ADDRESS BY MR RECEP TAYYIP ERDOĞAN,
PRIME MINISTER OF TURKEY
MR RECEP TAYYIP ERDOĞAN (Interpretation): Distinguished heads of government, distinguished President of the EBRD, distinguished Governors of the EBRD, distinguished guests, ladies and gentlemen, I greet you all with respect and welcome you to Turkey and to the beautiful City of Istanbul.

I would like to express our pleasure at having this opportunity to host the 22\textsuperscript{nd} Annual Meeting of the Board of Governors of the EBRD. This is a great pleasure for my country and for me.

I should also like to express my thanks to the distinguished President of the EBRD, Sir Suma Chakrabarti, and his colleagues and all those who have contributed to the organisation of this Annual Meeting.

Istanbul is a city that has inspired world history and civilisations, and I sincerely hope that it will also be a city that guides the world economy and sets out a vision for it. I hope that you will all have successful results from this meeting for your countries and for the world.

My dear friends, this Annual Meeting of the EBRD takes place at a time when we are continuously facing challenges in the world economy. Despite all measures that have been taken, vulnerability of the global economy continues and we are still unable to achieve the growth levels we desire. It seems as though we have reached a plateau from which we cannot spring forward.

The financial crises that we have been experiencing show us yet again how important sound macroeconomic policies and structural reforms are for stability and growth.

In this difficult and challenging time that the world is going through, Turkey is a success story. I would like to share with you some of our experiences with respect to Turkey’s achievements and position today. As a result of the deep-rooted reforms that we have implemented over the last ten years, Turkey has indeed been in a very different position in
the context of the global financial crisis and has been very successful. Turkey has become a country that is appreciated in the world, whose contributions are sought and whose views are listened to in terms of economic growth, employment, sustainable development, energy security and other global issues.

It is not possible to define this Turkish success by a very simple formula because this success emanates from a number of elements. The quality of the institutions and policies implemented recently in Turkey have played a significant and key role in supporting economic growth and in sustaining that growth. Our long-term strategy and development plans have been very important in terms of coordinating our economic policy, using our resources efficiently and guiding our development rapidly. We adopted active policies through which we rapidly adapted to global changes in the economy. As a result of the policies we implemented we were able to achieve uninterrupted growth from the last quarter of 2009 through to the end of 2012 as a result of increased domestic demand and exports.

We believe that economic achievement and success is only possible if a strong tie and trust are established between the people and the government. It is very important to ensure that people participate to the maximum level in the decisions that will have an impact on their lives in order to maintain this sense of trust and connection. In all of our policies we have implemented a people orientated approach in a very inclusive way. In our policies and strategic documents we took into consideration social consensus and we adopted a holistic approach. We took a number of positive steps in order to achieve social prosperity, and we have achieved important results.

The unemployment rate reached 15 per cent in 2009 because of the global economic crisis but it was reduced to 9.8 per cent in 2011 and 9.2 per cent in 2012, as a result of the measures we have taken. We are now in a position to allocate more resources to social programmes. The expenditure that we allocate for social assistance programmes has reached 1.42 per cent in 2011, up from 0.5 per cent in 2002.

Our understanding of developments is based on physical infrastructure and production, but it is also based on investing in human resources. I would like to particularly underline that our development policy model maximises the abilities and capabilities of our people. We have aimed to make the best use of our young population. This has been important and instrumental in developing the capacity to create more employment through growth. We have achieved greater prosperity for more people. We have taken steps to strengthen the relationship between education and employment. We have also focused on professional and vocational training in order to increase the qualifications of our workforce.

I would also like to emphasise the importance we place on being open to the rest of the world and being competitive. We have continued to integrate with the rest of the world in recent years and we have closely followed global changes in the economy in order to adopt a very active foreign trade policy.
I would like to mention an important development concerning not just the Turkish economy but the region as a whole. As you know very well, for the last thirty years Turkey has been fighting terrorism directed at it from neighbouring countries. The cost to our country and our people over the last thirty years has been tremendous. We have lost more than 40,000 people. Domestic policy, foreign policy and particularly democratisation were deeply affected by these developments. The economic costs are calculated to be a minimum of around $150 billion. As a result of terrorism it was not possible to improve investment conditions in some parts of our country, and poverty and unemployment became a major problem, more so in certain parts of the country.

The Turkish Government has implemented a multi-dimensional policy over the last ten years to solve the problem of terrorism. We fought it with great determination but we have also tried to remove the causes underlying this activity. We made economic investments and were firm in our efforts towards democratisation. More recently, we have taken an important step to bring terrorism and violence to an end and to strengthen democratic politics. We are now beginning to see results from those efforts.

With the end of terrorism there is no doubt that there will be a whole new page in Turkey’s history, which will be very important in terms of domestic politics and internal issues but also in terms of the prosperity, security and economic development of the region.

This process has been ongoing for four months and it will create a significant change in terms of economic and social development in the region. We hope that this process will be carried out successfully because that will lead to a major change in Turkey and in the region. We believe that this process will have a very positive impact on the Turkish economy. It will lead to more international investment in Turkey and create more trade. There is no doubt that this process will also prepare the proper ground for fighting unemployment and poverty.

This process concerns Turkey, our region, the Middle East and Europe in general, and it is important for our future so we look forward to support from all of our friends in order to ensure that this process is not hijacked or disturbed through provocation.

As Turkey turns a new page in its history and sets sail to a bright future, we look forward to receiving support from all friendly and brotherly countries. I repeat that it will not just be Turkey that will win as a result of this process; it will be all the peoples in our region that will win.

My dear friends, distinguished guests, reducing poverty, improving living conditions and ensuring economic growth require a vibrant private sector. The most important dynamic in the economic development and growth of our country has been private sector investment.
We are well aware of the opportunities that the EBRD provides to member states in terms of capital, information and partnership opportunities. I take this opportunity to express our appreciation for the Bank's efforts in respect to adapting to global and regional changes.

We are very pleased to see Kosovo as a member of the EBRD. Turkey will continue to provide support to the activities of the EBRD, which is a very important international financial institution in this region and beyond.

The leading role that the EBRD has taken upon itself with respect to supporting the process of change and transition in the Middle East and North Africa is very much appreciated. This morning we held a high-level meeting with the participation of the heads of government and the President of the EBRD and discussed business and investment opportunities in southern and eastern Mediterranean countries. We listened to the policy priorities of governments. This meeting was very important in terms of showing us how the EBRD can, in a better way, support the reforms of these governments.

My dear friends, the process of transition in the region is in essence a process of democratisation. It is the normalisation of history in the region. It means the meeting of the peoples of the region with the 21st century. This is also a process of change from autocratic systems to democratic systems, a process whereby the will of the people is sovereign.

What we have witnessed in North Africa, the Middle East and the Mediterranean basin is of historic significance. The people are saying that they exist – they have a will and that it is their will that is in power. This is what we observe. When we assess developments in the region we should recall that democratisation is a long, arduous process, and that it is only natural to experience ups and downs throughout the process. What is important is to be able to see the big picture. It would be wrong to focus on some issues and thereby project a pessimistic perspective with respect to the future for the region. This would be a mistake. We have to understand correctly what the people in the region want.

As you know, some of the governments in the region are in need of urgent financial support. International financial support to those countries could help prevent a banking crisis. The international community therefore has to take on responsibility to prevent the emergence of financial and political crises and must ensure maximum support to the governments in the region.

I believe that this Annual Meeting of the EBRD will be very important in adding more impetus to supporting countries in the region. Turkey will continue to support the process of democratisation and transition in the region. On numerous occasions we have expressed our political will and determination in this regard. Our approach is well known and must be
considered as being natural in light of our common historical and cultural ties with the region. We believe that the region shares a common destiny.

It is with this understanding that we are trying to support as best we can all the governments in the region that have been democratically elected. We have no prejudice whatsoever and we try to help all democratically elected governments. Our one and only goal is to ensure lasting peace, prosperity and stability in Turkey and in Europe because we believe that that runs parallel to security, stability and prosperity in the whole region.

We should all understand what needs to be done to support these countries. In some countries you can provide a small amount of support and ensure the establishment of a democratic system. However, if you ask them to climb a wall in order to get that support, it would not be right. If we can give them clues on how they could manage their financial systems and try to guide them with respect to what needs to be done for infrastructure development and for development in general, then we can certainly be of great help to these countries, which will ensure that they also move towards a signified future.

We do not want to move ahead with weak countries in this world. We want the weaker countries to become stronger. We want to see more countries that are strong and well established and we want weaker countries to get stronger as soon as possible, and we need to help them do that.

Mr President, distinguished guests, ten years ago Turkey owed $23.5 billion to the IMF. This was when we came to government, but since then we have not signed a stand-by agreement with the IMF. Why? They asked for other things in return. They wanted to teach us how to conduct politics. I am a politician and I listen to and learn from other politicians, not from staff in some international institution. I told them that if they wanted to provide financial support, we would receive it; but, when we repay our debt, there is nothing else that they should tell us. If we do not pay our debt, then they should do what is necessary, of course.

They came back saying we should do this and that reform, and we decided not to sign a stand-by agreement. We kept repaying the debt, and the last instalment will be paid on Tuesday and the $23.5 billion owed to the IMF will be history.

The foreign currency reserves of the Central Bank when we came to power were $27.5 billion. Today they stand at more than $135 billion. In the same way, Bourse Istanbul has reached nine times its original value. These are all signals of a growing, strong economy. The Deputy Prime Minister spoke about per capita income in his speech. All of these figures have been achieved through these efforts. It is a sign of the strength and soundness of the economy. We did not stop making investments in times of crisis throughout the world. Only three or four days ago there was a BOT tender in Turkey (built, operate transfer) which had a
unique structure. It concerned an airport with a capacity of 100 million passengers a year. When built, the airport could very well be the largest one in the world. The bidder will operate it for 25 years. It will build the airport and then pay some rent. Five Turkish companies in a consortium won the bid and will pay for 25 years €22,152,000,000 in rent. The cost is €10 billion. They will pay VAT on top of the €22,152,000,000 so we are talking about €30 billion.

This shows that there are many prospects for Turkey. My friend the Egyptian Prime Minister talked about the Suez Canal. We are building another canal, which will join the Black Sea to the Sea of Marmara. It will be a very different, state-of-the-art channel. This will ensure that we can protect the Bosphorus, which you see out of the window, from environmental disasters. We will make revenue from the canal and we will be taking important steps in terms of urbanisation. It will be 42km long and 500 metres at its widest point. I believe that with this channel Istanbul will become an even more important city.

Distinguished President, guests, I am very pleased that this 22nd Annual Meeting of the Board of Governors is being held in Turkey at this important juncture when the world and the European economies are going through a very serious period. I hope that you will continue to discuss solutions to overcome these problems. I would like to welcome you to Istanbul once again, but please do not forget that this is an opportunity to see Istanbul as well. Please walk around the city and see all of our cultural centres. We also have wonderful shopping centres.

I wish you a successful meeting. I would like to thank everyone who has contributed to the organisation of this event. I greet all participants and thank you for your attention.