

# BALANCE OF PAYMENTS DEVELOPMENTS

IN JANUARY-FEBRUARY 2000

*Detailed tables related to Balance of Payments Developments can be found at the internet address: <http://www.tcmb.gov.tr> under the heading: [☐Publications/Periodical Publications/Balance of Payments Statistics☐](#)*

The main points related to the balance of payments developments in January-February 2000 are summarized below:

## A-CURRENT ACCOUNT

Foreign trade deficit broadened by 436,5 percent in the January-February period of 2000, in comparison with the same period of the previous year. The key factors underlying this development are;

-the increase of shuttle trade by 43,5 percent

against

-nearly the same level of exports revenues,

-the increase of import (CIF) expenditures by 41,6 percent.

On the other hand, net revenues from other goods and services, as well as unrequited transfers, also fell by 35,0 percent, amounting to US dollars 953 million.

As a result, the current account deficit materialized as US dollars 1.472 million in the first two months of 2000, down from a surplus of US dollars 1.015 million at the same time last year.

## 1-Foreign Trade

**Export (FOB)** revenues, which had realized as US dollars 4.459 million with the inclusion of **shuttle trade** amounting to US dollars 283 million, in the January-February period of 1999, increased to US dollars 4.683 million, with the contribution of shuttle trade of US dollars 406 million in the same period of 2000. **Import (FOB)** expenditures, including gold imports of US dollars 107 million, had realized as US dollars 4.911 million in January-February 1999. As for the same period of 2000, the same item increased to US dollars 7.108 million, of which US dollars 272 million was gold imports.

Consequently, the **foreign trade balance**, resulted in a deficit of US dollars 2.425 million in January-February 2000, increasing by 436,5 percent compared to a deficit of US dollars 452 million in the same period of a last year.

(Million US dollars)	Jan.-Feb. 1999	Jan.-Feb. 2000	% change
<b>Exports FOB</b>	4.459	4.683	5,02

Shuttle trade	283	406	43,5
<b>Imports FOB</b>	-4.911	-7.108	44,7
Gold imports	-107	-272	154,2
<b>Foreign trade deficit</b>	-452	-2.425	436,5

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

In the January-February period of 2000, **tourism revenues** were US dollars 435 million following an increase of 13,9 percent comparing to the same period of 1999. **Interest income** increased by 2,4 percent compared to the first two months of 1999, realizing as US dollars 341 million, while **other goods and services income** reached US dollars 1.595 million, decreasing by 24,4 percent.

As for the expenditure side of the above mentioned items; it is observed that the **tourism and interest expenditures** increased by 64,4 percent and 2,6 percent, respectively, while **other services expenditures** decreased by 8,4 percent. As a result, the realizations in these items in the January-February period of 2000 were recorded as US dollars 245, 823 and 1.175 million, respectively.

During the same months, **workers` remittances** under the heading **unrequited transfers** materialized as US dollars 744 million, decreasing by 8,5 percent.

## **B-CAPITAL MOVEMENTS**

The developments under **capital movements (excluding reserves)** for the first two months of 2000 are as follows:

**Regarding direct investments**, in comparison with the same period of the last year, net direct investments of non-residents in Turkey increased by US dollars 337 million in the January-February period of 2000, amounting to US dollars 462 million, while net direct investments of residents abroad also increased by US dollars 449 million, realizing as US dollars 541 million. As a result, **direct investments** showed a net outflow of US dollars 79 million.

While **borrowings through bond issues** in international capital markets under **portfolio investments** recorded a bond issue of US dollars 428 million in the first two months of 1999, the amount of net borrowing during the same period this year realized as US dollars 1.735 million.

On the other hand, **residents` security transactions abroad** classified under **security investments** that had shown net purchases of US dollars 60 million in January-February 1999, once again resulted in net purchases of US dollars 108 million in January-February 2000.

As for **non-residents` security transactions in Turkey**, net purchases of US dollars 168 million in January 1999 and net sales of US dollars 102 million were recorded for the same months of this year. Consequently, **portfolio investments** recorded an inflow of US dollars 536 million and US dollars 1.525 million in the January-February period of 1999 and 2000, respectively. A detailed study regarding non-residents` security transactions in Turkey has been started, and therefore, the concerned data may be revised in the coming

months.

The net outflow of US dollars 168 million in **long-term capital movements** in the first two months of 1999, once again resulted in a net outflow of US dollars 79 million in the same months of 2000.

As for the sub-categories of this caption; despite the decrease of approximately US dollars 171 million in borrowings of banks, **long-term foreign exchange credit disbursements** increased to US dollars 1.864 million, from US dollars 1.255 million generally due to the increase of US dollars 341 million in long term borrowings of general government and due to the increase of US dollars 439 million in long term borrowings of other sectors. **Repayments** increased to US dollars 2.072 million, from US dollars 1.490 million in the first two months of 2000.

The last principal item under long term capital movements, **deposits with the Central Bank**, which had increased in the amount of US dollars 67 million in January-February 1999, increased by US dollars 129 million in the same months of 2000.

As for the assets side of **short-term capital movements**, while **loans extended** had shown an increase of US dollars 227 million in the January-February period of 1999, the increment of this item realized as US dollars 248 million in the same period of 2000. In contrast, **banks' foreign exchange holdings** with foreign correspondents dropped by US dollars 1.051 and 1.164 million in January-February 1999 and January-February 2000, respectively.

As for the liability side of **short-term capital movements**, in January-February 1999, decreases observed in the amount of US dollars 781 million while US dollars 352 million of increase was recorded in January-February 2000. One of the principal items in this category, **loans received by banks**, which had shown a net increase of US dollars 617 million in January-February 1999, recorded a net increase in the amount of US dollars 18 million in the same months of 2000.

In addition, a net repayment in **trade credits** of US dollars 417 million was observed in January-February 1999 while US dollars 90 million of net disbursement was realized in January-February 2000. As a result, in the periods indicated, **loans received** under the **short-term capital movements-liabilities** recorded net inflows of US dollars 163 and 35 million, respectively.

Contrary to the decrease of US dollars 944 million in the January-February period of 1999, an increase was recorded in the amount of US dollars 317 million in **FX deposit accounts** in the first two months of 2000, mostly owing to the increase in foreign exchange deposit accounts of non-resident banks opened with the resident banks.

## **C-RESERVE MOVEMENTS**

In line with the above stated developments, the **official reserves**, which had increased by US dollars 1.286 million in the first two months of 1999, increased by US dollars 313 million in the same period of 2000.