



TURKISH INDUSTRIALISTS' AND BUSINESSMEN'S ASSOCIATION

# THE TURKISH ECONOMY '90



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# **THE TURKISH ECONOMY '90**

## TÜSİAD, THE TURKISH ECONOMY 1990

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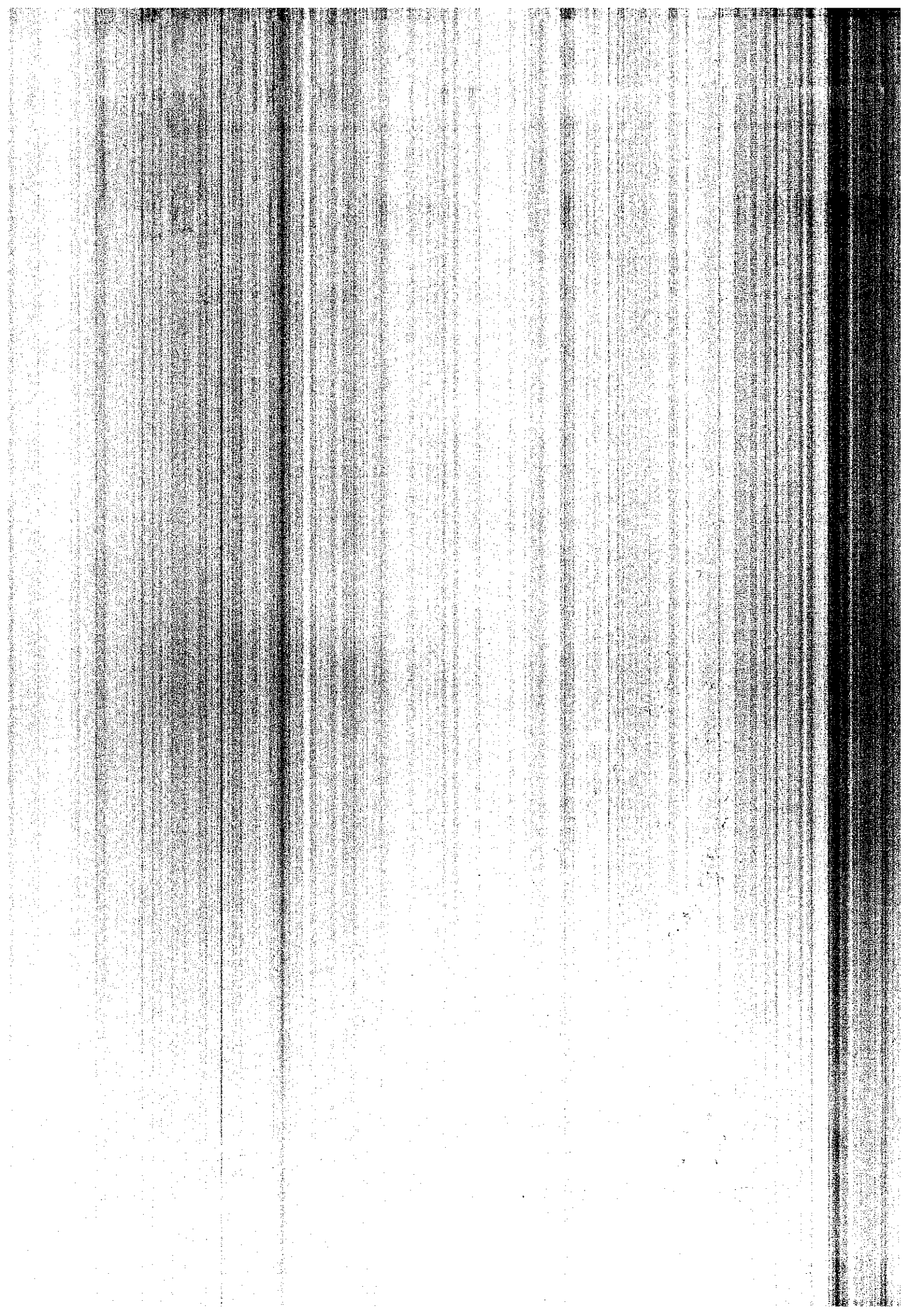
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*THIS REPORT IS DEDICATED TO  
THE MEMORY OF OUR  
ECONOMIC ADVISOR, THE LATE  
PROF. DR. DEMİR DEMİRGİL  
WHO MADE GREAT  
CONTRIBUTIONS TO THE  
PREPARATION OF TÜSİAD'S  
ANNUAL REPORTS.*

*TÜSİAD*



## FOREWORD

"Turkish Economy 1990" is the 15th consecutive Annual Report published in English by the Secretariat of "TÜSİAD", The Turkish Industrialists' and Businessmen's Association. This Report is now accepted throughout the business world as an authoritative work of reference on the Turkish Economy.

The main sources used in the preparation of this Report were the various publications of the State Planning Organization, the Ministries, the Central Bank, of the State Institute of Statistics and of the ANKA Agency.

This report was prepared by the TÜSİAD research group, which included Nilgün Demirtaş, Head of Economic Research Department and Ayda Alpat, Avni Demirci, Veyis Fertekligil and Taylan Kovanlıkaya. Profs. Dr. Erdoğan Alkin, Süleyman Özmucur, and adviser Dr. Adnan Büyükdeniz and Azmi Fertekligil made contributions and comments in their respective fields of specialisation.

Final editing of this report rested with Mr. E.İhsan Özol, the TÜSİAD Secretary General. It is emphasised that the Report does not necessarily reflect the views of TÜSİAD members nor, of course, is it to be considered in anyway whatever to be an official publication.

Thanks are due to Günay Bilge, Leyla Danış and Nur İnan for their secretarial and production work.

Copies of this report are available from the Association on a single order or subscription basis.





## BASIC STATISTICS OF TURKEY (1989)

### Population & Employment (000 persons)

Total population 1989 (estimate)	:	55,541
Annual average population increase	:	2.5 %
Total population 1985 census	:	50,664
Male	:	25,672
Female	:	24,992
Urban population as a percentage of total	:	50.7 %
Life expectancy (years)	:	66
Crude mortality (per 1000)	:	8
Infant mortality (per 1000 live births)	:	62
Total civilian labour force	:	18,680
Civilian employment	:	16,733
Agriculture, forestry, fishing	:	8,380
Industry	:	2,561
Construction	:	887
Services	:	4,905
Unemployment rate	:	10.4 %

### Culture, Education & Welfare Indicators

Literacy Rate	:	89.1 %
Radios per 1000 persons	:	175
TV per 1000 persons	:	187
Population per doctor	:	1,213
Population per hospital bed	:	409

### Gross National Product (TL Billion)

(Third estimate)

at current prices	:	170,679.9
at 1968 prices	:	316.2
Real growth rate	:	1.7 %
Per capita (\$)	:	1,434.8

**Balance of Payments (\$ Million)**

Balance of Trade	:	-4,201
Current Account Balance	:	966
Workers' Remittances	:	3,040
Tourism Revenues	:	2,557
Tourism Expenditures	:	565

<b>Foreigners Arriving in Turkey (persons)</b>	:	<b>4,459,151</b>
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**Foreign Trade (\$ Million)**

Imports	:	15,763
Imports by commodity groups (as % of total)		
Investment goods	:	24.4
Consumer goods	:	8.8
Raw materials	:	66.8
Exports	:	11,627
Exports by sector (as % of total)		
Agriculture & Livestock	:	18.2
Industry	:	78.2
Mining & Quarrying	:	3.6

**Foreign Exchange Buying Rates (TL, End of Year)**

US Dollar	:	2,304.4
Deutsche Mark	:	1,396.6

**Consolidated Budget (TL Billion)**

Total Revenue	:	31,662
Tax Revenues	:	25,537
Expenditure	:	38,660
Budget Balance	:	-6,998

**Gross Electricity Production (10<sup>6</sup> kwh)**

Total	:	51,548
Energy consumption per capita (Kg of oil)	:	922

**Prices & Wages (annual increase %)**

Wholesale Prices Index (1984 = 100)	:	68.0
Consumer Prices (1978-79 = 100)	:	68.8
Average wages of insured workers (TL per day)		
Public Sector	:	19,534
Private Sector	:	37,117

**International Reserves (\$ Million)**

Gold	:	1,354
Convertible foreign exchange	:	7,762

**Public Debts**

Foreign (\$ Million)	:	41,021
Domestic (TL Billion)	:	10,941

**Monetary Indicators (TL Billion)**

Banknotes in circulation	:	6,893
Money Supply (M2)	:	50,985
Total Bank Savings	:	43,889
Total Bank Credits	:	32,889

**Gross Fixed Investments (TL Billion)**

Total	:	38,202
as percentage of GNP	:	22.6 %





## SUMMARY AND CONCLUSIONS

Since 1980, Turkey has been engaged upon a radical transformation of its economy, with the adoption of policies designed to take the country away from its traditional closed command status towards that of a truly open market economy.

Significant progress in the structural re-adjustment of the economy has been made during the past decade, but present high levels of inflation, big Budget deficits, and a variety of investment and production problems, are now the official policy-makers' main pre-occupations.

It has to be borne in mind that, especially after the general elections in 1983, the government has placed particular emphasis upon infrastructural investments, with the aim of improving transportation and communications services. As a result, Turkey has its place in an international communications network, and new dams, power stations, irrigation works, and highways have been constructed. But these important new facilities were largely financed through deficit spending by the government, with the result that subsequently high rates of inflation were unavoidable.

Now, however, there are indications that inflation is embarked upon a downward trend. This began in the final quarter of 1989 and continued into the first quarter of this year; if it is complemented by more courageous Budgetary and fiscal measures, then there is reason to expect a further decline in the inflation rate towards the end of 1990.

Here below is a summary of economic developments in 1989 and in the first quarter of the current year:

The 1989 growth rate was only 1.7 percent, well below the 1983-1989 average of 5.5 percent and whilst it was above the State Institute of Statistics' interim estimates during the course of the year, it was the worst result recorded since the troubled year of 1980.

At current prices, the GNP growth rate was 69.7 percent, with an implicit price deflator of 66.8 percent.

Unfavourable weather conditions were responsible for a 10.8 percent negative growth rate in the agricultural sector; at constant 1968 prices, agricultural value added fell from TL 62.6 billion in 1988 to only TL 55.8 billion. The sector's share of GNP dropped from 20.1 percent in 1988 to 17.7 percent.

The industrial sector as a whole improved by 4.2 percent and the services sector did better by 3.9 percent, as compared with 1988. The manufacturing sub-sector registered slow growth in both 1988 and 1989, although the latter year's 3.1 percent added value was rather better than the 1.8 percent recorded in 1988.

After having fallen to 17.9 percent of GNP in 1984, fixed capital investment recovered by 2.1 percentage points in 1985 and by a further 3.2 percentage points in 1986. There was a further increase in 1987, albeit on a reduced scale, but there was a downturn in each of the two following years and the 1989 figure of 22.1 percent was something of a disappointment.

Private fixed capital investment represented 12.6 percent of GNP in 1988 but, at current prices, only 12.2 percent last year. Over 6 percent of GNP was invested in housing, and housing's share of total private investment rose from 48.5 percent in 1988 to 52.1 percent. On the other hand, investment in the manufacturing industries declined from 23.5 percent in 1988 to 20.8 percent and there may well be a resultant fall in the sub-sector's growth rates in the short-/medium-term future.

An analysis of the distribution of fixed capital investment as between the public and private sectors shows that the former's share of the national total fell from 58.1 percent in 1985 to 47.6 percent in 1988, and to 44.5 percent in 1989.

The grading of investment incentive certificates by their application indicates a heavy concentration in new investment, expansion, and integration of existing facilities, with special emphasis on manufacturing (in the textiles industry, in particular) and services. Investment in the tourism sub-sector has regularly continued to rise since 1985.

In the construction sector, completed floor areas decreased in both 1988 and 1989. This is attributable to the high rates of growth in construction licences issued during the 1982-1987 period, combined with falling GNP growth rates in each of the past two years.

As in previous years, Turkey failed to balance its Budget in 1989; there was in fact a deficit of TL 6,998 billion. Initially projected to reach around TL 10,000 billion, the current year's Budget deficit will almost certainly exceed these expectations since revenue can no longer meet the current level of outgo.

Nonetheless, figures for the first four months of 1990 show a significant increase in Budget revenue, especially in tax assessments. During this period, Consolidated Budget revenue rose by 80.0 percent and tax revenue by 86.3 percent as compared with the same period of last year.

At the same time, however, Consolidated Budget expenditure has risen faster than revenue, by no less than 93.0 percent during the four months' period. This was entirely due to a 205.9 percent increase in personnel costs, following a long overdue 100.0 percent-plus rise in civil service salaries and wages.

In real terms, investment expenditure over the first four months of 1990 rose by only 43.0 percent, which is less than the inflation rate.

Over the full year 1989, industrial production marked an improvement of 3.7 percent; output in the public sector slowed, whilst that in the private sector gained momentum. According to State Planning Organization returns, output of most industrial products declined sharply in 1989 but this trend was reversed in the first quarter of this year.

The State Institute of Statistics has reported that in the first quarter of 1990, output of 29 out of 87 selected products fell, whilst that of the remaining 58 showed an increase as compared with the same period of last year. But the quarter's output did not measure up to the expectations engendered by the improvements registered in the previous three months and whilst private sector production in the manufacturing industries increased by 17.8 percent, that in the public sector was down by 0.8 percent.

In the private sector, production capacity utilization reached an all-time high of 71.3 percent in the first quarter of 1988 but this was followed by serious decreases and for the private manufacturing industry as a whole, capacity utilization was down to 68.6 percent in the fourth quarter of last year.

Excluding disguised unemployment in agriculture, the surplus labour ratio in 1989 is estimated at 10.4 percent. As calculated by the Labour Placement Office, the total number of openly (i.e. registered) unemployed persons increased by 5.0 percent in 1987, and by 2.4 percent in 1988, but decreased by no less than 13.1 percent last year.

Taking 1983 as the base year, the wages index shows that, in real terms, public sector daily wages fell by 17.7 percent between 1983 and 1988 whilst those of the private sector increased by 17.8 percent over the same period.

In recent years, Turkish Central Bank monetary policy has involved control of total TL denominated reserves held in the commercial banking system. But from the beginning of 1990, the Bank began to effect control through a different monetary magnitude, identified as "Central Bank Money", which it considers to be a more valid measure of the total liquidity in the economy. "Central Bank Money" consists of banknotes issued, Central Bank TL liabilities to the commercial banking system (including liabilities on open market operations), and public deposits (including the public sector's unused credit limits). In other words, Central Bank Money represents the Bank's overall liabilities to the rest of the economy.

Developments during the first five months of the year indicate that the Bank has been successful in limiting the magnitude of Central Bank Money, and in controlling the size of its overall assets and liabilities. However, the continued success of the new monetary programme still critically depends upon the Budget stance during the remainder of the year. Already, the larger-than-planned Budget deficit during the first five months of 1990 constitutes a major threat to fruitfulness. In other words, the inflationary consequences of excessive government domestic and foreign borrowing in the face of huge Budget deficits cannot, as things stand at present, be countered solely by controlling the size of the Central Bank's balance sheet. Other measures are necessary, too.

Reserve money expanded at a rate of around 78.0 percent in 1989, and by 10.5 percent over the first four months of this year; the banknote issue rose by 86.6 percent in 1989, and by 24.1 percent in the four months to April, 1990. The amount of currency actually in circulation increased by 91.7 percent and 18.6 percent, respectively, in the same periods. In 1989, the M1 money supply increased by 80.6 percent, the M2 supply by 79.5 percent. In the first four months of 1990 M1 money supply decreased by 2.5 percent and M2 money supply increased by 6.0 percent.

The indexation of nominal bank deposit interest rates to the current (or "expected") rate of inflation was an integral part of the stabilization and structural adjustment economic policies pursued throughout the 1980's. However, the trend in nominal interest rates during 1989 indicated a deviation from this "positive, real interest rate" policy; interest rates declined faster than did inflation rates so that the real rate of interest payable on bank deposits was in fact a negative one.

Notwithstanding this, however, total bank deposits continued to grow relatively rapidly. To some extent this is explained by the fact that the return on such alternative savings havens as gold, foreign currency, and even real estate, remained well below bank interest rates. More importantly, in the face of the erosion of the real value of savings by high rates of inflation, bank deposits have in recent years, become almost the only refuge for small savers (who represent some 40.0 percent of the banks' time depositors). Thus, it is likely that deposit interest rates have become less flexible because small savers nowadays have fewer investment alternatives to choose from.

Total bank deposits rose by 73.1 percent and time savings deposits by 85.5 percent in 1989, whilst the respective increases over the first four months of this year were 5.2 percent and 10.0 percent.

The markedly slower growth in total deposits during this latter period meant that, given the higher rate of inflation, in real terms, there was a decline in bank deposits. The increasing tendency for both small and large savers to take an active interest in the now quite rapidly developing Stock Exchange was one of the principal reasons - and certainly an encouraging one - for the slower growth in nominal bank deposits.

Again in 1989, the inter-bank money market, established in 1986, continued closely to reflect short-term liquidity trends in the banking sector. Developments in the inter-bank foreign exchange market also influenced inter-bank money market requirements and rates. The Central Bank frequently intervened in the inter-bank foreign exchange market with a view to supporting the external value of the TL. As a result, the banks' demands for currency was maintained at a low level and their surplus of TL funds led to lower inter-bank money market margins.

However, the trend in inter-bank money market rates was upwards in the second quarter of 1990, reflecting the increasing liquidity requirements of the Turkish banking system in the face of the slower growth of deposits and the greater demand for bank loans by business and industry.

Despite some deceleration in the rate of inflation, as measured by the average annual rate of increase in consumer prices, the persistently high rise in prices was again a major policy concern for the Turkish economy in 1989. As measured by the average annual increase in the State Institute of Statistics' economy-wide Consumer Prices' Index, the inflation rate was 69.6 percent in 1989, as compared with 75.4 percent in the previous year. The average rise in the SIS's Wholesale Prices' Index, an approximate measure of the degree of cost-push inflation, was higher in 1989 (69.6 percent) than the 68.3 percent recorded for the previous year.

Returning to consumer prices, the Institute's Consumer Prices' Index showed an annual percentage change of 63.5 percent in April of this year, as against 68.8 percent at the end of 1989. The SIS's Istanbul Consumer Prices' Index, and the Istanbul Chamber of Commerce's Cost of Living Index both indicate a similar downward trend.

In the first four months of 1990, prices of goods and services produced by the public sector continued to rise more rapidly than those emanating from the private sector. Whilst the annual rate of rise in overall public sector wholesale prices was 68.6 percent at the end of 1989, the rate for the private sector was only 59.0 percent.

In the first half of 1990, annual rate of increase in Wholesale Prices of SIS reached to 51.3 percent and in Consumer Prices to 62.6 percent.

The still infant Istanbul Stock Exchange experienced an extremely active year, as is indicated by the fact that the Share Prices' Index soared from 379.3 at the end of 1988 to 2,217.7 at the end of 1989, thereafter going on to hit its highest point ever, 3,852.1, at the end of May of this year. The share market experienced a buoyant demand throughout 1989 and in the first five months of 1990, partly because of lower anticipated yields from such alternative forms of investment as gold and foreign currency, but mainly due to expectations of continued and important increases in share prices in other words, the speculative motive.

All in all, issue through the "Exchange" increased by 331.0 percent in 1989, as compared with the previous year; there were rises of 120.0 percent in private bond issues, of 416.0 percent in revenue-sharing certificate issues, and of 203.0 percent in the volume of government bonds and Treasury bills put on the market. Stock Exchange turnover increased by 273.0 percent last year.

In recent years, the deposits banks have increasingly tended to prefer risk-free and high yield government paper as an alternative to private sector credits in so far as their loanable funds are concerned. Private sector loans have in fact become increasingly risk-fraught in the recent past because high rates of interest, along with slower growth in economic activity, have resulted in a significant number of serious repayment defaults. The increased channelling of the banks' resources into the financing of public debts has, to no little extent, turned the banking system into a "debt-banking" institution which provides little scope for interest rates to adjust to the realities of market conditions.

In academic terms, last year's economic performance failed to earn a "pass" mark for either growth or the control of inflation, but it did well in the balance of payments division.

Once again in 1989, the current account showed a sizeable surplus. Although foreign exchange rates increased markedly less rapidly than inflation, there was no parallel slow-down in exports. In fact, exports earned \$ 11,627 million, which was a mere 0.3 percent less than in 1988. On the other hand, imports increased by 10.0 percent to \$ 15,763 million so that, for the first time in eight years, the foreign trade deficit exceeded the \$ 4 billion mark. But thanks to an unexpectedly rapid rise in workers' remittances resulted from higher returns of bank deposits in TL accounts as compared to Dresdner accounts and opening up official gold market by the Central Bank, and increased earnings from tourism, the pessimistic forecasts of the early part of the year were disproved and a current account surplus of \$ 966 million was recorded.

During the first three months of 1990; exports totalled \$ 2,971 million, a figure which is only a 6.0 percent above 1989's \$ 2,803 million. The first three months' imports amounted \$ 4,730 million, which is 42.6 percent more than the last year's \$ 3,318 million. As a result of the high increase in imports, the foreign trade deficit for the first quarter of the current year increased by 241.6 percent, from \$ 515 million to \$ 1,759 million. The export/import ratio decreased to 62.8 percent in this period.

Another important development in Turkey's foreign economic relations in 1989 was the big increase in foreign capital investment permits issued. As a result, there was a significant rise in the number of foreign investors and also in the number of companies in which foreign capital is invested. As yet, anyway, fears that the opening up of Eastern Europe would reduce foreign investors' interest in Turkey have proved groundless and there has been a further increase in foreign investment since the turn of the year.

In spite of the relevant buoyancy of the end-1989 balance of payments account and the still sizeable current surplus last year, an important question of policy and principle has to be asked. Is the deterioration in the foreign trade deficit and the fall in the current account surplus (largely due to the former) an undesired or unavoidable development, or is it the realization of a planned target. If the export-based growth policy which has been pursued in recent years was deliberately abandoned and the war against inflation waged through the over-valuation of the TL, along with the rapid expansion of imports, the seemingly negative trends in the balance of payments account were in no way a surprise and can indeed be reckoned as achievement of a planned short-term target.

In the longer term, however, it is difficult to accept that the maintainance of a foreign exchange policy which depends partly upon over-valuation of the TL and partly on short term capital movements. Continued over-valuation of the TL together with TL convertibility, and the virtually complete freedom of all imports from restrictions may indeed lead to such large foreign trade deficits that they cannot be financed either by the admittedly large net incomes from invisibles or by further short-term borrowing and other capital inflows from abroad.

Now is undoubtedly the moment to find ways and means of diminishing the margin which lies between the pace of change in foreign exchange rates and that in time deposit interest rates. Certainly, this is no easy task in what is to all intents and purposes a free market environment.

In spite of the lack of gains in overall export earnings, 1989 must be considered as having been a successful year in so far as foreign economic relations are concerned. At the same time, there is concern on the part of many businessmen and economists about the slow pace of foreign exchange



rate adjustments, the further liberalization of imports, and the (possibly) premature decision to make the TL convertible.

In point of fact, the balance of payments figures for the first three months of this year confirm that these concerns are at least partly justified. Mainly because of a marked increase in imports, the foreign trade deficit rose to \$ 1.7 billion, and the current account surplus gave way to a deficit of no less than \$ 985 million.

If this trend continues, there is a real risk of Turkey's facing a 1990 foreign trade deficit of as much as \$ 6 billion, by far the largest ever, and a consequently big current account short-fall in place of the surpluses which have been registered in the past few years. Capital movements should ensure that such a deficit could be quite easily financed but that does not mean that there are no grounds for longer term fears.

Unless market forces soon begin to narrow the margin between deposit interest rates and foreign exchange rates, these fears will become ever more widespread. It is appreciated that the Central Bank prefers not to intervene in the foreign exchange market, either by announcing an across-the-board devaluation of the TL, or by making further and more substantial, purchases of currency. Such intervention could easily trigger-off a financial crisis, and it would certainly dislocate the Bank's own monetary programme.

Thus, the way to avoid a foreign exchange crisis is to adopt more realistic and more drastic policy measures to fight inflation; the target should be to achieve an annual inflation rate of not more than 30.0 percent by mid-1991.

This must first of all mean a much more serious implementation of the Budget, possibly by slowing down of public investment expenditures and enlarging the tax base through a comprehensive financial reform.

Unless the Budget deficit is brought within manageable limits, neither domestic nor foreign balances and equilibriums can be attained and the economy will continue to suffer accordingly.

Now, the government must take every possible step to reduce the ratio of the public deficit to GNP. This must be done now in order to control inflation and limit price increases to much more modest dimensions in the medium-term. When this has been done, a satisfactorily stable balance of payments situation also can be achieved.

# CHAPTER I

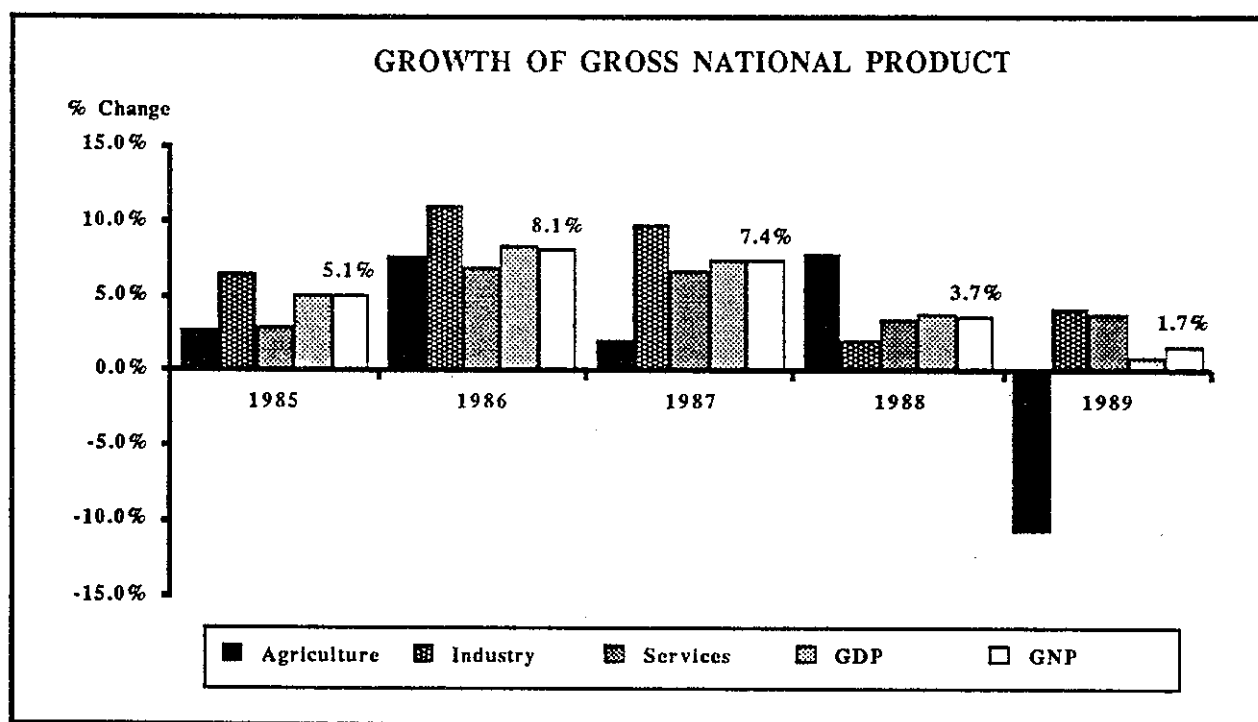
## GROSS NATIONAL PRODUCT, INVESTMENTS, PUBLIC FINANCE, PRODUCTION AND EMPLOYMENT

### 1) GNP Performance in 1989

The 1989 growth rate was 1.7 percent, which was well below the 1983-1989 average of 5.5 percent. At current prices, the GNP growth rate attained 69.7 percent with the implicit price deflator equal to 66.8 percent.

In 1989 the GNP was about 170.7 trillion Turkish Liras at current prices, and TL 316.3 billion at constant 1968 prices.

The 1.7 percent growth, calculated by the State Institute of Statistics (SIS) based on year-end data, was above the two estimated figures released during 1989, but was the worst since the troubled year of 1980. The SIS's first estimate was 0.2, percent based on six-months' data, and its second estimate was 1.1 percent based on data to the end of September. Positive developments in the last quarter of the year pulled growth up to 1.7 percent.



The growth rate decreased sharply in the agricultural sector due to unfavourable weather conditions. Agricultural value added in producers' value at constant 1968 prices went down to TL55.8 billion in 1989, from TL 62.6 billion in 1988. The negative growth rate was thus 10.8 percent. As a result of this decline in output, the share of agriculture in GNP went down to 17.7 percent in 1989 compared to 20.1 percent in 1988.

There was a 4.2 percent expansion in the industrial sector whilst the service sector expanded by 3.9 percent. The manufacturing sector experienced a slow growth in 1988 and 1989; it was 1.8 percent in 1988 and 3.1 percent in 1989. The construction sector also experienced a slow growth rate during 1988-1989. The growth rate was only 1.0 percent in 1989, which is well below the growth rate of 2.4 percent attained in 1988.

### GNP GROWTH BY MAIN ECONOMIC SECTORS ( At 1968 Prices )

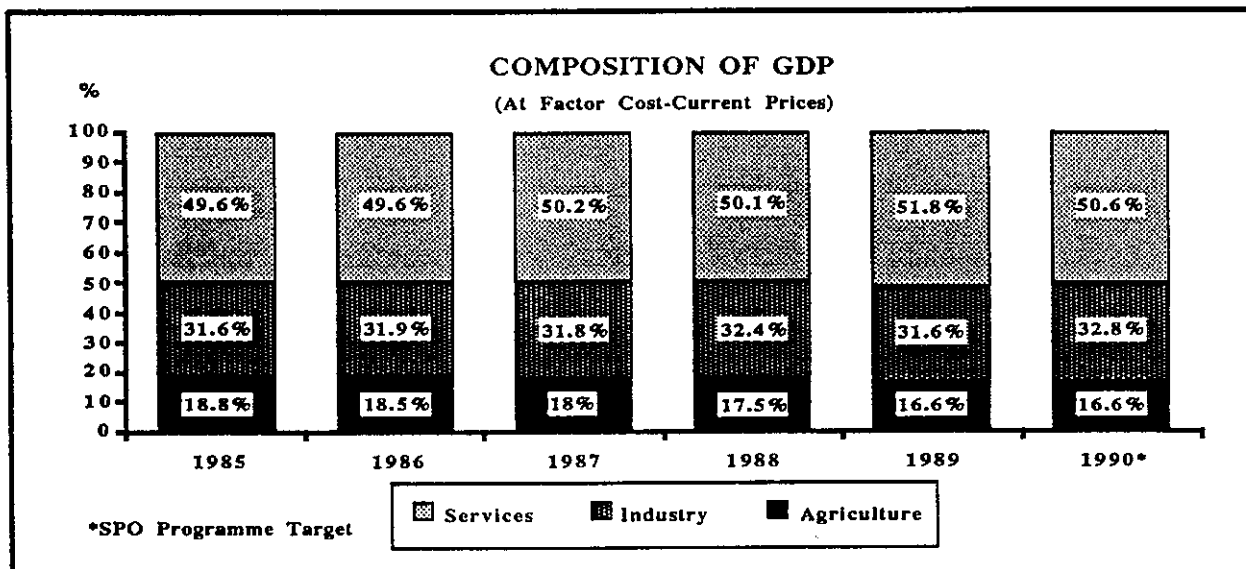
	In Producers' Value					
	1985	1986	1987	1988	1989	1990*
Agriculture	2.8%	7.6%	2.1%	7.9%	-10.8%	-
Industry	6.6%	11.1%	9.7%	2.1%	4.2%	-
Services	2.9%	6.9%	6.8%	3.5%	3.9%	-
GDP	5.1%	8.3%	7.4%	3.9%	1.0%	-
GNP	5.1%	8.1%	7.4%	3.7%	1.7%	-
	At Factor Cost					
	1985	1986	1987	1988	1989	1990*
Agriculture	2.4%	7.9%	2.1%	8.3%	-11.1%	4.7%
Industry	6.3%	8.7%	9.6%	3.1%	3.0%	6.9%
Services	4.0%	6.4%	6.8%	4.1%	3.9%	5.6%
GDP	4.2%	7.3%	6.5%	4.7%	4.4%	5.8%
GNP	5.1%	8.1%	7.4%	3.6%	1.7%	5.7%

(\*) SPO Programme Target

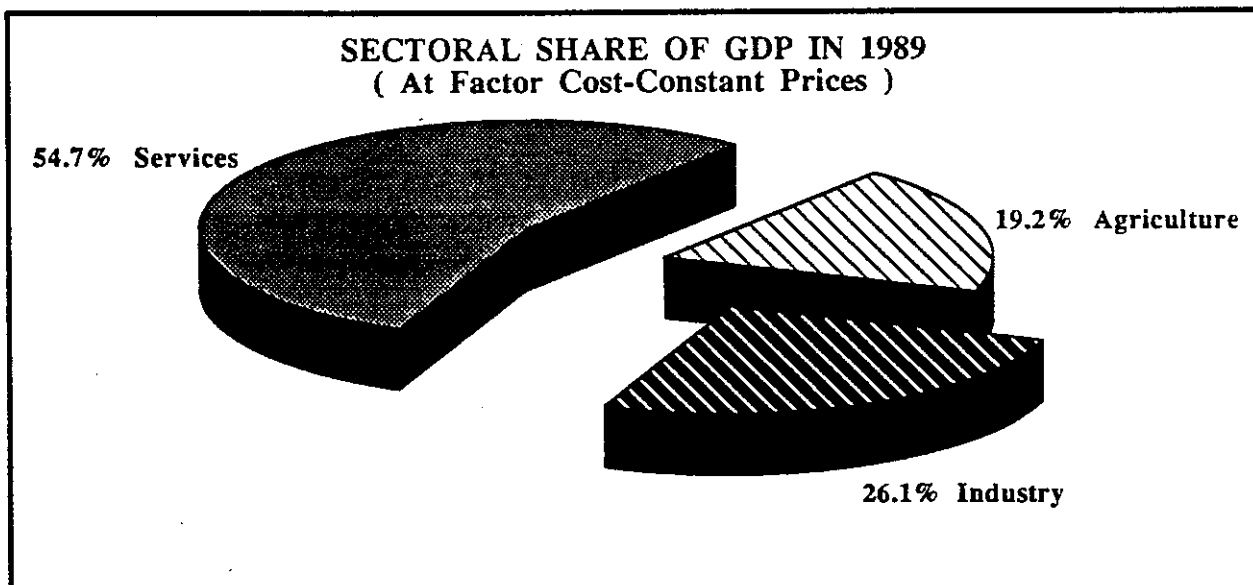
According to SIS data, the farming and animal husbandry sub-sector contracted by 11.3 percent and forestry by 1.7 percent. Fisheries grew by 7.7 percent. The figures indicate that there were large contractions in the production of agricultural products, particularly of cereals.

Instrumental in the 4.2 percent growth of the industrial sector were positive developments seen in the last few months of 1989. The industrial growth rate, 1.5 percent according to the first estimate and 2.6 percent according to the second, increased to 4.2 percent in the final figures. Within the

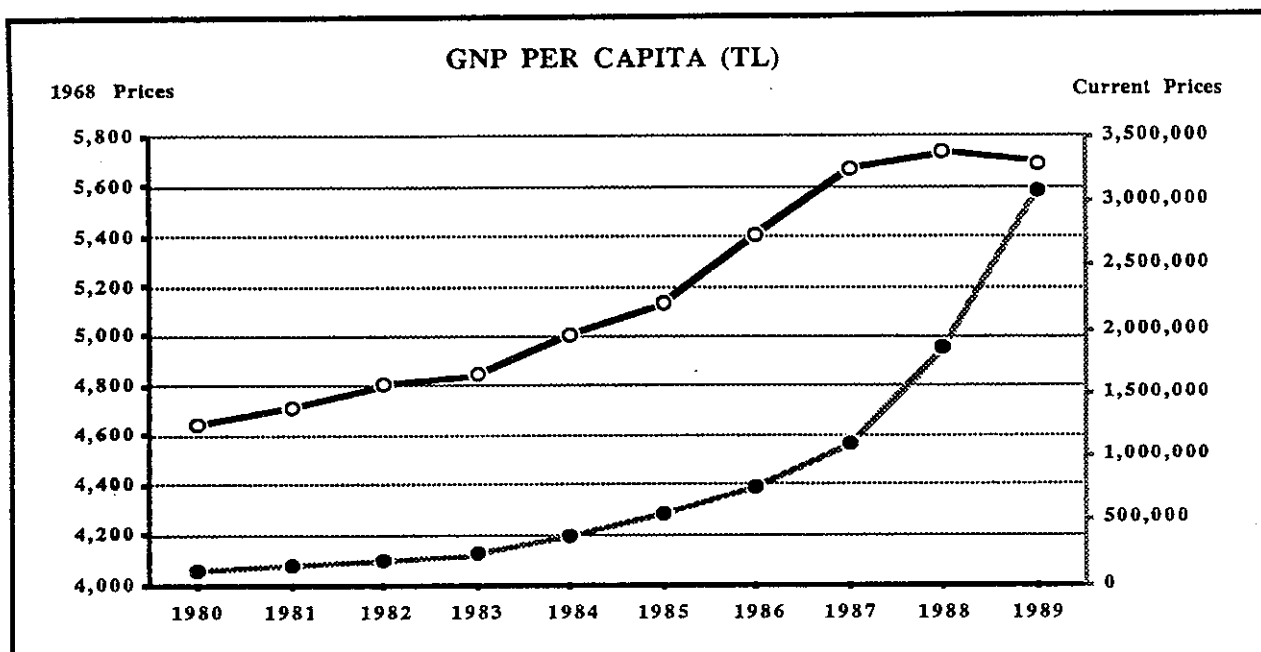
industrial sector, mining and quarrying expanded by 13.0 percent, manufacturing, as we already stated, by 3.1 percent, and electric power, gas and water production by 7.8 percent.



In the services sector, last year, apart from the 1.0 percent growth of the construction sector, there was 5.5 percent growth in wholesale and retail trade, and a 4.4 percent rise in ownership of dwellings.



Per capita GNP at current prices went up from 1,856,582 TL to 3,073,044 TL. On the other hand per capita GNP at 1968 prices went down from 5,739 TL in 1988 to 5,694 TL in 1989. In 1989, per capita GNP at constant prices declined by 0.8 percent compared with the average rate of increase of about 3.4 percent for the period 1984-1988. On the other hand, due to the slower appreciation of the dollar against the Turkish Lira, per capita income in dollar terms rose from \$1,300 to \$1,435.



GNP growth in 1990 is expected to be 5.7 percent. The growth rate in agriculture is forecast at 4.7 percent, that in industry 6.9 percent.

**GDP SHARES OF THE MAIN ECONOMIC SECTORS  
( At Factor Cost )**

	At Constant 1968 Prices					
	1985	1986	1987	1988	1989	1990*
Agriculture	21.8%	21.9%	21.0%	21.7%	19.2%	-
Industry	24.8%	25.1%	25.9%	25.5%	26.1%	-
Services	53.4%	53.0%	53.1%	52.8%	54.7%	-
GDP	100.0%	100.0%	100.0%	100.0%	100.0%	-
	At Current Prices					
	1985	1986	1987	1988	1989	1990*
Agriculture	18.8%	18.5%	18.0%	17.5%	16.6%	16.6%
Industry	31.6%	31.9%	31.8%	32.4%	31.6%	32.8%
Services	49.6%	49.6%	50.2%	50.1%	51.8%	50.6%
GDP	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

(\*) SPO Programme Target

Source: State Institute of Statistics

## 2) Macro Equilibrium of the Economy

The sources and uses table, below, was prepared by the State Planning Organization. There is a

difference between the GNP figure presented here and that given in previous tables and based on the third estimate of the State Institute of Statistics. The reason for the discrepancy is the use of an earlier estimate by the State Planning Organization.

### MACRO EQUILIBRIUM OF THE ECONOMY (TL Billion)

	1988	1989*	Changes
<b>GNP</b>	100,154	101,953	1.8%
<b>Foreign Balance</b>	-2,129	-2,968	39.4%
<b>Total Domestic Demand</b>	98,025	98,985	1.0%
<b>Total Investment</b>	24,047	22,927	-4.7%
<b>Fixed Investment</b>	24,166	23,335	-3.4%
<b>Public</b>	11,510	10,333	-10.2%
<b>Private</b>	12,656	13,002	2.7%
<b>Stockbuilding</b>	-119	-408	242.3%
<b>Public</b>	-520	-652	25.4%
<b>Private</b>	401	244	-39.1%
<b>Total Consumption</b>	73,979	76,058	2.8%
<b>Public Disposable Income</b>	17,546	16,200	-7.7%
<b>Public Consumption</b>	8,815	8,842	0.3%
<b>Public Savings</b>	8,731	7,358	-15.7%
<b>Public Investment</b>	10,990	9,681	-11.9%
<b>Public Savings-Investment</b>	-2,260	-2,323	2.8%
<b>Private Disposable Income</b>	82,609	85,753	3.8%
<b>Private Consumption</b>	65,164	67,216	3.1%
<b>Private Savings</b>	17,445	18,537	6.3%
<b>Private Investment</b>	13,056	13,246	1.5%
<b>Private Savings-Investment</b>	4,389	5,291	20.6%

\* At 1988 Prices

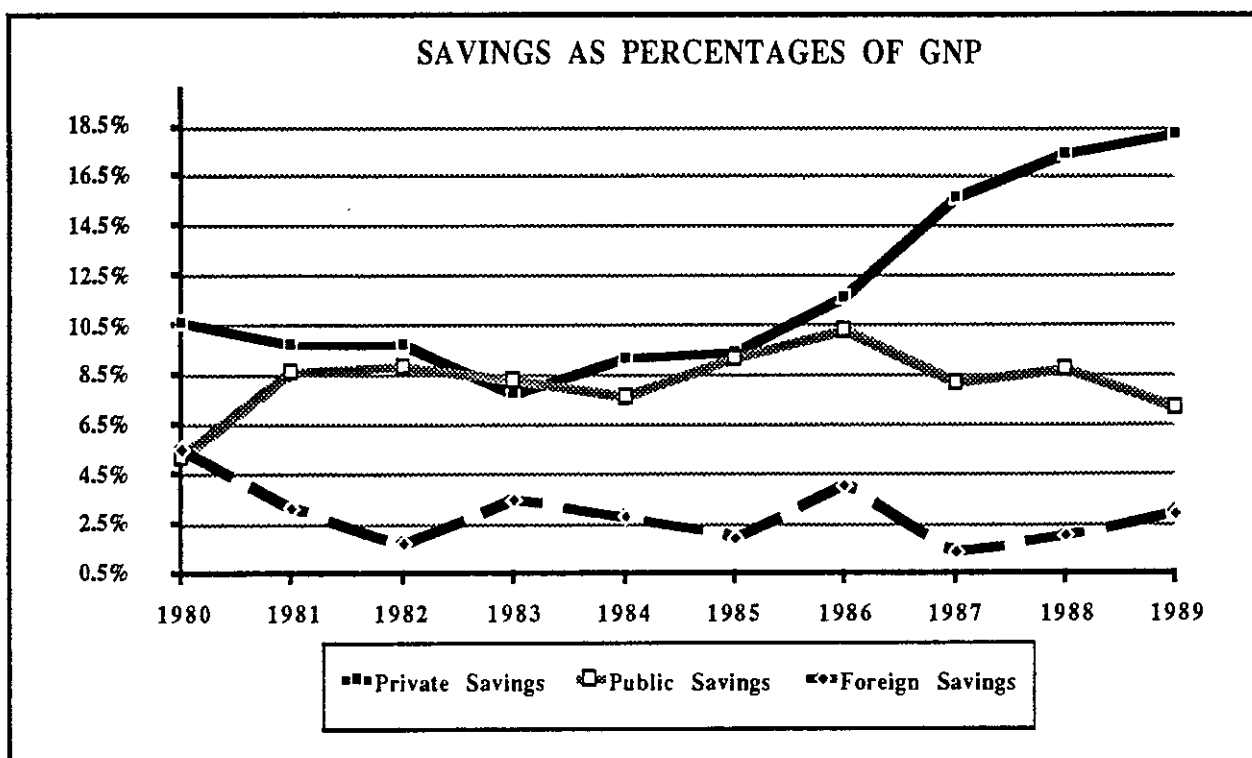
Source : SIS

In 1989, total consumption increased by 2.8 percent in real terms whilst total investment decreased by 4.7 percent. There was a significant increase (39.4 percent) in the foreign balance, partly due to the slow growth rate. The share of total investment in GNP went down to 22.5 percent in 1989, compared to 24.0 percent in 1988. On the other hand, the share of total consumption in GNP went up to 74.6 percent in 1989, from 73.9 percent in 1988.

There was a significant difference between the public and private sectors as far as investment and savings were concerned.

Public investment and savings decreased 11.9 percent and 15.7 percent, respectively. On the other hand, private investment and savings increased by 1.5 percent and 6.3 percent. As a result of these

developments, private sector provided a savings-investment balance which was 5.2 percent of GNP, whilst public sector recorded a savings-investments deficit of 2.3 percent of GNP. Foreign savings were 2.9 percent of GNP, compared to 2.1 percent in 1988. Therefore the net out-flow of resources continued in 1989.



### 3) Investment

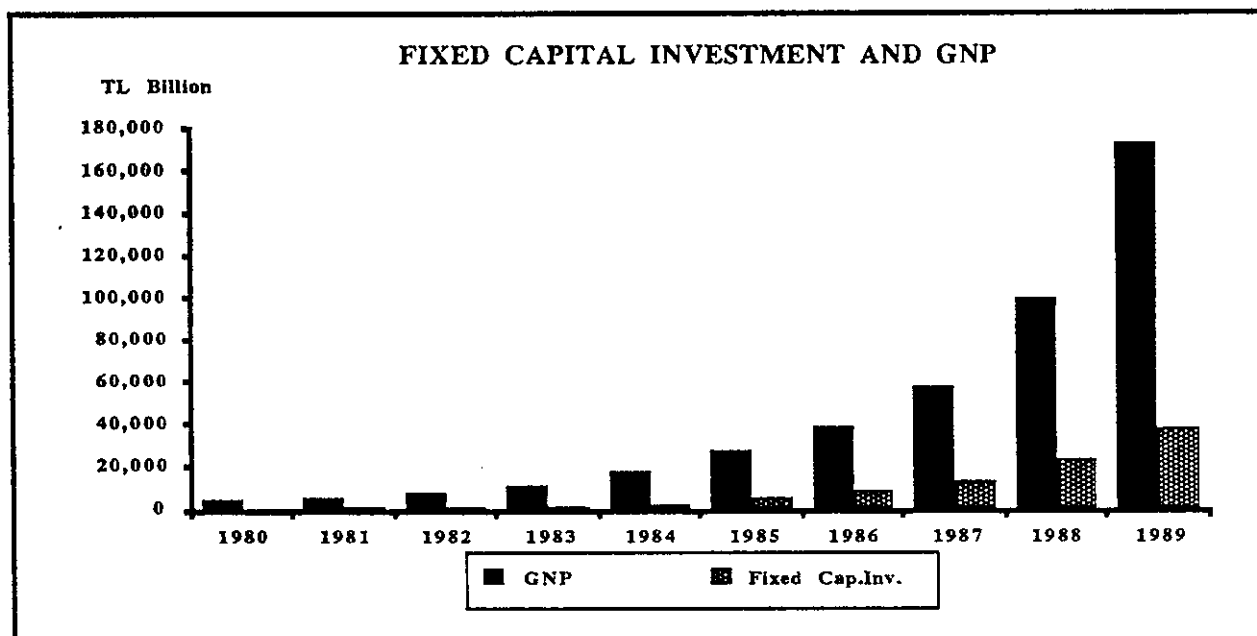
After having fallen to 17.9 percent of GNP in 1984, fixed capital investments recovered in 1985 by 2.1 percentage points and further by 3.2 percentage points in 1986. These two years witnessed explosive increases in fixed investment; increases continued in 1987, albeit on a reduced scale. The share of fixed investment fell by 0.1 percentage points in 1988 and by another 2.0 points to 22.1 percent of GNP in 1989.

**DISTRIBUTION OF FIXED CAPITAL INVESTMENT**  
( As Percentage of Total )

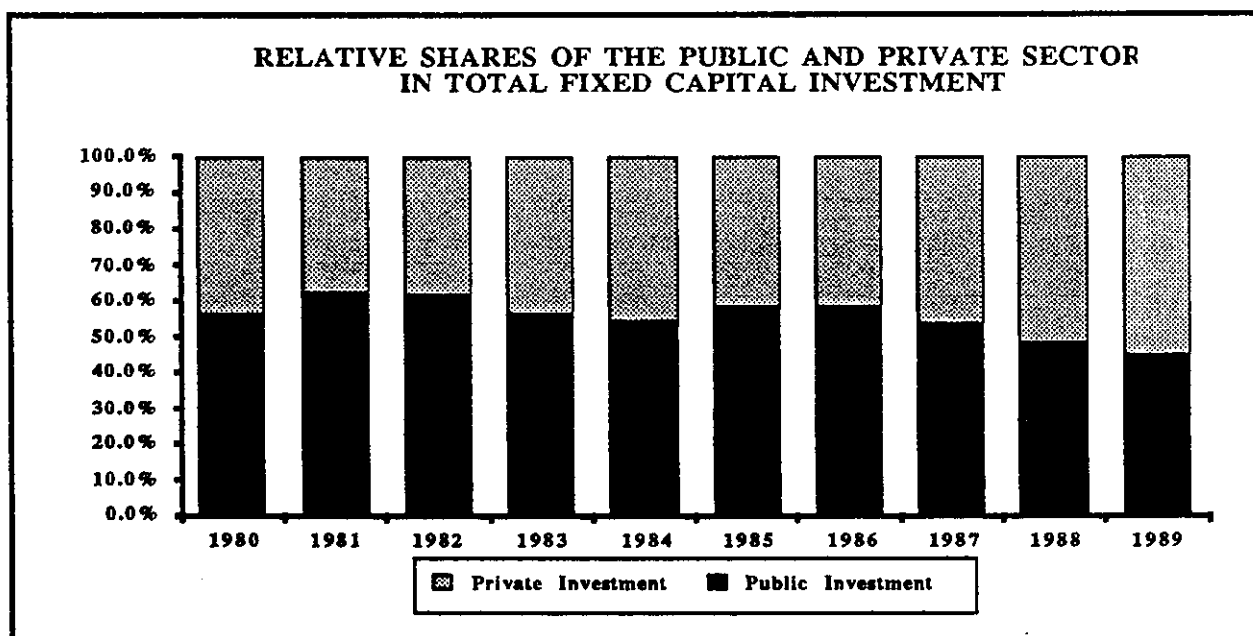
	Public		Private	
	1988	1989	1988	1989
Agriculture	9.1%	9.6%	5.4%	3.9%
Mining	4.4%	3.6%	1.4%	1.4%
Manufacturing	5.9%	5.4%	23.5%	20.8%
Energy	26.8%	28.0%	1.4%	1.0%
Transport.&Communi.	29.7%	29.2%	10.6%	9.5%
Tourism	1.6%	1.5%	4.8%	6.6%
Housing	1.8%	2.1%	48.5%	52.1%
Education	5.7%	6.6%	0.4%	0.6%
Health	1.8%	2.2%	0.4%	0.6%
Others	13.3%	11.9%	3.5%	3.6%
TOTAL	100.0%	100.0%	100.0%	100.0%

Source : State Planning Organization

A study of the distribution of fixed capital investment as between the public and the private sectors shows that the former's share of the national total fell from 58.1 percent in 1985 to 47.6 percent in 1988 and, further, to 44.5 percent in 1989.



In 1988, private fixed capital investment represented 12.6 percent of GNP. This ratio fell to 12.2 percent in 1989 (at current prices). Over 6.0 percent of GNP was invested in housing. The share of investment in housing in total private investment was 48.5 percent in 1988 and 52.1 percent in 1989. The share of manufacturing investment registered a decline, from 23.5 percent in 1988 to 20.8 percent in 1989. The agriculture and energy sectors also experienced a fall in their shares, whilst tourism's share was 3.7 percent in 1987, 4.8 percent in 1988, and 6.6 percent in 1989.

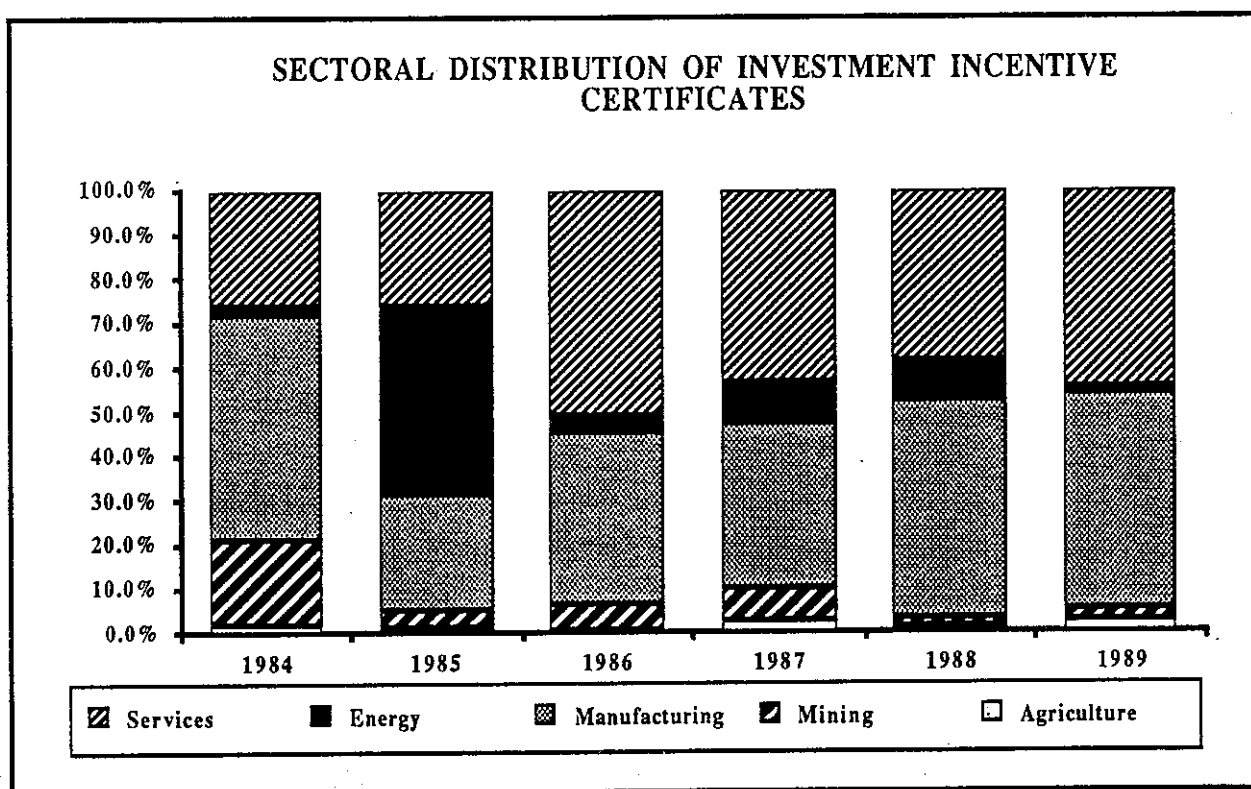




The share of public fixed investment in GNP was 11.5 percent in 1988 and 9.9 percent in 1989. The share of transportation and communication investments in total public fixed capital investment was 29.7 percent in 1988, and 29.2 percent in 1989. The share of the energy sector was 26.8 percent in 1988, and 28.0 percent in 1989. Thus, energy and transportation and communications accounted for nearly 60.0 percent of public fixed capital investment in both these years.

### Investment Incentive Certificates

The sectoral distribution of Investment Incentive Certificates shows a heavy concentration in manufacturing, especially in textiles, and in services. Tourism has shown a marked increase every year since 1985. Its share was 3.5 percent in 1985, 16.8 percent in 1988 and 18.5 percent in 1989. The break-down of manufacturing investment according to sub-sectors indicates a heavy concentration in textiles and clothing (46.3 percent of investment in manufacturing), and in food, beverages and tobacco (10.9 percent).



The distribution of Investment Incentive Certificates according to their application indicates a concentration in new investment (78.7 percent in total), in expansion (7.9 percent) and in the integration of facilities (7.9 percent).

The regional distribution of investment shows a relative increase for the Mediterranean, Black Sea, East Anatolia and relative decreases for the Marmara, Central Anatolia, Aegean and South-East Anatolia regions with the Marmara region holding its leading position, with 41.2 percent of the total.

**DISTRIBUTION OF INVESTMENT INCENTIVE CERTIFICATES  
ACCORDING TO THEIR APPLICATION (AS PERCENTAGE OF TOTAL)**

	1984	1985	1986	1987	1988	1989
New Investment	65.0%	81.1%	72.4%	63.9%	74.4%	78.7%
Expansion	16.9%	8.2%	15.3%	9.1%	11.9%	7.9%
Completion	4.0%	0.8%	1.9%	0.6%	1.5%	1.1%
Renewals	2.4%	4.2%	4.5%	20.6%	0.7%	2.0%
Quality Improvement	3.3%	0.9%	2.1%	1.5%	0.3%	1.3%
Elimination of Bottlenecks	5.5%	1.3%	1.0%	3.0%	2.1%	0.1%
Modernization	2.1%	1.2%	1.6%	0.4%	7.4%	1.0%
Integration of Facilities	0.8%	2.3%	1.2%	0.8%	1.6%	7.9%
Financial Leasing	0.0%	0.0%	0.0%	0.1%	0.1%	0.0%
<b>TOTAL</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

Source : State Planning Organization

Incentive certificates for the January-April period of 1990 as compared to the same months of last year indicate significant shifts between sectors. Agriculture increased its share from 1.1 percent to 3.3 percent and manufacturing's share moved from 44.9 percent in 1989 to 74.6 percent in 1990. On the other hand, the share of services realized a big drop, from 50.6 percent in 1989 to only 13.7 percent in 1990.

**SECTORAL DISTRIBUTION OF INVESTMENT INCENTIVE CERTIFICATES  
PERCENTAGE CHANGE (Jan-Apr., TL Billion)**

Sectors	1989	Share	1990	Share	Change
Agriculture	41.7	1.1%	158.0	3.3%	278.6%
Mining	119.1	3.3%	82.6	1.7%	-30.6%
Manufacturing	1,633.1	44.9%	3,598.6	74.6%	120.3%
Energy	4.1	0.1%	322.0	6.7%	7734.5%
Services	1,842.1	50.6%	660.3	13.7%	-64.2%
<b>Total</b>	<b>3,640.1</b>	<b>100.0%</b>	<b>4,821.5</b>	<b>100.0%</b>	<b>32.5%</b>

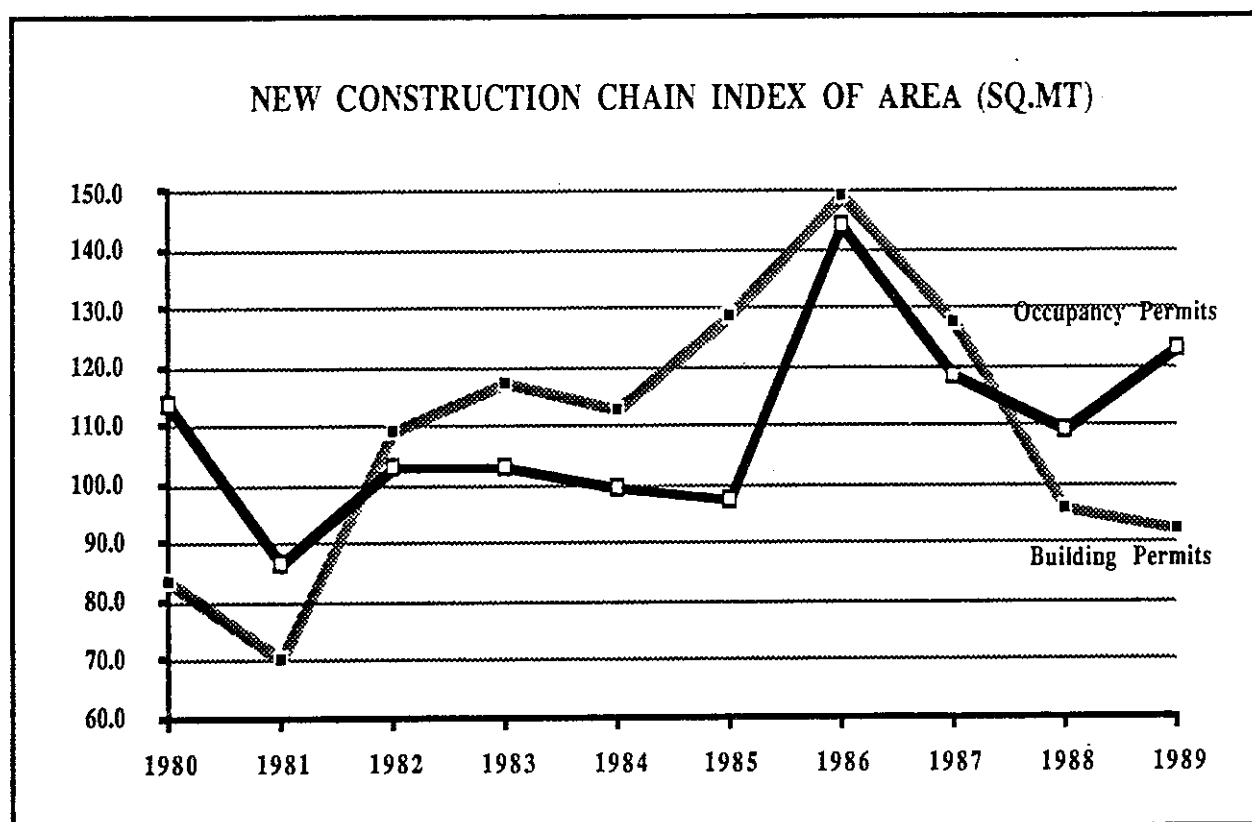
In the first four months of the current year, the rate of increase in the value of incentive certificates was 32.5 percent, so that taking inflation into account, there was a fall in real values.

**INVESTMENT INCENTIVE CERTIFICATES  
ACCORDING TO THEIR APPLICATION  
(January-April, TL Billion)**

Type of Investment	1989	Share	1990	Share	Change
Transfers	0.0	0.0%	101.2	2.1%	
New Investments	2,663.2	73.2%	3,673.0	76.2%	37.9%
Expansions	458.1	12.6%	496.3	10.3%	8.3%
Completions	92.0	2.5%	36.5	0.8%	-60.4%
Renewals	45.3	1.2%	116.7	2.4%	157.9%
Quality Improvements	12.3	0.3%	38.3	0.8%	210.8%
Elimination of Bottlenecks	35.8	1.0%	54.0	1.1%	51.0%
Modernization	205.7	5.7%	266.9	5.5%	29.8%
Integration of Facilities	124.7	3.4%	38.7	0.8%	-69.0%
Financial Leasing	3.2	0.1%	0.0	0.0%	-100.0%
<b>Total</b>	<b>3,640.1</b>	<b>100.0%</b>	<b>4,821.5</b>	<b>100.0%</b>	<b>32.5%</b>

## Construction

Construction licences issued (square metres) dropped 4.3 percent in 1988 and 7.7 percent in 1989. This was a natural result of high rates of growth in construction licences during the 1982-1987 period, and low GNP growth rates in 1988 and 1989.



## NEW CONSTRUCTION

Years	Million TL	Square Metres (000)	Chain Index	Cost Per Square metre	Chain Index
Construction Licences Issued					
1970	8,120.2	19,741.7	115.1	411	105.9
1971	7,171.4	16,909.5	85.7	424	103.1
1972	8,686.4	19,230.9	113.7	452	106.5
1973	13,351.1	24,485.0	127.3	545	120.7
1974	15,136.0	20,347.6	83.1	744	136.4
1975	23,669.1	23,337.5	114.7	1,014	136.3
1976	32,682.9	29,618.7	126.9	1,103	108.8
1977	40,339.0	28,972.6	97.8	1,392	126.2
1978	92,729.1	32,237.3	111.3	2,876	206.6
1979	76,700.8	34,080.0	105.7	2,251	78.2
1980	249,539.7	28,422.4	83.4	8,780	390.1
1981	209,336.5	19,884.3	70.0	10,528	119.9
1982	288,052.0	21,728.7	109.3	13,257	125.9
1983	485,336.4	25,554.9	117.6	18,992	143.3
1984	799,095.0	28,888.6	113.1	27,661	145.7
1985	1,615,191.0	37,251.0	129.0	43,360	156.8
1986	3,881,419.0	55,624.0	149.3	69,780	160.9
1987	6,668,935.6	70,912.1	127.5	94,045	134.8
1988	12,174,500.0	67,861.3	95.7	179,403	190.8
1989	12,141,213.0	62,659.6	92.3	193,765	108.0
According to Occupancy Permits					
1970	3,004.6	8,092.8	100.9	371	106.9
1971	3,308.3	8,068.7	99.7	410	110.5
1972	4,247.8	9,676.3	119.9	439	107.1
1973	5,598.1	10,879.8	112.4	515	117.2
1974	7,318.1	9,808.3	90.2	746	145.0
1975	11,648.0	11,551.4	117.8	1,008	135.2
1976	13,306.2	12,273.6	106.3	1,084	107.5
1977	18,818.6	14,158.6	115.4	1,329	122.6
1978	44,643.2	14,934.1	105.5	2,989	224.9
1979	80,261.5	15,635.9	104.7	5,133	171.7
1980	145,303.5	17,835.1	114.1	8,147	158.7
1981	166,449.9	15,469.9	86.7	10,760	132.1
1982	210,283.6	15,945.1	103.1	13,188	122.6
1983	297,300.0	15,931.0	103.0	18,662	173.4
1984	445,820.0	15,882.0	99.7	28,071	150.4
1985	675,054.0	15,489.0	97.5	43,583	155.3
1986	1,524,261.0	22,295.0	143.9	68,368	156.9
1987	2,421,119.3	26,385.6	118.4	91,759	134.2
1988	5,131,898.3	28,777.4	109.1	178,331	194.4
1989	9,745,505.0	35,435.9	123.1	275,018	154.2

Source : State Institute of Statistics

#### 4) Public Finance

Although the 1989 Budget had a projected deficit of TL 4,477 billion, the actual deficit was TL6,998 billion; 81.3 percent more than that registered in 1988, and relatively greater as a percentage of GNP when compared to the 1988 figure.

##### CONSOLIDATED BUDGET (TL Billion)

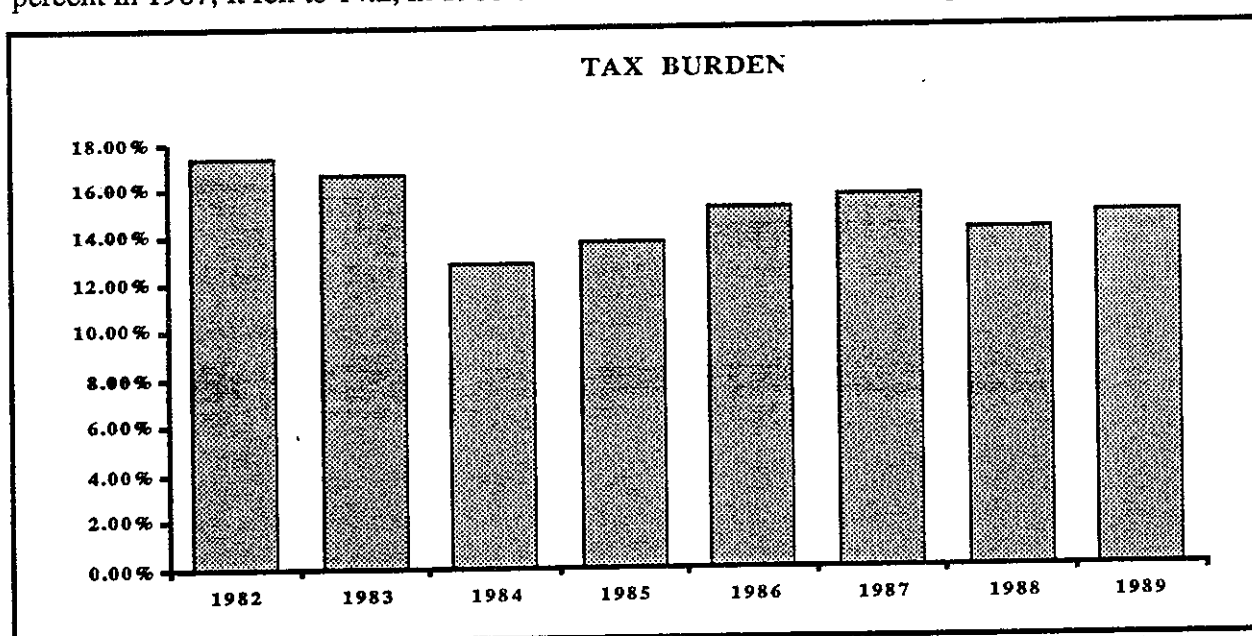
	1988	1989	1989*	1990*	1990**
<b>Expenditure</b>	21,447	38,660	8,753	16,885	64,401
-Personnel	5,053	12,465	2,520	7,709	20,000
-Other Current	2,407	4,048	590	926	7,462
-Investments	3,564	5,836	1,084	1,554	9,814
-Transfers	10,423	16,311	4,559	6,696	27,125
<b>Revenue</b>	17,587	31,662	7,843	14,114	53,860
-Tax	14,232	25,537	6,032	11,236	43,650
-Non-Tax	2,540	4,844	1,370	2,276	9,575
-Special	815	1,281	441	602	635
<b>Deficit</b>	-3,860	-6,998	-910	-2,771	-10,541
<b>Budget Deficit/GNP</b>	4.0%	4.4%			3.3%

\*January-April

\*\*SPO Programme

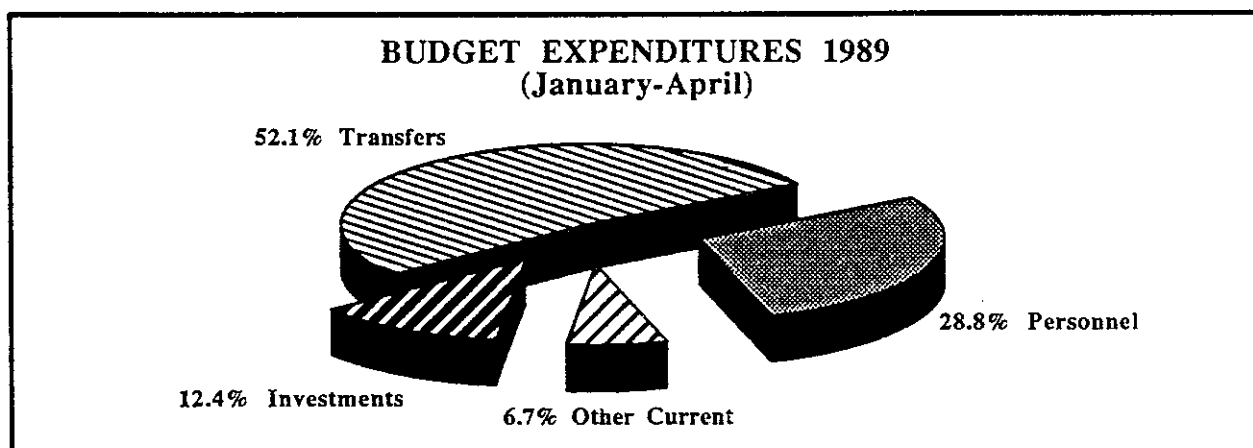
According to the provisional figures, 1989 Budget expenditure was TL 38,660 billion and revenue was TL 31,662 billion; as a percentage of GNP, the deficit was 4.4 percent.

The tax burden decreased between 1982-1984, falling to the very low level of 12.9 percent in 1984. It then increased again, to 13.8 percent in 1985, to 15.2 percent in 1986, and to 15.7 percent in 1987; it fell to 14.2, in 1988 but then rose once more, to 14.96 percent in 1989.

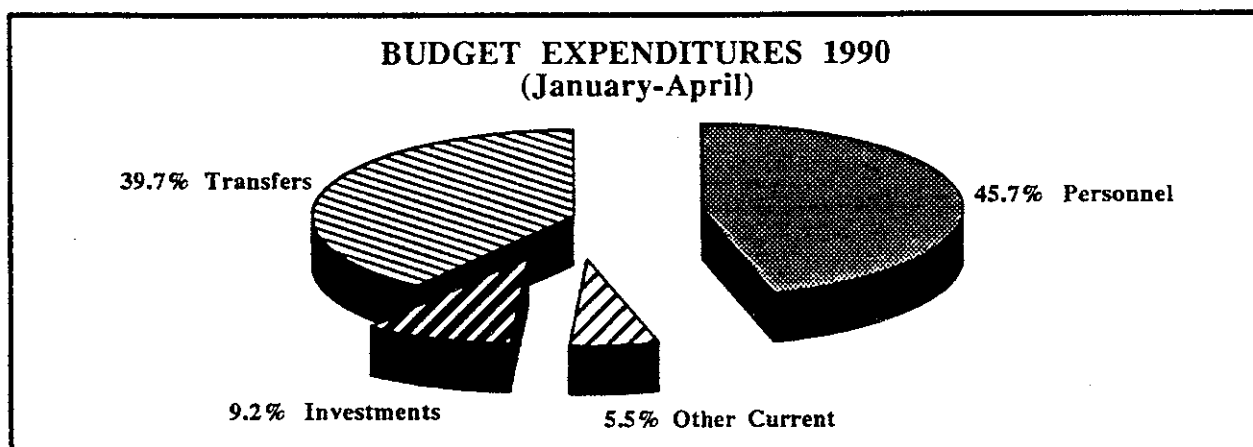


But the total tax burden shows a different pattern. This concept is more general, because it includes non-budgetary public revenues, including taxes collected by local authorities as well as Special Funds. Taxes remain the principal source of Budget revenue and just 80.7 percent of Consolidated Budget revenue came from this source in 1989. Non-tax normal revenue and special revenue and Funds provided the remainder. Total tax revenue increased by 79.4 percent in 1989.

Figures for the first four months of this year show that there has been a significant increase in the Consolidated Budget deficit. According to the Ministry of Finance and Customs, Consolidated Budget revenues expanded by 80.0 percent during the January-April period as compared to the corresponding months of 1989. The state of growth in tax revenues is higher still, 86.3 percent.



However, Consolidated Budget expenditures rose faster than revenues, going up by 93.0 percent. This increase in expenditures is entirely due to a massive 205.9 percent rise in personnel costs. In fact, over the first four months of 1990, investment and transfer expenditures rose at less than the inflation rate, by 43.0 percent and 47.0 percent, respectively.



The Budget deficit increased by 204.5 percent during the January-April period as compared to the corresponding period of 1989 and reached TL 2,771 billion.

The necessity of financing the rapidly growing deficit and finding resources for the repayment of debts caused borrowing to grow. The first four months' data show that internal borrowing grew rapidly whilst repayments increased only slowly.

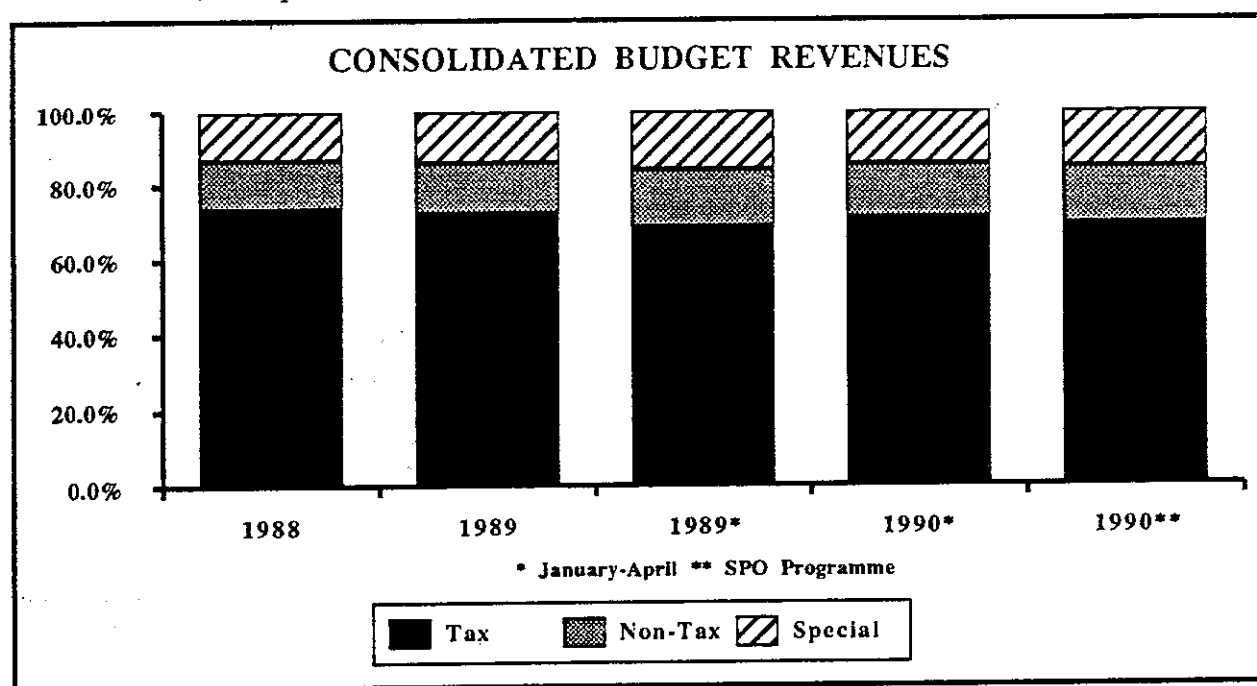
### The Consolidated Budget 1990

The Consolidated 1990 Budget is put at TL 64,401 billion; revenues have been estimated at TL53,860 billion, yielding a deficit of TL 10,541 billion. Compared with 1989, estimated expenditure is up by 66.6 percent, and revenue by 70.1 percent.

Of the TL 64,401 billion expenditure, TL 20,000 billion is earmarked for personnel and TL 7,462 billion for other current expenditure. An amount of TL 9,814 billion has been set aside for investments, and TL 27,125 billion for transfers.

The share of personnel expenditure in the Budget has been decreased to 31.1 percent for 1990, from 32.2 percent in 1989, and the share of investment expenditure has been increased to 15.2 percent from 15.1 percent last year. Transfer payments, on the other hand, have also been decreased marginally, from 42.2 percent 42.1 percent of total outgo.

Overall Budget revenue is estimated at TL 53,860 billion, of which TL 43,650 billion is reckoned as tax revenue, an expected increase of 70.9 percent over 1989.



On the expenditure side, personnel expenditure is expected to increase by 60.4 percent, and investment outlay by 68.2 percent. The 66.2 percent increase in transfers represents, to a large

extent, interest payments on foreign and domestic debts.

### Domestic Debts

Domestic debts remained one of the biggest problems of the Turkish economy during the past year. Since tax revenue could not be increased to the desired level, the Budget deficit had again to be bridged by means of increased domestic borrowing, which had negative implications for the private sector by increasing interest rates in the money market. This is because the government generates financial resources by issuing high interest tax-free bills and Treasury bonds.

#### NET DOMESTIC BORROWING (TL Billion)

Years	Net Borrowing	Share in GNP	Share in Exp.
1981	88	1.3%	5.8%
1982	130	1.5%	8.1%
1983	109	0.9%	4.2%
1984	421	2.3%	11.1%
1985	731	2.6%	13.5%
1986	1,170	2.9%	14.2%
1987	2,727	3.7%	16.8%
1988	3,497	3.5%	16.9%
1989	7,434	4.4%	19.3%

It is to be noted that the policy of bridging Budget deficits by using Central Bank resources and issuing more banknotes was abandoned in the early 1980's; instead, the government has, as indicated above, relied heavily on domestic borrowing, especially since 1984.

The Treasury had to borrow TL 670 billion in 1985, TL 1,269 billion in 1986, TL 1,908 billion in 1987, TL 3,816 billion in 1988 and TL 8,983 billion in 1989 to meet repayments of its previous debts and cover current Budget deficits. Since the Treasury pays interest on its bonds and equities in advance, net domestic borrowing is estimated at TL 498 billion in 1985, at TL 476 billion in 1986, at TL 767 billion in 1987, at TL 2,433 billion in 1988, and at TL 5,982 billion in 1989.



**MATURITY COMPOSITION OF DOMESTIC BORROWING\***  
(TL Billion)

	1989		1990			
	Amount	%	(Jan-Mar)		Annual Estimate	
	Amount	%	Amount	%	Amount	%
1 Year	3,691.0	40.7	998.6	17.7	2,861.0	23.2
1.5 Years	0.0	0.0	0.0	0.0	0.0	0.0
2 Years	3,121.5	34.4	3,245.1	57.4	3,725.0	30.2
3 Years	1,797.2	19.8	785.1	13.9	1,360.0	11.0
4-6 Years	206.0	2.3	520.4	9.2	4,073.0	33.1
Other	245.3	2.7	103.8	1.8	300.0	2.4
<b>Total</b>	<b>9,061.0</b>	<b>100.0</b>	<b>5,653.0</b>	<b>100.0</b>	<b>12,319.0</b>	<b>100.0</b>
<b>MATURITY COMPOSITION OF OUTSTANDING DEBT*</b>						
1 Year	3,691.0	33.7	3,995.1	25.5	2,861.0	15.3
1.5 Years	309.4	2.8	170.9	1.1	0.0	0.0
2 Years	3,430.7	31.4	6,642.5	42.4	6,846.5	36.5
3 Years	2,443.0	22.3	3,154.4	20.2	3,592.7	19.2
4-6 Years	553.4	5.1	1,073.8	6.9	4,626.4	24.7
Other	513.0	4.7	616.8	3.9	811.8	4.3
<b>Total</b>	<b>10,940.5</b>	<b>100.0</b>	<b>15,653.5</b>	<b>100.0</b>	<b>18,738.4</b>	<b>100.0</b>

\*Undersecretariat of Treasury and Foreign Trade

### The State Economic Enterprises

The financing requirements of the State Economic Enterprises showed an increase, from TL 3,064 billion in 1988 to TL 3,416 billion last year. The principal reason for an almost continuous series of price hikes by these Enterprises is the huge investment programmes which they are expected to implement.

### FINANCING OF OPERATIONAL SEEs (TL Billion)

	1984	1985	1986	1987	1988	1989
Balance of Resources/Payments	436	599	1,241	1,956	1,731	3,561
Investment	-1,171	-1,604	-2,406	-3,168	-4,795	-6,977
Financing Requirements	-735	-1,005	-1,165	-1,211	-3,064	-3,416
Budgetary Transfers	239	181	138	446	1,008	1,108
State Investment Bank	51	28	92	32	-	-
Project Credits	258	530	758	684	1,982	1,872
Agricultural Support and Price Stabilization Fund	173	248	159	27	35	25
Others	14	18	18	24	40	411
Financing Requirement as % of GNP	4.0	3.6	2.9	2.1	3.0	2.02

Source: SPO

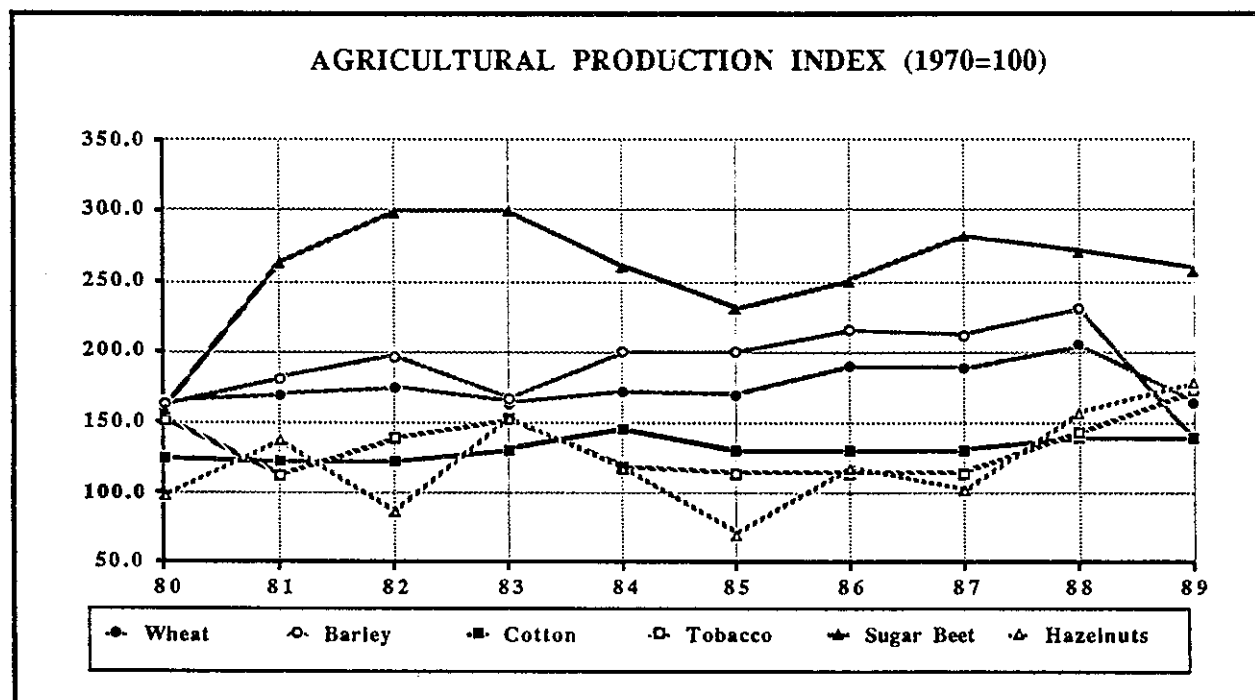
The SEEs' fixed capital investment, at current prices, increased by 37.0 percent in 1985, by 23.9 percent in 1986, by 31.7 percent in 1987, by 51.4 percent in 1988, and by 45.5 percent in 1989. However, as a percentage of GNP and of total public fixed investment, the SEEs' investment has been declining since 1984.

From 1980 until last year, as a percentage of GNP, the financing requirements of the State Economic Enterprises had declined, whilst their net operating results swung away from deficits into positive contributions to the economy. The share of budgetary transfers, which accounted for 32.4 percent of total financing requirements in 1984, decreased to 17.9 percent in 1985 and fell further, to 11.8 percent, in 1986, but rose again, to 36.8 percent, in 1987, and to 32.9 percent in 1988; this ratio slightly declined, to 32.4 percent, in 1989. On the other hand, foreign project credits provided a rather greater proportion of total financing requirements in 1986, 1987 and 1988 than previously. However, the share of these credits in the SEEs' financing requirements declined to 54.8 percent last year, from 64.7 percent in 1988.

## 5) Production

### Agricultural Production

Following an outstanding performance in 1988 (growth rate in agricultural value added was 7.1 percent), agriculture registered a negative growth rate of 10.8 percent in 1989. With a few exceptions, production levels of agricultural crops went down significantly.



Wheat production went down to 16.2 million tonnes from 20.5 million tonnes in 1988 (down by 21 percent). Barley production decreased to 4.5 million tonnes from 7.5 million tonnes in 1988 (down by 40.0 percent). Tobacco production decreased by 19.1 percent while cotton production levelled at 1.5 million tonnes. Furthermore, there were sharp decreases in the production of rye, lentils, olives and mulberries. On the other hand, apricot production increased by 30.3 percent.

### **Industrial Production**

According to State Planning Organization returns, output of most industrial products realized a sharp decline in 1989. The following list of industrial products indicates the seriousness of the drop in production of some items. The highest production decreases took place in wolfram concentrate (100.0 percent), emery concentrate (33.3 percent), sulphur (23.3 percent), perlite (36.8 percent), steel tubes (20.9 percent), sodium perborate (30.0 percent), fuel oil (22.0 percent), calcium ammonium nitrate (22.0 percent), triple superphosphate (56.3 percent), diammonium phosphate (31.6 percent), and tractors (40.2 percent).

On the other hand, production of lignite increased by 39.5 percent, natural gas by 75.2 percent, chromite by 69.4 percent, salt by 28.1 percent, packed tea by 36.7 percent, poultry by 31.9 percent, writing paper by 26.5 percent, newsprint by 28.6 percent, cigarette paper by 50.0 percent, compound fertilizer by 26.8 percent, blister copper by 59.7 percent, electrolytic copper by 28.9 percent, pure mercury 104.1 percent, and pick ups by 55.3 percent.

However, a comparison of the January-March 1989 and 1990 figures shows a reversal in the previous downward trend.

According to the State Institute of Statistics, in the first quarter of 1990, 29 of 87 selected industrial items recorded output falls, whilst production of 58 increased. The most significant increase was for stereo sets, at 566.0 percent. Output of stereos increased from 1,802 units in the first three months of 1989 to 12,013 units in the same period of this year. Colour TV sets ranked second, with a rise of 129.19 percent to 392,056 units from 171,115 in January-March last year.

### **Developments in the Manufacturing Industry**

Although there was an upward movement in economic activity at the beginning of 1989, in the second quarter the transition of the economy to the recovery phase was slower than expected. In fact, overall industrial production slowed down in the second quarter due to the fall in manufacturing industry output. In the third quarter of 1989, however, industrial production increased significantly. This acceleration in industrial production in the third quarter compensated

to a large extent for the slowdown in the previous period. Thus, the recovery from the recession of 1988 gained considerable momentum in this period. Moreover, increases were observed in production volumes, capacity utilization and in domestic sales and orders. For the last quarter of 1989, it can be affirmed that the Turkish economy has entered a new phase of growth, starting in the third quarter; industrial production accelerated significantly and manufacturing industry production recorded a considerable increase.

### OUTPUT OF MAJOR INDUSTRIAL PRODUCTS ( 000 Tonnes )

SECTOR	1988	1989	CHANGE
<b>MINING (P)</b>			
Hard Coal	3,256	3,100	-4.8%
Lignite	30,210	42,137	39.5%
Crude Petroluem (T)	2,565	2,868	11.8%
Natural Gas (Th. M3)	99,166	173,694	75.2%
Chromite	160	271	69.4%
Copper Concentrate	168	167	-0.6%
Alumina	182	201	10.4%
Wolfram Concentrate (Tonnes)	399	0	-100.0%
Mercury Concentrate (Tonnes)	32	26	-18.8%
Antimony Concentrate (Tonnes)	567	712	25.6%
Emery Concentrate	6	4	-33.3%
Colemanite	577	547	-5.2%
Borax	495	485	-2.0%
Sulphur	30	23	-23.3%
Phosphate	74	85	14.9%
Perlite (Tonnes)	19	12	-36.8%
Barite (Tonnes)	51	50	-2.0%
Salt (Tonnes)	1,348	1,727	28.1%
<b>FOOD (P)</b>			
Packed Tea	91,323	124,844	36.7%
Sugar	1,531	1,432	-6.5%
Fodder	703,305	672,433	-4.4%
Beef and Lamb	47,500	59,700	25.7%
Poultry (Tonnes)	4,700	6,200	31.9%
Milk ( 000 lt. )	132,764	160,966	21.2%
Pasteurized Milk ( 000 lt. )	64,956	73,331	12.9%
<b>BEVERAGES &amp; TOBACCO (P)</b>			
Filter Cigarettes (Tonnes)	55,600	56,450	1.5%
Non-Filter Cigarettes (Tonnes)	4,555	4,439	-2.5%
Raki	55,670	59,907	7.6%
Vodka	6,504	6,808	4.7%
Beer	30,556	31,646	3.6%
Wine	10,990	12,791	16.4%

**OUTPUT OF MAJOR INDUSTRIAL PRODUCTS**  
( 000 Tonnes )

SECTOR	1988	1989	CHANGE
<b>RUBBER (Pr) (000)</b>			
Car Tyres	4,320	4,170	-3.5%
Truck and Bus Tyres	1,940	1,651	-14.9%
Tractor Tyres	805	794	-1.4%
Tubes	4,327	3,424	-20.9%
<b>PAPER (P)</b>			
Paper (Total)	368	450	22.3%
Writing Paper	68	86	26.5%
Newsprint	105	135	28.6%
Wrapping Paper	26	30	15.4%
Kraft Paper	83	95	14.5%
Corrugated Paper Board	44	51	15.9%
Cardboard	38	47	23.7%
Cigarette Paper	4	6	50.0%
<b>FORESTRY PROD.(P)(000 Cub mtrs)</b>			
Lumber	437	436	-0.1%
Chipboard	76	73	-3.9%
Parquet Flooring	570	494	3.3%
Fibreboard	22	23	7.0%
Packing Cases (000)	2	2	0.0%
<b>CHEMICALS (P)</b>			
Borax Decahydrate	23	22	-4.3%
Borax Pentahydrate	91	114	25.3%
Boric Acid	32	28	-12.5%
Sodium Perborate	20	14	-30.0%
Carbide	34	38	11.8%
Ethyl Alcohol (000 lt)	38,630	43,692	13.1%
<b>PETROCHEMICALS (P)(Tonnes)</b>			
Polyvinyl Chloride	130,366	128,198	-1.7%
Polyethylene	234,071	249,523	6.6%
Carbon Black	31,954	30,966	-3.1%
Synthetic Rubber	40,478	40,113	-0.9%
Polystyrene	19,153	22,982	20.0%
Caprolactam	19,462	20,221	3.9%
<b>PETROLEUM PROD.( T)</b>			
Gasoline	2,401	2,517	4.8%
Diesel Oil	6,426	5,959	-7.3%
Fuel Oil	9,450	7,367	-22.0%
Crude Petroleum Processed	23,839	21,255	-10.8%

**OUTPUT OF MAJOR INDUSTRIAL PRODUCTS**  
( 000 Tonnes )

SECTOR	1988	1989	CHANGE
<b>FERTILIZER</b>			
Fertilizer (Total)	5,330	4,716	-11.5%
Ammonium Sulphate	288	312	8.3%
Ammonium Nitrate	0	0	-
Calcium Ammonium Nitrate	1,161	906	-22.0%
Urea	496	549	10.7%
Triple Superphosphate (T)	524	229	-56.3%
Diamonium Phosphate (T)	547	374	-31.6%
Compound Fertilizer (T)	882	1,118	26.8%
Ammonia (P)	345	421	22.0%
Sulphuric Acid (T)	857	620	-27.7%
Phosphoric Acid (T)	230	187	-18.7%
<b>AGRICULTURAL EQUIPMENT</b>			
Tractors (T)	30,817	18,421	-40.2%
Horticultural Tractors	510	463	-9.2%
<b>CEMENT &amp; REFRAC.(P)</b>			
Cement (000 Tonnes)	22,675	23,801	5.0%
Basic Refractories (Tonnes)	48,909	52,765	7.9%
Acidic Refractories (Tonnes)	34,286	34,504	0.6%
<b>IRON &amp; STEEL(P)</b>			
Metallurgical Coke	3,296	2,812	-14.7%
Crude Iron	4,442	3,509	-21.0%
Pig Iron	454	416	-8.4%
Steel	192	186	-3.1%
Molten Steel	4,172	3,217	-22.9%
Seamless Steel Tubing (T)	5,459	4,853	-11.1%
<b>NON-FERROUS MET. (P)(T)</b>			
Blister Copper	12,910	20,622	59.7%
Molten Aluminium	56,691	58,371	3.0%
Electrolytic Copper (T)	51,783	66,741	28.9%
Zinc Ingot	22,477	24,170	7.5%
Pure Mercury	97	198	104.1%
<b>ENERGY (T) (Mn.Gwh.)</b>			
Electrical Energy	48,049	51,548	7.3%
<b>MOTOR VEHICLES(Pr)(No)</b>			
Buses	856	695	-18.8%
Minibuses	6,412	5,955	-7.1%
Cars	120,796	118,314	-2.1%
Trucks	12,766	11,614	-9.0%
Pick-ups	114	177	55.3%

P : Public Sector's Production

Pr : Private Sector's Production

T : Total Production

Source : State Planning Organization

**PRODUCTION VALUES OF THE MANUFACTURING INDUSTRY  
& RATES OF CHANGES (TL Billion)**

Industry Groups	1988	1989*				
	Current Prices	Current Prices	At 1988 Prices	Share in Total Manu.	Growth Rate	
					Current	Constant
<b>Food-Beverages-Tobacco</b>						
(Public)	3,005	5,039	3,100	7.7%	67.7%	3.2%
(Private)	3,119	5,630	3,205	8.6%	80.5%	2.8%
(Total)	6,124	10,668	6,305	16.3%	74.2%	3.0%
<b>Textiles-Leather</b>						
(Public)	612	1,042	646	1.6%	70.1%	5.4%
(Private)	2,609	4,057	2,461	6.2%	55.5%	-5.7%
(Total)	3,222	5,099	3,107	7.8%	58.3%	-3.6%
<b>Wood Products, Furniture</b>						
(Public)	204	295	222	0.4%	44.4%	8.8%
(Private)	198	310	203	0.5%	56.8%	2.5%
(Total)	402	605	425	0.9%	50.5%	5.7%
<b>Paper Products, Printing</b>						
(Public)	437	1,018	558	1.6%	133.0%	27.8%
(Private)	531	939	549	1.4%	76.8%	3.4%
(Total)	968	1,957	1,108	3.0%	102.1%	14.4%
<b>Chem.,Petr.,Rubber,Plas.</b>						
(Public)	9,133	13,429	8,768	20.5%	47.0%	-4.0%
(Private)	4,744	8,723	5,187	13.3%	83.9%	9.3%
(Total)	13,877	22,152	13,955	33.8%	59.6%	0.6%
<b>Non-Metallic Mineral Pr.</b>						
(Public)	393	701	461	1.1%	78.4%	17.2%
(Private)	1,799	2,828	1,858	4.3%	57.1%	3.2%
(Total)	2,193	3,529	2,319	5.4%	60.9%	5.7%
<b>Basic Metal Industry</b>						
(Public)	2,828	4,815	2,928	7.3%	70.3%	3.6%
(Private)	3,071	6,083	3,408	9.3%	98.0%	10.9%
(Total)	5,899	10,897	6,336	16.6%	84.7%	7.4%
<b>Mach.,Equip.,Trans.Vehi.</b>						
(Public)	457	859	467	1.3%	88.1%	2.2%
(Private)	6,391	9,726	5,668	14.8%	52.2%	-11.3%
(Total)	6,847	10,585	6,135	16.1%	54.6%	-10.4%
<b>Other Manufacturing</b>						
(Public)	2	4	2	0.0%	75.5%	0.0%
(Private)	42	86	49	0.1%	103.0%	15.7%
(Total)	45	90	51	0.1%	101.7%	14.9%
<b>Total</b>						
(Public)	17,071	27,201	17,152	41.5%	59.3%	0.5%
(Private)	22,505	38,381	22,588	58.5%	70.5%	0.4%
(Total)	39,576	65,582	39,740	100.0%	65.7%	0.4%

Source : State Institute of Statistics

\*Provisional

The share of manufacturing value added in GNP stagnated around 24.0 percent in 1989 according to the value added evaluations of the State Institute of Statistics. The growth rate in manufacturing value added was 3.1 percent compared to a GNP growth rate of 1.7 percent, the growth rate in

manufacturing industry production was 2.0 percent in 1988 and only 0.4 percent in 1989. There were significant differences among manufacturing sub-sectors. Paper products and printing and other manufacturing experienced growth rates above 10.0 percent, whilst machinery and equipment sector realized a downturn of -10.0 percent. The textile sector was also hit by a negative growth rate of 3.6 percent.

#### THE SHARE OF THE PRIVATE SECTOR IN THE MANUFACTURING INDUSTRIES

	1988	1989*
Food-Beverages-Tobacco	50.9%	52.8%
Textiles-Leather	81.0%	79.6%
Wood Products, Furniture	49.2%	51.2%
Paper Products, Printing	54.9%	48.0%
Chem.,Petr.,Rubber,Plas.	34.2%	39.4%
Non-Metallic Mineral Pr.	82.1%	80.1%
Basic Metal Industry	52.1%	55.8%
Mach.,Equip.,Trans.Vehi.	93.3%	91.9%
Other Manufacturing	95.1%	95.7%
Total	56.9%	58.5%

Source : State Institute of Statistics

\*Provisional

#### SECTORAL BREAKDOWN OF THE PRIVATE SECTOR PRODUCTION

	1988	1989*
Food-Beverages-Tobacco	13.9%	14.7%
Textiles-Leather	11.6%	10.6%
Wood Products, Furniture	0.9%	0.8%
Paper Products, Printing	2.4%	2.4%
Chem.,Petr.,Rubber,Plas.	21.2%	22.7%
Non-Metallic Mineral Pr.	8.0%	7.4%
Basic Metal Industry	13.6%	15.8%
Mach.,Equip.,Trans.Vehi.	28.3%	25.3%
Other Manufacturing	0.2%	0.2%
Total	100.0%	100.0%

Source : State Institute of Statistics

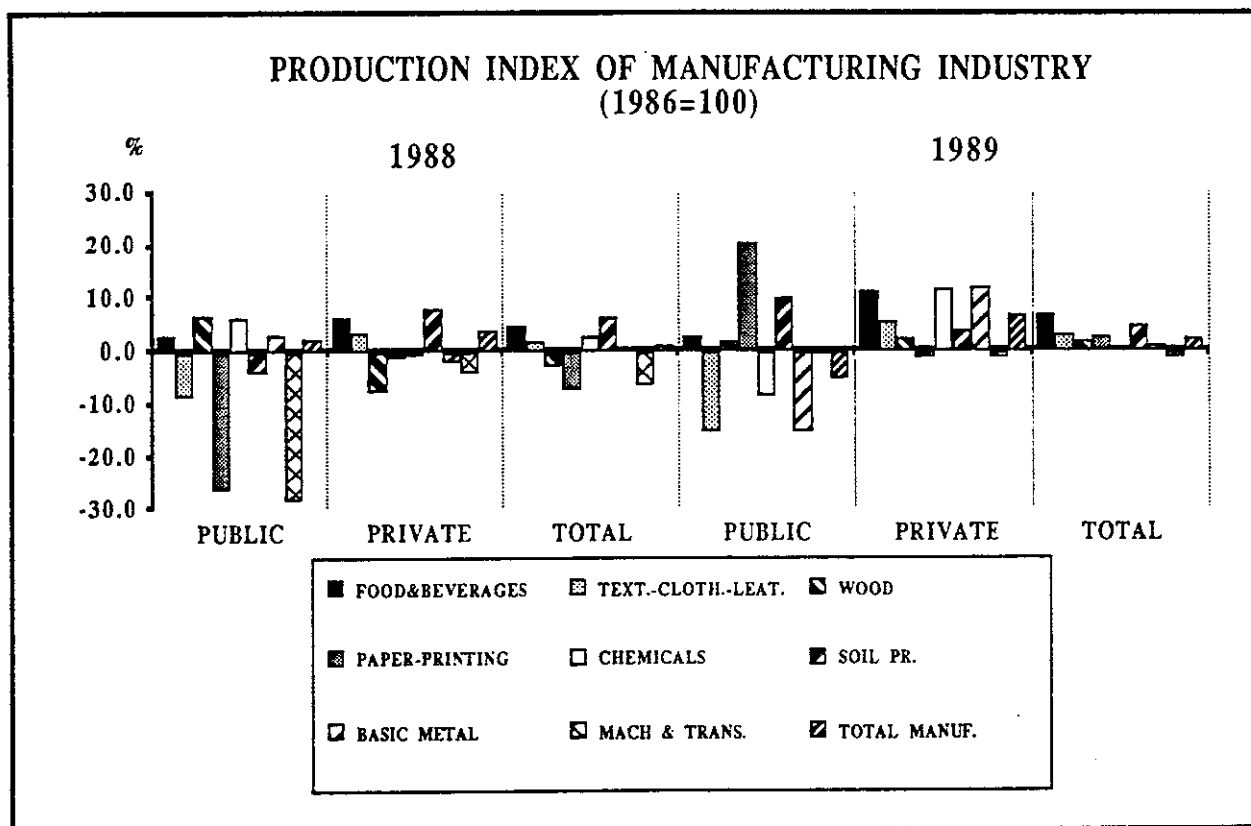
\*Provisional

### Industrial Production Index

According to the State Institute of Statistics Production Index for the whole year, industrial



production grew 3.7 percent in 1989. The figure was 1.6 percent in 1988. The growth rate of industrial production in the public sector slowed while production in the private sector gained momentum. According to data released by the State Institute of Statistics, state industrial production, which incorporates mining, quarrying, manufacturing and electric power production, decelerated from 1988's 3.0 percent growth to 0.9 percent. The annual rate of expansion of industrial production in the private sector, 0.5 percent in 1988, rose to 6.0 percent in 1989.



The production rise in the mining quarrying sector was 12.6 percent last year. The figure was 5.2 percent in 1988. Electric power production increased by 8.1 percent last year while there was only a 2.1 percent growth in the production of the manufacturing sector. This rise in the production of manufactured goods was entirely due to the a 6.6 percent increase in the private sector's output, because public sector production actually fell by 5.5 percent.

On the other hand, according to the State Institute of Statistics, the revitalization of industrial production that had been noted in the fourth quarter of last year was replaced by a slowdown in the first three months of 1990. Total industrial production in the first quarter of this year decreased by 5.7 percent compared to the last quarter of 1989.

The State Institute of Statistics' Industrial Production Index, calculated quarterly, has been announced for the first three months of this year. According to the Index, during the first quarter of this year, as compared to the final quarter of last year, mining industry production decreased

**PRODUCTION INDEX OF MANUFACTURING INDUSTRY**  
(1986=100)(percentage change over the previous year's same quarter)

	1987			1988			1989			1990		
	PUBLIC	PRIVATE	TOTAL	PUBLIC	PRIVATE	TOTAL	PUBLIC	PRIVATE	TOTAL	PUBLIC	PRIVATE	TOTAL
<b>FOOD-BEVERAGES-TOBACCO</b>												
I. QUARTER	-1.0	9.5	3.5	3.1	6.3	4.5	2.8	11.0	6.7	6.7	10.7	8.5
II. QUARTER	-9.8	12.3	-1.5	24.3	13.4	19.6	-6.9	4.0	-2.5			
III. QUARTER	-2.5	7.5	2.7	4.7	8.8	6.9	12.2	11.6	11.8			
IV. QUARTER	-5.2	3.1	-1.1	0.8	10.0	5.4	11.1	21.3	16.5			
<b>TEXTILES-CLOTHING-LEATHER</b>												
I. QUARTER	9.0	16.4	11.8	-8.7	-4.2	-6.9	0.1	4.8	2.0			
II. QUARTER	18.7	7.0	8.4	-8.5	3.5	1.8	-15.4	5.5	3.2			
III. QUARTER	19.9	6.0	7.7	1.4	10.6	9.4	-27.6	-4.6	-7.4			
IV. QUARTER	15.2	9.9	10.6	-5.5	4.0	-4.3	-21.8	-6.4	-6.4			
<b>WOOD</b>												
I. QUARTER	20.0	3.0	4.8	-5.4	-0.5	-1.0	-10.9	19.6	15.9			
II. QUARTER	20.1	9.2	10.4	-23.2	-1.3	-4.1	2.2	12.5	11.5			
III. QUARTER	-5.4	10.4	4.4	6.6	-7.8	-2.8	1.9	2.2	2.0			
IV. QUARTER	-6.4	8.0	2.0	4.5	17.4	12.4	2.2	-16.1	-9.7			
<b>PAPER-PRINTING</b>												
I. QUARTER	-1.3	10.1	6.0	16.0	-10.3	-1.3	-8.9	-0.5	-3.9			
II. QUARTER	-10.7	7.1	0.7	21.5	-13.5	-2.3	-0.4	11.7	7.0			
III. QUARTER	-3.6	15.5	8.2	-10.4	-19.4	-16.3	15.5	15.5	15.4			
IV. QUARTER	15.4	13.7	14.1	-26.5	-1.2	-7.3	20.5	2.6	2.6			
<b>CHEMICALS-PETROL-RUBBER</b>												
I. QUARTER	8.5	13.2	12.0	15.7	16.1	16.0	-24.4	-11.8	-14.8			
II. QUARTER	9.4	11.9	11.3	10.4	2.8	4.6	-4.4	-8.6	-7.7			
III. QUARTER	15.3	12.1	12.8	-23.2	-6.0	-9.9	9.3	-0.6	1.2			
IV. QUARTER	28.2	18.1	20.4	-93.8	-15.2	-35.1	1,189.0	17.5	45.7			
<b>SOIL PRODUCTS</b>												
I. QUARTER	24.9	6.0	15.1	6.2	-1.1	2.6	-8.8	11.5	0.4			
II. QUARTER	28.4	9.2	18.4	18.2	9.9	14.3	-0.3	2.9	1.0			
III. QUARTER	25.3	5.7	15.0	14.5	-10.0	2.8	-21.2	32.3	1.3			
IV. QUARTER	12.9	-0.9	5.8	7.1	1.9	4.6	-4.7	7.7	1.1			
<b>MACHINERY &amp; TRANS.EQUIP.</b>												
I. QUARTER	14.1	12.7	12.9	-10.4	-5.1	-9.0	-9.0	5.9	-1.8			
II. QUARTER	8.8	6.3	6.7	7.4	25.3	23.1	10.1	3.9	4.7			
III. QUARTER	12.3	16.3	15.7	-2.8	8.2	6.3	17.0	0.5	2.2			
IV. QUARTER	17.3	16.4	16.6	-6.4	3.3	1.7	9.5	4.6	5.4			
<b>BASIC METALS</b>												
I. QUARTER	16.0	11.1	11.7	-10.7	-0.2	-1.7	8.0	5.2	5.5			
II. QUARTER	2.9	18.6	12.1	3.0	-2.1	-0.2	-15.4	12.0	1.2			
III. QUARTER	6.8	15.4	12.1	7.0	10.8	9.4	-1.6	-6.1	-4.4			
IV. QUARTER	1.8	21.6	12.9	-0.8	-0.4	-0.5	26.4	8.0	-5.7			
<b>T.MANUFACTURING INDUSTRY</b>												
I. QUARTER	-4.3	16.6	7.7	-0.2	-7.0	-4.4	-25.6	20.6	2.0			
II. QUARTER	8.3	20.8	15.9	6.2	-10.4	-4.2	-8.2	28.3	13.3			
III. QUARTER	8.1	8.5	8.5	-28.6	-4.4	-6.7	-0.6	-1.3	-1.2			
IV. QUARTER	4.5	-1.7	-1.2	-11.2	20.6	17.7	-23.1	-22.8	-22.8			
<b>FOOD-BEVERAGES-TOBACCO</b>												
I. QUARTER	31.2	8.0	9.9	-34.0	1.2	-2.3	-5.5	-11.9	-11.4			
II. QUARTER	49.0	7.9	11.3	-36.8	-9.4	-12.4	-9.1	14.5	12.7			
III. QUARTER	-19.4	18.0	13.0	-28.5	-22.7	-23.3	26.5	20.6	21.1			
IV. QUARTER	14.0	8.9	10.7	2.1	4.0	0.9	-5.5	6.6	2.1			
<b>TEXTILES-CLOTHING-LEATHER</b>												
I. QUARTER	12.5	6.5	8.5	16.4	14.4	15.1	-4.0	-5.9	-5.2			
II. QUARTER	15.3	9.4	11.3	7.2	2.6	2.6	-13.6	6.8	-0.6			
III. QUARTER	8.2	5.2	6.3	1.6	-0.7	0.2	-2.4	13.3	7.6			
IV. QUARTER	19.3	14.1	15.9	-11.5	-9.4	-10.2	-2.6	12.2	6.7			

Source : State Institute of Statistics

13.9 percent, manufacturing industry production dropped 5.8 percent, and energy sector production decreased by 1.2 percent.

Comparing the first quarter of 1990 to the same three months of 1989, however, there was an 11.1 percent increase in total industrial production. In this period, mining sector production rose 11.8 percent, manufacturing industry production 11.0 percent, and energy sector production 12.3 percent.

When the first quarter of 1989 is compared to the same three months of 1988, mining sector output increased 4.1 percent, energy sector output increased 2.2 percent and manufacturing industry production decreased 5.2 percent, total industry sector production decreased 3.6 percent.

In the first quarter of this year, public sector production in the manufacturing industry decreased 0.8 percent whilst private sector production in manufacturing industry increased 17.8 percent. Public sector production in the machinery industry rose 34.1 percent, in the textile industry 33.0 percent, in the basic metals industry 19.1 percent and in paper and paper products 13.0 percent. Private sector production in the wood, wood products and furniture industry jumped 45.0 percent, in the machinery industry 40.9 percent, in the basic metal industry 15.6 percent, in paper and paper products 12.3 percent, and in the food industry 10.7 percent.

The decline in production can be traced to a fall in domestic demand; this had revived considerably in the second half of last year, but re-entered a phase of contraction in 1990. Capacity utilization ratios in the manufacturing industry dropped in line with this fall in demand.

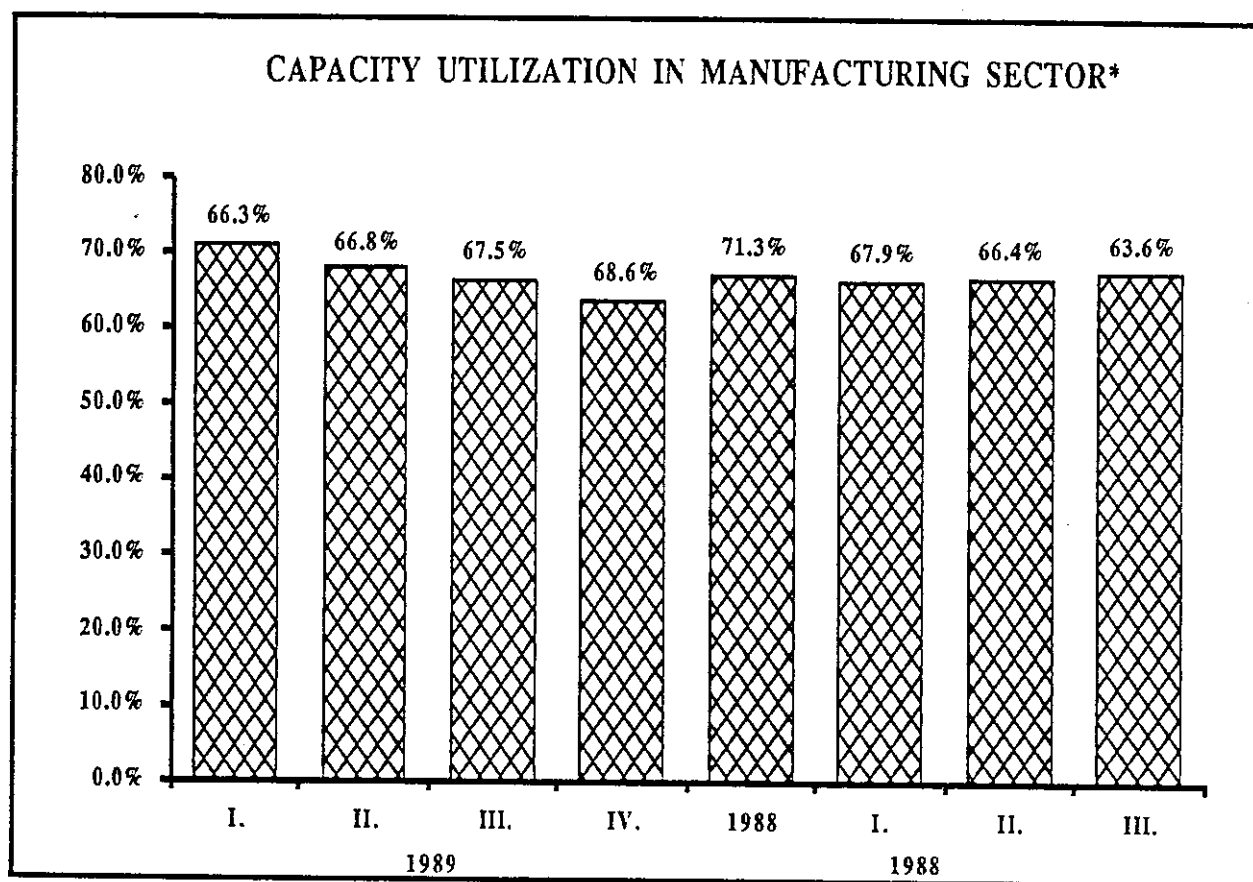
The revitalization of demand in the second half of 1989 was due to high increases in the wages of public sector workers after much labour unrest in 1989 and similar increases in the wages of public sector officials in July.

### **Capacity Utilization in the Manufacturing Sector**

According to the data obtained from the Istanbul Chamber of Industry, capacity utilization in the private sector attained an all time high in the first quarter of 1988, equal to 71.3 percent, but this was followed by marked decreases in the following three quarters. Thereafter there was a steady improvement in the fourth quarter of 1989, utilization was 68.6 percent.

Again according to the Istanbul Chamber of Industry, a comparison between the reasons for not using full production capacity shows that there was a critical increase in the insufficiencies of demand. from 47.3 percent in the fourth quarter of 1987, to 58.0 percent in the fourth quarter of

1988, and 58.4 percent in the fourth quarter of 1989 .



According to State Institute of Statistics data, the overall capacity utilization ratio in the manufacturing sector rose to 79.6 percent in the last quarter of 1989. This figure was 68.0 percent in the first quarter, 63.1 percent in the second quarter and 67.2 percent in the third quarter of the year.

In the fourth quarter, the capacity utilization ratio, was highest in the production of stone-earth-based products, at 88.2 percent. Capital goods and machinery achieved only 73.1 percent, the lowest figure recorded, except for the 62.9 percent utilization of "other" manufacturing industries.

Also according to the State Institute of Statistics, in the first quarter of this year, capacity utilization fell in food, textiles, soil products, basic metals, machinery, wood and wood products, furniture and other manufacturing industries compared to the last quarter of 1989.

The manufacturing industry capacity utilization ratio, which rose to 79.6 percent in the last quarter of 1989, dropped to 73.5 percent in the first quarter of 1990. Capacity utilization fell as follows in the industries making up the manufacturing industry: from 78.2 percent to 70.0 percent in the food industry, from 82.6 percent to 79.8 percent in textiles, from 78.4 percent to 75.1 percent in the chemical industry, from 88.2 percent to 79.0 percent in soil products, from 83.0 percent to 67.0

# UTILIZATION OF CAPACITY IN PRIVATE MANUFACTURING SECTOR (Unweighted)

	1988				1988	1989				1989
	I.	II.	III.	IV.		I.	II.	III.	IV.	
Food-Beverages-Tobacco	65.6%	62.3%	66.4%	63.3%	64.3%	61.9%	61.5%	67.5%	63.0%	63.2%
Textiles-Clothing-Leather	74.4%	72.0%	72.5%	69.8%	72.0%	72.0%	74.3%	74.4%	76.4%	74.4%
Forestry Prod.& Furniture	67.1%	61.9%	62.5%	57.3%	61.8%	56.6%	60.6%	60.6%	59.9%	60.3%
Paper & Paper Products	74.3%	71.5%	69.5%	64.3%	69.7%	73.3%	70.8%	72.2%	72.2%	72.1%
Chem.-Petr.-Rubber-Plas.	72.7%	68.1%	67.4%	64.0%	67.9%	67.2%	66.6%	67.5%	68.1%	67.3%
Earthenware	73.0%	75.3%	71.5%	67.0%	71.7%	69.9%	73.6%	72.0%	71.8%	71.7%
Basic Metals	69.9%	65.5%	61.9%	63.9%	65.5%	64.5%	61.1%	61.7%	66.0%	63.4%
Capital Goods-Machinery	70.9%	66.5%	62.1%	59.2%	64.5%	62.0%	62.2%	62.6%	64.1%	62.7%
Others	59.4%	60.0%	53.3%	53.5%	56.6%	61.5%	66.8%	63.6%	61.4%	63.5%
Total	71.3%	67.9%	66.4%	63.6%	67.2%	66.3%	66.8%	67.5%	68.6%	67.4%

Source : Istanbul Chamber of Industry

## REASONS FOR LOW UTILIZATION OF CAPACITY

	1988				1989				
	I.	II.	III.	IV.	1988	I.	II.	III.	IV.
Insufficiency of Demand	51.6%	55.2%	56.0%	58.0%	55.4%	59.0%	57.7%	59.2%	58.4%
- Domestic Demand	33.0%	37.7%	37.3%	38.3%	36.6%	39.2%	37.9%	38.8%	37.4%
- Foreign Demand	18.6%	17.5%	18.7%	19.7%	18.7%	19.7%	19.7%	20.4%	21.0%
Financial Problems	24.1%	22.9%	23.2%	21.1%	22.7%	20.3%	19.9%	19.0%	21.4%
Non-Availa.Raw Materials	16.2%	13.8%	13.4%	14.5%	14.5%	13.5%	13.9%	13.6%	13.0%
- Domestic	9.6%	8.3%	8.3%	8.6%	8.7%	7.5%	8.2%	8.3%	7.0%
- Imported	6.6%	5.5%	5.1%	5.9%	5.8%	6.0%	5.7%	5.3%	6.0%
Energy	5.1%	5.5%	2.0%	2.0%	2.2%	2.0%	1.8%	2.2%	2.1%
Labour Problems	2.5%	2.3%	4.7%	3.6%	4.7%	4.8%	6.4%	5.5%	4.6%
Others	0.2%	0.0%	0.3%	0.5%	0.2%	0.0%	0.0%	0.3%	0.2%

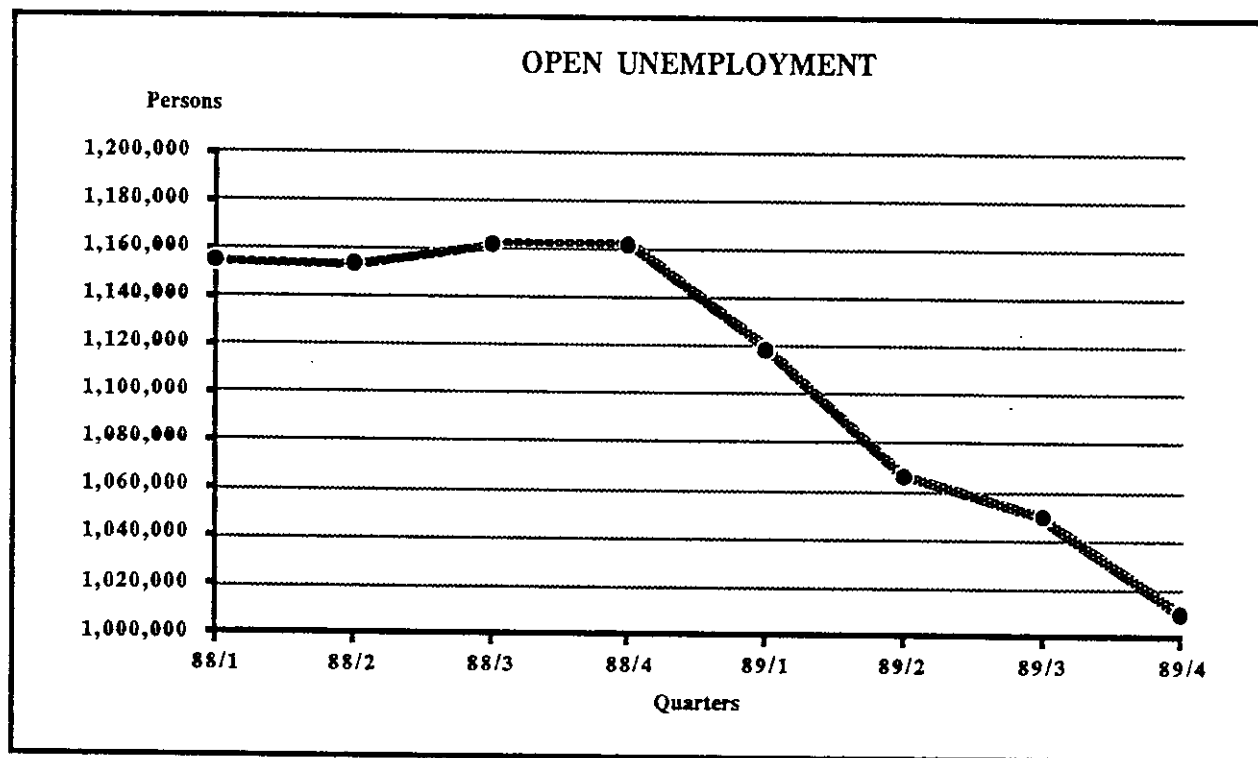
Source : Istanbul Chamber of Industry

percent in basic metals, from 73.0 percent to 69.3 percent in the machinery industry and from 81.5 percent to 77.8 percent in the wood, wood products and furniture industry. The capacity utilization ratio rose only in the paper and printing industry, from 79.6 percent to 82.0 percent.

## 6) Employment and Labour Relations

### Employment

Whilst 5 out of 10 of the economically active population are still engaged in agriculture, there has been a marked decline in employment in agriculture during the last 27 years, from 77.2 percent in 1962 to 50.1 percent in 1989. This fall was accounted for by an increase of 5.7 percentage points in employment in manufacturing, 3.1 percent in construction, and 5.4 percent in other services. The labour surplus ratio which was 15.8 percent in 1982 went down to 12.7 percent in 1988 but due to the low growth rate, this ratio increased to 12.8 percent in 1989.



### Collective Bargaining Agreements

During 1989 1,934 collective bargaining agreements were made; these involved 691,712 workers in 9,438 establishments.

**LABOUR MARKET AND SECTORAL EMPLOYMENT  
(AGE 15+ IN THOUSANDS)**

	1988	1989*	Change
Civilian Labour Force	18,350	18,680	1.8%
Civilian Employment	16,550	16,733	1.1%
Unemployment Excluding Agricultural Labour Surplus	1,800	1,947	8.2%
Agricultural Labour Surplus	530	450	-15.1%
Domestic Labour Surplus	2330	2397	2.9%
Surplus Ratio	12.7%	12.8%	
Surp.Rat.(Excl.Disg.Unem.)	9.8%	10.4%	
Domestic Civilian Employ.			
Agriculture	8,369	8,380	0.1%
Industry	2,512	2,561	2.0%
-Mining	214	226	
-Manufacturing	2,170	2,205	
-Electricity, Gas, Water	128	130	
Construction	866	887	2.4%
Commerce	1,692	648	-61.7%
Transportation	640	1,700	165.6%
Banking	381	388	1.8%
Other Services	2,090	2,169	3.8%
Total	16,550	16,733	1.1%

\*Estimate

Source : State Planning Organization

## Wages

Wage rates increased nine-fold in the public sector and fourteen-fold in the private sector during the 1983-1989 period. Since price levels increased by twelve-fold during the same period, public sector workers experienced a decline in real wages. Private sector workers also experienced a decline during the 1983-1988 period, but part of this fall was recovered in 1989.

# COLLECTIVE BARGAINING AGREEMENTS

	1982	1983	1984	1985	1986	1987	1988	1989
<b>Number of Collective Barg. Agre.</b>								
-Public	3,221	991	1,185	2,721	2,667	2,343	2,454	1,934
-Private	1,038	241	391	635	752	460	705	422
<b>Number of Workers Involved</b>								
-Public	2,183	750	794	2,086	1,915	1,883	1,749	1,512
-Private	1,169,804	261,264	340,095	919,810	707,230	923,088	629,303	691,712
<b>Number of Establishments</b>								
-Public	727,692	174,287	147,163	647,582	348,626	641,244	248,177	541,856
-Private	442,112	86,977	192,932	272,228	358,604	281,844	381,126	149,856
<b>Number of Establishments</b>								
-Public	18,150	5,468	4,258	12,702	11,769	7,623	10,576	9,438
-Private	8,122	3,875	1,499	9,619	7,956	4,895	7,000	7,562
<b>Number of Establishments</b>								
-Public	10,028	1,593	2,759	3,083	3,813	2,728	3,576	1,876

Source : Ministry of Labour and Social Security

## INDEX OF WAGES (At 1983 Prices)

YEARS	PRICE INDEX	CURRENT WAGES		REAL WAGES	
		PUBLIC	PRIVATE	PUBLIC	PRIVATE
1983	100.0	100.0	100.0	100.0	100.0
1984	148.4	150.6	140.5	101.5	94.7
1985	215.1	205.7	190.5	95.6	88.6
1986	289.6	239.9	248.7	82.8	85.9
1987	402.1	298.9	382.4	74.3	95.1
1988	705.1	465.1	631.9	66.0	89.6
1989*	1,196.0	984.7	1,409.1	82.3	117.8

Source : State Planning Organization

\*Estimate





## CHAPTER II

### MONETARY TRENDS

#### 1) Reserve Money and Money Supply

The high rates of growth in the reserve money, currency in circulation and the money supply (narrowly or broadly defined) observed in 1989 indicate the difficulties experienced by the Turkish monetary authorities in controlling monetary expansion in the economy. In 1989, as in the previous year, monetary policy was based on the control of Turkish Lira denominated reserves held by the Turkish banking system.

Huge foreign and domestic debt repayments, high rates of increase in agricultural support prices and in wages and salaries in the public sector, resulting in a larger-than-planned government Budget deficit, were amongst the major factors which made control of the liquidity in the economy quite difficult.

#### DETERMINATION OF MONEY SUPPLY (TL Billion)

	1988	1989	1990*
<b>Banknotes issued</b>	4,482.1	8,365.0	10,384.0
<b>(-) Bank Vaults</b>	886.2	1,472.0	2,212.0
<b>Currency Circulation</b>	3,595.9	6,893.0	8,172.0
<b>(+)</b>			
<b>Sight Deposits</b>	7,596.0	13,318.0	11,536.0
<b>Deposits with Central Bank</b>	11.8	25.0	20.0
<b>M1 Money Supply</b>	11,203.7	20,236.0	19,728.0
<b>(+)</b>			
<b>Time Deposits</b>	15,952.0	28,795.0	32,183.0
<b>Certificates of Deposit</b>	1,243.8	1,954.0	2,127.0
<b>M2 Money Supply</b>	28,399.5	50,985.0	54,038.0
<b>(+)</b>			
<b>Foreign Currency Deposits of Domestic Origin</b>	7,141.7	11,417.0	13,173.0
<b>M2 Money Supply (new definition)</b>	35,541.2	62,402.0	67,211.0
<b>M2 (+)</b>			
<b>Public Deposits</b>	1,802.9	1,776.0	2,437.0
<b>Other Deposits with Central Bank</b>	801.2	904.0	1,258.0
<b>M3 Money Supply</b>	38,145.3	65,082.0	70,906.0
<b>Money Multiplier</b>			
<b>M1 / Reserve Money</b>	1.21	1.23	1.09
<b>M2 / Reserve Money</b>	3.07	3.10	2.98

\*As of April 13th.

Source: SIS and ANKA Agency

Reserve money displayed a higher rate of expansion in 1989 than that which is consistent with a lower rate of monetary expansion (and thus a lower rate of inflation); it expanded at a rate of around 78.0 percent in 1989, about the same rate as in the previous year. Analyzing the factors responsible for the expansion of reserve money, it is to be observed that the increase was mainly due to a high rate of increase in the Central Bank's net foreign assets. Around 91.0 percent of the increase in reserve money was accounted for by this and the remaining 9.0 percent by net domestic assets.

In recent years, considerable increases in the country's international reserves have created certain difficulties for the Turkish Central Bank. The Bank is faced with the difficult choice between either (a) permitting a slower depreciation of TL against other currencies (possibly leading to "overvaluation" of TL) or (b) buying foreign currency from the non-Central Bank sector thereby creating a higher rate of growth of money supply. If (a) is chosen, a possible overvaluation of the TL is likely to lead to a deterioration in the trade balance at a time when exports are encouraged by real depreciation of the Turkish Lira. If (b) is chosen, the control of the money supply is likely to become even more difficult, especially at a time of high inflation.

Under these circumstances, "sterilization" of the expansionary effects of the increase in international reserves is a very remote possibility since there exist large Budget deficits and not Budget surpluses. Some studies conclude that in recent years, especially in 1988 and 1989, increases in international reserves have led to high rates of increase in the banknote issue by way of increasing the net foreign assets in the Central Bank's balance sheet. In 1989, the Central Bank seemed to follow a middle way, partly letting the TL depreciate at a slower rate (in fact TL appreciated in real terms, contrary to the monetary programme's target of real depreciation) and partly allowing an increase in the banknote issue.

In parallel with the increase in reserve money, the banknote issue also increased at a high rate during 1989, by 86.6 percent, as against 48.5 percent in the previous year. Currency in circulation increased at a rate of 91.7 percent, as against 61.6 percent in 1988.

The narrow definition of the money supply (M1) increased by 80.6 percent, whilst the M2 money stock, an intermediate target of monetary policy in controlling nominal GNP, grew at a rate of 79.5 percent in 1989, implying a marginal deceleration from the previous year. Comparing the rate of monetary expansion and the rate of inflation in 1989, it may be concluded that monetary policy was inflation-accommodating; however, it is very difficult to speak of an independent monetary policy in the Turkish context as this is largely subordinated to a fiscal policy based on huge Budget deficits.

The money creation multiplier (defined as the ratio of M1 or M2 to reserve money) was quite stable during 1989, largely because of the continued high interest rate policy.

In recent years, the monetary policy pursued by the Turkish Central Bank had involved controlling total TL denominated reserves held in the commercial banking system. From the beginning of 1990, however, the Central Bank began controlling a different monetary magnitude, called "Central Bank Money", with the conviction that this is a more approximate measure of the total liquidity in the economy. Central Bank money consists of banknotes issued, TL liabilities of the Central Bank to the commercial banking sector (including such liabilities due to open market operations), and public deposits (inclusive of unused public sector credit limits). In other words, the Central Bank money reflects total TL liabilities of the Bank to the rest of the economy.

The Central Bank authorities are of the opinion that this magnitude is a better and more approximate measure of tracing the effects of monetary policy on the total liquidity and more accurately measures the liquidity creating ability of the Bank, as compared to the banknote issue.

#### RESERVE MONEY (TL Billion)

	1988	1989	1990*
<b>Sources of Reserve Money</b>	9,237.3	16,435.6	18,166.0
Banknote Issue	4,482.1	8,365.0	10,384.0
Statutory Reserves	3,747.9	6,047.0	6,331.0
Others	1,007.3	2,023.6	1,451.0
<b>Uses of Reserve Money</b>	9,237.3	16,435.6	18,166.0
Net Foreign Assets	2,555.1	9,087.0	11,051.0
Net Domestic Assets	6,683.2	7,348.6	7,115.0
-CB Credits to Public Sector	3,164.1	3,887.0	3,339.0
-CB Credits to Private Sector	1,978.2	2,812.0	3,246.0
-Other	1,540.9	649.6	530.0

\*As of April 13th

Source: ANKA Agency

The basic features of the 1990 monetary programme disclosed by the Central Bank can be summarized as follows:

a) As a medium term target of monetary policy, the Bank shall endeavour to control its total domestic liabilities. As in 1989, policy is aimed at controlling and reducing the amount of total domestic liabilities in the Central Bank balance sheet. In order to reach this objective, the Bank

shall try to eliminate the difference between Central Bank Money and total domestic liabilities (the difference presently consists of deposits followed in foreign currency and foreign currency deposits of other banks).

b) The Bank, in accordance with the requirements of the anti-inflationary monetary policy, aims at controlling net domestic assets, thereby confining the source of growth in the Central Bank Money to net foreign assets. The control of total domestic credit expansion, being the most important source of net domestic assets, shall in turn require a successful control of the Bank's credits extended to both private and public sectors.

The first three months' developments indicate that the Central Bank was successful in keeping its Money within limits and controlling the size of its balance sheet. However, the success of the monetary programme still critically depends on the Budget stance during the rest of the year. In this respect, the larger than planned Budget deficit during the first quarter of 1990 already constitutes a major threat to the success of the programme (the consolidated Budget deficit during the first quarter of 1990 more than tripled, as compared to the corresponding quarter of the previous year).

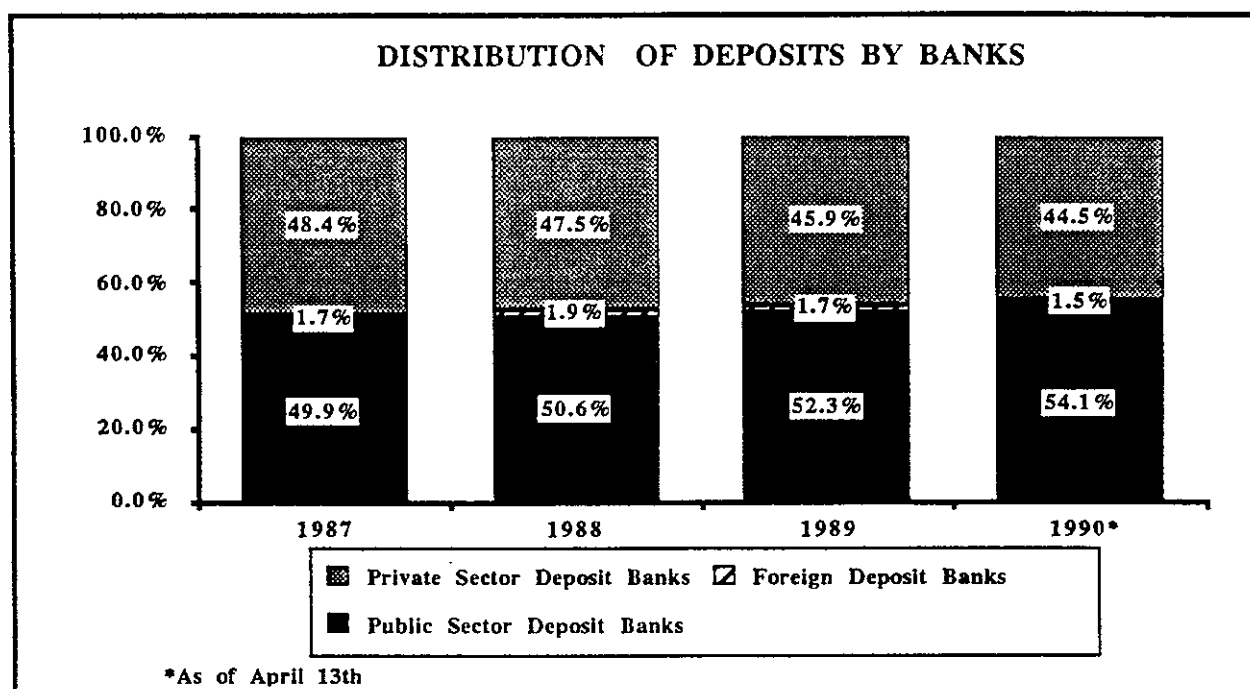
Reserve money grew within reasonable limits in the first quarter of 1990 increasing by around 10.5 percent on April 13. The source of growth in the reserve money was confined to the increase in net foreign assets (in line with the monetary programme for 1990), whilst there was a decline in net domestic assets mainly due to a decrease in the Central Bank's credits to the public sector.

Banknote issue and currency in circulation increased by 24.1 percent and 18.6 percent, respectively during the first quarter of the year. The slight decline in M1 (narrow definition of money stock) was due to a decrease in sight deposits whilst the relatively slower growth of time deposits led to a considerably slower growth in M2 (broad definition of money stock).

There was some decline in the money-multiplier during the first quarter of 1990.

## **2) Bank Deposits**

The government, with the objective of increasing demand for TL, reducing excessive demand pressures on the foreign exchange markets, and channelling more savings into the banking sector, had freed bank deposit interest rates in mid-October 1988. Shortly after this, however, the government set the maximum rate payable on one-year time deposits at 85.0 percent, allowing the banks to set their rates within this maximum.



Following the rise in deposit interest rates, there was a great influx of deposits into the commercial banks. Despite the decline in nominal bank deposit interest rates throughout 1989, deposits continued to grow at a relatively high rate, by 73.1 percent as compared to 76.3 percent in 1988. Time savings deposits, inclusive of CDs, increased at a rate of 85.5 percent, slightly over the rate of increase of this category of deposits in the previous year. As a result of the rapid growth of deposits, at the end of 1989, savings deposits reached around TL 32.7 trillion, commercial deposits TL 9.5 trillion, and public deposits TL 1.7 trillion. In the face of fewer investment alternatives, especially for small savers, in recent years, bank deposits have become almost the only asset to invest in, thereby reducing the interest elasticity of bank deposits. The fact that there was no significant withdrawal from bank accounts in mid-October 1989 (when the one-year deposits previously invested at 85.0 percent interest had matured) underlines this fact.

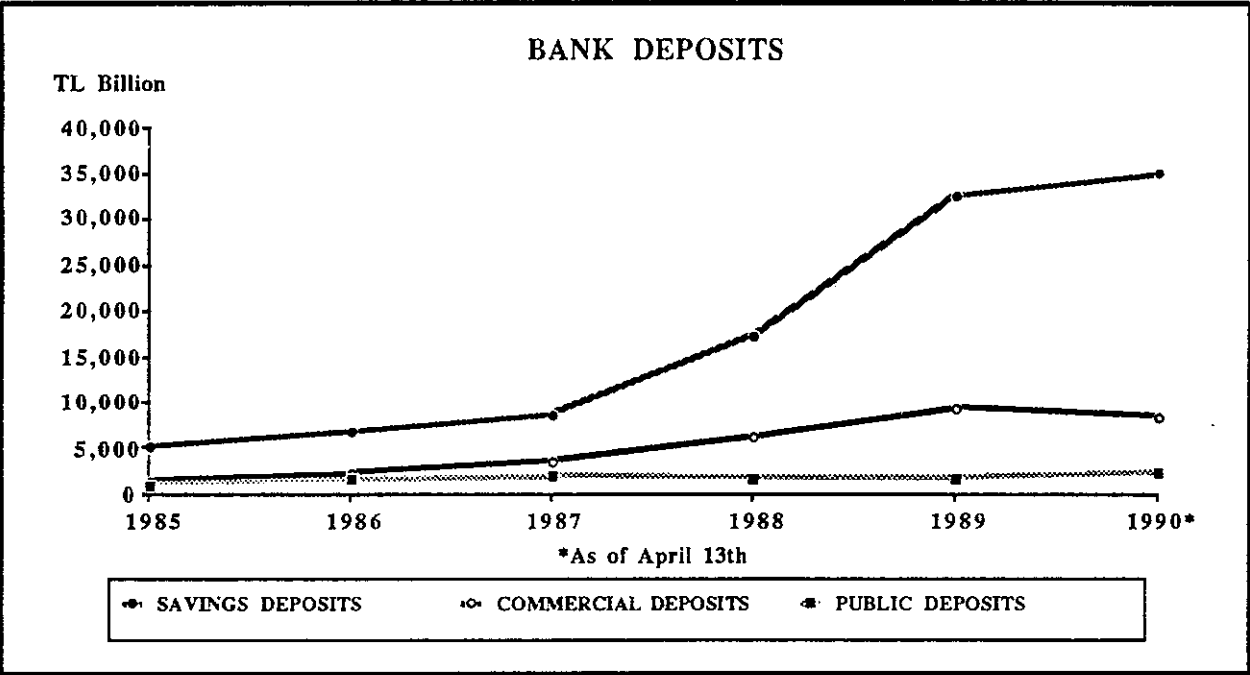
**BANK DEPOSITS  
(TL Billion)**

	1988	1989	1990*
<b>SAVINGS DEPOSITS</b>	17,339.5	32,657.0	35,189.0
- Sight	2,518.4	5,511.0	5,297.0
- Time	14,821.1	27,146.0	29,892.0
<b>COMMERCIAL DEPOSITS</b>	6,209.0	9,456.0	8,530.0
- Sight	5,078.0	7,807.0	6,239.0
- Time	1,131.0	1,649.0	2,291.0
<b>PUBLIC DEPOSITS</b>	1,802.9	1,776.0	2,437.0
<b>TOTAL BANK DEPOSITS</b>	25,351.4	43,889.0	46,156.0

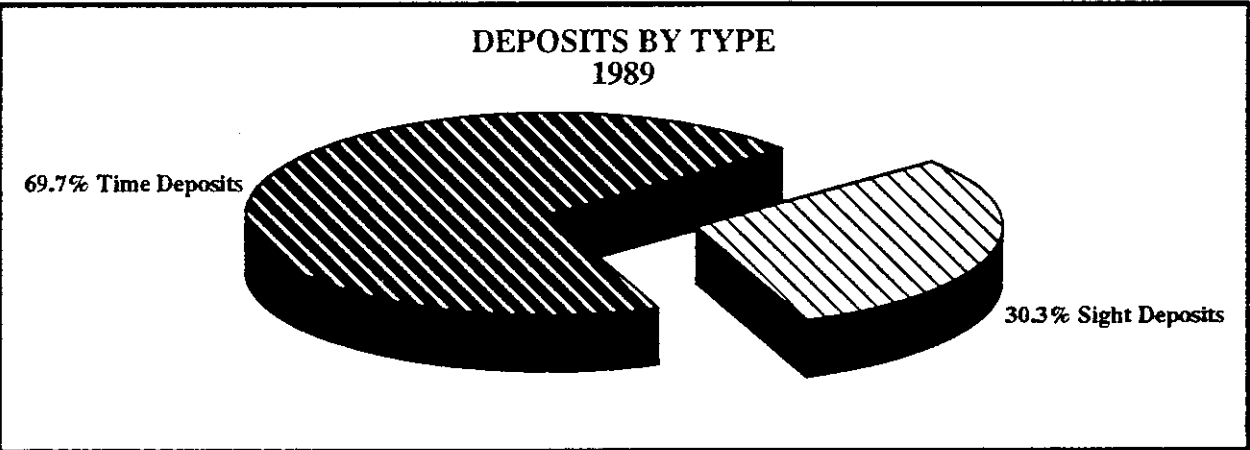
\* As of April 13th.

Source: ANKA Agency

The share of savings deposits in total deposits increased from 68.0 percent in 1988, to 74.0 percent in 1989.

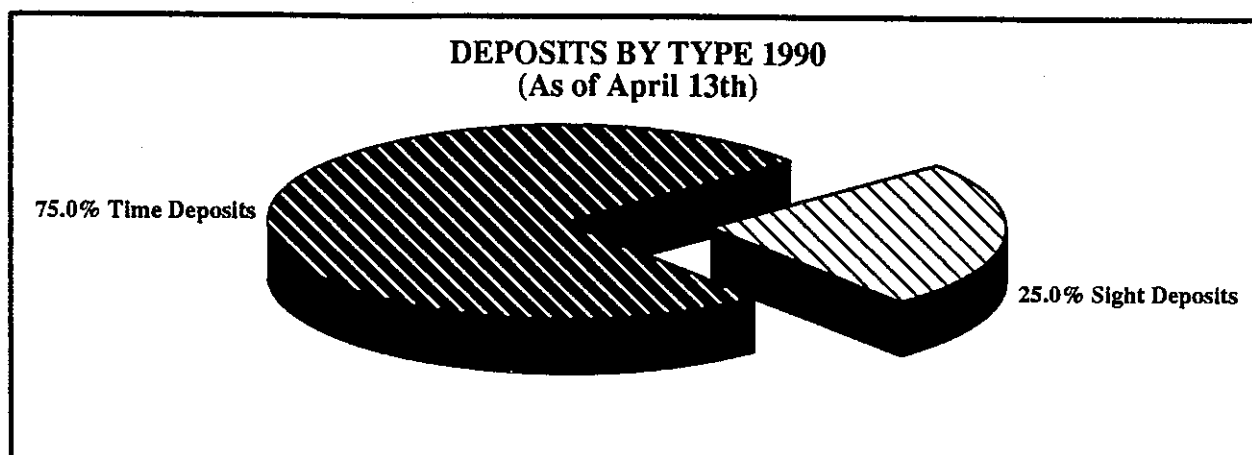


The share in total bank deposits of the public deposit banks increased from 50.6 percent in 1988 to 52.3 percent in 1989, at the expense of slight declines in the shares of private deposit banks and foreign deposit banks. In point of fact, given the high cost of deposits collected from the public, foreign banks relied less on domestic deposits but increasingly preferred borrowing from the interbank money market at relatively low cost and extending loans of a short-term nature to credit-worthy firms at highly competitive rates.



The Turkish banking sector is mainly characterized by an oligopolistic market structure, with a high rate of market concentration. But market concentration in bank deposits seems to have declined slightly; as a result, the share of the top three banks in savings deposits declined from 51.7 percent in 1988 to 44.5 percent in 1989, in commercial deposits from 51.1 percent to 42.3

percent ,and in total deposits from 54.4 percent to 50.6 percent.



The composition of total deposits as between sight deposits and time deposits (inclusive of CDs) remained the same in 1989; accordingly, 30.0 percent of total deposits consists of sight deposits and the remaining 70.0 percent is made up by time deposits. As the interest elasticity of sight deposits, (largely reflecting the transactions ' demand for money), is quite low, the decline in sight deposit interest rate from 36.0 percent to 10.0 percent during the year, did not affect the share of sight deposits in total deposits.

#### DISTRIBUTION OF DEPOSITS BY BANKS

	1987	1988	1989	1990*
	(TL Billion)			
Public Deposit Banks	7,171	12,517	22,971	24,957
Private Deposit Banks	6,150	12,358	20,159	20,532
Foreign Deposit Banks	248	476	759	666
<b>Total Deposits</b>	<b>13,569</b>	<b>25,352</b>	<b>43,889</b>	<b>46,155</b>
	(Percentage)			
Public Deposit Banks	52.9%	49.4%	52.3%	54.1%
Private Deposit Banks	45.3%	48.7%	45.9%	44.5%
Foreign Deposit Banks	1.8%	1.9%	1.7%	1.4%

\*As of April 13th

Source : SIS and ANKA Agency

A considerable deceleration was observed in the growth of bank deposits during the first four months of 1990, as a result of which, total bank deposits grew by only 5.2 percent in nominal terms. Given the rate of inflation during this period, this meant a real decline in bank deposits. Time savings deposits also grew at a relatively slower rate, increasing by only 10.0 percent during the early four months of the year. Sight commercial deposits declined considerably, by around 25.0 percent. As a result of these changes, the composition of total deposits changed in favour of time deposits.



### 3) Credit Stock

#### Total Credit Stock

Total credit stock, consisting of Central Bank direct credits, and credits extended by deposit and investment/development banks, expanded at the same rate in 1989 as in the previous year; the total nominal credit stock grew by 56.0 percent reaching TL 38,143 billion at the end of 1989. Given that the rate of inflation, as measured by the average annual increase in wholesale prices, was 69.6 percent in 1989, this meant a decline in the real credit stock in the same year. No less than 86 percent of the expansion in the total credit stock was accounted for by the increase in deposit banks' credits.

Total credit stock in the economy expanded by around 13.5 percent during the first three and a half months of 1990, responsibility for the increase resting entirely with the deposit banks. The share of Central Bank direct credits in total credit stock declined from 10.0 percent at the end of 1989, to 7.7 percent in April 1990, indicating the reduced importance of such credits in the economy.

#### TOTAL CREDIT STOCK (TL Billion)

	1988	1989	1990*
<b>I.BANK CREDITS</b>	21,175.6	34,256.0	39,999.0
a) Deposit Banks	18,550.9	30,404.0	35,698.0
b) Investment and Development Banks	2,624.7	3,852.0	4,301.0
<b>II.CENTRAL BANK DIRECT CREDITS</b>	3,164.1	3,887.0	3,339.0
<b>TOTAL CREDIT STOCK</b>	24,339.7	38,143.0	43,338.0
	<b>(Percentage)</b>		
<b>I.BANK CREDITS</b>	87.0%	89.8%	92.3%
a) Deposit Banks	76.2%	79.7%	82.4%
b) Investment and Development Banks	10.8%	10.1%	9.9%
<b>II.CENTRAL BANK DIRECT CREDITS</b>	13.0%	10.2%	7.7%

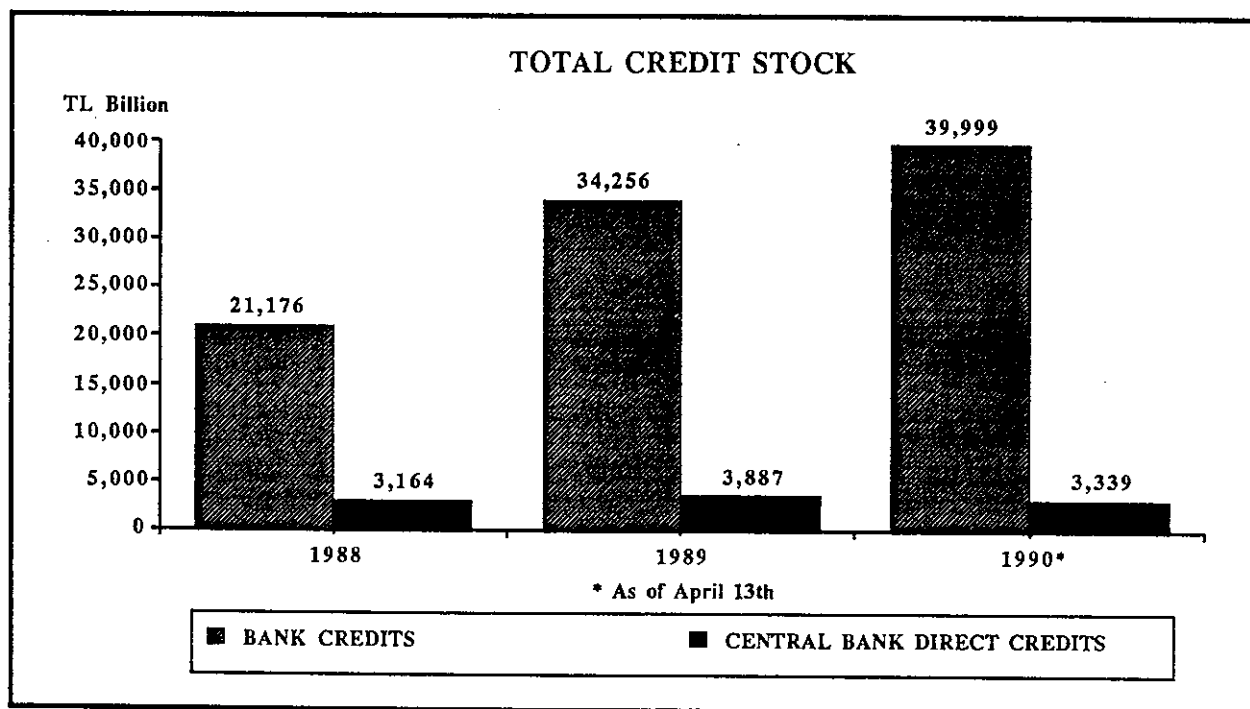
\*As of April 13th.

Source: SIS and Anka Agency

#### Central Bank Credits

The government's increasingly lesser reliance on Central Bank resources in meeting the PSBR (Public Sector Borrowing Requirement) has been a major factor in the deceleration in the Central

Bank's credit expansion in recent years. The decelerating trend in the Central Bank's credit expansion continued during 1989 and, as a result , both direct and total Bank credits grew at a slower rate than in the previous year.



Central Bank direct credits increased by around 23.0 percent in 1989, as compared to the 36.0 percent in the previous year; the Bank's total credits (including indirect credits) increased by around 30.0 percent as against the 49.5 percent in 1988.

**DISTRIBUTION OF CENTRAL BANK CREDITS  
(TL Billion)**

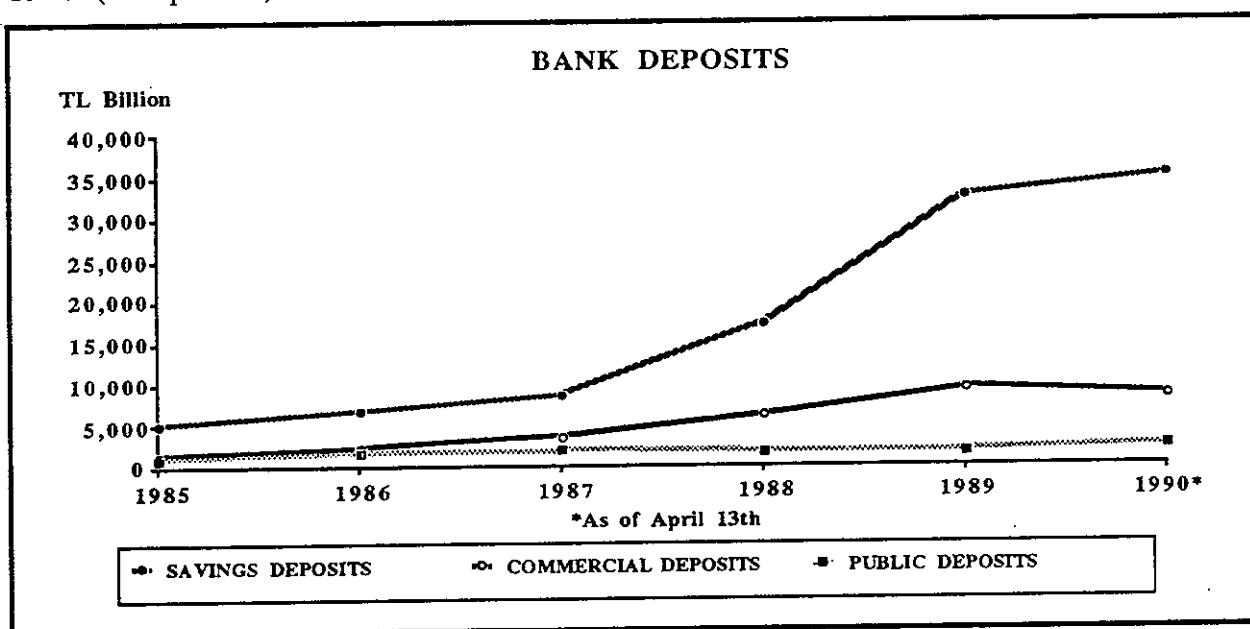
	1988	1989	1990***
<b>CENTRAL BANK's:</b>			
<b>I. Public Sector Credits:</b>			
a) Advances to Treasury	3,164	3,887	3,339
b) SEE's Borrowings (*), (**)	2,082	2,565	2,853
	1,082	1,322	486
<b>II. Private Sectors Credits:</b>			
a) Commercial Banks (**)	1,978	2,812	3,246
b) Agriculture (**)	612	1,002	1,683
c) Industrial	696	920	652
d) Others(**)	645	869	895
	25	21	16
<b>TOTAL</b>	<b>5,142</b>	<b>6,699</b>	<b>6,585</b>

(\*) Only Soil Products Office

(\*\*) Credits are down since debts of public agencies were written off.

(\*\*\*) AS of April 13th

Analyzing the distribution of the Central Bank's direct plus indirect credits, the public sector's share (extended through advances to the Treasury and loans to the Soil Products Office) declined from 62.0 percent in 1988, to 58.0 percent in 1989. Credits extended to the private sector grew at a higher rate (albeit at a slower rate than in the previous year), as a result of which, this sector's share of Central Bank credits increased from 38.0 percent in 1988, to 42.0 percent in 1989. Despite its declining trend, advances to the Treasury still took up the largest proportion (66.0 percent) of Central Bank public sector credits. Analyzing the distribution of Central Bank credits by economic sectors, it is to be observed that advances to the Treasury take up the largest share (45.5 percent), followed by industry (16.2 percent), agriculture (24.1 percent) and the export sector (12.1 percent).



The Central Bank's total credits declined by around 2.0 percent in the first three and a half months of 1990; this was due to a substantial fall in the Bank's credits to the public sector. As a result, the share of public sector credits (mainly in the form of Advances to the Treasury) declined from 58.0 percent at the end of 1990, to 50.0 percent in April 1990. Central Bank credits to the private sector grew by around 15.5 percent during the first three and a half months, mainly through the commercial banks.

### Deposit Banks' Credits

Credits extended by public, private and foreign deposit banks were again in 1989 the main source of the expansion of the economy's total credit stock. Deposit banks' credits grew at a faster rate, by 63.9 percent as compared to the previous year. Short-term commercial loans made up no less than 73.0 percent of the deposit banks' credits.

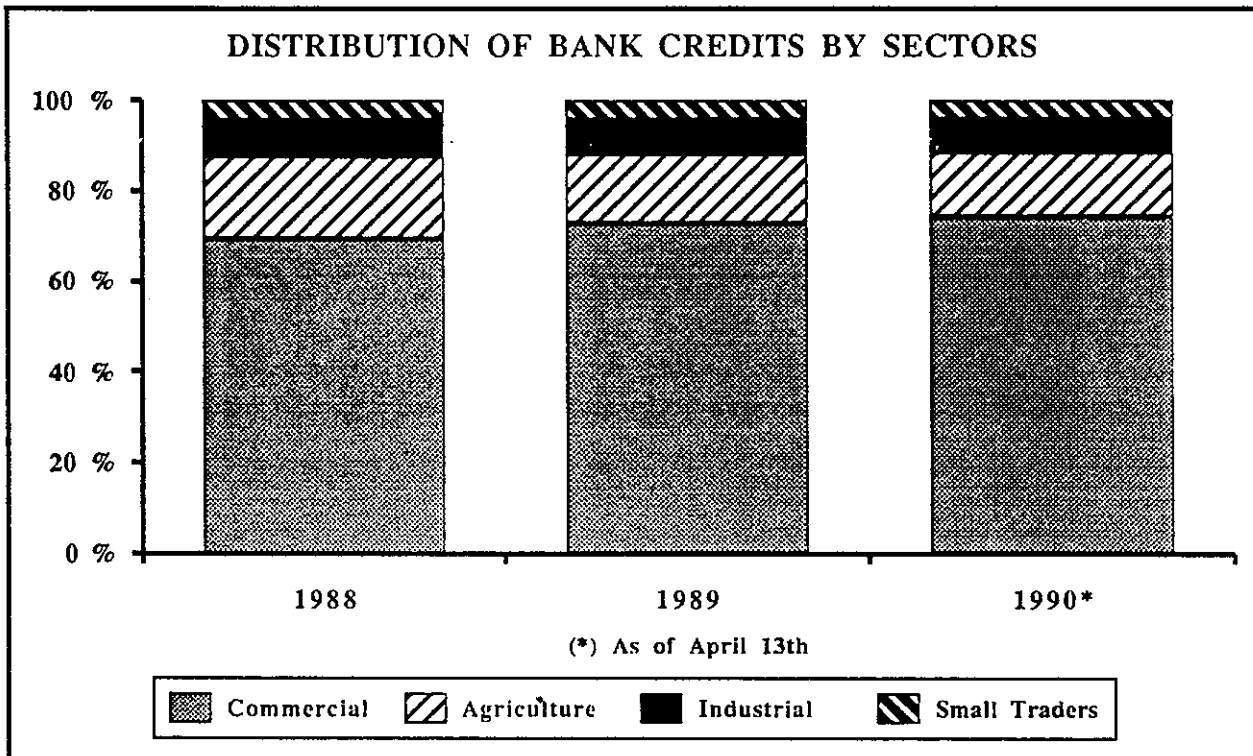
**DEPOSIT BANKS' CREDITS**  
(TL Billion)

	1988	1989	1990*
Public Deposit Banks	11,133	17,342	19,398
Private Deposit Banks	6,891	12,002	15,105
Foreign Deposit Banks	527	1,060	1,195
<b>Total</b>	<b>18,551</b>	<b>30,404</b>	<b>35,698</b>

\*As of April 13th.

Source: Anka Agency

The ratio of credits to deposits fell for public banks, but increased for foreign deposit banks; most foreign banks, instead of engaging in domestic deposit collection at high costs, rather preferred to supply loans from foreign markets or borrow from the Turkish interbank money market at more favourable rates.



In 1989, the exorbitantly high cost of TL denominated funds, together with the considerably slower depreciation of TL against other currencies, induced firms to borrow from abroad, either through commercial banks or directly (e.g., by means of acceptance credits).

**DISTRIBUTION OF BANK CREDITS**  
(TL Billion)

	1988	1989	1990*
<b>Commercial Credits (**)</b>	14,028	23,946	28,694
<b>Agricultural Credits</b>	3,672	5,096	5,467
<b>Industrial Credits</b>	1,634	2,484	2,862
<b>Small Traders' Credits</b>	851	1,363	1,537
<b>TOTAL BANK CREDITS</b>	20,185	32,889	38,560

(\*) As of April 13th

(\*\*) Excluded of Turkish Eximbank Credits

Source: SIS

In 1989, demand for borrowed funds weakened to a considerable extent, mainly due to slower macro-economic activity, the weakness of expected demand for goods and services, and generally negative business expectations. As a result, loan interest rates were on a declining trend, ranging between 60.0-80.0 percent. In order to overcome the high-cost-idle-fund problem, commercial banks began extending very short-term loans (e.g. one-month, etc) at quite favourable rates. Considerably lower interbank money market rates were another indicator of the substantial excess liquidity in the Turkish banking sector.

**RATIO OF DEPOSITS TO CREDITS**  
(Percentage)

	1988	1989	1990*
<b>All Commercial Banks</b>	136.7	144.4	118.5
<b>Public Banks</b>	112.4	132.5	128.7
<b>7 Big Private Banks</b>	202.0	202.9	165.3
<b>Other Private Banks</b>	67.0	66.3	48.6
<b>Foreign Deposit Banks</b>	90.4	71.6	55.7

\* As of April 13th.

Source: Anka Agency

The ratio of deposits to credits decreased for all categories of banks during the first months of 1990, indicating the accelerated expansion of bank credits relative to the growth in bank deposits: thus, despite a nominal expansion of credit stock, it declined in real terms.

In recent years, deposit banks have increasingly tended to prefer risk -free and high yield government papers as an alternative to private sector loans, as the latter have increasingly involved a very high risk of repayment defaults due to high interest costs and slowing economic activity. As a result, the increased channelling of the banks' financial sources towards the financing of public debts has, to a great extent, turned the banking system into a sort of "debt-banking" institution, which at the same time limits the scope for interest rates to adjust to market conditions.

## Investment and Development Banks' Credits

Credits extended by investment and development banks grew at a slower rate in 1989; credits by these banks mainly financed investments in the manufacturing and tourism sectors.

### INVESTMENT AND DEVELOPMENT BANK CREDITS BY ECONOMIC SECTORS

	1985	1986	1987	1988	1989*
Industry	92.2%	92.5%	88.2%	80.7%	81.4%
Mining	0.2%	0.0%	0.0%	0.0%	0.0%
Energy	8.8%	4.9%	2.9%	1.4%	1.0%
Manufacturing	83.2%	87.6%	85.3%	79.3%	80.4%
Transportation & Comm.	3.6%	2.7%	1.7%	0.0%	0.0%
Tourism	4.2%	4.8%	10.1%	19.3%	18.6%
Total	100.0%	100.0%	100.0%	100.0%	100.0%

\* As of September

Source: SIS

## 4) Interest Rates

### Deposit Interest Rates

Indexation of nominal bank deposit interest rates to the current (or "expected") rate of inflation has been an integral part of the "stabilization" and "structural adjustment" policies implemented in the Turkish economy throughout the 1980s. However the trend of nominal interest rates during 1989 indicated a deviation from the "positive, real interest rate" policy; interest rates declined at a faster rate than the rate of deceleration in current inflation, thereby producing, in real terms, a negative rate of interest on bank deposits..

Whilst interest payable on sight (demand) deposits levelled off at 10.0 percent, the trend in interest rates payable on time deposits was downward. As a result, interest payable on three month deposits declined from 62.0 percent in March 1989 to 46.0 percent in April 1990; that on six months deposits fell from 66.0 percent to 49.0 percent and that on one-year deposits dropped from 78.0 percent to 56.0 percent. Against this the average annual rate of increase in prices was 69.6 percent according to the Economy-wide Consumer Prices Index published by the SIS. As longer term bank deposits paid higher interest rates it was not possible to break inflationary expectations through interest rates.

Despite declining interest rates, bank deposits continued to grow at a considerable rate. The fact that in 1989 alternative savings instruments (such as gold, foreign currency, and even real estate) yielded rates of return which were well below bank deposit interest rates, provides some explanation for this phenomenon. But more importantly, in the face of high inflation eroding the real value of savings, bank deposits have become almost the only instrument for small savers (consisting of around 40.0 percent of bank time depositors) in recent years; thus it is likely that the interest elasticity of bank deposits may have fallen in recent years as small savers now have fewer alternatives to choose between.

### **Loan Interest Rates**

Following interest rate liberation in mid-October 1988, the rise in deposit interest rates to as high as 85.0 percent, together with the increase in the reserve requirement ratio, resulted in an increase in the cost of deposits, which the banks naturally passed on to their clients by raising loan interest rates.

Due to the higher cost of borrowing, slower macro-economic activity, and negative business expectations, demand for borrowed funds weakened during 1989, as a result of which loan interest rates were on a declining trend. Rates ranged between 60.0-80.0 percent (as compared to 80.0-95.0 percent at the end of 1988 and at the beginning of 1989); however, due to a 5.0 percent Transactions Tax and a 6.0 percent Resource Utilization and Support Fund Levy, the final cost of funds to the user went up to as high as 88.0-126.0 percent.

Given the exorbitantly high cost of TL borrowing and the relatively slower depreciation of TL against major currencies in 1989 (the TL depreciated by only 22.2 percent against US dollar during the year), foreign borrowing (or foreign currency denominated domestic borrowing) has again become attractive for fund-users. Reduction of the Resource Utilization and Support Fund Levy on foreign borrowing from 6.0 percent to 1.0 percent in October 1989, was another incentive for borrowers to use funds from abroad.

Whilst the high cost of loans induced firms to economise on borrowed funds, the issue of what are termed "spot credits" became widespread during 1989 by banks faced with the problem of idle funds. Such credits were extended to low risk big companies, generally for a period of one or two months, at exceptionally low interest rates, ranging from 40.0-50.0 percent. Commercial banks have also started extending consumer credits which had not existed previously, but at relatively high interest rates.

# BANK DEPOSIT AND LENDING RATES

In percent per annum	1989						1990				
	June 9	July 9	Aug 9	Sept 9	Oct.11	Nov.6	Dec.12	Jan.10	Feb.9	Mar. 9	Apr.9
CENTRAL BANK REDISCOUNT RATES											
Rediscount Transactions	54.0%	54.0%	54.0%	54.0%	54.0%	54.0%	54.0%	40.0%	40.0%	40.0%	40.0%
Advance Transactions*	70.0%	70.0%	70.0%	70.0%	70.0%	70.0%	70.0%	45.0%	45.0%	45.0%	45.0%
TURKISH DEVELOPMENT BANK											
Credits of Foreign Origin	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%	45.0%	45.0%
Fixed	-	-	-	-	-	-	44.8%	41.6%	40.8%	40.5%	40.4%
Floating											
Credits of TKB Origin	70.0%	70.0%	70.0%	70.0%	70.0%	70.0%	70.0%	70.0%	53.0%	50.0%	50.0%
Medium Term Investment	70.0%	70.0%	70.0%	70.0%	70.0%	70.0%	70.0%	70.0%	60.0%	58.0%	58.0%
Medium Term Management	70.0%	70.0%	70.0%	70.0%	70.0%	70.0%	70.0%	70.0%	65.0%	65.0%	65.0%
Short Term General											
Turkish Export and Credit Bank (Eximbank)	42.0%	46.0%	46.0%	46.0%	46.0%	46.0%	46.0%	43.0%	42.0%	42.0%	42.0%
Preshipment	35.0%	35.0%	35.0%	35.0%	35.0%	-	-	-	-	-	-
Postshipment	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%	-	-	-	-
Export Rediscount Credit	-	-	-	-	-	-	-	40.0%	40.0%	40.0%	40.0%
Foreign Trade Corp.Redisc.Credits											
MAXIMUM DEPOSIT RATES***											
Demand deposits	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
Saving deposits (1-3 months)	49.0%	45.0%	41.0%	41.0%	41.0%	41.0%	41.0%	37.0%	36.0%	35.0%	35.0%
Saving deposits (3-6 months)	56.0%	52.0%	50.0%	50.0%	51.0%	50.0%	50.0%	48.0%	46.0%	46.0%	46.0%
Savings deposits (6-12 months)	59.0%	55.0%	52.0%	53.0%	54.0%	54.0%	53.0%	51.0%	49.0%	49.0%	49.0%
Savings deposits (12-24 months)	69.0%	65.0%	62.0%	63.0%	64.0%	61.0%	60.0%	58.0%	56.0%	56.0%	56.0%
Certificate of deposits											
3-6 months	56.0%	52.0%	50.0%	50.0%	51.0%	50.0%	50.0%	48.0%	46.0%	46.0%	46.0%
6-12 months	59.0%	55.0%	52.0%	53.0%	54.0%	54.0%	53.0%	51.0%	49.0%	49.0%	49.0%
12-24 months	69.0%	65.0%	62.0%	63.0%	64.0%	61.0%	60.0%	58.0%	56.0%	56.0%	56.0%

\* Since the beginning of 1990 discount window practice is applied.

\*\* Maturity is extended from 120 days to 180 days

\*\*\* Free, rates are the average of large banks.

Source: SIS



## **Interbank Money Market Rates**

In 1989, too, the interbank money market, established in 1986, continued to closely reflect short-term liquidity trends in the banking sector. In addition, developments which took place in the interbank foreign exchange market were also influential in the determination of interbank money market rates. The Central Bank of Turkey intervened in the interbank foreign exchange market quite frequently, in support of the external value of TL; as a result, the demand for foreign currency by banks remained low and the excess supply of TL funds led to lower interbank money market rates.

## **Central Bank Rediscount Rates**

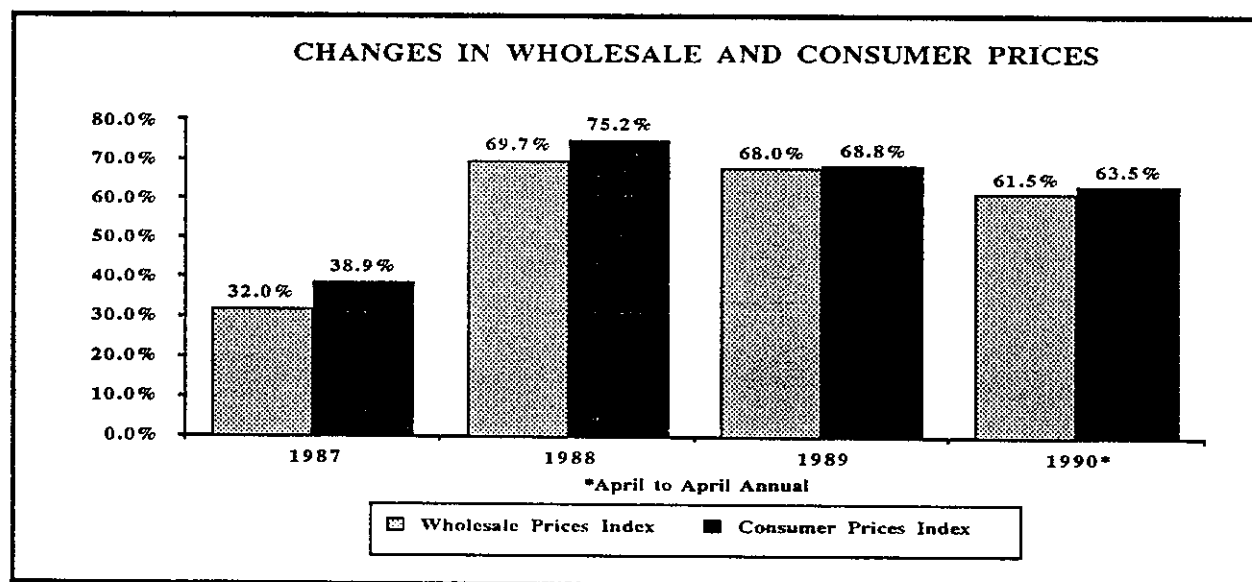
The Central Bank, in order to reduce financial distortion caused by the increased degree of subsidization of preferential credits, increased rediscount rates early in 1988. Increased rediscount rates were maintained also throughout 1989. Accordingly, short-term rediscount rates on general purpose credits remained at 54.0 percent, whilst the rediscount rate applicable on general-purpose credits was 60.0 percent. The lowest rediscount rates were those applicable to short-term export credits, 35.0 percent.

Bank deposit interest rates continued to decline during the first quarter of 1990, despite there being no visible deceleration in the current rate of inflation. The annual rate of interest payable on deposits of all maturities lagged behind the current or "expected" rate of inflation, resulting in negative real rates of interest. As a result, total bank deposits and time savings deposits grew markedly more slowly, declining in real terms. The banking community generally expects bank deposit interest rates to rise again possibly towards the last quarter of the year, but the big deposit banks seem to be far from willing to increase their interest rates.

Interbank money market interest rates have been on a rising trend since the beginning of the year and the over-night interest rate on the market rose as high as 59.95 percent on June 1 1990.

Bank loan interest rates ranged between 55.0-60.0 percent (for short-term commercial borrowings) during the first four or five months of the year but the final cost of such loans to the users amounted to around 80.0-89.0 percent.

Central Bank rediscount rates (short-term general purpose credits) declined from 54.0 percent at the end of 1989, to 40.0 percent as from January 10 1990.



## 5) Prices and Inflation

Despite some deceleration in the rate of inflation as measured by the average annual rate of increase in consumer prices, high and persistent inflation once again continued to be a major policy concern for the Turkish economy.

The average annual increase in the SIS's Economy-wide Consumer Prices' Index, was 69.6 percent in 1989, as compared to 75.4 percent in the previous year. The average annual increase in the SIS's Wholesale Prices' Index, an approximate measure of the degree of cost-push inflation, was higher in 1989 69.6 percent as compared to the 68.3 percent in 1988.

### CHANGES IN WHOLESALE AND CONSUMER PRICES

	Annual			Average Annual		
	1988	1989	1990*	1988	1989	1990*
Wholesale Prices						
SIS **	69.7%	68.0%	61.5%	68.3%	69.6%	66.6%
Istanbul Chamber of Commerce***	60.8%	68.9%	57.3%	60.3%	64.2%	65.7%
Consumer Prices Index****	75.2%	68.8%	63.5%	75.4%	69.6%	63.0%

\* April to April (annual) Percentage Change      \*\* SIS 1981=100      \*\*\* 1968=100

\*\*\*\* (SIS 1978-79=100) from 1987 to 1989 and (SIS 1987=100) for 1990

Source: SIS and ICC

According to the latest figures released by SIS, in the first half of 1990, annual rate of increase in wholesale prices reached to 51.3 percent and in consumer prices to 62.6 percent.

The main features of inflation experienced in 1989 can be summarized as follows:

(i) Analyzing the trends of wholesale and consumer prices during the year, it is to be observed

that, from May onward, the average rate of increase in wholesale prices exceeded the average rate of increase in consumer prices. In view of the fact that the changes in wholesale prices basically reflect the changes in costs, a rapid increase in wholesale prices indicates the continued importance of "supply-side" factors in the formation of inflation.

(ii) Whilst the contribution of agricultural price increases to the formation of inflation had been relatively smaller in previous years, this trend seems to have been reversed in 1989, as agricultural prices rose much faster than industrial prices. According to the Wholesale Prices' Indices (1981=100) of SIS, on a December-on-December basis, agricultural prices rose by 88.0 percent, whilst the rate of increase in manufacturing prices was only 60.0 percent. As a result of this, internal terms of trade (the ratio of agricultural to manufacturing prices), improved in favour of agricultural prices from 79.8 in 1988, to 89.3 in 1989. Weak demand was the main reason for the slower growth of prices in the manufacturing sector, which usually determines its prices according to a "variable" mark-up.

**PERCENTAGE CHANGE IN  
PUBLIC AND PRIVATE SECTOR PRICES \*\***

	Public		Private		Total	
	1989	1990*	1989	1990*	1989	1990*
<b>Overall Index</b>	63.3	68.6	61.6	59.0	62.0	61.5
<b>Agriculture</b>	-	-	38.5	95.0	38.5	95.0
<b>Mining</b>	56.1	49.9	53.2	33.7	55.4	45.9
<b>Manufacturing</b>	65.1	65.2	51.1	46.1	54.7	50.9
<b>Energy</b>	60.8	85.2	-	-	60.8	85.2

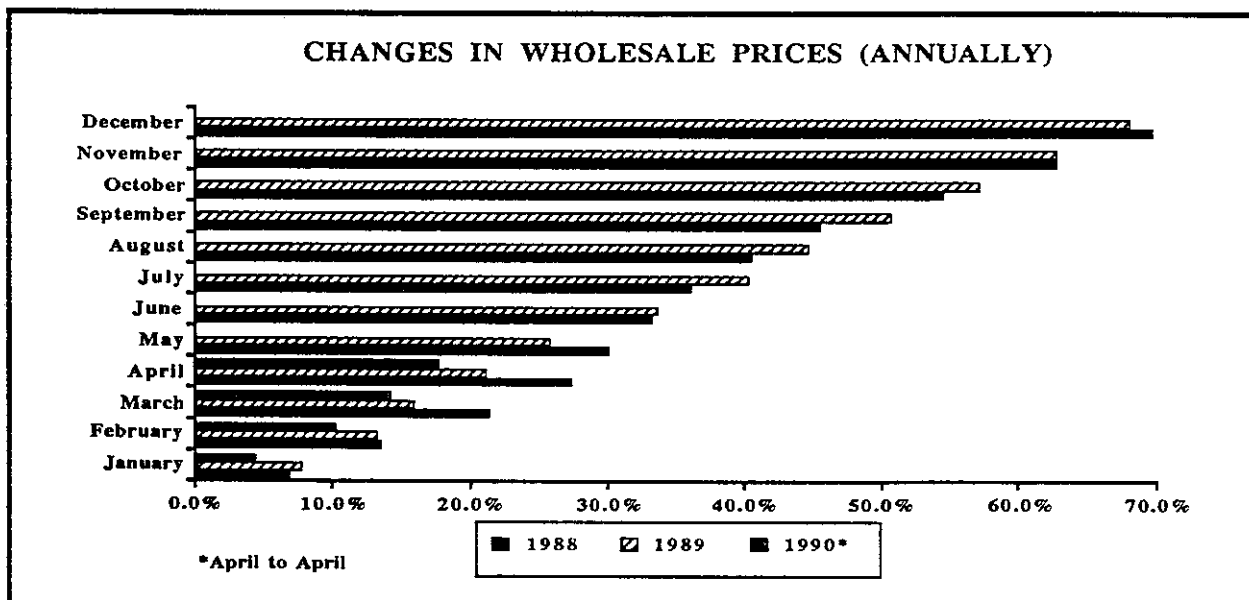
\*April to April Annually.

\*\*SIS's Wholesale Prices' Index

(iii) The impact of "imported inflation" through the depreciation of TL against major currencies remained relatively small. Whilst the slower depreciation of TL has reduced the impact of import costs on domestic prices, temporary domestic supply shortages were bridged by imports, thereby also reducing the inflationary demand pressures in the economy.

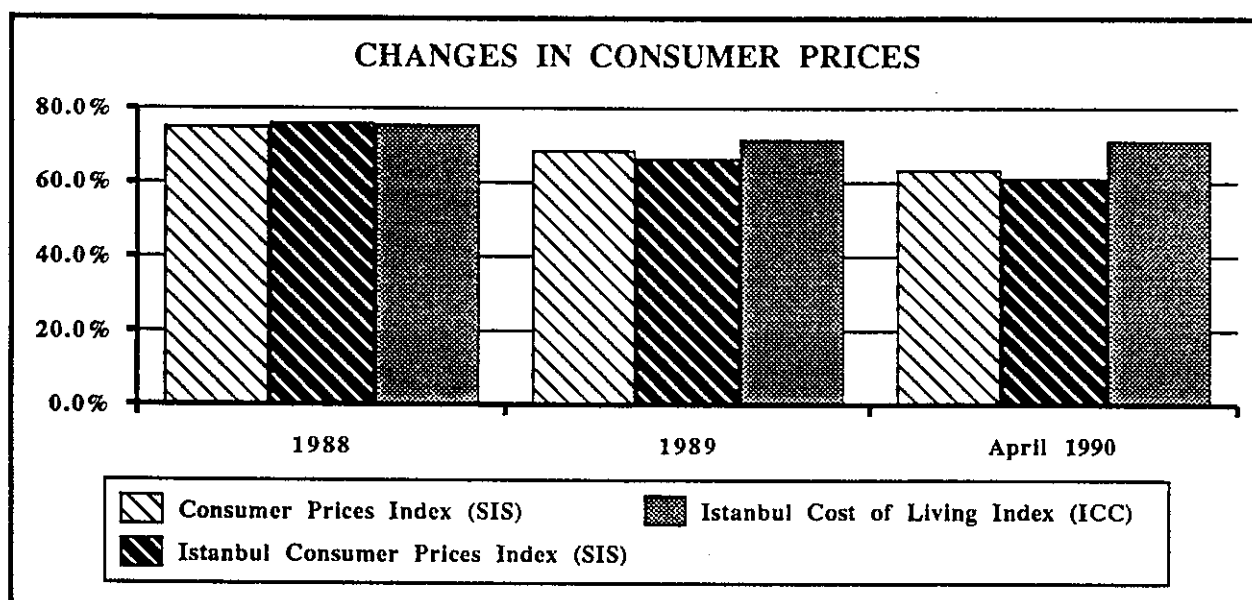
(iv) In recent years (especially since 1984), the governments' Budget deficits were bridged by rather more frequent and more timely adjustments of SEE prices in step with rising production costs, as well as the government's greater reliance on domestic borrowing.

Industrial inputs of the private sector are largely provided by the State Economic Enterprises and the constant rises in SEE product prices therefore fueled price rises in the rest of the economy.



(v) Constant cost rises shift the firms' supply curves upward to the left at a given level of output, which in the presence of a sluggish aggregate effective demand, leads to stagflationary trends in the economy. In point of fact, the slow-down in manufacturing output together with the re-acceleration of inflation in recent years, is suggestive of the fact that the Turkish economy is going through a stagflationary process.

The downward trend in prices, which started during 1989, continued into the first months of 1990, as a result of which the rate of inflation, as measured by an annual (April-on-April) percentage change in the SIS's Wholesale Prices' Index, declined from 68.0 percent at the end of 1989, to 61.5 percent at the end of April 1990.



# **WHOLESALE PRICES INDEX (1981=100)**

	Index	Monthly Change	Annual Change
<b>1988</b>			
January	802.8	6.9%	6.9%
February	852.4	6.2%	13.5%
March	912.0	7.0%	21.4%
April	955.9	4.8%	27.3%
May	976.0	2.1%	30.0%
June	1,000.9	2.6%	33.3%
July	1,022.8	2.2%	36.2%
August	1,055.0	3.1%	40.5%
September	1,093.7	3.7%	45.6%
October	1,160.4	6.1%	54.5%
November	1,221.6	5.3%	62.7%
December	1,274.2	4.3%	69.7%
<b>1989</b>			
January	1,372.7	7.7%	7.7%
February	1,442.9	5.1%	13.2%
March	1,476.0	2.3%	15.8%
April	1,543.0	4.5%	21.1%
May	1,601.1	3.8%	25.7%
June	1,701.7	6.3%	33.6%
July	1,787.2	5.0%	40.3%
August	1,843.3	3.1%	44.7%
September	1,919.9	4.2%	50.7%
October	2,002.5	4.3%	57.2%
November	2,072.8	3.5%	62.7%
December	2,140.8	3.3%	68.0%
<b>1990*</b>			
January	2,278.4	4.4%	4.4%
February	2,404.7	5.5%	10.2%
March	2,466.5	3.6%	14.2%
April	2,568.3	3.1%	17.7%

\*1987=100

Source: SIS

# CONSUMER PRICES AND ISTANBUL COST OF LIVING INDICES

	Annual			Average Annual		
	1988***	1989***	April 1990*	1988***	1989***	April 1990*
Economy-wide Consumer Prices Index (SIS)	75.2%	68.8%	63.5%	75.4%	69.6%	63.0%
Istanbul Consumer Prices Index (SIS)	76.3%	66.5%	61.4%	74.6%	70.4%	59.9%
Istanbul Cost of Living Index (Istanbul Chamber of Commerce)	75.8%	71.8%	71.5%	77.0%	71.0%	70.5%

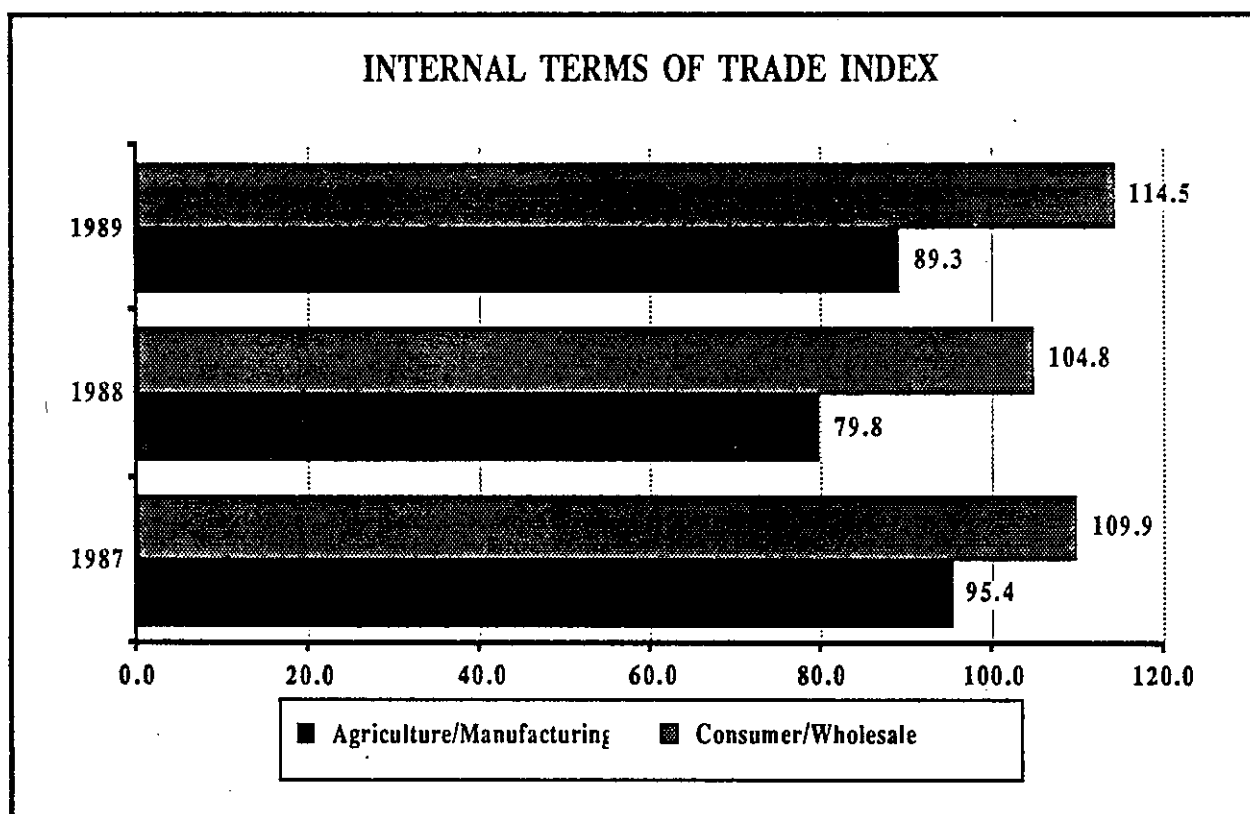
\*1987=100

\*\*1963=100

\*\*\*1978-1979=100

Source: SIS and ICC

Similarly, the annual percentage change in the SIS's Consumer Prices' Index stood at 63.5 percent in April 1990, as against 68.8 percent at the end of 1989; the SIS's Istanbul Consumer Prices' Index and the Istanbul Chamber of Commerce's Istanbul Cost of Living Index show a similar trend. The prices of publicly produced goods and services continue to rise at a faster rate than those of the private sector during the first four months of 1990. Whilst the annual rate of rise in overall public wholesale prices was 68.6 percent at the end of 1990, private sector wholesale prices rose by 59.0 percent.



# GOLD PRICES

Months	1988			1989			1990		
	Bullion TL/gr.	Cumhuriyet TL/each.	London \$/Ounce	Bullion TL/gr.	Cumhuriyet TL/each.	London \$/Ounce	Bullion TL/gr.	Cumhuriyet TL/each.	London \$/Ounce
End of previous year	18,100	123,500	486	24,490	162,800	419	30,640	208,200	409
January	18,900	130,000	476	24,575	163,000	404	30,900	208,333	409
February	19,075	133,750	442	24,513	162,500	388	32,067	212,833	418
March	18,863	130,125	443	25,230	167,600	386	31,738	211,500	398
April	18,763	126,500	409	25,912	172,125	384			
May	19,236	128,000	451	25,288	169,000	385			
June	19,950	131,600	451	25,188	167,875	385			
July	20,337	134,500	438	26,183	175,333	386			
August	21,788	146,000	431	25,800	172,666	385			
September	22,700	152,125	413	26,140	174,000	362			
October	23,513	157,750	407	27,316	181,666	367			
November	24,225	160,750	420	29,450	199,250	396			
December	24,490	162,800	419	30,640	208,200	409			

Source: Main Economic Indicators, SPO

## **6. Gold Prices**

The value of one ounce of gold in the London market, declined from \$ 419 in December 1988 to \$ 408.75 in December 1989, thereby marking a 2.4 percent decline in one year. This was also reflected in the Istanbul Gold Market, whereby 1 gr of gold ingot, expressed in Turkish Lira, rose by only 25.1 percent (around the rate of depreciation of the Turkish Lira against the US \$). The slow rise in gold prices in the Turkish market was partly due to the weak demand for gold caused by portfolio shifts into higher-yielding assets, such as bank deposits and share stocks in the Istanbul Stock Exchange.

The declining trend in gold prices in the London market continued also during the first months of 1990, as a result of which one ounce of gold declined from \$ 409 to \$ 398, marking a further 2.7 percent decline. One gram of gold on the Istanbul Gold Market increased by 3.6 percent in the first four months, which was below the rate of depreciation of TL against the US\$.

The Price of "Resat" gold coins on Istanbul's free market increased by 40.0 percent from TL 168,400 in December 1988 to TL 236,400 in December 1989.

## **7. The Capital Market and Stock Exchange: Improvements in 1990**

The Capital Market, as a financial sub-sector creating the long-term foundations of the market economy, is of the greatest importance. Both primary and secondary market improvements are of close interest to the whole of the community. The sources of the following evaluation are The Capital Market Board and The Istanbul Stock Exchange. Emphasis has been placed on secondary market transactions through the Stock Exchange and on the securities issued in support of both primary and secondary markets.

Of special note is that the factors which characterized the last four months of 1990 were again evidenced in the first five months of 1989.

As will be seen from the below Table, total private sector issues represented only a small proportion (about 10.0 percent) of the national total, but there was in fact a marked improvement as between 1988 and 1989 in so far as investors interest in private sector securities were concerned. In particular, there was far greater interest as shareholders in private sector companies, and this was largely due to the growth and overall expansion of Stock Exchange operations.



**SECURITIES ISSUED\***  
(TL Billion)

	Public sector				
	Shares	Bonds	Bank.Bills'n Comm.Paper	Total	
1988	364.5	210.9	509.0	1,084.4	
1989	966.8	604.5	563.3	2,134.6	
% Change	165.2	186.6	11.2	96.7	
	Private Sector				Grand Total
	Gover. Bonds Treasury Bills	Revenue Sharing Bonds	Housing Certificates	Total	
1988	8,931.1	-	-	8,931.1	10,015.5
1989	16,695.4	400.0	183.7	17,279.1	19,413.7
% Change	87.0	-	-	93.4	93.8

\*Capital Market Issuing Permissions  
Source: Capital Market Board (CMB)

In 1988, share issues represented 33.6 percent of the private sector total but in 1989 the percentage rose to 45.2 percent; there was in fact a 165.2 percent rise in the value of private sector share issues-from TL 364.5 billion in 1988 to TL 966.8 billion last year.

Bond issues by the private sector remained relatively modest, but nevertheless rose in value by 186.6 percent in 1989; issues of bank bills and other commercial paper rose by only 11.2 percent and, in terms of real value, were substantially in 1989 than in 1988.

In total, Capital Market issue permits increased by 94.0 percent in 1989, as compared to the previous year; of the overall total of TL 19,414 billion, government bonds, Treasury bills and Revenue Sharing Certificates together accounted for TL 17,279 billion, and private sector securities for TL 2,135 billion. Government securities increased in issue value by 93.4 percent over 1988, the private sector's issues by 96.7 percent. Dominance of government securities in the primary market continues because of the steady increase in the public sector's need to borrow and this it does, chiefly, in bonds and other long-term securities.

According to Capital Market Board issue permits, the share issues of joint stock companies maintained their importance in the first four months of 1990. Excluding Revenue-Sharing Certificates and Securities Investment Fund issues, the four months total was TL 610.8 billion, made up, approximately, as to 55.0 percent in shares, 20.0 percent in bonds, and 25.0 percent in bank bills and other commercial papers. Certainly the trend in the meeting of joint stock

companies' financial needs by share issues continues unabated.

### **The Secondary Market and Improvements In The Stock Market**

The lack of development in the secondary market - the trading of securities held by primary market investors - was always considered to be the main obstacle to the healthy growth of a capital market in Turkey. But the progress made since 1986, the first year of the re-organised Istanbul Stock Exchange's operations, and especially in 1989 and the first months of this year, now makes it possible to take an optimistic view of the future.

Indeed, the following details of Istanbul Stock Exchange (ISE) operations emphasise the greatly increased importance of the organised capital market in financing the economy. Dis-regarding the unusual summer boom of 1987, between its establishment in 1986 and September 1989, the ISE must be considered to have been in its infancy. In the ISE's first three years existence, transactions in shares in the ISE's first three years existence, transactions in shares in the primary, secondary and un-quoted markets reached a mere TL 252 billion, but in 1989 turnover soared to TL 1,719 billion and 80.0 percent of this was realised in the last four months of the year.

The Table below confirms that in the first eight months of 1989, turnover was little more encouraging than in previous years.

**SHARE TRANSACTIONS  
(TL Billion)**

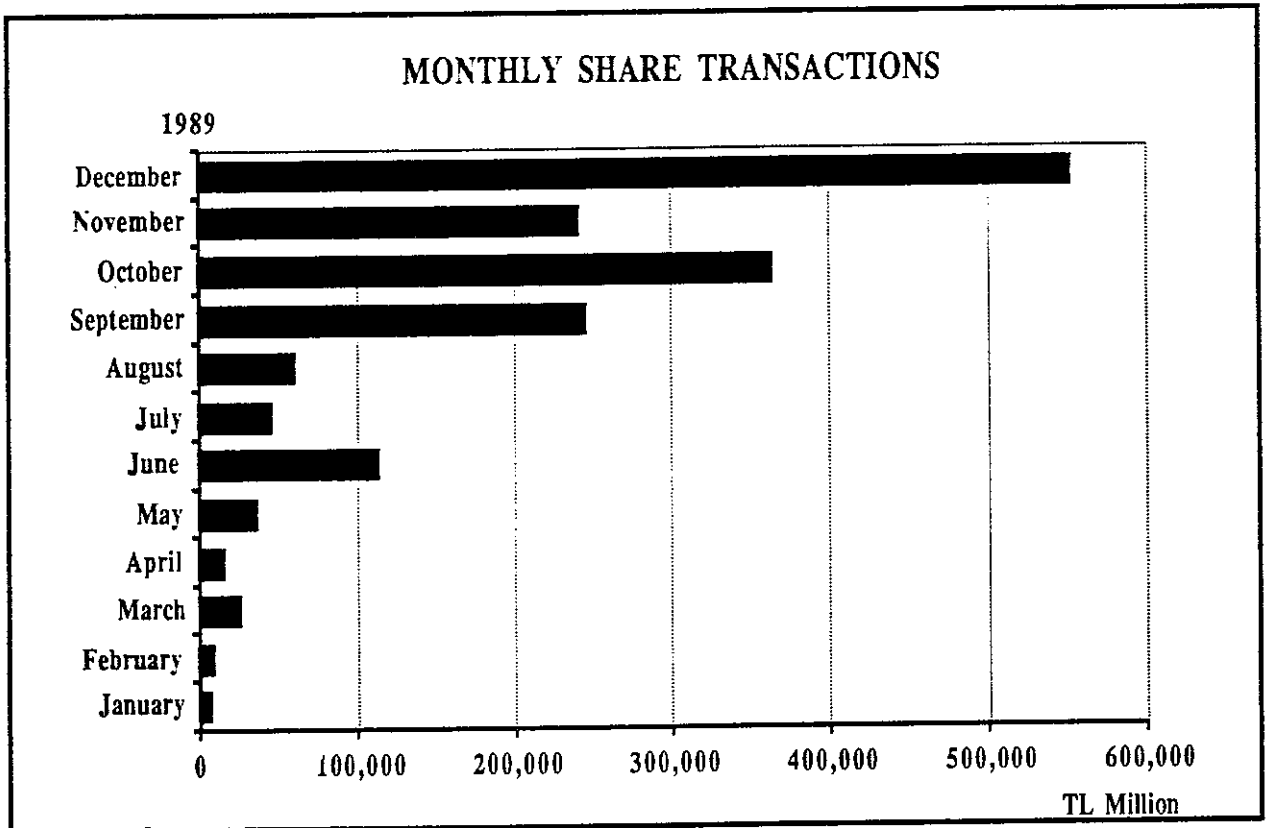
	<b>Volume</b>
<b>1986</b>	8.7
<b>1987</b>	105.3
<b>1988</b>	149.0
<b>1989</b>	1,719.0

Comparison in above table as between the same months of the various years are of little or no significance. It will be seen, for instance, that the total turnover in 1986 was roughly equal to that of January 1989, the poorest month of the past year. But 1989 turnover in September alone was more or less equal to the total of that for the whole of the previous three years. Average daily turnover in December 1989 exceeded the total for the whole of 1986. At times, two days trading during the same month roughly equalled the total volume of business in 1987.

**MONTHLY SHARE TRANSACTIONS (1989)**  
(TL Million)

January	7,168
February	9,760
March	26,115
April	15,917
May	36,827
June	113,850
July	45,440
August	60,496
September	245,222
October	364,456
November	241,630
December	552,807
<b>TOTAL</b>	<b>1,719,490</b>

Without doubt, the turning point in Turkish capital market history was reached in September 1989. The continuation of the upward trend in the first five months of the present year is considered to be a confirmation of the stock market's having secured a solid foundation which is not to be confused with the transient prices boom of the summer of 1987.



There is also a very marked share prices element in the improved situation. In the following Table, January 1986 has been set as 100:

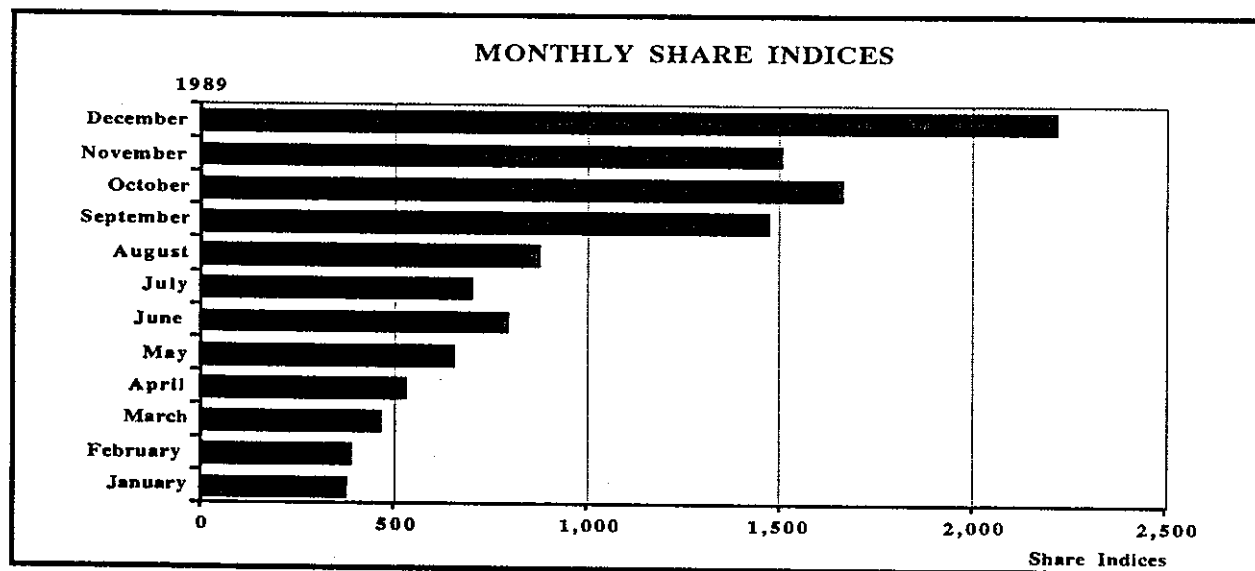
### ISE SHARE INDICES

1986	170.9
1987	473.0
1988	373.9
1989	2,217.7

### MONTHLY SHARE INDICES (1989)

January	379.3
February	389.1
March	465.9
April	533.6
May	654.0
June	795.9
July	701.4
August	876.0
September	1,475.3
October	1,664.0
November	1,506.5
December	2,217.7

In the initial years of the ISE's operations, wide price variations in share prices are to be noted. From over 850 in January 1988, the Index was down to 374 in December, and twelve months later it stood at 2,217. Certainly such oscillations do not represent market stability.



However, it is possible to detect a certain overall relationship between the trend in prices and that in the volume of shares traded. Increased prices did not result in a fall in turnover which, on the contrary, actually increased. The share Prices' Index rose by 484 points as between the beginning and the end of 1988. However, the marked rising trend in prices and turnover which is to be observed in the second half of 1989, especially after August, continued into the early months of 1990. On May 22 last, the share Prices' Index stood at 3,852, whilst turnover for the month reached a record total of TL 1,366 billion.

Many different factors lie behind the vastly increased importance of the share market. The level of economic progress already attained, the speed of development from year to year, the degree of political and economic stability, economic, financial and monetary policies pursued, bank deposit interest rates and other alternative refuges for investments, amendments to the Capital Market Law and changes in market techniques, speculation, technological improvements - these are but some of the factors.

Whilst the GNP growth rate was 3.7 percent in 1988, the recession in the first half of 1989 meant that forecasts for the year were over-optimistic and, in the event, growth amounted to only 1.7 percent.

But other factors exerted greater influence than the disappointing rate of GNP growth.

The anti-inflationary measures taken in 1988 forced up deposit interest rates to a very high level (at first to 65 percent, then to 85 percent p.a.) but did not have the desired effect. Indeed, sharply increased financing costs led to a slow-down in investment. Later, interest rates were gradually decreased and the more important investors began to look for alternative channels for their savings; in the event, company shares became particularly attractive in that period.

Another result of instability in deposit interest rates was a fall in the demand for credit, bringing utilization problems for the banks in so far as their high cost money was concerned. They took steps to re-organise, expand the range of their services, and re-allocate their resources within the capital market, especially to the shares sector.

On the other hand, because measures taken by the Central Bank halted speculation in gold and foreign exchange, the capital market further benefited, and share prices and turnover increased.

In August 1989, the application of Law No.32 For The Protection of The Turkish Lira eased the restrictions on foreigners' investments through the ISE. The new law enables persons, institutions, investment funds, and partnerships established abroad to deal freely on the ISE

through banks and intermediaries, and to transfer their capital funds and profits out of Turkey as required.

The big rise in total share turnover in September and October 1989 is proof of the importance of this opening up of the market beyond Turkey's borders.

The establishment of a "Turkish Investment Fund" has also been an influential factor. Syndicated by numerous foreign banks and other financial institutions, this Fund's portfolio consists entirely of Turkish securities. Its package buying of selected shares forced up both demand and prices.

The role of speculators was also very important and the sometimes extremely high share prices can undoubtedly be attributed to no little extent to these operators.

Of course, there were also negative influences on the share market in 1989. The primary one was certainly inflation, and a fictitious "Re-purchase Agreement" (REPO) scandal led to a fall in both the Share Prices' Index and turnover in November last. This situation was further compromised by the insurance companies' reducing their portfolios in order to raise operating capital, and by a slight rise in gold prices in November.

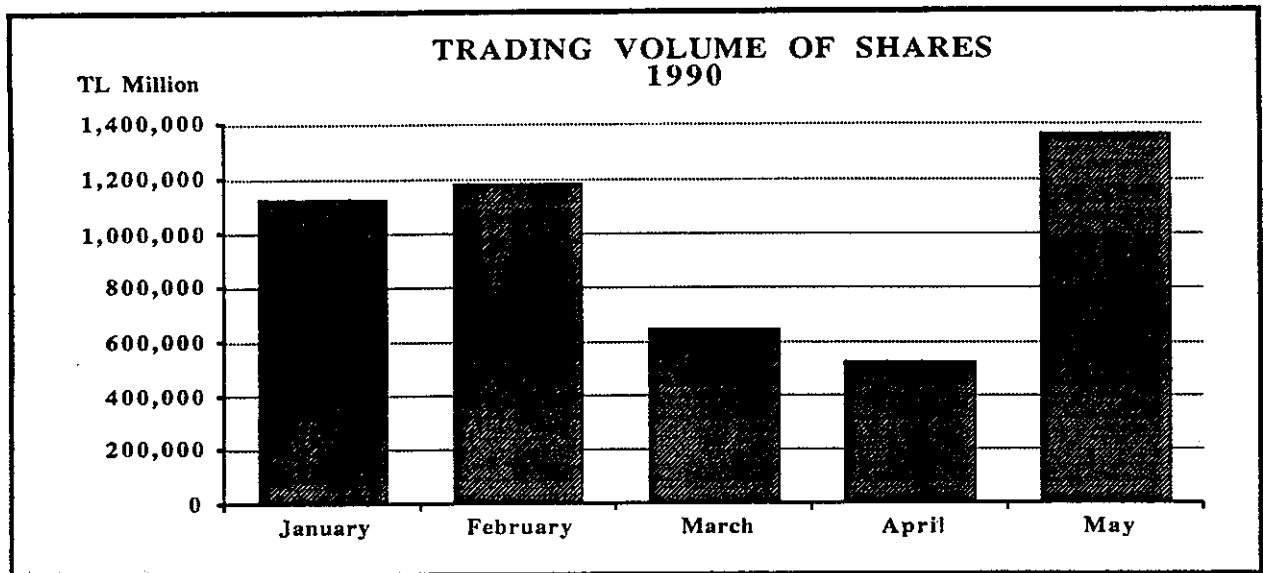
### **The Improvements in 1990**

The situation on the ISE in the last quarter of 1989 still further improved in the first months of this year. The January-May period was very active and important, with both the Share Prices' Index and the volume of shares traded moving to a high level.

#### **TRADING VOLUME OF SHARES (1990) (TL Million)**

<b>January</b>	1,128,258
<b>February</b>	1,184,413
<b>March</b>	649,658
<b>April</b>	528,699
<b>May</b>	1,366,439
<b>Total</b>	4,857,467

Monthly turnover moved up strongly in January and February, to beyond the thousand billion mark; it fell back to 1989 levels in March and April but in May reached the record total of TL. 1,366 billion. This brought the five months' total to TL. 4,857 billion, more than three times the volume of transactions during the whole of 1989.



This boom in demand, at the beginning of the year sometimes reaching TL 80 billion per day, stemmed mostly from small investors, and the banks and brokers often had considerable difficulty in meeting their requirements.

The appearance in January of counterfeit share certificates of a well-known company naturally reduced investors' confidence somewhat, and a bomb attack on the ISE itself on January 24 led the Exchange to close its doors, and to the birth of an active under the counter market. Despite these setbacks, January turnover amounted to TL 1,128 billion and, at the end of the month, the Prices' Index stood at 3,641, no less than 64.0 percent above the end-1989 level.

#### SHARE INDICES (1990)

January	3,641.3
February	3,516.1
March	3,294.3
April	3,308.2
May*	3,852.1

\*As of May 22nd.

It will be seen that share prices moved somewhat erratically during the first five months of 1990. Having climbed to 3,641 in January, the monthly Index fell in February, March, and April, but reached the 4,000 mark on several days in May, as it had in fact done, at times, in February. Instability in this latter month stemmed from a rapid drop in prices which had been forced up by speculators, and also from the effects of public announcements of companies' 1989 trading results. March is the month in which the joint stock companies hold their Annual General Meetings and thus, regularly, a period of relative stagnation in both prices and turnover on the

Stock Exchange. Indeed, March saw the Share Prices' Index fall from 3,516 to 3,294 and turnover drop by 45.0 percent as compared to February.

Other factors besides company results included speculation about a change in the Chairman of the Capital Market Board, and investors' annual preoccupation with fiscal obligations.

April operations were also affected by profit distributions, moves in the on-going privatisation scheme, and by the fact that the final ten days of the month were largely given over to religious and other holidays; overall turnover was down by 19.0 percent.

But April was indeed important in the context of the privatisation of State interests. These operations mostly concerned Treasury holdings in private sector companies but they had the effect of further spreading ownership, increasing the number of individual investors, and inducing further interest in the ever more experienced Stock Exchange itself.

According to the available data, prices held up in April and at the beginning of May; purchases by "TKKOI" (The Mass Housing and Public Partnerships' Administration) were partly responsible for this, however.

With completion of company AGM's, May marked the beginning of a more animated and more stable period of Stock Market operations. The Share Prices' Index exceeded 4,000 on May 8, and remained there for some time before falling to 3,852 at the end of the month. At TL 1,366 billion, May turnover reached an all-time record level, a record, however, that is not likely to stand for very long.

The ISE's own Annual General Meeting also took place in May and some important organisational decisions were taken on this occasion. Perhaps the chief of these was to limit price movements to 5.0 percent instead of 10.0 percent as had been the previous limit. This is intended to bring about a more gradual change in share prices. Another change is the more efficient registration of individual buyers' orders, so that clients can immediately check as to which order and at what prices a particular transaction refers.

### **Other Stock Exchange Operations**

Besides company shares, various fixed income securities, such as bonds, Treasury bills, revenue-sharing certificates, housing certificates, and other commercial papers are also traded on the Istanbul Stock Exchange. These securities are mostly issued by the Treasury and other public sector entities, but by the private sector, too.



So far, these types of securities have played a much more predominant role than company shares in financing the economy. However, unlike shares, which are more personal and sensitive to market conditions, these other securities are dealt in by banks and intermediaries and only then come on to the Exchange. These securities never have to face real, competitive market forces and thus the "Exchange"s role in so far as they are concerned is a strictly limited one.

### BONDS TRADING VOLUME (TL Million)

	Private Sector Bonds Bank.'n Comm. Paper	Revenue Sharing Certificates	Govern. Bonds Treasury Bills	Total
1988	1,226,909	430.416	9,758,661	11,415,986
1989	2,701,143	2,222,920	29,566,248	34,490,311

Source: CMB

Nonetheless, the ISE's importance must be measured by its overall involvement with borrowed and invested funds.

As compared with 1988, Stock Exchange turnover in private sector bonds, and bank and commercial papers increased in 1989 by only 120.0 percent, whilst that in revenue-sharing certificates rose by 416.0 percent, and in government bonds and Treasury bills there was a 203.0 percent increase. Overall, there was a 331.0 percent increase in turnover in non-share securities.

In 1988, the private sector's bonds and bills represented 10.7 percent of the total traded but this percentage fell to 7.8 percent last year.

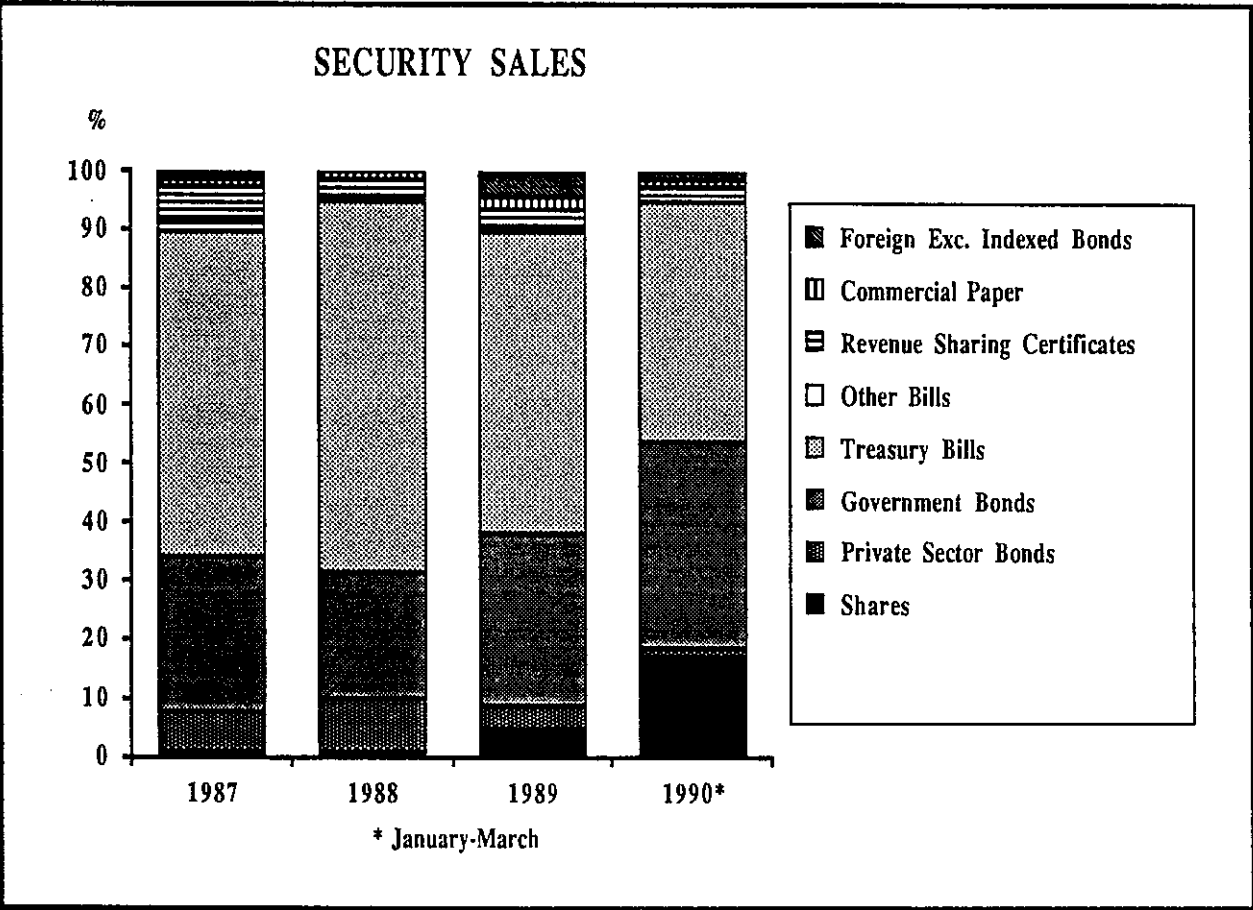
### BONDS TRANSACTION VOLUME (TL Billion)

	Private Sector Bonds Bank.'n Comm. Paper		Revenue Sharing Certificates		Govern. Bonds Treasury Bills Housing Certificates		Total	
	1989	1990	1989	1990	1989	1990	1989	1990
January	131.5	216.3	67.0	207.3	926.3	3,933.0	1,127.8	4,356.6
February	113.5	187.8	53.1	199.5	949.2	4,262.4	1,115.8	4,649.7
March	125.5	215.9	103.5	134.1	1,399.4	5,398.4	1,628.4	5,748.4
April	153.9	206.2	196.3	129.9	1,657.8	4,155.2	2,008.0	4,491.3
Total	524.4	826.2	419.9	670.8	4,934.7	17,746.0	5,880.0	19,246.0

Source: CMB

In the first four months of 1990, overall borrowing increased by 273.0 percent as compared with the same period of 1989, from TL 5,880 billion to TL 19,246 billion, but the private sector's

share rose by only 57.0 percent. Private enterprise's share of all borrowing transactions in the January-April period was 9.0 percent in 1989 and only 4.3 percent this year.



**SECURITY SALES BY INTERMEDIARIES AND BANKS**  
(TL Million)

	(Jan-Dec.) 1987	(Jan-Dec.) 1988	(Jan-Dec.) 1989	(Jan-March.) 1990
<b>Shares</b>	59,868	159,077	1,754,376	2,958,004
Brokers	-	53,363	518,040	807,944
Intermediaries	26,705	50,431	539,516	820,005
Banks	33,152	55,714	696,819	1,330,055
<b>Private Sector Bonds</b>	394,341	1,032,186	1,448,449	236,585
Intermediaries	93,737	93,017	108,231	15,826
Banks	300,605	939,168	1,340,218	220,759
<b>Government Bonds</b>	1,526,043	2,630,923	10,684,392	5,940,754
Intermediaries	6,457	55,097	26,684	8,311
Banks	1,519,587	2,575,826	10,657,708	5,932,443
<b>Treasury Bills</b>	3,199,367	7,528,840	18,492,201	6,930,373
Intermediaries	355,741	467,062	1,266,251	88,850
Banks	2,843,626	7,061,778	17,225,950	6,841,523
<b>Other Bills</b>	95,528	41,182	187,575	27,886
Intermediaries	44,061	27,488	57,157	9,779
Banks	51,466	13,694	130,417	18,107
<b>Revenue Sharing Certificates</b>	359,555	395,995	1,084,192	393,021
Intermediaries	1,765	86	8,204	1,014
Banks	357,790	395,910	1,075,988	392,007
<b>Commercial Paper</b>	51,670	175,690	820,175	213,009
Intermediaries	17,102	38,779	107,809	11,821
Banks	34,569	136,911	712,366	201,188
<b>Foreign Exc. Indexed Bonds</b>	86,331	13,719	1,553,692	228,418
Intermediaries	951	-	3,604	
Banks	85,380	13,719	1,550,088	228,418
<b>GRAND TOTAL</b>	5,772,704	11,977,613	36,025,051	16,928,050
Intermediaries	546,518	731,961	2,117,457	955,606
Banks	5,226,185	11,192,289	33,389,554	15,164,500
Brokers	-	53,363	518,040	807,944

Source: CMB

## **CHAPTER III**

### **FOREIGN ECONOMIC RELATIONS**

State Institute of Statistics has reported that, in 1989, exports totalled \$ 11,627 million, and imports \$ 15,762 million. Whilst exports fell, by a marginal 0.3 percent as compared with the previous year, imports rose by a full 10.0 percent. The Institute's returns for the first quarter of 1990 show a 6.0 percent increase in exports, to \$ 2,971 million, but a somewhat alarming 42.6 percent rise in imports, from \$ 3,318 million in the first three months of last year to \$ 4,730 million.

The export/import ratio fell from 81.4 in 1988 to 73.8 in 1989, and it further deteriorated in the first quarter of this year, when it was only 62.8. Last year, for the first time since 1981, the foreign trade deficit exceeded \$ 4 billion, amounting, in fact, to \$ 4,135 million, a 54.7 percent increase over the 1988 deficit of \$ 2,673 million. Moreover, the deficit for the first quarter of the current year was \$ 1,760 million, a rise of no less than 241.6 percent over that for the same period of 1989.

#### **1) Turkey's Foreign Trade**

The volume of trade increased considerably last year. Imports, which amounted to 11.1 percent of Gross Domestic Product over the period 1975-79, rose to 14.2 percent in 1980, to 21.8 percent in 1985, fell to 19.3 percent in 1986, and increased to 29.4 percent in 1987, then fell to 20.6 percent in 1988, and to 20.1 percent last year.

As a percentage of GDP, exports amounted to 4.04 percent in the 1975-79 period. In 1980, there was a slight increase to 5.1 percent, but the following year the increase in exports was explosive and, as a result, exports as a percentage of GDP amounted to 8.3 percent in 1981, to 10.9 percent in 1982, to 11.3 percent in 1983 and, again with exceptionally sharp increases, to 14.3 percent in 1984 and 15.1 percent in 1985. However, exports as a percentage of GDP fell slightly to 12.8 percent in 1986; against this, 1987 was a year in which this percentage again increased to the high level of no less than 21.0 percent. But this ratio then fell again, to 16.7 percent, in 1988 and to 14.8 percent last year.

Several factors were responsible for the stagnation in exports before 1980. Domestic price

## FOREIGN TRADE AND GROSS DOMESTIC PRODUCT

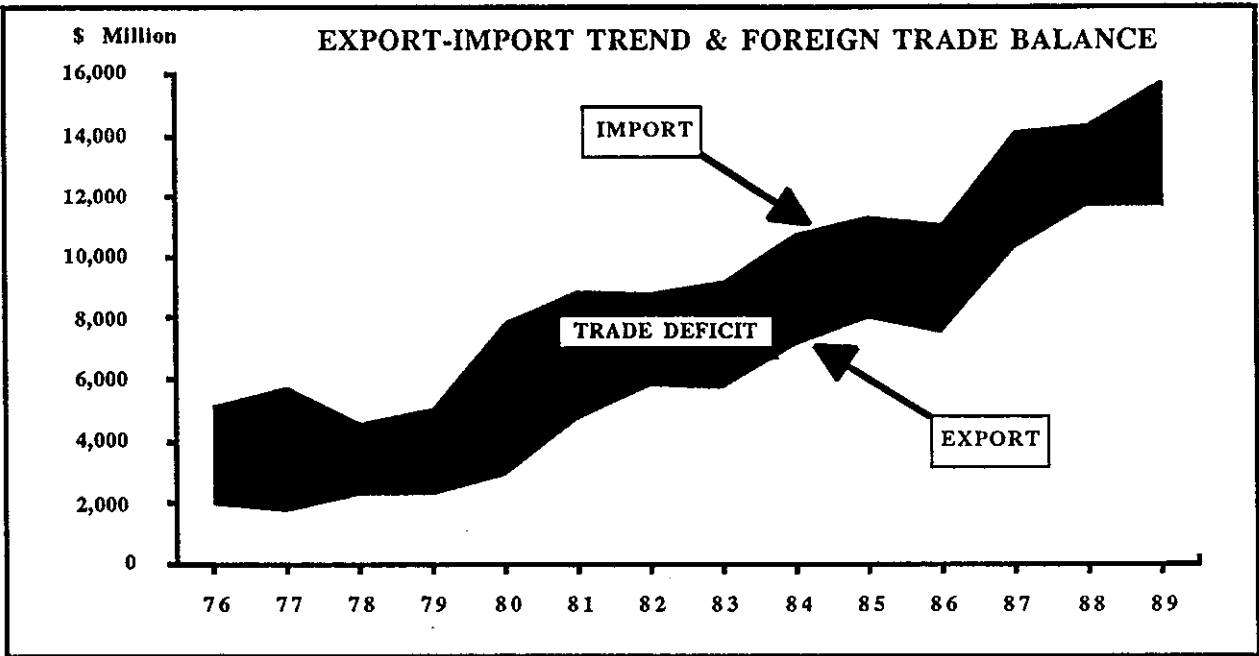
		1988	1989	1990 (*)
<b>GDP</b>	<b>TL Billion</b>	100,826.2	167,817.2	
<b>Exports</b>	<b>TL Billion</b>	16,809.9	24,825.6	
	<b>\$ Million</b>	11,662.1	11,627.3	2,970.7
<b>Imports</b>	<b>TL Billion</b>	20,793.0	33,759.6	
	<b>\$ Million</b>	14,339.7	15,762.6	4,730.3
<b>Foreign Trade Volume</b>	<b>TL Billion</b>	37,602.9	58,585.2	
	<b>\$ Million</b>	26,001.8	27,389.9	7,701.0
<b>Exports in GDP</b>		16.7%	14.8%	
<b>Imports in GDP</b>		20.6%	20.1%	
<b>Foreign Trade in GDP</b>		37.3%	34.9%	
<b>Share of Exports in Total Trade</b>		44.9%	42.5%	38.6%
<b>Share of Imports in Total Trade</b>		55.1%	57.5%	61.4%
<b>Export/Import</b>		81.3%	73.8%	62.8%

(\*) January-March

increases had reduced Turkey's competitiveness and at the same time there was no longer a buoyant exportable surplus of a number of goods. Inflexible exchange rate policies and recession in the Western World also had a negative impact on exports. There was, however, a distinct improvement in most of these factors between 1980 and 1985.

In these circumstances, it is not surprising that whereas exports were able to finance 62.0 percent of total imports in 1970, they covered only 36.8 percent of the total in 1980. However, the export/import ratio later considerably improved, to 66.3 percent in 1986, to 72.0 percent in 1987 and to a record of 81.3 percent in 1988. But the ratio then fell sharply, to 73.8 percent, last year. The downturn in this ratio continued in the first three months of 1990, when it registered only 62.8 percent.

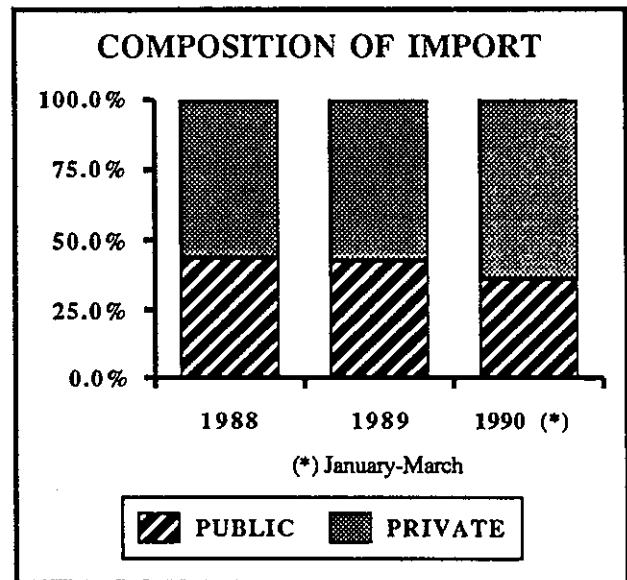
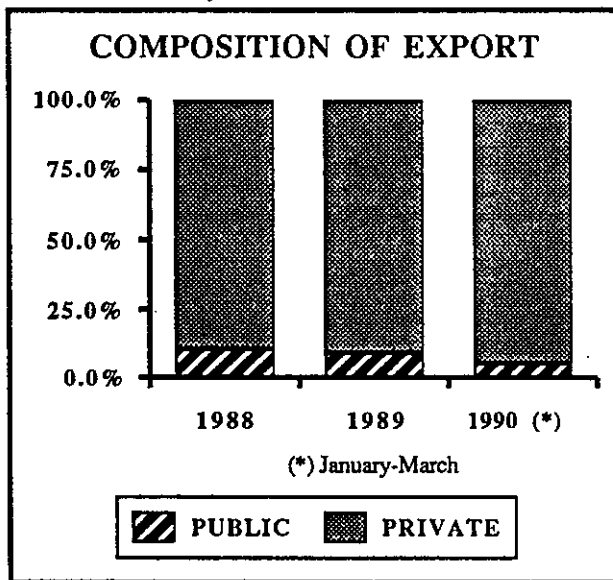
Taking 1974 as 100, the imports index receded from 300.3 in 1985 to 293.9 in 1986, but increased to 374.9 in 1987, and to 379.6 in 1988, but fell again, to 376.1 percent last year; the exports index fell from 519.5 to 486.7 in 1986, rose sharply to 665.1 in 1987, and rose again, to 761.2 percent in 1988, it then fell once more, to 669.0 percent, last year.



For only the third time ever, public sector exports exceeded \$ 1.0 billion in 1989. Having reached \$ 1.490 million in 1982, public sector exports remained below \$ 1.0 billion until they reached \$1,228 million in 1988, and \$ 1,082 million last year. Public sector imports rose by 7.1 percent and increased from \$ 6,267 million in 1988 to \$ 6,713 million in 1989.

In the first three months of 1990, the public sector's exports fell by 53.5 percent to \$ 208.8 million whilst its imports rose by 3.9 percent to \$ 2,187.0 million.

The public sector's foreign trade deficit thus increased from \$ 5,039 million in 1988 to \$ 5,631 million in 1989, whilst there was in fact a small decrease in the sector's deficit for the first three months of this year.



**SECTORAL DISTRIBUTION OF FOREIGN TRADE**  
(\$ Million)

	1988	1989	Share	Change	1990 (*)	Share
<b>A. IMPORTS</b>	14,335.4	15,762.5	100.0%	10.0%	6,047.9	100.0%
<b>1. PUBLIC</b>	6,267.0	6,713.4	42.6%	7.1%	2,187.0	36.2%
- Consumption Goods	483.8	617.4	3.9%	27.6%	173.6	2.9%
- Investment Goods	1,721.1	1,497.5	9.5%	-13.0%	308.7	5.1%
- Raw Materials	4,062.1	4,598.5	29.2%	13.2%	1,704.7	28.2%
<b>2. PRIVATE</b>	8,068.4	9,049.1	57.4%	12.2%	3,860.9	63.8%
- Consumption Goods	626.2	766.6	4.9%	22.4%	383.0	6.3%
- Investment Goods	2,267.9	2,352.3	14.9%	3.7%	1,107.9	18.3%
- Raw Materials	5,174.3	5,930.2	37.6%	14.6%	2,370.0	39.2%
<b>3. TOTAL</b>			100.0%			100.0%
- Consumption Goods	1,110.0	1,384.0	8.8%	24.7%	556.6	9.2%
- Investment Goods	3,989.0	3,849.8	24.4%	-3.5%	1,416.6	23.4%
- Raw Materials	9,236.4	10,528.7	66.8%	14.0%	4,074.7	67.4%
<b>B. EXPORTS</b>	11,662.0	11,627.5	100.0%	-0.3%	3,846.4	100.0%
<b>1. PUBLIC</b>	1,227.9	1,082.3	9.3%	-11.9%	208.8	5.4%
<b>2. PRIVATE</b>	10,434.1	10,545.2	90.7%	1.1%	3,637.6	94.6%
<b>C. FOREIGN TRADE BALANCE</b>	-2,673.4	-4,135.0		54.7%	-2,201.5	
<b>1. PUBLIC</b>	-5,039.1	-5,631.1		11.7%	-1,978.2	
<b>2. PRIVATE</b>	2,365.7	1,496.1		-36.8%	-223.3	

(\*) January-March

In the private sector, exports increased from \$ 10,434 million in 1988, to \$ 10,545 million in 1989, a rise of 1.1 percent. Imports also increased in this sector, by 12.2 percent, from \$ 8,068 million to \$ 9,049 million. Thus the private sector's foreign trade surplus was \$ 1,496 million in 1989.

In the first three months of 1990, the private sector's trade surplus of private sector showed a sharp decrease (12.1 percent) compared with the same period of 1989. This was the result of the bigger increase in private sector imports (66.7 percent) than in the sector's exports (9.2 percent).

## 2) Exports

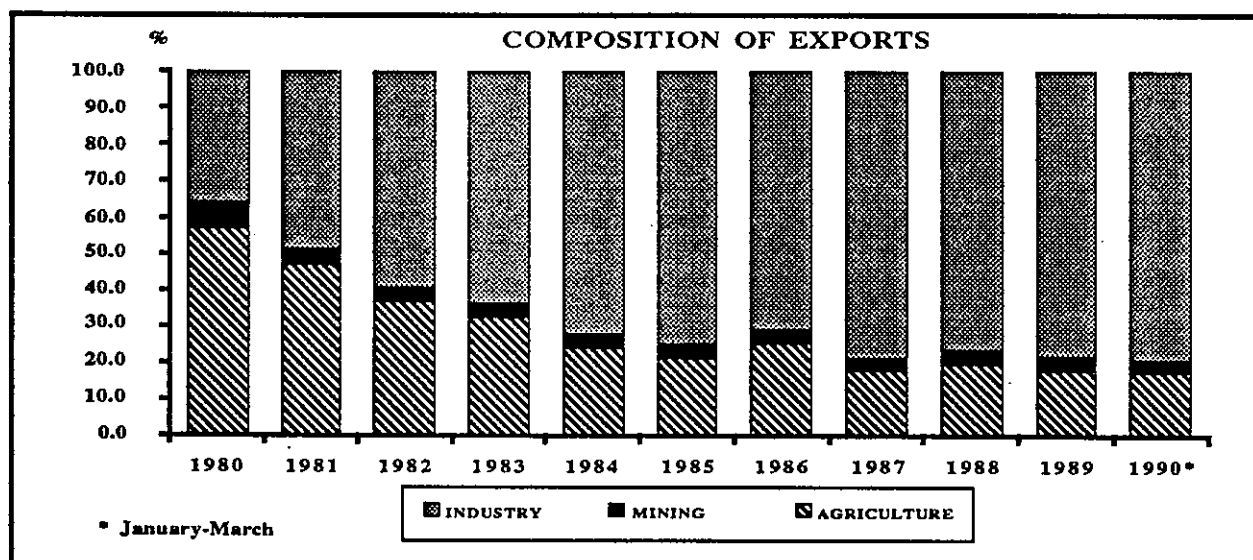
The rate of export growth slowed down over the 1984-1989 period, in which Turkey's exports grew by 103.0 percent in comparison with the 1979-1983 period. Exports had increased by 150.3 percent between 1979 and 1983, and by 73.7 percent between 1974 and 1978.

## EXPORTS BY SECTORS AND BY COUNTRY GROUPS (\$ Million)

	1988	Share	1989	Share	Change 89/88	1990(*)	Share
<b>BY SECTORS</b>							
Agriculture	2,341	20.1%	2,126	18.3%	-9.2%	528	17.8%
Mining	377	3.2%	413	3.6%	9.5%	79	2.6%
Industry	8,934	76.6%	9,088	78.2%	1.7%	2,364	79.6%
<b>BY COUNTRY GROUPS</b>							
EC Countries	5,098	43.7%	5,408	46.5%	6.1%	1,400	47.1%
Other OECD	1,609	13.8%	1,769	15.2%	9.9%	447	15.1%
Islamic Countries	3,084	26.4%	2,870	24.7%	-6.9%	740	24.9%
East European Countries	617	5.3%	1,035	8.9%	67.8%	257	8.7%
Others	1,255	10.8%	545	4.7%	-56.5%	126	4.2%
<b>TOTAL</b>	11,662		11,627		-0.3%	2,971	

\* January-March

Turkish exports have traditionally been heavily concentrated in agricultural products and with a slight increase in the relative importance of agricultural exports from 56.6 percent of the national total in 1975 to 57.4 percent in 1980, agriculture continued to dominate exports. This situation changed drastically as from 1981 and agricultural products' share of total exports dropped to 21.6 percent in 1985, rising again to 25.2 percent, in 1986. Agricultural products' share began to decrease again in 1987 and dropped to 18.1 percent last year. At the end of March 1990, the share of agricultural products was 17.8 percent.

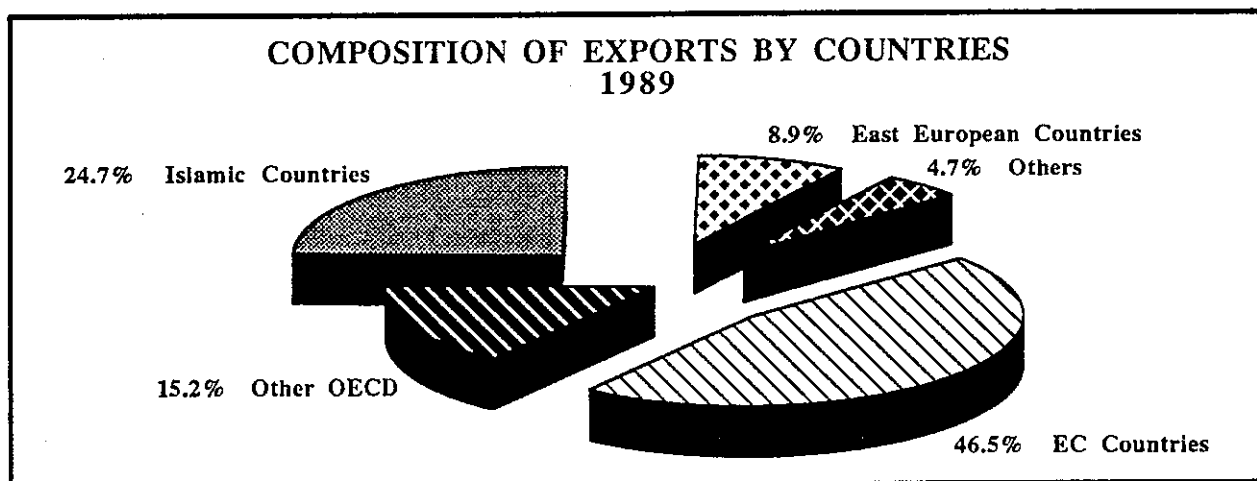


Exports of industrial goods doubled their share during the same period, rising from 35.9 percent of the total in 1975 to 75.3 percent in 1985 but falling back to 71.2 percent in 1986. However, in



1987, the share of industrial products increased again, to an all time record of 79.1 percent. This situation changed slightly in 1988, when the ratio fell to 76.6 percent but it increased again, to 78.2 percent, last year and was 79.6 percent in the January-March period of 1990.

The geographical distribution of exports changed in 1989. The OECD countries' share of exports rose from 57.5 percent of the total in 1988 to 61.7 percent last year. Exports to the EC countries alone increased from 43.7 percent to 46.5 percent of the total. The ratio for the first three months of 1990 were, respectively, 62.2 percent and 47.1 percent.



Exports to the East European countries increased considerably, to 8.9 percent of total exports in 1989 from 5.3 percent in 1988. The percentage share of exports to Islamic countries as a group fell slightly.

Over the first quarter of 1990, the East European Countries' share dropped to 8.7 percent and that of the Islamic Countries to 24.9 percent of the total.

### 3) Imports

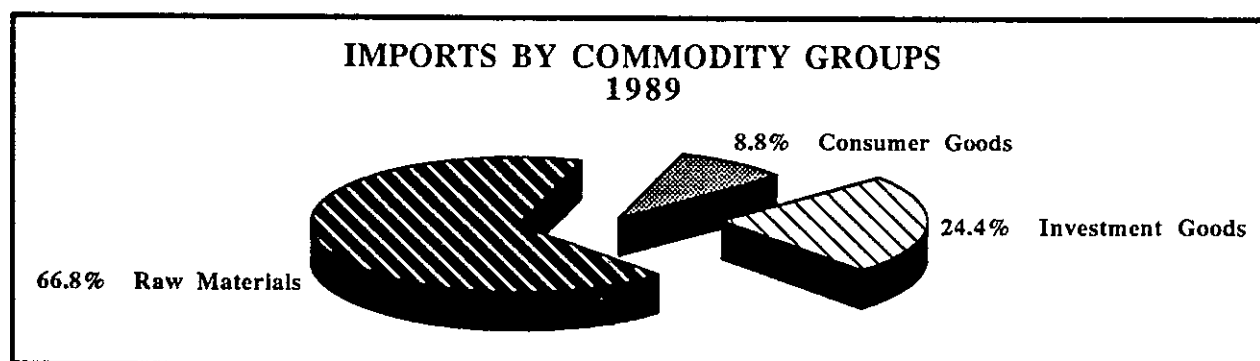
Over the period 1972-77, imports increased by an annual average rate of over 30.0 percent. But in 1978 imports fell by 20.7 percent, increased by a modest 10.2 percent in 1979, then rose by no less than 56.0 percent in 1980, increased by a further 12.0 percent in 1981, decreased by 2.2 percent in 1982, then increased by 5.7 percent in 1983, by 16.5 percent in 1984, by 5.4 percent in 1985 and decreased by 2.1 percent in 1986. Imports increased again, by 27.5 percent, in 1987 and by 1.2 percent in 1988. Last year the increase in imports was 10.0 percent. Data for the first quarter of 1990 shows a 42.6 percent increase in imports, as compared with the same period of last year.

## IMPORTS BY COMMODITY AND BY COUNTRY GROUPS (\$ Million)

	1988	Share	1989	Share	Change 89/88	1990(*)	Share
<b>BY COMMODITY</b>							
Investment Goods	3,989	27.8%	3,850	24.4%	-3.5%	1,096	23.2%
Raw Materials	9,237	64.4%	10,529	66.8%	14.0%	3,203	67.7%
Consumer Goods	1,110	7.7%	1,384	8.8%	24.7%	431	9.1%
<b>BY COUNTRY GROUPS</b>							
EC Countries	5,894	41.1%	6,055	38.4%	2.7%	1,978	41.8%
Other OECD	3,343	23.3%	3,855	24.5%	15.3%	1,007	21.3%
Islamic Countries	2,935	20.5%	2,921	18.5%	-0.5%	942	19.9%
East European Countries	1,102	7.7%	1,493	9.5%	35.5%	358	7.6%
Others	1,061	7.4%	1,438	9.1%	35.5%	446	9.4%
<b>TOTAL</b>	14,335		15,762		10.0%	4,730	

\* January-March

An analysis of 1989 imports by sources of financing reveals only minor changes as compared with 1988. In all, programmed imports represented 90.9 percent of the total as against 90.5 percent in 1988 and liberalized imports represented 86.8 percent as against 84.8 percent. In so far as self financing imports were concerned, there was a rise in imports with waiver (i.e. imports without foreign exchange payment) and imports against foreign project credits decreased, from 7.9 to 7.6 percent of the overall total.



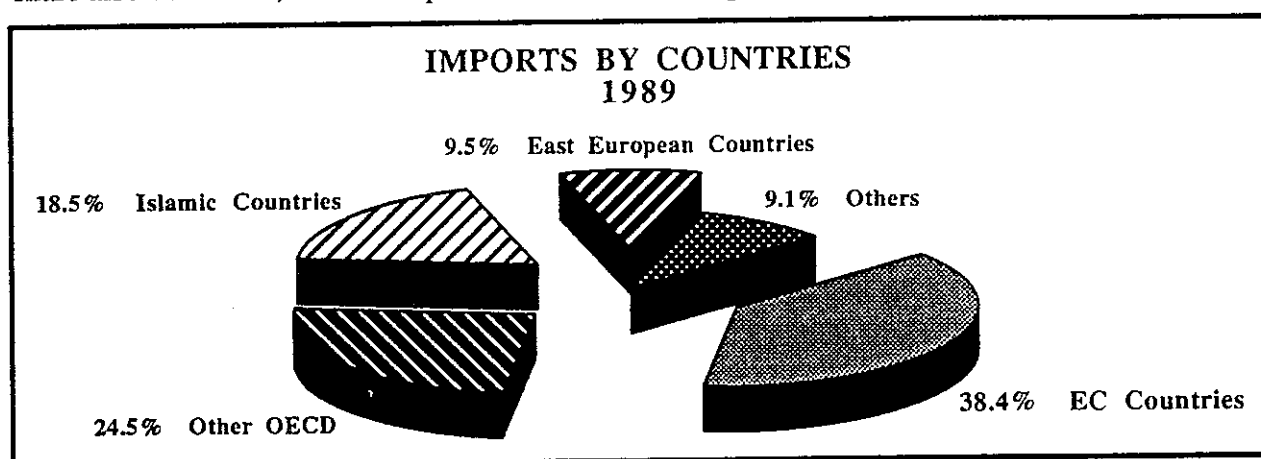
Raw material imports, which made up 64.4 percent of total imports in 1988, went up to 66.8 percent of the total in 1989 and then to 67.7 percent in January-March 1990, whilst the share of investment goods in total imports decreased to 24.4 percent in 1989 and to 23.2 percent in the first three months of 1990.

Imports of industrial products represented 75.0 percent, or \$ 11,820 million, of total imports in

1989. Agricultural and livestock imports amounted to \$ 1,041 million, showing an increase of 108.5 percent on 1988. Mining and quarrying imports also increased, by 1.6 percent.

In the first three months of 1990; imports of industrial products increased to \$ 3,352.5 million, by 38.8 percent as compared with the same period of 1989, agricultural and livestock imports rose to \$457.2 million that is by 232.0 percent, and mining and quarrying imports went up to \$ 920.6 million a rise of 20.3 percent.

The geographical distribution of imports changed again in 1989. The share of imports from the Islamic countries fell from 20.5 percent in 1988 to 18.5 percent in 1989 and the OECD countries' share also decreased, from 64.4 percent in 1988 to 62.9 percent in 1989.



In the first three months of 1990, OECD countries' share of total imports increased to 63.1 percent from 61.9 percent, whilst imports from Islamic countries decreased from 22.3 percent to 19.9 percent.

Imports from the EC totalled \$ 6,055 million, an increase of 2.7 percent. The EC's share of total imports fell from 41.1 percent to 38.4 percent, with West Germany, the most important overall supplier providing 14.0 percent of the grand total. But the share of EC countries increased again, to 41.8 percent in January-March 1990.

Imports from East European countries showed an increase of 35.5 percent; their share increased to 9.5 percent of total imports in 1989 and then decreased to 7.6 percent in the first quarter of 1990.

#### 4) Balance of Trade

The import bill rose by 10.0 percent to \$ 15,763 million in 1989, whilst exports fell by 0.3 percent to \$ 11,627 million. As a result, the foreign trade deficit was higher by 54.7 percent than in 1988.

## TRADE BALANCE (\$ Million)

	Public	Private	Total
1988	-5,039	2,366	-2,673
1989	-5,631	1,496	-4,135
1990(*)	-1,978	-223	-2,202
Change 89/88	11.7%	-36.8%	54.7%

\* January-March

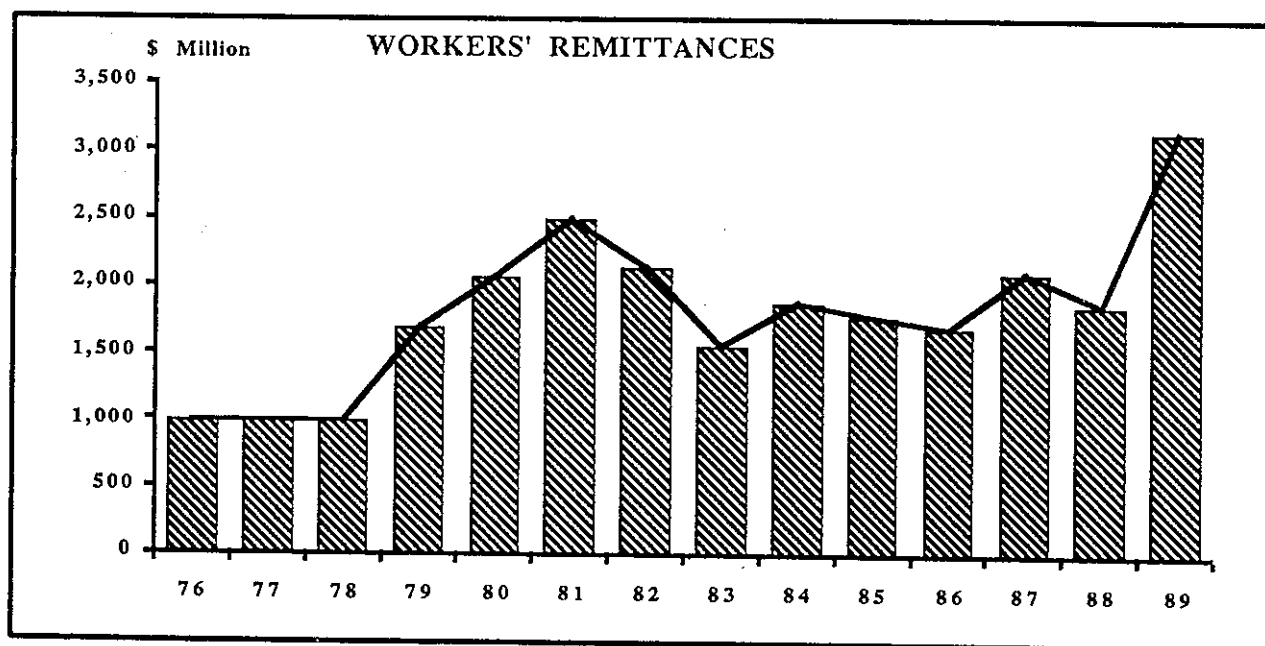
According to the latest available foreign trade figures for first three months of 1990, the trade deficit increased by 171.2 percent to \$ 2,202 million.

## 5) Invisibles

### Workers' Remittances

Turkish citizens working abroad have long since played a significant role in the solution of the country's foreign exchange problems. Workers' remittances continued to make a very important contribution to the Turkish balance of payments in 1989. By the end of the year, remittances aggregated \$ 3,138 million, which was 70.2 percent above the 1988 total. Workers' remittances rose to \$ 626 million from \$ 599 million in the period January-March 1990.

During the 27 years' period between 1961 and 1989, an additional purchasing power corresponding to \$ 27.5 billion was injected into the Turkish economy in the form of migrant workers' remittances. The contribution of the past six years, from 1984 to 1989, alone totalled \$12,347 million.



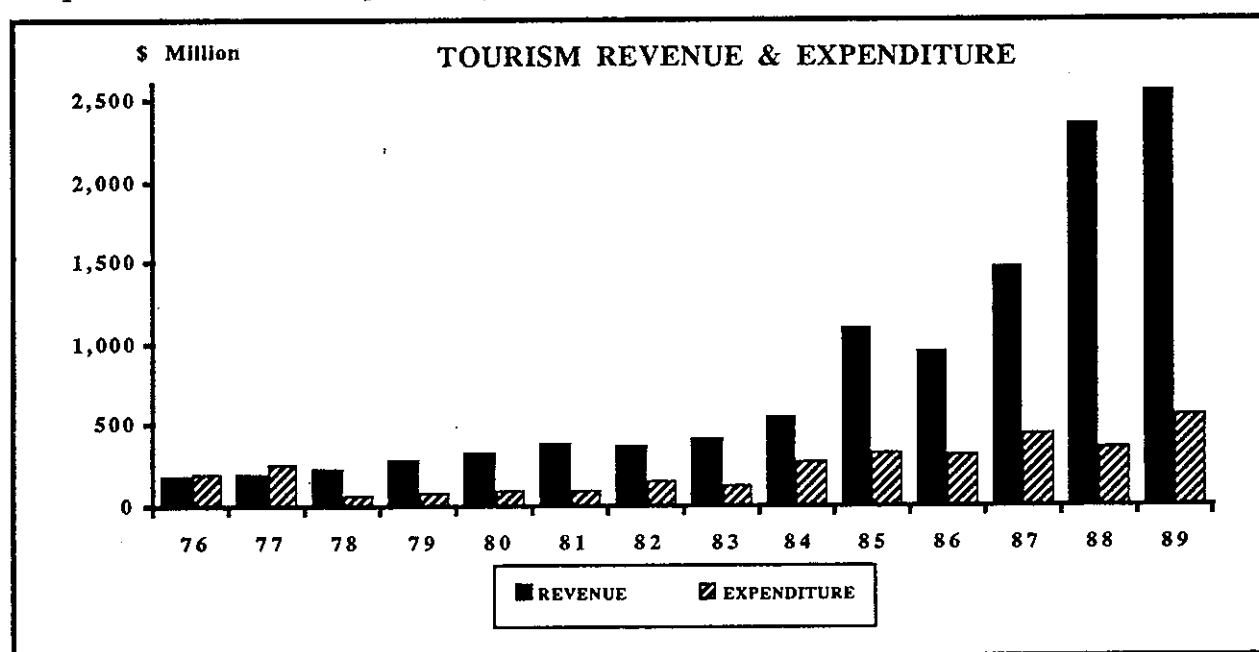
### Tourism Receipts and Expenditure

Last year was again a record year for the tourism sector. Both the number of tourists and tourism

revenues reached the highest annual level ever recorded in Turkey. The monthly breakdown also showed record figures for every month of the year.

In 1985, net revenue from tourism and travel soared by 184 percent, from \$ 271 million in 1984 to \$ 770 million. There was a slight decrease (to \$ 637 million) in 1986, and a reasonable increase (to \$ 1,028 million) in 1987, but in 1988 it rose sharply and contributed around \$ 2.0 billion for the first time ever. Last year, this figure reached the same level. Along with workers' remittances, tourism and travel regularly accounts for the vast bulk of the surplus on the "invisibles" account. In the first three months of 1990, tourism revenues rose to \$ 301 million and tourism expenditures amounted to \$ 118 million.

The number of foreign tourists visiting Turkey had been 2 million 615 thousand in 1985, 2 million 391 thousand in 1986, and 2 million 856 thousand in 1987. In 1988, no less than 4 million 173 thousand tourists visited Turkey, a rise of 46.1 percent on 1987. The number of foreigners visiting Turkey continued to increase in 1989 and reached to 4 million 459 thousand showing a 6.8 percent increase on the previous year.



## 6) Balance of Payments

According to the data released by the Central Bank, the surplus on the current account was \$ 966 million in 1989. This is less than that of 1988, but above both the initial and the revised targets of the 1989 Programme. During the first three months of 1990, the current account balance showed a deficit of \$ 985 million, the first such since July 1989.

The foreign trade deficit amounted to \$ 4,201 million, an increase of 136.4 percent on 1988's \$1,777 million.

The negative developments in the current account in January-March 1990, can be traced to the foreign deficit recorded during that period; this increased to \$1,725 million from \$ 295 million.

### FOREIGN EXCHANGE REVENUE & EXPENDITURE (\$ Million)

	1988	1989	Change 89/88	1990(*)
<b>REVENUE</b>	20,133	22,448	11.5%	5,248
- Exports	11,929	11,771	-1.3%	2,991
- Workers' Remittances	1,776	3,040	71.2%	626
- Tourism	2,355	2,557	8.6%	301
- Other	4,073	5,080	24.7%	1,330
<b>EXPENDITURE</b>	18,537	21,482	15.9%	6,233
- Imports	13,706	15,972	16.5%	4,716
- Interest Payments	2,799	2,907	3.9%	721
- Tourism	358	565	57.8%	118
- Other	1,674	2,038	21.7%	678
<b>Current Account Balance</b>	1,596	966	-39.5%	-985

(\*) January-March

Last year, tourism revenue rose from \$ 2,355 million to \$ 2,557 million and tourism expenditure went up from \$ 358 million to \$ 565 million. There was a 71.2 percent increase in the inflow of workers' remittances, from 1988's \$ 1,776 million to \$ 3,040 million in 1989. As a result, the surplus on the balance of invisibles' account rose to \$ 1,609 million, from \$ 1,214 million in 1988.

According to the data for the first three months of 1990, tourism revenue and expenditure reached, respectively, \$ 301 million and \$ 118 million, and workers' remittances increased to \$ 626 million from \$ 599 million. After \$ 721 million in interest payments, invisibles showed a surplus of \$ 5 million for the quarter.

Last year, Turkey paid back a total of \$ 7,183 million of foreign debts of which \$ 4,023 million was principal, \$ 2,907 million interest and \$ 253 million payments to the IMF. Repayments of principal totalled \$ 1,004 million in the first three months of 1990.

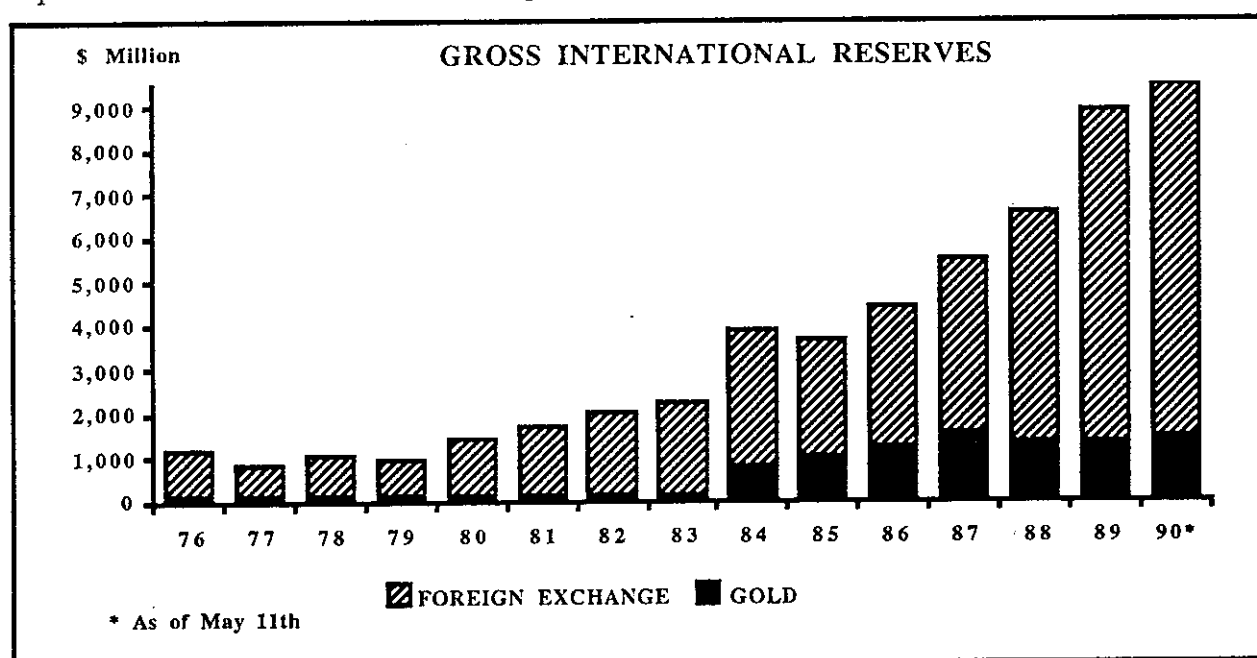
Use of credits use totalled \$ 2,585 million in 1989 and \$ 710 million in January-March 1990.

Portfolio investments stood at \$ 1,586 last year, and the corresponding figure was \$ 1,178 million in 1988. Foreign capital inflow amounted to \$ 122 million and portfolio investments totalled \$ 175 million in January-March 1990. In the same period of last year, foreign capital inflow and portfolio investments were, respectively, \$ 94 million and \$ 70 million.

The net capital account balance was a \$ 775 million; meanwhile reserve transactions grew by \$2,513 million last year. The increase in reserve transactions continued in the first three months of 1990 and realized \$ 219 million in contrast with a \$ 269 million decrease in the same period of 1989.

### Gold and Foreign Exchange Reserves

Turkey managed to increase its international reserves during each of the five years to 1984 but there was a slight fall in 1985, when year-end net reserves amounted to \$3,279 million, the equivalent of some 3.5 months' imports. There were marked improvements in each of the next four years and by the end of 1989 the net total had risen to the record level of \$ 8,935 million, the equivalent of more than five months' imports.

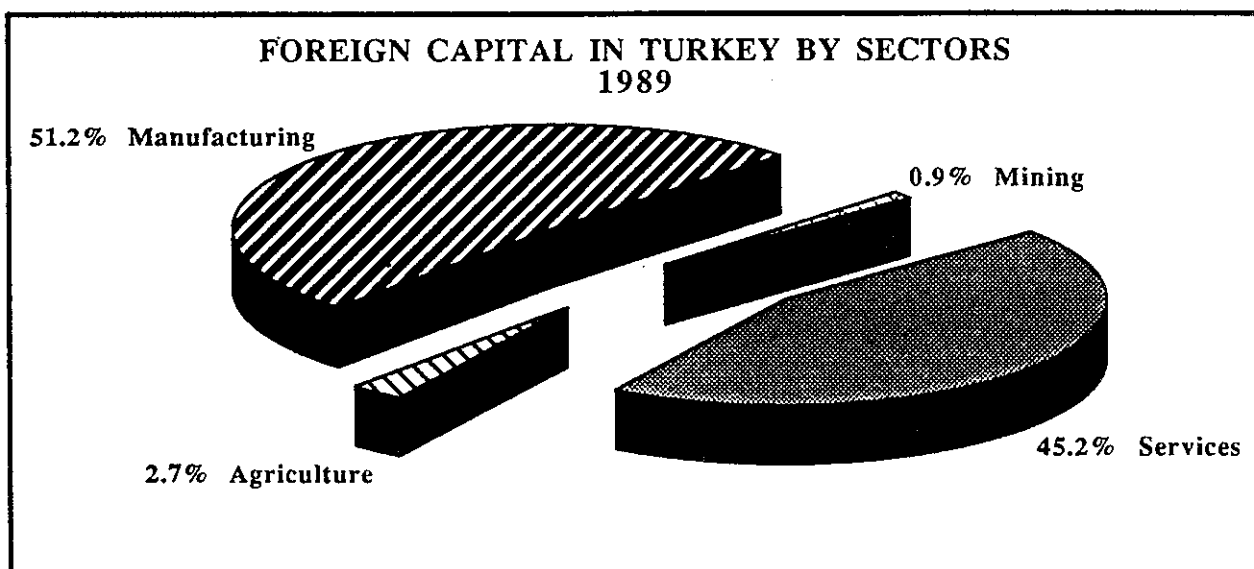


As of May 11, 1990; the gold reserves increased to \$ 1,429 million and the foreign exchange reserves totalled \$ 8,173 million. As a result, Turkey's net international reserves amounted to \$9,500 million, which is equivalent to 5.45 months' imports.

### 7) Foreign Capital Investment

During the period 1980 to 1989, the net inflow of foreign capital was almost twenty times greater

than during the whole of the previous 29 years.



It is not necessary to look far to understand investors' new-found interest in Turkey since 1980. Red tape has been drastically reduced and the processing of foreign investment applications has been centralised with the result that the examination process is much more rapid. Major fields of interest have been the manufacturing industries and trading but tourism has also proved to be an attractive field, especially recently.

**FOREIGN CAPITAL INVESTMENT APPROVALS  
UNDER LAW NO: 6224 & DECREE NO: 86/10353**

YEARS	NUMBER OF FIRMS	AMOUNTS \$ Million	CUMULATIVE \$ Million
BEFORE 1979			234.9
1979	91	-6.4	228.5
1980	100	97.0	325.5
1981	127	337.5	663.0
1982	170	167.0	830.0
1983	185	102.7	932.7
1984	267	271.4	1,204.1
1985	317	234.5	1,438.6
1986	474	364.0	1,802.6
1987	698	536.5	2,339.1
1988	827	824.5	3,163.6
1989	990	1,470.5	4,634.1
1990 (*)	300	396.5	5,030.6

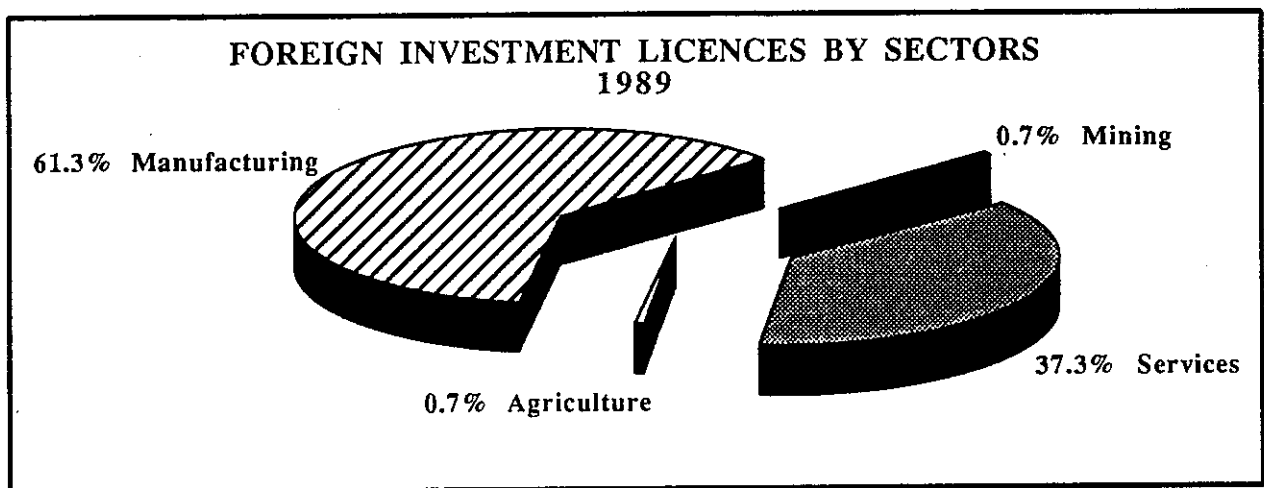
(\*) January-April

The State Planning Organization (SPO) issued licences for \$ 1,471 million worth of foreign capital investments in 1989 and \$ 397 million in first four months of 1990. These licences increased the total foreign capital in Turkey to \$ 4.6 billion at the end of 1989 and just over \$ 5.0



billion in April 1990. Last year's value marked the highest yearly amount so far; foreign capital investment licences had registered amounts of \$ 364 million in 1986, \$ 537 million in 1987 and \$825 million in 1988.

Of the \$ 1,471 million licenced last year, \$ 901 million was in the manufacturing sector, \$ 549 million in services, \$ 11 million in mining and \$ 10 million in agriculture. Of the total, \$ 544.8 million will come in the form of completely new investments, \$ 131.2 million as extension works, \$ 378.8 million will be used for capital expansion, and \$ 415.6 million for portfolio investments.



The biggest investment amount, \$ 255.7 million, is directed at tourism, followed by the cement industry with \$ 190.3 million, the food industry with \$ 100.8 million, and the chemicals industry with \$ 96.2 million.

The number of foreign companies operating in Turkey rose to 1484 by the end of 1989, and their aggregate foreign capital increased to TL 1,950 billion. The total capital of the 1,484 companies rose to TL 3,929 billion.

The Federal Republic of Germany has so far been the front-runner in investing in Turkey, 233 of the 1,484 firms were set up with the capital participation of German interests; 164 firms have been set up with the capital participation of Iran, and next in order are USA investors, 128 in all.

Of the total joint venture capital of TL 3,929 billion, TL 2,197 billion was contributed by the 405 firms operating in the manufacturing sector. This sector was followed by the services sector, where 1,010 firms operate with a combined equity of TL 1,621 billion; with a rush of new investment, the trade, tourism and banking sectors gained particular vitality and importance in the past year.

The sectoral break-down of the capital brought in by foreign investors in 1989 shows that TL 999 billion was in the manufacturing industry, and TL 880 billion in the services sector.

During the January-April 1990 period; 65.2 percent of licences issued by the SPO were in the manufacturing sector, 33.5 percent in services, 0.7 percent in mining and 0.6 percent in agriculture. Only 18.5 percent of total \$ 396.5 million investment licences were in the form of new investment. The largest share, 52.2 percent, came as extension works. The biggest investment (\$71.3 million) was realized in the cement industry, followed by tourism, electronics and banking.

In the same period, the total number of foreign companies operating in Turkey reached 1,590, with a total foreign capital of TL 2,450 billion.

The Federal Republic of Germany continued to be the front-runner in investing in Turkey; 260 of the total of 1,590 firms were from the Federal Republic of Germany, which was followed by Iran (172 firms) and the United Kingdom (134 firms).

At the end of April of 1990, the share of total foreign capital in the manufacturing sector decreased to 50.3 percent, whilst in the services sector it increased to 46.3 percent.

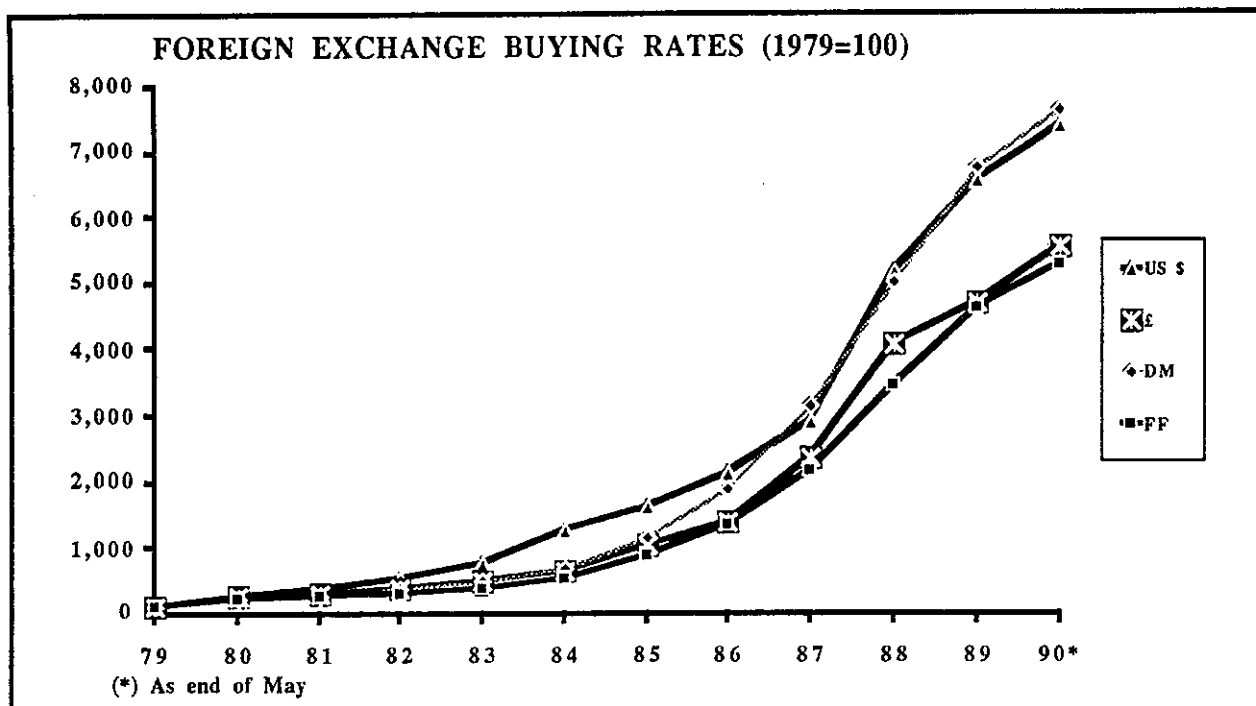
## 9) Foreign Exchange Rates

The 1989 Lira devaluation rates against the US dollar, sterling and the Deutsche Mark were 26.9 percent, 14.5 percent, and 34.9 percent, respectively. The percentages for the French Franc, Swiss Franc, Belgian Franc, and Austrian Schilling were, in that order, 34.5 percent, 25.0 percent, 34.2 percent and 34.6 percent.

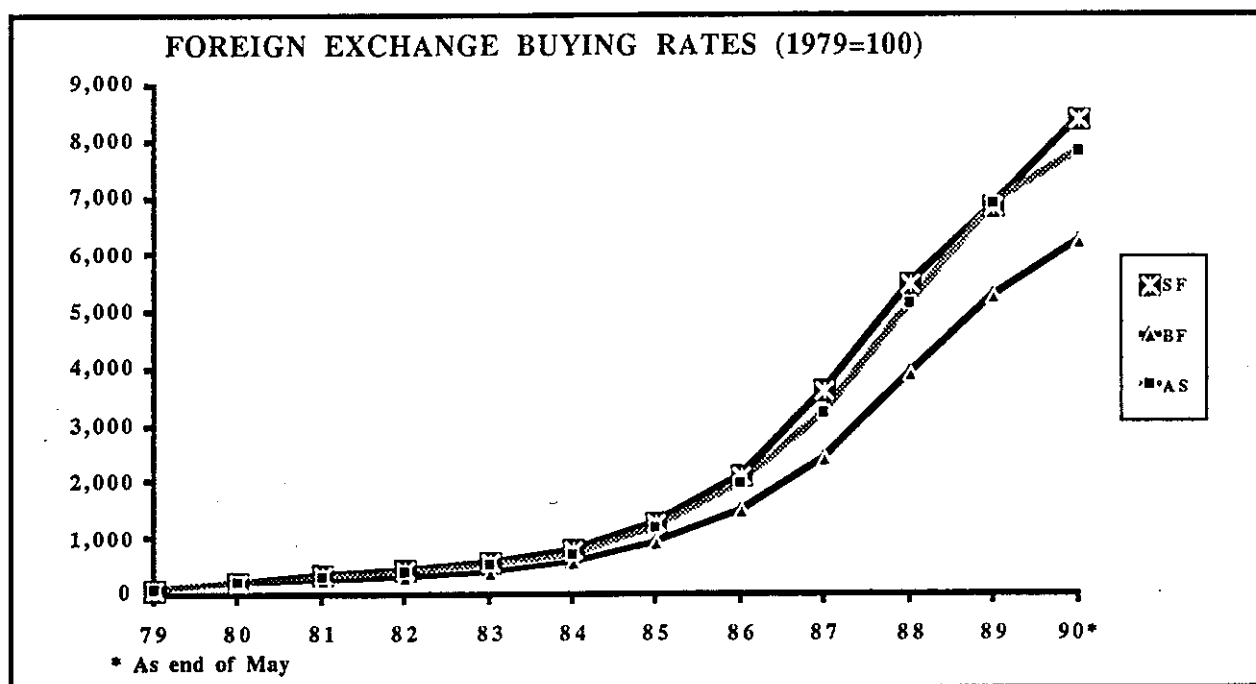
### EXCHANGE BUYING RATES (End of Year, TL)

	1988	1989	Change	1990(*)	Change
<b>US Dollar</b>	1,816.0	2,304.4	26.9%	2,590.8	12.4%
<b>Sterling</b>	3,252.4	3,723.9	14.5%	4,409.0	18.4%
<b>DM</b>	1,015.4	1,369.6	34.9%	1,543.1	12.7%
<b>French Franc</b>	297.9	400.6	34.5%	458.1	14.4%
<b>Swiss Franc</b>	1,200.6	1,501.2	25.0%	1,837.1	22.4%
<b>Belgian Franc</b>	48.5	65.1	34.2%	75.0	15.2%
<b>Australian Schilling</b>	144.6	194.7	34.6%	219.4	12.7%

(\*) End of May

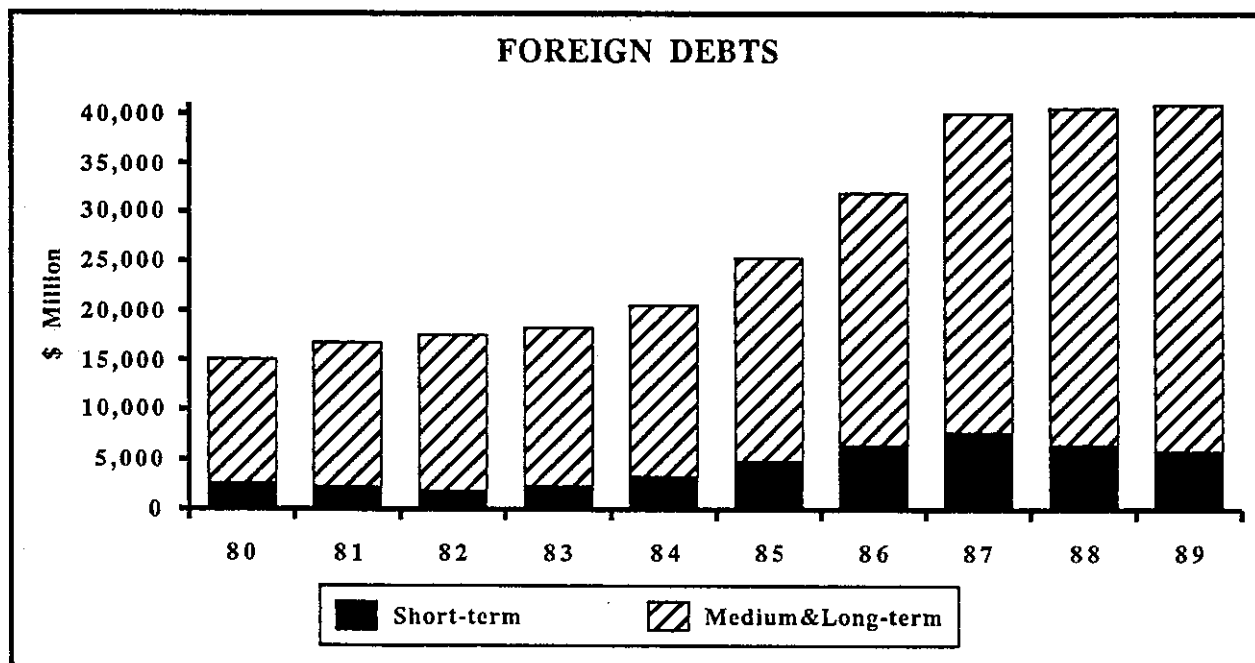


As of the end of May 1990, the post 1989 Lira devaluation rates against the US dollar, sterling and the Deutsche Mark were 12.8 percent, 17.2 percent, and 12.2 percent, respectively. The percentages for the French Franc, Swiss Franc, Belgian Franc, and Austrian Schilling were, in that order, 13.7 percent, 21.8 percent, 14.7 percent and 12.1 percent.



## 10) Foreign Debts

During the last five years, the total external debt rose by 61.0 percent and most of this increase was accounted for in 1986, and in 1987, when there was a 25.3 percent rise over 1986. The increase in the value of the external debt over the past six years reached no less than 98.6 percent, rising from \$ 20,659 million in 1984 to \$ 41,021 million in 1989.



The steady increase over the period 1983-1987 in the percentage share of short-term debts, along with the compensating fall in the relative importance of medium- and long-term debts, is perhaps the most significant feature of the above chart, but this situation changed in 1988 and 1989.

### OUTSTANDING PUBLIC DEBTS (\$ Million)

	1988	Share	1989(*)	Share	Change
Medium&Long-term	34,305	84.2%	35,276	86.0%	2.8%
IMF	(299)	-0.7%	(48)	-0.1%	-83.9%
Short-term	6,417	15.8%	5,745	14.0%	-10.5%
Normal Debts	3,292	8.1%	2,516	6.1%	-23.6%
Turkish Citizens	3,125	7.7%	3,229	7.9%	3.3%
<b>TOTAL</b>	<b>40,722</b>		<b>41,021</b>		<b>0.7%</b>

(\*) Provisional

Last year, the share of the short-term debt in total borrowing decreased again, whilst the loans

supplied by the international market rose. The share of the short-term debt in the total foreign debt was 14.0 percent, as against 15.8 percent at the end of 1988.

The project-programme loans, which until recently had the biggest share of the total foreign debt, decreased to 45.2 percent last year. The equivalent ratio was 47.8 percent in 1988 and 57.6 percent in 1984.

Meanwhile, foreign debts equalled 51.6 percent of the GNP in 1989. This ratio, which was 41.5 percent in 1984, showed a rising trend until 1987, and reached its highest level so far, 59.3 percent, in 1987.

### FOREIGN DEBT INDICATORS

	1984	1985	1986	1987	1988	1989
<b>Debt Ratio to GNP</b>	41.5%	48.1%	55.6%	59.3%	58.0%	51.6%
<b>Short Term/Total Debt</b>	15.4%	18.7%	19.8%	18.9%	15.8%	14.0%
<b>Turkish Citizens*/Short-term</b>	31.3%	32.4%	37.0%	42.7%	48.7%	56.2%
<b>Payments Ratio to GNP</b>	5.6%	6.9%	7.7%	8.1%	10.2%	9.1%
<b>Debt Servicing Ratio**</b>	27.0%	31.0%	40.1%	36.5%	40.1%	37.0%

\* Total deposits made by Turkish workers and other citizens abroad; long-term accounts included in foreign currency deposits at the Central Bank with letter of credit facilities from the Dresdner Bank, and deposits of Turkish residents

\*\* External debt payments expressed as the percentage of earning from exports and other goods and services (net) and unrequited transfers.

### Foreign Debt Payments

Last year's total debt servicing payments reached \$ 7.2 billion, of which \$ 4.0 billion was repayments of principal, \$ 2.9 billion interest payments, and \$ 0.3 billion payments to the IMF. The total figure represents a 0.1 percent fall over the previous year's \$ 7,193 million.

# ANNUAL DEBT SERVICING PAYMENTS (\$ Million)

	1984	1985	1986	1987	1988	1989
<b>Principal</b>	1,107	1,858	2,145	2,657	3,927	4,023
<b>IMF</b>	141	103	241	344	467	253
<b>Interest</b>	1,586	1,753	2,134	2,507	2,799	2,907
<b>TOTAL</b>	2,834	3,714	4,520	5,508	7,193	7,183

According to Central Bank data, principal payments reached a monthly peak of \$ 581 million and interest payments recorded their highest figure, \$ 318 million, in March 1989.



# CALENDAR OF MAIN ECONOMIC POLICY MEASURES

1989/1990

## 1989

**June 10**

Customs duty on cotton yarn imports is lifted, but the surcharge is raised from \$ 130 to \$ 200-300 per tonne, except for imports for export-oriented sales with an incentive certificate, which are exempted from the surcharge.

**June 24**

Prices of crude oil and petroleum products are deregulated.

**June 30**

The Government ratified the loan agreement signed between Turkey and the Council of Europe Resettlement Fund on a credit of 12.5 billion Yen to be made available to Turkey.

The ratification Decree was published in the Official Gazette No: 20211.

**July 2**

VAT rates for several goods and services are changed. VAT rate on books and newspapers is lowered to 5 percent.

**July 4**

Certain Articles of the Regulations For the Public Partnerships Fund revised. The Decree of the Council of Ministers on this subject is already promulgated in the Official Gazette.

According to the revision made the 10 percent -minimum- of the Fund shall be earmarked and used for all employment intensive investments, participation by public corporations in 10 percent minimum, and for financing their operation, through the medium of Turkish Development Bank, provided such investment areas are located in the Priority Development Areas.

**July 22**

Certain amendments to the Customs Regulations are made by the Ministry of Finance and Customs; the new arrangements are



promulgated in the Official Gazette and put into effect on the same day. According to the revisions, automobiles imported by disabled, persons will not be older than 4 years, and their cylinder volume will not exceed 1700 c.c. The age of automobiles will be calculated, according to the time elapsed following their model year, and determined on the basis of the calendar year.

**July 27**

The Decree concerning the new minimum wage to be applied to the sectors of industry and agriculture as from August 1, 1989 is promulgated in the Official Gazette.

The said Decree foresees the implementation of a single minimum-wage to be used in all sectors for the first time this year. The monthly minimum gross wage will be TL 225,000.

**August 7**

Wooden packing materials are added to the list of packing materials which may be temporarily imported for the purpose of packing Turkish goods for export. Packing materials (of all kinds) so imported must now be used (i.e. re-exported) within one year of their being imported. The relevant amendments to the Customs Law and Customs Regulations are published in the Official Gazette.

**August 11**

A new government decree (Decree 32, Protection of the Value of the Turkish Lira) is published. Under the new regime foreign transactions are further liberalised. In particular,

-Turkish nationals are permitted to purchase foreign securities abroad and foreigners are allowed to buy Turkish securities quoted on the Istanbul Stock Exchange;

-Residents in Turkey are allowed to buy up to \$ 3,000 from banks or authorised agencies (previously this facility was granted only for travel abroad);

-Turkish banks are permitted to extend foreign currency credits with a maturity of over 3 years to trading companies and to Turkish residents holding an investment incentive certificate authorising them to have

access to foreign credits;

-Curbs on the import and export of gold and precious stones are lifted;

-Foreigners who buy property in Turkey by converting foreign exchange into Turkish Lira are allowed to transfer abroad the proceeds of the sale of the property;

-Turkish residents are no longer obliged to secure a government permission to obtain foreign credits;

-Turkish nationals and foreigners are allowed to open "TL deposit accounts convertible into foreign exchange"

Custom duties and surcharges on 331 items, mostly durable and other consumer goods, like cars, household appliances, cosmetics, tea and coffee, and on a number of raw materials, are reduced.

**August 21**

Various items, primarily motor vehicle tubes and tyres; raw silk and artificial fibres, are excluded from the list of imports subject to Fund payments, per Decree of the Council of Ministers published in the current edition of the Official Gazette.

The Customs duty, rates applicable to tubes and tyres remain unchanged; those that are applied to artificial fibres and cords thereof, are reduced from 10-40 percent down to 1-1.5 percent.

**August 26**

Council of Ministers has amended the Decree governing the Resource Utilisation Support Fund. The relevant decree was published in the Official Gazette. According to this, the payment conditions and rates, except for support premiums, to be transferred from the Fund to investments, will be determined and implemented by Central Bank.

However, the conditions and rates of Resource Utilisation support premiums will be regulated by the State Planning Organisation within the framework of annual programmes, and implemented by the

Turkish Development Bank.

**August 27**

The provisional results of "Income and Expenditure Questionnaires" evaluated by the State Statistical Institute (DİE) in 1987, are announced.

According to the survey, the average income per capita, determined as TL 747,892 for 1987, covers the expenditure.

Distribution of total income over the groups of population is also finalised. According to this distribution the first, second, third and fourth 20 percent groups of the population get the 4 percent, 7 percent, 13 percent and 21 percent of the national income, versus the fifth 20 percent group which receives 55 percent of the national income.

**August 30**

Lists of selected exportable commodities finalized between Turkey and Czechoslovakia. Such goods as refrigerators, colour TV sets, tyres, ambulances, furniture, fertilizers, tobacco, tea and marble appear in the list of Turkish goods selected for export to Czechoslovakia. On the other hand, the lists that indicate Czechoslovakian commodities exportable to Turkey cover also capital goods in addition to various other commodities.

**August 31**

The Scientific and Technological Cooperation Agreement between Turkey and Hungary, has been ratified by the Council of Ministers with a decree promulgated in the Official Gazette.

The agreement foresees the participating countries' cooperation in developing research projects in mutually profitable fields. The agreement, will remain in force for five years, and will automatically be prolonged for an additional five years if neither of the parties applies for its termination.

**September 4**

The Commercial, Economic and Technical Cooperation Agreement signed between Turkey and Djiboti is ratified by the Council on Ministers and the relevant.

	Decree is promulgated in the Official Gazette.
<b>September 5</b>	<p>The minutes of the Turkish-Iran Joint Economic Committee -signed in Ankara - are ratified by the Council of Ministers and promulgated in the Official Gazette.</p> <p>The minutes state that Turkey and Iran agreed upon the necessity for making every effort to attain the bilateral trade volume of \$ 2 billion targeted for 1989.</p> <p>Meanwhile, Tüpraş shall buy 5 million tonnes of crude oil from the NIOC.</p>
<b>September 13</b>	<p>A new bank named European-Turkish Bank is founded with a capital of TL 20 billion.</p> <p>The Decree of the Council of Ministers published in the Official Gazette, permits the establishment of this Istanbul-based bank, which will not accept deposits and bring in TL 19 billion 998 million of its capital in US \$.</p>
<b>September 18</b>	Exports against Turkish Lira payment are permitted.
<b>September 23</b>	Customs duties and surcharges on several goods, including those already reduced in August, are further decreased.
<b>September 25</b>	The Machinery and Chemicals Industry Corp. converts to "Defense Industry Holding" by the completion of reorganization studies intended to orientate the organisation, primarily, to the manufacture of military materials and supplies.
<b>September 26</b>	The Economic and Technical Cooperation Agreement between Turkey and Thailand ratified by the Council of Ministers and the relevant Decree promulgated in the Official Gazette.
<b>October 8</b>	The Agreement on economic cooperation, and mutual stimulation and protection of investments, between Turkey and the Belgian-

Luxembourg Economic Union, has been ratified.

The Agreement, covering the investments made on or after the validity date, will be put into force one month after exchange of the ratification documents, and will be valid for a 10 years-period, for firms established before it lapses.

**October 9**

Turkish Council of Ministers approved an agreement between Turkey and Switzerland for the mutual protection and encouragement of investments. The agreement was signed in March 1988 and the Cabinet approval was published in the Official Gazette.

The agreement says that any kind of business initiatives and investments of both Turkish and Swiss investors in the counterpart country will be encouraged "as much as possible". The areas of protection include investment projects, exchange of real estate and securities, and initiatives in the industrial sector.

**October 15**

The Housing Fund and Public Participations Fund administrations issue "housing" and the Treasury issues "land" ownership certificates. The value of the certificates is held to represent the equivalent of one square meter of a house, flat or land, and a certain number certificates entitle their holders to a first claim on a home constructed by the Housing Fund, or a piece of land owned by the Treasury.

**October 30**

The Government's 1990 Economic Programme was published in the Official Gazette.

The Programme is planned for a growth rate of 6.9 percent in the industrial sector.

The State Institute of Statistics' (SIS) latest provisional estimate for the growth rate of industry this year is 3.3 percent.

The programme for 1990 also says that the industrial sector's total output will go up from TL 29.8 trillion in 1988 to TL 50.7 trillion this year and, further, to TL 83.6 trillion next year.

<b>November 4</b>	<p>The system of incentives for export and foreign currency earning activities is revised and simplified and the Circular containing the revisions has been published in the Official Gazette.</p> <p>The new system stipulates the cancellation of the energy incentives given to manufacturers of export goods in the production process.</p>
<b>November 6</b>	<p>The government Decree announcing the establishment of the South Eastern Anatolia Project (GAP) Regional Development Administration and its functions has been published in the Official Gazette. The GAP Regional Development Administration has been established with the aim of development of the areas within the GAP region and the realisation of the regional investment projects.</p>
<b>November 11</b>	<p>The Agreement between Turkey and Switzerland on the Reciprocal Promotion and Protection of Investment signed on March 3rd 1988 has been approved by the President and has been put into force.</p> <p>The Agreement aims at strengthening of mutual cooperation and includes articles on the flow of capital and of profits, and on the settlement of disputes.</p>
<b>November 16</b>	<p>Turkey exported bonds worth \$ 250 million in the European and Tokyo stock markets through Sumitomo Finance International.</p> <p>According to the statement of the Undersecretariat of the Treasury and Foreign Trade (HDTM) the Turkish bonds, which were auctioned, met with a great demand and have been sold to many different investors.</p>
<b>November 22</b>	<p>The Spanish Commercial Office opened a branch in İstanbul.</p>
<b>November 26</b>	<p>The European Community granted ECU 1.4 million (\$1.5 million) for the establishment in İstanbul of a Regional Training and Development Centre of the International Union of Local Administration (IULA) for the Mediterranean and Middle East.</p>

	<p>The project aims at improving the capacities of local government in the Eastern Mediterranean to carry out major social and economic development programmes by increasing the number of qualified government personnel.</p>
<b>November 29</b>	<p>The Undersecretariat of Treasury and Foreign Trade prepared a draft Bill amending the foreign exchange regulations set by Decree No.32. The new draft and related Communiqués submitted to the approval of the Council of Ministers.</p> <p>The amended system removes all limits to enable convertibility. The draft allows domestic investors to export capital up to \$ 5 million. Investors will also be able to export capital funds of \$ 5 million to \$ 25 million with the permission of the Ministry of Finance and Customs, and amounts over \$ 25 million with the permission of the Council of Ministers.</p>
<b>December 4</b>	<p>The regulations concerning the foreign trade corporations are being reconsidered and are to be amended.</p> <p>The amendments scheduled to be put into force in 1990 increase the minimum annual export requirement for obtaining the status of foreign trade corporation from \$ 50 million to \$ 100 million.</p>
<b>December 7</b>	<p>A new trade protocol was signed between Turkey and the Soviet Union for the extension of a new consumer goods credit of \$ 100 million to the USSR by the State run Turk Eximbank.</p> <p>The agreement foresees an increase in the current trade volume from one billion dollars to about two to three billion within the next two years.</p>
<b>December 11</b>	<p>A Balkan Union of Chambers of Industry and Commerce is to be set up for cooperation and coordination among Balkan Countries. The Union will include the Chambers of Greece, Yugoslavia, Romania, Albania and Turkey, which reportedly accepted the proposal. No invitation was extended to Bulgaria.</p>

<b>December 28</b>	New regulations and amendments announced in the Official Gazette concerning equities and financial leasing. According to the amended regulations announced in Official Gazette, companies are to issue shares against past reserves and 51 percent of the shares will be written to the name of the holder and will have to be quoted on the Stock Exchange. Another amended article regulates the incorporation, branch opening and audit of financial leasing firms; the firms are to complete their incorporation procedures within six months of obtaining an operations permit. The prior consent of the related Ministry is required for any amendment of the Articles of incorporation.
<b>1990</b>	
<b>January 1</b>	Turkey and Poland initialled a treaty for the mutual protection and encouragement of investment.
<b>January 10</b>	Turkey's leading companies in the newly developing defence industry established SASAD, the Turkish Defence Industry Manufacturers' Association.
<b>January 10</b>	<p>The Organization for Cooperation and Investment Between France and Turkey (OCIFT) decided to launch a specific programme for cooperation and investment between the two countries.</p> <p>The programme supported by the OCIFT will be implemented by the State Planning Organization and by the Foreign Economic Relations Board in Turkey and by the Ministries of Agriculture, Industry, Foreign Affairs the Directorate of International Economic Relations and the Confederation of French Industries and Services (CNPF) in France.</p>
<b>January 17</b>	<p>The import regime for 1990 came into force. In this context, the list of commodities whose import was subject to permission, has been abolished. Security collateral is no longer required for imports. Import taxes and Funds have been cut by significant amounts.</p> <p>Under the new regime, the import taxes charged on the import of fresh</p>



fruit and vegetables are removed, whereas Fund levies thereon have been raised.

Under the new import regime, import taxes levied on some 7,545 articles reduced and some 333 removed. Hence, the number of import tax exempt articles is increased to 3,504. Fund levies on 1,255 articles were decreased and on some 2,357 articles completely removed; the number of articles subject to Fund levies dropped from 7,880 to 5,523.

**January 28**

Premium payments to exporters from the Support and Price Stability Fund are increased.

Under the relevant Circular, on exports of beef and lamb meat as well as of poultry, the premium is raised to \$ 300 from \$ 170 per tonne. Similarly, the per-tonne premium for exports of tomatoes is increased to \$ 30 from \$ 14 and that for sales of malt is raised to \$ 50 from \$ 30.

**January 29**

Turkey and the Soviet Union signed a frame agreement concerning a \$ 350 million investment loan made available to Moscow by the Turkish Eximbank.

**January 29**

The Societe des Ciments Francais, the purchaser of five cement factories belonging to the State-owned Çitosan, established a holding company in Turkey in partnership with four other French firms. Named ABC Holding Incorporated, the new company will have a capital of TL 750 million equally contributed by the five partners.

**February 11**

The Electronics' Industrialists Association (ESİD) was founded in Ankara to promote the development of the universities electronics industry and the cooperation between university and industry.

**February 12**

Turco-Albanian Joint Economic Commission protocole was signed in Ankara.

**February 19**

General Motors (Opel), which launched an investment project to

produce "Opel Vectra Cars" in Turkey, obtained financial support from Manufacturers Hannover Company.

**February 19**

The European Community made available to Turkey a grant of ECU 8.6 million within the framework of the Special Co-operation Program.

**February 20**

The Islamic Development Bank (IDB) signed a loan agreement with Turkey to finance the import of ten million dollars worth of iron. The loan brings to around \$ 60 million to the amount extended by the Jeddah-based IDB to Turkey in less than eight months.

**February 25**

A new step towards the convertibility of the Turkish Lira was taken with the publication in the Official Gazette of a decree amending Decree 32 on the Protection of the Value of the Turkish Currency. Under the new Decree, all restrictions on the transfer abroad of Turkish Lira and foreign exchange are lifted.

Restrictions on export of capital by residents in Turkey in order to finance transactions in free zones or in commercial partnerships abroad eased.

**March 1**

The Council of Ministers rearranged ratios of the fuel oil consumption tax. According to the Decision, consumption tax on super grade and normal grade petrol is increased from 70 percent to 80 percent.

Consumption tax on fuel-oil is decreased from 40 percent to 29 percent. The ratio for LPG declined from 40 percent to 25 percent.

**March 10**

Turkey's first foreign securities investment fund was set up by State owned Vakıfbank incorporating securities quoted on the New York, Frankfurt, London, and Luxembourg stock exchanges.

**March 12**

The Supreme Planning Board amended its decisions regarding the use of block sales in the privatisation of State-owned companies. It decided to revise Decision 54 which was cited as the basis for an Ankara Administrative Court's ruling halting the sale of five cement

	plants belonging to ÇİTOSAN and the block sales of shares of USAŞ.
<b>March 15</b>	The Electricity Energy Fund was established. According to Law No: 3096, the shares which are taken from electricity and payments from the Budget will allocated to the Fund.
<b>March 20</b>	The authority to trade domestic and foreign currencies on international markets, previously a Central Bank monopoly, is granted to all commercial banks. From now on, commercial banks may transfer Turkish Liras abroad.
<b>March 21</b>	A new air transportation firm, "Green Air", is founded with the participation of Soviet Aeroflot and the Net Holding Co.
<b>April 10</b>	<p>The Mass Housing and Public Partnership Administration (TKKOİ) became two separate administrations. The relevant statutory decrees produced The Public Partnership Administration and The Mass Housing Administration.</p> <p>According to these decrees, all employees of the TKKOİ were transferred to the Public Partnership Administration. Until reorganizational activities within the Mass Housing Administration are complete, its service will be carried out by the Public Partnership Administration.</p>
<b>April 12</b>	<p>The Council of Ministers removed the \$ 8 fund levied on each tonne of imported cement.</p> <p>According to the Cabinet decision, now in force, the five percent Customs duty on imports of fire proof cement is abolished.</p>
<b>April 12</b>	<p>Rates of Vehicle Purchase Tax are increased by the Council of Ministers.</p> <p>The increases are by 90 percent for cars, 70 percent for buses, lorries and minibuses, by 50 percent for pick-ups and motorcycles, by 110 percent for yachts, and by 100 percent for helicopters.</p>

<b>April 18</b>	Turkey and the United States signed the Protocol of exchange of Instruments of Ratification of the Bilateral Investment Treaty signed in Washington in April 1985.
<b>April 18</b>	The first Turkish Lira transactions in the phase of convertibility carried out by the privately -owned Pamukbank which sold TL 125 million to Austria's Girtüzentrade und Bank Osterreichischen Sparkasse A.G.
<b>May 1</b>	<p>The Council of Ministers authorized Polly Peck and Sabancı Holding to establish car factories with an annual production capacity of 100,000 cars each.</p> <p>According to the Decision Sabancı Holding and Japan's Toyota will produce Toyotas, while Polly Peck and Çukurova Holding will produce Peugeot cars.</p> <p>Both partnerships would benefit from all the incentives introduce for the automotive sector and its auxiliary industries. The sector has been included in the scheme of specially important sectors and incentives will be given for investments in car factories with a minimum capacity of 100,000 cars. These incentives are 100 percent investment relief and 25 percent Resource Use Support Fund premium.</p> <p>The incentives aim to support the industry to meet this demand and become more competitive in foreign markets.</p>
<b>May 7</b>	A credit agreement of Swiss Francs 75 million between Turkey and the European Council Resettlement Fund is signed.
<b>May 18</b>	TJV, the consortium of Turkish contractors awarded construction of the Sabiya coal-fired power station in Kuwait raised \$ 226 million worth of credit on the international market. This is the biggest credits ever made available to Turkish company from abroad without a State guaranty.



## APPENDIX I

### TÜSİAD FORECASTS FOR 1990

TÜSİAD started its first exercise with an econometric model in 1983. The first "annual econometric model" was completed and published under the title "A Model for Forecasting Turkish Economy 1965-1983" in 1984. The same model was revised with 1965-84 data and the results were published (An Econometric Model for Turkey, 1965-84).

In this Appendix we present the results based on our short-term econometric model. It is assumed that there will be no significant changes in present economic policies or in the present environment.

The 1990 GNP growth rate is expected to be 6.1 percent. The growth rate in agriculture is forecast at 5.0 percent, that in industry 7.0 percent. Services is expected to grow by 6.0 percent.

#### SUMMARY OF TÜSİAD FORECASTS FOR 1990 (% Real Increases)

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Growth: Agriculture	5.0
Industry	7.0
Services	6.0
GNP	6.1
Total Fixed Capital Investments	7.0
Total Consumption	4.6
Inflation rate	52.0
Export (\$ Billion)	11.6
Import (\$ Billion)	18.1
Foreign Exchange Rate (TL/\$)	
Year End	3,070.0
Percentage Change (1990/1989)	33.0
Annual Average	2,665.0
Percentage Change (1990/1989)	25.0

Total investments is expected to increase by 7.0 percent, and total consumption by 4.6 percent.

The inflation rate will be around 52.0 percent.

Imports will be \$18.1 billion and exports \$11.6 billion.

As a year-end figure for 1990, the exchange rate is expected to be 3,070 TL/\$.

## APPENDIX II

### RESULTS OF A QUESTIONNAIRE ON TÜSİAD MEMBERS' FUTURE EXPECTATIONS

In November 1989, TÜSİAD prepared and distributed to all its members a questionnaire which was aimed at providing a thorough survey of economic developments in Turkey.

The results of this TÜSİAD initiative were indicative of the importance which is now placed on the forecasting of economic development.

No less than 70.6 percent of the respondents have special sections or staff concerned with forecasting in their companies. These forecasting groups average about eight persons each.

Eighty-point-four percent of the respondents use market research, 78.4 percent use judgement of managers, 64.7 percent compare current year's results with those of the previous year, 35.3 percent depend upon the forecast of regional sales agents, 25.5 percent use consumer surveys and time series analyses, 19.6 percent use technological forecasts, and 17.6 percent use regressions, correlation. Seventy-two-point-five percent of TÜSİAD members use the forecasts of our Association.

#### NUMBER OF PERSONS DEALING WITH FORECASTS

Number of Persons	Percentage
0	29.4
1-9	47.1
10+	23.5



## METHODS EMPLOYED FOR FORECASTS

Method	Firms Employing These Methods(%)
Market research	80.4
Comparison of previous year's results, statistical analyses, extrapolation	64.7
Regression, correlation	17.6
Time series analyses	25.5
Econometric models	13.7
Judgement of Managers	78.4
Consumer Surveys	25.5
Exponential Smoothing	15.7
Sales Agents' Forecasts	35.3
Technological Forecasts	19.6

## INSTITUTIONAL HELP IN FORECASTING

Institution	Percentage
TÜSİAD	72.5
Others	27.5

Results obtained by the questionnaires may further be summarised as follows:

Inflation in 1989 appeared still to be the most important problem; together with inflation, growth rate and education and health were seen as crucial issues. The foreign trade deficit, income distribution, insufficiency of available technology, foreign debts, and high interest rates were evaluated as the next most important problems.

The percentage of our members who see inflation as the most important problem of 1993 shows a marked decrease.

Now, education and health are ranked as the most important problems of 1993, with 23.5 percent. The next most important problems are inflation and the growth rate.

**THE MOST IMPORTANT PROBLEMS  
TO BE RESOLVED (%)**

	<b>1993</b>
<b>Inflation</b>	21.6
<b>Growth Rate</b>	19.6
<b>Foreign Trade Deficit</b>	2.0
<b>Unemployment</b>	9.8
<b>Foreign Currency Shortages</b>	2.0
<b>Income Distribution</b>	7.8
<b>Insufficiency of Technology</b>	7.8
<b>Foreign Debts</b>	7.8
<b>Education and Health</b>	23.5
<b>High Interest Rates</b>	-
<b>Energy</b>	2.0

Fifty-two point nine percent of the respondents expect that the 1990-1993 period will more successful than 1985-1989. Eighty-point-four percent of all members believe that a competitive economic structure would lead to improved quality and increased output and 19.6 percent disagree. Seventy-six-point-five percent of the respondents favoured cooperation with foreign companies in investment and 41.2 percent considered such co-operation to be advantageous in the export field and 52.9 percent in the transfer of technology.

**EXPECTATIONS AS REGARDS THE PERIOD 1990-1993  
IN COMPARISON WITH 1985-1989 (%)**

1990-1993 period will be more succesful	52.9
1985-1989 period was more succesful	47.1

**PERCENTAGE OF THOSE WHO BELIEVE THAT A COMPETITIVE  
ECONOMIC STRUCTURE WOULD LEAD TO IMPROVED QUALITY AND  
INCREASED OUTPUT**

Believers	80.4
Non-believers	19.6

**THE PERCENTAGE OF THOSE WHO FAVOUR  
COOPERATION WITH FOREIGN COMPANIES**

<u>Field of Cooperation</u>	<u>Percentage</u>
Investment	76.5
Export	41.2
Transfer of Technology	52.9

The first factor which has a negative effect on fixed capital investment is economic instability. This is followed by high interest rates and political instability.

**THE FACTORS WHICH HAVE A NEGATIVE EFFECT  
ON FIXED CAPITAL INVESTMENT  
( Percentage Stated Among the Three Most Important Factors )**

	<u>Average Ranking</u>
High Interest Rates	31.4
Lack of Domestic Demand	3.9
Political instability	13.7
Credit Shortages	3.9
Economic Instability	49.0
Lack of External Demand	2.0
Labour Problems, Lack of Skilled Labour	2.0

**ADEQUACY OF TECHNOLOGICAL AND TECHNICAL LEVEL  
OF TURKISH INDUSTRIES IF TURKEY ENTERS THE EEC**

Will be wholly adequate	0.9
Will be partially adequate	56.9
Will be partially inadequate	3.7
Will be wholly adequate	5.9

No less than 56.9 percent of respondents believe that Turkish industries' adequacy in their

technological and technical level will be partially adequate if Turkey becomes a member of EEC. But none of the respondents believe that they will be wholly adequate.

**Forecasts of TÜSİAD members regarding the Turkish economy are as follows:**

In 1990, GNP is expected to grow by 3.3 percent, and manufacturing industry by 3.2 percent, in real terms.

It is expected that the number of building permits will increase by 3.6 percent in 1990, and by 4.3 percent in 1991.

Fixed capital investment will increase by 1.4 percent in 1990.

In 1990, exports and imports will reach \$ 12.3 billion and \$ 16.3 billion, respectively. Foreign debts are expected to increase considerably, to total \$ 41.1 billion.

According to respondents, the inflation rate will be 66.3 percent in 1990, 54.5 percent in 1991.

Interest rates on credits and deposits are expected to decrease but, not at the same rate as inflation.

Wage increases will be below the rate of inflation in 1990.

Rate of increase in gold prices will be below the inflation rate.

The percentage increase in the money supply, 65.7 percent in 1990 and 60.5 percent in 1991, will be less than the rate of inflation.

In 1990, tax revenues are expected to increase by 66.8 percent and in 1991 by 59.8 percent. The Budget deficit will increase to TL 9,000 billion in 1990, and TL 10,900 billion in 1991.

Time deposits are expected to increase (69.9 percent) by a bigger margin than bank credits (46.3 percent).

# **FORCASTS OF TÜSİAD MEMBERS REGARDING THE TURKISH ECONOMY (\*)**

	1988	1989	1990	1991
<b>I. INCOME/PRODUCTION/INVESTMENT</b>				
Real Growth Rate (%)				
-GNP	3.7	1.7	3.3	4.2
-Manufacturing Sector	1.8	3.1	3.2	4.3
-Number of Building Permits	1.3	-4.3	3.6	4.3
-Fixed Capital Investment	-0.6	-1.0	1.4	2.2
<b>II. FOREIGN ECONOMY</b>				
Exports (\$ Billion)	11.7	11.6	12.3	13.7
Imports (\$ Billion)	14.3	15.8	16.3	18.3
Foreign Exchange Buying Rate (End of year)				
-TL/\$	1,816	2,304	3,798	5,508
-TL/DM	1,015	1,370	2,073	3,013
Workers' Remittances (\$ Billion)	1.8	3.0	2.1	2.1
Foreign Debts (\$ Billion)	40.7	41.0	41.1	43.2
<b>III. WAGES/PRICES/INTEREST RATES</b>				
Inflation (%)	75.2	68.8	66.3	54.5
Interest Rate on One Year Deposits (%)	Free	Free	58.3	53.4
Interest Rate on Credits (%)	62.0	65.1	61.5	54.7
Gold Ingot (gr., end of year)	24,490	30,640	50,330	71,145
Average Wage Increase (%)	58.1	118.8	64.5	53.8
<b>IV. PUBLIC FINANCE/MONEY/CREDITS</b>				
Increase in Tax Revenues (%)	56.7	79.4	66.8	59.8
Growth in Money Supply (M2) (%)	95.6	79.5	65.7	60.5
Budget Deficits (TL Billion)	3,860	6,998	8,979	10,858
Increase in Bank Credits (%)	50.7	63.9	46.3	43.8
Increase in Time Deposits (%)	84.6	85.5	69.9	64.2

(\*) Half of the respondents' forecasts are below and the other half's are above the values given in the table above. 1988 and 1989 figures are actual, 1990-91 are forecasts of TÜSİAD members forecasts.

**STATISTICAL ANNEX  
FOR  
CHAPTER I**



**GROSS NATIONAL PRODUCT (GNP)**  
( Producers' Values at 1968 Prices )

Kind of Activity	1988			1989		
	Value TL Million	Sectoral Share	Growth Rate	Value TL Million	Sectoral Share	Growth Rate
<b>Agriculture</b>	62,629.8	20.1%	7.9%	55,847.2	17.7%	-10.8%
-Agriculture & Livestock	60,472.2	19.5%	8.1%	53,634.7	17.0%	-11.3%
-Forestry	1,178.6	0.4%	-3.5%	1,158.1	0.4%	-1.7%
-Fishing	979.0	0.3%	7.7%	1,054.4	0.3%	7.7%
<b>Industry</b>	88,131.7	28.3%	2.1%	91,793.0	29.0%	4.2%
-Mining & Quarrying	5,164.3	1.7%	-4.6%	5,834.6	1.8%	13.0%
-Manufacturing	74,489.3	24.0%	1.8%	76,819.9	24.3%	3.1%
-Electricity, Gas, Water	8,478.1	2.7%	8.8%	9,138.5	2.9%	7.8%
<b>Construction</b>	16,587.6	5.3%	2.4%	16,756.8	5.3%	1.0%
<b>Wholesale &amp; Retail Trade</b>	46,216.7	14.9%	3.7%	48,763.2	15.4%	5.5%
<b>Transportation &amp; Commun.</b>	26,541.0	8.5%	3.5%	27,018.7	8.5%	1.8%
<b>Financial Institutions</b>	8,816.5	2.8%	4.7%	8,973.4	2.8%	1.8%
<b>Ownership of Dwellings</b>	14,369.7	4.6%	4.0%	15,004.8	4.7%	4.4%
<b>Business &amp; Personal Serv.</b>	15,852.2	5.1%	4.1%	15,899.8	5.0%	0.3%
<b>(-)Imputed Banking</b>	4,877.2	1.6%	4.7%	4,964.0	1.6%	1.8%
<b>Services Charges</b>						
<b>Sectoral Total</b>	274,268.0	88.2%	4.1%	275,092.9	87.0%	0.3%
<b>Government Services</b>	28,741.7	9.2%	6.5%	30,612.8	9.7%	6.5%
<b>TOTAL</b>	303,009.7	97.5%	4.3%	305,705.7	96.7%	0.9%
<b>Import Duties</b>	8,253.0	2.7%	-8.3%	8,756.4	2.8%	6.1%
<b>GDP (In Purch.Values)</b>	311,262.7	100.1%	3.9%	314,462.1	99.4%	1.0%
<b>Net Factor Income from the Rest of the World</b>	-354.3	-0.1%		1,794.3	0.6%	
<b>GNP (In Purch.Values)</b>	310,908.4	100.0%	3.7%	316,256.4	100.0%	1.7%

Source : State Institute of Statistics



**GROSS NATIONAL PRODUCT (GNP)**  
( Producers' Values at Current Prices )

Kind of Activity	1988			1989		
	Value TL Million	Sectoral Share	Growth Rate	Value TL Million	Sectoral Share	Growth Rate
<b>Agriculture</b>	16,398,275.8	16.3%	68.3%	25,850,488.3	15.1%	57.6%
-Agriculture & Livestock	15,567,765.6	15.5%	68.5%	24,595,258.6	14.4%	58.0%
-Forestry	511,727.5	0.5%	51.7%	739,103.2	0.4%	44.4%
-Fishing	318,782.7	0.3%	88.1%	516,126.5	0.3%	61.9%
<b>Industry</b>	33,211,078.5	33.0%	77.1%	55,252,076.3	32.4%	66.4%
-Mining & Quarrying	1,842,308.1	1.8%	66.7%	3,253,331.9	1.9%	76.6%
-Manufacturing	27,053,717.8	26.9%	78.3%	44,901,345.9	26.3%	66.0%
-Electricity, Gas, Water	4,315,052.6	4.3%	74.2%	7,097,398.5	4.2%	64.5%
<b>Construction</b>	3,962,512.5	3.9%	66.9%	6,624,528.4	3.9%	67.2%
<b>Wholesale &amp; Retail Trade</b>	17,506,425.4	17.4%	73.6%	28,876,848.7	16.9%	65.0%
<b>Transportation &amp; Commun.</b>	9,822,949.2	9.8%	76.0%	16,829,658.9	9.9%	71.3%
<b>Financial Institutions</b>	3,133,922.7	3.1%	82.6%	5,577,128.8	3.3%	78.0%
<b>Ownership of Dwellings</b>	4,365,250.5	4.3%	80.0%	7,764,907.6	4.5%	77.9%
<b>Business &amp; Personal Serv.</b>	5,576,199.8	5.5%	74.3%	9,246,474.2	5.4%	65.8%
<b>(-)Imputed Banking Services Charges</b>	1,563,124.5	1.6%	82.6%	2,781,736.4	1.6%	78.0%
<b>Sectoral Total</b>	92,413,489.9	91.9%	74.3%	153,240,374.8	89.8%	65.8%
<b>Government Services</b>	5,326,512.7	5.3%	65.5%	9,665,489.9	5.7%	81.5%
<b>TOTAL</b>	97,740,002.6	97.2%	73.8%	162,905,864.7	95.4%	66.7%
<b>Import Duties</b>	3,086,163.0	3.1%	50.1%	4,911,353.0	2.9%	59.1%
<b>GDP (In Purch. Values)</b>	100,826,165.6	100.2%	73.0%	167,817,217.7	98.3%	66.4%
<b>Net Factor Income from the Rest of the World</b>	-243,980.3	-0.2%		2,862,715.4	1.7%	
<b>GNP (In Purch. Values)</b>	100,582,185.3	100.0%	72.3%	170,679,933.1	100.0%	69.7%

Source : State Institute of Statistics

# MACRO EQUILIBRIUM OF THE ECONOMY ( TL Billion )

	Macro Equilibrium			Percentages of GNP		% Changes	
	1988(1)*	1989(2)*	1989(3)**	1988*	1989*	(3)/(1)	(2)/(1)
GNP	100,154.1	101,953	172,546	100.0%	100.0%	72.3%	1.8%
Foreign Balance	-2,128.8	-2,968	-1,525	-2.1%	-2.9%	0.1%	39.4%
Total Domestic Demand	98,025.3	98,985	171,021	97.9%	97.1%	74.5%	1.0%
Total Investment	24,046.6	22,927	37,512	24.0%	22.5%	56.0%	-4.7%
Fixed Investment	24,165.8	23,336	38,202	24.1%	22.9%	58.1%	-3.4%
Public	11,510.3	10,333	17,014	11.5%	10.1%	47.8%	-10.2%
Private	12,655.5	13,002	21,188	12.6%	12.8%	67.4%	2.7%
Stockbuilding	-119.2	-408	-690	-0.1%	-0.4%	1.3%	242.5%
Public	-519.9	-652	-1,102	-0.5%	-0.6%	-1.7%	25.4%
Private	400.7	244	412	0.4%	0.2%	3.0%	-39.2%
Total Consumption	73,978.7	76,058	133,509	73.9%	74.6%	80.5%	2.8%
Public Disposable Income	17,545.6	16,200	29,283	17.5%	15.9%	66.9%	-7.7%
Public Consumption	8,814.7	8,842	18,191	8.8%	8.7%	106.4%	0.3%
Public Savings	8,730.9	7,358	11,092	8.7%	7.2%	27.0%	-15.7%
Public Investment	10,990.4	9,681	15,912	11.0%	9.5%	44.8%	-11.9%
Public Savings - Investment	-2,259.5	-2,323	-4,820	-2.3%	-2.3%	113.3%	2.8%
Private Disposable Income	82,608.7	85,753	143,262	82.5%	84.1%	73.4%	3.8%
Private Consumption	65,164.0	67,216	115,318	65.1%	65.9%	77.0%	3.1%
Private Savings	17,444.7	18,537	27,944	17.4%	18.2%	60.2%	6.3%
Private Investment	13,056.3	13,246	21,600	13.0%	13.0%	65.4%	1.5%
Private Savings - Investment	4,388.4	5,291	6,345	4.4%	5.2%		
Private Savings Ratio				21.1%	21.6%		
Fixed Investment / GNP				24.1%	22.9%		
Domestic Savings / GNP				26.1%	25.4%		

\* At 1988 Prices

\*\* At Current Prices

Source : State Planning Organization

## DEVELOPMENTS IN VALUE ADDED BY MAIN SECTORS

	Value Added		Shares in GDP		Rates of Change	
	1988	1989	1988	1989	1988	1989
Agriculture	15,745	16,470	15.7%	15.8%	6.8%	4.6%
Industry	32,573	38,379	32.4%	36.7%	2.0%	17.8%
Services	52,093	49,697	51.9%	47.5%	3.4%	-4.6%
GDP (In Purc.'s Value)	100,411	104,546	100.0%	100.0%	3.6%	4.1%
Net Fac.Income From Rest of the World	-418	-854	-0.4%	-0.8%		
GNP (In Purc.'s Value)	99,992	103,692	99.6%	99.2%	3.4%	3.7%

Source: State Planning Organization

**FIXED INVESTMENT**  
(At current prices, TL Billion)

	1988			1989			Percentage Change		
	Public	Private	Total	Public	Private	Total	Public	Private	Total
Agriculture	1,046	681	1,727	1,627	826	2,453	55.5%	21.3%	42.0%
Mining	510	179	689	618	288	906	21.2%	60.9%	31.5%
Manufacturing	678	2,975	3,653	918	4,411	5,329	35.4%	48.3%	45.9%
Energy	3,080	174	3,254	4,760	217	4,977	54.5%	24.7%	53.0%
Transport.& Comm.	3,421	1,342	4,763	4,968	2,011	6,979	45.2%	49.9%	46.5%
Tourism	181	608	789	253	1,389	1,642	39.8%	128.5%	108.1%
Housing	208	6,141	6,349	357	11,031	11,388	71.6%	79.6%	79.4%
Education	654	55	709	1,115	126	1,241	70.5%	129.1%	75.0%
Health	205	56	261	375	130	505	82.9%	132.1%	93.5%
Other Services	1,528	447	1,975	2,022	759	2,781	32.3%	69.8%	40.8%
Total	11,511	12,658	24,169	17,013	21,188	38,201	47.8%	67.4%	58.1%

Source : State Planning Organization

# **GROSS FIXED INVESTMENT IN THE PRIVATE SECTOR**

	1989 (1988 Prices)		Percentage					Change Over Previous Year				
	(TL Billion)	Share	1981	1982	1983	1984	1985	1986	1987	1988	1989	
Agriculture	490	3.8%	27.5%	9.2%	7.0%	2.1%	-16.4%	-14.5%	23.4%	-7.4%	-28.0%	
Mining	181	1.4%	1.3%	8.6%	4.4%	4.3%	25.4%	7.9%	35.4%	7.2%	1.0%	
Manufacturing	2,830	21.8%	-2.0%	0.6%	1.0%	5.9%	6.0%	13.2%	-9.0%	2.2%	-4.9%	
Energy	138	1.1%	6.7%	3.9%	5.7%	12.8%	-91.0%	145.0%	-13.8%	0.9%	-20.8%	
Transport.& Comm.	1,242	9.6%	29.0%	12.8%	9.3%	13.8%	9.2%	-8.1%	1.7%	-3.5%	-7.5%	
Tourism	833	6.4%	2.2%	6.3%	5.7%	88.7%	31.7%	61.8%	47.7%	44.3%	37.0%	
Housing	6,683	51.4%	-34.7%	4.8%	5.0%	8.8%	14.9%	36.7%	43.3%	31.4%	8.8%	
Education	75	0.6%	6.7%	5.6%	2.4%	9.0%	103.2%	35.1%	25.2%	3.8%	37.3%	
Health	81	0.6%	6.0%	4.3%	1.7%	7.0%	140.2%	44.5%	11.8%	-17.6%	44.6%	
Other Services	450	3.5%	4.4%	2.2%	2.6%	10.1%	8.7%	8.6%	8.4%	6.3%	0.8%	
Total	13,002	100.0%	-8.7%	5.5%	4.7%	8.4%	8.2%	15.8%	16.6%	15.0%	2.7%	
Private Sector Total	13,002	55.7%	-8.7%	5.5%	4.7%	8.4%	8.2%	15.8%	16.6%	15.0%	2.7%	
Public Sector Total	10,333	44.3%	9.4%	2.2%	1.9%	-5.3%	23.2%	9.9%	-3.0%	-13.6%	-10.2%	
Grand Total	23,336	100.0%	1.7%	3.5%	3.0%	0.1%	16.7%	12.3%	5.2%	-0.6%	-1.0%	

Source : State Planning Organization

**FIXED CAPITAL INVESTMENTS BY SECTORS**  
( 1989 Current Prices, TL Billion )\*

Sectors	General + Annexed Budget	SEEs	Funds	Iter Bank	Revolving Fund	Sub-Total	Percent Distri.	Local Administ.	Total Public	Percent Distri.	Private Sector	Percent Distri.	General Total	Percent Distri.
Agriculture	1,192.8	196.5	0.0	0.0	213.5	1,602.8	10.6%	24.2	1,627.0	9.6%	826.4	3.9%	2,453.4	6.4%
Mining	108.0	510.3	0.0	0.0	0.0	618.3	4.1%	0.0	618.3	3.6%	287.7	1.4%	906.0	2.4%
Manufacturing	6.8	651.6	212.1	1.7	22.8	895.0	5.9%	23.0	918.0	5.4%	4,411.2	20.8%	5,329.2	13.9%
Energy	650.9	3,636.5	470.0	0.0	0.0	4,757.4	31.4%	2.8	4,760.2	28.0%	217.1	1.0%	4,977.3	13.0%
Transportation	946.7	1,979.0	1,184.1	0.0	83.6	4,193.4	27.7%	774.4	4,967.8	29.2%	2,011.1	9.5%	6,978.9	18.3%
Tourism	49.9	0.0	8.8	7.7	17.1	83.5	0.6%	169.8	253.3	1.5%	1,388.6	6.6%	1,641.9	4.3%
Housing	61.3	0.0	230.6	0.0	0.9	292.8	1.9%	64.5	357.3	2.1%	11,031.1	52.1%	11,388.4	29.8%
Education	741.3	0.9	201.4	0.0	47.1	990.7	6.5%	124.3	1,115.0	6.6%	125.5	0.6%	1,240.5	3.2%
Health	192.0	2.4	117.5	0.0	45.0	356.9	2.4%	18.3	375.2	2.2%	130.4	0.6%	505.6	1.3%
Other Services	734.4	77.9	27.8	442.9	73.4	1,356.4	9.0%	666.1	2,022.5	11.9%	758.6	3.6%	2,781.1	7.3%
Economic	331.3	77.9	20.7	6.6	73.4	509.9	3.4%	75.2	585.1	3.4%				
Social	403.1	0.0	7.1	436.3	0.0	846.5	5.6%	590.9	1,437.4	8.4%				
Total	4,684.1	7,055.1	2,452.3	452.3	503.4	15,147.2	100.0%	1,867.4	17,014.6	100.0%	21,187.7	100.0%	38,202.3	100.0%
% Distribution	27.5%	41.5%	14.4%	2.7%	3.0%	89.0%		11.0%	100.0%		55.5%		100.0%	
% Distribution									44.5%					

Source : State Planning Organization

\* Realization estimate

**FIXED CAPITAL INVESTMENTS BY SECTORS IN 1990\***  
( 1989 Current Prices, TL Billion )

Sectors	General + Annexed Budget	SEEs	Funds	Iter Bank	Revolving Fund	Sub-Total	Percent Distri.	Local Administ.	Total Public	Percent Distri.	Private Sector	Percent Distri.	General Total	Percent Distri.
Agriculture	2,050.0	235.2	0.0	0.0	360.0	2,645.2	17.5%	40.0	2,685.2	9.7%	1,384.8	3.9%	4,070.0	6.5%
Mining	187.0	1,020.8	0.0	0.0	0.0	1,207.8	8.0%	0.0	1,207.8	4.4%	473.3	1.3%	1,681.1	2.7%
Manufacturing	15.0	1,249.0	253.7	1.0	2.0	1,520.7	10.0%	38.0	1,558.7	5.6%	7,766.1	22.0%	9,324.8	14.8%
Energy	1,285.0	4,154.0	600.0	0.0	0.0	6,039.0	39.9%	5.0	6,044.0	21.8%	599.2	1.7%	6,643.2	10.5%
Transportation	1,793.0	3,290.0	2,500.0	0.0	90.0	7,673.0	50.7%	1,203.0	8,876.0	32.0%	3,464.7	9.8%	12,340.7	19.6%
Tourism	138.0	0.0	22.0	10.0	50.0	220.0	1.5%	276.0	496.0	1.8%	2,756.0	7.8%	3,252.0	5.2%
Housing	142.0	0.0	200.0	0.0	1.9	343.9	2.3%	104.0	447.9	1.6%	17,068.8	48.4%	17,516.7	27.8%
Education	1,565.0	0.5	243.0	0.0	95.3	1,903.8	12.6%	197.0	2,100.8	7.6%	235.7	0.7%	2,336.5	3.7%
Health	508.0	6.5	130.5	0.0	66.1	711.1	4.7%	29.0	740.1	2.7%	289.9	0.8%	1,030.0	1.6%
Other Services	1,405.0	169.0	51.8	689.0	60.0	2,374.8	15.7%	1,208.0	3,582.8	12.9%	1,232.5	3.5%	4,815.3	7.6%
Economic Social Total	9,088.0	10,125.0	4,001.0	700.0	725.3	24,639.3	162.7%	3,100.0	27,739.3	100.0%	35,271.0	100.0%	63,010.3	100.0%
% Distribution	53.4%	59.5%	23.5%	4.1%	4.3%	88.8%		11.2%	100.0%		56.0%		100.0%	
% Distribution									44.0%					

Source: State Planning Organization  
\*1990 Targets

# **SECTORAL DISTRIBUTION OF INVESTMENT INCENTIVE CERTIFICATES IN 1989**

SECTORS	Number	Total Investment TL Billion	Capital TL Million	Foreign Exchange Requirement \$ 000	Employment (Persons)
Agriculture	444	508.6	73,999	36,982	6,577
-Crops	12	81.0	9,783	14,997	741
-Livestock	421	415.3	62,376	21,367	5,663
-Fisheries	8	9.7	880	618	125
-Forestry	3	2.6	960	0	48
Mining	139	529.5	17,578	102,375	7,513
Manufacturing	1,575	9,361.3	376,137	1,729,548	131,311
-Food Beverages	276	1,017.0	65,929	123,008	11,187
-Textiles & Clothing	501	4,333.1	169,545	985,644	50,787
-Forestry Products	73	130.7	10,261	7,004	2,746
-Paper	14	65.9	6,130	13,397	1,537
-Leather Products	32	146.0	5,685	25,606	2,502
-Rubber & Plastics	76	146.8	8,623	17,865	2,053
-Chemicals	57	335.7	26,636	59,375	2,314
-Glass & Glassware	19	60.0	957	10,928	5,592
-Iron & Steel	29	322.0	16,655	69,316	16,881
-Non-Ferrous Metals	14	45.2	1,644	9,547	6,541
-Transport Vehicles	131	1,644.8	9,267	227,336	8,554
-Metal Goods	54	151.7	7,544	25,019	4,027
-Prof.Data Meas.Eq.	24	72.1	4,735	12,758	707
-Machinery	61	117.9	5,949	11,430	2,863
-Electrical Machinery	29	97.9	5,926	14,193	1,308
-Electronics	15	42.6	3,000	8,847	612
-Cement	30	153.7	4,191	18,747	1,649
-Clay & Cement Prod.	65	164.0	8,305	16,397	6,326
-Ceramics	8	181.5	7,120	34,944	753
-Others	67	159.4	8,035	38,137	2,372
Energy	11	364.5	135	107,090	108
Services	1,087	8,612.4	184,025	1,189,956	59,829
-Transportation	185	2,773.2	77,677	581,234	11,758
-Tourism	593	3,587.3	78,523	252,977	34,496
-Trade	119	619.9	16,643	64,950	3,984
-Others	190	1,632.1	11,182	290,795	9,591
<b>Total</b>	<b>3,256</b>	<b>19,376.2</b>	<b>651,874</b>	<b>3,165,951</b>	<b>205,338</b>

Source : State Planning Organization

**DISTRIBUTION OF INVESTMENT INCENTIVE CERTIFICATES  
ACCORDING TO THEIR APPLICATION IN 1989**

	Number	Total Investment TL Billion	Capital TL Million	Foreign Exchange Requirement \$ 000	Employment (Persons)
Restoration	1	2	94	146	35
Transfer	6	14	580	1,185	329
New Investment	2,459	15,252	498,232	2,269,629	120,802
Expansion	278	1,532	55,765	332,723	21,018
Completion	66	214	5,686	37,580	4,667
Renewals	43	225	6,412	52,229	19,349
Quality Improvement	11	26	1,418	6,518	1,059
Elimination of Bottlenecks	43	186	6,897	39,220	1,912
Modernization	290	1,538	61,258	341,591	33,479
Integration of Facilities	56	382	15,532	83,050	2,688
Financial Leasing	3	6	0	2,080	0
Total	3,256	19,376	651,874	3,165,951	205,338



**SECTORAL DISTRIBUTION OF INVESTMENT INCENTIVE  
CERTIFICATES (Percentages)**

	1984	1985	1986	1987	1988	1989
Agriculture						
Mining	2.0%	1.1%	0.7%	2.3%	1.1%	2.6%
Manufacturing	19.4%	3.9%	5.9%	7.6%	2.0%	2.7%
Energy	50.5%	26.0%	38.7%	37.5%	49.2%	48.3%
Services	2.3%	42.8%	4.0%	9.4%	9.3%	1.9%
Transportation	25.8%	26.2%	50.7%	43.2%	38.4%	44.5%
Tourism	10.7%	20.6%	30.2%	19.0%	17.2%	14.3%
Trade	7.7%	3.5%	6.0%	12.2%	16.8%	18.5%
Export	0.8%	0.8%	1.3%	3.9%	0.7%	3.2%
Others	4.5%	0.0%	0.0%	0.0%	0.0%	0.0%
Total	2.1%	1.3%	13.2%	8.1%	3.7%	8.5%
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Source : State Planning Organization

**REGIONAL DISTRIBUTION OF INVESTMENT INCENTIVE  
CERTIFICATES IN 1989**

	Number	Total Investment TL Billion	Capital TL Million	Foreign Exchange Requirement \$ 000	Employment (Persons)
Marmara	928	7,981.8	270,250	1,413,851	68,665
Central Anatolia	390	1,640.1	54,451	251,335	26,577
Aegean Coast	502	2,175.9	75,728	267,867	29,373
Mediterranean	365	2,211.1	55,086	248,866	39,386
Black Sea	441	846.3	41,970	106,637	16,439
East Anatolia	185	749.3	53,421	110,867	8,559
Southeast Anatolia	403	1,583.1	90,724	243,054	14,704
Inv. in more than one region	42	2,188.6	10,244	523,474	1,635
Total	3,256	19,376.2	651,874	3,165,951	205,338

Source : State Planning Organization

**REGIONAL DISTRIBUTION OF INVESTMENT INCENTIVE CERTIFICATES  
AS PERCENTAGE OF TOTAL**

	1984	1985	1986	1987	1988	1989
Marmara	46.2%	35.6%	39.9%	28.6%	43.1%	41.2%
Central Anatolia	11.3%	16.7%	25.9%	8.2%	11.5%	8.5%
Aegean Coast	19.2%	27.4%	8.1%	14.8%	14.5%	11.2%
Mediterranean	8.3%	7.5%	9.8%	11.6%	10.5%	11.4%
Black Sea	5.8%	4.2%	6.6%	4.3%	3.7%	4.4%
East Anatolia	3.8%	1.4%	3.1%	1.4%	2.6%	3.9%
Southeast Anatolia	5.4%	7.2%	6.6%	5.4%	11.7%	8.2%
Inv. in more than one region	0.0%	0.0%	0.0%	25.7%	2.4%	11.3%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Source : State Planning Organization

# SECTORAL BREAKDOWN OF INVESTMENT INCENTIVE CERTIFICATES ( Jan-Feb 1990 )

Sectors	No. of Licences	Total Investment (TL Billion)	Share in Total	Capital (TL Million)	Foreign Exchange Requirement (\$ 000)	Employment
AGRICULTURE	68	101	4.3%	18,750	1,719	1,053
-Agricultural Products	0	0.0	0.0%	0	0	0
-Animal	65	90.0	3.8%	16,050	1,719	1,008
-Fishery Products	3	11.2	0.5%	2,700	0	45
MINING	8	91.8	3.9%	3,090	18,801	1,527
MANUFACTURING	208	1,383.5	59.1%	52,792	285,542	17,737
-Food & Beverages	34	62.1	2.7%	4,032	4,550	1,000
-Textiles & Clothing	72	756.6	32.3%	25,250	207,258	11,807
-Forestry Products	5	17.1	0.7%	1,890	1,892	250
-Paper	3	8.6	0.4%	250	1,081	104
-Leather & Hides	34	6.8	0.3%	400	734	135
-Rubber	9	32.5	1.4%	2,860	1,908	560
-Chemicals	4	198.7	8.5%	5,450	23,786	154
-Glass	1	8.5	0.4%	1,000	1,330	100
-Iron & Steel	2	32.6	1.4%	1,000	5,425	215
-Non-Ferrous Metals	1	6.3	0.3%	350	53	90
-Motor Vehicles	11	136.7	5.8%	3,980	21,774	1,388
-Metallic Goods	7	15.7	0.7%	1,450	2,234	376
-Meas.&Optical Devices	1	9.3	0.4%	1,000	0	30
-Machinery	6	9.0	0.4%	400	808	237
-Electrical Machines	1	8.5	0.4%	1,000	1,297	28
-Electronics	3	10.6	0.5%	600	1,676	157
-Cement	2	25.1	1.1%	470	3,246	750
-Clay & Cement Pro.	4	11.1	0.5%	390	436	147
-Ceramics	1	2.8	0.1%	0	281	0
-Others	7	25.1	1.1%	1,020	5,773	209
ENERGY	2	322.0	13.7%	6,225	69,154	160
SERVICES	46	444.3	19.0%	6,514	72,305	3,300
-Transportation	9	151.7	6.5%	360	55,326	384
-Tourism	19	180.8	7.7%	3,589	8,527	1,521
-Trade	7	23.9	1.0%	1,340	3,023	220
-Others	11	88.0	3.8%	1,225	5,429	1,175
GRAND TOTAL	332	2,342.8		87,371	447,521	23,777

Source: State Planning Organization

# NEW CONSTRUCTION

	Occupancy Permits		Rate of Change	Building Permits		Rate of Change
	1988	1989		1988	1989	
<b>General Total</b>	A	93,413	11.6%	139,995	134,188	-4.1%
	B	35,436	23.1%	67,860	62,659	-7.7%
	C	9,745,504	89.9%	12,174,498	17,141,212	40.8%
	D	246,164	19.8%	473,582	410,495	-13.3%
<b>Houses</b>	A	36,827	14.6%	84,848	82,245	-3.1%
	B	4,522	14.9%	10,860	11,209	3.2%
	C	1,142,249	74.8%	1,806,114	2,858,176	58.3%
	D	42,992	14.5%	105,704	102,097	-3.4%
<b>Apartment buildings</b>	A	50,841	9.0%	43,555	39,422	-9.5%
	B	22,770	21.2%	42,654	35,940	-15.7%
	C	6,375,048	88.3%	7,755,276	10,017,864	29.2%
	D	203,172	21.0%	367,878	308,398	-16.2%
<b>Commercial buildings</b>	A	3,120	8.6%	5,631	5,191	-7.8%
	B	4,964	35.2%	8,692	8,578	-1.3%
	C	1,340,316	103.7%	1,589,018	2,395,254	50.7%
<b>Industrial buildings</b>	A	1,059	34.6%	1,946	3,172	63.0%
	B	1,764	35.0%	2,912	4,454	53.0%
	C	502,687	111.0%	535,278	1,219,663	127.9%
<b>Medical, social and cultural buildings</b>	A	333	88.1%	805	629	-21.9%
	B	606	93.0%	1,115	1,175	5.4%
	C	167,564	173.1%	205,425	314,201	53.0%
<b>Other buildings</b>	A	1,233	13.0%	3,210	3,529	9.9%
	B	810	5.6%	1,627	1,303	-19.9%
	C	217,640	60.0%	283,387	336,054	18.6%

A : Number

B : Area ( 000 sq.m )

C : Value (Million TL)

D : Number of dwelling units

Source : State Institute of Statistics

**FINANCING OF THE CONSOLIDATED BUDGET**  
(TL Billion)

	January-April		1989 (4) Provisional	1990 (3) Program	Change	
	1989 (2)	1990 (1)			(1/2)	(3/4)
<b>Revenue</b>	7,843	14,114	31,662	53,860	80.0%	70.1%
-Direct Taxes	3,007	5,756	13,569	22,910	91.4%	68.8%
-Indirect Taxes	3,025	5,480	11,968	20,740	81.2%	73.3%
-Non-Tax Revenues	1,370	2,276	4,844	9,575	66.1%	97.7%
-Annexed Budget	326	602	1,166	475	84.7%	-59.3%
-Special Revenues	115	0	115	160	-100.0%	39.1%
<b>Expenditure</b>	8,753	16,885	38,660	64,401	92.9%	66.6%
-Personnel	2,520	7,709	12,465	20,000	205.9%	60.4%
-Other Current Expenditure	590	926	4,048	7,462	56.9%	84.3%
-Interest Payments	2,352	3,591	8,259	14,600	52.7%	76.8%
-Foreign	1,071	1,404	3,144	5,587	31.1%	77.7%
-Domestic	1,281	2,187	5,115	9,013	70.7%	76.2%
-Investments	1,084	1,554	5,836	9,814	43.4%	68.2%
-Transfer to SEEs	218	417	1,253	1,256	91.3%	0.2%
-Other Transfers	1,989	2,688	6,799	11,269	35.1%	65.7%
<b>Budget Deficit</b>	-910	-2,771	-6,998	-10,541	204.5%	50.6%
<b>Delayed and Advance Pay.</b>	-497	-380	-637	0	-23.5%	-100.0%
<b>Cash Deficit</b>	-1,407	-3,151	-7,635	-10,541	124.0%	38.1%
<b>Financing</b>	1,407	3,151	7,635	10,539	124.0%	38.0%
<b>Net Foreign Indebtedness</b>	-271	-625	-444	615	130.6%	-238.5%
-Borrowings	852	900	2,808	5,734	5.6%	104.2%
-Transferred Credits	42	134	545	516	219.0%	-5.3%
-Payments	-1,165	-1,659	-3,797	-5,635	42.4%	48.4%
<b>Net Domestic Indebtedness</b>	1,741	5,620	5,982	7,254	222.8%	21.3%
-Borrowings	2,723	6,818	8,983	12,319	150.4%	37.1%
-Transferred Credits	-982	-1,198	-3,001	-5,065	22.0%	68.8%
<b>Short-term Borrowings</b>	701	323	1,452	2,670	-53.9%	83.9%
-Central Bank (Net)	72	557	457	2,500	673.6%	447.0%
-Treasury Bonds (Net)	629	-234	995	170	-137.2%	-82.9%
<b>Other</b>	-764	-2,167	645	0	183.6%	-100.0%

Source : Finance and Customs Ministry, and SPO

**ESTIMATED QUANTITIES OF AGRICULTURAL PRODUCTION**  
(000 Tonnes)

Crops	1988	1989*	Change	Crops	1988	1989*	Change
<b>Cereals</b>				<b>Citrus</b>			
-Wheat	20,500	16,200	-21.0%	-Lemons	360	337	-6.4%
-Barley	7,500	4,500	-40.0%	-Mandarins	310	275	-11.3%
-Rye	280	183	-34.6%	-Oranges	740	734	-0.8%
-Oats	276	215	-22.1%	<b>Nuts in Shell</b>			
-Maize	2,000	2,000	0.0%	-Walnuts	110	115	4.5%
-Rice in husk	263	300	14.3%	-Hazelnuts	403	456	13.3%
<b>Pulses</b>				<b>Grapelike Fruits</b>			
-Broad beans	78	73	-6.4%	-Mulberries	90	72	-20.0%
-Chickpeas	778	683	-12.2%	-Figs	350	318	-9.1%
-Dry beans	211	202	-4.3%	-Grapes	3,350	3,320	-0.9%
-Lentils	829	387	-53.3%	<b>Tea</b>	756	660	-12.6%
-Cow vetch	184	185	0.5%	<b>Leafy Vegetab.</b>			
<b>Indust. Crops</b>				-Cabbage	510	510	0.0%
-Tobacco	313	253	-19.1%	-Black cab.	145	131	-9.7%
-Sugarbeet	11,534	11,000	-4.6%	-Spinach	140	140	0.0%
-Cotton	1,500	1,500	0.0%	-Leeks	310	300	-3.2%
<b>Oilseeds</b>				<b>Fruit Bearing V.</b>			
-Sunflower	1,150	1,250	8.7%	-Melon-water m.	5,250	5,000	-4.8%
-Peanuts	60	50	-16.7%	-Squash	300	275	-8.3%
-Soyabeans	1,150	1,265	10.0%	-Cucumbers	800	750	-6.3%
<b>Tuber Crops</b>				-Eggplants	730	702	-3.8%
-Dry onion	1,345	1,300	-3.3%	-Tomatoes	5,250	5,650	7.6%
-Dry garlic	69	63	-8.7%	-Stuff peppers	470	475	1.1%
-Potatoes	4,350	3,900	-10.3%	-Green peppers	260	300	15.4%
<b>Pome Fruits</b>				<b>Legumi. Veget.</b>			
-Pears	410	407	-0.7%	-Green beans	410	400	-2.4%
-Quinces	78	75	-3.8%	-Green broad beans	70	64	-8.6%
-Apples	1,950	1,900	-2.6%	-Calavance	35	31	-11.4%
<b>Stone Fruits</b>				<b>Rootbulb &amp;</b>			
-Plums	175	166	-5.1%	<b>Tuberous Veg.</b>			
-Apricots	284	370	30.3%	-Green garlic	25	24	-4.0%
-Cherries	135	137	1.5%	-Green onions	165	165	0.0%
-Peaches	328	318	-3.0%	-Carrots	157	146	-7.0%
-Olives	1,100	650	-40.9%				

Source : State Institute of Statistics

\*The second provisional estimate

**SECTORAL DISTRIBUTION OF PRODUCTION**  
(Constant 1988 Prices)  
(TL Billion)

	1988 Realization			1989 Estimate			1990 Programme			Change	
	Value	Sectoral Share	Percent Distrib.	Value	Sectoral Share	Percent Distrib.	Value	Sectoral Share	Percent Distrib.	89/88	90/89
<b>AGRICULTURAL</b>	26,239.1	13.6%	100.0%	25,308.5	12.9%	100.0%	26,648.3	12.8%	100.0%	-3.5%	5.3%
-Agricultural Production	14,980.4	7.8%	57.1%	13,606.5	6.9%	53.8%	14,487.1	7.0%	54.4%	-9.2%	6.5%
-Animal Husbandry	8,269.7	4.3%	31.5%	8,622.3	4.4%	34.1%	8,970.0	4.3%	33.7%	4.3%	4.0%
-Forestry	1,810.7	0.9%	6.9%	1,810.6	0.9%	7.2%	1,824.3	0.9%	6.8%	0.0%	0.8%
-Fisheries	1,178.3	0.6%	4.5%	1,269.1	0.6%	5.0%	1,366.9	0.7%	5.1%	7.7%	7.7%
<b>INDUSTRY</b>	87,638.1	45.6%	100.0%	90,182.2	46.0%	100.0%	96,428.5	46.3%	100.0%	2.9%	6.9%
-Mining	3,386.7	1.8%	3.9%	3,570.7	1.8%	4.0%	3,958.5	1.9%	4.1%	5.4%	10.9%
-Manufacturing	79,735.3	41.5%	91.0%	81,775.7	41.7%	90.7%	87,131.4	41.9%	90.4%	2.6%	6.5%
-Consumption Goods	28,868.4	15.0%	32.9%	30,805.4	15.7%	34.2%	32,445.8	15.6%	33.6%	6.7%	5.3%
-Intermediate Goods	35,180.5	18.3%	40.1%	35,224.5	18.0%	39.1%	37,798.4	18.2%	39.2%	0.1%	7.3%
-Investment Goods	15,686.4	8.2%	17.9%	15,745.8	8.0%	17.5%	16,887.2	8.1%	17.5%	0.4%	7.2%
-Electricity, Gas, Water	4,516.1	2.3%	5.2%	4,835.8	2.5%	5.4%	5,338.6	2.6%	5.5%	7.1%	10.4%
<b>PRODUCTION (PHYS)</b>	113,877.2	59.2%		115,490.7	58.9%		123,076.8	59.1%		1.4%	6.6%
<b>SERVICES</b>	78,447.9	40.8%		80,566.0	41.1%		85,077.7	40.9%		2.7%	5.6%
<b>GRAND TOTAL</b>	192,325.1	100.0%		196,056.7	100.0%		208,154.5	100.0%		1.9%	6.2%

Source: 1990 Annual Development Programme

## PRODUCTION OF SELECTED INDUSTRIAL COMMODITIES

Items	Quantity Pro.	Cumulative Quantity		Rate of Change
	Tonnes March, 1990	Produced, Tonnes Jan-Mar,89	Jan-Mar,90	
Writing Paper	7,280	21,242	19,305	-9.1%
Newsprint	13,786	30,180	40,370	33.8%
Sulphuric acid	56,293	174,740	203,754	16.6%
Ammonium sulfate	36,381	95,238	81,397	-14.5%
Comp.Fertilizer	134,875	229,353	372,357	62.4%
Crude petroleum	271,379	658,574	765,995	16.3%
Liquified petroleum gas	68,956	196,922	191,283	-2.9%
Gasoline ( Normal )	159,982	407,323	425,119	4.4%
Gasoline ( Super )	80,834	245,891	239,356	-2.7%
Kerosene	19,803	180,796	61,501	-66.0%
Motor oil	613,106	1,561,630	1,552,465	-0.6%
Fuel oil	776,650	2,255,619	2,121,801	-5.9%
Cement	2,006,227	4,861,038	4,599,305	-5.4%
Pipes	716	1,968	2,594	31.8%
Molten Steel	828,523	2,099,014	2,384,765	13.6%
Pig iron	58,646	100,352	131,626	31.2%
Slab	155,421	454,016	436,485	-3.9%
Bloom	201,291	541,131	587,157	8.5%
Ingot	196,988	437,751	527,448	20.5%
Rolled Prod.	114,841	228,691	325,720	42.4%
Angles	1,002	8,048	7,295	-9.4%
Profiles	2,477	20,060	14,401	-28.2%
Plate	33,314	59,867	76,857	28.4%
Sheet	112,468	253,691	292,857	15.4%
Blister copper	3,194	4,132	7,269	75.9%

Source : State Institute of Statistics

## PRODUCTION OF SELECTED DURABLE CONSUMER GOODS

Items	Production (Units)		Cumulative Quantity Prod.		Rate of Change
	March,89	March,90	Jan-Mar,89	Jan-Mar,90	
Refrigerators	58,379	80,879	160,056	201,312	25.8%
Washing Machines	52,180	64,420	159,906	184,996	15.7%
Cookers (LPG)	44,903	53,753	130,918	149,041	13.8%
Vacuum Cleaners	35,346	46,840	104,498	124,569	19.2%
Sewing Machines	17,928	24,025	43,339	67,330	55.4%
Television Sets(Colour)	63,145	146,897	171,115	392,056	129.1%
Videos	12,022	12,269	25,069	25,993	3.7%
Music Sets	1,383	5,141	1,802	12,013	566.6%
Automobiles	9,252	46,840	25,533	41,411	62.2%
Buses	95	143	219	369	68.5%
Trucks	1,005	1,206	2,550	3,700	45.1%
Pick-ups	662	921	1,729	2,131	23.3%
Tractors	1,422	1,521	3,114	5,534	77.7%
Minibuses	682	1,016	1,911	2,733	43.0%

Source : State Institute of Statistics



# **PRODUCTION INDEX OF MANUFACTURING INDUSTRY** (1986=100)

	1987			1988			1989			1990		
	PUBLIC	PRIVATE	TOTAL	PUBLIC	PRIVATE	TOTAL	PUBLIC	PRIVATE	TOTAL	PUBLIC	PRIVATE	TOTAL
<b>FOOD-BEVERAGES-TOBACCO</b>	99.0	109.5	103.5	102.1	116.4	108.2	105.0	129.2	115.4	107.2	111.3	109.0
I. QUARTER	86.9	85.2	86.2	108.0	96.6	103.1	100.5	100.5	100.5			
II. QUARTER	70.4	104.0	84.9	73.8	113.3	90.8	100.5	126.4	101.5			
III. QUARTER	90.1	121.3	103.5	90.8	133.4	109.1	100.9	161.8	127.1			
IV. QUARTER	148.6	127.5	139.5	135.7	122.2	129.9	135.9	128.1	132.5			
<b>TEXTILES-CLOTHING-LEATHER</b>	118.7	107.0	108.4	108.6	110.7	110.4	91.9	116.8	113.9			
I. QUARTER	116.3	103.6	105.1	117.9	114.6	115.0	85.4	109.3	106.5	113.6	114.1	114.0
II. QUARTER	121.1	103.7	105.8	114.5	109.4	110.0	89.5	104.7	103.0			
III. QUARTER	109.6	101.1	102.1	103.7	100.7	101.1	92.4	120.4	117.2			
IV. QUARTER	127.8	119.5	120.5	98.2	118.0	115.7	100.4	132.8	129.0			
<b>WOOD</b>	94.6	110.4	104.4	100.8	101.8	101.4	102.7	104.0	103.5			
I. QUARTER	96.2	95.5	95.8	100.5	112.1	107.7	102.7	94.0	97.3	108.7	136.3	125.8
II. QUARTER	92.7	109.1	102.9	107.5	97.9	101.6	97.9	97.4	97.6			
III. QUARTER	79.9	105.4	95.7	97.2	91.2	93.5	96.8	101.9	100.0			
IV. QUARTER	109.5	131.5	123.1	98.1	106.1	103.1	113.3	122.5	119.0			
<b>PAPER-PRINTING</b>	115.4	113.7	114.1	84.8	112.4	105.9	102.2	110.7	108.7			
I. QUARTER	107.1	104.0	104.7	123.9	120.7	121.5	93.7	106.5	103.5	105.9	119.6	116.4
II. QUARTER	108.2	111.5	110.7	119.5	114.7	115.9	114.2	104.8	107.0			
III. QUARTER	113.6	118.7	117.5	87.3	111.6	105.9	95.4	110.9	107.2			
IV. QUARTER	132.9	120.9	123.7	8.2	102.5	80.3	105.7	120.4	117.0			
<b>CHEMICALS-PETROL.-RUBBER</b>	124.9	106.0	115.1	132.6	104.8	118.2	120.9	116.8	118.7	117.4	124.3	121.0
I. QUARTER	111.1	95.0	102.8	131.3	104.5	117.5	130.9	107.5	118.7			
II. QUARTER	117.0	101.3	108.9	134.1	91.3	112.0	105.7	120.8	113.5			
III. QUARTER	124.0	107.7	115.5	132.9	109.7	120.9	126.6	118.2	122.2			
IV. QUARTER	147.4	119.9	133.2	132.2	113.9	122.7	120.3	120.6	120.5			
<b>SOIL PRODUCTS</b>	114.1	112.7	112.9	109.2	121.8	119.9	120.2	126.5	125.5	84.6	121.7	116.1
I. QUARTER	70.3	90.5	87.5	75.5	113.4	107.7	88.3	114.0	110.1			
II. QUARTER	129.1	115.3	117.4	125.5	124.7	124.8	136.1	130.7	131.5			
III. QUARTER	142.5	122.8	125.8	133.4	127.0	127.9	146.1	132.8	134.8			
IV. QUARTER	114.5	122.3	121.1	102.2	122.2	119.2	110.4	128.6	125.8			
<b>BASIC METALS</b>	102.9	118.6	112.1	106.0	116.2	112.0	89.7	130.2	113.4			
I. QUARTER	94.8	113.3	105.7	101.5	125.6	115.6	99.9	117.9	110.5	119.0	143.9	133.6
II. QUARTER	109.4	116.7	113.7	108.5	116.2	113.1	79.9	125.5	106.6			
III. QUARTER	99.3	115.7	108.9	99.1	107.7	104.1	78.7	129.2	106.2			
IV. QUARTER	108.0	128.7	120.2	114.8	115.4	115.1	105.4	148.1	130.4			
<b>MACHINERY &amp; TRANS.EQUIP.</b>	108.1	108.5	108.5	77.2	103.8	101.2	76.7	102.5	100.0	76.3	124.3	119.6
I. QUARTER	83.3	94.8	93.6	74.0	114.3	110.3	56.9	88.2	85.1			
II. QUARTER	108.1	108.4	108.4	71.3	109.7	105.9	67.4	96.7	93.8			
III. QUARTER	107.3	94.2	95.5	67.9	85.4	83.7	61.7	97.8	94.3			
IV. QUARTER	133.6	136.7	136.4	95.6	105.7	104.7	120.9	127.5	126.8			
<b>T.MANUFACTURING INDUSTRY</b>	114.0	108.9	110.7	116.4	109.3	111.8	110.0	116.5	114.2			
I. QUARTER	100.5	96.4	97.8	117.0	112.7	112.7	112.3	103.8	106.8	111.4	122.8	118.5
II. QUARTER	103.2	106.3	105.2	110.7	106.5	108.0	99.7	113.8	107.4			
III. QUARTER	111.0	107.1	108.5	112.9	106.4	108.7	110.2	120.6	117.0			
IV. QUARTER	141.3	125.8	131.2	125.1	114.0	117.9	121.9	127.9	125.8			

Source : State Institute of Statistics

# OPEN UNEMPLOYMENT

MONTHS	1986	Change*	1987	Change	1988	Change	1989	Change
January	996,703	13.0%	1,093,882	9.8%	1,143,240	4.5%	1,170,864	2.4%
February	1,019,908	13.7%	1,104,640	8.3%	1,149,495	4.1%	1,108,172	-3.6%
March	1,039,913	12.8%	1,126,199	8.3%	1,155,081	2.6%	1,119,171	-3.1%
April	1,050,679	12.3%	1,137,106	8.2%	1,154,503	1.5%	1,112,148	-3.7%
May	1,058,634	12.5%	1,128,866	6.6%	1,151,332	2.0%	1,091,865	-5.2%
June	1,056,879	12.3%	1,128,686	6.8%	1,153,475	2.2%	1,066,102	-7.6%
July	1,061,131	13.5%	1,123,366	5.9%	1,153,762	2.7%	1,056,214	-8.5%
August	1,061,999	13.0%	1,123,922	5.8%	1,157,642	3.0%	1,071,157	-7.5%
September	1,076,822	13.9%	1,130,562	5.0%	1,162,556	2.8%	1,049,395	-9.7%
October	1,076,538	13.1%	1,127,629	4.7%	1,161,560	3.0%	1,036,853	-10.7%
November	1,074,459	12.1%	1,128,416	5.0%	1,159,496	2.8%	1,022,469	-11.8%
December	1,081,306	11.9%	1,134,884	5.0%	1,162,548	2.4%	1,009,840	-13.1%

Source : Labour Placement Office \*Change relative to the same month of the previous year

## SECTORAL DISTRIBUTION OF MANPOWER DEMAND (000)

	1962		1989*		Change	
	Demand	Share	Demand	Share	Absolute	Percent
Agriculture	9,742.0	77.2%	8,380.0	50.1%	-1,362.0	-14.0%
Industry	1,048.0	8.3%	2,561.0	15.3%	1,513.0	144.4%
-Mining	68.0	0.5%	226.0	1.4%	158.0	232.4%
-Manufacturing	948.0	7.5%	2,205.0	13.2%	1,257.0	132.6%
-Electricity, Gas, Water	32.0	0.3%	130.0	0.8%	98.0	306.3%
Construction	272.0	2.2%	887.0	5.3%	615.0	226.1%
Commerce	310.0	2.5%	648.0	3.9%	338.0	109.0%
Transportation	248.0	2.0%	1,700.0	10.2%	1,452.0	585.5%
Banking	49.0	0.4%	388.0	2.3%	339.0	691.8%
Other Services	951.0	7.5%	2,169.0	13.0%	1,218.0	128.1%
Total	12,620.0	100.0%	16,733.0	100.0%	4,113.0	32.6%
Non-Agricultural Employment	2,878.0	22.8%	8,353.0	49.9%	5,475.0	190.2%

Source : State Planning Organization \*Estimate

**APPLICATIONS TO AND PLACEMENTS BY THE LABOUR PLACEMENT  
OFFICE REGISTERED UNEMPLOYED AND WORKERS MIGRATING ABROAD**

		1988	1989	Rate of Change
<b>Applications</b>	(T)	400,320	552,779	38.1%
	(M)	296,401	413,436	39.5%
	(F)	103,919	139,343	34.1%
<b>Labour Demand by Establishments</b>	(T)	254,938	282,842	10.9%
	(M)	176,936	200,562	13.4%
	(F)	78,002	82,280	5.5%
<b>Placements</b>	(T)	251,120	266,874	6.3%
	(M)	173,085	185,214	7.0%
	(F)	78,035	81,660	4.6%
<b>Public Sector</b>	(T)	149,353	150,847	1.0%
	(M)	138,675	140,047	1.0%
	(F)	10,678	10,800	1.1%
<b>Private Sector</b>	(T)	101,767	116,027	14.0%
	(M)	34,410	45,167	31.3%
	(F)	67,357	70,860	5.2%
<b>Agricultural</b>	(T)	92,824	84,454	-9.0%
	(M)	26,009	24,667	-5.2%
	(F)	66,815	59,787	-10.5%
<b>Non-agricultural</b>	(T)	158,296	182,420	15.2%
	(M)	147,076	160,547	9.2%
	(F)	11,220	21,873	94.9%
<b>Registered</b>	(T)	1,162,548	1,009,840	-13.1%
<b>Unemployed (1)</b>	(M)	953,627	831,651	-12.8%
	(F)	208,921	178,189	-14.7%
<b>Workers migrating</b>	(T)	53,021	49,928	-5.8%
<b>Abroad</b>	(M)	52,699	49,653	-5.8%
	(F)	322	275	-14.6%

Source : Labour Placement Office

(1) Those included in active population who have the power and will to work but are not gainfully employed at a minimum wage rate, at the time of their application, and who are not yet placed by the Labour Placement Office. Of the applicants to the Office, those who applied for work at a certain establishment and would prefer not to accept jobs offered at other establishments, and persons who have a job but willing to move to a better one, and the retired persons seeking a job are removed from the waiting lists at the end of each month and the reminder are considered as the registered unemployed.

**STATISTICAL ANNEX  
FOR  
CHAPTER II**



# MAIN MONETARY INDICATORS

	TL Billion		Percentage Change	
	1988	1989	1988	1990**
Reserve Money	9,237	16,436	79.8	77.9
Banknotes Issued	4,482	8,365	48.5	86.6
Currency in Circulation	3,596	6,893	61.6	91.7
Money Supply (M1)	11,204	20,236	78.1	80.6
Money Supply (M2)	28,400	50,985	95.6	79.5
Central Bank Credit				
Expansion (Total)	5,142	6,699	49.5	30.3
Public Sector	3,164	3,887	45.8	22.8
Private Sector	1978.2	2,812	55.9	42.1
Deposit Bank Credits	18,551	30,404	50.7	63.9
Investment and Development				
Bank Credits	2,625	3,852	96.1	46.8
Total Credit Stock	24,340	38,143	56.0	56.7
Total Bank Deposits	25,352	43,889	76.3	73.1
Savings Deposits	17,340	32,657	99.6	88.3
Time (CDs exclusive)	13,577	25,192	84.6	85.5
Sight	2,518	5,511	89.0	118.8
Wholesale Prices' Index*	-	-	69.7	68.0
Consumer Prices' Index*	-	-	75.2	68.8

\* Percentage change (annual averages)

\*\* As of April 13th.

Source: SIS and Anka Agency

**DISTRIBUTION OF DEPOSIT BANK CREDITS BY ECONOMIC SECTORS**  
(Percentage)

	1982	1983	1984	1985	1986	1987	1988	1989*
Agriculture	18.6	21.2	16.9	17.2	13.9	18.4	19.8	15.3
Industry	30.9	21.7	27.2	31.2	25.7	22.8	18.6	18.3
Small Artizans	5.1	5.2	5.3	4.6	4.7	4.3	4.2	4.5
Construction	3.9	5.4	7.9	10.6	13.6	16.8	18.1	16.1
Tourism	0.1	0.1	0.2	0.1	0.1	0.0	1.1	1.2
Export	21.0	22.6	18.1	12.8	18.8	14.1	14.1	18.6
Import	3.2	1.9	4.3	4.6	1.0	0.6	0.9	0.0
Domestic Trade	15.7	19.9	17.5	15.0	20.6	21.5	21.8	22.5
Other Financial Inst.	0.3	0.4	0.6	0.3	0.2	0.0	0.6	1.3
Undistributed	1.2	1.6	2.0	3.6	1.4	1.5	1.7	2.2
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

**DISTRIBUTION OF CENTRAL BANK CREDITS BY ECONOMIC SECTORS**  
(Percentage)

	1982	1983	1984	1985	1986	1987	1988	1989*
Advances to Treasury	29.2	27.4	60.0	61.1	59.7	40.9	40.5	45.9
Agricultural Support	22.3	15.6	5.2	9.5	11.8	22.2		13.3
Agriculture	2.4	3.8	3.7	3.5	2.7	13.4	13.5	10.8
Industry	29.4	27.2	21.9	19.8	20.7	18.0	16.3	16.2
Small Trader's and Artisans	1.3	1.6	0.8	2.1	1.6	4.5	1.1	1.2
Export	11.1	14.7	3.8	0.5	0.0	1.6	6.7	12.1
Trade	4.3	9.5	2.0	1.9	1.8	1.1	0.3	0.2
Other	-	-	0.6	1.5	1.6	0.9	0.5	0.4
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

\* As of September

Source: SIS

# WHOLESALE PRICE INDICES (1981=100)

	General	Change	Agriculture	Change	Mining	Change	Manufacturing	Change	Energy	Change
1988	1,027.3	68.3	866.7	51.0	1,018.2	70.0	1,086.8	77.7	1,488.3	40.3
January	802.8	6.9	681.5	4.1	741.7	11.0	841	8.2	1,404.6	1.9
February	852.4	6.2	720.3	5.7	847.8	14.3	894.7	6.4	1,407.7	0.2
March	912.0	7.0	777.8	8.0	864.7	2.0	959.4	7.2	1,407.7	0.0
April	955.9	4.8	808.2	3.9	861.2	-0.4	1,013.3	5.6	1,416.1	0.6
May	976.0	2.1	822.3	1.7	893.9	3.8	1,036.4	2.3	1,416.1	0.0
June	1,000.9	2.6	863.4	5.0	926.6	3.7	1,054.2	1.7	1,416.1	0.0
July	1,022.8	2.2	866.8	0.4	1,021.3	10.2	1,082.1	2.6	1,420.3	0.3
August	1,055.0	3.1	892.4	3.0	1,057.0	3.5	1,113.3	2.9	1,560.4	9.9
September	1,093.7	3.7	913.3	2.3	1,142.9	8.1	1,159.6	4.2	1,560.9	0.0
October	1,160.4	6.1	973.0	6.5	1,209.5	5.8	1,232.1	6.3	1,562.0	0.1
November	1,221.6	5.3	1,009.8	3.8	1,251.3	3.5	1,308.7	6.2	1,539.7	-1.4
December	1,274.2	4.3	1,073.9	6.3	1,402.1	12.1	1,345.5	2.8	1,751.3	13.7
1989										
January	1,372.7	7.7	1,175.6	9.5	1,524.3	8.7	1,432.9	6.5	2,082.1	18.9
February	1,442.9	5.1	1,320.9	12.4	1,590.6	4.3	1,470.2	2.6	2,082.1	0.0
March	1,476.0	2.3	1,331.3	0.8	1,626.9	2.3	1,515.2	3.1	2,082.1	0.0
April	1,543.0	4.5	1,364.0	2.5	1,695.7	4.2	1,600.8	5.6	2,082.1	0.0
May	1,601.1	3.8	1,372.4	0.6	1,766.4	4.2	1,676.1	4.7	2,293.7	10.2
June	1,701.7	6.3	1,479.1	7.8	1,839.5	4.1	1,771.3	5.7	2,498.1	8.9
July	1,787.2	5.0	1,522.8	3.0	1,899.9	3.3	1,880.2	6.1	2,515.6	0.7
August	1,843.3	3.1	1,613.8	6.0	1,927.6	1.5	1,923.0	2.3	2,521.2	0.2
September	1,919.9	4.2	1,765.0	9.4	1,982.1	2.8	1,957.3	1.8	2,813.5	11.6
October	2,002.5	4.3	1,914.7	8.5	2,066.3	4.2	2,010.9	2.7	2,821.0	0.3
November	2,072.8	3.5	1,993.4	4.1	2,274.5	10.1	2,073.2	3.1	2,828.6	0.3
December	2,140.8	3.3	2,019.8	1.3	2,306.3	1.4	2,157.0	4.0	3,027.2	0.7
1990										
January	2,278.4	4.4	2,161.1	7.0	2,420.2	5.2	2,245.2	3.2	3,290.2	8.7
February	2,404.7	5.5	2,489.9	15.2	2,466.5	1.9	2,312.1	3.0	3,347.0	1.7
March	2,492.0	3.6	2,586.3	3.9	2,475.9	0.4	2,393.2	3.5	3,527.6	5.4

Source: SIS



**SECURITIES ISSUED**  
(TL Billion)

	1986	1987	1988	1988*	1989*
<b>PUBLIC SECTOR</b>	3,277.3	6,508.9	8,931.1	5,381.5	9,308.0
Public Borrowing Bonds	1,269.4	2,045.4	3,816.2	1,777.1	4,567.5
Treasury Bills	1,787.9	3,954.5	5,114.9	3,336.6	4,540.5
Revenue Sharing Bonds	220.0	509.0	0.0	267.8	200.0
<b>PRIVATE SECTOR</b>	274.3	682.5	1,137.6	591.2	1,337.3
Bonds	111.1	317.5	210.9	110.9	268.5
Shares	102.0	187.2	364.5	284.8	575.6
P/L Sharing Bonds	0.9	0.8	0.2	0.0	2.0
Banking Bills	60.3	76.2	238.0	100.0	48.0
Other Commercial Paper	0.0	55.8	271.0	47.5	370.2
P/L Sharing certificates	0.0	45.0	53.0	48.0	73.0
<b>GRAND TOTAL</b>	3,551.6	7,191.4	10,068.7	5,972.7	10,645.3

(\*) January-August

Source: SPO, Development Programme of 1990

**ISE SHARE INDICES**

	1988	1989	1990
January	857.7	379.7	3,641.3
February	721.0	487.1	3,516.3
March	635.3	465.9	3,294.3
April	554.0	533.6	3,308.2
May	553.1	654.0	
June	468.9	795.9	
July	492.9	701.4	
August	428.1	876.0	
September	455.2	1,475.3	
October	404.1	1,664.0	
November	405.8	1,507.5	
December	373.9	2,217.7	

Source: ISE

**STATISTICAL ANNEX  
FOR  
CHAPTER III**



# **E X P O R T S** (\$ Million)

MONTHS	CHANGE			CUMULATIVE			CHANGE	
	1987	1988	1989	1987	1988	1989	88/87	89/88
January	658.4	905.5	771.6	658.4	905.5	771.6	37.5%	-14.8%
February	625.0	944.9	946.9	1,283.4	1,850.4	1,718.5	51.2%	0.2%
March	705.2	952.5	1,084.8	1,988.6	2,802.9	2,803.3	35.1%	13.9%
April	699.9	1,008.0	977.0	2,688.5	3,810.9	3,780.3	44.0%	-3.1%
May	814.7	825.1	701.0	3,503.2	4,636.0	4,481.3	1.3%	-15.0%
June	729.2	891.8	895.9	4,232.4	5,527.8	5,377.2	22.3%	0.5%
July	646.7	773.1	749.0	4,879.1	6,300.9	6,126.2	19.5%	-3.1%
August	804.8	812.9	823.0	5,683.9	7,113.8	6,949.2	1.0%	1.2%
September	1,184.5	1,006.0	996.4	6,868.4	8,119.8	7,945.6	-15.1%	-1.0%
October	1,014.6	962.2	1,101.5	7,883.0	9,082.0	9,047.1	-5.2%	14.5%
November	1,102.9	1,080.1	1,201.3	8,985.9	10,162.1	10,248.4	-2.1%	11.2%
December	1,204.1	1,500.0	1,378.9	10,190.0	11,662.1	11,627.3	24.6%	-8.1%

# **I M P O R T S**

MONTHS	CHANGE			CUMULATIVE			CHANGE	
	1987	1988	1989	1987	1988	1989	88/87	89/88
January	860.4	1,046.5	1,063.2	860.4	1,046.5	1,063.2	21.6%	1.6%
February	998.8	1,128.7	1,045.0	1,859.2	2,175.2	2,108.2	13.0%	-7.4%
March	981.2	1,318.5	1,209.0	2,840.4	3,493.7	3,317.2	34.4%	-8.3%
April	1,082.6	1,331.6	1,275.3	3,923.0	4,825.3	4,592.4	23.0%	-4.2%
May	971.2	1,187.4	1,178.0	4,894.2	6,012.7	5,770.5	22.3%	-0.8%
June	983.8	1,262.5	1,353.8	5,878.0	7,275.2	7,124.2	28.3%	7.2%
July	1,221.9	985.9	1,267.0	7,099.9	8,261.1	8,391.2	-19.3%	28.5%
August	999.0	1,136.6	1,388.4	8,098.9	9,397.7	9,779.6	13.8%	22.2%
September	1,295.8	1,146.8	1,339.0	9,394.7	10,544.5	11,118.6	-11.5%	16.8%
October	1,393.7	1,068.9	1,547.0	10,788.4	11,613.4	12,665.6	-23.3%	44.7%
November	1,591.9	1,223.8	1,542.5	12,380.3	12,837.2	14,208.1	-23.1%	26.0%
December	1,777.5	1,502.5	1,554.5	14,157.8	14,339.7	15,762.6	-15.5%	3.5%

**EXPORTS BY SECTORS**  
(\$ Million)

	1988	Share In Total	1989	Share In Total	Change
<b>I. AGRICULTURAL &amp; LIVESTOCK</b>	2,341.4	20.1%	2,125.9	18.3%	-9.2%
1. Agricultural Products	1,988.9	17.1%	1,785.1	15.4%	-10.2%
- Cotton (Raw)	158.6	1.4%	159.8	1.4%	0.8%
- Tobacco	266.0	2.3%	479.1	4.1%	80.1%
- Hazelnuts	351.5	3.0%	266.1	2.3%	-24.3%
- Sultana	139.5	1.2%	121.3	1.0%	-13.1%
- Others	1,073.2	9.2%	758.9	6.5%	-29.3%
2. Livestock & Animal Products	286.0	2.5%	276.2	2.4%	-3.4%
3. Fishery Products	51.3	0.4%	52.0	0.4%	1.4%
4. Forestry Products	15.2	0.1%	12.5	0.1%	-17.8%
<b>II. MINING &amp; QUARRYING</b>	377.2	3.2%	412.9	3.6%	9.5%
<b>III. INDUSTRY</b>	8,943.4	76.7%	9,088.2	78.2%	1.6%
A. Agro-based Processed Products	884.7	7.6%	917.8	7.9%	3.7%
B. Petroleum Products	331.2	2.8%	254.5	2.2%	-23.2%
C. Other Industrial Products	7,727.5	66.3%	7,915.8	68.1%	2.4%
- Cement	6.5	0.1%	33.0	0.3%	405.2%
- Chemicals	734.5	6.3%	774.0	6.7%	5.4%
- Rubber & Plastics	351.7	3.0%	312.6	2.7%	-11.1%
- Leather & Hides	514.1	4.4%	604.4	5.2%	17.6%
- Forestry Products	21.6	0.2%	16.0	0.1%	-26.0%
- Textiles	3,201.4	27.5%	3,504.7	30.1%	9.5%
- Glass & Ceramics	233.3	2.0%	257.9	2.2%	10.5%
- Iron & Steel	1,457.3	12.5%	1,349.2	11.6%	-7.4%
- Non-Ferrous Metals	226.1	1.9%	265.9	2.3%	17.6%
- Metallic Goods	51.6	0.4%	22.8	0.2%	-55.9%
- Machinery	332.8	2.9%	195.3	1.7%	-41.3%
- Electrical Appliances	294.0	2.5%	234.0	2.0%	-20.4%
- Motor Vehicles	118.0	1.0%	153.9	1.3%	30.4%
- Others	184.4	1.6%	192.2	1.7%	4.2%
<b>TOTAL</b>	11,662.0	100.0%	11,627.0	100.0%	-0.3%

Source: SIS

**EXPORTS BY SECTORS**  
(January-March, \$ Million)

	1989	Share In Total	1990	Share In Total	Change
<b>I. AGRICULTURAL &amp; LIVESTOCK</b>	638.9	22.8%	524.4	17.7%	-17.9%
1. Agricultural Products	557.7	19.9%	435.5	14.7%	-21.9%
- Cotton (Raw)	55.7	2.0%	18.1	0.6%	-67.5%
- Tobacco	187.6	6.7%	126.9	4.3%	-32.4%
- Hazelnuts	76.6	2.7%	63.8	2.1%	-16.7%
- Sultana	44.1	1.6%	22.5	0.8%	-49.0%
- Others	193.7	6.9%	204.2	6.9%	5.4%
2. Livestock & Animal Products	63.9	2.3%	69.8	2.3%	9.2%
3. Fishery Products	13.7	0.5%	16.1	0.5%	17.5%
4. Forestry Products	3.6	0.1%	3.0	0.1%	-16.7%
<b>II. MINING &amp; QUARRYING</b>	93.0	3.3%	78.7	2.6%	-15.4%
<b>III. INDUSTRY</b>	2,071.5	73.9%	2,368.0	79.7%	14.3%
A. Agro-based Processed Products	201.3	7.2%	208.0	7.0%	3.3%
B. Petroleum Products	75.1	2.7%	48.3	1.6%	-35.7%
C. Other Industrial Products	1,795.1	64.0%	2,111.7	71.1%	17.6%
- Cement	3.5	0.1%	16.0	0.5%	357.1%
- Chemicals	164.0	5.9%	133.7	4.5%	-18.5%
- Rubber & Plastics	84.4	3.0%	80.9	2.7%	-4.1%
- Leather & Hides	109.8	3.9%	144.8	4.9%	31.9%
- Forestry Products	3.4	0.1%	5.7	0.2%	67.6%
- Textiles	768.3	27.4%	926.8	31.2%	20.6%
- Glass & Ceramics	55.9	2.0%	78.2	2.6%	39.9%
- Iron & Steel	362.4	12.9%	432.0	14.5%	19.2%
- Non-Ferrous Metals	73.5	2.6%	62.2	2.1%	-15.4%
- Metallic Goods	2.0	0.1%	3.5	0.1%	75.0%
- Machinery	47.6	1.7%	53.9	1.8%	13.2%
- Electrical Appliances	38.7	1.4%	74.0	2.5%	91.2%
- Motor Vehicles	36.2	1.3%	45.3	1.5%	25.1%
- Others	45.4	1.6%	54.7	1.8%	20.5%
<b>TOTAL</b>	2,803.4	100.0%	2,971.1	100.0%	6.0%

Source: SIS

**EXPORTS BY COUNTRIES**  
(\$ Million)

COUNTRIES	1988	Share In Total	1989	Share In Total	Change
<b>OECD COUNTRIES</b>	6,707.0	57.5%	7,176.8	61.7%	7.0%
<b>A) EEC COUNTRIES</b>	5,098.2	43.7%	5,408.2	46.5%	6.1%
- West Germany	2,149.0	18.4%	2,175.8	18.7%	1.2%
- Belgium-Luxemburg	264.5	2.3%	261.4	2.2%	-1.2%
- Denmark	56.9	0.5%	74.4	0.6%	30.8%
- France	498.5	4.3%	594.8	5.1%	19.3%
- Netherlands	351.1	3.0%	406.9	3.5%	15.9%
- United Kingdom	576.1	4.9%	616.2	5.3%	7.0%
- Ireland	19.2	0.2%	19.2	0.2%	0.0%
- Italy	954.7	8.2%	978.1	8.4%	2.5%
- Greece	95.8	0.8%	124.9	1.1%	30.4%
- Spain	107.5	0.9%	131.4	1.1%	22.2%
- Portugal	24.9	0.2%	25.1	0.2%	0.8%
<b>B) OTHER OECD COUNTRIES</b>	1,608.8	13.8%	1,768.6	15.2%	9.9%
- USA	760.6	6.5%	971.0	8.4%	27.7%
- Japan	209.4	1.8%	233.1	2.0%	11.3%
- Switzerland	264.8	2.3%	174.4	1.5%	-34.1%
- Austria	179.7	1.5%	131.2	1.1%	-27.0%
- Others	194.3	1.7%	258.9	2.2%	33.2%
<b>ISLAMIC COUNTRIES</b>	3,083.6	26.4%	2,870.4	24.7%	-6.9%
- Iran	545.6	4.7%	561.0	4.8%	2.8%
- Iraq	986.1	8.5%	445.3	3.8%	-54.8%
- Saudi Arabia	359.2	3.1%	364.5	3.1%	1.5%
- Kuwait	198.8	1.7%	167.6	1.4%	-15.7%
- TRNC	131.2	1.1%	116.7	1.0%	-11.1%
- Libya	218.1	1.9%	226.9	2.0%	4.0%
- Egypt	184.6	1.6%	139.8	1.2%	-24.3%
- Algeria	218.6	1.9%	236.8	2.0%	8.3%
- Tunisia	62.1	0.5%	44.8	0.4%	-27.9%
- Others	179.3	1.5%	567.0	4.9%	216.2%
<b>EAST EUROPEAN COUNTRIES</b>	616.7	5.3%	1,034.2	8.9%	67.7%
- USSR	271.4	2.3%	704.8	6.1%	159.7%
- Germany Democratic Republic	28.6	0.2%	25.2	0.2%	-11.9%
- Bulgaria	28.1	0.2%	26.7	0.2%	-5.0%
- Czechoslovakia	35.3	0.3%	39.2	0.3%	10.9%
- Hungary	24.8	0.2%	24.5	0.2%	-1.1%
- Poland	77.6	0.7%	71.4	0.6%	-8.0%
- Romania	76.0	0.7%	53.0	0.5%	-30.3%
- Yugoslavia	68.1	0.6%	85.4	0.7%	25.4%
- Albania	6.8	0.1%	4.0	0.0%	-41.4%
<b>OTHER COUNTRIES</b>	1,254.7	10.8%	545.9	4.7%	-56.5%
- India	175.7	1.5%	65.3	0.6%	-62.8%
- China	215.7	1.8%	68.4	0.6%	-68.3%
- South Korea	31.1	0.3%	24.1	0.2%	-22.7%
- Hong Kong	23.9	0.2%	25.0	0.2%	4.6%
- Other	808.3	6.9%	363.2	3.1%	-55.1%
<b>TOTAL</b>	11,662.0	100.0%	11,627.3	100.0%	-0.3%

**EXPORTS BY COUNTRIES**  
(January-March, \$ Million)

COUNTRIES	1989	Share In Total	1990	Share In Total	Change
<b>OECD COUNTRIES</b>	1,763.2	62.9%	1,847.6	62.2%	4.8%
<b>A) EEC COUNTRIES</b>	1,324.2	47.2%	1,400.3	47.1%	5.7%
- West Germany	491.4	17.5%	560.0	18.9%	14.0%
- Belgium-Luxemburg	74.2	2.6%	71.3	2.4%	-3.9%
- Denmark	16.7	0.6%	16.3	0.5%	-2.4%
- France	126.5	4.5%	172.3	5.8%	36.2%
- Netherlands	104.3	3.7%	102.8	3.5%	-1.4%
- United Kingdom	145.7	5.2%	158.9	5.3%	9.1%
- Ireland	3.5	0.1%	4.0	0.1%	14.3%
- Italy	282.2	10.1%	241.9	8.1%	-14.3%
- Greece	38.9	1.4%	29.9	1.0%	-23.1%
- Spain	32.7	1.2%	36.6	1.2%	11.9%
- Portugal	8.1	0.3%	6.3	0.2%	-22.2%
<b>B) OTHER OECD COUNTRIES</b>	439.0	15.7%	447.3	15.1%	1.9%
- USA	263.3	9.4%	271.3	9.1%	3.0%
- Japan	42.6	1.5%	36.2	1.2%	-15.0%
- Switzerland	46.6	1.7%	53.7	1.8%	15.2%
- Austria	30.6	1.1%	32.1	1.1%	4.9%
- Others	55.9	2.0%	54.0	1.8%	-3.4%
<b>ISLAMIC COUNTRIES</b>	736.2	26.3%	745.8	25.1%	1.3%
- Iran	181.2	6.5%	88.0	3.0%	-51.4%
- Iraq	83.0	3.0%	99.3	3.3%	19.6%
- Saudi Arabia	93.4	3.3%	99.4	3.3%	6.4%
- Kuwait	39.5	1.4%	51.7	1.7%	30.9%
- TRNC	24.7	0.9%	33.9	1.1%	37.2%
- Libya	57.7	2.1%	66.4	2.2%	15.1%
- Egypt	37.7	1.3%	43.0	1.4%	14.1%
- Algeria	54.1	1.9%	75.6	2.5%	39.7%
- Tunisia	18.1	0.6%	23.4	0.8%	29.3%
- Others	146.8	5.2%	165.1	5.6%	12.5%
<b>EAST EUROPEAN COUNTRIES</b>	167.0	6.0%	208.3	7.0%	24.7%
- USSR	93.1	3.3%	123.4	4.2%	32.5%
- Germany Democratic Republic	3.0	0.1%	5.6	0.2%	86.7%
- Bulgaria	12.2	0.4%	1.5	0.1%	-87.7%
- Czechoslovakia	8.2	0.3%	12.5	0.4%	52.4%
- Hungary	4.4	0.2%	8.7	0.3%	97.7%
- Poland	12.6	0.4%	11.4	0.4%	-9.5%
- Romania	10.3	0.4%	15.1	0.5%	46.6%
- Yugoslavia	22.3	0.8%	28.6	1.0%	28.3%
- Albania	0.9	0.0%	1.5	0.1%	66.7%
<b>OTHER COUNTRIES</b>	136.9	4.9%	169.1	5.7%	23.5%
- India	11.0	0.4%	16.6	0.6%	50.9%
- China	30.8	1.1%	8.9	0.3%	-71.1%
- South Korea	4.4	0.2%	1.7	0.1%	-61.4%
- Hong Kong	11.3	0.4%	5.4	0.2%	-52.2%
- Other	79.4	2.8%	136.5	4.6%	71.9%
<b>TOTAL</b>	2,803.3	100.0%	2,970.8	100.0%	6.0%



**IMPORTS BY SECTORS**  
(\$ Million)

	1988	Share In Total	1989	Share In Total	Change
<b>I. AGRICULTURAL &amp; LIVESTOCK</b>	499.3	3.5%	1,041.2	6.6%	108.5%
- Wheat	2.9	0.0%	373.9	2.4%	12816.9%
- Rice	26.6	0.2%	79.3	0.5%	197.6%
- Merinos	88.8	0.6%	77.3	0.5%	-12.9%
- Others	381.0	2.7%	510.7	3.2%	34.1%
<b>II. MINING &amp; QUARRYING</b>	2,857.0	19.9%	2,902.4	18.4%	1.6%
- Crude Oil	2,430.0	17.0%	2,455.6	15.6%	1.1%
- Hard Coal	252.5	1.8%	238.3	1.5%	-5.6%
- Others	174.6	1.2%	208.6	1.3%	19.5%
<b>III. INDUSTRY</b>	10,979.0	76.6%	11,820.2	75.0%	7.7%
<b>A. Agro-based Processed Products</b>	738.4	5.2%	843.2	5.3%	14.2%
- Soya Oil	71.8	0.5%	70.5	0.4%	-1.8%
- Vegetables & Liquid Oils	140.0	1.0%	206.1	1.3%	47.3%
- Cigarettes	168.9	1.2%	196.8	1.2%	16.5%
- Others	357.8	2.5%	369.8	2.3%	3.4%
<b>B. Petroleum Products</b>	343.3	2.4%	495.0	3.1%	44.2%
<b>C. Other Industrial Products</b>	9,897.3	69.0%	10,482.0	66.5%	5.9%
- Cement	49.6	0.3%	11.5	0.1%	-76.9%
- Chemicals	1,984.4	13.8%	2,101.9	13.3%	5.9%
- Rubber & Plastics	525.2	3.7%	484.4	3.1%	-7.8%
- Leather & Hides	51.3	0.4%	72.9	0.5%	42.0%
- Forestry Products	8.9	0.1%	9.2	0.1%	4.4%
- Textiles	259.6	1.8%	296.8	1.9%	14.3%
- Glass & Ceramics	141.1	1.0%	126.3	0.8%	-10.4%
- Iron & Steel	1,655.3	11.5%	2,217.2	14.1%	33.9%
- Non-Ferrous Metals	411.7	2.9%	420.6	2.7%	2.2%
- Metallic Goods	61.8	0.4%	56.9	0.4%	-8.0%
- Machinery	2,400.3	16.7%	2,188.9	13.9%	-8.8%
- Electrical Appliances	1,075.2	7.5%	1,028.2	6.5%	-4.4%
- Motor Vehicles	690.1	4.8%	796.1	5.1%	15.4%
- Others	583.0	4.1%	671.0	4.3%	15.1%
<b>TOTAL</b>	14,335.4	100.0%	15,763.8	100.0%	10.0%

Source: SIS

**IMPORTS BY SECTORS**  
(January-March, \$ Million)

	1989	Share In Total	1990	Share In Total	Change
<b>I. AGRICULTURAL &amp; LIVESTOCK</b>	137.7	4.2%	457.2	9.7%	232.0%
- Wheat	12.1	0.4%	197.1	4.2%	1528.9%
- Rice	19.7	0.6%	18.4	0.4%	-6.6%
- Merinos	20.4	0.6%	15.2	0.3%	-25.5%
- Others	85.5	2.6%	226.5	4.8%	164.9%
<b>II. MINING &amp; QUARRYING</b>	765.2	23.1%	920.6	19.5%	20.3%
- Crude Oil	208.9	6.3%	305.8	6.5%	46.4%
- Hard Coal	29.8	0.9%	30.9	0.7%	3.7%
- Others	526.5	15.9%	583.9	12.3%	10.9%
<b>III. INDUSTRY</b>	2,414.9	72.8%	3,352.5	70.9%	38.8%
<b>A. Agro-based Processed Products</b>	144.7	4.4%	257.3	5.4%	77.8%
- Soya Oil	4.5	0.1%	8.0	0.2%	77.8%
- Vegetables & Liquid Oils	11.2	0.3%	16.8	0.4%	50.0%
- Cigarettes	6.1	0.2%	21.4	0.5%	250.8%
- Others	122.9	3.7%	211.1	4.5%	71.8%
<b>B. Petroleum Products</b>	67.2	2.0%	114.2	2.4%	69.9%
<b>C. Other Industrial Products</b>	2,203.0	66.4%	2,981.0	63.0%	35.3%
- Cement	1.3	0.0%	2.5	0.1%	92.3%
- Chemicals	475.2	14.3%	545.4	11.5%	14.8%
- Rubber & Plastics	98.6	3.0%	177.7	3.8%	80.2%
- Leather & Hides	10.6	0.3%	23.8	0.5%	124.5%
- Forestry Products	2.0	0.1%	4.1	0.1%	105.0%
- Textiles	61.4	1.9%	126.6	2.7%	106.2%
- Glass & Ceramics	29.9	0.9%	40.9	0.9%	36.8%
- Iron & Steel	390.9	11.8%	453.9	9.6%	16.1%
- Non-Ferrous Metals	80.6	2.4%	130.8	2.8%	62.3%
- Metallic Goods	13.1	0.4%	17.6	0.4%	34.4%
- Machinery	467.0	14.1%	730.0	15.4%	56.3%
- Electrical Appliances	212.5	6.4%	303.5	6.4%	42.8%
- Motor Vehicles	199.1	6.0%	224.8	4.8%	12.9%
- Others	160.8	4.8%	199.4	4.2%	24.0%
<b>TOTAL</b>	3,317.8	100.0%	4,730.3	100.0%	42.6%

Source: SIS

**IMPORTS BY COUNTRIES**  
(\$ Million)

COUNTRIES	1988	Share In Total	1989	Share In Total	Change
<b>OECD COUNTRIES</b>	9,236.9	64.4%	9,910.1	62.9%	7.3%
<b>A) EEC COUNTRIES</b>	5,893.9	41.1%	6,054.7	38.4%	2.7%
- West Germany	2,054.3	14.3%	2,203.9	14.0%	7.3%
- Belgium-Luxemburg	477.4	3.3%	443.1	2.8%	-7.2%
- Denmark	48.5	0.3%	39.2	0.2%	-19.2%
- France	828.5	5.8%	744.7	4.7%	-10.1%
- Netherlands	384.9	2.7%	445.2	2.8%	15.7%
- United Kingdom	739.1	5.2%	727.7	4.6%	-1.5%
- Ireland	17.6	0.1%	19.1	0.1%	8.5%
- Italy	1,005.7	7.0%	1,070.9	6.8%	6.5%
- Greece	82.8	0.6%	100.9	0.6%	21.9%
- Spain	242.3	1.7%	250.4	1.6%	3.3%
- Portugal	12.8	0.1%	9.6	0.1%	-25.0%
<b>B) OTHER OECD COUNTRIES</b>	3,343.0	23.3%	3,855.4	24.5%	15.3%
- USA	1,519.5	10.6%	2,094.3	13.3%	37.8%
- Japan	554.8	3.9%	529.9	3.4%	-4.5%
- Switzerland	343.6	2.4%	411.4	2.6%	19.7%
- Austria	214.9	1.5%	156.1	1.0%	-27.4%
- Others	710.2	5.0%	663.7	4.2%	-6.5%
<b>ISLAMIC COUNTRIES</b>	2,935.2	20.5%	2,920.9	18.5%	-0.5%
- Iran	659.8	4.6%	233.5	1.5%	-64.6%
- Iraq	1,440.8	10.1%	1,649.7	10.5%	14.5%
- Saudi Arabia	228.6	1.6%	211.9	1.3%	-7.3%
- Kuwait	89.0	0.6%	80.5	0.5%	-9.6%
- TRNC	10.3	0.1%	11.3	0.1%	9.7%
- Libya	78.9	0.6%	286.2	1.8%	262.7%
- Egypt	12.3	0.1%	21.0	0.1%	70.7%
- Algeria	104.6	0.7%	153.8	1.0%	47.0%
- Tunisia	39.1	0.3%	14.2	0.1%	-63.7%
- Others	271.8	1.9%	258.8	1.6%	-4.8%
<b>EAST EUROPEAN COUNTRIES</b>	1,102.3	7.7%	1,493.4	9.5%	35.5%
- USSR	442.6	3.1%	596.7	3.8%	34.8%
- Germany Democratic Republic	12.9	0.1%	22.2	0.1%	72.1%
- Bulgaria	15.7	0.1%	3.3	0.0%	-79.0%
- Czechoslovakia	27.8	0.2%	72.1	0.5%	159.3%
- Hungary	92.9	0.6%	87.2	0.6%	-6.2%
- Poland	78.6	0.5%	98.1	0.6%	24.8%
- Romania	198.0	1.4%	238.0	1.5%	20.2%
- Yugoslavia	232.7	1.6%	375.0	2.4%	61.2%
- Albania	1.2	0.0%	0.8	0.0%	-31.8%
<b>OTHER COUNTRIES</b>	1,061.0	7.4%	1,438.2	9.1%	35.6%
- India	29.5	0.2%	42.9	0.3%	45.5%
- China	114.9	0.8%	76.7	0.5%	-33.3%
- South Korea	91.6	0.6%	142.9	0.9%	56.1%
- Hong Kong	22.5	0.2%	25.0	0.2%	11.0%
- Other	802.5	5.6%	1,150.7	7.3%	43.4%
<b>TOTAL</b>	14,335.4	100.0%	15,762.6	100.0%	10.0%

**IMPORTS BY COUNTRIES**  
(January-March, \$ Million)

COUNTRIES	1989	Share In Total	1990	Share In Total	Change
<b>OECD COUNTRIES</b>	2,053.7	61.9%	2,980.4	63.0%	45.1%
<b>A) EEC COUNTRIES</b>	1,204.0	36.3%	1,977.7	41.8%	64.3%
- West Germany	452.2	13.6%	766.4	16.2%	69.5%
- Belgium-Luxemburg	91.2	2.7%	97.9	2.1%	7.3%
- Denmark	9.3	0.3%	17.3	0.4%	86.0%
- France	111.2	3.4%	292.2	6.2%	162.8%
- Netherlands	80.9	2.4%	119.3	2.5%	47.5%
- United Kingdom	153.8	4.6%	216.0	4.6%	40.4%
- Ireland	4.2	0.1%	5.7	0.1%	35.7%
- Italy	231.6	7.0%	344.9	7.3%	48.9%
- Greece	20.0	0.6%	17.0	0.4%	-15.0%
- Spain	48.0	1.4%	98.6	2.1%	105.4%
- Portugal	1.6	0.0%	2.4	0.1%	50.0%
<b>B) OTHER OECD COUNTRIES</b>	849.7	25.6%	1,002.7	21.2%	18.0%
- USA	460.8	13.9%	507.4	10.7%	10.1%
- Japan	95.2	2.9%	180.9	3.8%	90.0%
- Switzerland	69.5	2.1%	106.1	2.2%	52.7%
- Austria	40.1	1.2%	55.0	1.2%	37.2%
- Others	184.1	5.5%	153.3	3.2%	-16.7%
<b>ISLAMIC COUNTRIES</b>	740.9	22.3%	942.9	19.9%	27.3%
- Iran	63.3	1.9%	142.3	3.0%	124.8%
- Iraq	392.0	11.8%	536.3	11.3%	36.8%
- Saudi Arabia	59.4	1.8%	20.1	0.4%	-66.2%
- Kuwait	17.7	0.5%	22.9	0.5%	29.4%
- TRNC	1.7	0.1%	2.5	0.1%	47.1%
- Libya	83.2	2.5%	92.4	2.0%	11.1%
- Egypt	3.6	0.1%	6.4	0.1%	77.8%
- Algeria	58.6	1.8%	36.3	0.8%	-38.1%
- Tunisia	4.2	0.1%	2.1	0.0%	-50.0%
- Others	57.2	1.7%	81.6	1.7%	42.7%
<b>EAST EUROPEAN COUNTRIES</b>	252.6	7.6%	334.2	7.1%	32.3%
- USSR	110.0	3.3%	140.7	3.0%	27.9%
- Germany Democratic Republic	2.6	0.1%	4.6	0.1%	76.9%
- Bulgaria	1.1	0.0%	0.3	0.0%	-72.7%
- Czechoslovakia	10.5	0.3%	11.9	0.3%	13.3%
- Hungary	16.0	0.5%	26.3	0.6%	64.4%
- Poland	12.9	0.4%	14.4	0.3%	11.6%
- Romania	46.2	1.4%	59.4	1.3%	28.6%
- Yugoslavia	52.9	1.6%	76.4	1.6%	44.4%
- Albania	0.4	0.0%	0.2	0.0%	-50.0%
<b>OTHER COUNTRIES</b>	270.8	8.2%	472.8	10.0%	74.6%
- India	10.8	0.3%	22.4	0.5%	107.4%
- China	12.6	0.4%	23.1	0.5%	83.3%
- South Korea	30.5	0.9%	59.2	1.3%	94.1%
- Hong Kong	3.8	0.1%	11.7	0.2%	207.9%
- Other	213.1	6.4%	356.4	7.5%	67.2%
<b>TOTAL</b>	3,318.0	100.0%	4,730.3	100.0%	42.6%

**IMPORTS BY COMMODITY GROUPS**  
(\$ Million)

	1986		1987		1988		1989	
	VALUE	SHARE	VALUE	SHARE	VALUE	SHARE	VALUE	SHARE
<b>Investment Goods</b>	3,474.1	31.3%	3,816.6	27.0%	3,988.9	27.8%	3,850.0	24.4%
- Construction Goods	481.8	4.3%	695.0	4.9%	670.9	4.7%	690.0	4.4%
- Machinery & Equipment	2,981.3	26.8%	3,040.8	21.5%	3,286.9	22.9%	3,139.0	19.9%
- Livestock	11.0	0.1%	80.8	0.6%	31.1	0.2%	21.0	0.1%
<b>Raw Materials</b>	6,674.5	60.1%	9,180.0	64.8%	9,236.6	64.4%	10,528.7	66.8%
<b>Consumer Goods</b>	956.1	8.6%	1,161.2	8.2%	1,109.9	7.7%	1,384.1	8.8%
<b>TOTAL</b>	11,104.7	100.0%	14,157.8	100.0%	14,335.4	100.0%	15,762.7	100.0%

Source: SIS

**IMPORTS BY SOURCE OF FINANCING**  
(\$ Million)

	1987	1988	1989
<b>PROGRAMMED IMPORTS</b>	12,864	12,970	14,338
- Liberalization	11,476	12,159	13,683
- Allocation			
- Subject to Licence	1,388	811	655
<b>NON-PROGRAMMED IMPORTS</b>	1,294	1,365	1,425
- NATO	91	142	107
- Foreign Capital in Kind	38	14	10
- Project Credits	1,100	1,140	1,199
- Imports With Waivers	65	69	109
<b>TOTAL</b>	14,158	14,335	15,763

**TRADE DEFICIT**  
( \$ Million )

<b>MONTHS</b>	<b>1985</b>	<b>1986</b>	<b>1987</b>	<b>1988</b>	<b>1989</b>	<b>1990</b>
<b>January</b>	154.1	385.8	202.0	141.0	291.7	503.3
<b>February</b>	189.9	232.5	373.8	183.8	98.1	527.3
<b>March</b>	311.5	315.0	276.0	366.0	124.2	728.9
<b>April</b>	296.5	273.4	382.7	323.6	298.3	
<b>May</b>	229.9	324.4	156.5	362.3	477.0	
<b>June</b>	197.0	353.8	254.6	370.7	457.8	
<b>July</b>	313.9	326.2	575.2	212.8	518.0	
<b>August</b>	125.6	288.0	194.2	323.7	565.4	
<b>September</b>	344.6	373.3	111.3	140.8	342.6	
<b>October</b>	314.5	219.0	379.1	106.7	445.5	
<b>November</b>	631.4	340.2	489.0	143.7	341.2	
<b>December</b>	276.6	216.5	573.4	2.5	175.6	
	<b>CUMULATIVE</b>					
<b>January</b>	154.1	385.8	202.0	141.0	291.7	503.3
<b>February</b>	344.0	618.3	575.8	324.8	389.7	1,030.6
<b>March</b>	655.5	933.3	851.8	690.8	513.9	1,759.4
<b>April</b>	952.0	1,206.7	1,234.5	1,014.4	812.2	
<b>May</b>	1,181.9	1,531.1	1,391.0	1,376.7	1,289.2	
<b>June</b>	1,378.9	1,884.9	1,645.6	1,747.4	1,747.0	
<b>July</b>	1,692.8	2,211.1	2,220.8	1,960.2	2,265.0	
<b>August</b>	1,818.4	2,499.1	2,415.0	2,283.9	2,830.4	
<b>September</b>	2,163.0	2,872.4	2,526.3	2,424.7	3,173.0	
<b>October</b>	2,477.5	3,091.4	2,905.4	2,531.4	3,618.5	
<b>November</b>	3,108.9	3,431.6	3,394.4	2,675.1	3,959.7	
<b>December</b>	3,385.5	3,648.1	3,967.8	2,677.6	4,135.3	

Source: SIS

**WORKERS' REMITTANCES BY MONTHS (\*)**  
( \$ Million )

MONTHS	1987	1988	1989	CHANGE		CUMULATIVE		CHANGE	
				88/87	89/88	1987	1988	1989	88/87
January	115.2	95.0	190.0	-17.5%	100.0%	115.2	95.0	190.0	-17.5%
February	98.7	97.0	236.0	-1.7%	143.3%	213.9	192.0	426.0	-10.2%
March	137.3	104.0	190.0	-24.3%	82.7%	351.2	296.0	616.0	-15.7%
April	149.4	135.0	172.0	-9.6%	27.4%	500.6	431.0	788.0	-13.9%
May	171.6	157.0	185.0	-8.5%	17.8%	672.2	588.0	973.0	-12.5%
June	186.1	133.0	243.0	-28.5%	82.7%	858.3	721.0	1,216.0	-16.0%
July	231.4	169.0	319.0	-27.0%	88.8%	1,089.7	890.0	1,535.0	-18.3%
August	238.3	225.0	424.0	-5.6%	88.4%	1,328.0	1,115.0	1,959.0	-16.0%
September	224.7	169.0	374.0	-24.8%	121.3%	1,552.7	1,284.0	2,333.0	-17.3%
October	216.3	168.0	315.0	-22.3%	87.5%	1,769.0	1,452.0	2,648.0	-17.9%
November	153.6	180.0	232.0	17.2%	28.9%	1,922.6	1,632.0	2,880.0	-15.1%
December	179.4	212.0	258.0	18.2%	21.7%	2,102.0	1,844.0	3,138.0	-12.3%

(\*) Including official remittances

Source: SPO

**TOURISM REVENUE - MONTHLY ( \$ Million )**

MONTHS	1986	1987	1988	1989	CHANGE	
					87/86	88/87
January	32	54.0	85.7	69.0	68.8%	58.7%
February	31	54.0	73.2	59.0	74.2%	35.6%
March	51	50.0	104.5	108.0	-2.0%	109.0%
April	78	95.0	155.9	148.0	21.8%	64.1%
May	92	125.0	213.4	267.0	35.9%	70.7%
June	93	144.0	260.0	283.0	54.8%	80.6%
July	135	174.0	285.8	316.0	28.9%	64.3%
August	135	255.0	360.2	387.0	88.9%	41.3%
September	105	201.0	321.6	368.0	91.4%	60.0%
October	92	172.0	275.6	333.0	87.0%	60.2%
November	60	90.0	124.7	135.0	50.0%	38.6%
December	46	62.0	94.8	84.0	34.8%	52.9%
Total	950	1,476.0	2,355.4	2,557.0	55.4%	59.6%

**BALANCE OF PAYMENTS**  
(\$ Million)

	1986	1987	1988	1989	1990(*)
<b>A. CURRENT ACCOUNT BALANCE</b>	-1,528	-982	1,596	966	-985
<b>1. Trade Balance</b>	-3,081	-3,229	-1,777	-4,201	-1,725
<b>a. Merchandise Exports (FOB)</b>	7,583	10,322	11,929	11,771	2,991
- Exports (FOB)	7,457	10,190	11,662	11,628	2,971
- Transit Trade	126	132	267	143	20
<b>b. Merchandise Imports</b>	-10,664	-13,551	-13,706	-15,972	-4,716
- Imports (CIF)	-11,105	-14,158	-14,335	-15,763	-4,730
- Gold Imports	-94	-121	-32	-1,058	-274
- Transit Trade	-105	-88	-161	-76	-12
- Freight-Insurance	640	816	822	925	300
<b>2. Balance of Invisibles</b>	-396	-171	1,214	1,609	5
<b>a. Invisible Earnings</b>	3,250	4,111	6,026	7,083	1,514
- Tourism	950	1,476	2,355	2,557	301
- Others	2,300	2,635	3,671	4,526	1,213
<b>b. Invisible Expenditures</b>	-3,646	-4,282	-4,812	-5,474	-1,509
- Tourism	-313	-448	-358	-565	-118
- Foreign Debt Interest	-2,134	-2,507	-2,799	-2,907	-721
- Others	-1,199	-1,327	-1,655	-2,002	-670
<b>3. Unrequited Transfers</b>	1,949	2,418	2,159	3,558	735
<b>a. Private Incomes</b>	1,718	2,088	1,846	3,171	661
- Workers' Remittances	1,634	2,021	1,776	3,040	626
- Imports Waiver	84	67	70	108	35
- Migrant Transfers	0	0	0	23	0
<b>b. Private Unrequited Transfers</b>	-15	-22	-19	-36	-8
<b>c. Official Unrequited Transfers</b>	246	352	332	423	82
<b>B. CAPITAL EXCLUDING RESERVES</b>	2,128	2,010	-958	775	1,001
<b>1. Private Foreign Capital</b>	125	110	354	663	122
<b>2. Portfolio Investments</b>	0	-29	1,178	1,586	175
<b>3. Long-term Capital</b>	910	1,573	-209	-920	-234
- Credit Use	2,670	3,662	3,124	2,585	710
- Dresdner	385	568	594	518	60
- Principal Accounts Repayments	-2,145	-2,657	-3,927	-4,023	-1,004
<b>4. Short-term Capital</b>	1,093	356	-2,281	-554	938
- Assets	-313	-945	-1,428	371	27
- Liabilities	1,406	1,301	-853	-925	911
<b>C. NET ERRORS &amp; OMISSIONS</b>	-65	-459	515	974	249
<b>D. EXCEPTIONAL FINANCING</b>	0	0	0	0	0
<b>E. COUNTERPART ITEMS</b>	251	424	-263	51	-13
<b>F. RESERVE TRANSACTIONS</b>	-786	-993	-890	-2,766	-252
- IMF	-241	-344	-469	-253	-33
- Official	-545	-649	-421	-2,513	-219

(\*) January-March

Source: Central Bank of Turkey



**BREAKDOWN BY COUNTRIES OF FOREIGN CAPITAL COMPANIES  
OPERATING IN TURKEY  
(As end of 1989, TL Billion)**

COUNTRIES	NUMBER OF COMPANIES	CURRENT FOREIGN CAPITAL	SHARE IN TOTAL FOR. CAP.	COMPANIES TOTAL CAPITAL	FOR. CAP. AS PERC. OF TOTAL
Afghanistan	2	0.1	0.0%	0.3	49.2%
Algeria	2	4.1	0.2%	8.1	50.4%
Australia	2	0.6	0.0%	0.6	100.0%
Austria	24	15.6	0.8%	18.8	82.7%
Bahrain	4	6.5	0.3%	6.9	95.1%
Belgium	20	34.9	1.8%	64.2	54.3%
Bermuda	1	0.2	0.0%	0.2	100.0%
Bulgaria	1	0.6	0.0%	1.4	45.0%
Canada	7	11.5	0.6%	159.8	7.2%
Cayman Islands	3	2.2	0.1%	3.1	71.3%
China	4	1.1	0.1%	1.2	92.0%
Denmark	9	46.2	2.4%	53.8	85.8%
Egypt	5	3.3	0.2%	3.9	83.9%
Federal Rep. of Germany	233	220.5	11.3%	476.6	46.3%
Finland	8	4.8	0.2%	11.3	42.6%
France	52	100.3	5.1%	154.6	64.9%
Greece	9	1.8	0.1%	2.1	86.0%
Holland	59	119.2	6.1%	149.8	79.6%
Hong Kong	4	1.5	0.1%	2.6	58.1%
Inter. Finance Corp.	2	14.7	0.8%	172.4	8.5%
Iran	164	27.3	1.4%	32.6	83.8%
Iraq	22	3.7	0.2%	5.2	70.3%
Ireland	1	0.1	0.0%	0.1	50.0%
Islamic Development Bank	8	4.8	0.2%	52.3	9.2%
Israel	10	1.9	0.1%	2.5	77.4%
Italy	40	201.2	10.3%	285.1	70.6%
Japan	25	88.7	4.5%	154.7	57.3%
Joint	102				100.0%
Jordan	22	3.3	0.2%	4.3	77.0%
Kuwait	6	25.8	1.3%	53.0	48.7%
Lebanon	27	6.0	0.3%	16.9	35.4%
Liberia	1	1.6	0.1%	1.7	93.5%
Libya	11	23.1	1.2%	44.3	52.2%
Liechtenstein	5	12.4	0.6%	12.4	99.5%
Luxembourg	11	32.3	1.7%	61.3	52.7%
Norway	5	0.5	0.0%	0.8	63.6%
Pakistan	5	2.7	0.1%	2.8	97.4%
Panama	4	13.0	0.7%	32.5	39.9%
Qatar	4	5.8	0.3%	10.5	55.1%
Saudi Arabia	40	77.0	4.0%	136.8	56.3%
South Korea	4	4.6	0.2%	9.4	48.5%
Spain	6	1.6	0.1%	2.2	73.9%
Sweden	14	26.3	1.3%	38.6	68.1%
Switzerland	116	249.5	12.8%	676.7	36.9%
Syria	89	12.7	0.7%	17.4	72.8%
TRNC	13	4.7	0.2%	6.3	74.1%
United Arab Emirates	10	14.5	0.7%	23.3	62.0%
United Kingdom	117	315.2	16.2%	431.5	73.0%
USA	128	159.3	8.2%	364.5	43.7%
Yugoslavia	5	3.4	0.2%	8.6	40.0%
Others	18	36.9	1.9%	148.9	24.8%
<b>TOTAL</b>	<b>1,484</b>	<b>1,949.6</b>	<b>100.0%</b>	<b>3,929.4</b>	<b>49.6%</b>

Source: SPO

**BREAKDOWN BY COUNTRIES OF FOREIGN CAPITAL COMPANIES  
OPERATING IN TURKEY**  
(As end of April 1990, TL Billion)

COUNTRIES	NUMBER OF COMPANIES	CURRENT FOREIGN CAPITAL	SHARE IN TOTAL FOR. CAP.	COMPANIES TOTAL CAPITAL	FOR. CAP. AS PERC. OF TOTAL
Afghanistan	2	0.3	0.0%	0.4	67.8%
Algeria	2	4.1	0.2%	8.1	50.4%
Australia	2	0.6	0.0%	0.6	100.0%
Austria	25	10.4	0.4%	18.3	56.8%
Bahrain	4	6.5	0.3%	6.9	95.1%
Belgium	20	36.2	1.5%	69.7	52.0%
Bermuda	1	0.2	0.0%	0.2	100.0%
Bulgaria	1	0.6	0.0%	1.4	45.0%
Canada	7	11.5	0.5%	159.8	7.2%
Cayman Islands	3	2.2	0.1%	3.1	71.3%
China	4	1.1	0.0%	1.2	92.0%
Denmark	9	47.1	1.9%	57.4	82.1%
Egypt	5	3.3	0.1%	3.9	83.9%
Federal Rep. of Germany	260	254.0	10.4%	614.5	41.3%
Finland	8	5.8	0.2%	13.8	42.1%
France	58	110.9	4.5%	165.8	66.9%
Greece	9	1.8	0.1%	2.1	86.0%
Holland	62	251.2	10.2%	351.0	71.6%
Hong Kong	4	1.5	0.1%	2.6	58.1%
Inter. Finance Corp.	2	21.0	0.9%	225.0	9.3%
Iran	172	29.1	1.2%	34.4	84.6%
Iraq	22	3.8	0.2%	5.4	71.1%
Ireland	1	0.1	0.0%	0.1	50.0%
Islamic Development Bank	8	4.8	0.2%	52.3	9.2%
Israel	10	1.9	0.1%	2.5	77.4%
Italy	43	212.6	8.7%	302.5	70.3%
Japan	26	111.2	4.5%	178.9	62.2%
Joint	115				100.0%
Jordan	23	3.3	0.1%	4.4	76.5%
Kuwait	6	30.8	1.3%	61.2	50.3%
Lebanon	28	6.1	0.2%	17.0	35.9%
Liberia	1	2.6	0.1%	2.7	95.6%
Libya	11	32.7	1.3%	60.2	54.3%
Liechtenstein	5	12.4	0.5%	12.4	99.5%
Luxembourg	12	34.7	1.4%	65.7	52.9%
Norway	5	0.5	0.0%	0.8	63.6%
Pakistan	5	2.7	0.1%	2.8	97.4%
Panama	4	13.0	0.5%	32.5	39.9%
Qatar	4	5.8	0.2%	10.5	55.1%
Saudi Arabia	44	87.5	3.6%	243.9	35.9%
South Korea	5	5.8	0.2%	14.1	41.5%
Spain	6	1.6	0.1%	2.2	73.9%
Sweden	14	28.5	1.2%	45.1	63.2%
Switzerland	124	313.0	12.8%	791.9	39.5%
Syria	92	13.9	0.6%	18.2	76.3%
TRNC	15	14.5	0.6%	16.7	87.0%
United Arap Emirates	11	15.2	0.6%	24.1	63.2%
United Kingdom	134	439.5	17.9%	601.3	73.1%
USA	131	199.5	8.1%	462.6	43.1%
Yugoslavia	6	3.4	0.1%	8.7	39.5%
Others	19	49.4	2.0%	156.5	31.5%
<b>TOTAL</b>	<b>1,590</b>	<b>2,450.4</b>	<b>100.0%</b>	<b>4,937.4</b>	<b>49.6%</b>

Source: SPO

**BREAKDOWN BY SECTORS OF FOREIGN CAPITAL COMPANIES  
OPERATING IN TURKEY  
(As end of 1989, TL Billion)**

SECTORS	NUMBER OF COMPANIES	CURRENT FOREIGN CAPITAL	SHARE IN TOTAL FOR. CAP.	COMPANIES TOTAL CAPITAL	FOR. CAP. AS PERC. OF TOTAL
<b>MANUFACTURING</b>	405	998.6	51.2%	2,196.9	45.5%
- Electric & Electronics	19	95.9	4.9%	140.7	68.2%
- Machinery	45	55.2	2.8%	124.2	44.5%
- Fertilizer	3	26.3	1.4%	52.3	50.3%
- Textiles & Clothing	65	62.4	3.2%	131.8	47.4%
- Chemicals	59	273.1	14.0%	379.7	71.9%
- Glass	6	12.3	0.6%	128.8	9.5%
- Motor Vehicles	10	81.5	4.2%	255.7	31.9%
- Food & Beverages	56	150.5	7.7%	209.3	71.9%
- Metallic Goods	22	10.9	0.6%	24.8	43.8%
- Non-Ferrous Metals	7	2.4	0.1%	14.2	16.8%
- Plastics	17	5.0	0.3%	8.2	60.4%
- Iron & Steel	10	90.2	4.6%	423.9	21.3%
- Cement	1	0.2	0.0%	1.4	11.1%
- Paper	10	13.9	0.7%	24.7	56.4%
- Forestry Products	7	1.5	0.1%	3.9	37.3%
- Rubber	4	34.7	1.8%	87.7	39.6%
- Ceramics	10	4.4	0.2%	39.7	11.0%
- Motor Veh. Auxilliary	12	27.7	1.4%	58.7	47.2%
- Measuring & Optical Eq.	4	1.3	0.1%	2.5	50.3%
- Aircraft	2	0.2	0.0%	0.5	49.0%
- Others	36	49.0	2.5%	84.2	58.2%
<b>AGRICULTURE</b>	46	53.3	2.7%	83.1	64.1%
<b>MINING</b>	23	17.2	0.9%	27.4	62.9%
<b>SERVICES</b>	1,010	880.4	45.2%	1,621.0	54.3%
- Trade	617	202.2	10.4%	231.0	87.5%
- Tourism	118	248.3	12.7%	658.6	37.7%
- Banking	29	170.9	8.8%	347.9	49.1%
- Investment Financing	8	60.3	3.1%	80.9	74.5%
- Insurance	18	22.6	1.2%	77.5	29.2%
- Construction	11	0.9	0.0%	17.5	5.0%
- Land Transportation	16	3.0	0.2%	5.3	57.3%
- Marine Transportation	8	15.8	0.8%	31.4	50.3%
- Air Transportation	32	3.3	0.2%	5.5	60.6%
- Others	153	153.0	7.8%	165.4	92.5%
<b>TOTAL</b>	<b>1,484</b>	<b>1,949.6</b>	<b>100.0%</b>	<b>3,928.4</b>	<b>49.6%</b>

Source: SPO

**BREAKDOWN BY SECTORS OF FOREIGN CAPITAL COMPANIES  
OPERATING IN TURKEY**  
(As end of April 1990, TL Billion)

SECTORS	NUMBER OF COMPANIES	CURRENT FOREIGN CAPITAL	SHARE IN TOTAL FOR. CAP.	COMPANIES TOTAL CAPITAL	FOR. CAP. AS PERC. OF TOTAL
<b>MANUFACTURING</b>	442	1,232.4	50.3%	2,770.1	44.5%
- Electric & Electronics	22	161.4	6.6%	219.0	73.7%
- Machinery	49	65.7	2.7%	147.5	44.5%
- Fertilizer	3	26.3	1.1%	52.3	50.3%
- Textiles & Clothing	72	65.7	2.7%	136.0	48.3%
- Chemicals	62	309.1	12.6%	440.8	70.1%
- Glass	6	17.5	0.7%	179.2	9.8%
- Motor Vehicles	11	83.4	3.4%	262.7	31.8%
- Food & Beverages	60	160.4	6.5%	220.4	72.8%
- Metallic Goods	23	10.4	0.4%	25.0	41.5%
- Non-Ferrous Metals	7	2.4	0.1%	14.2	16.8%
- Plastics	20	12.2	0.5%	17.8	68.6%
- Iron & Steel	10	100.5	4.1%	541.4	18.6%
- Cement	1	0.2	0.0%	1.4	11.1%
- Paper	10	36.1	1.5%	71.0	50.8%
- Forestry Products	8	1.8	0.1%	4.5	39.3%
- Rubber	4	38.2	1.6%	94.5	40.4%
- Ceramics	10	5.8	0.2%	42.6	13.5%
- Motor Veh. Auxiliary	13	36.7	1.5%	152.4	24.1%
- Measuring & Optical Eq.	4	1.3	0.1%	2.5	50.3%
- Aircraft	2	0.2	0.0%	0.5	49.0%
- Others	45	97.3	4.0%	144.4	67.4%
<b>AGRICULTURE</b>	47	57.9	2.4%	96.2	60.1%
<b>MINING</b>	23	24.5	1.0%	34.7	70.6%
<b>SERVICES</b>	1,078	1,135.7	46.3%	2,036.4	55.8%
- Trade	643	273.8	11.2%	307.9	88.9%
- Tourism	164	417.9	17.1%	950.0	44.0%
- Banking	30	196.7	8.0%	401.2	49.0%
- Investment Financing	11	63.9	2.6%	84.5	75.6%
- Insurance	21	32.5	1.3%	88.7	36.6%
- Construction	14	9.3	0.4%	20.3	45.9%
- Land Transportation	15	3.0	0.1%	5.3	56.9%
- Marine Transportation	7	15.7	0.6%	31.3	50.1%
- Air Transportation	33	3.3	0.1%	5.5	60.6%
- Others	140	119.7	4.9%	141.8	84.4%
<b>TOTAL</b>	<b>1,590</b>	<b>2,450.4</b>	<b>100.0%</b>	<b>4,937.4</b>	<b>49.6%</b>

Source: SPO

**EXCHANGE BUYING RATES  
( END OF MONTH, TL )**

	US DOLLAR	STERLING	DEUTSCHE MARK	FRENCH FRANC	SWISS FRANC	BELGIAN FRANC	AUSTRIAN SCHILLING
<b>1987</b>							
January	753.7	1,146.7	411.6	124.0	490.2	20.0	59.3
February	764.3	1,181.2	418.7	125.8	497.6	20.2	59.3
March	776.0	1,250.0	430.5	129.2	515.6	20.8	61.2
April	799.1	1,321.4	444.1	133.2	540.5	21.4	63.2
May	823.1	1,333.0	452.5	135.6	547.8	21.8	64.4
June	854.6	1,369.3	467.7	140.1	563.3	22.6	66.6
July	882.2	1,409.8	474.9	142.9	572.9	22.9	67.6
August	899.3	1,463.6	495.6	148.4	601.3	23.9	70.6
September	936.1	1,522.5	508.6	152.8	612.4	24.6	72.3
October	951.5	1,608.4	537.1	160.3	651.4	25.8	76.4
November	967.8	1,749.8	583.7	171.8	712.0	27.9	82.9
December	1,018.4	1,892.6	638.7	188.3	788.5	30.4	90.8
<b>1988</b>							
January	1,112.8	1,980.2	667.4	198.0	820.2	32.0	95.0
February	1,176.5	2,085.9	697.4	206.2	847.6	33.4	99.2
March	1,220.7	2,274.2	731.6	215.9	885.7	35.0	104.2
April	1,264.7	2,373.1	757.3	223.0	913.8	36.2	107.8
May	1,320.1	2,438.9	764.2	227.5	915.5	36.5	108.7
June	1,385.9	2,377.0	761.5	225.8	920.2	36.4	108.3
July	1,436.2	2,488.9	774.4	229.4	930.3	37.0	110.3
August	1,533.2	2,588.1	821.1	242.1	973.8	39.2	116.8
September	1,649.0	2,776.1	875.9	257.6	1,035.6	41.9	124.6
October	1,681.6	2,981.5	949.9	278.3	1,128.6	45.4	134.9
November	1,776.5	3,276.8	1,026.3	300.7	1,229.1	49.0	146.0
December	1,816.0	3,252.4	1,015.4	297.9	1,200.6	48.5	144.6
<b>1989</b>							
January	1,881.2	3,309.0	1,007.2	296.5	1,185.4	48.2	143.4
February	1,927.6	3,380.1	1,064.1	312.4	1,247.3	50.8	151.6
March	2,025.4	3,420.6	1,072.7	317.7	1,229.4	51.3	152.6
April	2,073.9	3,510.0	1,105.6	326.9	1,252.6	52.8	157.2
May	2,094.6	3,282.2	1,042.9	308.0	1,193.2	49.8	148.2
June	2,138.1	3,342.2	1,099.3	324.0	1,280.3	52.5	156.3
July	2,150.7	3,551.9	1,141.9	338.7	1,327.8	54.6	162.4
August	2,217.0	3,502.9	1,138.4	338.6	1,321.3	54.5	161.6
September	2,241.5	3,608.6	1,189.8	351.9	1,374.3	56.7	169.0
October	2,296.4	3,617.1	1,251.1	368.6	1,432.1	59.6	177.8
November	2,305.4	3,606.8	1,294.9	379.5	1,450.8	61.7	184.1
December	2,304.4	3,723.9	1,369.6	400.6	1,501.2	65.1	194.7
<b>1990</b>							
January	2,347.3	3,955.4	1,400.3	412.4	1,580.7	67.1	199.0
February	2,408.2	4,066.2	1,428.8	422.0	1,620.0	68.6	203.1
March	2,480.0	4,049.9	1,461.3	434.8	1,650.1	70.7	207.7
April	2,522.0	4,121.4	1,484.4	442.8	1,691.2	71.9	211.1
May	2,590.8	4,409.0	1,543.1	458.1	1,837.1	75.0	219.4

Source: Central Bank of Turkey

**FOREIGN DEBTS**  
( \$ Million )

	1987	1988	1989 (*)
<b>TOTAL DEBT</b>	40,228	40,722	41,021
<b>A. BY MATURITY</b>			
1. Medium & Long-term	32,605	34,305	35,276
2. Short-term	7,623	6,417	5,745
<b>B. BY BORROWERS</b>			
1. Medium & Long-term	32,605	34,305	35,276
a. Consolidated Budget	19,256	20,746	20,961
- Direct Borrowing	10,466	11,756	12,027
- Annexed Budget	3,181	3,480	3,350
- Onlending	5,609	5,510	5,584
b. Other Public Sector	12,026	12,034	12,740
- Central Bank	7,094	6,546	6,975
- SEE's	3,700	3,988	4,074
- Local Administrations	396	512	693
- Extra Budgetary Funds	836	988	998
c. Private Sector	1,323	1,525	1,575
2. Short-term	7,623	6,417	5,745
- Public Sector (Including SEE's)	517	272	159
- Central Bank	2,536	1,829	798
- Private Sector	4,570	4,316	4,788
<b>C. BY CREDITORS</b>			
1. Medium & Long-term	32,605	34,305	35,276
- Multilateral Agencies	9,802	9,192	8,737
- Bilateral Lenders	11,680	11,382	10,969
- Commercial Banks	6,391	8,891	10,004
- Private Creditors	4,732	4,840	5,566
2. Short-term	7,623	6,417	5,745
- Islamic Development Bank	62	47	15
- Commercial Banks	3,663	2,903	1,826
- Private Creditors	3,898	3,467	3,904
<b>D. BY TYPE OF LOANS</b>			
1. Medium & Long-term	32,605	34,305	35,276
- Project-program Loans	20,646	19,495	18,561
- Euro Currency Loans	5,415	8,505	9,938
- Rescheduled Debts	1,139	503	66
. CTLD's	833	329	0
. Banker's Credits	143	57	0
. NGTA's	163	117	66
- Private Sector	5,405	5,802	6,711
2. Short-term	7,623	6,417	5,745
a. Public Sector	3,053	2,101	957
- Banker's Credits	1,383	914	35
- Correspondent Arrears	282	168	30
- Dresdner Bank Program	871	747	733
- Other	517	272	159
b. Private Sector	4,570	4,316	4,788
- CTDL's	3	1	1
- Acceptance Credits	1,205	903	891
- Pre-Export Financing	74	131	218
- Foreign Exchange Deposits Ac.	1,745	1,685	2,061
- Foreign Exchange Loans	1,543	1,596	1,617

(\*) Provisional

Source: Undersecretariat of Treasury and Foreign Trade

**FOREIGN DEBT SERVICING**  
( \$ Million )

MONTHS	1988			1989		
	PRINCIPAL	INTEREST	TOTAL	PRINCIPAL	INTEREST	TOTAL
January	542	248	790	420	237	657
February	197	155	352	252	196	448
March	302	336	638	581	318	899
April	232	204	436	313	183	496
May	150	132	282	257	311	568
June	406	300	706	420	219	639
July	521	261	782	344	244	588
August	271	308	579	352	212	564
September	315	290	605	366	223	589
October	241	165	406	236	251	487
November	189	173	362	190	250	440
December	561	227	788	292	263	555
<b>TOTAL</b>	<b>3,927</b>	<b>2,799</b>	<b>6,726</b>	<b>4,023</b>	<b>2,907</b>	<b>6,930</b>
<b>To IMF</b>			<b>467</b>			<b>253</b>
<b>TOTAL</b>			<b>7,193</b>			<b>7,183</b>

Source: Central Bank of Turkey

## **HISTORICAL STATISTICS**





**PER CAPITA GNP  
(1965 - 1989)**

<b>Years</b>	<b>Population Mid-Year (000)</b>	<b>At Current Producers' Prices</b>	<b>At 1968 Producers' Prices</b>	<b>Real Change</b>
<b>1965</b>	31,151	2,463	2,901	0.6%
<b>1966</b>	31,934	2,863	3,168	9.2%
<b>1967</b>	32,750	3,099	3,220	1.6%
<b>1968</b>	32,585	3,350	3,350	4.0%
<b>1969</b>	34,442	3,626	3,443	2.8%
<b>1970</b>	35,321	4,184	3,551	3.1%
<b>1971</b>	36,215	5,318	3,816	7.5%
<b>1972</b>	37,132	6,485	3,999	4.8%
<b>1973</b>	38,072	8,138	4,110	2.8%
<b>1974</b>	39,036	10,941	4,304	4.7%
<b>1975</b>	40,025	13,386	4,532	5.3%
<b>1976</b>	40,938	16,366	4,771	5.3%
<b>1977</b>	41,768	20,890	4,869	2.1%
<b>1978</b>	42,640	30,270	4,906	0.8%
<b>1979</b>	43,530	50,529	4,786	-2.4%
<b>1980</b>	44,438	99,805	4,638	-3.1%
<b>1981</b>	45,540	143,909	4,714	1.6%
<b>1982</b>	46,688	187,093	4,807	2.0%
<b>1983</b>	47,864	241,348	4,844	0.8%
<b>1984</b>	49,070	374,462	5,006	3.3%
<b>1985</b>	50,306	552,408	5,132	2.5%
<b>1986</b>	51,546	762,612	5,410	5.4%
<b>1987</b>	52,845	1,104,929	5,672	4.8%
<b>1988</b>	54,176	1,856,582	5,739	1.2%
<b>1989</b>	55,541	3,073,044	5,694	-0.8%

Source : State Institute of Statistics

**GENERAL EQUILIBRIUM OF THE ECONOMY**  
(In Current Prices, TL Billion)

	1981	1982	1983	1984	1985	1986	1987	1988	1989
GNP	6,854	8,735	11,552	18,375	27,789	39,177	58,391	100,154	172,546
Foreign Balance	230	150	410	513	525	1,023	840	-2,129	-1,525
Total Resources	6,784	8,885	11,961	18,888	28,314	40,200	59,231	98,025	171,021
Total Investment	1,408	1,792	2,311	3,550	5,796	9,655	14,823	24,047	37,512
Fixed Capital Investment	1,241	1,664	2,182	3,286	5,554	9,121	14,101	24,166	38,202
-Public	767	1,023	1,226	1,776	3,228	5,299	7,558	11,510	17,014
-Private	474	641	956	1,510	2,326	3,821	6,543	12,656	21,188
Stock Changes	167	128	129	263	242	534	723	-119	-690
-Public	97	39	-46	2	-48	43	233	-520	-1,102
-Private	70	89	175	261	289	491	490	401	412
Total Consumption	5,376	7,093	9,650	15,339	22,513	30,545	44,408	73,979	133,509
Public Disposable Income	1,264	1,721	2,187	2,953	5,044	7,600	10,149	17,546	29,283
Public Consumption	700	939	1,173	1,648	2,368	3,553	5,323	8,815	18,191
Public Savings	564	781	1,014	1,304	2,676	4,047	4,826	8,731	11,092
Public Investment	864	1,062	1,180	1,777	3,181	5,343	7,790	10,990	15,912
Public Investment: Savings Gap	-300	-281	-166	-473	-505	-1,295	-2,964	-2,260	-4,820
Private Disposable Income	5,290	7,014	9,365	15,422	22,745	31,577	48,242	82,609	143,262
Private Consumption	4,676	6,154	8,478	13,691	20,150	26,993	39,085	65,164	115,318
Private Savings	614	861	888	1,732	2,595	4,584	9,157	17,445	27,944
Private Investment	544	730	1,131	1,772	2,615	4,312	7,033	13,057	21,600
Private Investment: Savings Gap	70	131	-243	-40	-20	272	2,124	4,388	6,345
Private Savings Ratio	12	12	10	11	11	15	19	21	20
Total Domestic Savings	1,178	1,642	1,901	3,036	5,271	8,632	13,983	26,176	39,036
Fixed Capital Investment/GNP	19	19	19	18	20	23	24	24	22
Domestic Savings/GNP	18	19	17	17	19	22	24	26	23

Source: State Planning Organization

**GROSS NATIONAL PRODUCT**  
(In Current Prices, TL Million)

	1986	1987	1988	1989*
<b>Agriculture</b>				
-Agriculture and Livestock	6,473,960.5	9,530,377.0	15,822,494.1	24,845,366.8
-Forestry	6,098,500.2	9,028,204.6	14,997,078.1	23,601,727.6
-Fishing	233,889.8	335,601.1	508,462.6	786,008.6
<b>Industry</b>	141,570.5	166,571.3	316,953.4	457,630.6
-Mining	11,352,762.2	16,847,047.3	29,727,190.8	48,793,064.2
-Manufacturing	756,047.3	1,059,571.9	1,834,381.5	3,068,305.9
-Electricity, Gas and Water	8,997,812.0	13,596,981.9	23,884,651.6	39,141,967.5
<b>Services</b>	1,598,902.9	2,190,493.5	4,008,157.7	6,582,790.8
-Construction	17,668,666.3	26,541,941.3	45,937,493.5	78,185,180.0
-Trade	1,410,536.9	2,152,012.3	3,563,027.1	6,154,001.6
-Transportation and Communication	6,083,619.4	9,319,531.5	16,115,030.1	26,727,711.2
-Financial Institutions	3,659,324.8	5,323,046.6	9,298,819.3	15,106,530.1
-Ownership of Dwellings	1,027,090.6	1,468,381.5	2,595,867.2	4,858,299.8
-Business and Personal Services	1,509,025.8	2,208,332.2	4,073,707.2	7,369,637.9
-Government Services	1,905,759.4	2,851,617.0	4,964,529.9	8,301,911.5
<b>GDP (FF)</b>	2,073,309.4	3,219,020.2	5,326,512.7	9,667,087.9
<b>Net Factor Income From the Rest of the World</b>	35,495,389.0	52,919,365.6	91,487,178.4	151,823,611.0
<b>GNP (FF)</b>	21,776.6	90,839.5	-418,454.4	1,591,089.1
<b>Subsidies</b>	39,155,393.0	58,296,342.6	91,068,724.0	153,414,700.1
<b>Indirect Taxes</b>	342,974.0	478,686.0	837,918.0	1,189,473.0
<b>GNP (PF)</b>	4,002,978.0	5,855,663.0	9,923,084.0	16,742,774.0
	39,177,169.6	58,387,182.1	100,153,890.0	168,968,001.1

Source: State Institute of Statistics

\*Second estimation

**GNP CHAIN INDEX**  
(At 1968 Factor Prices)

	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989
Agriculture	102.7	102.8	101.7	100.1	106.4	99.9	103.5	102.4	107.9	102.1	107.2	93.7
-Agriculture & Livestock	102.1	102.7	101.5	99.9	106.8	99.6	103.7	103.0	108.1	102.1	107.3	93.3
-Forestry	122.8	100.5	102.2	104.2	90.2	105.3	98.4	92.0	99.6	95.5	96.5	107.6
-Fishing	117.4	122.5	117.0	108.3	107.3	110.6	101.7	80.8	103.1	109.9	110.0	107.7
Industry	106.6	94.4	94.0	107.4	104.9	108.0	110.1	106.3	108.7	109.6	103.8	103.3
-Mining	126.7	83.7	95.9	92.7	94.5	107.5	107.9	111.9	93.7	104.0	108.7	96.2
-Manufacturing	103.6	94.7	93.6	109.5	105.4	108.7	110.2	105.5	109.6	109.9	102.6	103.4
-Electricity, Gas and Water	112.4	108.0	95.5	107.0	111.7	102.2	111.1	107.8	115.5	110.9	110.5	107.4
Services	104.1	100.2	100.8	103.7	103.5	103.9	105.3	104.0	106.4	106.8	104.0	102.7
-Construction	104.1	104.2	100.8	100.4	100.5	100.9	101.9	102.9	108.3	106.7	102.3	102.6
-Trade	103.9	97.7	97.6	107.4	104.6	106.9	108.0	104.6	109.4	109.8	103.6	100.8
-Transportation & Communi.	102.5	95.6	99.4	100.9	102.2	103.2	107.7	104.8	104.5	106.4	102.8	102.2
-Financial Institutions	104.8	103.0	101.8	101.9	101.6	100.5	104.5	103.5	103.7	103.6	104.7	102.3
-Ownership of Dwellings	104.0	103.9	104.1	102.7	102.7	102.8	102.8	102.6	103.5	103.9	103.9	104.6
-Business and Personal Services	103.2	99.1	99.0	104.4	104.8	103.5	106.1	104.9	108.8	106.9	103.8	100.3
-Government Services	106.2	104.2	105.8	104.0	105.4	104.2	102.6	103.3	103.7	104.8	106.5	106.8
GDP (FF)	104.3	99.4	99.5	103.6	104.5	103.9	106.0	104.2	107.3	106.5	104.6	100.9
Indirect Taxes	97.8	91.2	96.9	106.1	105.8	106.3	107.1	109.6	108.7	114.9	99.6	99.8
Subsidies	157.5	74.6	98.1	73.1	73.9	154.1	137.5	80.2	36.6	95.3	199.7	43.5
GDP (PF)	102.8	99.1	99.3	104.4	105.0	103.7	105.7	105.7	108.3	107.4	103.7	101.2
Net Factor Income From the Rest of the World	104.9	152.8	75.8	84.8	52.6	12.6	501.2	102.7	7.1	331.1	-	-
GNP (PF)	102.9	99.6	98.9	104.1	104.5	103.3	105.9	105.1	108.1	107.4	103.4	101.8

# SAVINGS AND DISPOSABLE INCOMES AS PERCENTAGES OF GNP

YEARS	PR.DIS.INC. / GNP	PR.SAVINGS /PR.DIS.INC.	PR.SAV./ GNP	PUB.DIS.INC./ GNP	PUB.SAVI/ PUB.DIS.INC.	PUSAV./ GNP	DOM.SAV./ GNP	FOR.SAV/ GNP	TOT.SAV./ GNP
1963	82.3%	7.3%	6.0%	17.6%	37.1%	6.5%	12.5%	4.4%	16.9%
1964	81.9%	10.7%	8.8%	18.1%	35.4%	6.4%	15.2%	1.4%	16.6%
1965	80.9%	10.8%	8.7%	19.0%	36.7%	7.0%	15.7%	0.9%	16.0%
1966	80.8%	11.9%	9.6%	19.1%	40.0%	7.7%	17.3%	1.5%	18.8%
1967	80.2%	11.8%	9.5%	19.8%	40.4%	8.0%	17.5%	1.0%	18.5%
1963/1967	81.2%	10.5%	8.5%	18.7%	37.9%	7.1%	15.6%	1.8%	17.5%
1968	79.5%	11.7%	9.3%	20.5%	43.3%	8.9%	18.2%	1.8%	20.0%
1969	79.3%	12.3%	9.7%	20.7%	42.9%	8.9%	18.6%	1.5%	20.1%
1970	79.6%	12.6%	10.0%	20.4%	41.5%	8.5%	18.5%	1.3%	19.8%
1971	79.5%	13.2%	10.3%	20.5%	36.8%	7.5%	17.8%	0.8%	18.6%
1972	79.4%	11.7%	9.3%	20.6%	43.6%	9.0%	18.3%	0.0%	18.3%
1968/1972	79.5%	12.3%	9.8%	20.5%	41.5%	8.6%	18.3%	1.3%	19.6%
1973	79.3%	14.3%	11.4%	20.7%	42.5%	8.8%	20.2%	2.1%	18.1%
1974	81.7%	12.5%	10.2%	18.7%	40.1%	7.4%	17.4%	2.3%	19.7%
1975	79.0%	11.1%	8.8%	20.9%	42.9%	8.9%	17.7%	5.2%	22.9%
1976	78.6%	12.0%	9.4%	20.6%	39.2%	8.1%	17.5%	5.6%	23.1%
1977	79.0%	13.8%	10.8%	21.1%	29.7%	6.8%	17.0%	7.0%	24.0%
1973/1977	79.3%	12.7%	10.1%	20.3%	38.8%	7.9%	18.0%	3.6%	21.6%
1978	81.3%	14.7%	13.0%	18.7%	34.9%	6.7%	19.8%	2.7%	22.5%
1979	84.0%	20.6%	17.2%	15.3%	16.3%	2.6%	19.7%	2.0%	21.7%
1980	82.5%	12.9%	10.6%	17.5%	30.0%	5.2%	15.8%	5.5%	21.3%
1981	80.6%	12.2%	9.8%	19.3%	44.7%	8.6%	18.4%	3.2%	21.9%
1982	80.3%	12.3%	9.8%	19.7%	45.3%	8.9%	18.7%	1.7%	20.4%
1978/1982	81.8%	14.5%	12.1%	18.2%	34.2%	6.4%	18.5%	3.0%	22.5%
1983	81.5%	9.4%	7.7%	18.5%	44.9%	8.3%	16.0%	3.5%	19.5%
1984	83.6%	9.1%	9.2%	16.4%	46.3%	7.6%	16.8%	2.8%	19.6%
1985	82.3%	11.4%	9.4%	17.7%	52.4%	9.2%	18.6%	1.9%	20.5%
1986	80.6%	14.5%	11.7%	19.4%	53.2%	10.3%	22.0%	4.1%	26.1%
1987	82.6%	19.0%	15.7%	17.4%	47.5%	8.2%	24.0%	1.4%	25.4%
1983/1987	82.1%	12.7%	10.7%	17.9%	48.8%	8.7%	19.5%	2.7%	22.2%
1988	82.5%	21.1%	17.4%	17.5%	49.7%	8.7%	25.7%	2.1%	26.1%
1989	84.1%	21.6%	18.2%	15.9%	45.4%	7.2%	25.4%	2.9%	25.3%

**RELATIVE SHARES OF THE PUBLIC & PRIVATE SECTOR IN TOTAL  
FIXED CAPITAL INVESTMENT**

Years	Total Fixed Investment	Public Fixed Inv.		Private Fixed Inv.	
		TL Billion	%	TL Billion	%
1973	53.4	25.1	47.0%	29.3	54.9%
1974	73.0	35.0	47.9%	38.0	52.1%
1975	106.7	53.8	50.4%	52.9	49.6%
1976	146.0	75.2	51.5%	70.8	48.5%
1977	195.0	108.0	55.4%	87.0	44.6%
1978	280.0	135.0	48.2%	145.0	51.8%
1979	479.0	238.0	49.7%	241.0	50.3%
1980	864.0	482.0	55.8%	382.0	44.2%
1981	1,254.0	780.0	62.2%	474.0	37.8%
1982	1,664.0	1,023.0	61.5%	641.0	38.5%
1983	2,182.0	1,226.1	56.2%	955.9	43.8%
1984	3,285.7	1,775.5	54.0%	1,510.2	46.0%
1985	5,554.1	3,228.4	58.1%	2,325.7	41.9%
1986	9,114.5	5,258.2	57.7%	3,856.3	42.3%
1987	14,128.1	7,557.5	53.5%	6,570.6	46.5%
1988	24,165.8	11,510.3	47.6%	12,655.5	52.4%
1989	38,202.0	17,014.3	44.5%	21,187.7	55.5%

Source: State Planning Organization

**PRIVATE INVESTMENT IN HOUSING**

	Investment In Housing (TL Million)	GNP (TL Billion)	As Percentage of GNP
1975	17.8	535.8	3.3%
1976	21.3	670.0	3.2%
1977	29.4	872.8	3.4%
1978	67.7	1,290.7	5.2%
1979	134.5	2,199.5	6.1%
1980	186.8	4,435.2	4.2%
1981	145.3	6,553.6	2.2%
1982	195.3	8,735.0	2.2%
1983	262.5	11,551.9	2.3%
1984	415.0	18,374.8	2.3%
1985	745.0	27,789.4	2.7%
1986	1,355.5	39,309.6	3.4%
1987	2,857.0	58,390.0	4.9%
1988	6,140.6	100,154.3	6.1%
1989	11,031.1	172,545.4	6.4%

Source : State Planning Organization

**CONSOLIDATED BUDGET**  
(TL Billion)

	1984	1985	1986	1987	1988	1989
Revenue	2,806	4,476	6,754	10,139	17,587	31,662
-Direct Taxes	1,382	1,826	3,106	4,483	7,066	13,569
-Indirect Taxes	990	2,003	2,866	4,560	7,166	11,968
-Non-Tax Revenues	314	483	585	921	2,540	4,844
-Annexed Budget	63	62	124	160	774	1,166
-Special Revenues	57	99	73	15	41	115
Expenditure	3,785	5,263	8,160	12,599	21,447	38,660
-Personnel	895	1,275	1,840	2,987	5,053	12,465
-Other Current Exp.	593	811	1,211	1,518	2,407	4,048
-Interest Payments	441	674	1,330	2,266	4,978	8,259
-Foreign	264	427	682	1,006	1,816	3,144
-Domestic	177	247	649	1,260	3,159	5,115
-Investments	677	989	1,619	2,331	3,564	5,836
-Transfers to SEE's	275	181	138	445	1,025	1,253
-Other Transfers	904	1,333	2,021	3,052	4,420	6,799
Budget Deficit	- 979	- 787	- 1,406	- 2,460	- 3,860	- 6,998
Delayed and Advance Paym.	- 47	- 116	- 196	-	- 81	- 637
Cash Deficit	- 1,026	- 903	- 1,602	- 2,164	- 3,941	- 7,635
Financing	1,026	903	1,602	2,164	3,941	7,635
Net Foreign Indebtedness	333	- 223	- 8	175	176	- 444
-Borrowings	569	197	686	941	2,379	2,808
-Transferred Credits	-	-	70	106	152	545
-Payments	- 236	- 420	- 764	872	- 2,355	- 3,797
Net Domestic Indebtedness	137	498	476	767	2,433	5,982
-Borrowings	195	670	1,269	1,908	3,816	8,983
-Payments	- 58	- 172	- 793	- 1,141	- 1,383	- 3,001
Short-Term Borrowing	474	498	925	1,185	1,064	1,452
-Central Bank (net)	190	266	257	355	675	457
-Treasury Bonds (net)	284	232	668	830	389	995
Other	82	130	209	37	268	645

Source: Finance and Customs Ministry and State Planning Organization



**AGRICULTURAL PRODUCTION**  
(000 Tonnes)

	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989
<b>Cereals:</b>												
Wheat	16,700	17,500	16,500	17,000	17,500	16,400	17,200	1,700	19,000	18,900	20,500	16,200
Barley	4,750	5,240	5,300	5,900	6,400	5,425	6,500	6,500	7,000	6,900	7,500	4,500
Maize	1,300	1,350	1,240	1,200	1,360	1,480	1,500	1,900	2,300	2,400	2,000	2,000
Rye	620	620	525	530	430	380	360	360	350	380	263	300
Other	867	817	849	780	841	807	754	733	-	-	-	-
Pulses	729	762	810	868	1,222	1,363	1,287	1,457	1,900	2,120	2,080	1,530
<b>Industrial Crops :</b>												
Sugar Beet	8,837	8,760	6,766	11,165	12,732	12,770	11,100	9,830	10,662	12,717	11,534	11,000
Tobacco	297	217	234	168	210	229	178	170	1,584	182	313	253
Cotton	475	476	500	488	488	520	542	577	1,408	1,450	1,500	1,500
Oilseeds	1,374	1,511	1,653	1,656	1,507	1,690	1,746	1,961	1,190	1,430	2,360	2,565
Wool	55	57	59	62	64	62	-	-	-	-	-	-
<b>Fruit and Nuts :</b>												
Grapes	3,496	3,500	3,600	3,700	3,650	3,400	3,300	3,300	3,000	3,300	3,350	3,320
Figs	185	200	205	250	280	330	330	340	370	355	350	318
Hazelnuts	310	300	250	350	220	392	300	180	300	280	403	456
Citrus Fruit	1,081	1,147	1,182	1,225	1,235	1,299	1,299	996	1,360	1,310	1,410	1,346

Source : State Institute of Statistics and State Planning Organization

**AGRICULTURAL PRODUCTION INDEX**  
(1970=100)

YEARS	Wheat	Barley	Rice	Potatoes	Cotton	Tobacco	Sugar	Sunflo. Seed	Olives	Hazelnuts	Grapes	Figs
1970	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
1971	135.0	128.3	109.4	109.7	130.5	116.0	140.0	124.0	47.9	65.1	100.1	91.1
1972	122.0	114.6	76.3	114.9	135.9	120.0	138.6	149.3	149.6	74.5	89.2	100.9
1973	100.0	89.2	99.4	114.9	128.2	99.5	119.8	149.3	48.8	98.4	86.9	88.8
1974	110.0	102.5	93.7	118.8	149.6	135.8	134.2	112.0	123.3	95.7	86.9	73.1
1975	147.5	138.5	93.7	130.0	120.0	133.4	163.4	130.1	82.4	124.3	84.3	81.8
1976	165.0	150.8	98.8	148.8	118.7	216.2	221.1	146.7	161.1	96.1	80.0	87.8
1977	166.5	146.2	103.1	146.2	143.7	165.5	211.5	121.3	58.7	113.7	82.6	81.8
1978	167.0	146.2	118.8	143.6	118.8	195.2	207.7	129.3	161.5	121.6	90.8	86.4
1979	175.0	161.2	140.6	149.9	119.1	144.5	205.9	157.3	63.1	117.6	90.9	93.5
1980	165.0	163.1	89.4	156.7	125.0	152.1	159.1	200.0	198.2	98.0	93.5	95.8
1981	170.0	181.5	123.8	156.7	122.0	112.1	262.5	153.3	58.7	137.3	96.1	116.8
1982	175.0	196.9	131.2	156.7	122.2	138.8	299.3	160.0	193.8	86.3	94.8	130.8
1983	164.0	166.9	118.1	159.3	130.5	152.8	300.2	190.7	58.7	153.7	88.3	154.2
1984	172.0	200.0	105.0	167.1	145.0	118.7	260.9	189.3	117.5	117.6	85.7	154.2
1985	170.0	200.0	101.2	214.1	129.5	114.1	231.1	213.3	88.1	70.6	85.7	112.2
1986	190.0	215.4	103.1	208.9	129.5	114.1	250.7	250.7	148.3	117.6	77.9	172.9
1987	189.0	212.3	105.0	219.3	130.3	114.1	282.1	320.0	102.8	102.0	77.9	171.9
1988	205.0	230.8	98.1	227.1	138.7	143.0	271.1	306.7	141.5	157.6	87.0	163.5
1989	165.0	138.5	108.7	201.0	138.7	173.3	258.6	333.3	95.4	178.8	87.0	163.5

Source: Finance and Customs Ministry

# INDUSTRIAL PRODUCTION

	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989
Mining,Fuel,Energy;Selected 1000 Tonnes Products											
Coal (Run of mine)	7,200	6,598	7,285	7,223	6,725	7,103	7,260	7,015	3,459	3,256	3,100
Lignite (Run of mine)	15,603	16,998	18,951	20,542	23,847	27,199	39,437	45,455	37,234	30,210	42,137
Chrome ore (Run of mine)	586	551	574	618	515	688	876	861	189	160	271
Iron ore (Run of mine)	1,955	2,579	2,935	3,055	3,630	4,049	3,994	5,248	-	-	-
Copper (Run of mine)	2,204	1,593	2,656	2,699	2,184	2,466	2,228	2,374	137	168	167
Crude Petroleum	2,845	2,330	2,364	2,333	2,203	2,087	2,110	2,383	2,629	2,565	2,868
Petroleum Products	10,182	11,732	12,388	15,367	14,764	16,460	16,465	-	-	-	-
Electricity (mn Gwh)	23	23	25	26	27	30	34	40	44	48	52
Manufacturing;Selected Prod.1000 Tonnes											
Iron	1,901	1,810	1,727	2,102	2,645	2,792	3,094	3,735	4,068	4,442	3,509
Steel for Casting	1,789	1,700	1,744	1,998	2,479	2,753	3,578	3,596	4,059	4,172	3,217
Sheets and Pipes	402	419	433	526	676	928	920	1,019	1,223	-	-
Cement	13,784	12,875	15,043	15,778	13,595	15,738	17,581	20,034	21,980	22,675	23,801
Coke	2,096	1,928	1,875	2,102	2,501	2,501	2,604	-	-	3,296	2,812
Superphosphate	952	1,723	2,485	1,892	2,446	2,881	2,348	2,130	-	-	-
Glass	169	108	243	303	293	379	470	475	-	-	-
Paper	301	301	365	398	393	488	470	-	532	368	450
Sugar	972	1,049	1,117	1,617	1,714	2,254	2,859	-	1,346	1,531	1,432
Olive Oil	28	18	38	39	78	53	-	-	-	-	-
Woollen and Cotton Yarns Mn.Meters	48	45	46	52	57	60	-	55	59	-	-
Woollen and Cotton Fabrics Mn.Meters	189	169	233	241	251	266	-	214	226	-	-

Source: State Institute of Statistics

## PRODUCTION GROWTH RATE INDEX IN MANUFACTURING SECTOR

	1983	1984	1985	1986	1987	1988	1989
<b>FOOD-BEVERAGES-TOBACCO</b>							
I. QUARTER	3.81%	6.03%	-0.41%	4.23%	11.40%	14.20%	2.50%
II. QUARTER	3.96%	-2.36%	-5.41%	9.17%	15.30%	3.40%	10.30%
III. QUARTER	12.80%	2.39%	16.12%	1.15%	5.40%	11.10%	11.70%
IV. QUARTER	3.51%	6.09%	-0.99%	14.62%	14.90%	-8.40%	6.40%
<b>TEXTILES-CLOTHING-LEATHER</b>							
I. QUARTER	7.11%	6.51%	5.96%	27.73%	0.20%	30.50%	-14.20%
II. QUARTER	6.20%	8.11%	1.48%	25.32%	10.30%	12.40%	-5.50%
III. QUARTER	15.20%	8.52%	9.07%	18.39%	6.60%	0.40%	7.40%
IV. QUARTER	14.25%	6.50%	15.65%	6.70%	15.30%	-5.00%	4.50%
<b>WOOD</b>							
I. QUARTER	-4.46%	8.27%	11.85%	27.78%	19.70%	-1.70%	-13.70%
II. QUARTER	-13.20%	-13.31%	-8.58%	25.55%	0.70%	-8.70%	1.10%
III. QUARTER	27.20%	-14.77%	-28.93%	39.35%	21.70%	-0.40%	3.50%
IV. QUARTER	-6.41%	15.37%	-10.30%	-2.21%	2.50%	-16.30%	10.00%
<b>PAPER-PRINTING</b>							
I. QUARTER	-2.51%	11.24%	2.91%	-2.37%	14.80%	15.30%	-12.20%
II. QUARTER	-11.57%	15.45%	1.01%	5.03%	15.30%	-3.60%	-5.40%
III. QUARTER	4.29%	-0.07%	-26.09%	3.96%	20.40%	-9.60%	5.90%
IV. QUARTER	5.36%	15.61%	6.94%	8.08%	-1.20%	-13.70%	9.50%
<b>CHEMICALS-PETROL.-RUBBER</b>							
I. QUARTER	8.58%	13.20%	-0.57%	0.74%	1.50%	11.20%	-6.00%
II. QUARTER	6.20%	13.44%	-4.65%	3.95%	9.80%	2.10%	6.70%
III. QUARTER	-0.82%	5.59%	4.40%	-0.23%	8.60%	-3.90%	6.10%
IV. QUARTER	3.90%	10.54%	5.74%	-2.55%	10.40%	-1.70%	13.30%
<b>SOIL PRODUCTS</b>							
I. QUARTER	-13.72%	11.48%	-5.37%	7.37%	-1.40%	17.60%	5.00%
II. QUARTER	0.34%	-0.75%	5.91%	16.27%	17.90%	5.70%	5.70%
III. QUARTER	-4.87%	15.90%	10.38%	10.60%	17.70%	4.30%	3.70%
IV. QUARTER	18.62%	9.55%	2.95%	19.03%	19.80%	-2.20%	6.10%
<b>BASIC METALS</b>							
I. QUARTER	29.52%	22.15%	8.36%	21.93%	21.80%	0.80%	-3.60%
II. QUARTER	31.39%	6.78%	20.44%	23.53%	24.10%	-1.90%	20.60%
III. QUARTER	12.87%	18.23%	25.97%	50.45%	4.40%	-13.50%	19.30%
IV. QUARTER	8.16%	11.39%	17.58%	11.73%	11.30%	-6.10%	4.40%
<b>MACHINERY &amp; TRANS.EQUIP.</b>							
I. QUARTER	-0.27%	26.19%	10.81%	21.67%	3.70%	20.40%	-28.50%
II. QUARTER	11.41%	13.82%	10.84%	13.99%	0.20%	-2.20%	-13.00%
III. QUARTER	16.35%	16.02%	0.28%	8.38%	8.00%	-12.20%	5.50%
IV. QUARTER	20.96%	27.49%	10.03%	4.95%	15.10%	-21.80%	14.00%
<b>T.MANUFACTURING INDUSTRY</b>							
I. QUARTER	4.92%	16.17%	4.66%	14.64%	5.00%	16.20%	-13.70%
II. QUARTER	8.55%	9.31%	3.77%	13.60%	8.50%	1.60%	0.00%
III. QUARTER	9.25%	9.92%	5.76%	11.48%	8.00%	-5.60%	8.40%
IV. QUARTER	9.25%	12.72%	9.14%	5.59%	13.20%	-11.00%	9.80%

Source : Istanbul Chamber of Industry

**LABOUR MARKET AND SECTORAL EMPLOYMENT IN TURKEY**  
(AGE 15+, IN THOUSANDS)

	1982	1983	1984	1985	1986	1987	1988	1989*
Civilian Labour Force	16,306.0	16,662.0	17,024.0	17,395.0	17,708.0	18,027.0	18,350.0	18,680.0
Civilian Employment	14,393.0	14,649.0	15,019.0	15,362.0	15,842.0	16,316.0	16,550.0	16,733.0
Unemployment Excluding								
Agricultural Labour Surplus	1,913.0	2,013.0	2,005.0	2,033.0	1,866.0	1,711.0	1,800.0	1,947.0
Agricultural Labour Surplus	665.0	665.0	665.0	665.0	652.0	600.0	530.0	450.0
Domestic Labour Surplus	2,578.0	2,678.0	2,670.0	2,698.0	2,518.0	2,311.0	2,330.0	2,397.0
Surplus Ratio	15.8%	16.1%	15.7%	15.5%	14.2%	12.8%	12.7%	12.8%
Surp.Rat. (Excl.Disg.Unem)	11.7%	12.1%	11.8%	11.7%	10.5%	9.5%	9.8%	10.4%
Domestic Civilian Employ.								
Agriculture	7,787.0	7,852.0	7,975.0	8,095.0	8,206.0	8,321.0	8,369.0	8,380.0
Industry	2,052.0	2,116.0	2,205.0	2,271.0	2,388.0	2,495.0	2,512.0	2,561.0
-Mining	190.0	188.0	192.0	202.0	216.0	219.0	214.0	226.0
-Manufacturing	1,758.0	1,821.0	1,902.0	1,954.0	2,052.0	2,152.0	2,170.0	2,205.0
-Electricity, Gas, Water	104.0	107.0	111.0	115.0	120.0	124.0	128.0	130.0
Construction	706.0	710.0	723.0	743.0	798.0	847.0	866.0	887.0
Commerce	1,334.0	1,381.0	1,440.0	1,493.0	1,575.0	1,658.0	1,692.0	1,700.0
Transportation	532.0	541.0	563.0	581.0	604.0	628.0	640.0	648.0
Banking	312.0	325.0	336.0	346.0	357.0	367.0	381.0	388.0
Other Services	1,670.0	1,724.0	1,777.0	1,833.0	1,914.0	2,000.0	2,090.0	2,169.0
Unspecified	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total	14,393.0	14,649.0	15,019.0	15,362.0	15,842.0	16,316.0	16,550.0	16,733.0

(1)A new series has been established on the basis of the provisional results of 1988 Household and Labour Force Survey.

\*Estimate

Source : State Planning Organization

**MONEY AND BANKING**  
(End of Period, TL Billion)

	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989
<b>MONEY SUPPLY</b>											
M1	444.5	704.0	972.0	1,341.9	1,941.0	2,252.6	3,159.4	4,361.8	6,290.2	8,858.4	20,236
-Notes and Coins	143.7	217.5	280.6	411.9	547.5	735.5	1,046.8	1,585.8	2,225.7	3,595.9	6,893
-Sight Deposits	298.2	483.5	686.9	926.7	1,374.0	1,485.3	2,092.7	896.0	4,057.7	5,250.7	13,318
-Deposits With Central Bank	2.6	3.1	4.5	3.3	19.5	31.7	19.8	12.9	6.8	11.8	25
M2	527.8	881.9	1,637.2	2,554.1	3,288.4	5,178.9	8,233.1	10,252.2	14,516.7	23,479.2	50,985
-Time Deposits	83.3	155.7	514.6	954.6	1,232.6	2,652.5	4,391.5	5,122.8	6,882.9	13,428.2	28,795
-Certificates of Deposits	-	22.2	150.5	257.6	113.8	273.7	682.2	767.6	1,343.6	1,192.6	1,954
M3	609.4	1,071.9	2,140.2	3,174.1	3,978.7	5,933.1	9,283.3	11,988.9	21,035.9	34,107.0	65,082
-Other Quasi Money	81.6	190.0	503.0	620.0	690.3	754.1	1,050.2	1,736.7	3,018.3	4,482.1	8,365
<b>CREDITS</b>											
-Central Bank	382.1	655.2	925.5	910.5	1,234.1	879.9	1,299.6	1,130.2	1,955.8	2,655.0	3,887
-Deposit Money Banks	446.2	789.5	1,318.7	1,800.5	2,417.5	3,149.2	5,604.6	7,683.7	12,312.4	16,853.7	30,404
-Investment and Development Bank	135.4	169.8	245.2	345.4	428.2	535.0	646.0	1,008.1	1,338.4	2,522.6	3,852
<b>BANK DEPOSITS</b>											
-Total	432.4	745.5	1,509.5	2,357.4	3,083.2	4,980.7	8,061.6	10,390.3	14,382.8	25,351.4	43,889
-Sight	298.2	483.5	686.9	926.7	1,374.0	1,905.0	2,658.8	896.0	1,332.8	7,596.4	13,318
-Time	83.3	155.7	514.6	954.6	1,232.6	3,075.1	5,402.8	5,122.8	7,355.3	15,449.0	28,795

Source : Central Bank of Turkey

## EXPORTS, IMPORTS AND GROSS DOMESTIC PRODUCT

(TL Billion)

YEARS	GROSS DOMESTIC PRODUCT	EXPORTS (FOB)	IMPORTS (CIF)	EXPORTS IN GDP	IMPORTS IN GDP	FOREIGN TRADE IN GDP
1975	519.1	20.1	69.0	3.9%	13.3%	17.2%
1976	663.9	30.8	82.9	4.6%	12.5%	17.1%
1977	862.9	31.3	104.9	3.6%	12.2%	15.8%
1978	1,274.8	55.4	113.3	4.3%	8.9%	13.2%
1979	2,155.9	75.7	178.5	3.5%	8.3%	11.8%
1980	4,328.0	221.5	613.3	5.1%	14.2%	19.3%
1981	6,411.2	530.7	1,002.4	8.3%	15.6%	23.9%
1982	8,607.1	937.1	1,461.4	10.9%	17.0%	27.9%
1983	11,531.8	1,299.0	2,127.1	11.3%	18.4%	29.7%
1984	18,212.1	2,608.3	4,034.9	14.3%	22.2%	36.5%
1985	27,513.6	4,153.0	5,994.9	15.1%	21.8%	36.9%
1986	39,168.7	5,012.3	7,561.2	12.8%	19.3%	32.1%
1987	58,299.0	12,228.0	16,995.6	21.0%	29.2%	50.1%
1988	100,573.0	16,909.9	20,793.0	16.8%	20.7%	37.5%
1989	167,377.0	24,825.6	33,759.6	14.8%	20.2%	35.0%

Source: SIS

## SHARE OF EXPORTS & IMPORTS IN TOTAL VOLUME OF TRADE

(\$ Million)

YEARS	EXPORTS (FOB)	IMPORTS (CIF)	VOLUME OF TRADE	SHARE OF EXPORTS	SHARE OF IMPORTS	EXPORT/ IMPORT
1970	588	948	1,536	38.3%	61.7%	62.0%
1971	677	1,171	1,848	36.6%	63.4%	57.8%
1972	885	1,563	2,448	36.2%	63.8%	56.6%
1973	1,317	2,086	3,403	38.7%	61.3%	63.1%
1974	1,532	3,778	5,310	28.9%	71.1%	40.6%
1975	1,401	4,739	6,140	22.8%	77.2%	29.6%
1976	1,960	5,129	7,089	27.6%	72.4%	38.2%
1977	1,753	5,796	7,549	23.2%	76.8%	30.2%
1978	2,288	4,599	6,887	33.2%	66.8%	49.7%
1979	2,261	5,069	7,330	30.8%	69.2%	44.6%
1980	2,910	7,909	10,819	26.9%	73.1%	36.8%
1981	4,703	8,933	13,636	34.5%	65.5%	52.6%
1982	5,746	8,843	14,589	39.4%	60.6%	65.0%
1983	5,728	9,235	14,963	38.3%	61.7%	62.0%
1984	7,134	10,757	17,891	39.9%	60.1%	66.3%
1985	7,958	11,344	19,302	41.2%	58.8%	70.2%
1986	7,457	11,105	18,562	40.2%	59.8%	67.1%
1987	10,190	14,158	24,348	41.9%	58.1%	72.0%
1988	11,662	14,335	25,997	44.9%	55.1%	81.4%
1989	11,627	15,763	27,390	42.5%	57.5%	73.8%
1990 (*)	2,971	4,730	7,701	38.6%	61.4%	62.8%

(\*) January-March

Source: SIS

**TURKISH EXPORTS BY MAIN SECTORS**  
( \$ Million )

YEARS	AGRICULTURE	SHARE IN TOTAL	MINING	SHARE IN TOTAL	INDUSTRY	SHARE IN TOTAL
1975	792.6	56.6%	105.6	7.5%	502.9	35.9%
1976	1,254.4	64.0%	110.0	5.6%	595.8	30.4%
1977	1,041.4	59.4%	125.9	7.2%	585.8	33.4%
1978	1,542.8	67.4%	124.1	5.4%	621.3	27.2%
1979	1,343.6	59.4%	132.5	5.9%	785.1	34.7%
1980	1,671.7	57.4%	193.4	6.6%	1,047.4	36.0%
1981	2,219.4	47.2%	193.4	4.1%	2,290.1	48.7%
1982	2,140.5	37.3%	175.5	3.1%	3,430.1	59.7%
1983	1,880.7	32.8%	188.9	3.3%	3,658.2	63.9%
1984	1,748.9	24.5%	239.8	3.4%	5,145.0	72.1%
1985	1,719.4	21.6%	243.8	3.1%	5,994.8	75.3%
1986	1,885.6	25.2%	266.9	3.6%	5,324.3	71.2%
1987	1,852.5	18.2%	272.3	2.7%	8,065.2	79.1%
1988	2,341.4	20.1%	377.3	3.2%	8,943.5	76.7%
1989	1,859.0	18.1%	367.4	3.6%	8,022.1	78.3%
1990(*)	524.4	17.7%	78.7	2.6%	2,367.8	79.7%

(\*) January-March

Source: SIS



**WORKERS' REMITTANCES BY MONTHS**  
(\$ Million)

MONTHS	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989
January	70.9	75.4	42.4	83.1	83.3	134.9	149.2	121.2	83.4	151.9	97.6	115.2	95.0	190.0
February	57.3	69.4	43.4	75.4	173.3	143.5	130.8	105.6	98.5	134.0	100.3	98.7	97.0	236.0
March	58.5	70.6	73.5	55.7	111.7	139.7	147.3	129.3	98.7	122.8	91.1	137.3	104.0	190.0
April	59.3	67.7	55.5	128.6	114.8	159.1	152.4	117.1	81.7	123.1	118.7	149.4	135.0	172.0
May	66.1	76.7	61.6	639.3	103.2	162.1	160.1	107.7	119.2	128.5	106.1	171.6	157.0	185.0
June	87.4	94.3	66.0	106.2	155.0	212.4	165.6	109.9	139.8	98.3	121.4	186.1	133.0	243.0
July	110.9	106.2	87.2	100.9	279.4	313.2	246.5	164.0	233.8	216.0	216.6	231.4	169.0	319.0
August	109.3	109.1	109.3	111.4	279.5	377.7	300.9	191.6	242.8	182.8	192.4	238.3	225.0	424.0
September	98.8	92.1	119.2	110.7	207.3	266.4	196.5	139.7	172.9	183.5	183.7	224.7	169.0	374.0
October	86.4	81.3	130.0	90.5	205.1	211.8	203.6	140.0	160.2	162.3	166.3	216.3	168.0	315.0
November	81.8	63.7	95.8	99.5	172.6	183.2	143.1	103.8	183.3	136.6	137.6	153.6	180.0	232.0
December	96.0	75.4	99.2	93.2	185.9	185.7	190.7	123.8	266.9	134.4	164.2	179.4	212.0	258.0
<b>TOTAL:</b>	<b>982.7</b>	<b>981.9</b>	<b>983.1</b>	<b>1,694.5</b>	<b>2,071.1</b>	<b>2,489.7</b>	<b>2,186.7</b>	<b>1,553.7</b>	<b>1,881.2</b>	<b>1,774.2</b>	<b>1,696.0</b>	<b>2,102.0</b>	<b>1,844.0</b>	<b>3,138.0</b>

Source: Central Bank of Turkey

Note: Including official remittances

**BALANCE OF PAYMENTS**  
(\$ Million)

	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990(*)
Exports (FOB)	1,753	2,288	2,261	2,910	4,703	5,890	5,905	7,389	8,255	7,583	10,322	11,929	11,771	2,991
Imports (FOB)	-5,506	-4,369	-4,815	-7,513	-8,567	-8,518	-8,895	-10,331	-11,230	-10,664	-13,551	-13,706	-15,972	-4,716
Trade Balance	-3,753	-2,081	-2,554	-4,603	-3,864	-2,628	-2,990	-2,942	-2,975	-3,081	-3,229	-1,777	-4,201	-1,725
Invisible Earnings	540	533	708	762	1,316	2,038	2,041	2,366	3,162	3,338	4,195	6,026	7,083	1,514
Tourism	205	234	281	326	380	373	420	548	1,094	950	1,476	2,355	2,557	301
Others	335	299	427	436	936	1,665	1,621	1,818	2,068	2,388	2,719	3,671	4,526	1,213
Invisible Expenditures	-1,034	-816	-1,377	-1,738	-1,946	-2,639	-2,734	-2,945	-3,184	-3,646	-4,162	-4,812	-5,474	-1,509
Tourism	-253	-71	-83	-104	-103	-149	-128	-277	-324	-313	-448	-358	-565	-118
Interest Payments	-320	-489	-1,010	-1,138	-1,443	-1,565	-1,511	-1,586	-1,753	-2,134	-2,387	-2,799	-2,907	-721
Others	-461	-256	-284	-496	-400	-925	-1,095	-1,082	-1,107	-1,199	-1,327	-1,655	-2,002	-670
Unrequited Transfers (Private) Credit	1,084	1,103	1,819	2,166	2,559	2,189	1,569	1,901	1,782	1,718	2,088	1,846	3,171	661
Workers' Remittances	982	983	1,695	2,071	2,490	2,140	1,513	1,807	1,714	1,634	2,021	1,776	3,040	626
Others	102	120	124	95	69	49	56	94	68	84	67	70	131	35
Unrequited Transfers (Private) Debit	-16	-17	-19	-13	0	0	-20	-16	-20	-15	-22	-19	-36	-8
Unrequited Transfers (Official)	39	13	11	18	-1	88	211	197	222	221	324	332	423	82
CURRENT ACCOUNT BALANCE	-3,140	-1,265	-1,412	-3,408	-1,936	-952	-1,923	-1,439	-1,013	-1,465	-806	1,596	966	-985
CAPITAL EXCLUDING RESERVES	1,645	848	-393	672	899	280	883	73	1,065	2,124	1,891	-958	775	1,001
Direct Investments	27	34	75	18	95	55	46	113	99	125	106	354	663	122
Portfolio Investments	0	0	0	0	0	0	0	0	0	146	282	1,178	1,586	175
Capital Movements	1,618	814	-468	654	804	225	837	-40	966	1,853	1,503	-2,490	-1,474	704
Other Long-term	650	412	532	656	683	127	39	612	-513	1,041	1,453	-209	-920	-234
Short-term	968	402	-1,000	-2	121	98	798	-652	1,479	812	50	-2,281	-554	938
NET ERRORS & OMISSIONS	-634	-874	651	1,434	649	-75	409	469	-837	-118	-506	515	974	249
EXCEPTIONAL FINANCING	1,763	1,269	1,003	1,373	315	902	622	1,002	676	0	0	0	0	0
COUNTERPART ITEMS	-1	-4	40	19	68	13	161	-171	233	249	390	-263	51	-13
Overall Balance	-367	-26	-111	90	-5	168	152	-66	124	790	969	890	2,766	252
CHANGES IN RESERVES	367	26	111	-90	5	-168	-152	66	-124	-790	-969	-890	-2,766	-252

Source: Central Bank of Turkey

(\*) January-March

**INTERNATIONAL RESERVES**  
( \$ Million )

YEARS	GOLD	GROSS FOREIGN EXC. RES.	GROSS INTERNAT. RESERVES	OVER- DRAFTS	NET RESERVES
1972	132	1,190	1,322	10	1,312
1973	146	1,906	2,052	13	2,039
1974	146	1,473	1,619	11	1,608
1975	146	1,097	1,243	51	1,192
1976	146	1,058	1,204	124	1,080
1977	146	721	867	240	627
1978	150	902	1,052	341	711
1979	155	795	950	244	706
1980	155	1,308	1,463	254	1,209
1981	155	1,571	1,726	69	1,657
1982	155	1,873	2,028	48	1,980
1983	155	2,098	2,253	164	2,089
1984	800	3,099	3,899	417	3,482
1985	1,040	2,615	3,655	376	3,279
1986	1,237	3,187	4,424	77	4,347
1987	1,535	3,959	5,494	282	5,212
1988	1,368	5,228	6,596	168	6,429
1989	1,354	7,762	9,116	181	8,935
1990(*)	1,429	8,173	9,602	102	9,500

**GROSS FOREIGN EXCHANGE RESERVES**  
( \$ Million )

YEARS	CENTRAL BANK	BANKS	GROSS FOREIGN EXC. RES.
1980	1,077	231	1,308
1981	928	643	1,571
1982	1,080	793	1,873
1983	1,253	845	2,098
1984	1,239	1,860	3,099
1985	1,020	1,595	2,615
1986	1,368	1,819	3,187
1987	1,719	2,240	3,959
1988	2,307	2,921	5,228
1989	2,997	4,765	7,762
1990(*)	5,268	2,905	8,173

(\*) As of May 11th  
Source: Central Bank of Turkey

**EXCHANGE BUYING RATES**  
(END OF YEAR, TL)

YEARS	US DOLLAR	STERLING	DEUTSCHE MARK	FRENCH FRANC	SWISS FRANC	BELGIAN FRANC	AUSTRIAN SCHILLING
1970	14.9	35.9	4.1	2.7	3.5	0.3	0.6
1971	14.0	36.5	4.3	2.7	3.7	0.3	0.6
1972	14.0	32.9	4.3	2.7	3.7	0.3	0.6
1973	14.0	32.3	5.3	3.0	4.3	0.4	0.7
1974	13.9	31.8	5.7	3.0	5.2	0.4	0.8
1975	15.0	31.1	6.0	3.5	5.6	0.4	0.9
1976	16.5	26.4	6.9	3.8	6.8	0.5	1.0
1977	19.3	34.7	8.6	3.9	8.9	0.5	1.2
1978	25.0	50.1	13.9	6.0	16.7	0.9	1.9
1979	35.0	79.0	20.2	8.6	21.9	1.2	2.8
1980	89.3	210.1	45.2	19.5	50.2	2.8	6.4
1981	132.3	250.3	58.4	23.1	73.4	3.5	8.3
1982	184.9	300.6	78.3	27.6	93.1	4.0	11.1
1983	280.0	401.4	101.8	33.3	128.0	5.1	14.4
1984	444.3	514.3	141.1	46.2	170.4	7.1	20.1
1985	574.0	826.6	233.2	76.1	276.8	11.4	33.1
1986	755.9	1,109.3	388.0	117.2	464.6	18.7	55.2
1987	1,018.4	1,892.6	638.7	188.3	788.5	29.8	90.8
1988	1,816.0	3,252.4	1,015.4	297.9	1,200.6	48.5	144.6
1989	2,304.4	3,723.9	1,369.6	400.6	1,501.2	65.1	194.7
1990 (*)	2,590.8	4,409.0	1,543.1	458.1	1,837.1	75.0	219.4

(\*) End of May

Source: Central Bank of Turkey

**CHANGES IN FOREIGN EXCHANGE RATES**  
(1970= 100)

YEARS	US DOLLAR	STERLING	DEUTSCHE MARK	FRENCH FRANC	SWISS FRANC	BELGIAN FRANC	AUSTRIAN SCHILLING
1970	100.0	100.0	100.0	100.0	100.0	100.0	100.0
1971	94.3	101.5	106.1	101.9	105.5	103.3	103.5
1972	94.3	91.5	106.1	101.9	105.5	103.3	103.5
1973	94.3	89.9	128.4	113.0	125.4	116.7	124.1
1974	93.3	88.5	138.1	110.8	150.9	123.3	136.2
1975	101.0	86.4	145.5	129.4	161.9	133.3	153.5
1976	111.1	73.5	167.5	142.4	196.5	150.0	167.2
1977	129.6	96.6	210.3	145.0	255.8	180.0	201.7
1978	168.4	139.4	339.1	221.9	481.8	293.3	325.9
1979	235.7	219.9	494.4	319.7	631.5	413.3	486.2
1980	601.0	584.6	1,103.9	726.4	1,450.9	936.7	1,096.6
1981	890.9	696.3	1,426.7	857.6	2,120.8	1,153.3	1,434.5
1982	1,245.1	836.3	1,913.2	1,026.0	2,689.3	1,323.3	1,917.2
1983	1,885.5	1,116.8	2,487.8	1,236.1	3,698.6	1,696.7	2,474.1
1984	2,991.9	1,430.9	3,448.7	1,717.1	4,925.7	2,350.0	3,470.7
1985	3,865.3	2,299.8	5,700.5	2,828.3	7,998.8	3,806.7	5,706.9
1986	5,090.2	3,086.5	9,485.3	4,355.0	13,427.8	6,216.7	9,513.8
1987	6,857.6	5,266.0	15,614.9	7,000.0	22,789.0	9,943.3	15,662.1
1988	12,228.8	9,049.6	24,825.7	11,075.8	34,700.6	16,170.0	24,927.6
1989	15,517.7	10,361.4	33,487.0	14,893.3	43,387.9	21,700.0	33,565.5

**SECTORAL DISTRIBUTION OF CUMULATIVE INFLOW  
OF FOREIGN CAPITAL  
(TL Million)**

Years	Manufacturing	Agriculture	Mining	Services	TOTAL
1979	1,999	1	20	499	2,519
1980	8,413	1	20	1,208	9,642
1981	15,573	641	120	2,680	19,014
1982	31,661	1,018	300	10,668	43,647
1983	41,660	1,488	432	17,774	61,354
1984	71,837	2,293	631	38,431	113,192
1985	118,169	6,101	813	83,327	208,410
1986	155,120	8,795	3,274	135,725	302,914
1987	248,063	23,956	5,917	157,632	435,568
1988	419,294	39,272	8,867	317,282	784,715
1989	998,609	53,320	17,208	880,418	1,949,555
1990(*)	1,232,378	57,853	24,499	1,135,692	2,450,422
<b>C H A N G E</b>					
1979	-	-	-	-	-
1980	320.9%	0.0%	0.0%	142.1%	282.8%
1981	85.1%	64000.0%	500.0%	121.9%	97.2%
1982	103.3%	58.8%	150.0%	298.1%	129.6%
1983	31.6%	46.2%	44.0%	66.6%	40.6%
1984	72.4%	54.1%	46.1%	116.2%	84.5%
1985	64.5%	166.1%	28.8%	116.8%	84.1%
1986	31.3%	44.2%	302.7%	62.9%	45.3%
1987	59.9%	172.4%	80.7%	16.1%	43.8%
1988	69.0%	63.9%	49.9%	101.3%	80.2%
1989	138.2%	35.8%	94.1%	177.5%	148.4%
1990(*)	23.4%	8.5%	42.4%	29.0%	25.7%
<b>S H A R E</b>					
1979	79.4%	0.0%	0.8%	19.8%	100.0%
1980	87.3%	0.0%	0.2%	12.5%	100.0%
1981	81.9%	3.4%	0.6%	14.1%	100.0%
1982	72.5%	2.3%	0.7%	24.4%	100.0%
1983	67.9%	2.4%	0.7%	29.0%	100.0%
1984	63.5%	2.0%	0.6%	34.0%	100.0%
1985	56.7%	2.9%	0.4%	40.0%	100.0%
1986	51.2%	2.9%	1.1%	44.8%	100.0%
1987	57.0%	5.5%	1.4%	36.2%	100.0%
1988	53.4%	5.0%	1.1%	40.4%	100.0%
1989	51.2%	2.7%	0.9%	45.2%	100.0%
1990(*)	50.3%	2.4%	1.0%	46.3%	100.0%

(\*) January-April

Source: SPO

# FOREIGN CAPITAL INVESTMENT IN TURKEY

(\$ Million)

Years	Number Of Firms	Annual Inflow	Annual Growth Rate	Cumulative Inflow	Cumulative Growth Rate	Share of Annual Inflow In Cumulative
Before 1975	-	-	-	189.6	-	-
1975	106	15.1	-	204.7	8.0%	7.4%
1976	99	8.9	-41.1%	213.6	4.3%	4.2%
1977	99	9.2	3.4%	222.8	4.3%	4.1%
1978	97	11.7	27.2%	234.5	5.3%	5.0%
1979	91	-6.4	-154.7%	228.1	-	-
1980	100	97.0	-1615.6%	325.1	42.5%	29.8%
1981	127	337.5	247.9%	662.6	103.8%	50.9%
1982	170	167.0	-50.5%	829.6	25.2%	20.1%
1983	185	102.7	-38.5%	932.3	12.4%	11.0%
1984	267	271.4	164.3%	1,203.7	29.1%	22.5%
1985	317	234.5	-13.6%	1,438.2	19.5%	16.3%
1986	474	364.0	55.2%	1,802.2	25.3%	20.2%
1987	698	536.5	47.4%	2,338.7	29.8%	22.9%
1988	827	824.5	53.7%	3,163.2	35.3%	26.1%
1989	990	1,470.5	78.3%	4,633.7	46.5%	31.7%
1990(*)	300	396.5		5,030.1	8.6%	7.9%

(\*) January-April

Source: SPO



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# **TURKISH INDUSTRIALISTS' AND BUSINESSMEN'S ASSOCIATION**

Türk Sanayicileri ve İşadamları Derneği -or- "Turkish Industrialists' and Businessmen's Association" generally known as "TUSIAD", was founded in August, 1971 by a group of leaders of Turkish industry and business.

TUSIAD is an independent, non-profit-making research body. Its fundamental purpose is to promote public welfare through private enterprise by bringing together the views, experience and support of those engaged in industry and business. It conducts its research work in the fields of economic prospects and trends, fiscal and monetary developments, marketing, industrial performance, the world economy, public affairs, and many related areas. The Association uses the most modern, scientific methods in carrying out its research and is naturally discreet in its handling of confidential information.

TUSIAD brings together at its meetings, leaders in industry, business, labour, the academic world, and government to discuss economic policies, business prospects and entrepreneurs and executives' experiences.

The news media is an important link in TUSIAD's chain of communications. It releases many of its research works and other publications through the media, so providing the public with objective information upon which sound opinions may be formed.

The results of all the Association's research programmes are, of course, distributed to its members, to the academic world, to government ministers and officials, and to others who are closely concerned with Turkey's economic development and the national well-being. Membership of TUSIAD is entirely voluntary. The Association is officially recognised by the government as a body of "national importance and interest".

TUSIAD is also a member of UNICE (Union of Industrial and Employers' Confederation of Europe)

## **TUSIAD's Aims and Objectives**

The Association's basic aim and objective is to contribute to the success of Turkey's industrial development and to assist in the country's attaining the welfare standards enjoyed by the Western industrialised world, whilst always maintaining the principles of a market economy and observing the precepts established by Atatürk.

TUSIAD recognises Turkey's industrialists as the power behind the development process and pursues the aim of bringing together within the Association, industrialists from the private and public sectors, members of the professions, academics and businessmen for the purpose of strengthening democratic government and private enterprise. The Association adopts every process and means within its power in pursuance of its objective of realising the better organisation and development of private enterprise for the benefit of the country and of the nation.

# TÜSİAD

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