

SPEECH BY H.E. ABDULLAH GÜL, PRESIDENT OF THE REPUBLIC OF TURKEY, AT THE ANNUAL CONFERENCE OF THE CONFEDERATION OF BRITISH INDUSTRY

(Monday, 21 November 2011, 14.30, Grosvenor House)

(Check against Delivery)

Distinguished Guests,

Ladies and Gentlemen,

Let me start with thanking Sir Roger Carr, President of the Confederation of British Industry, for his introductory remarks.--

It is indeed a great pleasure for me to be with you today at the Annual Meeting of the Confederation of British Industry, the UK's top business lobbying organization, in other words "The Voice of Business".—

I am glad to see here some of the prominent CEOs and leading representatives of the British and Turkish business communities.-- I very much appreciate having this opportunity to address such a distinguished audience and to share my views on the current global economic developments and Turkey's economic policies.--

Distinguished Guests,

Ladies and Gentlemen,

The major financial upheaval in the second half of 2007 which pushed the world economy into crisis is widely considered as the worst downturn since the Great Depression.-- Many industrialized countries entered into recession while growth rates of emerging economies began to fall.—

All of us welcomed the fact that the World economy showed signs of recovery in 2010.-- Confidence, production, world trade and consumption rebounded and the world economy grew by 5 percent last year.--

There is no doubt that with its balanced membership of both advanced and emerging economies, the G-20 helped the world deal effectively with the crisis.-- It has delivered significant and concrete outcomes, such as the broadening of financial regulation, policy coordination and enhanced macroeconomic cooperation among its members.-- Above all, the G-20 constituted a firewall for preventing the protectionist tendencies in the world economy.—

Turkey has effectively participated in the discussions within the G-20 as part of the efforts to find a way to stabilize the world economy as well.-- At the recent G-20 Summit, Turkey was designated to chair the G-20 in 2015.--

Four years after the outbreak of the global financial crisis, the world economy has entered into a dangerous phase once again.-- Factors such as the sovereign debt crisis in Europe and weak economic data of the US and Europe in recent months have caused concerns over another global recession.--

The crisis in the euro zone countries can be characterized by the following points:

First of all, many countries in Europe are struggling with enormous debt levels and budget deficits above the Maastricht Criteria.--

In fact, the European Union's negligence to the implementation of its own economic criteria, namely the Maastricht criteria, paved the way to the current agony in the first place.--

In the euro zone, the debt crisis that started with Greece, Ireland and Portugal has now moved into a new and more alarming phase as it threatens Italy, Spain and even France.--

Unfortunately, a moral hazard has happened in the euro zone crisis since none of the reckless actors in this crisis is allowed to default.--

On the other hand, solvency concerns in the euro zone countries increase the vulnerability of the European economies as a whole and worsen the overall sentiment.--

As Schumpeter rightly put it, "the monetary system of a people embodies what the nation is, wants, does and suffers."--

The second important problem is the failure to reduce high unemployment rates evident in many countries.-- Through the demand channel high unemployment further aggravates growth prospects.--

Elevated levels of unemployment will undermine consumer confidence and slow domestic demand.-- Therefore, many countries today face an urgent need to make structural adjustments to enhance the labor market flexibility and mobility.--

Third, ongoing financial sector problems especially in Europe pose threats to the well-being of the global economy.-- Since many banks have been bailed-out through public loans or shares, a return to normalcy in the public finances and the banking sector requires a long time period.--

Finally and most importantly, the lack of political will and ineptness in taking courageous decisions and actions to cope with these problems further aggravated the situation in the euro zone countries.--

In this process, private debt became public debt and the debt burden of states became unsustainable.-- In previous crises, the public sector would save the banks and companies in the private sector.-- Now, states find that they are in need of saving themselves.--

Those failed economies may bring down the whole EU with them.-- In fact, the very unity of the Union is at stake when we take into account the emerging split between the euro zone members and the non members of the zone.--

Consequently, the perception of a new looming global crisis has adversely affected the prospects of the consumers, producers and investors.--

What I see now, the world economy is in a state of a “balance of economic terror” that may all of a sudden plunge into a full-fledged global depression.--

Therefore, it is of utmost importance to render the G-20 platform more effective as it is the best mechanism available to overcome such a dismal outcome in the global economy.--

Ladies and Gentlemen,

The forces of globalisation have made the international system much more interdependent and the world economy has become increasingly integrated.-- The global economic crisis has shown that it is not enough to keep our houses in order, in an interdependent world.-- Today no country is immune to the adverse affects of the global economic crisis.--

The spill-over effects from the rest of the world can significantly influence our economies.-- Take Britain and Turkey for example.-- We heavily depend on the euro zone as a trading partner.--

Over 40 percent of the UK’s exports go directly to the euro zone, whereas the EU accounts for half of Turkey’s foreign trade volume.--

There is an urgent need to draw the necessary conclusions from the ongoing crisis and take decisive and swift actions.-- We need a strong and coordinated international response to overcome the global economic difficulties.--

I believe that avoiding protectionism and building stronger economic and trade links could help stabilize the world economy and generate wealth for all of us.-- Moreover, we should make public funds available to the productive economic activities rather than bailing out toxic assets.--

Distinguished Guests,

Ladies and Gentlemen,

The past five decades have witnessed substantial changes in the distribution of world gross domestic product across different groups of economies.-- Between 1960 and 1985, advanced economies on average accounted for about three-quarters of global GDP.-- This share has declined gradually over time. Before the global financial crisis it was down to 56 percent.-- This year it is likely to go down to 51 percent.--

In contrast, emerging market economies' share in the world GDP has risen steadily from just about 17 percent in the 1960s to 44 percent before the global crisis.--

According to the IMF forecasts, by 2013 emerging markets will have been producing more than half of the global output.--

Indeed, if emerging markets keep on growing three percentage points a year, faster than the US, they will account for two-thirds of the global output by 2030.--

In light of these figures, today, emerging markets' role in supporting global growth in the current different conjuncture is even more important, as advanced economies face strong headwinds.--

Ladies and Gentlemen,

Turkey, as one of the most vibrant emerging economies has a lot to offer to the combined efforts to stabilize the global economy.--

Despite many global economic risks, the Turkish economy rests on sound macro foundations.--

Today, we have an economy with strong public finances, sustainable debt dynamics, a sound banking system, functional credit markets and able monetary transmission mechanisms.--

This is mainly due to the substantial measures taken after the 2001 financial crisis.-- As the first Prime Minister of the ruling AK Party Government I laid down the foundations for the current sound macroeconomic strategy and prudent fiscal policies, and initiated major structural reforms as stipulated in the Urgent Action Plan in 2002.--

Since the 2001 crisis, significant structural reforms have been put into effect in order to restructure and rehabilitate the banking sector in Turkey.--

In this context, the government enhanced the financial structure of private banks, restructured state banks and improved the regulatory and supervisory framework.-- The activities and ratios of all the actors in the financial sector have been closely monitored by the regulatory bodies.--

The banking sector has achieved a much healthier and more robust position through reinforcing its capital structure and implementing effective risk management.-- As a result, today, Turkish banks are strong, highly profitable and well-capitalised with a capital adequacy ratio of 17 percent.--

Thanks to structural reforms implemented in the public sector and fiscal discipline, high primary surplus levels have been achieved in Turkey.--

Consequently, Turkey was able to significantly improve its fiscal balance and reduce its public debt to GDP ratio.--

Now our budget deficit to GDP ratio is 2.5 percent, well below the Maastricht criterion of 3 percent.-- Our public debt stock to GDP ratio is 39 percent, again much lower than the Maastricht criterion of 60 percent.-- This low level of public debt distinguishes Turkey from most of the other European economies.--

In a global environment where many countries registered either little or no growth the Turkish economy grew by 9 per cent in 2010 and 10.2 per cent in the first half of 2011.-- Moreover, our growth has been an employment generating growth.--

At a time when the ratings of many developed market economies are downgraded, Turkey's credit rating has been upgraded three times since 2009.--

However, this positive outlook did not make us overconfident.-- On the contrary, our economic team has been taking timely decisions to overcome the risks, including high current account deficit.--

During a period of skyrocketing debt stocks, ballooning budget deficits and deteriorating credibility, Turkey managed to differentiate itself by announcing its fiscal consolidation plan very early in the process and implementing it.--

In 2009, during the peak of crisis, we responded with medium term programs.-- We thought that bringing predictability to our policy choices was very important.--

Since then we have firmly implemented these programs.-- We updated the medium term program in 2010, and we have recently announced the last update.--

According to the new medium term program our central government budget deficit to GDP ratio will decline from 1.7 percent this year to 1 percent in 2014.-- In parallel to this decline, our Maastricht criterion defined public debt to GDP will fall to 37 percent in 2012.--

Distinguished Guests,

Ladies and Gentlemen,

The determination of our country to create a stable and strong economy with favourable investment conditions has attracted foreign investors.--

Turkey has emerged as a top investment destination as a result of the elimination of bureaucratic barriers.--

The total amount of foreign direct investment inflows in the last four years has reached 70 billion Dollars.-- The number of foreign companies operating in Turkey exceeded 27 thousand.--

Turkish companies have become major players in the global market place.-- Hundreds of thousands of jobs in Europe depend on Turkish business.--

Turkish firms already employ more than 700 thousand people across Europe.--

One in four of the largest companies in the Middle East and North Africa are Turkish and 65 percent of industrial exports from the MENA region originate from Turkey.--

As these reforms have strengthened the macroeconomic fundamentals of Turkey, our GDP has reached almost 1 trillion dollars (PPP) and per capita income has soared to 10 thousand dollars (PPP) in 2010.--

The strong performance of the Turkish economy has also boosted foreign trade, while exports hit 133 billion dollars in the last 12 months and tourism revenues exceeded 20 billion dollars in 2010.--

We had foreign trade volume over 300 billion dollars last year.--

One of Turkey's biggest assets is her educated, young and dynamic human capital. The average age is 29 in Turkey whereas it is 42 in EU countries.-- There are 500 thousand university graduates every year in Turkey.—

On the other hand, Turkey is transforming herself to a knowledge based economy.-- The Turkish "software" market recorded 100 percent growth rate in recent years and reached the level of 2 billion US Dollars as of 2009.-- Mobile phone subscriptions reached almost 70 million whereas the number of broadband Internet users is 37 million.--

We also attach particular importance to Research and Development activities and envisage allocating 2 percent of our GDP to R&D expenditures.-- Between 2003 and 2009, domestic intellectual property right applications and licensing increased five-fold.--

In sum, significant improvements in such a short period of time have registered Turkey as the 16th largest economy in the world and the 6th largest economy in Europe.--

Distinguished Guests,

Ladies and Gentlemen,

Let me now turn to our bilateral economic relations. Turkey and the UK enjoy a privileged relationship based on strong bonds of alliance, partnership and mutual trust.--

Today, our relations are flourishing in almost every field.-- Close economic and commercial ties between our countries represent an important aspect of this relationship.--

Despite the global economic crisis, annual trade volume between our countries reached 12 billion Dollars in 2010.-- As of September 2011, our trade volume reached 10.2 billion Dollars.-- The UK is Turkey's 2nd largest partner in exports and 10th largest partner in imports.--

However, the potential that we have is much greater, and we are committed to move forward towards the common goal of doubling our trade volume within the next five years.--

From the UK perspective, the picture is equally remarkable.-- The UK is the second largest investor in Turkey.-- More than 2.300 British firms have made investments worth of 4.1 billion Dollars in Turkey.-- On this account, let me highlight some of the major British investments in Turkey:

Back in 2001 HSBC bought Demirbank, and today, it has more than 330 branches in Turkey.

Since buying Izmir-based supermarket chain Kipa in 2003, Tesco has been expanding ambitiously in the Turkish market, increasing the number of stores from 5 in 2003 to one hundred and twenty in 2010.—

In 2006, Vodafone bought Turkey's second biggest GSM operator Telsim for 4.5 billion dollars.-- Vodafone invested 1.2 billion dollars over two years.--This was Vodafone's biggest investment project in Europe.-- As a result, Vodafone has got 18 million customers in Turkey.--

Aviva and Ak Insurance merged in June 2007.-- The merged company became the biggest individual pension fund and the 3rd largest life insurance company in Turkey.--

Last but not least, British Petroleum, British American Tobacco, Shell, Unilever, GlaxoSmithKline and Corus Group have been traditionally active in the Turkish market for many years.--

We would like to see new investors from the UK.--Likewise, we encourage our private sector to increase their presence and investments in the UK.--

Ladies and Gentlemen,

We are all in very demanding times. The world economy faces debt, growth and confidence crises.--

We need to stimulate growth and create new jobs.-- It is all the more important today to further strengthen Turkish-UK business links in order to overcome economic difficulties.--

We have got all the necessary inputs to achieve this; strong political will; economic potential; favourable investment climate and strong private sectors.--

In the past, we have seen many rising stars, suns and tigers in the world economy.-- Now, with its shining star Turkey is the rising crescent of Eurasia.--

On that note, I would like to invite you to explore vibrant business opportunities in Turkey to the mutual interests of our nations.--

Thank you for your attention.

Wilton Park Inaugural Annual Address by H.E. Abdullah GÜL, President of the Republic of Turkey

(The Royal Society, London, 23 November 2011)

(Check against Delivery)

“HISTORIC TRANSITION IN THE MIDDLE EAST AND ITS IMPACT ON GLOBAL POLITICS”

Dear Mr. Burge,

Excellencies,

Distinguished Academics,

Ladies and Gentlemen,

It is a distinct privilege for me to deliver the inaugural speech of the newly introduced London Conferences of Wilton Park.

At the outset, I would like to express my appreciation to Mr. Burge and his team for bringing me together with such a distinguished audience.

As we host a series of Wilton Park conferences in Istanbul, we are first hand witnesses of Wilton Park’s important contributions to the exchange of fresh ideas on a wide range of topics.

I have attended Wilton Park Conferences several times and participated in the debates in closed sessions. The last one was in 2001 when I was a Member of Parliament. The conference was held in Sussex.

Though I was impressed with the pastoral atmosphere of Sussex, I highly commend the idea of bringing the Wilton Park Conferences to London. I am confident that the dynamic atmosphere of London will have a positive impact on the output of these series of Conferences.

Distinguished Participants,

The global agenda is currently full of important developments, among which the historic transition in the Middle East and North Africa comes to the fore with its potential global ramifications.

Thus, today I will focus on this historic process and its impact on global politics, as well as what needs to be done to keep it going in the right direction.

Let me start by sharing my views and analysis on what actually is happening in this region.

First of all, even before the events unfolded in this part of the world, we were aware of the need for change in this region, given the unsustainable nature of regimes in power.

I drew attention to this need as early as 2003 at an OIC Conference in Tehran and reiterated my call to the regional leaders on various occasions since then. Behind closed doors, I privately shared my views with the leaders as well.

Good-governance, rule of law, transparency, accountability, gender equality, respect for fundamental rights and freedoms and the need to undertake the necessary reforms were the key elements of my address.

What I urged was simply to put our houses in order. I pointed to the fact that, only if the legitimate aspirations of the people are heeded, positive socio-economic developments will follow suit.

While I was making these calls for change to the region, we were introducing ground breaking democratic and economic reforms in Turkey. Those reforms were well calculated policies. They were all written in the AK Party Election Declaration and the Urgent Action Plan of the 58th Government in 2002.

Therefore, our call for reform was credible and received as a voice from within by the people of the region.

Unfortunately, despite some reluctant steps, we witnessed no real reform process in the region during the past decade. It was either due to lack of will or shortsighted policies of the ruling elites.

Moreover, influential members of the international community preferred status-quo over change, fearing that fundamentalist regimes might take over. Consequently, they preferred to have friendly but undemocratic regimes in power and this was abused by the political elites for their own survival.

But in 2011, the winds of change have finally reached and started to engulf the entire region with home-grown dynamics. Led by the youth, people on the street organized mass movements in search of better living conditions and greater enjoyment of fundamental rights and freedoms. For them it was the call of destiny for a life in dignity. Thus, we think the region is now finally catching up with the natural course of history.

In fact, the dynamics of change in the region are reminiscent of the 1848 revolutions and the 1989 events of Europe. I think this resemblance puts a unique duty on the shoulders of the West.

In essence, democracy is about institutions, not about religion or ethnicity. And every experience in institution building can be valuable.

It is now high time for the West to erase the bitter memories of the past and offer sincere and genuine assistance to the countries in transition.

In this endeavor, however, the West should not be driven by narrow calculations of self-interest. Nobody should impose their own rights and wrongs.

On our part, Turkey has adopted from the outset a principled approach based on universal values.

Having unique historical, social and geographical bonds with the region, we take our rightful place on the side of the peoples of the region.

We stand ready to share our experience in democratization and institution-building, as well as political and economic liberalization with the countries in the region.

Actually, we have already taken some steps in this direction with the new and prospective leaders of Tunisia, Egypt and Libya.

My and Prime Minister Erdoğan's recent visits to these countries have shown clearly the affection towards Turkey in the hearts and minds of the people. It is obvious that Turkey is seen as a source of inspiration by the people in the region.

The people of the Middle East rightfully deserve a dignified life and the dividends of democracy and peace.

In fact, our well established policies vis-à-vis the Middle East have been driven by this incentive.

Turkey is sincerely supporting democratic transformation of the region in order to benefit from the dividends of peace. We believe that democracy is the ultimate guarantor of security and stability. We would like to see a true climate of peace in the region which in turn leads to prosperity.

Distinguished Participants,

Let me close the parenthesis about Turkey's policies and return to the situation in the region as we are now at a critical threshold vis-a-vis the future of the ongoing transformation process.

While Tunisia, Egypt and Libya move on to the second phase of their transition and grapple with building the institutions of democracy, the Syrians and Yemenis are yet trying to repeat the revolutions of these countries.

Certainly, democratic transformation will not be swift nor uniform. Everyone agrees that political reforms shall be accompanied by economic and institutional ones. But, yet there is no successful political program fully elaborated and tested as to its ability to bring about real change.

Therefore, although there is no doubt about the irreversibility of the process of change, it is not certain whether the legitimate aspirations of those who ignited the revolts will be accommodated in a quick and sustainable manner.

The question mark emanates from the following set of risks:

One of the concerns arises from the attempts by extremists who seek fomenting sectarian, ethnic or ideological strife across the region to hijack the process.

In this regard, I observe a simmering threat in the region based on a Sunni - Shiite divide. This dangerous process which will squander the energy and the resources of the region must be prevented.

I would like to call upon all governments and organizations not to fall into the trap of such a primitive divide in the Muslim world.

It poses the greatest threat to the prospects of the Arab Spring and has the potential to catapult the Muslim World from the 21st Century into the darkness of the Middle Ages.

Another risk is about the remnants of the old regime trying to cling to power and slowly kill the spirit of revolution. So, we should work hard to show the people that their legitimate aspirations are to be materialized in a plausible time frame.

A viable democracy goes hand in hand with fast economic development and effective capacity building. Nevertheless, the negative impact of the current socio-economic problems of the region which inevitably got worse in these initial stages of the post-revolution is another source of worry.

Failure in restoring the economic order may eventually lead to chaos and turn the tides against the democratic transition in the region.

That is why, I have been urging the global financial institutions such as the World Bank and the IMF and major developed countries to launch a comprehensive economic restoration program to support the political transition in the Middle East. This support will particularly be crucial in Egypt and Tunisia.

In a nutshell, we have to be extremely careful and vigilant against those challenges. An accountable, transparent and participatory democracy is the only viable response to overcome such dangers.

The formation of healthy, functioning oppositions with a broad political base is crucial in terms of the success of this transformation process. Democracies cannot survive without pluralism. Pluralism cannot be achieved without effective opposition.

Those who unleashed the power of the street now need to organize themselves into functioning political parties, develop programs and build constituencies and should refrain from rhetoric and ideological fixations.

They need to shift from starting the change to institutionalizing it. The maintenance of public support for the revolution's objectives and actually achieving them will depend on this.

Furthermore, we should all keep in mind that the creation of an atmosphere of dialogue and consensus in the region is compulsory for a successful transition.

The forces of the revolution should not make the same mistake of their former leaders in trying to monopolize the power and exclude all those who think differently.

Democracy is not the rule of majority or the powerful. On the contrary, it requires leadership with humility and responsibility. Tunisia is the first country being tested on this account and they have so far given us hope for the future.

Distinguished Participants,

I regret to say that our neighbor Syria in which we have politically and diplomatically invested immensely in recent years has failed in correctly analyzing the developments in the region.

As Turkey, we always believed in the merits of engagement policy with Syria. In fact, the people of Syria has greatly benefited from the engagement for the past ten years.

On the other hand, our track record is very well known when it comes to resisting the foreign pressures to change this policy. But, this time we cannot remain indifferent to the demands and pressure coming from the people of Syria.

Therefore, we exerted enormous efforts in public and behind closed doors in order to convince the Syrian leadership to lead the democratic transition. Despite all this, the Baath regime continues to use oppression and violence on its own people. Violence breeds violence. Now, unfortunately, Syria has come to a point of no return.

The fate of Syria is also important for the entire region, since the country sits on top of sectarian fault lines.

Defining this democratic struggle along the sectarian, religious and ethnic lines would drag the whole region into turmoil and bloodshed.

In fact, not only for Syria but for the entire region we have a responsibility to defend the territorial integrity and political unity of the countries at all cost. New and old divisions between and within the countries of the region should not be allowed to take root.

It runs counter to the human nature to support the dictatorships. However, if the alternative was to be chaos they would not hesitate to live in order under an authoritarian regime.

Therefore, the opposition in Syria must embrace all sectarian, ethnic and religious minorities and assure them that the new administration will not resort to revanchist or discriminatory

practices after the collapse of the Baath regime. When this is truly believed by the people of Syria the job will be over.

Likewise in Libya, the transition Council must make sure that the new government is the government of all without any exception.

Only through such reconciliatory messages and measures can true democracy prevail in those countries and set an example for all aspiring nations in the region and beyond.

On the other hand, the western countries must have realistic expectations about the nature of the Arab Spring. One should not expect the dissident movements in the region to adopt Westminster-like democratic agendas.

These home grown movements will certainly attach particular importance to their own values and traditions. Therefore, imposing “one size fits all” recipes on these societies is bound to fail.

It would be much better if the new political movements can build their own democratic institutions in harmony with their traditions and universal values.

Distinguished Participants,

All this becomes ever more important given the potential global ramifications of a successful transition in the Middle East.

Even at this initial stage, I think the Arab spring had its first global effect by encouraging the people all over the world to better organize themselves and voice their demands in a much more powerful and effective way because, a wall of fear has fallen not only in the region but also across the world.

In this regard, the Wall Street protests already spreading to different corners of the world to express resentment to economic and social injustices are certainly inspired by the heroic acts of the Arab people who bravely took the streets against dictatorships.

Of course, this historic episode of democratization will inspire other peoples who seek accountable governments in other parts of the world.

Indeed, a thorough analysis of this effect indicates that, in the state-society equilibrium of governing structures, the pointer is shifting from state towards society. As such, people and individuals have moved back to the center of politics.

In other words, the transition from “society serving the state” to “state serving the society” is being accelerated.

With citizens becoming the main pillar and driver of politics, I hope and believe that there will be more space for freedoms all over the world.

All this once again proves that, in this era of raised awareness due to advances in communication technology; a state is sustainable only if it takes strength from its people.

To understand the real impact of the region's transition on global politics, we should also bear in mind its vast human, natural and material resources.

Today, around sixty percent of Arabs are under the age of thirty and the region hosts two thirds of the world's discovered natural resources.

Regrettably, leaders of the region preferred for decades, an economic system based on a few sectors and subsidized domestic needs with their rather limited resources. They have failed to diversify their economies for generating new areas of employment and entrepreneurship.

Now, the Arab Spring presents a unique opportunity for setting the scene for the development of the region, on the basis of a genuine market economy. Of course, this depends on the implementation of necessary political, economic and institutional reforms.

We hope to see an economic paradigm shift from a rent-seeking and rent-distributing economy to an efficiency based economic system in the region. This change will bring more transparency and accountability in economic life. Such a new economic climate will not only lead to rapid economic growth for the countries but also to a fairer distribution of welfare in society.

Ladies and Gentlemen,

Unlike the European continent, the Middle East lacks an efficient regional economic cooperation and integration mechanism. We all witnessed the role played by the European Union in facilitating the democratic transition in Central and Eastern Europe after the fall of Berlin Wall.

I believe that the establishment of a pan-regional economic cooperation mechanism in the Middle East would open up new opportunities for the entire world in a way that will turn the tides against global recession.

Political and economic stability in the region will also stabilize the oil markets and with that the global price levels of all the main commodities.

Reliable oil supply from the region and the increased energy security that comes with it will provide a huge relief on global economics and politics.

But even more importantly, as the region continues to make progress towards democracy, the level and nature of threat perception over the entire world would change in a positive direction.

To this end, we must also lead the formation of a regional "security architecture" in order to consolidate the achievements of the Arab Spring.

The region should no longer be a consumer of global security and instability, but will have the chance to produce security on its own.

As a result, one could also foresee growing cooperation on security matters within the region just like what happened in Europe after the Cold War.

I have always been a staunch supporter of an Organization of Security and Cooperation in the Middle East following the example of the OSCE in Europe. This new regional security architecture must encompass the creation of a “WMD-Free Zone in the Middle East” which includes Israel and Iran as well.

Now it seems more relevant than ever, although there is still a relatively long way to come to that point.

I believe this is an extremely important project worth pursuing with vigor and commitment. It would certainly help consolidate the gains of democratization in the region and make the whole world a safer place to live.

Distinguished Participants,

Another key element in this rather checkered picture is of course the future of the Arab-Israeli conflict.

It is extremely important not to allow this issue to be overshadowed by the Arab Spring. After all, without reaching a comprehensive settlement between the Arabs and the Israelis, no spring in the region can endure until summer.

More than any other country, Israel, must adapt to the new political climate in the region. Israel's well-being will depend on an honorable peace with the Arabs. Such a fair and honorable peace cannot be achieved by merely imposing Israel's own terms on the others.

In the past, Israel was able to deal with the Arab leaders. But, history has repeatedly taught us that a true, fair and lasting peace can only be made between peoples, not ruling elites.

As I mentioned on several occasions, democracy and demographics are the two forces that will shape the future of the Middle East.

Sooner or later, the Middle East will become democratic, and by definition a democratic government should reflect the true wishes of its people. These democratic governments cannot afford to pursue foreign policies that are perceived as unjust, undignified and humiliating by their own people.

Moreover, Israel too, cannot afford to be perceived as an apartheid island surrounded by an Arab sea of anger and hostility.

Therefore, time and again, I called upon the leaders of Israel to approach the peace process with a strategic mindset, rather than pursuing short-sighted tactical maneuvers.

The more Israel keeps its inflexibility to calls towards a fair, viable and comprehensive peace and disrespects international law, the more it will become isolated.

Under these circumstances, it will be impossible for Israel to deal with the emerging democratic and demographic currents in the absence of a peace agreement with the Palestinians and the rest of the Arab world.

Distinguished Participants,

In conclusion, let me sum up what I have already told you.

First, the Arab Spring is merely the normalization of history in this part of the world. It was inevitable then, and it is irreversible now.

However, the road ahead is still a bumpy one full of potholes and possible wrong turns.

Therefore, the international community should do its utmost in helping the people and the regimes to remain on track and achieve their democratic aspirations sooner rather than later. This will make a hugely positive impact at global level in political, economic and security terms.

I should add yet another global dividend of the Arab Spring which has already proven that democratic values are not for a selected few in the West but that they belong to the entire human race.

I hope that this sheer reality will provide a strong response to those arguing for a clash of civilizations and promoting Islamophobia.

The world should now understand that violence, extremism and terrorism have nothing to do with a specific culture or religion and all human beings irrespective of their faith, ethnicity or creed, vie for the same goals.

Therefore, it is high time for the international community to heal the political and psychological damage inflicted upon us all by the 9/11 terrorist attacks in 2001.

If the Arab Spring can cultivate such an understanding and consolidate it through its progress, then the whole world will enjoy its blossom for many generations to come.

Turkey, which represents a living example that democracy, modernity and Islam are compatible, will certainly be a full partner in this honorable journey.

Thank you.

President Gül's speech at the Parliament

(London, 23 November 2011)

(Check against Delivery)

Mr. Speaker, Mrs. Lord Speaker,

Honourable Lords,

Honourable Members of the House of Commons,

It is a great pleasure to be here at the Palace of Westminster to address the All Party Parliamentary Group for Turkey. I am also delighted to see among us some members of the “Friends of Turkey” groups from the Conservatives, Labour Party and the Liberal Democrats.

Having “Friends of Turkey” establishments in all major political parties in Britain is indeed a distinct honour for us and manifests the cross party support at the grassroots level for the strategic partnership between Turkey and the UK.

It is all but too easy to take the support of our friends for granted while we are preoccupied with trying to change the minds of our opponents.

But it is important that friends make efforts to maintain their relationship and to carry it forward.

Thus, I am here today among true friends of Turkey with a view to exploring new ways and means to deepen our friendship and to further develop our relations.

Situated at two ends of Europe and acting as lynchpins for Euro-Atlantic and Eurasian regions, Turkey and the UK share similar visions for Europe and the world at large.

Therefore, the significance of our cooperation goes beyond the bilateral context and represents an asset for a much wider geography.

I believe our meeting today will contribute to the enhancement of our strong relations and historical friendship.

When I say “historical” I don’t just mean a few decades or even a century. Our diplomatic relations go back to the 16th Century.

The first Turkish head of state to visit Great Britain was Sultan Abdülaziz of the Ottoman Empire almost 150 years ago.

Historians accompanying him detailed the purposes of that visit in the following three points:

-to enhance the power of the country,

-to strengthen the friendly relations with the other important states of the period, and

-to have the opportunity to see the administrative and social structure of leading European nations so as to help our people enhance their prosperity.

Although our relationship since then has considerably diversified and developed on many levels, one can find those elements quite relevant even today.

After all, good relations between Turkey and the UK still make each other stronger.

And given our shared values, we still have a lot to learn and benefit from each other in order to improve the living standards of our peoples.

Dear Friends,

The world is going through a historic transition. The way we are going to cope with the unfolding events of today, will make a decisive impact on the lives of many generations to come.

From Africa to Asia, Europe to Middle East, the order of the past is about to change. Indeed, we are sailing towards uncharted waters.

Turkey and the UK are among those which can help steer the course of our common ship in the right direction. And we are happy to note that Turkey and the UK see eye to eye in many areas. These include, among others;

-our common efforts through our G-20 membership to stabilize and consolidate the global economy;

-our endeavours to make Europe whole and free and at peace;

-our cooperation within NATO to maintain security in the Euro-Atlantic area;

-our activities in the field to contribute to security and stability in places like Afghanistan, Iraq and Libya;

-our joint support to the peoples of the Middle East and North Africa region in their quest to transform their countries into functioning democracies.

To such a distinguished audience who knows and closely follows Turkey, I don't need to elaborate on what Turkey thinks and actually does on these issues.

But given the high stakes involved let me briefly touch upon two of them, the Arab Spring and Europe.

On the Arab Spring, we know it is still too early to make a safe prediction as to what will happen in each country engulfed by the winds of change. But what is obvious is that an unavoidable and irreversible journey towards democracy has started in the region.

There will certainly be ups and downs along the way. Each country will find its own balance based on its specific conditions.

However, we believe that we now have a golden opportunity to end the decades-long misery of the region. We hope that the people's genuine aspirations for a life in dignity will be realized.

There is no doubt that the peoples themselves will have to be in the driving seat on this road.

But, the international community has also an important role to play in helping and facilitating this outcome.

This is precisely what led Turkey from the outset to support the legitimate demands and expectations of the people in those countries.

We did so by encouraging and urging the leaders in power to undertake the necessary reforms and lead the change towards positive ends.

When this didn't work, we then increased the pressure on the regimes and took our place on the side of the peoples as we did in Tunisia, Egypt, Libya and Syria.

In fact, the real added value Turkey holds in this process comes out when the agents of change actually start building what is to replace the former system.

At this point, Turkey, which enjoys cultural affinities and historical ties with the region, functions as a source of inspiration.

With its unique experience in building a vibrant democracy and a functioning market economy in a predominantly Muslim country, Turkey constitutes a valuable partner for all who wish to achieve a similar outcome.

Particularly our approach to religious freedom and secularism, and the way we have turned those notions into an ultimate assurance of democratic pluralism and harmony between the state and the society is highly relevant.

It sets an example for those countries in the region struggling to find the right balance between faith and politics.

In fact, this is precisely what we advise and do in Tunisia, Egypt and Libya.

That said, the transformation in the region is so sweeping and important that the entire international community should act as one in facilitating this process.

In this regard, no matter where we stay on our own accession process, I cannot think of a more powerful enabler for reform in the region than Turkey and the EU acting in partnership towards shared ends.

Ladies and Gentlemen,

That brings me to my second point on Europe's future. Our vision for Europe is clear. Europe must be one of the global players promoting peace and prosperity throughout the entire world on the basis of its values and principles.

Today, most people think that this vision is hampered by the current economic crisis engulfing the entire EU area. It is indeed a difficult time requiring bold and courageous steps.

I hope that the EU will overcome this crisis by taking the right economic measures.

Having said that, let me also emphasize that economic success alone will not make the EU a true and effective global player in the world. It has not in the past, and it will not in the future. What is missing in the EU is a strategic outlook.

The strategic short-sightedness on the part of some EU leaders has also had a role to play in this problem.

At a time when the global center of gravity is shifting towards Asia and democratic development is broadening to the east and south of Europe because of the Arab Spring, it is highly likely that this inward-looking approach will have serious strategic costs on the part of Europe.

Irrespective of the current economic crisis, the members of the EU have to decide on whether they want a Europe that turns increasingly inward and builds new barriers. A Europe that eventually becomes an "absent player" in the shaping of the new world order.

Or, whether they want a Europe that opens up, genuinely embraces diversity and avoids lagging behind the other major centers of power.

From a cultural, social, political, as well as economic viewpoint, there is no question that Europe should take the second path.

Such a Europe is more in tune with the "unity in diversity" approach of founding fathers Jean Monnet and Robert Schuman.

We hope that the EU members will also see it that way and will eventually take the necessary decisions to see it through.

Mr. Speaker, Mrs. Lord Speaker,

As for the EU-Turkey relations, there are artificial and unfair obstacles on our way to full membership. The negotiation process has not been allowed to run its due course. We have

not been able to open a new chapter for more than a year due to the blockings of the Greek Cypriots and France.

Despite all those set backs, we are determined to fulfill our responsibilities regarding the accession negotiations.

I believe that the accession process with the European Union has had an important contribution to our current economic stability and the democratic reforms we have implemented.

At the same time, we are demanding from our counterparts that Turkey is given the possibility to successfully complete accession talks just like Norway.

We are reminding them that when the accession process is complete, the decision to join the European Union will be taken not just by the peoples of the EU, but also by the Turkish people.

Ladies and Gentlemen,

As one of the three Guarantor Countries, Britain knows the true nature of the Cyprus issue better than any other nation in the world. Therefore, I don't want to dwell on the history of this question.

Nevertheless, it must be noted by everyone that it is the Greek Cypriot Administration who lacks the will to reach a settlement for the Cyprus problem, and that many members of the EU hide under the skin of the Greek Cypriot Administration as an excuse.

As is known, we put in every effort as the Turkish side in the negotiations for uniting the island.

The Greek side was allowed to become a member of the European Union despite the fact that they rejected the Annan Plan which was supported and endorsed by the EU and the international community.

The declarations and statements by many leading EU countries saying that the Greek Cypriot Administration became a member of the EU without representing the entire island are still in the archives.

In fact, the European Union has pursued a policy which contradicts its own principles by including within its membership, for the first time, an administration that has not resolved its internal problems and which does not represent all of its country.

The EU Presidency of such a "half government" in the second half of 2012 certainly demonstrates a weakness on the part of the EU.

This is something that must be questioned by the European Union itself.

More importantly, since the European Union considers all this to be normal at a time when negotiations are under way, this provides conducive ground for the Greek Cypriot Administration not to feel any obligation to work for a solution.

Obviously, this puts the European Union in a position where it ends up strongly encouraging the absence of a settlement.

Under these circumstances, I am afraid that the European Union will be the cause of the beginning of a process that will render unification of the island totally impossible.

I would like to remind everyone that the consequences of such a process will have to be accepted by all sooner or later.

The EU could prevent this situation if only they had the political will. Our British friends can play a critical role in securing this political will on the part the EU.

Dear Friends,

When Sultan Abdulaziz returned back from his European tour – by the way, it took 46 days -, he issued a message to his people. He said, “our happiness and peace of mind increase when the states we visited understand our good purposes”.

When I go back to Turkey, the message that I would like to give to my people is that Turkey’s goals and aspirations for a better world are understood and fully shared by our staunch ally, the United Kingdom. I will also tell my people that Turkey and the UK are determined to work together to make the world a better and safer place to live.

Thank you.