

BALANCE OF PAYMENTS DEVELOPMENTS BETWEEN JANUARY-JUNE 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/PeriodicPublications/6.Turkish Balance of Payments Statistics](#)".

The principal points related to the balance of payments developments between January - June 1999 are summarized below:

A- CURRENT ACCOUNT

In comparison with the same period of the previous year, during the January-June period of 1999, as a result of 7.1 percent decrease in export revenues, 59.5 percent decrease in shuttle trade and 21.9 percent decrease in import (CIF) expenditures, the foreign trade deficit narrowed by 38 percent. Net revenues from other goods and services as well as unrequited transfers also fell by 28.7 percent and were realized as US dollars 4,159 million. As a result, the current account deficit which was US dollars 1,296 million in the January-June period of 1998, realized as US dollars 259 million in the same period of 1999.

1-Foreign Trade

Including the **shuttle trade** amounting to US dollars 2,182 million, **export (FOB)** revenues were realized as US dollars 15,765 million during the first six months of last year. As for the same period of this year, with the contribution equal to US dollars 883 million from shuttle trade, **export (FOB)** revenues were realized as US dollars 13,537 million. With the inclusion of **gold imports** of 736 million, the **import (FOB)** expenditures of US dollars 22,891 million in the mentioned period of 1998 decreased to US dollars 17,955 million of which US dollars 580 million is expenditures related to gold imports in the same period of 1999. In the light of these developments, **foreign trade deficit** which was US dollars 7,126 million between January-June 1998 decreased by 38 percent and was realized as US dollars 4,418 million during the same period of this year.

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

Tourism revenues under the heading **other goods and services income** decreased by 36.4 percent comparing to the same period of the previous year and were realized as US dollars 1,791 million. **Interest income** which increased by 9.5 percent reached US dollars 1,161 million, while **other goods and service income** were realized as US dollars 6,157 million with a decrease of US dollars 665 million comparing to the same period of last year. As for **other goods and services expenditures; tourism expenditures** fell by 15.4 percent, **interest expenditures** increased by 25.3 percent and **other service expenditures** fell by 4.6 percent and were realized as US dollars 867, 2,713 and 3,962 million, respectively.

Workers remittances under the heading **unrequited transfers** increased by 4 percent and reached US dollars 2,404 million.

B- CAPITAL MOVEMENTS

The **capital movements (excluding reserves)** for the January-June period of 1999 are summarized below:

- **Direct investments** on a net basis have increased by 20.5 percent and reached US dollars 265 million.
- As for the **portfolio investments; bond issues** in international capital markets registered a net inflow in the amount of US dollars 1,383 million during January-June 1998, and as a result of an increase in repayments, there has been a net inflow of US dollars 1,042 million in the same period of 1999. On the other hand, under **security investments**, the residents purchases and sales of securities abroad which showed a net outflow of US dollars 873 million during January-June 1998 resulted in a net inflow of US dollars 738 million in the same period of 1999, at the same time the non-residents purchases and sales of securities in Turkey registered a net inflow of US dollars 910 and 382 million, respectively. As a result, the **portfolio investments** which showed a net inflow of US dollars 1,420 million during January-June 1998, once again resulted in a net inflow in the amount of US dollars 2,162 million in the same period of 1999.
- **Long term capital movements** which showed a net inflow of US dollars 2,607 million in the first six months of 1998, showed a net outflow of US dollars 949 million in the same period of 1999. During this period, **long term foreign exchange credit disbursements** decreased from US dollars 6,003 million to US dollars 4,304 million due to the decrease in the banks , as well as the private sector s, long term borrowings. **Repayments** during the mentioned period increased from US dollars 3,756 to US dollars 5,341. The net inflow in the **deposits with CBRT** which was US dollars 360 million in the first six months of 1998, was registered as US dollars 88 million in the same period of 1999.
- On the liability side, **short term capital movements** showed a net inflow of US dollars 2,978 and 1,814 million respectively in the January-June periods of 1998 and 1999. **Credits received by banks** which registered an inflow of US dollars 489 million in the first six months of 1998 recorded an inflow of US dollars 714 million in the same period of 1999; and as a result of a net inflow of US dollars 1,244 and 1,660 million in the mentioned periods in **credits received by the private sector, credits received** under the **short term liabilities** were recorded as US dollars 1,860 and 2,403 million, respectively. The **FX deposit accounts** which registered a net inflow of US dollars 1,118 million in January-June 1998 showed a net outflow of US dollars 589 million mainly due to the decrease in foreign exchange deposit accounts of the banks. The **banks foreign exchange holdings** which is an important item within the **short term capital movements-assets**, decreased by US dollars 819 and 61 million during the January-June periods of 1998 and 1999, respectively.

C- RESERVE MOVEMENTS

In the light of the above mentioned developments, the **official reserves** which increased by US dollars 8,090 million during January-June period of 1998 increased by US dollars 3,536 million in the same period of 1999.