



TURKISH INDUSTRIALISTS' AND BUSINESSMEN'S ASSOCIATION

# THE TURKISH ECONOMY '91

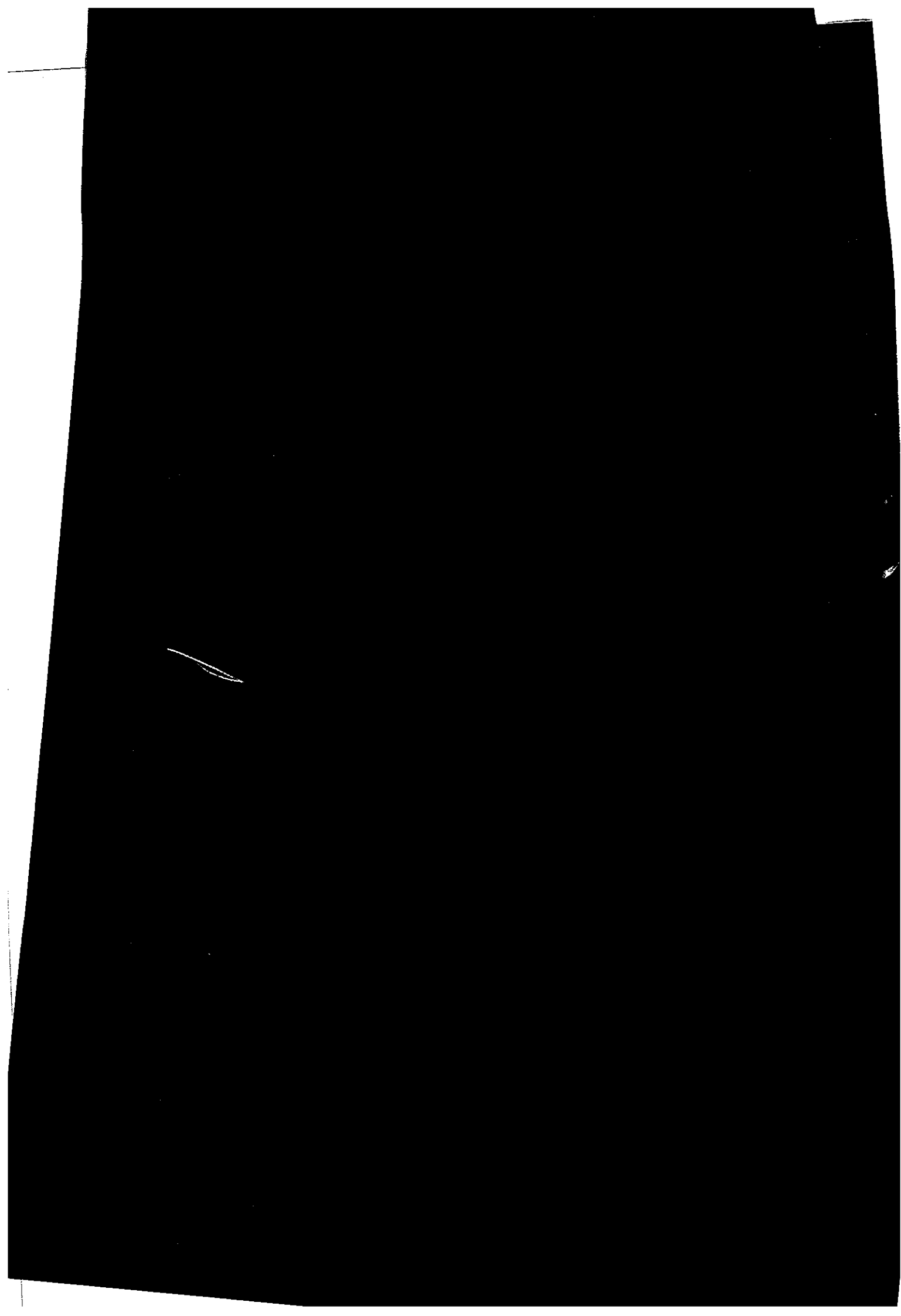


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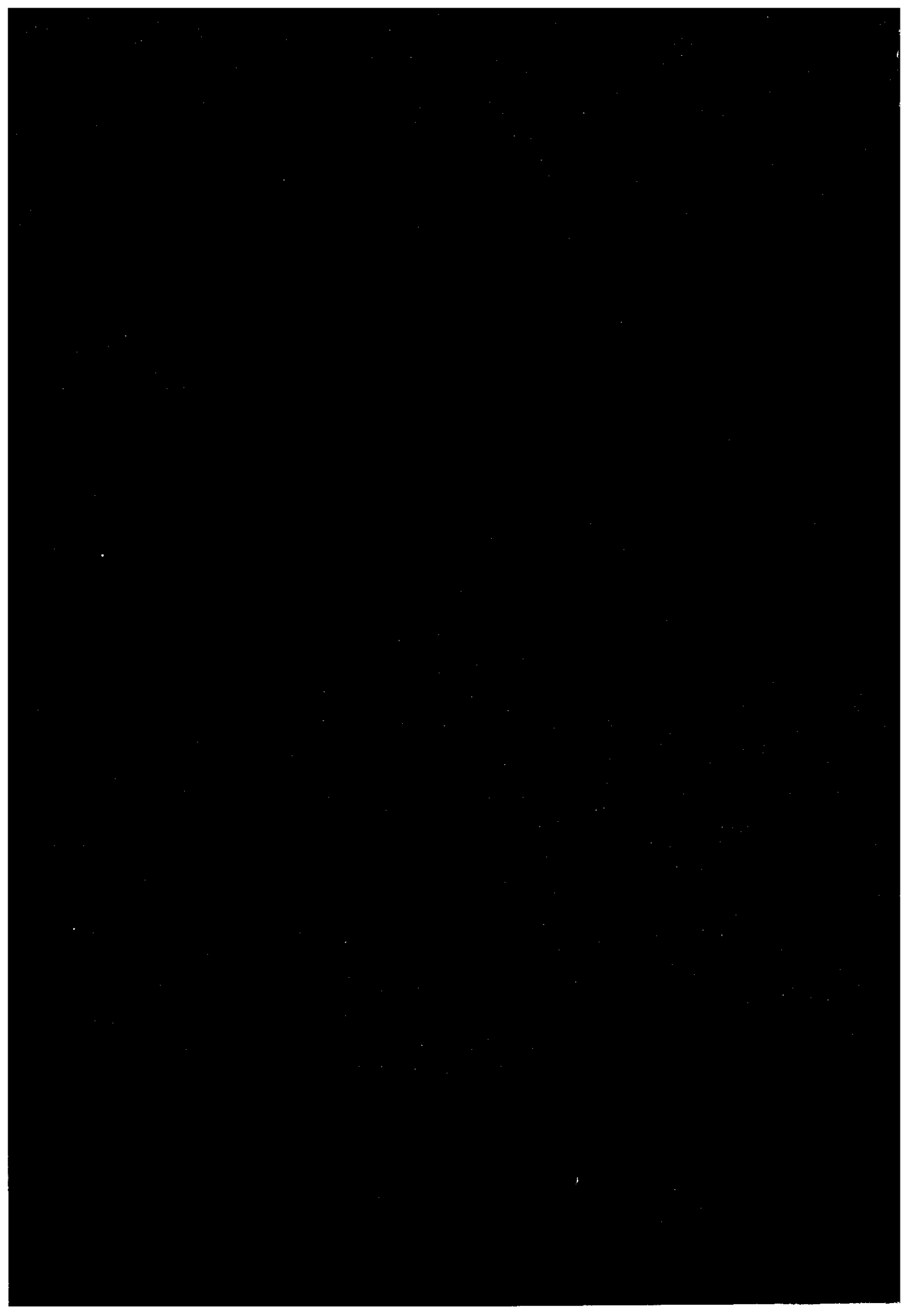
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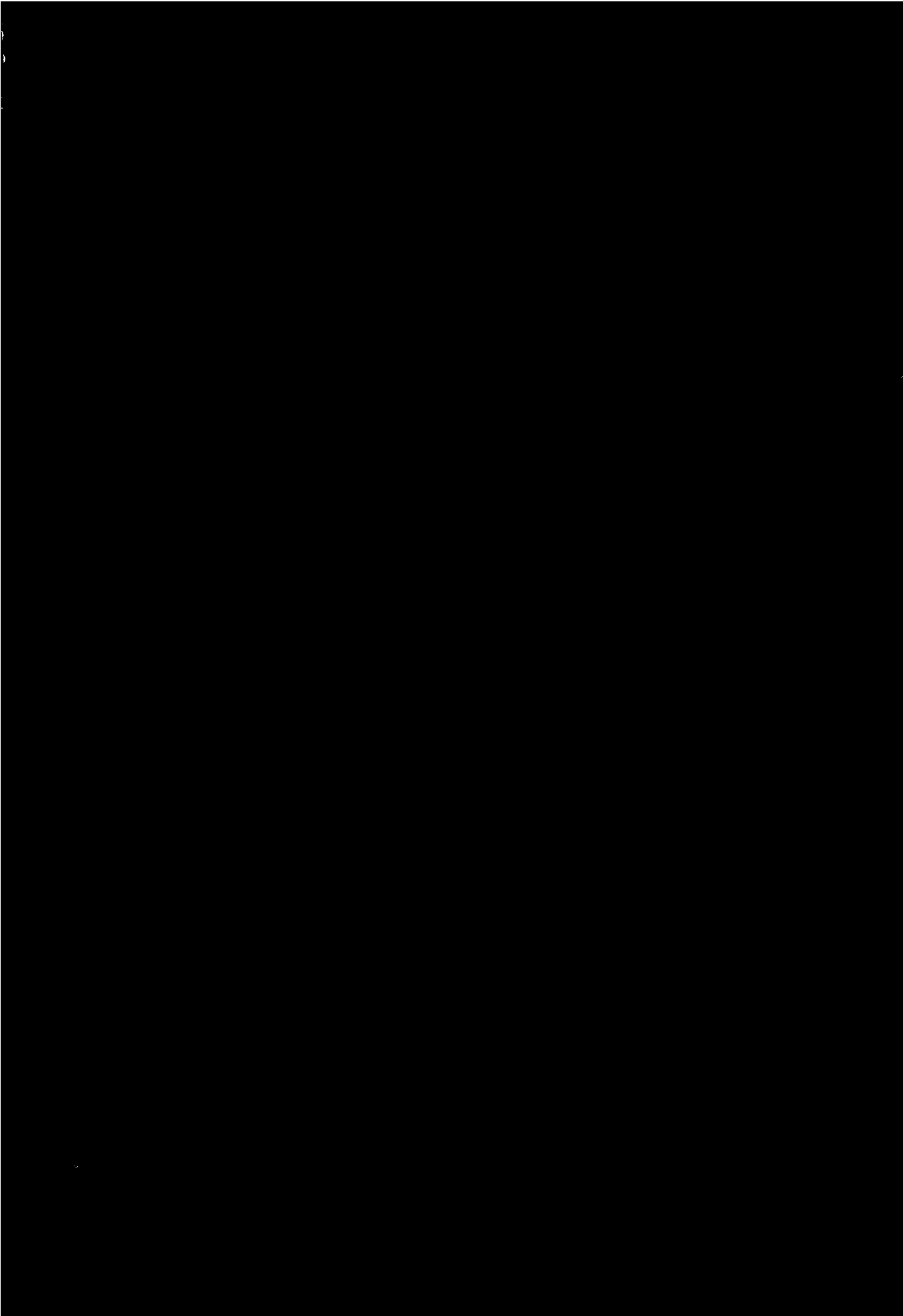
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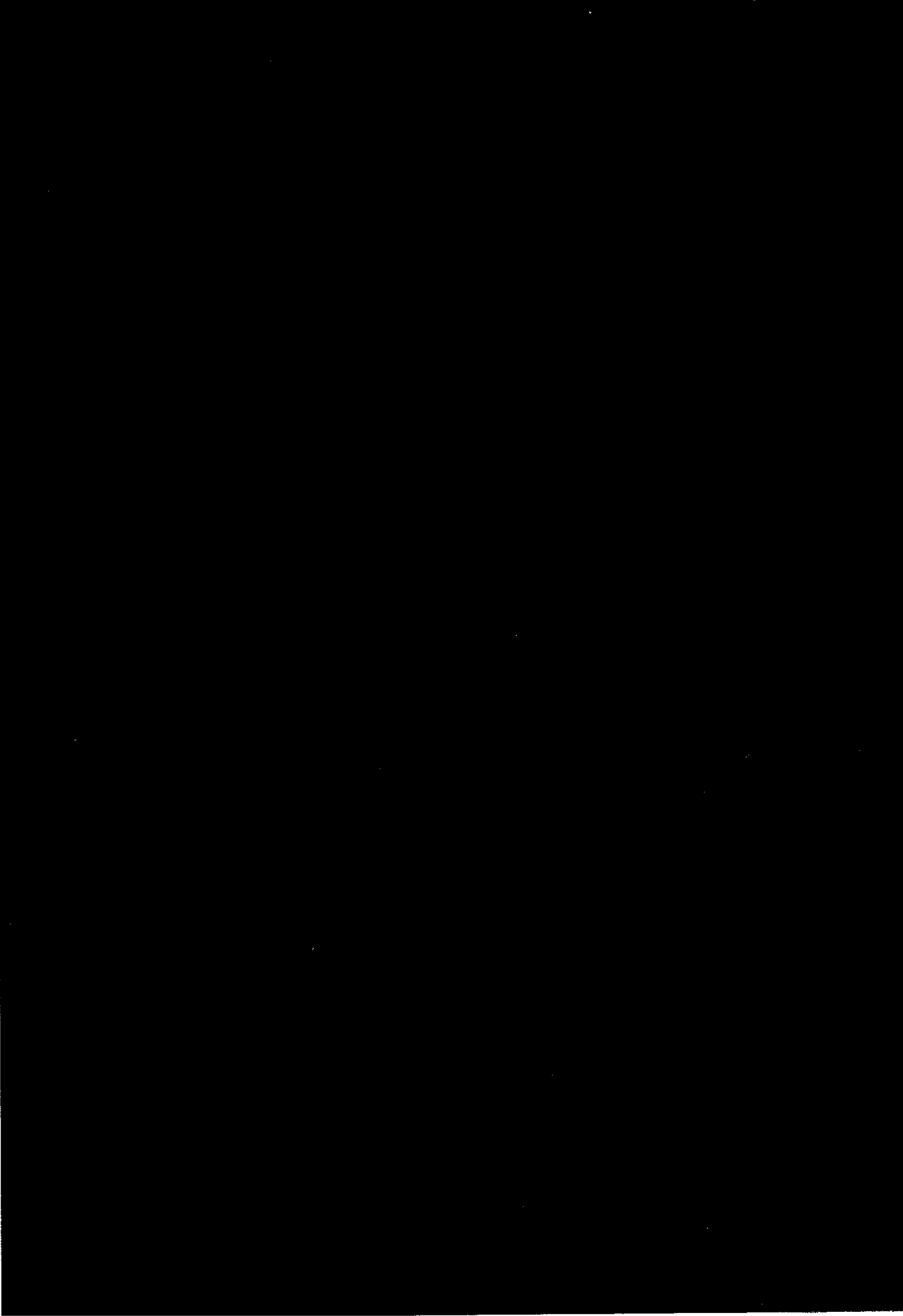
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## FOREWORD

"Turkish Economy 1991" is the 16th consecutive Annual Report published in English by the Secretariat of "TÜSİAD", 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, Veyis Fertekligil, Taylan Kovanlıkaya and Nuri Sevin. 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 Özöl, 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.

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



## BASIC STATISTICS OF TURKEY (1990)

### Population & Employment (000 persons)

Total population	:	56,473
Annual average population increase	:	2.2 %
Urban population as a percentage of total	:	59.0 %
Life expectancy (years)	:	66.4
Crude mortality (per 1000)	:	7.4
Infant mortality (per 1000 live births)	:	59.3
Total civilian labour force	:	20,235
Civilian employment	:	18,555
Agriculture	:	9,446
Industry	:	2,549
Services	:	6,560
Unemployment rate	:	8.3 %

### Culture, Education & Welfare Indicators

Literacy Rate	:	90.7 %
Radios per 1000 persons	:	174
TV per 1000 persons	:	197
Population per doctor	:	1,154
Population per hospital bed	:	410
Telephone per 1000 persons	:	118

### Gross National Product (TL Billion)

(Third estimate)

at current prices	:	287,254
at 1968 prices	:	345.8
Real growth rate	:	9.2 %
Per capita (\$)	:	1,944

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

Balance of Trade	:	-9,554
Current Account Balance	:	-2,611
Workers' Remittances	:	3,246
Tourism Revenues	:	3,225
Tourism Expenditures	:	520

**Foreigners Arriving in Turkey (persons)** : 5,374,024

**Foreign Trade (\$ Million)**

Imports	:	22,302
Imports by commodity groups (as % of total)		
Investment goods	:	26.6
Consumer goods	:	12.9
Raw materials	:	60.5
Exports	:	12,960
Exports by sector (as % of total)		
Agriculture & Livestock	:	18.4
Industry	:	79.0
Mining & Quarrying	:	2.6

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

US Dollar	:	2,951.1
Deutsche Mark	:	1,928.8

**Consolidated Budget (TL Billion)**

Total Revenue	:	53,860
Tax Revenues	:	43,650
Expenditure	:	64,400
Budget Balance	:	-10,540

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

Total	:	57,350
Energy consumption per capita (Kg of oil)	:	959

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

Wholesale Prices Index (1987 = 100)	:	53.1
Consumer Prices (1987 = 100)	:	60.3
Average gross wages of insured workers (TL per day)		
Public Sector	:	45,933
Private Sector	:	78,642

**International Reserves (\$ Million)**

Gold	:	1,468
Convertible foreign exchange	:	10,296

**Public Debts (Cumulative)**

Foreign (\$ Million)	:	49,035
Domestic (TL Billion)	:	55,396

**Monetary Indicators (TL Billion)**

Banknotes in circulation	:	12,699
Money Supply (M2)	:	70,707
Total Bank Savings	:	61,395
Total Bank Credits	:	55,327

**Gross Fixed Investments (TL Billion)**

Total	:	60,928
as percentage of GNP	:	21.2 %



## **SUMMARY AND CONCLUSION**

### **Sharp acceleration of economic growth in 1990**

Despite the uncertainties created by the Gulf crisis and conflict in the second half of the year, the main feature of the economy in 1990 was the sharp acceleration in the growth rate. The expansion of total output was especially helped by the market recovery in agricultural production which resulted from the favourable weather conditions following a year of widespread drought. At market prices, GNP is reckoned to have risen by more than 9 percent in real terms, compared to barely 2 percent in 1989.

### **High rate of inflation, 60 percent, but relatively constant**

Despite strong demand pressures, inflation, as measured by both consumer and wholesale prices, remained relatively constant throughout most of the year, though at the high level of around 60 percent. The rise rate gradually began to increase in the second half of the year, under the combined influence of high, long delayed pay awards and bigger returns for farmers, along with increased oil prices and overdue price adjustments by the public enterprises. Private sector prices, however, were reported to have remained on a more even keel.

### **Record rise in domestic demand**

In contrast to earlier years, growth in 1990 was not export-led; it occurred as a result of a strong expansion in domestic demand. Thus, private non-residential investment and -particularly- consumption, surged, as did - to a somewhat lesser degree - public sector demand. This, together with the build-up of stocks, caused total domestic demand to rise by a record 16 percent. The reverse side of the coin was an equally spectacular deterioration in the foreign balance, with exports of goods and services almost stagnating in real terms and imports soaring far beyond expectations. The current account, which had been in substantial surplus in the preceding two years, recorded a deficit of \$2.6 billion, practically wiping out the earlier gains. However, strong capital inflows more than compensated for this deficit, influenced also, no doubt, by the appreciation of the Turkish lira in the last few years and the attractive interest rate differential.



### **Manufacturing sector employment down by 5 percent, meaning a structural change in industry**

There was little increase in total employment, so that unemployment continued to remain at a very high level. In the manufacturing sector, employment actually fell by 5 percent, which points to structural changes in both industrial production and technology. On the other hand, this probably facilitated the absorption of the cost increases resulting from the high wage settlements negotiated by the trade unions, which latter, not unjustly, emphasised the big drop in real wages which had developed over the previous two years.

### **Economy proves its adaptability to external shocks**

Last year's quite exceptional macro-economic performance testifies to the inherent resilience and adaptability of the Turkish economy. Thanks to the adoption of the principles of a market economy, and the particularly meritorious performance of the private sector, it has been able to overcome the weaknesses and inertia which prevailed in earlier periods. Private enterprise indeed took full advantage of the facilities and opportunities created by the official policies pursued during the 1980's.

### **Moderate growth expected in 1991**

As a result of policy tightening and the expected return of wage awards to lower levels than last year, the outlook for 1991 appears to be one of a return to more moderate growth, with a GNP rise of around 5 percent. However, the war in the Gulf area and its aftermath have thwarted plans to lower the public sector's deficits and the Central Bank has not (so far) announced limits for monetary expansion this year. Rains have been plentiful, which augurs another good harvest, but whilst this may put a damper on food price rises, it is also likely to swell public deficits and money in circulation - and hence boost overall demand. Moreover, slower growth in world demand is likely to have a negative influence on exports, and tourism receipts seem bound to suffer from instability in the Middle-East and, now, in Yugoslavia. Although imports may no longer rise, and may actually fall in real terms, the balance of payments remains relatively weak, pointing to another -though probably lower- current account deficit. In response to a changed policy environment, interest rates have been drifting upward with a somewhat faster depreciation of the Lira in exchange markets in the first half of 1991.

### **Emphasis shifted from stability to improved living standards**

In order to better understand the complex processes which have culminated in the economic developments of last year it may be useful to take a broader view, analysing events and policies applied in the past four years or so. In general terms, it may be said that as from the second half of the 1980's, the emphasis of economic policy shifted from stabilization towards the improvement of standards of public services and infrastructure, and the provision of more and better housing.

### **Constructive measures created flexibility in the economy**

There is no space here to detail the many initiatives and innovations, which are today accepted as a matter of course. Among them, however, can be cited the inauguration of the so-called 'funds' outside the Central Budget, the issue of participation shares in public works, the promotion of mass housing schemes, and the greater financial autonomy granted to local authorities. Other important initiatives included the liberalization of capital transactions, the establishment of an effective Stock Exchange, and the start made on the privatisation of State Enterprises. Directly or indirectly, these measures have ensured the flexibility of the economy, helped to mobilize financial and material resources and, as a consequence, lifted the economy on to a higher potential growth path. But, evidently, this has also increased the risk of excessive demand, if developments are not carefully monitored and met by coherent and consistent demand-management policies.

### **Vicious circle in recent years. Growth rise meant acceleration of inflation**

Indeed, closer inspection of events over the past four years shows that keeping a steady and balanced economic policy course has become ever more difficult. The fluctation in economic growth has been more pronounced than in the first half of the 1980's. From 1987, accelerating inflation and rising public sector deficits were symptoms of attempts to step-up the growth rate. As demand pressures built up during 1987, inflation rose sharply in early 1988 with a consequent tightening of policies. However, as an immediate and direct result of more restrictive fiscal and monetary policies, which meant higher indirect taxes and increased interest rates, inflation continued to rise and did not peak until late in the year. A recession set in from mid-1988 to the middle of 1989, and this was aggravated by a disappointing harvest. Compared to the same period of the previous year, manufacturing output actually fell by 10 percent in the fourth quarter of 1988. From the short-term point of view, the situation was little less than alarming. Policies were inconsistent and could no longer be relied upon for planning future business and investment operations; in both industry and trade, debts had risen to a dangerously high level; the economy had lost much -if not most- of its former dynamism, since demand was sluggish in the face of a fall in real terms in wages and salaries and in agricultural incomes.

By mid-1989, and despite still rising Budget deficits, the authorities were forced to make substantial pay rises for civil service and other public sector employees, and to ensure a better return to farmers. Duties and other charges on imports were also reduced in order to revive flagging imports and investment.

These moves had the desired effect of turning the economy round, opening the way for higher wage claims in other sectors and for the strong upward surge in total domestic demand which was registered last year. It is evident that the policy of allowing the Lira to appreciate in real terms reinforced domestic demand pressures. At the same time, it helped maintain a high, but relatively stable, rate of inflation.

### **Balance of payments vulnerability followed Lira's appreciation**

It also encouraged speculation and currency arbitrage. As a result, there was a significant increase in short-term foreign credits, which actually exceeded the current account deficit. This helped to increase currency reserves, but at the expense of greater balance of payments vulnerability, since it meant the shortening of the average maturity date of a larger foreign debt.

### **A rise in GNP, but will there be a permanent increase in value added?**

This is not, of course, an end in itself. Whilst income per head rose more markedly last year than in any other preceding period, it remains to be seen whether the additional investment will lead to a corresponding permanent improvement in total value added. If, as is likely, the Lira is depreciated more rapidly in the immediate future, it must at least be questioned whether the continued prompt servicing of the increased private external debt can be assured.

### **Negligible growth in total employment expected to accompany substantial growth in public debt in 1991**

Another disappointing feature is the sluggish growth of total employment, which means, among other things, that the benefits of higher growth in 1990 have been unevenly distributed among the population and sectors. Lastly, but not least, the further strong growth of the public debt in the early months of 1991 will absorb an even greater share of the private savings surplus than in the past, and the ever heavier debt servicing burden will further reduce the degree of flexibility in so far as Budgetary policies are concerned.

### **Consensus on economic policies is vitally important**

Of course, there is no doubt that, thanks to the adoption of market-based policies, the Turkish economy as a whole is much stronger than it was ten years ago. But perhaps the time has come to review the strategies adopted up to now with a longer-term perspective, so as to ensure the optimal benefits of the development opportunities which are offered. Certainly, too much short-termism can be counter-productive. The Turkish business sector aspires to full access to the European Common Market, but the official Turkish application has been put on ice by the European Commission. To be successful as a candidate for membership it will be necessary for Turkey to adopt policies similar to those of the present EC countries; notably, inflation must be brought down to European levels. The task will not be easy, as past experience has shown, but it must be attempted with determination. In its wake, some of the present ills will disappear, such as the extremely high loan interest rates which now cripple many businesses and the trend towards an ever more depreciated Lira. We are convinced that steadier, and at the same time more balanced, growth is within this country's reach over the medium-term, provided a consensus can be built as to the path to follow, and then -indeed- it is followed.

### **Aim must be to reduce excess demand and overcome adverse inflationary expectations**

In TÜSİAD's view, a re-orientation of policy will need to take into account two principal concerns: first, restrictive macro-economic measures should aim at reducing excesses of demand, in both public and private consumption, but should not at the same time discourage much-needed investment; second, policies must be sufficiently credible, in order to overcome adverse inflationary expectations. The policies followed in the past four years were to some extent influenced by the desire to gain votes at times of elections. As there will anyway be a general election within a little more than a year, it would, indeed, be unfortunate if this led to the postponement of essential, energetic action .

### **Savings in public sector budgets must be made immediately**

All competent observers appear to agree that the main cause of the high rate of inflation in Turkey is an excessive public sector borrowing requirement - in other words, the excessive budget deficits of the Central government, together with the operating losses of the State enterprises. These large public sector financing needs are still crowding out private sector credit demand in the capital market and are leading to an increase in internal and foreign borrowing by the State. Low, or even negative, real interest rates for bank deposits, as well as an appreciating Lira has encouraged the excessive growth of private consumption of imported goods and, hence, contributed to the large deficit on the foreign current account. Given this situation, it is now essential to carry out a thorough investigation into where cuts and savings can be made in public sector expenditure. The reform and privatisation of State Enterprises also needs to be speeded up, but as this probably cannot be achieved without shedding unprofitable production lines and laying off excess labour, it will be necessary to make provision for income support, worker re-training and the creation of new, profitable, economic activities.

### **Import demand must be reduced and more must be exported more profitably**

Last but not least, to restore balance in the external accounts the growth of domestic demand for imports must be curtailed and exports made more profitable. Last year's excessive wage increases together with a real appreciation of the Lira vis - a - vis major foreign currencies were contrary to such an aim. A correction of the trend development in these two factors is therefore also necessary.

### **TÜSİAD Recommendations**

Following the recent change of government, TÜSİAD would like to express the hope that the following points will be given the new administration's fullest consideration:

**1.** A basic requirement of a stabilization policy is the correct appraisal of current economic situations and trends. As in other OECD countries, **official economic forecasting should be made in line with and integrated in the Budget process.** Government should regularly publish economic forecasts in greater detail and with fuller documentation.

**2. Parliament should also review current Budget prospects** at relatively short intervals in order to monitor deviations during the year and take necessary action before it is too late for it to be effective.

In addition, **parliamentary committees charged with economic policies should take greater account of the informed views of business and industry** and of the universities, with a view to the fuller evaluation of the government's economic policies. For this purpose, an adequate economic research staff should be established to serve the parliamentary economic committees.

**3. The success of a stabilization policy requires an objective appraisal of the economic situation and an efficient decision-making and co-ordinating process within the government.**

**4. All efforts should be made to increase the flexibility of the Budget,** for both transfer and investment expenditure. Alternative programmes for speeding up or slowing down public expenditure, selected in advance, could adequately provide for such flexibility.

**5. The success of a stabilization program will be mainly based on the realization within a specific period of a well-balanced public finance.** In order to prevent a fall in the growth rate of the economy as a result of this programme, priority should be given to the measures concerning production and whilst at the same time careful consideration should be given to the harmful effects on investments of the measures taken to limit excess demand. The stabilization package should be implemented **on the basis of a consensus between employers and employees on the subject of wages and prices.**

## CHAPTER I

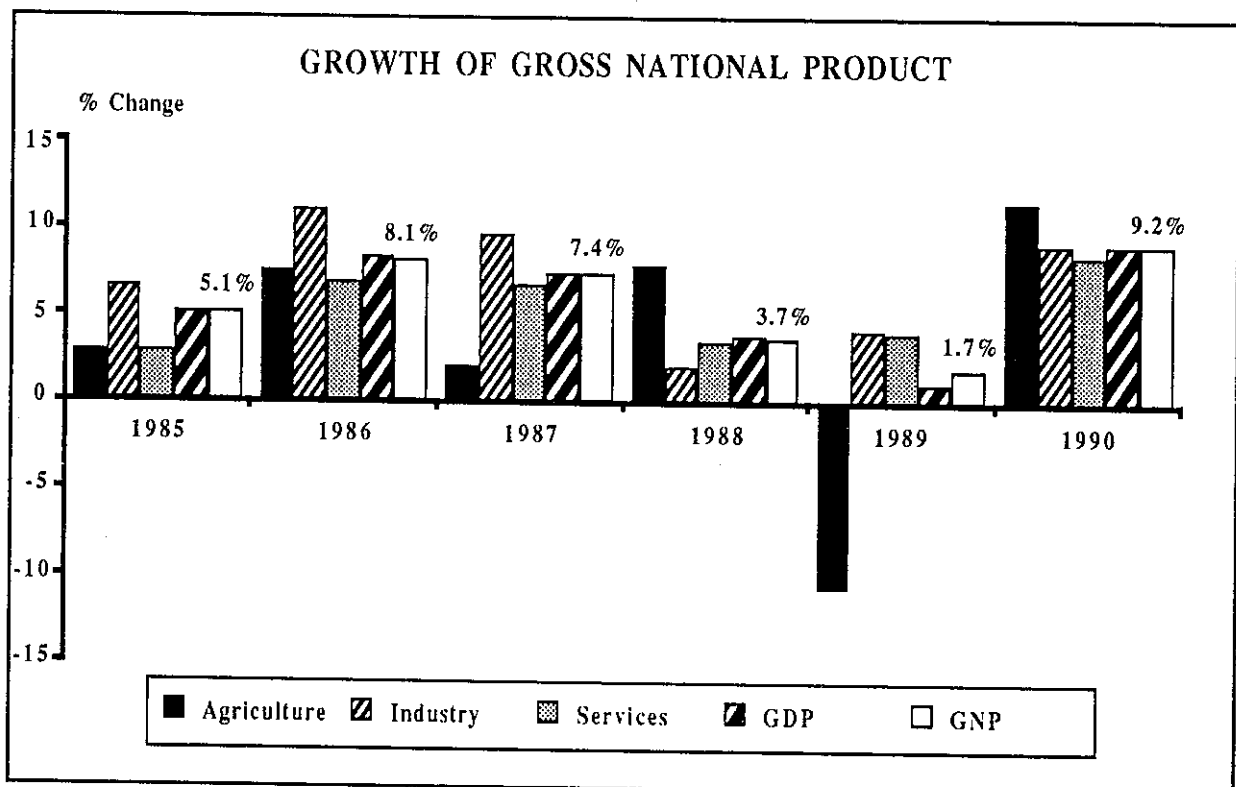
### GROSS NATIONAL PRODUCT, INVESTMENTS, PRODUCTION AND EMPLOYMENT

#### GNP Performance

The 1990 overall economic growth rate was 9.2 percent, which was well above the 1983-89 average of 5.5 percent. At current prices, the GNP grew by 68.6 percent, with the rate of inflation based on an implicit price deflator equal to 54.6 percent.

Growth of agricultural output was particularly strong, no less than 11.6 percent; after a dismal harvest in 1989, this was a most welcome achievement.

At fixed 1968 prices, per capita income rose to TL 6,165 in 1990 from TL 5,770 in 1989. At current prices, there was an increase to TL 5,121,492. In dollar terms, the per capita income went up by 33.9



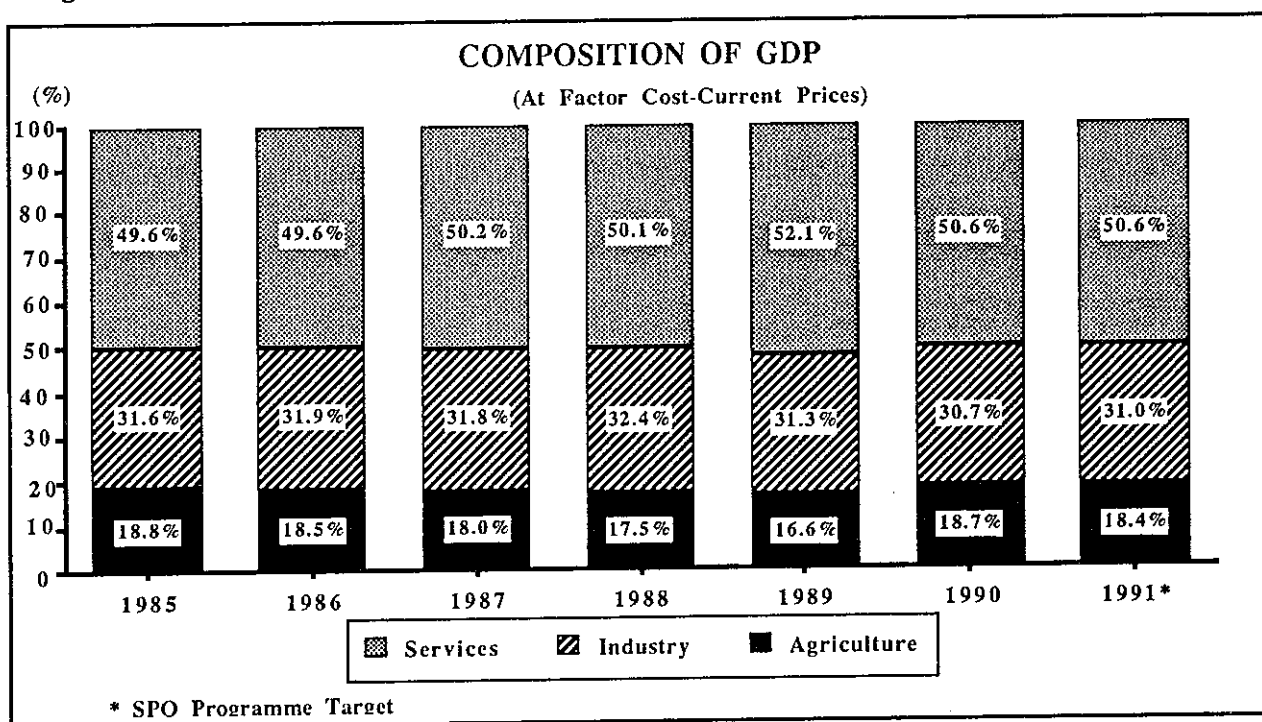
**GNP GROWTH BY MAIN ECONOMIC SECTORS (%)**  
(At 1968 Prices)

	1985	1986	1987	1988	1989	1990	1991*
<b>Sectors</b>	<b>In Producers' Value</b>						
Agriculture	2.8	7.6	2.1	7.9	-10.7	11.5	-
Industry	6.6	11.1	9.7	2.1	4.2	9.1	-
Services	2.9	6.9	6.8	3.5	4.0	8.5	-
GDP	5.1	8.3	7.4	3.9	1.1	9.2	-
GNP	5.1	8.1	7.4	3.7	1.9	9.2	-
	<b>At Factor Cost</b>						
Agriculture	2.4	7.9	2.1	8.0	-11.5	11.8	3.5
Industry	6.3	8.7	9.6	3.1	3.1	7.9	5.9
Services	4.0	6.4	6.8	4.1	4.0	6.7	5.3
GDP	4.2	7.3	6.5	4.7	0.4	8.0	5.2
GNP	5.1	8.1	7.5	3.6	1.6	9.0	5.9

\* State Planning Organization (SPO) Programme Target  
Source: SPO & SIS

percent to \$1,944 from \$1,452. Thus the increase in per capita income has materialized at well over the growth rate. This is due to the fact that the appreciation of the US dollar in terms of the Turkish Lira in 1990 was much lower than the level of inflation.

In May 1991, there was a new development related to the latest GNP figures. The SIS declared that the growth rate realized in 1990, previously calculated at 9.2 percent according to the classical





**GDP SHARES BY MAIN ECONOMIC SECTORS (%)**  
(At Factor Cost)

	1985	1986	1987	1988	1989	1990	1991*
<b>Sectors</b>	<b>At Constant 1968 prices</b>						
Agriculture	21.8	21.9	21.0	21.7	19.2	19.5	-
Industry	24.8	25.1	25.9	25.5	26.1	26.7	-
Services	53.4	53.0	53.1	52.8	54.7	53.8	-
GDP	100.0	100.0	100.0	100.0	100.0	100.0	-
	<b>At Current Prices</b>						
Agriculture	18.8	18.5	18.0	17.5	16.6	18.7	18.4
Industry	31.6	31.9	31.8	32.4	31.3	30.7	31.0
Services	49.6	49.6	50.2	50.1	52.1	50.6	50.6
GDP	100.0	100.0	100.0	100.0	100.0	100.0	100.0

\* SPO Programme Target

Source: State Institute of Statistics (SIS)

method was actually 10.2 percent according to a new method based on quarterly performances. The SIS explained that 1968 was taken as the base year in previous calculations, whereas the new method was based on 1987.

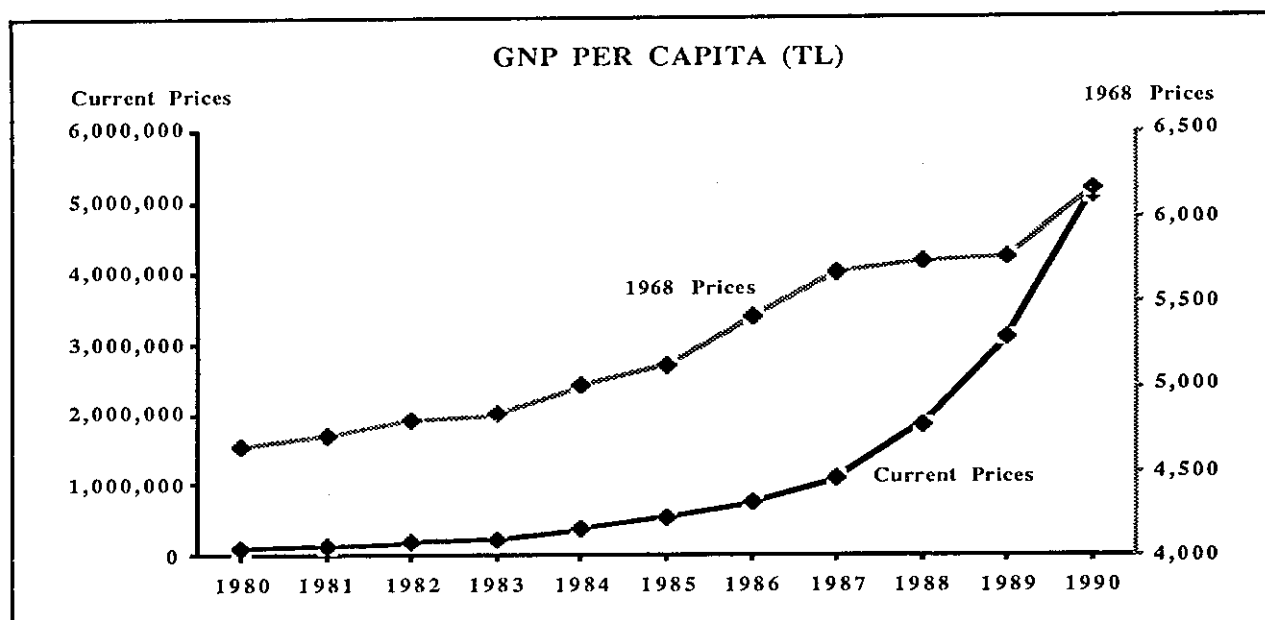
According to the SIS statement, under the new method of calculation, per capita income expanded from \$1,945 in 1989 to \$2,591 in 1990.

**RESULTS OF THE NEW GNP CALCULATION METHOD\* (%)**

Sectors	GDP Growth	GDP Shares
Agriculture	8.2	17.0
Industry	9.0	27.8
Construction	0.1	4.0
Trade	13.3	19.9
GDP	10.1	100.0
GNP	10.2	100.0

\* SIS, 1987 constant prices in producers' value

Source: SIS



### Macro Equilibrium of the Economy

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

	1989	1990*	% Changes
GNP	102,229.3	111,392.4	9.0
Foreign Balance	-1,615.2	1,559.0	-3.1
Total Domestic Demand	100,614.1	112,951.4	12.3
Total Investment	23,893.7	27,743.2	16.1
Fixed Investment	23,992.0	26,045.1	8.6
Public	10,785.5	11,705.1	8.5
Private	13,206.5	14,340.0	8.6
Stockbuilding	-98.3	1,698.1	1.8
Public	-273.7	1,079.3	1.3
Private	175.4	618.8	0.4
Total Consumption	76,720.4	85,208.2	11.1
Public Disposable Income	15,936.0	15,213.9	-4.5
Public Consumption	9,041.3	10,114.9	11.9
Public Savings	6,894.7	5,099.0	-26.0
Public Investment	10,511.9	12,784.4	21.6
Public Saving - Investment gap	-3,617.2	-7,685.4	
Private Disposable Income	86,293.3	96,178.5	11.5
Private Consumption	67,679.1	75,093.3	11.0
Private Savings	18,614.2	21,085.2	13.3
Private Investment	13,381.9	14,958.8	11.8
Private Saving - Investment gap	5,232.3	6,126.4	17.1

\* At 1988 Prices, Programme Target

Source: SPO

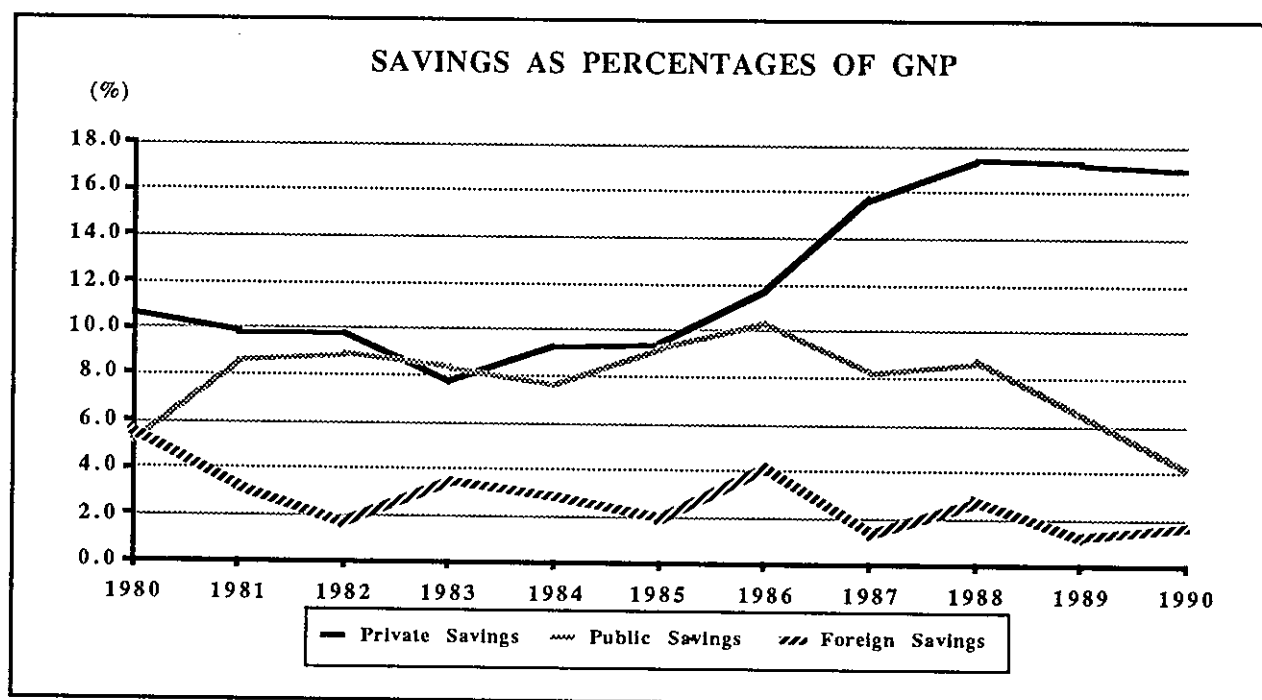
Domestic demand expanded to a marked extent, and the current account balance moved back into a deficit as a result of the further -virtually complete- liberalization of imports in 1989 and the effective

### CONTRIBUTIONS TO GROWTH IN TOTAL DOMESTIC DEMAND (%)

	Share in Total	Growth (%)	Weighted Growth	Direct contributions to Demand
Total Domestic Demand	100.0	12.3	12.3	100.0
Private Consumption	66.9	11.0	7.3	59.8
Public Consumption	9.0	11.9	1.1	8.7
Private Investment	13.3	11.8	1.6	12.8
Public Investment	10.9	21.6	2.4	19.2

strengthening of the Lira against the major foreign currencies. All domestic demand components expanded vigorously; in particular, private consumption rose by 11.0 percent, as a result of substantial real income gains; public consumption increased by 11.9 percent. Investment also picked up compared to the preceding year. Thus, private investment rose by 11.8 percent and public investment by 21.6 percent.

A problem of the utmost importance has been the financing of this significant increase in demand. The share of public savings in GNP fell from 6.7 percent in 1989 to 4.6 percent in 1990, whilst the



share of public investment in GNP went up to 11.5 percent from 10.3 percent. As a result of these developments, the saving- investment gap in GNP rose from 3.6 percent in 1989 to 6.9 percent in 1990. In contrast, the private savings and private investment rates showed only minor changes, with

the result that the private savings surplus of 5.1 percent of GNP in 1989 rose slightly, to 5.5 percent in 1990.

## Investment

Due to the strong growth of consumption, the share of total fixed investment in GNP fell by 1.3 percentage point to 21.2 percent in 1990. The share of the private sector in total fixed investment fell marginally, to 54.3 percent, reversing the upward trend recorded since 1985.

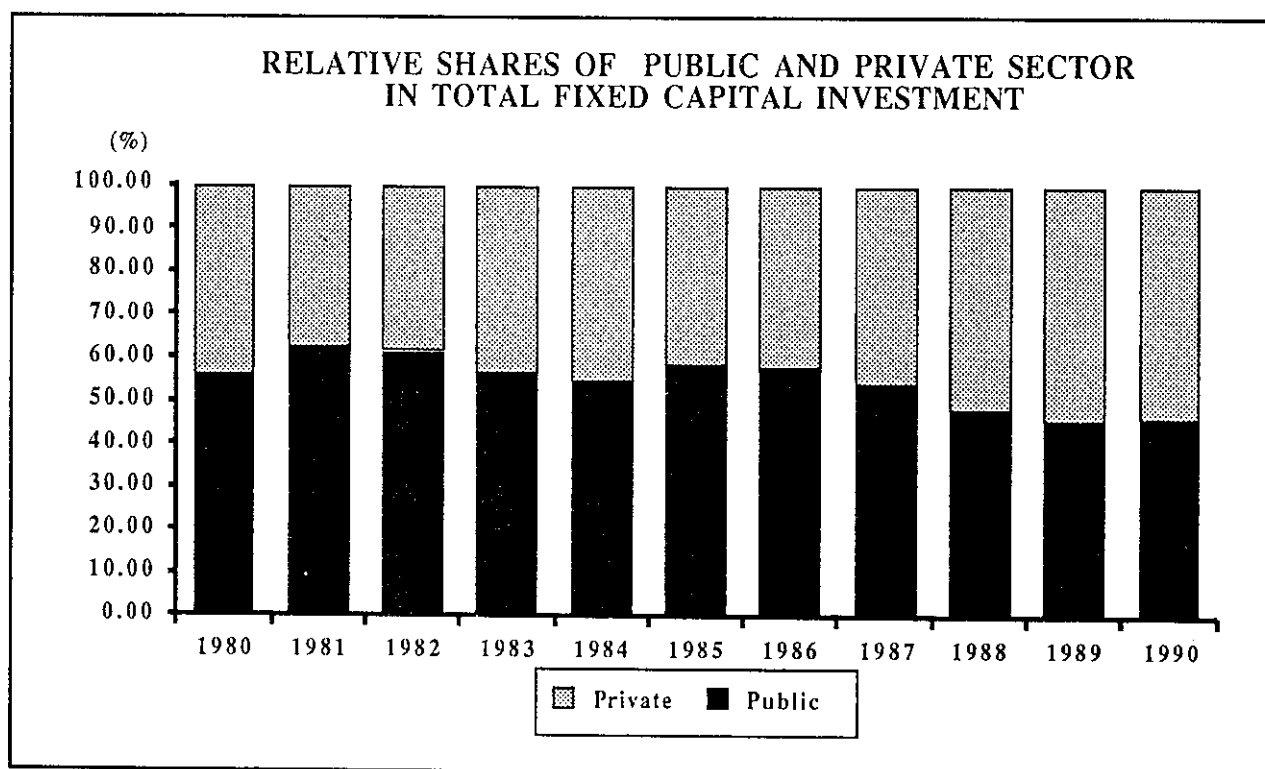
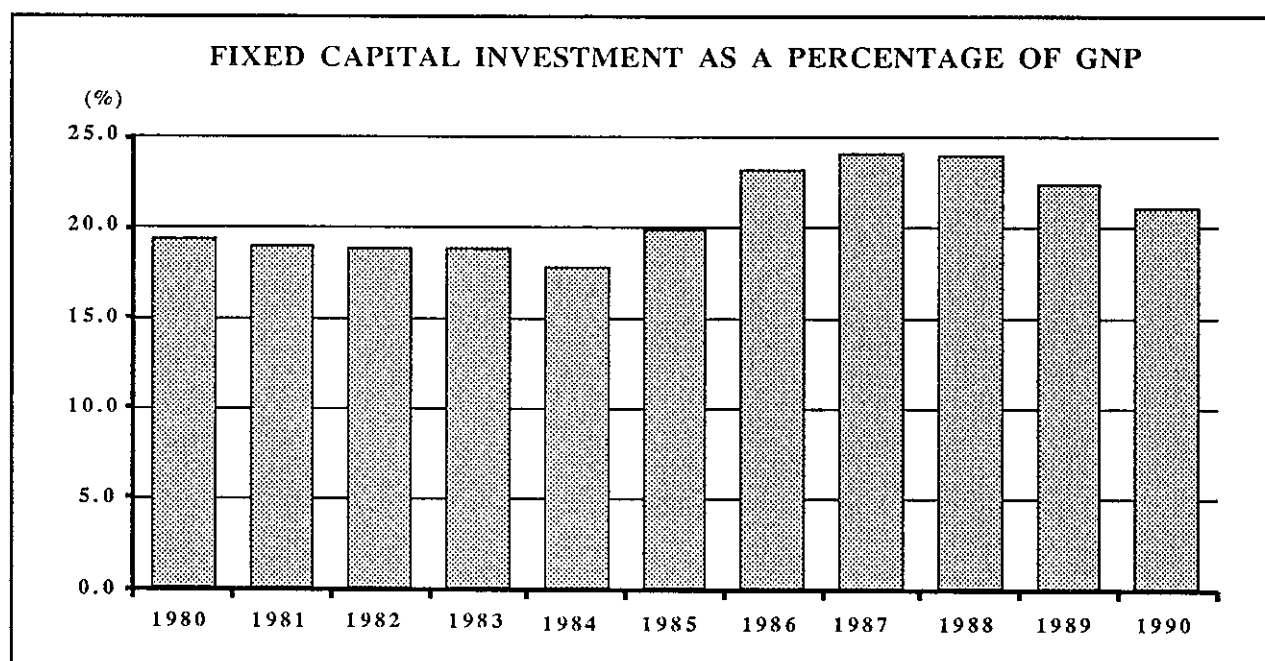
### DISTRIBUTION OF FIXED CAPITAL INVESTMENT (As Percentage of Total)

Sectors	Public		Private		Total	
	1989	1990	1989	1990	1989	1990
Agriculture	10.3	8.5	3.9	4.5	6.8	6.4
Mining	3.2	3.6	1.4	1.3	2.2	2.4
Manufacturing	4.5	5.3	20.9	23.5	13.5	15.2
Energy	29.8	21.5	1.7	1.8	14.5	10.8
Transport & Communications	29.9	33.8	11.1	12.9	19.6	22.5
Tourism	1.1	1.5	6.5	6.7	4.0	4.3
Housing	1.9	3.6	49.7	43.3	28.0	25.2
Education	6.3	6.7	0.5	1.3	3.1	3.8
Health	2.2	2.8	0.6	0.8	1.3	1.7
Others	10.9	12.7	3.7	3.7	6.9	7.8
Total	100.0	100.0	100.0	100.0	100.0	100.0

Source: SPO

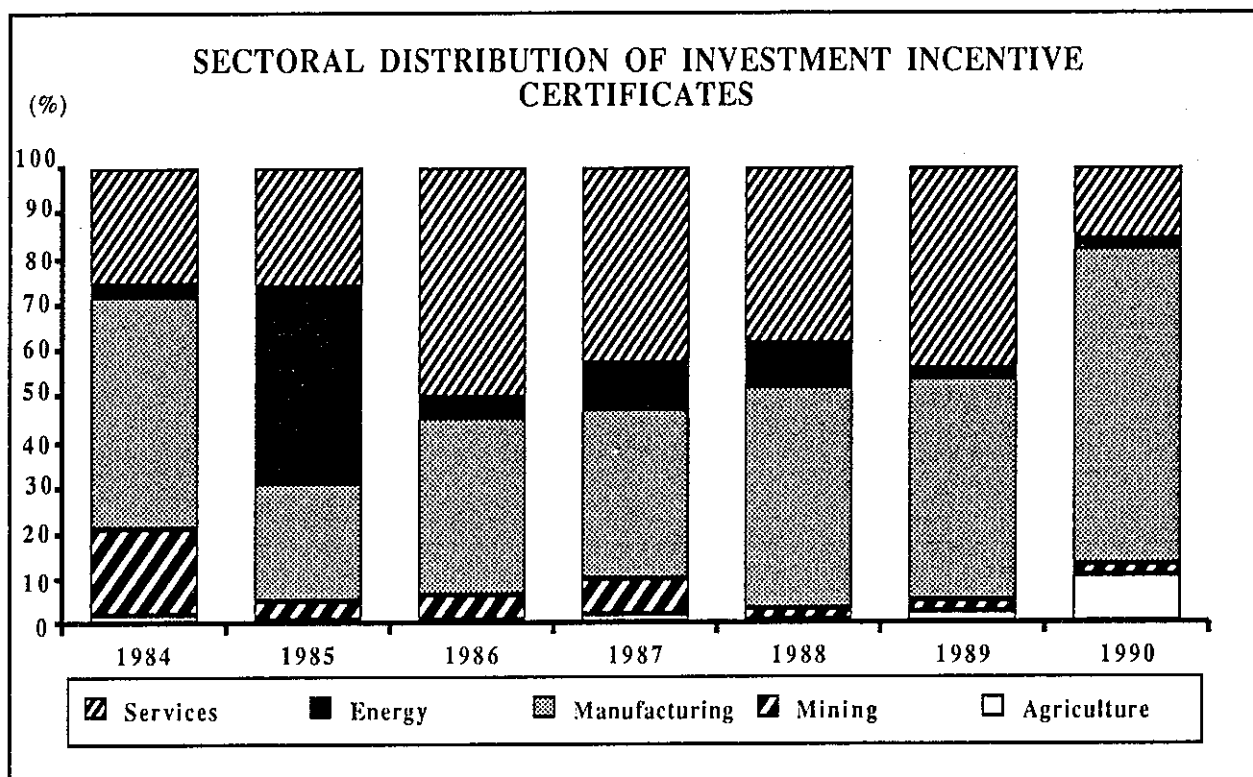
The sectoral distribution of fixed capital investment also changed. The share of private manufacturing investment went up from 20.9 percent in 1989 to 23.5 percent in 1990, whilst the share of housing, which was 49.7 percent in 1989 fell to 43.3 percent in 1990.

As regards public investment, the share of transportation and communications rose from 29.9 percent in 1989 to 33.8 percent in 1990. The share of the other major public sector, energy, fell from 29.8 percent in 1989 to 21.5 percent last year.



## Investment Incentive Certificates

The sectoral distribution of investment incentive certificates issued in 1990 shows a heavy concentration in manufacturing (68.8 percent), followed by agriculture (10.6 percent), and tourism (7.4 percent).



In 1990, as in previous years, the distribution of investment incentive certificates according to their application indicates a concentration in new investment (76.7 percent) and in the expansion ( 11.3 percent) of existing facilities.

### DISTRIBUTION OF INVESTMENT INCENTIVE CERTIFICATES ACCORDING TO THEIR APPLICATION

(As Percentage of Total)

Type of Investment	1985	1986	1987	1988	1989	1990
New Investments	81.1	72.4	63.9	74.4	78.9	76.7
Expansions	8.2	15.3	9.1	12.0	8.1	11.3
Completions	0.8	1.9	0.6	1.5	0.9	1.4
Renewals	4.2	4.5	20.6	0.7	1.1	0.8
Quality Improvement	0.9	2.1	1.5	0.3	0.1	0.2
Elimination of Bottlenecks	1.3	1.0	3.0	2.0	1.0	1.6
Modernization	1.2	1.6	0.4	7.4	8.0	5.4
Integration of Facilities	2.3	1.2	0.8	1.6	1.8	1.6
Financial Leasing	0.0	0.0	0.1	0.1	0.0	0.5
Transfer	0.0	0.0	0.0	0.0	0.1	0.5
Total	100.0	100.0	100.0	100.0	100.0	100.0

Source: SPO

An encouraging sign is that the regional distribution of investments shows a relative increase for the Southeast Anatolia and East Anatolia areas. The latter's share increased from 3.9 percent in 1989 to 10.9 percent in 1990, and the share of Southeast Anatolia went up from 8.2 percent in 1989 to no less than 22.7 percent in 1990. These improvements result from the government's efforts to develop the areas' infrastructure; in particular, in connection with the Atatürk dam and GAP project.

The composition of investment certificates for January-March period of 1991 as compared to the same months of last year did not change significantly as between sectors. Whilst agriculture remained almost the same, mining's share moved from 0.9 percent to 3.1 percent in the first three months of 1991. The share of services increased from 17.4 percent to 25.4 percent in the same period. Manufacturing fell from 68.0 percent to 66.1, while the share of energy realized a big drop, from 9.5 percent to only 0.8 percent in the first quarter of this year.

#### SECTORAL DISTRIBUTION OF INVESTMENT INCENTIVE CERTIFICATES (Jan-March, TL Billion)

Sectors	1990	Share (%)	1991	Share (%)	Change (%)
Agriculture	142.9	4.2	373.3	4.5	161.3
Mining	29.4	0.9	258.1	3.1	777.8
Manufacturing	2,296.9	68.0	5,438.4	66.1	136.8
Energy	322.0	9.5	69.3	0.8	-78.5
Services	586.1	17.4	2,091.1	25.4	256.8
Total	3,377.3	100.0	8,230.2	100.0	143.7

Source: SPO

#### INVESTMENT INCENTIVE CERTIFICATES ACCORDING TO THEIR APPLICATION (January-March, TL Billion)

Type of Investment	1990	Share (%)	1991	Share (%)	Change (%)
Transfers	1.2	0.0	61.5	0.7	5,244.5
New Investments	2,710.3	80.3	6,737.1	81.9	148.6
Extensions	337.4	10.0	1,204.0	14.6	256.8
Completion	8.2	0.2	49.1	0.6	502.5
Renewal	24.1	0.7	54.3	0.7	124.8
Quality Improvement	37.5	1.1	0.0	0.0	-100.0
Elimination of Bottlenecks	54.0	1.6	11.3	0.1	-79.0
Modernization	166.2	4.9	103.3	1.3	-37.8
Integration of Facilities	21.4	0.6	9.5	0.1	-55.7
Financial Leasing	17.0	0.5	0.0	0.0	-100.0
Total	3,377.3	100.0	8,230.2	100.0	143.7

Source: SPO



In the first three months of the current year, the rate of increase in the value of incentive certificates was 143.7 percent, which is far above the inflation rate.

## Construction

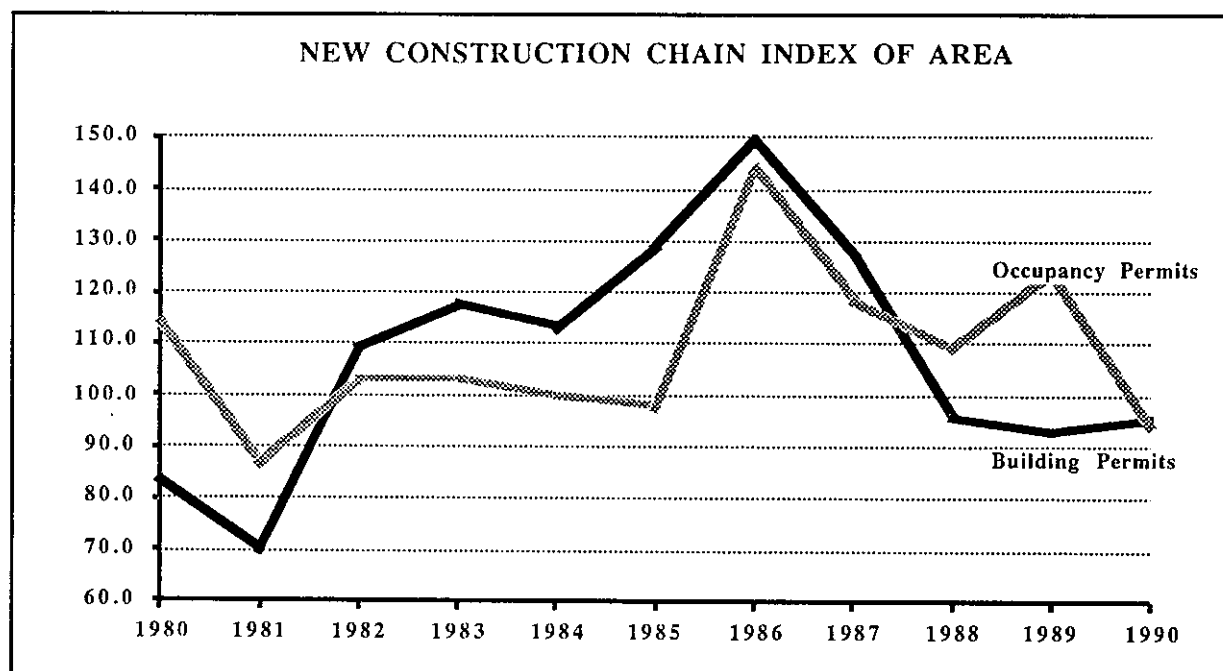
After a long period of expansion (1982-1987), construction activity slowed-down from 1988. Thus, in terms of square metres floor area, construction licences issued dropped 4.3 percent in 1988, 7.3 percent in 1989, and by 4.7 percent in 1990.

### NEW CONSTRUCTION (Construction Licences Issued)

Years	TL	Million	Square Metres (000)	Chain Index	Cost Per Square Metre	Chain Index
1970		8,120.2	19,741.7	115.05	411	105.93
1971		7,171.4	16,909.5	85.65	424	103.11
1972		8,686.4	19,230.9	113.73	452	106.50
1973		13,351.1	24,485.0	127.32	545	120.72
1974		15,136.0	20,347.6	83.10	744	136.42
1975		23,669.1	23,337.5	114.69	1,014	136.34
1976		32,682.9	29,618.7	126.91	1,103	108.80
1977		40,339.0	28,972.6	97.82	1,392	126.18
1978		92,729.1	32,237.3	111.27	2,876	206.59
1979		76,700.8	34,080.0	105.72	2,251	78.24
1980		249,539.7	28,422.4	83.40	8,780	390.10
1981		209,336.5	19,884.3	69.96	10,528	119.91
1982		288,052.0	21,728.7	109.28	13,257	125.92
1983		485,336.4	25,554.9	117.61	18,992	143.26
1984		799,095.0	28,888.6	113.05	27,661	145.65
1985		1,615,191.0	37,251.0	128.95	43,360	156.75
1986		3,881,419.0	55,624.0	149.32	69,780	160.93
1987		6,668,935.6	70,912.1	127.48	94,045	134.77
1988		12,174,500.0	67,861.3	95.70	179,403	190.76
1989		17,232,579.0	62,923.9	92.72	273,864	152.65
1990		26,003,341.0	59,991.6	95.34	433,450	158.27

Source: SIS

The number of construction permits issued by the local authorities in the first quarter of 1991 represent a drop of 25.6 percent, and a fall of 13.1 percent in the number of dwelling units.



**NEW CONSTRUCTION (Occupancy Permits)**

Years	TL	Million	Square Metres (000)	Chain Index	Cost Per Square Metre	Chain Index
1970		3,004.6	8,092.8	100.87	371	106.92
1971		3,308.3	8,068.7	99.70	410	110.52
1972		4,247.8	9,676.3	119.92	439	107.07
1973		5,598.1	10,879.8	112.44	515	117.21
1974		7,318.1	9,808.3	90.15	746	145.01
1975		11,648.0	11,551.4	117.77	1,008	135.15
1976		13,306.2	12,273.6	106.25	1,084	107.51
1977		18,818.6	14,158.6	115.36	1,329	122.60
1978		44,643.2	14,934.1	105.48	2,989	224.91
1979		80,261.5	15,635.9	104.70	5,133	171.71
1980		145,303.5	17,835.1	114.07	8,147	158.71
1981		166,449.9	15,469.9	86.74	10,760	132.07
1982		210,283.6	15,945.1	103.07	13,188	122.57
1983		297,300.0	15,931.0	102.98	18,662	173.44
1984		445,820.0	15,882.0	99.69	28,071	150.42
1985		675,054.0	15,489.0	97.53	43,583	155.26
1986		1,524,261.0	22,295.0	143.94	68,368	156.87
1987		2,421,119.3	26,385.6	118.35	91,759	134.21
1988		5,131,898.3	28,777.4	109.06	178,331	194.35
1989		9,761,683.0	35,588.1	123.67	274,296	153.81
1990		14,542,782.0	33,322.6	93.63	436,424	159.11

Source: SIS

According to the SIS, local authorities issued 21,343 construction permits in the first quarter of the year, as against 28,676 within the same period of 1990. The total area for which construction permits were given amounted to 11,650,746 square metres. The number of dwelling units for which construction permits were granted fell from 84,550 in the first quarter of 1990 to 73,452 in the same period this year.

Of the buildings given construction permits, 11,155 were houses, 7,091 apartments, 1,121 commercial constructions, 446 industrial constructions and 180 were health, social and cultural buildings. Compared to the same period of the previous year, the number of construction permits fell by 29.1 percent for houses, 11.3 percent for apartments, 22.3 percent for commercial constructions, 75.0 percent for industrial construction and by 18.6 percent for other constructions. On the other hand, there was a rise of 25.0 percent in permits for social and cultural buildings.

#### **CONSTRUCTION LICENCES ISSUED AND OCCUPANCY PERMITS (Cumulative)**

	January-March 1990	January-March 1991	Changes %
<b>Construction Licences</b>			
Number	28,676.0	21,343.0	-25.6
Area (000 sqm)	13,324.8	11,650.8	-12.6
Value ( TL million)	4,816,225.0	7,071,536.0	46.8
Number of dwelling units	84,550.0	73,452.0	-13.1
<b>Occupancy Permits</b>			
Number	18,362.0	17,231.0	-6.2
Area (000 sqm)	6,964.9	6,830.9	-1.9
Value ( TL million)	2,470,419.0	4,085,433.0	65.4
Number of dwelling units	45,926.0	44,666.0	-2.7

Source: SIS

In spite of the decrease in the number of buildings for which construction permits were issued and the drop in the total construction area, the value of the licensed buildings increased by 46.8 percent, from TL 4,816 billion in 1990 to TL 7,071 billion in the first three months of this year, paralleling the increase in construction costs.

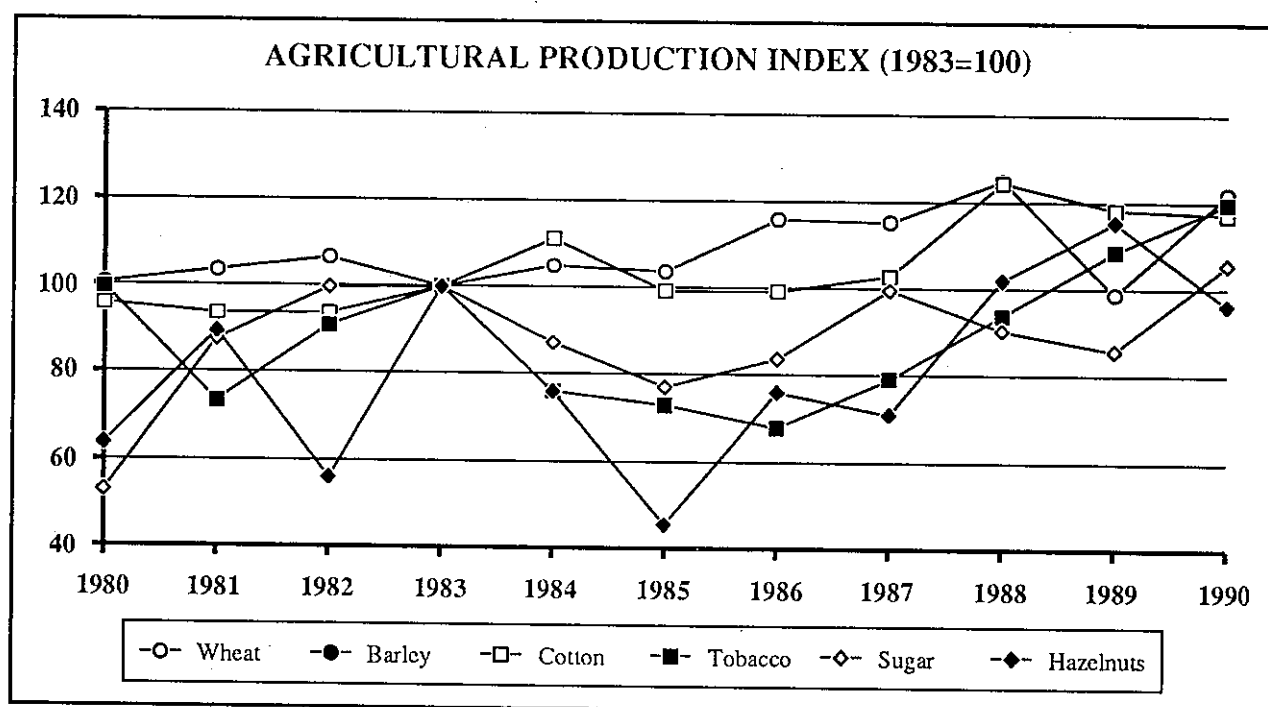
In the given period, the number of buildings issued occupation permits amounted to 17,231, down by 6.2 percent. Total construction area licensed was 6,831 million square meters and the number of dwelling units 44,666.

## Production

### Agricultural Production

Following an outstanding performance in 1988 with GNP growth by agricultural sector at factor cost of 7.9, agriculture registered a negative growth rate of -10.7 percent in 1989 and this trend seem to be reversed in 1990 with a growth rate of 11.8 percent and according to revised SPO figures, agricultural growth in 1991 at factor cost of 3.5 percent.

Wheat production went up from 16.2 million tonnes to 20.0 million tonnes in 1990 (up by 23 percent) and barley production increased to 7.2 million tonnes in 1990 from 4.5 million tonnes in 1989.



### Industrial Production

Industrial value added rose by 10.1 percent in 1990. But there were major differences between growth rates in selected items and sectors. The automotive industry took the lead in growth of production (33.1 percent); minibuses production growth was 116 percent, buses 58 percent, cars 36 percent, trucks 43.5 percent and pick-up trucks 42.7 percent. The basic metals industry also registered a relatively high growth rate 17 percent.

The expansion was particularly marked in the first half of the year. According to the quarterly industrial production index of the State Institute of Statistics, the first quarter growth in relation to the same quarter a year earlier was 10.7 percent. The growth rate declined to 9.6 percent during the second, to 8.7 percent during the third, and to 9.1 percent during the fourth quarters. The growth rate

for machinery and transportation equipment was 31.7 percent for the year, but it was only 22.5 percent for the fourth quarter. The slow-down was even 33.1 more dramatic for the textile industry, which rose 9.5 percent during the first quarter and by 8.1 percent during the second quarter, but fell - 5.6 percent during the third quarter, and by 1.1 percent during the fourth quarter.

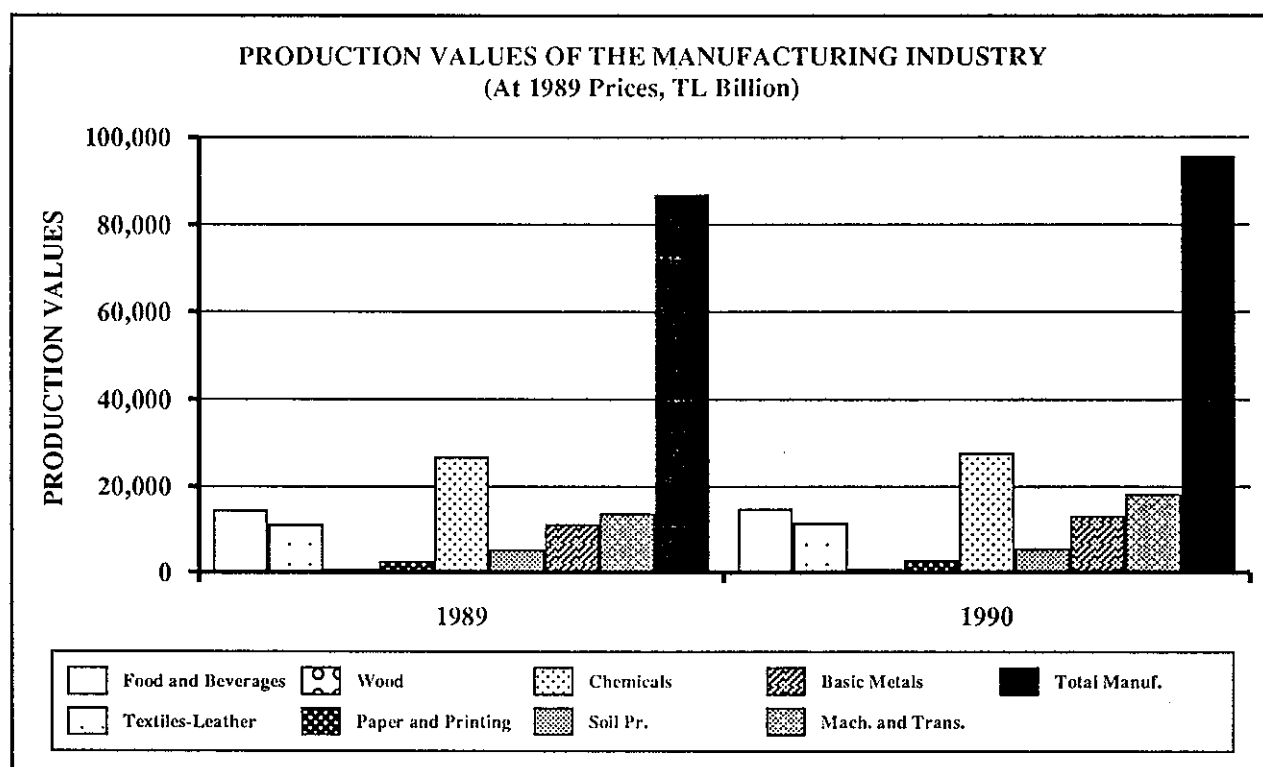
### PRODUCTION VALUES OF THE MANUFACTURING INDUSTRY & RATES OF CHANGES (TL Billion)

Industry Groups	1989	1990*			1990	
	Current Prices	Current Prices	At 1989 Prices	Share in Total Manu.	Growth Rate (%) Current	Constant
Food-Beverages-Tobacco	14,589	22,681	14,824	16.1	55.5	1.6
(Public)	5,767	9,278	5,784	6.6	60.9	0.3
(Private)	8,822	13,403	9,040	9.5	51.9	2.5
Textiles-Leather	11,211	17,287	11,599	12.2	54.2	3.5
(Public)	869	1,354	955	1.0	55.8	9.9
(Private)	10,342	15,933	10,644	11.3	54.1	2.9
Wood Products, Furniture	853	1,411	921	1.0	65.5	8.1
(Public)	289	451	289	0.3	56.3	0.1
(Private)	564	960	633	0.7	70.2	12.2
Paper Products, Printing	2,651	3,917	2,996	2.8	47.8	13.0
(Public)	1,030	1,290	1,110	0.9	25.2	7.7
(Private)	1,621	2,627	1,887	1.9	62.1	16.4
Chem., Petr., Rubber, Plas.	26,952	43,724	27,920	31.0	62.2	3.6
(Public)	13,786	23,499	14,133	16.6	70.5	2.5
(Private)	13,166	20,225	13,787	14.3	53.6	4.7
Non-Metallic Mineral Pr.	5,518	9,658	5,817	6.8	75.0	5.4
(Public)	708	1,191	677	0.8	68.2	-4.4
(Private)	4,810	8,467	5,140	6.0	76.0	6.9
Basic Metals Industry	11,273	15,931	13,187	11.3	41.3	17.0
(Public)	4,153	6,052	5,065	4.3	45.7	22.0
(Private)	7,121	9,879	8,122	7.0	38.7	14.1
Mach., Equip., Trans. Vehi.	13,807	26,413	18,374	18.7	91.3	33.1
(Public)	846	1,419	957	1.0	67.8	13.2
(Private)	12,962	24,995	17,418	17.7	92.8	34.4
Other Manufacturing	135	209	134	0.1	55.2	-0.3
(Public)	7	13	8	0.0	89.6	11.9
(Private)	128	196	127	0.1	53.4	-0.9
TOTAL	86,989	141,231	95,771	100.0	62.4	10.1
(Public)	27,454	44,546	28,975	31.5	62.3	5.5
(Private)	59,534	96,685	66,796	68.5	62.4	12.2

\*Provisional  
Source : SIS

### Manufacturing Industry

The public sector's share in manufacturing decreased 12 points over the past two years. The declining public share in manufacturing can be traced to the halt in public investment in the manufacturing industry. Over the past seven years new investment have been completely halted. On the other hand, the share of the private sector increased by 12 point over the past two years. By the end of 1990, the state's share in output in all the subsectors of the manufacturing industry was below 50 percent, excluding chemicals and oil production.



### THE SHARE OF THE PRIVATE SECTOR IN MANUFACTURING INDUSTRIES (%)

	1988	1989	1990
Food-Beverages-Tobacco	51.0	60.5	59.1
Textile-Leather	81.0	92.2	92.2
Wood Products, Furniture	49.1	66.2	68.0
Paper Products, Printing	54.9	61.1	67.1
Chem.,Petr.,Rubber,Plas.	34.3	48.8	46.3
Non-Metallic Mineral Pr.	82.1	87.2	87.7
Basic Metal Industry	52.0	63.2	62.0
Mach.,Equip.,Trans.Vehi.	93.3	93.9	94.6
Other Manufacturing	95.1	95.0	93.9
Total	56.9	68.4	68.5

### SECTORAL BREAKDOWN OF PRIVATE SECTOR PRODUCTION (%)

	1989	1990*
Food-Beverages-Tobacco	14.8	13.9
Textile-Leather	17.4	16.5
Wood Products, Furniture	0.9	1.0
Paper Products, Printing	2.7	2.7
Chem.,Petr.,Rubber,Plas.	22.1	20.9
Non-Metallic Mineral Pr.	8.1	8.8
Basic Metal Industry	12.0	10.2
Mach.,Equip.,Trans.Vehi.	21.8	25.9
Other Manufacturing	0.2	0.2
Total	100.0	100.0

\* Provisional

Source: SIS

## Employment

The available statistics put the civilian labour force at 20.2 million in 1990 and civilian employment at 18.5 million, leaving 1.7 million unemployed. The official rate of unemployment was 8.3 percent, higher than in 1989 (8.1 percent). Although the GNP growth rate exceeded 9 percent, the rate of employment growth was only 0.1 percent in 1990, with a 5.5 percent decline in manufacturing employment, which points to a strong rise in labour productivity, in particular in the manufacturing sector.

### DEVELOPMENTS IN THE LABOUR MARKET (15+AGE, IN THOUSANDS)

	1988	1989		1990*	Change	
	October(1)	April(2)	October(3)	April(4)	(3/1)	(4/2)
Civilian Labour Force	19,674	20,167	20,139	20,235	2.4	0.3
Civilian Employment	18,093	18,528	18,478	18,555	2.1	0.1
Unemployed	1,581	1,639	1,662	1,680	5.1	2.5
Unemployment rate (%)	8.0	8.1	8.3	8.3		
<b>CIVILIAN EMPLOYMENT by SECTORS</b>						
AGRICULTURE	8,745	9,165	9,096	9,446	4.0	3.1
INDUSTRY	2,730	2,695	2,804	2,549	2.7	-5.4
Mining	214	207	147	176	-31.3	-15.0
Manufacturing Ind.	2,488	2,466	2,627	2,331	5.6	-5.5
Electricity, Gas and Water	28	22	31	42	10.7	90.9
SERVICES	6,618	6,668	6,576	6,560	-0.6	-1.6
Construction	1,002	893	974	835	-2.8	-6.5
Transportation	766	815	812	759	6.0	-6.9
Commerce	2,003	1,975	2,003	1,984	0.0	0.5
Financial Institutions	421	418	431	382	2.4	-8.6
Other Services	2,426	2,567	2,356	2,600	-2.9	1.3
TOTAL	18,093	18,528	18,478	18,555	2.1	0.1

Source: SPO

The slow response by employment to the acceleration of output despite high unemployment may largely be explained as the result of industrial restructuring and the effects of an excessive rise in labour costs.

According to the State Planning Organization, real wages rose sharply during 1990. From 1983 to 1988 the real wages index in the public sector had fallen from 100 to 66. There was a marked increase in 1989, which pulled wages up to 95.7 in 1989, and to 136.2 in 1990. A similar trend was observed in the private sector. The real wage index, which was 100 in 1983, fell to 89.6 in 1988, but went up to 116.2 in 1989 and to 159.2 in 1990.

## Collective Bargaining Agreements

During 1990, 1,954 collective bargaining agreements were made; these involved 483,852 workers and 11,399 establishment. In the first four months of 1991, number of collective bargaining agreements increased to 2,560.

### COLLECTIVE BARGAINING AGREEMENTS

	1987	1988	1989	1990	1991*
Number of Collective Barg. Agre.	2,343	2,454	2,725	1,954	2,560
Public	460	705	566	881	-
Private	1,883	1,749	2,159	1,073	-
Number of Workers Involved	923,088	629,303	829,341	483,852	418,892
Public	641,244	248,177	631,197	278,590	-
Private	281,844	381,126	198,144	205,262	-
Number of Establishments	7,623	10,576	10,329	11,399	3,959
Public	4,895	7,000	7,706	7,799	-
Private	2,728	3,576	2,623	3,600	-

\* January - April

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)	1,196.0	1,144.0	1,390.0	95.7	116.2
1990(2)	1,842.0	2,508.2	2,932.6	136.2	159.2

(1) Provisional

(2) Estimate

Source :SPO





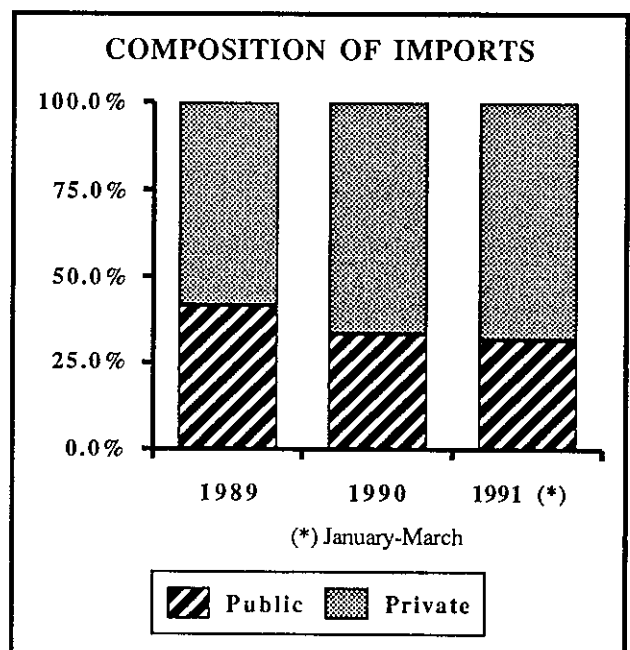
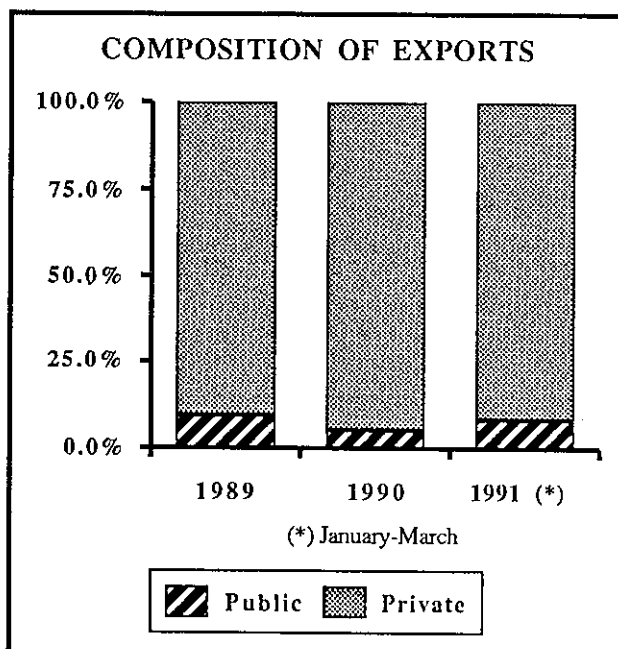
## CHAPTER II

### FOREIGN ECONOMIC RELATIONS

As a consequence of the strong economic expansion, the real appreciation of the Lira in foreign exchange markets, and -from the second half of the year- as a result of the negative effects of the Gulf conflict on trade and tourism, the current account, which had shown a sizeable surplus in the two preceding years, went into deficit to the tune of \$ 2.6 billion in 1990. This large external deficit arose principally as a result of the increase in the foreign trade deficit from \$ 4.2 billion to a record \$ 9.6 billion, whereas the surplus on invisibles -despite the weakening growth of tourism receipts- increased to \$ 2.4 billion.

The negative impact of the Gulf crisis on the current account balance cannot be ascertained with accuracy, but may well have been of the order of \$ 1.5 billion in 1990. This has been only partly compensated by foreign grants, shown under official unrequited transfers, amounting to \$ 754 million, although further assistance has been promised.

The financing of the current account deficit posed no problem, and was achieved through a series of trade related short-term credits. Developments in the various components of the balance of payments over the past few years are set out in more detail below.



## FOREIGN TRADE AND GROSS DOMESTIC PRODUCT

		1989	1990	1991 (*)
<b>GDP</b>	<b>TL Billion</b>	167,457.1	283,187.1	-
<b>Exports</b>	<b>TL Billion</b>	24,819.3	34,071.0	-
	<b>\$ Million</b>	11,624.7	12,959.5	3,379.8
<b>Imports</b>	<b>TL Billion</b>	33,762.2	58,755.2	-
	<b>\$ Million</b>	15,792.1	22,302.3	4,916.7
<b>Foreign Trade Volume</b>	<b>TL Billion</b>	58,581.5	92,826.2	-
	<b>\$ Million</b>	27,416.8	35,261.8	8,296.5
<b>Exports in GDP</b>		14.8%	12.0%	
<b>Imports in GDP</b>		20.2%	20.7%	
<b>Foreign Trade in GDP</b>		35.0%	32.8%	
<b>Share of Exports in Total Trade</b>		42.4%	36.8%	40.7%
<b>Share of Imports in Total Trade</b>		57.6%	63.2%	59.3%
<b>Export/Import</b>		73.6%	58.1%	68.7%

(\*) January-March

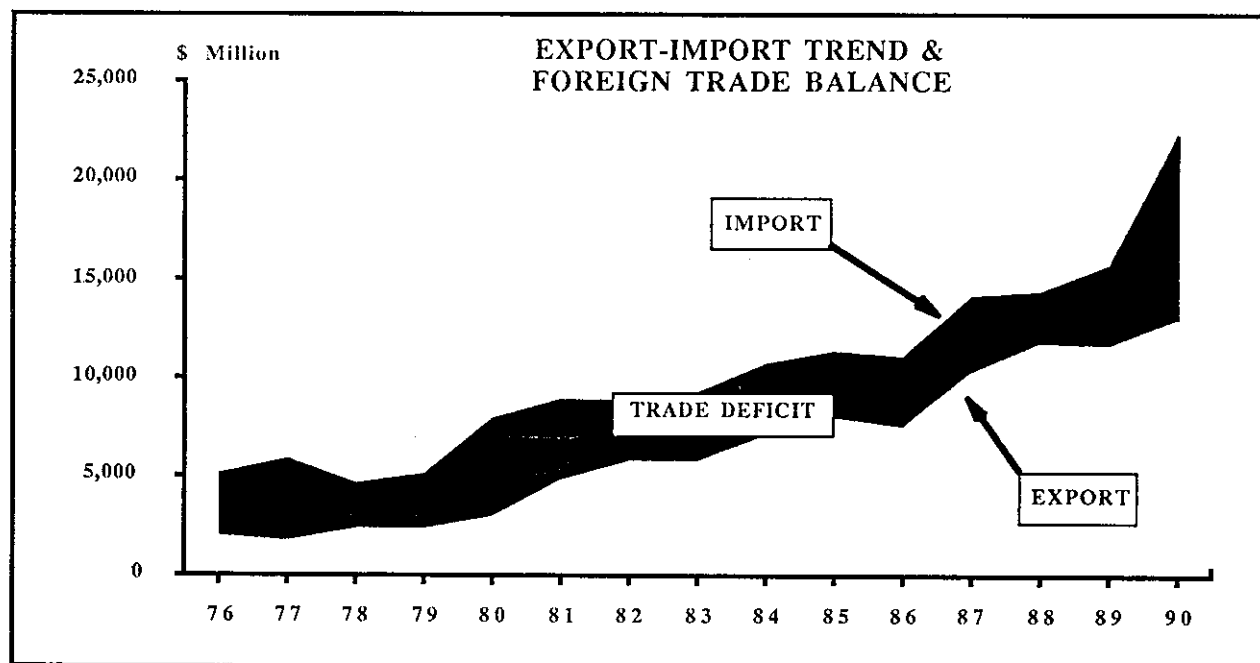
Source: SIS

### Foreign Trade

The outstanding feature of merchandise trade developments has been the rapid increase of imports, which rose by 41.2 percent to \$ 22.3 billion under the stimulus of strong domestic economic growth, rising oil prices, and cross-currency movements in conjunction with the weakening of the US dollar. Contributing factors were also further trade liberalization and the reduction of tariffs and levies on imports, as well as the continuing real appreciation of the Lira.

In line with the pattern of domestic demand, the shares of investment and consumer goods imports rose to 26.6 percent and 12.9 percent respectively, whereas the share of raw materials fell to 60.5 percent (compared to 66.9 percent in 1989). The volume of imports by country groups also changed and, in particular, there was a notable increase in imports from the EC countries.

In contrast to imports, Turkish exports in 1990 were relatively sluggish. Although they rose in current dollar terms by 11.5 percent, their increase by volume was of only 2.0 percent, a performance which was only marginally better than in 1989, when export volumes stagnated. To some extent, the disappointing export performance in the past two years was the consequence of



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

	1989	1990	Share (%)	Change (%)	1991 (*)	Share (%)
<b>A. IMPORTS</b>	15,792.1	22,302.1	100.0	41.2	4,916.7	100.0
<b>1. PUBLIC</b>	6,579.7	7,459.5	33.4	13.4	1,564.1	31.8
- Consumption Goods	604.7	874.8	3.9	44.7	202.8	4.1
- Investment Goods	1,440.0	1,178.8	5.3	-18.1	329.0	6.7
- Raw Materials	4,535.0	5,405.9	24.2	19.2	1,032.2	21.0
<b>2. PRIVATE</b>	9,212.5	14,842.6	66.6	61.1	3,352.6	68.2
- Consumption Goods	784.2	2,148.7	9.6	174.0	504.1	10.3
- Investment Goods	2,405.2	4,610.9	20.7	91.7	958.8	19.5
- Raw Materials	6,023.1	8,083.1	36.2	34.2	1,889.8	38.4
<b>3. TOTAL</b>			100.0			100.0
- Consumption Goods	1,388.9	3,023.5	13.6	117.7	706.9	14.4
- Investment Goods	3,845.1	5,789.7	26.0	50.6	1,287.8	26.2
- Raw Materials	10,558.1	13,489.0	60.5	27.8	2,922.0	59.4
<b>B. EXPORTS</b>	11,624.7	12,959.3	100.0	11.5	3,379.8	100.0
<b>1. PUBLIC</b>	1,085.8	674.7	5.2	-37.9	277.2	8.2
<b>2. PRIVATE</b>	10,538.9	12,284.6	94.8	16.6	3,102.6	91.8
<b>C. FOREIGN TRADE BALANCE</b>	-4,167.4	-9,342.8		124.2	-1,536.8	
<b>1. PUBLIC</b>	-5,493.8	-6,784.8		23.5	-1,286.9	
<b>2. PRIVATE</b>	1,326.4	-2,558.0		-	-250.0	

(\*) January-March

Source: SIS

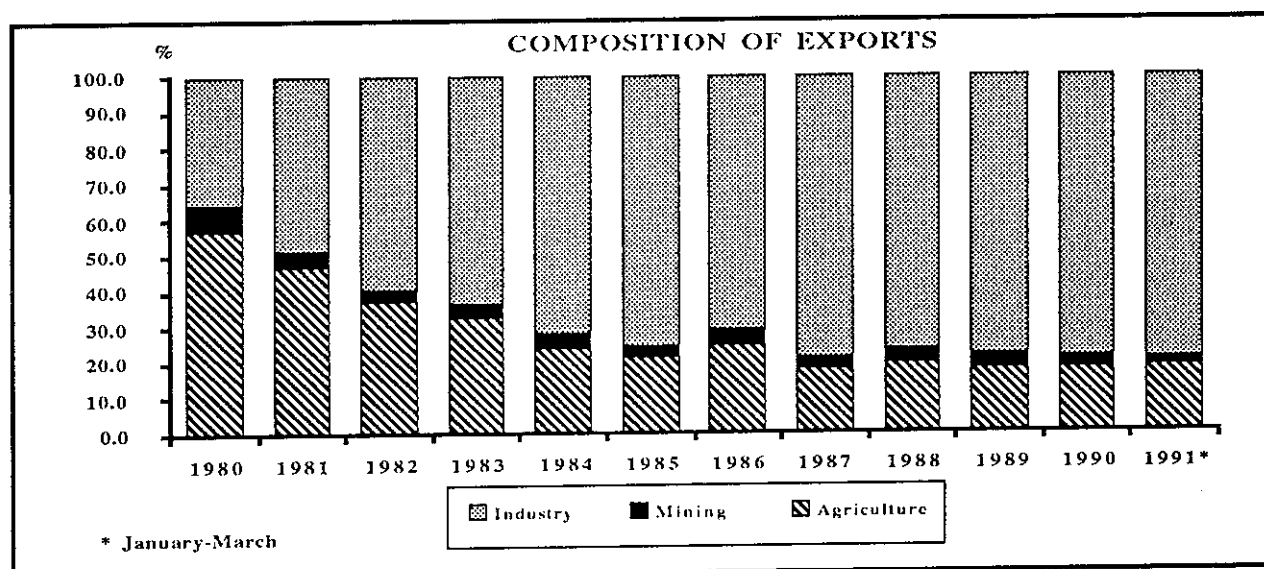
## EXPORTS BY SECTORS AND BY COUNTRY GROUPS (\$ Million)

	1989	Share (%)	1990	Share (%)	Change (%)	1991(*)	Share (%)
<b>BY SECTORS</b>							
Agriculture	2,126	18.3	2,388	18.4	12.3	645	19.1
Mining	413	3.6	331	2.6	-19.8	54	1.6
Industry	9,086	78.2	10,240	79.0	12.7	2,681	79.3
<b>BY COUNTRY GROUPS</b>							
EC Countries	5,408	46.5	6,893	53.2	27.5	1,919	56.8
Other OECD	1,767	15.2	1,917	14.8	8.5	463	13.7
Islamic Countries	2,870	24.7	2,490	19.2	-13.2	595	17.6
East European Countries	1,101	9.5	1,050	8.1	-4.6	283	8.4
Others	479	4.1	609	4.7	27.3	120	3.5
<b>TOTAL</b>	11,625		12,960		11.5	3,380	

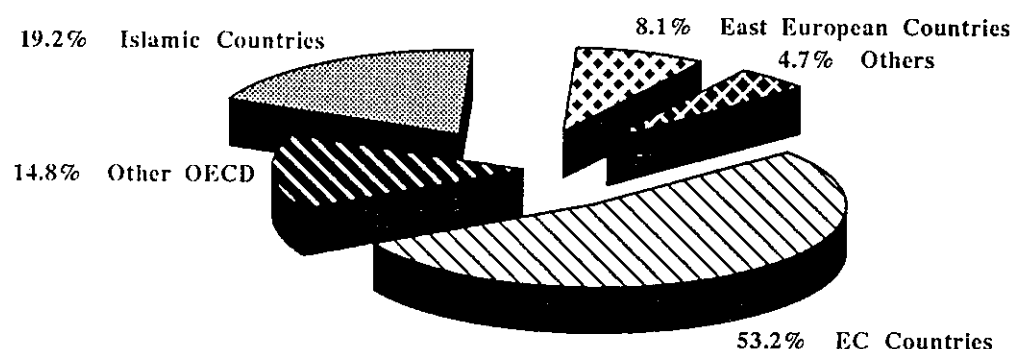
\* January-March

Source: SIS

the harvest failure in 1989, as a considerable share of Turkish exports -directly or indirectly- is still agriculture-based. Thus, some 18.0 percent of total merchandise exported consists of farm products, to which must be added a similar, if not larger percentage processed by industry. However, this is probably only part of the picture. The slow-down in the trend of export growth set in several years ago, when export incentives were reduced, by abolishing tax rebates and effectively reducing the real rate of depreciation of the Lira. These measures, in conjunction with a re-kindling of domestic demand via public works and a real estate boom-notably in the large cities and resorts in the Mediterranean area, have apparently diverted resources from the export sector to the more lucrative domestic activities. This conclusion is borne out if one looks at the public sector and private sector trade balances. Traditionally, the public sector runs a large foreign trade deficit



### COMPOSITION OF EXPORTS BY COUNTRIES 1990



and private sector trade balances. Traditionally, the public sector runs a large foreign trade deficit because of its dominating role in such key import sectors, such as oil and certain other basic products, and only minor role in exports. By contrast, the private sector normally exports more than it imports. This latter feature changed in 1990, when the private sector's foreign trading resulted in a deficit of \$ 2.6 billion.

As has already been noted as regards imports, the country composition of exports also changed in favour of the EC countries (and notably Germany). This latter group accounted for 53.3 percent of total exports of \$ 12,960 million.

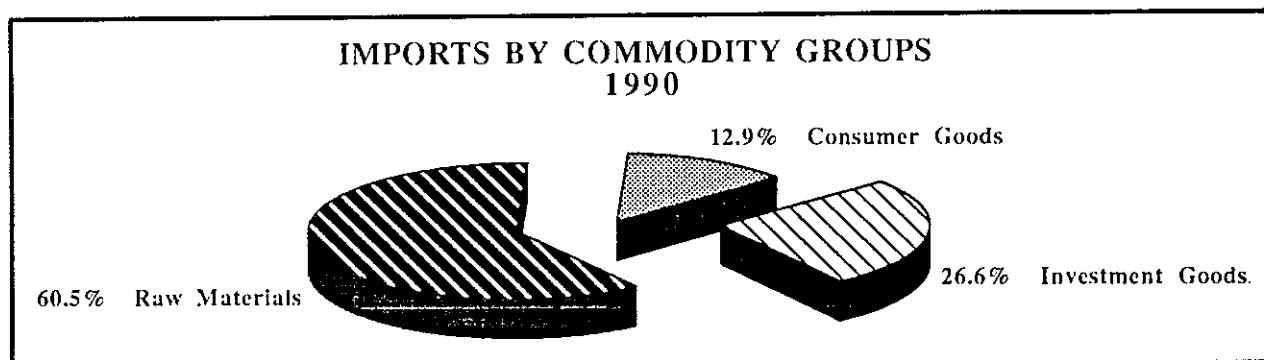
Investment goods increased to 26.6 percent of total imports in 1990, but dropped to 26.2 percent in the first quarter of 1991.

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

	1989	Share (%)	1990	Share (%)	Change (%)	1991(*)	Share (%)
<b>BY COMMODITY</b>							
Investment Goods	3,845	24.3	5,928	26.6	54.2	1,288	26.2
Raw Materials	10,558	66.9	13,489	60.5	27.8	2,922	59.4
Consumer Goods	1,389	8.8	2,885	12.9	107.7	707	14.4
<b>BY COUNTRY GROUPS</b>							
EC Countries	6,055	38.3	9,328	41.8	54.1	2,077	42.2
Other OECD	3,858	24.4	4,897	22.0	26.9	1,117	22.7
Islamic Countries	2,921	18.5	3,855	17.3	32.0	804	16.3
East European Countries	1,599	10.1	2,486	11.1	55.5	492	10.0
Others	1,359	8.6	1,737	7.8%	27.8	427	8.7
<b>TOTAL</b>	<b>15,792</b>		<b>22,302</b>		<b>41.2</b>	<b>4,917</b>	

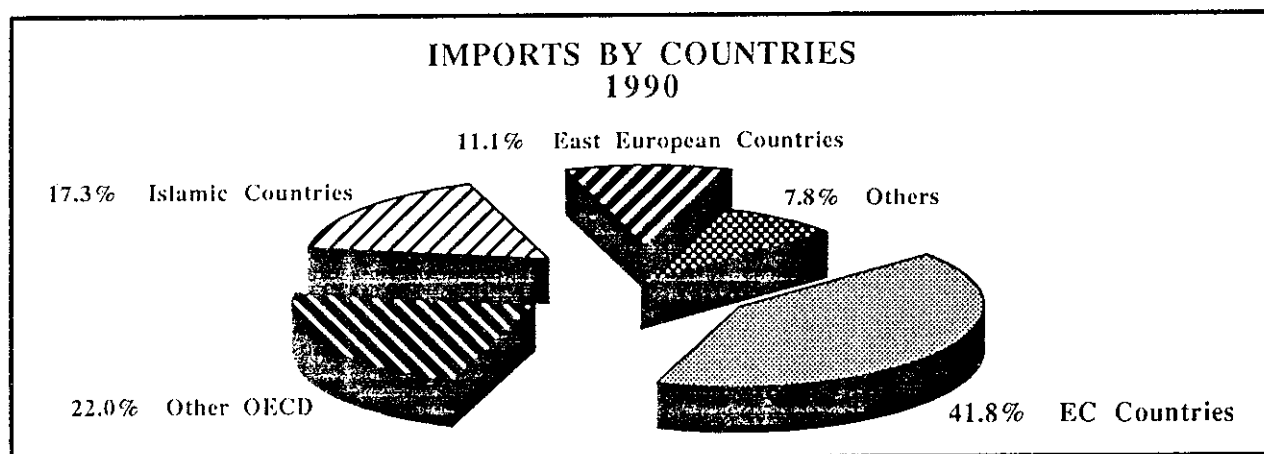
\* January-March

Source: SIS



Imports of industrial products represented 76.2 percent, or \$ 16,997 million, of total imports in 1990. Agricultural and livestock imports amounted to \$ 1,319 million, showing an increase of 26.7 percent over 1989. Mining and quarrying imports also increased, by 37.5 percent.

In the first quarter of 1991, imports of industrial products increased to \$ 4,004 million, by 20.3 percent as compared with the same period of 1990, agricultural and livestock imports decreased to \$ 197.2 million that is by 56.9 percent, and mining and quarrying imports went down to \$ 715.8 million a decrease of 22.2 percent.



#### TRADE BALANCE (\$ Million)

	Public	Private	Total
1989	-5,466	1,298	-4,167
1990	-6,771	-2,572	-9,343
1991(*)			-1,537
Change 90/89	23.9%		124.2%

\* January-March

Source: SIS

In the first quarter of 1991, OECD countries' share of total imports increased to 65.0 percent from 63.4 percent, and imports from Islamic countries fell from 20.0 percent to 16.3 percent.

The share of EC countries increased only 0.2 point, to 42.2 percent in January-March 1991.

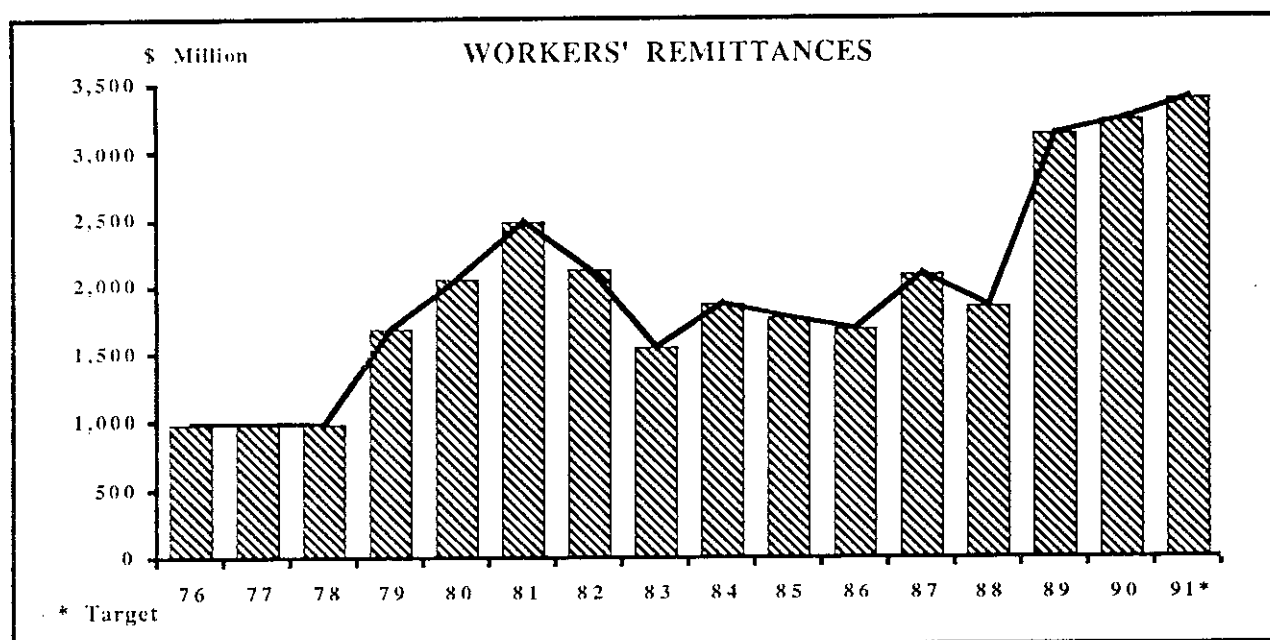
**BALANCE OF PAYMENTS**  
(\$ Million)

	1987	1988	1989	1990	1991(*)
<b>A. CURRENT ACCOUNT BALANCE</b>	-982	1,596	961	-2,611	-219
1. Trade Balance	-3,229	-1,777	-4,219	-9,554	-1,342
a. Merchandise Exports (FOB)	10,322	11,929	11,780	13,026	3,381
- Exports (FOB)	10,190	11,662	11,625	12,960	3,380
- Transit Trade	132	267	155	66	1
b. Merchandise Imports	-13,551	-13,706	-15,999	-22,580	-4,723
- Imports (CIF)	-14,158	-14,335	-15,792	-22,302	-4,917
- Gold Imports	-121	-32	-1,058	-1,532	-97
- Transit Trade	-88	-161	-76	-45	0
- Freight-Insurance	816	822	927	1,299	291
2. Balance of Invisibles	-171	1,214	1,622	2,437	46
a. Invisible Earnings	4,111	6,026	7,098	8,933	1,754
- Tourism	1,476	2,355	2,557	3,225	295
- Others	2,635	3,671	4,541	5,708	1,459
b. Invisible Expenditures	-4,282	-4,812	-5,476	-6,496	-1,708
- Tourism	-448	-358	-565	-520	-151
- Foreign Debt Interest	-2,507	-2,799	-2,907	-3,264	-923
- Others	-1,327	-1,655	-2,004	-2,712	-634
3. Unrequited Transfers	2,418	2,159	3,558	4,506	1,077
a. Private Incomes	2,088	1,846	3,171	3,374	668
- Workers' Remittances	2,021	1,776	3,040	3,246	658
- Imports Waiver	67	70	108	128	10
- Migrant Transfers	0	0	23	0	0
b. Private Unrequited Transfers	-22	-19	-36	-25	-4
c. Official Unrequited Transfers	352	332	423	1,157	413
<b>B. CAPITAL EXCLUDING RESERVES</b>	2,010	-958	780	3,966	-1,744
1. Private Foreign Capital	110	354	663	713	128
2. Portfolio Investments	-29	1,178	1,586	547	28
3. Long-term Capital	1,573	-209	-885	-294	-669
- Credit Use	3,662	3,124	2,620	3,595	1,060
- Dresdner	568	594	518	49	-615
- Principal Accounts Repayments	-2,657	-3,927	-4,023	-3,938	-1,114
4. Short-term Capital	356	-2,281	-584	3,000	-1,231
- Assets	-945	-1,428	371	-409	-1,207
- Liabilities	1,301	-853	-955	3,409	-24
<b>C. NET ERRORS &amp; OMISSIONS</b>	-459	515	971	-411	-24
<b>D. EXCEPTIONAL FINANCING</b>	0	0	0	0	0
<b>E. COUNTERPART ITEMS</b>	424	-263	50	364	-257
<b>F. RESERVE TRANSACTIONS</b>	-993	-890	-2,762	-1,308	2,244
- IMF	-344	-469	-252	-53	0
- Official	-649	-421	-2,510	-1,255	2,244

(\*) January-March

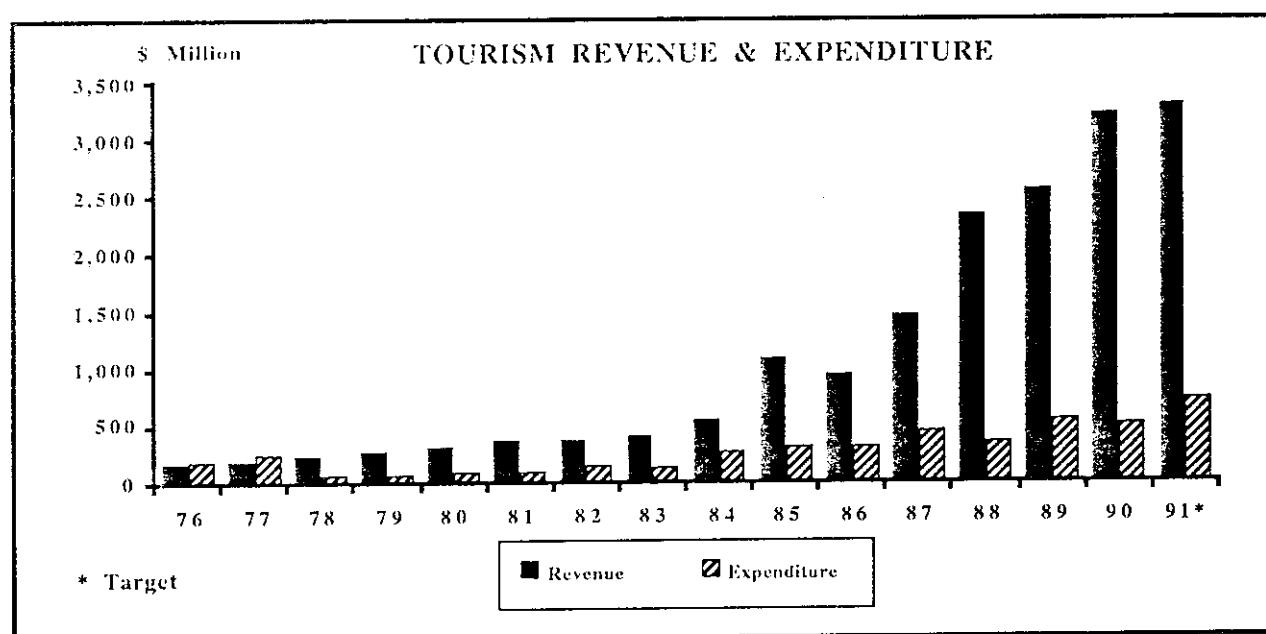
Source: The Central Bank





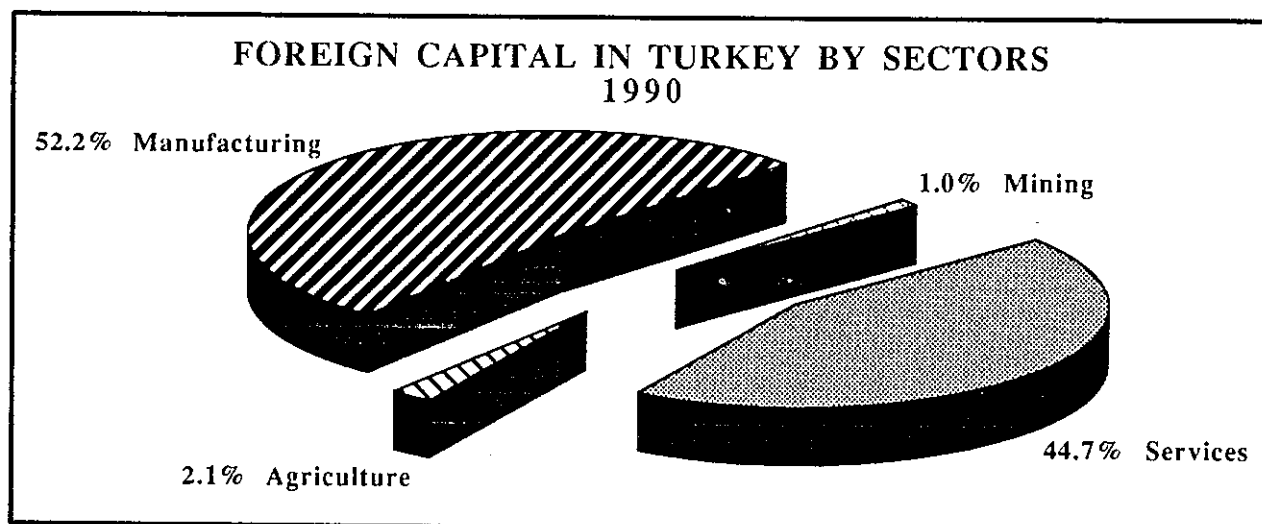
### Invisibles Balance

Despite the heavy interest payments burden (\$ 3.3 billion in 1990) resultant from an over-large foreign debt, Turkey's invisibles balance shows a substantial and still rising surplus. The latter reached \$ 6.9 billion last year, and \$ 3.4 billion in 1988: non-factor services contributed the bulk of invisibles earnings. For example, tourism receipts, though still relatively modest in relation to those of Spain or Portugal, rose to \$ 3.2 billion, or by some twenty percent. Receipts would have risen more if the Gulf crisis had not led to some slowdown in tourist arrivals in the second half of the year. Private transfers, mainly workers' remittances, also rose, to \$ 3.3 billion (net). Finally, a buoyant item has become direct investment inflows, which rose to \$ 741 million in 1990.



## Capital Balance

Before the 1980 change in policy, foreign capital investment was insignificant, amounting to a cumulative total of only some \$ 230 million. From 1980 onwards genuine efforts were made to attract foreign investment in order to speed up economic development. Red tape was drastically reduced and the processing of foreign investment applications was centralised, with the result that the examination process has become much more rapid. Major fields of interest by foreigners have been the manufacturing industries and trading, but tourism has also proved to be an attractive field in recent years.



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

YEARS	NUMBER OF FIRMS	AMOUNTS \$ Million	CUMULATIVE \$ Million	ENTRY \$ Million
BEFORE 1979			234.9	
1979	91	-6.4	228.5	
1980	100	97.0	325.5	
1981	127	337.5	663.0	141.0
1982	170	167.0	830.0	103.0
1983	185	102.7	932.7	87.0
1984	267	271.4	1,204.1	162.0
1985	317	234.5	1,438.6	158.0
1986	474	364.0	1,802.6	170.0
1987	698	536.5	2,339.1	171.0
1988	827	824.5	3,163.6	406.0
1989	990	1,470.5	4,634.1	738.0
1990	943	1,784.3	6,418.4	789.0
1991(*)	276	456.0	6,874.4	

(\*) January-April

Source: SPO

Strong interest has become particularly noticeable over the last two years. Thus, the State Planning Organization (SPO) issued licences for \$ 1,784 million worth of foreign capital investments in 1990 and \$ 1,471 million in 1989. These licences increased the total foreign capital stake in Turkey to \$ 6.4 billion at the end of 1990 and to \$ 6.9 billion in April 1991.

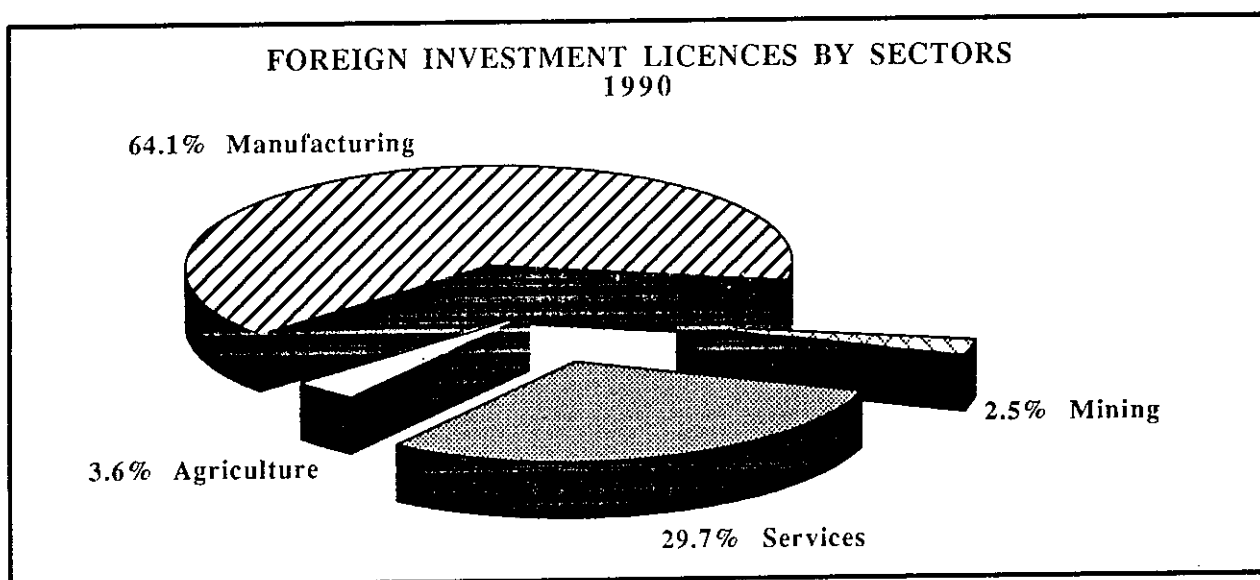
Of the \$ 1,784 million licenced last year, \$ 1,143 million was in the manufacturing sector, \$ 531 million in services, \$ 45 million in mining, and \$ 65 million in agriculture. Of the total, \$ 604.3 million will come in the form of completely new investments, \$ 95.0 million as extension works, \$ 854.5 million will be used for capital expansion, and \$ 230.5 million for portfolio investments.

The biggest investment amount, \$ 338.9 million, is directed at the cement industry, followed by motor vehicles with \$ 302.5 million, tourism with \$ 249.4 million, and the banking industry with \$ 93.2 million.

Of the 1,813 enterprises, 307 were set up with the capital participation of German interests; 183 firms have been set up with the capital participation of Iran, and next in order are British investors, 148 in all.

Of the total joint venture capital of TL 7,944 billion, TL 4,668 billion is owned by the 508 firms operating in the manufacturing sector. This sector is followed by the services sector, where 1,224 firms operate with a combined equity of TL 3,094 billion.

During the first four months of 1991, 57.0 percent of licences issued by the SPO were in the manufacturing sector, 41.6 percent in services, 0.9 percent in mining and 0.5 percent in agriculture. Only 38.4 percent of the total \$ 456 million investment licences were in the form of



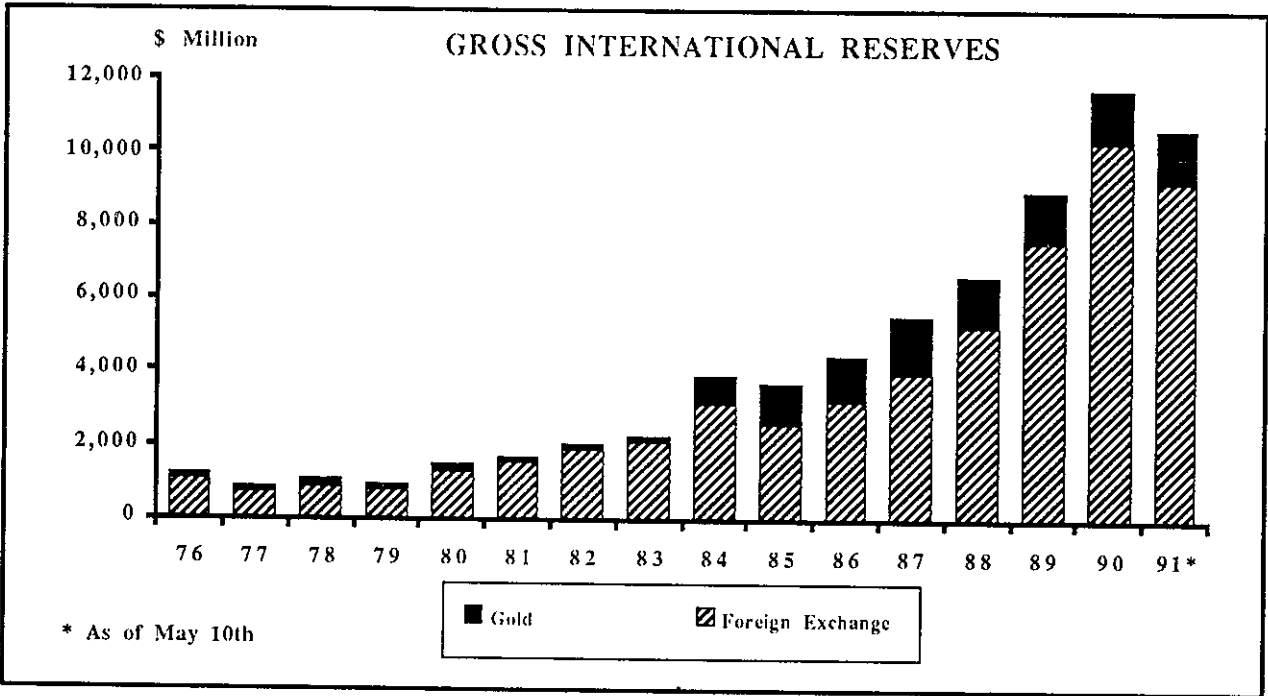
new investment. The largest share, 52.0 percent, came as extension works. The biggest single investment (\$ 95.3 million) was realized in tourism, followed by banking and non-ferrous metals.

In the same period, the total number of foreign companies operating in Turkey rose to 1,879, with a total foreign capital of TL 4,395 billion.

At the end of April 1991, the share of total foreign capital in the manufacturing sector decreased to 50.1 percent and in the services sector to 42.7 percent.

**Portfolio Investment**

In recent years, Turkey has made use of bond issues abroad in order to raise development capital; as a result of the Gulf conflict, however, the total figure amounted to only \$ 1,586 million in 1989, but only \$ 547 million in 1990. But this was partly compensated for by larger official credit inflows.



**Credit Utilization and Debt Repayment**

Last year, official credits rose by about 50.0 percent to \$ 2.1 billion whilst financial markets provided \$ 1.1 billion. The Dresdner Bank savings scheme provided (net) only \$ 49 million, due to a change in Central Bank policy vis-a-vis this form of raising capital abroad. Debt repayments

continued at their high level of the previous two years, amounting to \$ 3.9 billion in 1990.

Overall, the capital balance showed a surplus of \$ 868 million, which was lower by some \$ 400 million than in the previous two years; a difference that can be explained by the reduction of the Dresdner Bank scheme.

As already mentioned, short-term capital inflows were very substantial in 1990, \$ 3 billion, compared to net outflows of \$ 2.3 billion in 1988, and \$ 554 million in 1989. As the basic balance was in deficit by only \$ 1.7 billion, the foreign exchange reserves continued to increase. At the end of 1990 they stood at \$ 11,817 million (net) covering more than 6 months imports; by May 10 this year, however, the net total had skipped slightly to \$ 10,643 million.

### Foreign Exchange Rates

The 1990 Lira devaluation rates against the US dollar, Sterling and the Deutsche Mark were 28.1 percent, 49.8 percent, and 40.8 percent, respectively. The percentages for the Swiss Franc, Belgian Franc, French Franc, Austrian Schilling and Japanese Yen were, in that order, 50.5 percent, 43.5 percent, 41.8 percent, 40.9 percent and 33.6 percent.

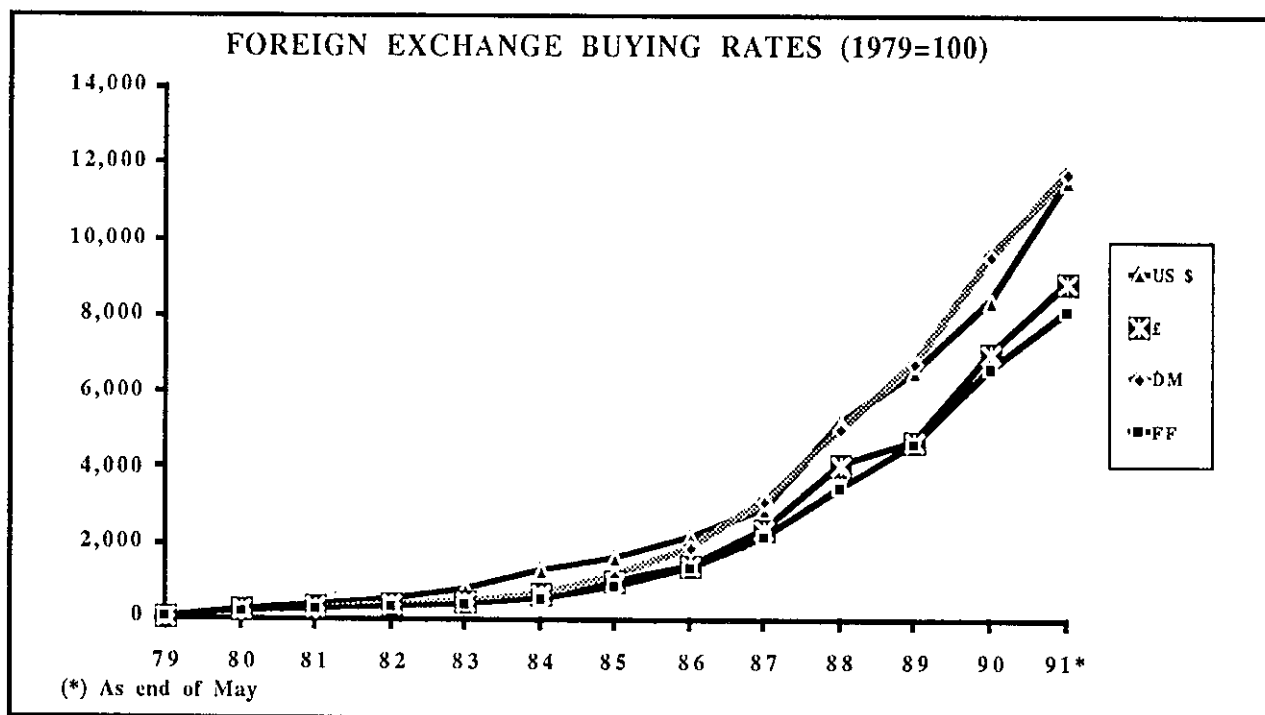
#### EXCHANGE BUYING RATES (End of Year, TL)

	1989	1990	Change (%)	1991(*)	Change (%)
US Dollar	2,304.4	2,951.1	28.1	4,024.9	36.4
Sterling	3,723.9	5,579.0	49.8	7,025.5	25.9
DM	1,369.6	1,928.8	40.8	2,373.6	23.1
French Franc	400.6	568.1	41.8	699.8	23.2
Swiss Franc	1,501.2	2,259.6	50.5	2,785.4	23.3
Belgian Franc	65.1	93.4	43.5	115.3	23.5
Austrian Schilling	194.7	274.2	40.9	336.9	22.8
Japanese Yen	16.2	21.6	33.6	29.3	35.8

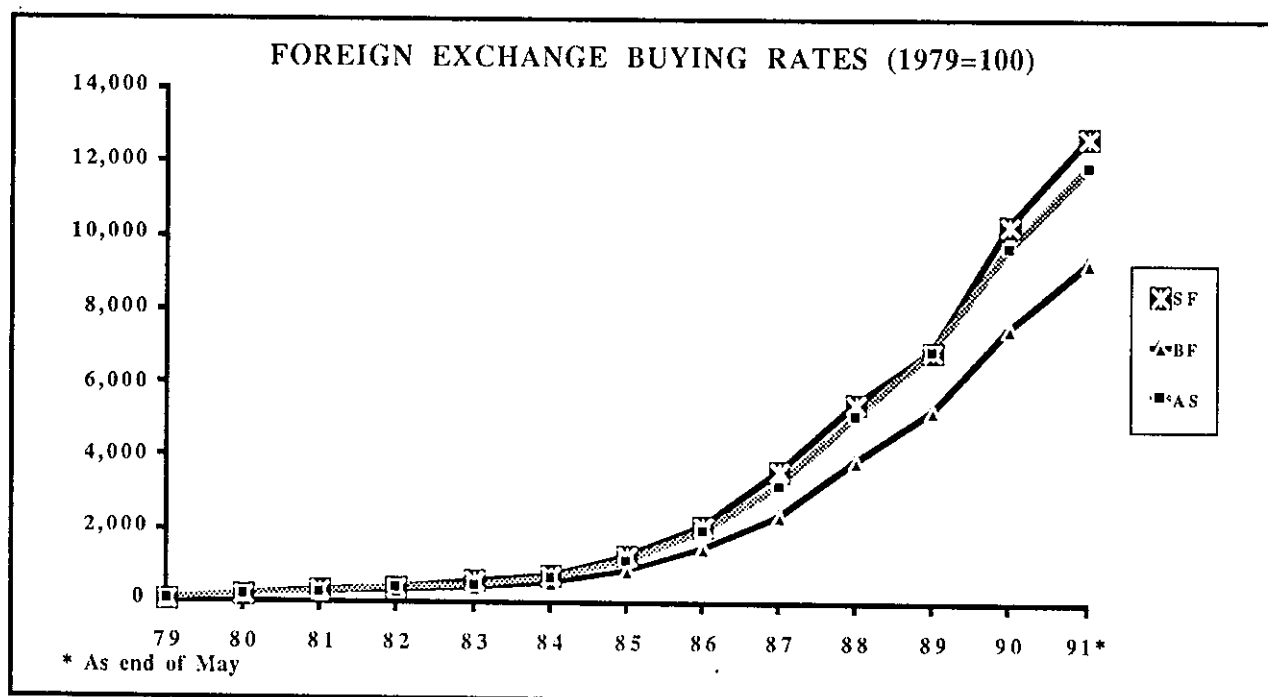
(\*) As at the end of May

Source: The Central Bank

This was less than domestic inflation rates, minus inflation abroad so that , as a result, the Turkish Lira continued to be revalued in real terms.

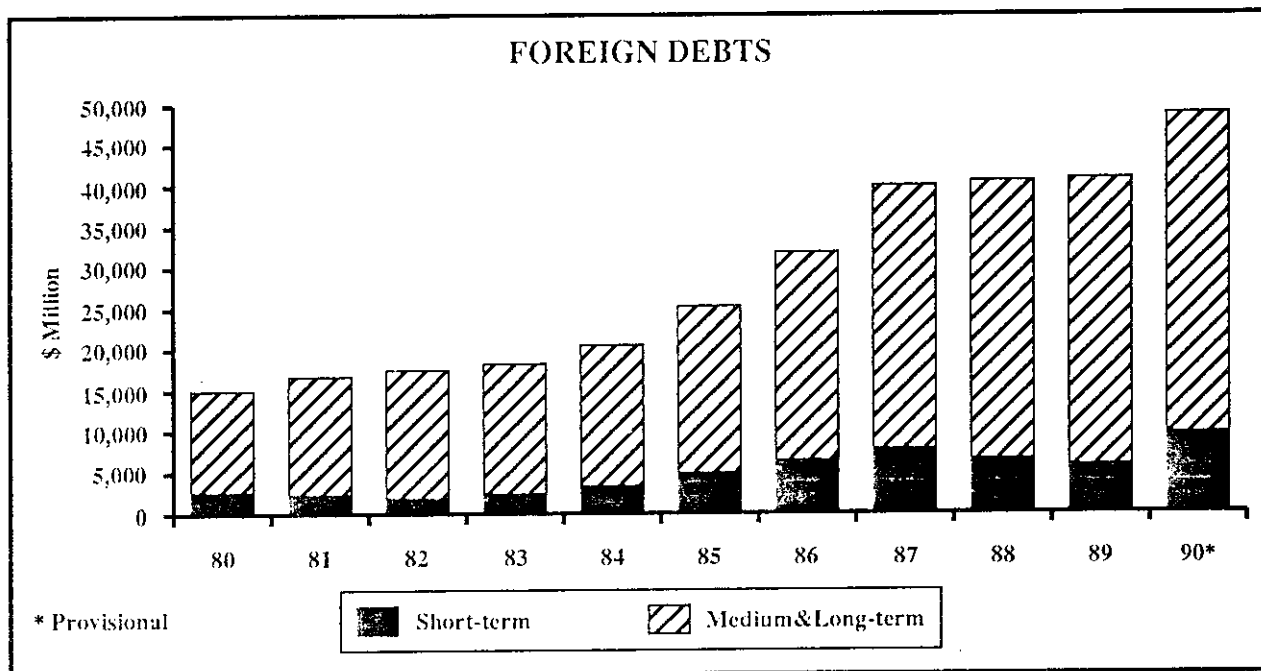


As at the end of May, 1991, the post-1990 Lira devaluation rate against the US dollar was 36.4 percent, against the Yen it was 35.8 percent, but the average loss of Lira value against the other major currencies quoted above was only 26.6 percent.



## Foreign Debts

During the past 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 total of the external debt over the past seven years reached no less than 137.4 percent, rising from \$20,659 million in 1984 to \$ 49,036 million in 1990.



However, in terms of GNP, the level of the foreign debt cannot be considered excessive, since its share has fallen from 59.0 percent in 1987 to 45.0 percent in 1990. A more worrying aspect may be said to be the increase of the short-term debt ratio in the total foreign debt to 19.4 percent, as against 14.0 percent at the end of 1989.

## OUTSTANDING PUBLIC DEBTS (\$ Million)

	1989	Share (%)	1990(*)	Share (%)	Change (%)
Medium&Long-term	35,276	86.0	39,535	80.6	12.1
IMF	(48)	0.1	0	0.0	-100.0
Short-term	5,745	14.0	9,500	19.4	65.4
Normal Debts	2,950	7.2	5,524	11.3	87.3
Turkish Citizens	2,795	6.8	3,976	8.1	42.3
<b>TOTAL</b>	<b>41,021</b>		<b>49,035</b>		<b>19.5</b>

(\*) Provisional

Source: SPO

## FOREIGN DEBT INDICATORS (%)

	1985	1986	1987	1988	1989	1990
Debt Ratio to GNP	48.1	55.6	59.3	58.0	51.5	45.0
Short Term/Total Debt	18.7	19.8	18.9	15.8	14.0	19.4
Turkish Citizens*/Short-term	32.4	31.2	34.3	37.9	48.6	41.8
Payments Ratio to GNP	8.1	7.3	7.9	10.2	9.0	6.7
Debt Servicing Ratio**	32.9	33.8	36.4	40.4	36.7	31.2

\* 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 earnings from exports and other goods and services (net) and unrequited transfers.

### Foreign Debt Payments

At the end of 1990, total debt servicing payments reached \$ 7,255 million, of which \$ 3,938 million was repayments of principal, \$ 3,264 million interest payments, and \$ 53 million payments to the IMF. The total figure represents a 1.0 percent increase over the same period of the previous year's \$7,182 million.

## ANNUAL DEBT SERVICING PAYMENTS (\$ Million)

	1985	1986	1987	1988	1989	1990*	1991**
Principal	2,670	2,617	2,657	3,927	4,023	3,938	1,114
IMF	103	241	344	469	252	53	0
Interest	1,619	1,619	2,507	2,799	2,907	3,264	923
<b>TOTAL</b>	<b>4,392</b>	<b>4,477</b>	<b>5,508</b>	<b>7,195</b>	<b>7,182</b>	<b>7,255</b>	<b>2,037</b>

\* Provisional

\*\* January-March, provisional

Source: The Central Bank

During the first quarter of 1991, total debt servicing amounted to \$ 2,037 million, of which \$1,114 million was principal and \$ 923 million interest payments.





## **CHAPTER III**

### **ECONOMIC AND FISCAL POLICIES**

Notwithstanding Turkey's shortcomings in so far as infrastructure and per capita income are concerned, persistently high rates of inflation, along with balance of payments considerations, necessitate a cautious approach to the stimulation of economic growth. Thus, government policy has been -and will continue to be- to stress the need for fiscal and monetary discipline. Even so, it has been difficult to pursue this policy in the face of such external shocks as those caused by the Gulf crisis, and domestic political problems, of which labour unrest is but a single example.

The economic stabilization programme embarked upon in 1980 had as one of its many results a gradual reduction in the public sector borrowing requirement, from around 10 percent of GNP to less than 5 percent in 1986. This stemmed to an important extent from an austerity policy which, in real terms, brought about a reduction in workers' incomes.

Obviously, however, this restrictive stance could not be maintained indefinitely. The Central government and local administrations gradually embarked upon more expansionist expenditure programmes, with a directly related rise in the PRSB (Public Sector Borrowing Requirement)- which, in fact, probably exceeded 10 percent in 1990.

On the otherhand, it was easier to maintain a relatively tight monetary policy, though liberalization of foreign exchange transactions and the policy of subsidising foreign exchange deposits under the Central Bank's Dresdner Bank scheme helped to swell the expansion of the money supply.

Thus, overall economic policies have probably been more expansive than was warranted, notably in 1990. This will be discussed in more detail in the following sections.

#### **Public Finance**

Final data on the public budgets in 1990 is not yet available; this makes analysis by outside observers difficult; and it also hampers policy makers who labour under a similar handicap.

Although the public sector deficit in Turkey has been rather high from one year to the next, it must be pointed out that Central Government Budget deficits have never topped 5.0 percent in the past decade - and have sometimes been considerably less. Together with the fact that Budget expenditures tend to amount to a low 20.0 percent of GNP, or thereabouts, this points to a reasonably consistent, and largely successful, policy of Budget discipline under difficult conditions. The above GNP relationship is the lowest among all OECD countries. It indicates that vital social services are not as well developed in Turkey as elsewhere and that the level of pay in the public services is relatively low. But, the deficit under these circumstances also indicates that the level of tax collection is somewhat less than optimal, despite repeated attempts at tax reform and the improvement of administrative procedures.

A substantial part of the public sector deficit is the result of high losses by the State Enterprise sector. In 1990, the SEEs' overall deficit may have reached some 6.0 percent of GNP, compared to a longer term average of some 3.0 percent of GNP.

### Consolidated Budget

Although the 1990 Budget had a projected deficit of TL 10,540 billion, the deficit is provisionally reported to have been TL 11,484 billion; 53.1 percent more than that registered in 1989.

#### CONSOLIDATED BUDGET (TL Billion)

	1990*	1991**	Change (%)	Share in GNP (%)
<b>EXPENDITURES</b>	68,169	101,265	48.5	20.1
<b>Current</b>	33,514	45,277	35.1	7.1
<b>Personnel</b>	26,585	33,663	26.6	4.9
<b>Other Current</b>	6,929	11,614	67.6	2.3
<b>Investment</b>	9,793	13,458	37.4	3.0
<b>Transfer</b>	24,862	42,530	71.1	10.0
<b>REVENUES</b>	56,685	84,130	48.4	16.7
<b>Tax Revenues</b>	45,476	69,950	53.8	14.2
<b>Non-Tax Revenues</b>	8,209	11,560	40.8	1.2
<b>Special Revenues and Funds</b>	3,000	2,620	-12.7	1.4
<b>Budget Deficit</b>	11,484	17,135	49.2	3.4

\* Provisional

\*\* Programme

Source: Undersecretariat of Treasury and Foreign Trade

According to the provisional figures, 1990 Budget expenditure was TL 68,169 billion and revenue was TL 56,685 billion; as a percentage of GNP, the deficit was 4.0 percent.

**CONSOLIDATED BUDGET REALIZATION**  
(January-April, TL Billion)

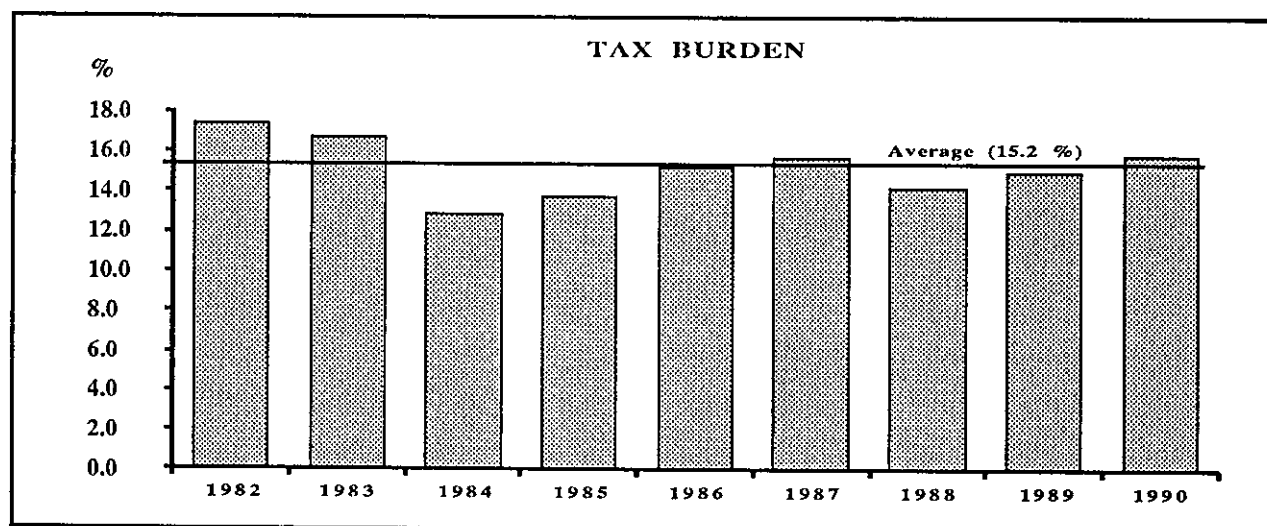
	1990*	1991**	Change (%)
<b>EXPENDITURE</b>	16,885	28,882	71.1
<b>Current</b>	8,635	14,301	65.6
Personnel	7,709	12,639	64.0
Other Current	926	1,662	79.5
<b>Investment</b>	1,554	2,140	37.7
<b>Transfer</b>	6,696	12,441	85.8
<b>REVENUE</b>	14,114	24,691	74.9
<b>Tax Revenue</b>	11,236	19,093	69.9
<b>Non-Tax Revenue</b>	2,276	2,944	29.3
<b>Annexed Budget</b>	602	917	52.3
<b>Grants</b>	0	1,737	-
<b>BUDGET DEFICIT</b>	2,771	4,191	51.2

\* Provisional

\*\* Programme

Source: Undersecretariat of Treasury and Foreign Trade

The tax burden, which had decreased between 1982-1984 to the very low level of 12.9 percent of GNP in 1984, reached 15.8 percent in 1990.



But the total revenue 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 82.2 percent of Consolidated Budget revenue came from this source in 1990. Non-tax normal revenue and special revenue and funds provide the remainder. Total tax revenue increased by 78.0 percent in 1990.

### The Consolidated Budget 1991

The Consolidated 1991 Budget has been established at TL 101,265 billion; revenue has been estimated at TL84,130 billion, yielding a deficit of TL 17,135 billion. Compared with 1990, estimated expenditure is up by 48.5 percent, and revenue by 48.4 percent.

Of the TL 101,265 billion expenditure, TL 33,663 billion is earmarked for personnel and TL11,614 billion for other current expenditure. An amount of TL 13,458 billion has been set aside for investments, and TL 42,530 billion for transfers.

The share of personnel expenditure in the Budget has been decreased from 39.0 percent last year to 33.2 percent for 1991 and the share of investment expenditure has been decreased to 13.3 percent from 14.3 percent last year. Transfer payments, on the other hand, have increased sharply, from 36.4 percent to 42.0 percent of total outgo.

Overall Budget revenue is estimated at TL 84,130 billion, of which TL 69,950 billion is reckoned as tax revenue, an expected increase of 53.8 percent over 1990.

On the expenditure side, personnel expenditure is expected to increase by 26.6 percent, and investment outlay by 37.4 percent. The 71.1 percent increase in transfers represents, to a large extent, interest payments on foreign and domestic debts.

Nevertheless the reported budget deficit increased by sharply during the January-April 1991 period as compared to the corresponding period of 1990 and reached TL4,191 billion. During the corresponding period of last year, the deficit was only TL 2,771 billion.

The necessity of financing the rapidly growing deficit and finding resources for the repayment of debts will cause borrowing to grow.

### Domestic Debts

Domestic debts remained one of the biggest problems of the Turkish economy during the past year. The budget deficit had again to be bridged by means of increased domestic borrowing, which among

#### NET DOMESTIC BORROWING (TL Billion)

Years	Net Borrowing	Share in GNP (%)	Share in Exp. (%)
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
1990	7,626	2.7	11.2

Source: SPO

other things 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.

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.

#### MATURITY COMPOSITION OF DOMESTIC BORROWING (TL Billion)

	1989 Amount	%	1990 Amount	%	1991 Amount	%	1991 April Amount	%
1 Year	3,691	40.7	2,861	23.0	8,797	58.4	2,237	42.6
1-5 Years	0	0.0	0	0.0	0	0.0	0	0.0
2 Years	3,122	34.4	4,734	38.0	1,500	10.0	1,450	27.6
3 Years	1,797	19.8	2,902	23.3	1,500	10.0	1,090	20.8
4,5,6 Years	206	2.3	1,695	13.6	2,685	17.8	37	0.7
Other	245	2.7	266	2.1	574	3.8	439	8.4
Bonds Total	9,061	100.0	12,458	100.0	15,056	100.0	5,253	100.0

#### MATURITY COMPOSITION OF OUTSTANDING DEBT (TL Billion)

	1989 Amount	%	1990 Amount	%	1991* Amount	%	1991 April Amount	%
1 Year	3,691	33.7	2,861	15.2	8,797	32.0	3,899	17.7
1-5 Years	309	2.8	0	0.0	0	0.0	0	0.0
2 Years	3,431	31.4	7,856	41.6	6,234	22.7	8,456	38.5
3 Years	2,443	22.3	5,135	27.2	6,199	22.5	6,141	27.9
4,5,6 Years	553	5.1	2,249	11.9	4,934	17.9	2,286	10.4
Other	513	4.7	778	4.1	1,352	4.9	1,205	5.5
Bonds Total	10,941	100.0	18,879	100.0	27,516	100.0	21,987	100.0

\* Estimate

Source: Treasury and Foreign Trade General Directorate of Public Finance

The Treasury borrowed (net) TL 731 billion in 1985, TL 1,170 billion in 1986, TL 2,727 billion in 1987, TL 3,497 billion in 1988, TL 7,434 billion in 1989 and TL 7,626 billion in 1990 to cover current outgo .

**FINANCING OF OPERATIONAL SEEs**  
(TL Billion)

	1986	1987	1988	1989	1990 (1)	1990 (2)	1991 (1)
Agric. Supp. and Price Stab. Fun	7,765	13,446	24,740	42,704	32,514	36,120	44,625
Budget Transfers	6,506	11,575	22,240	38,574	26,527	29,514	37,579
Financing Requirement	1,259	1,871	2,450	4,130	5,987	6,606	7,045
Fixed Investment	2,406	3,316	5,130	6,929	9,956	10,260	12,744
Foreign Project Credits	1,147	1,445	2,630	2,799	3,969	3,655	5,699
State Investment Banks	138	446	1,025	1,223	1,256	1,187	2,910
Surplus or Deficit of Funds	92	22	0	0	0	0	0
Total Resources of Funds	758	977	1,605	1,576	2,713	2,468	2,788
Total Uses of Funds	159	0	0	0	0	0	0

(1) Programme

(2) Revised

Source: Treasury and Foreign Trade General Directorate of Public Finance

### Monetary Trends

At the beginning of 1990, the Central Bank announced for the first time a monetary programme. Thus, the growth of "Central Bank Money" was programmed to be compatible with the aim of lowering inflation. Under the prevailing circumstances, this meant curtailing the growth of Central Bank credits, in particular to the public sector, but the monetary authorities also planned to reduce the importance of Central Bank foreign liabilities, such as the Dresdner Bank savings accounts at the Bank.

Hence, in a medium-term perspective, the monetary programme aimed at controlling and reducing the amount of total domestic liabilities in the Central Bank balance sheet. Accordingly, the Central Bank would endeavour to eliminate the difference between Central Bank money and total domestic liabilities, presently consisting of Turkish workers' deposits in foreign currency and the foreign currency deposits of the commercial banks. Secondly, consistent with the requirements of an anti-inflationary monetary policy, the monetary programme aimed at controlling net domestic assets as a result of which the major source of growth of Central Bank money would be confined to net foreign assets.

The balance sheet was to grow at a rate of between 12 to 22 percent, reaching TL 55-60 trillion by the end of the year. Total domestic liabilities should increase to more than 15-25 percent, reaching TL 32.5-35.5 trillion. As regards foreign liabilities, these were to increase at a rate of between 8 to 18 percent amounting to TL 22.5 - 24.5 trillion by the end of the year. As a result of such changes in domestic and foreign liabilities, total foreign exchange liabilities would either decline by 2 percent or increase by 7 percent. On the assets side, domestic assets were targeted to increase by between 6 and 16 percent, reaching TL 33-36 trillion and foreign assets to increase by 23-33 percent, reaching TL 22-24 trillion by the end of the year.

The growth of the Central Bank Money was targeted to stem mainly from foreign currency purchases by the Bank. As a result, this monetary magnitude would grow at a rate ranging between 35-48 percent, to TL 25-27.5 trillion by the end of 1990.

In view of the fact that the monetary programme was being implemented for the first time and the existence of important uncertainties in the economy (including uncertainties associated with developments in the fiscal stance), targets were set within relatively large limits. An eclectic assessment of the results of the monetary programme indicates that the programme was successful in terms of keeping the growth of Central Bank Money within certain limits and in controlling the size of the balance sheet. Whilst the target growth of Central Bank Money had initially been confined to 35-48 percent in the monetary programme, this magnitude displayed a growth of only 26.6 percent for the year. The growth in the size of the Central Bank balance sheet was also within reasonable limits: 24.1 percent against the upper limit of 22.0 percent.

However, a closer examination of the results of the monetary programme shows some major deviations from the structural targets which it set.

Firstly, whilst the Central Bank was successful in meeting its target for total domestic liabilities, the lower than targeted rate of growth of Central Bank money led to a rise rather than a decline in foreign exchange liabilities. Whilst the growth in domestic liabilities (12.1 percent) was in line with targets, foreign liabilities grew at a higher rate, by 27.5 percent, and total foreign exchange liabilities by 22.5 percent.

Secondly, the growth in the size of the balance sheet was determined mainly by the Revaluation Account, making up almost half of the balance sheet. Accordingly, had the Central Bank followed a more rapid instead of a slower TL depreciation policy, this account would have grown at a higher rate than that of the balance sheet. In other words, the growth in the size of the balance sheet was critically dependent upon and was determined by the specific depreciation policy preferred by the Central Bank.

Thirdly, whilst Central Bank Money grew at a rate below the lower limit targeted, banknote issue increased by no less than 71.0 percent. As a result, other components of Central Bank Money (except required bank reserves and public deposits), declined at rates higher than targeted.

In so far as achievement of specific monetary targets, such as protection of the external value of TL, controlled monetary expansion etc., are concerned, it is appropriate to conclude that the monetary policy pursued in 1990 was to a large extent successful. However, this is a conclusion which can only be drawn by looking at the policy as such, and by not looking at other variables in the economy as well.



In recent years, the considerable growth of the country's international reserves has created certain difficulties for the monetary authorities. The Central Bank was faced with a difficult choice between either (a) permitting a slower depreciation of TL. against other currencies ( leading to "over-valuation of TL" given the huge inflation differentials between Turkey and its major trading partners) or (b) buying foreign currency from the non-Central Bank sector thereby creating a higher rate of growth of money supply. If choosing (a), a possible over valuation of the TL would lead to a deterioration in the trade balance, as indeed happened in 1990. If choosing option (b), control of the money supply would become more difficult, especially at a time of high inflation.

In 1990, the Central Bank followed a "middle-of-the-road policy", partly letting the TL depreciate at a slower rate and apparently allowing an increase in the banknote issue. However, this led to the emergence of substantial interest rate differentials with abroad (rendering possible considerable interest rate arbitrages) given the very high Turkish Lira interest rates.

This created a situation in which Turkish firms preferred foreign borrowing, either directly or through the intermediation of the banks. No wonder, therefore that short-term capital inflows also led to an increase in the country's international reserves. Another source of short-term capital inflow was the rise in portfolio investments by foreigners (such as high yield TL time deposits).

At first sight, the existence of foreign exchange surpluses constitutes a justification for any Central Bank to follow such an exchange rate policy as that followed by Turkish Central Bank for the last two years or so. Yet, a parallel increase in the country's trade deficit to unprecedented levels ( \$ 10 billion in 1990) should be a warning that such policy may not be appropriate in the longer term perspective.

The high interest rate (expensive TL) policies have achieved an improvement in the balance of payments, as envisaged at the outset. However, in the face of fast-growing short-term foreign indebtedness (as a result of high interest rate differentials) and of slow-growing foreign exchange earnings, the emergence of balance of payments difficulties should not be overlooked as a possibility in the medium term.

### **Reserve Money and Money Supply**

The rates of growth of the various monetary magnitudes point to a relative deceleration in monetary expansion during 1990. Banknotes issued, reserve money and narrow and broad definitions of money supply displayed lower rates of growth in 1990 as compared to the previous year.

## MAIN MONETARY INDICATORS

	TL Billion			Percentage Change		
	1989	1990	1991(1)	1989	1990	1991(3)
Banknote Issue	8,365	14,265	18,263	87.0	70.5	28.0
Reserve Money	16,436	23,269	28,858	78.0	41.6	24.0
M1 Money Supply	20,359	29,326	31,204	82.0	44.0	6.4
M2 Money Supply(2)	60,517	89,989	99,289	70.0	48.7	10.3
Central Bank Credits (Direct)	3,887	4,526	8,274	23.0	16.4	82.8
Deposit Banks' Credits	30,404	51,385	60,194	64.0	69.0	17.1
Total Credit Stock	38,143	61,746	76,456	57.0	61.9	23.8
Total Deposit	43,889	61,395	64,915	73.0	39.9	5.7
Sight	13,318	16,607	15,176	75.0	24.7	-8.6
Time	28,795	41,381	44,731	81.0	43.7	8.1
Wholesale Prices Index (% Change)	-	-	-	68.0	48.6	55.1(4)
Consumer Prices Index (% Change)	-	-	-	68.8	60.4	62.1(4)

(1) As of April 19th

(2) New definition including foreign currency deposits of domestic origin

(3) Since end of previous year to April 19 th

(4) April to April annual percentage change

Source: Anka Bulletin

Reserve money expanded at a rate of around 41.6 percent in 1990, compared to the previous year's 78.0 percent. The increase in banknote issue was the main source of growth in reserve money, accounting for around 80.0 percent of its increase.

## FACTORS DETERMINING BANKNOTES ISSUED (TL Billion)

	1989	1990	1991*
<b>A) EXPANSIONARY FACTORS</b>	52,388.6	64,642.9	65,361.1
1. Gold/Foreign Currency Holding	14,427.0	22,409.9	19,492.9
2. Foreign Credits	3,411.9	3,228.8	3,997.2
3. Securities Portfolio	1,002.8	1,723.9	1,979.6
4. Domestic Credits	6,699.1	7,641.2	10,931.3
5. Accounts to be Redeemed	22,408.5	26,165.9	26,615.3
6. Other Assets	4,439.3	3,473.3	2,344.8
<b>B) CONTRACTIONARY FACTORS</b>	44,023.1	50,377.6	50,293.8
1. Deposits	14,633.9	20,150.6	19,515.9
2. Foreign Credits Received	20,017.7	25,201.2	25,230.5
3. Import Deposits and Guarantees	216.0	192.7	209.9
4. Other Liabilities	9,155.5	4,833.0	5,337.6
<b>(A)-(B): BANKNOTES ISSUED</b>	8,365.5	14,265.0	15,067.3

Source: Central Bank and SPO

\* As of end of March

The banknote issue in fact increased at a lower rate during 1990, by 71 percent, as against 87 percent in the previous year. Amongst the factors having an expansionary effect on the banknote issue, an increase in gold/foreign currency holding (of the Central Bank) was the main one.

The money supply, narrowly and broadly defined, also expanded at a considerably lower rates in 1990 as compared to the previous year.

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

	1989	1990	1991*
<b>Banknotes issued</b>	8,365	14,265	18,263
<b>(-) Bank Vaults</b>	1,349	1,566	2,319
<b>Currency Circulation</b>	7,016	12,699	15,944
<b>(+)</b>			
<b>Sight Deposits</b>	13,318	16,607	15,176
<b>Deposits with Central Bank</b>	25	20	84
<b>M1 Money Supply</b>	20,359	29,326	31,204
<b>(+)</b>			
<b>Time Deposits</b>	26,841	39,018	44,731
<b>Certificates of Deposits</b>	1,954	2,363	2,376
<b>M2 Money Supply</b>	49,154	70,707	78,311
<b>(+)</b>			
<b>Foreign Currency Deposits of Domestic Origin</b>	11,363	19,282	20,978
<b>M2 Money Supply (new definition)</b>	60,517	89,989	99,289
<b>(+)</b>			
<b>Public Deposits</b>	1,776	3,407	2,632
<b>Other deposits with Central Bank</b>	904	1,014	1,420
<b>M3 MONEY SUPPLY</b>	63,197	94,410	103,341

\* As of April 19th

Source: The Central Bank of Turkey

The narrow definition of the money supply (M1) increased by 44 percent in 1990, lower than the previous year's 82 percent. The considerable deceleration in the growth rate of the narrow money supply stemmed mainly from the slower growth of sight deposits.

The M2 money supply, an intermediate target of monetary policy in controlling nominal GNP, also grew at a slower rate in 1990, by 49 percent, as against 70 percent in the previous year. Whilst the deceleration in the growth of M2 money supply was mainly due to slower growth of bank deposits, a considerable increase in foreign currency deposits of domestic origin contributed to its growth.

### MONEY CREATION MULTIPLIER

	1989	1990	1991**
M1 Money Supply/Reserve Money	1.24	1.22	1.08
M2 Money Supply*/Reserve Money	3.68	3.75	3.44

\* Inclusive of foreign currency deposits of domestic origin

\*\* As of April 19 th

The money creation multiplier displayed a quite stable trend during 1990, as a result of the considerable stability in bank deposit interest rates during the year.

### INCOME VELOCITY OF MONEY

	1989	1990
M1/GNP	11.9	10.3
M2/GNP	35.4	31.6

The income velocity of money (M2/GNP) fell during 1990, reflecting some fall in demand for money.

One note-worthy observation is that, as of June 1991, the Central Bank had not yet disclosed a monetary programme for the current year, perhaps partly due to the existing serious uncertainties in the fiscal stance.

The rates of growth in some major monetary magnitudes during the first four-and-a-half months of 1991 indicate an acceleration in monetary expansion in the economy, as compared to the corresponding period of the previous year. Whilst no target was set for this variable, Reserve money grew at a higher rate, by 24.0 percent during 1991, as compared to the 10.5 percent during the corresponding period of 1990. Banknote issues increased by 24 percent during the first-four-and-a-half months of 1991. The relatively slower growths in M1 and M2 money stocks were due to considerably slower growth in bank deposits. Accordingly, M2 grew at a rate of 10.3 percent (7.7 percent during 1990), whilst the growth in M1 was 6.4 percent (2.6 percent decline in 1990). There was some decline in the money-multiplier as at the end of April 1991, as compared to the beginning of the year.

### Bank Deposits

The nominal interest rates payable on bank time deposits followed a quite stable (even constant) trend throughout 1990, levelling off at lower levels compared to the first three quarters of the previous year.

The trend in nominal interest rates during 1990 indicated a deviation from the "positive, real interest rate" policy; interest rates (net of tax and Fund deduction) declined at a faster rate than the rate of deceleration in current inflation (the annual rate of change in the Consumers Price Index is taken as the appropriate measure of inflation), thereby producing, in real terms, a negative rate of interest on bank deposits.

Negative real interest rates is one partial explanation for the considerably slower growth in bank deposits during the year. True, in the face of fewer investment alternatives especially for small savers, bank deposits have recently become almost the only asset to invest in, thereby reducing the interest elasticity of bank deposits. Nonetheless, in recent times (especially during 1990), there emerged a serious competition over scarce funds, originating from the stock market. As share prices increased sharply, yielding very high rates of return even on short-term investments, funds were channelled from the banking sector into the stock market.

Total bank deposits grew by 40 percent during 1990, as compared to the previous year's 73 percent. Whilst the rate of growth of sight deposits, comprising around 27-30 percent of total deposits, decelerated from 75 percent in 1989, to 25 percent in 1990, time deposits also grew at a lower rate, by 44 percent, as compared to the 81 percent in the previous year.

With the outbreak of the Gulf War in-mid January 1991, there was a temporary withdrawal of deposits from the banking sector (around 10 percent of the total bank deposits is estimated to have been withdrawn within a matter of a week).

#### **BANK DEPOSITS** (TL Billion)

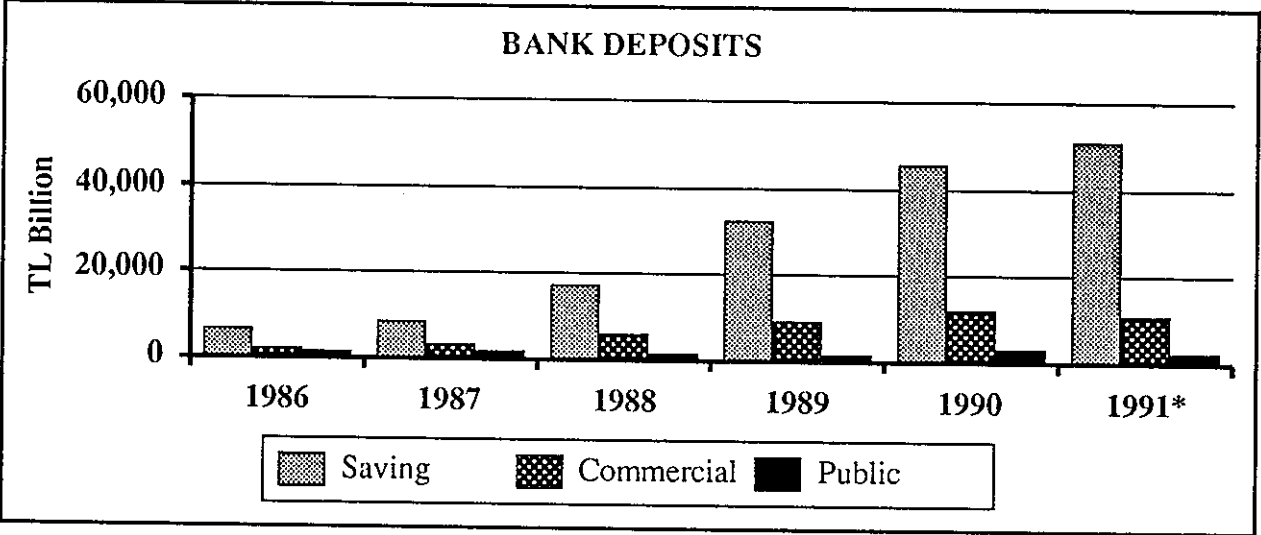
	1989	1990	1991**
<b>SAVINGS DEPOSITS</b>	32,657	45,759	51,271
Sight	5,511	6,833	6,702
Time*	27,146	38,926	44,569
<b>COMMERCIAL DEPOSITS</b>	9,456	12,229	11,012
Sight	7,807	9,774	8,474
Time	1,649	2,455	2,538
<b>PUBLIC DEPOSITS</b>	1,776	3,407	2,632
<b>TOTAL BANK DEPOSITS</b>	43,889	61,395	64,915

\* Inclusive of CDs

\*\* As of April 19th

Source: ANKA News Agency

The share in total deposits of the public deposit banks continued to increase from 50 percent in 1988 and 52 percent in 1989, to 54 percent in 1990, at the expense of a slight decline in the share of the private deposit banks. Foreign deposit banks maintained a 2 percent share in the deposit market, preferring borrowings from the inter-bank money, market and from foreign markets at relatively low cost.



Total bank deposits grew by only 5.7 percent in the first four-and-half months of 1991; given the rate of inflation during this period (around 22-23 percent), this meant a real decline in bank deposits. The slow growth of bank deposits, together with deposit withdrawals of considerable magnitude during the Gulf War, has created liquidity shortages in the banking sector, which were largely reflected in substantial rises in the inter-bank money market rates.

Following the government's recent move (late May) to cut back interest rates on government bonds by 10 percentage points, banks can also be expected to reduce their deposit interest rates. *Ceteris Paribus*, this can be expected to result in the shift of some funds out of the banking sector into the stock market, to the extent that the negative expectations due to the recent fall in the Share Prices Index are short-lived.

### Credit Stock

Parallel to the acceleration in macro-economic activity, the total credit stock expanded at a higher rate (62 percent) in 1990 than in the previous year. Given that the rate of inflation, as measured by the annual increase in wholesale prices, was 49.2 percent in 1990, this meant a rise in the credit stock in real terms. Around 90 percent of the expansion in the total credit stock was accounted for by the increase in deposit banks' credits. As a result of the slower growth of the Central Bank's direct credits, the share of such credits in the total credit stock continued to decline again in 1990.

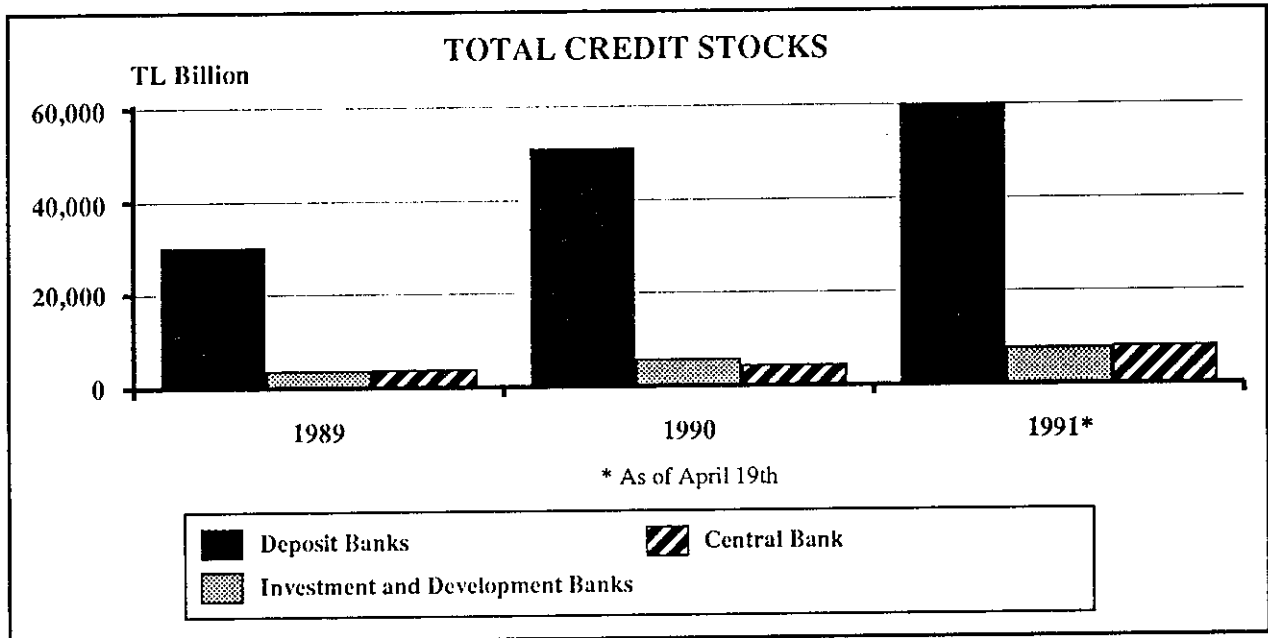
### TOTAL CREDIT STOCK (NET)

	TL Billion			Percentage		
	1989	1990	1991*	1989	1990	1991*
<b>I. BANK CREDITS</b>	34,256	57,220	68,182	90	93	89
(a) Deposits Banks	30,404	51,385	60,194	78	83	79
(b) Investment and Development Banks	3,852	5,835	7,988	12	10	10
<b>II. CENTRAL BANK DIRECT CREDITS</b>	3,887	4,526	8,274	10	7	11
<b>I+II: TOTAL CREDIT STOCK</b>	38,143	61,746	76,456	100	100	100

\* As of April 19th

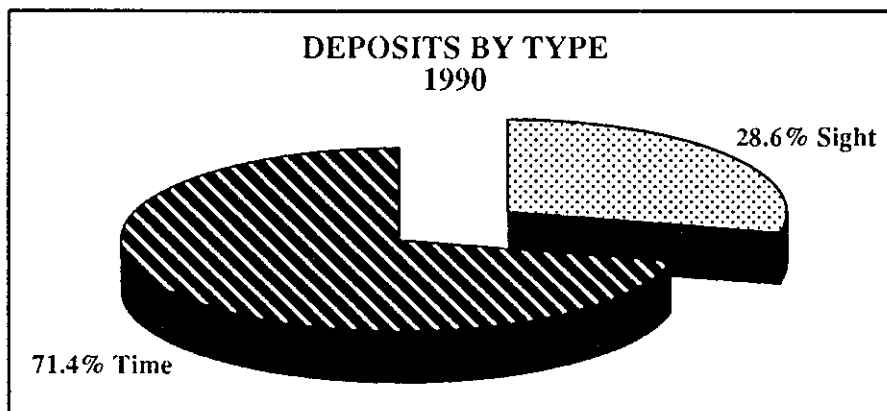
Source: Central of Bank of Turkey and ANKA News Agency

Credits extended by deposit banks continued to be the main source of the expansion of the total credit stock, which grew by 69 percent. In the face of banks' reluctance to extend loans to the private sector involving high risk of repayment defaults due to high interest costs, deposit banks tended to channel an increasingly higher proportion of their funds towards risk-free and high yield government papers.



Nevertheless, the ratio of deposits to credits fell for private deposit banks in 1990 as compared to the previous year, indicating a more effective use of deposits. Foreign banks, instead of engaging in domestic deposit collection at high costs preferred to supply loans from foreign markets or borrow from the Turkish inter-bank money market at more favourable rates; as a result, the ratio of deposits to credits further declined for this category of banks.

Credits extended by investment and development banks grew at a slightly higher rate in 1990, by 51 percent, as compared to the previous year's 47 percent.



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

	1989	1990	1991*
Public Deposit Banks	132	132	118
Private Deposit Banks	168	113	104
Foreign Deposit Banks	72	43	32

\* As of April 19th

Total credit stock in the economy expanded by around 23.8 percent during the first four-and-a-half months of 1991, indicating to an acceleration in credit expansion as compared to the same period in 1990. Around 60 percent of the expansion in total credit stock was accounted for by the increase in deposit banks' credits, and the remaining 40 percent by the increase in central bank's direct credits, indicating to the increased role of Central Bank credits in total credit expansion.

Deposit banks' credits grew at almost the same rate during the said period of 1991 as the previous year. The growth in deposit banks' credits was around 17 percent in the same period of last year.

### Leasing

In recent years, leasing has become an alternative form of medium-term finance in Turkey, with the volume of leasing transactions expanding at an always higher rate.

**LEASING TRANSACTIONS**

	1988	1989	1990
Domestic Leasing (TL million)	96,355	564,541	1,012,427
Cross-Border Leasing (\$ million)	425	125	241

However; given the scarcity of medium- and long-term loanable funds in the economy, leasing transactions are funded mostly through short-term bank borrowing at very high costs relative to



(subsidized) medium term investment credits.

### Central Bank Credits

In line with the requirements of the monetary programme, the Central Bank pursued a tight credit policy during the year. The control of net domestic assets, stemming largely from domestic expansion, necessarily required the successful control of the Central Bank's credits extended to both the private and the public sectors.

Total Central Bank credits increased by around 13 percent as against the 30 percent registered in 1989. Central Bank direct credits also grew at a slower rate in 1990, by 16 percent, as against 23 percent in the previous year.

The Central Bank credits extended to the public sector continued to decline, also in 1990, as a result of which the share of such credit in total Bank credit fell to 42.0 percent, from 58.0 percent in 1983. Credits extended to the public sector were almost entirely in the form of Advances to the Treasury.

Credits extended to the private sector grew at a higher rate in 1990, by 57 percent, as compared to 42.0 percent in the previous year. Advances to the private sector were mostly in the form of commercial credits.

#### DISTRIBUTION OF CENTRAL BANK DOMESTIC CREDITS\* (TL Million)

	1989	1990	1991**
<b>PUBLIC SECTOR</b>	3,952	3,217	5,849
(a) Treasury	2,630	3,064	5,633
(b) SEE	1,322	153	216
<b>PRIVATE SECTOR (Through Banks)</b>	2,812	4,424	5,067
(a) Commercial	1,871	3,613	4,173
(b) Agricultural	920	-	-
(c) Other	21	811	894
<b>TOTAL</b>	6,764	7,641	10,916

\* Total of direct and indirect credits

\*\* As of April 26th

Central Bank direct credits increased by around 83 percent during the first four-and-a-half months of 1991, as compared to a 14 percent decline in the corresponding period of 1990. Around 80 percent of the expansion in total Central Bank credits (direct+indirect credits) was accounted for by the increase in credits extended to the public sector, almost entirely in the form of advances to the Treasury.

The substantial increase in Central Bank credits to the public sector since the beginning of 1991 can perhaps be interpreted as a deviation from the policy of less reliance on Central Bank resources in meeting Public Sector Borrowing Requirements, which has been a major factor in the deceleration of the rate of Central Bank credit expansion in recent years.

## Interest Rates

### NOMINAL AND REAL DEPOSIT INTEREST RATES (%)

	Nominal Deposit Interest Rate *	Price Inflation **	Real Deposit Interest Rate ***
<b>1989</b>			
I	77.05	62.50	8.95
II	74.52	64.10	6.35
III	70.49	60.20	6.42
IV	68.24	60.20	5.05
V	64.47	55.60	3.05
VI	63.42	61.50	1.19
VII	64.28	63.80	0.29
VIII	64.47	65.60	-0.68
XI	63.88	65.10	-0.74
X	61.51	66.10	-2.76
XI	60.21	64.50	-2.61
XII	58.83	64.30	-3.33
<b>1990</b>			
I	57.12	60.00	-1.80
II	56.67	59.50	-1.77
III	56.66	62.80	-3.77
IV	56.68	63.50	-4.17
V	56.69	63.60	-4.22
VI	56.83	62.60	-3.55
VII	56.90	56.30	0.38
VIII	56.89	54.80	1.35
XI	56.94	59.30	-1.48
X	57.59	60.30	-1.69
XI	58.18	61.30	-1.93
XII	59.35	60.40	-0.65
<b>1991</b>			
II	62.33	63.50	-0.72
III	63.33	62.10	0.76

\* Payable on one-year bank deposits (weighted average of commercial banks)

\*\* Annual percentage change in SIS's Consumer Prices Index

\*\*\* Computed by using Fisher's Formula of:

Real Deposit Interest Rate =  $((1 + \text{Nominal Interest Rate}) / (1 + \text{Inflation Rate}) - 1) \times 100$

Nominal bank deposit interest rates, which had climbed as high as 85 percent in mid-October 1988 during the short-lived period of deregulation, followed a downward trend throughout 1989 but remained relatively stable during 1990. With the accelerated depreciation of the external value of TL since the beginning of 1991 (which led to expectations of a further depreciation), however, deposit interest rates were again on a steadily rising trend during the first quarter of the year.

The trend of nominal interest rates during 1989 and 1990 was the result of major 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.

#### DEPOSIT INTEREST RATES \*

	Sight Deposits	3-month Time Deposits	6-month Time Deposits	One-Year Time Deposits
<b>1989</b>				
January	18.82	62.10	65.45	77.05
June	11.78	50.51	53.29	63.42
September	11.87	50.66	53.46	60.21
December	12.00	49.08	51.82	58.83
<b>1990</b>				
January	12.11	47.05	49.80	57.12
June	12.04	46.89	49.22	56.83
September	12.12	47.11	49.26	56.94
December	12.08	50.65	51.93	59.35
<b>1991</b>				
January	9.33	51.00	53.67	58.67
February	10.00	58.33	59.00	62.33
March	8.33	59.33	60.33	63.33

\* Weighted Averages of Large Commercial Banks. Gross Rates. Net rates of return are found by deducting 10.5 % Tax+Fund

Source: Central Bank of Turkey

#### TERM STRUCTURE OF DEPOSIT INTEREST RATES\*

	3-month deposits		6-month deposits		One-year deposits
		Annual compounded		Annual compounded	
<b>1990</b>					
January	47.05	56.02	49.80	56.00	57.12
March	46.67	55.50	49.18	55.22	56.66
June	46.89	55.80	49.22	55.27	56.83
September	47.11	56.10	49.26	55.32	56.94
December	50.65	61.10	51.93	58.67	59.35
<b>1991</b>					
February	58.33	72.37	59.00	67.70	62.33
March	59.33	73.88	60.33	69.43	63.33

\* Average of Commercial Banks

An analysis of the term structure of bank deposit interest rates reveals that, during 1990, it was not possible to break inflationary expectations, because longer term (one year) deposits paid as high (even slightly higher) as the rate of return as shorter term deposits.

Parallel to the rising trend in interest rates during the first quarter of 1991, shorter term deposits now pay higher rates of return than those of longer term maturities reflecting expectations of a decline in interest rates and/or a deceleration in the inflation the later in the year.

In 1990, resultant from relative stability in domestic (TL) deposit interest rates and competition from foreign loan markets, TL loan interest rates stood at lower levels (between 60.0-70.0 percent) as compared to those recorded during early 1989 (between 80 - 95 percent). Nevertheless, together with Transaction Tax and the Resource Utilization and Support Fund Levy, the final cost of TL funds to the user was still as high as 90 - 115 percent.

The exorbitantly high cost of TL borrowing, coupled with a relatively slower depreciation of the TL against major currencies during 1990, encouraged foreign borrowing by firms and even some public sector enterprises. The following table compares relative costs of TL and foreign currency borrowings:

**RELATIVE COST OF TURKISH LIRA AND  
FOREIGN CURRENCY LOANABLE FUNDS (1990)**

TL BORROWING		FOREIGN CURRENCY BORROWING (on US \$ basis)	
	(%)		(%)
(Base) Interest Rate	65.0	Libor+Spread	10.0
Commission	2.0	Commission	2.0
	67.0	Resource Utilization Fund (flat)	6.0
Transaction Tax (5% on 67)	3.4	Annual Cost (in US \$)	18.5
Resource Utilization (6% on 65)	3.9	TL Depreciation against US \$	25.0
	74.3		
Annual Compounded Cost (quarterly compounding)	97.6	Annual Cost (in TL)	48.0

Commercial banks also continued to extend consumer credits either in cash or in the form of 4-year leasing, at relatively higher interest rates.

Central Bank rediscount rates remained unchanged during most of 1990. However; the rediscount rates on advance transactions were began a rising trend from December 1990, and stood at 54.5 percent in March 1991.

Parallel to the rising trend of deposit interest rates during the first quarter of 1991, the commercial banks started reflecting the rise in deposit costs on their loan costs; as a result, interest rates on short-term (commercial) bank loans went above 85 percent. The accelerated rate of depreciation of the external value of TL also curbed demand for foreign currency-denominated borrowing to a considerable extent via expectations of further real depreciation of the TL.

### VARIOUS LENDING RATES

Type of Lending	1990				1991	
	January	June	September	December	January	March
<b>A. CENTRAL BANK REDISCOUNT RATES:</b>						
Rediscount Transaction	40.0	40.0	40.0	45.0	45.0	48.0
Advance Transaction (1)	45.0	45.0	45.0	50.8	50.8	54.5
<b>B. TURKISH DEVELOPMENT BANK (TDB)</b>						
<b>Credits of Foreign Origin:</b>						
Fixed	40.0	45.0	45.0	45.0	45.0	45.0
Floating	41.6	40.6	43.4	48.5	48.5	56.4
<b>Credits of TDB Origins:</b>						
Medium Term Investment	70.0	50.0	50.0	50.0	50.0	-
Medium Term Operating Capital	70.0	58.0	58.0	58.0	58.0	-
Short term (General)	70.0	65.0	64.0	68.0	68.0	85.0
<b>C. TURKISH EXIMBANK</b>						
Preshipment	43.0	42.0	42.0	42.0	42.0	45.0

(1) As effective from the beginning of 1990, discount window practice is applied.

Source: Central of Bank of Turkey and SPO

### Interbank Money Market Rates

The interbank money market continued to closely reflect short-term liquidity trends in the Turkish commercial banking sector. It was observed that the volume of daily transactions increased by more than 50 percent between the beginning of 1990 and the beginning of 1991.

The relatively slower growth of bank deposits (and of fresh funds) and faster growth of bank credits under relatively tight monetary conditions have had the combined effect of increasing demand for funds in this market. As a result, interbank money market rates gradually increased during the year from around 27 percent in December 1989 to over 100 percent in March 1991 (for overnight transactions). Developments which took place in the interbank foreign exchange market were also influential in the determination of interbank money market rates, as the Central Bank tried to support the external value of TL through direct intervention in the foreign exchange market, and indirectly through the interbank money market.

In another section of this market not organized by the Central Bank, interbank money market rates went up even higher under serious liquidity shortages experienced by the Turkish banking sector, when deposits were withdrawn in January as a result of the Gulf War.

### INTERBANK MONEY MARKET

	Volume of Daily Transaction (TL Billion)	Overnight Average Interest Rate (%)	Weekly Average Interest Rate (%)
<b>1989</b>			
<b>December</b>	1,414.3	28.9	32.8
<b>1990</b>			
<b>January</b>	2,109.3	32.0	30.0
<b>February</b>	2,268.9	42.4	42.9
<b>March</b>	2,268.5	42.4	50.0
<b>April</b>	2,407.4	47.9	61.7
<b>May</b>	2,213.6	56.9	59.0
<b>June</b>	1,531.6	61.6	63.3
<b>July</b>	1,470.4	54.7	63.3
<b>August</b>	1,977.1	54.4	52.5
<b>September</b>	1,633.5	54.7	54.9
<b>October</b>	1,715.0	53.3	51.0
<b>November</b>	2,161.7	59.6	57.0
<b>December</b>	2,374.2	62.7	62.0
<b>1991</b>			
<b>January</b>	3,650.1	63.7	62.7
<b>February</b>	3,033.9	73.4	89.7
<b>March</b>	2,675.4	104.3	102.2
<b>May 17</b>	2,494.6	79.9	-

Source: Central Bank of Turkey

### Prices and Inflation

In 1990, both consumer and wholesale prices pointed to a relative deceleration in price inflation, as compared to the previous year. Regarded generally as an indicator of demand pull inflation, the annual (December-on-December) rate of change in the SIS's Consumer Prices Index declined from 68.8 percent in December 1989, to 60.4 percent in December 1990. Similarly, the annual average increase in the same Index decelerated from 69.6 percent, to 60.3 percent in 1990. The rate of deceleration in the Wholesale Prices Index, regarded as an indicator of cost-push inflation, was more visible the annual rate of increase in this Index declined from 68.0 percent in December 1989, to 49.2 percent in 1990.

The main features of inflation experienced in 1990 can be summarized as follows:

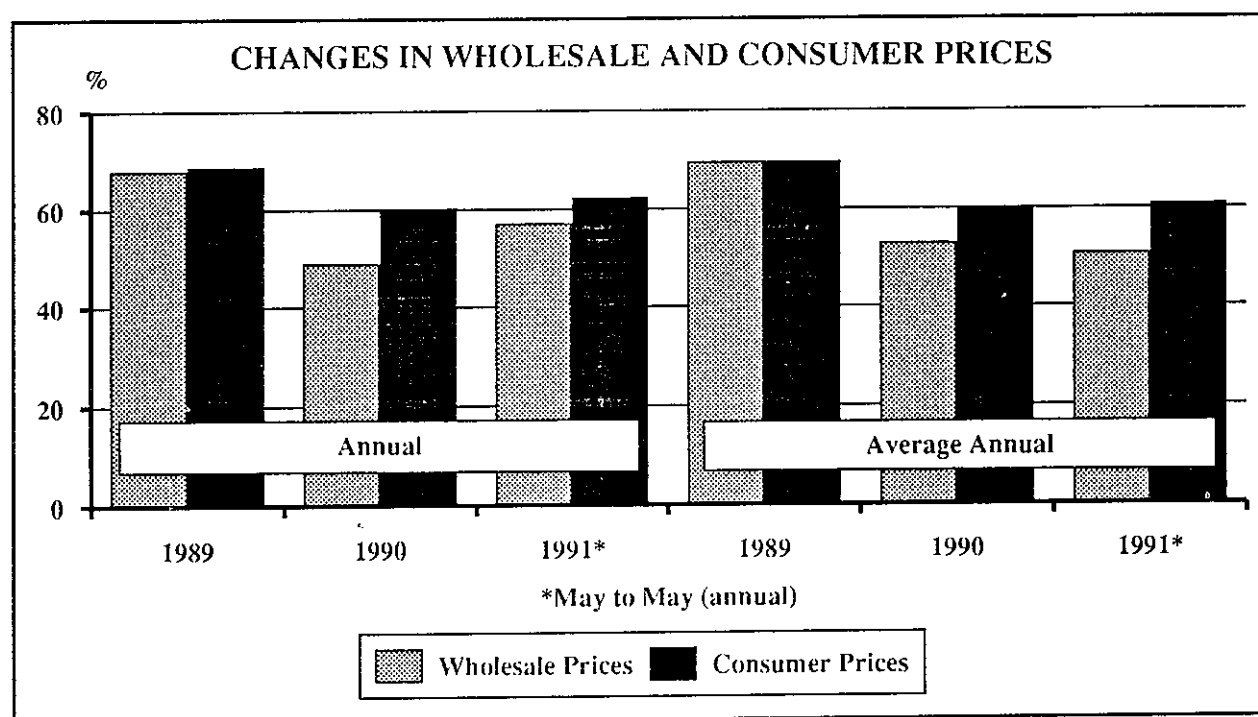
An analysis of the trends of prices indicates that the rate of increase in consumer prices exceeded the rate of increase in wholesale prices, by a considerable margin. Accordingly, consumer prices rose at a higher rate, by 60.4 percent as compared to wholesale prices rising by 49.2 percent. Expansionary fiscal policies, coupled with an increased volume of bank loans to consumers (including leasing), have had the combined effect of boosting aggregate effective demand and so further pushing up consumer prices. The impact of "imported inflation" through the depreciation of TL against major currencies remained relatively small. Whilst the slower depreciation of TL reduced the impact of import costs on domestic prices, temporary domestic supply shortages were bridged by imports, thereby reducing immediate inflationary demand pressures in the economy to some extent, though the additional cost incurred by SEEs by imports of foodstuffs pushed up their operating deficits. Moreover, an overvalued TL policy encouraged increased imports even of those raw materials and intermediary goods produced domestically, leading to the reduced share of domestic value added in domestic production and, to some extent in exports.

#### CHANGES IN WHOLESALE AND CONSUMER PRICES

	Annual (%)			Average Annual (%)		
	1989	1990	1991(**)	1989	1990	1991(**)
Wholesale Prices (*)	68.0	49.2	57.2	69.6	53.1	50.9
Consumer Prices (*)	68.8	60.4	62.5	69.6	60.3	60.9

(\*) State Institute of Statistics (SIS) (1987=100)

(\*\*) May to May (annual)



Constant cost rises, partly as a result of the high and rising cost of borrowed funds, shift the firms supply curves upward to the left at a given level of output, which in the presence of sluggish effective demand conditions leads to stagflationary trends in the economy (a situation largely experienced in 1988 and 1989). In 1990, however, stagflationary trends were "reversed", largely as a result of expansionary fiscal and credit policies, leading to an explosion in aggregate effective demand. Further rises in prices under these circumstances were eliminated through cheap imports partly

### MONTHLY PERCENTAGE CHANGES IN WHOLESALE AND CONSUMER PRICES (\*)

	Wholesale Prices (%)	Consumer Prices (%)
1990		
January	4.4	3.8
February	4.6	4.4
March	4.2	5.2
April	2.4	6.6
May	1.5	3.1
June	1.5	1.4
July	1.7	-0.9
August	4.4	2.5
September	5.8	8.7
October	4.6	6.8
November	2.8	5.0
December	2.5	1.7
1991		
January	4.6	4.9
February	5.3	5.4
March	4.9	4.4
April	5.4	6.6
May	2.9	3.3

(\*) SIS,1987=100

### YEARLY AVERAGE PERCENTAGE CHANGE IN PUBLIC AND PRIVATE SECTOR PRICES (\*)

	Public (%)		Private (%)		Total (%)	
	1990	1991(**)	1990	1991(**)	1990	1991(**)
Overall Index	58.8	60.0	51.0	53.2	53.1	50.9
Manufacturing	59.4	57.2	43.7	42.9	47.8	49.3
Mining	46.2	46.1	54.8	58.2	48.2	56.7

(\*) SIS's Wholesale Prices Index, (1987=100)

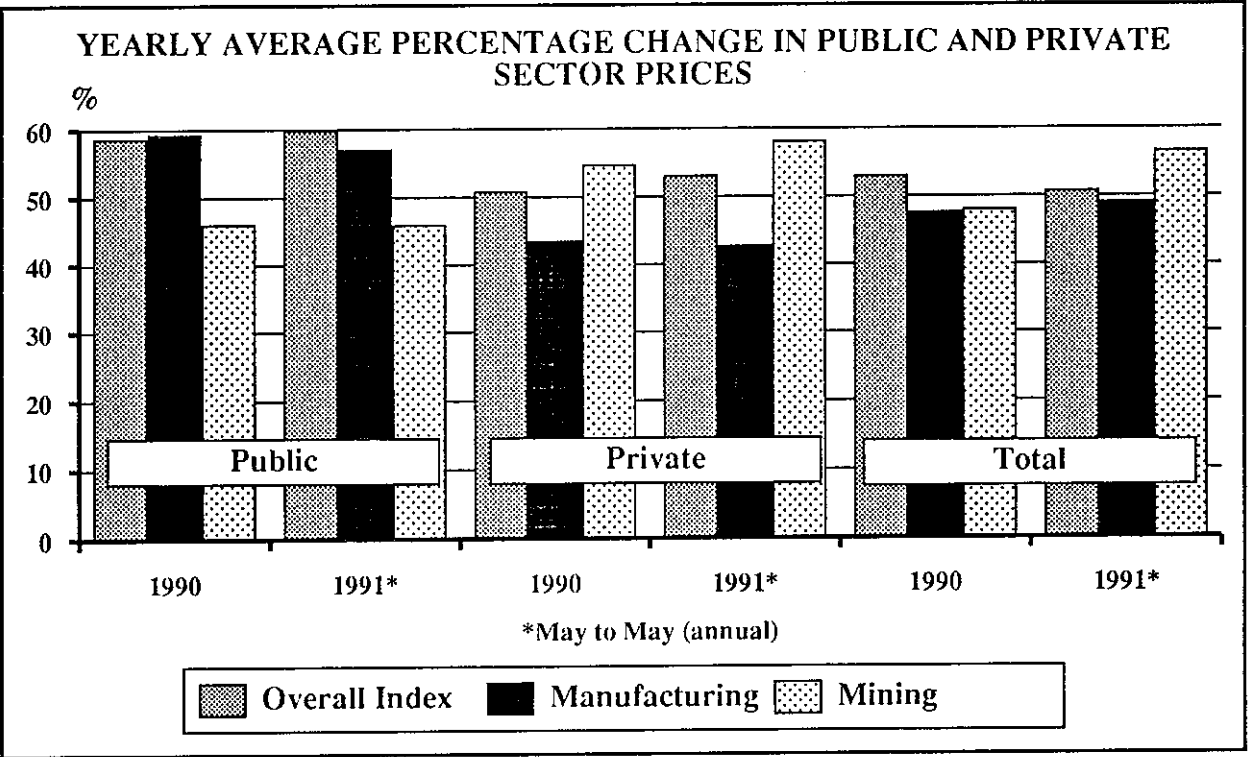
(\*\*) May to May (annual)



financed by short-term capital inflows, and slowing down price adjustments by SEEs notably for agricultural prices. As a result of this as well as an abundant harvest, the contribution of agricultural price increases to the formation of price inflation was slowed down and manufacturing prices rose faster than agricultural prices.

The policy of reducing government's budget deficits by more frequent adjustment of the prices of State Economic Enterprises in step with rising production costs was not abandoned, though there were some delays

In 1990 as in recent years the prices of public sector goods and services rose at a faster rate than those of the private sector. Whilst the yearly average percentage change in private sector manufacturing prices as measured by wholesale prices rose by 43.7 percent, it was as high as 59.4 percent for the public sector. Industrial inputs of the private sector are largely provided by the SEEs and the constant rises in SEE product prices therefore fuel to some extent price rises in the rest of the economy monthly in the second half of the year.



The rate of inflation accelerated since the beginning of 1991. As a result, the annual rate of increase in wholesale prices rose from 49.2 percent at the end of 1990, to 57.2 percent by the end of May 1991, whilst the annual rate of increase in consumer prices accelerated from 60.4 percent to 62.5 percent. The first five month increase in wholesale and consumer prices (inflation stock) were 25.2 percent and 27.0 percent respectively.

Amongst the major factors responsible for the re-acceleration of inflation since the beginning of the year, were: the substantial rises in import costs due to the accelerated depreciation of TL against major currencies and its chain effects in the economy (TL depreciation against the US dollar was around 30.4 percent during the first quarter of 1991); adjustment of SEE prices in order to compensate for the losses due to the deliberate deferment of such price adjustments during the last quarter of 1990, and expectations of still higher inflation. Given the price trends in the early months, the inflation performance of the economy for the remaining period of the year is expected to be poor, with the rate of inflation possibly reaching 65.0 percent by the end of 1991.

## Gold Prices

Gold prices in the Istanbul Gold Market showed a parallel trend to those in the London Market during 1990. The value of one ounce of gold in the London market, declined from \$ 408.8 in December 1989 to \$ 375.8 in December 1990, thereby marking an 8.1 percent in decline in a year (gold prices had declined at a slower rate during 1989). Adjusted for the rate of TL depreciation, the value of one gram of gold ingot (expressed in TL) rose by 16.1 percent.

### GOLD PRICES

	Istanbul Gold Market				London Gold Market	
	Gold Bullion		Cumhuriyet		Gold Bullion	
	Sale (TL/gr)	Annual Change (%)	Sale (TL/each)	Annual Change (%)	Sale (\$/ounce)*	Annual Change (%)
<b>1989</b>						
<b>December</b>	30,640	25.1	208,200	27.9	408.8	-2.6
<b>1990</b>						
<b>January</b>	30,900	25.7	208,333	27.8	409.1	1.2
<b>March</b>	31,738	25.8	211,500	26.2	397.5	3.1
<b>June</b>	30,087	19.5	200,500	19.4	353.6	-8.2
<b>September</b>	34,625	32.5	232,750	27.7	390.7	7.9
<b>December</b>	35,563	16.1	236,500	13.6	375.8	-8.1
<b>1991</b>						
<b>January</b>	37,788	22.3	254,750	22.3	380.9	-6.9
<b>February</b>	39,100	21.9	272,000	27.8	369.1	-11.6
<b>March</b>	42,300	33.2	281,000	32.0	362.0	-9.0

\* 1 Ounce: 31.1035 gr

Source: Central Bank of Turkey

The gold prices in the Istanbul free market have shown a steadily rising trend since the beginning of the 1991, largely as a result of the depreciation of TL. However, given the fall in gold prices in the London market and the substantial depreciation of TL during the first three months, a 19 percent increase in prices in the Istanbul market indicates the weakness of demand for gold, largely caused by rising bank deposit interest rates during the same period, and the high premium earned by foreign currency holdings as an important investment alternative.

## **The Capital Market and Stock Exchange**

There were important developments in the capital market and in Stock Exchange transactions in 1990. The Stock Exchange Share Index (1986=100) increased to 5700, whilst the total trading volume of the Istanbul Stock Exchange (ISE) rose to TL 15.3 trillion.

But, due to the Gulf crisis which erupted in August 1990, the economy, of course, was negatively affected. This situation also affected the securities market, which at a high level causing sharp fluctuations in prices. The Share Prices' Index began to fall in mid-November and at one point it even fell below the 3000 mark, closing the year at 3256.

## **The Situation of the Primary Market in 1990**

The most important part of the primary market issues was realized by the public sector. The government bond and Treasury bill issues followed a parallel trend with the increasing Budget deficits. Government bond issues increased by 37.0 percent and reached TL 12.5 trillion, whereas Treasury bill issues rose by 11.0 percent reaching TL 8.4 trillion.

Whilst government bonds' share of the total to 58.0 percent from 53.0 percent, the Treasury bills share fell to 39.0 percent from 45.0 percent. This change in to the composition of the securities issued by the Treasury is indicative of its desire to postpone the maturity of domestic debts.

As regards private sector developments, within the primary market, it is to be noted that the total amount of the capital market papers issued reached the level of TL 6,310 billion. Of this amount, TL 4,113 billion was realized in share issues, so that the total of private shares issued within the primary market reached 65.6 percent.

The most striking tendency in 1990, was for the public offering of new shares at their respective market values. During 1990, 32 corporations opened their doors to the public and 31 of these were successful in their bids for new funds. For the year 1990, the total nominal value of the corporations which were opened to the public was TL 513.9 billion, with a funds collection of TL 2,638.3 billion.

The vitality of the capital markets observed during 1990 also influenced the mutual funds. As of the end of 1990, the number of such funds was 72. The initial value of these funds was TL 1,127,5 billion, whilst their total portfolio value had reached TL 1,515.1 billion by December 31. Authorisations to establish new mutual funds increased by 424.0 percent as compared to the previous year, amounting to TL 855.0 billion.

## Secondary Market and Stock Exchange Developments in 1990

During 1990, the total trading amount of securities quoted or un-quoted on the Stock Exchange increased 218.7 percent with respect to 1989 and reached TL 116, 301 billion.

### SECTORAL BREAKDOWN OF SHARES QUOTED ON THE STOCK EXCHANGE IN 1990

SECTORS	NUMBERS	NOMINAL AMOUNT	SHARE (%)
Banks	34	4,013,308,944	27.7
Insurance Companies	35	437,868,828	3.0
Mining Industries	54	1,063,072,140	7.3
Electricity and Gas	8	114,612,650	0.8
Machinery	66	642,936,452	4.4
Electrical Machinery	30	500,848,350	3.5
Cement	36	354,836,728	2.5
Glass and Ceramics	59	563,949,303	3.9
Rubber and Tyres	3	175,575,816	1.2
Textile	85	979,260,250	6.8
Printing	12	138,207,000	1.0
Chemicals	42	300,259,124	2.1
Food and Beverages	96	394,283,883	2.7
Paper and Packaging	22	202,394,947	1.4
Investment and Holding Companies	74	3,188,755,685	22.0
Trade and Other Companies	227	1,275,578,537	8.8
Financial Insti. and Foreign Exch. Offices	33	130,250,000	0.9
<b>TOTAL</b>	<b>916</b>	<b>14,475,998,636</b>	<b>100.0</b>

Source: ISE Annual Report

As will be seen from the above Table, the banks (27.7 percent), the investment and holding companies (22.0 percent) make up nearly half of the total capital of the 916 quoted firms, which amounted to TL 14, 475, 998, 636.

On the other hand, the operations related to the non-registered, public sector securities constitute the most important part of the Istanbul Stock Exchange's trading volume.

Among financial instruments, shares have a special place with their role in financing the economy and in spreading capital investment to wider segments of the population. Indeed it may be said that, within the Stock Exchange's overall operations, only shares' trading has had the competitiveness and clarity to ensure this widening of the ownership of economic enterprises.

#### **SECTORAL BREAKDOWN OF PRIVATE BONDS QUOTED ON THE STOCK EXCHANGE IN 1990**

SECTORS	NUMBERS	NOMINAL AMOUNT	SHARE IN TOTAL (%)
Certificates	1	-	
Banks	2	57,597,000	8.1
Mining	20	37,370,000	5.2
Machinery	18	47,700,000	6.7
Electrical Equipment	8	12,350,000	1.7
Cement	2	19,500,000	2.7
Glass and Ceramics	12	67,800,000	9.5
Textile	24	98,600,000	13.8
Press	7	38,250,000	5.4
Chemicals	21	98,770,000	13.9
Food and Beverages	10	32,200,000	4.5
Paper and Packaging	4	20,500,000	2.9
Investment and Holding Companies	3	53,000,000	7.4
Trade and Other Companies	30	71,660,000	10.1
Financial Inst. and Foreign Exch. Offices	2	57,000,000	8.0
<b>TOTAL</b>	<b>164</b>	<b>712,297,000</b>	<b>100.0</b>

Source: ISE Annual Report

The great increases seen in the share prices and trade volume levels in 1990, augmented considerably the Stock Exchange's effectiveness in helping to finance economic activities and in providing liquidity for investments in securities.

Of special note is that, in 1990, the abundance of new public offerings also stimulated the demand and provided the possibility for a wider segment of investors to enter into the market. Despite the economic uncertainties and the tensions of the Gulf crisis, the realization of the public issue programmes of more than 30 companies in 1990, was an important step ahead and augurs well for the future of the Turkish securities market.

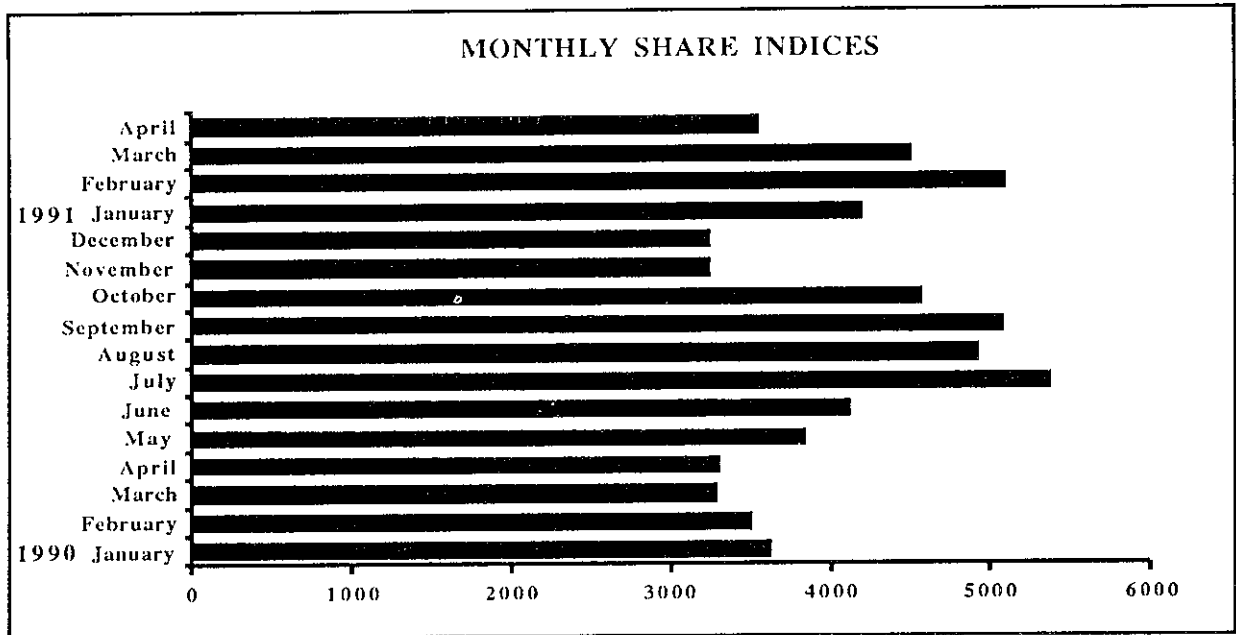
Despite these negative factors and especially the fall in the volume of share transactions, the trading volume reached TL 15.3 trillion in 1990, making the Istanbul Stock Exchange a leading Stock Exchange amongst the other developing stock markets of the world.

#### SHARES TRANSACTIONS

1990 MONTHS	I Price Index	II Transaction Volume*
January	3,641.3	1,128,273
February	3,516.1	1,184,413
March	3,294.3	649,658
April	3,308.2	528,699
May	3,852.1	1,383,897
June	4,133.0	1,115,649
July	5,384.5	1,556,685
August	4,939.2	2,018,507
September	5,085.2	1,512,348
October	4,570.4	1,690,362
November	3,257.0	1,200,453
December	3,255.8	1,344,120
I- Yearly Average	4,019.8	
II- Total		15,313,064
1991		
January	4,213.5	1,644,689.9
February	5,102.6	3,981,933.9
March	4,520.0	2,753,075.5
April	3,554.3	1,401,091.7
Total		9,780,791.0

Source: ISE, Annual Report, Monthly Bulletins

\* TL million



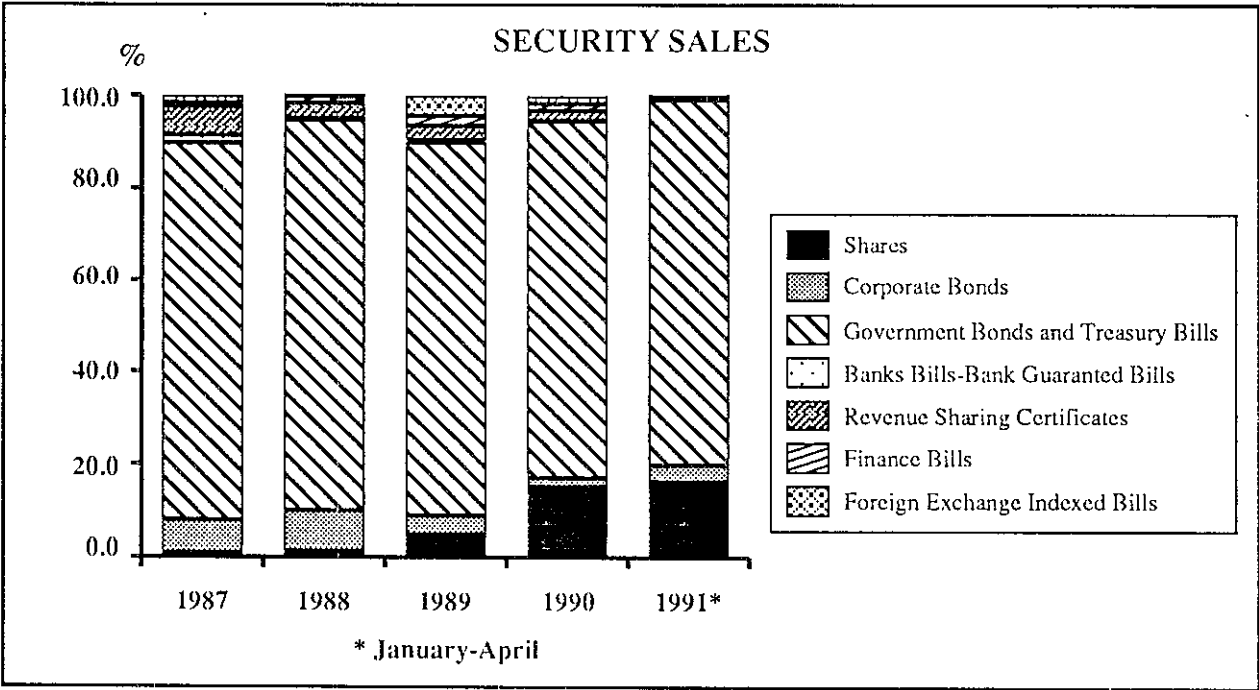
In 1991 stock issues originating from the public sector increased in the first months of the year. Whilst the amount of public securities issued in February, amounted to TL 1.5 trillion, in March issues rose to TL 3.5 trillion. The interest rates applied to these issues played a part in bringing about the increase seen in financial market interest rates. It is observed, however, that the maturity dates of these public borrowings are shorter than in the recent past.

### Secondary Markets

During the period of January-April 1991, the total trading volume of public and private securities in secondary markets amounted to TL 60 trillion, indicating a massive 245.8 percent increase, over the same period of the previous year. The highest increase was seen in private sector bonds, with 393.0 percent, followed by share issues with 170.5 percent, and government bonds and Treasury bills with 167.2 percent. There was a fall in the trading volume of other securities as compared to the just four months of 1990.

The public securities' trading volume share within the total was 80.2 percent in the first four months of 1991, roughly the same as in the same period of last year.

In the first months of 1991, the Share Prices Index followed a generally similar trend to that of the trading volume.



In summary, in the spring of 1991, the Stock Exchange continued to gain depth and the total turnover of the first four months reached TL 9.7 trillion, which was more than 61.0 percent of the volume of transactions during the whole of 1990.



**THE TRADING VOLUME OF SECURITIES  
IN JANUARY-APRIL IN THE STOCK EXCHANGE  
(TL Million)**

	January		February		March		April		Cumulative	
	1990	1991	1990	1991	1990	1991	1990	1991	1990	1991
Shares	1,128,447.2	1,644,689.9	1,179,530.4	3,981,933.9	650,026.0	2,753,075.5	528,699.0	1,401,092.1	3,486,702.6	9,780,791.4
Corporate Bonds	49,712.1	678,262.9	108,037.6	621,120.9	139,255.1	614,004.9	149,464.7	289,310.2	446,469.5	2,202,698.9
Government Bonds*	1,727,584.5	13,924,739.2	1,836,516.2	14,207,083.4	2,687,545.7	15,270,970.1	2,715,093.1	4,440,292.9	8,966,739.5	47,843,085.6
Treasury Bills*	2,442,470.6		2,281,511.4		2,382,671.7		1,826,276.0		8,932,929.7	
Banks Bills-Bank Guarant. B.	13,219.6	6,551.7	11,615.2	1,137.6	4,090.9	3,942.3	4,736.2	1,076.1	33,661.9	12,707.7
Revenue Sharing Certificates	122,878.1	112,284.4	145,728.4	66,984.5	173,306.1	12,170.5	70,664.6	105,408.0	512,577.2	296,847.4
Finance Bills	95,113.5	51,471.7	51,304.4	43,575.3	85,615.1	59,675.5	94,517.4	15,446.1	326,550.4	170,168.6
Foreign Exchange Index. Bills	90,492.1	-	93,269.6	-	117,812.4	-	103,550.1	-	405,124.2	-
Total	5,669,917.7	16,417,999.8	5,707,513.2	18,921,835.6	6,240,323.0	18,713,838.8	5,493,001.1	6,252,625.4	23,110,755.0	60,306,299.6

Sources: CMB and ISE Monthly Bulletins

\* The ISE Bulletin gives the government bonds and treasury bills together for 1991.

## **The Profitability of the Shares and the Other Alternative Investment Areas**

Whilst 1990 was a good year for the Istanbul Stock Exchange, as a result of the considerable fall in the Share Prices' Index, due to various reasons, after it had reached high levels, the yearly profitability of the stock market for the investors was only 46.8 percent which is a considerably low rate.

The dividend yields are indeed very low in Turkey, and do not yet provide an attraction themselves for investors. The average dividend yield of the joint stock companies quoted on the Stock Exchange was 2.6 percent in 1990.

The P/E (Price/Earnings) ratio, which was one of the most important ratios in the evaluation of companies fell to 14.6 in April 1991 from an average of 25.2 in 1990.

Experiences of the ISE's five years of operations indicates that shares can be attractive if compared many other forms of investment. The situation of the foreign exchange and bank deposit interest rates in 1990 reinforces this observation. However, in the first four months of 1991, the relative situation of these rates changed; especially, the increases in foreign exchange rates and in interest rates meant that some of the investors began to look for other alternatives or simply to wait.

The increase in the foreign exchange rates from 1989 to 1990 was very low in the US dollar and was lower than the inflation rate for the other major currencies. The rise of the foreign exchange prices has gained speed in 1991. It can be affirmed that the stock exchange was negatively effected by the continuation of this trend and the capitals may go to other investment alternatives.

Looking at the bank deposit interest rates, the upward trend which began the last autumn continued in the first months at 1991 and especially after the liberalization of interest rates in February. Naturally this situation has very negative effects upon the stock market. In the meantime, bond interest rates have followed a parallel upward trend to bank deposit interest rates.

A market which is a rival of the stock market is undoubtedly the gold market. Although it is not a profitable investment, gold is always a haven for many investors particularly in periods of high inflation. However, since the liberalization of gold imports by the Central Bank, changes in the prices of Cumhuriyet Lira and gold bullion have been very low compared to the foreign exchange and interest yields for similar periods.

## **Some Regulations and Applications in the Capital Market and Stock Exchange**

In order to meet the new needs and to complete some deficiencies as a result of ten years' implementation of the Capital Market Law (No. 2499) which came into force in 1981, a Bill containing various amendments was placed before Parliament. The establishment of a Capital Market Development Fund, the founding of such new institutions as "The Accounting and Auditing Council of Turkey", and "The Capital Market Intermediaries' and Brokers' Organizations Association of Turkey", the formation of new mutual funds based on real estate, foreign exchange, gold and the commencement of future and forward operations in the stock market, are some of the more important provisions of within this Bill.

A new form of institution mentioned in the Capital Market Law, the country's first investment partnership was put on sale on May 1991. This development is a new step for the Turkish Capital Market to encourage the small investors.

The Capital Market Board changed its restrictive attitude and began to permit the establishment of more new brokerage houses. The number of those which are members of the Stock Exchange increased quickly. The number of Stock Exchange members now amounts to 137, including 79 brokerage houses, 53 banks, and 5 individual brokers and dealers. Since the Capital Market Board has obliged all individual brokers and dealers to adopt corporate status, it is expected that the members will continue to be mainly banks and brokerage houses.

In anticipation of improving and better reflecting the measurement of price movements of the stocks traded on the floor, the ISE has restructured its main Index and made important changes in its concept and calculations as of the beginning of 1991. The ISE has formulated two sub-indices; the Financials' Index and the Industrials' Index. The ISE's new "Composite Index" consists of 75 companies, in lieu of the previous 50. All Indices are calculated on the basis of weighted market capitalization, taking into account only the portion of the capital open and/or available to the public.

Until now, the ISE's basic indicator was market capitalization-weighted, based on the total outstanding number of shares. In addition, all Indices are calculated on the basis of the closing prices as well as the weighted average obtained during the trading session.

There were also some new developments in the "off-exchange" odd lot trading initiated in 1990. One lot which was 200 shares before was expanded to 500 shares for some corporations. In the meanwhile, the number of authorized intermediary institutions has increased. The monthly off-

the-Exchange trading in lots amounted to TL 6-7 billion (TL 10.1 billion in February). The total odd lot trade volume for the period of January-April was TL 30.1 billion.

In order to end the appearance of counterfeit share certificates, the Stock Exchange has made agreements with two American printing-offices to print certificates which, it is claimed- and hoped, can not be counterfeited.

Work has also been launched to host a screen-based secondary market trading in private sector bonds, regarded extensively as a missing ingredient of capital markets. Full operation of the market was expected to commence in the summer of 1991. The aim is to include the bond transactions which were not traded but only registered. It is expected that government bonds, private sector bonds, Treasury bills and revenue sharing certificates will be traded in this market.

As is generally known, the settlement and delivery of stocks on the Exchange are executed one day after the transaction is concluded. Introduced in mid-1989, members are now using special accounts opened at a bank branch in the Exchange building. A set of new regulations, meanwhile, was adopted for the Settlement and Custodian Center. According to the new system, book-entry is used for the accounting procedures in order to facilitate a smoother handling of the transactions and eliminate the physical movement of stock certificates, since the trading value is constantly growing. For that purpose a State-owned bank has taken over the responsibility for creating an independent settlement and custodian operation in a corporate structure with a bid to relieve the Exchange of such functions. A new institution joined by other banks and brokerage institutions and the ISE Members in the form of a joint stock company structure has been established. These developments will provide a greater speed and facility and an atmosphere of confidence for both of the Members and the investors in the stock market.



# CALENDAR OF MAIN ECONOMIC POLICY MEASURES

1990/1991

1990

January

Income tax brackets are rearranged to take account of inflation:

Annual income brackets		Income tax rates
Old	New	Percent
Up to TL 6 million	Up to TL 8 million	25
TL 6 to 12 million	TL 8 to 16 million	30
TL 12 to 24 million	TL 16 to 32 million	35
TL 24 to 48 million	TL 32 to 64 million	40
TL 48 to 96 million	TL 64 to 128 million	45
TL 96 million and more	TL 128 million and more	50

Foreign exchange regulations are amended. Exports and imports can be paid in Turkish lira. Residents in Turkey, when travelling abroad, are allowed to take out \$ 5,000 instead of \$ 3,000. No permission is needed for capital transfers abroad below \$ 5 million; the Treasury is authorised to issue permits for transfers of \$ 5 million; to \$ 50 million above this ceiling a government decree is required.

The 1990 Import Regime is announced. The list of commodities subject to permission is abolished, import guarantees are abrogated, custom duties are reduced for 7,545 items and cancelled for 333 items, surcharges on 1,255 items are lowered and on 2,357 items abolished.

The credit system of the Central Bank is rearranged. The Bank will start a rediscount window and extend advances. New interest rates are 40 percent for rediscount credits and 45 percent for advances.

February

The official support price for tobacco is raised by an average of 56 percent. Farmers affected by severe drought are granted debt relief by the Agricultural Bank.

Consumption tax on gasoline is increased from 70 to 80 percent and lowered from 40 to 29 percent for fuel-oil.

It is announced that Central Government Budget appropriations will be cut by 12 percent across-the-board (Defence Budget by 4 percent); 7 percent of the funds saved through these cuts will be allocated to the "reserve appropriations" and the remaining 5 percent to a new account in the Treasury Budget, "collateral for personnel expenditures"

## March

Foreign exchange regulations (Decree 32) are again amended. Residents in Turkey are allowed to buy all types of securities in convertible currencies which are quoted on stock exchanges abroad; they may transfer abroad any amount of foreign currency through banks or special finance houses. Previously, transfers could be made only for transactions related to trade of goods and services. Residents can buy any amounts of foreign currency from commercial banks and special finance houses and open deposit accounts and use them freely. Non-residents may trade in Turkish securities quoted on the İstanbul Stock Exchange and in securities issued by Turkish public agencies. Foreigners are permitted to open TL deposit accounts and freely transfer interest earnings and the capital. Residents are allowed to borrow abroad in kind or cash. Turkish banks can extend foreign exchange credits with a minimum maturity of three years to Turkish foreign trade companies and to Turkish residents who hold an investment incentive certificate entitling them to foreign credits. Treasury permission is no longer required for foreign credits secured by a mortgage on real estate in Turkey. Turkish banks can provide credits to non-residents without any limit.

An Electricity Fund, attached to the Ministry of Energy and Natural Resources, is established. The Fund will finance the construction of new power plants and ensure stability of tariffs.

## April

The Privatisation Law is revised to allow block sales to foreigners.

The 1990 Import Regime is amended. Import duties, fees and surcharges on specific investment goods are either removed or lowered.

The motor vehicle purchase tax is raised by 50 to 110 percent, depending on the type and age of vehicles.

Exports made within the contents of the bilateral agreements or special off-set agreements (i.e. with Iran, Iraq and East European countries) are included in the subsidy scheme from the Resource Utilization Support Fund.

A special incentive scheme is announced for the motor vehicles industry. Plants with a minimum production capacity of 100,000 cars a year can benefit from a full investment allowance (100 percent exemption on income and corporation tax); when 80 percent of the investment has been realised, a subsidy from the Resource Utilization Support Fund will be granted. In addition, there will be exemptions of import duty, fees and charges on imported components.

## May

Legal reserve ratios are decreased:

On sight and one month time deposits: from 20 to 19 percent,

On time deposits of:

- |                      |                        |
|----------------------|------------------------|
| - 3 months to 1 year | from 10 to 9 percent,  |
| - 2 years            | from 8 to 6 percent,   |
| - 3 years            | remained at 6 percent, |
| - 4 years            | from 4 to 2 percent,   |
| - 5 years            | remain at 2 percent.   |

The Insurance Law is amended. Limits on insurance premiums are lifted; insurance companies are free to determine their rates.

Travel agencies are granted a special subsidy from the Resource Utilization Support Fund, up to 20 percent of their promotion expenditure.

Turkish contractors working abroad are allowed to obtain "export promotion certificates", which will enable them to benefit from incentives granted to exporters.

The official support price for wheat is increased by an average of 60 to 70 percent.

## June

Effective from August, minimum wages in industry, services and agriculture are increased by 84 percent from TL 225,000 to TL 414,000 per month.



It is announced by the Central Bank that domestic inter-bank deposits are excluded from legal reserve requirements.

Turkish Lira deposits in foreign branches of Turkish banks and in Turkish branches of foreign banks are made subject to legal reserve liquidity requirements. This decision by the Central Bank is intended to close a loophole in an earlier decree published in March 1990 which brought large inflows of TL credits from abroad.

## July

Civil servants' salaries are increased by 25 percent for the second half of 1990.

The Import Regime is further liberalised. Import duties of 98 items are lowered and abolished for another 243 items. Surcharges earmarked for extra-Budgetary funds are also reduced for 36 items and abolished for 26 items.

## August

Petroleum prices are increased by an average of 15 to 20 percent.

Commercial banks and special finance houses are permitted to determine their buying and selling exchange rates freely for sums above \$ 3,000 (previously \$ 10,000).

The legal reserve ratio on foreign currency deposits is lowered from 25 to 20 percent for sight deposits and from 20 to 18 percent for time deposits.

Foreign currency accounts with letter of credit facility are modified. Employees of Turkish companies residing abroad and civil servants appointed abroad are no longer allowed to open this type of account. Petroleum prices are again increased, by about 23 percent.

Sources of income for the Resource Utilization Support Fund are expanded. In addition to the 6 percent of interest on credits extended by commercial banks, 6 percent of foreign credits obtained by commercial banks, non-bank financial institutions, and individuals will be earmarked for the Fund. The 6 percent charge on the CIF value of imports made against letters of credit and goods is lowered to 1 percent.

## September

The Corporation Tax Law is amended. If corporations make investments in research and technology developments which are

approved by the Turkish Scientific and Research Institute (TÜBİTAK), 20 percent of the Corporation Tax due in the current year will be paid in 3 years in equal annual installments, provided that the value of the tax postponed does not exceed the total of funds spent on research and development.

An article of the 1990 Budget Law, concerning the stamp duty on imports is abolished by the Constitutional Court. At the same time, Customs tax rates are raised by 15 percentage points for all commodities with the exception of those subject to specific tax. Surcharges earmarked for the Support and Stability Fund are also raised by 15 percentage points. This decision is taken to compensate the loss caused by nullifying the stamp duty. For 1991, a new law will be introduced.

Incentives for the encouragement of exports are modified. Prolongation of incentive documents is made easier. If 50 percent of the export pledge is realised, exporters will be automatically given another twelve months extension.

## October

Central Bank rediscount rate is raised from 40 to 43 percent and the advances rate from 45 to 48.25 percent.

VAT rates are substantially increased in a move to contain the Budget deficit. New rates will become effective on 15th October 1990:

- The general VAT rate: from 10 to 11 percent;
- Food: from 3 to 5 percent;
- Luxury goods: from 15 to 20 percent.

VAT rate on food will again be increased to 6 percent on 1st of December 1990 and to 8 percent on 1st of June 1991. The general rate will be increased to 12 percent on 1st of December 1990.

Some provisions of the Banking Law are amended to allow off-shore banking in Turkey. In order to be able to operate in free-trade zones, foreign banks are required to obtain permits from the Under-Secretariat of Treasury and Foreign Trade and they will not be subject to the Banking Law. They may accept deposits from other banks in Turkey but not from Turkish residents. They are not allowed to issue bonds, bills and other securities and may not operate as intermediaries in the Stock Exchange. But they can engage in buying and selling securities and extend credits to Turkish residents.

## November

Branch offices opened by Turkish banks in free-trade zones are considered Turkish banks and they are subject to the provisions of the Banking Law.

The 1991 Annual Programme is published.

The stamp duty on imports, which was abrogated in September 1990, is reintroduced. The general rate is 10 percent on the CIF value of imports. Import duties on motor vehicles are raised, but lowered on some food items and steel products.

The Central Bank rediscount rate is raised from 43 to 45 percent and the advances rate from 48.25 to 50.75 percent.

The 1991 Investment Incentives Programme is published. Incentives available for investors are the same as in 1990 (see November 1989), but the minimum value of investment is lowered from TL 5 billion to TL 2.5 billion. In 1991, investments in infrastructure, free zones, motor vehicle production and car leasing are included in the scheme. The scope of investments entitled to subsidies from the Resource Utilization Support Fund is widened by including projects for education and health (50 percent), environment protection, research and technology development, plant expansion and modernization (15 percent). But in general, subsidy rates are lowered and projects in developed regions are now excluded. Rates of investment allowances (reductions from the Corporation Tax base) remain the same. Custom duty exemptions are expanded.

The 1991 Export Regime is announced. Under the new regime, administrative requirements are further reduced and several of the functions of the Under-Secretariat of the Treasury and the Foreign Trade are turned over to Exporters' Unions. Exporters who fail to fulfill their export pledges on time will no longer be automatically barred from export activities, but are given a grace period in which to comply.

## December

Several tax laws are amended to be effective from January 1991. Income tax brackets are rearranged:

Annual income brackets		Income tax rates
Old	New	Percent
Up to TL 8 million	Up to TL 12 million	25
TL 8 to 16 million	TL 12 to 24 million	30
TL 16 to 32 million	TL 24 to 48 million	35
TL 32 to 64 million	TL 48 to 96 million	40
TL 64 million 128 million	TL 96 to 192 million	45
TL 128 million and more	TL 192 million and more	50

Interbank foreign currency deposits are made subject to legal reserve requirements.

Legal reserve ratios on Turkish lira deposits are decreased:

- on sight and one month time deposits: from 19 to 17.5 percent;
- on 3 months to 1 year time deposits: from 9 to 8.25 percent.

Wage and salary earners in priority development regions will be subject to lower tax rates during the next ten years (1991-2000). The "living-standard" threshold for income tax payers is reintroduced. The minimum wage prevailing at the end of the year will be used as a benchmark to determine living-standard ratios. Income earned from sales of real estate and shares issued to name and quoted in the stock-exchange will not be subject to Corporation Tax provided that they are added to declared capital. During the next ten years -1991-2000- the Corporation Tax rate for manufacturers will be 20 percent in the first-grade priority development regions and 30 percent in the second-grade development regions. Motor vehicle purchase tax and annual tax on motor vehicles as well fixed-rate fees are also increased.

## 1991

### January

The import Regime is amended. Taxes and Funds on 265 items are changed. While taxes and Funds levied on several industrial raw materials, cars and automotive industry products are reduced, the Funds levied on imports of livestock, sugar and milk powder are revised upwards.

Customs Entrance Tariff Schedules are adjusted in line with the Harmonized System Nomenclature.

Banks operating in free zones (off-shore banking inclusive) are not subject to disponibility and legal reserve requirements through their deposits from the banks established in Turkey and deposits from persons resident abroad.

It is announced by the Central Bank that heavier sanctions will be applied to those banks which do not fulfil the legal requirements to which they are subject.

Special discount rates of income tax payers are raised by 50 percent.

Besides the Customs duty and/or Funds already applied it is decided to levy 100 percent surtax against dumping on the import of the items from Poland and Czechoslovakia that are covered by Customs Tariff Statistical Position No: 8466.20.90.

Tax rebate rates paid to the wage and salary earners are rearranged upwards.

The Fund levy of 10 percent to S Price Stabilization and Support Fund from the petroleum products produced from domestic crude oil is abolished. On the other hand, the government levy of 10 percent to the same Fund from the import of petroleum is raised to 15 percent.

In case of import of normal gasoline and super gasoline, for the period 1/2/1991 to 30/4/1991, Price Stabilization Support Fund levy is raised from 7.5 percent to 30 percent and the Petroleum Stabilization Fund ratio from 5 percent to 10 percent.

Funds levied on imports of several agricultural products are raised and some further products are included in the Fund list. On the other hand, imports of some hygienic materials for human life are exempted from Customs duty.

## February

It is announced by the Central Bank that interest rates on foreign exchange deposits by Turkish residents abroad at the Central Bank are raised by 1 or 2 points and determined by a minimum level for these deposit accounts.

It is made compulsory by a Parking of regulation that no building in cities with a population of more than 100,000 may be constructed without a parking lot.

The Regulation for the Thrace Free Zone are published. Companies intending to operate in the zone will have to pay \$ 5 rent per square metre in covered areas. The sale price per square metre in built-up areas will not be below \$ 500. The minimum sale price per square meter for plots of land is fixed at \$ 150. Companies will be allowed to operate for 20 years. However, companies investing over \$ 5 million will be entitled to extend that period for a further 10 years.

Under an agreement signed by Turkey and the Soviet Union, this year Turkey will import from the Soviet Union over 4 billion cubic metres of natural gas and \$ 170 million of the cost of the Soviet gas will be paid for in exports of Turkish goods and \$ 100 million will be used to finance construction projects in the Soviet Union to be built by Turkish contractors. The agreement incorporates the list of goods that Turkey will export to the Soviet Union against supplies of gas this year. Turkey is also provide \$ 26 million in goods to service Soviet credits made available to finance installations constructed in Turkey with Soviet assistance. Turkey is to sell against gas supplies \$ 30 million in vegetable oils, \$ 27 million in medicines, \$ 20 million in iron and steel products, \$ 20 million in soap and detergents, \$ 17 million worth of tea, \$ 10 million in cigarettes, \$ 5 million in ready-to-wear clothing and leather products, \$ 6 million in nuts, and \$ 2 million in baby food and \$ 16 million in industrial products and other commodities.

An anti-dumping surtax is levied on imports of some articles from Romania, Taiwan and China in order to prevent unfair competition. Anti-dumping tax rates and corresponding articles are as follows: 100 percent of the CIF value of the imports from Romania of rolled, drawn and blown glass; 30 percent of the CIF value of the imports of all kinds of pulley chains from Taiwan excluding two companies (KMC Chain Ind. Co. Ltd. and Chain Tiger Ind. Co. Ltd.); \$ 2 per kilogramme on imports of porcelain tableware, kitchenware, and other household and toilet articles from China.

The principles of directions and incentives of investments and foreign exchange earning services by the Resource Utilization and Support Fund are modified. Loan terms and Fund levies regarding

investment incentives are changed, too. The following interest rates are applied to the corresponding regions: First priority regions 10 percent, second priority regions 15 percent, others 20-25 percent and developed regions 30 percent.

Off-shore banking regulations covering operations at İstanbul Atatürk Airport are issued. Banks willing to operate at the İstanbul off-shore banking centre have to obtain a license from the State Planning Organization. Licenses will be issued for a period of 10 years but may be extended for a further period.

### March

Two loans amounting to \$ 103,500,000 in all are extended by the Council of Europe's Resettlement Fund to Turkey. Turkey will pay *libor* plus 0.25 percent interest for the larger portion of the two credits, worth \$ 100 million. The second portion, \$ 3,150,000 in total, bears annual interest of 1 percent. Both loans are to be repaid on October 1, 2000.

The regulation that governs the operation of the Trabzon Free Zone is published. Companies willing to operate in the Zone will have to pay \$5,000 for a license. The fees for banks and insurance companies are fixed at \$ 75,000 and \$ 50,000 respectively. Applications to be made to the SPO in Ankara or the Trabzon Free Zone Directorate in Trabzon.

The foundation agreement of the European Reconstruction and Development Bank is approved and an upper limit of ECU 115 million participation is undertaken by Turkey. However, it is also accepted that the Council of Ministers is authorised to raise the share amount up to threefold. On the other hand, Turkey's participation to the foundation agreement of Asian Development Bank is approved as well. Capital participation limit to this foundation by Turkey is 60.2 million SDR and again Council of Ministers can raise it threefold.

### April

The State Planning Organization's Free Zone General Directorate announced that applications for the Adana-Yumurtalık Free Zone are to be accepted until June 15, 1991. \$ 50,000 is to be charged as an application fee for banks and insurance companies. The fee for companies is fixed at \$ 2,000.

A bloc sale of State shares under the privatisation programme is again carried out after an interval of two years. Sixteen percent of the shares of the automotive company TOFAŞ Oto is sold to FIAT Auto

**May**

SPA. As a result, the State stake in TOFAŞ Oto drops to 23 percent from 39 percent.

Customs duties and Funds on a few items covered by the Import Regime are adjusted.

The State Monopoly of cigarettes and other tobacco products is abolished. A Council of Minister decree ending the State Monopoly in the tobacco and cigarette markets was published in the Official Gazette on May 3rd.

It is announced by a Decree of Council of Ministers that several new items are added to the consolidated liberation list of European Community and Consolidation ratio increased to 80 percent in line with the 22nd article of the Additional Protocol.

The import regime is amended. Customs duty and Funds levied on a few items, such as cotton yarn, woven cotton, are changed.





## APPENDIX I

### TÜSİAD FORECASTS FOR 1991

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). A quarterly econometric model was published in 1987.

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 business environment.

The 1991 GNP growth rate is expected to be 5.6 percent. The growth rate in agriculture is forecast at 3.5 percent, that in industry 6 percent. Services are expected to grow by 6 percent.

#### SUMMARY OF TÜSİAD FORECASTS FOR 1991

(% Real Increases)

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Growth: Agriculture	3.5
Industry	6.0
Services	6.0
GNP	5.6
Total Fixed Capital Investments	5.4
Total Consumption	5.7
Inflation rate	65.0
Exports (\$ Billion)	14.5
Imports (\$ Billion)	22.5
Foreign Exchange Rate (TL/\$)	
Year End	5200.0
Percentage Change (1991/1990)	76.2
Annual Average	4350.0
Percentage Change (1991/1990)	125.5

Total investment is expected to increase by 5.4 percent, and total consumption by 5.7 percent.

The inflation rate will be around 65.0 percent.

Imports will be \$ 22.5 billion and exports \$ 14.5 billion.

As a year-end figure for 1991, the exchange rate is expected to be 5,200 TL/\$.

## APPENDIX II

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

In April 1991, 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 77.4 percent of the respondents have special sections or staff concerned with forecasting in their companies. These forecasting groups average about eight persons each.

Seventy-one-point-four percent of the respondents use market research, 70.3 percent compare current year's results with those of the previous year, 68.8 percent use judgement of managers, 42.8 percent depend upon the forecast of regional sales agents, 27.7 percent use consumer surveys, 20.7 percent use technological forecasts, and 18.2 percent use time series analyses. Seventy-four percent of TÜSİAD members use the forecasts of our Association.

#### NUMBER OF PERSONS DEALING WITH FORECASTS

Number of Persons	Percentage
0	22.1
1-9	67.5
10+	10.4

## METHODS EMPLOYED FOR FORECASTS

Method	Firms Employing These Methods(%)
Market research	71.4
Comparison of previous year's results, statistical analyses, extrapolation	70.3
Regression, correlation	11.7
Time series analyses	18.2
Econometric models	10.4
Judgement of Managers	68.8
Consumer Surveys	27.7
Exponential Smoothing	3.9
Sales Agents' Forecasts	42.8
Technological Forecasts	20.7

## INSTITUTIONAL HELP IN FORECASTING

Institution	Percentage
TÜSIAD	74.0
SIS	75.3
Others	47.4

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

Education and health in 1995 appeared to be the most important problem; together with inflation which was seen as another crucial issue. The insufficiency of available technology, unemployment, foreign debts, and budget expenditure were evaluated as the next most important problems.

The percentage of our members who see inflation as the most important problem of 1995 shows a marked decrease.

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

	1995
Inflation	18.2
Growth Rate	5.2
Foreign Trade Deficit	3.9
Unemployment	9.1
Foreign Currency Shortages	2.6
Income Distribution	6.5
Insufficiency of Technology	15.6
Foreign Debts	9.1
Education and Health	22.1
Foreign Trade Deficit	3.9
Budget Expenditure	7.8

Fifty-one-point-nine percent of the respondents expect that the 1990-1993 period will more successful than 1986-1990. Seventy-six-point-six percent of all members believe that a competitive economic structure would lead to improved quality and increased output, and 23.4 percent disagree. Seventy-four percent of the respondents favoured cooperation with foreign companies in investment and 36.4 percent considered such co-operation to be advantageous in the export field and 48.0 percent in the transfer of technology.

**EXPECTATIONS AS REGARDS THE PERIOD 1991-1995  
IN COMPARISON WITH 1986-1990 (%)**

1991-1995 period will be more succesful	51.9
1986-1990 period was more succesful	48.0

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

Believers	76.6
Non-believers	23.4

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

<u>Field of Cooperation</u>	<u>Percentage</u>
Investment	74.0
Export	36.4
Transfer of Technology	48.0

Almost all respondent believe that the Gulf Crisis negatively affected all fields in 1990 and will continue to have adverse effects in 1991.

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

In 1991, GNP is expected to grow by 5.2 percent, and manufacturing industry by 6.2 percent, in real terms.

It is expected that the number of building permits will decrease by 1.5 percent in 1991, but increase by 0.7 percent in 1992.

Fixed capital investment will increase by 4.7 percent in 1991.

In 1991, exports and imports will reach \$ 14.8 billion and \$ 23.6 billion, respectively. Foreign debts are expected to increase considerably, to total \$ 53.4 billion.

According to respondents, the inflation rate will be 70.6 percent in 1991, 63.4 percent in 1992.

Interest rates on credits and deposits are expected to increase compared to 1990 but, in 1992 these figures are expected to decrease compared to 1991.

Wage increases will be double 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, 76.0 percent in 1991 and 73.6 percent in 1992, will be higher than the rate of inflation.

In 1991, tax revenues are expected to increase by 77.6 percent and in 1992 by 75.5 percent. The Budget deficit will increase to TL 20,712 billion in 1991, and TL 25,014 billion in 1992.

Time deposits are expected to increase (53.4 percent) by a smaller margin than bank credits (69.0 percent).



# FORECASTS OF TÜSİAD MEMBERS REGARDING THE TURKISH ECONOMY\*

	1990	1991	1992	1993
<b>I. INCOME/PRODUCTION/INVESTMENT</b>				
Real Growth Rate (%)				
-GNP	9.2	5.2	6.19	6.8
-Manufacturing Sector	9.9	6.2	7.1	7.7
-Number of Building Permits	-10.6	-1.5	0.7	3.0
-Fixed Capital Investment	8.5	4.7	5.6	6.2
<b>II. FOREIGN ECONOMY</b>				
Exports (\$ Billion)	13.0	14.8	15.7	17.7
Imports (\$ Billion)	22.3	23.6	25.3	27.8
Foreign Exchange Buying Rate (End of year)				
-TL/\$	2,951	5,076	7,250	10,562
-TL/DM	1,929	3,040	4,467	6,405
Workers' Remittances (\$ Billion)	3.0 (1)	3.1	3.3	3.5
Foreign Debts (\$ Billion)	49.0	53.4	56.7	58.9
<b>III. WAGES/PRICES/INTEREST RATES</b>				
Inflation (%)	60.4	70.6	63.4	54.4
Interest Rate on One Year Deposits (%)	58.0-64.0	71.7	64.8	57.6
Interest Rate on Credits (%)	60.0-75.0	88.6	79.0	72.1
Gold Ingot (gr., end of year)	35,563	53,092	74,577	102,029
Average Wage Increase (%)	144.7	142.9	105.6	90.0
<b>IV. PUBLIC FINANCE/MONEY/CREDITS</b>				
Increase in Tax Revenues (%)	78.0	77.6	75.5	75.2
Growth in Money Supply (M2) (%)	71.9	76.0	73.6	69.0
Budget Deficits (TL Billion)	11,484	20,712	25,014	29,427
Increase in Bank Credits (%)	67.0	69.0	68.0	67.6
Increase in Time Deposits (%)	43.4	53.4	53.0	52.1

(\*) Half of the respondents' forecasts are below and the other half's are above the values given in the table above. 1990 figures are actual, 1991-1993 are forecasts of TÜSİAD members.

## APPENDIX III

### TÜSİAD's LEADING INDICATORS FOR THE TURKISH ECONOMY

This study has the twin purposes of processing the main macro-economic indicators for the Turkish Economy on the one hand, and preparing indices of Coincident and Leading Indicators on the other.

Most development economists were interested in growth related issues and fluctuations similar to business cycles observed in industrialized economies were not considered as important. However, during the past twenty years, reasonably accurate data on the major macro-economic indicators indicated that modernizing economies were affected by such short term fluctuations, and that these movements were important for policy makers as well as the general public.

Consequently, an analysis of short term movements in the major macro-economic indicators may provide useful information concerning structural aspects of short term macro-economic policy making as well.

Thus, we claim that an analysis of the short terms fluctuations in economic activity has many uses. First of all, many of the economies in question, and especially the Turkish Economy, have in the past been subject to severe shocks due to sudden switches in macro-economic policy. Second, the general public in these economies is potentially in great need of simple ways of telling the direction of the short term movements in the economy. Third, indices of Leading and Coincident Indicators are **parsimonious** ways of summarizing the state of an economy. Finally, these economies adopted most market economy principles and institutions only recently, and hence are quite far from any notion of a stable order.

It is generally accepted that the Turkish Economy went through a structural change on January 24 1980. The beginning of the sample period used in this study is determined by this structural change.

The methodology was applied to about 65 monthly time series from the Turkish economy. The approach in dealing with these series was first to determine some coincident indicators, and then process the rest of these series to see if they lead relative to these coincident indicators.

As a result of the analysis, **Manufacturing Production Index** and **Imports** were selected as our two primary Coincident Indicators. The processing of the remaining time series yielded two more coincident indicators: **The Number of Newly Established Firms** and **The Railway Freight** (Table 1). These Figures again indicate a close contemporaneous correlation between these four series. Although railway freight does not have as good a contemporaneous correlation with production, it was decided to include this series into our index of coincident indicators. This was done primarily because the data on railway freight seem to be more sensitive to movements in the agricultural sector than are either production or imports. Thus, by utilizing this series we hope to capture movements in economic activity that originate in sectors less related to foreign trade.

The next step in this approach is to determine the Leading Indicators. To do this bi-variate charts between various candidates and production were obtained. According to current practice, the selection process of Leading Indicators should include series that yield information on the following types of activities:

1. Anticipations and expectations
2. Investment decisions that may lead to future changes in the level of economic activity.
3. New orders
4. Series that lead because they represent early stages of various economic activity
5. Credit market conditions.

Our investigation of the available time series yielded eight leading indicators. The first group of indicators are expected to give early signals of changing conditions in credit markets. Our expectation that short term fluctuations in the Turkish Economy are by and large 'caused' by loosening and tightening of credit market conditions is in fact borne out by these results. We see that **Real** values of M1 and M2 yield early signals of turning points.

The two other leading series related to credit markets were **Real Central Bank Credits to Banking Sector** and the **Ratio of Central Bank Credits to M2**. By using these series, it was intended to capture the easing and tightening of the credits relative to the overall size of the financial sector. The second group of leading indicators relate to investment decisions. Two such series were isolated: **Real Value of Capital Reinvested** and **The Total Surface of Building in New Building Permits**. Finally, the third group of Leading Indicators deal with the early stage of important economic activities. We have two such series: **Real Value of Government's Consolidated Budget Expenditures** which is intended to capture sudden changes in aggregate demand activity, and **Demand for Jobs as Reported by Government Employment Bureau** these series also capture early stages of changes in aggregate demand and labour market activity (Table 1).

Using these eight series an Index of Leading Indicators was formed. The average lead time is around ten to twelve months for downturns and around nine to ten months for upturns. However, towards the end of the 1980's these leads have shortened to around four months (See Figure1).

Visual examination of charts gives useful information concerning the turning points of short term cycles in the economic activity. Yet, these graphical methods cannot be as precise as the more recent tools that calculate **probabilities** associated with acceleration or slowing of economic activity over relatively short periods. There is a second reason, besides precision, why these new methods should be applied to the indices of coincident and leading series. In this approach data on **filtered series** has been used. Yet, a businessman, for example, may be more interested in what the raw data says. Also, transformations may have eliminated the trend. One may want to know the behavior of the series with trend. By using the probability approach to predict turning points, such modifications can easily be accomplished. The last body of empirical work that is provided in this study involves calculating these probabilities (See Figure 2).

**Table 1**  
**Main Economic Indicators for Turkey, 1980-1990**

**Leading Economic Indicators**

1. Narrow definition of Real Money Supply (M1) with constant prices,
2. Broader definition of Real Money Supply (M2) with constant prices,
3. Real Central Bank Credits to Banking Sector,
4. Ratio of Central Bank Credits to M2,
5. Real Value of Capital Reinvested,
6. The Total Surface of Building in New Building Permits,
7. Real Value of Government's Consolidated Budget Expenditures,
8. Demand for Jobs as Reported by Government Employment Bureau

**Coincident Indicators**

1. Manufacturing Production Index
2. Imports
3. The number of Newly Established Firms
4. The Railway Freight

Table 2

Coincident Indicators Index, 1980-1991

	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991
January	-1.267	-1.010	-0.753	-0.679	-0.174	0.121	0.359	0.128	0.947	1.082	1.703	1.253
February	-1.641	-0.977	-1.144	-0.930	-0.231	-0.347	-0.152	0.182	1.103	0.701	1.162	0.889
March	-1.621	-0.871	-0.466	-0.637	-0.036	-0.015	0.229	0.274	1.209	1.027	1.288	1.489
April	-1.400	-0.936	-0.818	-0.750	-0.442	0.028	-0.199	0.359	0.843	0.141	0.497	
May	-1.235	-0.876	-0.760	-0.893	-0.341	0.039	-0.199	0.146	0.579	-0.340	1.487	
June	-1.346	-0.978	-0.917	-0.678	-0.451	-0.426	-0.354	-0.031	0.910	0.229	1.335	
July	-1.307	-0.996	-0.982	-0.901	-0.312	0.026	0.056	0.275	0.277	0.105	0.698	
August	-1.543	-1.234	-0.853	-0.447	-0.372	-0.189	-0.319	0.062	0.599	0.367	2.074	
September	-1.072	-0.904	-0.984	-0.702	-0.203	0.200	0.132	0.671	0.722	0.597	1.683	
October	-1.009	-1.066	-0.750	-0.561	0.221	0.380	0.349	0.981	0.836	1.434	2.437	
November	-1.336	-0.870	-0.658	-0.466	0.253	0.455	0.103	1.245	0.813	1.309	2.154	
December	-0.557	-0.459	-0.224	-0.070	0.682	0.651	0.389	1.310	1.345	1.193	1.630	

Leading Indicators Index, 1980-1991

	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991
January	-0.675	-0.699	-0.296	-0.186	-0.273	-0.735	-0.666	0.080	0.277	-0.071	0.745	1.029
February	-0.645	-0.571	-0.038	-0.154	-0.346	-0.748	-0.506	0.153	0.183	-0.105	0.323	1.114
March	-1.069	-0.767	-0.421	-0.192	-0.314	-0.831	-0.362	0.151	0.065	0.269	0.554	0.724
April	-0.857	-0.471	-0.371	-0.113	-0.404	-0.851	-0.088	0.333	-0.111	0.443	0.797	
May	-0.852	-0.432	-0.214	-0.049	-0.471	-0.679	-0.061	0.439	0.156	0.505	1.249	
June	-0.786	-0.492	-0.172	0.038	-0.456	-0.591	0.307	0.649	0.439	0.633	1.623	
July	-0.716	-0.372	-0.259	0.040	-0.316	-0.466	0.255	0.615	0.147	0.364	1.008	
August	-0.696	-0.433	-0.111	0.124	-0.355	-0.518	0.421	0.600	0.099	0.531	1.395	
September	-0.649	-0.397	-0.140	-0.164	-0.586	-0.423	0.275	0.546	0.255	0.516	1.446	
October	-0.621	-0.363	-0.080	0.036	-0.451	-0.401	0.146	0.606	0.168	0.647	0.974	
November	-0.657	-0.413	0.007	0.089	-0.391	-0.548	0.086	0.483	-0.032	0.505	0.919	
December	-0.627	-0.157	0.407	0.659	0.088	-0.173	0.579	0.727	0.411	1.075	1.449	

Figure 1  
Coincident and Leading Indicators Index

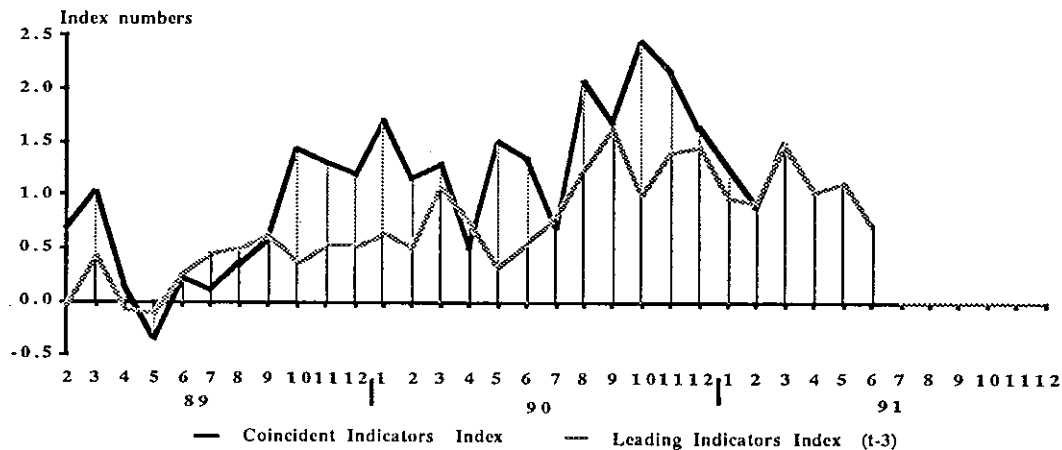


Figure 2  
Coincident Indicators

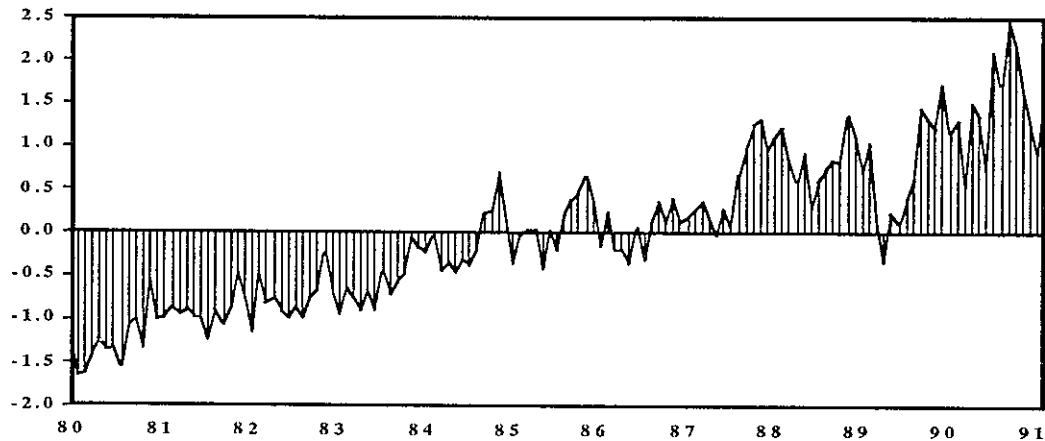


Figure 3  
Leading Indicators Index

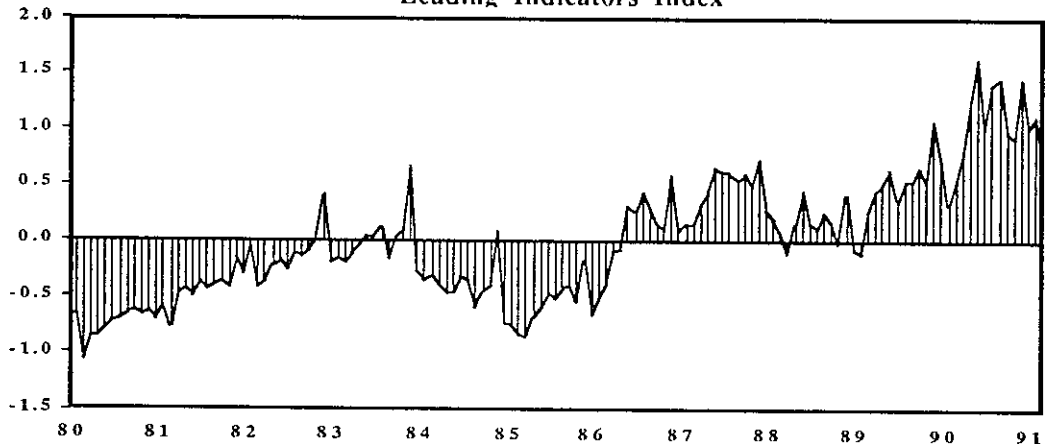
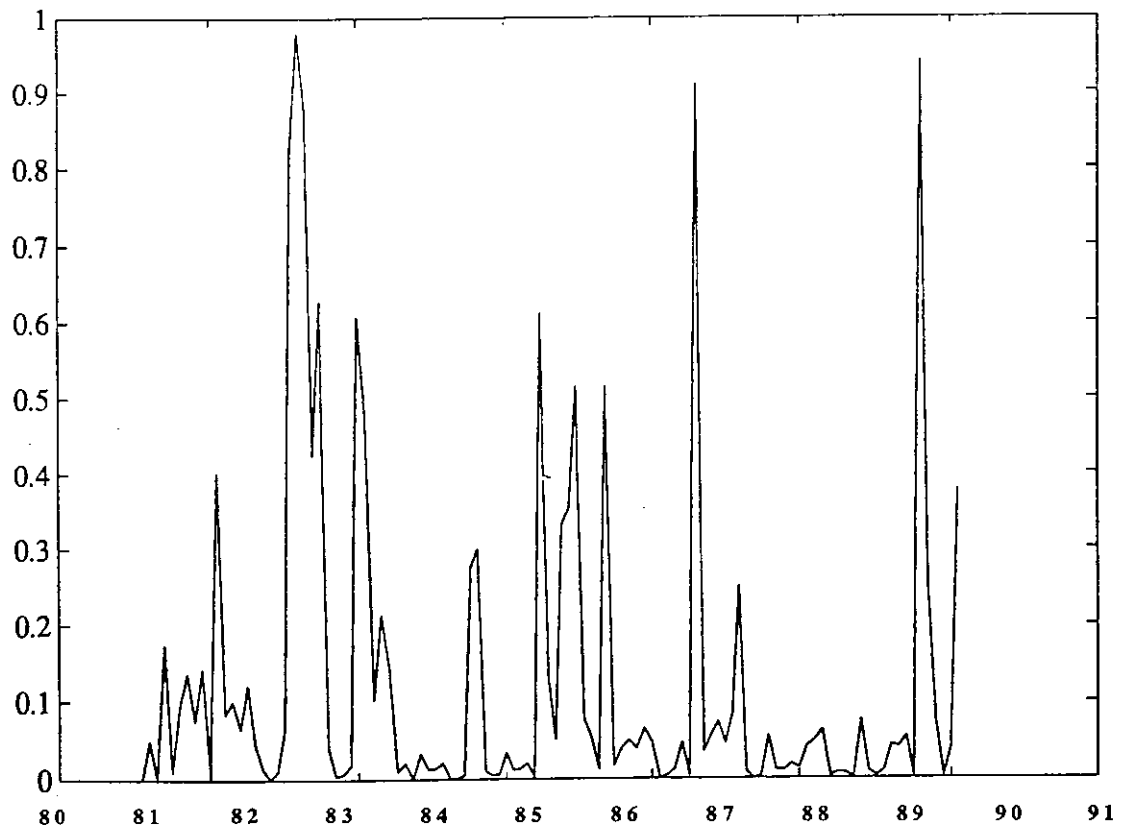


Figure 4  
Probability that the economy is slowing down



**STATISTICAL ANNEX  
FOR  
CHAPTER I**





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

Kind of Activity	1989			1990		
	Value TL Million	Sectoral Share (%)	Growth Rate (%)	Value TL Million	Sectoral Share (%)	Growth Rate (%)
<b>Agriculture</b>	56,036.1	17.7	-10.5	62,396.9	18.0	11.4
-Agriculture & Livestock	54,216.0	17.1	-10.3	60,556.9	17.5	11.7
-Forestry	1,158.1	0.4	-1.7	1,127.0	0.3	-2.7
-Fishing	662.0	0.2	-32.4	713.0	0.2	7.7
<b>Industry</b>	91,793.0	29.0	4.2	100,063.2	28.9	9.0
-Mining & Quarrying	5,834.6	1.8	13.0	5,723.7	1.7	-1.9
-Manufacturing	76,819.9	24.3	3.1	84,438.8	24.4	9.9
-Electricity, Gas, Water	9,138.5	2.9	7.8	9,900.7	2.9	8.3
<b>Construction</b>	16,756.8	5.3	1.0	16,989.7	4.9	1.4
<b>Wholesale &amp; Retail Trade</b>	48,901.9	15.4	5.8	54,995.0	15.9	12.5
<b>Transportation &amp; Commun.</b>	27,045.3	8.5	1.9	28,002.7	8.1	3.5
<b>Financial Institutions</b>	8,973.4	2.8	1.8	9,402.6	2.7	4.8
<b>Ownership of Dwellings</b>	15,004.8	4.7	4.4	15,591.5	4.5	3.9
<b>Business &amp; Personal Serv.</b>	15,921.6	5.0	0.4	17,313.7	5.0	8.7
<b>(-)Imputed Banking</b>	4,964.0	1.6	1.8	5,201.4	1.5	4.8
<b>Services Charges</b>						
<b>Sectoral Total</b>	275,468.9	87.0	0.4	299,553.9	86.6	8.7
<b>Government Services</b>	30,612.8	9.7	6.5	31,699.6	9.2	3.6
<b>TOTAL</b>	306,081.7	96.6	1.0	331,253.5	95.8	8.2
<b>Import Duties</b>	8,756.4	2.8	6.1	12,607.5	3.6	44.0
<b>GDP (In Purch. Values)</b>	314,838.1	99.4	1.1	343,861.0	99.4	9.2
<b>Net Factor Income from the Rest of the World</b>	1,855.6	0.6	-	1,942.1	0.6	
<b>GNP (In Purch. Values)</b>	316,693.7	100.0	1.9	345,803.1	100.0	9.2

\*Third estimate  
Source : SIS

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

Kind of Activity	1989			1990*		
	Value TL Million	Sectoral Share (%)	Growth Rate (%)	Value TL Million	Sectoral Share (%)	Growth Rate (%)
<b>Agriculture</b>	26,014,621.8	15.3	58.6	46,948,108.6	16.3	80.5
-Agriculture & Livestock	24,951,462.5	14.6	60.3	44,979,018.2	15.7	80.3
-Forestry	739,103.2	0.4	44.4	1,342,794.5	0.5	81.7
-Fishing	324,056.1	0.2	1.7	626,295.9	0.2	93.3
<b>Industry</b>	55,252,076.3	32.4	66.4	89,101,993.8	31.0	61.3
-Mining & Quarrying	3,253,331.9	1.9	76.4	4,825,341.9	1.7	48.3
-Manufacturing	44,901,345.9	26.3	66.0	72,756,154.7	25.3	62.0
-Electricity, Gas, Water	7,097,398.5	4.2	64.5	11,520,497.2	4.0	62.3
<b>Construction</b>	6,624,528.4	3.9	67.2	11,262,360.7	3.9	70.0
<b>Wholesale &amp; Retail Trade</b>	28,913,612.2	17.0	65.2	48,248,144.7	16.8	66.9
<b>Transportation &amp; Commun.</b>	16,290,379.0	9.6	65.8	27,411,820.7	9.5	68.3
<b>Financial Institutions</b>	5,577,128.8	3.3	78.0	11,293,072.3	3.9	102.5
<b>Ownership of Dwellings</b>	7,764,907.6	4.6	77.9	13,538,892.9	4.7	74.4
<b>Business &amp; Personal Serv.</b>	9,224,745.1	5.4	65.4	15,550,896.3	5.4	68.6
<b>(-)Imputed Banking</b>	2,781,736.4	1.6	78.0	5,632,710.2	2.0	102.5
<b>Services Charges</b>						
<b>Sectoral Total</b>	152,880,262.8	89.7	65.4	257,722,579.8	89.7	68.6
<b>Government Services</b>	9,665,489.9	5.7	81.5	16,152,966.7	5.6	67.1
<b>TOTAL</b>	162,545,752.7	95.4	66.3	273,875,546.5	95.3	68.5
<b>Import Duties</b>	4,911,353.0	2.9	59.1	9,311,580.0	3.2	89.6
<b>GDP (In Purch. Values)</b>	167,457,105.7	98.3	66.1	283,187,126.5	98.6	69.1
<b>Net Factor Income from the Rest of the World</b>	2,955,264.5	1.7	-	4,067,106.4	1.4	37.6
<b>GNP (In Purch. Values)</b>	170,412,370.2	100.0	69.4	287,254,232.9	100.0	68.6

\*Third estimate  
Source : SIS

# MACRO EQUILIBRIUM OF THE ECONOMY ( TL Billion )

	1989 (1)*	1989 (2)**	1990(3)*	1990(4)**	1989*	1989**	1990*	1990**	(3)/(1)	(4)/(2)
	Macro Equilibrium				Percentages of GNP(%)				Changes	(%)
GNP	102,229.3	170,633.3	111,392.4	286,305.8	100.0	100.0	100.0	100.0	9.0	67.8
Foreign Balance	-1,615.2	-2,048.7	1,559.0	4,974.2	-1.6	-2.0	1.4	1.7	-3.1	-4.1
Total Domestic Demand	100,614.1	168,584.6	112,951.4	291,280.0	98.4	164.9	101.4	101.7	12.3	72.8
Total Investment	23,893.7	38,137.6	27,743.2	65,361.5	23.4	37.3	24.9	22.8	16.1	71.4
Fixed Investment	23,992.0	38,304.2	26,045.1	60,927.5	23.5	37.5	23.4	21.3	8.6	59.1
Public	10,785.5	17,351.1	11,705.1	27,825.8	10.6	17.0	10.5	9.7	8.5	60.4
Private	13,206.5	20,953.1	14,340.0	33,101.7	12.9	20.5	12.9	11.6	8.6	58.0
Stockbuilding	-98.3	-166.6	1,698.1	4,434.0	-0.1	-0.2	1.5	1.5	-0.3	2.7
Public	-273.7	-464.0	1,079.3	2,818.2	-0.3	-0.5	1.0	1.0	-0.1	1.9
Private	175.4	297.4	618.8	1,615.8	0.2	0.3	0.6	0.6	-0.2	0.8
Total Consumption	76,720.4	130,447.0	85,208.2	225,918.5	75.0	127.6	76.5	78.9	11.1	73.2
Public Disposable Income	15,936.0	30,257.1	15,213.9	51,723.4	15.6	29.6	13.7	18.1	-4.5	70.9
Public Consumption	9,041.3	19,395.3	10,114.9	39,963.9	8.8	19.0	9.1	14.0	11.9	106.0
Public Savings	6,894.7	10,861.8	5,099.0	11,759.5	6.7	10.6	4.6	4.1	-26.0	8.3
Public Investment	10,511.9	16,887.0	12,784.4	30,644.0	10.3	16.5	11.5	10.7	21.6	81.5
Public Savings - Investment	-3,617.2	-6,025.2	-7,685.4	-18,884.5	-3.5	-5.9	-6.9	-6.6	112.5	213.4
Private Disposable Income	86,293.3	140,376.1	96,178.5	234,582.5	84.4	137.3	86.3	81.9	11.5	67.1
Private Consumption	67,679.1	111,051.7	75,093.3	185,954.6	66.2	108.6	67.4	64.9	11.0	67.4
Private Savings	18,614.2	29,324.4	21,085.2	48,627.9	18.2	28.7	18.9	17.0	13.3	65.8
Private Investment	13,381.9	21,250.5	14,958.8	34,717.5	13.1	20.8	13.4	12.1	11.8	63.4
Private Savings - Investment	5,232.3	8,073.9	6,126.4	13,910.4	5.1	7.9	5.5	3.7		
Private Savings Ratio					21.6	20.9	21.9	20.7		
Fixed Investment / GNP					23.5	22.4	23.4	21.3		
Domestic Savings / GNP					25.0	23.6	23.5	21.1		

\* At 1988 Prices

\*\* At Current Prices

Source : SPO

Sectors	1989			1990			Percent Change		
	Public	Private	Total	Public	Private	Total	Public	Private	Total
Agriculture	1,788	823	2,611	2,367	1,503	3,870	32.4	82.7	48.2
Mining	551	286	836	1,010	441	1,451	83.4	54.4	73.5
Manufacturing	788	4,381	5,170	1,485	7,788	9,273	88.4	77.8	79.4
Energy	5,177	360	5,537	5,988	581	6,568	15.7	61.5	18.6
Transportation	5,190	2,322	7,511	9,400	4,285	13,685	81.1	84.5	82.2
Tourism	185	1,356	1,541	414	2,217	2,631	124.1	63.4	70.7
Housing	324	10,413	10,736	999	14,343	15,342	208.7	37.7	42.9
Education	1,092	113	1,205	1,866	443	2,308	70.8	291.6	91.5
Health	374	133	507	768	263	1,030	105.0	98.0	103.2
Other Services	1,883	767	2,650	3,531	1,238	4,770	87.5	61.4	80.0
Total	17,351	20,953	38,304	27,826	33,102	60,928	60.4	58.0	59.1

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

Sectors	1990(TL Billion) (1988 Prices)	Share(%)	1982	1983	1984	1985	1986	1987	1988	1989	1990
Agriculture	637.5	4.4	9.2	7.0	2.1	-16.4	-12.2	20.5	-12.3	-26.7	27.8
Mining	195.3	1.4	8.6	4.4	4.3	25.4	7.9	35.1	7.7	2.1	6.7
Manufacturing	3631.6	25.3	0.6	1.0	5.9	6.0	13.9	-4.2	0.7	-4.3	27.4
Energy	264	1.8	3.9	5.7	12.8	-91.0	145.0	-7.2	65.8	29.4	14.1
Transport.& Comm.	1933.5	13.5	12.8	9.3	13.8	9.2	-5.9	3.9	-5.5	6.8	32.7
Tourism	928.2	6.5	6.3	5.7	88.7	31.7	61.8	48.2	44.4	37.8	10.9
Housing	5924	41.3	4.8	5.0	8.8	14.9	36.7	44.6	29.2	6.3	-9.3
Education	185.9	1.3	5.6	2.4	9.0	103.2	35.1	27.5	5.5	27.0	167.6
Health	113.8	0.8	4.3	1.7	7.0	140.2	44.5	20.0	-17.6	51.3	34.5
Other Services	526.3	3.7	2.2	2.6	10.1	8.7	8.6	8.5	3.9	4.2	12.9
Total	14340.1	100.0	5.5	4.7	8.4	8.2	16.4	18.6	13.5	4.1	8.6
Private Sector Total	14340.1	55.1	5.5	4.7	8.4	8.2	16.4	18.6	13.5	4.1	8.6
Public Sector Total	11705.1	44.9	2.2	1.9	-5.3	23.2	7.6	-4.1	-13.5	-6.2	8.5
Grand Total	26045.2	100.0	3.5	3.0	0.1	16.7	10.9	5.1	-1.2	-0.8	8.6

Source : SPO

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

Sectors	General + Annexed Budget	SEEs	Funds	Iller Bank	Revolving Fund	Sub-Total	Percent Distri.	Local Administ.	Total Public	Percent Distri.	Private Sector	Percent Distri.	General Total	Percent Distri.
Agriculture	1,307.1	233.2	0.0	0.0	233.1	1,773.4	11.0	14.4	1,787.8	0.0	822.7	3.9	2,610.5	6.8
Mining	105.9	444.6	0.0	0.0	0.0	550.5	3.4	0.0	550.5	0.0	285.8	1.4	836.3	2.2
Manufacturing	6.5	597.3	164.5	1.8	4.9	775.0	4.8	13.2	788.2	0.0	4,381.4	20.9	5,169.6	13.5
Energy	800.0	3,762.4	613.3	0.0	0.0	5,175.7	32.1	1.6	5,177.3	0.0	359.5	1.7	5,536.8	14.5
Transportation	1,135.0	1,887.7	1,652.8	0.0	69.8	4,745.3	29.5	444.2	5,189.5	0.0	2,321.9	11.1	7,511.4	19.6
Tourism	38.8	0.0	19.8	7.2	18.6	84.4	0.5	100.2	184.6	0.0	1,356.4	6.5	1,541.0	4.0
Housing	60.1	0.0	216.5	0.0	1.0	277.6	1.7	46.1	323.7	0.0	10,412.5	49.7	10,736.2	28.0
Education	656.8	0.5	241.9	0.0	72.6	971.8	6.0	120.2	1,092.0	0.0	113.0	0.5	1,205.0	3.1
Health	171.3	3.2	132.2	0.0	53.1	359.8	2.2	14.6	374.4	0.0	132.8	0.6	507.2	1.3
Other Services	785.3	68.4	60.1	423.8	51.1	1,388.7	8.6	494.5	1,883.2	0.0	767.0	3.7	2,650.2	6.9
Economic	300.8	68.4	36.1	6.6	51.1	463.0	2.9	47.5	510.5	0.0			510.5	1.3
Social	484.5	0.0	24.0	417.2		925.7	5.7	447.0	1,372.7	0.0			1,372.7	3.6
Total	5,066.8	6,997.3	3,101.1	432.8		16,102.2	100.0	1,249.0	17,351.2	0.0	20,953.0	100.0	38,304.2	100.0
Distribution	29.2	40.3	17.9	2.5	0.0	92.8		7.2	100.0	29.2	54.7		100.0	

Source : SPO

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

Sectors	General + Annexed Budgets	SEEs	Funds	Iller Bank	Revolving Fund	Sub-Total	Percent Distri.	Local Administ.	Total Public	Percent Distri.	Private Sector	Percent Distri.	General Total	Percent Distri.
Agriculture	1,764.0	225.1	0.0	0.0	344.5	2,333.6	9.3	33.1	2,366.7	8.5	1,503.1	4.5	3,869.8	6.4
Mining	201.6	808.2	0.0	0.0	0.0	1,009.8	4.0	0.0	1,009.8	3.6	441.4	1.3	1,451.2	2.4
Manufacturing	16.8	1,222.6	211.3	0.6	2.0	1,453.3	5.8	31.3	1,484.6	5.3	7,788.2	23.5	9,272.8	15.2
Energy	1,310.4	4,154.0	519.5	0.0	0.0	5,983.9	23.9	3.7	5,987.6	21.5	580.7	1.8	6,568.3	10.8
Transportation	2,058.0	3,830.0	2,427.4	0.0	70.0	8,385.4	33.4	1,014.3	9,399.7	33.8	4,285.0	12.9	13,684.7	22.5
Tourism	75.6	0.0	55.0	12.9	48.8	192.3	0.8	221.3	413.6	1.5	2,216.8	6.7	2,630.4	4.3
Housing	67.2	0.0	839.0	0.0	2.0	908.2	3.6	91.1	999.3	3.6	14,342.7	43.3	15,342.0	25.2
Education	1,201.2	0.5	384.0	0.0	81.2	1,666.9	6.6	199.0	1,865.9	6.7	442.5	1.3	2,308.4	3.8
Health	386.4	8.0	210.3	0.0	130.2	734.9	2.9	32.6	767.5	2.8	262.9	0.8	1,030.4	1.7
Other Services	1,318.8	242.5	49.0	746.8	59.3	2,416.4	9.6	1,114.7	3,531.1	12.7	1,238.4	3.7	4,769.5	7.8
Economic	711.5	242.5	34.4	10.5	59.3	1,058.2	4.2	101.8	1,160.0	4.2			1,160.0	1.9
Social	607.3	0.0	14.6	736.3	0.0	1,358.3	5.4	1,012.9	2,371.2	8.5			2,371.2	3.9
Total	8,400.0	10,490.9	4,695.5	760.3	738.0	25,084.7	100.0	2,741.1	27,825.8	100.0	33,101.7	100.0	60,927.5	100.0
% Distribution	30.2	37.7	16.9	2.7	2.7	90.1		9.9	100.0		54.3		100.0	

Source:SPO

\*Realization estimate



# **SECTORAL DISTRIBUTION OF INVESTMENT INCENTIVE CERTIFICATES IN 1990**

SECTORS	Number	Total Investment TL Billion	Capital TL Million	Foreign Exchange Requirement \$000	Employment (Persons)
<b>Agriculture</b>	1,415	2,398.7	516,489	6,843	20,771
-Crops	13	42.9	3,305	1,464	260
-Livestock	1,354	2,275.4	499,693	5,314	19,782
-Fisheries	14	22.9	3,985	36	193
-Forestry	34	57.6	9,506	29	536
<b>Mining</b>	65	617.9	28,929	89,517	6,790
<b>Manufacturing</b>	1,231	15,578.6	1,181,929	2,907,575	124,079
-Food Beverages	351	1,736.3	188,649	170,448	13,237
-Textiles & Clothing	327	6,994.9	362,737	1,713,211	56,993
-Forestry Products	57	369.9	30,340	68,066	2,393
-Paper	13	198.6	25,821	27,506	929
-Leather Products	25	200.5	31,375	13,679	1,864
-Rubber & Plastics	61	300.5	18,607	34,717	2,278
-Chemicals	41	740.8	65,947	107,965	4,094
-Glass & Glassware	8	83.4	2,100	17,132	5,928
-Iron & Steel	21	834.5	105,990	132,031	3,248
-Non-Ferrous Metals	6	34.0	4,350	5,015	294
-Transport Vehicles	67	1,087.7	57,947	187,593	9,283
-Metal Goods	63	612.4	84,608	77,648	6,326
-Prof.Data Meas.Eq.	8	45.5	5,186	3,965	449
-Machinery	21	73.0	5,625	4,849	1,114
-Electrical Machinery	15	318.8	26,540	61,465	1,227
-Electronics	15	506.5	85,250	75,871	4,186
-Cement	27	491.8	9,390	68,252	3,320
-Clay & Cement Prod	48	232.5	14,410	6,802	2,933
-Ceramics	12	346.3	33,035	65,664	1,156
-Construction	4	37.9	560	6,717	805
-Others	41	333.2	23,462	58,979	2,022
<b>Energy</b>	3	462.0	8,725	78,803	211
<b>Services</b>	426	3,588	89,220	427,218	29,563
-Transportation	48	611.2	4,060	173,316	1,777
-Tourism	138	1,677.7	35,548	85,857	11,782
-Trade	69	190.0	24,055	20,920	2,811
-Education	32	321.2	6,510	5,956	4,252
-Health	46	390.0	5,500	73,243	2,704
-Others	93	397.9	13,547	67,926	6,237
<b>Total</b>	3,140	22,645.3	1,825,292	3,509,956	181,414

Source : SPO

**DISTRIBUTION OF INVESTMENT INCENTIVE CERTIFICATES  
ACCORDING TO THEIR APPLICATION IN 1990**

	Number	Total Investment TL Billion	Capital TL Million	Foreign Exchange Requirement \$ (000)	Employment (Persons)
Restoration	2	7.3	169	0	70
Transfer	4	113.7	40,210	5,333	1,068
New Investment	2,737	17,385.9	1,413,470	2,443,436	112,287
Expansion	173	2,559.2	200,376	528,400	22,067
Completion	20	314.4	29,514	49,999	905
Renewals	12	167.7	3,918	36,209	2,702
Quality Improvement	5	46.1	570	12,644	1,066
Elimination of Bottlenecks	20	353.3	35,289	62,704	7,119
Modernization	118	1,213.0	61,545	263,652	30,844
Integration of Facilities	19	373.3	18,645	84,905	2,135
Financial Leasing	30	111.5	1,586	22,674	1,151
<b>Total</b>	<b>3,140</b>	<b>22,645.3</b>	<b>1,805,292</b>	<b>3,509,956</b>	<b>181,414</b>

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

	1985	1986	1987	1988	1989	1990
Agriculture	1.1	0.7	2.3	1.1	2.6	10.6
Mining	3.9	5.9	7.6	2.0	2.7	2.7
Manufacturing	26.0	38.7	37.5	49.2	48.3	68.8
Energy	42.8	4.0	9.4	9.3	1.9	2.0
Services	26.2	50.7	43.2	38.4	44.5	15.9
Transportation	20.6	30.2	19.0	17.2	14.3	2.7
Tourism	3.5	6.0	12.2	16.8	18.5	7.4
Trade	0.8	1.3	3.9	0.7	3.2	-
Export	0.0	0.0	0.0	0.0	0.0	-
Others	1.3	13.2	8.1	3.7	8.5	5.7
<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 : SPO

**REGIONAL DISTRIBUTION OF INVESTMENT INCENTIVE  
CERTIFICATES IN 1990**

	Number	Total Investment TL Billion	Capital TL Million	Foreign Exchange Requirement \$ 000	Employment (Persons)
Marmara	429	7,605.4	543,476	1,458,113	58,722
Central Anatolia	201	1,488.5	105,013	226,987	13,723
Aegean Coast	130	1,972.0	120,238	302,731	16,157
Mediterranean	157	2,686.6	121,451	422,814	23,611
Black Sea	381	1,265.6	106,991	148,559	8,877
East Anatolia	700	2,464.2	253,427	289,976	20,369
Southeast Anatolia	1,134	5,115.8	554,396	649,171	39,115
Inv. in more than one region	8	47.2	300	11,605	840
Total	3,140	22,645.3	1,805,292	3,509,956	181,414

Source : SPO

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

	1985	1986	1987	1988	1989	1990
Marmara	35.6	39.9	28.6	43.1	41.2	33.6
Central Anatolia	16.7	25.9	8.2	11.5	8.0	6.6
Aegean Coast	27.4	8.1	14.8	14.5	11.5	8.7
Mediterranean	7.5	9.8	11.6	10.5	11.4	11.7
Black Sea	4.2	6.6	4.3	3.7	4.4	5.6
East Anatolia	1.4	3.1	1.4	2.6	3.9	10.9
Southeast Anatolia	7.2	6.6	5.4	11.7	8.2	22.7
Inv. in more than one region	0.0	0.0	25.7	2.4	11.4	0.2
Total	100.0	100.0	100.0	100.0	100.0	100.0

Source : SPO

# **SECTORAL BREAKDOWN OF INVESTMENT INCENTIVE CERTIFICATES ( Jan-Feb 1991 )**

Sectors	No. of Licences	Total Investment (TL Billion)	Share in Total (%)	Capital (TL Million)	Foreign Exchange Requirement(\$ 000)	Employment
<b>Agriculture</b>	100	294.9	5.1	48,260	4,230	1,752
-Agricultural Products	4	8.4	0.2	580	0	68
-Livestock	89	264.8	4.8	43,960	3,074	1,605
-Fishery Products	2	11.6	0.2	2,700	1,156	38
-Forestry	5	10.1	0.2	1,020	0	41
<b>Mining</b>	17	478.2	8.6	9,040	99,142	888
<b>Manufacturing</b>	218	3,078.6	55.4	188,473	566,954	20,456
-Food & Beverages	40	286.6	5.2	27,665	25,723	1,960
-Textiles & Clothing	60	1,455.2	26.2	88,717	346,581	8,357
-Forestry Products	9	43.6	0.8	4,647	3,583	362
-Paper	3	29.1	0.5	4,466	4,214	372
-Leather & Hides	5	57.8	1.0	12,686	5,678	710
-Rubber	11	50.9	0.9	3,085	5,506	304
-Chemicals	7	66.3	1.2	3,350	10,486	222
-Glass	3	112.7	2.0	4,100	16,815	111
-Iron & Steel	3	52.6	0.9	440	9,450	23
-Non-Ferrous Metals	3	18.8	0.3	270	3,820	77
-Motor Vehicles	15	265.3	4.8	12,910	35,948	2,439
-Metallic Goods	17	97.7	1.8	3,780	11,803	960
-Meas.&Optical Devices	3	39.6	0.7	1,570	6,535	351
-Machinery	11	13.6	0.2	1,551	39	317
-Electrical Machines	3	35.9	0.6	4,100	8,164	213
-Cement	5	64.6	1.2	500	8,286	1,712
-Clay & Cement Pro.	12	69.6	1.3	5,360	2,189	745
-Ceramics	1	268.0	4.8	6,100	49,486	1,050
-Others	7	50.6	0.9	2,456	12,648	171
<b>Energy</b>	2	413.8	7.4	500	86,572	40
<b>Services</b>	110	1,302.4	23.4	18,560	165,815	8,739
-Transportation	29	386.2	6.9	1,930	87,721	2,612
-Tourism	41	479.9	8.6	9,075	26,785	3,352
-Trade	12	171.3	3.1	3,230	11,133	1,146
-Others	28	265.0	4.8	4,325	40,176	1,629
<b>GRAND TOTAL</b>	447	5,567.8		264,833	922,713	31,875

Source: SPO

# NEW CONSTRUCTION

	(Acc.to Building Permits)		(Acc.to Occupancy Permits)		Rate of Change (%)
	Cumulative 1989	1990	Rate of Change (%)	1989	1990
General Total	A	121,551	-10.6	94,799	89,853
	B	59,992	-4.7	35,588	33,323
	C	23,962,191	39.1	9,761,683	14,542,782
	D	378,534	-8.3	250,480	231,477
Houses	A	68,561	-18.2	37,845	34,908
	B	9,768	-12.2	4,501	4,220
	C	3,927,319	38.0	1,136,761	1,735,286
	D	91,318	-12.2	43,340	39,041
Apartment buildings	A	39,650	0.6	50,950	50,148
	B	33,847	-6.3	23,060	21,478
	C	14,949,375	48.8	6,393,501	9,513,980
	D	287,216	-7.1	207,140	192,436
Commercial buildings	A	5,049	-10.8	3,356	2,311
	B	8,486	-3.7	4,875	4,795
	C	3,696,138	50.2	1,347,467	2,022,376
Industrial buildings	A	3,992	36.3	1,075	1,015
	B	4,750	7.8	1,773	1,711
	C	2,043	-99.8	495,666	774,354
Medical,social and cultural buildings	A	866	36.8	305	254
	B	1,482	26.0	616	483
	C	694,166	117.1	175,074	220,289
Other buildings	A	3,433	-3.6	1,268	1,217
	B	1,659	28.1	762	636
	C	693,150	104.7	213,214	276,497

A : Number  
 B : Area ( 000 sq.m )  
 C : Value (Million TL)  
 D : Number of dwelling units

**REALIZATION OF THE CONSOLIDATED BUDGET BALANCE**  
(TL Billion)

	January-March		1990 (4)	1991 (3)	Change (%)	
	1990 (2)	1990 (1)	Provisional	Program	(1/2)	(3/4)
<b>Revenue</b>	10,296	17,607	56,685	84,130	71.0	48.4
-Direct Taxes	3,857	6,393	21,732	34,250	65.8	57.6
-Indirect Taxes	4,141	6,997	23,744	35,700	69.0	50.4
-Non-Tax Revenues	620	823	8,209	11,560	32.7	40.8
-Annexed Budget	505	729	1,364	770	44.4	-43.5
-Special Revenues	1,173	2,665	1,636	1,850	127.2	13.1
<b>Expenditure</b>	11,863	20,487	68,169	101,265	72.7	48.5
-Personnel	5,781	9,506	26,585	33,663	64.4	26.6
-Other Current Expenditure	546	1,059	6,929	11,614	94.0	67.6
-Investments	829	1,358	9,793	13,458	63.8	37.4
-Interest Payments			13,967	18,319		31.2
-Transfers	4,707	8,564	10,895	24,211	81.9	122.2
<b>Budget Balance</b>	1,567	2,883	-11,484	-17,135	84.0	49.2
<b>Delayed and Advance payments</b>	-410	-1,523	-717	0	271.5	-100.0
<b>Cash Deficit</b>	-1,977	-4,406	-12,201	-17,135	122.9	40.4
<b>Financing</b>	1,977	4,406	12,201	17,135	122.9	40.4
<b>Net Foreign Indebtedness</b>	-582	244	-45	-1,734	-141.9	3,753.3
-Borrowings	626	2,092	4,747	6,411	234.2	35.1
-Transferred Credits	128	131	655	650	2.3	-0.8
-Payments	-1,336	-1,979	-5,447	-8,795	48.1	61.5
<b>Net Domestic Indebtedness</b>	4,614	788	7,626	8,638	-82.9	133.3
-Borrowings	5,554	2,053	12,749	15,056	-63.0	18.1
-Transferred Credits	-940	-1,265	-5,123	-6,418	34.6	25.3
<b>Short-term Borrowings</b>	-644	3,385	2,263	10,231	-625.6	352.1
-Central Bank (Net)	-487	2,463	331	4,899	-605.7	1,380.1
-Treasury Bonds (Net)	-157	922	1,932	5,332	-687.3	176.0
<b>Other</b>	-1,411	-11	2,357	0	-99.2	-1,400.0

Source : Finance and Customs Ministry, and SPO

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

Crops	1989	1990*	Change %	Crops	1989	1990*	Change %
<b>Cereals</b>				<b>Citrus</b>			
-Wheat	16,200.0	20,000.0	23	-Lemons	335.0	335.0	0.0
-Barley	4,500.0	7,200.0	60	-Mandarins	336.0	336.0	0.0
-Rye	191.0	250.0	31	-Oranges	740.0	740.0	0.0
-Oats	216.0	260.0	20	<b>Nuts in Shell</b>			
-Maize	2,000.0	2,000.0	0	-Walnuts	113.0	115.0	1.8
-Rice in husk	330.0	235.0	-29	-Hazelnuts	456.0	380.0	-16.7
<b>Pulses</b>				<b>Grapelike Fruits</b>			
-Broad beans	75.0	77.5	3.3	-Mulberries	85.0	85.0	0.0
-Chickpeas	683.0	860.0	25.9	-Figs	279.0	270.0	-3.2
-Dry beans	193.0	218.0	13.0	-Grapes	3,430.0	3,400.0	-0.9
-Lentils	320.0	650.0	103.1	<b>Tea</b>	660.0	623.0	-5.6
-Cow vetch	182.0	170.0	-6.6	<b>Leafy Vegetab.</b>			
<b>Indust.Crops</b>				-Cabbage	510.0	530.0	3.9
-Tobacco	269.0	287.5	6.9	-Black cab.	130.0	130.0	0.0
-Sugarbeet	10,929.0	13,500.0	23.5	-Spinach	140.0	164.0	17.1
-Cotton	1,580.0	1,650.0	4.4	-Leeks	310.0	302.0	-2.6
<b>Oilseeds</b>				<b>Fruit Bearing V.</b>			
-Sunflower	1,250.0	900.0	-28.0	-Melon-water m.	4,500.0	4,500.0	0.0
-Peanuts	50.0	63.0	26.0	-Squash	285.0	285.0	0.0
-Soyabeans	161.0	160.0	-0.6	-Cucumbers	800.0	866.0	8.3
<b>Tuber Crops</b>				-Eggplants	720.0	860.0	19.4
-Dry onion	1,360.0	1,550.0	14.0	-Tomatoes	5,750.0	5,850.0	1.7
-Dry garlic	64.0	75.0	17.2	-Stuff peppers	525.0	550.0	4.8
-Potatoes	4,060.0	4,100.0	1.0	-Green peppers	328.0	327.0	-0.3
<b>Pome Fruits</b>				<b>Legumi.Veget.</b>			
-Pears	430.0	410.0	-4.7	-Green beans	383.0	400.0	4.4
-Quinces	75.0	75.0	0.0	-Green broad beans	67.0	61.0	-9.0
-Apples	1,850.0	1,800.0	-2.7	-Calavance	30.0	30.0	0.0
<b>Stone Fruits</b>				<b>Rootbulb &amp;</b>			
-Plums	176.0	180.0	2.3	<b>Tuberous Veg.</b>			
-Apricots	370.0	260.0	-29.7	-Green garlic	24.0	25.0	4.2
-Cherries	134.0	140.0	4.5	-Green onions	170.0	180.0	5.9
-Peaches	317.0	330.0	4.1	-Carrots	178.0	174.0	-2.2
-Olives	500.0	1,150.0	130.0				

Source : SIS

\*The second provisional estimate

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

	1989 Realization			1990 Estimate			1991 Programme			Change %	
	Value	Sectoral Share %	Percent Distrib.	Value	Sectoral Share %	Percent Distrib.	Value	Sectoral Share %	Percent Distrib.	89/88	90/89
<b>AGRICULTURAL</b>	25512.3	12.9	100.0	27495.7	13	100.0	28439.3	12.7	100.0	7.8	3.4
-Agricultural Production	13641.3	6.9	53.5	15193.6	7.2	55.3	15630.8	7.0	55.0	11.4	2.9
-Animal Husbandry	9276.3	4.7	36.4	9643.1	4.6	35.1	10076.2	4.5	35.4	4.0	4.5
-Forestry	1797.9	0.9	7.0	1803.3	0.9	6.6	1812.6	0.8	6.4	0.3	0.5
-Fisheries	796.7	0.4	3.1	855.6	0.4	3.1	919.8	0.4	3.2	7.4	7.5
<b>INDUSTRY</b>	89990.5	45.7	100.0	96882.2	45.8	100.0	103193.1	46.2	100.0	7.7	6.5
-Mining	3641	1.8	4.0	3783.2	1.8	3.9	3949	1.8	3.8	3.9	4.4
-Manufacturing	82313.5	41.8	91.5	88678.5	41.9	91.5	94404.9	42.3	91.5	7.7	6.5
-Consumption Goods	30890.4	15.7	34.3	32038	15.2	33.1	33791.6	15.1	32.7	3.7	5.5
-Intermediate Goods	35869.4	18.2	39.9	37784	17.9	39.0	39829.3	17.8	38.6	5.3	5.4
-Investment Goods	15553.6	7.9	17.3	18856.6	8.9	19.5	20784	9.3	20.1	21.2	10.2
-Electricity, Gas, Water	4036	2.0	4.5	4420.4	2.1	4.6	4839.2	2.2	4.7	9.5	9.5
<b>PRODUCTION (PHYS)</b>	115502.8	58.6		124377.9	58.8		131632.4	58.9		7.7	5.8
<b>SERVICES</b>	81585.8	41.4		87052.1	41.2		91665.8	41.1		6.7	5.3
<b>GRAND TOTAL</b>	197088.6	100.0		211429.9	100.0		223298.3	100.0		7.3	5.6

Source: 1991 Annual Development Programme



## PRODUCTION OF SELECTED INDUSTRIAL COMMODITIES

Items	Cumulative Quantity Produced, Tonnes		Rate of Change %
	Jan-Feb,90	Jan-Feb,91	
Writing Paper	12,025.0	10,244.0	-14.8
Newsprint	26,584.0	17,600.0	-33.8
Sulphuric acid	135,058.0	62,605.0	-53.6
Ammonium sulfate	45,016.0	30,022.0	-33.3
Comp.Fertilizer	237,482.0	133,902.0	-43.6
Crude petroleum	494,616.0	724,837.0	46.5
Liquified petroleum gas	122,327.0	100,034.0	-18.2
Gasoline ( Normal )	265,131.0	290,415.0	9.5
Gasoline ( Super )	159,022.0	105,366.0	-33.7
Kerosene	41,698.0	34,849.0	-16.4
Diesel fuel	939,359.0	1,000,095.0	6.5
Fuel oil	1,345,151.0	1,502,459.0	11.7
Cement	2,593,078.0	2,238,954.0	-13.7
Pipes	1,878.0	0.0	-100.0
Molten Steel	1,556,242.0	1,293,240.0	-16.9
Pig iron	72,980.0	34,205.0	-53.1
Slab	281,064.0	285,391.0	1.5
Bloom	385,361.0	393,529.0	2.1
Ingot	330,460.0	299,810.0	-9.3
Rolled Prod.	210,879.0	141,249.0	-33.0
Angles	6,293.0	3,405.0	-45.9
Profiles	11,924.0	15,688.0	31.6
Plate	43,543.0	39,334.0	-9.7
Sheet	180,389.0	198,214.0	9.9
Blister copper	4,075.0	4,654.0	14.2

Source : SIS

## PRODUCTION OF SELECTED DURABLE CONSUMER GOODS

Items	Cumulative Quantity Prod.		Rate of Change
	Jan-Feb,90	Jan-Feb,91	
Refrigerators	120,433.0	83,366.0	-30.8
Washing Machines	120,576.0	63,165.0	-47.6
Oven	90,288.0	70,091.0	-22.4
Vacuum Cleaners	77,729.0	62,083.0	-20.1
Sewing Machines	43,305.0	34,671.0	-19.9
Television Sets(Colour)	245,519.0	359,484.0	46.4
Videos	13,724.0	12,544.0	-8.6
Music Sets	6,872.0	31,636.0	360.4
Automobiles	26,700.0	17,165.0	-35.7
Buses	266.0	111.0	-58.3
Trucks	2,455.0	1,663.0	-32.3
Pick-ups	1,210.0	976.0	-19.3
Tractors	4,045.0	1,908.0	-52.8
Minibuses	1,717.0	1,360.0	-20.8

# PRODUCTION INDEX OF MANUFACTURING INDUSTRY (1986=100)

	1987			1988			1989			1990		
	PUBLIC	PRIVATE	TOTAL	PUBLIC	PRIVATE	TOTAL	PUBLIC	PRIVATE	TOTAL	PUBLIC	PRIVATE	TOTAL
FOOD-BEVERAGES-TOBACCO												
I. QUARTER	99.0	109.5	103.5	102.1	116.4	108.2	105.0	129.2	115.4	108.3	144	123.7
II. QUARTER	86.9	85.2	86.2	108.0	96.6	103.1	100.5	100.5	100.5	107.3	111.2	109.0
III. QUARTER	70.4	104.0	84.9	73.8	113.3	90.8	82.8	126.4	101.5	89.6	152.4	116.6
IV. QUARTER	90.1	121.3	103.5	90.8	133.4	109.1	100.9	161.8	127.1	95.0	160.8	123.3
TEXTILES-CLOTHING-LEATHER												
I. QUARTER	148.6	127.5	139.5	135.7	122.2	129.9	135.9	128.1	132.5	141.2	151.6	145.7
II. QUARTER	118.7	107.0	108.4	108.6	110.7	110.4	91.9	116.8	113.9	110.5	117.3	116.5
III. QUARTER	116.3	103.6	105.1	117.9	114.6	115.0	85.4	109.3	106.5	113.5	117.0	116.6
IV. QUARTER	121.1	103.7	105.8	114.5	109.4	110.0	89.5	104.7	103.0	101.1	112.6	111.3
WOOD												
I. QUARTER	109.6	101.1	102.1	103.7	100.7	101.1	92.4	120.4	117.2	121.2	109.2	110.6
II. QUARTER	127.8	119.5	120.5	98.2	118.0	115.7	100.4	132.8	129.0	106.1	130.4	127.6
III. QUARTER	94.6	110.4	104.4	100.8	101.8	101.4	102.7	104.0	103.5	109.7	128.8	121.5
IV. QUARTER	96.2	95.5	95.8	100.5	112.1	107.7	102.7	94.0	97.3	109.0	131.3	122.8
PAPER-PRINTING												
I. QUARTER	92.7	109.1	102.9	107.5	97.9	101.6	97.9	97.4	97.6	102.4	126.9	117.6
II. QUARTER	79.9	105.4	95.7	97.2	91.2	93.5	96.8	101.9	100.0	109.6	122.1	117.3
III. QUARTER	109.5	131.5	123.1	98.1	106.1	103.1	113.3	122.5	119.0	117.7	134.8	128.3
IV. QUARTER	115.4	113.7	114.1	84.8	112.4	105.9	102.2	110.7	108.7	113.6	128.7	125.2
CHEMICALS-PETROL-RUBBER												
I. QUARTER	107.1	104.0	104.7	123.9	120.7	121.5	93.7	106.5	103.5	108.7	119.8	117.2
II. QUARTER	108.2	111.5	110.7	119.5	114.7	115.9	114.2	104.8	107.0	110.2	124.8	121.4
III. QUARTER	113.6	118.7	117.5	87.3	111.6	105.9	95.4	110.9	107.2	114.2	125.7	123.0
IV. QUARTER	132.9	120.9	123.7	8.2	102.5	80.3	105.7	120.4	117.0	121.3	144.4	139.0
SOIL PRODUCTS												
I. QUARTER	124.9	106.0	115.1	132.6	104.8	118.2	120.9	116.8	118.7	122.8	122.5	122.7
II. QUARTER	111.1	95.0	102.8	131.3	104.5	117.5	130.9	107.5	118.7	116.8	124.3	120.7
III. QUARTER	117.0	101.3	108.9	134.1	91.3	112.0	105.7	120.8	113.5	119.3	96.4	107.4
IV. QUARTER	124.0	107.7	115.5	132.9	109.7	120.9	126.6	118.2	122.2	129.2	140.7	135.2
MACHINERY & TRANS.EQUIP.												
I. QUARTER	147.4	119.9	133.2	132.2	113.9	122.7	120.3	120.6	120.5	125.8	128.7	127.3
II. QUARTER	114.1	112.7	112.9	109.2	121.8	119.9	120.2	126.5	125.5	115.0	133.0	130.4
III. QUARTER	70.3	90.5	87.5	75.5	113.4	107.7	88.3	114.0	110.1	84.6	121.4	115.9
IV. QUARTER	129.1	115.3	117.4	125.5	124.7	124.8	136.1	130.7	131.5	106.0	131.5	127.7
BASIC METALS												
I. QUARTER	142.5	122.8	125.8	133.4	127.0	127.9	146.1	132.8	134.8	144.1	141.1	141.6
II. QUARTER	114.5	122.3	121.1	102.2	122.2	119.2	110.4	128.6	125.8	125.3	138.1	136.2
III. QUARTER	102.9	118.6	112.1	106.0	116.2	112.0	89.7	130.2	113.4	117.4	143.0	132.4
IV. QUARTER	94.8	113.3	105.7	101.5	125.6	115.6	99.9	117.9	110.5	120.0	141.7	132.7
T.MANUFACTURING INDUSTRY												
I. QUARTER	109.4	116.7	113.7	108.5	116.2	113.1	79.9	125.5	106.6	112.7	137.3	127.1
II. QUARTER	99.3	115.7	108.9	99.1	107.7	104.1	78.7	129.2	106.2	113.5	140.9	129.6
III. QUARTER	108.0	128.7	120.2	114.8	115.4	115.1	105.4	148.1	130.4	123.5	151.9	140.2
IV. QUARTER	108.1	108.5	108.5	77.2	103.8	101.2	76.7	102.5	100.0	93.8	135.9	131.7
MANUFACTURING INDUSTRY												
I. QUARTER	83.3	94.8	93.6	74.0	114.3	110.3	56.9	88.2	85.1	75.6	121.7	117.2
II. QUARTER	108.1	108.4	108.4	71.3	109.7	105.9	67.4	96.7	93.8	86.8	140.3	135.0
III. QUARTER	107.3	94.2	95.5	67.9	85.4	83.7	61.7	97.8	94.3	80.2	123.7	119.4
IV. QUARTER	133.6	136.7	136.4	95.6	105.7	104.7	120.9	127.5	126.8	132.7	157.8	155.3
MANUFACTURING INDUSTRY												
I. QUARTER	114.0	108.9	110.7	116.4	109.3	111.8	110.0	116.5	114.2	115.6	130.1	125.1
II. QUARTER	100.5	96.4	97.8	117.0	110.3	112.7	112.3	103.8	106.8	111.4	122.0	118.2
III. QUARTER	103.2	106.3	105.2	110.7	106.5	108.0	99.7	113.8	107.4	107.6	123.2	117.7
IV. QUARTER	111.0	107.1	108.5	112.9	106.4	108.7	110.2	120.6	117.0	115.7	133.4	127.2
MANUFACTURING INDUSTRY												
I. QUARTER	141.3	125.8	131.2	125.1	114.0	117.9	121.9	127.9	125.8	129.2	141.6	137.2

Source : SIS

# OPEN UNEMPLOYMENT

MONTHS	1986	Change* %	1987	Change %	1988	Change %	1989	Change %	1990	Change %
January	996,703	13.0	1,093,882	9.8	1,143,240	4.5	1,170,864	2.4	979,513	-16.3
February	1,019,908	13.7	1,104,640	8.3	1,149,495	4.1	1,108,172	-3.6	1,018,890	-8.0
March	1,039,913	12.8	1,126,199	8.3	1,155,081	2.6	1,119,171	-3.1	1,030,810	-7.9
April	1,050,679	12.3	1,137,106	8.2	1,154,503	1.5	1,112,148	-3.7	1,002,707	-9.8
May	1,058,634	12.5	1,128,866	6.6	1,151,332	2.0	1,091,865	-5.2	1,014,035	-7.1
June	1,056,879	12.3	1,128,686	6.8	1,153,475	2.2	1,066,102	-7.6	1,008,803	-5.4
July	1,061,131	13.5	1,123,366	5.9	1,153,762	2.7	1,056,214	-8.5	977,524	-7.5
August	1,061,999	13.0	1,123,922	5.8	1,157,642	3.0	1,071,157	-7.5	966,825	-9.7
September	1,076,822	13.9	1,130,562	5.0	1,162,556	2.8	1,049,395	-9.7	955,831	-8.9
October	1,076,538	13.1	1,127,629	4.7	1,161,560	3.0	1,036,853	-10.7	953,146	-8.1
November	1,074,459	12.1	1,128,416	5.0	1,159,496	2.8	1,022,469	-11.8	917,755	-10.2
December	1,081,306	11.9	1,134,884	5.0	1,162,548	2.4	1,009,840	-13.1	896,132	-11.3

Source : Turkish Employment Organization

\*Change relative to the same month of the previous year

## SECTORAL DISTRIBUTION OF MANPOWER DEMAND (000)

	1989*		1990*		Change (%)	
	Demand	Share	Demand	Share	Absolute	Percent
Agriculture	9,165	43.2	9,446	44.8	281.0	3.1
Industry	2,695	12.7	2,549	12.1	-146.0	-5.4
-Mining	207	1.0	176	0.8	-31.0	-15.0
-Manufacturing	2,466	11.6	2,331	11.0	-135.0	-5.5
-Electricity,Gas,Water	22	0.1	42	0.2	20.0	90.9
Construction	893	4.2	835	4.0	-58.0	-6.5
Commerce	1,975	9.3	1,984	9.4	9.0	0.5
Transportation	815	3.8	759	3.6	-56.0	-6.9
Banking	418	2.0	382	1.8	-36.0	-8.6
Other Services	2,567	12.1	2,600	12.3	33.0	1.3
Total	21,223	100.0	21,104	100.0	-119.0	-0.6
Non-Agricultural Employment	12,058	56.7	11,658	55.2	-400.0	-3.3

Source : SPO

\*January-April

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

		1989	1990	Rate of Change
<b>Applications</b>	(T)	552,779	672,110	21.6
	(M)	413,436	513,174	24.1
	(F)	139,343	158,936	14.1
<b>Labour Demand by Establishments</b>	(T)	282,842	293,742	3.9
	(M)	200,562	201,017	0.2
	(F)	82,280	92,725	12.7
<b>Placements</b>	(T)	266,874	283,243	6.1
	(M)	185,214	191,528	3.4
	(F)	81,660	91,715	12.3
<b>Public Sector</b>	(T)	150,847	146,783	-2.7
	(M)	140,047	134,487	-4.0
	(F)	10,800	12,296	13.9
<b>Private Sector</b>	(T)	116,027	136,460	17.6
	(M)	45,167	57,041	26.3
	(F)	70,860	79,419	12.1
<b>Agricultural</b>	(T)	84,454	89,002	5.4
	(M)	24,667	25,817	4.7
	(F)	59,787	63,185	5.7
<b>Non-agricultural</b>	(T)	182,420	194,241	6.5
	(M)	160,547	165,711	3.2
	(F)	21,873	28,530	30.4
<b>Registered Unemployed (1)</b>	(T)	1,009,840	896,132	-11.3
	(M)	831,651	738,703	-11.2
	(F)	178,189	157,429	-11.7
<b>Workers migrating Abroad</b>	(T)	49,928	47,707	-4.4
	(M)	49,653	47,439	-4.5
	(F)	275	268	-2.5

Source : Turkish Employment Organization

(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 Turkish Employment Organization. Of the applicants to the Organization, 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.

**T: Total**  
**M: Male**  
**F: Female**



**STATISTICAL ANNEX  
FOR  
CHAPTER II**



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

MONTHS	CHANGE (%)			CUMULATIVE			CHANGE (%)	
	1988	1989	1990	1988	1989	1990	89/88	90/89
January	905.5	771.6	1,024.8	905.5	771.6	1,024.8	-14.8	32.8
February	944.9	946.9	987.7	1,850.4	1,718.5	2,012.5	0.2	17.1
March	952.5	1,084.8	981.8	2,802.9	2,803.3	2,994.3	13.9	6.8
April	1,008.0	977.3	872.2	3,810.9	3,780.6	3,866.5	-3.0	2.3
May	825.1	700.5	920.5	4,636.0	4,481.1	4,786.9	-15.1	6.8
June	891.8	896.0	952.8	5,527.8	5,377.1	5,739.7	0.5	6.7
July	773.1	749.0	781.9	6,300.9	6,126.1	6,521.6	-3.1	6.5
August	812.9	822.8	985.2	7,113.8	6,949.0	7,506.8	1.2	8.0
September	1,006.0	996.3	1,091.6	8,119.8	7,945.3	8,598.4	-1.0	8.2
October	962.2	1,100.6	1,310.0	9,082.0	9,045.8	9,908.4	14.4	9.5
November	1,080.1	1,200.0	1,388.0	10,162.1	10,245.8	11,296.4	11.1	10.3
December	1,500.0	1,378.9	1,663.1	11,662.1	11,624.7	12,959.5	-8.1	11.5

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

MONTHS	CHANGE (%)			CUMULATIVE			CHANGE (%)	
	1988	1989	1990	1988	1989	1990	89/88	90/89
January	1,046.5	1,063.3	1,501.4	1,046.5	1,063.3	1,501.4	1.6	41.2
February	1,128.7	1,045.5	1,491.5	2,175.2	2,108.9	2,992.9	-7.4	41.9
March	1,318.5	1,210.2	1,714.1	3,493.7	3,319.0	4,707.0	-8.2	41.8
April	1,331.6	1,274.8	1,317.8	4,825.3	4,593.9	6,024.9	-4.3	31.1
May	1,187.4	1,178.2	1,990.5	6,012.7	5,772.0	8,015.4	-0.8	38.9
June	1,262.5	1,354.3	1,567.4	7,275.2	7,126.3	9,582.8	7.3	34.5
July	985.9	1,266.6	1,523.9	8,261.1	8,392.9	11,106.7	28.5	32.3
August	1,136.6	1,388.5	2,007.3	9,397.7	9,781.3	13,114.0	22.2	34.1
September	1,146.8	1,339.4	1,903.4	10,544.5	11,120.7	15,017.5	16.8	35.0
October	1,068.9	1,546.2	2,423.8	11,613.4	12,666.9	17,441.3	44.7	37.7
November	1,223.8	1,542.3	2,409.4	12,837.2	14,209.3	19,850.7	26.0	39.7
December	1,502.5	1,582.9	2,452.4	14,339.7	15,792.1	22,303.0	5.4	41.2

Source: SIS



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

	1989	Share in Total (%)	1990	Share in Total (%)	Change (%)
<b>I. AGRICULTURAL &amp; LIVESTOCK</b>	2,126	18.3	2,349	18.1	10.5
1. Agricultural Products	1,785	15.4	2,065	16.0	15.7
- Cereals	83	0.7	11	0.1	-86.7
- Vegetables	299	2.6	401	3.1	34.1
- Industrial Plants	686	5.9	655	5.1	-4.5
- Fruits	687	5.9	958	7.4	39.4
- Others	30	0.3	40	0.3	33.3
2. Livestock & Animal Products	276	2.4	215	1.7	-22.1
3. Fishery Products	53	0.5	57	0.4	7.5
4. Forestry Products	12	0.1	12	0.1	0.0
<b>II. MINING &amp; QUARRYING</b>	413	3.6	331	2.6	-19.8
<b>III. INDUSTRY</b>	9,088	78.2	10,263	79.3	12.9
A. Agro-based Processed Products	918	7.9	940	7.3	2.4
B. Petroleum Products	255	2.2	287	2.2	12.8
C. Other Industrial Products	7,916	68.1	9,036	69.8	14.2
- Cement	33	0.3	77	0.6	133.2
- Chemicals	774	6.7	616	4.8	-20.4
- Rubber & Plastics	313	2.7	236	1.8	-24.5
- Leather & Hides	604	5.2	748	5.8	23.8
- Forestry Products	16	0.1	21	0.2	31.4
- Textiles	3,505	30.1	4,045	31.3	15.4
- Glass & Ceramics	258	2.2	329	2.5	27.6
- Iron & Steel	1,349	11.6	1,613	12.5	19.6
- Non-ferrous Metals	266	2.3	262	2.0	-1.5
- Metallic Goods	23	0.2	25	0.2	9.8
- Machinery	195	1.7	205	1.6	5.0
- Electrical Appliances	234	2.0	438	3.4	87.2
- Motor Vehicles	154	1.3	211	1.6	37.1
- Others	192	1.7	210	1.6	9.3
<b>TOTAL</b>	11,627	100.0	12,943	100.0	11.3

Source: SIS

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

	1990	Share in Total (%)	1991	Share in Total (%)	Change (%)
<b>I. AGRICULTURAL &amp; LIVESTOCK</b>	524.9	17.5	632.3	18.7	20.5
1. Agricultural Products	435.1	14.5	562.5	16.6	29.3
- Cotton (Raw)	18.1	0.6	109.3	3.2	503.9
- Tobacco	126.9	4.2	168.7	5.0	32.9
- Hazelnuts	63.7	2.1	73.8	2.2	15.9
- Sultana	22.5	0.8	31.0	0.9	37.8
- Others	203.9	6.8	179.7	5.3	-11.9
2. Livestock & Animal Products	70.4	2.4	52.1	1.5	-26.0
3. Fishery Products	16.3	0.5	15.4	0.5	-5.5
4. Forestry Products	3.1	0.1	2.3	0.1	-25.8
<b>II. MINING &amp; QUARRYING</b>	78.8	2.6	53.8	1.6	-31.7
<b>III. INDUSTRY</b>	2,390.6	79.8	2,693.7	79.7	12.7
A. Agro-based Processed Products	207.5	6.9	274.0	8.1	32.0
B. Petroleum Products	48.3	1.6	95.6	2.8	97.9
C. Other Industrial Products	2,134.8	71.3	2,324.1	68.8	8.9
- Cement	16.0	0.5	16.0	0.5	0.0
- Chemicals	134.7	4.5	122.5	3.6	-9.1
- Rubber & Plastics	83.0	2.8	70.3	2.1	-15.3
- Leather & Hides	146.8	4.9	140.9	4.2	-4.0
- Forestry Products	6.4	0.2	3.1	0.1	-51.6
- Textiles	942.2	31.5	1,187.7	35.1	26.1
- Glass & Ceramics	75.5	2.5	95.1	2.8	26.0
- Iron & Steel	433.0	14.5	388.3	11.5	-10.3
- Non-ferrous Metals	59.7	2.0	38.9	1.2	-34.8
- Metallic Goods	7.7	0.3	7.4	0.2	-3.9
- Machinery	54.7	1.8	50.3	1.5	-8.0
- Electrical Appliances	75.2	2.5	122.9	3.6	63.4
- Motor Vehicles	46.2	1.5	25.5	0.8	-44.8
- Others	53.7	1.8	55.2	1.6	2.8
<b>TOTAL</b>	2,994.3	100.0	3,379.8	100.0	12.9

Source: SIS

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

COUNTRIES	1989	Share in Total (%)	1990	Share in Total (%)	Change (%)
<b>OECD COUNTRIES</b>	7,175	61.7	8,810	68.0	22.8
<b>A) EEC COUNTRIES</b>	5,408	46.5	6,893	53.2	27.5
- West Germany	2,175	18.7	3,064	23.6	40.8
- Belgium-Luxembourg	261	2.2	312	2.4	19.2
- Denmark	74	0.6	87	0.7	16.4
- France	595	5.1	737	5.7	23.9
- Netherlands	407	3.5	435	3.4	7.0
- United Kingdom	616	5.3	745	5.7	20.9
- Ireland	19	0.2	25	0.2	28.6
- Italy	978	8.4	1,106	8.5	13.1
- Greece	125	1.1	139	1.1	11.6
- Spain	131	1.1	199	1.5	51.4
- Portugal	25	0.2	44	0.3	76.4
<b>B) OTHER OECD COUNTRIES</b>	1,767	15.2	1,917	14.8	8.5
- USA	971	8.4	968	7.5	-0.3
- Japan	233	2.0	239	1.8	2.7
- Switzerland	173	1.5	293	2.3	69.1
- Austria	131	1.1	178	1.4	35.9
- Others	259	2.2	239	1.8	-7.6
<b>ISLAMIC COUNTRIES</b>	2,870	24.7	2,490	19.2	-13.2
- Iran	561	4.8	495	3.8	-11.7
- Iraq	445	3.8	215	1.7	-51.8
- Saudi Arabia	364	3.1	338	2.6	-7.0
- Kuwait	167	1.4	92	0.7	-44.9
- TRNC	117	1.0	155	1.2	32.8
- Libya	227	2.0	221	1.7	-2.8
- Egypt	140	1.2	160	1.2	14.5
- Algeria	237	2.0	201	1.6	-15.1
- Tunisia	45	0.4	40	0.3	-11.2
- Others	567	4.9	573	4.4	1.1
<b>EAST EUROPEAN COUNTRIES</b>	1,029	8.9	987	7.6	-4.1
- USSR	705	6.1	531	4.1	-24.6
- Germany Democratic Republic	21	0.2	13	0.1	-37.2
- Bulgaria	27	0.2	10	0.1	-62.6
- Czechoslovakia	39	0.3	64	0.5	64.3
- Hungary	25	0.2	31	0.2	24.6
- Poland	71	0.6	103	0.8	44.8
- Romania	53	0.5	83	0.6	57.8
- Yugoslavia	85	0.7	145	1.1	70.0
- Albania	4	0.0	6	0.0	51.7
<b>OTHER COUNTRIES</b>	551	4.7	672	5.2	22.1
- India	65	0.6	62	0.5	-5.1
- China	68	0.6	37	0.3	-45.6
- South Korea	24	0.2	19	0.1	-21.1
- Hong Kong	7	0.1	11	0.1	57.1
- Other	386	3.3	543	4.2	40.8
<b>TOTAL</b>	11,625	100.0	12,960	100.0	11.5

Source: SIS

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

COUNTRIES	1990	Share in Total (%)	1991	Share in Total (%)	Change (%)
<b>OECD COUNTRIES</b>	1,866.7	62.3	2,382.0	70.5	27.6
<b>A) EEC COUNTRIES</b>	1,415.9	47.3	1,919.3	56.8	35.6
- West Germany	568.2	19.0	920.2	27.2	62.0
- Belgium-Luxembourg	71.9	2.4	90.4	2.7	25.7
- Denmark	16.3	0.5	21.7	0.6	33.1
- France	174.0	5.8	172.6	5.1	-0.8
- Netherlands	104.7	3.5	135.3	4.0	29.2
- United Kingdom	161.0	5.4	170.1	5.0	5.7
- Ireland	4.0	0.1	4.7	0.1	17.5
- Italy	242.7	8.1	284.6	8.4	17.3
- Greece	30.1	1.0	48.1	1.4	59.8
- Spain	36.7	1.2	55.1	1.6	50.1
- Portugal	6.3	0.2	16.5	0.5	161.9
<b>B) OTHER OECD COUNTRIES</b>	450.8	15.1	462.7	13.7	2.6
- USA	274.6	9.2	225.0	6.7	-18.1
- Japan	36.4	1.2	60.6	1.8	66.5
- Switzerland	51.2	1.7	77.1	2.3	50.6
- Austria	34.0	1.1	49.9	1.5	46.8
- Others	54.6	1.8	50.1	1.5	-8.2
<b>ISLAMIC COUNTRIES</b>	748.7	25.0	595.2	17.6	-20.5
- Iran	88.0	2.9	153.6	4.5	74.5
- Iraq	99.4	3.3	0.0	0.0	-100.0
- Saudi Arabia	99.7	3.3	94.0	2.8	-5.7
- Kuwait	52.4	1.7	0.0	0.0	-100.0
- TRNC	34.1	1.1	29.7	0.9	-12.9
- Libya	66.5	2.2	55.5	1.6	-16.5
- Egypt	43.7	1.5	34.3	1.0	-21.5
- Algeria	75.6	2.5	65.5	1.9	-13.4
- Tunisia	23.4	0.8	15.2	0.4	-35.0
- Others	165.9	5.5	147.4	4.4	-11.2
<b>EAST EUROPEAN COUNTRIES</b>	209.4	7.0	236.2	7.0	12.8
- USSR	123.8	4.1	80.6	2.4	-34.9
- Germany Democratic Republic	5.6	0.2	0.1	0.0	-98.2
- Bulgaria	1.5	0.1	21.8	0.6	1,353.3
- Czechoslovakia	12.7	0.4	15.5	0.5	22.0
- Hungary	8.9	0.3	10.6	0.3	19.1
- Poland	11.4	0.4	52.6	1.6	361.4
- Romania	15.1	0.5	21.7	0.6	43.7
- Yugoslavia	28.9	1.0	30.0	0.9	3.8
- Albania	1.5	0.1	3.3	0.1	120.0
<b>OTHER COUNTRIES</b>	169.5	5.7	166.4	4.9	-1.8
- India	16.5	0.6	12.5	0.4	-24.2
- China	8.9	0.3	1.2	0.0	-86.5
- South Korea	39.7	1.3	30.4	0.9	-23.4
- Hong Kong	5.5	0.2	2.0	0.1	-63.6
- Other	98.9	3.3	120.3	3.6	21.6
<b>TOTAL</b>	2,994.3	100.0	3,379.8	100.0	12.9

Source: SIS

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

	1989	Share in Total (%)	1990	Share in Total (%)	Change (%)
<b>I. AGRICULTURAL &amp; LIVESTOCK</b>	1,041	6.6	1,319	5.9	26.7
- Vegetable Products	769	4.9	857	3.8	11.4
- Livestock and Animal Products	205	1.3	324	1.5	58.0
- Fishery Products	3	0.0	12	0.1	300.0
- Forestry Products	64	0.4	126	0.6	96.9
<b>II. MINING &amp; QUARRYING</b>	2,902	18.4	3,989	17.9	37.5
- Non-metallic and Metallic Ores	178	1.1	172	0.8	-3.4
- Fuels, Coals, etc.	2,723	17.2	3,817	17.1	40.2
- Others	1	0.0	0	0.0	-100.0
<b>III. INDUSTRY</b>	11,847	75.0	16,997	76.2	43.5
<b>A. Agro-based Processed Products</b>	842	5.3	1,401	6.3	66.4
- Food	391	2.5	736	3.3	88.2
- Tobacco	197	1.2	316	1.4	60.4
- Forestry	108	0.7	90	0.4	-16.7
- Fibres for Textile	146	0.9	259	1.2	77.4
<b>B. Petroleum Products</b>	522	3.3	805	3.6	54.2
<b>C. Other Industrial Products</b>	10,483	66.4	14,791	66.3	41.1
- Cement	11	0.1	45	0.2	309.1
- Chemicals	2,102	13.3	2,452	11.0	16.7
- Rubber & Plastics	484	3.1	804	3.6	66.0
- Leather & Hides	73	0.5	124	0.6	70.1
- Forestry Products	9	0.1	21	0.1	127.1
- Textiles	297	1.9	579	2.6	95.1
- Glass & Ceramics	126	0.8	182	0.8	44.0
- Iron & Steel	2,217	14.0	1,931	8.7	-12.9
- Non-ferrous Metals	421	2.7	537	2.4	27.7
- Metallic Goods	57	0.4	106	0.5	86.4
- Machinery	2,189	13.9	3,755	16.8	71.5
- Electrical Appliances	1,028	6.5	1,570	7.0	52.7
- Motor Vehicles	796	5.0	1,603	7.2	101.4
- Others	673	4.3	1,082	4.9	61.2
<b>TOTAL</b>	15,791	100.0	22,305	100.0	41.3

Source: SIS

## IMPORTS BY SECTORS

(January-March, \$ million)

	1990	Share in Total (%)	1991	Share in Total (%)	Change (%)
<b>I. AGRICULTURAL &amp; LIVESTOCK</b>	457.3	9.7	197.2	4.0	-56.9
- Wheat	197.1	4.2	3.5	0.1	-98.2
- Rice	18.4	0.4	12.4	0.3	-32.6
- Merinos	15.3	0.3	9.3	0.2	-39.2
- Others	226.5	4.8	172.0	3.5	-24.1
<b>II. MINING &amp; QUARRYING</b>	920.6	19.6	715.8	14.6	-22.2
- Crude Oil	794.2	16.9	592.0	12.0	-25.5
- Hard Coal	73.3	1.6	71.2	1.4	-2.9
- Others	53.1	1.1	52.6	1.1	-0.9
<b>III. INDUSTRY</b>	3,328.7	70.7	4,003.7	81.4	20.3
<b>A. Agro-based Processed Products</b>	257.9	5.5	286.4	5.8	11.1
- Soya Oil	19.7	0.4	16.3	0.3	-17.3
- Vegetables & Liquid Oils	52.1	1.1	58.4	1.2	12.1
- Cigarettes	66.4	1.4	72.1	1.5	8.6
- Others	119.7	2.5	139.6	2.8	16.6
<b>B. Petroleum Products</b>	90.4	1.9	238.9	4.9	164.3
<b>C. Other Industrial Products</b>	2,980.4	63.3	3,478.4	70.7	16.7
- Cement	2.5	0.1	3.8	0.1	52.0
- Chemicals	545.0	11.6	592.1	12.0	8.6
- Rubber & Plastics	177.3	3.8	193.9	3.9	9.4
- Leather & Hides	23.8	0.5	26.7	0.5	12.2
- Forestry Products	4.3	0.1	4.3	0.1	0.0
- Textiles	126.4	2.7	145.7	3.0	15.3
- Glass & Ceramics	40.9	0.9	41.9	0.9	2.4
- Iron & Steel	454.3	9.7	464.4	9.4	2.2
- Non-ferrous Metals	130.3	2.8	119.9	2.4	-8.0
- Metallic Goods	17.6	0.4	25.7	0.5	46.0
- Machinery	729.8	15.5	791.2	16.1	8.4
- Electrical Appliances	303.6	6.5	470.1	9.6	54.8
- Motor Vehicles	225.2	4.8	300.0	6.1	33.2
- Others	199.4	4.2	298.7	6.1	49.8
<b>TOTAL</b>	4,706.6	100.0	4,916.7	100.0	4.5

Source: SIS

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

COUNTRIES	1989	Share in Total (%)	1990	Share in Total (%)	Change (%)
<b>OECD COUNTRIES</b>	9,913	62.8	14,225	63.8	43.5
<b>A) EEC COUNTRIES</b>	6,055	38.3	9,328	41.8	54.1
- West Germany	2,204	14.0	3,497	15.7	58.7
- Belgium-Luxembourg	443	2.8	523	2.3	17.9
- Denmark	39	0.2	102	0.5	159.9
- France	745	4.7	1,340	6.0	79.9
- Netherlands	445	2.8	573	2.6	28.7
- United Kingdom	728	4.6	1,014	4.5	39.3
- Ireland	19	0.1	61	0.3	222.1
- Italy	1,071	6.8	1,727	7.7	61.3
- Greece	101	0.6	129	0.6	27.5
- Spain	250	1.6	345	1.5	37.9
- Portugal	10	0.1	17	0.1	82.0
<b>B) OTHER OECD COUNTRIES</b>	3,858	24.4	4,897	22.0	26.9
- USA	2,094	13.3	2,282	10.2	8.9
- Japan	530	3.4	1,120	5.0	111.3
- Switzerland	412	2.6	537	2.4	30.4
- Austria	157	1.0	252	1.1	60.5
- Others	665	4.2	707	3.2	6.3
<b>ISLAMIC COUNTRIES</b>	2,921	18.5	3,855	17.3	32.0
- Iran	233	1.5	492	2.2	110.9
- Iraq	1,650	10.4	1,047	4.7	-36.6
- Saudi Arabia	212	1.3	724	3.2	241.4
- Kuwait	81	0.5	54	0.2	-33.0
- TRNC	11	0.1	9	0.0	-19.0
- Libya	286	1.8	487	2.2	70.2
- Egypt	21	0.1	37	0.2	75.2
- Algeria	154	1.0	287	1.3	86.6
- Tunisia	14	0.1	30	0.1	108.9
- Others	259	1.6	688	3.1	166.1
<b>EAST EUROPEAN COUNTRIES</b>	1,522	9.6	2,233	10.0	46.7
- USSR	625	4.0	1,247	5.6	99.6
- Germany Democratic Republic	22	0.1	26	0.1	17.0
- Bulgaria	3	0.0	32	0.1	870.9
- Czechoslovakia	72	0.5	143	0.6	98.9
- Hungary	87	0.6	110	0.5	26.6
- Poland	98	0.6	210	0.9	114.4
- Romania	239	1.5	202	0.9	-15.1
- Yugoslavia	375	2.4	260	1.2	-30.7
- Albania	1	0.0	1	0.0	22.9
<b>OTHER COUNTRIES</b>	1,436	9.1	1,990	8.9	38.6
- India	43	0.3	78	0.3	81.7
- China	77	0.5	246	1.1	221.3
- South Korea	143	0.9	302	1.4	111.0
- Hong Kong	107	0.7	111	0.5	3.7
- Other	1,066	6.8	1,253	5.6	17.5
<b>TOTAL</b>	15,792	100.0	22,302	100.0	41.2

Source: SIS

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

COUNTRIES	1990	Share in Total (%)	1991	Share in Total (%)	Change (%)
<b>OECD COUNTRIES</b>	2,984.6	63.4	3,194.9	65.0	7.0
<b>A) EEC COUNTRIES</b>	1,977.6	42.0	2,077.0	42.2	5.0
- West Germany	766.4	16.3	738.9	15.0	-3.6
- Belgium-Luxembourg	97.9	2.1	150.5	3.1	53.7
- Denmark	17.3	0.4	29.3	0.6	69.4
- France	292.2	6.2	260.0	5.3	-11.0
- Netherlands	119.3	2.5	142.6	2.9	19.5
- United Kingdom	216.0	4.6	282.6	5.7	30.8
- Ireland	5.6	0.1	10.2	0.2	82.1
- Italy	344.9	7.3	352.7	7.2	2.3
- Greece	17.0	0.4	14.1	0.3	-17.1
- Spain	98.6	2.1	90.8	1.8	-7.9
- Portugal	2.4	0.1	5.3	0.1	120.8
<b>B) OTHER OECD COUNTRIES</b>	1,007.0	21.4	1,117.9	22.7	11.0
- USA	507.4	10.8	535.9	10.9	5.6
- Japan	180.9	3.8	260.5	5.3	44.0
- Switzerland	106.1	2.3	105.5	2.1	-0.6
- Austria	55.0	1.2	55.8	1.1	1.5
- Others	157.6	3.3	160.2	3.3	1.6
<b>ISLAMIC COUNTRIES</b>	942.9	20.0	805.0	16.4	-14.6
- Iran	142.3	3.0	6.8	0.1	-95.2
- Iraq	536.2	11.4	0.1	0.0	-100.0
- Saudi Arabia	20.1	0.4	402.0	8.2	1,900.0
- Kuwait	22.9	0.5	0.2	0.0	-99.1
- TRNC	10.9	0.2	1.7	0.0	-84.4
- Libya	92.4	2.0	132.9	2.7	43.8
- Egypt	6.4	0.1	19.0	0.4	196.9
- Algeria	36.3	0.8	19.1	0.4	-47.4
- Tunisia	2.1	0.0	1.1	0.0	-47.6
- Others	73.3	1.6	222.1	4.5	203.0
<b>EAST EUROPEAN COUNTRIES</b>	310.3	6.6	465.2	9.5	49.9
- USSR	116.8	2.5	265.2	5.4	127.1
- Germany Democratic Republic	4.6	0.1	0.2	0.0	-95.7
- Bulgaria	0.3	0.0	20.9	0.4	6,866.7
- Czechoslovakia	11.9	0.3	31.0	0.6	160.5
- Hungary	26.3	0.6	34.4	0.7	30.8
- Poland	14.4	0.3	48.5	1.0	236.8
- Romania	59.4	1.3	32.0	0.7	-46.1
- Yugoslavia	76.4	1.6	32.6	0.7	-57.3
- Albania	0.2	0.0	0.4	0.0	100.0
<b>OTHER COUNTRIES</b>	468.8	10.0	451.6	9.2	-3.7
- India	22.4	0.5	30.6	0.6	36.6
- China	23.1	0.5	26.3	0.5	13.9
- South Korea	59.2	1.3	102.4	2.1	73.0
- Hong Kong	11.7	0.2	16.1	0.3	37.6
- Other	352.4	7.5	276.2	5.6	-21.6
<b>TOTAL</b>	4,706.6	100.0	4,916.7	100.0	4.5

Source: SIS



# IMPORTS BY COMMODITY GROUPS (\$ million )

	1987		1988		1989		1990	
	Value	Share (%)	Value	Share (%)	Value	Share (%)	Value	Share (%)
Investment Goods	3,816.6	27.0	3,988.9	27.8	3,845.1	24.3	5,928.4	26.6
- Construction Goods	695.0	4.9	670.9	4.7	690.3	4.4	769.6	3.5
- Machinery & Equipment	3,040.8	21.5	3,286.9	22.9	3,134.5	19.8	5,068.9	22.7
- Livestock	80.8	0.6	31.1	0.2	20.4	0.1	89.9	0.4
Raw Materials	9,180.0	64.8	9,236.6	64.4	10,558.1	66.9	13,489.0	60.5
Consumer Goods	1,161.2	8.2	1,109.9	7.7	1,388.9	8.8	2,884.8	12.9
TOTAL	14,157.8	100.0	14,335.4	100.0	15,792.1	100.0	22,302.3	100.0

# IMPORTS BY SOURCE OF FINANCING (\$ million)

	1987	1988	1989	1990	1991(*)
PROGRAMMED IMPORTS	12,864	12,970	14,340	20,876	1,553
- Financial Letting				227	1
- Liberalization	11,476	12,159	13,685	20,587	1,551
- Allocation					
- Subject to Licence	1,388	811	655	62	
NON-PROGRAMMED IMPORTS	1,294	1,365	1,453	1,426	123
- NATO	91	142	107	113	3
- Foreign Capital in Kind	38	14	10	18	3
- Project Credits	1,100	1,140	1,229	896	25
- Imports With Waivers	65	69	107	400	92
TOTAL	14,158	14,335	15,792	22,302	1,676

(\*) January

Source: SIS

**TRADE DEFICIT**  
(\$ million)

<b>MONTHS</b>	<b>1986</b>	<b>1987</b>	<b>1988</b>	<b>1989</b>	<b>1990</b>	<b>1991</b>
<b>January</b>	385.8	202.0	141.0	291.8	476.6	607.6
<b>February</b>	232.5	373.8	183.8	98.6	503.4	378.2
<b>March</b>	315.0	276.0	366.0	125.4	732.4	551.1
<b>April</b>	273.4	382.7	323.6	297.5	445.3	
<b>May</b>	324.4	156.5	362.3	477.6	1,070.0	
<b>June</b>	353.8	254.6	370.7	458.3	614.6	
<b>July</b>	326.2	575.2	208.5	517.6	741.9	
<b>August</b>	288.0	194.2	323.8	565.6	1,022.1	
<b>September</b>	373.3	111.3	140.8	343.1	811.8	
<b>October</b>	219.0	379.1	106.7	445.6	1,113.8	
<b>November</b>	340.2	489.0	143.7	342.4	1,021.4	
<b>December</b>	216.5	573.4	2.5	204.0	789.2	
	<b>CUMULATIVE</b>					
<b>January</b>	385.8	202.0	141.0	291.8	476.6	607.6
<b>February</b>	618.3	575.8	324.8	390.4	979.9	985.8
<b>March</b>	933.3	851.8	690.8	515.8	1,712.3	1,536.9
<b>April</b>	1,206.7	1,234.5	1,014.4	813.3	2,157.6	
<b>May</b>	1,531.1	1,391.0	1,376.7	1,290.9	3,227.7	
<b>June</b>	1,884.9	1,645.6	1,747.3	1,749.2	3,842.3	
<b>July</b>	2,211.1	2,220.8	1,955.8	2,266.7	4,584.3	
<b>August</b>	2,499.1	2,415.0	2,279.6	2,832.4	5,606.4	
<b>September</b>	2,872.4	2,526.3	2,420.4	3,175.5	6,418.2	
<b>October</b>	3,091.4	2,905.4	2,527.1	3,621.1	7,532.1	
<b>November</b>	3,431.6	3,394.4	2,670.9	3,963.5	8,553.5	
<b>December</b>	3,648.1	3,967.8	2,673.4	4,167.4	9,342.7	

Source: SIS

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

MONTHS	CHANGE (%)			CUMULATIVE			CHANGE (%)	
	1988	1989	1990	1988	1989	1990	89/88	90/89
January	96.0	190.0	187.0	96.0	190.0	187.0	97.9	-1.6
February	96.0	236.0	213.0	192.0	426.0	400.0	121.9	-6.1
March	105.0	190.0	240.0	297.0	616.0	640.0	107.4	3.9
April	137.0	172.0	224.0	434.0	788.0	864.0	81.6	9.6
May	158.0	185.0	272.0	592.0	973.0	1,136.0	64.4	16.8
June	133.0	243.0	282.0	725.0	1,216.0	1,418.0	67.7	16.6
July	172.0	319.0	334.0	897.0	1,535.0	1,752.0	71.1	14.1
August	225.0	424.0	363.0	1,122.0	1,959.0	2,115.0	74.6	8.0
September	172.0	374.0	359.0	1,294.0	2,333.0	2,474.0	80.3	6.0
October	170.0	315.0	301.0	1,464.0	2,648.0	2,775.0	80.9	4.8
November	187.0	232.0	262.0	1,651.0	2,880.0	3,037.0	74.4	5.5
December	214.0	258.0	288.0	1,865.0	3,138.0	3,325.0	68.3	6.0

(\*) Including official remittances

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

MONTHS	CHANGE (%)				CHANGE (%)			
	1987	1988	1989	1990	88/87	89/88	90/89	
January	54.0	85.7	68.7	85.0	58.7	-19.8	23.7	
February	54.0	73.2	58.9	79.0	35.6	-19.5	34.1	
March	50.0	104.5	108.2	130.0	109.0	3.5	20.1	
April	95.0	155.9	148.4	339.0	64.1	-4.8	128.4	
May	125.0	213.4	266.5	360.0	70.7	24.9	35.1	
June	144.0	260.0	282.8	296.0	80.6	8.8	4.7	
July	174.0	285.8	315.6	320.0	64.3	10.4	1.4	
August	255.0	360.2	387.3	499.0	41.3	7.5	28.8	
September	201.0	321.6	368.1	435.0	60.0	14.5	18.2	
October	172.0	275.6	333.5	339.0	60.2	21.0	1.6	
November	90.0	124.7	134.6	184.0	38.6	7.9	36.7	
December	62.0	94.8	83.9	159.0	52.9	-11.5	89.5	
Total	1,476.0	2,355.4	2,556.5	3,225.0	59.6	8.5	26.1	

Source: SPO

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

COUNTRIES	NUMBER OF COMPANIES	CURRENT FOREIGN CAPITAL	SHARE IN TOTAL FOR. CAP. (%)	COMPANIES TOTAL CAPITAL	FOR. CAP. AS % OF TOTAL
Afghanistan	2	0.3	0.0	0.4	67.8
Algeria	2	4.1	0.1	8.1	50.4
Australia	2	0.6	0.0	0.6	100.0
Austria	24	18.1	0.5	28.9	62.6
Bahrain	4	6.8	0.2	7.6	89.0
Belgium	21	37.5	1.0	74.2	50.5
Bermuda	1	0.2	0.0	0.2	100.0
Bulgaria	2	1.4	0.0	2.9	47.0
Canada	8	21.5	0.6	187.1	11.5
Cayman Islands	5	9.9	0.3	12.8	77.4
China	5	1.4	0.0	1.5	93.6
Denmark	12	49.2	1.3	60.5	81.4
Egypt	5	3.4	0.1	4.0	84.3
Federal Rep. of Germany	307	390.0	10.1	921.5	42.3
Finland	10	6.8	0.2	15.3	44.2
France	81	257.7	6.7	477.3	54.0
Greece	10	2.3	0.1	2.9	81.5
Netherlands	72	291.3	7.5	409.8	71.1
Hong Kong	5	2.7	0.1	3.8	71.1
Inter. Finance Corp.	2	29.6	0.8	274.0	10.8
Iran	183	31.2	0.8	35.2	88.7
Iraq	24	17.3	0.4	29.3	58.9
Ireland	2	4.2	0.1	8.6	49.3
Islamic Development Bank	10	6.6	0.2	165.6	4.0
Israel	11	2.8	0.1	3.9	70.8
Italy	50	289.1	7.5	493.8	58.6
Japan	29	365.3	9.4	702.3	52.0
Joint	135				100.0
Jordan	22	3.2	0.1	4.5	70.2
Kuwait	6	24.5	0.6	42.1	58.1
Lebanon	34	9.8	0.3	21.4	45.9
Liberia	2	7.3	0.2	8.0	91.4
Libya	12	44.8	1.2	80.4	55.7
Liechtenstein	5	13.4	0.3	13.9	96.6
Luxembourg	13	46.2	1.2	97.4	47.4
Norway	7	9.9	0.3	12.4	79.5
Pakistan	7	5.9	0.2	6.1	96.8
Panama	7	36.7	1.0	93.9	39.1
Qatar	5	13.9	0.4	27.3	50.9
Saudi Arabia	46	92.8	2.4	256.3	36.2
South Korea	5	15.6	0.4	35.2	44.4
Spain	8	12.2	0.3	22.1	55.1
Sweden	19	50.0	1.3	70.5	70.9
Switzerland	132	432.8	11.2	1,216.8	35.6
Syria	92	14.2	0.4	18.5	76.5
TRNC	19	15.2	0.4	17.5	87.1
United Arap Emirates	11	24.4	0.6	36.4	67.1
United Kingdom	148	609.2	15.8	837.0	72.8
USA	144	430.6	11.1	740.5	58.2
Yugoslavia	7	3.6	0.1	8.9	40.9
Others	38	100.0	2.6	344.6	29.0
<b>TOTAL</b>	<b>1,813</b>	<b>3,867.5</b>	<b>100.0</b>	<b>7,943.8</b>	<b>48.7</b>

Source: SPO

**BREAKDOWN BY COUNTRIES OF FOREIGN CAPITAL COMPANIES  
OPERATING IN TURKEY**  
(As of the end of April 1991, TL billion)

COUNTRIES	NUMBER OF COMPANIES	CURRENT FOREIGN CAPITAL	SHARE IN TOTAL FOR. CAP. (%)	COMPANIES TOTAL CAPITAL	FOR. CAP. AS % OF TOTAL
Afghanistan	2	0.3	0.0	0.4	67.8
Algeria	2	4.1	0.1	8.1	50.4
Australia	2	0.6	0.0	0.6	100.0
Austria	38	24.6	0.6	45.1	54.7
Bahrain	4	6.8	0.2	7.6	89.0
Belgium	23	38.1	0.9	74.8	50.9
Bermuda	1	0.2	0.0	0.2	100.0
Bulgaria	3	1.5	0.0	3.4	44.6
Canada	9	24.9	0.6	190.6	13.1
Cayman Islands	5	9.9	0.2	12.8	77.4
China	5	1.4	0.0	1.5	96.5
Denmark	13	49.4	1.1	60.3	82.0
Egypt	4	3.4	0.1	4.0	84.3
Federal Rep. of Germany	323	433.0	9.9	1,038.0	41.7
Finland	10	7.1	0.2	16.1	44.5
France	84	274.0	6.2	497.6	55.1
Greece	10	2.3	0.1	2.9	81.5
Netherlands	79	402.7	9.2	591.6	68.1
Hong Kong	5	3.5	0.1	4.7	73.8
Inter. Finance Corp.	2	35.0	0.8	370.8	9.5
Iran	186	32.6	0.7	36.9	88.4
Iraq	24	17.3	0.4	29.3	58.9
Ireland	2	4.2	0.1	8.6	49.3
Islamic Development Bank	10	7.2	0.2	204.8	3.5
Israel	11	2.8	0.1	3.9	70.8
Italy	55	294.0	6.7	517.2	56.8
Japan	29	377.2	8.6	708.8	53.2
Joint	140				100.0
Jordan	24	3.8	0.1	5.3	71.3
Kuwait	6	24.5	0.6	42.1	58.1
Lebanon	34	8.1	0.2	10.1	80.5
Liberia	2	7.3	0.2	8.0	91.4
Libya	13	44.9	1.0	80.5	55.8
Liechtenstein	6	25.9	0.6	26.6	97.5
Luxembourg	13	48.2	1.1	100.7	47.8
Norway	7	9.9	0.2	12.4	79.5
Pakistan	7	5.9	0.1	6.1	96.8
Panama	7	23.7	0.5	84.2	28.2
Qatar	5	13.9	0.3	27.3	50.9
Saudi Arabia	47	96.3	2.2	265.1	36.3
South Korea	5	15.6	0.4	35.2	44.4
Spain	9	25.3	0.6	36.7	68.9
Sweden	19	54.9	1.2	71.1	77.2
Switzerland	133	497.3	11.3	1,319.4	37.7
Syria	92	14.2	0.3	18.9	75.1
TRNC	19	15.3	0.3	17.6	87.0
United Arap Emirates	11	25.1	0.6	36.5	68.7
United Kingdom	153	782.3	17.8	1,038.7	75.3
USA	145	440.5	10.0	791.4	55.7
Yugoslavia	7	3.6	0.1	8.9	40.9
Others	34	149.5	3.4	493.7	30.3
<b>TOTAL</b>	<b>1,879</b>	<b>4,394.5</b>	<b>100.0</b>	<b>8,977.2</b>	<b>49.0</b>

Source: SPO

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

SECTORS	NUMBER OF COMPANIES	CURRENT FOREIGN CAPITAL	SHARE IN TOTAL FOR. CAP. (%)	COMPANIES TOTAL CAPITAL	FOR. CAP. AS % OF TOTAL
<b>MANUFACTURING</b>	508	2,018.3	52.2	4,668.1	43.2
- Electronics	27	244.3	6.3	350.4	69.7
- Machinery	54	81.1	2.1	267.6	30.3
- Fertilizer	2	11.1	0.3	20.1	55.2
- Textiles & Clothing	85	107.6	2.8	332.7	32.3
- Chemicals	62	366.4	9.5	531.9	68.9
- Glass	6	19.8	0.5	253.0	7.8
- Motor Vehicles	12	371.4	9.6	861.2	43.1
- Food & Beverages	65	202.0	5.2	294.2	68.6
- Metal Wares	26	26.3	0.7	46.0	57.1
- Non-ferrous Metals	9	7.5	0.2	63.2	11.8
- Plastics	22	17.0	0.4	35.6	47.9
- Iron & Steel	11	134.6	3.5	758.4	17.7
- Cement	9	51.2	1.3	73.9	69.3
- Paper	10	37.6	1.0	71.0	52.9
- Forestry Products	9	10.6	0.3	21.6	49.1
- Rubber	1	3.4	0.1	3.8	89.8
- Ceramics	10	5.0	0.1	44.0	11.4
- Motor Vehicles Auxiliary	16	82.2	2.1	190.6	43.1
- Measuring & Optical Equipments	6	7.8	0.2	10.3	75.5
- Aircraft	2	13.6	0.4	27.8	49.0
- Others	64	217.8	5.6	411.0	53.0
<b>AGRICULTURE</b>	52	81.1	2.1	127.1	63.9
<b>MINING</b>	29	39.5	1.0	54.2	72.9
<b>SERVICES</b>	1,224	1,728.6	44.7	3,094.3	55.9
- Trade	680	294.4	7.6	364.9	80.7
- Tourism	162	521.4	13.5	1,351.2	38.6
- Banking	33	346.7	9.0	596.3	58.1
- Investment Financing	14	215.8	5.6	245.4	87.9
- Insurance	23	56.4	1.5	157.0	35.9
- Construction	18	11.7	0.3	23.8	49.3
- Land Transportation	15	2.6	0.1	5.3	49.5
- Marine Transportation	9	16.0	0.4	32.0	50.2
- Air Transportation	37	13.1	0.3	26.6	49.1
- Others	233	250.5	6.5	292.0	85.8
<b>TOTAL</b>	<b>1,813</b>	<b>3,867.5</b>	<b>100.0</b>	<b>7,943.8</b>	<b>48.7</b>

Source: SPO

**BREAKDOWN BY SECTORS OF FOREIGN CAPITAL COMPANIES  
OPERATING IN TURKEY**  
(As of the end of April 1991, TL billion)

SECTORS	NUMBER OF COMPANIES	CURRENT FOREIGN CAPITAL	SHARE IN TOTAL FOR. CAP.(%)	COMPANIES TOTAL CAPITAL	FOR. CAP. AS % OF TOTAL
<b>MANUFACTURING</b>	527	2,211.9	50.3	5,073.3	43.6
- Electronics	30	252.6	5.7	393.8	64.1
- Machinery	55	106.0	2.4	320.6	33.1
- Fertilizer	2	11.1	0.3	20.1	55.2
- Textiles & Clothing	88	111.7	2.5	337.4	33.1
- Chemicals	66	383.4	8.7	567.8	67.5
- Glass	7	30.0	0.7	301.9	9.9
- Motor Vehicles	13	372.0	8.5	862.2	43.2
- Food & Beverages	68	252.5	5.7	353.7	71.4
- Metal Wares	24	25.5	0.6	43.0	59.2
- Non-ferrous Metals	10	9.1	0.2	106.4	8.6
- Plastics	22	22.7	0.5	58.6	38.8
- Iron & Steel	10	132.2	3.0	746.4	17.7
- Cement	9	68.7	1.6	92.0	74.7
- Paper	10	62.6	1.4	121.0	51.7
- Forestry Products	9	10.6	0.2	21.6	49.1
- Rubber	7	99.1	2.3	237.8	41.7
- Ceramics	9	4.9	0.1	39.5	12.4
- Motor Vehicles Auxiliary	18	91.3	2.1	200.4	45.6
- Measuring & Optical Equipments	7	8.1	0.2	10.7	75.7
- Aircraft	2	13.6	0.3	27.8	49.0
- Others	61	144.4	3.3	210.8	68.5
<b>AGRICULTURE</b>	56	240.0	5.5	293.5	81.8
<b>MINING</b>	29	63.5	1.4	78.2	81.2
<b>SERVICES</b>	1,267	1,879.1	42.8	3,532.1	53.2
- Trade	710	318.7	7.3	399.8	79.7
- Tourism	211	724.5	16.5	1,732.5	41.8
- Banking	33	332.3	7.6	681.3	48.8
- Investment Financing	14	220.3	5.0	249.4	88.3
- Insurance	23	60.1	1.4	169.3	35.5
- Construction	19	12.1	0.3	24.2	50.1
- Land Transportation	14	2.6	0.1	5.2	49.7
- Marine Transportation	10	22.0	0.5	38.0	57.9
- Air Transportation	38	13.2	0.3	26.8	49.4
- Others	195	173.4	3.9	205.7	84.3
<b>TOTAL</b>	<b>1,879</b>	<b>4,394.5</b>	<b>100.0</b>	<b>8,977.2</b>	<b>49.0</b>

Source: SPO

# EXCHANGE RATES

(Monthly Average, TL)

	US DOLLAR	STERLING	DEUTSCHE MARK	FRENCH FRANC	SWISS FRANC	BELGIAN FRANC	JAPANESE YEN
<b>1988</b>							
January	1,071.1	1,931.3	649.0	192.2	797.5	31.1	8.4
February	1,152.5	2,025.3	678.9	201.0	828.6	32.6	8.9
March	1,200.1	2,190.6	714.8	210.6	864.9	34.2	9.4
April	1,244.6	2,341.2	746.4	219.9	903.2	35.7	10.0
May	1,291.6	2,420.7	764.6	225.8	918.3	36.6	10.4
June	1,347.1	2,406.7	770.0	228.3	925.5	36.8	10.6
July	1,415.6	2,414.8	769.6	228.6	926.9	36.8	10.7
August	1,498.9	2,549.1	795.7	235.1	948.8	38.0	11.2
September	1,584.9	2,665.6	848.7	249.8	1,005.6	40.5	11.8
October	1,712.8	2,970.9	939.7	275.6	1,110.8	44.9	13.3
November	1,724.6	3,116.9	985.7	288.8	1,175.7	47.1	14.0
December	1,795.0	3,281.7	1,023.6	298.9	1,216.4	48.9	14.6
<b>1989</b>							
January	1,848.1	3,287.3	1,011.5	296.8	1,189.9	48.3	14.6
February	1,909.2	3,355.3	1,031.2	303.0	1,213.4	49.3	15.0
March	1,978.1	3,398.6	1,061.3	313.3	1,234.1	50.7	15.2
April	2,054.6	3,492.5	1,097.6	324.8	1,246.5	52.5	15.6
May	2,067.4	3,387.2	1,066.4	315.5	1,200.6	51.0	15.1
June	2,115.9	3,292.2	1,068.4	315.1	1,238.3	51.1	14.7
July	2,139.5	3,464.4	1,128.1	333.0	1,311.3	53.9	15.2
August	2,185.6	3,487.5	1,134.3	336.0	1,316.8	54.3	15.5
September	2,240.5	3,486.8	1,144.5	339.2	1,325.1	54.7	15.4
October	2,275.8	3,617.6	1,218.2	359.1	1,394.8	58.1	16.0
November	2,312.3	3,637.3	1,261.1	371.1	1,427.2	60.1	16.1
December	2,309.6	3,692.1	1,329.3	389.2	1,474.7	63.3	16.1
<b>1990</b>							
January	2,328.5	3,840.7	1,376.7	404.6	1,536.1	65.7	16.1
February	2,377.6	4,029.4	1,417.0	417.5	1,596.5	67.9	16.4
March	2,452.7	3,992.8	1,439.4	426.6	1,625.7	69.4	16.1
April	2,502.7	4,100.0	1,482.0	441.4	1,677.7	71.7	15.8
May	2,547.5	4,274.4	1,533.1	455.0	1,795.6	74.4	16.6
June	2,626.4	4,480.8	1,557.9	463.2	1,841.2	75.8	17.1
July	2,662.2	4,777.8	1,617.8	482.5	1,904.2	78.7	17.8
August	2,677.3	5,088.3	1,704.0	508.4	2,046.5	83.0	18.2
September	2,715.8	5,106.5	1,729.6	516.6	2,080.2	84.2	19.5
October	2,739.7	5,327.3	1,795.3	536.6	2,139.1	87.3	21.1
November	2,773.8	5,449.3	1,865.3	554.7	2,208.9	90.5	21.6
December	2,871.1	5,522.7	1,914.6	564.2	2,241.2	92.6	21.5
<b>1991</b>							
January	2,987.7	5,773.9	1,978.1	582.7	2,349.1	96.1	18.2
February	3,131.4	6,161.8	2,117.5	622.4	2,476.6	102.9	24.0
March	3,527.0	6,452.8	2,199.9	646.7	2,549.3	106.8	25.8
April	3,826.8	6,547.7	2,205.2	652.2	2,606.1	107.2	27.5
May	3,983.5	6,840.5	2,311.7	683.3	2,726.6	112.5	29.0

Source: SPO, Central Bank of Turkey



**FOREIGN DEBTS**  
(\$ million)

	1987	1988	1989	1990 (*)
<b>TOTAL DEBT</b>	40,228	40,722	41,751	49,035
<b>A. BY MATURITY</b>				
1. Medium & Long-term	32,605	34,305	36,006	39,535
2. Short-term	7,623	6,417	5,745	9,500
<b>B. BY BORROWERS</b>				
1. Medium & Long-term	32,605	34,305	36,006	39,585
a. Consolidated Budget	19,256	20,746	21,213	23,710
- Direct Borrowing	10,466	11,756	12,230	13,219
- Annexed Budget	3,181	3,480	3,333	3,696
- Onlending	5,609	5,510	5,650	6,795
b. Other Public Sector	12,026	12,034	13,187	14,077
- Central Bank	7,094	6,546	6,975	7,321
- SEE's	3,700	3,988	4,392	4,785
- Local Administration	396	512	998	1,032
- Extra Budgetary Funds	836	988	822	939
c. Private Sector	1,323	1,525	1,606	1,798
2. Short-term	7,623	6,417	5,745	9,500
- Central Bank	2,539	1,830	799	855
- Deposit Banks	2,873	2,767	3,118	5,373
- Other Sectors	2,211	1,820	1,828	3,272
<b>C. BY CREDITORS</b>				
1. Medium & Long-term	32,605	34,305	36,006	39,536
- Multilateral Agencies	9,802	9,192	8,740	9,564
- Bilateral Lenders	11,680	11,382	11,431	12,984
- Commercial Banks	6,391	8,891	10,269	10,721
- Private Creditors	4,732	4,840	5,566	6,267
2. Short-term	7,623	6,417	5,745	9,500
- Commercial Banks	3,725	2,950	1,841	3,845
- Private Creditors	3,898	3,467	3,904	5,655
<b>D. BY TYPE OF LOANS</b>				
1. Medium & Long-term	32,605	34,305	36,006	39,536
- Project-program Loans	20,646	19,495	18,929	21,116
- Euro Currency Loans	5,415	8,505	10,269	10,721
- Rescheduled Debts	1,139	503	66	12
. CTLD's	833	329	0	0
. Banker's Credits	143	57	0	0
. NGTA's	163	117	66	12
- Private Sector	5,405	5,802	6,742	7,687
2. Short-term	7,623	6,417	5,745	9,500
a. Credits	5,004	3,984	2,950	5,524
- Banker's Credits	1,383	914	35	51
- Overdrafts	282	168	30	24
- Acceptance Credits	1,205	903	891	1,386
- Pre-Export Financing	74	131	218	146
- Foreign Exchange Loans	2,060	1,868	1,776	3,917
b. Private Sector	2,619	2,433	2,795	3,976
- Foreign Exchange Deposits Ac.	1,745	1,685	2,061	3,280
- Dresdner Bank	871	747	733	695
- CTDL's	3	1	1	1

(\*) Provisional

Source: Undersecretariat of Treasury and Foreign Trade

**STATISTICAL ANNEX  
FOR  
CHAPTER III**



# MAIN MONETARY INDICATORS

	TL Billion		Percentage Change	
	1989	1990	1989	1990
Banknotes Issued	8,365	14,265	87.0	70.5
Reserve Money	16,436	23,269	78.0	41.6
Money Supply (M1)	20,359	29,326	82.0	44.0
Money Supply (M2)	60,517	89,989	70.0	48.7
Central Bank Credit (Direct)	3,887	4,526	23.0	16.4
Deposit Banks' Credits	30,404	51,385	64.0	69.0
Total Credit Stock	38,143	61,746	57.0	61.9
Total Deposit	43,889	61,395	73.0	39.9
Sight	13,318	16,607	75.0	24.7
Time	28,795	41,381	81.0	43.7
Wholesale Prices' Index*	-	-	68.0	48.6
Consumer Prices' Index*	-	-	68.8	60.4

\* Percentage change (annual averages)

\*\* As of April

Source: SIS and Anka Agency

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

	1983	1984	1985	1986	1987	1988	1989	1990*
Agriculture	21.2	16.9	17.2	13.9	18.4	19.8	19.9	16.8
Industry	21.7	27.2	31.2	25.7	22.8	18.6	14.3	13.4
Small Artizans	5.2	5.3	4.6	4.7	4.3	4.2	4.0	4.1
Construction	5.4	7.9	10.6	13.6	16.8	18.1	15.0	13.8
Tourism	0.1	0.2	0.1	0.1	0.0	1.1	1.2	1.2
Export	22.6	18.1	12.8	18.8	14.1	14.1	16.0	15.9
Import	1.9	4.3	4.6	1.0	0.6	0.9	-	-
Domestic Trade	19.9	17.5	15.0	20.6	21.5	21.8	26.0	31.3
Other Financial Inst.	0.4	0.6	0.3	0.2	0.0	0.6	2.1	1.1
Undistributed	1.6	2.0	3.6	1.4	1.5	1.7	1.5	2.4
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)

	1983	1984	1985	1986	1987	1988	1989	1990*
Advances to Treasury	27.4	60.0	61.1	59.7	40.9	40.5	38.3	42.1
Agricultural Support	15.6	5.2	9.5	11.8	22.2		19.7	16.5
Agriculture	3.8	3.7	3.5	2.7	13.4	13.5	13.8	12.3
Industry	27.2	21.9	19.8	20.7	18.0	16.3	17.6	16.6
Small Trader's and Artisans	1.6	0.8	2.1	1.6	4.5	1.1	1.2	1.5
Export	14.7	3.8	0.5	0.0	1.6	6.7	8.7	3.5
Trade	9.5	2.0	1.9	1.8	1.1	0.3	0.1	7.0
Other	-	0.6	1.5	1.6	0.9	0.5	0.6	0.5
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 (1987=100)

	General	Change	Agriculture	Change	Mining	Change	Manufacturing	Change	Energy	Change
<b>1989</b>	<b>279.5</b>	<b>69.6</b>	<b>247.3</b>	<b>81.4</b>	<b>270.7</b>	<b>84.1</b>	<b>293.3</b>	<b>64.6</b>	<b>238.3</b>	<b>66.0</b>
January	224.6	7.2	187.4	3.4	221.4	7.6	238.8	7.5	200.0	19.8
February	232.8	3.7	201.6	7.6	230.4	4.1	245.5	2.8	200.0	0.0
March	241.3	3.7	213.5	5.9	235.4	2.2	253.7	3.3	200.0	0.0
April	254.0	5.3	230.6	8.0	245.7	4.4	265.8	4.8	200.0	0.0
May	265.3	4.4	240.9	4.5	262.4	6.8	276.7	4.1	221.6	10.8
June	273.9	3.2	241.4	0.2	263.5	0.4	287.4	3.9	242.3	9.3
July	288.0	5.1	241.7	0.1	274.1	4.0	306.7	6.7	242.7	0.2
August	295.5	2.6	254.5	5.3	284.5	3.8	312.8	2.0	243.0	0.1
September	303.0	2.5	263.3	3.5	290.0	1.9	318.7	1.9	272.3	12.1
October	311.4	2.8	277.2	5.3	297.2	2.5	325.8	2.2	272.3	0.0
November	324.4	4.2	297.4	7.3	318.8	7.3	336.8	3.4	272.6	0.1
December	340.2	4.9	318.3	7.0	325.1	2.0	350.6	4.1	292.9	7.4
<b>1990</b>	<b>425.7</b>	<b>51.6</b>	<b>421.9</b>	<b>66.8</b>	<b>402.5</b>	<b>48.9</b>	<b>430.8</b>	<b>46.8</b>	<b>373.1</b>	<b>57.5</b>
January	355.3	4.4	344.7	8.3	335.5	3.2	362.0	3.3	313.1	6.9
February	371.7	4.6	391.9	13.7	344.2	2.6	369.3	2.0	317.5	1.4
March	387.2	4.2	417.1	6.4	350.0	1.7	381.8	3.4	336.0	5.8
April	396.5	2.4	421.9	1.2	349.3	-0.2	391.9	2.6	361.2	7.5
May	402.6	1.5	421.0	-0.2	348.5	-0.2	400.5	2.2	368.9	2.1
June	408.5	1.5	423.3	0.5	356.2	2.2	407.4	1.7	376.4	2.0
July	415.4	1.7	423.9	0.1	367.5	3.2	416.5	2.2	382.1	1.5
August	433.8	4.4	432.4	2.0	393.6	7.1	438.4	5.3	388.8	1.8
September	458.8	5.8	431.4	-0.2	450.9	14.6	471.5	7.6	393.5	1.2
October	480.0	4.6	434.7	0.8	497.6	10.4	498.1	5.6	403.4	2.5
November	493.3	2.8	450.0	3.5	512.4	3.0	511.2	2.6	410.6	1.8
December	505.6	2.5	470.6	4.6	524.3	2.3	520.7	1.9	425.1	3.5
<b>1991</b>										
January	528.8	4.6	494.0	5.0	511.9	-2.4	540.6	3.8	517.6	21.8
February	556.6	5.3	555.0	12.3	524.5	2.5	558.8	3.4	529.6	2.3
March	583.6	4.9	598.6	7.8	574.0	9.4	580.7	3.9	542.8	2.5
April	615.0	5.4	651.6	8.9	597.7	4.1	606.6	4.5	554.3	2.1

Source: SIS

**SECURITIES ISSUED**  
(TL Billion)

	1986	1987	1988	1989	1989*	1990*
<b>PUBLIC SECTOR</b>	3,277.3	6,508.9	8,931.1	17,095.3	9,308.0	14,477.6
Public Borrowing Bonds	1,269.4	2,045.4	3,816.2	9,061.0	4,567.5	9,698.2
Treasury Bills	1,787.9	3,954.5	5,114.9	7,634.3	4,540.5	4,179.4
Revenue Sharing Bonds	220.0	509.0	0.0	400.0	200.0	600.0
<b>PRIVATE SECTOR</b>	274.3	682.5	1,137.6	2,298.2	1,337.3	2,696.6
Bonds	111.1	317.5	210.9	604.5	268.5	391.2
Shares	102.0	187.2	364.5	966.8	575.6	1,136.3
P/L Sharing Bonds	0.9	0.8	0.2	2.0	2.0	4.0
Banking Bills	60.3	76.2	238.0	98.0	48.0	200.0
Other Commercial Paper	0.0	55.8	271.0	465.4	370.2	146.1
P/L Sharing certificates	0.0	45.0	53.0	161.5	73.0	819.0
<b>GRAND TOTAL</b>	3,551.6	7,191.4	10,068.7	19,393.5	10,645.3	17,174.2

(\*) January-August

Source: SPO, Development Programme of 1991

**ISE SHARE INDICES**

	1988	1989	1990	1991
January	857.7	379.7	3,641.3	4,213.5
February	721.0	487.1	3,516.3	5,102.6
March	635.3	465.9	3,294.3	4,520.0
April	554.0	533.6	3,308.2	3,554.3
May	553.1	654.0	3,852.1	
June	468.9	795.9	4,133.0	
July	492.9	701.4	5,384.5	
August	428.1	876.0	4,939.2	
September	455.2	1,475.3	5,085.2	
October	404.1	1,664.0	4,570.4	
November	405.8	1,507.5	3,257.0	
December	373.9	2,217.7	3,255.8	

Source: ISE

**TRANSACTIONS VOLUMES OF VARIOUS SECURITIES IN 1990**  
(TL Billion)

MONTHS	S	CB	GB	TB	BB	RSC	FB	FEIB	Total
January	1,128.5	49.7	1,727.6	2,442.5	13.2	122.9	95.1	90.5	5,669.9
February	1,179.5	108.0	1,836.5	2,281.5	11.6	145.7	51.3	93.3	5,707.5
March	650.0	139.3	2,687.5	2,382.7	4.1	173.3	85.6	177.8	6,300.3
April	872.0	149.5	2,715.1	1,826.3	4.7	70.7	94.5	103.6	5,836.3
May	1,385.0	249.9	4,713.8	1,978.3	30.8	187.7	84.1	173.5	8,803.1
June	1,435.2	205.7	5,262.3	2,016.8	32.8	127.7	68.0	186.5	9,335.1
July	1,557.3	195.2	5,435.4	1,776.2	37.8	61.1	24.2	140.6	9,228.0
August	1,986.5	400.3	6,554.5	2,182.0	2.5	29.9	14.4	148.8	11,318.9
September	1,512.7	320.8	6,450.4	2,784.5	16.8	62.2	13.7	145.4	11,306.6
October	1,692.5	364.9	8,018.4	3,745.7	23.3	34.9	22.7	153.2	14,055.6
November	1,205.0	321.7	8,386.8	3,995.2	6.9	39.1	70.9	121.9	14,147.6
December	1,346.8	500.9	7,954.6	4,611.5	12.2	23.1	46.4	156.7	14,652.2
Total	15,951.2	3,006.0	61,742.9	32,023.3	196.7	1,078.3	670.8	1,691.9	116,361.2

**S: Shares**                      **BB: Bank Bills-Bank Guaranteed Bills**  
**CB: Corporate Bond**                      **RSC: Revenue Sharing Certificates**  
**GB: Government Bond**                      **FB: Finance Bills**  
**TB: Treasury Bills**                      **FEIB: Foreign Exchange Indexed Bonds**

Source: CMB January 1991, Monthly Bulletin





## **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>
1965	31,151	2,463	2,901	0.6
1966	31,934	2,863	3,168	9.2
1967	32,750	3,099	3,220	1.6
1968	32,585	3,350	3,350	4.0
1969	34,442	3,626	3,443	2.8
1970	35,321	4,184	3,551	3.1
1971	36,215	5,318	3,816	7.5
1972	37,132	6,485	3,999	4.8
1973	38,072	8,138	4,110	2.8
1974	39,036	10,941	4,304	4.7
1975	40,025	13,386	4,532	5.3
1976	40,938	16,366	4,771	5.3
1977	41,768	20,890	4,869	2.1
1978	42,640	30,270	4,906	0.8
1979	43,530	50,529	4,786	-2.4
1980	44,438	99,805	4,638	-3.1
1981	45,540	143,909	4,714	1.6
1982	46,688	187,093	4,807	2.0
1983	47,864	241,348	4,844	0.8
1984	49,070	374,462	5,006	3.3
1985	50,306	552,408	5,132	2.5
1986	51,546	762,612	5,410	5.4
1987	52,845	1,104,929	5,672	4.8
1988	54,176	1,856,582	5,739	1.2
1989	54,885	3,104,899	5,770	0.5
1990	56,088	5,121,492	6,165	6.8

Source : SIS

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

	1982	1983	1984	1985	1986	1987	1988	1989	1990
GNP	8,735	11,552	18,375	27,789	39,177	58,391	100,154	170,633	286,306
Foreign Balance	150	410	513	525	1,023	840	-2,129	-2,049	4,974
Total Resources	8,885	11,961	18,888	28,314	40,200	59,231	98,025	168,585	291,280
Total Investment	1,792	2,311	3,550	5,796	9,655	14,823	24,047	38,138	65,362
Fixed Capital Investment	1,664	2,182	3,286	5,554	9,121	14,101	24,166	38,304	60,928
-Public	1,023	1,226	1,776	3,228	5,299	7,558	11,510	17,351	27,826
-Private	641	956	1,510	2,326	3,821	6,543	12,656	20,953	33,102
Stock Changes	128	129	263	242	534	723	-119	-167	4,434
-Public	39	-46	2	-48	43	233	-520	-464	2,818
-Private	89	175	261	289	491	490	401	297	1,616
Total Consumption	7,093	9,650	15,339	22,513	30,545	44,408	73,979	130,447	225,919
Public Disposable Income	1,721	2,187	2,953	5,044	7,600	10,149	17,546	30,257	51,723
Public Consumption	939	1,173	1,648	2,368	3,553	5,323	8,815	19,395	39,964
Public Savings	781	1,014	1,304	2,676	4,047	4,826	8,731	10,862	11,760
Public Investment	1,062	1,180	1,777	3,181	5,343	7,790	10,990	16,887	30,644
Public Investment: Savings Gap	-281	-166	-473	-505	-1,295	-2,964	-2,260	-6,025	-18,885
Private Disposable Income	7,014	9,365	15,422	22,745	31,577	48,242	82,609	140,376	234,583
Private Consumption	6,154	8,478	13,691	20,150	26,993	39,085	65,164	111,052	185,955
Private Savings	861	888	1,732	2,595	4,584	9,157	17,445	29,324	48,628
Private Investment	730	1,131	1,772	2,615	4,312	7,033	13,057	21,251	34,718
Private Investment: Savings Gap	131	-243	-40	-20	272	2,124	4,388	8,074	13,910
Private Savings Ratio	12	10	11	11	15	19	21	21	21
Total Domestic Savings	1,642	1,901	3,036	5,271	8,632	13,983	26,176	40,186	60,387
Fixed Capital Investment/GNP	19	19	18	20	23	24	24	22	21
Domestic Savings/GNP	19	17	17	19	22	24	26	24	21

Source: SPO

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

	1987	1988	1989	1990*
<b>Agriculture</b>				
-Agriculture and Livestock	9,530,377.0	15,822,494.1	25,156,207.7	45,034,206.8
-Forestry	9,028,204.6	14,997,078.1	24,100,539.2	43,045,740.0
-Fishing	335,601.1	508,462.6	734,404.6	1,333,853.9
<b>Industry</b>	166,571.3	316,953.4	321,263.9	654,612.9
-Mining	16,847,047.3	29,727,190.8	47,609,346.9	72,644,407.6
-Manufacturing	1,059,571.9	1,834,381.5	3,095,184.1	4,586,900.6
-Electricity, Gas and Water	13,596,981.9	23,884,651.6	38,254,111.8	58,379,408.4
<b>Services</b>	2,190,493.5	4,008,157.7	6,260,051.0	9,678,098.6
-Construction	26,541,941.3	45,937,493.5	79,140,469.0	130,749,413.8
-Construction	2,152,012.3	3,563,027.1	6,013,054.9	9,957,162.3
-Trade	9,319,531.5	16,115,030.1	26,937,450.3	43,489,301.9
-Transportation and Communication	5,323,046.6	9,298,819.3	16,200,012.2	25,388,939.4
-Financial Institutions	1,468,381.5	2,595,867.2	4,659,864.4	9,330,490.3
-Ownership of Dwellings	2,208,332.2	4,073,707.2	7,316,958.3	12,728,067.4
-Business and Personal Services	2,851,617.0	4,964,529.9	8,437,639.0	13,699,586.2
-Government Services	3,219,020.2	5,326,512.7	9,665,489.9	16,155,866.4
<b>GDP (At Factor Cost)</b>	52,919,365.6	91,487,178.4	151,906,023.6	232,272,161.9
<b>Net Factor Income From the Rest of the World</b>	90,839.5	-418,454.4	2,862,715.4	4,256,000.0
<b>GNP (At Factor Cost)</b>	58,296,342.6	91,068,724.0	154,768,739.0	248,428,028.3
<b>Subsidies</b>	478,686.0	837,918.0	1,475,801.0	2,181,914.0
<b>Indirect Taxes</b>	5,855,663.0	9,923,084.0	17,340,273.0	33,674,142.0
<b>GNP (In Purchasers' Value)</b>	58,387,182.1	100,153,890.0	170,633,211.0	284,176,256.3

Source: SIS

\*Second estimation

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

	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990
Agriculture	102.8	101.7	100.1	106.4	99.9	103.5	102.4	107.9	102.1	108.00	88.50	11.80
-Agriculture & Livestock	102.7	101.5	99.9	106.8	99.6	103.7	103.0	108.1	102.1	108.20	88.70	112.00
-Forestry	100.5	102.2	104.2	90.2	105.3	98.4	92.0	99.6	95.5	96.50	98.30	101.10
-Fishing	122.5	117.0	108.3	107.3	110.6	101.7	80.8	103.1	110.50	109.80	62.30	109.50
Industry	94.4	94.0	107.4	104.9	108.0	110.1	106.3	108.7	109.6	103.10	103.10	107.90
-Mining	83.7	95.9	92.7	94.5	107.5	107.9	111.9	93.7	104.20	108.70	96.30	103.60
-Manufacturing	94.7	93.6	109.5	105.4	108.7	110.2	105.5	109.6	109.9	101.80	103.20	108.00
-Electricity, Gas and Water	108.0	95.5	107.0	111.7	102.2	111.1	107.8	115.5	110.9	109.80	107.10	109.30
Services	100.2	100.8	103.7	103.5	103.9	105.3	104.0	106.4	106.8	104.10	104.00	106.70
-Construction	104.2	100.8	100.4	100.5	100.9	101.9	102.9	108.3	106.7	102.30	101.00	100.00
-Trade	97.7	97.6	107.4	104.6	106.9	108.0	104.6	109.4	109.8	103.80	105.80	113.00
-Transportation & Communi.	95.6	99.4	100.9	102.2	103.2	107.7	104.8	104.5	106.4	103.00	102.60	104.50
-Financial Institutions	103.0	101.8	101.9	101.6	100.5	104.5	103.5	103.7	103.6	104.70	101.80	103.20
-Ownership of Dwellings	103.9	104.1	102.7	102.7	102.8	102.8	102.6	103.5	103.9	103.90	104.40	103.90
-Business and Personal Services	99.1	99.0	104.4	104.8	103.5	106.1	104.9	108.8	106.9	104.00	100.20	108.50
-Government Services	104.2	105.8	104.0	105.4	104.2	102.6	103.3	103.7	104.8	106.50	106.50	103.70
GDP (At Factor Cost)	99.4	99.5	103.6	104.5	103.9	106.0	104.2	107.3	106.5	104.70	100.40	108.00
Indirect Taxes	91.2	96.9	106.1	105.8	106.3	107.1	109.6	108.7	114.9	99.70	103.80	116.20
Subsidies	74.6	98.1	73.1	73.9	154.1	137.5	80.2	36.6	96.70	161.20	72.90	67.60
GDP (In Purch. Values)	99.1	99.3	104.4	105.0	103.7	105.7	105.1	108.3	107.4	103.90	100.90	109.00
Net Factor Income From the Rest of the World	152.8	75.8	84.6	52.6	12.6	501.2	105.9	25.70	258.20	-	-	94.90
GNP (In Purch. Values)	99.6	98.9	104.1	104.5	103.3	105.9	105.1	108.1	107.50	103.60	101.60	109.00

Source: SIS

# 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
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	82.3	20.9	17.2	17.7	35.9	6.4	23.6	1.2	22.3
1990	81.9	20.7	16.9	18.1	22.7	4.1	21.1	1.7	22.8



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

Years	Total Fixed Investment	Public Fixed Investment		Private Fixed Investment	
		TL Billion	Share (%)	TL Billion	Share (%)
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	24,182.3	11,494.0	47.5	12,688.3	52.5
1989	38,304.2	17,351.1	45.3	20,953.1	54.7
1990	60,927.5	27,825.8	45.7	33,101.7	54.3

Source: SPO

**PRIVATE INVESTMENT IN HOUSING**

	Investments in Housing (TL Million)	GNP (TL Billion)	As Perc. of GNP (%)
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	6,348.6	100,582.2	6.3
1989	10,736.2	170,412.3	6.3
1990	15,342.0	287,254.2	5.3

Source : SPO

**CONSOLIDATED BUDGET**  
(TL Billion)

	1985	1986	1987	1988	1989	1990
Revenue	4,476	6,754	10,139	17,587	31,662	56,685
-Direct Taxes	1,826	3,106	4,483	7,066	13,569	21,732
-Indirect Taxes	2,003	2,866	4,560	7,166	11,968	23,744
-Non-Tax Revenues	483	585	921	2,540	4,844	8,209
-Annexed Budget	62	124	160	774	1,166	1,364
-Special Revenues	99	73	15	41	115	1,636
Expenditure	5,263	8,160	12,599	21,447	38,660	68,169
-Personnel	1,275	1,840	2,987	5,053	12,465	26,585
-Other Current Exp.	811	1,211	1,518	2,407	4,048	6,929
-Interest Payments	674	1,330	2,266	4,978	8,259	13,967
-Foreign	427	682	1,006	1,816	3,144	-
-Domestic	247	649	1,260	3,159	5,115	-
-Investments	989	1,619	2,331	3,564	5,836	9,793
-Transfers	181	138	445	1,025	1,253	10,895
Budget Deficit	- 787	- 1,406	- 2,460	- 3,860	-6,998	-11,484
Delayed and Advance Paym.	- 116	- 196	-	- 81	-637	-717
Cash Deficit	- 903	- 1,602	- 2,164	- 3,941	-7,635	-12,201
Financing	903	1,602	2,164	3,941	7,635	12,201
Net Foreign Indebtedness	- 223	- 8	175	176	-444	-45
-Borrowings	197	686	941	2,379	2,808	4,747
-Transferred Credits	-	70	106	152	545	655
-Payments	- 420	- 764	872	- 2,355	-3,797	-5,447
Net Domestic Indebtedness	498	476	767	2,433	5,982	7,626
-Borrowings	670	1,269	1,908	3,816	8,983	12,749
-Payments	- 172	- 793	- 1,141	- 1,383	-3,001	-5,123
Short-Term Borrowing	498	925	1,185	1,064	1,452	2,263
-Central Bank (net)	266	257	355	675	457	331
-Treasury Bonds (net)	232	668	830	389	995	1,932
Other	130	209	37	268	645	2,357

Source: Finance and Customs Ministry and SPO

**AGRICULTURAL PRODUCTION**  
(000 Tonnes)

	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990
<b>Cereals:</b>												
Wheat	17,500	16,500	17,000	17,500	16,400	17,200	1,700	19,000	18,900	20,500	16,200	20,000
Barley	5,240	5,300	5,900	6,400	5,425	6,500	6,500	7,000	6,900	7,500	4,500	7,200
Maize	1,350	1,240	1,200	1,360	1,480	1,500	1,900	2,300	2,400	2,000	2,000	2,000
Rye	620	525	530	430	380	360	360	350	380	263	300	-
Other	817	849	780	841	807	754	733	-	-	-	-	-
Pulses	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	8,760	6,766	11,165	12,732	12,770	11,100	9,830	10,662	12,717	11,534	11,000	13,500
Tobacco	217	234	168	210	229	178	170	1,584	182	313	253	288
Cotton	476	500	488	488	520	542	577	1,408	1,450	1,500	1,500	635
Oilseeds	1,511	1,653	1,656	1,507	1,690	1,746	1,961	1,190	1,430	2,360	2,565	1,978
Wool	57	59	62	64	62	-	-	-	-	-	-	-
<b>Fruit and Nuts :</b>												
Grapes	3,500	3,600	3,700	3,650	3,400	3,300	3,300	3,000	3,300	3,350	3,320	3,760
Figs	200	205	250	280	330	330	340	370	355	350	318	-
Hazelnuts	300	250	350	220	392	300	180	300	280	403	456	380
Citrus Fruit	1,147	1,182	1,225	1,235	1,299	1,299	996	1,360	1,310	1,410	1,346	-

Source : SIS & SPO

**AGRICULTURAL PRODUCTION INDEX**  
(1983=100)

YEARS	Wheat	Barley	Rice	Pota-toes	Cotton	Tobacco	Sugar	Sunflo. Seed	Olives	Hazelnuts	Grapes	Figs
1970	61.0	59.9	84.7	62.8	76.6	65.4	33.3	52.4	170.3	65.1	113.2	64.9
1971	82.3	76.9	92.6	68.9	100.0	75.9	46.6	65.0	81.6	42.4	113.3	59.1
1972	74.4	68.6	64.6	72.1	104.1	78.5	46.2	78.3	254.8	48.5	101.0	65.4
1973	61.0	53.4	84.2	72.1	98.2	65.1	39.9	78.3	83.1	64.0	98.4	57.6
1974	67.1	61.4	79.3	74.6	114.6	88.9	44.7	58.7	210.0	62.3	98.4	47.4
1975	89.9	83.0	79.3	81.6	91.9	87.3	54.4	68.2	140.3	80.9	95.4	53.0
1976	100.6	90.3	83.7	93.4	90.9	141.5	73.6	76.9	274.4	62.5	90.6	56.9
1977	101.5	87.6	87.3	91.8	110.1	108.3	70.4	63.6	100.0	74.0	93.5	53.0
1978	101.8	87.6	100.6	90.1	91.0	127.7	69.2	67.8	275.0	79.1	102.8	56.0
1979	106.7	96.6	119.1	94.1	91.2	94.6	68.6	82.5	107.5	76.5	102.9	60.6
1980	100.6	97.7	75.7	98.4	95.8	99.5	53.0	104.9	337.5	63.8	105.8	62.1
1981	103.7	108.7	104.8	98.4	93.5	73.4	87.4	80.4	100.0	89.3	108.8	75.7
1982	106.7	117.9	111.1	98.4	93.6	90.8	99.7	83.9	330.0	56.1	107.3	84.8
1983	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
1984	104.9	119.8	88.9	104.9	111.1	77.7	86.9	99.3	200.1	76.5	97.0	100.0
1985	103.7	119.8	85.7	134.4	99.2	74.7	77.0	111.9	150.0	45.9	97.0	72.8
1986	115.9	129.0	87.3	131.1	99.2	74.7	83.5	131.5	252.6	76.5	88.2	112.1
1987	115.2	127.2	88.9	137.7	99.8	74.7	93.9	167.8	175.1	66.4	88.2	111.5
1988	125.0	138.2	83.1	142.6	106.2	93.6	90.3	160.8	241.0	102.5	98.5	106.0
1989	98.8	83.0	104.8	133.1	118.2	108.6	85.6	174.8	125.0	115.4	100.9	84.5
1990	122.0	129.0	76.2	131.1	117.2	119.7	105.7	146.9	275.0	96.2	100.0	81.8

Source: Finance and Customs Ministry

# INDUSTRIAL PRODUCTION

	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990
Mining,Fuel,Energy,Selected 1000 Tonnes Products											
Coal (Run of mine)	6,598	7,285	7,223	6,725	7,103	7,260	7,015	3,459	3,256	3,100	2744
Lignite (Run of mine)	16,998	18,951	20,542	23,847	27,199	39,437	45,455	37,234	30,210	42,137	36663
Chrome ore (Run of mine)	551	574	618	515	688	876	861	189	160	271	210
Iron ore (Run of mine)	2,579	2,935	3,055	3,630	4,049	3,994	5,248	-	-	-	-
Copper (Run of mine)	1,593	2,656	2,699	2,184	2,466	2,228	2,374	137	168	167	180
Crude Petroleum	2,330	2,364	2,333	2,203	2,087	2,110	2,383	2,629	2,565	2,868	3672
Petroleum Products	11,732	12,388	15,367	14,764	16,460	16,465	-	-	-	-	-
Electricity (mn Gwh)	23	25	26	27	30	34	40	44	48	52	57.5
Manufacturing;Selected Prod.1000 Tonnes											
Iron	1,810	1,727	2,102	2,645	2,792	3,094	3,735	4,068	4,442	3,509	4826
Steel for Casting	1,700	1,744	1,998	2,479	2,753	3,578	3,596	4,059	4,172	3,217	4827
Sheets and Pipes	419	433	526	676	928	920	1,019	1,223	-	-	-
Cement	12,875	15,043	15,778	13,595	15,738	17,581	20,034	21,980	22,675	23,801	24418
Coke	1,928	1,875	2,102	2,501	2,501	2,604	-	-	3,296	2,812	3364
Superphosphate	1,723	2,485	1,892	2,446	2,881	2,348	2,130	-	-	-	248
Glass	108	243	303	293	379	470	475	-	-	-	-
Paper	301	365	398	393	488	532	368	532	368	450	519
Sugar	1,049	1,117	1,617	1,714	2,254	2,859	-	1,346	1,531	1,432	1785
Olive Oil	18	38	39	78	53	-	-	-	-	-	-
Woollen and Cotton Yarns Mn.Meters	45	46	52	57	60	55	55	59	-	-	-
Woollen and Cotton Fabrics Mn.Meters	169	233	241	251	266	214	214	226	-	-	-

Source: SIS

## PRODUCTION GROWTH RATE INDEX IN MANUFACTURING SECTOR

	1984	1985	1986	1987	1988	1989	1990
<b>FOOD-BEVERAGES-TOBACCO</b>							
I. QUARTER	6.03	-0.41	4.23	11.40	14.20	2.50	5.5
II. QUARTER	-2.36	-5.41	9.17	15.30	3.40	10.30	3.6
III. QUARTER	2.39	16.12	1.15	5.40	11.10	11.70	-5.2
IV. QUARTER	6.09	-0.99	14.62	14.90	-8.40	6.40	1.9
<b>TEXTILES-CLOTHING-LEATHER</b>							
I. QUARTER	6.51	5.96	27.73	0.20	30.50	-14.20	7.5
II. QUARTER	8.11	1.48	25.32	10.30	12.40	-5.50	3.6
III. QUARTER	8.52	9.07	18.39	6.60	0.40	7.40	-1.9
IV. QUARTER	6.50	15.65	6.70	15.30	-5.00	4.50	-8.4
<b>WOOD</b>							
I. QUARTER	8.27	11.85	27.78	19.70	-1.70	-13.70	13
II. QUARTER	-13.31	-8.58	25.55	0.70	-8.70	1.10	9.3
III. QUARTER	-14.77	-28.93	39.35	21.70	-0.40	3.50	-3
IV. QUARTER	15.37	-10.30	-2.21	2.50	-16.30	10.00	-3.4
<b>PAPER-PRINTING</b>							
I. QUARTER	11.24	2.91	-2.37	14.80	15.30	-12.20	5.8
II. QUARTER	15.45	1.01	5.03	15.30	-3.60	-5.40	3.5
III. QUARTER	-0.07	-26.09	3.96	20.40	-9.60	5.90	6.2
IV. QUARTER	16.61	6.94	8.08	-1.20	-13.70	9.50	12.7
<b>CHEMICALS-PETROL.-RUBBER</b>							
I. QUARTER	13.20	-0.57	0.74	1.50	11.20	-6.00	9.3
II. QUARTER	13.44	-4.65	3.95	9.80	2.10	6.70	-7.7
III. QUARTER	5.59	4.40	-0.23	8.60	-3.90	6.10	-2.2
IV. QUARTER	10.54	5.74	-2.55	10.40	-1.70	13.30	-12.1
<b>SOIL PRODUCTS</b>							
I. QUARTER	11.48	-5.37	7.37	-1.40	17.60	5.00	-3.5
II. QUARTER	-0.75	5.91	16.27	17.90	5.70	5.70	2.1
III. QUARTER	15.90	10.38	10.60	17.70	4.30	3.70	4.2
IV. QUARTER	9.55	2.95	19.03	19.80	-2.20	6.10	-2.8
<b>BASIC METALS</b>							
I. QUARTER	22.15	8.36	21.93	21.80	0.80	-3.60	12.7
II. QUARTER	6.78	20.44	23.53	24.10	-1.90	20.60	-1.3
III. QUARTER	18.23	25.97	50.45	4.40	-13.50	19.30	6.3
IV. QUARTER	11.39	17.58	11.73	11.30	-6.10	4.40	19.7
<b>MACHINERY &amp; TRANS.EQUIP.</b>							
I. QUARTER	26.19	10.81	21.67	3.70	20.40	-28.50	33.6
II. QUARTER	13.82	10.84	13.99	0.20	-2.20	-13.00	33.6
III. QUARTER	16.02	0.28	8.38	8.00	-12.20	5.50	27.1
IV. QUARTER	27.49	10.03	4.95	15.10	-21.80	14.00	24.8
<b>T.MANUFACTURING INDUSTRY</b>							
I. QUARTER	16.17	4.66	14.64	5.00	16.20	-13.70	15
II. QUARTER	9.31	3.77	13.60	8.50	1.60	0.00	7.6
III. QUARTER	9.92	5.76	11.48	8.00	-5.60	8.40	6.7
IV. QUARTER	12.72	9.14	5.59	13.20	-11.00	9.80	5.4

Source : Istanbul Chamber of Industry

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

	1982	1983	1984	1985	1986	1987	1988	1989	1990*
Civilian Labour Force	16,306.0	16,662.0	17,024.0	17,395.0	17,708.0	18,027.0	19,674	20,139	20,235
Civilian Employment	14,393.0	14,649.0	15,019.0	15,362.0	15,842.0	16,316.0	18,093	18,476	18,555
Unemployed	1,913.0	2,013.0	2,005.0	2,033.0	1,866.0	1,711.0	1,581.0	1,663.0	1,680
Unemployment Rate (%)	11.7	12.0	11.7	11.5	10.5	9.4	8.0	8.3	8.3
Civilian Employment by Sector									
Agriculture	7,787.0	7,852.0	7,975.0	8,095.0	8,206.0	8,321.0	8745	9,096	9,446
Industry	2,052.0	2,116.0	2,205.0	2,271.0	2,388.0	2,495.0	2730	2,804	2,549
-Mining	190.0	188.0	192.0	202.0	216.0	219.0	214	147	176
-Manufacturing	1,758.0	1,821.0	1,902.0	1,954.0	2,052.0	2,152.0	2488	2,627	23,312
-Electricity, Gas, Water	104.0	107.0	111.0	115.0	120.0	124.0	28	31	42
Construction	706.0	710.0	723.0	743.0	798.0	847.0	1002	974	835
Commerce	1,334.0	1,381.0	1,440.0	1,493.0	1,575.0	1,658.0	2003	2,003	1,984
Transportation	532.0	541.0	563.0	581.0	604.0	628.0	766	812	759
Banking	312.0	325.0	336.0	346.0	357.0	367.0	421	431	382
Other Services	1,670.0	1,724.0	1,777.0	1,833.0	1,914.0	2,000.0	2426	2,356	2,600
Total	14,393.0	14,649.0	15,019.0	15,362.0	15,842.0	16,316.0	16,550.0	21,281	42,085

(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)

	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990
<b>MONEY SUPPLY</b>											
M1	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	29,326
-Notes and Coins	217.5	280.6	411.9	547.5	735.5	1,046.8	1,585.8	2,225.7	3,595.9	6,893	12,699
-Sight Deposits	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	16,607
-Deposits With Central Bank	3.1	4.5	3.3	19.5	31.7	19.8	12.9	6.8	11.8	25	20
M2	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	70,707
-Time Deposits	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	39,018
-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	2,363
M3	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	94,410
-Other Quasi Money	190.0	503.0	620.0	690.3	754.1	1,050.2	1,736.7	3,018.3	4,482.1	8,365	23,703
<b>CREDITS</b>											
-Central Bank	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	4,526
-Deposit Money Banks	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	51,385
-Investment and Development Bank	169.8	245.2	345.4	428.2	535.0	646.0	1,008.1	1,338.4	2,522.6	3,852	5,835
<b>BANK DEPOSITS</b>											
-Total	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	61,395
-Sight	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	16,607
-Time	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	41,381

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	167,457.1	24,819.3	33,762.2	14.8	20.2	35.0
1990	283,187.1	34,071.0	58,755.2	12.0	20.7	32.8

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	11,625	15,792	27,417	42.4	57.6	73.6
1990	12,960	22,302	35,262	36.8	63.2	58.1
1991 (*)	3,380	4,917	8,297	40.7	59.3	68.7

(\*) 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	2,126.0	16.4	413.0	3.2	9,086.0	70.1
1990	2,388.0	18.4	331.0	2.6	10,240.0	79.0
1991 (*)	645.0	19.1	54.0	1.6	2,681.0	79.3

(\*) January-March  
Source: SIS

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

MONTHS	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990
January	75.4	42.4	83.1	83.3	134.9	149.2	121.2	83.4	151.9	97.6	115.2	96.0	190.0	187.0
February	69.4	43.4	75.4	173.3	143.5	130.8	105.6	98.5	134.0	100.3	98.7	96.0	236.0	213.0
March	70.6	73.5	55.7	111.7	139.7	147.3	129.3	98.7	122.8	91.1	137.3	105.0	190.0	240.0
April	67.7	55.5	128.6	114.8	159.1	152.4	117.1	81.7	123.1	118.7	149.4	137.0	172.0	224.0
May	76.7	61.6	639.3	103.2	162.1	160.1	107.7	119.2	128.5	106.1	171.6	158.0	185.0	272.0
June	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	282.0
July	106.2	87.2	100.9	279.4	313.2	246.5	164.0	233.8	216.0	216.6	231.4	172.0	319.0	334.0
August	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	363.0
September	92.1	119.2	110.7	207.3	266.4	196.5	139.7	172.9	183.5	183.7	224.7	172.0	374.0	359.0
October	81.3	130.0	90.5	205.1	211.8	203.6	140.0	160.2	162.3	166.3	216.3	170.0	315.0	301.0
November	63.7	95.8	99.5	172.6	183.2	143.1	103.8	183.3	136.6	137.6	153.6	187.0	232.0	262.0
December	75.4	99.2	93.2	185.9	185.7	190.7	123.8	266.9	134.4	164.2	179.4	214.0	258.0	288.0
TOTAL	981.9	983.1	1,694.5	2,071.1	2,489.7	2,186.7	1,553.7	1,881.2	1,774.2	1,696.0	2,102.0	1,865.0	3,138.0	3,325.0

Source: The Central Bank

Note: Including official remittances

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

	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991(*)
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	11,780	13,026	3,381
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	-15,999	-22,580	-4,723
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	-4,219	-9,554	-1,342
Invisible Earnings	540	533	708	762	1,316	2,038	2,041	2,366	3,162	3,338	4,195	6,026	7,098	8,933	1,754
Tourism	205	234	281	326	380	373	420	548	1,094	950	1,476	2,355	2,557	3,225	295
Others	335	299	427	436	936	1,665	1,621	1,818	2,068	2,388	2,719	3,671	4,541	5,708	1,459
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	-5,476	-6,496	-1,708
Tourism	-253	-71	-83	-104	-103	-149	-128	-277	-324	-313	-448	-358	-565	-520	-151
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	-3,264	-923
Others	-461	-256	-284	-496	-400	-925	-1,095	-1,082	-1,107	-1,199	-1,327	-1,655	-2,004	-2,712	-634
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	3,374	668
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	3,246	658
Others	102	120	124	95	69	49	56	94	68	84	67	70	131	128	10
Unrequited Transfers (Private) Debit	-16	-17	-19	-13	0	0	-20	-16	-20	-15	-22	-19	-36	-25	-4
Unrequited Transfers (Official)	39	13	11	18	-1	88	211	197	222	221	324	332	423	1,157	413
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	961	-2,611	-219
CAPITAL EXCLUDING RESERVES	1,645	848	-393	672	899	280	883	73	1,065	2,124	1,891	-958	780	3,966	-1,744
Direct Investments	27	34	75	18	95	55	46	113	99	125	106	354	663	713	128
Portfolio Investments	0	0	0	0	0	0	0	0	0	146	282	1,178	1,586	547	28
Capital Movements	1,618	814	-468	654	804	225	837	-40	966	1,853	1,503	-2,490	-1,469	2,706	-1,900
Other Long-term	650	412	532	656	683	127	39	612	-513	1,041	1,453	-209	-885	-294	-669
Short-term	968	402	-1,000	-2	121	98	798	-652	1,479	812	50	-2,281	-584	3,000	-1,231
NET ERRORS & OMISSIONS	-634	-874	651	1,434	649	-75	409	469	-837	-118	-506	515	971	-411	-24
EXCEPTIONAL FINANCING	1,763	1,269	1,003	1,373	315	902	622	1,002	676	0	0	0	0	0	0
COUNTERPART ITEMS	-1	-4	40	19	68	13	161	-171	233	249	390	-263	50	364	-257
Overall Balance	-367	-26	-111	90	-5	168	152	-66	124	790	969	890	2,762	1,308	-2,244
CHANGES IN RESERVES	367	26	111	-90	5	-168	-152	66	-124	-790	-969	-890	-2,762	-1,308	2,244

Source: The Central Bank  
(\*) 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	1,468	10,349	11,817	53	11,764
1991 (*)	1,456	9,198	10,654	11	10,643

**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	4,279	6,070	10,349
1991 (*)	4,808	4,390	9,198

(\*) As of May 10th

Source: The Central Bank

**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	2,951.1	5,579.0	1,928.8	568.1	2,259.6	93.4	274.2
1991 (*)	4,024.9	7,025.5	2,373.6	699.8	2,785.4	115.3	336.9

**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	103.4
1972	94.3	91.5	106.1	101.9	105.5	103.3	103.4
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	161.8	133.3	153.4
1976	111.1	73.5	167.5	142.4	196.5	150.0	167.2
1977	129.6	96.5	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	13,427.7	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
1990	19,872.7	15,523.1	47,158.9	21,119.0	65,306.4	31,133.3	47,275.9
1991(*)	27,103.7	19,547.9	58,034.2	26,014.9	80,502.9	38,433.3	58,086.2

(\*) End of May

Source: The Central Bank

**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	2,018,268	81,133	39,546	1,728,553	3,867,500
<b>C H A N G E (%)</b>					
1979	-	-	-	-	-
1980	320.9	0.0	0.0	142.1	282.8
1981	85.1	64,000.0	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	102.1	52.2	129.8	96.3	98.4
<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	52.2	2.1	1.0	44.7	100.0

Soruce: 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	-	228.1	-2.7	-
1980	100	97.0	-	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	943	1,784.3	21.3	6,418.0	38.5	27.8

Source: SPO





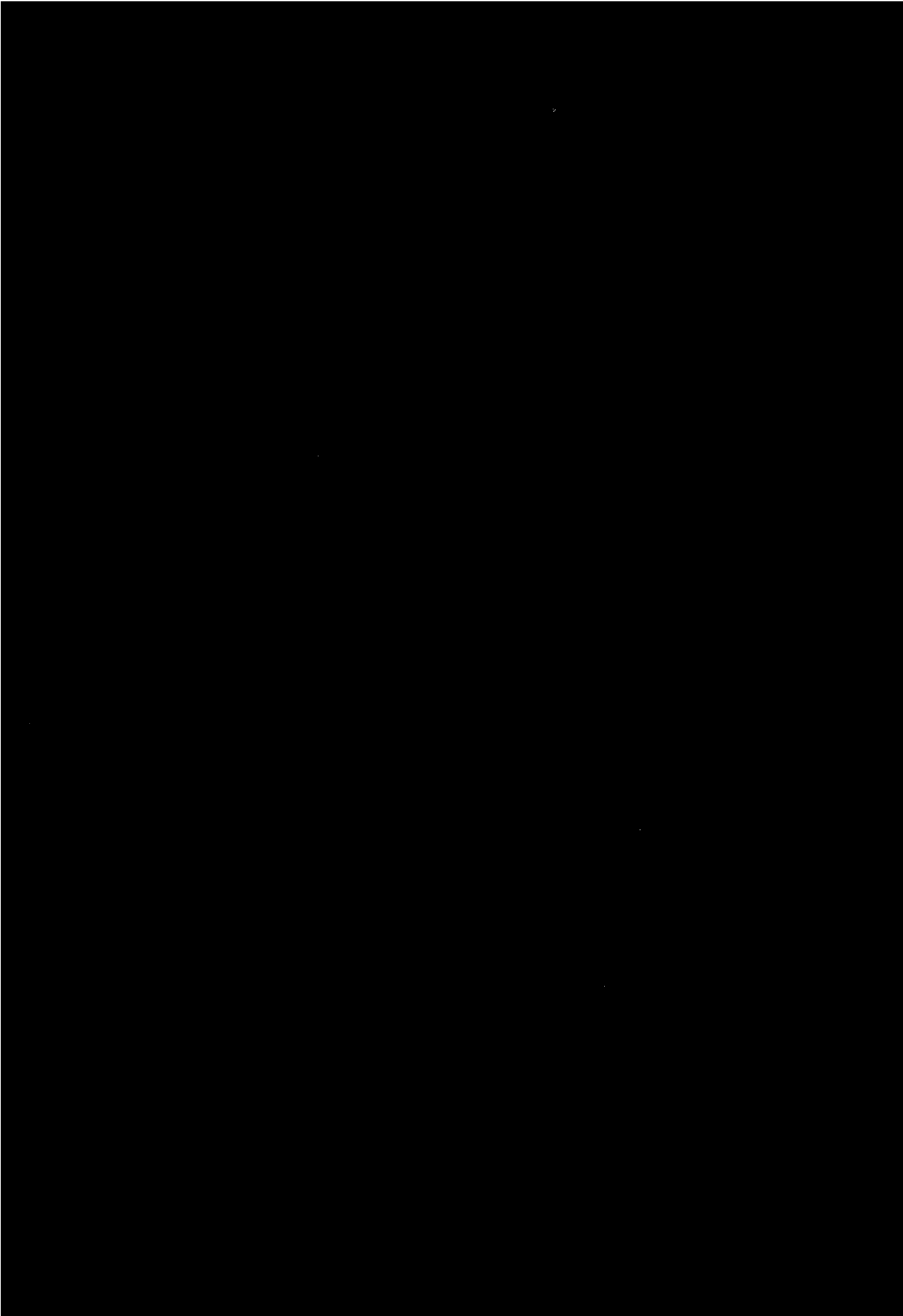
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