



Business National

Turkish economy will ride out the storm, analysts agree

The potential impact of the ongoing global financial crisis on the Turkish economy cannot be denied, but the country will eventually manage to surmount difficulties as it has in the past, participants in a panel discussion organized jointly by the Young Executives and Businessmen's Association (GYİAD) and Young Businessmen's Association of Turkey (TÜGİAD) have agreed. The state of the Turkish economy in the face of the crisis was debated by academics and civil society representatives in İstanbul on Wednesday.

In his introductory remarks, TÜGİAD Chairman Lütfü Küçük said the current crisis had affected economies differently than previous ones. Characterizing the crisis as "synchronized," the TÜGİAD head said, "All markets have been battered by it, and Turkey by far has had the least contribution to this fact."

Underlining that small and medium-sized enterprises (SMEs) have borne the brunt of the crisis, Küçük said small businesses make up almost 50 percent of Turkey's exports and are the driving force behind the country's economy. "Chronic" was the word Küçük used to describe the repercussions of the crisis on Turkish markets. Millions of people are losing their jobs, he said, adding that this threatened to lead to social unrest.

One of the biggest problems of the business world, said the TÜGİAD executive, is the current atmosphere of uncertainty. He said fluctuations in markets added to this problem, causing a lack of confidence. "Turkey long ago chose to prosper by producing and exporting. We won't be diverted from this path, which I believe is the best way to maintain sustainable growth. The government should not refrain from taking radical steps -- whatever it takes to steer the markets -- and no one has the right to complain," he emphasized. Discussing the recent Cabinet reshuffle, he said he expected the new ministers to do their part and take the crisis more seriously.

GYİAD Chairwoman Pınar Eczacıbaşı said she believed the crisis had not yet shown its ugliest face in Turkish markets. "What is certain is that we are being hit badly by the crisis, and we invite the government to take 'more serious' measures against the crisis," she noted, expressing her belief in the ability of the Turkish economy to overcome the crisis. Aynur Bektaş, head of the Female Entrepreneurs' Board of the Turkish Union of Chambers and Commodity Exchanges (TOBB), said that in spite of comments to the contrary, the crisis started to sink its teeth into world markets at the end of 2006 and arrived in Turkey in September of last year. She said the crisis had shown itself in four channels: foreign loans, domestic loans, foreign trade and confidence in the economy. She explained that banks had turned off the loan tap, negatively affecting trade, leading people to frustration and delaying purchases and investments.

Mehmet Sönmez, CEO of Eurobank Tekfen, said banks in Turkey were in relatively good shape thanks to structural changes that were made following the 2001 crisis. "There are two countries in the G-20 whose banks did not receive any support from their governments since the outbreak of the crisis; they are Turkey and Canada," he said. Sönmez stated that the government should strengthen the Loan Insurance Fund (KGF) so as to ease the burden on banks, noting that the non-financial sector had long complained that banks were reluctant to extend loans in times of financial uncertainty.

10 May 2009, Sunday

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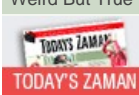
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