



TURKISH INDUSTRIALISTS' AND BUSINESSMEN'S ASSOCIATION

THE
TURKISH
ECONOMY
'94



TURKISH INDUSTRIALISTS' AND BUSINESSMEN'S ASSOCIATION

THE TURKISH ECONOMY '94

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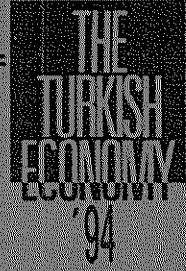
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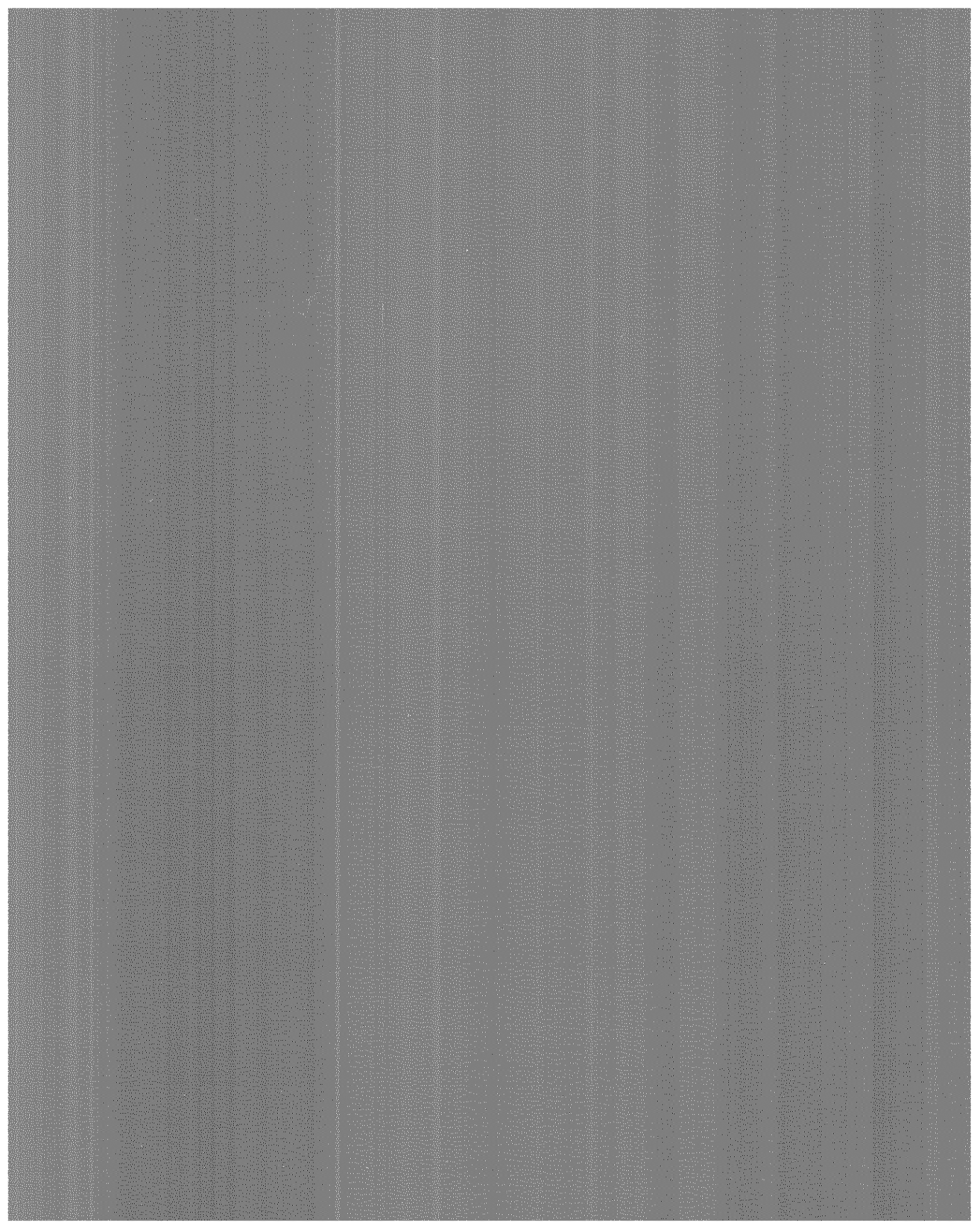
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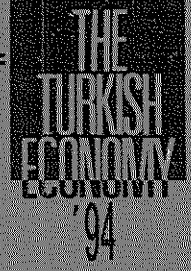
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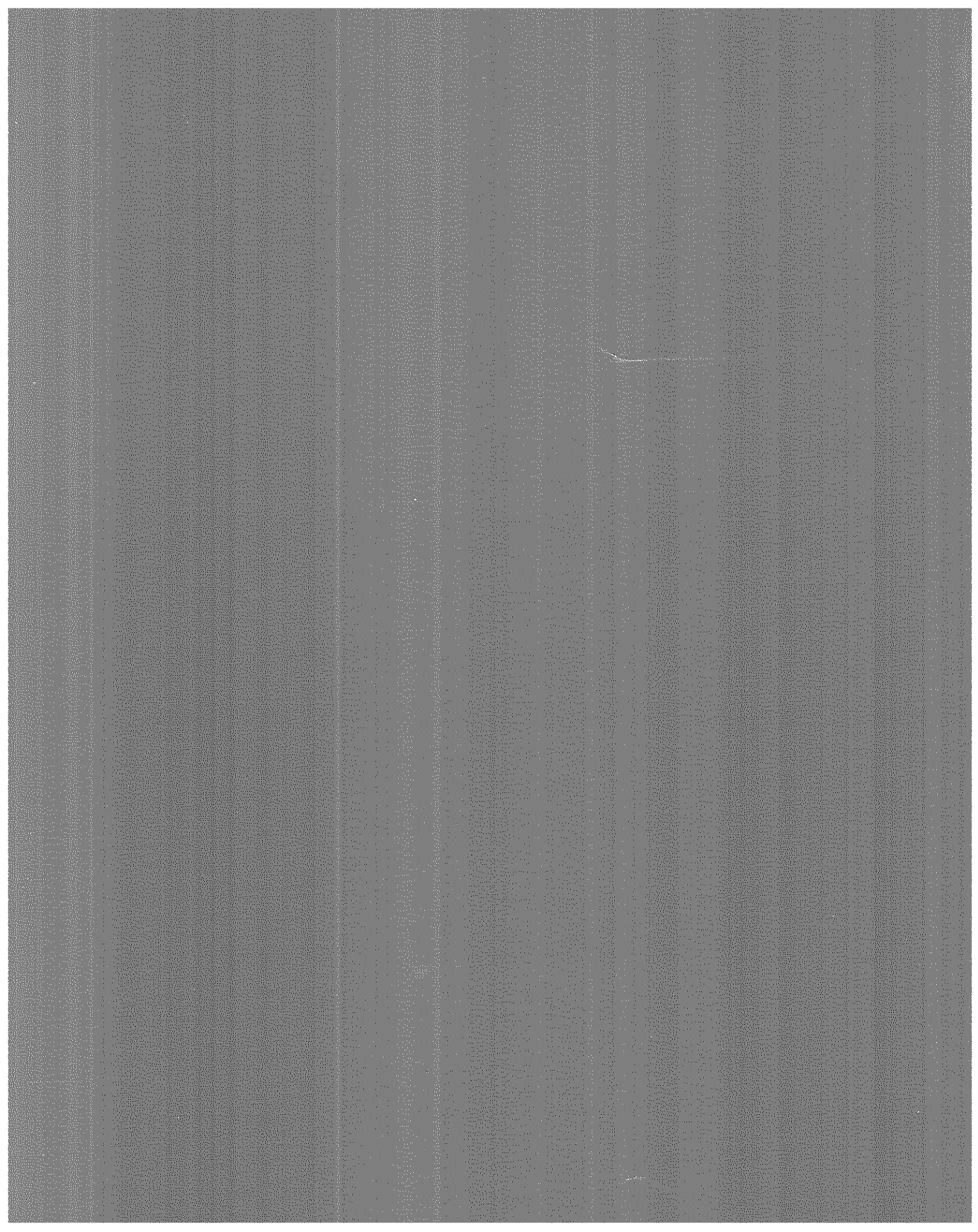
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THE TURKISH ECONOMY

1994

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FOREWORD

"Turkish Economy '94" is the 18th consecutive Annual Report published in English by the Secretariat of "TÜSİAD", The Turkish Industrialists' and Businessmen's Association. This Report is now accepted throughout the business world as an authoritative work of reference on the Turkish Economy.

The main sources used in the preparation of this Report were the various publications of the State Planning Organization, the Ministries, the Central Bank, the State Institute of Statistics, the Undersecretariat of Treasury and Foreign Trade, Capital Market Board, Istanbul Stock Exchange, the ANKA Agency, OECD and the World Bank.

This report was prepared by the TÜSİAD research group, which included Nilgün Demirtaş, Deputy Secretary General and, Ümit İzmen and Arzu Turhan. Prof.Dr. Erdoğan Alkin, Dr. Adnan Büyükdeniz and Azmi Fertekligil made contributions and comments in their respective fields of specialisation.

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

Thanks are due to Zerrin Tezel, Günay Bilge and Firdevs Arslan for their secretarial and production work.

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

BASIC STATISTICS OF TURKEY (1993)

Population & Employment (000 persons)

Total population	:	59,869
Annual average population increase (%)	:	2.2
Urban population as a percentage of total (%)	:	55.8
Life expectancy (years)	:	67.6
Infant mortality (per 1000 live births)	:	51
Total civilian labour force	:	20,080
Civilian employment	:	18,632
Agriculture	:	8,758
Industry	:	2,751
Services	:	7,123
Unemployment rate (%)	:	7.2

Culture, Education & Welfare Indicators

Literacy Rate (%)	:	91.0
Passenger cars per 1000 inhabitants	:	37
TV sets per 1000 inhabitants	:	239
Telephones per 1000 inhabitants	:	159
Population per doctor	:	984
Population per hospital bed	:	398

Gross National Product (TL Billion)

at current prices	:	1,908,705
at 1987 prices	:	96,985

Real growth rate (%)	: 7.3
Per capita (\$)	: 2,853
Balance of Payments (\$ Million)	
Balance of Trade	: -14,162
Current Account Balance	: -6,380
Workers' Remittances	: 2,919
Tourism Revenues	: 3,959
Tourism Expenditures	: 934
Foreigners Arriving in Turkey (persons)	: 6,500,294
Foreign Trade (\$ Million)	
Imports	: 29,429
Imports by commodity groups (as % of total)	
Investment goods	: 32.5
Consumer goods	: 14.0
Raw materials	: 53.5
Exports	: 15,349
Exports by sector (as % of total)	
Agriculture & Livestock	: 15.5
Industry	: 82.9
Mining & Quarrying	: 1.6
Foreign Exchange Buying Rates (TL, End of Year 1993)	
US Dollar	: 14,458
Deutsche Mark	: 8,347
Consolidated Budget (TL Billion)	
Total Revenue	: 360,200
Tax Revenues	: 264,203
Expenditure	: 489,255

Budget Balance	:	-129,405
Energy		
Gross Electricity Production (GWh)	:	73,727
Energy consumption per capita (Kg of oil)	:	1,070
Prices (annual increase %) & Wages		
Wholesale Prices Index (1987 = 100)	:	60.3
Consumer Prices (1987 = 100)	:	71.1
Average gross wages of insured workers (TL per hour)		
Public Sector	:	52,426
Private Sector	:	29,392
International Reserves (\$ Million)		
Gold	:	1,488
Convertible foreign exchange	:	16,274
Public Debts (Cumulative)		
Foreign (\$ Million)	:	67,356
Domestic (TL Billion)	:	356,554
Monetary Indicators (TL Billion)		
Banknotes in circulation	:	53,390
Money Supply (M2)	:	266,461
Total Bank Deposits	:	228,195
Total Credit Stocks	:	371,416
Gross Fixed Investments (TL Billion)		
Total	:	311,985
as percentage of GNP (%)	:	22.4

SUMMARY AND CONCLUSIONS

Strong economic growth financed by internal and external borrowing

The upward trend in the Turkish economy continued in 1993. After a very creditable 6.4 percent in 1992, the GNP growth rate increased to no less than 7.3 percent last year, thanks to marked improvements in the industry and services sectors, and despite a 3.6 percent fall in agricultural production.

As in 1992, consumption, and especially private consumption, was the motive force behind this rapid growth. A 9.5 percent increase in private disposable income fell short of a 14 percent expansion of private consumption and a 13 percent rise in private investment. Although total demand increased to a lesser extent in the public sector (public investment and consumption grew to 4.1 percent and 7.6 percent, respectively), a 23.3 percent contraction in the public sector's disposable income further widened the shortfall in resources.

A record 28.7 percent increase in imports, along with a disappointing increase in export of only 4.3 percent resulted in a rapid deterioration in the foreign balance. The gap between an only modest real increase in output and an exceptionally large increase in total demand was counterbalanced by the inflow of foreign resources.

Private investment appears to have been another driving force behind the increased economic activity. Private fixed capital investment showed a 10.7 percent increase in real terms over 1992 but public fixed capital investment was down by 2.5 percent on 1992. The overall result was that there was an improvement of only 4.9 percent in the fixed capital investment/GNP ratio, whilst private fixed capital investment amounted to 12.8 percent of GNP, as against 12.1 percent in the previous year.

Imports showed a record increase in 1993

The foreign trade deficit established a record total of \$ 14 billion in 1993, an increase of no less than 73 percent over that of 1992. Rapid import growth resulted from strong domestic demand, the inflated strength of the Turkish Lira which resulted in favourable import prices, from investment incentive permits allowing of duty-free imports of capital equipment and intermediary goods, and from gradually reduced import duties and charges in preparation for Customs Union with the European Union in 1996. At the same time, export growth was minimal because of generally sluggish foreign demand and the reduced price competitiveness stemming from unfavourable exchange rates.

Imports rose by 29 percent, as against only 9 percent in 1992, and amounted to S 29.4 billion, while exports increased by just 4 percent, down from 8 percent, totalling S 15.3 billion. Both imports and exports deviated from the targets originally set for 1993 at S 25.8 billion and S 17 billion, respectively. In the event the value of imports reached 17 percent of GNP, as against 14.5 percent in 1992, while export values represented 8.8 percent, compared with 9.2 percent in 1992.

Imports of plant, machinery and other investment goods increased by 41 percent, more than tripple the rise rate recorded in 1992, while there was a 39 percent rise in consumer goods imports, which compared most unfavourably with the 1.5 percent increment of the previous year. On the exports side, shipments of manufactured and processed goods increased by 4.4 percent and constituted 82.9 percent of the total, with textiles claimed the biggest share (35 percent), followed by iron and steel (15 percent of the total).

The effects of the internal financial crisis which erupted in January 1994 almost immediately began to show up in the foreign trade returns. As was to be expected - indeed, hoped - import demand slumped by 40.1 percent in April as compared with the same month of 1993, and by 13.4 percent over the first four months of the year. On the other hand, exports have not yet showed signs of any substantial improvement because of continued uncertainties both in financial and commodity markets, in April, exports actually fell by 2.7 percent as compared to the same month of last year. Overall, in the first four months of this year, exports rose by a mere

2.4 percent; coupled with the 13.4 percent fall in imports this was nonetheless sufficient to result in the narrowing of the foreign trade deficit by 33.5 percent.

The government has lately reduced import duties and charges (particularly in favour of EU supplies). It is intended also to put into effect incentive measures applied to exports in their final phase with similar encouragements to be applied at the production phase: these cover subsidized energy (some) and raw materials supplies, as well as credits at concessionary rates of interest. It is of course to be expected that the volume of imports will shrink in response to an all-round lower domestic demand and rapid devaluation of the TL, which is now above the rate of inflation. Whilst the inadequacy of domestic credit resources seems so far to have somewhat limited export performance, the more realistically valued TL and the revised incentive measures will indeed bring about a gradual improvement in export earnings.

Excessive rise in the current account deficit

As a result of the unduly - but not entirely unexpected - rapid growth in the shortfall on the foreign trade account, the current account deficit moved from S 942 million in 1992 to a record total of no less than S6.4 billion last year. The deficit represented 3.7 percent of GNP, as against only 0.6 percent in 1992, and was the highest deficit/GNP ratio to be recorded since 1980. Tourism revenue increased by only 9 percent amounted to S 4 billion, well below the target set at S 5 billion,

and an overall 13.3 percent increase in invisible earnings was not, of course, sufficient to offset the 73 percent rise in the foreign trade deficit.

Much of the deficit was financed by Treasury bond issues on international markets, while at the same time, the short-term capital inflow continued to rise. Last year, portfolio investments amounted to \$ 4 billion, accounting for 44 percent of total net capital inflow and three times the amount of net long term capital receipts. Short-term capital receipts rose to \$ 3.1 billion, as against \$ 1.4 billion in 1992. In total, the net capital inflow increased from \$3.6 billion in 1992 to no less than \$9 billion last year.

This capital balance of \$9 billion was more than sufficient to finance the current account deficit of \$ 6.4 billion; the remainder financed net errors and omissions which rose to a negative total of \$ 2.3 billion in 1993 and accordingly increased the official reserves. The current account deficit deteriorated still further in the first quarter of 1994 as a result of a lower volume of workers' remittances and official transfers, along with a smaller balance of invisibles.

This first-quarter deficit was not compensated by capital movement as was the case in both 1992 and 1993, but by a fall in reserves. Net foreign capital inflow, portfolio investments and long-term capital receipts all fell below 1993 levels, whilst short-term capital movements showed a negative balance.

Increased share of short term foreign debt

The outstanding external debt amounted to \$ 67.4 billion at the end of 1993, an increase of 21 percent over the total of a year

earlier. The debt stock/GNP ratio continued to rise last year, reaching 39 percent, the highest percentage since capital movements were liberalized in 1989. Fortysix percent increase in the inflow of short-term capital led to a marked rise in short-term debt stock, while the increase of 14 percent in medium-and long-term debt was chiefly due to the Treasury's external borrowing through bond issues and to the private sector's increased reliance on foreign financing.

Accordingly, the share of short-term debt within the total rose from 22.8 percent to the record level of 27.5 percent at the end of 1993. This shortening of debt maturity partly reflects the increasing importance within the foreign debt total of trade credits and foreign currency deposits.

Public sector deficit continued its upward trend in 1993

In its 1993 Economic Programme, it was government's intention to reduce the PSBR/GNP ratio from 14.9 percent in 1992 to a more modest 9 percent. Not only did this intention remain unfulfilled, but the ratio actually exceeded 16 percent, the highest ever recorded. The greater part of this excessive shortfall was accounted for by a Consolidated Budget deficit of TL 129 trillion, as against a target level of TL 53 trillion; it was almost three-fold that of 1992. Most of the gap between the planned and the actual Budget deficit is attributable to higher expenditure. The deficit/GNP ratio increased from 6.1 percent in 1992 to 9.2 percent last year.

The major causes of the rapid rise in expenditure were a real increase in salaries and wages, the heavy burden of servicing

outstanding domestic debt, and huge transfer payments to loss-making public sector enterprises and companies. In fact, total expenditure increased by 120 percent last year, considerably faster than in 1992, when it rose by 71 percent over the previous year. Interest payments on outstanding domestic debt rose more than two-fold, while transfers to the SEEs, and other transfers increased, respectively, 3.4-fold and 2.8-fold. At the same time, Budget revenue increased at a faster rate in 1993, due to the incorporation of extra-budgetary funds into the Budget. In fact, total Budget revenue increased by 106 percent, as against a rise of 79 percent in 1992; income from taxes improved by 87 percent (by 79 percent in 1992), and non-tax income rose by 130 percent (84 percent).

The economic measures announced on April 5 of this year are intended as a basis for the attainment of economic stability. This by a decrease in public expenditure on the one hand, and by increases in revenue on the other. If the measures are successful, the Budget deficit for the April-June period of this year will fall to TL 9 trillion, a marked improvement of TL 38 trillion on the original estimate. According to provisional figures, the Consolidated Budget deficit amounted to TL 4.2 trillion in April. The Budget posted a surplus of 6.3 trillion in May. If this downward trend continued in June, the three-months deficit could be realized at around the target set in the April 5 Measures.

Although a marked fall in the PSBR/GNP ratio is also planned in these measures, the inevitable economic slow-down, soaring interest rates, and the rapid depreciation of the TL which will obviously further burden the

already heavy debt servicing commitments will be bound to result in a big public sector deficit. Recent difficulties in financing the deficit could conceivably lead to the elimination of all agricultural subsidies, the deregulation of prices of SEE goods and services, and to more rapid privatization, coupled with the closing down of some of the loss-making Enterprises.

SEEs remained the source of economic imbalance

The total operational loss incurred by the SEEs rose from TL 42 trillion to TL 60 trillion in 1993 and was offset by transfers from the Budget which totalled the equivalent of about 2.1 percent of GNP. The bulk of the overall loss was incurred by the State Monopoly Administration, the Iron and Steel Industry, the State Railways, the Soil Products Office, and the Sugar Corporation. In addition to the growing total of operational losses, agricultural price support policies implemented by the Soil Products Office inevitably increased the SEEs' liabilities, accordingly further increasing the Treasury's already heavy burden. The main source of financing the deficit has, as already indicated, been large-scale domestic borrowing, with increasing reliance on the Central Bank's resources and on foreign capital inflow.

To ensure the long-desired fall in the public sector deficit, it is imperative that decisive steps be taken towards the early privatisation of loss-making State Enterprises. It is vitally important for the stabilization of the Turkish economy that privatisation be carried out within a carefully prepared plan linked to

a comprehensive programme of economic stabilization and an overall industrial policy. Short-term expedient solutions could easily draw the curtain on privatization for ever. Labour laws, the continuation of infrastructural investments, the role of agricultural State Enterprises within a comprehensive agricultural policy, and the prevention of private monopolies in substitution for public sector monopolies, are all issues which need to be separately addressed before being integrated into a medium-term economic plan for Turkey.

Monetary expansion accelerated in 1993

The banknote issue displayed a faster rate of growth in 1993 (around 73 percent) than in the previous year. This was chiefly due to the reduced scale of Central Bank's Open Market Sales, which - while reducing the Bank's liabilities - led to an increase in the volume of banknotes issued. The 63.5 percent growth in reserve money largely resulted from the rise in net domestic assets following a substantial increase in Central Bank credits to the public sector, largely in the form of Treasury Advances.

As a result of a 60 percent rise in sight deposit in 1993, the M1 money supply (narrow definition) grew at a rate of 65 percent, whilst, because of the slower growth of time deposits, the M2 money supply (broad definition) grew less rapidly than in 1992, by only 45 percent. The government's greater reliance on Central Bank financing, especially in the second half of 1993 and in the first quarter of this year, led to a faster growth of

banknotes issue and in reserve money in the first three-and-a-half months of 1994 as compared to the previous year. In point of fact, faster monetary expansion since August 1993 must be singled out as one of the major factors behind the instability and high volatility of Turkish financial markets since the beginning of this year.

As against expansion of bank credits and deposits decelerated to a marked degree

There was a notable fall in the growth rate of total bank deposits in 1993 as compared to the previous year. Total consolidated bank deposits increased by 42.5 percent in 1993 which, in the face of a 71 percent inflation rate, meant a substantial shrinkage in real terms. The Turkish banking system was naturally adversely affected by the events following the crisis in the financial market in January of this year. In a markedly uncertain environment which was aggravated by the failure of three small commercial banks, banks generally experienced substantial withdrawals of deposits, especially in foreign currency deposits. It was only after introduction of astronomically high rates of deposit interest and of full State coverage - that is to say, guarantee - for all deposits that bank deposits began to rise again.

Against the slower growth of bank deposits in 1993, bank credits expanded at a faster rate than in the previous year. Consumer credits played a particularly important role in this expansion. Commercial banks' credits increased by around 25 percent in the first three-and-a-half months of 1994, as compared

to 30 percent over the same period of last year. But this expansion was due more to the rolling-over of overdue interest commitments than to the granting of new loans; indeed, some borrowers appear to have been unable to repay their debts on time.

The Central Bank's credits total rose by around 120 percent in 1993; whilst credits to the public sector, chiefly in the form of Advances to the Treasury, made up 84 percent of the total, advances to the private sector were mostly in the form of short-term commercial loans, rather than in industrial credits. Mainly as a result of government's huge cash requirements, Central Bank's credits to the public sector expanded by some 65 percent in the first three-and-a-half months of 1994, whilst private sector credits declined by 7 percent.

Relatively stable interest rates in 1993 soared in the first half of 1994

Nominal bank deposit interest rates followed a relatively stable trend throughout 1993; that payable on three-months' deposits stood at 64.6 percent, at 69 percent for six-months' deposits, and at 74 percent for one-year deposits. Banks' commercial lending rates stood at 60 to 80 percent, with a final cost to borrowers ranging from 85 to 125 percent per annum.

With the instability and drastic fluctuations in the financial markets from the beginning of 1994, the government's April 5 Measures was aimed at restoring confidence in the TL and reversing strong currency substitution in favour of the domestic currency. Commercial banks raised their

deposit interest rates to unprecedented levels in order to attract TL deposits, although it must be stressed - and is indeed fully appreciated by the general public - that the current level of interest rates cannot be sustained for a long period because of its adverse effects on production, investment demand, and inflation. The future course of interest rates will in great measure depend upon the extent to which the April 5 Measures restores confidence in the TL on developments in the foreign exchange market, and upon fiscal and budgetary performance.

Persistently high inflation undermined economic growth within stability

Having fallen to 52.7 percent in January 1993, the annual inflation rate, as measured by the Wholesale Prices' Index, did not show a drastic rise in the first quarter of that year, but it fluctuated quite widely in the remaining months to stand at 60.3 percent in December 1993. A similar trend was to be observed in consumer prices, the annual rise in the official Consumer Prices' Index having risen to 71.1 percent at the year-end.

Wholesale and consumer prices rose at a higher rate on both a monthly and an annual basis, during the first five months of 1994, as compared with the same period of last year, despite the postponement of public sector price increases until after the March 27 local elections. The long anticipated upward adjustment of these prices was effected as part of the April 5 Measures, and was on a substantial scale. Indeed the monthly inflation rate (according to the Wholesale Prices' Index)

surged to an all-time record 32.8 percent in April, bringing the annual inflation rate to no less than 125.3 percent. The annual inflation rate increased further in May and reached to 138.6 percent.

Consumer prices rose by 10 percent in May of this year, raising the annual inflation rate from 65 percent in May 1993 to 117.8 percent. That consumer prices rose less rapidly than wholesale prices indicates to the less-than-complete adjustment of the former in the face of sluggish consumer demand; but there is no doubt that they will fully adjust to rising costs in the months ahead. The unprecedented rise in interest rates, resulting in the massive increase in financing cost in the corporate sector, together with the substantial devaluation of the TL, and expectations of further price rises, will mean an annual inflation rate of not less than 100 percent at the end of 1994.

It is unrealistic to believe that the problems of Turkey can be solved in the face of a high rate of inflation. None of the country's many problems can be permanently solved until the present three-digit rate of inflation is brought down to a single figure.

The April 5 "Package of Measures" should be only the first step towards the application of a comprehensive stabilization programme.

Before summarising and commenting upon the April 5 "Package", it is appropriate here to recall that since, in the early 1980's, Turkey officially accepted the concept and principles of a market economy. TÜSIAD has repeatedly stressed the need to observe the

vital link between macro-economic stability and real economic performance.

Unfortunately, the combination of a number of factors meant that successive administrations entirely failed to comply with this basic requirement of successful market economy development. The populist policies of rival political parties as related to frequent electoral campaigns, have meant that the application of measures aimed at the achievement of true economic stability has been postponed again and again.

Needless to say, this has meant that original problems have become ever more acute, whilst others have arisen throughout the past decade. The inevitable result of this lack of positive action has been the major internal economic crisis which emerged at the beginning of this year.

It is unfortunate that the "Measures" were introduced without a consensus among the voluntary organizations of the private sector since the present crisis can be resolved only by the introduction of unpopular but essential structural adjustments which must bring about sacrifices and contributions by society as a whole.

According to the targets set out in the April 5 Programme of Measures, the government seeks first and foremost to reduce the huge public sector deficit, and to strengthen the Turkish Lira against foreign currencies. In this primary context, such structural reforms as the rapid privatisation of the SEEs and the reduction of agricultural subsidies will be undertaken.

It is intended that some of the loss-making State Enterprises and companies be

closed down or liquidated, that greater economy be exercised in the adjustment of public salaries and wages and that staffs be reduced, that the whole question of agricultural subsidies be reconsidered, that a limit be placed on the Treasury's borrowing from the Central Bank, and that the Bank itself be allowed greater autonomy in its operations. All this is most welcome, as is the fact that although details have still to be decided, the IMF is to provide a new stand-by credit to bolster reserves and, to underline its confidence on the viability of the Turkish economy. There are indications that other international institutions, too, are prepared to lend their support in various ways.

As is emphasised in the "Measures", their success critically depends upon the government's Budget performance. The revised Budget envisages cuts in expenditure, particularly in investment outgo and interest payments. Since April 5, however, the government has in fact been borrowing money at interest rates unprecedented in Turkish history, and the TL countervalue of interest payments on foreign debt stock has almost doubled because of the rapid depreciation of the domestic currency against foreign currencies.

In one of several measures designed to increase public revenues, additional taxes are to be levied on existing taxpayers but no specific measures have been announced to counter the still vast volume of untaxed "underground" economic activity.

Besides the short-term measures which have been announced in the "Measures" and subsequently, there are essential structural arrangements which need to be made without

further delay. The effects of the measures on the balance of payments, the inflation rate, and the growth rate, should be taken into account and evaluated within the framework of the macro-equilibrium of the economy. Thereafter, the government should draw up and introduce a comprehensive, medium-term stabilisation programme aimed at restoring macroeconomic balance of Turkey.

TÜSİAD's Policy Recommendations

1) Every possible effort must be exerted to reduce the government's Budget deficit and government internal and external borrowings. To these ends, in addition to eliminating all non-essential government spending, tax revenues must be increased by taking serious steps to raise taxes on the "underground" economy's operators, and increase the efficiency and effectiveness in tax collection. At the same time, the government must not, in its efforts to increase fiscal revenues, in any way over-tax the productive sectors of the economy.

2) A realistic exchange rate policy is the essential, if not the only, precondition for promoting export growth in the currently inflationary environment. The exchange rate must be allowed to move freely in such manner as to compensate for purchasing parity differences between Turkey and its major trading partners. Exchange and interest rates must not be adjusted to create artificial interest rate differentials which encourage the inflow of short-term capital for the settlement of balance of payments deficits, a phenomenon which has been present in Turkey for the past five or six years and which

has played a major part in the development of the current financial and economic crisis.

3) Every possible effort, including more effective financial discipline in both the public and the private sectors, needs to be made to reduce the current interest rates from their present, extraordinarily high level. Control of the exchange rate by means of excessively high interest rates would not only place an unreasonably heavy burden on the economy, it would also encourage speculative operations as to future exchange rates.

4) The only certain way out of the current crisis is to encourage production with a high rate of domestic value added and to promote the growth of exports by every possible means. A stabilization package which is solely aimed at restoring short-term stability in the money and currency markets at the expense of the physical side of the economy can only lead to greater instability and a loss of equilibrium in the medium-term. It has to be borne in mind that Turkey's present

economic problems stem from a shortfall in production relative to consumption, a disproportionately large public sector within the economy, a serious imbalance as between exports and imports, and from the burden of a huge foreign debt.

5) Last but not least, April 5 Measures should be overhauled to include;

a) a comprehensive incomes policy measures to cover all sorts of income, prices, wages, profit, etc. by putting voluntary guidelines agreed upon by all the interested parties.

b) as the inflation appears to be the symptom of a long and deeprooted conflict between major economic groups claiming pieces of pie that together exceeds the whole pie considerably, stability package should include radical measures to improve the conditions of aggregate supply in the economy. Especially, additional encouragement should be considered for new comers to production and exports fields.

CHAPTER I

**GROSS NATIONAL PRODUCT
INVESTMENT, PRODUCTION
AND THE LABOUR MARKET**

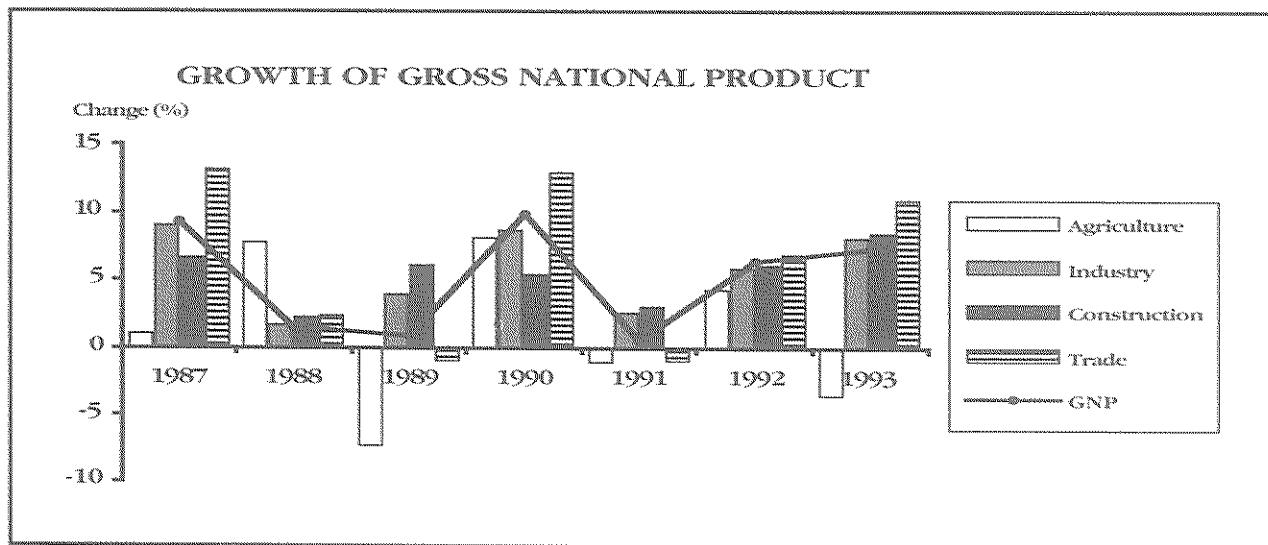
GROSS NATIONAL PRODUCT, INVESTMENT, PRODUCTION AND THE LABOUR MARKET

I. GNP PERFORMANCE

At constant prices, and according to the State Institute of Statistics, the Turkish economy expanded by 7.3 percent in 1993. This high rate was the result of the big increases in total demand and especially consumption. The GNP, at current prices, exceeded TL 1.9 quadrillion, at constant 1987 prices and it reached TL 97 trillion.

On a quarterly basis, total GNP grew by 4.5 percent in the first quarter, 10.5 percent and 6.6 percent in the following quarters, and by 7.7 percent in the final three months of 1993.

A growth of 8.2 percent in real terms has been reported for the industrial sector. In contrast with a decline of 6.4 percent in mining and quarrying, manufacturing grew by 9.3 percent and the electricity-gas-water sector by 8.9 percent, at constant prices. In the trade



GNP GROWTH BY MAIN ECONOMIC SECTORS (%)

(At 1987 Prices)

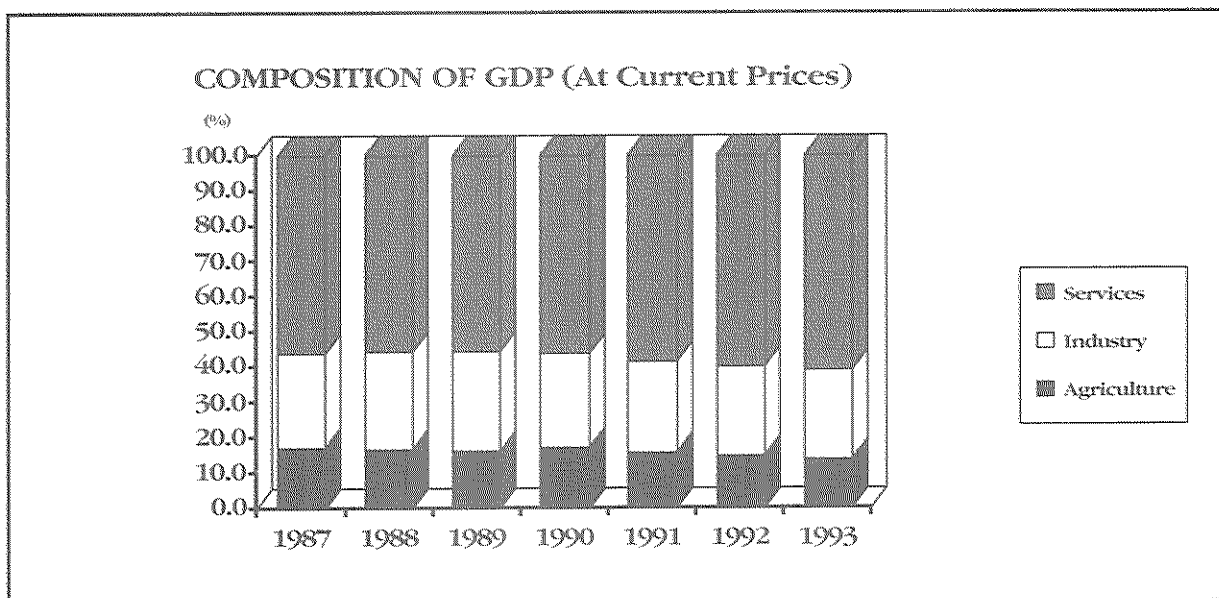
Sectors	In Producers' Value						
	1987	1988	1989	1990	1991	1992	1993
Agriculture	1.1	8.0	-7.8	7.1	-0.2	4.3	-3.6
Industry	9.1	2.7	4.9	9.1	3.3	5.9	8.2
Construction	6.7	-5.4	6.1	-1.2	0.9	6.2	8.5
Trade	13.3	3.2	-1.8	12.8	-0.7	6.9	11.0
GDP	9.0	2.7	0.5	8.0	1.1	6.0	7.2
GNP	9.3	1.5	1.6	9.4	0.4	6.4	7.3

Source: Undersecretariat of Treasury and Foreign Trade

sector, growth reached 11 percent. Rates of 8.5 percent and 8.2 percent, respectively, were recorded for the construction and transportation-communications sectors. Business and personal services expanded by 6 percent and private non-profit institutions by 3 percent. A growth of 2.8 percent occurred in housing ownership and of 1.6 percent in public services. On the other hand, the agricultural sector contracted by 3.6 percent and financial institutions by 0.4 percent.

In 1993, per capita income increased by 5.7 percent in dollar terms, reaching \$ 2,853, up from \$ 2,669 in 1992. At current prices, per capita income is calculated at TL 31,881 million.

The 7.2 percent 1993 growth in the GDP has been calculated according to the estimates based on production technique, whereas it was only 5.4 percent according to the expenditure technique. It is claimed that the difference is due mainly to statistical problems in collecting the relevant data.

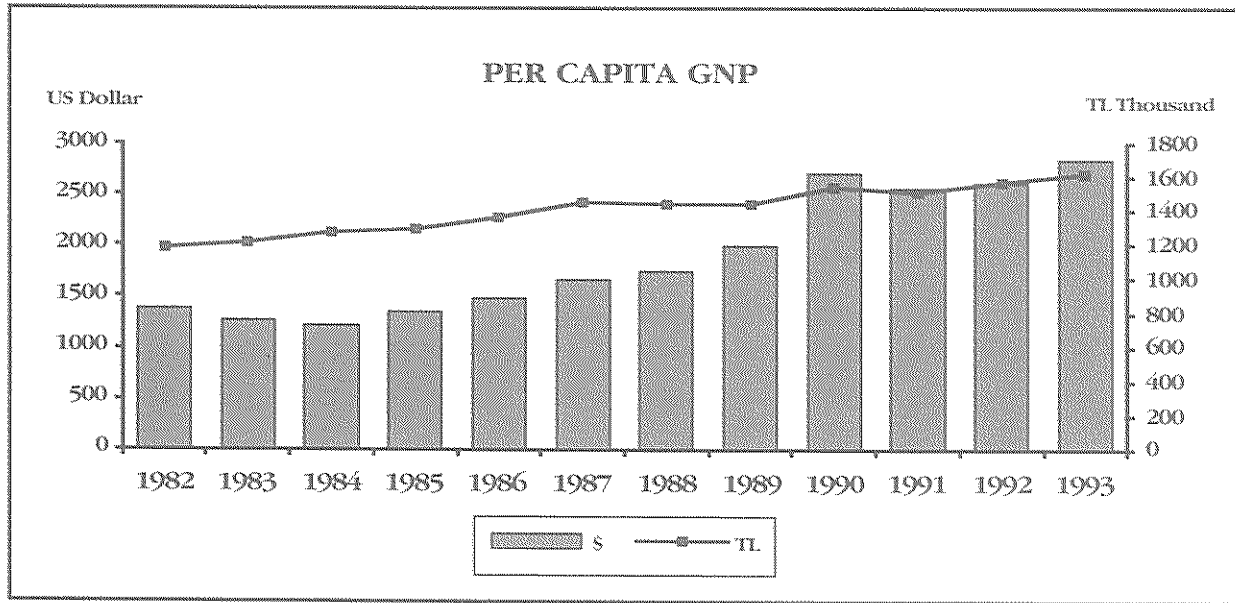


GDP SHARES BY MAIN ECONOMIC SECTORS (%)								
Sectors	In Producers' Value							
	At Constant 1987 Prices							
	1987	1988	1989	1990	1991	1992	1993	
Agriculture	17.4	19.3	17.7	17.6	17.3	16.9	15.6	
Industry	26.4	24.2	25.3	25.5	26.1	26.2	27.1	
Services	56.2	56.4	57.0	56.9	56.6	56.8	57.4	
GDP	100.0	100.0	100.0	100.0	100.0	100.0	100.0	
Sectors	At Current Prices							
	Agriculture	17.4	17.7	17.4	18.3	15.8	15.3	14.6
	Industry	26.4	25.5	25.5	23.2	23.2	23.0	23.3
	Services	56.2	56.8	57.1	58.5	61.0	61.7	62.1
	GDP	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: Undersecretariat of Treasury and Foreign Trade

EXPENDITURE OF THE GDP (At 1987 Prices; TL Million)						
	1992	Share (%)	Growth rate (%)	1993	Share (%)	Growth rate (%)
Private Final Consumption Exp.	60,862,947	68.9	3.3	65,710,865	70.6	8.0
Govern. Final Consumption Exp.	6,828,598	7.7	3.8	7,159,491	7.7	4.8
Gross Fixed Capital Formation	22,882,252	25.9	4.3	27,569,901	29.6	20.5
Public Sector	7,346,129	8.3	4.3	7,223,156	7.8	-1.7
Private Sector	15,536,123	17.6	4.3	20,346,745	21.9	31.0
Change in Stocks	402,050	0.5	-	1,486,000	1.6	-
Exports of Goods and Services	16,235,952	18.4	11.0	17,937,413	19.3	10.5
Imports of Goods and Services	-18,938,063	-21.5	10.9	-26,812,675	-28.8	41.6
Gross Domestic Product	88,273,736	100.0	5.0	93,050,995	100.0	5.4
Statistical Discrepancy	1,127,009	-	-	2,806,636	-	-
Gross Domestic Product *	89,400,745	-	6.0	95,857,631	-	7.2

* By production values
Source: SIS



II. MACRO EQUILIBRIUM OF THE ECONOMY

The vitality beginning in 1992 continued in 1993. The main factor leading to high growth rates was the lively domestic demand and consumption. The reason for the active domestic demand can be explained by the effects of huge public expenditure and deficits and the real

increase in total banking credits. Furthermore, the increasing trend in real wages was an important factor in the rise in domestic demand.

In 1993, whilst private consumption and private fixed capital investment increased considerably in real terms, public investments contracted. In this context, the rise in GNP was mainly due to the increase in consumption expenditure. On the other hand, after a period of many years, there was a fall in real terms in

MACRO EQUILIBRIUM OF THE ECONOMY					
(At Constant Prices, TL Billion)					
	1992	1993*	1994**	Change (%)	
				1993*	1994**
GNP	119,064	127,160	132,882	6.8	4.5
Foreign Balance**	4,317	11,523	11,361	-6.1	0.1
Total Domestic Demand	123,381	138,653	144,243	12.4	4.0
Total Investment	28,260	30,946	32,605	9.5	5.4
Fixed Investment	28,020	29,403	31,210	4.9	6.1
Public	12,184	11,877	12,157	-2.5	2.4
Private	15,836	17,526	19,053	10.7	8.7
Stockbuilding**	240	1,543	1,395	1.1	-0.1
Public	-1,018	-252	277	0.6	0.4
Private	1,258	1,795	1,118	0.5	-0.5
Total Consumption	95,120	107,738	111,639	13.3	3.6
Public Disposable Income	9,728	7,465	9,014	-23.3	20.8
Public Consumption	11,314	12,179	12,804	7.6	5.1
Public Savings	-1,585	-4,714	-3,790	-	-
Public Investment	11,166	11,625	12,434	4.1	7.0
Public Savings - Investment Gap	-12,751	-16,339	-16,224	-	-
Private Disposable Income	109,336	119,695	123,868	9.5	3.5
Private Consumption	83,807	95,559	98,834	14.0	3.4
Private Savings	25,529	24,136	25,033	-5.5	3.7
Private Investment	17,094	19,321	20,171	13.0	4.4
Private Savings - Investment Gap	8,434	4,815	4,863	-	-

* Realization estimate

**Percentage changes indicate the contributions to the GNP growth

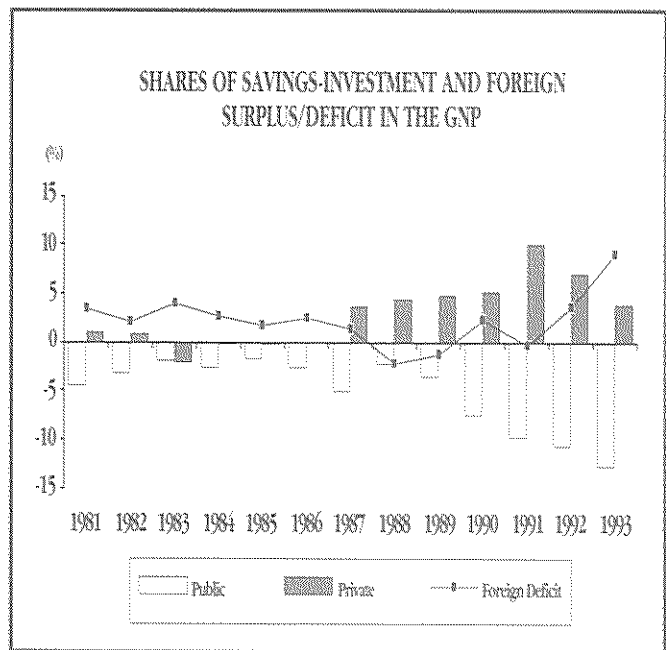
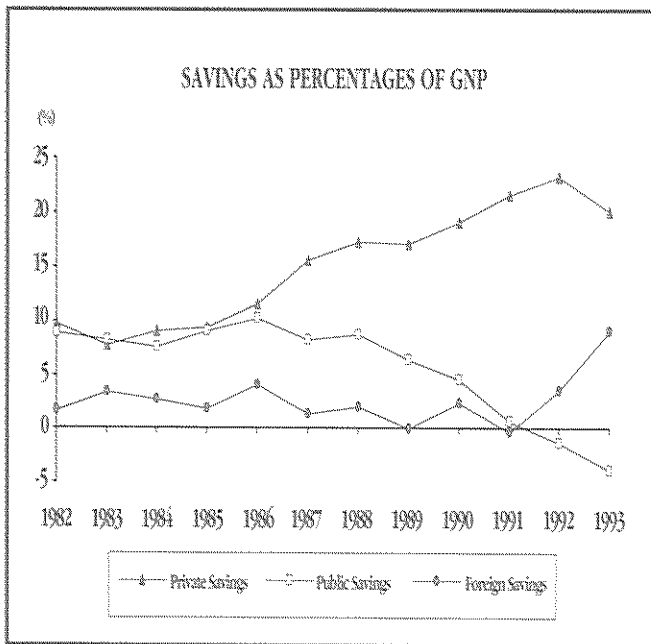
Source: SPO

private sector savings. As a result of these developments, the need for foreign resources and funding rose considerably and there was a record current account deficit.

According to the available SPO estimates, the foreign balance was TL 11,523 billion in 1993 and total domestic demand increased by around 12.4 percent in real terms. Private consumption and investment expanded strongly and grew by 14 and 13 percent, respectively. Private disposable income also expanded by 9.5 percent. Public disposable income declined drastically, by no less than 23.3 percent. Accordingly, there was a fall in public investment, by 2.5 percent.

There were also increases of 9.5 percent in total investment and of 4.9 percent in fixed capital investment.

As in 1992, public and private savings also fell in 1993. Whilst at constant prices, public savings fell drastically, private savings fell by only 5.5 percent. The total savings share within GNP, which was 20.1 in 1992, decreased to 15.3 percent last year. The share of total consumption within total resources, which was 77.1 in 1992, increased to 77.7 percent in 1993, whereas the share of total investment within total resources, decreased to 22.3 percent, from 22.9 percent in 1992.



It is expected that in 1994 the high economic growth realized in 1993, due to the active domestic demand and consumption, will be reversed because of the negative economic conditions and the very real crisis which developed early in the year.

III. INVESTMENT

Fixed Capital Investment

The share of total fixed investment within GNP in 1993 was around 22.4 percent, whilst the share of total investment was 23.6, at current prices. These rates were 22.2 and 22.4 percent, respectively, in 1992. The share of private fixed investment within GNP increased to 12.8 percent in 1993 from a level of 12.1 percent in 1992, whilst that of public fixed investment fell to 9.6 percent from 10.1 percent.

Total fixed capital investment rose by 4.9 percent in 1993, at constant prices. Whilst there

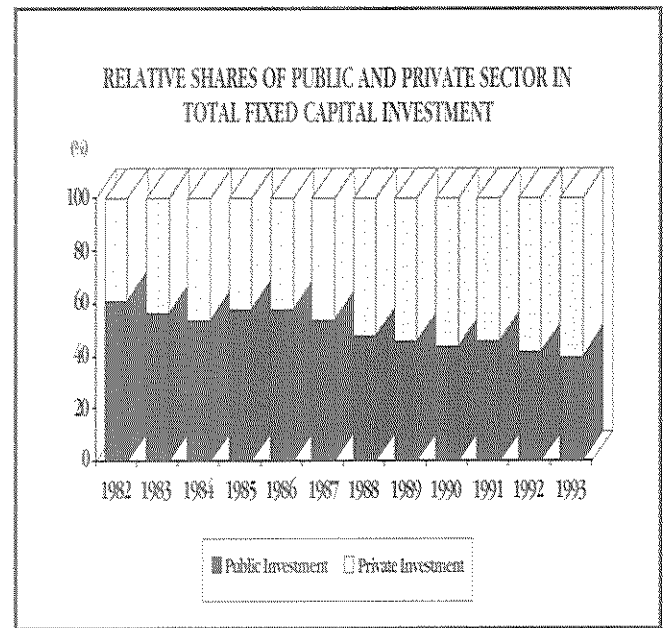
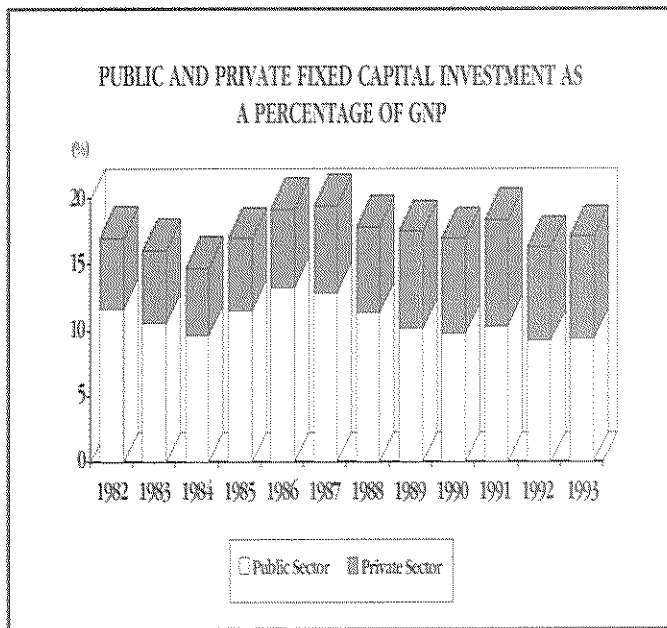
was a decline of 2.5 percent in the public sectors' fixed capital investment, that of the private sector rose by 10.7 percent, thanks to the favourable economic climate.

Transportation and communications and the other services were the leading sectors within total public investment in 1993. Their shares were 36.8 and 15 percent, respectively. These sectors were followed by the energy sector with 14.5 percent, and by agriculture with 11.2 percent. The education and the health sectors' shares which were 7.6 and 3.2 percent, respectively, in 1992, increased to 8.7 and 3.7 percent last year.

The share of the housing sector within total fixed investment increased to 44.3 percent at current prices last year, from 40.6 percent in 1992. On the other hand, the share of the manufacturing sector decreased to 24.8 percent, from 26.5 percent in 1992. Private fixed investment in transport and communication, also increased its share, to 17.9 percent from 16.7 percent in 1992.

DISTRIBUTION OF FIXED CAPITAL INVESTMENT						
(As Percentage of Total)						
Sectors	Public		Private		Total	
	1992	1993	1992	1993	1992	1993
Agriculture	9.1	11.2	3.8	3.9	6.2	7.1
Mining	3.5	2.9	1.2	1.0	2.3	1.8
Manufacturing	5.5	3.3	26.5	24.8	16.9	15.6
Energy	14.9	14.5	1.0	0.8	7.3	6.7
Transport & Communications	37.1	36.8	16.7	17.9	26.0	26.0
Tourism	1.5	1.6	5.0	2.5	3.4	2.1
Housing	2.5	2.2	40.6	44.3	23.2	26.2
Education	7.6	8.7	0.7	0.6	3.8	4.1
Health	3.2	3.7	1.4	1.2	2.2	2.3
Others	15.1	15.0	3.1	3.0	8.6	8.1
Total	100.0	100.0	100.0	100.0	100.0	100.0

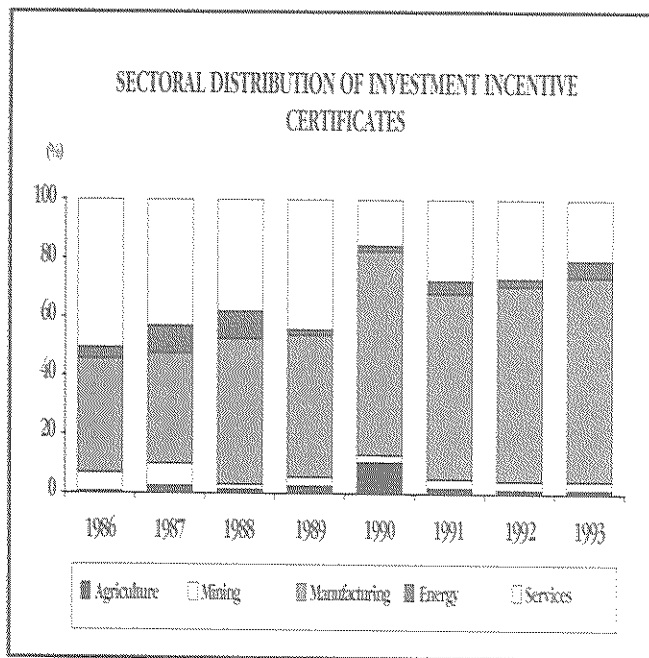
Source: SPO



Investment Incentive Certificates

The sum of private investment within the total of incentive certificates issued in 1993 rose dramatically by 345 percent, at current prices, from TL 51.4 trillion in 1992 to TL 228.8 trillion. There was a tremendous increase especially in December. This increase can be attributed to the fast growth rate and future prospects about the Turkish economy.

Subsidised investments in the manufacturing sector expanded by 412 percent at current prices, to TL 158.9 trillion. The manufacturing sector was followed by services with investments worth TL 48 trillion, a rise of 242 percent. The largest increase was seen in the incentive certificates for energy investments which were 10.5 times higher than in 1992, amounting to TL 12.8 trillion in all. Incentive certificates for agricultural investments



increased by 263 percent and for mining investments rose by 340 percent.

The sectoral distribution of investment incentive certificates issued in 1993 again showed a heavy concentration in manufacturing (69.4), followed by services (20.9 percent) and mining (2.9 percent).

Last year, new investments reached TL 160 trillion, with a share of 69.8 percent within the investment incentive certificates. Certificates for investments in expansion and modernization followed.

DISTRIBUTION OF INVESTMENT INCENTIVE CERTIFICATES ACCORDING TO THEIR APPLICATION (As Percentage of Total)						
Type of Investment	1988	1989	1990	1991	1992	1993
New Investments	74.4	78.8	76.7	69.0	60.7	69.9
Expansions	12.0	8.1	11.3	18.8	20.7	20.2
Completions	1.5	0.9	1.4	3.7	2.2	0.7
Renewals	0.7	1.1	0.8	1.5	3.3	1.2
Quality Improvement	0.3	0.1	0.2	0.1	0.2	0.3
Elimination of Bottlenecks	2.0	1.0	1.6	0.6	1.3	0.4
Modernization	7.4	8.0	5.4	5.2	8.0	5.0
Integration of Facilities	1.6	1.8	1.6	0.3	1.4	0.3
Financial Leasing	0.1	0.0	0.5	0.2	2.0	1.5
Transfers	0.0	0.1	0.5	0.7	0.2	0.2
Total	100.0	100.0	100.0	100.0	100.0	100.0

Source: SPO

SECTORAL DISTRIBUTION OF INVESTMENT INCENTIVE CERTIFICATES (January-March, TL Million)					
Sectors	1993	Share (%)	1994	Share (%)	Change (%)
Agriculture	33,388	0.2	60,482	0.2	81.1
Mining	597,101	3.3	798,683	2.5	33.8
Manufacturing	10,599,408	58.0	22,065,272	69.4	108.2
Energy	37,334	0.0	1,128,872	3.5	-
Services	6,995,090	38.3	7,748,965	24.4	10.8
Total	18,262,321	100.0	31,802,274	100.0	74.1

Source: SPO

INVESTMENT INCENTIVE CERTIFICATES ACCORDING TO THEIR APPLICATION (January-March, TL Million)					
Type of Investment	1993	Share (%)	1994	Share (%)	Change (%)
Transfers	58,193	0.3	28,073	0.1	-51.8
New Investments	12,522,195	68.6	21,300,222	67.0	70.1
Expansions	4,336,314	23.7	2,583,843	8.1	-40.4
Completions	122,608	0.7	69,658	0.2	-43.2
Renewals	553,967	3.0	376,997	1.2	-
Quality Improvement	7,288	0.0	7,389	0.0	-
Elimination of Bottlenecks	136,777	0.7	6,034,279	19.0	4,311.8
Modernization	243,080	1.3	380,463	1.2	56.5
Integration of Facilities	151,699	0.8	120,100	0.4	-20.8
Financial Leasing	118,704	0.6	901,270	2.8	659.3
Restoration	8,322	0.0	-	-	-
Research and Develop.	3,174	0.0	-	-	-
Total	18,262,321	100.0	31,802,294	100.0	74.1

Source: SPO

On a regional basis, the Marmara region's share of investments certificates issued reached 43.9 percent establishing a new record in 1993. The Central Anatolian region, the Mediterranean region, and the Aegean region followed Marmara region, in that order. Surprisingly, the largest increase compared to 1992 was seen in the Southeastern Anatolia region, with a rise of 970 percent.

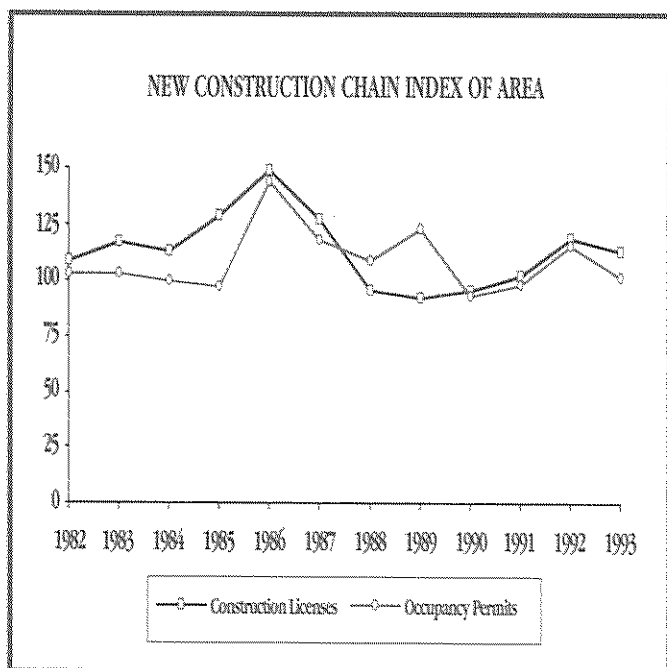
Investment incentive certificates in the first quarter of 1994 rose by 74 percent as compared to the corresponding period of last year in spite of the economic crisis and stagnation. Whilst the manufacturing sector was again the leading sector, with an increase of 108 percent, the increase in services was of only 10.8 percent as compared to the same period of last year. The Marmara region was again first in the value of investment certificates with a share of 62 percent and a rate of increase of 208 percent as compared to the same period of 1993.

Construction

Whilst the number of construction permits issued in 1993, 141,856, showed an increase of only 3.1 percent as compared to 1992, the value of the buildings covered by these permits rose by no less than 97.5 percent to a total of TL 214.2 trillion. The number of dwellings increased by 12.6 percent to 532,557 units, as against 472,777 in 1992.

Houses accounted for 54.3 percent of the permits issued, apartments for 38.1 percent, and the remaining 7.6 percent was represented by commercial, industrial, and social services' buildings.

Occupancy permits issued by municipalities fell in number by 3.3 percent last year, from 105,286 to 101,772 whilst the area covered by these permits rose marginally, by 1.6 percent to 39 million sq.mtrs., and the value of the buildings concerned soared by 74.4 percent to TL 98.5 trillion.



Building costs increased rapidly last year. The average cost of a 100 sq.mtrs. dwelling was TL 260 million, excluding the cost of land; as was the case in 1992, the average area of new dwellings was well over 100 sq.mtrs.

On the basis of occupancy permits issued last year, the cost per sq.mtr. of houses increased by 75 percent, and of apartment flats by 70 percent. At TL 2,489,000 per sq mtr., a 100 sq.mtr. house last year cost TL 249 million.

Overall construction costs recorded a further rapid rise in the first three months of 1994, rising by 32.3 percent as compared to the final quarter of 1993 and by 95.3 percent over the cost in the January-March period of 1993. The increase in costs was higher for apartment-type buildings than for other constructions.

CONSTRUCTION LICENCES ISSUED AND OCCUPANCY PERMITS			
	1992	1993	Changes (%)
Construction Licences			
Number	137,534	141,856	3.1
Area (M sqm)	73,075,864	83,079,788	13.7
Value (TL million)	108,483,497	214,228,201	97.5
Number of dwelling units	472,777	532,557	12.6
Occupancy Permits			
Number	105,280	101,772	-3.3
Area (M sqm)	38,359,999	38,976,147	1.6
Value (TL million)	56,517,497	98,545,867	74.4
Number of dwelling units	268,804	268,437	-0.1

Source: SIS

IV. PRODUCTION

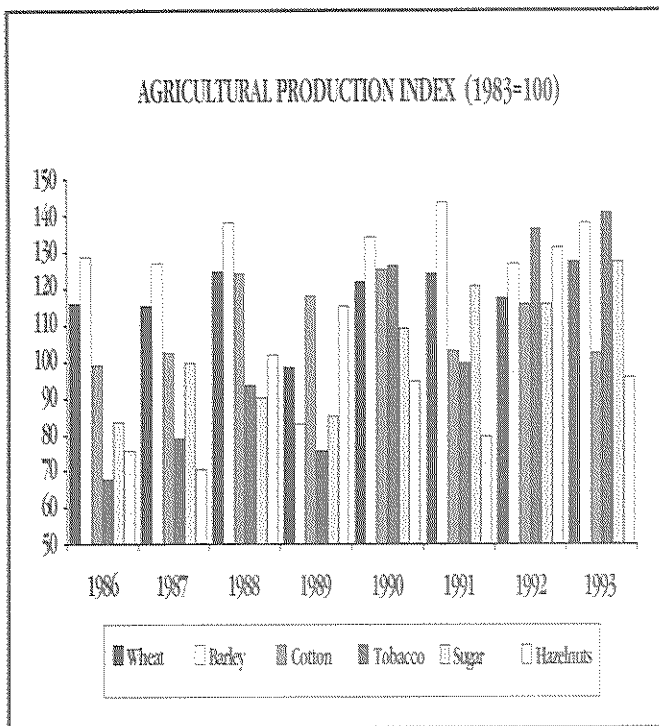
Agricultural Production

After a period of improvement in 1992, when GNP growth in the agricultural sector increased by 4.3 percent at constant prices, agriculture registered negative growth of 3.6 percent in 1993. Agricultural output fell by 1 percent in the first quarter of 1993, 6.8 percent in the second quarter, 1.7 percent in the third quarter, and by 8 percent in the fourth quarter.

Wheat production increased by 8.8 percent and barley production rose by 8.7 percent as compared to 1992. On the other hand, tobacco and cotton production fell by 2.2 percent and 15 percent, respectively. Whilst hazelnut production registered the largest decrease, with 29.8 percent, there was a record 22.5 percent increase in lentils production as compared to the previous year.

BUILDING COST INDEX				
Change On Previous Quarter (%)				
	93/2	93/3	93/4	94/1
General	74.5	68.0	69.1	95.3
Labour costs	84.8	77.7	79.5	83.0
Machinery	83.6	80.0	80.0	101.4
Building materials	69.1	62.8	63.6	102.0
Apartment blocs	74.3	68.1	69.4	96.0
Houses	75.0	68.4	68.3	91.7
Other	75.0	67.6	68.4	95.9

Source: SIS



Industrial Production

Total industrial output grew by 8.3 percent in 1993. The rise was of 5.9 percent in the public sector and of 16.3 percent in the private sector. The growth rate was 3.4 percent in the first quarter, 12.3 percent in the second quarter, 8.8 percent in the third quarter and 8.9 percent in the final quarter.

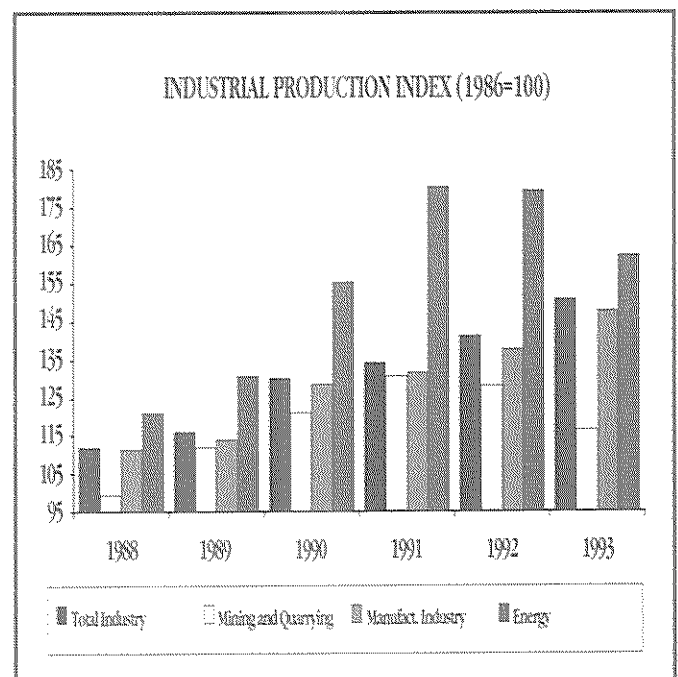
Production went up by 9.3 percent in the manufacturing industry and by 10 percent in the energy sector last year as compared to 1992, contrasting with a plunge of 8.7 percent in the mining sector.

In the public sector, output rose by 6.5 percent in manufacturing and by 9 percent in energy, but declined by 7.7 percent in mining. As for private sector establishments, increases of 10.6 percent and 21.1 percent are to be observed in manufacturing and energy, as against a fall of 12.9 percent in mining.

Within the manufacturing industry, the biggest production rise was reported for the machinery industry, with 20.2 percent. Production growth was 11.1 percent in the basic metals industry, 10 percent in electricity gas and water sector, 7.9 percent in the chemicals sector, 6.1 percent in the food sector and only 4.4 percent in textiles. Production actually dropped by 10.9 percent and 0.3 percent respectively in the other products manufacturing sector and in wood products.

The use of electrical power rose considerably last year; consumption increased by 7.4 percent compared to 1992. Whilst power consumption in households rose by 11.4 percent, the increase was of only 2.7 percent in the industrial sector.

Overall utilization of installed industrial capacity was 79.7 percent in 1993, as against 76.4 percent in the previous year. Capacity utilization in the manufacturing industry improved largely due to the revival of domestic demand and to increased raw material imports.



PERCENTAGE CHANGES IN INDUSTRIAL PRODUCTION INDEX COMPARED TO THE SAME PERIOD OF THE PREVIOUS YEAR							
Industry	I.Quart.	II.Quar.	III.Quar.	IV.Quar.	Annual Average		
					Public	Private	Total
Industry							
1991	-2.1	2.4	6.5	3.4	3.9	1.6	2.6
1992	10.1	4.8	3.5	2.3	3.8	6.0	5.0
1993	3.4	12.3	8.8	8.9	5.9	10.3	8.3
Mining							
1991	12.1	15.2	7.6	8.1	13.7	-2.7	10.1
1992	3.4	-2.1	-0.9	-11.8	-3.4	-1.1	-3.0
1993	-11.3	-11.2	-8.2	-4.4	-7.7	-12.9	-8.7
Manufacturing Ind.							
1991	-4.3	2.0	6.4	2.8	1.6	1.9	1.8
1992	9.4	3.8	2.4	1.8	1.2	5.7	4.2
1993	3.6	14.1	10.0	9.4	6.5	10.6	9.3
Energy							
1991	3.8	0.4	6.3	4.3	5.1	-10.4	3.8
1992	15.9	12.8	10.4	9.9	10.8	29.8	12.2
1993	8.0	11.5	9.7	10.0	9.0	21.2	10.0

Source: SIS

Industrial production went up 2.5 percent in the first quarter of 1994 compared to the corresponding period in 1993. During the first three months of the year output expanded by 8.8 percent in energy, 1.2 percent in manufacturing but by only 0.6 percent in mining. However in April, monthly industrial production index fell by 8.1 percent compared to the same month of 1993. The decrease was even higher in the manufacturing sector: 11.7 percent.

The capacity use ratio in the industrial sector, which was 76.4 in the first quarter of 1993, decreased only marginally, to 76.3 percent, in the corresponding period of this year. On a monthly basis the capacity use ratio, which was 83.1 percent in January 1994, dropped to 72.7 percent in February, and in March to only 69.8 percent. Failure to operate at full capacity has been attributed mainly to the weakening domestic demand.

Industrial electricity consumption rose by only 0.6 percent in the first two months of the year as against an increase of 6.1 percent in January-February, 1993.

Productivity

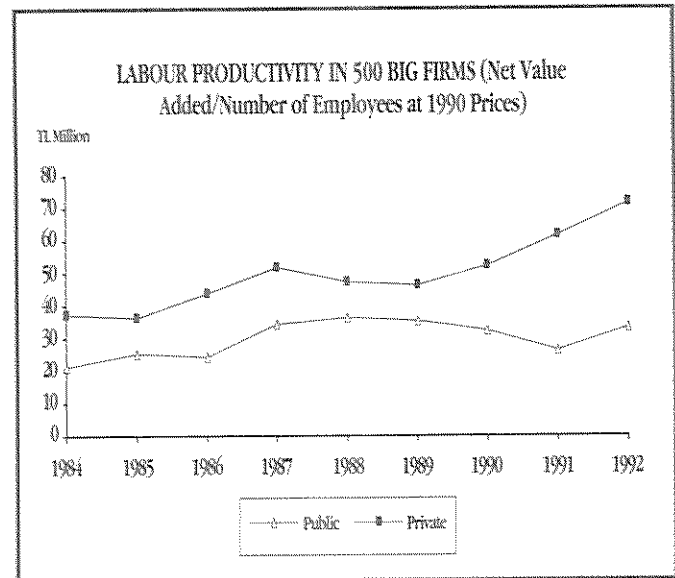
Average labour productivity in the period 1983-1992 was realised at around TL 47.7 million in the private and TL 28.4 million in the public sector, according to the "500 Largest Industrial Firms" publication of the Istanbul Chamber of Industry. The net value added/fixed assets ratio, the capital productivity, was realised at around 1.038 in the private sector and at only 0.319 in the public sector.

The average growth rate in total factor productivity, that is the weighted average of labour and capital productivity, was 3.9 percent in the private sector, in the period 1983-1992 but in the public sector, the total factor productivity, it fell by 2.3 percent over the same decade.

Whilst there was a 11.3 percent increase in the total productivity of the private sector in 1992, there was again a sharp decline in the total productivity of the public sector, 25.1 percent. These results serve to underline once again the considerable differences between the two sectors in terms of productivity.

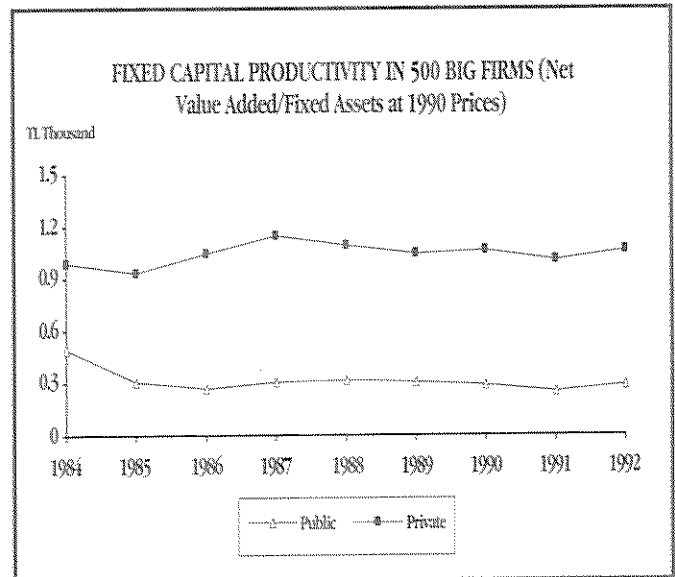
LABOUR PRODUCTIVITY			
Net Value Added/Number of Employees			
(At 1990 Prices, TL Thousand)			
Years	Public	Private	Total
1983	17.3	36.0	25.2
1984	21.6	37.4	28.7
1985	25.4	36.4	30.0
1986	24.5	44.1	32.9
1987	34.3	51.8	42.2
1988	36.6	47.1	41.3
1989	35.2	46.2	40.2
1990	32.5	52.1	41.6
1991	26.6	61.9	42.6
1992	33.2	72.0	50.5
Average	28.4	47.7	37.0

Source: Istanbul Chamber of Industry



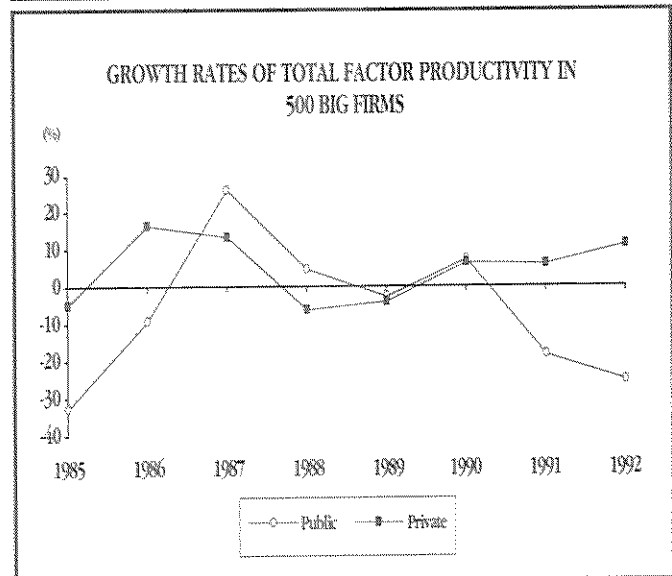
CAPITAL PRODUCTIVITY			
Net Value Added/Fixed Assets			
(At 1990 Prices, TL Thousand)			
Years	Public	Private	Total
1983	0.407	0.969	0.625
1984	0.496	0.992	0.700
1985	0.304	0.933	0.463
1986	0.268	1.046	0.468
1987	0.306	1.152	0.515
1988	0.316	1.096	0.495
1989	0.310	1.049	0.491
1990	0.287	1.063	0.499
1991	0.252	1.007	0.499
1992	0.290	1.070	0.499
Average	0.319	1.038	0.527

Source: Istanbul Chamber of Industry



TOTAL FACTOR PRODUCTIVITY			
GROWTH RATE (%)			
Years	Public	Private	Total
1984	22.0	3.0	11.9
1985	-32.7	-4.9	-34.3
1986	-9.2	16.7	4.2
1987	26.5	13.7	21.3
1988	4.9	-6.2	-2.1
1989	-2.7	-3.7	-1.8
1990	7.4	6.5	2.0
1991	-18.0	6.2	0.7
1992	-25.1	11.3	16.9
Average	-2.3	3.9	0.5

Source: Istanbul Chamber of Industry



V. LABOUR MARKET

Employment

According to the latest figures released by the State Institute of Statistics, unemployment expanded slightly in 1993. The rate of jobless rose from 7.3 percent in April 1993 to 7.9 percent in October 1993.

The semi-annual household labour force survey carried out by SIS in April and October each year shows that the labour force rose by 0.8 percent from 20,817,000 persons in April 1993 to 20,997,000 persons in October of the same year. The number of employed went up only by 0.2 percent, to 19,338,000 persons while the number of the jobless rose by 9.2 percent to 1,659,000 persons.

Out of the 1,659,000 unemployed, 1,160,682 were urban jobless. The rate of unemployment in urban centres was running at 11.9 percent in October 1993, up from 11.2 percent in April. The rate of unemployment in the rural sector also rose, to 4.4 percent.

As of October 1993, 44.3 percent of the 19,338,000 employed resided in urban centres and 55.7 percent in rural areas; 43.6 percent of the total employed were engaged in agricultural activities, 34.1 percent in services, and 22.3 percent in industry.

These figures, cannot however, be directly compared with similar statistics from other OECD countries, mainly because of large structural differences resultant from high population growth, low skill levels, widespread child labour, and hidden unemployment, particularly in rural areas.

MAIN INDICATORS OF THE HOUSEHOLD LABOUR FORCE SURVEY

	October 1992	April 1993	October 1993
Civilian Employment (in thousands)			
Turkey	19,528	19,299	19,338
Urban centers	8,316	8,263	8,560
Rural areas	11,212	11,035	10,778
Unemployment Rate (%)			
Turkey	7.8	7.3	7.9
Urban centers	11.7	11.2	11.9
Rural areas	4.7	4.1	4.4

Source: SIS



Collective Bargaining Agreements

During 1993, 3,809 collective bargaining agreements were made; these involved 1,068,289 workers and 16,699 establishments. It should be noted that the number of workers covered by collective agreements is relatively small - around 15 percent of the labour force, but they are concentrated in the modern sector of the economy and a good number of them possesses higher skills.

COLLECTIVE BARGAINING AGREEMENTS					
	1990	1991	1992	1993	1994*
Number of Collective Bar. Agreements	1,954	5,030	1,783	3,809	162
Number of Workers Involved	483,852	1,089,549	450,906	1,068,289	19,261
Number of Establishments	11,399	13,169	9,537	16,699	199
STRIKES					
	1990	1991	1992	1993	1994*
Number of Strikes	458	398	98	49	15
Number of Workers Involved	166,306	164,968	62,189	6,908	25,258
Number of Working Days Lost	3,466,550	3,809,354	1,153,578	574,741	1,018

*January 1994

Source: Ministry of Labour and Social Security

The number of strike actions conducted in 1993 was the lowest of the past seven years (49 strikes) and it was matched the reduced number of lock outs-only 9 last yer.

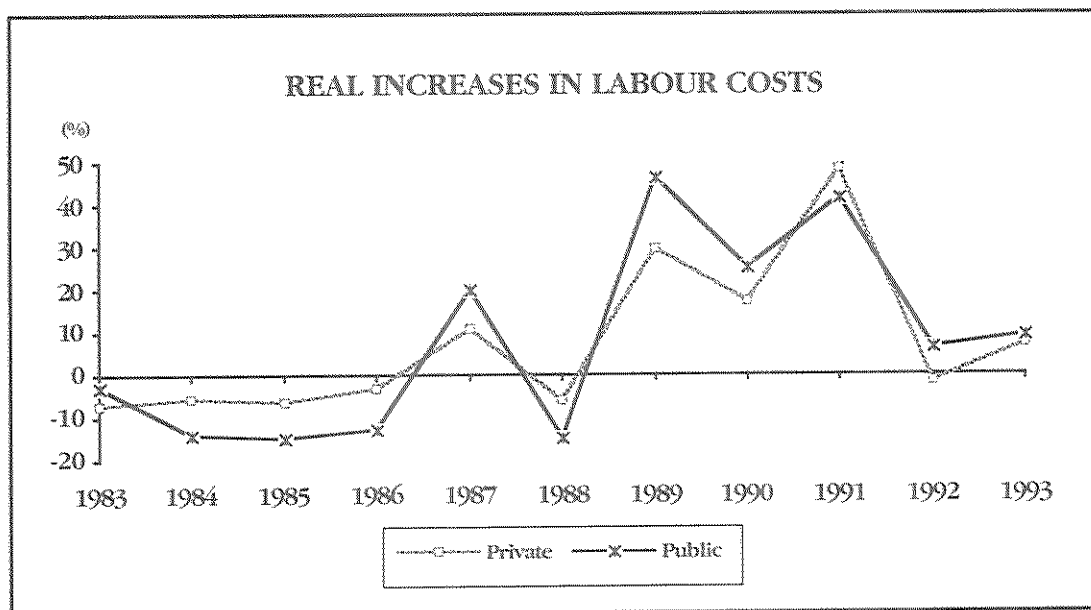
Wages

In 1993, the increase in wages in real terms was 8.5 percent in the public sector, and 7.1 percent in the private sector. The average net real increase for the civil servants was of only 2.6 percent.

The increase in labour costs in real terms was 9.2 percent in the public sector and 7.3 percent in the private sector.

REAL INCREASES (%)			
	1991	1992 (1)	1993 (2)
Public Sector			
Real Wage Increase (%)	45.2	6.5	8.5
R. Labour Cost Increase (%)	41.6	6.5	9.2
Private Sector			
Real Wage Increase (%)	50.0	-2.7	7.1
R. Labour Cost Increase (%)	48.3	-1.6	7.3

(1) Provisional for the Public Sector (2) Estimate
 (*) SIS Consumer Prices Index was used in real increases calculations



CHAPTER II

FOREIGN ECONOMIC RELATIONS

FOREIGN ECONOMIC RELATIONS

I. DEVELOPMENTS IN THE WORLD ECONOMY

Economic indicators for the world economy improved in 1993 and indicated the prospect of stronger growth and lower rates of inflation in the next two years. World economic growth will reach 3 percent this year, from 2.3 percent in 1993, and accelerate further, to 3.7 percent, in 1995.

According to the most recent forecasts, the recovery in Western economies accelerated. Last year, the average growth rate of all industrial countries was 1.2 percent. Developing countries performed better, with an average growth rate of 6.1. However, recession prevailed in the economies in transition. Last year the growth rate in Eastern Europe and the former Soviet Union was a negative 8.8 percent.

Recovery is expected for all industrial countries, which will push the average growth rate to 2.4 percent in 1994 and to 2.6 percent in 1995. Developing countries will lead the world output growth with 6.1 percent this year and 5.5 percent in 1995. The economies in transition are also expected to perform better. Their overall growth rate will rise slightly to a negative 6.1 percent in 1994 but to a positive 1.4 percent in 1995.

The completion of the Uruguay Round of world trade talks, lower interest rates in Europe and new fiscal measures in Japan will be instrumental in the recovery of economic activity in 1994 and 1995.

The main industrial countries are at varying stages of the business cycle in recent years in contrast to the synchronized booms and busts of the 1970s and 1980s. A solid recovery was already under way in 1993 in the United States, Canada, Britain, Australia and New Zealand—the countries which dipped into recession first. The United States led the industrial countries with a remarkably high (3.0 percent) growth rate, followed by Canada (2.4 percent growth rate) and Britain (1.9 percent growth rate).

Continental Europe and Japan remained in recession. While Japan's economy stood still, Western Germany, France and Italy had negative growth rates in 1993. Their recovery may begin in 1994, but prospects for a strong recovery are still fragile.

Recovery in Europe and Japan will not be as robust as in the United States. The main reasons are still relatively high real interest rates, the need to trim budget deficits in Europe, and a high unemployment rate which will continue to restrain domestic demand.

WORLD ECONOMY (MAIN MACROECONOMIC INDICATORS)									
	Real GDP % Change			Consumer Prices % Increase			Unemployment Rate %		
	1993	1994	1995	1993	1994	1995	1993	1994	1995
United States	3.0	3.9	2.6	3.0	2.8	3.2	6.8	6.2	5.8
Japan	0.1	0.7	2.3	1.3	0.9	0.9	2.5	3.0	3.1
Western Germany	-1.9	0.5	1.8	4.1	2.7	2.0	7.3	8.6	8.8
France	-0.7	1.2	2.6	2.1	1.9	2.1	11.7	12.4	12.1
Italy	-0.7	1.1	2.5	4.3	3.8	3.1	10.4	11.3	11.2
Britain	1.9	2.5	2.8	3.0	3.2	3.0	10.3	10.0	9.8
Canada	2.4	3.5	4.1	1.9	0.5	1.7	11.2	10.8	10.1
All Industrial Countries	1.2	2.4	2.6	2.9	2.5	2.6	8.2	8.3	8.1
Developing Countries	6.1	5.5	5.8	45.9	40.9	12.0	-	-	-
Eastern Europe & Former Soviet Union	-8.8	-6.1	1.4	687.0	290.0	73.0	-	-	-

Source: IMF, *World Economic Outlook, March 1994*.

Forecasts for developing countries are also generally quite optimistic. However, besides the majority of fast-growing, successful developing countries which achieved macro-economic stability, good governance, market oriented policies, and added dynamism through increased trade with each other, there is also a group of low growth, poor governance (with considerable social and political instability) developing countries, many of which are in Africa.

The economies of Eastern Europe and the former Soviet Union in transition to market-based economies also divide into two. Some of them, such as Poland and the Baltic States, are showing signs of economic recovery while others, notably Russia and most of the former Soviet republics, are experiencing continued economic deterioration. The highly expansionary monetary and fiscal policies of Russia, the Ukraine and Belarus fueled hyperinflation and did not prevent large declines in output.

It is expected that in 1994 the unemployment rate in the EU will be around 12 percent, which is very high as compared

to the United States and Japan. Some economists consider that this high rate of unemployment in Europe has now become a structural problem rather than a result of the recent recession. Removing rigid hiring and firing rules, minimum wages and over-generous unemployment benefits may ease the unemployment problem by suppressing the factors which distort the proper-functioning of labour markets.

On the inflation side, a tight monetary policy to check inflation still continues to be a valid policy option in some countries. It is estimated that the average inflation rate (consumer prices) of industrial countries will be around 2.5 percent, the same as last year, but that it will accelerate slightly next year.

In the United States, it is estimated that inflation will jump from 2.8 percent this year to 3.2 percent in 1995, in spite of the Federal Reserve's tight money policy. It is argued that real interest rates remain historically low, which means a continuous stimulus to economic growth. It is the fact that spare capacity is likely to be fully absorbed during the course of the year, which urges the

Federal Reserve to pursue a tight monetary policy. On April 18th the Federal Reserve raised the Fed-funds rate for the third time this year.

To summarize, growth rates will be higher on average for both industrial and developing countries although concerns about inflation persist. The high unemployment rate in continental Europe may prevent governments from implementing sound policies for recovery without accelerating inflation.

II. FOREIGN TRADE

In 1993, when the world economy was in recession, Turkish foreign balances deteriorated sharply as a result of the rapid growth in domestic demand. The slight real depreciation of the TL (1.9 percent) was manifestly inadequate to improve Turkey's trade deficit. As a result, exports grew only by

4.3 percent, while imports recorded a high growth rate of no less than 28.7 percent. This trade deficit was the major determinant of the current account deficit of \$6,380 millions in 1993 which is the highest deficit ever recorded.

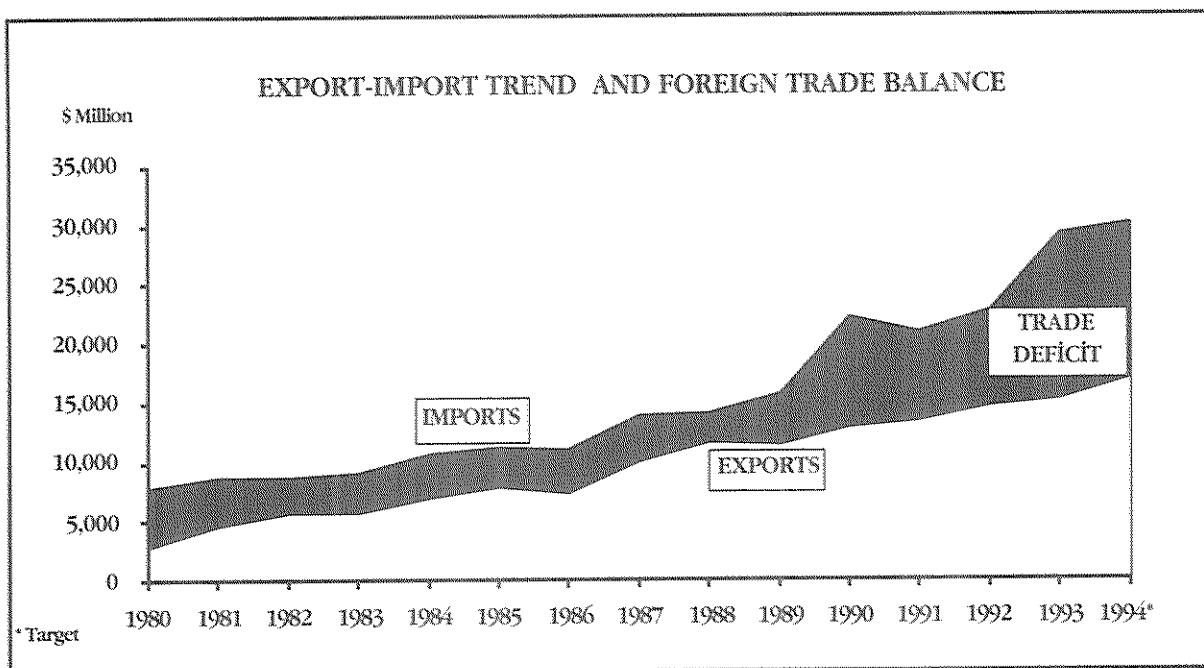
A net inflow of \$ 3.9 billion, 1.4 billion and \$ 3.1 billion in, respectively portfolio investment long-term and short-term capital financed the current account deficit of \$ 6.4 billion while the excess marginally strengthened the foreign exchange reserves of the Central Bank and the commercial banks.

Exports of \$15,349 million fell \$ 1.6 billion short of the programmed target but met the revised target of \$ 15.2 billion. Imports, on the other hand, rose by nearly 28.7 percent, reaching \$ 29,429 billion, which is \$ 3.6 billion above the targeted level of \$ 25.8 billion and \$ 0.9 billion above the revised target. As a result of the poorer than expected export performance and the much

FOREIGN TRADE AND GROSS DOMESTIC PRODUCT				
		1991	1992	1993*
GNP	TL Billion	622,563.0	1,103,843.0	1,908,705.0
Exports	TL Billion	57,373.4	101,859.2	168,163.6
	\$ Million	13,593.0	14,715.0	15,349.0
Imports	TL Billion	88,914.3	159,602.6	322,424.1
	\$ Million	21,047.0	22,871.0	29,429.0
Foreign Trade Volume	TL Billion	146,287.7	261,461.8	490,587.8
	\$ Million	34,640.0	37,586.0	44,778.0
Exports in GNP (%)		9.2	9.2	8.8
Imports in GNP (%)		14.3	14.5	16.9
Foreign Trade in GNP (%)		23.5	23.7	25.7
Share of Exports in Total Trade (%)		39.2	39.2	34.3
Share of Imports in Total Trade (%)		60.8	60.8	65.7
Export/Import (%)		64.6	64.3	52.2

* Provisional

Source: SIS, New GNP series



SECTORAL DISTRIBUTION OF FOREIGN TRADE							
(\$ Million)							
	1991	1992	Share (%)	Change (%)	1993*	Share (%)	Change (%)
A. IMPORTS	21,047.0	22,870.7	100.0	8.7	29,429.4	100.0	28.7
1. PUBLIC	6,946.6	5,902.1	25.8	-15.0	5,430.6	18.5	-8.0
Consumption Goods	857.7	576.9	2.5	-32.7	829.7	2.8	43.8
Investment Goods	1,665.7	1,392.7	6.1	-16.4	1,359.7	4.6	-2.4
Raw Materials	4,423.2	3,932.5	17.2	-11.1	3,241.2	11.0	-17.6
2. PRIVATE	14,100.4	16,968.6	74.2	20.3	23,998.8	81.5	41.4
Consumption Goods	2,052.8	2,377.6	10.4	15.8	3,286.7	11.2	38.2
Investment Goods	4,385.8	5,432.1	23.8	23.9	8,205.9	27.9	51.1
Raw Materials	7,661.8	9,158.9	40.0	19.5	12,506.2	42.5	36.5
3. TOTAL			100.0			100.0	
Consumption Goods	2,910.5	2,954.5	12.9	1.5	4,116.4	14.0	39.3
Investment Goods	6,051.5	6,824.8	29.8	12.8	9,565.6	32.5	40.2
Raw Materials	12,085.0	13,091.4	57.2	8.3	15,747.4	53.5	20.3
B. EXPORTS	13,593.0	14,714.6	100.0	8.3	15,349.0	100.0	4.3
1. PUBLIC	1,215.0	1,351.8	9.2	11.3	928.0	6.0	-31.4
2. PRIVATE	12,379.0	13,362.8	90.8	7.9	14,420.0	93.9	7.9
C. FOREIGN TRADE BALANCE	-7,453.0	-8,156.1	100.0	9.4	-14,081.4	100.0	72.6
1. PUBLIC	-5,731.6	-4,550.3	55.8	-20.6	-4,502.6	32.0	-1.0
2. PRIVATE	-1,721.4	-3,605.8	44.2	109.5	-9,578.8	68.0	165.6

* Provisional

Source: SPO, Undersecretariat of Treasury and Foreign Trade

EXPORTS BY SECTORS AND BY COUNTRY GROUPS

(\$ Million)

	1992	Share (%)	1993	Share (%)	Change (%)	1994*	Share (%)
BY SECTORS							
Agriculture	2,259.1	15.4	2,380.9	15.5	5.4	723.5	18.9
Mining	264.2	1.8	238.3	1.6	-9.8	54.3	1.4
Industry	12,191.3	82.9	12,730.2	82.9	4.4	3,048.6	79.7
BY COUNTRY GROUPS							
EC Countries	7,600.5	51.7	7,289.5	47.5	-4.1	1,751.1	45.8
EFTA Countries	631.9	4.3	557.9	3.6	-11.7	152.2	4.0
Other OECD	1,113.7	7.6	1,221.7	8.0	9.7	420.6	11.0
Islamic Countries	2,713.4	18.4	2,704.5	17.6	-0.3	618.1	16.2
Other European Countries	1,330.0	9.0	1,653.0	10.8	24.3	399.3	10.4
Others	1,325.2	9.0	1,922.8	12.5	45.1	485.1	12.7
TOTAL	14,714.6	100.0	15,349.4	100.0	4.3	3,826.4	100.0

*January-March, Provisional
Source: ANKA

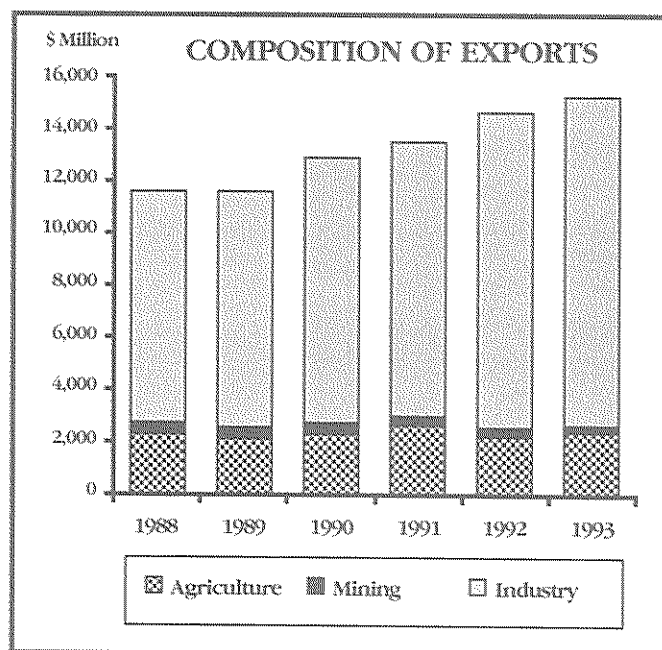
more than anticipated increase in imports, the trade deficit widened by 72.6 percent, reaching \$14.1 billion, and the ratio of exports to imports fell to only 52.2, the lowest since 1980.

export and import volume was of 6.4 percent and 37.0 percent, respectively. The improvement in terms of trade continued in the first two months of 1994.

FOREIGN TRADE INDICES		
	Percent change	
	1993/1992	1994/1993*
Quantity		
Exports	6.4	3.2
Imports	37.0	10.5
Price		
Exports	-2.8	1.3
Imports	-6.2	-8.2

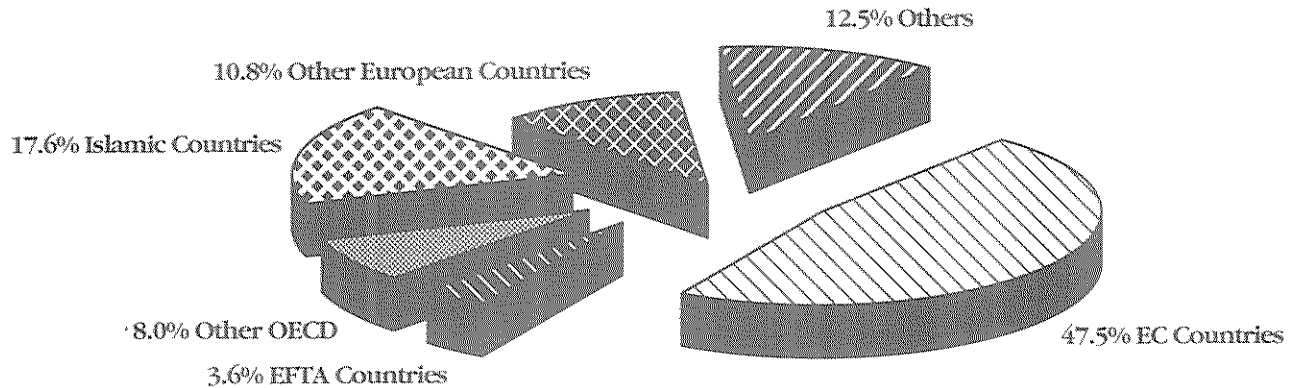
Source: SIS
*January-February

Foreign terms of trade improved in the first half of 1993 but deteriorated in the second six months of the year. According to the twelve month averages, import and export prices decreased by 6.2 percent and 2.8 percent, respectively. The increase in the



Considering exports by commodities, industrial goods exports and exports of

COMPOSITION OF EXPORTS BY COUNTRIES 1993



agricultural produce increased by 4.4 percent and by 5.4 percent respectively, while mining exports fell by 9.8 percent. The share of industrial and agricultural produce exports rose slightly to 82.9 percent and 15.5 percent respectively, while the share of mining exports fell to only 1.6 percent.

Exports of iron and steel were particularly strong in 1993. Processed

agricultural products also performed well but shipments of other important export goods generally stagnated.

As a consequence of the stronger growth in domestic demand, imports - especially imports of investment goods and consumption goods - showed a solid increase in 1993. Due to imports of machinery and equipment, investment goods

IMPORTS BY COMMODITY AND BY COUNTRY GROUPS

(\$ Million)

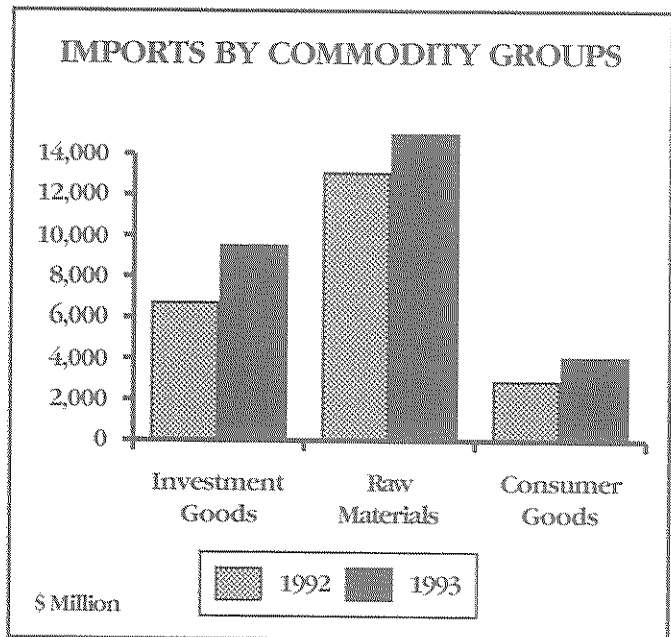
	1992	Share (%)	1993	Share (%)	Change (%)	1994*	Share (%)
	BY COMMODITY						
Investment Goods	6,772.4	29.6	9,565.7	32.5	41.2	1,773.6	30.1
Raw Materials	13,127.1	57.4	15,747.1	53.5	20.0	786.0	13.3
Consumer Goods	2,971.5	13.0	4,116.6	14.0	38.5	3,342.5	56.6
BY COUNTRY GROUPS							
EC Countries	10,049.0	43.9	12,949.8	44.0	28.9	2,684.7	45.5
EFTA Countries	1,398.7	6.1	1,651.6	5.6	18.1	352.1	6.0
Other OECD	3,975.8	17.4	5,373.5	18.3	35.2	954.3	16.2
Islamic Countries	3,413.6	14.9	3,518.2	12.0	3.1	745.4	12.6
Other European Countries	2,217.9	9.7	3,015.7	10.2	36.0	588.4	10.0
Others	1,816.1	7.9	2,920.7	9.9	60.8	577.2	9.8
TOTAL	22,871.1	100.0	29,429.5	100.0	28.7	5,902.1	100.0

* January-March, Provisional

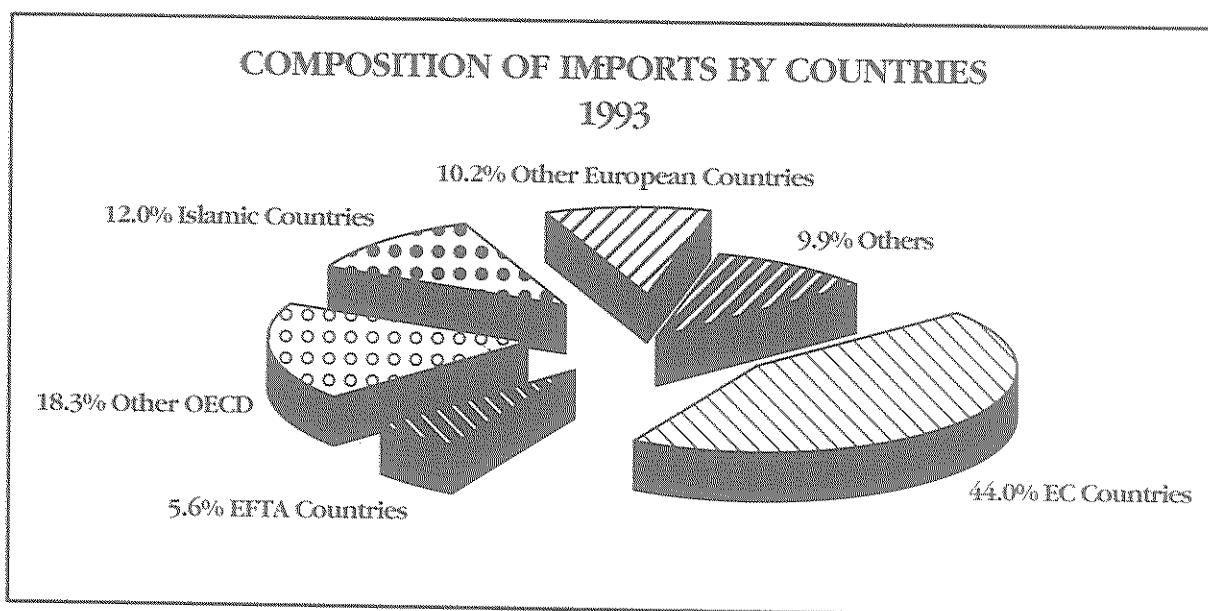
Source: ANKA

imports, which had a share of 32.5 percent in total imports, experienced an increase of 41.2 percent, and consumption goods, with a share of 14 percent, increased by 38.5 percent, whilst imports of raw materials, with a share of 53.5 percent, rose by 20 percent. Imports of crude oil decreased by 3.1 percent due to the fall in oil prices. Gold imports also rose solidly, by 31.5 percent to \$ 1.9 billion.

Foreign trade exchanges with Germany ranked first, as usual. The U.S.A, the United Kingdom, France, Italy, Saudi Arabia and Holland constituted the other major markets for Turkish exports. In 1993, Turkey was less successful in its conventional markets in the OECD area and in the Islamic countries but performed better in several new markets. Exports to other European countries rose by 24.3 percent and to other countries by 45.1 percent, while exports to OECD countries and to Islamic countries decreased by 3.0 and 0.3 percent, respectively. Exports to EFTA countries constituted the largest decrease in exports to the OECD area.



In the 1994 Economic Programme, exports are expected to rise to \$ 17.2 billion and imports to \$ 30.3 billion, giving a trade deficit of \$13.1 billion. However, together with the rapid rise in exchange rates since the January 27 devaluation and the anticipated effects of the April 5 Measures, Programme targets have been revised: exports are expected to earn \$ 17 billion, imports to fall to \$ 24 billion and the trade deficit not to exceed \$ 7 billion.



The effect of the rapid real devaluation of TL began to be felt in March 1994. In the January-March period of the year, exports rose to \$ 3,826 million, from \$ 3,673 million, and imports decreased slightly to \$ 5,902 million from \$ 5,908 million in the same months of 1993. This means that exports climbed by 4.2 percent while imports stagnated; as a result, the trade deficit fell by 7.1 percent compared to the same period of 1993.

In the first three months of 1994, industrial, mining and agricultural exports expanded by 3.3 percent, 19.1 percent and 6.8 percent, respectively. Whilst imports of investment and consumption goods continued to increase by 7.5 percent and by 0.6 percent respectively, raw material imports fell by 3.9 percent. The ratio of exports to imports rose to 64.8 percent from 62.2 percent in the same period of last year.

During this period, Turkey's trade balance with OECD countries and other countries deteriorated as a result of imports increasing more rapidly than exports. Exports to OECD countries and to other countries rose by 4.7 percent and 7.9 percent respectively, while imports from these markets increased by 11.4 percent and 15.3 percent. Exports to and imports from other European countries decreased by 3.9 percent

and by 11.8 percent, respectively. In this period, exports to Islamic countries expanded by 5.2 percent while imports from them decreased by 13.1 percent.

Free Zones

In the January-March period of 1994, the total volume of trade from the five free zones reached \$ 350 million, an increase of 115 percent as compared to \$ 163 million in the same period of 1993. The Mersin free trade zone accounted for 60 percent of the total trade volume.

By the end of March-1994, the total volume of trade realized by the five operational free zones since their establishment had reached \$ 3,078 million.

As of the end of March 1994, 583 firms, of which 88 are foreign, had received operating licences. The number of free zone warehouse user firms without an operations licence rose to 123; 62 percent of these firms are involved in general trading, 12 percent in production, 21 percent in storing, banking and leasing, and the remaining 5 percent in various other activities.

Trade with Turkey constituted the bulk of the trading activities of the free trade zones-56 percent of their total volume of trade.

FREE ZONE TRADE VOLUME								
(\$ Million)								
	1988	1989	1990	1991	1992	1993	1994*	TOTAL
From Turkey to Zones	43	19	51	127	136	216	76	668
From Zones to Turkey	54	38	119	182	210	334	105	1,041
From abroad to Zones	36	67	91	122	187	293	105	901
From Zones to abroad	21	29	22	60	95	178	64	468
Total	154	153	282	491	628	1,021	350	3,078

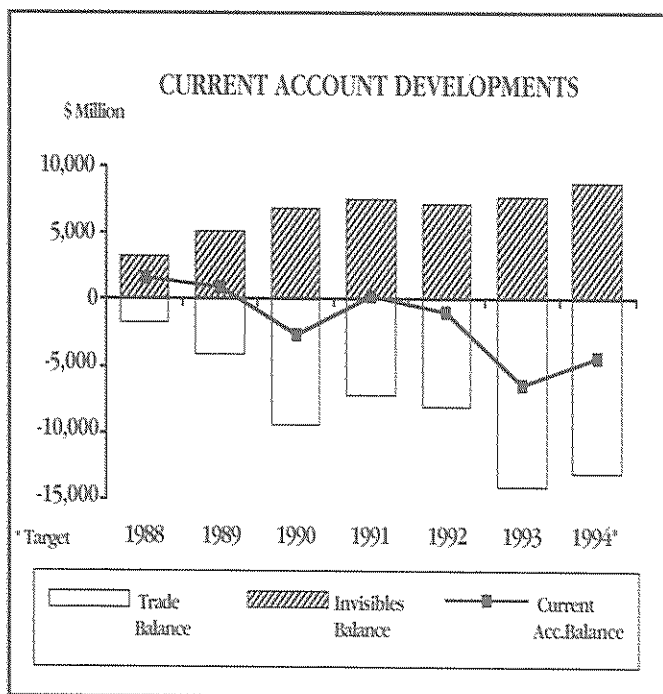
*January-March

Source: Undersecretariat of Treasury and Foreign Trade

III. BALANCE OF PAYMENTS

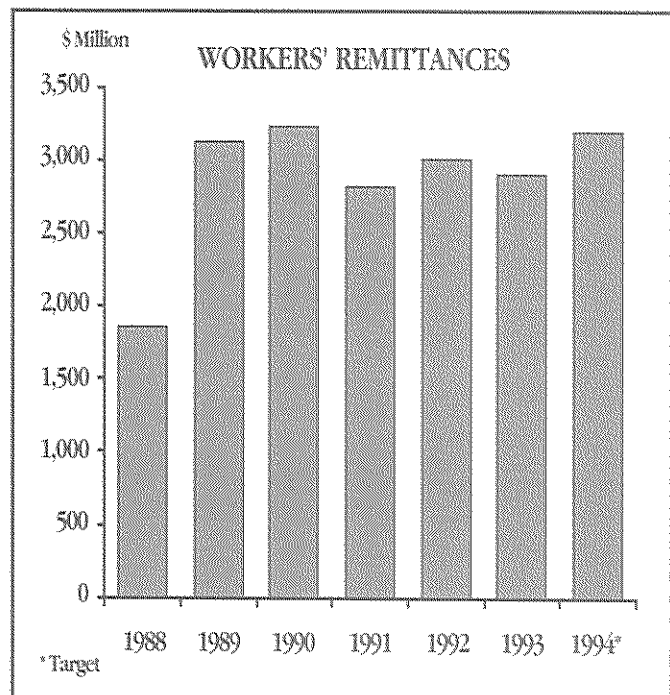
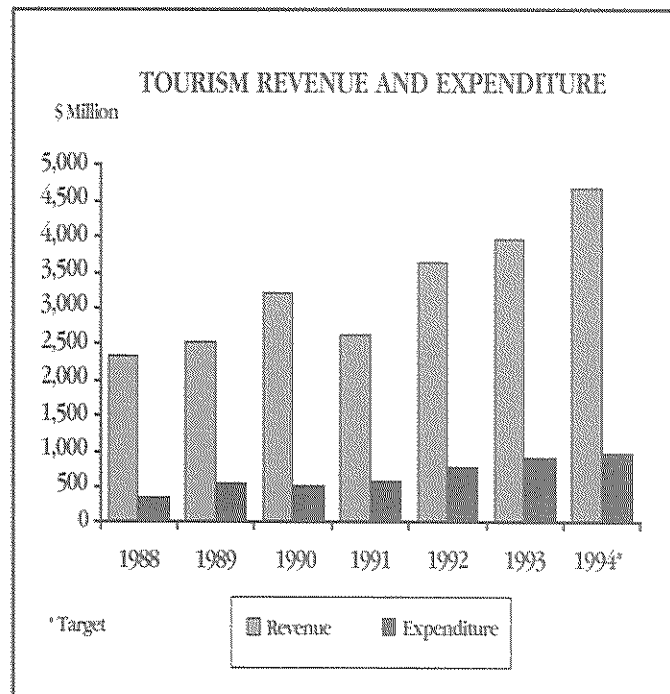
Current Account

Current account revenues increased by 6.2 percent, whilst expenditures rose by 24 percent, as a result of which the current deficit rose to \$ 6,380 million in 1993 from \$ 943 million, in 1992. The deterioration in the current account balance came mainly from the widening trade deficit resulting from the rapid increase in imports. A 13.3 percent increase in invisible earnings was not sufficient to offset the 72.6 percent increase in the trade deficit. A decrease in the volume of unrequited transfers and rise in invisible expenditures also widened the current account deficit by \$ 858 million.



The current account balance continued to deteriorate in the first two months of 1994 as a result of increased foreign debt interest

payments, and reductions in both workers' remittances and official transfers. The trade deficit decreased slightly, by 5.5 percent, tourism revenues rose by 25.6 percent whilst workers' remittances fell by 25.5 percent compared to the same period of 1993.



BALANCE OF PAYMENTS

(\$ Million)

	1991	1992	1993	1994*
A. CURRENT ACCOUNT BALANCE	258	-943	-6,380	-701
1. Trade Balance	-7,340	-8,191	-14,162	-1,275
a. Merchandise Exports (FOB)	13,667	14,891	15,610	2,531
Exports (FOB)	13,593	14,715	15,344	2,469
Transit Trade	74	176	266	62
b. Merchandise Imports	-21,007	-23,082	-29,772	-3,806
Imports (CIF)	-21,047	-22,872	-29,429	-3,906
Gold Imports	-1,161	-1,430	-1,881	-80
Transit Trade	-64	-151	-229	-54
Freight-Insurance	1,265	1,371	1,767	234
2. Balance of Invisibles	2,499	3,189	4,014	199
a. Invisible Earnings	9,315	10,451	11,843	1,300
Tourism	2,654	3,639	3,959	270
Others	6,661	6,812	7,884	1,030
b. Invisible Expenditure	-6,816	-7,262	-7,829	-1,101
Tourism	-592	-776	-934	-107
Foreign Debt Interest	-3,430	-3,217	-3,461	-474
Others	-2,794	-3,269	-3,434	-520
3. Unrequited Transfers	5,099	4,059	3,768	375
a. Private Incomes	2,879	3,147	3,035	327
Workers' Remittances	2,819	3,008	2,919	310
Import Waivers	60	139	116	17
Migrants' Transfers	0	0	0	0
b. Private Unrequited Transfer	-25	0	0	0
c. Official Unrequited Transfer	2,245	912	733	48
B. CAPITAL EXCLUDING RESERVES	-2,397	3,648	8,963	-235
1. Private Foreign Capital	783	779	622	40
2. Portfolio Investments	648	2,411	3,917	396
3. Long-term Capital	-808	-938	1,370	93
Credit Use	3,784	3,523	4,857	467
Dresdner	-497	410	925	239
Principal Accounts Repayments	-4,095	-4,871	-4,412	-613
4. Short-term Capital	-3,020	1,396	3,054	-764
Assets	-2,563	-2,438	-3,291	1,774
Liabilities	-457	3,834	6,345	-2,538
C. NET ERRORS & OMISSIONS	940	-1,221	-2,275	-858
D. EXCEPTIONAL FINANCING	0	0	0	0
E. COUNTERPART ITEMS	170	0	0	0
F. RESERVE TRANSACTIONS	1,029	-1,484	-308	1,794
IMF	0	2	0	0
Official	1,029	-1,484	-308	1,794

* January-February

Source: The Central Bank of Turkey

Capital Balance

In order to compensate for the huge current account deficit, the capital balance excluding reserves provided a substantial surplus, \$ 8,963 million in 1993 as against \$ 3,648 million in 1992.

Despite the increase in foreign investment permits issued, the net foreign investments inflow dropped to \$ 622 million in 1993 from \$ 779 million in 1992.

The total of portfolio investments rose further, to \$ 3,917 million from \$ 2,411 million, in response to the heavy financing requirements of the public sector. The same trend was also seen in short-term capital movements. As the cost of domestic credit remained above that of foreign, there was a net inflow of \$ 3.1 billion in short-term funds in 1993, compared to \$ 1.4 billion in 1992. The increase in short-term capital inflow came mainly from the increase in net credits.

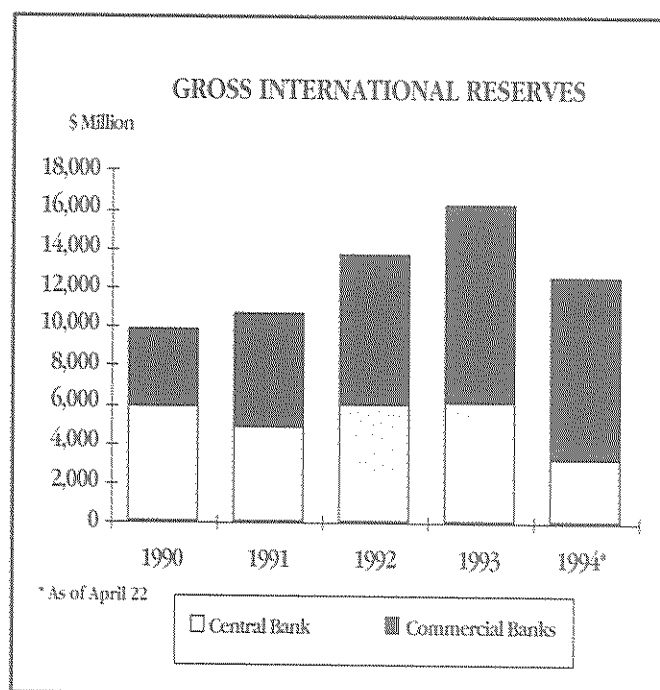
A capital balance of \$ 9 billion was more than sufficient to finance the current account deficit of \$ 6.4 billion. However, net errors and omissions rose to a negative of \$ 2.3 billion in 1993 and, as a result, the foreign exchange reserves of the Central Bank increased by \$ 308 million.

This trend was reversed in the January-February period of 1994. The trade deficit was not compensated by capital movements as in 1992 and 1993, but by a decrease in reserves. The capital balance was turned into a deficit of \$ 235 million from a surplus of \$ 2,281 million in the same period of 1993. Net foreign capital inflow and portfolio investments decreased, there was a net outflow instead of an inflow in

short-term capital movement, whilst net receipts of long-term capital rose slightly. The current account deficit and the outflow of short-term capital was compensated by a decrease in the reserves of the Central Bank and the commercial banks.

International Reserves

In 1993 the inflow of capital led to an increase in the foreign exchange reserves, especially of the commercial banks. Total foreign exchange reserves rose by \$ 2.5 billion to \$ 16.3 billion at the end of 1993. Almost all of this increase was attributable to a rise in commercial banks' reserves. However, after the financial crisis in January 1994, total foreign exchange reserves began to decrease due to the decrease in the reserves of the Central Bank. These fell to \$ 3.1 billion on April 15 from \$ 6.2 billion at the end of 1993. Commercial bank's reserves, on the other hand, decreased only by \$ 648 million over the same period.



IV. FOREIGN CAPITAL INVESTMENT

In 1993, foreign investment permits issued increased both in number (to 1,120 from 1,081 in 1992) and in value (to \$ 2,271 million, from \$ 1,820 million in 1992). Foreign investment permits showed a downward trend until the end of November but permits for a total of almost \$ 900 million were issued in December. Foreign investment permits reached a record total in 1993 as a result of these authorisations in the last month of the year. Capacity increases of \$ 826 million made up the bulk of total investments. Another favourable development was the increase in new investments, which rose to \$ 725 million.

FOREIGN CAPITAL INVESTMENT APPROVALS UNDER LAW NO: 6224 & DECREE NO: 86/10353				
Years	Number of Firms	Amounts \$ Million	Cumulative \$ Million	Entry \$ Million
1980	100	97.0	325.5	35.0
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	1,803.0	170.0
1987	698	655.0	2,458.0	171.0
1988	827	825.0	3,283.0	387.0
1989	990	1,511.0	4,794.0	738.0
1990	944	1,861.0	6,655.0	789.0
1991	940	1,967.0	8,622.0	910.0
1992	1,081	1,820.0	10,442.0	913.0
1993	1,120	2,271.3	12,713.3	692**
1994*	330	463.6	13,176.9	-

* January-April

** As of end of November

Source: SPO, ANKA

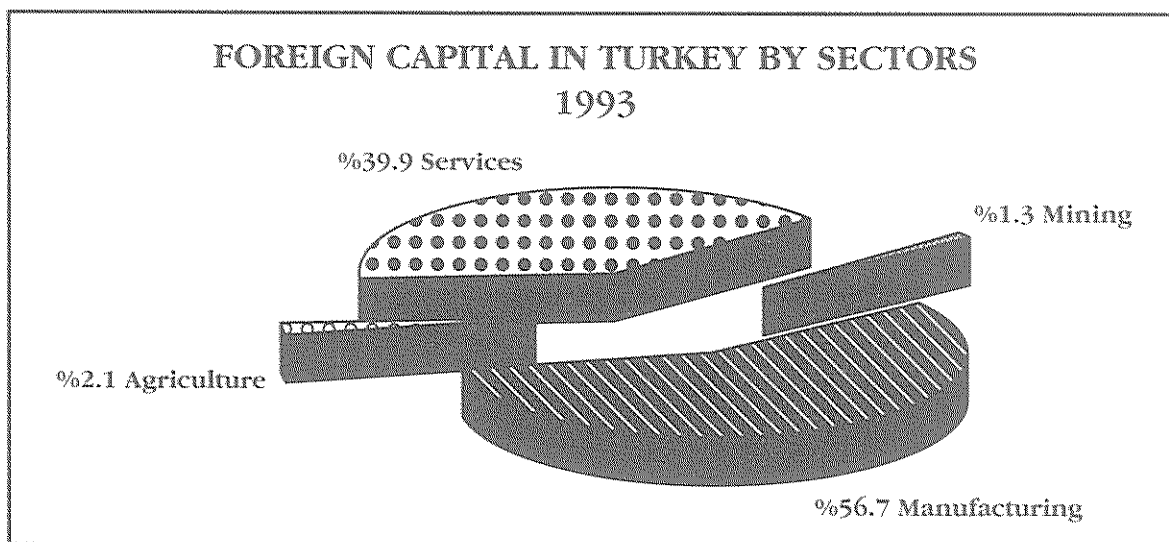
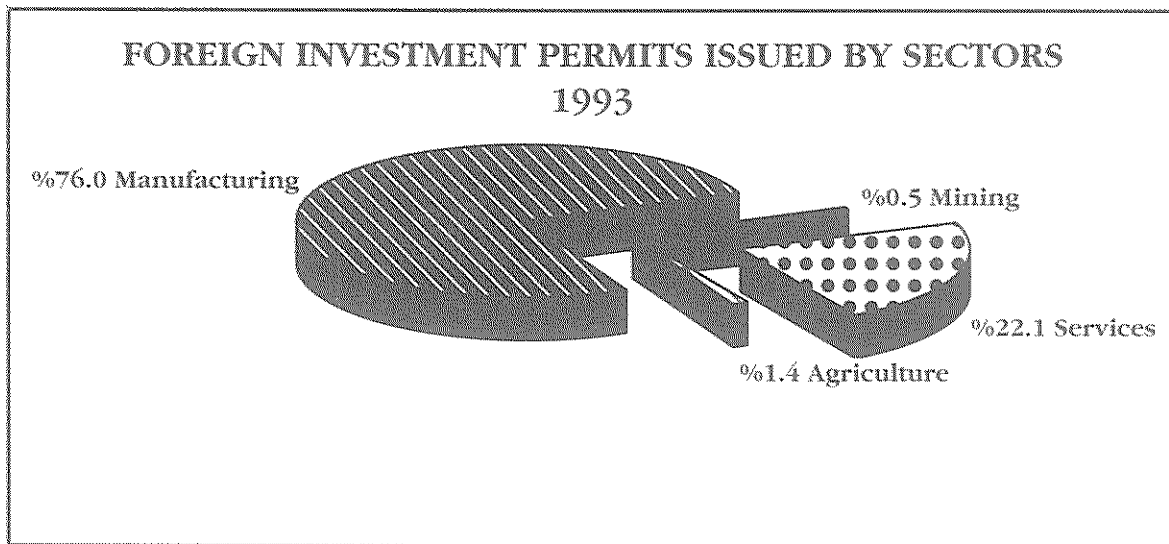
The manufacturing and services sectors accounted for 76 percent and 22.1 percent, respectively, of total permits issued. The major share of permits in the manufacturing sector went to the transport equipment, food, chemicals and electrical machinery and electronics sectors. In the services sector, the trade, tourism and banking sub-sectors received the largest share of the permits issued.

The OECD countries held 89.9 percent of total permits issued and 65.2 percent belonged to the EU countries. The share of Islamic countries in total permits was 3.5 percent. In terms of industrial countries, Italy ranked first with \$ 419 million, followed by the USA with \$ 400 million and by Japan with \$ 237 million.

The total value of investment permits issued by the SPO increased by 24.5 percent to a level of \$ 463.6 million during the first four months of 1994 as compared to the same period of 1993. Of the total, permits worth \$ 237.9 million were given in April. Permits for \$ 333 million were in the manufacturing sector, and \$ 103.5 million in services. The share of new investment in total investment permits further increased, to 21 percent, whilst the largest share went to capital expansion, 65.3 percent.

As of end-April 1994, the total number of foreign companies operating in Turkey rose to 2,614, with an aggregate foreign capital of TL 21,885 billion. More than half this amount - 53.95 percent - was invested in the manufacturing sector and 43.14 percent in the services sector.

The revival of foreign investment in Turkey between December 1993 and April



1994 can be attributed to Turkey's prospects for Customs Union. Turkey's cost advantage attracts foreign investors aiming at cheaper exports to Europe. The rapid depreciation of TL in the first quarter of this year further decreased production costs in terms of foreign currency. However, uncertainty and deteriorating economic balances in Turkey will negatively affect the foreign investment inflow in the remainder of the year if a well-designed and far reaching stabilization programme is not applied.

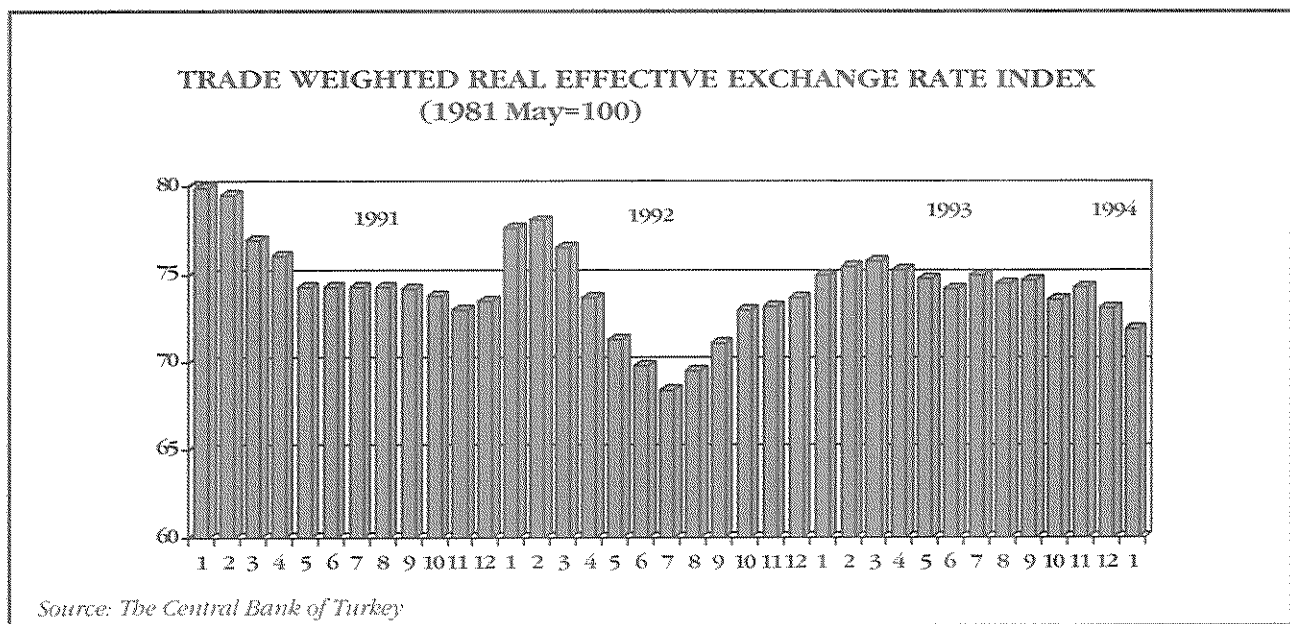
V. FOREIGN EXCHANGE RATES

The real value of TL remained roughly stable after it was slightly depreciated in 1990. During 1992, the trade weighted real effective exchange rate depreciated and then appreciated, consequently regaining its level of end-1991. The real exchange rate continued to appreciate in the first quarter but depreciated in the remaining part of the year, resulting in a slight real devaluation of 1.9 percent in 1993.

EXCHANGE BUYING RATES					
(End of Year, TL)					
	1992	1993	Change (%)	1994*	Change (%)
US Dollar	8,555.9	14,458.0	69.0	31,730.4	119.5
Sterling	12,957.8	21,370.4	64.9	47,903.4	124.2
DM	5,302.7	8,347.6	57.4	19,279.6	131.0
French Franc	1,556.5	2,458.6	58.0	5,645.0	129.6
Swiss Franc	5,862.2	9,789.4	67.0	22,637.1	131.2
Belgian Franc	258.3	401.3	55.3	937.2	133.6
Austrian Schilling	753.5	1,189.0	57.8	2,742.4	130.6
Japanese Yen	68.7	129.2	88.0	303.8	135.2

* As of 31 May

Source: The Central Bank of Turkey

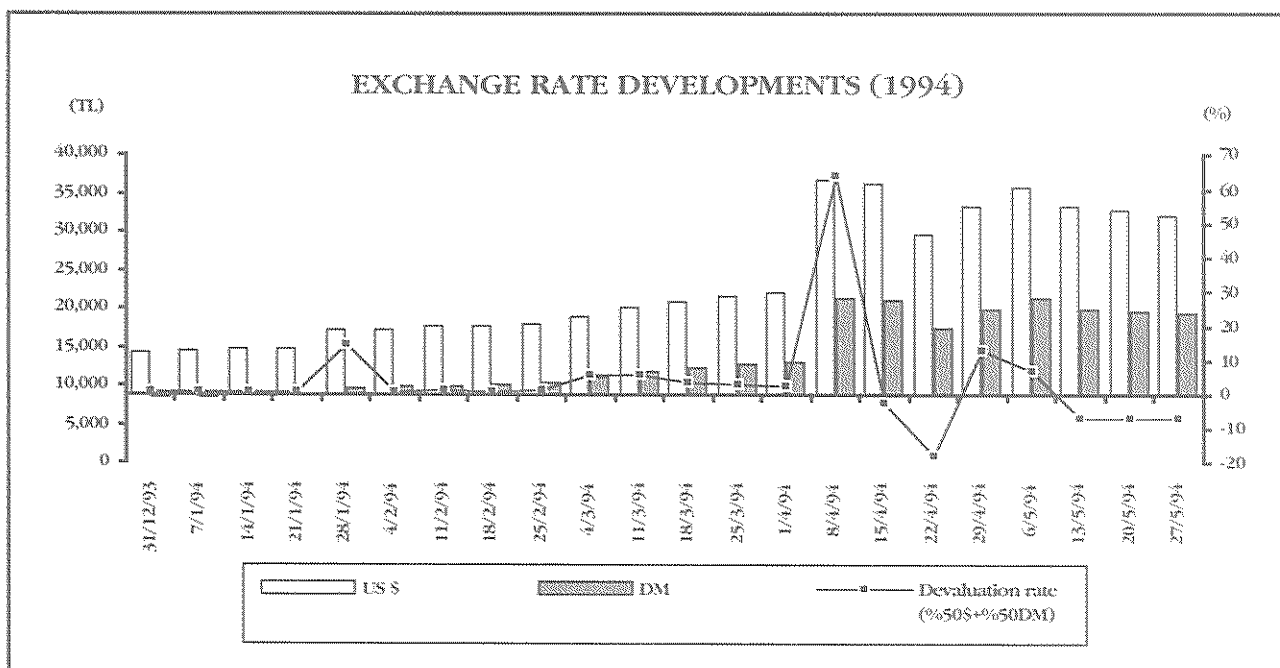


The depreciation of the TL against the US Dollar and the DM was higher in the last quarter, in both nominal and real terms. In 1993, the depreciation of TL against the DM slowed down significantly, whilst its depreciation against the US dollar remained nearly the same as in 1992.

The effective 1993 TL devaluation rates against the Japanese Yen, US Dollar, Swiss Franc and Sterling were 88 percent, 69 percent, 67 percent and 64.9 percent, respectively. The percentages for the French Franc, Austrian Schilling, Deutsche Mark and

Belgian Franc were, in that order, 58 percent, 57.8 percent, 57.4 percent and 55.3 percent.

The TL began to depreciate at very high rates following the financial crisis in January 1994. It was devalued by 13.6 percent to 17,250 TL from 15,186 TL against the US dollar on January 26 1994. The devaluation rate was 19.0 percent in January, 6.1 percent in February and 21.2 percent in March but it accelerated sharply in April. With the April 5 Measures, it was decided that the Central Bank's foreign exchange rates should reflect the averages of the rates implemented by ten



selected commercial banks. The effect of this measure was a 39 percent depreciation on April 6, as a result, the TL depreciated in nominal terms by 50.9 percent in that month. However, TL began to appreciate in May; the appreciation rate was 5.0 percent against the US Dollar.

In the January-May period of 1994 the TL's value fell by 135.2 percent against the Japanese Yen, by 133.6 percent against Belgian Franc, by 131 percent against Deutsche Mark, and by 124.2 percent against Sterling. The devaluation rate against the US Dollar was of 119.5 percent.

VI. FOREIGN DEBTS

As a result of an heavy foreign borrowing strategy in order to finance high economic growth, external debt stock increased by 21.2 percent in 1993. The

external debt stock which increased by \$ 10 billion in three years between 1991 and 1988 rose by \$ 5 billion in 1992 and approximately \$ 12 billion in 1993, reaching \$ 67.4 billion at the end of 1993. Of the \$ 11.8 billion increase in the total debt stock, \$ 5.9 billion represented the increase in long-and medium-term debts, whilst short-term debts accounted for \$ 5.9 billion.

Bond issues by the Treasury in order to finance the Consolidated budget deficit and heavy borrowing by the private sector driven by high real interest rates on domestic borrowing resulted in a 46.4 percent increase in short-term debt stock.

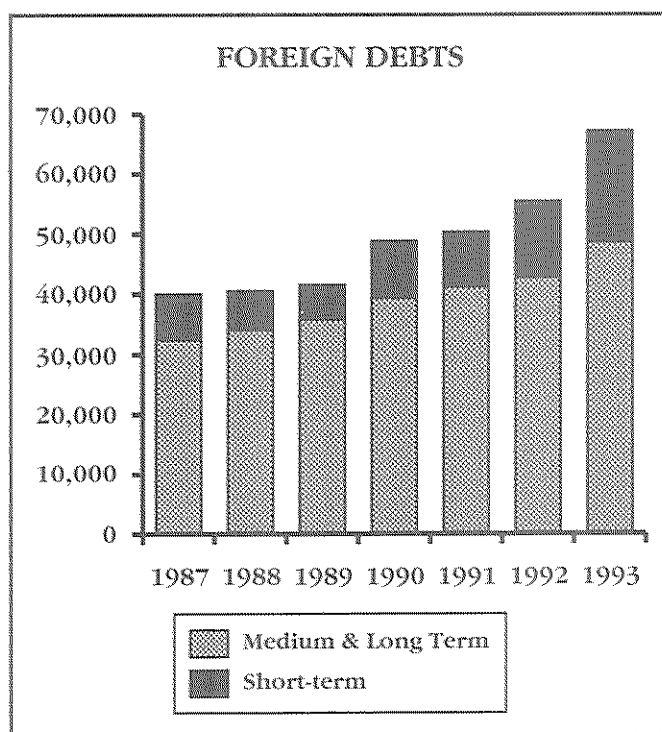
Of the \$ 5.9 billion increase in short term debts, \$ 4.0 billion came from foreign exchange credits received by deposit money banks.

External debt indicators continued to deteriorate rapidly in 1993. In terms of new GNP series, foreign debt ratio is 36.2 percent in 1992 which ranks Turkey as a moderately

OUTSTANDING FOREIGN DEBTS					
(\$ Million)					
	1992*	Share (%)	1993*	Share (%)	Change (%)
Medium&Long-term	42,932	77.2	48,823	72.5	13.7
Public (Including SEEs)	33,598	60.4	36,237	53.8	7.9
Central Bank	6,150	11.1	6,618	9.8	7.6
Private Sector	3,184	5.7	5,968	8.9	87.4
Short-term	12,660	22.8	18,533	27.5	46.4
Central Bank	572	1.0	667	1.0	16.6
Deposit Money Banks	7,157	12.9	11,127	16.5	55.5
Other Sectors	4,931	8.9	6,739	10.0	36.7
Total	55,592	100.0	67,356	100.0	21.2

* Provisional

Source: Undersecretariat of Treasury and Foreign Trade



indebted country. This ratio rose to 40.6 percent in 1993. As a result of borrowing strategy based on bond financing rather than concessional long-term borrowing, the ratio of short-term debt within the total foreign debt rose further to 27.5 percent in 1993. This ratio was 22.8 percent in 1992. Together with the increasing importance of short-term financing, the share of credits received from multilateral agencies in total decreased to 12.9 percent in 1993 from 16.5 percent in 1992 (22.6 percent in 1988), whilst the share of bond issues rose to 18.7 percent in 1993 from 16.8 percent in 1992 (8.2 percent in 1988). Along with a rise in the share of short-term debt, the average maturity also decreased to 12.5 years. The average effective interest rate increased slightly

FOREIGN DEBT INDICATORS (%)							
	1987	1988	1989	1990	1991	1992	1993
Debt Ratio to GNP	46.3	44.4	38.3	32.7	34.3	36.2	40.6
Short Term/Total Debt	18.9	15.8	13.8	19.4	18.1	22.8	27.5
Total Debt/Exports	390.7	341.4	354.4	376.4	369.3	373.3	431.5
Payments Ratio to GNP	5.8	7.3	6.4	4.8	5.1	5.3	4.8
Debt Servicing Ratio*	30.0	33.4	30.8	27.2	26.8	27.5	26.3

* External debt payments expressed as the percentage of earnings from exports and other goods and services and unrequited transfers.

Source: Undersecretariat of Treasury and Foreign Trade

to 8.1 from 7.8 in 1992. Along with the slow-down in exports, the heavy borrowing strategy of 1993 led to a rapid deterioration in total debt-to-exports ratio. This rose to 431.5 in 1993 from 373.3 in 1992.

Foreign Debt Payments

Over the year 1993, total debt servicing payments reached \$ 7,873 million, of which \$ 4,412 million was in repayments of principal and \$ 3,461 million in interest payments. During the January-February period of 1994,

total debt servicing amounted to \$ 1,087 million, of which \$ 613 million was in repayments of principal and \$ 474 million in interest payments. It is estimated that total debt servicing will rise further, to \$ 8.5, billion in 1994. This heavy burden will impose serious problems on public balances: since the TL has been devalued by approximately 150 percent against major currencies in the first four months of 1994, the TL equivalent of \$ 8.5 billion will pose extra burden on public balances.

ANNUAL DEBT SERVICING PAYMENTS								
(\$ Million)								
	1987	1988	1989	1990	1991	1992	1993*	1994**
Principal	2,687	3,927	4,023	3,938	4,095	4,871	4,412	5,020
Interest	2,387	2,799	2,907	3,264	3,430	3,217	3,461	3,510
Total	5,074	6,726	6,930	7,202	7,525	8,088	7,873	8,530

* Estimate

** Projection

Source: Undersecretariat of Treasury and Foreign Trade

CHAPTER III

ECONOMIC AND FISCAL POLICIES

ECONOMIC AND FISCAL POLICIES

The issue of public sector deficits has been one of the most important items in the Turkish economy for several years past: These have been increasing continuously since 1986. During the same period, these deficits naturally caused a dangerous rise in the volume of public borrowing.

In 1993, the main areas of concern in the economy were the related issues of the vast public sector borrowing requirement and difficulties in financing the public sector deficit.

I. PUBLIC FINANCE

In its 1993 Programme, it was the government's intention to reduce the PSBR to GNP ratio to 9.0 percent from 14.9 percent in 1992. In the event, the public sector borrowing requirement (excluding grants) is estimated to have risen to 16.1 percent of GNP in 1993, the highest ever recorded. In this situation, the increase in interest payments in the Consolidated Budget played a significant role. In particular, the ratio of the Consolidated Budget Deficit to GNP was 9.2 percent, and that of the SEEs (State Economic Enterprises) deficit was 3.6 percent.

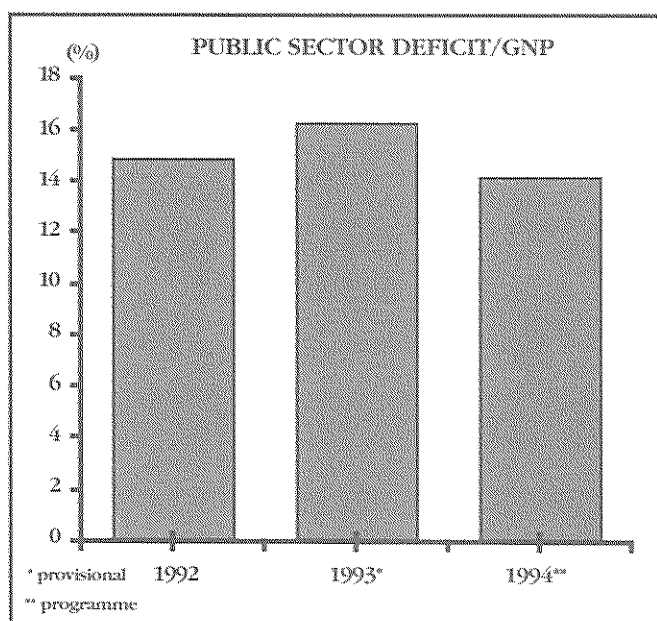
It is generally accepted that the high rate of inflation has mainly been caused by the vast PSBR, and that until such time as the PSBR/GNP

ratio can be reduced to more reasonable levels, inflationary pressures on the economy are bound to remain.

For 1994, the government aims at reducing the overall PSBR to 14.2 percent of GNP.

PUBLIC SECTOR BORROWING REQUIREMENTS			
(TL Billion)			
	1992	1993*	1994**
Public Sector Deficit	116,492	215,948	303,666
Consolidated Budget	47,434	122,000	192,000
SEEs	36,313	47,360	59,213
Public Sector Deficit/GNP (including grants)	14.9	16.3	14.2
Consolidated Budget/GNP	6.1	9.2	9.0
SEEs/GNP	4.7	3.6	2.8

* Provisional
 ** Programme
 Source: SPO



Consolidated Budget

Budget expenditure and revenue in 1993 amounted to TL 489,225 billion and TL 360,200 billion, with 120 percent and 106 percent increases, respectively over 1992. The Budget deficit, therefore, amounted to an all-time record TL 129,405 billion.

While the share of investment expenditure in total GNP increased slightly, transfer payments jumped to 17.2 percent in 1993, from 10.0 percent in 1992. Meanwhile, personnel expenditure raised its share in total GNP from 12.0 percent in 1992 to 12.8 percent last year.

The 1994 Consolidated Budget according to the Annual Programme, foresees an overall shortfall of TL 192,000 billion, which is 48.4 percent larger than last year's deficit, but which implies a modest cut in the ratio of the deficit to GNP (to 9.0 percent).

Of the TL 819,000 billion expenditure, TL 265,000 billion is earmarked for personnel and TL 68,500 billion for other current expenditure. An amount of TL 86,000 billion has been set

aside for investments, and TL 399,500 billion earmarked for transfers. Expenditure is projected to rise by 67.4 percent in 1994, raising its share in GNP from 37.0 percent in 1993 to 38.3 percent this year.

The share of personnel expenditure in the total expenditure has been reduced from 34.7 percent in 1993 to 32.4 percent for 1994, whilst the share of investment expenditure has fallen to 10.5 percent, from 11.8 percent in 1993. Transfer payments have risen from 46.4 percent to 48.8 percent of total outgo.

Overall Budget revenue is estimated at TL 627,000 billion, of which TL 473,000 billion is reckoned as tax revenue, an expected increase of 79.0 percent over 1993. Revenues are budgeted to grow by 74.1 percent, about 6.7 percentage points more than expenditures which would raise their share in GNP by 2.2 percentage points in 1994.

Last year, over one third of the Consolidated Budget revenues were used to pay interest on the domestic and external public debt. Of that sum, TL 92.5 trillion went to the

CONSOLIDATED BUDGET					
(TL Billion)					
	1993*	1994**	Change (%)	Share in GNP (%) 1993	Share in GNP (%) 1994
EXPENDITURE	489,255	819,000	67.4	37.0	38.3
Current	214,992	333,500	55.1	16.3	15.6
Personnel	169,532	265,000	56.3	12.8	12.4
Other Current	35,460	68,500	93.2	4.6	3.2
Investment	57,467	86,000	49.7	4.3	4.0
Transfers	226,796	399,500	76.1	17.2	18.7
REVENUE	360,200	627,000	74.1	27.2	29.4
Tax Revenues	264,203	473,000	79.0	20.0	22.1
Non-Tax Revenues	17,674	57,500	225.3	1.3	2.7
Special Revenues and Funds	70,490	93,500	32.6	5.3	4.4
BUDGET DEFICIT	-129,405	-192,000	48.4	-9.8	-9.0

* Provisional

** Programme

Source: Undersecretariat of Treasury and Foreign Trade

financing of domestic debts and the remainder to external interest payments. Interest and personnel expenditures together accounted for almost 80 percent of Consolidated Budget revenues in 1993.

The new economic austerity programme is aimed at stabilizing the economy, mainly by reducing the public sector deficit. Accordingly, the government projects a decline in the Consolidated Budget deficit to TL 96 trillion from the original forecast of TL 192 trillion. Through price and tax hikes, the government expects to raise additional revenue of TL 65 trillion, while transfers to the SEEs are expected to fall by about TL 20 trillion.

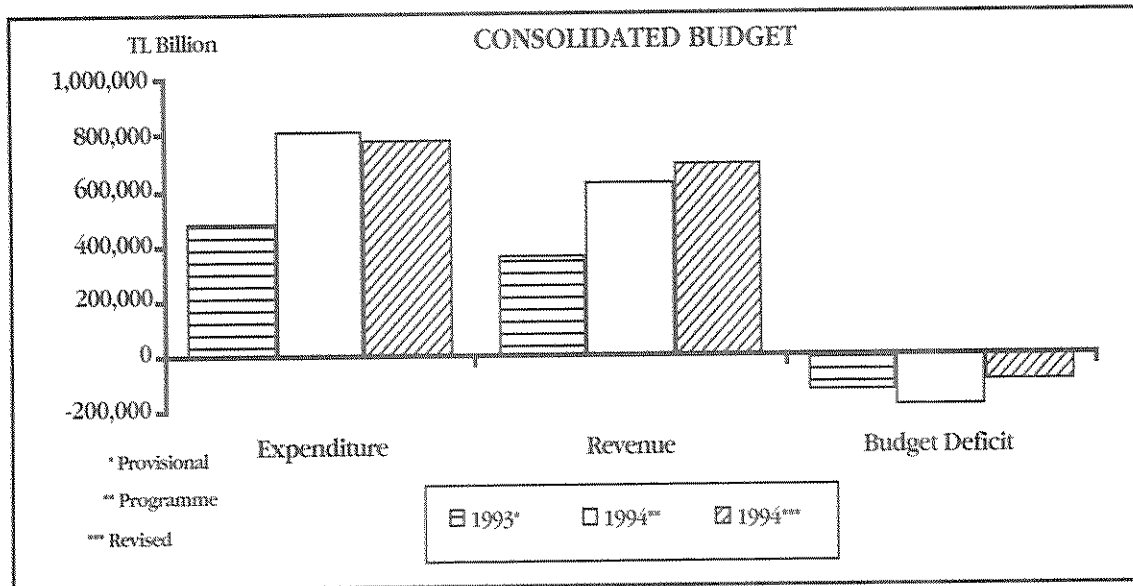
REVISED CONSOLIDATED BUDGET			
	(TL Trillion)		
	Programme	Revised	Difference
Revenue	627.0	692.2	65.2
Expenditure	818.9	787.9	-31.0
Personel	265.0	265.0	-
Other Current	67.9	64.9	-3.0
Investment	91.4	83.0	-8.4
Transfers	394.6	375.0	-19.6
Interest	217.5	224.0	6.5
- Domestic	178.5	171.0	-7.5
- External	39.0	53.0	14.0
SEEs	36.5	17.0	-19.5
Other	140.6	134.0	-6.6
Deficit	-192.0	-95.8	96.2

The Budget's application during the April-June 1994 period, targeted to raise an additional TL 16.3 trillion revenue and to cut expenditure by TL 22.0 trillion. As a result, it is expected that there will be a TL 9.3 trillion reduction in the Budget deficit during the second quarter of the year.

The Consolidated Budget deficit has improved in April as compared to the previous

months. The deficit materialized at TL 4.2 trillion in April, comparing favourably with a TL 4.4 trillion deficit in January, TL 14.8 trillion in February and TL 32.1 trillion in March. But the April deficit raises to TL 55.7 trillion the total shortfall for the first four months of the year which is uncomfortably close to the TL 60.8 trillion shortfall targeted for the end of June.

CONSOLIDATED BUDGET			
(April-June 1994)			
	(TL Quadrillion)		
	Current balance	Measure	New balance
REVENUE	143.4	16.3	159.7
Tax revenues	112.4	10.1	122.5
Income taxes	40.5	0.3	40.8
Tax controls	-	0.3	-
Corporate tax	9.6	0.3	9.9
Tax controls	-	0.3	-
Domestic VAT	23.6	1.0	24.6
Tax controls	-	1.0	-
Additional tax	0.2	3.0	3.2
Collection of TEKEL	-	3.0	-
Fuel consumption tax	4.9	5.5	10.4
Fuel price rises	-	2.7	-
Finance Ministry share raised to 75 % from 50 %	-	2.8	-
Other taxes	33.6	-	33.6
Non-tax revenues	14.5	1.9	16.4
Immoveable property sales	0.9	-	-
Immoveable property management revenues	-	0.3	-
Others	-	0.7	-
Special revenues & funds	15.7	4.3	20.0
FPSF cuts	-	4.3	-
Annexed Budget	0.8	-	0.8
EXPENDITURE	191.0	22.0	169.0
Personnel	67.0	-	67.0
Other current	10.0	3.0	7.0
Investment	11.0	3.0	8.0
Interest	58.0	-	58.0
Transfers to SEEs	9.0	6.0	3.0
Other Transfers	36.0	10.0	26.0
BUDGET DEFICIT	-47.6	38.3	-9.3



TAX REVENUES			
(TL Billion, %)			
	Tax Revenues**	GNP	Tax Burden
1987	9,051.0	58,387.2	15.5
1988	14,231.0	100,154.2	14.2
1989	25,550.3	170,633.2	15.0
1990	45,399.5	287,254.0	15.8
1991	78,642.8	453,206.0	17.4
1992	141,601.0	779,462.0	18.2
1993	264,203.0	1,321,955.0	20.0
1994*	473,000.0	2,135,712.0	22.1

* Programme

** Tax revenues of the General Budget which do not include local administrations' and funds' shares

Source: Undersecretariat of Treasury and Foreign Trade

A principal aspect of Turkey's Budgetary problems over many years has been the low tax burden. This is defined as tax income as a percentage of GNP, and it is much lower than in other OECD countries. Although it has risen somewhat from its level during the 1980's, it is still only around 20 percent.

New tax arrangements were made in the context of the "April 5 Economic Measures Implementation Plan" in order to distribute the financial sacrifices necessitated by this programme to all sections of society. These are:

- Income and corporate tax payers face an additional tax this year. This will not affect salary earners
- A tax will be raised once only on net assets or equivalent taxable values
- Owners of luxury vehicles, vessels and aircraft will have to pay an additional tax once-for-all
- An additional tax will also be raised once only against owners of more than one dwelling.

The Inflation Tax

An economy's willingness to hold money - that is its demand for money- generally grows with its real GNP. If the money issue exceeds the increase in the economy's willingness to hold money, the result is inflation, which operates in the same way as a tax. The table below provides estimates of the inflation "tax" as a share of GNP. When the money stock held by the economy is a small percentage of GNP, the inflation tax will, of course, be correspondingly small.

In practical terms, since notes and coins are a government liability and an asset of the private domestic sector, the reduction in their real value is similar to a tax on currency.

INFLATION TAX*					
	Inflation Rate**	GNP	Reserve Money***	Reserve Money	Inflation Tax
		TL Billion	TL Billion	As % of GNP	As % of GNP
1988	75.2	100,582	7,774	7.7	3.3
1989	68.8	170,412	13,492	7.9	3.2
1990	60.4	287,254	20,504	7.1	2.7
1991	71.1	454,838	30,018	6.6	2.7
1992	66.0	774,319	48,658	6.3	2.5
1993	71.1	1,321,955	80,988	6.1	2.6

*Inflation tax is calculated as $M(i/1+i)$ where M is the average reserve money and i is the decimal inflation rate. over any interval for which the prices rise by i , each money unit loses $i/(1+i)$ of its purchasing power.

**Consumer Price Index: 1986-1988 1977=100 1989-1992 1987=100

***Average of reserve money at year-end and year beginning

Source: SIS, The Central Bank of Turkey

Domestic Debts

Domestic debt, which displayed a declining trend in 1992, began to rise in 1993. Last year, the government aimed at extending the domestic debt into a longer term with the objective of spreading interest payments over a more lengthy period. Average interest rates on government bonds increased from 75 percent to 89 percent. As to Treasury Bills, interest rates rose from 73 percent to 81 percent for nine

NET DOMESTIC BORROWING (TL Billion)			
Years	Net Borrowing	Share in GNP (%)	Share in Exp. (%)
1988	2,433	2.4	11.3
1989	5,982	3.5	15.4
1990	7,942	2.8	11.6
1991	2,279	0.5	1.7
1992	15,408	2.0	7.0
1993*	30,135	2.2	6.1
1994**	26,512	1.2	3.2

* Provisional

**Programme

Source: SPO, Undersecretariat of Treasury and Foreign Tr

MATURITY COMPOSITION OF DOMESTIC BORROWING (TL Billion)						
	1991		1992		1993	
	Amount	%	Amount	%	Amount	%
1 Year	8,351	18.2	28,680	26.4	62,900	26.7
2 Years	1,469	3.2	1,924	1.8	187	0.1
3 Years	1,090	2.4	1,167	1.1	115	0.0
4,5,6 Years	37	0.1	0	0.0	0	0.0
Other	564	1.2	963	0.8	1,619	0.7
Bonds Total	11,510	25.1	32,734	30.1	64,820	27.5
1 Month	-	-	-	-	-	-
3 Months	17,096	37.3	47,823	44.0	46,433	19.7
6 Months	10,453	22.8	14,660	13.5	54,197	23.0
9 Months	6,247	13.6	9,053	8.3	25,099	10.6
Private T.B 4 months	240	0.5	0	0.0	0	0.0
Private T.B 6 months	240	0.5	0	0.0	0	0.0
Other	0	-	4,390	4.0	45,420	19.2
T. Bills Total	34,277	74.7	75,926	69.8	171,150	72.5
General Total	45,788	-	108,660	-	235,971	-

* Programme

Source: Treasury and Foreign Trade General Directorate of Public Finance

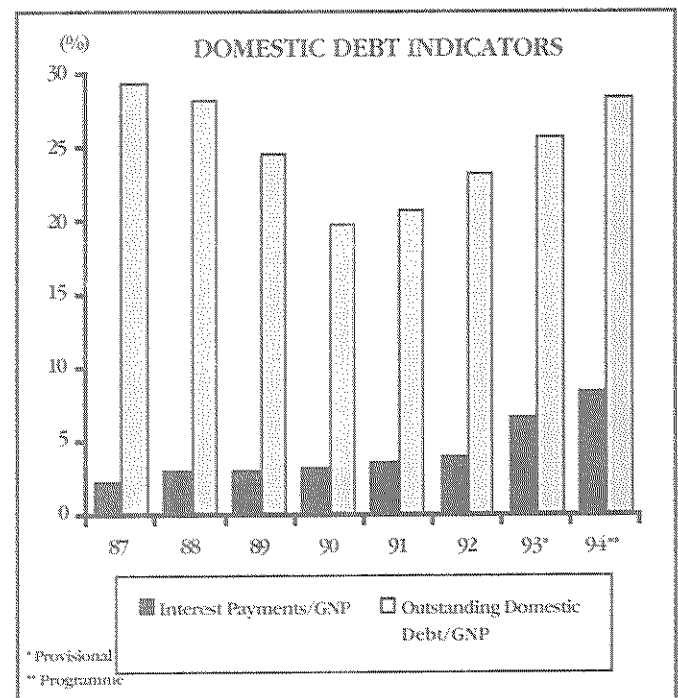
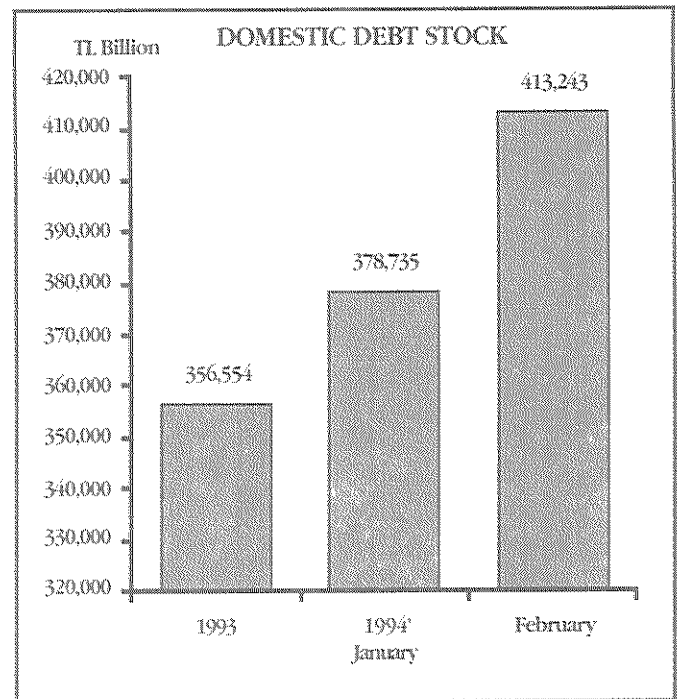
months' maturities, from 74 percent to 76 percent for six months', but dropped from 74 percent to 68 percent for three month's maturities.

The decline in short-term Treasury bill interest rates was largely as a result of cancellation of the bill tenders in response to the banks' demand for higher interest rates. Thus, the government was not fully successful in extending the tenor of debt stock to one-year. The market's reaction to the administration's insistence upon reducing interest rates was to desist from buying government paper.

Following the government's enforced reliance on Central Bank sources, at the end of May 1994, it returned to domestic borrowing, selling papers at compounded annual interest rates as high as 406 percent.

Outstanding domestic debt relative to GNP is estimated to have increased to 25.8 percent in 1993, whilst the ratio of domestic debt servicing to GNP rose from 10.5 percent to 13.2 percent, due to the change in the maturity structure of government paper.

Outstanding domestic debt stock reached TL 356.6 trillion at the end of 1993. By the end of February 1994, domestic debt stock exceeded TL 400 trillion. In the same period, TL 80.6 trillion was repaid as principal and net borrowing amounted to TL 56.7 trillion. Interest payments materialized at TL 25.6 trillion in January and February.



	1987	1988	1989	1990	1991	1992	1993*	1994**
Interest Payments/GNP	2.2	3.1	3.0	3.3	3.7	3.9	6.7	8.4
Outstanding Domestic Debt/GNP	29.4	28.3	24.6	19.9	20.7	23.3	25.8	28.4

*Provisional

**Programme

Source: Undersecretariat of Treasury and Foreign Trade

II. STATE ECONOMIC ENTERPRISES

The State Economic Enterprises (SEEs) continued to be a major obstacle to the balancing of the Budget.

In 1993, the SEEs operating loss is estimated to have been as high as 11.5 percent of sales revenue, whilst the loss: GNP ratio was 1.7 percent, compared to 3.2 percent in 1992.

The domestic debt of the SEEs rose sharply, leading to a 68.4 percent increase in the total domestic debt between the end of December 1992 and the end of December 1993 by almost TL 63.5 trillion. The combined domestic and external debts of the SEEs rose to TL 232.4 trillion, from TL 145.5 trillion at the end of the preceding year.

Economic analysis of the public sector deficit confirms that privatisation is a vital step towards deficit reduction.

One of the major causes of the deficit was the transfer payments to loss-making public

sector companies. Transfers to SEEs increased 3.4 -fold last year.

The total operational loss of the SEEs reached TL 60 trillion, from TL 42 trillion. The bulk of this loss stemmed from the iron and steel corporations, the State railways and the hard coal mines.

In addition to the growing amount of operational losses, the agricultural support price policies implemented by the Agricultural Products Office (TMO), inevitably increased the SEEs liabilities, aggravating the already heavy financial burden on the Treasury.

The April 5 Stabilization Package Measures are intended to reduce the burden of the State on the economy. A first step in this direction will be to liquidate some of the loss making State owned companies, those with poor production records, too many employees, and a top-heavy, inefficient management largely appointed for past political considerations. These could be either transferred to workers' ownership or to the private sector with a view to increasing productivity and competitiveness or they could be closed down and wound up.

FINANCING OF OPERATIONAL SEEs					
(TL Billion)					
Sources and Uses of Funds	1990	1991	1992	1993*	1994**
Total Fund Resources	63,143	76,516	146,408	122,687	190,931
Total Use of Funds	56,874	77,259	137,403	125,242	195,673
Surplus or Deficit	6,268	-743	9,005	-2,555	-4,742
Fixed Investment	9,861	13,144	20,341	30,247	46,055
Financing Requirement	3,592	13,887	-11,335	-32,802	-50,797
Budgetary Transfers	1,265	12,200	8,170	27,339	38,000
Foreign Project Loans	2,327	1,688	3,165	5,463	12,797
Surplus or Deficit/GNP	2.2	-0.2	1.2	-0.5	-0.2
Financing Requirement of SEEs/GNP	1.3	3.1	1.5	2.5	2.4
Budget Transfers to SEEs/GNP	0.4	2.7	1.1	2.1	1.8
SEEs Consolidated Profit-Loss/GNP	-0.3	-3.9	-3.2	-1.7	-1.7

* Estimate

** Programme

Source: Treasury and Foreign Trade General Directorate of Public Finance

ERDEMİR, TÜPRAŞ, PETROL OFİSİ, PETKİM, THY, TURBAN, HAVAŞ, DENİZ NAKLİYAT and DİTAŞ are to be fully or partially privatised by the end of 1994. TEK and PTT are to be sold next year. The privatisation of state banks will be speeded up.

The Karabük Iron and Steel Mill and the coal mines in Zonguldak, together with some other SEEs, will closed down if they can not be privatised by the end of the year. Overall, the government has prepared a programme covering a privatisation package amounting to US \$ 3.5 billion in sales income in 1994.

Companies which are being considered for shut down incurred losses to the tune of US \$ 500 million in 1993.

Economic analysis of the macro economic imbalances strongly supports the privatisation programme and urges the government to implement it without delay.

DEBT STOCK OF SEEs			
(TL Billion)			
	31/12 1992	31/12 1993	Change (%)
Domestic Debts	91,503	154,085	68.4
Commercial banks	12,643	16,880	33.5
Rediscount credits	4,509	2,164	-52.0
Tax	15,894	25,386	59.7
Social Security Institutions	1,094	1,977	80.7
Public agencies	38,921	33,457	-14.0
Private	10,675	19,241	80.2
Producers	4,645	1,063	-77.1
SEEs	3,122	3,077	-1.4
Foreign Debts	54,025	78,293	44.9
On-lending	24,046	41,032	70.6
Guaranteed	23,414	32,191	37.5
TOTAL	145,528	232,378	59.7

Source: Undersecretariat of Treasury and Foreign Trade

III . MONETARY POLICY

Largely due to the uncertainties with respect to fiscal and budgetary developments in the Turkish economy, further aggravated by the local elections in late March 1994, the Central Bank of Turkey did not announce or implement a Monetary Programme in 1993. As in previous years, it had become almost impossible to pursue money, credit and interest rate policies independent of the actual Budget trends. Higher-than-planned government Budget deficits and the resultant exorbitantly high Public Sector Borrowing Requirement (PSBR), which is estimated to have risen as high as 16.3 percent in 1993, had made the targets of the Monetary Programmes meaningless in previous year, resulting in excessive growth in the size of the Central Bank's Balance Sheet, the Central Bank money and the Central Bank's domestic liabilities.

In 1993, the huge larger-than-planned Budget deficit resulted in a cash deficit of almost TL 100 trillion, an increase of over 100 percent as compared to the previous year. This cash requirement was substantially met by short-term Treasury Bills, increased Advances to the Treasury, domestic borrowing, and partly by foreign borrowing.

The Central Bank, with the objective of controlling liquidity, had resorted to Open Market Operations since 1991, and this had put it under a heavy burden of debt, restricting its ability to pursue an effective monetary policy and manipulate the market through interest rate adjustments. In 1993, however, the Central Bank substantially reduced the scale of its Open Market Operations (Open Market Sales), as a

result of which its liabilities towards the non-Central Bank sector declined. Consequently, the share of banknotes issued in the Central Bank Money has risen, but the resultant excess liquidity moved into other financial markets, predominantly the Stock Exchange, rather than into the foreign exchange market. The Central Bank's intervention in the foreign exchange market stemmed from a need to meet seasonal demand for foreign exchange, rather than for the purpose of suppressing speculative demand.

CASH BALANCE IN CONSOLIDATED BUDGET (TL Billion)			
	1993*	1994*	Change (%)
Budget Expenditures	-122,495	-214,536	75.1
Budget Revenues	86,673	159,003	83.5
Budget Deficit	-35,822	-55,533	55.0
Cash Deficit	-29,867	-64,073	114.5
Financing of Cash Deficit	29,867	64,073	114.5
Domestic Borrowing	901	-5,785	-742.1
Foreign Borrowing	1,804	15,044	733.9
Treasury Advances	11,412	55,694	388.0
Treasury Bills	23,302	12,698	-45.5
Other	-7,552	-13,578	79.8

**January-April*

Source: The Central Bank of Turkey

The average tenor of domestic debt stock declined throughout the year 1992 and became 157 days by the fourth quarter of that year. In 1993, the government, with the purpose of extending the maturities of the debt stock into longer term and thus reducing the interest burden, cut the interest rate payable on short-term-3 month and 6 month bonds and increased the interest rate payable on 9 month bonds. As a result, the average interest rate payable on the debt stock had declined to 87.2 percent by July 1993, from 93.3 percent during the last quarter of 1992.

None-the-less, as the government was not entirely successful in extending the average tenor of the debt stock to one year, the Treasury's interest burden remained at a higher level than had been planned for the year 1993.

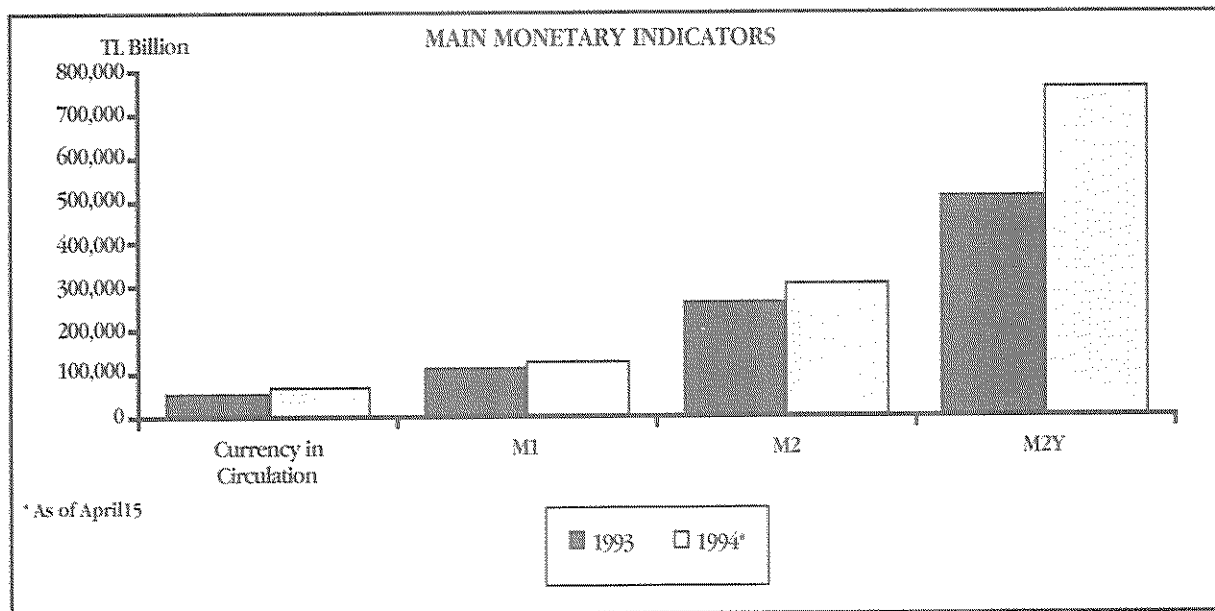
The market's reaction to the government's insistence on cutting interest rates payable on its domestic borrowing, was to desist from buying government paper at the offered interest rates. As a result, from the second half of 1993, the government became less able to sell its debt to the market, inevitably resorting to interbank market borrowing through the Central Bank at excessively high interest rates, and to Treasury Advances in order to meet the Budget's huge cash requirements. As a result of both the government's heavier reliance on the money market for its cash requirements and the Central Bank's policy of controlling the exchange rate through its interbank money intervention, the interbank money market interest rates for over-night borrowing averaged as high as 280 percent in the four months January to April 1994, sometimes rising to as high as 1000 percent. The government's cash deficit more than doubled during the first four months of 1994 as compared to the corresponding period of 1993. The TL 64.1 trillion cash deficit for the January-April period of 1994 was mostly met by Treasury Advances (TL 55.7 trillion) and partly by foreign borrowing (TL 15.1 trillion). As a result of the government's greater reliance on Central Bank resources, the currency in circulation grew at a higher rate, by no less than 38 percent during the first three-and-a-half months of 1994. At the end of May and beginning of June, the government turned to

MAIN MONETARY INDICATORS				
	(TL Billion)		Change (%)	
	1993	1994*	1993*	1994*
Currency in Circulation	53,390	73,588	32.5	37.8
M1 Money Supply	116,523	129,126	17.5	10.8
M2 Money Supply	266,461	310,604	18.2	16.6
M2Y Money Supply	513,988	766,527	24.6	49.1
Total Bank Deposits	228,195	246,317	14.6	7.9
Time Saving Deposits	139,405	171,789	18.5	23.2
Sight Commercial Deposits	37,334	29,294	-2.4	-21.5
Commercial Banks' Credits	263,768	329,770	29.5	25.0
Central Bank Direct Credits	83,785	137,260	53.5	63.8
Wholesale Price Index Annual Change**	-	-	60.3	125.3
Consumer Price Index Annual Change **	-	-	71.1	107.4

* January-April 15

** As of end of April 1994

Source: The Central Bank of Turkey, SIS



domestic borrowing, selling paper at compounded annual interest rates as high as 406 percent. With the apparent levelling of the TL against the US \$ between TL 31,000-34,000 at the beginning of June 1994, the overnight (interbank) money market rates fell below 100 percent. In the face of uncertainties regarding fiscal and budgetary trends and the future course of TL against foreign currencies, monetary policy is bound to be subordinated to the fiscal stance, and the Central Bank is

once again unlikely to pursue independent monetary policies in 1994.

The Money Supply

Banknotes issued and currency in circulation displayed a faster rate of growth, around 73 percent, in 1993 as compared to the previous year. This was mainly due to the Central Bank's resorting to Open Market Sales

DETERMINATION OF MONEY SUPPLY				
	TL Billion		Change (%)	
	1993	1994*	1993**	1994**
Currency in Circulation	53,390	73,588	32.5	37.8
(+) Sight Saving Deposits	25,730	25,033	22.3	-2.7
(+) Sight Commercial Deposits	37,334	29,294	-2.4	-21.5
(+) Deposits with Central Bank	69	1,211	22.3	-2.7
M1 Money Supply (Narrow Definition)	116,523	129,126	17.5	10.8
(+) Time Saving Deposits	139,405	171,789	18.5	23.2
(+) Time Commercial Deposits	7,478	6,410	31.9	-14.3
(+) Certificates of Deposits	3,055	3,279	0.7	7.3
M2 Money Supply (Broad Definition)	266,461	310,604	18.2	16.6
(+) Foreign Currency Deposits of Domestic Origin	247,527	455,923	35.6	84.2
M2Y Money Supply (New Broad Definition)	513,988	766,527	24.6	49.1

* As of April 15

** January-April

Source: The Central Bank of Turkey

on a reduced scale, which-while reducing its liabilities in this field - led to an increase in the volume of banknotes issued.

Reserve money, once an important variable in the monetary management of the economy, grew at a rate closer to that of the banknote issue, by around 63.5 percent during 1993, reaching TL 101,717 billion by the end of the year. The growth of reserve money was mainly due to the increase in the net domestic assets resultant from the substantial increase in Central Bank credits to the public sector, largely in the form of Treasury Advances.

Resultant from a 60 percent growth in sight deposits in 1993, the M1 money supply grew at a rate of 65.2 percent, whilst, due to the slower growth of time deposits, the M2 money supply expanded 45 percent less rapidly than in 1992.

The fact that foreign currency deposits now make up almost half of total bank deposits requires their inclusion in the money supply definition. The M2Y money supply includes foreign currency deposits of domestic origin, which grew at a rate of 39 percent in

1993, and these made a major contribution to the 77.5 percent increase in the total M2Y money supply last year.

The government's greater reliance on Central Bank financing, markedly in the latter half of 1993 and in the first quarter of 1994, has led to faster growth in banknotes issued and in reserve money in the first three-and-a-half months of 1994 as compared to the corresponding period of last year. As a matter of fact, faster monetary expansion since August 1993 must be singled out as one of the major factors initiating the instability and volatility of the Turkish financial markets which has been evident since the beginning of the current year.

The banknote issue grew at a faster rate during the first quarter of 1994, reaching TL 84 trillion by mid- April; this meant that there was a 38.5 percent increase in the first three-and-a-half months. Reserve money followed a similar growth trend, expanding by 29 percent in the same period.

Due to negative growth in sight deposits, the M1 money supply grew at a slower rate

during the first quarter of 1994, by only around 10 percent as compared to the previous year's 17.5 percent growth.

Whilst the M2 money supply grew at a rate of 16.6 percent, closer to that of the previous year, growth in M2Y was at a faster rate due to the substantial increase in the TL equivalence of foreign currency deposits of domestic origin resultant from the currency depreciator of over 100 percent.

IV . BANK DEPOSITS, CREDITS AND INTEREST RATES

Bank Deposits

There was a visible deceleration in the growth of total bank deposits in 1993 as compared to the previous year. Total consolidated bank deposits grew by 42.5 percent over the whole of 1993, which, in the face of 71.0 percent inflation recorded in the same year, meant a substantial shrinkage in bank deposits in real terms. In 1993, time saving deposits grew by 33 percent and time commercial deposits by 38 percent. Sight commercial deposits displayed a growth of 57 percent whilst the growth in sight saving deposits was of 66 percent. The less rapid growth of time deposits was mainly due to slower growth of time saving deposits which make up a major portion of total time deposits. The deceleration in bank deposits growth stemmed mainly from the comparatively lower return on bank deposits when compared with a number of alternative financial investment instruments. In 1993, such instruments as Treasury Bills, government

bonds, and the stock market yielded higher returns on investments than bank deposits.

Sight savings deposits declined by 2.7 percent in the first three and-a-half months of 1994, whilst time saving deposits grew by 23.2 percent, but actually declined in real terms. All categories of commercial deposits declined during the same period.

In the first quarter of 1994, public sector banks' share of total deposits rose from 45 percent at the end of 1993, to 49 percent by mid-April.

One of the negative trends experienced by the Turkish banking system in recent years has been the steady increase in the share of foreign currency deposits. In 1993, foreign currency deposits grew by 35 percent in US dollar terms and of the total foreign currency deposits, 89 percent was accounted for by deposits of domestic origin. The declining share of TL deposits, in spite of high interest rates there on, indicates the ever growing importance of currency substitution within the Turkish economy.

The Turkish banking system was seriously affected by the events following the January 1994 crisis in the financial markets. In an environment entirely lacking in confidence, aggravated by the failure of three small commercial banks, customers made sizeable withdrawals, especially of foreign currency, from their deposit accounts.

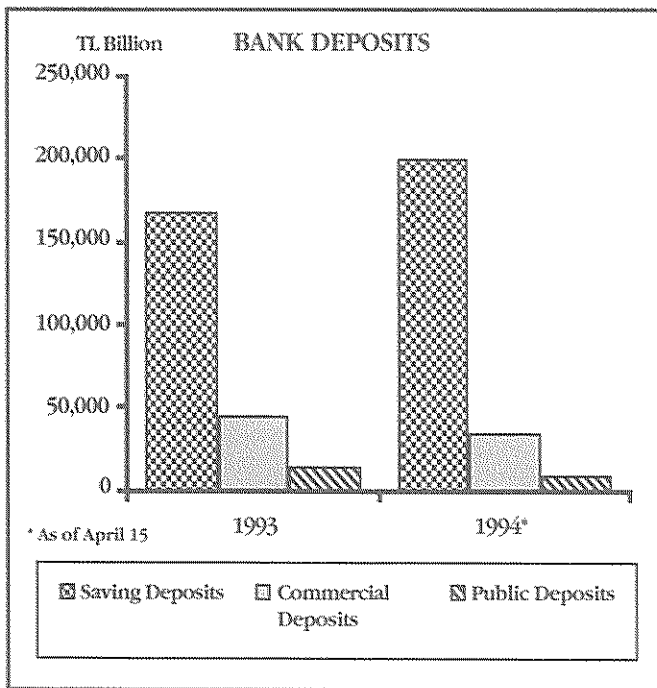
As a result, in the first three and a half months of 1994, TL bank deposits grew by only 8 percent, whereas foreign currency deposits declined by 25 percent in US dollar terms.

BANK DEPOSITS				
	(TL Billion)		Change (%)	
	1993	1994*	1993**	1994**
Savings Dep.	168,190	200,101	18.0	19.0
Sight	25,730	25,033	18.7	-2.7
Time	139,405	171,789	18.5	23.2
CDs	3,055	3,279	0.7	7.3
Commercial Dep.	44,882	35,704	4.0	-20.4
Sight	37,334	29,294	-2.4	-21.5
Time	7,478	6,410	31.9	-14.3
Public Dep.	15,193	10,512	1.9	-30.8
Sight	14,689	9,993	0.5	-32.0
Time	504	519	54.5	3.0
Total Dep.	228,195	246,317	14.6	7.9
(Consolidated)				

* As of April 15

** January-April 15

Source: The Central Bank of Turkey, ANKA



It was only after introduction of very high deposits interest rates (in fact, the highest rates in Turkish economic history) and 100 percent State coverage of all deposits, that bank deposits began to rise again.

Credit Stock

Against the slower growth of bank deposits in 1993, bank credits, in parallel with accelerating macro-economic activity, expanded at a faster rate as compared to the previous year. Consumer credits played a particularly important role in this rapid expansion. Whilst total credit stock grew by 93.3 percent for the year 1993, this growth was mainly due to expansion in commercial banks' credits which grew by 88 percent, meaning growth also in real terms. The Central Bank's direct credits expanded by 123.9 percent, mainly in the form of Advances to the Treasury in the face of limited domestic borrowing in the latter half of 1993.

Given buoyant credit demand, public sector banks were able to channel around 75 percent of their deposits into commercial credits, whilst private banks extended credits in excess of their deposit volume. In recent years, commercial banks have begun collecting funds not only through deposits, but also through other less costly means, such as the issue of Asset-Backed Securities, interbank market borrowing and foreign borrowing.

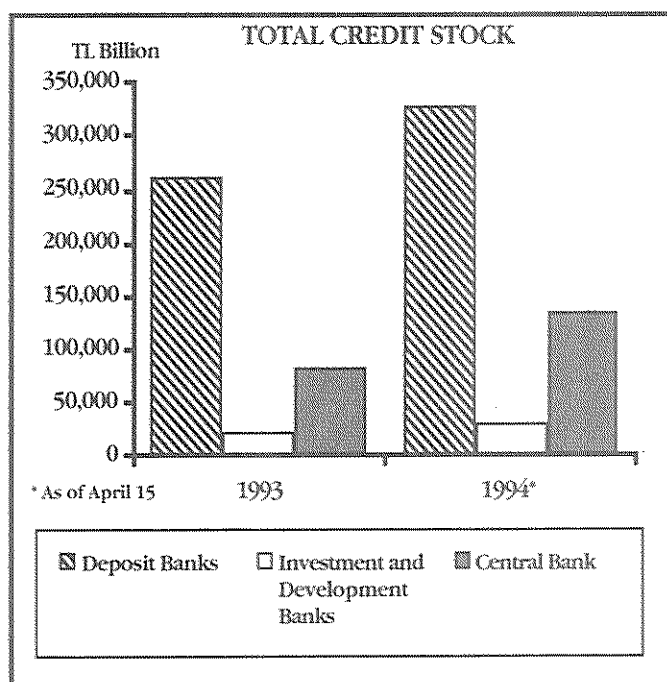
Commercial banks' credits expanded by around 25 percent in the first three and a half months of 1994, as compared to 30 percent in the same period of the previous year. This expansion in bank credits was to no little extent due to a growing volume of overdue interest payments, rather than to new loans. The problem of overdue loans is likely to become more acute in the presence of unprecedentedly high borrowing costs (as high as 400-500 percent).

CREDIT STOCK				
	(TL Billion)		Change (%)	
	1993	1994*	1993**	1994**
I. Commercial Bank Credits	263,768	329,770	29.5	25.0
Public Banks	104,264	132,253	31.5	26.8
Private Banks	148,684	184,421	28.5	24.0
Foreign Banks	10,820	13,096	20.4	21.0
II. Investment and Development Bank Credits	23,863	31,270	15.6	31.0
III. Central Bank Direct Credits	83,785	137,260	53.5	63.8
Total Credit Stock	371,416	498,300	33.2	34.2

* As of April 15

** January-April

Source: The Central Bank of Turkey



The Central Bank's total credits expanded by 120 percent in 1993, to over TL 100 trillion. Whilst credits to the public sector, mainly in the form of Advances to the Treasury, took the main share in total Central Bank credits (around 84 percent), credits extended to the private sector, mostly through the commercial banks, were chiefly in the form of short-term commercial loans rather than industrial credits.

Mainly as a result of the government's massive cash requirements, Central Bank

credits to the public sector expanded by around 65 percent in the first three-and-a-half months of 1994, whilst credits to the private sector declined by 7 percent in the same period. Expansion in Central Bank credits to the public sector was again mainly in the form of Advances to the Treasury.

A welcome new law limiting Central Bank loans to the public sector and authorizing the Bank to assist banks in financial difficulties was enacted in the last week in April. Under the revised arrangement, which grants the Central Bank limited autonomy, its short-term Advances to the Treasury as a percentage of General Budget allocations, is gradually to be reduced from the current 15 percent, to 12 percent in 1995, 10 percent in 1996, 6 percent in 1997, and to 3 percent thereafter. This latest amendment to the Central Bank Act also authorizes the Central Bank to extend one-year loans of up to an amount twice their equity to banks in trouble due to the accelerated withdrawal of deposits and the emergence of any lack of confidence in the banking system. Accordingly, the Central Bank had already extended TL 210 billion in credit support to numerous banks between April 25-29.

CENTRAL BANK CREDITS				
	(TL Billion)		Change (%)	
	1993	1994*	1993**	1994**
I.Credits Extended to Public Sector	83,936	137,807	30.2	64.2
Advances to Treasury	70,421	121,444	36.8	72.5
Other	13,515	16,363	11.4	21.1
II. Credits Extended to Private Sector	17,692	16,418	-0.1	-7.2
Total Central Bank Credits	100,628	154,225	33.5	53.3

* As of April 29

** January-April

Source: The Central Bank of Turkey

Interest Rates

The average tenor of domestic debt stock, which displayed a steadily declining trend in 1992, began to rise in 1993. In 1993 the government aimed at extending the average tenor of its domestic debt into longer term with the objective of reducing interest costs and spreading interest payments over a longer term. As a result, interest payable on 3-month Treasury Bills was cut from 74 percent in January, down to 63 percent in October, whilst the interest payable on 6-month Treasury bills which stood at 75.6 percent in January, was reduced to 70 percent in October. On the other hand, interest payable on 12 month bills climbed from 78 percent in January to 86.7 percent in October.

The decline in short-term Treasury bill interest rates was largely as a result of cancellation of the tenders in response to banks' demand for higher interest rates and the less-than-needed amount of offers to the public. This resulted in greater reliance on Central Bank sources and on foreign borrowing. With the purpose of meeting the government's huge cash requirements, the Central Bank borrowed from the interbank money market at interest rates higher than those offered in the tenders, as well as resorting to open market sales at higher

interest rates. As a result of the government's borrowing from the interbank money market, through the Central Bank and Ziraat Bank (State-owned Agricultural Bank), interest rates in this market went up as high as 1000 percent. This underlines the fact that, unless the government's deficit and resultant financing requirements are reduced substantially, attempts at artificially cutting interest rates will be short-lived as is already to be observed in the current year.

The nominal bank deposit interest rates followed a relatively stable trend throughout 1993. Interest payable on one-month deposits stood at an average rate of 53 percent, 64.6 percent on 3-month deposits, 69 percent on 6-month deposits and 74 percent on one-year deposits. However, parallel to the relatively higher depreciation of the TL during the months of October and November 1993, which led some banks with an "open" foreign exchange position to reduce their liabilities in this direction, the increased need for fresh Turkish Lira funds in the banking system resulted in a rise in bank deposit interest rates. This was led by some of the small banks but was not followed by all the banks.

Banks' interest rates on short-term commercial lending stood at 60-80 percent, with the final cost to borrowers ranging from 85 percent to 125 percent.

COMMERCIAL BANKS' DEPOSIT INTEREST RATES*					
	1993	1994			
	December	January 28	March 25	April 22	May 7
3- Month Deposits	63.4	79.3	84.2	131.1	130.6
6- Month Deposits	67.1	80.5	84.8	105.7	105.7
1- Year Deposits	74.0	88.1	94.7	115.6	115.6
Short-term (General Purpose)					
Discount Rate	48.0	56.0	56.0	79.0	79.0

* Average of deposit interest rates applied by top 10 commercial banks with around 85 percent of total deposits in the Turkish Market.

Source: The Central Bank of Turkey

Following the underlying instability and drastic fluctuations in the financial markets since the beginning of 1994, the government's April 5 Economic Measures Implementation Plan aimed at restoring confidence in the Turkish Lira and reversing the strong currency substitution in the economy in favour of TL. Commercial banks increased their deposit interest rates to unprecedented levels in order to attract TL deposits. The interest rate payable on one-month deposits was increased to 110 percent, on 3-month deposits to 125 percent, on 6-month deposits to 105 percent, and on one-year deposits to 110 percent. The term structure of interest rates indicates that the inflation rate would first accelerate in a three to six months period and then gradually fall in a year's time.

In the meantime, some banks began to collect deposits for the first time under 7-day call accounts. Exorbitantly high interest rates paid on deposits were observed to have been successful in attracting TL funds into the banking system thus far. As a result, the pressure on the foreign exchange market was reduced and the TL appreciated against the US \$ from as high as 1 US \$=TL 40,000 at the beginning of April, to 1 US \$=TL 31,000 at the end of May.

A substantial rise in deposit interest rates was inevitably reflected in loan interest rates. The government, in order to offset the impact of rising costs in the banking industry and to attract TL deposits, reduced the banks' Liquidity Requirement from 35 percent to 8 percent, and the Reserve Requirement from an average of 10 percent to zero for TL deposits. Despite these measures, loan interest rates are presently (mid-June) around 400 percent, partly due to the banks' unwillingness to extend credits to business and industry in an environment of high credit risk and uncertainty.

It must be stressed that the current level of interest rates cannot be sustained for a long period of time because of its adverse effects on industry and on inflation. The future course of interest rates will greatly depend upon the extent to which the April 5 measures restores confidence in the TL, on developments in the foreign exchange market, and on fiscal and budgetary developments.

The interbank money market rates, reflecting short-term liquidity trends in the Turkish banking system, remained very high during the first 4 months of 1994, fluctuating between 90 and 1000 percent. The average

overnight interest rate in the interbank market was 280 percent during this period. Since April, the Central Bank has been trying to support the external value of the TL through its intervention in the interbank market by offering high interest rates, rather than by direct intervention in the foreign exchange market.

Parallel to the rising market interest rates, the Central Bank also revised its short-term discount rates, raising this on general purpose advances from 56 percent in March 1994, to 79 percent in April.

V. PRICES AND INFLATION

The annual inflation rate, as measured by the changes in the Wholesale Prices Index, after having fallen to as low as 52.7 percent in January 1993, did not rise drastically during the first quarter of the year, mainly due to delayed public sector price adjustments. Following a fluctuating trend in the remaining months of the year, the monthly inflation rate reached as high as 6.4 percent with the introduction of new, higher VAT rates, this being the highest monthly price increase of the past 22 months. The annual rise in the Wholesale Prices Index stood at 60.3 percent in December 1993.

A similar trend was also observed in consumer prices. The annual rate of change fell to 58 percent in March 1993, but had risen to 71.1 percent by December 1993, around eleven percentage points above the annual rate of change in wholesale prices.

The following is an analysis of the trend in prices and inflation during 1993:

(1) The high rate of increase in prices recorded in almost every month of the year indicated, even from the early months, that the 43 percent inflation target would not be reached and the year-end inflation rate would be considerably higher than this target. This obviously effected inflationary expectations in an adverse manner, further aggravating the inflation process. Despite the larger-than-planned PSBR and the financing of the government's borrowing requirement by the Central Bank on an increased scale, an even higher rate of inflation was avoided by expansion in domestic production and increased imports stimulated by high effective aggregate domestic demand.

INFLATION*		
	Wholesale Prices	Consumer Prices
1993		
January	52.7	59.8
February	52.7	58.2
March	53.3	58.0
April	54.0	59.0
May	57.3	65.0
June	60.6	67.2
July	65.2	73.1
August	63.5	71.2
September	60.0	68.2
October	57.0	67.2
November	61.4	69.6
December	60.3	71.1
1994		
January	60.6	69.6
February	69.7	73.0
March	74.0	73.6
April	125.3	107.4
May	138.6	117.8

* Annual percentage change in Wholesale and Consumer Price Indices

Source: SIS

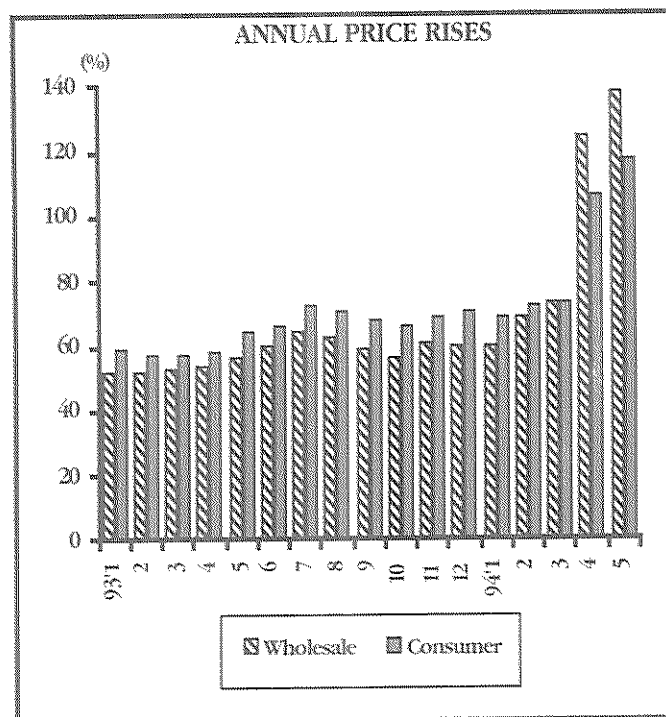
(2) Similar to the trend observed in 1992, consumer prices rose at a faster rate than wholesale prices. The explosive growth of final private consumption (which was the main source of high GNP growth in 1993), was the major factor in the high rate of demand-pull inflation. The increased share of indirect taxes in total tax revenues was also a determinant of the faster rise in consumer prices.

(3) Agricultural prices rose faster in 1993 than in the previous year, resulting mainly from the inadequacy of vegetable and fruit output during the year.

(4) Public sector price rises were observed to have remained below private sector prices as a result of politically suppressed public price increases.

The 1994 Economic Programme had envisaged a 61.5 percent nominal growth in GNP, this breaking down into a 4.5 percent real growth in GNP and a 54.6 percent rise in the GNP deflator. It was forecast that the inflation rate, as measured by the Wholesale Prices Index, would remain at around an average of 55 percent and decelerate to 48 percent by the end of the year. However, the government's inflation target was perceived by many economic agents as overly optimistic, given the uncertainties pertinent to the fiscal stance, the government's financing problems, negative expectations as to the future course of the external value of TL against other major currencies, and so on.

Wholesale and consumer prices rose at a faster rate, both on a monthly and an annual basis, during the first quarter of 1994 as compared to the corresponding period of



the previous year, despite the postponement of public sector price increases prior to the March local elections. Wholesale prices rose 5.3 percent in January, 10.1 percent in February and 8.5 in March, resulting in an annual increase of 74 percent in wholesale prices by March 1994. Similarly; consumer prices were up by 4.4 percent in January, 6.0 percent in February and 5.2 percent in March, meaning an annual increase of 73.6 in consumer prices by March of this year.

	Wholesale Prices		Consumer Prices	
	1993	1994	1993	1994
January	5.0	5.3	5.3	4.4
February	5.2	10.1	4.0	6.0
March	4.8	8.5	4.8	5.2
April	2.6	32.8	4.4	24.7
May	2.9	9.0	4.7	10.0
5 Months	22.2	82.0	25.4	59.6

The long expected upward adjustment of public sector prices, which was put into effect as part of the April 5 Implementation Plan, was on a substantial scale. As a result, the monthly inflation rate, as measured by the Wholesale Prices Index, surged to an all-time record of 32.8 percent in April, bringing the annual inflation rate to no less than 125.3 percent. This unprecedented monthly rise in wholesale prices stemmed from the 55.2 percent rise in the prices of public sector products and services. The monthly rise in private sector wholesale prices was of 24.5 percent.

The total rise in wholesale prices in the first four months of 1994 was 67 percent as compared to the 18.8 percent rise in the corresponding period of last year.

Consumer prices rose by 24.7 percent in April 1994, bringing the annual inflation rate as measured by Consumer Prices Index from 59 percent in April 1993, to 107.4 percent in April 1994. That the consumer prices rose at a relatively lower rate than wholesale prices indicates the less-than-complete adjustment of consumer prices because of sluggish consumer demand. Consumer prices must be expected to adjust fully to rising costs in the months ahead. The unprecedented rise in interest rates resulting in a substantial increase in financing costs in the corporate sector, substantial depreciation of the TL, and expectations of more price rises are almost certain to further speed up the inflation rate in the coming

months and bring inflation to not less than 100 percent by the end of 1994.

In May, consumer prices rose 10 percent and wholesale prices 9 percent. The annual rate in wholesale prices soared to 138.6 percent in May, despite the slow-down in the monthly rate compared to the previous month. Annual consumer prices expanded 117.8 percent as of end of May as against 65 percent in May last year.

VI. GOLD PRICES

The gold ingot price at the London market, which stood at US \$ 362.16 per ounce at the end 1992, rose to US \$375.50 by the end of December 1993, displaying a 3.7 percent rise. The gold ingot price at the London market reached US \$ 385.10 per ounce marking a 2.55 percent rise in the first quarter of 1994.

The gold bullion price on the Istanbul free market, which had risen by 87.7 percent in 1993, displayed a much faster rise in 1994, rising by 62 percent during the first quarter of the year 1994. This rapid rise in gold prices on the Istanbul free market was largely as a result of the fast depreciation of the TL against the US dollar. However, the rising trend in gold prices in the local market slowed somewhat as a result the recent substantial rise in interest rates.

GOLD PRICES *									
Years	Istanbul Gold Market						London Gold Market		
	Gold Bullion			Cumhuriyet			(US\$/ounce)	Annual Change(%)	Monthly Change(%)
	(TL/gr)	Annual Change(%)	Monthly Change(%)	(TL/each)	Annual Change(%)	Monthly Change(%)			
1992									
Dec.	91,820	54.8	2.9	614,600	54.9	3.5	362.2	-1.1	2.4
1993									
March	101,125	47.1	2.9	683,000	47.3	3.6	357.5	0.1	-0.7
June	128,200	66.7	7.0	876,666	71.3	6.7	370.4	5.2	0.4
Sep.	139,250	66.9	-1.6	964,500	72.6	-3.1	389.1	8.6	-1.3
Dec.	176,375	92.1	7.5	1,197,500	94.8	6.3	375.5	-3.5	3.7
1994									
Jan.	201,625	113.9	14.3	1,366,250	115.1	14.1	388.1	6.5	3.4
Feb.	227,750	131.8	13.0	1,543,750	134.3	13.0	383.2	6.5	-1.3
March	285,750	182.3	25.5	1,930,000	182.0	25.0	385.1	7.7	0.5

* Sale price

Source: The Central Bank of Turkey

VII. CAPITAL MARKET

In 1993, Turkey marked important developments in the Capital Market and Stock-Exchange transactions. The Share Price Index, which had suffered a recess and remained below 4,000 at the end of 1992, rose to 20,000 by the end of 1993, and achieved record-breaking results in the volume of transactions.

This unstable development, largely due to speculation, continued until January 1994. However; the rapid rise in inflation, and the increase in bank deposit interest and foreign exchange rates, brought down the demand for shares and led to a rapid fall in the Share Prices Index. As the speculative rises in the interest and foreign exchange rates could not be curbed, the government adopted more radical measures, putting into effect the stabilization Measures of April 5. However, the

ill effects of the severe economic crisis continued, causing the financial sector to sustain serious losses.

These adverse developments were naturally reflected in the Istanbul Stock Exchange (ISE), which had previously ranked first world-wide in so far as the volume of transactions and rate of rise in its Share Prices' Index were concerned. By the end of April, the Index showed that no less than 25 percent of the closing 1993 share values had been lost.

Primary Market Transactions

The Capital Market Board granted issue permits valued at TL 10.7 trillion, and no less than 81.4 percent of this total was in assets-backed securities issued by the banks (VDMK). The total value of securities issued by companies in 1993 was TL 22 trillion, of which amount 31.6 percent was in shares, 59

percent in asset-backed securities, 3.2 percent in bank bills and bank guaranteed bills, 1.3 percent in finance bills, 0.28 percent in bonds, and the remaining 5.6 percent in other securities, investment bonds, and profit and loss sharing certificates.

Outstanding Securities

The total nominal value of the securities available in the market at end of 1993 was TL 374.3 trillion, rose by 10 percent to a total of TL 410.8 trillion at the end of February this year. Of the total available, 72.3 percent was in public sector and 27.7 percent in private enterprise securities. As at the end of February 1994, shares made up only 18.1 percent of all securities being traded.

Secondary Markets

The nominal value of all transactions in the Secondary Markets was 2,030.5 trillion in 1993 and TL 447 trillion in the first two months of this year, more than twice the value attained in the same period of 1993. The January-February 1994 total was made up as to 36.8 percent in government bonds, 35.1 percent in Treasury bills, 23.5 percent in shares, 2.3 percent in foreign exchange-indexed bonds, 2 percent in private company shares, 1.8 percent in asset-backed securities, and 0.04 percent in finance bills.

Securities Transactions in the Stock Exchange

In March 1994, the total nominal value of the securities quoted on the ISE was TL 573.6

billion and the shares quoted had an overall nominal value of TL 76.5 trillion. Of these latter, the banking sector accounted for 33.2 percent, the investment and holding companies for 10.7 percent. In the list of securities, the glass, ceramics, plastics, wood and leather industries account for 21.9 percent, the finance and foreign trading companies for 17.4 percent.

In all, securities issued by 1,310 companies are traded on the ISE but only 175 of these companies' shares may be bought and sold in the primary and secondary markets as the remaining companies' shares are not registered for public trading.

ISE Share Transactions

As already pointed out, ISE securities exhibited an outstanding performance in 1993, with the Index rising over the year from 4,000 to no less than 20,683. In the volume of transactions, important growth was also achieved, and towards the end of the year the value of daily transactions reached TL 2,500 billion.

The rising trends in the volume of transactions during the latter months of 1993 gained further momentum in January of this year but in the following months there was a dramatic fall in both the number of transactions and the Index. In March, the volume of transactions represented only 22 percent of those concluded in January.

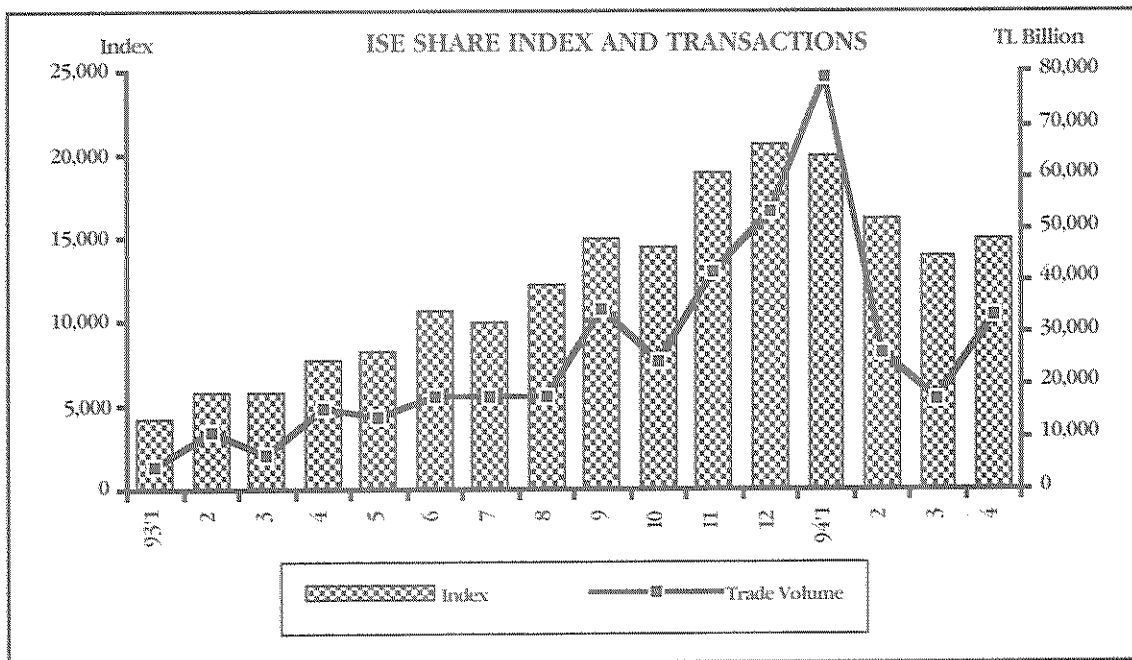
A recovery period started in the wake of the 5 April Measures and the Index figure reached 22,000 in the mid of April, while the volume of transactions attained 33 trillion which was however to undergo new falls.

MOVEMENTS IN THE SHARE PRICES INDEX IN ISTANBUL STOCK EXCHANGE (Month-end Closing Prices)			
	1992	1993	1994
January	4,926.2	4,383.0	20,104.8
February	3,664.4	5,923.6	16,199.5
March	4,076.6	5,864.2	14,087.2
April	3,686.4	7,807.6	15,096.7
May	3,297.4	8,375.8	
June	4,407.2	10,778.7	
July	4,264.1	10,077.6	
August	4,157.8	12,357.0	
September	3,976.4	15,079.9	
October	3,642.7	14,500.7	
November	3,786.2	18,977.2	
December	4,004.2	20,682.9	

Source: Istanbul Stock Exchange Bulletins

SHARE TRANSACTIONS (TL Billion)			
	1992	1993	1994
January	7,477.4	4,657.3	79,315.8
February	5,556.0	11,166.6	25,750.4
March	5,853.2	6,740.6	17,391.2
April	3,820.1	15,585.5	33,313.0
May	3,104.3	13,613.8	
June	5,072.0	17,762.8	
July	6,727.5	14,780.3	
August	3,503.8	17,698.8	
September	4,704.0	34,289.3	
October	2,422.6	24,529.3	
November	3,219.8	41,452.5	
December	4,975.8	52,946.2	
TOTAL	56,436.6	255,223.2	155,770

Source: Istanbul Stock Exchange Bulletins



Transactions in Certificates of Debt

Although the shares market occupies a privileged position in the development of the capital market, in Turkey today the majority of the funds used to finance economic activity

are derived from loans of one sort or another. The debt certificates traded on the ISE consist of such public securities as government bonds and Treasury bills, whilst the private sector provides share certificates, finance bills, "assets-backed" securities, and so on.

The greater part of the transactions related to debt-certificates in the Stock Exchange are grouped under the heading of "Registration Transactions". Most of these transactions (96.5 percent in 1993; 95.5 percent in January-March, 1994) consisted of

TRANSACTIONS IN DEBT INSTRUMENTS			
(TL Billion)			
	Public Sector Treasury Bills, Government Bonds and Others	Private Sector Company Shares, Commercial Papers Bank Bonds	Total
1992	606,769.4	20,014.4	626,783.8
1993	2,013,863.7	72,368.7	2,086,232.4
1994*	1,019,904.4	47,879.9	1,067,784.3

**January-March*

Source: Capital Market Board and Istanbul Stock Exchange Bulletins.

registration transactions related to the private sector shares marked a growth more rapid than the public shares during the same period.

Business in Bonds and Bills Market

The Bonds and Bills Market was set up in the ISE in 1991. It is intended as a means of providing the rapid transfer of securities into cash. Government bonds, Treasury bills, revenue-sharing certificates, corporate bonds and financing bills are all traded in this market.

During the first quarter of 1994, the volume of transactions in this market registered sharp falls in the both public and private sectors as compared to the end of the past year. The market has maintained its restricted nature.

MOVEMENTS IN THE BONDS AND BILLS MARKET		
(TL Billion)		
	1993	1994*
	Volume of Transactions	Volume of Transactions
Public Sector, Government Bonds, Treasury Bills, Revenue-Sharing Certificates	122,783	30,983
Private Sector Shares, Commercial papers and Bank Bonds	120	51
TOTAL	122,858	31,034

** January-March*

Source: Capital Market Board

Off-Exchange (Under Lot) Stock Transactions

A rapid growth was observed during the first quarter of 1994 as compared to 1993 in the "under lot" market established within the structure of the ISE to serve owners of small savings where the purchase and sale of shares remaining under the traded unit as nominal value took place.

In spite of the recession, in value, transactions concluded during the first quarter of 1994 represented 71 percent of all those carried out in the full year 1993.

OFF-EXCHANGE STOCK TRANSACTIONS			
(TL Billion)			
Years	Purchases	Sales	Total
1992	37.8	26.4	64.2
1993	224.2	241.3	465.5
1994*	151.7	180.6	332.3

** January-March*

Source: Istanbul Stock Exchange Bulletins

Re-Purchase Market

A repurchasing market was established in February 1993, based on new provisions introduced by the Capital Market Law. The repurchasing transactions diversified the investment instruments and consolidated the relations of the securities market with the money market.

This market provides facilities which are especially tailored to meet the needs of private and institutional investors with large sums of money to invest in the short-term.

A rapid growth was marked in repurchasing transactions on the ISE during the first quarter of 1994.

DEVELOPMENTS IN THE RE-PURCHASE AND REVERSE RE-PURCHASE MARKET (TL Billion)	
Years	Trading volume
1992	17.9
1993	59.1
1994*	68.4

*January-March

Source: Istanbul Stock Exchange Bulletins

Profitability of Shares and of Alternative Investment Instruments

In Turkey, with a still newly developing stock market, profitability marked a rising trend towards the end of the 1980's, although it remained below the inflation rate until 1993. Last year was indeed a lucrative one for investors and although the average share

dividend rate was only 6.79 percent, overall share values increased by no less than 416 percent over the twelve months. The situation in 1994 is, however, likely to be far less buoyant in the face of the financial crisis and the uncertainties which still surround the application of the "April 5 Measures".

Outside the Stock Exchange, investors are mostly attracted to bank deposits and foreign exchange. At the end of 1993, the US dollar stood at around TL 14,500 but it increased in value quite rapidly during the first quarter of this year and early in April rose to TL 40,000 and more, subsequently to fall back to around TL 35,000 in the light of the interest measures applied by the Central Bank. The DM and other major currencies followed a similar pattern. In real terms, the US dollar "earned" a premium of 62.4 percent and the DM 68.9 percent over the first four months of 1994.

Deposit interest rates were, of course, also affected by the economic crisis - which was sparked off by the lowering of Turkey's credit rating by international institutions. From around 80 percent at the end of 1993, deposit interest rates rose to 110-120 percent during the first quarter of this year and soared to 140 percent in April. At the same time, the banks introduced a high-interest "weekly deposits" system which appears to be well patronized.

A further - and traditional - form of investment is, of course, gold coins. The "Republic" Lira stood at TL 1,197,500 at the end of 1993, rose to TL 1,930,000 in March and attained TL 2,500,000 at the end of April.

**CALENDER OF MAIN
ECONOMIC POLICY MEASURES
1993/1994**

1993/1994 ECONOMIC MEASURES

1993

2 January

Amendment of the Decision on the Principles of Purchase, Sale and Pricing of Crude Petroleum and Derivatives there of, and the Operation of the Fueloil Price Stabilization Fund.

Publication of the General Communique of the Customs (Provisional Exemption) on Examination and Finalization, by the Ministry of Finance and Customs, of claims coming under Article 119/6 of the Customs Law, No 1615.

Publication of the General Communique of the Customs (Entry Regime) detailing the taxes, duties and funds withdrawn by the Ministry of Finance and Customs, and the reductions and adjustments in the tariffs, and the principles of implementation of the new arrangements initiated by the Decision on Imports.

Publication of the General Communique of the Ministry of Finance and Customs on Charges, adding paragraphs to the Law of Charges, effective as from 1993, and to the Law concerning amendments to certain tax laws.

5 January

Publication of the Regulations issued by the Ministry of Labour and Social Security related to the membership cards to be issued by trade unions and confederations and to the form of books and their required entries, following the employers' intimation of the aforementioned Ministry and the Regional Directorate, of the workers in their employ.

9 January	Publication of the Communique related to Decision No: 32 Concerning the Protection of the Value of the Turkish Currency calling for preliminary permission of the Undersecretariat of Treasury and Foreign Trade in the acquisition of all categories of foreign loans in cash by public bodies and organizations and by municipalities and in the issue of bonds and other loan instruments in international capital markets.
26 January	Publication of the Law amending Article 16 of Law 3167 concerning cheque clearance and protection of cheque holders.
29 January	Publication of the Decision of the Council of Ministers on the Principles Regarding the Encouragement and Orientation of Investments, Enterprises, Foreign Exchange Generating Services and Encouragement of the Exports and Foreign Exchange Generating Activities.
4 February	<p>Publication of the Communique covering the Principles Related to the Dividends to be Distributed by Banks whose shares are offered for sale to the General Public</p> <p>Publication of an addendum to the Communique concerning Commitments for The Repurchase and Resale of Securities.</p>
12 February	Publication of Communique No: 93/18 on Imports, by the Undersecretariat of Treasury and Foreign Trade.
15 February	Publication of a Communique on Standardization in Foreign Trade No: 93/1, by the Undersecretariat of Treasury and Foreign Trade.
20 February	<p>Publication of the General Communique concerning Corporation Tax.</p> <p>Publication of a Communique on the Encouragement of Exports and Foreign Exchange Generating Activities.</p>

Publication of a Communiqué on the Encouragement and Orientation of Investment, Enterprises and Foreign Exchange Generating Services.

10 March

Preparation of the Regulations for the Establishment, Administration and Exploitation of Free Zones and the Principles for the Collection of Resources for expenditure from the Free Zone Formation and Development Fund.

1 April

Fixing by the Turkish Central Bank of the Variable Interest Rates at 69.91 percent per annum for all sorts of loans regardless of the terms involved, to be effective as of 1 April 1993, applicable to Loans within the Scope of the Foreign Loans Rate of Exchange Differential Fund.

2 April

Amendment of Decision No: 32 on the Protection of the Value of the Turkish Currency. Requirement of Proof of Identity in Sales in Cash amounting to US \$ 10,000.- or equivalent thereof, and of stamping of a distinctive mark on products made of precious metals and stones to be exported, and preparation of a certificate to this end.

3 April

Regulations issued by the Capital Market Board to regulate the principles for the establishment and operation of the Precious Metals Exchange.

7 April

Publication of the Decision of the Council of Ministers raising the monetary amount of banks' equity.

8 April

Publication of the Decision of the Council of Ministers licensing. Leather Free Zone Organization and Exploitation Corporation (DESBAŞ) to set up the Leather Free Zone in Istanbul.

9 April

Publication of the Central Bank's Circular on the amendment to the Decision No: 32 on the Protection of the Value of Turkish Currency.

- 1 May** Fixing by the Turkish Central Bank of the variable interest rates, as 69.91, per annum, for all sorts of loans regardless of the terms involved, to take effect as of 1 May 1993, applicable to loans within the scope of the Foreign Loans Rate of Exchange Differential Fund.
- 2 May** Increasing the levy on wheat imports from US \$ 30 to US \$ 100 per tonne, and that on imports of wheat flour from US \$ 100 to US \$ 150 per tonne.
- 3 May** Ratification by the Council of Ministers of the Memorandum signed on 10 July 1992 concerning Turkey's joining the Interorganizational Cooperation Network of European Communities. (BC-NET)
- 5 May** Modifications brought by the General Directorate of the Turkish Agricultural Bank in the application principles related to the Resource Utilization Support Premium payable for investments in cattle-raising with Incentives Certificate.
- 28 May** Modifications by the Council of Ministers of the procedure and principles related to the production and importation of leaf tobacco leaves and products and to the collection of the contribution to the Fund and the utilization thereof.
- 29 May** Modifications by the Council of Ministers of the Decision on the Endowment of a Development and Subsidy Fund.
- Publication of the General Communique on the Follow-up and Collection of the Insurance Premiums of the General Directorate of Social Security Agency.
- 7 June** Publication of a Communique concerning the Rates of Interest applicable to Additional Provisions for Foreign Exchange Deposit Accounts.
- 12 June** Publication of the Communique on the Prevention of Unfair Competition in Imports.

- 15 June** Coming into force of the Decision on Modifications in the Decision on the Encouragement of Exports and Foreign Exchange Generating Activities.
- Coming into force of the regulations Subsidized Tobacco Purchases made in the name of the State.
- 18 June** Coming into force of the Decision on the cancellation of the Subparagraph 8 of Paragraph A of the Amended Article 11 of the Decision on the Subsidy and Price Stabilization Fund.
- Publication of the Communique No: 93/22 on Imports.
- Publication of the Communique on the Amendment of an Article of the Communique on the Principles of the Investment Fund.
- Publication of the Communique concerning the Law 3167 for Cheque Payments and the Protection of Cheque Holders.
- 19 June** Publication of Communiques Nos 93/5 and 93/6 on Exports.
- 25 June** Circular of the Central Bank of Turkey concerning the Communique No: 91.32/5 of the Undersecretariat of Treasury and Foreign Trade and the Decision No: 32 on the Protection of the Value of the Turkish Currency.
- 1 July** Coming into force of the Circular No: 93/11 of the Prime Ministry, concerning the Principles for the Preparation of the 1994 Investment Programme.
- Publication of the Communique on the Interest Rates Applicable to Additional Provisions for Foreign Exchange Deposit Accounts.
- 2 July** Publication of the Communique on the Imposition of Stamp Duty and Application of Free Exemption in Exports and Investments.

- 6 July** Publication of the Communiqué on Making Public the Special Conditions prepared by the Capital Market Commission.
- Publication of the Communiqué on the Principles related to Risk Capital Investment Partnerships prepared by the Capital Market Board.
- 10 July** Publication of the Communiqué on the Encouragement of Investments and Foreign Exchange Generating Activities.
- 11 July** Coming into force of the Regulations for the Control of Harmful Chemicals and Chemical Products.
- 21 July** Coming into force of the 1993 Fiscal Year Budget Appropriation Instructions.
- 22 July** Publication of the Communiqué related to the amendment of the Communiqué on requirements in applying for a Control Certificate to the Ministry of Agriculture and Rural Affairs for Fresh Fruit and Vegetable Imports and their actual importation.
- 24 July** Coming into force of the Law concerning the amendment of the Municipality Revenues Law.
- 29 July** Publication of the General Communiqué on the Law governing Independent Accountants, Financial Consultants and Chartered Accountants.
- 5 August** Coming into force of the Council of Ministers' Decision on the Establishment, Operations and Business Lines and organs of Export Associations and the rights and obligations of their members.
- Publication of the Communiqué No: 93/23 on Imports of the Undersecretariat of Treasury and Foreign Trade.

- 9 August** Coming into force of the Decision of the Council of Ministers on the amendment of the Decision on the purchase, sale and pricing principles of crude petroleum and derivatives thereof and the implementation of the Fueloil Price Stabilization Fund.
- Coming into force of the Decision of the Council of Ministers on the amendment of the Decision No: 20 on the Endowment of the "Fund for Petroleum Exploration and Arrangement of Petroleum Related Activities" within the framework of the Protection of the Value of the Turkish Currency.
- 13 August** Coming into force of the Communique on the contract unit prices applicable in the second half of 1993 to project and control work.
- 19 August** Coming into force of the Decree with Effect of Law on the Organization and Functions of the Undersecretariat for Maritime Affairs.
- Publication of the Communique No: 93/4 on loans to be extended for infrastructural and environmental work related to projects which have received credit from the Mass Housing Fund.
- Coming into force of the Annex Application Communique No: 90/1 on the Resource Utilization Support Premium.
- 21 August** Coming into force of the Regulations for Modifications of the Export Regulations.
- 24 August** Publication of the Annex Communique supplementing the Communique on the Principles related to the Investment Fund of the Capital Market Board.
- 28 August** Coming into force of the Regulations for the amendment of the Regulations Applicable to the Sale, Barter and Leasing of Immovables which are State Property, to obtaining an eviction, to instituting

	rights other than real Rights and to drawing Pecuniary Advantages from use thereof.
31 August	Publication of the Communique No: 93/7 on Exports.
1 September	Coming into force of the Decision No: 93/4723 regulating border and coastal trade. Publication of the Communique No: 93/6 on Standardization in Foreign Trade.
2 September	Coming into force of the Decree with Effect of Law on the Foundation of the Turkish Academy of Sciences.
3 September	Coming into force of the Decision concerning the amendment of the Decision on Support and Price Stabilization Fund. Coming into force of the Decision concerning the amendment of the Decision on the Resource Utilization Support Fund.
10 September	Coming into force of the Decision concerning the Amendment of the Procedure and Principles for the Production, Sale and Imports of Leaf Tobacco and Products and the raising of Funds and Utilization thereof.
13 September	Coming into force of Law amending Law 1211 of the Central Bank of Turkey, the Law 2983 on the Encouragement of Savings and Intensification of Public Investments, the Law 2985 of Mass Housing, the Law No: 3238 dated 7/11/1985 and the Law No: 2499 of Capital Market, and abrogating certain Articles of Law 1177 on the Tobacco Monopoly, and the Decree with Effect of Law concerning the Annexation of Additional Articles to the Law on the Privatisation of Public Economic Enterprises. Coming into force of the decree with effect of Law on the incorporation of the company "Türk Telekomünikasyon A.Ş."

Decision on the Privatisation of "Türkiye Denizcilik İşletmeleri ve Türkiye Gemi Sanayi A.Ş." and their dependent Organizations, Affiliations and Institutional and Organizational units.

15 September

Coming into force of the Decree with Effect of Law on the Amendment of certain Articles of the Law of Auditing the accounts of Insurance Companies.

Coming into force of the Decree with Effect of Law on Amendments in certain Articles of the Land Office Law.

Coming into force of the Decision on the Conversion of the Turkish Electricity Corporation into two Separate State Economic Enterprises, namely into the Turkish Electricity Generation and Communication Corporation and the Turkish Electricity Distribution Corporation.

16 September

Coming into force of the Decree with Effect of Law on the Amendment of the Law concerning the Organization and Functions of the Undersecretariat of Treasury and Foreign Trade.

Coming into force of the Decree with Effect of Law on the Establishment and Functions of the State Planning Organization.

Coming into force of the Decree with Effect of Law concerning the Amendment to be made in the Decree with Effect of Law No: 178 on the Organization and Functions of the Ministry of Finance.

Coming into force of the Decree with Effect of Law on the Amendment the to Law of Banks.

Coming into force of the Decree with Effect of Law concerning the Establishment and Functions of the Turkish Patents Institute.

Coming into force of the Decree with Effect of Law concerning the amendment of certain Provisions of the Decree with Effect of Law regarding the

	Organization and Functions of the Undersecretariat of the Customs.
	Publication of Communique No: 93/7 on Standardization in Foreign Trade.
22 September	Publication of the Communiques Nos: 93/7 and 93/8 on the Prevention of Unfair Competition in Imports.
24 September	Coming into force of the Decision on Amendment of the Decision concerning the Establishment of the Development and Support Fund. Publication of Communique No: 93/8 on Exports.
29 September	Publication of the Communique No:10 concerning the Law on Banks No: 3182.
11 October	Coming into force of the Decision on the Amendment in the 1993 Investment Programme.
13 October	Publication of the General Communique related to the Law of Independent Accountants, Financial Consultants and Chartered Accountants. Publication of the Undersecretariat of Treasury and Foreign Trade Communiques Nos: 93/9 and 93/10 on Exports.
15 October	Coming into force of the Decision on the Implementation, Coordination and Follow-up of the 1994 Programme.
16 October	Publication of the Regulations regarding the Principles for Issuing Cards of Membership of the Precious Metals Exchange and the Requirements for the Establishment and Operations of the Brokerage Organizations of the Precious Metals Exchange. Publication of the Notice on the Change in the Loans to be extended within the Framework of the Communiques Nos: 93/2 and 93/3 from the Mass Housing Fund.

17 October	Coming into force of the Decision on the Determination of certain Regions as Tourism Areas and Centres and the Withdrawal of the said concession from others, and on the Modification of certain Tourism Centres.
19 October	Coming into force of the Decision on the Determination of the 1994 General Investment and Financing Programme of the State Economic Enterprises and Affiliated Partnerships.
20 October	Coming into force of the Decision on the Encouragement of Employees to save and on Turning to Good Account the said Savings and Deductions from Salaries and Wages under Law No: 3417.
26 October	Coming into force of the Decision on the Determination of the Average Interest rate on Bonds issued within the Framework of the Investment and Financing Programme of the Turkish Export Credit Bank.
27 October	Publication of the General Communique on Customs (Serial No: 1, Warehouse Regime). Publication of the Communique (Serial No: 1, 16) on the Principles related to the Offer to the Public of Shares held by Shareholders (Serial 1 No: 14) The Communique (Serial VIII No: 22) on Principles related to the Sale Methods in Offers to the Public of Capital Market Instruments.
28 October	Publication of a Communique on Standardization in Foreign Trade.
30 October	Coming into force of the Decision on the Amendment of the Decision on the Determination of the Value Added Tax Rates Applicable to Goods and Services.

	Publication of the Regulations for the Modifications to be brought to the Procedure and Principles related to the Erection of Factories which will manufacture Cigarettes and Tobacco products, and to the Production, Importation, Sale, and Control of Cigarettes.
3 November	Publication of General Communiqué (Serial No: 23) on the Law on Charges.
6 November	Publication of the Decision of the Constitutional Court E: 1993/33 K: 1993/40-2 concerning the Repeal of the Decree with Effect of Law No: 509 (concerning the Incorporation of “Türk Telekomünikasyon A.Ş.”)
7 November	Coming into force of the Law on the Approval of the Ratification of the European Extra-territorial Television Agreement.
8 November	Coming into force of the Decision on the Enforcement of the Supplementary Decision to the Imports Regime.
11 November	Publication of Communiqué No: 93/10 on the Prevention of Unfair Competition in Imports.
12 November	Publication of the Regulations for the Amendment of Paragraph 10 of Article 853 of the Customs Regulations for the Application of the Law on Customs No: 1615.
13 November	Coming into force of the Decision on the Transfer to the Account with the Central Bank of Turkey the Social Mutual Aid and Solidarity Promotion Fund, of 5 percent of the Promotion Fund Revenues, exception being made of the Defence Industry Subsidy Fund, the Savings Deposits Insurance Fund, the Foreign Loans Rate of Exchange Differential Fund and the Natural Disasters Fund, and 10 percent of the other Funds established or to be established within the framework of Laws and Decrees.

14 November	Coming into force of the Decision on Modifications in the Customs Entry Tariffs Table.
18 November	Coming into force of the Law concerning Modifications to Tables A and B under the Fiscal Year 1993 Budget Law No: 3859. Publication of Circular No: 1 of the Capital Market Board on Foreign Capital Market Organizations.
19 November	Publication of the General Communique (Nos: 93/11, 93/12 and 93/13) on the Prevention of Unfair Competition in Imports.
20 November	Publication of the Regulations for the Establishment and Functions of Tax Offices.
21 November	Publication of the Regulations related to the Modification of Articles 412 and 440 related to the Customs Regulations concerning the Application of Customs Law No: 1615.
24 November	Publication of the General Communique on Customs (Serial No: 4, Entry Regime).
26 November	Coming into force of the Regulations for the Modifications to be brought to the Principles for the Encouragement and Orientation of Investments, Enterprises and Foreign Exchange Earning Services.
27 November	Publication of the General Communique on Customs (Serial No: 4, Entry Regime).
4 December	Publication of the General Communique on the Taxation Procedures Law (Serial No: 223)
5 December	Publication of the Regulations for Modifications in the Local Administration Fund Regulations.
8 December	Publication of the Communique on Changes to be made in the Social Security Law No: 506, the Social Security Agency Law No: 4792, the Real Estate Leasing Law No: 6570, in the Tables supplementing the Decree with Effect of Law of listing of Permanent

- Positions in the Government and Procedure Law No: 190.
- Publication of Communiqué on Imports No: 93/24 of the Undersecretariat of Treasury and Foreign Trade.
- 10 December** Publication of General Communiqué (Serial No: 48) on the obligation for VAT Tax-Payers to use Cash Registers.
- 11 December** Publication of the General Communiqué (Serial no: 3) related to Law 3864 for the Liquidation of all sorts of Articles, Instruments and Vehicles seized as contraband goods or as goods assumed to have been smuggled, within the framework of the Law for the Prevention and Prosecution of Contraband.
- Publication of the Communiqué No: 93/11 on Exports by the Undersecretariat of Treasury and Foreign Trade.
- Publication of Communiqué on Imports No: 93/25 by the Undersecretariat of Treasury and Foreign Trade
- 12 December** Coming into force of the Decision on the Ratification of European Extra-territorial Television Agreement No: 93/5038.
- 19 December** Publication of the Regulations for the Modification of certain Articles of the Interbank Clearing Chambers Centre Regulations.
- 23 December** Publication of the Stamp Duty Law (Serial No: 24), the Valuable Papers Law (Serial No: 10) and the General Communiqué on Charges (Serial No: 24).
- 28 December** Coming into force of the Law concerning the Modifications to be brought to the Political Parties Law No: 2820.
- Coming into force of the Decision of the Council of Ministers concerning deferment until 1/1/1995 of the Enforcement of Decree No: 91/2072 dated

12/8/1991 fixing the Banking and Insurance Transactions Tax Rates under Decree No: 93/5095.

Coming into force of the Decision of the Council of Ministers on the Enforcement of the Supplementary Decision on the Conformity with the Community Common Customs Tariffs of the Turkish Customs Tariffs within the Framework of the Ankara Treaty signed between Turkey and European Community, No: 93/5128.

30 December

Coming into force of the Law on Taxation Procedure No: 213, of the Law on the Collection Procedure for Public Credits, No: 6183, of the Income Tax Law No: 193, of the Corporations Tax Law No: 5422, of the Financing Law No: 1318, of the Motor Vehicles Law No: 197, of the Law No: 3505 and of the Tax Returns Law No: 2978.

Coming into force of the Law concerning the Modification related to the Ratification of the Amended Version of the Decree with Effect of Law concerning the Foundation of the Agricultural Sales Cooperatives and Associations.

1994

3 January

Publication of the Communique on the Interest rates Applicable to Additional Provisions for Foreign Exchange Accounts.

5 January

Publication of the General Communique on Customs (Serial No: 7)

8 January

Publication of the General Communique on Income Tax (Serial No: 171), of the General Communique on Imports (No: 94/22), and of the Communique (Serial No: 11) on the Principles for Tables to be sent to the Board by Mediating Organizations, Portfolio Management and Investment Consultancy Firms.

11 January

Publication of the General Communique (Serial No: 46) on the Corporation Tax related to the Taxation

of the Revenues derived from State and Treasury Bonds and the Securities issued by the Mass Housing Administration and the Public Partnership Administration and of the Interest secured from the Repurchase and Resale Commitments and Acquisitions or Disposals of Securities.

13 January

Coming into force of the Decision of the Council of Ministers on introducing Modifications in the Decision on the Foundation of Private Establishments No: 93/5104.

16 January

Publication of the Regulations for introducing in Modifications in the EC Circulation Documents Regulations.

Publication of the General Communique (Serial No: 41) on Value Added Tax.

19 January

Publication of the Communique related to the Modifications in the Communique concerning the Encouragement of Exports and Foreign Exchange Generating Activities No: 93/1.

25 January

Publication of the Communique on Sanctions Applicable to the Legal Reserves of the Central Bank of Turkey.

26 January

Publication of the Regulations for the Amendment of Supplement No: 1 of the Regulations for the Application of Customs Law No: 1615.

28 January

Coming into force of the Decision related to the Modifications to be brought to the Decision on the Encouragement of Exports and Foreign Exchange Generating Activities No: 94/5168 and on the Support and Price Stabilization Fund.

Publication of the General Communique by the Central Bank of Turkey related to Communique No: 91-32/5 of the Undersecretariat of Treasury and Foreign Trade and to the Decision No: 32 on the Protection of the Value of the Turkish Currency.

Publication of Communiques Nos: 94/2 and 94/3 by the Undersecretariat of Treasury and Foreign Trade on the Prevention of Unfair Competition in Imports.

Publication of a Communique (Serial No: 1) on General Disponibility.

Publication of a Communique on the Legal Reserve Ratios for Deposits.

Publication of a Communique on the Discount Rates Applicable to Rediscount Transactions.

1 February

Coming into force of Law No: 3964 on Concessions, Exemptions and Facilities that the Black Sea Economic Cooperation International Secretariat and the Black Sea Cooperation Parliamentary Assembly International Secretariat will benefit in Turkey.

Publication of Tax Procedure Law General Communiques Nos: 224 and 225.

Publication of a Communique on Variable Interest Rates Applicable to Loans within the Framework of the Foreign Loans Rate of Exchange Differences Fund fixed by the Central Bank of Turkey.

Publication of the Communique on the Interest Rates Applicable to Additional Provisions for Foreign Exchange Deposits Accounts.

2 February

Publication of the General Circular by the Central Bank of Turkey relevant to Communique No: 91-32/5 of the Undersecretariat of Treasury and Foreign Trade and to the Decision concerning the Protection of the Value of the Turkish Currency.

Publication of the Communique (No: 2) on General Disponibility.

5 February

Publication of the General Circular No: 1994/4 of the Prime Ministry concerning Saving Measures in Public Spending.

8 February

Coming into force of the Decision of the Council of Ministers No: 93/5155 on the Supervisory and Protective Measures in Imports.

Publication of the Regulations for the Supervisory and Protective Measures in Imports.

9 February

Coming into force of the Decision of the Council of Ministers on Modifications to the Annex Decision Supplementing the Decree concerning the Deduction Rates in the Amended Article 94, under Law 3946 to the Income Tax Law 94/5255.

Coming into force of the Decision of the Council of Ministers No: 94/5256 on Modifications in the Annex Decision Supplementing the Rates of Deductions to be made from the Deductible Earnings and Revenues of Non-resident Tax-payers.

Publication of the Communique on the Prevention of Unfair Competition in Imports.

Publication of the Customs General Communique on Returns to Origin.

13 February

Coming into force of the Decision of the Council of Ministers No: 94/5230 on Modifications to be brought to the Decision Supplementing the Decree concerning tax-payers whose taxes are assessed on a lump sum basis.

Publication of the Regulations for Modification of certain Articles of the Istanbul Stock Exchange Regulations.

Publication of the Istanbul Gold Exchange Regulations.

19 February

Publication of the General Communique (Serial Nos: 173, 174, 175) on Income Tax.

1 March

Coming into force of the Law amending Law 1211 of the Central Bank of Turkey, the Law 2983 on the Encouragement of Savings and Intensification of

Public Investments, the Law 2985 on Mass Housing, the Law No: 3283 dated 7.11.1985 and the Law No: 2499 on the Capital Market, and abrogating certain Articles of the Law 1177 on the Tobacco Monopoly, and the Decree with Effect of Law concerning the Annexation of Additional Articles to the Law on Privatisation of Public Economic Enterprises.

Publication of the Communique on Variable Interest Rates Applicable to Credits within the framework of the Foreign Loan Rates of Exchange Fund fixed by the Central Bank of Turkey.

Publication of the Communique on the Interest Rates Applicable to Additional Provisions for Foreign Exchange Deposits Accounts.

3 March

Publication of the Regulations for Modifications in the Customs Regulations concerning the Application of Customs Law No: 1615.

26 March

Publication of the Communique (Serial VII, No: 6) on the Modification of certain Articles of the Communique concerning the Investment Fund Principles.

27 March

Publication of Corporation Tax General Communique (Serial No: 47).

Publication of a General Communique (Serial No: 4) on the Follow-up and Collection of Insurance Premiums.

1 April

Publication of a Communique on Interest Rates Applicable to Additional Provisions for Foreign Exchange Deposit Accounts.

Publication of a Communique on Variable Interest Rates Applicable to Loans within the Framework of the Foreign Loans Rate of Exchange Differentials fixed by the Central Bank of Turkey.

5 April

Coming into force of the Decision of the Council of Ministers No: 94/5350 on Modifications to be brought to the Decision on the Determination of the Value Added Tax Rates Applicable to Goods and Services.

Publication of the Decision of the Council of Ministers No: 94/5365 on the Determination of the Distribution Rates of the Fuel Oil Consumption Tax Proceeds derived from Petroleum Products.

Coming into force of Decision No: 94/5366 on changes to be made in the Decision on the Purchase, Sale, and Pricing Principles of Crude Petroleum and Derivatives thereof and on the Implementation of the Fueloil Price Stabilization Fund.

Coming into force of the Decision of the Council of Ministers No: 94/5367 on the Re-establishment of Amounts to be set aside for the Defence Industry Support Fund from the Revenues to be derived from the Sale of Cigarettes and Drinks.

Coming into force of the Decision of the Council of Ministers No: 94/5369 on the Existing Stocks of Monopoly Dealers of Products marketed by the General Directorate of Monopolies, their Declaration and the Collection of Price Differences.

Coming into force of Decision of the Council of Ministers No: 94/5371 on the Modification of the Rate of Special Expenses Reduction related to Spending by Wageearners for Education, Health, Food, Clothing and Rents.

Coming into force of Decision of the Council of Ministers No: 94/5572 on the Determination of Persons who will benefit from Law No: 94/5372 on Tax Returns.

Coming into force of the Decision of the Council of Ministers No: 94/5373 on the Selling of Cars and

Station Wagons which have completed their tenth year of Service by Public Bodies and Organizations.

Coming into force of the Decision of the Council of Ministers No: 94/5377 on Fixing the Location and Limits of the Filyos Free Zones at the place where Filyos River flows in the Province of Zonguldak.

Publication of the circular related to the Communique No: 91-32/5 of the Undersecretariat of Treasury and Foreign Trade and to the Decision No: 32 on the Protection of the Value of the Turkish Currency.

Publication of the Communique concerning the Procedure and Principles related to the Stocks Available at the Monopoly Dealers of Products Marketed by the General Directorate of Monopolies and to the Declaration thereof and the Collection of Price Differences.

Publication of the Communique on the Principles to be observed by Real and Legal Persons having Stocks of Products subject to the Fueloil Price Stabilization Fund for Manufacturing or Commercial Purposes.

Publication of the General Communique (Serial No: 226) on Tax Procedural Law.

Publication of the Communique (No: 94/3) on Legal Reserve Ratios for Deposits.

Publication of the Communique (Serial No: 4) on General Disponibility.

9 April

Coming into force of the Decision of the Council of Ministers supplementing Decision No: 94/5452 on the Imports Regulations.

10 April

Publication of the Communique related to Decision 32 on the Protection of the Value of the Turkish Currency.

16 April

Publication of the Communique on the Prevention of Unfair Competition in Imports.

- 18 April** Publication of a Communique (Serial No: 94/1) related to the Law concerning the Encouragement of Employees to make savings and turn them to good account.
- 20 April** Coming into force of Law No: 3984 concerning the Incorporation and Transmissions of Radio and Television Networks.
- 21 April** Coming into force of Decision No: 93/5211 on the Ratification of the Fifth Annex Protocol to the European Council Concessions and Exemptions General Agreement No: 93/5211
- 24 April** Coming into force of the Decision of the Council of Ministers No: 94/5485 on Withdrawal of the Permission granted to the Turkish Imports and Exports Bank (Impex Bank) for Carrying out Banking Transactions and Receiving Deposits.
- Publication of the Communique on Kinds of Deposits and Periods and Terms.
- 25 April** Coming into force of Law No: 3985 concerning the Amendment of the Law governing the Central Bank of Turkey.
- 26 April** Publication of Communiques Nos: 94/29 and 94/30 of the Undersecretariat of Treasury and Foreign Trade on Exports.
- 29 April** Publication of a Communique on Foreign Capital Companies.
- Publication of a Communique on Sectoral Foreign Capital Companies.
- Publication of a Communique on Advance Credits that the Banks will benefit from in return for Guarantees other than securities.
- 1 May** Publication of a Communique on the Interest Rates to be applied to Loans within the scope of the Foreign Loan Rate of Exchange Differentials Fund fixed by the Central Bank of Turkey.

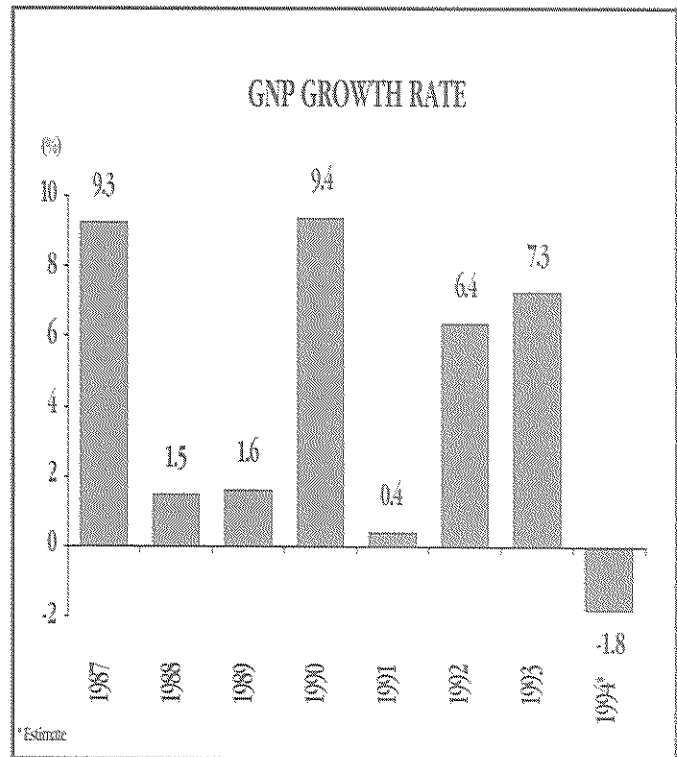
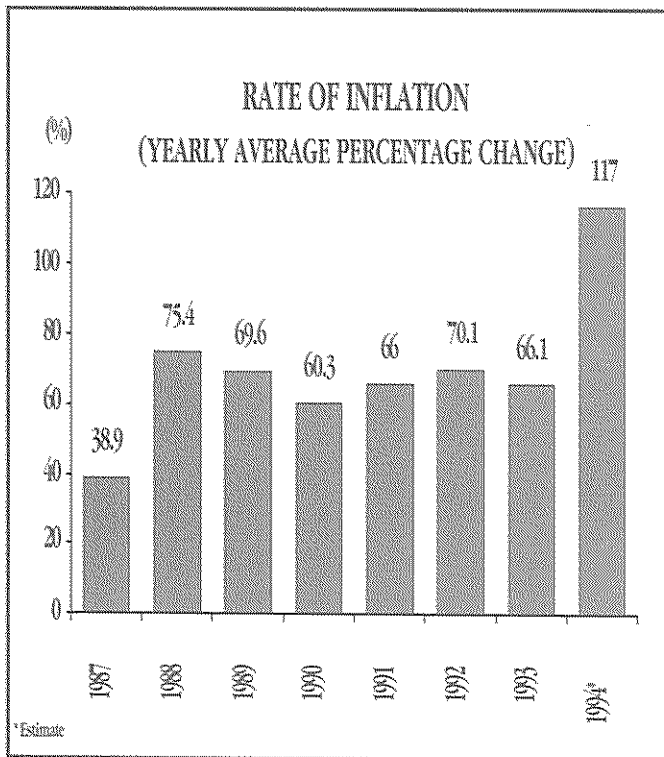
2 May	Publication of a Communique on Interest Rates Applicable to Legal Reserve Ratios for Foreign Exchange Deposits Accounts.
7 May	Coming into force of the Decision of the Council of Ministers on Modifications to be brought to the Premiums to be collected by the Savings Deposits Insurance Fund and the Savings Deposits subject to Insurance. Coming into force of the Law of Economic Balance No: 3986, of the Law of Net Assets, of the Additional Real Estate Tax Law, of the Additional Motor Vehicle Tax Law, of the Amendment of the Stamp Duty Law, of the Amendment of the Charges Law, of the Fueloil Consumption Tax Law and of the Amended Value Added Tax Law and Income Tax Law.
8 May	Publication of (Serial No: 384) General Communique on Collections.
11 May	Publication of (Serial No: 25) General Communique on Stamp Duty. Publication of (Serial No: 25) General Communique on Charges. Publication of (Serial No: 42) General Communique on Value Added Tax. Coming into force of the law on the grant of authority to issue decrees with effect of law for settling disputes likely to arise in connection with the employment issues in the wake of privatisation and the settlement of the privatisation applications.
12 May	Publication of a General Communique on Additional Motor Vehicles Tax (Serial No: 1).
14 May	Publication of a General Communique on the Additional Real Estate Tax (Serial No: 1)
18 May	Publication of a General Communique on Income Tax (Serial No: 176).
20 May	Publication of a General Communique on Net Assets Tax (Serial No: 1).

APPENDIX I

TÜSİAD FORECASTS FOR 1994

The annual average inflation rate measured by Wholesale Price Index will be around 117 percent in 1994.

The GNP growth rate which was realized at 3.5 percent in the first quarter of 1994 is expected to decrease sharply in the second and third quarters and to show some signals out of the recession in the last quarter of the year. As a result 1994 GNP growth rate is expected to be -1.8 percent.



APPENDIX II

RESULTS OF A QUESTIONNAIRE ON TÜSİAD MEMBERS' FUTURE EXPECTATIONS

In May 1994, 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.

Seventy-two members answered the questionnaire.

No less than 80.5 percent of the respondents have special sections or staff concerned with forecasting in their companies. Sixty-nine percent of these companies employ 1 to 9 persons and 11 percent of them employ more than 9 persons in forecasting work. Overall, these forecasting groups average about six persons each.

NUMBER OF PERSONS DEALING WITH FORECASTS	
Persons	(%)
0	19.5
1-9	69.4
10+	11.1

Of the respondents 81.9 percent use market research, 75 percent use managers' judgement, another 55.6 percent compare current year's results with those of the previous

year, 45.8 percent depend upon the forecasts of regional sales agents, 38.9 percent use consumer surveys, 23.6 percent use regression and correlation techniques, 18.1 percent use technological forecasts, 13.9 percent use econometric models and 12.5 percent use time series analyses.

METHODS EMPLOYED FOR FORECASTS	
Method	Firms Employing These Methods (%)
Market research	81.9
Judgement of managers	75.0
Comparison of previous year's results, statistical analyses, extrapolation	55.6
Sales agents' forecasts	45.8
Consumer surveys	38.9
Regression, correlation	23.6
Technological forecasts	18.1
Econometric models	13.9
Time series analyses	12.5
Exponential smooting	2.8

No less than 80.6 percent of TÜSİAD members use our Association's forecasts, whereas 56.9 percent utilize SPO forecasts.

INSTITUTIONAL HELP IN FORECASTING	
Institution	(%)
TÜSİAD	80.6
SPO	56.9
Others	93.1
None	8.3

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

Among the variables that affect fixed capital investments negatively, 36.3 percent of members cite high interest rates and another 36.3 percent economic instability as the major cause. Other important factors are stagnating domestic demand, political instability and insufficiency of credits.

FACTORS NEGATIVELY EFFECTING INVESTMENTS	
Factors	(%)
High interest rates	36.3
Economic instability	36.3
Inadequate domestic demand	12.5
Political instability	6.3
Insufficient credit facilities	5.0
Others	1.5

According to 34.3 percent of TÜSIAD members, public deficit is the major problem of the Turkish economy in 1994, whereas 21.4 percent points out high interest rate as the most important problem.

THE MOST IMPORTANT PROBLEMS OF 1994	
Problems	(%)
Public Deficit	34.3
High interest rates	21.4
Inflation	12.9
Foreign exchange constraint	8.6
Domestic debts	7.1
Foreign trade deficit	5.7
Unemployment	4.3

Education-health and growth rate are ranked first among the major problems of Turkish economy in 1998 each by 11.3 percent

of TÜSIAD members. On the other hand, 9.9 percent of the members consider lack of technology as the major economic problem of 1998.

Importance of income distribution will increase whilst inflation will continue to be an important problem also in 1988.

THE MOST IMPORTANT PROBLEMS TO BE RESOLVED IN 1998	
Problems	(%)
Education and health	11.3
Growth rate	11.3
Lack of technology	9.9
Inflation	8.5
Income distribution	8.5
Budget deficit	4.2
Insufficiency of investments	4.2
Unemployment	3.1
Foreign debts	3.0
Bureacracy	2.8
Domestic debts	2.8
Foreign trade deficit	1.5

In all, only 31.4 percent of the respondents expect that the period 1994-1998 will be more successful than was the previous half decade.

EXPECTATIONS AS REGARDS THE PERIOD 1994-1998 IN COMPARISON WITH 1989-1993	
Period	(%)
1989-1993 period was more succesful	68.6
1994-1998 period will be more succesful	31.4

Questionnaire results suggest that the economic stand of TÜSIAD members improved in 1993. More than two thirds of the respondents reported that they increased their production in 1993 as compared to 1992. Only 7.6 percent declared a fall in production levels.

Furthermore 55.4 percent of the members reported an increase in their capacity utilization. Fixed capital investments increased in 65.2 percent of the respondent firms.

EVALUATION OF ECONOMIC STAND IN 1993 COMPARED TO 1992			
	Increased	No Change	Decreased
Production	78.8	13.6	7.6
Capacity utilisation	55.4	23.2	21.4
Fixed capital investments	65.2	25.8	9.1
Average stocks	33.3	31.7	35.0
Total sales	81.0	9.5	9.5
Exports	47.3	30.9	21.8
Price level	63.3	30.0	6.7

TÜSİAD members expect that 1994 will be worse than 1993. Only 21.2 percent of the respondents expect to increase production with respect to the previous year while 54.5 percent foresee a decline. Moreover, 19 percent predicts increases in sales volume, whereas 66.7 percent predict a decrease. Only 17.9 percent of the members expects to increase fixed capital investments. Export increase, on the other hand, is expected by 50 percent of the respondents.

EXPECTATIONS OF ECONOMIC STAND IN 1994 AS COMPARED TO 1993			
	Increased	No Change	Decreased
Production	21.2	24.2	54.5
Capacity utilisation	15.2	30.3	54.5
Fixed capital investments	17.9	17.9	64.2
Average stocks	37.7	23.0	39.3
Total sales	19.0	14.3	66.7
Exports	50.0	25.0	25.0
Price level	59.0	13.1	27.9

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

In 1994, in real terms, GNP is expected to grow by 0.7 percent while manufacturing industry will be stagnant. In 1995, growth rate will reach 2.5 percent and the manufacturing industry will grow by 3 percent.

It is expected that the number of building permits will increase by one percent in 1994, and by 2 percent in 1995.

Fixed capital investment will increase by 3 percent in 1994 and by 5.5 percent in 1995.

In 1994, exports and imports will be \$ 17 billion and \$ 23 billion, respectively. Foreign debts are expected to reach, to total \$ 70 billion.

End of year foreign exchange buying rates will be 50,000 TL for US\$ and 30,000 TL for DM.

According to respondents, the inflation rate will be 140 percent in 1994 and 90 percent in 1995.

Interest rates on credits and deposits are expected to increase in 1994 and to decrease in the following two years.

Wage increases will be substantially below the rate of inflation expected in 1995.

The rate of increase in gold prices will be above the inflation rate.

The percentage increase in the money supply, 90 percent in 1994 and 70 percent in 1995, will remain below the rate of inflation.

In 1994 tax revenues are expected to increase by 112.5 percent. The Budget deficit will increase to TL 290,000 billion in 1994, but decrease slightly to TL 285,000 billion in 1994.

Time deposits are expected to increase by a smaller margin (60 percent) than bank credits (70 percent).

FORECASTS OF TÜSİAD MEMBERS REGARDING THE TURKISH ECONOMY*

	1993	1994	1995	1996
I. INCOME/PRODUCTION/INVESTMENT				
Real Growth Rate (%)				
GNP	7.3	0.7	2.5	5.0
Manufacturing Sector	8.2	0.0	3.0	4.8
Number of Building Permits	3.1	1.0	2.0	3.0
Fixed Capital Investment	20.5	3.0	5.5	10.0
II. FOREIGN ECONOMY				
Exports (\$ Billion)	15.3	17.0	20.0	22.0
Imports (\$ Billion)	29.4	23.0	25.0	28.0
Foreign Exchange Buying Rate (End of year)				
TL/\$	14,485	50,000	95,000	160,000
TL/DM	8,348	30,000	54,127	89,000
Workers' Remittances (\$ Billion)	2.9	3.0	3.1	3.2
Foreign Debts (\$ Billion)	65.9	70.1	75.0	80.0
III. WAGES/PRICES/INTEREST RATES				
Inflation (%)	71.1	140.0	90.0	70.0
Interest Rate on One Year Deposits (%)	74.7	150.0	100.0	82.5
Interest Rate on Credits (%)	99.2	200.0	130.0	100.0
Gold Ingot (gr., end of year)	176,375	470,000	870,000	1,500,000
Average Wage Increase (%)	68.6	80.0	75.0	60.0
IV. PUBLIC FINANCE/MONEY/CREDITS				
Increase in Tax Revenues (%)	89.1	112.5	90.0	80.0
Growth in Money Supply (M2) (%)	60.0	90.0	70.0	70.0
Budget Deficits (TL Billion)	129,405	290,000	285,000	220,000
Increase in Bank Credits (%)	91.2	70.0	77.5	75.3
Increase in Time Deposits (%)	42.1	60.0	60.0	60.0

() Median values; half of the respondents' forecasts are below and the other half's are above the values given in the table above. 1993 figures are actual. 1994-1996 are the forecasts of TÜSİAD members.*

APPENDIX III

THE APRIL 5, 1994 "ECONOMIC MEASURES IMPLEMENTATION PLAN"

The aim of the "Economic Measures Implementation Plan" which was announced on April 5, is that of rapidly curbing inflation and stabilizing the value of the TL, increasing exports and creating conditions for continuing economic and social development.

There follows a summary of the main elements making up the government's new economic policy, as outlined by Prime Minister Tansu Çiller. Mrs. Çiller herself divided the measures into a "stability programme" and "structural arrangements". It is in the nature of the measures that some are more of a short-term nature while others can only be implemented and/or bear fruit in the long term.

Reducing the Public Sector Deficit

Since the basis of attainment of stability is to pull down the public sector deficit, within the framework of the programme, decrease in public expenditures on the one side and increase in reserves on the other, was intended to put into effect.

It is calculated at TL 16.3 trillion additional revenues and at TL 22 trillion cut in public spending to be ensured in the first three months of the implementation period.

Out of the TL 16.3 trillion increase envisaged in Budget revenues, TL 5.5 trillion will be accounted for by higher fuel prices and by the increased amount of "fuel consumption taxes" transferred to the Budget, TL 4.3 trillion from the increase in the Petroleum Price Stabilization Fund Levy, TL 3 billion from the increases in the prices of State Monopoly goods, and TL 3.5 trillion from other measures to increase revenues.

It was planned to cut Budget spending by, among other measures, reducing current outlays by TL 3 trillion, investments by TL 3 trillion and transfers by TL 16 trillion.

If this target is achieved, the Budget deficit will be brought down to TL 9 trillion an improvement of TL 38 trillion in the April-June period. It is hoped that the Budget's financing requirement will be reduced as much as TL 100 trillion by the year end. Thus, the financing of the public sector deficit with the Central Bank resources will have been significantly reduced.

The Price Rises

The unexpectedly high price rises for many State products were announced by the institutions concerned. They constitute an integral part of the package, since they are designed not merely to make up for increasing

costs and the delays in adjusting prices in the pre-election era, but also, indirectly, to ease Budgetary deficits. In the case of the new price rises for petroleum products, a proportion is accounted for simply by increases in related taxes and surtaxes, notably fuel consumption tax. The price rises for alcoholic drinks and tobacco are expected to enable the State Monopoly Administration (Tekel), which produces/imports them, to pay tax arrears to the Treasury, and all of the price rises are designed to ease the financing problems of the institutions concerned and thus reduce their demand for advances from the Treasury and, at the same time, speed up their tax payments.

A Virtual "Wage Freeze" And Personnel Cuts

Public service salaries and wages are to be kept "within Budget limits"; that is no extra public funds will be allocated for paying wages during the course of this year. Additional cuts will not be made in respect of Budget appropriations for personnel. However, a 50 percent cut is to be made in allocations for overtime to be done by workers, while there is to be no new public sector staff engagements this year. The numbers of those employed in State bodies on a "temporary basis" will be restricted and the income differences between the contracted staff working in the public service and public servants doing similar work will be reduced. In the longer term, a more rational pattern of employment will be implemented in the public sector.

Other Cuts in Current Spending

Cuts in current expenditures such as stationery and fuel throughout the public service are to be augmented by the sale/withdrawal from use of all public service road vehicles over 10 years of age and by a ban on the purchase of new vehicles, offices or social facilities.

Cuts in Investments

It is announced that there will be a 20 percent reduction on all public projects excluding projects due for completion in 1994 and the suspension of all tenders and work on tenders concerning public sector investments, except for those of "vital importance from the point of view of security and the economy".

No new project will be included into the 1994 public investment programme.

Various Means of Increasing State Revenues

Rents and fees in respect of lodgings and holiday camps owned by State agencies are to be increased and the income is to go straight to the Treasury; public institutions are to be prevented from earning interest on repurchase agreements while they or others run up debts and payment arrears. The policy of selling off Treasury land already embarked upon will be expanded and expedited.

Exchange Rate Policies

Exchange rate policy will be directed towards ensuring that exchange rates develop

in line with the targetted inflation rate, and speculative movements will not be permitted.

The foreign exchange rates announced by the Central Bank each evening and which apply to certain kinds of official transactions are no longer to be set through a mini-auction, but instead, the prices offered by ten leading/representative banks are to form the basis.

Measures Concerning the Central Bank, Banking Sector and Capital Market

The main "axis" of the plan to make the Central Bank more autonomous is that the amount of money-printing which the Bank will be obliged to engage in for the purpose of funding the Treasury, expressed as a proportion of the Budget, will become less and less over the next few years.

The Central Bank will pursue a monetary policy in line with the price, wage and exchange rate targets in the economy, and monetary aggregates will be kept under control. For this purpose practices relating to reserve requirements and disponibility ratios have been adjusted.

Another arrangement is that banks (and finance houses) buying foreign exchange in the course of transactions concerning exports and invisibles, as well as foreign exchange bureaux, must henceforth transfer more of the currency they purchase to the Central Bank - 25 percent rather than 20 percent (In some cases, this requirement may be wholly or partly met by selling on the Central Bank - operated foreign exchange market rather than direct to the Bank).

New financial instruments such as real estate investment funds and investment partnerships will be introduced. According to the Capital Market Board's new arrangements related to repurchase agreement, asset backed securities and A type mutual fund participation certificates will no longer be used in repurchase transactions.

Backing For Exports

Exports are to be supported as an alternative source of demand for Turkey's producers and the government is to continue with a policy of providing incentives at the investment stage on a selective basis, i.e. in sectors where Turkey is thought to have a competitive edge. The contraction in domestic demand is supposed to be balanced by the increase in exports and foreign currency receipts will be increased in this way.

Additional Taxes

Tax legislation is proposed according to which:

- a once-and-for-all tax will be levied on the net assets or equivalent taxable amounts of firms and companies;
- another once-and-for-all tax will be levied on the ownership of luxury vehicles, vessels and aircraft with an insurance value above a certain level;
- similarly, owners of more than one dwelling will be obliged to pay an additional tax on the value of those properties where they do not themselves permanently live.

- Income and Corporation tax-payers who pay the tax on the basis of declarations will be charged an additional tax this year by way of an "advance", to be returned in due course. This will not affect salary earners.

Changes in the Tax Rebates System and VAT Rates

The tax rebates system has been altered so that from May onwards citizens in regular employment will no longer be able to claim monthly value added tax rebates by documenting their expenses with receipts; instead, the tax rebate, which dates back to the introduction of VAT a decade ago, is to be paid on an annual basis. Pensioners will continue to claim rebates as before. This move was provided for in the tax legislation approved by Parliament at the end of last year, but it had not yet been put into effect.

Another change which has taken effect through the publication of a Council of Ministers Decree is the reduction in the wage-earner's "tax-free allowance". Against this, tourism services and certain services provided to touristic enterprises have been taken out of the so-called "luxury" category for VAT, along with advertising services. Thus they will pay 15 percent VAT rather than 23 percent. Incidentally, besides the arrangements increasing the proportion of the income from sales of petroleum products that will go to the Treasury, the opportunity has been taken to increase the amount of levies on cigarettes and alcoholic drinks on the one hand, and on electricity and postal services on the other.

Privatisation

The privatisation has been decided during 1994 of the Ereğli Iron and Steel Works-ERDEMİR, Turkish Refineries-TÜPRAŞ, the petroleum products distributors-Petrol Ofisi, the petrochemicals giant-PETKİM, Turkish Airlines-THY, the Turban Hotels, the airport services company-HAVAŞ, the sea transport activities of the Denizcilik Bankası (Maritime Bank)-DİTAŞ, the State banks-Sümerbank and Etibank-and shares in the major State bank Emlakbank, which specialises in real estate and housing. These are to be followed in 1995 by the Turkish Electricity Board-TEK and the Post Office-PTT. All this is to be done under an enabling act currently on the agenda of Parliament which provides for redundancy indemnities for those losing their jobs, while seeking to sweep away some of the legal and administrative obstacles to privatisation.

Closures

It was decided to liquidate those public sector facilities which cannot be privatised due to their debts, excessive staffs, high-cost production and technological shortcomings, beginning with seven Sümer Holding works, the Yarımca facilities of the petrochemical corporation PETKİM, the PETLAS tyre plant in Kırşehir, five city-centre hotels operated by TURBAN, the TESTAŞ facility in Aydın, the Haliç Camialtı and Alaybey Dockyards and a number of Meat and Fish Corporation-EBK operations. This is to be done over a certain period. The Turkish Agricultural Supplies Board-TZDK is to be closed if it cannot be privatised and the State Supplies Office-DMO is to be liquidated by the end of the year.

Tekel's Ankara and Bomonti breweries and Cibali Cigarette plant are also to be closed by the end of the year. More over:

- production will cease at the loss-making Karabük Iron and Steel Works at the end of this year, unless it can be privatised,

- some of the pits in the Zonguldak coalfield will close down unless they are privatised by the end of this year. They will be maintained in operational condition in case there is subsequent interest from the private sector.

Those who will lose their jobs as a result of the above moves will be accorded all their rights under existing labour legislation and they will also be provided with the kind of redundancy indemnities which are to be paid - under legislation yet to be approved by Parliament - to those losing their jobs as a result of privatisation deals. Under-ground workers at the pits being taken out of service may be employed in other pits. In order to reduce unemployment in the province of Zonguldak, which also includes Karabük, public infrastructure investments in the region are to be speeded up, three organised industrial zones (industry parks) will be set up, Karabük will be turned into a separate province, given first degree development priority region status and endowed with a university. There are to be re-training programmes for those made redundant by both the Hard Coal Board and the steel mills. The Filyos Port and Filyos Free Zone investments will go ahead. It is expected that all this to create 21,000 new jobs.

Less Support for Agriculture

Support purchases are to be made only for tobacco, sugar-beet and grain; agricultural subsidies must be reduced: tobacco planting limited and excess tobacco stocks destroyed; and there must be no more Central Bank financing or rediscount credits for Unions of Agricultural Cooperatives.

Social Security Reform

Turkey's social security system has become a drain on public finance, since income from premiums is insufficient to pay for the cost of the medical treatment/medicines, and retirement and other pensions which those paying the premiums to the three social security institutions are entitled to. In order to reduce the burden of these institutions on the Budget, private health and retirement insurance will be encouraged. The collection of the social security institutions' premiums from employers will be accelerated and the premium obligations of municipalities will be deducted from their General Budget allocations as disbursed by the Municipalities Bank.

The age of retirement is to be delayed. The premiums will have to be paid for 7,200 working days for women, 9,000 days for men - in order to qualify for a pension. Social security contributions will be increased.

Control of Municipal Spending

Municipalities would be restricted in terms of employment of temporary staff and prevented from making wage agreements with

their workers which they cannot afford to honour from their own resources. The government's policy may be said to be one of making municipalities less dependent on central government for financial resources.

In order to increase their financial autonomy, the taxable amount for the Real Estate Tax will be re-evaluated, accommodation tax will be collected from those who stay in accommodation facilities located within municipal boundaries.



The long awaited economic measures to restore the stability of and confidence in the economy was revealed by the government on 5th of April, 1994. It was announced that besides the aim of restoring stability into Turkish currency, the necessary structural reforms such as privatisation of SEEs and reducing the subsidies to the agricultural sector would be introduced. From this point of view, the package could be regarded as first positive step towards the implementation of a full scale medium term stability program.

The intention of the government to speed up the privatisation, to shut down some of the loss making state owned companies, to freeze employment in the public sector, to reconsider its agricultural subsidy policy, to limit the Treasury's borrowing from The Central Bank, and to grant limited autonomy to the Central Bank is highly welcome.

As explicitly explained in the 5th April package, its success critically and vitally depends on the Budget performance of the government. Therefore, it was accepted that all

problems in the economy originate from the high borrowing requirements of the public sector. The revised Budget envisages cuts in expenditure items, particularly in investments and interest payments. However, the government has been borrowing since 5th April at interest rates unprecedented in Turkish history. Secondly, the TL equivalence of interest payments on foreign debt stock has also been much higher due to the rapid depreciation of the TL against foreign currencies. Therefore, in an environment where the debt stock is constantly increasing with a heavier interest burden, it is difficult to accept that the desired reduction in government expenditure can in fact be made.

As far as public revenues are concerned, it is reckoned to increase these by raising prices of public sector products and services, and by introducing additional taxes for existing taxpayers, without any specific measures to seek out and tax the so-called "underground economy" This is patently unfair to existing, law-abiding taxpayers; the reforms should be such as to broaden the tax base and to modernize and improve the efficiency of the tax collection system.

These approaches seem to indicate a short-sighted view and do not indicate any clear view about the economy as a whole. The effects of the measures on the macro balances, such as balance of payments, inflation rate, growth rate should be taken into account and evaluated within the framework of a macro economic model of the economy. In order to balance the expenditure and revenue of the public sector once-and-for-all measures are not enough and long term measures should be taken to restore the public sector balance.

The 5th April measures were put into effect without first securing the consensus of all the segments of the society. All stabilization packages requiring radical measures must secure the widespread consensus of the society.

Society as a whole should be aware that there is a serious crisis situation which can only be overcome by fairly distributed contribution and sacrifice of all segments of

society. It can be said that the package neither secured this consensus nor that the decisions contained in the package have fully achieved the equitable and fair distribution of the cost of overcoming the crisis.

The success of the measures will depend on taking into account all these deficiencies and immediately launching a very detailed medium term economic stabilization package.

**STATISTICAL ANNEX
FOR
CHAPTER I**

GROSS NATIONAL PRODUCT (GNP)

(Producers' Values at 1987 Prices)

KIND OF ACTIVITY	1992			1993		
	Value TL Million	Sectoral Share (%)	Growth Rate (%)	Value TL Million	Sectoral Share (%)	Growth Rate (%)
Agriculture	14,651,065.7	16.2	4.3	14,117,535.0	14.6	-3.6
Agriculture & Livestock	13,488,633.8	14.9	3.3	13,091,900.0	13.5	-2.9
Forestry	900,139.3	1.0	23.3	745,244.0	0.8	-17.2
Fishing	262,292.6	0.3	-1.7	280,391.0	0.3	6.9
Industry	24,268,324.2	26.9	5.9	26,259,848.6	27.1	8.2
Mining & Quarrying	1,623,788.3	1.8	0.3	1,520,675.3	1.6	-6.4
Manufacturing	20,281,148.7	22.4	5.8	22,166,459.2	22.9	9.3
Electricity, Gas, Water	2,363,387.2	2.6	11.8	2,572,714.1	2.7	8.9
Construction	5,814,371.8	6.4	6.2	6,309,201.2	6.5	8.5
Trade	17,902,262.3	19.8	6.9	19,867,760.6	20.5	11.0
Transportation & Commun.	10,898,943.9	12.1	8.1	11,788,214.1	12.2	8.2
Financial Institutions	2,463,100.0	2.7	-2.1	2,453,372.8	2.5	-0.4
Ownership of Dwellings	4,841,138.7	5.4	2.5	4,975,528.0	5.1	2.8
Business & Personal Serv.	2,050,891.9	2.3	5.5	2,174,577.5	2.2	6.0
(-)Imputed Banking						
Services Charges	2,115,621.2	2.3	-2.3	2,103,140.3	2.2	-0.6
Sectoral Total	80,774,477.2	89.4	5.9	85,842,897.6	88.5	6.3
Government Services	4,258,576.6	4.7	3.4	4,328,659.6	4.5	1.6
Private Non-Profit Ins.	385,814.8	0.4	2.2	397,477.0	0.4	3.0
TOTAL	85,418,868.7	94.5	5.7	90,569,034.2	93.4	6.0
Import Duties	3,981,876.2	4.4	11.3	5,288,596.0	5.5	32.8
GDP (In Purch. Values)	89,400,744.9	99.0	6.0	95,857,630.2	98.8	7.2
Net Factor Income from the Rest of the World	943,679.0	1.0	74.9	1,126,936.7	1.2	19.4
GNP (In Purch. Values)	90,344,423.9	100.0	6.4	96,984,566.9	100.0	7.3

Source : SIS

GROSS NATIONAL PRODUCT (GNP)						
(Producers' Values At Current Prices)						
KIND OF ACTIVITY	1992			1993		
	Value TL Million	Sectoral Share (%)	Growth Rate (%)	Value TL Million	Sectoral Share (%)	Growth Rate (%)
Agriculture	163,826,636.9	14.8	70.5	264,167,650.0	13.8	61.2
Agriculture & Livestock	149,508,179.5	13.5	67.3	243,743,435.0	12.8	63.0
Forestry	9,889,633.6	0.9	164.3	12,804,199.0	0.7	29.5
Fishing	4,428,823.8	0.4	48.6	7,620,016.0	0.4	72.1
Industry	280,121,834.7	25.4	71.5	485,672,092.0	25.4	73.4
Mining & Quarrying	14,946,375.8	1.4	53.1	21,814,003.4	1.1	45.9
Manufacturing	236,572,985.3	21.4	69.3	412,408,388.3	21.6	74.3
Electricity, Gas, Water	28,602,473.6	2.6	106.7	51,449,700.3	2.7	79.9
Construction	74,509,413.9	6.7	68.8	131,226,650.0	6.9	76.1
Trade	202,368,876.4	18.3	72.3	357,101,802.4	18.7	76.5
Transportation & Commun.	133,337,719.3	12.1	78.8	225,850,610.3	11.8	69.4
Financial Institutions	43,492,158.2	3.9	66.9	78,491,043.1	4.1	80.5
Ownership of Dwellings	41,215,528.6	3.7	77.4	68,178,138.1	3.6	65.4
Business & Personal Serv.	39,576,561.4	3.6	72.0	67,859,889.0	3.6	71.5
(-)Imputed Banking						
Services Charges	41,188,229.9	3.7	76.9	77,107,910.4	4.0	87.2
Sectoral Total	937,260,494.5	84.9	72.1	1,601,439,964.5	83.9	70.9
Government Services	111,841,009.0	10.1	83.2	203,921,577.0	10.7	82.3
Private Non-Profit Ins.	3,553,395.0	0.3	52.4	6,015,017.3	0.3	69.3
TOTAL	1,052,654,898.5	95.4	73.2	1,811,376,558.9	94.9	72.1
Import Duties	40,713,146.3	3.7	83.3	81,229,108.7	4.3	99.5
GDP (In Purch.Values)	1,093,368,044.8	99.1	73.5	1,892,605,667.6	99.2	73.1
Net Factor Income from the Rest of the World	10,475,378.1	0.9	142.8	16,099,149.3	0.8	53.7
GNP (In Purch.Values)	1,103,843,422.9	100.0	74.0	1,908,704,716.9	100.0	72.9

Source : SIS

EXPENDITURE ON THE GROSS DOMESTIC PRODUCT (At 1987 Prices)

	1992 (Million TL)	Share (%)	Growth Rate (%)	1993 (Million TL)	Share (%)	Growth Rate (%)
Private Final Consumption Expenditure	60,862,947	68.9	3.3	65,710,865	70.6	8.0
Food & Beverages	23,540,687	26.7	1.0	24,057,807	25.9	2.2
Durable Goods	7,818,235	8.9	9.4	9,685,606	10.4	23.9
Semi-Durable & Non-Durable Goods	10,311,247	11.7	-3.0	11,221,687	12.1	8.8
Energy-Transportation-Communication Services	8,238,331	9.3	9.3	9,166,658	9.9	11.3
Ownership of Owelling	5,651,994	6.4	10.2	6,139,257	6.6	8.6
	5,302,453	6.0	2.6	5,439,850	5.8	2.6
Government Final Consumption Expenditure	6,828,598	7.7	3.8	7,159,491	7.7	4.8
Compensation of Employees	4,258,577	4.8	3.4	4,328,660	4.7	1.6
Purchases of Goods & Services	2,570,021	2.9	4.4	2,830,831	3.0	10.1
Gross Fixed Capital Formation	22,882,252	25.9	4.3	27,569,901	29.6	20.5
Public Sector	7,346,129	8.3	4.3	7,223,156	7.8	-1.7
Machinery & Equipment	2,805,872	3.2	9.2	2,919,661	3.1	4.1
Building Construction	1,295,201	1.5	2.3	1,247,671	1.3	-3.7
Other Construction	3,245,056	3.7	1.2	3,055,824	3.3	-5.8
Private Sector	15,536,123	17.6	4.3	20,346,745	21.9	31.0
Machinery & Equipment	7,246,041	8.2	2.4	11,095,168	11.9	53.1
Building Construction	8,290,082	9.4	6.1	9,251,577	9.9	11.6
Change in Stocks	402,050	0.5		1,486,000	1.6	-
Exports of Goods & Services	16,235,952	18.4	11.0	17,937,413	19.3	10.5
Imports of Goods & Services	-18,938,063	-21.5	10.9	-26,812,675	-28.8	41.6
Gross Domestic Product	88,273,736	100.0	5.0	93,050,995	100.0	5.4
Statistical Discrepancy	1,127,009	-	-	2,806,636	-	-
Gross Domestic Product (*)	89,400,745	-	6.0	95,857,631	-	7.2

* Gross Domestic Product By Kind of Activity

Source: SIS

FIXED CAPITAL INVESTMENT AT CURRENT PRICES

(TL Billion)

SECTORS	1991			1992			1993		
	Public	Private	Total	Public	Private	Total	Public	Private	Total
	Agriculture	5,299	2,369	7,668	7,226	3,602	10,828	14,281	6,639
Mining	1,664	731	2,395	2,781	1,122	3,903	3,716	1,657	5,373
Manufacturing	2,393	15,334	17,727	4,355	24,958	29,313	4,130	41,942	46,072
Energy	7,990	1,029	9,019	11,803	896	12,699	18,450	1,398	19,848
Transportation	17,424	7,248	24,672	29,290	15,784	45,074	46,763	30,256	77,019
Tourism	710	3,359	4,069	1,182	4,733	5,915	2,027	4,198	6,225
Housing	987	22,513	23,500	1,956	38,326	40,282	2,828	74,775	77,603
Education	2,998	379	3,377	5,984	636	6,620	11,048	1,057	12,105
Health	1,189	745	1,934	2,542	1,339	3,881	4,673	2,052	6,725
Other Services	6,311	1,871	8,182	11,907	2,950	14,857	19,089	4,993	24,082
TOTAL	46,965	55,578	102,543	79,026	94,346	173,372	127,005	168,967	295,972

Source : SPO

REGIONAL DISTRIBUTION OF INVESTMENT INCENTIVE CERTIFICATES IN 1993

	Number	Total Investment		Capital		Foreign Exchange Requirement (\$ 000)	Employment (Persons)
		TL Million	TL Million	TL Million	TL Million		
Marmara	1,400	100,480,633	3,159,950	4,634,787	91,474		
Central Anatolia	384	41,642,865	1,592,359	1,644,657	31,045		
Aegean	525	19,927,060	1,032,679	802,316	29,370		
Mediterranean	277	26,866,578	717,805	905,589	16,720		
Black Sea	249	17,783,247	764,731	690,679	15,024		
East Anatolia	72	3,450,687	105,255	145,112	4,286		
Southeast Anatolia	97	12,383,542	284,531	566,308	5,315		
Multiregional	48	6,277,384	105,170	258,039	4,643		
TOTAL	3,052	228,811,996	7,762,480	9,647,487	197,877		

Source : ANKA

**SECTORAL DISTRIBUTION OF INVESTMENT INCENTIVE
CERTIFICATES IN 1993**

SECTORS	Total Investment		Capital	Foreign Exchange	Employment
	Number	TL Million	TL Million	Requirement (\$ 000)	(Persons)
Agriculture	56	2,408,897	238,226	56,053	3,221
Vegetable products	9	96,412	7,344	2,340	233
Animal husbandry	34	2,143,817	214,382	50,799	2,652
Fishery products	13	168,668	16,500	2,914	336
Mining	171	6,537,676	330,438	266,266	10,668
Manufacturing	2,084	158,962,499	6,424,689	6,909,111	138,013
Food-beverages	226	12,904,897	656,073	560,793	12,713
Textile-clothing	742	64,238,959	2,290,739	3,014,103	57,293
Forestry products	59	5,400,533	204,881	273,686	2,351
Paper	21	832,670	21,505	35,456	311
Leather&hide	75	2,520,517	154,938	72,916	5,575
Rubber	55	1,372,985	89,324	69,120	1,570
Chemicals	79	7,003,507	316,210	252,038	5,544
Glass	29	1,293,841	105,619	50,936	8,273
Iron-steel	36	1,525,829	30,400	67,298	1,722
Non-ferrous metals	23	866,315	28,020	36,376	908
Motor vehicles	207	13,457,161	494,464	526,647	11,387
Fabricated metal prod.	122	13,275,950	767,370	500,861	12,124
Measuring&contr.equ.	21	840,426	45,250	33,098	835
Machinery	58	1,498,611	94,956	44,406	2,098
Electrical machinery	37	8,122,943	373,056	381,276	2,762
Electronics	26	1,727,900	61,535	78,332	1,502
Cement	129	13,088,894	353,724	504,402	4,713
Cement products	46	1,476,703	71,595	51,010	1,945
Construction	7	209,035		10,294	903
Ceramic	26	4,486,445	180,950	212,739	2,335
Other	60	2,818,378	84,080	133,324	1,149
Energy	38	12,887,121	240,316	370,584	611
Services	703	48,015,803	528,811	2,045,473	45,364
Transportation	238	25,199,442	122,260	1,165,771	12,736
Tourism	152	6,495,024	70,421	177,113	8,331
Trade	120	6,586,613	231,735	239,162	13,266
Education	23	689,406	5,992	16,398	1,824
Health	53	3,001,472	20,975	124,441	3,542
Others	117	6,043,846	77,428	322,588	5,665
TOTAL	3,052	228,811,996	7,762,480	9,647,487	197,877

Source : ANKA

SECTORAL DISTRIBUTION OF INVESTMENT INCENTIVE CERTIFICATES						
(Percentages)						
	1988	1989	1990	1991	1992	1993
Agriculture	1.1	2.6	10.6	1.5	1.3	1.1
Mining	2.0	2.7	2.7	3.6	2.9	2.9
Manufacturing	49.2	48.3	68.8	62.6	66.5	69.5
Energy	9.3	1.9	2.0	4.3	2.2	5.6
Services	38.4	44.5	15.9	28.0	27.1	20.9
Transportation	17.2	14.3	2.7	9.0	10.2	11.0
Tourism	16.8	18.5	7.4	4.0	3.4	2.8
Others	4.4	11.7	5.7	15.0	13.5	7.1
TOTAL	100.0	100.0	100.0	100.0	100.0	100.0

Source : SPO

REGIONAL DISTRIBUTION OF INVESTMENT INCENTIVE CERTIFICATES						
AS PERCENTAGE OF TOTAL						
	1988	1989	1990	1991	1992	1993
Marmara	43.1	41.2	33.6	31.2	55.5	43.9
Central Anatolia	11.5	8.5	6.6	17.5	13.8	18.2
Aegean	14.5	11.2	8.7	10.7	9.6	8.7
Mediterranean	10.5	11.4	11.7	11.6	8.3	11.7
Black Sea	3.7	4.4	5.6	4.9	7.0	7.8
East Anatolia	2.6	3.9	10.9	4.4	1.6	1.5
Southeast Anatolia	11.7	8.2	22.7	12.6	2.3	5.4
Multiregional	2.4	11.2	0.2	7.1	1.9	2.7
TOTAL	100.0	100.0	100.0	100.0	100.0	100.0

Source : SPO

SECTORAL BREAKDOWN OF INVESTMENT INCENTIVE CERTIFICATES

(Jan-March 1994)

SECTORS	No. of Licences	Total Investment TL Million	Share in Total (%)	Capital TL Million	Foreign Exchange Requirement(\$ 000)	Employment Persons
Agriculture	3	60,482	0.2	1,500	693	113
Mining	28	798,683	2.5	31,985	21,667	1,096
Manufacturing	209	22,065,272	69.4	951,494	617,942	14,998
Food & Beverages	15	896,347	2.8	28,000	31,109	1,452
Textiles & Clothing	73	4,785,718	15.0	155,163	150,986	5,919
Forestry Products	6	775,059	2.4	13,500	21,701	105
Paper	4	51,682	0.2	2,000	804	10
Leather & Hide	9	301,645	0.9	12,300	8,649	612
Rubber	4	504,455	1.6	28,300	355	421
Chemicals	11	7,124,860	22.4	473,500	184,094	594
Glass & Glassware	3	109,060	0.3	3,000	2,849	41
Iron & Steel	3	180,087	0.6	15,500	3,771	551
Non-Ferrous Metals	2	102,427	0.3	1,500	4,069	13
Motor Vehicles	22	1,728,332	5.4	53,536	39,602	1,469
Metallic Goods	13	2,079,920	6.5	40,500	77,775	1,102
Meas.&Optical Devices	1	3,440	0.0	-	156	-
Machinery	5	167,174	0.5	4,500	5,869	192
Electrical Machines	3	38,660	0.1	4,000	1,267	244
Electronics	1	12,728	0.0	1,000	710	-
Cement	22	2,799,008	8.8	92,945	74,748	1,392
Clay & Cement Pro.	5	179,560	0.6	11,700	3,782	212
Construction	2	71,917	0.2	-	2,360	460
Ceramics	1	104,415	0.3	8,000	2,068	128
Others	4	48,778	0.2	2,550	1,218	81
Energy	3	1,128,872	3.5	40,900	42,361	30
Services	99	7,748,965	24.4	73,801	324,735	5,836
Transportation	56	4,826,847	15.2	35,010	211,309	2,371
Tourism	9	263,467	0.8	1,571	10,173	1,280
Trade	8	294,520	0.9	7,000	8,845	465
Education	4	152,770	0.5	5,000	158	420
Health	11	1,259,305	4.0	17,070	47,835	787
Others	11	952,056	3.0	8,150	46,415	513
GRAND TOTAL	342	31,802,274	100.0	1,099,680	1,007,398	22,073

Source: ANKA

		NEW CONSTRUCTION									
		(According to Construction Licences)					(According to Occupancy Permits)				
		Cumulative		Changes (%)	Cumulative		Changes (%)	Cumulative		Changes (%)	
		1992	1993		1992	1993		1992	1993		
General Total	A	137,534	141,856	3.1	105,286	101,772	-3.3				
	B	73,075,864	83,079,788	13.7	38,359,999	38,976,147	1.6				
	C	108,483,497	214,228,201	97.5	56,517,497	98,545,867	74.4				
	D	472,477	532,557	12.7	268,804	268,437	-0.1				
Houses	A	79,244	76,985	-2.9	44,302	40,844	-7.8				
	B	11,552,722	11,709,952	1.4	5,061,992	4,828,124	-4.6				
	C	16,728,729	30,435,430	81.9	7,209,743	12,019,310	66.7				
	D	101,391	99,761	-1.6	49,033	45,610	-7.0				
Apartment buildings	A	47,932	53,987	12.6	55,778	55,653	-0.2				
	B	45,591,568	54,256,150	19.0	25,477,978	25,554,830	0.3				
	C	69,077,588	140,943,728	104.0	38,425,296	65,610,607	70.7				
	D	371,386	432,796	16.5	219,771	222,827	1.4				
Commercial buildings	A	4,189	4,604	9.9	2,490	2,612	4.9				
	B	7,693,763	9,243,728	20.1	4,716,275	5,343,630	13.3				
	C	10,697,420	22,599,926	111.3	6,312,026	12,724,825	101.6				
Industrial buildings	A	2,862	2,121	-25.9	1,282	1,290	0.6				
	B	5,054,599	4,276,964	-15.4	2,048,257	2,141,260	4.5				
	C	7,426,258	11,182,911	50.6	3,056,396	5,374,202	75.8				
Medical, social and cultural buildings	A	682	806	18.2	232	238	2.6				
	B	1,660,505	1,476,233	-11.1	367,782	440,119	19.7				
	C	2,434,790	3,853,034	58.2	535,153	1,180,709	120.6				
Other buildings	A	2,625	3,353	27.7	1,202	1,135	-5.6				
	B	1,522,707	2,117,076	39.0	687,715	668,184	-2.8				
	C	2,118,712	5,213,172	146.1	978,883	1,636,214	67.2				

A : Number

B : Area (000 sq.m)

C : Value (TL Million)

D : Number of dwelling units

Source : SIS

SECTORAL DISTRIBUTION OF PRODUCTION (Constant 1988 Prices TL Billion)								
SECTORS	1992 Realization		1993 Estimate		1994 Programme		Changes (%)	
	Value	Sectoral Share (%)	Value	Sectoral Share (%)	Value	Sectoral Share (%)	93/92	94/93
Agriculture	27,564	20.7	27,637	19.5	28,460	19.2	0.3	3.0
Agricultural Production	15,704	11.8	15,615	11.0	16,075	10.8	-0.6	2.9
Animal Husbandry	9,473	7.1	9,617	6.8	9,905	6.7	1.5	3.0
Forestry	1,595	1.2	1,565	1.1	1,580	1.1	-1.9	1.0
Fisheries	792	0.6	840	0.6	900	0.6	6.1	7.1
Industry	105,501	79.3	114,091	80.5	120,119	80.8	8.1	5.3
Mining	3,807	2.9	3,836	2.7	3,892	2.6	0.8	1.5
Manufacturing	97,171	73.0	105,250	74.3	110,927	74.7	8.3	5.4
Consumption Goods	34,686	26.1	37,202	26.2	38,415	25.9	7.3	3.3
Intermediate Goods	41,332	31.1	44,567	31.4	46,489	31.3	7.8	4.3
Investment Goods	21,153	15.9	23,481	16.6	26,023	17.5	11.0	10.8
Electricity,Gas,Water	4,523	3.4	5,005	3.5	5,300	3.6	10.7	5.9
PRODUCTION (PHYSICAL)	133,065	100.0	141,728	100.0	148,579	100.0	6.5	4.8

Source: SPO

PRODUCTION OF SELECTED INDUSTRIAL COMMODITIES			
ITEMS	Jan-Apr,93	Jan-Apr,94	Changes (%)
Writing Paper	30,483	24,359	-20.1
Newsprint	35,008	35,261	0.7
Sulphuric acid	256,519	253,762	-1.1
Ammonium sulfate	88,841	66,851	-24.8
Compound Fertilizer	592,586	415,914	-29.8
Crude petroleum	1,272,622	1,233,149	-3.1
Liquified petroleum gas	244,045	237,312	-2.8
Gasoline (Normal)	714,164	675,756	-5.4
Gasoline (Super)	300,356	399,745	33.1
Kerosene	85,490	44,406	-48.1
Diesel fuel	2,129,889	2,365,280	11.1
Fuel oil	2,526,012	2,389,474	-5.4
Cement	7,404,438	8,445,206	14.1
Liquid Steel	3,685,473	3,878,069	5.2
Pig iron	134,638	137,580	2.2
Slab	509,216	576,931	13.3
Bloom	869,068	725,148	-16.6
Ingot	792,536	669,593	-15.5
Rolled Products	461,853	417,688	-9.6
Profiles	20,332	11,036	-45.7
Plate	92,108	101,555	10.3
Sheet	413,220	365,173	-11.6
Blister copper	15,254	13,261	-13.1

Source : SIS

PRODUCTION OF SELECTED DURABLE CONSUMER GOODS			
ITEMS	Cumulative Quantity Produced		Changes (%)
	Jan-Apr,93	Jan-Apr,94	
Refrigerators	298,108	315,783	5.9
Washing Machines	328,084	324,041	-1.2
Oven	209,416	199,138	-4.9
Vacuum Cleaners	227,923	188,259	-17.4
Sewing Machines	64,485	45,288	-29.8
Television Sets	630,529	583,539	-7.5
Videos	8,493	4,217	-50.3
Music Sets	31,778	23,397	-26.4
Automobiles	110,295	88,801	-19.5
Buses	645	403	-37.5
Trucks	8,859	4,777	-46.1
Pick-ups	5,560	3,585	-35.5
Tractors	8,047	9,680	20.3
Minibuses	6,499	3,367	-48.2

Source : SIS

PRODUCTION INDEX OF MANUFACTURING INDUSTRY

(1986=100)

SECTORS	1992			1993		
	Public	Private	Total	Public	Private	Total
Food-Beverages-Tobacco						
1. Quarter	112.7	121.9	116.7	102.3	120.0	109.9
2. Quarter	92.9	144.1	114.9	101.9	146.9	121.2
3. Quarter	113.7	189.2	146.1	127.8	195.0	156.7
4. Quarter	135.6	149.9	141.7	161.0	166.3	163.3
Yearly Average	113.7	151.3	129.9	123.3	157.1	137.8
Textiles-Clothing-Leather						
1. Quarter	70.7	111.2	108.3	65.9	111.3	106.0
2. Quarter	76.0	109.0	105.2	71.7	118.7	113.2
3. Quarter	85.0	114.1	110.7	69.9	124.1	117.8
4. Quarter	78.6	125.8	120.3	65.4	134.9	126.8
Yearly Average	77.6	115.5	111.1	68.2	122.3	116.0
Wood						
1. Quarter	101.7	110.0	106.8	73.6	105.7	93.5
2. Quarter	81.2	121.7	106.3	78.7	133.2	112.5
3. Quarter	103.1	131.7	120.8	85.7	144.6	122.2
4. Quarter	102.2	138.8	124.9	106.6	143.6	129.5
Yearly Average	97.1	125.6	114.7	86.2	131.8	114.4
Paper-Printing						
1. Quarter	103.8	123.1	118.6	93.3	140.1	129.1
2. Quarter	104.5	122.7	118.4	82.3	150.8	134.7
3. Quarter	111.1	138.7	132.2	97.0	151.1	138.4
4. Quarter	129.6	154.6	148.7	93.5	151.0	137.5
Yearly Average	112.3	134.8	129.5	91.5	148.3	134.9
Chemicals-Petrol-Rubber						
1. Quarter	115.5	123.3	119.5	129.2	123.2	126.1
2. Quarter	122.1	118.4	120.2	131.0	136.3	133.7
3. Quarter	136.2	131.1	133.6	138.9	149.5	144.4
4. Quarter	135.1	125.8	130.3	137.5	140.3	138.9
Yearly Average	127.1	124.7	125.9	134.2	137.3	135.8
Soil Products						
1. Quarter	70.1	140.0	129.5	43.8	132.9	119.5
2. Quarter	164.7	164.0	164.1	114.1	176.3	166.9
3. Quarter	191.5	163.1	167.4	135.8	182.5	175.5
4. Quarter	123.0	152.6	148.1	92.4	174.0	161.7
Yearly Average	137.3	154.9	152.3	96.5	166.4	155.9
Basic Metals						
1. Quarter	97.8	127.2	115.0	117.7	142.2	132.1
2. Quarter	110.8	125.4	119.4	116.8	162.3	143.5
3. Quarter	109.7	159.0	138.6	106.0	172.9	145.2
4. Quarter	120.5	166.4	147.4	124.2	181.1	157.6
Yearly Average	109.7	144.5	130.1	116.2	164.6	144.6
Machinery&Trans. Equip.						
1. Quarter	101.5	160.0	154.2	194.5	166.8	169.5
2. Quarter	100.8	150.7	145.8	181.8	195.8	194.4
3. Quarter	88.7	158.7	151.8	208.7	186.9	189.0
4. Quarter	168.7	187.4	185.6	154.7	221.4	214.8
Yearly Average	117.8	164.2	159.6	184.9	192.7	191.9
T. Manufacturing Industry						
1. Quarter	109.0	131.7	123.7	117.5	133.8	128.1
2. Quarter	110.7	132.1	124.6	119.8	154.4	142.2
3. Quarter	124.2	146.6	138.7	132.0	163.7	152.6
4. Quarter	132.6	149.6	143.6	138.3	167.2	157.1
Yearly Average	119.2	140.0	132.7	126.9	154.8	145.0
O. Manufacturing Industry						
1. Quarter	365.5	171.5	175.2	363.5	223.2	225.9
2. Quarter	752.3	160.8	172.0	484.9	247.7	252.2
3. Quarter	642.2	238.0	245.6	609.2	193.8	201.7
4. Quarter	2,078.2	303.8	337.3	424.9	143.7	149.0
Yearly Average	959.6	218.5	232.5	470.6	202.1	207.2

Source : SIS

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

		1992	1993	Changes (%)
Applications	T	814,544	546,604	-32.9
	M	638,970	410,977	-35.7
	F	175,574	135,627	-22.8
Labour Demand By Establishments	T	301,355	278,715	-7.5
	M	215,810	205,406	-4.8
	F	85,545	73,309	-14.3
Placements	T	297,765	267,088	-10.3
	M	212,652	194,961	-8.3
	F	85,113	72,127	-15.3
Public Sector	T	183,043	170,517	-6.8
	M	168,750	157,530	-6.6
	F	14,293	12,987	-9.1
Private Sector	T	114,722	96,571	-15.8
	M	43,902	37,431	-14.7
	F	70,820	59,140	-16.5
Agricultural	T	97,909	83,555	-14.7
	M	32,521	29,105	-10.5
	F	65,388	54,450	-16.7
Non-agricultural	T	199,856	183,533	-8.2
	M	180,131	165,856	-7.9
	F	19,725	17,677	-10.4
Registered Unemployed (1)	T	775,901	609,119	-21.5
	M	647,468	506,472	-21.8
	F	128,433	102,647	-20.1
Registered Employment	T	1,247,527	948,684	-24.0
	M	1,056,776	804,642	-23.9
	F	190,751	144,042	-24.5
Workers Migrating Abroad	T	60,000	63,244	5.4
	M	59,633	62,903	5.5
	F	367	341	-7.1

(1) Unemployed registrations include those seeking work who are not employed at a minimum wage rate. It excludes those already employed but looking for a better job, those who will consider work only at certain places and retired persons drawing a pension.

T: Total

M: Male

F: Female

Source : Labour Placement Office

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

	1991	1992		1993*	Change	
	Oct. (1)	Apr. (2)	Oct. (3)	Apr. (4)	(3/1)	(4/2)
Civilian Labour Force	19,789	20,073	20,319	20,080	2.7	0.0
Civilian Employment	18,171	18,462	18,738	18,632	3.1	0.9
Unemployed	1,618	1,611	1,581	1,448	-2.3	-10.1
Unemployment Rate (%)	8.2	8.0	7.8	7.2		
CIVILIAN EMPLOYMENT by SECTORS						
Agriculture	8,473	8,077	8,259	8,758	-2.5	8.4
Industry	2,791	2,844	3,298	2,751	18.2	-3.3
Mining	209	144	199	110	-4.8	-23.6
Manufacturing Ind.	2,513	2,640	3,033	2,551	20.7	-3.4
Electricity, Gas and Water	69	60	67	90	-2.9	50.0
Services	6,907	7,541	7,180	7,123	4.0	-5.5
Construction	1,046	1,046	1,038	1,172	-0.8	12.0
Transportation	771	885	794	851	3.0	-3.8
Commerce	2,156	2,252	2,429	2,223	12.7	-1.3
Financial Institutions	439	469	442	371	0.7	-20.9
Other Services	2,495	2,889	2,477	2,506	-0.7	-13.3
TOTAL	18,171	18,462	18,738	18,632	3.1	0.9

**Provisional*

Source: SPO, SIS

STATISTICAL ANNEX
FOR
CHAPTER II

EXPORTS

MONTHS	(\$ Million)					Changes (%)				Cumulative				Changes (%)				
	1991	1992	1993	1994	1994	92/91	93/92	94/93	94/93	1991	1992	1993	1994	1994	92/91	93/92	94/93	94/93
	January	1,068.1	1,223.0	1,274.0	1,312.0	1,312.0	14.5	4.2	3.0	3.0	1,068.1	1,223.0	1,274.0	1,312.0	1,312.0	14.5	4.2	4.2
February	1,041.4	1,081.0	1,168.0	1,193.5	1,193.5	3.8	8.0	2.2	2.2	2,109.5	2,304.0	2,442.0	2,505.5	2,505.5	9.2	6.0	6.0	2.6
March	1,269.3	1,246.0	1,231.0	1,320.1	1,320.1	-1.8	-1.2	7.2	7.2	3,378.8	3,550.0	3,673.0	3,825.6	3,825.6	5.1	3.5	3.5	4.2
April	883.7	1,058.0	1,257.0			19.7	18.8			4,262.5	4,608.0	4,930.0			8.1	7.0		
May	1,058.4	1,247.0	1,338.0			17.8	7.3			5,320.9	5,855.0	6,268.0			10.0	7.1		
June	962.7	998.0	881.0			3.7	-11.7			6,283.6	6,853.0	7,149.0			9.1	4.3		
July	989.0	1,216.0	1,182.0			23.0	-2.8			7,272.6	8,069.0	8,331.0			11.0	3.2		
August	1,067.9	1,206.0	1,121.0			12.9	-7.0			8,340.5	9,275.0	9,452.0			11.2	1.9		
September	1,151.4	1,280.0	1,259.0			11.2	-1.6			9,491.9	10,555.0	10,711.0			11.2	1.5		
October	1,325.1	1,412.0	1,417.0			6.6	0.4			10,817.0	11,967.0	12,128.0			10.6	1.3		
November	1,332.2	1,247.0	1,292.0			-6.4	3.6			12,149.2	13,214.0	13,420.0			8.8	1.6		
December	1,444.0	1,501.0	1,929.0			3.9	28.5			13,593.2	14,715.0	15,349.0			8.3	4.3		

IMPORTS

MONTHS	(\$ Million)					Changes (%)				Cumulative				Changes (%)				
	1991	1992	1993	1994	1994	92/91	93/92	94/93	94/93	1991	1992	1993	1994	1994	92/91	93/92	94/93	94/93
	January	1,676.0	1,637.0	1,793.0	2,154.0	2,154.0	-2.3	9.5	20.1	20.1	1,675.7	1,637.0	1,793.0	2,154.0	2,154.0	-2.3	9.5	9.5
February	1,419.0	1,554.0	2,004.0	1,751.9	1,751.9	9.5	29.0	-12.6	-12.6	3,094.7	3,191.0	3,797.0	3,905.9	3,905.9	3.1	19.0	19.0	2.9
March	1,820.7	1,751.0	2,111.0	1,996.5	1,996.5	-3.8	20.6	-5.4	-5.4	4,915.4	4,942.0	5,908.0	5,902.4	5,902.4	0.5	19.5	19.5	-0.1
April	1,308.0	1,743.0	2,879.0			33.3	65.2			6,223.4	6,685.0	8,787.0			7.4	31.4		
May	1,814.1	1,838.0	2,525.0			1.3	37.4			8,037.5	8,523.0	11,312.0			6.0	32.7		
June	1,624.0	1,904.0	2,374.0			17.2	24.7			9,661.5	10,427.0	13,686.0			7.9	31.3		
July	1,761.0	2,036.0	2,469.0			15.6	21.3			11,422.5	12,463.0	16,155.0			9.1	29.6		
August	1,738.0	1,868.0	2,597.0			7.5	39.0			13,160.5	14,331.0	18,752.0			8.9	30.8		
September	1,745.0	1,953.0	2,400.0			11.9	22.9			14,905.5	16,284.0	21,152.0			9.2	29.9		
October	1,869.1	1,904.0	2,317.0			1.9	21.7			16,774.6	18,188.0	23,469.0			8.4	29.0		
November	1,914.0	2,078.0	2,595.0			8.6	24.9			18,688.6	20,266.0	26,064.0			8.4	28.6		
December	2,358.3	2,605.0	3,365.0			10.5	29.2			21,046.9	22,871.0	29,429.0			8.7	28.7		

Source: SIS, SPO

EXPORTS BY SECTORS					
(\$ Million)					
SECTORS	1992	Share in Total (%)	1993*	Share in Total (%)	Changes (%)
I. AGRICULTURAL & LIVESTOCK	2,203	15.0	2,365	15.4	7.4
A. Agricultural Products	1,999	13.6	2,014	13.1	0.7
Cereals	416	2.8	111	0.7	-73.3
Leguminous vegetables	200	1.4	185	1.2	-7.5
Industrial plants	414	2.8	611	4.0	47.6
Fruits	771	5.2	904	5.9	17.3
Vegetables	161	1.1	167	1.1	3.7
Others	37	0.3	36	0.2	-2.7
B. Livestock & Animal Products	140	1.0	294	1.9	109.6
C. Fishery Products	50	0.3	44	0.3	-11.8
D. Forestry Products	14	0.1	13	0.1	-7.8
II. MINING & QUARRYING	264	1.8	238	1.6	-10.0
III. INDUSTRY	12,251	83.2	12,744	83.0	4.0
A. Agro-based Processed Products	1,337	9.1	1,368	8.9	2.3
B. Petroleum Products	231	1.6	172	1.1	-25.6
C. Other Industrial Products	10,683	72.6	11,204	73.0	4.9
Cement	139	0.9	90	0.6	-35.2
Chemicals	491	3.3	468	3.0	-4.7
Rubber & Plastics	380	2.6	385	2.5	1.3
Leather & Hides	568	3.9	552	3.6	-2.8
Forestry Products	28	0.2	23	0.1	-16.4
Textiles	5,268	35.8	5,421	35.3	2.9
Glass & Ceramics	395	2.7	380	2.5	-3.8
Iron & Steel	1,558	10.6	2,011	13.1	29.1
Non-ferrous Metals	164	1.1	173	1.1	5.4
Metallic Goods	76	0.5	44	0.3	-42.3
Machinery	322	2.2	349	2.3	8.4
Electrical Appliances	591	4.0	566	3.7	-4.2
Motor Vehicles	382	2.6	380	2.5	-0.5
Others	321	2.2	362	2.4	12.8
TOTAL	14,719	100.0	15,348	100.0	4.3

* Provisional

Source: Undersecretariat of Treasury and Foreign Trade

EXPORTS BY COUNTRIES

(\$ Million)

COUNTRIES	1992	Share in Total (%)	1993	Share in Total (%)	Changes (%)
OECD COUNTRIES	9,348	63.5	9,067	59.1	-3.0
A) EEC COUNTRIES	7,603	51.7	7,288	47.5	-4.1
Germany	3,660	24.9	3,654	23.8	-0.2
Belgium-Luxembourg	290	2.0	294	1.9	1.3
Denmark	93	0.6	84	0.5	-8.8
France	809	5.5	771	5.0	-4.7
Netherlands	500	3.4	517	3.4	3.4
United Kingdom	797	5.4	835	5.4	4.8
Ireland	24	0.2	23	0.1	-3.8
Italy	943	6.4	750	4.9	-20.4
Greece	146	1.0	118	0.8	-18.9
Spain	299	2.0	196	1.3	-34.5
Portugal	42	0.3	45	0.3	7.4
B) EFTA COUNTRIES	633	4.3	558	3.6	-11.9
C) Other OECD COUNTRIES	1,112	7.6	1,221	8.0	9.8
USA	865	5.9	986	6.4	14.0
Japan	163	1.1	159	1.0	-2.5
Others	85	0.6	77	0.5	-9.3
ISLAMIC COUNTRIES	2,784	18.9	2,805	18.3	0.8
Iran	455	3.1	290	1.9	-36.4
Iraq	212	1.4	160	1.0	-24.5
Saudi Arabia	486	3.3	652	4.3	34.2
Kuwait	66	0.4	104	0.7	57.1
TRNC	149	1.0	154	1.0	3.2
Libya	108	0.7	246	1.6	128.9
Others	1,308	8.9	1,199	7.8	-8.3
OTHER EUROPEAN COUNTRIES	646	4.4	765	5.0	18.4
Bulgaria	72	0.5	86	0.6	19.4
Czech Republic	52	0.4	74	0.5	41.9
Hungary	27	0.2	38	0.2	38.9
Poland	186	1.3	235	1.5	26.0
Romania	173	1.2	152	1.0	-12.4
Yugoslavia	67	0.5	-	-	-
Albania	21	0.1	38	0.2	83.6
Others	48	0.3	143	0.9	199.4
COMMONWEALTH OF INDEPEN. STATE.	684	4.6	1,035	6.7	51.2
Russian Federation	442	3.0	499	3.2	12.9
Other Turkish Republics	110	0.7	242	1.6	119.6
Uzbekistan	55	0.4	214	1.4	291.7
Others	78	0.5	80	0.5	3.5
OTHER CONTRIES	1,257	8.5	1,676	10.9	33.3
India	42	0.3	32	0.2	-24.6
P. Republic of China	147	1.0	512	3.3	248.9
Korea Republic	191	1.3	91	0.6	-52.1
Hong Kong	48	0.3	118	0.8	145.7
Other	830	5.6	923	6.0	11.2
TOTAL	14,715	100.0	15,349	100.0	4.3

* Provisional

Source: SPO

IMPORTS BY SECTORS					
(\$ Million)					
SECTORS	1992	Share in Total (%)	1993*	Share in Total (%)	Changes (%)
I. AGRICULTURAL & LIVESTOCK	1,178	5.2	1,664	5.7	41.3
Vegetable Products	661	2.9	925	3.1	39.9
Livestock and Animal Products	353	1.5	402	1.4	13.9
Fishery Products	19	0.1	23	0.1	21.1
Forestry Products	145	0.6	314	1.1	116.6
II. MINING & QUARRYING	3,054	13.4	3,041	10.3	-0.4
Non-metallic and Metallic Ores	80	0.3	84	0.3	5.0
Fuels, Coals, etc.	80	0.3	68	0.2	-15.0
Others	2,895	12.7	2,889	9.8	-0.2
III. INDUSTRY	18,638	81.5	24,724	84.0	32.7
A. Agro-based Processed Products	1,139	5.0	1,280	4.3	12.4
Food	517	2.3	556	1.9	7.5
Tobacco	185	0.8	234	0.8	26.5
Forestry	111	0.5	130	0.4	17.1
Fibres for Textile	221	1.0	251	0.9	13.6
B. Petroleum Products	865	3.8	1,075	3.7	24.3
C. Other Industrial Products	16,634	72.7	22,369	76.0	34.5
Cement	18	0.1	18	0.1	0.0
Chemicals	2,625	11.5	2,981	10.1	13.6
Rubber & Plastics	979	4.3	1,156	3.9	18.1
Leather & Hides	132	0.6	179	0.6	35.6
Forestry Products	26	0.1	40	0.1	53.8
Textiles	730	3.2	1,053	3.6	44.2
Glass & Ceramics	196	0.9	216	0.7	10.2
Iron & Steel	2,117	9.3	3,089	10.5	45.9
Non-ferrous Metals	426	1.9	470	1.6	10.3
Metallic Goods	135	0.6	190	0.6	40.7
Machinery	4,043	17.7	5,199	17.7	28.6
* Electrical Appliances	1,746	7.6	2,012	6.8	15.2
Motor Vehicles	2,238	9.8	4,046	13.7	80.8
Others	1,223	5.3	1,720	5.8	40.6
TOTAL	22,870	100.0	29,429	100.0	28.7

*Provisional

Source: Undersecretariat of Treasury and Foreign Trade

IMPORTS BY COUNTRIES					
(\$ Million)					
COUNTRIES	1992	Share in Total (%)	1993	Share in Total (%)	Changes (%)
OECD COUNTRIES	15,438	67.5	19,975	67.9	29.4
A) EEC COUNTRIES	10,050	43.9	12,950	44.0	28.9
Germany	3,756	16.4	4,533	15.4	20.7
Belgium-Luxembourg	551	2.4	683	2.3	23.9
Denmark	105	0.5	136	0.5	29.4
France	1,350	5.9	1,952	6.6	44.6
Netherlands	699	3.1	870	3.0	24.5
United Kingdom	1,187	5.2	1,546	5.3	30.2
Ireland	51	0.2	72	0.2	40.2
Italy	1,919	8.4	2,558	8.7	33.3
Greece	87	0.4	121	0.4	37.9
Spain	320	1.4	431	1.5	34.7
Portugal	24	0.1	48	0.2	100.8
B) EFTA COUNTRIES	1,414	6.2	1,652	5.6	16.8
C) OTHER OECD COUNTRIES	3,974	17.4	5,374	18.3	35.2
USA	2,601	11.4	3,351	11.4	28.8
Japan	1,112	4.9	1,621	5.5	45.7
Others	261	1.1	402	1.4	54.1
ISLAMIC COUNTRIES	3,415	14.9	3,519	12.0	3.1
Iran	365	1.6	667	2.3	82.8
Iraq	1	0.0	-	-	-
Saudi Arabia	1,665	7.3	1,500	5.1	-9.9
Kuwait	68	0.3	85	0.3	23.7
TRNC	8	0.0	12	0.0	49.4
Libya	446	1.9	105	0.4	-76.4
Others	862	3.8	1,150	3.9	33.5
OTHER EUROPEAN COUNTRIES	976	4.3	1,083	3.7	10.9
Bulgaria	223	1.0	2	0.0	-99.2
Czech Republic	184	0.8	108	0.4	-41.0
Hungary	97	0.4	301	1.0	209.8
Poland	87	0.4	-	-	-
Romania	255	1.1	243	0.8	-4.6
Yugoslavia	97	0.4	223	0.8	129.7
Albania	1	0.0	46	0.2	5,000.0
Others	32	0.1	90	0.3	180.6
COMMONWEALTH OF INDEPEN. STATE.	1,235	5.4	2,265	7.7	83.3
Russian Federation	1,036	4.5	1,413	4.8	36.3
Turkish Republics	97	0.4	197	0.7	102.9
Others	102	0.4	655	2.2	543.6
OTHER COUNTRIES	1,807	7.9	2,589	8.8	43.3
India	100	0.4	152	0.5	51.6
P. Republic China	172	0.8	255	0.9	48.0
South Korea	373	1.6	620	2.1	66.5
Hong Kong	78	0.3	86	0.3	11.1
Other	1,084	4.7	1,475	5.0	36.1
TOTAL	22,871	100.0	29,429	100.0	28.7

* Provisional

Source: SPO

IMPORTS BY COMMODITY GROUPS

(\$ Million)

	1989		1990		1991		1992		1993	
	Value	Share (%)	Value	Share (%)	Value	Share (%)	Value	Share (%)	Value	Share (%)
Investment Goods	3,845.1	24.3	5,789.7	26.0	6,051.5	28.8	6,772.4	29.6	9,565.7	32.5
Construction Goods	690.3	4.4	769.6	3.5	820.0	3.9	791.9	3.5	954.8	3.2
Machinery & Equipment	3,134.5	19.8	4,930.1	22.1	5,139.7	24.4	5,885.6	25.7	8,519.7	28.9
Livestock	20.4	0.1	89.9	0.4	91.8	0.4	94.9	0.4	91.1	0.3
Raw Materials	10,558.1	66.9	13,489.0	60.5	12,085.0	57.4	13,127.1	57.4	15,747.1	53.5
Consumer Goods	1,388.9	8.8	3,023.5	13.6	2,910.5	13.8	2,971.5	13.0	4,116.6	14.0
TOTAL	15,792.1	100.0	22,302.1	100.0	21,047.0	100.0	22,871.0	100.0	29,429.4	100.0

Source: SIS

TRADE DEFICIT						
(\$ Million)						
MONTHS	1988	1989	1990	1991	1992	1993
January	141.0	291.8	476.6	607.6	414.0	519.0
February	183.8	98.6	503.4	378.2	472.0	836.0
March	366.0	125.4	732.4	552.0	505.0	880.0
April	323.6	297.5	445.3	424.0	684.0	
May	362.3	477.6	1,070.0	755.0	591.0	
June	370.7	458.3	614.6	661.0	908.0	
July	208.5	517.6	741.9	772.0	820.0	
August	323.8	565.6	1,022.1	670.0	661.0	
September	140.8	343.1	811.8	594.0	674.0	
October	106.7	445.6	1,113.8	544.0	493.0	
November	143.7	342.4	1,021.4	582.0	831.0	
December	2.5	204.0	789.2	914.0	1,104.0	
CUMULATIVE						
MONTHS	1988	1989	1990	1991	1992	1993
January	141.0	291.8	476.6	607.6	414.0	519.0
February	324.8	390.4	979.9	985.8	886.0	1,355.0
March	690.8	515.8	1,712.3	1,537.8	1,391.0	2,235.0
April	1,014.4	813.3	2,157.6	1,961.8	2,075.0	
May	1,376.7	1,290.9	3,227.7	2,716.8	2,666.0	
June	1,747.3	1,749.2	3,842.3	3,377.8	3,574.0	
July	1,955.8	2,266.7	4,584.3	4,149.8	4,394.0	
August	2,279.6	2,832.4	5,606.4	4,819.8	5,055.0	
September	2,420.4	3,175.5	6,418.2	5,413.8	5,729.0	
October	2,527.1	3,621.1	7,532.1	5,957.8	6,222.0	
November	2,670.9	3,963.5	8,553.5	6,539.8	7,053.0	
December	2,673.4	4,167.4	9,342.7	7,453.8	8,157.0	

Source: SIS, SPO

INTERNATIONAL RESERVES						
(\$ Million)						
	Gold	Central Bank	Commercial Bank	Gross Reserves	Overdrafts	Net Reserves
1991						
January	1,467.4	4,694.1	3,573.5	9,735.0	11.2	9,723.8
February	1,467.4	4,167.4	3,893.0	9,525.8	15.0	9,512.8
March	1,479.3	3,716.8	4,534.5	9,730.6	26.1	9,704.5
April	1,467.6	4,146.0	4,249.0	9,862.6	24.9	9,837.7
May	1,468.0	4,553.3	4,452.7	10,474.0	8.9	10,465.1
June	1,468.0	5,051.8	4,412.1	10,931.9	14.0	10,917.9
July	1,480.7	4,966.3	4,686.8	11,133.8	21.8	11,112.0
August	1,504.4	4,910.9	5,306.1	11,721.4	8.3	11,713.1
September	1,504.5	4,973.4	5,110.6	11,588.5	11.7	11,576.8
October	1,493.1	4,757.4	5,545.9	11,796.4	12.3	11,784.1
November	1,475.5	4,901.0	5,910.0	12,286.5	8.3	12,278.2
December	1,493.3	4,918.1	5,842.0	12,253.4	3.3	12,250.1
1992						
January	1,508.2	4,705.3	5,811.0	12,024.5	20.6	12,003.9
February	1,514.5	4,249.3	6,041.7	11,805.5	4.7	11,800.8
March	1,532.6	3,734.6	5,894.0	11,161.2	9.0	11,152.2
April	1,532.6	3,443.3	5,964.6	10,940.5	4.9	10,935.6
May	1,532.6	3,591.2	6,254.9	11,378.7	6.4	11,372.3
June	1,532.5	4,350.3	6,471.8	12,354.6	9.2	12,345.4
July	1,493.8	5,091.1	7,499.4	14,084.3	9.8	14,074.5
August	1,499.8	5,811.5	7,577.1	14,888.4	10.4	14,878.0
September	1,493.9	5,663.5	7,539.4	14,666.8	5.8	14,661.0
October	1,493.8	5,680.2	7,552.7	14,726.7	14.4	14,712.3
November	1,496.8	5,626.8	6,640.0	13,763.6	15.2	13,748.4
December	1,493.7	6,116.0	7,644.0	15,253.7	1.5	15,252.2
1993						
January	1,493.9	6,380.4	7,500.7	15,375.0	9.1	15,365.9
February	1,494.1	7,135.8	7,138.7	15,768.6	16.2	15,752.4
March	1,491.2	7,097.1	6,216.3	14,804.6	9.0	14,795.6
April	1,491.2	6,772.1	8,088.2	16,351.5	16.9	16,334.6
May	1,479.5	7,054.4	8,397.9	16,931.8	12.9	16,918.9
June	1,479.5	6,804.2	6,910.8	15,194.5	12.2	15,182.3
July	1,479.5	7,051.1	8,500.8	17,031.4	6.1	17,025.3
August	1,479.4	7,053.5	7,459.9	15,992.8	6.8	15,986.0
September	1,491.3	6,970.7	8,042.3	16,504.3	6.1	16,498.2
October	1,488.2	6,853.2	9,458.4	17,799.8	7.2	17,792.6
November	1,488.1	7,197.9	7,893.4	16,579.4	2.7	16,576.7
December	1,488.0	6,277.0	10,642.0	18,407.0	2.0	18,405.0
1994 (1)						
January	1,488.0	5,392.0	10,555.0	17,435.0	6.0	17,429.0
February	1,488.0	4,418.0	9,637.0	15,543.0	11.0	15,532.0
March	1,488.0	3,285.0	9,466.0	14,239.0	4.0	14,235.0
April	1,488.0	3,321.0	8,917.0	13,726.0	8.0	13,718.0
May	1,488.0	3,448.0	9,249.0	14,185.0	31.0	14,154.0

(1) The figures are provisional from January 1994

Source: The Central Bank of Turkey

BREAKDOWN BY COUNTRIES OF FOREIGN CAPITAL COMPANIES

OPERATING IN TURKEY

(As of end of 1993, TL Billion)

COUNTRIES	Number of Companies	Current Foreign Capital	Share in Total For. Cap. (%)	Companies' Total Capital	For. Cap. As % of Total
OECD Countries	1,593	16,489,244	87.6	30,963,033	54.4
EC Countries	1,106	1,595,730	8.5	18,685,836	56.7
Other OECD Countries	487	6,253,514	33.2	12,277,197	50.9
Islamic Countries	580	1,095,834	5.8	2,935,603	37.3
Middle East Countries	540	919,792	4.9	2,617,098	34.8
Northern African Countries	26	148,434	0.8	259,367	57.2
Other Islamic Countries	14	27,608	0.1	30,138	91.6
Eastern European Countries	81	72,925	0.4	143,020	51.0
C.I.S.	56	52,087	0.3	101,603	51.3
Other Eastern European Countries	25	20,838	0.1	41,417	50.3
Other Countries	300	811,816	4.3	2,694,216	30.1
Southeast Asian Countries	43	153,359	0.8	453,965	33.8
Other Countries	257	658,457	3.5	2,240,251	29.4
TOTAL	2,554	18,829,946	100.0	36,736,050	51.3

Source: ANKA

BREAKDOWN BY SECTORS OF FOREIGN CAPITAL COMPANIES

OPERATING IN TURKEY

(As of end of 1993, TL Million)

SECTORS	Number of Companies	Current Foreign Capital	Share in Total For. Cap. (%)	Companies' Total Capital	For. Cap. As % of Total
Agriculture	68	392,653	2.1	591,111	66.4
Mining	40	252,149	1.3	307,938	81.9
Manufacturing	711	10,678,055	56.7	22,025,115	48.5
Services	1,735	7,507,089	39.9	13,812,886	54.3
TOTAL	2,554	18,829,946	100.0	36,737,050	51.3

Source: ANKA

BREAKDOWN BY COUNTRIES OF FOREIGN CAPITAL COMPANIES

OPERATING IN TURKEY

(As of end of March 1994, TL Million)

COUNTRIES	Number of Companies	Current Foreign Capital	Share in Total For. Cap. (%)	Companies' Total Capital	For. Cap. As % of Total
OECD COUNTRIES	1,622	19,477,730	90.2	35,251,934	55.3
A) EC COUNTRIES	1,128	12,505,130	57.9	21,535,001	58.1
Belgium	27	116,585	0.5	218,707	53.3
Denmark	24	70,285	0.3	185,121	38.0
Germany	465	1,894,310	8.8	5,138,656	36.9
France	137	4,218,672	19.5	5,155,251	81.8
The Netherlands	120	2,965,559	13.7	4,516,216	65.7
Great Britain	191	1,496,046	6.9	3,185,897	47.0
Ireland	7	21,359	0.1	50,458	42.3
Spain	14	107,576	0.5	138,562	77.6
Italy	101	1,403,903	6.5	2,437,483	57.6
Luxembourg	21	183,834	0.9	470,023	39.1
Portugal	1	402	0.0	410	98.0
Greece	20	26,599	0.1	38,217	69.6
B) OTHER OECD COUNTRIES	494	6,972,600	32.3	13,716,933	50.8
USA	190	2,673,926	12.4	4,908,165	54.5
Australia	5	1,575	0.0	9,326	16.9
Austria	48	105,284	0.5	170,879	61.6
Finland	13	67,810	0.3	170,466	39.8
Sweden	32	152,351	0.7	261,542	58.3
Switzerland	147	2,316,157	10.7	4,908,826	47.2
Japan	37	1,187,396	5.5	2,268,339	52.3
Canada	12	429,870	2.0	975,919	44.0
Norway	9	38,105	0.2	43,345	87.9
New Zeland	1	126	0.0	126	100.0
ISLAMIC COUNTRIES	580	1,207,386	5.6	3,224,829	37.4
A) MIDDLE EAST COUNTRIES	540	1,031,344	4.8	2,935,324	35.1
United Arab Emirates	13	38,217	0.2	66,663	57.3
Bahrain	7	53,249	0.2	92,192	57.8
South Yemen	2	481	0.0	940	51.2
Islamic Development Bank	10	34,482	0.2	700,344	4.9
Iraq	36	33,384	0.2	62,456	53.5
Iran	204	119,233	0.6	152,733	78.1
Turkish Rep. Of N. Cyprus	28	122,541	0.6	145,031	84.5
Qatar	7	52,528	0.2	103,944	50.5
Kuwait	6	27,984	0.1	49,038	57.1
North Yemen	1	130	0.0	136	95.6
Lebanon	42	46,462	0.2	56,767	81.8
Syria	96	49,556	0.2	89,895	55.1
Saudi Arabia	58	446,009	2.1	1,405,489	31.7
Jordan	30	7,088	0.0	9,696	73.1
B) NORTHERN AFRICAN COUNTRIES	26	148,434	0.7	259,367	57.2
Algeria	2	4,088	0.0	8,110	50.4
Morocco	1	150	0.0	150	100.0
Libya	14	120,484	0.6	222,189	54.2
Egypt	8	19,430	0.1	22,119	87.8
Tunisia	1	4,282	0.0	6,799	63.0



C) OTHER ISLAMIC COUNTRIES	14	27,608	0.1	30,138	91.6
Afghanistan	2	403	0.0	535	75.3
Indonesia	1	525	0.0	1,500	35.0
Malaysia	1	150	0.0	150	100.0
Pakistan	9	21,286	0.1	22,121	96.2
Sudan	1	5,244	0.0	5,832	89.9
EASTERN EUROPEAN COUNTRIES	90	83,879	0.4	162,924	51.5
A) C.I.S.	62	60,753	0.3	118,457	51.3
Azerbaijan	8	6,832	0.0	11,836	57.7
C.I.S.	1	400	0.0	800	50.0
Georgia	4	2,676	0.0	5,540	48.3
Kazakhstan	1	1,000	0.0	1,000	100.0
Russian Federation	38	38,661	0.2	81,127	47.7
Tataristan	1	1,800	0.0	3,000	60.0
Türkmenistan	2	1,002	0.0	2,004	50.0
Ukraine	7	8,382	0.0	13,150	63.7
B) O. EASTERN EUROPEAN COUNT.	28	52	0.0	44,467	0.1
Albania	1	700	0.0	700	100.0
Bulgaria	6	8,033	0.0	15,640	51.4
Czech Republic	1	168	0.0	-	-
Hungary	3	3,301	0.0	7,361	44.8
Poland	1	900	0.0	1,000	90.0
Romania	2	2,025	0.0	4,400	46.0
Yugoslavia	14	7,999	0.0	15,198	52.6
OTHER COUNTRIES	307	821,880	3.8	2,945,380	27.9
A) SOUTHEAST ASIAN COUNTRIES	43	157,750	0.7	462,765	34.1
China	12	11,993	0.1	20,299	59.1
South Korea	10	26,220	0.1	51,873	50.5
India	3	1,314	0.0	1,323	99.3
Hong Kong	40	11,559	0.1	28,667	40.3
Singapore	5	96,970	0.4	319,251	30.4
Taiwan	5	8,194	0.0	39,852	20.6
Thailand	1	1,500	0.0	1,500	100.0
B) OTHER COUNTRIES	264	664,130	3.1	2,482,615	26.8
ABD Virgin Islands	2	20,501	0.1	31,000	66.1
Argentina	1	1,510	0.0	7,927	19.0
Bahamas	-	35,150	0.2	36,833	95.4
Bermuda	3	10,660	0.0	18,410	57.9
Brazil	-	0	0.0	21	1.0
Cayman Islands	4	11,284	0.1	17,184	65.7
Ethiopia	-	898	0.0	1,411	63.6
IFC	3	149,128	0.7	1,598,173	9.3
Israel	18	10,159	0.0	17,484	58.1
Jamaica	-	350	0.0	350	100.0
Jersey Island	2	283,756	1.3	290,757	97.6
Canary Islands	-	3,207	0.0	3,207	100.0
Joint	206	-	-	-	-
Liberia	4	29,249	0.1	31,200	93.7
Liechtenstein	9	28,760	0.1	35,814	80.3
Macedonia	2	980	0.0	1,000	98.0
Monaco	1	400	0.0	1,540	26.0
Panama	6	44,991	0.2	350,324	12.8
Peru	1	115	0.0	120	95.8
Uruguay	-	3,057	0.0	7,280	42.0
Virgin Islands	1	26,500	0.1	26,500	100.0
TOTAL	2,599	21,591,002	100.0	41,485	52.0

Source: ANKA

BREAKDOWN BY SECTORS OF FOREIGN CAPITAL COMPANIES

OPERATING IN TURKEY

(As of end of March 1994, TL Million)

SECTORS	Number of Companies	Current Foreign Capital	Share in Total For. Cap. (%)	Companies' Total Capital	For. Cap. As % of Total
AGRICULTURE	67	413,396	1.9	636,161	65.0
Vegetable products	14	16,206	0.1	21,155	76.6
Animal husbandry	14	110,249	0.5	237,366	46.5
Fishery products	13	33,600	0.2	66,267	50.7
Forestry	2	1,988	0.0	6,160	32.3
Agricultural services	24	251,353	1.2	305,213	82.4
MINING	40	253,149	1.2	309,138	81.9
Metal mining	2	1,043	0.0	1,840	56.7
Other mining	38	252,376	1.2	307,298	82.1
MANUFACTURING	725	11,732,939	54.3	24,275,581	48.3
Food	96	1,528,988	7.1	2,336,929	65.4
Beverages	3	1,879	0.0	4,543	41.4
Tobacco	8	1,322,893	6.1	1,657,052	79.8
Textiles	33	146,458	0.7	289,081	50.7
Wearing apparel exc. knitted prd.	3	1,184	0.0	1,390	85.2
Ready-made garments	89	335,202	1.6	599,837	55.9
Leather & leather products	16	11,795	0.1	17,458	67.6
Shoes	2	3,638	0.0	7,567	48.1
Forestry products	7	93,870	0.4	181,766	51.6
Paper	10	132,323	0.6	227,740	58.1
Printing & publishing	6	76,130	0.4	83,670	91.0
Chemicals	21	441,638	2.0	773,053	57.1
Industrial chemicals	21	197,652	0.9	335,735	58.9
Other chemicals	42	890,011	4.1	1,164,525	76.4
Other petroleum & coal prd.	5	111,233	0.5	153,214	72.6
Rubber	1	20,128	0.1	20,750	97.0
Plastic	25	240,185	1.1	377,573	63.6
Tyre	4	187,723	0.9	402,445	46.6
Fertilizers	3	12,995	0.1	23,885	54.4
Non metallic mineral products	1	49	0.0	100	49.0
Ceramic & cement products	16	61,269	0.3	500,556	12.2
Glass & glassware	9	115,883	0.5	1,227,507	9.4
Cement	6	199,226	0.9	207,676	95.9
Heavy metal	4	14,216	0.1	28,816	49.3
Iron-steel	13	526,456	2.4	2,743,460	19.2
Non-ferrous metals	12	373,256	1.7	774,050	48.2
Machinery	8	3,186	0.0	9,654	33.0
Fabricated metal products	32	117,777	0.5	386,345	30.5
Non-electrical machinery	20	37,268	0.2	71,060	52.4
Electrical machinery	49	825,042	3.8	1,463,950	56.4
Electronics	36	1,009,744	4.7	1,749,901	57.7
Motor vehicles	17	1,638,078	7.6	4,543,670	36.1
Motor vehicles ancillary ind.	40	541,999	2.5	906,847	59.8
Measuring & controlling equip.	11	43,111	0.2	78,053	55.2
Aircraft	2	285,255	1.3	593,500	48.1
Other	54	189,499	0.9	332,223	57.0



SERVICES	1,767	9,191,248	42.6	16,364,368	56.2
Trade	993	1,262,076	5.8	1,877,706	67.2
Restaurants	44	327,515	1.5	504,770	64.9
Hotels	236	2,021,477	9.4	4,338,557	46.6
Construction	41	80,167	0.4	124,288	64.5
Land transportation	15	8,740	0.0	11,451	76.3
Marine transportation	23	32,224	0.1	55,941	57.6
Air transportation	36	34,387	0.2	82,972	41.4
Other transportation services	32	30,984	0.1	40,360	76.8
Communication	4	41,770	0.2	121,850	34.3
Banking & other financing	35	1,853,125	8.6	3,813,131	48.6
Financial institutions	15	2,245,481	10.4	2,312,208	97.1
Insurance	26	236,722	1.1	565,396	41.9
Leasing	3	29,825	0.1	49,570	60.2
Private education	6	9,825	0.0	10,060	97.7
Research-development	6	6,819	0.0	7,930	86.0
Health	10	70,056	0.3	911,230	7.7
Other social services	74	124,245	0.6	176,779	70.3
Cinema & entertainment	3	3,519	0.0	11,550	30.5
Laundry & dry cleaning	1	3,000	0.0	10,000	30.0
Other personel services	8	205,214	1.0	347,100	59.1
Other services	156	584,077	2.7	991,519	58.9
TOTAL	2,599	21,591,002	100.0	41,585,248	51.9

Source: ANKA

EXCHANGE RATES							
(Monthly Average, TL)							
	US Dollar	Sterling	Deutsche Mark	French Franc	Swiss Franc	Belgian Franc	Japanese Yen
1991	4,169.9	7,343.5	2,511.5	738.7	2,902.0	122.0	31.1
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	6,650.5	2,229.8	659.9	2,640.2	108.5	27.7
May	3,983.5	6,861.1	2,313.6	683.0	2,733.0	112.5	28.8
June	4,227.0	6,986.4	2,373.9	700.0	2,772.2	115.4	30.3
July	4,373.1	7,215.9	2,446.7	721.2	2,825.3	118.9	31.7
August	4,507.8	7,587.8	2,584.3	760.7	2,962.7	125.6	33.0
September	4,647.4	7,994.6	2,729.7	802.6	3,123.0	132.6	34.5
October	4,842.9	8,345.3	2,865.8	841.0	3,277.4	139.2	37.1
November	4,946.4	8,781.2	3,040.7	890.1	3,438.7	147.6	38.1
December	5,049.3	9,230.1	3,230.5	945.6	3,647.2	156.8	39.4
1992	6,887.5	12,084.0	4,422.3	1,304.8	4,919.4	214.8	54.4
January	5,306.8	9,625.0	3,373.1	988.7	3,795.4	163.8	42.3
February	5,659.6	10,072.9	3,502.1	1,028.5	3,897.1	170.1	44.5
March	6,091.1	10,507.6	3,667.7	1,079.2	4,042.5	178.0	45.9
April	6,414.4	11,254.4	3,887.9	1,149.3	4,224.1	189.0	48.0
May	6,707.7	12,119.7	4,126.4	1,227.6	4,429.2	200.6	51.3
June	6,878.5	12,736.0	4,365.3	1,296.8	4,813.7	212.2	54.2
July	6,939.2	13,321.9	4,653.0	1,379.1	5,197.6	225.8	55.2
August	7,087.8	13,736.3	4,876.5	1,438.6	5,448.3	236.8	56.1
September	7,274.3	13,512.0	5,023.1	1,475.8	5,698.5	243.6	59.2
October	7,570.6	12,609.8	5,130.0	1,512.3	5,786.6	249.0	62.6
November	8,110.1	12,421.9	5,121.3	1,513.9	5,692.8	249.0	65.5
December	8,345.1	12,946.6	5,275.5	1,547.5	5,869.5	256.7	67.2
1993	10,986.0	16,508.5	6,635.8	1,935.1	7,451.5	317.2	99.8
January	8,699.0	13,289.9	5,379.5	1,586.0	5,885.3	261.4	69.6
February	9,047.6	13,048.2	5,518.2	1,629.5	5,971.4	267.7	75.5
March	9,391.2	13,736.3	5,698.9	1,676.1	6,182.3	276.7	80.4
April	9,547.6	14,713.3	5,982.1	1,764.4	6,521.0	290.0	84.9
May	9,956.6	15,462.9	6,213.1	1,843.0	6,893.8	302.2	90.3
June	10,467.5	15,866.9	6,355.9	1,887.8	7,122.9	309.3	97.6
July	11,174.0	16,738.4	6,523.8	1,916.5	7,380.5	316.0	103.9
August	11,632.4	17,358.0	6,853.8	1,960.7	7,765.3	323.7	112.0
September	11,858.3	18,092.4	7,309.1	2,091.2	8,368.0	341.2	112.6
October	12,519.9	18,834.5	7,651.3	2,181.8	8,703.9	352.0	117.1
November	13,376.0	19,795.2	7,864.4	2,264.1	8,932.2	369.3	124.1
December	14,026.1	20,947.1	8,215.7	2,401.7	9,600.7	393.4	127.8
1994							
January	15,196.1	22,681.7	8,726.9	2,571.6	10,325.3	420.0	136.6
February	17,724.6	26,250.1	10,214.0	3,007.9	12,177.2	496.0	166.6
March	20,584.4	30,725.1	12,165.3	3,571.8	14,411.4	590.7	195.9

Source: SPO, The Central Bank of Turkey

FOREIGN DEBTS				
(\$ Million)				
	1990	1991	1992	1993*
TOTAL DEBT	49,035	50,489	55,592	67,356
A. BY MATURITY				
1. Medium & Long-term	39,535	41,372	42,932	48,823
2. Short-term	9,500	9,117	12,660	18,533
B. BY BORROWERS				
1. Medium & Long-term	39,535	41,372	42,932	48,823
a. Consolidated Budget	23,659	25,134	25,798	28,336
Direct Borrowings	13,219	14,599	16,145	19,335
Annexed Budget	3,645	3,449	3,007	2,635
Onlending	6,795	7,086	6,646	6,366
b. Other Public Sector	14,078	13,986	13,950	14,519
Central Bank	7,321	6,530	6,150	6,618
SEE's	4,785	5,185	5,135	5,439
Local Administrations	1,032	1,159	1,695	1,602
Extra Budgetary Funds	939	1,103	949	836
Universities	1	9	21	24
c. Private Sector	1,798	2,252	3,184	5,968
2. Short-term	9,500	9,117	12,660	18,533
Central Bank	855	557	572	667
Deposit Banks	5,373	5,216	7,157	11,127
Other Sectors	3,272	3,344	4,931	6,739
C. BY CREDITORS				
1. Medium & Long-term	39,535	41,372	42,932	48,823
Multilateral Agencies	9,564	10,069	9,160	8,674
Bilateral Lenders	12,984	14,587	15,035	18,153
Commercial Banks	10,720	10,992	12,956	15,706
Private Creditors	6,267	5,724	5,781	6,290
2. Short-term	9,500	9,117	12,660	18,533
Commercial Banks	3,845	4,144	6,490	9,526
Private Creditors	5,655	4,973	6,170	9,007
D. BY TYPE OF LOANS				
1. Medium & Long-term	39,535	41,372	42,932	48,823
Project&Program Loans	21,116	22,815	21,819	23,200
Eurocurrency Loans	10,720	10,992	12,956	14,266
Rescheduled Debts	12	11	10	8
CTLD's	0	0	0	0
Banker's Credits	0	0	0	0
NGTA's	12	11	10	8
Private Sector	7,687	7,554	8,147	11,349
2. Short-term	9,500	9,117	12,660	18,533
a. Credits	5,524	6,134	10,065	15,436
Banker's Credits	51	0	0	0
Overdrafts	24	3	2	1
Acceptance Credits	1,386	1,504	2,630	4,762
Pre-Export Financing	146	486	945	1,148
Foreign Exchange Loans	3,833	4,141	6,488	9,525
b. Deposits	3,976	2,983	2,595	3,097
Foreign Exchange Deposit Accounts	3,280	2,429	2,025	2,431
Dresdner Bank	695	553	569	666
CTDL's	1	1	1	0

* Provisional

Source: Undersecretariat of Treasury and Foreign Trade

**STATISTICAL ANNEX
FOR
CHAPTER III**

REALIZATION OF THE CONSOLIDATED BUDGET BALANCE (TL Billion)					
	1992	1993 Provisional	1994 Programme	Changes (%)	
				1993/1992	1994/1993
Revenues	174,224	359,850	627,000	106.5	74.2
Direct Taxes	71,393	128,294	216,700	79.7	68.9
Indirect Taxes	70,209	135,909	256,270	93.6	88.6
Non-tax Revenues	29,542	86,567	149,500	193.0	72.7
Grants	1,700	1,597	1,500	-6.1	-6.1
Annexed Budget	1,380	7,483	3,000	442.2	-59.9
Expenditures	221,658	489,255	818,840	120.7	67.4
Personnel	94,076	169,532	264,973	80.2	56.3
Other Current	20,145	35,460	67,908	76.0	91.5
Investment	29,239	57,467	84,575	96.5	47.2
Transfers	37,900	110,328	399,500	191.1	262.1
Budget Balance	-47,434	-129,405	-191,840	172.8	48.2
Cash Balance	-59,439	-120,915	-191,840	103.4	58.7
Financing	59,439	120,915	191,840	103.4	58.7
Foreign Borrowing,Net	4,038	19,715	1,000	388.2	-94.9
Domestic Borrowing,Net	15,408	30,135	26,512	95.6	-12.0
Short Term Borrowing	41,372	75,251	164,328	81.9	118.4
Other	-1,380	-4,186	0	203.3	-

Source : Undersecretariat of Treasury and Foreign Trade

MAIN MONETARY INDICATORS							
	TL Billion					Percentage Change	
	1991	1992	1993	1994**	1991	1992	1993***
Banknotes Issued	20,707	35,033	60,675	84,019	69.2	73.2	38.5
Reserve Money	36,069	60,276	98,560	126,767	67.1	63.5	28.6
Money Supply (M1)	42,116	70,521	116,523	129,126	67.4	65.2	10.8
Money Supply (M2)	113,566	182,988	266,461	310,604	61.1	45.6	16.6
Central Bank Credit (Direct)	17,671	37,419	83,785	137,260	111.8	123.9	63.8
Deposit Banks' Credits	78,663	140,427	263,765	329,770	78.5	87.8	25.0
Total Credit Stock***	106,605	192,081	371,416	498,300	80.2	93.4	34.2
Total Deposit	100,161	160,244	228,195	246,317	60.0	42.4	7.9
Sight	28,607	47,566	77,753	54,327	66.3	63.5	-30.1
Time	71,554	112,678	150,442	191,990	57.5	33.5	27.6
Wholesale Prices' Index*	-	-	-	-	61.4	60.3	53.3
Consumer Prices' Index*	-	-	-	-	66.0	71.1	58.0

* Percentage change (annual averages)

** As of April 15

*** Included Investment and Development Bank Credits

Source: The Central Bank of Turkey

CREDIT STOCKS									
(Percentages)									
	1985	1986	1987	1988	1989	1990	1991	1992	1993
Central Bank Direct Credits	15.4	12.0	12.6	12.2	9.0	6.8	15.2	19.4	21.5
Public Administrations	13.4	10.2	8.5	8.4	6.3	4.5	10.1	13.5	18.2
Public Enterprises	2.0	1.8	4.2	3.8	2.8	2.2	5.1	5.9	3.3
Deposit Bank Credits	74.0	77.8	78.9	76.7	79.9	85.3	75.0	73.1	72.1
Own Sources	69.5	73.7	72.9	70.4	73.8	81.3	71.9	68.9	67.6
Central Bank Sources	4.4	4.1	6.0	6.3	6.1	4.0	3.1	4.2	4.5
Invest. and Develop. Bank Credits	10.7	10.2	8.4	11.2	11.1	8.0	9.8	7.5	6.4
Own Sources	9.9	9.4	7.6	9.2	9.3	6.8	9.2	7.1	6.1
Central Bank Sources	0.8	0.8	0.9	2.0	1.8	1.2	0.6	0.4	0.2
TOTAL	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

BANK CREDITS									
(Percentages)									
	1985	1986	1987	1988	1989	1990	1991	1992	1993
Deposit Money Bank Credits	87.4	88.4	91.8	87.3	87.8	91.5	88.4	90.7	91.9
Public Deposit Money Banks	45.6	46.4	52.2	50.7	49.1	44.7	42.0	41.5	36.9
Other Private Deposit Money Banks	38.9	39.6	37.6	34.0	35.5	42.8	42.3	45.5	51.3
Foreign Deposit Money Banks	2.9	2.4	2.0	2.6	3.2	4.0	4.1	3.7	3.7
Invest. and Develop. Bank Credits	12.6	11.6	9.7	12.7	12.2	8.5	11.6	9.3	8.1
Export Credit Bank of Turkey	6.3	5.7	4.2	4.6	4.8	1.5	1.2	1.3	1.1
Other Banks	6.3	6.0	5.4	8.1	7.5	7.0	10.4	8.0	7.0
TOTAL	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: The Central Bank of Turkey

DEPOSITS (TL Billions)				
	1990	1991	1992	1993
PUBLIC BANKS' DEPOSITS				
Public				
Sight	3,193.2	4,366.6	7,002.2	13,934.1
Time	166.4	86.0	176.1	437.9
Total	3,359.6	4,452.6	7,178.3	14,372.0
Commercial				
Sight	3,141.7	5,045.6	8,060.1	13,341.6
Time	1,998.9	2,815.8	4,180.8	6,555.3
Total	5,140.6	7,861.4	12,240.9	19,896.9
Savings				
Sight	1,577.6	2,270.9	4,146.9	6,538.3
Time	11,631.9	21,790.3	40,508.5	53,344.6
Total	13,209.5	24,061.2	44,655.4	59,882.9
Certificate of Deposit	794.8	1,075.5	1,535.6	924.8
Other				
Sight	1,802.1	2,650.1	4,347.8	9,331.9
Time	8,543.6	13,206.3	23,536.2	35,899.8
Total	10,345.7	15,856.4	27,884.0	45,231.7
Total	32,850.2	53,307.1	93,494.2	140,308.3
PRIVATE BANKS' DEPOSITS				
Public				
Sight	25.6	31.9	168.3	193.3
Time	6.7	5.4	25.8	47.5
Total	32.3	37.3	194.1	240.8
Commercial				
Sight	5,243.5	7,423.2	12,321.4	21,450.0
Time	645.3	833.4	1,100.0	1,202.1
Total	5,888.8	8,256.6	13,421.4	22,652.1
Savings				
Sight	2,829.5	3,752.8	5,996.3	9,727.1
Time	15,012.0	26,559.0	36,001.3	48,229.2
Total	17,841.5	30,311.8	41,997.6	57,956.3
Certificate of Deposit	1,442.5	2,045.2	2,010.0	1,882.3
Other				
Sight	279.1	431.9	750.8	718.8
Time	722.9	1,206.6	1,618.9	2,175.7
Total	1,002.0	1,638.5	2,369.7	2,894.5
Total	26,207.1	42,289.4	59,992.8	85,626.0
FOREIGN BANKS' DEPOSITS				
Public				
Sight	0.0	0.0	0.0	0.2
Time	0.0	0.0	0.0	0.1
Total	0.0	0.0	0.0	0.3
Commercial				
Sight	200.4	244.1	426.4	809.8
Time	14.6	27.5	17.0	48.5
Total	215.0	271.6	443.4	858.3
Savings				
Sight	56.4	76.6	152.9	315.4
Time	433.9	670.7	739.3	1,136.5
Total	490.3	747.3	892.2	1,451.9
Certificate of Deposit	117.6	183.8	174.0	207.9
Other				
Sight	13.4	22.5	26.8	72.6
Time	32.2	35.7	60.8	89.3
Total	45.6	58.2	87.6	161.9
Total	868.5	1,260.9	1,597.2	2,680.3
GENERAL TOTAL	59,925.8	96,857.4	155,084.2	228,614.6

Source: The Central Bank of Turkey

WHOLESALE PRICE INDICES

(1987=100)

	General	Changes (%)	Agriculture	Changes (%)	Mining	Changes (%)	Manufacturing	Changes (%)	Energy	Changes (%)
1991										
January	355.3	4.4	344.7	8.3	335.5	3.2	362.0	3.3	313.1	6.9
June	408.5	1.5	423.3	0.5	356.2	2.2	407.4	1.7	376.4	2.0
December	505.6	2.5	470.6	4.6	524.3	2.3	520.7	1.9	425.1	3.5
1992										
January	893.8	11.0	915.8	15.2	861.1	5.1	872.4	8.0	1,097.1	39.8
February	940.7	5.2	1,063.7	16.1	872.4	1.3	888.9	1.9	1,120.3	2.1
March	981.0	4.3	1,168.9	9.9	890.1	2.0	909.7	2.3	1,147.8	2.5
April	1,002.5	2.2	1,160.0	-0.8	900.5	1.2	941.4	3.5	1,174.3	2.3
May	1,009.5	0.7	1,050.1	-9.5	960.7	6.7	983.1	4.4	1,211.9	3.2
June	1,012.0	0.2	935.4	-10.5	1,016.7	5.9	1,019.7	3.7	1,254.7	3.5
July	1,030.6	1.8	854.8	-8.6	1,111.0	9.3	1,065.9	5.2	1,305.6	4.0
August	1,080.4	4.8	903.2	5.7	1,134.6	2.1	1,174.4	4.8	1,346.0	3.1
September	1,148.1	6.3	994.2	10.1	1,155.4	1.8	1,180.2	5.6	1,395.7	3.7
October	1,211.8	5.5	1,069.1	7.5	1,201.3	4.0	1,242.1	5.2	1,438.0	3.0
November	1,254.1	3.5	1,125.0	5.2	1,249.2	4.0	1,279.9	3.0	1,480.8	3.0
December	1,289.3	3.6	1,186.6	5.5	1,286.8	3.0	1,320.0	3.1	1,527.1	3.1
1993										
January	1,364.8	5.0	1,279.6	7.8	1,297.3	0.8	1,365.9	3.5	1,792.2	17.4
February	1,436.0	5.2	1,438.6	12.4	1,384.5	6.7	1,409.3	3.2	1,841.0	2.7
March	1,504.3	4.8	1,602.2	11.4	1,455.0	5.1	1,447.4	2.7	1,897.3	3.1
April	1,543.6	2.6	1,660.7	3.6	1,498.0	3.0	1,479.4	2.2	1,956.3	3.1
May	1,588.0	2.9	1,595.5	-3.9	1,532.1	2.3	1,558.5	5.3	2,016.7	3.0
June	1,625.2	2.3	1,532.3	-4.0	1,591.3	3.9	1,625.5	4.3	2,079.5	3.1
July	1,702.3	4.7	1,657.8	8.2	1,659.3	4.3	1,685.9	3.7	2,169.3	4.3
August	1,766.2	3.8	1,713.7	3.4	1,719.9	3.7	1,751.3	3.9	2,248.7	3.7
September	1,837.1	4.0	1,753.2	2.3	1,824.4	6.1	1,830.1	4.5	2,331.6	3.7
October	1,902.6	3.6	1,825.9	4.1	1,881.6	3.1	1,892.1	3.4	2,422.7	3.9
November	2,023.5	6.4	2,016.3	10.4	2,011.8	6.9	1,988.3	5.1	2,574.4	6.3
December	2,082.2	2.9	2,083.2	3.3	2,109.2	4.8	2,040.5	2.6	2,673.8	3.9
1994										
January	2,192.3	5.3	2,185.0	4.9	2,146.9	1.8	2,139.0	4.8	3,047.7	14.0
February	2,412.7	10.1	2,436.7	11.5	2,326.1	8.3	2,361.5	10.4	3,117.2	2.3
March	2,617.5	8.5	2,747.7	12.8	2,447.1	5.2	2,544.6	7.8	3,194.5	2.5
April	3,477.3	32.8	2,953.0	7.5	3,127.9	27.8	3,598.7	41.4	4,338.2	35.8
May	3,789.6	9.0	3,129.2	6.0	4,037.0	29.1	3,952.1	9.8	4,428.3	2.1

Source: S/S

SECURITIES OUTSTANDING							
(TL Billion)							
	1988	1989	1990	1991	1992	1993	1994*
Private Sector	3,839.9	7,993.2	16,076.5	34,484.1	60,642.9	110,772.6	113,807.1
Shares	3,132.0	6,727.0	14,476.0	32,304.1	49,139.4	71,286.2	74,425.2
Corporate Bonds	539.4	776.0	1,391.9	1,655.6	1,704.7	1,705.6	1,697.6
Finance Bills	168.5	490.2	208.6	524.4	756.3	1,197.7	1,131.8
Asset Backed Sec.					9,042.5	36,583.1	36,552.5
Public Sector	8,407.3	15,485.2	25,369.9	44,718.7	121,596.4	263,562.6	297,005.5
Government Bonds	4,880.3	10,862.8	18,801.2	24,697.2	73,109.8	189,713.3	208,577.5
Treasury Bills	2,541.9	3,537.3	5,468.6	18,258.1	42,246.7	64,488.1	73,178.9
Rev. Sharing Cert.	585.0	685.0	800.0	100.0	0.0	0.0	0.0
For. Ex. Ind. B.	400.0	400.0	300.0	1,663.4	6,239.9	9,361.2	15,249.1
GRAND TOTAL	12,247.0	23,478.4	41,446.4	79,202.8	182,239.3	374,335.2	410,812.6

* January - February

Source: Capital Market Board - Monthly Bulletin

ISTANBUL STOCK EXCHANGE SHARE INDEX					
MONTHS	1990	1991	1992	1993	1994
January	3,641.3	4,213.5	4,926.2	4,383.0	20,104.8
February	3,516.1	5,102.6	3,664.4	5,923.6	16,199.5
March	3,294.3	4,520.0	4,076.6	5,864.2	14,087.2
April	3,308.2	3,554.3	3,686.4	7,807.6	15,096.7
May	3,852.1	3,626.4	3,297.4	8,375.8	
June	4,133.0	3,587.4	4,407.2	10,778.7	
July	5,384.5	3,041.4	4,264.1	10,077.6	
August	4,939.2	3,301.3	4,157.8	12,357.0	
September	5,085.2	2,937.6	3,976.4	15,079.9	
October	4,570.4	2,746.8	4,004.8	14,500.7	
November	3,257.0	4,058.5	3,786.2	18,977.2	
December	3,255.8	4,369.2	4,004.2	20,682.9	

Source: ISE

TRANSACTIONS VOLUMES OF VARIOUS SECURITIES

(TL Billion)

	S	CB	GB	TB	BB	RSC	CP	FEIB	HC	ABS	TOTAL
1992											
January	7,489.3	991.7	10,590.8	15,516.4	19.4	261.3	28.4	576.9	2.1		35,476.3
February	5,562.7	1,019.3	10,825.8	14,289.2	18.8		36.8	1,073.8	1.5		32,827.7
March	5,858.3	1,110.3	11,155.8	17,749.7	29.9		72.2	1,402.4	3.6		37,382.3
April	3,825.4	894.8	11,078.9	19,338.7	26.6		72.4	1,484.4	2.0		36,723.3
May	3,108.2	780.1	13,624.8	22,029.8	75.2		368.3	2,030.6	2.7		42,019.6
June	5,076.3	883.9	13,577.1	28,520.6	35.7		105.1	1,675.9	2.0		49,876.5
July	6,635.3	772.8	17,551.8	36,630.4	58.2		121.8	1,483.6	2.1		63,256.0
August	3,508.2	752.2	18,065.5	34,226.2	11.7		115.4	1,353.7	5.8	83.1	58,121.7
September	4,708.9	1,077.8	17,040.4	42,141.1	34.1		57.3	1,930.2	6.1	947.4	67,943.3
October	2,427.8	943.0	23,201.3	35,239.9	55.8		49.3	2,065.8	4.0	239.1	64,226.0
November	3,223.5	999.9	27,069.5	49,906.0	49.7		42.1	3,547.6	1.8	798.7	85,638.8
December	4,979.6	1,075.9	34,927.6	60,384.8	2.0		80.8	6,073.4	0.6	894.1	108,418.9
1993											
January	4,660.9	675.3	33,435.1	58,210.9	2.5		53.4	3,877.5	0.0	848.5	101,764.2
February	11,178.7	895.9	25,916.6	61,607.2	1.5		31.3	8,556.1	0.0	1,122.6	109,310.0
March	6,749.2	419.9	25,435.8	78,988.0	100.4		10.6	3,261.5	1.5	995.2	115,966.4
April	15,602.2	636.5	36,814.2	82,737.4	19.7		27.9	2,318.3	0.0	1,766.2	139,922.4
May	13,631.1	633.7	24,279.1	90,680.9	5.2		8.1	3,495.4	0.0	1,742.5	134,476.0
June	17,789.5	546.3	37,249.7	72,392.2	94.3		6.8	3,101.8		1,653.0	132,833.6
July	14,805.7	580.2	44,301.5	71,162.0	22.0		9.4	3,325.8		2,222.3	142,068.0
August	17,721.1	520.8	51,678.5	100,782.7	3.1		73.3	4,366.4	0.4	2,371.8	186,462.1
September	34,347.2	563.5	85,071.2	113,160.2	5.2		46.7	3,243.9		5,864.2	242,302.1
October	24,583.3	732.7	72,604.2	92,769.4	0.5		129.3	2,391.3		5,150.8	198,361.5
November	41,516.4	718.4	89,160.6	116,078.1	0.6		116.9	5,893.3		4,173.9	257,658.2
December	53,069.2	930.1	126,671.5	79,330.9	91.8		247.5	5,098.0		3,975.1	269,414.1
1994											
January	79,517.2	623.0	64,069.8	59,945.7	1.1		102.3	9,427.2		3,543.4	217,229.6
February	25,855.6	286.7	100,800.9	97,044.5	2.0		84.1	1,178.2		4,599.7	229,851.7

S: Shares

CB: Corporate Bonds

GB: Government Bonds

TB: Treasury Bills

Source: Capital Market Board-March 1994, Monthly Bulletin

BB: Bank Bills-Bank Guaranteed Bills

RSC: Revenue Sharing Certificates

CP: Commercial Papers

FEIB: Foreign Exchange Indexed Bonds

Source: Capital Market Board-March 1994, Monthly Bulletin

HC: Housing Certificates

ABS: Asset Backed Securities

HISTORICAL STATISTICS

PER CAPITA GNP

(1968-1993)

YEARS	Population Mid-Year (000)	At Current Producers' Prices	At US \$	Changes (%)	At 1987 Constant Prices	Real Changes (%)
1970	35,321	5,715	523	-7.7	949,913	2.2
1971	36,215	7,007	463	-11.6	994,543	4.7
1972	37,132	8,259	578	24.8	1,063,241	6.9
1973	38,072	10,219	716	23.9	1,089,753	2.5
1974	39,036	13,756	978	36.7	1,101,652	1.1
1975	40,078	16,943	1,164	18.9	1,140,778	3.6
1976	40,915	20,875	1,291	10.9	1,221,714	7.1
1977	41,768	26,446	1,462	13.2	1,233,009	0.9
1978	42,640	38,724	1,572	7.5	1,224,880	-0.7
1979	43,530	64,694	1,837	16.9	1,191,830	-2.7
1980	44,438	120,663	1,556	-15.3	1,140,436	-4.3
1981	45,540	176,551	1,574	1.1	1,172,097	2.8
1982	46,688	229,169	1,387	-11.9	1,185,985	1.2
1983	47,864	294,814	1,280	-7.7	1,209,691	2.0
1984	49,070	462,932	1,234	-3.6	1,271,681	5.1
1985	50,306	715,117	1,353	9.6	1,295,851	1.9
1986	51,433	1,012,259	1,487	9.9	1,362,790	5.2
1987	52,561	1,446,574	1,658	11.5	1,446,574	6.1
1988	53,715	2,436,209	1,706	2.9	1,435,529	-0.8
1989	54,893	4,245,888	1,986	16.4	1,436,716	0.1
1990	56,098	7,047,220	2,675	34.7	1,535,619	6.9
1991	57,326	10,860,046	2,571	-3.9	1,509,504	-1.7
1992	58,584	18,842,063	2,700	5.0	1,542,135	2.2
1993	59,869	31,881,353	2,853	5.7	1,619,946	5.0

Source : SIS

GENERAL EQUILIBRIUM OF THE ECONOMY											
(In Current Prices, TL Billion)											
	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994
GNP	18,375	27,789	39,177	58,391	100,154	170,633	287,254	453,206	779,462	1,321,955	2,135,712
Foreign Balance	513	525	1,023	840	-2,129	-2,049	6,810	-1,072	6,495	55,591	79,165
Total Resources	18,888	28,314	40,200	59,231	98,025	168,585	294,064	452,135	785,957	1,377,546	2,214,877
Total Investment	3,550	5,796	9,655	14,823	24,047	38,138	74,883	100,530	174,940	311,985	515,245
Fixed Capital Investment	3,286	5,554	9,121	14,101	24,166	38,304	64,580	102,393	173,370	295,973	492,865
Public	1,776	3,228	5,299	7,558	11,510	17,351	28,097	47,030	79,025	127,005	203,797
Private	1,510	2,326	3,821	6,543	12,656	20,953	36,484	55,363	94,346	168,969	289,068
Stock Changes	263	242	534	723	-119	-167	10,303	-1,863	1,569	16,012	22,380
Public	2	-48	43	233	-520	-464	65,780	673	-6,652	-2,612	4,449
Private	261	289	491	490	401	297	3,723	-2,535	8,222	18,623	17,930
Total Consumption	15,339	22,513	30,545	44,408	73,979	130,447	219,181	351,604	611,017	1,065,562	1,699,632
Public Disposable Income	2,953	5,044	7,600	10,149	17,546	30,257	53,234	75,303	125,579	184,632	323,371
Public Consumption	1,648	2,368	3,553	5,323	8,815	19,395	39,962	72,175	136,732	246,857	401,164
Public Savings	1,304	2,676	4,047	4,826	8,731	10,862	13,272	3,129	-11,154	-62,224	-77,793
Public Investment	1,777	3,181	5,343	7,790	10,990	16,887	34,676	47,703	72,372	124,393	208,246
Public Investment- Savings Gap	-473	-505	-1,295	-2,964	-2,260	-6,025	-21,404	-44,575	-83,526	-186,617	-286,039
Private Disposable Income	15,422	22,745	31,577	48,242	82,609	140,376	234,019	377,903	653,884	1,137,323	1,812,340
Private Consumption	13,691	20,150	26,993	39,085	65,164	11,052	179,219	279,430	474,285	818,705	1,298,468
Private Savings	1,732	2,595	4,584	9,157	17,445	29,324	54,800	98,474	179,598	318,618	513,872
Private Investment	1,772	2,615	4,312	7,033	13,057	21,251	40,206	52,827	102,567	187,592	306,998
Private Investment-Savings Gap	-40	-20	272	2,124	4,388	8,074	14,595	45,646	77,031	131,026	206,874
Private Savings Ratio	11	11	15	19	21	21	23	26	28	28	28
Total Domestic Savings	3,036	5,271	8,632	13,983	26,176	40,186	68,073	101,602	168,445	256,394	436,080
Fixed Capital Investment/GNP	18	20	23	24	24	22	23	23	22	22	23
Domestic Savings/GNP	17	19	22	24	26	24	24	22	22	19	20

Source: SPO

GROSS NATIONAL PRODUCT				
(In Current Prices, TL Million)				
	1990	1991	1992	1993
Agriculture	71,174,161.7	97,201,530.0	163,826,636.9	264,167,650.0
Agriculture and Livestock	66,298,570.1	90,872,893.7	149,508,179.5	243,743,435.0
Forestry	2,619,911.0	3,356,826.1	9,889,633.6	12,804,199.0
Fishing	2,255,680.6	2,971,810.2	4,428,823.8	7,620,016.0
Industry	98,948,874.3	160,863,436.3	280,121,834.7	485,672,092.0
Mining	7,468,524.1	11,629,312.8	14,946,375.8	21,814,003.4
Manufacturing	84,287,891.7	136,381,873.2	236,572,985.3	412,408,388.3
Electricity, Gas and Water	7,192,458.5	12,852,250.3	28,602,473.6	51,449,700.3
Construction	24,397,585.5	41,552,722.7	74,509,413.9	131,226,650.0
Trade	76,438,845.5	117,121,992.8	202,368,876.4	357,101,802.4
Transportation and Communication	47,781,203.9	76,188,594.1	133,337,719.3	225,850,610.3
Financial Institutions	12,659,531.3	26,059,835.1	43,492,158.2	78,491,043.1
Ownership of Dwellings	13,218,396.4	23,227,599.8	41,215,528.6	68,178,138.1
Business and Personal Services	8,714,829.5	13,726,835.9	39,576,561.4	67,859,889.0
(Less) Imputed Bank Service Charges	9,838,059.4	23,281,981.7	41,188,229.9	77,107,910.4
Sectoral Total	343,495,368.7	532,660,565.0	937,260,494.5	1,601,439,964.5
Government Services	32,804,587.0	61,050,573.0	111,841,009.0	203,921,577.0
Total	377,820,730.6	596,042,890.0	1,052,654,898.5	1,811,376,558.9
Import Duties	13,396,841.2	22,206,002.2	40,713,146.3	81,229,108.7
GDP (In Purchasers' Value)	391,217,571.8	618,248,892.2	1,093,368,044.8	1,892,605,667.6
Net Factor Income From The Rest Of The World	4,117,376.9	4,314,167.1	10,475,378.1	16,099,149.3
GNP (In Purchasers' Value)	395,334,948.7	622,563,028.7	1,103,843,422.9	1,908,704,716.9

Source: SIS

SAVINGS AND DISPOSABLE INCOMES AS PERCENTAGES OF GNP																
YEARS	Pr.Dis.Inc./		Pr.Savings/		Pr.Sav/		Pub.Dis.Inc./		Pub.Sav./		Dom.Sav./		For.Sav./		Tot.Sav./	
	GNP	PR.DIS.INC.	PR.DIS.INC.	GNP	GNP	GNP	GNP	GNP	GNP	GNP	GNP	GNP	GNP	GNP	GNP	GNP
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							
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							
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							
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							
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	-0.1	22.3							
1990	81.5	23.4	19.1	18.5	24.9	4.6	23.7	2.4	26.1							
1991	83.4	26.1	21.7	16.6	4.3	0.7	22.4	-0.2	22.2							
1992	83.9	27.5	23.0	16.1	-8.9	-1.4	21.6	0.8	22.4							
1993	86.0	28.0	24.1	14.0	-33.7	-4.7	19.4	4.2	23.6							

Source: SPO

**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 (%)
1977	195	108	55.4	87.0	44.6
1978	280	135	48.2	145.0	51.8
1979	479	238	49.7	241.0	50.3
1980	864	482	55.8	382.0	44.2
1981	1,254	780	62.2	474.0	37.8
1982	1,664	1,023	61.5	641.0	38.5
1983	2,182	1,226	56.2	955.9	43.8
1984	3,286	1,776	54.0	1,510.0	46.0
1985	5,555	3,228	58.1	2,326.0	41.9
1986	9,115	5,258	57.7	3,856.0	42.3
1987	14,128	7,558	53.5	6,571.0	46.5
1988	24,182	11,494	47.5	12,688.0	52.5
1989	38,159	17,356	45.5	20,803.4	54.5
1990	64,580	28,097	43.5	36,483.4	56.5
1991	102,543	46,965	45.8	55,578.0	54.2
1992	173,372	79,026	45.6	94,346.0	54.4
1993	295,972	127,005	42.9	168,967.0	57.1

Source: SPO

PRIVATE INVESTMENT IN HOUSING

YEARS	Investments in Housing (TL Million)	GNP (TL Billion)	As Percentage of GNP (%)
1979	135	2,200	6.1
1980	187	4,435	4.2
1981	145	6,554	2.2
1982	195	8,735	2.2
1983	263	11,552	2.3
1984	415	18,375	2.3
1985	745	27,789	2.7
1986	1,356	39,310	3.4
1987	2,857	58,390	4.9
1988	6,349	100,582	6.3
1989	10,732	170,412	6.3
1990	16,123	287,254	5.6
1991	22,513	453,206	5.0
1992	38,326	779,462	4.9
1993	74,775	1,321,955	5.7

Source: SPO

NEW CONSTRUCTION					
(Construction Licences)					
YEARS	TL Million	Square Metres (000)	Chain Index	Cost Per Square Metre	Chain Index
1981	209,336.5	19,884.3	70.0	10,528.0	119.9
1982	288,052.0	21,728.7	109.3	13,257.0	125.9
1983	485,336.4	25,554.9	117.6	18,992.0	143.3
1984	799,095.0	28,888.6	113.1	27,661.0	145.7
1985	1,615,191.0	37,251.0	129.0	43,360.0	156.8
1986	3,881,419.0	55,624.0	149.3	69,780.0	160.9
1987	6,668,935.6	70,912.1	127.5	94,045.0	134.8
1988	12,174,500.0	67,861.3	95.7	179,403.0	190.8
1989	17,232,579.0	62,923.9	92.7	273,864.0	152.7
1990	26,077,451.0	60,083.0	95.5	434,023.8	158.5
1991	51,916,499.0	61,448.0	102.3	856,178.0	197.3
1992	108,483,497.0	73,076.0	118.9	1,501,595.0	175.4
1993	214,228,201.0	83,080.0	113.7	2,597,988.0	173.0

Source: SIS

NEW CONSTRUCTION					
(Occupancy Permits)					
YEARS	TL Million	Square Metres (000)	Chain Index	Cost Per Square Metre	Chain Index
1981	166,449.9	15,469.9	86.7	1,076.0	132.1
1982	210,283.6	15,945.1	103.1	13,188.0	122.6
1983	297,300.0	15,931.0	103.0	18,662.0	173.4
1984	445,820.0	15,882.0	99.7	28,071.0	150.4
1985	675,054.0	15,489.0	97.5	43,583.0	155.3
1986	1,524,261.0	22,295.0	143.9	68,368.0	156.9
1987	2,421,119.3	26,385.6	118.4	91,759.0	134.2
1988	5,131,898.3	28,777.4	109.1	178,331.0	194.4
1989	9,761,683.0	35,588.1	123.7	274,296.0	153.8
1990	14,542,782.0	33,322.6	93.6	436,424.0	159.1
1991	27,305,193.0	32,590.6	97.8	849,088.0	194.6
1992	56,441,771.0	38,306.0	117.5	1,494,402.0	176.0
1993	98,545,867.0	38,976.0	101.7	2,555,048.0	171.0

Source: SIS

AGRICULTURAL PRODUCTION

(000 Tonnes)

	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993
Cereals												
Wheat	17,500	16,400	17,200	1,700	19,000	18,900	21	16	20,000	20,400	19,300	21,000
Barley	6,400	5,425	6,500	6,500	7,000	6,900	8	5	7,300	7,800	6,900	7,500
Maize	1,360	1,480	1,500	1,900	2,300	2,400	2	2	2,100	2,180	2,100	2,350
Rye	430	380	360	360	350	380	263	191	240	256	225	
Other	841	807	754	733	-	-	-	546	600	455	465	
Pulses	1,222	1,363	1,287	1,457	1,900	2,120	2,080	1,453	1,950	1,751	1,678	
Industrial Crops												
Sugar Beet	12,732	12,770	11,100	9,830	10,662	12,717	11,534	10,929	13,986	15,474	14,800	15,563
Tobacco	210	229	178	170	1,584	182	313	270	296	228	320	324
Cotton	488	520	542	577	1,408	1,450	1,500	1,580	1,650	1,540	1,635	535
Oilseeds	1,507	1,690	1,746	1,961	1,190	1,430	2360	1,361	1,085	970	1,103	1,740
Fruit and Nuts												
Grapes	3,650	3,400	3,300	3,300	3,000	3,300	3,350	5,430	3,500	3,600	3,460	3,450
Figs	280	330	330	340	370	355	350	279	300	314	300	250
Hazelnuts	220	392	300	180	300	280	403	550	375	315	520	380
Citrus Fruit	1,235	1,299	1,299	996	1,360	1,310	1,410	1,411	1,437	1,649	1,610	

Source : SIS, SPO

AGRICULTURAL PRODUCTION INDEX (1983=100)												
YEARS	Wheat	Barley	Rice	Potatoes	Cotton	Tobacco	Sugar	Sunflower Seed	Olives	Hazelnuts	Grapes	Figs
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	75.9	87.0	99.3	200.0	75.9	97.1	100.0
1985	103.7	119.8	85.7	134.4	99.2	72.9	77.0	111.9	150.0	45.6	97.1	103.0
1986	115.9	129.0	87.3	131.1	99.2	67.8	83.5	131.5	252.5	75.9	88.2	112.1
1987	115.2	127.2	88.9	137.7	102.8	79.0	99.6	153.8	150.0	70.9	97.1	107.6
1988	125.0	138.2	83.6	142.6	124.5	93.7	90.3	160.8	275.0	101.9	98.5	106.1
1989	98.8	82.9	104.8	133.1	118.2	76.0	85.6	174.8	125.0	115.4	100.9	84.5
1990	122.0	134.6	73.0	141.0	125.5	126.5	109.5	120.3	275.0	94.9	102.9	90.6
1991	124.4	143.8	63.5	150.8	103.2	100.0	121.2	111.9	160.0	79.7	105.9	95.2
1992	117.7	127.2	68.3	150.8	115.9	137.6	116.2	132.9	187.5	131.6	101.5	75.8
1993	128.0	138.2	66.7	157.4	102.8	141.0	128.0	135.7	150.0	96.2	101.5	75.8

Source: Ministry Finance and Customs

PRODUCTION OF MAJOR INDUSTRIAL COMMODITIES

	Volume					Change (%)			
	1989	1990	1991	1992	1993	1990	1991	1992	1993
Mining									
Hard Coal (Th.Tons)	6,259	5,604	5,210	2,829	2,722	-10.5	-7.0	-45.7	-3.8
Lignite (Th.Tons)	51,863	45,826	44,511	49,847	45,959	-11.6	-2.9	12.0	-7.8
Crude Petroleum (Th.Tons)	2,877	3,720	4,520	4,296	3,892	29.3	21.5	-5.0	-9.4
Manufacturing									
Cotton Yarn (Tons)	42,138	44,858	47,366	47,177	43,744	6.5	5.6	-0.4	-7.3
Wool Yarn (Tons)	3,958	4,378	4,001	3,739	5,425	10.6	-8.6	-6.5	45.1
Filtered Cigarette (Tons)	56,450	56,480	67,740	63,773	69,803	0.1	19.9	-5.9	9.5
Raki and Beer (Tons)	375	432	480	543	620	15.2	11.1	13.1	14.2
News print (Th. Tons)	135	166	96	119	72	23.0	-42.2	24.0	-39.5
Kraft Paper (Th.Tons)	95	103	88	88	72	8.4	-14.6	0.0	-18.2
Sulfuric Acid (Th.Tons)	617	716	532	642	757	16.0	-25.7	20.7	17.9
Nitrogen Based Fer.(Th.Tons)	2,806	3,035	2,559	3,703	3,678	8.2	-15.7	44.7	-0.7
Phosphate Based Fer.(Th.Tons)	2,796	3,175	2,406	4,283	1,794	13.6	-24.2	78.0	-58.1
Polyethylen (Tons)	234,032	235,599	256,001	260,571	270,772	0.7	8.7	1.8	3.9
PVC (Tons)	129,454	136,655	131,638	150,453	159,294	5.6	-3.7	14.3	5.9
LPG (Th.Tons)	684	692	709	709	707	1.2	2.5	0.0	-0.3
Naphta (Th. Tons)	1,582	1,525	1,140	1,242	1,249	-3.6	-25.2	8.9	0.6
Gasoline (Th.Tons)	2,582	2,855	2,772	2,946	3,215	10.6	-2.9	6.3	9.1
Motor Oil (Th.Tons)	6,170	6,548	6,332	6,565	7,252	6.1	-3.3	3.7	10.5
Fuel-Oil (4,5,6) (Th.Tons)	8,007	8,243	8,444	8,441	8,705	2.9	2.4	0.0	3.1
Bottles and Glass Articles (Th.Tons)	334	377	358	422	437	12.9	-5.0	17.9	3.6
Crude Iron (Th.Tons)	3,523	4,827	4,594	4,508	4,355	37.0	-4.8	-1.9	-3.4
Steel Ingot (Th.Tons)	7,854	9,413	9,398	10,343	11,519	19.8	-0.2	10.1	11.4
Blistered Copper (Tons)	21,306	18,840	28,380	26,092	31,293	-11.6	50.6	-8.1	19.9
Alumina (Tons)	200,560	177,915	159,091	156,474	141,550	-11.3	-10.6	-1.6	-9.5
Cement (Th.Tons)	23,800	24,416	26,037	28,607	31,311	2.6	6.6	9.9	9.5
Tractor (No.)	19,602	30,739	21,964	23,012	33,294	56.8	-28.5	4.8	44.7
Automobile (No.)	118,095	166,222	195,599	265,090	343,481	40.8	17.7	35.5	29.6
Truck (No.)	11,581	16,679	16,906	20,743	29,739	44.0	1.4	22.7	43.4
Bus and Minibus (No.)	8,846	14,331	15,584	19,302	21,585	62.0	8.7	23.9	11.8
Energy									
Electrical Energy (Mil.Kwh)	52,043	57,542	57,713	66,983	73,734	10.6	0.3	16.1	10.1

Source: SPO,SIS

LABOUR MARKET AND SECTORAL EMPLOYMENT IN TURKEY (1)									
	1985	1986	1987	1988	1989	1990	1991 (2)	1992 (2)	1993 (3)
Civilian Labour Force	17,395	17,708	18,027	19,674	20,139	20,163	19,789	20,319	20,080
Civilian Employment	15,362	15,842	16,316	18,093	18,476	18,681	18,171	18,738	18,632
Unemployed	2,033	1,866	1,711	1,581	1,663	1,482	1,618	1,581	1,448
Unemployment Rate (%)	11.5	10.5	9.4	8.0	8.3	7.3	8.2	7.8	7.2
Civilian Employment by Sector									
Agriculture	8,095	8,206	8,321	8,745	9,096	8,616	8,473	8,259	8,758
Industry	2,271	2,388	2,495	2,730	2,804	2,955	2,745	3,298	2,751
Mining	202	216	219	214	147	223	205	199	110
Manufacturing	1,954	2,052	2,152	2,488	2,627	2,720	2,511	3,033	2,551
Electricity, Gas, Water	115	120	124	28	31	12	29	67	90
Construction	743	798	847	1,002	974	895	946	1,038	1,172
Commerce	1,493	1,575	1,658	2,003	2,003	2,173	2,156	794	851
Transportation	581	604	628	766	812	844	771	2,429	2,223
Banking	346	357	367	421	431	409	439	442	371
Other Services	1,833	1,914	2,000	2,426	2,356	2,789	2,641	2,477	2,506
TOTAL	15,362	15,842	16,316	18,093	18,477	18,681	18,171	18,738	18,632

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

*Provisional

(2) October

(3) April

Source : SPO

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 (%)
1977	1,104.6	31.3	104.9	2.8	9.5	12.3
1978	1,651.2	55.4	113.3	3.4	6.9	10.2
1979	2,816.1	75.7	178.5	2.7	6.3	9.0
1980	5,362.0	221.5	613.3	4.1	11.4	15.6
1981	8,040.1	530.7	1,002.4	6.6	12.5	19.1
1982	10,699.5	937.1	1,461.4	8.8	13.7	22.4
1983	14,111.0	1,299.0	2,127.1	9.2	15.1	24.3
1984	22,716.1	2,608.3	4,034.9	11.5	17.8	29.2
1985	35,974.7	4,153.0	5,994.9	11.5	16.7	28.2
1986	52,063.5	5,012.3	7,561.2	9.6	14.5	24.2
1987	76,613.0	12,228.0	16,995.6	16.0	22.2	38.1
1988	129,175.1	16,909.9	20,762.2	13.1	16.1	29.2
1989	230,369.9	24,819.3	33,762.2	10.8	14.7	25.4
1990	397,177.5	34,071.0	58,755.2	8.6	14.8	23.4
1991	634,431.1	57,373.4	88,914.2	9.0	14.0	23.1
1992	1,103,843.4	101,859.2	159,602.6	9.2	14.5	23.7
1993	1,908,704.7	168,163.6	322,424.1	8.8	16.9	25.7

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 (%)
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	13,593	21,047	34,640	39.2	60.8	64.6
1992	14,715	22,871	37,586	39.2	60.8	64.3
1993	15,345	29,429	44,774	34.3	65.7	52.1

Source: SIS

TURKISH EXPORTS BY MAIN SECTORS

(\$ Million)

YEARS	Agriculture	Share in Total (%)	Mining	Share in Total (%)	Industry	Share in Total (%)
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	2,347.0	18.1	332.0	2.6	10,281.0	79.3
1991	2,726.0	20.1	286.0	2.1	10,582.0	77.8
1992	2,259.0	15.4	265.0	1.8	12,191.0	82.8
1993	2,380.9	15.5	238.3	1.6	12,730.2	82.9

Source: SIS

WORKERS' REMITTANCES BY MONTHS ⁽¹⁾													
(\$ Million)													
MONTHS	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991*	1992*
January	83.3	134.9	149.2	121.2	83.4	151.9	97.6	115.2	96.0	190.0	187.0	222.0	207.0
February	173.3	143.5	130.8	105.6	98.5	134.0	100.3	98.7	96.0	236.0	213.0	219.0	185.0
March	111.7	139.7	147.3	129.3	98.7	122.8	91.1	137.3	105.0	190.0	240.0	236.0	178.0
April	114.8	159.1	152.4	117.1	81.7	123.1	118.7	149.4	137.0	172.0	224.0	200.0	220.0
May	103.2	162.1	160.1	107.7	119.2	128.5	106.1	171.6	158.0	185.0	272.0	224.0	175.0
June	155.0	212.4	165.6	109.9	139.8	98.3	121.4	186.1	133.0	243.0	282.0	213.0	299.0
July	279.4	313.2	246.5	164.0	233.8	216.0	216.6	231.4	172.0	319.0	334.0	306.0	269.0
August	279.5	377.7	300.9	191.6	242.8	182.8	192.4	238.3	225.0	424.0	363.0	304.0	318.0
September	207.3	266.4	196.5	139.7	172.9	183.5	183.7	224.7	172.0	374.0	359.0	258.0	313.0
October	205.1	211.8	203.6	140.0	160.2	162.3	166.3	216.3	170.0	315.0	301.0	233.0	265.0
November	172.6	183.2	143.1	103.8	183.3	136.6	137.6	153.6	187.0	232.0	262.0	232.0	319.0
December	185.9	185.7	190.7	123.8	266.9	134.4	164.2	179.4	214.0	258.0	288.0	254.0	326.0
TOTAL	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	2,901.0	3,074.0

(1): Including official remittances

* Provisional

Source: The Central Bank of Turkey, SPO

BALANCE OF PAYMENTS														
(\$ Million)														
	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993
Exports (FOB)	2,910	4,703	5,890	5,905	7,389	8,255	7,583	10,322	11,929	11,780	13,026	13,667	14,891	15,610
Imports (FOB)	-7,513	-8,567	-8,518	-8,895	-10,331	-11,230	-10,664	-13,551	-13,706	-15,999	-22,581	-21,007	-23,082	-29,772
Trade Balance	-4,603	-3,864	-2,628	-2,990	-2,942	-2,975	-3,081	-3,229	-1,777	-4,219	-9,555	-7,340	-8,191	-14,162
Invisible Earnings	762	1,316	2,038	2,041	2,366	3,162	3,338	4,195	6,026	7,098	8,933	9,315	10,451	11,843
Tourism	326	380	373	420	548	1,094	950	1,476	2,355	2,557	3,225	2,654	3,639	3,959
Others	436	936	1,665	1,621	1,818	2,068	2,388	2,719	3,671	4,541	5,708	6,661	6,812	7,884
Invisible Expenditures	-1,738	-1,946	-2,639	-2,734	-2,945	-3,184	-3,646	-4,162	-4,812	-5,476	-6,496	-6,816	-7,262	-7,829
Tourism	-104	-103	-149	-128	-277	-324	-313	-448	-358	-565	-520	-592	-776	-934
Interest Payments	-1,138	-1,443	-1,565	-1,511	-1,586	-1,753	-2,134	-2,387	-2,799	-2,907	-3,264	-3,430	-3,217	-3,461
Others	-496	-400	-925	-1,095	-1,082	-1,107	-1,199	-1,327	-1,655	-2,004	-2,712	-2,794	-3,269	-3,434
Unrequited Tran. (Private) Credit	2,166	2,559	2,189	1,569	1,901	1,782	1,718	2,088	1,846	3,171	3,374	2,879	4,059	3,768
Workers' Remittances	2,071	2,490	2,140	1,513	1,807	1,714	1,634	2,021	1,776	3,040	3,246	2,819	3,008	2,919
Others	95	69	49	56	94	68	84	67	70	131	128	60	139	116
Unrequited Tran. (Private) Debit	-13	0	0	-20	-16	-20	-15	-22	-19	-36	-25	-25	0	0
Unrequited Transfers (Official)	18	-1	88	211	197	222	221	324	332	423	1,144	2,245	912	733
CURRENT ACC.BALANCE	-3,408	-1,936	-952	-1,923	-1,439	-1,013	-1,465	-806	1,596	961	-2,625	258	-31	8,963
CAPITAL EXC. RESERVES	672	899	280	883	73	1,065	2,124	1,891	-958	780	4,037	-2,397	3,648	8,963
Direct Investments	18	95	55	46	113	99	125	106	354	663	700	783	779	622
Portfolio Investments	0	0	0	0	0	0	146	282	1,178	1,586	547	648	2,411	3,917
Capital Movements	654	804	225	837	-40	966	1,853	1,503	-2,490	-1,469	2,790	-3,828	458	4,424
Other Long-term	656	683	127	39	612	-513	1,041	1,453	-209	-885	-210	-808	-938	1,370
Short-term	-2	121	98	798	-652	1,479	812	50	-2,281	-584	3,000	-3,020	1,396	3,054
NET ERRORS & OMISSIONS	1,434	649	-75	409	469	-837	-118	-506	515	971	-668	940	-1,221	-2,275
EXCEPTIONAL FINANCING	1,373	315	902	622	1,002	676	0	0	0	0	0	0	0	0
COUNTERPART ITEMS	19	68	13	161	-171	233	249	390	-263	50	364	170	0	0
Overall Balance	90	-5	168	152	-66	124	790	969	890	2,762	1,308	-1,029	2,396	15,651
CHANGES IN RESERVES	-90	5	-168	-152	66	-124	-790	-969	-890	-2,762	-1,308	1,029	-2,396	-15,651

* Provisional

Source: The Central Bank of Turkey, SPO

INTERNATIONAL RESERVES					
(\$ Million)					
YEARS	Gold	Gross Foreign Exchange Reserves	Gross International Reserves	Over-Drafts	Net Reserves
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	30	9,086
1990	1,468	9,943	11,411	24	11,387
1991	1,493	10,760	12,253	3	12,250
1992	1,494	13,760	15,254	2	15,253
1993	1,488	16,274	17,762	1	17,761

GROSS FOREIGN EXCHANGE RESERVES			
(\$ Million)			
YEARS	Central Bank	Banks	Gross Foreign Exchange Reserves
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	4,831	3,128	7,762
1990	5,972	3,971	9,943
1991	4,918	5,842	10,760
1992	6,116	7,644	13,760
1993	6,213	10,061	16,274

Source: The Central Bank of Turkey

EXCHANGE BUYING RATES							
(End of year, TL)							
YEARS	US Dollar	Sterling	Deutsche Mark	French Franc	Swiss Franc	Belgian Franc	Austrian Schilling
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	5,069.8	9,472.8	3,336.8	977.3	3,744.3	160.5	474.2
1992	8,573.0	12,983.8	5,313.3	1,559.6	5,873.9	258.9	755.0
1993	14,487.0	21,413.2	8,364.3	2,463.6	9,809.1	402.1	1,191.4

CHANGES IN FOREIGN EXCHANGE RATES							
(1976=100)							
YEARS	US Dollar	Sterling	Deutsche Mark	French Franc	Swiss Franc	Belgian Franc	Austrian Schilling
1976	110.0	84.9	114.2	109.4	121.4	112.5	107.8
1977	128.3	111.6	143.3	111.4	158.0	135.0	130.0
1978	166.7	161.1	231.2	170.6	297.7	220.0	210.0
1979	233.3	254.1	337.0	245.7	390.2	310.0	313.3
1980	595.0	675.6	752.5	558.3	896.4	702.5	706.7
1981	882.0	804.7	972.5	659.1	1,310.4	865.0	924.4
1982	1,232.7	966.4	1,304.2	788.6	1,661.6	992.5	1,235.6
1983	1,866.7	1,290.6	1,695.8	950.0	2,285.2	1,272.5	1,594.4
1984	2,962.0	1,653.6	2,350.8	1,319.7	3,043.4	1,762.5	2,236.7
1985	3,826.7	2,657.7	3,885.8	2,173.7	4,942.1	2,855.0	3,677.8
1986	5,039.3	3,566.8	6,465.8	3,347.1	8,296.4	4,662.5	6,131.1
1987	6,789.0	6,085.5	10,644.2	5,380.0	14,080.4	7,457.5	10,093.3
1988	12,106.5	10,457.9	16,922.8	8,512.6	21,440.0	12,127.5	16,064.4
1989	15,362.5	11,973.9	22,827.0	11,446.6	26,807.5	16,275.0	21,631.1
1990	19,674.0	17,938.9	32,146.7	16,231.4	40,350.0	23,350.0	30,466.7
1991	33,798.4	30,459.3	55,612.7	27,922.9	66,862.1	40,127.5	52,690.0
1992	57,153.3	41,748.6	88,554.8	44,559.4	104,891.6	64,712.5	83,888.9
1993	96,580.0	68,852.8	139,405.3	70,387.7	175,161.8	100,520.0	132,374.4

Source: The Central Bank of Turkey, ANKA

SECTORAL DISTRIBUTION OF CUMULATIVE INFLOW OF FOREIGN CAPITAL

(TL Million)

YEARS	Manufacturing	Agriculture	Mining	Services	TOTAL
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
1991	3,386,404	243,937	142,714	2,706,450	6,479,505
1992	6,289,198	351,259	168,238	5,257,331	12,066,026
1993	10,678,055	392,653	252,149	7,507,089	18,829,946
C H A N G E S (%)					
1981	-	-	-	-	-
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
1991	67.8	200.7	260.9	56.6	67.5
1992	85.7	44.0	17.9	94.3	86.2
1993	69.8	11.8	49.9	42.8	56.1
S H A R E (%)					
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
1991	52.3	3.8	2.2	41.8	100.0
1992	52.1	2.9	1.4	43.6	100.0
1993	56.7	2.1	1.3	39.9	100.0

Soruce: SPO, ANKA

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 .975	-	-	-	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
1991	945	1,909.4	7.0	8,327.4	29.8	22.9
1992	1,082	1,819.9	-4.7	10,147.3	21.9	17.9
1993	1,120	2,271.1	24.8	12,418.4	22.4	18.3

Source: SPO, ANKA

PUBLIC SECTOR BALANCE						
(At Current Prices, Billion TL)						
	1989	1990	1991	1992	1993 (1)	1994 (2)
Tax Revenues	34,080	62,172	104,755	193,077	349,349	622,509
Direct Taxes	14,631	25,953	44,464	80,264	143,248	247,874
Indirect Taxes	19,095	35,222	58,970	110,778	202,565	365,998
Taxes on Wealth	354	997	1,322	2,036	3,537	8,637
Non Tax Revenues	3,168	5,219	8,380	14,753	19,463	34,984
Factor Revenues and Social Funds	11,139	12,874	2,251	-5,778	-8,827	5,523
TOTAL REVENUES	48,387	80,264	115,386	202,053	359,985	663,016
Current Expenditures	19,471	40,075	72,362	136,732	246,857	401,164
Investment	16,962	34,471	47,638	72,373	124,393	208,246
Fixed Investments	17,355	27,891	46,966	79,025	127,004	203,797
Change in Inventories	-392	6,580	673	-6,652	-2,612	4,449
Transfers	19,825	29,522	47,628	87,234	174,702	316,685
Fund of Inventory Changes	4,451	6,281	13,374	22,206	29,982	40,587
TOTAL EXPENDITURES	60,710	110,349	181,003	318,545	575,933	966,682
BORROWING REQUIREMENT	12,322	30,085	65,617	116,492	215,948	303,666
Consolidated Budget	7,672	11,955	33,516	47,434	122,000	192,000
SEF's	4,419	15,117	19,943	36,313	47,360	59,213
Local Administrations	514	817	2,879	8,488	11,826	5,216
Revolving Funds	-873	-1,154	76	78	391	937
Funds	588	3,351	5,945	13,876	9,450	11,172

(1) Estimate

(2) Programme

Source: SPO

CONSOLIDATED BUDGET						
(TL Billion)						
	1988	1989	1990	1991	1992	1993
Revenue	17,587	31,662	56,573	96,747	174,224	359,850
Direct Taxes	7,066	13,569	23,657	41,094	71,393	128,294
Indirect Taxes	7,166	11,968	21,742	37,549	70,209	135,909
Non-Tax Revenues	2,540	4,844	8,032	8,723	29,542	86,567
Annexed Budget	774	1,166	1,506	947	1,380	7,483
Grants	41	115	1,636	8,434	1,700	1,597
Expenditure	21,447	38,660	68,527	130,263	221,658	489,255
Personnel	5,053	12,465	26,465	49,291	94,076	169,532
Other Current Exp.	2,407	4,048	6,987	11,112	20,145	35,460
Interest Payments	4,978	8,259	13,966	24,073	40,298	116,468
Foreign	1,816	3,144	4,353	7,132	9,753	23,950
Domestic	3,159	5,115	9,613	16,941	30,545	92,518
Investments	3,564	5,836	10,055	17,146	29,239	57,467
Transfers	1,025	1,253	11,054	28,641	37,900	110,328
Budget Deficit	-3,860	-6,998	-11,954	-33,516	-47,434	-129,405
Cash Deficit	-3,941	-7,635	-12,354	-33,426	-59,439	-120,915
Financing	3,941	7,635	12,354	33,426	59,439	120,915
Net Foreign Indebtedness	176	-444	41	1,921	4,038	19,715
Receipt from Loans	2,379	2,808	4,834	9,891	18,835	43,821
Receipt from On-Lending	152	545	655	998	883	972
Payments on Loans	-2,355	-3,797	-5,448	-8,968	-15,680	-25,078
Net Domestic Indebtedness	2,433	5,982	7,942	2,279	15,408	30,135
Receipt from Loans	3,816	8,983	12,523	11,510	35,657	64,820
Payments on Loans	-1,383	-3,001	-4,581	-9,231	-20,249	-34,685
Short-Term Borrowing	1,064	1,452	2,263	23,509	41,372	75,251
Central Bank (net)	675	457	331	10,719	17,394	53,010
Treasury Bills (net)	389	995	1,932	12,790	23,978	22,241
Other	268	645	2,108	5,718	-1,380	-4,186

Source: Undersecretariat of Treasury and Foreign Trade

DOMESTIC BORROWING SUMMARY/YEARLY REALIZATIONS (1)

(Billion TL)

	1988	1989	1990	1991	1992	1993
BONDS (2)						
Repayments	2,615	6,090	10,822	16,636	35,440	90,781
Principal	1,343	3,001	4,520	6,415	19,542	48,463
Interest	1,272	3,089	6,302	10,221	15,898	42,319
Borrowing-Principal	3,816	8,983	12,458	11,510	61,846	150,090
Debt Stock-Principal	4,880	10,863	18,801	24,678	68,573	189,713
TREASURY BILLS						
Repayments	5,639	8,251	8,257	26,441	66,970	198,521
Principal	4,496	6,639	6,511	21,488	51,937	156,909
Interest	1,143	1,612	1,746	4,953	15,033	41,612
Borrowing-Principal	5,115	7,634	8,443	34,277	75,926	179,151
Debt Stock-Principal	2,542	3,537	5,469	18,258	42,247	64,488
CENT.BANK ADVANCES (3)						
Repayments	73	102	114	266	1,214	203,972
Principal	0	0	0	0	0	203,077
Interest	73	102	114	266	1,214	894
Borrowing-Principal	675	457	331	10,719	17,411	242,498
Debt Stock-Principal	2,082	2,539	2,870	13,589	31,000	70,421
TOTAL						
Repayments	8,327	14,443	19,193	43,343	103,624	493,274
Principal	5,839	9,640	11,031	27,903	71,479	408,449
Interest	2,488	4,803	8,162	15,440	32,145	84,825
Borrowing-Principal	9,606	17,074	21,232	56,506	155,183	571,739
Debt Stock-Principal	9,504	16,939	27,140	56,525	141,820	324,622
CONSOLIDATED DEBT						
Repayments	40	1,000	5,493	6,955	12,577	8,678
Principal	40	1,000	3,617	5,481	10,635	8,678
Interest	0	0	1,876	1,474	1,942	0
Borrowing-Principal	7,513	7,041	8,662	12,558	13,650	6,008
Debt Stock-Principal	18,954	24,995	30,040	37,117	40,132	31,933
TOTAL GENERAL						
Repayments	8,367	15,443	24,686	50,298	116,201	501,952
Principal	5,879	10,640	14,648	33,384	82,114	417,127
Interest	2,488	4,803	10,038	16,914	34,087	84,825
Borrowing-Principal	17,119	24,115	29,894	69,064	168,833	577,747
Debt Stock-Principal	28,458	41,934	57,180	93,642	181,952	356,555

(1) The amounts cover the payments to be paid within the year and the borrowing amounts to be taken with regard to the issue dates

(2) The bonds amounted to 70.6 billion TL. in the portfolio of the treasury has been deducted from stock

(3) Short term advances are of net values

Source: Undersecretariat of Treasury and Foreign Trade

MONEY AND BANKING													
(End of Period, TL Billion)													
	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993*
Money Supply													
M1	972.0	1,341.9	1,941.0	2,252.5	3,420.0	5,357.4	8,682.3	11,311.5	20,357.0	29,326.0	42,116.0	70,521.0	
Money in Circulation	280.6	411.9	547.5	735.5	1,011.4	1,415.1	2,274.7	3,425.6	7,015.0	12,699.0	18,546.0	31,181.0	73,588.0
Sight Deposits	686.9	926.7	1,374.0	1,485.3	2,388.7	3,926.5	6,400.8	7,873.8	13,317.0	16,607.0	23,487.0	39,231.0	29,294.0
Deposits With Cent. Bank	4.5	3.3	19.5	31.7	19.9	15.8	6.8	12.1	25.0	20.0	83.0	109.0	1,211.0
M2	1,637.1	2,554.1	3,287.4	5,178.7	8,539.7	12,276.3	17,702.0	27,195.2	49,152.0	70,707.0	115,566.0	182,988.0	310,604.0
Time Deposits	514.6	954.6	1,232.6	2,652.5	4,446.4	6,131.6	7,652.4	14,643.5	26,841.0	39,018.0	68,112.0	108,751.0	178,199.0
Certificates of Deposits	150.5	257.6	113.8	273.7	673.3	787.3	1,367.3	1,240.2	1,954.0	2,363.0	3,338.0	3,716.0	3,279.0
M3	2,140.1	3,174.1	3,977.7	5,932.8	9,185.1	13,111.2	19,050.3	29,465.3	51,832.0	75,128.0	120,812.0	195,495.0	328,288.0
Other Quasi Money	503.0	620.0	690.3	754.1	645.4	834.9	1,348.3	2,270.1	2,680.0	4,421.0	7,246.0	12,507.0	7,172.0
Credits													
Central Bank (Direct)	925.5	910.5	1,234.1	879.9	1,299.6	1,130.2	2,169.9	3,164.0	3,887.0	4,526.0	17,671.0	37,419.0	83,785.0
Deposit Money Banks	1,318.7	1,800.5	2,417.5	3,149.2	5,604.6	7,683.7	16,024.3	22,769.6	30,404.0	51,385.0	78,663.0	140,427.0	265,765.0
Investment and Dev. Bank	245.2	345.4	428.2	535.0	646.0	1,008.1	1,465.3	2,734.4	3,852.0	4,903.0	10,271.0	14,255.0	23,863.0
Bank Deposits													
Total	1,509.5	2,357.4	3,083.2	4,980.7	8,061.6	10,390.3	14,382.8	25,351.4	43,889.0	61,395.0	100,161.0	160,244.0	228,195.0
Sight	686.9	926.7	1,374.0	1,905.0	2,658.8	896.0	1,332.8	7,596.4	13,318.0	16,607.0	23,487.0	39,231.0	77,753.0
Time	514.6	954.6	1,232.6	3,075.1	5,402.8	5,122.8	7,355.3	15,449.0	28,795.0	41,381.0	71,450.0	121,013.0	150,442.0

* As of April 9

Source: The Central Bank of Turkey

