



TURKISH INDUSTRIALISTS' AND BUSINESSMEN'S ASSOCIATION
WASHINGTON OFFICE

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PRESS RELEASE ON THE ECONOMIC CRISIS IN TURKEY

Washington, DC: The Turkish Industrialists' and Businessmen's Association (TUSIAD) issued a press release regarding the latest economic crisis in Turkey and the macroeconomic stabilization program which has been in place since the beginning of 2000. For more information on the developments leading to the crisis please see "Eye on Turkey No: 4" and latest issue of "Selected News on Turkey" at www.tusiad-us.org. The statement includes the following:

"The most important factor leading to the failure of the Macroeconomic Stabilization Program has been the absence of strong coordination of economic policies in the Government. This has been the case despite the fact that the Program had been vigorously backed by all the segments of the society and had almost achieved its targets. The latest example of this lack of coordination has been the unhurried act of the Government in intervening in the markets, and taking this issue to the Council of Ministers rather than implementing immediate measures that the financial markets urged for. Henceforth, the Government should designate a Deputy Prime Minister in charge of the economy from within/outside the current Cabinet Members or National Assembly. The designated minister should be endowed with the necessary skills, experience, knowledge and credibility. The Government should also stabilize the foreign exchange and Turkish lira markets at reasonable levels.

The Turkish economy, which had already slowed down following the financial fluctuations in November 2000, will most likely experience stagnation during the first half of the year, possibly affecting the second half negatively. Nevertheless, the consequent macroeconomic conditions that will be shaped by the slowdown in consumption and investment could counterbalance the inflationist expectations stemming from the depreciation in the foreign exchange rate. An assessment of an updated IMF Program could be the next step following the stabilization of the financial markets. It is equally important that structural reforms be implemented as planned during this process.

The latest developments once again proved the importance of EU membership and the EU institutional framework for Turkey. Accordingly, the National Security Council, which will convene on February 26, 2001, should approve the political criteria of the National Program. A consensus in the government on the National Program will undoubtedly contribute to the efforts to re-establish political and financial stability in Turkey."