

ON-VEHICLE EQUIPMENT And LIFT

*Past,
Present
And Future
Of Konya
On-Vehicle
Equipment
And Lift
Sector*

...





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1882
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**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

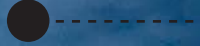
MARCH 2017

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This catalog was prepared within the scope of
"Preparing sector reports in order to increase the investment and export figures of konya"
supported by Republic of Turkey
Mevlana Development Agency, 2016 Direct Activity Support Program

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KONYA TİCARET ODASI
KONYA CHAMBER OF COMMERCE



KONYA TİCARET ODASI
TUTAN KONYA ULUSLARARASI
PİYAN MERKEZİ

01010 / ENTRANCE



KONYA TİCARET ODASI
PREMIER OFFICE



KONYA TİCARET ODASI
PREMIER OFFICE

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%.

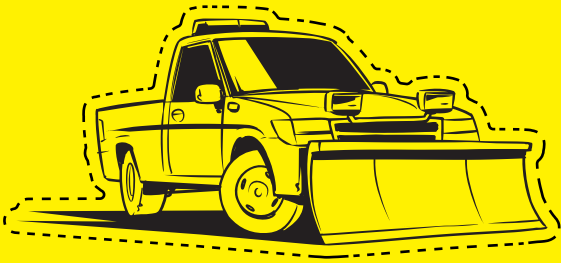


In the last fifteen years, Turkey's average in export has increased 5 times and Konya has increased its export 15 times and has written a success story around the world. Today, Konya has potential to receive 3% share from Turkey's export in the next decade. While Konya industry which allows production 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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Past, Present And Future Of Konya On-Vehicle Equipment And Lift Sector

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ON-VEHICLE EQUIPMENT AND LIFT





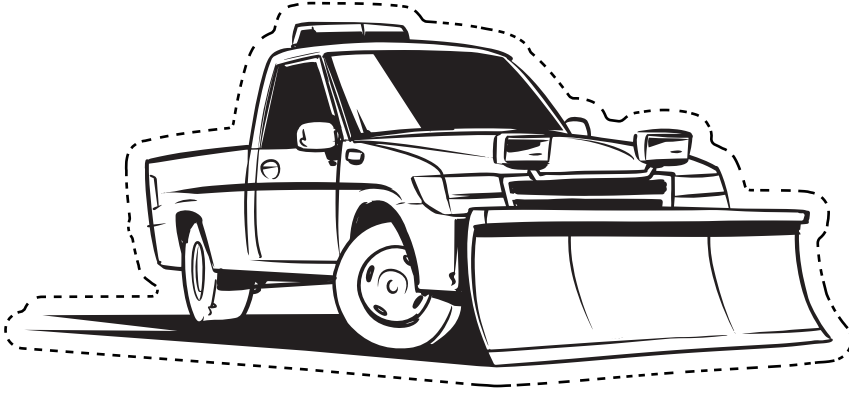
*Konya has
about 40%
of Turkey's
share in the
production
of on-vehicle
hydraulic
cranes only*

...

OVERVIEW

For our country where per capita income and living standards have increased with successful performance in production, the only way to achieve its 2023 targets is high value added production. One of the major sectors that will provide the infrastructure for this production is on-vehicle equipment. The fact that products of on-vehicle equipment sector are mostly used in production processes of different products, reveals dynamism of the sector. Turkey is determined to be one of the influential countries in the world in on-vehicle equipment sector.

Most of the sub-sectors of the sector give foreign trade surplus each year, thus they smooth the way for bigger investments that are possible to be made in the coming years. Konya is one of the major

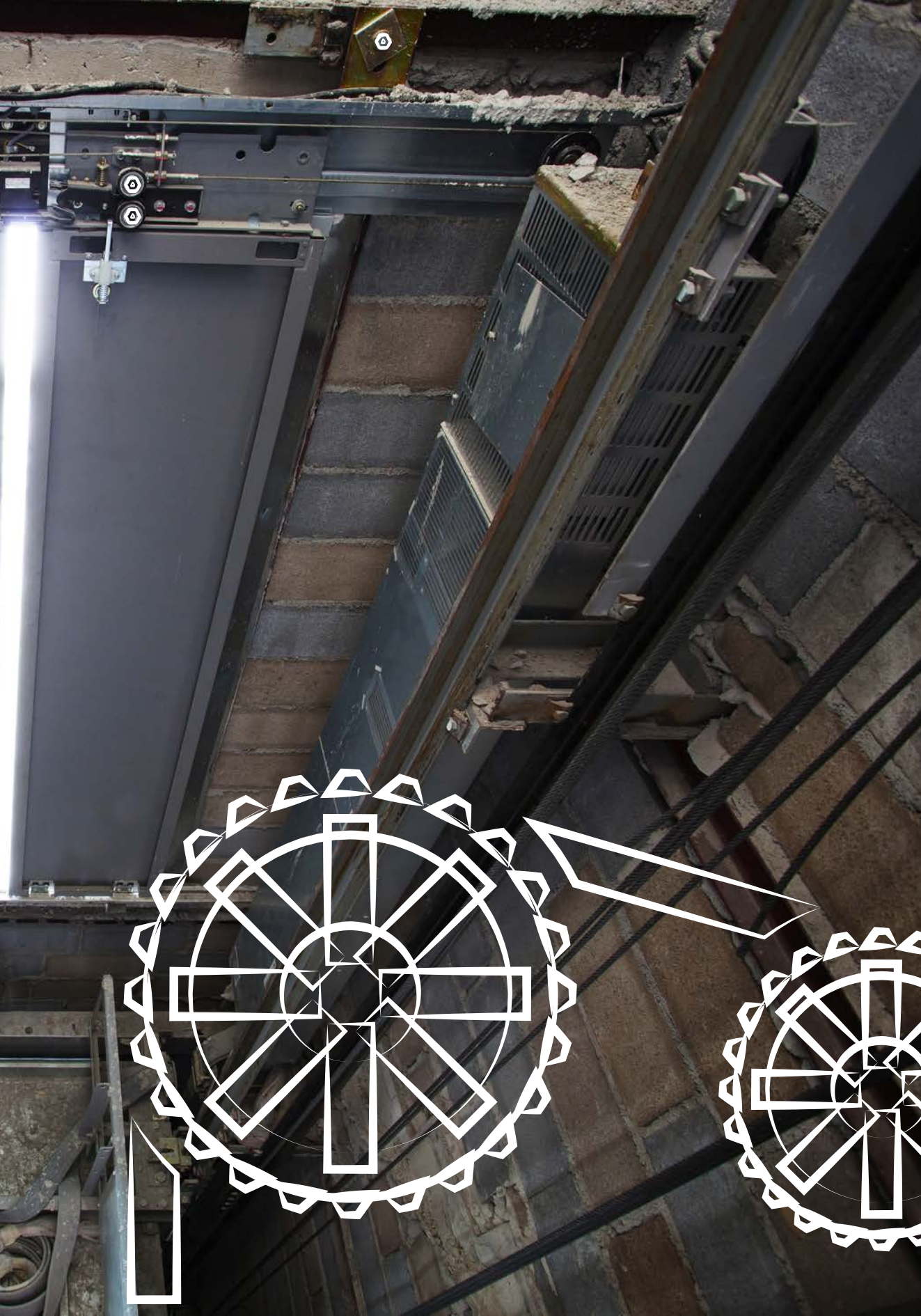


cities that make Turkey known in on-vehicle equipment sector in the world. Konya grows every year and contributes significantly to the country's economy as a result of the fact that it runs the well developed structure from production of on-vehicle equipment to distribution. Konya needs to carry its production forward in order to be one of the more influential centers in on-vehicle equipment production in the world and to provide support for Turkey's targets. This will be possible with R&D and technology investments as well as qualified work force. When increases in public-private partnership investments in the world are considered, attempts of producers in Konya on-vehicle equipment sector for such a structuring will undoubtedly upgrade the production and quality in Konya.

**Konya is
Turkey's
strong city in
on-vehicle
equipment
sector**

...







WHY KONYA?

Konya which became frequently visited place of important trade routes throughout history, has attracted attention due to its position on the Silk Road.

Prior to the Republic, Konya had a large-scale self-sufficient economy and a small-scale industrial production that was not in the structure of manufacture. In the first years of the Republic, it became one of the important manufacturing centers of Turkey with agricultural economic structure in which 45% of active population worked in agriculture according to conditions of its period.

Konya acts as locomotive of provinces in its hinterland as an attraction center of agriculture,

commerce, industry and tourism in both our country and Central Anatolia Region. Also, Konya has characteristics of production base by becoming an industrial center in recent years in addition to being a center of agriculture and trade.

Among relevant industries, there are more than 30 companies in vehicle and on-vehicle equipment sector in Konya. It is possible to analyze on-vehicle equipment sector which has wide product range due to the fact that it can meet intermediate good needs of different sectors in addition to producing final product on its own, in three sub-sectors consisting of cranes, elevators and trailers. On-vehicle equipment and vehicles such as crane, funeral service vehicles, fuel tankers, garbage semi trailer, dump





body, meat transportation cases, food stuff transportation cases, hydraulic compression garbage vehicles, fire trucks and accessories, canalization vehicles, water tankers, telescopic platform, sewage truck, street sweeping vehicles, etc. are produced in the sector. In this regard, Konya which plays a pioneering role in Turkey, has about 40% of Turkey's share in the production of on-vehicle hydraulic cranes.

In on-vehicle equipment sector, equipped work force and infrastructure that will provide training for the workforce have strategic importance. Presence of 105 vocational high school in Konya and approximately 8.180 annual graduates, provision of engineering education in almost all professions needed by the sector in existing

universities, presence of many universities and technical education faculties in the city are positive factors in meeting the employee needs of the sector. There are also 280 vocational courses in Konya.

Presence of Turkey's third largest techno-city, science center supported by Scientific and Technological Research Council of Turkey and Regional Innovation Center prepares infrastructure for innovation and R&D. Compliance between establishments is also another advantage of Konya.

Products of on-vehicle equipment sector in Konya are important in terms of increasing export values. The fact that Konya has a transportation network to various regions, facilitates trade in terms of logistics.



**Garbage
containers
are 100%
domestic
production**

...





ON-VEHICLE EQUIPMENT SECTOR IN TURKEY

It is known that after the 1950s, small but valuable steps were started to be taken in terms of on-vehicle equipment production in Turkey as in all countries in the world. Almost all of the on-vehicle equipment products can be produced in Turkey today when it has been reached to domestic production from foreign-dependent production. Main determinant of this progress was efforts of the Turkish investors to develop themselves and production techniques used by them for many years. In addition, companies have also made efforts to increase added

value of products in on-vehicle equipment sector in recent years.

In Turkey, more than 1.500 companies operate in the on-vehicle equipment sector. All garbage truck bodies used at the country level are 100% domestic products and they are not imported. Although companies that produce on-vehicle equipment consist of small firms, approximately 100.000 people are employed in the sector.



According to Turkish Statistical Institute records, production value of 1,9 billion TL per annum was obtained in the production of crane, lift and trailer in about 200 businesses. In recent years, Turkey has also appeared in European markets while exporting crane products to African countries.

A large percentage of Turkey's lift products' export is made to countries located in the east side of it such

as Iraq, Kazakhstan, Azerbaijan, Georgia and Bangladesh; export of trailer products is made to petroleum countries (Iraq, Saudi Arabia, Yemen, Qatar, etc.) and export of crane is made to European countries such as Italy, Germany, Romania, Norway and Spain.



**Machine and
manufacturing
industry is
in the first
place in
Konya's
export today
...**







ON-VEHICLE EQUIPMENT SECTOR IN KONYA

In on-vehicle equipment sector, Konya is one of the most important centers that have been supporting distance covered by Turkey in production for many years. It is seen that with the incentives offered to investors in the production of on-vehicle equipment, the sector is growing every year in Konya. This increase in production is supported by technology investments and quality of Konya's on-vehicle equipment production is increased.

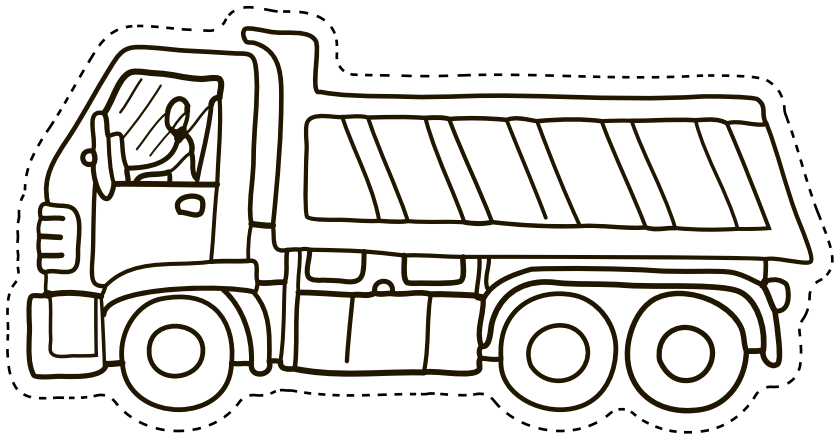


Table 1: Product Groups in Konya On-Vehicle Equipment Sector

CRANES:

Manual or motor powered lifting, carrying, loading or unloading machines:

- Cranes
- Crane tackle
- Freight lift,
- Windlass,
- Anchor windlass,
- Jack,
- Hoisting and carrying towers,
- Mobile lifting cages, etc.)

LIFTS:

- Lift, escalators and moving walkways/belts
- Pneumatic and other continuously moving lift, elevator and conveyors

DUMP BODY:

- Parts of trailers, semi-trailers and other vehicles which are not mechanically propelled (coachwork, bodies, axles and other parts of these vehicles)

- Coachwork, cabin, cup, trailer and dampers for motor land vehicles (automobile, truck, pickup truck, bus, minibus, tractor, dump truck and special purpose motor land vehicle coachworks).

Special purpose motor vehicles-amphibious vehicles:

- Garbage truck,
- Street cleaning vehicles,
- Armored transportation vehicles,
- Mixing truck,
- Crane truck,
- Fire truck,
- Ambulance,
- Motor caravan, etc.
- Containers (including those specially designed for one or more transportation modes)





Tower Cranes/Cranes

Crane is an investment tool which is needed all over the world. Cranes which are produced, are used by crane operators, construction and steel construction companies, industrial plant operators, public enterprises and large companies. There are 1.400 employees in sector in the area of truck mounted crane manufacturing and business volume value is 160 million dollars.

Crane sector in Turkey has a wide range of products in itself. While economic growth is also reflected on crane sector, it is seen that importance of crane sector will continue by increasing with 1000 large projects planned over 10-15 years at the amount of 750 billion dollars in direction of Vision 2023. Turkish crane sector meets almost all of domestic demand.

Sector has a significant potential in Konya. A large part of demands coming from the Turkish market is met by Konya businessmen. Renting is performed in Turkic Republics such as Turkmenistan and Kazakhstan.

Trailer/Semi-Trailer

Turkey is in the position of shipping corridor and logistics base with its location. In addition, after weight controls became frequent, turning into tow truck+trailer combination from truck has gained speed in domestic transportation in our country. This development and mobility increase popularity of tautliner or curtainsiders used in domestic transportation and transportation through customs. Turkish semi-trailer producers take important steps every day to upgrade semi-trailer quality required

for transportation in European standards. Turkey has a significant market share in Turkic Republics, Russia, Middle East, Africa and especially in Europe and it is among the first four major trailer producers in Europe.

Number of operations in the trailer and semi-trailer sector is around 400. Direct employment capacity of these two sectors is over 10 thousand people and the sector continues to grow in Konya. Motor components and parts (valve, piston, liner, crank), motor land vehicle coachwork (bodywork) and other parts and accessories for motor land vehicles are produced intensively in the region in addition to manufacture of trailer and semi-trailer, carrying (axle), lifting (cylinders) and other hydraulic and pneumatic parts which are integrated into main components such as trailer.

Dump Body

Turkey is almost a dump body base. All parts of dump body divided into two types consisting of rock type and normal type, are manufactured domestically.

Rock-type dump bodies which are mainly mounted on large-capacity trucks, are especially used in quarries and dam constructions. Normal-type dump bodies are usually manufactured with 3-5 m³ volume.

While Konya has a significant share in production of trailers, it sells not only in Turkey, but also in Europe, Africa and Arabian peninsula.







PRODUCTION GROUPS OF SUBSECTOR

Production of Crane (842619) and Crane Systems

Manufacture of crane is examined under single product classification in Konya. In this specified classification, in Konya, there are 7 producers which are registered in Industry Database of Turkish Union of Chambers and Commodity Exchanges. In addition, these firms are also supported by the production of companies with SME quality.

When compared to number of registered producers of crane in Turkey, Konya has a share of 23%. Konya has a share of 26% in total number of employees working in crane production and has a share of 41% in production capacity in Turkey.

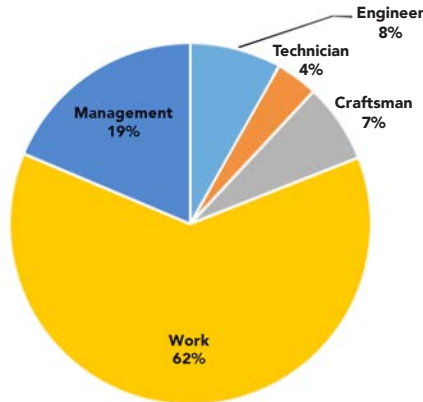
Table 2: View in Konya Crane Production

Source: Turkish Union of Chambers and Commodity Exchanges

Sector	Prodcom Code	Registered Producer	Total Employee	Production Capacity - Piece
Cranes-Konya	28.22.14.35.00	7	268	1.137
Cranes-Konya: Total		7	268	1.137
Cranes-Turkey: Total		31	1.050	2.744

Figure 2: View of Employees Working in Konya Crane Production

Source: Turkish Union of Chambers and Commodity Exchanges



Lift (842810) Production

Manufacture of lifts is examined under two product classification in Konya. In this specified classification, in Konya, there are 15 producers which are registered in Industry Database of Turkish Union of Chambers and Commodity Exchanges. When compared to number of registered producers of lift in Turkey, it is seen that Konya has a share of 3% and it has a share of 4% in total number of employees working in lift production in Turkey.

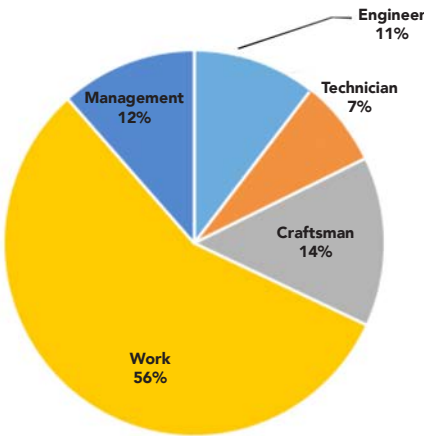
Table 3: View in Konya Lift Production

Source: Turkish Union of Chambers and Commodity Exchanges

Sector	Prodcom Code	Registered Producer	Total Employee	Production Capacity - Piece
Lifts-Konya	28.22.16.30.00	15	368	972
Lifts-Konya	28.22.16.50.00	0	0	0
Lifts-Turkey: Total		15	368	972
Lifts-Turkey: Total		471	9.904	99.420

Figure 3: View of Employees Working in Konya Lift Production

Source: Turkish Union of Chambers and Commodity Exchanges







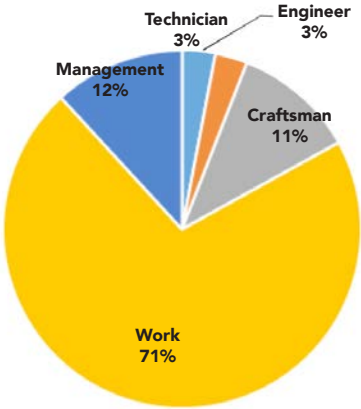
Trailer (9508) Production

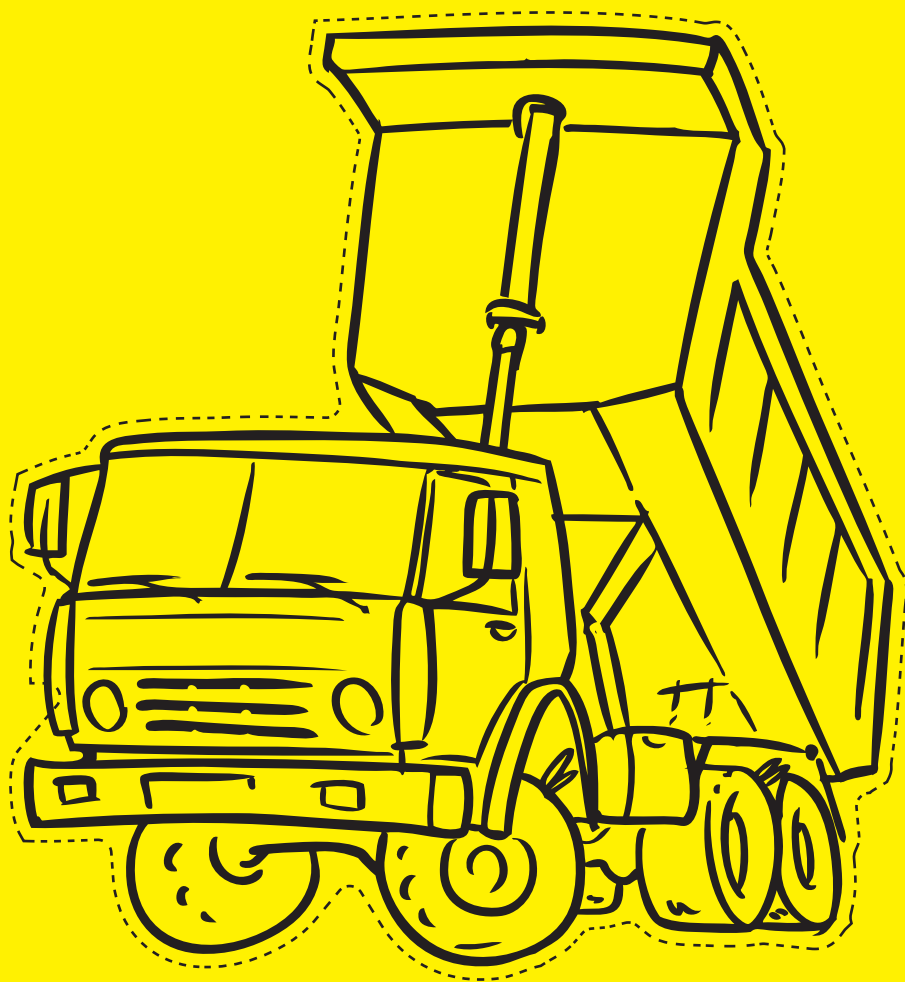
While manufacture of trailer is examined under single product classification in Konya, there are 55 producers which are registered in Industry Database of Turkish Union of Chambers and Commodity Exchanges. When compared to number of registered producers of trailer in Turkey, it is seen that Konya has a share of 17% and it has a share of 12% in total number of employees working in trailer production in Turkey.

Sector	Prodcom Code	Registered Producer	Total Employee	Production Capacity - Piece
Trailer-Konya	28.22.16.30.00	55	1.156	15.297
Trailer- Konya: Total		55	1.156	15.297
Trailer - Turkey : Total		308	9.390	106.580

Table 4: View in Konya Trailer Production

Source: Turkish Union of Chambers and Commodity Exchanges









FOREIGN TRADE OF ON-VEHICLE EQUIPMENT SECTOR IN KONYA

When the foreign trade figures of Konya related to lifting and transportation equipment are examined, balance has been observed in import and export data for the last five years. In this period, total foreign trade volume is about 330 million US dollars, of which 92% is exports.

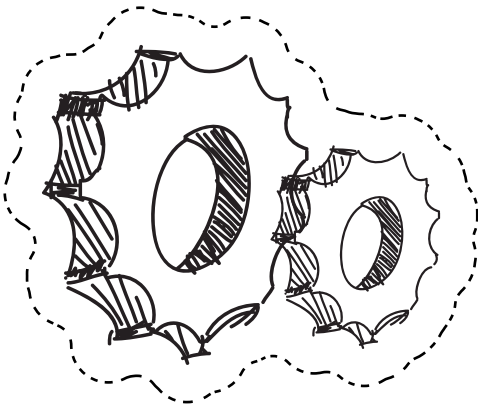


Table 5: Countries to which on-vehicle equipment is exported from Konya
Source: Turkish Statistical Institute

Country
Algeria
Iraq
Iran
Saudi Arabia
Germany
Egypt
Uzbekistan
Italy
Kazakhstan
Russian Federation
Sudan
Kenya
UAE
Azerbaijan
France
Poland
Spain
India
Austria
USA
First 20 countries Total
Other Countries

INVESTMENT INCENTIVE PRACTICES IN ON-VEHICLE EQUIPMENT SECTOR

• **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 Practices:**

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:** On-vehicle equipment sector which is mentioned in this Report, is among the sectors determined for the incentive of large scale investments and 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,

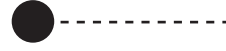
- Total domestic production capacity of the investment issue must be less than import,

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

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







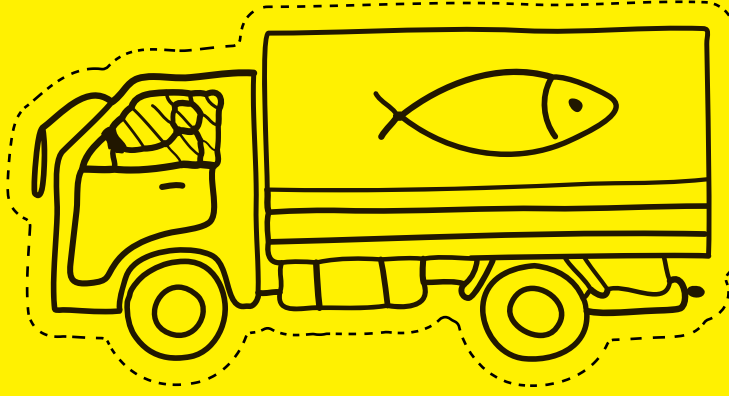
Support elements provided to investments in the framework of these practices;

Table 6: Support Provided for Investments*

Support	General Incentive Practices	Regional Incentive Practices	Privileged Investment Incentive	Large Scale Investment Incentive	Strategic Investment Incentive
VAT Exception	Yes	Yes	Yes	Yes	Yes
Customs Duty 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 Return**					Yes

*Interest support which is not applied in 2nd Zone in which Konya get 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 2nd Zone among investment zones. In General Incentive Practices for 2nd Zone, minimum investment amount of 1 million TL is foreseen for the on-vehicle equipment sector. In Regional Incentive Practices, minimum fixed investment amount for 2nd Zone including Konya is planned separately for each sector starting from 1 million TL. Minimum fixed investment amount for large scale investments starts from 50 million TL and is defined with different sizes according to the sector, this amount is 50 million TL for strategic investments.

Content of investment support practices for Konya is as follows:

VAT Exception: 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 7: Konya Investment Support System (2nd ZONE)

	Investment Start Date			
	Before 12.12.2015		After 01.01.2016	
	Inside of Organized Industrial Zone	Outside of Organized Industrial Zone	Inside of Organized Industrial Zone	Outside of Organized Industrial Zone
Rate Contribution to Investment (%)	25	20	20	15
Tax Reduction Rate (%)	60	55	50	40
Insurance Premium Employer'Ss hare (year)	5	3	3	-
Investment Place Allocation	All investments that will benefit from regional incentives			
VAT Exception	Investments with incentive certificate in all sectors			
Customs Duty Exemption	Investments with incentive certificate in all sectors			
Regional Minimum Investment	1.000.000 TL			

If it is looked at investment incentive certificates issued for Konya on-vehicle equipment sector for the last five years, on-vehicle equipment sector is defined under vehicles subclass in investment incentive certificates manufacturing sector.

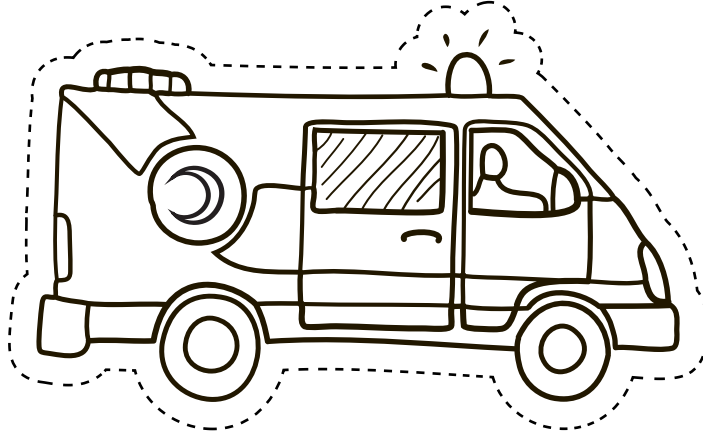
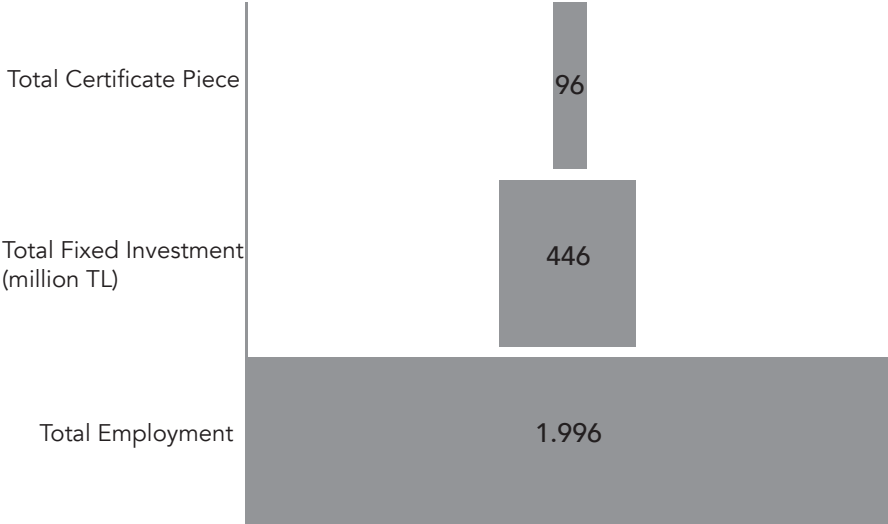


Figure 1: Konya Vehicles Sub-Sector - Investment Incentives
Source: General Directorate of Incentive Practices and Foreign Capital









SECTORAL ADVANTAGES

Industrialization which started in Konya after 1980s, enabled city to be one of the production centers today. One of the most important sectors enabling this development in Konya is the on-vehicle equipment sector. In development of on-vehicle equipment sector in Konya, role of steps taken by representatives of the sector together with public sector is important. In order to maintain this positive progress, it is important for sector representatives to come together more often and meet with relevant public authorities more often. Today, Konya has come to the stage of developing international quality brands from the point of increasing its share received from

on-vehicle equipment market. On the other hand, Konya companies have opportunity to develop both its investments and production technologies by gaining advantages in acquiring foreign partners in international structuring. The fact that efficiency of laborers who played a role in on-vehicle equipment sector effected production quality, enabled Konya to develop training structures in public and private sector partnership. Because sub-sectors which are involved in the on-vehicle equipment sector require different specializations, training programs have been developed by considering areas of specialization.







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KONYA FOR INVESTMENT, BECAUSE

...

Use of products produced in on-vehicle equipment sector as input in many stages of different sectors' production processes, secures sector's position and reveals its importance once more. In the sector, Konya which has a significant share in Turkey's production, has potential to meet the demands of domestic and foreign markets, is active in European market and has a high capacity to get into new markets.

These are just a few of strengths possessed; Konya has a comparative advantage in labor costs when compared to other competitors in foreign market, sector representatives work in harmony with the public, sector is open to modernization.

In addition to presence of potential market, close interest of countries of the Middle East and North Africa, possibility of exporting most of the products manufactured by companies with the demand of European countries, importance given to production by Konya as a city, steps that can be taken for supporting domestic and foreign investments in the sector invite investors to the city.

TRANSPORTATION TO KONYA

54



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-İstanbul, 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-İstanbul), Toros Express (İstanbul-Konya- Gaziantep), Central Anatolian Blue Train (Ereğli-Konya-İstanbul) and Meram Express (İstanbul-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.

