

# PLASTIC

*Past,  
Present  
And Future  
Of Konya  
Plastic Goods  
Sector*

...





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**WITHIN THE SCOPE OF  
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KONYA CHAMBER OF COMMERCE

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**KONYA TICARET ODASI**

# 5

One of the greatest advantages we have gained in the last thirty years is the fact that new production centers have been started to be established in Anatolia. From this point of view, one of the central cities that will bear the production load of Anatolia is Konya with its economic development and potential. With its companies that opened to the world, modern and scientific production and trade, universities, organized industrial zones and international exhibition center, Konya is one of the example cities of 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** **Plastic** **Goods** **Sector**

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# Plastics are in our lives

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## OVERVIEW

Two kinds of plastic consisting of thermoplastic and thermoset, are produced by using hydrocarbons obtained from natural sources such as natural gas and petroleum. Thermoplastics soften when heated and harden again when cooled.

Thermosets never soften once they are molded. Plastics which can be in the form of powder, granule, flake and solution, are used in various areas of modern life from toys to electrical appliances, from medical devices to packaging.

Likewise, the importance given to production of goods manufactured from plastic is increasing every year in Konya.

Plastics that can be shaped in various forms and that are durable and light, have price advantage and save resources when they are utilized lifetime.

Product range of the plastic goods sector which is divided into five sub-sectors consisting of plastic pipe (3917), flexible packaging (3923), game (slide) and toy groups (9508), kitchen utensils (3924), plastic packaging (3923), is very wide due to different usage areas. With the advantage that provided by this situation, significant steps have been recorded in the production and export of plastic goods in the world and Turkey.



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

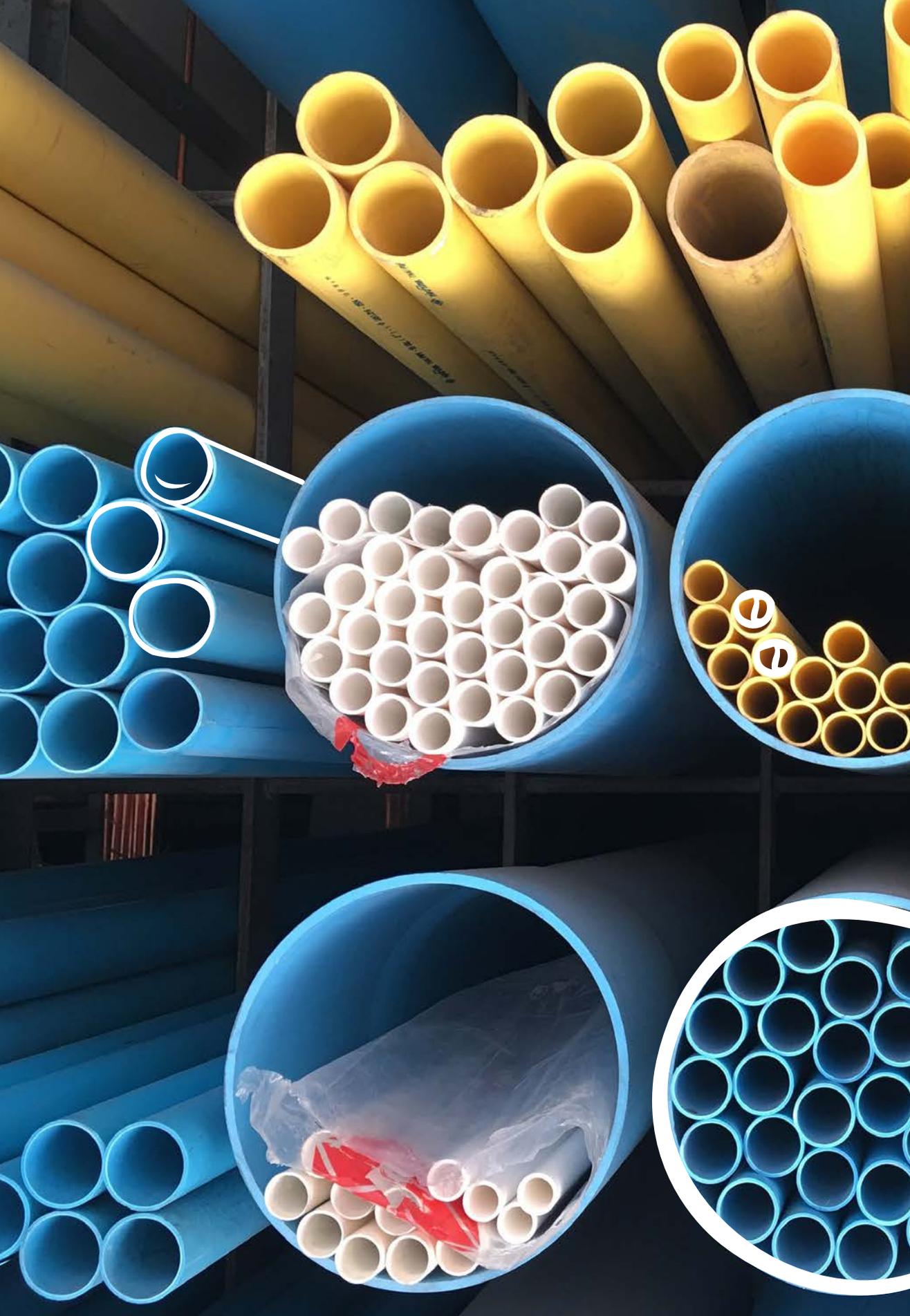
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Likewise, the importance given to production of goods manufactured from plastic is increasing every year in Konya. When foreign trade figures of sub-sectors other than game and toy groups are examined, it is seen that there is a big foreign trade surplus for Konya. Moreover, investments made in plastic goods sector and plastic good production and employment creation capacity based on gradual increase in investment incentives, reached serious dimensions in Konya.



Companies in the sector mainly make production in sub-branches for production of sheet, plate, tube, profile, plastic packaging materials (bags, bottles, boxes, etc.), rubber products, plastic construction materials and other plastic products for production of plastic doors, windows.

In Konya, activities of producers especially about R&D and technology investments for increasing quality of products manufactured from plastic, raise the added value of products in the sector. On the other hand, important public activities are carried out in the world at the point of recycling plastic goods. Konya is a city that has an opportunity to increase its production and foreign trade shares in Turkey and in the world by providing specialization in such sub-sectors through such a production structure.







# Big steps in the industrial area

...

## WHY KONYA?

Konya which has been the center of agriculture, commerce, industry and tourism of both Turkey and Central Anatolia from past to present, has made significant contributions to national economy in various sectors and at different levels.

Old city Konya has become production base by moving towards becoming an industrial center in recent years in addition to being a center of agriculture and trade. As a matter of fact, as a result of industrialization efforts that started during Ottoman period, the first "School of Industry" of Anatolia was opened in Konya in 1898 after İstanbul.

Prior to the Republic, Konya had a self-sufficient economy, large-scale agriculture 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.

In 1950s, agriculture-based economic structure began to be abandoned in Konya where new enterprises and activities in especially agriculture,





animal husbandry and industry were seen. Although capital accumulation inadequacy did not allow for large-scale sector investments, a series of investments were made especially after the fact of multi-partnered corporatization that emerged with stocks of small investors and workers in foreign countries.

There are various reasons for Konya to have an important position in plastic goods sector in Turkey and to have a great potential.

The sector with medium technology level stands out as the most important sector in the manufacturing industry of Konya which increases regional competitive advantage. Sectoral manufacturing industry investments are at quite significant level.

It is important to have necessary infrastructure in the sector where educated and experienced work force provides advantage. Overabundance of existing vocational high school in Konya and approximately

8.180 graduates in each year, presence of many universities and technical education faculties in the city are only a few of the positive factors in meeting the needs of the industry. In addition, there are 280 vocational courses in Konya. Opening of such courses by civil society organizations and training of the workforce in these areas contribute to elimination of bottlenecks in the market.

R&D infrastructure in the sector is also important. 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 alongside R&D.

Compliance between establishments and strong cooperation are also other advantages of Konya. The fact that Konya has a transportation network to various regions, is a factor that facilitates trade in terms of logistics.



## PLASTIC GOODS SECTOR IN TURKEY

Globalization in the world economy which has recently been felt, has enabled urban economies to take place in global economy as parameters. In this context, local economies also affected the development performance of their countries due to strategies and policies that they developed in global competition by developing their physical, social and institutional infrastructures.

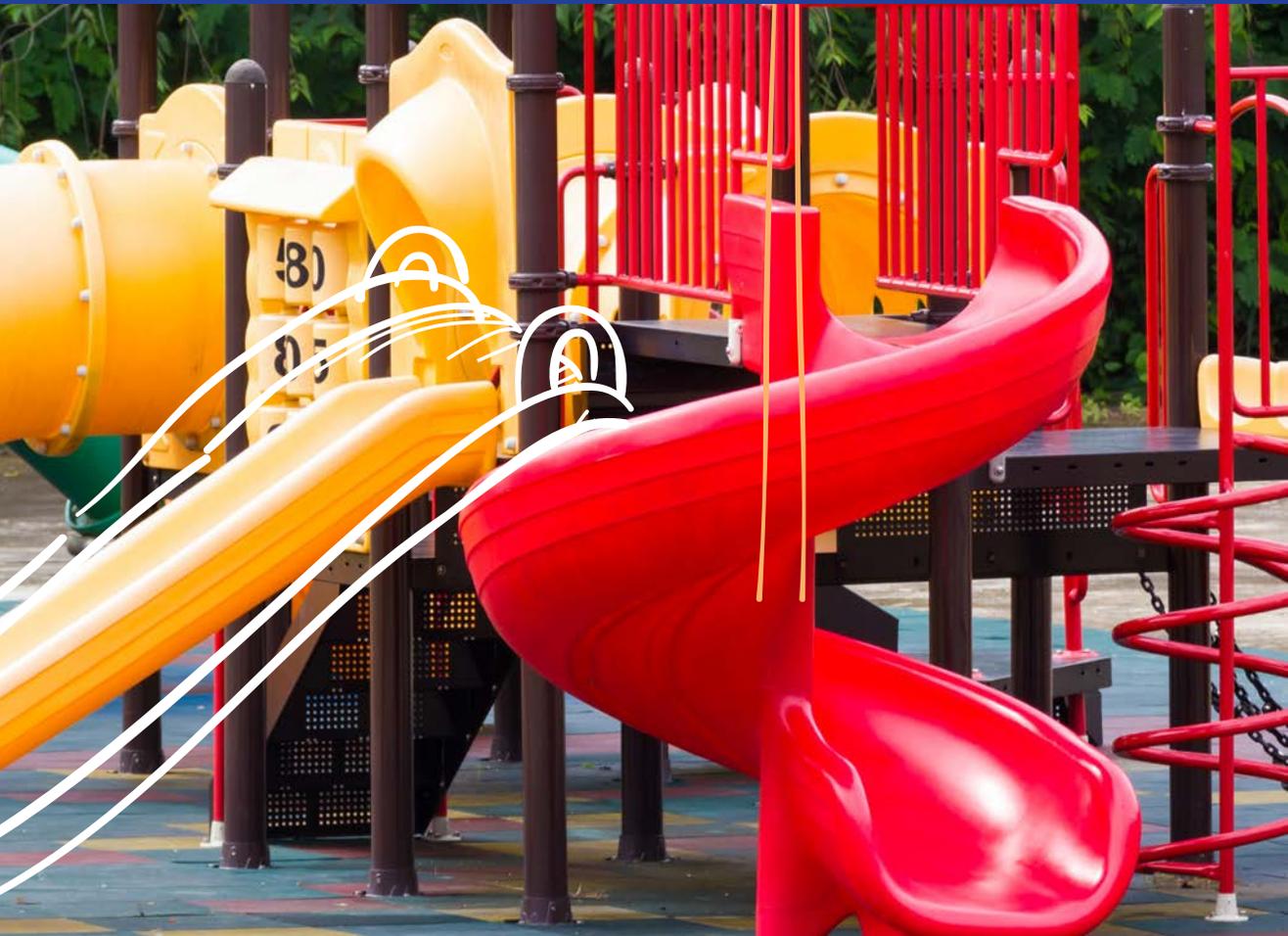


With the acceleration of industrialization in the world, the demand for plastic production increased especially in the 1970s.

While 1,5 million tons of plastic production in 1950s reached up to 50 million from mid-1970s, 200 million tonnes of production was reached all over the world in 2000s. Except reflection of negative effect of 2008 crisis on decrease in production, production of plastic has increased all over the world until today.

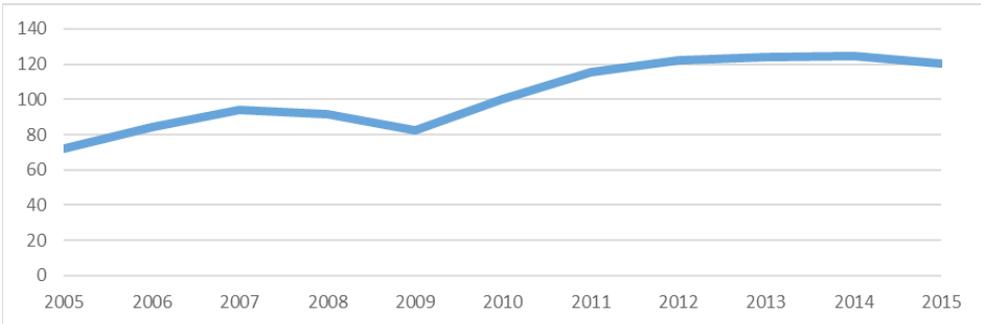
Demand for plastic goods in Turkey has also increased, especially with urbanization.

In the following table prepared by using Turkish Statistical Institute's annual production and sales statistics of industrial products and including plastic pipe production data, it is seen that index was fluctuating from 2005 until the end of 2009, a rapid rise began at the end of 2009 and at the beginning of 2010 after negative effects of the economic crisis in the world started to decrease partially.



**Figure 1: Plastic Pipe Manufacturing**

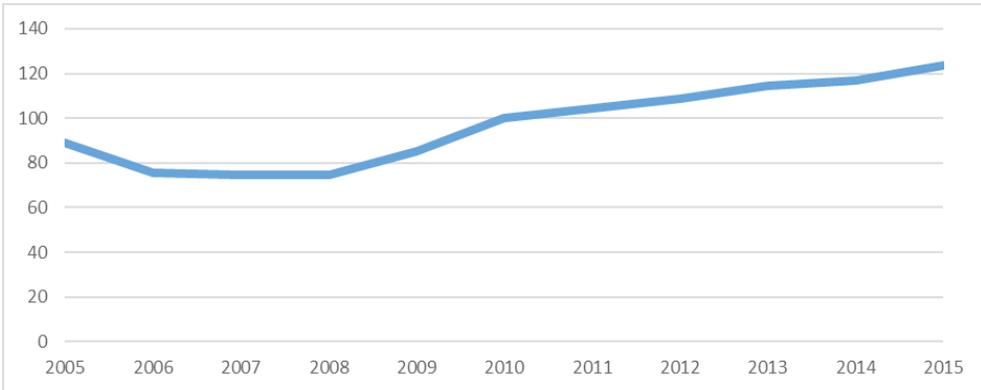
Source: Turkish Statistical Institute



There is a regular increase in production of plastic packaging-plastic bag, bag, carrier bag, box, carboy and pulley in 2009.

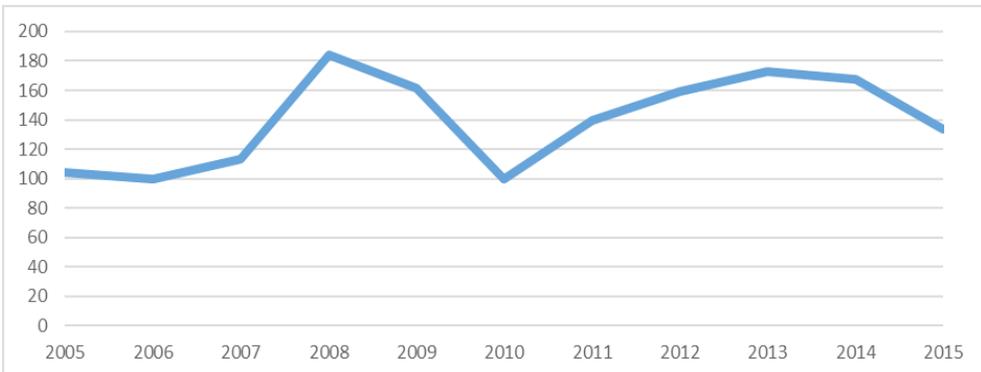
**Figure 2: Manufacture of Flexible Packaging (Plastic Bag, Bag, Carrier Bag, Sack, Box, Bottle, Carboy, Pulley, etc.)**

Source: Turkish Statistical Institute



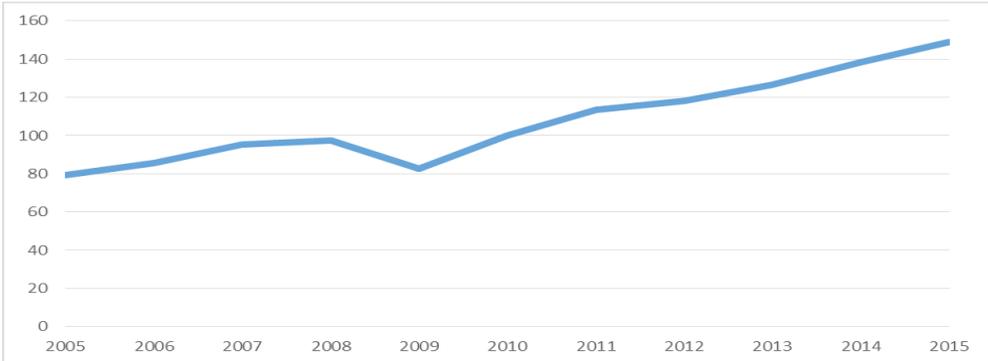
**Figure 3: Game and Toy Groups Manufacturing**

Source: Turkish Statistical Institute



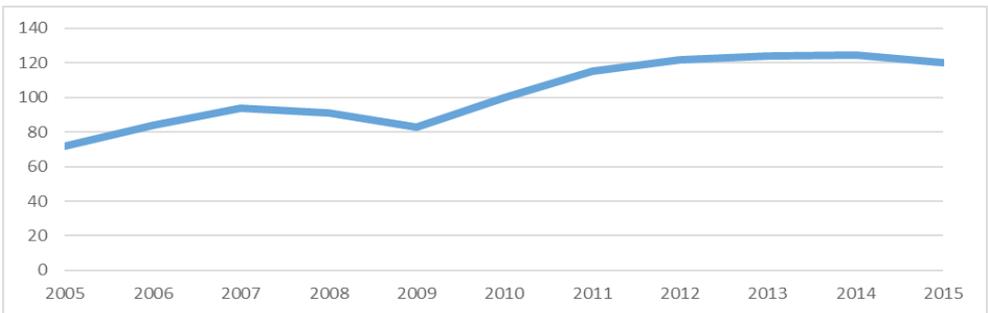
In toy and toy groups, production index showed rapid increases and decreases between 2005 and 2010. Increase seen in 2010 has lost some momentum in recent years.

**Figure 4: Manufacture of Kitchen Utensils**  
**Source: Turkish Statistical Institute**



Production of kitchen utensils is also growing rapidly and it is seen that this trend continues in 2015.

**Figure 6: Plastic Packaging (22.22)**  
**Source: Turkish Statistical Institute**



It is seen that number of producers and production has been increasing rapidly when the plastic packaging sector in Turkey is examined from the mid-2000s until the today.

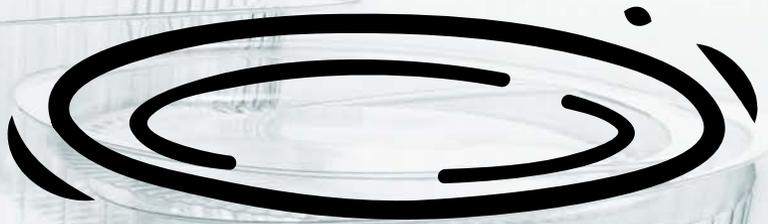
improvement of production environment with incentives given by the public and awareness of investor in such progress are certainly important.





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

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## PLASTIC GOODS SECTOR IN KONYA

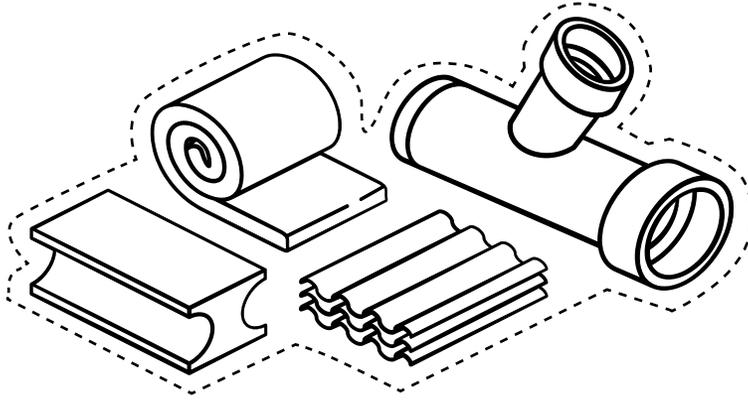
Recent increase in the production of plastic goods up to 975 million USD in Konya indicates that the sector has great importance for Konya. Increasing production capacity is inevitable as products are demanded by different sectors.

**Table 1: Production Groups in Plastic Goods Sector in Konya**

|  |
|--|
| <p><b>Plastic Pipe:</b> -Rubber tube, pipe and hoses, -tube, pipe, hose and their fittings manufactured from plastic,- manufacture of irrigation purpose pipe,- manufacture of industrial purpose pipe</p>   |
| <p><b>Flexible Packaging:</b> -plastic bag, garbage bag,- bag, -carrier bag, -sack, net, -packing case, -box, -crate, -carboy, -bottle, -jerry can, -pulley, -bobbin, -coil, -tap, -cap, -capsule</p>  |
| <p><b>Toy:</b> -All kinds of toys manufactured from plastic, -playgrounds and equipment, -sports materials and equipment</p>   |
| <p><b>Kitchen and House Utensils:</b></p> <ul style="list-style-type: none"> <li>- Plastic articles used on table and in kitchen (silicone cake mold, wash bowl, bowl, bucket... etc.) and other household goods</li> <li>- Plastic clothes pin, hanger, sponge, soap dish, comb, hair curler, hairgrip, hairpin, beads, figurine, statuette and other articles and manufactured self-adhesive sheet, strip ... etc.</li> <li>- Rubber band, tobacco pouch, windscreen wipers, characters for date stamps, plugs, plungers, taps for bottles and rings and other various articles manufactured from hard rubber</li> <li>- Plastic indoor furniture and equipment such as table, stool, chair, etc.</li> </ul> |
| <p><b>Packaging Materials:</b></p> <ul style="list-style-type: none"> <li>- Finished and semi-finished plastic profile, bar, sheet, plate, block, film, foil, strip ... etc. and monofilament products (including nylon awning)</li> <li>- Manufacture of regenerated rubber, in primary form or sheet, in layer or strip form</li> <li>- Plastic bag, bag, carrier bag, sack type packaging materials for industrial use</li> </ul>   |







## **Construction Materials:**

- Plastic prefabricated structures and structural elements
- Rubber washer, gasket, boat or scaffolding fenders, porous vulcanized other articles manufactured from rubber and used in technical works and molded parts for railway, road vehicles and other vehicles
- Plastic storage, tank, barrel and similar containers
- Flexible floor coverings such as vinyl, linoleum and plastic floor, wall and ceiling coverings and insulators
- Plastic/PVC door, window and their frames and door sills, stairs, stair rail, shutters, venetian blinds, roller blinds and similar articles and their parts
- Plastic bath tubs, washbasins, toilet seat covers, seats and reservoirs and similar sanitary products
- Plastic construction purpose sheets, plates, films, foils, strips and pipes and roofing products (nylon cover, shingle for construction, greenhouse etc., styrofoam for jacketing, etc.)
- Products such as plastic artificial stone-marble

### **Other Plastic Productions:**

- Rubber conveyor belts
- Plastic fittings of machine, furniture, body shell, hand tools and similar products, plastic conveyor belts
- Office and school materials manufactured from plastic
- Plastic cap, insulation fittings and plastic parts of lamps, lighting equipment, illuminated signs
- Tools used in wiring (plug, socket, printed, buttoned, etc. switches, socket, lampholder, plastic electric pipe and cable trays, insulated plastic fittings for machines and devices)
- Plastic mold and casting models
- Bench, table, stool, chair, seat type outdoor furniture manufactured from plastic and used in parks and gardens
- All kinds of plastic parts used in production of chair, seat, sofa, sitting group, hideabed, couch, settee
- Shoes thin-soled indoor boots, boots, rainboots, combat boots, slippers manufactured from plastic materials
- Clothing and clothing accessories manufactured from plastic

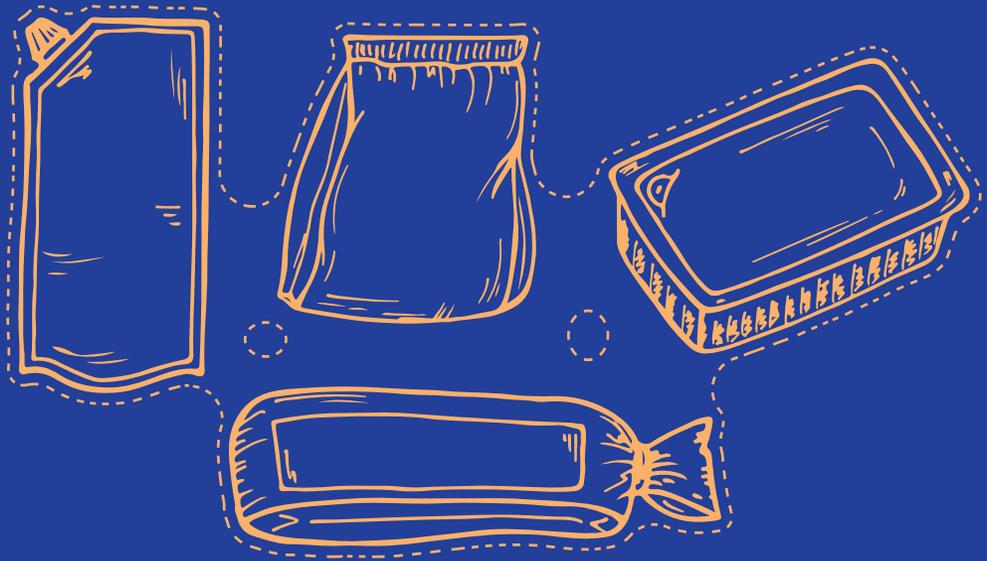
### **Drip Irrigation System**

Importance and features of drip irrigation systems applied in the field of agricultural activities are increasing due to global warming and reduced water resources in the world. Accordingly, new systems are produced in order to get the best efficiency by using water at the least level. There are many companies in Konya that manufacture plastic irrigation pipes.

### **Construction Materials:**

All materials used in construction sector which is experienced in the country and which has gained great momentum, are produced from plastic and plastic by-products in Konya and it is also the center of attraction of its region...

Many companies continue to work for the production of plastic materials used in indoors and all stages of constructions from foundation to roof...



## PVC Packagings

PVC raw material has significant advantages such as less use of world oil reserves and lower production cost (its price is less dependent on oil when compared to other raw materials) because petroleum resources are used much less than polyethylene and polypropylene raw materials in production.

In Konya, there are 2 big companies which produce PVC material in national manner and provide a significant number of employment.

## Plastic Packagings

Plastic packagings are obtained by processing various products coming from petroleum refineries in petrochemical plants. 3% of total petroleum produced in the world is used for plastic packaging production.

There are production companies in Konya that produce and print plastic packaging materials and are in a leading position in Turkish market.





## PRODUCTION GROUPS OF SUBSECTOR

### Plastic Pipe (3917) Production

Manufacture of plastic pipe is examined under nine product classification in Konya. In this specified classification, 63 producers which are registered in Industry Database of Turkish Union of Chambers and Commodity Exchanges, produce drip irrigation pipes, water pipes, sprinkling pipes, electricity pipes, corrugated pipes, natural gas, fiber optic underground pipes and many similar products in Konya.

**Table 2: Konya Plastic Pipe Production**

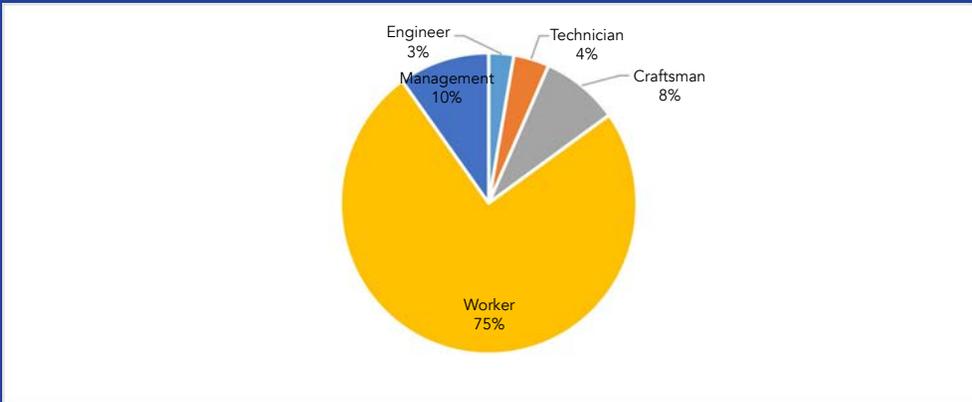
**Source: Turkish Union of Chambers and Commodity Exchanges**

| Sector                     | Prodcom Code   | Registered Producer | Total Employee | Production Capacity - Kilogram |
|----------------------------|----------------|---------------------|----------------|--------------------------------|
| Plastic Pipe-Konya         | 22.21.21.53.00 | 12                  | 967            | 57.575.898                     |
| Plastic Pipe-Konya         | 22.21.21.55.00 | 1                   | 226            | *                              |
| Plastic Pipe-Konya         | 22.21.21.57.00 | 10                  | 723            | 23.516.679                     |
| Plastic Pipe-Konya         | 22.21.21.70.00 | 1                   | 1              | *                              |
| Plastic Pipe-Konya         | 22.21.29.20.00 | 5                   | 155            | 3.389.760                      |
| Plastic Pipe-Konya         | 22.21.29.35.00 | 1                   | 7              | *                              |
| Plastic Pipe-Konya         | 22.21.29.37.00 | 5                   | 52             | 1.346.909                      |
| Plastic Pipe-Konya         | 22.21.29.50.00 | 3                   | 22             | *                              |
| Plastic Pipe-Konya         | 22.21.29.70.00 | 25                  | 899            | 18.738.685                     |
| Plastic Pipe-Konya: Total  |                | 63                  | 3.052          | 104.567.931                    |
| Plastic Pipe-Turkey: Total |                | 790                 | 49.609         | 1.457.083.801                  |

\* Production capacity information is not provided if the number of registered producers is 3 or less.

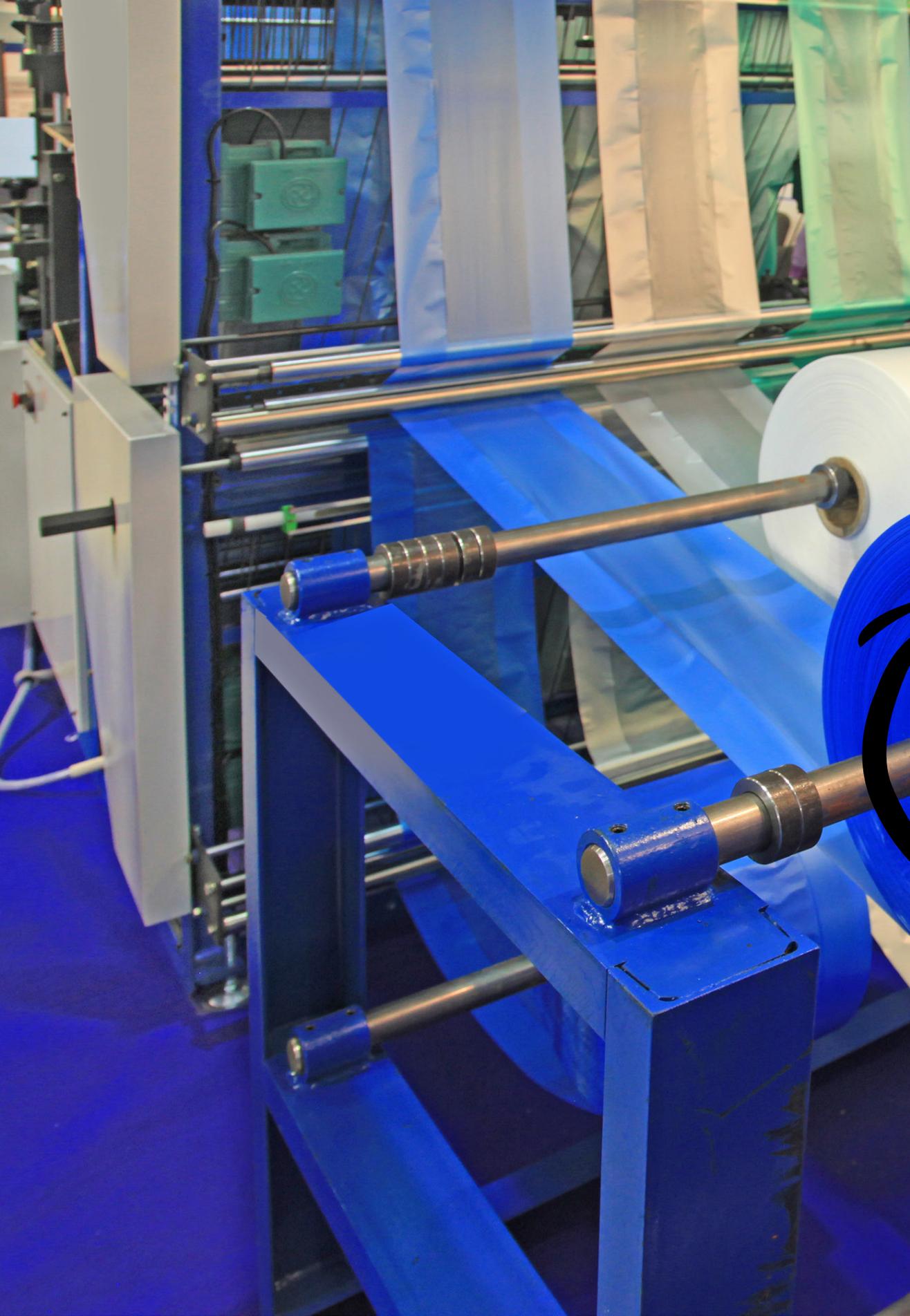
**Figure 6: View of Employees Working in Konya Plastic Pipe Production**

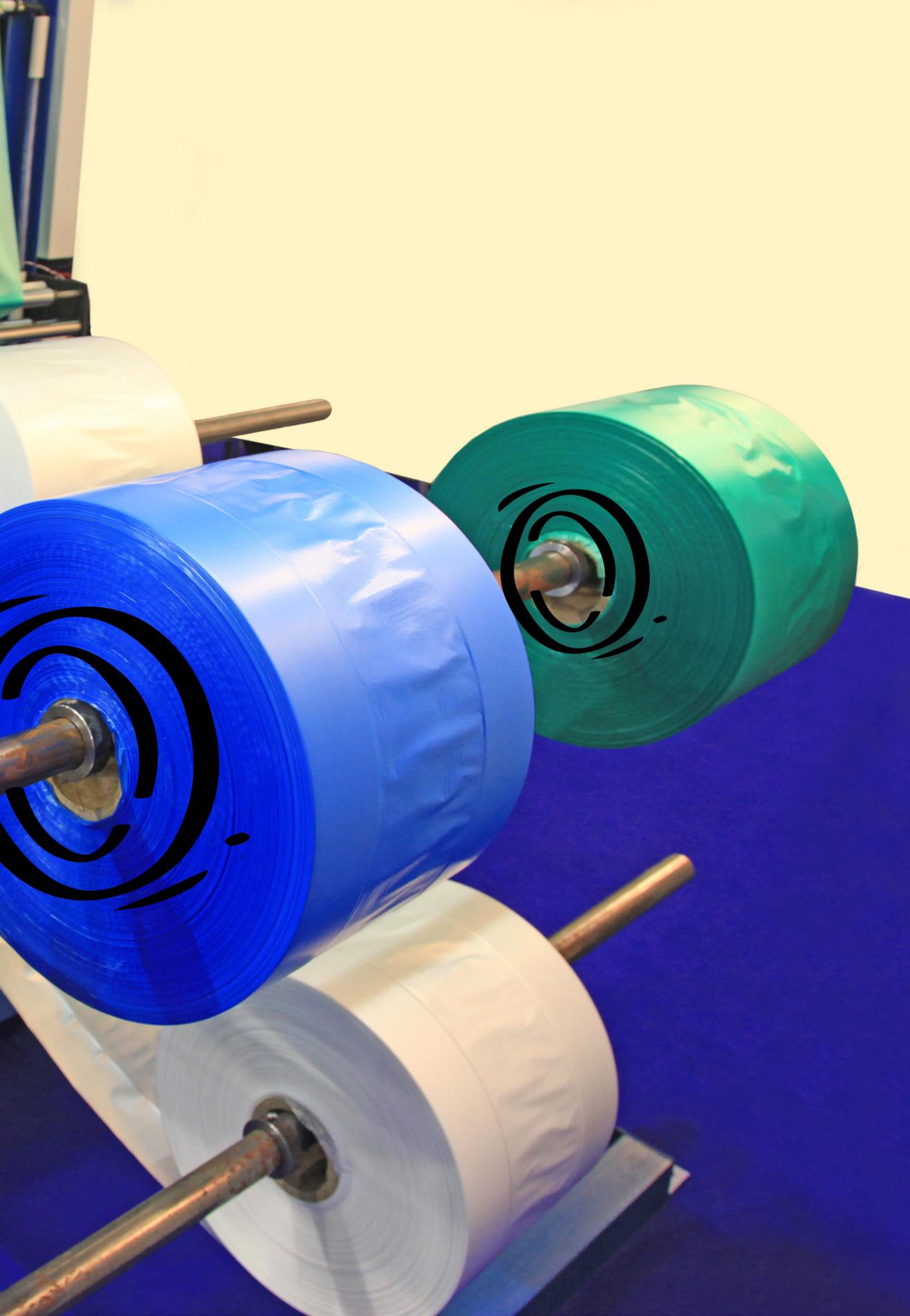
**Source: Turkish Union of Chambers and Commodity Exchanges**



When compared to number of registered producers of plastic pipes in Turkey, Konya has a share of 8%. Konya has a share of 6% in total number of employees working in plastic pipe production. Under this view, Konya receives a 7% share from Turkey with its plastic pipe production capacity.







### Flexible Packaging (3923) Production

Manufacture of flexible packaging is examined under two product classification in Konya. In this specified classification, 18 producers which are registered in Industry Database of Turkish Union of Chambers and Commodity Exchanges, produce bag, nylon bag, garbage bag, food packagings, wafer-chocolate packagings, OPP-CPP printed/unprinted gelatin packing and many similar products in Konya.

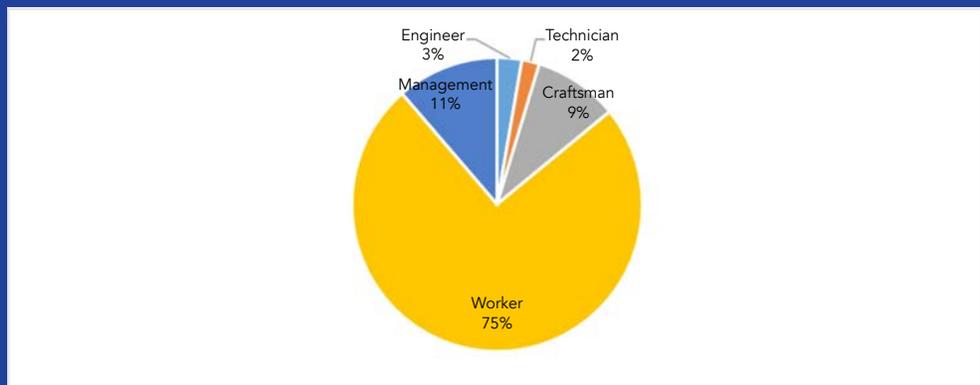
**Table 3: Flexible Packaging Production**

**Source: Turkish Union of Chambers and Commodity Exchanges**

| Sector                                  | Prodcom Code   | Registered Producer | Total Employee | Production Capacity - Kilogram |
|---|----------------|---------------------|----------------|--------------------------------|
| Flexible Packaging-Konya                | 22.22.11.00.01 | -                   | -              | -                              |
| Flexible Packaging-Konya                | 22.22.11.00.02 | 18                  | 257            | 20.955.968                     |
| <b>Flexible Packaging-Konya: Total</b>  |                | <b>18</b>           | <b>257</b>     | <b>20.955.968</b>              |
| <b>Flexible Packaging-Turkey: Total</b> |                | <b>519</b>          | <b>16.640</b>  | <b>495.162.615</b>             |

**Figure 7: View of Employees Working in Konya Flexible Packaging Production**

**Source: Turkish Union of Chambers and Commodity Exchanges**



When compared to number of registered producers of flexible packaging in Turkey, Konya has a share of 3%. Konya has a share of 2% in total number of employees working in flexible packaging production. Konya receives a 4% share from Turkey with its flexible packaging production capacity.

## Game and Toy Groups (9508) Production

Manufacture of game and toy groups is examined under single product classification in Konya. In this specified classification, 5 producers which are registered in Industry Database of Turkish Union of Chambers and Commodity Exchanges, produce life parks, environmental regulatory plastic groups and many similar products in Konya.

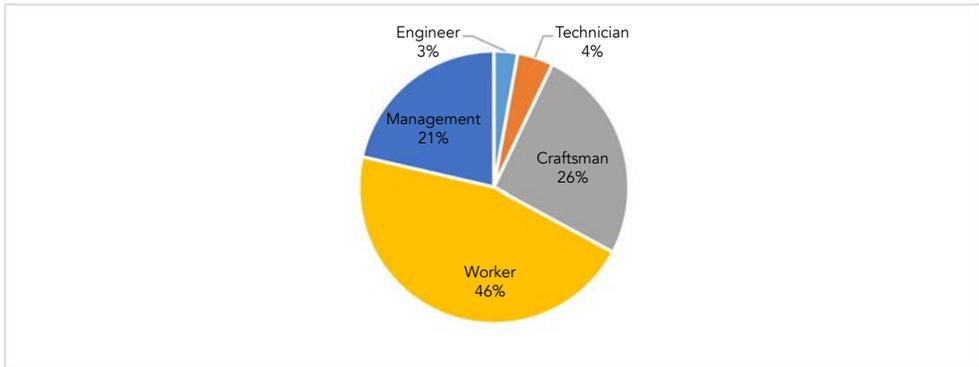
**Table 4: Game and Toy Groups Production**

**Source: Turkish Union of Chambers and Commodity Exchanges**

| Sector                                   | Prodcom Code   | Registered Producer | Total Employee | Production Capacity - Kilogram |
|--|----------------|---------------------|----------------|--------------------------------|
| Game and Toy Groups-Konya                | 28.99.32.00.00 | 5                   | 75             | 5.321                          |
| <b>Game and Toy Groups-Konya: Total</b>  |                | <b>5</b>            | <b>75</b>      | <b>5.321</b>                   |
| <b>Game and Toy Groups-Turkey: Total</b> |                | <b>43</b>           | <b>1.348</b>   | <b>285.324</b>                 |

**Figure 8: View of Employees Working in Konya Game and Toy Groups Production**

**Source: Turkish Union of Chambers and Commodity Exchanges**



When compared to number of registered producers of game and toy groups in Turkey, Konya has a share of %12. Konya has a share of 6% in total number of employees working in game and toy groups production. Konya receives a 2% share from Turkey with its game and toy groups production capacity.



1/2

1/2







### Kitchen Utensils (3924) Production

Manufacture of kitchen utensils is examined under single product classification in Konya. In this specified classification, 6 producers which are registered in Industry Database of Turkish Union of Chambers and Commodity Exchanges, produce wash bowl, household utensils, trashcans, table, chair and many similar products in Konya.

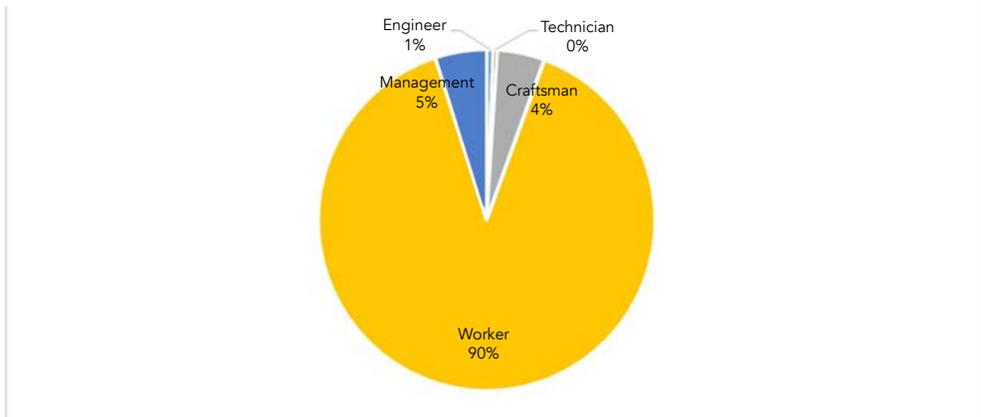
**Table 5: Konya Kitchen Utensils Production**

Source: Turkish Union of Chambers and Commodity Exchanges

| Sector                                | Prodcom Code   | Registered Producer | Total Employee | Production Capacity - Kilogram |
|---------------------------------------|----------------|---------------------|----------------|--------------------------------|
| Kitchen Utensils-Konya                | 22.29.23.20.00 | 6                   | 493            | 6.636.769                      |
| <b>Kitchen Utensils-Konya: Total</b>  |                | <b>6</b>            | <b>493</b>     | <b>6.636.769</b>               |
| <b>Kitchen Utensils-Turkey: Total</b> |                | <b>298</b>          | <b>9.271</b>   | <b>219.891.210</b>             |

**Table 9: View of Employees Working in Konya Kitchen Utensils Production**

Source: Turkish Union of Chambers and Commodity Exchanges



When compared to number of registered producers of kitchen utensils in Turkey, Konya has a share of 2%. Konya has a share of 5% in total number of employees working in kitchen utensils production. Konya receives a 3% share from Turkey with its kitchen utensils production capacity.



#### 4.1.5. Plastic Packaging (3923) Production

Manufacture of plastic packaging is examined under twelve product classification in Konya. In this specified classification, 61 producers which are registered in Industry Database of Turkish Union of Chambers and Commodity Exchanges, produce bucket, jerry can, barrel, box, food packaging, pallet, crate, industrial storages and many similar products in Konya.

**Table 6: Konya Plastic Packaging Production**

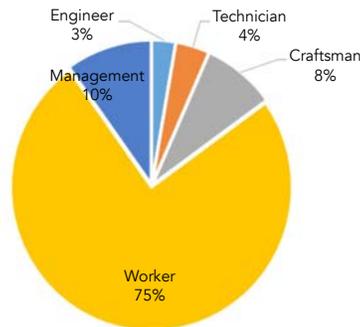
**Source: Turkish Union of Chambers and Commodity Exchanges**

| Sector                                 | Prodcom Code   | Registered Producer | Total Employee | Production Capacity - Kilogram | Production Capacity - Kilogram |
|--|----------------|---------------------|----------------|--------------------------------|--------------------------------|
| Plastic Packaging-Konya                | 22.22.13.00.00 | 15                  | 463            | -                              | 14.578.319                     |
| Plastic Packaging-Konya                | 22.22.11.00.01 | -                   | -              | -                              | -                              |
| Plastic Packaging-Konya                | 22.22.11.00.02 | 18                  | 257            | -                              | 20.955.968                     |
| Plastic Packaging-Konya                | 22.22.12.00.01 | -                   | -              | -                              | -                              |
| Plastic Packaging-Konya                | 22.22.12.00.02 | -                   | -              | -                              | -                              |
| Plastic Packaging-Konya                | 22.22.12.00.03 | -                   | -              | -                              | -                              |
| Plastic Packaging-Konya                | 22.22.12.00.04 | -                   | -              | -                              | -                              |
| Plastic Packaging-Konya                | 22.22.14.50.00 | 10                  | 487            | 137.752.981                    | -                              |
| Plastic Packaging-Konya                | 22.22.14.70.00 | 7                   | 201            | 20.442.242                     | -                              |
| Plastic Packaging-Konya                | 22.22.19.10.00 | -                   | -              | -                              | -                              |
| Plastic Packaging-Konya                | 22.22.19.20.00 | 7                   | 317            | -                              | 1.542.551                      |
| Plastic Packaging-Konya                | 22.22.19.30.00 | 4                   | 132            | -                              | 210.952                        |
| <b>Plastic Packaging-Konya: Total</b>  |                | <b>61</b>           | <b>1.857</b>   | <b>158.195.223</b>             | <b>37.287.790</b>              |
| <b>Plastic Packaging-Turkey: Total</b> |                | <b>1.600</b>        | <b>63.639</b>  | <b>11.144.499.881</b>          | <b>1.824.900.744</b>           |



### Figure 10: View of Employees Working in Konya Plastic Packaging Production

Source: Turkish Union of Chambers and Commodity Exchanges



When compared to number of registered producers of plastic packaging in Turkey, Konya has a share of 4%. Konya has a share of 3% in total number of employees working in plastic packaging production. Konya receives 2% share on the basis of kilogram, 1% share on the basis of piece from Turkey with its plastic packaging production capacity.

### FOREIGN TRADE OF PLASTIC GOODS SECTOR IN KONYA

Volume of total foreign trade in the trade of plastic goods became 2,62 billion USD in 2015. Goods have been exported to especially African countries in recent years and Turkey's sector export has been 4 times more than import and it has reached up to 2,11 billion USD in 2015. Plastic products which are seen to have an increasing value in 2015, are sold to almost all continents of the world and to many countries.



**Table 7: Countries to which plastic goods are exported from Konya**

**Source: Turkish Statistical Institute**

|                |                        |
|----------------|------------------------|
| France         | Romania                |
| Netherlands    | Bulgaria               |
| Germany        | Albania                |
| Italy          | Ukraine                |
| England        | Belarus                |
| Ireland        | Moldova                |
| Denmark        | Russian Federation     |
| Greece         | Georgia                |
| Portugal       | Azerbaijan             |
| Spain          | Kazakhstan             |
| Belgium        | Turkmenistan           |
| Iceland        | Uzbekistan             |
| Norway         | Tajikistan             |
| Sweden         | Kyrgyzstan             |
| Finland        | Bosnia and Herzegovina |
| Austria        | Kosovo                 |
| Switzerland    | Macedonia              |
| Malta          | Montenegro             |
| Estonia        | Serbia                 |
| Latvia         | Morocco                |
| Lithuania      | Algeria                |
| Poland         | Tunisia                |
| Czech Republic | Libya                  |
| Slovakia       | Hungary                |



## INVESTMENT INCENTIVE PRACTICES IN PLASTIC GOODS SECTOR

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 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:

Plastic goods sector which was discussed in the Report, was not considered in large scale investment incentive.

### •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 8: 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 4 million TL is foreseen for the plastic sector. In Regional Incentive Practices, minimum fixed investment amount for 2nd Zone including Konya is planned separately for each sector starting from 4 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 9: 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 |
| <b>Rate Contribution to Investment (%)</b>       | 25   | 20                                   | 20                                  | 15                                   |
| <b>Tax Reduction Rate (%)</b>                    | 60   | 55                                   | 50                                  | 40                                   |
| <b>Insurance Premium Employer'Ss hare (year)</b> | 5  | 3                                    | 3                                   | -                                    |
| <b>Investment Place Allocation</b>               | All investments that will benefit from regional incentives |                                      |                                     |                                      |
| <b>VAT Exception</b>                             | Investments with incentive certificate in all sectors      |                                      |                                     |                                      |
| <b>Customs Duty Exemption</b>                    | Investments with incentive certificate in all sectors      |                                      |                                     |                                      |
| <b>Regional Minimum Investment</b>               | 4.000.000TL  |                                      |                                     |                                      |

If it is looked at investment incentive certificates issued for Konya plastic goods sector between 2013 - 2015, plastic goods sector is defined under rubber-plastic subclass in investment incentive certificates manufacturing sector.

**Table 10: Investment Incentive Certificates Received in Konya Plastic Goods Sector**

**Source: Data of Ministry of Economy, 2016.**

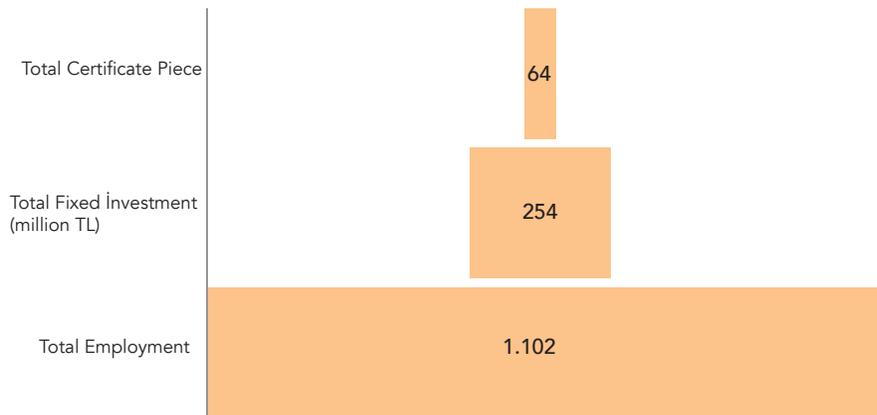
| Subjects/Years                             | 2013 | 2014 | 2015 |
|--|------|------|------|
| <b>Number of Incentive Certificates</b>    | 17   | 7    | 9    |
| <b>Total Fixed Investment (million TL)</b> | 48   | 20   | 92   |
| <b>Total Employment</b>                    | 206  | 104  | 340  |

In the mentioned period, a total investment of 160 million TL was realized with 33 incentive certificates in Konya and additional employment was provided to 650 people.

On the other hand, total incentive certificates received for "rubber-plastic sub-sector" investments in Konya for the last four years are as follows;

**Figure 11: Konya Plastics Sub-Sector - Investment Incentives**

**Source: General Directorate of Incentive Practices and Foreign Capital**



In plastic goods sector, Konya is locomotive of its region and whole of Turkey in certain production branches. It is one of the leading cities in production-manufacturing and processing and marketing (domestic and foreign) issues in many sub-sectors consisting of plastic pipe, plastic door and window elements, plastic construction and building materials.

In recent years, with the developments in the construction sector and rapid urbanization in our country, market of plastic goods has been growing and becoming the focus of foreign companies with its structure which is open for improvement. The fact that Konya is a city adopting such innovations very quickly and increasing interest of consumers are also effective in decisions of foreign companies to increase their investment in this area.



## SECTORAL ADVANTAGES

Plastic goods sector strengthens its position in Konya much more every passing year. In this development, use of products which are produced in the sector in different production processes has a big role. On the other hand, plastic goods sector provides raw materials for many different sectors and adds dynamism to Konya's production in this respect.

Products produced in plastic goods sector in Konya are mostly demanded by construction, packaging and automotive sectors. When it is thought that these mentioned sectors are main growing sectors in Turkey, it is predicted that this situation will accelerate growth of the sector by creating additional demands for plastic goods sector in Konya.

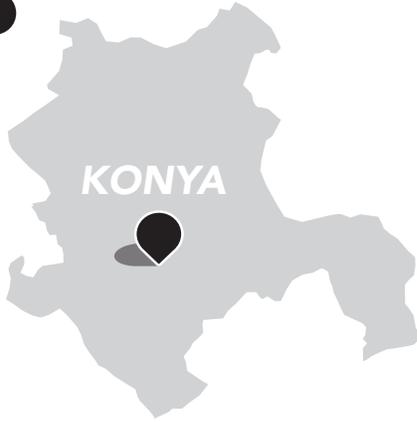
Producer of plastic goods in Konya is open to innovation and therefore, aims to increase added value of its products through R&D and innovation. Growing interest in plastic sector in the world especially at the point of recycling reveals that companies operating in this area in Konya should review their investment decisions and preferences. This means new opportunities for future foreign investors.

*Additional opportunities in Konya in **plastic goods** sector accelerate development of the sector*

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## ***KONYA FOR INVESTMENT, BECAUSE***

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Konya's industrial and human infrastructure, nearness to almost all markets and developed distribution networks are just few of advantages of making investment in plastic goods sector in Konya.

Besides sector's very wide production variety and demand power provided by being used as a raw material or intermediate good in different sectors' productions, other investment advantages of it are production of it as a final product in different forms on its own, increased investments in ensuring recycling of products in the sector and existing producers' attitude of being open to innovation.

Prominent opportunities for investing in Konya are possibility of exporting most of the products manufactured by companies with the demand of especially European countries, intense interest of foreign markets, existence of incentive systems and sector's potential for rapid growth.

In light of all this information, plastic pipe, injection products, household items and building construction materials manufactured from plastic can be listed as a few of areas in which new investments can be made in plastic goods sector in Konya.

## 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-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.



