

THE ANNUAL MEETINGS OF THE WORLD BANK GROUP AND THE INTERNATIONAL MONETARY FUND

The Annual Meetings of the Boards of Governors of the World Bank Group and the International Monetary Fund (IMF) were held in Istanbul on October 6-7, 2009. The Meetings brought together a total of 13.713 people including ministers of economy and finance, governors of central banks, economy bureaucrats, businessmen, academics and representatives of non-governmental organizations from 186 member countries, to discuss global economic problems, policies and solution proposals. Following the sessions on the main topics such as "Exit Strategy", "The Future of the Global Financial System" and "Reform of Fund Governance", meetings ended with the closing session during which Nigeria took over the Chairmanship of the Board of Governors from Vietnam.

The International Monetary and Financial Committee (IMFC), which is responsible for advising the IMF Board of Governors, held a session in which policy responses were discussed, exit strategies were evaluated and the prospective dynamics of global economic growth in the post-crisis era were debated. The Committee also discussed the issues that are currently being studied to modernize the IMF's governance structure.

Several conferences, seminars, meetings and social activities were held outside the Congress Center. Some of these events were hosted by the Central Bank of Turkey (CBT).

The first of these conferences "*Where is Global Finance Heading?*" was organized by the CBT in association with the Reinventing Bretton Woods Committee (RBWC) on October 2, 2009. The conference, the opening remarks of which were delivered by Governor Yılmaz, and Marc Uzan, the Executive Director of RBWC, staged discussions on how international monetary and financial systems have adapted to the post-crisis period. The conference ended with IMF Managing Director Dominique Strauss-Khan's remarks.

On October 3, 2009, the CBT hosted "*The Meeting of the Central Banks and Monetary Authorities of the OIC Member Countries*" jointly with the Statistical, Economic and Social Research and Training Center for Islamic Countries (SESRIC) on the occasion of the 40th anniversary of the Organization of the Islamic Conference (OIC) and the 25th anniversary of the OIC Standing Committee for Economic and Commercial Cooperation (COMCEC), under the auspices of Abdullah Gül, the President of the Republic of Turkey.

The CBT organized the "G30 International Banking Seminar" on October 5, 2009 jointly with the G30. Governor Yılmaz delivered a speech entitled "*Green Shoots: How Vigorous and How Sustainable?*" at the seminar in which current global developments were discussed. The President of the European Central Bank, Jean Claude Trichet, the Governor of the Bank of England Mervyn King and the Governor of the Bank of Japan Masaaki Shirakawa also delivered speeches at the seminar.

The international seminar on "*Islamic Finance: During and After the Global Financial Crisis*" organized by the CBT on October 5, 2009, in cooperation with the World Bank, Islamic Development Bank, the Institute of International Finance and Islamic Financial Services Board welcomed 180 participants including primarily central bank governors as well as representatives of international institutions and organizations. The inaugural speech, delivered by Governor Yılmaz, was followed by speeches by the Governor of Islamic Development Bank, Dr. Ahmad Mohamed Ali Al-Madani; the Governor of the Central Bank of Malaysia, Dr. Zeti Akhtar Aziz; the World Bank Vice President, James W. Adams and the Governor of the Central Bank of Sudan, Dr. Sabir Mohamed Hassan.



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2009 TURKEY

WORLD BANK GROUP
INTERNATIONAL MONETARY FUND
BOARDS OF GOVERNORS
ANNUAL MEETINGS

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GOVERNANCE INDICATORS

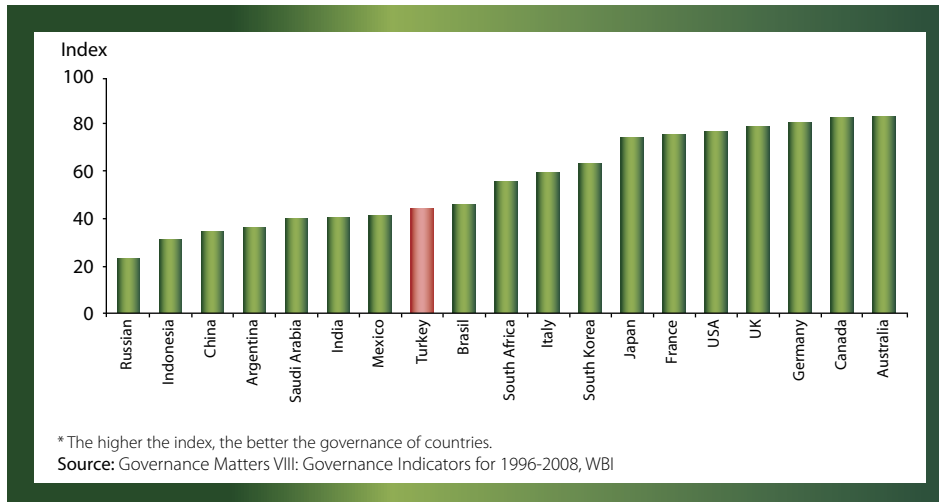
The World Bank Institute (WBI), one of the affiliated organizations of the World Bank, conducts a variety of studies with a view to promoting governance standards of the member countries in cooperation with the other departments of the World Bank. "Worldwide Governance Indicators" computed in these studies measure the governance indicators of 212 countries by employing 35 different sources of data. The latest governance indicators covering the period 1996-2008 were published on June 29, 2009.



Governance indicators are made up of data related to six basic dimensions of governance. These dimensions are:

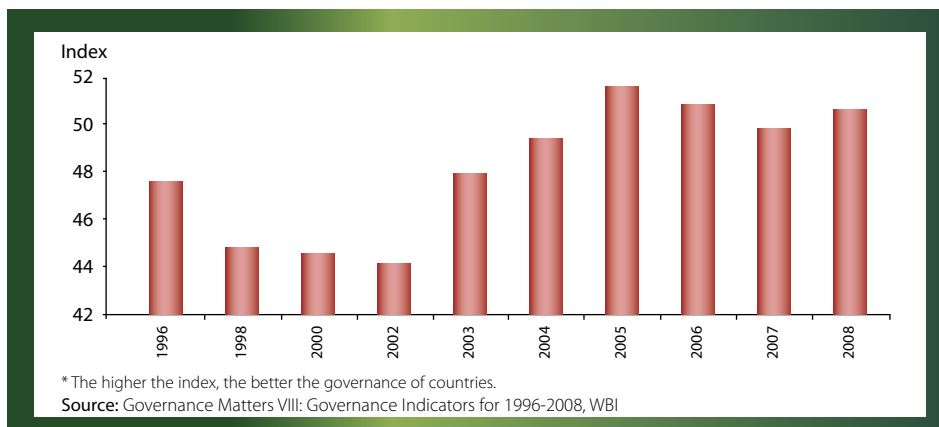
- 1) Voice and accountability
- 2) Political stability
- 3) Government effectiveness
- 4) Regulatory quality
- 5) Rule of law
- 6) Control of corruption

Governance Indicators* (Aggregate, 2008)



A comparison between the performance of Turkey and G-20 countries excluding the EU in terms of governance indicators reveals that Turkey ranks 16th in voice and accountability; 17th in political stability; 12th in government effectiveness, control of corruption and regulatory quality and 13th in rule of law.

Performance of Turkey in terms of Governance Indicators* (1996-2008)



The performance of Turkey in terms of governance indicators by years indicates a trend of increase in the post-2002 period, albeit some years of stagnation.



INFLATION REPORT 2009 - IV

The Inflation Report 2009-IV was presented to the public by Governor Yılmaz at a press conference held on October 27, 2009. At the conference, Governor Yılmaz elaborated on the content of the Report noting that the global financial crisis has assumed a trend of recovery in view of data pertaining both to the financial system and economic activity. He added that yet improvements in many leading indicators regarding global economic activity are still tentative, problems across credit markets linger, and employment remains in a precarious state, all suggesting that recovery is likely to be anemic and protracted in the post-crisis period. The Report summarized the economic framework addressed in monetary policy decisions, elaborated on global and domestic macroeconomic developments and presented the medium-term inflation forecasts, which have been revised in view of previous quarter developments, along with the monetary policy stance. The Report also contains information boxes, which focus on deflation risk in the US and Euro area, capital inflows to emerging markets, the course of durable goods prices in 2009, financial distress and economic activity and the Bank Loans' Tendency Survey.

To find out more: <http://www.tcmb.gov.tr> (Periodic Publications)

EMERGING MARKETS AND EUROMONEY AWARDS

Euromoney, one of the leading finance magazines in the world, named Governor Durmuş Yılmaz "The Best Central Bank Governor of 2009". Yılmaz, was also named "The Best Central Bank Governor of 2009" in the Emerging Europe category by Emerging Markets Magazine.



FINANCIAL STABILITY REPORT

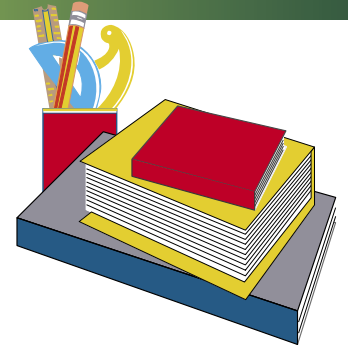
The ninth issue of the Financial Stability Report was released on November 24, 2009. The Report evaluates international developments within the framework of the monetary and financial measures taken by central banks and financial authorities of developed and emerging countries, banking sector credit developments in the US and Euro area, market indicators and changes in risk premium. The Report also examines the current macroeconomic developments in the Turkish economy and the financial sector, including market, credit and liquidity risks of the banking sector. Moreover, Financial Strength Index, which is monitored as an aggregate indicator of the soundness of the banking sector, is analyzed with the aim of following the direction of the financial strength.

To find out more: <http://www.tcmb.gov.tr> (Periodic Publications)

FINANCIAL SUPPORT PROGRAM FOR ACADEMIC ACTIVITIES

Within the framework of the "Financial Support Program for Academic Studies", the CBT provided financial support to the following organizations during September-November 2009 period:

- ▶ The Social Sciences Research Society (SoSReS), 10-11 September 2009, "2nd International Conference on Social Sciences"
- ▶ Turkish Social Science Association, 14-15 September 2009, "3rd International Research Workshop in Political Economy"
- ▶ Süleyman Demirel University, 24-27 September 2009, "International Davraz Congress"
- ▶ Ankara University, 29 September – 2 October 2009, "14th International Congress on Computational and Applied Mathematics"
- ▶ Kocaeli University and Çanakkale Onsekiz Mart University, 1-4 October 2009, "International Conference of Political Economy: Adam Smith Today"
- ▶ Boğaziçi University, 29-31 October 2009, "Association of Southern European Economic Theorists (ASSET) Annual Conference"
- ▶ Yalova University, 30-31 October, 1 November 2009, "7th International Knowledge, Economy and Management Congress"
- ▶ Asian Academic Accounting Association and Kadir Has University, 15-18 November 2009, "10th Annual Conference of the Asian Academic Accounting Association"



WORKING PAPERS

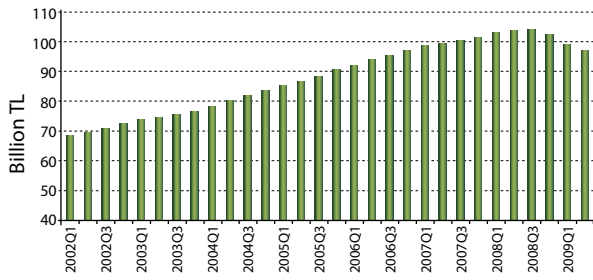
- ▶ Wealth Distribution and Social Security Reform in an Economy with Entrepreneurs (Okan Eren, Working Paper No. 09/07, September 2009)

For further information: <http://www.tcmb.gov.tr> (Publications / Research)



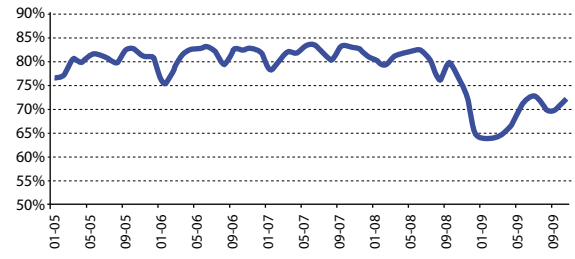
AT A GLANCE

Gross Domestic Product (4 - Quarter Rolling Sum, 1998 Prices)



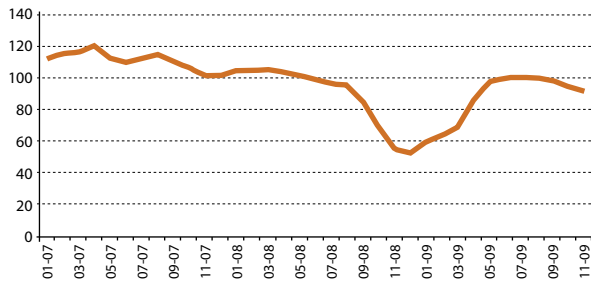
Source: TURKSTAT

Capacity Utilization Rate



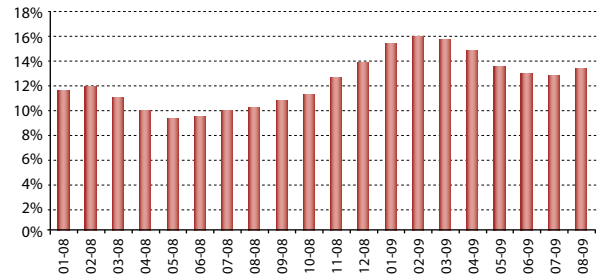
Source: TURKSTAT

Real Sector Confidence Index*



* Values above 100 represent an optimistic outlook to the economic activity
Source: CBT

Unemployment Rate



Source: TURKSTAT

THE FINANCIAL STABILITY BOARD AND TURKEY

Founded by G-7 countries in 1999, the "Financial Stability Forum" was re-established as the "Financial Stability Board (FSB)" with an expanded membership and a broader mandate as announced in the G-20 Leaders Summit of April 2009 in London. The principal mandate of the Board was determined as addressing vulnerabilities of the global financial system, developing regulatory and supervisory policies in the interest of financial stability and promoting coordination and information exchange among authorities responsible for financial stability.

Turkey became a member of the Financial Stability Board on March 12, 2009. The CBT, as the representative of Turkey to the FSB, is cooperating with the Undersecretariat of Treasury,

Banking Regulation and Supervision Agency, Capital Markets Board of Turkey, Savings Deposit Insurance Fund, Financial Crimes Investigation Board and the Turkish Accounting Standards Board, with regard to the studies carried out within the Board.

Following the Inaugural FSB Plenary Meeting in Basel on June 26-27, 2009, Turkey was assigned to the standing committees for "Supervisory and Regulatory Cooperation" and "Standards Implementation". Moreover, Turkey participated in the meeting of the "Standing Committee for Supervisory and Regulatory Cooperation" held on September 9, 2009, in London and the Second FSB Plenary Meeting held on September 15, 2009 in Paris. Governor Yılmaz attended the said meetings on behalf of Turkey, represented by a single member in the FSB Plenary.



CBT Interest Rates*	Borrowing	Lending
Overnight (%)	6.50	9.00

Central Bank Foreign Exchange Reserves (As of 26 November 2009, Billion USD)	71.51
CPI (Annual % Change, November 2009)	5.53

* As of 20 November 2009.

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