

Matching Turkey's growth

By **ERGUN ÖZEN**

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was born in Ankara in 1960. He took his BA in Economics at New York State University before completing the Advanced Management Program at Harvard Business School. He began his banking career at the Treasury Department of Isbank in 1987. He joined Garanti Bank in 1992 as Vice President of the Treasury Department, and was named Chief Executive Officer and President in 2000. He is a Board Member of The Banks Association of Turkey.

Turkey and the United Kingdom historically have strong connections. Apart from being NATO allies, the UK is also one of the major partners of Turkey in Europe. The UK has consistently extended its support for Turkey's membership of the European Union. The amplitude of reciprocal visits from HM Queen Elizabeth II's visit two years ago to Prime Minister David Cameron's visit in July of this year and the reciprocal Turkish visits to the UK attest to the advanced stage of the relationship. The renewal of the Strategic Partnership Agreement (2007) in July 2010 is a concrete demonstration of the beginning of a new era in bilateral relations between our two countries.

Both countries share a common view point on many international issues and the major concerns of our day. Within this relationship a core objective of both countries is to improve stability in Turkey's neighbourhood, enhance bilateral trade and investment, ensure global security and augment cooperation in areas such as climate change, energy security, education, science, culture, health and agriculture.

The almost 400,000 UK residents of Turkish origin also play a significant role in furthering the relations between Turkey and the UK, as well as contributing social and economically to their adopted country. It is also worth mentioning that British and Turkish companies continue pursuing their investments in the other country. Approximately 2,000 British companies have invested in Turkey to date, an investment of US\$2.3bn (2009), and the UK is a gateway into the EU for many Turkish firms.

Aside from the close political contacts, both countries are committed to a dynamic commercial relationship. Bilateral trade has increased greatly. The UK has become Turkey's second largest export partner - after Germany - in the first 8 months of 2010. Turkey's export volumes to the UK are larger than its imports from the UK. During the period January-August 2010, Turkey's total exports have increased by 12.9% year-on-year, while the UK's share has doubled to 26.1%. It should also be noted that Turkey was a tourism destination for more than 2.5 million Britons in 2009, and over 30,000 have purchased properties in Turkey.

Much of Turkey's recent successes have been due to the vision and leadership of President Abdullah Gül and we at Garanti Bank congratulate him on being awarded the 2010 Chatham House Prize. The bank and its board believe that the award is a just reflection of the President's

contribution to the improvement in Turkey's international relations in recent years, and is also recognition of the huge achievements that Turkey has made at the economic, social, and political levels.

Garanti's growth over the period reflects Turkey's own impressive economic record. The Turkish banking sector in general has benefited from the stable economic environment we have experienced during President Gül's mandate. Thanks to prudent fiscal policies, Turkey's public sector debt is only 40 per cent of GDP, well within the 60 per cent limit set in the Maastricht Treaty for EU member states, while prudent restructuring of the banking sector over the past eight years has resulted in a sector with a minimum capital adequacy of 12 per cent (50 per cent higher than that specified in the Basel II international banking regulations), a ratio of bank loans to GDP of 36 per cent, and of mortgages to GDP of only 4 per cent.

It is clear that President Gül values a strong and close relationship with the United Kingdom. We at Garanti also have long-lasting, mutually beneficial and a historically rewarding relationship with the British banking sector. Our collaboration with British banks include a variety of products and services in many areas such as trade finance, treasury, project finance, syndicated loans and in the debt capital markets. The British banks, many of whom have suffered throughout the global financial crisis, have never suspended their collaboration with the Turkish banks, proving their commitment to a relationship based on principles. Moreover, a number of British banks with a presence on the ground in Turkey via subsidiaries, branches and representative offices, have shown their dedication to the Turkish market for years.

President Gül's visit to London to receive the Chatham House award also coincides with important news for Garanti Bank. On the 2nd of November we announced that Banco Bilbao Vizcaya Argentaria, or BBVA, Spain's second-biggest bank, has agreed to pay \$5.8 billion for a 24.9 per cent stake in Garanti Bank. This investment represents confidence in the Turkish economy and political stability and will help us take Garanti, already a significant regional player, into the global league.

The UK and Turkey, the world's 6th and 16th largest economies respectively, and Europe's 3rd and 6th largest, share a common future in the global economy we live in. We congratulate once again President Gül and look forward to working with our British friend and counterparts in the future both in Turkey and regionally.

