

BALANCE OF PAYMENTS DEVELOPMENTS BETWEEN JANUARY-NOVEMBER 1999

Detailed tables related to Balance of Payments Developments can be found at the internet address: ["www.tcmb.gov.tr"](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 between January - November 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 by 30,2 percent during January – November 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 4,2 percent,
- shuttle trade which has decreased by 42,5 percent and
- import (CIF) expenditures which have decreased by 14,7 percent.

On the other hand, net revenues from other goods and services, as well as unrequited transfers, have also fallen by 42,1 percent, realizing as US dollars 8.500 million.

Consequently, the current account surplus of US dollars 1.777 million in the January – November period of 1998, has resulted with a deficit of US dollars 507 million in the same period of 1999.

1-Foreign Trade

With the inclusion of **shuttle trade** amounting to US dollars 3.518 million, **export (FOB)** revenues that had realized as US dollars 28.748 million during the January - November period of 1998, have decreased to US dollars 26.154 million, including the contribution of shuttle trade for US dollars 2.023 million in the same period of 1999. In the mentioned period of 1998, **import (FOB)** expenditures, including gold imports of US dollars 1.665 million, had realized as US dollars 41.661 million. As for the January – November period of 1999, the same item has decreased to US dollars 35.161 million, of which US dollars 1.033 million was gold imports. (An analysis on reported gold imports has shown that US dollars 455 million recorded earlier as gold imports by banks was actually, banks' purchases of gold for the purpose of increasing their gold assets, and therefore, this figure has been adjusted.)

Consequently, the **foreign trade balance**, has resulted in a deficit of US dollars 9.007 million between January – November 1999, decreasing by 30,2 percent compared to the US dollars 12.913 million deficit, during the same period of a year earlier.

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

In the first eleven months of 1999, following a contraction of 28,3 percent, **tourism** revenues have realized at a level of US dollars 4.977 million. **Interest** income, has remained almost unchanged compared to the same period of the previous year, realizing as US dollars 2.119 million, while **other** goods and services income have reached US dollars 10.009 million, decreasing by 30,6 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 15,8 percent and 11,6 percent, respectively, whereas a 13,9 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 1.400, 7.087 and 4.877 million, respectively.

During the same period, workers` remittances under the heading **unrequited transfers** have decreased by 13,4 percent and have realized as US dollars 4.196 million.

B-CAPITAL MOVEMENTS

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

In comparison with the same period of the previous year, **net direct investments** have realized as US dollars 30 million, decreasing by 93,2 percent.

Borrowings through bond issues in international capital markets under **portfolio investments**, have shown a net borrowing of US dollars 2.108 million during January – November 1999, while it had registered a net payment of US dollars 276 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 1.125 million during January – November 1998, have once again resulted in net purchases of US dollars 496 million in 1999. (As mentioned in the Foreign Trade section above, gold transactions of portfolio nature of US dollars 1.005 million, a part of which is recorded earlier as gold imports, has been re-classified under security investments for the period January – November 1999.) As for the non-residents` security transactions in Turkey, net sales of US dollars 4.703 million and net purchases of US dollars 841 million

have been recorded for the periods concerned, respectively. Consequently, the outflow of US dollars 6.104 million in **portfolio investments** during the first eleven months of 1998, have turned into a net inflow of US dollars 2.453 million during the same period of 1999.

The net inflow in the amount of US dollars 3.661 million in **long term capital movements** in the first eleven months of 1998, have resulted in a net outflow of US dollars 93 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 general government, **long-term foreign exchange credit disbursements** have decreased from US dollars 10.372 million to US dollars 9.326 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 9.279 million during January – November 1999, while it was recorded as US dollars 7.318 million a year earlier.

The last principal item under long term capital movements, **deposits with the Central Bank** have decreased in the amount of US dollars 140 million in the first eleven months of 1999. In 1998, an increase of US dollars 607 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 382 million and 551 million in the first eleven months of 1998 and 1999, respectively. **Banks` foreign exchange holdings** with foreign correspondents, that had decreased by US dollars 238 million, in the January – November period of 1998, have increased by US dollars 286 million throughout the same period of 1999.

As for the liability side of the **short-term capital movements**, it is seen that increases in the amount of US dollars 3.473 million and 5.382 million have been recorded in the January – November 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 154 million in the first eleven months of 1998, have once again recorded a net increase in the amount of US dollars 1.769 million in the same period of 1999.

Besides this, as a result of the increases in **trade credits** of US dollars 1.239 and 3.578 million, respectively in the periods indicated, **loans received** under the same category have increased by US dollars 1.994 million and 5.421 million, respectively.

Contrary to the last year's increase of US dollars 1.479 million between January and November, a decrease has been recorded in the amount of US dollars 39 million in **FX deposit accounts** in the first eleven months of 1999, mostly due 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 606 million during the January – November period of 1998, have increased by US dollars 4.858 million in the same period of 1999.