PLASTIC

KONYA PLASTIC INDUSTRY

Past, Present, Future ...

1882
KONYA TİCARET ODASI
KONYA CHAMBER OF COMMERCE

PROJECT OWNER
KONYA CHAMBER OF COMMERCE

PROJECT CONTROLLER
Hüsamettin GÜNGÖR
Osman Yunus DOĞAN
Nurhan KOYUNCU
Tuğçe Merve BARİP
Burhanettin DİKBAŞ

SECTORAL INFORMATION AND STATISTICS
Konya Chamber of Commerce
Konya ABİGEM

COMPILED AND PREPARED BY
Konya Chamber of Commerce
Konya ABİGEM

KONYA / 2023


1882
KONYA TİCARET ODASI
KONYA CHAMBER OF COMMERCE
KONYA TİCARET ODASI
TÜYAP KONYA ULUSLARARASI
FUAR MERKEZİ
GİRİŞ / ENTRANCE

5

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

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

Selçuk ÖZTÜRK
Konya Chamber of Commerce
President of Board of Directors

CONTENTS

KONYA PLASTIC INDUSTRY
Past, Present, Future

…

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.

Plastics *are in our lives*

...

OVERVIEW

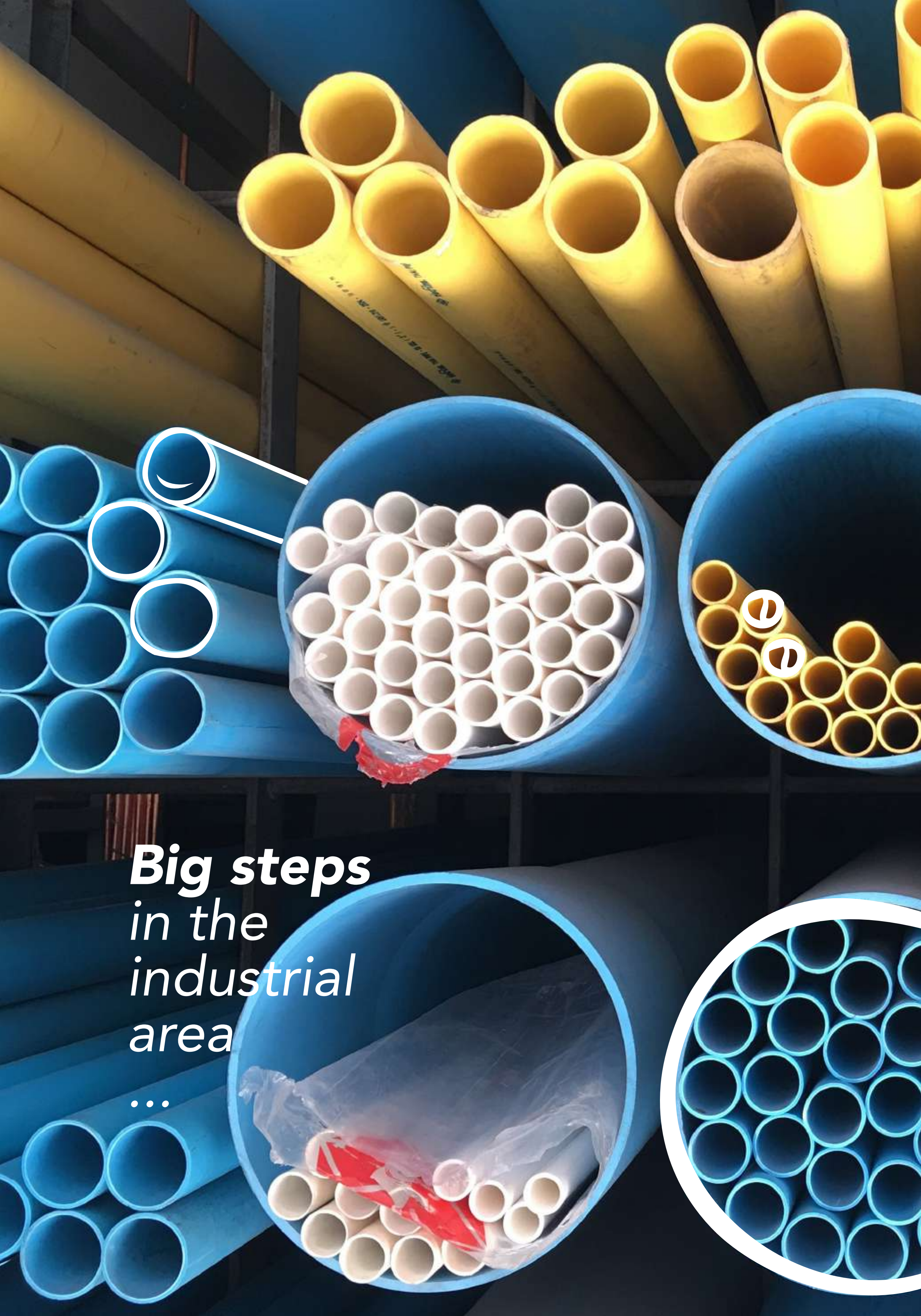
Plastics consist of two types, thermoplastic and thermoset, and are produced from hydrocarbons obtained from natural resources such as natural gas and petroleum.

Thermoplastics soften when heated and harden when cooled. Thermosets, on the other hand, never soften after molding once. Plastics can be in the form of powder, granules, flakes, or solutions and are used in various areas of modern life, from toys and electrical appliances to medical devices and packaging.

There is a significant increase in investments in ***plastic sector*** *in ...*

The importance given to the production of plastic products in Konya is increasing with each passing year. In addition, due to the gradual increase in investments and investment incentives in Konya's plastic sector, the production capacity of plastic products and employment creation have reached serious levels. The sub-sectors in which the plastic industry companies mainly produce are as follows: manufacture of sheets, plates, tubes, and profiles for the production of plastic doors and windows, manufacture of plastic packaging materials (bags, bottles, boxes, etc.), manufacture of rubber products, manufacture of plastic construction materials and manufacture of other plastic products.

In particular, the activities of R&D and technology investments enable the manufacturers in Konya to increase the added value of the products in the plastic sector in terms of improving the quality of the plastic products. On the other hand, important public activities are carried out around the world for the recycling of plastic products. Konya comes to the fore as a city that can provide necessary specialization within suitable sub-sectors through such a production structure and is suitable for increasing its production and foreign trade share in Türkiye and the world, respectively.



Big steps
in the industrial area
...

WHY KONYA

From the past to the present, Konya has been the agriculture, trade, industry, and tourism center of both the Türkiye and Central Anatolia regions. The city has made serious contributions to the country's economy in various sectors and at different levels.

In addition to being an agriculture and trade center, the ancient city of Konya has also become a production base by evolving towards becoming an industrial center in recent years. As a matter of fact, due to the industrialization efforts that started during the Ottoman Period, the first Anatolian and the second-ever nationwide "Industry School" was opened in Konya in 1898, after Istanbul.
Before the proclamation of the Republic, Konya had a self-sufficient economy, large-scale agriculture, and a small-scale, non-manufacturing industrial production structure. During the first years of the Republic, 45% of the active population was working in agriculture. Over time, the city became one of the more important manufacturing centers of Türkiye, while maintaining its agricultural economic structure.

In the 1950s, a wave of activities and new businesses were seen in Konya, especially in the fields of agriculture, animal husbandry, and industry. At the same time, the city started to move away from its agriculture-based economic structure. Although a lack of capital accumulation did not allow for large-scale investments, a series of investments were made in the city after the multi-partner incorporation phenomenon that emerged with the cooperation of small investors and experienced workers from abroad.
There are various reasons why Konya has an important position in Türkiye and has great potential in the plastic goods industry.

The plastic sector has a medium technology level and stands out as the most important of the sectors that increase the regional competi-

tive advantage in the Konya manufacturing industry. Manufacturing industry investments in the sector are at a significant level. Also, it is important to have the necessary infrastructure in the sector, where an educated and experienced workforce is a big advantage.

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.

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.
Inter-institutional harmony and strong cooperation are also advantages of Konya. Moreover, the city's transportation network to various regions facilitates trade in terms of logistics.

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**

In 2022, Konya made a name for itself in the plastics industry with an export of 127 million dollars. 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.

PLASTIC GOODS INDUSTRY IN TÜRKİYE

The globalization trend, which has made itself felt more and more in the world economy recently, has increased the importance of urban economies in the global economy. In this context, local economies have also affected the development performance of their countries, thanks to the strategies and policies they have developed in global competition by improving their physical, social, and institutional infrastructures.

The demand for plastic production increased, especially in the 1970s, due to the acceleration of industrialization around the world. While global plastic production was 1.5 million tons in the 1950s, it increased to 50 million tons as of the mid-1970s, and 200 million tons of production were reached all over the world by the 2000s.

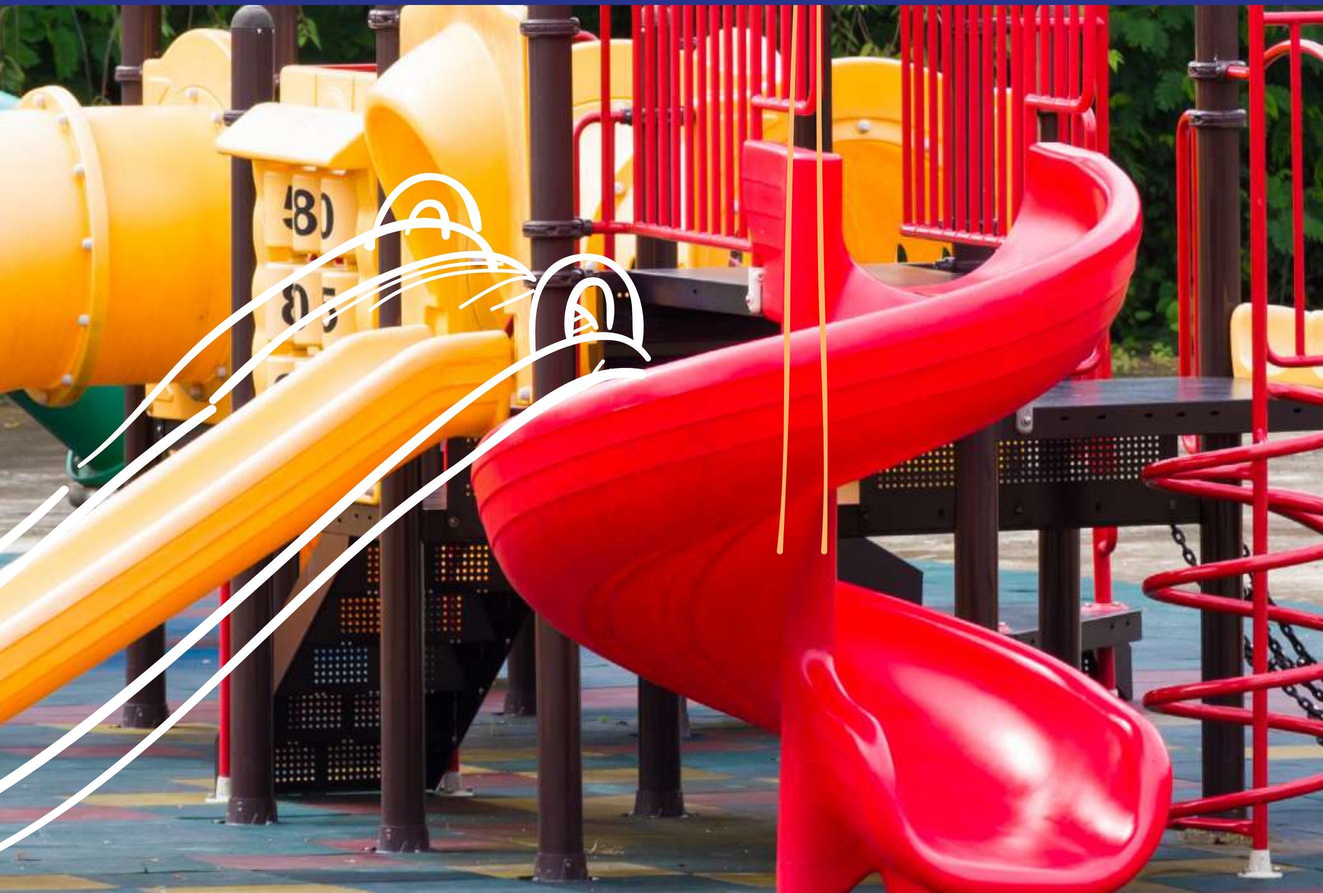
Except for the negative period of the 2008 crisis, plastic production has always been an increasing industry all over the world.

The demand for plastic products in Türkiye has also increased, especially with urbanization.

The worldwide spread of the COVID-19 pandemic caused a

decline in demand both globally and domestically. The pandemic had different effects on the Turkish plastics industry on the basis of sub-sectors. Cancellations in orders, disruptions in the supply chain, and a risk increase in the collection of revenues were among these effects. However, with the pandemic, an increase in demand for plastic products used as packaging under hygiene measures has also been observed, especially in the demand for cologne and antiseptic solution bottles. Furthermore, capacity utilization in Türkiye, which decreased to a minimum in April 2020, recovered and increased in the following months.

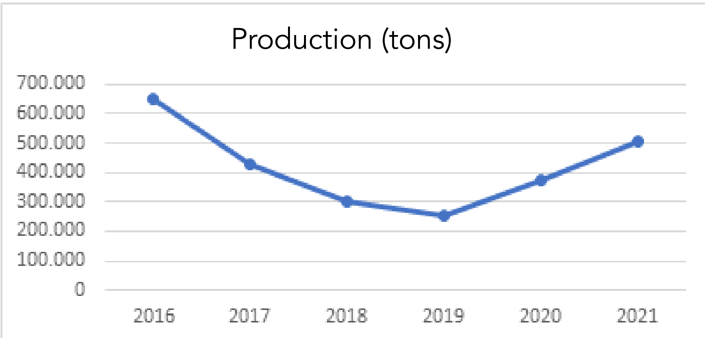
According to the TOBB Database, exports worth 11,570,171.16 USD were realized through 7732 companies and 379,599 employees in the manufacturing sector of rubber and plastic products throughout Türkiye in 2022. Compared to 2021, there has been a 15.5% increase in exports across the country in ''Chapter 39 - Miscellaneous chemical products'' group. Moreover, in TURKSTAT - General Trade System's list of 20 Chapters with the Most Exports and Imports, Chapter 39 has found a place in the top ranks.



Plastic product manufacturing information prepared by utilizing the annual industrial production data of TURKSTAT is given below:

Graph 1: Plastic Tube, Pipe, and Hose Production

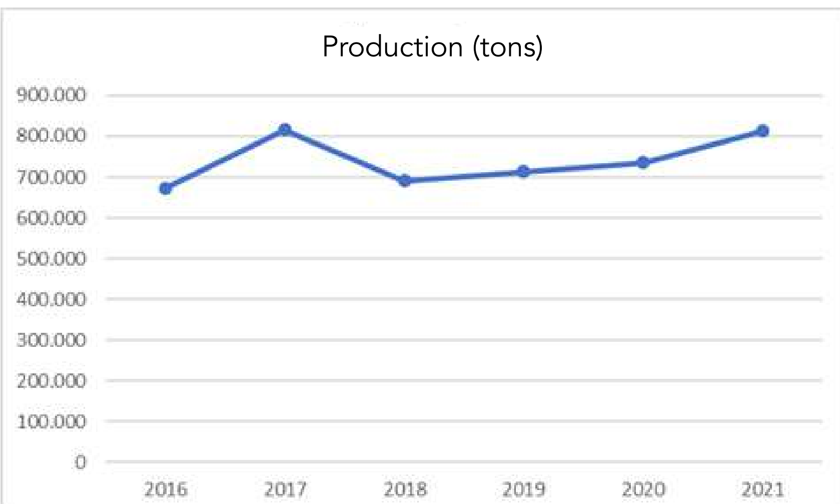
Source: TURKSTAT



After a sharp decline in the 2016-2019 period, plastic tube, pipe, and hose production started to rise again in the following years.

Graph 2: Bags and Handbags, Plastic Packaging

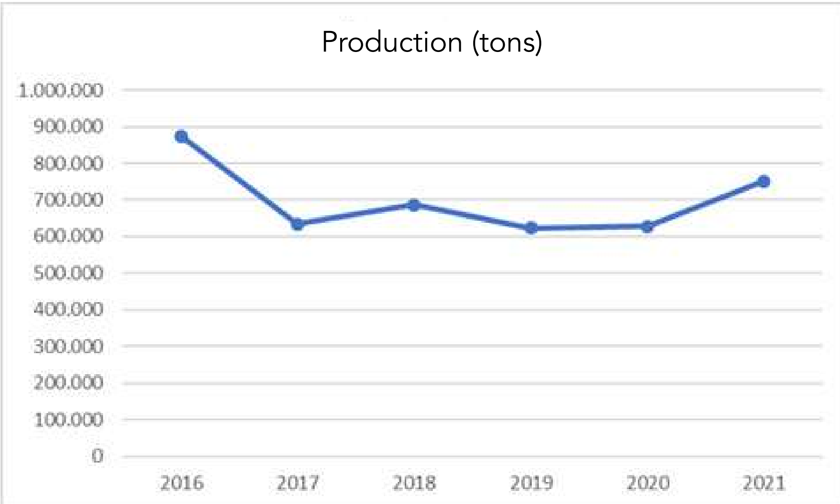
Source: TURKSTAT



After peaking at 800,000 tons in 2017, the production of plastic bags and handbags decreased by 22.5% in 2018 and then reached the production levels of 2017 again in 2021 by showing a constant increase over the years.

Graph 3: Plastic Tableware, Kitchen, Toilet and Other Houseware Production

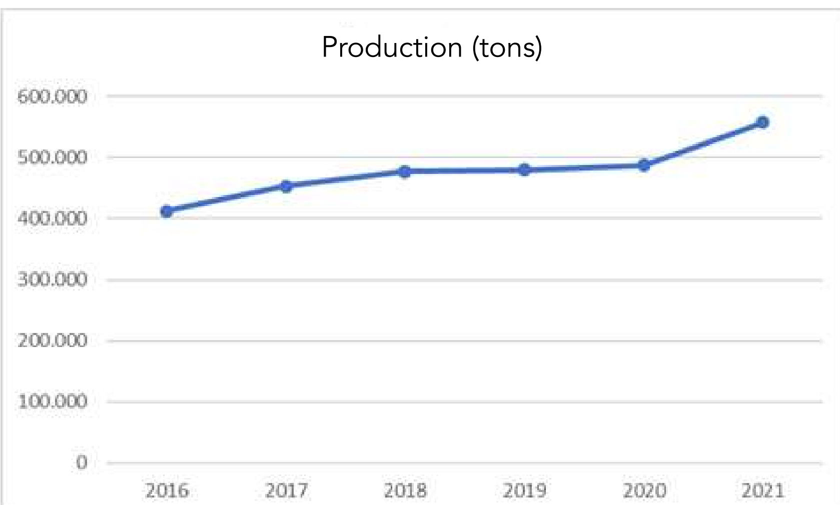
Source: TURKSTAT



After experiencing a decline in 2017, the production of plastic tableware, kitchen toilet, and other houseware followed a horizontal course and exceeded 700,000 tons in 2021.

Graph 4: Plastic Box, Crate, Material Handling, and Packaging Production

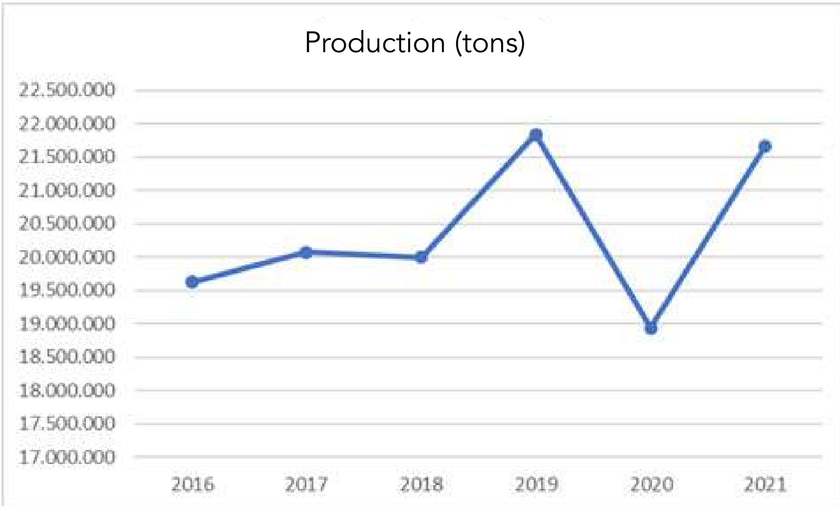
Source: TURKSTAT



The production of plastic boxes, crates, and material handling goods increased regularly after 2016 and exceeded 500,000 tons in 2021 with an accelerating rise.

Graph 5: Plastic Water Cooler, Bottle, Flask, etc. Production

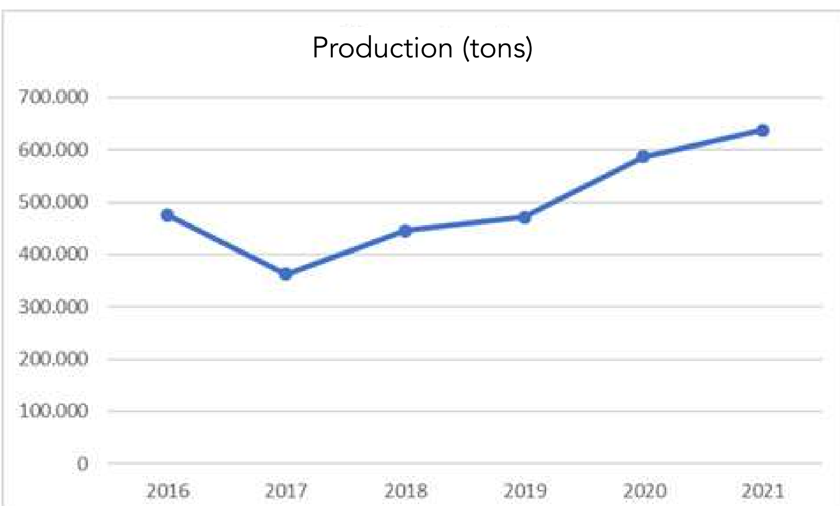
Source: TURKSTAT



The production of plastic water coolers, bottles, and flasks followed a horizontal course in the 2016-2018 period and fluctuated in the following years. In 2019, the production increased by 10%, decreased sharply by 22% in 2020, and recovered with an increase of 10% in 2021.

Graph 6: Plastic Reels, Bobbins, Coils, Plugs, and Nets used in Material Handling and Packaging Production

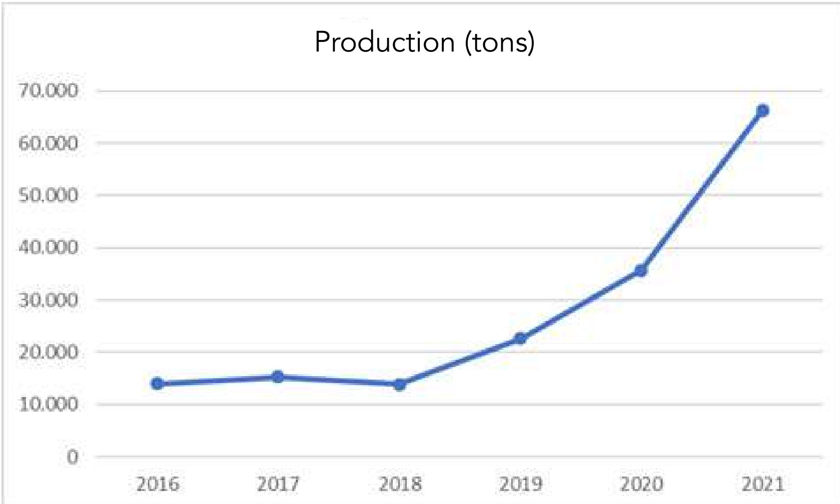
Source: TURKSTAT



After declining in 2016, the production of plastic reels, coils, bobbins, plugs, and nets used in material handling and packaging increased regularly and exceeded 600,000 tons.

Graph 7: Plastic Storages, Tanks, Barrels Production

Source: TURKSTAT



After following a horizontal course in the 2016-2018 period, the production of plastic storage, tanks, and barrels increased rapidly in the following years. In 2021, it peaked from around 15,000 tons to 70,000 tons. Plastics, which are durable, light, and can be molded into various shapes, also have a price advantage. In addition, they save resources when recycled. The product range of the plastic products sector is very wide due to its different areas of use, including plastic tubes, pipes, hoses, packaging, water coolers, bottles, flasks, boxes, crates, chests, reels, coils, bobbins, tableware, and kitchenware. With this situation, important progress has been made in the production and export of plastic products both in the world and in Türkiye.

In competitive market, ***there is a strong Konya*** *in plastic goods sector ...*

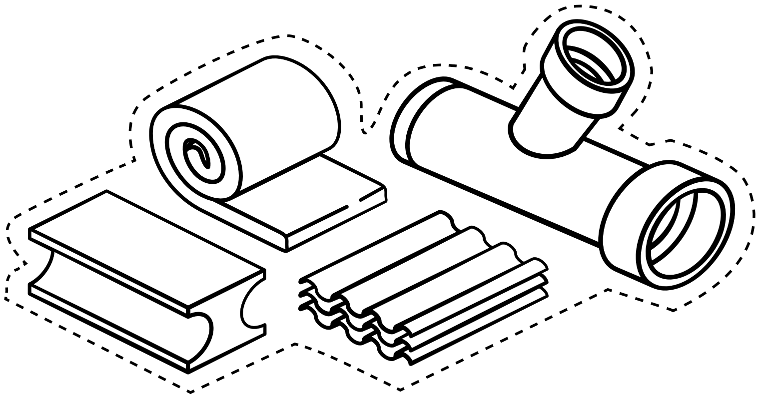
PLASTIC GOODS INDUSTRY IN KONYA

The fact that the production of plastic products in Konya has exceeded 100 million USD in recent periods reveals that the sector is of great importance to the city. Since the products are in demand from different sectors as well, an increase in production capacity is inevitable.

Chart 2: Production Groups in the Konya Plastic Goods Industry

Plastic Pipe: Rubber tubes, pipes, and hoses; plastic tubes, pipes, hoses, and their fittings; production of plastic pipes for irrigation, production of plastic pipes for industrial purposes
Handling Materials: Packaging materials such as plastic bags, garbage bags, handbags, pouches, sacks, nets, crates, boxes, cases, water coolers, bottles, cans, reels, bobbins, coils, plugs, caps, and capsules
Kitchen and Household Appliances: -Plastic tableware and kitchenware (silicone cake mold, basin, bowl, bucket, etc.) and other household items -Plastic clothespins, hangers, sponges, soap dishes, combs, curlers, pins, hairpins, beads, trinkets, figurines as well as self-adhesive sheets, strips, etc. combined with other goods - Rubber bands, tobacco pouches, windshield wipers, characters for date stamps, pipe stoppers, sink pumps, corks and rings for bottles, and other miscellaneous items of hard rubber -Plastic table, stool, chair, etc., indoor furniture and supplies

31



Packaging Materials:

-Finished and semi-finished plastic profiles, bars, sheets, plaques, blocks, films, foils, strips, etc., monofilament products (including nylon canvas)

- Production of reclaimed rubber, in primary form or as slabs, sheets, or strips

-Plastic bags, handbags, pouches, sacks type packaging materials for industrial purposes

Other Plastic Material Productions:

-Rubber conveyor belts and tumplines

- Plastic fittings, conveyor belts, and tumplines for machinery, furniture, bodywork, hand tools, etc.

-Plastic office and school supplies

-Plastic caps, insulation fittings, plastic parts of lamps, lighting equipment, and illuminated signs

-Materials used in wiring (plug, socket, printed and buttoned switch, plastic electrical conduit and cable trays - plastic fittings for machine and device insulation)

-Plastic mold and casting models

-Plastic outdoor furniture such as benches, tables, stools, chairs, and armchairs used in parks and gardens.

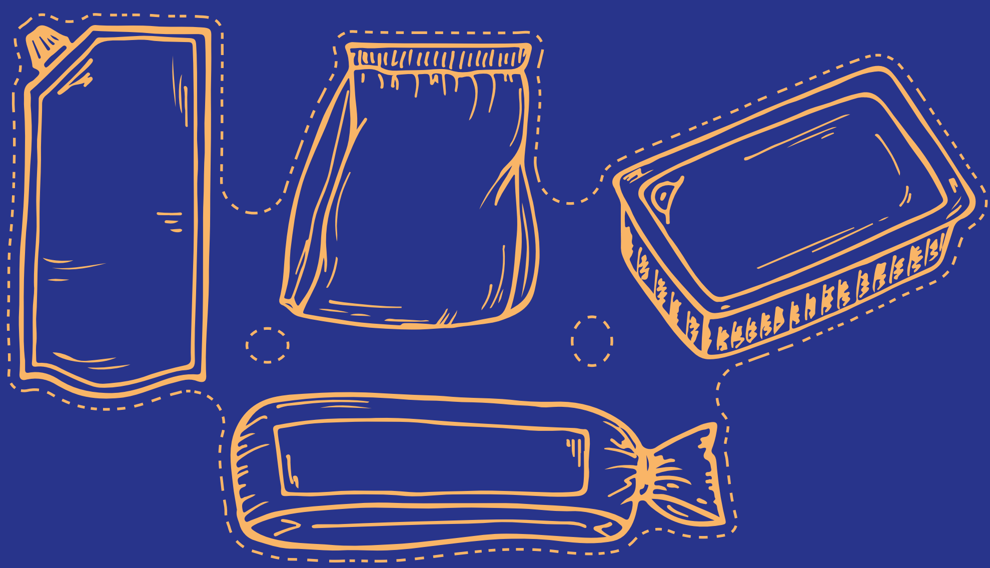
- All kinds of plastic parts used in the production of chairs, armchairs, sofas, seating sets, sofa beds, diwans, canopies, etc.

-Plastic shoes, mes shoes, heavy shoes, boots, combat boots, riding boots, slippers

-Plastic clothing and accessories

Drip Irrigation System

Due to the effects of climate change and the decrease in water resources all around the world, the importance and advantages of drip irrigation systems in the field of agricultural activities are increasing day by day. Accordingly, new systems are produced in order to reach the best efficiency by using the least amount of water. There are many companies located in Konya that manufacture plastic drip irrigation system equipment and plastic irrigation pipes.



PVC Packaging

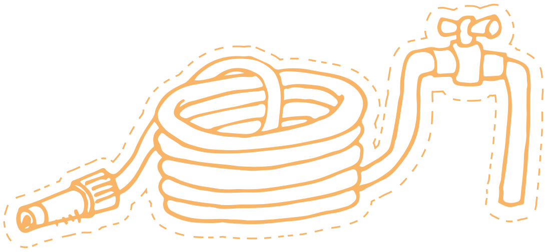
Since petroleum resources are used much less in production compared to polyethylene and polypropylene raw materials, PVC raw materials consume less of the world's oil reserves. PVC also has the important advantage of a low production cost (its price is less dependent on oil than other raw materials).

There are 2 large companies operating in Konya that manufacture PVC building materials and provide a significant number of jobs nationwide.

Plastic Packaging

Plastic packaging is obtained by processing various products from oil refineries in petrochemical facilities. 3% of the total oil production in the world is used for the production of plastic packaging.

Konya hosts a number of Turkish market leaders that produce and print plastic packaging materials.



PRODUCTION GROUPS BY SUB-SECTOR

Chart 3: Plastic Pipe, Tube, Hose Production

Kaynak: TOBB

	Registered Manufacturer	Employment	Capacity (kg)
Konya	55	1.386	106,210,011
Türkiye	252	14.267	856,138,636
Konya/Türkiye	% 22	% 9,8	% 12,40

According to the data above, there are 55 registered businesses in the manufacture of plastic pipes, tubes, and hoses in Konya. This number accounts for 22% of total businesses in the country's entire sector. In terms of capacity, Konya has an 11% share in this product group. These manufacturers produce drip irrigation pipes, water pipes, sprinkler pipes, electrical pipes, natural gas underground pipes, fiberoptic underground pipes, and many similar products.

Graph 8: Konya Plastic Pipe, Tube, and Hose Production Capacity Overview, 2022

Source: TOBB

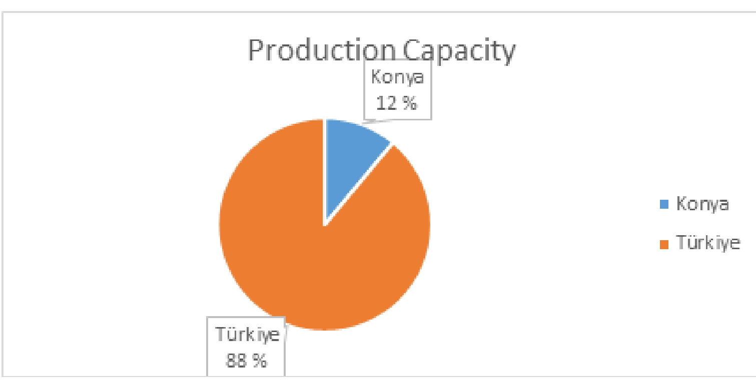


Chart 4: Production of Plastic Packaging Materials (Bags, Sacks), 2022

Source: TOBB

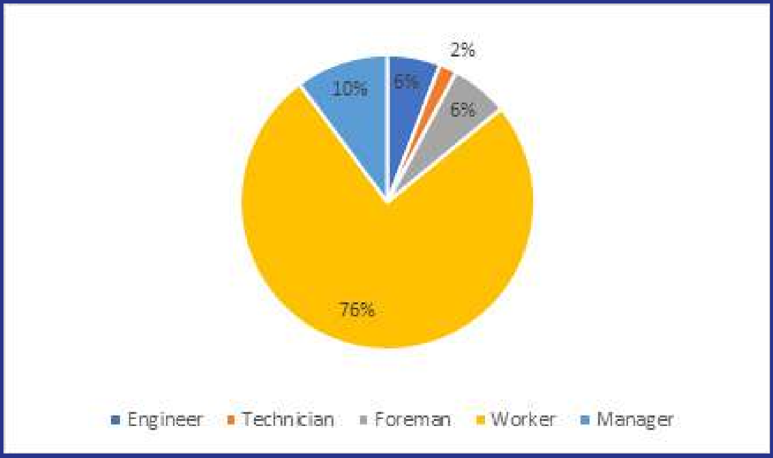
Konya	Registered Manufacturer	Employment	Capacity (tons)
Türkiye	13	404	58.181
Konya/Türkiye	839	35.189	2.248.185
Konya/Türkiye	2%	1%	*

*If the number of registered manufacturers is 3 or less, production capacity information is not given. For this reason, capacity information could not be obtained for bags and sacks made of other plastics.

There are 13 registered manufacturers in the production of plastic packaging materials, including bags and sacks, in Konya. The city has a 2% share of the number of registered manufacturers in Türkiye. These businesses manufacture bags, handbags, sacks, pouches, and similar products from ethylene and other plastics.

Graph 9: Employees in the Production of Plastic Packaging Materials Overview, 2022

Source: TOBB



According to the overview of employment in plastic packaging manufacturing in Konya, it is determined that workers have the highest share at 76%. Engineers rank second with a share of 10%, while foremen and administrative personnel follow with a share of 6%.

Chart 5: Plastic Water Cooler, Bottle, Flask Production in Konya, 2022

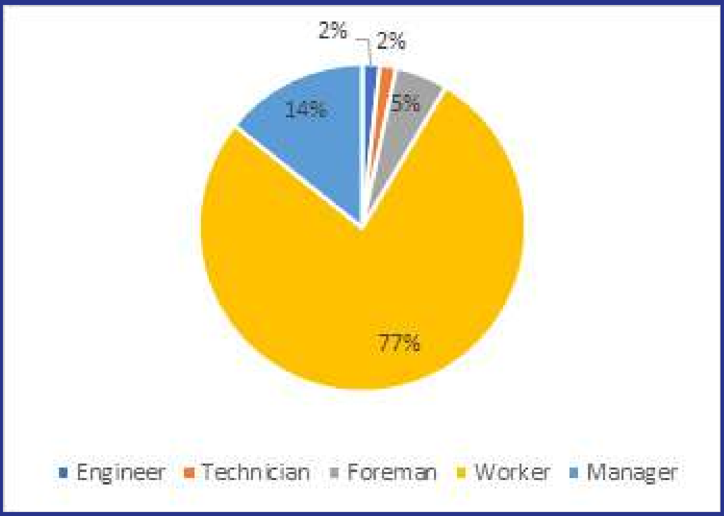
Source: TOBB

	Registered Manufacturer	Employment	Capacity
Konya	25	1.166	1.532.107.213
Türkiye	338	18.389	39.194.639.829
Konya/Türkiye	7%	6%	4%

There are 25 registered manufacturers in Konya that produce plastic water coolers, bottles, and flasks. The share of the manufacturers from Konya in Türkiye's total is 7%, and the share in the country's capacity is 4%.

Graph 10: Employees in the Production of Plastic Water Coolers, Bottles, and Flasks Overview, 2022

Source: TOBB



In Konya's manufacturing of plastic water coolers, bottles, and flasks, workers have a share of 77% of employment, followed by engineers with 14%.

Chart 6: Plastic Box, Cardboard, and Crate Production in Konya, 2022

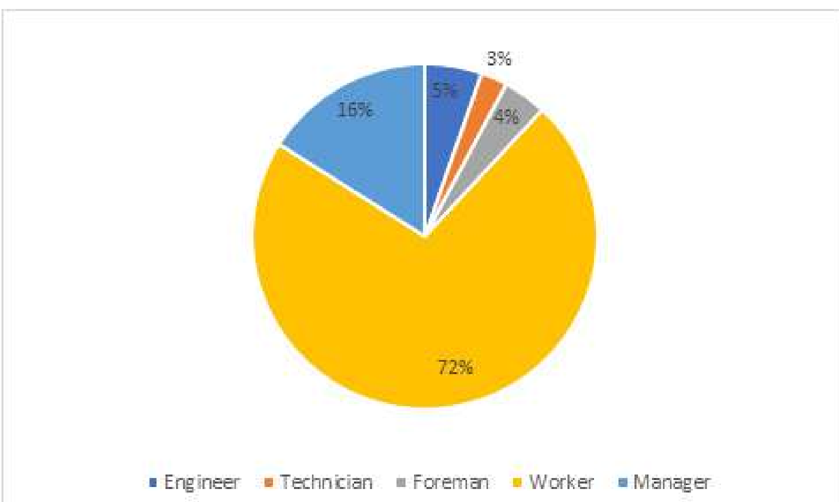
Source: TOBB

	Registered Manufacturer	Employment	Capacity
Konya	19	818	71.311
Türkiye	448	20.874	1.176.921
Konya/Türkiye	4%	4%	6%

19 registered manufacturers are operating in Konya in the production of plastic boxes, crates, and cardboard. The share of these manufacturers among total Turkish manufacturers is 4%, and their share in total capacity is 6%.

Graph 11: Employees in the Production of Plastic Boxes, Cardboards, and Crates Overview, 2022

Source: TOBB



Workers, who have a share of 72% in this sub-sector, are followed by engineers with 16% in Konya. Foremen, on the other hand, receive a 5% share in this field. Konya's share in Türkiye's employment is 4%.

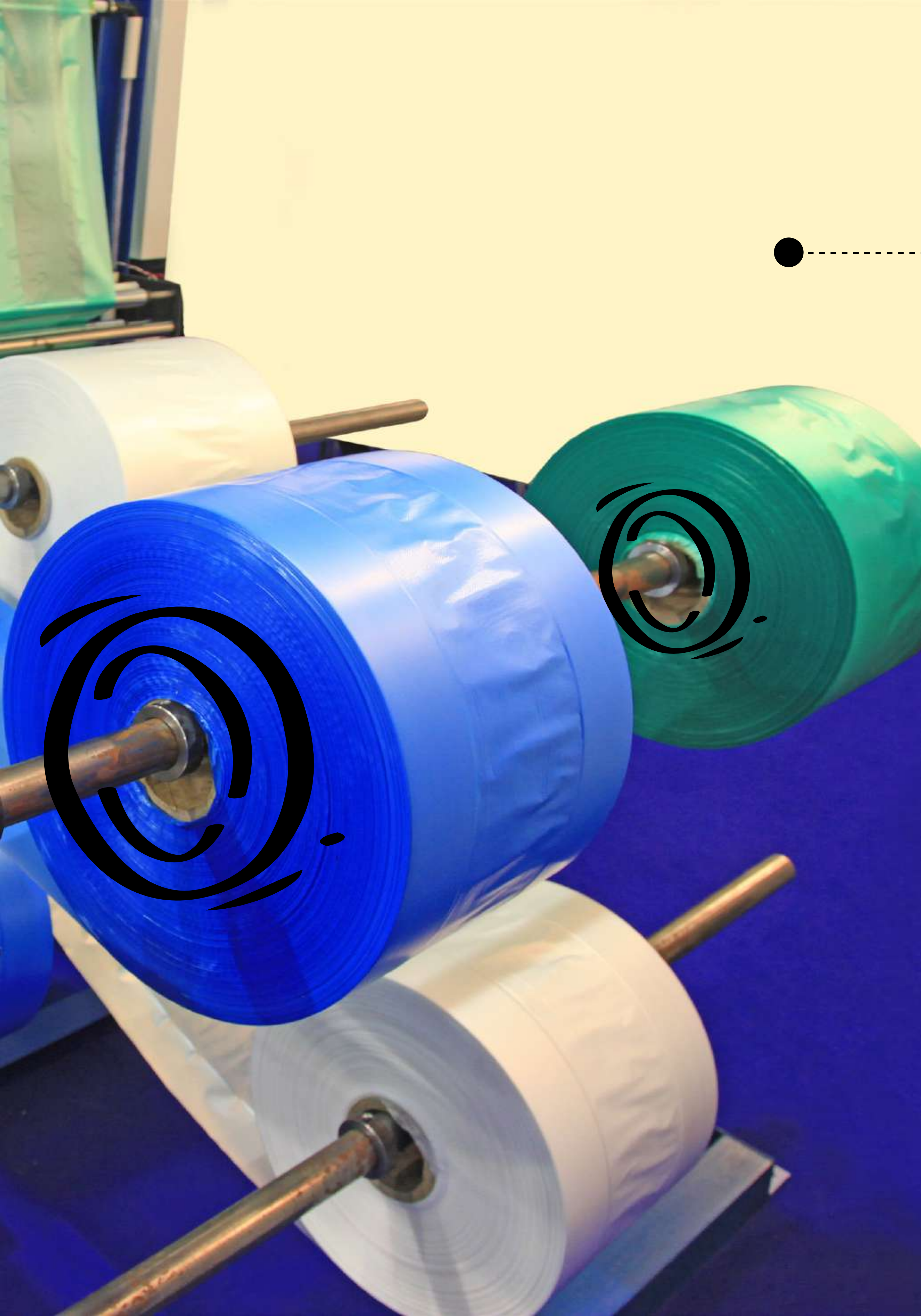


Chart 7: Production of Plastic Reels, Bobbins, Coils, Plugs, and Caps in Konya, 2022

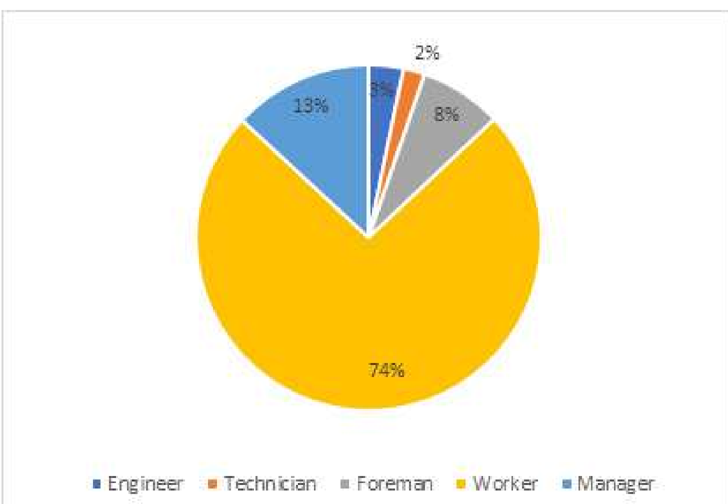
Source: TOBB

	Registered Manufacturer	Employment	Capacity (units)
Konya	31	1.642	29.027
Türkiye	682	27.529	1.597.167
Konya/Türkiye	5%	6%	2%

There are 31 registered companies in the production of plastic reels, bobbins, coils, plugs, and caps in Konya, and their share in Türkiye is 5%. The city's share in total employment is 6%.

Graph 12: Employees in the Production of Plastic Reels, Bobbins, Coils, Plugs, and Caps Overview, 2022

Source: TOBB



Among those employed in the sub-sector, workers have a share of 74%, followed by engineers with 13%.

Chart 8: Production of Plastic Tableware and Household Appliances in Konya, 2022

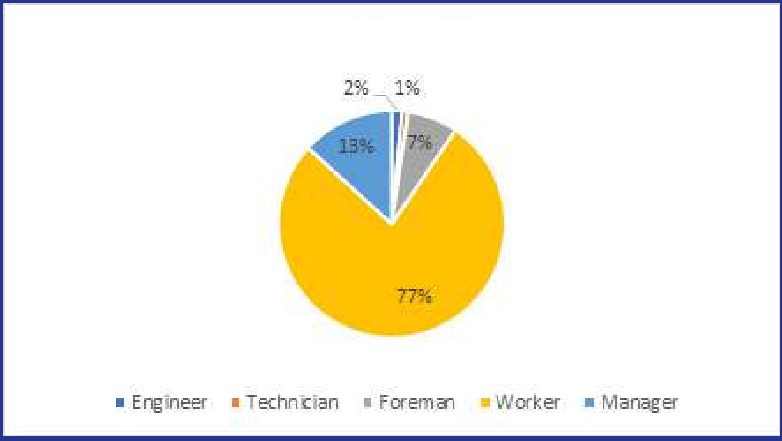
Source: TOBB

	Registered Manufacturer	Employment	Capacity (units)
Konya	17	350	43.295
Türkiye	672	25.611	1.520.897
Konya/Türkiye	3%	1%	3%

In the sub-sector, there are 17 registered businesses in Konya and the city has a 3% share in Türkiye. Similarly, Konya's share in total capacity is 3%.

Graph 13: Employees in the Plastic Tableware and Household Appliances Overview, 2022

Source: TOBB



77% of the employees in the sub-sector are workers, followed by engineers with 13%.

Chart 9: Production of Plastic Storages, Tanks, and Barrels for Construction in Konya, 2022

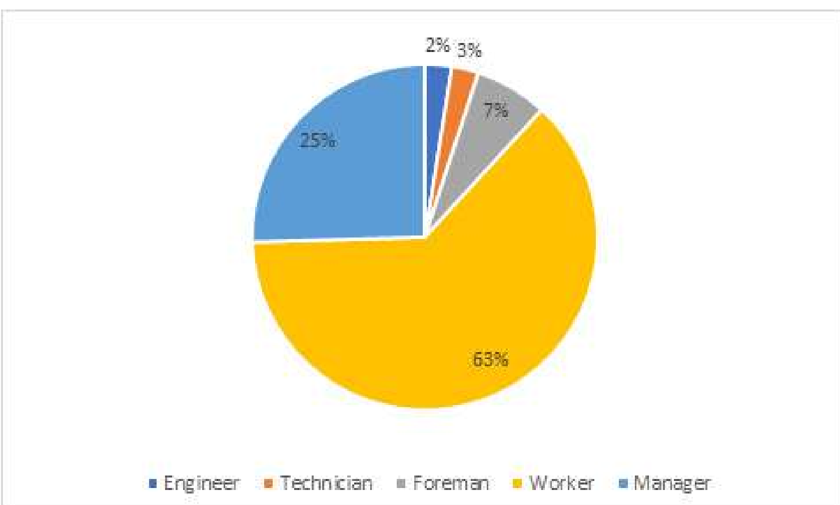
Source: TOBB

	Registered Manufacturer	Employment	Capacity (tons)
Konya	7	244	30.958
Türkiye	82	1982	75.567
Konya/Türkiye	9%	12%	41%

There are 7 active companies in Konya operating in the sub-sector, and the city has a share of 9% in the total businesses. In terms of capacity, Konya has a high share of 40% and is ahead of all other provinces.

Graph 14: Employees in the Plastic Storages, Tanks, and Barrels for Construction Overview, 2022

Source: TOBB



In Konya, 63% of the employees in the sub-sector are workers, followed by engineers at 25%.

Konya ranks first with 40% of the production capacity in plastic storage, tank, and barrel production for construction.

Chart 10: Konya Foreign Trade Data at the Chapter Level, According to the Private Trade System

Source: TURKSTAT, 2022

Chapter 39 - Miscellaneous chemical products	Konya's Exports ($)	Konya's Imports ($)
2019	77.858.083	73.342.695
2020	88.190.464	98.706.930
2021	125.200.432	145.798.013
2022	127.178.747	137.833.257

Konya's exports have been increasing over the years, and the city's plastic products export has managed to maintain its 4% share in its total exports.

Chart 11: Development of Plastics Export from Konya (Thousand USD)

Source: TURKSTAT, 2022

	2019	2020	2021	2022
Konya (Chapter 39)	77.858	88.190	125.200	127.178
Konya (Total)	1.991.692	2.167.552	3.003.842	3.277.252
Share (%)	**%3.9**	**%4**	**%4**	**%3.8**

As the data shows, Konya's exports of plastics and plastic goods products increased by 13.2% in 2020 and by 42% in 2021. There was also an increasing trend in imports during the same period. The export of primary form products, which was realized at 2,364,386 in 2022, has a low share of 2.2%; thus, it is determined that the majority of exports from Konya include processed plastic products.

INVESTMENT INCENTIVE PRACTICES IN THE PLASTIC GOODS INDUSTRY

The investment incentive systems implemented in Türkiye are as follows;

• **General Incentive Practices:** Investments above the minimum fixed investment amount and capacities are supported within the scope of General Incentive Practices, regardless of region. Subjects excluded from the incentives or subjects that do not meet the conditions sought for incentives are not included in these. The minimum investment amount required for Konya in General Incentive Practices is 3,000,000 TL.

• **Regional Incentive Practices:** Within the Regional Incentive Practices, the sectors qualified for support in each province are determined by considering the potentials and economic scales of the said provinces, and the level of support varies according to the development levels of the regions these provinces are located in. The minimum investment amount in Regional Incentive Practices for Konya, which is located in Enterprise Region Number 2, is 1,000,000 TL.

• **Incentive of Priority Investments:** In line with the needs of Türkiye, the investments to be made in the determined areas have been classified as priority investments. In addition, even if these investments are made in the 1st, 2nd, 3rd, and 4th Enterprise Regions, the supports applied in the 5th Region are also provided to the priority investments.

• **Large-Scale Investments Incentive:** Agricultural machinery industry covered in this report is among the sectors determined as large-scale investments and therefore able to benefit from this incentive. The minimum fixed investment amount is 50 million TL.

• **Incentive of Strategic Investments:** Investments in the domestic production of intermediate goods or products with high import dependency are supported within the scope of strategic investment incentive practices.

The investment criteria for support within the scope of this incentive are as follows;

• 50 million TL minimum fixed investment amount,
• The total domestic production capacity of the product in question is less than the import,
• Minimum 40% of the added value provided by the investment (this condition is not required for refinery and petrochemical investments),
• The total import value of the product in question is at least 50 million USD as of last year.

Incentives provided to investments within the framework of these practices;

The Regional Incentive System implemented in Türkiye is summarized in the chart below:

Chart 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 Contribu-tion 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 Contribu-tion Rate (%)*	Outside OIZ	10	15	20	25	35	No Limit
		Inside OIZ	15	20	25	35	No Limit	No Limit

Note: Within the scope of investment incentive certificates issued for the manufacturing industry (US-97 Code: 15-37), the legislation to be considered for investment expenditures to be made between 1/1/2017 and 31/12/2022 is as follows: Within the scope of regional and strategic incentive practices, the investment contribution rates to which tax reduction support will be applied are calculated by adding 15 points to the investment contribution rate of each region. In addition, corporate tax or income tax deduction is applied as 100% in all regions and without any action on the incentive certificate.

The delivery of goods and services related to the construction works within the scope of the certificate of the taxpayers holding the investment incentive certificate for the manufacturing and tourism industries are exempt from VAT until 31/12/2025.

* At the application stage for the issuance of an incentive certificate, if requested, Employer's National Insurance Contribution Support rates are increased by half of the investment contribution rates in parallel with the tax deduction, provided that tax deduction is not utilized. The chart regarding this is given below

The exceptions regarding the investments to be made in Konya are as follows:

1- If the investment is in the OIZ, or made by an investor with at least five real or legal persons operating in the same sector as a partner, and if it is an investment that will ensure integration in the area of joint activity, the said investment benefits from the support of **Region 3** for a tax deduction and employer's national insurance contribution support.

2- Within the scope of the district-based incentive system and regional incentive practices, the investments to be made in Konya's Ahırlı, Altınekin, Bozkır, Çeltik, Derbent, Derebucak, Doğanhisar, Emirgazi, Güneysinder, Hadim, Halkapınar, Hüyük, Kadınhanı, Kulu, Sarayönü, Taşkent, Tuzlukçu, 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.

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.

<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.

The contents of the investment support practices implemented for Konya are as follows:
Considering the status of investment incentive certificates issued for the Konya plastic sector between 2019-2021, the plastic goods and products sector was categorized under the sub-classification of plastic products.

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 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.

The status of the investment incentive certificates issued for the Konya Plastic Industry during the period of 2019-2022 is as follows:

Chart 15: Incentive Certificates in Türkiye and Konya Province - Plastics Industry Investments

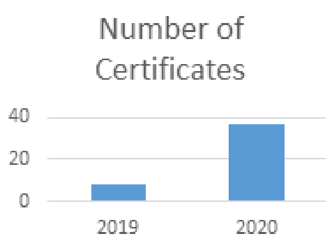
Source: Turkish Ministry of Industry and Technology, 2022.

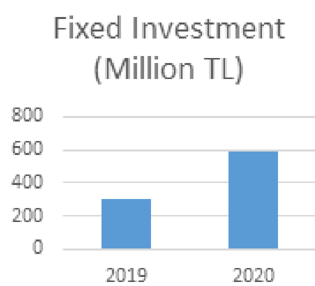
Years		Certificate (Quantity)	Fixed Investment (Million TL)	Employment (People)
2019	Konya	8	306	128
	Türkiye	236	6.512	3.985
	Konya/Türkiye	3%	5%	3%
2020	Konya	37	662	475
	Türkiye	683	11.681	8.703
	Konya/Türkiye	5%	6%	5%
2021	Konya	36	371	386
	Türkiye	594	10.017	7.887
	Konya/Türkiye	6%	4%	4%
2022	Konya	15	309	171
	Türkiye	593	10.145	7.862
	Konya/Türkiye	3%	3%	2%

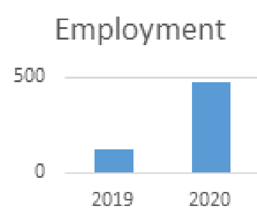
Compared to the previous year, there is a significant increase in incentive certificates for plastic product investments in Konya in 2020, both in terms of issued certificates, fixed investments, and employment created.

Graph 15: Investment Incentives in the Industry

Number of Incentive Certificates 2020/2019	Fixed Investment (Million TL)	Employment
362% increase	**93% real increase**	**271% increase**







Compared to the previous year, in 2020, the investment incentive certificates issued for the plastic goods sector in Konya increased by 362%. The fixed investment increased by 93% in real terms, and employment increased by 271%.

In Konya, the investment incentive certificates issued for plastic goods increased by 362%, the fixed investment corresponding to the said certificates increased by 93% in real terms, and the employment created increased by 271%.

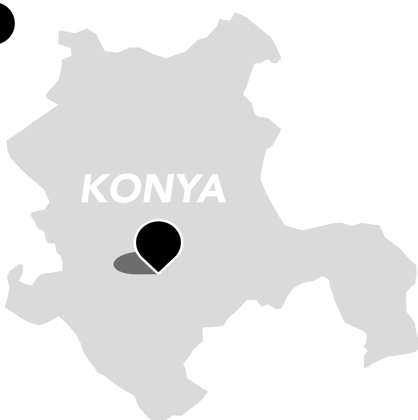
SECTORAL ADVANTAGES

The plastic goods industry is strengthening its position in Konya with each passing year. The fact that the products in the sector are also used in different manufacturing processes plays a major role in this development. Furthermore, the plastic goods sector provides raw materials to many different industries, adding dynamism to the overall production of Konya.

The products manufactured in the plastic goods sector in Konya are mostly in demand from the construction, packaging, and automotive sectors. Considering that these sectors are at the forefront of growing industries in Türkiye, it is predicted that this situation will accelerate the growth of the Konya plastic goods industry by creating additional demands.

The manufacturers in the plastic goods sector of Konya are open to innovation and therefore aim to increase the added value of their products through R&D and new thinking. There is an increasing interest in the plastic industry all over the world, especially in terms of recycling. This development reveals the necessity for companies operating in this sector of Konya to review their investment decisions and practices. This situation means new opportunities for foreign investors.

65



REASONS TO INVEST ***IN KONYA***

...

Konya's industrial and human infrastructure, its proximity to almost all markets, and its developed distribution networks are just a few of the advantages of investing in the plastic goods industry in Konya.

The demand power created by the sector’s wide variety of productions and the said products’ use as raw materials or intermediate goods in the production processes of different sectors is of key importance. In addition to this, the production of numerous end products and the increasing investments in the ever-growing recyclability of the sector’s products also play major roles in the industry. Moreover, the innovative and forward-looking attitude of the sector’s manufacturers is another investment advantage.

The many opportunities for companies to export a large bulk of their local products in line with the demand from European countries, the heavy interest from foreign markets, the incentive systems, and the rapid growth potential of the sector are prominent reasons for investing in Konya’s plastic goods industry.

In light of all this, plastic pipes, injection goods, household appliances, plastic construction structures, and elements sub-sectors of Konya’s plastic industry can be listed as a few of the areas open to new investments.

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 is able to 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 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 Istanbul by high-speed train.

Konya has a military-civil airport and air transportation in the city is increasing its importance day by day. The airport, which is open to international traffic as an entry point, is 20 km 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.

1882

KONYA TİCARET ODASI

KONYA CHAMBER OF COMMERCE

1882
KONYA TİCARET ODASI
KONYA CHAMBER OF COMMERCE