

Message from Ambassadors



Turkish Economy Keeps on Growing as Turkey-Japan Strategic Partnership Expands

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Having recently arrived in Tokyo as the new Ambassador of the Republic of Turkey, it is my great pleasure to address the readers of JOI's "Kaigai Touyushi" to share some of the key aspects of the Turkish economy as well as Turkey-Japan economic relations.

Turkish economy has achieved an outstanding performance with its steady growth over the last 10 years. Sound macroeconomic strategies, prudent fiscal and monetary policies and structural reforms have resulted in high rates of growth and increased confidence in the Turkish economy. Based on the strengthened macroeconomic fundamentals, the economy grew with an average annual real GDP growth rate of 5% between 2002 and 2013. Accordingly, Turkish GDP rose to 820 billion USD at the end of 2013 from its 2002 level of 231 billion USD. Concurrently GDP per capita soared to 10,800 USD from 3,500 USD in 2002. As such, the Turkish economy is the 16th largest in the world and the 6th largest in Europe. Definitely, political stability and macro-economic prudence have been essential throughout such a sustainable growth.

According to the OECD, Turkey is expected to be the fastest growing economy among the OECD members during 2012-2017 and 2018-2030 with 5.1% and 4.3% respectively. Despite the fact that the economic growth was 2.2% in 2012 due to the deteriorating economic outlook of our main trade partners especially in Europe, the Turkish economy expanded by 4% in 2013.

The current account deficit, which still remains the most challenging aspect of the economy with 8% of GDP in 2013, is expected to be reduced to 6.4% in 2014 and will

be further lowered over the upcoming years through macro-prudential measures taken recently. The General Government Gross Debt to GDP contracted to 36% at the end of 2012 from 74% in 2002. Hence, since 2004, Turkey has been meeting the 60% threshold for public debt stock to GDP as set out by the Maastricht criterion for EU monetary union. Similarly, the budget deficit decreased to 1.2% of GDP, which is also lower than the Maastricht criterion for the budget deficit of 3%. Implementation of strict regulatory and supervisory regulations on banks and financial institutions provided a buffer against external shocks. Turkey became the only OECD member country which did not bail out a single bank after the 2009 global financial crisis. Turkish economy proved resilient against the turmoil of global economic downturn.

Based on structural reforms, the investment climate in Turkey has been improved to attract Foreign Direct Investment (FDI). Legislation on investment was streamlined along global standards. At present Turkey has a more foreign capital-friendly legislation and transparent regulatory system. FDI legislation is based on the principle of equal treatment for domestic and foreign investors. Turkey grants all rights, incentives, exemptions, and privileges available to national businesses to foreign businesses on a most-favored-nation (MFN) basis. Turkish law accepts binding international arbitration of investment disputes between foreign investors and the state. 100% foreign ownership is permitted (except in Radio & TV Broadcasting). Foreign investors are free to repatriate their capital and profits. Turkey's legal system protects and facilitates acquisition and disposal of property rights, including land, buildings, and mortgages.

Private persons of foreign nationality and foreign companies can buy property in Turkey.

The outcome of the investor friendly policies was significant: Turkey attracted 112 billion USD worth of investment during the 2002-2013 period. Currently more than 30,000 companies with international capital are registered in Turkey. Despite a decline in FDI inflows worldwide as a result of the global economic crisis, capital flows to Turkey was 19.5 billion USD in 2009, 8.4 billion USD in 2010, 15.7 billion USD in 2011, 12.4 billion USD in 2012, 12.7 billion USD in 2013. These figures are set to increase as Turkey intends to invest 110 billion USD in the transportation sector and 130 billion USD in the energy sector over the next ten years.

In a bid to diversify the pattern of its foreign trade, Turkey has also opened up to non-traditional markets such as Africa, Latin America and East Asia. Turkish exports increased more than three times since 2002 and reached 152 billion USD in 2013. A thorough examination of our foreign trade statistics indicates that Turkey has successfully diversified its trade destinations all over the world.

2023 will mark the centennial of the Republic of Turkey. 2023 vision of Turkey is based on the main goal of making Turkey one of the top ten economies of the world. Accordingly, per capita income is expected to catch 25,000 USD while the total exports to exceed 500 billion USD by 2023.

In realization of such an ambitious vision, Turkey-Japan economic, commercial and business relations will definitely prove instrumental and integral. These relations

will also have key importance to sustain the “Strategic Partnership” which was announced during Prime Minister Abe’s visit to Turkey in May 2013.

Turkey-Japan Strategic Partnership is the manifestation of the common political will of both Governments to deepen and diversify bilateral relations as well as international cooperation. This political will has been further consolidated with the second visit of Prime Minister Abe to Turkey in October 2013 and Prime Minister Erdogan’s visit to Japan in January 2014.

Over these reciprocal visits within a short period of time, important and far-reaching decisions were taken by the two leaders, i.e. the signing of the Intergovernmental Agreement for the Nuclear Power Plant Project in Sinop/Turkey; the establishment of Turkey-Japan Science and Technology University and the commencement of official negotiations for a comprehensive Economic Partnership Agreement within 2014.

Definitely, the prospective EPA between Turkey and Japan will constitute a sound and fertile basis for our business, investment and commercial relations to flourish in terms of volume, depth and diversity, thus bringing the whole big potential into use.

Finally, I would like re-emphasize the fact that Turkey’s economic achievement has primarily been based on stability, confidence and predictability. These three main elements will remain unchanged and unshakable in Turkey.

With these thoughts, I greet the readers of “Kaigai Touyushi” with my warmest sentiments. 

JOI 特別会員

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