

BALANCE OF PAYMENTS DEVELOPMENTS BETWEEN JANUARY-OCTOBER 1999

Detailed tables related to Balance of Payments Developments can be found at the internet address: "tcmb.gov.tr/" under the heading: "[Publications / Periodic Publications / 6.Turkish Balance of Payments Statistics](#)".

The main points related to the balance of payments developments between January - October 1999, including the revisions in figures related to foreign trade, as well as other items, are summarized below:

A-CURRENT ACCOUNT

Foreign trade deficit has contracted 27,1 percent during January – October 1999, in comparison with the same period of the previous year. The key factors lying behind this development are;

- export revenues which have decreased by 5,7 percent,
- shuttle trade which has decreased by 46,7 percent and
- import (CIF) expenditures which have decreased by 16,5 percent.

On the other hand, net revenues from other goods and services, as well as unrequited transfers, have also fallen by 38,4 percent, realizing as US dollars 8.144 million.

Consequently, the current account surplus of US dollars 1.220 million in the January – October period of 1998, has resulted with a deficit of US dollars 615 million in the same period of 1999.

1-Foreign Trade

With the inclusion of **shuttle trade** amounting to US dollars 3.286 million, **export (FOB)** revenues that had realized as US dollars 26.225 million during the January-October period of 1998, have decreased to US dollars 23.345 million, including the contribution of shuttle trade for US dollars 1.752 million in the same period of 1999. In the mentioned period of 1998, **import (FOB)** expenditures, including gold imports of US dollars 1.587 million, had realized as US dollars 38.236 million. As for the January – October period of 1999,

the same item has decreased to US dollars 32.104 million, of which US dollars 1.494 million was gold imports.

Consequently, the **foreign trade balance**, has resulted in a deficit of US dollars 8.759 million between January – October 1999, decreasing by 27,1 percent compared to the US dollars 12.011 million deficit, during the same period of a year earlier.

2-Other Goods and Services Income, Expenditures and Unrequited Transfers

In the first ten months of 1999, following a contraction of 29,2 percent, **tourism** revenues has realized at a level of US dollars 4.659 million. **Interest** income, has remained almost unchanged compared to the same period of the previous year, realizing as US dollars 1.930 million, while **other** goods and services income have reached US dollars 9.296 million, decreasing by 27,6 percent.

As for the expenditure side of the above mentioned items; it is observed that the decreases in **tourism** expenditures and **other** service expenditures have been 15,6 percent and 12,7 percent, respectively, whereas a 15,2 percent increase has been recorded in **interest** expenditures. As a result, the level of realization in these items during this period of 1999 has been recorded as US dollars 1.314, 6.428 and 4.376 million, respectively.

During the same period, workers remittances under the heading **unrequited transfers** have decreased by 10,3 percent and have realized as US dollars 3.884 million.

B-CAPITAL MOVEMENTS

The developments under **capital movements (excluding reserves)** for the January – October period of 1999 are as follows:

In comparison with the same period of the previous year, **net direct investments** have realized as US dollars 143 million, decreasing by 67,2 percent.

Borrowings through bond issues in international capital markets under **portfolio investments**, have shown a net borrowing of US dollars 866 million during January – October 1999, while it had registered a net payment of US dollars 379 million a year earlier. On the other hand, the residents security transactions abroad classified under **security investments** that had shown net purchases of US dollars 1.198 million during

January – October 1998, have resulted in net sales of US dollars 691 million in 1999. As for the nonresidents security transactions in Turkey, net sales of US dollars 4.641 million and net purchases of US dollars 434 million have been recorded for the periods concerned, respectively. Consequently, the outflow of US dollars 6.218 million in **portfolio investments** during the first ten months of 1998, have turned into a net inflow of US dollars 1.991 million during the same period of this year.

The net inflow in the amount of US dollars 3.760 million in **long term capital movements** in the first ten months of 1998, have resulted in a net outflow of US dollars 288 million in the same period of 1999.

As for the sub categories of this caption; due to the decreases in long term borrowings of banks as well as the private sector, **long term foreign exchange credit disbursements** have decreased from US dollars 9.873 million to US dollars 8.362 million.

In contrast to the drawings, **repayments** have increased during the mentioned periods. Thus, the level of realization of repayments has been observed as US dollars 8.555 million during January – October 1999, while it was recorded as US dollars 6.698 million a year earlier.

The last principal item under long term capital movements, **deposits with the Central Bank**, have declined in the amount of US dollars 95 million in the first ten months of 1999. In 1998, an increase of US dollars 585 million was recorded in the same period.

As for the assets side of the **short-term capital movements**, **loans extended** have shown increases of US dollars 330 million and 536 million in the first ten months of 1998 and 1999, respectively. Similarly, the **banks` foreign exchange holdings** with foreign correspondents have increased by US dollars 469 and 49 million throughout the January – October periods of 1998 and 1999, respectively.

As for the liability side of the **short-term capital movements**, it is seen that increases in the amount of US dollars 3.618 million and 4.806 million have been registered in the January - October periods of 1998 and 1999, respectively. One of the principal items in this category, namely **loans received by banks** that had shown a net increase of US

dollars 542 million in the first ten months of 1998, have once again recorded a net increase in the amount of US dollars 1.719 million in the same period of 1999.

Besides this, as a result of the increases in **trade credits** of US dollars 1.281 and 3.188 million in the periods indicated, **loans received** under the same category have increased by US dollars 2.428 million and 4.958 million, respectively.

Contrary to the last year's increase of US dollars 1.190 million between January and October, a decrease has been recorded in the amount of US dollars 152 million in **FX deposit accounts** in the first ten months of 1999, mostly owing to the decrease in foreign exchange deposit accounts held with the banks.

C-RESERVE MOVEMENTS

In line with the above stated developments, the **official reserves** that had increased by US dollars 1.386 million during the January – October period of 1998, have increased by US dollars 5.691 million in the mentioned period of 1999.