food safety and bio-energy. What is Turkey's stance on these two issues?

The health of the community is of great importance to us, and this includes food safety. But the consumers are unaware of the information on packages; they only care about production and expiry dates -- just simple facts. However, another issue is whether the company has permission to produce or not. To eliminate the problem, Turkey took important steps in EU process, and as a federation we prepared a guidebook about hygiene rules. But to make this successful, not only should the government implement the rules but individuals and private institutions must also be aware of the process.

As for biofuels, I believe it is a betrayal of humanity to use raw materials to produce energy when we still have millions of people starving around the world. The president of the Food and Agriculture Organization of the United Nations (FAO) and the World Health Organization (WHO) warned about the possible outcomes of the rise in raw material prices, which will probably continue going up for the next 25 years.

Lastly, what are the main problems you are facing in Turkey today?

The main problem with the industry is providing adequate raw materials of high quality, and there are quite a number of small and medium-sized businesses with limited capital resources that have not come together to pool resources. Also, the scientific institutions and food industry do not have efficient cooperation to develop new products, technologies and solutions to the problems of the sector. Lastly, failing to privatize, lack of integration of agriculture and industry and inefficient measures for global warming are other problems of the sector.



Soil-less agriculture is expanding

Traditional methods use four to five times the water required in soil-less farming, industry advocates argue. Since the water is provided to the plants in a controlled environment, it can be utilized efficiently and waste can be avoided. Irrigation is done through an automatic process

CONTINUED FROM PAGE 1

There are many reasons why soil-less agriculture is preferred by many farmers. Loss of soil, the problem of weeds and the excessive need for fertilizer and water can be listed as the leading reasons for switching to soil-less crops. "Since the world's rapid population growth requires meeting increasing food needs, there is a risk that soil may not be efficient enough," Akinci notes. "This system is used in some countries that do not have normal, adequate soil for agriculture, such as Arab countries and Israel, which have many desert areas, and Japan, where the territory is inclined and stony," she adds. "Crop areas are left fallow when the soil is exhausted, but this is not a solution for top efficiency and it is neither economical nor practical." She argues that soil-less agriculture is a cultivation method that can be applied in every type of region that is not appropriate for cultivation.

In soil where the same crops are always planted, diseases and weeds may become chronic problems. The use of insecticides and herbicides to cope with such problems is harmful for consumers' health and the environment and it also presents problem for exporting crops.

Akinci contends that with soil-less agriculture it is possible to overcome these chronic issues. "It is possible to sterilize plant food mixture and cultivation area to feed the plants, and root diseases can be prevented," she explains, adding: "Since the cultivation process is controlled carefully, the risk of a crop being attacked by harmful insects can be minimized. Soil-less agriculture provides a way to eliminate weeds and it also minimizes the need for hormones. It is a solution that does not give rise to air pollution and does not harm human health."

Many proponents of soil-less farming point out that the use of fertilizer required by normal cultivation methods causes environmental pollution, but that with soil-less agriculture it is possible that to provide sufficient nourishment without fertilizer. The limited use of fertilizer helps the process. Moreover, temperature and oxygen levels can be controlled, which also helps the nourishment process.

Because of global warming, the world's water resources are in danger. Traditional agricultural methods relying on soil waste water because the soil absorbs water after the plants use what they need and the rest goes evaporates into the air. Traditional methods use four to five times the water required in soil-less farming, industry advocates argue. Since the water is provided to the plants in a controlled environment, it can be utilized efficiently and waste can be avoided. Irrigation is done through an automatic process. The system works very well and the crops grown with this type of farming yield more fruit.

However, there are some challenges to soil-less farming. First and foremost, it requires technological investment and modern equipment. But because the revenue from these crops will be maximized, the system can pay for itself in just a few years.

Since different food mixtures are needed to cultivate different plants, farmers must be familiar with the necessary elements for replacing soil. If the mixture is made with incorrect ratios, the crops may be lost at harvest time.

In the integrated soil-less agriculture system, which reuses water over and over, there is some risk of in the early stages of crop development. If the system malfunctions, environmental pollution may result.

Akinci says: "The sector is growing fast and becoming institutionalized, especially in cities such as Izmir, Antalya and Mersin. And more are following the suit, including Manisa, Mugla, Adana, Aydin, Kutahya, Denizli, Kahramanmaraş and Sanliurfa."

The crop most commonly cultivated through the soil-less system is tomato, two to three times as efficient as traditional methods, particularly in winter. But pepper, aubergine, cucumber and melon can also be cultivated in this way. Of course, the method is not restricted to edible crops, and flowers such as roses, tulips and orchids can be grown.

Soil-less agriculture is expanding throughout the world, particularly in the US, Japan, Holland, England, Canada, Germany, Russia, Australia, New Zealand, South Africa, the Bahamas, Kuwait, Brazil, Poland, Singapore, Iran and the United Arab Emirates.

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FRUIT JUICE INDUSTRY UNABLE TO KEEP UP WITH DEMAND

CONTINUED FROM PAGE 1

Being a leading provider of raw fruit to the world market, Turkey has been making the best of what it has to offer. A recent increase in fruit juice exports has contributed to the Turkish economy as well.

Commercial production of fruit juice in Turkey dates back to the 1960s. Since then, 35 companies have begun operating in the sector, all members of the Fruit Juice Industry Association (MEYED). Of these, 11 produce only fruit juice, 12 produce only concentrated juice/puree and the remaining 12 produce both fruit juice and concentrated juice/puree. Rising profit margins have also led to new actors entering the market. Factories are generally located in the Mediterranean, Marmara and central Anatolia regions. Tokat, Izmir, Mersin, Antalya, Bursa and Niğde are the leading provinces in which fruit juice factories have set up shop.

According to data provided by MEYED, yearly total consumption has increased from 596.3 million liters in 2006 to 710 million liters in 2007. The data show that consumers prefer fruit juice over all other beverages. Yearly consumption per capita exceeded 10 liters in 2007, but still has a long way to go to reaching the consumption level of European Union member countries, which is close to 23 liters per capita. However, MEYED Secretary-General Ebru Akdag states that the increase in the sale of one-liter cartons is an indication of the change in consumption habits, meaning that fruit juice is no longer exclusive to cafes or similar establishments but is now part of every home's refrigerator inventory. Speaking to Today's Business, Akdag links this to consumers' increasing consciousness of eating healthfully. Additionally, fruit juice used to be bought only in the summer, but this has changed in recent years and sales have leveled out across the seasons.

The consumption of fruit juice increased from 2006 to 2007. While 100 percent fruit juice tops the list with a 34.3 percent increase in consumption, it is followed by fruit nectar with an increase of 25.7 percent. Fruit nectar, with 70.8 percent, had the largest proportion of total fruit juice consumption. In the last seven years, the 100 percent fruit juice sector has grown 30-fold, reaching a share of 8.8 percent among all other fruit juice products. The consumption of 100 percent fruit juice continues to increase, Akdag notes.

As for juice preference, mixed fruit juice ranks first in the 100 percent fruit juice category



PHOTO: USA SINSEK

with a 30.3 percent share, while apple juice follows with a 20.6 percent share. Pomegranate juice comes third with 18.7 percent.

Peach nectar ranks first with 35.6 percent, followed by sour cherry nectar with 23.5

percent and apricot nectar with 17.8 percent. Peach and sour cherry are also the two most-consumed fruits in the fruit beverages and flavored beverages categories.

Turkish fruit juice producers do not rely

solely on domestic consumption. A total of 81,029 tons of fruit juice were exported in 2007, earning distributors \$160.2 million. As for imports, 18,621 tons of fruit juice were imported at a cost of \$34.5 million. Akdag notes that EU

member countries are the most important export market for Turkey. Among them is Germany, Turkey's largest export partner. The US, Japan, the Turkish Republic of Northern Cyprus (KKTC), Azerbaijan, Israel and Russia also import Turkish fruit juice products. Akdag says Turkish fruit juice companies export products to more than 130 countries, noting that MEYED played a part in this accomplishment.

The sector has grown rapidly, pulling Turkey into a period of uncertainty. Because the sector depends entirely on the production of raw fruits, the inability of raw fruit production to keep up with the fast-growing fruit juice production has been problematic. Data collected by MEYED demonstrates that raw fruits used to produce fruit juice increased by 9.1 percent while the production of raw fruits only increased by 3 percent between 2000 and 2005. Tamek Beverages Marketing Manager Bora Esinli says companies are turning to foreign sources, leading to ever-increasing amounts of imported fruit.

Esinli stresses the urgency of the issue, saying that no quick fixes are possible in the short term, but that long-term policies should be implemented in the agricultural sector that aim to counter the problem over a predefined period of time. "As the leading companies in the market, we provide farmers with millions of fruit trees each year for free," he says.

Turkey's fruit juice industry closely cooperates with the International Federation of Fruit Juice Producers (IFU). Because MEYED is a member of the IFU, Turkey will host the 2010 World Fruit Juice Congress. In an internal meeting of the IFU held on March 2-4, 2008 in Sydney, Turkey was chosen over Italy and Mexico to be the host country. The congress will be held on May 3-8, 2010, and will be organized by MEYED.

Turkey's fruit juice industry is evaluated by research companies on an annual basis. As the results of the Turkish Customer Satisfaction Index (TMMIE), a national survey carried out by the Turkey Quality Association (KALDER), show, Turkish customers are pleased with the quality they get from fruit juice producers. The results of the 2007 second quarter survey, the most recently published survey covering fruit juice in Turkey, show that Turkish customers gave the industry good marks. On a scale of zero to 100, the industry overall received a mark of 82. Pinar, a leading fruit juice company, ranked first in customer satisfaction among all fruit juice companies, with 86 points.

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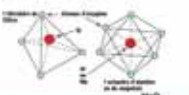
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Unregistered meat market challenges Turkey

Unregistered food production not only creates an unfair market environment for taxpayers, it also serves as a potential source of unhealthy and unsafe food that is not regulated. Consumer advocacy groups claim that almost half of all meat products are sold illegally and that this poses a serious health risk for millions of consumers

MAHIR ZEYNALOV ISTANBUL

In the process of joining the European Union, two of Turkey's most challenging issues have undoubtedly been the food sector and agriculture. The EU's food regulation standards and strict requirements for agricultural products are pushing Turkey to adopt stringent measures to regulate the food industry; yet, this period of transition has brought a variety of problems with it, including unfair competition and illegally produced foods in the domestic market.

One of the biggest problems in Turkey's agro-business is unregistered food production, where merchants operate without a license, and tax avoidance. Unregistered food production not only creates an unfair market environment for taxpayers and negatively impacts the state budget, it also serves as a potential source of unhealthy and unsafe food that is not regulated. Consumer advocacy groups claim that almost half of all meat products are sold illegally and that this poses a serious health risk for millions of consumers.

Zeki Ilgaz, the general director of Pinar Et, a major poultry company in Turkey, says of all live animals imported into the country, 20 percent are unregistered and that unlicensed meat processing accounts for 35-40 percent of all meat sold in Turkey. The Ministry of Agriculture said it is only able to control 40 percent of the 25,000 companies operating in the meat market.

A report released in 2008 by the Turkish Union of Agricultural Chambers (TZOB) notes that roughly 400,000 tons of processed meat is unregistered. Their estimates are based on more conservative numbers and on the consideration that 25 percent of the meat industry is unregulated. TZOB President Ibrahim Yetkin says 60 percent of processed meat is unregulated and that no more than 30 percent of slaughterhouses are registered, meaning that more than half of all meat is processed by an unregulated market.

Irfan Erol, a professor at Ankara University's department of veterinary medicine, thinks that the unregistered food market poses, first of all, a serious risk to food safety and public health. "Licensed food producers and sellers should set up the minimum standards of hygiene. Once this has been done, officials will be able to continuously monitor both the producers and the sellers."



PHOTO: TODAY'S ZAMAN / AP

"The case varies with unregistered venues, however," he warns. "The origin of food, the production line, the trading market and protection and safety measures are all unknown and thus pose a threat to public health in general," he adds. He also specified that unregistered foods are also ways to evade paying tax and should be regarded as damaging to the national economy.

In meat processing and consumption, unregistered meat processing also leads the sector. Speaking with Today's Business, Hakan Akkoyun, the general manager of the Bonfilet Meat Company, said: "Of all meat processed, 30 percent is illegally imported into the Turkish market. Approximately 300,000 to 500,000

tons of unregistered meat enter Turkey. Looking at the figures, this unregistered meat market's share is roughly \$5 billion. This inflicts significant damage on the country's economy and licensed meat companies. Most of this black market meat comes from Syria, Iraq and Iran," Akkoyun noted. Responding to a question on what the reasons for the high volume of unregistered meat are, Akkoyun points to the high price tag. Being at least twice as expensive as meat in Europe, the situation in Turkey provides for a lucrative opportunity for the black market. He also suggests increasing regulation of slaughterhouses in order to prevent the sale of unregistered meat.

In an interview with Today's Business, published in this is-

sue, Federation of Food and Drink Industry Associations of Turkey (TGDF) Chairman Semsi Kopuz said that in the food sector, the most painful side of food security is certainly the unregistered food market. Stressing the importance of controlling the unregistered food industry, Kopuz notes: "Unregistered food means risky food. In this respect, as a federation, we are doing our job and are working on eradicating the sale and production of unregistered food." By warning consumers, Kopuz adds that "whatever we, associations or the government do, the most important responsibility belongs to our consumers. People should not consume unregistered, unhealthy food that is sold in bazaars. No one knows how it is produced and what is in it."

Following a meeting with Prime Minister Recep Tayyip Erdogan and Minister of Agriculture and Rural Affairs Mehdi Eker two weeks ago, Erdal Bahçivan, the chairman of the Union of Turkish Meat, Milk and Food Producers (SETBIR), said that he presented alarming statistics to the prime minister concerning a drastic increase in milk products, with only 25 percent of it under control and legally registered. Bahçivan says that the problem lies with consumer sympathy to unregistered production. According to Bahçivan, people prefer delicious food rather than food that is packaged and healthy. "People do not discriminate between products and even prefer unpackaged food," he adds.

The consumer trend poses a serious challenge to the industry because consumers tend to prefer natural and homegrown products. For instance, there is a regulation that prohibits the sale of milk on the street; however, consumers believe that such milk is healthier and more delicious compared to milk commercially packaged and sold in markets. In Turkey, registered producers provide only 3 million of the 10 million tons of milk consumed.

Aynez Süt board of directors chairman Nevzat Serin says unlicensed milk production exceeds the volume of the milk sector in the registered market in Turkey by far. Speaking with Today's Business, Serin lamented the fact that the gap between these two had not even narrowed to 50 percent, in sharp contrast to estimates. Serin sounds optimistic, though: "The situation is not as serious as 10 or 15 years ago when the imbalance between unregistered and registered products stood at 80 and 20 percent, respectively."

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