



TÜRK SANAYİCİLERİ VE İŞADAMLARI DERNEĞİ

TÜSİAD

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Divan Oteli

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Dear Prime Minister, Ministers, Ambassador,
Distinguished representatives of the Albanian and Turkish business world,

I would like to welcome you to the dinner hosted by TÜSİAD.

It is a distinct privilege for us to host you in Istanbul. We consider this visit of the Prime Minister Berisha as a very valuable opportunity for developing and underlining once more the traditionally existing multidimensional relations between Turkey and Albania.

This evening, I will try to make a brief presentation of TÜSİAD, Turkish-Albanian Relations, the latest developments in Turkish Economy, a recent initiative of TÜSİAD for gathering the private business organizations of our region around an international Confederation of Enterprises and of course I will also comment on the Turkish-EU Relations, a very vital issue for Turkey in which Albania has also started to proceed with the signature of the Stabilization and the Association Agreement with the EU in June this year.

TÜSİAD is a non-governmental voluntary association composed of individual membership structured in compliance with the Turkish Law on Associations. As of September 2006, we have 564 members. TÜSİAD's membership is composed of owners and high-level professionals of individual firms, groups of companies and holding companies operating in the Turkish manufacturing and service sectors. The companies represented by TÜSİAD's membership occupy prominent positions in the Turkish economy. TÜSİAD members produce more than 40% of Turkey's value added, in the areas in which member companies operate. Our position stem not only from the economic power of our members, but also from the pioneering role we play for a more liberal and democratic country. There exist three main pillars of TÜSİAD's own mission: attaining high living standards, securing democratic principles and sustaining a strong economy.

From an historical point of view Turkish-Albanian relations have a very long history based on mutual understanding and national interests. Albania is one of the closest allies of Turkey in the Balkans.

Within this positive atmosphere of relations that our countries are enjoying, the Turkish-Albanian economic relations continue to grow at a high rate as well. The trade volume which was only around 1 Million USD in 1985 has grown up to around 58 million USD in 1995 and reached more than 207 Million USD in 2005, thus increasing around 4 times in the last ten years. I think these figures demonstrate very well the big progress achieved in the economic relations between two countries, but I believe that we are still very far from the trade potential that Turkey and Albania can develop between themselves.

For the last couple of years, Turkey has made remarkable achievements in terms of both political and economic stability, the two basic determinants of business environment. Here, I would like to remind you some important macroeconomic changes in this process.

Whether it is the outcome of a successful stabilization program or the global favorable outlook, the macroeconomic performance of the economy has kept improving in the 2002-



2005 period. The domestic demand, which was halted by the 2001 crisis, has gradually recovered thereafter. In addition to the brisk domestic demand, the integration to the world economy continued bringing exports to \$73.1 billion in 2005 from the \$31.3 billion level in 2001. The exports of Turkey is expected to exceed 80 billion \$ by the end of this year. The budget deficit to GDP ratio which was around 16.5% in 2001 fell below 2% in 2005, which is compatible with the Maastricht Criteria. The governmental institutions also gained more independence in the same period. This was most obvious in the case of the Central Bank of Turkey (CBT). Meanwhile, the unemployment rate remains to be a challenge for Turkey, which needs to be solved. As of 2005, it remained unchanged with respect to previous year's level of 10.3%. The solution to this relatively more structural problem requires a comprehensive long-term policy covering both the economical and social aspects.

We think that Turkey can solve its unemployment problem only if she can attract more foreign direct investment to the country. As you all know, the competition between countries to have a larger share from international foreign direct investment flows, is getting more and more tough, as the global funds are on a decreasing trend. This necessitates that Turkey should fortify its efforts towards a continuous improvement of the investment environment which I believe is the same case for Albania.

Fortunately, Turkey has achieved some improvements concerning legal and regulatory framework of the investment environment in the last couple of years. A Reform Program was launched at the end of 2001 for the improvement of the investment environment in Turkey, which has already produced progress that has a direct, significant and immediate impact.

Among the achievements, the most outstanding one is the liberal foreign investment environment that was introduced with the new Foreign Direct Investment Law. Foreign investors are now entitled to establish any form of company included in the Turkish Commercial Code. There have also been significant improvements in the accounting framework. The new law decreases the number of steps for establishing a company from 19 to 3.

Thanks to these improvements and also the EU accession process itself, FDI flow to the country was significantly higher than its historical average last year reaching an amount around \$10 billion. However, this is not sufficient. According to generally accepted international standards, the minimum annual FDI attraction potential of Turkey is \$ 35 billion, which means that there is still a long way to go.

Distinguished Guests,

As you know, we are in the middle of one of the most volatile regions of the world. Whether in the Balkans, the Black Sea, the Caucuses or the Middle East, constructive engagement is of crucial importance for the stability of our region. Therefore, we as TÜSİAD, believe that increasing dialogue between the business communities of our region is very important for the development of economic relations and thus the stability of our region. We have been establishing institutional ties with our counterparts in Europe and have carried out these relations to an institutional level by joining the Union of Industrial and Employers' Confederations of Europe, UNICE in 1987. With the same perspective of building



institutional ties with the private business sector organizations of the Mediterranean Region, we have taken part actively in the establishment of the Union of Mediterranean Confederation of Enterprises, UMCE in 2002, which we are presiding as TÜSİAD since April 2005.

Based on these positive experiences, we have decided to pioneer an initiative to assemble the national private sector organizations of the Black Sea and Caspian Region around a regional and international Confederation of Enterprises and we gathered in Istanbul on June 26, the Conference of Directors of Black Sea and Caspian Enterprise Federations to take the first step for the realization of the project of the “Union of Black Sea and Caspian Confederation of Enterprises”, UBCCE by signing a Memorandum of Understanding with the valuable contribution and participation of Albanian Confederation of Industrialists, KISH. The final step for the realization of this promising project will be held in Istanbul on November 27, 2006. We expect the participation of Albanian Confederation of Industrialists and a possible participation of Council of Employers’ Organization, KOP together with the Presidents of hopefully more than ten countries of the Black Sea and Caspian region on the occasion of the Founding General Assembly of UBCCE.

I would like to conclude with last comments on the EU accession negotiation of Turkey which we as TÜSİAD dedicate most of our efforts and follow very closely as the leading NGO of Turkey. As you all know very well, Turkey is now a country negotiating with the EU to become a full member of the Union. With this historical step I believe that a new page has opened for both Turkey and Europe. We are all aware that Turkey’s membership is like no other previous enlargements of the EU. It will have complimentary economical, social and political effects and results, but there is no doubt that Turkey’s membership will be beneficial for both sides.

Turkey is the 6th biggest market for Europe and 7th biggest supplier. All indicators show that Turkish economy will be one of the dinamos of Europe by the time of accession. This positive performance of Turkey will also contribute to the growth of the EU and there is no doubt that as a potential future partner in the EU, Albania will also be benefiting from this situation. Turkey’s membership will surely strengthen the multicultural identity and the democracy of Europe. I believe that the process of integration of all the Balkan countries into the EU together with Turkey will be a solid confirmation of the refusal of “clash of civilizations”.

Thank you very much for your attention and welcome to Istanbul again.