

BALANCE OF PAYMENTS DEVELOPMENTS

IN JANUARY-MAY 2000

Detailed tables related to Balance of Payments Developments may be reached 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-May 2000 are summarized below:

A-CURRENT ACCOUNT

Foreign trade deficit, which broadened by 167,3 percent in comparison with the same period of the previous year, realized as US dollars 7.660 million in the January-May period of 2000. The key factors underlying this development are;;

- the increase of export revenues by 4,8 percent,
- the increase of shuttle trade by 46,3 percent,

against

- the increase of import (CIF) expenditures by 37,6 percent.

On the other hand, net revenues from other goods and services, as well as unrequited transfers, fell by 2,6 percent, amounting to US dollars 3.210 million.

As a result, the current account deficit materialized as US dollars 4.450 million in the January-May period of 2000, down from a surplus of US dollars 431 million at the same period of the last year.

1-Foreign Trade

Export (FOB) revenues, which had realized as US dollars 11.619 million with the inclusion of **shuttle trade** amounting to US dollars 743 million in the January-May period of 1999, increased to US dollars 12.648 million, with the contribution of shuttle trade of US dollars 1.087 million in the same period of 2000. **Import (FOB)** expenditures, including gold imports of US dollars 372 million, had realized as US dollars 14.485 million in January-May 1999. As for the same period of 2000, the same item increased to US dollars 20.308 million, of which US dollars 783 million was gold imports.

Consequently, the **foreign trade balance**, resulted in a deficit of US dollars 7.660 million in January-May 2000, increasing by 167,3 percent compared to a deficit of US dollars 2.866 million in the same period of the last year.

(Million US dollars)	Jan.-May 1999	Jan.-May 2000	% Change
Exports FOB	11.619	12.648	8,9
Shuttle trade	743	1.087	46,3
Imports FOB	-14.485	-20.308	40,2
Gold imports	-372	-783	110,5
Foreign trade deficit	-2.866	-7.660	167,3

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

In the January-May period of 2000, **tourism revenues** were US dollars 1.819 million following an increase of 41,8 percent comparing to the same period of 1999. **Interest income** increased by 4,6 percent compared to the first five months of 1999, realizing as US dollars 1.030 million, while **other goods and services income** reached US dollars 4.305 million, decreasing by 16,5 percent.

As for the expenditure side of the above mentioned items; it is observed that the **tourism** and **interest expenditures** increased by 25,7 percent and 5,5 percent, respectively, while **other services expenditures** decreased by 13,5 percent. As a result, the realizations in these items in the January-May period of 2000 were recorded as US dollars 778, 2.262 and 3.005 million, respectively.

During the same period, **workers` remittances** under the heading **unrequited transfers** materialized as US dollars 1.844 million, decreasing by 5,9 percent.

B-CAPITAL MOVEMENTS

The developments under **capital movements (excluding reserves)** for the first five 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 increased by US dollars 284 million in the January-May period of 2000, amounting to US dollars 677 million, while residents` net direct investments abroad also increased by US dollars 638 million, realizing as US dollars 776 million. As a result, **direct investments** showed a net outflow of US dollars 99 million.

While **borrowings through bond issues** in international capital markets under **portfolio investments** recorded a net bond issue of US dollars 1.583 million in the first five months of 1999, the amount of net borrowing during the same period of this year realized as US dollars 2.787 million.

On the other hand, **residents` security transactions abroad** classified under **security investments** that had shown net purchases of US dollars 273 million in January-May 1999, have also resulted in net purchases of US dollars 78 million in January-May 2000.

As for **non-residents` security transactions in Turkey**, net purchases of US dollars 307 million in January-May 1999 and net sales of US dollars 138 million were recorded for the same period of this year.

Consequently, **portfolio investments** recorded an inflow of US dollars 1.617 million and US dollars 2.571 million in the January-May period of 1999 and 2000, respectively.

The net outflow of US dollars 957 million in **long-term capital movements** in the first five months of 1999, resulted in a net inflow of US dollars 1.001 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 5.982 million, from US dollars 3.107 million

generally due to the increase of US dollars 544 million in long term borrowings of general government and due to the increase of US dollars 2.254 million in long term borrowings of other sectors.

Repayments increased to US dollars 5.248 million, from US dollars 4.165 million, in the first five 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 101 million in January-May 1999, increased by US dollars 267 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 312 million in the January-May period of 1999, this item realized as US dollars 85 million in the same period of 2000. **Banks' foreign exchange holdings** with foreign correspondents which had dropped by US dollars 724 million in January-May 1999, decreased by 912 million in the same period of 2000.

As for the liability side of **short-term capital movements**, in January-May 1999, an increase was observed in the amount of US dollars 547 million while US dollars 1.277 million of increase was recorded in January-May 2000. One of the principal items in this category, **loans received by banks**, which had shown a net increase of US dollars 1.036 million in January-May 1999, recorded a net increase in the amount of US dollars 809 million in the same period of 2000.

In addition, in **trade credits**, which is under the **other sectors**, a net disbursement of US dollars 194 million was observed in January-May 1999 while US dollars 732 million of net disbursement was realized in January-May 2000. As for the **foreign exchange credits**, which is also under the **other sectors**, a net repayment of US dollars 15 million and US dollars 258 million were recorded in January-May 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 1.227 and 1.308 million, respectively.

FX deposit accounts which had shown a decrease of US dollars 680 million in the January-May period of 1999, also recorded a decrease in the amount of US dollars 31 million in the first five months of 2000, mostly owing to the decrease in non-residents' foreign exchange deposit accounts opened with the resident banks.

C-RESERVE MOVEMENTS

In January-May 2000, Use of Fund Credits item had shown a net increase of 241 million US dollars as a result of a credit disbursed in the amount of 292 million US dollars in the month of May.

In line with the above stated developments, the **official reserves**, which had increased by US dollars 3.653 million in the first five months of 1999, increased by US dollars 850 million in the same period of 2000.