

BALANCE OF PAYMENTS DEVELOPMENTS

IN 1999

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 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 26,5 percent in 1999, in comparison with the previous year. The key factors lying behind this development are;

- the decrease of export revenues by 1,4 percent,
- the decrease of shuttle trade by 38,9 percent

contrary to

- the decrease of import (CIF) expenditures by 11,4 percent.

Besides, net revenues from other goods and services, as well as unrequited transfers, have also fallen by 43,9 percent, realizing as US dollars 9.083 million.

Consequently, the current account surplus of US dollars 1.984 million in 1998 has resulted with a deficit of US dollars 1.364 million in 1999.

1-Foreign Trade

With the inclusion of **shuttle trade** amounting to US dollars 3.689 million, **export (FOB)** revenues that had realized as US dollars 31.220 million in 1998, have decreased to US dollars 29.326 million, including the contribution of shuttle trade for US dollars 2.255 million in 1999. In 1998, **import (FOB)** expenditures, including gold imports of US dollars 1.761 million, had realized as US dollars 45.440 million. As for 1999, the same item has decreased to US dollars 39.773 million, of which US dollars 1.079 million was due to gold imports.

Consequently, the **foreign trade balance** has resulted in a deficit of US dollars 10.447 million in 1999, decreasing by 26,5 percent compared to the US dollars 14.220 million deficit, a year earlier.

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

In 1999, following a contraction of 27,5 percent, **tourism** revenues have realized at a level of US dollars 5.203 million. **Interest** income, has realized as US dollars 2.350 million, decreasing by 5,3 percent compared to a year earlier while **other** goods and services income has been US dollars 11.195 million, decreasing by 30,7 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 16,1 percent and 9,5 percent, respectively, whereas a 13 percent increase has been recorded in **interest** expenditures. As a result, the level of realization in these items in 1999 has been recorded as US dollars 1.471, 7.919 and 5.450 million, respectively.

In 1999, workers` remittances under the heading **unrequited transfers** have decreased by 15,2 percent and have realized as US dollars 4.576 million.

B-CAPITAL MOVEMENTS

The developments under **capital movements (excluding reserves)** in 1999 are as follows:

As for the **direct investments**, in comparison with the previous year, net direct investments of nonresidents in Turkey has realized as US dollars 783 million decreasing by %16,7 percent, while net direct investments of residents abroad has reached US dollars 645 million increasing by %75,7. Consequently, **net direct investments** have realized as US dollars 138 million.

Borrowings through bond issues in international capital markets under **portfolio investments**, have shown a net borrowing of US dollars 3.220 million in 1999, while it had registered a net payment of US dollars 579 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 1.622 million in 1998, have once again resulted in net purchases of US dollars 759 million in 1999. As for the non-residents` security transactions in Turkey, net sales of US dollars 4.510 million and net purchases of US dollars 968 million have been recorded for the years concerned, respectively. Consequently, the outflow of US dollars 6.711 million in **portfolio investments** in a year earlier, have turned into a net inflow of US dollars 3.429 million in 1999.

The net inflow in the amount of US dollars 3.985 million in **long term capital movements** in 1998, have resulted in a net inflow of US dollars 345 million in 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 11.505 million to US dollars 11.036 million.

In contrast to the drawings, **repayments** have increased in 1999. Thus, the level of realization of repayments has been observed as US dollars 10.560 million in 1999, while it was recorded as US dollars 8.174 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 131 million in 1999. In 1998, an increase of US dollars 654 million was recorded.

Within the assets side of the **short-term capital movements, loans extended** have shown increases of US dollars 261 million and 453 million in 1998 and 1999, respectively. **Banks' foreign exchange holdings** with foreign correspondents, that had increased by US dollars 752 million, in 1998, have also increased by US dollars 1.827 million throughout 1999.

As for the liability side of the **short-term capital movements**, it is seen that increases in the amount of US dollars 4.065 million and 3.330 million have been recorded in 1998 and 1999, respectively. One of the principal items in this category, namely **loans received by banks** that had shown a net disbursement of US dollars 63 million in 1998, have once again recorded a net increase in the amount of US dollars 2.070 million in 1999.

The **short term "trade credits"**, mainly composed of imports in the form of deferred payments (letter of credits, acceptance credits and cash against goods), has been revised based on the results of a comprehensive study carried out for 1999 on the payments of "cash against goods". Accordingly, including the contribution of **trade credits** of US dollars 1.171 and 879 million, in the years indicated, **loans received** have shown net disbursements of US dollars 1.842 million and 2.960 million, respectively.

Against the increase of US dollars 2.223 million a year earlier, an increase in the amount of only US dollars 370 million has been recorded in FX deposit accounts in 1999, mostly due to the facts that the deposit accounts of the foreign banks held with the banks have not changed and the increase in the other deposit accounts has slowed down.

C-RESERVE MOVEMENTS

International Monetary Fund credit in the amount of US dollars 806 million has been used while US dollars 286 million has been repaid in 1999.

In line with the above stated developments, the **official reserves** that had increased by US dollars 216 million in 1998, have once again increased by US dollars 5.614 million in 1999.