

BALANCE OF PAYMENTS DEVELOPMENTS

IN JANUARY-JULY 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-July 2000 are summarized below:

A-CURRENT ACCOUNT

Foreign trade deficit, which broadened by 125,7 percent in comparison with the same period of the previous year, realized as US dollars 11.796 million in the January-July period of 2000. The key factors underlying this development are;

- the increase of export revenues by 5 percent,
 - the increase of shuttle trade by 49,5 percent,
- against
- the increase of import (CIF) expenditures by 35,3 percent.

On the other hand, net revenues from other goods and services, as well as unrequited transfers, increased by 17,2 percent, amounting to US dollars 5.884 million.

As a result, the current account deficit materialized as US dollars 5.912 million in the January-July period of 2000, down from a deficit of US dollars 206 million at the same period of the last year.

1-Foreign Trade

Export (FOB) revenues, which had realized as US dollars 16.379 million with the inclusion of **shuttle trade** amounting to US dollars 1.033 million in the January-July period of 1999, increased to US dollars 17.861 million, with the contribution of shuttle trade of US dollars 1.544 million in the same period of 2000. **Import (FOB)** expenditures, including gold imports of US dollars 619 million, had realized as US dollars 21.605 million in January-July 1999. As for the same period of 2000, the same item increased to US dollars 29.657 million, of which US dollars 1.136 million was gold imports.

Consequently, the **foreign trade balance**, resulted in a deficit of US dollars 11.796 million in January-July 2000, increasing by 125,7 percent compared to a deficit of US dollars 5.226 million in the same period of the last year.

(Million US dollars)	Jan.-July 1999	Jan.-July 2000	% Change
Exports FOB	16.379	17.861	9,0
Shuttle trade	1.033	1.544	49,5
Imports FOB	-21.605	-29.657	37,3
Gold imports	-619	-1.136	83,5
Foreign trade deficit	-5.226	-11.796	125,7

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

In the January-July period of 2000, **tourism revenues** were US dollars 3.622 million following an increase of 50,3 percent comparing to the same period of 1999. **Interest income** increased by 9,7 percent compared to the first seven months of 1999, realizing as US dollars 1.469 million, while **other goods and services income** reached US dollars 6.460 million, decreasing by 9,7 percent.

As for the expenditure side of the above-mentioned items; it is observed that the **tourism** and **interest expenditures** increased by 17,1 percent and 7,6 percent, respectively, while **other services expenditures** decreased by 15,3 percent. As a result, the realizations in these items in the January-July period of 2000 were recorded as US dollars 1.233, 3.346 and 4.088 million, respectively.

During the same period, **workers` remittances** under the heading **unrequited transfers** materialized as US dollars 2.685 million, decreasing by 5,3 percent.

B-CAPITAL MOVEMENTS

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

Regarding **direct investments**, in comparison with the same period of the last year, non-residents` net direct investments in Turkey decreased by US dollars 393 million in the January-July period of 2000, amounting to US dollars 132 million, while residents` net direct investments abroad increased by US dollars 401 million, realizing as US dollars 664 million. As a result, **direct investments** showed a net outflow of US dollars 532 million.

Direct investment outflows observed in July 2000 have mostly stemmed from the sales of shares of some of the foreign shareholders of Turkcell (GSM Operator). The counterpart of these amounts has been recorded under the portfolio investments.

While **borrowings through bond issues** in international capital markets under **portfolio investments** recorded a net bond issue of US dollars 756 million in the first seven months of 1999, the amount of net borrowing during the same period of this year realized as US dollars 5.527 million.

On the other hand, **residents` security transactions abroad** classified under **security investments** that had shown net sales of US dollars 438 million in January-July 1999, have resulted in net purchases of US dollars 230 million in January-July 2000.

As for **non-residents` security transactions**, net purchases of US dollars 439 million and US dollars 712 million were recorded in the January-July period of 1999 and 2000, respectively.

Consequently, **portfolio investments** recorded an inflow of US dollars 1.633 million and US dollars 6.009 million in the January-July period of 1999 and 2000, respectively.

The net outflow of US dollars 515 million in **long-term capital movements** in the first seven months of 1999, resulted in a net inflow of US dollars 2.686 million in the same period of 2000.

As for the sub-categories of this caption; **long-term foreign exchange credit disbursements** increased to US dollars 9.713 million, from US dollars 5.408 million generally due to the increase of US dollars 915 million in long term borrowings of general

government and due to the increase of US dollars 3.282 million in long term borrowings of other sectors.

Repayments increased to US dollars 7.424 million, from US dollars 5.976 million, in the first seven 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 53 million in January-July 1999, increased by US dollars 397 million in the same period of 2000.

As for the assets side of **short-term capital movements**, while **loans extended** had realized as US dollars 309 million in the January-July period of 1999, this item realized as US dollars 197 million in the same period of 2000. **Banks' foreign exchange holdings** with foreign correspondents which had dropped by US dollars 50 million in January-July 1999, increased by 1.181 million in the same period of 2000.

As for the liability side of **short-term capital movements**, in January-July 1999, an increase was observed in the amount of US dollars 827 million while US dollars 1.985 million of increase was recorded in January-July 2000. One of the principal items in this category, **loans received by banks**, which had shown a net increase of US dollars 883 million in January-July 1999, recorded a net increase in the amount of US dollars 1.939 million in the same period of 2000.

In addition, in **trade credits**, which is under the **other sectors**, a net disbursement of US dollars 412 million was observed in January-July 1999 while US dollars 840 million of net disbursement was realized in January-July 2000. As for the **foreign exchange credits**, which is also under the **other sectors**, a net disbursement of US dollars 83 million and a net repayment of US dollars 76 million were recorded in January-July 1999 and 2000, respectively. As a result, in the periods indicated, **loans received** under the **short-term capital movements-liabilities** recorded net inflows of US dollars 1.422 and 2.759 million, respectively.

FX deposit accounts which had shown a decrease of US dollars 595 million in the January-July period of 1999, also recorded a decrease in the amount of US dollars 774 million in the first seven months of 2000, mostly owing to the decrease in non-resident banks' deposit accounts opened with the resident banks.

C-RESERVE MOVEMENTS

In line with the above stated developments, the **official reserves**, which had increased by US dollars 4.889 million in the first seven months of 1999, increased by US dollars 2.524 million in the same period of 2000.