

Speech by Necmettin Kaymaz

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Session 3: Investment Facilitation: review of existing policy practices at the national, bilateral and regional level, and lessons learnt

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Thank you, Mr. Ambassador.

Please allow me to extend my appreciation to the distinguished representatives of the Friends of Investment Facilitation for Development (FIFD) for organizing such an important workshop that highlights the importance of foreign direct investment for economic development.

Distinguished delegates, ladies and gentlemen,

Today, many economies, including advanced economies, consider foreign direct investment as a key component of their economic development. As a developing country, Turkey considers FDI as an essential element of its development agenda. Therefore, FDI has been incorporated into our economic policies over the past 15 years. Of course, appreciating the merits of FDI in policy papers is not enough.

We have taken concrete steps to introduce necessary laws and regulations to improve the investment climate in Turkey. From this has followed the establishment of effective institutions. One of these institutions is the Coordination Council for the Improvement of the Investment Environment, which is composed of high-level public and private sector representatives.

Since its establishment in 2001, the Council has been a powerful platform for policy advocacy. It has streamlined bureaucratic procedures and reduced red tape in Turkey. It has developed policies to improve Turkey's competitiveness and has generated solutions to the administrative barriers faced by investors.

In fact, as a result of the policy advocacy within the Council, the Investment Support and Promotion Agency of Turkey was established in 2006 to position Turkey as an attractive FDI destination and to provide investors with facilitation services at all stages, before, during, and after their entry into Turkey.

As an investment promotion agency, we attach the utmost importance to policy advocacy.

Our experience over the past decade has proven the critical role that policy advocacy can play in attracting and increasing FDI. It has been an important tool for us not only to improve the investment climate in general, but also to provide investors with practical assistance to overcome any obstacle hindering their investments.

With Turkey's implementation of sweeping structural reforms, its investment climate has been significantly improved. This has enabled us to use our resources more efficiently by developing fast-track solutions to any problems that investors may face in their daily operations.

The effectiveness of policy advocacy has been imperative to our success in attracting and sustaining FDI in Turkey. We have realized that the lack of policy advocacy discourages both new investors and existing investors looking to expand their operations. In contrast, a functioning policy advocacy mechanism encourages investors and gives them a clear message that they are not left alone when they face an administrative barrier.

It is, therefore, that within the Agency we have set up a special task force in charge of policy advocacy in order to establish an effective communication channel between investors and the government. The task force regularly meets with the departments of government affairs of companies to receive feedback from them and convey that feedback to the relevant authorities for action to be taken.

Distinguished delegates,

No matter how improved your investment climate is, policy advocacy is always needed. Especially in the case of greenfield investments, policy advocacy is necessary to speed up the investment process. Because the nature of greenfield investments requires setting everything up from scratch, investors will always seek and welcome a helping hand, especially from the government.

Let me give you a concrete example: five years ago, we were in talks with a foreign company to set up a 500-million-dollar facility that would employ 2000 workers in Turkey. The investment rationale required that it should be in a new Organized Industrial Zone, even though Turkey had more than 200 Organized Industrial Zones with ready infrastructure. The conventional approach would send the company to one of the existing Organized Industrial Zones; but in that case, we could have failed to secure the investment. However, as a result of our proactive and persistent policy advocacy, we managed to establish a new Organized Industrial Zone. Two years ago, that facility commenced its production and is now serving both domestic and export markets.

Distinguished delegates,

We have also learnt from our experience that policy advocacy is also needed for other reasons. It is not always about reducing red-tape, nor is it always the government that creates obstacles in the first place. We have experienced that sometimes companies themselves create problems that eventually require policy advocacy to overcome them.

Again, our experience has shown us that policy advocacy is needed for future investments. It is very important to identify new trends and to advise the government to develop new policies accordingly so that we can attract investments into future industries or adapt to the changing trends.

Ladies and gentlemen,

The success of policy advocacy depends not only on the performance of the FDI practitioners, but also on the attitude or responsiveness of policymakers and government officials. It was

critical for us that our government empowered our agency and gave us a clear mandate. It was also equally important that our mandate was accepted and respected by line ministries and government agencies.

With a clear mandate to promote Turkey and facilitate investments, we have been able to establish lines of lobbying power with the top Government channels in Turkey. Today, as the Investment Support and Promotion Agency of Turkey, we use all available channels for policy advocacy - engaging with all levels of government, from the head of state to the lowest levels of bureaucracy.

Over the years, we have witnessed how policy advocacy has emerged as a respected tool for linking politicians to positive changes for the investment community in Turkey. This linkage is based on a strong political ownership of and commitment to FDI in Turkey.

Another advantage we have is that the Investment Support and Promotion Agency of Turkey is attached to the Prime Ministry and directly reports to the Prime Minister. The head of Agency and the Prime Minister regularly meet to discuss investment opportunities and remedies for obstacles to investment.

Distinguished delegates,

Policy advocacy is an integral part of investment promotion and facilitation. Effective use of policy advocacy paves the way for sustainable FDI flows and improves the investment climate significantly. Having shared our first-hand experience, I can confidently say that our policy advocacy efforts have made a difference in our investment promotion and facilitation policies. FDI is critical for development, and by the very same token, policy advocacy is critical for FDI. With that, I want to end my remarks here and thank you all for your kind attention.