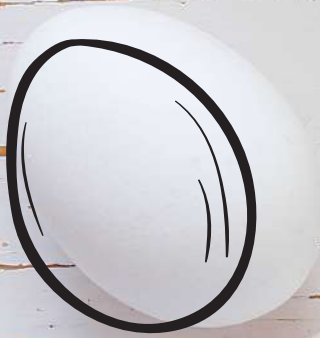




# **KONYA FOOD INDUSTRY**

**Past,  
Present,  
Future...**





1882

KONYA TİCARET ODASI  
KONYA CHAMBER OF COMMERCE



**PROJECT OWNER**  
KONYA CHAMBER OF COMMERCE



**PROJECT CONTROLLER**  
Hüsamettin GÜNGÖR  
Osman Yunus DOĞAN  
Nurhan KOYUNCU  
Tuğçe Merve BARİP  
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**SECTORAL INFORMATION AND  
STATISTICS**  
Konya Chamber of Commerce  
Konya ABİGEM



**COMPILED AND PREPARED BY**  
Konya Chamber of Commerce  
Konya ABİGEM



1862

**KONYA TICARET ODASI**  
**KONYA CHAMBER OF COMMERCE**

**KONYA TICARET ODASI**  
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**FUAR MERKEZİ**

0010 / ENTRANCE

KONYA TICARET ODASI  
KONYA CHAMBER OF COMMERCE

AFKAM

# 5

One of the greatest advantages we have gained in the last thirty years is the fact that new production centers have been started to be established in Anatolia. From this point of view, one of the central cities that will bear the production load of Anatolia is Konya with its economic development and potential. With its companies that opened to the world, modern and scientific production and trade, universities, organized industrial zones and international exhibition center, Konya is one of the example cities of Türkiye, which has a short history of industrialization, has become a world-renowned production and trade center with moves it has made in the last fifteen years. Konya which is an exceptional city where cultural heritage inherited from its historical accumulation is brought to the present, messages of peace, brotherhood and human love are given to the world, unity and co-existence have become the philosophy of life, modesty and courtesy have ruled for centuries, enabled the city develop economically, socially and culturally with the spirit of unity formed together with its public institutions, non-governmental organizations, chambers and stock exchange. One of the biggest achievements of Konya where unemployment is below 5 percent, is rapidly increasing exports in recent years. Export of Konya which exports to 178 countries and had 03% export share and 100 million dollars of export amount in 2001, increased at the rate of 1.500% and reached 1.5 billion dollars level in fifteen years and its share in Türkiye's export exceeded 1%.



In the last fifteen years, Türkiye's average in export has increased 5 times and Konya has increased its export 15 times and has written a success story around the world. Today, Konya has potential to receive 3% share from Türkiye's export in the next decade. While Konya industry which allows production in many different sectors instead of a single sector, provides a great advantages to the city in international competition, Konya makes its presence felt in world's market by offering low-cost and better quality products in Food, Machinery, Furniture, Automotive Spare Part, Plastic, On-vehicle Equipment and Lift, Footwear-Textile and Agricultural Machinery sectors. Konya which is one of the cities of Türkiye showing high economic performance recently with historical and cultural accumulation, geographical features and entrepreneurs and which continues to rise economically by contributing to our country's objectives as a central city in its region, offers many opportunities for foreign investors and businessmen with its socio-economic advantages.

Selçuk ÖZTÜRK  
Konya Chamber of Commerce  
President of Board of Directors

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# KONYA FOOD INDUSTRY

Past,  
Present,  
Future

...

# FOOD





## INTRODUCTION

The period of 2019-2022 has been a challenging time for economies on a global, national, and local level due to the effects of various social and economic developments. The COVID-19 pandemic, the global rise in commodity, energy, and food prices, and the negative supply-related effects of the Russia-Ukraine war have changed all economic balances.

The pandemic caused a decrease in the mobility of the global economy while businesses developed new labor methods due to the effects of self-isolation measures, and changes were seen in global production and trade volume. During the first quarter of 2020, global industrial production reduced by 6%, accelerating the economic recession experienced in this period. In general, 2020 was a negative year in global trade, with a 7.5% recession in global trade throughout the year. The changing consumer behavior during the pandemic was experienced as a demand increase in some sectors and as a demand decrease in sales for other sectors. Large-scale financial support to businesses was provided in the USA and Japan. In the EU, on the other hand, new EU funds have been created that prioritize the environment and digitalization, as well as measures that try to reduce the social and economic effects of the pandemic. In addition to the slowdown in economic activity, the COVID 19 outbreak has also led to several problems in supply chains. Furthermore, the recession in international trade disrupted the functioning of supply chains and increased the cost of intermediate goods imports.

After the negative period of the COVID 19 pandemic, commodity prices started

to rise with a strong recovery in the global industry and trade during the second half of 2022. In the third quarter of 2022, world manufacturing output stabilized at a solid 3.6% annual growth rate, after a relatively weak 3.0% increase in the previous quarter. Industrial economies were also affected by the rise, increasing from a narrow annual increase of 2.5% in the second quarter of 2022 to 3.6% in the third quarter. At the same time, an increase of 61.2% was recorded in the metal index during the 2020-2022 period. Moreover, the low trade stocks of the retailers and the economic measures taken by the countries to revive their economies also affected rising prices. As mentioned above, supply-related delays caused by the disruption in supply chains were the reason behind high prices. The prominence of supply in certain commodities has been the factor behind the increased commodity prices in the first quarter of 2021.

The rise in global food prices was another effect of this period. The economic support and measures taken by governments against the COVID 19 pandemic, loose monetary policies, trade stocks, and export restrictions in some countries accelerated the upward trend in prices. The agricultural product index increased by over 54% from 2020 to 2022. Disruptions in production due to drought, the inability to meet the high demand from China, and the war between Russia and Ukraine, both of which are important players in agricultural products played huge parts in the continuous increase of food prices.

In the EU region, energy import prices have increased by more than 100% between 2020 and 2022. The Ukraine-Russia war and Russia's decision to cut



off gas shipments to some EU countries triggered gas and electricity prices upwards. Again, due to the effects of the Ukraine-Russia war, both commodity prices and energy prices increased significantly. Problems in supply and transportation increased the prices of commodities and made it difficult for the masses to access them. The Industrial manufacturer energy price index in the EU increased by 141% between January 2021 and July 2022 .

In TURKSTAT (Turkish Statistical Institute) data; According to the private trade system, in the January-December period of 2022, exports in Türkiye increased by 10.1% compared to the same period of the previous year and amounted to 235 billion 236 million dollars, while imports increased by 31.3% to 342 billion 213 million dollars.

Businesses in Konya were also affected by the negative effects of the pandemic but showed a quick reaction to take measures. The disruption of the supply chain has increased costs for many companies. As a precaution, many businesses have made new arrangements with suppliers. There were halts in the automotive sector. Sectors such as food, packaging, and chemistry were positively affected by the pandemic. Automotive and machinery companies located in Organized Industrial Zones (OIZ) were adversely affected by the pandemic. Transportation and logistics costs have increased in OIZs. Businesses that export based on imports experienced severe difficulties due to the shutting of customs and disruption in supply chains.

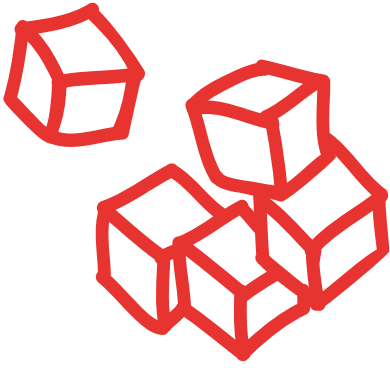
To determine the positive and negative effects of the above-mentioned developments on the businesses in Konya, mutual interviews were held with the selected businesses. 45% of these companies target both domestic and foreign markets, while 27% focus

only on the domestic market. Most of the interviewed businesses use direct marketing, wholesalers, and brokers for sales. The foreign market targets of the majority of these businesses focus on European, African, and Middle Eastern countries.

Developments such as the pandemic, war, and immigration during the last 5 years have affected some companies positively and others negatively. When it comes to negative effects, businesses stated that they were adversely affected by the COVID 19 pandemic, war, conflicts, immigration, and developments in the energy market. Against these negative developments, most of the companies delayed their investment and growth plans. Most businesses have also adopted the method of taking precautions against these crises by focusing more on foreign markets while reducing production volume. Some companies have turned to internal energy savings.

It has been observed that businesses in Konya have responded quickly to the aforementioned disruptions in the supply chain. Businesses have increased their price alternatives by diversifying their supply points. During this period, businesses were also able to have meetings with their customers frequently and renew their order plans. They have also made their raw material and auxiliary material supplies according to these plans. In addition to the raw material planning, meetings with the raw material suppliers managed to keep the raw material purchase prices within certain ranges in the said period. Furthermore, the majority of customers in the supply chain have extended their lead times for procurement. Finally, the majority of businesses in Konya organized their work-sharing in the chain by holding meetings with the stakeholders in their supply chain.

Businesses in Konya reacted very quickly to disruptions in the supply chain during the COVID 19 pandemic, and they successfully optimize their raw and auxiliary material supplies by work-sharing and re-planning with the stakeholders in the supply chain.



***Food  
sector is  
always on  
the rise***

...





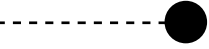
*Food sector in Konya is a sector which develops and shows a balanced distribution*

...

## OVERVIEW

The food industry, which carries out the production, processing, diversification, and evaluation of a wide variety of nutrients necessary for people to survive, is one of the largest industries in the world. Collected or harvested vegetables, fruits, industrial plants, grains, meat from various sources, milk, eggs, and similar foodstuffs are processed in different ways at the facilities and packaged to be presented to the final consumers.

Another important value of the food industry is its high backward and forward linkage effects. The "backlink effect" refers to how much input a sector demands from other sectors in order to produce one unit of good. In this respect, the food and beverage industry creates a high backlink effect with the demand for machinery and equipment in addition to the raw material and intermediate goods demand it creates for both agriculture and industry sectors in the production process.



Necessities such as marketing and distribution, which come after the food production processes, lead to demand for the services and transportation sectors. This situation reveals the sector's high forward link effect.

The food products industry in Türkiye has been one of the fastest-growing sectors in the manufacturing industry since the founding years of the Republic. Small-scale private sector businesses continued their activities and developments, as well as larger-scale public companies in the food products sector. In line with the export-oriented industrialization model, the foreign trade of food and agricultural products has been liberalized to a large extent since the 1980s. As a result of then-new regulations regarding foreign trade, important changes were made that also affected the food industry. In Türkiye, the food industry is mostly structured towards the domestic market, while the export of the sector also shows an increasing trend. Due to the effects of harmonization with the European Union, the food industry is continually increasing the competitiveness of its products.

Thanks to the use of production and quality control with world-class new technologies, increasing R&D activities, and the intensive implementation of production and marketing techniques for branding, the food industry has come to a strong position in order to adapt to dynamic conditions in foreign markets.

In Konya, the food sector has grown and managed to become a branch of the manufacturing industry where ready-for-consumption products with long shelf lives are produced as a result of one or more processes applied to raw materials of vegetable and animal origin obtained from agriculture. Unlike other sectors, Konya's food sector has a homogeneous distribution throughout the province and has experienced great developments in recent years. Particularly, sub-sectors such as flour, sugar confectionery, dried nuts, milk and dairy products, pasta, semolina, and animal feed have gradually developed. Today, there is a production facility belonging to the food sector in almost all districts of Konya.



**The land  
is fruitful,  
the soil is  
fertile**

...





**Trained  
labor  
force,  
R & D  
and  
production  
supported  
by  
innovation**

...

#### **WHY KONYA?**

Konya is on its way to becoming a center in the food industry in Türkiye, due to its geographical and geopolitical location.

Almost half of Konya's land area of 4,081,351 hectares consists of agricultural lands. 8% of the total agricultural land in Türkiye is in Konya. In addition, 7.6% of the total field crop production areas, 10% of the harvester areas, and 5% of the tractor areas are also located in the city.

Modern irrigation projects are extremely important for Türkiye. 84,351 hectares of agricultural land have been opened to irrigation, with approximately 70 new irrigation facilities built recently in Konya, which is a city with 62% irrigable land.

The climate and soil structures of Konya are suitable for cultivation in fruit growing, field agriculture, organic agriculture, and other agricultural sub-sectors. Konya also







hosts pasture areas (761.461 ha) necessary for efficient breeding of cattle and sheep, and large lands for fodder crop production. At the same time, the first Organized Animal Breeding Zone (210 hectares) in Türkiye is located in Konya.

Konya is active in the agricultural sector, with approximately 90,000 farmers in its 31 districts. The city offers a wide range of product diversity, from certified production to organic agriculture. 1,315 people are engaged in organic agriculture in Konya, where the number of contracted producers and their production volumes in organic agriculture regularly increase with each passing year.

In addition to its natural resources, experienced farmers in agricultural production, the existence of farmer organizations (cooperatives, associations, unions, etc.), and the fact that all kinds of agricultural inputs are grown & developed locally are among the important factors in the development of Konya's sector.

One of the most important elements in the food industry is a well-equipped workforce. Therefore, the infrastructure that will provide training of the workforce has strategic importance. In Konya, 13,953 people graduated from institutions that provide education in the fields of Vocational and Technical Secondary Education at the end of the 2020-2021 academic year. Of this number, 6,780 are male, and the ratio of students graduating in this field in Türkiye is 2.7% (National Education Statistics-Formal Education, 2022). The abundance of vocational high schools and the presence of many universities and technical education faculties in the city are just a few of the positive factors in meeting the qualified employees that the sector needs. Besides, there are numerous vocational courses located in Konya. Inter-institutional harmony and strong cooperation are also advantages of Konya. Moreover, the city's transportation network to various regions facilitates trade in terms of logistics.



### Chart 1: Konya - Annual Exports in All Chapters and Distribution to Selected Countries (Thousand USD)

Source: TURKSTAT, 2022.

| Countries          | 2019             | 2020             | 2021             | 2022             |
|--------------------|------------------|------------------|------------------|------------------|
| Iraq               | 264.506          | 240.752          | 244.984          | 291.519          |
| Germany            | 135.129          | 145.931          | 214.509          | 242.428          |
| Russian Federation | 59.216           | 84.703           | 118.344          | 228.787          |
| USA                | 73.803           | 181.959          | 304.236          | 188.891          |
| Italy              | 80.913           | 63.888           | 93.189           | 114.684          |
| Poland             | 46.070           | 50.782           | 83.212           | 103.522          |
| Israel             | 57.649           | 51.248           | 78.210           | 87.209           |
| Romania            | 30.390           | 34.488           | 67.277           | 87.113           |
| Egypt              | 40.368           | 51.390           | 83.562           | 85.497           |
| Algeria            | 57.649           | 46.430           | 51.559           | 84.613           |
| Netherlands        | 26.287           | 34.801           | 53.633           | 77.580           |
| Uzbekistan         | 35.311           | 41.072           | 93.921           | 74.329           |
| United Kingdom     | 40.368           | 45.148           | 67.066           | 74.059           |
| UAE                | 27.170           | 30.728           | 50.817           | 68.101           |
| Iran               | 52.370           | 49.734           | 56.524           | 61.129           |
| <b>Konya Total</b> | <b>1.991.692</b> | <b>2.157.553</b> | <b>3.003.842</b> | <b>3.277.252</b> |

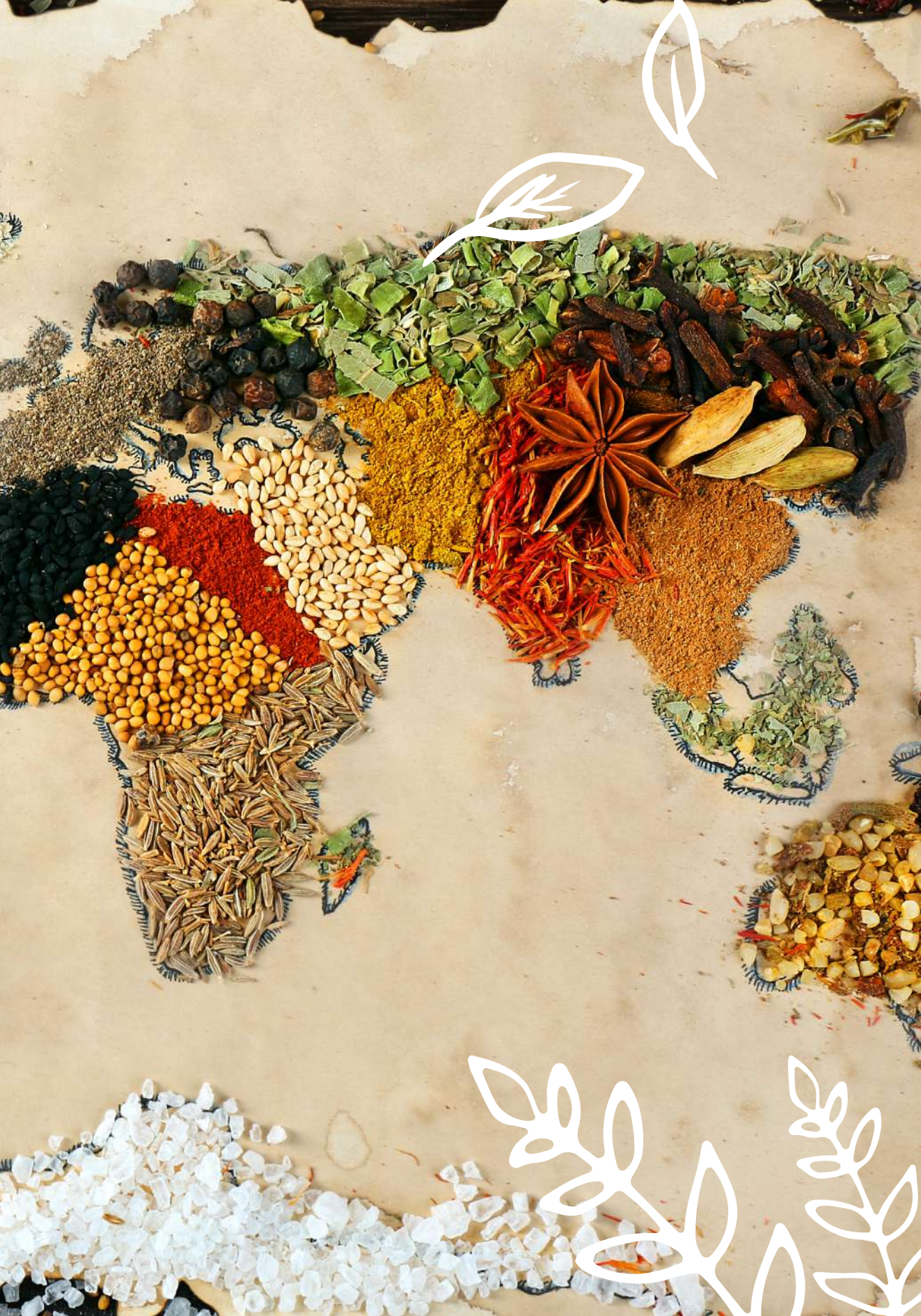
The annual export figures of Konya have increased noticeably, especially in 2020-2021, which is the period of the COVID-19 pandemic. Exports to countries on different continents of the world also highlight the continuous development of the economy and the increase in its international quality. Among the countries that Konya exported the most in 2022 were Iraq, Germany, the Russian Federation, and the USA. While the USA was the most exported country in 2021, the highest export was made to Iraq in 2022.

**Türkiye's  
first and  
only liquid  
sugar  
plant is  
in Konya**

...









# **Türkiye is in the top 10 in the world in agriculture**

...



## **FOOD INDUSTRY IN TÜRKİYE**

Food and beverage manufacturing, which has strategic importance for Türkiye, is among the most prominent sectors of the country with its production value, contribution to employment, and rate of meeting exports and foreign trade.

The food industry is in constant evolution and development in Türkiye as well as around the world. Due to various reasons, there have been recent fluctuations in the supply of food raw materials and prices. This situation necessitates the more efficient and effective use of existing raw material resources. In addition, the change in domestic and foreign demand encourages the food industry to be more innovative and use advanced technologies. These developments led the food industry to consider food safety, environmental awareness, food trade, and the competitiveness of businesses.

Another reason for the development of the Turkish food industry was the wholesalers' and retailers' demand for higher production standards from the businesses, due to increasing income and consumption.

This situation triggers advancement along with new investments in the sector.



# Vibrant sector fueled by change

...

Türkiye hosts regions with different climatic characteristics, fertile soils, and a wide range of products. Approximately 25% of the total population in Türkiye is located in rural areas, and this population realizes around 13% of the total production.

Looking at the distribution of the number of businesses in the food industry by sub-sectors, it is determined that 65% of the industry is in flour and bakery products, 12% is in fruit-vegetable processing, 11% is in milk and dairy products, 3.5% is in vegetable oil and margarine products, 3% is in sugary products, 1% is in meat products, and 4.5% is in non-classified foods, soft drinks, and seafood. Approximately 10% of Türkiye's total exports consist of the production of food & beverages, agriculture, livestock, and fisheries.

With exports of 25 billion USD and agricultural output of 48 billion USD, Türkiye ranks 10th among the world's largest agricultural countries. The country exports about 85% of the certified organic food products (especially the products in the organic agriculture sub-sector) it produces to different countries, with European countries as primary buyers.

While the necessary certifications for halal food for foreign markets have been provided recently, Türkiye also undertakes the role of an important channel for food products to reach new markets.

Today, Türkiye is a regional base for the production, processing, and exportation of food products to both European and Middle Eastern markets. Also, Türkiye ranks first among the flour and bakery products exporting countries in the world, with an annual export of 1 billion USD in flour and bakery products. In addition, the country ranks second in the world among pasta-exporting countries with an annual export of 500 million USD.

Growing rapidly in Türkiye in recent years, the food market has become the focus of attention for foreign companies thanks to its open structure. The fact that Türkiye is a country that adopts innovations very quickly and the increasing interest of consumers are also important factors in the foreign companies' decision to increase their investments in this field.

**Strong  
cooperation  
supported by  
shared  
wisdom**

...

- **With  
investments  
of the private  
sector,  
food sector is  
stronger now**

...





***Food and beverage industry;  
is one of the most dynamic  
sectors of country's economy  
with its investment, production  
and employment structure***

...









*Konya is  
one of the  
**Türkiye's  
biggest  
ones** in  
food  
sector*

...

***With  
investments  
of the  
private  
sector,** food  
sector is  
stronger now*

...

## FOOD INDUSTRY IN KONYA

It is an important requirement for the food industry to carry out production near the raw materials. This situation makes production in places where vertical integration (agriculture and industry cooperation) is well established with agricultural production & aquaculture a strategic value instead of an industrial cluster. Known as Türkiye's granary, Konya is one of the best examples of this, thanks to its numerous grain product processing facilities, flour plants, animal feed facilities, and sugar beet production facilities in parallel with 4 sugar refineries due to the effects of the privatization process in the early 1990s, the public sector gradually left its place in the food industry to the private sector. With the exception of the sugar and tea sub-sectors, the food industry has completely restructured from the public sector to the private sector. 53% of the companies in the Konya food sector are private companies, 41% are limited companies, and 6% are incorporated companies. While incorporated and limited liability company structures stand out the most in companies on the production side of the industry, the sole proprietorship is more prominent in wholesale/retail trade companies. When evaluated from a sectoral point of view, it is determined that the most incorporated companies are operating in the flour production and legumes sub-sectors. On the other hand, the most common company structure in seed, milk, and dairy product manufacturing companies is the limited liability structure.

Due to the effects of the privatization process in the early 1990s, the public sector gradually left its place in the food industry to the private sector. With the exception of the sugar and tea sub-sectors, the food industry has completely restructured from the public sector to the private sector. 53% of the companies in the Konya food sector are private companies, 41% are limited companies and 6% are incorporated companies. While incorporated and limited liability company structures stand out the most in companies on the production side of the industry, the sole proprietorship is more prominent in wholesale/retail trade companies. When evaluated from a sectoral point of view, it is determined that the most incorporated companies are operating in the flour production and legumes sub-sectors. On the other hand, the most common company structure in seed, milk, and dairy products manufacturing companies is the limited liability structure.

Determined according to net sales from production, there are 7 Konya-based companies included in the "500 Largest Industrial Enterprises of Türkiye", by the Istanbul Chamber of Industry in 2022. Of these 7 companies from Konya, 4 of them operate in the food industry.

Looking at the percentage distribution of the sales of companies by years, it is determined that the share of exports has increased in both manufacturing and wholesale/retail trade companies during the last 3 years. Most exports are made in the flour manufacturing sector, based on sub-sectors.

The Konya food sector can be divided and evaluated in soft candy, hard candy, chocolate, flour, nuts, legumes, oil, and eggs sub-sectors. The comparison of "Türkiye-Konya Food Sector, Registered Business/Installed Capacity" is given in the chart below.

## Chart 2: Türkiye and Konya View on the Basis of Sub-Sectors

Source: TOBB, 2022

| Sector<br>(HS Code)      | Türkiye/ Konya | Number of<br>Registered<br>Businesses | Installed Capacity<br>(tons) |
|--------------------------|----------------|---------------------------------------|------------------------------|
| Chocolate<br>(180690)    | Türkiye        | 457                                   | 897.071                      |
|                          | Konya          | 47                                    | 124.634                      |
|                          | Payı (%)       | 11,0                                  | 14,0                         |
| Nuts<br>(200819)         | Türkiye        | 951                                   | 3.276.208                    |
|                          | Konya          | 21                                    | 38.611                       |
|                          | Payı (%)       | 2,0                                   | 1,0                          |
| Oil<br>(151219)          | Türkiye        | 618                                   | 2.717.475                    |
|                          | Konya          | 18                                    | ...                          |
|                          | Payı (%)       | 3,4                                   | ...                          |
| Flour<br>(110110)        | Türkiye        | 779                                   | 32.77.674                    |
|                          | Konya          | 50                                    | 2.910.528                    |
|                          | Payı (%)       | 6                                     | 9                            |
| Soft Candy<br>(17049061) | Türkiye        | 93                                    | 219.356                      |
|                          | Konya          | 31                                    | 50.938                       |
|                          | Payı (%)       | 33.3                                  | 23.2                         |

The primary production groups in the Food Industry of Konya can be grouped as follows:

### **1. Processing and storage of meat and manufacture of meat products**

- Processing and storage of meat
- Processing and storage of poultry meat
- Manufacture of meat and poultry-based products

### **2. Processing and storage of fish, barnacles, and mollusks**

- Processing and storage of fish, barnacles, and mollusks

### **3. Processing and storage of vegetables and fruits**

- Processing and storage of potatoes
- Manufacture of vegetable and fruit juices
- Processing and storage of fruits and vegetables not elsewhere classified

### **4. Manufacture of vegetable and animal oils and fats**

- Oil and fat manufacturing
- Manufacture of margarine and similar renewable fats

### **5. Manufacture of dairy products**

- Dairy management and cheese production
- Manufacture of ice cream

### **6. Manufacture of milled grain products, starch, and starchy products**

- Manufacture of ground grain and vegetable products
- Manufacture of starch and starchy products

### **7. Manufacture of bakery products**

- Manufacture of bread, fresh bakery products, and fresh cakes
- Manufacture of rusks and biscuits, durable pastry products, and durable cakes
- Manufacture of pasta, noodle, cuscus, etc.

### **8. Manufacture of other foodstuffs**

- Manufacture of sugar
- Manufacture of cocoa, chocolate, and confectionery
- Processing of coffee and tea
- Manufacture of spices, sauces, vinegar, and other seasonings
- Manufacture of fast foods
- Manufacture of homogenized food premixture and dietetic food
- Manufacture of other foodstuffs not elsewhere classified

### **9. Manufacture of ready-made animal feeds**

- Manufacture of ready-made feed for farm animals
- Manufacture of ready-made food for pets







Potential  
of **Konya's**  
**food sector**  
increases in  
domestic  
and foreign  
markets  
each  
passing  
day

...

Various products manufactured by the Konya food industry are as follows;

**Chart 3: Main Production Groups in the Food Sector in Konya**

| Manufacturing Groups                   | Products  |
|--|---|
| Dairy products                         | <ul style="list-style-type: none"> <li>• Milk pasteurization, butter, kashar cheese, tulum cheese, yogurt, curd, feta cheese, ice cream, etc.</li> </ul>  |
| Meat products                          | <ul style="list-style-type: none"> <li>• Butchery, meat cutting and freezing, salami, sausage, pastrami and meatballs, etc. manufacture</li> </ul>  |
| Vegetable Product Processing - Legumes | <ul style="list-style-type: none"> <li>• Legume sieving and packaging</li> <li>• Potato chips, potato snacks, potato flour, and meal</li> <li>• Canned vegetables and fruit (including tomato paste, and tomato sauce)</li> <li>• Fruit and vegetable jelly, grape molasses, marmalade, jam, and fruit pulp</li> <li>• Spices and medicinal plants-based products</li> <li>• Rice, rice pudding, rice crispies, and rice flour</li> <li>• Plant sap and extracts, pectic substances, mucilage, and stabilizer agents (including cola concentrate, malt extract, and licorice honey)</li> </ul>  |
| Oils                                   | <ul style="list-style-type: none"> <li>• Sunflower oil</li> <li>• Corn oil</li> <li>• All other edible vegetable oils (soy, sesame, opium, cottonseed, hazelnut, rapeseed, mustard, etc.)</li> </ul>  |
| Grains - Flour and Bakery Products     | <ul style="list-style-type: none"> <li>• Flour and milling products: Manufacture of milled grain products, semolina, flour, and bran</li> <li>• Bread production,</li> <li>• Phyllo dough,</li> <li>• Bakery products and pastry manufacturing,</li> <li>• Baklava and patty production</li> <li>• Pasta,</li> <li>• Noodles, cuscus, and similar products (including stuffed or frozen)</li> <li>• Rusks,</li> <li>• Biscuits, wafers, ice cream cones, disc-shaped wafers, etc. products</li> <li>• Unflavored durable pastry (baker or unbaked unflavored kadayif, baklava, etc.) (including the manufacture of phyllo dough)</li> </ul> |

|                       |   |
|-----------------------|---|
| Sugar and Candy       | <ul style="list-style-type: none"> <li>• Products obtained by the manufacture or refining of sugar (sucrose) and sugar products from beet (including the production of liquid sugar and molasses)</li> <li>• Cube sugar, powdered sugar</li> <li>• Turkish Delight,</li> <li>• Cezerye,</li> <li>• Turkish fairy floss</li> <li>• Halva,</li> <li>• Caramel,</li> <li>• Nougat</li> <li>• Sesame processing, tahini, and tahini halva</li> <li>• Candies and candy pastilles (bonbon candy, Konya rock candy, etc.)</li> <li>• Artificial honey, taffy, etc.</li> </ul> |
| Chocolate             | <ul style="list-style-type: none"> <li>• Manufacture of candies containing chocolate and cocoa</li> <li>• Cocolin candies</li> <li>• Cocoa powder, cocoa paste/dough, and cocoa butter products</li> <li>• Spreadable cocoa products</li> </ul>   |
| Dried Nuts and Fruits | <ul style="list-style-type: none"> <li>• Nuts processed by roasting, salting, etc. –nuts and fruits-based pureed and mashed products (cooked)</li> <li>• Manufacture of roasted chickpeas, roasted seeds, peanuts, etc.</li> <li>• Products obtained by breaking the shells of hard-shelled products</li> </ul>   |
| Egg                   | <ul style="list-style-type: none"> <li>• Packaged Eggs</li> <li>• Liquid Egg</li> <li>• Egg albumen</li> </ul>  |





## PRODUCTION GROUPS BY SUB-SECTOR

### Flour and Bakery Products Manufacturing Sector:

The most important input in the production of foods such as bread, pasta, and patisserie products, which are indispensable in the food consumption habits of Turkish people, is flour production. The flour production sector is known as one of the oldest agro-industries in Türkiye. One of the leading provinces of Türkiye in this regard, the flour produced in Konya is delivered to the end user through wholesalers, dealers, or distributors.

Bread, phyllo, cookies, pastry, baklava, patties, ground grain products, pasta, noodles, cuscus, semolina, flour, and bran are widely produced in Konya as the main products. These locally-manufactured products are consumed all over Türkiye and are also exported to various parts of the world.

Constituting 9% of the total flour industry installed capacity in Türkiye, the Konya flour industry also has a valuable position in terms of employment.

### Chocolate and Sugar & Candy Group:

Heavily dependent on foreign sources for raw materials, the chocolate sector is important for Konya's economy. With approximately 9% of the total installed capacity in Türkiye and 47 registered businesses, the Konya chocolate sector has great potential not only domestically but especially for foreign markets.

There are 4 sugar refineries in Konya, one of which is in the city center, and the others are located in the Çumra, Ereğli, and Iğın districts, respectively. These factories produce about 34% of the overall sugar production in the

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country. Moreover, in Türkiye's sugar product foreign trade, Konya ranks among the top five cities.

Traditional products are also manufactured with the production lines set up in the sector's hard candy and sugary product manufacturing facilities. Pistachio, plain, cocoa, and hazelnut halva are produced in different weights and varieties according to market demand. In addition, pistachio, hazelnut, plain, rose, mint, milky, sesame, pomegranate, mastic gum, chocolate-covered pistachio, and chocolate-covered hazelnut varieties of Turkish delight are also in production. Furthermore, Bozkır-style brown tahini and white tahini varieties, as well as white sesame, simit sesame, pastry sesame, and biscuit sesame, are also among the manufactured products.

On the other hand, confectionery containing chocolate and cocoa,ocolin candy, spreadable cocoa, cocoa powder, cocoa paste/dough, cocoa butter, artificial honey, and taffy products are also among the important product lines in Konya.

Furthermore, there is a wide range of products consisting of biscuits, wafers, cakes, and salty snacks that do not contain glucose syrup and are enriched with different flavors in the confectionery group. These snack market products are exported to the Middle East, Africa, America, Asia, and European countries in addition to their widespread distribution in Türkiye. Konya has 1/5 of the total installed capacity in this group because the city hosts 1/3 of the registered soft candy production facilities in Türkiye.

### Potato Group:

In 2021, approximately 622,435 tons of potatoes were produced in Konya. The city met 12.20% of Türkiye's total potato production with this number. Being an authority in various products such as wheat, barley, and sugar beet, Konya is also taking firm steps towards becoming a brand in potato production with its increasing yield and quality. Continuing to make breakthroughs in agriculture as well as in its industry, potato chips from Konya are mainly exported to the Middle East.

According to the "Agricultural Areas by Provinces" data of TURKSTAT in 2022; the agricultural areas of Konya devoted to grains and other plant products are 18,700,995 decares in total. 14,879,364 decares of this land are planted, while 3,043,032 decares are fallow.

### Nuts Group:

Due to its favorable geographical conditions and climate, Türkiye is very fortunate in the production of

numerous agricultural products used as raw materials in the nut industry. In Türkiye, which has a wide variety of tastier nuts compared to other regions, Konya's contribution to the nuts sector continues to increase day by day with different product segments and processing methods. The fact that the companies operating in the sector have brought their facilities up to modern standards, the higher quality of production with the new investments, and the increase in the number of companies with quality & health certificates position the sector as much more effective and prominent.

The product groups obtained by processing various confectionery with nuts popularize the consumption of dried nuts among young people with each passing day. Additive-free and natural tandoori-roasted chickpea products take their place in the sector as the most popular product of Konya.

Konya has been developing rapidly in recent years in the processing, packaging, wholesale, and retail sales networks of nuts products.

## Chart 4: Konya's Number One Ranked Products in Türkiye Agriculture

Source; T.R. Konya Governorship, Provincial Directorate of Agriculture and Forestry / Konya Agriculture, May 2022

| Products        | Production Amount (tons) | Ratio (%) |
|-----------------|--------------------------|-----------|
| Wheat           | 1.579.839                | 9         |
| Barley          | 843.102                  | 15        |
| Seed Generation | 372.620                  | 28        |
| Sugar Beet      | 5.734.306                | 31        |
| Tulip           | 27,6 million (Unit)      | 99        |
| Carrot          | 353.700                  | 60        |
| Grain Corn      | 1.261.475                | 19        |



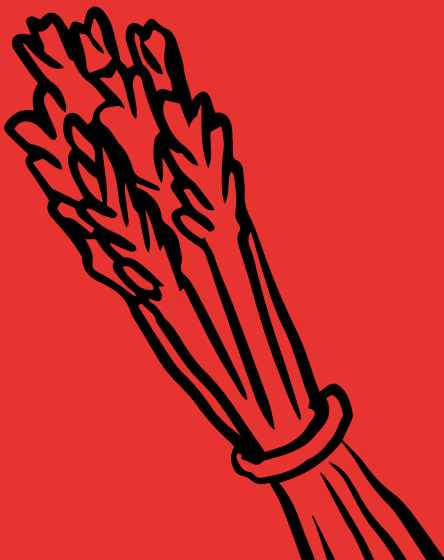






**Large  
lands are  
suitable  
for all  
kinds of  
production**

...



### **FOREIGN TRADE STRUCTURE OF THE SECTOR**

A large part of the grain production in Türkiye is done in Konya. The city's barley and wheat harvest in 2022 is recorded as 2.2 million tons. Being a leader in flour, salt, and sugar production, Konya is among the provinces that meet Türkiye's salt needs.

The Konya food industry exported approximately 100 million USD in milled grain products, around 100 million USD in cocoa and confectionery products, and around 12 million USD in vegetable oil and animal fat products.

Konya's food sector has great market potential in the Middle East, Africa, Central Asia, Caucasus, and Balkan countries, as well as in middle-income countries of the Far East and South America. In addition, countries that import sugar and confectionery, such as Indonesia, South Korea, Malaysia, Bangladesh, Vietnam, and various South American countries, are also showing themselves as new export markets for Konya. Moreover, to make the best use of its high-capacity egg production, Konya has won markets in Middle Eastern countries.

Through the search for potential new markets, product diversification according to market needs, and evaluation of demands, new target markets are opening every day for the export of Konya food products.

## Chart 5: Foreign Trade Data at ISIC REV 4 Level by General Trade System

Source: TURKSTAT, 2022

| 10 Manufacturing of Food Products | Konya's Export (\$) | Konya's Import (\$) |
|-----------------------------------|---------------------|---------------------|
| 2019                              | 358.806.120         | 64.283.902          |
| 2020                              | 371.310.148         | 97.194.558          |
| 2021                              | 476.608.772         | 98.575.216          |
| 2022                              | 498.609.248         | 102.315.809         |

The export figures of Konya's food products continued to increase over the years. Compared to the previous year, in 2022, the number of exports increased by approximately 4%.

Konya's foreign trade in various food products is given below:

## Chart 6: Konya's Foreign Trade of Selected Food Products

Kaynak: TÜİK, 2022

| Product   | Export (Thousand TL) | Import (Thousand TL) |
|---|----------------------|----------------------|
| Chapter 11 - Products of the milling industry; malt; starches; inulin; wheat gluten | 261.541              | 19.174               |
| Chapter 19 - Preparations of cereals, flour, starch or milk; bakers' wares          | 2.104.114            | 1.342                |
| Chapter 21 - Miscellaneous edible preparations                                      | 79.580               | 4.822                |
| Chapter - 18 Cocoa and cocoa preparations   | 1.670.741            | 357.575              |

As seen above, the highest export items of Konya in the food sector are "Preparations of cereals, flour, starch or milk; bakers' wares". This group is followed by "Cocoa and cocoa preparations". All products have a foreign trade surplus.





## INVESTMENT INCENTIVE PRACTICES IN THE FOOD INDUSTRY

The investment incentive systems implemented in Türkiye are as follows;

- **General Incentive Practices:**

Investments above the minimum fixed investment amount and capacities are supported within the scope of General Incentive Practices, regardless of region. Subjects excluded from the incentives or subjects that do not meet the conditions sought for incentives are not included in these. The minimum investment amount required for Konya in General Incentive Practices is 3,000,000 TL.

- **Regional Incentive Practices:**

Within the Regional Incentive Practices, the sectors qualified for support in each province are determined by considering the potentials and economic scales of the said provinces, and the level of support varies according to the development levels of the regions these provinces are located in. The minimum investment amount in Regional Incentive Practices for Konya, which is located in Enterprise Region Number 2, is 1,000,000 TL.

- **Incentive of Priority Investments:**

In line with the needs of Türkiye, the investments to be made in the determined areas have been classified as priority investments. In addition, even if these investments are made in the 1st, 2nd, 3rd, and 4th Enterprise Regions, the supports applied in the 5th Region are also provided to the priority investments.

- **Large-Scale Investments**

**Incentive:** Agricultural machinery industry covered in this report is among the sectors determined as large-scale investments and therefore able to benefit from this incentive. The minimum fixed investment

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amount is 50 million TL.as large-scale investments and therefore able to benefit from this incentive. The minimum fixed investment amount is 50 million TL.

- **Incentive of Strategic Investments:**

Investments in the domestic production of intermediate goods or products with high import dependency are supported within the scope of strategic investment incentive practices.

The investment criteria for support within the scope of this incentive are as follows;

- 50 million TL minimum fixed investment amount,
- The total domestic production capacity of the product in question is less than the import,
- Minimum 40% of the added value provided by the investment (this condition is not required for refinery and petrochemical investments),
- The total import value of the product in question is at least 50 million USD as of last year.

The Regional Incentive System implemented in Türkiye is summarized in the chart below:



## Chart 7: Regional Incentive System Implemented in Türkiye

Source: MEVKA Investment Incentive System Guide, Turkish Ministry of Industry and Technology, 2022.

| INCENTIVES & SUPPORTS                              |                                    |             | REGIONS |     |                              |                              |                               |                        |
|--|------------------------------------|-------------|---------|-----|------------------------------|------------------------------|-------------------------------|------------------------|
|  |                                    |             | 1       | 2   | 3                            | 4                            | 5                             | 6                      |
| VAT Exemption                                      |                                    |             | Yes     | Yes | Yes                          | Yes                          | Yes                           | Yes                    |
| Customs Duty Exemption                             |                                    |             | Yes     | Yes | Yes                          | Yes                          | Yes                           | Yes                    |
| Investment Space Allocation                        |                                    |             | Yes     | Yes | Yes                          | Yes                          | Yes                           | Yes                    |
| Interest or Dividend Support                       |                                    |             | Yok     | Yok | TL:3 Points<br>Forex:1 Point | TL:4 points<br>Forex:1 point | TL:5 points<br>Forex:2 points | TL:7<br>Forex:2 points |
| Income Tax Withhold Support                        |                                    |             | No      | No  | No                           | No                           | No                            | 10 years               |
| Employee's National Insurance Contribution Support |                                    |             | No      | No  | No                           | No                           | No                            | 10 years               |
| Tax Relief   | Investment Contribution Rate (%)   | Outside OIZ | 15      | 20  | 25                           | 30                           | 40                            | 50                     |
|  |                                    | Inside OIZ  | 20      | 25  | 30                           | 40                           | 50                            | 55                     |
|  | Investment Contribution Rate (%)   | Outside OIZ | 50      | 55  | 60                           | 70                           | 80                            | 90                     |
|  |                                    | Inside OIZ  | 55      | 60  | 70                           | 89                           | 90                            | 95                     |
| Employer's National Insurance Contribution Support | Support Length (year)              | Outside OIZ | 2       | 3   | 5                            | 6                            | 7                             | 10                     |
|  |                                    | Inside OIZ  | 3       | 5   | 6                            | 7                            | 10                            | 12                     |
|  | Investment Contribution Rate (%) * | Outside OIZ | 10      | 15  | 20                           | 25                           | 35                            | No Limit               |
|  |                                    | Inside OIZ  | 15      | 20  | 25                           | 35                           | No Limit                      | No Limit               |

Note: Within the scope of investment incentive certificates issued for the manufacturing industry (US-97 Code: 15-37), the legislation to be considered for investment expenditures to be made between 1/1/2017 and 31/12/2022 is as follows: Within the scope of regional and strategic incentive practices, the investment contribution rates to which tax reduction support will be applied are calculated by adding 15 points to the investment contribution rate of each region. In addition, corporate tax or income tax deduction is applied as 100% in all regions and without any action on the incentive certificate.

The delivery of goods and services related to the construction works within the scope of the certificate of the taxpayers holding the investment incentive certificate for the manufacturing and tourism industries are exempt from VAT until 31/12/2025.

\* At the application stage for the issuance of an incentive certificate, if requested, Employer's National Insurance Contribution Support rates are increased by half of the investment contribution rates in parallel with the tax deduction, provided that tax deduction is not utilized. The chart regarding this is given below:

The exceptions regarding the investments to be made in Konya are as follows:

**1-** If the investment is in the OIZ, or made by an investor with at least five real or legal persons operating in the same sector as a partner, and if it is an investment that will ensure integration in the area of joint activity, the said investment benefits from the support of **Region 3** for a tax deduction and employer's national insurance contribution support.

**2-** Within the scope of the district-based incentive system and regional incentive practices, the investments to be made in Konya's Ahırlı, Altınekin, Bozkır, Çeltik, Derbent, Derebucak, Doğanhisar, Emirgazi, Güneysinder, Hadım, Halkapınar, Hüyük, Kadınhanı, Kulu, Sarayönü, Taşkent, Tuzlukçu, Yalılıyük, and Yunak districts will benefit from the support of the 3rd Region. Investments to be made in the organized industrial zones of the mentioned districts will benefit from the support of the 4th Region.

**3-** In case the investment is among the priority investments, it benefits from the support of the 5th Region.

**4-** According to the OECD definition of technology intensity level, investments in the production of products in the **medium-high** technology industry class benefit from regional supports applied in the

**4th Region.** The minimum fixed investment required for these investments is 3 million TL for Konya.

The contents of the investment support practices for Konya are as follows:

**VAT Exemption:** Within the scope of the incentive certificate, this is applied in the form of non-payment of value-added tax for investment goods, machinery and equipment to be procured domestically and internationally.

**Customs-Duty Exemption:** Within the scope of the incentive certificate, this is applied in the form of non-payment of customs duty for investment goods machinery and equipment to be procured internationally.

**Tax Relief:** The contribution rate of income or corporate tax to investments is between 20% and 40%. The discount rate is between 55% and 80%.

**Employer's National Insurance Contribution Support:** The support period is between 3 to 7 years and the investment contribution rate is between 15% and 35%.

**Investment Space Allocation:** For investments with incentive certificates, investment space is allocated within the framework of the procedures and principles determined by the Ministry of Finance.

**VAT Return:** The VAT collected for the building-construction expenditures made for strategic investments with a fixed investment amount of more than 500 million Turkish Liras is refunded.



## Chart 8: Konya Investment Support System

Source: MEVKA Investment Incentive System Guide, Turkish Ministry of Industry and Technology, 2022.

| SUPPORT ELEMENT                                     |                                  | REGIONAL    |            | PRIORITY                        |
|---|----------------------------------|-------------|------------|---------------------------------|
|   |                                  | Outside OIZ | Inside OIZ |                                 |
| VAT Exemption                                       |                                  | Yes         | Yes        | Yes                             |
| Customs-Duty Exemption                              |                                  | Yes         | Yes        | Yes                             |
| Interest and Dividend Support                       |                                  | No          | No         | TL: 5 Points<br>Forex: 2 Points |
| Investment Space Allocation                         |                                  | Yes         | Yes        | Yes                             |
| Tax Relief  | Investment Contribution Rate (%) | 20          | 25         | 40                              |
|   | Discount rate (%)                | 55          | 60         | 80                              |
| Employer's National Insurance Contribution Support: | Support Length (Year)            | 3           | 5          | 7                               |
|   | Investment Contribution Rate (%) | 15          | 20         | 35                              |

Note: Within the scope of investment incentive certificates issued for the manufacturing industry (US-97 Code: 15-37), the legislation to be considered for investment expenditures to be made between 1/1/2017 and 31/12/2022 is as follows: Within the scope of regional and strategic incentive practices, the investment contribution rates to which tax reduction support will be applied are calculated by adding 15 points to the investment contribution rate of each region. In addition, corporate tax or income tax deduction is applied as 100% in all regions and without any action on the incentive certificate.

The delivery of goods and services related to the construction works within the scope of the certificate of the taxpayers holding the investment incentive certificate for the manufacturing and tourism industries are exempt from VAT until 31/12/2025.

## Chart 9: Sectors Eligible for Regional Incentives and Minimum Fixed Investment Amounts in Konya\*

Source: MEVKA Investment Incentive System Guide, Turkish Ministry of Industry and Technology, 2022.

| Sector Code | US-97 Code           | Sectors Eligible for Incentives   | Region 2 Minimum Fixed Investment Amount   |
|-------------|----------------------|---|--|
| 1           | 0121                 | Integrated livestock investments, including investments in integrated breeding stock (excluding investments that do not comply with the minimum capacity requirements specified in the footnotes) | 3 Million TL   |
| 2           | 0500.0.04            | Aquaculture (including fish fry and fish egg production)  | 3 Million TL   |
| 3           | 15                   | Food and beverage products manufacturing (excluding investment matters specified in footnote 5)   | 3 Million TL   |
| 4           | 17                   | Textile products manufacturing (excluding yarn and weaving investments that do not meet the conditions specified in footnote 8)   | 10 Million TL for a brand new investment in textile finishing **                                 |
|             |                      |   | 3 Million TL for modernization variety short fiber spinning and other fiber spinning investments |
| 5           | 18                   | Manufacture of apparel  | 3 Million TL   |
| 8           | 1912 veya 1920       | Suitcase, handbag, leathercraft, shoes, etc. manufacture  | 3 Million TL   |
| 9           | 20                   | Manufacture of wood and cork products (except furniture), manufacture of straw mats and similar knitted materials   | 3 Million TL   |
| 10          | 21                   | Manufacture of paper and paper products   | 10 Million TL  |
| 11          | 24                   | Manufacture of chemicals and chemical products ***  | 3 Million TL   |
| 24          | 2695.1               | Production of concrete products for construction purposes   | 3 Million TL   |
| 27          | 2720, 273, 2710.8.02 | Base metal industry other than iron and steel, metal casting industry   | 3 Million TL   |
| 28          | 28                   | Metalware   | 3 Million TL   |
| 30          | 29                   | Machinery and equipment manufacturing ***   | 3 Million TL   |
| 32          | 30                   | Manufacture of office, accounting, and data processing machines   | 3 Million TL   |
| 33          | 31                   | Manufacture of electrical machinery and equipment ***   | 3 Million TL   |
| 34          | 32                   | Manufacture of radio, television, communication equipment, and devices  | 3 Million TL   |

|    |   |   |                          |
|----|---|---|--------------------------|
| 35 | 33  | Manufacture of medical instruments, precision, and optical instruments ****   | 3 Million TL             |
| 36 | 34  | Motor land vehicles and sub-industry *****  | 3 Million TL             |
| 38 | 3591 ve 3592                                  | Motorcycle and bicycle production ***   | 3 Million TL             |
| 39 | 361, 3692, 3693, 3694, 3699.3.0205, 3699.3.18 | Manufacture of furniture (except products manufactured using only metal and plastic), manufacture of musical instruments, manufacture of sports equipment, manufacture of games and toys, manufacture of pencils, manufacture of baby carriages, pushchairs, and their parts and components | 3 Million TL             |
| 41 | 5510.1.01,                                    | Hotels  | Over 3 Stars             |
|    | 5510.2.01,                                    |   |                          |
|    | 5510.3.02,                                    |   |                          |
|    | 5510.5.02,                                    |   |                          |
|    | 4.05.5510                                     |   |                          |
| 42 | 1.03.5510                                     | Student Dormitory   | 100 students             |
| 43 | 6302.0.01                                     | Cold storage services   | 1.000 m2                 |
| 44 | 6302.0.03                                     | Licensed warehousing ****   | 3 Million TL             |
| 45 | 80 (809 hariç)                                | Educational services (including preschool education services, excluding adult education and other educational activities) ****  | 3 Million TL             |
| 46 | 8511.0.01-05,                                 | Hospital Investment   | Hospital: 3 Million TL   |
|    | 8511.0.99,                                    |   |                          |
|    | 8531.0.01-03                                  |   |                          |
|    | 8511.0.01-05,                                 | Nursing home  | Nursing home: 100 people |
|    | 8511.0.99,                                    |   |                          |
|    | 8531.0.01-03                                  |   |                          |
| 48 | 37  | Waste recycling and disposal facilities   | 3 Million TL             |
| 49 | 4020.0.01                                     | Coal gas production (syngas)  | 50 Million TL            |
| 50 |   | Green housing   | 20 decares               |

\* Based on Karar Ek-2 (Decision Addendum-2)

\*\* 10 Million TL for brand new investment in textile finishing, 5 Million TL for expansion investment, and 3 Million TL for other investment types.

\*\*\* Medium-High Technology investment subjects and investments to be made in Konya will benefit from the support of the 4th region.

\*\*\*\* Priority investments, therefore, these investments to be made in Konya will benefit from the support of the 5th region.

\*\*\*\*\* Investments of a minimum amount of 300 million TL in the main industry of motor vehicles, engine investments of a minimum amount of 75 million TL, and investments in engine components, drivelines/parts, and automotive electronics with a minimum amount of 20 million TL are the priority investment subjects, therefore, these investments to be made in Konya will benefit from the support of the 5th region.

Modernization-type flour investments and following investments in food products and beverage manufacturing cannot benefit from regional supports, except for region 6: noodles, cuscus, phyllo dough, kadayif, bread (excluding frozen bread and frozen bread dough), rice, raki, beer, linter cotton, tea, hazelnut cracking/roasting, instant soup, broth, and premixture productions, sorting, and packaging of grains and legumes. In addition, brand new investments in animal feed production to be realized in the organized industrial zones of the 4th, 5th, and 6th regions can benefit from regional support.

Certified seed sorting and packaging investments can benefit from regional investment incentives in their region. The data on the investment incentive certificates provided to vital food sub-sectors in Konya during the 2019/2022 period are given below:

### **Chart 10: Incentive Certificate in Türkiye and Konya - Food Sector Investments/Cocoa, Chocolate, Confectionery**

**Source: Ministry of Industry and Technology, 2022**

| Cocoa, Chocolate Confectionery |               | Certificate | Fixed Investment (Million TL) | Employment |
|--------------------------------|---------------|-------------|-------------------------------|------------|
| 2019                           | Konya         | 3           | 151                           | 163        |
|                                | Türkiye       | 24          | 1.096                         | 748        |
|                                | Konya/Türkiye | % 13        | % 14                          | % 22       |
| 2020                           | Konya         | 6           | 90                            | 115        |
|                                | Türkiye       | 34          | 3.490                         | 1.871      |
|                                | Konya/Türkiye | % 18        | % 3                           | % 6        |
| 2021                           | Konya         | 6           | 134                           | 140        |
|                                | Türkiye       | 53          | 2.368                         | 1.372      |
|                                | Konya/Türkiye | % 11        | % 6                           | % 10       |
| 2022                           | Konya         | 5           | 52                            | 72         |
|                                | Türkiye       | 50          | 1.100                         | 1.117      |
|                                | Konya/Türkiye | % 10        | % 5                           | % 6        |

As seen above, the investment incentive certificates provided for the cocoa, chocolate, and confectionery subgroup follow a fluctuating course. The decrease in 2020 is followed by a recovery in 2021 and, again, a decrease in 2022.

### Chart 11: Incentive Certificate in Türkiye and Konya - Food Sector Investments/Milled Grain Products

Source: Ministry of Industry and Technology, 2022

| Milled Grain Products |               | Certificate | Fixed Investment (Million TL) | Employment |
|-----------------------|---------------|-------------|-------------------------------|------------|
| 2019                  | Konya         | 0           | 0                             | 0          |
|                       | Türkiye       | 12          | 564                           | 236        |
|                       | Konya/Türkiye | % 0         | % 0                           | % 0        |
| 2020                  | Konya         | 2           | 74                            | 82         |
|                       | Türkiye       | 36          | 821                           | 798        |
|                       | Konya/Türkiye | % 6         | % 9                           | % 10       |
| 2021                  | Konya         | 0           | 0                             | 0          |
|                       | Türkiye       | 30          | 375                           | 428        |
|                       | Konya/Türkiye | % 0         | % 0                           | % 0        |
| 2022                  | Konya         | 2           | 14                            | 0          |
|                       | Türkiye       | 24          | 1.125                         | 467        |
|                       | Konya/Türkiye | % 8         | % 1                           | % 0        |

As seen above, it is determined that there were investment incentive certificates obtained for milled agricultural products in Konya during 2020 and 2022. In terms of the number of certificates, Konya receives a share ranging from 6% to 8%.

### Chart 12: Incentive Certificate in Türkiye and Konya - Food Sector Investments/ Processing and Storage of Vegetables and Fruits

Source: Ministry of Industry and Technology, 2022

| Processing of Vegetables and Fruits |               | Certificate | Fixed Investment (Million TL) | Employment |
|-------------------------------------|---------------|-------------|-------------------------------|------------|
| 2019                                | Konya         | 2           | 18                            | 32         |
|                                     | Türkiye       | 72          | 2.635                         | 2.129      |
|                                     | Konya/Türkiye | % 3         | % 1                           | % 2        |
| 2020                                | Konya         | 7           | 130                           | 176        |
|                                     | Türkiye       | 150         | 5.376                         | 6.056      |
|                                     | Konya/Türkiye | % 5         | % 2                           | % 3        |
| 2021                                | Konya         | 1           | 220                           | 40         |
|                                     | Türkiye       | 153         | 5.736                         | 3.959      |
|                                     | Konya/Türkiye | % 1         | % 4                           | % 1        |
| 2022                                | Konya         | 6           | 984                           | 282        |
|                                     | Türkiye       | 218         | 7.379                         | 5.393      |
|                                     | Konya/Türkiye | % 3         | % 13                          | % 5        |

When we look at the Processing and Storage of Vegetables and Fruits sub-sector in Konya, an upward trend is striking in the certificates provided. In terms of fixed investment amounts in 2020 and 2022, increases of 622% and 347% are observed on a nominal basis, respectively. This shows the scale of the investments made in order to meet the increasing demands during the COVID-19 pandemic.

### Chart 13: Incentive Certificate in Türkiye and Konya - Food Sector Investments/Dairy Products

Source: Ministry of Industry and Technology, 2022

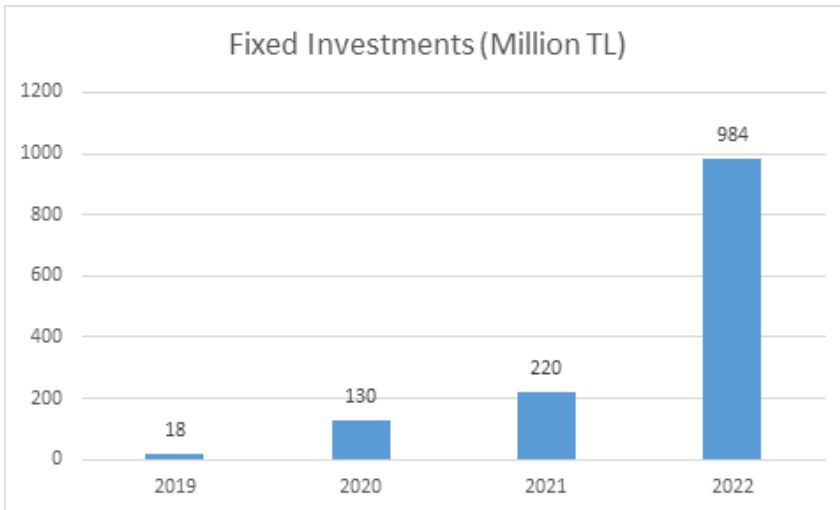
| Dairy Products |               | Certificate | Fixed Investment (Million TL) | Employment |
|----------------|---------------|-------------|-------------------------------|------------|
| 2019           | Konya         | 1           | 12                            | 6          |
|                | Türkiye       | 35          | 1.462                         | 1.107      |
|                | Konya/Türkiye | % 3         | % 1                           | % 1        |
| 2020           | Konya         | 4           | 48                            | 122        |
|                | Türkiye       | 56          | 2.691                         | 1.516      |
|                | Konya/Türkiye | % 7         | % 2                           | % 8        |
| 2021           | Konya         | 4           | 38                            | 30         |
|                | Türkiye       | 50          | 1.224                         | 936        |
|                | Konya/Türkiye | % 8         | % 3                           | % 3        |
| 2022           | Konya         | 1           | 90                            | 35         |
|                | Türkiye       | 66          | 3.120                         | 1.125      |
|                | Konya/Türkiye | % 2         | % 3                           | % 3        |

Considering the investment certificates provided for dairy products in Konya, increases are seen in 2020 and 2022 based on fixed investment amounts. These increases were 300% in 2020 and 400% in 2022 on a nominal basis and correspond to 33.9% in 2020 and 4.09% in 2022 in real terms.

Reviewing the sub-sectors above, a continuous upward trend and serious increases can be observed in the vegetable and fruit processing sub-sector during certain periods. The developments in fixed capital investments belonging to incentive certificates in this sub-sector are as follows:

### **Graph 1: Fixed Capital Investments (Million TL-Nominal)**

**Source: Ministry of Industry and Technology, 2022**



As seen above, the highest increases in nominal terms are in 2020 and 2022. In real terms, the increase in 2020 corresponds to 70.4%, and the increase in 2022 corresponds to 3.6%.



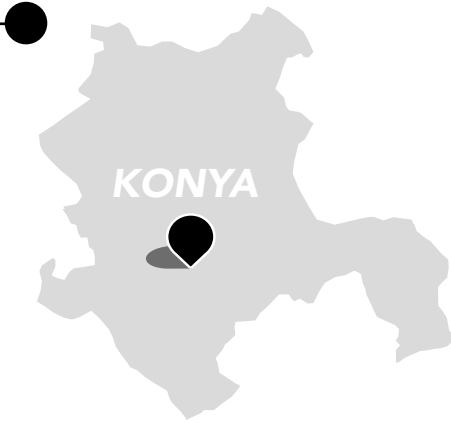








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## REASONS TO INVEST IN KONYA

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Current raw material resources, a wide range of production, and following technological developments for production diversity are some of the reasons that position Konya as a well-known manufacturer in the sector.

- ✓ Sectoral experience;
- ✓ Young population and ease of labor supply;
- ✓ Agricultural mechanization tools needed in the sector are manufactured in the city;
- ✓ Entrepreneurial approaches;
- ✓ Scientific studies for innovation;
- ✓ Professional developments in business management

Takes Konya one step ahead in the sector.

Companies operating in the sector focus on logistics, R&D, and innovation studies by purchasing new machinery & equipment and developing or modifying them in-house.

Thus, while the number of employees, productivity, and product quality of the companies increase, their costs decrease. In addition, 95% of the companies have registered trademarks, and 15% of them hold patents.

Triggering demand by the pursuit of productivity in agriculture, the spread of advanced quality management systems (ISO, HACCP, Good Agricultural Practices, etc.), the growth of lands through land consolidation efforts, the quality and volume of agricultural production in the sector, and proximity to potential export markets are among Konya's other advantages.

The interest of foreign capital in the sector and Konya allows sectoral organization, clustering, and partnership activities to be implemented quickly.

## Konya and Logistics Potential

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Konya, which has been an important trade and accommodation center throughout history due to its geographical location, is connected to other provinces by roads extending from the city center to the north, northwest, northeast, west, east, and south.

The city is connected to Ankara and the other provinces in the northwest by the Konya-Afyonkarahisar, Eskişehir-Bursa-Istanbul, and Konya-Ankara highways. In addition, the city extends to Nevşehir and other northeastern provinces via the Konya-Aksaray Road. Also, thanks to the Konya-Beyşehir Road extending to the west, Konya can connect with the province of Izmir via the Isparta-Denizli-Aydın route. Furthermore, the Konya-Karaman Road in the south provides transportation to Mersin and Adana.

Moreover, the road connecting to the Ankara-Adana highway via Ereğli provides transportation to both Adana and southeast provinces and the Black Sea provinces via Kayseri. Konya-Seydişehir Road, on the other hand, connects Konya and Central

Anatolia Region to the southern coasts from the shortest distance.

The length of the railway passing through the borders of Konya, which has 6.6% of the 12.000 km total railway network throughout Türkiye, is approximately 800 km.

Railway transportation from Konya is provided by the High-Speed Train (Konya-Ankara/Konya-Eskişehir/Konya-Istanbul), Toros Express (Istanbul-Konya-Gaziantep), Central Anatolian Blue Train (Ereğli-Konya-Istanbul) and Meram Express (Istanbul-Konya) lines. It takes 1.5 hours to reach Ankara and Eskişehir and 4 hours to reach Istanbul by high-speed train.

Konya has a military-civil airport, and air transportation in the city is increasing in importance day by day. The airport, which is open to international traffic as an entry point, is 20 kilometers from the city center. While there are regular flights to Istanbul and Izmir every day, direct flights to various points in Europe during the summer months are also available.



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KONYA TİCARET ODASI  
KONYA CHAMBER OF COMMERCE



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