AUTOMOTIVE SUPPLY INDUSTRY

KONYA AUTOMOTIVE SUPPLY INDUSTRY

Past, Present, Future

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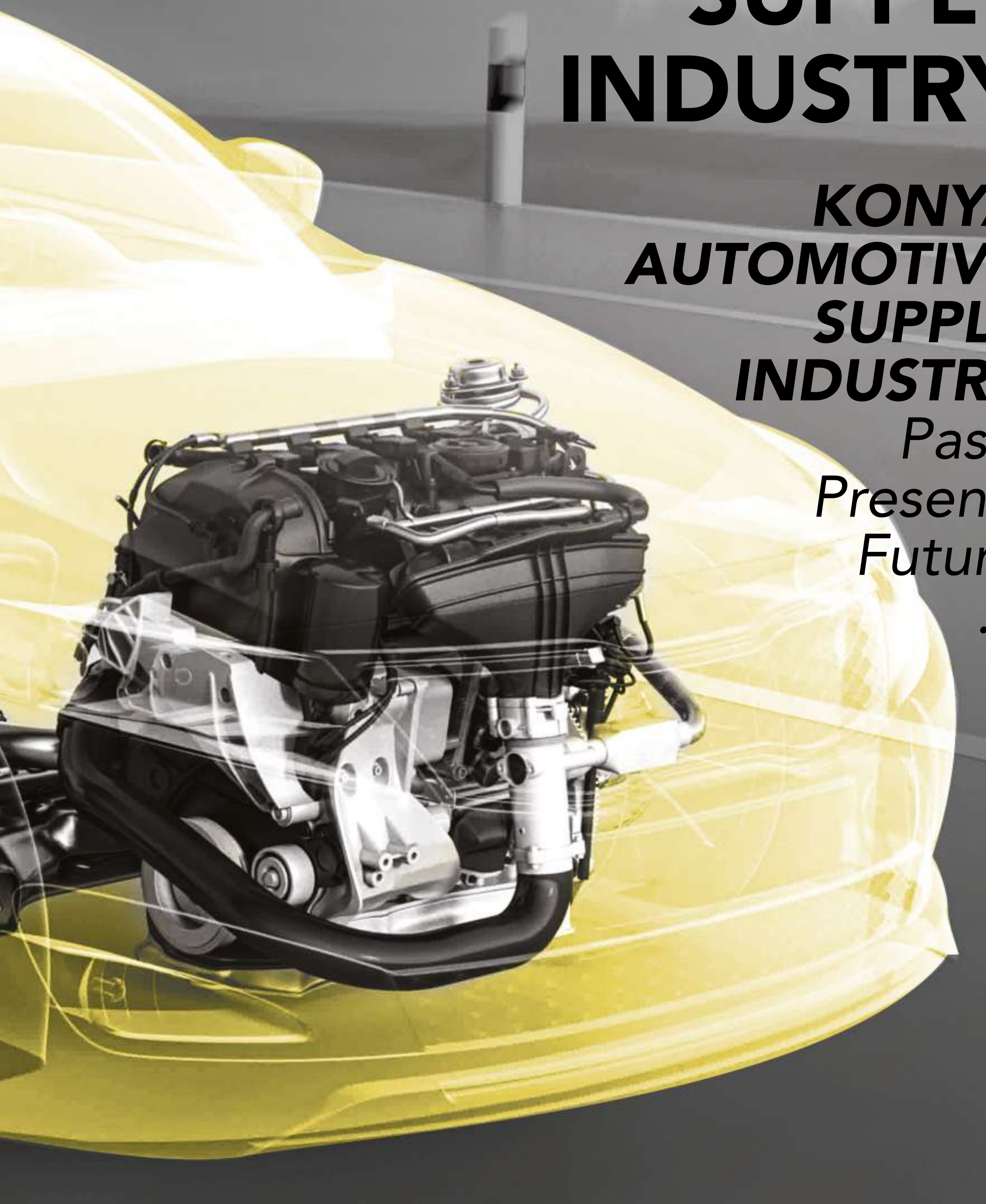

1882
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Konya Chamber of Commerce
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KONYA / 2023


1882
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GİRİŞ / ENTRANCE

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

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

Selçuk ÖZTÜRK
Konya Chamber of Commerce
President of Board of Directors

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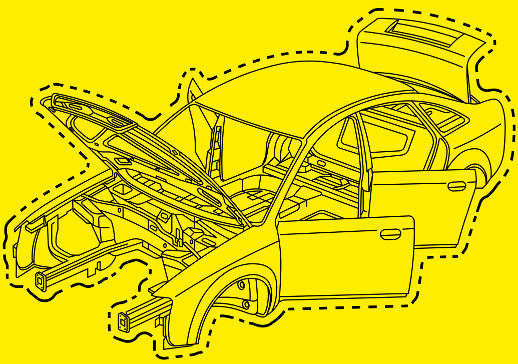

KONYA AUTOMOTIVE SUPPLY INDUSTRY

Past, Present, Future

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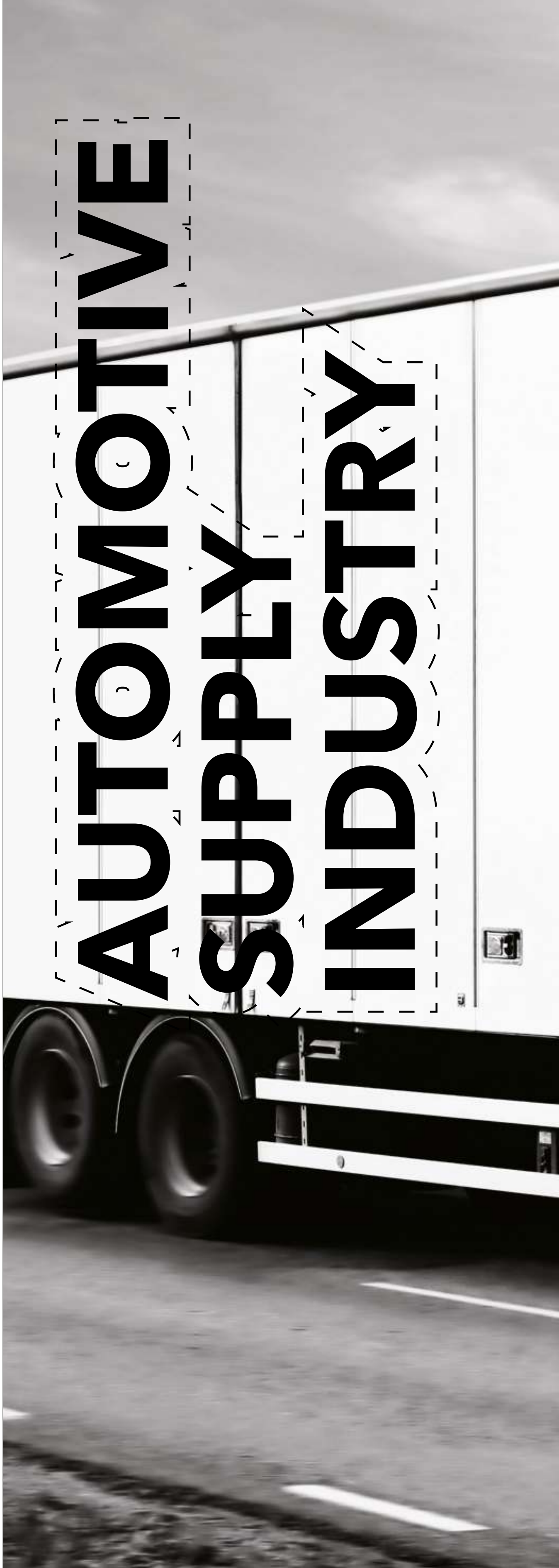


INTRODUCTION

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.

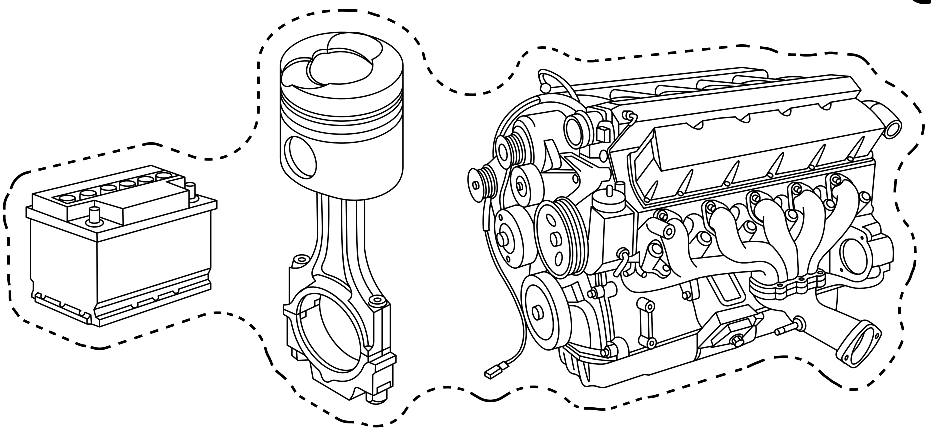
Businesses in Konya were also affected by the negative effects of the pandemic but showed a quick reaction to take measures. The disruption of the supply chain has increased costs for many companies. As a precaution, many businesses have made new arrangements with suppliers. There were halts in the automotive 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.



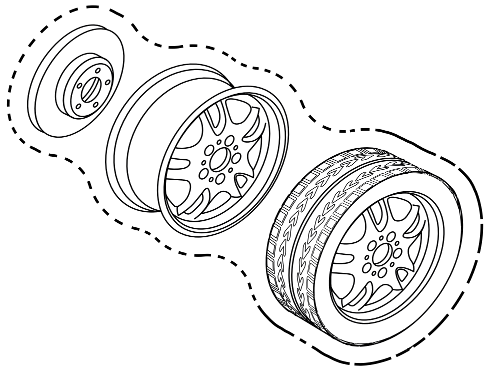
The sector employs about half a million people ...

OVERVIEW

One of the largest and most in-demand industries largely due to the democratization of passenger vehicles in the 20th century, the automotive industry comes to the fore as one of the sectors that allocates the highest budget to R&D operations in order to respond to consumers' pursuit for safety, comfort, speed, and status.

The automotive sector, which covers the production of vehicles and spare parts, also has strong ties with the transportation and logistics industries as a result of supplying parts from several sectors, such as metal, plastic, glass, and textile.

The automotive sector has also enabled the mass commercialization of materials and products developed



in tech-based sectors such as aerospace, defense, and medical. In this respect, the automotive industry also stands out by mediating the widespread use of technology.

The most manufactured final product in the automotive sector is durable consumer goods-class automobiles. Additionally, the sector includes commercial vehicles for freight and passenger transportation. The automotive supply industry, on the other hand, covers all kinds of parts used in the production of a vehicle.

Companies operating in the Turkish automotive main industry work directly with auto supply industry companies. There are around 5,000 sub-sector companies in Türkiye.

The automotive subsidiary industry includes ***all kinds of parts*** *used in the production of a vehicle*

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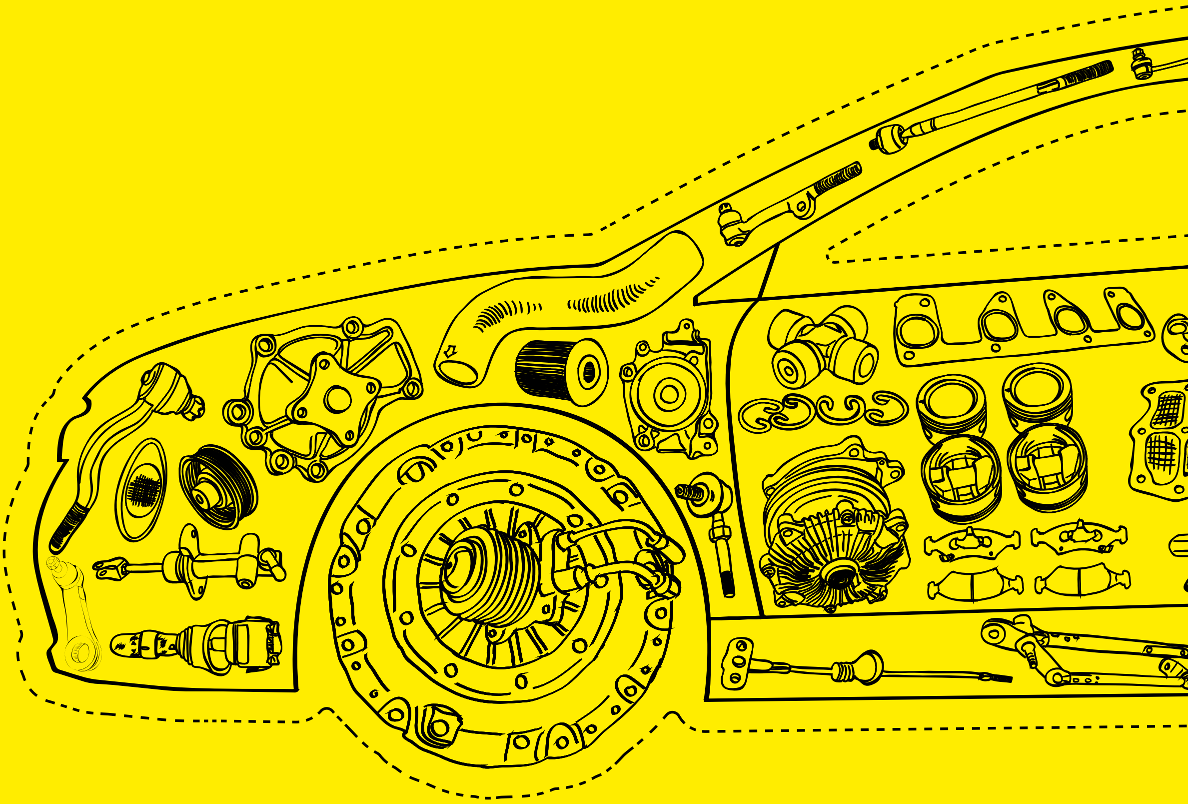
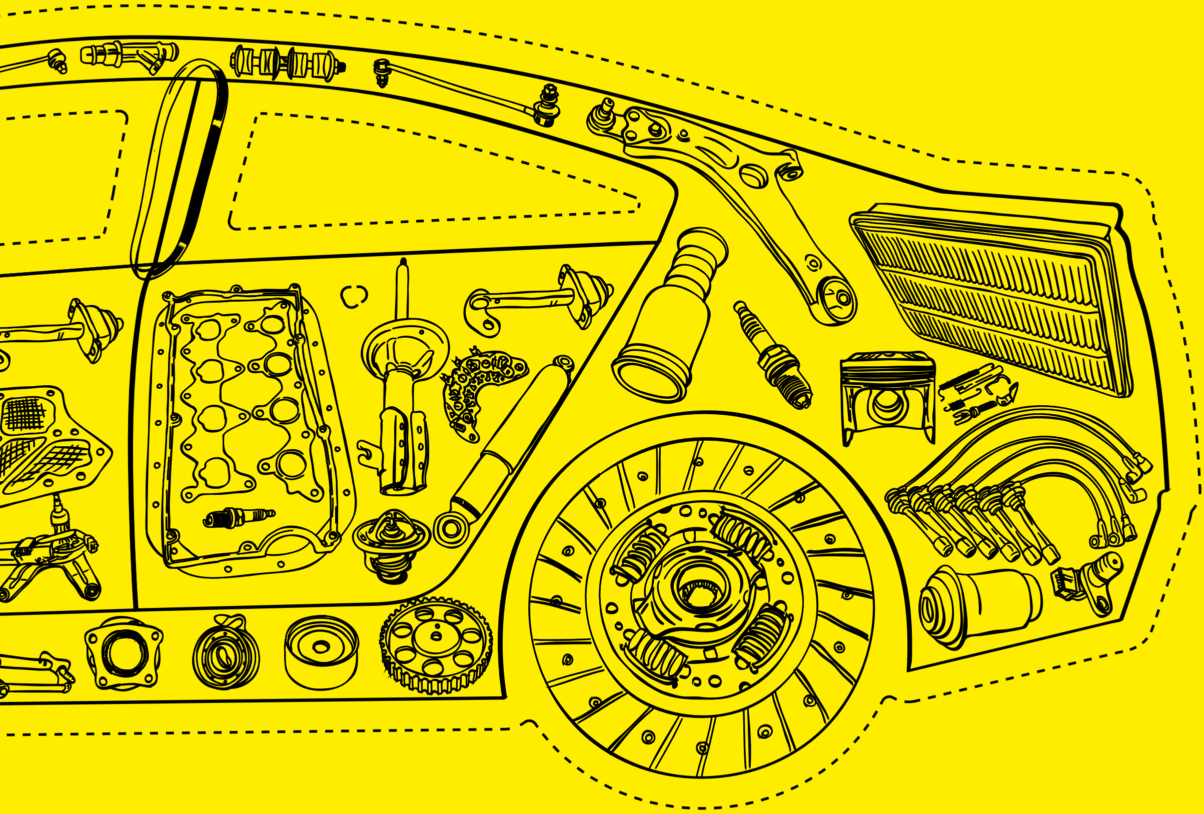




WHY KONYA?

Konya, which has been the agriculture, trade, industry, and tourism center of both Türkiye and the Central Anatolia Region from the past to the present, has made significant contributions to the country's economy through various sectors and at different levels.

Although the lack of capital accumulation did not allow large-scale sector investments for many years in the city, a series of investments began after the multi-partner incorporation phenomenon that took place in the 1950s.

Clustering in the automotive supply industry in Konya provided both vertical and horizontal collaborations between businesses. This situation also paved the way for the development of innovative and value-added products and the recognition of Konya within the industry.

In Konya, the automotive sub-industry has the chance to supply products to different sectors such as the defense industry, aviation industry, rail systems industry, and agricultural machinery industry. In addition, the presence of many OIZs and industrial sites in the city facilitates geographical clustering within the sector and brings economic advantages.

The fact that 60.6% of Konya's population is under the age of 35 (young labor force) and that it hosts the infrastructure which will provide the necessary education of the workforce also provides strategic importance to the city. In Konya, 13,953 people graduated from institutions that provide education in

the fields of Vocational and Technical Secondary Education at the end of the 2020-2021 academic year. Of this number, 6,780 are male, and the ratio of students graduating in this field in Türkiye is 2.7% (National Education Statistics-Formal Education, 2022). The abundance of vocational high schools and the presence of many universities and technical education faculties in the city are just a few of the positive factors in meeting the qualified employees that the sector needs. Besides, there are numerous vocational courses located in Konya.

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

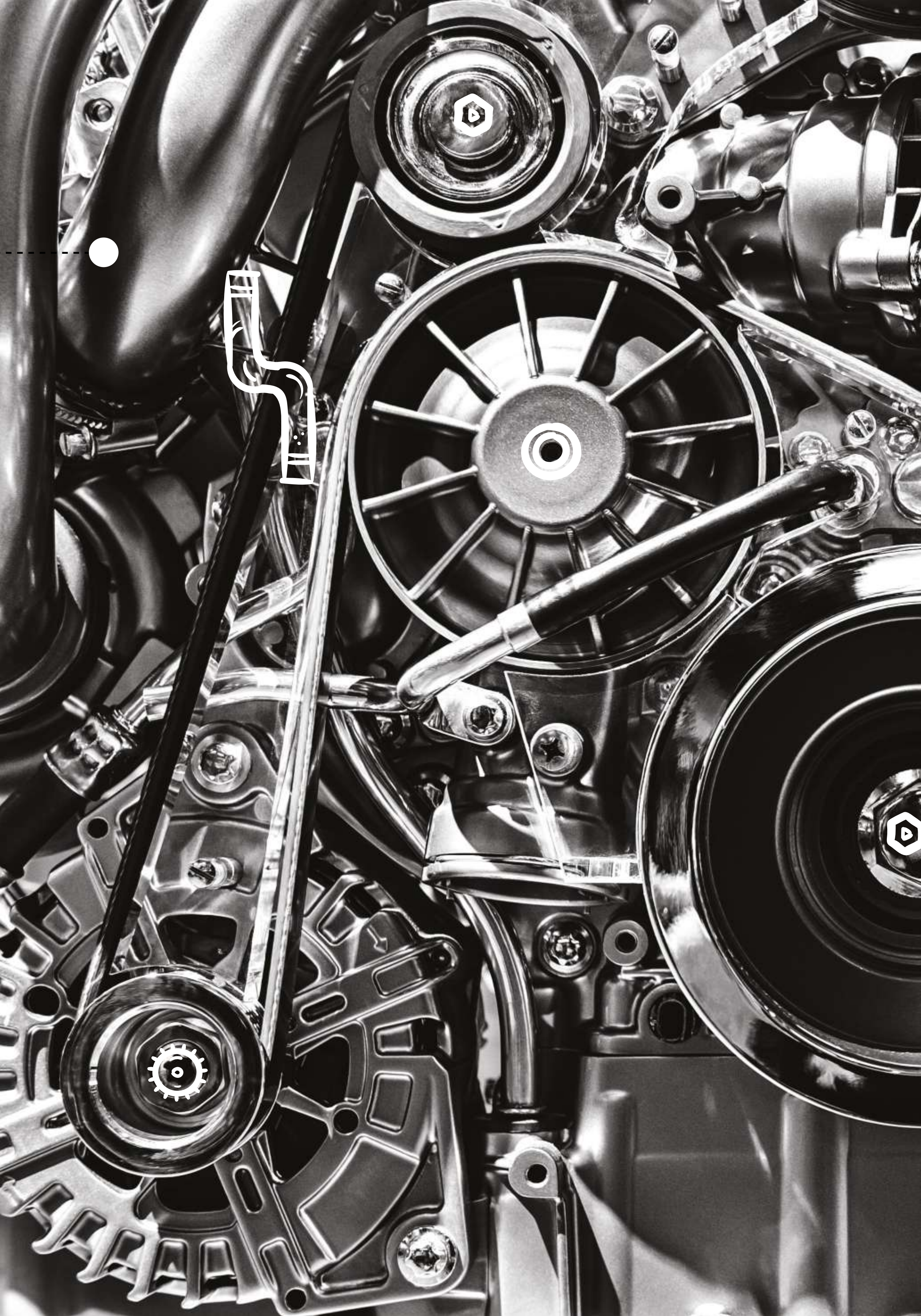
Among the countries that Konya exported the most in 2022 were Iraq, Germany, the Russian Federation, and the USA. While the USA was the most exported country in 2021, the highest export was made to Iraq in 2022.

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**

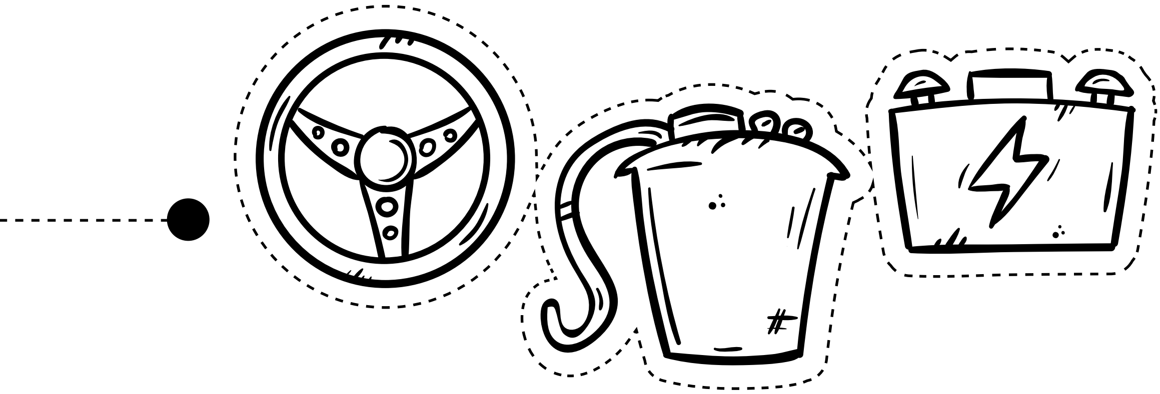
Connected by double highways, Konya province works as an intersection for 7 cities in Türkiye. Konya also stands out for being the province where Türkiye's first logistics center project was built. In addition, intersections connected by new and double highways, high-speed train systems, international 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.



The sector *employs about half a million people …*

AUTOMOTIVE SUPPLY INDUSTRY SECTOR IN TÜRKİYE

Almost all parts and components of the vehicles produced in the automotive sector in the 1960s were manufactured by the main industry manufacturers. With the increase in capacities and the development of investments over the years, the automotive supplier industry, which has high importance and weight in the sector, has emerged.
Due to the necessity to increase the rate of domesticity in the main industry, the Turkish auto supplier industry has gradually strengthened and developed in this direction. The automotive supplier industry, which was established and developed with the technical and economic support of the main manufacturers, has reached significant potential in its field today. EU companies have a greater weight in the automotive supplier industry, and there are approximately 200 foreign companies operating in the sector thanks to licensing and joint investments. The automotive supply industry in Türkiye has developed rapidly as a result of developments in the automotive main industry.
All kinds of motor vehicles manufactured in Türkiye in the period up to 1990 also contributed to the development of the automotive supplier industry. In addition to capacity increases, technology renewal and R&D studies for competitiveness have gained great momentum since the 1990s. During these periods, modern production techniques were put into practice together with intensive training programs, and quality management systems were established, allowing local companies to be certified by international organizations.
The Turkish automotive supply industry, with its high capacity, wide product range, and high standards, provides parts and components to both the automotive industry and the Turkish vehicle park of approximately 25 million vehicles. It is also a sector with high export potential.
Companies operating in the Turkish automotive main industry work directly with auto supply industry companies. Around 5,000 sub-industry companies are operating in Türkiye.



In terms of production capacity, product diversity, and overall standards, the automotive supply industry has reached a level that can meet at least 85% of the spare parts required for the vehicles manufactured in Türkiye. These parts are:

- Complete engine and engine parts,
- Drivetrains
- Brake systems and parts,
- Hydraulic and pneumatic components,
- Suspension parts,
- Safety components,
- Rubber and tire parts,
- Chassis components and parts,
- Forging and casting parts,
- Electrical equipment and lighting systems,
- Batteries,
- Windows,
- Seats.

It is estimated that the share of the main industry and sub-industry of the automotive sector in GDP is close to 4%. When the forward and backward connections of the industry are taken into account, the said share is thought to be around 6-8%. The sector, which ranks first in exports with a 16% share, is among the most important manufacturing industries through its production value, added value, employment rate, and technology level.

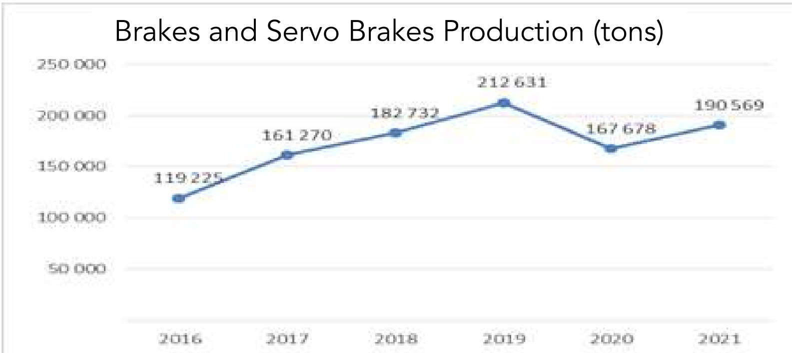
75% of the production in the main industry and 65% of the production in the sub-industry is for export. 58% of the automotive sector's exports consist of the main industry (vehicle manufacturers), while the remaining share consists of sub-industry exports. The total exports of the automotive main and sub-industry in 2021 was 30 billion USD, of which approximately 12 billion USD consist of the exports of automobile supply industry products.

Türkiye ranks 4th in the automotive industry with 3,854 businesses, a production value of 77.9 billion TL and a share of 8.1% in the entire manufacturing industry, and 5th in the manufacturing industry with an added value of 13.7 billion TL. There are 13 manufacturers in the automotive main industry and nearly 4,000 manufacturers in the sub-industry. However, it is estimated that more than half of the sub-industry's production and exports are realized by the first 100 companies.

If the products in the automotive supply industry in Türkiye in recent years are examined based on production branches, it is observed that the annual total production of brakes, one of the more important parts in the automotive sector, has increased by approximately 63%. Although the rapid demand that emerged before the COVID-19 outbreak in the automotive sector decreased due to year-long shutdowns, it started to increase rapidly by the next year. Similarly, there is an increase in exports as well.

Graph 1: Brakes and Servo Brakes Production (tons)

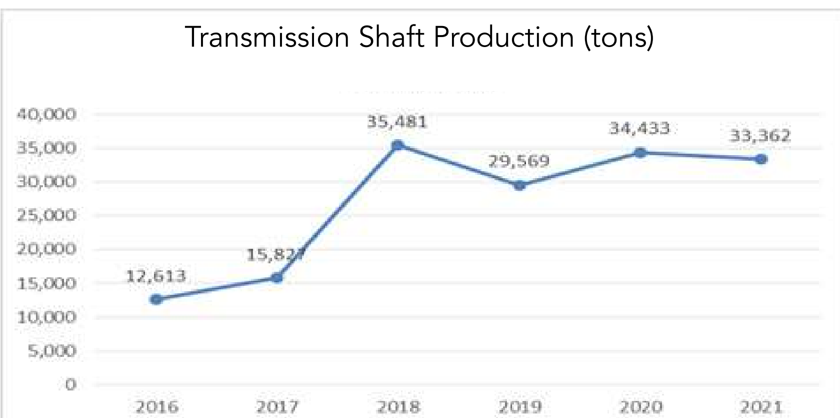
Source: TURKSTAT-2022



In the automotive sector, the production of transmission shafts, cranks, and crankshafts, which are important products of the automotive sub-industry, has also witnessed an increase of approximately 2.5 times in the last six years, resulting in an annual production of 33,362 tons.

Graph 2: Transmission Shaft Production (tons)

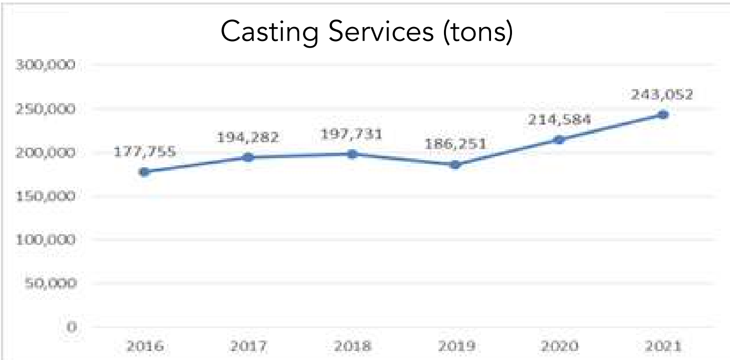
Source: TURKSTAT-2022



In terms of casting, which is the main material of automotive sub-industry production, increases were observed in production in parallel with the developments in the sub-industry. With a regularly increasing development trend, the production, which was 177,755 tons in 2016, reached 243,052 tons at the end of 2021, with an increase of approximately 75%.

Graph 3: Casting Services (tons)

Source: TURKSTAT-2022



The automotive supplier industry, which was established with the efforts of automotive main industry manufacturers and houses 200 companies of European Union origin that entered the country through license agreements and joint investments, has reached high potential over the years. These companies can meet approximately 85% of the automotive spare parts needs in Türkiye. The main part where production is limited is engine manufacturing.

Although the automotive supply industry is developed in many cities in Türkiye, a few cities in particular lead the way in this regard. In this respect, Konya is the city with the highest development and sectoral concentration.

The industry has a share of approximately 5% of the total manufacturing industry employment, with 180 thousand active employees.

Combined with sales networks, distribution, and marketing, it is estimated that the industry provides employment to approximately 400 thousand people (about 1.6% of the total working population).

The sector, which has made the most exports for the country since 2006, is also the general buyer of industrial branches such as iron and steel, light metals, petro-chemistry, rubber, and plastic.

The Customs Union Agreement signed with the European Union also has a special role in the development of the automotive main industry and auto supplier industry. Practices such as the restriction on second-hand vehicle imports and the gradual reduction of import duties in the main industry and sub-industry since the agreement went into effect in 1996 have encouraged new investments in the sector. A part of the EU's production in the economic and light commercial vehicle segments was also shifted to Türkiye.

Türkiye's dependence on the EU market can be considered high in the automotive supplier industry sector, where the concentration of OEM (Original Equipment Manufacturer) companies and Tier 1 suppliers is relatively high. At the same time, there is fierce competition with EU member countries such as Poland, Czechia, and Hungary.

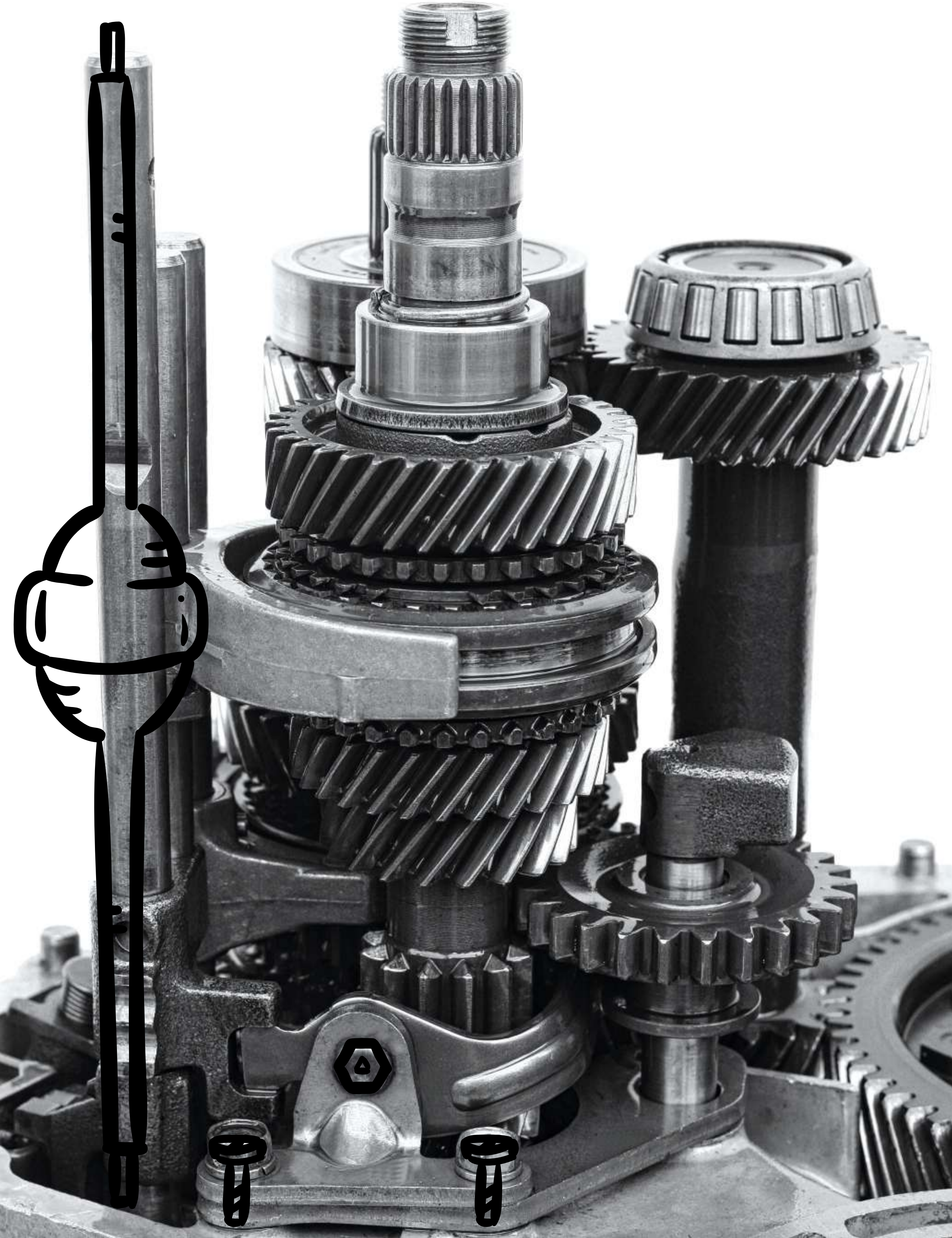
The sector
is important power of Konya...

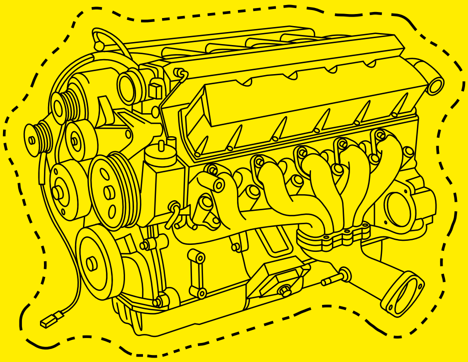
KONYA AUTOMOTIVE SUPPLY INDUSTRY SECTOR

Various products manufactured by Konya's automotive supplier industry are as follows:

Chart 2: Konya Automotive Supply Industry Products

Engine liners	Axle
Piston	Shaft
Gasket	Brake lining
Engine valve	Lug nut
Valve guide and valve seat	Manifold
Gear	Transmission shafts and cranks
Rods and tie rods	Rim
Wheel hub sleeve	Final drive
Hydraulic pump	Brake systems and components, brakes, and servo-brakes
Suspension parts	Safety components
Hydraulic and pneumatic systems	Automotive windows, glass, and seats
Casting and forging parts	Radiator
Snap ring	Electrical equipment and lighting systems
Filters	Automotive sheet metal parts
Industrial oils	Plastic body parts
Rubber parts	Complete engine parts
Trailer and semi-trailer	
Driveline	
Bumper parts and components	





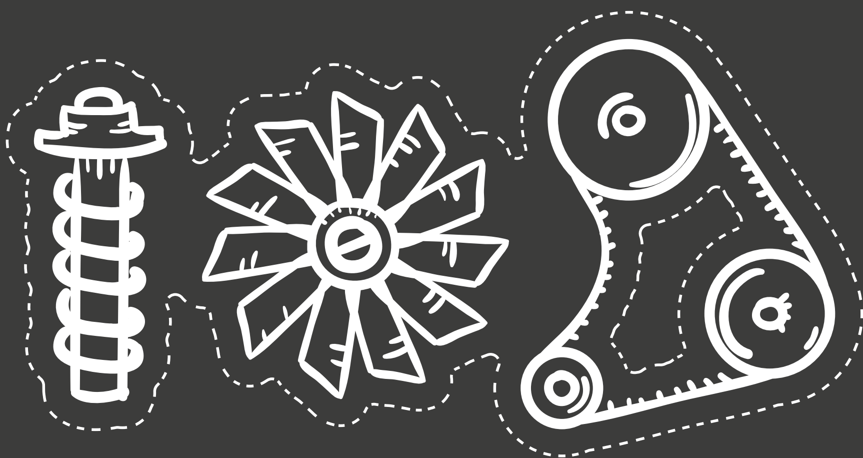
Konya, one of the seven leading cities in the Turkish base metal industry, has an expanding cluster in the production of "Automotive Parts and Accessories". In the report titled "Prominent Industrial Sectors in Provinces" released by the State Planning Organization in 2006, Konya stands out in the industrial sectors of "machine equipment - not elsewhere classified, motor land vehicles, trailers, and semi-trailers manufacturing, base metal industry, food products, and beverage manufacturing".

Konya is one of the five prominent cities in the "manufacturing of motor vehicles, trailers, and semi-trailers" sector. Also, the city is one of the developing provinces in the automotive supply industry and has a claim on domestic vehicle production in the automotive main industry. Furthermore, the fact that Konya is among the important manufacturers in the machinery sector and its experience in tractor production are also strong advantages in terms of the development of the automotive supplier industry. In addition, factors such as providing the necessary terrain space suitable for domestic vehicle production, the construction of the Konya - Mersin railway line, and the development of various logistics opportunities makes the city a very promising center of attraction with high potential in the sector. Industrialists and representatives of sectoral organizations in the province are also prepared to show progress in this direction.

Chart 3: Production Groups in the Automotive Supply Industry in Konya

Product Name	HS Code	Product Description
Engine parts	8409	- Aircraft, spark-ignition internal combustion reciprocating or rotary piston engines parts, for civil aircraft - Parts suitable for use only or principally with spark-ignition internal combustion piston engines (excluding parts of aircraft engines) - Cylinder blocks and crankcases, pistons, piston rods and rings, injector, injector barrel and injector nozzle, cylinder heads, and cylinder liners, and other components and parts for compression-ignition internal combustion piston engines (diesel and semi-diesel)
Brake and Clutch Parts	870830	Brakes, servo-brakes, and parts thereof (excluding unmounted linings or brake pads).
Transmission and differential parts	870850	Driving axles, stationary axles, and parts thereof.
Vehicle body	870810	Bumpers and parts (including plastic bumpers).
Hydraulic Systems	870894	Steering wheel, steering shaft, steering boxes, and parts
Chassis Equipment	8706	Parts for motorized chassis, tractors, automobiles, and other motor land vehicles primarily designed for the transport of people and goods, as well as for special purpose vehicles, including racing cars

Shafts	8483	- Cranks and crankshafts - Driveshafts - Other shafts - Bearing carriers with ball or roller bearings - Bearing carriers (excluding ball or roller bearings); sliding shaft bearings - - Gears and gear sets (for fixed equipment), spur gears and helical gears, bevel gears, bevel/spur gears - Other gears and gear sets - Ball or roller screws - Gearboxes and other gear changers for machinery and land/water vehicles (excluding gears, gear sets, and gearboxes of motor vehicles) - Other transmission elements (excluding gear and gear wedges, ball or roller screws, gearboxes, and other gear changers) - Flywheels and pulleys (including pulley blocks) - Clutches and shaft couplings, including universal joints - Parts of bearing carriers - Parts of transmission shafts, camshafts, crankshafts, sliding shaft bearings, gear sets, gears, ball/roller screws, gearboxes, torque converters, flywheels, clutches, shaft couplings, and universal joints



According to TURKSTAT statistics, Konya receives a share of 13% of the total automotive industry businesses in Türkiye and 5% of employment in the automotive industry. The regions in the chart below represent 66% of Turkish automotive industry businesses and 86% of total employment.

PRODUCTION GROUPS BY SUB-SECTOR

The product groups of the automotive sub-industry in Konya on a sub-sector basis are given in the chart below:

Chart 4: Comparison of Türkiye and Konya in Automotive Sub-Sector - Selected Products

Source: TOBB, 2022

No	Production	Province /Türkiye	Number of Manufacturers	Number of Staff	Production capacity
CASTING PRODUCTS FOR VEHICLES					
1	25.50.12.80.00 Die-forged steel parts (for locomotives or wagons, aircraft, spacecraft, electrical machinery, and equipment, optical, photographic, cinematographic, measuring and controlling devices, and precision instruments)	Konya	1	60	*
		Türkiye	2	144	*
		%	**50**	**42**	*****
2	25.50.11.53 Parts for shafts, cranks, bearing carriers, gears, and cogs, of cold-drawn steel from the mold of reciprocating engines (tons)	Konya	5	365	413
		Türkiye	12	628	3.901
		%	**42**	**58**	**11**
3	24.51.12.20 Ductile cast irons for shafts, cranks, bearing carriers, gears, and wheels	Konya	2	383	*
		Türkiye	6	468	
		%	**33**	**82**	
4	24.51.13.10 Kara taşıtları için gri dökme demirler	Konya	57	1.630	50.309
		Türkiye	123	7.689	278.672
		%	**46**	**21**	**18**

CASTING PRODUCTS FOR VEHICLES					
5	24.51.13.20 Gray cast irons for shafts, cranks, bearing carriers, gears, and cogs	Konya	12	384	11.604
		Türkiye	18	1.058	28.148
		%	**67**	**36**	**41**
6	25.50.12.30 Die-forged and precision-forged steel parts for shafts, cranks, bearing sleeves, gears, and cogs	Konya	2	6	*
		Türkiye	9	2.260	5.323
		%	**22**	**0.3**	
7	24.53.10.10 Light metal castings for land vehicles	Konya	14	921	4.078
		Türkiye	97	9.517	91.287
		%	**14**	**10**	**5**
8	24.53.10.20 Light metal castings for shafts, cranks, bearing carriers, gears, and cogs	Konya	2	117	*
		Türkiye	9	469	1.355
		%	**22**	**25**	
OTHER AUTOMOTIVE SUPPLY PRODUCTS					
9	28.15.22.30 Crankshaft, 28.15.22.50 Cardan Shaft, 28.15.22.70 Other Shafts, 28.15.39.50 parts for shafts	Konya	35	2.060	22.745
		Türkiye	181	9.795	180.196
		%	**19**	**21**	**13**
10	28.29.13.50.00 Air filters for internal combustion engines	Konya	4	1.787	134
		Türkiye	76	6.822	61.361
		%	**5**	**3**	**0.2**
11	28.11.42 Motor Parçaları	Konya	34	1.878	14.984
		Türkiye	94	19.717	142.936
		%	**36**	**10**	**10**

No	Production	Province /Türkiye	Number of Manufacturers	Number of Staff	Production capacity
OTHER AUTOMOTIVE SUPPLY PRODUCTS					
12	29.32.30.10.00 Bumpers and parts (including plastic bumpers)	Konya	5	276	423
		Türkiye	33	3.483	55.967
		%	**15**	**8**	**0,01**
13	29.32.30.20 Brakes, servo-brakes, and parts thereof (excluding unmounted linings or brake pads)	Konya	64	2.813	70.267
		Türkiye	137	10.167	191.276
		%	**47**	**28**	**37**
14	28.12.16.80 Hydraulic Systems (excluding actuators)	Konya	27	1.461	625
		Türkiye	115	6.482	870
		%	**23**	**23**	**72**
15	29.32.30.33 Gearboxes and parts thereof	Konya	9	474	318
		Türkiye	48	14.573	11.757
		%	**19**	**3**	**3**
16	29.32.30.61.00 Radiators and radiator parts (tractors, automobiles, freight vehicles, crane trucks, fire trucks, concrete mixers, garbage trucks, trucks, special purpose vehicles, etc.)	Konya	6	220	91
		Türkiye	44	3.287	9.061
		%	**14**	**7**	**1**
17	23.99.11.00.00 Asbestos fibers, processed; mixtures based on asbestos and magnesium carbonate; products made from these mixtures or pure asbestos; friction material for brakes, clutches, and similar parts (brake pads, etc.), unmounted	Konya	2	63	*
		Türkiye	23	934	29.657
		%	**9**	**7**	*****

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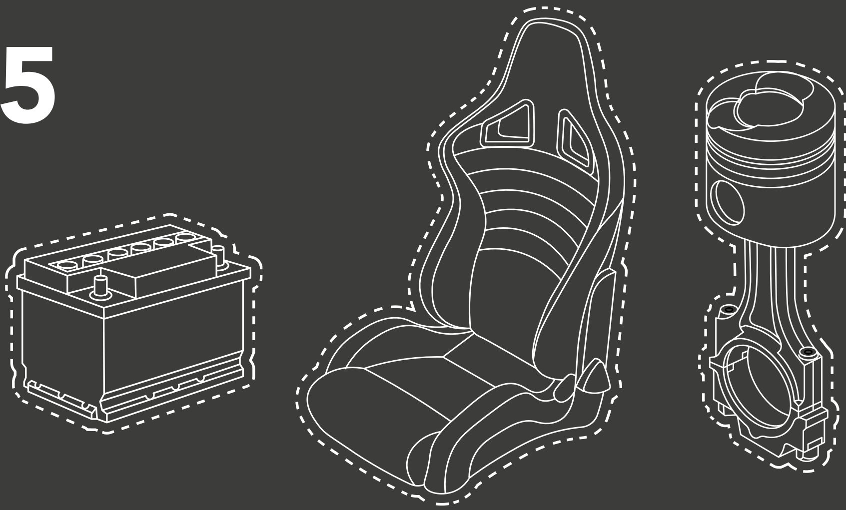


Casting Products for Automotive Supply Industry in Konya

Gray cast irons, which are used especially for shafts, cranks, bearing carriers, gears, and cogs in Konya, have reached an important position inside the country's industry. Konya's share in this product group is 67% in terms of the number of businesses, 36% in terms of employment, and 41% in terms of production capacity. In the group of cold-drawn steel parts and components for die-forged steel parts, shafts, crankshafts, bearing carriers, gears, and cogs, the number is 42% in terms of businesses and 58% in terms of employment. Ductile cast irons are 33% in terms of the number of businesses and 82% in terms of employment. Light metal castings have a share of 22% in terms of businesses and 25% in terms of employment.

Engine Parts in Konya

Since engine parts in Konya are also produced for non-automotive sectors, especially for the machinery sector, there is a better growth trend in this group compared to the general situation in the automotive supplier industry. In contrast with Türkiye's average, the Konya sector consists of smaller companies, however, 32% of registered manufacturers are located in Konya. Konya's share in engine parts employment is 8% and its share in production capacity is close to 15%.

Konya ranks first in Türkiye in terms of production capacity in hydraulic systems.

...

Brakes, Servo Brakes, and Clutch Parts in Konya

In this sub-sector, even though the province consists of smaller-scale companies compared to Türkiye's average, 46% of registered manufacturers are located in Konya. Konya's share of employment in the field of brake and clutch parts is 32%, and its share of production capacity is close to 38%. Based on the number of manufacturers in this sub-sector and its share in employment, it is estimated that Konya may have a 20-25% share in Türkiye's total exports of brake and clutch parts, with exports amounting to around 50 million USD.

Gearbox Production in Konya

In this sub-sector, even though the province consists of smaller-scale companies compared to Türkiye's average, 19% of registered manufacturers are located in Konya. The city's share of employment in the field of gearbox components is 3%, and its share of production capacity is 3%.

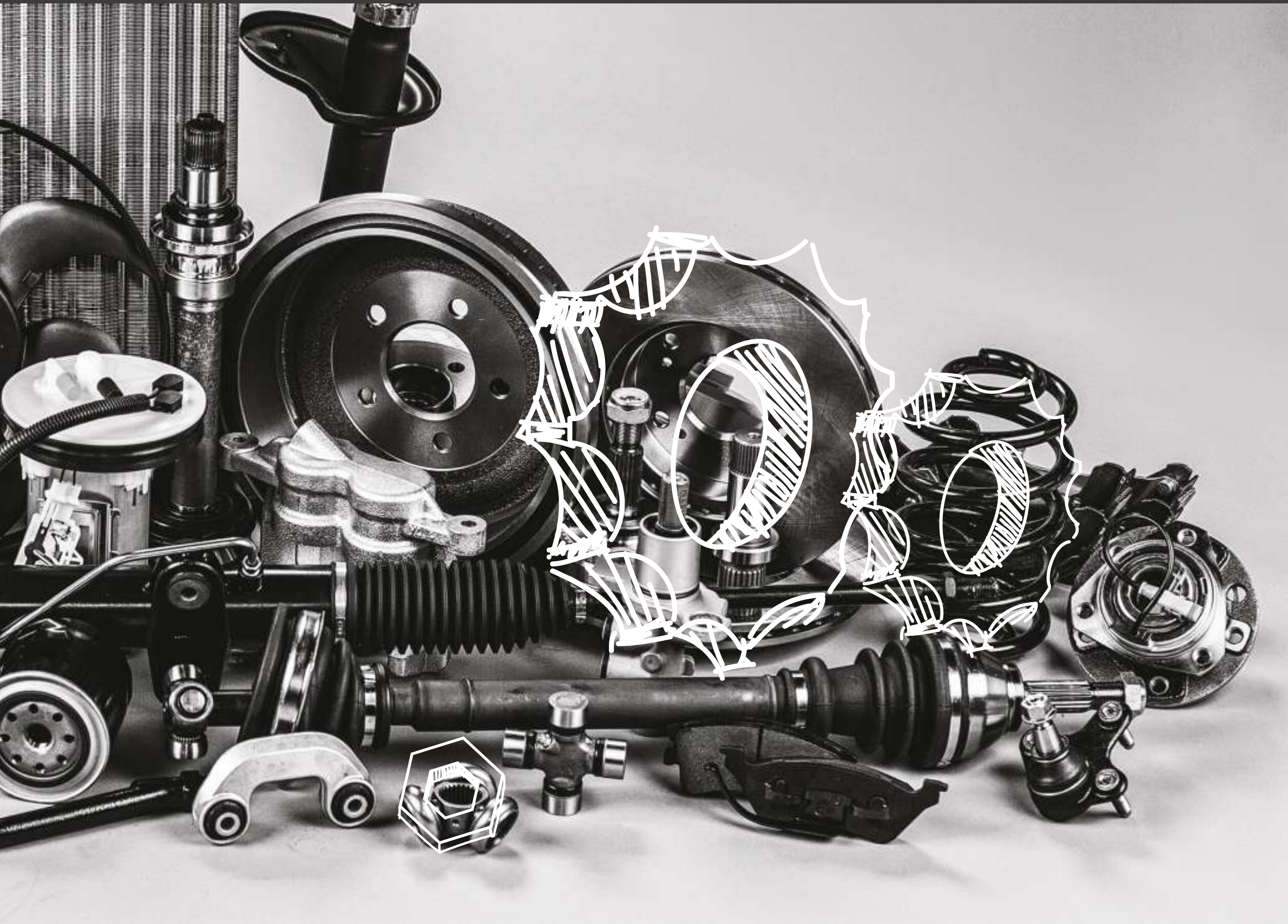
Konya ranks first in Türkiye in terms of the number of businesses and employment in the production of brakes and servo brakes.

Hydraulic Systems in Konya

In this sub-sector, even though the province consists of smaller-scale companies compared to Türkiye's average, 23% of registered manufacturers are located in Konya. The city's share of employment in the field of gearbox components is 23%, and its share of production capacity is 69%. In terms of capacity, Konya ranks first in this product group in all of Türkiye.

Vehicle Body and Bodywork in Konya

4% of the body manufacturers registered in Türkiye are located in Konya. Konya's share in bodywork employment is 2%.



FOREIGN TRADE STRUCTURE OF THE SECTOR

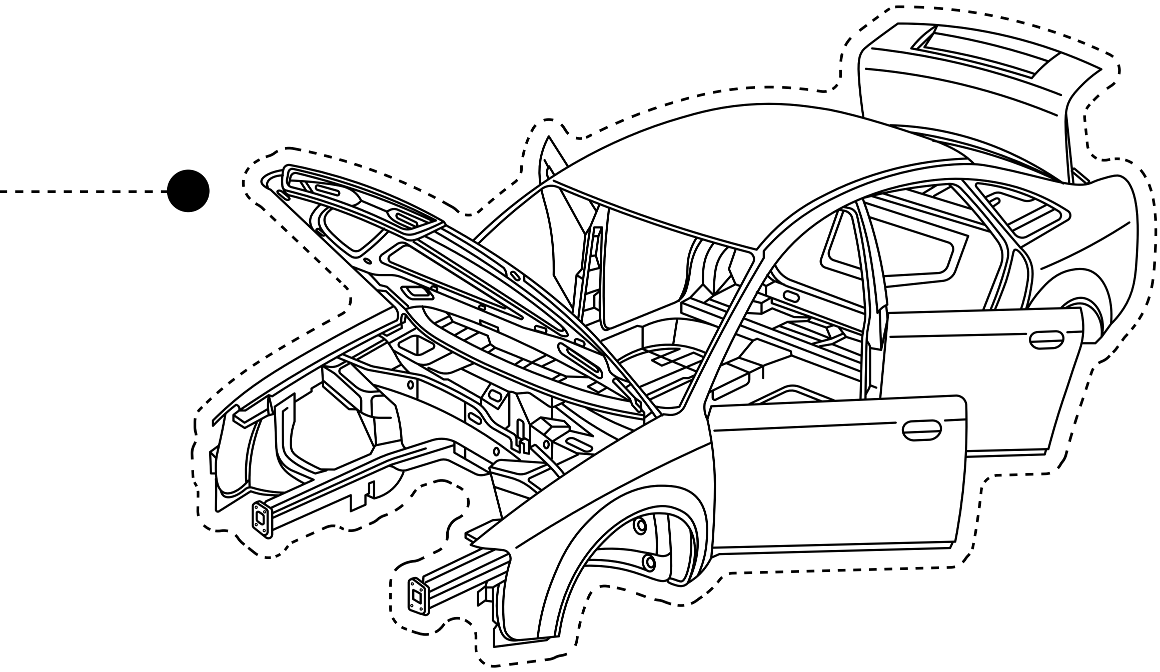
The data on the export of various automotive supply industry products from Konya is given in the charts below:

Konya's foreign trade data by years in the products included in Chapter 87 - "Vehicles other than railway or tramway rolling stock, and parts and accessories thereof", which is located under the "Means of Transport" section, are as follows;

Chart 5: Foreign Trade Data of Konya by Special Trade System at the Level of Chapter

Source: TURKSTAT, 2022

Chapter 87 - "Vehicles other than railway or tramway rolling stock, and parts and accessories thereof"	Konya's Export ($)	Konya's Import ($)
2019	326.240.969	19.609.738
2020	353.183.489	22.406.608
2021	503.086.540	31.321.197
2022	610.353.266	37.298.614

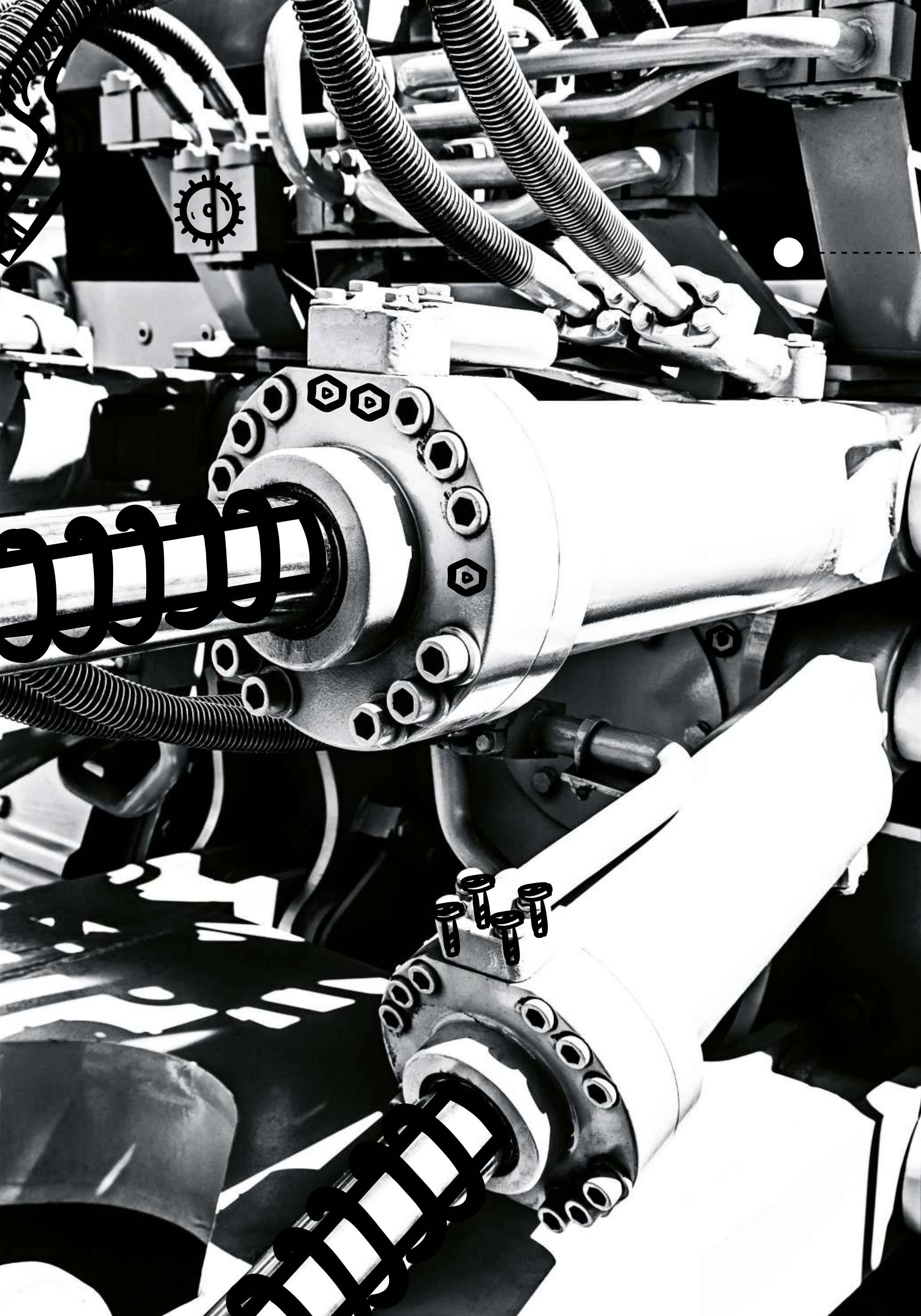


The development of the exports of Chapter 87 products from Konya in the last four years is given in the chart above. In addition to the increase in exports over the years, the share of the sector in total exports has also continued to increase.

Chart 6: Development of Export of Chapter 87 Products from Konya (Thousand USD)

Source: TURKSTAT, 2022

	2019	2020	2021	2022
Konya (Chapter 87)	326.240	353.183	503.086	610.353
Konya (Total)	1.991.692	2.167.552	3.003.842	3.277.252
Share (%)	**%16**	**%16**	**%17**	**%19**



According to ISIC Rev 4 code, motor land vehicles are included under 2910 "Manufacture of motor land vehicles" and 2920 "Manufacture of motor vehicles bodywork; trailer and semi-trailer manufacture" sections.

Chart 7: Foreign Trade of Konya Motor Land Vehicles Manufacturing

Source: TURKSTAT, 2022

2910 Manufacturing of motor land vehicles	Konya's Exports (US Dollars)	Konya's Imports (US Dollars)
2019	18.656.871	3.450.728
2020	9.949.843	3.369.959
2021	11.446.130	4.428.265
2022	14.177.154	8.056.354

Konya's exports of motor land vehicles decreased from 18.5 million US dollars to 14 million US dollars in the 2019-2022 period. It is also noteworthy that there was an export surplus in all years.

Chart 8: Foreign Trade of Konya Motor Land Vehicles and Bodywork

Source: TURKSTAT, 2022

2930 Manufacture of parts and accessories for motor land vehicles	Konya's Exports (US Dollars)	Konya's Imports (US Dollars)
2019	63.349.359	95.079
2020	71.966.314	207.790
2021	96.421.652	205.748
2022	124.073.652	86.676

As seen from the data above, Konya's product group with the highest export rate is the parts and accessories group for motor land vehicles. In the period of 2019-2022, exports follow an upward trend and reach 507 million US dollars in 2022, with an increase of 91% from 265 million US dollars. Konya's imports, on the other hand, are well below the exports despite the upward trend, and foreign trade surplus is given every year.

Chart 9: Parts and Accessories Foreign Trade for Motor Land Vehicles in Konya

Source: TURKSTAT, 2022

2930 **Manufacture of parts and accessories for motor land vehicles**	**Konya's Exports (US Dollars)**	**Konya's Imports (US Dollars)**
2019	264.765.944	24.221.385
2020	295.176.799	26.388.105
2021	432.922.392	32.934.837
2022	507.554.918	41.240.883

As seen from the data above, Konya's product group with the highest export rate is the parts and accessories group for motor land vehicles. In the period of 2019-2022, exports follow an upward trend and reach 507 million US dollars in 2022, with an increase of 91% from 265 million US dollars. Konya's imports, on the other hand, are well below the exports despite the upward trend, and foreign trade surplus is given every year.

INVESTMENT INCENTIVE PRACTICES IN THE AUTOMOTIVE SUPPLY 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 Regional Incentive System implemented in Türkiye is summarized in the chart below:

Chart 10: Regional Incentive System Implemented in Türkiye

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

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

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.

For investments to be made in Konya;

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, Yalıhüyük, 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**.

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 11: Konya Investment Support System

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

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

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 12: 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 decare

*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.

Konya's employment share in brake and clutch components *is 28,7% and its production share is close to 40%*

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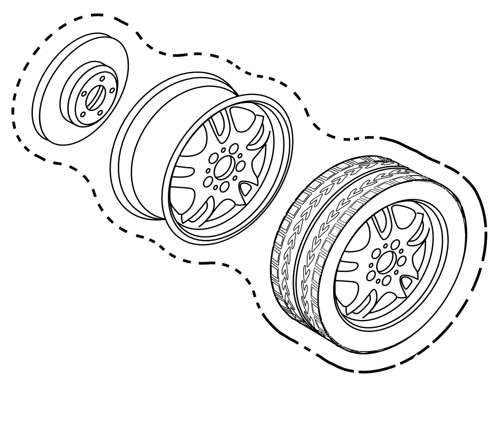
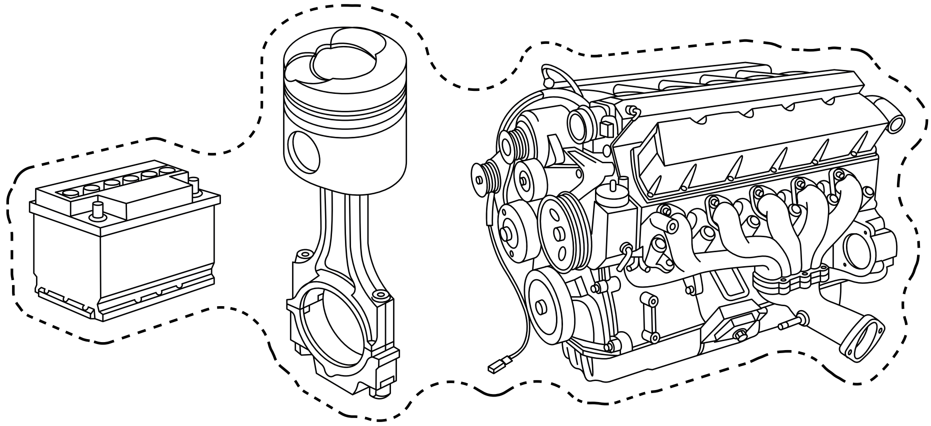


There is a fixed investment of 2,436 million TL and employment of 1,874 people in Konya through 73 incentive certificates issued between 2019-2022.

Chart 13: Incentive Certificate in Türkiye and Konya – Automotive Supply Industry Investments

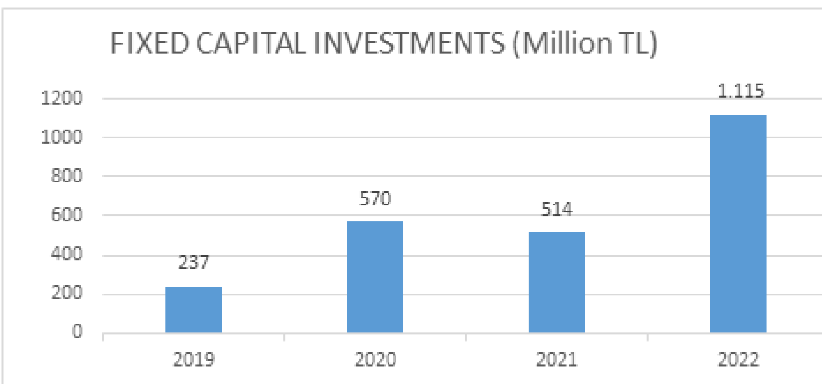
Source: Ministry of Industry and Technology-2022

Years		Certificate (Quantity)	Fixed Investment (Million TL)	Employment (People)
2019	Konya	9	237	261
	Türkiye	320	11,282	8,868
	Konya/Türkiye	3%	2%	3%
2020	Konya	29	570	774
	Türkiye	557	22,454	18,180
	Konya/Türkiye	5%	2%	4%
2021	Konya	21	514	379
	Türkiye	732	15,756	16,141
	Konya/Türkiye	3%	3%	2%
2022	Konya	14	1,115	460
	Türkiye	608	21,043	14,637
	Konya/Türkiye	2%	5%	3%



Graph 4: Fixed Capital Investments (Million TL-Nominal)

Source: Ministry of Industry and Technology-2022



Konya has taken the position of a rapidly developing province in the period of 2019-2022 thanks to both the incentives and new investments made directly in the automotive supply industry. The sector continues to rise by increasing its position on a provincial basis in order to respond rapidly to the developing demands for domestic and export markets.

SECTORAL ADVANTAGES

Considering the distribution of sub-products, it is determined that most businesses in Konya are located in the gearboxes and other gear groups. On the other hand, flywheels, couplings, and their components are just a few of the sub-sectors that provide the most employment. The most important advantages of Konya in the development of the automotive supply industry are listed as follows;

-Konya is one of the attraction centers of Türkiye with its advanced industrial infrastructure, cutting-edge Organized Industrial Zones, and large terrain. In this context, Konya has sufficient investment and post-investment expansion areas for possible large-scale main-industry and sub-industry investments. In addition, thanks to its existing automotive supply industry infrastructure, the city has the potential to export to many different countries around the world and also has the capacity to produce the majority of the parts required for an automobile. On the other hand, with more than 25,000 SMEs and special industrial zones with flexible production capabilities, Konya also has the infrastructure to contribute to the main industry investments that may occur in the region. Furthermore, the city's level of competitiveness is constantly increased by strengthening the infrastructure of the automotive supply sector along with the casting and agricultural machinery sub-sectors through clusters in these industries.

-Konya, which has become more advantageous in national and international competition by attracting foreign investors and white-collar employees along with professional managers with the construction of High-Speed Train systems in 2013, has the most suitable climatic conditions for the metal industry.

-Konya is one of Türkiye's high-potential centers for renewable energy resources. Also, the city contains important basins in terms of fossil fuel resources. Moreover, having various underground resources (aluminum, magnesite, lignite, coal, clay, cement raw materials, lead, zinc, barite, and geothermal resources) is yet another advantage of the province.

-As a city that successfully implements quality management systems in its businesses, Konya is an industrial center that constantly increases its exports (the city exports to 172 countries and provides diversity in exports), has a foreign trade surplus, and has an export-oriented business environment. (In 2001, 462 exporters in Konya exported goods worth 107 million dollars. In 2007, the number of exporting companies rose to 852, while the export figure reached 700 million dollars. As of 2014, the number of exporting companies reached 1,543 and the export figures reached 1,490 billion dollars.)

Konya, with its high economic and cultural potential, its focus on high value-added sectors, and its future as one of the brand cities, has earned the privilege of being one of the most important logistics centers of Türkiye by becoming an intersection point of both road networks and railway networks as of 2020. (When the existing main industry investments established in Europe are examined, it is observed that the distance to the ports is not a disadvantage. The main driving force behind solving the issue behind this process was the good planning of the logistics network in the region. (Moreover, it is determined that the distance to the target market is especially important during the factory location selection process.)

REASONS TO INVEST ***IN KONYA***

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Konya is a center with the position of system supplier or main part manufacturer, which is open to all kinds of domestic or foreign investors who can play a leading role in the sector to increase the city's production and export potential for vehicle OEM (Original Equipment Manufacturer) companies. The growing domestic automotive market also allows this and attracts the attention of international OEM companies and investors to Konya.

As the Turkish automotive industry increases its technology level, develops its production capacity for the domestic market, and catches up with new advancements such as electric vehicles and autonomous driving systems, it is estimated that there will be a need for an alternative location to the industrial congestion on the Bursa-Kocaeli line. It is believed that Konya will come to the fore as one of the most suitable options for this need.

The fact that Konya is one of the provinces pointed out by the public for domestic vehicles, its good level of integration with global markets, its export to many different countries at an increasing level, and its advantageous position in terms of the domestic market are just a few of the many advantages that the city has.
Konya has a machinery industry infrastructure with the capacity to help the development of automotive sub-industry production. Moreover, it is possible to say that the city is stronger than the estimations in product groups that are classified under machinery or fabricated metal products, which produce both for the machinery sector and the automotive sector, in addition to the product groups that directly cover automotive sector parts.

All these stated advantages are expected to become even more prominent with the near-future opportunities that will arise from autonomous driving systems, which are expected to become widespread starting with commercial vehicles, and the transition to electric vehicle use. In this context, Türkiye has a very high potential to increase its share in the world of traditional vehicles & parts and to get a share from the aforementioned new automotive products. Thanks to these global developments and the new investment attracting power of the suitable automotive infrastructure of the region, possible investments in Konya have the potential to turn into great opportunities.

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 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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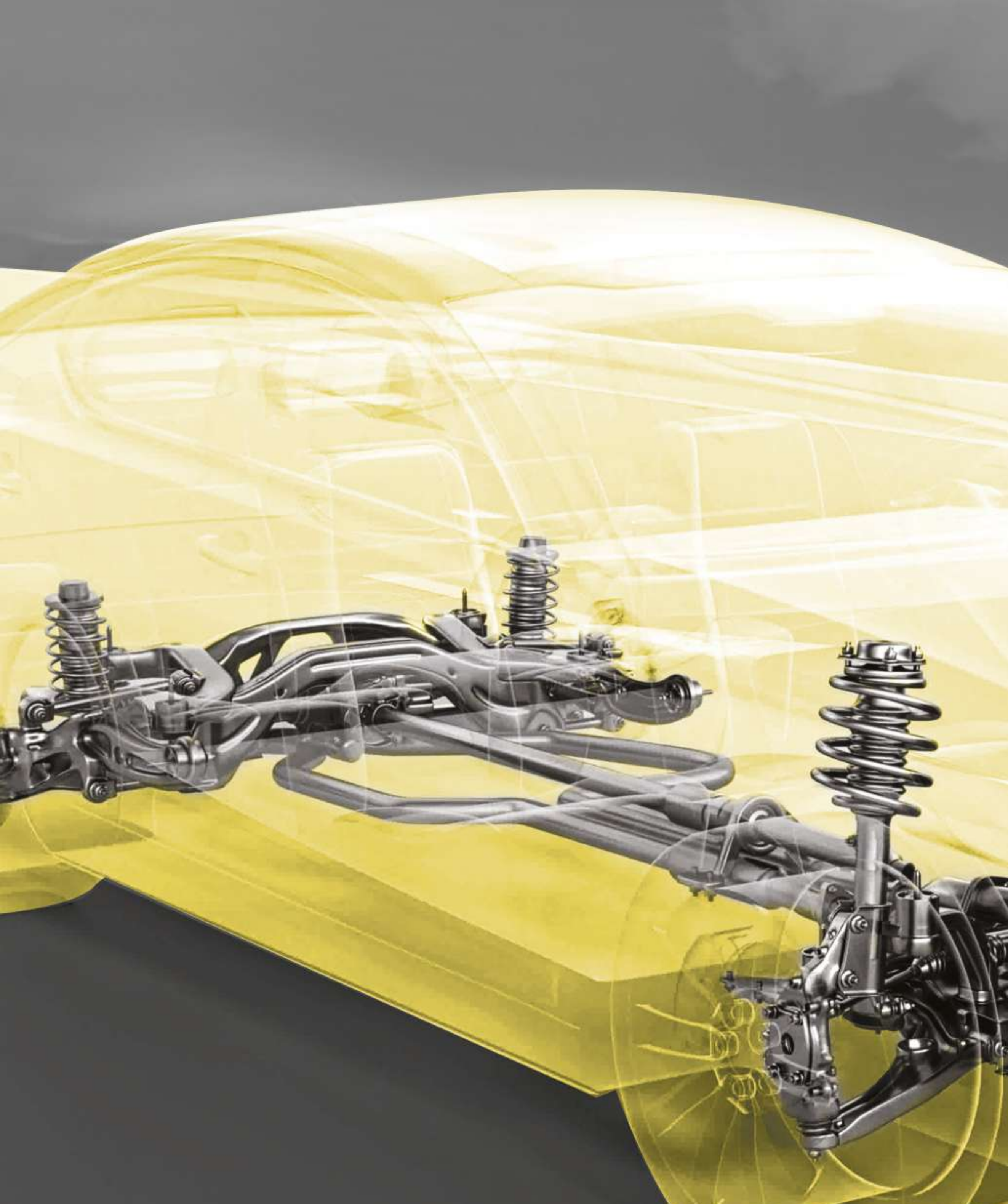

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