



**Active Academy 6<sup>th</sup> International Finance Summit**

# **Global Crisis and Turkey**



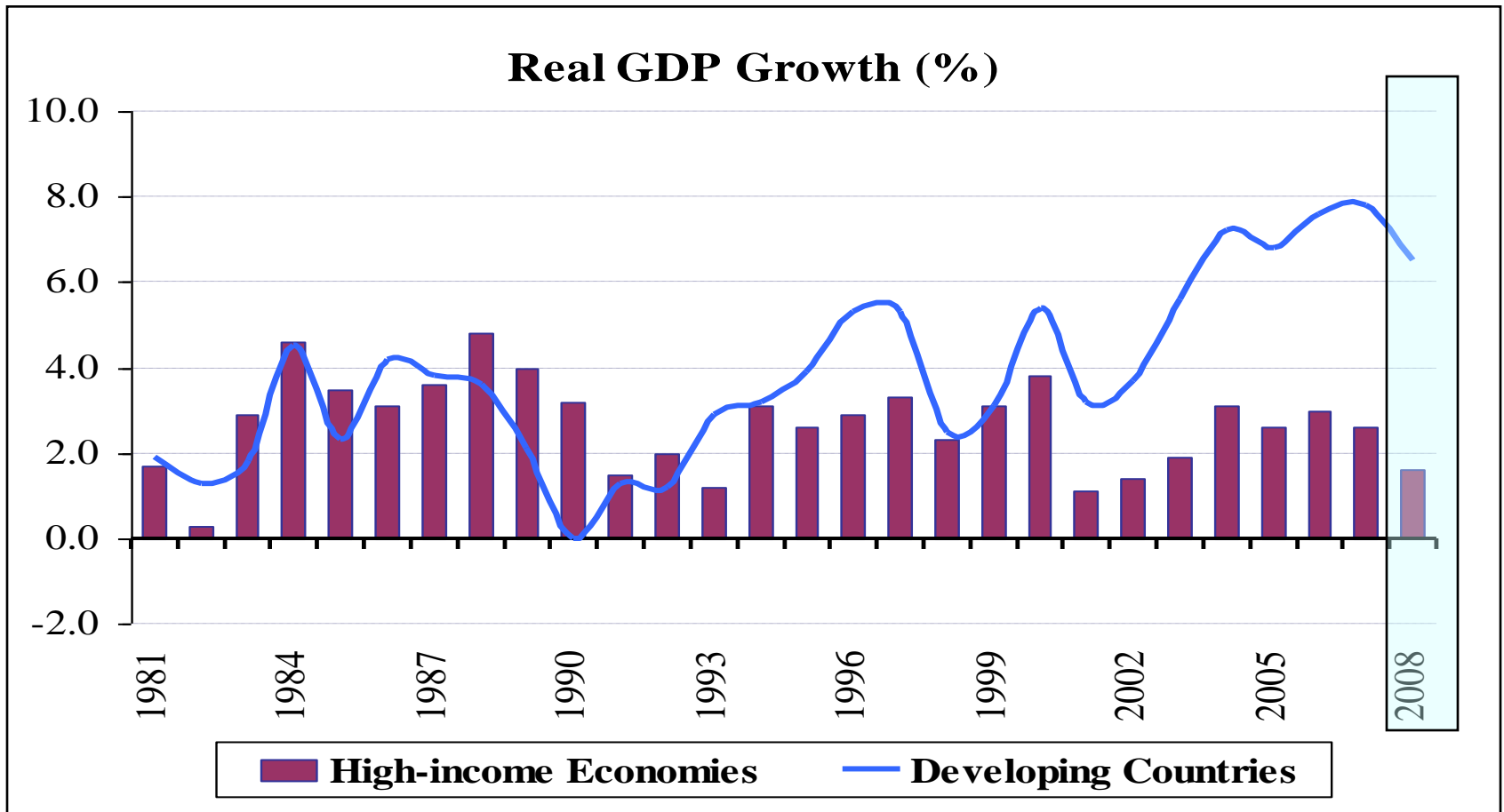
**Ulrich Zachau  
Director, Turkey  
The World Bank**

**12<sup>th</sup> November 2008, Istanbul**





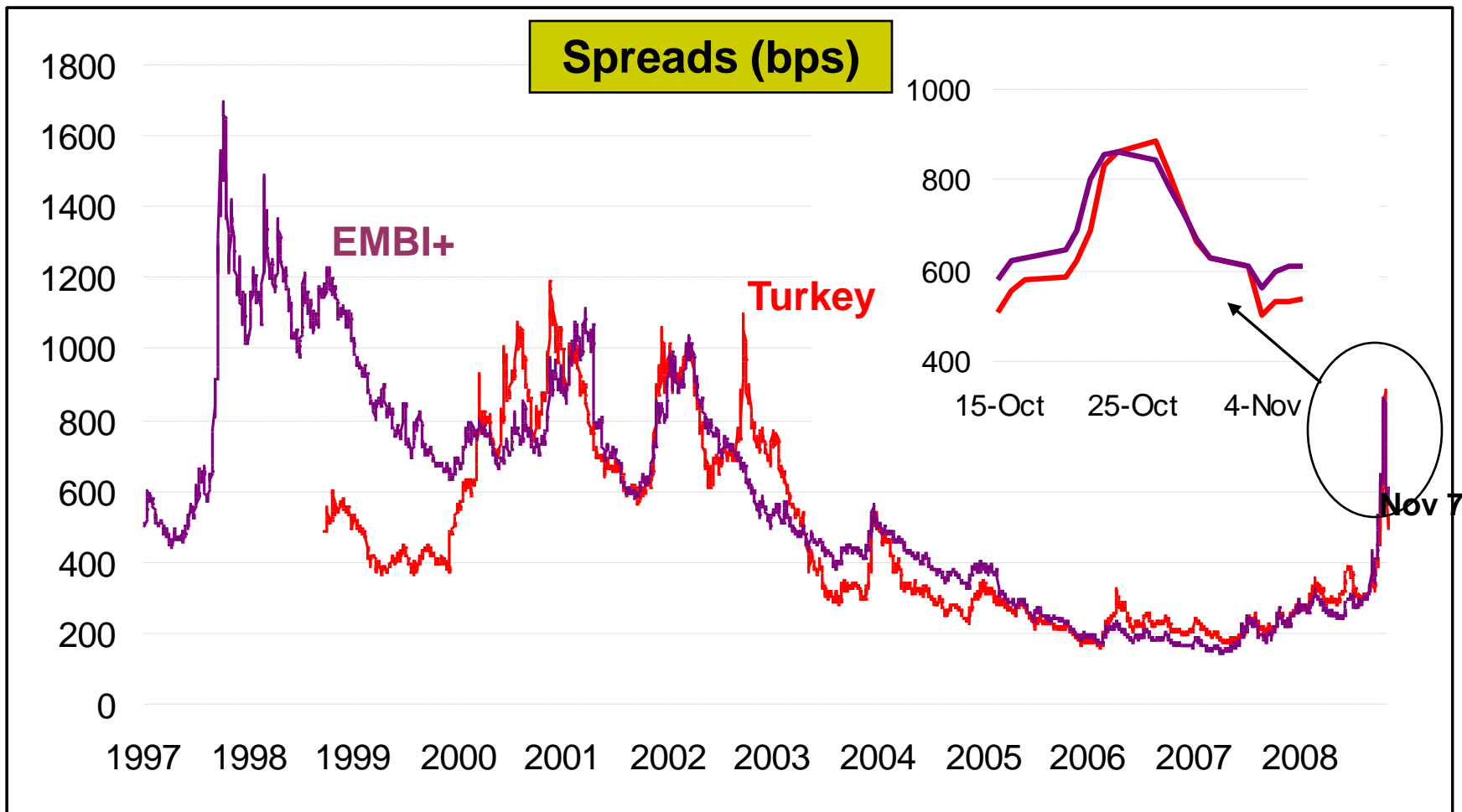
# Growth is Slowing Down - Everywhere



Source: WB, Forecast for 2008

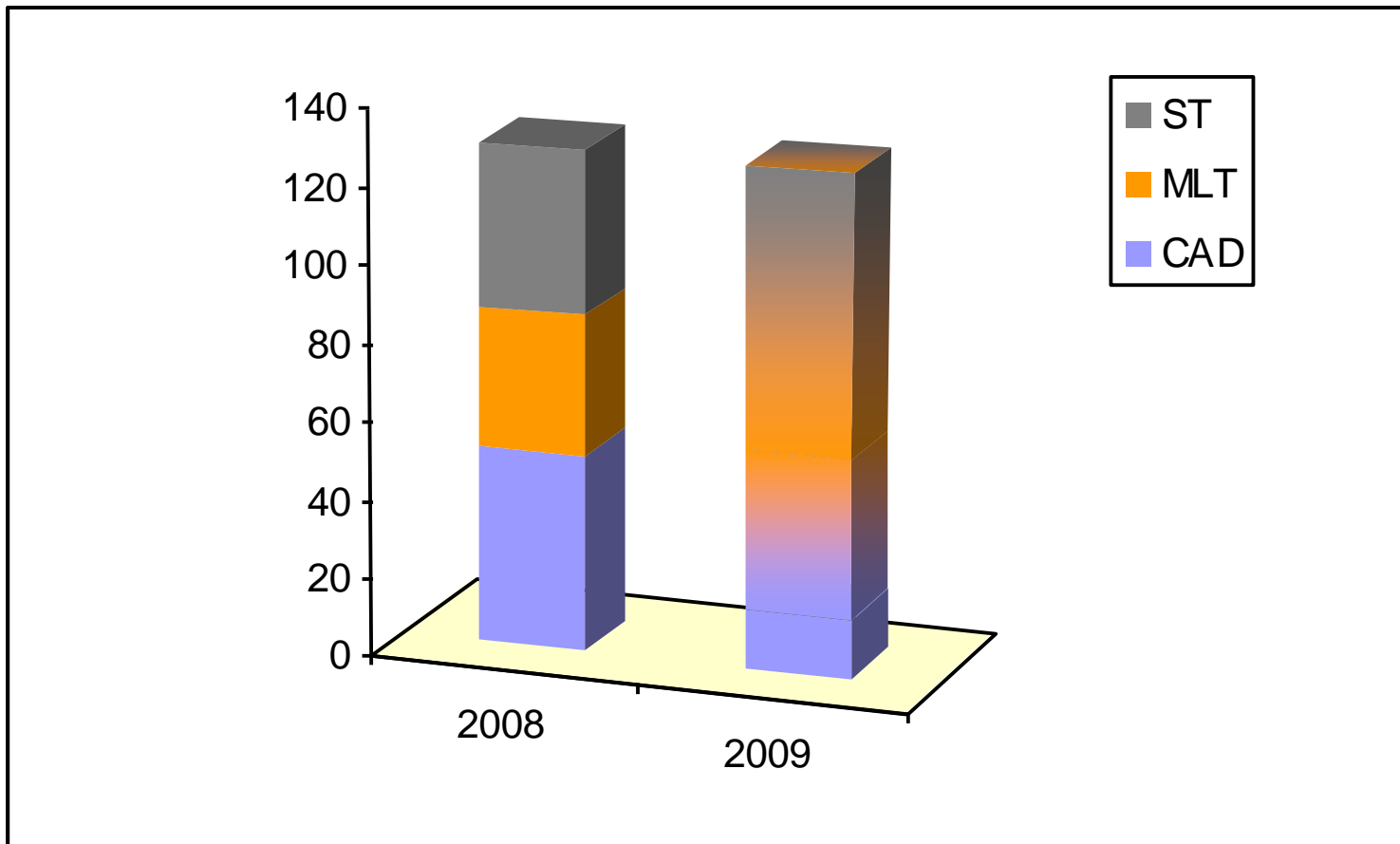


# Financial Turmoil Drives Flight to Quality





# Turkey has Large External Financing Needs



Requirement (US\$ bn)

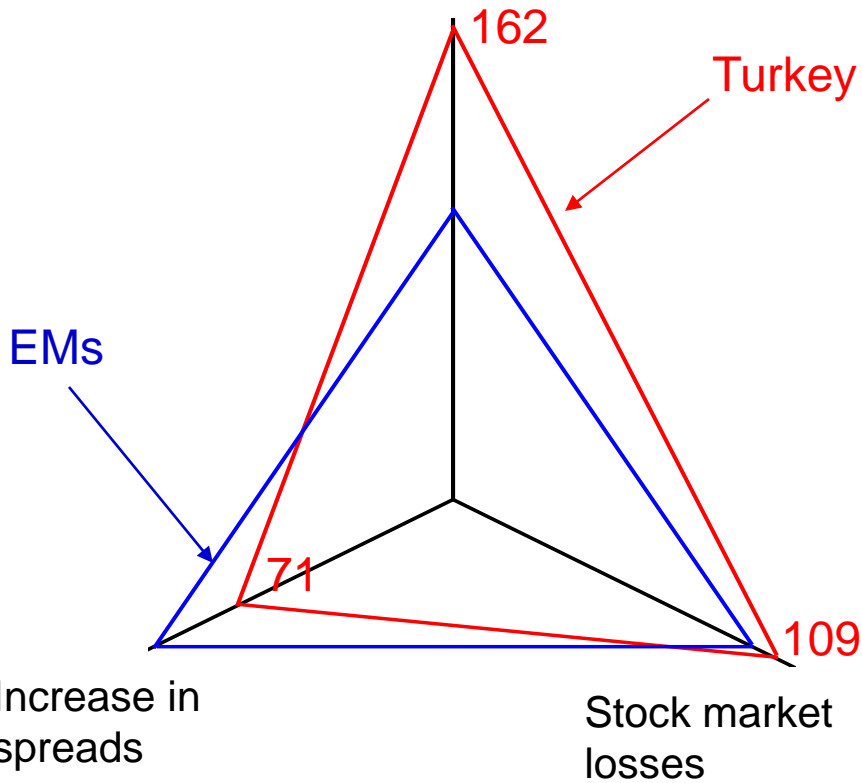


# Movements in Turkish Financial Markets Broadly in line with Emerging Markets



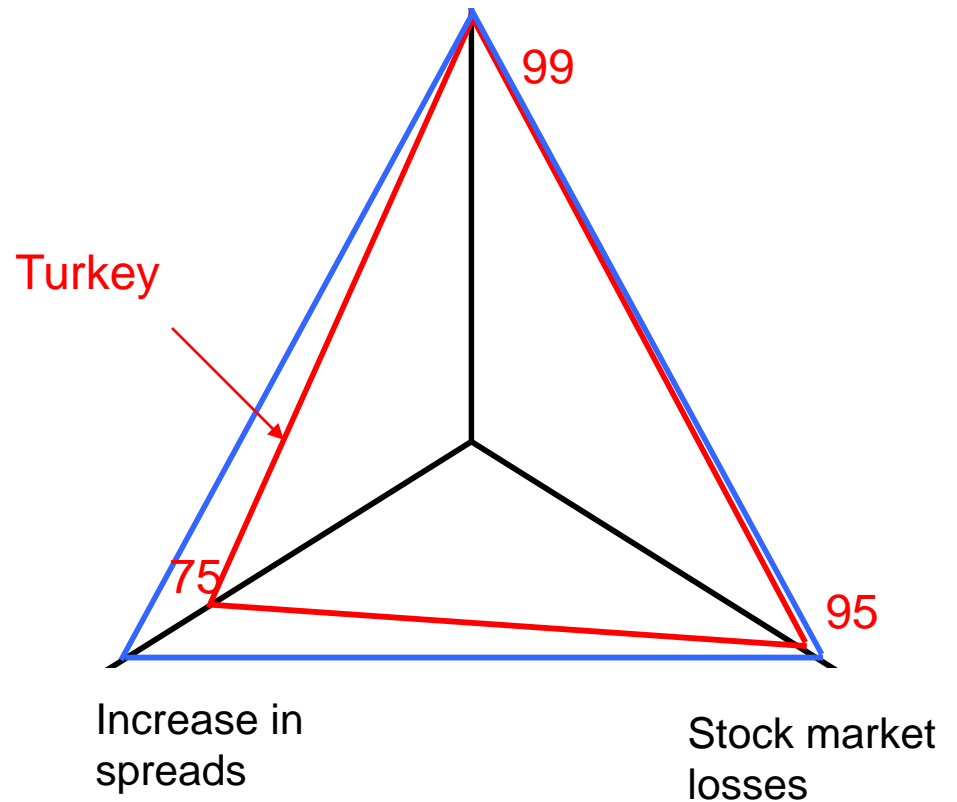
Sep 5, 08 – Nov 7, 08

Currency depreciation



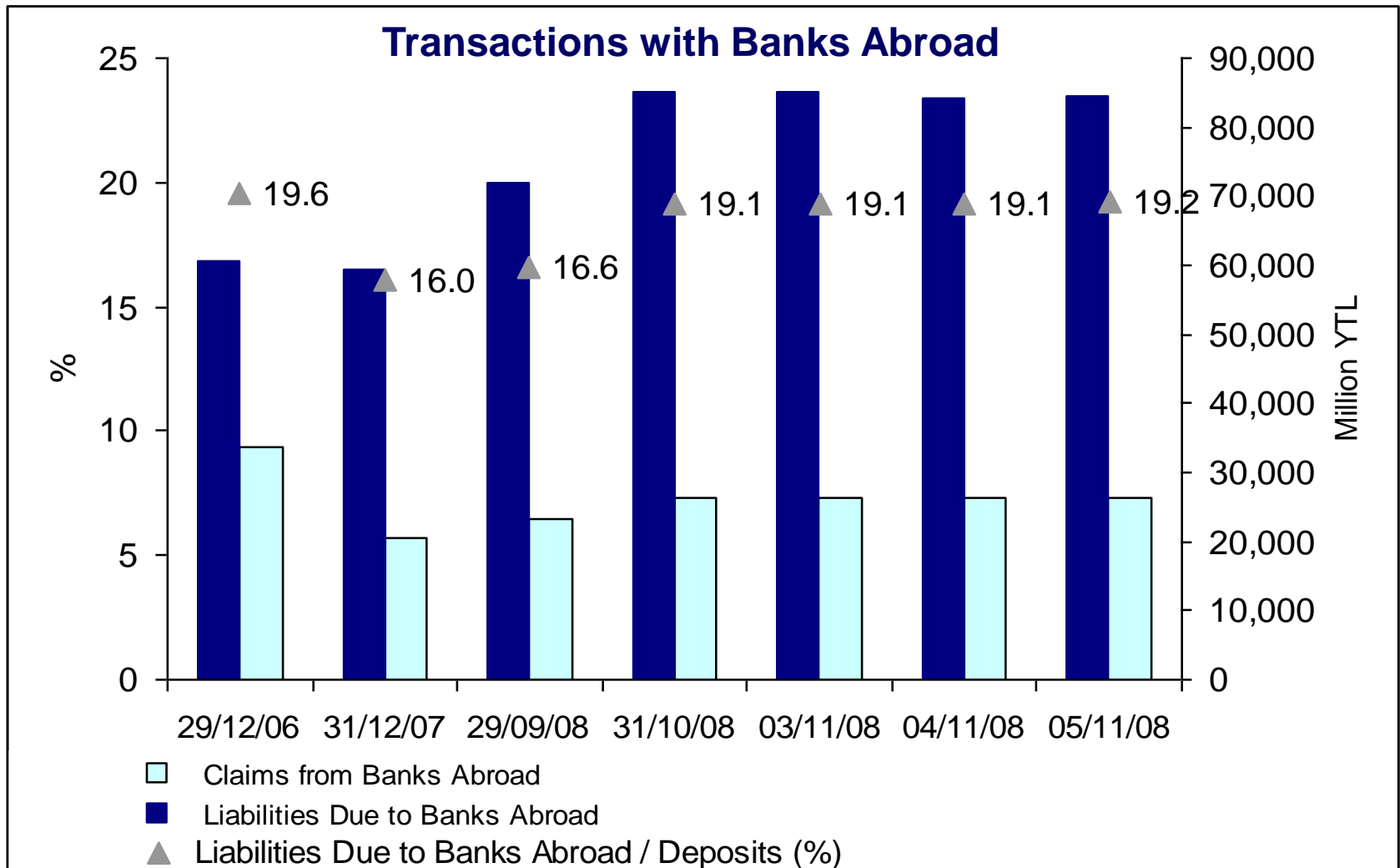
Dec 31, 06 – Nov 7, 08

Currency depreciation



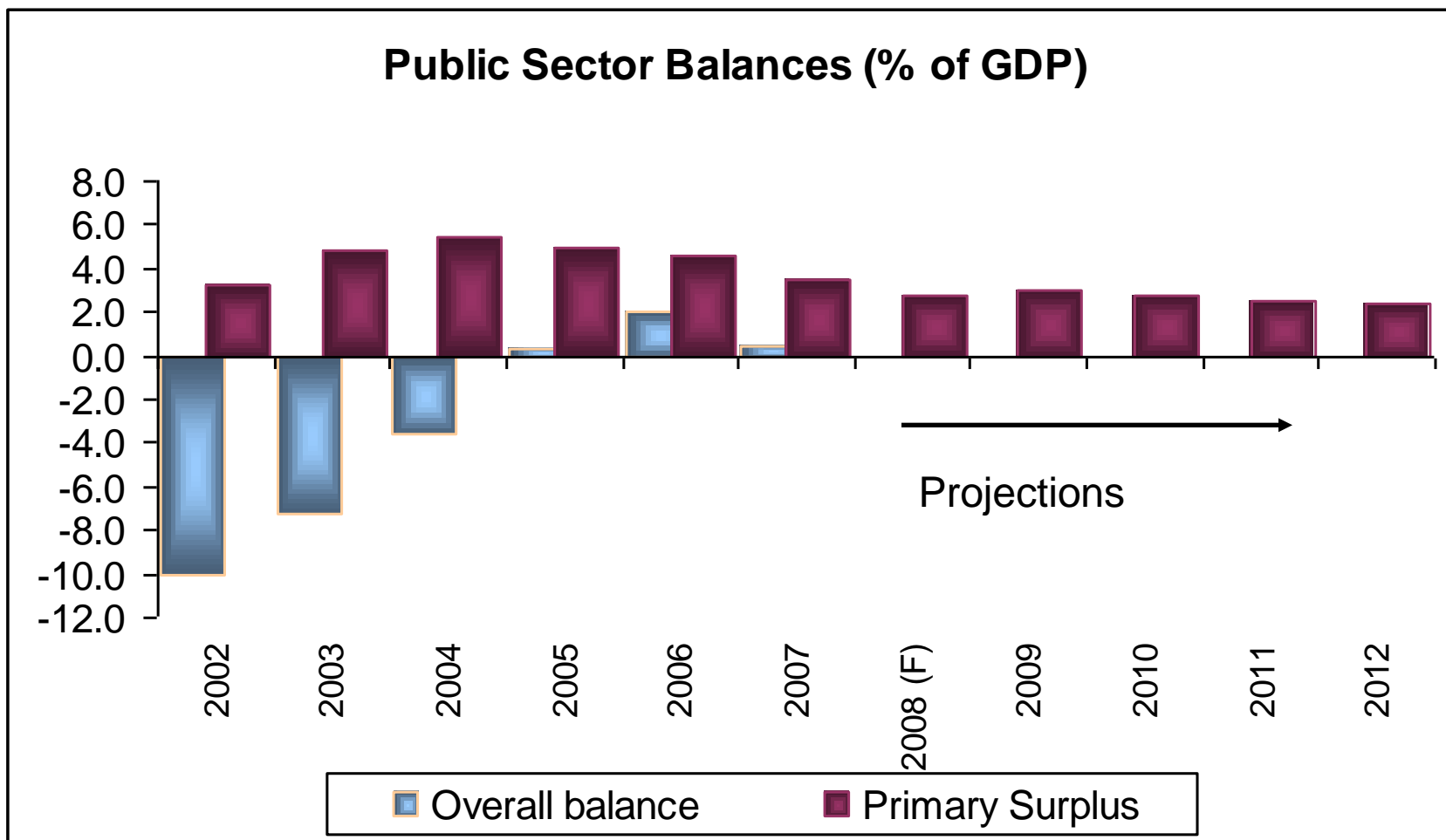


# Banking Sector's Reliance on Foreign Financing is Moderate



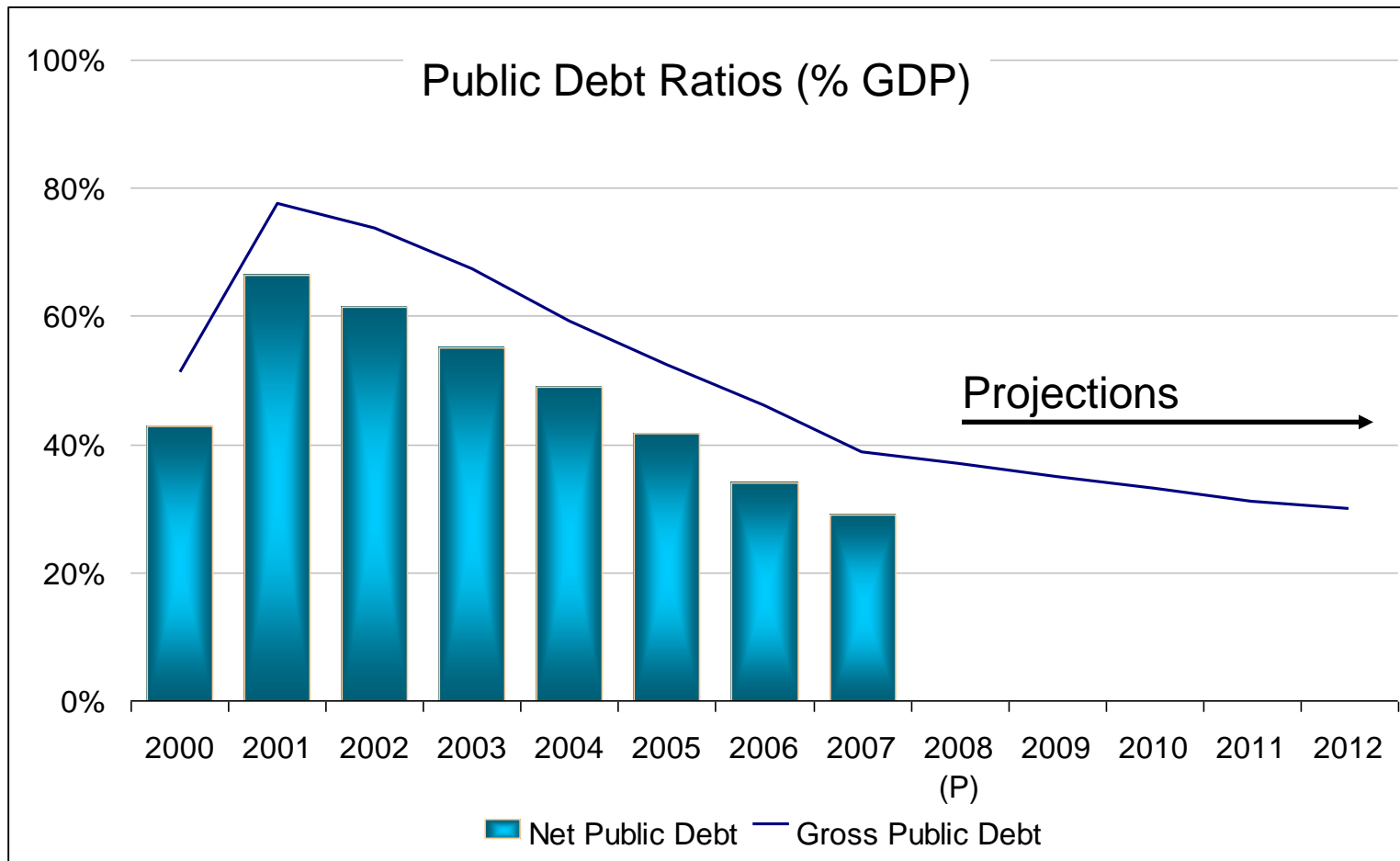


# Fiscal Policy: Be Prepared





# Further Public Debt Reduction can help Make Room for More Private Sector Financing

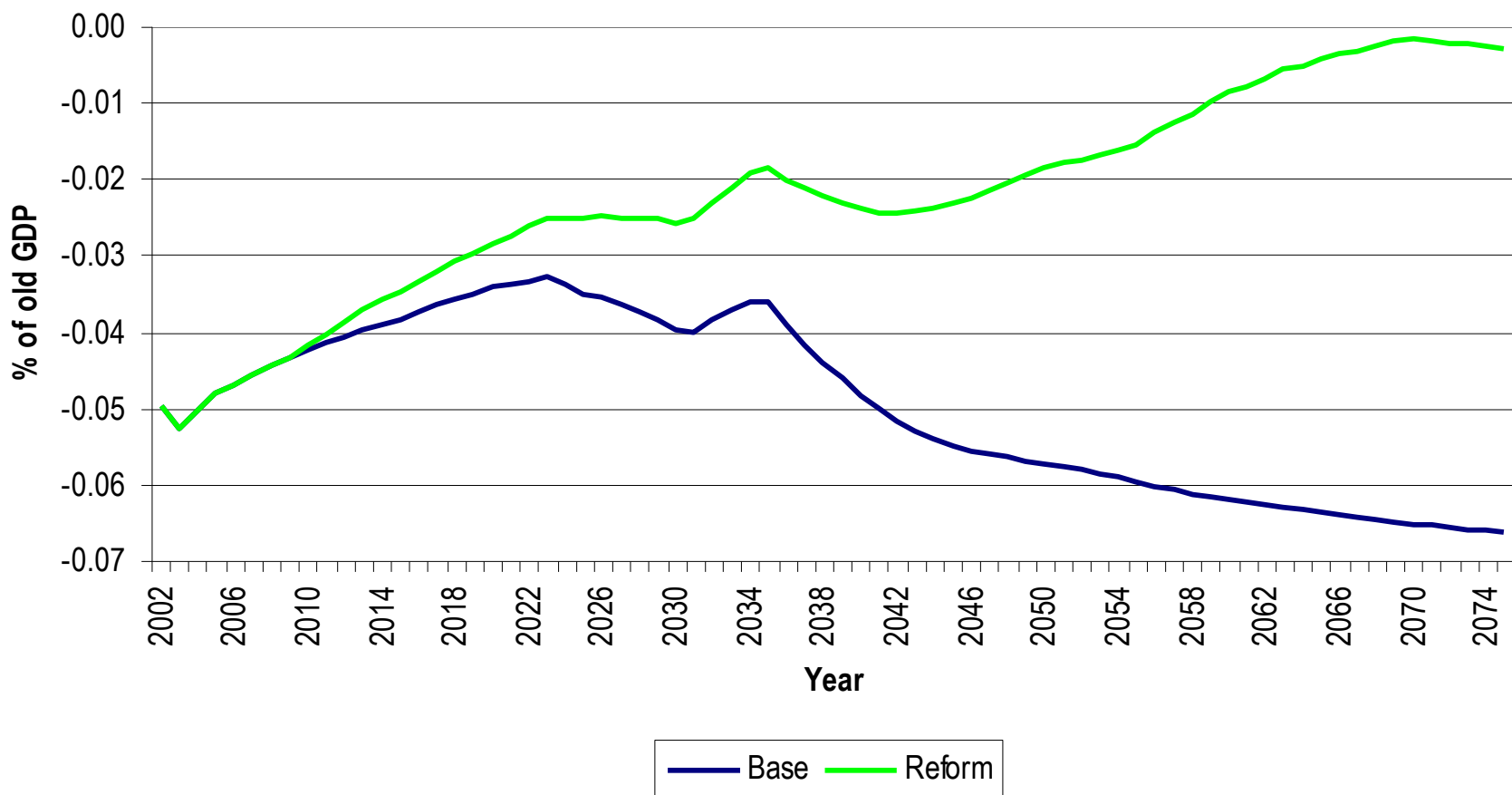




# Implementing Social Security Reform: Essential for Long-Term Sustainability

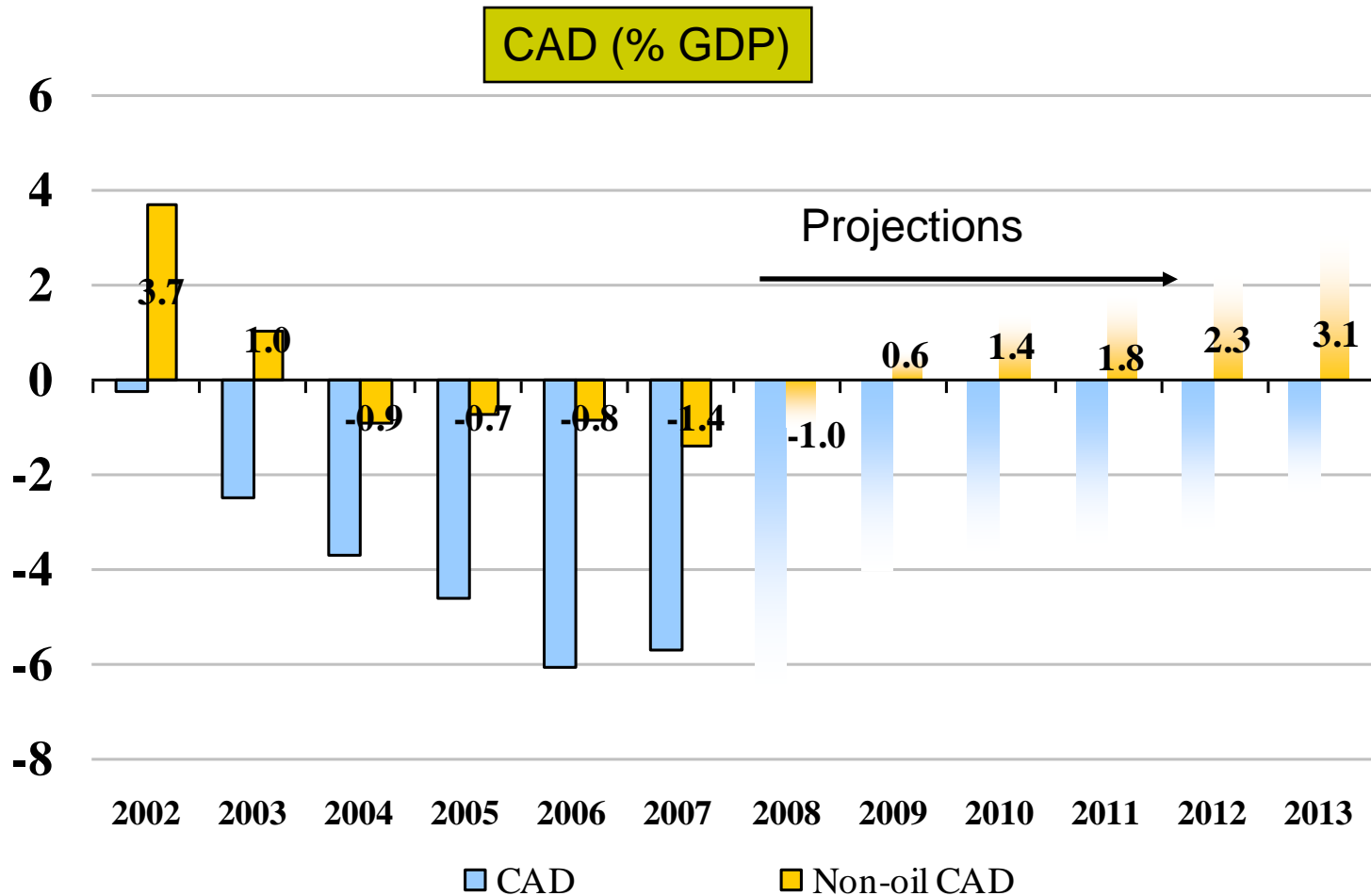


Figure: Turkey's Pension Deficit Before and After Reform



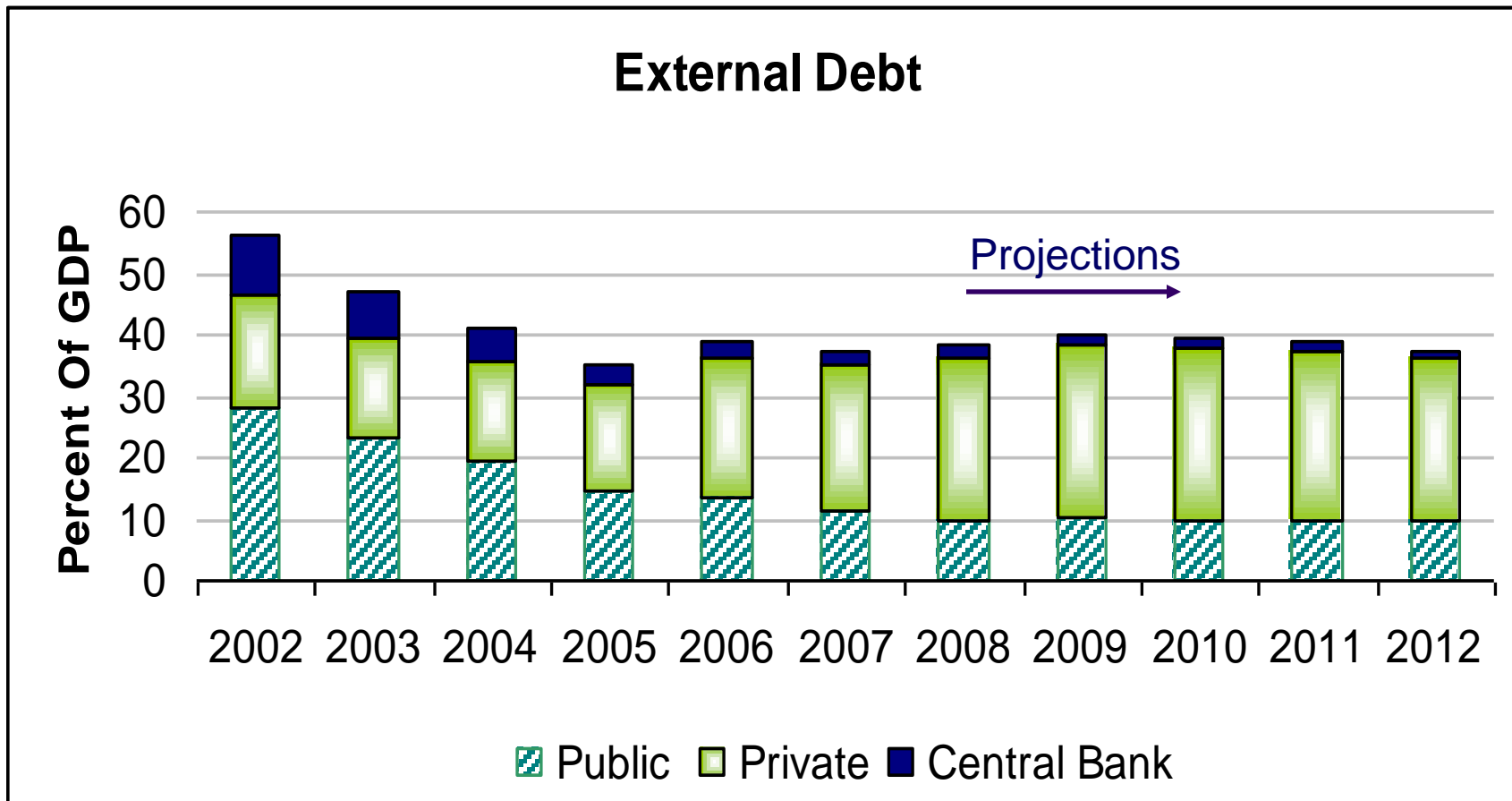


# High Current Account Deficits ... ... Future Oil Price?





# Debt Creating Inflows are mainly to Corporates ... and are Rising

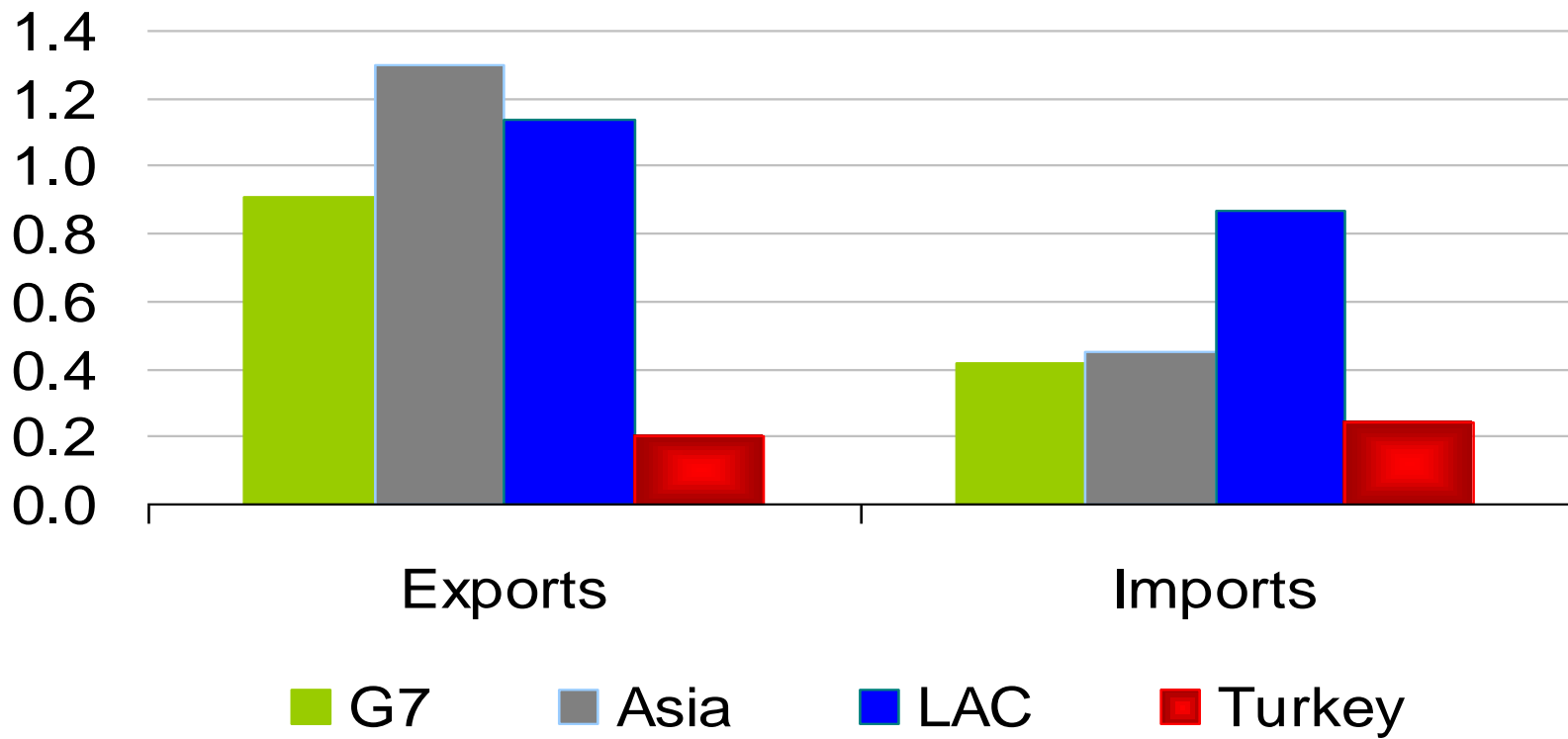




# Low CAD-YTL Sensitivity Magnifies Broad Growth Risks



## Exchange Rate Trade Elasticities

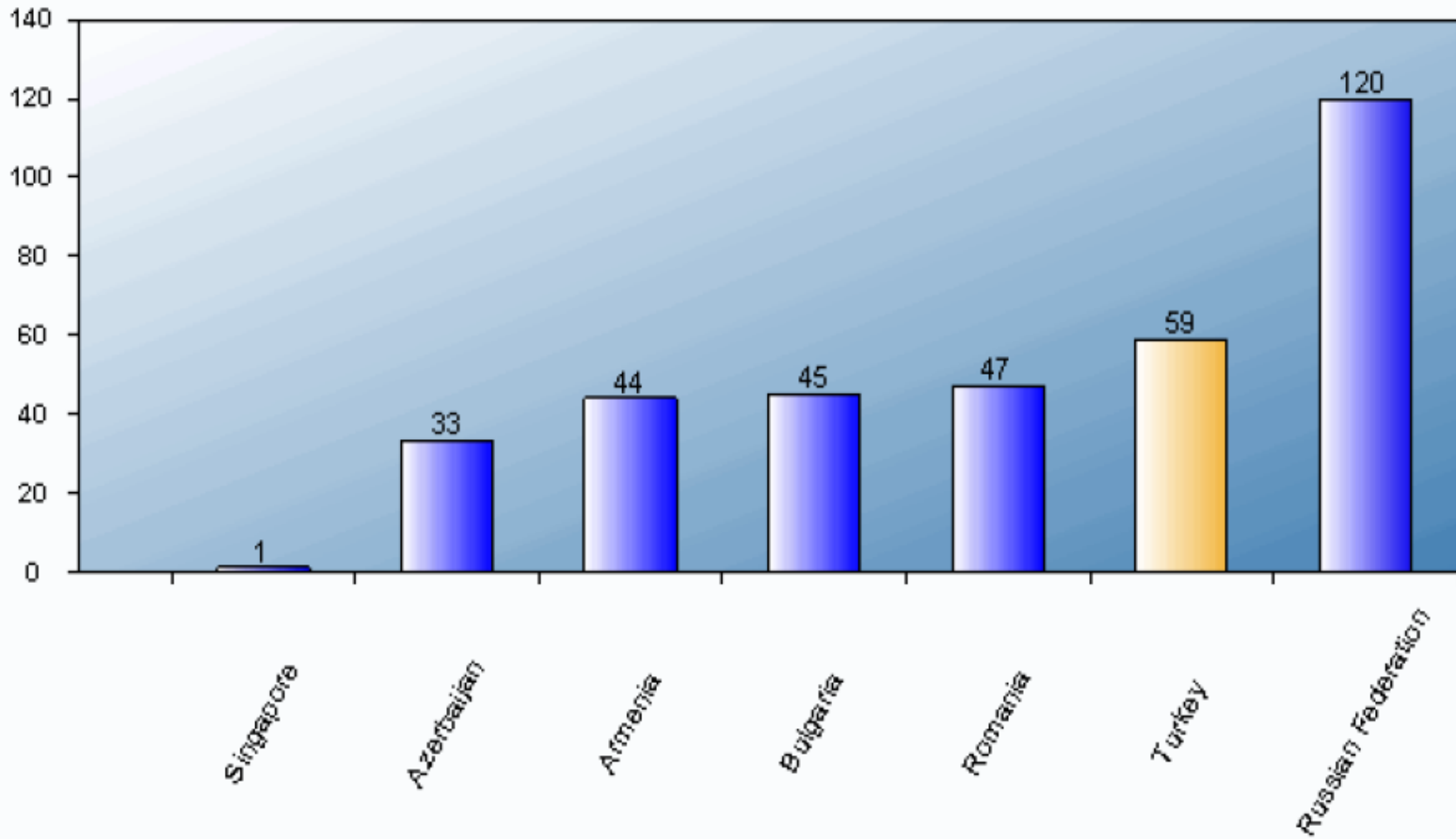




# How Competitive is Turkey for Doing Business?



Ease of Doing Business - Global Rank

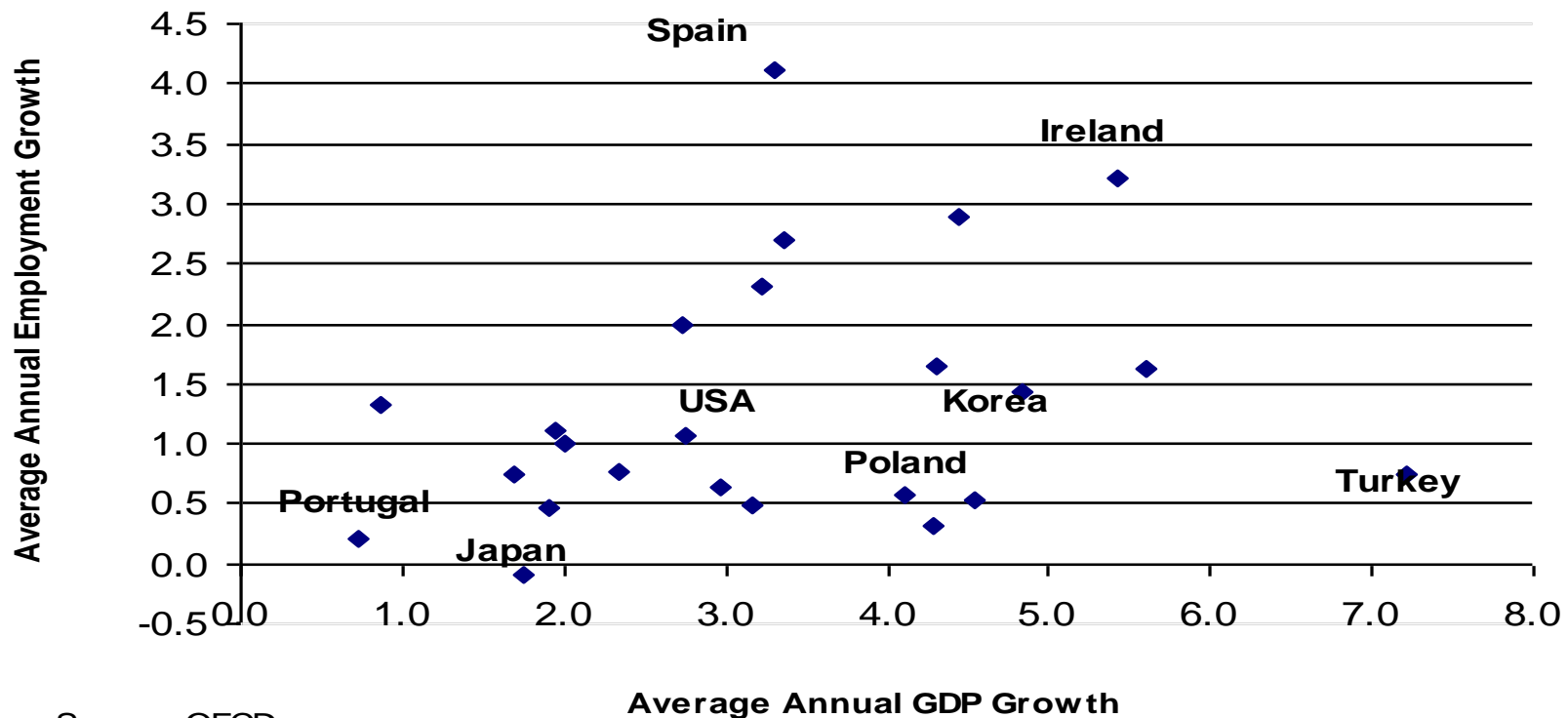




# Past Growth Generated Few Jobs => Labor Market Flexibility is Key!



**GDP and Employment Growth in OECD 2002-2006**

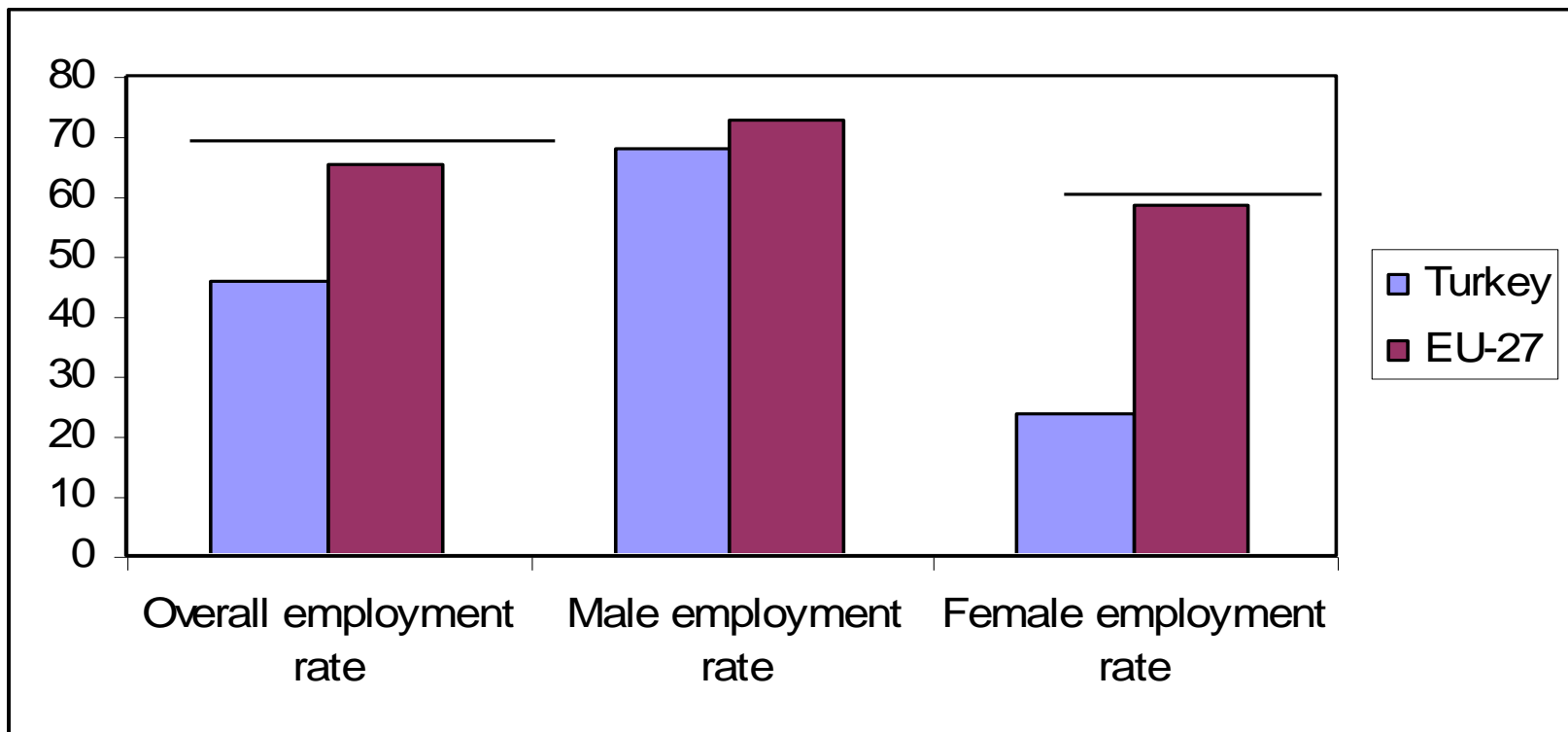


Source: OECD



# Jobs for Women?

**Employment rates are far below EU averages and the Lisbon targets\***



\* Employment rates for the population aged 15-64 in 2007. Lines denote Lisbon targets for overall employment and for female employment



# Education: Focus on Quality





**Thank You**  
**Teşekkür Ederim**