

**His Excellency the Governor,  
Mr. President,  
Distinguished Members of the Board,  
Esteemed Honorary Members of the Board,  
Distinguished Guests and  
Valuable Members of the Press,**

Before I share with you my views here at our March Meeting, I would like to extend my respects and cordial greetings to all of you on my own behalf and on behalf of our Board of Directors.

His Excellency, the Governor of Istanbul, Mr. Vasip Şahin, you have honored us with your presence here today at this month's assembly meeting on the subject of "Starting from the Premise that Istanbul cannot Exist Without Industry, Working Together to Create an Istanbul with a Higher Quality of Life, More Productivity and Stronger Competitive Power."

Last month, we shared with the public the "Istanbul Industrial Strategy Document" that our Chamber produced as a project, supported by the Istanbul Development Agency, of which you are the Chairman. Dear Governor, we are happy to have you amongst us at this month's assembly meeting that we are conducting from the starting point of this document; your thoughts on the global city of Istanbul are valuable to us. I thank you and welcome you to our meeting.

**Distinguished President and Members of the Board,**

Some cities that were named "global cities" in the 21st century have become strong and prominent just like the countries they are a part of.

Before I express my thoughts on the apple of our eye, our global city, Istanbul, and its industry, I would like to share with you some of my views on certain developments taking place in the world and in the Turkish economy.

The "Interim Economic Assessment" Report published by the OECD this month foresees that receding petroleum prices will increase global demand and provide many central banks with the opportunity to lower their interest rates. On the other hand, the expanded asset-purchasing program initiated by the European Central Bank is said to have improved global financial conditions.

The report also points out that in 2015 and 2016, compared to China, where the official growth target has fallen as low as 7 percent, India will be exhibiting a more rapid rate of growth.

Meanwhile, the US Central Bank (FED) did not make any changes in its target fund interest rates at its last meeting this month. The FED removed the word "patient" from its statement about raising interest rates, which was a topic of great interest to all. The statement also made it clear that no decision had been reached about the timing of interest rate increases.

A general look into the world economy indicates that the fall in energy and commodity prices has a positive impact on expectations of growth, especially in connection with the improved purchasing power of the developed countries.

In the area of the Euro Zone, so important for the world economy in 2015, there are still some risks but the expectations are that it will be a better year compared to last year.

All of these developments show us that the deep divisions in economic policies around the world will continue for a little while longer. In this atmosphere where economic recovery continues its painful progress, productive investments are weak, and there are serious medium-term risks that threaten financial stability, there is a need for new policies. While calling attention to this need, I want to say in particular that instruments beyond monetary policy are required for sustainable growth.

### **Distinguished President and Members of the Board,**

In the first quarter of 2015, the Turkish economy exhibited liveliness under the influence of developments both in and outside of the country.

The relief instigated by energy prices in the global economy had a more restricted effect on the Turkish economy due to the adverse movements in foreign exchange rates. While the increase in the rates limits the positive effects of the receding import burden, the expectations of rising inflation in turn

limits the maneuvering ability of the Central Bank in terms of expansionary monetary policies.

The data announced for the first quarter of 2015 show us that it is still too early to talk about a visible recovery in economic growth. At the same time, inflation, which is riding a course above targeted levels, has not improved sufficiently in terms of medium-term predictions and this gives us the impression that the cautious stance of monetary policies may have to be resumed a while longer.

The overview of predictors in the first quarter of 2015 shows us that the picture is very weak. While the year started off with a decrease in industrial production after a long interval, other striking developments were that the consumer confidence index, which is so important as a reflection of the beating pulse of the economy, fell to critical levels and exports dropped.

The possibility that besides the global economic risks, this weak picture in the first quarter of the year would continue in the second quarter may diminish growth expectations even more than where they stand at this moment, at 3-3.5%. At this point, however, it will be very important to see how much of an impact on 2015 growth the capital budget will have in the light of its robust appearance in the first two months of the year.

Meanwhile, in employment markets, the gap between the number of new recruits in the work force and the new jobs created is of serious magnitude. To expect an unemployment

rate of below 10 percent outside of seasonal falls in the period ahead will not be very realistic. At this point, I would also like to say that there is a close relationship between unemployment and the issue of education.

**Distinguished Governor, Mr. President and Members of the Board,**

After briefly expressing my views on the developments in the world and in the Turkish economy, I would now like to offer you my thoughts on the main item on our agenda.

In global cities such as Istanbul, the execution of services depends greatly on speed, productivity, sustainability, placing importance on the preferences of city-dwellers, participation in decision-making, raising the standard of living and thinking about future generations; all of these factors are of the greatest importance.

As I call attention to this importance, I want to say in particular that I believe that, as in the past, industry plays a significant role in the healthy development of a city. Industry is of the greatest importance for this reason. It can be said indeed that communities with high standards of living that exist in peace and prosperity are communities that have succeeded in their industrialization.

The role industry has played in the development of cities since the 19th century and how these cities have been turned into centers of attraction must not be forgotten. As I remind you of this, I would like to emphasize that the crooked

concept of development at the end of the twentieth century, when production and industry were ignored, led way to the immense issues we face today and now we are at the end of that road.

In short, when the signals refuting financial abundance in the global economy are considered, it is time to realize that we are entering a new period in which production is coming once again to the fore.

A major city throughout history, Istanbul today is considered, as I said at the beginning of my talk, a world city or rather a global city.

World cities or global cities are important centers of the global economy. The most prominent characteristic that differentiates these cities from other metropolises is that they are integral parts of the global economy as they steer their own national economies.

Among the leading features of global cities can be cited the essential roles they play in hosting international gatherings and being a center of international relations, being a destination point for many international airlines, being equipped with international airports and a complex and developed transportation network of buses, ferries, light-rail systems and subways, and housing well-known cultural centers that include museums, universities, art galleries, film festivals and theaters.

When we look at Istanbul in the light of these points that I have mentioned, we can see that Istanbul today, with its population of more than 14 million, is one of the most highly populated cities in Turkey. With the population recording an average age of 31.2 years, Istanbul is a young city and more than that, with more than 10 million people of working age, it has the potential of making a significant difference both on a national scale and also in terms of the development of the region.

Although in recent years, Istanbul's industrial sector has suffered a drop in its share in gross value added, it is also true that at this moment in time, 27 out of every 100 units of value added in Turkey's industrial sector is generated in Istanbul.

In terms of tax revenues, too, Istanbul makes important contributions to the Turkish economy. Istanbul's share in general budget tax revenues is around the level of 46.1 percent.

Istanbul also holds a prominent place in terms of Research and Development and innovation. As of 2014, 43.3 percent of the 5000 patent applications made to the Turkish Patent Institute originated from Istanbul. In the same year, 38.7 percent of the total of 3,474 utility model applications made in Turkey belonged to Istanbul. The brand application figures in 2014 also demonstrate Istanbul's leadership. Out of all the brand applications made throughout Turkey, 50.5 percent were made in Istanbul.

## **Your Excellency the Governor,**

In today's fiercely increasing competitive atmosphere, competitive power in the cities is gaining more and more importance. In the light of this fact, Istanbul must be made a city that has high competitive power not only in Turkey, but on a global scale as well. It is with this understanding that we prepared the "Istanbul Industrial Strategy Document."

When we look at Istanbul from the point of view of competitive power, the following are the strengths and weaknesses of industry.

### **Istanbul and Strong Aspects of Industry in terms of Competition:**

High-technology goods production infrastructure
Existence of industrial entrepreneurs
50 universities
Developed supply chain
International market
Domestic market
Awareness level of consumers
Geographical concentration
Production structures of companies
Existence of companies with international capital
Geographical location

**Istanbul and Competitive Medium-Weak Aspects of Industry in terms of Competition:**

Industrial settlement
University-Industry collaboration
Graduates leaning toward industry
Research & Development
Raw materials and semi-finished goods supply
Logistic infrastructure
Access to financing
Incentives
Local administrations
Branding
Institutionalization of companies

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As set forth by our Strategy Document, the only infrastructure in Turkey that has the capacity to increase high-technology-based exports in the shortest time is in Istanbul. Istanbul today is responsible for 67.2 percent of our country's exports of high-technology goods. On the other hand, Istanbul also holds more than a 50 percent share in exports of goods in the medium-high technology category.

If I might reiterate, I must say that it will be impossible to speak of bringing to life the 2023 goal without formulating strategies for Istanbul, the city in Turkey that produces and exports the greatest volume of high-technology goods. In other words, without improving the working environment of Istanbul's industrial export players in the market, without

increasing their capacities and building the needed infrastructure, and without ensuring that the main inputs of energy, raw materials and especially qualified human resources are procured, Turkey cannot be expected to reach its 500 billion dollar exports goal for 2023.

The document we shared with the public last month, the "Istanbul Industrial Strategy Document" is important because it is a text on which the Industrialists of Istanbul have agreed in their stature of being in the business, knowing first-hand how industry has fared over the years in Istanbul, Turkey's most important exporting base. It is important because the chance of implementing a document on which there is mutual agreement is very high.

### **Your Excellency the Governor,**

On behalf of the Istanbul Chamber of Industry, I would like to especially express our appreciation of your statement that it is your most important duty to make every sacrifice to ensure that Istanbul becomes a civilized, peaceful global city and that all of its issues are solved. We find your approach very valuable in terms of reaching our goal of creating an Istanbul boasting of a powerful industry, a high quality of life, high productivity and a pronounced edge over competitors.

The "Istanbul Industrial Strategy Document" defines 46 strategies under 18 headings and 85 plans of action to bring Istanbul's competitive power to the highest level and reach the country's 2023 export goals.

This document also offers us a road map that tells us what we need to do together to accomplish this. It must be appreciated that the Istanbul Chamber of Industry cannot do this on its own. This is why the document very clearly explains the process to stakeholders. To summarize, this project needs the support of our stakeholders and also the general public.

**Distinguished Governor, Mr. President and Esteemed Members of the Board,**

As I end my remarks on the main item on our agenda, I would like to mention one more matter.

I would like to share with you some of the activities and events our Chamber has been involved in.

As the Executive Board of the Istanbul Chamber of Industry, we paid a visit to the Sakarya Chamber of Trade and Industry on March 4, 2015 in an effort to reinforce and tighten the close bonds of the sister chambers.

During the visit, we took a look at the potential organized industry zones in our province of Sakarya.

With a decision of the Board of Directors of our Chamber and as a cooperative effort of the Istanbul Chamber of Industry and the Technology Development Zones Association, we are about to bring to life a new project that we call the "ISO Industry-Technopark Joint Venture Committee." We have already announced to you the board members who will be serving on this committee.

The ICI Board Members, the ICI Assembly Members, the representatives of the Technology Development Zones Association (TDZA), the Angel Investors, the Entrepreneurs at the Technoparks, the representatives of the Istanbul Stock Exchange and many other stakeholders will take part in this Committee and all together we will be hosting a platform that will enjoy the participation of the managing companies of the Technopark and many companies in industry.

A very important application that we have opened for service as of this month is our Incentive Desk. This desk will review the details of the projects of all of our members, define the appropriate incentive mechanisms to be put into action, and steer our members in the right direction.

On March 12, 2015, the President of Istanbul Technical University (ITU) Mehmet Karaca hosted 60 industrialists at the ITU Ari Technocity, where a very important meeting took place on the Project for Establishing a National Nuclear Energy Supply Chain. I am confident that the experience that will be gained regarding nuclear power plants through this project will serve our industrialists well in making their voices heard in international markets and in bidding processes.

One of the most prominent bridges between our Chamber and its members is something we assign great importance to and that is raising the quality of our expert services. In this context, groups comprising all of the experts of the Union of Chambers and Commodity Exchanges of Turkey from all over

the country attended a course last month that was hosted by the Istanbul Chamber of Industry.

**Distinguished Mayor of the Istanbul Metropolitan Municipality, Mr. President, Valued Members of our Assembly, our Esteemed Honorary Members and Members of the Press,**

As I end my remarks, I welcome the Governor of our Istanbul, His Excellency Mr. Vasip Şahin once again and extend my best regards and good wishes to all of you on my own behalf and in the name of our Board of Directors.