

# BALANCE OF PAYMENTS DEVELOPMENTS

IN JANUARY-AUGUST 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-August 2000 are summarized below:**

## **A-CURRENT ACCOUNT**

Foreign trade deficit, which broadened by 132,5 percent in comparison with the same period of the previous year, realized as US dollars 14.484 million in the January-August period of 2000. The key factors underlying this development are;

- the increase of export revenues by 4,4 percent,
  - the increase of shuttle trade by 45,1 percent,
- against
- the increase of import (CIF) expenditures by 37,9 percent.

On the other hand, net revenues from other goods and services, as well as unrequited transfers, increased by 20,6 percent, amounting to US dollars 7.697 million.

As a result, the current account deficit materialized as US dollars 6.787 million in the January-August period of 2000, down from a surplus of US dollars 151 million at the same period of the last year.

## **1-Foreign Trade**

**Export (FOB)** revenues, which had realized as US dollars 18.538 million with the inclusion of **shuttle trade** amounting to US dollars 1.231 million in the January-August period of 1999, increased to US dollars 20.157 million, with the contribution of shuttle trade of US dollars 1.786 million in the same period of 2000. **Import (FOB)** expenditures, including gold imports of US dollars 773 million, had realized as US dollars 24.767 million in January-August 1999. As for the same period of 2000, the same item increased to US dollars 34.641 million, of which US dollars 1.354 million was gold imports.

Consequently, the **foreign trade balance**, resulted in a deficit of US dollars 14.484 million in January-August 2000, increasing by 132,5 percent compared to a deficit of US dollars 6.229 million in the same period of the last year.

(Million US dollars)	<b>Jan.-August 1999</b>	<b>Jan.-August 2000</b>	<b>% Change</b>
<b>Exports FOB</b>	18.538	20.157	8,7
Shuttle trade	1.231	1.786	45,1
<b>Imports FOB</b>	-24.767	-34.641	39,9
Gold imports	-773	-1.354	75,2
<b>Foreign trade deficit</b>	-6.229	-14.484	132,5

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

In the January-August period of 2000, **tourism revenues** were US dollars 4.830 million following an increase of 47,6 percent comparing to the same period of 1999. **Interest income** increased by 8,9 percent compared to the first eight months of 1999, realizing as US dollars 1.695 million, while **other goods and services income** reached US dollars 7.511 million, decreasing by 6,1 percent.

As for the expenditure side of the above-mentioned items; it is observed that the **tourism** and **interest expenditures** increased by 18 percent and 8,2 percent, respectively, while **other services expenditures** decreased by 14,7 percent. As a result, the realizations in these items in the January-August period of 2000 were recorded as US dollars 1.351, 3.811 and 4.588 million, respectively.

During the same period, **workers` remittances** under the heading **unrequited transfers** materialized as US dollars 3.067 million, decreasing by 6 percent.

## **B-CAPITAL MOVEMENTS**

The developments under **capital movements (excluding reserves)** for the first eight 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 305 million in the January-August period of 2000, amounting to US dollars 245 million, while residents` net direct investments abroad increased by US dollars 406 million, realizing as US dollars 712 million. As a result, **direct investments** showed a net outflow of US dollars 467 million.

While **borrowings through bond issues** in international capital markets under **portfolio investments** recorded a net bond issue of US dollars 1.163 million in the first eight months of 1999, the amount of net borrowing during the same period of this year realized as US dollars 5.327 million.

On the other hand, **residents` security transactions abroad** classified under **security investments** that had shown net sales of US dollars 350 million in January-August 1999, have resulted in net purchases of US dollars 268 million in January-August 2000.

As for **non-residents` security transactions**, net purchases of US dollars 500 million and US dollars 703 million were recorded in the January-August period of 1999 and 2000, respectively.

Consequently, **portfolio investments** recorded an inflow of US dollars 2.013 million and US dollars 5.762 million in the January-August period of 1999 and 2000, respectively.

The net outflow of US dollars 247 million in **long-term capital movements** in the first eight months of 1999, resulted in a net inflow of US dollars 3.154 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 10.962 million, from US dollars 6.561 million generally due to the increase of US dollars 1.000 million in long term borrowings of general government and due to the increase of US dollars 3.340 million in long term borrowings of other sectors.

**Repayments** increased to US dollars 8.279 million, from US dollars 6.800 million, in the first eight months of 2000.

The last principal item under long term capital movements, **deposits with the Central Bank**, which had decreased in the amount of US dollars 8 million in January-August 1999, increased by US dollars 471 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 361 million in the January-August period of 1999, this item realized as US dollars 133 million in the same period of 2000. **Banks' foreign exchange holdings** with foreign correspondents which had increased by US dollars 207 million in January-August 1999, also increased by 899 million in the same period of 2000.

As for the liability side of **short-term capital movements**, in January-August 1999, an increase was observed in the amount of US dollars 1.007 million while US dollars 4.035 million of increase was recorded in January-August 2000. One of the principal items in this category, **loans received by banks**, which had shown a net increase of US dollars 995 million in January-August 1999, recorded a net increase in the amount of US dollars 3.191 million in the same period of 2000.

In addition, in **trade credits**, which is under the **other sectors**, a net disbursement of US dollars 487 million was observed in January-August 1999 while US dollars 979 million of net disbursement was realized in January-August 2000. As for the **foreign exchange credits**, which is also under the **other sectors**, net repayments of US dollars 49 million and 65 million were recorded in January-August 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 1.488 and 4.247 million, respectively.

**FX deposit accounts** which had shown a decrease of US dollars 481 million in the January-August period of 1999, also recorded a decrease in the amount of US dollars 212 million in the first eight 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 4.860 million in the first eight months of 1999, increased by US dollars 2.960 million in the same period of 2000.