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Ladies and Gentlemen: Good Evening

It is a pleasure to meet you all tonight, here on this exciting conference, which has drawn so much attention from a wide perspective of people and diversified opinions.

As always, the Club of Amsterdam has done a very great job to promote a free discourse of a topic that is both; very timely, given the developments in Europe since 2009, and also necessary, as great challenges wait in its future.

As you all have seen or heard from my speaker profile, I am businessman from Turkey. My perspective is that of a deeply concerned spectator more than that of an active participant, when we discuss the future of Europe.

It is widely known that Turkey has tried to become part of Europe during the past decade. Nevertheless, countries such as Germany and France, which are leading opinion makers in Europe, decided, that it was not in the best interest of Europe, to bring Turkey into the European family of nations at this time.

In retrospect, I tend to agree with them. In fact; and this is not the official position of Turkey, but a widely held view amongst its more educated citizens, it is also not in the best interest of Turkey, given the current conditions, in which Europe has positioned itself lately.

This however is not to say that there is no common future between Europe and Turkey. The pretext, however, must be reviewed extensively.

Let me explain this in a more illuminating context:

May 15, 2013 was a truly remarkable day for Turkey, and a day that should put its critics on notice, that this country has significantly evolved in the past decades.

Turkey paid on May 15 of this year its last loan installment to the International Monetary Fund after a 52 year debtor relationship.

Ladies and gentlemen, this is true glory for Prime Minister Recep Tayyip Erdoğan. His government debt falls even as private borrowing in Turkey surges to support increasing demand.

The Treasury of Mr. Erdoğan completed a payment of \$412 million to the IMF. This is a decrease in government debt to about 40 percent of gross domestic product from 78 percent when Mr. Erdoğan came to power a decade ago. One should note that this has helped to drive lira borrowing costs below much higher rated countries including those of India, Russia, Brazil and Chile.

To make this victory even sweeter, on May 16, 2013 Moody responded, by upgrading Turkey to “Investment Grade”.

Even more interesting in this context is that the customer profile of the IMF is changing. In decades before 2008-2009 crises, the IMF customers were countries like Turkey, Indonesia, Mexico, and Brazil. Now it's most of the Europe – eastern and western.

Something monumental and unexpected to many is happening!

Today, Turkey is paying off its debt, and is becoming a creditor to the IMF!!

When Mr. Schloer from Schloer Consulting Group predicted this very act in early April of 2009, nearly nobody did believe it; not even people inside Turkey. But just 5 years later, this amazing and predicted “turn-around” became a fact in the modern history of our country.

Yields on Turkey's benchmark “two year debt notes” have fallen whopping 113 basis points so far this year, and this is the second-biggest drop among 19 emerging market nations tracked by Bloomberg.

One must understand that the economic victory of Turkey has been achieved in a time, when some European countries either failed to meet their debt interest payments altogether, or had to make structural emergency adjustments to their financial debt mixture, to prolong the call for the all too well known “bailout” ...but bailout by whom!?

So far Germany has been the stabilizing factor of the early meltdowns of Greece and Cyprus. But will Germany be able to Bail out Spain, Portugal, Italy or maybe soon even France too? Never mind, that Germany must very soon look to its own Banking Industry, which is heavily leveraged and exposed to this complex financial problem of Europe.

A bailout of such nations would be inconceivable. However, Europe has to deal with these issues very soon. Between now and 2015 it is expected, that these catastrophic debt burdens will bring Europe to a test that is not equipped to withstand.

Ladies and Gentlemen: this speech is not about, to brag about the Turkish success stories, or, to point fingers at Europe. One should not forget in this context however, that Europe believed, that it is too well structured culturally, and too orderly managed by its people, to allow Turkey as a member into the European family.

The reasons of the rejection of Turkey membership into EU are much deeper.

Before the remainder of my speech will focus on new partnership models between the current EU and Turkey, let me perhaps first discuss some of the widely believed issues within this subject:

Many will argue that the rejection of Turkey’s accession to the EU is not simply due to a failure to comply with the “official” membership criteria. In fact, Turkey has done here more than many Eastern European Nations, which were warmly welcomed into the EU for east-west geopolitical positioning in a hurried procedure.

It is understood in Turkey as well as by many in Europe that European resoluteness towards these official issues represents a double standard, which is understood in the context of significant, unspoken cultural and religious fears.

These fears are due to “unofficial” reservations concerning identity and values. However, these “unofficial” European concerns also do not stand up as an argument for rejecting Turkey.

Analysis of qualitative survey data has long delegitimized the claim that Turkey is too culturally different to be allowed to join the EU. Clearly, such arguments are based upon misunderstood, outdated and xenophobic attitudes towards Islam and so-called “Turk”.

Nevertheless, Turkish values are not all that different from those of the current EU member states, and here begins my point about a new partnership of Turkey and Europe in the context of the future of Europe, and the roll Turkey can and should play in it.

Turkey must recognize, that its application to EU has brought many excellent changes to Turkey. We adopted many standards; upgraded many procedures, and optimized many laws. This benefited Turkey in a very predictable way. Our Prime Minister knew very well, why he followed this strategy of European membership so clearly and without ever wavering in his approach.

Nevertheless, it is my personal opinion and perhaps many will agree with me, that our government had never truly thought, and that Turkey would actually be joining Europe. Too many forces inside Europe did hold on to rejection of this event.

Now perhaps, after all the dust of the strong discussions is settling, we will see a new picture emerging.

On the one side, a deeply demographically aging Europe; one that is in irreparable debt; a Europe, that is steering into uncharted waters of economic meltdown; at least in modern history.

Just understand that the average age of Germany, the only country that has any credible resources left in Europe, is 47 today. In only 8 more years this age average it will be rising to 55. Who is working there in the year 2020? Who will pay the debt? Who will support all the bail out plans that without a doubt must be supported by Germany?

On the other side, you got a fast emerging Turkey; young, productive and increasingly prosperous.

Perhaps, the greatest threat to Turkey's future prosperity is now Europe, a declining and increasingly aging market, which is a very important trading partner to Turkey and its economic and social future.

Here I am coming now to the main point of my presentation: Turkey and Europe not only need each other to master their respective futures, but they are brought together by the dire necessity to survive together, or die together over the next decade.

Turkey and Europe must look, where they can help each other to do better and to survive the storms that are coming our ways. Whether we are part of the same political zone or not is no longer important.

What is however important is free travel and free enterprise between all of us. We must reignite the spirit that made Europe great once, and has propelled Turkey not only to the glories of the era of Constantinople and later the Ottoman Empire, but also that of the latest success story of the modern Turkey of 2013 and beyond.

In fact, in the late stages of Ottoman Empire, turkey enjoyed a very successful and close relationship with Emperor Wilhelm the II's Germany and the pre-World War I France. Turkey was always different than the rest of Europe, but in its difference it was able to find its own ways in history and write its own success stories.

Now, in 2013, and under the pressure of many problems associated with the failed financial management of Europe, a different and more successful Turkey should be welcomed partner that can potentially

contribute in many ways to the support of Europe, which must find many solutions to its problems, and very quickly.

Therefore, we should initiate such partnership with six logic and useful steps:

First of all, we must begin to better share and utilize technology, production and export opportunities between us!

Secondly, we must continue to improve our compatibility in production standards and share natural resources more efficiently between our nations,

Third, we must synchronize education and application processes of intellectual properties,

Fourth, we must exchange freely labor power, where it is needed and can be applied best, give an aging Europe, which is lagging such resource in increasing level.

Fifth, we must look at all markets outside of Europe and Turkey, leverage our unique relationships with them, and win their business together, and

Sixth, we must find ways together, to manage debt, and create a much more prudent fiscal basis for the future, and help each other to survive the next decade as successful partners.

Ladies and Gentlemen: I am sure; these suggestions sound perhaps somewhat radical or even controversial too many of you.

Nevertheless, this is the new, and at same time, also much of the old Turkey!

It is the Turkey of old empires, and also that of the new era, where we are not judged by building successful empires, but productive partnerships, that thrive on bilateral respect, leveraging of resources and shared opportunities!

It is a new Turkey and a new Europe of a common focus of goals of sustainability!

It is Europe and Turkey together in the new millennium.

The future of Europe needs such initiatives as “preferred future”, and this is what the discussions at the Club f Amsterdam are all about.

Thank you for your attention.