

**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 May.

I would like to extend my gratitude and welcome Mr. İlker Aycı, Chairman of the Board of Directors of World Association for Investment Promotion Agencies (WAIPA) and Turkish Airlines, for his participation in our assembly meeting for the month themed “Role and Importance of International Direct Investments, Branding, Logistics and Industrial Strategies for Sustainable Development in Our Economy and Industry.”

Also present are Mr. Arda Ermut, the newly appointed President of Investment Support and Promotion Agency of Turkey, as well as esteemed directors of the agency. I would like to welcome our esteemed guests and extend my gratitude for their participation in the monthly meeting of our assembly. I would like to also wish Mr. Arda Ermut success in his new position.

Dear Chairman and Esteemed Members of Our Assembly,

The month of Ramadan that we have been eagerly awaiting is just around the corner. Ramadan is a month of compassion and blessing during which every Muslim revitalizes their spiritual life.

Grace, fraternity and solidarity are among the beautiful values that come with Ramadan. Fraternity and sharing reach their peak this month in which the entire country, Istanbul in particular, is enwrapped in a wholly different atmosphere.

It is hard to put into words the beauty of iftars in Istanbul where love becomes one and dinner tables are blessed with abundance in sharing and solidarity. As we are getting ready to experience such beauty, I would like to wish, in advance, a happy month of Ramadan for the entire Muslim community, the people of our country and you.

Another very competitive season is drawing to a close in football that has earned the love and attention of millions in the country. As a Galatasaray fan, I would like to congratulate the Galatasaray Football Team for having declared their championship a week ahead of the end of Spor Toto Süper Lig Season 2014-2015. I would like to extend my heartfelt congratulations for this achievement to esteemed players, the administration, the technical and administrative team and the fans who have showed continuous support throughout the season.

In approximately ten days, general elections in our country will be held on June 7, 2015. It is a pleasure to observe that with the exception of several isolated incidents, the electoral campaigns have been run in a democratic environment. We believe that everybody will welcome the election results in a dignified manner. I hope that the elections will produce positive results for our democracy, stability and economy.

Dear Chairman and Esteemed Members of Our Assembly,

As we focus on the elections, the world meanwhile goes through a process in which loans are cut down in the global economy, with increasing concerns over the concept of earning money through money. International Direct Investments are gaining even more momentum in this climate. This is a notable development for us industrialists.

This is because now a new strategy is emerging which focuses on the quality of growth rather than on growth figures only. International direct investments play a significant role in the quality growth process of developing countries.

Production economics is gaining new ground across the world, while approaches to and patterns of production are evolving towards a direction in sharp contrast with that of the previous century. Information and technology-intensive production is a reality of this century. We are happy to observe that our country is paying more and more attention to this reality. But we have a problem here. Turkey does not have enough national capital stock for an information and technology-intensive production, for which low rate of domestic savings is the biggest obstacle.

The most effective solution to this insufficiency and obstacle is through international foreign direct investments. An increase in foreign capital investments in Turkey will cut deficit to a great extent, replace old technology with new technology in production, boost productivity with new technology and enable further penetration in foreign markets. I would like to highlight the fact that as a developing

country in a world rife with fierce competition, we have to make more effort than we have done so far in this area.

Our esteemed guest Mr. İlker Aycı closely follows and manages these processes, on which his following statement is of great import: “In the coming years, developing countries such as Turkey will play a more effective role in attracting international foreign direct investment.”

We have recently observed a positive development that upholds this effective role of our country. I would like to hereby note that we find it very significant and precious that World Association for Investment Promotion Agencies (WAIPA) founded two decades ago in 1995 now has its headquarters in Istanbul. I would like to congratulate Mr. İlker Aycı, President of WAIPA, for this achievement.

Mr. Aycı served as President of the Investment Support and Promotion Agency of Turkey until recently and has now taken on another very important task.

I would like to wish Mr. İlker Aycı success for his new role as Chairman of the Board of Directors of Turkish Airlines, one of the most valuable brands of Turkey worldwide. Turkish Airlines is one of the greatest supporters of our economy, exporters and industrialists within severe competition of global scale. I would like to also thank former directors of Turkish Airlines who have raised Turkish Airlines to new heights of success.

Dear Chairman and Esteemed Members of Our Assembly,

I would like to now share with you my opinions on the main item of our agenda.

We believe that foreign direct investments are important for the development of national economy in developing countries. These investments also boost employment in countries, depending on their distribution in industries. We know that foreign direct investments create a strong demand for qualified labor force especially in technology-intensive industries.

Depending on the level of technology use, these investments are a major channel for technology transfer and play a substantial role in the development of technology and added value-oriented competitiveness in the country.

Foreign direct investments are the leading indicators of the investment climate in a country. They are also important for the prestige and a perception of stability of a country within the global economy. Indeed, economic regulations, transparency, rule of law and bureaucracy are factors that are considered as major long-term stimulants. It is clear that risk appetite of foreign investors will be higher and they will engage in longer-term investments in countries where these elements are robust enough.

Foreign direct investments are also the most stable and sustainable source of foreign exchange requirements of a country. Indeed, foreign exchange sources such as short-term portfolio investments or credit-deposit flows are investment types that are extremely vulnerable to fluctuations in finance markets and can be easily withdrawn.

Meanwhile, direct investments are usually geared towards physical assets in the real economy, which are therefore

longer-term and difficult to take back. Consequently, in a country with a current account deficit, the situation of external economic balances is not measured solely on the size of deficit but also on the share of direct investments in current account deficit financing.

Before touching upon the status of international direct investment in Turkey, I would like to hereby draw your attention to a significant institution in this area. In 2006, Investment Support and Promotion Agency of Turkey was founded in an effort to solve all of the problems of investments at a single center and to promote investment opportunities of Turkey to the global business world. Despite being relatively new compared to current public institutions, the young and educated team in the Agency strives towards grabbing even bigger shares in the global investment market.

Following their success in investment promotion, the Agency now aims to assert itself in investment support in the upcoming years. I fully believe that Mr. İlker Aycı as well as Mr. Arda Ermut and his team who have thus far run a successful team work will achieve further valuable success in the coming terms.

Now let's take a look at the status of international direct investments in Turkey: A significant portion of the current account deficit financing in Turkey is covered by short-term credit flows and portfolio investments. By contrast, the rate of direct investments in total rate of current account deficit financing is significantly low.

The net rate of direct investments in total net capital flows rose from 17% in 2013 to 29% in 2014. Nevertheless, this relative upswing is not due to an increase in direct

investments but in portfolio investments which are not direct investments, with a particular decline in credit-deposit flows.

Indeed, we have observed that in terms of absolute value, the net direct investment inflow in 2014 declined by 37.6% and dropped from 8.8 billion dollars to 5.5 billion dollars. Direct investment inflow in 2014 rose at a slim rate of seven per mille compared to the previous year.

There is an interesting distribution of international direct investment in the industries of Turkey: According to data provided by the Central Bank of the Republic of Turkey, finance and insurance had largest share of direct investment in Turkey at a rate of 36.9%, followed by manufacturing industry at 22.3%.

Dear Chairman and Esteemed Members of Our Assembly,

I would like to particularly note that we are very much looking forward to the remarks of Mr. İlker Aycı, President of World Association for Investment Promotion Agencies (WAIPA), on this issue.

With a greater share in international direct investments, Turkey must be further consolidated in its ambition towards becoming a country brand.

As I have just mentioned, regulations must be introduced in areas such as transparency, rule of law, bureaucracy and economic regulations, thereby strengthening the hand and facilitating the job of directors in international direct investments.

Becoming a country brand is as important as international direct investments in efforts to avoid the middle-income trap.

And this requires the right strategy to follow. In order to strengthen and raise awareness about our country, we must strive towards becoming a regional brand in surrounding territories while working towards becoming a global brand.

While country brand is of significant import, the process should be bolstered in city and company levels. Indeed, Istanbul has come a long way in becoming a brand city in recent years. And our companies in this city need to develop their own brands and engage in the endeavor of country and city brands.

I would like to hereby draw your attention to what I think is important: Strong, sustainable and global brands lead to major boosts in export income as well as in the dynamism and power of the economy. It is not easy at all to create a brand strong enough to be conducive toward such great economic leap. We should always bear in mind that branding is a planned and long-term building process governed by patience.

Not a single brand has turned into a legend overnight. When you consider many world-famous brands, you see how most of them have a history of more than a century.

In the words of Steve Jobs: “Start small, think big.”, which is crucial for branding. The biggest obstacle before branding is lack of vision and habitual shortsighted thinking. If we leave these negative habits behind, it is without a doubt that Turkey will produce global brands as well.

Turkey should move away from exporting contract manufacturing products and give priority to creating brand and image in exports as well as promoting export products in world markets with these brands and images. I would like to

share with you a crucial finding: “Brand is a promise. But a good brand is a promise fulfilled. You have to fulfill this promise every day, every week and every year. This is what’s most important for a brand.”

Alongside international direct investments and branding, logistics bears a major role if our country is to take a new economic leap. Logistics across the globe has become a fundamental element in economy and competitiveness to such a degree that it is impossible for a modern and open economy to compete in world markets without a high quality and robust logistics infrastructure.

The main driver of development in the world is logistics investments. In recent years, our country has achieved major progress in land, railroad and airline transportation. Investments and advancements in civil aviation in particular are highly important developments.

Today, Turkey and especially Istanbul have become a center of attention for many global companies. Our country is fast becoming a strategic region connecting countries in Central Asia, Africa, Middle East, Europe and Asia. I would like to make a special note on the major role played by Turkish Airlines in this process. I fully believe that Turkish Airlines will continue to provide valuable contribution in this significant development, just as it has done so far.

Dear Chairman and Esteemed Members of Our Assembly,

As I conclude my opinions on the main item of our agenda, I would like to briefly inform you on our activities this month.

As you know, we as the Assembly of the Istanbul Chamber of Industry visit various cities in Anatolia each year. We made the first visit of the year to Malatya last weekend. We were welcomed with an unforgettably warm reception by industrialists and businessmen in Malatya, seizing the chance to observe once again the level of development in Anatolia.

In hope that the visit that has broadened our horizons proved helpful for our friends in Malatya as well, I believe that negotiations between members have given birth to strong alliances.

I would like to hereby thank once again Mr. Hasan Hüseyin Erkoç, Chairman of the Board of Directors of Malatya Chamber of Commerce and Industry as well as all of our friends in Malatya, for their exemplary hospitality. I would like to also add our desire to see a wider participation among you, esteemed members of our Assembly, in our following visits to Anatolia.

The 71st Financial General Assembly Meeting of the Union of Chambers and Commodity Exchanges of Turkey (TOBB) was held in Ankara earlier this month, in the presence of President Recep Tayyip Erdoğan on the first day and the prime minister as well as the leader of the main opposition party on the second day. In addition to TOBB delegates from our assembly, chambers of industry and commerce from all across Turkey as well as stock exchanges delegates broadly participated in the meeting. On my part, I was President of the Council of Chambers of Industry in TOBB General Assembly.

Bearing in mind our fundamental purpose at Istanbul Chamber of Industry to contribute to the growth of our

economy, the solution of problems and the development of competitiveness in industry; we do lay emphasis on the electoral statements of political parties **in these issues**. Accordingly, as a result of a decision made by our Council and Board of Directors, we held meetings with senior officials of economy from Justice and Development Party, Republican People's Party and Nationalist Movement Party to establish mutual negotiations on issues concerning our economy and industry.

On the occasion of the 50th anniversary of the foundation of the Economic Development Foundation, our members of the assembly broadly participated in the celebrations held in the presence of President Recep Tayyip Erdoğan, Minister of European Union and Chief Negotiator Volkan Bozkır and TOBB President M. Rifat Hisarcıklıoğlu. I would like to wish many more successful returns for the Economic Development Foundation of which we are a founding partner.

I would like to share with you some of the results of activities we have launched in quality policy as part of our member-oriented approach.

One of the most important reports for industrialists is capacity report. The preparation and submission of capacity reports started to take on average twenty-five days in total. With regulations in both efficiency and organization, we reduced this duration to ten days. Furthermore, we now give priority to requests by members who are in urgent need of a capacity report and issue the report in approximately four days.

Another result lies in online services. Our members are now able to use our main services without visiting ICI premises.

They can apply online for annual reports and capacity reports, request for authorized copies, engage in process monitoring and pay their membership dues.

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

As I conclude my remarks, I would like to welcome once again our esteemed guests Mr. İlker Aycı and Mr. Arda Ermut and his team and would like to greet you all with love and respect on behalf of our board of directors and myself.