

MACHINERY

**Past,
Present
And Future
Of Konya
Machinery
Sector**

...





PROJECT OWNER

KONYA CHAMBER OF COMMERCE



PROJECT CONTROLLER

Hüsamettin GÜNGÖR
Osman Yunus DOĞAN
Nurhan KOYUNCU

PROJECT TEAM



PROJECT COORDINATOR

Ömer Faruk DAĞLIOĞLUGİL



SECTORAL INFORMATION AND STATISTICS

Konya ABİGEM



COMPILED AND PREPARED BY

Konya ABİGEM



1882
KONYA TİCARET ODASI
KONYA CHAMBER OF COMMERCE

**WITHIN THE SCOPE OF
REPUBLIC OF TURKEY
MEVLANA DEVELOPMENT AGENCY
2016 DIRECT ACTIVITY SUPPORT PROGRAM**

KONYA CHAMBER OF COMMERCE

PROJECT OF PREPARING SECTOR REPORTS IN ORDER TO INCREASE
THE INVESTMENT AND EXPORT FIGURES OF KONYA

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PREPARED BY
KONYA ABİGEM



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KONYA TICARET ODASI
KONYA CHAMBER OF COMMERCE

KONYA TICARET ODASI
TYAP KONYA ULUSLARARASI
FUAN MERKEZİ

0119 / ENTRANCE

KONYA TICARET ODASI
PREZYANS BÜYÜK
MEKANI

TO KARATAY ÜNİVERSİTESİ

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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 Turkey, 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 Turkey's export exceeded 1%.

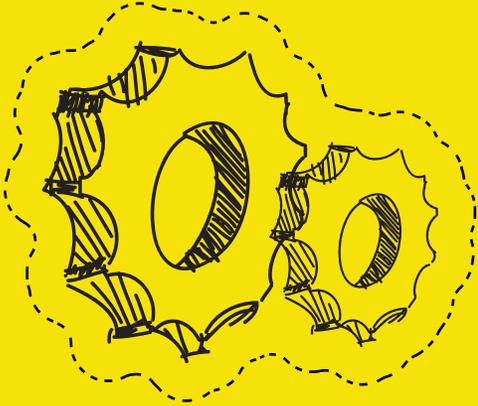


In the last fifteen years, Turkey's average in export has increased 5 times and Konya has increased its export 15 times and has written a success story around the world. Today, Konya has potential to receive 3% share from Turkey's export in the next decade. While Konya industry which allows production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





Key points of machinery manufacturing sector, R&D and qualified work force

OVERVIEW



Machinery manufacturing industry which holds a major position in manufacturing industry and produces investment products for industrial sectors, encompasses all the sub-sectors known as “engineering industries” where the machinery equipment and spare parts are manufactured. In this context, machine manufacturing industry is defined as a priority sector with great importance in developed economies. The machinery manufacturing sector includes an important dimension of engineering and design. Thus, a manufacturing process supported with an R&D and engineering dimension carries a strategical importance to improve innovation and competition in the sector.

An important part of the production in the sector is carried out per order design. In other terms, while demand determines the supply, regulations and additions are made in the machinery towards the demanded products. Another important point for the sector is the quality of the workforce. The role which the sector undertook in the economy is huge due to many features as supplying entries to almost all the manufacturing industry and providing parallelism with the development of manufacturing industry, being the driving force of the sectors and mobilizing the engineering discipline.

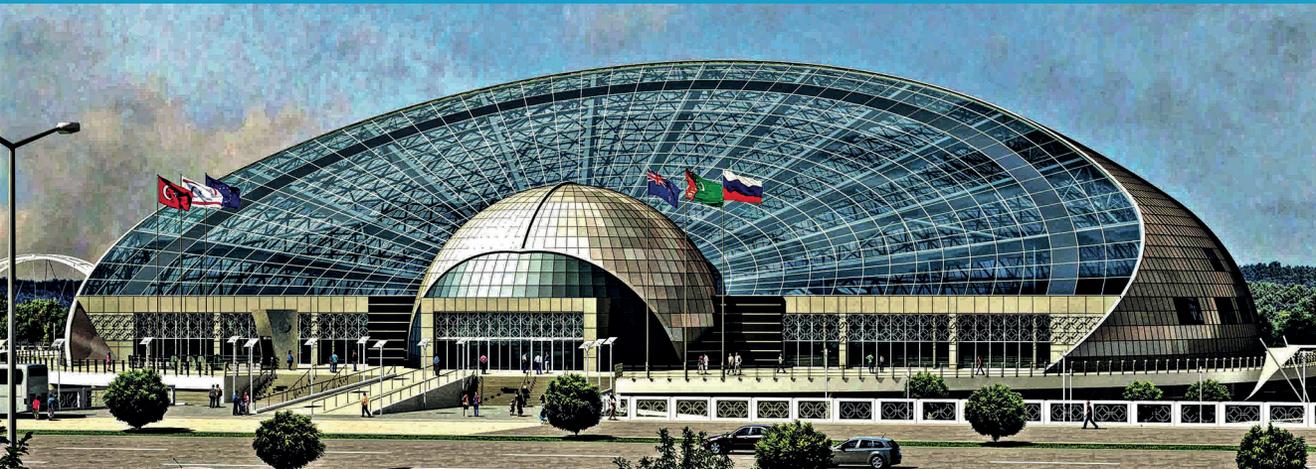




WHY KONYA?

Konya who also was developed in manufacturing and production of the small products as in repairing and refurbishing of the broken machinery parts in the machinery sector, is in fact in a superior position in the sector due to its geographic and geopolitical position coming from past to present days. As the important factors for the development of the sector are solution based approaches to the subjects and accumulated experience at hand.

While the qualified work force is important for the machinery equipment sector, the infrastructure for the training of the workforce is also gaining a strategic importance. Procurement of approximately 8.180 graduates from Konya's vocational high schools, presence of many universities and technical education faculties together with the 280 vocational courses are the major factors meeting the personnel needs of the sector.





While the presence of Turkey's 3rd biggest techno polis, a TÜBİTAK (Scientific and Technological Research Council of Turkey) based science center and Regional Innovation Center supports the R&D infrastructure of the region, 60.6% of the population is under 35 years of age and it is emerging as another positive factor for the sector which requires intensive labor force.

Apart from all these, Konya's transportation network to various regions catalyzes the trade in terms of logistic concerns and carries a huge importance for the export.

The fact that total export volume in 2015 reached 2.440 million USD which was 129 million USD in 2002 is also a sign that Konya is now integrated with the foreign markets.





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MACHINERY SECTOR IN TURKEY

There are 23 machine industry companies in the "Top 1000 Industrial Establishments of Turkey" published by ISO. The share of sales from production of machinery industry firms in the top 1.000 firms is around the level of 1,5 %.

Engineering employment in Turkey's machinery sector accounts for the 1,6% of the total employment of the sector. Sector's share in Turkey's total R&D expenses is around the level of 1,5 %.

While 61 firm from the machinery sector (including the air conditioning) took place in the top 1.000 exporter firm list published by the Turkey Exporters Center (TIM), it is observed that these firms performed the 32,6 % of the total machinery export of Turkey per the classification of TIM 2015. When the shares of production value, employee numbers and added value taken by the machinery sector's sub-divisions in Turkey are viewed; it seems that the division including products as machines with general purposes; oven, burner, lifting-carrying elements, cooling and ventilation machines ranks number one with the 34 % share from the production value. While the division of the machines with general purpose including engine/turbine and pump/compressor gets 22 % from the production value, they reach 28 % in added value shares. As in special purpose machinery, agriculture and forestry machinery stands whose added value share is higher than its production value.

In the machinery production industry, which creates the highest added value compared to production value, the total number of entrepreneurs are 11.700 and the total number of employment is 187.000

Sector's shares in production value and added value in Turkey's manufacturing industry are 4,4 % and 6,2 % respectively. While the ratio of added value to the production is 18 % in the production industry, this number is 24 % for the machinery production industry.

The share of employment (5.5%) is higher than that of enterprises (3.5%), which reveals the labor-based structure of the sector.

As in other countries, SMEs also make up most of the enterprises in machinery industry in Turkey. It provides operational flexibility that the SMEs in the sector weighs heavily.

Machinery manufacturing industry is considered as one of the priority sectors by the Ministry of Development. Turkey ranks 28th in the world total machinery trade with 0.6% share. It is expected that sector's export in 2023 will reach up to 20 % of the total export share of Turkey and export amount will increase up to 7,6 times and reach 100 billion USD.

***The sector
is obtaining
its power
from labor***

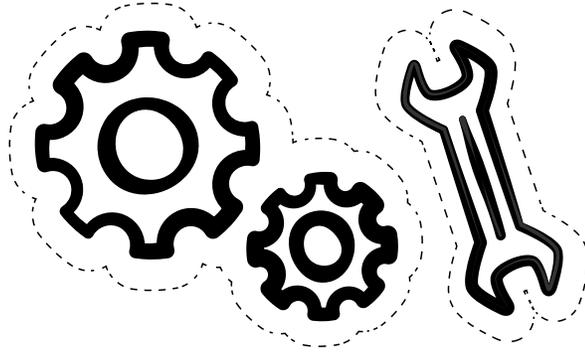
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***Konya is
in world
league in the
production of
milling
machines***

...







MACHINERY SECTOR IN KONYA

The machinery and equipment industry sector, in which 446 firms were active and in the central regions of the concentration, was the third sector with the highest employment in Konya

Konya, which has an important place in the world scale in milling machines and is one of the leading producers of the machinery industry in Turkey, is one of the major production centers especially in milling machines, metalworking machines and casting industry.

In the sector, which forms 10,9 % of the total manufacturing industry employment and 13,2 % of the total enterprises number in Konya Karaman region, specialization level is high.

According to TÜİK (Turkish Statistical Institute) data, Konya has a share

of 6.8% in total machinery industry which is in operation in Turkey and 6.9% in machinery industry employment. In terms of ensuring integration into the Industry 4.0 applications, significant cooperation and investment opportunities with foreign companies are among the advantages of the Konya machinery sector.

Despite the 12.2% contraction in Turkey's machinery exports in 2015, Konya's machinery exports, which are ranked 6th after Istanbul, Ankara, Bursa, Izmir and Kocaeli with a share of 4.6%, demonstrates an increase with a value of 1.9%.

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



- Package machines packaging machines, vertical packaging machines, liquid and solid packaging machines

- Welding machines

- Automatic guillotine, scissors

- Various presses

- Hydraulic cylinders and pumps

- Motor renewal machine

- Various drills

- Manufacture of equipment empowered with fluid and their parts (hydraulic and pneumatic engines, hydraulic pumps, hydraulic and pneumatic valves, hydraulic systems)

- Industrial refrigerators and freezers equipment

- In milling industry, there are manufacture of machines for processing or grinding grains or dried vegetables, wheat storage and cleaning system, animal feed machine, feed additive unit.

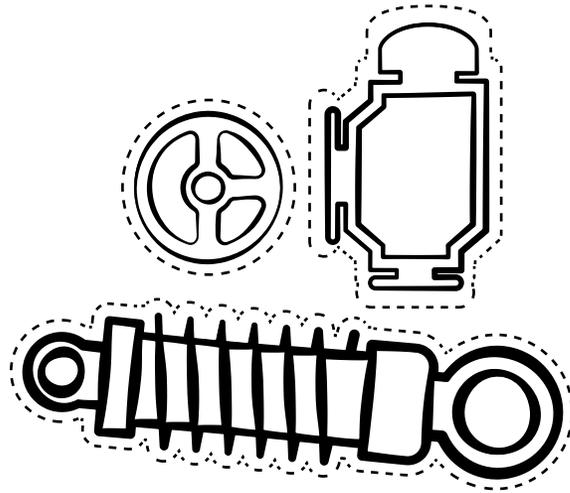
- Manufacture of Coal or rock cutters (cutting machines), tunnel and well boring machines and drilling and boring machines (underground or overground)

- Manufacture of motorized or pneumatic hand tools (sanding, grinding, polishing ... etc., electrical hand tools, circular or chain saws, drills, nailing tool, rivet gun... etc.)

- Hydraulic pneumatic lift fittings



- Manufacture of tableware and kitchenware from iron, steel and aluminum (pots, pans, teapots, coffee pots, food boxes, hand scourers... etc. including those coated with teflon, enamel, etc. -excluding those from copper-)
- Manufacture of central heating boilers (boilers) (combi boiler, residential independent boiler and other heating boilers - except for steam generators and hot water boilers-)
- Manufacture of bulldozer, angledozer, grader, scraper, straightener, front-end scraper-loader, bucket loader, mechanical loader, excavator, piling (pile variations) and pile-drawing machines, mortar and asphalt spreaders and concrete coating machines.
- Manufacture of centrifuge
- Manufacture of machines used while producing pipe, graphic electrode, chalkboard chalk ... etc.
- Manufacture of machine tools used for processing stone, ceramic, concrete or similar mineral materials or for processing glass cold and their parts (saw, grinding)
- Manufacture of armored or reinforced cases, vaults, locked safe boxes, armored doors ... etc. (using base metal)
- Manufacture of metal containers for compressed or liquefied gas



- Manufacture of molds and casting models from wood and other materials (except for cake and shoe molds)
- Manufacture of molds and casting models from wood and other materials (except for cake and shoe molds)
- Manufacture of signs and plates and numbers, letters and other symbols by using base metals (including auto plates, -except for illuminated ones-)
- Manufacture of tableware and kitchenware by using copper (coffee pots, pots, cups, plates, ewer... etc.)
- Manufacture of steel barrels and similar casings (with capacity not exceeding 300 liters - except for those with a capacity of 50 liters and closed by soldering or twisting-)
- Manufacture of machines for production and repair of footwear and other leather goods by processing animal skin and leather
- Manufacture of metal turning, drilling, milling and planing machine tools
- Manufacture of other faucets and valves, casting ones (Including industrial faucets, valves, faucets and valves used in sanitary installations and heating and natural gas valves)
- Bascule
- Submersible pump and equipment
- Carpet squeezing machine
- Paper cutting machine
- Weighbridge





Konya, leader in the production of milling machines



PRODUCTION GROUPS BASED ON SUBSECTOR

Mill Machinery Production

Approximately one third of the mill machinery manufacturers and their employment in Turkey are located in Konya. Konya's share of Turkey's production capacity is 15%.

It is possible to divide the milling machines produced in Konya into groups in the form of rolls, sieves, cleaning, grinding, conveying, storage and packaging machines.

When the scale of the enterprises operating in the manufacturing of Konya milling machines is compared to Turkey's average, it is seen that the number of employees per producer is close to the average of Turkey and the capacity per producer is around 40% of the average of Turkey.

Table 1: Positioning of Konya Milling Machines

Source: Turkish Union of Chambers and Commodity Exchanges 2016

| | Registered Produceri | Emp- loyment | Production Capacity (piece) | Emp- loyment/ Producer | Capacity/ Producer (piece) |
|----------------------------------|----------------------|-----------------|-----------------------------------|------------------------------|----------------------------------|
| Konya | 61 | 1.676 | 103.974 | 27 | 1.704 |
| Turkey | 163 | 4.800 | 686.361 | 29 | 4.211 |
| Konya/ Turkey (%) | % 37,4 | % 34,9 | % 15,1 | % 93,3 | % 40,5 |



Production of Metal Processing Machinery

Machines manufactured in Konya within the scope of metalworking machines can be listed as;

- Bending, folding, levelling and flattening machines,
- Shearing machine,
- Staples or notching machines
- Cake clamp machine,
- Compressor,
- Sawing benches and
- Hydraulic presses.

Non-numeric flat metal working benches, non-numeric shearing machine benches and hydraulic presses are the most actively concentrated areas operating in the metalworking machinery subsector.

Konya is one of the leading producers of metalworking machinery in Turkey. 11% of metalworking machinery manufacturers in Turkey and about 4% of their employment is present in Konya. It is seen that the scale of the enterprises operating in the metalworking machinery industry in Turkey and in Konya is above the average of the machinery industry in terms of the number of employees compared to the employment average of the machinery industry in Turkey.

The export of Konya machine tools which demonstrates a high performance compared to the machinery industry average were realized as 52 % in 2015.

Table 2: Positioning of Konya Metal Processing Machines
Source: Turkish Union of Chambers and Commodity Exchanges

| | Registered Produceri | Emp- loyment | Production Capacity (piece) | Emp- loyment/ Producer | Capacity/ Producer (piece) |
|----------------------------------|----------------------|-----------------|-----------------------------------|------------------------------|----------------------------------|
| Konya | 60 | 1.237 | 17.778 | 21 | 296 |
| Turkey | 516 | 26.961 | 183.699 | 52 | 356 |
| Konya/ Turkey (%) | % 11 | % 4 | % 9 | % 40 | % 83 |





Production of Drilling Machinery

There are many large and small sized companies in Konya which produces drilling machines that can penetrate the soil between 0-3000-meter distance and used for water extraction. While large firms are mainly working on export markets, small firms are producing freight for large firms.

While water drilling, ground drilling, mine drilling and geothermal drilling machines are the different groups of drilling machinery production in Konya, pneumatic rammer production takes place in boring machines.

When the scale of the enterprises in Konya is compared with the average of Turkey, it is seen that the number of employees per producer is 36% of Turkey average.

Drilling machines produced in Konya are mainly sold to African and Middle Eastern countries to be used in water drilling operations.

Table 3: Positioning of Konya Drilling Machinery

Source: Turkish Union of Chambers and Commodity Exchanges

| | Registered Producer | Employment | Employment/ Producer |
|--------------------------|---------------------|------------|----------------------|
| Konya | | 237 | 12 |
| Turkey | 135 | 4733 | 35 |
| Konya/ Turkey (%) | % 14,1 | % 5,0 | % 35,6 |

Production of Feed Machinery

The main feed machines produced in the Konya feed machines industry are varied as; Feed grinder, feed mixing, feed crushing and feed blunger machines.

In Konya which is one of the leading industries of the feed machines industry, 16% of the feed makers of Turkey and about 12 of sector employment is present.

When the scale of the enterprises in Konya is compared with the average of Turkey, it is seen that the number of employees per producer is 72%.

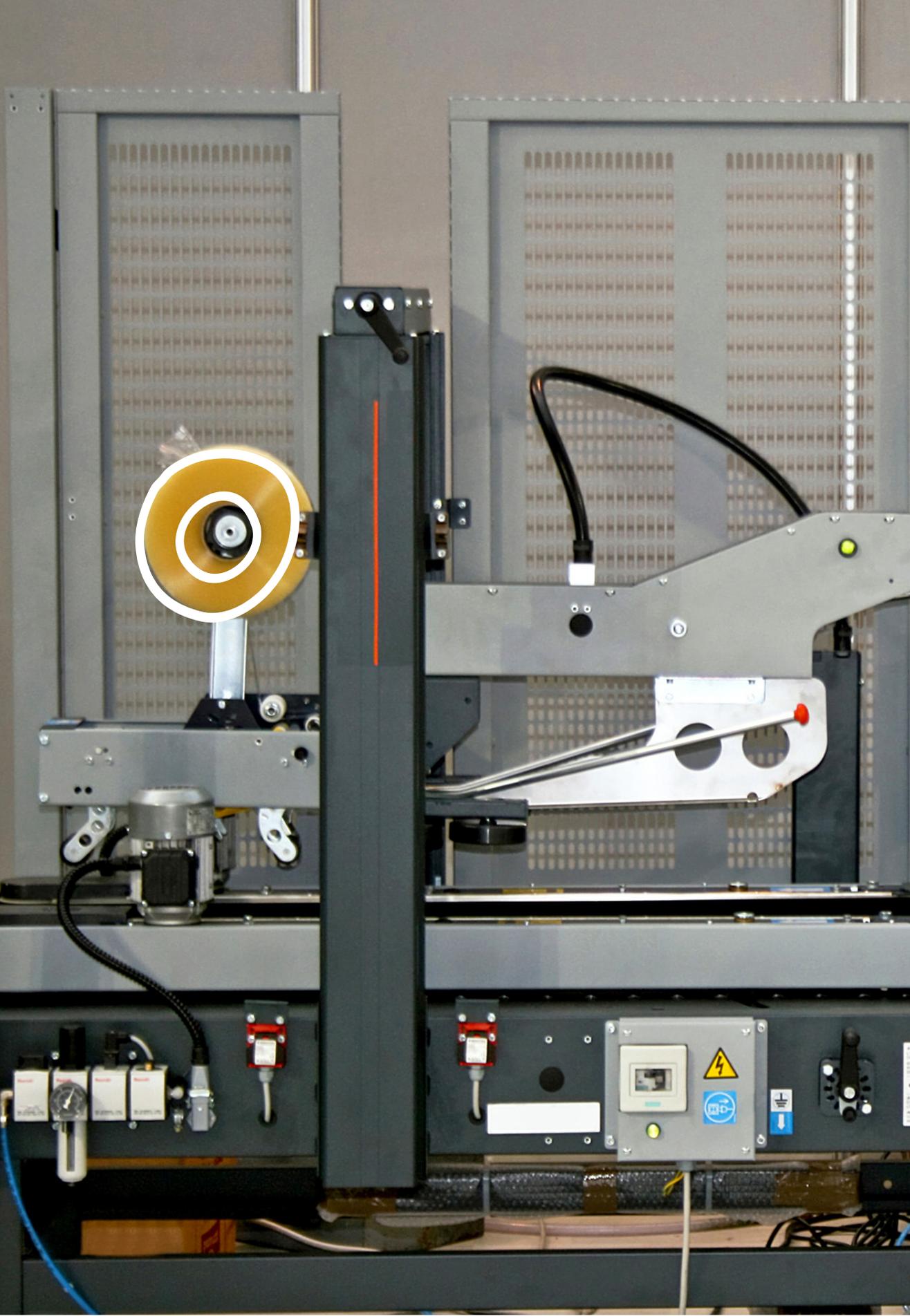
Table 4: Positioning of Konya Feed Machinery

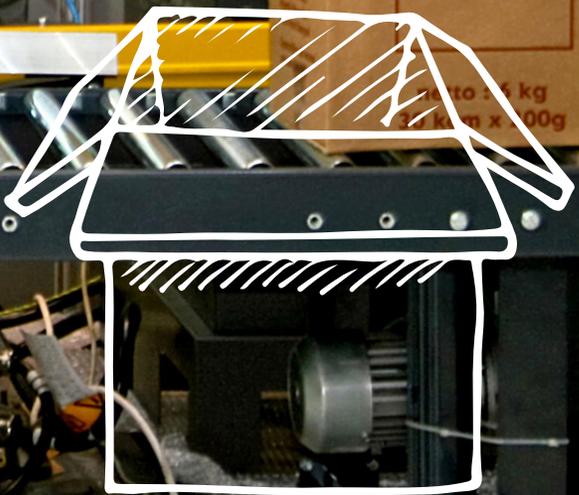
Source: Turkish Union of Chambers and Commodity Exchanges

| | Registered Producer | Employment | Employment/ Producer |
|--------------------------|---------------------|------------|----------------------|
| Konya | 22 | 505 | 23 |
| Turkey | 135 | 4.293 | 32 |
| Konya/ Turkey (%) | % 16,3 | % 11,8 | % 722 |

According to TÜİK data, in the exports of agriculture and forestry machinery including the feeding machinery, it is observed that exports of the agriculture and forestry machinery increased by 12 %.







AIR PRESSURE
MAX

Production of Food and Beverage Packaging Machinery

It is possible to sort the food and beverage packaging machinery produced in Konya as vertical packaging, liquid food packaging and solid food packaging machines.

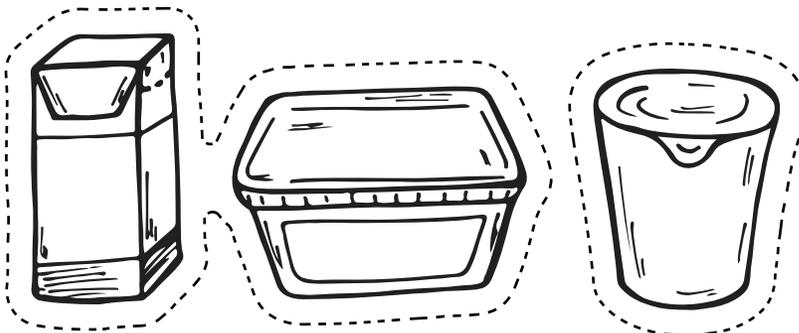
Production of Beverage Packaging Machinery

5% of beverage packaging machines producers in Turkey and about 8% of sector employment are in Konya. The number of employees per producer in Konya is 1.6 times higher than the average in Turkey.

In Turkey and Konya, companies operating in the beverage packaging machinery industry are seen to be above the Turkish machinery industry average in terms of number of employees.

Table 5: Positioning of Konya Beverage Packaging Machinery
Source: Turkish Union of Chambers and Commodity Exchanges

| | Registered Producer | Employment | Employment/Producer |
|-----------------|---------------------|------------|---------------------|
| Konya | 8 | 254 | 32 |
| Turkey | 165 | 3.190 | 19 |
| Konya/Turkey(%) | % 4,8 | % 8,0 | % 164 |





Production of Solid Food Packaging Machinery

It is possible to list the main solid food packaging machines produced in Konya as;

- Flour packing machinery
- Coffee filling machines
- Scaled filling machines
- Vertical packaging machines
- Polyethylene packaging machines
- PVC packaging machines
- Plastic and stretch packaging machines.

9.5% of producers of solid food packaging machines in Turkey and approximately 16% of sector employment are in Konya.

It is seen that the enterprises operating in solid food packaging machines industry in Turkey and Konya are above the Turkish machine industry average in terms of number of employees.

In 2015, the Konya food machinery exports, which have shown a high performance compared to the average of the Konya machinery industry, have increased by 38% in the recent period.

Tablo 6: Konya Katı Gıda Ambalajlama Makineleri Konumlandırması
Source: Turkish Union of Chambers and Commodity Exchanges

| | Registered Producer | Employment | Employment/ Producer |
|--------------------------|---------------------|------------|----------------------|
| Konya | 26 | 928 | 36 |
| Turkey | 273 | 5.950 | 22 |
| Konya/ Turkey (%) | % 9,5 | % 15,6 | %164 |

Production of Furnace and Oven

Types of ovens and furnaces produced in Konya are as follows;

- Bread ovens (Masonry oven, industrial heating furnaces fused with natural gas, air blowing rotary kilns, electric ovens)
- Pizza ovens
- Dough rounding ovens
- Dough processing furnaces

In Konya, where the production has been performed in the oven and stove sector since the 70's, has 3% of the oven and stove producers in Turkey and about 1% of sector employment.

When the scale of the enterprises in Konya is compared with the average of Turkey, it is seen that the number of employees per producer is 17% of Turkey's average.

In Konya, there are 2 large firms in the furnace and oven production sector and many micro enterprises with employment between 5-10 people.

While 30% of Turkey's exports in the field of furnaces and ovens are from Konya, Russia, Egypt and various European countries are among the first countries that these machines are exported to.

Table 7: Positioning of Konya Oven and Furnace

Source: Turkish Union of Chambers and Commodity Exchanges

| | Registered Producer | Employment | Production Capacity (piece) | Employment/Producer | Capacity/Producer (piece) |
|-------------------------|---------------------|------------|-----------------------------|---------------------|---------------------------|
| Konya | 6 | 186 | * | 31 | * |
| Turkey | 214 | 37.408 | * | 174 | * |
| Konya/Turkey (%) | % 2,8 | % 0,5 | * | % 17 | * |





Production of Casting and Casting Parts

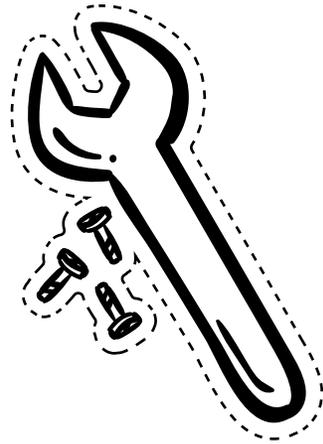
Konya's market share is 18% in the production of casting and casting parts, which are different from other products in machine sector sub-products as a means of having a more efficient and more energy production structure. Germany, Italy and Arabian countries are the primary countries which casting industry export is being made.

Konya has the first casting cluster of Turkey with its knowledge, capacity and skill which ranks 3rd in Turkish casting industry. Konya also has the title of being the largest operator on the SME scale with over 300 enterprises perform casting in aluminum, pig iron, steel, copper and injection fields. (The fact that the casting industry firms are SMEs makes it possible to change the production of casting products in a way that will appeal to different main products.)

While the casting industry serving the automotive sector is mostly working abroad, casting production is carried out for domestic markets for agricultural machines.

The first batch of castings in Turkey is in Konya

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FOREIGN TRADE IN KONYA MACHINERY SECTOR

Konya has foreign trade surplus each year in the fields of boilers, machines, mechanical devices and tools, nuclear reactors and their parts and accessories.

While the share of the first 20 countries in total exports is 70%, the biggest share among the exported countries is Algeria.

Table 8: Top 20 Countries to which machinery and equipment are exported from Konya

| |
|-------------------------|
| Algeria |
| Iraq |
| Iran (Islamic Republic) |
| Saudi Arabia |
| Germany |
| Egypt |
| United States |
| Uzbekistan |
| Italy |
| Sudan |
| Russian Federation |
| Kenya |
| Kazakhstan |
| United Arab Emirates |
| Azerbaijan-Nahcivan |
| France |
| Poland |
| India |
| Spain |

Source: Central Anatolian Exporters Union

**Konya
machinery
and
equipment
sector,
develops
rapidly in
terms of
product
diversity
and product
quality**

...







INVESTMENT INCENTIVE PRACTICES IN MACHINERY SECTOR

Investment incentive systems applied in our country are as follows;

Investment incentive systems applied in our country are as follows;

•General Incentive Practices:

Except for investment issues which won't be incentivized or which can't fulfill conditions required for the incentive, investments above minimum fixed investment amount and capacities are supported under General Incentive Practices without making discrimination between regions.

•Regional Incentive Applications:

While sectors to be supported by Regional Incentive Practices are determined by considering potentials of provinces and their economic scale sizes, aid intensity differs according to regions' levels of development.

•Privileged Investment Incentive:

While investments to be made in areas that will be identified in line with the needs of our country, are determined as privileged investments, supports practiced in the 5th Zone are provided to these investments even if they are carried out in 1st, 2nd, 3rd and 4th Zones.

•Large Scale Investment Incentive:

Machinery sector which is mentioned in this Report, is among the sectors determined for the incentive of large scale investments. Minimum fixed investment amount is 50 million TL.

•Strategic Investment Incentive:

Investments for intermediary goods or products with high import dependency are supported within the scope of strategic investment incentive practices.

Criteria that must be met by investments to be supported in this context are as follows;

- Minimum fixed investment amount must be 50 million TL,

- Total domestic production capacity of the investment issue must be less than import,

- Added value provided by investment must be minimum 40% (this condition is not required for refinery and petrochemistry investments),

- Total import value of the product to be produced must be at least 50 million USD in the last 1 year.

Support elements provided to investments in the framework of these practices;

Table 9: Support Provided for Investments*

| Support | General Incentive Practices | Regional Incentive Practices | Privileged Investment Incentive | Large Scale Investment Incentive | Strategic Investment Incentive |
|--|-----------------------------|------------------------------|---------------------------------|----------------------------------|--------------------------------|
| VAT Exemption | Yes | Yes | Yes | Yes | Yes |
| Customs Tax Exemption | Yes | Yes | Yes | Yes | Yes |
| Tax Reduction | | Yes | Yes | Yes | Yes |
| Insurance premium Employer's Share Support | | Yes | Yes | Yes | Yes |
| Investment Place Allocation | | Yes | Yes | Yes | Yes |
| VAT Refund** | | | | | Yes |

* Interest support which is not applied in 2nd Zone in which Konya gets involved, insurance premium (worker share) support and VAT return are not included.

** Strategic investments whose fixed investment amount is more than 500 million TL

Konya is in the 2nd zone within the investment zones. In General Incentive Practices for 2nd Zone, minimum investment amount of 3 million TL is foreseen for the footwear sector. In Regional Incentive Practices, minimum fixed investment amount for 2nd Zone including Konya is planned separately for each sector starting from 3 million TL. Minimum fixed investment amount for Large Scale Investments is defined by different sizes according to the sector starting from 50 million TL. While the minimum fixed investment amount for Large Scale Investments is defined by different sizes according to the sector starting from 50 million TL, this amount for strategic investments is 50 million TL.

Content of investment support practices for Konya is as follows:

VAT Exemption: It is applied in a way that value added tax is not paid for investment good, machine and equipment to be provided within the country and from abroad within the scope of the incentive certificate.

Customs Duty Exemption: It is applied in a way that custom duty is not paid for investment good, machine and equipment to be provided from abroad within the scope of the incentive certificate.

Tax Reduction: Application of income or corporation taxes at a reduced rate until they reach up to contribution amount foreseen for investment.

Insurance Premium Employer's Share Support: Insurance premium employer share's amount corresponding to minimum wage that must be paid for additional employment provided by investment covered by incentive certificate, is covered by Ministry.

Investment Place Allocation: Allocation of investment place by Ministry of Finance for investments whose incentive certificates are issued within the framework of principles and procedures determined.

VAT Return: Return of VAT collected for building and construction spendings made within the scope of strategic investments more than fixed investment amount of 500 million Turkish Liras.

Table 10: Konya Investment Support System (2nd ZONE)

| | Investment Start Date | | | |
|---|--|--------------------------------------|-------------------------------------|--------------------------------------|
| | Before 12.12.2015 | | After 1.01.2016 | |
| | Inside of Organized Industrial Zone | Outside of Organized Industrial Zone | Inside of Organized Industrial Zone | Outside of Organized Industrial Zone |
| Rate of Contribution to Investment (%) | 25 | 20 | 20 | 15 |
| Tax Reduction Rate (%) | 60 | 55 | 50 | 40 |
| Insurance Premium Employer's Share (year) | 5 | 3 | 3 | - |
| Investment Place Allocation | All investments that will benefit from regional incentives | | | |
| VAT Exemption | Investments with incentive certificates in all sectors | | | |
| Customs Duty Exemption | Investments with incentive certificates in all sectors | | | |
| Regional Minimum Investment | Machinery and Equipment 3.000.000 TL | | | |

Investment Incentive Certificates and the types of investments taken in Konya in 2015 are as follows:

Table 11: Investment Incentive Certificates Given in Konya in 2015

Source: Ministry of Finance

| | Fixed Investment (TL) | Imported Machine Equipment (USD) | Employment |
|----------------------|-----------------------|----------------------------------|------------|
| Total Expense | 65.779.314 | 10.392.574 | 201 |
| Total New | 22.454.569 | 3.617.370 | 47 |
| General Total | 88.233.883 | 14.009.944 | 248 |

It is seen that applications show abundance and variety in terms of content when the features of the investments taking place in machinery industry in Konya are checked; investment incentive certificate is taken for many different subjects such as welding machines, grinding, denting, window coolers, industrial kitchens, hydraulic pumps.





SECTORAL ADVANTAGES

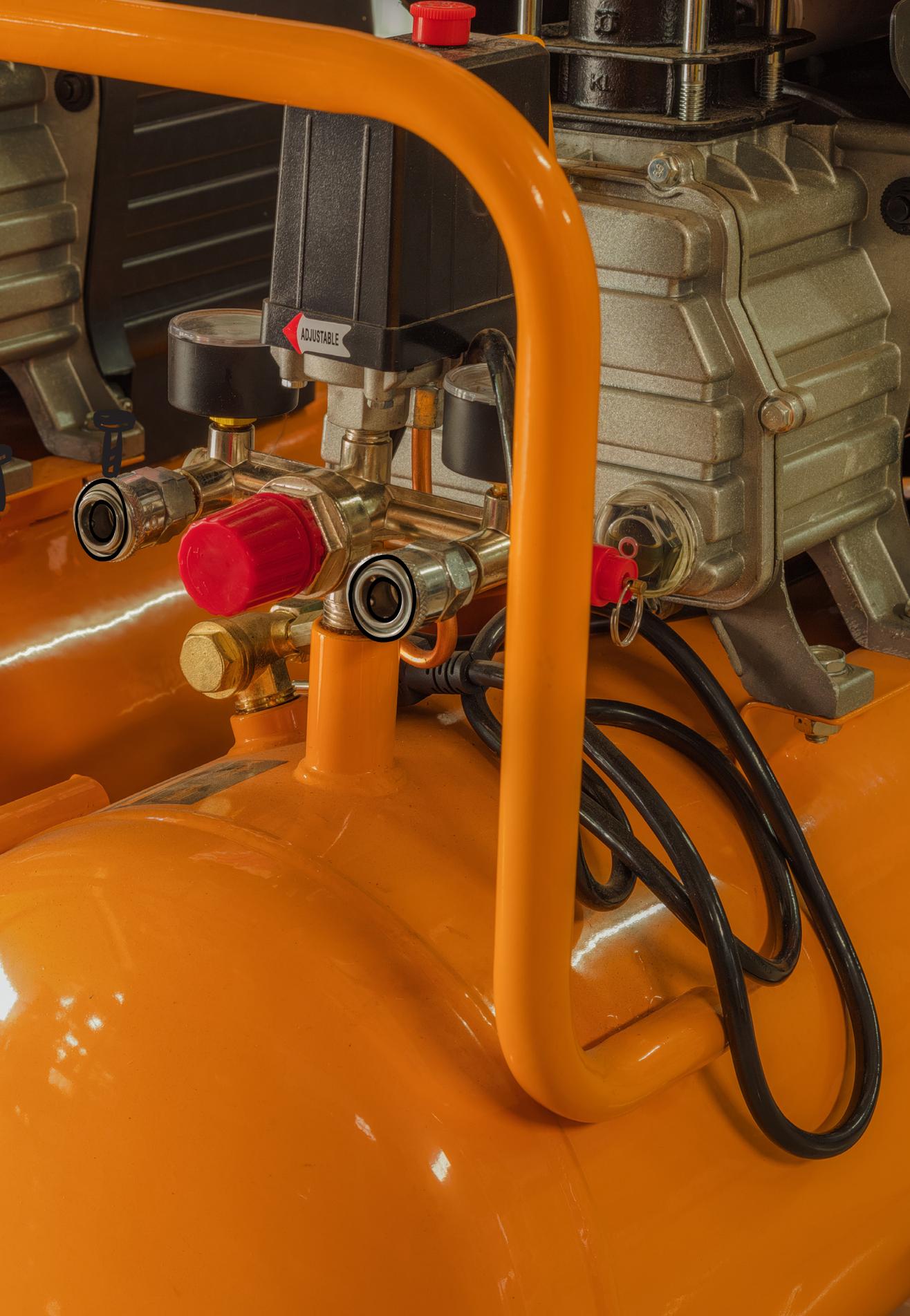
Konya Machinery Industry, which is one of the important centers in milling machines, agricultural machines, metalworking machines and casting industry; Thanks to its operational flexibility, which is predominantly owned by manufacturers of SMEs, is quite successful at achieving domestic and emerging foreign markets.

The rapid development of the investments and machines and equipment realized, the good integration level to the global markets and the intensive participation in international fairs are only a few of Konya's advantages.

Besides that, in the region, having created a synergy for the machinery industry by the clustering activities in automotive sub-industry and agriculture machinery provides an opportunity to export to advanced countries together with the developing countries.

Konya also has the means to grow with the domestic mergers-acquisitions and common sectoral companies in the sector where domestic equipment incentives (in renewable energy equipment and public purchases) are applied.









KONYA FOR INVESTMENT, BECAUSE

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While the machinery and equipment sector is getting stronger with sector investments, in the development of Konya machinery industry; Flour, automotive supplier industry and agriculture have a significant share.

The realization of clustering activities in sectors such as automotive sub-industry and agricultural machinery in the region gives advantages in terms of diversification of the demand and vertical integration within the value chain with these sectors.

Increasing machinery exports in Konya indicate that machine production is in good agreement with global demand, while the fact that the casting industry has developed at a significant level in Konya constitutes a field of attraction for the machinery sector.

The SMEs in the sector have a more flexible structure, which allows them to respond quickly to new product demands and facilitate the change of production processes according to the demand.

Proximity to potential ports gives advantage to export pricing to Konya in terms of foreign trade. However, as proximity to ports, proximity to potential markets such as Istanbul and Izmir also provide significant advantages in access to domestic consumption markets.

While the developments in the sector provide opportunities for joint business partnerships with foreign companies, the effective utilization of the services and incentives provided by the public for qualified employment, research and consulting are also among the important sectoral advantages.

TRANSPORTATION TO KONYA



Konya which has been an important center of trade and accommodation throughout history due to its geographical location, connects to other cities through roads going towards north, northwest, northeast, west, east and south directions.

Konya-Afyonkarahisar, Eskişehir-Bursa-Istanbul, Konya-Ankara highways enable connection with Ankara and cities located in the northwest; Konya-Aksaray road enables connection with Nevşehir and northeast cities; Konya-Beyşehir road extending to the west enables connection with İzmir through Isparta-Denizli-Aydın; Konya-Karaman in the south enables access to Mersin and Adana.

In addition, road connecting to Ankara-Adana highway also provides access to Adana and southeastern cities through Ereğli and it provides access to Black Sea cities through Kayseri. Konya-Seydişehir road connects Konya and Central Anatolia

Region to the southern coast from the shortest distance.

Railway length passing through the borders of Konya which has 6.6% of the 12,000 km of railway network in Turkey, is about 800 km.

Railway transportation from Konya is provided by 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. With high-speed train, it takes 1,5 hour to Ankara and Eskişehir, 4 hours to İstanbul. Airway transportation is also becoming increasingly important day by day in Konya which has one military-civilian airport. The airport which is open to international traffic as a border crossing, is 20 km away from the city center. While flights are regularly carried out to İstanbul and İzmir every day, direct flights are made to various points in Europe during the summer months.

