



الجامعة الإسلامية العالمية ماليزيا  
INTERNATIONAL ISLAMIC UNIVERSITY MALAYSIA  
يُؤْتِيهِمُ وَيُؤْتِيهِمُ إِسْلَامًا رَاجِعًا بِلَدِّهِمْ سَيِّئًا

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# **TURKEY'S ECONOMIC DEVELOPMENT AND THE GLOBAL VISION**

**Organized by**

**Islamic Economics and Policy Research Unit (IEPRU), IIUM.**

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# OUTLINES

- **Where is Turkey in the World**
  - Turks in the History
- **Modern Turkey**
  - Struggle of Turkish Muslim
- **Turkey's Economy**
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- **Political Economy**
  - Turgut Özal
  - Prof. Dr. Necmettin Erbakan
  - Recep Tayyip Erdoğan
- **Turk-Malay Relationship**

# Modern Turkey

Where is modern Turkey now?







# **Strong Secular State**

**Turkey became a secular state after abolishing the Caliphate by the National Assembly on 3 March 1924.**

**Abdul Mejid was the last Caliph and sent into exile along with the remaining members of the Ottoman House.**

**Secularism (or laicity) was first introduced with the 1928 amendment of the Constitution of 1924, which removed the provision declaring that the "Religion of the State is Islam", with the later reforms of Atatürk, which set the administrative and political requirements to create a modern, democratic, secular state, aligned with Kemalist ideology. (Wikipedia)**

# Single-party period of the Republic of Turkey

- It begins with the Republican People's Party (CHP) being the only party between 1925 and 1945.
- In order to establish reforms, Mustafa Kemal placed Fevzi Çakmak, Kazım Özalp and İsmet İnönü in important political positions.
- 1938–1950: İnönü (National Chief)



# Multi-Political Parti Period

- **National Development Party (Milli Kalkınma Partisi), it was established by Nuri Demirağ 1946.**
- **The Democratic Party (*Demokrat Parti*) was a Turkish moderately right wing political party, founded and led by Celal Bayar.**
- **Adnan Menderes, became Prime Minister and was executed in 1960 by military coup.**

# Along with this Turkish people faced 3 military coups



**27 May 1960**

**12 March 1971**

**12 September 1980**

- **And countless coup attempts were discovered:**
- **28 February 1997,**
- **2003/2004 (sledgehammer/Balyoz), secret plan TSK**
- **27 April 2007, e-muhtıra (e-memorandum),**
- **22 Mart 2008 (Ergenekon) illegal org. deep state, etc.**

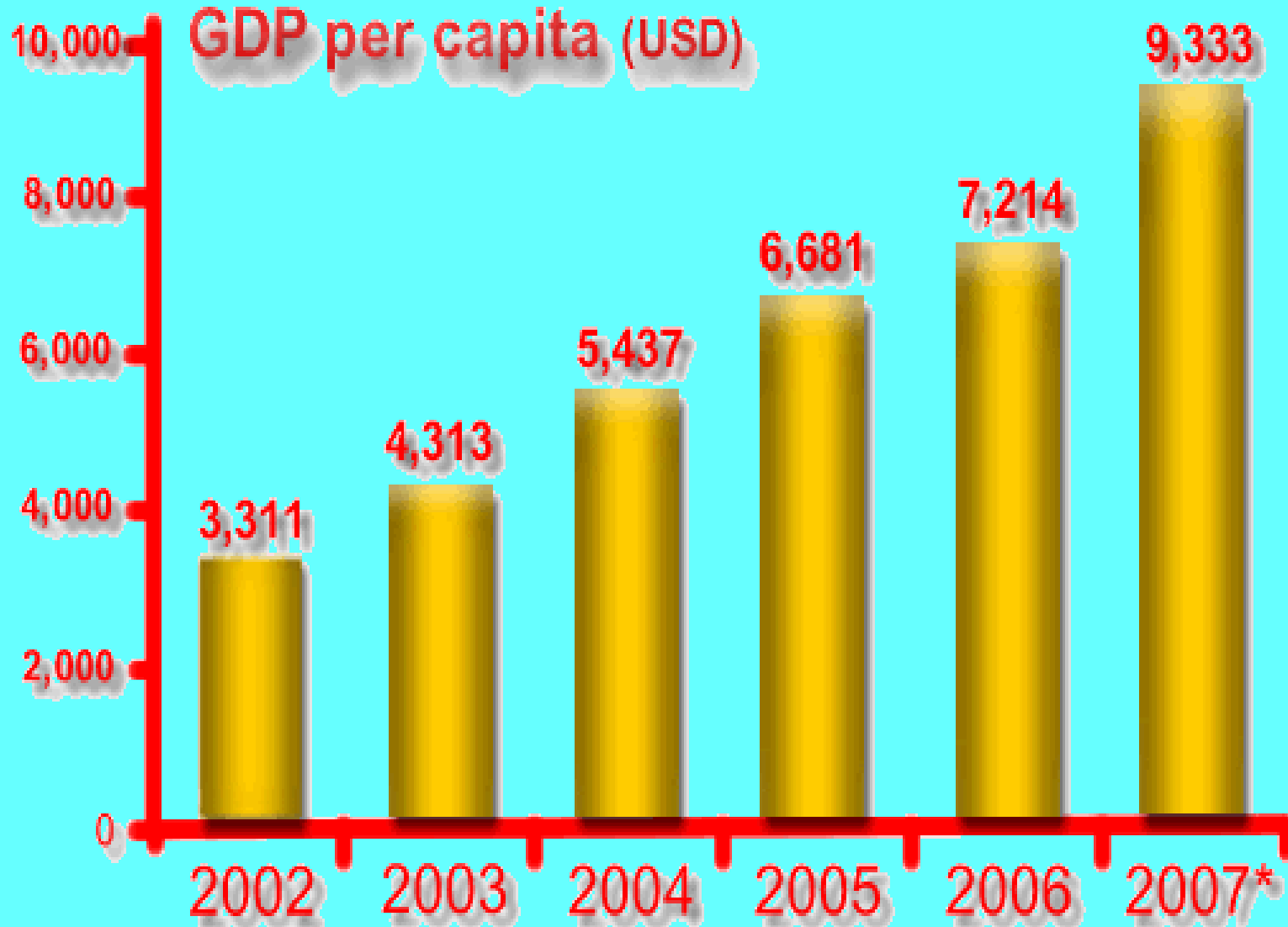
# Turkey's Economy

- **The economy of Turkey is largely developed.**
- **The CIA classifies Turkey as a developed country.**
- **Turkey is often classified as a newly industrialized country,**
- **The World Bank and The Economist magazine describe Turkey as an emerging market economy.**

# **35 billionaires**

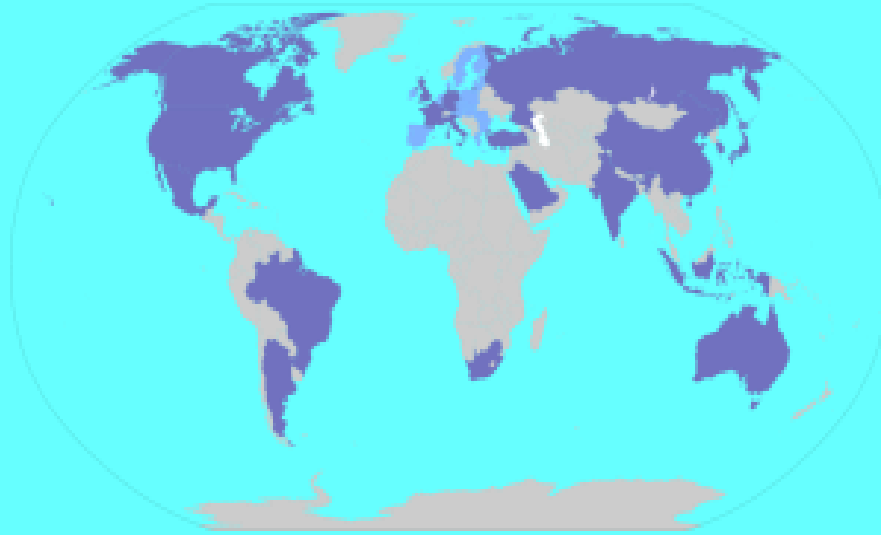
**According to a survey by Forbes magazine, Istanbul, Turkey's financial capital, had a total of 35 billionaires as of 2008, ranking 3rd in the world behind Moscow (50 billionaires), New York City (60 billionaires) and London (32 billionaires).**

- **Turkey has the world's 15<sup>th</sup> largest GDP.**
- **Turkey has the EU's 6<sup>th</sup> largest GDP.**
- **GDP: \$1.119 Trillion (2010)**
- **GDP Growth: 11.7% (Q1 2010), 10.3% (Q2 2010), 5.5% (Q3 2010)**
- **GDP per capita: \$13,39 (2010)**



# Turkey member of

**G-20** = major economies,



**Turkey is the second fastest growing country among the G-20 economies. China and Turkey.**

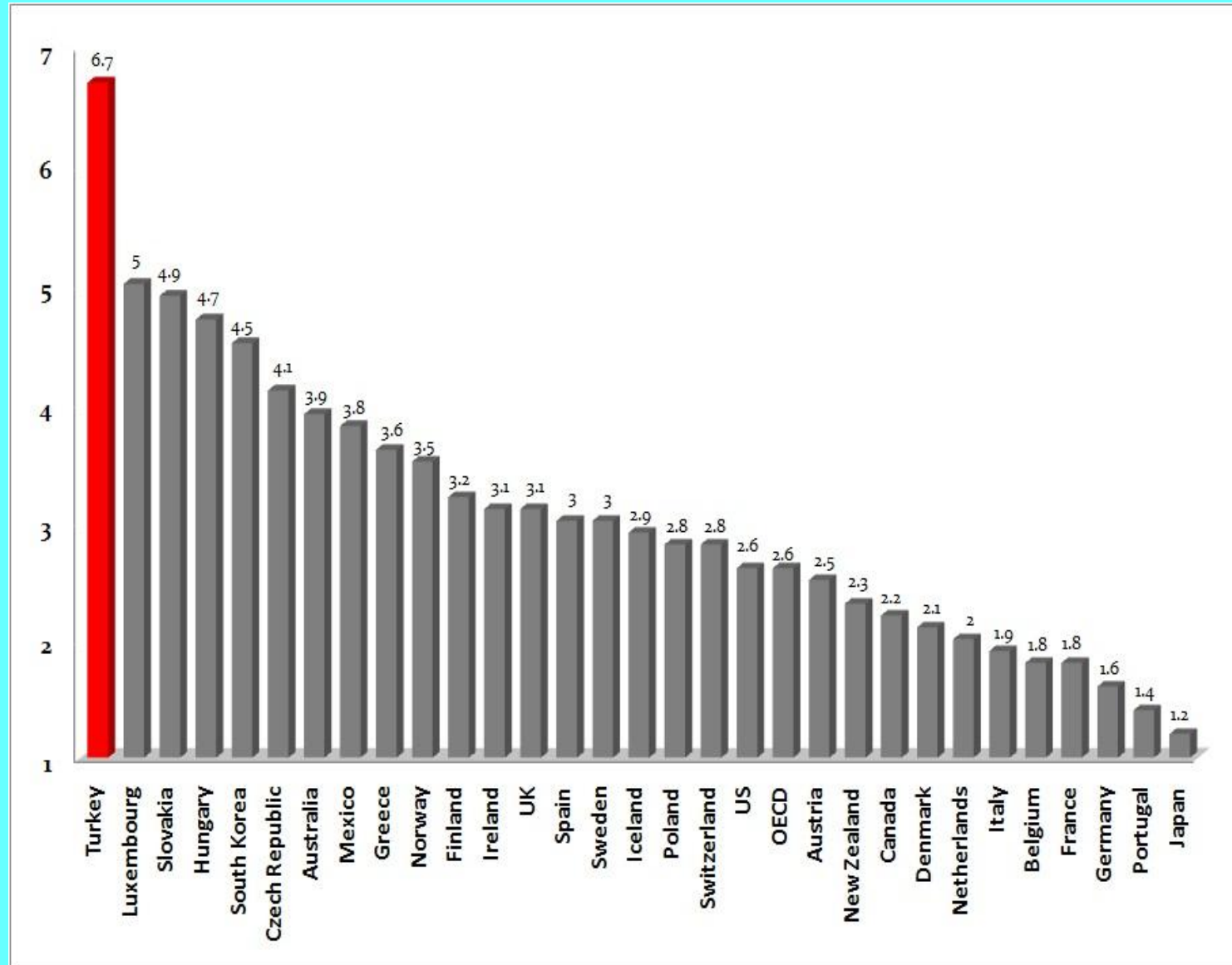


**OECD** =The Organization for Economic Co-operation and Development (OECD) founded in 1961.



The OECD originated in 1948 as the Organisation for European Economic Co-operation (OEEC), led by Robert Marjolin of France, to help administer the Marshall Plan for the reconstruction of Europe after World War II.

# Annual Average Real GDP Growth (%) Forecast in OECD Countries 2011-2017



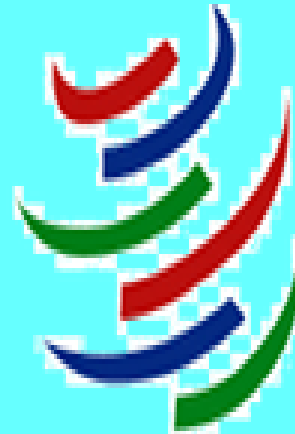
**EU = European Union – Turkey Customs Union:**



**On 31 December 1995 the customs union between Turkey and the European Union came into effect.**

**WTO** = World Trade Organization.

WORLD TRADE  
ORGANIZATION



**The organization officially commenced on January 1, 1995 under the Marrakech Agreement, replacing the General Agreement on Tariffs and Trade (GATT), which commenced in 1948.**

**ECO** = The Economic Cooperation Organization



**ECO) is an intergovernmental organization involving seven Asian and three Eurasian nations.**

**It was established in 1985 by Iran, Pakistan and Turkey for the purpose of promoting economic, technical and cultural cooperation among the member states.**

**BSEC = Organization of the Black Sea Economic Cooperation.**



**On 25 June 1992, the Heads of State and Government of eleven countries signed in Istanbul the Summit Declaration and the Bosphorus Statement giving birth to the Black Sea Economic Cooperation (BSEC).**

# Main economic sectors

- **Agriculture:**

- Turkey is the world's largest producer of hazelnut, cherry, fig, apricot, quince and pomegranate;
- The second largest producer of watermelon, cucumber and chickpea;
- The third largest producer of tomato, eggplant, green pepper, lentil and pistacchio;
- The fourth largest producer of onion and olive;
- The sixth largest producer of tobacco, tea and apple;
- The seventh largest producer of cotton and barley;
- The eighth largest producer of almond;
- The ninth largest producer of wheat, rye and grapefruit,
- Turkey has been self-sufficient in food production since the 1980s.

- **Industry:**

**Turkey's Vestel Electronics is the largest TV producer in Europe.**





**In White goods brand BEKO accounted for more than half of all TV sets manufactured in Europe.**



**Another Turkish electronics brand, Profilo-Telra, was Europe's third largest TV producer**

- **Textiles and clothing**
- **Turkish companies made clothing exports worth \$13.98 billion in 2006.**

## Motor vehicles and automotive products:

In 2008 Turkey produced 1,147,110 motor vehicles, ranking as the 6th largest producer in Europe (behind the United Kingdom and above Italy) and the 15th largest producer in the world.



# Shipbuilding

**Turkey is also one of the leading shipbuilding nations; in 2007 Turkish shipyards ranked 4th in the world (behind China, South Korea and Japan) in terms of the number of ordered ships, and also 4th in the world (behind Italy, USA and Canada) in terms of the number of ordered mega yachts.**

## **Construction and contracting sector:**

**The Turkish construction and contracting industry is one of the leading, most competitive and dynamic construction/contracting industries in the world.**

**In 2009 a total of 33 Turkish construction/contracting companies were selected for the Top International Contractors List prepared by the Engineering News-Record, which made the Turkish construction/contracting industry the world's 2nd largest, ranking behind those of China.**

- **Tourism sector:**
- **Number of visitors in Turkey in 2008 was 30,929,192, who contributed \$21.9 billion to Turkey's revenues.**
- **Over the years, Turkey has emerged as a popular tourist destination for many Europeans, competing with Greece, Italy and Spain.**
- **Tourism is one of the most dynamic and fastest developing sectors in Turkey. According to travel agencies TUI AG and Thomas Cook, 11 of the 100 best hotels of the world are located in Turkey.**

# Financial Sector

- **Ottoman Stock Exchange (*Dersaadet Tahvilat Borsası*) was established in 1866.**
- **Reorganized to its current structure at the beginning of 1986, the Istanbul Stock Exchange (ISE) is the sole securities market of Turkey.**
- **Ottoman Central Bank (established as the *Bank-ı Osmanî* in 1856, and later reorganized as the *Bank-ı Osmanî-i Şahane* in 1863).**

- **The Central Bank of the Republic of Turkey (*Türkiye Cumhuriyet Merkez Bankası*) was founded in 1930, as a privileged joint-stock company.**
- **The Istanbul Gold Exchange was also established in 1995.**
- **The stock market capitalization of listed companies in Turkey was valued at \$161,537 billion 2005 by the World Bank.**



- **At present, the Turkish banking sector is among the strongest and most expansive in East Europe, the Middle East and Central Asia.**
- **The Turkish lira has also gained a considerable amount of value and maintained its stability.**
- **There are also numerous international banks, which have branches in Turkey. A number of Arabian trading banks, which practice an Islamic banking, are also present in the country.**

# Islamic Banking and Finance

- In Turkey, Islamic banking experience began on the 16<sup>th</sup> of December 1983.
- Three companies Al Baraka Turkish Special Finance House (1985),
- Faisal Finance (1985),
- Kuwait Turkish Finance (1989) made joint companies.



ALBARAKA TÜRK



BANK ASYA

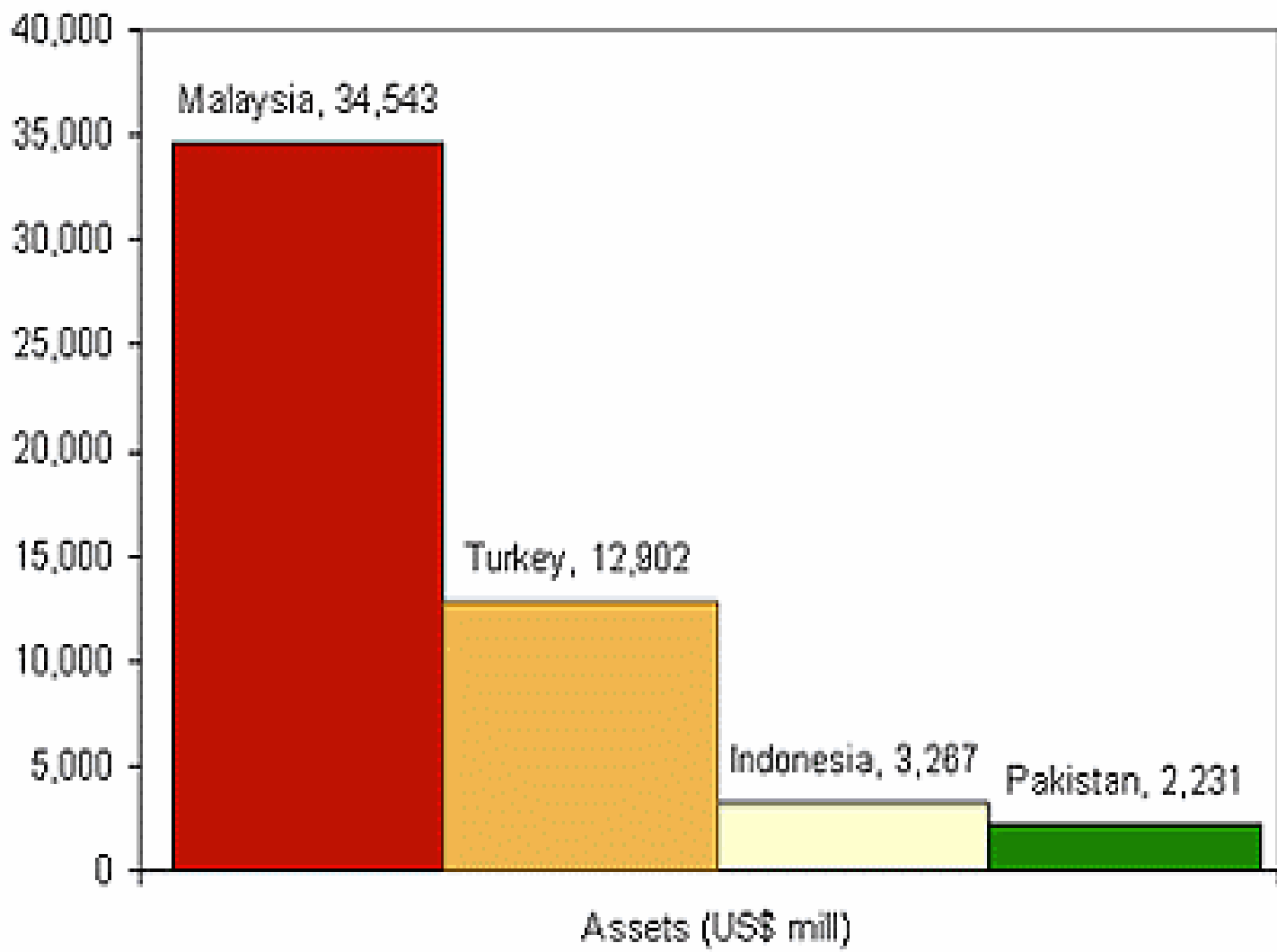


TÜRKİYE  
FİNANS  
KATILIM BANKASI



KUVEYT TÜRK

**It is estimated that the assets of Islamic banks in Turkey will exceed US \$25 billion (in 2006), in the next decade and will make up 10% of the total banking system.**



# **External trade and investment**

- **The foreign direct investment (FDI), in 2007 Turkey succeeded in attracting \$21.9 billion in FDI and is expected to attract a higher figure in following years.**
- **The exports reached \$115.3 billion in 2007.**
- **Turkey targets exports of \$200 billion in 2013, and a total trade of at least \$450 billion.**

# Natural resources

- **Minerals:**
- **Turkey is the tenth ranked producer of minerals in the world in terms of diversity.**
- **Other natural resources include coal, iron ore, copper, chromium, uranium, antimony, mercury, gold, barite, borate, celestine (strontium), emery, feldspar, limestone, magnesite, marble, perlite, pumice, pyrites (sulfur), clay, arable land, hydropower, and geothermal power.**

- **Petroleum and natural gas:**
- **Turkey is an oil and natural gas producer, but the level of production isn't large enough to make the country self-sufficient, which makes Turkey a net importer of both oil and gas.**
- **However, the recent discovery of new oil and natural gas fields in the country will help Turkey to reach a higher degree of self-sufficiency in energy production.**



# The pipeline network

- The pipeline network in Turkey included 1,738 kilometres for crude oil,
- 2,321 kilometres for petroleum products,
- 708 kilometres for natural gas in 1999.

- The planned Nabucco Pipeline will also pass from Turkey and provide the European Union member states with natural gas from the Caspian Sea basin.



- **Baku-Tbilisi-Ceyhan pipeline, the second longest oil pipeline in the world.**



**The Blue Stream, a major trans-Black Sea gas pipeline, is operational since November 17, 2005, and delivers natural gas from Russia to Turkey.**



- **The Tabriz–Ankara pipeline is a 2,577 kilometres long natural gas pipeline, which runs from Tabriz in northwestern Iran to Ankara in Turkey.**
- **In Erzurum, the South Caucasus Pipeline, which was commissioned on May 21, 2006, is linked to the Iran-Turkey pipeline.**

# **Nuclear energy**

- In 1956, General Secretariat of Atomic Energy Commission was established in Ankara.
- In 1962, establishment of Çekmece Nuclear Research and Training Center was finished.



- **Ankara Nuclear Research and Training Center (ANAEM) was established in 1967.**
- **In 1979, Nuclear Agriculture Center was established.**
- **Turkey's membership application to the European Nuclear Research Centre (CERN) was considered.**
- **Turkey has agreed to establish Nuclear Power with Japan, Korea and Russia in 2010.**

# Political Economy

- **Adnan Menderes (1899-1961)**
- **Turgut Özal (1927-1993)**
- **Prof. Dr. Necmettin Erbakan (1926 – 2011)**
- **Recep Tayyip Erdoğan (1954-?)**



# Adnan Menderes (1899-1961)



- Adnan Menderes, became Prime Minister (Democratic Party)
- Returned the religion to its origin.
- Freedom to people
- He was hanged by the military junta

# Turgut Özal (1927-1993)

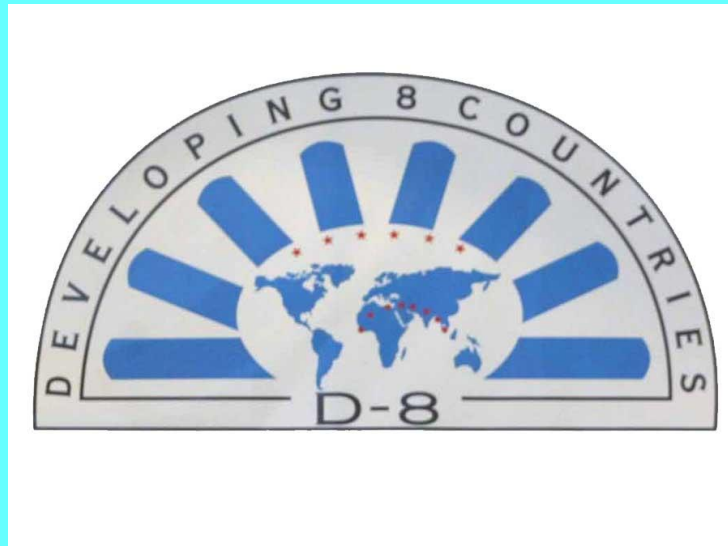


- He transformed the economy of Turkey by paving the way for the privatization of many state enterprises.
- He began to direct Turkey's *economy* toward the free market.

# Necmettin Erbakan (1926 –2011)

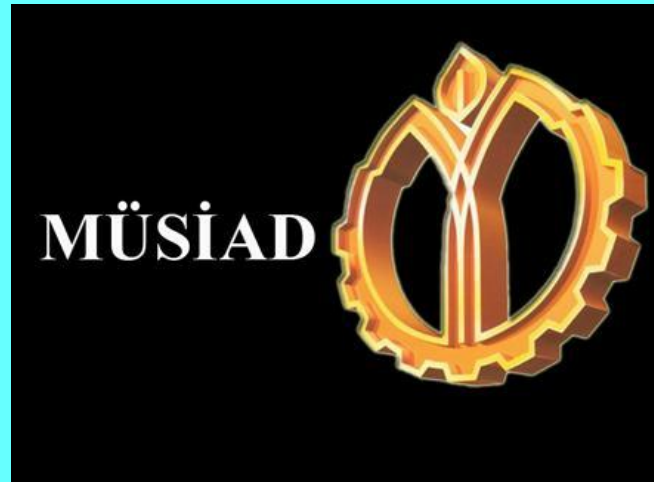


- His foreign policy had two main pillars: Close cooperation and unity among Muslim countries and struggle against Zionism.
- He created "**D-8**" or The Developing Eight, to achieve a strong economic and political unity among Muslim countries.



- It has eight members including Turkey, Iran, Malaysia, Indonesia, Egypt, Bangladesh, Pakistan and Nigeria.
- 28 February 1997 which is called a "postmodern coup".

- *Anatolian tigers (MUSIAD)*



- **Independent Industrialists and Businessmen's Association (MUSIAD), a non-governmental, non-profit, and voluntary-based, businessmen's association.**
- **It was established in 1990 by five industrialists and businessmen.**
- **Today MUSIAD has 3.150 senior members and 1.750 young members representing more than 15.000 companies that invest overall 5 billion US dollars per year.**

# Recep Tayyip Erdoğan (1954-?)



**Graduates of the Faculty of Economics and  
Commercial Sciences.**

- **After 45 years, the negotiations for Turkey's accession to the EU started during Erdoğan's tenure.**
- **Inflation, was taken under control and the Turkish Lira retrieved its former prestige through the elimination of six zeros.**
- **Interest rates for public borrowings were pulled down.**

- **Per capita income grew significantly.**
- **Erdoğan supported Finance Minister Ali Babacan in enforcing macro-economic policies.**
- **Erdoğan tried to attract more foreign investors to Turkey.**
- **lifted most of government regulations**



- **The average GDP growth rate 7.3% during his premiership as he presided over a record 26 quarters of economic growth.**
- **Since 1961 Turkey has begun 19 IMF loan accords.**
- **Erdoğan inherited a debt of \$23.5 billion to the IMF, which has been reduced to \$6.1 billion in 2010.**
- **He decided not to sign a new deal. **No more IMF****
- **Turkey's debt to the IMF will be completely paid off in 2013**

- **Referendum 12 September 2010.**
- **Many other reforms:**
  - **in Justice,**
  - **Health care,**
  - **Demographics (at least three children),**

# Foreign policy

- Zero problem policy
- Prof. Dr. Ahmet Davutoglu, was a lecturer the faculty of Political Science in IIUM.
- Ira, Nuclear Energy Protocols, Uranium Enrichment
- Israel
- At the 2009 World Economic Forum conference
- Mavi marmara



# Where Turkey Stands?

- In 2000, Turkey was a reliable U.S. ally
- a friend to Israel,
- an aspiring candidate for membership in the EU.
- Recep Tayyip Erdogan's regime made constitutional reforms to control the secular state.

- **Many generals have been indicted for treason.**
- **Turkey refused President George W. Bush permission to use its territory to invade Iraq.**
- **Denied a fast track to membership in the EU,**
- **Turkey now looks to all the directions.**
- **Relations with Syria have been repaired.**
- **Iran's Mahmoud Ahmadinejad welcomed in Istanbul.**

- **Made a deal with Brazil to support Iran's low-enriched uranium.**
- **When the U.N. imposed the latest sanctions on Iran, Turkey voted no.**
- **At Davos in 2009, in a debate with Shimon Peres about the Gaza war, Erdogan shouted at Israel's president, "You know well how to kill".**
- **Eight of the nine dissidents shot by Israeli commandos in the Gaza Freedom Flotilla trying to run the blockade were Turks.**

- **For the demonstrations in Cairo, America dithered, but Erdogan declared that Mubarak should resign immediately.**
- **West's allies all being overthrown:**
- **Ben Ali in Tunis,**
- **Husni Mubarak in Egypt,**
- **Hezbollah became the real power in the Lebanese government.**
- **The king of Jordan dismissed his prime minister and cabinet.**
- **Bahrain is now under siege.**
- **Qaddafi in Libya**
- **President Saleh of Yemen,**
- **And many others....**



# Turk-Malay World Relationship

- The first stage goes back to the beginning of the thirteenth (13<sup>th</sup>) century with the coming of *Rumis* (Asian Turks)
- Historical reflection, they might be the people of Selçuk Empire prior to the Ottomans.
- The Ottoman Sultan immediately sent a naval and military aid to the Malays when the Portuguese attacked to Malacca in 1511.

- **Aceh on the northern part of Indonesia and the Ottoman's protection to the Malay world continued until the beginning of the 20<sup>th</sup> century.**
- **In mid-1850, ancient Turkish protection was reconfirmed in two *fermans* issued by Sultan Abdulmejid.**
- **The Sultan of Aceh sent Abd ar-Rahman to Istanbul for help when the Dutch made a last attempt to conquer Aceh in 1868 in connection with this Mithat Pasha urged to dispatch the Ottoman fleet to Sumatra.**

- **The second stage was when the Pan-Islamic policy of Sultan Abdulhamid opened a new relationship between the Turkish and Malay world.**
- **The Sultan sent Muhammed Kamil Bey as a Turkish Consul General to Batavia from 1897 to 1899.**
- **British colonialism wanted to send Muslim soldiers to Middle East to fight the Turks but Malay Muslims refused.**

- **The third stage started after the abolishment of the Caliphate. Despite the abolishment, the strong connection between the two worlds continued.**
- **The visit of the Sultan of Johor, Sultan Abu Bakar, a new type of relationship had already started. Rugayyah Hanum, from the Ottoman Saray, was presented as an honorary gift to the Sultan of Johor.**
- **The special Saray gift Married Ungku Abdul Majid after their arrival at Johor.**

- **Ungku Abdul Majid**
- **Ungku Abdul Hamid**
- **Ungku Abdul Aziz**
- **Dato Jaafar**
- **Dato Onn who was the founder of UMNO**
- **Tun Hussein was the third Prime Minister of Malaysia.**
- **Abdullah al-Attas**
- **Ali al-Attas**
- **Hussein Alatas (d. 2007)**
- **Naquib al-Attas (b. 1931),**
- **Current Prime Minister, Tun Najib Abdul Razak.**

# **21 February 2011 Visit to Turkey**

- **The Primeminister, Tun Najib Abdul Razak.**
- **5 Ministers,**
- **90 delegates visited to Turkey.**
  
- **Met: President Abudullah Gül, Primeminister R.T. Erdoğan.**

- **Made agreement on the following points:**
- **Strategic Partnership Malaysia-Turkey**
- **Free Trade**
- **Defense,**
- **Industry,**
- **Automotive,**
- **Petroleum, gas**
- **Lifting visa requirements.**
- **MoU and Student Exchange Protocole**
- **Direct Flight KL-Istanbul**
- **Year of Malaysia**
- **Year of Turkey**

- **For the Malaysian Army FNSS, 257 units, 8x8 armed combat forces vehicles ordered which costs 600 million dollars.**
- **Bilateral trade totalled under US\$794 million last year, in favour of Malaysia, which exported goods worth US\$656 million to Turkey and imported US\$138 million of goods.**



شكرا لكم

**Terima Kaseh**

**Teşekkür Ederim**

**Thank you**