



**TÜRK SANAYİCİLERİ VE İŞADAMLARI DERNEĞİ**

**THE SPEECH DELIVERED BY**

**MR. OSMAN BOYNER**

**TÜSİAD INTERNATIONAL PRESIDENT**

**INVEST IN ISRAEL**

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**Israel**

**TÜSİAD AVRUPA İŞ DÜNYASI KONFEDERASYONU (BUSINESSEUROPE) ÜYESİDİR**

**İstanbul:** Meşrutiyet Cad. No: 46 Tepebaşı 34420 İstanbul -Türkiye  
**Ankara:** İran Cad. No:39/4 Gaziosmanpaşa 06700 Ankara- Türkiye  
**Brüksel:** 13. Avenue des Gaulois, 1040 Brussels-Belgium  
**Washington D.C.:** 1250 24th Street, N.W., Suite Nr. 300, Washington D.C.20037-USA  
**Berlin:** Märkisches Ufer, 28 Berlin 10179 Germany  
**Paris:** 33, Rue de Galilée 75116 Paris France

**Tel:** +90 (212) 249 19 29  
**Tel:** +90 (312) 468 10 11  
**Tel:** +32 (2) 736 40 47  
**Tel:** +1(202) 776 77 70  
**Tel:** +49 (30) 288 786 300  
**Tel:** +33 (1) 44 43 55 35  
[www.tusiad.org](http://www.tusiad.org)

**Faks:** +90 212 249 13 50  
**Faks:** +90 (312) 428 86 76  
**Faks:** +32 (2) 736 3993  
**Faks:** +1 (202) 776 77 71  
**Faks:** +49(30) 288 786 399  
**Faks:** +33 (1) 44 43 55 46

**e-mail:** [tusiad@tusiad.org](mailto:tusiad@tusiad.org)  
**e-mail:** [ankoffice@tusiad.org](mailto:ankoffice@tusiad.org)  
**e-mail:** [bxoffice@tusiad.org](mailto:bxoffice@tusiad.org)  
**e-mail:** [usoffice@tusiad.us](mailto:usoffice@tusiad.us)  
**e-mail:** [berlinoffice@tusiad.org](mailto:berlinoffice@tusiad.org)  
**e-mail:** [parisoffice@tusiad.org](mailto:parisoffice@tusiad.org)

Distinguished Minister, Ladies and Gentlemen,

It is a great pleasure for me to address you today on behalf of TÜSİAD and TUSIAD International in this meeting. We believe that today's meeting will be an important step for the improvement of bilateral economic relations between our countries.

I would like to give you brief information on our association. TÜSİAD is one of the leading non-governmental and voluntary organizations in Turkey. TUSIAD's members and their companies realize 80% of Turkey's foreign trade excluding energy import, 65% of industrial production and 50% of the registered employees except agriculture and public servants.

Through its representative offices based in Brussels, Paris, Berlin, Washington and Beijing, TÜSİAD, the counterpart of MAI, Manufacturer's Association of Israel follows the economic and political developments in different parts of the world and promotes Turkey's interests in these regions. As the voice of business in Turkey, TÜSİAD represents Turkey's business world in G-20 activities as well. TÜSİAD International, the strategic business development unit of TUSIAD, which I am presiding, works on the other hand to promote bilateral trade and investment relations with countries where we see potential for Turkish business people. Israel is, in fact, one of these countries.

Distinguished Audience,

As we all know, we are going through a historic period in time. The world is experiencing drastic changes. Turkey is naturally a part of this process of change.

The global economic crisis has unavoidably influenced Turkish economy, which has strong economic ties with both the developed and developing world. After growing by an annual average of 7% during the 2002-2007 period, the economy started to slow down markedly. It appears that the decline in economic activity in Turkey was aggravated by global recession. The economy is expected to decline by at around 6% in 2009.

However, the world economy is bouncing out of recession with more vigor than many thought possible until very recently. Consequently, the recovery has started in Turkey as well; the contraction in industrial production is relaxing continuously since March 2009.

Turkey is expected to return to normal growth conditions in 2011. The reform fatigue, which was the main reason behind the deceleration in the growth rate, is going to be replaced by a new motivation to prepare the country to the increasingly competitive environment of the post crisis period. On the macroeconomic efforts, the country will adopt a fiscal rule which will correct the deteriorating public balances. On the microeconomic front, there will be reforms concerning the labor market, the product market and fight with the unregistered economy. These will pave the way for sustaining high growth rates in the future, as was the case in the 2002-2007 period. These reforms will help Turkey to continue the sectoral transformation from low technology to high technology sectors. This transformation will help to overcome the difficulties to be faced in competitiveness and to adapt to the changing global diffusion of industries. The changes in innovation and R&D legislation, the enlarged funding possibilities and enhanced quality of education will be the important drivers of that transformation.

After such a sectoral transformation, Turkey will be ready to offer new opportunities in addition to existing ones such as high growth potential, dynamic economic structure and young and motivated human resources. We believe that the ongoing period is an occasion to investigate Turkish market, build new partnerships and be better prepared for the action in

Turkey, the 15<sup>th</sup> largest economy of the world and the 6<sup>th</sup> largest economy compared to the 27 EU member countries in 2008.

Coming to our business environment, Turkey has become one of the most attractive and dynamic investment destinations for global investors in the last few years. The amount of FDI with 18.3 billion dollars in 2008 has placed Turkey as 20<sup>th</sup> in the world and as 9<sup>th</sup> among the developing countries in terms of annual volume of FDI inflow according to the UNCTAD World Investment Report published in September 2009.

As a conclusion of Customs Union with the EU since 1996, there is no customs duty for the industrial products and processed agricultural products imposed on the trade between the EU and Turkey. Turkey is a natural “energy hub” in the Eurasia region thanks to its geo-strategic location.

With its highly developed infrastructure in transportation, energy and communication, and its proximity to Europe, Asia and Africa, Turkey has the capacity to contribute to the development of regional trade and stability.

Turkey’s geographic location at the Eurasian crossroads makes it the gateway to the millions of potential consumers in the Middle East, the Balkans, the Caucasus and Central Asian states beside its sustainable local growing market with a 72 million population.

Distinguished guests,

Without taking much of your time, I would like to mention bilateral economic relations between our countries. We have steadily increasing trade relations with Israel which is the first country with which we concluded a “Free Trade Agreement” in 1996 immediately after our Customs Union Agreement with the EU in the same year.

Since the FTA with Israel in 1996, our bilateral trade relations considerably increased, being 447 million USD in 1996, the volume of trade reached 3.5 billion USD in 2008. This means almost 800 % augmentation. I strongly believe the cooperation between the private sector institutions and government agencies of the two countries will definitely contribute to the strengthening of existing economic ties.

Israel is a very strong knowledge-based economy, excellent example for Turkey in R&D field. In Israel, the ratio of R&D expenditures to the GDP was 4.5% in 2008 which is quite ahead of Turkey where the same ratio was less than 1 % in the same year.

In addition to defense industry, Turkey and Israel can cooperate in many sectors such as telecommunication, electronic, agro-industry, chemical industry, tourism, R&D and energy. Cooperation in different types of energy is a key area taking into account new challenges like energy security, climate change and economic stability.

As TUSIAD International, we would like to explore opportunities for Turkish business in the areas that I just mentioned. We took a concrete step in this way and with the initiative of our Israel Working Group chaired by Mr. Hasan Akçakayalıoğlu, set up an “Israel-Turkey CEO Forum” which plans to gather top 10 CEOs of those sectors from both countries. The first meeting of the CEO Forum will be held in Istanbul on 21-22 December.

Consequently, it is important to keep communication channels open for the improvement of our relations. We believe that the visit of the Distinguished Minister, Mr. Binyamin Ben-Eliezer is a valuable occasion in this way.

I wish you an excellent meeting, thank you very much for your attention.