



FOOD

Past,
Present
And Future
Of Konya
Food
Sector

...



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1882

KONYA TİCARET ODASI
EĞİTİM VE SAĞLIK VAKFI

**WITHIN THE SCOPE OF
REPUBLIC OF TURKEY
MEVLANA DEVELOPMENT AGENCY
2016 DIRECT ACTIVITY SUPPORT PROGRAM**

KONYA CHAMBER OF COMMERCE,
EDUCATION AND HEALTH FOUNDATION
WITH COOPERATION OF UNIVERSITY - INDUSTRY, KONYA'S
INVESTMENT AND PROMOTION PROJECT

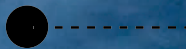
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KONYA
Ticaret Odası



1882

KONYA TICARET ODASI
KONYA CHAMBER OF COMMERCE

KONYA TICARET ODASI
YATAP KONYA ULUSLARARASI
PUAN MERKEZİ

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Konya Ticaret Odası
KONYA CHAMBER OF COMMERCE



YATAP KONYA

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 Turkey, 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 Turkey's export exceeded 1%.



In the last fifteen years, Turkey'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 Turkey'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 Turkey 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

CONTENTS

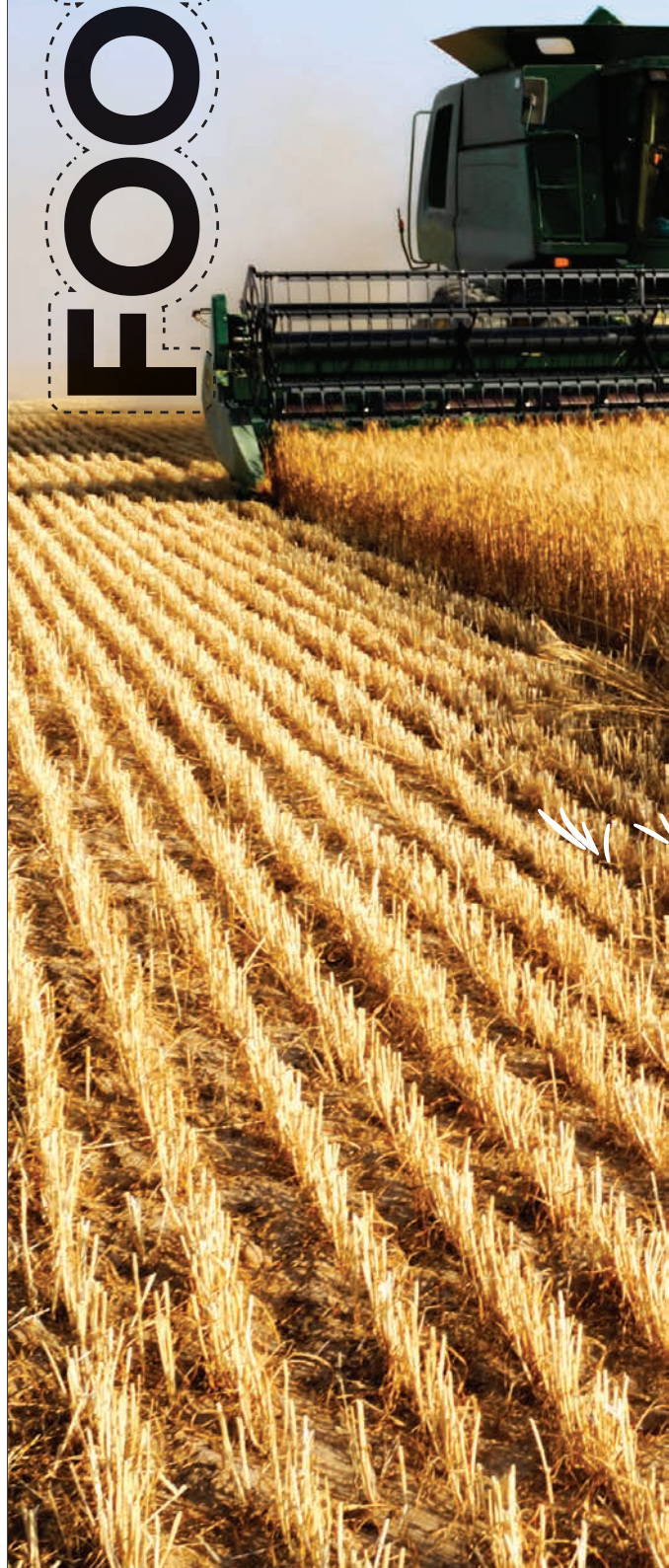
- 5. Introduction
- 8. Overview
- 12. Why Konya?
- 14. Food Sector in Turkey
- 23. Food Sector in Konya
- 34. Production Groups of Subsector
- 38. Foreign Trade in Food Sector in Konya
- 39. Investment Incentive Practices in Food Sector
- 45. Sectoral Advantages
- 49. Konya for Investment, Because ...
- 50. Transportation to Konya



Past,
Present
And Future
**Of Konya
Food
Sector**

...

FOOD





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

...

OVERVIEW

Food industry is one of the world's largest industries; it contains production, processing, diversification and evaluation of a wide range of nutrients required for people to live their lives. Vegetables, fruits, industrial plants and grains collected/harvested and foodstuffs obtained from various sources such as meat, milk, egg, etc. are processed and packaged in different ways and presented to final consumers.

Another characteristic of food sector is high back and forward link effect. As it is known, back link effect refers to how many inputs a sector requests from other sectors in order to be able to produce one unit of good. In this respect, food and beverage industry reveals high back link effect by demanding raw materials and intermediates as well as machinery and equipment from agricultural and industrial sectors during production process. Emergence of needs such as post-production marketing and distribution leads to emergence of demand related to services and



Food sector is always on the rise

...

transportation sector. This is the most important indication that there is sector's high forward link effect.

Food products sector in Turkey has been one of the fastest growing sectors in manufacturing industry since foundation of the Republic. In food products sector, small scale private sector enterprises also continued their activities and developments together with larger-scale public enterprises. In export-oriented industrialization model; significant changes affecting food sector have been made by regulations related to foreign trade since 1980s, foreign trade of food and agricultural products has been liberalized on a large scale. In Turkey, food products industry has been structured mainly for domestic market and export of the sector has shown an increase trend. In particular, efforts for harmonization with European Union increase competitive power of food sector's products.

Due to production and quality control with world-class new technologies,

giving importance to R & D activities, intensive use of production and marketing techniques for branding which are necessary for the sector in order to be able to continue its existence by adapting to dynamic conditions in foreign markets, food sector has reached a very high level. Food sector in Konya has succeeded in becoming a manufacturing industry that extended its shelf life and turned into ready-to-use products with one or more operations applied to raw materials of animal origin products and vegetables obtained from agriculture and has gotten bigger and bigger. Unlike other sectors, Konya food sector which has a homogeneous distribution throughout the province, has experienced great developments in recent years. Sub-sectors such as especially flour, sugar-candy, nuts, milk and dairy products, pasta, semolina and feed have gradually developed. There is a production facility belonging to food sector in almost all districts of Konya today.



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

...





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

...

WHY KONYA?

Because of its geographical and geopolitical position, Konya is in a top position in Turkey's food sector.

Almost half of land in Konya which is total 4.081.351 hectares, is agricultural land. In Turkey, the fact that 8% of total agricultural lands, 7,6% of field crops production areas, 10% of harvesters and 5% of tractors are in Konya, brings Konya forward.

In Konya of which 62% is regarded as irrigable land and about 730,000 hectares of land is predicted to be irrigated by year of 2023, climate and soil structures are suitable for fruit farming, field agriculture, organic agriculture and other agricultural sub-sectors.

Konya has necessary rangeland areas (761.461 hectares) for the efficient sheep, goat and cattle breeding and





a large lands for forage plant breeding. Also, the first Organized Animal Husbandry Region (210 hectares) in Turkey is located in Konya.

While Konya is active in agriculture sector in 31 districts with 111.479 farmers, it offers a wide range of production from certified production to organic farming.

In Konya where 1.315 people are active in organic agriculture, the number of producers and production amounts in organic farming regularly increase every year.

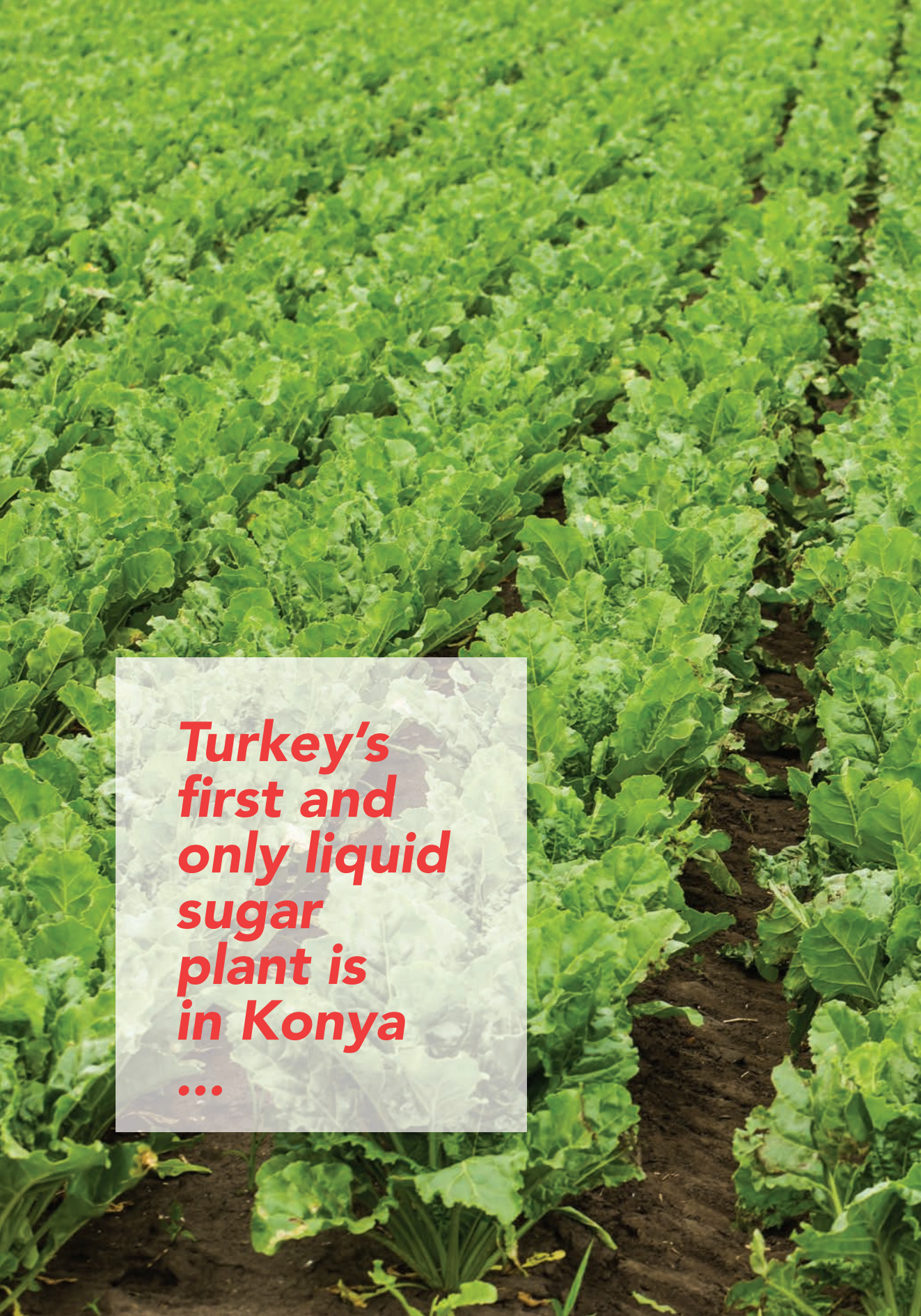
In addition to the natural resources it has, experienced farmers in agricultural production, existence of farmer organizations (cooperatives, associations, unions... etc.), the fact that all kinds of agricultural inputs are grown in Konya, are among important factors in the

development and growth of the sector.

One of the most important elements in food sector is well-equipped workforce. So, infrastructure that will provide training for workforce has a strategic importance. Overabundance of existing vocational high school in Konya and approximately 8.180 graduates in each year, presence of many universities and technical education faculties in the city are only a few of the positive factors in meeting the needs of the industry. In addition, there are many vocational courses in Konya.

The fact that having advantage of harmonization among institutions, Konya has a transportation network to various regions, is seen as a factor that facilitates trade in terms of logistics.



A high-angle, close-up photograph of a vast field of green sugar beet plants. The plants are arranged in neat, parallel rows, stretching far into the distance. The leaves are a vibrant green, with some showing signs of being eaten or damaged. The soil between the rows is dark and appears to be well-maintained. The overall scene is a lush, green agricultural landscape.

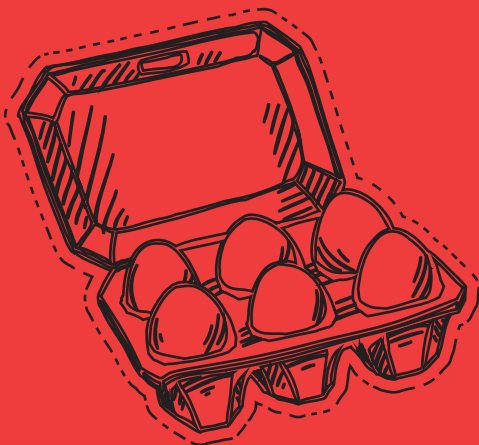
***Turkey's
first and
only liquid
sugar
plant is
in Konya***

...



Turkey is in the top 10 in the world in agriculture

...



FOOD SECTOR IN TURKEY

Manufacture of food and beverage which has a strategic importance for Turkey, is one of the favorite sectors of Turkey with its production value, contribution made to employment, export and foreign trade coverage rate.

Food industry constantly changes and develops in Turkey as in the world. In recent times, fluctuations in the supply of food raw material resources due to various reasons and large changes in price due to this situation have necessitated the use of existing raw material resources more efficiently and effectively and changes in domestic and foreign demands have encouraged food industry to be more innovative and to use advanced technologies. Relevant reasons prompted food industry to consider also food safety, environmental awareness, food trade and competitiveness of food premises.

The fact that wholesalers and retailers want food premises to make production at a higher standard depending on understanding of income and consumption, is another fact which allows development of Turkish food industry. This situation also triggers developments in the sector as well as investments.

17



Vibrant sector fueled by change



With its regions having different climate characteristics, Turkey contains both productive territories and a wide range of products. In Turkey, while 45% of total population is active in agriculture, these people perform about 13% of total production.

When distribution of the number of enterprises in food industry to the sub-sectors is examined; it is seen that 65% is flour and bakery products, 12% is fruit and vegetable processing, 11% is milk and dairy products, 3,5% is vegetable oil and margarine, 3% is sugary products, 1% is meat products and 4,5% is unclassified foods, non-alcoholic beverages and seafood industry. Approximately 10% of Turkey's total export consists of production made in food products and beverages, agriculture, animal husbandry and fishery.

Being the world's 7th largest agricultural country with an agricultural output of 62 billion USD, Turkey exports almost all of its certified organic food products (about 85%), mainly produced in the organic agriculture sub-sector, to different countries, mainly to Europe.

While necessary certifications for halal food are provided for foreign market lately, Turkey is also an important channel for food products to reach new markets.

Today, Turkey is in the position of regional base in terms of production, processing of food products and exporting them to European and Middle Eastern markets.

Turkey is in the first place among exporter countries of flour and bakery products with annual export at the amount of 1 billion USD in the world and it is in the second place among exporter countries of pasta with annual export at the amount of 500 million USD in the world...

Food market that has grown rapidly in our country in recent years has become the focus of foreign companies with its openness for improvement. The fact that Turkey is a country adopting such innovations very quickly and increasing interest of consumers are also important factors in decisions of foreign companies to increase their investment in this area.

**Strong
cooperation
supported
by shared
wisdom**

...

- **With
investments
of the private
sector, food
sector is strong-
er 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
**Turkey's
biggest
ones** in
food
sector*

...

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

...

FOOD SECTOR IN KONYA

In food sector, necessity of making production in places that are close to raw material makes production in places where vertical integration with agricultural production or farming (agriculture-industry cooperation) are well established more important rather than industrial clustering. One of the best examples of this is the fact that there are many grain products processing plants, flour factories, feed facilities and 4 sugar factories in parallel with sugar beet production in Konya which is known as grain warehouse of Turkey.

At the end of the privatization process from the beginning of the 1990s, public sector gave its place to private sector in food sector gradually. In manufacture of food products, except sugar and tea sub-sectors, food sector was completely structured by coming from public sector to private sector.

53 percent of the companies in Konya's food sector are private companies, 41 percent of them are limited companies and 6 percent of them are joint stock companies. Anonymous and limited liability companies are prominent among the companies in manufacturing industry, and private companies are more prominent among wholesale/retail trade companies. When considered in terms of sectors, it is seen that while most of the joint

stock companies are active in flour manufacturing and legume sectors, limited companies are the most common ones in seed, milk and dairy products manufacturing companies.

5 of 10 Konya companies among "Turkey's Second Top 500 Industrial Companies" determined according to net sales from production and announced by Istanbul Chamber of Industry for 2015 and similarly, 8 of 13 Konya companies among "Turkey's Second Top 500 Industrial Companies" determined according to net sales from production and announced by Istanbul Chamber of Industry for 2015, operate in the food sector.

When percental distribution of sales of companies by years, it is seen that share of export in both manufacturing and wholesale/retail trade companies has increased in the last 3 years. It is seen that most of the exports are performed in flour manufacturing sector on the basis of the sub-sector.

In Konya food sector which we can divide into sub-sectors such as soft candy, hard candy, chocolate, flour, nuts, legumes, oil and egg, "Turkey-Konya Food Sector, Registered Businesses/Installed Capacity" comparison is seen in the following table.



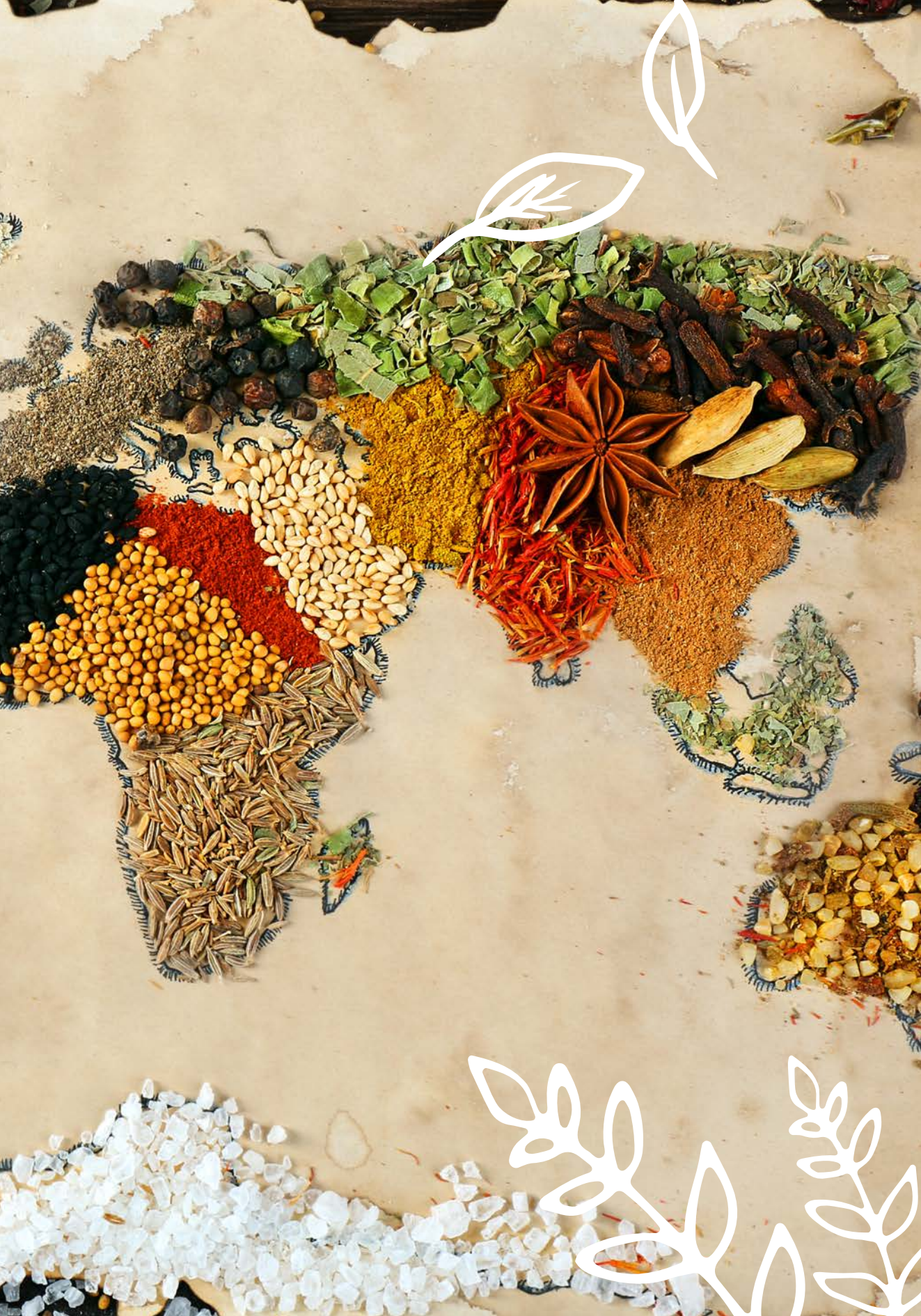


Table 1: View of Turkey and Konya on the Basis of Sub-Sectors

Source: Turkish Union of Chambers and Commodity Exchanges Inventory, 2016

Sector	Turkey/Konya	Number of Registered Businesses	Installed Capacity (Ton)
Chocolate (180690)	Turkey	319	596.427
	Konya	49	55.542
	Share (%)	15,4	9,3
Nuts (200819)	Turkey	906	2.576.354
	Konya	15	19.032
	Share (%)	1,6	0,7
Oil (151219)	Turkey	58	2.717.475
	Konya	2	...
	Share (%)	3,4	...
Flour (110110)	Turkey	680	27.482.425
	Konya	46	2.354.131
	Share (%)	6,8	8,6
Soft Candy (17049061)	Turkey	33	79.2345
	Konya	11	9.894
	Share (%)	33.3	12,5

Main production groups in the Food Industry Sector in Konya can be grouped as follows:

1. Processing and storage of meat, manufacture of meat products

- Meat processing and storage
- Processing and storage of poultry
- Manufacture of products produced from meat and poultry

2. Processing and storage of fish, shellfish and molluscs

- Processing and storage of fish, shellfish and molluscs

3. Processing and storage of vegetables and fruits

- Processing and storage of potato
- Manufacture of vegetable and fruit juice
- Processing and storage of fruits and vegetables which are not classified elsewhere

4. Manufacture of vegetable oil and animal fat

- Manufacture of oil and fat
- Manufacture of edible fats such as margarine, etc.

5. Manufacture of dairy products

- Dairy plants and manufacture of cheese
- Manufacture of ice cream

6. Manufacture of ground cereal products, starch and starchy products

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

7. Bakery and manufacture of bakery products

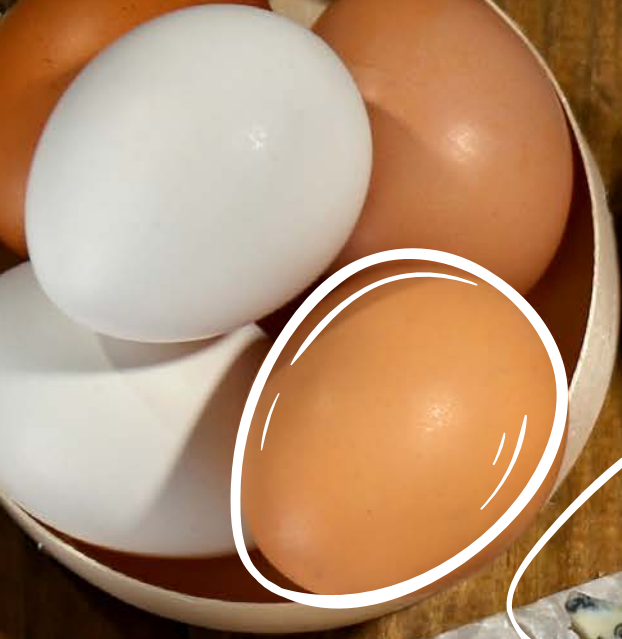
- Manufacture of bread, fresh pastry products and fresh cakes
- Manufacture of rusks and biscuits; Manufacture of durable pastry products and durable cakes
- Manufacture of bakery products such as pasta, vermicelli, couscous, etc.

8. Manufacture of other foodstuffs

- Manufacture of sugar
- Manufacture of cocoa, chocolate and candy
- Processing of coffee and tea
- Manufacture of spice, sauce, vinegar and other seasonings
- Manufacture of ready to serve foods
- Homogenized food preparations and dietary food production
- Manufacture of other food products which are not classified elsewhere

9. Manufacture of ready-made animal feed

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





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

Products that are manufactured by Konya food industry and diversified, are as follows;

Table 2: Production Groups in Food Sector in Konya Province

Dairy Products

- (Milk pasteurization, butter, cheddar cheese, tulum cheese, yoghurt, curd, white cheese, ice cream, etc.)

Meat Products

- (Slaughterhouse, meat chopping and shocking, manufacture of salami, soudjouk, pastrami and meatball, etc.)

Vegetable Product Processing-Legumes

- Legume screening and packaging
- Potato chips, potato snacks, potato flour and coarse flour
- Canned vegetables and fruits (including tomato paste, tomato puree)
- Manufacture of jelly, molasses, marmelade, jam, dried fruit rollup from fruits and vegetables
- Products made from spices and medical plants
- Rice, rice paste, puffed rice and rice flour
- Plant nectar and extracts, pectic substances, mucilage and thickening agents (including cola concentrate, malt extract, liquirish)

Oil

- Sunflower oil
- Corn oil
- All other edible vegetable oil (oil such as soy, sesame, opium poppy, cotton, hazelnut, colza, mustard, etc.)

Cereal Products-Flour and Bakery Products

- Flour and milling products; Manufacture of ground cereal products, semolina, flour and bran
- Manufacture of bread,
- Phyllo,
- Manufacture of bakery products and cake,
- Manufacture of baklava and borek
- Pasta,
- Vermicelli, couscous and similar products (including stuffed or frozen)

- Rusk,
- Products such as biscuits, wafers, ice cream cones, sweet multilayered disc shaped wafers, etc.
- Unsweetened dough desserts (unsweetened kadaif noodles, baklava, etc., whether cooked or not) (Including manufacture of phyllo)

Chocolate and Candy

- Production of sugar (saccharose) and sugar products from sugar beet or products obtained by refining these (including production of liquid sugar and molasses)
- Cube sugar, powdered sugar
- Turkish delight,
- Cezerye,
- Turkish fairy floss,
- Halva,
- Caramel,
- Nougat
- Processing of sesame, tahini and tahini halva
- Candies and candy pastilles (bonbon, Konya candy, etc.)
- Artificial honey, caramel, etc.

Chocolate

- Manufacture of candies containing chocolate and cocoa
- Compound Chocolate candies
- Cocoa powder, cocoa paste/dough and cocoa butter products
- Spreadable cocoa products

Nuts

- Processed nuts such as roasted, salted, etc. and these products' puree and paste (baked ones)
- Manufacture of roasted chickpeas and roasted seeds, peanuts, etc.
- Products obtained by breaking shells of nuts

Egg

- Packed Egg
- Liquid Egg
- Egg albumin









PRODUCTION GROUPS OF SUBSECTOR

Manufacturing Industry of Flour and Bakery Products:

Flour production which is the most important input of food ingredients such as bread, pasta and pastry products which are indispensable in food consumption habits of Turkish people, is known as one of the oldest agro-industries in Turkey.

In flour manufacturing sector, flour produced in Konya which one of the leading provinces of Turkey, is delivered to end-users through wholesalers, dealers or distributors.

As flour products, manufacture of bread, manufacture of phyllo, cookies and cake, manufacture of baklava and borek, manufacture of ground cereal products, pasta, vermicelli, couscous, semolina, flour and bran are carried out in Konya as main products in a widespread manner. As well as they are consumed all across Turkey, they are exported to various parts of the world.

Konya which constitutes 8,6% of flour industry's installed capacity, has a valuable position in terms of employment.

Chocolate and Candy Group:

Chocolate sector which is heavily dependent on imported raw materials, is important for the Konya's economy. With approximately 9,3% of total installed capacity and 49 registered enterprises in Turkey, Konya chocolate sector has a great potential not only for domestic market but also for foreign market.

There are 4 sugar factories in Konya, one of them is in the city center and other ones are in Çumra, Ereğli and Ilgın. While these factories make about 34% of the sugar production in the country, Konya is one of the top five cities when Turkey's sweet product trade is considered.

In the sector, traditional products are also produced with production lines established in production facilities of hard candy and sugar products. In halva sector, products are produced in different weights and variety depending on market's demand such as pistachio, plain, cocoa and hazelnut halva. In Turkish delight sector, there are production of pistachio, hazelnut, plain, rose, mint, Kayseri, sesame, pomegranate flavored, gum mastic, chocolate coated and pistachio, chocolate coated and hazelnut Turkish delight; in tahini sector, there are production of bozkır style brown tahini and white tahini varieties; in sesame sector, there are production of white sesame, sesame for Turkish bagel, sesame for pastry and sesame with biscuits.

On the other hand, candies containing chocolate and cocoa, compound chocolate products, spreadable cocoa products, cocoa powder, cocoa paste/dough and cocoa buuet products and artificial honey, butterscotch are important production branches in Konya.



In addition, confectionery group has a wide range of products consisting of biscuits, wafers, cakes, salted snacks enriched with many different flavors and produced without containing glucose syrup. These products which are introduced into snack market, are exported to Middle East, Africa, America, Asia and Europe as well as widespread distribution in Turkey. Konya has 1/8 of total installed capacity with 1/3 of registered soft candy production facilities in Turkey.

Potato Group:

In 2015, total 493.748 tons of potatoes were produced in 126.780 decares of area in Konya province and Konya came in second in Turkey by making 10.4% of Turkey's total potato production. Konya which has a say in many products such as wheat, barley, sugar beet etc., is making sure steps towards becoming a brand in potato production with increasing quality and yield. Potato chips produced in Konya which continues to make moves in agriculture as well as its developing industry, are exported especially to Middle East.

Nuts Group:

Turkey is also very fortunate in production of agricultural products which are raw material of industry of nuts as in other agricultural products due to its favorable geographical

conditions and climate. In our country where more delicious wide variety of nuts are grown when compared to other regions of the world, Konya's contribution to nuts sector with different product segments and processing continues to increase each passing day. The fact that companies operating in the sector have brought their facilities modern and higher quality production state with new investments they have made and increase in the number of firms which have quality and healthy production certificates, have made the sector much stronger.

Especially, product groups obtained by processing different candies together with nuts popularize consumption of nuts among young people and completely natural roasted tandouri chickpeas which don't contain additives take their place in the sector as the most popular product of Konya.

Konya has been developing rapidly in recent years in businesses such as nuts processing, packaging, wholesale and retail sales networks.





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

...

FOREIGN TRADE IN KONYA FOOD SECTOR

10% of Turkey's grain production is made in Konya. Konya which is a leader in flour, salt and sugar production, meets 65% of Turkey's salt needs.

In Konya food sector, in average last five years, annual value in export of cereal, herbal products which are not classified elsewhere, animal products and processed vegetables/fruits has been about 100 million USD, value of ground cereal products has been about 50 million USD, value of cocoa and confectionery products has been about 50 million USD and value of vegetable oil and animal fat is has been about 5,5 million USD. In export of food products, new middle income countries in Far East and South America have great market potential in addition to Middle East, Africa, Central Asia, Caucasus and Balkan countries.

In addition; Indonesia, South Korea, Malaysia, Bangladesh, Vietnam and South American countries which import sugar and confectionery are new export markets for Konya.

In addition, Konya has also gotten markets that include countries in Middle East in order to evaluate its egg product with high production capacity in the best way. With determination of new target markets for export of Konya food products, diversification of products according to target markets and evaluation of requests, it get into new markets every day.

Table 3: Countries to which food products are exported from Konya

Source: Turkish Statistical Institute

France
Netherlands
Germany
Italy
Ireland
England
Denmark
Greece
Spain
Belgium
Norway
Sweden
Austria
Switzerland
Latvia
Poland
Czech Republic
Romania
Bulgaria
Albania

INVESTMENT INCENTIVE PRACTICES IN FOOD SECTOR

Investment incentive systems applied in our country are as follows;

- **General Incentive Practices:**

Except for investment issues which won't be incentivized or which can't fulfill conditions required for the incentive, investments above minimum fixed investment amount and capacities are supported under General Incentive Practices without making discrimination between regions.

- **Regional Incentive Practices:**

While sectors to be supported by Regional Incentive Practices are determined by considering potentials of provinces and their economic scale sizes, aid intensity differs according to regions' levels of development.

- **Privileged Investment Incentive:**

While investments to be made in areas that will be identified in line with the needs of our country, are determined as privileged investments, supports practiced in the 5th Zone are provided to these investments even if they are carried out in 1st, 2nd, 3rd and 4th Zones.

- **Large Scale Investment Incentive:**

Food sector which was discussed in the Report, was not considered in large scale investment incentive.

- **Strategic Investment Incentive:**

Investments for intermediary goods or products with high import dependency are supported within the scope of strategic investment incentive practices.

Criteria that must be met by investments to be supported in this context are as follows;

- Minimum fixed investment amount must be 50 million TL,
- Total domestic production capacity of the investment issue must be less than import,
- Minimum 40% added value provided by investment,
- Total import value for the product to be produced must be at least 50 million USD in the last 1 year.

Support elements provided to investments in the framework of these practices;

Table 4: Support Provided for Investments*

Support	General Incentive Practices	Regional Incentive Practices	Privileged Investment Incentive	Large Scale Investment Incentive	Strategic Investment Incentive
VAT Exception	Yes	Yes	Yes	Yes	Yes
Customs Duty Exemption	Yes	Yes	Yes	Yes	Yes
Tax Reduction		Yes	Yes	Yes	Yes
Insurance Premium Employer's Share Support		Yes	Yes	Yes	Yes
Investment Place Allocation		Yes	Yes	Yes	Yes
VAT Return**					Yes

*Interest support which is not applied in 2nd Zone in which Konya get involved, insurance premium (worker share) support and VAT return are not included.

**Strategic investments whose fixed investment amount is more than 500 million TL

In Regional Incentive Practices, minimum fixed investment amount for 2nd Zone including Konya is planned separately for each sector starting from 1 million TL. Minimum fixed investment amount for large scale investments starts from 50 million TL and is defined with different sizes according to the sector. Minimum fixed investment amount for strategic investments is 50 million TL.

Table 5: Konya Investment Support System (Region II)

	Investment Start Date			
	Before 12.12.2015		After 01.01.2016	
	Inside of Organized Industrial Zone	Outside of Organized Industrial Zone	Inside of Organized Industrial Zone	Outside of Organized Industrial Zone
Tax Reduction	25	20	20	15
Rate of Contribution to Investment (%)	60	55	50	40
Insurance Premium Employer'Ss hare (year)	5	3	3	-
Investment Place Allocation	All investments that will benefit from regional incentives			
VAT Exception	Investments with incentive certificate in all sectors			
Customs Duty Exemption	Investments with incentive certificate in all sectors			
Regional Minimum Investment	2.000.000 TL			

Content of investment support practices for Konya is as follows:

VAT Exception: It is applied in a way that value added tax is not paid for investment good, machine and equipment to be provided within the country and from abroad within the scope of the incentive certificate.

Customs Duty Exemption: It is applied in a way that custom duty is not paid for investment good, machine and equipment to be provided from abroad within the scope of the incentive certificate.

Tax Reduction: Application of income or corporation taxes at a reduced rate until they reach up to contribution amount foreseen for investment.

Insurance Premium Employer'Ss Share Support: Insurance premium employer share's amount corresponding to minimum wage that must be paid for additional employment provided by investment covered by incentive certificate, is covered by Ministry.

Investment Place Allocation: Allocation of investment place by Ministry of Finance for investments whose incentive certificates are issued within the framework of principles and procedures determined.

VAT Return: Return of VAT collected for building and construction spendings made within the scope of strategic investments more than fixed investment amount of 500 million Turkish Liras.







Investment incentive certificates taken in Konya in food sector reveal investment trend in the sector. Investment incentive certificates received in food sector in recent years are as follows;

Table 6: Investment Incentive Certificates Received in Konya Food Sector

Source: Data of Ministry of Economy, 2016.

Subjects/Years	2013	2014	2015
Number of Incentive Certificates	9	13	8
Total Fixed Investment (TL)	136.985.997	278.514.532	70.431.000
Imported Machine-Equipment (TL)	37.562.690	61.617.513	12.173.456
Total Employment	517	531	187

According to this; approximately 531 people were employed as a result of investments made with 13 incentive certificates related to the food sector at the amount of approximately 278,5 million TL in 2014.

SECTORAL ADVANTAGES

Raw material resources it has, wide range of production and technological developments that are closely followed in production diversity are just a few of reasons that have made Konya famous in the sector.

Young population and the availability of workforce, the fact that a large part of the agricultural mechanization tools needed for the region is also produced in the region, entrepreneurial approaches that it has and professional developments in business management enable Konya which has a history based sectoral experience to step forward in the sector.

While companies operating in the sector are performing logistics processes, R&D and innovation works while developing or adapting new machinery or equipment that they purchased within the company. Thus, while number of employees, productivity and product qualities are increasing, their costs decrease. In addition, 95% of the companies have registered trademarks and 15% of them have patents.

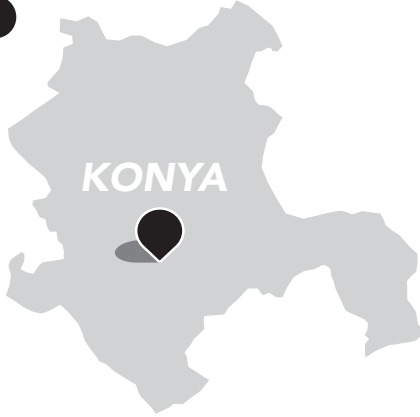
Foreign capital's interest in the sector and Konya enables making sectoral organization, clustering and partnership tendencies actual quickly.







49



KONYA FOR INVESTMENT, BECAUSE

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In Konya, it is seen that balance between import and export of main products in the field of foodstuffs is highly coherent. Konya offers a great opportunity for potential investors both due to sufficiency of production inputs and available know-how and innovative approaches, ability to mobilize potential domestic and international markets, capacity to reach potential markets existing geographically.

In Konya which is known as wheat warehouse of Turkey, 15% of Turkey's grain production and 31% of sugar beet production are made. Besides total agricultural area it has, Konya is in the first place in Turkey with production of barley, wheat, sugar beet, sunflower, tulip, cherry, dried beans and carrot. While 75% of the active population is engaged in agriculture, animal husbandry, fishing, hunting and forestry, agriculture constitutes 40% of net annual income. With its annual agricultural production value more than 10 billion TL, Konya is Turkey's largest agricultural producer. (16% of Konya export figures are agricultural products).

Konya which is in 2nd place in red meat production, is in the 2nd place in the number of sheep, is in the first place in the number of cattle, is in the first place in total milk production. Konya which is in 2nd place in chicken egg production, meets 11,66% of Turkey's production.

In Konya food sector, it can be invested in the production of industrial products such as frozen, dried and packaged foods, canned food, vegetable oil, oil, industrial oil used in industry based agriculture and bio-diesel.

Advantages such as receiving two products in a year, cheap and abundant raw material (possibility to supply almost all kinds of production inputs on a regular basis), low transportation costs related to easy access to the domestic and foreign markets, technology, labor and incentive systems and having a wide range of product offer opportunity for investments to be made in the food sector.

TRANSPORTATION TO KONYA

50



Konya which has been an important center of trade and accommodation throughout history due to its geographical location, connects to other cities through roads going towards north, northwest, northeast, west, east and south directions.

Konya-Afyonkarahisar, Eskişehir-Bursa-Istanbul, Konya-Ankara highways enable connection with Ankara and cities located in the northwest; Konya-Aksaray road enables connection with Nevşehir and northeast cities; Konya-Beyşehir road extending to the west enables connection with İzmir through Isparta-Denizli-Aydın; Konya-Karaman in the south enables access to Mersin and Adana.

In addition, road connecting to Ankara-Adana highway also provides access to Adana and southeastern cities through Ereğli and it provides access to Black Sea cities through Kayseri. Konya-Seydişehir road connects Konya and Central Anatolia Region to the southern coast from the shortest distance.

Railway length passing through the borders of Konya which has 6.6% of the 12,000 km of railway network in Turkey, is about 800 km.

Railway transportation from Konya is provided by 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. With high-speed train, it takes 1,5 hour to Ankara and Eskişehir, 4 hours to Istanbul. Airway transportation is also becoming increasingly important day by day in Konya which has one military-civilian airport. The airport which is open to international traffic as a border crossing, is 20 km away from the city center. While flights are regularly carried out to Istanbul and İzmir every day, direct flights are made to various points in Europe during the summer months.

