

**Investment Advisory Council**  
**Inaugural Meeting - Declaration of Outcomes**  
**March 15, 2004**  
**Istanbul, Turkey**

We are pleased to present the successful conclusions of the inaugural meeting of the Investment Advisory Council for Turkey. Our group of 20 international executives, together with the heads of the four leading business associations of Turkey, have met with the Prime Minister Erdogan, Minister of State Ali Babacan and Minister of Finance Kemal Unakitan today to share our perspectives on how Turkey can enhance its competitive position in the world economy.

We would like to thank them for creating this Council and inviting us to be part of it. We feel the meeting comes at a critical time for Turkey, as the possibility of talks for accession with the European Union stands ahead.

In our meetings this morning, Mr. Wolfensohn, President of the World Bank, spoke about Turkey's potential to be a much strong magnate for foreign investment, and Mr. Deppler, Director of the European Department of the IMF, spoke of the tremendous stabilization of the economy in the last two years.

We fully agree with these points. The most important factors for investment in any country is economic and political stability – particularly the control of inflation, predictability, continuity, trust and transparency. We applaud the Prime Minister for the leadership he has demonstrated in this arena, and encourage this to continue.

Factors such as Turkey's geographic location, sizable domestic market, rich natural resource base, dynamic domestic industry, and highly skilled and productive labor force make it a very attractive destination for investment.

But we also discussed with the Prime Minister the challenges that we see as facing Turkey. We agreed to focus our attention between now and the next meeting on the following priorities:

- Removal of red tape and bureaucracy, with a focus on streamlining procedures at the sectoral level
- Improvement of the implementation of laws and dispute resolution mechanisms
- Development of a corporate taxation regime (particularly issues related to double-taxation agreements) and incentive structure (especially R&D) comparable to those of competitor countries
- Harmonization of standards and regulations with those of the EU
- Improvements in the efficiency of customs, particularly import procedures and licensing
- To improve its export potential and use its human skills, develop a program to build the research and development base of the country
- Create an investment promotion agency, to examine and service the needs of existing investors and draw new companies Turkey
- Improve the country's infrastructure, such as telecommunications, power and transportation
- Invest further in education and training
- Secure the availability of land for investment
- Protection of intellectual property rights
- Acceleration of the privatization program
- Develop a program to strengthen the role of SMEs in the overall supply chain of the economy

We believe strengthened implementation of measures in these areas will lead to the improvement of the investment climate and the scaling up of private investment in Turkey.

For follow up, we have agreed on a link between the Investment Advisory Council and the Coordination Council for the Improvement of the Investment Environment (YOIKK). The YOIKK technical committees will serve as the working groups to which the IAC recommendations shall be remitted for follow up and action, focused on quick wins for implementation.

Minister Babacan will serve as the government champion for this initiative, providing us regular updates through the Council's Secretariat in the Undersecretariat of Treasury. The IAC meetings will take place at one year intervals, and a progress report will be presented to all the Council members and the Prime Minister within 6 to 8 months.

**Respectfully submitted by Members of the  
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