



KONYA CHAMBER OF COMMERCE

A RISING ECONOMY KONYA



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INTRODUCTION

Konya, which is one of the oldest settlements of the history of humanity by having served as the Capital of the Anatolian Seljuk once upon a time and known as the most trading and accommodation center of the historical Silk Road. Konya also hosts Mevlâna and introduces herself to the world as the city of affection, friendship and tolerance.

Konya which is geographically the largest city and six largest city of Turkey in terms of population, influences and drives the region which it has been settled in economic, political and social facets.

Konya has been known mainly for its agriculture as well as its wealth of archeology. However, recent developments show that Konya's image is changing from that of an agricultural region to an industrialized one. This is driven by new investments as well as the impetus coming from the traditional agriculture.

Konya which has been awarded as the investment city of future is the apple of Turkey's eye with its powerful and rapidly growing industrial investments.

Konya, which ranks among the important trade centers of Anatolia, has made considerable progress at the industrial sector in recent years and thus it has become one of the industry and trade centers of Turkey. Its geographical situation and the international fairs organized in Konya, have brought Konya to an important status in the Anatolia.

Since the 1970s, Konya experienced a development campaign in every area of business. Following early investments in food-related industries (such as flour, macaroni, candies, feed and etc.), other factories have followed suit. Today, there are medium to large-sized factories in the vegetable oil, rubber, plastics, shoe manufacturing and other sectors.

Konya has become successful in economic development with its equity capital. Konya, with the developed Organized Industry Zones and the small industry sites accommodate lots of Small and Medium Sized Enterprises (SMEs) and these enterprises create an important potential for employment.

Konya, with its civilization, cultural background, commercial potential and the qualified labor force, is a developed city. In production, there is a sectorial diversity and the industry in Konya operates within a large production scale.

In this paper, firstly the history and socio-economic development perspective of Konya will be given. In this framework, agriculture, industry and trade, the leading sectors, the organized industry zones, foreign trade, transportation and research and development facilities of Konya will be explained. At the end of the paper, the competitive advantages of Konya were summarized.

1. HISTORY OF KONYA

Konya is established on one of the oldest civilized region of Anatolia (Çatalhöyük region, 7.000 BC) has always been an important Agriculture, Science, Transit Trade and Industry Center through Silk Road due to its location as a passage between East and West.

Konya has always been played crucial role during the time of Silk Road , that's why named as the capital of Seljuk Empire for more than hundred years hence becomes powerful province in Ottoman Empire times ,becomes wealthy and enriched place through Science, Agriculture and Trade.

Focus of Sufi mystical practice and teaching, Konya is a place of pilgrimage for the whole of the Muslim world hence the all human-being caring about Humanism and Tolerance. This sprawling city has overrun the surrounding mud-walled villages and at its heart is the medieval Selçuk capital, which tugs at the hearts of all humanity and spoken more pride than the better-known tourist resorts. This was the adopted home of Celaleddin Rumi, better known as the Mevlâna (Our Master), the Sufi mystic who founded the whirling dervish sect, the Mevlevî; his writings helped reshape Islamic thought and modified the popular Islamic culture of Turkey through Humanistic Philosophy and Tolerative thoughts.

Konya is surrounded by some of Turkey's most fertile countryside (the region is known locally as "the bread basket of Turkey"). The city can seem sun-bleached in summer, and you'll find this

contrast the rule rather than the exception for Turkish inland towns.



2. AGRICULTURE

Konya has always been a leader of Agriculture Sector and Agro-Industry with its flat-wide and spread-out arable land. Besides it has named as Grain House of Turkey for years, within the beginning of 1950s, Investment on Industrial Production has started. Within upcoming years of 1970s especially production of agricultural equipment and machinery brought another image to itself as "Industrial City" coming along with its agricultural background and infrastructure, enhancing the collaboration of Agriculture Industry.

Konya provides %10 of the total agricultural production of Turkey. Konya has the most flour plants in Turkey. While %25 of Turkey's sugar production is supplied by 4 sugar factories of Konya, %65 of our country's salt production is also provided by Konya.

The total land size of Konya is 38.257 km². 2.659.890 hectare of this land is usable for farming. 377.426 hectare of this fertile area can be irrigated and by the KOP Project (Konya Lowlands Irrigation Projects), it is planned to be irrigated

602.509 hectare area. So when this Project is realized, it will provide important contributions to the economy of Konya. With the realization of Konya Lowlands Irrigation Projects cereals, sugar beet, fruits, vegetables, feed plants, poppy will be cultivated. When the projects in Çumra region are completed, increased irrigated lands in the region will provide greater benefits to the regional economy.

Konya, especially on the production of grain, sugar beet and pulse, provides the great amount of Turkey's need. In Konya, the great amount of agricultural production is made by industrial plants. Sugar beet has the biggest part within the industrial production. Besides, %10 of Turkey's grain production is produced in Konya and wheat and barley are at the first rank. In the production of pulse, chickpea, bean and lentil (red and green) are the most produced plants.

The most produced vegetables are tomato, carrot, melon, pumpkin and bean. On the other hand, Konya produces more than %4 of Turkey's fruit production. The important fruits produced in Konya are apple, sour cherry, cherry, pear and apricot.

According to the data of 2009, small cattle existence in Konya is 1.246. 599 and great cattle existence is 399.297. Furthermore, there are 7.827.103 chicken and 1.054.030 ton bee hive.

3. INDUSTRY AND TRADE

Konya is lucky to be blessed with lots of flat land suitable for operating factories in. At the moment Konya has 32 million m² of land set for industry. With its infrastructure improving faster than the rapid flow of local and international investments Konya's land availability and planned Industry zones along with its race to have the first government funded industrial zone, Konya is the new attraction for investors.



Konya's local industry has developed with its own efforts. Its vast number of SMEs and their commitment to new investments without the use of credit has lead Konya to rapidly recover from the major financial crisis of 2001. The main structure of Konya industry is constituted by SMEs. This situation is an advantage by giving enterprises flexibility and movement capability.

Industry accommodates different sectors in a large spectrum in Konya. This structure provides advantages to the producers in the periodic changes and developments, especially crises. Konya, whose industry does not depend on one or two sector, has the chance to deal with the potential crises and at that time, five or six sectors play a role of engine in Konya.

Now becoming almost self-sufficient to ensure an integrated industrial base, the industries in Konya utilizes up-to-date technology and machinery. As an example, paper packaging and printing factories in Konya produce variety of products up to the European standards. Considerable development have been achieved in the iron and other metals casting, machine production, agricultural machinery production and in the automotive spare part sectors.

3.1. THE LEADING SECTORS

Characteristics of Konya Industry show that range of products is totally wide and various not based on certain types of production. All Facility and service which take place in Konya, differs from Machinery industry to Chemical industry, from textile to automotive spare parts, from electric-electronic products to food industry, from packaging to paper industry .It means such sort of product can easily enable Konya turn into a "Silicon Valley".

3.1.1. Machinery and Equipment Industry

The leading sector in Konya is the machine manufacturing industry. All types of machinery can be manufactured by experienced designers and producers In Konya. Among the hot selling machinery in the province are, complete flour processing mills, hydraulic and mechanical presses for metal processing industries, engine repair and renovation mills and giant hydraulic presses.

Especially, the metal processing machines sector is the engine of the metal processing machines sector in Turkey.

Another branch in the machine sector, that is the Vehicle Mounted Equipment industry, has achieved a notable stage.

Milling Machines Manufacture sector of Konya has systems that provide the world with ready-to-use flour, semolina and pasta factories in the mentioned sector.

Konya is also the leader city in agricultural machines and tools manufacturing.

Further important production items in the Machine Manufacturing Industry are:

- Welding machines
- Compression machines
- Automatic Guillotine Shear
- Various presses
- Hydraulic cylinders and pumps

All machinery produced in Konya has reached the quality level of their European competitors. Machines produced in Konya have been sold successfully in Middle East, African and European countries. Especially the production of agricultural machinery has a long history in Konya. The producers of agricultural machinery in Konya are proud to be the first exporters of these kinds of products. They were successfully selling their quality products in foreign markets. 45 percent of Turkey's agricultural machinery and equipment exports belong to the Konya producers.

3.1.2. Automotive Spare Parts Industry

The industry of Konya has achieved an assertive position in its production capacity and its quality in the field of automotive spare parts industry, which is increasingly gaining market share in the world market over the past decade.



The automotive subsidiary industry started in small businesses with the production of various parts, especially vehicle bodies. It gained pace with the development of TMOSAN. Both the fact that TMOSAN became active and the improvements in the automotive sector in our country led the present industrial infrastructure to the automotive spare part industry.

The spare part industrial production started in small industrial complexes needed to be improved due to the changing supply and demand balance, and led to larger businesses realizing production in Organized Industrial Zones and exporting all or a great amount of their productions.

The automotive spare part industry sells both to the national market to present automotive factories and abroad. The most important engine valve, engine piston, cylinder liner, crank, gear and gasket factories are located in our province. Next to the mentioned products in the sector, the following spare parts and accessories are also produced in Konya: manifold and complete axle parts and production, trailer production, automotive heater and equipment, brakes and parts, hydraulic pump, hydraulic and pneumatic systems, suspension parts, safety parts, automotive glass, seats, moulding and forged parts and others. Many of these manufacturers are producing under world standards and have ISO 9000 certification. Spare parts for all present automobile brands in the world are manufactured and exported mainly to EU countries and South America, North and South Africa, Middle East, Turkic Republics and the Far East

3.1.3. Main Metal Industry

Konya is one of the major production centers in the foundry industry. There are hundreds of companies are active in the field of **metal casting** in Konya.

The foundry sector produces in 4 main branches (sphere, cast iron, steel foundry, aluminum).

3.1.4. Furniture Manufacturing Industry

The sector is experienced in both Office and home furniture. One of our companies has become the export leader in the office furniture sector in our country.



3.1.5. Food Production Industry

Konya, with the characteristic of being “the grain store” of Turkey, accommodates most of the brands in the food sector. It is the leader of Turkey in flour, salt and sugar production. Other leading products are: crushed grain products, chocolate and candies, sugar, salt and oil.

3.1.6. Leather and Leather Products Manufacturing Industry

The Konya shoe industry is capable of manufacturing all parts needed for the production process. Furthermore, shoe machine production is also being realized in Konya. The largest wholesaler in the sector of Turkey is in Konya.

In this sector, there are about 2000 enterprises and 18.000 employees are employed in these enterprises. In the shoemaking industry, the production capacity per year is about 15-20 million pair shoes.

3.2. INDUSTRIAL INFRASTRUCTURE

3.2.1. Organized Industrial Zones

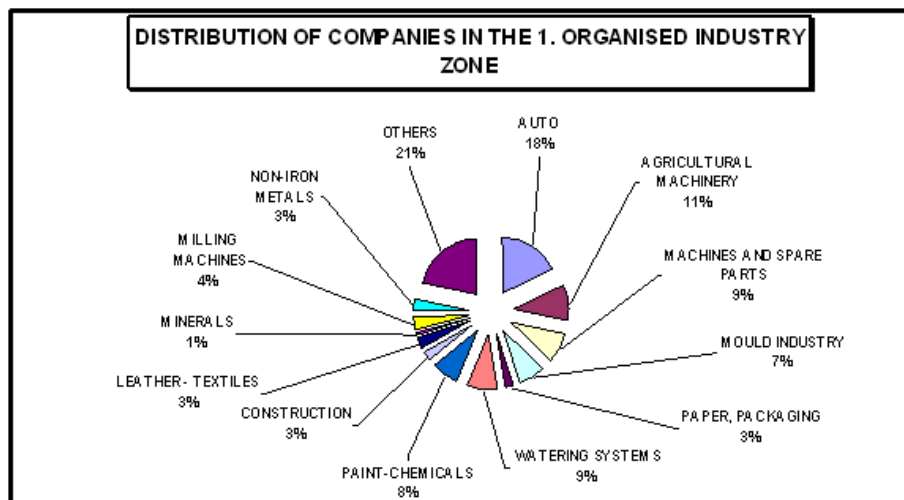
The Organized Industrial Zone in Konya is one of the most fast developed and planned industry zones in Turkey. In Konya, there are 2 Organized Industry Zones and one private Organized Industry Zone (BUSAN).

At the districts of Konya, there are also 7 developing organized industry zones.

| Name | The number of company | Capacity | Area (HA) |
|------------------------------------|---------------------------|------------|-----------|
| Akşehir Organized Industry Zone | 35 | 106 Parcel | 57 |
| Beyşehir Organized Industry Zone | 3 | 76 Parcel | 100 |
| Çumra Organized Industry Zone | 3 | 22 Parcel | 62 |
| Ereğli Organized Industry Zone | 38 | 61 Parcel | 258 |
| Karapınar Organized Industry Zone | 4 | 28 Parcel | 200 |
| Kulu Organized Industry Zone | Infrastructure continues. | | 400 |
| Seydişehir Organized Industry Zone | 10 | 56 Parcel | 150 |

3.2.1.1. 1st Organized Industrial Zone

I. Organized Industrial Zone has been operating since 1970 and it has established on 1.150.000 m² area. There are 167 companies in the fields of mainly agricultural machinery production, mill machinery production, automotive related industry, moulding industry, food industry, plastic cleaning substances production, textiles, packaging, electrical devices, elevator production, construction and related machinery production, tools and tool tables etc. And almost 3.500 employee works in this industrial zone.



3.2.1.2. Konya Organized Industrial Zone (KOS)

2nd and 3rd Organized Industry Zones are consolidated under the name of Konya Organized Industrial Zone (KOS) in 2006. The total area of KOS is 12 million m² today. Until the end of 2011, the area of KOS will reach 16 million m². According to the expansion plan, the total area of KOS will reach 25 million m² in the next 5 years.

There are 339 companies with almost all of them already in currently producing. The main sectors of production in this zone includes automotive spare parts, food, machines, mill machines, agricultural machines, heating and cooling system, metal, deep well water pump, construction, furniture and wooden product, trailer and dumper, paper, casting, rubber and latic, plastic, recycling, chemistry, food, cosmetic, textile, packaging, solar energy, lube oil, animal food, paint, hydraulic.

Konya Organized Industrial Zone is one of the biggest Organized Industrial Zones of Turkey. Konya Organized Industrial Zone, which is the most suitable environment for investment, gives investors many advantages via its state-of-the-art infrastructure, well-trained and competitively priced work force and synergy with universities.

The primary features of Konya Organized Industrial Zone are:

- Electricity infrastructure that has totally 407 MWA power,
- 65 km asphalt covered roads and bordure zones of 300 km²,
- Drainage and rain water infrastructure of 100 km,
- Border walls of each parcels, approximately 100 km,
- Drinking and utilization water network of 70 km,
- Full service with 50 staff and 15 vehicle on 24 hours 365 days,
- Natural gas network of 70 km,
- Totally 25.000.000 m²(12.000.000 m² are active and 13.000.000 M² Enlargement Zone)
- Scada infrastructure,
- Fire department,
- Health Centre,
- Construction and infrastructure services,
- Water network operation and division,
- Natural gas network operation and division,
- Drainage operation and overhaul services,
- Targeted 1.500.000 m² of green field,
- 150 Automotive sub-industry company,
- 1 billion USD of production capacity and 500 million USD of export rate,
- General services of the zone (Communication Centre, Restaurant, Hotel, Showroom, Conference Hall, etc.)

3.2.1.3. BÜSAN Private Organized Industrial Zone

Büsan Private Industrial Zone is established in 1996 as “Büsan Toplu İşyeri Yapı Kooperatifi”. After the delivery of the building, management board decided to continue as Industrial Zone in 6th month of 2002. After a few times Büsan 2 with 131 building, and in 2005 Büsan 3 with 121 building, joined to Büsan Industrial Zone.

This organized industrial zone has been established on 715.0000 m² area and there are 450 active companies. In Büsan Industrial Zone, 70% of the companies produce automotive spare parts. Other companies predominantly produce agricultural machines, marble machines, hydraulic crane, furniture, plastic, glass, aluminum, steel plant, food, cosmetics, chemical, petroleum product and other sectors.

10% of CNC machines in Turkey are in Büsan Industrial Zone. Each of the companies in industrial zone has at least 3 CNC machines. 60% of the companies in Büsan Industrial Zone export and import and there are 10000 people working in Büsan Industrial Zone.



3.2.1.4. Small Industrial Sites

In Konya, there are 38 small industry sites and 6.800 enterprises are active in these sites. Employment capacity of these small industrial sites is 15.330.

| Place | The Number of Small Industrial Sites | Number of Enterprises | Employment |
|--------------|--------------------------------------|-----------------------|------------|
| Konya Center | 15 | 4.204 | 9.220 |
| Districts | 23 | 2.596 | 6.110 |
| Total | 38 | 6.800 | 15.330 |

4. FOREIGN TRADE

Konya want to take part in the international markets and in this respect, the enterprises in Konya have the potential to open the international markets.

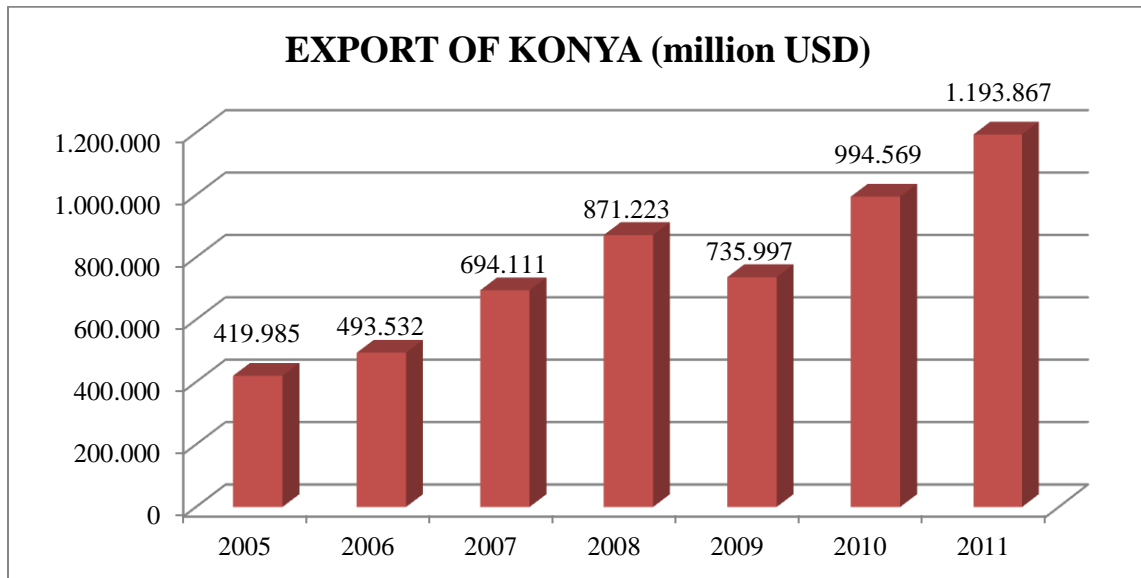
The foreign trade of Konya increases parallel to the positive developments in the Turkey's foreign trade. With 80 different fields of production, the industrialists of Konya will be able to export these products to a higher amount.

The Number Exporter Companies in Konya

| Year | Number of Companies | Export |
|------|---------------------|-----------|
| 2005 | 679 | 419.985 |
| 2006 | 779 | 493.532 |
| 2007 | 852 | 694.111 |
| 2008 | 919 | 871.223 |
| 2009 | 974 | 735.997 |
| 2010 | 1.086 | 994.569 |
| 2011 | 1.200 | 1.193.867 |

Source: Turkish Exporters Assembly

Take a look at the export figures, Konya has an increasing progress and the export potential rises day to day. As a regional city, Konya is an important address for the investments in Turkey. 15 year ago, the total export of Konya was 27 million USD. In 2011, the export of Konya has reached about 1.2 billion USD.



The countries where export is engaged in after Europe is North African countries, Middle East, Far East and Latin America respectively. The biggest sectors of export to those countries were auto spare parts, marble, machines, food and plastic products. The industry sectors which attracted most investment was textile, food, automotive related-industry, plastic and agricultural pesticides.

Konya Export Figures Based on Countries (2005 - 2011) (million USD)

| Country | 2005 | Country | 2011 |
|--------------|------|---------|-------|
| Iraq | 56,8 | Iraq | 155.9 |
| Germany | 30,2 | Italy | 89.1 |
| Italy | 27,3 | Iran | 77.6 |
| Saudi Arabia | 20,6 | Germany | 68.6 |
| Iran | 19,4 | Libya | 55.5 |

Source: Turkish Exporters Assembly

In 2011, Iraq is at first rank of export of Konya. Italy, Iran, Germany and Libya are the other most exported countries of Konya.

5. TRANSPORTATION

Transportation is indispensable factor for the development of trade and industry. Throughout history Konya was located along important trade roots and it has been one of the most famous stops on the historic Silk Road. Konya is at the crossroads of east-west and north-south.

The transportation in Konya is provided by highways, railways and airways. Weather its wideness of area or its geographical location in Turkey, Konya is one of the cities, whose road length is the most.

Konya is well connected to all areas of the country, with a good bus network. The main bus station is 3km north of the city, and from there regular services include Istanbul (10 hours), Izmir (8 hours), Nevsehir (2½ hours), Ankara (3 hours) and Antalya (6 hours). There is a tram into the city, and many minibuses. Konya is an important connection route in today's roads from East to West and North to South.

The railway led to merchants and civilians to start business and build their homes around the station of Konya. This railway still exists today and is the main connection of Konya to its Middle Eastern neighbors such as Syria and Jordan. There are direct trains to İstanbul, Adana, Afyon, Gaziantep and Isparta. Besides there direct trains to Istanbul and Izmir ports and railway to Mersin Port.

Besides in 2011, high-speed line construction project between Ankara-Konya was completed.

Prior to the construction of the line, journeys between Ankara and Konya took over 7 hours. The new high-speed line is 320 km in length, with a journey time of 1 hour and 15 minutes.

At the airway transport, there are daily flights to and from İstanbul which allows people to reach every corner of the rest of the world.

6. RESEARCH & DEVELOPMENT

As a city the biggest step taken towards R&D is the industrialists investment educated employees capable of carrying out the R&D responsibilities of the company. The government is also offering assistance in R&D with the establishment of Technoparks.

Konya Technocity Technology Development Services Joint Stock Co. was established on 23rd July 2004 by partnership of Selçuk University Sustentation and Development Foundation, Konya Chamber of Industry, Konya Chamber of Commerce, Konya Exchange of Commerce and Konya Organized Industrial Zone.

Companies which will develop their R&D projects have begun locating in 10.000 m² modern building that has been allocated by Selçuk University to Konya Technocity.

Konya Teknocity is one of the fastest developing technoparks in Turkey with its more than 100 tenant companies. Konya Teknokent is one of the five technoparks in Turkey that are full members of IASP, International Association of Science Parks located in Spain.

Making use of Selçuk University's well educated and highly qualified graduates, Konya Teknokent became one of the fastest growing technoparks in Turkey.

Konya Teknokent provides offices for rental to technology companies. Open area is also provided upon demand of companies which prefer to construct their own buildings.

Facilities at Selçuk University Campus and Konya Teknokent Campus such as seminar and meeting rooms, conference halls, restaurants, cafe, fitness center, shopping center, library, bank offices, ATM's, post office, 5-star hotel, fitness center, sports facilities, swimming pool etc. are available to tenants of Konya Teknokent. Laboratories of Selçuk University are accessible with reasonable prices to Konya Teknokent tenants.

There are more than 100 tenant companies in Konya Teknokent. Tenants are from all over Turkey and some from abroad. 20 % of tenant companies are established by academicians.

R&D staff and exchange academics and researchers from foreign companies, organizations and institutes are allowed to join and work tax-free according to Technology Development Zones Law. Compared to European countries R & D costs and wages are remarkable reasonable with fast results and revenues.

Supports given for R&D activities:

- Corporation tax exemption
- Income tax exemption of staff
- Foreign researcher employment
- Prefector employment

Subjects having priority:

Biotechnology

- Handling
- Hybrid seed production
- Genetic engineering
- Agricultural medicine technologies
- Organic agriculture
- Advanced technology manures
- Food technologies
- Food safety

Machine

- Defense industry
- Mechatronics
- Hardware tools
- Smart machines
- Industrial robots
- Automation technologies
- Advanced materials
- Clear energy

Electronic – Computer

- Software
- Industrial automation
- Mechatronics
- Telecommunication
- Defense industry
- Security
- Mobile device software and its development
- Smart home & office devices
- Active usage of information technologies on SME
- Medical devices and medical electronic
- Expert systems



Chemistry & Environment

- Process technologies
- Process automation technologies
- Environment technologies
- Nanotechnology
- Polymers
- Clear energy

Material science

- Advanced materials
- Semi conductive technology
- Nanotechnology
- Polymers
- Ceramics

Facilities will be presented to entrepreneurs by Technocity;

- Office
- Researcher support
- Laboratory service
- Library service
- Consultancy support (such as financial, legal)
- Communication services
- Social activities (such as session, exposition, seminar, symposium, etc.)

7. COMPETITIVE ADVANTAGES OF KONYA

Preserving the character of being an attraction center throughout history Konya is both a regional and a national power, and a city that attracts more and more attention of international markets.

In a globalizing world it can be observed that cities actually compete with each other. The position in urban competition is proportional with the amount of local know-how and experiences or in a broader sense with local accumulation. The strengthening of these accumulations with international support puts the cities or the sectors in these cities forward in international competition.

Konya is one of the few cities that caught up with national competition in many sectors.

It maintains to carry this competition into the international arena and to provide its sustenance.

The competitive advantages of Konya can be summarized as follows:

- Strategic location between West and East
- Developed transportation means
- Capital of Anatolia (historic magnet for the region, entrepreneur spirit that comes from past)
- Diversified activities (Reduced risk of economic crisis)
- Vast amount of area in Industrial Zones
- Techno park
- Universities
- Cereal warehouse of Turkey
- Availability of cheap, flat lands with low rents (largest available area of Turkey),
- Almost no danger of earthquake
- Dry air favoring metal resistance
- Rapid growth of qualified work force
- Young, skilled open minded population
- Developed industrial manufacturing in
 - Automotive spare parts,
 - Flour milling machinery - well-known city in the world
 - Food industry,
 - Chemical industry,
 - Footwear,
 - Plastic products,
 - Agricultural machinery.