

**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 August 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.

There are only a few days left before we celebrate the anniversary of the Great Victory that was won as a result of a struggle that was fought with huge sacrifices, a struggle the likes of which most probably no one will ever be witness to again. With their courage and heroism, the martyrs and veterans who gave our people the gift of August 30 Victory Day have a singular place in the hearts of our people. At this time, when the unity and solidarity of our people is being put through a trying test, I believe it will be useful to remember the perils and trials of the past. With this understanding, I would like to offer my respects to the memory of our blessed martyrs and acknowledge with deep indebtedness the contributions of our veterans. I would like to congratulate all of you right now, in advance of Victory Day.

The elections of June 7, held with a large participation of voters, did not give any party the opportunity to form a government on its own. Because of this, over the last two-and-a-half months, the general public--all of us--focused on the discussions and efforts that went into forming a coalition.

Over this period of time, we saw that hopes were high for a negotiated and long-term political solution.

The internal and external conditions we were living under made it imperative to not just postpone the uncertainty but to ensure a permanent result that would put everything back into place. However, the search for a coalition that would contribute to a culture of reconciliation proved to be of no avail.

Now, at a time when critical internal and external events are taking place, another attempt will be made to apply to the will of the people for political stability. We will be going back to the polls in approximately two months. We believe that as always, our people, with their experience with democracy and their good judgment, will exhibit a high rate of participation at the elections and make the right decision that is needed at this time.

As I express this conviction, I would also like to touch upon another point. While there is no need to be pessimistic, we must also not take this challenging period lightly. We are living through a time in which our national reflex of "Nothing will happen to us" is of no worth. We must talk, we must discuss, we must alert. What harm is there in this? As long as we are constructive.

And here we are now, caught in a spiral of violence again. The sound of guns is unfortunately drowning out the sound and the power of words. While homes and hearts are burning like this, how can we say that this cursed terror that has returned is of any benefit to anyone?

In short, we are in a period where everyone has to do his duty without cringing from responsibility. As in the old adage, "You won't drown by falling into the water, you'll only drown if you stay there," the real danger of facing challenges is getting swept away by despair. Let's have faith in the power of our country and our people. Let no one have any doubt that we will again overcome all of the difficulties, just as we have done in the past.

Distinguished President and Esteemed Members of the Board,

Compared with the past century, humanity is leaving behind the first fifteen years of the new century in a very different way. While this difference makes us feel that the world as we know it is over, we are also in a quandary about how to interpret the period in which we are living today.

The world has virtually lost its bearings. The events taking place one after another today, both on a global and on a regional scale, are shaking the world to its core, and we are all worried that the world will continue to steer out of control.

We are going through a terrifying geopolitical tunnel where violence and fear prevail. The conflicts in Iraq, Syria and Yemen, the social tension and violence that is increasing in the cities of the world, the waves of migration flowing from the Middle East and Africa into Europe, forcing its way over the borders with increasing impact every day, are factors that are steadily feeding our fears and apprehensions. It is no

longer possible to define all of what is being experienced as local or regional.

The world has already hit a crisis wall in the global economy that is drawing nearer and nearer, step-by-step. The events occurring now are reminiscent of the Crisis of 2008 and there is talk now of a new global economic decline. The huge funds of the developed countries are rapidly eroding the assets of developing countries. Meanwhile, it has now begun to be clear that the precaution of using the central banks to pump up the market with abundant currency has no effect on recovering declining economies. In fact, the first signs of this were seen in world markets and stock markets at the beginning of the week in the form of "Black Monday."

And so, it will be these developments that our esteemed guest and I will be taking up today.

I want to thank Professor Dr. Fuat Keyman, a member of the faculty of Sabancı University, for being with us at our meeting this month on "Global Disorder and the Importance and Impact of our Region and Turkey on Developments in the Middle East."

Distinguished President and Esteemed Members of the Board,

Before sharing with you my thoughts on the main item on our agenda for this month, I would like to speak briefly on some developments in the world economy and in the Turkish economy.

The increase of interest rates in the U.S. continues to occupy an important place in current events. The FED believes that the point at which the economy will need a hike in interest rates is nearing but also that inflation, which is below the targeted level, and weaknesses in the global economy, make an increase of interest rates risky.

Although this risk is being articulated, it appears that raising interest rates is almost around the corner. It is being emphasized that more than the timing, the speed of the interest raise increase will be the determining factor.

And if I were to touch upon another important development... The Chinese Central Bank took an unexpected step on August 11 and devaluated its currency the yuan, which it had so far been keeping under strict control. With an economic growth rate receding to below 7 percent, China saw the devaluation of its currency as a remedy.

This development is being interpreted as a step toward making the yuan an international reserve currency. In this context, it may be expected that in response to the rise of China, the U.S. will be increasing its economic, political and military operations in Asia in the coming period.

Now I would like to speak a little about developments in Turkey's economy:

After a growth of 2.3 percent in the first quarter of 2015, the industrial production index exhibited significant momentum and signaled a positive indication in terms of growth. At the same time, as I said before, when the coalition negotiations were ended with no result and the snap elections were announced, the ensuing political uncertainty had an

enormously adverse effect on our economy. This was such that with the sharp decline in the TL, the geopolitical events that severely unhinged the stability of the country and the loss of consumer confidence, worst to be recorded in history so far, it is doubtful that industry can sustain this performance. Due to all of these reasons, our industry is finding it difficult to achieve the desired growth.

Despite the low levels of exports and the decline in tourism income, particularly originating in Russia, however, the rapid fall in imports has had a positive effect on the balance of payments. On the other hand, the weakness in direct investments and the melting down of reserves do not portray a healthy picture. In addition, the fact that local deposit owners are shifting their savings in large proportions to foreign currencies is a factor that must be taken to be a serious indication of the stagnation in the economy.

The situation that we are facing now is of course not what we would like to have seen. We are passing through such critical times that the situation is much too serious to treat with political satire. I would like to emphasize once again that everyone needs to be more careful and more sensitive. Opinion leaders and decision-makers in particular should read the situation well and arrive at the right decisions.

Producers like us--employers, employees alike--are carrying the brunt of the responsibility and the burden of production. It is because of this that the mind of the producer, the mind of the employee, the mind of whoever provides job opportunities now prefers to focus on solutions rather than on polemics and fruitless discussions.

While I call your attention to this solution-focused approach, I would like to state, as I did before, that the institution of politics stands at the forefront of the solution if this dismal picture is to be brightened. Politics is seen as the art of creating solutions and it should not dash all hopes by being late to step in. Otherwise, I would like to stress here that all segments of the population will be paying a high price.

Distinguished President and Esteemed Members of the Board,

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

As I said at the beginning of my talk, we have left behind the world as we knew it. That world of the past used to offer long range plans, indisputable truths, estimates that were easy to make about the future, as well as confidence in people and facilitated analysis opportunities.

Now, however, we find it hard to understand the ins and outs of the world today. Instability, disorder and uncertainty are among the leading factors that make it difficult to understand the world situation and where the world is going to.

It's difficult to produce ideas and solutions to problems with just one outlook and it is not that easy nowadays to make long-term plans for the future.

Then the main issue in front of us is: What lies beneath this difficulty? What has changed compared with the past?

The number of variables having an impact on the events experienced today has increased as a result of globalization.

In short, the point that information and technological power has reached in today's globalization has weakened the power of states to take control of events. Controlling and steering change at every turn has become virtually impossible.

The lack of audits and controls in the world is by its nature creating certain risks for world societies. In summary, the World Economic Forum's "Global Risks 2015 Report" categorizes probable global risks as follows:

- ✓ Conflicts between states,
- ✓ Extraordinary climate conditions,
- ✓ Inadequate national governance,
- ✓ Government decline or crisis,
- ✓ Unemployment and cyber-attacks.

The report calls attention to the fact that protective policies will increase. If this comes about, this will threaten the reasoning behind global economic cooperation.

Global disorder and risks are unfortunately opening the door to such threats. When states and societies lean toward protectionism, this will boost confidence in the short term but may bring about very adverse situations in the long run. In fact, examples from the past show that protectionism has actually caused dangerous developments and even wars.

That the future of the European Union, applauded after the Cold War as a major solidarity and peace movement, should now be questioned is yet another development that is increasing global disorder.

At the same time, there are steps being taken in the face of the pressures building up against the West from Russia that have the potential of triggering a new Cold War, and this is an additional source of chaos and instability.

When viewed from a historical angle, it can be seen that Russia is a country that has always wielded power over global and regional balances. I would like to underline here that the results of the arm wrestling between Russia and the West will have a determining role in global balances.

Distinguished President and Esteemed Members of the Board,

When we look at the global disorder that is our main topic on the agenda in the context of the Middle East, we face a very dramatic and saddening situation.

The classic wars that armies used to fight on the front have left their place to what is now called "proxy wars." Sectarian impulses, vindictive perceptions have resulted in a bloodbath in the region. The unfettered violence taking place by armed groups, the collapse of the public order and the waves of migration that have caused millions to abandon their homes, the tragedy that all of this has wrought has shaken populations to their core and concerns about the future are multiplying.

Many regional and global actors are involved in the conflict in Syria and Iraq today. One of these global actors in the United States, which had previously announced that it would move out of the region but has been following a contrary policy in

the last year. As an outcome of this policy, the U.S. has been exerting more influence in the balance of the region recently. In short, the cards are being re-dealt in the Middle East. Turkey must assess the new developments in the region from a realistic perspective and put prudent policies into practice that will protect national security.

Dear President and Esteemed Members of the Board,

After sharing with you my thoughts on the main topic of our agenda, I would now like to mention some of the activities conducted by our Chamber.

The Istanbul Chamber of Industry represents a distinguished brand value and after long and concentrated efforts, we have given the Industry Congress a new format that is in line with the spirit of the new age.

The concepts of "creating together" and "cooperation" have put their stamp on our first new generation interactive Congress. It will be held on October 8, 2015 at the Haliç Congress Center with the cooperation of a great many chambers of industry and commerce all over Anatolia, all of which will be forming a platform of interaction.

At last year's 12th Industry Congress, the theme of "Coming to Terms with Mediocrity for Integrated Development" had been discussed. This year, the theme of "Human Beings and Culture for Moving Away from Mediocrity: Let's Shape the Future Together" will be taken up with a focus on education.

While I'm on the subject, I would like to share with you briefly a new development related to education, a field on which we place great importance.

While we continue to complain about the instability and disorder we are experiencing in many areas, another action was taken last week to disrupt stability and order in education. Although the days corresponding to the Religious Festival were on the calendar a year ago and had been known to everyone, the opening of the schools was just postponed until after the Festival. I would like to emphasize here in particular that we believe that decisions like this erode educational discipline and should not be taken.

Next week, we are taking the first step in a subject on which we place great importance. Around the world, the fastest and most reliable leading indicator of economic growth is the data of the Manufacturing PMI (Purchasing Managers Index).

As a result of our collaboration with Market Financial Information Services, which discloses PMI data in over 30 countries in the world, as of September 1, 2015, the Istanbul Chamber of Industry will be announcing periodic monthly reports under the title, "PMI Manufacturing Industry Report for Turkey."

Again, as part of this collaboration, another "first" will be undertaken in Turkey in the form of a city Manufacturing PMI for Istanbul, which will be announced to the public every month.

As of today, the mobile and tablet application of our Industry Magazine is available. The magazine will now be available for downloading and reading on mobile phones or tablets. You

will have access to many more photographs on the application.

As most of you will notice, there have some renovations and modifications in our Boardroom foyer. I wish to thank our Board President Ms. Zeynep Bodur Okyay for her financial contribution and interest in this renovation.

Distinguished President, Eminent Members of the Board, Valuable Honorary Members and Esteemed Members of the Press,

As I end my remarks, I welcome our Distinguished Guest Professor Doctor Fuat Keymen 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.