



Update on Turkey

August 1st , 2011

Highlights from 61. Government Program as Announced by Prime Minister Recep Tayyip Erdoğan on July 8th , 2011

While the global economy is in a recovery period, the uncertainties and vulnerabilities in the world economy still remain.

Structural transformation of Turkish economy under AK Party governments has improved the resilience of our economy.

During our term, we proved that fiscal discipline, strong economic growth and disinflation can be achieved simultaneously.

Based on our achievements in the last 9 years, we aim to be among the world's largest 10 economies by 2023.

Our economic policies based on principles of transparency, continuity, coherence and predictability have played a key role in reaching our goals. We will continue to apply these principles during the tenure of the 61st Government.

Our main goal in the forthcoming period is to secure sustainable growth, increase employment, maintain price stability, strengthen fiscal stance and ensure financial stability.

We will continue to support free trade and free capital movements. We will maintain floating exchange rate regime.

We will continue the social restoration process that was initiated with the implementation of strong social policies against poverty.

Inflation targeting will continue to be the main monetary policy regime. Central Bank will continue to determine the monetary policy and the monetary policy instruments independently to ensure price stability. Besides, monetary policy will oversee the financial stability which has gained more importance after the financial crisis. Also, monetary policy will support growth and employment policies provided that those policies will not conflict with price stability.

The Financial Stability Committee was formed with a legislation enacted in June 2011. This committee will ensure the coordination of the financial sector regulatory authorities, and take necessary measures to guarantee the preparedness and resilience of our economy and private sector against possible global scenarios.

We will accomplish the Istanbul International Financial Center Project. Our vision in this project is to make Istanbul, first a regional, and ultimately a global financial center. To this end, we are diligently implementing the Strategy and Action Plan that we have announced. With these efforts, we aim at making Istanbul one of the most important 10 financial centers in 2023.

We will announce the Medium Term Program covering the 2012-2014 period in the coming months. We will prepare the Medium Term Program in the light of current economic developments and with a prudent approach that takes into account the impact of the crisis that still persists particularly in the advanced economies.

In order to preserve the confidence and ensure the sustainable growth performance, we will stand firm and take the necessary measures decisively, as we have done until now.