



İSTANBUL CHAMBER OF INDUSTRY

SPEECH TEXT OF ERDAL BAHÇIVAN, CHAIRMAN OF THE BOARD OF DIRECTORS OF ISTANBUL CHAMBER OF INDUSTRY, FOR THE ASSEMBLY MEETING OF JULY

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For the first time in history of the Republic, the presidential elections in our country were held democratically and in a peaceful atmosphere thanks to the valuable votes of our people. Following the election victory of our Prime Minister, Mr. Recep Tayyip Erdoğan; Ak Party designated our Minister of Foreign Affairs, Mr. Ahmet Davutoğlu candidate for the office of the Chairman and Prime Minister.

As we begin a new era in our democratic history, I would like congratulate our Prime Minister, Mr. Recep Tayyip Erdoğan and our Minister of Foreign Affairs, Mr. Ahmet Davutoğlu, on their new duties and I wish that our democracy will strengthen further in peace and trust, financial stability will be maintained and that economy will have a far greater weight on the agenda.

As you know, Turkey will assume the Term Presidency of G-20 countries in December. I would like to emphasize at this juncture that the Istanbul Chamber of Industry is playing a leading role and making effort so that this significant issue is brought to public attention.

Since 2009, we have been organizing summits under the name B-20, as part of G-20, in order to be the voice of the business world and to express vocally the problems to the G-20 countries.

As part of the activities to be undertaken during Turkey's term presidency, we have established a B-20 Executive Committee for Turkey under the chairmanship of Mr. Rifat including myself and Mr. Nail Olpak, Mr. Büyükekeşi, Mr. Haluk Dinçer, Mr.Erol Kiresepi and Mr. Tuncay Özilhan.

The first meeting of the B-20 Executive Committee for Turkey, hosted by our Deputy Prime Minister Mr. Ali Babacan, was held last week.

I believe that the presence of two other distinguished members of our Chamber of Industry in addition to myself in this important committee will create a major opportunity for our industry.

After a break of three years, the Council of Commerce and Industry of Turkey was held on August 7, 2014 at the TOBB (Turkish Union of Chambers and Commodity Exchanges) Union

Center under the chairmanship of the Chairman of TOBB Mr. Rifat Hisarcıklıođlu and the participation of our Prime Minister, Mr. Recep Tayyip Erdođan.

During my speech as President of the TOBB Council of Chambers of Industry, I found the chance to address industrial problems directly to Mr. Prime Minister.

We are in the eighth month of 2014 during which we observe that downward risks persist despite the recovery trend in the global economy.

The developments in the Middle East and Ukraine increase the risk of an upswing in oil prices while global financial markets face the risk of a rise in long-term interest rates.

Especially the sharp and rapid rise of long-term interest rates in the USA, contrary to expectations, could lead to the growth of a risk perception. On the other hand, the medium-term risk of stagnancy in major developed economies persists.

Consequently, it is critical that growth potential and structural reforms to increase sustainability are accelerated in many economies in the coming term.

When we take a look at our country, we observe that indicators reveal a certain level of slowdown in economic activities chief of them being industrial production. In addition, the sensitivity of international financial movements towards countries such as Turkey has soared significantly compared to last year.

Any sort of austerity signal from FED constitutes an important element of sensitivity on the Turkish lira. On the other hand, the uncertainty over the new cabinet and the general elections of 2015 seems to continue its seminal effect on investments.

Considering the failure to bring inflation down to the desired level, the shrinking export market, the weak course of saving rates, the debate on the global rise of interest rates and the sensitive foreign exchange balance in our country; it's important to emphasize that this debate on the rise of interest rates keeps the stress level of our economy alive.

We believe that we should value the rise of ratings enabled by our successful economic performance in recent years and that it is incumbent on us all to strive to maintain this rise in the coming months.

On the other hand, we are going through a period during which we should carefully follow up on the foreign policy developments around us. The bloody conflicts in the Middle East continue to negatively affect the lives of many innocent people.

The change of government in Iraq and the designation of the new President paint a positive picture whereas the failure to secure a permanent ceasefire in Gaza unfortunately makes it impossible for us to hope for peace and stability in the short run.

Having touched upon the issues on the world and national agenda, I would like to share with you my opinions on our agenda item.

Global climate change constitutes one of the most critical problems of the 21st century.

Certain natural phenomena we have been experiencing lately in Istanbul and in various other parts of our country have brought this issue on our agenda as well.

Rapid precipitation causing sudden floods, cyclones we have not witnessed before and severe drought have all recently become extremely dangerous.

These natural phenomena have badly affected many parts of daily life, mainly transportation and makes us Istanbulites feel that we have not managed well the risk of climate change.

It should be never overlooked that climate change has a negative impact in the especially social and economic development of countries, considering their effects such as drought, floods and the rise of sea levels.

I hereby would like to refer to an issue I believe is of cardinal importance: Although climate change is a phenomenon that has existed since the first days of history, human activities for the very first time change the consequences thereof.

We, the people of all territories of the world, are responsible for climate change. Hence, it is a global issue to the solution of which all countries should contribute.

The search for solution to the problem under the United Nations has thus been continuing for a very long time.

However, since 1992, related parties have not yet arrived at a just agreement for the period after 2020 due to the cost of measures to be taken and the socioeconomic structures of countries.

As it leads to migrations and causes problems of security, climate change is one of the greatest challenges humanity has ever faced.

Among the effects of climate change, the disaster the most dangerous and the most difficult to handle is drought, which is also considered one of the four horsemen of the apocalypse.

Turkey is not a water-rich country and we are warned that the rising population, together with the effects of global climate change will lead to an even drier climate.

As is the case for any part of our lives, water in particular is the most essential and most critical input for industry. Drought and deviations in the precipitation index caused by climate change gradually increase the pressure on water resources.

In view of social dynamics for the use of water resources, potable and domestic water use are given precedence which in turn might make it impossible for the industrial sector to find water necessary for production. This situation will potentially create a negative impact in all industrial sectors, especially those which use water extensively.

Mr. Kadioğlu, you are calling the Istanbul Metropolitan Municipality to take measures against water shortage. I hope that the petition you launched on social media will reach wide audiences and that our Metropolitan Municipality will put your proposals into action.

I have just mentioned how climate change leads to migrations and security issues. According to a United Nations report; it is estimated that by 2050, 200 million people worldwide might relocate due to climate-related sudden disasters.

It is without a doubt that this relocation will negatively influence a lot of things, primarily economy and social structure.

According to a British economist, the cost of the failure to take measures against climate change will amount to 20% of gross national product by 2050. What's actually striking about this figure is that from 2007 onwards, the cost of failure to take measures on the global gross national product has been 1%.

The landscape in Turkey is not pleasant at all. The National Action Plan on Climate Change published in 2011 states that Turkey will have a warmer and drier climate with an uncertain precipitation structure in the near future.

Considering that the cost of a rise of only one meter in sea levels will amount to 12 billion dollars in Turkey, it should be clear how grave the consequences of climate change will be for our economy.

As time goes by, we realize that the more we damage the natural world, the harder it is to rehabilitate.

I would like to sadly emphasize that we long passed the point of "we can do later". This privilege unfortunately belonged to earlier generations. We are in an age where we should be aware that we no longer have such a privilege and we should change our production and consumption habits.

At this juncture, I believe that it would be helpful to remember an African proverb: We have not inherited this world from our ancestors; we have borrowed it from our children.

We industrialists also have a duty: We have to predicate our actions on holistic, sustainable development, which was the main theme of our latest Industrial Congress.

Approximately 80% of product-related environmental effects can be determined in the design stage. In this respect, environment should be definitely taken into consideration during the design phase of industrial products.

Considering environmental factors in the very early stages of product development could thus minimize environmental effects stemming from life cycles.

With reference to this fact, I believe that environment should be the centerpiece of all our activities, R&D and education in particular.

I would like to hereby conclude my speech with this belief and welcome our distinguished guests again. I would like to greet all of you again, on my behalf and on behalf and the board of directors, with love and respect.