

# TÜSİAD

**OPENING ADDRESS OF**

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**PRESIDENT OF THE HIGH ADVISORY COUNCIL OF  
TÜSİAD**

**AT THE MEETING OF THE HIGH ADVISORY COUNCIL**

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**Ankara, Sheraton Hotel**

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Honorable Prime Minister, Esteemed President, Esteemed Council, Fellow Members of TÜSIAD, Distinguished Media Members,

On behalf of the High Advisory Council of TÜSIAD, I want to express my sincere regards.

TÜSIAD's High Advisory Councils have always been very important for us. But this meeting is even more important, as both the world and our country are going through a very critical period. In particular, I think the advisory exchange we will have with our Prime Minister is very valuable in our joint efforts to overcome the difficulties facing our country. We are very pleased and honored by the presence of our esteemed Prime Minister, who graced our High Advisory Council with his presence in spite of his busy schedule. Welcome, Mr. Prime Minister.

Distinguished guests,

Developments in the global system indicate that we are at a very critical juncture. We are at a threshold where one era is closing and a new historical period is opening.

It is too early to tell how long this process will last and how exactly it will end. But the simultaneous changes in many areas deeply affect all of us and will continue to affect us for a long time.

There are two different interpretations of this process:

One of them is very pessimistic.

The pessimism is based on the current situation of the global economy.

The global growth process is stagnating. In Western countries, the number of people who have lost jobs to East Asia and other developing countries as a result of globalization increased after the 2008 crisis and their bitterness has become more overt. Confidence in the existing system and politicians eroded as trillions of dollars in bank bailouts were being allocated at the same time many people were losing their jobs and homes. The UK referendum and the U.S. presidential election unveiled the enormous rise of populism.

Nearly a decade has passed since the 2008 crisis, but the existing means and policies have been inadequate to stimulate economic growth. One cannot help thinking about the historical period that started with the Great Depression of 1929 and resulted in the World War II.

If the U.S. backslides from promoting free trade and resorts to protectionist measures which elevate national interests, other countries will rapidly follow suit. International relations among countries will be dominated by power struggles instead of economic and commercial priorities. Low intensity conflicts will be replaced by more violent conflicts; democracy will lose its attractiveness and authoritarianism will rise.

What does a world of protectionism, closed economies, authoritarianism, power struggles and conflicts mean for our country? The answer is evident: the current difficult situation will become even more grim.

Moreover, our problems do not originate only from the global system. There is also a series of domestic troubles, from economic instability to the loss of confidence in democratic institutions.

In domestic markets, whether it is the entrepreneur, the banker, the worker, or the shopkeeper, everyone is distressed. Unemployment is high and the growth rate is low if not negative. Exports are slowing down. Oil prices are rising. Capital outflow has started. The depreciation of the Turkish lira is bothering us all. If depreciation does not reverse, an increase in the inflation rate is inevitable. Because of risks and uncertainties, investment decisions are being postponed.

To top it off, there is also the problem of social unrest, in addition to global issues and economic instability. A series of terrorist attacks aggravates security concerns.

Pessimism is so widespread that we hear that many well trained professionals, academicians, and entrepreneurs are choosing to emigrate.

It is impossible to consider this picture and not worry about the future. But according to the second interpretation, there are also factors that can counteract, even reverse the negative course of events.

According to this view, the level of global integration in production and marketing processes will not allow a reversal of globalization. Economic interdependence makes the cancellation of

trade agreements and implementing protective measures impossible. Continuing technological developments within the framework of Industry 4.0 will transform many mass production industries in the near future and increase productivity levels across the world. The measures introduced following the 2008 crisis will begin to yield results. In Europe and America, populist governments will pursue policies that will increase the purchasing power of the people. And as a result of all these developments, the global economy will recover. Politics will follow the economy and will return to normal. As voters enjoy the benefits of economic growth, their votes will return to the center from the extremes. Globalization and democratic politics will resume.

While the world recovers from low growth syndrome, in Turkey economic measures and new incentives will bear fruit starting in 2017. Ongoing infrastructure investment projects will also reduce costs and increase productivity. Structural reforms will be rapidly completed. Consequently, foreign investments in Turkey and exports will start to increase. Once again growth will accelerate.

According to those foreseeing a positive outlook, positive developments cannot remain limited to the economic sphere. Social and political breakthroughs will follow the success of the fight against terrorism.

Distinguished guests,

I leave it to your discretion to evaluate which of these two different points of view is more realistic.

There is no doubt that we all want the optimistic interpretation to be correct. But we should never neglect the fact that if the pessimistic interpretation is closer to the truth, the future may be even darker than the dark scenario I have drawn above. Let us be fully aware that, in this case, there will be no winner. We will all lose. This is why the government and the opposition, the worker and the employer, and everyone in this country, has to work together to tackle coming problems.

Putting the probably of the pessimistic scenario aside, the enormous level of the risk we face forces us to take precautions today.

We will either stand united together in front of global power struggles or we will wear ourselves out from mutual suspicion and internal conflict. Thinking of the potential coming storm, we

must establish a domestic atmosphere of peace and security as soon as possible. We must refresh confidence in institutions, especially the judiciary; we must unequivocally establish freedom of expression, compensate for the collateral damage of the fight against terrorism, and build a social order where no one feels like a second class citizen due to their ethnicity or religion.

Yes, we weathered the storm of July 15. The coup attempt was thwarted by the instinctive mobilization of the people. We beat off the attack against the country and its institutions. But this coup attempt also revealed the weakness of government institutions.

Now it is time to find a lesson from what we have been through. The probability of another putsch should be reduced to zero. State bodies should be better managed and the appointments should be based on a system of merit and performance.

Even if the optimistic interpretation prevails and the global developments unfold accordingly, it is imperative to reduce the tensions which are devastating the social fabric. Mistreated and resentful people should be won back, no one should feel excluded from decision-making mechanisms, and the confidence in the ability of the civil politics to solve all problems should be revived.

Relations with the European Union have a special place with respect to the desired social order.

We are concerned with the further deterioration of Turkey-EU relations that were already very weak. The EU's counterproductive attitude has its important share in this deterioration. The July 15 coup, the tolerant attitude towards terrorist organizations responsible for bloodshed in our country, and finally the decision of the European Parliament to suspend negotiations has caused extra troubles for Turkey, which is fighting against terror on more than one front.

However, the anger towards the EU's attitude is indeed a dangerous guide for our relations with the EU. Even if the West has lost its privileged position in the economic and political power balance in the world, the West, and indeed Europe, leads the world in terms of stability, human rights, the rule of law, democracy, equality, justice, security, peace, and prosperity. These concepts are essential for a country whose neighbors are ravaged by civil wars fought right on the other side of its borders. This is why drifting away from Europe as a set of values is not an option for Turkey.

Moreover, although politicians seem to prefer populist rhetoric to please their own voter bases, continuing relations is in the interest of both Turkey and the EU. For this reason, I hope that realism takes precedence and that everyone sees that common interests require the continuation of relations.

Esteemed Prime Minister, Distinguished guests,

Before my concluding words, I want to emphasize two points that I consider very important for Turkey.

First I would like to underline the importance of the production and the manufacturing industries. Yes, infrastructure investments are very important. But in order for these roads, bridges, and harbors to not remain empty we need products that will be shipped through them and factories that will produce these goods. Let us not forget this.

The second issue is education. If we mean to increase our competitive power, if we want to become a technology producing country, if we are not going to ignore the new industrial revolution, then our primary concern should be the creation of well-educated human resources. Some of the biggest damage done by July 15 has been on our education system and our universities. We have to tend the wounds of our education system and we have to do it fast. We need to make our universities capable of educating young people to become highly skilled, open to multi-dimensional and critical thinking, and ready to embrace diversity. Failure in this effort will mean regressing by 30 years.

Actually, there is a lot we need to talk about regarding our education system. One of the issues is the housing problems faced by our students. The tragedy in Adana demonstrates the gravity of the problem. I trust that the people in charge will learn from this heart-breaking disaster, determine the cause, take necessary precautions, and effectively implement sanctions and controls.

I would like to conclude with these reflections and wishes. I express my sincere regards and I thank you for your kind attention.