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### CASE STUDY OF TURKISH GOVERNMENT'S SUPPORT PROGRAMS FOR LOCAL FARMERS AND MANUFACTURERS ON E-COMMERCE



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## Case study of Turkish government's support programs for local farmers and manufacturers on e-commerce

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### SUMMARY

This article examines the various support programs that the Turkish government has implemented to promote e-commerce for local farmers and manufacturers. E-commerce has become an essential tool for businesses to increase their revenue and expand their customer base. The article highlights the impact of these support programs on the growth of the e-commerce sector in Türkiye and the benefits for both businesses and consumers. The article also provides insights into successful government initiatives that can help promote the growth of small businesses and contribute to the overall economic development of a country. The Turkish agricultural sector is a significant contributor to the country's economy, employing around 20% of the workforce and playing a vital role in providing food security for the population. The sector is also a significant source of export revenue, with agricultural exports totaling around 29.9 billion US dollars in 2022. The article shows how Türkiye has been leveraging e-commerce to grow its agricultural sector through online marketplaces, digital marketing and advertising, supply chain optimization, and promoting innovation in the agricultural sector. The article discusses the collaboration between the Turkish government and UNDP to promote digital solutions for agricultural marketing. Finally, the article provides information about the Turquality E-Export Program.

**Açar sözlər:** *Türkiye, e-commerce, agricultural export, government support*

**JEL kodu:** *L81; O13; Q13; Q18; Q19.*

### INTRODUCTION

E-commerce has become an essential tool for businesses to expand their customer base and increase their revenue. With the increasing trend of online shopping, governments around the world are recognizing the importance of supporting their local businesses in the e-commerce sector. In Türkiye, the government has implemented various support programs for local farmers and manufacturers to boost their sales and increase their reach to customers.

The agricultural sector in Türkiye is a vital component of its economy, providing employment for millions of people and contributing significantly to the country's GDP. Türkiye has been leveraging e-commerce to drive growth and innovation in the agricultural sector.

In this article, we will examine the various support programs that the Turkish government has introduced to help local farmers and manufacturers succeed in e-commerce. We will also discuss the impact of these programs on the growth of the e-commerce sector in Türkiye and the benefits for both businesses and consumers. Through this case study, we aim to provide insights into successful government initiatives that can help promote the growth of small businesses and contribute to the overall economic development of a country.

### METHODOLOGY OF RESEARCH AND MATERIALS

This article uses a case study approach to examine the various support programs that the Turkish government has implemented to promote e-commerce for local farmers and manufacturers. The study employs data sources including reports from government agencies, academic articles, and online resources.

Data sources include reports and publications from government agencies, academic articles, and online resources related to e-commerce and agriculture in Türkiye. The study also references relevant international best practices in promoting e-commerce for small businesses and

agricultural sectors.

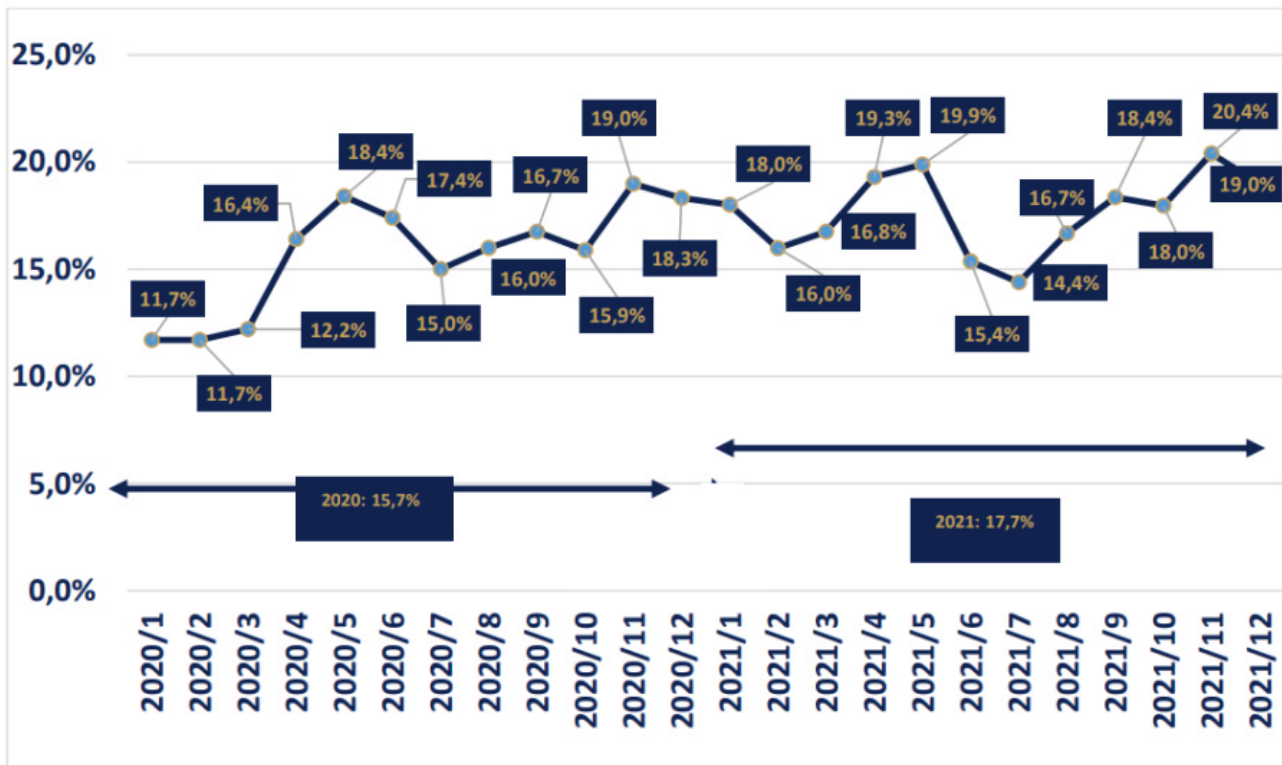
In terms of materials, the article uses a range of sources, including reports from government agencies such as the Turkish Statistical Institute and the Ministry of Agriculture and Forestry, academic articles, and online resources.

The article also cites relevant laws, regulations, and policies implemented by the Turkish government to support e-commerce and the agricultural sector, such as the Turquality program and the Digital Agriculture Market Platform. The study also references relevant international agreements and initiatives, such as the UNDP's partnership with the Turkish government to promote digital solutions for agricultural marketing.

### E-COMMERCE AND AGRICULTURE IN TURKIYE: CURRENT SITUATION

Turkiye is one of the world's leading agricultural countries, with a long history of agriculture and a diverse range of crops produced across the country. The agricultural sector is a vital component of Turkish economy, providing employment for millions of people and contributing significantly to the country's GDP.

Image 1: Turkish e-commerce indicators for 2020-2021



In recent years, Turkiye has been utilizing e-commerce to drive growth and innovation in the agricultural sector. According to a report by the Turkish Statistical Institute, the e-commerce market in Turkiye has been growing rapidly in recent years, with a total e-commerce revenue of approximately 222 billion Turkish liras in 2020, which is around 27.3 billion US dollars [3].

The e-commerce volume in Turkiye increased by 69% to reach 381.5 billion Turkish liras (approximately 44 billion US dollars) in 2021. The number of orders also increased by 46%, from 2.3 billion to 3.3 billion. E-commerce accounted for 17.7% of total trade in Turkiye, with November being the highest month at 20.4% due to Black Friday and Cyber Monday campaigns. 92% of e-commerce transactions took place domestically, while 4% were made by foreign buyers and the remaining 4% by Turkish citizens shopping abroad [4].

In terms of the agricultural sector in Turkiye, it is one of the largest contributors to the country's economy, accounting for around 6% of its gross domestic product (GDP) [5]. The agricultural sector in Turkiye employs around 20% of the country's total workforce and plays a



crucial role in providing food security for the population [6]. The sector is also a significant source of export revenue, with agricultural exports totaling around 22 billion US dollars in 2020 [7]. Türkiye exported almost \$30 billion worth of agricultural goods in 2021. The main export markets are Germany and Iraq. The biggest export category were the cereals, pulses and oilseeds, followed by forestry and paper products and fruit and vegetables. Hazelnuts alone accounted for \$2.26 billion. Agriculture contributed 13% to Turkish overall exports [8].

One way in which Türkiye has been leveraging e-commerce to grow its agricultural sector is through online marketplaces that enable farmers to sell their products directly to consumers. These marketplaces have become increasingly popular in Türkiye, allowing farmers to bypass traditional middlemen and sell their products at a higher price. Online marketplaces also provide consumers with access to a wider range of products, including specialty and organic products, that may not be readily available in traditional markets.

Another way in which Türkiye has been using e-commerce to grow its agricultural sector is through digital marketing and advertising. Digital marketing campaigns can help promote Turkish agricultural products to domestic and international customers. For example, Turkish agricultural companies have been using social media platforms such as Facebook, Instagram, and Twitter to showcase their products and attract customers. These campaigns can help increase visibility, build brand recognition, and ultimately drive sales.

Türkiye has also been using e-commerce to streamline and optimize the supply chain for agricultural products. By digitizing the supply chain and using technology such as blockchain, farmers and other stakeholders in the supply chain can easily track products from the field to the final destination, improving transparency and reducing costs. This technology can help farmers and distributors make better decisions regarding the timing and amount of products that are sent to market, as well as providing a better understanding of how products are being received and consumed.

In addition to online marketplaces, digital marketing, and supply chain optimization, Türkiye has also been utilizing e-commerce to promote innovation in the agricultural sector. For example, Turkish companies are developing technologies such as precision agriculture and smart farming, which use sensors and other advanced tools to monitor and optimize agricultural production. These technologies can help farmers increase efficiency, reduce waste, and increase productivity.

### **TURKISH GOVERNMENT COLLABORATES WITH UNDP TO PROMOTE DIGITAL SOLUTIONS FOR AGRICULTURAL MARKETING**

As the world becomes increasingly digital, the agricultural sector is also turning to technology to improve production and marketing. In Türkiye, the United Nations Development Programme (UNDP) is supporting efforts to promote digital solutions for agricultural marketing [9].

According to the UNDP, the use of digital platforms can help farmers connect directly with consumers and reduce middleman costs, leading to higher profits. The UNDP is working with the Turkish government and private sector partners to develop digital solutions that are accessible and user-friendly for small-scale farmers. These solutions include mobile applications that provide real-time market information, online marketplaces that connect farmers with buyers, and e-payment systems that make transactions more efficient.



**Image 2: "UNDP Turkiye Digital Farming Initiative"**



One such initiative is the "Digital Agriculture Market" project, which is being implemented by the Turkish Ministry of Agriculture and Forestry with support from the UNDP. The project aims to create a digital marketplace where farmers can sell their products directly to consumers and businesses.

Through the platform, farmers can access real-time market information and track their sales and inventory. Buyers can also search for products and place orders directly with the farmers. The platform also offers a secure e-payment system that ensures timely and efficient transactions.

The UNDP is also working with private sector partners to develop mobile applications that provide farmers with information on market trends, weather forecasts, and best agricultural practices. These apps are designed to be user-friendly and accessible, even for farmers with limited literacy or technological skills.

In addition to promoting digital solutions for agricultural marketing, the UNDP is also working to improve the overall competitiveness of the Turkish agricultural sector. This includes supporting the development of value chains that connect small-scale farmers with processors and retailers, as well as promoting sustainable farming practices that protect the environment and support rural livelihoods.

### **TURQUALITY E-EXPORT PROGRAM**

The Turkish government has established various support programs to help local manufacturers sell their products on online platforms. One such program is the "Turquality E-Export Program," which aims to help Turkish e-commerce businesses expand their reach in international markets [10].

The Turquality E-Export Program provides support to Turkish manufacturers in several ways, such as helping them improve their product quality, providing financial assistance for marketing and promotional activities, and offering training and guidance on international e-commerce regulations and standards. The program also provides support for Turkish manufacturers to develop their own e-commerce websites and enhance their online presence [11].

- **International online marketplaces and online fairs.** Under this program, eligible



companies will receive support for various expenses related to e-commerce activities. One key area of support is participation in international online marketplaces and online fairs, with companies able to receive up to **50% support** for expenses related to these activities. This can help companies expand their reach and access new markets, which can be critical for growth and long-term success;

- **E-commerce infrastructure services.** In addition to this, the program also provides support for companies that require e-commerce infrastructure services. Companies can receive up to **60% support** for expenses related to participation in such services, which can help them to improve their e-commerce capabilities and increase efficiency;

- **Digital advertising and digital marketing** are also key areas of support under this program. Eligible companies can receive up to **50% support** for the expenses of such activities, which can help them to raise awareness of their products and services, and reach new customers through digital channels [9];

- **Online language support services.** Another important area of support under this program is language services and website translations. Eligible companies can receive up to **50% support** for the costs of online language support services and website translations. This can help companies to communicate effectively with customers in different countries and regions, and ensure that their products and services are accessible to a wider audience;

- **Transportation of goods to be sold to consumers abroad.** For companies that sell products internationally, transportation costs can be a significant expense. To help alleviate this burden, the program provides up to **50% support** for the transportation of goods to be sold to consumers abroad. This can help companies to reduce their costs and improve their competitiveness in the global marketplace;

The program also includes support for companies with annual export revenues between 1 million and 10 million Turkish liras, as well as for companies with annual export revenues above 10 million Turkish liras. The level of support varies based on a company's annual export revenues, with companies with higher revenues able to receive up to 4 million liras in support [9].

The e-export incentives announced by the Turkish Ministry of Commerce are an important step towards supporting the growth and development of the country's e-commerce sector. By providing support for various areas of e-commerce activity, the program aims to help companies expand their reach, increase efficiency, and improve their competitiveness in the global marketplace. This, in turn, can help to drive economic growth and create new opportunities for businesses and individuals across Türkiye.

## CONCLUSION

E-commerce is transforming Türkiye's agricultural sector, helping farmers bypass traditional middlemen, promote their products to both domestic and international customers, optimize the supply chain, and increase efficiency. The Turkish government's initiatives to support local manufacturers selling on online platforms are promoting domestic production, increasing exports, and boosting the growth of the e-commerce sector in Türkiye.

Türkiye has been using e-commerce to promote sustainability in the agricultural sector. Turkish agricultural companies are offering online resources and training programs for farmers that promote sustainable farming practices, such as organic farming, water conservation, and soil health management. Online resources and training programs can help improve the knowledge and skills of farmers, ultimately resulting in a more sustainable and environmentally-friendly agricultural sector.

Türkiye is using e-commerce to drive growth and innovation in the agricultural sector. By leveraging online marketplaces, digital marketing and advertising, supply chain optimization, innovation, and sustainability practices, Türkiye is improving efficiency, reducing waste, and increasing productivity in its agricultural sector. As the use of e-commerce continues to grow in Türkiye, it is likely that the country will continue to benefit from the many advantages that digital technologies can offer the agricultural industry.



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## ИССЛЕДОВАНИЕ ПРОГРАММ ПОДДЕРЖКИ ПРАВИТЕЛЬСТВА ТУРЦИИ ДЛЯ МЕСТНЫХ ФЕРМЕРОВ И ПРОИЗВОДИТЕЛЕЙ В ОБЛАСТИ ЭЛЕКТРОННОЙ КОММЕРЦИИ

Айхан ГАДАШОВ

### РЕЗЮМЕ

В данной статье рассматриваются различные программы поддержки, реализованные правительством Турции для стимулирования электронной коммерции среди местных фермеров и производителей. Статья подчеркивает влияние этих программ поддержки на развитие сектора электронной коммерции в Турции и выгоды для бизнесов и потребителей. Особое внимание уделяется успешным инициативам правительства, способствующим росту малого бизнеса и общему экономическому развитию страны.

Статья также предоставляет исследование того, как Турция использует электронную коммерцию для развития сельскохозяйственного сектора через онлайн-рынки, цифровой маркетинг и рекламу, оптимизацию цепочки поставок и поощрение инноваций в сельском хозяйстве. Она также обсуждает сотрудничество между правительством Турции и Программой развития ООН для продвижения цифровых решений в маркетинге сельскохозяйственной продукции. В заключение, статья предоставляет информацию о программе Turquality E-Export.

**Ключевые слова:** Турция, электронная коммерция, экспорт сельскохозяйственной продукции, государственная поддержка.



## ELEKTRON TİCARƏT SAHƏSİNDƏ YERLİ FERMERLƏR VƏ İSTEHSALÇILAR ÜÇÜN TÜRKİYƏ HÖKUMƏTİNİN DƏSTƏK PROQRAMLARININ TƏDQIQI

Ayxan QƏDƏŞOV

### XÜLASƏ

Bu məqalədə yerli fermerlər və istehsalçılar arasında elektron ticarəti təşviq etmək üçün Türkiyə hökuməti tərəfindən həyata keçirilən müxtəlif dəstək proqramları nəzərdən keçirilir. Məqalədə bu dəstək proqramlarının Türkiyədə e-ticarətin inkişafına təsiri, biznes və istehlakçılar üçün faydaları vurğulanır. Kiçik bizneslərin və ölkənin ümumi iqtisadi inkişafına töhfə verən uğurlu dövlət təşəbbüslərinə xüsusi diqqət yetirilir.

Məqalədə həmçinin Türkiyənin onlayn bazarlar, rəqəmsal marketing, təchizat zəncirinin optimallaşdırılması və kənd təsərrüfatında innovasiyaların təşviqi vasitəsilə kənd təsərrüfatı sektorunu inkişaf etdirmək üçün e-ticarətdən necə istifadə etdiyinə dair araşdırma təqdim olunur. Məqalədə kənd təsərrüfatı məhsullarının marketingində rəqəmsal həllərin inkişafı üçün Türkiyə hökuməti ilə Birləşmiş Millətlər Təşkilatı arasında əməkdaşlıq barədə məlumatlar verilir. Sonda məqalədə "Turquality E-Export" proqramı haqqında danışılır.

**Açar sözlər:** *Türkiyə, e-ticarət, kənd təsərrüfatı ixracı, dövlət dəstəyi*

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