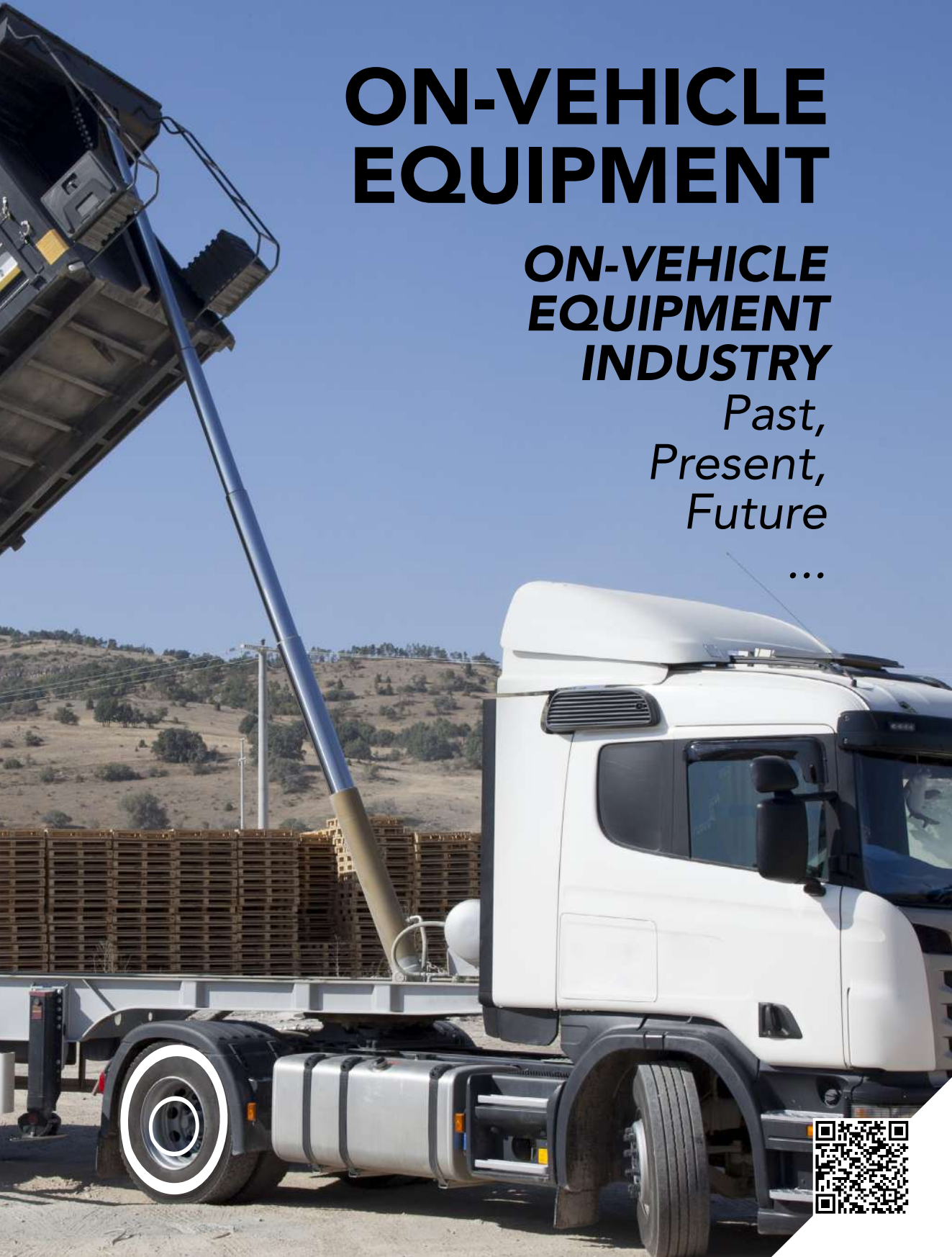


ON-VEHICLE EQUIPMENT

**ON-VEHICLE
EQUIPMENT
INDUSTRY**

*Past,
Present,
Future*

...





1882

KONYA TİCARET ODASI
KONYA CHAMBER OF COMMERCE



PROJECT OWNER
KONYA CHAMBER OF COMMERCE



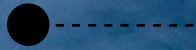
PROJECT CONTROLLER
Hüsamettin GÜNGÖR
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Burhanettin DİKBAŞ



**SECTORAL INFORMATION AND
STATISTICS**
Konya Chamber of Commerce
Konya ABİGEM



COMPILED AND PREPARED BY
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Konya ABİGEM



1882

KONYA TİCARET ODASI
KONYA CHAMBER OF COMMERCE

KONYA TİCARET ODASI
TUTAN KONYA ULUSLARARASI
PİYAR MERKEZİ

0312 / 2174400



KONYA TİCARET ODASI
MEMNUN KONYA
KONYA



TO KONYA MERKEZİ

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%.

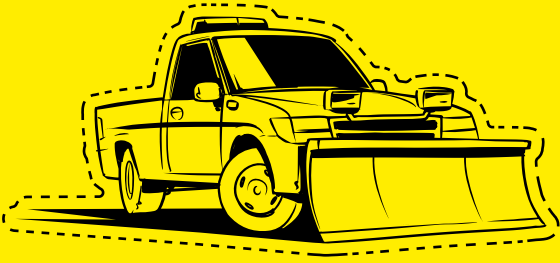


In the last fifteen years, Türkiye's average in export has increased 5 times and Konya has increased its export 15 times and has written a success story around the world. Today, Konya has potential to receive 3% share from Türkiye's export in the next decade. While Konya industry which allows production 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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ON-VEHICLE EQUIPMENT INDUSTRY

Past,
Present,
Future

...

ON-VEHICLE EQUIPMENT





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.



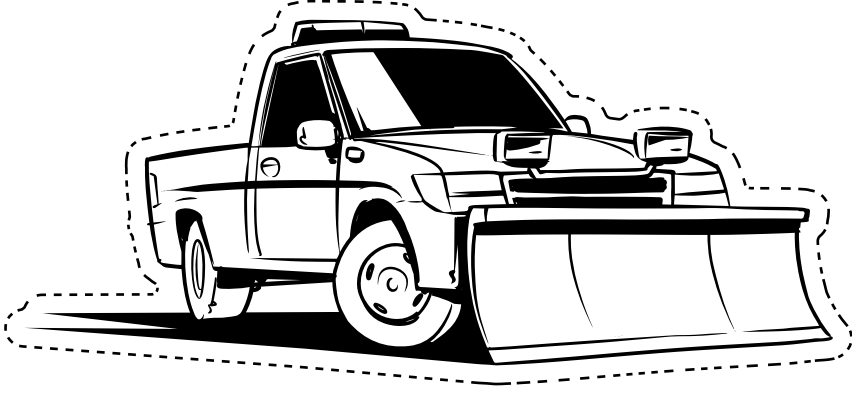
Konya has about 40% of Türkiye's share in the production of on-vehicle hydraulic cranes only

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ON-VEHICLE EQUIPMENT INDUSTRY

OVERVIEW

With its successful performance in production, rising per capita income, and increased quality of living standards, the only way for Türkiye to achieve its 2023 targets is through high-added-value production. At the helm of the sectors that will provide the necessary infrastructure for this production is the on-vehicle equipment sector. The fact that the products manufactured in the on-vehicle equipment sector are mostly used in the production processes of different products showcases the dynamism of the sector. Türkiye is determined to become one of the world's leading countries in the on-vehicle equipment industry. Most of the sub-sectors in the industry report a foreign trade surplus every year, paving the way for larger investments that are likely to be realized in the coming years. Konya is one of the cities making Türkiye's name known in the world

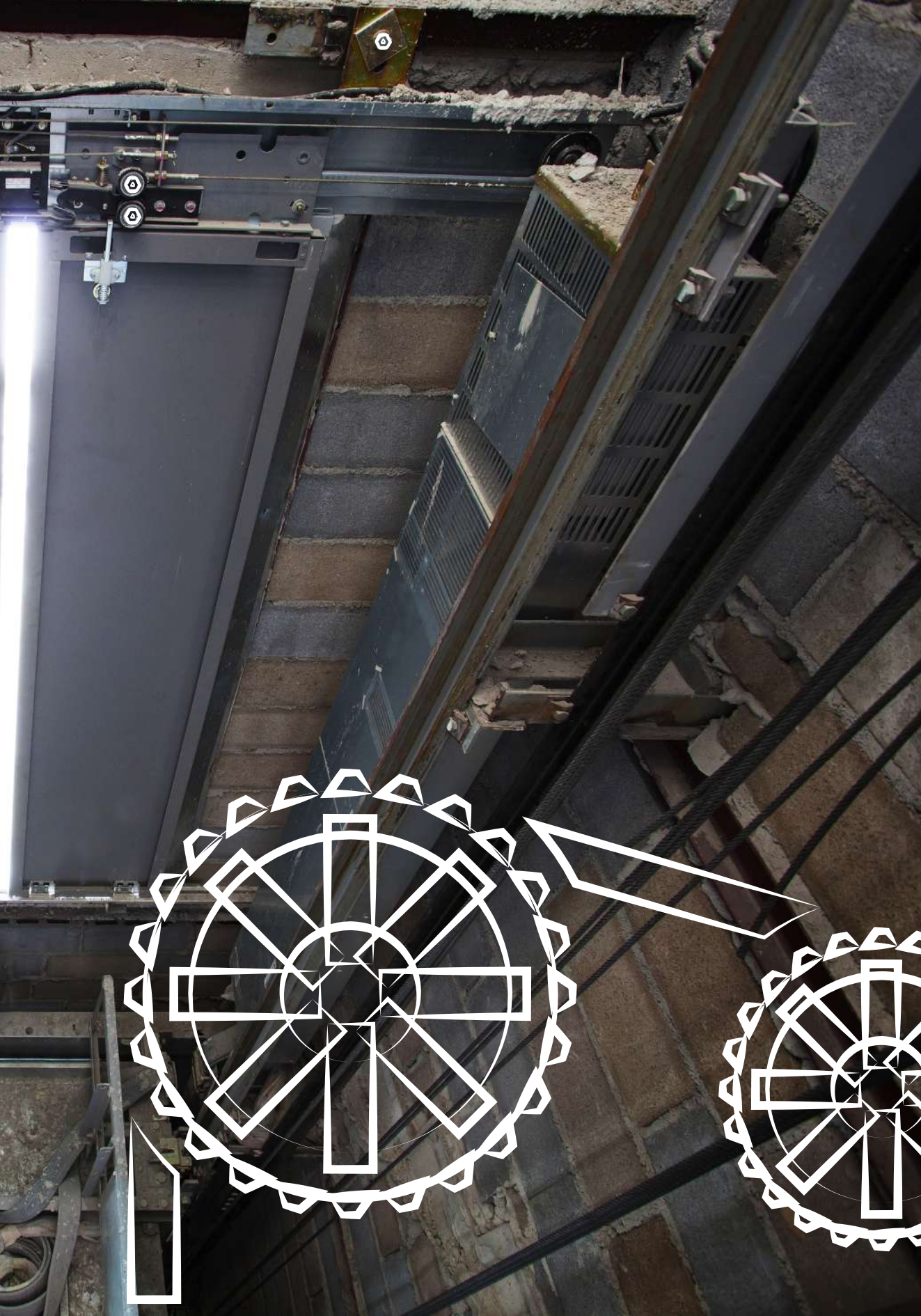


of the on-vehicle equipment sector. Konya is growing every year and making significant contributions to the country's economy thanks to its quality work in the on-vehicle equipment sector, from the production process to distribution. Konya needs to become one of the leading centers in the world for the production of on-vehicle equipment in order to carry its overall production forward and support Türkiye's national goals. The most viable way to do this is through R&D, technological investments, and a qualified workforce. Considering the increase in public-private partnership investments around the world, the initiatives of the manufacturers in the Konya on-vehicle equipment sector for such a development will undoubtedly increase the amount and quality of production in Konya.

**Konya is
Türkiye's
strong city
in on-vehicle
equipment
sector**

...







Konya; has always attracted attention **with its location on the Silk Road.**





WHY KONYA?

Konya, which has been a frequent destination for important trade routes throughout history, has always attracted attention with its location on the Silk Road.

Before the establishment of the republic, Konya had a largely self-sufficient economy and a small-scale, non-manufacturing industrial structure. In the first years of the republic, Konya had an agricultural economic structure where 45% of the active population worked in agriculture. It was one of the more important manufacturing centers in Türkiye, considering the conditions at the time.

Today, Konya serves as a locomotive to the provinces in its hinterland as an agricultural, commercial, industrial, and touristic attraction center for both the country and the Central Anatolia Region. This role makes Konya an important city with significant contributions to the country's economy. In addition to its agricultural nature, Konya is also a production base that has taken on the task of being an industrial center in recent years.



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

Kaynak: TÜİK, 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
Holland	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
Konya Total	1.991.692	2.157.553	3.003.842	3.277.252

The annual export figures of Konya have increased visibly, especially in the 2020-2021 COVID-19 pandemic period. Export values to countries on different continents of the world also highlight the development of the economy and the increase in its international quality. Among the countries to which Konya exports the most in 2022 are Iraq, Germany, the Russian Federation, and the USA. The most exported country in 2021 is the USA. In 2022, most exports were made to Iraq.

There are more than 350 companies in the vehicle and on-vehicle equipment sectors in Konya, among other industries. It is possible to examine the on-vehicle equipment sector, which has a wide range of products since it can produce final goods in itself as well as meet the intermediate goods needs of other sectors, in three sub-sectors: cranes, elevators, and, trailers.

In the sector, cranes, funeral service vehicles, fuel tankers, garbage semi-trailers, dumpers, meat transportation boxes, food transportation boxes, hydraulic compressed garbage trucks, fire trucks and accessories, snow plows, trenching vehicles, water tankers, telescopic platforms, vacuum trucks, road sweepers, and similar vehicles and on-vehicle equipment are produced, along with different types of elevators and elevator equipment. Konya plays a leading role in this regard for the country; the city has approximately 40% of Türkiye's share in the production of on-vehicle hydraulic cranes.

In parallel with the rapidly developing technological environment, the need for highly qualified intermediate staff has also increased. In the on-vehicle equipment sector, a highly-qualified workforce and the infrastructure that will provide training for the said workforce are of strategic importance. For this reason, the importance of institutions that train qualified intermediate staff is gradually increasing. Vocational schools and high schools play an important role in this aspect and the realization of local development.

In the 2020-2021 academic year, 13,953 students graduated from vocational and technical institutions, of which 6,780 are male, and the rate of graduates in this field in Türkiye is 2.7%. (National Education Statistics-Formal Education, 2022)

The presence of Türkiye's third largest technocity, a TÜBİTAK-supported science center, and a Regional Innovation Center in Konya contributes to the preparation of the necessary infrastructure for R&D and innovation in the sector. Intermural harmony also stands out as another advantage for the city.

The products of the on-vehicle equipment sector in Konya are important in terms of their ever-increasing export values. The fact that Konya has a transportation network to various regions also facilitates trade in terms of logistics.

**Garbage
containers
are 100%
domestic
production**

...





ON-VEHICLE EQUIPMENT INDUSTRY IN TÜRKİYE

It is known that, after the 1950s, small but important steps have been taken in terms of on-vehicle equipment production in Türkiye, as in all countries in the world. In today's Türkiye, which has reached the point of domestic production from the past's external-dependent production structure, almost all on-vehicle equipment products can now be produced domestically.

The main deciding factor behind this progress was the Turkish

investors' decades-long efforts to improve themselves and their production techniques. In recent years, companies have also made efforts to increase the added value of their products in the on-vehicle equipment sector.

In Türkiye, nearly 2,000 companies operate in the on-vehicle equipment sector. All of the garbage containers used at the country level are made with 100% domestic production and are not imported. Even though the



companies producing on-vehicle equipment are small-sized, there are approximately 100,000 people employed in the sector.

While Türkiye has turned to African countries for the export of crane products in recent years, the country has also appeared on European markets. In terms of on-vehicle equipment products, Türkiye supplies a large percentage of its exports to countries in the east of its borders, such as Iraq,

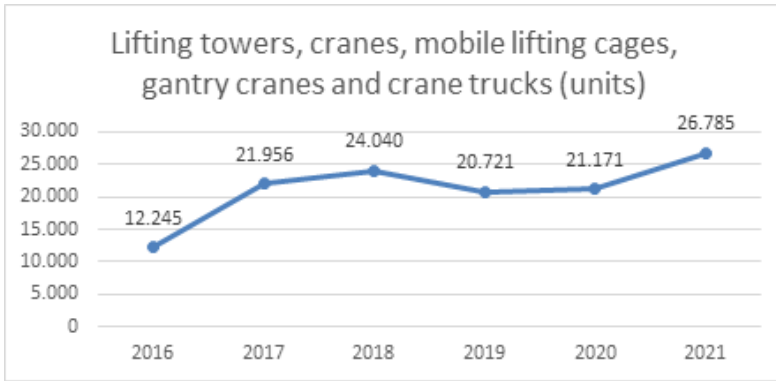
Kazakhstan, Azerbaijan, Georgia, and Bangladesh. Petrostates in the Middle East (Iraq, Saudi Arabia, Yemen, Qatar, etc.) come to the fore in Türkiye's export of trailer products. European countries such as Italy, Germany, Romania, Norway, and Spain stand out as the most exported countries in Türkiye's crane exports.

**Machine and
manufacturing
industry is
in the first
place in
Konya's
export today**

...

Graph 1: Crane and Related-Products Production (units)

Source: TOBB, 2022



In the last 6 years, the production of hoisting towers, cranes, and gantry cranes with mobile hoisting cages and crane trucks has more than doubled in Türkiye. The reason for this was not only the demand in the domestic market but especially the demand from abroad. While the production amount was 12,245 units in 2016, it reached 26,785 units in 2021, with an increase of more than 100%. According to the data obtained from the TOBB Database, in 2022, the production capacity in Konya was 34,244 in the product group designated "28.22.14.60.00-Hoisting equipment, for mounting on road vehicles".

Graph 2: Trailer Production (units)

Source: TOBB, 2022



A similar increase in production has also been experienced in the production of trailers in the last six years. Trailer production in 2016 increased approximately 3 times in 2017 and stabilized over time, reaching 47,163 in 2021. The stagnation in the markets, especially after the COVID-19 pandemic, didn't hurt the production of trailers and on-vehicle equipment. According to the data obtained from the TOBB Database, in 2022, Konya's production capacity was 18,158 in the product group "29.20.23.00.00-Other trailers and semi-trailers, for carrying cargo".







ON-VEHICLE EQUIPMENT INDUSTRY IN KONYA

In the on-vehicle equipment sector, Konya stands out as one of the most important centers for supporting Türkiye's progress in production over the years. It is observed that the sector grows each year thanks to the incentives offered to investors in the production of on-vehicle equipment in Konya. This increase in production is also supported

by technology investments, thus increasing the quality of on-vehicle equipment production in Konya. When the companies' percentage distribution of sales is analyzed by years, it is observed that the share of exports has increased in both manufacturing and wholesale/retail trade companies in the last 4 years.

Chart 2: Foreign Trade Data at ISIC REV 4 Level by General Trade System

Source: TURKSTAT

2816 Manufacture of lifting and moving equipment	Konya's Exports (\$)	Konya's Imports (\$)
2019	38.807.093	2.297.645
2020	54.342.931	4.889.011
2021	84.198.842	6.279.811
2022	114.101.313	8.401.245

In 2022, the export figures of Konya's lifting and moving equipment products increased by approximately 35% compared to the previous year.

Chart 3: Major Product Groups in the On-Vehicle Equipment Sector in Konya

EQUIPMENT GROUPS	VEHICLES/EQUIPMENT
<p>CRANES (Man or motor-powered lifting, carrying, loading, or unloading machinery)</p>	<ul style="list-style-type: none"> • Cranes, • Crane pulley, • Freight elevator, • Windlass • Anchor windlass, • Jack, • Lifting and moving towers, • Mobile lifting cages etc.
<p>TRAILERS</p>	<ul style="list-style-type: none"> • Parts of trailers, semi-trailers, and other vehicles without mechanical actuators (bodies, cases, axles, and other parts of these vehicles), • Bodies, cabins, coupes, trailers, and tippers for motor land vehicles (cars, trucks, pickup trucks, buses, minibuses, tractors, dump trucks, and bodies of special purpose motor land vehicles).
<p>SPECIAL-PURPOSE LAND VEHICLES</p>	<ul style="list-style-type: none"> • Garbage truck, • Road cleaning vehicles, • Armored transport vehicles, • Mixing truck, • Crane truck, • Fire truck, • Ambulance, • Motorcaravan, etc. • Containers (including specially designed containers for one or more modes of transport).





Tower Cranes / Cranes

Cranes are investment tools that are needed all over the world. The produced cranes are used by crane operators, construction and steel construction companies, industrial plant operators, public institutions, and large-scale companies. In the field of on-vehicle crane manufacturing, more than 3,000 employees are working in the sector as of 2022.

The crane industry in Türkiye has a wide variety of product lines. Recent economic growth is also reflected in the crane industry. Furthermore, it seems that the importance of the crane industry will continue to increase thanks to the 1,000 large-scale projects worth 750 billion dollars planned for the next 10-15 years, in line with Vision 2023. The Turkish crane industry meets almost all of the domestic demand.

The industry has serious potential in Konya. A significant part of the demands coming from the Turkish market are met by the operators from the city. Rentals are also available in other Turkic Republics such as Turkmenistan and Kazakhstan.

Trailer / Semi-Trailer

Thanks to its geographical location, Türkiye is a transportation corridor and logistics hub. In addition, with the tightening of weight controls, the return to the tow truck + trailer combination instead of trucks has gained momentum in domestic transportation. This development and activity increase the popularity of tautliner and/or tent trailers used in international and domestic transportation. Turkish semi-trailer manufacturers are taking important steps with each passing day in order

to increase the quality of their semi-trailers required for transportation by European standards. Türkiye has a significant market share in the Turkic Republics, Russia, the Middle East, Africa, and especially Europe. The country is among the top four trailer manufacturers in Europe.

The number of companies operating in the trailer and semi-trailer sub-sectors is over 700. The combined direct employment capacity of these two sectors is over 15,000 people, and the sector continues to grow in Konya. In addition to the production of trailers and semi-trailers, parts integrated into main components, such as trailers, are also heavily produced in the region. These are; moving (axle), lifting (cylinders), other hydraulic and pneumatic components, engine parts and components (valve, piston, lining, crank), motor land vehicle body (hood), and other parts and accessories for motor land vehicles.

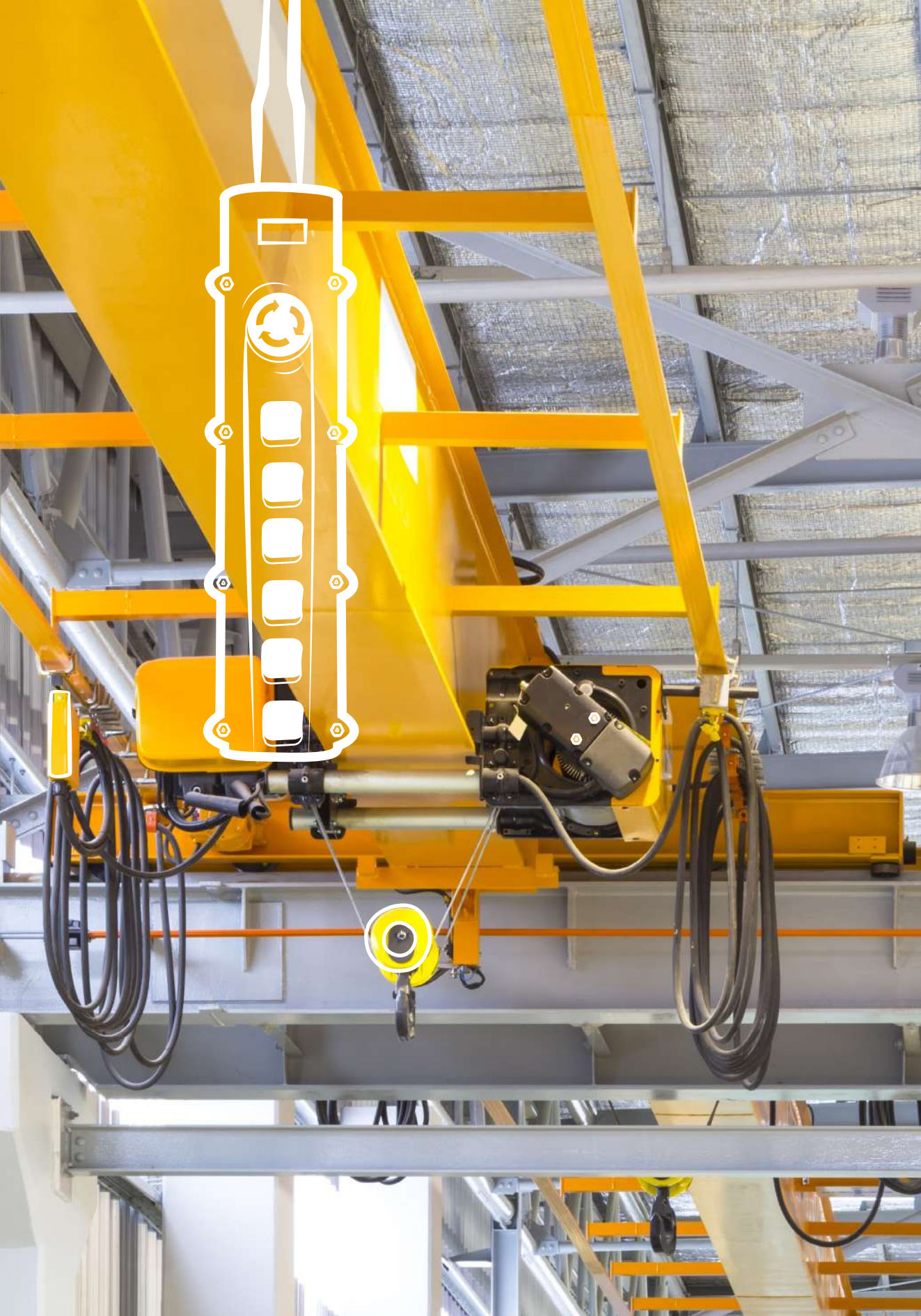
Damper

Türkiye can be considered a damper hub. All parts of the damper cases, which are divided into two types (rock-type and normal type), are manufactured domestically.

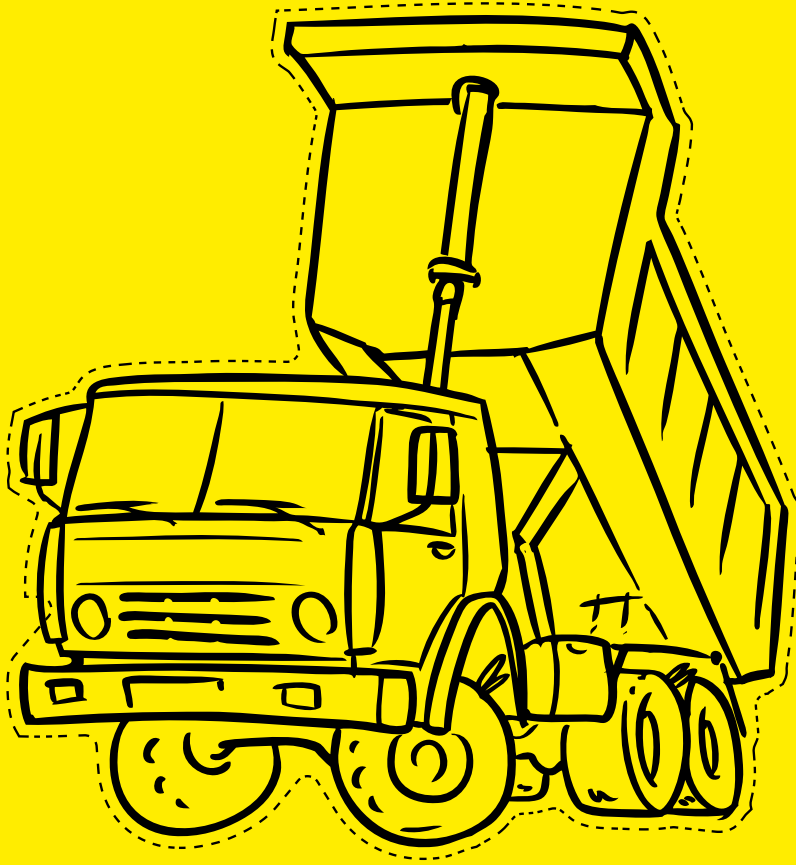
Rock-type damper bodies, which are generally built on large-capacity trucks, are especially used in quarries and dam construction. Normal-type damper bodies are generally produced in 3-5 m³ volumes.

Konya takes an important share in damper production and sells not only domestically but also to all of Europe, Africa, and the Arabian Peninsula.









PRODUCTION GROUPS BY SUB-SECTOR

Production of Cranes and Crane Systems

When crane manufacturing in Konya is evaluated based on sub-sectors, its importance in certain production branches also becomes evident. In Konya, there are 84 manufacturers included in this sub-classification and registered in the TOBB industry database. In addition, there are SME-qualified companies that provide production support to these manufacturers.

Compared to the number of manufacturers registered in the Turkish crane manufacturing sector, it is observed that Konya has a share of 22% in this field. Konya also has a significant share of 20% in the total number of employees in crane production in Türkiye. More strikingly, its share in the production of "land vehicle mounted cranes" is 40%.

Chart 4: Türkiye and Konya Outlook in Crane Sub-Sector

Source: TOBB, 2022

Crane Production	Registered Manufacturer	Registered Manufacturer	Number of Employees	Production Capacity
Bridge cranes on a fixed support	KONYA	19	521	3.953
	TÜRKİYE	86	2.938	16.722
	%	%22	%18	%25
Transport cranes, gantry cranes, and bridge cranes	KONYA	10	482	5.85
	TÜRKİYE	33	1.306	2.357.567
	%	%30	%37	%0,24
Mobile or pedestal jibs with tower cranes	KONYA	13	569	400
	TÜRKİYE	49	2.055	3.780
	%	%27	%28	%13
Rubber-tired self-propelled cargo crane vehicles	KONYA	8	291	623
	TÜRKİYE	34	1.101	427.782
	%	%24	%26	%0,14
Cranes mounted on land vehicles	KONYA	24	1.238	25.613
	TÜRKİYE	84	5.020	63.446
	%	%29	%25	%40
Overhead bridge cranes, tower cranes, transport cranes, gantry cranes, mobile and pedestal jib cranes, mobile lifting cages and Rubber-tired carriers with straddle-type chassis (excluding straddle carriers)	KONYA	10	257	1.125
	TÜRKİYE	98	4.102	182.740
	%	%11	%6	%0,57
KONYA	TOTAL	84	3.358	37.564

Production of Trailers and Trailer Parts

Regarding the production of trailers and trailer parts, Konya has 36% of Türkiye's total production capacity in the "other parts for trailers and semi-trailers" class. The city also has 30% of the trailer axle production capacity in Türkiye. In this sense, with a certain degree of specialization and

production, Konya has important shares both in the domestic market and in exports, along with great potential in the production of trailers and bodies for trailers. Chart 5 shows the current situation regarding these issues.

Chart 5: Overview of Türkiye and Konya in the Production of Trailers and Trailer Parts

Source: TOBB, 2022

Production of Trailers and Trailer Parts	Registered Manufacturer	Registered Manufacturer	Number of Employees	Production capacity
Trailers and semi-trailers	KONYA	94	2.013	19.005
	TÜRKİYE	422	16.281	116.82
	%	%22	%12	%16
Chassis	KONYA	7	429	1.230
	TÜRKİYE	104	7.192	277.579
	%	%7	%6	%0,44
Bodies	KONYA	12	217	406
	TÜRKİYE	108	3.141	394.891
	%	% 11	%7	%0,10
Axles	KONYA	7	340	192.533
	TÜRKİYE	22	1.881	632.214
	%	%32	%18	%30
Other parts for trailers and semi-trailers	KONYA	37	1.884	30.258
	TÜRKİYE	97	7.785	83.278
	%	%38	%24	%36
KONYA	TOTAL	157	4.883	243.432

Additional Machinery Production

In Konya, there is significant production capacity and employment in sub-branches that are specialized in the production of additional machinery mounted on vehicles. In this field, where specific and custom machinery such as “deck

cranes, cranes, mobile lifting cages, crane trucks, bulldozers, leveling shovels, excavator grapples, clams, and buckets” can be produced, 23% of the current production in Türkiye is located in Konya and carried out by 23 manufacturers.

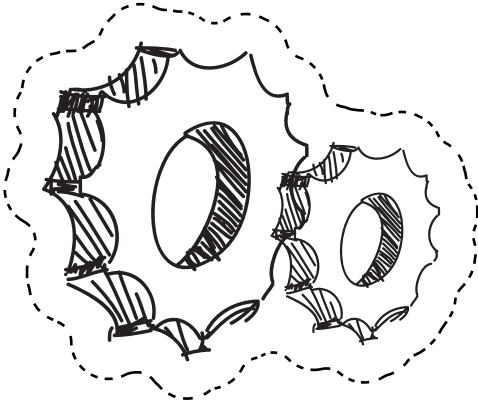
Chart 6: Overview of Türkiye and Konya in Additional Machinery Production

Source: TOBB, 2022

Additional Machinery Production	Registered Manufacturer	Registered Manufacturer	Number of Employees	Production capacity
Parts and components of lifting, stacking, loading, and unloading machinery	KONYA	23	624	14.511
	TÜRKİYE	153	6.468	70.125
	%	%15	%10	% 21
Deck cranes, cranes, mobile lifting cages, crane trucks, excavator bulldozers, leveling shovels, etc.	KONYA	23	518	3.746
	TÜRKİYE	99	3.394	37.373
	%	%23	%15	%10
Cast iron and steel parts of crane trucks, crane trolleys	KONYA	15	424	3.459
	TÜRKİYE	143	8.023	132.040
	%	%11	%5	%3
KONYA	TOTAL	61	1.566	21.716





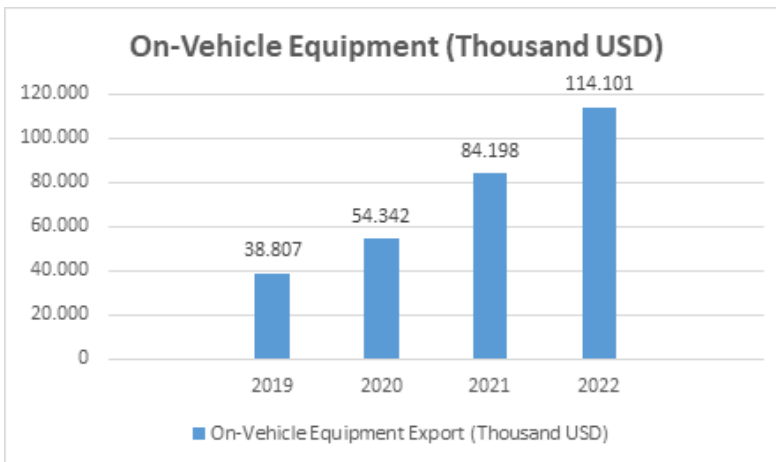


FOREIGN TRADE STRUCTURE OF THE INDUSTRY

Konya extends its reach to new markets every day by identifying new target markets for on-vehicle equipment exports, diversifying products according to target markets, and evaluating demands.

Graph 3: Konya On-Vehicle Equipment Export (Thousand USD)

Source: TURKSTAT, 2022



As seen above, Konya on-vehicle equipment exports follow a serious upward trend in the 2019-2022 period. While it was 39 million dollars in 2019, it exceeded 114 million dollars with an increase of 194% in 2022.

INVESTMENT INCENTIVE PRACTICES IN THE ON-VEHICLE EQUIPMENT 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 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.

Incentives provided to investments within the framework of these practices;

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			No	No	TL:3 Points Forex:1 Point	TL:4 points Forex:1 point	TL:5 points Forex:2 points	TL:7 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
	Discount 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, Hadim, 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 Forex: 2 Points
Investment Space Allocation		Yes	Yes	Var
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 or 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 Milyon 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 and 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 m ²
44	6302.0.03	Licensed warehousing ****	3 Million TL
45	80 (809 excluding)	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.



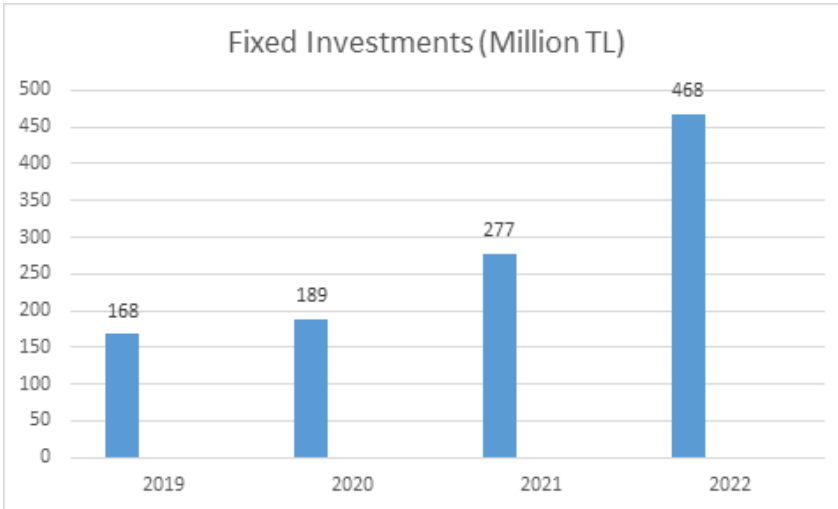


There is a fixed investment of 1.102 million TL and employment of 602 people in the province of Konya through 45 incentive certificates given between 2019-2022.

Chart 10: Incentive Certificate in Türkiye and Konya Province - On-Vehicle Equipment Investments

Source: Ministry of Industry and Technology-2022

Years		Certificate (Quantity)	Fixed Investment (Million TL)	Employment (People)
2019	Konya	5	168	96
	Türkiye	28	503	604
	Konya/Türkiye	18%	33%	16%
2020	Konya	12	189	141
	Türkiye	59	1.296	750
	Konya/Türkiye	20%	15%	19%
2021	Konya	11	277	135
	Türkiye	74	1.509	881
	Konya/Türkiye	15%	18%	15%
2022	Konya	17	468	230
	Türkiye	106	2.968	1.667
	Konya/Türkiye	16%	16%	14%

Graph 4: Fixed Capital Investments (Million TL-Nominal)**Source: Ministry of Industry, 2022**

Thanks to the new investments made both directly and with incentives during and after the COVID-19 pandemic, Konya has taken the position of a rapidly developing province in the on-vehicle equipment production industry. Konya continues to increase its investment speed and position in order to respond quickly to the domestic demand for this type of equipment and the developing demand for export.



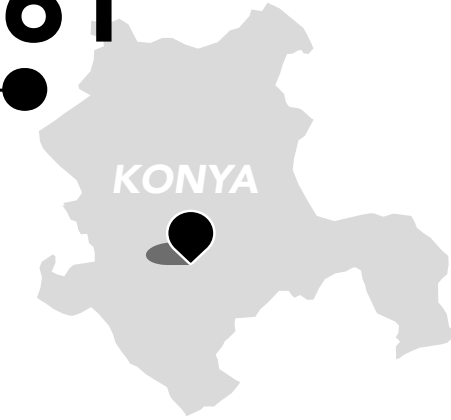








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REASONS TO INVEST IN KONYA

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The industrialization that started in Konya after the 1980s made the city known as one of the production centers of today's Türkiye. One of the most important sectors spearheading this development in Konya is the on-vehicle equipment sector.

The steps taken by the representatives of the industry together with the public sector have played a great role in the advancement of the on-vehicle equipment sector in Konya. In order to sustain this positive trend, the representatives of the industry must meet with the relevant public figures & institutions more frequently.

Today, Konya has arrived at the stage of developing internationally qualified brands after increasing its share in the on-vehicle equipment market. On the other hand, companies from Konya had the opportunity to develop both their investments and production technologies by gaining advantages in acquiring foreign partners within the international structure. It is known that the quality of the workers involved in the on-vehicle equipment sector affects the overall production quality, which has encouraged Konya to further develop its training structures with the partnership of the public and private sectors. Since the sub-sectors in the on-vehicle equipment sector require different areas of expertise, the training programs were created by considering the areas of specialization.

The use of the products manufactured in the on-vehicle equipment sector as inputs in various stages of the production processes of different sectors strengthens the position of the sector and highlights its importance once again. Konya, which has an important share of Turkish production in the sector, has the potential to meet the demands of the domestic and foreign markets. The city is also active in the European market and has a high capacity to open up to new markets.

Compared to its competitors in the foreign market, Konya's comparative advantage in labor costs in parallel to many other cities, the fact that the sector representatives work in harmony with the public sector, and the sector's openness to modernization are just some of the strengths of the city.

In addition to being a potential market, the close interest of Middle Eastern and North African countries and the fact that companies have the opportunity to export their products in the region in line with the demand from European countries reveal Konya's position as a center of attraction. Moreover, besides the importance that Konya gives to production throughout the city, the fact that steps are taken to support domestic and foreign investments in the sector as a whole warmly invites investors to the city.

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-İstanbul, 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 İzmir 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-İstanbul), Toros Express (İstanbul-Konya-Gaziantep), Central Anatolian Blue Train (Ereğli-Konya-İstanbul) and Meram Express (İstanbul-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 İstanbul and İzmir 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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KONYA TİCARET ODASI
KONYA CHAMBER OF COMMERCE