

**Dear Chairman,
Esteemed Members of our Assembly,
Distinguished Honorary Members of our Assembly,
Dear Guests
and Distinguished Members of the Press,**

I would like to greet you all with love and respect on my behalf and on behalf of our Board of Directors before sharing with you my opinions at our assembly meeting for December.

We have convened the assembly meeting for this month without the presence of a guest. We would like to thereby dedicate more time to listening to your opinions, problems regarding the sector as well as your expectations and propositions for 2015.

I would like to thank our Esteemed Members of the Assembly for the courtesy they have shown in accepting our budget for 2015 and wish that our 2015 budget will be beneficial for our Chamber.

There is a harmony between the goals of our work schedule and our budget. I would like to call your attention to our efforts to place the schedule goals you have knowledge of into items of our budget.

I would like to thank our Chamber staff, Office of the Secretary General and our Accounts Commission for the hard work they put in the drawing up of our budget.

As we have seen during your approval just a while ago; following a period of long and meticulous work, we have made necessary amendments to our organization chart and regulations on the organizations. I would like to thank in particular for the support you, our esteemed members of the assembly, have shown for this amendment we have considered important to render the activities of our chamber more effective and efficient as well as serve our members better in accordance with growing and changing needs.

Dear Chairman and Esteemed Members of the Assembly,

I would like to hereby share with you my opinions on the main item of our agenda entitled "Expectations for 2015 from our Industry and Economy as We Conclude 2014".

As we are drawing closer to the end of 2014, we have been observing the persistence of many traces of the 2008 crisis in the world economy and the problems inherited from that crisis.

While developed economies such as the US and the UK continue to show evident signs of recovery, FED has been discussing the timing to terminate its low interest rate policy.

Global markets now estimate an increase in interest rates for mid 2015 while it's been suggested that this development might occur earlier or later depending on incoming data.

Developing economies meanwhile continue to grow faster than developed economies just like in previous years. However, serious fluctuations have occurred in finance markets following the cessation of quantitative easing program of the US.

I would like to especially emphasize the upward-trending risk perception of developing countries that benefit highly from an abundance of global liquidity within an environment of such fluctuations.

Take a look at China, an important player in the world economy: This year, China will experience its slowest rate of growth since 1990.

Extraordinary developments in oil prices continue to top agenda items. The drop in oil prices create a substantial amount of revenue for rich oil-importing countries such as China, Germany, Japan, South Korea, Turkey and India. However, this doesn't equal to benefits for everybody. As we all know, Russia is in the most disadvantageous position.

It's been immediately clear that 2015 will be a year of crisis for Russia whose currency value plummeted in a matter of days followed by a raise of policy interest rate to as high as 17 percent.

Viewed from the perspective of our country, the fall in oil prices significantly narrows our current account deficit but the depreciation of ruble bears negative effects for our country which earns substantial revenue from export and tourism involvement with Russia.

Our economy has been growing on an average of 3 percent since 2012 while these developments in the world economy bring a severe impact in our country as well as our industry.

I would like to draw your attention to the fact that while we have been unable to achieve desired growth, our external financing needs have soared to 220 billion dollars annually due to the fall in savings rates in recent years as well as the rise in the debt stock of the private sector.

It is without a doubt that the heaviest and most dangerous burden in this climate is on the shoulders of the private sector. Having stated this fact, I would like to emphasize once more that the most important value we have to retain is financial stability. In brief, everybody should avoid any kind of words or deeds that might disrupt financial stability.

Dear Chairman and Esteemed Members of the Assembly,

Turkey's growth trend below its potential has negative effects for labor markets as well. Although employment especially in the service sector is considerably increasing, this rise does not translate into enough employment because of a fast-growing population that joins the workforce.

Unfortunately, we are facing a rise in the number of the unemployed to 3 million and an unemployment rate of around 10.5 percent as of September. It is thought-provoking in many respects to observe how youth unemployment was 17.8 percent in September 2013 and soared to 19.1 in September 2014.

I would like to hereby once again touch upon the issue of severance pay which I find important. Severance pay is one of the reasons behind high workforce input costs as well as labor market rigidity. It's a plain fact that this system has not brought significant advantage to the majority of either side in its current outmoded state.

Severance pay, a part of National Employment Strategy and an entrenched problem, should be immediately reformulated in a way that would create benefits for a wider group of employees and would pay attention to the viability and competitiveness of businesses. A swift adoption of reforms in work life, chiefly in severance pay, should bring the much-needed relief for manufacturing today.

Seeing the glass half full gives us happy news about the current account deficit. The "external balancing" that Turkish economy has experienced throughout 2014 led to a significant decline in current account deficit. The drop in gold imports and the downfall in energy prices in especially the second half of the year accelerated this trend.

It's expected that these developments will lead to a decline in the rate of current account deficit to national income to around 5 percent this year. We have been receiving signals that this fall will

contribute to a decrease in inflation rate in the coming term. If this decrease in current deficit is sustained, it will create a positive impact in our foreign financing deficit and will improve our country's risk perception and interest rates in the markets.

Considering our industrial sector with reference to this general landscape, we observe how we have achieved an increase in production and contributed largely to growth in 2014 despite the challenging circumstances. Our industrial production index rose by 3.8 percent between January and October. One out of 2.8 percent growth in the first three quarters of the year comes from the increase in added value of the industrial sector.

The improvement of our export performance in particular has made major contribution to this development. Despite the stagnation in the Eurozone, the effects of the Russian-Ukrainian crisis and the developments in Iraq and Syria in our region, we managed to increase our industrial exports by 5.4 percent. Furthermore, the rise in the competitiveness of TL compared to last year has also influenced the improvement of our exports.

We are expecting a better economic performance in 2015 compared to this year. If the recovery in the global economy makes progress, our country will also reap the fruits of this development. Improvements in the current account deficit and inflation may lower our costs and accelerate our investments to a certain degree.

We have certain concerns about exports despite these positive expectations. I would like to draw your attention to a development that is of concern to our exporters in addition to our narrowing export markets, Euro-based negative developments due to cross rate, turnover loss due to unit prices of basic raw material inputs. The reason of concern is that the Ministry of Economy will be handling the Closure of Documents for the Inward Processing Regime. This regulation will increase the problems recently faced by our exporters in customs. We should also pay attention to how intensified red tape will bear the risk of loss of momentum in our exports.

I would like to hereby underscore that, in a challenging global climate where even a single dollar appreciates, it is of paramount importance for everybody to avoid any act that would slow down our economy and demoralize our industrialists and exporters due to competition and conflicts between institutions.

Dear Chairman and Esteemed Members of the Assembly,

We industrialists should also pay attention to risks of general elections to be held in June 2015 in our country, the expectation of tightening in the monetary policy of the U.S. and the persistence of the Euro-zone stagnation longer than estimated.

I would like to hereby call your attention to an issue especially regarding the general elections in our country. We should never forget that it is of cardinal importance for our country to avoid populist discourse and acts in these elections, as was the case in previous elections.

Our common goal should be maintaining the economic advantages we have gained in recent years that have taken blood, sweat and tears and raise our country to the league of developed countries. That's why I would like to underline once more the profound significance of standing clear of the populism trap.

While laying stress on the trap of populism within, we should also pay attention to an external risk: It is of considerable importance that Turkey reduces its vulnerability to external shocks in order to reach the macroeconomic goals it has set for the coming term.

Another issue we have to take note of to minimize external risks is to increase savings instead of decrease investment. We have to thereby create an added value structure for our industry with a high level of international competitiveness.

I would like to draw your attention to an issue which in my opinion is as important as increasing savings: Allocating resources in productive areas.

On that note, we regard very favorably the government's continuous efforts to share with the public the Economic Transformation Programs and action plans.

It is within this framework that I would like to express the most important needs of the industrial sector, the driving force behind economic growth: Supporting technological investments and R&D activities, continuing to fight informal economy, raising labor quality with active educational programs, facilitating access to financing, amendment of tax legislation and encouraging local production.

On the other hand, it is also of paramount importance to reduce bureaucratic obstacles before investors, simplify legislation and eliminate uncertainties in investment areas if we are to improve the investment environment and foreign direct investment in particular.

Announced action plans should be put into practice with a determined, transparent approach and in strong cooperation with all stakeholders, primarily with us industrialists. Once this is achieved, we believe that we will accomplish the transition to a growth model our country needs; one that is production-oriented, sustainable, raises the welfare level of the society and improves income distribution.

In addition to this belief, one should remember that, for the benefit of economy and investments, trust and stability precedes all. A glance backwards reminds us the heavy price we paid by detaching ourselves from the outside world, focusing on the inside and wasting our energy in unavailing internal feuds.

Solving problems with an eye to social peace and within legal boundaries should be essential for all of us if we are to not pay the same price. It is exactly with this approach that I believe Turkey can achieve greater permanent and sustainable feats and become a global actor.

Dear Chairman and Esteemed Members of the Assembly,

Having shared with you my opinions on the main item of our agenda, I would like to now touch upon another issue.

The Council Meeting for the Chambers of Industry of Union of Chambers and Commodity Exchanges of Turkey (TOBB) was held with the participation of Mr. Fikri Işık, Minister of Science, Industry and Technology and Mr. Rifat Hisarcıklıoğlu, President of TOBB.

I emphasized the need to export high technology products in order to sustain an export-oriented growth model during the Chambers of Industry Council meeting which I chaired and participated with council members of our assembly.

As I have stated in the beginning of my speech, economic competition is getting increasingly fierce across the globe. It is getting more difficult each day to grab a bigger share of the global economic pie. Countries with low education quality, poor knowledge and R&D capacity, inadequate innovation and design power should expect even harder days ahead, plain and simple.

According to the 2013 results of the Top 500 Industrial Enterprises of Turkey, an analysis of the distribution of added value created by enterprises in terms of their tech-intensity shows how the rate of added value created by high-technology enterprises is as low as 2.6 percent, which obliges channeling stronger efforts in this area.

In brief, we have a long way to go to achieve the three percent goal set for 2023.

Dear Chairman and Esteemed Members of the Assembly,

I would like to share with you some of our activities, just as I did last month.

As Istanbul Chamber of Industry Assembly, Board of Directors and Assembly members, we held a meeting with Mr. Fikri Işık, Minister of Science, Industry and Technology in order to discuss current developments in the economy and industry and evaluate the problems of industry. Representatives from three main sectors dealing with food, textile, apparels, leather and leather goods production were present in the meeting.

It made us very happy to observe how our minister took note of each different problem in different sectors of our Assembly. I had mentioned earlier that we will hold similar meetings for other sectors as well. I would like to hereby share with you my expectation of a higher level of participation among you, our esteemed members of assembly.

As Istanbul Chamber of Industry Assembly and Management, we held our very first meeting with Istanbul Union of Consuls to discuss the reinforcement of commercial and economic cooperation. During this meeting with a high level of participation, we had the chance to express firsthand to consuls the visa and free movement problems of our industrialists in EU countries.

Taking over G20 presidency, which we lay particular emphasis on, Turkey got to work really fast. The B20 Turkey Kick-off Meeting was held on December 15, 2014 with the participation of hundreds of representatives and businessmen from across nearly 40 countries. As member of the B20 Executive Committee, I drew attention to the significance to SMEs for B20 during the session entitled "B20 Turkey: Approaches, Priorities and Expectations".

The 14th Environment and Energy Awards of our Chamber were handed out with a spectacular ceremony. I would like to congratulate once more all of our industrialists who have won the much-awaited ISO 14th Environment and Energy Awards.

Esteemed Members of the Assembly,

I would like to share with you the current status of the tender process for the rights of superficies of Odakule: There was a single bidding company which resulted in an absence of competition. Therefore, the Tender Commission of the Chamber exercised its right to cancel the tender and decided to cancel and terminate the tender for the transfer of the rights of superficies of Odakule Building for 33 years.

In the upcoming term, we will continue to work on reaching our goal to make use of this real estate property with added value through a commission to be set up within our Assembly and in light of a shared wisdom.

Dear Chairman and Esteemed Members of the Assembly,

There are only a few days until the end of another year. Ahead of 2015, I would like to wish a year of peace and abundance for the world and our country and health, peace and happiness for all of us. I wish you a happy New Year in advance.

I would like to thereby conclude my remarks and would like to greet you once more with love and respect.