

CENTER FOR STRATEGIC & INTERNATIONAL STUDIES (CSIS)
"DIRECT FOREIGN INVESTMENTS AND
ECONOMIC DEVELOPMENT OF TURKEY"
COMMENTS OF TURKISH PRIME MINISTER RECEP TAYYIP ERDOGAN
(January 27,2004, Tuesday, 14:30-16:00)
Washington

DISTINGUISHED GUESTS,

FIRST OF ALL, I WOULD LIKE TO EXTEND MY THANKS TO ALL THOSE WHO CONTRIBUTED TO THIS CONFERENCE ON "DIRECT FOREIGN INVESTMENTS AND ECONOMIC DEVELOPMENT OF TURKEY" AND EXPRESS MY PLEASURE TO ADDRESS SUCH A DISTINGUISHED AUDIENCE.

AS IT IS KNOWN BY THOSE WHO CLOSELY FOLLOW THE DEVELOPMENTS IN TURKEY, MY GOVERNMENT HAS PUT A LOT OF EFFORT AND PRODUCED COMPREHENSIVE WORKS ON THE ECONOMIC PROBLEMS OF TURKEY AND THEIR SOLUTIONS.

WITHIN THIS CONTEXT, WORKS TO BE DONE HAVE BEEN SCHEDULED AT NATIONAL AND INTERNATIONAL LEVEL. RATHER THAN PRODUCING THEORIES IN THE OFFICES, WE STARTED A DIALOGUE WITH ALL SEGMENTS OF THE TURKISH SOCIETY AND CONSULTED AT EVERY OPPORTUNITY WITH THE NON-GOVERNMENTAL ORGANIZATIONS. WE WERE THUS ABLE TO IMPLEMENT PROPER AND LASTING SOLUTIONS.

IT IS IMPORTANT FOR US TO PURSUE RELATIONS WITH INTERNATIONAL FINANCIAL AND INDUSTRIAL INSTITUTIONS ON A SOUND BASIS. WE FULLY UNDERSTAND THE ROLE OF FOREIGN CAPITAL IN TRANSFERRING INTERNATIONAL KNOW-HOW AND EXPERIENCE, AND CONSEQUENTLY HOW GREAT CONTRIBUTIONS THIS WOULD MAKE TO THE TURKISH ECONOMY.

WE ARE INFORMING FOREIGN INVESTORS BOTH IN TURKEY AND ABROAD

ABOUT OUR ECONOMIC PROGRAMME AND THE REFORMS WHICH WE REALIZE. AS I WILL DWELL UPON LATER ON, OUR WORKS AIMING AT ATTRACTING FOREIGN INVESTMENT TO TURKEY, HAVE BEEN CONSOLIDATED WITH THE NECESSARY LEGISLATIVE ARRANGEMENTS.

APART FROM MOBILIZING TURKEY'S OWN RESOURCES, THE ATTRACTION OF FOREIGN INVESTMENTS TO OUR COUNTRY IS OF GREAT IMPORTANCE FOR SUSTAINABLE DEVELOPMENT. CERTAIN ELEMENTS SUCH AS TAX INCENTIVES, FREE ZONES AND DEREGULATION IN BUREAUCRATIC PROCEDURES ARE NOT DETERMINING, BUT RELATIVELY FACILITATING FACTORS FOR THE EASY ACCESS OF FOREIGN CAPITAL. THE MAJOR DETERMINANT FACTOR IS THE PRESENCE OF A DYNAMIC MARKET WITH ECONOMIC AND POLITICAL STABILITY. THE PICTURE, IN THE AFTERMATH OF 3 NOVEMBER 2002 ELECTIONS, AUGURS WELL FOR A SUITABLE ATMOSPHERE IN TURKEY TO FULFILL THESE CONDITIONS.

DISTINGUISHED GUESTS,

IN THE AFTERMATH OF THE ECONOMIC CRISES OF 2000 AND 2001, TURKISH ECONOMY HAS BEEN IN A PROCESS OF FAST RECOVERY WITH A NEW ECONOMIC PROGRAMME. THE ACHIEVEMENTS IN ECONOMY, IN SPITE OF THE IRAQI CRISIS WHICH OCCURRED IN A SENSITIVE PERIOD FOR ECONOMY, POINT OUT THAT OUR ECONOMY IS DEVELOPING ON A ROBUST BASIS. THE NOTE-WORTHY PERFORMANCE OF OUR ECONOMY IN 2003, AND OUR RESOLUTE AND CONSISTENT POLICIES HAVE BEEN APPRECIATED BY ECONOMISTS WORLDWIDE. SIMILAR OPTIMISTIC OBSERVATIONS AND THE ONGOING POSITIVE TREND IS ALSO REFLECTED ON THE TURKISH PEOPLE AS WELL.

-THE GROWTH RATE FOR 2003 WAS REALIZED AT 7.8% AS AGAINST THE 3% YEAR-END TARGET.

-IN 2002, TURKEY WAS THE SECOND FASTEST GROWING DEVELOPING

ECONOMY AFTER CHINA. TURKISH ECONOMY HAS CONTINUED TO BE ONE OF THE FASTEST GROWING ECONOMIES AMONG THE MEMBERS OF THE OECD.

-IN 2003, THE YEAR-END ESTIMATE OF 5% WAS ACHIEVED AND THE GROWTH TARGET FOR 2004 IS ALSO PLANNED AS 5%.

-ON THE OTHER HAND, THE PRIMARY SURPLUS TARGET WAS ACHIEVED IN BUDGETARY TERMS AND INFLATION RATE DECREASED TO BELOW THE 20% YEAR-END TARGET, BREAKING A RECORD AS THE LOWEST LEVEL REGISTERED WITHIN THE LAST 25 YEARS. IF IT IS REMEMBERED THAT INFLATION RATE REACHING 70% WERE BEING MENTIONED UNTIL VERY RECENTLY, THE SUCCESS OF OUR GOVERNMENT WILL BE BETTER UNDERSTOOD.

OUR SUCCESS IN THE STRUGGLE AGAINST INFLATION IS AN INDICATOR OF THE COHERENT IMPLEMENTATION OF THE ECONOMIC PROGRAMME. FOR 2004, THE YEAR-END TARGET OF INFLATION RATE IS SET AT 12%. INFLATION RATE IS EXPECTED TO DECREASE TO SINGLE DIGITS WITHIN 2005 AND REACH THE EU STANDARDS.

DISTINGUISHED GUESTS,

THE STEADY UPWARD TREND IN GROWTH RATE AS WELL AS THE SUCCESSFUL STRUGGLE AGAINST INFLATION WILL CONTINUE.

TAKING THIS OPPORTUNITY, I WOULD ALSO LIKE TO INFORM YOU THAT TURKEY'S EXPORTS HAVE INCREASED BY 32.4% IN 2003 AS COMPARED TO 2002, AND REACHED 47.9 BILLION USD. AS FOR TOTAL FOREIGN TRADE VOLUME, IT HAS INCREASED TO 115 BILLION USD.

THE SUCCESS OF THE BOND WE HAVE ISSUED AT FOREIGN MARKETS AT THE BEGINNING OF JANUARY 2004 IS ANOTHER VERY IMPORTANT

DEVELOPMENT. THE INTEREST OF THE 30- YEAR TERM BOND AMOUNTING TO 1,5 BILLION DOLLARS IS THE LOWEST AMONG THE AMERICAN DOLLAR KIND WE HAVE HITHERTO ISSUED IN THE INTERNATIONAL CAPITAL MARKETS. THE COST OF THE AFORESAID BOND, WHICH HAD A DEMAND OF MORE THAN 6 BILLION DOLLARS, HAS BEEN REALIZED AT A MUCH LOWER LEVEL OF THE COSTS OF BONDS OF SIMILAR COUNTRIES. WE CONSIDER THAT THIS SUCCESS IS A RESULT OF THE IMPROVEMENTS IN THE TURKISH ECONOMY AND EVIDENTLY TO THE FUTURE-ORIENTED POSITIVE EXPECTATIONS OF THE INVESTORS.

AS A RESULT OF TIGHT FISCAL POLICY AND THE BUDGETARY DISCIPLINE WE IMPLEMENT, THE DOMESTIC PUBLIC DEBT STOCK, WHICH HAD REACHED 92% OF THE GNP IN 2001, IS EXPECTED TO GO DOWN TO APPROXIMATELY 70% BY THE END OF 2003.

THE FAST DECREASE IN DEBT RATIO TO NATIONAL INCOME WILL CONTINUE, AND THE MAASTRICHT CRITERIA WHICH STAND FOR THE ECONOMIC CRITERIA OF EUROPEAN UNION WILL BE ATTAINED.

ESTEEMED LISTENERS,

AS I POINTED OUT EARLIER, AN IMPORTANT PREREQUISITE FOR INTEGRATION WITH THE INTERNATIONAL ECONOMY IN A COMPETITIVE MANNER AND ATTAINING A SUSTAINABLE DEVELOPMENT TREND IS TO HAVE THE CAPABILITY OF ATTRACTING FOREIGN CAPITAL AND COMPETING ON AN EQUAL FOOTING WITH SIMILAR COUNTRIES IN THIS FIELD. NOW, ALLOW ME TO BRIEFL Y TOUCH UPON OUR REFORM ENDEAVOURS TO EASE THE LOCAL AND FOREIGN INVESTORS' JOBS BY ELIMINATING THE ELEMENTS THAT INFLATE THE BUSINESS COSTS AND DWINDLE COMPETITIVENESS IN THE INVESTMENT ENVIRONMENT. THESE REFORM ENDEAVOURS WILL ENABLE US TO OBTAIN OUR DESERVED SHARE FROM THE GLOBAL FOREIGN CAPITAL RESERVE, TO BUILD A SAFE

AND STABLE MILIEU WHOSE ESSENCE IS TRANSPARENCY AND ACCOUNTABILITY THAT THE INVESTORS SEEK.

OUR WORKS HAVE BEEN UNDERTAKEN WITHIN THE FRAMEWORK OF AN ACTION PLAN TITLED AS THE "REFORM PROGRAMME ON IMPROVEMENT OF INVESTMENT CLIMATE IN TURKEY" WHICH IS THE OUTCOME OF A FIELD STUDY REALIZED BY SPECIALISTS FROM THE WORLD BANK AND INTERNATIONAL FINANCE CORPORATION ALONG WITH OUR OWN EXPERTS AND OTHER INTERESTED CIRCLES. NOW, I WOULD LIKE TO GIVE SOME INFORMATION ABOUT "FOREIGN DIRECT INVESTMENT LAW" ENACTED ON JUNE 2003.

-THE LAW MINIMIZES THE BUREAUCRATIC PROCESS AND IT AIMS AT INJECTING CONFIDENCE TO THE FOREIGN INVESTOR.

-BESIDES, ESTABLISHMENT PHASES FOR COMPANIES WITH FOREIGN CAPITAL HAVE BEEN ACCELERATED AND FACILITATED. WHILE 19 DIFFERENT TRANSACTIONS WERE NEEDED FOR SETTING UP A COMPANY EARLIER, SUBSEQUENT TO THE ENTRY INTO FORCE OF THE AFORESAID LAW, THE NECESSARY FORMALITIES ARE COMPLETED BY ONLY THREE TRANSACTIONS IN ONE SINGLE DAY .THE COMMERCIAL REGISTER OFFICE AVAILABLE IN ALL CITIES HAS BEEN DETERMINED AS A SINGLE ADDRESS.

-WITH THIS LAW, PERMIT REQUIREMENTS TO ESTABLISH A COMPANY WITH FOREIGN CAPITAL ARE ABOLISHED.

-SINCE ALL COMPANIES ESTABLISHED IN TURKEY WITHIN THE FRAMEWORK OF THE TURKISH COMMERCIAL LAW ARE ACCEPTED AS TURKISH COMPANIES, ALL DUTIES AND RESPONSIBILITIES WILL BE EQUAL REGARDLESS OF THE NATURE OF CAPITAL FORMATION.

-THE LAW, ALSO ELIMINATES ALL PRE-PERMIT REQUIREMENTS PERTAINING TO ENTRANCE OF FOREIGN CAPITAL WHICH WERE

PREVIOUSLY ISSUED BY THE GENERAL DIRECTORATE OF FOREIGN INVESTMENTS.
(UNDERSECRETARIAT FOR TREASURY)

-ANOTHER AMENDMENT IS THE ABOLISHMENT OF THE CONDITION THAT REQUIRED BRINGING A MINIMUM OF 50,000 USD IN SHARE CAPITAL, AND ESTABLISHING EITHER A LIMITED LIABILITY COMPANY OR JOINT STOCK COMPANY.

NOW, ALLOW ME TO MENTION SOME OTHER ASPECTS OF THE WORK WE HAVE DONE ON THE IMPROVEMENT OF INVESTMENT CLIMATE IN TURKEY.

FOLLOWING THE ASSIGNMENT OF 58th GOVERNMENT, IN ADDITION TO 9 TECHNICAL COMMITTEES THAT CONSTITUTE THE COORDINATION BOARD FOR IMPROVEMENT OF INVESTMENT CLIMATE WHICH WAS ESTABLISHED WITH THE CONTEST OF THE "REFORM PROGRAMME"; THE COMMITTEE ON SMEs HAS BEEN ESTABLISHED AT THE MINISTRY OF INDUSTRY AND COMMERCE.

THE COORDINATION BOARD FOR THE IMPROVEMENT OF INVESTMENT CLIMATE KEEPS ON ITS WORKS AS THE PRIME PLATFORM IN WHICH PRIVATE AND PUBLIC SECTOR REPRESENTATIVES JOINTLY PARTICIPATE.

DISTINGUISHED GUESTS,

ANOTHER DIMENSION OF OUR STUDIES ON ATTRACTING FOREIGN INVESTMENT IS THE WORK RELATED TO THE ESTABLISHMENT OF "INVESTMENT PROMOTION AGENCY". OUR EFFORTS ARE CONTINUING ON INITIATING THE AGENCY WHICH AIMS TO PRESENT OUR COUNTRY AS AN INVESTMENT CENTER. THE AGENCY WILL BE FINANCED BY PUBLIC RESOURCES AND WILL HAVE AN ORGANIZATION STRUCTURE REFLECTING THE COOPERATION OF PUBLIC AND PRIVATE SECTORS.

THE AGENCY WHICH WILL BE ESTABLISHED AFTER CONCLUSION OF THE LEGAL PROCESS IS CONSIDERED TO OPERATE, LIKE THE OTHER PRACTICES IN THE WORLD, IN THE FIELDS OF DEVELOPING COUNTRY'S IMAGE, BRINGING SOLUTIONS TO THE PROBLEMS FACED BY FOREIGN INVESTORS AND DIRECTING SAVINGS OF OUR CITIZENS LIVING ABROAD TO OUR COUNTRY. THE AGENCY WILL ENCOURAGE LONG TERM DIRECT FOREIGN INVESTMENT FLOW INSTEAD OF SHORT TERM CAPITAL MOVEMENTS.

DISTINGUISHED GUESTS,

NOTWITHSTANDING THE NUMEROUS COMPARATIVE ADVANTAGES AT HER DISPOSAL, TURKEY HAS NOT BEEN ABLE TO TRANSFORM THESE MEANS INTO A CAPABLE INVESTMENT ATTRACTING COUNTRY UP TO NOW. ANNUAL FOREIGN DIRECT INVESTMENT WHICH CAME TO TURKEY BETWEEN 1995-2000 COULD HARDLY REACH 750 MILLION US DOLLARS ON THE AVERAGE. THIS FIGURE STANDS FOR 0.5% OF NATIONAL INCOME. NOW, WE ARE TAKING THE NECESSARY STEPS ONE BY ONE TO AMELIORATE THIS SITUATION, WHICH TURKEY DOES NOT DESERVE.

ONE OTHER IMPORTANT STEP IN THIS DIRECTION WILL BE THE HIGH LEVEL INVESTOR ADVISORY COUNCIL. THIS COUNCIL WILL BRING TOGETHER THE ADMINISTRATORS OF MAJOR INTERNATIONAL COMPANIES. OUR AIM IS TO OUTLINE THE DEFICIENCIES IN OUR FOREIGN CAPITAL STRATEGY FROM THE VIEW POINT OF THE ACTORS INVOLVED IN THIS SECTOR, TO LISTEN TO THEIR EXPECTATIONS AND RECEIVE THEIR RECOMMENDATIONS. CONSEQUENTLY, THE NECESSARY ADDITIONAL MEASURES WILL BE DETERMINED.

WITH THE REALIZATION OF ALL THESE ARRANGEMENTS, DEEP CHANGE OF MIND THAT TURKEY IS UNDERGOING WILL BE UNDERSTOOD MUCH BETTER. THE SCOPE OF CHANGE AND THE MERITS BROUGHT BY THE NEW

LEGISLATIVE FRAMEWORK CAN ONLY BE UNDERSTOOD BY IMPLEMENTATION. I BELIEVE THAT ONCE THE PRACTICE IS ON TRACK, THE QUESTION MARKS IN THE MINDS OF ALL POTENTIAL INVESTORS WILL BE ELIMINATED ONE BY ONE, AND EVERYONE WILL CONCUR THAT IT IS HIGH TIME TO MAKE USE OF THE OPPORTUNITIES THAT TURKEY PRESENTS.

DISTINGUISHED PARTICIPANTS,

JUST LIKE IN FOREIGN DIRECT INVESTMENT, THE PAST PERFORMANCE OF TURKEY IN PRIVATIZATION AND SECTORAL LIBERALIZATION HAS NOT BEEN AT DESIRED LEVELS. MANY SECTORS IN WHICH THE STATE HAD BEEN PLAYING A DOMINANT ROLE ARE BEING OPENED TO COMPETITION. IN TELECOMMUNICATION SECTOR THE MONOPOLISTIC POSITION OF TURK TELEKOM HAS ENDED AS OF JANUARY 1ST, 2004, AND THE SECTOR HAS BEEN OPENED TO FREE COMPETITION. THE PREPERATIONS TO THIS EFFECT ARE ALSO UNDERW AY IN THE ENERGY SECTOR.

OUR PRIVATIZATION EFFORTS HAVE GAINED A SIGNIFICANT MOMENTUM IN THE RECENT PERIOD. OUR MAJOR STATE ECONOMIC ENTERPRISES SUCH AS TUPRAS, TEKEL, TURK TELEKOM, TURKISH AIRLINES (THY) AND SUGAR FACTORIES ARE THE LEADING ONES IN THIS RESPECT. THESE ENTERPRISES WHICH ONCE SUCCESSFULLY CARRIED OUT THE MISSIONS THEY UNDERTOOK, SHOULD NOW BE PRIVATIZED. THE SUCCESS WE OBTAINED IN THE RECENT TUPRAS TENDER CLEARLY SHOWS THAT OUR EFFORTS WILL PAY IN THIS FIELD. ALL THESE ENTERPRISES ARE ATTRACTIVE FOR THE FOREIGN INVESTORS. I BELIEVE THAT FOREIGN INVESTORS SHOULD BENEFIT FROM THESE OPPORTUNITIES, ESPECIALLY IN VIEW OF THE NEWLY TAKEN LEGISLATIVE STEPS.

DISTINGUISHED P ARTICIPANTS,

NOW, I WOULD LIKE TO SHARE WITH YOU SOME FIGURES ABOUT THE U.S.

INVESTMENTS IN TURKEY BEFORE PRESENTING THE REMAINING PART OF MY SPEECH.

ACCORDING TO THE STATISTICS OF JANUARY-OCTOBER 2003, THERE ARE 6511 COMPANIES WITH FOREIGN CAPITAL OPERATING IN TURKEY, AND 393 OF THEM INVOLVE U.S. INVESTMENT. IN THE 1980-2003 JULY PERIOD, PERMITTED FOREIGN INVESTMENT TOTALS TO 35.2 BILLION USD; IN THE SAME PERIOD PERMITTED U.S. INVESTMENT IS 4.05 BILLION USD WITH AN 11.5% SHARE WITHIN THE AGGREGATE FOREIGN CAPITAL.

OBVIOUSLY, THESE FIGURES TELL US THAT THE POTENTIAL IN THE FIELD OF INVESTMENT HAS NOT BEEN EXPLOITED SATISFACTORILY. AS WE ARE ABOUT TO ENTER A NEW PHASE, ONCE AGAIN I CONSIDER IT USEFUL TO REMIND THAT THE EXISTING ORGANISED INDUSTRY ZONES, TECHNOLOGY DEVELOPMENT PARKS AND FREE ZONES; AS WELL AS THE SOUTHEASTERN ANATOLIAN PROJECT ARE PRESENTING IMPORTANT INVESTMENT OPPORTUNITIES.

REFERRING TO THE WORKS I HAVE SUMMARIZED FOR THE AMELIORATION OF INVESTMENT ENVIRONMENT; I WOULD LIKE TO UNDERLINE THAT WE ARE EXPECTING AMERICAN INVESTORS TO CHOOSE TURKEY AS A BASE FOR THEIR EXPORTS TO OTHER COUNTRIES AND ALSO HOPING THAT THE U.S. ADMINISTRATION WOULD ENCOURAGE THE AMERICAN INVESTORS IN THAT DIRECTION.

ESTEEMED GUESTS,

ANOTHER POINT I WISH TO ELABORATE IN THIS PART OF MY SPEECH IS THE FACT THAT THE NEW OPPORTUNITIES OF ENORMOUS DIMENSION IN THE FIELD OF ECONOMIC COOPERATION THAT DEVELOPMENTS HAVE BROUGHT ABOUT IN THE NEAR PERIPHERY OF TURKEY WITHIN THE LAST 15 YEARS, SHALL BE TAKEN MORE ADVANTAGE OF.

THE NEED TO EXPLOIT THE HYDROCARBON SOURCES OF THE CASPIAN BASIN, BESIDES THE ONES IN THE MIDDLE EAST, AND TRANSPORT THEM TO THE INTERNATIONAL MARKETS HAS TURNED TURKEY INTO AN ENERGY CORRIDOR. TURKEY WILL ATTAIN THE POSITION OF AN IMPORTANT HUB IN THE WORLD ENERGY MARKET FOLLOWING THE COMPLETION OF THE OIL AND GAS PIPE LINE PROJECTS CURRENTLY UNDER CONSTRUCTION. WE EXPECT AMERICAN COMPANIES TO MAKE MORE JOINT INVESTMENT WITH THEIR TURKISH PARTNERS IN THIS FIELD.

TURKEY OCCUPIES A UNIQUE LOCATION AT THE CONFLUENCE OF EUROPE, ASIA AND AFRICA. TURKEY HAS ALWAYS BEEN THE MOST IMPORTANT PASSAGE POINT IN THE TRANSPORTATION BETWEEN EUROPE AND THE MIDDLE EAST. REACTIVATION OF THE HISTORIC SILK ROAD HAS COME TO THE FORE AFTER THE WALLS CAME DOWN IN CAUCASIA AND CENTRAL ASIA, AND TURKEY HAS ASSUMED SIGNIFICANT ROLES IN THAT REGARD. I AM CONVINCED THAT ONCE THESE DEVELOPMENTS ARE WELL TAKEN, IT WILL BE ANOTHER ELEMENT OF ATTRACTION FOR ALL ACTORS, BOTH NATIVE AND FOREIGN.

DISTINGUISHED GUESTS,

TURKEY AND THE UNITED STATES OF AMERICA HAVE THROWN IN THEIR LOT FOR A LONG TIME AROUND THE BASIC VALUES SUCH AS DEMOCRACY, MARKET ECONOMY AND THE RULE OF LAW AND HAVE DEVELOPED SOLID RELATIONS BY ESTABLISHING COOPERATION IN ALL IMPORTANT INTERNATIONAL ORGANISATIONS BEGINNING WITH THE UNITED NATIONS AND NATO.

IN PARTICULAR, 11 SEPTEMBER AND THE DEVELOPMENTS WE HAVE HITHERTO WITNESSED HAVE DEMONSTRATED THAT OUR COOPERATION HAVE NOT ONLY FORMED AN IMPORTANT CONTRIBUTION TO INTERNATIONAL PEACE, BUT IT ALSO WAS A NECESSITY IN LINE WITH OUR NATIONAL INTERESTS. TURKEY AND THE UNITED STATES OF

AMERICA SHARE COMMON VIEWS AND THOUGHTS ON THE PROTECTION OF INTERNATIONAL PEACE AND STABILITY. THIS MINDSET REQUIRES ENDEAVOURS FOR THE SUPREMACY OF INTERNATIONAL PEACE AND STABILITY, AND TO REFRAIN FROM ANY KIND OF BEHAVIOUR WHICH MAY JUSTIFY THE "THESIS OF CLASH OF CIVILISATIONS". TO THAT EFFECT TURKEY, BEING THE ONLY NATO MEMBER AND EUROPEAN UNION CANDIDATE WITH AN OVERWHELMING MOSLEM POPULATION, HAS A SPECIAL PLACE.

IN THIS SPIRIT, WE WISH THAT THE REFORMS AND OPENINGS MADE BY TURKEY ON THE PATH OF THE EUROPEAN MEMBERSHIP WILL ALSO BE APPRECIATED IN AN APPROPRIATE MANNER BY THE EUROPEAN UNION, AND THAT THE DECISION TO START THE ACCESSION NEGOTIATIONS WITH TURKEY AT THE END OF THE YEAR 2004 BE TAKEN. I HAVE NO DOUBT THAT THE STEPS WE TOOK, AND WILL CONTINUE TO TAKE IN THE FUTURE IN IMPLEMENTING THE LEGAL CHANGES WE MADE, WILL ACCELERATE THIS PROCESS.

WHILE INCREASING ITS TRADE VOLUME WITH THE EUROPEAN UNION WITH WHOM IT HAS FORMED A CUSTOMS UNION, TURKEY ALSO PERFORMS THE FUNCTION OF A SPRING BOARD FOR THOSE COMPANIES TRYING TO OPEN UP TO CAUCASIA, CENTRAL ASIA AND THE MIDDLE EAST WITH WHICH IT HAS CLOSE HISTORICAL, CULTURAL AND ECONOMIC TIES. MEANWHILE, THE EXPERIENCES POINT OUT TO THE HIGH CHANCE OF SUCCESS FOR THE PARTNERSHIPS TO BE ESTABLISHED WITH THE TURKISH COMPANIES IN THE GEOGRAPHIES I REFERRED TO.

DEAR LISTENERS,

I SINCERELY BELIEVE IN THE NECESSITY OF ENCOURAGING AMERICAN INVESTORS TO SET UP JOINT VENTURES WITH THE TURKISH COMPANIES IN THE THIRD COUNTRIES BEGINNING WITH THE AREAS I MENTIONED ABOVE.

AFGHANISTAN IS A STANDING EXAMPLE FOR THIS KIND OF COOPERATION. THE ACHIEVEMENTS OF THE TURKISH CONTRACTORS WHO HAVE CARRIED OUT 90 PERCENT OF THE CONTRACTING PROJECTS IN AFGHANISTAN, AS WELL AS THEIR ACHIEVEMENTS IN OTHER PARTS OF THE WORLD AUGUR WELL FOR OUR FUTURE SUCCESSSES.

IN THIS REGARD, GIVING PRIORITY TO TURKISH FIRMS WHO HAVE BEEN GIVEN THE OPTION TO BID AS MAIN CONTRACTORS FOR THE PROJECTS IN THE RECONSTRUCTION OF IRAQ, AS WELL AS CONSIDERING TURKISH FIRMS ON FUTURE PARTNERSHIPS WILL PROVIDE US WITH THE OPPORTUNITY TO FURTHER DEVELOP OUR BILATERAL RELATIONS. GEOGRAPHIC PROXIMITY, REGIONAL EXPERIENCE, AVAILABLE MACHINERY PARK, CULTURAL AFFINITIES, THE ABILITY TO WORK UNDER STRENUOUS CONDITIONS AND RISK MITIGATION CONSTITUTE ONLY SOME OF THE ADVANTAGES OF WORKING WITH TURKISH FIRMS. I REMAIN CONVINCED THAT THE TURKISH COMPANIES WILL ASSUME THEIR RIGHTFUL POSITION IN IRAQ'S RECONSTRUCTION PROJECTS, AND THAT ALL THESE POSITIVE ELEMENTS WHICH I HAVE OUTLINED WILL BE FULLY TAKEN INTO ACCOUNT NOT ONLY BY THE RELEVANT AUTHORITIES, BUT ALSO BY THE INTERESTED INVESTORS AS WELL.

DISTINGUISHED GUESTS,

I SHOULD ALSO LIKE TO REFER TO THE SUPPORT EXTENDED BY THE OVERSEAS PRIVATE INVESTMENT CORPORATION (OPIC) TO THE AMERICAN COMPANIES OPERATING IN TURKEY. OPIC COMPLEMENTS THE PRIVATE SECTOR BY PROVIDING ECONOMIC SUPPORT IN THREE MAIN CATEGORIES, NAMELY , POLITICAL RISK INSURANCE, PROJECT FINANCING AND INVESTMENT FUNDS, AND HAS UNTIL NOW SUPPORTED A TOTAL OF 39 PROJECTS WORTH OF 1.5 BILLION DOLLARS.

WE ALSO WELCOME THE APPROVAL GIVEN BY OPIC TO PROVIDE 1.6 BILLION DOLLARS OF CREDIT FACILITY FOR THE UTILISATION OF

TURKISH SMSE'S. I BELIEVE THAT THE UTILIZATION OF THIS LOAN FACILITY WILL BE AN IDEAL PLATFORM FOR IRAQ. ON THE OTHER HAND THE CONFIRMATION BY BOTH OPIC AND THE U.S. EXPORT-IMPORT BANK OF THEIR READINESS TO PROVIDE SUPPLEMENTARY CREDIT LETTERS, AS WELL AS PROJECTS LIKE "SMSE MATCH-MAKING" WILL ALL CONTRIBUTE "TO THE DEVELOPMENT OF TURKISH-U.S. CO-OPERATION.

IT GOES WITHOUT SAYING THAT SUSTAINABLE GROWTH AND ECONOMIC DEVELOPMENT CAN ONLY BE ATTAINED WITH A BETTER INVESTMENT ENVIRONMENT. WE ARE THUS TAKING AND WILL KEEP ON TAKING THE NECESSARY STEPS TO THIS EFFECT. OUR PRIORITY, AS BEFORE, IS TO REACH OUR OBJECTIVES WHILE PRESERVING CONFIDENCE AND STABILITY AND FOCUSING ON THE HUMAN ELEMENT.

TURKEY IS EXPECTING TO AROUSE THE INTEREST SHE DESERVES IN THE FIELD OF FOREIGN INVESTMENT THROUGH THE REFORMS, PERFORMANCE, CONFIDENCE AND STABILITY WHICH SHE AIMS TO REALIZE, AND MAINTAIN IN THE LONG RUN. BY VIRTUE OF HER EXPERIENCE AND ADVANTEGOUS POSITION IN THE REGION, TURKEY IS PRESENTING PERSPECTIVES FOR THE FOREIGN INVESTORS TO ESTABLISH PARTNERSHIPS WITH TURKISH FIRMS AND TO OPEN TO NEW MARKETS. IN CONCLUDING, I WOULD LIKE TO SAY ONCE AGAIN THAT WE ARE OPEN TO ALL YOUR SUGGESTIONS AND READY TO PRESENT ALL THE NECESSARY SUPPORT IN YOUR INITIATIVES.

THANK YOU.