

# MEHMET CEYLAN

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First of all, I would like to thank the World Policy Conference Foundation, and specifically Thierry, the President of IFRI. This is for organising this Forum and bringing such distinguished participants together. I would also like to thank South Korea, which is an ally and a strategic partner of Turkey, for hosting this organisation. In my speech, I will briefly talk about Turkey's economic, social and institutional transformation over the last decade. With your indulgence, I will mostly use economic and social data as a reflection of my technocratic background in my address.

However, Thierry asked me to mention Middle East issues as well. If my time allows, I will try to touch on the question. Some friends have pointed out that Turkey's recent economic success has become a source of inspiration for many developing countries. These are particularly in the Muslim world, but it is not only limited to them. Due to its very recent economic and social achievements, we can say that Turkey is a fresh and relevant model for the developing world. The rise of Turkey's economy is much admired because of the fact that it goes hand in hand with democratic and modern values. This is through strong institutions and the strengthening of the voices of lower income and middle class people.

There is no doubt that political stability and strong political will has been maintained by the Justice and Development Party (AK Party) Government, which is the ruling party. This has been the driving force for the positive performance of the Turkish economy in the last decade. Turkey has recorded a very strong performance in its growth and significant improvements according to economic indicators. Excluding the most severe crisis year of 2009, the average growth rate for GDP is recorded at 5.9% over the last decade.

As a result, Turkey's GDP increased more than threefold and went from USD 231 billion to USD 822 billion at the end of 2013. Furthermore, we have maintained and ensured macro economic stability by disciplining fiscal and monetary policies which were disregarded in the past. As a result, inflation and real interest rates have been reduced in a way that enables better resource allocation in the economy. This process was backed and supported by a strong political will and through comprehensive structural reforms.

Those structural reforms, which were realised rapidly with the contribution of the EU membership process, have focused on more liberalisation of the Turkish economy. This mainly gives emphasis to the private sector and increases the efficiency of institutions, especially in the fields of finance and social security systems. I can easily argue that political stability created economic and social confidence, which enabled a business friendly environment and private sector oriented growth. We strongly believe that Turkey's political stability and proactive approach will continue after 2015. Within the same period, per capita income more than doubled. In fact, in terms of purchasing power parity, per capita income has increased from USD 8,700 in 2002 to USD 18,700 in 2013.

With a very good performance in economic and fiscal fields, Turkey has become the sixth largest economy within the Europe and 17th in the world in general as of 2013. Together with macro economic achievements, we also observed strong improvements in the competitiveness of the economy. According to the competitiveness power ranking of the World Economic Forum, Turkey went up from 71st in 2002 to 44th in the world in 2013. Inflation has also decreased rapidly from 30% in 2002 to single digits of 7.4% in 2013. Fiscal discipline was implemented strictly and decisively after 2002, during the AK Party Government. Public sector borrowing requirements as part of GDP were at 10% in 2002, and they declined to just 0.5% in 2013.

At this time, we have completely paid our debt to the IMF. The debt was USD 23.5 billion in 2002 and currently, Turkey is now a net creditor in our relationship with the IMF. Since 2002, the ratio of EU defined government debt stock to GDP in Turkey declined to 33%, from 74%. With its development, Turkey has already fulfilled its Maastricht criteria in this field. The same ratio is recorded on average as 85% of GDP for the 28 EU countries in 2013. Economic



relations with the rest of the world are also important, and we witnessed strong improvements there as well. In this context, the total value of foreign trade was USD 88 billion in 2002, and it reached USD 404 billion in 2013.

Parallel to the real sector improvements, we can also say that the financial sector in Turkey grew successfully within the same period. As you all know, as a result of the recent global financial crisis, many banks in Europe either went bankrupt or had to be supported with fresh capital funds by their governments. This did not happen in Turkey, thanks to our robust system. None of our financial institutions suffered from liquidity hardships during the crisis period.

Moreover, Istanbul is rapidly becoming an international hub for the international financial sector. This is also an indication of the strength of Turkish capital markets. As you all know, Turkey has assumed the Presidency of G20 for the 2015 term. Turkey will share its experience with other countries, reaching out especially to the Low Income Developing Countries (LIDC). It will continue to be a champion of economic, fiscal and social reforms during its term.

As you all know, the physical infrastructure of a country is a vital component of a fast growing economy. Turkey has also made significant progress in this area. Over the last decade, Turkey has achieved significant progress, both in the quality and quantity of vital infrastructure. It is finalising gigantic projects which have helped raise its international competitiveness. According to the World Economic Forum, Turkey is among the fastest growing economies in the fields of roads and transport. While unemployment is running high in many developed countries, Turkey can boast an impressive record in job creation. Within the last five years, Turkey has created around five million jobs in the main formal sectors.

Now let me briefly talk about the remarkable social progress of my country. Turkey's economic progress has gone hand in hand with social reforms. This has allowed the country to significantly reduce the gap separating it from the rest of the OECD. When it comes to education, compulsory education was extended from eight to 12 years in 2013. In order to meet the ever increasing higher education demand, the number of universities and enrolment quotas has increased rapidly. The number of universities was just 76 in 2002. In 10 years, we have established 100 new universities in Turkey. The total number of universities has reached 176 in this period.

Now let me touch upon the improvements in the healthcare system, which is one of the most successful structural reform areas in Turkey. Within the framework of the health transformation programme, significant progress has been achieved in the areas of access to medical services and quality of healthcare. Every Turkish citizen is now covered by a compulsory health insurance system. As you know, it was not an easy task, but we achieved it.

I have to report that our population is around 77 million and thanks to our system, all Turkish citizens have free access to high quality health services. Furthermore, there has been a dramatic reduction in the inequality of health services in Turkey in the past decade. For instance, life expectancy in Turkey has increased by 10.6 years since the 1990s, while mortality rates have fallen by six times. Thanks to its success in healthcare reforms, Turkey is now becoming a hub for healthcare tourism as well.

As I mentioned before, structural reforms have become key to the successful transformation of our nation. This is thanks to sustained political stability and the strong political will of the AK Party. Since we are succeeding economically, we are assuming greater responsibilities to help other countries, starting in the neighbouring regions. This is in line with the policy objective of contributing to the creation of a more peaceful and stable environment in its vicinity. Turkey's Official Development Assistance, or ODA for short, reached USD 3.3 billion in 2013.

The Turkish International Cooperation and Development Agency's activities have spread to more than 100 countries. The Turkish International Cooperation and Development Agency's prime mission is to contribute to global efforts in poverty eradication and to create an environment of sustainable development in partner countries. Turkey has become an active player in regional and global stability efforts. Among other countries, Turkey is ranked in the first five in the world now.

All these achievements have been made in an international environment of various crises at Turkey's doorstep. As you know, the recent crisis in Iraq and Syria is affecting Turkey. Exports and investment, as well as the transportation of goods to third countries within these regions, have been severely hampered. There have been massive influxes of



refugees to Turkey, especially from Syria. Turkey is now hosting more than 1.6 million Syrians. The total amount of humanitarian aid spent on refugees has reached almost USD 5 billion.

Let me also remind you that we did not receive satisfactory support from the international community in dealing with the refugee problem. However, we cannot shy away from our humanitarian obligations to the innocent civilians who are seeking safety and relief in Turkey. Please be assured that we will continue to live up to our obligations, regardless of whether we receive international support or not.

In order to keep the present institutional and structural transformation alive, Turkey has now started the second phase of the reform process. We have started to prepare action plans within the framework of the 10th National Development Plan. In this plan, there are 25 primary transformation programmes. We are now working on drafting and publishing action plans for the next five years.

In conclusion, I would like to emphasise once more that every country can overcome crises and turn them into an opportunity if there is a strong political will supported by consistent public policies. Thanks to its success over the last decade, Turkey is a success story which can be a model for many developing countries. In this regard, we are always ready to share our experience with other countries. Finally, I would like to thank once again the organisers of this conference, the World Policy Forum Foundation. This is for the opportunity extended to me and for their outstanding efforts in organising such a successful event.