

MACHINERY INDUSTRY

**KONYA
MACHINERY
INDUSTRY**

*Past,
Present,
Future*

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1882

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**SECTORAL INFORMATION AND
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Konya Chamber of Commerce
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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%.

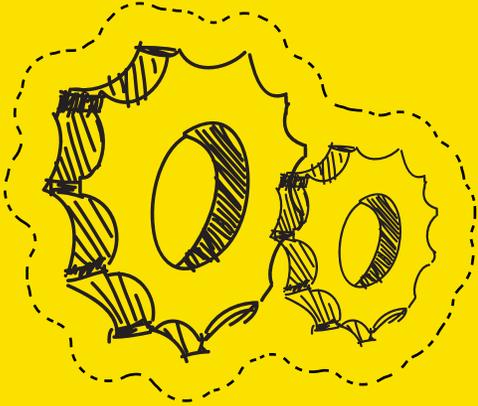


In the last fifteen years, Türkiye's average in export has increased 5 times and Konya has increased its export 15 times and has written a success story around the world. Today, Konya has potential to receive 3% share from Türkiye's export in the next decade. While Konya industry which allows production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

CONTENTS

- 5. Foreword
- 8. Introduction
- 10. Overview
- 12. Why Konya?
- 16. Machinery Industry In Türkiye
- 22. Machinery Industry In Konya
- 26. Production Groups By Subsector
- 42. Foreign Trade In Konya Machinery Industry
- 48. Investment Incentive Practices In The Machinery Industry
- 59. Sectoral Advantages
- 61. Reasons To Invest In Konya...
- 62. Konya and Logistics Potential



KONYA MACHINERY INDUSTRY

Past,
Present,
Future

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MACHINERY INDUSTRY





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.



OVERVIEW

The machinery manufacturing industry is the main sector of the general manufacturing industry that produces investment goods within the industrial sectors. The industry covers all of the sub-sectors labeled under “engineering industries” where machinery equipment, and spare parts are manufactured. In this context, the machinery manufacturing industry is defined as a priority sector with great importance in developed economies.

The machinery manufacturing industry has an important engineering and design dimension. Therefore, a production process supported by R&D and engineering is strategically important in terms of improving innovation and competitiveness in the sector.

A significant part of the production in the sector is made-to-order. In other words, the demand determines the supply. Also, adjustments and additions are made in the production machines according to the demanded products. Another important advantage of the sector is its qualified workforce. The role of the machinery sector in the economy is of great importance, thanks to its features such as providing inputs to almost all sectors in the manufacturing industry, paralleling the development of the manufacturing industry, being the driving force of other sectors, and mobilizing the engineering discipline.

**Key points
of machin-
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sector, R&D
and quali-
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work force**

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WHY KONYA

Konya, which has developed in the manufacturing and construction of small parts as well as repairing and re-operating broken machines in the machinery sector, is almost a base in the sector due to its geographical and geopolitical position from the past to the present. The most important factors in the sector's development are solution-oriented approaches and overall experience.

A well-equipped workforce is crucial in the machinery and equipment sector, therefore, the infrastructure that will provide the necessary training of this workforce also holds strategic importance. In Konya,

13,953 people graduated from institutions that provide education in the fields of Vocational and Technical Secondary Education at the end of the 2020-2021 academic year. Of this number, 6,780 are male, and the ratio of students graduating in this field in Türkiye is 2.7% (National Education Statistics-Formal Education, 2022). There are currently 22 R&D Centers, 1 Design Center, and 2 Technology Development Zones in Konya. Having Türkiye's 3rd largest Technocity, a TÜBİTAK-supported science center, and a Regional Innovation Center in Konya also supports the R&D infrastructure of the industry. In addition, the establishment of an





effective local development model thanks to the unity and harmony of the public, private sector, and non-governmental organizations is among the reasons why Konya is preferred. The fact that 60.6% of Konya's population is under the age of 35 (young labor force) and that it hosts the infrastructure that will provide the necessary education for the workforce also provides strategic importance to the labor-intensive machinery industry.

In addition, Konya's transportation network to various regions facilitates trade in terms of logistics and is important in terms of exports.

An indication of Konya's integration with foreign markets can be seen from the number of total exports, which were 1,991 million USD in 2019 and reached 3,277 million USD in 2022.

The annual export figures of Konya have increased noticeably, especially in 2020-2021, which is the period of the COVID-19 pandemic. Exports to countries on different continents of the world also highlight the continuous development of the economy and the increase in its international quality.



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

Source: TURKSTAT, 2022

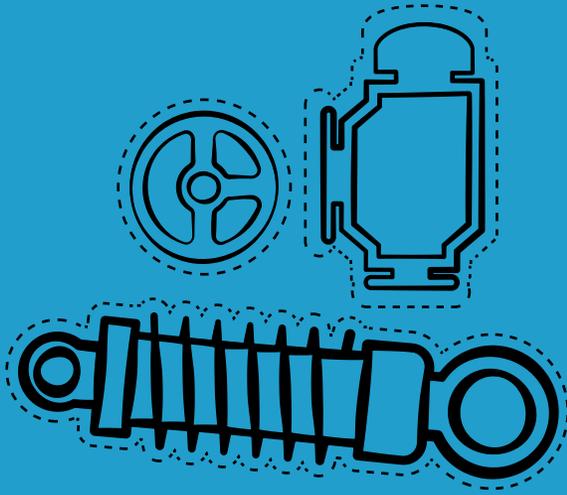
Countries	2019	2020	2021	2022
Iraq	264.506	240.752	244.984	291.519
Germany	135.129	145.931	214.509	242.428
Russian Federation	59.216	84.703	118.344	228.787
USA	73.803	181.959	304.236	188.891
Italy	80.913	63.888	93.189	114.684
Poland	46.070	50.782	83.212	103.522
Israel	57.649	51.248	78.210	87.209
Romania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

Among the countries that Konya exported the most in 2022 were Iraq, Germany, the Russian Federation, and the USA. While the USA was the most exported country in 2021, the highest export was made to Iraq in 2022.

Konya has made a name for itself in the machinery sector, with exports of 1,024,820 USD in 2022. Also connected by double highways, Konya province works as an intersection for 7 cities in Türkiye. Konya also stands out for being the province where Türkiye's first

logistics center project was built. In addition, intersections connected by new and double highways, high-speed train systems, international airports, and railways connecting Western Anatolia to Southeastern Anatolia are also considered serious benefits in this regard. Furthermore, the construction of a new high-speed railway project, which will facilitate transportation and freight transport between Mersin Port and Konya, also shows itself as an important breakthrough in logistics for the city.





MACHINERY INDUSTRY IN TÜRKIYE

The machinery industry is a sector that can manufacture in 23 sub-ecosystems of Türkiye. According to the Istanbul Chamber of Industry's "Türkiye's Second 500 Largest Industrial Enterprises, 2021" research, looking at the distribution according to the 10-sector grouping created by ISO, 71 companies are listed under the base metals and machinery sector in the ISO Second 500 list. As of 2021, the share of these companies in net sales was 13.1%. The machinery sector, which has a key role in the overall manufacturing industry with 18,300 companies, became one of the largest exporting sectors in 2021 with an export performance exceeding 23 billion USD. There are 33 companies from the machinery sector ranked in the 2021 top 1,000 exporter companies list published by the Turkish Exporters Assembly (TİM).

The machinery industry accounts for 5.4% of the total employment in Türkiye. When we look at the production value, the number of employees, and the share of the added value of the machinery industry sub-branches in Türkiye, the group that includes general-purpose mac-

hinery such as ovens, stove burners, lifting-transport elements, cooling, and ventilation elements has the highest share of production value with 34%. Another manufacturing group, which includes the motor/turbine and pump/compressor products of general-purpose machines, has a share of 22% in the production value, while its share in the added value is 28%. In the special-purpose machinery category, agricultural and forestry machinery, which has a higher share of added value than its share of production value, draws attention.

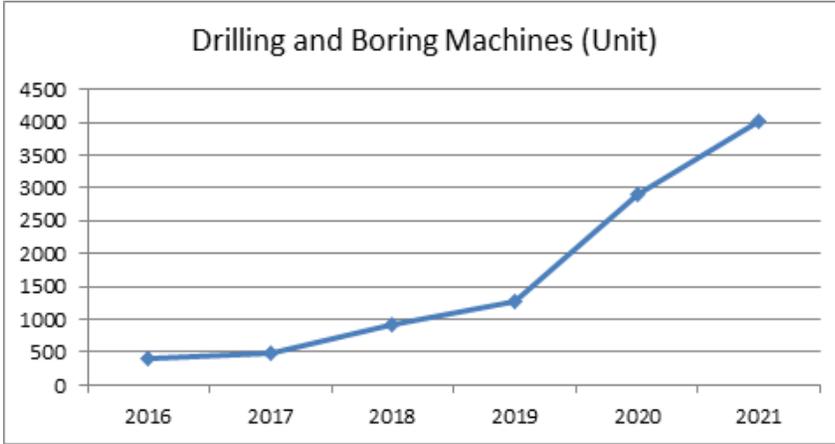
The total number of businesses in the machinery manufacturing industry, which is one of the sectors that creates the highest added value compared to the production value, is 11,700 and the number of employed people is 187,000.

The share of the industry in the production value of Türkiye's manufacturing industry is 4.4%, and its share in the added value is 6.2%. While the ratio of added value to products in the manufacturing industry is 18% on average, this figure is 24% in the machinery manufacturing industry.

Türkiye-level manufacturing of certain products that are important for Konya are as follows:

Graph 1: Drilling and Boring Machines

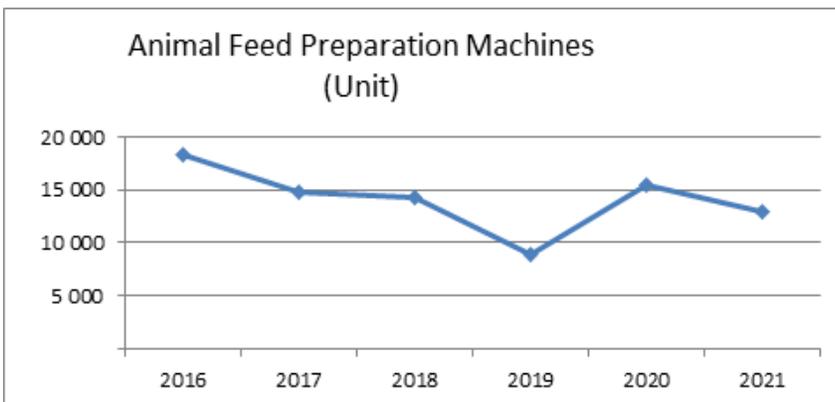
Source: TOBB, 2022



Production of drilling and boring rigs recorded a dramatic increase in 2016-2021. The increase accelerated and increased from approximately 1500 units to 4000 units, especially from 2019 to 2021. Non-self-propelled machines make up the majority of the production of drilling and boring machines.

Graph 2: Animal Feed Preparation Machines

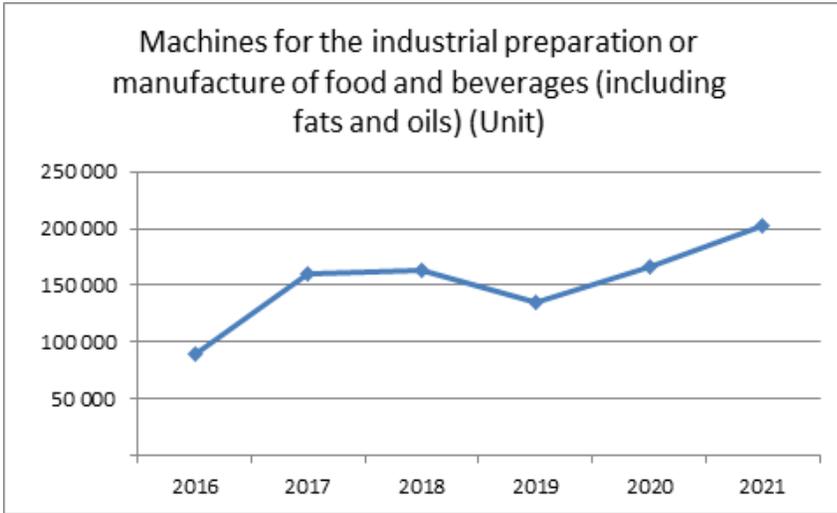
Source: TOBB, 2022



It is determined that the production of animal feed preparation machines follows a fluctuating course. After a decrease of 44% in 2019, production shows a recovery in 2020 and reaches 15,000 units. However, in 2021, a small decrease was recorded.

Graph 3: Food and Beverage Preparation Machines

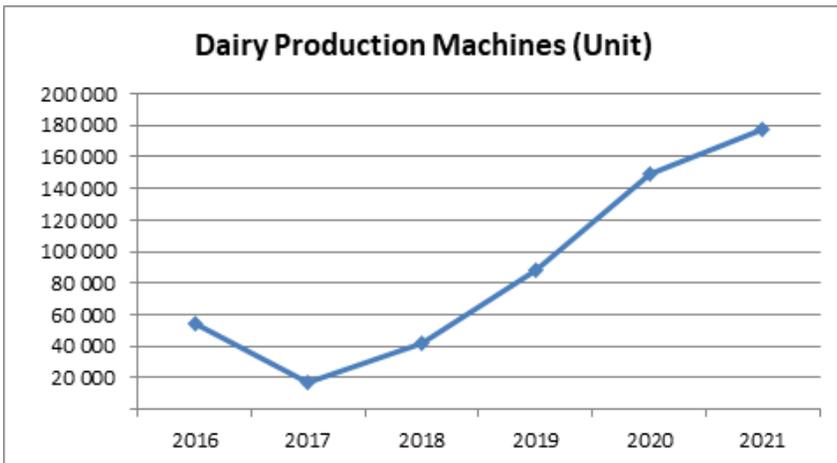
Source: TOBB, 2022



Following a fluctuating curve in 2017 and 2018, food and beverage preparation machines started to rise as of 2019 and reached 200,000 units in 2021, with an increase of 33%.

Graph 4: Dairy Production Machines

Source: TOBB, 2022



After a decline in 2017, the production of dairy preparation machines has gained continuous upward momentum and increased from 20,000 units in 2017 to 180,000 units in 2021.



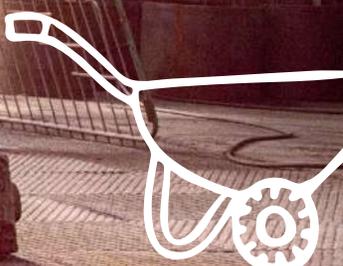
***Konya is
in world
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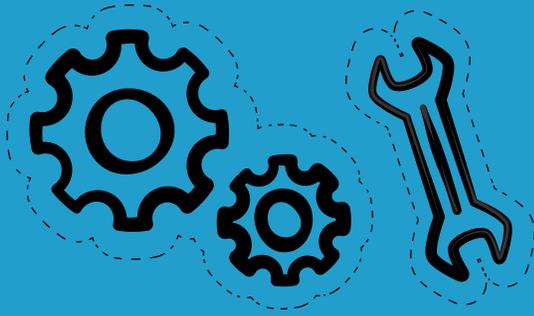
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***The sector
is
obtaining
its power
from labor
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MACHINERY INDUSTRY IN KONYA

There are 1,152 businesses operating in the machinery and equipment industry in Konya. It is also the third sector with the highest employment in the city.

Grain & vegetable processing and grinding machines, and food & beverage preparation machines have reached a significant scale. In Konya's machinery and equipment industry, positioning the sector as an important production center.

Significant collaborations with foreign companies and R&D investment opportunities are among the advantages of the Konya machinery sector in terms of ensuring integration with Industry 4.0 practices.

The important production items in the machinery and equipment industry in Konya are as follows:

- Packaging machines, packers, vertical packaging machines, liquid and solid packaging machines
- Welding machines
- Automatic guillotine, shears
- Miscellaneous presses
- Hydraulic cylinders and pumps
- Engine overhaul machines
- Miscellaneous drills
- Production of fluid power equipment and their parts (hydraulic and pneumatic motors, hydraulic pumps, hydraulic and pneumatic valves, hydraulic systems)
- Industrial-type cooler and freezer equipment
- Production of machinery used for processing or grinding grain or dried vegetables in the milling industry, wheat storage and cleaning systems, animal feed machines, feed additive units
- Production of coal and rock cutters, tunnel and well drilling machines, and drilling and boring machines (underground or surface)
- Production of motorized or pneumatic hand tools (sanding, grinding, polishing, etc. Electric hand tools and circular or chain saws, drills, nailing tools, rivet guns, etc.)
- Hydraulic pneumatic lift connectors
- Production of iron, steel, and



aluminum table and kitchen utensils (pots, pans, teapots, coffee pots, cooking utensils, wire wools, etc. - coated with Teflon, enamel, etc. except copper)

- Production of central heating boilers (except combi boilers, room heaters and other central heating boilers, steam generators, and boilers producing hot water)
- Production of the bulldozer, angle dozer, grader, scraper, leveler, face shovel-loader, bucket loader, mechanical bucket, excavator, piling (pile drivers) and removal machines, mortar and asphalt spreaders, and concrete lining machines
- Centrifuge manufacturing
- Tile, briquette, shaped ceramic clay, pipe, graphite electrode, blackboard chalk, etc. manufacture of machinery used in the manufacture of products
- Machine tools for working stone, ceramics, concrete, or similar mineral materials or for the cold finish of glass, manufacture of their parts (sawing, grinding)
- Production of armored or reinforced safes, vaults, money safes, armored doors, etc. (of base metal)
- Production of metal containers for compressed or liquefied gas
- Production of molds and casting

models from wood and other materials (except cake and shoe molds)

- Production of base metal sign plates, road signs, their numbers, letters, and other symbols (including license plates, except illuminated ones)
- Production of tableware and kitchenware from copper (coffee pot, pot, bowl, plate, pitcher, etc.)
- Production of steel drums and similar containers (with capacities not exceeding 300 liters – excluding containers closed by soldering or wringing with 50 liters of capacity,)
- Production of machinery for the manufacture or repair of shoes and other leather goods through the processing of hides, furs, and leather
- Production of metal turning, drilling, milling, and planing machine counters
- Production of other faucets and valves/vanes, casting ones (including industrial faucets, valves and vanes, faucets and valves used in sanitary installations and heating, natural gas valves)
- Scales
- Diving pumps and equipment
- Carpet wringing machines
- Paper-cutting machines
- Weighbridges





PRODUCTION GROUPS BY SUB-SECTOR

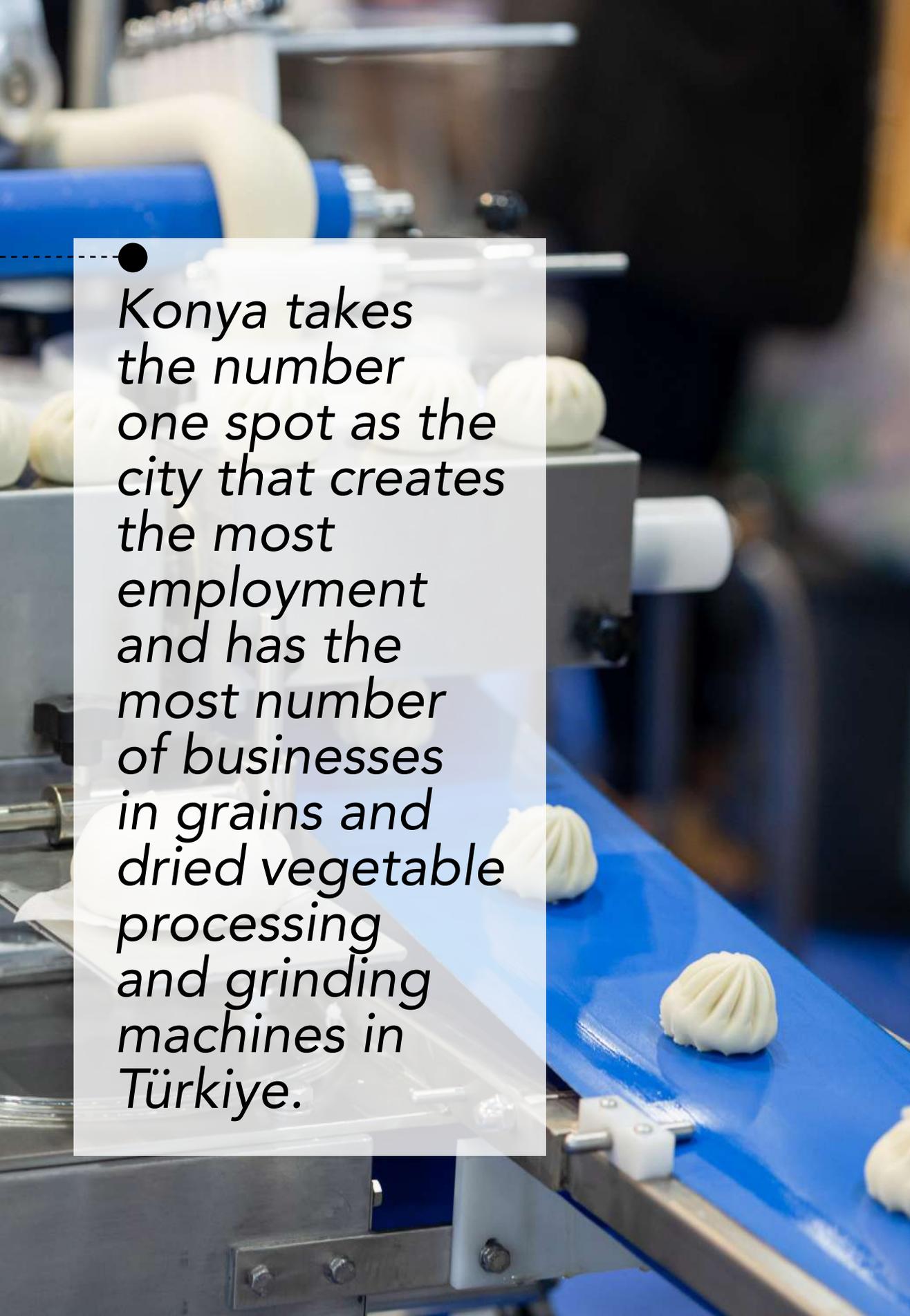
The findings regarding the grain and dried vegetable processing and grinding machines in Konya are as follows:

Chart 2: Grain and Dried Vegetable Processing Machines in Konya

Source: TOBB, 2022

KONYA Number of Manufacturers	Number of Employees	Production Capacity (Unit)	Konya/Türkiye Business Rate	Konya/Türkiye Employment Rate	Konya/Türkiye Capacity Rate
81	1.999	232	37%	30%	25%

According to the data above, grain and dried vegetable processing and grinding machines have reached a significant scale in Konya. As a matter of fact, the share of Konya businesses in Türkiye is 37%, the share of employment is 30%, and the capacity share is 25%. In this field, Konya ranks third in Türkiye in terms of capacity and first in terms of both numbers of businesses and employees.



● Konya takes the number one spot as the city that creates the most employment and has the most number of businesses in grains and dried vegetable processing and grinding machines in Türkiye.

Metalworking Machinery Production in Konya

The distribution of Konya metalworking machines is as follows:

28

Chart 3: Metalworking Machines in Konya

Source: TOBB, 2022

	KONYA Number of Man- ufacturers	Num- ber of Em- ploy- ees	Pro- duction Capacity (Unit)	Konya/ Türkiye Busi- ness Rate	Konya/ Türkiye Empley- ment Rate	Konya/ Türkiye Capacity Rate
Machine tools for metalworking	13	123	4.611	2%	2%	2%
Machining centres	7	494	1.029	9%	10%	2%
Lathes for machining metals	7	220	580	13%	9%	11%
Machine tools for metal drilling, reaming, or milling machine tools for flaring or beveling metals - not elsewhere classified	14	612	1.506	12%	13%	2%
Machine tools (for burnishing, dressing, grinding, or other metal finishing)	16	562	12.392	13%	13%	57%
Machine tools for planing, sawing, splitting, or otherwise cutting metals	16	844	2.469	12%	12%	5%
Machines for bending, folding, and straightening metals	44	1.246	10.623	13%	9%	11%
Machines for shear cutting, punching, and notching metals	18	440	2.654	12%	6%	1%

	KONYA Number of Man- ufactur- ers	Num- ber of Em- ploy- ees	Pro- duction Capacity (Unit)	Konya/ Türkiye Busi- ness Rate	Konya/ Türkiye Empley- ment Rate	Konya/ Türkiye Capacity Rate
Forging or die-pressing machines, hammers, hydraulic presses, and presses for metals - not elsewhere classified	28	819	9.851	12%	8%	5%
machine tools for working metals, sintered metal carbides, or cermets, (chipless machining) - not elsewhere classified	4	61	641	3%	2%	2%
Subtotal	144	3.856	39.733	7%	6%	4%
Parts and accessories of metalworking machine tools*	30	729	12.467	11%	8%	14%
GRAND TOTAL	174	4.585		7%	6%	

*Tons

** Total capacity is not given since parts and accessories are given in tons

The share of the metal processing machinery sector in Konya within the total sector employment is 6%, and the share of the number of businesses is 7%. Konya's highest capacity share in this field is in the parts and accessories of metalworking machine tools. This is also an advantage in terms of spare parts availability in the industry. The sub-sectors with the highest number of businesses in Konya are,

respectively, metal bending, folding, and flattening machines, parts and accessories of metalworking machine tools, iron forging, or die press tools and hammers, hydraulic presses, and presses, burnishing, dressing, grinding, metal bending, folding, and flattening sintered metal, carbides or cermets for processing metals are the products with the highest production capacity in Konya.

Drilling and Boring Machine Production in Konya

Chart 4: Drilling and Boring Machines in Konya

Source: TOBB, 2022

	Number of Manufacturers	Number of Employees	Production Capacity (Unit)	Konya/Türkiye Business Rate	Konya/Türkiye Employment Rate
hydraulic drilling machines	1	10	*	17%	17%
Self-propelled drilling and boring machines	11	99	112	19%	12%
Drilling and boring machines (including fixed platforms used for oil or gas exploration) (excluding self-propelled machines)	7	60	179	15%	4%
Parts of drilling or boring machines **	9	99	3.351	9%	4%
Parts of earthmoving and excavation machinery, ship derricks, cranes, and mobile lifting cages **	14	437	3.239	10%	6%
GRAND TOTAL*	42	705		14%	9%

*Since the number of businesses is less than 3, capacity information is not given. For this reason, the capacity figure is not added in the Grand Total section.

**tons

In Konya, most businesses in the sub-sector operate in earthmoving and excavation machines, ship derricks, parts of cranes and mobile lifting cages, and self-propelled drilling and boring machines. The same sub-sector, along with parts of drilling and

boring machines, emerges as the sub-sectors with the highest capacity. The presence of businesses producing parts and accessories for drilling and boring machines also provides an advantage in terms of spare parts availability.



Chart 5: Feed Grinder Machines in Konya

Source: TOBB, 2022

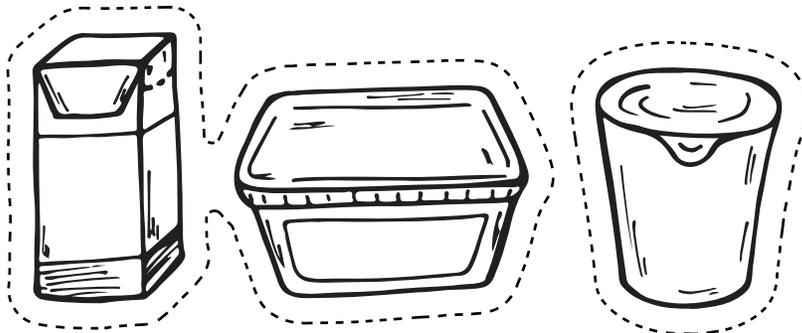
	Number of Manufacturers	Number of Employees	Production Capacity (Unit)	Konya/Türkiye Business Rate	Konya/Türkiye Employment Rate	Number of Manufacturers
Feed grinder machines and devices	50	822	18.083	24%	13%	13%

The share of businesses operating in the production of feed grinder machines in Konya is 24% within Türkiye. The share of employment and capacity in the sub-sector is 13%.

Chart 6: Konya Food and Beverage Preparation Machines

Source: TOBB, 2022

	Number of Manufacturers	Number of Employees	Production Capacity (Unit)	Konya/Türkiye Business Rate	Konya/Türkiye Employment Rate	Number of Manufacturers
industrial preparation or manufacture of foods and beverages (including fats and oils) - Not elsewhere classified	100	2.615	767.772	13%	13%	29%





The list of food processing machines produced in Konya is as follows:

- Bakery and dough machines
- Industrial chocolate machines
- Milk boilers
- Pumping engines
- Dough kneading machine
- Pastry machines
- Food drying machines
- Milling machines and spare parts
- Halva and Turkish delight production machines

Food and beverage preparation machines have reached a significant scale in Konya. The share of businesses and employment in the sector in Türkiye is 13%, and the share in total capacity is 29%. Konya ranks second in this sector after İstanbul in terms of capacity, number of businesses, and employment.

Chart 7: Milking Machines in Konya

Source: TOBB, 2022

	Number of Manufacturers	Number of Employees	Production Capacity (Unit)	Konya/Türkiye Business Rate	Konya/Türkiye Employment Rate	Number of Manufacturers
Milking Machines	16	315	49.615	28%	20%	12%

Milking machines have reached an important position in Konya. Its share in Türkiye is 29% in terms of the number of businesses, 20% in terms of the number of employees, and 12% in terms of capacity. In terms of these numbers, Konya ranks first among milking machines. Milking machines have reached an important position in Konya. Its share in Türkiye is 29% in terms of the number of businesses, 20% in terms of the number of employees, and 12% in terms of capacity. According to these numbers, Konya ranks first among milking machine production.



Chart 8: Machines for Cleaning, Sorting, and Grading Legume Seeds

Source: TOBB, 2022

	KONYA Number of Manu- facturers	Num- ber of Em- ploy- ees	Pro- duction Capacity (Unit)	Konya/ Türkiye Busi- ness Rate	Konya/ Türkiye Em- ploy- ment Rate	Number of Man- ufactur- ers
Machines for Clean- ing, Sort- ing, and Grading Legume Seedsz	25	400	27.351	21%	11%	48%

Another sub-sector that has achieved an important capacity in Konya are the machines for cleaning, sorting, and grading legume seeds. These products account for 48% of the total capacity. Its share in terms of the number of businesses is 21%, and its share in employment is 11%. Konya is the first in this sector in terms of the number of businesses and capacity.

Konya ranks second city in Türkiye after İstanbul in terms of the number of businesses, employees, and the capacity of food and beverage preparation machines.





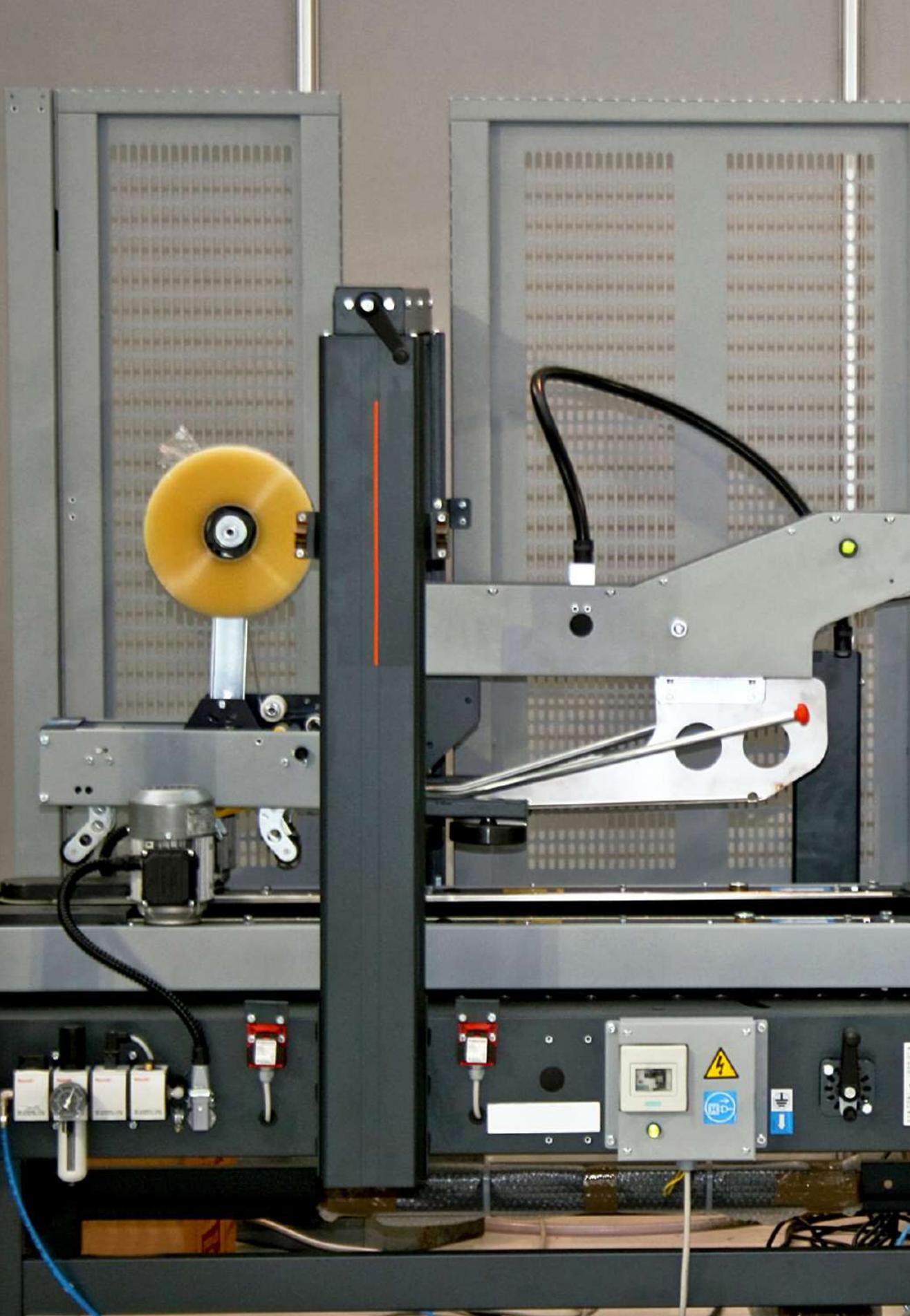
Konya ranks first in terms of the number of businesses and the capacity of machines for Cleaning, Sorting, and Grading Legume Seeds

Chart 9: Food Processing Machine Parts

Source: TOBB, 2022

	Number of Manufacturers	Number of Employees	Production Capacity (Unit)	Konya/Türkiye Business Rate	Konya/Türkiye Employment Rate	Number of Manufacturers
Food Processing Machine Parts	23	695	3.295	14%	18%	8%

Another sub-sector that has reached a strong position in Konya is the manufacture of food processing machinery parts. Its share in Türkiye is 14% in terms of the number of businesses and 18% in terms of employment. Considering the potential of food processing machinery in Konya, it is clear that there is an open field for investment.



**FOREIGN TRADE IN KONYA
MACHINERY INDUSTRY**

The development of Konya's machinery and equipment foreign trade in recent years is as follows:

Manufacturing of food processing machine parts in Konya is an area open to investment due to the high potential of food processing machinery.



Chart 10: Machinery and Equipment Foreign Trade of Konya

Source: TURKSTAT, 2022

Years	Konya's Exports (US Dollar)	Konya's Imports (US Dollar)
2019	599.314.943	114.244.889
2020	662.193.845	199.363.851
2021	863.928.350	269.928.799
2022	1.024.820.491	266.363.678

As seen above, Konya's machinery and equipment exports have followed an upward trend in recent years. Exports, which were at the level of 599 million USD in 2019, exceeded 1,024,820,491 USD in 2022, with an increase of 70%. In addition, it's determined that Konya had a foreign trade surplus in the sector throughout this period.

The development of exports in certain selected sector products is as follows:

Chart 11: Konya Export Data According to ISIC REV 4 for Certain Selected Product Groups

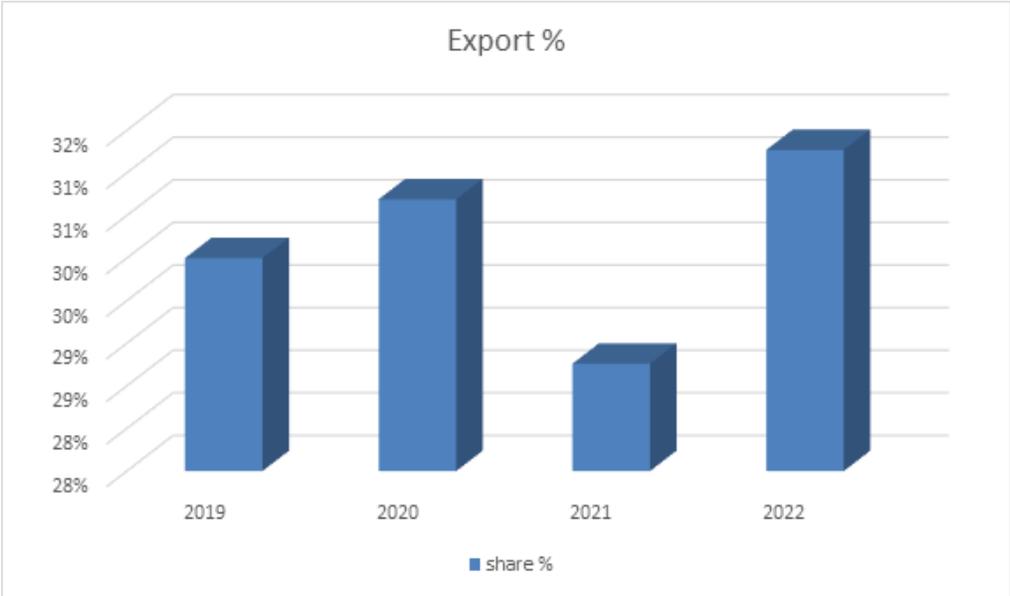
Source: TURKSTAT, 2022

	Years	Export USD
Manufacturing of metal tanks, reservoirs, and containers	2019	30.319.199
	2020	20.600.833
	2021	25.898.117
	2022	30.208.955
Manufacture of steam generators (except central heating hot water boilers)	2019	693.228
	2020	1.443.315
	2021	2.206.126
	2022	3.313.359

As seen above, there is an upward trend in the export of all products. While there is a 16% increase in metal tank reservoirs and containers in 2022 compared to the previous year, there is also a 50% increase in the exports of steam generator manufacturing (excluding central heating hot water boilers) in 2022.

The share of Konya machinery and equipment exports in the city's total exports is as follows:

Graph 5: Share of Konya's Machinery and Equipment Exports in Konya's Total Exports



In 2022, Konya's machinery exports had a significant share of 31% of the city's total exports. When comparing the years 2021 and 2022, the share of machinery exports in Konya's total exports increased by 2.5% in 2022.





INVESTMENT INCENTIVE PRACTICES IN THE MACHINERY INDUSTRY

The investment incentive systems implemented in Türkiye are as follows;

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 12: 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
Em- ployer's National Insur- ance Contri- bution 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 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 13: 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 14: 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.

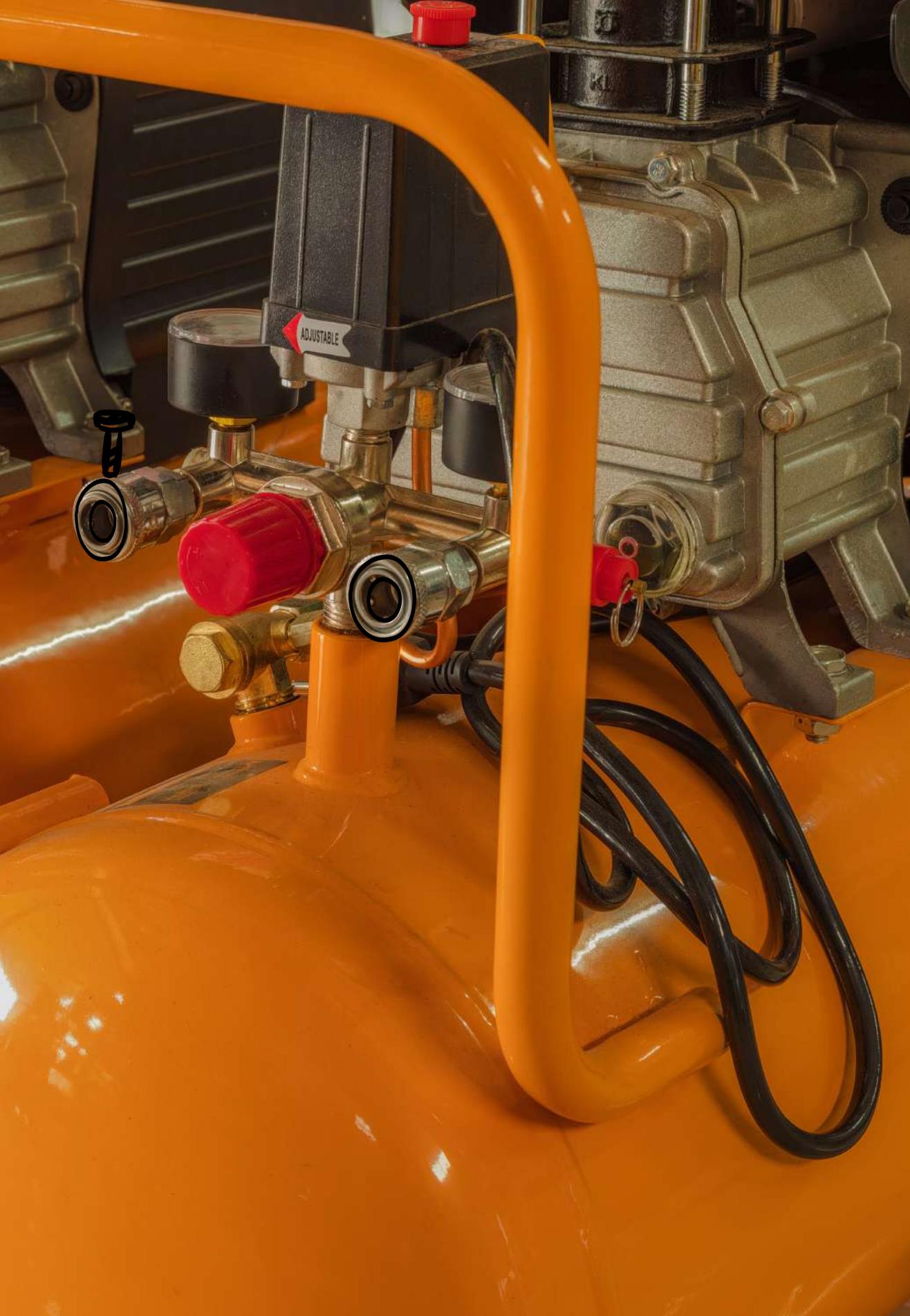
*** Priority investments, therefore, these investments to be made in Konya will benefit from the support of the 5th region.

***** 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.



*Tank, cistern,
and metal
containers
machinery
is a devel-
oping area
in terms of
investment
tendency in
Konya.*

...



Investments in components, driveline/driveline components, and automotive electronics are in the priority investment class. Investments to be made in Konya will benefit from the 5th region support.

Drilling investments with a minimum amount of 5 million TL benefit from the regional support applied in the 2nd region.

The development of the investment incentive certificates issued in the machinery sector of Konya is as follows:

Chart 15: Investment Incentive Certificates Issued for Konya’s Machinery and Equipment Sector

Source: Turkish Ministry of Industry and Technology, 2022

	Konya			Türkiye		
	Number of Certificates	Fixed Investment (Milyon TL)	Employment	Number of Certificates	Fixed Investment (Million TL)	Employment
2022						
Metallurgical Machinery	1	4	2	3	209	65
Machine tools	5	97	54	89	2048	1064
Tank Cistern Metal Contains	2	20	15	37	1115	1146
Metal Forging, pressing, stamping, and rolling machines	9	159	94	109	1981	1655
Total	17	280	165	238	5353	3930
2021						
Metallurgical Machinery	1	2	3	8	84	70
Machine tools	12	140	115	90	2267	2274
Tank Cistern Metal Contains	3	89	62	23	773	401
Metal Forging, pressing, stamping, and rolling machines	7	167	73	124	1628	1365
Total	17	280	165	238	5353	3930

	Konya			Türkiye		
	Number of Certificates	Fixed Investment (Milyon TL)	Employment	Number of Certificates	Fixed Investment (Million TL)	Employment
2020						
Metallurgical Machinery	0	0	0	5	116	71
Machine tools	12	215	119	69	1267	695
Tank Cistern Metal Contains	1	32	10	23	710	729
Metal Forging, pressing, stamping, and rolling machines	8	44	66	132	2337	1420
Total	21	291	195	229	4430	2915
2019						
Metallurgical Machinery	0	0	0	4	54	48
Machine tools	2	53	11	26	401	363
Tank Cistern Metal Contains	0	0	0	12	387	409
Metal Forging, pressing, stamping, and rolling machines	4	212	65	27	559	432
Toplam	6	265	76	69	1401	1252

Investment incentive certificates issued sub-sectors of Konya are “machine tools”, “tank, cistern and metal contain” and “metal forging, pressing, stamping, and rolling machines” sectors. In 2022, the sub-sector with the most issued certificates and the highest amount of committed fixed investment in Konya are “machine tools” and “metal forging, pressing, stamping and rolling machines”. Compared to 2019, there have been significant increases in both the number of certificates and the fixed investment amounts stated in the said certificates provided to “machine tools” and “metal forging, pressing, stamping and rolling machines”. While there were no investments in the “Tank, cistern and metal contains” and “metallurgy machinery” groups in 2019, 2 certificates were issued for the “Tank, cistern and metal contains” group and 1 in the “metallurgy machinery” group in 2022.





SECTORAL ADVANTAGES

The Konya machinery industry, which is one of the important centers in the milling machinery, agricultural machinery, metalworking machinery, and casting industries, is very successful in reaching the domestic market and markets in developing countries thanks to the operational flexibility of its mainly SME-status manufacturers.

The rapid development of the local machinery and equipment sector due to investments made, the good level of integration into global markets, and the active participation in international fairs are just a few of the advantages Konya has.

On the other hand, the dyssynergia of clustering activities in sectors such as the automotive supply industry and agricultural machinery in the region provides an opportunity to increase machinery industry exports to both developed and developing countries.

Konya also has the opportunity to grow through domestic mergers, acquisitions, and partnerships with other sectoral companies in the machinery sector, where local equipment incentives (in renewable energy equipment and public procurement) are applied.





REASONS TO INVEST IN KONYA

...

The machinery and equipment industry continues to grow stronger through sector investments. In addition, sectors such as flour, the automotive supply industry, and agriculture play an important role in the development of Konya's machinery industry.

Clustering activities in sectors such as the automotive supply industry and agricultural machinery in the region provide an advantage in terms of diversification of demand and vertical integration (within the value chain) with these sectors.

The gradual increase in machinery exports in Konya shows that the production is in good harmony with global demand, and the fact that the casting industry has developed at a significant level in Konya also creates an area of attraction for the local machinery sector.

The predominance of SMEs in the industry provides businesses with a more flexible structure, a quick response to new product demands, and the ease of changing production processes according to demands.

Being close to potential ports also gives Konya an advantage in export pricing in terms of foreign trade. In addition, its proximity to potential markets such as Istanbul and Izmir also provides significant advantages for the local sector's access to domestic consumption markets.

Also among the sectoral advantages are developmental opportunities for cooperation with companies abroad, effective use of the services and incentives provided by the public for qualified employment, R&D, and consulting.

KONYA AND LOGISTICS POTENTIAL



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

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

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

Anatolia Region to the southern coasts from the shortest distance.

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

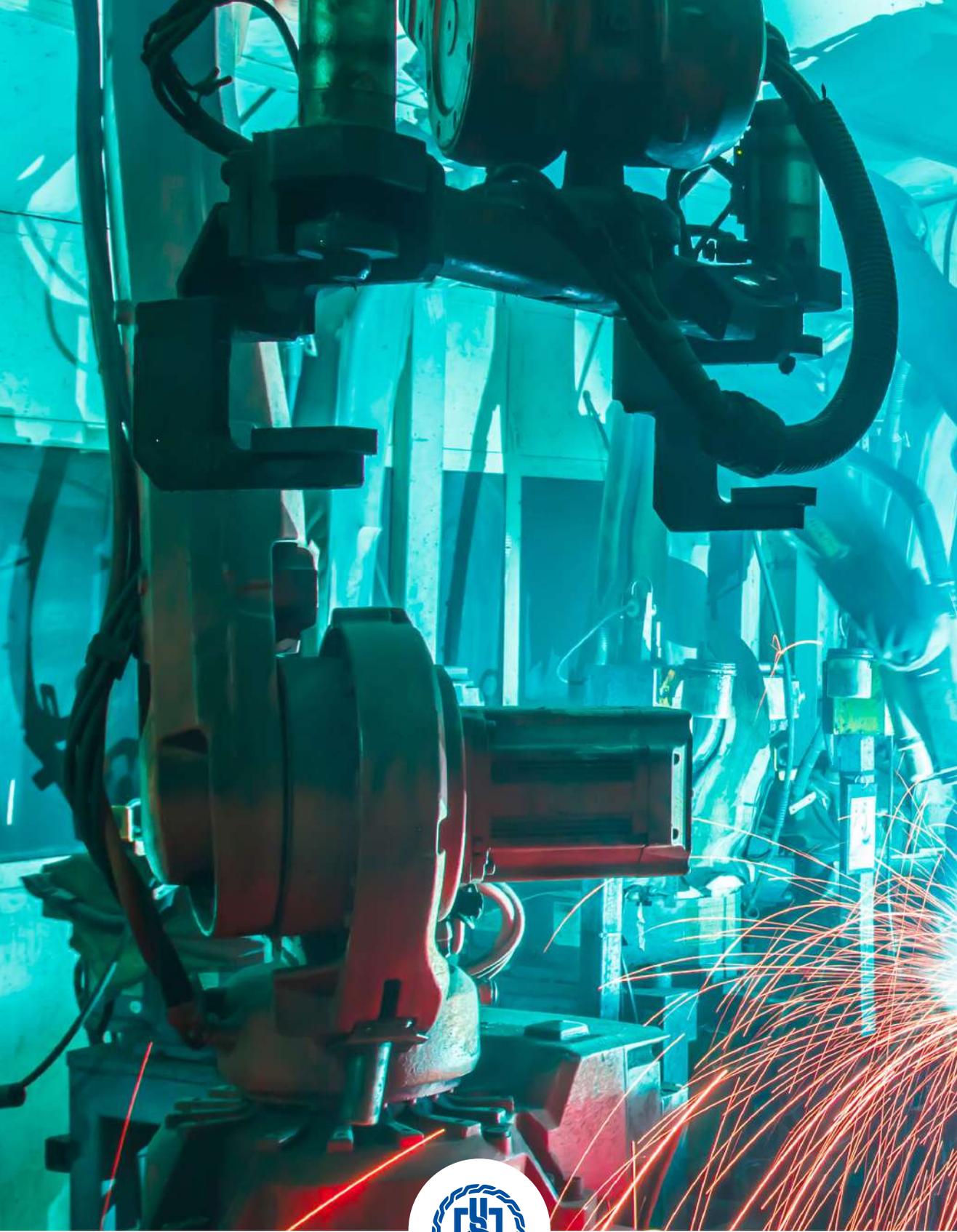
Railway transportation from Konya is provided by the High-Speed Train (Konya-Ankara/Konya-Eskişehir/Konya-Istanbul), Toros Express (Istanbul-Konya-Gaziantep), Central Anatolian Blue Train (Ereğli-Konya-Istanbul) and Meram Express (Istanbul-Konya) lines. It takes 1.5 hours to reach Ankara and Eskişehir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

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



1882

KONYA TİCARET ODASI
KONYA CHAMBER OF COMMERCE



1882

KONYA TİCARET ODASI
KONYA CHAMBER OF COMMERCE