

AGRICULTURAL MACHINERY

**KONYA
AGRICULTURAL
MACHINERY**

*Past,
Present,
Future*

...





1882

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



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1882

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KONYA TICARET ODASI

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

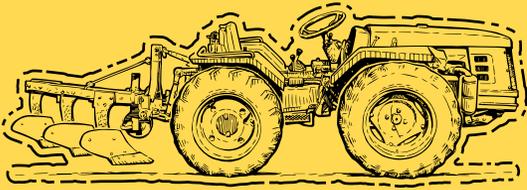


In the last fifteen years, Türkiye's average in export has increased 5 times and Konya has increased its export 15 times and has written a success story around the world. Today, Konya has potential to receive 3% share from Türkiye's export in the next decade. While Konya industry which allows production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

Selçuk ÖZTÜRK
Konya Chamber of Commerce
President of Board of Directors

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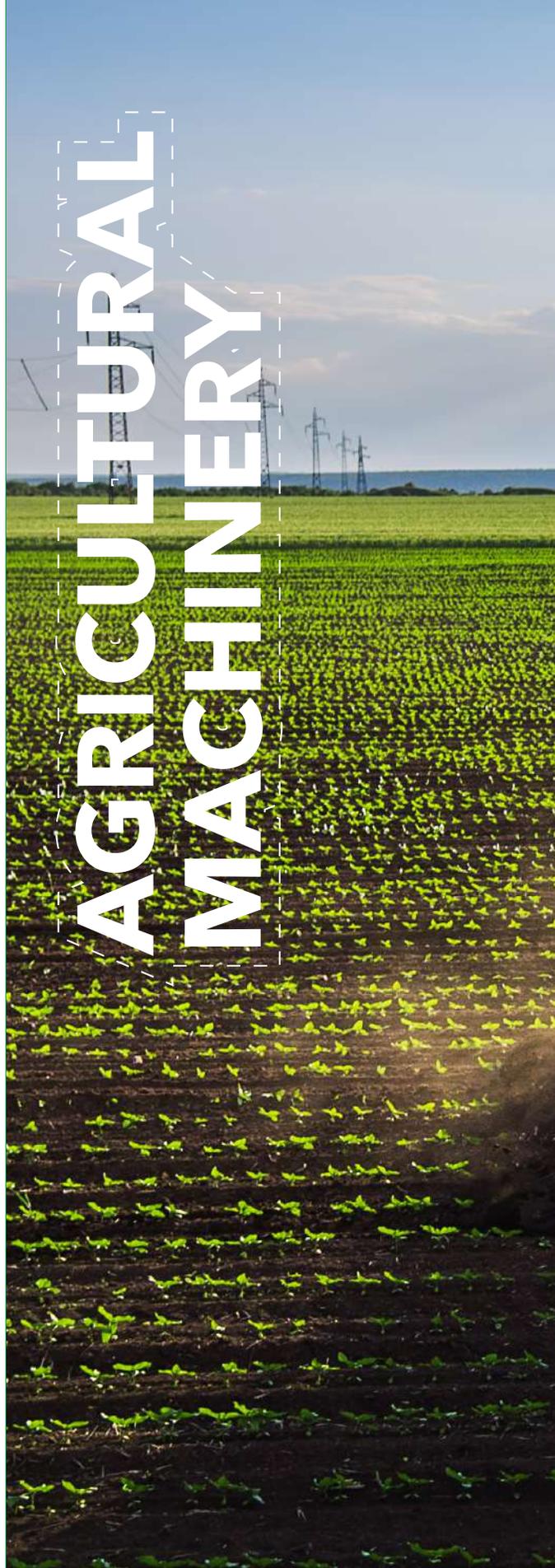
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Konya Agricultural Machinery Past, Present, Future

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AGRICULTURAL MACHINERY







INTRODUCTION

The period of 2019-2022 has been a challenging time for economies on a global, national, and local level due to the effects of various social and economic developments. The COVID-19 pandemic, the global rise in commodity, energy, and food prices, and the negative supply-related effects of the Russia-Ukraine war have changed all economic balances.

The pandemic caused a decrease in the mobility of the global economy while businesses developed new labor methods due to the effects of self-isolation measures, and changes were seen in global production and trade volume. During the first quarter of 2020, global industrial production reduced by 6%, accelerating the economic recession experienced in this period. In general, 2020 was a negative year in global trade, with a 7.5% recession in global trade throughout the year. The changing consumer behavior during the pandemic was experienced as a demand increase in some sectors and as a demand decrease in sales for other sectors. Large-scale financial support to businesses was provided in the USA and Japan. In the EU, on the other hand, new EU funds have been created that prioritize the environment and digitalization, as well as measures that try to reduce the social and economic effects of the pandemic. In addition to the slowdown in economic activity, the COVID 19 outbreak has also led to several problems in supply chains. Furthermore, the recession in international trade disrupted the functioning of supply chains and increased the cost of intermediate goods imports.

After the negative period of the COVID 19 pandemic, commodity prices started

to rise with a strong recovery in the global industry and trade during the second half of 2022. In the third quarter of 2022, world manufacturing output stabilized at a solid 3.6% annual growth rate, after a relatively weak 3.0% increase in the previous quarter. Industrial economies were also affected by the rise, increasing from a narrow annual increase of 2.5% in the second quarter of 2022 to 3.6% in the third quarter. At the same time, an increase of 61.2% was recorded in the metal index during the 2020-2022 period. Moreover, the low trade stocks of the retailers and the economic measures taken by the countries to revive their economies also affected rising prices. As mentioned above, supply-related delays caused by the disruption in supply chains were the reason behind high prices. The prominence of supply in certain commodities has been the factor behind the increased commodity prices in the first quarter of 2021.

The rise in global food prices was another effect of this period. The economic support and measures taken by governments against the COVID 19 pandemic, loose monetary policies, trade stocks, and export restrictions in some countries accelerated the upward trend in prices. The agricultural product index increased by over 54% from 2020 to 2022. Disruptions in production due to drought, the inability to meet the high demand from China, and the war between Russia and Ukraine, both of which are important players in agricultural products played huge parts in the continuous increase of food prices.

In the EU region, energy import prices have increased by more than 100% between 2020 and 2022. The Ukraine-Russia war and Russia's decision to cut

off gas shipments to some EU countries triggered gas and electricity prices upwards. Again, due to the effects of the Ukraine-Russia war, both commodity prices and energy prices increased significantly. Problems in supply and transportation increased the prices of commodities and made it difficult for the masses to access them. The Industrial manufacturer energy price index in the EU increased by 141% between January 2021 and July 2022 .

In TURKSTAT (Turkish Statistical Institute) data; According to the private trade system, in the January-December period of 2022, exports in Türkiye increased by 10.1% compared to the same period of the previous year and amounted to 235 billion 236 million dollars, while imports increased by 31.3% to 342 billion 213 million dollars.

Businesses in Konya were also affected by the negative effects of the pandemic but showed a quick reaction to take measures. The disruption of the supply chain has increased costs for many companies. As a precaution, many businesses have made new arrangements with suppliers. There were halts in the automotive sector. Sectors such as food, packaging, and chemistry were positively affected by the pandemic. Automotive and machinery companies located in Organized Industrial Zones (OIZ) were adversely affected by the pandemic. Transportation and logistics costs have increased in OIZs. Businesses that export based on imports experienced severe difficulties due to the shutting of customs and disruption in supply chains.

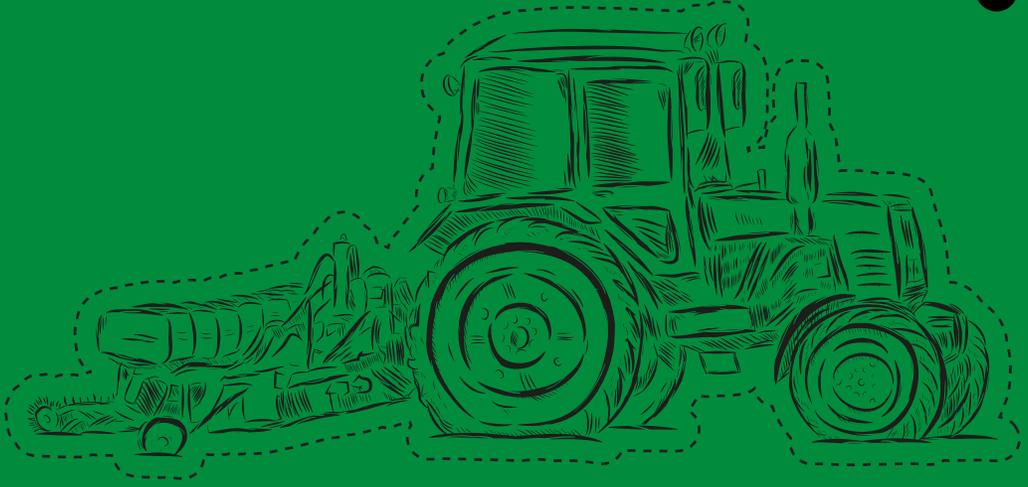
To determine the positive and negative effects of the above-mentioned developments on the businesses in Konya, mutual interviews were held with the selected businesses. 45% of these companies target both domestic and foreign markets, while 27% focus

only on the domestic market. Most of the interviewed businesses use direct marketing, wholesalers, and brokers for sales. The foreign market targets of the majority of these businesses focus on European, African, and Middle Eastern countries.

Developments such as the pandemic, war, and immigration during the last 5 years have affected some companies positively and others negatively. When it comes to negative effects, businesses stated that they were adversely affected by the COVID 19 pandemic, war, conflicts, immigration, and developments in the energy market. Against these negative developments, most of the companies delayed their investment and growth plans. Most businesses have also adopted the method of taking precautions against these crises by focusing more on foreign markets while reducing production volume. Some companies have turned to internal energy savings.

It has been observed that businesses in Konya have responded quickly to the aforementioned disruptions in the supply chain. Businesses have increased their price alternatives by diversifying their supply points. During this period, businesses were also able to have meetings with their customers frequently and renew their order plans. They have also made their raw material and auxiliary material supplies according to these plans. In addition to the raw material planning, meetings with the raw material suppliers managed to keep the raw material purchase prices within certain ranges in the said period. Furthermore, the majority of customers in the supply chain have extended their lead times for procurement. Finally, the majority of businesses in Konya organized their work-sharing in the chain by holding meetings with the stakeholders in their supply chain.

Businesses in Konya reacted very quickly to disruptions in the supply chain during the COVID 19 pandemic, and they successfully optimize their raw and auxiliary material supplies by work-sharing and re-planning with the stakeholders in the supply chain.



**Konya is
Türkiye's number one**
in fertilizer spreader,
sowing machine and mobile
milking machine.

OVERVIEW

The agricultural tools and machinery industry is where the power source, machinery, and equipment required for agricultural mechanization are produced. The industry has gained increasing importance as a result of the rise in the level of production technology applied to seeds, fertilizers, water, and similar products in agricultural production.

The Turkish agricultural machinery sector started in the 1930s with the manufacture of animal-drawn plows and small-scale agricultural tools. In time, the sector has reached the point where it can manufacture almost all of the mechanization tools needed in agriculture today. Today, only high-capacity and advanced technological machines (self-propelled harvesters, combine harvesters, cotton harvesters, etc.) are imported.

According to TOBB records; The share of Konya companies producing agricultural machinery in tillage and harvesting machinery is 33%. The share of businesses producing irrigation machines and milking machines is 27% and 28%, respectively. Even though the number of companies in the sector is high, many of the companies continue their activities as workshops and small businesses that employ a few people.

In the production of hay-making machines, hay, and grass baling machines, harvesting and threshing machine parts, Konya ranks first in terms of both the number of businesses and production capacity. Founded in 2012, KONTARKUM (Konya Agricultural Machinery Clustering Association) has 39 officially registered businesses as of 2022.



WHY KONYA

Described as the “Granary of Türkiye”, Konya is suitable for fruit growing, field agriculture, organic farming, and other agricultural sub-sectors in terms of both climate and soil structure.

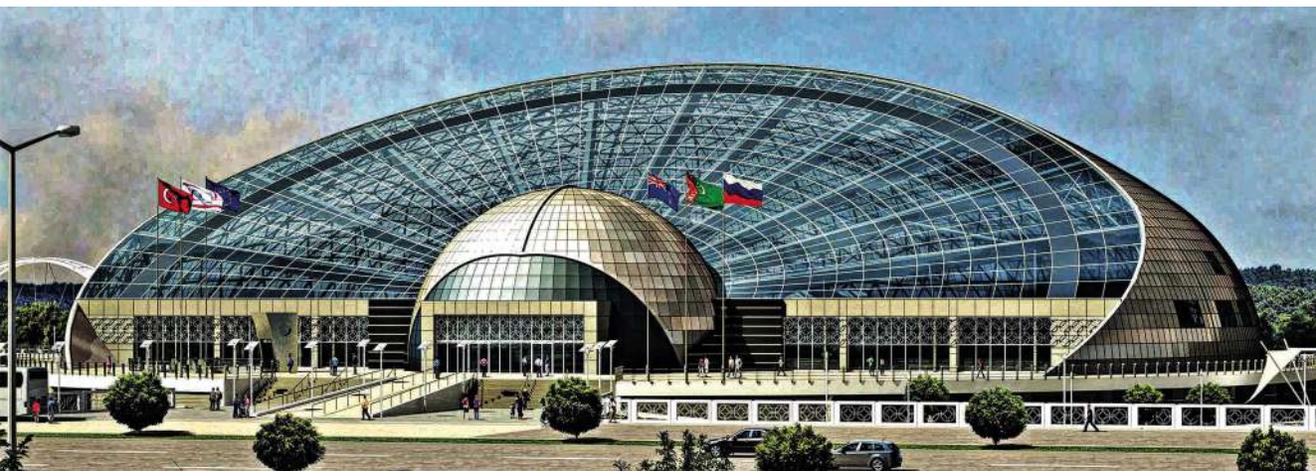
Konya meets 80% of the agricultural machinery production in Türkiye’s total agriculture and agricultural machinery production. In addition, around 60% of sales in foreign trade are also exported from Konya. This shows the strategic and important position Konya plays in the sector.

There are large production areas suitable for isolation for the cultivation of plants such as sunflowers and corn in Konya. In addition, the fact that many of the city’s regions have irrigation opportunities and that a total of 609,299 hectares of land will be opened for irrigation within the scope of the KOP Project, creates

a serious market for agricultural machinery.

The fact that 60.6% of Konya’s population is under the age of 35 (young labor force) provides significant 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.

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. 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. Furthermore, agricultural machinery manufacturers' ease of access to raw materials, years of experience in production, high level of mechanization, presence of OIZ areas, proximity to markets, competitive workforce, capacity power, knowledge, and technology transfer from global companies operating in Türkiye highlights Konya's strong position in the agricultural machinery sector.

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.



**Konya's
experience**
in agricultural
machinery
sector
has turned
into an
advantage

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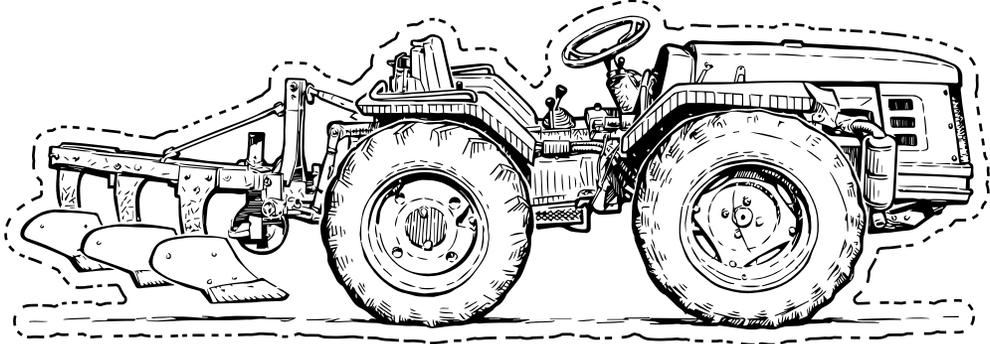


Chart 1: Konya - Annual Exports in All Chapters and Distribution to Selected Countries (Thousand USD)

Source: TURKSTAT, 2022.

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

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



AGRICULTURAL MACHINERY INDUSTRY IN TÜRKİYE

Türkiye's agricultural GDP, which was approximately 23.7 billion USD in 2002, rose to 42.63 billion USD in the first three quarters of 2022. In 2018, Türkiye, which was 10th in the world in terms of agricultural GDP, also ranked first in Europe. Considering its position in agriculture, the size of the land, the number of businesses, and the diversity in product patterns, Türkiye's agriculture is undoubtedly an important market for agricultural machinery.

The agricultural machinery industry significantly contributes to ensuring labor and field productivity,

improving working conditions in agriculture, increasing the competitiveness of manufacturers, using natural resources more sustainably, and allowing the use of small-scale and idle lands. In addition, according to TOBB records; 829 companies operate in the agricultural machinery sector, which is classified under the 28.30 NACE code. Moreover, there are 200 companies closely related to the sector. The field in which most businesses operate and which provides the most employment in the sector is tillage machinery.

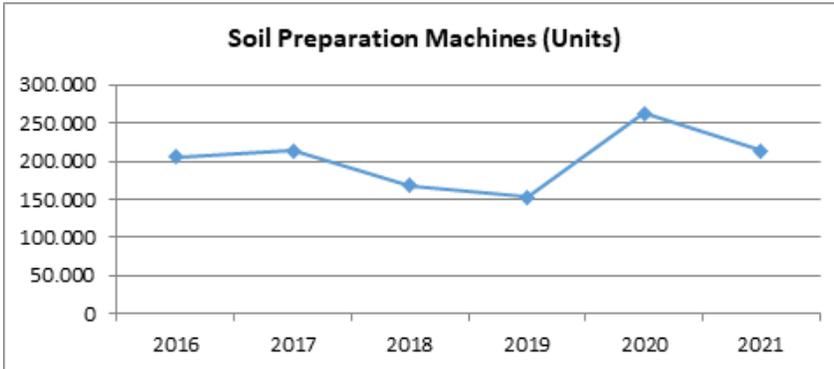




Production of certain basic agricultural machinery in Türkiye is as follows:

Graph 1: Soil Preparation Machines

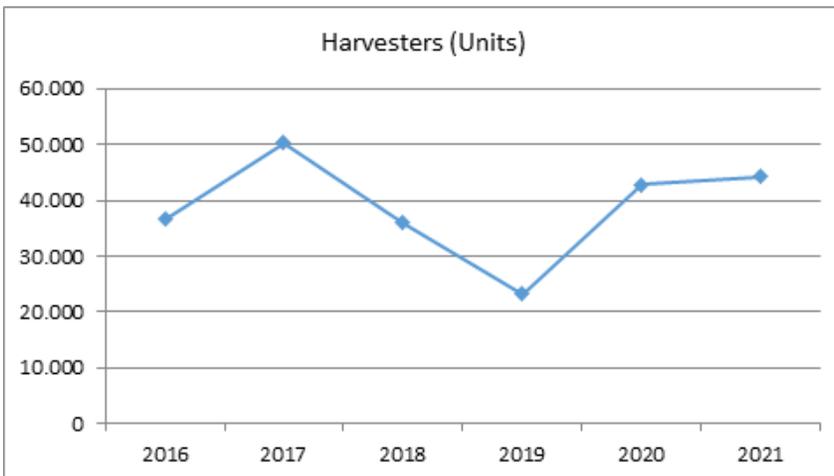
Source: TOBB,2022



After a decline in the 2017-2019 period, soil preparation machinery production peaked in 2020, reaching 250,000 units. In 2021, it decreased by about 20% due to the effects of the pandemic.

Graph 2: Harvesters

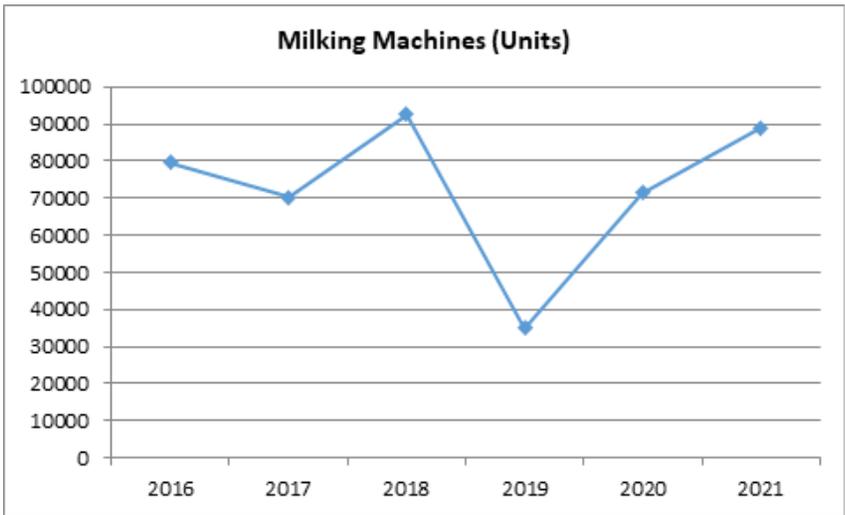
Source: TOBB,2022



The production of harvesting machines follows a fluctuating course. The production, which peaked at 50,000 units in 2017, decreased to 20,000 units in the 2018-2019 period. In 2019-2021, it recovered and exceeded 40,000 units.

Graph 3: Milking Machines

Source: TOBB,2022



The production of milking machines also follows a fluctuating course. The production, which peaked at 70,000 units in 2017, decreased to 40,000 units in 2019. The sub-sector recovered and reached 90,000 units once more in 2019-2021.

*More than
half of
manufactur-
ers carry out
export*

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AGRICULTURAL MACHINERY SECTOR IN KONYA

In Konya, which has traces of the pre-Republic era in the agricultural machinery industry, the agricultural sector has a decisive position in the region's economy. This has also led to the emergence of agro-industries. It is also known that some milling factories were operating in Konya during the pre-Republic period, after the founding of the Republic in 1923, 8 factories started active production.

Growing into huge production facilities of 5000-15,000 square meters from small repair shops of 50 - 100 square meters in the past,

**Konya's
experience
in agricultural
machinery
sector has
turned into
an advantage**

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Konya also has a trained workforce that has gone through the stages of apprenticeship, journeyman, and mastery.

Konya's agricultural machinery production industry is able to respond adequately to order demands thanks to its supply versatility. In addition, the shares of businesses operating in the field of agricultural machinery inside Organized Industrial Zones continue their increase. The low maintenance and repair costs of the machinery park in Konya are also an economic advantage.

Furthermore, in Konya, where agricultural machinery and spare parts production advances alongside agricultural production, a significant point has been reached in the production of sowing machines (seeders).

Throughout the industry, the parts used in production as semi-finished or finished products are generally

procured from within Konya. While sheet-profile, steel, casting, plastic, finished or semi-finished products, hydraulic systems, fasteners, laser cutting, and machining products are supplied from the city, bearings, pneumatics, paint, and electromechanical systems are supplied from outside the region.

Konya is the province with the largest agricultural area in Türkiye. Konya is also known as the 'granary' of Türkiye. This area corresponds to an important 10% of Türkiye's total agricultural land and creates a significant demand for agricultural machinery. Also, 10% of Türkiye's total agricultural production is met by Konya. According to TURKSTAT 2021 records, grain, and crop production is carried out on 17.483.301 decares of Konya's agricultural land of 22,035,261 decares. According to the data of 2022, grain and plant production is carried out on 14.879.364 decares out of 18.700.995 decares of Konya's agricultural land.



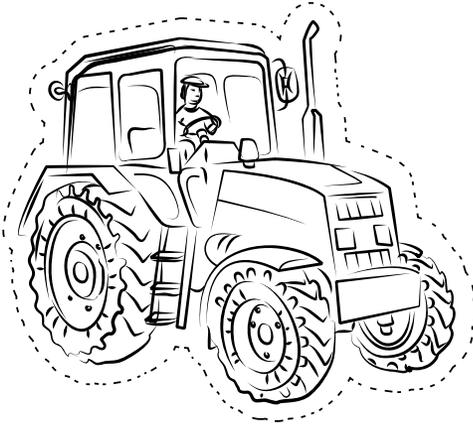


**Konya ranks
first in Türkiye
in terms of
agricultural
area.**

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Mu Mu



The product groups manufactured in the Konya agricultural machinery industry are as follows:

It is possible to classify Konya's agricultural machinery production in the following groups: tillage and preparation machinery, harvesting machinery, sowing and planting machinery, storage machinery, maintenance and agricultural control machinery, and other agricultural & livestock machinery.

Productions in the tillage and preparation machinery sub-group are as follows: tractor, rimmed and pedestrian controlled semi-trailer, machinery and equipment for tillage, machinery and equipment for fertilization, plows, harrows and seeders, mineral and fertilizer spreaders, weed cleaners, chisels, bottom boilers, cultivators, rotary tillers, hoeing machines, haymakers, rollers, leveling shovels.

Productions in the harvesting machinery sub-group are as follows: threshers, planter and transplanter machines, lawn mowers, sugar beet cutter and harvester machines, weed and hay baling machines, combine harvesters, electric lawn mowers, motorized lawn mowers, combined harvesting and threshing machines, sowing and planting machinery, seedbed tillers, potato planters and harvesters, storage machine twisters, belts, and conveyors,

spraying machines, knapsack pumps, irrigation machines, and fertilizers.

Other agricultural machinery consists of milking machines, feed grinders, and trailers.

Fertilizer Hoeing Machines

Used in the hoeing, fertilizing, and middle-breaking processes of plants with planting spacings between 65-80 cm, such as cotton, corn, sunflower, peanut, and soybean, fertilizer hoeing machines work the soil to a certain depth and break the duff layer. In addition to these processes, machines also cut harmful weeds with the help of cutters and digger knives. Fertilizer hoeing machines, which are produced with 3 or 5 rows, save time, fuel, and labor by performing hoeing, fertilizing, and middle-breaking processes simultaneously.

Pull-type Disc Harrows

Pull-type disc harrows are used to break up the clods formed on the soils cultivated with primary tillage machines such as plows and chisels. It is also used to break up and mix plant residues formed in the soil after harvest and in seedbed preparation.



A plow is an agricultural tool that plows the soil exclusively to one side and can be used easily in deeper and difficult-to-cultivate soils. The tool consists of a handle, plowshare, and connectors. The most commonly used plow type for soil cultivation is the hanging plow, which is used by connecting it to the hydraulic arms of the tractor. Some of the other types of plows are reversible mold-board plows and rotary disc plows.

Milking Machines

Milking machines ensure clean milking and also increase milking efficiency simultaneously.

Tillage Tools and Machines

This group consists of shovels, hoes, rake-like hand tools, hoe machines, tractors, plows, chisels, and knee catchers. In addition, second-class tillage tools such as cultivators, harrows, rotary tillers, and rollers are also included in this group.

Fertilizer Spreaders

This time and labor-effective group of tools facilitates the work of transporting and evenly distributing farm fertilizers, which requires a lot of force and time when done manually. It is possible to classify fertilizer spreaders as follows:

Organic Fertilizer Spreaders	*Farm fertilizer spreaders *Liquid fertilizer spreaders *Machines used in the delivery of plant wastes and green manure
Mineral Fertilizer Spreaders	*Machines used in the distribution of liquid and gas mineral fertilizers *Solid mineral fertilizer spreaders



A green combine harvester is shown in a field of harvested grain. The machine is viewed from a side-rear perspective, showing its large rear wheel and the complex machinery of the harvester. The background features a cloudy sky and a distant barn. A semi-transparent white box is overlaid on the right side of the image, containing text.

Konya ranks first in the haymakers and lawnmowers of the harvesters' sector.

PRODUCTION GROUPS BY SUB-SECTOR

Production of Soil Preparation Machines

30

The soil preparation machinery sub-sector reflects its competitive market with its 244 registered businesses, while also having a rich product range.

Chart 2: Konya Soil Preparation Machines - Operational Overview

Source: TOBB, 2022

KONYA	Number of Manufacturers	Number of Employees	Capacity (units)	Konya / Türkiye Business Rate	Konya / Türkiye Employment Rate	Konya/ Türkiye Capacity Rate
Plow	29	1.138	8.602	24%	25%	4%
Harrows, tillers, cultivators, aberuncator, hoeing machines	75	1.703	82.135	27%	19%	20%
Sowing machines, planters, transplanters	40	1.582	30.002	36%	39%	25%
Fertilizer spreaders	59	1.399	44.223	39%	28%	33%
Other soil machinery	15	517	14.853	15%	21%	37%
Subtotal	218	6.339	179.815	29%	25%	20%
Soil machinery parts	26	468	6.031*	29%	13%	11%
GRAND TOTAL**	244	6.807		29%	24%	

*(tons)

** Since the parts are in tons, the total capacity and Konya capacity share are not given in the grand total.

Konya's operating share in soil preparation machines in Türkiye is 29%. The branches with the highest operating shares are fertilizer spreaders (39%), sowing machines, planters, and transplanters (39%). Moreover, these branches have the highest employment rate. Also, the presence of businesses that produce parts of soil machinery in Konya provides an advantage in terms of spare parts in the sector.

Production of Harvesters

Chart 3: Konya Harvesting Machines - Operational Overview

Source: TOBB, 2022

KONYA	Number of Manufacturers	Number of Employees	Capacity (units)	Konya / Türkiye Business Rate	Konya / Türkiye Employment Rate	Konya/ Türkiye Capacity Rate
Lawnmowers - not elsewhere classified	26	939	31.524	46%	43%	49%
Haymakers	13	223	2.902	50%	34%	61%
Weed and hay baling machines	23	817	4.695	41%	37%	40%
Root and tuber harvesters	8	295	2.732	20%	34%	24%
Harvesting and threshing machines - not elsewhere classified	32	849	12.968	26%	22%	6%
Animal feed harvesters (self-propelled)	3	290	*	25%	40%	*
Self-loading or self-unloading trailer & semi-trailer	29	294	4.150	17%	10%	3%
Cleaning, sorting, or grading machines (for eggs, fruit, and other agricultural products)	5	138	255	13%	16%	1%
Subtotal	139	3.845	59.226	26%	27%	12%
Parts of harvesting and threshing machines - not elsewhere classified*	77	1.558	29.685	54%	29%	61%
GRAND TOTAL**	216	5.403		32%	27%	

** (Tons)

** Since the parts are in tons, the total capacity and Konya capacity share are not given in the grand total.

The harvesting sub-sector, with its 216 businesses, shows great diversity in terms of machinery. It is determined that "haymakers" and "lawnmowers for agricultural purposes" have the highest shares in terms of the number of businesses in Türkiye, with 50% and 46%, respectively. These groups also have the highest shares in Türkiye in terms of capacity share, with 61% and 49%, respectively. In addition,

Konya ranks first in terms of both the number of businesses and capacity in "haymakers" and "lawnmowers". These groups are followed by "weed and hay baling machines," with a share of 41%. In terms of employment share in Türkiye, "lawnmowers" are at the forefront with 43%, followed by "weed and hay baling machines" with 37%.

Irrigation Equipment

Chart 4: Konya Irrigation Equipment - Operational Overview

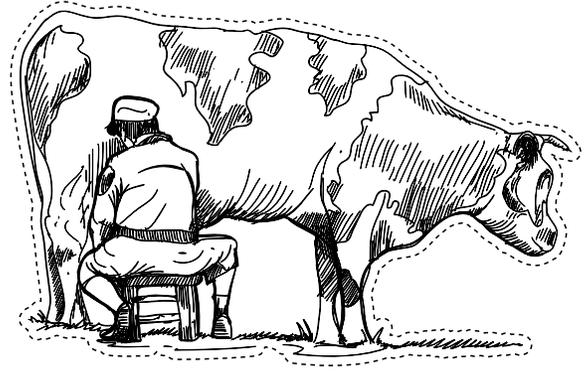
Source: TOBB,2022

KONYA	Number of Manufacturers	Number of Employees	Capacity (units)	Konya / Türkiye Business Rate	Konya / Türkiye Employment Rate	Konya/ Türkiye Capacity Rate
Irrigation equipment for agricultural or horticultural use	15	192	151.216	23%	15%	6%
Liquid or powder spreading, dispersing, or spraying machines	104	1.579	3.468.888	33%	13%	2%
Subtotal	119	1.771	3.620.104	31%	13%	2%
Parts of other Agricultural Machinery*	19	319	2.457	32%	16%	26%
Grand Total**	138	2.090		31%	14%	

*(Tons)

** Since the parts are in tons, the total capacity and Konya capacity share are not given in the grand total.

In the irrigation machinery sector, the highest number of operations and capacity are in "liquid or powder spreading, dispersing, or spraying machines". The presence of companies producing parts for agricultural machinery also creates an advantage in terms of spare parts availability.



Milking Machines

Chart 5: Konya Milking Machines - Operational Overview

Source: TOBB, 2022

KONYA	Number of Manufacturers	Number of Employees	Capacity (units)	Konya / Türkiye Business Rate	Konya / Türkiye Employment Rate	Konya/ Türkiye Capacity Rate
Milking Machines	15	292	47.597	27%	18%	12%
Parts of dairy machinery – not elsewhere classified	4	23	1.498	29%	5%	21%

There are 15 businesses operating in the field of milking in Konya. In terms of the number of businesses, the sector has an important share of 27% in Türkiye. There are also operational companies in Konya that manufacture parts for dairy machinery.

Other Agricultural Machinery

Chart 6: Konya Other Agricultural Machines- Operational Overview

Source: TOBB, 2022

KONYA	Number of Manufacturers	Number of Employees	Capacity (units)	Konya / Türkiye Business Rate	Konya / Türkiye Employment Rate	Konya/ Türkiye Capacity Rate
Tractors with engine power over 59 KW	2	538	*	7%	22%	*
Animal feed preparation machines	50	822	13.083	24%	13%	9%

Among other agricultural machine sector, many businesses are involved in the production of “animal feed preparation machines” in Konya.

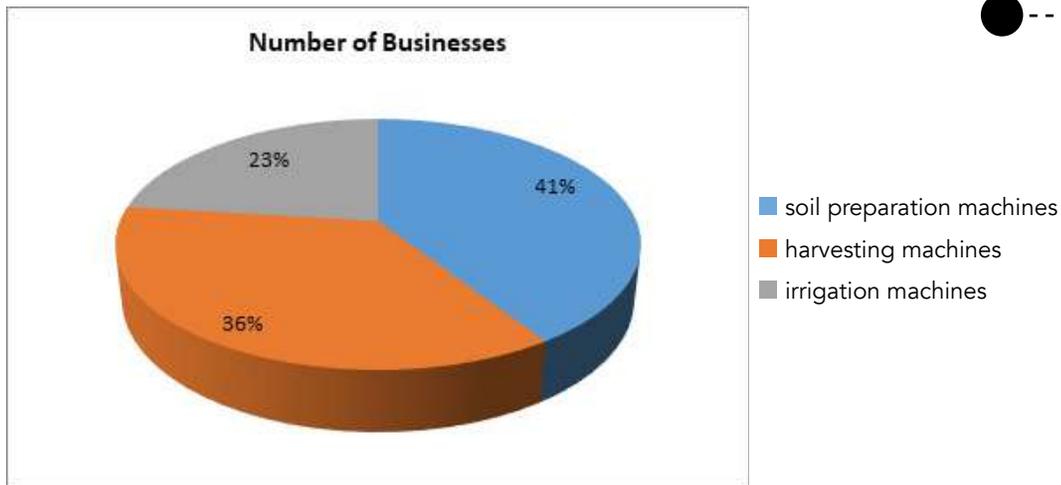


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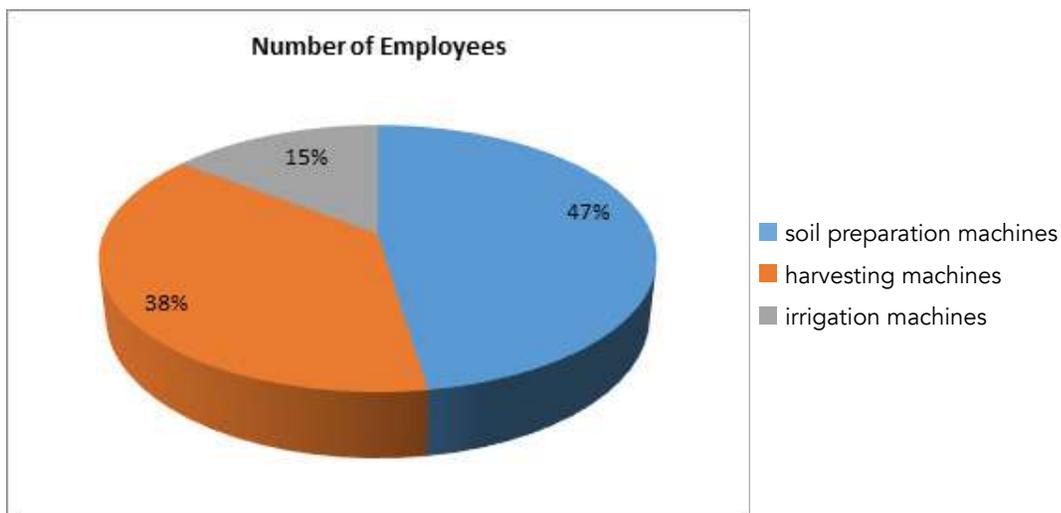
In light of the above data, the number of businesses and employment distribution in soil preparation machines, harvesting machines, and irrigation machines are as follows:

Graph 4: Number of Businesses, 2022



The data shows that soil preparation machines have the largest share with 41% in terms of the number of businesses. This rate is followed by harvesters with 36%.

Graph 5: Number of Employees, 2022



In terms of the number of employees, soil preparation machines lead with a share of 47% and are followed by harvesters with 38%.

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FOREIGN TRADE IN KONYA AGRICULTURAL MACHINERY INDUSTRY

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Agricultural machinery parts and components, valve parts, reactors, and boiler parts (agricultural) are classified under Chapter 84.

The course of Konya agricultural machinery foreign trade in recent years is given below:

Chart 7: Konya Foreign Trade Data at Chapter 84, According to the Private Trade System

Source: TURKSTAT, 2022

Chapter 84 - Nuclear reactors, boilers, machinery and mechanical appliances; parts thereof	Konya's Exports (\$)	Konya's Imports (\$)
2019	599.314.943	114.244.889
2020	662.193.845	199.363.851
2021	863.928.350	269.928.799
2022	1.024.820.491	266.363.678

The development of the exports of Chapter 84 products from Konya in the last four years is given in the chart above. The share of the sector in Konya's total exports has been maintained at approximately 30% and has followed an upward trend over the years.

Chart 8: Development of Konya Chapter 84 Exports in Konya Total Exports (Thousand USD)

	2019	2020	2021	2022
Konya (Chapter 84)	599.314	662.193	863.928	1.024.820
Konya (Total)	1.991.692	2.167.552	3.003.842	3.277.252
Share (%)	%30	%30	%28	%31

According to the International Standard Industry Classification, ISIC Rev 4 code, agricultural machinery is classified under the 2821 four-digit "Manufacture of agricultural and forestry machinery".

Chart 9: Konya Agricultural and Forestry Machinery Foreign Trade Data at ISIC REV 4 Level by General Trade System

Source: TURKSTAT, 2022

2821 Manufacture of agricultural and forestry machinery	Konya's Export (\$)	Konya's Imports (\$)
2019	127.395.023	4.695.362
2020	140.947.661	8.200.716
2021	176.288.309	9.506.065
2022	211.747.635	11.763.180

Konya's agricultural machinery exports followed a continuous upward trend in 2019-2022. The exports, which slightly exceeded 127 million dollars in 2019, exceeded 211 million dollars in 2022, with an increase of 66%. Another striking feature of Konya's agricultural machinery foreign trade is the constant foreign trade surplus. The trade surplus exceeded 122 million dollars in 2019 and exceeded 199 million dollars in 2022, with an increase of 63%.







INVESTMENT INCENTIVE PRACTICES IN THE AGRICULTURAL MACHINERY 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.

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.

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

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

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

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

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

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

2- Within the scope of the district-based incentive system and regional incentive practices, the investments to be made in Konya's Ahırlı, Altınekin, Bozkır, Çeltik, Derbent, Derebucak, Doğanhisar, Emirgazi, Güneysinder, Hadim, Halkapınar, Hüyük, Kadınhanı, Kulu, Sarayönü, Taşkent, Tuzlukçu, Yalılıyük, and Yunak districts will benefit from the support of the 3rd Region. Investments to be made in the organized industrial zones of the mentioned districts will benefit from the support of the 4th Region.

3- In case the investment is among the priority investments, it benefits from the support of the 5th Region.

4- According to the OECD definition of technology intensity level, investments in the production of products in the **medium-high** technology industry class benefit from regional supports applied in the **4th Region**. The minimum fixed investment required for these investments is 3 million TL for Konya.

The contents of the investment support practices for Konya are as follows:

VAT Exemption: Within the scope of the incentive certificate, this is applied in the form of non-payment of value-added tax for investment goods, machinery and equipment to be procured domestically and internationally.

Customs-Duty Exemption: Within the scope of the incentive certificate, this is applied in the form of non-payment of customs duty for investment goods machinery and equipment to be procured internationally.

Tax Relief: The contribution rate of income or corporate tax to investments is between 20% and 40%. The discount rate is between 55% and 80%.

Employer's National Insurance Contribution Support: The support period is between 3 to 7 years and the investment contribution rate is between 15% and 35%.

Investment Space Allocation: For investments with incentive certificates, investment space is allocated within the framework of the procedures and principles determined by the Ministry of Finance.

VAT Return: The VAT collected for the building-construction expenditures made for strategic investments with a fixed investment amount of more than 500 million Turkish Liras is refunded.

Chart 11: Konya Investment Support System

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

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

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

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





Chart 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 industrydöküm sanayi	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 machinesimalatı	3 Million TL
33	31	Manufacture of electrical machinery and equipment ***	3 Million TL
34	32	Manufacture of radio, television, communication equipment, and devicescihazları imalatı	3 Million 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 (excluding 809)	Educational services (including preschool education services, excluding adult education and other educational activities) ****	3 Million TL
46	8511.0.01-05,	Hospital Investment	Hospital: 3 Million TL
	8511.0.99,		
	8531.0.01-03		
	8511.0.01-05,	Nursing home	Nursing home: 100 people
	8511.0.99,		
	8531.0.01-03		
48	37	Waste recycling and disposal facilities	3 Million TL
49	4020.0.01	Coal gas production (syngas)	50 Million TL
50		Green housing	20 decares

* Based on Karar Ek-2 (Decision Addendum-2)

** 10 Million TL for brand new investment in textile finishing, 5 Million TL for expansion investment, and 3 Million TL for other investment types.

*** Medium-High Technology investment subjects and investments to be made in Konya will benefit from the support of the 4th region.

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

***** Investments of a minimum amount of 300 million TL in the main industry of motor vehicles, engine investments of a minimum amount of 75 million TL, and investments in engine components, drivelines/parts, and automotive electronics with a minimum amount of 20 million TL are the priority investment subjects, therefore, these investments to be made in Konya will benefit from the support of the 5th region.



The development of investment incentive certificates for agricultural machinery in Konya is as follows:

Chart 13: Investment Incentive Certificates Issued for Konya Agricultural Machinery

Source: Ministry of Industry and Technology, 2022

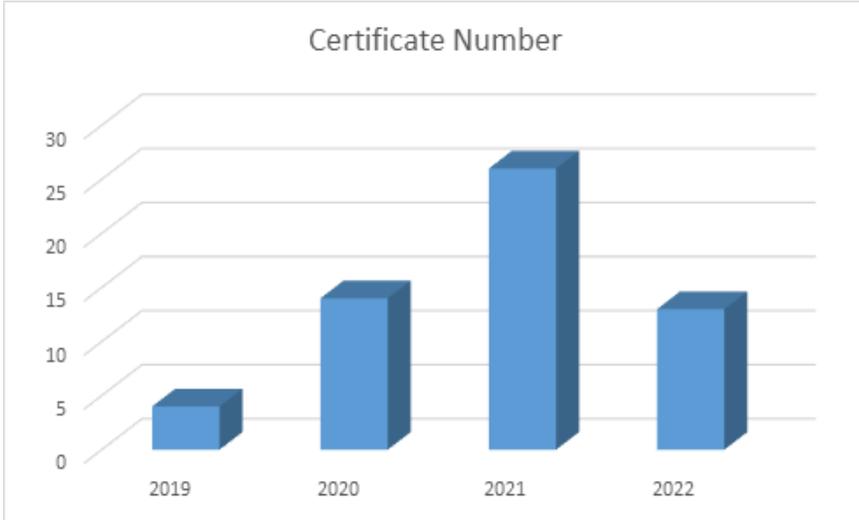
Years		Certificate Quantity	Fixed Investment (Million TL)	Employment
2019	Konya	4	52	83
	Türkiye	23	384	442
	Konya/Türkiye	17%	14%	19%
2020	Konya	14	374	163
	Türkiye	71	2.673	1049
	Konya/Türkiye	20%	18%	16%
2021	Konya	26	445	216
	Türkiye	94	3.026	934
	Konya/Türkiye	28%	15%	23%
2022	Konya	13	167	141
	Türkiye	90	3.482	1235
	Konya/Türkiye	14%	5%	11%

The above data shows that there is a rapid increase in investment incentive certificates issued for Konya in the 2019-2021 period. This is important for the sector in terms of showing the investment trend in Konya.

The course of investment incentive certificates for agricultural machinery in Konya is as follows:

Graph 6: Number of Investment Incentive Certificates

Source: Ministry of Industry and Technology, 2022

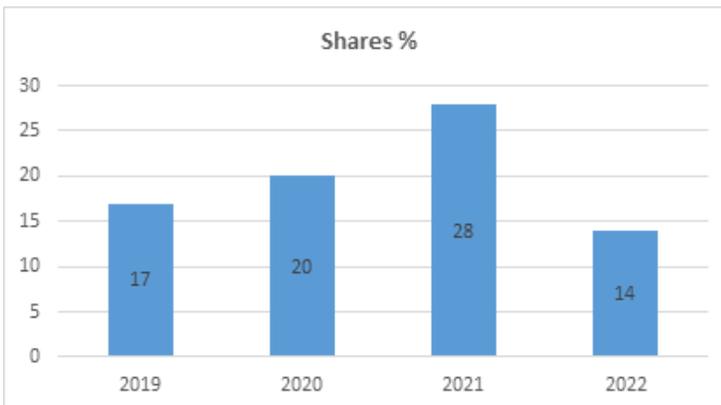


As the data shows, a striking increase was achieved in the investment incentive certificates issued for Konya in 2020, with an increase of 250% compared to the previous year, and this upward trend continued with an 85% increase in 2021.

The ratios of the certificates issued for Konya in Türkiye's total are given below:

Graph 7: Ratios of the Certificates Issued for Konya in Türkiye's Total

Source: Ministry of Industry and Technology, 2022

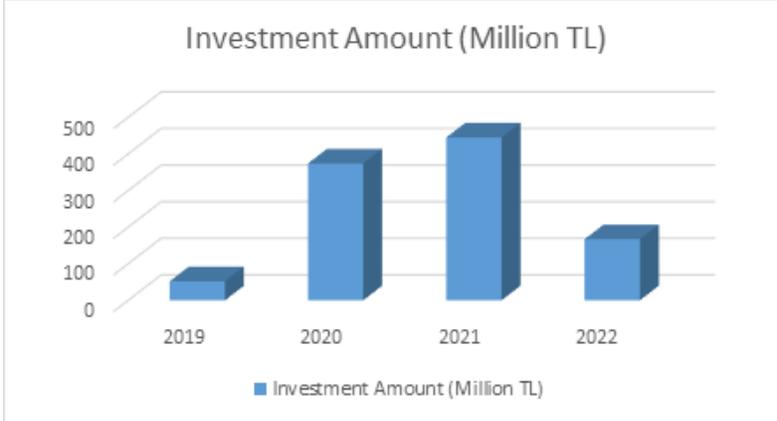


As can be seen, there is a significant increase in the share of investment incentive certificates issued to Konya in Türkiye.

The data in the investment amounts given for the incentive certificates is as follows:

Graph 8: Committed Fixed Investment Amount

Source: Ministry of Industry and Technology, 2022

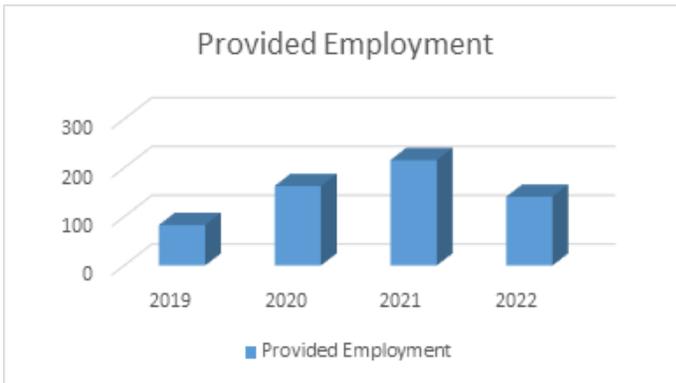


In 2020, there was a 44% increase in the fixed investment amount in real terms. The upward trend continues in 2021 as well.

The employment provided by the committed investments is given below:

Graph 9: Committed Employment

Source: Ministry of Industry and Technology, 2022



In 2020, a 96% increase in committed employment is projected. The upward trend in committed employment in 2021 continued with an increase of 33%.



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SECTORAL ADVANTAGES

The increase in the number of businesses located in organized industrial zones and the ease of access to raw materials for manufacturers allow the local production of most of the agricultural mechanization tools needed in the region. The successful point reached in the sector's production structure and product diversification also brought an increase in exports.

The fact that Konya has the largest agricultural area in Türkiye and that the constant expansion of the lands as a result of land consolidation efforts also creates the need for greater agricultural mechanization and increases the overall demand in the sector.

While the search for more productivity in agriculture increases under highly competitive conditions, this situation also positively affects the demand for agricultural machinery. The farmers' search for more comfortable and efficient working conditions due to an increase in awareness and knowledge also affects the demand positively.

The increase in companies operating in organized industrial zones shows itself as an indicator of growing industrialization and the start of geographical clustering in the sector. As

a matter of fact, the establishment of agricultural machinery clusters and the sectoral activities under an official association continue to benefit cooperation between businesses all the while positively affecting the efficient use of resources.

There is no problem in the sector in terms of raw material supply, and the capacity power is at the level of meeting the orders. The supply chain problems of the pandemic era seem to have been largely resolved. (All the agricultural machinery required in the region is produced locally, and there are also businesses producing spare parts in Konya.)

Konya is at a suitable point in terms of domestic distribution with its proximity to Eastern Anatolia, the Mediterranean, and the Marmara Regions. This gives Konya an advantage in accessing the markets. In international sales, shipment opportunities from Istanbul and Mersin Ports provide advantages for the city both in terms of transportation costs and compliance with product delivery times.

Exports to many countries in the sector also contribute to manufacturers' search for new and diversified markets.



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

The city is connected to Ankara and the other provinces in the northwest by the Konya-Afyonkarahisar, Eskişehir-Bursa-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-Istanbul), Toros Express (Istanbul-Konya-Gaziantep), Central Anatolian Blue Train (Ereğli-Konya-Istanbul) and Meram Express (Istanbul-Konya) lines. It takes 1.5 hours to reach Ankara and Eskişehir and 4 hours to reach İstanbul by high-speed train.

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



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KONYA TİCARET ODASI
KONYA CHAMBER OF COMMERCE



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KONYA TİCARET ODASI
KONYA CHAMBER OF COMMERCE