



## Update on Turkey

June 13, 2011

### New Cabinet Structure

*The following text has been prepared in response to the questions received from the investors and analysts regarding the upcoming changes in the cabinet structure:*

On June 8, 2011, Prime Minister Mr. Recep Tayyip Erdoğan announced the new cabinet structure which will come into effect with the first government after the general elections held on June 12, 2011. According to the new structure 8 state ministries will be abolished, 6 new ministries will be introduced, 2 ministries will be merged and 2 others will be transformed. The new ministries are the Ministry of Family and Social Policy, the Ministry of European Union (Affairs), the Ministry of Economy, the Ministry of Youth and Sports, the Ministry of Customs and Trade, and the Ministry of Development.

The Ministry of Environment and Forestry and the Ministry of Public Works and Housing will be merged under the name of Ministry of Environment, Forestry and Urban Planning. The Ministry of Science, Industry and Technology will replace the current Ministry of Industry and Trade, while the current Ministry of Agriculture and Rural Affairs will be replaced by the Ministry of Food, Agriculture and Animal Husbandry.

With the new arrangement the members of the cabinet will be reduced from 27 to 25 including the Prime Minister, 4 Deputy Prime Ministers, and 20 Ministers.

With regard to the **economy and finance**, Prime Minister Recep Tayyip Erdoğan stated that in the new structure a Deputy Prime Minister (currently Ali Babacan) will continue to be responsible for the coordination of the ministries and institutions related to economy and finance.

The main structure and role of the Undersecretariat of Treasury will remain the same. The Undersecretariat of Treasury will continue to report directly to the Deputy Prime Minister responsible for the coordination of the economic and financial affairs.

The State Planning Organization will be renamed as the Ministry of Development and this new Ministry will also be responsible for regional development projects. (such as Southeastern Anatolia Project, Eastern Anatolia Project, Konya Plain Project)



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The Undersecretariat of Foreign Trade will be renamed as the Ministry of Economy. The main responsibilities of this Ministry will be foreign trade, bilateral economic relations and investment incentives.

With the new structure a new Financial Stability Committee has been set up under the Chairmanship of the Deputy Prime Minister/the Minister in charge of the Undersecretariat of Treasury. The Committee will consist of Undersecretary of Treasury, Central Bank Governor, and the Chairmans of the Banking Regulation and Supervision Agency, Capital Markets Board and Savings Deposit Insurance Fund.