

DEİK EU TALKS: EBRD and Turkey the Way Forward

17 June 2020, 11.00

President of the European Bank for Reconstruction and Development Sir Suma Chakrabarti ,

Our Member of Board and moderator Mrs. Ebru Özdemir,

Dear Participants,

As President of Foreign Economic Relations Board of Turkey, DEİK, may I welcome our members, attendees and valued guests. Today as DEİK, together with our Board Member Mrs. Ebru Özdemir, we have the honor to host the President of the European Bank for Reconstruction and Development, Sir Suma Chakrabarti.

Allow me to begin by briefly introducing DEİK. DEİK is a business platform that has been continuing its activities on a voluntary based private sector membership for 35 years. In order to increase investment and trade between countries, we continue our work with an understanding of "business diplomacy". We have 146 country-to-country business councils all over the world and have a particularly close investment in our relationship with our European neighbors.

We consider Turkey as the meeting point of two worlds. We are a melting pot of cultures and as an industrial hub, we have always been a key gateway between East and West. But it has never been more important

than now. The upheaval caused by the ongoing pandemic has highlighted the fragility of the global economy and the supply chains on which it depends. Recovering from the enormous impact that this has had on the market will take a long time. It will also require strong partnerships, as exists between Turkey and the EBRD.

Our relationship goes right back to the founding of the EBRD in 1991. And it has certainly been a fruitful one! The EBRD has run over 310 projects in Turkey to date, investing more than €12bn, supporting businesses and organizations from agriculture to energy. We will be glad to see that partnership strengthened and Turkey's shares in EBRD investments increased in the near future, as those investments have a positive multiplier effect, especially in the economic relations between Turkey & the EU.

While Turkey has survived the crisis better than most, there will naturally be a significant impact for many businesses, across all sectors in this country. Lives must always come first, but inevitably the economy has to return to some form of normality and recovery. That is why the Turkish government's initiative to allow foreign arrivals, under a strict hygiene framework, is so important. It allows us to begin the journey back to stability and growth, without compromising the safety of our citizens and our guests.

A major part of this will also be the key work that the EBRD has done and continues to do. Investment and loans will be essential to help key industries and SMEs remain stable and grow. The Coronavirus cannot make us lose sight of essential investments: renewable energy, R&D, healthcare, transport infrastructure all remain important features of our economic growth, now more than ever.

There is now much talk of reshoring or nearshoring, to protect supply chains and Turkey here offers two major advantages due to its geographical position being at the crossroads of world trade. Firstly; the quality of Turkish production thanks to our diversity in production factor endowment and our long standing industrial experience. Our sophisticated and rich production range would enable us to be one step ahead of our competitors to become an important investment hub. Secondly, Turkish policy makers are keen to improve the investment environment in Turkey. Turkey's action plans rely on long-term sustainable economic growth and hence all the economic reform programs are based on increasing production, R&D, and exports. Private sector is at the heart of these processes and an important part from the budget is resourced for incentive programs. Undoubtedly, we will see more cooperation between EBRD and Turkish manufacturers in this process of transformation of global production and investment activities. In this respect, access to direct and cost-effective finance will be of utmost importance for producers and investors.

No doubt we will talk about all this now in more detail, but I think those of us here have long known that a stronger trade relationship between Turkey and Europe is overdue. We have a powerful entrepreneurial spirit, a young, highly educated population, and a cultural and geographical closeness that makes us an obvious candidate.

Turkey's role and importance in the global economy will only continue to grow. Just on Sunday the third runway of the new Istanbul Airport has been opened and within a few years it is set to be easily among the biggest in the world as we are driving forward innovation on everything from renewable energy to e-mobility. Together with the EBRD, Turkish

businesses can be at the centre of the long road to global recovery. We are ready to work closely with you to make this a reality.

I would like to thank you all for listening and look forward to hear our valuable panelist Sir Chakrabarti.

Q&A:

I would like to hear Sir Chakrabarti's comments on;

- What is the sense you get from discussions with colleagues at other institutions or with political leaders about the role that the private sector should play in rebuilding the global economy post-Covid? What advice would you give to DEiK members in this regard?
 - Would you expect global boom-bust cycles to occur more frequently in the coming years?
- What role does the EBRD envisage having in Turkey in the post-Covid age? Are there any particular sectors which you think are likely to be a focus for the way forward?
- What do you think are the key Turkish markets that need investment over the coming years, either because of their strength/potential or their challenges?
 - How would you think Turkey can strengthen its cooperation ties with Europe and Balkans?
- As the interest rates are at record low levels, would you think it would be time for the rise of the ESG finance?

Thank you again for joining us and thank you to our audience today.

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President of DEİK