

**GLOBALIZATION, GOVERNANCE, THE ROLE OF NON-STATE ACTORS:  
TOBB AS A CASE STUDY**

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Approval of the Graduate School of Social Sciences

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## **ABSTRACT**

### **GLOBALIZATION, GOVERNANCE, THE ROLE OF NON-STATE ACTORS: TOBB AS A CASE STUDY**

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This thesis examines TOBB within the global and national socioeconomic context in which it operates, focusing on the last decade. Though states are the main governing bodies and important actors, the role of non-state actors (NSAs) is becoming increasingly important as they are able to intervene and influence policy decisions through various activities. They matter in issues regarding globalization and governance. They interact with various other actors, they have a role in governance schemes and they may have the capability to effect acceleration of globalization. In return they are also affected by this process.

For this research project TOBB has been chosen as a case study to evaluate the impact of such institutions in this process. Information on TOBB, including its chamber features, its interactions in governance, its special projects, and its viewpoint (made public through certain declarations and criteria), the economic platforms in which it participates, its contribution to G20 meetings and establishment of C20 all show that TOBB has taken an active stand in this process during the last decade. The context within which TOBB operates is an enabling one, both domestically and internationally. A comparison of TOBB with FICCI, its organizational counterpart in India, further demonstrates that the overall impact

of similar institutions, in our case chambers, is larger when the system is taken as a whole. In this thesis it is argued that TOBB “matters” and is able to intervene and influence decision making processes.

Keywords: Globalization, Governance, Non-State Actors, Civil Society Organizations, TOBB.

## ÖZ

### KÜRESELLEŞME, YÖNETİŞİM, DEVLET DIŞI OYUNCULARIN ROLÜ: TOBB ÖRNEĞİ

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Doktora, Uluslararası İlişkiler Bölümü

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Bu tez TOBB'u, son on yıllık dönemde faaliyetlerini sürdürdüğü küresel ve ulusal sosyoekonomik çerçevede incelemektedir. Devletler temel yöneticiler ve önemli oyunculardır, ancak Devlet Dışı Oyuncuların (DDO) rolleri de muhtelif faaliyetleri ile olaylara müdahil olma ve etkileme kapasiteleri nedeniyle artarak önemli olmaya başlamıştır. DDO'lar küreselleşme ve yönetim meselelerinde etkindirler, muhtelif oyuncularla etkileşim içindedirler, yönetim düzenlemelerinde rolleri vardır ve küreselleşmenin ivmesini arttırma kapasitesine sahip olmaları mümkündür. Bu süreç karşılığında kendileri de etkilenirler.

TOBB bu süreçte benzer kurumların etkisini değerlendirmek için örnek olarak seçilmiştir. TOBB hakkında, oda nitelikleri dahil bilgiler, yönetime ilişkin meselelerdeki etkileşimleri, özel projeleri, kamuya ilan ettiği bazı deklarasyonlar ve kriterler kanalı ile bilinir olan görüş açısı, yer almakta olduğu ekonomik platformlar, G20 toplantılarına katkıları ve C20'nin kurulmasında yer alması TOBB'un son on yılda bu süreçte aktif bir duruş sergilediğinin göstergeleridir. TOBB'un faaliyetlerini sürdürdüğü kendisini çevreleyen ulusal ve uluslararası bağlam bu aktif duruşa imkân vermektedir. TOBB' un Hindistan'daki karşı kuruluşu FICCI ile karşılaştırması, sistem bir bütün olarak ele alındığında benzer kurumların; bizim örneğimizde

odaların etkisinin toplumda daha da büyük olacağını kanıtlamaktadır. Bu tez TOBB'un "önem taşıdığını" ve karar verme süreçlerine müdahale etme ve bu süreçleri etkileme kapasitesine sahip olduğunu ileri sürmektedir.

Anahtar Kelimeler: Küreselleşme, Yönetişim, Devlet Dışı Oyuncular, Sivil Toplum Örgütleri, TOBB.

**To my husband Levent Özkaban, to Ufuk and Elif, and to the memories of my very special parents Öznur and Nihat Duruman.**



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The author also wishes to state that this thesis being an academic work, the views reflected here are her own, and they do not necessarily reflect official views of TOBB as an institution.

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## LIST OF ABBREVIATIONS\*

ABC .....	Association of Balkan Chambers
ASCAME.....	Association of the Mediterranean Chambers of Commerce and Industry
ATA .....	Admission Temporaire /Temporary Admission
ATTSO .....	German Turkish Chamber of Commerce and Industry
BCC .....	British Chambers of Commerce
BDDK.....	Banking Regulation and Supervision Agency
BIAC .....	Business and Industry Advisory Committee
BINGO .....	Business Non-Governmental Organizations
BOT .....	Built Operate Transfer
C20.....	Chambers of Twenty
CACCI.....	Confederation of Asia Pacific Chambers of Commerce and Industry
CCC .....	Customs Cooperation Council
CDF .....	Comprehensive Development Framework
CIVICUS.....	World Alliance for Citizen Participation
CSI.....	Civil Society Index
CSO .....	Civil Society Organization
DDO .....	Devlet Dışı Oyuncu (the Turkish translation for NSA)
DDÖ .....	Devlet Dışı Örgüt (the Turkish translation for non-state organization)
DEİK .....	Foreign Economic Relations Board
DİSK .....	Confederation of Progressive Trade Unions
EAN.....	European Article Numbering
ECO-CCI.....	Economic Cooperation Organization Chamber of Commerce and Industry
ECOSOC .....	Economic and Social Council
EDAM.....	Centre for Economics and Foreign Policy Studies
EESC.....	The European Economic and Social Committee
EKK.....	Economic Coordination Committee

EPC.....	Economic Partnership Commission
ESDK.....	Economic Issues Assessment Council
ESK.....	Economic and Social Council
ETU .....	University of Economics and Technology
EU .....	European Union
EUROCHAMBRES ....	Association of European Chambers of Commerce and Industry
FATF.....	Financial Action Task Force
FICCI.....	Federation of Indian Chambers of Commerce and Industry
FSB.....	Financial Stability Board
G20 .....	Group of Twenty
G7 .....	Group of Seven
G8 .....	Group of Eight
GDSN .....	Global Data Synchronization Network
GPoT .....	Global Political Trends Center
GS1 .....	Global Standards
HAK-İŞ.....	The Confederation of Turkish Real Trade Unions
HDO .....	Hükümet Dışı Organizasyonlar (the Turkish translation for NGO)
İKV .....	Economic Development Foundation
İŞKUR.....	Turkish Employment Agency
IBM .....	International Business Machines
ICC.....	International Chamber of Commerce
ICCI.....	Islamic Chamber of Commerce and Industry
ILO.....	International Labour Organization
IMF.....	International Monetary Fund
IMFC .....	International Monetary and Financial Committee
INGO .....	International Non-Governmental Organizations
IPE.....	International Political Economy
IR.....	International Relations
IRU .....	International Road Transport Union
JCC .....	Joint Consultative Committee

KAMU-SEN.....	Public Workers Trade Union
KOBİAŞ.....	SME Venture Capital Investment Trust Inc. Co.
KOSGEB.....	Small and Medium Size Enterprises Development and Support Administration
LA-21.....	Local Agenda 21
MEKSA.....	Vocational Training and Small Industry Support Foundation
MEV.....	National Education Foundation
MDGs.....	Millennium Development Goals
MPM.....	National Productivity Centre
NACE.....	General Industrial Classification of Economic Activities within European Communities
NATO.....	North Atlantic Treaty Organization
NED.....	National Endowment for Democracy
NGO.....	Non-Governmental Organization
NSA.....	Non-State Actor
OECD.....	The Organisation for Economic Co-operation and Development
OIC.....	Organization of the Islamic Conference
OSCE.....	Organization for Security and Co-operation in Europe
PRSP.....	Poverty Reduction Strategy Paper
QIZ.....	Qualified Industrial Zone
RFID.....	Radio Frequency Identification
SEGEM.....	Insurance Training Centre
SME.....	Small and Medium-Size Enterprise
TACCI.....	Turkish American Chamber of Commerce and Industry
TAİK.....	Turkish-German Cooperation Council
TATSO.....	Turkish-German Chamber of Commerce
TEPAV.....	Economic Policy Research Institute
TESK.....	Craftsmen and Artisans Confederation of Turkey
TİM.....	Turkish Exporters Association
TIR.....	Transit International Routier/International Road Transit
TİSK.....	Turkish Confederation of Employer Associations

TOBB.....	The Union of Chambers and Commodity Exchanges of Turkey
TOBEV.....	The Education and Culture Foundation of the Union of Chambers and Commodity Exchanges of Turkey
TRNC.....	Turkish Republic of Northern Cyprus
TSE.....	Turkish Standards Institute
TÜBİTAK.....	The Scientific and Technological Research Council of Turkey
TÜDEV.....	Turkish Ocean Education Foundation
TÜRK-İŞ.....	Confederation of Turkish Trade Unions
TÜSEV.....	Third Sector Foundation of Turkey
TURMEPA.....	Turkish Marine Environment Protection Association
TUSİAD.....	Turkish Industrialists' and Businessmen's Association
TZOB.....	Union of Agricultural Chambers of Turkey
UCC.....	Uniform Code Council
UN.....	The United Nations
UNDP.....	United Nations Development Programme
UNECE.....	United Nations Economic Commission for Europe
UNESCO.....	The United Nations Educational, Scientific and Cultural Organization
UNICEF.....	United Nations Children's Fund
UPC.....	Uniform Product Code
WATAC.....	World ATA Carnet Council
WCF.....	World Chambers Federation
WCO.....	World Customs Organization
WHO.....	World Health Organization
WTO.....	World Trade Organization
YADA.....	About Life Foundation
YASED.....	International Investors Association
YOİKK.....	The Coordination Council for the Improvement of Investment Environment

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\* For the institution names that do not have an English version indicated in their websites, an English translation is provided.

# CHAPTER 1

## INTRODUCTION, KEY CONCEPTS, AND METHODOLOGY

### 1.1 Introduction

This thesis will examine the Union of Chambers and Commodity Exchanges of Turkey (TOBB) and its operations within the global and national socioeconomic context in which it operates. It will address the issue of whether and how TOBB's role has been changing due to globalization. It will be argued that TOBB is an economic interest-oriented non-state actor (NSA) and an actor in the global chamber system; in other words both a subject and object of governance.

The argument of this thesis is that TOBB acts as a catalyst between global and the local socioeconomic structures. TOBB is affected by globalization, but as an NSA it also affects globalization process: this is a dual interaction process. While TOBB contributes to globalization, globalization affects its functions and priorities.

The hypothesis to be tested in this case is that TOBB has an influence on globalization, and that it "matters". The argument of this thesis is; TOBB being an NSA, which embodies chamber features, does matter. The context within which TOBB operates is clarified in order to differentiate it from other NSAs.

"Mattering" both as a concept and a policy instrument in practice plays an important explanatory role in this thesis. It is understood as political influence on a specific domain in international relations. As Arts defines it, mattering is "achievement of [a part of] one's goals with regard to a political outcome, which is [at least partly] caused by one's own and intentional intervention in the political

process concerned”.<sup>1</sup> Therefore this thesis will be examining various interventions of TOBB in order to be able to view its effects on certain processes, and whether specific goals are achievable through its interventions. For instance, TOBB has important effects on some economic and political (policy) issues. This can be observed through different TOBB interventions, as defined within the context of “mattering”. This concept fits in the pluralist understanding which will be further elaborated where the world system is composed of various interacting units. Interaction is a process that actors try to influence each other. If actors are able to influence, this means that they do “matter.” Mattering is used as an analytical tool rather than a theoretical concept.

This thesis claims that in addition to state managed *governing*; now there is actor-influenced *governance*, which needs to be taken into consideration. The process of globalization has introduced new forms of management style, such as “good governance.” The role of the state in the economy has also been modified according to good governance practices. Due to this process, NSAs like TOBB emerge as important actors and provide input to decision-making processes. Emerging multi-level governance schemes pave the way for NSAs to express their views more effectively.

This thesis also draws attention to the fact that, chambers, though they are analysed under the general category of NSAs, have certain features that distinguish them from the rest. This fact will be demonstrated throughout the thesis by examining certain aspects of TOBB including its historical and organizational background, clarifying its duties and functions, showing the general features of the International Chamber of Commerce and comparing TOBB with one

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<sup>1</sup> Bas Arts, M. Noortmann and B. Reinalda, *Non-state Actors in International Relations* (Aldershot: Ashgate, 2001), p. 197.



of its eminent counterparts, FICCI. How TOBB differs from a civil society organization is also given in section 2.8.

Though this theme will be built throughout the thesis by giving concrete examples, it is useful to list some characteristics of chambers from the outset to guide the readers. Chambers have certain features; independent of whether they are organized around voluntary membership or compulsory membership principles:

- They are organized around economic interests.
- They serve commercial and industrial firms.
- They constitute a network, the members of whom communicate among each other. They both compete and cooperate depending on the circumstances.
- They have certain expertise on specific matters and are consulted for that.
- They are subject to some form of supervision and certain ethical codes that they have to obey.
- They are involved in documentation and regulation of various trade activities.
- They are considered as focal points of business interaction.
- They have a characteristic, though not unique to them, is influential on the way that they function. Their administration is composed of a businessmen base, and a bureaucratic structure distinct from this. The former is represented by an executive board and a president, and the latter by a secretary general and staff. Harmony has to be reached for this dual governance structure to operate smoothly. Ownership may be an issue for the staff due to this dual structure.
- Chambers are usually leadership oriented, and institutionalization may require extra effort and time. Qualities of the leader have an effect on the

outcome of the chambers activities and their involvement in policy making processes.

- They may be given the duty to perform certain public functions which might as well be performed by the state.
- They perform a bridge function between the business and the state.
- They have dialogue channels, not only with the government, but other actors as well, both nationally and internationally. They cooperate, coordinate and interact with their counterparts all across the world. They do not always need to make use of state-to-state communication channels, although they may revert to that if necessary.
- They are obliged to effectuate the demands of their members and serve them, but at the same time they invest in their capacity building and development. This is another dual nature that chambers have.
- They are traditional institutions with historical roots. Yet accelerated neoliberal tendencies reinforce change within these institutions as well.

All of the above mentioned qualities will be clarified while the thesis progresses, but it is useful to bring them into attention at the outset to make it apparent that we are dealing with a specific kind of NSA.

In order to test the above mentioned hypothesis “if TOBB matters,” various other questions are also addressed, which will lead us to the answer of the main question of the thesis. Some of the questions which are answered throughout the thesis are as follows:

- What are the means TOBB has in order to be integrated with the whole of the world system?
- Should TOBB be considered as a merely domestic institution or an international one based on its duties and functions?

- How does TOBB get involved in various networks? What are the outcomes of its involvement?
- What is the perspective of TOBB while it influences policy making decisions? Are TOBB's declarations in favour of neoliberal economic policies?
- What background does TOBB have? What can be said about state-TOBB relations?
- Is TOBB a unique organization, or a part of the chamber system of similar organizations? (such as ICC and FICCI)
- How does the chamber feature of TOBB effect its operations? Does it locate TOBB at a different position than other NSAs?
- Is TOBB accepted as an actor by systemically important economic global governance institutions? (E.g. The World Bank, IMF, G20 etc.) What evidence we have to support this trend?
- On which grounds TOBB could be considered as a civil society organization?

Above mentioned questions are addressed throughout this thesis, and the answers provided to these questions, are the building blocks that lead us to the answer our main question, whether TOBB matters or not.

While trying to answer these questions, two things are considered as given. First is that TOBB does not operate in isolation, but carries out its functions in a globalized world. Second, governance is the administration style adopted in the globalized world.

Economic aspects of globalization are given priority in this thesis. Globalization in this sense means that world economic system functions as a whole within a multi actor environment interacting simultaneously at various levels. The national boundaries and state sovereignty do not constitute limits to economic

interactions. With the contribution of increased speed in communication, transportation, circulation of goods and capital, spread of internet, the constraints of states coping with the dynamism of innovations, creative thinking and the general acceptance of neoliberal thinking, an economic environment prevails where interactions take place at multiple levels and multiple domains beyond the control and intervention of a single authority. Systemically important economic global governance institutions broadened their scopes, institutions such as G20 raised their profiles to standardize rules that govern the economic system to make sure that, no single actor would act on its own rules and distort the smooth functioning of the system as new financial crises spread out very easily due to this feature of the global economy. This is neither desired nor could be afforded.

Globalization issues are discussed by various scholars over a very broad spectrum. David Held and Anthony McGrew gather these discussions under three broad schools of thought, namely the hyperglobalists, the sceptics, and the transformationalists.<sup>2</sup> They explain what globalization means according to three perspectives as follows:

Such a view of globalization [hyperglobalist] generally privileges an economic logic and, in its neoliberal variant, celebrates the emergence of a single global market and the principle of global competition as the harbingers of human progress. Hyperglobalizers argue that economic globalization is bringing about a 'denationalization' of economies through the establishment of transnational networks of production, trade and finance. In this 'borderless' economy, national governments are relegated to little more than transmission belts for global capital or, ultimately, simple intermediate institutions sandwiched between increasingly powerful local, regional and global mechanisms of governance.(...) In this respect, many hyperglobalizers share a conviction that economic globalization is constructing new forms of social organization that are supplanting, or that will eventually supplant, traditional nation-states as the primary economic and political units of world society.<sup>3</sup>

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<sup>2</sup> David Held *et al.* *Global Transformations: Politics, Economics and Culture* (Cambridge: Polity, 1999)

<sup>3</sup> *Ibid.*, p. 3.

They also say that there is divergence between hyperglobalists and this school of thought include neoliberals as well as neo-Marxist. However both share the belief which indicates that globalization is primarily an economic phenomenon and the needs of global capital impose a neoliberal economic discipline on all governments.

The sceptics on the other hand draw on statistical evidence of world flows of trade, investment and labour from the nineteenth century and claim that contemporary levels of economic interdependence are not unprecedented.

(...) In arguing that globalization is a myth, the sceptics rely on a wholly economic conception of globalization, equating it primarily with a perfectly integrated global market. By contending that levels of economic integration fall short of this 'ideal type' and that such integration as there is remains much less significant than in the late nineteenth century (the era of the classical Gold Standard), the sceptics are free to conclude that the extent of contemporary 'globalization' is wholly exaggerated (Hirst). (...) Rather than being out of control, the forces of internationalization themselves depend on the regulatory power of national governments to ensure continuing economic liberalization.<sup>4</sup>

According to sceptics the power of national governments are not declining or eroding, on the contrary it is reinforced and enhanced.

The third school of thought is classified as transformationalists. Their conviction is that there is historically unprecedented levels of global interconnectedness and globalization transforms state power and world politics.

At the core of the transformationalist case is a belief that contemporary globalization is reconstituting or 're-engineering' the power, functions and authority of national governments. While not disputing that states still retain the ultimate legal claim to 'effective supremacy over what occurs within their own territories', the transformationalists argue that this is juxtaposed, to varying degrees, with the expanding jurisdiction of institutions of international governance and the constraints of, as well as the obligations derived from, international law. (...) Globalization, in this account, is therefore associated with a transformation or, to use Ruggie's term, an 'unbundling' of the relationship between sovereignty, territoriality and state power. (...) Sovereignty, state power and territoriality thus stand today in a more complex relationship than in the epoch during which the modern nation-state was being forged. Indeed, the argument of the

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<sup>4</sup> Ibid., p. 5.

transformationalists is that globalization is associated not only with a new 'sovereignty regime' but also with the emergence of powerful new non-territorial forms of economic and political organization in the global domain, such as multinational corporations, transnational social movements, international regulatory agencies, etc. In this sense, world order can no longer be conceived as purely state-centric or even primarily state governed, as authority has become increasingly diffused among public and private agencies at the local, national, regional and global levels.(...) In addition, governments have become increasingly outward looking as they seek to pursue cooperative strategies and to construct international regulatory regimes to manage more effectively the growing array of cross-border issues which regularly surface on national agendas<sup>5</sup>.

As Rosenau puts forward, the power of national governments is not diminishing, but transforming and being restructured as a response to the growing complexity of processes of governance in a more interconnected world.<sup>6</sup>

From the point of view of this thesis, neither the nation state is reduced to a powerless intermediary, nor is globalization an exaggerated myth. World economy is going through a significant process of restructuring; societies, economies, institutions of governance and world order is transforming as the distinction between domestic and international gets blurred. We should reify neither the states nor NSAs in this process. They all have their specific roles in proportion with their significance in the system. This thesis claims that there is a transformation, and this transformation occurs within a pluralist environment where many actors, not only states, interact in a complex and multi level environment.

Governance is the term used to describe the administration style of globalization as we understand it.

Westphalian type states would "govern", but in the era that we live, as states are not sole authorities on clearly defined territorial borders, since wealth creation and maintenance became a priority of vulnerable economies, states are

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<sup>5</sup> Ibid., p. 8-9.

<sup>6</sup> James Rosenau, *Along the Domestic-Foreign Frontier* (Cambridge: Cambridge University Press, 1997)

increasingly willing to give up their authority, they let a new type of administration take over. Governance is a form of administration where there are several actors that contribute to decision making process, and decision making processes are divided into smaller parts to involve cooperation and consultation with various parties, where some actors are not states but NSAs. These processes can take place at multiple levels. The ultimate decision maker may be the one actually authorized by the system to take that decision (e.g. IMF on financial management), yet it still feels obliged to consult other parties in order be aware of the discrepancies in the system that might constitute an obstacle to achieve its targeted goal (e.g. this goal might be to achieve global financial stability for IMF.)

The uses and definitions of governance show variation. Kooimann summarizes “the many ways” in which the term governance is used in the literature as follows:

- 1) *Governance as the minimal state* where governance becomes a term for redefining the extent and form of public intervention (Gray, Rhodes).
- 2) *Corporate governance*, which refers to the way big organizations are directed and controlled (Hilmer, Charkham, Tricker).
- 3) *Governance as new public management* making a difference between government and governance, as expressed in Osborne and Gaebler’s often quoted phrase: ‘less government and more governance’
- 4) Governance as advocated by the World Bank under the heading of ‘*good governance*’.
- 5) *Governance as socio-cybernetic governance* an approach of which my work [Kooiman] is given as an example.
- 6) *Governance as self organizing networks*, which is more or less Rhodes’ own governance interpretation.
- 7) *Governance as ‘Steuerung’ (German) or ‘Sturing’ (Dutch)*. Here I refer to the discussion which mainly unfolds in Germany, but also in Netherlands ,on the role of governments in steering, controlling and guiding societal sectors.
- 8) *Governance as (international) order*, where several authors in the field of international relations have taken up governance as a central concept such as in ‘*global governance*’.
- 9) A use of the concept of governing *the economy or economic sectors*.
- 10) Finally, a school of thought under the heading of governance and governmentality which draws very much on the legacy of Foucault.<sup>7</sup>

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<sup>7</sup> Jan Kooiman, ‘Social-Political Governance: Overview, Reflections and Design’, *Public Management* (Vol. 1, No. 1, 1999), pp. 68-69.

Kooiman does not find it surprising that there are different ways of defining governance due to many disparate uses of governance; and gives an anthology of phrases and terms as follows:

- 1) 'systems of rule at all levels of human activity from the family to the international organization in which the pursuit of goals through the exercise of control has transnational repercussions' (Rosenau);
- 2) 'a continuing process through which conflicting or diverse interests may be accommodated and co-operative action may be taken' (Commission on Global Governance);
- 3) 'self-organizing, interorganizational networks characterized by interdependence, resource exchange, rules of the game and significant autonomy from the state' (Rhodes);
- 4) 'conscious management of regime structures with a view of enhancing the legitimacy of the public realm (... public realm encompassed state and society...)' (Hyden and Bratton);
- 5) 'mechanisms with no presumption that these are anchored primarily in the sovereign state' (Hay and Jessop);
- 6) 'solving problems and creating opportunities, and the structural and processual conditions aimed at doing so' (Kooiman, this article).<sup>8</sup>

According to Kooiman central concepts in these definitions are: rules and qualities of the systems; co-operation to enhance legitimacy and effectiveness; new processes, arrangements and methods.<sup>9</sup> His own definition of 'social-political' (or 'interactive') governance is:

All those interactive arrangements in which public as well as private actors participate aimed at solving societal problems, or creating societal opportunities, and attending to the institutions within which these governing activities take place.<sup>10</sup>

Throughout the thesis an attempt will be made to utilize the concept of governance in different meanings referred above both at macro and micro levels (ranging from interactions in global governance by IMF, G20 etc. to regulation of

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<sup>8</sup> Ibid., p. 69.

<sup>9</sup> Ibid., p. 70.

<sup>10</sup> Ibid.



trade documentation) while examining TOBB's interactions as a NSA. Interactions take place under a certain scheme of governance and fall into one of the categories referred above. All of them important, though some are obviously more significant than others; consequently leading to greater outcomes. Interactions of TOBB either at micro or macro levels have an effect on the system proportionate with its magnitude. TOBB's duties, functions and the services it provides are examples of its involvement in the governance of the system at micro level. These interactions show TOBB's importance in various fields and with which networks it is involved in. They may seem insignificant when considered on their own, but they add up to totality of the system when we consider that there are several other actors and networks with similar interaction patterns. TOBB interaction with systemically important global economic governance institutions (such as IMF, The World Bank, G20, and WTO), and its counterparts such as FICCI, its regional and special projects, its interventions on economic platforms, and its declarations containing neoliberal demands are its macro level involvement in governance. All of these are addressed throughout the thesis in various chapters.

## **1.2 Key Concepts and Methodology**

As mentioned above this thesis adopts a pluralist approach as its basic framework. Certain analytical tools are also employed to simplify the hypothesis testing process and break the pluralist concept of *interaction* into its components, in order to find an answer to how TOBB intervenes and influences policy outcomes. For this purpose the thesis adopts a methodology developed by Piet Verschuren and Bas Arts.<sup>11</sup> Verschuren and Arts argue that "the amount of influence an actor A has in a process of collective decision-making is defined as the extent that A's preferences are realized in a final decision (product influence) or are adopted by

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<sup>11</sup> Piet Verschuren and Bas Arts, 'Quantifying Influence in Complex Decision Making by Means of Paired Comparisons', *Quality & Quantity, International Journal of Methodology* (Vol. 38, No. 5, 2004).

the other actors in the decision-making process (process influence), weighted by the extent that this realization or adoption can be ascribed to A.”<sup>12</sup> This means that influence occurs if:

(a) an actor’s preferences are realized during the bargaining, and

(b) this realization can be ascribed to the actor.

Despite the quantitative nature of their work, Verschuren and Arts’ methodology can also fruitfully be used in our case. The first step in their study is the identification of problems of observation of preference realization, and of the ascription of this realization to an actor. Accordingly, the thesis will give emphasis to first identifying the preferences of TOBB before moving to the second step of identifying whether or not these preferences were realized. The communalities between TOBB preferences and the features of the process of globalization will also be demonstrated. The statements and declarations made by TOBB that have been disseminated to the public will be analysed, as they are clear indications of TOBB’s preferences. An attempt will be made to determine what TOBB wants as “change”, and how this relates to the process of globalization and new governance schemes. How does TOBB intervene to influence and if change has occurred will be clarified.

The concepts of *acceptance* and *inclusion* are also important in this regard. They are closely related with the pluralist concept of *interaction* as well, which will be explored in the next section. In order to have an interaction, the counterparties of interaction should be willing to accept or include the other party into the process. Unless this condition is fulfilled, interaction will not take place.

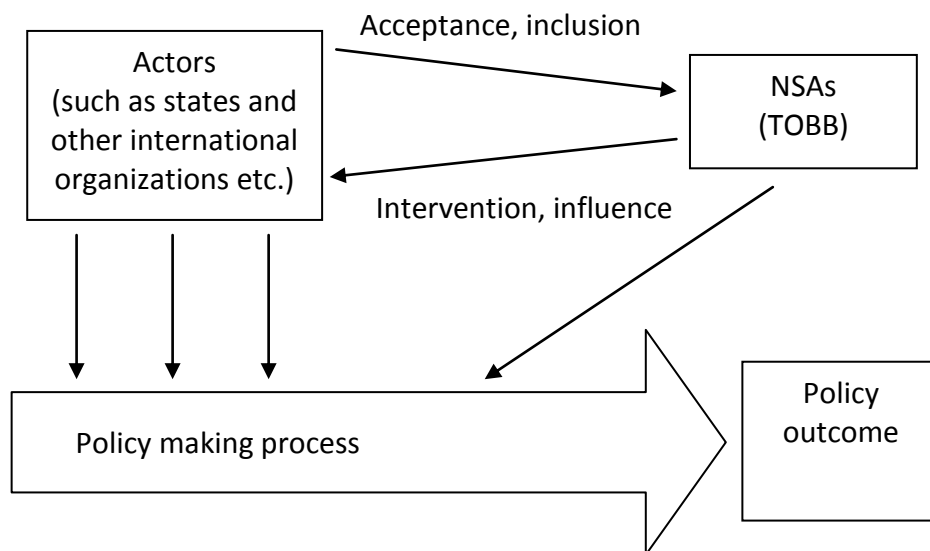
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<sup>12</sup> Ibid., p. 495.

What is meant by this in our context could further be explained as follows: In order to be influential, NSAs need a certain degree of inclusion and acceptance from their international or local environment. TOBB has explicit inclusion and acceptance by the government, as well as policy-making global institutions such as the World Bank, IMF and G20. TOBB takes part in consultation platforms formed by the Turkish state on economic policy-making. TOBB also participates in civil society forums established by international organizations. These will be explained in the relevant context of the thesis, and the magnitude on their policy outcomes will be demonstrated.

The components referred to above can so far be visualized as follows for purposes of clarity:

Scheme 1. Policy-Outcome Flow Chart



The above chart demonstrates that there are several actors in policy-making, and policy outcome is formed as a result of a complicated process. States and certain international organizations by definition have a say on policy-making processes

and can directly influence policy outcomes. But NSAs also have the capacity to influence, given that they have a certain degree of acceptance and inclusion. They intervene and influence either through the dominant actors, or on certain occasions they may have direct influence on policy-making. These will also be explained through examples as the thesis progresses.

### **1.3 Theoretical Background:**

The framework against which this thesis rests is very straightforward. TOBB is identified as an NSA (it is a non-state actor), yet the thesis claims that it has a role in policy formation far exceeding its role simply as an NSA.

Realism and pluralism are two main schools of thought in International Relations. When examining TOBB as an actor in the field of International Relations and International Political Economy there is a need to think in terms of the prevailing theories. The main framework will be reviewed in order to locate the study in its proper context, and to make use of some concepts and postulates.

According to realists, nation-states are dominant actors in International Relations and the proper unit of analysis.<sup>13</sup> They say that nation-states are power maximizers as well, as each nation-state must always be prepared to defend itself to the best of its ability. For realists, politics is a zero sum game and necessarily conflictual. If one state wins, another must lose. They assume that nation-states are rational actors. Realists in general argue that politics determines economics. According to realists, the international system is viewed as being composed of nation-states. Nation-states can only define their interests to the extent that they have power. The international system has an anarchic structure, as all sovereign

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<sup>13</sup> Scott Burchill, 'Realism and Neo-realism', in Scott Burchill, Richard Devetak, Andrew Linklater (ed.) *Theories of International Relations* (New York: Palgrave, 2001)

nation-states are viewed to be equal in the system, contrary to the centralized and hierarchical nature of each nation state.<sup>14</sup>

The relations between nation-states are viewed as the relations of billiard balls, each state being depicted as “a closed, impermeable and sovereign unit”.<sup>15</sup> The level of analysis for realists is the nation-state. Even when looking at international system, this is seen as an expanded version of nation-states’ interactions. Interactions among states are important, as opposed to what happens within a state.

Pluralist theory became a significant challenge to realist theory, and is the foundation of the current theories categorized as liberalism, neoliberalism and liberal institutionalism.

The pluralists’ main challenge to realists is over their perception of the nation-state, the level of analysis of realists. Keohane’s contribution constitutes a very significant turning point in the analysis of non-state actors.<sup>16</sup> Nye and Keohane say that inter-societal intercourse takes place without government control, and that non-state actors are as important as state actors.<sup>17</sup> They were the first scholars to establish a pluralist understanding of international relations. TOBB as an NSA fits perfectly in this conceptualization.

Transnational actors are important in pluralism, and transnational relations can be defined as contracts, coalitions, and interactions across state boundaries that are

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<sup>14</sup> Ibid.

<sup>15</sup> Richard Little, ‘The Growing Relevance of Pluralism’, in Steve Smith, Ken Booth, Marysia Zalewski (ed.) *International Theory: Positivism and Beyond* (Cambridge: Cambridge Press, 1996), p. 66.

<sup>16</sup> Robert Keohane and Joseph Nye, ‘Transnational Relations and World Politics: An Introduction’, *International Organisation* (Vol. 25, No. 3, Summer 1972), pp. 329-349.

<sup>17</sup> Ibid.

not controlled by governments. Communication, transportation, finance and travel are global interactions. Transnational interactions may include governments, but at least one actor is not an agent of a government or governmental organization. Transnational interactions are defined as the movement of tangible or intangible items across state boundaries when at least one actor is non-governmental.

While interactions take place, whether NSAs have the capacity to influence or not becomes an important issue to be addressed. The concept of “mattering” is an analytical tool which is employed in order to break the interaction process into its components and make an analytic study possible as mentioned above.

According to pluralists, the state is not a unitary actor. It is composed of competing individuals, interest groups, and bureaucracies. Different organizations may have varying perspectives on a particular foreign policy issue. Competition, coalition-building, and compromise will all have to be taken into consideration in the decision-making processes. Lobbying carried out by nongovernmental actors, such as multinational corporations, interests groups etc., are all factors that challenge the idea of the state being observed as a unitary actor. This aspect in TOBB’s interactions will be seen throughout this thesis.

Pluralists also argue that attention must be paid to the complexities of governmental processes. From this perspective, “the major bureaucratic departments do not represent neutral agents supplying a president with impartial information and then implementing his decisions; bureaucracies represent fiefdoms constantly engaged in intense battles over policy, which emerges eventually as the result of the various parties pulling and hauling in different

directions.”<sup>18</sup> As it will be seen in the following chapters, TOBB participates in the bargaining process as an NSA.

Pluralists challenge realism by assuming a world in which there are actors other than states that participate directly in world politics, a world in which a clear hierarchy of issues does not exist and a world in which force is an ineffective instrument of policy. Under these conditions they have a notion called “complex interdependence”, which has three main characteristics, implying a more cooperative relationship.<sup>19</sup>

According to Keohane and Nye: first, multiple channels connect society, including informal ties between governmental elite’s as well as formal foreign office arrangements, informal ties among nongovernmental elites and transnational organizations. These can be summarized as interstate, trans-governmental and transnational relations. Second, the agenda of interstate relationships consists of multiple issues that are not arranged within a clear hierarchy. For example, military security does not consistently dominate the agenda. Third, military force is not used by governments towards other governments when complex interdependence prevails. Military force may be irrelevant for resolving disagreements on economic issues among members of an alliance. By developing this concept, they challenge realist assumptions that states are coherent units and dominant actors, that force is a usable and effective instrument of policy, and that there is a hierarchy of issues in world politics. There is the assumption that the high politics of military security dominates the low politics of economic and social effects.

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<sup>18</sup>Graham T. Allison *Essence of Decision: Explaining the Cuban Missile Crisis* (New York: Harper Collins Publishers, 1971) Chapter 5, Governmental (Bureaucratic) Politics, pp. 144-184.

<sup>19</sup> Robert Keohane, and J. Nye, *Power and Interdependence: World Politics in Transition* (Boston, MA: Little-Brown, 1977), pp. 3-60.

Another challenge to the realists is brought within the context of theory of hegemonic stability. Keohane says that “concentrated power alone is not sufficient to create a stable international economic order in which cooperation flourishes, and the argument that hegemony is necessary for cooperation is both theoretically and empirically weak. If hegemony is redefined as the ability and willingness of a single state to make and enforce rules, furthermore, the claim that hegemony is sufficient for cooperation becomes virtually tautological.”<sup>20</sup>

In Keohane’s view, the deterministic version of the theory of hegemonic stability relying only on realist concepts of interest and power is incorrect. Power and interest are not enough to explain the issue of change. Neither should interests be defined narrowly; they should take the role of institutions into account. In our period of study, which covers the last decade, due to reoccurring financial crises we have witnessed a lack of a powerful hegemonic state in international relations and a prevailing of cooperation, as Keohane indicated. G20 work in which TOBB participates will be used to illustrate this point.

For pluralists, the concept of cooperation is also important. Harmony, cooperation and accord are possible forms of relation. Cooperation happens if there is the danger of conflict. International regimes on the other hand, can be viewed as intermediate factors, or intervening “variables” between fundamental characteristics of world politics such as the international distribution of power on the one hand, and the behaviour of states and non-state actors such as multinational corporations on the other. Throughout this thesis it will also be demonstrated that cooperation takes place, and that TOBB contributes to cooperation efforts as an NSA. The concept of “enabling” that is used in this thesis is also closely connected to the cooperation efforts during the *interaction* process.

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<sup>20</sup> Robert Keohane, *After Hegemony: Cooperation and Discord in the World Political Economy* (Princeton, NJ: Princeton University Press, 1984), p. 38.



As the parties are willing to cooperate, the strong actors are also willing to “enable” the partners which they consider to be capable of contributing to the achievement of certain goals.

To sum up, it can be said that pluralists have a much-dispersed understanding of the level of analysis, and the level of analysis is definitely not limited to the nation-state. The major concept they utilize is “interdependence”. They also emphasize the importance of cooperation and integration. Realists see dependency as vulnerability; pluralists concentrate on its reciprocal effects. They also emphasize voluntarism. They are criticized for creating islands of theories, and for not having a single theory to explain the whole. They not only take individuals, groups and various sections of society into their level of analysis but they are interested in processes as well.

Keohane and Nye do not only examine structures but processes as well. According to them, “To understand the international regimes that affect patterns of interdependence one must look at the structure and process in international systems, as well as how they affect each other”.<sup>21</sup>

Their use of the term “international organization” is to refer to multilevel linkages, norms and institutions. Their international organizational model is also purported to apply under conditions of complex interdependence, and that even then its predictions may be rendered invalid by the actions of governments determined to exercise their underlying power to change regimes.

Keohane and Nye assert that:

In the interest of parsimony we limited our analysis in “Power and Interdependence” to the level of international system: it was essential, in our view to know how much one can

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<sup>21</sup> Keohane and Nye, *op. cit.*, in note 19, pp. 21-22.

explain purely on the basis of information about the international system. We admitted the importance of factors at the domestic level, but sought first to sort out the systemic forces at work.<sup>22</sup>

They further explain that “we argued that systems have two dimensions: structure and process. We used the term ‘structure’ in the neorealist sense to refer principally to the distribution of capabilities among units. Process refers to patterns of interaction: the ways in which the units relate to each other.”<sup>23</sup>

Pluralists take into consideration, the system, structures and processes in their methodology. While examining TOBB, a similar methodology is employed. The importance of the factors at domestic level are admitted, but the forces at the international level are also taken into consideration.

Pluralism and its related concepts are more relevant than realism while analysing the impact of TOBB. If we limit ourselves to relations between nation-states, TOBB cannot be examined, as it is not a governmental actor and is involved in transnational relations.

Thinking of the international arena as a system is important, as it requires us to take the whole into consideration in analysis, and to make reference to the totality. This is how the examination of TOBB will be approached. Though TOBB is being examined as an actor, its relationship to the whole is always considered; its interactions only have a meaning when they are analyzed with reference to the totality of the system in international relations. TOBB does not operate in a vacuum or in isolation, but is an integral part of a system. The TOBB comparison with India’s FICCI in chapter 5, and the findings of that chapter, will reflect this as well.

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<sup>22</sup> Robert Keohane and Joseph Nye, ‘Power and Interdependence Revisited’, *International Organization* (Vol. 41, 1987), p. 739.

<sup>23</sup> *Ibid.*, p. 745.

According to Dougherty and Pfaltzgraff, systems theory is defined as a series of statements about relationships among independent and dependent variables, in which changes in one or more variables are accompanied or followed by changes in other variables or a combination of variables.<sup>24</sup>

If above description is applied to our case, it can be said that the actions of TOBB that are being analysed are considered to be independent variables, and outcomes in policy-making are dependent variables. If it is shown that other variables change as a result of TOBB's actions, this will indicate that TOBB matters. This is not to say that TOBB's actions are independent of the economic and political circumstances within which it operates. This is a simplification for the sake of research and for the creation of a model with which to work. TOBB and other actors in action create a complex of relationships.

A system is composed of two elements: parts and interrelation. As the interrelation among the parts increases, the system becomes more established. TOBB is a part of the system, and its actions (or interactions with other actors) constitute interrelations, which in turn contribute to becoming a system. TOBB (as a part) interacts with other actors, and becomes influenced (through interaction) and changes its behavior. This is due to operating within a system. The process of this change will be demonstrated in this thesis by comparing the vision and mission of TOBB in the years 2002 and 2010 respectively.

The realist conception defines the international system in terms of its structural state. As Smith observed, the realist by definition accords primacy to the

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<sup>24</sup> J.E. Dougherty, and R.L. Pfaltzgraff, *Contending Theories of International Relations: A Comprehensive Survey* (New York: Harper and Raw Publishers, 1981), p. 135.

unchanging structure of the system.<sup>25</sup> According to Morgenthau, international relations is anarchical, and international politics, like all politics, is a struggle for power. Morgenthau elevates balance of power to a universal concept determining the behavior of states. According to him, the international system is a static system determined by the laws of human nature.

Kenneth Waltz, a neorealist whose work is considered a benchmark in IR, emphasized the idea that international relations should be considered from the point of view of the whole. According to Waltz, the system is “a set of interacting units”. There are two main components of a system: The systems-level component and the unit-level component (which is the states).<sup>26</sup>

Waltz says the structure of a system acts as a constraining and disposing force. It designates a set of constraining conditions. The structure is defined by the arrangement and positioning of the parts, by how they stand in relation to one another. Waltz sees three factors as defining elements of the structure. The ordering principle (the principle according to which parts are organized) is the first of these. The specifications of the functions of the differentiated parts constitute the second element. Third is the distribution of capabilities among units, implying that changes in relative capabilities of units can change their arrangement. The “ordering principle” is self-help. In order to survive, states have to take care of themselves.<sup>27</sup>

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<sup>25</sup> Steve Smith, ‘Paradigm Dominance in International Relations: The Development of International Relations as a Social Science’, *Millennium: Journal of International Studies* (Vol. 16, No. 2, June, 1987), pp. 189-206.

<sup>26</sup> Kenneth Waltz, *Theory of International Politics* (Reading, MA: Addison-Wesley, 1979), p. 40.

<sup>27</sup> Kenneth Waltz, ‘Realist Thought and Neorealist Theory’, in Charles W. Kegley, Jr. (ed.), *Controversies in International Relations Theory: Realism and the Neoliberal Challenge* (New York: St. Martin’s, 1995), p. 74.

According to realists, an international system is an anarchical system formed by states seeking survival. The structural arrangement of the states - which is an anarchical arrangement - conditions the behaviour of the states and makes them dependent upon one another. This structural mutual dependence of the states makes international relations a system. States are in interaction, they coexist and co-act; without interrelation, the units can hardly coexist and co-act, and one cannot speak of structural arrangement of the parts.

The level of analysis issue is also important to this thesis. Though TOBB is taken as the unit of analysis, the level of analysis is the international system, not the actor level. The whole is taken as the level of analysis.

According to Eralp,

The so called 'level of analysis' problem in IR that is whether to focus on the nation state or the system was in essence a controversy between those who advocated the study of the action of the nation-state versus those who considered the study of the interaction of the same actors more fruitful. (...) In contrast to foreign policy analysts, international system scholars were trying to devise a concept of totality, but their understanding of the international system was basically a derived concept where the actions of the parts, the interactions contacts and exchanges among the nation states made up to whole.<sup>28</sup>

Eralp also indicates that:

In IR theories aim to explain actions of nation states as well as processes at the systemic level. Rationality assumption makes it easier to switch from the nation-state to the systemic level because it homogenized all nation-states in the international system, attributing similar tendencies to them." Morgenthau was able to explain behaviour at actor and systemic level through making use of the concept.<sup>29</sup>

If we were to apply Singer's terminology, used to describe the level of analysis problem to the systems theories, it would be said that they focus on the whole and

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<sup>28</sup> <sup>28</sup> Atila Eralp, 'Theory in International Relations: Three Major Debates', unpublished paper (1989).

<sup>29</sup> *Ibid.*, p. 7.

the system.<sup>30</sup> A macro approach is taken; focus on the international system rather than national sub-systems. They look at the totality of interactions that take place within the system and its environment.

According to Yurdusev, level of analysis “relates to context within which we examine the topic”.<sup>31</sup> System theorists carry out their studies within the context of the international system. According to him, they need not employ the corresponding unit of analysis while carrying out their studies and this is also applicable to our case as we study TOBB. He says that approaching an issue from the perspective of a whole does not also necessitate taking the whole as a unit of analysis either. This is the approach that has also been adopted by most systems theorists.

Systemic theories in IR are macro-level theories, and they try to look at the whole and understand the totality. Their level of analysis is focused on understanding the whole and how the system functions. They try to build an outside-in model. They focus on the systems level rather than the national level, and they study interactions rather than actions.

In our case, TOBB is located as a unit of interaction within the whole system. In the case of TOBB, besides examining its own structure and background, TOBB’s interactions with various institutions, such as the World Bank, the IMF, the G20, the Turkish state and other states, other similar organizations such as FICCI are taken into consideration. Web-based activities, and even the services TOBB provides, also denote its positioning within the whole. Though TOBB is studied as a non-governmental institution in this context, the focus is kept on the whole. In this

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<sup>30</sup> David Singer, ‘The Level of Analysis Problem in International Relations’ in J.N. Rosenau (ed.), *International Politics and Foreign Policy* (New York: The Free Press, 1969), pp. 20-29.

<sup>31</sup> Nuri Yurdusev, ‘Level of Analysis and Unit of Analysis: A Case for Distinction’, *Millennium: Journal of International Studies* (Vol. 22, No. 1, Spring 1993), pp. 77-88.

thesis, prevailing theoretical perspectives are used and the analytical perspectives that they provide are put into practice. These interactions are observed at a macro level, including, for example, TOBB's linkage with the state, yet we try to understand the features of non-state actors that contribute to globalization.

The perspectives associated international political economy are also useful for us in locating TOBB in the proper context, as TOBB is an organization active in the economic field, defending the interests of business. In this respect, this study can also be regarded as a contribution to the field of international political economy.

While trying to understand the concept of political economy, we have to be sensitive to the fact that we have at least two disciplines, inherent one of which is 'Political Science', and the other is 'Economy'. Political economy links the two disciplines. According to the general theoretical outline, political science deals with the concept of 'Power', and economics as a discipline that deals with the concept of 'Wealth'.<sup>32</sup> Furthermore, power is usually associated with the state, and wealth is associated with markets. In this distinction, TOBB is associated with the markets as it represents the interests of the business.

According to Jeffrey A. Frieden and David A. Lake, "Nearly all studies in International Political Economy can be classified into one of three mutually exclusive perspectives: Liberalism, Marxism and Realism."<sup>33</sup>

They also add that:

Each of these three perspectives has a unique set of simplifying assumptions used to render the world less complex and more readily understandable. Assumptions are assertions accepted as true for purposes of further investigations. The value of an

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<sup>32</sup> Susan Strange, *States and Markets: An Introduction to International Political Economy* (London: Pinter Publishers, 1988).

<sup>33</sup> Jeffrey A. Frieden and David A. Lake, 'International Politics and International Economics' in R. Goddard, J.T. Passe-Smith and J.G. Conklin (ed.) *International Political Economy: State-Market Relations in the Changing Global Order* (USA: Lynne Rienner Publishers, 1996), p. 25.

assumption lies in the ability of the theory built upon it to explain observed phenomena. Thus, assumptions are neither true nor false, only useful or not useful.<sup>34</sup>

It is important for our purposes to be aware of these assumptions in order to locate the case study in proper context.

According to them, there are three assumptions at the foundation of Liberal perspective: Individuals are the principal actors within the political economy and proper unit of analysis; they are rational, utility-maximizing actors, and they maximize this utility by making trade-offs between goods. Liberals think there is no basis for conflict in the marketplace, and that the economic role of government should be limited to areas such as defense, protecting property rights, and preventing unfair power concentration in the markets. At the international level, all countries are best off when goods and services move freely across national borders in mutually rewarding exchanges. Governments should make sure that no country or domestic group is damaged by unfair international competition. Liberals also think of the political arena as a market place, known as public choice or rational choice. According to them, government action is a result of competition among politicians.

Because market exchanges are voluntary, and if there are no impediments to trade among individuals, Liberals reason, everyone can be made as well off as possible given existing stocks of goods and services. All participants in the markets, in other words, will be at their highest level of utility. Neo-classical economists, who are generally Liberals, believe firmly in the superiority of the market as the allocator of scarce resources.<sup>35</sup>

Over the course of the case study, we will be able to observe that most of the deeds and actions of TOBB are motivated by a liberal perspective.

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<sup>34</sup> Ibid., p. 25.

<sup>35</sup> Ibid., p. 27.



The second perspective, Marxism, makes three assumptions as well: Classes are dominant actors in political economy, and are the appropriate unit of analysis; each class act to maximize the economic well-being of the class as a whole; and capitalist economy is the exploitation of labor by capital.<sup>36</sup>

TOBB does not identify itself as a representative of a certain class. It has a very heterogeneous formation, the members of the chambers range from very small family based SMEs to capital intensive large scale industrialists. The distinction between chambers of industry and chambers of commerce is a reflection of this. Both national and foreign firms are members to chambers. Even the membership profile and interests within a single chamber of commerce might show vast differences. TOBB would strongly disagree with the assumptions of this perspective.

The third perspective of International Political Economy is the realist perspective. Realists identify nation-states as the dominant actors within the IPE and the proper unit of analysis. According to this school of thought, all other actors are subordinated to the nation-state. Secondly, nation-states are power maximizers, and each nation-state must always be prepared to defend itself to the best of its ability. For realists, politics is a zero-sum game and conflictual by necessity. If one nation-state wins, another must lose. The third realist assumption is that nation-states are rational actors as liberals assume individuals are rational.<sup>37</sup>

Realist theory revolves around the state, and in the case study of this thesis, state is dealt with only to the extent of its interactions with TOBB. Only the first assumption of the realists will be referred to, that is the state as the unit of

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<sup>36</sup> Ibid., p. 29.

<sup>37</sup> Ibid., p. 31.

analysis. It is very clear from the methodology of this thesis that the state need not be the only unit of analysis in international relations.

It is possible to argue that none of the above perspectives would be adequate to explain issues in international political economy. Gilpin is one of those who have a more relaxed attitude towards what is broadly referred to above as the three perspectives. He says "I use term 'political economy' to indicate a set of questions to be examined by means of an eclectic mixture of analytic methods and theoretical perspectives."<sup>38</sup>

Susan Strange, one of the prominent voices of the non-American perspective, criticizes Gilpin and other Americans on the grounds that "they believe it (IPE) to be concerned primarily with the political aspects of those broadly economic issues that figure on the agendas of governments of nation-states".<sup>39</sup> She further criticizes the American perspective for its excessive use of the economics profession and for trying to explain everything by making use of its concepts and methodologies.

Gilpin, an advocate of the American school, identifies three "issues" on which he elaborates. The first issue is concerned with the economic and political causes and effects of the rise of a market economy. The second issue is the relationship between economic and political change. The third issue concerns the significance of the world economy to domestic economies. Gilpin examines these issues from the perspective of the "three major perspectives" and identifies the strong and

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<sup>38</sup> Robert Gilpin, *The Political Economy of International Relations* (Princeton, NJ: Princeton University Press, 1987), p. 9.

<sup>39</sup> Susan Strange, 'Political Economy and International Relations', in K. Booth and S. Smith (ed.) *International Relations Theory Today* (Oxford: Polity Press, 1995), p. 164.

weak points of each as he sees it.<sup>40</sup> While TOBB and its interactions are examined, certain economic and policy issue areas will also be elaborated.

Susan Strange, on the other hand, has a relatively clearer view of IPE, which is reflected in her definition of the discipline:

IPE concerns the social, political and economic arrangements affecting the global systems of production, exchange and distribution and the mix of values reflected therein. Those arrangements are not divinely ordained, nor are they the fortuitous outcome of blind chance. Rather they are the result of human decisions taken in the context of manmade institutions and sets of self-set rules and customs.<sup>41</sup>

According to Strange, the fierce competition for world market shares has replaced the traditional military and political competition between the states. The conventional forms of diplomacy have been replaced by a 'triangular diplomacy' involving state-state, state-firm and firm-firm relationships.<sup>42</sup> As Strange and Stopford emphasize, states compete for wealth creating assets and the change in world structures has created new possibilities for wealth creation along with new dilemmas for government as they try to balance national and international demands.

These three sets of forces are transforming the old game of Diplomacy. No longer can national boundaries define the rules, for the game is now one where negotiation and action is carried out on a triangular basis. The traditional players in the embassies and foreign ministries are still in business, but they have been joined by members of other government ministries and by the executives of firms, both local and multinational. All are now involved in both bilateral and multilateral negotiation.<sup>43</sup>

The triangular diplomacy concept is very relevant to the TOBB case. As the competition for wealth creation intensifies with neoliberal economic policies and

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<sup>40</sup> Robert Gilpin, op. cit., in note 38, pp. 12-14.

<sup>41</sup> Susan Strange, op. cit., in note 32, p. 15.

<sup>42</sup> Susan Strange and John M. Stopford, *Rival States, Rival Firms: Competition for World Market Shares* (Cambridge: Cambridge University Press, 1991)

<sup>43</sup> Ibid., p. 21.

globalization, other channels of diplomacy than state-to-state diplomacy are needed. Private sector actively takes place in diplomatic activities as economic issues become the top priority of countries. TOBB as the representative of firms has a strong hand in entering these channels as it will be demonstrated throughout the thesis.

In order to understand the position of TOBB in the domain of International Relations and International Political Economy, above perspectives need be taken into consideration. TOBB is a non-state actor in the pluralist sense. It is a transnational actor in some of its activities, and thus has transnational and global interactions. It has relations with its own state and some other states, such as the British and American states, as well as other NSAs and systemically important international institutions. Harmony, cooperation and accord are observed as possible forms of relation. Examples of interdependence in the system will also be seen. TOBB focuses on certain issue areas and interacts with various other actors and has activities in security, production, finance and knowledge structures, as well as in secondary structures such as trade and transportation. As we go over the activities of TOBB, we will be able to see how each falls under a category. Transportation activities stand out with concrete outcomes.

#### **1.4 The Main Period of the Study**

This thesis starts with a review of the establishment of chambers in Turkey, as it is essential to understanding recent developments, as well as the nature and origins of TOBB.

But the main emphasis is on the period of neoliberal economic policies in Turkey after 2001. The reason why this period is chosen is to understand how TOBB's role

has increased within the framework of the neoliberal economic transformation process, which accelerated in the 2000s.

Until 2000s, we see that TOBB-state relations were more political. However from 2000s on, economic motives started to dominate these relations. With the accelerated emphasis on neoliberal economic policies, the frequency, quality and the content of TOBB declarations were raised above a certain level. This trend was reflected by the extensive press coverage of TOBB.<sup>44</sup> Before 2000s, governments aimed to be effective over TOBB, but by the 2000s they started to see TOBB as a partner and an institution with an extensive electoral base composed of businessmen, rather than seeing it as an institution that has to be kept under control. There was an undeclared consensus that, in order to implement neoliberal economic principles effectively, the viewpoint of TOBB base should be taken into account. State, instead of imposing its will, became willing to listen and cooperate with TOBB.

Keyman and Öniş summarize the international and domestic context of transformation in 2000s as follows:

Since 2000s there have been a number of important historical processes that have made state elites and political actors to conceive of security, democracy and economic sustainability as intertwined, and to perceive of civil society and civil society organizations not instrumentally but on the contrary as an effective actor for democratization. These processes have also been originated from within both the international context and domestic developments.

(...) The February, 2001 financial crisis has indicated that during the 1990s, the state's security based governing of society in the name of protecting its secular and territorial integrity, and in doing so its attempt to privilege security issues over the structural problems of democratization and sustainable economic growth have resulted in the increasingly corruption and populist-based organization of the state and its concomitant vulnerability to the speculative moves of financial globalization. It is in this context that the

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<sup>44</sup> There were 89595 news between the dates 16 June 2002-28 February 2011 in the written media on TOBB. This means that there were an average of 25 news about TOBB everyday. The number of articles or evaluations written about TOBB was 7658. This also corresponds to an average of two articles per day. (TOBB Press Councillor, information note dated 30 March 2011)

collapse of the Turkish economy was regarded as a “governing crises” in essence, whose solution requires a radical restructuring of state-economy relations in a way to make the state an effective, efficient, accountable and democratic governing institution.

(...) Secondly, the November 3, 2002 national election, in which the impact of the economic crisis on Turkish society was the main issue, created a new governing structure in Turkish Politics. The result of the election was felt like a political earthquake: not only the three parties that had formed the coalition government after the 1999 election, but also two opposition parties as well failed to pass the 10 percent national threshold and found themselves left outside the parliament.

(...) The third and perhaps the most important historical development in beginning of the 2000s was the process of deepening in Turkey-EU relations. Since the Helsinki Summit of 1999 at which Turkey was granted the status of a candidate country for full membership, Turkey-EU relations have become more certain and deepened. This deepening process had gained a new impetus in the Copenhagen Summit of 2002, where Turkey obtained conditional date to start its full accession negotiation.<sup>45</sup>

Keyman and Öniş claim that these historical developments and this process of democratic opening caused the strong state to be subject to a radical restructuring, and the deepening of Turkey-EU relations have placed democracy at the center of Turkish modernity. Accordingly, democratic opening is seen as the code that signifies the radical transformation that Turkish modernity has been undergoing recently.<sup>46</sup>

They also distinguish three phases of the Turkish neoliberal experiment which are identified as I) “De-regulation Phase” (1980-1989), II) “Rhetorical Transition and Institutional Crisis” (1989-2001) III) “Re-regulation Phase” (post 2001 era).<sup>47</sup> The last phase of this transformation and so called democratic opening also corresponds to the presidency period of Mr. Rifat Hisarcıkloğlu. During this period, a more intensive pattern of interaction begun to take place with various domestic and international actors. TOBB has been more active in influencing policy decisions. All of this make this last decade worth special attention.

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<sup>45</sup> Fuat Keyman and Ziya Öniş, *Turkish Politics in a Changing World: Global Dynamics and Domestic Transformations* (İstanbul: İstanbul Bilgi University Press, 2007), p. 285.

<sup>46</sup> Ibid.

<sup>47</sup> Ibid., p. 140.

Güven Sak, the Director of TEPAV, the think tank of TOBB, also acknowledges the importance of the last decade, though he does not necessarily agree with Keyman and Öniş on the significance of EU process:

The last decade is a serious turning point. The process which begun with TOBB's "Turkey wants its Future" declaration is important. TOBB asked for transformation, and invited other grassroots organizations to support this process. It is my impression that this is related to 28 February process. In my opinion it is difficult to say EU had a role in this, the role of EU is not that apparent. EU process in Turkey coincided with 2001 Kemal Derviş reforms. It was envisaged that the period ahead would be based on more policies and less on relationships. We needed tools to prepare ourselves for these policies. There was a need for transformation. Turkey and its institutions were transforming. The discussions on transformations took place in 2002-2004 period. However what made all of this possible was the accelerated development of industry, commerce and capital and spreading of the economic life to Anatolia with Özal reforms after 1980s. In my mind the spreading of economic activity to Anatolia and TOBB's becoming policy oriented overlap. Of course there are the roles of individuals in history, such as the TOBB president and us coming together and finding a path, but if the Özal reforms were not carried out, this transformation would have been difficult. I witnessed that there were people in Kayseri, Çorum, Kahramanmaraş, Gaziantep who thought like me. This is closely related with economic transformation process. Change can only happen by opening up to the external world. Anatolia had started to open up to the external world. People understood that wealth could only be created by opening up to external world. TOBB's function in this regard is very important. It helped spread economic activity to Anatolia. Most presidents before Rifat Hisarcıklioğlu came from western parts of Turkey. Now TOBB had a president who originated from Anatolia, working more closely with the base. This is closely related with the 28 February process. It has to do with the deep economic and social transformation of Anatolia.<sup>48</sup>

The Hisarcıklioğlu period started with the resignation of former President Fuat Miras on 8 June 2001. The resignation was approved at a TOBB Board meeting on 13 June, though Miras had not really had the intention to resign.<sup>49</sup>

Mr. Rifat Hisarcıklioğlu was elected President of TOBB on 16 June 2001 by the decision of the TOBB Board. His presidency was reaffirmed at the May 2002 TOBB General Assembly, as he was elected President by TOBB delegates.

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<sup>48</sup> Interview with Güven Sak, Director of TEPAV, 29 July 2011.

<sup>49</sup> Accessed on 8 February 2010, <http://arsiv.ntvmsnbc.com/news/88513.asp>

Up until his presidency, it had been widely accepted that TOBB was affected by political motives and acted as the so-called “backyard” of certain political parties. Rifat Hisarcıkıođlu, on the other hand, always declared that TOBB would not serve any political party, and would maintain the same amount of distance from all political parties.<sup>50</sup> He focused TOBB’s position on the economic issues, and defended businesses’ interests in general, as the president of the umbrella organization of the Turkish private sector. His presidency coincided with a moment of passage from one superpower to a multi centre world order, economic and financial crises which paved the way to a multi-actor world governance system, wherein civil society organizations could make their voices heard. These circumstances required that a more policy oriented approach should be adopted rather than a pure political approach. In a comparison of the British and Turkish Chamber system, Saybaşılı also highlights the fact that TOBB was under the influence of political motives in earlier periods and did not try to appear impartial.

Although in Britain Chambers of Commerce and Industry believe in appearing “impartial” to political parties and establish a continuous and uninterrupted relation with the execution, in Turkey the Union does not even see the necessity to appear “impartial” to political parties.<sup>51</sup>

This need to appear impartial was felt and implemented by the administration which took over in 2001. This resulted in the establishment of more formal and regular communication channels with the state mechanism which will be demonstrated in this thesis. This is a change in attitude that differentiates the last decade from the previous ones. Raising business concerns along more formal and regular channels is important, as Turkish business community is criticised to pursue a two-track strategy.<sup>52</sup>

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<sup>50</sup> Accessed on 9 February 2010, <http://www.tobb.org.tr/Baskanimiz/Sayfalar/Konusmalari.aspx>

<sup>51</sup> Kemali Saybaşılı, ‘Chambers of Commerce and Industry, Political Parties and Governments: A Comparative Analysis of the British and Turkish Cases’, METU Studies in Development (Vol.13, No.76, September 1976), p. 135.

<sup>52</sup> According to Yalman: (...) they also seem to neglect the ‘tradition’ of the Turkish business community to pursue what might be called a two-track strategy. On the one hand, the businessmen



TOBB leadership, beginning from 2001, created permanent dialogue mechanisms between the private sector and government, intervened in policy making, made its opinions public and had an influence on decision-making processes which will be elaborated with examples throughout the thesis. This of course is an ongoing process. The thesis will, for analytical purposes, draw the line by the year 2010.

### **1.5 The Assumptions**

In this regard this thesis makes some assumptions.

1. TOBB is the only all-encompassing business organization in Turkey. As membership to chambers is compulsory, it represents the whole of the private sector. It covers all of Turkey both geographically and sector-wise. Therefore it would be reasonable to assume that the actions and deeds of TOBB can be attributed to the Turkish private sector.
2. If other actors have similar actions to TOBB, these may be considered complimentary to the actions of TOBB and do not have a significant effect on the hypothesis that “TOBB matters”.
3. The implementation of economic regulations, and the change in the way the economy is governed in parallel to the rules set by systemically important global economic governance institutions (such as IMF, the World Bank, G20 and WTO),

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would criticise and even denounce the government in power through their representative associations, while, on the other hand, they would not refrain from using their private, informal channels of communication so as to pursue their private interests. Galip L. Yalman, *Transition to Neoliberalism: The Case of Turkey in the 1980s* (İstanbul: İstanbul Bilgi University Press, 2009), p. 333.

increases the economic integration of the country with the whole of the system and contributes to the acceleration of globalization.

### **1.6 Sources: Statements, Declarations, Press Coverage, Web Sites**

As the main sources, this thesis will use documents, reports, declarations and other material produced by TOBB and made public. TOBB has many actions and statements. As it is not possible to refer to them all, emphasis will be given to those related to international issues and those that have a linkage with globalization and governance, in order to stay within the limits of this research. Concentration will be on actions, statements and declarations that constitute important benchmarks. The actions of TOBB are important as they lead to interactions in the pursuit of the realization of its goals. This thesis is also supported by other relevant documents, such as reports that TOBB produced, including yearly activity reports, the president's original speeches and further explanation from individual experience. TOBB has wide press coverage and a policy of making its activities publicly known, as media is a powerful tool for influence. Therefore, what is published in the press is very relevant to an understanding of TOBB policies and the areas it wants to exert power and influence on policy outcomes. Some legal documents are also analysed. Web sites have also been extensively utilized as a source of information, as they have increasing relevance and a role in the increased interaction and dissemination of knowledge.

A section is also added to the thesis that includes a comparison of TOBB and its counterpart institution FICCI, in India. If TOBB were the only institution with an influence on globalization, this would not tell us much on the magnitude of its influence on international relations. But if it is shown that TOBB and FICCI have similar structures and activities, then it is possible to argue by way of analogy. If parallels are drawn between these institutions with similar functions, then it can

be predicted that their collective influence might be larger. We know that there are many other institutions in the chamber system, such as TOBB and FICCI. If meaningful information is gathered by their comparison, this may pave the way for further predictions. This section also helps us understand that TOBB, as well as FICCI, are institutions that belong to the chamber system and function along a set of rules imposed upon them by this system which differentiates them from the rest of the NSAs.

## CHAPTER 2

### HISTORICAL BACKGROUND AND ORGANIZATIONAL EVALUATION OF TOBB

#### 2.1 Background Information on Chamber Organizations in Turkey

In order to understand TOBB today, we must have some information on the history of the chamber system in Turkey. TOBB is located under the general category of NSA, but it has very important additional features that distinguish it from the general category, that it is a chamber and represents the general interests of business community. As it has been set forth in the previous chapter, chambers have certain characteristics that affect their influence patterns. Their original roots have an effect on how they behave today, and it is crucial to have an understanding of the past if we want to understand the interaction patterns of today.

Chamber formation in Turkey is older than the formation of the Republic, and it goes back to the Ottoman Empire.

While the industrial revolution led by Britain was materializing in Europe at the beginning of 19<sup>th</sup> century, in the Ottoman Empire, the guild economic system collapsed and new structures were formed in commerce and industry as was the case in every other domain in the empire. The most significant developments were the 1838 Ottoman-British Trade Agreement, "Tanzimat" and "Islahat" declarations of 1839 and 1856 respectively, the abolishment of "Yed-i Vahit usulü,"(monopoly) the beginning of external borrowing in 1854, the introduction of Capitulations and the establishment of the Düyun-u Umumiye (Ottoman Public Debt Administration) in 1881 through "Muharrem Kararnamesi"(decree) which all contributed to the collapse of "Lonca" economic system.<sup>53</sup>

Chamber formation and the establishment of the first chambers began with the Westernization movements in Ottoman Empire. The first chambers of trade and industry were established after the declaration of the 1856 Reform Edict (Islahat Fermanı) which aimed to eliminate all inequalities between Muslims and non-

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<sup>53</sup> İbrahim Özdemir, *Meslek Kuruluşlarının Kamu Kurumu Niteliği* (Ankara:TOBB Yayınları, 2004), p. 6. (Translated into English from Turkish original)

Muslims in Ottoman society.<sup>54</sup> The declaration removed all differences that prevailed in taxation, education, civil service, representation, trial, religion and military services. The first chambers were established by the Westerners.<sup>55</sup> According to a publication of the Istanbul Chamber of Commerce, commemorating the 125<sup>th</sup> anniversary of their establishment, the first chamber in the Ottoman Empire was established in İstanbul:

The first Chamber of Commerce established in the Ottoman Empire was the Dersaadet Chamber of Commerce (Istanbul Chamber of Commerce) registered on 14 January 1880, which became operational in 1882. In 1889 the commercial, industrial and agricultural chambers were taken under one scheme. As of 1908 there were more than 160 chambers in the Empire. But the ones outside İstanbul, İzmir, Bursa and Thessaloniki existed only on paper. Lack of registration requirement for the merchants, inability to receive government support due to lack of membership, lack of legal personality, lack of accumulated knowledge and experience, staff problems and competition from foreign chambers were among the reasons for this. Chambers of agriculture gained independence from this scheme as of 1910, but chambers of commerce and industry continued to operate under the same scheme. It was in 1925, after the declaration of the Republic that legal personality and compulsory membership was brought in by the Law on Chambers of Commerce and Industry numbered 655, dated 22 April 1925.<sup>56</sup>

It is understood that regulations were required to give chambers legal status and to make membership of chambers compulsory for the proper functioning of the system. This has only truly been possible since the declaration of the Republic.

In a different publication prepared by the Ankara Chamber of Commerce for the 75<sup>th</sup> anniversary of the Republic of Turkey the following information was compiled regarding the origins of chambers in Turkey.

The First Chamber of Commerce in Turkey was established in İnebolu in 1870 by a French company engaged in exports to France for fulfilling its special requirements, however this organization that was lacking economic and legal support, was dissolved sometime later.

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<sup>54</sup> Kemal Gözler, *Islahat Fermanı (1856)*, <http://www.anayasa.gen.tr/islahatfermani.htm>, accessed on 23 December 2010.

<sup>55</sup> İstanbul Ticaret Odası, *Loncadan Oda'ya, İstanbul Ticaret Odası'nın 125. Yılı Anısına* (İstanbul: İstanbul Ticaret Odası Yayınları, 2007), p. 179. (Translated into English from Turkish original)

<sup>56</sup> *Ibid.*, p. 179.

The same year, the “Austro-Hungarian Chamber of Commerce and Industry” was established in Istanbul to protect the interests of the Austrian and Hungarian merchants.

(...) Until the year 1910 when the first regulations were introduced the chambers were organized under the name “Chambers of Commerce, Agriculture and Industry” in accordance with the order of the Ministry of Commerce and Agriculture.

(...) In the “Regulation for Chambers of Commerce and Industry” published on 31 May 1910, the Chamber of Agriculture was excluded from the structure, and the chambers became organizations solely for the members of commerce and industry. The novelty with regard to organization was the fact that the managers were elected to administrative jobs among the artisans merchants and industrialists who were members to the chambers. During the validity of this regulation, Chambers of Commerce and Industry were established in Afyon in 1910, Çorum in 1911, İzmit in 1913, Kırşehir and Ödemiş in 1914, Bayburt in 1915, Zonguldak in 1919, Edirne and Elazığ in 1920, Milas in 1921, Ceyhan, Erzurum and Kilis in 1922, Aksaray, Niğde, Burhaniye, Çankırı, Artvin, Çanakkale, Fatsa and İnegöl in 1923.

The most important organizational development was achieved by Law Number 655, dated 22 April 1925 and named ‘Law on Chambers of Commerce and Industry’. The establishment and operation of the chambers were regulated according to this law and its by-laws. Another important item was the acceptance of chambers as professional organizations with legal personalities. The law also made it compulsory for those who are occupied with commerce and industry to become members of the chambers. Another important aspect of this law was its enlargement of the operational scope of the chambers from local areas to regional areas.<sup>57</sup>

The Law on Chambers of Commerce and Industry, Artisans and Commodity Exchanges numbered 4355 and dated 18.11.1943 abolished the law no 655. This new law increased the number of organs of the chambers to three. The Law numbered 5373 and dated 25.4.1949 on Artisan Associations and Artisan Unions enabled small artisans to move out of the chambers and establish their own associations. Following this, the Law numbered 5590 and dated 8 March 1950 came into force, which has been changed five times during the years it has been in force.”<sup>58</sup>

The establishment of the Ankara Chamber of Commerce followed the issuance of the Law on Chambers of Commerce and Industry numbered 655 and dated 22 April 1925. The chamber was established in May 1923 and it began its activities on Anafartalar Avenue in an old building where Ateş Han was constructed later.<sup>59</sup>

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<sup>57</sup> Turkish terms ‘Mıntıkevi’ instead of ‘mahalli’ are used to indicate the difference between the terms ‘local’ and ‘regional’. For this see Trabzon Ticaret ve Sanayi Odası, *Trabzon Ticaret ve Sanayi Odası Tarihi 1884-1950* (Trabzon, 2009), p. 37.

<sup>58</sup> İskender Elverdi, *Dünden Bugüne Ankara* (Ankara: Ankara Ticaret Odası Yayınları, Aralık 1998), pp. 83-84. (Translated into English from Turkish original.)

<sup>59</sup> Accessed on 31 August 2010, <http://www.atonet.org.tr/yeni/index.php?p=31&l=1>

According to Zabçı, there had been a goal to establish a national economy during the Republican Era and chambers were taken under state guardianship for this purpose:

During the Republican Era, since there was an aim to create a national bourgeoisie within the framework of a “national economy” program brought strict state guardianship against these chambers. Until the Law that came into force, though the assembly that was the main organ of the chambers would come into force through elections, the chambers Secretary General was an official of the Ministry of Trade and a natural member of the assembly. But by the law which came to force in 1950, the period known as the beginning of liberalization tendencies in Turkey, state guardianship over the chambers were relieved to a certain extent and the right to select the Secretary General was granted to the chambers. This Law also gave the chambers the right to establish their union as legal entities. The types of institutions under the Union scheme are as follows: Chambers of Industry, Chambers of Commerce, Chambers of Commerce and Industry and Chambers of Commodity Exchanges. Later on, Chambers of Maritime Commerce joined this scheme as well. Following this, TOBB functioned as an umbrella organization uniting chambers and commodity exchanges. Another issue that needs attention is the fact that, until 1950, the commercial bourgeoisie tried to prevent the separate organization of those dealing with industry. The industrial sector raised its demand to organize separately during and after 1923 the Economy Conference. But commercial capital prevented these efforts by the industrial sector which was flourishing and facing difficulties obtaining organized power. Though industrialists who were unable to organize separately as chambers formed associations which would represent their own interests, the discussions to form separate chambers of industry did not end.<sup>60</sup>

According to Buğra, The revision of the 1943 code reflected the etatist tendencies of the period.

(...) the 1943 Law of the Chambers of Trade and Industry and Commercial Exchanges largely extended the state regulation of the activities of these organizations and the extension of state control was mainly justified with reference to the lack of moral integrity manifested in the behaviour of the business community. The 1943 Code thus stated that the Chambers ‘were established to maintain and to develop professional ethics and discipline in conformity with the needs and interests of the people.’ To assure the functioning of these organizations in a way such as to contribute to this objective, the Chambers would be established by the Ministry of Commerce, and their activities could be suspended by the Ministry whenever it was deemed to be necessary for economic or social reasons.<sup>61</sup>

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<sup>60</sup> Filiz Çulha Zabçı, ‘Türkiye Odalar Borsalar Birliği ve Siyaset: 2002 Genel Seçimler Öncesine Bir Bakış’, *Mülkiye* (Vol. 27, No. 238, Ocak-Şubat 2003), pp. 177-178. (Translated into English from Turkish original.)

<sup>61</sup> Ayşe Buğra, *State and Business in Modern Turkey: A Comparative Study* (Albany: State University of New York Press, 1994), p. 241.

Buğra also says that “1950 Law has largely eliminated the tutelage of the Ministry of Trade over the chambers.”<sup>62</sup> Regulation of the relations with a statist approach establishes the structure of interaction at that time.

The fact that the first chambers in Turkey were established by foreign merchants is closely linked with global economic developments of that period. Britain was also interested in the Ottoman territories, and it is possible to trace this interest under the heading of “Selling to the World 1870-2000”:

Towards the end of the century British Chambers of Commerce were established in various foreign countries to represent businesses engaged in trade with specific countries, often with factories located there. The first such Chamber was formed in Paris in 1873, followed by Turkey in 1887 and Egypt in 1896, and by the end of the First World War British Chambers existed in most European cities. A British Chamber overseas has to satisfy certain conditions, the most important being that it must confine the privilege of full membership to British subjects. These rules were put on record in correspondence with Lord Curzon, the Secretary of State for foreign Affairs, in 1921.<sup>63</sup>

It is very significant from chamber development perspective that the British Empire established a chamber in Turkey as its second overseas chamber after the French chamber.

It is apparent that the need to regulate and unite the chamber system in Turkey, not only stemmed from domestic needs, but the presence of foreign chambers also forced the presence of a national regulation.

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<sup>62</sup> Ibid.

<sup>63</sup> Ron Taylor, *History of Chambers of Commerce in the United Kingdom 1768-2007* (U.K.: British Chambers of Commerce Publication, 2007), p. 52.



## 2.2 The First Regulations on Chambers of Commerce and Industry in Turkey

In this regard, The 'Law on Chambers of Commerce and Industry' numbered 655 and dated 22 April 1925 is very important, as well as being a very informative document as it provides many insights into the development of the chamber system, which was followed by the formation of a union in Turkey. The main features that were established by this law still prevail, and the legislation forms the skeleton of the current system.

The Law numbered 655 consists of 12 articles and identifies responsibilities clearly.<sup>64</sup> When compared to the current law, numbered 5174 and dated 18 May 2004, which consists of 105 main and 16 temporary articles, the scope of the original initiative appears relatively basic.

The first article of the Law introduces the legal personality of chambers, and indicates that they have the right to deal with securities and real estate, can sign agreements, are defendants and plaintiffs in courts, and can borrow with the permission of Ministry of Trade. In this article it is stated that a chamber has the status of "müessesatı umumiye" (institution publique).<sup>65</sup> This is important, as it establishes the public nature of the chambers for the first time.

The second article states that a regulation regarding the internal organization, duties and activities of the chambers will be prepared by the Ministry of Trade.

The third article establishes compulsory membership to the chambers. The Law states that all those who are involved in commercial activities, dealing with land or maritime trade, legal and private persons, corporations, or commodity exchange

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<sup>64</sup> The Law on Chambers of Commerce and Industry, Law No. 655 dated 22 April 1925.

<sup>65</sup> Trabzon Ticaret ve Sanayi Odası, *op. cit.*, in note 57, p. 39.

brokers; must be registered to the residence of their operational chamber of commerce and industry as the head office or branch office. If they do not fulfil this obligation, they will be fined, and if they persist, they would be prohibited from doing trade.

Compulsory membership is a feature of the Turkish chamber system that still prevails.<sup>66</sup>

Article four establishes the requirement to keep a trade registration log. This includes the registration of small artisans as well. If there is no local chamber in a certain area, this duty will be carried out by the municipalities. Article five says that those who do not obey the decisions of the chambers are punished with a fine. The registry requirement is also one of the main characteristics defining the chamber system in Turkey.

Article six regulates the amount of fees and duties to be charged by the chambers.

In article seven, we see that those corporations with capital in the amount of over three thousand Liras are classified as an 'exceptional category' and they pay a special annual fee not to exceed half in one thousand of their capital.

Article eight regulates the source of income of the chambers. These are identified as: annual registration fees, public charges and fines, grants, contributions in the form of assistance, dues from affiliates, fees collected from members not to

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<sup>66</sup> Though compulsory membership is a debated issue with respect to civil society nature of NSAs as we will be referring in following sections; according to the Court of Justice of the EU (CJEU) the laws of the member states which provide for compulsory registration with the professional society are compatible with EU law, as they seek to ensure the observance of moral and ethical principles and the disciplinary control of members. So EU does not see compulsory membership as an obstacle to free entrepreneurship. (See judgement of the CJEU of 22 September 1983 in Case 271/82, Vincent Rodolphe Auer versus Ministere public, para.18)

exceed five percent of income tax, which is determined by the chambers and approved by the Ministry of Trade, and various other incomes. As the services offered by the chambers diversify, additional sources of income are made available to the chambers.

In article nine, the chambers of commerce and industry are attached to the Ministry of Trade, under its supervision and inspection.

In article ten, all the craftsmen and artisan associations are attached to the Ministry of Trade, and all the authority granted to the municipalities over these associations are transferred to the Ministry of Trade and to the chambers of commerce. This is different today, as craftsmen and artisans now have their own separate associations. Large-scale production and industrialization made this separation inevitable.

Article eleven establishes the Law's publication date as the date it comes into effect.

Article twelve grants the execution authority to the Minister of Trade, and the Minister of Justice. Currently, Ministry of Justice is no longer responsible for the chambers.

Overall, when this Law is analysed, we can see the strong influence of the state and the need to bring in regulation and supervision on how merchants, industrialists and artisans carried out their activities. They have legal personalities, they are attached to the Ministry of Trade, they must be registered, membership is compulsory, they can collect dues and they are regarded as public institutions. The meaning of public institution (müessesatı umumiye) may be further elaborated and there is a need to interpret it under the circumstances of that time. This

document lays strong foundations for state-chamber relations, which gradually changed over the years as patterns of economic policies naturally evolved changed in nature towards externally-oriented strategies from state dominated ones.

The strong presence of the state-chamber relations is also emphasized in studies carried out on this subject:

The few studies that exist on Turkish Chambers of industry and trade all emphasize the extent of government control as well as political patronage involved in the activities of these organizations. Nevertheless, these studies also document the lack of a clear-cut pattern of interaction between the state and the Chambers through the Republican period. Rather, they indirectly point at the existence of a pattern characterized by the ambiguity of acquired rights and social responsibilities.<sup>67</sup>

As of today, TOBB is considered to be a public professional institution as defined in Article 135 of the Turkish constitution:

Public professional organisations and their higher organisations are public corporate bodies established by law, with the objectives of meeting the common needs of the members of a given profession, to facilitate their professional activities, to ensure the development of the profession in keeping with common interests, to safeguard professional discipline and ethics in order to ensure integrity and trust in relations among its members and with the public; their organs shall be elected by secret ballot by their members in accordance with the procedure set forth in the law, and under judicial supervision.<sup>68</sup>

The regulations of the chambers of commerce and industry, in the history of the Republic of Turkey begins with the Law numbered 655 and dated in the year 1925, and is followed by the Law numbered 4355 in the year 1943, the Law numbered 5590 in the year 1950 and the Law numbered 5174 in the year 2004. Between these was, the Law on Artisan Associations and Artisan Association Unions dated 25 April 1949, which brought a separation between artisans and businessmen.

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<sup>67</sup> Buğra, op. cit., in note 61, p. 239.

<sup>68</sup> The Constitution of the Republic of Turkey, accessed on 17 February 2011, <http://www.anayasa.gov.tr/index.php?l=template&id=210&lang=1&c=1>

As our primary focus is on the current situation and the 2001-2010 period, in section 2.6 of this thesis, the focus will be on TOBB's duties under the current Law, numbered 5174 and dated 2004.

### 2.3 Backgrounds of TOBB Presidents

It is possible to analyse the backgrounds of the TOBB presidents and find the linkage between their policies and their backgrounds, as their political inclinations effect the policies (both economic and political) pursued.

The following table shows the names and duty periods of TOBB presidents:<sup>69</sup>

Table 1. TOBB Presidents

	<b>TOBB Presidents</b>	<b>Duty Periods</b>	
1.	Üzeyir AVUNDUK	07/02/1952	03/09/1959
2.	Hayri TERZİOĞLU	03/09/1959	23/05/1960
3.	Ahmet DALLI	23/05/1960	11/06/1960
4.	Hilmi GÜRGAN	11/06/1960	05/08/1960
5.	Vehbi KOÇ	05/08/1960	12/09/1960
6.	Bülent YAZICI	12/09/1960	16/05/1961
7.	Behçet OSMANAĞAOĞLU	16/05/1961	31/05/1963
8.	Nuri CİRİTOĞLU	31/05/1963	30/05/1965
9.	Sırrı Enver BATUR	30/05/1965	25/05/1969
10.	Necmettin ERBAKAN	25/05/1969	08/08/1969
11.	Sırrı Enver BATUR	08/08/1969	05/01/1970
12.	Medeni BERK	05/01/1970	30/05/1971
13.	Raif ONGER	30/05/1971	30/05/1972
14.	Sezai DIBLAN	30/05/1972	27/05/1979
15.	Mehmet YAZAR	27/05/1979	04/04/1985

<sup>69</sup> Accessed on 26 August 2010, <http://www.tobb.org.tr>

Table 1 (continued)

	<b>TOBB Presidents</b>	<b>Duty Periods</b>	
16.	Ersin FARALYALI	04/04/1985	04/06/1986
17.	Ali COŞKUN	04/06/1986	30/05/1990
18.	Yalım EREZ	30/05/1990	29/08/1991
19.	Rona YIRCALI	29/08/1991	29/05/1992
20.	Yalım EREZ	29/05/1992	09/01/1996
21.	Fuat MİRAS	09/01/1996	16/06/2001
22.	M. Rifat HİSARCIKLIOĞLU	16/06/2001	

The Union of Chambers and Commodity Exchanges of Turkey was established during the Prime Ministry of Adnan Menderes and Presidency of Celal Bayar. Üzeyir Avunduk, Director General of Türkiye İş Bankası was appointed as the first president of TOBB. After the 27<sup>th</sup> of May 1960 coup, İsmet İnönü appointed Vehbi Koç, however Koç resigned shortly, saying politics and trade do not go together.<sup>70</sup>

In the 1970s TOBB management was influenced by the Justice Party, and played an important role in politics due its power. The TOBB presidency became a post that seemed to foster a desire to become a minister. In the words of Yılmaz Karakoyunlu<sup>71</sup> it became a “commercial and political breeding ground.”<sup>72</sup> Ahmet Dalli, Medeni Berk, Necmettin Erbakan, Mehmet Yazar, Ali Çoşkun, Ersin Faralyalı, and Yalım Erez are among the well-known politicians who had been TOBB presidents.

<sup>70</sup> Yılmaz Karakoyunlu, ‘TOBB Siyaset Demektir’, *Haber Kapısı website* (published online 25 November 2008), accessed on 1 September 2010, <http://www.haberkapisi.com/yazi/tobb-siyaset-demektir-2746.htm>

<sup>71</sup> Karakoyunlu is a writer and a politician from the ANAP, State Minister of the 5<sup>th</sup> Ecevit Cabinet (28 Mayıs 1999 - 18 Kasım 2002).

<sup>72</sup> Karakoyunlu, op. cit., in note 70.

The fact that Hayri Terziođlu was a Democrat Party Bursa provincial president, for example, clearly demonstrates the influence of the Democrat Party in that period. Vehbi Koç on the other hand, was known to be a supporter of the Republican Peoples Party. TOBB also had presidents affiliated with the True Path Party and the Justice Party. Üzeyir Avunduk, Hayri Terziođlu and Ahmet Dallı were known to have Democrat Party connections, all with banking backgrounds and were appointed by Celal Bayar. After the resignation of Vehbi Koç, who had been appointed by İsmet İnönü, TOBB presidents were chosen among those with backgrounds as auditors for the Ministry of Finance. According to Karakoyunlu, “this trend continued until the Justice Party took over, and this was the most unproductive period of TOBB”.<sup>73</sup>

Necmettin Erbakan, who served as TOBB president for a short time in 1969, served as the Prime Minister of Turkey as the president of the Welfare Party, in a coalition government with the True Path Party from 28 June 1996 to 30 June 1997.<sup>74</sup>

TOBB presidents who served after the 1980 military intervention and during the Turgut Özal period had Justice Party and True Path Party affiliations. As 24 January decisions were adopted by the state and these were welcomed by TOBB, a broad understanding in economic policy prevailed. Mehmet Yazar resigned from TOBB presidency in 1985 wishing to become the president of True Path Party.<sup>75</sup> Ersin Faralyalı who also had True Path Party affiliation became the next president and served until the next TOBB General Assembly in 1986. Ali Coşkun became the TOBB president in 1986 who was known to have the support of both Turgut Özal and Süleyman Demirel.<sup>76</sup> Yalım Erez also had True Path Party affiliation and resigned from TOBB presidency to become a member of the parliament .Even

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<sup>73</sup> Ibid.

<sup>74</sup> Accessed on 4 January 2010, <http://www.basbakanlik.gov.tr>

<sup>75</sup> Interview.

<sup>76</sup> Ibid.

though he was not elected in 1991 elections, he has been elected in 1995, and served as Minister of Industry and Trade.<sup>77</sup> Rona Yırcalı had the post for about a year from August 1991 to May 1992 in between. Fuat Miras also had the same background and like most of the previous TOBB presidents, he was not based in Ankara, the headquarters of TOBB. According to TOBB employees, TOBB had a relatively low profile as he would only be in Ankara for the meetings.<sup>78</sup>

In his research on the history of the centre-right spectrum in Turkish political life, Çavuşoğlu has the following observations regarding TOBB presidents:

There is a close relationship between centre-right parties and TOBB. The TOBB administration was determined by Justice Party management beginning in 1965 when Süleyman Demirel came to power on his own, until Mehmet Yazar was elected as TOBB president (27 May 1979). This demonstrates the dominance of Demirel over the Union of Chambers from 1966 until 1980. (Interview with İsmet Sezgin, 15 April 2008) (...)While centre-right parties were influential on TOBB management until Mehmet Yazar's presidency; during the Yazar and Yalım Erez periods, TOBB formed a pressure group on political powers. Besides TOBB presidents such as Üzeyir Avunduk, Hayri Terzioğlu, Ahmet Dalli, Mehmet Yazar, Ersin Faralyalı, Ali Coşkun and Yalım Erez; members of the TOBB executive board, chamber presidents and chamber members entered political life from center right parties. (Interview with Yalım Erez, 2 June 2008)<sup>79</sup>

According to Karakoyunlu, beginning in the 2000s, there was a change in this trend:

Current president Rifat Hisarcıkloğlu assumed the presidency duty for the longest time. His observations are sharp. He is fair in his interpretations. He makes his judgements not on political pressures but according to the requirements of trade. This is a brave and honest management quality that we rarely come across in the TOBB presidency.<sup>80</sup>

The above statement, put plainly, marks the observation of a shift from previous governing schemes. Until 2001, TOBB had generally been under the influence of

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<sup>77</sup> Ibid.

<sup>78</sup> Ibid.

<sup>79</sup> Hüseyin Çavuşoğlu, 'The History of the Centre-Right Spectrum in Turkish Political Life' (Türk Siyasi Hayatında Merkez Sağ Çizginin Tarihi), *Fırat Üniversitesi Sosyal Bilimler Dergisi* (Vol. 19, No. 2, 2009), p. 275.

<sup>80</sup> Karakoyunlu, op. cit., in note 70.



the ruling political power. This was easily detectable by the TOBB presidents' apparent political connections. The ruling parties would not allow TOBB to act on its own, and made sure it was managed by those who were close to it.

When Rifat Hisarcıklođlu came to power in 2001, he allocated a lot of time to visit all chambers and commodity exchanges across Turkey and touch base with his constituency. He gave emphasis to knowing the perspective and concerns of local businessmen affiliated to the Union. Coming from an Anatolian background he genuinely believed in the power of Anatolia and wanted to bring their inspirations to the center. That, in return helped him consolidate his power, and he was elected as the president in the next General Assembly. His legacy stemmed from the strong ties he managed to establish and preserve with his constituency. This was a different governing style from the previous decades.

We observe that in the past, the ruling parties would give some public functions to TOBB, and then take them back, as considered necessary. This had been the case throughout TOBB's first decade when Turkey was ruled by the Democrat Party. As Buđra indicates:

Throughout the decade, the Chambers have flourished, both in number and social significance. While their relation with the government was very amicable in the early stages of the DP rule, in the second part of the decade they were increasingly critical of the economic policies in implementation. Toward the end of the decade, as criticism became stronger and the DP government politically weaker, the latter made certain attempts at reconciliation by increasing the power of the Chambers. Consequently in 1958, the Chambers were given two very significant public functions. They were assigned, first, the responsibility of allocation of import quotas to individual importers, and, second, they were held responsible for the registration and control of imported goods. These responsibilities naturally enhanced the significance of Chambers for their members.<sup>81</sup>

These duties were granted to TOBB when import substitution strategies were being followed.

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<sup>81</sup> Buđra, op. cit., in note 61, pp. 241-242.

The import quota allocation duty of the chambers was withdrawn after the military intervention of 1971. A couple of years following that, under the Ecevit government, the import price registration function was also abolished.<sup>82</sup>

Another shift in the pattern of relationships can be attributed to the tendency that during the recent decade political authorities all over the world would accept associations as legitimate mediums of interest representation.

This was not the case during the etatist periods, as Buğra also indicates:

Concerning the role of business associations in shaping relations between the private sector and the state, perhaps the most striking characteristic of the Turkish experience is the reluctance of the political authority to accept associations as the legitimate medium of interest representation.<sup>83</sup>

In contrast to the previous reluctance, the prevailing tendency of acceptance, both by the Turkish government and international institutions, will be demonstrated in the following Chapters.

We also observe that some governments tried to limit the operational scope of TOBB during certain periods:

Professional organizations where the weight of capital is significant were closely connected with right wing political parties and governments during the two decades from 1960-1980. They gained efficiency to the extent that they fulfilled a two-way intermediation and representation function between their base and the state. During this period, TOBB, as one of the most powerful professional organizations in the right wing, was influential and effective at the professional and political level. It has been a platform with relative autonomy from time to time and a place where opponent tendencies within the system gained power at other times. Therefore some governments tried to limit the operational scope of TOBB. An example of this would be taking away its function to publish Turkey's Trade Registration Gazette, which has been published by TOBB since the 1950s. The Trade registration Gazette was published by the prime ministry from 15 October 1974 until 1 July 1976, during the Ecevit government. TOBB reassumed the publishing authority from 1 July 1976 until October 1978, but the prime ministry took it

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<sup>82</sup> Ibid., p. 244.

<sup>83</sup> Ibid., p. 261.

back again on 16 October 1978. It was on 15 May 1980 that TOBB regained this function for good.

TOBB policies were in favour of commercial capital in 1960s. The emergence of TÜSİAD which represents large scale capital in 1970s as a separate structure could be attributed to this tendency. As the 12 September 1980 administration followed 24 January economic decisions, and as TOBB supported these decisions it was regarded as an esteemed professional organization and has been a focal point of the policies of the period.

After 1983, as there was the possibility that other business organizations might become more important institutions of business circles that the right wing governments attach importance, TOBB sometimes made opposition and sometimes gave emphasis to institutionalize the function of providing advisory services to government.<sup>84</sup>

The shift of TOBB activities from lobbying to technocratic consultancy caused a tendency towards professional structuring. TOBB regained its significant power and effectiveness after 2001.<sup>85</sup>

In a study from income distribution point of view, Öncü also highlights that certain duties of TOBB were extended but later taken by the government. Öncü uses Chambers of Industry as a proxy to state industry relations in Turkey and points out their differences with Chambers of Commerce. According to Öncü, as industrialists did not feel that their viewpoints were represented in a fair proportion to their economic contribution, they sought to establish other institutions which would reflect their concerns in real terms.<sup>86</sup> She also says that during the periods when economy was functioning on import-substituting industry, (especially 1960-1970 period) Chambers of Industry became very powerful due to their quasi-governmental functions and ability to allocate import quotas and provide access to credit facilities. This was a period when foreign exchange and credit were extremely scarce.<sup>87</sup>

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<sup>84</sup> See Ali Coşkun, *Görüşlerimiz: Mayıs 1988-Nisan 1990 konuşmaları* (Ankara: TOBB publications, 1990)

<sup>85</sup> Interview with İskender Elverdi, TOBB Legal Counsellor and Acting Deputy Secretary General, 25 August 2010.

<sup>86</sup> Ayşe Öncü, 'Chambers of Industry in Turkey: An Inquiry into State-Industry Relations as a Distributive Domain' in Ergun Özbudun (ed.), *The Political Economy of Income Distribution in Turkey* (New York: Holmes and Meier Publishers, 1980), pp. 495-480

<sup>87</sup> Ibid.

But when we came to 2000s where neoliberal economic policies are applied, such constraints, and therefore the authority of allocation, disappear and it is not possible to talk about power of chambers generated due to distribution of scarce resources. In our day, as it will be seen in the following chapters, TOBB still has some quasi-governmental duties on issue areas such as insurance, regulation of certain trade activities such as fairs, providing trade and transportation documentation etc. Therefore as the prevailing economic perspective and rules change, this is reflected in the duties of TOBB as well.

2000s was a period during which neoliberal economic policies gained significance, and politics that did not bring economic returns were not seen as valuable. TOBB became more involved in “economics” rather than “politics”. This is not to say that TOBB was not interested in policy. Rather, TOBB was increasingly interested in economic policies that could bring economic returns. The TOBB president on many occasions claimed that he maintains an equal distance from all political parties.

Murat Yetkin, a *Radikal* newspaper columnist who follows TOBB activities very closely, locates TOBB within the realm of recent reform activities dealing with the interlinked internal and external problems in 2000s

According to Yetkin:

(...) Yes, Ahmet Davutoğlu is a rarely-encountered politician, who had an idea and a plan on what to do when he was appointed to the post. But it is a series of reform steps that has enabled Turkey to comprehensively deal with interrelated internal and external problems. They can be listed as follows:

1. Turkey survived a period of bad management both politically and economically from the middle of the 1990s until 2001 (from the 28 February process until the ‘throwing the Constitution’ event ) and was left with no option other than to change.
2. These conditions brought Kemal Derviş and his economic program to the agenda, and starting with the banking system, the whole economic structure has been subject to a serious reform process.

3. Though the AKP which came to power in 2002, changed a lot of things in a manner leading to shakiness, it did not touch Derviş's reforms or the IMF program within that framework, and carried on under Ali Babacan.

4. The legal and political structure of the country was updated during the 2002-2005 period in line with the European Union harmonization reforms, and with AKP and CHP conciliation.

5. Turkey becomes ready to overflow its banks in its economy and politics with the economic and political update of 2001-2005. In this process, it was a noteworthy phenomenon that TOBB turned from a merchant organization with weighted rural identity to be one of the apparatus for the deployment of the country economically and politically under the management of Rifat Hisarcıkloğlu. Anatolia started to turn its face to the external world.<sup>88</sup>

Yetkin further emphasizes the fast pace of Turkish external policy as well. TOBB takes part in some aspects of this fast pace, especially on the economic front, as a leading organization of Turkish economic life:

When we look at today's fast pace we can guess the government might get dizzy at this pace. The UN General Assembly, the G20 meeting, the IMF General Assembly, the signing a protocol with Armenia, the blaming of Israel over Gaza, the embracing of Syria, the joint cabinet meeting with Iraq, and the Kurdish issue, followed by world politics with Iran, Pakistan and Afghanistan, all since the beginning of September.<sup>89</sup>

According to Yetkin, TOBB is an important actor in the reform process which runs parallel to the neoliberal economic policies being implemented by Minister responsible for the Treasury, Kemal Derviş. These economic and financial reforms increased the pace of globalization in Turkey. Yetkin also discusses the interlinked internal and external problems. TOBB, an organization conveniently located at the edge of the domestic and international spheres, has been an important actor in this regard. It is also noted that the government has a very dense foreign relations agenda. This also runs parallel with the aforementioned neoliberal economic reforms.

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<sup>88</sup> Murat Yetkin, 'Baş Döndürücü Gündem Başımızı Döndürmesin', *Radikal newspaper* (15 October 2009), accessed on 21 October 2010, <http://www.radikal.com.tr/Radikal.aspx?aType=RadikalYazarYazisi&ArticleID=959309&Yazar=MURAT&Date=15.10.2009&CategoryID=98&rf=1&ver=4> (translated into English from the Turkish original)

<sup>89</sup> Ibid.

As a representative institution of Turkish businessmen, TOBB has always been a focal point of attention in Turkish politics. Politicians were interested in the viewpoints of TOBB members, and TOBB wanted to influence decision-makers to pursue policies that would be beneficial to its members.

The points discussed above distinguish the first decade of the 2000s from the previous ones, and make it worth examining. Therefore the focus will be on this decade.

Before elaborating on some of the indicators of change in it, TOBB will be examined as an institution.

#### **2.4 TOBB as an Institution**

TOBB is the legal representative of the Turkish private sector that is referred to in the Turkish Constitution. It has a long history compared to other private sector institutions. It is an umbrella institution covering the whole of Turkey. It is the union of 365 chambers and commodity exchanges established in cities and provinces. (Chambers of Commerce and Industry: 178, Chambers of Commerce: 60, Chambers of Industry: 12, Commodity Exchanges: 113, and Chambers of Maritime Trade: 2). It is representative of Turkish corporate sector. Through its chambers, it reaches out to 1,350,000 firms, most of which are small and medium enterprises (SMEs) that represent around 99% of all companies in the Turkish economy. There is no doubt that TOBB is an important social and economic actor. It has several governance roles. It influences government and is influenced by governments as well as by the global economy.

TOBB also has a very wide international network and is a member of several transnational organizations such as the International Chamber of Commerce (ICC) and the Association of European Chambers of Commerce and Industry (EUROCHAMBRES). The President of TOBB is elected as the Vice President of the Executive Board of EUROCHAMBRES. TOBB is a founding member of the Association of Black Sea Chambers of Industry and Commerce. The other members of this Association are Albania, Bulgaria, Greece, Romania, Georgia, Moldova, the Russian Federation and Ukraine. TOBB is also a member of the OECD Business and Industry Advisory Committee (BIAC) and the ECO Chamber of Commerce and Industry. The ECO Chamber member countries are Turkey, Iran, Pakistan, Afghanistan, Azerbaijan, Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan. TOBB is the Vice President of the Islamic Chamber of Commerce and Industry (ICCI). The Islamic Chamber is an affiliated organ of the OIC and represents the private sector of 57 member Islamic countries. TOBB is the founding member of the Association of the Balkan Chambers ABC. TOBB is a member of ASCAME, GS1, IRU, and the guaranteeing member of the IRU in Turkey. TOBB is represented on the Boards of IRU and GS1. The president of ASCAME is the president of the Istanbul Chamber of Commerce Murat Yalçıntaş. TOBB also became a member of the CACCI in 2009, the Confederation of Asia-Pacific Chambers of Commerce and Industry, which involves 27 countries in the region. TOBB is a member of the UN Global Compact and the UN ECOSOC as well.

In addition to taking part in multilateral chambers, TOBB has also participated in the establishment of various bilateral chambers. Germany is an important trade partner of Turkey. Many Turkish workers in Germany started their own businesses there strengthening already existing ties. In this respect, the German-Turkish Chamber of Commerce and Industry (ATTSO) was established in Istanbul in 1994. Similarly, Turkish-German Chamber of Commerce (TATSO) was established in Cologne in 2003. Another forum of dialogue with Germany in which TOBB is a

partner is the Turkish-German Cooperation Council (TAIK). TAIK was founded in 1993; it aims to develop economic cooperation between Turkey and Germany and functions under the coordination of the Foreign Affairs ministries of the two countries. This is a platform for private and public sectors to discuss economic and commercial issues. The Turkish-American Chamber of Commerce and Industry (TACCI) is another important such establishment. It was founded in New York in 2002 and is a private, non-profit membership organization aiming to promote and increase the bilateral trade potential and investment levels between Turkey and the United States, according to its by-laws.<sup>90</sup>

The Union of Chambers and Commodity Exchanges of Turkey (TOBB) and the Undersecretariat of Foreign Trade (DTM) are both represented on TACCI's board of directors and are also the strongest supporters of the organization. TACCI has over 100 established companies in its membership body.

TOBB's international activities are not limited to the above institutions. TOBB is involved in EU-Turkey relations. TOBB also has dialogue channels with the USA. It was involved in the reconstruction process of Iraq. IMF and World Bank officials keep their communication channels open to TOBB. TOBB visits of world leaders such as Vladimir Putin and Gerhard Schröder are an indicator of its increasing importance.

TOBB has a new vision since the beginning of 2000s; it is involved in public private-partnership dialogue and has an ambitious international program. In order to support these it has established a think tank called TEPAV (Economic Policy Research Institute) and TOBB Economics and Technology University. These

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<sup>90</sup> Accessed on 29 September 2010, [http://www.turkishchamber.org/index.php?option=com\\_content&view=article&id=18&Itemid=27&lang=en](http://www.turkishchamber.org/index.php?option=com_content&view=article&id=18&Itemid=27&lang=en)



institutions aim to help TOBB build a stronger capacity, which the local chambers need in order to be engaged in policy dialogue.

## **2.5 Organizational Structure of TOBB**

TOBB has four main organs. They are the General Assembly, the Councils of Chambers and Commodity Exchanges, the Executive Board and the High Discipline Board all of which are formed through an election process. The General Assembly is the supreme body of TOBB. It consists of more than thousand members elected to four year terms by the members of the assemblies of local chambers and commodity exchanges. The number of delegates varies depending on how large the chamber or commodity exchange is. Through elections, five councils are formed by the General Assembly, which represent chambers of commerce, chambers of industry, chambers of commerce and industry, chambers of maritime commerce and commodity exchanges. The president and fourteen board members are elected by the General Assembly and execute the decisions based upon the power they receive from the General Assembly.<sup>91</sup>

For analytical purposes the administrative structure of TOBB can be divided into two main sections.

The Board of Executives, led by the president is responsible for making the decisions, and the Secretariat carries out activities. The Secretary General is the head of the administrative structure and has three deputies. The Technical Affairs Deputy is responsible for the Real Sector Department, the Turkish Sectoral Assemblies Department and the Chambers and Commodity Exchanges Department. The External Economic Relations Deputy is responsible for the External Economic Relations Department, the European Union Department, the

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<sup>91</sup> Accessed on 29 October 2010, <http://www.tobb.org.tr>

Trade and TIR Department and the Information Services Department. The Administrative Affairs Department, Financial Affairs Department and Human Resources Department report to the third deputy who is responsible for Administrative and Financial Affairs.

Within the Departments, there are divisions. Divisions have their names and specific duties. The way TOBB operates, the divisions are the core units and their managers, who are highly informed on the subject matter, carry the main responsibility for the tasks performed by the institution. They may be in direct communication with the President when necessary. For example although the Trade Registration Gazette Division is located under the supervision of the Information Services Department, in practice, the manager of this division does not need to communicate with the department head while carrying out his daily duties.

There are some units that directly report to the Secretary General. These are the Office of the Legal Counsellor; the staff of the Bureau of the President; Press and Publications Office; inspectors; the Brussels, Washington and Istanbul representatives; as well as the Advisors to the Secretary General.

The organizational and bureaucratic structure of TOBB and the activities that are carried out do not necessarily match the fifteen headings that are identified below, but there are linkages.

While exploring the global governance interaction in which TOBB plays a role, some areas naturally come to the fore. In the categorization detailed below, duties related to external affairs is closely linked with this interaction.

## 2.6 TOBB's Duties

TOBB's duties are detailed in the Law No. 5174, and it is a good analytical tool to start with in order to understand its main functions.

The primary functions of TOBB are listed in Article 56. In the original text, they are described under 23 subdivisions. In this thesis they are categorized under fifteen headings, assigned titles and summarized for analytical purposes. The original text has more detailed information.<sup>92</sup>

1. Regulator/Umbrella Organization functions: Regulating relations among Chambers/Commodity Exchanges, between Chambers /Commodity Exchanges and TOBB; setting the rules, regulations, standardizations of services, accounting standards and gathering information on issues such as membership and membership dues etc.
2. Knowledge-building: Gathering and disseminating information, report writing, report evaluation (mainly on economic and social issues, both domestic and international).
3. Representation: Representing the industrial and commercial sector at various platforms, institutions, organizations, commissions and councils, such as the Economic and Social Council.
4. Policy-making: Determining the economic policies of the private sector, sharing its formal opinion on various issues with relevant organizations, institutions, bodies.

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<sup>92</sup> The Law of the Union of Chambers and Commodity Exchanges of Turkey, Law No. 5174 dated 18.05.2004 (Ankara: TOBB Publication, April 2009).

5. Duties related to external affairs: In line with current world affairs, carrying out work for the development of national trade, industries and service sectors. Looking after the rights of these sectors in their relationships with international organizations and the European Union. Working on European Union legislation and informing the Chambers and Commodity Exchanges in this regard. Establishing the ICC Turkish National Committee and executing its activities. Organizing and participating in national and international congresses. Becoming a member of national and international organizations that are relevant to the operational areas of the Union. Establishing business councils and economic cooperation committees. Attending international meetings. Establishing commercial centers both domestically or abroad, as well as joining those already established. Joining activities regarding economic and social problems and supporting them if necessary, granting financial support. Establishing cooperation committees with foreign chambers and unions, and pursuing comprehensive and effective cooperation with them.
6. Trade environment: Protecting consumers and fostering an environment of healthy competition. Regulating fairs in Turkey.
7. Keeping the company log: Maintaining that every company in Turkey is registered in the company log. Publishing daily Trade Registration Gazette.
8. Problem solving/trouble shooting: Providing arbitration, mediation, and consultation services.
9. Documentation: Providing/approving the necessary documentation for the circulation of goods, trade and transportation such as capacity reports,

certificates of origin, circulation certificates, bar codes, TIR carnets and ATA carnets.

10. Education/training: Making sure skilled labor needs and the requirements of industry are fulfilled (establishing universities and vocational schools, providing technical education, etc.) Providing training to the personnel of the chambers and commodity exchanges.
11. Industrial enhancement: Helping to establish and take part in organized industrial zones, industrial regions, technology development zones, technology centers, techno-parks. Carrying out work to overcome bureaucratic obstacles that effect trade and industry. Taking part in the acceleration of privatization. Carrying out work to develop industrial (as well as trade, agriculture, services) inventory of the country.
12. Technical support: Supporting technical enhancement of commodity exchanges, increasing communication between domestic and international commodity exchanges by making use of advanced technology. In the case of any disagreement on the price of an imported good, providing technical information to the requesting institution.
13. Linkage with the authority: Performing duties assigned by the Ministry of Industry in accordance with the Law.
14. Support of foreign chambers: Supporting of foreign chambers in Turkey as well as Turkish or Turkish-foreign Chambers abroad, if necessary.
15. Establish representations: Establishing representation or liaison offices in Turkey or abroad, with the permission from the ministry if necessary.

Actually all of these activities are one way or another linked to globalization and taking an active part in the governance of economic and social life. These fifteen activities could be further condensed, but since some could obviously be incorporated into duties with international scopes, it is better to keep them more densely arranged for analytical purposes, since it makes it easier to demonstrate the linkage between activities and how they fit into the global scheme.

When the original document is examined, it becomes apparent that some of the duties, such as accelerating privatization and removing bureaucratic obstacles, reflect the fact that TOBB has adopted a neoliberal economic perspective.

We can say that, TOBB as an organization may itself be regarded as the structure, whereas the services it provides as assigned by law may be regarded as the process.

## **2.7 TOBB's Participations**

TOBB is also active in economic and social life through its various participations. Its commercial participations are in the form of joint-stock companies and limited companies. Formal participations are established either by law or through agreements between the parties. TOBB participations categorized as social are association or foundation based. TOBB ETU University is listed as a social participation on the TOBB website. The university is established through the education and culture foundation of TOBB, TOBEV, which is a participation of TOBB.<sup>93</sup>

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<sup>93</sup> Accessed on 18 February 2011, <http://www.tobb.org.tr/tobbhakkinda/istirak.php>

### 2.7.1 Commercial Participations

Commercial participations of TOBB are either joint-stock companies or limited companies. These are Customs and Tourism Enterprises, Inc. Co. (GTİ), Credit Guarantee Fund Co. (KGF), KOBİ Venture Capital Investment Trust, Inc. Co. (KOBİAŞ), the Turkish Derivatives Exchange (VOB), TOBB-BİS Organized Industrial and Technological Regions Co. (TOBB-BİS), UMAT Customs and Tourism Companies, (UMAT GTİ) Umumi Mağazalar Türk Co (UMAT)., Adana ABİGEM Training and Advisory Co., Afyonkarahisar ABİGEM Co., Çorum ABİGEM Co., East Marmara ABİGEM Co., Eskişehir ABİGEM Training and Advisory Co., Gaziantep ABİGEM Advisory and Training Co., İzmir ABİGEM Advisory and Special Training Co., Kayseri ABİGEM Training Advisory Co., Konya ABİGEM Training Advisory Co., Uşak ABİGEM Advisory and Training Co., GAP GİDEM Advisory, Training, Organization and Fairs Co., Emerging Companies Market Co. (GİP),the Istanbul World Trade Centre, Izmir Fair Services Culture and Art Activities Co. and TSE-SOJUZTEST Metrology and Calibration Co.

The GTİ and the KGF have certain significance among TOBB's commercial participations. The GTİ was established in 2005 in order to modernize and operate land border gates. It is a corporation formed from the partnership of 137 Chambers and Commodity Exchanges.<sup>94</sup> More detailed information on its activities will be provided under section 3.1.4 'Border Gate Modernizations' in the next chapter. This constitutes an interaction that strengthens the power of TOBB within the transportation structure.

The KGF was established in 1994 but became active in 2006, during the period of the study of this thesis. By the end of 2010, a total of fifteen thousand applications had been made for credit guarantees, while nine thousand of these applications

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<sup>94</sup> Accessed on 29 March 2011, <http://www.gtias.com.tr>

were met; meaning three out of every five applications was accepted.<sup>95</sup> The amount of credit extended by banks to SMEs through these guarantees totalled 1.5 billion Turkish Liras. In addition, previously obtained credits for 300 SMEs were restructured by making use of KGF guarantees.<sup>96</sup> This activity by TOBB is an involvement in the finance structure and an interaction that contributes to the strengthening of SMEs, making them more competitive in their environment.

### **2.7.2 Formal Participations**

TOBB's formal participations have been established either by law or through agreements between parties. These are the Foreign Economic Relations Board (DEİK), the Turkish Standards Institute (TSE), the National Productivity Center (MPM), Eurochambres, the ICC, WCF, ICCI, ASCAME, ABC, ECO-CCI, the Union of Black Sea Region Chambers of Commerce and Industry, BIAC, the Turkish American Chamber of Commerce and Industry, the Turkish-German Chamber of Commerce and Industry (TATSO), the German-Turkish Chamber of Commerce and Industry (ATTSO), and the Turkish-German Cooperation Council (TAİK).

As it may be noted from above information; with the exception of the DEİK, TSE and MPM, these formal participations are memberships of international or bilateral institutions. Though established through domestic regulations, the DEİK is also involved in international activities through its business councils. But the TSE and MPM are also involved in internationalization activities, the former by way of its activities to introduce international standards, and the latter through its efforts to increase productivity in production. Overall the activities of TOBB through its formal participations are closely linked to globalization.

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<sup>95</sup> Accessed on 29 March 2011, <http://www.kgf.com.tr>

<sup>96</sup> Ibid.



### **2.7.3 Social Participations**

The social participations of TOBB are association -or foundation- based. These are TOBEV and TOBB ETU, the University of TOBB, established through TOBEV, the Economic Development Foundation (İKV), TEPAV, Chambers, Commodity Exchanges and the Union Personnel Insurance and Retirement Fund Foundation, Turkish Marine Environment Protection Association (TURMEPA), the Vocational Training and Small Industry Support Foundation (MEKSA), the National Education Foundation (MEV), the Turkish Marine Education Foundation (TÜDEV), the Istanbul Chamber of Industry Foundation, the Aegean Region Chamber of Industry Foundation, the Istanbul Chamber of Commerce Training and Social Services Foundation, the Darülaceze Foundation. TOBB activities through its social foundations are primarily focused on education, training, environment and individual support mechanisms. They may be regarded as corporate social responsibility activities that TOBB contributes.

The presence of TOBB participations demonstrates its ability to participate in economic and social activities, both domestically and internationally, through various other actors. TOBB cooperates and interacts with various other actors in its activities.

So far the basics of the “structure” is outlined, and in the next chapter the “processes” will be analysed. As mentioned earlier, the services TOBB provides are a form of interaction among the actors of governance. In this sense they may be regarded as “processes”, as they reflect interactions among parties and have implications on the system. Before elaborating on that, the focus will be on the Civil Society nature of TOBB.

## 2.8 TOBB as a Civil Society Organization

TOBB is a NSA, but its civil society organization feature is open to debate. The term civil society organization indicates voluntarism and independence from any form of state influence. Part of the reason for the controversy over this term is due to its popular usage in the Turkish language. Turkish translation of Civil Society Organization (Sivil Toplum Örgütü-STK) is used to cover both NGO and NSA (Hükümet Dışı Organizasyonlar or Devlet Dışı Oyuncular/Organizasyonlar/Örgütler-HDO or DDO, DDÖ). The reason for this is that in the Turkish language STK has a softer meaning than HDO or DDO. The terms HDO or DDO do not give the impression of eminent or honourable institutions in Turkish linguistically. Though these terms may be used and understood in their proper context by academicians, the general public does not use these terms in their daily lives, they are not widely used in the media, and most prefer to use the term STK to cover most NSAs instead. TOBB is very often referred as a CSO (STK in Turkish) instead of an NSA (DDO in Turkish). This is an issue that will be elaborated further, but for the purposes of a general discussion on TOBB, the CSO features of TOBB will be compared with a set of international standards that are available as a benchmark to provide a better understanding of our case study.

In October 2009 the Annual Meetings of the IMF and World Bank were held in Turkey, and this constituted an important benchmark for Turkish civil society organizations. CSOs in Turkey were of significant importance at this event, and there was a high demand to attend the meetings by CSOs in Turkey. There was a special session on Civil Society in Turkey organized by the Civil Society Policy Forum, which ran parallel to the Official meetings of the IMF and World Bank. TÜSEV presented a comprehensive study on this occasion. From the overall review of this study, we can see how TOBB stands in quite a different position from the rest of what is generally described as Civil Society in Turkey. This thesis does not

intend to embark on a thorough analysis of all aspects of Civil Society in Turkey but it is necessary to locate TOBB in an appropriate context in order to understand its capacity to influence. The study of TÜSEV is instrumental in this respect.

While explaining its methodology, TÜSEV expressed that its work focuses on such issues as Civil Society Law reform, social investment, international relations and networking, research and publications. It used a broad definition of civil society, although they decided to exclude political parties. There was much discussion regarding the inclusion of faith-based organizations, labor unions, and chambers of commerce, and TOBB, but it was finally decided that they would be included in the research sample.

The study analyzes Turkish Civil society according to various criteria, and by making the use of this criteria we can determine TOBB's position vis-à-vis other civil society organizations. This will help us understand if TOBB is able to exert "influence", and if TOBB "matters", by understanding its relative advantages and disadvantages it might have as an actor in global economic governance.

The TÜSEV study is carried out in cooperation with an international nongovernmental organization called CIVICUS, the World Alliance for Citizen Participation by the implementation of a methodology called the Civil Society Index (CSI). The methodology of the research was developed by CIVICUS, and TÜSEV was the implementing institution of the project in Turkey. In the introduction of the research, the CIVICUS Civil Society Index (CSI) is explained as follows:

The CIVICUS Civil Society Index (CSI) project has been one of most important initiatives undertaken by TÜSEV, and was the first comprehensive and internationally comparative study on civil society in Turkey. Aside from an invaluable collection of data presented in the country report, the project offered a number of other benefits. To begin, the CSI project offered an analytical and conceptual framework. This enabled the assessment of the complex construct of civil society in a structured manner. The multitude of indicators

assessed ranged from structural issues (resources, participation), environmental factors (rule of law, rights and freedoms), values (empowering women, environmental sustainability) and impact (on policy and improving the lives of people). Another important contribution of CSI was the variety of research methods used to collect and analyze data. Some methods (particularly the media review) were used for the first time in the Turkish context, thereby bringing a range of skills and tools to be employed in future studies. This also contributed to building the research capacity of TUSEV as well as other individuals and organizations involved in the CSI project. Last but certainly not least, this project was more than a research initiative-it had convening power, bringing over 250 stakeholders and experts together over the course of the project, to reflect on civil society and their role as part of this burgeoning movement. It created a sense of empowerment that knowledge is power; and that by reflecting and planning, we could unlock the immense potential of civil society and civil society organizations (CSOs) in Turkey.<sup>97</sup>

The report claims to be the first comprehensive and internationally comparative study carried out on civil society in Turkey. Elaborating on the findings and comparing them with the position of TOBB will provide information on determining certain features of TOBB.

The key findings of the report and the position of TOBB against each criteria is summarized below:<sup>98</sup>

Meeting Societal Needs: It is stated that not a large percentage of CSOs are working to meet societal needs (e.g. activities such as building a new school, or dormitory, participating in rescue missions and relief efforts after natural disasters, human rights training for judges, border police training, working with refugees, etc.)

TOBB does not fit these criteria, although it performs some activities to meet societal needs.

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<sup>97</sup> Accessed on 9 August 2010, [http://civicus.org/new/media/CSI\\_Turkey\\_Executive\\_Summary.pdf](http://civicus.org/new/media/CSI_Turkey_Executive_Summary.pdf)

<sup>98</sup> Accessed on 10 August 2010, <http://www.tusev.org.tr/userfiles/image/Uluslararası%20STEP%20Turkiye%20Ulke%20Raporu.pdf>

**Individual Participation:** The findings show that individual participation in CSO activities is not high in Turkey. This study reveals that while a group of strong and highly capable CSOs is emerging, a majority of Turkish citizens remain rather disconnected from this movement. Per 100,000 citizens, only 5790 are registered members of associations.

In contrast to the majority of CSOs in Turkey, TOBB has a wide network due to the fact that membership to chambers is compulsory.

**Organizational Capacity:** The report describes how recent changes in the Turkish context have created new mandates for CSOs in the area of service delivery and advocacy. In general many newer CSOs struggle with skill building (in basic management as well as programmatic delivery) and obtaining resources to operate programs.

TOBB does not suffer from lack organizational capacity like the rest of the CSOs in Turkey.

**Collective Action and Cooperation among CSOs:** The report concludes that there is not enough cooperation and collective action among Turkish CSOs.

In TOBB's case it is possible to say that TOBB cooperates with a wide range of institutions on various activities. But these are mainly business related institutions.

**Civil Society Relations with the Public Sector:** The report observes that relations between civil society and the government effect the development of civil society in Turkey. During the discussions by the stakeholders it was indicated that the new Associations Law (Dernekler Kanunu) dated 4.11.2004 and numbered 5253, which in replacing the previous law had a positive impact on the process of improving

relations between CSOs and the Turkish Government though to a certain extent, some cases of government interference and control continue, and CSOs do not feel comfortable expressing opinions that challenge the state. It is indicated that, in an effort to engage with CSOs, the government ratified a number of new provisions to promote cooperation and dialogue with civil society. These included encouraging CSO participation in city councils, cooperation in service delivery, a joint human rights commission and a social policy commission. Tax reforms were also determined necessary to ensure fair access to advantages for CSOs that contribute to the public good.

TOBB state relations, compared against those of other CSOs, work on more cooperative grounds.

Philanthropy, Individual and Institutional Donors: The research reveals that Turkish funders -individual and institutional- are not familiar with organized giving, grant making, and other financial means to support CSOs. While 80% of Turkish citizens give in one form or another (religiously-motivated gifts, to needy close friends and family, to CSOs), most have a proclivity toward making small donations directly to needy individuals in their circles (86%), rather than to CSOs (18%). Annual total donations (including all forms of giving) are estimated to be less than 0.01% of GDP, or an average of 53 USD per household.

TOBB acts as a sponsor from time to time, but these are case specific and each case has to be approved by its authorized organs.

Trust and Social Capital: According to the report, while Turkish people tend to display a great deal of 'helpfulness', by and large, levels of trust and tolerance are quite low. This manifests itself in a lack of cohesive and cooperative action,

especially in the civil society arena, where many groups remain divided along lines of ideology, geography and in some cases, ethnicity.

The activities of TOBB do not fall under this category either.

**Good Governance: Transparency and Accountability of CSOs:** Although CSOs play an active role in promoting democracy; they are criticized for a lack of good governance and practices of internal democracy. The CSOs want to improve their practices of institutional transparency and accountability. Codes of conduct, standards and other self-regulatory mechanisms will be important to facilitate the advancement of CSO governance.

As explained in previous Chapters, TOBB has several organs that govern and control its activities, and it is supervised by the Ministry of Trade and Industry. It is also accountable to its members.

**Rights-Based Work and Policy Impact of CSOs:** The report observes that the rights-based CSO initiatives on a broad array of issues, from freedom of speech to torture and right to trial, women's rights, and children's rights are increasing.

TOBB activities do not fall under this category either.

**Media Coverage of Civil Society:** The study reveals that the Turkish media portrayal of civil society is minimal, though trade unions and business associations tend to receive most visibility in the media. It is suggested in the report that, media organs and especially columnists should be encouraged to allocate more attention to CSO issues and help generate more awareness among the general public.

To the contrary, TOBB does have very broad media coverage.

Corporate Social Responsibility and Support of CSOs: According to the research, companies in Turkey appear to be increasingly aware of their role as donors and supporters of CSOs; however, they are lacking sound strategic practices for making grants and working with CSOs beyond a 'one-off' sponsorship level. It is indicated that companies would benefit from donor education and services to increase their capacity to work with CSOs and broaden their involvement through employee volunteering and donor programs (which could be encouraged with greater tax benefits). But most importantly, CSOs and companies should seek to create partnerships with one another in order to fund projects with a view to aligning mutual objectives and respective strengths to address critical development challenges.

TOBB is a financially self-sufficient institution; it does not receive any support from the government and does not need donors to carry out its activities. TOBB is in a position to be a sponsor.

The EU, the Accession Process and CSOs: CSOs participating in the CSI survey report a generally positive impact of the EU and pre-accession process on the development of civil society, in terms of legal frameworks and the promotion of a particular set of values. The CSOs think the EU pre-accession process created an enabling environment for CSOs. Some examples of this are the reform of CSO laws and the increased ability of CSOs to promote democratic values, addressing challenges with regard to rights and freedoms, providing funding for CSOs, promoting connections among CSOs, enabling citizens to make better use of their civic rights and increasing public awareness of CSOs.



TOBB also takes the view that the pre-accession process created an enabling environment for CSOs and it helped to promote connections among CSOs. TOBB also benefits from EU funds.

TOBB was referred to specifically in several places in this report. According to the report, CSOs do not represent all social groups equally.<sup>99</sup> Low income people, the rural population, women and minorities are less well-represented than the elites, according to the report. Though the concept of 'elite' is not properly defined during the research, and its interpretation is left to the perceptions of the participants.

The report says this misrepresentation is also reflected in the CSO leadership. The diversity in CSO leadership is limited as well. Among those who participated in the survey, 86% said women, 96% said the rural population, 73% said religious minorities, 72% said religious groups, and 96% said the poor were not represented or were under represented in CSOs. 75% said elites from higher income groups were highly represented in CSOs.<sup>100</sup>

It was also observed that, among the 2041 news reports that were reviewed, 83 of them dealt with leadership issues in CSOs. But most of them referred to institutions associated with the economically powerful, so called 'elite', such as TÜSİAD, TOBB, Chambers of Industry, Chambers of Architects, Rotary clubs etc.<sup>101</sup>

TÜSİAD and TOBB activities that appear in the press also cover the international cooperation, communication and linkages of these institutions.<sup>102</sup> The report claims that CSO linkages with international institutions and networks are low. But TOBB is identified as an exception, and this is a correct observation. TOBB is a member of many international institutions and participates actively in many networks.

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<sup>99</sup> Ibid., p. 50.

<sup>100</sup> Ibid., p. 51.

<sup>101</sup> Ibid., p. 52.

<sup>102</sup> Ibid., p. 56.

TOBB is also listed among institutions that affect public policy, such as TÜSİAD and Türk-İş.

The report says:

Institutions such as TOBB, TUSİAD and Türk-İş carry out active lobbying on economic policies. Since most of these institutions are built through the state and operate according to compulsory membership principles, a common interest-based relationship structure can be formed between the state and these institutions; groups that are closely related to certain political parties or the bureaucratic structure of the state may emerge. This situation makes these institutions' autonomy and their ability to impact policy outcomes or not questionable. From time to time the position they take shifts from lobbying to an expert advisory function. This is especially the case when they try to guarantee the interests of the groups that they represent.<sup>103</sup>

From this report we see that Civil Society in Turkey is still in a weak phase. The organizational capacity is weak in general, they are not interested in meeting societal needs, individual participation is not high, they do not cooperate and communicate well among themselves, they do not get the desired support from the public sector, organized giving is not developed, and due to the lack of high levels of trust and tolerance in society, cohesive and cooperative action does not exist at a desired level, good governance is not yet properly established, rights-based activities are on the rise, CSOs in general receive minimal media coverage, companies in Turkey, by and large, are not active in corporate social responsibility activities, and therefore CSOs have difficulty finding donors and face financial difficulties. On the other hand, the EU pre-accession process improved the ability of CSOs to be more active in their activities. The report indicates that sixty percent of all CSOs operate with six to twenty volunteers. CSOs don't generally have clear internal democratic standards, don't generally have written policy documents, and don't have their financial accounts open to the public, even though they describe themselves as transparent in this respect. It was emphasized in the report that

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<sup>103</sup> Ibid., p. 101.

CSOs need to be more self-critical and work harder to improve their own transparency.

When TOBB is compared against the CSI criteria it is seen that TOBB has a distinguished status. TOBB is much more powerful in many respects, and its business organization features prevail when compared to the others. Due to its powerful standing, its capacity to influence is much higher. TOBB clearly has advantages as a proactive actor in its capacity to influence compared to the rest of the CSOs in Turkey.

Another research project launched at the same time with TÜSEV report was carried out by About Life Foundation (YADA). This report was also presented at the Civil Society Policy Forum of the IMF World Bank 2009 Annual Meetings. The YADA Foundation's research project is titled "Civil Society Culture in Voluntary Organizations in Turkey".<sup>104</sup>

Its purpose was to analyze the civil society culture of Turkey, particularly the origins and characteristics of associations and foundations. There were three field research phases: 1) ethnographic case studies of 50 organizations; 2) interviews with 2,489 CSOs; 3) interviews with 4,902 CSO Board Members in twenty-six cities. The researchers developed 13 "civil-topographical categories", by which all interviewed CSOs could be institutionally classified. These classifications were: self-organized, philanthropic, specialist, advocate, idea-oriented, club, socializing, construction/beautification oriented, hometown-oriented, subsidiary, commercial, patronage-oriented, and foreign donor-oriented.<sup>105</sup> Chambers of Commerce and TOBB were not included in their classification or in the sample, as they were not

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<sup>104</sup> Yeğen, M., Keyman, E.F., Çalışkan, M.A., and Tol, U.U., 'Civil Society Culture in Voluntary Organizations in Turkey' (Gönüllü Kuruluşlarda Sivil Toplum Kültürü 2007-2009), *YADA Foundation Research* (April 2010), accessed online at <http://www.yasamadair.org/Yayinlar/1.pdf>

<sup>105</sup> Ibid.

seen as voluntary institutions. So being “voluntary” or not was taken as a criteria to determine whether or not an institution was a CSO as opposed to being “not profit oriented”. The criteria used for categorization define the environment of operation. Of those sectors analyzed, the most common were sports clubs, hometown-oriented CSOs, and cultural CSOs, while advocacy-oriented CSOs were the least common. According to the study, the majority of CSO board members in Turkey are forty years old or above, with only one-third of all CSOs having board members younger than twenty-five. Only fourteen percent of CSO board members are women. CSO board members have an education level above Turkey’s national average, with the majority having graduated from high-school or university. While many board members are civil servants, more than one-fourth of them don’t have full-time employment. Less than one third of the CSO board members earn more than 2000 Turkish Lira in a month.

The findings of this report also match the TÜSEV report. Though this report does not include TOBB, there is nothing that contradicts the fact that TOBB appears to be more powerful when compared to the overall CSO population, meaning in turn that its capacity to influence is much higher.

## **Conclusion**

TOBB is an institution with a long-standing chamber history. Though the first chambers in Turkey were established during the 19th Century, the most important organizational development was achieved by the Law numbered 655 and dated 22 April 1925, named ‘Law on Chambers of Commerce and Industry’. The establishment and operation of chambers has been regulated according to this law and its by-laws. The chamber system in Turkey, therefore, has a strong structural foundation dating back to the Ottoman Empire, but formalized after the beginning of the Republican period. In Turkey, membership in chambers is compulsory. This

is one of the factors that make TOBB such a strong institution. Because of this TOBB represents the whole of the Turkish Business Community and the Turkish economy. Article 135 of the Turkish Constitution gives TOBB the status of public professional organization. TOBB's foundation reflects the early etatist tendencies of Turkey which changed later, as the nature of economic life changed.

Upon the establishment of TOBB, following the issuance of the Law numbered 5590 and dated 8 March 1950, it has been considered the organization of merchants with rural roots. Until the first decade of the 2000s, the perception that TOBB was under the influence of the ruling political parties was the generally accepted viewpoint. Since then, it is increasingly observed that TOBB has begun to act based more on economic motives than in previous periods, when TOBB presidents had readily apparent political connections with political parties. Various aspects of the current Law of TOBB numbered 5174, which came into effect in 2004, reflects this fact as well as its increased tendency to follow neoliberal economic policies.

TOBB has various functions. These are regulator/umbrella organization functions, functions in various aspects of knowledge building, representation of the industrial and commercial sector, duties regarding policy-making, fostering a healthy trade environment, maintaining the company log, problem-solving/trouble-shooting responsibilities, the function of providing documentation, education/training, industrial enhancement, technical support, linkage with the authorities, support of foreign chambers, duties related to external affairs, and the function of establishing representation.

The duties assigned to it reflect processes that cause interactions among parties, which have influence on globalization and participation in the governance of economic and social life. TOBB establishes the link between the local and global

through its interactions in the process of fulfilling its duties. It is also active in some economic and social aspects of life through its social, commercial and formal participations. Various interactions of TOBB carried through these participations also contribute to internationalization and globalization.

The general features of TOBB are not along the same line as the general features of the majority of CSOs in Turkey. TOBB is more powerful in many respects, and its business organization features prevail when compared to the rest of Turkey's CSOs. Due to its powerful standing, its capacity to influence is much higher. There is no doubt that TOBB is a non-state actor; however, some institutions, such as the World Bank do include TOBB in their civil society organization portfolios. As long as its features are set forth properly, how TOBB is referred to in various contexts does not affect the outcome of the analysis of this thesis. How TOBB is referred to varies depending on the perspective of the institution, or even on the prevailing context. While the features of TOBB are identified to provide an objective perspective, our focus remains to find an answer to the question of whether TOBB is able to influence, and if it matters.

## CHAPTER 3

### TOBB'S ROLE AND FUNCTIONS IN AN INTERNATIONAL SYSTEM OF GOVERNANCE

In this chapter the services TOBB provides will be elaborated keeping in mind that they are *interactions*, in the pluralist sense, among the actors of governance and not a mere performance of certain duties. This perspective and framework needs some clarification, and the relevant concepts will be placed in the appropriate context before we proceed.

According to Kooiman, "An interaction can be considered as a mutually influencing relation between two or more actors or entities."<sup>106</sup> When TOBB carries out its activities, as it will be seen, *interactions* between actors and entities take place. The magnitude of influence varies depending on the content of the *interaction*. Furthermore it constitutes a linkage between processes and structures.

In an interaction an action on intentional level and a structural or contextual level can be distinguished, i.e. each interaction can be said to consist of processes and structures. Processes are the outcome of the capacity of governing actors or entities to act, while the structure of interactions points at the material, social and cultural context in which interactions come about. With the aid of structure and process elements, we can break down an interaction into its elements, allowing for interactions to be conceptualised as an object and as a subject of governing. Any conceptualisation of social structures necessarily involves a conception of its constituent actors, likewise, any theory of social interaction implies its structural components. It should be made clear from the outset that many factors are involved in the mutual influence of intentional and structural levels of governing interactions. The interaction concept allows insight into such factors, such as the diversity, dynamics and complexity of societal situations, trends and patterns.<sup>107</sup>

TOBB has some interactions on intentional level, as well as on structural level pointing at the material, social and cultural contexts. In order to break down interaction into its elements, certain examples of TOBB functions will be given. Examples will demonstrate with whom TOBB interacts, and at which level. This will, at the same time, give us an indication of the magnitude of interaction.

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<sup>106</sup> Jan Kooiman, *Governing as Governance* (London: Sage Publications, 2003), p. 13.

<sup>107</sup> *Ibid.*

TOBB and its chambers are involved in various activities that are considered to be government-connected. TOBB leads these activities, sometimes as a 'guaranteeing institution' and sometimes as an actor itself. Some of these activities, which are referred as interactions, are related to trade structure, transportation structure, and even security structure. TOBB is an international actor active in these structures.

As mentioned earlier, in Turkey, companies have to be registered with chambers to be able to operate and make use of chamber services. This is an important feature of the Chamber system and adds value to the services that TOBB provides.

In some locations there are only chambers of commerce. In some cities or towns, merchants and industrial enterprises are organized under one joint chamber, the Chamber of Commerce and Industry. However in big cities such as Ankara, Izmir or Istanbul, where industries are intense, the traders and industrialists have their separate chambers. There are twelve separate Chambers of Industry in Turkey. These are Adana, Ankara, Aydın, Balıkesir, Denizli, Aegean Region, Eskisehir Gaziantep, Istanbul, Kayseri Kocaeli, and Konya Chambers of Industry.

Within this framework, companies dealing in trade, have to be registered to their local Chamber of Commerce, or Chamber of Commerce and Industry. However if the company is only a producer, it must register with its local chamber of industry. Yet, if the company is both producer and trader, it is obligated to be registered with both the Chamber of Industry and the Chamber of Commerce.



### **3.1 Services that TOBB Provide**

TOBB performs a wide range of services based upon the duties given to it according to law. While providing these services, it is in interaction with its domestic and international counterparts. Interaction is used as a concept of pluralist framework as clarified in the introduction chapter. Each service has some impact on governance schemes, to varying degrees. The following are the main schemes.<sup>108</sup>

#### **3.1.1 Capacity Reports**

Capacity reports are given to public or private companies that produce industrial goods by the chambers to which they are attached. This indicates their production capacity in a specific time period. Capacity reports have to be approved by TOBB.

Capacity reports are very important, as they are the only available instruments by which to develop a database for the industrial structure of Turkey.

These reports include the contact information, production subject, annual production capacity, technology, machinery, raw materials used in production, capital and employment data and similar information about industrial enterprises. These reports function as the identification card of private or public companies that are registered to the chamber and that hold industrial enterprise qualifications. They are valid for three years.

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<sup>108</sup> The information on the services that TOBB provides is written based on the information accumulated and internalized during the eight years the author worked as a TOBB official. During this period, the author gathered information and made numerous presentations on TOBB activities to various delegations, ranging from Turkish-speaking businessmen from all over the world, to the Canadian Embassy, Afghan business women's delegation, UNDP permanent representation in Ankara, to list a few examples. The accumulated knowledge from these experiences is reflected here. The author also benefited from sources including information on the TOBB web page, other TOBB presentations, consultations and interviews with her colleagues.

Capacity reports are issued, and are needed to be used as data to evaluate the industrial production power of the country, which in turn are used as input for economic and strategic plans and programs, for industrial registration documents and certificates, in applications for incentives, quotas, allocations, in applications for official and private tenders, in applications for investment incentive certificates, to be recorded for food registration, for export and import procedures, to obtain domestic or foreign credit, to participate in domestic or foreign exhibitions, to import raw material to be allocated or subject to tariff quota, for manufacturer certificates, for tax investigations, and for various other official investigations.

Besides being controlled by the experts of TOBB, the information that is available in the capacity reports is coded based on product, main production machinery and main raw materials. This coding is based on the NACE coding system developed by the European Union. This means that international standards are used while documenting the industrial capacity. The natural consequence is the harmonization of domestic standards with international standards.

TOBB began to implement an automated system for the capacity reports following the TOBB Board decision dated 24 December 2007 and numbered 167, called the Industry Capacity Report Automation System.<sup>109</sup> In 2008, 140 chambers used the automation system, and 8000 capacity reports were approved.<sup>110</sup> By 2009 however, 14,000 capacity reports were approved and the percentage of the chambers using the automated system instead, rather than the post, had reached nearly 90%.<sup>111</sup> The increase in the use of automated systems is an indication of the

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<sup>109</sup> TOBB, *64th General Assembly Activity Report*, p. 285.

<sup>110</sup> TOBB, *65th General Assembly Activity Report*, p. 195.

<sup>111</sup> *Ibid.*

increase in the speed of activity. This also denotes a transformation from traditional ways of doing business (through the post) to more modern ways of doing business (on line). It takes an approval request to reach TOBB only minutes now, which is naturally a very important recent development in the world of business.

Capacity reports are regarded as essential as a way for companies to show they are actively involved in production, and the chamber network is authorized to give the seal of approval to the industrial entities involved in production.

This is a governance activity that the chamber system plays an active role in that is closely related to the production structure. The chambers are responsible for approving the production capacities of the entities that fall under their purview. TOBB is responsible for this approval, and the approval procedure is carried out electronically. Unless these businesses are granted approval, they may not be actively involved in marketing their products on a global scale, and this limits their interaction and integration with the economic system. This is an important governance activity that interlinks Turkish companies to the global system.

### **3.1.2 Certificates of Origin and Certificates of Movement**

Certificates of origin and certificates of movement are documents used in international trade and required by the customs authorities of importing countries. Certificates of origin and certificates of movement are printed by TOBB and distributed to the chambers, which are responsible for issuing and approving them. Companies obtain these certificates from the chambers with which they are registered, and fill them in according to the relevant legislation. These are essential documents for carrying out trade activities. TOBB, in its capacity as the umbrella organization for all chambers, interacts with customs authorities worldwide

regarding issues arising from their usage, and has the responsibility of controlling and ensuring that necessary requirements requested by the customs authorities are thoroughly fulfilled.

### **3.1.2.1 Certificates of Origin**

Providing a certificate of origin is obligatory for a tariff reduction to be claimed in accordance with the provisions of international and bilateral agreements in trade.

Certificates of origin may prove that goods have originated in a contracting country, or that they have been deemed so due to the transformations and operations to which goods are subject within that country.

Goods whose production involves more than one country shall be deemed to originate in the final country of manufacture, or the final country in which the goods underwent an economically substantive transformation.

This document is also instrumental for the smooth flow of trade, and TOBB has an authoritative role in this. TOBB ranks as the third in the world, with an average printing of 735,000 certificates per year.<sup>112</sup>

### **3.1.2.2 Certificates of Movement**

#### **A.TR Certificates**

These certificates are used in preferential trade with European Union countries within the framework of Customs Union. The customs tax is not applied for processed agricultural goods and industrial goods if they have this certificate.

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<sup>112</sup> Interview with Çağrı Gürgür, Chief Advisor to TOBB President, 27 January 2011.

Goods produced in the European Union or in Turkey are in free circulation throughout both. This includes products manufactured from materials wholly or partially obtained in third-party countries.

Products coming from third-party countries are considered to be in free circulation in the EU and Turkey if import formalities have been complied, and if any customs duties or charges of equivalent effect have been levied in the Union or in Turkey, and if they have not benefited from a total or partial drawback of such duties or charges.

The A.TR. movement certificate may be used only when products are transported directly from the EU to Turkey or vice versa. This certificate must be endorsed by the customs authorities of the exporting state when related goods are exported. It shall be made available to the exporter as soon as actual exportation has been effected or ensured.

The certificate is issued as a result of the exporter's request by the customs authorities of Turkey or of a member state. It proves that the necessary conditions for the implementation of free circulation provisions on industrial products between the EU and Turkey are met with documentary evidence.

### **EUR 1 Certificates**

The EUR 1 Certificate is used to prove the origin of goods exported to countries with which Turkey has Free Trade Agreements, including the EFTA countries (Iceland, Norway, Switzerland, and Liechtenstein), as well as agricultural goods

exported to the EU. TOBB distributed 276,750 EUR.1 certificates to its chambers in year 2009.<sup>113</sup>

Aiming to harmonize its commercial policy with that of the European Union, Turkey aligns itself progressively with the preferential customs regime of the EU. This alignment concerns both autonomous regimes and preferential agreements with third-party countries. To that end, Turkey signs Free Trade Agreements on a mutually advantageous basis with the countries concerned.

These certificates are required in order to make transactions within the trade structure, as capacity reports are important documents to production structure. TOBB interacts with states through the customs authorities and foreign trade offices of both Turkey and the importing or exporting countries, due to its role in issuing these certificates as it is responsible for resolving the disputes and regulating the management of these certificates. TOBB experts also attend working group meetings held on various platforms, including the ICC, and participate in technical networks regarding these issues. This is an example increased networking and cooperation among the parties who are actors in global governance.

### **3.1.3 TIR Carnets**

The TIR<sup>114</sup> carnet is a customs transit document used to prove the existence of the international guarantee for duties and taxes on goods transported under the TIR system, within the limits of the amounts specified by the contracting parties under conditions stipulated at the TIR Convention.<sup>115</sup> TOBB is authorized as the

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<sup>113</sup> Accessed on 20 June 2011, [www.tobb.org.tr](http://www.tobb.org.tr)

<sup>114</sup> TIR stands for "transit international routier" or "international road transit".

<sup>115</sup> Accessed on 1 April 2011, [http://www.iru.org/en\\_iru\\_tir\\_tircarnet](http://www.iru.org/en_iru_tir_tircarnet)

guaranteeing institution in Turkey and the distributor of TIR carnets by the decree of the Council of Ministers dated 3 May 1985 and numbered 85/9449.<sup>116</sup>

TOBB currently undertakes the distribution of nearly 700,000 TIR carnets to 1300 haulers annually, with a risk in excess of 30 billion US Dollars and also issues about 923,000 transit permits.<sup>117</sup> TOBB has authorized eleven chambers to grant TIR carnets.

The TIR carnet, an international customs document, constitutes an integral part of the Customs Convention on the International Transport of the Goods Under the Cover of TIR Carnets (TIR Convention),<sup>118</sup> which is Annex 1 of said Convention. The TIR carnet also constitutes the administrative backbone of the TIR System, and simultaneously provides proof of the existence of an international guarantee for goods transported under the TIR System.

Under the supervision of the TIR Executive Board, the International Road Transport Union (IRU) is the only international organization authorized to print and distribute TIR carnets to its guaranteeing associations, due to their state of demand, against a payment. Each national association in turn issues TIR carnets to transport operators that are admitted into the system under their control.

TIR carnets have four separate types, which have 4, 6, 14 and 20 vouchers. The number of vouchers indicates the number of countries that can be transited. Each valid TIR carnet is presented to customs authorities, which bears the names,

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<sup>116</sup> TOBB, *op. cit.*, in note 109, p. 260.

<sup>117</sup> Consultation with TOBB Trade and TIR Department, April 2010.

<sup>118</sup> The Convention on International Transport of Goods Under Cover of TIR Carnets (TIR Convention) was made at Geneva on 14 November 1975 to simplify and harmonise the administrative aspects of international road transport. The TIR Convention was adopted under the auspices of the United Nations Economic Commission for Europe (UNECE). Accessed on 31 August 2010, [http://www.iru.org/en\\_iru\\_tirconvention](http://www.iru.org/en_iru_tirconvention)

stamps, validity date and signatures of the issuing association, and which is duly filled-in by the transport operator, is by itself evidence of the existence and validity of the guarantee. A TIR carnet, in accordance with Article 8/3 of the TIR Convention, guarantees payment of the limits determined by a protocol between the national association and customs administration in the course of any duties, taxes and default interests which may come due. The monetary limits of the guarantee are determined for each country separately.

TOBB is an active member of the IRU as the guaranteeing association of Turkey, and is authorized to issue TIR carnets by virtue of the Council of Ministers. If TIR carnet statistics published by the UNECE are taken into consideration, TOBB has been ranked first among the TIR carnet issuing associations, and has had a leading role in both the operation of the TIR System and the international road transport sector for several years. Twenty-two percent of TIR carnets all over the world originate in Turkey.<sup>119</sup>

TOBB participates in the bilateral land transportation joint commission meetings as a member of the Turkish official delegation organized by the Ministry of Transportation and interacts with counterparty countries through these platforms.

### **3.1.4 International Road Transport Quota Permits**

International Road Transport Quota Permits are referred to as transit permits. In accordance with the Bilateral Road Transport Agreements made with foreign countries, and with protocols signed within the frameworks of said agreements, quota allocations are determined for vehicles carrying goods, passing transit or loading goods from a country and discharging goods to a country. Allocated quotas are used with licenses, which are exchanged mutually. These licenses are defined

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<sup>119</sup> Çağrı Gürgür, op. cit., in note 112.



as permits that ensure the passing transit, discharging and loading of goods from or to a country. The Turkish Transportation Ministry obtains permits issued to Turkish vehicles through the Ministry of Foreign Affairs, via Turkish embassies located in the issuing countries. In connection with the protocol signed between the Ministry of Transportation and TOBB, permits are distributed to the transport operators by chambers of commerce, which are located at border crossing points. TOBB collects a distribution service fee from the permits, the amount of which is specified by the TOBB Executive Board. TOBB prints and sends the permits to the corresponding country.

### **3.1.5 The ATA Carnets**

The ATA carnet is an international customs document, which is used to permit the duty-free and tax-free temporary import of goods for up to one year. In 1961, the Customs Cooperation Council (CCC) - forerunner of the World Customs Organization (WCO) - adopted the "Customs Convention on the ATA carnet for the Temporary Admission of Goods".<sup>120</sup> It came into effect on 30 July 1963.<sup>121</sup> This convention was approved by Turkey, and that approval came into effect on 23 April 1974.<sup>122</sup> The WCO is responsible for the international customs conventions under which the ATA carnet system operates. Within the ICC World Chambers Federation, the World ATA Carnet Council (WATAC) runs the ATA system and its international guarantee chain.<sup>123</sup> Representatives from all 67 countries and territories where carnets are issued and accepted constitute the council, Turkey being one.<sup>124</sup>

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<sup>120</sup> Accessed on 31 March 2011, <http://www.iccwbo.org/ata/id2919/index.html>

<sup>121</sup> TOBB, *ATA Karneleri El Kitabı* (Ankara: TOBB Publication, 1985), p. 5.

<sup>122</sup> TOBB, *ATA Karnesi Kullanım Kılavuzu* (Ankara: TOBB Yayınları, 2002), p. 5.

<sup>123</sup> Accessed on 30 March 2011, <http://www.iccwbo.org/ata/id2919/index.html>

<sup>124</sup> *Ibid.*

The acronym ATA is a combination of the French and English phrases Admission Temporaire and Temporary Admission respectively. ATA carnets apply to three broad categories of merchandise: commercial samples, professional equipment and goods for use at exhibitions and fairs. With the exception of perishable or consumable items, the product range is nearly limitless. Carnets are regularly used to facilitate the movement of nearly all types of goods.

The system is an example of how cooperation between business and customs can facilitate and stimulate international trade. Every country in the system has a single guaranteeing body approved by national customs authorities and the ICC World Chambers Federation. The National Guaranteeing Association is entitled to issue carnets, and to authorize local chambers in the national territory to deliver them on its behalf.

In Turkey, as the apex organization, TOBB is functioning as the sole national issuing and guaranteeing association for ATA carnets, and is responsible for issuing, discharging and promoting the system within the country. In this scheme, close cooperation between business and customs has a positive impact on movement of goods, facilitating trade and interconnecting transportation networks by overcoming the limitations imposed by borders.

TIR carnets, transit permits and ATA carnets are necessary documentation for transactions in the transportation as well as trade structures. The role played by both the international and domestic chamber system is significant in this respect. In the last ten years, TOBB participation in technical level networks and working groups, which convene to regulate the governance scheme of this system, has increased with the improved human resources profile of TOBB. It is important to underline that TOBB does not only provide documentation, but it also participates

in international regulation and governance schemes as the authorized representative of national interests surrounding these issues.

While carrying out its activities with regard to transportation documents, TOBB interacts with the Ministry of Foreign Affairs, the Ministry of Transportation, the Undersecretariat of Customs, and the Ministry of Industry and Trade on the domestic front. TOBB takes active part in the bilateral land transportation committee meetings organized by the Ministry of Transportation for transit permits, along with the official Turkish delegation. On the international front, regarding the TIR carnets, TOBB attends the Working Party on Customs Questions Effecting Transport under the UNECE umbrella. It also attends the WATAC meetings organized by the ICC as an ATA carnet guaranteeing institution. TOBB also transacts with its international counterparts, guaranteeing the institutions of each partner country.

These all demonstrate that TOBB participates in international networks, which are involved in the governance of the transportation structure, and it has the ability to intervene and make its perspective known. It is also able to influence policy outcomes on these platforms as a strong partner.

### **3.1.6 Border Gate Modernizations**

Another significant issue area, and a TOBB activity that is closely linked to the transportation structure, is the modernization of border gates, which is carried out through GTI, one of the TOBB participations mentioned above. This activity is a part of a bigger picture, which can be broadly referred to as the revitalization of the Silk Road.

According to Aydın, Turkey has political and economic interests in the integration of Eurasia.<sup>125</sup> He says that potential areas of intervention are private sector experience, the transfer of know-how to commercial investments, large tenders, and support of regional cooperation.<sup>126</sup> In order to make this aim manifest, first of all, the obstacles to the transportation issue have to be resolved.

According to Erdem, on one end of Eurasia there is China and at the other end there is Europe; the area in between is not integrated into the global economy.<sup>127</sup>

In between there is Turkey, with its developed and private sector based economy. The integration of the Turkish economy into the global economy increased after 2001. Turkish private sector while completing its structural transformation will contribute to the development of private sector in the regional economies. Turkey will be in a bridge position between China and Europe. China is the locomotive of global economic development but only a few countries benefit from the economic performance of China. The harbours of China are inadequate and the costs are high. The Silk Road will be beneficial to Eurasia by increasing transit trade, developing the logistic sector and strengthening transportation infrastructure. TOBB is the guaranteeing institution according to TIR Convention and has 30 billion US dollars guarantee obligation for the TIR carnets. One out of every 5 TIR carnets distributed in the World are used by Turkish transportation firms. TOBB is modernizing and operating several border gates in order to facilitate border transitions.<sup>128</sup>

TOBB actively participates in the modernization of border gates within the context of revitalizing the historical Silk Road perspective. The Build Operate Transfer (BOT) model is utilized for this purpose, as the efficiency of these border gates affect the speed of transfer of goods, and therefore the speed of trade. As obstacles regarding the movement of goods are eliminated, trading parties will have faster access to the desired goods, and the generated income in return for trading these goods and costs will decrease.

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<sup>125</sup> Mustafa Aydın, *Economic Cooperation Chances in Eurasia: Consolidation of Risks and Opportunities*, PowerPoint presentation (Ankara, TOBB ETU: 30 May 2006), p. 11.

<sup>126</sup> Ibid.

<sup>127</sup> Hüseyin Erdem, *A New Opportunity for Eurasia: Revitalizing the Historical Silk Road*, PowerPoint presentation (Ankara: 2<sup>nd</sup> Summit of Euroasian Chambers of Commerce and Industry, 28 May 2006).

<sup>128</sup> Ibid.

Aiming to activate the transportation of goods, trade, and to improve the customs facilities, TOBB, in cooperation with the Undersecretary of Customs, administers the border gate modernization projects. Delegated by the Undersecretary of Customs, TOBB builds, operates, and at a certain stage, transfers the gates to the customs authorities.

In many countries, including Turkey, comprehensive public projects like tunnels, ports, pipelines, airports, and highways are realized by the BOT model. The border gate modernization process is a part of this framework. The border gates have strategic importance, and the fact that TOBB is authorized to undertake this project has significance.

In order to complete the border gate modernization, first of all, a technical committee is formed. This committee conducts local investigations and specifies the needs and demands of the Customs Administration alongside the local Chamber and Commodity Exchange. Accordingly, an advance project is prepared and an agreement between TOBB and the Customs Authority is signed. A company established by TOBB conducts the project. Thus the company builds and operates the gate, and according to the provisions of the agreement between TOBB and Customs, the company transfers the Gate to the Customs Administration.

State minister Hayati Yazıcı and TOBB President Rifat Hisarcıklođlu signed the most recent of the border gate application agreements on 2 September 2010 in Ankara, for the Nusaybin Border Gate. It is envisaged in the agreement that the Nusaybin Border gate will be modernized for the amount of 20.3 million dollars.<sup>129</sup>

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<sup>129</sup> *Anadolu Ajansı News Digest*, 2 September 2010.

TOBB established GTI, a company with contributions from 137 Chambers and Commodity Exchanges, to carry out the modernization activities. Modernized gates are İpsala, Gürbulak, Cilvegözü, Habur, Sarp, Kapıkule and Hamzabeyli Border Gates. The modernization of İpsala Border Gate took six months, Habur eight months, Cilvegözü eight months, Gürbulak and Sarp one year each, Kapıkule fourteen months, Hamzabeyli eleven months and they are made available for operation. New border gate modernization work is in progress for Dilucu, Esendere, Akçakale, Karkamış, Öncüpinar, Yayladağı and Dereköy Border Gates.

Table 2. Border Gates Modernized according to the Build Operate Transfer System<sup>130</sup>

Border Gate	Investment Amount (Million Dollars)	Operating Period
İpsala	3,5	from 2004 for 10 years
Gürbulak	10,8	from 2003 for 15 years
Cilvegözü	8,5	from 2007 for 13 years
Habur	11,7	from 2006 for 15 years
Sarp	26,6	from 2009 for 20 years
Kapıkule	86,2	from 2008 for 20 years
Hamzabeyli	7,1	from 2009 for 7 years
Nusaybin	20,3	20 years following completion.

While speaking at the signature ceremony for the Nusaybin Border Gate application agreements on 2 September 2010, TOBB President Rifat Hisarcıkloğlu emphasized the following points:

Besides being an industrial leader, it is said that Turkey will also become a transit and logistics leader. With these projects we wish to revitalize the historical Silk Road. This is our vision when we approach border gate modernization projects. In recent years the

<sup>130</sup> Ibid.

relations our government has developed with neighbouring countries have had major effects in the economic arena as well. The Turkish private sector has become the most important supplier of its region.

While our total exports have increased at a rate of 180% during the 2002-2009 period, the rate of increase in exports with our neighbours connected by land has been 620%. 45% of our exports that exceed 100 billion dollars, and 40% of our volume of trade is carried out through the border gates. More than 30% of passengers who enter and exit Turkey use the border gates. Our land border gates are used by 5 million vehicles and 15 million passengers annually. Turkey has the largest land transportation fleet in Europe.

All of these show how important it is for the economy and promotion of the country that we make the border gates efficient and effective. The modernization of border gates will have 3 important benefits: more trade, better promotion of the country, and better border security.

TOBB Law comes with the responsibility to take the necessary precautions to facilitate internal and external trade, as mentioned under TOBB's duties. TOBB has not hesitated to take responsibility for such a project. Within this framework we have completed İpsala, Habur, Cilvegözü, Sarp, Kapıkule, Hamzabeyli Border Gate modernizations. The average waiting time at these border gates has been brought down to ten minutes from forty minutes. Vehicle and passenger capacity have been increased four times.

TOBB invested 190 billion dollars up until now (2010) for the modernization of border gates. In summary, we take the investment burden from the government on one side, and from the other side we contribute to the budget of our state through increased taxes due to the increase in the volume of operations due to modernization.

This is an important example of public-private partnership. We must appreciate the contemporary vision of public administration. I would like to thank our prime minister, the state minister (Hayati Yazıcı) and the distinguished bureaucrats of the Ministry of Customs.<sup>131</sup>

What Mr. Hisarcıkloğlu says is important in many ways. He emphasises TOBB's trade facilitation duty. The border gates example is a very proactive undertaking in trade facilitation. This example by itself would demonstrate that TOBB chooses to pursue a very active role in trade facilitation, which is described as "intervention" in the methodology of this thesis; and TOBB prefers to be part of an economic activity that some claim should be carried out by TOBB members, not by TOBB itself. TOBB exhibits decisiveness in making Turkey a part of the system of globalization and intervenes in the process by mobilizing its resources and by accepting the support of the government. Mr. Hisarcıkloğlu thanks the

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<sup>131</sup> Ibid.

government for this support. He also emphasises the acceleration of trade by decreasing the time spent in lines. This translates into the faster movement of goods, which is a well-accepted feature of globalization. Both trade structure and transportation structure, what Susan Strange calls secondary power structures, are affected by the modernization of border gates, and TOBB plays a significant role in this.<sup>132</sup> This project also has a public-private partnership aspect. Involvement in the revitalization of the historical Silk Road alone demonstrates the fact that TOBB does matter and is able to facilitate the acceleration of globalization.

### **3.1.7 Membership in the GS1 System**

One of the active roles that TOBB plays in globalization and in facilitating international trade is reflected in its membership to an organization called “Global Standards” (GS1). TOBB is identified as the “Local GS1 Office in Turkey” and the Secretary General of TOBB is identified as the Chief Executive Officer of GS1 Turkey.<sup>133</sup>

The GS1 system is as an information description and application system. In addition to meeting the description and numbering needs of commercial and industrial entities, it also sets forth standards on how information will be shared and used in an electronic environment among parties who trade with each other.<sup>134</sup>

Due to the evolution of roles within the value chain and the shift in demand patterns, manufacturers and distributors of twelve European countries formed an

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<sup>132</sup> See Susan Strange, *States and Markets: An Introduction to International Political Economy* (London: Pinter Publishers, 1988), Part III Secondary Market Structures, p.139-189.

<sup>133</sup> Accessed on 1 October 2010, [http://www.gs1.org/1/contact/worldwide.php?action=show\\_details&country\\_id=94](http://www.gs1.org/1/contact/worldwide.php?action=show_details&country_id=94)

<sup>134</sup> TOBB, *65<sup>th</sup> General Assembly Activity Report* (2009), p. 177.



ad-hoc council in 1974. Its aim was to examine the possibility of developing a uniform and standard numbering system for Europe, similar to the Uniform Product Code (UPC) system already in operation in the USA (UCC-Uniform Code Council). As a result, a UPC-compatible system called "European Article Numbering" (EAN) was created.<sup>135</sup>

The EAN association was formed in February 1977.<sup>136</sup> It was set up as a non-profit international association with a Brussels-based Head Office. Its aim was to develop a set of standards to enable the efficient management of global, multi-industry supply chains by uniquely identifying products, shipping units, assets, locations and services. It facilitates electronic commerce processes, including full tracking and traceability. Its global status was acquired through extending membership to organizations from other continents. To reflect the increasing internationalization, the name was changed to EAN International in 1992.<sup>137</sup>

In the 2000s the basic aim of the EAN organization moved beyond merely specifying a descriptive standard to putting forward larger targets. For example, it created projects such as increasing the speed of communication and efficiency between customers and producers, creating a GDSN (Global Data Synchronization Network) in order to follow products during the supply chain process, initiating Radio Frequency Identification (RFID), etc.<sup>138</sup>

When EAN ceased to be solely an information describing institution, EAN International's name was changed to GS1 at the beginning of 2005. Due to the further functions it gained, it now has 101 Member Organizations representing

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<sup>135</sup> Accessed on 1 October 2010, <http://gs1.tobb.org.tr/tarihce.php>

<sup>136</sup> Ibid.

<sup>137</sup> Ibid.

<sup>138</sup> Accessed on 1 October 2010, <http://www.gs1.org/about/activities>

103 countries.<sup>139</sup> These organizations provide full support and information to their local member companies. Nearly one million member companies benefit from the system.

With the expansion of global trade and computerization, plain language descriptions of products and services need to be replaced with identification systems that are applicable in all trade and industry sectors worldwide.

The system was developed to meet this need by providing solutions that guarantee unique and unambiguous identification. Manufacturers, exporters, importers, hospitals, wholesalers, retailers, etc. can all use the system to communicate information regarding the goods or services they trade.

These unique identification numbers can be represented by barcode symbols. This enables cheap and accurate data capture thus providing the required information at all points of the supply chain. Its main activity is the development of the Global Language of Business, a series of standards designed to improve supply chain management. Much of the development has been initiated by member organizations. Member organizations are usually national associations that provide tools and support to enable their own members (member companies) to manage their supply chains and trade processes far more efficiently. Specifically, the main responsibilities of member organizations are the allocation of unique numbers, the basis for the complete range of standards, providing training on numbering, barcoding and EDI (Electronic Data Interchange), supplying information on the standards and continuing evolution of the system.<sup>140</sup>

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<sup>139</sup> Ibid.

<sup>140</sup> Ibid.

EAN Turkey was established in 1988 under the name "Milli Mal Numaralandırma Merkezi" (National Commodity Numbering Centre) within TOBB, and became a member of EAN, the international organization for numbering. The aim was for products manufactured and offered for sale in Turkey to be recognized and followed in national and international trade without encountering any problems.

When EAN's name was changed to GS1 (Global Standards1) in March 2005, similarly, "Milli Mal Numaralama Merkezi" was changed to "GS1 Turkey ". GS1 Turkey currently has around 16,000 members.<sup>141</sup> It maintains the membership of producer, distributor and seller firms to the Global Standards system in Turkey so that they are easily recognized and followed in international markets. In order to facilitate the applications of these firms and to support them, it makes special arrangements for Turkey.

As companies adapt and integrate to these identification and business communications standards, this leads to total visibility of goods and services in logistics, supply and administrative processes. This includes all parts of the supply chain: raw materials, manufacturing, wholesale, distribution, retailing and end consumers worldwide. Currently, companies from a wide range of industries use this system, including retail, healthcare, packaging, transport, public procurement and defence, services, computers and apparel manufacturers.

In this process, as the local authority of an international organization TOBB assumes an instrumental role by controlling and regulating the supply chain, a process that helps accelerate the speed and visibility of trade, and hence has an accommodating role in the spread of globalization. TOBB participates in sub-groups, interacts with governmental authorities such as the Ministry of Health, Ministry of Agriculture, and Ministry of Customs depending on the issue area, and

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<sup>141</sup> Interview with Sançar Sefer Süer, TOBB Head of Trade and TIR Department, 1 April 2011.

TOBB is part of the governance scheme, providing input for new regulations and improvements, as well as interacting with various international and local actors.

Any activity that would contribute to the enhancement of supply chain activities would at the same time contribute to the acceleration of globalization. TOBB activities in the GS1 System show that TOBB both takes place in the regulation and governance activities and contributes to the acceleration of globalization. After observing and taking part in these activities, it is not possible to argue that TOBB would not matter in this process.

### **3.1.8 Educational Activities**

TOBB takes part in some education foundations. TOBB founded the University of Economics and Technology (ETU) in Ankara on 1 July 2003.<sup>142</sup>

The foundation of TOBB ETU was considered an integral step towards meeting the capacity building efforts in Turkey. As an umbrella organization for business, TOBB thinks that the current education system could be improved. In TOBB's view, students who graduate from universities receive some form of education, but they lack skills that the industry needs. TOBB ETU has a different approach from the other universities in Turkey. All students are in close relation with industry, and to work as a trainee in businesses is an integral part of their curriculum. ETU aims to breed businessmen equipped with foreign languages and the ability to think critically in various fields. In public administration departments the curriculum encourages students to analyze and design policies. The engineering faculty tries to build capacity so that new graduates are able to engage in innovations that have commercial value. ETU does not have summer holiday breaks. The students are assigned to institutions, companies or industrial establishments to work as

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<sup>142</sup> Accessed on 3 October 2010, <http://www.etu.edu.tr>

trainees, and they must earn a passing grade from their employers in order to fulfil the credit requirements needed to graduate.

This is a clear indication of TOBB efforts to achieve change through changing the prevailing education system. A change in the mentality towards practicality and commercial production is encouraged.

According to Law no. 3308 on Vocational Education, TOBB and the Chambers are responsible for planning, development, implementation and supervision of the vocational training as well. Therefore, TOBB and the Chambers participate in the related boards and committees working on the subject.

Additionally, TOBB and the Chambers have established many Vocational Training Schools and Institutes. TOBB has established primary schools, vocational and technical training schools and centers in twenty one provinces.

TOBB also has a special vocational training program called “Centers for Expert Profession Acquirement” in cooperation with the related ministries and Turkish Employment Agency (İŞKUR). This program is shortly referred as “UMEM Beceri’10” in Turkish. This project is designed for five years, and it is a very good example of public private partnership.

In this project, the requirements of the employers are determined through needs assessments by the chambers of commerce and industries in the cities. Once the required qualifications of the employees are determined, vocational training courses are designed and offered by İŞKUR and Ministry of Education. Those who complete the courses successfully are employed by the firms requiring these skills. So far 1390 courses have been launched and currently eighteen thousand people are being trained. The only condition to attend these courses is to be unemployed for at least six months. 90 million Turkish Lira worth of

equipment have been deployed in 122 vocational high schools in 81 provinces within this project so far.

TOBB's educational activities even go beyond borders. Since 2005, it carries out a "Turkish Speaking Entrepreneurs Program" in Cooperation with the Ministry of Foreign Affairs. So far 500 businessmen participated in these programs from 21 countries and four autonomous regions including the Balkans, Caucasia, Central Asia and Middle East. The aim is to introduce them to each other and help them establish a Turkish speaking network, form a Turkish Diaspora while contributing to their capacity building through various programs, establish strong economic and commercial links with the countries that have Turkish speaking communities. Through networking, internationalization and integration, this activity has strong links with globalization.

Through its educational activities, TOBB takes an active role in the knowledge structure and becomes an active actor in education. TOBB interacts with regulatory bodies that set the rules of governance in this field, such as the Ministry of Education and the Council of Higher Education, as well as with the Ministry of Foreign Affairs when necessary. TOBB's input inspires other educational institutions to implement more pragmatic solutions to education.

### **3.1.9 Support for Organized Industrial Regions**

Organized Industrial Regions are established in appropriate areas to structure the industry, prevent environmental problems, utilize information technology, and gather related sectors in an allocated and planned land, providing the necessary facilities and infrastructure, and equipped with the necessary installations and technology centers.

The selection of the land, which is one of the most important phases, is done according to the relevant regulation. Geological and geo-technical reports about the land are ratified by the relevant state organizations. Following the application procedures, the provincial administration, local chamber, municipality, and sectorial associations or cooperatives prepare the establishment protocol and form the Enterprise Board of the Organized Industrial Region.

The board of the Organized Industrial Region registers with the Ministry of Industry and Trade and obtains legal entity status. Thus it becomes responsible for zoning, planning and construction processes.

Chambers take an active and leading role in the establishment and operation of the Organized Industrial Regions and are the members of the board. There are 264 Organized Industrial Regions in Turkey<sup>143</sup>. Though TOBB does not take part in the Boards of Organized Industrial Regions, it has influence in OSBÜK, the umbrella Organization of these regions.<sup>144</sup>

Organized industrial zones are essential components of the production structure, and participation of the chamber system in this process is only natural, as chambers represent industrial institutions as well. It is observed that chambers and TOBB have an influence in the governance of Organized Industrial Zones, hence the shaping of production, which is an essential component of International Political Economy. This is not a single-actor activity; many actors interact and cooperate from both the public and private sectors.

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<sup>143</sup> Accessed on 20 June 2011, [www.osbuk.org.tr](http://www.osbuk.org.tr)

<sup>144</sup> Accessed on 28 September 2010, [http://www.tobb.org.tr/haber\\_arsiv2.php?haberid=957](http://www.tobb.org.tr/haber_arsiv2.php?haberid=957)

### **3.1.10 Chamber Accreditation Program**

Since public law chambers have regular cash inflows in the form of membership dues, they do not need to focus on improving the quality of the services they provide in order to increase their membership base and income. But companies more often question the quality and quantity of services provided by the chambers. Therefore the chambers' governing bodies sense the necessity to fulfil the demand for higher quality in services. In addition to this, the governing bodies of the chambers in public law chambers are mostly determined through an election process. Election processes require accountability from the candidates to their members. This means providing and creating services for all members, as well as establishing proper communication channels with all members.

In order to address this requirement, as part of a chamber development program supported by the European Commission, in close cooperation with Eurochambres and the British Chambers of Commerce (BCC), TOBB introduced a Chamber Accreditation System. The accreditation system, which has been in practice in the UK and is based on a voluntary membership, was adapted to a public law chamber system. It sets out the minimum services that chambers are obligated to provide, and the objective minimum criteria to assess the success of the chambers in properly providing those services.

In the first phase, 10 chambers were accredited under the scheme in 2002.<sup>145</sup> From 2005 onwards, TOBB began to be able to implement Chamber accreditation without its foreign partners. Currently, TOBB education and quality division is responsible for chamber accreditation activities. These activities have continued, and with a new version of the chamber development programs. So far, six phases

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<sup>145</sup> Accessed on 17 March 2011, <http://www.tobb.org.tr/EgitimveKaliteMudurlugu/SiteAssets/Sayfalar/OdaBorsaAkreditasyonSistemi/Donemleritibariyle.pdf>



have been completed. In 2008, commodity exchanges were included in the program, and by the end of 2010, 68 Chambers and 17 commodity exchanges had been included in the system.<sup>146</sup> In the long run, TOBB aims to expand the chamber accreditation system to every chamber and commodity exchange in Turkey.

The Chamber Accreditation Program is closely linked with globalization and governance, as it requires the implementation of certain international standards at the local level, an increase in the quality of services and the improvement of human resources. TOBB has implemented this system in the last decade, which is the period of our study, and the 68 chambers and 17 commodity exchanges have improved the quality of their services in an effort to reach international standards. This is a significant development and underlines an important linkage in global-local interaction. It is an example of how TOBB uses its international network to achieve improvements in its local network. This is a direct contribution to globalization, as well as a change in the patterns of how chambers are governed, a shift from traditional ways of governance to a more institutionalized pattern.

### **3.1.11 Web-Supported Activities of TOBB**

The role of the internet has become a major component in how relations are shaped, how business is done, and how any manager, whether from the state, an NSA or the private sector would chose to carry out his or her governing activities. Besides functioning as sources of information, most of the time they are also mediums wherein various parties can interact. Parallels are drawn between the era of globalization and the widespread usage of the internet. As a global actor, TOBB makes use of this facility and provides some of its services through this medium. The Indian counterpart of TOBB, FICCI, has a similar domain of influence.

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<sup>146</sup> Accessed on 17 March 2011, <http://www.tobb.org.tr/EgitimveKaliteMudurlugu/Sayfalar/OdaBorsaAkreditasyonSistemi.aspx>

It is important that TOBB's web-based services are elaborated to understand its level of involvement in this respect.

TOBB activity of this kind has intensified during our period of study, and the sites discussed below have been made available in the last decade.

### **3.1.11.1 Business Opportunities from Turkey**

The Business Opportunities from Turkey site was made available in 2006 and contains the requests of Turkish firms who would like to export their products. The offers of commercial, technical and financial cooperation are compiled in a monthly bulletin. These bulletins are published on the TOBB website, and are also distributed to Turkish embassies abroad and various representations via email.<sup>147</sup>

### **3.1.11.2 Business Opportunities Offers System**

The Business Opportunities Offers System, which was launched in 2003, contains the import and export offers of foreign firms that reach TOBB through various channels. It is possible to carry out online inquiries by date, name of firm, country, activity code, keyword, etc. This information is also published in TOBB's monthly Economic Forum magazine.<sup>148</sup>

### **3.1.11.3 Tenders**

TOBB has a specific web page dedicated to available tenders to accelerate the market access of Turkish companies. International tenders, as well as tenders in Turkey, are gathered and announced here. Firms can register to this site, and the

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<sup>147</sup> Accessed on 5 November 2010, <http://boft.tobb.org.tr>

<sup>148</sup> Accessed on 5 November 2010, <http://isbirilan.tobb.org.tr>

information can be sent to their e-mail addresses as well.<sup>149</sup> This was made available in 2008.<sup>150</sup>

#### **3.1.11.4 Global Standards Center (TOBB- GS1) Products**

The Global Standards Centre (TOBB-GS1) website includes the history, mission and activities of the Global Standards Centre, which is referred to as the “Global language of business”, as explained above. The barcodes are their best-known products. The site also has information on membership procedures. The definitions of products and their application areas are presented.<sup>151</sup> GS1 membership application forms can be obtained from this site. The site also provides a road map for GS1 procedures.

#### **3.1.11.5 SME Information Website**

SMEs are considered the backbone of the Turkish economy, as almost 99 percent of registered firms are defined as SMEs, and they constitute the majority of TOBB members. This website is a focal point for information sources on SMEs. As SMEs have limited human resources, they have limited capacity to benefit from information sources if they are not presented in an organized manner. This website was established by TOBB with input from various institutions, which provide support to SMEs. Designing this website was the task of the SME Technical Committee operating under the Coordination Council for the Improvement of Investment Environment, in which TOBB participates. The website provides information to SMEs on topics ranging from enterprise establishment, tax regulations, foreign trade, finance, and support schemes for SMEs, EU programs

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<sup>149</sup> Accessed on 6 November 2010, <http://ihale.tobb.org.tr>

<sup>150</sup> Consultation with TOBB Information Technologies Department, April 2011.

<sup>151</sup> Accessed on 7 November 2010, <http://gs1.tobb.org.tr>

for SMEs, research and development, innovation and technology transfer for SMEs, to information on social security.<sup>152</sup>

#### **3.1.11.6 Fairs Website**

The Fairs Division is responsible for organizing fairs in Turkey. TOBB was assigned this duty by its Law numbered 5174 in the year 2004, and it is a relatively recently acquired duty. It gives authorization certificates to firms and grants permits for fairs to be organized in Turkey. This web page provides information on fairs, including the details of those being organized in Turkey. It is possible to search fairs by subject, city, date, organizer, etc. The site also provides information on procedures and principles regarding organizing fairs in Turkey. Turkish as well as foreign firms and individuals use the site.<sup>153</sup>

#### **3.1.11.7 Insurance Website**

According to TOBB Law 5174 and the protocol signed with the Undersecretariat of the Treasury, TOBB is entitled to receive the applications of insurance agencies, carry out the registration procedures of insurance agencies and experts, carry out the discipline procedures for insurance agencies and insurance experts, and support the activities of the Insurance Training Centre (SEGEM). It is possible to search insurance agencies and insurance experts on a provincial basis and to download a sample traffic accident record.<sup>154</sup> TOBB interacts and cooperates closely with the Undersecretariat of the Treasury and the General Directorate of Insurance on this issue.

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<sup>152</sup> Accessed on 8 November 2010, <http://www.kobi.org.tr>

<sup>153</sup> Accessed on 8 November 2010, <http://www.fuarlar.tobb.org.tr>

<sup>154</sup> Accessed on 9 November 2010, <http://www.sigorta.org.tr>

This duty, similar to the previous one, is a recently obtained function that had previously been under the supervision of the state.

#### **3.1.11.8 Commodity Exchanges Information System Website**

This website gathers commodity price information from all over Turkey to one focal point and disseminates it through the TOBB web page, both in Turkish and in English. It is possible to find daily prices on the basis of product categorizations, names of the specific commodity exchanges and regions. Past prices and price indexes are also made available. A volume of transactions and tender announcements takes place on this website as well. Price information is supplied to this web site by the individual commodity exchanges of Turkey.<sup>155</sup> TOBB plays an important role as the umbrella organization of the commodity exchanges, which have an essential role in governing the pricing and exchange of major agricultural products in Turkey.

#### **3.1.11.9 Industrial Database Website**

This website has an online database system containing information on approximately seventy thousand producing firms for which TOBB has approved capacity reports.

As explained above, capacity reports are identity cards for industrial establishments registered with Chambers of Industry containing information such as their contact addresses, fields of production, annual production capacities, technologies that they utilize, machine parks, the raw materials that they use, capital and employment figures.

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<sup>155</sup> Accessed on 9 November 2010, <http://borsa.tobb.org.tr>

It is possible to execute a search on a product basis, as well as by using the production codes that determined by an international codification system. For a selected product, it is possible to search for the capacity in a certain province or in whole of Turkey.<sup>156</sup>

Usage of web facilities is not unique to TOBB. But it is important to note that TOBB has increased its online activities during the last decade and has played its part in contributing to the acceleration of various activities as outlined above.

All of the above activities establish the local-global link and give us material evidence of global-local interaction. Interaction takes place among experts on the transnational level, and there is a realm beyond the inspection scope of the national state. Activities such as border gate modernization projects, chamber accreditation projects, etc., have been implemented since the 2000s in parallel to the acceleration of the globalization process. The inclusion of web facilities is also a recent phenomenon for TOBB while providing its services.

### **3.2 External Projects**

TOBB is involved in various external or regional projects. This is closely linked with the soft power Turkey has and its foreign policy to become a regional power. Turkey wants to spread stability and prosperity across its borders, and for this purpose it gave emphasis to built stronger ties with countries around its borders such as Iraq, Iran, Syria, Russia, even Armenia as well as countries of the Middle East, Caucasus and Central Asia in the last decade.

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<sup>156</sup> Accessed on 11 November 2010, <http://www.sanayi.tobb.org.tr>

According to Katinka Barysch:

Turkey is assuming a more pro-active and forceful regional role not only because it can, but also because it feels it must: the end of the Cold War, the break-up of the Soviet Union and Russia's resurgence, the Balkan wars, the invasion and subsequent implosion of Iraq, the expanding reach of Iran's Shia regime and the intensification of the Israel-Palestine conflict have all contributed to instability in Turkey's neighbourhood. International Organizations and forums, from NATO to the OSCE's Minsk Group (which seeks a solution to the Nagorno-Karabakh conflict) and the Middle East Quartet, have had limited success in resolving the many disputes around Turkey's borders. Turkish politicians no longer trust the US – and much less the EU – to do so. Hence Turkey's new 'do it yourself' mentality.<sup>157</sup>

TOBB is an actor who supports Turkey's 'do it yourself' mentality. Barysch also emphasises that:

Turkey, it seems, still needs the EU anchor for its internal transformation. (...)Turkish foreign-policy makers like to stress that by becoming a regional power, Turkey will be more useful for an EU that aspires to become not only a regional but a global player.<sup>158</sup>

The linkage between global and regional is important in this sense and Turkey's regional activities contribute to globalization by helping transformation in these regions by achieving stability and preparing the ground for open economy. The role of business is critical in this framework. TOBB, in its capacity as the all encompassing representative of business in Turkey, tries to contribute to this process. Most of the external projects of TOBB focus on a certain region of the world and contribute to globalization by either trying to integrate that part of the world with the rest, as in Ankara and Istanbul Forums or aim at completing the process of becoming an integral part of that region as in the relations with the European Union. In this thesis some selective cases will be mentioned, even though TOBB's external projects are not limited with the following examples.

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<sup>157</sup> Katinka Barysch, 'Can Turkey combine EU Accession and Regional Leadership?' Centre for European Reform Essays, January 2010, <http://www.cer.org.uk>, accessed on 2 August 2011, p. 4

<sup>158</sup> *Ibid.*, p. 9.

The underlying motive behind TOBB's external and regional projects could be clarified as follows:

External projects of TOBB were not being designed in the beginning. They were done through estimating the trends. TEPAV, the think tank of TOBB, and strategy design was non-existent. Daily activities were being carried out, but the strategy determination function was fulfilled by TEPAV. The simple policy formula was to be in the administration of the institutions that we are a member. Now we are acting on a more structural basis. We are asking the question: What are the needs of Turkish industry? This is an issue of achieving a mature state.

Historically, as the relations of Turkey with the external world increased, TOBB's relations with its partners increased parallel to this. External projects started as public relations to increase Turkey's visibility abroad in the beginning of 2000s. Now they are carried out to increase global business opportunities. It was a self discovery process to begin with, as well as discovering the countries of the region.<sup>159</sup>

The regional and external projects of TOBB therefore, have to be evaluated against this background.

### **3.2.1 Ankara Forum**

The Ankara Forum is known as the 'Industry for Peace' initiative of TOBB; it is a forum for economic cooperation between Palestine, Israel and Turkey carried out jointly with TEPAV. It was initiated to develop regional economic relations in the Middle East region by bringing together the Union of Chambers and Commodity Exchanges of Turkey, the Federation of Palestinian Chambers of Commerce, Industry and Agriculture and the Israel Chamber of Manufacturers. The Forum aimed to develop a permanent tripartite dialogue mechanism between delegations of businessmen from Turkey, Palestine and Israel.

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<sup>159</sup> Sak, op. cit., in note 48.



The first meeting of the Forum was held on 28 April 2005 in Ankara.<sup>160</sup> The initiating idea was that if the three societies were able to establish a dialogue and form a platform for producing action plans and information exchange on concrete issues, mutual confidence could be built.

Initially, two working groups have been set within the scope of the Ankara Forum. One of the working groups searches for cooperation opportunities for developing tourism in Gaza in the context of the retraction of Israel from Gaza. The second working group works for the revitalization of the Erez Industrial Zone.<sup>161</sup>

So far, seven meetings have been held. But due to the increased political tension in the region, activities are not in progress at a desired level. This case was interesting, as it was an initiative to create a network that does not necessarily involve or count on the support of governments, though governments got involved in later stages and extended their support from time to time. This was an initiative of businessmen who wish to interact with each other.

Throughout the Chamber history we have come across similar efforts. The term “Merchants of Peace” has been used by the initiators of the International Chamber of Commerce. In 1937, when International Business Machines (IBM) head Thomas J. Watson was elected president of the International Chamber of Commerce (ICC), and at that year's biennial congress in Berlin, he announced the conference keynote title would be *World Peace Through World Trade*.<sup>162</sup> There are parallels in the prevailing philosophy.

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<sup>160</sup> Duru D. Özkaban, *TOBB: The Voice of Business Community*, PowerPoint presentation, (Ankara: 7 August 2007).

<sup>161</sup> Accessed on 9 December 2010, <http://www.tobb.org.tr/haber2.php?haberid=477&sy=1>

<sup>162</sup> George L. Ridgeway, *Merchants of Peace: Twenty Years of Business Diplomacy Through the International Chamber of Commerce, 1919-1938* (New York: Columbia University Press, 1938).

### 3.2.2 Istanbul Forum

A parallel activity is the Istanbul Forum. The Istanbul Forum is for economic cooperation between Afghanistan, Turkey and Pakistan. On this platform, a similar cooperation pattern exists between business representatives in three countries. On this occasion, the Union of Chambers and Commodity Exchanges of Turkey (TOBB), the Afghanistan Chambers of Commerce and Industry (ACCI) and the Federation of Pakistan Chambers of Commerce and Industry (FPCCI) are partners.

The first meeting took place on 26 October 2007 in Istanbul.<sup>163</sup> The second meeting was scheduled to take place in Islamabad, but due to the political developments in Pakistan following former Prime Minister Benazir Bhutto's assassination, the second meeting was held in Istanbul.

At the first meeting, topics such as the rationale behind the foundation of the Forum and the formation of the steering and the technical committees were discussed. At the second meeting, discussions mostly focused on need assessments and discussing potential concrete trilateral projects.

Potential areas of cooperation were listed under eleven headings: trade facilitation, border management/modernization, transport/logistics, business development centers, organized industrial zones, education, health, agro-business, SME development, construction and capacity building. The Istanbul Forum decided to focus on three priority areas: business development with a micro-finance focus, organization of an industrial zone with an agro-business focus and capacity building programs for the chambers.<sup>164</sup>

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<sup>163</sup> Accessed on 9 December 2010, <http://www.tepav.org.tr/en/calismalarimiz/s/362>

<sup>164</sup> Ibid.

After holding its second and third meetings in January 2008 and December 2008, the Forum's fourth meeting took place in Istanbul in January 2010. The Istanbul Forum focuses on capacity development activities tailored to private sector development in Afghanistan and Pakistan.<sup>165</sup>

Regarding the Istanbul Forum, TEPAV Director Prof. Dr. Güven Sak states that:

In the operations pertaining to the Istanbul Forum, a tripartite dialogue mechanism between Afghanistan, Pakistan and Turkey, they focused on small but important steps on the ground. Small steps on the ground seem to be the optimal choice for improvements in conflict areas. In this context the mining sector provides new cooperation opportunities between Turkey and Afghanistan, and there is a huge potential for cooperation between the two countries in the areas of trade and investment. (...) TEPAV has been working since 2007 [on] problem solving, confidence building, creating new opportunities and building capacity at local level through tripartite cooperation.<sup>166</sup>

The Istanbul Forum has made better progress than the Ankara Forum, as Turkey's relations with Afghanistan and Pakistan are more harmonious than those with Israel.

The aim is the same with the Ankara Forum. This is to achieve peace through economic activities, and to maintain the integration of unstable economic regions in the global economy. TOBB takes a leading role in this and is the initiator of both Ankara and Istanbul Forums. TOBB has been successful in initiating these forums, but international political developments inevitably determine how far these initiatives progress.

The international context, which enabled TOBB to undertake these initiatives, should be taken into consideration. The impact of the Greater Middle East Project is important in this respect.

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<sup>165</sup> Ibid.

<sup>166</sup> Accessed on 9 December 2010, <http://www.tepav.org.tr/en/haberler/s/1766>

The Greater Middle East Project, which was devised by the US government for G8 summit of June 2004 concerns not only the Arab countries, but also Turkey, Iran, Afghanistan and Pakistan. The project advocates democratization through the promotion and development of 'civil society'. Specifically, the G8 was exhorted to:

Encourage the region's governments to allow civil society organizations, including human rights and media NGOs, to operate freely without harassment and restrictions;

Increase direct funding to democracy, human rights, media, women's and other NGOs in the region;

Increase technical capacity of NGOs in the region by increasing funding to domestic organizations (such as the UK's Westminster Foundation or the US National Endowment for democracy) to provide training for NGOs on how to define a platform, lobby government, and develop media and grassroots strategies to garner support. These programmes could also include exchanges and the creation of regional networks;

Fund an NGO that would bring together legal or media experts from the region to draft annual assessments of judicial reform efforts or media freedom in the region.<sup>167</sup>

According to Roy, the term 'civil society' is not a new term, and it has been used extensively since 1991 by the international community to promote political and economic transition in the former communist countries, including Central Asia.

Though Roy calls attention to the fact that development of civil society was encouraged in the Greater Middle East, he does not think it is doable:

One cannot just develop a civil society to promote democracy. Democratization changes societies. Anthropology, tradition and religion are not 'obstacles' hindering the built up to a modern, democratic society; values change and evolve. But change has to do first with politics.<sup>168</sup>

He emphasises the importance of a strong central authority or state to achieve economic development and democratization.

The Ankara Forum and the Istanbul Forum emerged at a time when the Greater Middle East Project was introduced into the international agenda. But in any case

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<sup>167</sup> Olivier Roy, 'The Predicament of Civil Society in Central Asia and the Greater Middle East', *International Affairs* (Vol. 81, No. 5, October 2005), p. 1001.

<sup>168</sup> *Ibid.*, p. 1012.

it is an intervention, and an attempt to induce a positive outcome. So far these initiatives managed to create a cooperative environment to some extent. The ultimate success or failure of these projects is yet to be seen and in the long run will be an indication of the capabilities of NSAs.

These two Forums are very special kinds of transnational interactions, and can be taken as specific case studies on their own terms for further research.

### **3.2.3 Relations with the European Union**

Turkey's relations with European Union constitute a significant segment of its external relations. Turkey and the then European Economic Community entered into an Association Agreement in December 1964. A customs union was formed on 1 January 1996 covering industrial and processed agricultural goods prompting Turkey to harmonize its laws and regulations with EU standards. At the Helsinki summit in 1999 the European Council granted the status of candidate country to Turkey, and accession negotiations with Turkey were opened in October 2005.

Helsinki constitutes a significant milestone in Turkey EU relations. According to some scholars, it was taken as an important anchor by Turkish business as well:

(...) Turkish businesses have stood out as steadfast supporters of their country's EU aspirations. Their support has remained strong throughout the turbulent history of EU-Turkey relations.

(...) Turkish business has influenced, and continues to influence, the country's approach to EU. Conversely, Turkey's relations with the EU have been instrumental in shaping the relationship between business and government in Turkey.

(...) Turkey's transformation now had two anchors: the IMF for macro-economic stability and the EU for political and regulatory reforms.<sup>169</sup>

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<sup>169</sup> Sinan Ülgen, 'Turkish Business and EU Accession', Centre for European Reform Essays, December 2006, <http://www.cer.org.uk>, accessed on 2 August 2011, pp. 1-2.

According to Ülgen Turkish business was active with monitoring, education, representation, networking and public relations activities. IKV, a participation of TOBB had a special role, TOBB, TUSIAD and ITKIB (which represents textile and clothing exporters) opened offices in Brussels.<sup>170</sup> He also emphasises the fact that business associations have integrated themselves and built alliances with EU business organizations:

TUSIAD has become a member of UNICE, the European employers federation, while TOBB has raised its profile within Eurochambres, the European association of chambers of commerce.(...) These links have not only allowed Turkish business to raise its profile in the EU and establish a multitude of profitable commercial links, but they have also enabled it to influence policy making.<sup>171</sup>

Ülgen claims that business community will remain enthusiastic about EU membership despite the disillusionment of political leaders and voters for mainly three reasons:

First, Turkish businesses have invested a lot in their pro-EU policies, for example in the form of new representative offices in Brussels and series of EU-related events and seminars. Second economic and business links between the EU and Turkey continue to multiply. Since the creation of the customs union, Turkey's economy has become considerably more open. (...) The third and considerably most important, reason why business is likely to maintain support for joining the EU is that the accession process provides a sorely needed external anchor for the modernization and governance of the Turkish economy. The most acute fear among the Turkish business community is a return to the chaos and public mismanagement of the 1990s.<sup>172</sup>

Though Turkish business community in general and TOBB in particular support EU accession of Turkey and carry certain activities along above mentioned lines, private sector was not given an active role in accession negotiations. This limited the involvement of NSAs in this process. TEPAV Director Güven Sak explains this and various other issues regarding EU process as follows:

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<sup>170</sup> Ibid., p. 3.

<sup>171</sup> Ibid.

<sup>172</sup> Ibid., p. 4.

In Turkey, the EU negotiations were designed to be carried out through official channels. We would prefer to do more impact analysis and be organized in such a way that we could get involved and intervene into EU negotiations. Therefore EU activities of TOBB could not go beyond grassroots ownership. Civil participation was low, and I think that's why there is an ownership problem of EU in Turkey currently. TOBB's EU activities contributed to legitimization of EU process in Turkey through different means, including TOBB's contribution to political transformation in Cyprus. TOBB took certain initiatives that provided a comfort zone for the government on this issue.

The chambers were not influential in Europe by themselves. We, as TOBB are trying to make them influential at Eurochambres. Now they will be even more influential. EU process contributed to the realization and establishment of the mentality that, everything will be policy based from now on. Now there will be a policy dialogue between public and private sector and we needed instruments for this. When we look at TOBB historically, I believe, it was established as a corporatist institution. But now TOBB is one of the democratic and contemporary institutions of Turkey which can carry out global operations and is able to deepen Turkey's international integration. We need more of such institutions in Turkey. It is also important that TOBB is able to do this in spite of its provincial nature. In fact, its power comes from its provincial and local nature. I witnessed that, a word of TOBB president spreads out all across Anatolia. In this process it was important that TOBB was able to carry out the authority of policy design to Ankara. TOBB is influential in setting the agenda.

During the AKP period the share of trade with regional countries increased where share of EU trade fell. Trade partners of Turkey diversified as well as the traded goods. There is a parallelism in the increase of trade and increase in TOBB activities. There is a change in TOBB, and this change is related to economic, social and political change, as well as Turkey's integration to global economy through various channels. However EU is not the only factor in this. It is not possible to explain change over EU.

Europeanization is both global and regional issue .This has to do with how much Turkey can bring its transformation process closer to center. Previously what we understand from modernization was to bring rural population to the cities. Now the goal is to increase the productivity and efficiency of those who came to cities. It is not possible to achieve a certain level with uneducated and incompetent people. We have to bring our infrastructure, ranging from justice to transport, closer to the level of the center. EU is a public administrative reform process. It has to do with bringing the country's regulations, institutional and physical infrastructure closer to that of the center. The importance of this lies in the fact that if this process is completed; we will be able to become an influential actor which can contribute to the transformation of the countries in the region. We will become a hub for investments. Currently, value chains are not present in Turkey. International companies do not bring their production to Turkey, they come to benefit from the Turkish market, and they bring their marketing units. In order to become a well respected member, the value chains of the region should pass from Turkey.<sup>173</sup>

The perspective of TOBB President Rifat Hisarcıklioğlu as reflected at a panel in Ankara is important in evaluating the EU activities of TOBB:

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<sup>173</sup> Sak, op. cit., in note 48.

The will that emerged as the unification of Turkey with the west, has been adopted, supported and defended by the business circles of Turkey. Today, the support and contribution of business circles to the steps taken, continues at an increasing rate as well.

Within this framework we are trying to accomplish three functions at TOBB:

- 1) To inform business circles on the process of unification, possible effects of membership, EU legislation, EU programs and financial facilities which are very limited.
- 2) To represent business at the level of government and EU institutions, to transmit their opinions and expectations.
- 3) To diversify the products offered by the Turkish chamber system, develop and implement joint projects with the Union of European Chambers of Commerce and Industry in order to bring the quality of services to the level of chambers at the EU.<sup>174</sup>

Among the functions TOBB president outlined, TOBB was most active on the third one and it indeed intensified its activities with Eurochambers and raised its profile within this institution. There was limited activity in other functions, especially the second one due to the reasons set forth above by Sak and Ülgen. Due to the constraints imposed by external factors beyond the control of TOBB, the Union intensified its activities especially on lobbying, networking, information dissemination and capacity building.

Many EU companies favour full Turkish membership as they are doing good business in Turkey. According to Barysch:

They know that only by joining the EU Turkey will take over the entire single market *acquis* and fully open its economy. If the accession process continues, EU business can hope for a virtuous circle of continued reform, strong foreign investment and high economic growth rates which, in turn, will underpin further reforms.<sup>175</sup>

This explains the support received from European business organizations such as Eurochambres.

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<sup>174</sup> Avrupa Birliğine Tam Üyeliğin Türk Ekonomisine ve İş Dünyasına Etkileri (*The Effects of Full Membership to EU to Turkish Economy and Business World*) Panel proceedings, 9 April 2002, Ankara, p. 2. (Translated into English from the Turkish original)

<sup>175</sup> Katinka Barysch, 'EU business and Turkish Accession' Centre for European Reform Essays, June 2007, <http://www.cer.org.uk>, accessed on 2 August 2011, p. 4.



TOBB did the most it could, given the playing field it has. One of the achievements in this regard was the appointment of Former Deputy President of European Commission, Günter Verheugen as the TOBB president's advisor responsible from EU and Germany, as of April 1, 2010.

TOBB also assumed a leading role in the organization of "Türkiye Platformu" (Turkey Platform), a civil initiative established on 5 June 2002 with the participation of 175 civil organizations. "Türkiye Platformu" members visited Brussels before the Copenhagen Summit on 27 November 2002 and Brussels Summit on 17-18 December 2004, to transmit the message that "Turkey belongs in the Europe." This was a demonstration of grassroots ownership of EU by the Turkish civil institutions.

TOBB's EU activities are based on the above outlined philosophy and the framework defined by its law.

TOBB Law numbered 5174 and dated 18 May 2004, under the duties of the Union section, makes the following reference to TOBB relations with EU:

Article 56.e) To analyse the reports prepared by Chambers, Commodity Exchanges and other relevant organizations in foreign countries, compile the relevant parts for our country and disseminate them; to carry out work for the development of national trade, industry and service sectors in rising world conditions; to guard the rights of these sectors in relations with the European Union and international institutions, to carry out work on European Union legislation, inform chambers and commodity exchanges on these matters.<sup>176</sup>

The Law charges TOBB with the duty to carry out relevant work for the development of its sectors, and in this regard, to study the EU legislation, to guard

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<sup>176</sup> TOBB Law, op. cit., in note 92, p. 55.

the rights of Turkish sectors vis-à-vis this legislation and inform its members of the relevant issues.

TOBB has relations with several countries and international institutions. But during the tenure of TOBB President Rifat Hisarcıklođlu, as explained above, special emphasis has been given to relations with the European Union. Turkey has an aim to become a full member of the EU, and TOBB interacts with the Union as a civil society organization, and makes use of funds offered by the EU for certain projects. TOBB and its think tank TEPAV consider the EU membership project to be a modernization project for Turkey.<sup>177</sup>

TOBB's EU activities intensified after 2003, and with the establishment of TEPAV, several studies and projects have been carried out on various issues; including "Assessment of the REACH regulation on the chemicals industry of Turkey" and "Strengthening the impact assessment capacity, raising awareness on the integration process with a special emphasis on environment chapter".<sup>178</sup>

TEPAV launched the European Union Institute in November 2009. The institute sets its focus on the EU accession process, contributes to the acceleration of reforms and the negotiation process, and communicates the results of the studies to the EU and the Turkish public.<sup>179</sup>

Within the scope of EU activities, TOBB carries out chamber development, capacity building projects and contributes to civil society dialogue. By 2009, 152 projects of various Chambers and Commodity Exchanges benefited from EU financing in the

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<sup>177</sup> Accessed on 10 December 2010, [http://www.tepav.org.tr/upload/files/haber/1255438336r8968.AB\\_Turkiye\\_Ekonomisinin\\_Donusum\\_Sureci\\_Icin\\_Ne\\_Anlama\\_Gelmektedir.pdf](http://www.tepav.org.tr/upload/files/haber/1255438336r8968.AB_Turkiye_Ekonomisinin_Donusum_Sureci_Icin_Ne_Anlama_Gelmektedir.pdf), p. 27.

<sup>178</sup> See TEPAV web page [http://www.tepav.org.tr/en/proje/g/EU\\_Fund](http://www.tepav.org.tr/en/proje/g/EU_Fund) for EU funded projects of TEPAV.

<sup>179</sup> Accessed on 10 December 2010, <http://www.tepav.org.tr/en/altbirim/s/9>

amount of 64 million Euros.<sup>180</sup> TOBB, as the umbrella organization, has had a guiding role in this.

TOBB and the Chamber staff were given trainings on various subjects. TOBB also gives its opinion on the EU *acquis communautaire*.

One of the issue areas TOBB has been active is about the difficulties imposed upon Turkish citizens who apply for Schengen visas. Most often, this Schengen regime operates as a non-tariff trade barrier and prevents Turkish businessmen travelling to Europe for marketing their goods. TOBB raised this unfair application on various platforms, both at the European level as well as through bilateral contacts with European countries. IKV also established a visa complaint line through which Turkish citizens are able to report unfair applications such as delays, extra expenses, ungrounded rejections they face during visa application process. The information is gathered and evaluated, submitted to authorities in Turkey and at the European level. TOBB and IKV cooperate with academicians and lawyers in this matter and give a very high priority to this issue.

TOBB is also active on the Turkey-EU Joint Consultative Committee. This committee was established in 1995, based on Article 27 of the EEC-Turkey Association Agreement (Ankara Agreement) signed in 1963, which aims to facilitate cooperation and communication among the parties, to institutionalize Turkish counterparts that would develop dialogue with the European Union and to establish a structure within this framework.<sup>181</sup> The European Economic and Social Committee (EESC), which is a consultative body of the European Union and a dialogue platform, also issued a recommendation for the establishment of the

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<sup>180</sup> Accessed on 22 February 2011, <http://www.tobb.org.tr/AvrupaBirligiDairesi/Dokumanlar/abdairesunus.pdf>, p. 16.

<sup>181</sup> Accessed on 3 March 2011, [http://www.avrupa.info.tr/AB\\_ve\\_Turkiye/Kurumsal\\_Isbirligi.html](http://www.avrupa.info.tr/AB_ve_Turkiye/Kurumsal_Isbirligi.html)

Joint Consultative Committee on 22 December 1993.<sup>182</sup> On the Joint Consultative Committee, each side has 18 members; co-chairmen are selected on a rotating basis from the Turkish and EU sides. It meets twice a year, and at the end of each meeting a joint declaration is issued expressing the views of the committee on various issues. TOBB carries out the secretariat function of the Turkish side at this Committee.

TOBB and TİSK are representatives of the group known as “Employers' Group (I)”. The EESC’s Employers' Group (Group I) is made up of entrepreneurs and representatives of entrepreneur associations working in industry, commerce, services and agriculture. TÜRK-İŞ, DİSK, HAK-İŞ, and KAMU-SEN are the representatives of “Workers' Group II”; TESK and TZOB are the members of “Various Interests Group (III)”.<sup>183</sup>

TOBB’s relations with Eurochambres constitute an important part of TOBB’s EU relations. Eurochambres is a regional voluntary umbrella organization of the Chambers in the European Countries. Forty-five countries are represented in Eurochambres, with 2000 local and regional Chambers covering 20 million firms. More than 93% of these enterprises are Small and Medium Size Enterprises.<sup>184</sup>

TOBB has a strong dialogue with Eurochambres as mentioned above. TOBB president Rifat Hisarcıkloğlu was elected to the Board of Eurochambres in 2004 for the first time. On 23 January 2008, he was elected to the Presidential Board of Eurochambres as the representative of the countries that are not members to the EU. On 14 October 2009, the TOBB president was selected as the vice president of

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<sup>182</sup> Accessed on 3 March 2011, <http://www.tobb.org.tr/AvrupaBirligiDairesi/Dokumanlar/mevzuat/kik.pdf>

<sup>183</sup> Accessed on 9 December 2010, <http://www.eesc.europa.eu/?i=portal.en.groups>

<sup>184</sup> Accessed on 22 February 2010, <http://www.eurochambres.be/content/default.asp?PageID=4>

Eurochambres for the 2010-2011 period. This is a very significant issue, as it shows TOBB's desire to be an international actor. The umbrella organization of the European chambers is an important platform in policy-making, not only on a regional basis, but on a global basis as well.

Within the context of its EU relations, TOBB also initiated the establishment of Turkish Business Centers, called ABIGEMs, with EU funds. ABIGEMs aim at helping SMEs, which operate with very limited resources and human capacity. The first three were established in Gaziantep, Kocaeli and İzmir in 2002. Following the initial business centers, "Expansion of the European Turkish Business Centres Network Project" started in May 2008. Twelve more business centers throughout Turkey were established in Adana, Afyon, Çorum, Denizli, Erzurum, Eskişehir, Kayseri, Konya, Malatya, Tekirdağ, Trabzon and Uşak during this phase.

The total EU financial investment in the network reaches 50 million Euros.<sup>185</sup>

These centers, most of which are located within local chambers or work closely with them, contribute to capacity building as well as the SMEs' economic activity. Many of the initiated projects contributed to global integration through increased networking and export facilities.

In addition, an office called TURBO was established in Brussels in March 2004 for the purpose of building partnerships with public and private institutions, in order to facilitate the use of opportunities for the EU's Framework Programs on Research and Development.<sup>186</sup> The founders are TOBB, TÜBİTAK, KOSGEB and TESK.

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<sup>185</sup> Accessed on 28 December 2010, <http://www.abigem.org>

<sup>186</sup> Accessed on 3 April 2011, <http://www.turboppp.org>

As can be seen from the examples given above, TOBB's European Union project is complimentary to the EU accession strategy of the Turkish state. Overall it is seen as a modernization project, and an anchor by TOBB, and has made a contribution to globalization to the extent that European rules, which introduce detachment from traditional norms are integrated into Turkish political, economic, cultural and social infrastructure. This would inevitably change former methods of governance to a certain extent and bring harmonization between European and Western norms, and hence contribute to globalization by increasing the convergence of Turkey to the "center".

### **3.2.4 Localizing Millennium Development Goals**

Millennium Development Goals goals were determined by the 192 member countries of the United Nations in September 2000 at the Millennium Summit of the UN in New York. The eight goals are identified as: to eradicate extreme poverty and hunger, achieve universal primary education, promote gender inequality and empower women, reduce child mortality rate, improve maternal health, combat HIV/AIDS, ensure environmental sustainability, develop a global partnership for development. These goals were to be reached all over the world by the year 2015.<sup>187</sup>

UNDP Turkey explains the Millennium Development Goals work in Turkey as follows:

The UNDP programme supports Turkey's social and economic reforms, national development priorities and achievement of Millennium Development Goals (MDGs). We do this by focusing on three key areas: capacity development for democratic governance, advocating and supporting poverty reduction, and promoting environmental management and sustainable development. To achieve these outcomes, UNDP works with a broad range of national and international partners. Our main government counterparts in Turkey are the Ministry of Foreign Affairs and the State Planning Organization. These two agencies

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<sup>187</sup> Accessed on 28 December 2010, <http://www.undp.org/mdg/>

are involved in all our projects and programmes, and we work closely with them to develop the appropriate frameworks. Other government partners include most ministries and public agencies. And to ensure broad based participation, we partner with civil society actors, the business community and academia as well as with large public institutions in Turkey such as the GAP Regional Development Administration and Turkish International Cooperation and Development Agency.<sup>188</sup>

TOBB was one of the partners of Localizing Millennium Development Goals project launched within this framework. The publicity of this partnership was accomplished on 22 March 2007 with a press conference at the TOBB premises in Ankara, including the participation of UN Resident Coordinator and Permanent Representative to Turkey Mahmood Ayup. The Ministry of Foreign Affairs, Ministry of Interior Affairs and State Planning Organization were the public partners of the project. Local Agenda 21 (LA-21) Program was also a partner.

In the first phase of the 10 Projects was selected among the projects prepared jointly by the participation of local partners and chambers, as well as commodity exchanges all across Turkey. In the second phase, nine more projects were selected and supported. The selected projects were mainly in the field of eradicating extreme poverty and hunger, achieving education, empowering women, ensuring environmental sustainability, and fostering global partnerships for development.<sup>189</sup>

TOBB president Rifat Hisarcıkloğlu made the following remarks at the press conference dated 22 March 2007:

Turkey has developed rapidly in the last five years. TOBB has supported this process, taken initiatives, pioneered in several international projects and has been a focal point for world leaders and business circles. In this regard TOBB became a global actor that believes economic integration and increased dialogue are important to living in a society of peace and in welfare in the region.

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<sup>188</sup> Accessed on 28 December 2010, [http://www.undp.org.tr/publicationsDocuments/UNDP\\_ENG\\_161209\\_sm\[1\].pdf](http://www.undp.org.tr/publicationsDocuments/UNDP_ENG_161209_sm[1].pdf)

<sup>189</sup> Accessed on 28 December 2010, <http://www.tobb.org.tr/deid/projeler.php>

Within this mission, TOBB has been in continuous contact with many institutions, which determine policies on global scale. Within this framework, TOBB has entered into intensive cooperation with the UNDP. As TOBB, we are very pleased to support UNDP in its endeavour to assist societies with solutions that they find themselves for national and global development with their partners in several countries.

(...) Our Union participated actively in work towards the realization of the Millennium Development Goals. Our Union will provide financial support to projects that will be selected among those prepared for the localization of Millennium Development Goals by our chambers and commodity exchanges.

(...) In this respect our chambers and commodity exchanges will enlarge their framework of service and will find the opportunity to work closely and cooperatively with the local governance mechanisms in their own cities.<sup>190</sup>

The TOBB president underlines the fact that TOBB is a focal point and a global actor in facilitating economic integration and increasing dialogue among various partners.

This project is a very significant and valuable case as it shows the local-global link very clearly. The UNDP could have selected other local partners for this project, but TOBB, with its domestic network and its vision, was determined to be one of the most suitable partners for this project. The Millennium Development Goals are designed to achieve better global economic governance, and this project is a very good example of showing how TOBB takes part in influencing the local agenda towards the achievement of global economic integration.

## **Conclusion**

TOBB has a wide spectrum of activities. Though TOBB is a national institution, many of its activities fall into the scope of transnational interactions. These can be identified as interactions in global governance. The activities may be initiated on domestic level, but they transcend the domestic level, extend beyond national boundaries and become a part of the global governance scheme. Power

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<sup>190</sup> President Rifat Hisarcıkıoğlu's speech on 22 March 2007, at TOBB.



Structures, as theorized by Susan Strange are also good analytical tools to categorize these transactions. TOBB has activities regarding four global structures, which are security, production, financial and knowledge structures, as well as secondary structures, especially in transport and trade.

Besides being active in trade documentation, TOBB is also very active in land transportation. It takes initiatives to revitalize the historical Silk Road, as many other countries in the region do. The border gates initiative is especially important, as it is a new way of governing the borders and an example of the state delegating some of its authority to an NSA.

Participation in the GS1 system is equally important for governance and globalization, as it is very closely linked to the increased speed in trade and efficiency of supply chain systems. These activities increase the connections between remote parts of the world in small steps. But once they accumulate, they have the capacity to be substantial.

The internet is the medium of globalization and the new way of carrying out governance activities. By making use of the internet and web-based systems, individuals and institutions are able to transact without having to travel. This increases the speed of activities. In the last ten years, TOBB has increased its presence on this front as well.

The Industry for Peace projects of TOBB are especially important, as they are interventions on the security structure in a positive way. Security is traditionally considered the realm of states; the realist school of thought in IR closely link security and political power. But here we see that trade and industry are mobilized as a catalysts to integrate unstable regions into the global economy.

The European Union project of TOBB is considered a stepping-stone for Turkey, on the way to full integration into the global economy. TOBB sees this as a modernization project. TOBB's actions in this regard are complimentary to the EU accession policy of the Turkish state. TOBB participates in various EU networks, and these have some impact on globalization.

TOBB activities on education are for the purpose of overall capacity building. Chamber accreditation efforts also aim at establishing higher standards in addition to achieving better governance at the local level.

TOBB is also active in global economic governance through projects along the lines of localizing Millennium Development Goals with international institutions such as the UNDP. Cooperation with such international organizations strengthens TOBB's global actor feature.

Neither Turkey nor TOBB are interested only in a certain region of the world; rather the focus is the globe, the whole - in other words, the system. Transnational transactions take place to achieve this goal.

TOBB activities may be regarded as "processes" that link various "structures" together (civil society, state, international institutions, etc). TOBB is deeply involved in global economic activities ranging from trade to transportation, and has the ability to influence.

## **CHAPTER 4**

### **TOBB'S POLICIES, VIEWPOINTS, AND THE UNDERLYING BASIS FOR ITS INTERVENTIONS**

While analyzing the influence of TOBB, it is important to understand what TOBB policies are and where TOBB stands. It is necessary to make this very clear, as this clarifies the direction of its interventions.

#### **4.1 TOBB and Change: “Interventions” and Capacity to Influence Decision Makers**

When TOBB policy statements are examined in the earlier stages of the period of study, a more conservative tone is seen, which becomes more liberal in due course. This demonstrates that change did not occur suddenly. It is observed that TOBB wants more rights for the private sector, and criticizes the government and the state structure on certain occasions.

In November 2000, at the beginning of our period of study, Turkey was facing a financial crisis, which continued with a severe devaluation of the currency in February 2001. The crisis deepened and spread to all sectors of the economy. Within this context, the government implemented an economic package known as “Transition to Strong Economy” in April 2001 in order to achieve stability. The package was designed by Kemal Derviş, who was offered a position by the Prime Minister Bülent Ecevit. He accepted the invitation and came to Turkey, leaving his post at the World Bank. A degree of stability was achieved with respect to currency and interest rates within several months, but the economy continued to shrink, and the real sector problems persisted.

This period of crises coincided with new TOBB president Mr. Hisarcıklioğlu's coming into power and adopting of an active and participatory approach to TOBB's relations with the government, as well as with various other actors.

#### **4.1.1 Influence in Domestic Economic Policy Design**

On 18 April 2001 TOBB disseminated a report called "Extravagancy Economy".<sup>191</sup> It calculated the cost of the political and economic establishment's extravagant state spending at 195.2 billion dollars between 1990 and 2000.<sup>192</sup>

In this report, the governments in power during this period were criticized for not realizing opportunities and threats that surfaced after the liberalization of commodities circulation, services, capital and information in the era of globalization. They were criticized for administering the economy through pre-1980s methods. Reforms were either delayed or put forward in pieces. As these governments failed to show the necessary political will and did not have the required knowledge to manage the related economic and financial risks, the economy could not improve upon its fragile status. Crises of banking, currency and liquidity were issues of economic management. The rapid growth potential of the economy slowed down for the sake of short-term political interests. It was claimed that these negative developments were reflected in the increase of the public sector borrowing requirement, which in turn negatively affected the private sector.

This document takes the clear position that governments should pursue more liberal economic policies and behave in line with globalization trends. What is

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<sup>191</sup> Accessed on 9 February 2010, [http://www.belgenet.com/eko/tobb\\_savurganlik.html](http://www.belgenet.com/eko/tobb_savurganlik.html)

<sup>192</sup> Ibid.

referred to as the pre-1980s period is more accurately the period before Turgut Özal came to power, which marks the beginning of neoliberal reform in Turkey.

On 31 July 2001, TOBB visited Prime Minister Bülent Ecevit and State Minister Kemal Derviş to begin a round of negotiations. TOBB consulted 355 Chambers and Commodity Exchanges and 81 provinces were visited to receive feedback before taking this step. TOBB demanded to be involved in the decision-making process of finding exit strategies from the crisis situation. The primary complaint was that the markets were tied up in a triangle of currency, interest rates and the stock exchange, and that not enough attention was paid to problems in the real sector. It was agreed that sectoral boards and relevant ministers would commence meetings and consultations immediately.<sup>193</sup> A series of meetings began in August 2001.

On 22 October 2001 TOBB hosted a meeting at its premises to address the economic problems of the real sector, similar to one held on 31 July 2001 with the government. State Ministers Kemal Derviş, Tunca Toskay, Minister of Finance Sümer Oral, and Minister of Industry Kenan Tanrıkulu participated in the meeting, as well as BDDK President Engin Akçakoca, Public Banks Joint Executive Board President Vural Akışık, Undersecretary of the Treasury Faik Öztrak, TOBB Executive Board members, representatives of TİM, TÜSİAD and some chamber presidents. At this meeting TOBB submitted a sixty-page report to the government. The meeting ended with a press conference that received widespread coverage in the newspapers of Turkey.<sup>194</sup>

At that time, much of the emphasis was given to financial sector problems and its implications rather than to the prevailing economic crisis. TOBB, in consultation

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<sup>193</sup> *Türkiye*, 1 August 2001.

<sup>194</sup> *Hürriyet, Milliyet, Sabah, Radikal, Cumhuriyet*, 23 October 2001.

with its sectoral boards and chambers, came up with some suggestions to solve the real sector problems. It criticized the Istanbul approach, which was the financial restructuring arrangement focusing on the financial sector and big holdings at that time.<sup>195</sup> TOBB claimed that the suffering of SMEs caused by the crisis also needs attention.

TOBB favoured the Anatolian approach, as it was not focused on the big companies in Istanbul alone, but on businesses throughout the whole of Anatolia. For the first time in 22 years TOBB had a president who was not from Istanbul and SMEs were given emphasis as important actors of the Turkish economy in this regard.

Some demands for policy change (interventions/influence/preference) were addressed in the report. These interventions influenced the government's decision-making process.

These demands were reflected in the press as follows:

The Istanbul approach should have an SME arm in order to gain the support of TOBB, as well as legitimacy in the public conscience. The VAT tax should be decreased, and VAT reimbursements should be executed faster. In addition to the big holdings and companies, SMEs should also be included in the rescue plan after the crisis. Halkbank should resume granting support credits to SMEs. Financial resources should be allocated to Halkbank for that purpose. 50% of the Eximbank credits should be channelled to SMEs. Inflation accounting should be effectuated. 'Financial deadline', which is known as 'Mali Milat'<sup>196</sup> in Turkish, should be abolished. TOBB claimed that this leads to a shrinking of the economy and a transfer of currency out of Turkey in the amount of 20 billion dollars. An asset management company should be established with public contributions, but should be a private company. The legal and penal responsibilities of public banks and funds should be made similar to those of private banks. Exporters should be supported, and export quotas should be increased. The state should provide green passports to businessmen who make significant exports and should remain immune from fees for travelling abroad. A definitive

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<sup>195</sup> Ibid.

<sup>196</sup> 'Financial deadline' was the state's demand on owners of capital to declare the amount of money they earned. The state claimed it would not question the source of the earnings until a specified date (1 January 2003). But when the law comes to force, all income would be subject to enquiries of source.

program should be declared on privatization, and social establishments belonging to the public sector should be included in this scheme.<sup>197</sup>

On 30 November 2001, it was declared that the government and TOBB had agreed on the support package. The announcement of the meeting's outcome again had wide press coverage.<sup>198</sup> The declaration that had been expected from Prime Minister Bülent Ecevit, was made instead by TOBB President Rifat Hisarcıkloğlu, who also chaired the meeting. This took place in the presence of Ministers Kemal Derviş, Tunca Toskay, Sümer Oral, and Ahmet Kenan Tanrıkulu, and was an important demonstration of TOBB's ability to intervene and influence.

The 12 articles declared as agreed were as follows:

Financial restructuring: It was decided that the law on financial restructuring should be prepared in consultation with TOBB.

Equality for legal and penal status in the public and private sectors: It was decided that public and private bank managers would have the same obligations.

Eximbank programs: The international transportation credit program will be made available by Eximbank by the end of the year so that the international transportation sector could benefit from Eximbank loans.

Inflation accounting: It was agreed that TOBB would participate in the preparation of an inflation accounting system, to be put into use by 2003.

Financial deadline: It was agreed that TOBB and the government would work together in the endeavour to overcome the concerns regarding the application of the financial deadline, and a new model would be designed.

VAT reimbursement in exports: The VAT communiqué simplifying the reimbursement regime and accelerating the reimbursement process was issued and published in the official gazette.

Travelling abroad fee: This fee would be payable in Turkish Liras instead of dollars. No payments will be made for daily exits in border provinces.

Unemployment support: The premium for unemployment insurance will be decreased by one percent from each employer, employee and the state, totalling 3%, and amounting to a resource of 750 trillion Turkish Liras.

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<sup>197</sup> Okan Müderrisoğlu, 'Bu Derdin Devası Ameliyat', *Sabah*, 23 October 2001.

<sup>198</sup> 'TOBB in the Media 2001-2002' (Basında TOBB), (Ankara: TOBB Publication)

Competitiveness: Necessary legal arrangements will be made for opening up the energy sector to private companies, and to competition.

Resource Utilization Support Fund: It is agreed in principle that the rate of funds withholdings collected in foreign currency instalments for imports calculated at 3% should be decreased. Related work should be finalized by 31.12.2001.

Insurance cost of transportation: The premium increase risks occurring after 11 September 2001 in the transportation sector will be monitored, and necessary regulations will be made in case of need.

Investment incentive certificate duration: The duration of investment incentive certificates will be extended for one more year.<sup>199</sup>

To conclude the meeting, TOBB president Rifat Hisarcıkliođlu indicated that realization of these decisions would largely resolve the problems of the private sector:

The work aimed at resolving the problems of the real sector, which commenced on 31 July 2001 between the government and TOBB, have been concluded within the framework I described above. By realization of these items, the problems of the real sector will be largely resolved and important developments in investment, production and employment will be achieved. I would like to thank the ministers, bureaucrats and the TOBB community who contributed to this process.<sup>200</sup>

We see from the decisions that at the end of the bargaining process TOBB was able to influence the decision makers. TOBB's preferences were realized in a final decision. It was able to intervene and influence policy outcome. The relevancy of this outcome lies in the fact that almost all of the influenced policy outcomes are related to global economic governance schemes. They are related to global economic integration. The link between local and global was established with TOBB's the intervention. The input is received from local chambers and commodity exchanges and implemented in order to make the country more competitive in the global economic environment in which it operates.

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<sup>199</sup> The 30 November 2001 Agreement between TOBB and the Government (Reel Sektörün Sorunlarının Çözümüne Yönelik TOBB ile Hükümet Arasında Varılan Mutabakat Zaptı), 30 November 2001.

<sup>200</sup> President's speech, 30 November 2001.



The inclusive approach taken by Kemal Derviş, who was accustomed to participatory governance schemes given his World Bank background, might have had a positive influence in the outcome as well. He worked closely with NGOs and was open to constructive dialogue. At a time of severe crisis, it was necessary to be sensitive to the demands of all parties. This could be considered a milestone, the beginning of a process by which TOBB established itself as an actor able to influence policy. At the same time, the international environment was influencing TOBB.

#### **4.2 TOBB “Search (Arama) Conference” as a Reference Point**

An important benchmark that determined TOBB’s prevailing viewpoint was put forward at its “Search Conference”, the first of which was realized on 20-22 September 2002.

At this workshop, TOBB’s vision was identified as being “[g]uided by the basic aim of increasing wealth, ensuring that Turkey takes its place among the top ten countries under the framework of international competitive conditions.”<sup>201</sup> This vision has been set as a goal, repeated on several occasions and referred to in the TOBB president’s speeches on various occasions.<sup>202</sup>

The mission was identified as:

To be an institution conscious of its social responsibility, which contributes to the development of the private sector by promoting entrepreneurship, functioning as a bridge and a forerunner in the process of integration with the world economy, establishing free

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<sup>201</sup> Çağrı Gürgür, *TOBB 2010 Arama Konferansı Üzerine Bir Değerlendirme*, PowerPoint presentation (October 2010), p. 6.

<sup>202</sup> The speeches of the President, <http://www.tobb.org.tr/konusmalar/konusmalar.php>, accessed on 23 October 2009.

market rules and finding solutions to problems within this framework, establishing targets, and generating and execute projects.<sup>203</sup>

At the second conference, which was realized on 26 April 2003, seven duty fields were identified. These were: to serve its members and to maintain their development; to achieve the enhancement of free market conditions, and the production and investment climate (entrepreneurship); to put pressure on issues regarding the interests of the country and business; to enhance international integration; to spread the consciousness of social responsibility; to generate and spread correct information; to train and educate managers and staff.

What we see from all of this is the underlining of free market rules, entrepreneurship (liberal economy) international integration (globalization), social responsibility (good governance), leadership (a role assigned to NGOs), generation of information (knowledge economy) and education (investment in human resources).

This draws a very different and modern path when compared to the perceptions of previous TOBB leadership. Previously, TOBB had been perceived as a traditional and conservative institution more oriented towards preserving the status quo.

Some of the projects identified for the realization of the above duties were: taking part in EU Framework programs; establishing regional development agencies; executing business development plans for integrating capital; generating vocational training projects to meet the intermediate skilled worker need; revising TOBB's law in parallel with the new vision; working on the need to restructure the state; establishing a center for independent economic research; establishing a venture capital company to apply innovative ideas; establishing business development centers in chambers to enhance chamber development projects;

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<sup>203</sup> Çağrı Gürgür, op. cit., in note 201, p. 8.

automation of circulation certificates used in trade, creating a contemporary work environment in a new TOBB building.

Most of these projects were put into practice by 2010.

After an interval of eight years, from 30 July through 1 August 2010, TOBB carried out a new Search Conference in Ürgüp.

In 2010 the vision of TOBB is defined as:

To be a professional organization that directs economic policies, leads the private sector of Turkey as one of the 10 largest and most competitive economies of the world, with a functioning democracy and high-level human development.<sup>204</sup>

TOBB identifies the following as its mission in 2010 conference:

To have an effective role in the preparation of sustainable development policies.

To generate information that would constitute the basis for the formation of sound economic policies.

To ensure that markets operate in a fair way and based on equal competition.

To promote entrepreneurship, innovation, trademarks and institutionalization.

To support women and youth in taking a bigger share in business life.

To accelerate the growth of corporations and their integration with the global economy.

To follow the sectors closely and suggest solutions for their problems.

To increase employment rates by maintaining equal competition conditions in the global markets.

To strengthen vocational training and human capital.

To establish a structure that can produce new information and techniques, and that can achieve technological improvements in exports.

To adopt participatory, transparent, and accountable management style.<sup>205</sup>

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<sup>204</sup> Ibid., p. 6.

<sup>205</sup> Ibid., p. 9.

When the two visions and missions carried out at an eight-year interval are compared, a significant shift towards neoliberal global governance principles is observed. During the 2002-2010 period, TOBB not only contributed to economic policy-making and governance in the country, but also showed a tendency to behave as an institution that adapts global governance principles. TOBB was, in return, affected by the interactions it carried out with a variety of actors.

As globalization changed the nature of interactions from being dominated by states into a multi-actor platform of relations, public diplomacy has gained importance, and TOBB emerged as an important actor in public diplomacy as well. Exchanges between institutions are very efficient tools for deepening foreign relations. TOBB manages a very wide span of activities, ranging from relations with the European Union to economic opinion formation. TOBB is currently an institution that actively pursues liberal economic goals and has demonstrated that view point on many occasions.

#### **4.3 TOBB Policy Recommendations to the Government and Policy Targets as Reference Points of Intervention**

TOBB makes certain policy recommendations to the government. These statements, besides being demands from the government, are also analytical tools and reference points that indicate which issues will be subject to intervention and the direction of expected change. Therefore they require reference.

#### 4.3.1 “Turkey Wants Its Future” Declaration

Shortly before the Turkish elections on 3 November 2002, TOBB issued a declaration on 22 October 2002 called “Turkey Wants Its Future”.<sup>206</sup> This is one of TOBB’s most important declarations of the past decade. The declaration was issued simultaneously at 365 affiliated chambers in 81 cities, and was publicly announced by TOBB president Rifat Hisarcıklioğlu at a press meeting. The aim of the declaration was to bring the upcoming elections to an economic axis. It was demanded that the political parties should not simply make promises and ask for votes, but should come up with projects and explain to the people how they would achieve their promises. This declaration had wide coverage in the press. The media considered this a warning to the upcoming government and published extracts from the declaration.

This bulky and prodigal system, which creates corruption, lacks the ability to execute and to take healthy decisions. There is a deep crisis of confidence in every section of the society. A democracy which cannot be carried out with all its institutions and rules, an economy, which needs the support of the International Monetary Fund (IMF), and outdated public administration and a political structure which makes all these problems more confused darken Turkey’s future. This dark picture which drains our country of its rich potential and dynamism cannot be our faith.<sup>207</sup>

According to the *Turkish Daily News*, Hisarcıklioğlu demanded that the following should be realized after the elections:

Political Parties’ Law should be changed to provide inner party democracy and to make parties’ finances transparent. Independence and objectivity of justice should be provided and priority of justice should be established. An administration system, in which the public have rights, should be moved on. The effect of public should be reduced in democracy and a private sector based growth strategy should be followed. All processes about public expenditures should be made transparent. It should not be illegally interfered in daily implementations of economic policies determined by political will. Handicaps in the race towards real sector’s activities, which provides investments, production, employment and

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<sup>206</sup> TOBB, ‘Turkey Wants Its Future Declaration’ (Türkiye Geleceğini İstiyor Bildirgesi), 22 October 2002. The translation of the original text is in Appendix A.

<sup>207</sup> ‘Businessmen Send Warnings to Upcoming Government’, *Turkish Daily News*, 23 October 2002, p. 1.

exportation, should be removed. Financial discipline should be created for success in anti-inflation struggle. Public debt stock should be reduced to the European Union norms in a short time.<sup>208</sup>

Hisarcıkloğlu emphasized that the targets set forth should be achieved through public and civil society participation. Social mobilization should continue until the principles in the declaration were realized, and this would then be inspected by a monitoring committee. The monitoring committee would consist of relevant people and civil society organizations, and would monitor the activities of political parties on the issues in the declaration, prepare reports and publicly announce them. These would constitute performance report cards for our political parties regarding the reforms.

This declaration was perceived as an important benchmark. According to the *Ekonomist* magazine, the 22 October declaration was the “B.C. of the Turkish politics.”<sup>209</sup> *Hürriyet* newspaper printed this news under the headline “TOBB’s request for change.”<sup>210</sup>

Turkey wants its future declaration reflects the desire for change very clearly. TOBB intervenes and indicates the direction of change with the aim of influencing the outcome.

When this declaration is analyzed, the demands made under the headings of politics, legislation, public administration and economy can be observed. These demands are parallel with AKP policies, which began to be implemented after the 3 November 2002 elections. These are policies that support the acceleration of

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<sup>208</sup> Ibid.

<sup>209</sup> *Ekonomist*, 27 October 2002.

<sup>210</sup> *Hürriyet*, 23 October 2002, p. 9.

globalization. It is possible to deduce that the demands of the businessmen have been taken into consideration over the last decade.

#### **4.3.2 The 11 January 2004 Declaration on the Requirements from the Government**

Two years after the elections, at the beginning of 2004, TOBB issued another declaration on 11 January 2004. This declaration was titled “What needs to be done by the Government to win 2004, Due diligence, Priorities and Warnings”.<sup>211</sup> At this point, TOBB was unsatisfied with the current circumstances and expressed its wish to accelerate the speed of change, indicating that not much had been made over the previous two years.

The content of the press declaration on 11 January 2004 is especially important as it outlines in detail TOBB’s vision with regard to major issues in domestic and foreign policy. It refers to key points and is thus worth closer examination. This document in its essence reflects TOBB’s approach to being an actor in public diplomacy. The significance of this document lies in the fact that it puts TOBB policy straightforwardly in the form of an ultimatum. Though some adjustments were later made, this very clearly showed that TOBB also pursued liberal policies, like the ruling government, and criticized the government on its prevailing policies. TOBB was accepted as an actor intervening in policy and [public] diplomacy by the government.

The issues addressed in this declaration were on economic and foreign policies, and cannot be regarded as simply domestic in nature. As Turkey is no longer a closed economy, none of these economic policies could be considered to have

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<sup>211</sup> TOBB, ‘What Needs to be Done by the Government to Win 2004, Due diligence, Priorities and Warnings’, 11 January 2004. The original text is in Appendix B.

exclusively domestic implications. TOBB is aware that Turkey became a very important country, not only for the Europe and USA, but as an important regional power in the Middle East, Central Asia and in its neighbourhood as well. Turkey and all the important institutions of Turkey, TOBB being a significant one, are part of the global interaction.

The declaration is very important as it gives a very strong sense of TOBB's view on issues and its desire to influence policy outcomes. The issues touched upon and the ways they are addressed are evidence of TOBB intervention and mattering.

The requirements from the government were classified under 14 headings:

- Obstacles to Foreign Direct Investment (and all investment) should be eliminated.
- The energy markets should be liberalized.
- The social security reform should be completed immediately.
- The tax administration should be restructured.
- The public administration reform should not be delayed.
- A reform should be made to simplify the legislation system.
- Judicial reform should be carried out.
- The civil service regime should be reformed.
- Privatization should be completed as soon as possible.
- The state should withdraw from the banking sector.
- The fight against inflation should not be relaxed.
- Progress should be made in the fight against corruption.
- The government should not turn to populist policies.
- 2004 is a year in which it is necessary to be more determined and stable in foreign policy issues.<sup>212</sup>

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<sup>212</sup> Ibid.



All of the above statements are very important as they reflect what changes TOBB wants to see and how it intervenes.

The points made include obstacles to investments, energy market liberalization, social security reform, tax and tax administration reform, public administration reform, legislation reform, judicial reform, civil servant system reform, acceleration of privatization, state withdrawal from the banking sector, continuation of the fight against inflation, progress in the fight against corruption, avoidance of the tendency to turn to populist policies prior to the local elections, and achievement of stability in foreign policy.

As it can easily be observed from the above text, TOBB supports policy reforms that will enhance globalization and economic governance. TOBB has tried to influence policy outcomes and demanded even more liberal policies than the AKP government implemented until the beginning of 2004.

It is deduced from the text that TOBB wants to be an actor facilitating the “modernization” of Turkey, and shares the objective of the United States of establishing democracy and the market economy in Iraq.

This policy statement has been distributed on various occasions to various counterparts, including foreign missions visits, to the IMF, to the World Bank. The views expressed on economic issues were in line with IMF and World Bank policy requirements.

From this statement we understand that TOBB does not limit itself as a local actor, but is involved in global matters as well. It is possible to see that in TOBB’s vision, economic matters and international political matters are closely interlinked; they are not mutually exclusive spheres. Maintaining a market economy in Iraq is an

issue of the economic sphere as much as an issue of international politics as conflict is an obstacle to well-functioning markets.

#### 4.3.2.1 Cyprus Issue

In this text there is extensive reference to matters that relate to Turkish international relations, ranging from EU relations to Iraq and the Cyprus issue.

We do not consider the solution of the Cyprus problem as a condition related to Turkey's EU membership. The institutions responsible for foreign relations under the direction of the government in Turkey are working to provide for a solution by making important preparations.

We hope to find a constructive response from our counterparts to these efforts and will. In case Southern Cyprus joins the EU without a solution on Cyprus, then the Greek Cypriot side and the EU will be confronted with major problems.<sup>213</sup>

The Cyprus issue is brought forward as another obstacle against well-functioning markets, especially by the EU. Turkey acts strategically on this issue: there are red lines that cannot be crossed so easily, yet it constitutes a major international conflict area. Turkish Cypriots continue to face economic and political isolation.

As of 2010, TOBB's stance on Cyprus issue is expressed in a more explicit way. This is apparent in a statement made by one of the deputies of TOBB President:

In the 2004 referendum Turkish Cypriots voted for a solution as usual. But Greek Cypriots rejected the solution offered by the UN Secretary General which was supported by the EU. The result is the punishment of Turkish Cypriots who voted for a solution. They still suffer from economic and political isolation. Political negotiations continue. Under current conditions it is possible to carry out work that will increase competitiveness and create an environment for those who would like to invest in Cyprus. We need three fundamental institutions in Turkish Republic of Northern Cyprus (TRNC) to achieve participatory economic governance and a comprehensive reform. 1. An Economic and Social Council which will bring all segment of the society together, 2. An institution that will lay down the problems of foreign investment which has a similar structure to Foreign Investment Advisory Council in Turkey 3. An institution which would improve the investment climate in Turkish Republic of Northern Cyprus similar to The Coordination Council for the Improvement of Investment Environment in Turkey. We are glad that TRNC administration

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<sup>213</sup> Ibid.

also supports this view and we will have the Foreign Investment Advisory Committee meeting under the patron of the TRNC Prime Minister and the President.<sup>214</sup>

The TRNC vision of TOBB is described as follows:

We target a TRNC whose economy is growing fast, its people are getting wealthier, its economic and trade relations are growing with Turkey, the unfair economic and political isolations it has been subject to are removed, its economy, political system, legal system and its nation is integrated into the international system, powerful in the negotiations for the solution, able to stand on its own feet with a strong economy and educated human resources. Of course the most important thing is what you businessmen envisage for Cyprus.

Within this framework, as TOBB, we express, and we will continue to express our suggestions for a solution and our opinion that TRNC must be integrated to the international community in every international platform that we are represented.<sup>215</sup>

TOBB, as an organization of businessmen, tries to find economic solutions to problems and create wealth at the same time. For that matter TOBB wants to integrate Cyprus into the international system both economically and politically while seeking a balance with Turkey's national interests. TOBB wishes to apply instruments that are already in use for this purpose.

On foreign policy issues, a parallel stance between TOBB and the Turkish government's policies is observable. TOBB expressed the view that the Cyprus issue and EU membership should be perceived as different areas of concern. But there is no doubt that TOBB leadership is devoted to EU membership. Yet this did not prevent TOBB from pursuing good relations with its neighbors, including Syria, just as it did not prevent the Turkish government from doing so.

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<sup>214</sup> Halim Mete, TOBB speech at the meeting in Girne, Turkish Republic of Northern Cyprus, while submitting the Report on Future Strategies, 4 October 2010.

<sup>215</sup> Ibid.

### 4.3.3 TOBB Criteria for the Economy

As TOBB is an umbrella organization of the Turkish private sector represented through chambers, its interest in economic matters is obvious. TOBB produced several reports regarding its demands on economic matters. An important benchmark of this framework was launched in September 2005 under the name “TOBB Criteria for the Economy”.<sup>216</sup> The report was addressed to the government and shared with the public through the media. TOBB warned the government about the stagnancy of the industrial sector and slowing of the increase in productivity. It listed its expectations from the political authority under 12 headings.

The arenas of reform identified by TOBB in the economic sphere are:

1. Financial Discipline should prevail.
2. Judicial reform should be carried out.
3. Simplification of laws and regulations should be achieved.
4. Public administration reform should be designed.
5. A new civil servant regime based on seniority and performance should be designed.
6. Reform of the education system should be realized.
7. Reform of the tax system should be designed to encourage registered economy.
8. The infrastructure sector should be open to competition.
9. Social Security reform should be carried out.
10. An industrial strategy should be designed based on an industrial inventory.
11. A framework should be designed for agricultural policies as in other developed countries.
12. A framework should be designed for tourism to make the most of the tourism potential of the country.<sup>217</sup>

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<sup>216</sup> Cahit Uyanık, ‘TOBB Criteria for the Economy: Reform is Necessary in 12 Fields to Achieve Sustainable Development’, *Referans*, 12 September 2005.

<sup>217</sup> *Ibid.*

We can observe that market liberalization, social security reform, tax and tax administration reform, public administration reform, legislation reform, judicial reform, civil servant system reform, acceleration of privatization were among the demands from the government. These were seen as the primary conditions for the prevalence of liberal economy. The realization of these objectives would contribute to the acceleration of globalization.

#### **4.4 Platforms of Economic Intervention**

TOBB makes use of the media to transmit its views to the public. But this is not its only means for making its perspective known and for influencing policy-making decisions. TOBB participates in various platforms at which economic issues are discussed with government representatives responsible for certain issue areas. TOBB is consulted on these platforms, and is able to intervene and influence policy outcome according to its own viewpoint.

##### **4.4.1 Economic Summits**

Besides participating in economic platforms in order to influence the policy outcomes, TOBB also takes an active role in the initiation of the establishment of such platforms.

TOBB organized the first “Economic Summit” on 19 January 2003 in Ankara. The aim was “to establish a common ground to achieve a stable growth process in the country”.<sup>218</sup> At this meeting TOBB presented sectoral and regional problems to the government. The meeting was attended by Prime Minister Abdullah Gül, Deputy Prime Minister and State Minister Abdullatif Şener, State Minister Ali Babacan,

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<sup>218</sup> TOBB, *58th General Assembly Activity Report (2002-2003)*, p. 10.

Minister of Justice Cemil Çiçek, Finance Minister Kemal Unakıtan, Minister of Social Security and Employment Murat Başesgioğlu, Minister of Industry and Trade Ali Coşkun, Minister of Energy and Natural Resources Hilmi Güler, Minister of Tourism Güldal Akşit, Minister of Agriculture and Rural Affairs Sami Güçlü, Minister of Health Recep Akdağ, Minister of Forestry Osman Pepe and high-level bureaucrats.

This was shortly after the 3 November 2002 elections that brought the AKP to power in Turkey. The new government was ready and willing to accept feedback from TOBB, its president, presidents of local chambers and commodity exchanges and TOBB sectoral board presidents. The prime minister and members of the cabinet listened to problems, and took suggestions to solve these problems. Although there were sector-specific problems, some were common to all.

These main problems were noted as:

1. Eximbank credit facilities should be increased, should be selective and sectoral for the new markets.
2. Raw material and Energy prices are very high in our country compared to competing countries. These should be supplied at world prices.
3. Privatization should be accelerated.
4. The burden on employment should be decreased. Draft employment law should be finalized. Work security law brings heavier obligations than EU and ILO norms.
5. Research and development should be promoted and resources for this should be increased.
6. Education and health services should be supported.
7. Export and investment promotions should be in line with EU and WTO rules.
8. Precautions should be taken against imports with dumping.
9. Bureaucratic obstacles preventing investment should be diminished and the law governing this should be simplified.
10. Reimbursement for VAT in exports should be done in accordance and coordination with its purpose.
11. Tax rates should be lowered.<sup>219</sup>

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<sup>219</sup> TOBB, Economic Summit Report (Ankara: 19 January 2003).

So far, six Economic Summits have been organized, on 19 January 2003, 5 January 2004, 14 February 2006, 10 March 2007, 19 November 2008 and 2 November 2010.<sup>220</sup>

The importance of these meetings lies in the fact that the top-level political authority is open to allocating time and listening to what TOBB representatives have to say on matters regarding the economy. They personally take notes and work on the demands that are set forth.

The most recent of these was held on 2 November 2010. Prime Minister Recep Tayyip Erdoğan, State Minister and Deputy Prime Minister Ali Babacan and Minister of Industry and Trade Nihat Ergün attended the meeting, called “The 6<sup>th</sup> Trade and Industry Council Meeting of Turkey” (6’ncı Türkiye Ticaret ve Sanayi Şurası).

At this meeting, representatives of the seven regions of Turkey, five TOBB Councils and the three largest cities (Ankara, Istanbul and Izmir) presented their sectoral and regional problems and demanded solutions from the government.

#### **4.4.2 Economic Issues Assessment Council**

The decision to establish an Economic Issues Assessment Council (ESDK), was taken at the first Economic Summit referred to above, held on 19 January 2003. The Council came into existence at the initiation of TOBB and the support of then-Prime Minister Abdullah Gül. The Economic Issues Assessment Council was established as an ad hoc council on 20 January 2003 for the purpose of giving special attention to specific issues. The council was assembled under the

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<sup>220</sup> See TOBB General Assembly Activity Reports for years 2003 to 2010.

coordination of Minister of Industry and Trade Ali oşkun, and with the participation of Ministers Ali Babacan, Kürşat Tüzmen, Kemal Unakıtan, Murat Başesgiođlu and the TOBB presidency. At the first meeting of the ESDK in February 2003, the problems of the SMEs were addressed.<sup>221</sup>

It was also decided that depending on the nature of the issues to be discussed, other related ministries and representatives of relevant institutions would be invited to the meetings. TOBB president M. Rifat Hisarcıklođlu took an active role in initiating this council.<sup>222</sup>

The TOBB president explains the aim of the ESDK as:

To evaluate the problems and obstacles that Turkish businesses face and thereby contribute to the dynamism of the private sector and enhance the capacity of the Turkish private sector to adapt itself to market conditions both domestically and internationally.<sup>223</sup>

Twenty meetings were held during the 2003-2006 period.<sup>224</sup> Some of the issue areas that have been resolved during the tenure of Rifat Hisarcıklođlu through the ESDK platform are identified as follows:

1. The rules that regulate venture capital were reorganized.
2. Legal regulations concerning establishment of SME markets were designed.
3. The percentage cut taken by the fund for company establishment and the increase of capital was lowered to 1 in a thousand from 2 in a thousand.
4. The validity period of investment promotion certificates was extended for one year.
5. Inflation accounting was introduced as a concept and made applicable with Law Number 5024, dated 17.12.2003.

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<sup>221</sup> TOBB, 59<sup>th</sup> *General Assembly Activity Report (2003-2004)*, p. 11.

<sup>222</sup> Accessed on 1 October 2010, <http://www.tobb.org.tr/yonetim/baskan.php>

<sup>223</sup> Ibid.

<sup>224</sup> ađrı Grgr interview, op. cit., in note 112.



6. It has been agreed with the Undersecretariat of Foreign Trade that unfair imports (Dumping) should be prevented.
7. The share of the employer in unemployment insurance was decreased by 1% for the year 2003.
8. A separate working group was established to deal with the problems of the maritime sector
9. In tourism and textiles the VAT rates are brought down from 18% to 8%.
10. Foreign currency legislation was renewed; the obligation to convert export proceeds into Turkish Lira was abolished.
11. A single definition established for SMEs.
12. Company establishment procedure is simplified; the number of necessary legal procedure is reduced to 3, from 19.<sup>225</sup>

After functioning for a period, this council was replaced by a more formal Committee, the Economic Coordination Committee.

#### **4.4.3 The Economic Coordination Committee**

The Economic Coordination Committee (EKK) replaced the ESDK after 2008, and twelve meetings had been held by the end of 2010. The committee was formalized by Law Number 5838, dated 18 February 2009, which added an annex article to the Law on the Organization of the Prime Ministry, numbered 3056, dated 19 October 1984.<sup>226</sup> The Economic Coordination Committee is headed by the minister responsible for economy, and related ministers are members.

According to this article, the EKK is composed of ministers appointed by the prime minister. The deputy prime minister heads the committee. The ministers associated with the subject, public and private sector officials, NSAs and university representatives can be invited to the meetings.

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<sup>225</sup> TOBB, op. cit., in note 221, p. 19 and Çağrı Gürgür interview op. cit., in note 112.

<sup>226</sup> Accessed on 30 September 2010, <http://www.tbmm.gov.tr/kanunlar/k5838.html>

The duties and the working procedures of the EKK as identified by law are:

- a) To follow and evaluate developments on economic stability.
- b) To maintain coordination of determination, implementation and updating of policies related to money, credit, finance, borrowing, revenues, and other economic policies as well as plans and programs.
- c) Follow and evaluate developments in the global and national economies; to carry out research when needed.
- d) To maintain coordination in implementation and update of principles and rules related to economic security and economic defense.
- e) To evaluate suggestions on revenue decreasing or expenditure increasing policies; to carry out impact analysis on those seen to be relevant.
- f) To coordinate the determination, implementation and update of state assistance policies.
- g) To follow and evaluate the implementation processes of committee decisions, to submit the results to relevant ministries, public institutions and to report it to the Prime Minister.

The working procedures and rules of the EKK, public and private sector institutions that will be represented in the committee as well as secretarial services are determined with a regulation.

The Committee is authorised to request all information and data that is within its scope of duty from the related ministries, and public institutions.<sup>227</sup>

Some of the decisions taken and implemented in this Committee are: restructuring of tax and social security premium debts, regional and sectoral distinction in investment promotion system, renewal of cheque legislation, premium immunity for a certain period for new recruitments, expansion of the scope of Eximbank support, providing support by public banks to Turkish contractors for their activities in foreign countries, transfer of the Risk Center of the Central Bank of the Republic of Turkey to the Union of Banks, a new Commercial Law, a new Law of Obligations, a new Civil Procedural Code, an industrial strategy document, a machinery sector strategy document, and an automotive sector strategy

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<sup>227</sup> Ibid.

document.<sup>228</sup> All these changes and restructurings were implemented as a result of demand from the private sector with the claim that they were needed for better performance in the economic sphere.

The EKK meets as often as determined necessary. The meeting dates and agendas are announced on the Turkish Treasury website.<sup>229</sup>

#### **4.4.4 Economic and Social Council**

The Economic and Social Council (ESK) is another economic and social consultative platform between the state and various social and economic groups in Turkish society. It was established through the Law on the Establishment of Economic and Social Councils, its working principles and procedures, numbered 4641 and dated 11.4.2001. It is a dialogue platform headed by the prime minister.<sup>230</sup> The secretariat is held by the State Planning Organization.

The Council is expected to motivate the economic and social units in society to participate in the formation of the economic and social policies of the government, and to help maintain coordination between the government and societal sectors, as well as within society, in order to strengthen accord and cooperation among the parties.

Article 2 of the above-mentioned law establishes TOBB as one of its permanent members, in addition to several ministries, the State Planning Organization and certain other civil society organizations. These represent employee and employer organizations as well as other economic bodies, such as the Turkish Agricultural

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<sup>228</sup> Çağrı Gürgür, *op. cit.*, in note 112.

<sup>229</sup> Accessed on 1 October 2010, <http://www.hazine.gov.tr>

<sup>230</sup> Accessed on 2 October 2010, <http://mevzuat.basbakanlik.gov.tr>

Chambers Federation and the Turkey Tradesman and Artisans Confederation. TOBB has participated in this Council since December 2002, following the issuance of Law numbered 4641 on its establishment. TOBB is categorized under the employers' section.<sup>231</sup> Participants other than state representatives are organized under the categories of employer, employee (workers and civil servants) and professional chamber (TESK and TZOB).<sup>232</sup> TOBB also sends representatives to ESK working groups identified under the regulation that describe its working procedures.

The issues brought to this platform in the last decade were macroeconomic programs, evaluation of the general economic conditions, economic and social policies and the institutionalization of the ESK, increase of the ESK's efficiency, evaluation of efforts regarding the improvement of investment climate, prevention of unemployment and increasing employment, general evaluation of Turkey's EU membership process, restructuring of the ESK, exchange of views with social parties regarding the role civil society organizations would play during the EU negotiation process, evaluation of social policy and employment issues under the thirteenth heading of the 2004 EU Progress Report, social security reform, and occupational safety and health.<sup>233</sup>

The ESK also functions as a tripartite advisory body that the European Union considers to be important under social dialogue. The European Economic and Social Council made the some recommendations to raise the profile of the ESK, and that it should become a consultative institution encouraging civil society organizations to be actively involved in economic and social policy-making.

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<sup>231</sup> Accessed on 12 April 2011, <http://esk.dpt.gov.tr>

<sup>232</sup> Accessed on 12 April 2011, <http://mevzuat.dpt.gov.tr/yonetmel/esk/2001.html>

<sup>233</sup> Op. cit., in note 231.

By making reference to the Economic and Social Council in the new Constitution of Turkey, which was accepted in a referendum on 12 September 2010, the profile of the ESK is raised as an important institution of social dialogue.<sup>234</sup> However, compared to the YOIKK, ESDK and EKK, the ESK has been less efficient in producing outcomes based on consensus. This is understandable when the diversified composition of the ESK is taken into consideration, as well as the controversial nature of the issues discussed under this platform.

#### **4.4.5 The Coordination Council for the Improvement of Investment Environment**

The Coordination Council for the Improvement of Investment Environment (YOIKK) is another body of consultation and cooperation between public and private institutions in which TOBB participates. It was established within the framework of the “Reform Programme on the Improvement of Investment Climate in Turkey” devised by the Council of Ministers Decision in Principle on 11 December 2001.<sup>235</sup>

The YOIKK has a rather specific agenda, and as its name suggests, it specializes in the improvement of the investment climate in Turkey. TOBB is a member of the Steering Committee, along with TÜSİAD (Turkish Industrialist and Businessmen’s Association), TİM (Turkish Exporters Association) and YASED (International Investors Association) representing the private sector. The public sector is represented by Deputy Undersecretary of the Prime Ministry (responsible for the Department of Administrative Development), Deputy Undersecretary of the State Planning Organization, Deputy Undersecretary of the Ministry of Finance, Deputy Undersecretary of the Ministry of Industry and Commerce, and Deputy Undersecretary of Foreign Trade. The Steering Committee has made regular

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<sup>234</sup> The Constitution of the Republic of Turkey, article no. 166.

<sup>235</sup> Accessed on 24 February 2011, [http://www.yoikk.gov.tr/komiteler/dogrudan\\_yabanci\\_yatirim\\_mevzuati](http://www.yoikk.gov.tr/komiteler/dogrudan_yabanci_yatirim_mevzuati)

monthly meetings under the chairmanship of the Undersecretary of Treasury. The Steering Committee monitors the activities of the technical committees. There are twelve technical committees, which specialize in various issues related to foreign investment. These are: company establishment, employment, licensing, investment location, taxes and incentives, foreign trade and customs, intellectual and industrial property rights, investment promotion, foreign direct investment legislation, SMEs, corporate governance, research and development. In addition to participating in the steering committee, TOBB is also represented at the technical level by experts on each issue.

Investment Climate Assessment Reports are prepared by the World Bank for its member countries. So far two such reports have been prepared for Turkey. TEPAV, the think tank of TOBB, was a partner to the World Bank in the first report, dated 8 November 2007. The findings of the report were announced to the public on 11-13 December 2007. The report's recommendations were assessed in the framework of Investment Climate Reform and discussed in the YOIKK platform.

The report indicates that Turkey needs to increase productivity and employment to reach EU income levels, and to ensure continued the political support for reforms. The four main recommendations of the report for increasing productivity and employment are:

- Reducing informality,
- Increasing the flexibility of the labor market,
- Improving the skills of the labor force and
- Facilitating firms' technological progress.<sup>236</sup>

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<sup>236</sup> Accessed on 4 November 2010, <http://www.yoikk.gov.tr/eng/yoikk/31>

The second report, dated May 2010, was also produced in consultation with various institutions, including TOBB. In this report, the objectives are summarized as:

- Ease constraints on the ability of SMEs to grow in size and generate employment
- Increase the “absorptive capacity” of SMEs at the local level
- Improve the regulatory environment for business
- Improve access to information on regulatory requirements and government support programs.<sup>237</sup>

In this report, TOBB is considered to be a partner in the context of improving access to information on regulatory requirements and government support programs. The phrase “... in close cooperation with business associations with a local presence, such as TOBB, as well as with government agencies, such as KOSGEB and TUBİTAK, etc.”<sup>238</sup> shows that, in the YOİKK context, the business association identity of TOBB, rather the civil society identity, is preferred by the World Bank.

So far several achievements have been made on the improvement of the investment climate with the efforts of YOİKK and the contributions of TOBB. Some examples of improvement are: the number of bureaucratic steps was reduced from 19 to 2, the tax rate for institutions was lowered to 20% from 30%, the Direct Foreign Investment Law was issued, the authority to grant certain permits regarding sectoral licences was transferred to local authorities instead of the central government, state aid regulations were issued, the law regulating foreign

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<sup>237</sup> World Bank, ‘Turkey Investment Climate Assessment From Crisis to Private Sector Led Growth, May 2010’, *YOİKK The Coordination Council for the Improvement of Investment Environment* (Report No: 54123-TR, May 2010), p. xvii.

<sup>238</sup> *Ibid.*

work permits was accepted, and the investment incentive system for large scale investments was designed.<sup>239</sup>

The platform referred to above enables TOBB to communicate the problems of the private sector to the authorities responsible for regulating related issue areas. These are clear indications that TOBB is able to intervene and influence.

In all of these economic platforms, TOBB is supported and encouraged to give its input. TOBB takes an active role in transmitting problems from the regions and sectors to the government. TOBB is also able act as a focal point for dissemination of information at local levels. The government values these as they reflect the demands of the Turkish private sector. All economic activities fall in the realm of the international and the global, as neither Turkey nor the countries it interacts with have closed economies. Therefore, as TOBB tries to influence economic policy outcomes in a more neoliberal vein, it contributes to global change.

## **Conclusion**

TOBB has certain policy instruments that it uses to effect decision-making processes. These range from establishing dialogue channels with regulators, making use of media, issuing declarations, generating reports, and seeking cooperation and consensus on various platforms. It is possible to trace TOBB's viewpoint and actions through its statements, declarations through the media and speeches delivered on behalf of TOBB, as well as through demands made on various occasions.

This can be observed both in the domestic and external spheres. Intervention in economic decision-making, even if it seems to be limited to domestic economy,

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<sup>239</sup> Çağrı Gürgür, op. cit., in note 112.



has far reaching consequences, as Turkey has an open economy. Its economic decisions have repercussions on the global economy, and the economic actions of other actors reach and influence Turkey in return. In the globalized world, the number of countries with closed economies is very limited. Therefore most economic actions reach beyond the boundaries of the countries from which they originate.

The Search Conferences carried out in 2002 and 2010, with an eight year interval between them wherein the visions and missions of TOBB were discussed and agreed upon by stake holders, are indicative of the change and transformation TOBB has undergone. Taking into consideration the results of the texts referred to above and the accomplishments within this time interval, it can be concluded that, while TOBB was trying to implement “change”, it was subject to “change” as well.

TOBB intervened in and influenced a variety of [mainly economic] issues, and was able to achieve the desired outcome from the state over the course of the most recent decade. TOBB not only expressed views on economic matters, but on national and international matters such as the Iraq issue, and the Cyprus issue as well.

In our period of study, among the various declarations and demands that TOBB has made public, elaboration is on four that are considered to be the most important benchmarks. These are the 30 November 2001 decisions agreed between TOBB and the government; the 22 October 2002 Turkey Wants Its Future declaration, the 11 January 2004 declaration and TOBB Criteria for the Economy launched in September 2005. Some demands have been very specific and have targeted specific issue areas, whereas others have been more general. More specific demands are pursued on more specific economic platforms. The structured economic platforms that TOBB is active and influential in may be listed as

Economic Summits, the Economic Issues Assessment Council, the Economic Coordination Committee, the Economic and Social Council and the YOIKK. The majority of TOBB's requirements on these platforms support neoliberal economic policies, and their realizations have a positive effect on the globalization trend.

TOBB demands focus on issues such as financial structuring and discipline, privatization, judicial reform, obstacles to investment and production, social security reform, market liberalization in certain sectors, restructuring the tax administration and improving the tax system, simplification of regulations, public administration and civil service reform, education system reform, social security reform, industrial strategy design, agricultural policy design, tourism policy design, transparency, the fight against corruption and stable foreign policy. These are closely linked with the acceleration of globalization. TOBB intervenes to achieve these targets both on the general level and through specific economic platforms where issues are divided into smaller components. It is observed that TOBB is able to influence in the direction of its preference. From time to time it cooperates with various other actors and seeks consensus, as pluralist theory would suggest.

The economic policy outcomes fall in the realm of the international and global, since neither Turkey nor the countries it interacts have closed economies. As TOBB tries to influence economic policy outcomes in favour of more neoliberal ones, it is possible to claim that this has an effect on the acceleration of globalization. It can be said that there is the "presence" of an effect although the exact "magnitude" of that effect might not be measured. The examples provided, however clearly demonstrate that TOBB is a consulted counterpart on economic matters.

## CHAPTER 5

### NON-STATE ACTOR ENABLING TREND, TOBB'S INVOLVEMENT WITH INTERNATIONAL GOVERNANCE INSTITUTIONS AND COUNTERPARTS

In this chapter, what is meant by the idea of NSAs enabling trends and acceptance will be explained in various examples. This will be followed with a demonstration of TOBB's involvement with international governance institutions. There is no simple definition of what is meant by these concepts, as they are processes, yet, they may best be simplified with an understanding of the transformation from a realist to a pluralist perspective. A rising trend for involving NSAs in policymaking is observed. Actors do not interact in an environment of well-defined boundaries with clear-cut demarcations, but at multiple levels and on various platforms. In a pluralist environment, new actors are welcomed to the system that would not have been so warmly received under previous systems of state and international governance.

Before exploring the details of what is meant by an "enabling environment", it is necessary to clarify our usage of the term NSA, as different actors and institutions may refer to the same body with different terms. Each author's own language will be used throughout this chapter, which may cause some confusion if not clarified.

The term non-state actor (NSA) or non-governmental organization (NGO) covers a broader spectrum of institutions than does civil society organization (CSO). Any institution that is not part of the governmental structure can be described as an NSA. What is "civil" and what is not "civil", on the other hand, is open to discussion, and may even change according to the perception of the institution using the concept. For example, some organizations may base this definition on the criteria of "non-violence", or perhaps on the idea that participation is "voluntary". Because of the complex and contingent usages of these terms, NSA,

NGO and CSO are often used interchangeably. Institutions such as the World Bank and the IMF may prefer to use the concept of CSO to cover all these types of organizations. In this thesis, when discussing a particular situation or organization, the term they use to describe themselves is used for the purposes of consistency. In other cases, the term NSA is used.

### **5.1 Domestic Trends that Effect TOBB's Acceptance**

NSAs play an important role in the exercise of soft power, and they are the objects of "public diplomacy", a term used to describe the conduct of foreign policy through engagement with foreign publics.

According to Joseph Nye:

Soft power is the ability to affect others to obtain the outcomes one wants through attraction rather than coercion or payment. A country's soft power rests on its resources of culture, values, and policies. A smart power strategy combines hard and soft power resources. Public diplomacy has a long history as a means of promoting a country's soft power and was essential in winning the Cold War. The current struggle against transnational terrorism is a struggle to win hearts and minds, and the current overreliance on hard power alone is not the path to success. Public diplomacy is an important tool in the arsenal of smart power, but smart public diplomacy requires an understanding of the roles of credibility, self-criticism, and civil society in generating soft power.<sup>240</sup>

This internationally accepted principle has also been adopted by the Turkish State. Emphasis is given to making use of public diplomacy in the domestic sphere as well. For this purpose the Republic of Turkey Prime Ministry established a coordination unit with a circular signed by the prime minister and published in the official gazette, dated 30 January 2010 and numbered 27478.<sup>241</sup> It also launched a website under the name Prime Ministry Coordination Unit of Public Diplomacy.<sup>242</sup>

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<sup>240</sup> Joseph S. Nye Jr., 'Public Diplomacy and Soft Power', *The ANNALS of the American Academy of Political and Social Science* (Vol. 616 No. 1, March 2008), p. 94.

<sup>241</sup> Accessed on 1 March 2011, <http://kdk.gov.tr/kurumsal/kdk-genelgesi/5>

<sup>242</sup> *Anadolu Agency news digest*, 28 February 2010.

On this website issues such as the importance of public diplomacy, the increasing need to use soft power in addition to formal diplomatic channels, and cooperation with civil society organizations are emphasized.<sup>243</sup>

This shows that the Turkish state wishes to make use of soft power and public diplomacy, and is willing to enable NSAs to be active in this respect. TOBB is certainly one of these.

### **5.1.1 Acceptance and Encouragement by the Turkish Government as an Actor of Public Diplomacy**

The role TOBB plays is due in part to this understanding, and to its acceptance as a soft power actor in the domestic and international spheres. TOBB is an actor that exercises soft power. Although this power begins at the domestic level, its actions naturally have repercussions reaching beyond domestic boundaries into the international arena. It is not by coincidence that TOBB plays an important role in USA-Turkey relations as well. TOBB is considered as a facilitator that American NSAs and government on occasions communicate in Turkey. Within this context the Turkish state recognizes TOBB as a legitimate partner. This trend is also observed on the Turkish Ministry of Foreign Affairs website. There is a reference to TOBB in the section on relations with the USA and the Economic Partnership Commission (EPC):<sup>244</sup>

The fourth meeting of the EPC was held on 16-17 April 2008 in Washington. The U.S. Business Council for International Understanding organized a private sector event on April 16. The Union of Chambers and Commodity Exchanges of Turkey (TOBB) and over 50 U.S.

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<sup>243</sup> Ibid.

<sup>244</sup> The EPC is a strategic economic dialogue within the framework of the “Shared Vision and Structured Dialogue to advance the Turkish-American Strategic Partnership”, which was initiated by then-US Secretary of State Condoleezza Rice and then-Foreign Minister Abdullah Gül on 5 July 2006 because expanding economic ties were seen as integral to the advancement of a strong and lasting friendship and a strategic partnership between the United States and Turkey. Accessed on 4 October 2010, [http://turkey.usembassy.gov/statement\\_050208.html](http://turkey.usembassy.gov/statement_050208.html)

and Turkish business representatives discussed trade and investment issues with U.S. and Turkish policymakers. During the formal session of the EPC meetings, the two delegations talked about U.S., Turkish, and global economic trends, reviewed the Action Plan from last year's EPC and confirmed that most items in the Action Plan were successfully completed. A substantial portion of the EPC dialogue was committed to energy security and delegations exchanged views on enhancing the bilateral cooperation in this field. The two delegations also emphasized the importance of regional cooperation to foster global economic security and stability and explored ways to strengthen the U.S.-Turkey relationship through innovative technologies, including scientific and technological cooperation among our technical government agencies, academic communities, and private sectors. The delegations talked about ways to increase trade and investment to narrow the gap of unrealized potential in the economic relationship. A joint Communique was adopted at the end of the meetings. New areas of cooperation were identified and the implementation process has been started.<sup>245</sup>

On the official website of the Turkish Ministry of Foreign Affairs, there is reference to, and explicit acceptance and encouragement of cooperation between government agencies, academic communities and the private sector. This is significant in demonstrating TOBB's role, which is granted to TOBB as the umbrella organization of the Turkish private sector. Several other TOBB activities may be observed as a reflection of efforts carried out in this regard.

The Turkish state, like its leading counterparts, tends to include various sections of society and NSAs in the decision-making process. This is a reflection of a public diplomacy trend that has been influential all over the world.

A similar situation exists in relations with the United Kingdom and many other countries.

A very significant recent example of this is the 27 July 2010 state visit of the British Prime Minister to Turkey. The first official visit of British Prime Minister David Cameron to Turkey was realized shortly after the British elections on 8 May 2010. Cameron was received by Turkish Prime Minister Recep Tayyip Erdoğan. The new

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<sup>245</sup> Accessed on 17 February 2010, [http://www.mfa.gov.tr/turkey\\_s-commercial-and-economic-relations-with-u\\_s\\_.en.mfa](http://www.mfa.gov.tr/turkey_s-commercial-and-economic-relations-with-u_s_.en.mfa)

British government, which was established in a joint effort by the Conservative Party and the Liberal Democrat Party, had indicated that the new foreign policy of Britain would be based on commercial and economic relations rather than ideology. In line with these new foreign policy priorities, Cameron visited TOBB in order to meet businessmen in Turkey, and he chose the TOBB premises to present important messages.

In his speech he expressed support for Turkey, its role as a NATO member, the role it could play for the EU, its growth potential and its economic significance. Britain is severely affected by the financial crisis and wants to trade with Turkey. TOBB is seen as a valuable counterpart in Turkey to achieve this goal. This fact, and Cameron's own testimony excerpted below, supports idea that TOBB's profile as an actor in international relations has been raised.

I have come to Ankara to establish a new partnership between Britain and Turkey. I think this is a vital strategic relationship for our country. As Prime Minister, I first visited our two largest European Union partners, then Afghanistan, then North America and now, I come to Turkey. People ask me, 'Why Turkey?' and, 'Why so soon?' Well, I can tell you why: because Turkey is vital for our economy, vital for our security and vital for our politics and our diplomacy. Let me explain.

First, our economy. Over 400 years ago England's first official diplomatic representative arrived in Istanbul. William Harborne came bearing gifts from Queen Elizabeth. As a nation, we sought the opportunity for our merchants to trade. More than 400 years on, I follow him to Turkey at least in part for the same reason.

I ask myself this: which European country grew at 11% at the start of this year? Which European country will be the second fastest growing economy in the world by 2017? Which country in Europe has more young people than any of the 27 countries of the European Union? Which country in Europe is our number one manufacturer of televisions and second only to China in the world in construction and in contracting? Tabii ki Türkiye.

Everyone is talking about the BRICs, the fast-growing emerging economies of Brazil, Russia, India, and China. Turkey is Europe's BRIC, and yet in Britain we export more to Ireland than we export to Brazil, Russia, India, China and Turkey all combined. With no disrespect to our partners and friends in Ireland, we have to change that. That is the first reason I am here today and it is why I have chosen to come to TOBB, right in the heart of the Turkish business community.

The second reason for coming to Turkey is security. Turkey is a great NATO ally and Turkey shares our determination to fight terrorism in all its forms, whether from al-Qaeda or from the PKK. Yesterday we had yet another reminder of the human price that Turkey pays in

facing up to terrorism. As a friend who has also suffered from terrorism, including right here in this country, we stand with you and we will do all we can to help ensure that democracy and the rule of law always win against terror.

You are not just a great ally; the fact is that Turkey's unique position at the meeting point of East and West gives you an unrivalled influence in helping us to get to grips with some of the greatest threats to our collective security (...)The third reason I am here is political. I am here to make the case for Turkey's membership of the European Union and to fight for it. Do you know who said this? 'Here is a country which is not European, its history, its geography, its economy, its agriculture and the character of its people – admirable people though they are – all point in a different direction. This is a country which cannot, despite what it claims and perhaps even what it believes, be a full member.'

Now, that might sound like some Europeans describing Turkey. Actually it was General de Gaulle describing the United Kingdom, my country, before vetoing our accession to the European Union. So we know what it is like to be shut out of the club, but we also know that these things can change.

When I think about what Turkey has done to defend Europe as a NATO ally and what Turkey is doing today in Afghanistan alongside our European allies, it makes me angry that your progress towards EU membership can be frustrated in the way that it has been. My view is clear: I believe it is just wrong to say that Turkey can guard the camp but not be allowed to sit in the tent.

I will remain your strongest possible advocate for EU membership and for greater influence at the top table of European diplomacy. This is something I feel very strongly and very passionately about. Together I want us to pave the road from Ankara to Brussels.<sup>246</sup>

In the above extract, he emphasizes important concepts of international relations and establishes linkages with Turkey and TOBB. These concepts are economy, security, politics and diplomacy.

This speech may be regarded as a very important benchmark, putting forward very important rules of global interaction. The British Prime Minister declares that the economy comes first, rather than security, policy and diplomacy. When economy is placed as the first priority, Turkey is identified as an important partner, and in the speech he explains why. In Turkey, TOBB is identified as a natural partner, as it is perceived to be "at the heart of the Turkish Business community". In other words,

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<sup>246</sup> Accessed on 5 August 2010, <http://www.number10.gov.uk/news/speeches-and-transcripts/2010/07/pms-speech-in-turkey-53869>



from the viewpoint of highest political authority of Britain, TOBB is an important and well-respected partner.

Both the USA and UK place TOBB in positions of high esteem within their diplomatic activities and view TOBB as a facilitator of their relations with Turkey. TOBB's position with respect to the USA and the UK is a good example of how, as an NSA, TOBB has the ability to intervene, to transact with the heads of state of important countries and that it "matters."

The significance of TOBB domestically makes it an important partner for Turkey's allies. In return, the fact that it is seen as a partner enables TOBB to become even more active in the international arena. This interaction works in both directions.

## **5.2 International Trends that Effect TOBB**

The role of NSAs is becoming increasingly important and complex under the current global environment. It is possible to trace evidence that supports this fact. This evidence also shows that TOBB is considered as a strategic NSA of a strategic country.

### **5.2.1 International Governance Institutions' Increased Interest in NSAs and TOBB**

As mentioned earlier, the recent IMF-World Bank Annual Meetings, held in Turkey on 2-7 October 2009, set the stage for new developments regarding this issue. It was an important step, marking Turkey's increased importance in the global environment.

The Bretton Woods institutions' interest in NSAs is worth attention, as its actions and priorities have a determining effect on policies all around the world.

The IMF and World Bank are willing to increase their involvement with NSAs. In addition to receiving contributions, association with NSAs helps to improve their damaged images in the face of increasing criticism over their inadequate management of recurring economic crises. We observe increasing involvement by NSAs. This trend can be witnessed through their policy statements as well. The World Bank locates it in context as follows:

The World Bank has been working to strengthen its engagement with civil society since 1981, when its first operational policy note on relations with nongovernmental organizations (NGOs) was approved by the World Bank's Board of Directors. In the early 1980s, leading international NGOs and the World Bank established the NGO-World Bank Committee which held regular meetings to discuss Bank policies, programs, and projects. Since then the World Bank has undertaken numerous studies, promoted joint World Bank-civil society dialogues, and has adopted policies geared to promoting greater participation.

This greater emphasis on the need to reach out to civil society has been reflected in at least 15 Bank operational policies or directives for staff, such as the Civil Society Consultations Sourcebook, the Comprehensive Development Framework (CDF) and Poverty Reduction Strategy Paper (PRSP) processes. The benefits of engaging CSOs are also supported by a number of Bank studies over the past decade and more recently the Issues and Options for Improving Engagement Between the World Bank and Civil Society Organizations and the World Bank - Civil Society Engagement: Review of Fiscal Years 2005-2006.

The breadth and quality of World Bank – civil society relations began to intensify in the mid-1990s when participation action plans were adopted at the regional level and civil society specialists were hired to work in Bank offices worldwide. Since that time there has been a dramatic increase in the level of interaction and collaboration between the World Bank and a broad range of CSOs worldwide including, community groups, NGOs, labour unions, faith-based organizations, professional associations, and universities.

Reflecting this greater appreciation for the role of civil society in development, projected CSO involvement in Bank-funded projects has risen steadily over the past decade, from 21 percent of the total number of projects in fiscal year 1990 to an estimated 72 percent in fiscal year 2006. As CSOs have become more influential actors in public policy and in development efforts, the rationale for the Bank's civil society engagement strategy continues to grow stronger and is becoming recognized as an integral part of an effective institutional strategy for poverty reduction and achieving the Millennium Development Goals (MDGs).<sup>247</sup>

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<sup>247</sup> Accessed on 14 October 2009, <http://go.worldbank.org/Y55YH23K50>

As stated above, CSO funding (the preferred nomenclature) increased in 2000s. The increase in the number of projects is a clear indication of an accelerating trend.

The IMF on the other hand, while emphasizing CSO participation at its annual meetings is of the opinion that strong participation by CSOs enhances the quality and diversity of policy dialogue:

CSO participation in the World Bank and IMF Spring and Annual Meetings has grown in recent years as part of an effort to make the meetings more transparent and to encourage public debate on development issues. The IMF believes that a strong participation of CSOs enhances the quality and diversity of policy dialogue.

This year's (2009) Annual Meetings are particularly important in view of the global financial crisis and the Civil Society Policy Forum is offering an interesting set of events and sessions. The forum brings together World Bank and IMF staff, CSO representatives, academics, government officials, think tanks, participants from the private sector and others for some interactive discussions on a broad range of topics.

These include the impact of the global crisis on low-income and emerging countries, climate change, human rights, accountability of International Financial Institutions, and transparency. The forum starts on Thursday, October 2 with an orientation session for sponsored CSOs from different countries in Africa, Asia, the Middle East and Latin America.<sup>248</sup>

It is important to note that criticisms of the incapability of foreseeing the 2008 crisis were raised loudly against international institutions, especially against the IMF, which carried this expectation because of the various tools at its disposal, including bilateral and multilateral surveillance analysis and its close cooperation with Central Banks and National Treasuries around the globe, which gives it access to relevant information on balance of payments and macroeconomic indicators for the majority of economic actors. The inability to foresee such a major crisis led to questions about the legitimacy of these institutions.

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<sup>248</sup> Accessed on 15 October 2009, <http://www.imf.org/external/np/exr/cs/news/2009/CSO98.htm>

Both the World Bank and IMF began to put more emphasis on the need for greater involvement by NSAs in the wake of the impact of the financial crisis.

Within this framework, CSOs began to be actively courted for participation in their annual meetings, and a planning group was established to organize certain seminars. A Civil Society Policy Forum was organized in order to establish dialogue between the IMF, World Bank and CSOs. At the annual meetings in October 2009, over 1000 civil society organizations were represented from around the world. This was more than triple the 350 CSOs that had participated previous year. This is an example of the trend of involving CSOs, as well as of the rising interest in Turkey.

The IMF, World Bank, and CSOs teamed to organize the sessions of the 2009 forum, in a similar approach to one first applied during the 2003 meetings. For the annual meetings in Istanbul, a planning group was established, including 18 CSO representatives from organizations including TOBB. TOBB was represented at the Advisor to Secretary General level by Duru Duruman Özkaban. The CSO planning group helped organize CSO events at the meetings, including the policy forum and a town hall meeting with IMF Managing Director Dominique Strauss-Kahn and World Bank President Robert Zoellick. Selected representatives from Belgium, Cameroon, Egypt, Georgia, Iran, Kazakhstan, Philippines, the Russian Federation, Serbia, South Africa, Turkey, Ukraine, the United States, Yemen and Zimbabwe were present. That CSOs were consulted during the preparation process, and that TOBB participated in this international consulting group and was asked to provide input, represented an important landmark. It is important, however, to note that, upon completion of the meetings, the CSO representatives expressed the opinion that though the Civil Society Policy Forum meetings and the official meetings took place at the same time and at the same venue, there was not enough interaction and dialogue between the two. The representatives demanded that the level of interaction be improved for upcoming events. For example, it was thought that the

outcomes the Civil Society Policy Forum should be presented at the official meetings.

The sessions organized by the Civil Society team focused on issues such as the impact of the global financial crisis on member countries, the response by the relevant institutions, and recent IMF initiatives to support economic recovery, particularly in Africa and emerging Europe.

At the end of the official meetings, four decisions were registered as the “Istanbul Decisions” that had already been brought forward during the Pittsburgh G20 meeting on 24-25 September 2009.

Speaking at the IMF-World Bank Annual Meetings held in Turkey, IMF Managing Director Strauss-Kahn told the World’s economic and monetary policy makers that they “have an historic opportunity to create the conditions necessary for ‘a virtuous cycle of peace and prosperity’ if [they] continue to work together and with the IMF on key policy measures.”<sup>249</sup>

Coming out of the October 4 meeting of the International Monetary and Financial Committee (IMFC), the policy-steering committee asked the Fund to address four key reform areas: the IMF’s mandate, its financing role, multilateral surveillance, and governance. The committee agreed to maintain stimulative policies until global economic recovery is assured, and backed moves to reform governance of the Fund to provide a greater voice to dynamic emerging markets and developing countries.

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<sup>249</sup> Accessed on 9 August 2010, <http://www.imf.org/external/pubs/ft/survey/so/2009/NEW100609A.htm>

The result was Istanbul Decisions, and they were registered as follows:

A review of the mandate of the IMF, to encompass the whole range of macroeconomic and financial sector policies that affect global stability.

Assessing how to build on the success of the Flexible Credit Line and provide insurance to more countries as the lender of last resort. Given that IMF resources are limited relative to the precautionary demand for reserves, the IMFC asked the Fund to look at whether enhancing its financing instruments and facilities might help it better address this issue.

An assessment of whether the Fund's enhanced financing instruments, such as the Flexible Credit Line, could help address the question of global imbalances by reducing the need for countries to self-insure against crisis by building up large reserves.

The IMFC endorsed the Group of Twenty proposal for the IMF to help with their mutual assessment of policies. This represents a new kind of multilateral surveillance for the IMF.

The panel endorsed the big step forward on the governance front agreed by the G-20. This will shift quota shares toward dynamic emerging markets and developing countries by at least 5 percent from over-represented to under-represented countries, by January 2011.<sup>250</sup>

The complete text of the communiqué is enclosed in the Appendix C of this thesis.

Following the decisions, the shift in quota shares was realized by the fund and approved by Turkey as a member country of the IMF. This decision was published in the official gazette, numbered 27716 and dated 1 October 2010.<sup>251</sup>

From the perspective of TEPAV, the think tank of TOBB, the Istanbul Decisions indicate that lessons have been learned from the 2008 crisis, and that these decisions, classified under four titles, require a modification in the governance structure of international institutions, democratization of these institutions, and making the decision-making process independent of developed countries:

Istanbul Decisions confirm that correct lessons are learned from the 2008 crisis. The Decisions are comprised of four main categories. First, IMF' mandate is reviewed. According to this, IMF will now monitor a much wider area in economic policy coordination. To maintain global stability, macroeconomic and financial market policies will be monitored more closely.

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<sup>250</sup> Ibid.

<sup>251</sup> Accessed on 4 October 2010, <http://rega.basbakanlik.gov.tr/eskiler/2010/10/20101001.htm>

The second policy area coming to forefront in Istanbul Decisions is the enhancement of IMF's role in international finance. In this regard, development of the flexible credit line as a less conditional facility, in addition to the old funding mechanisms of the IMF; and the assumption by the IMF of the insurer role as the lender of last resort appear on the agenda. (...)Third policy decision is about multilateral monitoring of international economic policies. In line with the recommendation of G-20, IMF will construct a mechanism for mutual evaluation of national policies. (...) Fourth issue Istanbul Decisions touch upon is the reviewing of IMF's governance structure. Here, the fundamental points are participation and democratization of IMF's governance structure. It is on the agenda to give greater voice to and ensure higher participation of emerging market economies and developing countries in decision making processes. In the context of the G-20 decisions, it is decided to expand the distribution of shares in the IMF from the core to periphery until January 2011. To this end, share of peripheral countries in the IMF will be increased by 5 percent while that of developed countries will necessarily be reduced.

Establishment of a new governance structure for the IMF and other international institutions is not only a requirement driven by the lessons from 2008 crisis; it is also required to ensure the legitimacy IMF needs to carry out the new responsibility assigned by the G-20 Pittsburgh meeting decisions and Istanbul Decisions. Istanbul decisions classified under four main titles requires the modification of the governance structure of international institutions; democratization of these institutions; and making of the decision making process independent from developed countries. Istanbul Decisions prove that comprehensive and correct policy lessons have been learned from the 2008 crisis.

Turkey should follow these decisions in the G-20 platform. Greater the voice of countries like Turkey; higher the legitimacy of the globalization process and IMF will be. Istanbul Decisions are highly important both for the future of the global system and for the position of Turkey in the new global system.<sup>252</sup>

All of the above indicate a call for a more participatory global governance system. As governance structures of decision-making institutions are modified to be more democratic, cooperative and inclusive, a more influential role is expected from emerging market economies such as Turkey and its eminent actors such as TOBB. The G20 is cited as the platform to pursue these decisions. As will be demonstrated in the following sections, this has been the case. These are clear indications of pluralist tendencies.

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<sup>252</sup> Güven Sak, and Esen Çağlar, 'From Washington Consensus to İstanbul Decisions: Where do we Go?', *TEPAV (Economic Policy Research Foundation of Turkey) Policy Note* (September 2009), p. 7, accessed on 9 August 2010, [http://yeni.tepav.org.tr/upload/files/1257767542r7983.From\\_Washington\\_Consensus\\_to\\_Istanbul\\_Decisions\\_\\_\\_Where\\_do\\_we\\_go.pdf](http://yeni.tepav.org.tr/upload/files/1257767542r7983.From_Washington_Consensus_to_Istanbul_Decisions___Where_do_we_go.pdf)

According to Kemal Derviş, the former State Minister of Turkey, and Vice President and Director of Global Economy and Development at the Brookings Institution, the Istanbul Decisions have significance, as informal governance cannot replace formal and legitimate governance:

The provision of sufficient and stigma-free precautionary finance by the IMF cannot be delinked from the governance issue. What does it really mean to 'shift ... quota share to dynamic emerging markets and developing countries of at least 5 percent from over-represented countries to under-represented countries using the current quota formula' as the basis to work from? The current quota formula is highly problematic because the dimensions relating to openness and volatility bias the quotas toward mainly European countries. (...) It is true that there was nothing of major significance in the International Monetary and Finance Committee (IMFC) and Development Committee communiqués that was not already mentioned in the G20 communiqué. That should not be surprising. But the G-20 is an informal grouping of systemically-important countries that can deliberate and propose. It cannot decide in a way that binds the international community as a whole. Therefore, the acceptance of the G-20 proposals by the formal governing bodies of the Bretton Woods Institutions is an important and necessary step following the London and Pittsburgh Summits. Informal governance cannot replace formal and legitimate governance, and implementation requires multilateral actions within the framework of the international institutions."<sup>253</sup>

The view emphasized here is that these decisions have to do with the overall governance scheme, and informal organizations such as the G20, which have no organizational structure, cannot replace formal and legitimate institutions such as the World Bank and IMF. This means that even if pluralist tendencies prevail, formal structures are still required by the system to make sure that the decisions are properly implemented.

As put forward by TEPAV and Kemal Derviş, in essence what we see is a shift in governance pattern reflecting a desire for more cooperation and democratization. As civil society organizations are perceived to be actors that contribute to the achievement of greater democratic and cooperative governance structures, it is expected that they will have increased participation, and that they will be included

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<sup>253</sup> Accessed on 9 August 2010, [http://www.brookings.edu/opinions/2009/1008\\_g20\\_istanbul\\_dervis.aspx](http://www.brookings.edu/opinions/2009/1008_g20_istanbul_dervis.aspx)



in the decision-making processes. We observe that TOBB takes its place in this new governance pattern, which is motivated by the desire for more cooperation.

The WTO can be pointed out as another international governance institution that has made arrangements for the inclusion of non-governmental institutions in certain consultation mechanisms.

Their position is explained in their website as follows:

When Ministers adopted the Marrakesh Agreement they also decided to include a specific reference to NGOs in Article V: 2. On 18 July 1996 the General Council further clarified the framework for relations with NGOs by adopting a set of guidelines (WT/L/162) which recognizes the role NGOs can play to increase the awareness of the public in respect of WTO activities.<sup>254</sup>

The WTO guidelines that recognize the role NGOs can play is reproduced in Appendix D of this thesis. Based upon this approach, TOBB has been accredited, and attended the WTO Sixth Ministerial Conference in Hong Kong, China on 13-18 December 2005 as an observer, along with several other NGOs.

These tendencies indicate that, as the legitimacy of international institutions is questioned, they have a greater tendency to shift their governance styles towards more democratic structures. This enables both emerging countries and NSAs, which have to bear the consequences of their decisions, to be more active within governance systems.

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<sup>254</sup> Accessed on 7 January 2010, [http://www.wto.org/english/forums\\_e/ngo\\_e/ngo\\_e.htm](http://www.wto.org/english/forums_e/ngo_e/ngo_e.htm)

### 5.2.2 The Rising Trend for Involving NSAs

The increased presence of NSAs has also been demonstrated in quantitative studies.<sup>255</sup>

In a top-down approach, the increased number of NSAs, along with their increased financial support, is explained. Data shows how support to NSAs has increased over the years. According to the Union of International Associations' Yearbook of International Organizations, international NGOs increased in number from 985 in 1956 to 14,000 in 1985, and nearly 21,000 in 2003.<sup>256</sup>

Reiman examines UN funding and support programs for INGOs and NGOs, the rise of European Union humanitarian and non-governmental organizations aid, support provided by bilateral aid agencies, quasi-governmental foundations, and political foundations (such as the National Endowment for Democracy (NED) in the USA, the Westminster Foundation in the UK, the Olaf Palme International Center and the Swedish International Liberal Center) and private foundations (such as the Carnegie Corporation, the Kellogg Foundation, the Gates foundation, and the Rockefeller Foundation).<sup>257</sup>

According to Reiman, apart from obtaining the funding, "the second important factor behind the growth of NGOs is political access and the evolution of the international system of governance as a larger, more complex and inclusive set of organizations, regimes and gatherings".<sup>258</sup>

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<sup>255</sup> Kim Reimann, 'A View From the Top: International Politics, Norm and the Worldwide Growth of NGOs', *International Studies Quarterly* (Vol. 50, 2006), pp. 45-67.

<sup>256</sup> *Ibid.*, p. 45.

<sup>257</sup> *Ibid.*, pp. 50-54.

<sup>258</sup> *Ibid.*, p. 55.

She further provides a comprehensive list of institutional access for NGOs in UN bodies such as the ECOSOC, UNICEF, WHO, ILO, UNESCO, UNDP, WTO, and the Global Compact.<sup>259</sup>

As she points out, all of this was done in line with the political decisions reflected by the UN Secretary General's 1997 directive to all departments for the purposes of designating an NGO liaison officer.<sup>260</sup> Another important point in this respect is that UN Charter allows the ECOSOC to "make suitable arrangements for consultation with non-governmental organizations which are concerned with matters within its competence."<sup>261</sup>

Reimann also points out that World Bank policy during the 1990s was: "Ensuring an 'enabling' environment for NGOs and civil society, [as] part of its mandate for working with NGOs."<sup>262</sup> This is what we are observing today as well.

This understanding has some reflections on TOBB with regard to matters falling under TOBB's span of activities. In addition to attending WTO events under the NGO category, TOBB has cooperated with the World Bank as a local partner on several projects.<sup>263</sup>

It is pointed out that the new pro-NGO norm necessitated the existence of a flourishing civil society in order to be considered democratic:

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<sup>259</sup> TOBB is also a member of the Global Compact and ECOSOC schemes as well.

<sup>260</sup> Reimann, *op. cit.*, in note 255, p. 57.

<sup>261</sup> *Ibid.*, p. 55.

<sup>262</sup> *Ibid.*, p. 61.

<sup>263</sup> Examples of these are the Investment Climate Assessment (ICA) project, competitiveness, foreign direct investment, the Role of Competition Policy in Turkey project, and partnership in development marketplace competition.

Emergence of a new pro-NGO norm that depicted NGOs as a crucial “partner” in development as well as an enforcer of good governance whose very existence was required as evidence that a state was democratic, accountable, and in some way open to the participation of citizens (...) According to the new pro-NGO norm, in order to be a properly functioning free market and democratic nation in the 1990s and 2000s, it was now necessary to have a flourishing “civil society” sector that included NGOs and other citizen-organized groups <sup>264</sup>

The issues highlighted above are also parallel with what Woods drew attention to when she indicated the need to create more ‘ownership’ and ‘participation’ in order to manage global problems.<sup>265</sup>

Being pro-NGO and creating more ownership and participation means that NSAs are encouraged, invited and enabled to participate in this new governance scheme that has emerged after the 1990s. Reflections of this trend may be seen in Turkey as well.

Due to the processes of globalization and European Integration, good governance principles and the participation of NSAs has taken on more importance in Turkey. In particular, the integration of NSAs in certain aspects of social life has become increasingly desirable, as it is considered a part of this process.

### **5.2.3 TOBB as a Member of Global Chamber Network**

TOBB can interact through its memberships in international institutions, and especially through the global chamber network. TOBB is a member of the International Chamber of Commerce (ICC), which is headquartered in Paris, and is in the network of chambers. Though ICC is an important international organization, it does not get the kind of attention that institutions such as the World Bank, the

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<sup>264</sup> Reimann, op. cit., in note 255, p. 59.

<sup>265</sup> Ngaire Woods, ‘Managing Global Economic Problems: Public and Private sector Roles’, *Ditchley Conference Report* (Oxfordshire, England: No: D99/12, 15-17 October 1999)

IMF and WTO receive. While studying TOBB's links, it is also necessary to have an understanding of the wider chamber community in order to locate TOBB in the proper context. Being a member of the global chamber network increases TOBB's international legitimacy, and hence its ability to influence. Understanding these network ties also contributes to an understanding of several other features of TOBB that exist because of these connections.

According to Arts, although ICC is an industrial interest group, it still falls under the category of an NGO:

I would like to preserve the term NGO for those private, non-profit, non-violent pressure groups that pursue certain public aims and that directly or indirectly seek to influence political outcomes. Examples are Greenpeace, Oxfam, Amnesty International, WWF and Pax Christi. The question is however, whether industrial interest groups are covered by this definition or not. Literally they are, because organizations such as International Chamber of Commerce and the World Business Council for sustainable development are themselves not profit –oriented (although their members are). Moreover besides pursuing private goals, they also pursue public ones (economic development, sustainability) they are non violent, and they seek to influence politics in various cases (e.g. social policy, WTO regime). Ideologically and functionally, however, these pressure groups are quite different. Therefore in the literature, the distinction is made between NGOs (civic pressure groups) on the one hand, and BINGOs (Business NGOs, or commercial pressure groups) on the other (Chatterjee and Finger 1994).<sup>266</sup>

The same line of thinking is applicable to TOBB as well. TOBB is non-violent and it is a non-profit organization, though its individual members are profit-oriented. Both TOBB and ICC are umbrella organizations, ICC being an international organization. TOBB is established according to national law, but it extends its boundaries to the international sphere, and it also exhibits globalization tendencies and is becoming the subject of international relations research. Yet it falls under the category of business NGO as well.

ICC was established through joint efforts of what became the 'National Committees' of various countries. In other words, its organizational structure

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<sup>266</sup> Arts, *op. cit.*, in note 11, p. 500.

implies a bottom-up, rather than top-down, approach. The core of each of these committees is a domestic business community seeking international cooperation. The ICC is in favor of free trade and international integration. It disseminates codes, standards, model contracts and other business tools that ensure uniformity of transactions in the corporate sector, and hence facilitate the flow of goods, services and capital, which in turn contribute to globalization.

Banking techniques, financial services, taxation, competition law, intellectual property rights, telecommunications and information technology, air and maritime transport, international investment regimes and trade policy are among the issue areas in which the ICC actively intervenes.

ICC defines itself as follows:

The International Chamber of Commerce was founded in 1919 with an overriding aim that remains unchanged: to serve world business by promoting trade and investment, open markets for goods and services, and the free flow of capital. Much of ICC's initial impetus came from its first president, Etienne Clémentel, a former French minister of commerce. Under his influence, the organization's international secretariat was established in Paris and he was instrumental in creating the ICC International Court of Arbitration in 1923.

ICC has evolved beyond recognition since those early post-war days when business leaders from the allied nations met for the first time in Atlantic City. The original nucleus, representing the private sectors of Belgium, Britain, France, Italy and the United States, has expanded to become a world business organization with thousands of member companies and associations in around 130 countries. Members include many of the world's most influential companies and represent every major industrial and service sector.

Traditionally, ICC has acted on behalf of business in making representations to governments and intergovernmental organizations. Three prominent ICC members served on the Dawes Commission which forged the international treaty on war reparations in 1924, seen as a breakthrough in international relations at the time. A year after the creation of the United Nations in San Francisco in 1945, ICC was granted the highest level consultative status with the UN and its specialized agencies. Ever since, it has ensured that the international business view receives due weight within the UN system and before intergovernmental bodies and meetings such as the G8 where decisions affecting the conduct of business are made.

ICC's reach - and the complexity of its work - have kept pace with the globalization of business and technology. In the 1920s ICC focused on reparations and war debts. A decade later, it struggled vainly through the years of depression to hold back the tide of

protectionism and economic nationalism. After war came in 1939, ICC assured continuity by transferring its operations to neutral Sweden. In the post-war years, ICC remained a diligent defender of the open multilateral trading system. As membership grew to include more and more countries of the developing world, the organization stepped up demands for the opening of world markets to the products of developing countries. ICC continues to argue that trade is better than aid. In the 1980s and the early 1990s, ICC resisted the resurgence of protectionism in new guises such as reciprocal trading arrangements, voluntary export restraints and curbs introduced under the euphemism of "managed trade".<sup>267</sup>

TOBB has been a part of this cooperation from its early stages, though it was not physically present during the establishment stage. A prominent Turkish businessman, Rahmi Koç served as ICC president for the 1995-1996 term. Rona Yırcalı, president of the Assembly of the Balıkesir Chamber of Industry, is currently chairman of the World Chambers Federation (WCF). WCF is a specialized division for ICC's chamber members worldwide, of which the Turkish National Committee is an active member.<sup>268</sup>

ICC-Turkey National Committee is located in the TOBB headquarters building in Ankara. TOBB president Mr. Rifat Hisarcıklioğlu is the chairman of the board of ICC-Turkey. TOBB influences policy-making in the previously discussed issue areas through this organization as well.

The constitution of ICC can be found in Appendix E of this thesis. It is an important document, as it reflects the capabilities of the global chamber network, and demonstrates the global-local link by outlining the rights and obligations of national committees to headquarters, and the headquarters' commitments to the national committees.

In order to further this discussion within the context of TOBB, it is necessary to have an understanding of the global chamber network, and of common features

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<sup>267</sup> Accessed on 4 October 2010, <http://www.iccwbo.org/id93/index.html>

<sup>268</sup> Accessed on 7 October 2010, <http://icc.tobb.org.tr>

between ICC and TOBB. Chambers are organized in many countries around the globe, and not necessarily initially aware of each other. An analogy might be the emergence of different languages out of a need to communicate. Chambers may be regarded as instruments of economic communication, and therefore, like languages, they have some common features. This point will be further elaborated in the following section in comparison of TOBB and FICCI.

#### **5.2.4 TOBB and its Indian counterpart, Federation of Indian Chambers of Commerce and Industry (FICCI)**

TOBB is a member of international chamber network and it is very important to acknowledge that it has other counterparts in this network which carry out similar activities to that of TOBB. These counterparts also take part in transnational interactions around various issue areas. TOBB could only be located in proper context if we are aware of the contributions that they do as well. Hence Turkey's TOBB will be compared with India's FICCI in order to have a better apprehension of the potential effect of the overall influence. While comparing the two institutions, some TOBB activities not yet discussed will be referred to in the relevant contexts. FICCI has been selected because it is an effective institution in a strong country and both the Indian and Turkish economies are categorized as emerging market economies with great growth potential. India is seen as a major competitor to China, and this is one of the best benchmarks that Turkey could take as an example. Both economies are growing at a fast rate, India faster than Turkey. Both have cultural and social boundaries they have to overcome to reach the first ranks in the global economic hierarchy.



#### **5.2.4.1 Federation of Indian Chambers of Commerce and Industry and its Main Activities**

The counterpart organization of TOBB in India is the Federation of Indian Chambers of Commerce and Industry (FICCI). A comparison of TOBB and FICCI has relevance in understanding the influence patterns of such NSAs. Both umbrella organizations are members of the C20, the chamber organization of the G20 countries.

FICCI claims “FICCI plays a leading role in policy debates that are at the forefront of social, political and economic change.”<sup>269</sup>

FICCI describes itself as follows:

Established in 1927, FICCI is the largest and oldest apex business organization in India. Its history is closely interwoven with India's struggle for independence and its subsequent emergence as one of the most rapidly growing economies globally. FICCI plays a leading role in policy debates that are at the forefront of social, economic and political change. Through its 400 professionals, FICCI is active in 39 sectors of the economy. FICCI's stand on policy issues is sought out by think tanks, governments and academia. Its publications are widely read for their in-depth research and policy prescriptions. FICCI has joint business councils with 79 countries around the world.

A non-government, not-for-profit organization, FICCI is the voice of India's business and industry. FICCI has direct membership from the private as well as public sectors, including SMEs and MNCs, and an indirect membership of over 83,000 companies from regional chambers of commerce.

FICCI works closely with the government on policy issues, enhancing efficiency, competitiveness and expanding business opportunities for industry through a range of specialized services and global linkages. It also provides a platform for sector specific consensus building and networking.

Partnerships with countries across the world carry forward our initiatives in inclusive development, which encompass health, education, livelihood, governance, skill development, etc. FICCI serves as the first port of call for Indian industry and the international business community.<sup>270</sup>

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<sup>269</sup> Accessed on 18 February 2010, <http://www.ficci.com>

<sup>270</sup> *Ibid.*

Both TOBB and FICCI play a leading role in policy debates mentioned above.

FICCI describes its mandate as being “to promote economic growth and development of India, by deepening market economy, foster entrepreneurship calibrate globalization.”<sup>271</sup> The word “calibrate” is important in reflecting the consciousness of FICCI of India towards the globalization issues. As one of the BRIC countries, India and its apex business organization FICCI accept globalization as a reality and take an active role in determining how Indian business will be affected by it and take advantage of this phenomenon.

FICCI identifies five points in its mandate: Represent the needs of Indian business, policy dialogue with the government, track II diplomacy,<sup>272</sup> reform governance, and promote social development and empowerment.<sup>273</sup>

It would be expected that FICCI of India, with the powerful economy of its country behind it, is involved in Track II diplomacy, reform of governance and is in policy dialogue with the government, and it specifies these in its mandate. When TOBB is examined it is observed that TOBB is also engaged in this kind of diplomacy.

FICCI has 400 professionals with advanced degrees who are involved in and publish primary research. It operates quarterly and annual surveys, business confidence surveys and economic forecasts.<sup>274</sup>

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<sup>271</sup> FICCI, ‘Who are we? India’s Apex Business Organization Established in 1927 Envisioned in 1927 Envisioned by Mahatma Gandhi’ (New Delhi, India: FICCI Document, 23 July 2009), p. 2.

<sup>272</sup> The term Track II diplomacy is used to define a kind of informal diplomacy, in which non-officials such as academic scholars, retired civil and military officials, public figures, or other groups interact outside the official and diplomatic channels.

<sup>273</sup> FICCI, op. cit., in note 271, p. 3.

<sup>274</sup> Accessed on 5 July 2010, <http://www.ficci.com>

FICCI has corporate members, associate members (such as Bank of America), chambers and associations as its members. It tries to promote new membership. TOBB, on the other hand, does not have any direct corporate or associate members. Its members are the chambers and commodity exchanges all across Turkey. As mentioned above, membership of chambers is required by Turkish law. TOBB does not need to promote membership as all the chambers and commodity exchanges are its natural members. Each company is registered in its local chamber.

FICCI presents its activities under the following headings:

#### Networking

- Platform to interact with other members, institutions, state & central governments
- Fora to meet global business and political leaders
- Participation in topical seminars, training programmes, conferences and meeting

#### Policy Work

- Participation in different National Policy Committees & Task Forces
- Expert advice on government legislations, regulations, etc.
- Representations to central & state governments and other institutions
- Provides information on export and import.
- Provides information for technology collaboration and investment
- Undertakes research studies

#### Business Services

- Participation in trade fairs & exhibitions
- Develop business through buyer – seller Fora

#### Information Dissemination

- Access to publications and reports on a wide range of subjects
- Directory of Members with company profile

- Free distribution of Business Digest, A Monthly update on Business News
- FICCI Awards for companies and institutions and also Individual Awards for Scientist/Technologist.
- Regional/State/Zonal and foreign offices providing assistance at all levels.<sup>275</sup>

FICCI has a very extensive web page put into use, and there is information on issues such as important events organized by FICCI, publications, studies and surveys, press releases, membership issues other activities.

FICCI claims to have in-house expertise in all sectors of the economy. These include *Services*: banking, financial services, capital markets, entertainment, health, higher education, insurance, IT and software, real estate, retail, tourism and advertising; *Manufacturing*: biotechnology, chemicals, defence, electronic hardware, fast moving consumer goods, gems and jewellery, pharmaceuticals, steel and textiles; *Agriculture*: food processing, agricultural research and development and agri-industry. *Infrastructure*: aviation, communications, telecom, urban development and maritime development; *Energy*: power, oil and gas, renewable energy.<sup>276</sup> FICCI provides the following services to its members:

Business information and business linkage services (BISNET): BISNET works for technology commercialization and disaster management, as well as developing web portals for the government of India and other large institutions. It has launched over 20 web portals for business promotion activities such as the DST-Lockheed Martin India Innovation Growth Program, and the Asian Harmonization Working Party workshop.<sup>277</sup>

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<sup>275</sup> FICCI, op. cit., in note 271, p. 5.

<sup>276</sup> Ibid., pp. 6-11.

<sup>277</sup> Accessed on 25 February 2010, <http://www.indiainnovates.in> and <http://www.ficci-ahwp08.org>

Both FICCI and TOBB make use of the web as a medium of information dissemination. TOBB has some web-based activities as discussed in Chapter 3.

ATA Carnet: Both FICCI and TOBB are the members of ATA carnet system, which is a tool for the facilitation of international trade. It is an internationally accepted document for duty-free customs clearance. TOBB and FICCI are the sole guaranteeing bodies in their respective countries that are approved by the national customs authorities and the ICC World Chambers Federation.

These are services offered to exporters, exhibitors, business and professional travellers, journalists, engineers, sports teams, technicians, etc.

The ATA carnet system is an important component of the transportation structure, and it is closely linked to the movement of goods. Both TOBB and FICCI provide this service.

Arbitration: Arbitration is an important mechanism for accelerating global interactions. Arbitration is less costly, and most of the time faster than local court procedures. Among business circles the counterparts are encouraged to include arbitration clauses while signing a contract. By doing so, businesses can establish control in resolving disputes, establish some standardization of legal procedures and free themselves from the need to know local laws.

The FICCI Arbitration and Conciliation Tribunal (FACT) appoints arbitrators, conciliators and maritime experts, mediates disputes, disseminates information, and conducts workshops on arbitration issues. FICCI-FACT also participates in co-operation agreements with other International Arbitration Centers.<sup>278</sup> The FICCI

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<sup>278</sup> Accessed on 25 February 2010, <http://www.ficci-arbitration.com/htm/international-agreement.htm>

Arbitration and Conciliation Tribunal (FACT) has agreements of cooperation with various arbitral institutions. Such cooperation agreements are good indicators showing FICCI's global nature of chamber activities. By engaging with various counterparts, FICCI is able to keep up with international standards and follow relevant developments in other countries. Such interaction facilitates homogenous outcomes in resolving international disputes.

FICCI is also involved in the Indian Council of Arbitration (ICA), which was set up pursuant to a recommendation of the Indian Ministry of Commerce, in 1965.<sup>279</sup> The government of India and FICCI are among its founders and sponsors, and many other public and private sector institutions interested in commercial and arbitration matters are members of the Council.<sup>280</sup>

TOBB also provides arbitration and similar services for the speedy resolution of commercial matters.<sup>281</sup> TOBB, however, does not have any international cooperation agreements with other countries.<sup>282</sup> Besides its own arbitration facilities, TOBB also promotes arbitration provided by the International Chamber of Commerce and the Turkish National Committee, which operates from TOBB premises as its affiliation.<sup>283</sup>

FICCI organizes trade fairs.<sup>284</sup> TOBB also has a specialized unit, responsible from the fairs.

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<sup>279</sup> Accessed on 17 April 2011, <http://www.jurisint.org/en/ctr/68.html>

<sup>280</sup> Ibid.

<sup>281</sup> Accessed on 2 March 2011, <http://www.tobb.org.tr/HukukMusavirligi/Sayfalar/TOBBTahkimiveTahkimSozlesmesi.aspx>

<sup>282</sup> Iskender Elverdi, op. cit. in note 58.

<sup>283</sup> Accessed on 2 February 2010, <http://icc.tobb.org.tr/index.html>

<sup>284</sup> FICCI, op. cit., in note 271, p. 30.

FICCI carries out research on various issues, such as business confidence surveys, export surveys, foreign direct investment surveys, studies on state-level reforms, and white papers on prevailing business and economic issues. It also provides input to the Indian government on policy matters, in particular, issues related to the annual budget, international trade and investments. Similar activities are carried out by TOBB as well. FICCI also helps its members with audits, feasibility studies, training and workshops, as well as studies and surveys. This is not a service provided by TOBB directly to the firms.

FICCI takes an active role in corporate social responsibility issues. It connects NGOs with corporations, develops strategies for enterprises, provides training and capacity-building and assesses existing corporate social responsibility programs. FICCI organizes a corporate social responsibility award called SEDF in partnership with *Businessworld* magazine of India.<sup>285</sup>

Though TOBB has recently increased its activities regarding corporate social responsibility, FICCI activities are more structured in this respect.

FICCI attributes importance to the issue of quality. While providing services to its members, FICCI collaborates with several institutions, such as the American Society for Quality (ASQ), the Council of Better Business Bureaus (CBBB) USA, Nigel Bauer and Associates, Marsden International UK, Lean Enterprise Academy UK, and the Dale Carnegie Training Institute USA, to maintain a certain level of quality assurance.<sup>286</sup>

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<sup>285</sup> Accessed on 25 February 2010, [http://www.businessworld.in/bw/2009\\_10\\_20\\_Businessworld\\_FICCISEDf\\_CSR\\_Award\\_2009.htm](http://www.businessworld.in/bw/2009_10_20_Businessworld_FICCISEDf_CSR_Award_2009.htm)

<sup>286</sup> FICCI, op. cit., in note 271, p. 34.

FICCI Quality Forum is considered an important activity of FICCI:

FICCI Quality Forum (FQF) is the specialized division of FICCI, which tries sharpen the competitive edge of Indian industry through training and consultancy.

FICCI Quality Forum is composed of qualified specialists with hands-on experience of quality and environmental management in broad spectrum of organizations in India and abroad. They conduct several accredited training courses in collaboration with leading international training organizations. It also has close relationship with international organization like UNIDO, ISO and European Union Technical Assistance Agency for whom various quality related projects are being executed in India and other developing countries.

FICCI Quality Forum aims to provide training lead consultancy to industrial and service organizations for enhancement of the knowledge and skill levels of their employees and facilitates in establishing a world class quality management system to produce globally competitive products and services.<sup>287</sup>

TOBB performs the same quality-related functions as well. TOBB obtained the TS-EN-ISO 9000 Quality Management System Certificate in 1988 and ISO 9001 certificate in 2008. The activities to maintain the quality system are ongoing.

Beginning from 2005, TOBB, in cooperation with Eurochambers and the British Chamber of Commerce, developed a chamber and commodity exchange accreditation model and applied it to 68 chambers and commodity exchanges across Turkey.

FICCI also has some allied bodies, such as the Indian Council of Arbitration (ICA), the All India Organization of Employers (AIOE), the Confederation of Indian Food Trade Industry (CIFTI), the FICCI Ladies Organization (FLO), the International Chamber of Commerce (ICC), and the All India Shippers Council (AISC).<sup>288</sup>

FICCI has global outreach through its bilateral and multilateral relations, as well as through what it calls flagship events. Some of its bilateral relations include more

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<sup>287</sup> Accessed on 5 July 2010, <http://www.ficci.com/fqf07/index.htm>

<sup>288</sup> Accessed on 6 July 2010, <http://www.ficci.com>



than 100 joint business councils, the India-EU Summit, the India-Africa Business Partnership summit, the India CIS Hydrocarbon Roundtable, its engagement with the Mercosur countries, and the Forum of Parliamentarians.<sup>289</sup> It has multilateral relations with the WTO, UNCTAD, UNIDO, UNDP, the World Bank, the IMF and ADB.<sup>290</sup> It also organizes international summits, trade and investment forums, heads of state meetings, buyer-seller meetings, CEO roundtables, and trade and investment facilitation services. TOBB is also engaged in organizing similar events.

FICCI has some events that it identifies as flagship events, which focus on specific sectors:

*Energy Oil and Gas sector:* Asia Gas Partnership Summit, India-Africa Hydrocarbon Conference & Exhibition. *Telecom:* India Telecom, *Agri-Processing:* Annapurna, *Food World, Agriculture:* Agriculture Summit, *Entertainment:* Global convention on Business of entertainment-FRAMES, *Banking and Finance:* Global Banking; Banking Paradigm shift, Capital Markets Conference, Pension Conference, Annual Conference on Insurance., *Environment:* FICCI Environment Conclave, India Carbon Market Conclave, India Electricity. *Real Estate and Urban Infrastructure:* International Real Estate Summit, Cityscapes, *Research and Development:* Summit with Ministry of Science and Technology, *Retail:* Footfalls, *Chemicals:* India Chem, *Aviation:* India Aviation Expo, *Education:* FICCI Higher Education Summit, *Health:* "FICCI HEAL" Global Healthcare Conference, *Security:* "Police Expo".<sup>291</sup>

Like TOBB, FICCI is interested in policy reforms and has been involved in the reforms in insurance, entertainment, telecommunications, agriculture sectors, as well as free trade policy, joint study groups, tourism, civil aviation and energy.

FICCI is also keen on an important heading of global governance, the issue of intellectual property rights (IPR).

IPR Division of FICCI is intensively involved in issues pertaining to protection of Intellectual Property Rights and its effective enforcement. It has taken a lead role in raising awareness on IP at the national level as well as capacity building and training in industry and

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<sup>289</sup> FICCI, op. cit., in note 271, p. 17.

<sup>290</sup> Ibid., p. 18.

<sup>291</sup> Accessed on 20 February 2010, <http://www.ficci.com>

enforcement agencies including police and customs besides sensitizing judiciary on quality and speedy adjudication of IP related matters. FICCI IPR division provides a platform for continuous interactions between industry, law firms, IP consultants, IP outsourcing firms and the patent office so as to provide an interface and enable businesses to resolve IP related issues through research, global networking & advocacy. It also facilitates Government in policy development.<sup>292</sup>

Intellectual property rights is an important issue in global economic governance addressed by major international institutions. India attributes high importance to this issue, as it wishes to set international standards.

#### 5.2.4.2 Comparison of TOBB and FICCI on various issue areas

Having gathered the information both on TOBB and FICCI, we are now in a position to provide a comparison of both actors. The following table is provided to give an overall comparison of TOBB and FICCI on various areas in which these institutions interact.

Table 3. Comparison of TOBB and FICCI on Various Issue Areas

	<b>TOBB</b>	<b>FICCI</b>
Mission	To be an institution conscious of its social responsibility, which contributes to the development of the private sector by promoting entrepreneurship, function as a bridge and a forerunner in the process of integration to the world economy, establish free market rules and find solutions to problems within this framework, establish targets, generate and execute projects.	To promote economic growth and development of India, by deepening market economy, foster entrepreneurship calibrate globalization.
Arbitration	TOBB Arbitration	FACT, ICA
Business Councils	Yes, through DEİK	Yes
Ladies Organizations	Women Entrepreneurs Board	FICCI Ladies Organization (FLO)
Young Leaders Organizations	TOBB Young Entrepreneurs Board	FICCI Young Leaders Forum

<sup>292</sup> Accessed on 27 February 2010, <http://www.ficci.com/sector.asp?secid=24>

Table 3 (continued)

	<b>TOBB</b>	<b>FICCI</b>
Corporate Social Responsibility	Yes	Yes, has a separate FICCI Aditya Birla CSR Centre for Excellence <a href="http://ficci.com/past-Events-page.asp?evid=20306">http://ficci.com/past-Events-page.asp?evid=20306</a>
Signatory to ATA carnet convention	Yes, active	Yes, active
Peace Projects	Ankara Forum, Istanbul Forum	Has a task force on National Security & Terrorism.
Multilateral Engagement (WTO UNCTAD UNIDO UNDP WORLD BANK, IMF, ADB, CACCI)	Yes	Yes
Engagement with Mercosur countries	Only bilateral relations with Mercosur countries, not to a great extent	Yes
Buyer – Seller meetings	Yes	Yes
Heads of States Meetings	Yes	Yes
Track II Diplomacy	Yes	Yes, has a separate Forum of Parliamentarians <a href="http://ficci.com/ficci-Forums.asp">http://ficci.com/ficci-Forums.asp</a>
University	Established TOBB-ETU University	No
Think Tank	Established TEPAV	Has an in house Research wing FICCI Economic Affairs & Research Food Research & Analysis Centre (FRAC) <a href="http://ficci.com/sector.asp?secid=75">http://ficci.com/sector.asp?secid=75</a>
Trade Registry Gazette	Yes	
Engagement in Fairs	Yes, has a unit responsible from fairs.	Yes, has a separate division called FICCI Exhibitions, which regularly organizes and participates in International Fairs. <a href="http://ficci.com/ficci-exhibitions.asp">http://ficci.com/ficci-exhibitions.asp</a>
Engagement in Insurance	Supervision of insurance agencies.	FICCI has been keenly involved in the development of this sector. Has a committee on the Insurance and Pensions sector

Table 3 (continued)

	<b>TOBB</b>	<b>FICCI</b>
Transport infrastructure	TOBB is involved in border gate modernizations, and projects like reactivating the Silk Road	The Transport Infrastructure division of FICCI discusses policy, regulatory and procedural issues with its members, industry experts etc. and advice appropriate reforms to the government for the development of the infrastructure sector.
Quality	TOBB has an ISO 9001 Certificate and is very active in the Chamber Accreditation System	Has Centre for Global Competitiveness, FICCI Quality Forum. <a href="http://ficci.com/allied-organisations.asp">http://ficci.com/allied-organisations.asp</a>
International summits, Trade and Investment Forums, Heads of States meetings, Buyer-Seller meetings, CEO Roundtables, Trade and Investment Facilitation Services.	Yes	Yes
The extent of engagement with the USA	Extensive	Extensive
The extent of engagement with the EU	Extensive	Extensive, is part of India-EU Summit
The extent of engagement with the Russia	Yes	Extensive, is part of Russia, India, China Trilateral summit
The extent of engagement with China	Yes	Extensive
The extent of engagement with the Middle East	Extensive	Yes, has a separate India-Arab Economic Forum apart from Bilateral ties with most M.E countries
The extent of engagement with the Africa	Moderate	Extensive, across Africa ranging from bilateral, sectoral, regional and Pan-Africa. FICCI was the official coordinator for the Business Session of the first India-Africa Forum Summit held in 2008 in India.
The extent of engagement with the Latin America	Limited	Extensive, has a separate division <a href="http://ficci.com/global-lac.asp">http://ficci.com/global-lac.asp</a>

Table 3 (continued)

	<b>TOBB</b>	<b>FICCI</b>
The extent of engagement with Central Asia	Extensive	Yes
The extent of engagement with the rest of Asia	Exists	Extensive <a href="http://ficci.com/ficci-global.asp">http://ficci.com/ficci-global.asp</a>
Commodity Exchange activities	Exists	n/a
Interaction with its own Government	Extensive	Extensive
Relations with other NGOs	Exists	Exists
Sectoral focus	Yes	Yes
Import Export promotion	Yes	Yes
Engagement in economic policy making	Yes	Yes
Intellectual Property Rights	Yes, to some extent. Does not have a separate division.	Extensive. A separate division exists. There is a special reference on its website. Has taken a lead role in raising awareness. IPFC (Intellectual Property Facilitation Centre) <a href="http://ficci.com/sector.asp?secid=24">http://ficci.com/sector.asp?secid=24</a>
Task forces	Not organized under the task force name, but TOBB sectoral assemblies and some participations of TOBB deal with these issues. Ad hoc committees meet on issues such as climate change and foreign investment.	Exist on addressing the river problems, climate change, clinical research, competition law, corporate governance, defense offset, national security & terrorism, nutraceuticals, solar energy, private equity and venture capital, technical textiles, traditional knowledge
Periodicals	Economic Forum (monthly) and various other publications.	FICCI Business Digest (monthly), FICCI Business Confidence Survey (Quarterly), Economic Outlook Survey, Survey on Exports, FDI Survey and various other publications.
Web Services	Yes	Yes

Table 3 (continued)

	<b>TOBB</b>	<b>FICCI</b>
Audits, feasibility studies to companies.	Does not provide direct services to companies, but enables them by various means. Provides industry capacity reports through its chambers.	Helps member companies with audits, feasibility studies, trainings and workshops as well as studies and surveys. Also, the Resource Conservation & Management (RCM) division of FICCI provide consulting services to all sectors of the Indian economy in the areas of energy, environment, water and plant maintenance through energy audits, water audits, environment audits and equipment diagnostic studies. <a href="http://ficci.com/sector-details.asp?secid=32">http://ficci.com/sector-details.asp?secid=32</a>
Overseas Offices	Has overseas offices in USA, Washington, DC and Brussels (for EU relations)	Has an overseas office in Washington, DC, London, Beijing, Singapore, Selangor Malaysia, and Chieri-Turin Italy.
Joint Business Councils (Institutional mechanisms with counterpart apex Chambers in different countries that facilitate regular business to business interaction)	TOBB has 84 business councils operating within the aegis of the Foreign Economic Relations Board (DEİK)	FICCI has Joint Business Councils (JBCs) with 79 countries.
Domestic Offices	TOBB has its headquarters in Ankara and has a representative office in Istanbul. It is the umbrella organization of 365 chambers and commodity exchanges all over Turkey.	FICCI has its headquarters in New Delhi and has eight domestic offices. These are in Andhra Pradesh, Chhattisgarh, Gujarat, Karnataka, Maharashtra, Rajasthan, Tamil Nadu and West Bengal. FICCI has 333 associations and chambers as members. <a href="http://ficci.com/ficci-chambers-associations.pdf">http://ficci.com/ficci-chambers-associations.pdf</a>
C20 Chambers of Commerce of G20 Countries	TOBB is a member of C20 Turkey is a member of G20	FICCI is a member of C20 India is a member of G20

The comparison of TOBB and FICCI shows that, as representatives of business community, both institutions are engaged in similar activities. Due to the strategic location of Turkey between East and West as well as North and South, and its proximity to the Middle East, TOBB is engaged in transportation projects and peace projects to a larger extent. FICCI is more advanced on issues that attract foreign investments in the country, such as Intellectual Property Rights, quality issues, arbitration system etc. when compared to TOBB.

But both institutions are very active in their efforts to influence policy-making, and they use various means to communicate with their governments. Both have large national and international networks, both promote the prosperity of their country. Both are very active in strategic sectors of their countries.

We can see in both examples that multi-level governance schemes exist, and these give rise to the path to influence how global economy is shaped. However it is also clear that powerful institutions such as TOBB and FICCI are more privileged compared to some other NSAs in making their voices heard, and they are given access to certain channels that enable them to contribute their opinions.

TOBB and FICCI are two NSAs working in harmony, and they cooperate with each other and various other actors.

Both TOBB and FICCI are members of C20, established parallel to the G20, whose significance has increased after the 2008 financial crisis. They have similar activities and they cooperate both on a bilateral and multilateral platforms. TOBB has the ability to influence, so does FICCI.

Both TOBB and FICCI would be best evaluated if taken in their own contexts, that is, the chamber network. Given the facts gathered by our case study, when the

wider chamber network is considered as a whole, it is possible to deduce that the overall activities of the chamber system, composed of institutions similar to TOBB and FICCI, have a much larger impact on the global governance scheme.

The fact that these institutions are non-state actors at their cores is important, but their most important shared feature is that they are chambers coming from business backgrounds, and their perspectives are naturally influenced by this characteristic. They try to influence economic issues, and their involvement in social matters is increasing as their involvement in corporate social responsibility increases. After the 2008 crisis, we see an increasing trend around the world that basic ethical values should be incorporated into the way the business is carried out, and in this respect, prominent organizations like TOBB and FICCI are expected to play a leading role.

#### **5.2.5 Emergence of the G20 as a New Actor in Global Governance and the Role of TOBB**

As demonstrated above, involving NSAs in various aspects of international decision-making is a growing trend. This trend can be tracked in various facets of global decision-making. Broadening the scope of global economic governance and the transition from G8 to G20 was important in this respect.

##### **5.2.5.1 The Global Standard and Its Consequences, G8 and G20 Meetings**

What is referred to as a “Global Standard” or the “Lecce Framework” is worth mentioning in this context. It is also called “Common Principles and Standards for



Propriety, Integrity and Transparency”, and it was announced by G8 finance ministers in Lecce, Italy on 13 June 2009.<sup>293</sup>

This framework, initiated during Italy’s G8 presidency, encourages business ethics in the wake of the vast implications of the 2008 financial crisis. The financial crisis, which is frequently referred to as the worst since the Great Depression, has made cooperation among the parties and a return to basic business values urgent priorities. A warning was issued, and an emphasis was placed on common principles and standards for propriety, integrity and transparency.

#### Box 1. Lecce Framework

##### Common Principles and Standards for Propriety, Integrity and Transparency

FULL TEXT OF LECCE FRAMEWORK, 13 June 2009.

We are in the middle of the worst crisis since the Great Depression. The breadth and intensity of the prolonged downturn have revealed the importance of strengthening our commitment to standards of propriety, integrity and transparency. Excessive risk taking and the violation of these basic principles contributed to undermine international economic and financial stability. This occurred both in areas that relied on self regulation and market discipline and in fields with formal rules and oversight, revealing flaws in the functioning of markets.

For the market economy to generate sustained prosperity, fundamental norms of propriety, integrity and transparency in economic interactions must be respected. The magnitude and reach of the crisis has demonstrated the need for urgent action in this regard. Reform efforts must address these flaws in international economic and financial systems with resolve. This will require promoting appropriate levels of transparency, strengthening regulatory and supervisory systems, better protecting investors, and strengthening business ethics.

Today, we, the G8 Finance Ministers, discussed the need for a set of common principles and standards for propriety, integrity and transparency regarding the conduct of international business and finance. We have agreed on the objectives of a strategy, “the Lecce Framework”, to create a comprehensive framework, building on existing initiatives, to identify and fill regulatory gaps and foster the broad international consensus needed for rapid implementation.

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<sup>293</sup> Accessed on 15 August 2010, [http://www.g8italia2009.it/G8/Home/G8-G8\\_Layout\\_locale-1199882\\_116809\\_Summit.htm](http://www.g8italia2009.it/G8/Home/G8-G8_Layout_locale-1199882_116809_Summit.htm)

## Box 1 (continued)

The Lecce Framework recognizes that there is a wide range of instruments, both existing and under development, which have a common thread related to propriety, integrity and transparency and classifies them into five categories: corporate governance, market integrity, financial regulation and supervision, tax cooperation, and transparency of macroeconomic policy and data. Specific issues covered include, inter alia, executive compensation, regulation of systemically important institutions, credit rating agencies, accounting standards, the cross-border exchange of information, bribery, tax havens, non-cooperative jurisdictions, money laundering and the financing of terrorism, and the quality and dissemination of economic and financial data. International institutions and fora have already developed a significant body of work addressing a number of important issues in these areas, but, in many cases, the initiatives suffer from insufficient country participation and/or commitment.

Today, we agreed to create a coherent framework which builds on work done by the IMF, World Bank, OECD, FSB, FATF, and other international organizations, to strengthen the global market system. To ensure effectiveness, we will make every effort to pursue maximum country participation and swift and resolute implementation. We are committed to working with our international partners to make progress with the Lecce Framework, with a view to reaching out to broader fora, including the G20 and beyond.

Accessed on 5 January 2010, <http://www.forbes.com/2009/06/13/g8-lecce-framework-markets-economy-full-text.html>

Though the Lecce Framework is interesting for its focus on business ethics, it has been criticized for lacking enforcement power. Still, this could be considered a turning point from absolute economic liberalism and the belief that markets have the ability to adjust and balance themselves. Instead, this declaration refers to the fundamental norms of propriety, integrity and transparency in economic interactions, and notes that excessive risk-taking and violation of these principles harm stability. As will be discussed in the next section, the same principles are outlined at the G20 Pittsburgh Summit in September 2009, establishing a link between these initiatives.

Paul Maidment asserts, “Without commitment from the U.S., new G-8 guidelines are only a declaration of good intentions”, and continues as follows:

The finance ministers of the seven largest economies plus Russia, who have just been meeting in Lecce, Italy, have declared that if everyone in business and finance was just a jolly good sort, we could have avoided the sort of meltdown that led to the world financial crisis and global recession.

That may be over-egging the pudding a bit, but the G-8 ministers did announce the so-called Lecce Framework, a broad set of "common principles and standards for propriety, integrity and transparency regarding the conduct of international business and finance."

The aim of the Lecce Framework is to bring under one umbrella the work being done by various institutions and governments on corporate governance, market integrity, financial regulation and supervision, tax cooperation and transparency of macroeconomic policy and data. It ranges from the business-centric--new rules on executive compensation, systemic risk regulation, credit rating agencies, accounting standards and the quality and dissemination of economic and financial data--to the political--cross-border exchanges of information, bribery, tax havens, non-cooperative jurisdictions, money laundering and the financing of terrorism.

What is striking about the Lecce Framework is that, for all its good intentions, it is toothless. That reflects how deeply divisive its goals are among the most powerful economies. The U.S. and U.K. see it as a move toward a global financial regulatory framework. So do its prime proponents, France and Germany. The difference is that the first pair don't consider that desirable, while the latter two--which aren't home to financial centers on the scale of New York and London--do.<sup>294</sup>

Despite criticisms, this initiative has had consequences. It had repercussions at IMF and World Bank meetings, as well as subsequent G20 meetings. The need for global cooperation was expressed at these meetings in various forms. In a way, this was the first sign of the upcoming acceptance of similar rules by institutions with the power to enforce these sanctions.

The Lecce declaration received a positive reaction from the G20. Another platform that provided feedback was the OECD's BIAC.

BIAC is the Business and Industry Advisory Committee to the OECD and represents the private sector at the OECD.<sup>295</sup> Turkey is represented by three institutions in BIAC. TOBB is a member of BIAC, along with the Turkish Industrialists' and Businessmen's Association (TÜSIAD) and Turkish Confederation of Employer

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<sup>294</sup> Paul Maidment, 'Lecce Framework has no Teeth', *Forbes Magazine* (13 June 2009), accessed on 16 August 2010, <http://www.forbes.com/2009/06/13/g8-finance-ministers-recession-opinions-lecce-framework.html>

<sup>295</sup> BIAC (The Business and Industry Advisory Committee to the OECD), accessed on 27 August 2009, <http://www.biac.org>

Associations (TISK). BIAC's members are major business organisations in 34 OECD member countries.

The Secretary General of the BIAC, Tadahiro Asami explains the committee's views on the OECD Global Standard Blog as follows:

The Lecce Framework initiative reflects serious concern over the magnitude and global nature of the current financial and economic crisis, and the need to address and resolve flaws in the international economic and financial system. Effective solutions are best found through constructive dialogue among all major stakeholders (international organizations, governments, business, labour and civil society). We must work together to achieve practical policy approaches across all issues necessary to support sustainable economic activity and enterprise growth.

Business understands that the strategic objective to create a comprehensive Lecce Framework is to build on existing initiatives, to identify and fill regulatory gaps and foster the broad international consensus needed for rapid implementation. This guidance should be based on a common set of principles and standards for propriety, integrity and transparency in the conduct of international business and finance, respecting the legal nature of existing instruments. (...) In summary: BIAC welcomes discussion to develop the Global Standard "Lecce Framework"; Consultation among all major stakeholders (international organisations, governments, business, labour and civil society) is necessary to take this initiative forward; The OECD should play a lead role in these consultations.<sup>296</sup>

This is an ongoing process, and discussions are taking place on various platforms, including at G8 and G20 meetings as well as on the Global Standard Blog. As pointed out, in addition to governments, international organizations, business, labor and civil society are expected to take part in establishing consensus.

A global charter/legal standard, an inventory of possible policy instruments was gathered on 19 March 2009 in a joint effort by the OECD, ILO, IMF, World Bank and WTO. This was considered to be a preliminary list of policy instruments that could be building the blocks of a potential economic and social "Global Charter".<sup>297</sup>

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<sup>296</sup> Accessed on 28 August 2009, <http://www.oecd.org/globalstandard/blog>

<sup>297</sup> Accessed on 5 February 2010, <http://www.oecd.org/dataoecd/35/63/42393042.pdf>

The 191-page document is a collection of policy instruments produced by the above-mentioned institutions on a broad range of subjects, and collected under one heading. This is analogical to a “Constitution of the World” in an effort to create a global governance scheme.

Under this initiative, we can clearly see the need to consult all stakeholders, and the desire to gather all actors, making participants in the resolution of systemic problems, including those of NSAs.

Various declarations reveal that the current actors understand that in an environment of globalization, financial crises (present or future) cannot be resolved by unilateral actions. This initiative, which involves NSAs, also calls for a return to basic, ethical business practices. It is argued that in the current global structure, no single actor is the ultimate decision-maker.

#### **5.2.5.2 The Group of Twenty (G20) and TOBB’s Role Within It**

As global economic problems accelerate, the frequency and magnitude of economic crises increases, global governance schemes look for further solutions.

Forming a group of twenty was a consequence of this endeavor, and the decision to do so was taken at the 25 September 1999 G7 meeting of finance ministers and Central Bank governors in Washington, DC. The purpose was to establish wider representation among emerging market economies in global economic governance, whose importance and weight in the international system was demonstrated following the Mexican Peso Crisis in 1994, the Asian Financial Crisis in 1997 and the Russian Financial Crisis in 1998. The G20 was also established to be an informal discussion and consultation environment to help maintain global economic and financial stability.

Turkey is officially represented at the G20, under the coordination of the Undersecretariat of the Turkish Treasury, by Deputy Prime Minister and State Minister responsible for the Economy Ali Babacan.<sup>298</sup>

The consecutive financial crises showed policymakers all over the world that more participatory mechanisms were needed to fully comprehend and manage these types of crises.

G20 countries represent approximately 90% of the world economy, 80% of world trade and two-thirds of the world population. These countries are, Argentina, Australia, Brazil, Canada, China, France, Germany, India, Indonesia, Italy, Japan, Mexico, Russia, Saudi Arabia, South Africa, the Republic of Korea, Turkey, the United Kingdom, and the United States of America. The European Union, which is represented by a rotating council presidency and the European Central Bank, is the 20th member.<sup>299</sup>

There was a need for more information to flow from diverse sources in order to prevent potential future crises. Experience has shown that once a crisis hit the global economy, it was already too late to take the necessary steps to overcome it. It was common sense that if more actors were involved in consultation procedures, precautions could be more effectively taken against unknown factors.

The Group of Twenty describes itself as follows:

The G20 was established in 1999, in the wake of the 1997 Asian Financial Crisis, to bring together major advanced and emerging economies to stabilize the global financial market. Since its inception, the G20 has held annual Finance Ministers and Central Bank Governors' Meetings and discussed measures to promote the financial stability of the world and to

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<sup>298</sup> Accessed on 7 October 2010, <http://www.hazine.gov.tr>

<sup>299</sup> Ibid.

achieve a sustainable economic growth and development. To tackle the financial and economic crisis that spread across the globe in 2008, the G20 members were called upon to further strengthen international cooperation. Accordingly, the G20 Summits have been held in Washington in 2008, and in London and Pittsburgh in 2009.

The concerted and decisive actions of the G20, with its balanced membership of developed and developing countries, helped the world deal effectively with the current financial and economic crisis. The G20 has already delivered a number of significant and concrete outcomes. It committed to implement the unprecedented and most coordinated expansionary macroeconomic policies, including the fiscal expansion of US\$5 trillion and the unconventional monetary policy instruments; significantly enhance the financial regulations, notably by the establishment of the Financial Stability Board (FSB); and substantially strengthen the International Financial Institutions (IFIs), including the expansion of resources and the improvement of precautionary lending facilities of the IFIs.<sup>300</sup>

Professor John Kirton of the University of Toronto, and Co-Director of the G20 Research Group, provides insight to the emergence of the G20, and explains the underlying resistance to its creation by some powerful countries:

The new Group of Twenty (G20) forum of finance ministers and central bank governors was formally created at the September 25, 1999, meeting of the G7 Finance Ministers. It was created "as a new mechanism for informal dialogue in the framework of the Bretton Woods institutional system, to broaden the dialogue on key economic and financial policy issues among systemically significant economies and to promote cooperation to achieve stable and sustainable world growth that benefits all" (G7 1999). To launch the G20 at its first ministerial meeting in Berlin in December 1999, the G7 finance ministers were to invite "counterparts from a number of systemically important countries from regions around the world," as well as representative of the EU, IMF and World Bank.

The formal birth of the G20 can be traced to the leaders' G7 Statement at their Cologne Summit on June 18, 1999. There they declared, following passages welcoming the creation of the Financial Stability Forum and the IMF's International Financial and Monetary Committee (IFMC), "the commitment to work together to establish an informal mechanism for dialogue among systemically important countries, within the framework of the Bretton Woods institutional system."

The G20, from this initial formulation as the "GX" to its September 1999 birth, was the product of different approaches among G7 members. These will determine in part how the new body evolves. The French, supported by the Italians, were opposed to the very creation of the G20, for fear that it would undermine the authority of the IMF, which their compatriot Michel Camdessus headed, and the new International and Monetary Financial Committee (IMFC) which they preferred. The USA and Japan were very much in favour of the new body. Britain, while supportive, was somewhat reserved, for fear that the G20 might undercut in practice the prominence of the new IFMC, which Britain's finance minister Gordon Brown was chosen to initially chair. Their early emphasis was on

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<sup>300</sup> Accessed on 4 October 2010, <http://www.g20.org>

restricting the discussions to be held within the new body. Canada was supportive, in part because it wished to see a broader consultative structure that was more formalized, linked to other institutions, and less controlled by the USA and its preferences than it perceived the earlier G22, created at President Clinton's initiative at the November 1997 APEC leaders' meeting, to have been.

In the diplomacy designing the new institution, China had pride of place. During this process there was never any serious consideration of excluding China from the group. It was seen to rank above Argentina, Mexico, Korea, Turkey, and as a country that might someday overtake Canada and Italy. While there was much discussion about membership, no one's list excluded China. In contrast, some lists excluded Australia, Korea, Turkey and Saudi Arabia (although the latter's provision of ample funding proved decisive in the end).

<sup>301</sup>

According to Kirton, the G20 was created as a new mechanism for informal dialogue on the formation of consensus on international issues:

The G20 was created as a deliberative rather than decisional body, but one designed to encourage 'the formation of consensus on international issues' (Canada 1999). However it was one with a policy focus, a mandate to promote international financial stability. Chair Paul Martin suggested it "will focus on translating the benefits of globalization into higher incomes and better opportunities everywhere," including working people around the world (Beattle 1999). Although concentrating on longer term rather than immediate policy issues, Martin declared: "There is virtually no major aspect of the global economy or international financial system that will be outside of the group's purview" (Beauchesne 1999). We see that G20 was formed as a "new mechanism for informal dialogue in the framework of the Bretton Woods institutional system to broaden the dialogue on key economic and financial policy issues among systemically significant economies and to promote cooperation to achieve stable and sustainable world growth that benefits all."<sup>302</sup>

It is important that G20 is a "deliberative rather than decisional body, but one designed to encourage the formation of consensus on international issues". The need to form a consensus is important from the perspective of this thesis. This means that TOBB becomes an actor considered suited to contribute to the formation of consensus. TOBB is not an actor able to "force" its view, but it may contribute to solutions if the process is consensus-based. If the G20 had been a

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<sup>301</sup> John Kirton, 'What is the G20?', *G20 Research Group* (30 November 1999), accessed on 20 December 2010, <http://www.g20.utoronto.ca/g20whatisit.html>.

<sup>302</sup> Ibid., the references that Kirton provides above are from the following texts: Beauchesne, Eric, 'Martin Warns Against Complacency', *Montreal Gazette* (Canada, 26 September 1999), p. A9; 'New G20 Forum: Backgrounder', Canada, Department of Finance; G7, 'Statement of G7 Finance Ministers and Central Bank Governors', 25 September 1999, Washington, DC, [http://www.g20.org/Documents/19990925\\_g7\\_statement\\_about\\_g20.pdf](http://www.g20.org/Documents/19990925_g7_statement_about_g20.pdf)



“decisional” body rather than “deliberative”, as declared, TOBB might not have the opportunity for “influence” or to “matter”, as it might not have been included in this formation. Therefore the consultative and deliberative nature of the G20 is important for the purposes of this thesis, as is the fact that it includes systemically significant economies, Turkey being one.

As we read the above quotation, we take into account that Turkey, with its growing economy, takes its place among the “systemically significant economies” in spite of some resistance to its inclusion. But once Turkey was brought in, TOBB, as the representative organization of the Turkish Business community, was able to assume a role as well.

The financial crises that began in the USA in July 2007 and spread to several other countries constitutes the central agenda item of the G20. The decision to take the issue to the level of the G20 in 2008 was taken as the turbulence began to threaten the global economy. G20 leaders came together for the first time since its establishment in Washington on 15 November 2008.

Building upon the 2008 Summit in Washington, subsequent summits among its leaders have taken place in London in April 2009, in Pittsburgh in September 2009, in Toronto in June 2010 and in Seoul in November 2010 at leaders’ level.

The Leaders’ Statement following the London Summit was called The Global Plan for Recovery and Reform, and focused on issues such as restoring growth and jobs, strengthening financial supervision and regulation, strengthening global financial institutions, resisting protectionism, promoting global trade and investment, and ensuring a fair and sustainable recovery for all.<sup>303</sup> This constitutes a precursor to

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<sup>303</sup> G20 Leaders’ Statement, The London Summit, 2 April 2009 is in Appendix F of this thesis.

the Pittsburgh statement. As it will be seen, Turkish NSAs were able to give feedback to this.

Recognizing that more needed to be done to ensure a strong, sustained and balanced global recovery; the G20 leaders designated the G20 as the premier forum for international economic cooperation at the Pittsburgh Summit.

Today, we designated the G20 as the premier forum for our international economic cooperation. We have asked our representatives to report back at the next meeting with recommendations on how to maximize the effectiveness of our cooperation.<sup>304</sup>

The Pittsburgh Summit constitutes a benchmark in this sense. The G20 was pointed out as the address of the new global governance. The Pittsburgh Summit Leaders' Statement is thus particularly important in setting forth a governance scheme for the global economy.

The Pittsburgh Summit statement continues along a path set in London, providing the road map for sustainable global economic governance. The statement contains the headings such as: strengthening the international financial regulatory system, modernizing global institutions to reflect today's global economy, reforming the mandate, mission and governance of the IMF (to improve its credibility, legitimacy, and effectiveness); reforming the mandate, mission and governance of development banks; energy security and climate change; strengthening support of the most vulnerable (facilitate the participation of private foundations, businesses and NGOs under food security); putting quality jobs at the heart of recovery; supporting an open global economy (uniting against protectionism).<sup>305</sup> It is also important to clarify that there is nothing in the text to recall that the G20 considers itself to be an alternative to the Bretton Woods institutions.

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<sup>304</sup> G20 Leaders' Statement: The Pittsburgh Summit, 24-25 September 2009, Preamble, Article 19. The statement is in Appendix G of this thesis.

<sup>305</sup> Ibid.

The Pittsburgh Summit statement also adopts “the core values for sustainable economic activity which include those of propriety, integrity, and transparency and which will underpin the Framework” as its annex.<sup>306</sup> While adopting these basic principles, they also make reference to the participatory nature of this endeavour:

We, the Leaders of the countries gathered for the Pittsburgh Summit, recognize that concerted action is needed to help our economies get back to stable ground and prosper tomorrow. We commit to taking responsible actions to ensure that every stake holder – consumers, workers, investors, entrepreneurs – can participate in a balanced, equitable, and inclusive global economy.<sup>307</sup>

It is observed that there is a desire for a more cooperative and consultative global economic governance, and NSAs are enabled and invited to participate in this process.

The common feature of these declarations is the reflection on the need for broadening the scope of cooperation, consultation and participation.<sup>308</sup>

It can be argued that one reason for broadening the scope of cooperation, consultation and participation stems from the fact that the world economy is no longer in the hands of a few rich countries, and that there is now general consensus that emerging countries are catching up with their richer peers:

What will tomorrow’s historians see as the defining economic trend of the early 21st century? There are plenty of potential candidates, from the remaking of finance in the wake of the crash of 2008 to the explosion of sovereign debt. But the list will almost certainly be topped by the dramatic shift in global economic heft.

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<sup>306</sup> Ibid., article 9.

<sup>307</sup> Ibid., Annex, article 2.

<sup>308</sup> See [http://www.g20.org/pub\\_communiques.aspx](http://www.g20.org/pub_communiques.aspx)  
<http://www.g20.org/Documents/final-communique.pdf> (London Summit)  
[http://www.g20.org/Documents/pittsburgh\\_summit\\_leaders\\_statement\\_250909.pdf](http://www.g20.org/Documents/pittsburgh_summit_leaders_statement_250909.pdf)  
(Pittsburgh Summit)  
[http://www.g20.org/Documents/g20\\_declaration\\_en.pdf](http://www.g20.org/Documents/g20_declaration_en.pdf) (Toronto Summit)

Ten years ago rich countries dominated the world economy, contributing around two-thirds of global GDP after allowing for differences in purchasing power. Since then that share has fallen to just over half. In another decade it could be down to 40%. The bulk of global output will be produced in the emerging world.

The pace of the shift testifies to these countries' success. Thanks to globalisation and good policies, virtually all developing countries are catching up with their richer peers. In 2002-08 more than 85% of developing economies grew faster than America's, compared with less than a third between 1960 and 2000, and virtually none in the century before that.

This "rise of the rest" is a remarkable achievement, bringing with it unprecedented improvements in living standards for the majority of people on the planet. But there is another, less happy, explanation for the rapid shift in the global centre of economic gravity: the lack of growth in the big rich economies of America, Western Europe and Japan.<sup>309</sup>

The world is no longer composed of a bipolar system. The re-emergence of the G20 as the premier forum for international economic cooperation needs to be considered against this background. The spread of economic power and the ambiguity generated by the reoccurring financial crises initiates an enabling environment for NSAs by creating a need for a more participatory governance style with more ownership.

### **5.2.5.3 Establishment of the C20, the Chambers' organization.**

Enabled by the trends explained above, and parallel to developments in the G20 context, the chamber organizations of the G20 countries, TOBB included, gave their own feedback in the shaping of a new global governance process. Eurochambres, the network of European Chambers, was one of the initiators. The official declaration of formation of the group came shortly after the Pittsburgh Summit in September 2009, though some informal activities had taken place previously. They called themselves a business counterpart to the official Group of 20.

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<sup>309</sup> *Economist*, 'A special report on the world economy: How to grow', accessed on 7 October 2010, [http://www.economist.com/node/17173886?Story\\_ID=17173886&fsrc=nlw|hig|10-07-2010|editors\\_highlights](http://www.economist.com/node/17173886?Story_ID=17173886&fsrc=nlw|hig|10-07-2010|editors_highlights)

Chambers of Commerce of the G20 countries have taken the opportunity to announce their own follow-up to this issue and the creation of the “C20 Group” – a business counterpart of the official Group of 20, whose aim is to support them in elaborating solutions to restore economic stability and sustainable growth globally. The purpose of this group is to represent the views of enterprises – particularly small and medium sized ones – from the G20 countries and make an impact on economic and financial policies discussed at G20 level.

Christoph Leitzl, Honorary President of EUROCHAMBRES and initiator of the C20 idea, said that as the G20 grows in importance in addressing the world’s economic challenges, “It is crucial that they can rely on a ‘mirror’ business group that will provide the real economy’s perspective. We wish to establish a regular exchange of information and consultation mechanisms between the G20 and the C20, which should lead to solutions beneficial to businesses worldwide.”<sup>310</sup>

The emergence of the C20 as a new focal point was underlined on several other platforms as well. This was an important development for International Chamber of Commerce and its specialized branch, the World Chambers Federation, as well. Rona Yırcalı,<sup>311</sup> upon his selection as the president of the World Chambers Federation of ICC for the second time on 9 December 2009 said:

G20 will be the platform where World economic agenda will be discussed. For the first time, starting from this year, great consideration is being attributed to the chambers of G20 countries. World Chambers Federation has important contribution. If we hold a good place in this platform, which we now do, we have the channels to influence considerably the decisions which will set the direction of World economy, as chambers of those regions and the representatives of economy from now on.<sup>312</sup>

Yırcalı says the G20 will mark an important stage of the new global economic governance, and the chamber organizations will be consulted in this new process and will be able to influence the direction of the world economy. This means that TOBB and its peers will be able to influence global economic decisions.

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<sup>310</sup> *New Europe*, ‘Chambers Launch C20, Business Counterpart to G20’, *New Europe* (Issue: 860, Posted: 15 November 2009), accessed on 15 October 2010, <http://www.neurope.eu/print.php?id=97510>

<sup>311</sup> Rona Yırcalı is President of the Assembly of Balıkesir Chamber of Industry and President of the Executive Committee of Foreign Economic Relations Board (DEİK), an affiliate of TOBB.

<sup>312</sup> Accessed on 19 October 2010, <http://www.tobb.org.tr/haber2.php?haberid=2662&sy=1>

The participating Chambers of these countries are as follows:

The Argentinean Chamber of Commerce, the Australian Chamber of Commerce and Industry, the National Confederation of Industry (Brazil), the Canadian Chamber of Commerce, China Chamber of International Commerce-China Council for the Promotion of International Trade, the Assembly of French Chambers of Commerce and Industry, the Association of German Chambers of Industry and Commerce, the Federation of Indian Chambers of Commerce and Industry, the Indonesian Chamber of Commerce and Industry, the Union of Italian Chambers of Commerce, Industry, Crafts and Agriculture, the Japan Chamber of Commerce and Industry, Confederation of National Chambers of Commerce, Services and Tourism of Mexico, Chambers of Commerce and Industry of the Russian Federation, Business Unity South Africa, the Korea Chamber of Commerce and Industry, the Union of Chambers and Commodity Exchanges of Turkey, the British Chambers of Commerce, European Union-Eurochambres, the Association of European Chambers of Commerce and Industry.<sup>313</sup>

Turkey, represented by TOBB, has been an active participant of this group. The C20 issued position papers ahead of the 2009 Pittsburgh Summit and 2010 Toronto Summit, the second being the first “official” position.

The C20 position paper for the Toronto Summit demanded action in the following areas:

1. Adopt appropriate policy measures to prevent the recurrence of crisis. Deliver the framework for strong, sustainable economic growth. Maintain sound public finances. Reform the financial sector.

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<sup>313</sup> *New Europe*, op. cit., in note 310.

2. Support a multilateral trading system and resist protectionism. Conclude the WTO Doha Round and dismantle trade barriers. Protect foreign investment. Effectively protect intellectual property (IP) rights.<sup>314</sup>

As chambers are business organizations, the points made by the C20 focus on economic issues, and chambers want the G20 governments to adopt decisive policy measures to prevent recurrence of a global economic crisis. They support the multilateral trading system and oppose all forms of protectionism. They support neoliberal economic policies.

According to Alessandro Barberis, President of Eurochambres:

The fact that, for the fourth consecutive time, G20 Chambers have reached consensus on a common position clearly shows that the business sector is united and shares common views on how to address the global economic crisis and engage again on the road to growth and jobs. We urge political leaders to stand equally united in their discussions in Toronto.<sup>315</sup>

This common vision of business is based on prevention of recurrence of financial crisis and protectionism that may be implemented as a defense mechanism and cause disruption of economic interactions. Chamber organizations unite around this goal.

#### **5.2.5.4 Turkish Contribution to the G20**

In addition to its contribution as a member of C20 group, TOBB was also able to give its feedback as a Turkish NSA.

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<sup>314</sup> C20 Position Paper for the G20 Toronto Summit, 26-27 June 2010. The paper is in Appendix H of this thesis.

<sup>315</sup> Accessed on 15 October 2010, <http://www.eurochambres.eu/docshare/Common/GetFile.asp?PortalSource=401&DocID=2878&mfd=off&pdoc=1>

During the preparations for the 2 April 2009 London summit, TOBB was approached by the British Embassy in Ankara, and TOBB President Mr. Rifat Hisarcıklioğlu was invited to be the keynote speaker at a civil society round table for gathering feedback to the actual G20 London Summit. The meeting was designed as a round table event for leaders in business, civil society, academia and the media, organised in co-operation with *Referans* newspaper, *Hürriyet Daily News*, the EDAM and Global Political Trends (GPoT) think tanks. This gathering was a part of efforts by the British Embassy to conduct events around the Summit to raise its profile among opinion-formers in Turkey, encourage them to express their views on what the Summit should achieve. The intention was to combine the results into a consolidated view of what the Summit should deliver for Turkey and the global economy as a whole, and to publicise these outcomes in the national and international media.

The civil society round table was named “Towards G20 London Summit: Revitalizing Global Economic Growth” and was held at the British Consulate in Istanbul on 14 March 2009. Mr. Hisarcıklioğlu was the keynote speaker. The other sessions were: *Managing the stability: Financial and macroeconomic framework; International Trade: What needs to be done to keep the world economy on track? Relation of the crises with welfare and development assistance; Solutions for the improvement of economic growth on global scale.* Mr. Hisarcıklioğlu’s speech was recorded and the video was posted on the official G20 website.<sup>316</sup>

He emphasised the following points in his speech:

The international system built after the Second World War is unable to respond to the needs of today’s world. As a consequence rebuilding the economic system became a priority with the global crisis. At this point in order to find solutions for the crisis we need both innovation and action. Global crises necessitate Global precautions. The new function that G20 assumes is highly important for the new global architecture. G20 is the only

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<sup>316</sup> Accessed on 20 March 2009, [http:// www.londonsummit.gov.uk](http://www.londonsummit.gov.uk)



coordination and consultancy mechanism among the eminent economies of the World that Turkey is a member, in this environment. It has already taken the place of G7 due to this feature.

We have been underlying one point even before the emerging of the crisis. Policy making remaining at national level in spite of the increasing globalization of the economies creates a tension in our new world. Governing of existing global institutions remains too small for this new world order. The crisis that we are in thoroughly highlighted this deficiency. Global economic institutions need to become institutions which reflect the demands of various countries. For example, it is a necessity that the demands and concerns of the corporate sector are reflected within the Global system. We are in a period where similar discussions that we have within EU should take place with broader participation within the G20 framework. With Eurochambres, we are planning to bring the G20 Chambers together. Better representation of Small and Medium Sized enterprises (SMEs) will make the new global system more democratic. A more democratic system will have fewer risks. There is a new and interesting era ahead for all of us. We are in an era where the destiny of the world will be rewritten. With the new administration in the USA the dynamics of the region that we are in are also changing. We have two options. Either this crisis will manage us or we will manage this crisis. We prefer to manage this crisis. G20 is the best tool we have to manage this crisis.<sup>317</sup>

Hisarcıklioğlu stressed the importance of new global architecture, the necessity that the demands and concerns of the corporate sector were reflected within this system and his belief that a more democratic system will have fewer risks. These demands were actually welcomed and in fact, the Turkish government and Turkish NSA representatives were asked to give their feedback and join the debate.

In this regard, as the representative of the state, the Turkish Treasury provided its feedback with presentation of two papers at the G20 Summit in London; “Financial Sector Restructuring: Turkey Experience” and “Turkey's Experience on Fiscal Adjustment”.<sup>318</sup>

Following the civil society round table, the feedback of the Turkish civil society was also presented. TOBB was among the presenters of this feedback, which demonstrated the role of civil society in decision-making. During the British presidency of the G20 similar activities were carried out by other G20 countries,

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<sup>317</sup> The speech of the President, 14 March 2009.(Translated into English from the Turkish original)

<sup>318</sup> Accessed on 20 October 2010, <http://www.hazine.gov.tr>

with feedback gathered from the associated civil society organizations. The overall civil society feedback was taken into consideration in the final communiqué of the summit.

## Box 2. Turkey Civil Society Recommendations to London Summit

### **TURKEY: CIVIL SOCIETY RECOMMENDATIONS TO THE LONDON SUMMIT**

The civil society roundtable organised by the British Embassy in Ankara and the IKU-Global Political Trends Centre (GPoT) with the support of Referans newspaper, Hürriyet newspaper and EDAM yielded the following recommendations.

To overcome the current challenges posed by the global economic crisis the world economy needs:

#### **On the general level**

- Global arrangements to formulate solutions on a global scale,
- Political will to overcome the crisis
- Increased and more systematic co-ordination among G-20 countries
- More co-operation between the EU and USA

#### **In the international financial system**

- Opportunities for international loans have to be created
- Strategies for effective risk management have to be developed
- Incentives have to be offered regarding consumer credit use
- We need measures to prevent a sudden decrease or reversal of foreign investment

#### **In the real economy**

- Increased foreign investment and trade especially in the case of the USA
- Action to increase domestic demand
- Measures to increase foreign trade
- Action to prevent protectionism becoming a systematic policy
- Priority to be given to mitigating the social effects of the crisis

#### **In the international financial architecture**

- New or revised institutions to activate an international supervision system

#### **Looking to the future**

- In place of temporary measures to ameliorate the financial situation, the priority must be structural reforms
- We need to overcome the trust issues experienced by both state institutions and societies
- We need proactive measures to tackle the leadership problem,
- We need to formulate in advance methods to curtail the costs of any future crisis.

March 2009

The civil society recommendations to the London G20 Summit listed above focused on economic and financial issues, as well as the governance of the system, rather than covering all aspects of life. It was based on the logic that global problems needed solutions on the global scale.

As outlined above, there are commonalities in this statement and the statement issued after the London Summit by the world leaders who had gathered to address the global financial crisis.<sup>319</sup>

Before the G20 Toronto Summit on 26-27 June 2010, which convened to discuss the new global architecture along with measures against the crisis, a similar civil society meeting was organized in Turkey to get Turkish feedback. This was held in Ankara on 7 June 2010 on the premises of TEPAV, this time at the initiative of the Canadian Embassy in Ankara. Prof. John Kirton from the University of Toronto, who is the Co-Director of the G20 Research Group, was the keynote speaker. Under the headline “Managing the Global Economy G20 Summit of Canada from Toronto to Turkey”, he initiated a discussion on what Canada and Turkey could bring to this group, the ways in which each country might hope to influence the G20 agenda, and how they might work together to achieve their aims.

Kirton argued that:

Canada and Turkey have served and can serve as critical connectors and democratizing co-leaders to make the G20 the intended genuine club of equals providing the effective global governance based on democratic openness and respect for diversity. This is due to their similar shift from consumers to producers of global financial and economic security, their global geographic, status and international institutional position as great connectors, and their devotion to open democracy and diversity as polities today.

(...) Looking ahead, Turkey sees the G20 as a central institution of global governance in which it is eager to play a leadership role. At the start of 2010, when the question of defining a hosting order for the now permanent G20 summit, after the French year in

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<sup>319</sup> G20 Leaders’ Statement, op. cit., in note 303.

2011, Turkey, along with Mexico and Russia, offered to accept this responsibility in the near term.

Turkey's vision for the future G20 contains a desire to expand its agenda. It views the G20 as having both the power and responsibility to address issues beyond the finance core. This is particularly the case as finance and economics affect people as a whole and their central concerns. It is also because the G20 finance ministers and central bank governors have shown their capacity to make concerted efforts in broader field.<sup>320</sup>

According to Kirton, Turkey sees the G20 as a central institution of "Global Governance"; Canada and Turkey have similar features, making them suitable to participate in providing effective global governance based on democratic openness and respect for diversity. He mentions that Turkey is eager to play a leadership role in G20. This makes TOBB's role critical, as it is the only all encompassing business organization of Turkey and the G20 deals mainly in economic matters.

It is observed that, regarding the G20 process, Turkey, Canada and Great Britain not only acted through their governments, but through NSAs such as TOBB and its think tank TEPAV. TOBB either individually, or through the work of the chamber system (C20), participated in this endeavour to contribute to the democratic openness component in this new scheme of global governance.

It was a notable development that NSAs in general and chambers in particular were able to provide feedback to the discussions on shaping the global economy. TOBB is able to take a part in this and is becoming an increasingly active actor in this process.

On this occasion TOBB established itself as an influential actor in the search for solutions to global problems and its input and participation have increasingly been valued. TOBB was able to interact and influence.

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<sup>320</sup> John Kirton, 'Potential Partnership in Global Economic Governance: Canada's G20 Summit from Toronto to Turkey', *G20 Research Group Working Paper* (TEPAV, Ankara: 7 June 2010)

## 5.2.6 Overall CSO reaction to G20 decisions

Though the G20 Leaders at the Pittsburgh Summit designated the G20 as the premier forum for international economic cooperation, not all CSOs were convinced that the G20 would be able to provide the relevant solutions.

According to Paul Quintos, there are structural imbalances in the global economy, and the G20's response to the crises ignores these structural imbalances, focusing solely on issues of liquidity and regulatory failure. He explains concerns over G20 efficiency as follows:

The structural imbalances in the global economy – inequality between capital-owners and wage-earners, between high finance and the real economy, between developed and developing countries, and the democratic deficit in institutions of global economic governance – constitute systemic failures of the neoliberal development model which the global crisis has exposed.

As for improving financial regulation, the G-20 appears to lack political will in curbing financial speculation and making financial institutions publicly accountable. It merely promises to come out with rules on bank capital requirements by end of 2010 for implementation by end of 2012; calls on firms to reform compensation policies to discourage excessive risk taking; calls for improved transparency in the derivatives markets and promises to come out with prudential standards for “systematically important financial institutions” by end of 2010.

Nowhere in the official policy agenda are measures to deal with the long-running decline in the income shares and living standards of the working poor who constitute the majority of the population both in the developed and underdeveloped countries.

The standard neoliberal policy response to deal with fiscal deficits – which the G-20 and the IMF are promoting – means more cuts in public services, social security and public pensions, as well as regressive tax reforms. The upshot to this is that working families are made to pay for the costs of the global crisis several times over, through falling incomes and rising unemployment, then through reduced access to social services in order to pay for the handouts given to financial giants responsible for the crisis. The worsening of inequalities and the same structural imbalances will surely lead to new financial convulsions and deeper economic crises in the future.<sup>321</sup>

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<sup>321</sup> Paul Quintos, 'What is Missing in the G-20 Agenda?', *IBON International* (October 2010), accessed on 8 October 2010, <http://iboninternational.org/downloads/getfile/63>

In fact, Istanbul, Turkey has been a venue for expressing civil society views. Representatives from civil society, government and donor organizations from over 70 countries gathered for the First Global Assembly of the Open Forum for CSO Development Effectiveness in Istanbul, Turkey, from 28-30 September 2010. The Global Assembly is organized in collaboration with the Third Sector Foundation of Turkey (TÜSEV) and the Open Forum.<sup>322</sup>

At the end of the Forum, the Istanbul CSO Development Effectiveness Principles were issued. It was demanded that these be communicated at the next G20 meeting.

The eight principles unanimously agreed upon by the CSO representatives from 70 countries were as follows:

1. Respect and promote human rights and social justice.
2. Embody gender equality and equity while promoting women's and girls' rights.
3. Focus on people's empowerment, democratic ownership and participation.
4. Promote environmental sustainability.
5. Practice transparency and accountability
6. Pursue equitable partnerships and solidarity.
7. Create and share knowledge and commit to mutual learning.
8. Commit to realising positive sustainable change.<sup>323</sup>

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<sup>322</sup> The Open Forum for CSO Development Effectiveness is an initiative conceived of and led by a diverse coalition of CSOs from around the world to identify the elements that are essential to the development effectiveness of CSOs. They claim this process is unique in its effort to create a global CSO consensus on the principles to which they hold themselves accountable and to which they wish to be held accountable by the constituencies they serve and represent, by their fellow CSOs, and by donors. This is the first ever global, cross-sectoral initiative in the field of development initiated by CSOs, and its main goal is to define and promote the roles and effectiveness of the CSO sector in development, based on a shared framework of principles. Accessed on 14 October 2010, <http://www.cso-effectiveness.org/-what-is-the-open-forum,015-.html?lang=en>

<sup>323</sup> Istanbul CSO Development Effectiveness Principles, 29 September 2010. Accessed on 14 October 2010, [http://www.cso-effectiveness.org/IMG/pdf/final\\_istanbul\\_cso\\_development\\_effectiveness\\_principles\\_footnote.pdf](http://www.cso-effectiveness.org/IMG/pdf/final_istanbul_cso_development_effectiveness_principles_footnote.pdf). The text is in appendix I of this thesis.

The Istanbul Principles cover a wide span of economic and social life. As mentioned in the above article by Quintos, the focus of the G20 is mainly on issues of liquidity and regulatory failure. Whereas the economic and social impacts of the crises necessitate a wider framework and the ability to address issues which cannot be solved from a merely technical perspective.

In the preamble of the Istanbul Declaration CSOs point out that:

Civil society organizations are a vibrant and essential feature in the democratic life of countries across the globe. CSOs collaborate with the full diversity of people and promote their rights. The essential characteristics of CSOs as distinct development actors – that they are voluntary, diverse, non-partisan, autonomous, non-violent, working and collaborating for change – are the foundation for the Istanbul principles for CSO development effectiveness. These principles guide the work and practices of civil society organizations in both peaceful and conflict situations, in different areas of work from grassroots to policy advocacy, and in a continuum from humanitarian emergencies to long-term development.<sup>324</sup>

They see CSOs as distinct development actors, and that they are voluntary, diverse, non-partisan, autonomous, non-violent, working and collaborating for change.

In the above description the feature of being “voluntary” excludes TOBB from its civil society understanding, as registration to the chambers is compulsory in Turkey. Overall CSO demands and TOBB demands differ, as the latter is weighted towards economic issues. Nevertheless it is apparent that TOBB is a non-governmental actor with the capacity to influence, and has entered the spheres of influence.

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<sup>324</sup> Ibid.

## **Conclusion**

Due to the fact that membership to the chambers is compulsory, and with one of the occasional criteria for CSO status being voluntary participation, TOBB is only sometimes included in research on the topic of civil society, though it does retain the status of NSA in all frameworks. This does not make it any less influential. On the contrary, its involvement in economic governance and its features that come from being a business community representative increases its ability to influence.

TOBB is valued as a partner by the Turkish state, various other allies of Turkey and international institutions. TOBB is being encouraged to take a significant role both domestically (by the Turkish government) and internationally (World Bank, IMF, G20, etc.). TOBB is also an active member of the ICC, and of the global chamber network, with which it has many common features and important linkages. This strong background enables TOBB to be even more influential.

A comparison of TOBB and FICCI show that both institutions are influential members of chamber network with similar interactions, their business backgrounds are their significant characteristics, and the overall impact that they have over the system of international relations is far greater than the impact that would have, if they have been sole actors.

Due to the destructive effects of the reoccurring global economic crisis, there is a desire and need to govern the global economy with increased consultation, cooperation, ownership and participation. The institutions whose legitimacies are being questioned are willing to adopt more inclusive governance styles and to consult a wider spectrum of actors in policy-making. Reoccurring crises have also shown that automatic mechanisms do not come into force whenever there is a need for rescue. Further cooperation and consultation is seen as necessary in this



regard as well. For that reason, even global economic governance institutions such as the World Bank and IMF have decided to restructure themselves to a certain extent, and the IMF implemented the quota change as demanded.

Organizations such as the G20 are trying to be more formally organized and more inclusive through consultations. The G20 is emerging as the new body of international economic governance, and it has declared itself the premier forum for international economic cooperation. It has also recognized the need for concerted action and indicated that it would act to ensure the participation of every stakeholder, such as consumers, workers, investors and entrepreneurs in the global economy. This means they support wider participation and are willing to allow actors other than states to participate in the policy-formation process. Turkey is included in the G20 as a significant economy, and takes part in this process. The inclusion of Turkey gives TOBB a critical role as the only all-encompassing business organization of Turkey. In this context, the C20, the chambers of the G20 countries, is also emerging as a new actor. The C20 includes chamber organizations that represent economic activity, and their prestige as influential actors is on the rise.

Governance institutions are trying to incorporate the views of NSAs. They want to prove that they make their decisions on all-encompassing platforms. The core values, such as propriety, integrity and transparency, are also being brought back into the picture.

TOBB, both as a member of the chamber community and through its bilateral relations with other significant countries, has the ability to be involved in and provide input on global economic governance.

The wider CSO community, on the other hand, has criticized the immediate outcome as being limited in its improvement of financial and regulatory failure. It wants more focus on social aspects of life.

There is a pro-NSA trend that encourages, invites and enables these institutions to take an active part in policy formation. This climate is facilitating NSA involvement. In this changing global governance scheme, the overall picture shows that TOBB has managed to enter channels of influence, and it “matters”.

## **CHAPTER 6**

### **CONCLUSION**

This thesis has examined TOBB within the global and national socioeconomic contexts within which it operates, focusing on the last decade. Though states are the primary governing bodies and important actors, the role of non-state actors (NSAs) has become increasingly important, as they are able to intervene and influence policy-making through their activities. NSA's "matter" in issues regarding globalization and governance. They interact with various other actors, they have a role in governance schemes and they may have the capability to effect the acceleration of globalization. This process in turn also affects them.

TOBB was chosen as a case study to evaluate the impact of such institutions in this process. This was the first time TOBB has been analysed in such detail, and within the context of being an actor in international relations. A pluralist framework is adopted and TOBB's capacity to influence on various issue areas is analysed. Information on TOBB, its interactions in governance, its special projects, and the viewpoint of TOBB made public through certain declarations and criteria, the economic platforms it participates, its contribution to G20 meetings and its presence at establishment of the Chamber20 (C20) are explored to understand if TOBB took an active stand in this process during the last decade. The enabling nature of the surrounding context that TOBB operates, both domestically and internationally, is analysed in this context. How TOBB acts as a catalyst between global and local socioeconomic structures is demonstrated with examples. A comparison between TOBB and FICCI, its counterpart organization in India, has also been made to provide some perspective on the overall impact of similar organizations when the system is taken as a whole.

The hypothesis tested was whether TOBB has particularly been effective in the globalization process over the last ten years, and whether, as an NSA, it “matters” in international relations. Mattering is taken as an analytical tool and it is a sub-component of what pluralists see as an interaction. It is employed to clarify the outcome of an interaction. Another goal of this thesis has been to make a concrete contribution to the unit of analysis for discussions demarcated by theories of realism and pluralism, the two guiding theoretical viewpoints of international relations. If the only possible units of analysis are states, as realists claim, an NSA like TOBB would have no role to play. But if it is demonstrated that TOBB is able to play an important role, the pluralist view, which supports the argument that NSAs are influential, may gain further ground.

Different intervention schemes have been explored to find out if outcomes have been affected by such interventions. NSAs such as TOBB are able to provide input to decision-makers. As discussed above, multi-level governance schemes enable NSAs to play a more effective role.

While trying to evaluate above issues, two things are considered as given. First is that TOBB functions in a globalized world. Second, governance is the administration style adopted in the globalized world and it is a multi-actor and multi-level phenomenon.

Globalization means that world economic system functions as a whole within a multi actor environment interacting simultaneously at various levels. The national boundaries and state sovereignty do not constitute limits to economic interactions. With the contribution of increased speed in communication, transportation, circulation of goods and capital, spread of internet, the constraints of states coping with the dynamism of innovations, creative thinking and the general acceptance of neoliberal thinking, an economic environment prevails

where interactions take place at multiple levels and multiple domains beyond the control and intervention of a single authority. Systemically important global governance institutions broadened their scopes, institutions such as G20 raised their profiles to standardize rules that govern the economic system to make sure that, no single actor would act on its own rules and distort the smooth functioning of the system as new financial crises get globalized very easily due to this feature of the global economy. This is neither desired nor could be afforded. Globalization issues are discussed by various scholars over a very broad spectrum. Held and McGrew gather these discussions under three schools of thought, namely the hyperglobalists, the sceptics, and the transformationalists. This thesis also claims that there is a transformation, and this transformation occurs within a pluralist environment where many actors, not only states, interact in a complex and multi level environment. The declarations and statements made by TOBB are examined against this background.

By analyzing declarations and statements made by TOBB, it has been established that TOBB has favored neoliberal economic policies over the past decade. TOBB's neoliberal preferences have been realized in most instances, and the Turkish state has taken parallel actions in most of the cases examined in this thesis.

Two concepts, acceptance and inclusion, have been utilized as analytical tools in order to describe the way NSAs have been incorporated into the decision-making process of global governance. In order to be influential, NSAs need a certain degree of inclusion and acceptance from the international or local environment. Several examples were presented as evidence of this inclusion and acceptance. TOBB has explicit inclusion by the government, as well as policy-making global institutions such as the World Bank, IMF and G20, and by important countries in the world system.

The duties assigned to TOBB reflect interactive processes among parties, and have influence on globalization, as well as presence in the governance of economic and social life. TOBB establishes the link between the local and the global through its interactions while fulfilling its duties. TOBB is also active in some economic and social aspects of life through its social, commercial and formal participations. Various TOBB interactions that are carried through these participations also contribute to internationalization and globalization.

It has been shown that TOBB activities cover a wide spectrum, and that they are regarded as “processes” that link various “structures” together (civil society, state, international institutions, etc.). As TOBB’s participation in such networks increases, it becomes more deeply involved and influential in global economic governance activities ranging from trade to transportation.

It has also been demonstrated that the general features of TOBB do not necessarily overlap with the general features of the majority of CSOs in Turkey. TOBB is much powerful in many respects, and its chamber and business organization features prevail as compared with other CSOs. This is important from the perspective of this thesis, since due to its powerful standing, TOBB’s capacity to influence is much higher. However, some institutions such as the World Bank do include TOBB in their civil society organization portfolios. As long as TOBB’s characteristics are set forth properly, how TOBB is referred to in various contexts does not affect the outcome of our analysis. How TOBB is referred to varies depending on the perspective of the institution. It has been demonstrated that references made by the same institution may even differ depending on the prevailing context. While TOBB’s features are identified to give an objective perspective, focus remains to find an answer to the question of whether TOBB is able to influence, and if it matters. The research detaches itself from how others institutions address TOBB.

It is observed that though TOBB is a national institution, many of its activities fall into the scope of transnational interactions. These can be identified as interactions in global governance; the activities may be initiated at the domestic level, but they transcend it, extending beyond national boundaries to become a part of the global governance scheme. TOBB has activities in security, production, financial and knowledge structures, as well as transport and trade structures.

It has been demonstrated that in addition to being active in trade documentation, TOBB is also very active in land transportation. It has taken the initiative to revitalize the historical Silk Road, along with many other countries in the region. TOBB's border gates initiative has been especially significant as a new way of governing the borders, and contributing to the acceleration of trade, hence globalization, and the state is now delegating some of its authority to an NSA. TOBB's participation in the GS1 system has been equally important for governance and globalization, as it is very closely linked to the increased speed in trade and the efficiency of supply chain systems. These kinds of activities increase connections between remote parts of the world through relatively small steps, which, accumulated, become substantial. The Internet is utilized by TOBB as a medium for carrying out some of its activities. Its usage contributes to globalization, as a new way of carrying out governance activities. By making use of the Internet and web-based systems, individuals and institutions are able to transact without having to be at the same location. TOBB, in the last ten years, has intensified its presence on this front as well. It has been observed that TOBB's industry for peace projects has been especially important, as they are positive interventions on the security structure. Security is traditionally considered the realm of states, and the realist school of thought in IR closely interlinks security and political power. Our analysis has shown that TOBB, in its capacity as an NSA, mobilizes trade and industry, and has a role in the integration of unstable regions into the global economy. This

takes the security issue beyond the authority of the nation-state and brings it into the realm of the pluralist perspective.

TOBB considers the European Union project a stepping stone, and as a modernization project for Turkey on its way to full integration into the global economy. TOBB's actions in this regard are complimentary to the EU accession policy of the Turkish state. TOBB activities are mainly on grassroots ownership of the EU process, and include networking, lobbying, capacity building and information dissemination. TOBB raised its profile at Eurochambers in the last decade and this contributed to its ability to be more influential in decision making process.

TOBB activities on education are for overall capacity-building and chamber accreditation efforts, and for establishing higher standards, in addition to achieving better governance at the local level. Raising the level of Turkey's human resources to international standards contributes to globalization through capacity-building and by removing obstacles that hinder effective communication.

It has been demonstrated that TOBB is also active in global economic governance through projects such as localizing millennium development goals with international institutions like the UNDP. Cooperation with such international organizations strengthens TOBBs status as a global actor and increases the local-global connection.

It is shown that TOBB has certain policy instruments that it uses to effect decision-making processes. These include establishing dialogue channels with regulators, making use of media, making declarations, generating reports, and seeking cooperation and consensus on various platforms. It is possible to trace TOBB's viewpoint and actions through its statements, media declarations and the



speeches of its president, as well as through the demands it has made on various occasions. These are observed both in the domestic and international spheres. Intervention in economic decision-making, even when it appears to be limited to the domestic economy, has far-reaching consequences, since Turkey does not have a closed economy. Its economic decisions have repercussions on the global economy, just as the economic actions of other actors reach and influence Turkey. In the globalized world, the number of countries with closed economies is limited. Therefore most economic actions reach beyond the boundaries of the countries from which they originate.

The vision and mission of TOBB, and the ways it has evolved have significance. The results of the 2002 and 2010 Search Conferences, wherein TOBB's vision and mission were discussed and agreed upon by the stakeholders, are indicative of the change and transformation that TOBB has undergone. While TOBB has been trying to implement "change", taking the results of this text as a reference, it can be concluded that TOBB was subject to "change" as well.

TOBB expresses its views on a variety of (mainly economic) issues and has been able to elicit the desired reaction from the government in the recent decade. TOBB not only expresses its views on economic matters, but on national and international socio-political matters, as with the Iraq and Cyprus issues. During our period of study, among the various declarations and demands that TOBB made public, the focus is on four, as they were considered to be the most important benchmarks. These were the 30 November 2001 decisions agreed upon between TOBB and the Government; the 22 October 2002 'Turkey Wants Its Future' declaration, the 11 January 2004 declaration, and the TOBB Criteria for the Economy, launched in September 2005. Some demands are very specific and target particular issue areas, whereas others are more general. The more specific demands are pursued via various economic platforms. Meanwhile, the more

structured economic platforms in which TOBB is active and influential are Economic Summits, the Economic Issues Assessment Council, the Economic Coordination Committee, the Economic and Social Council and YOIKK. The majority of TOBB's interests in these platforms favor neoliberal economic policies, and their implementation positively impacts the trend towards globalization.

What these demands focus on is an indicator of how TOBB contributes to global governance. TOBB demands a focus on issues such as financial structuring and discipline, privatization, judicial reform, obstacles to investment and production, social security reform, market liberalization in certain sectors, tax system restructuring and improvement, simplification of regulations, public administration and civil service reform, education system reform, social security reform, industrial strategy design, agricultural policy design, tourism policy design, transparency, counter-corruption efforts, and foreign policy stabilization. These are closely linked to the acceleration of globalization. TOBB intervenes to reach these targets, both at the general level and through specific economic platforms wherein issues are divided into smaller components. It has been observed that TOBB is able to influence policy in the direction of its preference. While synthesizing of all of this, it is important to consider that economic policy outcomes fall in the realm of the international and global, and as TOBB tries to influence economic policy, it is thus possible to claim that its actions have helped to accelerate globalization. It can be said that there has been the "presence" of an effect, although we may not be able to measure the "magnitude" of that effect. The examples presented, however, clearly demonstrate that TOBB is a consulted counterpart on economic matters.

Due to the fact that membership to chambers is compulsory, and since voluntary participation is sometimes used as criteria for civil society categorization (as opposed to non-violence, a category used in other research), TOBB qualifies as an NSA, but may not be included in some research regarding civil society. This would

also depend on the perspective of what would constitute to be 'civil'. However, this does not mean that it is less influential in any case. On the contrary, its involvement in the economic governance and its position as representative of the business community makes it more powerful and influential.

The examples provided reveal that TOBB is valued as a partner by the Turkish state, and by various other allies and international institutions. TOBB is being encouraged to take on a significant role both domestically (by the Turkish government) and internationally (by the World Bank, IMF, G20, etc.). TOBB is also an active member of the global chamber network and ICC. TOBB has many common features and important linkages with the global chamber network. This strong background enables TOBB to be even more influential.

It has been also demonstrated that due to the destructive effects of the current global economic crisis, there has been a greater desire and need to govern the global economy with increased consultation, cooperation, ownership participation, and therefore more inclusion and acceptance.. The institutions whose legitimacies have been questioned are willing to adopt more inclusive governance styles and consult a wider spectrum of actors in policy-making. Recurring crises have also proven that automatic mechanisms do not come into effect whenever there is need for rescue. Further cooperation and consultation are also perceived as necessary in this regard. For this reason, systemically important global economic governance institutions such as the World Bank and IMF have decided to restructure to a certain extent, and the IMF implemented the quota change as-demanded.

The fact that organizations such as the G20 are trying to be more formally organized and inclusive enables TOBB to take part in decision-making processes. The G20 is emerging as the new body of international economic governance, and it

has declared itself the premier forum for international economic cooperation. It has also recognized the need for concerted action and indicated that it would act to ensure the participation of every stakeholder, such as consumers, workers, investors, and entrepreneurs in the global economy. This means they support wider participation and are willing to allow actors other than states into the policy formation process. Turkey is included in the G20 as a significant economy and systemically important country, and takes part in this process. The inclusion of Turkey gives TOBB a critical role as it is the only all-encompassing business organization. In this context, the C20, the chambers of the G20 countries, is also emerging as a new actor. The C20 includes chamber organizations that represent economic activity, and their prestige as influential actors is on the rise. Governance institutions are trying to incorporate the views of NSAs. They want to prove that they make their decisions on all-encompassing platforms. It is also observed that core values such as propriety, integrity and transparency are also being brought back to the center of discussions.

TOBB, both as a member of the chamber community and through its bilateral relations with other significant countries, has the ability to get involved in providing input for global economic governance. The wider CSO community, on the other hand, has criticized the immediate outcome as being limited to improving issues of financial and regulatory failure. It wants more focus on social aspects of life.

There is a pro-NSA trend that encourages, invites and enables these institutions to take an active part in policy formation. This climate is facilitating NSA involvement. In this changing global governance scheme, the overall picture shows that TOBB has managed to enter streams of influence and it “matters”.

Chamber features distinguish TOBB from other NSAs. This is clarified in the introduction and throughout the thesis as well. A comparison of TOBB and FICCI, both representatives of business communities, also demonstrates that both institutions are engaged in activities usually performed by chambers. Due to Turkey's strategic location between East and West, as well as North and South, and due to its proximity to the Middle East, TOBB is engaged in transportation projects and peace projects to a larger extent than FICCI. FICCI, on the other hand, is more advanced on issues that attract foreign investments, such as intellectual property rights, quality issues, arbitration systems, etc. than TOBB.

Both institutions, however, are very active in their efforts to influence policy-making, and they use various means to communicate with their governments. Both have large national and international networks, promote the prosperity of their countries, and are very active in their strategic sectors. Comparing TOBB with analogous institutions worldwide is more relevant than comparing it with other Turkish institutions. It is much more fruitful to make an international analysis in order to understand the interactions of TOBB as opposed to limiting the analysis to the domestic level. This comparison also demonstrates the chamber feature of TOBB, the feature that differentiates it from its peer NSAs.

We can see in both examples that multi-level governance schemes exist, and these draw the path that influences how global economy is shaped. However, it is also clear that powerful institutions such as TOBB and FICCI are more privileged compared to some other NSAs in making their voices heard, and they are granted access to channels that enable them to voice their opinions.

TOBB and FICCI are two NSAs working in harmony; they cooperate with each other and various other actors. Both TOBB and FICCI are members of the C20, the significance of which increased after the 2008 financial crisis. They participate in

similar activities and they cooperate both on a bilateral and multilateral platforms. TOBB has the ability to influence, so does FICCI.

Both TOBB and FICCI are best evaluated within their own contexts, that is, the chamber network. Given the facts gathered in our case study, when the wider chamber network is considered as a whole, it is possible to deduce that the overall activities of the chamber system, composed of institutions similar to TOBB and FICCI, have a much larger impact on the global governance scheme.

Both organizations are NSAs, but while this is important, their most important feature is that they come from business backgrounds, and this influences their perspectives. They try to influence economic issues, and their social involvement is increasing as their involvement in corporate social responsibility increases. After the 2008 crisis, the world has seen an increasing trend in stressing that basic ethical values should be incorporated into business practices, and in this respect prominent organizations such as TOBB and FICCI are expected to play a leading role.

The recent global crisis, which began in 2007, is as severe as the crisis experienced during the collapse of gold standard. It now seems that global regulators are in favor of more controlled economic governance. This is why bodies such as the G20, IMF and World Bank are taking measures to make the impact on the world economy more manageable. They seem to be incorporating various perspectives, including the views of NSAs, and by extension, of TOBB.

TOBB is a very specific case of economy, society and culture merging in a very special way. TOBB's local network still operates based on traditional motives and preserves cultural and societal values.

Following the economic crisis induced by the US mortgage crisis, international governance institutions also observed that no automatic regulators were in place, and that there was a need for a wide-spectrum of consultancy. The G20 is designed as a participatory and cooperative platform for this reason. It appears that global governance institutions had lost their faith in automatic regulators as well.

According to International Monetary Fund Chief Economist Olivier Blanchard, before the crisis, received wisdom was that the markets could protect themselves.

It was a fitting eulogy for the economic orthodoxy that once governed the world, given by one of the men who helped develop it. 'Before the crisis, we had converged on a beautiful construction' to explain how markets could protect themselves from harm, said International Monetary Fund (IMF) Chief Economist Olivier Blanchard. 'But beauty is not synonymous with truth.' A globalized world, it turns out, linked companies and economies together in ways not fully understood. What's less certain - and the focus of Blanchard and a panel of top world economists who gathered at the IMF this week - is whether a new consensus can be salvaged out of the ashes of the old.<sup>325</sup>

In a globalized world with a complex economic system and recurring financial crises, there is an increasing need for more cooperation and consensus. It is therefore essential to understand each actor. This is why it is so important to understand how and at which levels non-state actors operate.

TOBB operates on various platforms and takes action in various issue areas. In the introduction of this thesis a policy outcome flow chart is provided (Scheme.1) that demonstrates the presence of several actors in policy-making, and that policy outcomes are a result of this process. Throughout the thesis various interactions of TOBB as an NSA are elaborated on, and the role it played in several significant issue areas is revealed. The table below is a compact sampling of TOBB

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<sup>325</sup> Howard Schneider, 'At IMF, The Hunt for New Consensus', *The Washington Post* (7 March 2011), a summary from a Washington Post article accessed on 8 March 2011, <http://www.worldbank.org/news>

involvement in various global issue areas and the outcomes produced that have had an impact on global governance.

Table 4. Selected TOBB Activities on Certain Issue Areas Which Constitute Interventions with Effect on Global Governance

<b>Issue Area</b>	<b>Intervention Type</b>	<b>Other Partners (Public and Private)</b>	<b>Means</b>	<b>Possible Impacts and Impact Assessment</b>
Need to improve the overall well-being of people around the world	Localizing Millennium Development Goals, UNDP project	UNDP, local chambers, Local Agenda 21, government	Capacity-building, supply of funds, providing the cooperation of local chambers	Improvement in the well-being of the people involved in the cities where projects are undertaken.
Inadequate involvement of small firms (SMEs) in the global economy	Expansion of the Turkish Business Centers Network	European Union, CFCU, local chambers ABiGEMs	Transfer of knowhow, increase of cooperation among parties	Improvement in SME involvement and capacity-building.
Instability in the Middle East	Ankara Forum	Turkish, Palestinian and Israeli chambers, governments	Inducing economic activity, mediation and cooperation, by keeping dialogue channels open	Establishing Industrial zones, job creation, better understanding between parties.
Instability in Afghanistan	Istanbul Forum	Turkish, Afghan and Pakistani chambers, governments	Inducing economic activity, mediation and cooperation, by keeping the dialogue channels open	Establishing industrial zones, job creation, better understanding between parties.
Maintaining the smooth flow of goods on transportation routes.	Border gate projects	Neighboring governments, chambers	Creation of infrastructure by Built Operate Transfer (BOT) schemes	Faster delivery of goods across borders.
Global economic instability and recurring financial crises	Taking part in the G20 by giving feedback on certain issues.	G20 governments G20 chambers, business organizations, NSAs	Establishment of a more cooperative and inclusive mechanism for economic governance	Increased networking and dialogue, increase in communication channels.



Table 4 (continued)

Issue Area	Intervention Type	Other Partners (Public and Private)	Means	Possible Impacts and Impact Assessment
Structural reform issue in Turkey	“Turkey Wants Its Future” and other declarations demanding change	IMF, World Bank, Turkish government	Various economic platforms with the government	Implementation of parallel regulation schemes with neoliberal economic structures
Need to reach international standards in providing services to companies at the local level	Chamber Accreditation Program	EU, British Chamber of Commerce, Eurochambres	Increased interaction with local partners, application of best practices expertise, providing training to chambers.	Overall increase in quality

The activities laid out above are samples of TOBB activities that deal with certain policy issues. These are broken down into components for the sake of analysis. Issue areas, intervention types, partners other than TOBB, means of intervention and outcomes of activities are also shown in order to summarize the scope of TOBB intervention and highlight its ability to influence.

We see that in these cases several other actors are involved, and various tools are used for intervention. In each case, there is always an outcome, even if these are taken one small step at a time. All contribute to the effects of globalization. It is possible to increase the number of examples. It is also a fact that not only TOBB, but similar organizations such as FICCI, are also taking their share of small steps contributing to the enhancement of globalization.

Globalization and governance as its administration style have changed international relationship patterns. The role of the state in economic matters has been modified and is now more open to pluralist approaches. Decision-making

procedures become even more complicated in the era of globalization and the involvement of NSAs.

The case of TOBB reveals that states are not the only actors that should be taken as the unit of analysis as the realist school claims. Pluralists, who claim international relations are governed through various actors and multi-level relationship patterns, prove to be correct according to the case of TOBB.

TOBB contributes to the globalization process via various activities. In return, TOBB is affected by globalization. As TOBB intervenes to achieve change, it also interacts with more parties. As the number of parties involved in transnational interactions increases, TOBB also learns from these experiences, builds its capacity through various projects and accelerates the catalyst effect between the global and the local.

The economic policy outcomes fall within the realm of the international and global, since neither Turkey nor the countries it interacts with are closed economies. As TOBB tries to influence economic policy outcomes in favour of more neoliberal ones, it is possible to claim that this has an effect on the acceleration of globalization.

TOBB is an influential actor in international relations. It is able to intervene, and outcomes are influenced by its interventions. TOBB, as an NSA, “matters”. States are not the only units of analysis in international relations and they are not closed, impermeable and sovereign units. Transnational interactions when considered as a whole have an effect on the system. In the last ten years TOBB policies have begun to show a pattern of accelerated internationalization. TOBB case study’s results support the prevalence of the system in the international arena as a result of interactions among various actors. The international system is not a static, and it

changes continuously. Actors such as TOBB, and its counterparts such as FICCI, have entered the channels of influence with their business community and chamber backgrounds.

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## APPENDIX A

### **Turkey Wants Its Future Declaration (Türkiye Geleceğini İstiyor Bildirgesi), TOBB, 22 October 2002**

<http://www.turkiyeistiyor.org>

(Translated into English from the Turkish original)

Turkey is a country that gets its power from the will of 70 million people who wish to live together in a difficult geography where dynamic and entrepreneurial people live with rich historical and cultural heritage.

Unfortunately, this large country is in a bottleneck due to erroneous policies and unrealized structural transformations. It wasted its time, energy and resources in critical years during which the world changed, and fell into the lower ranks of global competition.

The path to our historical preference of the European Union is full of uncertainties.

From businessmen to bureaucrats, politicians to men in the street, all sectors of society are responsible for this.

Our system of political parties is unable to rule our democracy: The institution of politics lost its ability to solve problems; moreover it turned into be an arena of serious problems itself.

Our legislation system is clogged; the delay in justice damages the faith of the people in the system.

Our economy has been weakened by chronic crises. To roll over domestic and external debt, to achieve growth again, to bring unemployment down to acceptable levels and to revive our economy so that it has a healthy and competitive structure lays a head as vital problems. One of the reasons for consecutive crises and today's dilemma is the organization and operation style of the public sector.

Our public finance is bankrupt: This system, which generates corruption, which is clumsy and extravagant, is no longer able to take healthy decisions and execute them.

More important than this, there are deep concerns about trust in every sector of the society.

- A democracy that does not function with all of its institutions and rules
- An economy dependent on the IMF,
- A legislation system that searches for justice elsewhere
- An out-dated public administration and
- A political structure that turns all these problems into a jigsaw puzzle

...darkens the future of Turkey.

This dark picture, which consumes the rich potential and dynamism of our country, cannot be our faith.

The problems that overshadow our future, damage our livelihood and honor are not without solutions. We have to make a preference between solving our problems or pretending to solve them and postpone them. What will determine tomorrow is this preference of ours.

The election atmosphere in which problems and solutions are discussed offer us a convenient climate for a real “Revolution of Mentality”, which will be the main factor in achieving change and transformation in Turkey. This opportunity should not be missed.

The immediate need that Turkey has today is the will for a comprehensive and lasting reform to be built on common ground by civil society and political parties.

Political parties suggest similar solutions for the problems in their declarations.

It would be possible to locate joint will for reform from these similarities and apply them after the elections if all sections of society and the politicians are mobilized.

The Union of Chambers and Commodity Exchanges of Turkey considers leading this comprehensive accord to be its duty due to its social sensitivity and responsibility.

The Union of Chambers and Commodity Exchanges of Turkey aims to achieve this mission it undertakes by transforming the common grounds that political parties and civil society organizations have into a social compromise.

The Union of Chambers and Commodity Exchanges of Turkey invites the political parties to meet around the following principles and to apply them after the elections to achieve this goal, which will continue to try to find solutions within democracy.

## POLITICS

- Legislation on political parties should be changed in order to maintain institutionalization of democracy within the parties, and to achieve a transparent and auditable financing of the parties.
- Membership to parties should be based on a healthy structure.
- Legal regulations should be carried out to effectively reflect the political preferences of the people to the administration.

## LEGISLATION

- Law must be the assurance of rights and freedoms.
- Judicial independence and neutrality should be maintained and the superiority of law should be established.
- In order to accelerate the pace of the judicial process, the system should have the necessary facilities and provisions, institutional regulations including specialization should be accomplished, legislation should be simplified and updated.

## PUBLIC ADMINISTRATION

- A governance style wherein those who are governed have rights, participate in the process, and are considered stakeholders should prevail in the public administration.
- Civil society organizations should be allowed to participate in the decisions and implementations of public institutions, and the legal and administrative obstacles to obtain information should cease to be in effect.
- Public services should be decentralized in order to increase efficiency, accountability and democratic participation. Centralized authority and public services should be transferred to the private sector, local administrations, civil society organizations and vocational (professional) institutions based upon efficiency, quality and cost.
- “Performance management” should be applied in delivering public service.



- Staff recruitment, appointment and promotion should be based on objective principles; seniority and capacity should be taken into account.
- The weight of the public sector in the economy should be decreased, and a growth strategy based on the private sector should be applied. Privatization should be completed rapidly and decisively. Public administration activities should be limited to regulating and control.
- New growth strategy principles prevailing growth based on the private sector should be taken as a basis while carrying out changes in legislation such as tax, trade, and social security issues.
- All processes regarding public expenditure should be made transparent, and this principle should be regarded as a complementary component of the transactions of the administration.
- E-Government application should be made widespread in order to achieve transparency, and to provide a close, cheap and fast management structure for citizens.
- The education system, which is far from the requirement of the information age, should be reviewed at every level and should be redesigned.
- Administrative rules and regulations should be based on trust of the citizens.

## ECONOMY

- Openness should be the principle in designing economic policies.
- No intervention should be made without rules into the daily applications of economic policies determined by political will.
- All applications that are obstacles to private sector activities, such as investments, production, employment and exports that contribute to economic development should be removed.
- The agricultural and animal husbandry sectors, which are very important for employment and income distribution, should be reformed based on productivity, and a national agriculture and husbandry policy should be designed.
- The Social Security system, which is no longer sustainable, should be re-regulated; the dispersed and uncontrollable structure should be abolished.

- Inflation distorts income distribution and effects investment decisions. Growth and combating inflation should constitute the basis for economic policies that are being designed.
- Public financial discipline should be maintained in order to be successful in fighting inflation and achieving economic stability.
- In order to achieve financial discipline, public expenditures should be decreased, as opposed to trying to increase public income.
- Public debt stock should be lowered to European Union norms in time, in accordance with market conditions.
- The tax legislation should be restructured in a simple and understandable way. It should be based on taxing real income, should be fair, payable and egalitarian. Tax should no longer be a component of unfair competition through maintaining efficiency in enforcement.

In order to apply all these policies, which will lead the way to structural change and transformation, the principles of participation, transparency, efficiency and accountability should be applied vigorously.

TOBB will be a follower and an auditor of these principles along with civil society.

Since we have thought to save the day with superficial precautions so far, we survived by borrowing from the future. It is in our hands to turn this understanding around and provide a better future for our children. But this is not easy. Every problem has an easy “so-called solution” and a structural “real” solution. Until now we preferred the easy way. But we have to take on the difficult one now.

## APPENDIX B

**What Needs to be Done by the Government to Win 2004, Due Diligence, Priorities and Warnings (2004'ü Kazanmak İçin Hükümetin Yapması Gerekenler, Durum Tespiti, Öncelikler ve Uyarılar), TOBB, 11 January 2004**

**1. Obstacles to Foreign Direct Investment (and all investment) should be eliminated.**

Turkey is forced to change its mentality on the subject of foreign capital and its approaches stemming from legislation. Turkey should be saved from the image of wanting the "capital" part of foreign capital, but not the "foreign" part.

Today, unemployment and poverty are the greatest problems of our people. Just as we cannot solve unemployment by transforming the public sector institutions into employment depots, we cannot solve poverty only by increasing the minimum wage.

The course in the fight against unemployment and poverty passes through creating employment for people. It is the private sector that would create jobs. The duty of the government is to remove the obstacles in front of the entrepreneurs.

As the private sector, we place great importance on the activities of the Coordination Board for the Improvement of the Environment of Investments (YOİKK) within the scope of providing a suitable environment for investments in Turkey. Here, in order to obtain the desired results:

The application of three-year budgets as of 2005 by the government will be an important element of assurance for investors. In case the entrepreneurs know the economic policies that will be implemented for the next three years, then they can implement their investment decisions easier.

Major duties and responsibilities fall upon us as the business world in this new period. From now on, along with low inflation, we should be aware of the necessity for doing business in a different environment from the past.

Responsibility also falls upon us in the fight against inflation and the unregistered economy. In this new period we should search for ways to work more productively, we should strengthen our capital and we should make production with a high added value by placing importance on the use of technology.

The government should be aware of the following fact. We will encounter new problems in 2004. We cannot expect these to be solved on their own by inaction.

We have completed the economic recovery period with the reforms we have made during the past two years. Now we are obliged to make this improvement process lasting and to complete the structural reforms in order to enter into a period of stable growth, which creates employment.

The existing improvement process is based on additional burdens placed on the private sector, producers, workers and consumers. What has not changed in this process is the large size and clumsiness of the public sector and the continuation of the existence of the unregistered economy. Thus, the importance of structural measures stems from these.

## **2. The energy markets should be liberalized**

Liberalization in the energy market, especially in distribution, should be continued for decreasing energy costs and for the establishment of a sound market structure. The examples until the present-day showed that thanks to this, significant cost reductions could be provided, both for consumers and for the industrialists.

Expensive energy agreements should be reviewed, the fight against losses and illegal uses should be continued and renewable (such as hydraulic, wind) energy sources should be adopted rapidly.

## **3. The social security reform should be completed immediately**

It is necessary to make radical reforms in the social security system, otherwise, if measures are not taken, then it would even overshadow the duty losses in the public sector banks. The Maastricht criteria have limited the ratio of the budget deficit to the national income to 3 percent. The deficit of the 3 social security institutions alone is already above this limit and is continuing to increase as well.

The 2004 budget does not give any sign on the subject of structural reforms. For example, in the budget it was planned to decrease in real terms the deficits of the social security institutions.

But as long as the structural reforms are not made, it is certain that this will be made by increasing income that is, increasing the costs of employment, not by cutting the expenses.

In a period when production and investment have been taken as the priority target, to attempt to continue with the existing high levels of employment costs will negatively influence the growth process and Turkey's competitive strength.

#### **4.The tax administration should be restructured**

The revenue administration should be restructured as the first step of the reform in the tax system and the tax procedures should be shortened in favor of the taxpayers. It should be possible to carry out all tax records and payments in an electronic environment. The tax system should be designed in a manner so that the taxpayers can show all of their expenditures.

#### **5.The public administration reform should not be delayed**

The Draft of the Public Administration Basic Law, which has recently been discussed extensively, is one of the most important and critical areas of structural reform.

It is necessary to realize a radical public administration reform in order for the state to bring a productive and effective service to the people and to fulfil its regulating function in the market. The basic function of the public administration should be the establishment of a just environment of competition.

The fact that the functions and operating mechanisms of the state could not conform to the needs of the society and the requirements of the period lies at the foundation of the crises experienced in Turkey. Thus, in this sense, the Public Administration Reform is the most important reform facing Turkey.

It is natural that every process of reform would create certain uneasiness, because processes of reform change the existing structure, the losses caused by the changes come to the forefront and as the benefits that will be brought by the change have not yet emerged, they remain in the background.

In order for this reform to be successful, it should be prepared as a whole package together with the related framework law and presented to the public. Furthermore, a mechanism as to how this reform process would be administered should be established at the beginning.

#### **6. A reform should be made to simplify the legislation system**

On the other hand, it appears to be difficult to provide for the expected benefits of the "public financial administration reform" without making a reform to simplify the system.

In Turkey, from the establishment of the Republic up until the present-day, close to fourteen thousand laws and decrees having the force of law have been promulgated. Also, there are statutes and regulations, which are 2-3 times larger than this number. Turkey, with this characteristic, is not a state governed by the rule of law, but it is a legislation state.

Related to the same subject, while there may be one decree in a certain law, it is possible to find a contrary decree in another law. The legislation itself, which is promulgated for taking care of a matter, has become the greatest obstacle in resolving that matter.

For this reason, a reform for the simplifying the system should be achieved rapidly. Our legislation should be purified from unnecessary laws, statutes and regulations and the remaining legislation should be combined, the decrees, which are contradictory to each other, should be removed. Such a legislation reform should first of all start with an amendment to the Constitution. We all know that our Constitution is not suitable for the present-day conditions, despite the amendments made at various times.

The Public Administration Reform and the Legislation Reform should be realized along with limited amendments to be made to the Constitution.

#### **7. Judicial reform should be carried out.**

The system, led by the physical conditions, should be made to acquire the necessary capabilities and conditions and an opportunity should be adopted for working in an electronic environment in order to accelerate the judicial process. The judges should reach international standards in number and qualifications, the law education system should be improved, institutional arrangements should be made for working, including specialization, and the legislation should be simplified and updated.

Technical specialty units should be established in place of the degenerating expert system. Reforms should be made in the trial procedure laws and the trial procedures should be shortened and made more effective.

#### **8. The civil service regime should be reformed**

A basic change should be made in the civil servant regime and other than the bureaucrats having strategic importance, the civil servants should work according to contracts governed by private law. Studies for determining a standard staff should be completed rapidly. The civil servants should be distributed in a balanced

manner geographically and among the public institutions. The salaries and promotion conditions should be based on qualifications and performance.

### **9. Privatization should be completed as soon as possible**

Privatization is one of the aspects of the program, which has remained behind. It is observed that currently ideological approaches prevail. The time wasted here increases the burden of these institutions on the public. There is an urgent need for one or two successful examples in the privatization process, which is perceived as the psychological threshold of the structural reform process.

Privatization should be taken into consideration as an instrument for first of all transforming the economy into a competitive structure, not only for obtaining revenue. The priority objective of privatization is the effectiveness in the use of resources and in the administration of the enterprise and the objective in this direction should be to remove from the market the public sector enterprises, which are incompetent, produce goods expensively, are crippled with corruptions and are an element of weakness for the entire economy.

The experience obtained up until now has shown that privatization activities do not work without first completing the legislation framework.

Domestic and foreign investors, who do not know under what conditions they will work, avoid entering competitive biddings or avoid cutting prices, and what remains are the companies, which are prepared to take high risks.

### **10. The state should withdraw from the banking sector**

The modern state is a state that only puts the rules and supervises but does not intervene into the market. As long as the state puts both the rules and is the referee and the player, then we cannot become an affluent society and a developed country.

In summary, the problem here is also directly related to the delayed structural reforms. It is necessary for us to solve the privatization problems with courage and to base this on the market conditions.

The best indicator of whether or not the government is determined on both giving up the habit of populism and on privatization would be for the public sector to withdraw from commercial banking. Also, within this scope, the government should set forth an action plan related to the future of the public sector banks. The state should definitely show in the budget from where the supports given to

tradesmen, small and medium-sized enterprises (SMSEs) and agriculture will be met.

### **11. The fight against inflation should not be relaxed**

It is absolutely necessary for the continuation of the stability provided in the economy to continue the discipline in the monetary and financial policies in 2004. Within this framework, the necessity and benefit of the autonomy of the Central Bank is also observed.

I also want to state here the importance of the contributions of the Central Bank, Under Secretariat of the Treasury and the Under Secretariat of the State Planning Organization in the successful implementation of the stability program.

We should see that every reform not made is a cost to the people of this country. For instance, if there is not a reform in public expenses, then the expenses of the state do not decrease. When the expenses are not decreased, then in one way or the other, the state is obliged to find a source for this, either by taxes or by borrowing.

If administrative reform is not made, then the state cannot get rid of the unnecessary tasks it has been burdened with. Consequently, we cannot get rid of bureaucracy. Employment taxes cannot decrease without making social security reforms. Without making privatization, the prices of inputs, which we use in production and which are produced in the public sector, led by energy, cannot be reduced to the level of world standards.

In short, each reform not made will return as an additional cost to all of the people, led by the merchants and industrialists of Turkey. Our target should be to become a country where equality of opportunity is created for everyone and where the institutions and rules function, as in the developed countries.

The reason for the unregistered economy is not only the high tax rates. An important reason is the state, which has extensive authority, and it is unpredictability.

This state structure should be changed and the state should operate in conformity with the rules. The mentality of the bureaucratic and centralist mentality of public administration should be terminated. Starting with the public administration, a change in mentality should be achieved in all segments of the society.



## **12. Progress should be made in the fight against corruption**

At this point, another one of our expectations from the government is related to corruptions. We would like to see that corruption, which is continuously complained about and which is the subject of the newspaper headlines, begins to cease being a problem.

We expect the establishment of a system of justice where corruptions are no longer a complementary part of politics and where those who engage in corruption would no longer get away with it.

The most effective way of preventing corruption is to increase transparency in the public sector. Thus, the importance and necessity of the legislation, such as the public administration reform and the public procurement law once again emerges here.

The developing of the electronic state applications is an important step from the aspect of providing transparency. It should be possible to follow and realize the records and transactions in an electronic environment.

## **13. The government should not turn to populist policies.**

Another indispensable matter for the continuation of the positive trend in 2004 is to remain distant from "populism". Although the social sensitivity of the government on the subject of wage increases is met with respect, in an environment where the public resources are limited, it is necessary for both the politicians and for the people to see that without cutting off from one place resources cannot be transferred to another place.

It is obvious that the limited resources, which would be transferred to a group of the society with political preferences, would be paid for by all of the groups of the society. Those who request additional resources should be aware of this fact.

Prior to making an expense, what the source of this expense would be should be clearly specified in order not to pave the way to negative expectations in the public. Otherwise, what is given with a spoon today will be taken back with a ladle in the future, as we have witnessed repeatedly in the past.

With this awareness, we expect the government not to favour requests for populist expenditures prior to the approaching local elections in order to continue without interruption the program implemented and the process of improvement.

**14. 2004 is a year in which it is necessary to be more determined and stable in foreign policy issues.**

In 2004 regarding the foreign policy matters, the main issues on the agenda are the EU, Iraq, Cyprus and the Aegean.

Turkey's foreign policy should continuously take into consideration the target of its economy growing in stability. On the other hand, the reforms realized in the economy and those that will be realized in the future will also expand our area of action in foreign policy and the probable costs of foreign policy will also be met easier.

Turkey's EU membership process is an opportunity for Turkey to realize this transformation more rapidly and at a lower cost. But, in any case, we must make this transformation independently from Turkey's EU membership.

Turkey has made great progress on the subject of fulfilling the Copenhagen criteria and has come to the point for starting the negotiations. We are closely monitoring the measures being taken in the area of application. Under these conditions, in December 2004 the EU should definitely give Turkey a schedule for negotiations for the beginning of 2005.

We do not consider the solution of the Cyprus problem as a condition related to Turkey's EU membership. The institutions responsible for foreign relations under the direction of the government in Turkey are working to provide for a solution by making important preparations.

We hope to find a constructive response from our counterparts to these efforts and will. In case Southern Cyprus joins the EU without a solution on Cyprus, then the Greek Cypriot side and the EU will be confronted with major problems.

In Iraq, which is another important area of foreign policy, priority should be given to the normalization of this country as soon as possible.

Preservation of Iraq's territorial integrity is an indispensable condition for the success of this process and Iraq's attaining a democratic structure. In this connection, the use of Iraq's natural resources by all of the Iraqi people is of importance.

As of the second half of 2003 Iraq has provided significant contributions to the revival of the economy of south eastern Turkey. From now on, it is necessary for this contribution to be placed on stronger foundations.

We share the objective of the United States of establishing democracy and the market economy in Iraq. There is a need for the economic contribution of Turkey in order to meet the urgent needs of the Iraqi people. The cooperation that would be provided in this region for the development of the investment component, which is lacking in the Turkey-US relations, would be an important opportunity.

As the TOBB, we will continue to maintain our leadership role in order to open the way for our businessmen to engage in trade with Iraq and make investments.

We are pleased with and support the recent efforts of the government to develop trade relations with the neighbouring countries, led by the Central Asian Turkish Republics, Russia, Israel and Syria. We are expecting the government to expand and continue similar initiatives with the other neighbouring countries.

All of these evaluations and proposals are aimed at the growth of Turkey and all of the Turkish society attaining affluence. Since up until recently we have only been thinking to save the day with palliative measures, we have continued our life by borrowing from the future.

We would either choose the easy way again and would postpone our problems by making it look as though they were solved, or we would choose the difficult way and make a preference for solving these with courage. The preference would determine our future. For the first time we have chosen the "difficult" but "right" way with reform program we have started to implement.

Today, once again we are at the point of making a decision. What we should do today is to look ahead and design tomorrow's Turkey. It should not be forgotten that this is a race for modernity. This race will not end at the first hundred meters. We should not be pleased and relax to a state of inaction by looking at the point we have reached today.

Let us not forget that this race is a marathon. Now we want to complete this marathon. From now on, we want to design our future and want to become a part of a society, which has targets related to our future.

Turkey's targets should be targets that would fill us with hope and that would create enthusiasm. Two years ago we had set a target for Turkey of being a country, which would make exports worth US\$100 billion and which would attain a per capita national income of US\$10 thousand.

These figures, which appeared to be like a dream at that time, are now within our range today. What is even more pleasing; the political government has also accepted these figures and taken them as a target.

We will celebrate the 100th anniversary of the Republic in nineteen years. When we look back, we want to see 2004 as the turning point of the structural changes and transformations targeted. We should use this opportunity well.”

## APPENDIX C

**Communiqué of the International Monetary and Financial Committee (IMFC) of the Board of Governors of the International Monetary Fund, Press Release No. 09/347, 4 October 2009.**

### **IMF-World Bank – 2009 Annual Meeting Decisions**

The International Monetary and Financial Committee held its twentieth meeting on October 4, 2009 in Istanbul, chaired by Dr. Youssef Boutros-Ghali, Minister of Finance of Egypt.

#### **Policies for Sustainable Recovery and Financial Stability**

**1. Decisive and concerted policy actions are yielding signs of early recovery.** We commit to maintaining supportive fiscal, monetary, and financial sector policies until a durable recovery is secured, and stand ready to act further as needed to revive credit, recover lost jobs, and reverse setbacks in poverty reduction. We emphasize that agreed financial sector and regulatory reforms should be completed without delay. We reaffirm our collective responsibility to avoid protectionism in all its forms. It is also important to continue international support for low-income countries' efforts to implement their long-term development plans and to combat poverty, and to continue monitoring the impact of the crisis on these economies.

**2. We welcome the outcomes of the G-20 Summit in Pittsburgh and support its commitment to articulating policies for strong, sustained, and balanced growth in the global economy.** Building on the IMF's central role in bilateral and multilateral surveillance, we call on the Fund to assist the G-20 mutual assessment by developing a forward-looking analysis of whether policies are collectively consistent with more sustainable and balanced trajectories for the global economy. We will remain vigilant to prevent financial sector excesses and the reaccumulation of unsustainable global imbalances. To this end, all countries need to reinvigorate their structural reform agendas supported by sound fiscal, monetary, exchange rate, and financial sector policies. We look forward to an update on these efforts by the time of our next meeting.

**3. As the recovery takes hold, we are committed to work together in articulating and implementing credible and coordinated exit strategies** for the withdrawal of public support for the financial sector, orderly unwinding of monetary policy support, and fiscal consolidation needed to underpin long-term sustainability. We call on the Fund to develop, by the time of our next meeting, principles for orderly

and cooperative exit strategies taking into account country specific circumstances, and to advise on the development of exit policies and their consistency with global recovery and macro-financial stability.

### **Governance Reforms**

**4. Quota reform is crucial for increasing the legitimacy and effectiveness of the Fund.** We emphasize that the IMF is and should remain a quota-based institution. We recognize that the distribution of quota shares should reflect the relative weights of the Fund's members in the world economy, which have changed substantially in view of the strong growth in dynamic emerging market and developing countries. In this context, we support a shift in quota share to dynamic emerging market and developing countries of at least five percent from over-represented countries to under-represented countries using the current quota formula as the basis to work from. We are also committed to protecting the voting share of the poorest members. We urge all members to promptly consent to the still pending 2008 quota and voice reform. We call on the Executive Board to meet the agreed target of January 2011 for completing the Fourteenth General Review of Quotas. We ask the Fund to report on progress achieved in these areas at our next meeting.

**5. We thank the Executive Board for its report on Fund governance reforms.** We ask the Executive Board to continue to examine the full range of governance reforms. The Executive Board will report on progress on these issues at our next meeting. We intend to adopt an open, merit-based and transparent process for the selection of IMF management at our next meeting.

### **Fund Surveillance and Mandate**

**6. Important strides have been made to enhance Fund surveillance,** including the launch of the IMF-FSB Early Warning Exercise, and ongoing efforts to strengthen financial sector and cross-country analysis. We ask the Fund to begin implementing rapidly the new flexible framework for the Financial Sector Assessment Program (FSAP), and to ensure that it can deliver sharper macro-financial surveillance and better integration into bilateral surveillance. Undertaking regular FSAP reviews and updates, particularly by systemically important countries, would contribute to effective macro-financial surveillance. We encourage further strengthening cross-country, regional, and multilateral surveillance, and look forward to the review and enhancement of the Fund's transparency policy. We endorse the updated Surveillance Priorities, and call on members to work with the Fund in achieving its goals.

**7. More broadly, the crisis has shown that a further reassessment of the Fund's mandate is in order.** We call on the Fund to review its mandate to cover the full range of macroeconomic and financial sector policies that bear on global stability, and to report back to the Committee by the time of the next Annual Meetings.

#### **Fund Financing and International Liquidity**

**8. We thank members that have committed temporary resources to the Fund, allowing more than a tripling of its lending capacity in response to the crisis,** and welcome the expected agreement on a renewed and more flexible NAB expanded by over US\$500 billion, which will be reviewed in light of the outcome of the Fourteenth General Review of Quotas. In the context of this review, the Fund should examine the appropriate size and composition of its resources needed to safeguard its long-term ability to meet members' needs, consistent with the Fund's status as a quota-based institution. We look forward to discussing the size of the overall increase in quotas, which also helps facilitate changes in quota shares.

**9. We commend the Fund's innovative efforts to improve financial safety nets for member countries.** Fund financial support to many members as well as the SDR allocations of US\$283 billion have helped restore confidence. The Flexible Credit Line (FCL), in particular, has provided important support to a number of emerging market economies. At the same time, increased concessional support has provided additional space in low-income countries for countercyclical policies.

**10. The Fund should continue to strengthen its capacity to help its members cope with balance of payments problems, including financial volatility, and reduce the perceived need for excessive reserve accumulation.** We ask the Fund, by the time of the next Annual Meetings, to study and report on the future financing role of the Fund. Building on the success of the FCL and high access precautionary arrangements, this study should consider whether there is a need for enhancing financing instruments and whether this can offer credible alternatives to self-insurance, while preserving adequate safeguards. We also call on the Fund to study other policy options to promote long-term global stability and the proper functioning of the international monetary system.

**11. The overhaul of the Fund's concessional lending framework** and its commitment to more than double concessional lending are welcome and significant steps. They will help meet the increased financing needs of low-income countries, with due regard for debt sustainability. We look forward to full implementation of the new income model, including the agreement on gold sales, and the commitment to provide additional subsidy resources. We welcome the commitment by some members to provide additional loan and subsidy resources.

We urge other potential contributors to step up expeditiously their loan and subsidy contributions to ensure adequate resources for the agreed increase in IMF concessional lending.

12. The next IMFC meeting will be held in Washington, D.C. on April 24, 2010. An IMFC Deputies' meeting will be convened to prepare our next meeting and to take stock on progress made.

## **INTERNATIONAL MONETARY AND FINANCIAL COMMITTEE ATTENDANCE**

October 4, 2009

### **Chairman**

Youssef Boutros-Ghali

### **Managing Director**

Dominique Strauss-Kahn

### **Members or Alternates**

Ibrahim A. Al-Assaf, Minister of Finance, Saudi Arabia

Obaid Humaid Al Tayer, Minister of State for Financial Affairs, United Arab Emirates

Anders Borg, Minister of Finance, Sweden

Wouter Bos, Deputy Prime Minister and Minister of Finance, Netherlands

Amado Boudou, Minister of Economy and Public Finance, Argentina

Alistair Darling, Chancellor of the Exchequer, United Kingdom

James Michael Flaherty, Minister of Finance, Canada

Hirohisa Fujii, Minister of Finance, Japan

Timothy F. Geithner, Secretary of the Treasury, United States

Pravin J. Gordhan, Minister of Finance, South Africa

Aleksei Kudrin, Deputy Prime Minister and Minister of Finance, Russian Federation



Christine Lagarde, Minister of Economy, Industry and Employment, France

Mohammed Laksaci, Governor, Banque d'Algérie

Blaise Louembe, Minister of Economy, Finance, Budget, Investment Programming and Privatization, Gabon

Guido Mantega, Minister of Finance, Brazil

Hans-Rudolf Merz, President, Swiss Federal Council, Federal Finance Department, Switzerland

Pranab Mukherjee, Minister of Finance, India

Darmin Nasution, Acting Governor, Bank Indonesia

Didier Reynders, Deputy Prime Minister and Minister of Finance, Belgium

Elena Salgado, Second Vice-President and Minister of Economy and Finance, Spain

Joerg Asmussen, State Secretary, Federal Ministry of Finance, Germany, (Alternate for Peer Steinbrück, Minister of Finance, Germany)

Giulio Tremonti, Minister of Economy and Finance, Italy

Jeung-Hyun Yoon, Minister of Strategy and Finance, Korea

Yi Gang, Deputy Governor, People's Bank of China, (Alternate for Zhou Xiaochuan, Governor, People's Bank of China)

### **Observers**

Mohammad Alipour-Jeddi, Head, Petroleum Studies Department, Organization of the Petroleum Exporting Countries (OPEC)

Joaquín Almunia, European Commissioner for Economic and Monetary Affairs, European Commission (EC)

Agustín Carstens, Chairman, Joint Development Committee (DC)

Jaime Caruana, General Manager, Bank for International Settlements (BIS)

Petko Draganov, Deputy Secretary-General (UNCTAD)

Mario Draghi, Chairman, Financial Stability Board (FSB)

Angel Gurría, Secretary-General, Organisation for Economic Co-operation and Development (OECD)

Jomo Kwame Sundaram, Assistant Secretary-General for Economic Development, United Nations (UN)

Pascal Lamy, Director-General, World Trade Organization (WTO)

Stephen Pursey, Director, Policy Integration/Statistics Department and Senior Advisor to the Director-General, International Labour Organization (ILO)

Jean-Claude Trichet, President, European Central Bank (ECB)

Robert B. Zoellick, President, World Bank Group

## APPENDIX D

### **WTO Guidelines for Arrangements on Relations with Non-Governmental Organizations**

Accessed on 7 January 2010, [http://www.wto.org/english/forums\\_e/ngo\\_e/guide\\_e.htm](http://www.wto.org/english/forums_e/ngo_e/guide_e.htm)

#### **WTO NON GOVERNMENTAL ORGANIZATIONS (NGOS): GUIDELINES WT/L/162 23 July 1996**

Decision adopted by the General Council on 18 July 1996

I. Under Article V:2 of the Marrakesh Agreement establishing the WTO "the General Council may make appropriate arrangements for consultation and cooperation with non-governmental organizations concerned with matters related to those of the WTO".

II. In deciding on these guidelines for arrangements on relations with non-governmental organizations, Members recognize the role NGOs can play to increase the awareness of the public in respect of WTO activities and agree in this regard to improve transparency and develop communication with NGOs.

III. To contribute to achieve greater transparency Members will ensure more information about WTO activities in particular by making available documents which would be derestricted more promptly than in the past. To enhance this process the Secretariat will make available on on-line computer network the material which is accessible to the public, including derestricted documents.

IV. The Secretariat should play a more active role in its direct contacts with NGOs who, as a valuable resource, can contribute to the accuracy and richness of the public debate. This interaction with NGOs should be developed through various means such as inter alia the organization on an ad hoc basis of symposia on specific WTO-related issues, informal arrangements to receive the information NGOs may wish to make available for consultation by interested delegations and the continuation of past practice of responding to requests for general information and briefings about the WTO.

V. If chairpersons of WTO councils and committees participate in discussions or meetings with NGOs it shall be in their personal capacity unless that particular council or committee decides otherwise.

VI. Members have pointed to the special character of the WTO, which is both a legally binding intergovernmental treaty of rights and obligations among its Members and a forum for negotiations. As a result of extensive discussions, there is currently a broadly held view that it would not be possible for NGOs to be directly involved in the work of the WTO or its meetings. Closer consultation and cooperation with NGOs can also be met constructively through appropriate processes at the national level where lies primary responsibility for taking into account the different elements of public interest which are brought to bear on trade policy-making. World Trade Organization, rue de Lausanne 154, CH-1211 Geneva 21, Switzerland

## APPENDIX E

### **Constitution of the International Chamber of Commerce (ICC).**

Accessed on 13 October 2010, [http://www.iccwbo.org/uploadedFiles/ICC/ICC\\_Home\\_Page/pages/ICC\\_Constitution\\_EN\\_8\\_June\\_2009.pdf](http://www.iccwbo.org/uploadedFiles/ICC/ICC_Home_Page/pages/ICC_Constitution_EN_8_June_2009.pdf)

#### **Preamble**

Whereas the fundamental objective of the International Chamber of Commerce, founded in 1919, is to further the development of an open world economy with the firm conviction that international commercial exchanges are conducive to both greater global prosperity and peace among nations, Whereas all the activities of the International Chamber of Commerce, whether of a policy or technical nature, aim:

- to promote international trade, services and investment, while eliminating obstacles and distortions to international commerce;
- to promote a market economy system based on the principle of free and fair competition among business enterprises;
- to foster the economic growth of developed and developing countries alike, particularly with a view to better integrate all countries into the world economy;

Whereas the International Chamber of Commerce is committed to fighting protectionism in all its forms, expanding the international flow of goods, services, capital and technology, making policy recommendations on a wide range of international issues and translating its principles into practical services to the business community to facilitate commercial exchanges across frontiers; and Whereas the International Chamber of Commerce is also convinced of the paramount need of enhancing the respect of high standards, equity and good faith in international professional and business relationships; Therefore, it is governed by the following Constitution:

#### **Article 1**

##### **Name, Purposes, International Headquarters**

1. The Organisation is called International Chamber of Commerce, also known as the "World Business Organisation" or by the acronym "ICC".
2. ICC brings together the various economic sectors in market economy countries and acts to:

- a. represent trade, industry, finance, transport, insurance and, in general, all sectors of international business;
  - b. ascertain the views of corporations, companies, organisations, firms and individuals involved in international trade and related business operations and voice them to the relevant intergovernmental institutions and, through its National Committees, Groups and Direct Members, to their governments and other bodies in their respective countries;
  - c. assure effective and consistent action in the economic and legal fields in order to contribute to the harmonious growth and the freedom of international commerce;
  - d. provide practical and expert services to the international business community;
  - e. encourage effective rapprochement and cooperation among businessmen\* in different countries and among the organisations that bring them together.
3. Since its foundation in 1919, the seat and the International Headquarters of ICC have been located in Paris.

## **Article 2**

### **Membership**

1. ICC is composed of members sharing the objectives as set forth in the Preamble and contributing to its purposes stated in Article 1.2.
2. a. Provided that they belong to a National Committee or a Group, the following are eligible for ICC membership:
  - national and local organisations which are truly representative of the business and professional interests of their members and which are not conducted primarily for political purposes;
  - corporations, companies, firms and other legal entities as well as individuals involved in international business activities.
- b. In the absence of a National Committee or a Group, it is possible to become a member in accordance with the rules set forth in Article 4 hereafter.
3. The notification by a National Committee of the fact that organisations, legal entities and individuals belong to it results in their membership in ICC, unless the

World Council objects to such membership at its next meeting. All members of ICC shall be entered on a register maintained by the International Headquarters.

### **Article 3**

#### **National Committees and Groups**

Subject to the provisions of Article 2.3. hereof,

1. When the organisations, legal entities and individuals referred to in Article 2.2.a. represent the main economic sectors of their country, they may establish a National Committee of ICC by signing the Charter between the ICC World Council and the National Committee [Group]. The articles of association of a National Committee must be approved by the World Council. Their precise names are left to the discretion of their members, provided that their relationship with ICC is clearly indicated on their letterhead, publications and documentation.

2. Prior consultation with, and approval by, the World Council are prerequisite conditions for the establishment of a National Committee. The withdrawal by the World Council of its recognition as a National Committee is a prerequisite condition for its dissolution.

3. Subject to the provisions of this Article and the Charter, National Committees [Groups] freely establish their own rules.

4. In its country the National Committee

a. acts as a permanent liaison between International Headquarters and ICC members in their countries, notably by representing them vis-à-vis ICC, in particular in connection with World Council meetings and their representation at such meetings;

b. organizes activities intended to make known the work of ICC in general, and as appropriate, in coordination with International Headquarters;

c. works to mobilize, formulate and advocate the views of the business community in its country on the issues dealt with by ICC; it informs ICC on important issues and views affecting the business community of its country;

d. appoints delegates to the Commissions of ICC;

e. provides services and information responsive to the needs of ICC members and the business community in its country;

f. promotes the adoption and implementation of the policies advocated by ICC by the governmental authorities, administrative agencies and other institutions with a view to their implementation in its country;

g. strives, by all appropriate means, to promote a better understanding and a greater application of the rules, codes, uniform commercial usages and practices established by ICC.

5. a. Each National Committee is empowered by its ICC members to select a delegation to represent them at the World Council and to cast the number of votes to which they are entitled in accordance with Article 5.4.a. This delegation constitutes the representation of the National Committee at the World Council.

In the absence of such a delegation, each National Committee may appoint a proxy in accordance with Article 5.5.b to represent its ICC members.

b. Each National Committee must have available an administrative structure to facilitate the active participation of the members of ICC in its country in the activities of ICC. Should a National Committee no longer be able to meet this condition, the World Council may take such measures as it may deem necessary to ensure proper communication with ICC members in the country in question.

6. Each National Committee sets its membership fees so as to enable it to meet its own operational expenses as well as its financial obligations vis-à-vis ICC. Article 5.3. a. applies to a National Committee which does not fulfil such obligations.

7. Each National Committee shall communicate to International Headquarters its annual balance sheet and a statement of its income and expenses.

8. When a National Committee is declared inactive or dissolved, its members may become Direct Members in accordance with Article 4.1.

9. The permanent heads in charge of the day-to-day operation of National Committees shall meet at least once a year, normally at the International Headquarters. The permanent heads are called to such meetings by the Secretary General who also establishes the agenda.

10. When conditions so require, founders referred to in Article 3.1. may form a Group on a national or regional basis. By decision of the World Council taken by a majority of two thirds, such a Group may become entitled to participate in the meetings of the World Council and in the work of the working bodies and commissions of ICC. The modalities for such participation and the rights of the various recognized Groups shall be defined on a case-by-case basis. In the absence



of specific provisions, a Group shall be considered as a National Committee, in particular with respect to this Article. In or for any given country, either a National Committee or a Group can exist, but not both.

#### **Article 4**

##### **Direct Members**

1. Where no National Committee or Group exists, the World Council may accept the organizations, legal entities and individuals referred to in Article 2.2.a., as Direct Members, upon proposal of the Executive Board.
2. Direct Members may participate in ICC Conferences upon invitation by the Chairman.
3. They are kept informed of the work of ICC through appropriate documentation.
4. Upon proposal of the Secretary General, the World Council may decide to associate a Direct Member to the work of any ICC Commission.
5. Direct Members may participate in the meetings of the World Council, it being understood that together they shall be represented by a delegation of no more than ten persons and that due consideration shall be given to their geographical representation.

The persons making up this delegation are appointed yearly by the World Council, upon proposal of the Chairman.

6. The delegation representing the Direct Members shall designate one delegate to cast the number of votes to which they are entitled pursuant to Article 5.4.a.

#### **Article 5**

##### **World Council**

1. The members of ICC, assembled in an Annual General Meeting in accordance with the conditions mentioned below, constitute the World Council, the supreme authority of ICC. The World Council ensures the implementation of the provisions of this

Constitution and the Charter and exercises all the prerogatives with which it is vested.

2. Its meetings shall be chaired by the Chairman.

3. The World Council has the following prerogatives:

a. upon recommendation of the Executive Board:

- it elects the Chairman, the Vice-Chairman, the Chairman of the International Court of Arbitration and members of the Executive Board;

- it appoints the Secretary General;

- it establishes and varies the scale and amounts of contributions of National Committees and contributions of Direct Members;

- it approves the annual accounts;

- it amends the Constitution of ICC and the Charter;

- it approves in principle the establishment of new National Committees and it authorizes their founders to take the necessary measures for their establishment; it approves their Articles of Association;

- it accepts Direct Members;

- it approves the withdrawal of recognition of a National Committee, including the prohibition to use the name and all distinctive signs of ICC, should a National Committee not fulfil its obligations towards ICC; and recognises the dissolution of the National Committee; and

- it approves the creation and termination of ICC working bodies, the existing ones being the International Court of Arbitration, the World Chambers Federation and the Institute of World Business Law;

b. it appoints the Vice-Chairmen of the International Court of Arbitration;

c. it appoints the members of the International Court of Arbitration, on the proposal of National Committees;

d. it ratifies the election of the Chairman of the ICC World Chambers Federation;

e. it delegates the necessary powers to the Executive Board for the discharge of its overall duties;

f. it takes major decisions concerning ICC assets, in accordance with applicable law;

g. it appoints the external auditors.

4. a. The number of votes that may be cast by the delegation of a National Committee or its authorized proxy is fixed as follows:

- three votes for each National Committee paying three per cent or more of the total amount of contributions from National Committees to the ICC budget;

- two votes for each National Committee paying three quarters of one per cent or more but less than three per cent of the total amount of contributions from National Committees to the ICC budget;

- one vote for each other National Committee;

- one vote for Direct Members taken together.

b. Quorum shall be one third of the total votes that may be cast; however for decisions concerning any amendment of the Constitution or the dissolution of ICC, the quorum shall be one half.

c. The decisions of the World Council shall be taken by a majority of the votes cast by the delegations and proxies, except with regard to the following matters which shall be decided by a majority of two thirds:

- any change to the scale and amounts of the contributions of National Committees to the budget of ICC;

- interpretation or amendment of the Constitution of ICC;

- recognition or withdrawal of recognition of National Committees;

- termination of the membership of an ICC member pursuant to article 12.4.

5. a. National Committees shall notify the International Headquarters of the name(s) of the delegate(s) selected in accordance with Article 3.5.a.; such notification shall avail for three-year renewable terms, each commencing on 1 January.

National Committees shall inform the International Headquarters of changes in the composition of the delegation, which may occur during any three-year-term, at least three weeks prior to the World Council meeting at which such change is to take effect. National Committees may appoint one or more alternates , within the same limits and in accordance with the same notification procedure.

b. The proxy is validly authorized by a National Committee or by Direct Members when the instrument of proxy appoints the Chairman or a National Committee; no National Committee can exercise more than three proxies. Proxies must be received by the Secretary General at the International Headquarters at least eight calendar days prior to the date of the World Council meeting.

6. In addition to the delegates accredited by the National Committees and delegates of Direct Members, the following persons attend ex-officio the meetings of the World Council:

- the Chairman
- the Vice-Chairman
- the Honorary Chairman
- the Chairmen of the Committees of the Executive Board;
- the Chairman of the International Court of Arbitration;
- the Chairman of the ICC World Chambers Federation.

The ex-officio members have no voting rights, unless they are appointed as accredited delegates or unless the Chairman holds a proxy.

7. a. The World Council, acting as the Annual General Meeting of ICC, shall be convened once a year by the Chairman following the closing of the accounts. The Chairman can also convene the World Council for extraordinary meetings upon requests emanating from at least ten National Committees.

b. The Secretary General shall attend all meetings of the World Council and be its Secretary.

c. The meetings of the World Council are convened upon at least six weeks' notice by the Chairman who shall establish its agenda. At the request of at least ten National Committees, the agenda shall include any issue that those national Committees consider to be of major concern to the organization as a whole.

Notices of the meeting and the agenda are validly communicated when forwarded to National Committees and, as the case may be, to the Groups and Direct Members concerned.

**Article 6**  
**Executive Board**

1. The Executive Board is responsible for developing and implementing the strategy, policy and programme of action of ICC as well as for overseeing the financial affairs of ICC. It is vested for these purposes with all the necessary powers.

2. a. The Executive Board is composed of twenty-four members comprising ex officio and elected members, each having equal rights.

b. The ex officio members are the Chairman, the Vice-Chairman, the Honorary Chairman, the Secretary General, the Chairman of the International Court of Arbitration, the Chairman of the ICC World Chambers Federation, and the Chairman of the World Business Council for Sustainable Development.

c. The other seventeen members shall be elected by the World Council, upon recommendation of the Executive Board, from among the following four categories:

(i) nine senior businessmen, having a sound knowledge of ICC, proposed by National Committees from among their members to the Nominations and

Human Resources Committee of the Executive Board;

(ii) four individuals, being corporate heads or corporate board members representing a company which is, or becomes forthwith, a member of ICC, proposed to the Nominations and Human Resources Committee of the Executive Board by any interested body or person;

(iii) two individuals having the qualities and characteristics described in either of the preceding categories; and

(iv) two representatives, with proven business experience, of chambers in ICC membership proposed by the ICC World Chambers Federation to the Nomination and Human Resources Committee of the Executive Board.

d. The term of office of the elected members of the Executive Board is three years.

3. a. The Executive Board is, in particular, responsible for:

- recommending for election by the World Council the Chairman, the Vice-Chairman, the Chairman of the International Court of Arbitration, and members of the Executive Board;
- proposing organisations, legal entities and individuals referred to in Article 2.2.a for acceptance by the World Council as Direct Members;
- submitting the election of the Chairman of the ICC World Chambers Federation for ratification by the World Council;
- recommending to the World Council the appointment of the Secretary General;
- appointing the members of the Committees of the Executive Board upon proposal by the Nominations and Human Resources Committee;
- adopting ICC's annual budget;
- proposing to the World Council the scale and amounts of the contributions of National Committees and Direct Members;
- submitting to the World Council the annual accounts for approval;
- deciding on possible sources for external financing ;
- overseeing periodic reviews of Charter implementation with a view to creating a stronger global network of National Committees;
- deciding on the suspension of services to and voting rights of National Committees;
- recommending to the World Council the recognition and withdrawal of recognition of National Committees;
- recommending to the World Council the creation and termination of ICC working bodies, the existing ones being the International Court of Arbitration, the World Chambers Federation and the Institute of World Business Law;
- approving modifications to the terms of reference of ICC working bodies;
- establishing, terminating and merging ICC Commissions as well as extending the term of their mission otherwise limited to five years;

- approving all ICC policy documents;

- ensuring the maintenance of high quality and relevance of ICC Commission activities.

b. The Executive Board may delegate some of its powers to the Chairmanship.

4. By delegation, the Executive Board acts on behalf of the World Council on all urgent matters which may arise between World Council meetings.

5. The Executive Board shall meet four times a year, or more if so requested by the Chairman or by at least six of its members; when a member is prevented from attending a meeting in person, he may participate by means of teleconferencing. The Chairman shall convene and chair the meetings and fix their provisional agendas.

6. In the absence of a consensus, the decisions of the Executive Board shall be taken by a two thirds majority of the members participating in the meeting.

7. At the annual World Council meeting, the Chairman and the Secretary General, on behalf of the Executive Board, shall report to the World Council on the various activities and decisions of ICC working bodies and commissions, and on the situation of ICC.

8. a. The Executive Board establishes Committees to help it fulfil its responsibilities.

The current Committees of the Executive Board are: Nominations and Human Resources, Finance, National Committees, and Policy and Commissions. The Committees can be terminated, except for the Finance Committee which is permanent, and new ones can be established by the Executive Board at its discretion;

b. The Committees of the Executive Board provide support and advice to the Executive Board. As such, they are responsible for reviewing and preparing material for the Executive Board, each in the area of their competence and in conjunction with other interested Committees as the case may be;

c. The members of the Committees of the Executive Board are appointed mainly from among its members but also from outside considering the advisability of associating personalities with specific competence, except for the Nominations and Human Resources Committee whose members must all be chosen from members of the Executive Board;

d. Upon proposal of the Chairmanship, the Executive Board appoints, from among its members, the chairman of each Committee of the Executive Board.

## **Article 7**

### **Chairman, Vice-Chairman and Honorary Chairman**

1. The Chairman holds the highest office in ICC, and, in this capacity, represents ICC towards third parties. He presides over the meetings of the Chairmanship, the Executive Board and the World Council.

2. The Chairman appoints the Chairmen and Vice-Chairmen of all ICC Commissions.

3. The Vice-Chairman shall assist the Chairman in the discharge of his responsibilities. The Chairman may delegate certain of his responsibilities to the Vice-Chairman. In the event of the death or resignation of the Chairman, or should he become for any other reason unable to discharge the duties of his office, the Vice-Chairman shall replace him and assume all his rights and responsibilities..

4. Every second year, the World Council shall elect the Chairman and the Vice-Chairman for a period of two years commencing the following 1 July.

5. The Vice-Chairman shall in principle succeed the Chairman.

6. For a period of two years following the end of his term of office, the Chairman, as Honorary Chairman, shall be an ex-officio member of the Executive Board and of the World Council. This mandate may be reduced to one year at the request of the incumbent.

## **Article 8**

### **The Chairmanship**

1. The Chairman, the Vice-Chairman and the Honorary Chairman constitute the Chairmanship, which is presided over by the Chairman.

2. The Chairmanship:

- formulates proposals for ICC's strategy, policy and programme of action for determination by the Executive Board;

- proposes the Chairmen of the Committees of the Executive Board for appointment by the Executive Board.



3. To ensure the effective functioning of ICC, the Chairmanship is entrusted with the right to act on behalf of the Executive Board between meetings of the Executive Board; the Chairman as head of the Chairmanship shall report regularly to the Executive Board.

4. The Chairmanship shall meet as often as necessary, and more particularly whenever an important matter has to be dealt with urgently.

5. The Secretary General acts as Secretary of the Chairmanship.

## **Article 9**

### **Secretary General**

1. a. The Secretary General is appointed by the World Council upon recommendation of the Executive Board;

b. The Executive Board assesses periodically the performance of the Secretary General, taking into account in particular the current policies and the programmes, and makes appropriate recommendations.

2. The Secretary General administers the affairs of ICC and implements its policy within the framework defined by the Executive Board. The Secretary General is, in particular, responsible for the implementation of the strategic and policy decisions taken by the Executive Board and the programme of action. He also develops proposals for ICC policy and rule-setting projects for consideration by the Chairmanship and then by the Executive Board.

3. The Secretary General manages ICC's finances and implements the budget on a day-today basis to ensure efficient use of ICC resources in accordance with the decisions taken by the Executive Board.

4. The Secretary General has authority, within the budget, to recruit and to manage all the staff of ICC.

5. The Executive Board may delegate such power as it deems necessary to the Secretary General to perform his duties. The Secretary General reports thereon to the Executive Board.

6. The Secretary General is ex-officio Secretary of the World Council, of the Executive Board and of the Chairmanship. He provides support to, and coordinates the activities of, the World Council, the Executive Board, the Chairmanship and the Committees of the Executive Board to enable them to fulfil their responsibilities.

7. The Secretary General is charged with developing and maintaining strong working relations with international organisations, both governmental and non-governmental, that are relevant to ICC's activities. The Secretary General appoints ICC representatives to conferences and other events to which ICC is invited and which are beneficial to its work.

8. The Secretary General maintains close contact with National Committees, in particular by calling the meeting referred to in Article 3.9., monitors their activities and reports thereon to the Executive Board. He ensures proper coordination for an efficient working relationship between the National Committees and ICC's International Headquarters. The Secretary General keeps a record of the admissions and deletions of the members of ICC as communicated by National Committees.

9. If by reason of death, long-term disability or resignation, the Secretary General can no longer fulfil his function, the Chairman takes all necessary measures, after having consulted and sought such advice as he deems appropriate, with a view to finding an interim solution.

## **Article 10**

### **ICC Commissions**

1. ICC policy statements, recommendations and technical documents shall be normally prepared by its Commissions. The Chairmanship may, in a case of urgency, develop and make public a general policy statement.

2. The Executive Board shall establish ICC Commissions and define their terms of reference upon proposal from its Committee on Policy and Commissions. The same procedure shall be followed in case of termination or merger of Commissions.

3. The term of each ICC Commission shall be limited to five years but this period may be extended by a decision of the Executive Board upon recommendation of its Committee on Policy and Commissions.

4. Chairmen and Vice-Chairmen of ICC Commissions shall be appointed by the Chairman for a three-year period, renewable at his discretion.

5. The following are entitled to attend the meetings of ICC Commissions:

a. delegates appointed by National Committees in accordance with the Article 3.4.d.;

- b. delegates of Groups, in accordance with Article 3.10;
  - c. delegates of Direct Members, in accordance with Article 4.4;
  - d. National Commissioners; and
  - e. guests of Commission Chairmen invited to contribute their expertise for particular projects and thereby help improve the quality of Commission output.
6. Policy statements, recommendations and other technical documents prepared by the Commissions shall be submitted to the Executive Board or to the Chairmanship, notably in the case envisaged in Article 8.3., for approval, after due consultation with National Committees.

#### **Article 11 Conference**

1. One or more Conferences of ICC may be held upon the invitation of a National Committee or of the Chairman.
2. The purpose of the Conference is to discuss one or more specific themes of major importance to the international business community, and to contribute to the action of ICC. The Chairman shall convene and preside over the Conference.
3. The participants in the Conference shall be selected by National Committees. The Chairman may also invite persons of his choice to the Conference, including Direct Members.

#### **Article 12 Resignations and Termination of Membership**

1. Members may terminate their membership in ICC by resignation provided that their resignation is presented through their National Committee.
2. Any member whose affiliation to a National Committee is terminated for any reason shall ipso facto be removed from membership in ICC.
3. The list of terminations shall be submitted to the World Council for its information at its meetings.
4. Either at the request of the National Committee to which the member belongs, or at that of the Secretary General for Direct Members or on its own motion, the World Council may terminate the membership of any member provided that two-

thirds of the votes cast by the delegates at the relevant meeting of the World Council judge such termination of membership to be in the best interests of ICC.

5. Any such termination of membership as set forth in the preceding paragraph, shall be final.

6. Termination of membership shall be notified to the member by the National Committee to which the member belongs or, in the case of countries without a National Committee, by the Secretary General.

7. Direct Members who have not remitted their dues to ICC for two consecutive Years shall be automatically removed from membership in ICC.

### **Article 13**

#### **National Commissioners**

1. Each National Committee may appoint a National Commissioner who shall be suitably qualified to act as such and be, in principle, a resident of the place where International Headquarters are located.

2. The National Commissioner represents his National Committee at International Headquarters and shall provide the Secretary General, upon his request, with information on the activities of the National Committee such as on annual accounts, publications and reports. Should the need arise, the Secretary General may request any National Commissioner to meet him for special consultations.

3. The National Commissioner regularly consults the Secretary General and the departments of International Headquarters on such issues of the programme of action of ICC which are of particular interest to his National Committee.

4. The National Commissioner shall be invited to all ICC Commission meetings. The National Commissioner shall, if so requested by his National Committee, ensure the briefing of delegates with regard to the meeting concerned and coordinate their participation.

#### **Charter between ICC World Council and the national committee [group] in country/territory]**

##### **Preamble**

ICC and its representative in [country] agree that they share the following objectives:

- to promote international trade and investment and the elimination of obstacles and distortions to international commerce, with a view to promoting global economic development;
- to promote the market economy system based on free and fair competition among business enterprises;
- to foster economic growth of both developed and developing economies;
- to be the voice of the business community on key international issues of importance to business;
- to promote the writing and setting of rules and standards and the development of global policies by business;
- to abide by the Constitution of ICC.

**1. ICC confers the following rights on the national committee**

- To have exclusive representation of ICC in the national context.
- To use the ICC logogram on its letterhead, website and other communications following the guidelines established for this purpose. This right is restricted to the national committee and does not extend to individual members.
- To enjoy full voting rights (as specified in the Constitution) at ICC's highest governing and decision-making body – the ICC World Council.
- To represent ICC positions towards its government and other national authorities.
- To submit views, opinions and positions in developing all ICC work, including rules and policies; all national committees have an equal voice in ICC work.
- To make use of ICC's contact network worldwide.
- To participate in ICC events and activities open to all national committees and members.
- To be offered the opportunity to be the distributor for ICC's publishing arm, in the country of the national committee, and to enter into a separate commercial agreement with ICC Publishing SA.

## **2. ICC's commitments to the national committee**

- To pledge its help and support to the national committee and its members on key international business issues within ICC's mandate.
- To maintain an international secretariat that will provide proactive and effective programme support to national committee members.
- To offer the national committee training, advice and guidelines so that it can fulfil its obligations towards ICC; and to encourage exchanges of experience, expertise, knowledge among NCs, including "twinning" possibilities.
- To provide national committees with all the necessary information concerning ICC events, policies, codes, rules, guidelines; ICC functions, finances, publications, etc.
- To provide the national committee and its members all drafts and working papers, with appropriate time for comment before their finalization, such as ICC policy statements, rules, etc.
- To provide access to all specialized divisions of ICC and ICC services.
- To provide information on all ICC activities and developments.
- To inform and consult with the national committee about important initiatives in the country of the national committee.
- To make available all the publications to be used by and for their members (annual report, handbook, promotional material, statements, etc).

## **3. The obligations of a national committee towards ICC**

- To include in its membership leading companies, professional/law firms, major business associations, leading chambers of commerce, as well as smaller enterprises with international interests.
- To make good-faith efforts to ensure that its business members are properly constituted.
- To make sure that its members constitute a broad and balanced representation of business in the country, with particular emphasis on those companies that are the most active on world markets.

- To fulfil its financial obligations to ICC.
- To enhance awareness of ICC and its work in the country, particularly among the business community, through actions in the national media, which can be undertaken in co-operation with ICC's international secretariat as needed.
- To seek as the chairman of the national committee a nationally well known, board-level or higher business leader of an influential company.
- To keep itself informed of the activities of ICC through the network of information put at its disposal, and maintain close contact and cooperation with the international secretariat.
- To disseminate promptly to its members, as relevant, information received from ICC's international secretariat, including reports on commission work, communiqués, surveys, questionnaires, working documents, ICC activity reports, etc.
- To provide business executives and experts from amongst its membership to contribute to the formulation of ICC rules, policy statements and other work.
- To be represented at major official ICC events.
- To convey ICC official positions to the government for the majority of all requests made to national committees by ICC's international secretariat.
- To ensure that only ICC official positions are voiced by the national committee in its representation of ICC.
- To support and actively promote ICC dispute resolution services, and, in particular, arbitration. The national committee shall propose qualified and available arbitrators, neutrals and experts, when requested by the different ICC dispute resolution secretariats. The proposal of arbitrators/neutrals/experts by the national committee shall not be made conditional on membership; final decisions as to their appointment/proposal are taken by the Court or another relevant body of ICC dispute resolution services.
- Not to create confusion with ICC rules on dispute resolution (such as ICC Rules of Arbitration, ICC Rules for Expertise, ICC ADR rules, ICC Rules for Dispute Boards, etc) by adopting local rules copying or adapting such ICC rules.

- To monitor in the national context the protection of ICC’s intellectual property rights, including, but not limited to, its name and logo and its publications. Any infringements shall be promptly reported to the ICC international secretariat.
- To comply with administrative requirements – see annex.

**4. Non-compliance with the obligations of a national committee**

- The ICC World Council, the organization’s highest governing and decision-making body, has the right to review compliance with this Charter, in the interest of all national committees and members of ICC. If a national committee is found in non-compliance, a suitable period of time shall be designated to work with a national committee to help fulfil its obligations. After this time, the World Council has the right to annul this Charter and withdraw the rights of representation if it considers that the obligations of a national committee to ICC have still not been met.

This decision shall normally be taken no less than a year after the national committee has been informed that its obligations have not been fulfilled. The national committee has the right to appeal to the Chairmanship, which will consult as it considers appropriate, and make a recommendation to the World Council.

**Signatures and seals**

**ICC Chairman**

.....

**National Committee**

**Chairman**

.....

**Date .....**

**Administrative Annex**

- The national committee shall provide to ICC’s international secretariat all relevant information on its members, according to the ICC administrative membership form.



All new members and cancellations of membership shall be notified to the international secretariat in a timely manner. An up-to-date full listing shall be provided to the international secretariat at least once a year, according to ICC procedures for database updating. The list of NC membership held in the database at the international secretariat shall be made available to NCs whenever requested.

- Once a year the national committee shall provide ICC's international secretariat with a fair and accurate report of its finances, including its revenues, membership fees, etc.
- The national committee shall only use the ICC logo and communication presentation following guidelines issued by ICC's international secretariat.
- When requested, the national committee shall complete profile questionnaires on its membership and its activities.
- The national committee shall assure the necessary administration infrastructure and human resources to fulfil its obligations.
- The national committee shall be provided with all the necessary guidelines to fulfil these administrative duties.

Initialed by:

**ICC Chairman**

.....

**National Committee [Group]**

**Chairman**

.....

## APPENDIX F

### G20 Leaders' Statement, The London Summit, 2 April 2009

#### The Global Plan for Recovery and Reform

1. We, the Leaders of the Group of Twenty, met in London on 2 April 2009.
2. We face the greatest challenge to the world economy in modern times; a crisis which has deepened since we last met, which affects the lives of women, men, and children in every country, and which all countries must join together to resolve. A global crisis requires a global solution.
3. We start from the belief that prosperity is indivisible; that growth, to be sustained, has to be shared; and that our global plan for recovery must have at its heart the needs and jobs of hard-working families, not just in developed countries but in emerging markets and the poorest countries of the world too; and must reflect the interests, not just of today's population, but of future generations too. We believe that the only sure foundation for sustainable globalisation and rising prosperity for all is an open world economy based on market principles, effective regulation, and strong global institutions.
4. We have today therefore pledged to do whatever is necessary to:
  - restore confidence, growth, and jobs;
  - repair the financial system to restore lending;
  - strengthen financial regulation to rebuild trust;
  - fund and reform our international financial institutions to overcome this crisis and prevent future ones;
  - promote global trade and investment and reject protectionism, to underpin prosperity; and
  - build an inclusive, green, and sustainable recovery.

By acting together to fulfil these pledges we will bring the world economy out of recession and prevent a crisis like this from recurring in the future.

5. The agreements we have reached today, to treble resources available to the IMF to \$750 billion, to support a new SDR allocation of \$250 billion, to support at least

\$100 billion of additional lending by the MDBs, to ensure \$250 billion of support for trade finance, and to use the additional resources from agreed IMF gold sales for concessional finance for the poorest countries, constitute an additional \$1.1 trillion programme of support to restore credit, growth and jobs in the world economy. Together with the measures we have each taken nationally, this constitutes a global plan for recovery on an unprecedented scale.

### **Restoring growth and jobs**

6. We are undertaking an unprecedented and concerted fiscal expansion, which will save or create millions of jobs which would otherwise have been destroyed, and that will, by the end of next year, amount to \$5 trillion, raise output by 4 per cent, and accelerate the transition to a green economy. We are committed to deliver the scale of sustained fiscal effort necessary to restore growth.

7. Our central banks have also taken exceptional action. Interest rates have been cut aggressively in most countries, and our central banks have pledged to maintain expansionary policies for as long as needed and to use the full range of monetary policy instruments, including unconventional instruments, consistent with price stability.

8. Our actions to restore growth cannot be effective until we restore domestic lending and international capital flows. We have provided significant and comprehensive support to our banking systems to provide liquidity, recapitalise financial institutions, and address decisively the problem of impaired assets. We are committed to take all necessary actions to restore the normal flow of credit through the financial system and ensure the soundness of systemically important institutions, implementing our policies in line with the agreed G20 framework for restoring lending and repairing the financial sector.

9. Taken together, these actions will constitute the largest fiscal and monetary stimulus and the most comprehensive support programme for the financial sector in modern times. Acting together strengthens the impact and the exceptional policy actions announced so far must be implemented without delay. Today, we have further agreed over \$1 trillion of additional resources for the world economy through our international financial institutions and trade finance.

10. Last month the IMF estimated that world growth in real terms would resume and rise to over 2 percent by the end of 2010. We are confident that the actions we have agreed today, and our unshakeable commitment to work together to restore growth and jobs, while preserving long-term fiscal sustainability, will accelerate the return to trend growth. We commit today to taking whatever action

is necessary to secure that outcome, and we call on the IMF to assess regularly the actions taken and the global actions required.

11. We are resolved to ensure long-term fiscal sustainability and price stability and will put in place credible exit strategies from the measures that need to be taken now to support the financial sector and restore global demand. We are convinced that by implementing our agreed policies we will limit the longer-term costs to

our economies, thereby reducing the scale of the fiscal consolidation necessary over the longer term.

12. We will conduct all our economic policies cooperatively and responsibly with regard to the impact on other countries and will refrain from competitive devaluation of our currencies and promote a stable and well-functioning international monetary system. We will support, now and in the future, to candid, even-handed, and independent IMF surveillance of our economies and financial sectors, of the impact of our policies on others, and of risks facing the global economy.

### **Strengthening financial supervision and regulation**

13. Major failures in the financial sector and in financial regulation and supervision were fundamental causes of the crisis. Confidence will not be restored until we rebuild trust in our financial system. We will take action to build a stronger, more globally consistent, supervisory and regulatory framework for the future financial sector, which will support sustainable global growth and serve the needs of business and citizens.

14. We each agree to ensure our domestic regulatory systems are strong. But we also agree to establish the much greater consistency and systematic cooperation between countries, and the framework of internationally agreed high standards, that a global financial system requires. Strengthened regulation and supervision must promote propriety, integrity and transparency; guard against risk across the financial system; dampen rather than amplify the financial and economic cycle; reduce reliance on inappropriately risky sources of financing; and discourage excessive risk-taking. Regulators and supervisors must protect consumers and investors, support market discipline, avoid adverse impacts on other countries, reduce the scope for regulatory arbitrage, support competition and dynamism, and keep pace with innovation in the marketplace.

15. To this end we are implementing the Action Plan agreed at our last meeting, as set out in the attached progress report. We have today also issued a Declaration, *Strengthening the Financial System*. In particular we agree:

- to establish a new Financial Stability Board (FSB) with a strengthened mandate, as a successor to the Financial Stability Forum (FSF), including all G20 countries, FSF members, Spain, and the European Commission;
- that the FSB should collaborate with the IMF to provide early warning of macroeconomic and financial risks and the actions needed to address them;
- to reshape our regulatory systems so that our authorities are able to identify and take account of macro-prudential risks;
- to extend regulation and oversight to all systemically important financial institutions, instruments and markets. This will include, for the first time, systemically important hedge funds;
- to endorse and implement the FSF's tough new principles on pay and compensation and to support sustainable compensation schemes and the corporate social responsibility of all firms;
- to take action, once recovery is assured, to improve the quality, quantity, and international consistency of capital in the banking system. In future, regulation must prevent excessive leverage and require buffers of resources to be built up in good times;
- to take action against non-cooperative jurisdictions, including tax havens. We stand ready to deploy sanctions to protect our public finances and financial systems. The era of banking secrecy is over. We note that the OECD has today published a list of countries assessed by the Global Forum against the international standard for exchange of tax information;
- to call on the accounting standard setters to work urgently with supervisors and regulators to improve standards on valuation and provisioning and achieve a single set of high-quality global accounting standards; and
- to extend regulatory oversight and registration to Credit Rating Agencies to ensure they meet the international code of good practice, particularly to prevent unacceptable conflicts of interest.

16. We instruct our Finance Ministers to complete the implementation of these decisions in line with the timetable set out in the Action Plan. We have asked the FSB and the IMF to monitor progress, working with the Financial Action Taskforce and other relevant bodies, and to provide a report to the next meeting of our Finance Ministers in Scotland in November.

## **Strengthening our global financial institutions**

17. Emerging markets and developing countries, which have been the engine of recent world growth, are also now facing challenges which are adding to the current downturn in the global economy. It is imperative for global confidence and economic recovery that capital continues to flow to them. This will require a substantial strengthening of the international financial institutions, particularly the

IMF. We have therefore agreed today to make available an additional \$850 billion of resources through the global financial institutions to support growth in emerging market and developing countries by helping to finance counter-cyclical spending, bank recapitalisation, infrastructure, trade finance, balance of payments support, debt rollover, and social support. To this end:

- we have agreed to increase the resources available to the IMF through immediate financing from members of \$250 billion, subsequently incorporated into an expanded and more flexible New Arrangements to Borrow, increased by up to \$500 billion, and to consider market borrowing if necessary; and
- we support a substantial increase in lending of at least \$100 billion by the Multilateral Development Banks (MDBs), including to low income countries, and ensure that all MDBs have the appropriate capital.

18. It is essential that these resources can be used effectively and flexibly to support growth. We welcome in this respect the progress made by the IMF with its new Flexible Credit Line (FCL) and its reformed lending and conditionality framework which will enable the IMF to ensure that its facilities address effectively the underlying causes of countries' balance of payments financing needs, particularly the withdrawal of external capital flows to the banking and corporate sectors. We support Mexico's decision to seek an FCL arrangement.

19. We have agreed to support a general SDR allocation which will inject \$250 billion into the world economy and increase global liquidity, and urgent ratification of the Fourth Amendment.

20. In order for our financial institutions to help manage the crisis and prevent future crises we must strengthen their longer term relevance, effectiveness and legitimacy. So alongside the significant increase in resources agreed today we are determined to reform and modernise the international financial institutions to ensure they can assist members and shareholders effectively in the new challenges they face. We will reform their mandates, scope and governance to reflect changes in the world economy and the new challenges of globalisation, and that emerging

and developing economies, including the poorest, must have greater voice and representation. This must be accompanied by action to increase the credibility and accountability of the institutions through better strategic oversight and decision making. To this end:

- we commit to implementing the package of IMF quota and voice reforms agreed in April 2008 and call on the IMF to complete the next review of quotas by January 2011;
- we agree that, alongside this, consideration should be given to greater involvement of the Fund's Governors in providing strategic direction to the IMF and increasing its accountability;
- we commit to implementing the World Bank reforms agreed in October 2008. We look forward to further recommendations, at the next meetings, on voice and representation reforms on an accelerated timescale, to be agreed by the 2010 Spring Meetings;
- we agree that the heads and senior leadership of the international financial institutions should be appointed through an open, transparent, and merit-based selection process; and
- building on the current reviews of the IMF and World Bank we asked the Chairman, working with the G20 Finance Ministers, to consult widely in an inclusive process and report back to the next meeting with proposals for further reforms to improve the responsiveness and adaptability of the IFIs.

21. In addition to reforming our international financial institutions for the new challenges of globalisation we agreed on the desirability of a new global consensus on the key values and principles that will promote sustainable economic activity. We support discussion on such a charter for sustainable economic activity with a view to further discussion at our next meeting. We take note of the work started in other fora in this regard and look forward to further discussion of this charter for sustainable economic activity.

### **Resisting protectionism and promoting global trade and investment**

22. World trade growth has underpinned rising prosperity for half a century. But it is now falling for the first time in 25 years. Falling demand is exacerbated by growing protectionist pressures and a withdrawal of trade credit. Reinvigorating world trade and investment is essential for restoring global growth. We will not repeat the historic mistakes of protectionism of previous eras. To this end:

- we reaffirm the commitment made in Washington: to refrain from raising new barriers to investment or to trade in goods and services, imposing new export restrictions, or implementing World Trade Organisation (WTO) inconsistent measures to stimulate exports. In addition we will rectify promptly any such measures. We extend this pledge to the end of 2010;
- we will minimise any negative impact on trade and investment of our domestic policy actions including fiscal policy and action in support of the financial sector. We will not retreat into financial protectionism, particularly measures that constrain worldwide capital flows, especially to developing countries;
- we will notify promptly the WTO of any such measures and we call on the WTO, together with other international bodies, within their respective mandates, to monitor and report publicly on our adherence to these undertakings on a quarterly basis;
- we will take, at the same time, whatever steps we can to promote and facilitate trade and investment; and
- we will ensure availability of at least \$250 billion over the next two years to support trade finance through our export credit and investment agencies and through the MDBs. We also ask our regulators to make use of available flexibility in capital requirements for trade finance.

23. We remain committed to reaching an ambitious and balanced conclusion to the Doha Development Round, which is urgently needed. This could boost the global economy by at least \$150 billion per annum. To achieve this we are committed to building on the progress already made, including with regard to modalities.

24. We will give renewed focus and political attention to this critical issue in the coming period and will use our continuing work and all international meetings that are relevant to drive progress.

#### **Ensuring a fair and sustainable recovery for all**

25. We are determined not only to restore growth but to lay the foundation for a fair and sustainable world economy. We recognise that the current crisis has a disproportionate impact on the vulnerable in the poorest countries and recognise our collective responsibility to mitigate the social impact of the crisis to minimise long-lasting damage to global potential. To this end:



- we reaffirm our historic commitment to meeting the Millennium Development Goals and to achieving our respective ODA pledges, including commitments on Aid for Trade, debt relief, and the Gleneagles commitments, especially to sub-Saharan Africa;
- the actions and decisions we have taken today will provide \$50 billion to support social protection, boost trade and safeguard development in low
- income countries, as part of the significant increase in crisis support for these and other developing countries and emerging markets;
- we are making available resources for social protection for the poorest countries, including through investing in long-term food security and through voluntary bilateral contributions to the World Bank's Vulnerability Framework, including the Infrastructure Crisis Facility, and the Rapid Social Response Fund;
- we have committed, consistent with the new income model, that additional resources from agreed sales of IMF gold will be used, together with surplus income, to provide \$6 billion additional concessional and flexible finance for the poorest countries over the next 2 to 3 years. We call on the IMF to come forward with concrete proposals at the Spring Meetings;
- we have agreed to review the flexibility of the Debt Sustainability Framework and call on the IMF and World Bank to report to the IMFC and Development Committee at the Annual Meetings; and
- we call on the UN, working with other global institutions, to establish an effective mechanism to monitor the impact of the crisis on the poorest and most vulnerable.

26. We recognise the human dimension to the crisis. We commit to support those affected by the crisis by creating employment opportunities and through income support measures. We will build a fair and family-friendly labor market for both women and men. We therefore welcome the reports of the London Jobs Conference and the Rome Social Summit and the key principles they proposed. We will support employment by stimulating growth, investing in education and training, and through active labor market policies, focusing on the most vulnerable. We call upon the ILO, working with other relevant organisations, to assess the actions taken and those required for the future.

27. We agreed to make the best possible use of investment funded by fiscal stimulus programmes towards the goal of building a resilient, sustainable, and green recovery. We will make the transition towards clean, innovative, resource

efficient, low carbon technologies and infrastructure. We encourage the MDBs to contribute fully to the achievement of this objective. We will identify and work together on further measures to build sustainable economies.

28. We reaffirm our commitment to address the threat of irreversible climate change, based on the principle of common but differentiated responsibilities, and to reach

agreement at the UN Climate Change conference in Copenhagen in December 2009.

### **Delivering our commitments**

29. We have committed ourselves to work together with urgency and determination to translate these words into action. We agreed to meet again before the end of this year to review progress on our commitments.

## APPENDIX G

### G20 Leaders' Statement: The Pittsburgh Summit, 24 – 25 September 2009

#### PREAMBLE

1. We meet in the midst of a critical transition from crisis to recovery to turn the page on an era of irresponsibility and to adopt a set of policies, regulations and reforms to meet the needs of the 21<sup>st</sup> century global economy.
2. When we last gathered in April, we confronted the greatest challenge to the world economy in our generation.
3. Global output was contracting at pace not seen since the 1930s. Trade was plummeting. Jobs were disappearing rapidly. Our people worried that the world was on the edge of a depression.
4. At that time, our countries agreed to do everything necessary to ensure recovery, to repair our financial systems and to maintain the global flow of capital.
5. It worked.
6. Our forceful response helped stop the dangerous, sharp decline in global activity and stabilize financial markets. Industrial output is now rising in nearly all our economies. International trade is starting to recover. Our financial institutions are raising needed capital, financial markets are showing a willingness to invest and lend, and confidence has improved.
7. Today, we reviewed the progress we have made since the London Summit in April. Our national commitments to restore growth resulted in the largest and most coordinated fiscal and monetary stimulus ever undertaken. We acted together to increase dramatically the resources necessary to stop the crisis from spreading around the world. We took steps to fix the broken regulatory system and started to implement sweeping reforms to reduce the risk that financial excesses will again destabilize the global economy.
8. A sense of normalcy should not lead to complacency.
9. The process of recovery and repair remains incomplete. In many countries, unemployment remains unacceptably high. The conditions for a recovery of private demand are not yet fully in place. We cannot rest until the global economy is restored to full health, and hard-working families the world over can find decent jobs.

10. We pledge today to sustain our strong policy response until a durable recovery is secured. We will act to ensure that when growth returns, jobs do too. We will avoid any premature withdrawal of stimulus. At the same time, we will prepare our exit strategies and, when the time is right, withdraw our extraordinary policy support in a cooperative and coordinated way, maintaining our commitment to fiscal responsibility.

11. Even as the work of recovery continues, we pledge to adopt the policies needed to lay the foundation for strong, sustained and balanced growth in the 21<sup>st</sup> century. We recognize that we have to act forcefully to overcome the legacy of the recent, severe global economic crisis and to help people cope with the consequences of this crisis. We want growth without cycles of boom and bust and markets that foster responsibility not recklessness.

12. Today we agreed:

13. *To launch a framework that lays out the policies and the way we act together to generate strong, sustainable and balanced global growth. We need a durable recovery that creates the good jobs our people need.*

14. We need to shift from public to private sources of demand, establish a pattern of growth across countries that is more sustainable and balanced, and reduce development imbalances. We pledge to avoid destabilizing booms and busts in asset and credit prices and adopt macroeconomic policies, consistent with price stability, that promote adequate and balanced global demand. We will also make decisive progress on structural reforms that foster private demand and strengthen long-run growth potential.

15. Our Framework for Strong, Sustainable and Balanced Growth is a compact that commits us to work together to assess how our policies fit together, to evaluate whether they are collectively consistent with more sustainable and balanced growth, and to act as necessary to meet our common objectives.

16. *To make sure our regulatory system for banks and other financial firms reins in the excesses that led to the crisis. Where reckless behavior and a lack of responsibility led to crisis, we will not allow a return to banking as usual.*

17. We committed to act together to raise capital standards, to implement strong international compensation standards aimed at ending practices that lead to excessive risk-taking, to improve the over-the-counter derivatives market and to create more powerful tools to hold large global firms to account for the risks they take. Standards for large global financial firms should be commensurate with the

cost of their failure. For all these reforms, we have set for ourselves strict and precise timetables.

18. *To reform the global architecture to meet the needs of the 21<sup>st</sup> century.* After this crisis, critical players need to be at the table and fully vested in our institutions to allow us to cooperate to lay the foundation for strong, sustainable and balanced growth.

19. We designated the G-20 to be the premier forum for our international economic cooperation. We established the Financial Stability Board (FSB) to include major emerging economies and welcome its efforts to coordinate and monitor progress in strengthening financial regulation.

20. We are committed to a shift in International Monetary Fund (IMF) quota share to dynamic emerging markets and developing countries of at least 5% from over-represented countries to under-represented countries using the current quota formula as the basis to work from. Today we have delivered on our promise to contribute over \$500 billion to a renewed and expanded IMF New Arrangements to Borrow (NAB).

21. We stressed the importance of adopting a dynamic formula at the World Bank which primarily reflects countries' evolving economic weight and the World Bank's development mission, and that generates an increase of at least 3% of voting power for developing and transition countries, to the benefit of under-represented countries. While recognizing that over-represented countries will make a contribution, it will be important to protect the voting power of the smallest poor countries. We called on the World Bank to play a leading role in responding to problems whose nature requires globally coordinated action, such as climate change and food security, and agreed that the World Bank and the regional development banks should have sufficient resources to address these challenges and fulfil their mandates.

22. *To take new steps to increase access to food, fuel and finance among the world's poorest while clamping down on illicit outflows.* Steps to reduce the development gap can be a potent driver of global growth.

23. Over four billion people remain undereducated, ill-equipped with capital and technology, and insufficiently integrated into the global economy. We need to work together to make the policy and institutional changes needed to accelerate the convergence of living standards and productivity in developing and emerging economies to the levels of the advanced economies. To start, we call on the World Bank to develop a new trust fund to support the new Food Security Initiative for low-income countries announced last summer. We will increase, on a voluntary

basis, funding for programs to bring clean affordable energy to the poorest, such as the Scaling Up Renewable Energy Program.

*24. To phase out and rationalize over the medium term inefficient fossil fuel subsidies while providing targeted support for the poorest.* Inefficient fossil fuel subsidies encourage wasteful consumption, reduce our energy security, impede investment in clean energy sources and undermine efforts to deal with the threat of climate change.

25. We call on our Energy and Finance Ministers to report to us their implementation strategies and timeline for acting to meet this critical commitment at our next meeting.

26. We will promote energy market transparency and market stability as part of our broader effort to avoid excessive volatility.

*27. To maintain our openness and move toward greener, more sustainable growth.*

28. We will fight protectionism. We are committed to bringing the Doha Round to a successful conclusion in 2010.

29. We will spare no effort to reach agreement in Copenhagen through the United Nations Framework Convention on Climate Change (UNFCCC) negotiations.

30. We warmly welcome the report by the Chair of the London Summit commissioned at our last meeting and published today.

31. Finally, we agreed to meet in Canada in June 2010 and in Korea in November 2010. We expect to meet annually thereafter and will meet in France in 2011.

1. We assessed the progress we have made together in addressing the global crisis and agreed to maintain our steps to support economic activity until recovery is assured. We further committed to additional steps to ensure strong, sustainable, and balanced growth, to build a stronger international financial system, to reduce development imbalances, and to modernize our architecture for international economic cooperation.

### **A Framework for Strong, Sustainable, and Balanced Growth**

2. The growth of the global economy and the success of our coordinated effort to respond to the recent crisis have increased the case for more sustained and systematic international cooperation. In the short-run, we must continue to implement our stimulus programs to support economic activity until recovery

clearly has taken hold. We also need to develop a transparent and credible process for withdrawing our extraordinary fiscal, monetary and financial sector support, to be implemented when recovery becomes fully secured. We task our Finance Ministers, working with input from the IMF and FSB, at their November meeting to continue developing cooperative and coordinated exit strategies recognizing that the scale, timing, and sequencing of this process will vary across countries or regions and across the type of policy measures. Credible exit strategies should be designed and communicated clearly to anchor expectations and reinforce confidence.

3. The IMF estimates that world growth will resume this year and rise by nearly 3% by the end of 2010. Subsequently, our objective is to return the world to high, sustainable, and balanced growth, while maintaining our commitment to fiscal responsibility and sustainability, with reforms to increase our growth potential and capacity to generate jobs and policies designed to avoid both the re-creation of asset bubbles and the re-emergence of unsustainable global financial flows. We commit to put in place the necessary policy measures to achieve these outcomes.

4. We will need to work together as we manage the transition to a more balanced pattern of global growth. The crisis and our initial policy responses have already produced significant shifts in the pattern and level of growth across countries. Many countries have already taken important steps to expand domestic demand, bolstering global activity and reducing imbalances. In some countries, the rise in private saving now underway will, in time, need to be augmented by a rise in public saving. Ensuring a strong recovery will necessitate adjustments across different parts of the global economy, while requiring macroeconomic policies that promote adequate and balanced global demand as well as decisive progress on structural reforms that foster private domestic demand, narrow the global development gap, and strengthen long-run growth potential. The IMF estimates that only with such adjustments and realignments, will global growth reach a strong, sustainable, and balanced pattern. While governments have started moving in the right direction, a shared understanding and deepened dialogue will help build a more stable, lasting, and sustainable pattern of growth. Raising living standards in the emerging markets and developing countries is also a critical element in achieving sustainable growth in the global economy.

5. Today we are launching a Framework for Strong, Sustainable, and Balanced Growth. To put in place this framework, we commit to develop a process whereby we set out our objectives, put forward policies to achieve these objectives, and together assess our progress. We will ask the IMF to help us with its analysis of how our respective national or regional policy frameworks fit together. We will ask the World Bank to advise us on progress in promoting development and poverty reduction as part of the rebalancing of global growth. We will work together to

ensure that our fiscal, monetary, trade, and structural policies are collectively consistent with more sustainable and balanced trajectories of growth. We will undertake macro prudential and regulatory policies to help prevent credit and asset price cycles from becoming forces of destabilization. As we commit to implement a new, sustainable growth model, we should encourage work on measurement methods so as to better take into account the social and environmental dimensions of economic development.

6. We call on our Finance Ministers and Central Bank Governors to launch the new Framework by November by initiating a cooperative process of mutual assessment of our policy frameworks and the implications of those frameworks for the pattern and sustainability of global growth. We believe that regular consultations, strengthened cooperation on macroeconomic policies, the exchange of experiences on structural policies, and ongoing assessment will promote the adoption of sound policies and secure a healthy global economy. Our compact is that:

- G-20 members will agree on shared policy objectives. These objectives should be updated as conditions evolve.
- G-20 members will set out our medium-term policy frameworks and will work together to assess the collective implications of our national policy frameworks for the level and pattern of global growth and to identify potential risks to financial stability.
- G-20 Leaders will consider, based on the results of the mutual assessment, and agree any actions to meet our common objectives.

7. This process will only be successful if it is supported by candid, even-handed, and balanced analysis of our policies. We ask the IMF to assist our Finance Ministers and Central Bank Governors in this process of mutual assessment by developing a forward-looking analysis of whether policies pursued by individual G-20 countries are collectively consistent with more sustainable and balanced trajectories for the global economy, and to report regularly to both the G-20 and the International Monetary and Financial Committee (IMFC), building on the IMF's existing bilateral and multilateral surveillance analysis, on global economic developments, patterns of growth and suggested policy adjustments. Our Finance Ministers and Central Bank Governors will elaborate this process at their November meeting and we will review the results of the first mutual assessment at our next summit.



8. These policies will help us to meet our responsibility to the community of nations to build a more resilient international financial system and to reduce development imbalances.

9. Building on Chancellor Merkel's proposed Charter, on which we will continue to work, we adopted today Core Values for Sustainable Economic Activity, which will include those of propriety, integrity, and transparency, and which will underpin the Framework.

### **Strengthening the International Financial Regulatory System**

10. Major failures of regulation and supervision, plus reckless and irresponsible risk taking by banks and other financial institutions, created dangerous financial fragilities that contributed significantly to the current crisis. A return to the excessive risk taking prevalent in some countries before the crisis is not an option.

11. Since the onset of the global crisis, we have developed and begun implementing sweeping reforms to tackle the root causes of the crisis and transform the system for global financial regulation. Substantial progress has been made in strengthening prudential oversight, improving risk management, strengthening transparency, promoting market integrity, establishing supervisory colleges, and reinforcing international cooperation. We have enhanced and expanded the scope of regulation and oversight, with tougher regulation of over-the-counter (OTC) derivatives, securitization markets, credit rating agencies, and hedge funds. We endorse the institutional strengthening of the FSB through its Charter, following its establishment in London, and welcome its reports to Leaders and Ministers. The FSB's ongoing efforts to monitor progress will be essential to the full and consistent implementation of needed reforms. We call on the FSB to report on progress to the G-20 Finance Ministers and Central Bank Governors in advance of the next Leaders summit.

12. Yet our work is not done. Far more needs to be done to protect consumers, depositors, and investors against abusive market practices, promote high quality standards, and help ensure the world does not face a crisis of the scope we have seen. We are committed to take action at the national and international level to raise standards together so that our national authorities implement global standards consistently in a way that ensures a level playing field and avoids fragmentation of markets, protectionism, and regulatory arbitrage. Our efforts to deal with impaired assets and to encourage the raising of additional capital must continue, where needed. We commit to conduct robust, transparent stress tests as needed. We call on banks to retain a greater proportion of current profits to build capital, where needed, to support lending. Securitization sponsors or originators should retain a part of the risk of the underlying assets, thus encouraging them to

act prudently. It is important to ensure an adequate balance between macroprudential and microprudential regulation to control risks, and to develop the tools necessary to monitor and assess the buildup of macroprudential risks in the financial system. In addition, we have agreed to improve the regulation, functioning, and transparency of financial and commodity markets to address excessive commodity price volatility.

13. As we encourage the resumption of lending to households and businesses, we must take care not to spur a return of the practices that led to the crisis. The steps we are taking here, when fully implemented, will result in a fundamentally stronger financial system than existed prior to the crisis. If we all act together, financial institutions will have stricter rules for risk-taking, governance that aligns compensation with long-term performance, and greater transparency in their operations. All firms whose failure could pose a risk to financial stability must be subject to consistent, consolidated supervision and regulation with high standards. Our reform is multi-faceted but at its core must be stronger capital standards, complemented by clear incentives to mitigate excessive risk-taking practices. Capital allows banks to withstand those losses that inevitably will come. It, together with more powerful tools for governments to wind down firms that fail, helps us hold firms accountable for the risks that they take. Building on their Declaration on Further Steps to Strengthen the International Financial System, we call on our Finance Ministers and Central Bank Governors to reach agreement on an international framework of reform in the following critical areas:

- *Building high quality capital and mitigating pro-cyclicality:* We commit to developing by end-2010 internationally agreed rules to improve both the quantity and quality of bank capital and to discourage excessive leverage. These rules will be phased in as financial conditions improve and economic recovery is assured, with the aim of implementation by end-2012. The national implementation of higher level and better quality capital requirements, counter-cyclical capital buffers, higher capital requirements for risky products and off-balance sheet activities, as elements of the Basel II Capital Framework, together with strengthened liquidity risk requirements and forward-looking provisioning, will reduce incentives for banks to take excessive risks and create a financial system better prepared to withstand adverse shocks. We welcome the key measures recently agreed by the oversight body of the Basel Committee to strengthen the supervision and regulation of the banking sector. We support the introduction of a leverage ratio as a supplementary measure to the Basel II risk-based framework with a view to migrating to a Pillar 1 treatment based on appropriate review and calibration. To ensure comparability, the details of the leverage ratio will be harmonized internationally, fully adjusting for differences in accounting. All major G-20

financial centers commit to have adopted the Basel II Capital Framework by 2011.

- *Reforming compensation practices to support financial stability:* Excessive compensation in the financial sector has both reflected and encouraged excessive risk taking. Reforming compensation policies and practices is an essential part of our effort to increase financial stability. We fully endorse the implementation standards of the FSB aimed at aligning compensation with long-term value creation, not excessive risk-taking, including by (i) avoiding multi-year guaranteed bonuses; (ii) requiring a significant portion of variable compensation to be deferred, tied to performance and subject to appropriate clawback and to be vested in the form of stock or stock-like instruments, as long as these create incentives aligned with long-term value creation and the time horizon of risk; (iii) ensuring that compensation for senior executives and other employees having a material impact on the firm's risk exposure align with performance and risk; (iv) making firms' compensation policies and structures transparent through disclosure requirements; (v) limiting variable compensation as a percentage of total net revenues when it is inconsistent with the maintenance of a sound capital base; and (vi) ensuring that compensation committees overseeing compensation policies are able to act independently. Supervisors should have the responsibility to review firms' compensation policies and structures with institutional and systemic risk in mind and, if necessary to offset additional risks, apply corrective measures, such as higher capital requirements, to those firms that fail to implement sound compensation policies and practices. Supervisors should have the ability to modify compensation structures in the case of firms that fail or require extraordinary public intervention. We call on firms to implement these sound compensation practices immediately. We task the FSB to monitor the implementation of FSB standards and propose additional measures as required by March 2010.
- *Improving over-the-counter derivatives markets:* All standardized OTC derivative contracts should be traded on exchanges or electronic trading platforms, where appropriate, and cleared through central counterparties by end-2012 at the latest. OTC derivative contracts should be reported to trade repositories. Non-centrally cleared contracts should be subject to higher capital requirements. We ask the FSB and its relevant members to assess regularly implementation and whether it is sufficient to improve transparency in the derivatives markets, mitigate systemic risk, and protect against market abuse.
- *Addressing cross-border resolutions and systemically important financial institutions by end-2010:* Systemically important financial firms should develop

internationally-consistent firm-specific contingency and resolution plans. Our authorities should establish crisis management groups for the major cross-border firms and a legal framework for crisis intervention as well as improve information sharing in times of stress. We should develop resolution tools and frameworks for the effective resolution of financial groups to help mitigate the disruption of financial institution failures and reduce moral hazard in the future. Our prudential standards for systemically important institutions should be commensurate with the costs of their failure. The FSB should propose by the end of October 2010 possible measures including more intensive supervision and specific additional capital, liquidity, and other prudential requirements.

14. We call on our international accounting bodies to redouble their efforts to achieve a single set of high quality, global accounting standards within the context of their independent standard setting process, and complete their convergence project by June 2011. The International Accounting Standards Board's (IASB) institutional framework should further enhance the involvement of various stakeholders.

15. Our commitment to fight non-cooperative jurisdictions (NCJs) has produced impressive results. We are committed to maintain the momentum in dealing with tax havens, money laundering, proceeds of corruption, terrorist financing, and prudential standards. We welcome the expansion of the Global Forum on Transparency and Exchange of Information, including the participation of developing countries, and welcome the agreement to deliver an effective program of peer review. The main focus of the Forum's work will be to improve tax transparency and exchange of information so that countries can fully enforce their tax laws to protect their tax base. We stand ready to use countermeasures against tax havens from March 2010. We welcome the progress made by the Financial Action Task Force (FATF) in the fight against money laundering and terrorist financing and call upon the FATF to issue a public list of high risk jurisdictions by February 2010. We call on the FSB to report progress to address NCJs with regards to international cooperation and information exchange in November 2009 and to initiate a peer review process by February 2010.

16. We task the IMF to prepare a report for our next meeting with regard to the range of options countries have adopted or are considering as to how the financial sector could make a fair and substantial contribution toward paying for any burdens associated with government interventions to repair the banking system.

## **Modernizing our Global Institutions to Reflect Today's Global Economy**

17. Modernizing the international financial institutions and global development architecture is essential to our efforts to promote global financial stability, foster sustainable development, and lift the lives of the poorest. We warmly welcome Prime Minister Brown's report on his review of the responsiveness and adaptability of the international financial institutions (IFIs) and ask our Finance Ministers to consider its conclusions.

## **Reforming the Mandate, Mission and Governance of the IMF**

18. Our commitment to increase the funds available to the IMF allowed it to stem the spread of the crisis to emerging markets and developing countries. This commitment and the innovative steps the IMF has taken to create the facilities needed for its resources to be used efficiently and flexibly have reduced global risks. Capital again is flowing to emerging economies.

19. We have delivered on our promise to treble the resources available to the IMF. We are contributing over \$500 billion to a renewed and expanded IMF New Arrangements to Borrow (NAB). The IMF has made Special Drawing Rights (SDR) allocations of \$283 billion in total, more than \$100 billion of which will supplement emerging market and developing countries' existing reserve assets. Resources from the agreed sale of IMF gold, consistent with the IMF's new income model, and funds from internal and other sources will more than double the Fund's medium-term concessional lending capacity.

20. Our collective response to the crisis has highlighted both the benefits of international cooperation and the need for a more legitimate and effective IMF. The Fund must play a critical role in promoting global financial stability and rebalancing growth. We welcome the reform of IMF's lending facilities, including the creation of the innovative Flexible Credit Line. The IMF should continue to strengthen its capacity to help its members cope with financial volatility, reducing the economic disruption from sudden swings in capital flows and the perceived need for excessive reserve accumulation. As recovery takes hold, we will work together to strengthen the Fund's ability to provide even-handed, candid and independent surveillance of the risks facing the global economy and the international financial system. We ask the IMF to support our effort under the Framework for Strong, Sustainable and Balanced Growth through its surveillance of our countries' policy frameworks and their collective implications for financial stability and the level and pattern of global growth.

21. Modernizing the IMF's governance is a core element of our effort to improve the IMF's credibility, legitimacy, and effectiveness. We recognize that the IMF

should remain a quota-based organization and that the distribution of quotas should reflect the relative weights of its members in the world economy, which have changed substantially in view of the strong growth in dynamic emerging market and developing countries. To this end, we are committed to a shift in quota share to dynamic emerging market and developing countries of at least five percent from over-represented to under-represented countries using the current IMF quota formula as the basis to work from. We are also committed to protecting the voting share of the poorest in the IMF. On this basis and as part of the IMF's quota review, to be completed by January 2011, we urge an acceleration of work toward bringing the review to a successful conclusion. As part of that review, we agree that a number of other critical issues will need to be addressed, including: the size of any increase in IMF quotas, which will have a bearing on the ability to facilitate change in quota shares; the size and composition of the Executive Board; ways of enhancing the Board's effectiveness; and the Fund Governors' involvement in the strategic oversight of the IMF. Staff diversity should be enhanced. As part of a comprehensive reform package, we agree that the heads and senior leadership of all international institutions should be appointed through an open, transparent and merit-based process. We must urgently implement the package of IMF quota and voice reforms agreed in April 2008.

### **Reforming the Mission, Mandate and Governance of Our Development banks**

22. The Multilateral Development Banks (MDBs) responded to our April call to accelerate and expand lending to mitigate the impact of the crisis on the world's poorest with streamlined facilities, new tools and facilities, and a rapid increase in their lending. They are on track to deliver the promised \$100 billion in additional lending. We welcome and encourage the MDBs to continue making full use of their balance sheets. We also welcome additional measures such as the temporary use of callable capital contributions from a select group of donors as was done at the InterAmerican Development Bank (IaDB). Our Finance Ministers should consider how mechanisms such as temporary callable and contingent capital could be used in the future to increase MDB lending at times of crisis. We reaffirm our commitment to ensure that the Multilateral Development Banks and their concessional lending facilities, especially the International Development Agency (IDA) and the African Development Fund, are appropriately funded.

23. Even as we work to mitigate the impact of the crisis, we must strengthen and reform the global development architecture for responding to the world's long-term challenges.

24. We agree that development and reducing global poverty are central to the development banks' core mission. The World Bank and other multilateral development banks are also critical to our ability to act together to address

challenges, such as climate change and food security, which are global in nature and require globally coordinated action. The World Bank, working with the regional development banks and other international organizations, should strengthen:

- its focus on food security through enhancements in agricultural productivity and access to technology, and improving access to food, in close cooperation with relevant specialized agencies;
- its focus on human development and security in the poorest and most challenging environments;
- support for private-sector led growth and infrastructure to enhance opportunities for the poorest, social and economic inclusion, and economic growth; and
- contributions to financing the transition to a green economy through investment in sustainable clean energy generation and use, energy efficiency and climate resilience; this includes responding to countries needs to integrate climate change concerns into their core development strategies, improved domestic policies, and to access new sources of climate finance.

25. To enhance their effectiveness, the World Bank and the regional development banks should strengthen their coordination, when appropriate, with other bilateral and multilateral institutions. They should also strengthen recipient country ownership of strategies and programs and allow adequate policy space.

26. We will help ensure the World Bank and the regional development banks have sufficient resources to fulfil these four challenges and their development mandate, including through a review of their general capital increase needs to be completed by the first half of 2010. Additional resources must be joined to key institutional reforms to ensure effectiveness: greater coordination and a clearer division of labor; an increased commitment to transparency, accountability, and good corporate governance; an increased capacity to innovate and achieve demonstrable results; and greater attention to the needs of the poorest populations.

27. We commit to pursue governance and operational effectiveness reform in conjunction with voting reform to ensure that the World Bank is relevant, effective, and legitimate. We stress the importance of moving towards equitable voting power in the World Bank over time through the adoption of a dynamic formula which primarily reflects countries' evolving economic weight and the World Bank's development mission, and that generates in the next shareholding

review a significant increase of at least 3% of voting power for developing and transition countries, in addition to the 1.46% increase under the first phase of this important adjustment, to the benefit of under-represented countries. While recognizing that over-represented countries will make a contribution, it will be important to protect the voting power of the smallest poor countries. We recommit to reaching agreement by the 2010 Spring Meetings.

### **Energy Security and Climate Change**

28. Access to diverse, reliable, affordable and clean energy is critical for sustainable growth. Inefficient markets and excessive volatility negatively affect both producers and consumers. Noting the St. Petersburg Principles on Global Energy Security, which recognize the shared interest of energy producing, consuming and transiting countries in promoting global energy security, we individually and collectively commit to:

- Increase energy market transparency and market stability by publishing complete, accurate, and timely data on oil production, consumption, refining and stock levels, as appropriate, on a regular basis, ideally monthly, beginning by January 2010. We note the Joint Oil Data Initiative as managed by the International Energy Forum (IEF) and welcome their efforts to examine the expansion of their data collection to natural gas. We will improve our domestic capabilities to collect energy data and improve energy demand and supply forecasting and ask the International Energy Agency (IEA) and the Organization of Petroleum Exporting Countries (OPEC) to ramp up their efforts to assist interested countries in developing those capabilities. We will strengthen the producer-consumer dialogue to improve our understanding of market fundamentals, including supply and demand trends, and price volatility, and note the work of the IEF experts group.
- Improve regulatory oversight of energy markets by implementing the International Organization of Securities Commissions (IOSCO) recommendations on commodity futures markets and calling on relevant regulators to collect data on large concentrations of trader positions on oil in our national commodities futures markets. We ask our relevant regulators to report back at our next meeting on progress towards implementation. We will direct relevant regulators to also collect related data on over-the-counter oil markets and to take steps to combat market manipulation leading to excessive price volatility. We call for further refinement and improvement of commodity market information, including through the publication of more detailed and disaggregated data, coordinated as far as possible internationally. We ask IOSCO to help national governments design and implement these policies,



conduct further analysis including with regard with to excessive volatility, make specific recommendations, and to report regularly on our progress.

29. Enhancing our energy efficiency can play an important, positive role in promoting energy security and fighting climate change. Inefficient fossil fuel subsidies encourage wasteful consumption, distort markets, impede investment in clean energy sources and undermine efforts to deal with climate change. The Organization for Economic Cooperation and Development (OECD) and the IEA have found that eliminating fossil fuel subsidies by 2020 would reduce global greenhouse gas emissions in 2050 by ten percent. Many countries are reducing fossil fuel subsidies while preventing adverse impact on the poorest. Building on these efforts and recognizing the challenges of populations suffering from energy poverty, we commit to:

- Rationalize and phase out over the medium term inefficient fossil fuel subsidies that encourage wasteful consumption. As we do that, we recognize the importance of providing those in need with essential energy services, including through the use of targeted cash transfers and other appropriate mechanisms. This reform will not apply to our support for clean energy, renewables, and technologies that dramatically reduce greenhouse gas emissions. We will have our Energy and Finance Ministers, based on their national circumstances, develop implementation strategies and timeframes, and report back to Leaders at the next Summit. We ask the international financial institutions to offer support to countries in this process. We call on all nations to adopt policies that will phase out such subsidies worldwide.

30. We request relevant institutions, such as the IEA, OPEC, OECD, and World Bank, provide an analysis of the scope of energy subsidies and suggestions for the implementation of this initiative and report back at the next summit.

31. Increasing clean and renewable energy supplies, improving energy efficiency, and promoting conservation are critical steps to protect our environment, promote sustainable growth and address the threat of climate change. Accelerated adoption of economically sound clean and renewable energy technology and energy efficiency measures diversifies our energy supplies and strengthens our energy security. We commit to:

- Stimulate investment in clean energy, renewables, and energy efficiency and provide financial and technical support for such projects in developing countries.
- Take steps to facilitate the diffusion or transfer of clean energy technology including by conducting joint research and building capacity. The reduction or

elimination of barriers to trade and investment in this area are being discussed and should be pursued on a voluntary basis and in appropriate fora.

32. As leaders of the world's major economies, we are working for a resilient, sustainable, and green recovery. We underscore anew our resolve to take strong action to address the threat of dangerous climate change. We reaffirm the objective, provisions, and principles of the United Nations Framework Convention on Climate Change (UNFCCC), including common but differentiated responsibilities. We note the principles endorsed by Leaders at the Major Economies Forum in L'Aquila, Italy. We will intensify our efforts, in cooperation with other parties, to reach agreement in Copenhagen through the UNFCCC negotiation. An agreement must include mitigation, adaptation, technology, and financing.

33. We welcome the work of the Finance Ministers and direct them to report back at their next meeting with a range of possible options for climate change financing to be provided as a resource to be considered in the UNFCCC negotiations at Copenhagen.

#### **Strengthening Support for the Most Vulnerable**

34. Many emerging and developing economies have made great strides in raising living standards as their economies converge toward the productivity levels and living standards of advanced economies. This process was interrupted by the crisis and is still far from complete. The poorest countries have little economic cushion to protect vulnerable populations from calamity, particularly as the financial crisis followed close on the heels of a global spike in food prices. We note with concern the adverse impact of the global crisis on low income countries' (LICs) capacity to protect critical core spending in areas such as health, education, safety nets, and infrastructure. The UN's new Global Impact Vulnerability Alert System will help our efforts to monitor the impact of the crisis on the most vulnerable. We share a collective responsibility to mitigate the social impact of the crisis and to assure that all parts of the globe participate in the recovery.

35. The MDBs play a key role in the fight against poverty. We recognize the need for accelerated and additional concessional financial support to LICs to cushion the impact of the crisis on the poorest, welcome the increase in MDB lending during the crisis and support the MDBs having the resources needed to avoid a disruption of concessional financing to the most vulnerable countries. The IMF also has increased its concessional lending to LICs during the crisis. Resources from the sale of IMF gold, consistent with the new income model, and funds from internal and other sources will double the Fund's medium-term concessional lending capacity.

36. Several countries are considering creating, on a voluntary basis, mechanisms that could allow, consistent with their national circumstances, the mobilization of existing SDR resources to support the IMF's lending to the poorest countries. Even as we work to mitigate the impact of the crisis, we must strengthen and reform the global development architecture for responding to the world's long-term challenges. We ask our relevant ministers to explore the benefits of a new crisis support facility in IDA to protect LICs from future crises and the enhanced use of financial instruments in protecting the investment plans of middle income countries from interruption in times of crisis, including greater use of guarantees.

37. We reaffirm our historic commitment to meet the Millennium Development Goals and our respective Official Development Assistance (ODA) pledges, including commitments on Aid for Trade, debt relief, and those made at Gleneagles, especially to sub-Saharan Africa, to 2010 and beyond.

38. Even before the crisis, too many still suffered from hunger and poverty and even more people lack access to energy and finance. Recognizing that the crisis has exacerbated this situation, we pledge cooperation to improve access to food, fuel, and finance for the poor.

39. Sustained funding and targeted investments are urgently needed to improve long-term food security. We welcome and support the food security initiative announced in L'Aquila and efforts to further implement the Global Partnership for Agriculture and Food Security and to address excessive price volatility. We call on the World Bank to work with interested donors and organizations to develop a multilateral trust fund to scale-up agricultural assistance to low-income countries. This will help support innovative bilateral and multilateral efforts to improve global nutrition and build sustainable agricultural systems, including programs like those developed through the Comprehensive African Agricultural Development Program (CAADP). It should be designed to ensure country ownership and rapid disbursement of funds, fully respecting the aid effectiveness principles agreed in Accra, and facilitate the participation of private foundations, businesses, and non-governmental organizations (NGOs) in this historic effort. These efforts should complement the UN Comprehensive Framework for Agriculture. We ask the World Bank, the African Development Bank, UN, Food and Agriculture Organization (FAO), International Fund for Agricultural Development (IFAD), World Food Programme (WFP) and other stakeholders to coordinate their efforts, including through country-led mechanisms, in order to complement and reinforce other existing multilateral and bilateral efforts to tackle food insecurity.

40. To increase access to energy, we will promote the deployment of clean, affordable energy resources to the developing world. We commit, on a voluntary basis, to funding programs that achieve this objective, such as the Scaling Up

Renewable Energy Program and the Energy for the Poor Initiative, and to increasing and more closely harmonizing our bilateral efforts.

41. We commit to improving access to financial services for the poor. We have agreed to support the safe and sound spread of new modes of financial service delivery capable of reaching the poor and, building on the example of micro finance, will scale up the successful models of small and medium-sized enterprise (SME) financing. Working with the Consultative Group to Assist the Poor (CGAP), the International Finance Corporation (IFC) and other international organizations, we will launch a G-20 Financial Inclusion Experts Group. This group will identify lessons learned on innovative approaches to providing financial services to these groups, promote successful regulatory and policy approaches and elaborate standards on financial access, financial literacy, and consumer protection. We commit to launch a *G-20 SME Finance Challenge*, a call to the private sector to put forward its best proposals for how public finance can maximize the deployment of private finance on a sustainable and scalable basis.

42. As we increase the flow of capital to developing countries, we also need to prevent its illicit outflow. We will work with the World Bank's Stolen Assets Recovery (StAR) program to secure the return of stolen assets to developing countries, and support other efforts to stem illicit outflows. We ask the FATF to help detect and deter the proceeds of corruption by prioritizing work to strengthen standards on customer due diligence, beneficial ownership and transparency. We note the principles of the Paris Declaration on Aid Effectiveness and the Accra Agenda for Action and will work to increase the transparency of international aid flows by 2010. We call for the adoption and enforcement of laws against transnational bribery, such as the OECD Anti-Bribery Convention, and the ratification by the G-20 of the UN Convention against Corruption (UNCAC) and the adoption during the third Conference of the Parties in Doha of an effective, transparent, and inclusive mechanism for the review of its implementation. We support voluntary participation in the Extractive Industries Transparency Initiative, which calls for regular public disclosure of payments by extractive industries to governments and reconciliation against recorded receipt of those funds by governments.

### **Putting Quality Jobs at the Heart of the Recovery**

43. The prompt, vigorous and sustained response of our countries has saved or created millions of jobs. Based on International Labour Organization (ILO) estimates, our efforts will have created or saved at least 7 – 11 million jobs by the end of this year. Without sustained action, unemployment is likely to continue rising in many of our countries even after economies stabilize, with a disproportionate impact on the most vulnerable segments of our population. As

growth returns, every country must act to ensure that employment recovers quickly. We commit to implementing recovery plans that support decent work, help preserve employment, and prioritize job growth. In addition, we will continue to provide income, social protection, and training support for the unemployed and those most at risk of unemployment. We agree that the current challenges do not provide an excuse to disregard or weaken internationally recognized labor standards. To assure that global growth is broadly beneficial, we should implement policies consistent with ILO fundamental principles and rights at work.

44. Our new Framework for Strong, Sustainable, and Balanced Growth requires structural reforms to create more inclusive labor markets, active labor market policies, and quality education and training programs. Each of our countries will need, through its own national policies, to strengthen the ability of our workers to adapt to changing market demands and to benefit from innovation and investments in new technologies, clean energy, environment, health, and infrastructure. It is no longer sufficient to train workers to meet their specific current needs; we should ensure access to training programs that support lifelong skills development and focus on future market needs. Developed countries should support developing countries to build and strengthen their capacities in this area. These steps will help to assure that the gains from new inventions and lifting existing impediments to growth are broadly shared.

45. We pledge to support robust training efforts in our growth strategies and investments. We recognize successful employment and training programs are often designed together with employers and workers, and we call on the ILO, in partnership with other organizations, to convene its constituents and NGOs to develop a training strategy for our consideration.

46. We agree on the importance of building an employment-oriented framework for future economic growth. In this context, we reaffirm the importance of the London Jobs Conference and Rome Social Summit. We also welcome the recently-adopted ILO Resolution on Recovering from the Crisis: A Global Jobs Pact, and we commit our nations to adopt key elements of its general framework to advance the social dimension of globalization. The international institutions should consider ILO standards and the goals of the Jobs Pact in their crisis and post-crisis analysis and policy-making activities.

47. To ensure our continued focus on employment policies, the Chair of the Pittsburgh Summit has asked his Secretary of Labor to invite our Employment and Labor Ministers to meet as a group in early 2010 consulting with labor and business and building on the upcoming OECD Labour and Employment Ministerial meeting on the jobs crisis. We direct our Ministers to assess the evolving employment situation, review reports from the ILO and other organizations on the

impact of policies we have adopted, report on whether further measures are desirable, and consider medium-term employment and skills development policies, social protection programs, and best practices to ensure workers are prepared to take advantage of advances in science and technology.

### **An Open Global Economy**

48. Continuing the revival in world trade and investment is essential to restoring global growth. It is imperative we stand together to fight against protectionism. We welcome the swift implementation of the \$250 billion trade finance initiative. We will keep markets open and free and reaffirm the commitments made in Washington and London: to refrain from raising barriers or imposing new barriers to investment or to trade in goods and services, imposing new export restrictions or implementing World Trade Organization (WTO) inconsistent measures to stimulate exports and commit to rectify such measures as they arise. We will minimize any negative impact on trade and investment of our domestic policy actions, including fiscal policy and action to support the financial sector. We will not retreat into financial protectionism, particularly measures that constrain worldwide capital flows, especially to developing countries. We will notify promptly the WTO of any relevant trade measures. We welcome the latest joint report from the WTO, OECD, IMF, and United Nations Conference on Trade and Development (UNCTAD) and ask them to continue to monitor the situation within their respective mandates, reporting publicly on these commitments on a quarterly basis.

49. We remain committed to further trade liberalization. We are determined to seek an ambitious and balanced conclusion to the Doha Development Round in 2010, consistent with its mandate, based on the progress already made, including with regard to modalities. We understand the need for countries to directly engage with each other, within the WTO bearing in mind the centrality of the multilateral process, in order to evaluate and close the remaining gaps. We note that in order to conclude the negotiations in 2010, closing those gaps should proceed as quickly as possible. We ask our ministers to take stock of the situation no later than early 2010, taking into account the results of the work program agreed to in Geneva following the Delhi Ministerial, and seek progress on Agriculture, Non-Agricultural Market Access, as well as Services, Rules, Trade Facilitation and all other remaining issues. We will remain engaged and review the progress of the negotiations at our next meeting.

### **The Path from Pittsburgh**

50. Today, we designated the G-20 as the premier forum for our international economic cooperation. We have asked our representatives to report back at the

next meeting with recommendations on how to maximize the effectiveness of our cooperation. We agreed to have a G-20 Summit in Canada in June 2010, and in Korea in November 2010. We expect to meet annually thereafter, and will meet in France in 2011.

#### ANNEX: Core Values for Sustainable Economic Activity

1. The economic crisis demonstrates the importance of ushering in a new era of sustainable global economic activity grounded in responsibility. The current crisis has once again confirmed the fundamental recognition that our growth and prosperity are interconnected, and that no region of the globe can wall itself off in a globalized world economy.

2. We, the Leaders of the countries gathered for the Pittsburgh Summit, recognize that concerted action is needed to help our economies get back to stable ground and prosper tomorrow. We commit to taking responsible actions to ensure that every stakeholder – consumers, workers, investors, entrepreneurs – can participate in a balanced, equitable, and inclusive global economy.

3. We share the overarching goal to promote a broader prosperity for our people through balanced growth within and across nations; through coherent economic, social, and environmental strategies; and through robust financial systems and effective international collaboration.

4. We recognize that there are different approaches to economic development and prosperity, and that strategies to achieve these goals may vary according to countries' circumstances.

5. We also agree that certain key principles are fundamental, and in this spirit we commit to respect the following core values:

- We have a responsibility to ensure sound macroeconomic policies that serve long-term economic objectives and help avoid unsustainable global imbalances.
- We have a responsibility to reject protectionism in all its forms, support open markets, foster fair and transparent competition, and promote entrepreneurship and innovation across countries.
- We have a responsibility to ensure, through appropriate rules and incentives, that financial and other markets function based on propriety, integrity and transparency and to encourage businesses to support the efficient allocation of resources for sustainable economic performance.

- We have a responsibility to provide for financial markets that serve the needs of households, businesses and productive investment by strengthening oversight, transparency, and accountability.
- We have a responsibility to secure our future through sustainable consumption, production and use of resources that conserve our environment and address the challenge of climate change.
- We have a responsibility to invest in people by providing education, job training, decent work conditions, health care and social safety net support, and to fight poverty, discrimination, and all forms of social exclusion.
- We have a responsibility to recognize that all economies, rich and poor, are partners in building a sustainable and balanced global economy in which the benefits of economic growth are broadly and equitably shared. We also have a responsibility to achieve the internationally agreed development goals.
- We have a responsibility to ensure an international economic and financial architecture that reflects changes in the world economy and the new challenges of globalization.

### **G-20 Framework for Strong, Sustainable, and Balanced Growth**

1. Our countries have a shared responsibility to adopt policies to achieve strong, sustainable and balanced growth, to promote a resilient international financial system, and to reap the benefits of an open global economy. To this end, we recognize that our strategies will vary across countries. In our Framework for Strong, Sustainable and Balanced Growth, we will:

- implement responsible fiscal policies, attentive to short-term flexibility considerations and longer-run sustainability requirements.
- strengthen financial supervision to prevent the re-emergence in the financial system of excess credit growth and excess leverage and undertake macro prudential and regulatory policies to help prevent credit and asset price cycles from becoming forces of destabilization.
- promote more balanced current accounts and support open trade and investment to advance global prosperity and growth sustainability, while actively rejecting protectionist measures.



- undertake monetary policies consistent with price stability in the context of market oriented exchange rates that reflect underlying economic fundamentals.
- undertake structural reforms to increase our potential growth rates and, where needed, improve social safety nets.
- promote balanced and sustainable economic development in order to narrow development imbalances and reduce poverty.

2. We recognize that the process to ensure more balanced global growth must be undertaken in an orderly manner. All G-20 members agree to address the respective weaknesses of their economies.

- G-20 members with sustained, significant external deficits pledge to undertake policies to support private savings and undertake fiscal consolidation while maintaining open markets and strengthening export sectors.
- G-20 members with sustained, significant external surpluses pledge to strengthen domestic sources of growth. According to national circumstances this could include increasing investment, reducing financial markets distortions, boosting productivity in service sectors, improving social safety nets, and lifting constraints on demand growth.

3. Each G-20 member bears primary responsibility for the sound management of its economy. The G-20 members also have a responsibility to the community of nations to assure the overall health of the global economy. Regular consultations, strengthened cooperation on macroeconomic policies, the exchange of experiences on structural policies, and ongoing assessment can strengthen our cooperation and promote the adoption of sound policies. As part of our process of mutual assessment:

- G-20 members will agree on shared policy objectives. These objectives should be updated as conditions evolve.
- G-20 members will set out their medium-term policy frameworks and will work together to assess the collective implications of our national policy frameworks for the level and pattern of global growth, and to identify potential risks to financial stability.
- G-20 leaders will consider, based on the results of the mutual assessment, and agree any actions to meet our common objectives.

4. We call on our Finance Ministers to develop our process of mutual assessment to evaluate the collective implications of national policies for the world economy. To accomplish this, our Finance Ministers should, with the assistance of the IMF:

- Develop a forward looking assessment of G-20 economic developments to help analyze whether patterns of demand and supply, credit, debt and reserves growth are supportive of strong, sustainable and balanced growth.
- Assess the implications and consistency of fiscal and monetary policies, credit growth and asset markets, foreign exchange developments, commodity and energy prices, and current account imbalances.
- Report regularly to both the G-20 and the IMFC on global economic developments, key risks, and concerns with respect to patterns of growth and suggested G-20 policy adjustments, individually and collectively.

## APPENDIX H

### **C20 Position Paper for the G20 Toronto Summit, 26-27 June 2010**

Accessed on 14 October 2010, <http://www.eurochambres.eu/Content/Default.asp?PageID=104>

#### **C20 POSITION PAPER**

We, the Chambers of Commerce from the countries of the G20, have come together to develop a common position on critical economic and financial policies being discussed at the G20 level. We call on our G20 governments to implement coordinated policies that ensure broad economic recovery and robust long term growth. This requires implementing global stimulus exit strategies and post-crisis growth measures. Closer and more effective coordination is needed to establish a principle-based, peer-reviewed framework that ensures the health and stability of global financial markets. Exit strategies from excessive government spending and debt must be timely and coordinated to restore private sector confidence. This will drive sustainable global growth.

Businesses' ability to deliver much-needed jobs requires confidence in an open and rules-based trading system devoid of protectionism. The rules-based multilateral trading system faces serious threat. Political will to conclude the negotiations should be shown. Action must be taken. The Toronto and Seoul G20 Summits must deliver measurable progress on these issues.

#### **1. Adopt the Right Policy Measures to Prevent Recurrence of Crisis**

While the world economy is showing signs of growth, the recovery process is likely to be uneven and uncertainty continues. The financial system remains damaged and governments must not abandon necessary financial sector reform. We must avoid a repeat of past mistakes in financial market regulation. Governments must implement credible exit policies from the extraordinary stimulus measures that provided much needed traction to the global economy. Confidence in public finances requires governments to unveil clear plans for significantly reducing their deficits over the medium term, with emphasis on spending cuts on entitlements and growth generating reform policies. In a period of constrained spending, all governments will face major challenges and will need to prioritize policies. Greater efficiency of public administrations, credible cost-cutting measures and public-private partnerships will help free up resources that can be redirected to increase education and training, R&D, innovation and modern infrastructure policies that enhance productivity, growth and employment. Private sector investment, needed for sustainable job creation, will require ongoing improvements in economic

conditions, business confidence and enhanced support for education and vocational training of displaced workers.

**A) Deliver the framework for a strong, sustainable economic growth:**

Governments must steer the global economy to sustainable growth while consolidating public finances and repairing the financial sector. Sound structural reforms must be put in place to remove weaknesses that led to global recession. We call on G20 governments to enable businesses to achieve private sector-led growth in the Global Plan for Reform and Recovery framework adopted at the London Summit. As part of these efforts, governments must continue to ensure that businesses, especially small and medium sized, have adequate, flexible and efficient access to financing both from banks and capital markets. Employment needs to be fostered decisively through structural reforms and active labour market policies.

**B) Sound Public Finances:** Governments must ensure sustained economic growth while putting a break on public debt. Timely, coordinated exit strategies from extraordinary fiscal measures need to be implemented to restore fiscal discipline, preserve global growth and stability, and stimulate greater investment and participation in the labour market. Public budgets need to be rebalanced with clear plans for exiting from unsustainably high levels of public debt and more efficient spending to enhance long term growth. The ability of businesses to create jobs and contribute to social welfare would be severely hampered by increased business, investment or employment taxes.

**C) Reform the financial sector:** Health and stability of the financial system must be ensured through an international framework for reform based on a principle-based, peer-reviewed global financial supervision framework. Priority should be given to ensuring adequate financial sector capital and liquidity requirements, developing an efficient early warning system and global initiatives to promote standardization, transparency and central clearing for derivatives markets. This framework should be based on internationally agreed principles and designed to reflect different conditions indifferent countries, regions and sectors, while ensuring an effective level playing field and close regulatory coordination in order to prevent market fragmentation. Each country's financial system regulation must focus on restoring system stability and ensuring access to business financing - an essential pillar for economic growth. Comprehensive impact assessments on credit and financing availability must be undertaken as part of all new regulatory initiatives, including analysis of cumulative effects. Instruments such as international financial transaction taxes or levies should not be implemented. An international financial transaction tax or bank levy is not the appropriate regulatory tool for addressing the essential systemic issues of capital and liquidity. It does not prevent new crises.\* Moreover, any potentially forthcoming rules on

banks' capital provisions should take into account the need to ensure that businesses have appropriate access to financing in economic downturns.

## **2. Support Multilateral Trading System and Resist protectionism**

Governments must maintain open and transparent economies to mitigate the impact of recession and preserve jobs. Open markets are key to economic growth and development during this fragile post-crisis period. Full economic recovery is only possible with an effective and efficient rules-based trading system. Our governments must champion the importance of global commerce through strong commitment to open markets via multilateral, regional and bilateral free trade, associations and foreign investment liberalization agreements. Foreign direct investment, a cornerstone of trade, creates jobs and lends to infusion of innovative technologies, management strategies and workplace practices.

**A) Conclude the WTO Doha Round and dismantle trade barriers:** The time is right to reach an ambitious and balanced conclusion to the Doha Round based on progress already made. Political energy at the highest level should be injected to bridge remaining gaps and ensure that any final Doha Round agreement creates new trade flows, reduces costs of doing business across borders and increases predictability for companies. It is imperative that a renewed commitment be both made and implemented. In 2010, governments must take the steps necessary to stop creating new protectionist measures and remove any adopted during the recession, including those found in stimulus initiatives. Needed reversals include tariffs, non-tariff measures, restrictions on public procurement, subsidies, burdensome administrative procedures and market-distorting restrictions.

**B) Protect foreign investment:** Governments must refrain from raising barriers or imposing new barriers to both outward and inbound investment. Government criteria for blocking foreign investment in defense of "national security" or of a "strategic industry" should be narrowly defined and only applied under exceptional circumstances. All international agreements must encompass high standards of investment protection, including non-discrimination, national treatment and fair and equitable treatment; prompt, adequate appeal mechanisms; effective compensation in event of discrimination or expropriation; and access to international arbitration to resolve disputes.

**C) Effective protection of intellectual property (IP) rights:** We call on G20 countries to coordinate closely in fighting illicit trade practices, such as counterfeiting, trade-marks and copyrights' infringement and piracy. Inappropriate and insufficient protection of IP can distort free trade, impede investment, impair

technology transfer and hinder innovation. Particular attention must be given to concrete enforcement of the TRIPS Agreement.

## APPENDIX I

### **Istanbul CSO Development Effectiveness Principles, Istanbul, Turkey, 29 September 2010**

Accessed on 14 October 2010, [http://www.cso-effectiveness.org/IMG/pdf/final\\_istanbul\\_cso\\_development\\_effectiveness\\_principles\\_footnote.pdf](http://www.cso-effectiveness.org/IMG/pdf/final_istanbul_cso_development_effectiveness_principles_footnote.pdf)

Civil society organizations are a vibrant and essential feature in the democratic life of countries across the globe. CSOs collaborate with the full diversity of people and promote their rights. The essential characteristics of CSOs as distinct development actors – that they are voluntary, diverse, non-partisan, autonomous, non-violent, working and collaborating for change – are the foundation for the Istanbul principles for CSO development effectiveness. These principles guide the work and practices of civil society organizations in both peaceful and conflict situations, in different areas of work from grassroots to policy advocacy, and in a continuum from humanitarian emergencies to long-term development.

#### **1. Respect and promote human rights and social justice**

**CSOs are effective as development actors when they ...** develop and implement strategies, activities and practices that promote individual and collective human rights, including the right to development, with dignity, decent work, social justice and equity for all people.

#### **2. Embody gender equality and equity while promoting women and girl's rights**

**CSOs are effective as development actors when they ...** promote and practice development cooperation embodying gender equity, reflecting women's concerns and experience, while supporting women's efforts to realize their individual and collective rights, participating as fully empowered actors in the development process.

#### **3. Focus on people's empowerment, democratic ownership and participation**

**CSOs are effective as development actors when they ...** support the empowerment and inclusive participation of people to expand their democratic ownership over policies and development initiatives that affect their lives, with an emphasis on the poor and marginalized.

#### **4. Promote Environmental Sustainability**

**CSOs are effective as development actors when they ...** develop and implement priorities and approaches that promote environmental sustainability for present and future generations, including urgent responses to climate crises, with specific attention to the socio-economic, cultural and indigenous conditions for ecological integrity and justice.

#### **5. Practice transparency and accountability**

**CSOs are effective as development actors when they ...** demonstrate a sustained organizational commitment to transparency, multiple accountability, and integrity in their internal operations.

#### **6. Pursue equitable partnerships and solidarity**

**CSOs are effective as development actors when they ...** commit to transparent relationships with CSOs and other development actors, freely and as equals, based on shared development goals and values, mutual respect, trust, organizational autonomy, long-term accompaniment, solidarity and global citizenship.

#### **7. Create and share knowledge and commit to mutual learning**

**CSOs are effective as development actors when they ...** enhance the ways they learn from their experience, from other CSOs and development actors, integrating evidence from development practice and results, including the knowledge and wisdom of local and indigenous communities, strengthening innovation and their vision for the future they would like to see.

#### **8. Commit to realizing positive sustainable change**

**CSOs are effective as development actors when they ...** collaborate to realize sustainable outcomes and impacts of their development actions, focusing on results and conditions for lasting change for people, with special emphasis on poor and marginalized populations, ensuring an enduring legacy for present and future generations.

Guided by these Istanbul principles, CSOs are committed to take pro-active actions to improve and be fully accountable for their development practices. Equally important will be enabling policies and practices by all actors. Through actions consistent with these principles, donor and partner country governments demonstrate their Accra Agenda for Action pledge that they “share an interest in ensuring that CSO contributions to development reach their full potential”. All



governments have an obligation to uphold basic human rights – among others, the right to association, the right to assembly, and the freedom of expression. Together these are pre-conditions for effective development.

Istanbul, Turkey  
September 29, 2010

## CURRICULUM VITAE

### Personal Information

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### Education

Degree	Institution	Year of Graduation
MA	University of Denver, CO, USA Josef Korbel School of International Studies	1988
BS	Middle East Technical University, Ankara Political Science and Public Administration	1982
High School	TED Ankara College, Ankara	1978

### Work Experience

Year	Place	Title
2008 June - present	TOBB, Union of Chambers and Commodity Exchanges of Turkey	Advisor to Secretary General
2002 Oct - 2008 June	TOBB, Union of Chambers and Commodity Exchanges of Turkey	Head of External Economic Relations
2007 Oct - 2008 Aug	International Chamber of Commerce (ICC), Turkey, Ankara	Acting Executive Director of ICC Turkey
2001 Nov - 2003 Aug	Etizeolit Chemicals and Trade, Ankara	Board Member

1995 - 2002	Undersecretariat of Treasury, Ankara	Head of Risk Management Department
1991 - 1995	Turkish Embassy, London, UK	Economic and Commercial Counsellor
1988 - 1991	Undersecretariat of Treasury, Ankara	Treasury Expert and Division Chief
1987 - 1988	University of Denver, CO, USA Josef Korbel School of International Studies	Research Assistant
1983 - 1987	Undersecretariat of Treasury, Ankara	Associate Expert of Treasury
1980 - 1982	Middle East Technical University, Ankara Political Science and Public Administration	Student Assistant

### **Languages**

English (Full proficiency)  
Turkish (Native)

### **Selected Written Work:**

*The Eurobond Market and the Republic of Turkey as a New Issuer*, 1991, Ankara submitted as a prerequisite to become a Treasury Expert. Published and distributed at the Turkish Treasury and used as an in house reference book.

*Risk Management*, May 1997, Ankara, Undersecretariat of Treasury, in house discussion paper.

*Conversion of IBRD Currency Pool Loans As A Sovereign Debt Management Tool: The Case of Turkey*, October 1997, Presented in Washington, DC, USA, Sovereign Foreign Debt Management Forum.

*Debt Management Concerns*, June 1998, Washington, DC, USA, World Bank Lawyers' Forum.

*Euro's Implications on External Debt Management*, 1999, Ankara, Presentation, and Treasury Publication.

'Current Issues regarding the Euro' (Euro ile ilgili Güncel Konular), in *The Euro Handbook (Euro El Kitabı)*, April 2000, Ankara, The Central Bank of Turkey Publication, pp. 107-128.

**Hobbies:** Scuba diving, horse riding, skiing, yoga, drawing and oil painting.

## TURKISH SUMMARY

Bu tez TOBB' u faaliyetlerini göstermekte olduđu küresel ve ulusal sosyoekonomik bağlam içerisinde inceler. Ayrıca küreselleşmeye bağlı olarak TOBB'un da değişimden etkilenmesine değinir. TOBB ekonomik temellere dayanan bir Devlet Dışı Oyuncudur (DDO). TOBB'a bazı bağlamlarda Sivil Toplum Örgütü olarak atıfta bulunulduğu da gözlemlenmektedir. TOBB aynı zamanda küresel Oda sisteminin de bir üyesidir ve yönetişimin hem öznesi, hem nesnesi olarak hareket etmektedir.

Devletler temel yöneticiler ve önemli oyuncular, ancak Devlet Dışı Oyuncuların (DDO) rolleri de muhtelif faaliyetleri ile olaylara müdahil olma ve etkileme kapasiteleri nedeniyle artarak önemli olmaya başlamıştır. DDO' ler Küreselleşme ve yönetim meselelerinde etkindirler. Muhtelif oyuncularla etkileşim içindedirler, yönetim düzenlemelerinde rolleri vardır ve küreselleşmenin ivmesini arttırma kapasitesine sahip olmaları mümkündür. Bu süreç karşılığında kendileri de etkilenirler.

TOBB bu süreçte benzer kurumların etkisini değerlendirmek için örnek olarak seçilmiştir. TOBB örnek çalışmasında TOBB' un küresel ve yerel sosyoekonomik yapılar arasında bir geçiş alanı oluşturduğu görülmektedir. TOBB Küreselleşme sürecine katkıda bulunmaktadır ama bu iki yönlü bir etkileşimdir, küreselleşme süreci de TOBB'un fonksiyonlarını ve önceliklerini etkilemektedir.

Bu tezin irdelenmesinde uluslar arası ilişkiler bağlamında "Önem taşımak" (mattering) olarak ifade edebileceğimiz bir kavramdan faydalanılmaktadır. Arts tarafından ortaya koyulan bu kavram "Birisinin, bir politika neticesine ilişkin olarak kendisinin bahse konu politika süreçlerine bilerek müdahale etmesinin sonucu

olarak amaçlarına ulaşması” olarak tarif edilmektedir.<sup>1</sup> TOBB’ un etkileme kapasitesi, TOBB’ un ulaşmayı hedeflediği amaçları ve siyasi otorite’den talepleri incelenerek ortaya koyulmaktadır. Arts ve Verschuren’ e göre, “Oyuncu A’ nın bir ortak karar verme sürecindeki etkisi, A’ nın tercihlerinin nihai kararda ne derece gerçekleştiği (sonuç etkisi) veya karar verme sürecinde diğer oyuncular tarafından ne derece benimsendiği,(süreç etkisi) bu gerçekleşme veya benimsenmenin A’ya atfedilebileceği ölçüde ağırlandırılarak tanımlanır.<sup>2</sup>

Bu kavramlardan hareketle test edilen hipotez, inceleme dönemi olarak ele alınan son on yıllık dönemde, TOBB’ un küreselleşme üzerinde etkisi olduğu ve uluslar arası ilişkiler alanında bir DDO olarak “önem taşımak”ta olduğudur. Ayrıca uluslar arası ilişkilerde temel bakış açıları olan realizm ve plüralizmin ortaya koyduğu analiz birimi tartışmalarına da somut bir örnek ile katkıda bulunmak hedeflenmektedir. Eğer realistlerin genel olarak savunduğu gibi analiz birimi sadece devlet olacaksa, TOBB gibi bir DDO’ nun etkin bir rol oynaması söz konusu değildir. Ancak TOBB’ un önemli bir rol oynadığı ortaya çıkarsa DDO’ ların etkinliğinin var olduğunun iddia edildiği plüralist tezin güç kazandığından bahsetmek mümkündür.

Bu tez küreselleşmeyi bir vakıa olarak kabul ederek ele almakta, küreselleşme literatüründe yer alan küreselleşmenin olumlu veya olumsuz bir gelişme olduğu; ya da yeni bir şey olup olmadığı tartışmalarına girmemektedir. Küreselleşmenin “olduğunu” veri olarak almak suretiyle TOBB’ un bu çerçevedeki etkisi incelenmektedir.

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<sup>1</sup> Bas Arts, M. Noortmann and B. Reinalda, eds. , *Non-state Actors in International Relations*. (Aldershot: Ashgate,2001), p. 197.

<sup>2</sup> Piet Verschuren and Bas Arts, ‘Quantifying Influence in Complex Decision Making by Means of Paired Comparisons’, *Quality & Quantity, International journal of Methodology* (Vol.38, No.5, 2004), p. 495.

Tez argümanları ortaya konurken yukarıda belirtildiği üzere, teorik düzeyde iki temel akımın varlığı esas alınmaktadır.

Realistler uluslar arası ilişkilerde ulus devletlerin baskın aktörler ve analiz birimi olduğunu öne sürerler. Ulus devletler güçlerini maksimize etmeye ve kendilerini mümkün olan en iyi ölçüde korumaya çalışmaktadırlar. Onlara göre politika sıfır toplamlı bir oyundur ve mecburen çatışma içerir. Bir taraf kazanırsa, diğer taraf kaybetmek zorundadır. Ulus devletlerin akıl ile hareket eden oyuncular olduklarını varsayarlar. Realistlere göre politika ekonomiyi belirler. Uluslararası ilişkilerin en önemli konusu güvenlidir.

Plüralistlere göre ise DDO'ler devletler kadar önemli oyunculardır. Toplumlar arası ilişki hükümet kontrolü dışında da mevcuttur. Uluslar arası ve uluslar aşan oyuncular kendilerini ulusal kimliklerinin yanı sıra kurumsal kimlikleriyle de tanımlarlar. Bazı uluslar aşan ilişkiler mevcuttur ve bunlar anlaşmalar, sözleşmeler, koalisyonlar ve işbirlikleri şeklinde, hükümetlerin kontrolleri dışında gerçekleşebilirler. Plüralistlere göre devlet bölünmüşlük içindedir, realistlerin öne sürdüğü gibi yekpare değildir ve sadece akılcılıkla hareket ettiği de iddia edilemez. Güvenlik önemli bir konu olmakla birlikte uluslar arası ilişkilerin tek konusu değildir. Ekonomi, sosyal konular, çevre gibi alanlar da en az güvenlik kadar önemlidir. Toplumlar arası ilişkilerdeki karmaşık birbirine bağımlılık nedeniyle işbirliğine yatkın bir ilişki biçimi gelişmiştir. Toplumları birbirine bağlayan birden fazla kanal vardır. Plüralistlere göre politika sıfır toplamlı bir oyun değildir ve işbirliği sayesinde her iki tarafında kazanması mümkündür.

TOBB'un incelenmesinde plüralizm, realizme oranla daha uygun bir çerçevedir. Nitekim realist teorinin sunduğu bakış açısı ile TOBB'u etkin ve ayrı bir aktör olarak incelememiz mümkün değildir. Realizm devletlerin faaliyetlerini inceler ve onlara göre sistemin temel özelliği değişken olmamasıdır.

Bu tezde yer alan bakış açısı ise ilişkilerin birden fazla düzeyde, karşılıklı etkileşim içinde ve işbirliğine imkan tanıyan bir yapıda olduğu üzerine temellendirilmektedir. Uluslar arası ilişkiler pek çok oyuncuyu bünyesinde barındıran, çok taraflı, çok boyutlu muhtelif parçalardan oluşan bir sistemdir. Bu sistemde sadece devletlere değil, pek çok oyuncuya yer vardır ve özellikle küreselleşmenin artan hızı ile iç politika ve dış politika arasındaki sınırlar giderek kaybolmaktadır. İlişkileri yapılar ve süreçler bağlamında incelemek mümkündür.

Uluslararası ilişkilerde devletlerin yegane aktörler olmadığını kabul ettiğimizde hükümet etme yerine, “yönetişim” kavramı da önemli bir kavram olarak karşımıza çıkmaktadır. Çok oyunculu, muhtelif parçalardan oluşan sistemde, çok taraflı, çok boyutlu, birden fazla düzeyde yer alan bu idare biçimi yönetişimdir. Gerek uluslar arası kurumlar temelinde, gerek Avrupa Birliği düzeyinde, gerek yerel bazda, gerekse belli bir sorunun ele alındığı düzlemde yönetişimin büründüğü şekil oyuncuların birbiriyle ilişki kurma biçimini ve çıktıları etkilemektedir. TOBB küreselleşmenin olduğu kadar yönetişimin de hem nesnesi, hem de öznesidir. Güvenlikten taşımacılığa kadar pek çok düzenlemenin içinde aktif olarak yer almaktadır.

Bu tez, örnek çalışma olarak incelediği TOBB’un ekonominin içinde bir kurum olması nedeniyle Uluslararası Ekonomi Politik (UEP) kuram ve kavramlarından da faydalanmaktadır.

UEP küresel üretim sistemleri, ürünlerin değişimi, dağıtımı ve bu çerçevede var olan değerler karışımını etkileyen sosyal, politik ve ekonomik düzenlemelerle ilgilidir. Bunlar ilahi olarak takdir edilmiş veya şans eseri oluşmuş değildir. Daha ziyade bireyler tarafından oluşturulan kurumlar bağlamında alınan insan kararları, koyulan kurallar ve adetlerin bir sonucudur.<sup>3</sup>

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<sup>3</sup> Susan Strange, *States and Markets: An Introduction to International Political Economy* (London: Pinter Publishers, 1988), p. 15.



Bu tezi ele alınırken tek bir bakış açısını kullanmak yerine, uluslar arası ilişkiler ve UEP kuramlarının bize sunmuş oldukları analitik araçlar ve kavramlarından oluşan bir set kullanılmaktadır.

Bu tez, TOBB'un özellikle son on yılı üzerinde yoğunlaşmaktadır. Pozitivist bir yaklaşım benimsenmekte, bazı faaliyetlerin irdelenmesinin yanı sıra bildireler, demeçler, basında yer alan haberler, internet temelli kaynaklar üzerinde yoğunlaşmaktadır. TOBB ulusal basında sıklıkla yer almaktadır.<sup>4</sup> Tüm bu haber ve bildireleri bir doktora tezi kapsamında incelemek mümkün olamayacağından, sadece tez ile ilgili olan ve nirengi noktası oluşturduğu düşünülen, ayrıca TOBB tarafından da önem verilen metinlere yer verilmiştir. Bu metinlerin TOBB'un görüş açısını yansıtmak konusunda belirgin, kapsayıcı ve yeterli olduğu düşünülmektedir.

Giriş bölümünde gerekli çerçeve çizildikten sonra, ikinci bölümde TOBB ile ilgili genel bilgiler verilmektedir. Genel olarak TOBB'un son on yılına yoğunlaşmakla birlikte, Osmanlı dönemine kadar uzanan Oda sisteminin gelişimine de değinilmektedir. Osmanlı döneminde yabancı Odaların varlığının hissedildiği ve ilk düzenlemelerin milli Oda sistemini geliştirmeyi amaçladığı gözlemlenmektedir. Cumhuriyetin kurulmasın takip eden dönemde Türkiye'de Oda sistemi, 1925, 1943, 1950 ve 2004 yıllarında çıkartılan kanunlarla düzenlenmiştir. Bu dönemdeki ilk Kanun olması nedeniyle 1925 yılında yürürlüğe giren kanunun toplam 12 maddesi incelenerek yorumlanmıştır. 1943 yılında yürürlüğe giren kanunun o dönemin devletçi eğilimini yansıttığına dair ifadelere yer verilmiştir. 1950 Kanunu ile TOBB'un kuruluşu gerçekleştirilmiş, 2004 tarihinde ise halihazırda yürürlükte olan TOBB Kanunu çıkartılmıştır.

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<sup>4</sup> 16 Haziran 2002-28 Şubat 2011 tarihleri arasında yazılı basındaki TOBB hakkındaki haber sayısı 89595 adettir. (Hergün ortalama 25 habere konu olunmuştur.) Bu dönemde yazılı basındaki makale sayısı ise 7658 adettir. (Hergün ortalama iki köşe yazısı veya değerlendirmeye konu edilmiştir.) Kaynak: TOBB Basın Müşavirliği, Bilgi Notu, 30 Mart 2011.

2001 yılına kadarki geçmişte TOBB başkanlarına bakıldığında çoğunun bir siyasi temayüle bağlılık gösterdikleri gözlemlenmektedir. Bu bağın, bir partinin il örgütü başkanı olma derecesinde somutlaşabildiği belirlenmiştir. Partilerin, iktidar oldukları dönemlerde TOBB başkanlarını kendilerine yakın olan isimlerden yapmaya eğilimli oldukları ve bunun olağan karşılandığı TOBB başkanlarının geçmişlerine bakıldığında ortaya çıkmaktadır.

Bundan sonraki dönemde ise TOBB bir taraftan Anadolu girişimcisini ön plana çıkartırken bir taraftan da yüzünü dışa dönmeye başlamıştır. Radikal gazetesi köşe yazarı Murat Yetkin bu olguyu TOBB'un bu dönemde dışa açılma aygıtlarından birine dönüşmesi ve burada ağırlıklı olanın daha ziyade ekonomi oluşuyla ifade etmektedir.

İkinci bölümde TOBB'un kurumsal kimliği, organizasyon yapısı, görevleri ve iştirakleri de incelenmektedir. Ayrıca bir parantez açılarak, TOBB'un Sivil Toplum Kuruluşu tanımına hangi ölçüde uyduğuna, CIVICUS tarafından geliştirilen Sivil Toplum Endeksi çerçevesinde değinilmektedir. TOBB için bu araştırma bağlamında kullanılan betimleme Devlet Dışı Oyuncu (DDO)'dür. Ancak TOBB zaman zaman Sivil Toplum Örgütü (STK) olarak da anılmaktadır. STK, DDO'ya göre daha yaygın kullanılan ve kabul gören bir terimdir. Kulağa da daha hoş gelmektedir. Bununla birlikte bazı yorumcuların, STK sıfatını alabilmek için kurumların gönüllü kişilerden oluşmaları ve kar amacı güden kişileri temsil etmiyor olmaları gerektiğini vurguladıkları da bir gerçektir.

Bu tezin hipotez testi bakımından TOBB'a verilen sıfat bulunacak sonuçları etkilemeyecektir. Ancak yazar okuyucusunu böyle bir tartışmanın varlığından haberdar etmek istemiş, bununla birlikte TOBB'u DDO olarak betimlemeyi uygun görmüştür. CSI indeksi ile yapılan karşılaştırma da TOBB'un DDO niteliklerinin daha ağır bastığını göstermektedir.

Üçüncü bölümde TOBB'un bazı faaliyet alanları, vermekte olduğu hizmetler ve bazı özel projeleri irdelenmektedir. Bu bölümde TOBB'un pek çok alanda gerek kendi devleti, gerek başka devletler ve konu ile ilgili kurum ve kuruluşlarla etkileşim içinde olduğu, çok farklı düzeylerde ve boyutlarda iletişim ve etkileşim içinde olduğu; yönetim faaliyetlerinin bir parçası olduğu açıkça gözlemlenmektedir. Bir önceki bölümde yer alan TOBB iştiraklerin faaliyetleri ile birlikte ele alındığında TOBB faaliyetlerinin özellikle üretim, güvenlik, finansman, bilgi, ticaret ve taşımacılık yapılarını kapsadığı, TOBB'un bu yapılarda yönetim süreçlerinin içinde aktif olarak yer aldığı, kendisi gibi DDO'larla anlaşmalar, sözleşmeler, koalisyonlar ve işbirlikleri gibi muhtelif ilişkiler içinde bulunduğu, dolayısıyla plüralizmin çizdiği çerçeveye ile birebir örtüştüğü görülmektedir. TOBB'un bu alanlardaki faaliyetleri küreselleşme sürecinin hızlandırılmasına da katkıda bulunmaktadır.

İnternet küreselleşmenin yaygın olarak kullanılan araçlarından biridir. TOBB'un internet üzerinden verdiği hizmetlerin çoğu son on yıllık dönem içerisinde gerçekleşmiş ve ekonomik faaliyetlerin hızlandırılmasına katkı sağlamıştır. TOBB'un 'Barış için Sanayii' projeleri ise güvenlik sorunlarını ekonomik araçlar kullanarak çözmeyi amaçlamaları bakımından sistemdeki tıkanıklıkları gidererek küreselleşmeye katkıda bulunmayı hedeflemektedir.

TOBB Avrupa Birliği ile bütünleşmeyi Türkiye için bir modernleşme projesi olarak ele almaktadır. Ancak AB kendisini daha ziyade bölgesel bir birlik olarak değerlendirilmektedir. İngiltere Başbakanı Cameron'un da ifadelerinde yer verildiği gibi, Fransa bir dönem, bir ada ülkesi olan İngiltere'yi dahi kıta Avrupasının bir parçası saymamış ve Avrupa Birliğine girmesine sıcak bakmamıştır. Küreselleşme perspektifinden bakıldığında, TOBB başkanının yoğun çabaları ve Eurochambres Başkan Yardımcılığı gibi önemli görevlerin elde edilmiş olmasına rağmen, özellikle bazı Avrupa ülkelerinin olumsuz tavırları nedeniyle, Türkiye'nin AB ile

entegrasyonunda istenilen düzeyde mesafe kaydetmenin mümkün olmadığını gözlemlenmektedir. Uluslararası konjonktürün getirdiği keskin kısıtlar TOBB'un bu alandaki etkinliğini de daraltmaktadır. Bununla birlikte Avrupa Birliği çalışmalarının Oda sisteminde kapasite inşasında etkin olmak suretiyle küreselleşmeye katkıda bulunduğu ifade edilebilmektedir.

Binyıl kalkınma hedeflerinin yerelleştirilmesi gibi projeler ise TOBB' un yerel ile küresel arasında ne denli önemli bir geçiş noktası oluşturabileceğinin önemli bir göstergesidir. Bu tür projeler de küreselleşmeye katkıda bulunan bir yapıya sahiptir.

Dördüncü bölümde TOBB'un bazı deklarasyonlar, bildirgeler ve arama konferansları gibi araçlarla kamu oyuna yansıttığı görüş açısı ortaya konmaktadır. TOBB'un politika tavsiyeleri bir takım demeçler ve bildirgeler olmanın yanı sıra tezin kurgusu bakımından, TOBB'un hangi meseleler kapsamında etkide bulunmak ve müdahale etmek istediğini ve bu bağlamda değişimin yönünün ortaya konabileceği analitik araçlar olarak ele alınmaktadır.

İncelenen dönemde, TOBB dört önemli deklarasyon ile isteklerini ve görüş açısını ortaya koymuştur. Bunlar Hükümet ile TOBB arasında mutabakata varılan 30 Kasım 2001 Kararları, 22 Ekim 2002 Türkiye Geleceğini İstiyor Bildirgesi, 11 Ocak 2004 Deklarasyonu ve 2005 Eylül TOBB ekonomi kriterleridir.

Tez içeriğinde ayrıntıları ortaya konulan tüm bu metinler bir arada ele alındığında TOBB'un görüş açısını yansıtan taleplerinin şu hususlar üzerinde yoğunlaştığı ve tümünü yansıtmamakla birlikte, özetlemek gerekirse aşağıdaki başlıklar kapsamında ifade edilebileceği görülmektedir: Mali yapılandırma ve mali disiplin, özelleştirme, yargı reformu, yatırım ve üretimin önündeki engeller, sosyal güvenlik reformu, (özellikle bazı sektörlerde) piyasanın serbestleştirilmesi, vergi yönetiminin

yeniden yapılandırılması ve vergi sisteminin iyileştirilmesi, yasaların basitleştirilmesi, kamu yönetimi ve kamu personel sistemi reformu, eğitim sistemi reformu, sosyal güvenlik reformu, sanayi stratejisi oluşturulması, tarım politikası oluşturulması, turizm politikası oluşturulması, şeffaflık, yolsuzluk ile mücadele, istikrarlı dış politika.

TOBB'un değişim istediği temel politika alanlarının bu konular üzerinde yoğunlaştığı görülmektedir. Daha özel bazı alanlardaki talepler, konuya özgü platformlarda ele alınmaktadır. Bunlar, tez içeriğinde detaylı olarak açıklanan Ekonomi zirveleri, Ekonomik Meseleleri Değerlendirme Konseyi, Ekonomi Koordinasyon Komitesi, Ekonomik Sosyal Konsey ve Yatırım Ortamını İyileştirme Koordinasyon Komitesi gibi bazı platformlardır.

TOBB'un talepkar olduğu alanlardan pek çoğunda son on yıllık dönemde değişikliğe gidilmiş olması TOBB'un etkilemek için müdahale ettiği alanlarda etki yapabildiği ve küreselleşmeye katkıda bulunduğu olarak değerlendirilmektedir.

Tez'de ayrıca TOBB'un sekiz yıl ara ile yapmış olduğu Arama ve Karar Konferansları adı verilen ve kısaca kurum ile ilgili paydaşların da yer aldığı, katılımlı bir vizyon, misyon ve hedef belirleme metodolojisi olarak nitelendirilebilecek çalışmaların çıktılarına da yer verilerek geçen zaman içerisindeki değişim gözlemlenmiştir.

Bu konferanslar sonucunda 2010 yılı misyonları olarak belirlenen pek çok önemli unsura ilaveten "şirketlerin büyümesi ve küresel ekonomiye entegre edilmelerinin hızlandırılması" amacının da misyonda yer alması TOBB'un küreselleşmeye birinci dereceden önem verdiğini ve bu konuda çalışmalarını yoğunlaştıracağını göstermektedir.

Beşinci bölümde, son dönemlerde Türkiye’de ve Dünya’da DDO’ların politika oluşumlarında rol almalarına elverişli ortamların mevcudiyeti ortaya konulmaktadır. Kamu diplomasisi adı verilen ve yumuşak gücün (soft power) kullanıldığı bir diplomatik yaklaşım çerçevesinde, devletler TOBB gibi oyunculara özellikle ve isteyerek alan açmaktadırlar. Bu bakış açısı Amerika Birleşik Devletleri ve İngiltere ile olan ilişkilerden iki örnek verilerek somutlaştırılmıştır.

DDO’lerin ve dolayısıyla TOBB’un politika kararlarında etkin olma bağlamında “kabul görmesini” sağlayan bir başka eğilim ise uluslararası yönetim kurumlarının DDO’lere artan ilgisi çerçevesinde açıklanabilmektedir. Dünya bankası ve IMF başta olmak üzere pek çok kuruluş, Sivil Toplum Organizasyonları olarak da adlandırdıkları DDO’leri karar alma mekanizmalarına dahil etmek konusunda bir eğilim göstermektedirler. Sözkonusu eğilim tez içerisinde örneklerle gösterilmektedir. 2-7 Ekim 2009 tarihinde Türkiye’de gerçekleştirilen IMF – Dünya Bankası yıllık toplantılarında, resmi toplantılara paralel olarak bir de Sivil Toplum Forumu gerçekleştirilmiş, bu foruma TOBB dahil olmak üzere yerli ve yabancı pek çok DDO katılım sağlamıştır. Toplantılar öncesinde Dünya Bankası öncülüğünde; TOBB’un da dahil olduğu 18 sivil toplum organizasyonunun katılımıyla Sivil Toplum Forumunu organize etmek üzere bir planlama komitesi oluşturulmuş, bu komite toplantı temaları ile katılımcıları belirlemede etkin rol almıştır. Toplantılar sonunda Sivil Toplum Forumu toplantılarıyla resmi heyet toplantıları arasında yeterince bağ kurulmamış olduğu konusundaki eleştiriler, IMF ve Dünya bankası yetkililerine iletilmiş, daha sonraki organizasyonlarda bu bağın daha fazla kurulacağı geri bildirim alınmıştır.

Toplantılar sonunda kamuoyuna ilan edilen İstanbul kararları, Eylül 2009’da gerçekleştirilen G20 Pittsburgh Zirvesinde alınan kararların resmi bir teyidi olması bakımından önem taşımaktadır. Ekonomik krizlerin ardından alınan bu kararlarda tezimiz bakımından en önemli hususlar, IMF’nin yönetim biçiminin değiştirilmesi

ve yükselmekte olan ekonomilerin karar verme süreçlerindeki ağırlıklarının artırılması ile uluslararası ekonomi politikalarının çok taraflı mekanizmalarca izlenmesinin sağlanması hususlarıdır. DDO'lerin artan ağırlıkları ile birleştirildiğinde bu daha çok işbirliği içeren yönetim biçimlerine geçiş anlamına gelmektedir. Nitekim bu kararları takip eden günlerde IMF kotalarında değişiklik gerçekleştirilmiştir. Ekonomik krizler karşısında yeterli etkinlik gösterilememesi, daha paylaşımcı stratejilere daha olumlu bakılmasına zemin hazırlamıştır. DDO'lerin süreçlere giderek daha fazla dahil edildiği bazı sayısal araştırmalarla da gösterilmiştir.

TOBB'un küresel Oda ağının bir parçası olan Milletlerarası Ticaret Odası Türkiye Milli Komitesini bünyesinde barındırıyor olması da bu konuda yaptığı uluslararası işbirliğinin ve küreselleşme ile olan organik bağının somut bir göstergesi olarak değerlendirilmiştir.

G20 oluşumu ise çok taraflı ve nisbeten yeni bir yönetim organı olarak önem taşımaktadır. TOBB' un da bir DDO olarak bu süreçte görüşlerini yansıtmaya fırsatı bulmuş olması belirgin bir gelişme olarak değerlendirilmektedir. G20 ülkelerine dahil olan ülkelerdeki odaların C20'yi kurarak, G20 kararlarına müdahil olmaya başlamaları da izlenmesi ve üzerinde durulması gereken yeni bir oluşumdur. Bütün bunlar son dönemlerde, TOBB'un küreselleşmeye farklı bir biçimde katkı sağlamasının yanında, küresel yönetim kanallarına da dahil olmaya başladığının bir göstergesidir. Bunlara bakarken G20'nin uluslararası ekonomik işbirliğinin temel forumu ilan edinmesine karşın, bazı Sivil Toplum Örgütlerinin buna şüphe ile baktığı ve G20'nin yapısal bazı dengesizlikleri göz ardı ederek, yalnızca likidite ile ilgili sorunlar ve finansal düzenleme zaafalarına odaklandığı yolundaki eleştirilerine de yer verilmiştir.

Bu bölümde TOBB ayrıca kendisine benzer bir kurum ile, Hindistan'daki karşı kuruluşu FICCI (Hindistan Ticaret ve Sanayi Odaları Federasyonu) ile karşılaştırılmıştır. Bu TOBB'u Türkiye'deki diğer DDO'ler ile karşılaştırmaktan daha anlamlı bulunmuştur ve daha önce TOBB ile ilgili böyle bir çalışma gerçekleştirilmemiş olması bakımından da bundan sonra yapılacak benzer çalışmalara bir örnek oluşturacağı düşünülmüştür. Karşılaştırma sonucunda TOBB ve FICCI'nın aslında birbirlerine oldukça benzer kuruluşlar olduğu, benzer çalışmalar içinde yer aldıkları, her ikisinin de küreselleşmeye katkıda bulunan faaliyetleri olduğu ve yönetiminde rol oynadıkları açık bir şekilde görülmüş, bu durum tezimizi kuvvetlendirici bir faktör olarak ortaya çıkmıştır. FICCI ile karşılaşma şunu da göstermiştir ki, TOBB ve FICCI bu tür çalışmaları yürüten yegane kuruluşlar değildir. Oda sisteminde FICCI ve TOBB gibi pek çok kuruluş mevcuttur. Dolayısıyla, örneklerde görüldüğü üzere, TOBB ve FICCI benzer çalışmalarda bulunuyorlar ise, diğer benzer kuruluşların da sistem bütününe etkileme kapasitesine sahip buldukları çıkarsamasını yapmak mümkündür. Bu çarpan etkisiyle, aslında DDO'lerin küreselleşme ve yönetimdeki etkilerinin burada gözlemlenenler ile sınırlı olmadığını, ve DDO'lerin devlet kanallarını dışında da etkileşimde bulunma kapasitelerinin gözardı edilmemesi gerektiğini ifade edebiliriz.

TOBB Dünya Oda sisteminin önemli bir üyesidir. Uluslar arası Oda sistemindeki benzer kuruluşlar ile pek çok ortak özelliğe sahip olması, onun Oda sistemi çerçevesinde incelenmesi gerektiği gerçeğini açıkça ortaya koymaktadır. TOBB Türkiye'deki bazı diğer meslek örgütlerine nazaran, iletişim ağı çok güçlü olan, yerelde de yaygın tabana sahip bir kurumdur. Türkiye'nin sosyo ekonomik yapısını yansıtmaktadır, toplumun genelinden kopuk değildir, bir bakıma toplum içine gömülüdür (embedded in the society). Bu saptama ekonomiye kültürel bir yaklaşım ile bakan ve ekonomilerin toplum ve kültür içine gömülü olduğunu



savunan Karl Polanyi'nin tezine çağrışım yapmaktadır.<sup>5</sup> Yerel bağlamda Oda Başkanları o çevrenin geleneklerine, sosyal yapısına ve kültürüne önem veren, o çevrenin içinden çıkmış, ekonomik faaliyetlerini de bu çerçevede yürüten kişilerdir. Bu hem TOBB'un yerel bağlamdan kaynaklanan gücünü açıklamakta, hem de TOBB'un iletişim ağı kullanılarak Odalar kanalıyla ülkenin kalkınmasının arttırılmasında önemli katkılar yapılabileceğini ortaya koymakta, Oda sisteminin üzerinde çalışmaya değer bir konu olduğunu belirginleştirmektedir.

TOBB, "önem taşımaktadır," karar verme süreçlerine müdahale etme ve bu süreçleri etkileme kapasitesine sahiptir ve uluslararası ilişkiler bağlamında bunu küreselleşmeye ve yönetişime katkı olarak ortaya koymaktadır. Bu durum Devletlerin yanı sıra, Devlet Dışı Oyuncuların da uluslar arası ilişkilerde analiz birimi olarak ele alınması gerektiğini göstermektedir.

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<sup>5</sup> Karl Polanyi, *The Great Transformation. The Political and Economic Origins of Our Time* (Boston: Beacon Press, 1957)