

THE CENTRAL BANK OF THE REPUBLIC OF TURKEY

JOINT STOCK COMPANY

ANNUAL REPORT PREPARED BY THE BOARD OF DIRECTORS
REPORT OF THE COMMITTEE OF AUDITORS
BALANCE SHEET, PROFIT AND LOSS STATEMENT,
AND THE BUDGET OF THE CENTRAL BANK
FOR THE SIXTY-NINTH ACCOUNTING YEAR

2000

Submitted to

THE GENERAL ASSEMBLY OF SHAREHOLDERS
on April 24, 2001

ANKARA

2001

This is the English version of the 2000 Central Bank Annual Report
excluding the section on the Administration, Personnel and
Administrative Affairs and the section on Adjustments in Legal and Administrative
Regulations.

As of December 31, 2000

THE CENTRAL BANK OF THE REPUBLIC OF TURKEY

THE BOARD

CHAIRMAN

GAZİ ERÇEL

MEMBERS

PROF. DR. M. BİLSAY KURUÇ

TUNCAY ALTAN

Z. NEVBAHAR ŞAHİN

AYTEKİN TECE

B. ÇAĞLAR ÜNAL

TEOMAN AKGÜR

THE COMMITTEE OF AUDITORS

MEMBERS

M. SAİM UYSAL

M. AYHAN TÜMER

İ. GANİ DURU

NECDET KAYA SEZER

EXECUTIVE COMMITTEE

GOVERNOR

GAZİ ERÇEL

VICE GOVERNORS

AYKUT EKZEN

ŞÜKRÜ BİNAY

AYDIN ESEN

SÜREYYA SERDENGEÇTİ

CONTENTS

I. DEVELOPMENTS IN THE WORLD ECONOMY	1
I.1. THE WORLD ECONOMY	1
I.1.1. Industrial Countries	2
I.1.2. Developing Countries	4
I.1.3. The Former Centrally Planned European Economies and the Commonwealth of Independent States	5
I.1.4. World Trade	6
I.2. INTERNATIONAL FINANCIAL MARKETS	9
I.2.1. Emerging Markets	10
II. DEVELOPMENTS IN THE TURKISH ECONOMY AND MONETARY POLICY	13
INTRODUCTION	13
II.1. GENERAL EQUILIBRIUM	16
II.1.1. Supply Side of the Economy: Production in the Sectors and Imports	21
II.1.2. Demand Side of the Economy: Domestic Demand and Exports	24
II.1.3. Employment	26
II.1.4. Wages and Salaries	28
II.2. PUBLIC FINANCE AND DOMESTIC BORROWING	31
II.2.1. Public Finance	31
II.2.2. Agricultural Support	37
II.2.3. Domestic Borrowing	39
II.3. BALANCE OF PAYMENTS	44
II.3.1. Balance of Payments	44
II.3.2. Current Account	45
II.3.3. Capital Account	49
II.3.4. External Debt	56
II.4. PRICES	59
II.4.1. Developments in Prices	59
II.4.2. Developments in the Consumer Price Index	60

The Central Bank of the Republic of Turkey

II.4.3. Wholesale Price Index	64
II.4.4. Developments in Import Prices	68
III. MONETARY POLICY AND MARKETS	71
III.1. MONETARY POLICY	71
III.1.1. Central Bank Balance Sheet	73
III.1.2. Monetary Aggregates	80
III.1.3. Developments in Credit	82
III.2. CENTRAL BANK TRANSACTIONS	84
III.2.1. Open Market Operations	86
III.2.2. Interbank Money Market Transactions	90
III.2.3. Foreign Exchange and Foreign Currency Markets	92
IV. FINANCIAL MARKETS	99
IV.1. THE BANKING SECTOR AND CREDIT POLICY	99
IV.1.1. The Central Bank of the Republic of Turkey	99
IV.1.2. Banks	100
IV.2. THE SECURITIES MARKET	112
IV.2.1. Primary Markets	113
IV.2.2. Secondary Markets	116
V. CENTRAL BANK BALANCE SHEET	123
V.1. ANALYSIS OF THE BALANCE SHEET	123
V.2. PROFITS FOR THE 2000 ACCOUNTING YEAR AND THEIR DISTRIBUTION	133
THE REPORT OF THE AUDITORS' COMMITTEE	135
BALANCE SHEET, PROFIT AND LOSS STATEMENT	137
ORGANIZATION CHART	143
VI. STATISTICAL TABLES	145
COMPARISON OF THE BALANCE SHEETS	203

FIGURES

Figure II.1.1	: Contribution to the GDP	20
Figure II.2.1	: Public Balance Excluding Interest Payments and Privatization and Public Sector Borrowing Requirement/GNP	32
Figure II.2.2	: Budget Balances / GNP	36
Figure II.2.3	: Consolidated Budget Domestic Debt Service/GNP	37
Figure II.2.4	: Compound Auction Interest Rate Weighted With Net Sales	41
Figure II.4.1	: CPI and Major Sub-Items (1999-2000)	61
Figure II.4.2	: Goods-Services	63
Figure II.4.3	: Consumer Price Index (1995-2000)	63
Figure II.4.4	: WPI (1999-2000)	64
Figure II.4.5	: Private Manufacturing and Exchange Rate Basket	65
Figure II.4.6	: Food, Textile, Chemical Products and E. R. Basket	66
Figure II.4.7	: Private Manufacturing Industry Price Index (1995-2000)	66
Figure III.1.1	: Base Money, Net Foreign Assets and Net Domestic Assets	74
Figure III.1.2	: Net Domestic Assets (Excluding Revaluation Account) and Bond Realizations	75
Figure III.1.3	: Credit to the Public Sector (Net) and OMO	77
Figure III.1.4	: Monetary Aggregates	80
Figure III.1.5	: Foreign Exchange Deposits/Total Deposits	81
Figure III.1.6	: Repo/Total Deposits	82
Figure III.1.7	: Credit Extended to Non-Financial Sector to GNP Ratio	83
Figure III.1.8	: Credit Real Index (1997=100)	83
Figure III.2.1	: Interest Rates	86
Figure IV.1.1	: Breakdown of Deposits by Maturity	107
Figure IV.1.2	: Breakdown of Loan by Bank Groups	108
Figure IV.2.1	: Security Issues Registered with the CMB	112
Figure IV.2.2	: Equity Market	118
Figure IV.2.3	: National-100 Return Index Cumulative Real Return	119

The Central Bank of the Republic of Turkey

Figure IV.2.4	: ISE Bonds and Bills Market Outright Purchases and Sales Market Monthly Trading Volume	120
Figure IV.2.5	: Bonds and Bills Market O/N Interest Rates and Trading Volumes	121

BOXES

Developments in Oil Prices and Their Macroeconomic Effects	7
Foreign Direct Investments in Turkey	51
The Effect of the Exchange Rate Parity Developments on the Current Account Balance	54
Monetary Policy Instruments (2000)	89
Important Events that Affected the Markets	94
Financial Indicators in the November-December 2000 Period	97

STATISTICAL TABLES

Table 1	: Macro Balance (at Current Prices) _____	147
Table 2	: Macro Balance (at 1998 Prices) _____	148
Table 3	: Gross National Product (at Current Producer Prices) _____	149
Table 4	: Gross National Product (at 1987 Producer Prices) _____	149
Table 5	: Fixed Capital Investment by Sectors (at Current Prices) _____	150
Table 6	: Fixed Capital Investment by Sectors (at 1998 Prices) _____	150
Table 7	: Capacity Utilization Ratio in Manufacturing Industry (ISIC R3) _____	151
Table 8	: Industrial Production Index _____	151
Table 9	: Production of Selected Industrial Goods _____	152
Table 10	: Energy Balance (as Equivalent of Million Tons of Petroleum “EMTP”) _____	153
Table 11	: Selected Agricultural Products _____	154
Table 12	: New Buildings According to Building Permits Issued by Municipalities _____	155
Table 13	: Extensions and Partly Finished Buildings According to Occupancy Permits Issued by Municipalities _____	155
Table 14	: Transportation Services _____	156
Table 15	: Communications Services _____	157
Table 16	: Job Applicants and Vacancies _____	157
Table 17	: Manufacturing Industry Production Workers Index _____	158
Table 18	: Nominal Wages Index per Production Hours Worked in the Manufacturing Industry _____	158
Table 19	: Real Wages Index per Production Hours Worked in the Manufacturing Industry _____	158
Table 20	: Number of Workers Sent Abroad _____	159
Table 21	: Collective Labor Contracts _____	159
Table 22	: Strikes and Lock-Outs _____	159
Table 23	: Price Indices _____	160
Table 24	: Monthly Price Indices _____	161
Table 25	: Gold Prices _____	161
Table 26	: Gold Prices (Monthly Averages) _____	162

The Central Bank of the Republic of Turkey

Table 27	: Average Support Purchase Prices of Agricultural Products	162
Table 28	: Consolidated Budget	163
Table 29	: State Economic Enterprises Financing Requirement at Current Prices	164
Table 30	: Resources and Expenditures of Funds at Current Prices	165
Table 31	: Consolidated Budget Appropriations, Expenditures and Revenues	166
Table 32	: Public Debt (Domestic)	166
Table 33.A	: Monetary Authorities - Sectoral Accounts	168
Table 33.L	: Monetary Authorities - Sectoral Accounts	169
Table 34	: Central Bank - Credit	170
Table 35	: Central Bank - Deposits	171
Table 36.A	: Deposit Money Banks - Sectoral Accounts	172
Table 36.L	: Deposit Money Banks - Sectoral Accounts	173
Table 37.A	: Deposit Money Banks - Deposits	174
Table 37.B	: Deposit Money Banks - Deposits	175
Table 38.A	: Investment and Development Banks - Sectoral Account	176
Table 38.L	: Investment and Development Banks - Sectoral Account	177
Table 39	: Investment and Development Banks - Credit	178
Table 40	: Deposit Money Banks - Credit	178
Table 41	: Banking Sector - Credit Stock	179
Table 42	: Monetary Sector - Analytical Balance Sheet	180
Table 43	: Central Bank - Analytical Balance Sheet	181
Table 44	: Securities Issued	182
Table 45	: International Reserves	182
Table 46	: Balance of Foreign Trade	183
Table 47	: Annual Exports by International Standard Industrial Classification (ISIC R3)	184
Table 48	: Annual Imports by International Standard Industrial Classification (ISIC R3)	185
Table 49	: Exports by Selected Categories	186
Table 50	: Imports by Selected Categories	187
Table 51	: Exports by Countries	188
Table 52	: Imports by Countries	189

The Central Bank of the Republic of Turkey

Table 53	: Annual Foreign Trade Classified by Broad Economic Categories	190
Table 54	: Foreign Trade Price Index (ISIC R3)	190
Table 55	: Balance of Payments	191
Table 56	: Selected Items from the Capital Account	192
Table 57	: Outstanding External Debt	193
Table 58	: Foreign Debt Stock by Type of Foreign Exchange Expressed in US\$ at Year - end Rates	194
Table 59	: Foreign Exchange Deposits with CBRT	194
Table 60	: Foreign Exchange Deposit Accounts	195
Table 61	: Projected Debt Services (by Borrower)	195
Table 62	: Sectoral Breakdown of Companies with Foreign Capital	196
Table 63	: Foreign Investment Approval by Year	197
Table 64	: Average Interest Rates of Auctioned Government Securities in 2000	197
Table 65	: Government Securities Sold at Auctions in 2000	198
Table 66	: Interbank Money Market Transactions	198
Table 67	: Foreign Exchange and Banknote Transactions	199
Table 68	: Trade Weighted Effective Real Exchange Rates	200
Table 69	: Central Bank Personnel by Category	201
Table 70	: Offices of the Central Bank	202

**REPORT PREPARED BY THE BOARD
FOR THE SIXTY-NINTH FISCAL YEAR
2000**

Dear Shareholders,

Before dealing with the Central Bank's activities, we consider it necessary to review the economic developments in Turkey and in the world during the year 2000. Our report, therefore, contains a detailed study of those international economic developments which relate to similar economic developments in Turkey.

In the first section, international economic developments are reviewed. The affiliated countries affecting the world economy, as well as developments in international financial markets, are examined in this section. Furthermore, emerging markets are studied.

The second section is devoted to the Turkish economy. Macroeconomic developments such as general equilibrium, employment, public finance, and the balance of payments and inflation are analyzed.

The third section is devoted to the Disinflation Program and the monetary policy directed by the Central Bank. Furthermore, the balance sheet of the Central Bank is thoroughly analyzed.

The 2000 developments in the financial markets make up the fourth section. Firstly, the Central Bank credit is examined. This is followed by a review of developments in the banking sector, as well as legal and administrative regulations. Developments in the securities market are also discussed in this section.

The Balance Sheet and the Profit and Loss Statement for 2000 are given in the fourth section. The last section of this report provides statistical tables concerning the Turkish economy.

We submit, herewith, for your examination and approval the Balance Sheet and the Profit and Loss Statement for 2000 and welcome you to the annual meeting.

I

DEVELOPMENTS IN THE WORLD ECONOMY

I.1. THE WORLD ECONOMY

The growth rate of the world economy accelerated in 2000, following the favorable developments in 1999 (Table I.1.1). Overall, the increase in the world output is projected to reach 4.7 percent in 2000. While the fast growth rate in the United States of America prevailed, the growth rate in the European Monetary Union accelerated and Japan entered into a phase of recovery. After a recovery phase, the Asian economies stabilized. The growth rates accelerated in the economies of Latin America and the Middle East as well as in the emerging economies of Europe.

The world economy exhibited favourable developments in 2000.

Central banks raised interest rates since most of the industrialized economies experienced growth rates close to or above their potential output levels. Despite the increase in consumer prices due to the rise in petroleum prices, the core inflation rates remained at moderate levels. Inflation rates decelerated in the developing and in the Former Centrally Planned economies.

Despite the overall favorable outlook of the world economy, there are several areas of risk and uncertainty. One of the risks stems from the disparities between the GDP and the demand growth in the three main monetary blocks and, based on this, the prevailing disequilibrium in the current account deficits as well as the apparent disequilibrium between the US dollar and the euro. Another area of risk, given the fact that the higher than expected rise in the petroleum prices prevails, concerns the uncertainty arising from the monetary policies of the industrialized countries to curb inflationary pressures. As developments during recent years made it apparent, when coupled with the draining of liquidity and the weakening of financial markets, all these disequilibria could increase the volatility in the developed financial markets.

TABLE I.1.1
MAIN ECONOMIC INDICATOR
(Annual Percentage Change)

	1998	1999	2000 ⁽¹⁾
OUTPUT			
World	2.6	3.4	4.7
Industrial Countries	2.4	3.2	4.2
US	4.4	4.2	5.2
Japan	-2.5	0.2	1.4
European Monetary Union	2.7	2.4	3.5
Developing Countries	3.5	3.8	5.6
The Former Centrally Planned European Countries and the Commonwealth of Independent States	-0.8	2.4	4.9
WORLD TRADE VOLUME	4.3	5.1	10.0
Imports			
Developed Countries	5.7	7.6	10.3
Developing Countries	0.3	-	10.0
The Former Centrally Planned European Countries and the Commonwealth of Independent States	2.5	-2.9	12.4
Exports			
Developed Countries	3.9	4.8	9.9
Developing Countries	3.7	3.5	8.8
The Former Centrally Planned European Countries and the Commonwealth of Independent States	6.5	5.0	10.1
CONSUMER PRICES			
Developed Countries	1.5	1.4	2.3
Developing Countries	10.1	6.6	6.2
The Former Centrally Planned European Countries and the Commonwealth of Independent States	21.8	43.8	18.3
SIX-MONTH LIBOR (%) ⁽²⁾			
US dollar	5.6	5.5	6.8
Japanese yen	0.7	0.2	0.3
German mark	3.7	3.0	4.6

Source: IMF, World Economic Outlook, October 2000.

(1) Estimate.

(2) London Interbank Offer Rate (LIBOR).

I.1.1. Industrial Countries

Industrial production increased in the United States, the European Monetary Union and Japan in 2000. It is projected that the average growth rate of the world

economy, which was 3.2 percent in 1999, will be around 4.2 percent in 2000. On the other hand, the increase in the consumer prices, which was 1.4 percent in 1999, rose to 2.3 percent mainly due to the acceleration in energy prices (Table I.1.1).

The growth rate of the gross domestic product in the United States of America is projected to reach 5.2 percent in 2000, its source being the rise in consumption, investment and productivity. The boost in the economy had a favorable impact on the labor markets and the unemployment rate declined. The inflation rate increased due to the rise in energy prices. FED increased the interest rates by 0.5 points to curb inflationary pressures. Imports, and thus the current account deficit, increased due to the boost in the economy.

The growth rate of the USA economy was again high in 2000.

Japanese economy showed signs of recovery in 2000. The rate of growth, which was 0.2 percent in 1999, increased to 1.4 percent in 2000. In particular, the rise in investment and profitability in high technology sectors contributed to this growth. Following the recovery, the “zero interest rate” policy of the past two years was abandoned and the Bank of Japan increased its overnight interest rate to 0.25 percent in August.

The Japanese economy showed signs of recovery in 2000.

The growth rate of the economies in the euro region accelerated in 2000. The growth rate, which was 2.4 percent in 1999, increased to 3.5 percent in 2000. The source of this growth was the high increase in domestic consumption as well as the prevailing buoyancy in exports. With the rise in output, the overall unemployment rate in the euro region decreased to 9 percent. Due to the rise in petroleum prices, the inflation rate in the euro region accelerated when compared to 1999 and the annual rise in the Harmonized Index of Consumer Prices (HICP) rose to 2.4 percent in 2000.

While the Euro region enjoyed high growth in 2000, the inflation rate accelerated due to rising petroleum prices.

The growth rate of the German economy, the biggest economy in the euro region, rose from 1.8 percent in 1999 to 3 percent in 2000. In addition to buoyant domestic demand, the depreciation of the euro against the US dollar favored Germany’s export performance and contributed to growth. The unemployment rate declined from 8.3 percent in 1999 to 7.7 percent in 2000. Consumer price inflation, on the other hand, rose from 0.7 percent in 1999 to 1.7 percent in 2000.

The rate of growth accelerated in Germany in 2000.

The economy of the United Kingdom exhibited a growth performance exceeding its potential output level over the last one and a half years. The growth rate in the United Kingdom increased from 2.2 percent in 1999 to 3 percent in 2000. The main sources of growth in the country are the buoyancy in household consumption and the significant rise in exports.

The economy of the United Kingdom grew more than its potential output level again in 2000.

I.1.2. Developing Countries

Developing countries are projected to grow by 5.6 percent due to the recovery in domestic demand and exports.

Developing countries performed better than expected in terms of growth and inflation in 2000. Rapid growth was realized in all of the regions, but important disparities among and within the regions were observed. GDP growth, which was 3.8 percent in 1999 is projected as 5.6 percent in 2000 (Table I.1.2). The recovery in domestic demand resulting from declining interest rates due to expansionary monetary policy, the increase in exports as a consequence of positive world economic conjecture and the depreciation of some Asian currencies are the main factors of the positive economic performance in Asian region. The industrial output growth rate in the region reached the two digit level as of late 1999. The recovery period was also observed in the Latin America region, but the growth rates were lower than those of Asian countries. Inflation declined after the 1997-1998 global crisis, and it stayed at low levels despite the hike in oil prices. Nevertheless, the tension in the East Asian and Latin American financial markets augmented in this period. The fall in the stock markets and the increase in the foreign borrowing rates of countries like Argentina amplified the short-term risks of these countries.

TABLE I.1.2
REAL GDP AND INFLATION
(Annual Percentage Change)

	GDP		CPI	
	1999	2000 ⁽¹⁾	1999	2000 ⁽¹⁾
Developing Countries	3.8	5.6	6.6	6.2
Asia	5.9	6.7	2.4	2.4
Middle East and Europe	0.8	4.7	20.4	17.4
Latin America	0.3	4.3	9.3	8.9
Africa	2.2	3.4	11.8	12.7

Source: IMF "World Economic Outlook", October 2000.

(1) Estimate.

The performance of the Asian countries in 2000 exhibited that these countries had overcome the negative effects of the 1997-1998 crisis. The growth rates of the Asian countries, which was 5.9 percent in 1999, is projected as 6.7 percent in 2000.

In China, economic activity that had begun to improve in mid-1999 accelerated in 2000. The real GDP growth is projected as 7.5 percent in 2000. The sources of this rapid growth are the increase in exports and the recovery in private spending and investment. While the positive developments in world conjecture supported the export sector, the expansionary monetary and fiscal policies caused the domestic demand to increase. The effect of the hike in oil prices was limited in

the case of the Chinese economy because the net oil import was low. In 2000, China has terminated the bilateral agreements with her trade partners, including the US and the European Union, to join World Trade Organization.

Latin America's recovery period after 1997-1998 continued in 2000. The GDP growth, which was 0.3 percent in 1999, is projected as 4.3 percent in 2000. The strong exports and the increase in the domestic demand were the sources of the growth. The current account deficit of the region is projected to decline due to the increase in export volume and improvements in the terms of trade in 2000. The need for foreign capital inflows of the region continues because of the high debt amortizations.

Following the 3.1 percent contraction in 1999, the real GDP growth rate was lower than targeted, 0.6 percent in Argentina in the first half of 2000. While industrial output and retail sales fell, the unemployment rate increased. The consumers price index declined by 0.7 percent, and the wholesale price index increased by 2.5 percent. The improvement observed in the foreign trade balance did not offset the deterioration in the other foreign exchange revenues and thus the current account deficit remained at high levels. The doubts about the Argentinian economy in the international markets increased the country's risk; consequently, the capital inflows slowed down and the interest rates increased significantly.

The Brazilian economy recovered in 2000 due to increases in both domestic and external demand. The GDP growth was 3.7 percent in the first quarter of 2000. Growth in exports was 14.7 percent, while growth in imports was 13.2 percent. Despite the increase in imports due to the increase in domestic demand, the foreign trade deficit declined, and the ratio of the current account deficit to the GDP declined to 1.8 percent. Inflation stayed at low levels, the unemployment rate decreased and real wages increased due to the recovery.

I.1.3. The Former Centrally Planned European Economies and the Commonwealth of Independent States

The real GDP growth in Russia is expected to be 7 percent in 2000. The surge in petroleum and metal prices, which are the primary export commodities of the country, low import demand due to the depreciation of ruble in the post-crisis period and higher investments were the main factors behind the growth.

Rapid growth in Russia after the 1998 crisis gave rise to the recovery at its close trading partners.

While the inflation level is expected to fall from the 86 percent level of 1999 to 19 percent in 2000, higher domestic demand and the increase in food and energy

prices caused inflationary pressures at the end of the year. The current account surplus, which was 11.3 percent of the GDP in 1999, is expected to rise to 13.4 percent of the GDP in 2000, mainly due to the rise in both the volume and the prices of export products and the low import demand due to the depreciation of ruble. The accomplishment of structural reforms in the financial and real sectors is important for the future performance of the economy.

The ongoing recovery in the Russian economy had positive effects on its close trading partners like the Ukraine, Lithuania and Estonia, which had been adversely affected by the Russian crisis in 1999. Real GDP growth expectations for 2000 are 2.5 percent for the Ukraine, 4 percent for Estonia and 2.5 percent for Lithuania, where the output contracted by 4.1 percent in 1999.

I.1.4. World Trade

World trade volume grew by 10 percent in 2000, which is the highest rate since 1977.

Strong demands in the developed countries and the increase in the growth rate of the developing countries from 3.8 percent in 1999 to 5.6 percent in 2000 gave rise to a 10 percent growth rate of the world trade volume, which is the highest figure since 1977. Replenishment of stocks and the acceleration of investments in East Asian economies after the crisis intensified the trade in intermediate goods. In addition to these, strong import demands in developed countries had a positive effect on world trade.

The export shares of the Latin American countries – except Mexico, which had a slower recovery relative to East Asian economies – shrunk while the export shares of the Middle European economies, which are in transition to the European Union, rose due to their increasing trade relations with the Western Europe.

Oil prices rose relatively more than the non-oil prices.

Primary goods price indices indicate that the non-oil price increases were lower than the increase in oil prices after the general price decrease in 1999 (Table I.1.3). Energy prices jumped as a consequence of the production cutdown of the producers due to the low prices. However, high stocks in the non-energy sectors, which are relatively inelastic to price changes, precluded price increases. Excess stocks in the metal sector prevented a likely increase in prices due to the reduction of production and increase in demand in the metal sector.

**DEVELOPMENTS IN OIL PRICES
AND THEIR MACROECONOMIC EFFECTS**

The oil prices began to surge in March, 1999 and this rising trend prevailed in 2000. The increase in the demand for oil due to the recovery in the world economies and oil producing countries' reduction in oil production by 3 percent were the main factors behind the surge in oil prices. While the crude oil spot barrel price was 12.9 US dollars in March, 1999, it was 25.1 US dollars in January, 2000 and 32.3 US dollars in November. The increase in oil demand along with the decline in oil supply in 1999 caused high levels of oil prices as well as a high level of volatility. In 2000, oil production increased in response to the high prices. Production increased by 4.9 percent in the third quarter of 2000 compared to its level in the same period of 1999. The volatility of oil prices stemmed from tight market supply-demand conditions, production levels being close to full capacity with low stock levels, and the political tension in the Middle East.

OIL PRICES AND OIL PRODUCTION

	1997	1998	1999				1999	2000				
			I	II	III	IV		I	II	III	October	November
PRICE (US dollars/barrel)												
Average	19.30	13.10	11.64	16.04	20.46	23.80	18.00	26.60	26.80	29.80	31.40	32.30
Brent	19.10	12.70	11.09	15.33	20.33	24.10	17.70	26.80	26.50	30.30	30.90	32.50
PRODUCTION (million barrels/day)												
OPEC	29.9	30.8	30.6	29.1	29.1	29.0	29.4	29.3	30.7	31.5	32.3	32.2
Non-OPEC	44.5	44.7	44.6	44.0	44.5	45.5	44.7	45.8	45.4	45.7	45.9	46.7
TOTAL	74.4	75.5	75.2	73.1	73.6	74.4	74.1	75.1	76.1	77.2	78.2	78.9

Source: IEA Monthly Market Reports, Various Issues
IMF International Financial Statistics, CD of December, 2000

The price elasticity of world oil demand was observed as low. Given the same demand, small variations in the supply can have important effects on the price. Total world oil supply was 77.2 million barrels in the third quarter of 2000 and 41 percent of this amount was supplied by the "Organization of the Petroleum Exporting Countries" (OPEC). OPEC has determined oil production quotas since 1982. The oil prices attained their lowest level of the 1990's in December of 1998 due to the decline in demand after the 1997-1998 global crisis. OPEC decided to cut crude oil production to increase oil prices three times, on April 1, 1998; on July 1, 1998 and on April 1, 1999. Besides OPEC members, Mexico, Norway and Oman supported these decisions. The first two production cutback decisions did

not succeed due to insufficient recovery in demand and the low level of compliance to the cutback target decision by the members. Crude oil prices began to rise due to the 80 percent compliance to the cutback target of April 1, 1999 and the 1.6 percent rise in crude oil demand in 1999. Despite the high oil prices, it was decided at the September 1999 meeting to continue the quotas of April 1999 . On March 28, 2000 OPEC decided to increase the quotas by 1.7 million barrels/ day, which is the same amount of reduction as in April 1999 and an unofficial price mechanism that holds the basket price in 22-28 US dollars band was agreed upon. Under this mechanism, oil production will be increased by 500,000 barrels/day if the basket price is higher than 28 US dollars on 20 consecutive days; and the oil production will be reduced by 500,000 barrels/day if the basket price is lower than 22 US dollars on 10 consecutive days. The basket price was higher than 28 US dollars in August 14-December 5 period and despite the agreement, OPEC production rose only on October 31, 2000.

The decline in the dependence of developed countries on oil production prevented the occurrence of considerable negative effects, like those in the 1970's, due to the price hikes of the last two years. The dependence of these economies on oil production has lessened to almost half of what it was in the 1970's. The economic agents could not reflect the effects of price hikes on wages and prices like they had in the 1970's although they realized real income losses due to the price hikes in 1999 and 2000. The reasons for these developments were the importance of the price stability target for the policy makers and the use of policy tools for this target, together with the increasing competition in the product market. Although the consumer prices increased due to the surge in oil prices, the increase in the core inflation figures was limited. If tight market conditions are avoided, the demand can be met with low prices in the long-run. If oil prices increase further, its negative effects are expected to be felt on inflation, real income and production in the long-run.

With the hike in oil prices, the terms of trade with oil importing countries deteriorated. The balance of payments and public finance of oil exporting countries, which deteriorated with the 1997 economic crisis, improved with the increase in prices and demand starting in early 1999. OPEC production increased by 7.5 percent in October, 2000 compared to the beginning of 2000. Oil prices declined in late November and decreased by a third at the end of the year. The inflationary pressures observed in 2000 in oil importing countries are expected to disappear if the declining trend of oil prices continues.

TABLE I.1.3
PRIMARY GOODS PRICE INDICES
(1990=100 US dollars)

	1997	1998	1999	2000 ⁽¹⁾
Non-oil goods	112.9	96.3	89.5	92.3
Food	113.9	99.5	84.0	83.6
Drink	165.5	140.3	110.5	101.2
Agricultural Raw Materials	119.0	99.5	101.7	104.9
Metals	90.9	76.2	75.0	85.0
Fertilizers	113.9	117.1	112.4	106.9
Oil	83.8	56.9	78.2	115.4

Source: IMF.

(1) Provisional.

I.2. INTERNATIONAL FINANCIAL MARKETS

The US raised interest rates four times in the first five months of 2000 as a consequence of the ongoing economic recovery and the inflationary pressures caused by increasing petroleum prices. Interest rates were cut by a small amount with the slowdown in the economy at the end of the year. While the interest rate increases in the first two quarters of the year were reflected in long term yields, pointing to a tight monetary policy, the diminishing long term borrowing of the US treasury rate smoothed out this pressure. Expectations of a looser monetary policy resulted in the reduction of the long term yields after August. As a result, long term yields, which were around 6.4 percent at the end of 1999, remained around this level until July and then declined to 5.1 percent at the end of December.

US was in recovery despite the interest rate increases. Intense capital inflows, increasing consumption and strong dollar prevented current account surplus.

Risks for the developing countries after the Asian crisis and the lower yields in Europe and Japan, directed investors towards US bonds. Positive expectations about the performance of the new technology companies played an important role in the reorientation of the capital flows. Other stocks also gained momentum with the help of these expectations. The resulting increase in private investments and private consumption and the strong US dollar had a negative effect on the current account deficit of the US, which raises the hard landing risk of the economy.

The European Central Bank raised interest rates four times in 2000 in order to avoid the inflation risks caused by the depreciating euro and the USA's interest rate increases. Long term yields, which were 5.3 at the beginning of the year, kept these levels during the year and diminished to the 4.9 level in the last month.

Monetary Union accelerated the integration of the financial markets in Europe where euro bond issues and syndicated lending facilities were increased.

In order to carry out the mergers and acquisition process, integration of the financial markets and the formation of a liquid and profound market for borrowing is crucial. Therefore, the increase in the euro bond issues of the euro economies in 2000 years seems to be favorable for these economies. The private sector issued more bonds compared to the governments and these were mainly short-term issues.

The volume of syndicated lending, which accelerated due to the increase in mergers and acquisitions in 1999, prevailed for the first quarter of 2000. This facility is expected to grow with the integration in the banking sector in euro economies. The expectations concerning the performance of the merged companies is an important indicator of the competitiveness of the European Union economies against the American economy, which has been expanding through new technology companies.

The overnight interest rate was raised from 0 to 0.25 percent in Japan with the signs of recovery in the economy in the first half of the year. Long-term yields were low due to the capital inflows, deflation and domestic demand for treasury bonds.

The depreciation against the US dollars was 8 percent for the euro and 10 percent for the Japanese yen.

In the foreign exchange market, the euro depreciated against the dollar, except in May and June, due to the vigorous economic activity in the US despite the increase in interest rates, and the euro only recovered slightly against the US dollar at the end of the year.

The Japanese yen, which had appreciated against the US dollar in 1999, depreciated by 10 percent in 2000 as a consequence of the uncertainty in the economy due to the ongoing recession and the risks concerning the sustainability of the debt stock that was raised by the expansionary fiscal policy.

I.2.1. Emerging Markets

Private capital flows to developing countries shrunk after the Asian crisis in 1988 and after a slight increase in 1999, a rapid increase was observed in 2000. These flows were oriented mostly towards post-crisis Asian countries and especially to the technology firms and were diminished in the second quarter after the global reduction in technology stocks.

Foreign borrowing was difficult for developing countries because of the rise in interest rates in developed economies and the still ongoing uncertainties resulting from the Asian crisis. The economies which were adversely affected by

the Asian crisis prefer accumulating foreign exchange reserves with the capital inflows in order to avoid the adverse effects of the volatility of the capital movements. These economies, which pursue an export-led growth, are more susceptible to a possible global slowdown and therefore may require more capital inflows. From this standpoint, a reduction in foreign direct investments, which support growth in developing countries and reduce the fragility against the financial crisis, has negative effects on these countries (Table I.2.1).

TABLE I.2.1
NET CAPITAL FLOWS
(US \$ billion)

	1997	1998	1999	2000 ⁽¹⁾
Developing Countries				
Direct Investment	141.3	151.6	154.6	141.9
Portfolio	39.4	0.3	4.8	17.3
Other	-65.6	-85.6	-91.9	-122.8
Official	52.7	55.3	13.0	19.9
Asia				
Direct Investment	55.1	59.9	54.2	47.5
Portfolio	8.3	-15.4	3.9	5.2
Other	-56.8	-85.2	-55.8	-70.4
Official	7.4	18.4	-6.8	-3.1
Middle East and Eastern Europe				
Direct Investment	7.4	8.2	5.4	8.2
Portfolio	-5.8	-16.7	-10.1	-7.0
Other	20.9	18.6	5.7	-19.5
Official	1.5	8.5	5.6	3.1
Latin America				
Direct Investment	53.4	56.5	65.3	56.6
Portfolio	19.2	19.8	9.3	6.3
Other	-5.0	-14.6	-34.2	-15.4
Official	15.5	16.0	10.6	19.5

Source: IMF "World Economic Outlook", October 2000.

(1) Estimate.

III

DEVELOPMENTS IN THE TURKISH ECONOMY AND MONETARY POLICY

INTRODUCTION

The deterioration of the public financial balance, the rise in domestic debt stock due to the continuation of high levels of real interest rates, the accelerating trend of the inflation rate and the continuing economic contraction made it necessary to put a new medium-term program into effect in 2000.

The main determinant of the developments in the Turkish Economy in 2000 was the “Disinflation Program” which had been applied since the beginning of the year. The medium term objectives of the program were: reducing the inflation rate to one digit numbers within 3 years, decreasing the real interest rates to reasonable levels and using economic resources more efficiently. The program had three main components: an increase in the primary surplus by applying contractionary fiscal policies, realizing structural reforms and accelerating privatizations; income policies compatible with the targeted inflation; fiscal and monetary policies focusing on the low inflation target. In the context of this program, the daily values of the foreign exchange basket for the 12-month period were announced to the public.

The disappearance of the foreign exchange risk caused the nominal interest rates to decline. These developments in foreign exchange and interest rates led the consumption of durable goods, production, investment expenditures and exports to rise and the Turkish economy, which had slowed down in 1998 and contracted in 1999, entered a new growth path.

While the recovery in domestic demand and increased tourism revenues and imports caused industry and services sectors production to rise notably, the

production increase in the agricultural sector was limited and in the first nine month of 2000, GDP growth was up by 6.5 percent compared to the same period of the previous year. In this same period, the increase in the GNP was 5.4 percent as the net foreign factor incomes declined. According to the Survey of Household Labor Force (HLF), which was conducted by SIS in October of 1999, the unemployment rate was 7.4 percent, while in the fourth quarter of 2000, the unemployment rate, as a result of increased employment in the non-agricultural sector, declined to 6.3 percent. While the real wages of civil servants and real minimum wages declined, the improvement in the real wages of public sector workers in 1999 continued in 2000. The productivity per hour in the manufacturing industry for the January-September period declined in the public sector, while increasing by 10.3 percent in the private sector.

As the economy entered into a recovery period and the prices of energy, especially the crude oil prices, increased, the imports boosted in 2000. Imports rose by 32.7 percent compared with the same period of the previous year and reached 54 billion US dollars. However, the performance of the exports was rather weak during this period, increasing by 2.8 percent to realize at 27.3 billion US dollars. One of the important reasons for this decline was the export of the agricultural sector, which declined because of the poor production performance of the sector. In addition, Euro/US dollar parity moved against the Euro and the appreciation in the exchange rate decreased exports. At the beginning of the program, the exchange rate basket was pre-announced in line with targeted inflation and the reduction in overall prices required time, causing the exchange rate to appreciate.

The foreign trade deficit increased by 89.1 percent and became 26.7 billion US dollars in 2000. Although tourism and shuttle trade revenues rose, the foreign trade deficit led the current account deficit to increase and at the end of the year caused the current account deficit to realize at 9.8 billion US dollars. The Treasury issued bonds to finance the current account deficit in the January-July period and gave priority to portfolio investments. In August, the capital inflow was generally short-termed and for the first time, in September, capital outflow was realized. As a result of turmoil in financial markets during November, capital outflows deepened and portfolio investments decreased by 4.8 billion US dollars. Parallel to these developments, the reserves declined to 2.9 US dollars in 2000.

Tax revenues were increased due to additional tax arrangements and the primary expenditures were taken under control, decreasing the share of public sector borrowing requirement in the GDP by 3.3 points, a decline of 12 percent in 2000 compared to the same period of the previous year. The improvement in the

public sector borrowing requirement was due to the consolidated budget and non-budget funds recovery. The consolidated budget deficit was 10.5 percent of the GNP, while the primary budget surplus was 6 percent of the GNP.

The total domestic debt stock in December of 2000, compared to 1999, increased in nominal terms by 59 percent and realized at 36.4 quadrillion. The primary budget surplus, the sharp decline in interest rates, the possibility of finding foreign borrowing and the increase in privatization revenues caused the total domestic debt stock to decrease compared to previous years.

The Central Bank, in the context of the money and exchange rate policy program, fixed the net domestic assets, except the evaluation account, to -1,200 trillion Turkish liras allowing the monetary base to fluctuate within a band of +/-5. Net domestic assets in the three-quarters of the year realized at -1,260, -1,295 and -1,308 trillion Turkish liras, respectively. Until the middle of November, net domestic assets were within the band; however, at the end of November because of the crisis in the money markets, the Central Bank gave liquidity to the market through open market operations; as a result, the net domestic asset target was abandoned.

The Central Bank pre-announced, in the context of the money and exchange rate policy program, the exchange rate basket increase ratio for the first quarter of 2000 as 2.1 percent per month, for the second quarter 1.7 percent per month, and for the third quarter 1.3 percent per month and for the fourth quarter 1 percent per month. At the end of 2000, the Central Bank confirmed that the exchange rate targets had been met.

In line with the program being implemented, the three-month performance criteria for the net international reserves were realized by the middle of November. However, the Central Bank sold a net foreign exchange amount of 6.8 billion US dollars, during the 22 November-5 December period, as a result of the crisis in the money markets during November. In the additional letter of intent dated 18 December 2000, net domestic assets and the net international reserves targets were revised and these revised targets were confirmed. At the end of the year, net international reserves realized at 12.5 billion US dollars.

Monetary aggregates rose in real terms in 2000. The narrow money supply, M1, M2 and M2Y increased 20 percent, 4 percent, 3 percent, respectively. According to the balance sheet data, on which the banks turned over to the Savings and Deposits Fund were also included, the total credit of the banking sector in the

period between November 1999 and November 2000 increased 67 percent in nominal terms and 20 percent in real terms. The increase in the total credit was due to the Turkish lira credit expansion, consumer credit increasing by four times. In the same period, the total deposits were at the same level, compared to the previous year. The preference for short-term investment instruments like repo and the decline in Turkish lira deposit interest rates limited the increase in the total deposit.

Exchange rates, public goods and services prices, implementation of the income policy according to the targeted inflation and the decrease in the interest rates on credit lowered the costs and helped the slow-down in price increase although there was a recovery in domestic demand in 2000. The average year-on-year change in price increase showed a slight reduction, but year-end inflation figures were noticeably low. At the end of 1999, the wholesale price index was 62.3 percent, while at the end of 2000, it was 32.7 percent. The consumer price index showed the same trend. At the end of 1999 and 2000, the consumer price index was 68.8 percent and 39 percent, respectively.

II.1. GENERAL EQUILIBRIUM

The Turkish economy, as a result of the both domestic and foreign demand recovery showed considerable growth in the 1995-1997 period and this trend continued until the second quarter of the 1998. The growth rate of the GNP was on the average 7.8 percent between 1995 and 1997. However, the implementation of a tight fiscal policy at the beginning of 1998 and the Russian crisis caused the economy enter a recession. This recession period in the economy deepened with the earthquake in 1999 and the GNP decreased by 6.1 percent compared to the previous year (Table II.1.1). The drastic increase in the real interest rates, capital outflows due to the financial crisis in the emerging markets, the unfavorable developments in the tourism sector and the decrease in export revenues aggravated the recession in the economy.

After the recession in 1999, the economy recovered in 2000. In the first nine months of the year, the GNP increased 5.4 percent compared to the same period of the previous year. The growth in the economy was mainly a result of the base effect and recovery in the domestic demand.

The growth in the economy in 2000 was due to the increase in the value added of the services and industry sectors, but mainly in the trade sector. In the first nine months of the year, the agricultural sector value added increased slightly. In addition to the production sectors developments, high rates of increase in import

After the recession in 1999, the economy recovered in 2000.

taxes, in conjunction with the expansion in imports, positively affected the growth of GNP (Table II.1.2).

TABLE II.1.1
MAIN ECONOMIC INDICATORS

	1997	1998	1999	2000
GNP (TL trillion, Current Prices)	29,393	53,518	78,283	124,406 ⁽⁶⁾
Growth Rate, GDP (Percent)	7.5	3.1	-4.7	7.0 ⁽⁶⁾
Growth Rate, GNP (Percent)	8.3	3.9	-6.1	6.0 ⁽⁶⁾
Population ⁽⁵⁾ (Million)	61.3	62.2	63.2	64.1
Employment ⁽⁵⁾ (Million)	21.1	20.9	21.4	20.6
Export (US\$ billion, including FOB and Shuttle Trade)	32.6	31.2	29.3	31.2
Import (US\$ billion, CIF)	-48.6	-45.9	-40.7	-54.0
Current Account Balance (US\$ billion)	-2.6	2.0	-1.4	-9.8
External Debt Stock/GNP ⁽²⁾ (Percent)	44.1	47.0	55.6	53.6 ⁽¹⁾
Public Sector Borrowing Requirement/GNP (Percent)	7.7	9.0	15.3	12.0 ⁽⁶⁾
Domestic Debt Stock/GNP (Percent)	21.4	21.7	29.3	29.3 ⁽⁶⁾
Total Public Debt Stock/GNP ⁽³⁾ (Percent)	47.5	47.2	58.3	57.7 ⁽¹⁾
Primary Balance/GNP (Percent)	0.1	4.6	2.1	6.0 ⁽⁶⁾
Tax Revenues/GNP (Percent)	19.6	20.6	22.1	25.1 ⁽⁶⁾
Wholesale Price Index ⁽⁴⁾ (Annual Average, Percentage Change)	81.1	74.0	52.7	51.4
Consumer Price Index ⁽⁴⁾ (Annual Average, Percentage Change)	84.5	86.7	64.8	54.9

Source: State Institute of Statistics (SIS), State Planning Organization (SPO), Undersecretariat of the Treasury, Central Bank.

(1) Foreign debt stock data covered the first nine months of 2000.

(2) The annual average exchange rate was used in converting US dollar based foreign debt stock into Turkish lira.

(3) Total public debt stock includes domestic and external debt stock. Short-term external debts are not covered in the calculation. The annual average exchange rate was used in converting US dollar based public foreign debt stock into Turkish lira.

(4) 1994=100, twelve month averages.

(5) Survey of Household Labor Force, Mid-year.

(6) Estimate of SPO.

In the public finance, the increase in tax revenues due to additional tax arrangements caused the primary budget surplus to exceed the targeted value. In addition, the increase in domestic demand and imports helped the primary budget surplus to rise by expanding tax revenues. Moreover, the increase in the likelihood of financing budget deficits with foreign borrowing and the Treasury's overall domestic debt redemption in excess of the domestic debt led interest rates to decline in the financial markets and caused a credit expansion compared with the previous years.

TABLE II.1.2
GROSS DOMESTIC PRODUCT AND ANNUAL GROWTH IN MAIN SECTORS⁽¹⁾
(Percent)

	1999						2000			
	1998	I	II	III	IV	Total	I	II	III	Total ⁽²⁾
GNP	3.9	-7.9	-3.7	-7.6	-4.9	-6.1	4.1	4.6	6.9	5.4
GDP	3.1	-8.2	-2.2	-6.3	-2.1	-4.7	5.5	6.0	7.4	6.5
Agriculture	8.4	5.5	-8.3	-5.8	-3.5	-5.0	1.4	1.9	1.9	1.8
Industry	2.0	-9.8	0.8	-8.3	-2.6	-5.0	2.8	4.0	9.8	5.7
Manufacturing Ind.	1.2	-10.8	0.3	-9.1	-3.0	-5.7	2.5	3.8	10.9	5.9
Services	2.7	-6.8	-2.6	-5.5	-2.7	-4.4	4.9	6.1	7.6	6.4
Commerce	1.4	-12.6	-4.4	-8.6	0.2	-6.3	9.9	10.6	12.2	11.1
Construction	0.7	-9.8	-11.5	-12.9	-15.2	-12.5	-2.1	2.9	7.9	3.6
Trans. & Telecomm.	4.9	-6.2	0.7	-0.2	-4.2	-2.4	4.7	4.5	4.0	4.4
Import Taxes	-1.0	-21.6	-4.7	-5.9	12.8	-5.7	32.6	26.5	25.0	27.7

Source: State Institute of Statistics.

(1) According to 1987 prices.

(2) First nine months.

Expansion of credit volume and the decline in consumer credit interest rates enabled households to realize their consumption expenditures.

The decline in both deposit and consumer credit interest rates enabled households to realize their consumption expenditures, which had been postponed due to high interest rates in recent years. In conjunction with these developments, in the first half of the year, mainly for the durable goods, the private consumption expenditures increased by 5.8 percent (Table II.1.3). Moreover, it is believed that with the favorable credit conditions and long-term sales campaigns offered by companies, households realized their postponed expenditures for mainly the durable goods within the year 2000. Thus, the expenditures for durable goods increased by 26 percent in the first half of the year.

During this growth period in the economy, non-agricultural employment, especially employment in the services sector, increased substantially in 2000 and caused a decline in the unemployment rate. Civil servant wages increased according to the targeted inflation but targeted inflation was exceeded causing real wages to decline. Moreover, in this period, in total manufacturing industry, public, private employment and real wages per hour worked in the private sector declined. This development restricted the recovery in the domestic demand. Furthermore, the agriculture price inflation index was under the consumer price index in 2000. The agricultural value added was 1.8 percent for the first nine months of 2000, accounting for the slight increase in agricultural revenues.

TABLE II.1.3
MAIN EXPENDITURE ITEMS
(1987=100, Annual Percentage Change)

	1998	1999	2000		Total ⁽¹⁾
			I	II	
Consumption Expenditures	1.3	-2.1	4.2	7.6	6.0
Public	7.8	6.5	0.3	12.3	6.9
Private	0.6	-3.1	4.6	7.0	5.8
Consumer Durables	-0.8	-0.3	21.8	29.9	26.0
Fixed Capital Investments	-3.9	-16.0	10.6	19.8	15.8
Public	13.9	-4.1	3.0	24.4	17.8
Private	-8.3	-19.6	11.9	18.3	15.3
Machine-Equipment	-12.3	-26.4	22.9	38.2	30.9
Construction	-1.8	-9.8	-3.1	-6.0	-4.7
Exports of Goods and Services	12.0	-7.0	7.4	16.1	11.9
Imports of Goods and Services	2.3	-3.7	25.0	14.5	19.1
Total Domestic Demand	0.6	-4.0	11.2	5.7	8.1
Total Final Domestic Demand	-0.2	-6.0	5.7	10.8	8.4

Source: State Institute of Statistics.

(1) First six-months.

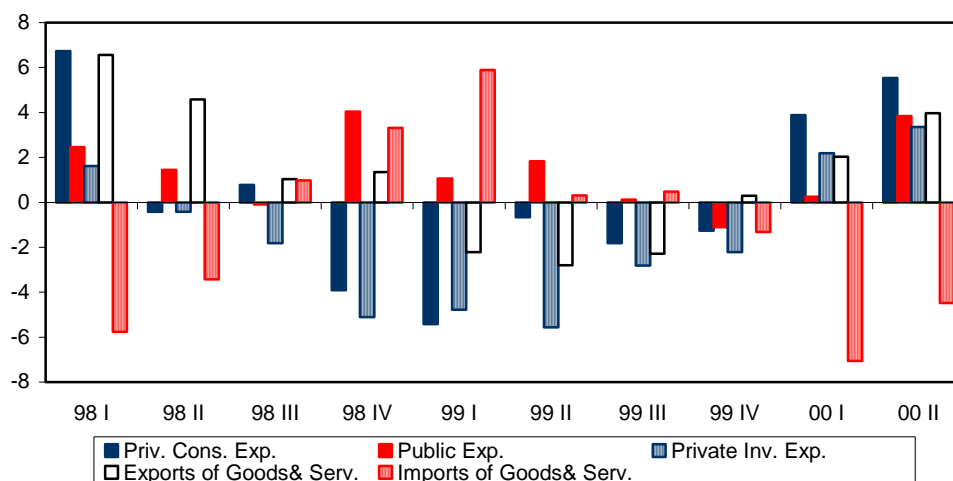
Private investment expenditures increased substantially in the first half of the year compared to same period of the previous year (Table II.1.3). The exchange rate policy reduced the uncertainties in the economy and led to an increase in private investments. Likewise, investment subsidies rose significantly compared to the previous year, affecting the investment expenditures positively. The decline in the interest rates on credit, the increase in opportunities for credit and the appreciation of the exchange rate caused import prices to decline relatively, which had an encouraging effect on imports of investment goods. In conjunction with these developments, private firms increased their machinery and equipment expenditures for replacement investment in order to increase productivity and reduce cost.

In 2000, as opposed to 1999, exports increased slightly by 2.8 percent. In the international markets, the depreciation of the Euro caused the Turkish lira to appreciate against the Euro. This development affected exports of the textile and food industries to European markets negatively. Although the quantity of exports increased, the reduction in export prices led export revenues to decline. Furthermore, the recovery of the domestic demand due to the realization of the postponed consumption expenditures, the appreciation of the real exchange rate

Although the quantity of exports increased, the reduction of the export prices led to a decline in export revenues.

decreasing relative to the prices of imports and the recovery in the tourism sector led to a substantial increase in consumption goods imports.

FIGURE II.1.1
CONTRIBUTION TO THE GDP



Source: State Institute of Statistics.

Moreover, the relative decline in import prices and the early announcement of the exchange rate basket values gave private firms the opportunity to replenish the intermediate goods stocks lost in the recession of 1999. Replacement and private investment expenditures aimed at increasing productivity were realized during this period, resulting in an increase in intermediate goods and investment goods imports. Also, the substantial rise in petroleum prices in the international markets caused imports to increase. Thus, the foreign trade deficits increased significantly compared with previous years. The positive developments in the tourism sector caused the tourism revenues to exceed the 1999 level; however, the current account deficit was 9.8 billion US dollars in 2000.

TABLE II.1.4
PRICES
(Annual Percentage Change, 1994=100)

	1995	1996	1997	1998	1999	2000
Consumer Price Index	76.1	79.8	99.1	69.7	68.8	39.0
Wholesale Price Index	65.6	84.9	91.0	54.3	62.9	32.7
Agriculture Price Index	86.6	89.9	96.5	71.9	30.0	39.8
Manufacturing Price Index	60.0	80.6	91.2	47.1	76.7	29.4
Farmer's Net Price Index	71.4	102.4	95.2	81.8	41.6	43.2

Source: State Institute of Statistics.

Although there was a recovery in the domestic demand, the disappearance of the uncertainties in the exchange rate and the sharp decline of interest rates caused price increases to decline in 2000. The average year-on-year change in price increase was slight, but year-end inflation figures were noticeable. The wholesale price index declined from 53.1 percent in 1999 to 51.4 percent in 2000. According to year-end inflation figures, the wholesale price index realized as 62.9 percent in 1999 and 32.7 percent in 2000. Agriculture prices increased slightly as the subsidy prices were determined according to targeted inflation.

II.1.1. Supply Side of the Economy: Production in the Sectors and Imports

II.1.1.A. Production Performance in Sectors

a. Agriculture

The agriculture sector value added, which showed a 5 percent decrease in 1999 as a whole, increased by 1.8 percent in the first three quarters of 2000. This increase in the agricultural value added resulted from the good weather conditions, the production increase of even-numbered years and base effect due to the contraction in 1999.

The agriculture sector value added increased by 1.8 percent in the first three quarters of 2000.

TABLE II.1.5
AGRICULTURAL SECTOR PRODUCTION AND VALUE ADDED
(Percentage Change, According to 1987 Producer Prices)

	9-Month		2000 ⁽¹⁾		
	1999	2000	I	II	III
Value Added of Farm. & Live. Agri. Indus.	-5.6	1.7	2.6	1.3	1.7
Forestry Sector Value Added	-1.8	5.4	-1.3	8.2	9.4
Fishery Sector Value Added	-3.8	1.2	-4.2	4.4	5.7
Agricultural Sector Value Added	-5.4	1.8	1.4	1.9	1.9

Source: State Institute of Statistics.

(1) Provisional.

b. Industry

The value added of the industrial sector, which had contracted in 1999, increased by 5.7 percent in the first three quarters of 2000. When examined by sub-sectors, in the January-September period, the mining sector value added decreased by 1.9 percent, manufacturing industry and electricity-gas-water sector value added rose by 5.9 and 7.7 respectively (Table II.1.2).

The industrial value added increased by 5.7 percent in the first three quarters of 2000.

The contraction in the petroleum production industry prevented the manufacturing sector production from increasing to higher levels.

The manufacturing sector production increase was mainly due to the private sector in 2000. The contraction in the petroleum production industry prevented the manufacturing sector production from increasing to higher levels. As a result of the earthquake disaster, which happened in August of 1999, the İzmit refinery was damaged considerably, thus leading to contraction in the petroleum production industry. After the İzmit refinery began to run at full capacity in September of 2000, the petroleum production sector showed production increases.

Transportation sector production increased substantially with the recovery in the domestic demand compared to previous years. After the decrease in 1999, textile sector production increased by 10 percent compared to the previous year with the expansion of foreign demand. Food industry production rose by 3.7 percent.

Parallel to these developments, total manufacturing industry production, which had contracted by 4.2 percent in 1999, increased by 6.5 percent in 2000 (Table II.1.6).

TABLE II.1.6
INDUSTRIAL PRODUCTION
(Percentage Changes with Respect to the Same Period of the Previous Year)

	1998	1999	2000				Total
			I	II	III	IV	
TOTAL INDUSTRY	1.3	-3.8	3.1	4.6	10.1	6.1	6.1
MINING	11.2	-9.9	-3.8	-3.6	-5.6	1.9	-2.8
MANU. INDUSTRY	0.1	-4.2	2.5	4.9	11.3	6.7	6.5
Food Industry	0.8	-0.4	-2.1	4.6	8.9	2.3	3.7
Textile Industry	-6.4	-7.1	14.5	13.6	16.4	-2.1	10.0
Petroleum Pro. Industry	2.1	-4.0	-25.8	-23.9	-7.9	17.9	-11.4
Chemical Industry	0.3	1.5	22.2	7.5	7.4	0.6	9.0
Basic Metal Industry	0.5	-1.8	13.1	1.4	4.6	-2.3	3.7
Mach.-Equip. Industry	-2.6	-11.1	0.9	2.5	13.9	9.3	6.7
Transportation Industry	-3.7	-18.6	49.2	51.6	64.9	30.1	47.8
ENERGY	7.6	4.9	11.8	5.4	9.1	3.8	7.5
PUBLIC MANU. INDUSTRY	0.7	-5.0	-14.9	-18.4	-1.6	11.2	-6.3
PRIVATE MANU. INDUSTRY	0.0	-4.1	7.7	11.2	14.5	5.6	9.8

Source: State Institute of Statistics, Quarterly Industrial Production Indices, 1997=100.

c. Services

The value added of the services sector increased by 6.4 percent in the first nine months of 2000. The expansion in the services sector value added is due to high increase in the domestic trade sector value added. During this period, the recovery in the tourism sector led to a substantial increase in the hotel and restaurant sector's value added, while the expansion in the domestic demand and increase in the imports resulted in a considerable increase in the wholesale and retail trade sector's value added.

The value added of the services sector increased by 6.4 percent in the first nine months of 2000.

As the building licenses in 27 big cities were cancelled until August of 2000, especially in the earthquake region, the value added of the construction sector increased slightly to 3.6 percent in the January-September period. As the construction sector value added had decreased by 12.5 percent in the previous year due to high real interest rates and the earthquake in August, the 3.6 percent growth rate was relatively low for this sector in 2000.

II.1.1.B. Imports of Goods and Services

The decline of real interest rates caused households to realize their private consumption expenditures, which had been postponed due to high interest rates in the last few years. In contrast, as the inflationary inertia showed strength and the Turkish lira appreciated as a result of the exchange rate policy, the prices of imported goods decreased relatively and led the total imports to increase. Consequently, total imports of goods and services decreased by 11.8 percent in 1999 and increased by 26.4 percent in 2000 in terms of US dollars.

The total imports of goods and services increased by 26.4 percent in 2000.

TABLE II.1.7
IMPORTS OF GOODS AND SERVICES
(US\$ billion)

	1998	1999	2000				12-Month
			I	II	III	IV	
Imports	45.4	39.8	11.3	14.0	14.0	14.3	53.6
Tourism Expenditures	1.8	1.5	0.5	0.6	0.4	0.2	1.7
Other Service Expenditures ⁽¹⁾	8.1	7.5	1.8	1.7	1.5	1.4	6.4
TOTAL	55.3	48.8	13.6	16.3	15.9	15.9	61.7
Imp. of Goods & Services (%)	2.3	-3.7	25.0	14.5	-	-	19.1 ⁽²⁾

Source: Central Bank, State Institute of Statistics.

(1) Excluding profit transfers.

(2) State Institute of Statistics, percentage changes with 1987 prices, as of the January-June period.

Among the main sectors, imports of manufacturing industry, which constituted 82.5 percent of the total imports, increased 28.4 percent, agriculture-forestry and mining imports increased by 26.8 percent and 66.9 percent, respectively. In addition to the increase in goods imports, tourism expenditures remained at the same level as the previous year and the other service expenditures decreased in the same period.

II.1.2. Demand Side of the Economy: Domestic Demand and Exports

II.1.2.A. Domestic Demand: Investment and Consumption

Contraction in the economy in 1999 turned to growth in 2000.

Contraction in the economy in 1999 turned to growth with 2000. The total final domestic demand and the total domestic demand increased by 8.4 percent and 8.1 percent, respectively, compared to the previous year. This increase in private consumption goods was mainly the result of the high demand for durable goods (Table II.1.3).

The increase in real public consumption expenditures continued in 2000 as well. Of the main components of public expenditures, the item “wages and salaries” increased by 2.2 percent. The increase in the “other current” expenditures, was rather more significant, 14.6 percent (Table II.1.8).

TABLE II.1.8
DEVELOPMENTS IN TOTAL CONSUMPTION EXPENDITURES
(Percentage Change with Respect to the Same Period of the Previous Year)
(1987=100)

	1998	1999	2000		
			I	II	6-Month
Total Consumption	1.3	-2.1	4.2	7.6	6.0
Government Total Consumption Expenditures	7.8	6.5	0.3	12.3	6.9
Salaries-Wages	5.9	2.7	2.2	2.1	2.2
Other Current Expenditures	10.0	10.6	-4.1	25.3	14.6
Private Total Consumption Expenditures	0.6	-3.1	4.6	7.0	5.8
Food	-0.1	0.7	3.6	5.3	4.5
Durable Goods	-0.8	-0.3	21.8	29.9	26.0
Semi-Durable & Non-Durable Goods	0.3	-8.2	-1.7	-1.1	-1.4
Energy, Transportation, Telecommunication	4.9	-5.2	-3.7	-5.9	-4.8
Services	-0.8	-11.8	9.0	15.0	12.4
House Ownership	2.1	1.1	-1.0	-1.0	-1.0

Source: State Institute of Statistics.

Total consumption expenditures of the private sector increased by 5.8 percent in the first half of 2000. Consumption expenditures, postponed because of the high real interest rates in previous years, were realized with the reduction in real interest rates in 2000 and led to an increase in the consumer credit, thus private consumption expenditures increased. During the same period, durable goods, especially automobiles, and services expenditures increased drastically, while house ownership and energy, transportation and telecommunications expenditures decreased (Table II.1.8).

As the economy entered into a recovery period in the first six months of 2000, private investment expenditures and public investment expenditures increased by 15.3 and 17.8, respectively. While private sector machinery and equipment investments increased significantly, both public and private construction expenditures decreased (Table II.1.3).

II.1.2.B. Exports of Goods and Services

Whereas exports of goods and services had decreased in 1999 by 14.4 percent, in 2000 it increased by 10.2 percent in terms of US dollars (Table II.1.9). Tourism revenues, which increased by 46 percent due to the favorable developments in the tourism sector, were the main determinant for the increase in the exports of goods and services.

Exports of goods and services increased by 10.2 percent in 2000.

Exports rose by 2.8 percent compared to the previous year. The manufacturing industry, which has the highest share in the total exports, increased by 4.9 percent. However, agriculture and forestry exports decreased by 18.3 percent.

TABLE II.1.9
EXPORTS OF GOODS AND SERVICES
(US\$ billion)

	1998	1999	2000				12-Month
			I	II	III	IV	
Export	27.0	26.6	6.6	7.1	6.7	6.9	27.3
Shuttle Trade	3.7	2.3	0.6	0.7	0.8	0.9	2.9
Tourism Revenues	7.2	5.2	0.7	1.8	3.3	1.8	7.6
Other Service Revenues ⁽¹⁾	13.6	10.0	2.4	2.8	2.8	2.8	10.8
TOTAL	51.5	44.1	10.2	12.4	13.6	12.4	48.6
Exp. of Goods & Services (%)	12.0	-7.0	7.4	16.1			11.9 ⁽²⁾

Source: Central Bank, State Institute of Statistics.

(1) Excluding other factor incomes.

(2) State Institute of Statistics, percentage changes with 1987 prices, as of the January-June period.

The Turkish lira appreciated against the Euro, resulting in the poor performance of exports. The decline in the Euro/US dollar parity caused exports prices to decrease and negatively affected exports revenues. According to foreign trade price index 11-month average figures, in the January-November period, export prices declined by 4.6 percent and import prices increased by 5 percent. In the same period, the export quantity index and the import quantity index increased by 11.8 percent and 36.7 percent, respectively.

With the recovery in the economy, non-agricultural employment increased and the unemployment rate decreased in 2000.

II.1.3. Employment

According to the Survey of Household Labor Force (HLF), which was conducted by the SIS, the total civil labor force decreased by 6 percent from 22.9 million people in October 1999 to 21.6 billion people in the fourth quarter of 2000.

TABLE II.1.10
LABOR FORCE AND EMPLOYMENT
(Thousand Person, Aged 12+)

	1998 ⁽¹⁾	1999 ⁽¹⁾	2000			
			I	II	III	IV
Population aged 15 and 15+	43,080	44,039	44,409	44,617	44,881	45,117
Labor Force	22,929	22,925	20,726	22,727	23,022	21,547
Female Labor For./Labor For. (Percent)	28.0	28.0	25.5	27.0	27.1	24.2
Labor force Participation Rate (Percent)	53.2	52.1	46.7	50.9	51.3	47.8
Male	76.9	75.3	69.8	74.7	75.1	72.6
Female	29.7	29.0	23.7	27.4	27.7	23.0
Employment	21,393	21,236	19,006	21,312	21,727	20,182
Urban (Percent)	49.1	50.0	55.0	53.0	53.1	55.5
Rural (Percent)	50.9	50.0	45.0	47.0	46.9	44.5
Female Emp./Emp.(Percent)	28.0	27.9	25.6	26.9	27.1	24.3
Number of Unemployment	1,536	1,689	1,720	1,415	1,295	1,366
Unemployment rate (Percent)	6.7	7.4	8.3	6.2	5.6	6.3
Urban	10.3	10.4	10.4	8.9	8.0	8.2
Rural	2.9	4.1	5.5	3.0	2.8	4.0
Under Emp./Emp. (Percent)	5.9	10.2	9.1	7.4	5.6	6.0
Inactive Labor (Percent)	12.6	17.5	17.4	13.6	11.2	12.4
Educated Young Unemployment Rate	27.5	27.0	23.7	20.2	20.3	22.7

Source: State Institute of Statistics Household Labor Force Survey, December 2000.

(1) By September.

Employment decreased by 5 percent to 20.2 million people in the same period. Unemployment rates declined from 7.4 percent to 6.3 percent due to the fast growth of employment relative to labor force. Underemployment, defined as

people who are employed but seeking for a job or can work more hours on their current job or on other jobs, declined from 10.2 percent to 6 percent. As a consequence of these developments, inactive labor force, which is the total of unemployment and underemployment rates, decreased by 5.1 points to 12.4 percent (Table II.1.10).

In Turkey, in the fourth quarter of 2000, 51.3 percent of total employment was working on a daily payment basis or fee basis, whereas 19 percent were unpaid family workers. These ratios were respectively 73 percent and 3.7 percent in urban areas and 24.3 percent and 38 percent in rural areas.

TABLE II.1.11
DISTRIBUTION OF EMPLOYMENT BY SECTORS
(Thousand Person, Aged 15+)

	1998 ⁽¹⁾	1999 ⁽¹⁾	2000			
			I	II	III	IV
TURKEY	21,393	21,236	19,006	21,312	21,727	20,182
Agriculture	8,777	8,595	6,284	7,627	8,163	6,628
Industry	3,614	3,664	3,449	3,814	3,851	3,811
Services	9,002	8,977	9,273	9,871	9,713	9,743
Construction	1,355	1,346	970	1,503	1,437	1,402
URBAN	10,507	10,616	10,461	11,293	11,529	11,198
Agriculture	454	434	332	481	620	373
Industry	2,923	2,990	2,818	3,125	3,172	3,196
Services	7,130	7,192	7,311	7,687	7,737	7,629
Construction	1,051	939	697	901	987	907
RURAL	10,886	10,620	8,545	10,019	10,198	8,984
Agriculture	8,323	8,162	5,953	7,147	7,542	6,255
Industry	692	674	632	689	677	615
Services	1,871	1,484	1,660	2,183	1,979	2,114
Construction	304	407	274	602	450	495

Source: State Institute of Statistics Household Labor Force Survey, December 2000.

(1) By September.

Employment in the fourth quarter of 2000 decreased by 5 percent compared to October 1999. This reduction in the employment level is due to the agriculture sector. In this period, while non-agricultural employment increased by 7.2 percent, agricultural employment decreased by 22.9 percent. Rural employment decreased by 15.4 percent due to a decrease in agricultural employment. The increase in non-agricultural employment resulted mainly from the services sector. The recovery in the trade and tourism sectors in 2000 affected the services sector positively and this

sector's employment increased to 8.5 percent in the fourth quarter of 2000 compared to the previous October. The earthquake disaster, which happened in 1999, and the cancellation of the building licenses until August of 2000 in 27 big cities affected construction sector negatively. For this reason the sector's employment share declined for 1999 and 2000 compared to previous years. However, in the fourth quarter of 2000, as the activities for the repairment of earthquake damages increase, the employment for the construction sector increased by 4.2 percent compared to the previous October. In this period, the total industry sector's employment increased by 4 percent.

The contraction in manufacturing sector production in 1999 had a negative effect on this sector's employment and the index for the people working in the manufacturing sector decreased by 9 percent. In 2000, manufacturing sector production recovered; however, the decline in the index for the people working in the manufacturing sector slowed down but continued (Table II.1.2).

TABLE II.1.12
WORKERS IN MANUFACTURING INDUSTRY
(Annual Percentage Change)

	1998	1999	2000			
			I	II	III	9-Month
Manufacturing Industry	0.2	-9.0	-6.0	-1.9	-0.4	-2.8
Public	-6.3	-5.0	-8.4	-7.1	-5.3	-6.9
Private	1.6	-9.7	-5.4	-0.9	0.7	-1.9
Food	-0.3	-8.2	2.7	3.8	0.3	2.2
Textiles	-0.9	-14.3	-5.5	0.8	2.8	-0.7
Wearing Apparel	-1.3	-10.8	-6.6	0.7	-0.9	-2.3
Petroleum Products	-1.0	0.6	2.8	-1.0	-2.8	-0.4
Chemicals	5.1	0.2	-3.4	-2.9	-5.5	-4.0
Manufac. of Non-metallic Products	0.6	-3.7	-9.2	-7.4	-8.2	-8.2
Basic Metal Industry	4.8	-3.1	-2.9	-2.9	-4.1	-3.3
Machinery-Equipment	4.1	-10.1	-2.5	-1.3	3.2	-0.2
Manufacturing of Motor Vehicles	7.8	-12.3	-5.8	10.3	17.3	7.0

Source: State Institute of Statistics, Index for Workers in the Manufacturing Industry, 1997=100.

II.1.4. Wages and Salaries

Net average real wages of public sector workers increased 42 percent for 1999 and became higher than the pre-1994 levels. The public sector collective bargaining contracts, which were signed in 1999, cover a two-year period and are indexed to the previous CPI inflation rate on a six-month basis and every six

months a 5 percent welfare share implementation are the determinants in the increase of real wages. As this implementation continued in 2000, net average real wages of public sector workers is expected to increase by 7 percent (Table II.1.13).

Net average real wages of private sector employees under the collective bargaining contract increased by 11.6 percent in 1999. As real wages of private sector workers increased in 1998 and 1999, this sector's real wages converged to the pre-1994 level. Private sector collective bargaining contracts did not conclude with agreement, primarily in the textile sector, so wage forecasts for this sector cannot be given.

Real average net civil servant wages is expected to decrease by 11.5 percent in 2000. As the year-end inflation, instead of twelve-month average inflation, had been taken into consideration for wage increases, real average net civil servant wages declined, although extra raises were given to civil servants in July and December. In 2000, real net average minimum wages and real pensions are expected to decrease by over 10 percent (Table II.1.13).

TABLE II.1.13
DEVELOPMENTS IN REAL WAGES⁽¹⁾
(Annual Percentage Change)

	1994	1995	1996	1997	1998	1999	2000 ⁽²⁾
Net Labor Wage ⁽³⁾							
Public	100.0	82.9	62.2	74.1	73.1	103.8	111.0
Private	100.0	91.7	93.4	90.6	105.9	118.2	-
Net Salary of Civil Servant	100.0	95.3	102.5	119.3	117.7	123.1	108.9
Annual Average Net Minimum Wage ⁽⁴⁾	100.0	93.3	110.6	121.2	115.2	154.9	132.3
Pension ⁽⁵⁾							
The Pension Fund	100.0	89.0	109.9	117.6	109.9	115.4	100.0
Social Security Institution	100.0	96.2	115.4	130.8	120.5	124.4	107.7
Bağ-Kur	100.0	99.0	156.2	199.0	183.8	188.6	161.9

Source: State Planning Organisation.

(1) In realizations, for worker costs until 1994 SIS-WPI (1987=100), for net wages and salaries, SIS-CPI (1987=100), for after 1994 SIS-WPI (1994=100) and SIS-CPI (1994=100) indexes are used.

(2) Provisional, forecasts carried out by the State Planning Organisation, revised according to realised average 12-month Wholesale and Consumer Price Indexes.

(3) The calculations are made by the State Planning Organisation by using the data of the Turkish Employer Union and the Public Sector Employer Union.

(4) Annual average minimum wage for 16 and over 16 ages in industry and services sectors.

(5) The average pension for retired civil servants at third degree level one, for retired workers normal indicator table first-degree level nine and for retired persons from Bağ-Kur at sixth degree.

TABLE II.1.14
REAL WAGES PER HOUR IN THE MANUFACTURING INDUSTRY
(Percentage Change)

	1998	1999	2000			
			I	II	III	9-Month
Manufacturing Industry	-0.3	11.0	-0.4	-0.8	-2.3	-1.2
Public	4.3	19.3	24.2	12.0	9.8	14.9
Private	-0.9	8.2	-5.3	-3.1	-4.3	-4.2
Food	5.0	9.2	-5.4	-2.9	-9.3	-5.9
Textiles	-4.6	13.5	-7.3	-4.6	-10.0	-7.3
Wearing Apparel	-11.7	10.2	-11.8	-10.5	-4.4	-8.9
Petroleum Products	43.4	-0.8	32.2	17.2	-2.9	14.6
Chemicals	5.7	1.8	-8.6	-7.3	4.5	-4.1
Manufacturing of Non-metallic Products	5.0	2.5	1.0	-3.6	-2.7	-1.6
Basic Metal Industry	-1.9	11.9	2.1	-2.8	-0.6	-0.4
Machinery-Equipment	2.6	4.0	-0.3	7.8	-0.7	2.2
Manufacturing of Motor Vehicles	-0.1	7.3	-0.8	0.7	-7.6	-2.7

Source: State Institute of Statistics, Quarterly Indexes of Wages per Production Worked Hours 1997=100.

TABLE II.1.15
PRODUCTIVITY PER HOUR IN THE MANUFACTURING INDUSTRY
(Percentage Change)

	1998	1999	2000			
			I	II	III	9-Month
Manufacturing Industry	0.7	6.8	5.4	4.9	9.9	6.7
Public	7.0	1.9	-7.6	-13.0	5.2	-5.6
Private	-0.6	7.8	9.8	9.8	11.3	10.3
Food	-0.1	8.1	-1.7	2.7	10.7	4.2
Textiles	-3.9	10.9	15.9	10.3	9.0	11.6
Wearing Apparel	9.1	9.9	4.3	7.9	9.6	7.3
Petroleum Products	8.3	9.7	-26.9	11.2	-15.9	-11.2
Chemicals	-3.9	3.4	29.4	12.2	19.7	20.0
Manufacturing of Non-metallic Products	7.9	0.3	2.9	12.8	22.1	13.1
Basic Metal Industry	-2.8	4.2	3.1	7.0	4.8	5.0
Machinery-Equipment	-4.6	-3.4	5.4	1.7	8.5	5.1
Manufacturing of Motor Vehicles	-7.4	-4.8	41.2	24.3	22.5	28.2

Source: State Institute of Statistics, Quarterly Indexes of Partial Productivity Per Production Worked Hours, 1997=100.

In the manufacturing sector, real wages per hour declined by 1.2 percent in the first nine months compared to the previous period. In this period, public

manufacturing sector real wages per hour increased by 14.9 percent, while private manufacturing sector wages decreased by 4.2 percent. In the same period, productivity per hour in the private manufacturing sector increased; on the other hand, productivity per hour in the public manufacturing sector decreased (Table II.1.15).

II.2. PUBLIC FINANCE AND DOMESTIC BORROWING

II.2.1. Public Finance

Under the Disinflation Programme in 2000, stabilizing the debt stock, increasing the primary balance, realizing the structural reforms and accelerating privatization were the basic objectives of the fiscal policy. In these circumstances, the measures were taken to decrease non-interest expenditures and increase revenues.

TABLE II.2.1
RATIO OF THE PUBLIC SECTOR BORROWING REQUIREMENT
TO THE GROSS NATIONAL PRODUCT⁽¹⁾
(Percent)

	1996	1997	1998	1999	Estimate 2000
Consolidated Budget	8.3	7.6	7.0	11.6	10.5
SEE's ⁽²⁾	0.1	0.7	1.3	2.4	2.5
Funds	0.1	0.0	0.0	0.6	-1.3
Other Public ⁽³⁾	0.2	-0.6	0.7	0.7	0.4
TOTAL BORROWING REQUIREMENT	8.7	7.7	9.0	15.3	12.0
PSBR EXCL. INTEREST PAY. AND PRIVATIZATION	-2.7	-0.9	-2.6	0.6	-3.8
FINANCING OF PUB.SEC.BOR.REQUIRE.	8.7	7.7	9.0	15.3	12.0
Foreign Borrowing (Net)	-1.3	-1.0	-1.1	1.8	3.9
Domestic Borrowing (Net)	12.5	10.6	11.4	14.7	8.5
Change of Cash – Bank	-2.5	-1.8	-1.3	-1.1	-0.4
GNP (TL Trillion)	14,978.1	29,393.3	53,518.3	78,283.0	124,405.6

Source: SPT.

(1) Minus sign (-) indicates surplus.

(2) Enterprises subject to privatization are included.

(3) Financial SEEs, local administrations, revolving funds and security organizations are included.

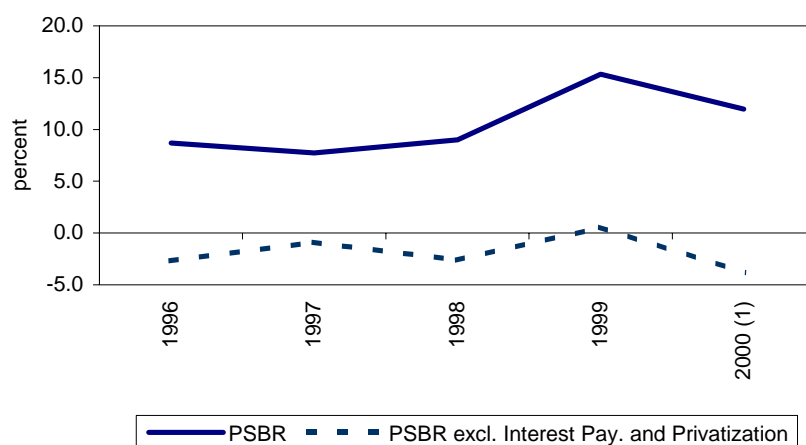
As a result of the fiscal policy applied, the share of the public sector borrowing requirement in the GNP is expected to reach 12 percent in 2000, reflecting a 3.3 percentage point decrease with respect to the previous year. The recovery of the

The public sector borrowing requirement decreased in 2000.

public sector borrowing requirement (PSBR) resulted from the improvement of the consolidated budget and funds' balances (Table II.2.1, Figure II.2.1).

It is expected that the share of total public sector expenditures in the GNP increased from 40.1 percent in 1999 to 41.9 percent in 2000, reflecting a 1.8 percentage point increase. During this period, the share of total revenues in the GNP increased from 24.8 percent to 29.8 percent. This increase resulted from supplementary tax measures, the increase in VAT and the increase in the tax revenues as a result of the buoyancy in the economy.

FIGURE II.2.1
PUBLIC BALANCE EXCLUDING INTEREST PAYMENTS AND
PRIVATIZATION AND PUBLIC SECTOR BORROWING
REQUIREMENT/GNP



Source: SPT.

(1) GNP of 2000 is estimate.

While the share in the GNP of the borrowing requirement of the other public sector components, which include the financial SEEs, local administrations, social security organizations and revolving funds, is estimated to be 0.4 percent of the GNP in 2000, it is estimated as 2.5 percent for operational SEEs and SEEs subject to privatization. The fact that the support prices of SEEs related to support purchase were determined in accordance with targeted inflation and world prices, and that the quantity of support purchase was decreased, relatively affected the financing structure of these institutions. However, it seems that the borrowing requirements of the SEEs, which were active in the field of energy, increased.

In conclusion, the public sector borrowing requirement is expected to rise by 24.9 percent, relative to the 1999 level, to TL 15 quadrillion in 2000 and reach 12

The public sector had a surplus of 3.8 percent of the GNP, excluding interest payments and privatization revenues.

percent of GNP (Table II.2.1). The public sector had a deficit of 0.6 percent of the GNP in 1999, excluding interest payments and privatization revenues. It is expected that the public sector, excluding interest payments and privatization revenues, had a surplus of 3.8 percent of the GNP in 2000. It is expected that the interest payments of the public sector will be 17.6 percent of the GNP in 2000.

The consolidated budget deficit as a share of the GNP is expected to decrease from 11.6 percent in 1999 to 10.5 percent in 2000 (Figure II.2.2). This outcome was brought about by the increase in the share of the consolidated budget revenues in the GNP from 23.9 percent in 1999 to 26.7 percent in 2000 due to the measures related to the increase the revenues and the slight rise of the share of the consolidated budget expenditures in the GNP from 35.5 percent in 1999 to 37.1 percent in 2000 due to the measures related to the decrease of the non-interest expenditures.

The consolidated budget deficit in the GNP is expected to decrease to 10.5 percent, reflecting a 1.1 percentage point decrease with respect to 1999.

The share of the consolidated budget tax revenues in the GNP is expected to increase by 2.4 percentage points with respect to 1999 and reach 21.3 percent in 2000 (Table II.2.2). The share of the supplementary tax revenues in the GNP was realized at 2.2 percent in 2000. The interest tax and special communication tax have the major share in the supplementary taxes, 60.9 percent and 15.4 percent, respectively.

Due to the effect of the Disinflation Programme, interest rates decreased in 2000. As a result of the sharp drop in interest rates and exchange rate policy, the demand for consumption and investment goods increased, causing the acceleration of economic growth. In particular, the buoyancy of the economy had a positive effect on the collection of VAT revenues. The accelerating imports due to the exchange rate policy, as well as the economic growth, caused the increase in the VAT on imports. Moreover, the share of indirect taxes in the GNP increased by 2.3 percentage points and realized at 12.6 percent due to the 2 percentage point increase in the VAT rates on some goods and services. The share of direct taxes in the GNP increased by 0.1 percentage points and rose to 8.7 percent, with respect to the previous year.

The share of indirect taxes in the GNP increased by 2.3 percentage points and realized at 12.6 percent, with respect to 1999.

Due to the rapid increase in tax revenues and restrained primary expenditures, the coverage of consolidated budget tax revenues in the expenditures increased to 57.4 percent in 2000, compared to 53.4 percent in 1999. Moreover, the coverage of tax revenues in primary expenditures increased to 103 percent in 2000, compared to 86.9 percent in 1999 (Table II.2.3).

The Central Bank of the Republic of Turkey

TL 281 trillion was provided from ISE and other institutions' revenues, which were contained in non-tax revenues. TL 320 trillion was provided from special revenues from substitution military service, which were contained in special revenues and funds.

TABLE II.2.2
CONSOLIDATED BUDGET⁽¹⁾

	Current Prices (TL trillion)			Shares in GDP		
				(Percent)		
	1998	1999	2000	1998	1999	2000 ⁽²⁾
EXPENDITURES	15,396.5	27,754.9	46,193.0	28.8	35.5	37.1
Non-Interest Expenditures	9,219.9	17,034.1	25,753.1	17.2	21.8	20.7
Current	5,141.0	9,083.7	13,501.8	9.6	11.6	10.9
Personnel	3,870.2	6,908.3	9,982.1	7.2	8.8	8.0
Other Current	1,270.8	2,175.4	3,519.6	2.4	2.8	2.8
Investment	885.6	1,400.6	2,250.5	1.7	1.8	1.8
Sos.Sec.Inst.	1,400.0	2,750.0	3,225.7	2.6	3.5	2.6
Other Non-Interest Transfers	1,793.3	3,799.7	6,775.1	3.4	4.9	5.4
Interest Payments	6,176.6	10,720.8	20,439.9	11.5	13.7	16.4
Interest Payments on Foreign Debt	547.1	896.2	1,648.0	1.0	1.1	1.3
Interest Payments on Domestic Debt	5,629.5	9,824.6	18,791.9	10.5	12.6	15.1
REVENUES	11,670.9	18,683.3	33,189.2	21.8	23.9	26.7
Tax Revenues	9,232.9	14,807.3	26,514.1	17.3	18.9	21.3
Direct Tax Revenues	4,303.9	6,712.3	10,849.2	8.1	8.6	8.7
Indirect Tax Revenues	4,929.0	8,094.4	15,664.9	9.2	10.3	12.6
Non-Tax Revenues	1,217.8	1,875.2	3,486.3	2.3	2.4	2.8
Special Revenue Funds	1,165.9	1,909.0	3,038.1	2.2	2.4	2.4
Annexed Budget	54.2	91.8	150.7	0.1	0.1	0.1
BUDGET BALANCE	-3,725.6	-9,071.7	-13,003.7	-7.0	-11.6	-10.5
PRIMARY BUDGET BALANCE	2,451.0	1,649.2	7,436.1	4.6	2.1	6.0
PRIMARY BUDGET BALANCE EXCLUDING PRIVATIZATION	2,204.2	1,649.2	7,044.1	4.1	2.1	5.7
CASH BALANCE	-3,837.3	-9,123.9	-12,909.1	-7.2	-11.7	-10.4

Source: SPO, Treasury.

(1) Adjusted.

(2) GNP figure for 2000 is an estimate of SPO.

The share of consolidated budget non-interest expenditures in the GNP is expected to decline by 1.1 points to 20.7 percent.

Consolidated budget expenditures are expected to be 37.1 percent of the GNP in 2000, rising by 1.6 percentage points compared to the previous year. Interest payments are the major factor behind the increase in expenditures. In 2000, interest payments on the domestic debt as a percent of the GNP increased by 2.5 points

reaching 15.1 percent, following the Treasury auctions of 1999, which involved mainly the sale of T-Bills with considerably high interest rates.

The share of non-interest expenditures in total budget expenditures turned out to be 55.8 percent in 2000, spelling a 5.6 percent decrease with respect to the previous year. This was driven by the implementation of an income policy compatible with the targeted inflation when determining the wage increases of the civil servants. The share of the consolidated budget non-interest expenditures in the GNP is expected to decline by 1.1 points to a level as low as 20.7 percent of the GNP, reflecting the favorable impact of the Disinflation Program. Personnel expenditure as a share of the GNP is expected to decline by 0.8 points in 2000 compared to 1999.

TABLE II.2.3
CONSOLIDATED BUDGET INDICATORS
(Percent)

	1996	1997	1998	1999	2000
REVENUE INDICATORS					
Tax Revenues/Total Expenditures	57.0	59.4	60.0	53.4	57.4
Total Revenues/Total Expenditures	68.6	72.0	75.8	67.3	71.8
Tax Revenues/Non-Interest Expenditures	91.9	83.1	100.1	86.9	103.0
Indirect Taxes/Total Tax Revenues	60.6	59.3	53.4	54.7	59.1
Direct Taxes/Total Tax Revenues	39.4	40.7	46.6	45.3	40.9
Supplementary Taxes/ Total Tax Revenues	0.0	0.0	0.0	0.7	10.2
EXPENDITURE INDICATORS					
Interest Payments/Total Tax Revenues	66.7	48.0	66.9	72.4	77.1
Non-Interest Payments/Total Expenditures	62.0	71.5	59.9	61.4	55.8
Domestic Interest Payments/Total Expenditures	33.7	24.8	36.6	35.4	40.7
Personnel Expenditures/ Total Expenditures	24.7	25.9	25.1	24.9	21.6
Non-Interest Transfers/Total Expenditures	23.4	29.3	20.7	23.6	21.7
FINANCING INDICATORS					
Domestic Borrowing/GNP ⁽¹⁾	25.7	17.2	22.4	30.3	20.3
Domestic Debt Repayment/GNP ⁽¹⁾	18.6	8.7	13.8	17.9	13.2
Domestic Debt Service/GNP ⁽¹⁾	27.5	15.4	24.3	30.4	28.3

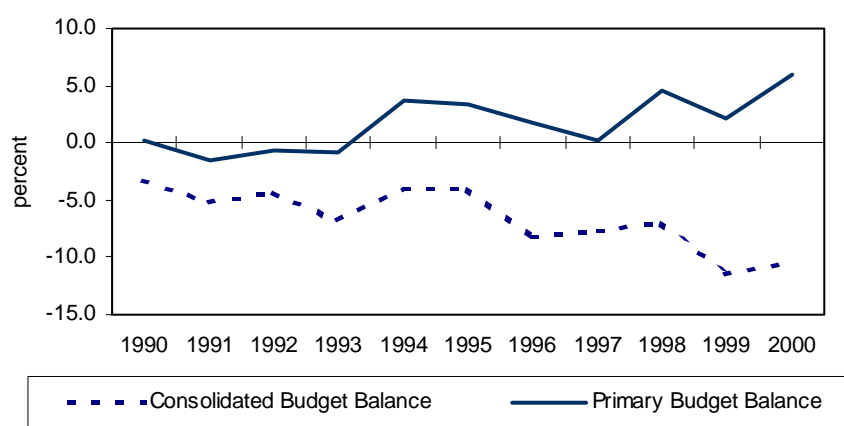
Source: Treasury.

(1) The GNP figure for 2000 is an estimate of SPO.

Transfers to the social security institutions, which constitute the major component of "other transfers", decreased both as a percent of total expenditures and as a percent of the GNP compared to the previous year as a result of a number of measures embedded in Law 4447, which was put into effect in 1999.

In the year 2000, the ratio of the consolidated budget deficit to the GNP is expected to be 10.5 percent, while the primary budget balance and the budget balance excluding the interest payments and privatization proceeds are expected to yield surpluses at 6 and 5.7 percent of GNP respectively. At current prices, year-end figures for budget deficits and primary budget surplus are 13 quadrillion and 7.4 quadrillion Turkish liras respectively.

FIGURE II.2.2
BUDGET BALANCES/GNP



Source: SPO, Treasury.

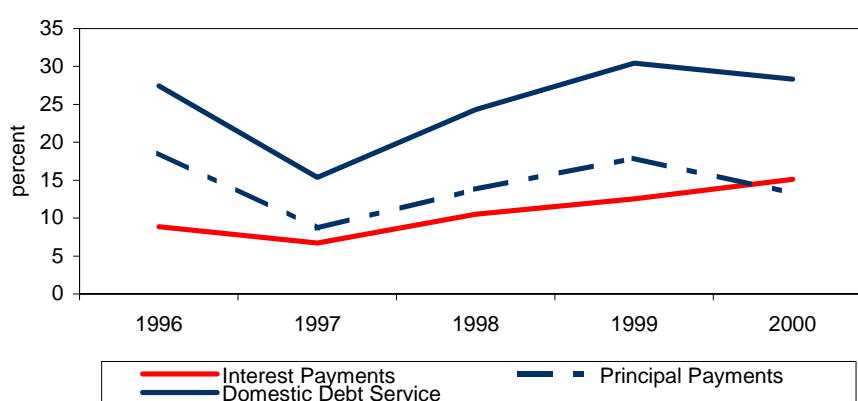
The consolidated budget cash balance is expected to be 12.9 quadrillion Turkish liras in 2000. While financing the consolidated budget cash deficit, the Treasury became a net payer on bonds at 1.3 quadrillion Turkish liras, and net debtor on T-bills at 10.1 quadrillion Turkish liras. Concerning the foreign borrowing, the Treasury, which was in a net debtor position in 1999 for the first time since 1993, sustained the same course throughout 2000, building up a net foreign debt of 2.7 quadrillion Turkish liras. Thanks to the confidence gained by the disinflation program, the Treasury managed to obtain roughly 8.5 billion USD worth of foreign debt from the international financial markets.

The consolidated budget cash deficit had been financed largely by domestic borrowing throughout 2000. The Treasury made wide use of long-term T-bills when borrowing domestically over 1999 and 2000, while it had relied on bonds in 1998. The share of total domestic debt service in the GNP is 28.3 percent in 2000 (Figure II.2.3).

Consolidated budget cash deficit was largely financed by domestic borrowing in 2000.

The Treasury, which quit using short-term advances in net terms as of the second half of 1997 pursuant to the protocol signed with the Central Bank in the same year, stayed in line with the protocol rules throughout 2000. The Treasury used short-term advances several months, especially at the time of salary payments, but paid it back to the Central Bank within the same month.

FIGURE II.2.3
CONSOLIDATED BUDGET DOMESTIC DEBT
SERVICE/GNP



Source: Treasury.

II.2.2. Agricultural Support

Since 1994, except for cereals, sugar beats and tobacco, agricultural products have not been supported by the state by means of purchases. The financial requirement of the Union of Agricultural Sales Cooperatives (TSKB) was financed from the Support and Price Stabilization Fund (DFIF), while the products they purchased were excluded from support purchases. Including the purchases by TSKB, the total bill for support purchases is expected to realize at TL 1.48 quadrillion in 2000 (Table II.2.5). In 2000, the agricultural support prices, which increased by 27.8 percent with respect to 1999, were determined in line with the targeted inflation rate and world prices (Table II.2.4).

The budgetary appropriation for financing the agricultural support purchases was TL 548 trillion in 2000. As in 1999, TEKEL and the Soil Products Office (TMO) took no transfers from the budget, while the amount of TL 134 trillion was transferred to Turkish Sugar Factories (TŞF) and the amount of TL 33 trillion to ÇAY-KUR. The financial support given to TSKB and other institutions employed in agricultural support purchases via DFIF amounted to TL 380.9 trillion.

Additionally, a transfer of TL 365 trillion was given through the budget to subsidize the agricultural inputs.

TABLE II.2.4
DEVELOPMENTS IN AGRICULTURAL SUPPORT PRICES

Products	Average Purchase Prices (TL/KG)			Amount (thousand tons)			Purchase Payments (TL billion)		
	1998	1999	2000 ⁽¹⁾	1998	1999	2000 ⁽¹⁾	1998	1999	2000 ⁽¹⁾
Wheat	53,564	77,976	103,781	5,212	4,309	3,011	279,175	335,976	312,484
Hazelnuts	772,134	1,079,967	1,082,248	239	142	85	184,367	153,770	91,832
Cotton ⁽²⁾	180,458	249,001	408,110	536	439	195	96,679	109,274	79,446
Tobacco	672,048	1,074,801	1,298,219	166	191	183	111,560	205,698	237,263
Sugar beets ⁽³⁾	17,709	27,653	33,750	17,619	13,253	13,700	312,015	366,484	462,375
Sunflowers	111,682	129,998	164,998	443	411	406	49,453	53,394	67,023
Others	-	-	-				247,322	263,361	466,258
Total							1,280,571	1,487,957	1,716,681

Source: State Planning Organization.

(1) Estimate.

(2) Excluding premiums of the Support and Price Stabilization Fund.

(3) The sugar beet price is an estimate and 40 percent of payments are made in the current year, while the remaining payments are made the succeeding year.

TABLE II.2.5
FINANCING OF AGRICULTURAL SUPPORT FROM THE BUDGET
(TL billion)

	1996	1997	1998	1999	2000
Duty Loss	3,150	421	8,535	92,135	39,856
T. Sugar Mills	2,150	421	8,535	80,000	39,856
TMO	1,000	0	0	0	0
ÇAY-KUR	0	0	0	12,135	0
Capital Transfer	2,500	27,830	22,656	39,000	127,144
T. Sugar Mills	1,700	20,830	22,656	20,000	94,144
ÇAY-KUR	800	7,000	0	19,000	33,000
Borrowing Bonds	19,936	19,936	16,736	0	0
ÇAY-KUR	19,936	19,936	16,736	0	0
DFIF Credit ⁽¹⁾	38,661	111,001	238,568	386,335	380,866
TSKB	30,661	93,001	151,068	240,835	374,866
T. Sugar Mills	0	18,000	87,500	92,000	1,000
TMO	6,000	0	0	50,000	0
ÇAY-KUR	2,000	0	0	3,500	5,000
I. Final Total	64,247	159,188	286,495	517,470	547,899
II. Purchase Prices	191,553	438,615	1,055,435	1,508,478	1,480,334
III. (I/II) (%)	33.5	36.3	27.1	34.3	37.0

(1) This figure is the sum of the budget appropriations and allowances from credit returns.

Source: State Planning Organization, Undersecretariat of the Treasury.

Some new policies were adopted in 2000 to alter the agricultural support system. In this context, Law No 4572 was enacted to grant autonomy to TSKB, whose debts are undertaken by the Treasury. It also decided to establish a support office for tobacco purchases. Moreover, the project converting the support purchases system into a direct income support system is continuing.

II.2.3. Domestic Borrowing

The total domestic debt stock increased by 59 percent in nominal terms compared to 1999, amounting to TL 36.4 quadrillion in 2000. The deceleration of the rate of increase in domestic debt stock is due to the primary budget surplus, the sharp fall in interest rates, the increased opportunity to borrow abroad, and the increase in the privatization revenues. The ratio of the total domestic debt stock to the GNP realized at 29.3 percent.

Investigating the outstanding principal domestic debt stock and the associated interest payments, one observes that these figures amounted to TL 53.4 quadrillion in 2000, increasing by 10.7 percent from TL 48.2 quadrillion in 1999. While the nominal increase of the principal of the domestic debt stock was 58.9 percent, the increase in related interest payments stayed at 32.9 percent. The huge increase in the principal of the domestic debt stock was due to last year's debt bearing very high interest rates, and the relatively small increase in associated interest payments was due to sharp drop in interest rates in 2000.

In 2000, the share of cash bills and bonds in the total domestic debt decreased, while the non-cash debt increased as a result of bonds of TL 4.1 quadrillion issued in December 2000 to strengthen the financial structure of the banks taken over by the Savings Deposit Insurance Fund (Table II.2.6). The dollar value of the domestic cash debt stock as of the end of 2000 is \$US 43.4 billion, which had been \$US 38.1 billion at the end of 1999.

In 2000, the Treasury issued bonds with a decreasing maturity and quarterly flexible-rate coupons in domestic borrowing. The flexible-rate coupons had a maturity of 2 years in 2000, different from those in 1999. Such a borrowing strategy meant that the debt stock was comprised heavily of bonds. Moreover, this strategy extended the secondary market for bonds and bills, causing the debt service to pile up on certain days of each month.

TABLE II.2.6
MATURITY COMPOSITION OF OUTSTANDING BONDS AND BILLS
(TL billion)

	1999			2000		
	Amount	Share in total (percent)	Days to Maturity (in months)	Amount	Share in total (percent)	Days to Maturity (in months)
SALES IN CASH	20,197,511	88.1	11.7	29,422,612	80.8	9.4
BONDS	16,960,758	74.0	13.6	27,373,224	75.2	9.7
On Account				0	0.0	-
1 year	589,537	2.6	6.9	923,547	2.5	6.9
Irregular maturity (1 year-2 years)	10,614,780	46.3	6.7	18,509,350	50.8	7.6
2 years	2,044,517	8.5	18.7	4,134,333	11.4	11.3
Irregular maturity (2 years-3 years)	1,950,226		31.6	2,455,346	6.7	19.4
3 years	1,350,648	5.9	31.6	1,350,648	3.7	19.4
4 years				0	0.0	-
5 years	220	0	3.3	0	0.0	-
BILLS	3,236,753	14.1	1.7	2,049,388	5.6	4.3
3 months	740,000	3.2	1.2	789,461	2.2	1.5
Irregular maturity (3 months-6 months)				0	0.0	-
6 months	1,320,357	5.8	1.5	0	0.0	-
Irregular maturity (6 months-9 months)	1,176,397	5.1	2.2	146,513	0.4	6.6
9 months				0	0.0	-
Irregular maturity (9 months-1 year)				1,113,414	3.1	6.0
NON-CASH SALES	2,772,634	11.9	50.2	6,998,008	19.2	41.4
TOTAL	22,920,146	100.0	16.3	36,420,620	100.0	15.5

Source: Undersecretariat of the Treasury.

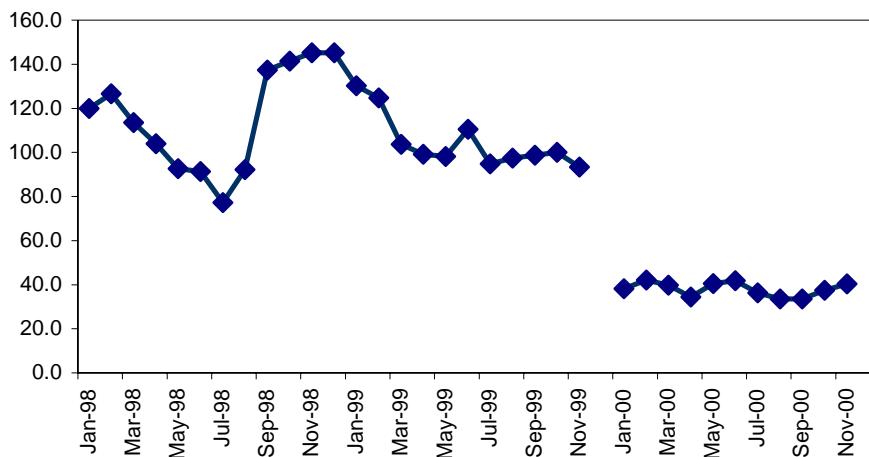
(1) The stock of bonds and bills does not include exchange rate differences and short term advances.

In 2000, the Treasury continued to announce monthly domestic-borrowing-auction programs and quarterly cash management programs. These announcements influenced the markets positively by reducing uncertainties, and the Treasury generally borrowed within both its announced amounts and terms limits. However, the Treasury held no auctions in December to avoid the negative effects of the November financial crises.

The drop in interest rates contributed to lowering the increase of the debt stock by reducing the interest payments of flexible rate coupons. However, after reaching their lowest level in August 2000, the interest rates began to rise from September on (Table II.2.7, Figure II.2.4). For the entire year, the auction interest rate weighted with the net sales amount realized at 38.2 percent. The average

compounded rate of return of the flexible rate coupons issued on 21 November 2000 reached 54.2 percent.

FIGURE II.2.4
COMPOUND AUCTION INTEREST RATE WEIGHTED WITH NET SALES
(Percent)



Source: Undersecretariat of the Treasury.

Depending upon the increase in external borrowing in line with the setting of confidence in international markets, and upon transferring a portion of the privatization revenues in budgetary finance, the Treasury was able to borrow only as much as 75.9 percent of its redemptions. In 2000, the average days to maturity of the total debt stock had been 15.5 months, whereas the figure for the cash debt stock was 9.4 months (Table II.2.6). The reason for the decrease in the average maturity of debt stock is that the maturity of quarterly coupons had been 2 years instead of 3 years in 1999. Yet, the additional rate of return of these coupons, which had been 2 percent in 1999, realized at 1.2 percent for the first 4 months and 1 percent for the remaining months of 2000.

The Treasury did not use sales to the public and TAP methods in domestic borrowing in 2000, but it borrowed in terms of foreign exchange with the direct sales method, which amounted to US \$700 million and €360 million (Table II.2.8).

TABLE II.2.7
TREASURY AUCTIONS IN 2000

	Net Sales (TL trillion)	Total Redemptions (TL trillion)	Interest Rate (Compound Weighted Average)	Maturity (Weighted with the Volume of Transactions)
1998 (Jan-Dec)	14,254	14,471	122.5	215.5
1999 (Jan-Dec)	26,886	25,478	104.3	502.3
2000 (Jan-Dec)	28,053	36,918	38.2	426.8
January	3,381	4,075	38.2	450.7
February	4,641	5,411	42.1	396.5
March	2,614	3,582	39.8	514.7
April	3,805	4,700	34.4	393.4
May	3,791	4,587	40.5	488.6
June	1,550	2,200	41.8	498.6
July	1,489	2,044	36.3	392.4
August	3,200	5,687	33.5	362.8
September	456	620	33.6	532.0
October	1,448	1,847	37.5	383.9
November	1,680	2,165	40.3	356.2
December				

Source: Undersecretariat of the Treasury, Central Bank.

TABLE II.2.8
SALES OF SECURITIES VIA SALES TO PUBLIC AND DIRECT SALES
METHODS IN 2000⁽¹⁾

Maturity	Due date	Redemption date	Coupon rate	Currency	Sales (million)
364 days	28.06.2000	27.06.2001	8.70	US dollar	200
364 days	07.09.2000	06.09.2001	7.35	US dollar	340
91 days	30.11.2000	01.03.2001	2.30	US dollar	100
91 days	30.11.2000	01.03.2001	1.90	Euro	180
87 days	04.12.2000	01.03.2001	2.19	US dollar	30
87 days	04.12.2000	01.03.2001	1.80	Euro	30
86 days	05.12.2000	01.03.2001	2.16	US dollar	10
86 days	05.12.2000	01.03.2001	1.78	Euro	70
84 days	07.12.2000	01.03.2001	2.10	US dollar	20
84 days	07.12.2000	01.03.2001	1.73	Euro	80 ²⁾

Source: Undersecretariat of the Treasury, Central Bank.

TABLE II.2.9
COMPARISONS OF CASH DEBT STOCK WITH SOME ECONOMIC AND
MONETARY AGGREGATES (Percent)

	1997	1998	1999	2000
Principal / GNP	21.4	21.7	29.3	29.3 ⁽¹⁾
Principal in cash/GNP	15.8	17.8	25.8	23.7 ⁽¹⁾
Principal /M2	111.0	101.7	104.2	111.0 ⁽²⁾
Principal in cash/M2	82.0	83.3	91.8	89.7 ⁽²⁾
Principal /M2Y	58.9	57.5	57.1	63.7 ⁽²⁾
Principal in cash/M2Y	43.5	47.1	50.3	51.5 ⁽²⁾
Principal /TL Liabilities ⁽³⁾	78.0	69.0	66.7	87.2 ⁽⁴⁾
Principal in cash/ TL Liabilities ⁽³⁾	57.6	56.6	58.8	70.4 ⁽⁴⁾
Principal / Total Liabilities ⁽³⁾	36.5	35.0	34.1	41.2 ⁽⁴⁾
Principal in cash/ Total Liabilities ⁽³⁾	27.0	28.7	30.1	33.3 ⁽⁴⁾
(Principal +Interests) ^{(5)/GSMH}	41.7	33.3	61.6	42.9 ⁽¹⁾
(Principal +Interests) ^{(5)/M2}	216.5	155.8	219.2	162.7 ⁽²⁾
(Principal +Interests) ^{(5)/M2Y}	114.9	88.1	120.0	93.4 ⁽²⁾
(Principal +Interests) ^{(5)/TL Liabilities⁽³⁾}	152.0	105.8	140.3	127.8 ⁽⁴⁾
(Principal +Interests) ^{(5)/ Total Liabilities⁽³⁾}	71.2	53.7	71.8	60.4 ⁽⁴⁾

Sources: Undersecretariat of the Treasury, Central Bank.

(1) The GNP for 2000 is an SPO estimate.

(2) M2 and M2Y figures for 2000 are provisional.

(3) TL and total liabilities are the liabilities of deposit banks excluding shareholders' equities.

(4) Calculated using liabilities at the end of November.

(5) This figure is the sum of outstanding debts and associated interest payments to be accrued in the following periods.

The share in the GNP of the outstanding domestic stock of bonds and bills in cash, an indicator of the domestic debt stock relative to the economy, remained the same in 2000 as in 1999. The share in the GNP of the sum of the principal and associated interest payments, an indicator of the burden of the debt service, fell by 18.7 percentage points with respect to 1999, reaching 42.9 percent in 2000 (Table II.2.9). This decline in the debt service relative to the GNP was due to the drop in interest rates. The ratios representing the pressure of domestic borrowing on internal markets, such as the ratio of debt stock or principal plus interests payments to monetary aggregates, decreased as well depending on the sharp decrease in interest rates in 2000 which resulted in a significant decrease in interest payments.

II.3. BALANCE OF PAYMENTS

II.3.1. Balance of Payments

Contractionary measures of monetary and fiscal policies that had been implemented at the beginning of 1998 led to a declining trend in investment and private consumption expenditures. Meanwhile, external demand was limited by the Russian crisis in August 1998 and economic recession deepened with the earthquakes happened in August and in November. The comprehensive measures of the stabilization program led to a recovery phase in the Turkish economy in 2000 by providing a positive outlook after 1999, when domestic and external demand were highly restricted.

TABLE II.3.1
BALANCE OF PAYMENTS
(US \$ million)

	1999	2000	2000-I	2000-II	2000-III	2000-IV
Current Account	-1,360	-9,765	-2,282	-3,265	-1,194	-3,024
Exports (FOB)	26,587	27,324	6,692	7,097	6,678	6,857
Shuttle Trade	2,255	2,944	637	650	784	873
Imports (CIF)	40,687	53,983	11,325	14,149	13,972	14,537
Trade Balance	-10,443	-22,341	-3,794	-5,983	-6,253	-6,311
Other Goods Services and						
Income-Credit	18,748	22,320	4,020	5,432	7,245	5,623
Travel	5,203	7,636	735	1,833	3,317	1,751
Other Official and Private						
Goods and Services	7,118	7,861	1,706	2,019	2,086	2,050
Other Goods Services and						
Income-Debit	-14,840	-14,969	-3,709	-4,067	-3,436	-3,757
Interest	-5,450	-6,299	-1,366	-1,539	-1,456	-1,938
Other Official and Private						
Goods and Services	-5,171	-3,694	-1,224	-988	-724	-758
Unrequited Transfers	5,175	5,225	1,201	1,353	1,250	1,421
Workers' Remittances	4,576	4,603	1,086	1,169	1,132	1,287
Capital Account (exc. Reserves)	4,670	9,445	3,435	4,535	2,966	-1,491
Net Errors and Omissions	1,896	-2,677	-598	129	-1,329	-879
Total Change in Reserves	-5,206	2,997	-555	-1,399	-443	5,394
Official Reserves (Change)	-5,614	-354	-517	-1,653	-726	2,542

Source: Central Bank.

The upturn of the domestic demand and increasing petroleum prices expanded the foreign trade deficit.

The upturn of domestic demand as well as the increase in petroleum prices with the real appreciation of the Turkish lira especially against the euro led to an

expanding foreign trade deficit. Despite the growing shuttle trade and tourism revenues, the current account deficit had a rising trend during the year and realized at US \$9.8 billion. Treasury bond issues had been the primary source of funding the current account deficit during January-July period, while capital inflows were mostly short-term in August and in October and capital account recorded an outflow in September. There has been a loss of official reserves amounting to US \$2.9 billion due to the financial crisis in November 2000 (Table II.3.1).

II.3.2. Current Account

The demand for consumption, which had been delayed in the second half of 1998, experienced a recovery phase in 2000. The expanding supply of consumer credit with the remarkable lowering of interest rates in the first months of the disinflation program enhanced the demand for consumer goods. Though the foreign exchange risk had been minimized by the announcement of the future values of the currency basket on a daily basis, the inflation rate had been realised above the target and the Turkish lira was appreciated in real terms. Import expenditures, having a declining trend in 1999, had an upturn in 2000 due to excess domestic demand met mainly by imported goods, as well as by the rising international market prices of crude oil, iron and steel.

TABLE II.3.2
IMPORTS AND EXPORTS BY MAJOR COMMODITY GROUPS AND SECTORS
(US \$ million)

	1999	% Share	2000	% Share	% Change
Total Imports (CIF)	40,687	100.0	53,983	100.0	32.7
Capital Goods	8,729	21.5	11,249	20.8	28.9
Intermediate Goods	26,568	65.3	35,327	65.4	33.0
Consumer Goods	5,063	12.4	7,221	13.4	42.6
Other	327	0.8	185	0.3	-43.3
Total Exports	26,587	100.0	27,324	100.0	2.8
Agriculture and Forestry	2,394	9.0	1,957	7.2	-18.3
Fishing	38	0.1	24	0.1	-36.3
Mining and Quarrying	385	1.4	397	1.5	3.1
Manufacturing	23,755	89.3	24,910	91.2	4.9
Other	15	0.1	37	0.1	142.4

Source: State Institute of Statistics.

Imports of capital and intermediate goods had an increasing trend at the beginning of 2000, while consumer goods imports outpaced them by the year's end. Total import expenditures increased by 32.7 percent and amounted to US \$54

billion (Table II.3.2). Imports of vehicles other than railway and tramway rolling-stock increased by 76 percent, which constituted 17.7 percent of the total increase in imports (Table II.3.3).

TABLE II.3.3
IMPORTS BY SELECTED ITEMS
(US \$ million)

	1999	2000	% Change	% Contribution To Total Change
Total Imports	40,687	53,983	32.7	100.0
Mineral Fuels and Oils	5,377	9,481	76.3	30.9
Crude Petroleum	2,755	4,208	52.8	10.9
Vehicles other than Railway or Tramway rolling-stock	3,094	5,446	76.0	17.7
Cotton and Cotton Yarn	671	1,067	58.9	3.0
Iron and Steel	2,056	2,725	32.5	5.0
Aircraft, Spacecraft and parts thereof	552	937	69.8	2.9
Sub Total	11,750	19,656	67.3	59.5
Other	28,937	34,326	18.6	40.5

Source: State Institute of Statistics.

The 48.6 percent of the total imports increase arose from the motor vehicles and the mineral oils and fuels imports.

Crude oil prices reached US \$26.5 per barrel on average in the January-October period of 2000 from the US \$15.1 level in the same period of 1999. Despite the decreasing volume, crude oil imports rose in value by 52.8 percent due to these price movements. Crude oil, mineral oils and fuel imports have increased by 76.3 percent due to increasing natural gas, LPG and diesel oil imports. This explains 30.9 percent of the total increase in imports (Table II.3.3).

The main reasons behind the slow increase in exports are the declining agricultural sector exports, the depreciation of the euro against the US dollar and the real appreciation of the Turkish lira.

In spite of the rapid rise of imports, exports increased by only 2.8 percent. The decrease in agricultural exports due to the poor performance of agricultural production; the development of the euro/dollar parity against the euro and the real appreciation of the Turkish lira are the main reasons behind the sluggish trend of exports (Table II.3.2).

Agricultural production recovered slightly in the first nine months of 2000, therefore, agricultural sector exports decreased by 18.5 percent in 2000. Manufacturing sector exports increased by 4.9 percent in the same period. Exports of electrical machinery, boilers, mechanical appliances and motor vehicles, which are the most important export categories of the manufacturing sector, increased by higher rates than the manufacturing sector exports. However, the textile sector exports decreased in 2000.

TABLE II.3.4
DISTRIBUTION OF IMPORTS AND EXPORTS ACCORDING TO
COUNTRY GROUPS
(US\$ million)

	1999	% Share	2000	% Share	% Change
Total Imports	40,687	100.0	53,983	100.0	32.7
OECD Countries	28,326	69.6	35,301	65.4	24.6
(EU Countries)	(21,416)	(52.6)	(26,388)	(48.9)	(23.2)
European and CIS ⁽¹⁾ Countries	4,672	11.5	7,110	13.2	52.2
African Countries	1,687	4.1	2,701	5.0	60.1
American Countries	495	1.2	573	1.1	15.9
Middle Eastern Countries	1,987	4.9	3,088	5.7	55.4
Other Asian Countries	2,391	5.9	3,508	6.5	46.7
Other Countries	1,129	2.7	1,702	3.1	50.8
Total Exports	26,587	100.0	27,324	100.0	2.8
OECD Countries	18,056	67.9	18,741	68.6	3.8
(EU Countries)	(14,348)	(54)	(14,352)	(52.5)	(0.0)
European and CIS ⁽¹⁾ Countries	2,735	10.3	2,947	10.8	7.8
African Countries	1,657	6.2	1,349	4.9	-18.6
American Countries	243	0.9	247	0.9	1.5
Middle Eastern Countries	2,204	8.3	2,130	7.8	-3.4
Other Asian Countries	696	2.6	645	2.4	-7.3
Other Countries	996	3.7	1,265	4.7	27.0

Source: State Institute Statistics.

(1) Commonwealth of Independent States.

The depreciation of the euro against the US dollar is the most important factor behind the weak export performance although the exports markets expanded. This situation adversely influenced the competitiveness of Turkey in the European market and it also decreased export prices in dollar value (Table II.3.4). Likewise, exports to the European Union Countries increased by 17 percent in euro value in 2000. Another reason for the slight export increase is the real appreciation. In 2000, the Turkish lira appreciated 4.1 percent against the basket of German marks and US dollars. According to the index based on producer prices for foreign prices and private manufacturing prices for domestic prices, it has appreciated by 5.7 percent (Table II.3.5).

The terms of trade deterioration is an important factor of the poor export performance.

TABLE II.3.5
REAL EFFECTIVE EXCHANGE RATE INDEX⁽¹⁾
(1987 annual average=100)

	Basket ⁽²⁾	US dollar	German mark
1987	102.2	106.2	97.5
1988	94.6	94.1	95.2
1989	115.1	114.5	115.7
1990	124.6	130.5	117.5
1991	115.3	120.9	108.6
1992	112.0	116.4	106.7
1993	109.9	109.9	109.8
1994	97.1	100.2	93.3
1995	99.5	105.8	92.0
1996	100.2	101.9	98.0
1997	106.9	103.5	110.9
1998	105.0	105.2	104.7
1999 I	103.0	99.7	106.9
II	101.4	95.3	108.7
III	103.5	96.8	111.4
IV	106.1	97.7	116.0
2000 I	109.5	97.7	123.5
II	107.3	94.4	122.6
III ⁽³⁾	107.5	91.2	127.0
IV ⁽³⁾	110.5	94.5	129.5

Source: Central Bank, State Institute of Statistics, International Financial Statistics.

(1) The figures are end-of-period. Calculations are based on the monthly average figures for the Central Bank's buying rates for US dollars and German marks, and wholesale prices in Turkey and in foreign countries. The decline in the index value indicates the real depreciation of the Turkish lira against related currencies.

(2) The weights in the calculation of the index are 0.544 for the US dollar and 0.456 for the German mark.

(3) US and German inflation forecasts are used for the third and fourth quarters.

The current account deficit reached US \$9.8 billion as a result of the widening trade deficit in 2000.

In 2000, the current account deficit reached US \$9.8 billion due mainly to the widening foreign trade deficit to US \$27.7 billion. While the declining trend of workers' remittances and unrequited transfers continued in 2000, the increase in the shuttle trade and the tourism revenues were insufficient to compensate the widening trade deficit.

Tourism revenues increased as well as the number of tourists' arrivals.

The tourism sector experienced an unsuccessful year in 1999 when tourism revenues and the number of foreign visitors fell considerably. In 2000, tourism sector recovered and tourism revenues amounted to US \$7.6 billion. However, tourism revenues increased slightly compared to 1998 (Table II.3.6). Since the majority of foreign visitors were from the European Union, the weak euro/dollar

parity in 2000 had an adverse effect on the dollar value of tourism revenues. Furthermore, with the advantage of the recovery in Russia and their augmenting income by the high world crude oil prices, the number of Russian visitors and the revenues from the shuttle trade increased considerably.

TABLE II.3.6
TOURISM STATISTICS

	1998	1999	2000
Tourism Revenues (US\$ million)	7,177	5,203	7,636
Average Spending (US\$)	772	699	764
Number of Tourists Departing (Thousands people)	8,830	7,067	9,991
Number of Tourists Arrivals (Thousands people)	9,431	7,487	10,428
EU (Thousands people)	5,175	3,608	5,703
CIS (Thousands people)	1,300	1,055	1,381

Source: State Institute of Statistics.

II.3.3. Capital Account

In the first half of 2000, bond issues by the Treasury had been the primary source of funding of the current account deficit while short-term capital dominated after August. The Treasury issued US \$7.5 billion of bonds in 2000. In addition, the volume of security transactions of residents' abroad as well as the long-term credit of general government and non-bank sector increased considerably. Meanwhile, financial turmoil initiated by the liquidity crisis at the end of November caused the Central Bank to supply liquidity, which turned into an excessive foreign exchange demand. Consequently, the Central Bank had to sell large amounts of foreign exchange between November, 22-30 and sales of securities by non-residents amounted to US \$5.2 billion while capital outflows supported by portfolio investment amounted to US \$4.8 billion in November.

Credit supplied by the non-bank sector for foreign trade finance had been the major source of the medium and long-term borrowings in 2000. The non-bank sector borrowed US \$4.9 billion on net basis, while general government had been a net-repayer on medium and long-term credits that resulted in long-term capital inflows of US \$4.3 billion (Table II.3.7).

The foreign borrowing of the Treasury and the private sector increased and US \$9.5 billion of capital inflow was realized in 2000.

While the general government and banks had been net repayer on long-term credits, non-bank sector borrowed net of US \$4.9 billion.

TABLE II.3.7
SELECTED ITEMS OF THE CAPITAL ACCOUNT
(US \$ million)

	1999	2000	2000-I	2000-II	2000-III	2000-IV
Capital Account	4,670	9,445	3,435	4,535	2,966	-1,491
Direct Investment (Net)	138	112	-20	190	-427	369
Portfolio Investment (Net)	3,429	1,022	2,091	1,608	2,333	-5,010
Securities Asset ⁽¹⁾	-759	-593	102	-337	-369	11
Securities Liability ⁽²⁾	968	-4,637	-83	3	762	-5,319
Bond Issues	3,220	6,252	2,072	1,942	1,940	298
Long Term Capital Movements (Net)	344	4,276	247	1,955	712	1,362
Drawings	11,035	17,459	3,252	5,179	3,960	5,068
General Government	1,011	2,733	472	875	510	876
Banks	2,563	1,902	234	977	353	338
Other Sectors	7,461	12,824	2,546	3,327	3,097	3,854
Repayments	-10,560	-13,803	-3,181	-3,369	-3,441	-3,812
General Government	-2,943	-3,616	-627	-1,110	-864	-1,015
Banks	-2,446	-2,265	-826	-346	-554	-539
Other Sectors	-5,169	-7,919	-1,727	-1,912	-2,022	-2,258
Short Term Capital Movements (Net)	759	4,035	1,117	782	348	1,788
Assets	-2,571	-2,138	-472	464	-1,871	-259
Liabilities	3,330	6,173	1,589	318	2,219	2,047

Source: Central Bank.

(1) Net sales of securities by residents.

(2) Net purchases of securities by non-residents.

TABLE II.3.8
CAPITAL ACCOUNT BY MAJOR SECTORS
(US \$ million)

	1999	2000
Total Capital Inflow	4,670	9,445
General Government ⁽¹⁾	1,205	6,227
Banks ⁽¹⁾	1,885	4,636
Other Sectors ⁽¹⁾	3,111	5,890
Other Capital Inflows	-1,531	-7,306

Source: Central Bank.

(1) Including portfolio investment, short and long-term capital accounts on net basis.

The Central Bank had to sell foreign exchange intensively due to the liquidity crisis in November but the credit supplied by the International Institutions in December compensated for the declining reserves to some extent.

Short-term capital inflows amounted to US \$4 billion in 2000. The capital account in the short-term had been realized as an outflow in the first seven months, while it had a reverse trend by August. Short-term borrowings of the banking sector as well as the private sector were the determinants in short-term capital flows. Deposit accounts consisting of the foreign exchange holdings of residents and commercial banks declined.

FOREIGN DIRECT INVESTMENTS IN TURKEY

Insufficient capital accumulation forces developing countries to finance their economic development through foreign resources. Hence, foreign direct investment is considered to be one of the most necessary tools for economic progress and growth. As a consequence of the debt crisis during the 1970s and 1980s, developed nations gave priority to foreign direct investments instead of borrowing from abroad. Foreign direct investments, which were realized between developed countries, started to move towards developing ones by the 1990s in order to reduce production and transportation costs and take advantage of cheap, qualified and flexible labor as well as tax advantages. Intensive privatization attempts were another important factor that attracted foreign direct investments of developed countries. Political alterations in the 1990s forwarded foreign direct investments towards Former Eastern Bloc Countries and China. As a consequence of stabilization programs, privatizations increased the volume of foreign direct investments in South America and Eastern Europe. Foreign direct investments in Turkey, on the other hand, were rather low, accounting for only 1.2 percent of the world total during the 1993-1999 period. However, accounting of foreign direct investments differentiates considerably from one country to another and restricts the possibility of comparison to a great extent.

FOREIGN DIRECT INVESTMENTS DURING 1993-1999

	Billion US dollars	Percentage Share
World Total	456.8	100.0
Developed Countries	307.6	67.3
Developing Countries	149.3	32.7
Africa	5.5	1.2
Asia	70.1	15.3
Europe	17.8	3.9
Middle East	6.9	1.5
South America	48.9	10.7

Source: IFS Balance of Payments Statistics 2000.

Parallel to the liberalization policies in the 1980s, Foreign Investment Legislation was reorganized. It became more liberal later by alterations in the Foreign Investment Framework Decree in 1986, 1992 and 1995. According to the legislation in force, there are no restrictions on foreign investors having the same rights and responsibilities as Turkish investors. Furthermore, investors are neither forced to convert foreign exchange dominated investment inflow into Turkish lira nor prevented from transferring the income obtained from the investment abroad. Registration is sufficient for license, technical assistance and management agreements, and foreign investors are not obliged to certify foreign credit

agreements. There is no quantity restriction on non-resident personnel provided that they have authorization and declaration. International Arbitration came into force at the end of 1999 as well. In addition to the facilities provided by the legislation, Turkey is considered to be rather advantageous for foreign investors due to her geographical location, population structure, market volume and labor quality as well as the Customs Union with the European Union. In spite of all the positive points listed above, foreign investment in Turkey has been very limited.

As foreign direct investment is considered to be long term, macro variables of the country play an important role in investment decisions. High and long-lasting inflation rates, unstable growth pattern and political problem makes it difficult to plan long term. In addition, failure to implement the decisions on economic issues discourages foreign investors. Defects in the judiciary system and the lack of specialist courts are considered to be other negative factors. Another restricting factor is the irregular, slow and ever-changing bureaucracy. It can be seen from developing country experiences that privatization is an important tool for increasing foreign direct investments.

During the 1986-2000 period, US \$7.3 billion, 2.7 of which was realized in 2000 alone, was acquired as privatization revenues. In addition to the weak privatization performance, the relatively small share of foreigners in these operations resulted in foreign investment inflows far less than expected.

FOREIGN DIRECT INVESTMENT IN TURKEY
(US\$ billion)

	Foreign Investment Permits	Non-Residents			Residents			Net Foreign Investment
		Inflow	Outflow	Net	Inflow	Outflow	Net	
1992	1,820	911	-67	844	1	-66	-65	779
1993	2,063	746	-110	636	51	-65	-14	622
1994	1,477	636	-28	608	1	-50	-49	559
1995	2,938	934	-49	885	1	-114	-113	772
1996	3,835	914	-192	722	23	-133	-110	612
1997	1,678	852	-47	805	21	-272	-251	554
1998	1,647	953	-13	940	29	-396	-367	573
1999	1,700	813	-30	783	10	-655	-645	138
2000	3,060	1,707	-725	982	159	-1,029	-870	112
1992-2000	20,218	8,466	-1,261	7,205	296	-2,780	-2,484	4,721

Source: Undersecretariat of Treasury, Central Bank.

Although foreign investment permits during 1992-2000 period amounted to US \$20.2 billion, only 42 percent of that was realized. As a consequence, net foreign direct investment reached US \$4.7 billion during this period.

The level of gross reserves, which was US \$41.7 billion as of November 22, 2000, decreased to US \$36.5 billion by December 8, 2000 with an approximate loss of US \$5 billion. In the meantime, Central Bank reserves declined to US \$19.6 billion from a level of US \$24.4 billion. In December, it was declared that an IMF funding of US \$10.4 billion comprising US \$7.5 billion under the Supplementary Reserve Facility and 2.9 billion US dollars from Stand-by credit would be available in installments, and the first installment of US \$2.8 billion came on December 28, 2000. In addition to the extra IMF funding, the first installment of the Financial Sector Adjustment Loan from the World Bank, which amounted to US \$780 million, as well as the syndicated loan of US \$1 billion that eleven international banks supplied to the Treasury, were transferred in December. These loans supplied from the international institutions in December largely compensated for the huge capital outflows recorded in November.

**THE EFFECT OF THE EXCHANGE RATE PARITY
DEVELOPMENTS ON THE CURRENT ACCOUNT BALANCE**

The US dollar appreciated against the euro as a result of the continuous growth of the US economy due to the rapid development of high technology production, the higher long-term revenues in the US than in the Euro Area, the structural problems of the labor market and the hesitation in the application of the harmonious money-fiscal policies in the Euro Area.

The euro/dollar parity declined to 0.921 in December 2000 from 1.004 in December 1999 while it was 1.141 in January 1999. The cross rate developments especially influence foreign trade, balance of payments' income and expenditure sub-items, foreign debt stock, FX deposits and inflation.

EXCHANGE RATE PARITIES

	Euro/US dollar	
	Average	End of month
1999 January	1.161	1.141
December	1.011	1.004
2000 January	1.012	0.981
February	0.984	0.971
March	0.965	0.955
April	0.949	0.911
May	0.906	0.932
June	0.949	0.957
July	0.941	0.924
August	0.906	0.891
September	0.873	0.877
October	0.856	0.846
November	0.855	0.869
December	0.944	0.921

Source: Central Bank

According to the monthly foreign exchange position reports published by the Central Bank Statistics Department, 52.1 percent of the current account income was composed of US dollars, 42.5 percent was composed of euro, and the rest of other currencies. In the last two years, it has been observed that the US dollar share is decreasing while the share of euro currencies is increasing. In addition, in 2000 the share of US dollar, euro and other currencies in the current account expenditures is 60.6, 33.8 and 5.6 percent, respectively. The reason for the increasing US dollar share is the rising energy imports based on the US dollar. Regarding total current account income and expenditure in the 1997-2000 period, the US dollar share is 57.2 percent; the euro share is 36.4 percent and the others'

share is 6.4 percent. In that period, while the share of other currencies declined, the share of the euro increased and the US dollar kept its importance. The structure of the exchange rate basket of 1 US dollar + 0.77 euro at the end of 1999, made by the CBRT, is consistent with the foreign exchange composition of the current account volume. At the end of 1999, the share of the US dollar in the basket was 56.2 percent and the share of the euro was 43.8 percent. Since the US dollar appreciated in 2000, its share increased to 58.4 percent while the share of the euro decreased to 41.6 percent. However, these are consistent with the foreign exchange composition of the current account volume.

**FOREIGN EXCHANGE COMPOSITION OF THE CURRENT ACCOUNT
INCOME AND EXPENDITURE
(US\$, Percentage Share)**

	1997	1998	1999	2000	Average
Current Account Income	100	100	100	100	100
US dollar	57.61	57.17	53.52	52.06	55.09
Euro/Ecu	36.62	37.49	40.84	42.54	39.37
Other	5.76	5.34	5.64	5.40	5.54
Current Account Expenditure	100	100	100	100	100
US dollar	58.58	58.81	59.24	60.63	59.32
Euro/Ecu	32.84	33.27	34.12	33.77	33.50
Other	8.58	7.92	6.64	5.60	7.19

Source: Central Bank

The parity effect for 2000 is calculated on the basis of the foreign exchange composition according to the income and expenditure classification of the current account. The cross rate developments reduce the current account income by US \$2.9 billion and the expenditure by US \$3.1 billion. Therefore, the substantial appreciation of the US dollar against the other currencies and especially the euro increased the current account deficit by US \$181 million.

**PARITY EFFECT ON THE CURRENT ACCOUNT BALANCE
(US\$ million)**

	Current Parity	1999's Parity	EFFECT
Current Account Income	44,283	47,177	-2,894
US dollar	23,052	23,052	-
Euro/Ecu	18,839	21,733	-2,894
Other	2,392	2,392	-
Current Account Expenditure	59,286	62,362	-3,076
US dollar	35,944	35,944	-
Euro/Ecu	20,019	23,095	-3,076
Other	3,323	3,323	-

Source: Central Bank

The short-term external debt had increased by 13.2 percent by the end of third quarter of 2000 compared to the end of the previous year.

II.3.4. External Debt

External debt stock figures from 1996 and onwards are published by the Undersecretariat of the Treasury and reveal that the external debt stock had increased to US \$106.9 billion by the end of September 2000. Compared to the end of 1999, the total external debt stock had expanded by 3.9 percent in the first nine months of 2000 while medium, long-term and short-term external debt stock increased by 1.2 and 13.2 percent, respectively.

In 2000, the Treasury supplied an external finance of US \$7.5 billion through bond issues where 60 percent of the issues took place in the first half of the year. In line with the extensive issues of the Treasury, medium and long-term external debt stock increased in the first half of 2000, while it had a decelerating trend by the third quarter. Meanwhile, short-term external borrowing had a considerable rise by the third quarter and its share in total debt stock increased to 24.8 percent from 22.8 percent at the end of 1999.

TABLE II.3.9
EXTERNAL DEBT STOCK AND THE TERM STRUCTURE
(US \$ billion)

	1997	1998	1999	2000-I	2000-II	2000-III
External Debt Stock	84.8	97.0	102.9	104.4	106.9	106.9
Short-term Debt	18.0	21.2	23.5	24.7	24.9	26.5
CBRT	0.9	0.9	0.7	0.7	0.7	0.6
Commercial Banks	8.5	11.2	13.2	14.4	14.0	15.8
Other Sectors	8.6	9.2	9.6	9.6	10.2	10.1
Medium and Long-term Debt	66.8	75.7	79.4	79.7	82.0	80.4
Public Sector	39.3	40.5	43.4	44.6	46.8	46.6
CBRT	10.9	12.1	10.3	10.0	10.4	10.1
Private Sector	16.6	23.2	25.7	25.1	24.9	23.6
Financial	5.5	7.0	6.7	6.0	5.8	5.5
Non-Financial	11.1	16.2	18.9	19.2	19.0	18.1
External Debt Stock/GNP	44.1	47.0	55.6	52.4	53.6	53.6

Source: Central Bank, UT.

The currency composition of the external debt stock differs in short and medium-long term disaggregation. Debt in US dollars comprises 68.8 percent of short-term external debt as of the end of September 2000 while it is 51.9 percent for medium and long-term debt stock. Borrowings in euro and in currencies forming euro had a significant share in medium and long-term debt stock.

TABLE II.3.10
THE PARITY EFFECT ON EXTERNAL DEBT STOCK
BY CURRENCY COMPOSITION ⁽¹⁾
(US \$ million)

	1999	2000 September		Exch. Rate Diff. (C-B=D)	Nominal Movement (C-A=E)	Reel Movement (E-D=F)
	External Debt Stock with end- 1999 Exch. Rate (A)	With Previous Year's Exch. Rate (B)	With End of Period Exch. Rate (C)			
US dollars	53,936	60,028	60,028	0	6,092	6,092
German marks	26,377	25,048	21,741	-3,307	-4,636	-1,329
Euro	7,360	12,416	10,874	-1,542	3,514	5,056
S. D. Rights	899	1,418	1,340	-78	441	519
Swiss francs	950	829	763	-66	-187	-121
Pounds sterling	803	884	803	-81	0	81
Japanese yen	7,993	7,788	7,346	-442	-647	-205
French francs	1,186	1,127	987	-140	-199	-59
Neth. florins	714	718	632	-86	-82	4
Other (US dollars)	2,672	2,698	2,416	-282	-256	26
TOTAL	102,891	112,955	106,931	-6,024	4,040	10,064

Source: Central Bank, UT.

(1) (A) End of 1999 external debt stock is calculated using the 1997 end-of-year exch. rates; (B) External debt stock of Sept. 2000 is calculated using the 1999 end-of-year exch. rate; (C) External debt stock of Sept. 2000 using the Sept. 2000 end-of-period exch. rate; (D) The difference between the debt stock calculated by the Sept. 2000 exch. rates and the previous year's end-of-year exch. rates; (E) The difference between the debt stock of 1999 and that of Sept. 2000; (F) Nominal movement – exch. rate differential.

Depending on the currency composition and relative volumes, cross rate changes influence the US dollar value of the external debt stock. The depreciation of the euro against the US dollar by 14.7 percent at the end of September 2000 decreased the US dollar value of the external debt stock. Likewise, cross rates in all other foreign currencies changed in the direction so as to reduce the US dollar value of the external debt stock. This impact is larger in medium and long-term borrowings in line with the currency composition. The real change in the external debt stock was an increase of US \$10.1 billion when cross rate changes of US \$6 billion are net out. The mentioned cross rate impact is US \$1.1 billion for short-term external debts while it is US \$4.9 billion for medium and long-term external debts (Table II.3.10).

In 2000, the debt service ratio performed an increase of 2.84 points compared with 1999 year-end.

The debt service ratio calculated as the ratio of the principal and interest payments of the external debt to the foreign exchange revenues is a performance criterion in a country's debt repayment, which was realized as 37.5 percent at the

end of 2000, an increase of 2.8 points from its 1999's level of 34.6 percent. This was mainly due to the reduction in export performance in line with a significant depreciation of the euro in the international market and to the limited increase in revenues from other goods and services (Table II.3.11).

TABLE II.3.11
DEBT SERVICE RATIO
(US \$ million)

	1997	1998	1999	2000
Total Debt Service	12,418	16,513	18,316	21,937
Principal	7,830	11,690	12,866	15,638
Interest	4,588	4,823	5,450	6,299
Total Foreign Exch. Revenues	58,472	62,590	52,886	58,545
Exports ⁽¹⁾	32,647	31,220	29,325	31,214
Other goods and services revenues	21,273	25,802	18,748	22,320
Unrequitted Transfers (private)	4,552	5,568	4,813	5,011
Debt service ratio	21.24	26.38	34.63	37.47

Source: Central Bank, UT.

(1) Including shuttle trade and transit trade.

TABLE II.3.12
THE SURPLUS OF GROSS RESERVES OVER SHORT-TERM DEBT STOCK
(STD)⁽¹⁾
(US \$ million)

	1997	1998	1999	2000-I	2000-II	2000-III	2000-IV
Gross FX Reserves - STD	8,050	7,277	9,650	8,512	9,477	9,283	4,868
Central Bank	17,530	18,816	22,492	22,246	23,864	23,905	21,519
Banks	-878	-2,386	-3,227	-4,121	-4,186	-4,529	-5,292
Other Sectors ⁽²⁾	-8,602	-9,153	-9,614	-9,614	-10,201	-10,094	-11,359
Gross Reserves ⁽³⁾ - STD	9,122	8,289	10,662	9,522	10,472	11,628	5,874

Source: Central Bank.

(1) (-) Indicates a deficit.

(2) Figures indicate short-term external debt of other sectors. Data on foreign currency reserves and the claims of these sectors are not available.

(3) Gross reserves are the sum of gold and foreign exchange reserves.

The surplus of gross foreign exchange reserves over short-term debt stock declined significantly due to the financial crisis experienced at the end of October.

The surplus of the gross foreign exchange reserves over short-term debt stock is one of the leading indicators for the liquidity position. With an upward trend in the first six months, the gap decreased in 2000 compared to the end of 1999. The rise in the first half was due to the expansion in the Central Bank's reserves that were backed by the medium and long-term capital inflows. However, the financial crisis experienced in November resulted in a loss of foreign exchange reserves and gross reserves over short-term debt declined considerably. The liquidity positions of the commercial banks and other sectors worsened during 2000.

II.4. PRICES

II.4.1. Developments in Prices

The economy has been experiencing high and persistent inflation since the second half of the 1970s. Especially in the 1990s, the high level of public deficit, which was increasingly financed by internal borrowing, resulted in higher risk premium on interest rates and created rigidity on inflationary expectations. In the last two years, limited capital inflows despite the high level of real interest rates, resulted in deterioration of internal debt / GNP ratio.

The stabilization program, initiated in the year 2000, attempted to struggle with the rigidity of inflation by using the exchange rate as a nominal anchor. By using a crawling peg, the program aimed to affect the prices of tradable goods and inflationary expectations in order to reduce inflation and hence bring interest rates down to reasonable levels. In this context, the value of the exchange rate basket was announced in line with the year-end WPI target of 20 percent. In addition to these, public sector prices and the income policy were to be determined in accordance with the inflation target.

At the end of 2000, although inflation has been brought down to the lowest level since 1986, it was realized well above the targeted level, in both the CPI and the WPI.

TABLE II.4.1
INFLATION
(YoY Percentage Change)

	1998	1999	2000
CPI	69.7	68.8	39.0
Tradables	62.9	55.3	34.6
Non-Tradables	78.6	85.1	42.1
Goods	61.6	61.3	34.6
Services	89.0	83.9	47.0
WPI	54.3	62.9	32.7
Agriculture	71.9	30.0	39.8
Private Manufacturing	53.6	59.7	33.6
Public Manufacturing	29.8	130.0	20.2
Energy	69.9	71.3	37.4

Source: SIS, Central Bank.

At the end of year 2000, although inflation has been brought down to the lowest level since 1986, it was realized well above the targeted level, in both the CPI and the WPI.

One of the important reasons for above the target year-end inflation figures was the sufficiently higher than expected price increases in the months of January and February. They were to a great extent, caused by indirect effects of the surge in public sector prices in the last quarter of 1999 and the two percentage point increase in Value Added Tax. Although a notable slow down in non-tradable goods prices was observed due to the rigidities in this sector, rapid convergence of the actual inflation with the target level could not be realized. While the rise in dollar-euro parity led to a loss of efficiency in the disinflationary effects of the exchange rate basket, remarkably high domestic demand in specific sectors, due mainly to the sharp decline in interest rates, also caused the realization of inflation figures beyond the target levels.

TABLE II.4.2
QUARTERLY INFLATION
(Percentage Change)

	1 st . Quarter		2 nd . Quarter		3 rd . Quarter		4 th . Quarter	
	1999	2000	1999	2000	1999	2000	1999	2000
WPI	11.3	13.5	10.6	4.4	13.7	4.3	16.4	7.3
Private Manufacturing	9.7	11.7	12.4	6.7	13.4	5.9	14.3	5.9
CPI	12.5	11.9	11.5	5.3	14.7	7.7	17.4	9.6

Source: Central Bank.

II.4.2. Developments in the Consumer Price Index

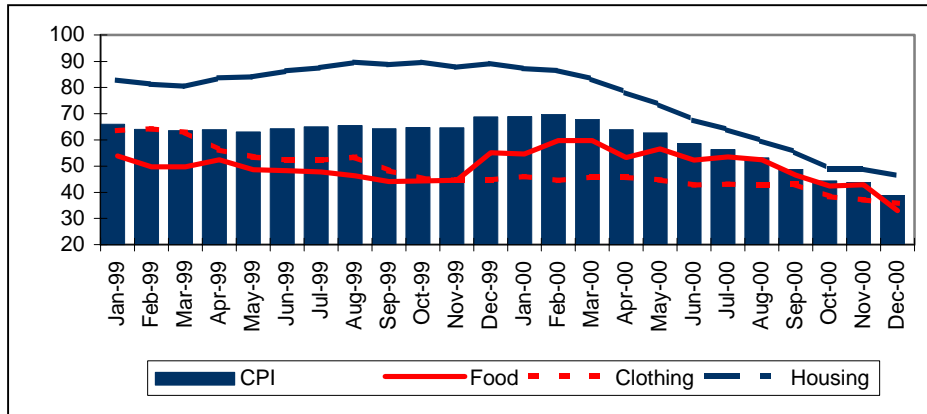
Precautions taken in the context of the stabilization program led to the lowest CPI figure of the last 14 years at the end of 2000.

CPI inflation has been brought down to the lowest level of the last 14 years and realized at 39 percent at the end of 2000 (Table II.4.3).

When the sub-items are considered, food, beverages and tobacco sector, which have the highest weight in the index, increased by 33 percent annually. The increase in food items was 36.1 percent in 2000 while it had been 47.1 percent in 1999.

In spite of the surge in international cotton prices, the clothing item in the CPI recorded a 32.9 percent increase, which indicated that the sector was not influenced significantly by the high domestic demand concentrated particularly on consumer durables. The shoes item, however, realized an increase of 44.6 percent, 5.6 percentage points above the CPI increase, due to the rise in leather prices as a result of the recovery in tourism and suit-case trade (Figure II.4.1).

FIGURE II.4.1
CPI AND MAJOR SUB-ITEMS (1999-2000)
(YoY Percentage Change)



Source: SIS.

The inflation in the housing item was 46.3 percent, which was well above the CPI inflation, although the contribution of this item to the CPI has decreased compared to the preceding years. After 18th February 2000, when the “Rent Law” was put into practice, housing prices fell significantly. However, due to previously made rent contracts which were not affected by the law and backward indexation behavior in determination of rents, the leading sub-item of the housing sector, rents, recorded an annual increase of 49.1 (Figure II.4.1).

While the stabilization program succeeded in bringing the inflation down in many sectors, it also caused price rises, resulting from domestic demand expansion, in some other sectors. The demand boom in durable goods, which is one of the major characteristics of exchange rate based stabilization programs, compounded with the postponed consumption of the recession year 1999, pushed up the prices of the electric and non-electric housewares and furnishing sectors under the housewares item. The annual rises in these sectors were 48 percent and 44 percent respectively.

The annual increase in transportation sector realized at 11 percentage points under the CPI, due to public price controls on petroleum products, which is the major input for transportation.

Education sector prices went up 27.5 percent in the year 2000. This was probably the result of the slow down in private school prices with the help of the income policy and university tuition fees, which were increased in line with the inflation target.

While the stabilization program succeeded in bringing the inflation down in many sectors, it also causes price rises, resulted from domestic demand expansion, in some others.

Health, other goods and services and the hotels and restaurants items, because of the boom in tourism sector, recorded price rises higher than the average CPI.

TABLE II.4.3
CONTRIBUTION OF SUB-ITEMS TO CPI AND WPI
(Percentage)

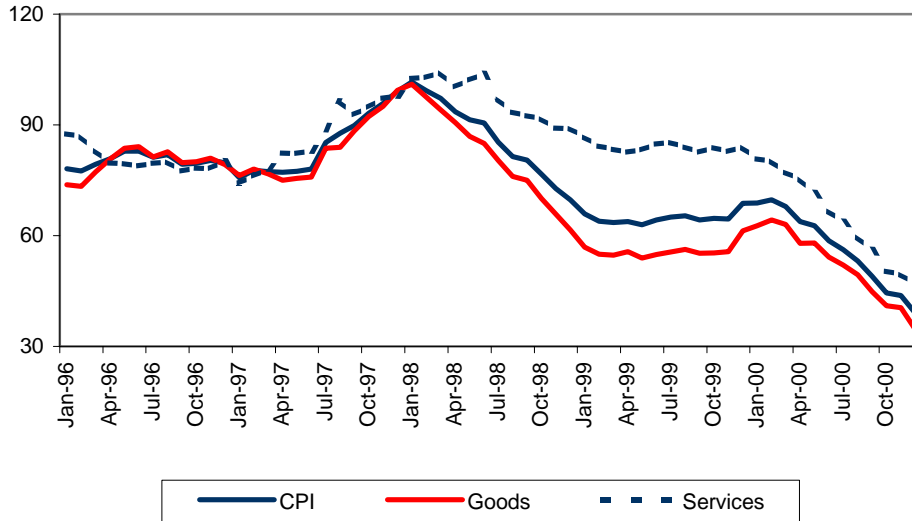
	Weight (A)	1999		2000	
		YoY Change (B)	Cont. (A*B)	YoY Change (B)	Cont. (A*B)
CPI	100	68.8	-	39.0	-
Food	31.1	55.0	17.1	33.0	10.3
Clothing	9.7	44.7	4.3	25.8	2.5
Housing	25.8	89.3	23.0	46.3	11.9
Houseware	9.4	57.1	5.3	43.5	4.1
Health	2.8	71.1	2.0	51.0	1.4
Transportation	9.3	93.9	8.7	27.7	2.6
Cultural Act.	3.0	58.5	1.7	36.6	1.1
Education	1.6	79.7	1.3	27.5	0.4
Hotels & Rest.	3.1	58.8	1.8	45.9	1.4
Others	4.4	60.7	2.7	48.3	2.1
WPI	100	62.9	-	32.7	-
Agriculture	22.2	30.0	6.7	39.8	8.8
Mining	2.5	94.1	2.3	46.1	1.1
Manufacturing					
Public	16.5	130.0	21.5	20.2	3.3
Private	54.6	59.7	32.6	33.6	18.3
Energy	4.2	71.3	3.0	37.4	1.6

Source: SIS.

Where goods and services sectors are concerned, it could be observed that the inflation in the goods sector approached closer to the target level than the inflation in the services sector.

As the goods sector consists mainly of tradable goods but the services sector is to a great extent closed to foreign competition, price increases in the services sector realized above those of the goods sector (Figure II.4.2).

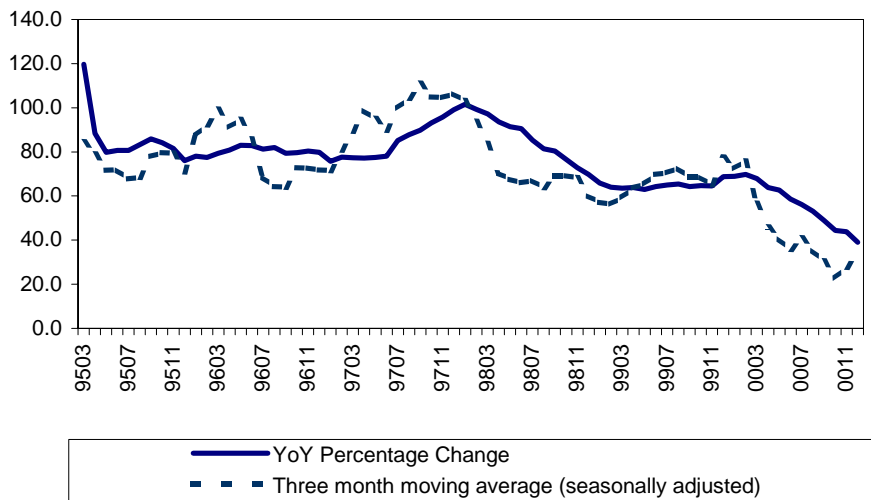
FIGURE II.4.2
GOODS-SERVICES
(YoY Percentage Change)



Source: SIS.

Services sector prices rose 47 percent in 2000. On the other hand, goods sector prices recorded a 34.6 percent increase, 12.4 percentage points below the services sector. The rigidity in the services sector resulted from rents and health services mostly.

FIGURE II.4.3
CONSUMER PRICE INDEX (1995-2000)



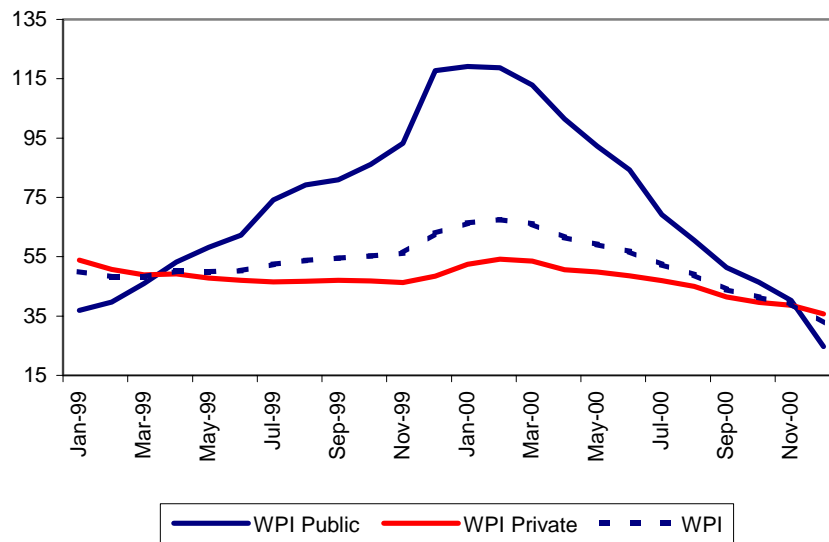
Source: SIS, Central Bank.

II.4.3. Wholesale Price Index

WPI recorded an annual increase of 32.7 percent in 2000.

The WPI increased at an annual rate of 32.7 percent at the end of 2000 and this increase was 12.7 points above the targeted level that had been set in the Disinflation Program, put into practice at the end of 1999. The reasons behind the difference between the targeted rate of inflation and the realized rate of inflation were: delayed effects of the high exchange rate and the public price adjustments that had been recognized at the end of 1999, increasing costs due to the appreciation of the US dollar and thus a rise in the prices of imported raw materials, higher than expected agricultural prices and the robust domestic demand.

FIGURE II.4.4
WPI (1999-2000)
(YoY Percentage Change)



The most important reason behind the deviation in the private manufacturing prices is that the price increases in the sub-items of private manufacturing were not homogenous and therefore stability of the exchange rates was not reflected equal to the occasion.

Source: SIS.

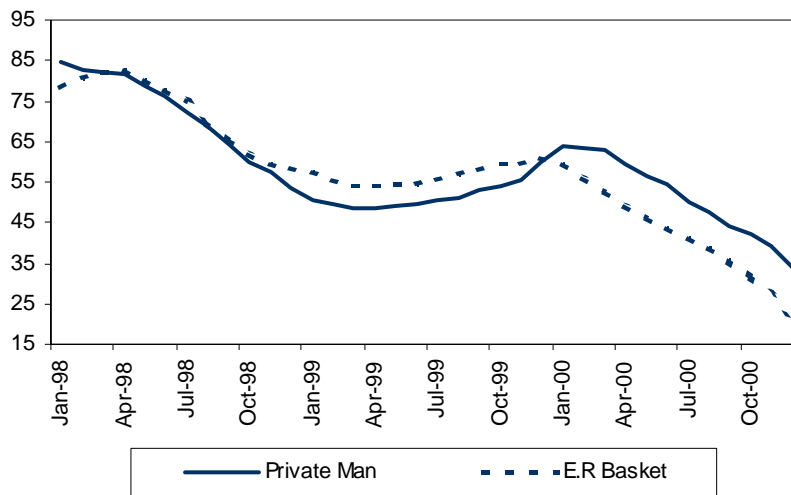
The most important reason behind the deviation in the private manufacturing prices is that, the price increases in the sub-items of private manufacturing were not homogenous and therefore stability of the exchange rates was not reflected equal to the occasion. Although the delayed effects of high public price adjustments at the end of 1999 were effective on WPI increase, the decline in the acceleration rate of public prices was much more obvious in 2000 (Figure II.4.4). When the last six months of 2000 are analysed with respect to the WPI, it is observed that although the public sector prices are above the private sector prices, the decline in public prices is much more rapid and the importance of a rise in agricultural prices in the

WPI lost significance. Another important point was the lower than expected change in the pricing behavior of the private sector.

Agricultural sector prices, which have a 22.2 percent share in the WPI, increased by 30 percent in 1999 and 39.8 percent in 2000.

Private manufacturing prices, which have a 55 percent share in the WPI, are very sensitive to monetary and exchange rate policy. Therefore, private manufacturing prices are considered as core inflation for a long period of time (Figure II.4.5). While being policy sensitive, exchange rate pass-through for the private manufacturing prices is very fast.

FIGURE II.4.5
PRIVATE MANUFACTURING AND EXCHANGE RATE BASKET
(YoY Percentage Change)



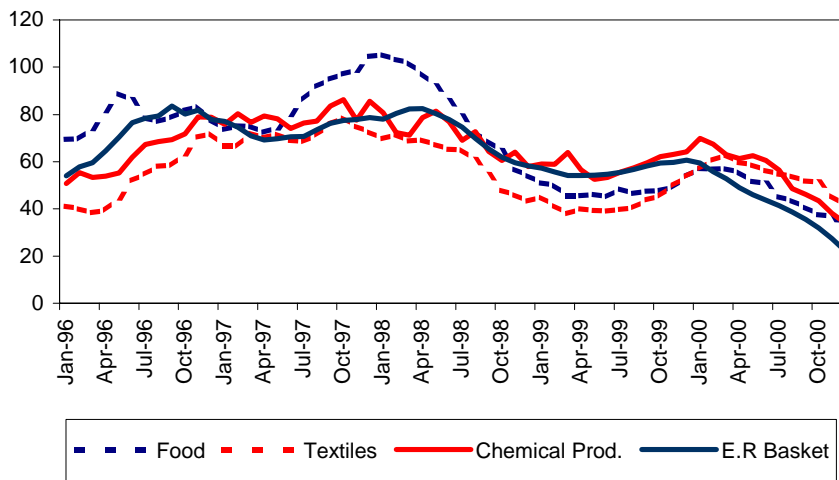
Source: SIS, Central Bank.

Private manufacturing prices increased by 33.6 percent in 2000 and the yearly price increases differ significantly with respect to sub-items of private manufacturing prices.

Private manufacturing prices increased by 33.6 percent in 2000.

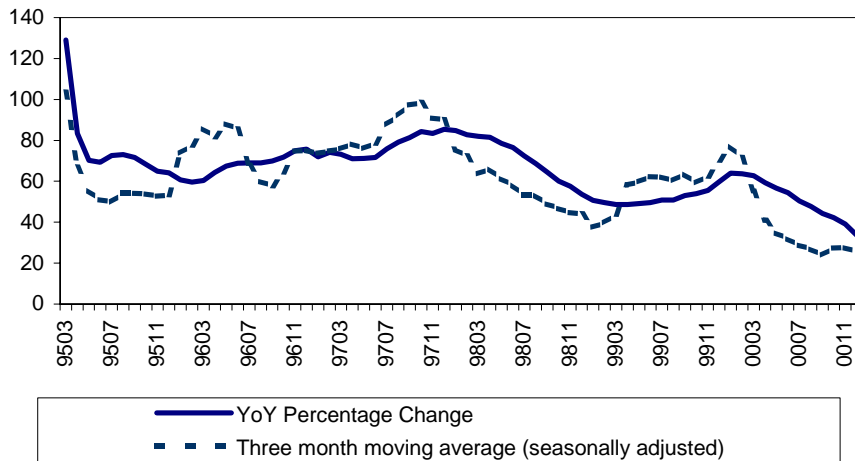
Having the biggest share in private manufacturing prices, food sector prices increased 53.9 percent in 1999 and this increase decelerated to 29.4 percent in 2000, remaining far below the increase in private manufacturing prices (Figure II.4.6).

FIGURE II.4.6
FOOD, TEXTILE, CHEMICAL PRODUCTS AND E.R. BASKET
(YoY Percentage Change)



Source: SIS, Central Bank.

FIGURE II.4.7
PRIVATE MANUFACTURING INDUSTRY PRICE INDEX (1995-2000)



Source: Central Bank.

Textile products prices increased by 41.5 percent annually by the end of 2000.

The price increases in the textile sector, which is the second most important sub-item of private manufacturing industry, was well below the price increase of the private manufacturing sector in the past years as the textile sector is open to international competition. However, as world cotton prices increased significantly in 2000, prices of the textile sector increased by 41.5 percent, which is above the increase in private manufacturing prices.

Prices of the chemical products, which have the third most important share in private manufacturing prices increased by 34.1 percent at the end of 2000. The costs in the chemical products sector increased due to the usage of petroleum products, whose prices increased in the world markets in 2000, as raw materials in the sector and due to the increase in the US dollar in nominal terms during 2000. The same situation was also observed for the plastics and rubber industry.

TABLE II.4.4
WPI AND SUB ITEMS 1994=100
(YoY Percentage Change)

SECTORS	PUBLIC			PRIVATE			TOTAL		
	1998	1999	2000	1998	1999	2000	1998	1999	2000
WPI	35.6	117.7	24.7	60.1	48.4	35.7	54.3	62.9	32.7
AGRICULTURE	—	—	—	71.9	30.0	39.8	71.9	30.0	39.8
Agriculture, Hunting	—	—	—	71.0	31.2	38.5	71.0	31.2	38.5
Forestry	—	—	—	93.2	14.4	72.7	93.2	14.4	72.7
Fishing	—	—	—	80.0	12.7	46.1	80.0	12.7	46.1
MINING	27.5	112.8	47.9	52.0	50.8	40.1	34.0	94.1	46.1
Coal Mines	52.3	47.8	32.6	51.6	54.7	40.5	52.1	49.6	34.7
Crude oil, Natural Gas	-23.0	352.0	68.1	-19.0	315.8	74.1	-22.7	349.5	68.5
Metal Ore	62.9	73.7	36.5	106.9	9.6	51.8	73.9	54.6	39.7
Quarry	33.7	60.1	28.1	50.1	33.7	24.4	45.3	40.8	25.6
MANUFACTURING	29.8	130.0	20.2	53.6	59.7	33.6	47.1	76.7	29.4
Food	64.0	45.7	26.0	54.1	53.9	29.4	55.9	52.3	28.8
Textiles	37.3	37.3	35.6	43.2	53.7	41.5	42.9	52.9	41.2
Clothing	90.3	20.4	38.3	74.6	49.4	34.6	75.0	48.6	34.7
Leather	11.4	15.4	97.1	65.4	51.7	33.5	52.9	45.6	42.1
Paper	58.5	71.4	43.6	44.5	75.3	30.6	48.3	74.2	34.3
Oil Products	13.1	188.0	17.4	43.7	145.9	20.4	20.2	176.3	18.1
Chemical Products	28.7	94.6	40.6	57.9	64.2	34.1	52.3	69.2	35.3
Plastics and Rubber	—	—	—	47.1	70.3	42.7	47.1	70.3	42.7
Other Crude Minerals	31.4	56.9	30.6	61.4	56.9	35.8	58.8	56.9	35.4
Metal Industry	26.5	76.9	29.7	27.8	72.7	38.8	27.2	74.6	34.6
Metallic Goods	40.0	14.2	0.6	52.5	52.3	26.2	52.5	52.1	26.1
Machinery and Equip.	42.7	33.3	57.1	56.0	50.3	32.7	55.9	50.1	32.9
Electrical Tools	53.2	40.4	34.3	65.1	59.6	33.8	64.8	59.1	33.8
Motor Vehicles	—	—	—	59.9	50.6	36.0	59.9	50.6	36.0
ENERGY	69.9	71.3	37.4	—	—	—	69.9	71.3	37.4
Electric	66.1	78.6	35.7	—	—	—	66.1	78.6	35.7
Water	87.1	41.8	46.0	—	—	—	87.1	41.8	46.0

Source: SIS.

Robust growth rates of domestic demand for the year 2000 affected the prices of vehicle industry prices, metal industry prices and electrical equipment industry prices negatively.

Public manufacturing sector prices increased by 20.2 percent in 2000, in line with the inflation target. Price increases in the petroleum products sector, which has the highest share in public manufacturing industry, was 17.4 percent and the annual price increase in the tobacco and tobacco products sector was 10 percent.

In 2000, energy prices increased by 37.4 percent as the production costs of the electrical energy had been affected negatively by increasing international energy prices.

II.4.4. Developments in Import Prices

Import prices increased by 4.9 percent in 2000 according to the averages of first eleven months.

Although import prices decreased by 2.3 percent in the manufacturing sector, which has the highest share in total imports, the import price index increased by 4.9 percent in the January-November period of 2000, due to increasing crude oil prices (Table II.4.5, Table II.4.6).

TABLE II.4.5
IMPORT PRICE INDEX
(Average YoY Percentage Change)

	1998	1999	2000 ⁽¹⁾
ALL ITEMS	-4.1	-5.5	4.9
Agriculture and Forestry	-7.8	-17.1	-3.6
Mining and Quarry	-28.2	19.9	62.7
Crude Oil and Natural Gas	-32.6	30.1	74.5
Manufacturing Industry	0.2	-7.5	-2.3
Food and Beverages	-0.3	-19.4	-11.7
Coal and Oil Products	-28.5	8.2	48.4
Chemical Products	-2.8	-8.2	4.2
Paper Products	3.4	-5.1	15.7
Metal Industry	-8.3	-12.4	8.7

Source: SIS.

(1) According to January-November Averages.

TABLE II.4.6
IMPORTS OF CRUDE OIL

	Quantity (Tones)	Value (1000 Dollars)	Average Price	
			Dollars / Tone	Dollars / Barrel
1997	23324262	3194145	136.9	18.6
1998	23526112	2083859	88.6	12.0
1999	22671708	2754939	121.5	16.5
2000 (January-October)	16838144	3293422	195.6	26.5

Source: SIS.

The price of crude oil, which was 16.5 USD per barrel in 1999, increased to 26.5 USD in the first ten months of 2000. Meanwhile, accelerating crude oil prices were not reflected in domestic prices. The effect of the petroleum prices on the WPI can be observed by analysing the sub-item of coal and refined petroleum products. In 2000, the price increase of this sub-sector was 18.2 percent on an annual basis. This sector has a 9 percent share in the WPI and was one of the important factors affecting the deceleration of the WPI price increase to 32.7 percent at the end of 2000. As the increasing world oil prices were not reflected in domestic prices, the prices of the transportation group, a sub-item of the CPI, have been limited to a 27.7 percent increase.

Because of the dominance of the public sector in petroleum products production and high levels of fund deductions and taxes, it is possible to avoid the reflection of international price increases in the domestic price level. The Fuel-oil Consumption Tax (FCT) was changed to a specific tax in February 2000, and it was decided to vary its increases in line with the monthly WPI inflation rate. In addition to these, a further increase in specific tax was planned for March-June period, in order to avoid tax loss. However, the continuous rise in international oil prices and the priority of the inflation targets prevented the increase of FCT and caused the Fuel-oil Price Stabilization Fund cuts to vary. The decrease in the taxes placed on petroleum products caused tax loss, but the better than expected performance in the fiscal side made it possible to give priority to disinflation.

The indirect effects of the surge in crude oil products can be observed from the prices of chemical products and plastics and rubber products. These items rose 35.3 percent and 42.7 percent, respectively, in 2000.

The international prices of metal, cotton, urea and wood pulp also increased remarkably in 2000.

III

MONETARY POLICY AND MARKETS

III.1. MONETARY POLICY

In addition to the tight fiscal policy and the structural adjustments, the monetary and exchange rate policy has been one of the fundamental issues in the Disinflation Program. Within the framework of the monetary and exchange rate policy, the annual depreciation path of the Turkish lira against the exchange rate basket of 1 US dollar and 0.77 euro was announced for the year 2000 in a forward-looking fashion by considering year-end wholesale price index inflation target of 20 percent.

Besides the preannounced depreciation path of the Turkish lira against exchange rate basket, the imposition of an upper limit on the net domestic assets excluding the revaluation account and the symmetric band around net domestic assets excluding the revaluation account have been other important features of the monetary policy implemented in 2000. In practice, the band around net domestic assets has been determined in a symmetric fashion by considering the realized base money stock at the end of the previous quarter. In addition, it was presumed that increases in base money demand would be met by increases in the net foreign assets item in the Central Bank balance sheet.

At the beginning of the program, the required reserve ratio for Turkish lira denominated deposits was reduced from 8 percent to 6 percent, where the remaining 2 percent was to be held as free deposits at the Central Bank and subject to weekly averaging scheme. With this policy change, it was intended that the banks' flexibility in their liquidity management would increase.

In line with the net domestic assets target, the Central Bank determined its open market operations strategy in a way to offset the movements in the credit to the public sector(net) and realized the quarterly net domestic assets targets, which were set as performance criteria in the program. While the main point considered in the determination of the open market operations strategy in previous years was the contingent liquidity inflows and the outflows of the financial markets, the band

The monetary and exchange rate policy in 2000 was determined in line with the Disinflation Program.

Within the framework of the program, the increases in the base money was supposed to be met by the banks' foreign exchange sales to the Central Bank in line with the preannounced depreciation path of Turkish lira.

around net domestic assets was the main point in open market operations considerations. As an exception, the increase in the liquidity need in the market during the long religious holiday in March was met by Central Bank funding through open market operations as foreseen in the monetary program. In early 2000, the pre-announced exchange rate path and the decrease in the risk premium associated with the rule based monetary policy brought about a sharp decline in interest rates.

Even though the performance criteria related to the fiscal balance and the monetary and exchange rate policy were realized, the slowdown in structural reforms and privatization resulted in an increase in interest rates on government securities, which in turn caused problems in meeting the liquidity requirements of the banks that held a high volume of government securities in their portfolios. The liquidity need that emerged on the 22nd of November and intensified due to the acquisition of a private bank by the Deposit Insurance Fund in early December was met by Central Bank funding through open market operations, interbank money market and the fixed rate quotations. This, in turn, caused the predetermined band around the net domestic assets to exceed its limits. Following the emerging demand for foreign exchange after providing Turkish lira liquidity in the market, the Central Bank sold a substantial amount of foreign exchange to the market and thereafter announced that the net domestic assets would be fixed at its November 30th level. However, the demand for foreign exchange continued despite the increases in the interest rates. The announcement of additional measures by the government and the provision of a Supplementary Reserve Facility of US \$10.4 billion, including the amount to be acquired within the framework of the Stand-By Agreement with the IMF, eased the market conditions partially.

TABLE III.1.1
PERFORMANCE CRITERIA

	Floors on Net Domestic Assets ⁽¹⁾		Net International Reserves ⁽²⁾	
	(TL Trillion)		(US \$Million)	
	Targets	Realizations	Targets	Realizations
December 31, 1999	-1,200	-1,437.7	12,000	16,757
March 31, 2000	-1,200	-1,260.2	12,000	16,657
June 30, 2000	-1,200	-1,295.1	12,750	17,339
September 30, 2000	-1,200	-1,307.6	12,750	17,874
December 31, 2000	1,650 ⁽³⁾	1,060.0	10,400	12,488

Source: Central Bank.

(1) Average of the stocks during the last 5 working days.

(2) Floor values.

(3) The average of the stocks on December 11, 2000 and January 11, 2001 as a revised target.

III.1.1. Central Bank Balance Sheet

The Central Bank started to follow the items of a restructured balance sheet, called the stand-by balance sheet, in the year 2000.

Although base money, which constitutes the liability side of the restructured balance sheet, showed an increasing trend in 2000, it fluctuated during the year and displayed a monthly increase when compared with end of the month figures – apart from January, April, August and November. Base money displayed a 28 percent monthly increase in December as a result of the Central Bank’s high level of injection of money into the markets during the religious holiday and a New Year holiday. When compared with the end of the previous year’s figures, a 49 percent increase in nominal terms and a 7 percent increase in real terms were realized in base money.

When the sub-items of base money are examined in terms of the demand side, it can be seen that currency issued displayed a high rate of increase due to the Y2K problem and the long New Year holiday at the end of December 1999. However, at the beginning of 2000, no considerable increase was realized in the currency issued item. Afterward, due to the long religious holiday, a temporary increase in money demand emerged. After a limited increase in April and May, a noteworthy increase in this item took place in summer. The currency issued, which did not exhibit an important increase in September and November, declined a small amount between the second half of November and the beginning of December and then increased later as a result of the long religious holiday and the New Year holiday.

Required reserves, the second sub-item of base money, increased 37 percent in nominal terms and declined 1.2 percent in real terms annually. With the amendment, dated the 10th of December 1999, the reserve requirement ratio was reduced from 8 to 6 percent. According to this amendment, 2 percent of TL deposits were to be held as free deposits with the Central Bank. Additionally, in case of the hindrance of this obligation, a seven-day punitive interest rate, which is 1.5 fold of the overnight interest rate, was put into practice. The new implementation started on the 24th of December 1999. Accordingly, required reserves, which had declined considerably at the end of 1999, displayed a limited increase parallel to the small increase in TL deposits in the banking sector after the sharp decline in interest rates.

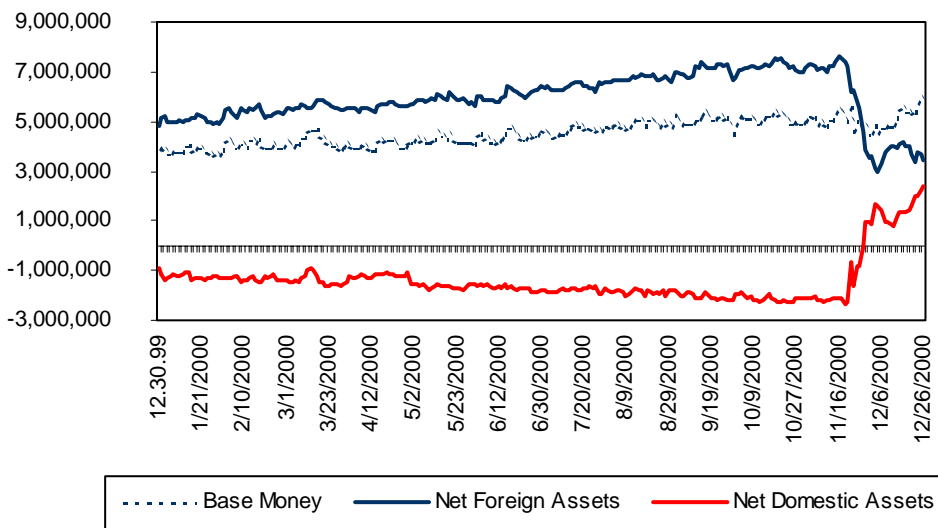
The required reserves item, displayed a limited increase in the year 2000.

As a result of the above-mentioned arrangement, the free deposits of the banking sector increased considerably at the end of 1999 and fluctuated during

The free deposits of the banking sector fluctuated during the year due to the weekly average obligation.

2000 due to the weekly average obligation. The free deposits of the banking sector, which had its maximum value of the year on the 22nd of November, contracted on a large scale during the turmoil in the financial markets and then started to increase once more, beginning from mid-December. During the turmoil in the financial markets, the average reserve maintenance period was changed; and the six week period between November 25, 2000 and January 5, 2001 was regarded as one week.

FIGURE III.1.1
BASE MONEY, NET FOREIGN ASSETS AND NET DOMESTIC ASSETS
(TL Billion)



Source: Central Bank.

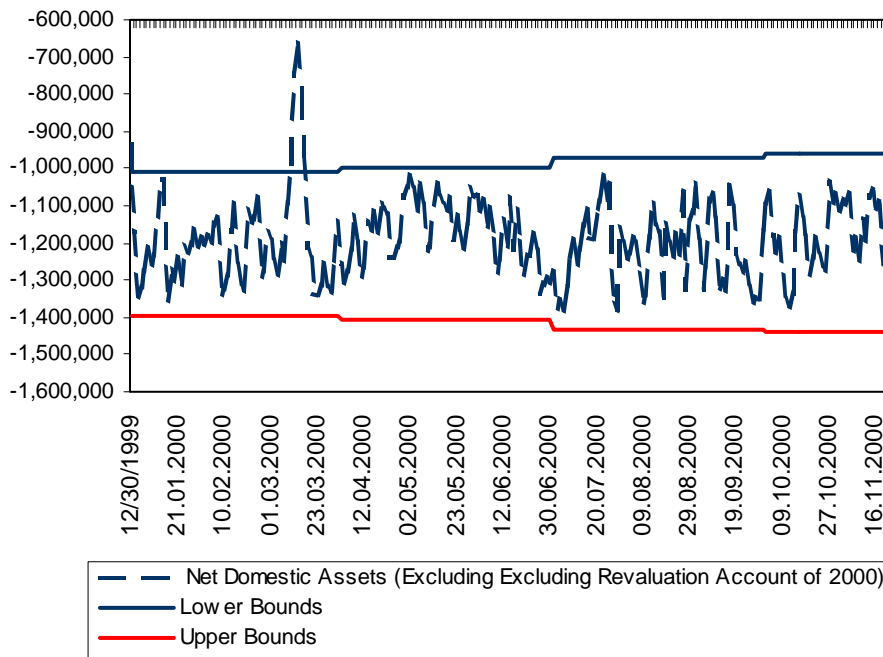
As a result of the excess foreign exchange demand realized due to the turmoil in the financial markets, the Central Bank sold a large amount of foreign exchange to the markets.

The asset side of the restructured balance sheet consists of two main items, net domestic assets and net foreign assets. Net foreign assets, computed by using constant cross rates, exhibited an increasing trend and increased by 17 percent in terms of US dollar until mid-November. As a result of the excess foreign exchange demand realized due to the turmoil in the financial markets, the Central Bank sold a large amount of foreign exchange to the markets. Hence, the net foreign assets item declined, in connection with the contraction in the gross foreign reserves, from the US \$11.06 billion level on the 17th of November to the US \$4.3 billion level on the 5th of December and took on a US \$5 billion value on the last day of 2000. As the annual figures are examined, a 46 percent decline can be seen in the net foreign assets item in terms of US dollar. When the sub-items of net foreign assets are examined, it can be seen that this contraction arose mostly from the net

international reserves item. Although the net international reserves item increased 11 percent in terms of US dollar in November before the turmoil in the financial markets, this item declined 36 percent between the 17th of November and the 5th of December and took US \$12.5 billion value. FX deposits of banking sector, one of the sub-items of gross international reserve liabilities, increased 13 percent in terms of US dollar as a result of the increase in the FX deposits of the banking sector.

During the year 2000, when the Treasury had a heavy external loan, the Central Bank had to inject liquidity into the markets via open market operations because of the obligation to stay within the limit of the net domestic assets band. Then as a result of the decline in the interest rates, the Central Bank sold net FX to the markets.

FIGURE III.1.2
NET DOMESTIC ASSETS (EXCLUDING REVALUATION ACCOUNT)
AND BAND REALIZATIONS
(TL Billion)



Source: Central Bank.

Net domestic assets (excluding the revaluation account of 2000), on the asset side of balance sheet, are determined as a performance criteria. According to this implementation, the value of net domestic assets (excluding the revaluation

account of 2000) was fixed as TL -1200 trillion and it was allowed to fluctuate roughly within a parallel band whose upper and lower limits were determined as ± 5 percent of the previous end-of-quarter base money figures. In accordance with the developments in the base money, the upper and lower bounds of the band were realized as TL -1,006 trillion and TL -1,394 trillion for the first quarter of 2000, TL -996 trillion and TL -1,404 trillion for the second quarter of 2000, TL -968 trillion and TL -1,432 trillion for the third quarter of 2000 and TL -960 trillion and TL -1,440 trillion in the last quarter of 2000.

TABLE III.1.2
SELECTED BALANCE SHEET ITEMS
(TL Trillion, Constant)

	END OF MONTH FIGURES				MONTHLY AVERAGES			
	Base Money	NFA	NDA	NDA ⁽¹⁾	Base Money	NFA	NDA	NDA ⁽¹⁾
1999 December	3,879	4,811	-932	-932	3,480	4,799	-1,319	-1,319
2000 January	3,608	4,912	-1,304	-1,212	3,793	5,041	-1,248	-1,229
February	3,938	5,295	-1,357	-1,172	4,041	5,373	-1,331	-1,209
March	4,084	5,544	-1,460	-1,141	4,208	5,601	-1,393	-1,152
April	4,060	5,590	-1,531	-1,076	4,039	5,594	-1,555	-1,192
May	4,094	5,645	-1,551	-1,074	4,240	5,869	-1,629	-1,108
June	4,631	6,458	-1,827	-1,311	4,380	6,076	-1,696	-1,206
July	4,832	6,578	-1,746	-1,156	4,624	6,399	-1,774	-1,215
August	4,763	6,584	-1,820	-1,121	4,868	6,733	-1,865	-1,211
September	4,802	6,776	-1,973	-1,164	5,025	7,057	-2,031	-1,227
October	4,896	6,977	-2,081	-1,067	5,086	7,223	-2,137	-1,197
November	4,520	3,562	958	1,939	5,008	658	-1,574	-539
December	5,788	3,422	2,366	3,325	5,149	3,711	1,438	2,379

Source: Central Bank.

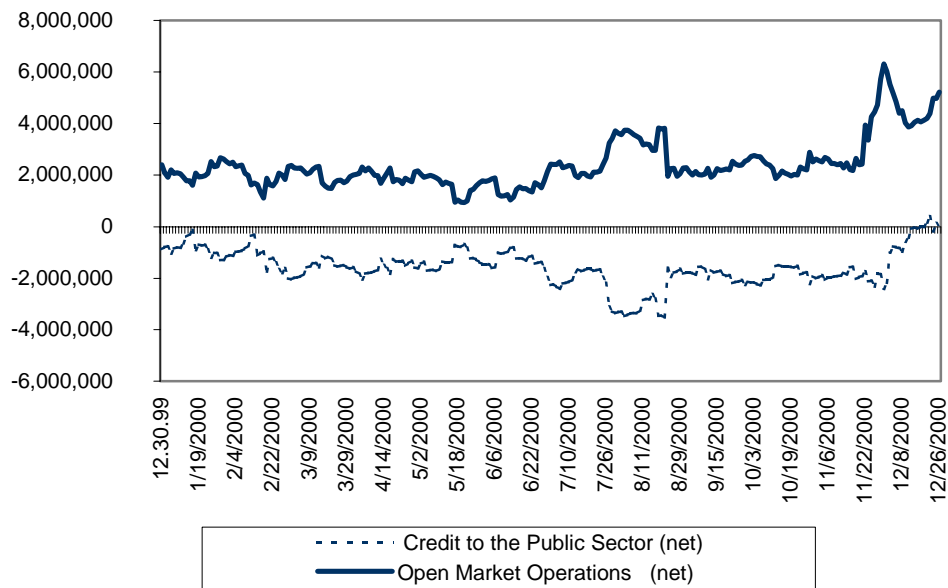
(1) Excluding Revaluation Account of 2000.

Net domestic assets (excluding the revaluation account of 2000), on the asset side of the balance sheet, are determined as a performance criteria.

Although, until mid-November, the performance criteria were successfully met, the band implementation was abandoned due to the turmoil in the financial markets and the Central Bank injected liquidity into the markets via open market operations during this term. Afterwards, a modification on the net domestic assets item was made with the Letter of Intent dated 18 December 2000 and the performance criterion for net domestic assets (excluding the revaluation account of 2000) was revised as TL 1,650 trillion. The aim of this arrangement is to ensure that the average value of the stock of net domestic assets on 11th of December and the stock of net domestic assets on 11th of January do not exceed TL 1,650 trillion.

When the year-end figures are examined, it can be seen that net domestic assets were realized as TL 1,060 trillion, which is below the performance criteria.

FIGURE III.1.3
CREDIT TO THE PUBLIC SECTOR (NET) AND OMO
(TL Billion)



Source: Central Bank.

Credit to the public sector (net), which had a value of TL -875 trillion at the end of 1999, declined to TL -3,357 trillion at the end of July 2000. Later this item started to increase and then it realized at TL 21.5 trillion at the end of year 2000. Credit to the public sector, one of the sub-items of the credit to the public sector (net), displayed a sharp decline in mid-February due to the early redemption of the government papers in accordance with the protocol signed with the Treasury, a mild increase in May and June and stayed at this level until the end of November. In December, credit to the public sector increased compared with November because of the increase in the Central Bank's portfolio. The Treasury occasionally used small amounts of short term advances and closed this account at the end of each month, in January, February, May, July and December of 2000. While the public sector deposits (TL) account fluctuated during the year, the public sector deposits (FX) item displayed a parallel trend with the Treasury's external borrowing flows. As a result of the Treasury's 30-year borrowing from the international markets (the sum amounting to US \$1.5 billion), the public sector deposits (FX) item displayed a considerable increase. In April and May, the

Treasury did not do any external borrowing and became a net payer. As a result of this, the level of the public sector deposits (FX) account was lower than that of January. Afterwards, this account increased sharply in June and July and declined in August in connection with the external borrower and payer position. This item showed a 28 percent annual increase in nominal terms and a 48 percent decline in real terms.

As a result of the band application of the net domestic assets item in 2000, open market operations were used to compensate for the developments in the public deposits and credit to the public sector until the mid-November. However, this relationship was weakened from the 22nd of November onwards, as a result of the liquidity injected into the markets.

The credit to the banking sector item had very low values and had the value of zero in November. Afterwards, this item realized as TL 500 trillion on the 6th of December due to the credit given to the Saving Deposit Insurance Fund and stayed at this value until the end of the year.

The revaluation account carried over TL 1,510 trillion from 1999. After deducting the share reserved for foreign exchange differences, it amounted to TL 1,337 trillion. Early redemption of its accumulated interest rates were made on the 15th of February. While part of the revaluation account was redeemed early, the other account, where the profit-loss of the Central Bank is also recorded, displayed activity. At the end of the year, the Central Bank's heavy use of open market operations for the injection of liquidity into the market resulted in an increase in the other account in 2000.

TABLE III.1.2
CENTRAL BANK BALANCE SHEET
(TL Trillion)

	30.12.1999	31.03.2000	30.06.2000	29.09.2000	26.12.2000
	CURRENT	CONSTANT	CONSTANT	CONSTANT	CONSTANT
I- BASE MONEY	3,879	4,084	4,631	4,802	5,788
a-Currency Issued	2,391	2,371	2,754	3,121	3,772
b. Required Reserves	1,023	1,110	1,205	1,304	1,404
c. Free Reserves	466	603	672	378	611
II-NET FOREIGN ASSETS	4,811	5,544	6,458	6,776	3,422
A-Net International Reserves (1+2+3)	8,753	9,760	10,881	11,694	8,387
1-Gross Foreign Reserves	12,835	14,359	16,110	17,724	14,495
2-Gross International Liabilities	-4,082	-4,599	-5,230	-6,030	-6,108
- FX Deposits of Banking Sector	-2,992	-3,463	-3,852	-4,368	-4,375
- IMF	-479	-501	-692	-935	-947
- Other Liabilities	-611	-635	-686	-727	-786
3-Net Forward Position	3	0	0	0	0
B- Medium Term FX Credit (net)	705	780	832	905	930
C-Other	-4,647	-4,996	-5,256	-5,823	-5,895
III-NET DOMESTIC ASSETS	-932	-1,460	-1,827	-1,973	2,366
NET DOMESTIC ASSETS (excluding Revaluation Account of year 2000)	-932	-1,141	-1,311	-1,164	3,325
A- Credit to the public sector (net)	-875	-1,584	-2,261	-2,123	22
a-Credit to the public sector	904	-10	-9	-19	1,499
b-Public sector deposits (TL)	-62	-771	-750	-647	-249
c-Public sector deposits (FX)	-1,718	-803	-1,501	-1,457	-1,229
B-Funds	-31	-67	-72	-95	-116
C- Deposits of non-bank sector	-22	-20	-45	-39	-45
D- Credit to banking sector	8	4	0	0	500
E-Open Market Operations (net)	2,407	2,009	2,430	2,593	5,219
F-Other	-1,280	-1,673	-1,554	-1,691	-2,445
G-Revaluation Account	-1,329	-319	-516	-809	-959
H- IMF Emergency assistance (Treasury)	191	191	191	191	191

Source: Central Bank.

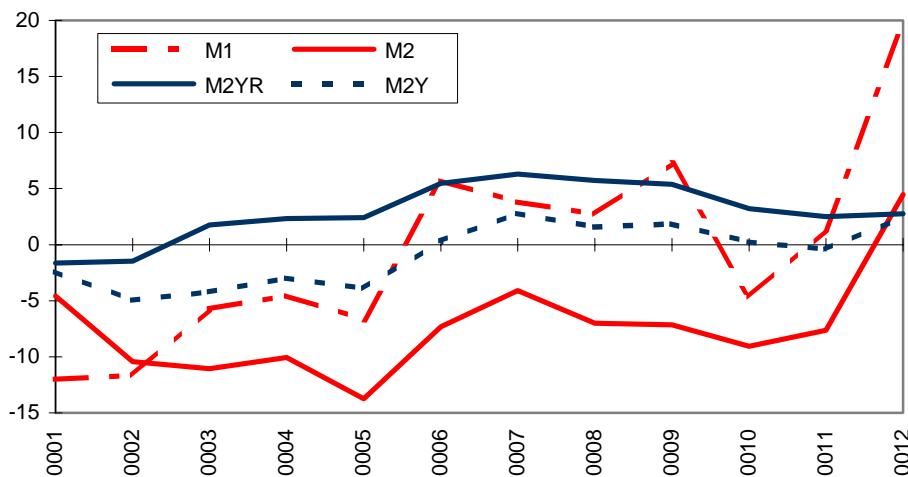
III.1.2. Monetary Aggregates

Monetary aggregates have increased in real terms in 2000.

Monetary aggregates increased in real terms in 2000. Compared to the end of 1999, M1 increased by 20 percent, M2 by 4 percent, and M2Y by 3 percent. Due to reasons like capital inflows, the religious holidays and the New Year holiday, currency in circulation and demand deposits, which are sub-items of M1, increased by 12 percent and 23 percent respectively in the last month of 2000. Thus, M1 showed the greatest increase among the monetary aggregates. The volume of TL time deposits decreased by 10 percent due to the relatively low TL deposit interest rates in the first eleven months 2000 and the increased volume of repo and foreign exchange deposits. During the last month of 2000, however, there was a 12 percent increase in the volume of TL time deposits because of the increase in interest rates, resulting in an overall 0.2 percent increase in real terms.

Even though foreign exchange deposits, a sub-item of M2Y, showed a real increase of 9 percent in the first 11 months of the year, there was 8 percent decrease in real terms in the last month of 2000. Thus, in terms of Turkish lira the volume of foreign exchange deposits remained at the same level as it had been at the end of 1999. In terms US dollar however, the volume increased by 12 percent reaching US \$36 billion

FIGURE III.1.4
MONETARY AGGREGATES
(Real cumulative percentage change)



Source: Central Bank, last Friday of each month.

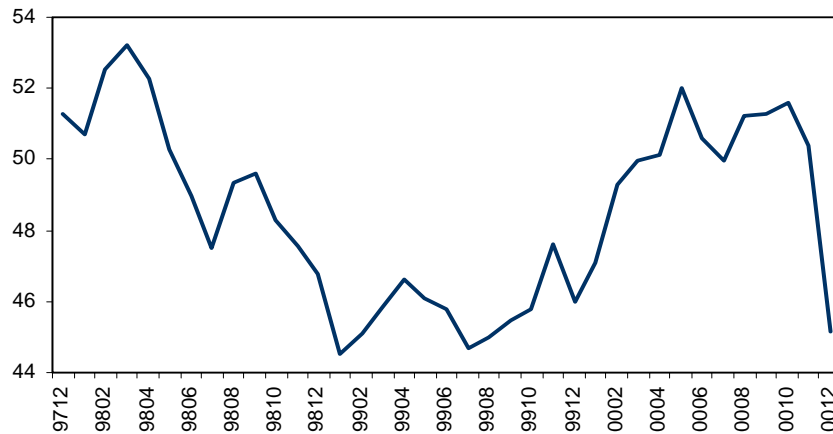
Because of the increase in TL deposit interest rates caused by the fluctuations in financial markets in December and seasonal causes like year-end adjustment accounts by banks, money was transferred from foreign exchange deposits and repo to TL deposits.

TABLE III.1.4
BASIC MONETARY AGGREGATES, FOREIGN EXCHANGE RATE AND
PRICE DEVELOPMENTS
(Cumulative percentage change)

	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII
M1	-7.7	-3.9	5.5	9.3	9.2	24.5	25.1	26.5	36.1	24.7	37.6	66.5
Currency in Circulation	-7.3	-1.1	-1.9	2.4	11.9	21.3	26.9	37.1	33.9	37.1	40.0	60.4
Sight Deposit	-8.1	-5.9	10.6	14.0	7.4	26.8	23.8	19.2	37.7	16.3	35.9	70.6
M2	0.1	-2.6	-0.5	3.0	1.0	9.2	15.6	14.5	17.8	19.0	25.3	45.2
Time Deposit	2.2	-2.2	-2.1	1.2	-1.3	4.9	12.9	11.2	12.7	17.4	21.9	39.3
M2Y	2.3	3.4	7.2	11.1	12.5	18.3	23.8	25.0	29.2	31.2	35.1	42.5
For. Ex. Dep. (TL)	5.3	11.0	17.1	21.6	27.4	29.9	34.5	38.6	43.9	46.8	47.8	39.0
REPO	11.0	44.5	79.4	76.6	92.1	83.4	69.5	80.3	77.5	72.8	77.5	46.5
US \$	2.9	6.1	8.9	12.3	13.6	14.6	17.4	20.6	22.8	27.4	27.5	24.4
MARK	1.0	2.1	3.4	3.0	5.8	8.8	8.3	7.7	8.2	4.8	7.2	14.1
CPI (1994=100)	4.9	8.7	11.9	14.5	17.1	17.8	20.5	23.1	26.9	30.8	35.7	39.0

Source: Central Bank, last Friday of month data were used.

FIGURE III.1.5
FOREIGN EXCHANGE DEPOSITS/TOTAL DEPOSITS
(Percentage)

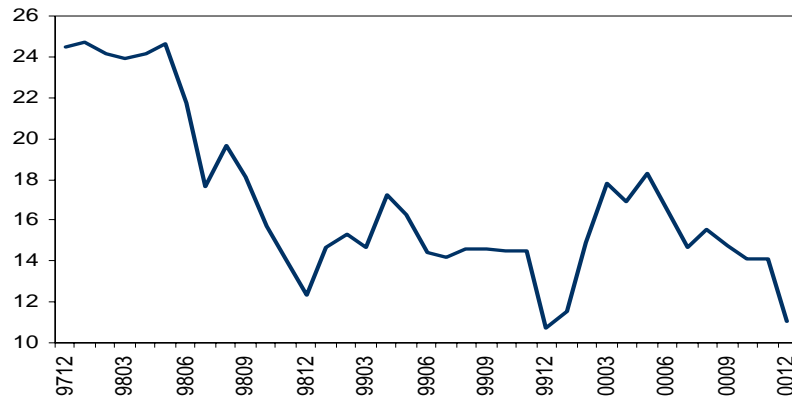


Source: Central Bank, last Friday of month data were used.

The return on foreign exchange deposits did not change significantly in 2000. Foreign exchange deposits, which had been 46 percent of total deposits at the end of 1999, increased to 50 percent in November because of the decrease in TL deposit interest rates. This rate again decreased to 45 percent at the end of the year since money was transferred from foreign exchange deposits to TL deposits in December because of the increase in interest rates.

Repo transactions between banks and intermediary institutions and their customers were TL 4.1 quadrillion at the end of 1999. They rapidly increased until March 2000, maintained this level for the following months, realized at TL 7.2 quadrillion in November, and decreased to TL 6 quadrillion in December. The volume of repo in total deposits was 11 percent at the end of 1999. However, due to the decrease in TL deposit interest rates, it increased to 14 percent in November. Since money was transferred from repo to TL deposits in December, it again decreased to 11 percent at the end of the year.

FIGURE III.1.6
REPO/TOTAL DEPOSITS
(Percentage)



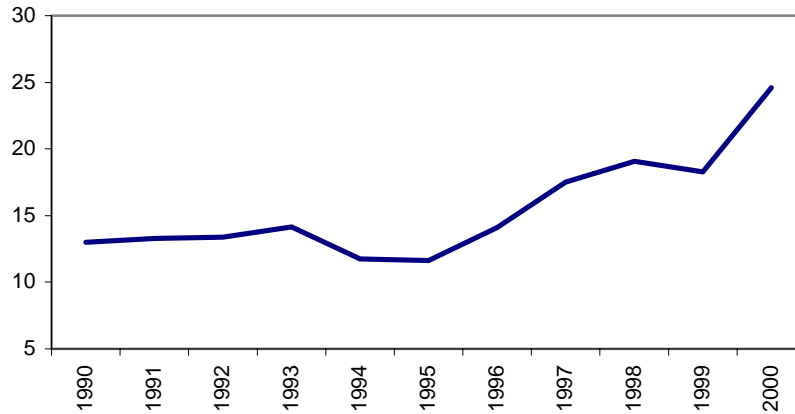
Source: Central Bank, last Friday of month data were used.

III.1.3. Developments in Credit

The volume of credit extended to the real sector increased by 22 percent as of the end of 2000.

The monetary program that was implemented became the main determinant of credit developments and credit volume increased considerably just as has been observed in other countries that implemented similar monetary programs. As of the third quarter of 2000, the ratio of credit extended to the real sector to the GDP realized at 25 percent. This ratio had been 18.2 as of the end of 1999.

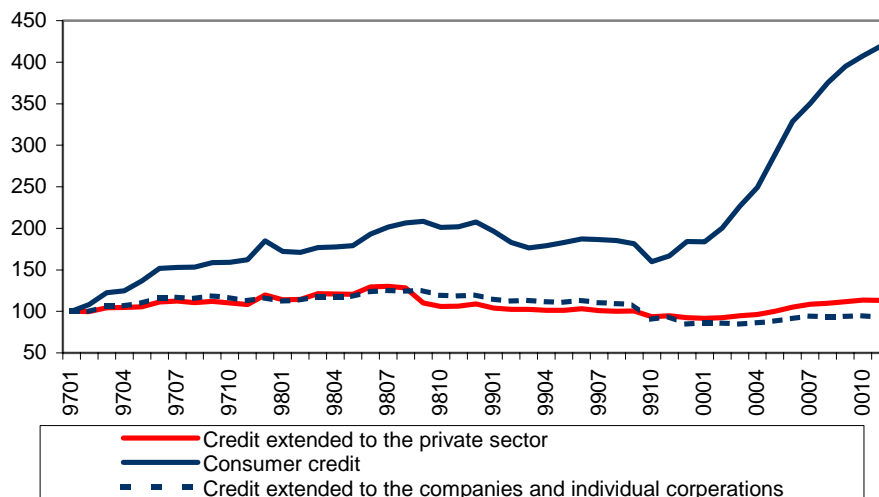
FIGURE III.1.7
CREDIT EXTENDED TO NON-FINANCIAL SECTOR TO GNP RATIO
(Percentage)



Source: Central Bank.

Credit extended to the real sector by deposit banks had contracted seriously in 1999. However, a significant recovery, a 22 percent increase in real terms, occurred in 2000. The declining interest rates at the onset of the program were the main factor on the demand side of that escalation. Decreasing volume of the securities item in the banking sector balance sheet, due to the increase in foreign borrowing, were acting on the supply side.

FIGURE III.1.8
CREDIT REAL INDEX (1997=100)



Source: Central Bank.

In the first half of the year, banks preferred to expand the volume of TL denominated credit. However, after the amendment concerning the short position had been put in effect, FX denominated credit volume began to recover. As of the end of 2000, the share of FX denominated credit in the total credit realized at 33 percent, having been 43 percent at the end of 1999. Another important development in credit was the rapid growth in the volume of consumer credit and transactions made via credit cards. With the implementation of the program, consumer credit volume increased in real terms every month, and this trend broke down only in December, when all types of interest rates floated at a high plateau. As of the end of 1999, the share of consumer credit in the total credit was 14 percent, but it realized at 27 percent at the end of 2000.

III.2. CENTRAL BANK TRANSACTIONS

High volatility in the short-term interest rates was observed in 2000, following the net domestic assets band implementation.

In 2000, the amount of funding through open market operations was determined in the framework of the monetary policy rules implying limits on the net domestic assets. In line with this implementation, the width of the net domestic assets band and the changes in the credit to the public sector (net) item in the Central Bank balance sheet was effective in the determination of the amount of liquidity injection into the markets. An important implication of the Central Bank taking the net domestic assets band into consideration in monetary policy implementation has been the high level of volatility in the short-term interest rates in 2000. It was also observed that the banks tended to sell or buy foreign exchange in the foreign exchange and foreign currency markets of the Central Bank for liquidity adjustments at the end of the day in the framework of predetermined rates depending on the liquidity in the markets. In general, the transactions of the banks in the foreign exchange markets have been on the selling side in periods of increasing TL interest rates, whereas the banks demanded foreign exchange and foreign currency at the end of the month aiming at closing their foreign exchange positions.

The intensive liquidity demand that was observed together with a high demand for foreign exchange in the second half of November and in December resulted in TL injection by the Central Bank via repo transactions, auctions and quotations, open market operations and the interbank market, thereby breaching the net domestic assets ceiling and making the Central Bank a net seller in the foreign exchange market. In this period of high increases in short-term interest rates, a very sharp rise in the interbank market transaction volumes was observed. Part of the foreign exchange demand in this period was due to the demand by the foreign investors, whereas some of it came about as a result of the banks' needs for closing

their open foreign exchange positions. In the same period, the interest rates on the government securities traded in the ISE Bond and Bills Market showed increases. The Central Bank met the sharp increase in the liquidity need in the market and accordingly revised the net domestic assets target for the end of 2000 with the announcement of the Monetary Program on 22nd of December.

TABLE III.2.1
INTEREST RATES
(Weighted Average Compounded Interest Rates)

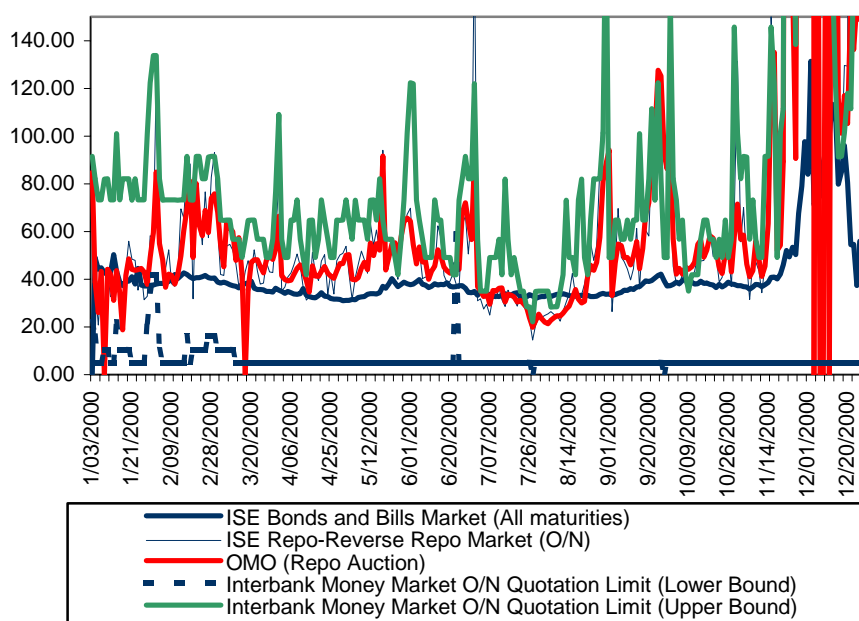
	ISE Bonds and Bills Market	ISE Repo Reverse Repo (O/N)	Treasury Auctions (1)	OMO (repo)	Interbank Money Market (O/N)
January	40.70	39.96	36.45	40.41	45.08
February	40.30	65.11	40.31	55.87	66.37
March	36.70	48.26	35.79	53.01	48.49
April	33.10	41.87	33.48	41.89	45.44
May	34.70	53.46	36.55	52.55	51.09
June	37.00	54.05	39.82	54.37	54.61
July	33.30	28.97	32.38	30.09	30.76
August	33.20	49.98	33.24	35.77	55.64
September	36.70	63.79	33.58	74.89	62.50
October	38.10	50.51	37.46	50.10	48.37
November	45.10	134.77	38.72	200.89	305.95
December	78.10	991,357.56	-	5,143.86	33,808.79

Source: Central Bank.

(1) Floating rate auctions are not included.

As a result of the monetary and exchange rate policy, short-term interest rates and the interest rates on the government securities declined substantially. Following the rise in confidence after the announcement of the program, the Treasury used external borrowing opportunities and borrowed through long-term securities denominated in major currencies such as the US dollar, the euro and the Japanese yen. The improvement in the external borrowing conditions of the Treasury and improvement in the primary fiscal balances helped to control the rate of increase in the domestic debt stock, as well as increase the average days to maturity of the domestic debt stock and realize domestic borrowing that is lower than redemption. In general, the Treasury used discounted securities and floating rate notes with coupon yields as the domestic borrowing instruments.

FIGURE III.2.1
INTEREST RATES
(Weighted Average Compound)



Source: Central Bank.

III.2.1. Open Market Operations

The liquidity management of the Central Bank was determined within the framework of the net domestic assets band.

In the period of 2000 prior to the 22nd of November, the monetary policy was conducted basically by open market operations which were within the limits of the net domestic assets band determined by the Stand-by agreement (excluding the religious holiday period in March, which was included in the pre-determined exceptional periods when high volatility in base money is observed), and the policy of no sterilization was consistently pursued. During this period, the main function of the open market operations was to keep the net domestic assets stock within the pre-determined band by offsetting the effects of the changes in the credit to the public sector (net) sub-item of net domestic assets and thereby changing the composition of the net domestic assets. Temporary liquidity shortages or cases of excess liquidity were prevented to the extent determined by the width of the net domestic assets band by the effective usage of open market operations within the limits of the monetary program and thereby sustaining a relatively smoothed out pattern of liquidity activity over time.

The intensive foreign exchange demand and the liquidity shortage in the period after the 22nd of November necessitated an increase in Central Bank funding via open market operations and the values outside the pre-determined band limits for the net domestic assets stock were reached in this period.

The open market portfolio, that amounted to TL 916.7 trillion measured in terms of purchasing price and TL 982.4 trillion in nominal terms, was eliminated, including the accrued interests by the discharge of the revaluation account. In November and December, the Central Bank provided the markets with liquidity following the intensive liquidity shortage occurring after the 22nd of November. The realized value of assets at the end of 2000 was TL 1,514.9 trillion in terms of purchasing price and TL 2,787.3 trillion in nominal terms.

TABLE III.2.2
OPEN MARKET OPERATIONS
(TL Trillion)

2000	Direct		Reverse		Maturing		CBRT	Net Effect (8) ⁽¹⁾
	Purchase (1)	Sales (2)	Repo (3)	Repo (4)	Repo (5)	Repo (6)	Redemption (7)	
January	51.5	-	-	-	10,636.6	10,114.7	-	573.4
February	-	-	-	-	9,110.0	9,446.7	128.6	-208.2
March	-	-	-	-	7,950.0	8,363.6	-	-413.6
April	-	-	-	-	8,379.0	8,298.4	-	80.6
May	-	-	-	-	9,800.0	10,208.7	-	-408.7
June	-	-	-	-	9,005.0	8,410.8	-	594.2
July	-	-	-	-	10,765.0	9,529.8	-	1,235.2
August	-	-	-	-	14,960.0	16,481.9	-	-1,521.9
September	-	-	-	-	9,770.0	9,595.1	-	174.9
October	-	-	-	-	10,890.0	10,885.7	-	4.3
November	190.9	-	-	-	20,332.4	17,081.0	-	3,442.3
December	1,324.1	-	-	-	22,285.1	23,793.3	-	-184.1
TOTAL	1,566.5	-	-	-	143,883.1	142,209.7	128.6	3,368.4

Source: Central Bank.

(1) (8)=(1) - (2) - (3) + (4) + (5) - (6) + (7).

During 2000, the net total amount injected into the market via open market operations was TL 3,368.4 trillion. Changes in public sector TL and FX deposits sub-items of the net domestic assets of the Central Bank balance sheet had been determinants in open market operation funding. TL liquidity had been created in exchange for foreign exchange in the period until 22nd of November as was presupposed by the monetary and foreign exchange policy determined within the

In 2000, changes in public sector TL and FX deposits sub-items of the net domestic assets of the Central Bank balance sheet had been determinants in Central Bank funding through open market operations.

framework of the program. The net effect of open market operations was TL –157.2 trillion in this period. However, starting from the 22nd of November, the amount of funding through open market operations was increased and a net total amount of TL 3,709.7 trillion was injected into the market via direct purchases and repo transactions in the remaining period of 2000. As the TL liquidity started to be obtained from foreign exchange sales to the Central Bank beginning in early December, the amount of funding through open market operations was decreased, but was increased again after mid-December due to a number of reasons, such as increases in the demand for currency issued in the period before the religious holiday and the demand for foreign exchange by the banks aiming at closing their positions (Table III.2.2).

Within the framework of the monetary program, open market operations were conducted via repo transactions using auctions. In contrast to practices of previous years, the funding amount was stated in the auction announcement. However, the quotation method which is applied in periods of uncertainty in the market and high volatility in interest rates was also used in the period after the 22nd of November.

In line with the elimination of uncertainties in the foreign exchange policy, the interest rates realized in open market operations had been determined mainly by the foreign exchange inflows and outflows, as are the other short term interest rates. In periods of positive net borrowing by the Treasury and net capital inflows, sharp declines in short term interest rates are observed. In this framework, the interest rates realized in open market operations remained at low levels compared to previous years together with cyclical fluctuations, the effects of which could be decreased to some extent. After the 22nd of November, high amounts of foreign exchange outflows from Central Bank and intensive liquidity shortage emerging in the markets brought about very high levels and volatility in the interest rates.

In 2000, the interest rates realized in open market operations had been determined mainly by the capital flows as an implication of the monetary policy set-up.

The Central Bank of the Republic of Turkey

MONETARY POLICY INSTRUMENTS (2000)								
MONETARY POLICY OPERATIONS	INJECTION OF LIQUIDITY	ABSORPTION OF LIQUIDITY	MATURITY	FREQUENCY	METHOD	COLLATERAL	PRIMARY/SECONDARY MARKET	PARTICIPANTS
OPEN MARKET OPERATIONS								
REPO	+		3 months at most	Daily ⁽¹⁾	Quotation and/or Auction ⁽²⁾	Government Securities (GS)	Primary market	Banks, Financial Intermediaries
REVERSE REPO		+						
DIRECT SALES		+	Used after 22nd of November					
DIRECT PURCHASES	+							
DEPOSIT FACILITY IN THE INTERBANK MONEY MARKET		+	Changing from O/N to 3 months	Daily	Quotation	GS ⁽³⁾ , FX Deposits, Foreign Securities, Gold Deposits	Banks	
LENDING FACILITY IN THE INTERBANK MONEY MARKET	+							
FOREIGN EXCHANGE TRANSACTIONS (INTERVENTIONS)								
SALES OF FX IN RETURN FOR TL		+	Same day, 1 days, spot (2 days)	Daily	Sales and Purchases at Preannounced Rates		Banks, Financial Intermediaries and Authorized Institutions	
SALES OF TL IN RETURN FOR FX	+							
RESERVE REQUIREMENTS								
Reserve Requirements have been implemented as 6 percent ⁽⁴⁾ for TL deposits, 11 percent ⁽⁵⁾ for FX deposits.								Banks
LIQUIDITY RATIOS								
<p>According to the Communiqué of the Central Bank dated December 10, 1999, the banks are obliged to maintain:</p> <ul style="list-style-type: none"> - Securities amounting to at least 4 percent, TL cash amounting to at most 2 percent, totaling to 6 percent and TL free reserves amounting to 2 percent of TL deposits (a total of 8 percent) - Securities amounting to at least 1 percent, TL cash amounting to at most 2 percent of FX deposits (a total of 3 percent) - Securities amounting to at least 4 percent, TL cash amounting to at most 2 percent, totaling to 6 percent and TL free reserves amounting to 8 percent⁽⁶⁾ of TL liabilities excluding deposits (a total of 14 percent) - Securities amounting to at least 1 percent, FX cash amounting to at most 2 percent, totaling to 3 percent and FX free reserves amounting to 11 percent of FX liabilities excluding deposits (a total of 14 percent) - TL free reserves amounting to 8 percent of the exceeding amount in the cases of inadequate FX general position (a total of 8 percent). 								Banks
OVERDRAFT FACILITY								
Banks can meet urgent fund needs amounting to their usable limits in the interbank money market during the day.								Banks
FORWARD TRANSACTIONS LIMIT								
Banks were allocated forward transactions limits at 1 and 3-month maturities in addition to their limits in the interbank money market ⁽⁷⁾ .								Banks

Source: "Monetary Policy Issues and Experiences", Emir, Karasoy, Kunter (2000) (internal study).

(1) According to the liquidity condition of the market, the CBRT can engage in a repo operation or a reverse repo operation. CBRT was not engaged in reverse repo operations in 2000.

(2) The quotation method, which is applied in periods of uncertainty in the markets was used in the period after 22nd of November.

(3) Includes government securities denominated in FX, indexed to FX and other types of securities.

(4) With the communiqué of the Central Bank dated December 10, 1999 and going into effect on December 24, 1999, the ratio of required reserves for TL deposits was reduced from 8 percent to 6 percent and the remaining 2 percent will be kept as free deposits in the context of weekly averages for the obligation of liquidity ratio.

(5) With the communiqué of the Central Bank dated November 25, 2000 and going into effect on January 12, 2001, the ratio of required reserves for TL deposits was reduced from 6 percent to 4 percent.

(6) Starting from the week dated January 13-19, 2001, the TL free reserve obligation of the banks as liquidity ratios was reduced from 8 percent to 6 percent.

(7) The Central Bank initiated a new application going into effect on November 30, 2000 increasing the liquidity facilities of the banks at maturities excluding 1 and 3 months by the addition of Forward Transactions Limits to the borrowing limits.

III.2.2. Interbank Money Market Transactions

In 2000, the Central Bank pursued a policy aiming at limiting the volume of transactions in the interbank money market that it would get involved in.

In the period prior to the 22nd of November in 2000, the Central Bank had announced its quotations at broader intervals in the interbank market compared to previous years, considering the daily developments in the markets. In this period, the average difference between the bid-offer quotations of the Central Bank has been 44.39 percent, being at a higher level than the 1999 indicating the tendency of the Central Bank not to get involved in transactions in this market. In the period of intensive liquidity shortage after the 22nd of November, bid quotations were fixed at the rate of 5 percent, which was considerably lower than the market rates, while the offer rates were determined in line with the rates realized in the markets. In the latter period, the average difference between the bid-offer quotations was 193.36 percent.

The Central Bank was a net seller in the interbank market during 2000 and 53.4 percent of the total sales was realized in the period of high liquidity shortage after the 22nd of November (Table III.2.3).

TABLE III.2.3
CENTRAL BANK TRANSACTIONS
IN THE INTERBANK MARKET
(TL Trillion)

2000	O/N Purchase Amount	O/N Purchase Avr. Interest Rate (Simple)	O/N Sales Amount	O/N Sales Avr. Interest Rate (Simple)	Total Net Purchase ⁽¹⁾
January	12.4	20.00	146.5	70.30	-134.1
February	8.0	5.00	67.7	70.14	-59.7
March	-	-	97.3	54.65	-97.3
April	-	-	155.3	50.65	-155.3
May	-	-	46.8	59.90	-46.8
June	-	-	36.3	62.80	-36.3
July	-	-	72.4	56.05	-72.4
August	-	-	157.2	59.32	-157.2
September	-	-	123.6	76.56	-123.6
October	7.0	5.00	52.7	45.87	-45.7
November	-	-	312.1	304.68	-312.1
December	429.3	175.35	816.0	363.48	-386.7
TOTAL	456.7		2,083.7		-1,627.0
AVERAGE		165.54		216.07	

Source: Central Bank.

(1) Net purchases are calculated as total purchases minus total sales. Negative values indicate that sales are greater than purchases.

The Central Bank of the Republic of Turkey

The “overdraft facility” application aims at satisfying the daily urgent funding requirements in the banking system and minimizing the tightness in the payment systems. In 2000, 57 banks used TL 12,123 trillion of this facility.

In order to maintain depth and continuity, forward transaction limits (FTL) allocate the banks extra limits for 1 and 3-month maturity same-day transactions in addition to their borrowing limits in the interbank money market. A total of 31 banks used this facility. In 2000, one sided transaction volume was TL 402.9 trillion at 1-month maturity and TL 94.2 trillion at 3-month maturity. Due to the intensive liquidity shortage in the markets that were being observed starting from late November, the Central Bank initiated a new application increasing the short term liquidity facilities of the banks by the addition of the forward transaction limits to the borrowing limits.

The Central Bank initiated a new application increasing the short-term liquidity facilities of the banks going into effect on November 30, 2000.

TABLE III.2.4
INTERBANK MONEY MARKET⁽¹⁾

	O/N	O/N	1 WEEK	1 WEEK	1 MONTH	1 MONTH	
Total	Total	Average	Total	Average	Total	Average	
Transactions	Transactions	Interest	Transaction	Interest	Transaction	Interest	
Volume	Volume	Rate	Volume	Rate	Volume	Rate	
(TL Trillion)	(TL Trillion)	(Simple)	(TL Trillion)	(Simple)	(TL Trillion)	(Simple)	
January	3,102.2	3,054.5	36.79	2.0	32.50	44.7	35.39
February	3,514.4	3,435.9	50.06	12.3	53.12	21.4	43.02
March	3,351.2	3,297.1	39.20	18.0	38.36	21.9	36.72
April	3,030.0	3,009.4	36.68	5.0	38.00	15.6	35.45
May	3,655.4	3,611.7	41.16	2.0	44.00	39.1	37.14
June	4,008.1	3,903.8	43.05	17.2	44.27	57.3	40.00
July	2,843.8	2,800.4	26.56	7.4	26.00	36.0	31.03
August	2,988.4	2,923.3	42.58	8.0	47.38	48.8	30.15
September	3,782.0	3,720.7	47.44	9.5	51.69	43.7	37.82
October	3,924.3	3,871.9	38.53	-	-	50.8	38.70
November	4,868.5	4,841.3	95.43	3.4	42.00	23.9	37.84
December	10,959.3	10,489.3	183.20	470.0	85.95	-	-

Source: Central Bank.

(1) Transaction volume figures are one-sided.

The overnight transactions constituted a very high proportion of the transactions made in the interbank money market and increased substantially, especially in the period after the 22nd of November, when short-term interest rates displayed sharp increases. The Central Bank’s guarantee for the realization of the transactions in the interbank money market, implying that the Central Bank would carry the burden of risk of the transaction, has been influential in this development.

In the period after the 22nd of November, a sharp increase in the volume of transactions in the interbank money market was observed.

III.2.3.Foreign Exchange And Foreign Currency Markets

In 2000, the total volume of transactions in the foreign exchange and the foreign currency markets was US \$179.9 billion in two-sided terms, 65.3 percent of which was realized in TL-foreign exchange market, 30.3 percent in FX deposits market and 2.3 percent in TL-foreign currency markets (Table III.2.5).

TABLE III.2.5
TRANSACTIONS VOLUME IN FOREIGN EXCHANGE-FOREIGN
CURRENCY MARKET⁽¹⁾
(US \$ Million)

2000	TL- FX	TL-FC	FX-FC	FX-FX	FC-FC	FX Deposits	Total
January	9,549.2	370.5	491.0	-	6.7	2,974.1	13,391.5
February	10,528.7	587.1	303.8	-	27.9	4,070.5	15,518.0
March	6,800.6	282.7	197.9	-	13.4	4,402.4	11,697.0
April	5,208.5	184.0	122.8	-	5.8	3,769.5	9,290.6
May	7,659.2	521.7	220.1	14.1	29.3	4,649.8	13,094.2
June	7,750.0	169.1	154.1	-	12.1	4,571.7	12,657.0
July	8,157.9	125.2	148.1	-	4.8	4,298.2	12,734.2
August	6,051.0	327.1	316.4	-	22.4	4,694.8	11,411.7
September	8,482.3	382.8	304.7	-	49.0	4,515.2	13,734.0
October	7,602.5	390.8	260.4	-	22.4	4,838.3	13,114.4
November	20,240.6	342.6	406.6	-	25.9	5,449.3	26,465.0
December	19,452.2	398.3	411.2	322.4	24.0	6,208.2	26,816.3
Total	117,482.7	4,082.0	3,337.1	336.5	243.7	54,442.1	179,924.1

Source: Central Bank.

(1) Transaction volume figures are two-sided.

The monetary policy that was implemented in 2000 presumed that increases in the base money would be met by increases in net foreign assets. Within this framework, the banks were sellers or buyers in the foreign exchange and foreign currency markets by considering the increases in the short-term interest rates. Accordingly, the banks were sellers of foreign exchange in case of increases in the short-term interest rates. On the other hand, they were the buyers in the foreign exchange market in general at the end of each month in order to close their open foreign exchange positions. In addition, it was observed that the banks were net sellers of the foreign exchange when they made syndicated credit agreements with foreign financial institutions. However, following the increase in the demand for foreign exchange during the financial stress observed in late November, the Central Bank became a net seller of foreign exchange. After the agreement between Turkey

and the IMF on the provision of Supplementary Reserve Facility to Turkey in early December, the Central Bank was a net buyer in the foreign exchange market for the rest of December.

In 2000, the depreciation of the euro against the US dollar and the pre-announced depreciation path of the Turkish lira against the exchange rate basket resulted in a different rate of increase in parity between “US dollar/Turkish lira” parity and “euro/Turkish lira” parity. As a result of the decline in the “euro/US dollar” parity from 1.00 at the beginning of the year to 0.92 at the end of the year, the annual rates of increase in “euro/Turkish lira” and “US dollar/Turkish lira” parities were realized as 14.1 percent and 24.4 percent respectively.

The exchange rate policy necessitated a closer consideration of the fluctuations in the international parities by the market participants.

As a side effect of the monetary policy implemented in 2000, it was observed that the banks considered the changes in the international parities more than they had in previous years.

TABLE III.2.6
CBRT NET PURCHASES/SALES OF FOREIGN EXCHANGE
(US \$ Million)

2000	Monthly Net Foreign Exchange Purchases ⁽¹⁾	Cumulative Net Foreign Exchange Purchases ⁽¹⁾
January	-1,334	-1,334
February	900	-434
March	340	-94
April	-176	-270
May	707	437
June	-92	346
July	-1,233	-888
August	932	44
September	-161	-116
October	312	195
November	-5,795	-5,599
December	-797	-6,396

Source: Central Bank.

(1) Negative values indicate Central Bank's sales of foreign exchange.

IMPORTANT EVENTS THAT AFFECTED THE MARKETS

January 1, 2000: The Disinflation Program was put into effect.

January 11, 2000: The Treasury issued bonds amounting to US \$1.5 billion and with 30 year maturity to international markets.

January 21, 2000: The law that allows international arbitration to be valid for past cases was legislated.

January 26, 2000: The Treasury issued bonds amounting to euro 1 billion and with 10 year maturity.

February 15, 2000: In accordance with the protocol signed with the Treasury, the revaluation account item in the balance sheet of the Central Bank was discharged against government securities in the portfolio of the Bank.

March 10, 2000: The 1st Additional Letter of Intent submitted to the IMF was declared to the public.

March 27, 2000: The Central Bank announced that the depreciation rate of the Turkish lira against the exchange rate basket would be 0.9 percent for the first quarter of 2001.

April 12, 2000: The İş Bank – Telecom Italia joint venture offered US \$2.5 billion (excluding VAT) for the 3rd GSM license.

April 25, 2000: Standard & Poor's raised the long-term credit rating of Turkey.

May 5, 2000: The penalty for the net open foreign exchange position exceeding the pre-determined ratio of the capital base was raised from 8 percent to 100 percent of the exceeding part. This amount should be deposited with the Central Bank as a free deposit account.

May 8, 2000: The Treasury established the primary dealership system. 19 banks that fulfil the previously determined conditions were proclaimed primary dealers.

June 1, 2000: For the calculation of the net general foreign exchange position/capital base, a standard ratio started to be used.

June 1, 2000: Saving Deposits Insurance Fund limited the coverage of insurance for savings deposits to TL 100 billion for 2000 and TL 50 billion for 2001.

June 22, 2000: The 2nd Additional Letter of Intent submitted to the IMF was announced.

June 30, 2000: The Central Bank announced that the depreciation rate of the Turkish lira against the exchange rate basket would be 0.85 percent for the second quarter of 2001.

August 31, 2000: The Banking Supervision and Regulation Authority started functioning.

September 4, 2000: No bid was tendered for the auction of the 20 percent block sale of Turk Telecom.

September 26, 2000: The President's Office returned the decree in lieu of law related to the privatization of state banks to the Prime Minister's Office.

September 29, 2000: The 3rd part of the loan that was to be given to Turkey was postponed by the IMF until December.

September 29, 2000: The Central Bank disclosed its monetary and exchange rate policies to be carried out in the second half of 2001. The depreciation rate of the Turkish lira against the exchange rate basket was determined as 0.85 percent and it would be applied for the second half of the year when the exchange rate band would be put into effect. The daily figures for the upper and lower values of the total band, which would reach 7.5 percent at the end of December 2001, were disclosed.

October 27, 2000: The Banking Supervision and Regulation Authority disclosed that Etibank A.Ş. and Bank Kapital T.A.Ş. had been transferred to the Savings Deposits Insurance Fund.

November 3, 2000: The Banking Supervision and Regulation Authority disclosed that government securities amounting to a total of US \$6.1 billion would be transferred by the Treasury to the Savings Deposits Insurance Fund for the rehabilitation of the 8 banks that had been taken over.

November 16, 2000: The Action Plan related to the rehabilitation of the banks transferred to the Savings Deposits Insurance Fund was disclosed.

November 20, 2000: The Istanbul Stock Exchange index decreased by 7.1 percent.

November 21, 2000: The Central Bank disclosed that, as of January 12, 2001, reserve requirement ratios would be decreased from 6 percent to 4 percent.

November 22, 2000: Because of the liquidity shortage in the markets, the Central Bank provided the market with TL 1.688 quadrillion through open market operations. This caused the net domestic assets performance band to be exceeded.

November 27, 2000: Liquidity Ratio Implementation was modified in favor of banks in order to ease the money market conditions.

November 29, 2000: The net international reserves item decreased below the US \$13.5 billion floor value that had been targeted for the end of the year.

November 30, 2000: The Central Bank disclosed that the net domestic assets would be fixed at its November 30th level and liquidity would be created only in return for foreign exchange.

December 6, 2000: Demirbank, which is one of the primary dealers, was transferred to the Savings Deposits Insurance Fund. The banking license of Park Yatirim was cancelled.

December 6, 2000: The Prime Ministry disclosed additional tax measures and announced that 33.5 percent of TELEKOM would be privatized and the strategic partner would be given administrative power. Moreover, 51 percent of THY would be sold. The IMF disclosed that it had provided US \$10.4 billion credit to Turkey and US \$7.5 billion of which would be Supplementary Reserve Facility.

December 18, 2000: The 3rd additional Letter of Intent submitted to the IMF, which included additional measures and brought the structural reforms calendar forward, was announced.

December 22, 2000: The Central Bank disclosed the revised net domestic assets and net international reserves performance criteria for the end of 2000 and the monetary and exchange rate policies for 2001.

FINANCIAL INDICATORS IN THE NOVEMBER-DECEMBER 2000 PERIOD						
	Interest Rates					
	NDA (TL Trillion)	NFA (US \$Million)	OMO repo auction (annually percent) ⁽¹⁾	ISE		
				ISE Bonds and Bills Market (annually percent) ⁽²⁾	Repo-Reverse Repo Market (O/N) (annually percent) ⁽¹⁾	ISE Stock Exchange Market (National 100 Index)
15.11.2000	-1,064.0	10,803.4	80.83	40.80	91.72	13,527
16.11.2000	-1,106.6	11,165.1	86.21	40.87	79.17	13,183
17.11.2000	-1,094.8	11,061.1	42.02	40.06	41.24	12,832
20.11.2000	-1,260.3	10,813.4	43.52	42.14	48.34	11,917
21.11.2000	-1,206.7	10,564.5	64.25	46.08	80.49	11,314
22.11.2000	426.8	9,040.3	174.59	52.04	152.58	11,554
23.11.2000	-565.4	9,091.6	91.58	49.38	92.73	11,187
24.11.2000	298.6	8,385.7	86.99	53.45	113.42	10,809
27.11.2000	248.9	8,075.6	55.46	50.31	90.77	10,597
28.11.2000	1,011.8	6,683.0	108.41	67.58	199.05	9,642
29.11.2000	1,943.9	5,655.9	117.05	78.97	151.61	9,513
30.11.2000	1,938.8	5,216.8	111.97	97.64	154.10	8,748
01.12.2000	1,867.7	5,302.5	253.84	84.05	725.32	7,978
04.12.2000	2,604.9	4,616.2	610.95	131.40	1,258.08	7,330
05.12.2000	2,486.3	4,372.7	-	71.30	267.81	8,755
06.12.2000	2,371.9	4,841.9	148.33	73.86	211.77	10,387
07.12.2000	1,867.7	5,539.1	-	74.71	179.28	9,364
08.12.2000	1,822.7	5,751.3	-	88.89	100.71	9,799
11.12.2000	1,762.0	5,651.2	119.95	94.65	98.34	9,754
12.12.2000	1,741.4	5,628.5	-	100.78	114.17	9,627
13.12.2000	2,122.0	5,569.2	152.89	113.38	187.39	9,011
14.12.2000	2,271.4	5,767.2	144.70	110.91	107.03	9,500
15.12.2000	2,293.0	5,875.7	77.02	79.80	62.71	9,423
18.12.2000	2,305.8	5,664.9	70.12	85.09	63.78	9,173
19.12.2000	2,341.9	5,659.7	77.94	96.01	83.22	9,347
20.12.2000	2,567.5	5,160.5	72.08	80.53	83.11	9,185
21.12.2000	2,954.8	4,695.6	95.55	54.52	204.30	9,201
22.12.2000	2,923.7	5,325.4	87.22	54.55	89.74	9,437
25.12.2000	3,196.0	5,198.3	95.22	37.50	150.40	-
26.12.2000	3,324.6	5,094.1	91.94	55.91	87.02	-

Source: Central Bank, ISE
(1) Average weighted compounded interest rate
(2) Average weighted compounded interest rate

IV

FINANCIAL MARKETS

IV.1. THE BANKING SECTOR AND CREDIT POLICY

IV.1.1. The Central Bank of the Republic of Turkey

The policy of not extending short-term loans to the banking sector continued in the year 2000. As of June 1, 2000 the preferential loans extended in the previous years were terminated.

The loans extended earlier were terminated as of June 1, 2000.

The policy of financing the exporting firms after the delivery of goods and services, by rediscounting loans extended through the discounting of export bills (which were designed in terms of foreign currency and had a maximum maturity of 120 days), was continued in the year 2000. Together with this, in line with the decision of the Board of Directors, number 7825/17424 and dated August 19, 1999, the policy of financing the export activities of firms before the delivery of goods and services was continued.

a) Domestic Credits

The preferential loans extended on a rotative basis were terminated due to the securities portfolio problem. The problem was that the securities which were excluded from the portfolio (against which the loans were extended) were not being replaced by new ones. These loans were finally terminated on June 1, 2000 with the exclusion of the bill (amounting to TL 492.3 billions) owned by Ziraat Bank from the securities portfolio.

The loans extended to Ziraat Bank, Şekerbank and Halkbank were terminated.

b) Credits Extended to the Savings Deposits Insurance Fund (SDIF)

Due to the Board of Directors' decision number 8031/17630 dated December 1, 2000, and upon the request of the Banking Regulation and Supervision Agency (BRSA), the banks taken over by the SDIF were provided with credit amounting to

A credit of TL 500 trillion was extended to SDIF on the demand by BRSA.

TL 500 trillion to meet their urgent liquidity needs. The credit was extended in two stages. The first part of the credit, amounting to TL 219 trillion, was extended on December 4, 2000, and the remaining TL 281 trillion was extended on December 6, 2000. The legal basis for the extension of these loans is sub item no. 15/5-b of Banking Law no. 4389. The year-end balance of this credit is the total amount of credit extended to the Fund.

c) Foreign Credit

Acceptance Credit

In accordance with the rediscount policy on acceptance loans, in 2000 the Central Bank extended credit after the delivery of goods and services amounting to TL 11.5 trillion, the face value of which was US \$18.6 million. Additionally, the volume of credit extended by the Central Bank before the delivery of goods and services amounted to TL 12.9 trillion, the face value of which was US \$20.5 million. The balance of these loans was US \$12.9 million by the end of 2000.

Vnesheconombank (VEB Credit)

This credit amounts to US \$129.9 million and represents part of the credit, the total amount of which was US \$500 million, extended to Vnesheconombank (the bank of Foreign Economic Affairs of the Soviet Union) against the bills designed by Vnesheconombank and given to the Central Bank. Eximbank extended this credit to finance wheat exports before the split of the Soviet Union into the Union of Independent States, through the Eximbank to finance the wheat exports. The year-end balance of this credit is US \$137.8 million.

IV.1.2. Banks

a) Development on the Banking Sector

The ratio of the total assets of the banking system to the GNP decreased to 78 percent in November 2000 from 86.4 percent in November 1999. It can be observed that the share of the total assets of all the groups on the GNP decreased. The share of the assets denominated in foreign currency to the total balance sheet decreased 36.1 percent in November 2000 from 38.1 percent in November 1999. Banks reduced their foreign denominated assets because the increase in the exchange rate was pre-fixed in the year 2000 and the return was expected to be less, so they increased their Turkish lira denominated assets.

Interest rates dropped significantly because the disinflation program was implemented at the beginning of 2000. While the decrease in interest rates increased the demand for credit, it had a negative effect on the increase in the Turkish lira denominated deposits. Due to this development, the ratio of credit to the GNP in the November 1999-November 2000 period increased by 1.3 points and reached 25.7 percent, while the share of deposits decreased by 5.1 points dropping to 46.1 percent. Thus, the ratio of credit to deposits increased to 55.7 percent from 47.7 percent. Because the returns on the foreign denominated assets are less than on Turkish lira denominated deposits, the share of the foreign denominated deposits to total credit decreased to 40.9 percent in November 2000 compared to 48.3 in November 1999.

TABLE IV.1.1
INDICATORS FOR BANKING SECTOR

	November 1999			November 2000		
	Public	Private	Total ⁽¹⁾	Public	Private	Total ⁽¹⁾
TRILLION TL						
Total Assets	23,214	36,975	67,661	33,607	53,073	97,035
Loans	5,048	12,146	19,123	8,375	20,564	31,934
TL	3,467	5,690	9,879	6,420	11,192	18,871
FX	1,581	6,455	9,244	1,955	9,372	13,062
Deposits	16,678	22,196	40,077	23,011	33,101	57,352
TL	13,095	6,382	19,579	17,609	10,035	27,832
FX	3,583	15,814	20,498	5,401	23,066	29,519
Securities Portfolio (Net)	2,048	8,220	12,221	2,426	6,360	10,256
Off-Balance Sheet Items						
Contingencies	2,769	12,125	16,591	3,603	18,920	25,619
Repos	2,484	6,092	9,706	4,528	9,779	15,897
FX & Interest Rate Contract	1,201	33,860	43,418	1,818	49,792	66,758
RATIOS (%)						
Total Assets/ GNP ⁽²⁾	29.7	47.2	86.4	27.0	42.7	78.0
Loans/ GNP ⁽²⁾	6.4	15.5	24.4	6.7	16.5	25.7
Deposits/ GNP ⁽²⁾	21.3	28.4	51.2	18.5	26.6	46.1
Non-perf. Loans/Tot. Loans	13.0	8.6	9.2	14.1	9.9	10.3
Net Worth/Tot. Asset	4.0	9.7	8.4	3.1	4.8	5.5
Profits/ Total Assets	0.8	2.6	2.4	-0.2	-3.5	-1.7
FX Assets/FX Liabilities	101.0	73.3	78.7	94.9	65.1	71.3

Source: Central Bank.

(1) The sum of Public Banks, Private Banks, Dev. & Invest. Banks and Foreign Banks.

(2) The GDP estimation in the year 2000.

While the average maturity of the liabilities of the banking balance sheet were shortened, the average maturity of the assets of the banking balance sheet were extended and the maturity mismatches increased in 2000. The average maturity of the total deposits dropped to 2.9 months in November 2000 from 3.6 months in November 1999. The increase in the consumer and housing credit extended caused the maturity structure of the credit to be extended. The share of short-term credit to total credit, which was 77.5 percent in November 1999, decreased to 68.8 percent in November 2000. This increase in the maturity mismatches aggravated the interest rate risk in the banking system.

With the disinflation program, improvement in the balance of the budget, excluding interest payments and external borrowing opportunity by the Treasury, decreased the internal borrowing requirement and the Treasury borrowed less than redemption in 2000. This development caused securities portfolios of the banks to decrease. The share of the securities portfolios to total assets decreased to 10.6 percent in November 2000 from 18.1 percent in November 1999. The Treasury started the Market Maker System in May 2000 to increase the effective issue of Public Internal Borrowing Bills and secondary market transactions, and 19 private and foreign-owned banks were selected as a market makers. The new system caused selected banks to specialize in the securities portfolio market and increase the share of government securities in their portfolios.

The share of non-performing credit to total credit rose to 10.3 percent in November 2000 from 9.2 percent in November 1999. Almost 44 percent of the non-performing credit resulted from banks transferred to the Fund in November 2000.

The share of the deposit reserve requirement in the balance sheet decreased slightly. The Turkish lira denominated deposits remained at the previous year's level in real terms and the reserve requirement ratio in Turkish lira denominated deposits dropped to 6 percent from 8 percent causing a drop in the share of the reserve requirement. The reserve requirement dropped only slightly because the increase in the foreign exchange deposits didn't cause a change in the ratio of the reserve requirement. Whereas the share of the Turkish lira denominated reserve requirement to the total reserve requirement decreased to 33.5 percent from 41.4 percent, the share of the foreign exchange reserve requirement rose to 66.5 percent from 58.6 percent with respect to the previous year.

TABLE IV.1.2
SELECTED CONSOLIDATED BALANCE SHEET ITEMS
(TL trillion)

	November 1999			November 2000		
	TL	FX	Total ⁽¹⁾	TL	FX	Total ⁽¹⁾
TOTAL ASSETS	41,884	25,777	67,661	62,053	34,983	97,035
1. Cash Assets	412	337	749	534	445	980
2. Securities Portfolio	7,444	4,778	12,221	6,150	4,106	10,256
Government Sec.	7,088	2,428	9,516	5,517	2,115	7,632
3. Loans	9,879	9,244	19,123	18,871	13,062	31,934
4. Non-Perf. Loans (Brut)	1,623	142	1,765	2,990	313	3,302
5. Required Reserves	1,377	1,951	3,329	1,366	2,714	4,080
6. Interest & Income Accrual	7,674	838	8,512	5,760	1,084	6,844
TOTAL LIABILITIES	34,925	32,736	67,661	47,976	49,059	97,035
1. Deposits	19,579	20,498	40,077	27,832	29,519	57,352
2. Due to Banks	2,818	9,913	12,731	6,235	15,895	22,130
3. Funds	1,330	11	1,341	2,415	3	2,418
4. Interest & Expense Accrual	2,195	549	2,744	1,876	735	2,612
5. Net Worth	5,638	60	5,698	5,287	56	5,343
Paid Up Capital	2,912	57	2,969	5,411	36	5,448
Profit (Loss) for Period	1,625	0	1,625	-1,691	0	-1,691

Source: Central Bank.

(1) The Sum of Public Banks, Private Banks, Dev. & Invest. Banks and Foreign Banks.

Off-balance sheet items in the banking system, which had gradually raised their share over the last few years, continued this increasing trend in 2000. The ratio of contingencies, repos and reserve repos, foreign exchange and interest rate contracts from off-balance sheet items to the total balance sheet increased to 111.6 percent in November 2000 from 103.0 percent in November 1999. It can be seen that public banks and private banks increased their off-balance sheet transactions.

The applied foreign exchange policy in 2000 encouraged the financial sector to widen its open position of foreign exchange. The difference between foreign exchange assets and liabilities, according to the consolidated balance sheet data, jumped to US \$14.1 billion in November 2000 from US \$7 billion in November 1999.

The net worth and the profit of the banking system significantly deteriorated in 2000. While the ratio of the sum of the net worth and the profit to total assets was 10.8 percent in November 1999, it was 3.8 percent in November 2000 because of the higher losses of the system. The effects of the financial crisis at the end of

November were not reflected in the consolidated balance sheet in November. For this reason, the serious adverse effects of the crisis on the banking system's net worth and profit can only be seen in the balance sheet at the end of 2000.

TABLE IV.1.3
CONSOLIDATED INCOME STATEMENTS OF THE BANKING SECTOR
(TL trillion)

	September 1999			September 2000		
	Public	Private	Total ⁽¹⁾	Public	Private	Total ⁽¹⁾
INCOME						
INTEREST INCOME	6,546	7,610	15,497	6,228	8,169	16,113
Interest Income on Loans	1,511	3,899	5,759	1,449	3,575	5,448
Interest Income on Securities Port.	566	2,370	3,289	912	2,509	3,871
NON-INTEREST INCOME	405	634	1,125	469	1,593	2,369
Fees & Commis. Receiv. On	32	131	175	44	207	273
Income From Banking Activities	84	284	406	150	540	747
EXPENSES						
INTEREST EXPENSES	6,016	4,854	11,584	5,277	5,580	11,964
Interest Paid For Deposits	5,459	3,539	9,097	4,500	3,236	7,829
NON-INTEREST EXPENSES	576	1,428	2,216	964	2,751	4,211
Personnel Expenses	317	602	1,005	434	931	1,509
Loss From FX Transactions (Net)	23	1,018	1,276	71	1,252	1,576
PROFIT (LOSS) BEFORE TAX	203	1,267	1,899	99	80	584
PROFIT (LOSS) FOR PERIOD	52	798	1,196	48	-296	57

Source: Central Bank.

(1) The Sum of Public Banks, Private Banks, Development & Investment Banks and Foreign Banks.

The share of the net profit of the banking system in the GNP dropped significantly from 1.7 percent in September 1999 to 0.1 percent in September 2000 because of the losses of the banks transferred to the Fund. When the banks transferred to the Fund are excluded, the share of the net profit of the sector in the GNP was realized as 1.4 percent.

While the interest income of the sector showed a decrease, non-interest income increased. The share of the non-interest income in the GNP rose from 1.6 percent in September 1999 to 2.1 percent in September 2000. In this period, while the fees and commissions received on loans remained stable, incomes from banking activities increased.

The share of the interest expenses in the GNP dropped to parallel the decrease in the deposit interest. While the share of the interest income in the GNP was 16.4

percent in September 1999, it dropped to 10.7 percent in September 2000. The share of the interest paid to deposits dropped from 12.9 percent to 7 percent. The share of the personnel expenses in the GNP also decreased slightly to 1.3 percent in September 2000 compared to the 1.4 percent level of the same month of the previous year.

The dominance of the public banks in the system continued in 2000. The public banks had 34.6 percent of the total assets, 26.2 percent of the total credit and 40 percent of the total deposits of the banking sector as of November 2000. Their concentration on preferential loans and the high number of branches and personnel of the public banks deteriorated their financial condition and increased their liquidity squeeze. In the year 2000, in order to improve the financial condition of the public banks, the preferential loans were restricted and the interest rates applied to these loans were indexed to average annual compounded interest rates on government securities. The crisis emerging in the second half of November 2000 adversely affected the financial condition of the public banks because of the high daily need for liquidity.

Banks Act No. 4389, prepared for the regulation and auditing of the banking sector, was amended on December 19 1999 to strengthen the independency of the Banking Regulation and Auditing Board (BRAB). According to this regulation, BRAB has full authority over the issue and revocation of a license to carry out banking transactions. The members of the Board were appointed at the end of March and the Board started functioning at the end of August 2000.

Before the implementation of the disinflation program in 2000, the five banks in weakened financial condition were transferred to the Savings Deposits Insurance Fund (SDIF) in order to improve the financial condition of the banking sector. After the Board started its operations, the number of the banks transferred to the Fund reached eleven banks with the two banks transferred on October 27, 2000 and one bank, which had been selected as a market maker, on December 6, 2000. The share of the assets of the banks transferred to the Fund in the total assets of the sector was 8 percent in November 2000.

US \$6.150 million in government securities was provided to strengthen the financial condition and the capital ratio of the banks in Savings Deposits Insurance Fund in December 2000.

Compared to the previous year, deposits are approximately the same in real terms.

b) Deposits

The total deposits of the banking sector, excluding interbank deposits, had reached TL 55 quadrillion as of November 2000. This represents an annual increase of 42.5 percent in nominal and 2.5 percent in real terms.

The reduction in demand deposits caused TL deposits to stay at approximately the same level in real terms compared to the previous year.

Turkish lira deposits rose to TL 26.5 quadrillion as of November 2000, with an annual nominal increase of 36.6 percent and a real decrease of 1.8 percent. In this period, the reduction in Turkish lira deposits in real terms was caused by the decline in deposit interest rates. During the same period, when the real growth rates of the breakdown of Turkish lira deposits by type are analyzed, it is observed that there is a 24.6 percent increase in commercial deposits, a 10.9 percent increase in other deposits, and a 61.2 percent increase in the deposits that are collected by bank branches located in foreign countries. Moreover, there was a 7.7 percent decrease in savings deposits and a 29 percent decrease in official deposits in real terms (Table IV.1.4).

TABLE IV.1.4
THE SHARES OF DEPOSIT TYPES IN TOTAL DEPOSITS
PERCENTAGE SHARES
(Excluding Interbank Deposits)

	Foreign Exchange Deposits	Savings Deposits	Commercial Deposits	Official Deposits	Other Deposits and Certificates of Deposits
1993 November	45.0	29.0	10.0	4.0	12.0
1994 November	52.1	29.4	8.3	2.7	7.5
1995 November	49.2	32.7	8.0	2.3	7.8
1996 November	50.2	31.7	7.2	3.5	7.4
1997 November	51.5	29.3	5.8	5.0	8.3
1998 November	49.1	31.4	7.6	2.9	8.9
1999 November	49.9	32.8	6.3	2.8	8.2
2000 November	52.0	29.5	7.6	1.9	8.8

Source: Central Bank.

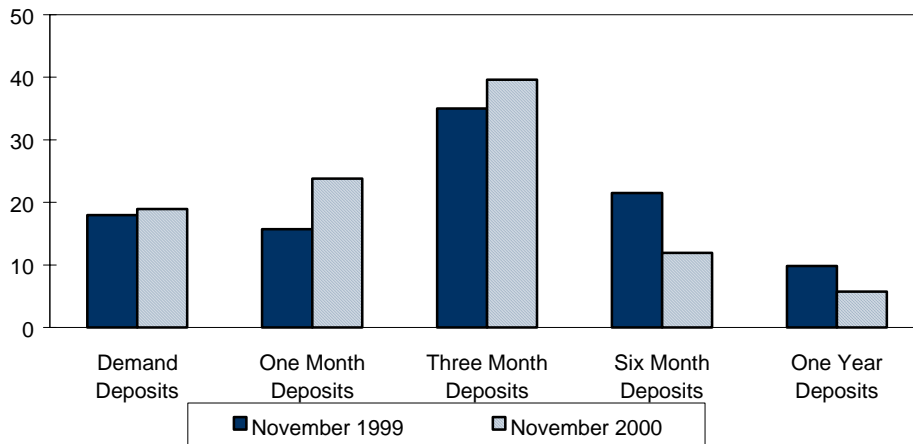
During the same period, foreign exchange deposits in Turkish liras rose to TL 28.7 quadrillion, with an annual increase of 48.5 percent in nominal and 6.7 percent in real terms. The ratio of foreign exchange deposits to total deposits rose from 49.9 percent in November 1999 to 52 percent in November 2000. Foreign exchange deposits in terms of US dollars rose to 41.7 billion, increasing by 9.5 percent annually in the same period.

The three month nominal weighted average interest rates of Turkish lira deposits decreased from 72.3 percent in November 1999 to 51.5 percent in November 2000. The real returns on this item decreased from 13.8 percent to 8.1 percent. The three month nominal weighted average interest rates of foreign exchange deposits in US dollars and German marks decreased respectively from 13.1 percent and 10.7 percent in November 1999 to 11.8 percent and 10 percent in November 2000. In this period, the fact that the decrease in Turkish lira deposit interest rates is much higher than the decrease in foreign exchange deposit interest rates caused some savings holders to shift their portfolios from Turkish lira deposits to foreign exchange deposits.

The breakdown of deposits by maturity reveals the fact that, compared to the previous year, the maturity structure changed in favor of shorter terms in 2000 (Figure IV.1.1). As of November 2000, on an annual basis, the average maturity of Turkish lira deposits decreased from 4.1 months to 2.8 months and the average maturity of foreign exchange deposits decreased from 3.5 months to 3 months. Consequently, the average maturity of total deposits decreased from 3.8 percent in November 1999 to 2.9 percent in November 2000.

The maturity structure of deposits changed in favor of shorter terms.

FIGURE IV.1.1
BREAKDOWN OF DEPOSITS BY MATURITY
(Percent)



Source: Central Bank.

c) Credit

The total credit of the banking sector reached TL 31.9 quadrillion as of November 2000, with an annual nominal increase of 67 percent, and a real increase

Loans increased in real terms.

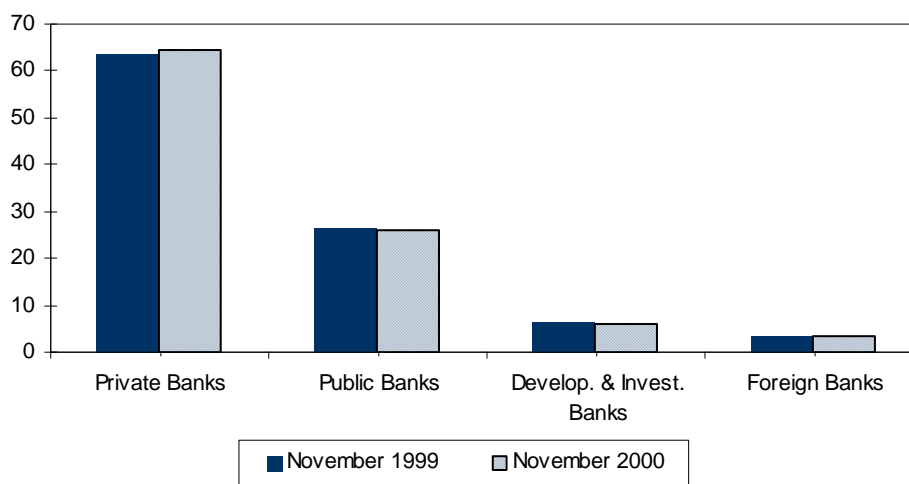
of 20 percent. The increasing domestic demand, decreasing credit interest rates and the increasing concern for customer relations in the banking sector caused the loan to deposit ratio to increase from 47.7 percent to 55.7 percent in November 2000. These developments were also effective in the increase of the loan to asset ratio from 28.3 percent to 32.9 percent in November 2000 (Table IV.1.5).

**TABLE IV.1.5
DEVELOPMENTS IN BANK LOANS**

	Loans (percent increase)	Loans/Deposits (percent)	Loans/Total Assets (percent)
1993 November	103.9	88.8	42.6
1994 November	61.2	56.7	35.4
1995 November	118.4	62.0	39.4
1996 November	129.6	61.5	41.8
1997 November	101.3	69.3	39.7
1998 November	74.1	61.5	35.8
1999 November	55.0	47.7	28.3
2000 November	67.0	55.7	32.9

Source: Central Bank.

**FIGURE IV.1.2
BREAKDOWN OF LOAN BY BANK GROUPS
(Percent)**



Source: Central Bank.

The dominance of private banks in the loan market prevailed.

The share of private banks in the total loans of the banking sector increased from 63.5 percent to 64.4 percent as of November 2000, while the foreign banks' share stayed at the previous year's 3.6 level. The shares of public banks and

development and investment banks decreased respectively from 26.4 to 26.2 percent and 6.5 to 5.8 percent (Figure IV.1.2). In real terms, the annual increase in private bank loans was 21.7 percent in November 2000, whereas those of public banks, development and investment banks and foreign banks were 19.3 percent, 7.7 percent and 18.4 percent, respectively.

As of November 2000, the share of Turkish lira loans in total loans increased from 51.7 percent to 59.1. In the same period, Turkish lira loans increased 91 percent in nominal and 37.3 percent in real terms, while foreign currency loans increased 41.3 percent in nominal and 1.6 percent in real terms. When the average maturity of loans is analyzed, it is observed that the share of short-term loans decreased from 77.5 percent in November 1999 to 68.8 percent in November 2000. The reason for this is that medium term loans include automobile and housing loans, which increased considerably in 2000.

The average maturity of loans increased.

When the interest rates of commercial loans are analyzed, it is observed that the nominal interest rates of short-term loans decreased from 110.3 percent to 85.4 percent between November 1999 and November 2000. In the same period, nominal interest rates of medium and long term loans decreased from 89.3 percent to 59.3 percent. The real interest rates for short term and medium and long term loans decreased respectively from 34.5 percent to 33.2 percent and 21.1 percent to 12.4 percent.

The increase in total loans is caused mainly by the increase in consumer and commercial loans.

As of November 2000, compared to the same month of the previous year, the share of export loans, special loans and other loans in total credit decreased from 25.2 percent to 19.5 percent, 9.4 percent to 7.7 percent and 53.7 percent to 49.9 percent respectively. In the same period, with respect to the increase in domestic demand and the decrease in interest rates of consumer loans, the share of consumer loans increased from 3.8 percent to 14.6 percent, whereas the share of fund loans increased from 7.9 to 8.4 percent. Considering real growth rates, in the same period, export loans decreased 8.6 percent, special loans did not change much, consumer loans increased 365.2 percent, fund loans increased 29.1 percent and other loans increased 10.7 percent.

As of September 2000, the distribution of total cash and non-cash loans according to various sectors is as follows: 15.4 percent of total loans was extended to the construction sector, 10.6 percent to the textile and textile products sector, 9.2 percent to the financial intermediary services, 8.2 percent to the services of wholesale and retail commercial motor vehicles and household consumption goods, 6.6 percent to the food, beverages and tobacco goods sector, 5.4 percent to the

The construction sector made up the biggest share among the loans extended in 2000.

agricultural sector, and 4.4 percent to the sectors producing basic metal products and processed materials.

IV.1.2.A. Legal and Administrative Regulations

a) Regulations Related to the Resource Utilization Support Fund

1- With Communiqué No. 25, published in Official Gazette No. 23968 dated February 18, 2000, funds borrowed from abroad to finance export factoring and used for this purpose were exempted from the Resource Utilization Support Fund (RUSF) duty.

2- With Communiqué No. 27, published in Official Gazette No. 24165 dated September 9, 2000, the RUSF duty on consumer loans (extended by banks and finance companies to individuals on the condition that the credit can not be used to finance commercial activities) was raised to 8 percent.

3- With Communiqué No. 29, published in Official Gazette No. 24241 dated November 25, 2000, the RUSF duty rates determined by Communiqué No. 6 were changed,

- From 8 to 10 percent for consumer loans which were extended on the condition that the loans cannot be used to finance commercial activities,

- From 3 to 5 percent for other loans,

- From 3 to 6 percent for the loans borrowed from international financial markets by Turkish residents, except for banks and finance companies,

- From 3 to 6 percent for term imports.

b) Regulations on the Liquidity Requirement

1- With Communiqué No. 2000/1, published in Official Gazette No. 24040 dated May 5, 2000, the penalty rate for excesses of open FX positions over the legally determined net general FX position ratio was raised to 100 percent. That is, the banks were obliged to hold Turkish lira free reserves with the Central Bank in an amount that is the same as the Turkish lira equivalent of the exceeding part. The new penalty rate was declared to be effective as of July 7, 2000.

2- With Communiqué No. 2000/2, published in Official Gazette No. 24226 dated November 10, 2000, the account “revaluation fund for the loans and other receivables (denominated both in Turkish lira and foreign currency)”, which does not differ significantly from the profit and loss account, and was classified in the item “Net Worth”, was reclassified in the accounts deductible from the total liabilities, for the calculation of the liquidity requirement. Similarly, the account “special reserves for unpaid and uncashed non-cash loans (denominated both in Turkish lira and foreign currency)” were also reclassified in the accounts deductible from the total liabilities.

3- With Communiqué No. 2000/3, published in Official Gazette No. 24241 dated November 25, 2000, the ratio of free Turkish lira reserves, which must be held in the Central Bank for the fulfillment of the liquidity requirement against non-deposit Turkish lira liabilities, was changed from 8 percent to 6 percent.

4- With Communiqué No. 2000/4, published in Official Gazette No. 24244 dated November 28, 2000, it was declared by the Central Bank that the six week period between November 25, 2000 and January 5, 2001 will be deemed to be one week for the calculation of liquidity requirement (the amount of free Turkish lira reserves to be held in the Central Bank), and the average of the reserves to be held during the specified six week period will be considered for the fulfillment of the liquidity requirement.

c) Regulations on the Calculation and Implementation of FX Liquidity and FX Position Ratios

The rules governing the calculation and the implementation of FX liquidity and FX positions ratios were changed. According to the new regulations, the FX liquidity ratio indicating the minimum amount of liquid FX assets that must be held by the banks and Special Finance Institutions against their short-term FX liabilities must be at least 10 percent. The FX position ratio was changed to a minimum of 75 percent and a maximum of 115 percent for each category of US dollar denominated liabilities, euro equivalent totals of the liabilities denominated in the currencies of euro zone countries, and US dollar equivalent of the liabilities denominated in other convertible currencies, including gold. Furthermore, the FX position ratio for the US dollar equivalent of all the FX liabilities was determined to be a minimum of 80 percent and a maximum of 110 percent.

d) Regulations Related to Special Finance Institutions

With Communiqué No. 9, published in Official Gazette No. 24241 dated November 25, 2000, the rate of blockage on Turkish lira denominated current and participation accounts was lowered from 8 percent to 6 percent.

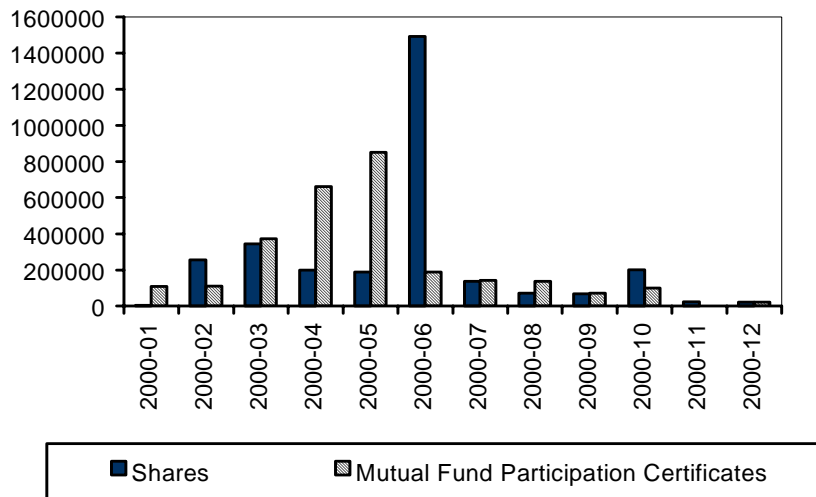
e) Regulations on the Required Reserves for Deposits

With Communiqué No. 2000/1, published in Official Gazette No. 24241 dated November 25, 2000, the required reserve ratio on Turkish lira denominated deposits was lowered from 6 percent to 4 percent.

IV.2. THE SECURITIES MARKET

The total amount of security issues registered with the Capital Markets Board increased to TL 5.8 quadrillion in 2000. This value represents an increase of 577 percent in nominal terms, 353 percent in 1987 prices terms compared with the previous year's issue of TL 855.5 quadrillion. The largest portion of this amount was issued as equity shares and mutual fund participation certificates (Figure IV.2.1).

FIGURE IV.2.1
SECURITY ISSUES REGISTERED WITH
THE CAPITAL MARKETS BOARD
(TL billion)



Source: Capital Markets Board.

In line with the positive expectations and decreasing interest rates after the developments of late 1999, both firms and investors were more involved in the securities market. Public offerings by firms are generally held in the period following the increase in the stock market index. Similarly, demand for mutual funds by investors increased in that period and banks and intermediary institutions issued mutual fund participation certificates. Therefore, 68 percent of the TL 2.8 quadrillion mutual fund participation certificate issues were realized in the March-May period following the increase in the stock market index, and 82 percent of the TL 3 quadrillion share issues were realized in the February-June period. The biggest portion of the increase in June is the public offering of Turkcell (Figure IV.2.1).

In line with positive expectations, equity and mutual fund participation certificate issues increased in 2000.

IV.2.1. Primary Markets

IV.2.1.A. Public Sector

As of December 2000, the total amount of outstanding government securities rose by 57.9 percent to TL 36.8 quadrillion compared to the respective amount in 1999. Since 1999, the Treasury has favored government bonds with longer maturities over treasury bills in issuing debt securities. As a consequence of this preference, the amount of outstanding treasury bills have diminished, while government bond stocks have risen by 74.6 percent.

The amount of outstanding government bonds has risen, while treasury bills have lessened.

TABLE IV.2.1
AMOUNTS OF OUTSTANDING GOVERNMENT SECURITIES
(TL trillion)

	Government Bonds			Treasury Bills			Privatization Bonds
	Issue	Redemption	Outstanding	Issue	Redemption	Outstanding	Outstanding
1997	3,185.6	917.6	3,570.8	3,074.4	2,226.4	2,375.0	147.4
1998	4,708.1	2,426.9	5,772.0	9,546.3	6,080.3	5,840.9	176.8
1999	20,027.8	6,116.4	19,683.4	6,858.6	9,462.8	3,236.8	382.7
2000	26,685.9	12,006.3	34,362.9	5,782.7	6,961.8	2,057.7	381.6

Source: Capital Markets Board.

IV.2.1.B. Privatization

The Privatization Administration had a revenue of US \$2.7 billion in 2000 and the total privatization revenues since 1985 reached US \$7.3 billion.

While the privatization target was US \$ 7.6 billion in 2000, only US \$ 3.5 of this could be met.

According to the agenda of the Disinflation Program, US \$7.6 billion was expected through privatization implementations. However, only US \$3.5 billion, of which US \$ 2.7 billion is from the Privatization Administration portfolio, US \$0.3 billion from the transfer of operating rights of the power generators and US \$0.5 billion from the first installment of the GSM license sale, could be realized. In addition to these, the revenue expected in 2001 from the implementations in 2000 is US \$2.1 billion.

TABLE IV.2.2
PRIVATIZATION IMPLEMENTATIONS SINCE 1986

	1986-1999	2000	TOTAL
Block Sale	2,031.7	1,479.5	3,511.2
Asset Sales	608.1	71.7	679.8
Public Offerings	673.9	839.0	1,512.9
International Offerings	721.9	265.1	987.0
ISE Sales	526.6	0.0	526.6
Incomplete Asset Sales	4.4	0.0	4.4
Paid-in Transfers	53.4	56.8	110.2
TOTAL	4,620.0	2,712.1	7,332.1

Source: Privatization Administration.

The block sale of 20 percent share of Turkish Telecommunications, which was not included in the portfolio of the Privatization Administration but was included in the privatization program revenues, could not be realized due to the lack of investors' demand to the public offering.

The sale of the third GSM license realized US \$2.225 billion in April. The fourth license could not be sold because, in the fourth open-auction the necessary condition – a higher price than that of the last auction – could not be met.

IV.2.1.C. Private Sector

Equity and mutual fund participation certificate issues constitute almost all of the security issues.

Excluding the 0.22 percent bank bill issue with private placement, the TL 5.8 quadrillion issue consists of equity shares and mutual fund participation certificates.

The amount of outstanding private sector securities rose by 81 percent in 2000 and reached a level of TL 6.9 quadrillion. Similar to preceding years, almost the entire amount was composed of equity shares.

Although increases in public offerings are signs of a more profound capital market, private sector bills and commercial papers were not issued until 1999. This can partly be explained by the crowding out effect of public borrowing and the high costs of these instruments.

Mutual Funds, Investment Companies, Real Estate Investment Companies

Pre-determined exchange rates and low interest rates raised the interest towards alternative instruments to deposits and foreign currencies. Small investors preferred mutual funds in order to diversify their portfolios for the purpose of risk minimization, which raised the amount and the value of the mutual funds. The total portfolio value of Type A and Type B mutual funds reached TL 1.9 quadrillion. Seventy three percent of this value consists of type B mutual funds, while 27 percent of it consists of Type A mutual funds (Table IV.2.3).

The portfolio distribution of the mutual funds indicates that reverse repo and government bonds constitute the greater part in Type B mutual funds; shares, reverse repo and government bonds constitute the greater part in Type A mutual funds. The share of Treasury bills is diminishing in both types of funds. The Treasury's aim to increase the share of long-term borrowing and the preference for the government bond issues instead of treasury bills explain the reduction in the share of treasury bills in mutual funds.

TABLE IV.2.3
PORTFOLIO STRUCTURE OF TYPE A and TYPE B MUTUAL FUNDS
(Year End Figures-%)

	TYPE A		TYPE B		TYPES A&B	
	1999	2000	1999	2000	1999	2000
Government Bonds	9.75	11.09	18.52	13.24	16.48	12.66
Foreign Gov. Bonds	-	0.15	0.10	0.16	0.08	0.16
Treasury Bills	3.99	0.23	11.20	-	9.52	0.06
Foreign Treasury Bills	-	-	0.01	0.01	0.01	0.01
Reverse Repo	30.61	42.40	68.92	86.36	60.02	74.56
Repo	0.22	0.30	-	-	0.05	0.08
Shares	55.40	45.73	0.88	0.17	13.55	12.40
Foreign Shares	-	-	0.10	0.03	0.08	0.02
Other ⁽¹⁾	0.02	0.10	0.28	0.04	0.22	0.06
Portfolio Value of Funds (TL Trillion)	283.4	520.3	936.0	1,417.3	1,219.4	1,937.6

Source: Capital Markets Board.

(1) Corporate bonds, foreign corporate bonds, commercial papers and foreign commercial papers are included.

IV.2.2. Secondary Markets

Secondary market trading volume decreased due to the contraction in government securities market.

The trading volume in the secondary markets dwindled by 11.1 percent to TL 965.2 quadrillion in 2000. The lessening volume was due to the decrease in the trading volume of the government securities in the secondary markets. The contraction in the amount of outstanding treasury bills led to a significant cutback in the secondary market trading volume of these securities. Contrary to the general upward trend in the trading volume of government bonds during the first ten months of 2000, the volume in November and December declined considerably. The monthly volatility of the secondary market trading volume of government securities is due to the volatility of bank operations. As the brokerage houses had been dealing extensively with private sector securities, government securities portfolios of the brokerage houses remained rather steady (Table IV.2.4).

TABLE IV.2.4
GOVERNMENT SECURITIES SECONDARY MARKET TRADING VOLUME
(TL trillion)

	Government Bonds		Treasury Bills	
	Brokerage Houses	Banks	Brokerage Houses	Banks
January-2000	5,494.6	37,051.8	670.3	11,818.3
February-2000	6,504.7	50,379.9	672.1	10,135.9
March-2000	6,500.5	42,304.4	438.2	11,346.6
April-2000	7,523.8	47,787.5	296.7	7,509.2
May-2000	9,643.2	44,032.2	328.5	16,943.3
June-2000	9,630.1	65,183.5	290.9	8,184.4
July-2000	7,960.0	61,149.4	241.1	9,475.4
August-2000	8,916.6	63,039.8	354.9	11,652.3
September-2000	8,093.9	71,423.3	344.7	1,820.1
October-2000	10,851.3	80,601.7	322.7	15,750.4
November-2000	9,099.1	68,100.4	247.7	1,855.9
December-2000	5,438.8	15,571.6	222.7	8.2
January-December 2000	95,656.8	646,625.3	4,430.4	106,500.1
Arithmetic Mean	7,971.4	53,885.4	369.2	8,875.0
Standard Deviation	1,734.3	17,887.6	152.5	5,366.6
Coefficient of Variation ⁽¹⁾	0.218	0.332	0.413	0.605
Volatility ⁽²⁾	0.045	0.099	0.146	0.268

Source: Capital Markets Board.

(1) Coefficient of Variation = Standard Deviation / Arithmetic Mean.

(2) Volatility = $1 - (\text{Arithmetic Mean}^2 / (\text{Arithmetic Mean}^2 + \text{Standard Deviation}^2))$.

The secondary market trading volume of the private sector securities – almost all of which was common stock trading – has almost tripled and reached TL 111.9 quadrillion in 2000.

Secondary market trading volume for the private sector securities have almost tripled.

IV.2.2.A. Stock Market

The number of companies whose equity shares are traded on the Istanbul Stock Exchange (ISE) reached 315 in 2000, with 36 new companies being added to and 6 companies withdrawing from the market. On July 13, 2000, ISE published two circulars with which – in addition to the four existing markets – two new markets were established in the stock market and their operating principles were set forth. Accordingly, the newly established Second National Market aims to provide those companies that fail to fulfill the listing requirements for the National Market predetermined by the ISE or promising small- and medium-scaled companies with easier and regular access to the capital markets. Companies whose equity shares have been trading under the Regional Market will be transferred to the Second National Market. Securities of high-tech firms operating in sectors such as telecommunications, information technology, electronics, etc. will be traded on the recently established New Economy Market. Both the Second National Market and the New Economy Market have not started operating yet.

The Second National Market and the New Economy Market were established but have not started operating yet.

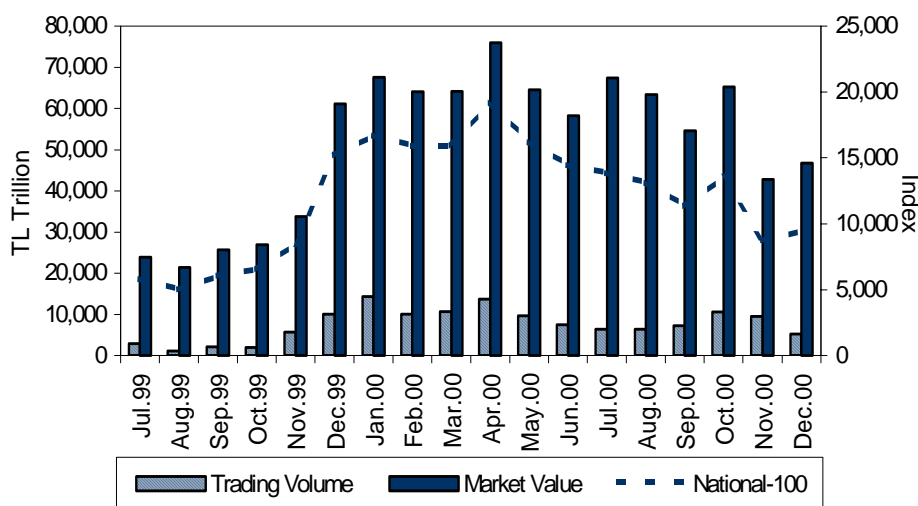
In 2000, the trading volume in the stock market rose by 201 percent to TL 111.2 quadrillion, of which TL 110.1 quadrillion belongs to the National Market. However, the trading volumes in other markets have not registered such a sharp increase (Figure IV.2.2).

Stock market transactions realized on behalf of accounts from foreign banks, brokerage houses or individuals in 2000 amounted to TL 20.3 quadrillion, equivalent to 9.1 percent of the total of all purchases and sales. Of the TL 20.3 quadrillion transactions, TL 9.2 quadrillion was purchases, and TL 11.1 quadrillion was sales. Equity investments of foreign investors – who were in the net purchaser position in 1999 – had climbed to US \$15.4 billion by the end of 1999, from its level of US \$3.4 billion at the beginning of 1999. Contrary to what happened in 1999, equity investments of foreign investors – who were in the net seller position in 2000 – had stepped back to US \$7.4 billion by the end of 2000.

FIGURE IV.2.2
EQUITY MARKET

Source: ISE.

The National-100 index started a downward trend in May.



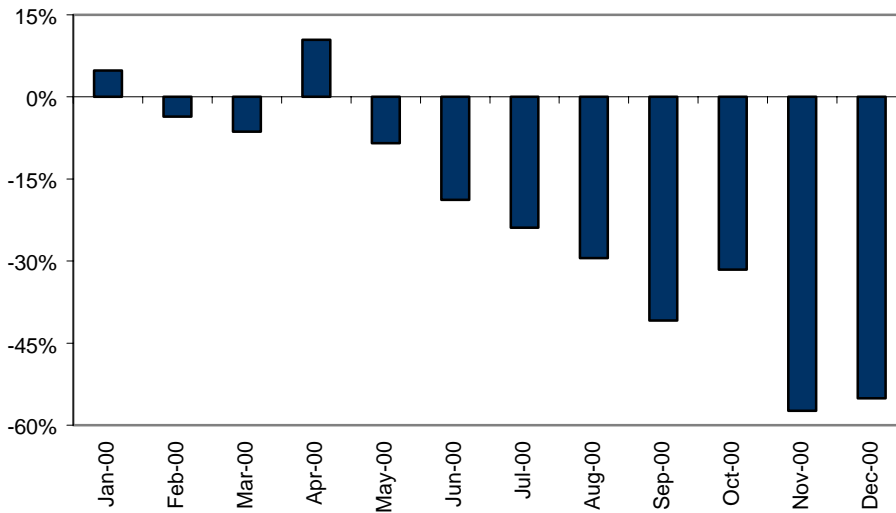
The general upward trend during 1999 coupled with the announcement of the disinflation program in December 1999 stimulated the ISE National-100 index to rise 80 percent with respect to November, bringing the index 485 percent higher in 1999 as a whole. That the disinflation program made macroeconomic expectations become brighter resulted in a higher level of the index through April 2000. In May, the sluggishness in the implementation of the structural reforms and the smaller than expected slowdown in the inflation rate affected expectations negatively, which was eventually reflected on the ISE price indices, so they declined throughout the remaining months. Due to the late November 2000 crisis in the financial markets, the National-100 index fell by 35 percent with respect to the previous month's close. As the tightness in the liquidity was partially overcome, National-100, services, and financial indices rose slightly in December.

The year-end closing values of the National-100, industrial, services, and financial indices drop off by 38 percent, 30 percent, 45 percent, and 39 percent respectively, compared to the previous year's closing values. Despite the TL 1.8 quadrillion public offerings and capital increases amounting to TL 2.5 quadrillion realized during the year, the sharp decrease in the prices led to a 24 percent erosion in the market values of the companies in the stock market. The market value of the stock market depleted over the course of 2000 from TL 61.1 quadrillion to TL 46.7 quadrillion.

The National-100 return index, which incorporates companies' dividend payments together with their share prices, followed a similar path with the National-100 price index in 2000. Only in January and April 2000 did the return index deflated by the 1994-based consumer price index record a cumulative real return over the December 1999 close. The real return on the ISE stock market equities was a negative 55.1 percent in 2000 (Figure IV.2.3).

The real return on the ISE stock market equities was a negative 55.1 percent.

FIGURE IV.2.3
NATIONAL-100 RETURN INDEX
CUMULATIVE REAL RETURN ⁽¹⁾



Source: ISE, Central Bank.

(1) National-100 return index deflated by the 1994-based CPI.

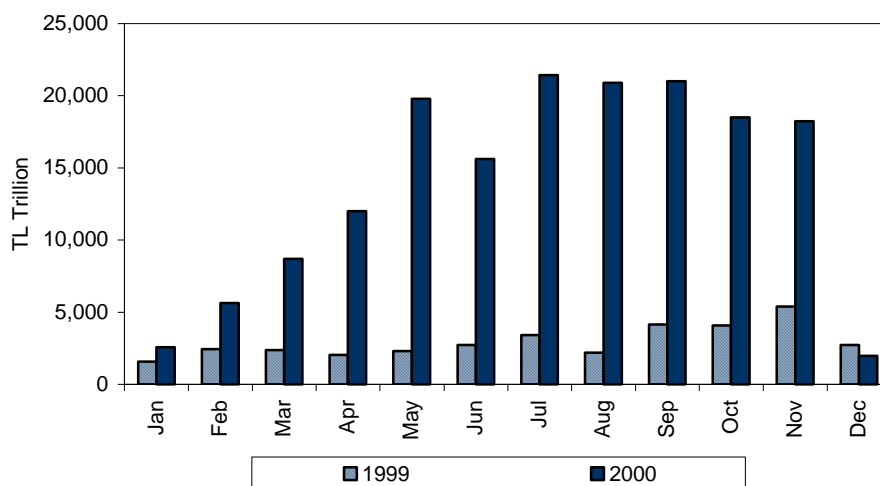
IV.2.2.B. Bonds and Bills Market

ISE Outright Purchases and Sales Market

Although the ISE outright purchases and sales market showed a significant expansion in terms of trading volume in the first eleven months of 2000, the monthly trading volume contracted to TL 2 quadrillion in December from TL 18.2 quadrillion in November. Increasing economic uncertainty, the lessening in the value of bonds and bills due to the jump in discount rates, banks' use of bonds and bills as a collateral in the repurchase agreements with their clients and as free reserves held at the CBRT were the fundamental reasons behind the contraction in the trading volume of outright purchases and sales. For the entire year, the trading volume in the outright purchases and sales market was TL 166.3 quadrillion, up from TL 35.4 quadrillion in 1999 (Figure IV.2.4).

Trading volume in the outright purchases and sales market had significantly risen before the sharp drop off in December 2000.

FIGURE IV.2.4
ISE BONDS AND BILLS MARKET
OUTRIGHT PURCHASES AND SALES MARKET
MONTHLY TRADING VOLUME



Source: ISE.

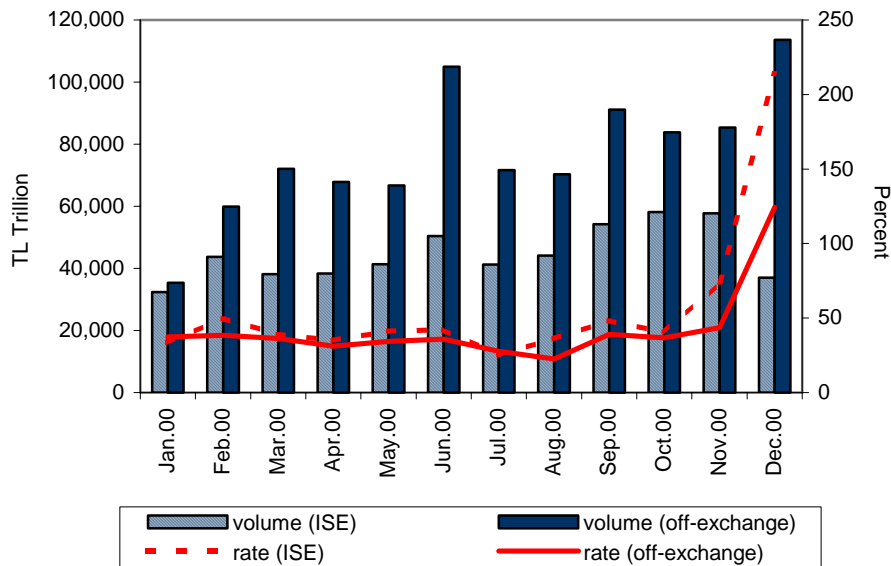
ISE Repo and Reverse-Repo Market

The trading volume in the repo and reverse-repo market, of which 96.9 percent was overnight repo transactions, increased by 121 percent to TL 554.1 quadrillion, compared to 1999. Weighted average overnight repo rates were almost halved compared to 1999 rates, reaching the lowest level in July 2000 at 25.3 percent. One of the main consequences of the November 2000 crisis was that the above-mentioned interest rate escalated to 74 percent in November and 214 percent in December. While it was usual to observe high repo rates on days when the liquidity requirement was high, such as days of wage and salary payments or tax payments, the liquidity squeeze caused by the crisis became stable in November and December (Figure IV.2.5).

Off-Exchange Transactions (Registered Transactions)

Bonds and bills market transactions made off-exchange are required to be registered with the ISE. Both outright purchases and sales and repo and reverse-repo transactions executed off-ISE were greater than those on the ISE bonds and bills market. The trading volume of the registered outright purchases and sales, of which 98.3 percent were transactions of government securities, rose by 84.9 percent to TL 312.9 quadrillion in 2000.

FIGURE IV.2.5
BONDS AND BILLS MARKET
O/N INTEREST RATES AND TRADING VOLUMES



Source: ISE.

Off-exchange repo transactions registered with the ISE were TL 1,015.7 quadrillion. Similar to the ISE bonds and bills markets, overnight repo transactions constituted 90.8 percent of the total repo transactions. In addition, weighted average repo rates in this market also followed a pattern parallel to the interest rates determined in the ISE bonds and bills market (Figure IV.2.5).

Repo rates in both the ISE and off-exchange markets were rather stable during the year, but jumped up in November and December.

IV.2.2.C. International Bonds and Bills Market

The number of bonds listed in the ISE international bonds and bills market reached forty with the issuance of three JPY-denominated, two US \$-denominated, and four EUR-denominated bonds during 2000 (Table IV.2.5). Only outright purchases and sales were made under the international market in 2000. In the first eleven months of 2000, 62 transactions were made on the US \$-denominated bonds amounting to US \$599.8 million, 273 percent higher than the previous year's volume. Within the same period, 17 transactions were realized on EUR-denominated bonds, amounting to 29.4 million euros.

TABLE IV.2.5
LISTED INTERNATIONAL BONDS ISSUED BY
TURKISH REPUBLIC

Bond ID	Agreement Date	Nominal Amount	Maturity (years)	Coupon Interest (yearly-%)
180303JPY2TR3.50F	21 February 2000	35,000,000,000 JPY	3	3.500
140704JPY2TR3.25F	16 June 2000	55,000,000,000 JPY	4	3.250
271103JPY2TR3.00F	06 November 2000	50,000,000,000 JPY	3	3.000
150130USD2TR11.87F	10 January 2000	1,500,000,000 USD	30	11.875
150610USD2TR11.75F	08 June 2000	1,500,000,000 USD	10	11.750
090210EUR1TR9.25F	08 February 2000	1,000,000,000 EUR	10	9.250
140405EUR1TR7.75	12 April 2000	600,000,000 EUR	5	7.750
130603EUR4TR2.00FR	09 June 2000	500,000,000 EUR	3	Euribor+2%
221007EUR1TR8.12F	25 July 2000	733,000,000 EUR	7	8.125

Source: ISE.



CENTRAL BANK BALANCE SHEET

V.1. ANALYSIS OF THE BALANCE SHEET

The major items on the 2000 Balance Sheet of the Central Bank are shown below:

Assets	1999	2000
1. Gold	561,263,309,612,500	694,485,985,355,000
2. Foreign Exchange	12,518,644,751,708,600	14,895,115,430,645,000
3. Coins	1,651,119,445,500	3,415,919,470,000
4. Domestic Correspondents	722,118,380,331,848	1,468,356,772,197,599
5. Securities Portfolio	2,886,444,440,174,000	6,488,843,562,204,000
6. Domestic Credit	10,588,405,282,240	501,723,714,460,000
7. Open Market Operations	2,406,795,263,598,000	5,218,625,433,880,000
8. Foreign Credit	160,457,146,796,500	139,736,467,380,000
9. Share Participations	2,255,333,630,000	2,726,998,590,000
10. Fixed Assets	45,471,626,388,531	68,052,198,268,232
11. Claims under Legal Proceedings	552,794,789,438,200	795,469,790,785,000
12. Accounts to be Redeemed And Activated Claims		
13. Miscellaneous Receivables	119,752,231,307,639	227,269,342,775,181
14. Other Assets	442,194,319,018,715	390,685,106,588,520
TL Assets	20,430,431,116,732,273	30,894,506,722,598,532
Regulating Accounts	66,256,155,114,934,100	206,540,989,120,977,000
Liabilities		
1. Currency Issued	2,390,748,352,889,500	3,772,411,180,199,500
2. Liabilities to Treasury	18,484,507,230,774	25,863,771,559,963
3. Foreign Correspondents	3,219,607,408,000	33,635,568,000,000
4. Deposits	12,277,365,514,219,631	17,247,119,548,635,541
5. Open Market Operations	1,969,699,941,797,000	4,973,902,440,440,000
6. Foreign Credit	5,552,961,417,000	5,701,214,970,000
7. Advances, Collateral and Deposits Collected against Letters of Credit and Import	231,926,902,931,896	286,327,021,720,396
8. Notes and Remittances Payable	6,432,593,634,500	4,756,125,465,000
9. Capital	25,000,000,000	25,000,000,000
10. Reserves	181,607,198,607,516	343,876,227,355,491
11. Provisions	554,800,238,589,300	797,537,868,153,600
12. FX Revaluation Differences	1,510,061,438,523,000	1,248,883,922,910,000
13. Miscellaneous Payables	13,841,887,185,331	42,016,149,567,778
14. Other Liabilities	759,868,979,066,825	1,119,818,102,589,399
15. Profit	506,795,993,232,000	992,632,581,031,864
TL Liabilities	20,430,431,116,732,273	30,894,506,722,598,532
Regulating Accounts	66,256,155,114,934,100	206,540,989,120,977,000

ASSETS :

1. Gold

Considering the annual average of gold prices on international markets, the value of the gold stock on the balance sheet is shown at the rate of 1 net gram of gold = TL 5,810,869.2993 calculated on the basis of 1 ounce of gold = 269,05 dollars as of November 29, 2000. The value of the international standard and non-international standard gold holdings reached TL 694,485,985,355,000 equivalent to 119,514,989.86 net grams.

	Net Grams	Turkish Liras
International Standard	116,286,693,84	675,726,779,135,000
Non-International Standard	<u>3,228,296,02</u>	<u>18,759,206,220,000</u>
Total	<u>119,514,989,86</u>	<u>694,485,985,355,000</u>

The gold holdings of international standards, which increased by TL 130,679,836,195,000 in value due to a decrease of TL 982,292,845,000 equivalent to 176,534.68 net grams resulting from the decrease of US 1,707,716,11 dollars equivalent to 192,160.23 net grams along with the increase of US 143,451,39 equal to 15,625.55 net grams because of the ingot differences in depot returns as well as the exchange rate difference caused by the depreciation of the Turkish lira against the US dollar, reached TL 675,726,779,135,000 equivalent to 116,286,693.84 net grams.

33,670,645.06 net grams of the gold holdings of international standards are kept in the Head Office, whereas 82,616,048.78 net grams of which are in the foreign correspondents' vaults.

The gold holdings of non-international standards, which increased by TL 3,632,435,795,000 in value due to the exchange rate difference caused by the depreciation of the Turkish lira against the US dollar along with the stock of 20,997,80 net grams to be used in gold medals to be given to the personnel having worked 20 years at the Bank, reached TL 18,759,206,220,000 equivalent to 3,228,296.02 net grams, 345,574.68 net grams of which belongs to the Treasury.

2. Foreign Exchange

This item consists of the accounts opened by the Central Bank with foreign correspondents against convertible and non-convertible foreign exchange, as well as the foreign currencies available in the Bank's vaults. The balance of this account, calculated at the year-end evaluation rates, amounted to TL 14,895,115,430,645,000 of which TL 14,894,474,373,570,000 and TL 641,057,075,000 were the convertible and non-convertible amounts, respectively.

A) Convertible:

This item includes the convertible foreign exchange accumulated in the Foreign Correspondents Account, amounting to TL 14,578,848,278,065,000 and the foreign currencies in the Bank's vaults amounting to TL 315,626,095,505,000 as of the end of the year.

B) Non-Convertible:

This item includes the Foreign Correspondents Accounts denominated in Agreement Dollars in accordance with bilateral agreements, as well as the non-convertible foreign currencies available in the vaults. TL 84,722,320,000 of this item was in the Foreign Correspondents Accounts and TL 556,334,755,000 was in the Foreign Currency Vault.

3. Coins

This item consists of the coins available in the Central Bank's vaults, which totaled TL 3,415,919,470,000 at the end of the year.

4. Domestic Correspondents

This item reached TL 1,468,356,772,197,599 at the end of the year. It consists of both the Correspondents Accounts, which were opened at T.C. Ziraat Bank in accordance with the Correspondent Agreement and totaled TL 697,599 and the foreign exchange deposit accounts at domestic banks, which amounted to TL 1,468,356,771,500,000 at the end of the year.

5. Securities Portfolio

Securities in the Central Bank portfolio were redeemed early as of February 15, 2000 in accordance with the protocol between the Central Bank and the Treasury in line with the liquidation of the revaluation account.

The Government Debt Securities, which amounted to TL 6,488,843,562,204,000 as of the end of the year, include securities bought from the secondary market in November 2000 equivalent to TL 1,514,941,121,764,000 as well as securities held due to the repurchase operations equivalent to TL 4,973,902,440,440,000.

Among the government bonds, those which are transacted at the stock exchange were recorded by market price, those which are not transacted at the stock exchange were recorded by adding the yields between the acquisition date and December 31, 2000 to the purchasing cost, and the government securities held through repurchase operations, which were recorded by adding the yields until December 31, 2000 to the purchasing cost pursuant to Article 279 of Law on Tax Procedure No. 4369.

Due to the repurchase and reserve repurchase operations between the Central Bank and other banks, increases and decreases in this item must be evaluated along with the "Securities" portions of "The Repurchase Agreements" items of the Open Market Operations on both the assets and the liabilities sides of the balance sheet.

6. Domestic Credit

	Turkish Liras
A) Public Sector:	1,723,714,460,000
a) The Treasury	
i- Short-term Advances to the Treasury	-
b) Public Sector Institutions	-
c) State Economic Enterprises	1,723,714,460,000
B) Banking Sector	500,000,000,000,000
a) Commercial	
b) Agricultural	-
c) Industrial	-
d) Advances against Bond Collateral	-
e) Other	500,000,000,000,000
	<hr/> 501,723,714,460,000 <hr/>

Domestic credit amounting to TL 10,588,405,282,240 in 1999 increased by a total of TL 501,723,714,460,000 resulting from an decrease of TL 1,189,591,165,240 in the public sector and an increase of TL 492,324,900,343,000 in the banking sector. The breakdown of this item is given above.

7. Open Market Operations

This item reached TL 5,218,625,433,880,000 at the end of the year, with an increase of TL 2,811,830,170,282,000 compared to the previous year. Of this total, TL 5,117,475,433,880,000 represents the debt arising from securities swap transactions made by banks and paid to the Central Bank in cash. The cash debt of the banks due to money market operations was TL 101,150,000,000,000.

8. Foreign Credit

This account shows the credit extended in accordance with the Banking Agreements between the Central Bank of the Republic of Turkey and the Central Banks of Iraq. It also includes the credit extended against the bills that were issued by the Vnesheconombank of the Russian Federation against the wheat exports made by the Soil Products Office to that country and bought by the Central Bank, and against the bills bought by the Central Bank from the Enka Construction and Industry Joint Stock Company regarding the project on Iraq Bekhme Dam, as well as the credit extended by the banks abroad so as to finance the claims of exports sold in installments. At the end of the year, the balance of this account was TL 139,736,467,380,000 equal to 208,013,914,66 US dollars. Due to the the bills bought by the Central Bank from the Enka Construction and Industry Joint Stock Company regarding the project on Iraq Bekhme Dam, the amount of 12,431,018 US dollars, which it was decided to disburse by the United Nations Compensation Committee due to the Gulf War, was subtracted from the claims from Iraq which were equal to 105,005,493,48 US dollars, and the remaining amount, which was equal to 92,574,475,48 US dollars, was placed in the Claims under Legal Proceedings item as of the end of the year.

9. Share Participations

The balance of this account was TL 2,726,998,590,000 at the end of 2000. In accordance with Article 3 of Central Bank Law No. 1211, this item consists of the Central Bank's accounts of 5,000,000 Swiss francs against gold in the Bank for International Settlements in Basle and 385,000 Belgian francs in the Bank for Worldwide Interbank Financial Telecommunication (SWIFT). The value of these

participations is calculated at the rate of 1 gold Swiss franc= TL 544,219 and 1 Belgian franc = TL 15,334.

10. Fixed Assets

This item consists of the buildings, plots, furniture and fixtures owned by the Central Bank. The total re-appreciated cost of the real estate of the Central Bank, except for the plots, was TL 63,565,427,337,931. The cost value of the buildings is subject to a yearly re-appreciation assessment. When the accumulated depreciation amount of TL 4,587,730,052,788 was deducted, the net value of the real estate was TL 58,977,697,285,143. The real estate is insured for TL 36,627,780,631,050.

After deducting the re-appreciated depreciation amount of TL 8,782,916,798,269 from the cost value of TL 17,857,417,781,358 including the re-appreciation made previously as of 1990, the net cost value of the furniture and fixtures was TL 9,074,500,983,089 and they are insured for TL 11,477,158,124,290.

11. Claims under Legal Proceedings

The balance of this account at the end of the year was TL 795,469,790,785,000. This account shows the Claims in Prosecution arising from the claims from the Bank of Iraq, which was TL 733,281,498,265,000 (equal to 1,091,574,431,93 US dollars) as well as credit amounting to 92,574,475,48 US dollars, which is equal to TL 62,188,292,520,000 extended against the bills bought by the Central Bank from the Enka Construction and Industry Joint Stock Company regarding the project on Iraq Bekhme Dam.

12. Accounts to be Redeemed and Activated Claims

No balance could be observed due to the fact that the positive exchange rate difference has been listed on the liabilities column since 1996 and the Government Debt Securities replaced the claims capitalized from the Treasury and other public institutions in 1993 in accordance with Arbitration Law No. 3836.

13. Miscellaneous Receivables

This item, which shows the balance of claims amounting to TL 227,269,342,775,181 at the end of the year, consists of TL 225,683,467,500,181 and the equivalent of TL 1,585,875,275,000 in foreign exchange, the breakdown of which is as follows:

The Central Bank of the Republic of Turkey

	Turkish Liras
- Advances and Deposits	395,463,099,181
- Temporary Tax and Income and Fund Shares	223,499,408,270,000
- Other	1,788,596,131,000
TOTAL	225,683,467,500,181

14. Other Assets

This item shows various claims of the Bank, amounting to a balance of TL 390,685,106,588,520 at the year's end, and consists of TL 384,126,052,123,520 and the equivalent of TL 6,559,054,465,000 in foreign exchange.

LIABILITIES:

1. Currency Issued

The year-end balance of banknotes in circulation, issued in accordance with Article 36 of Central Bank Law No. 1211, amounted to TL 3,772,411,180,199,500.

2. Liabilities to the Treasury

A- Gold :

The gold claims of the Treasury, 345,574.68 net grams, amounted to TL 2,008,089,290,000 due to the devaluation of the Turkish lira against the US dollar as a result of an increase of TL 387,887,955,000 compared to last year.

B- Other :

This item, which shows the liabilities to the Treasury, amounted to TL 23,855,682,269,963 at the end of 2000.

3. Foreign Correspondents

This account represents the sum of TL 33,635,568,000,000 calculated at the year-end evaluation rates. It denotes the Central Bank's debt to Correspondents abroad and consists of TL 17,206,009,470,000 in convertible rates and TL 16,429,558,530,000 in non-convertible rates.

The Central Bank of the Republic of Turkey

A- Convertible:

Convertible foreign exchange liabilities reached TL 17,206,009,470,000 increasing by TL 14,038,860,068,000 compared to 1999, and consist of the amounts of the foreign correspondents with the Central Bank.

B- Non-Convertible:

This is the total of the credit balance of the foreign correspondents' accounts opened in Agreement dollars in accordance with bilateral agreements. The nostro accounts amounted to TL 16,429,558,530,000 at the end of the year, the equivalent of 24,457,300,60 US dollars.

4. Deposits

The year-end balance of this account is TL 17,247,119,548,635.

	Turkish Lira	Foreign Exchange
A) Public Sector	<u>293.671.211.409.956</u>	<u>875.890.160.690.000</u>
Treasury, General and Annexed Budget Administrations	248,610,662,428,242	872,190,044,740,000
i) Treasury	122,117,312,824,855	425,107,655,195,000
ii) General Budget Administrations	41,709,568,443,400	447,082,389,545,000
iii) Annexed Budget Administrations	84,783,781,159,987	
b) Public Economic Institutions	544,771,106,944	-
c) State Economic Enterprises	6,033,790,184	3,700,115,950,000
d) Other	44,509,744,084,586	-
B) Banking Sector	<u>2.015.481.118.886.183</u>	<u>4.295.402.400.845.000</u>
a) Domestic Banks	610,684,324,358,449	1,765,655,478,745,000
b) Banks Abroad	639,892,941,734	-
c) Required Reserves (Article 40 of the Central Bank Law)	1,404,156,901,586,000	2,529,746,922,100,000
i) Cash	1,404,156,901,586,000	2,529,746,922,100,000
ii) Gold (Net gram)	-	-
d) Other	-	-
C) Miscellaneous	<u>1.212.739.288.307</u>	<u>7.078.823.430.685.000</u>
Foreign Exchange Deposits by Citizens Abroad	-	7,062,990,845,220,000
b) Other	1,212,739,288,307	15,832,585,465,000
D) International Institutions	<u>2.240.462.738.993.680</u>	-
E) Funds	<u>115.719.833.927.415</u>	<u>330.455.913.910.000</u>
a) Savings Deposit Insurance Fund	627,962,741,000	114,832,359,715,000
b) Other	115,091,871,186,415	215,623,554,195,000
Total	<u>4.666.547.642.505.541</u>	<u>12.580.571.906.130.000</u>

5. Open Market Operations

The balance of this account, which represents the debts of the Central Bank to banks arising from money and securities market transactions, reached TL 4,973,902,440,440,000 at the end of the year.

6. Foreign Credit

This account shows the Central Bank's debts consisting of the short, medium and long-term debts obtained from foreign sources in accordance with credit agreements and the convertible Turkish lira deposit accounts which were transferred into the Central Bank's liabilities. It amounted to TL 5,701,214,970,000 at the end of the year.

7. Advances, Collaterals and Deposits Collected against Letters of Credit and Import

The balance of this item was TL 286,327,021,720,396 at the end of the year. Of this total, TL 9,833,680,396 represents the goods, equivalents and guarantees deposited at the Bank pursuant to import regulations. The equivalent of the credit transactions of foreign exchange sales amounted to TL 286,317,188,040,000.

8. Notes and Remittances Payable

The year-end balance of this account amounted to TL 4,756,125,465,000. It consists of payment orders to be paid to beneficiaries and amounts to TL 16,000,000 in Turkish lira; TL 4,743,730,680,000 in convertible and TL 12,378,785,000 non-convertible foreign exchange.

9. Capital

Under Article 5 of Central Bank Law No. 1211, the capital, which is equal to TL 25,000,000,000 consists of 250,000 shares, each with a nominal value of TL 100,000.

Category	Number of Shares	Percent of Total	Total TL
A	136,838	54,74	13,683,800,000
B	58,002	23,20	5,800,200,000
C	6,833	2,73	683,300,000
D	48,327	19,33	4,832,700,000
	250,000	100,00	25,000,000,000

10. Reserves

This item includes both reserve funds retained in accordance with Articles No. 59 and 60 of Central Bank Law No. 1211 and revaluation funds in accordance with Laws No. 2791 and 3094. The year-end figure of this item was TL 343,876,227,355,491.

	Turkish Liras
A. Ordinary Reserve Fund (Article 60 of Law No. 1211)	206,331,589,022,400
B. Extraordinary Reserve Fund (Article 60 of Law No. 1211)	82,557,837,580,500
C. Special Reserves (Article 59 of Law No. 1211)	23,256,904,985
D. Valuation Adjustment Fund (Laws No. 2791 and 3094)	54,874,983,079,528
E. Cost Adjustment Fund (General Communique on Corporation Tax No. 49)	<u>88,560,768,078</u>
TOTAL	<u>343,876,227,355,491</u>

11. Provisions

Provisions are retained out of the Bank's gross profit to meet various risks and this account amounted to TL 797,537,868,153,600 with an increase of TL 242,737,629,564,300 compared to last year. In this item, the claims from Iraq in return for extended credit are equal to TL 180,491,534,390,000 as well as the claims from the Enka Construction and Industry Joint Stock Company regarding the project on Iraq Bekhme Dam in return for the bills bought by the Central Bank, are equal to TL 62,188,292,520,000.

	Turkish Liras
A. Provisions for the decrement bonds	11,936,200
B. Provisions for contingencies due to the year-end exchange adjustments of foreign exchange holdings	250,153,800
C. Provisions for the transport insurance of valuables such as banknotes, foreign exchange, etc.	2,067,815,278,600
D. Provisions for bad and doubtful debts	<u>795,469,790,785,000</u>
TOTAL	<u>797,537,868,153,600</u>

12. Foreign Exchange Revaluation Differences

The year-end balance of this account amounted to TL 1,248,883,922,910,000.

A- Revaluation Differences as per Article 61 of the Central Bank Law:

a) Liquidated:

This item was settled at the end of 1997.

b) To be Liquidated

The beneficiary exchange rate difference of TL 1,248,883,922,910,000 which is due to the revaluation of gold, foreign exchange and foreign currency assets and liabilities of the Bank in 2000, will be liquidated in accordance with the agreement to be reached with the Treasury.

13. Miscellaneous Payables

This account amounted to TL 42,016,149,567,778 at the end of the year and consists of the Central Bank's debts of TL 156,194,652,778 in Turkish lira and TL 41,859,954,915,000 in foreign exchange.

14. Other Liabilities

This item amounted to TL 1,119,818,102,589,399 at the end of the year, consisting of the Central Bank's debts of TL 953,873,330,054,399 in Turkish lira and TL 165,944,772,535,000 in foreign exchange.

V.2. PROFITS FOR THE 2000 ACCOUNTING YEAR AND THEIR DISTRIBUTION

The net profit of the Central Bank for 2000 was TL 992,632,581,031,864. The distribution of this profit, pursuant to Article 60 of Central Bank Law No. 1211, is specified as follows:

DISTRIBUTION OF THE 2000 PROFIT

	Turkish Liras	Turkish Liras
Net profit of 2000		992,632,581,031,864
1. Reserve Funds		277,936,972,680,000
Ordinary Reserve Fund	198,526,516,200,000	
Extraordinary Reserve Fund	<u>79,410,456,480,000</u>	
2. Shareholders		2,504,080,000
First Dividends	1,500,000,000	
Second Dividends	1,500,000,000	
Income Tax and Fund Share	<u>- 495,490,000</u>	
3. Bonus to Personnel	<u>1,578,750,000,000</u>	1,578,750,000,000
4. Taxes and Funds		240,753,603,390,000
Corporation Tax	218,866,461,730,000	
Income Tax	450,510,000	
I.T. Fund Share	<u>21,886,691,150,000</u>	
Remainder		<u>472,360,750,881,864</u>

The Central Bank of the Republic of Turkey

Each share has a nominal value of TL 12,000, derived by dividing the total dividends of TL 3,000,000,000 by the number of allotments – 250,000.

We hereby present this report to the General Meeting of the Central Bank and as of April 24, 2001 submit for your approval the distribution of the profit to the shareholders in conformity with the framework outlined above and also request the authorization of the Board to determine the method and the date of payment for bonuses to be accorded to the personnel. Finally, we deem it our duty to express our gratitude to all of the personnel of the Central Bank for their successful performance.

**THE REPORT OF THE AUDITORS COMMITTEE FOR 2000,
THE SIXTY-NINTH ACCOUNTING YEAR OF
THE CENTRAL BANK OF THE REPUBLIC OF TURKEY**

The Auditors Committee has thoroughly examined the activities and the resulting statements of the 2000 Accounting Year of the Central Bank of the Republic of Turkey, within the framework of the provisions of the related legislation and concluded that:

1- The cash, gold holdings, effective stock and securities in the service and reserve vaults of the Head Office and Branches, which were inspected at random, are in conformity with the records, and the legal books and these values are kept and administered in accordance with regulations,

2- The legal books and the books subject to declaration related to the Bank's accounts are in good order and in conformity with the law as well as the main contract, and the direct and indirect domestic loans extended by the Bank are kept within the limits set forth,

3- The Balance Sheet and the Profit and Loss Statement as of December 31, 2000 are designed to give systematic principals of accounting and the rules of assessment stated in the Law; classification, registration and the summary of the financial transactions, operations and fiscal tables are in conformity with the widely accepted rules and standards of accounting; the accounts are correct and explicit so as to satisfy evaluations having various views and purposes,

4- The table related to Net Profit Distribution is prepared in accordance with Article 60 of Law No. 1211,

5- Legal actions regarding liabilities, which were referred to courts by the Bank, have not yet been concluded.

In conclusion, we hereby submit the Balance Sheet and the Profit and Loss Statement, arranged according to the principles and procedures upon which we have mutually agreed with the Board of Directors, for the approval of the General Assembly.

Auditors Committee Member
M. Saim Uysal

Auditors Committee Member
M. Ayhan Tümer

Auditors Committee Member
N. Kaya Sezer

Auditors Committee Member
İbrahim Gani Duru

**BALANCE SHEET,
PROFIT AND LOSS STATEMENT**

The Central Bank of the Republic of Turkey

THE CENTRAL BANK OF THE REPUBLIC OF TURKEY BALANCE SHEET AS OF DECEMBER 31, 2000

	Amount of Turkish Currency Accounts (in TL)	Amount of Foreign Currency Accounts (in TL)	Total of Turkish Currency Accounts (in TL)	Total of Foreign Currency Accounts (in TL)	TOTAL (in TL)
A S S E T S					
I. Gold					
A. International Standard (Net Gram) 116.286.693,84				675,726,779,135,000	
B. Non-International Standard (Net Gram) 3.228.296,02			18,759,206,220,000		694,485,985,355,000
II. Foreign Exchange					
A. Convertible					
a. Foreign Banknotes.....		315,626,095,505,000			
b. Correspondent Accounts.....		14,578,848,278,065,000		14,894,474,373,570,000	
B. Non-Convertible					
a. Bonds.....		556,334,755,000			
b. Treasury Bills.....		84,722,320,000		641,057,075,000	14,895,115,430,645,000
III. Coins			3,415,919,470,000		3,415,919,470,000
IV. Domestic Correspondents			697,599	1,468,356,771,500,000	1,468,356,772,197,599
V. Securities Portfolio					
A. Government Securities					
a. Bonds.....	3,868,709,841,801,000				
b. Treasury Bills.....	2,620,133,720,403,000		6,488,843,562,204,000		6,488,843,562,204,000
B. Other.....					
VI. Domestic Credit					
A. Public Sector					
a. Treasury					
i. Short-term Advances to the Treasury					
ii. Other					
b. Public Economic Institutions					
i. Commercial					
c. State Economic Enterprises					
i. Treasury Guaranteed Bills					
ii. Commercial					
iii. Other.....	1,723,714,460,000		1,723,714,460,000		
B. Banking Sector					
a. Commercial					
i. Export					
ii. Other					
b. Agricultural					
i. Agricultural Credit Cooperatives					
ii. Unions of Agricultural Sales Cooperatives					
iii. Other					
c. Industrial					
d. Advances against Bond Collateral					
e. Other.....	500,000,000,000,000		500,000,000,000,000		501,723,714,460,000
VII. Open Market Operations					
A. Repurchase Agreements					
a. Cash.....			5,117,475,433,880,000		
i. Foreign Exchange					
ii. Securities.....	5,117,475,433,880,000				
b. Securities.....					
B. Other.....			101,150,000,000,000		5,218,625,433,880,000
VIII. Foreign Credit				139,736,467,380,000	139,736,467,380,000
IX. Participations				2,726,998,590,000	2,726,998,590,000
X. Fixed Assets					
A. Buildings and Building sites.....	63,565,427,337,931				
Depreciation Allowance for Real Estate (-)	(4,587,730,052,788)		58,977,697,285,143		
B. Furniture and Fixtures.....	17,857,417,781,358				
Depreciation Allowance for Furniture and Fixtures (-)	(8,782,916,798,269)		9,074,500,983,089		68,052,198,268,232
XI. Claims under Legal Proceedings				795,469,790,785,000	795,469,790,785,000
XII. Consolidated Claims & FX Revaluation Differences					
A. Claims Under Consolidation Law No. 3836					
B. Revaluation Differences as per Article 61 of the Central Bank Law					
a. Liquidated					
b. To be liquidated					
XIII. Miscellaneous Receivables			225,683,467,500,181	1,585,875,275,000	227,269,342,775,181
XIV. Other Assets			384,126,052,123,520	6,559,054,465,000	390,685,106,588,520
T O T A L.....			12,909,229,554,823,532	17,985,277,167,775,000	30,894,506,722,598,532

REGULATING ACCOUNTS

Buildings insured for TL :36,627,780,631,050
Furniture and Fixtures insured for TL : 11,477,158,124,290

206,540,989,120,977,000

Prevailing rediscount and advance rates:
Against bills to mature max. in 3 months:
-Rediscount rate..... 60,00 %
-Advance rate..... 70,00 %

The Central Bank of the Republic of Turkey

**THE CENTRAL BANK OF THE REPUBLIC OF TURKEY
BALANCE SHEET AS OF DECEMBER 31, 2000**

	Amount of Turkish Currency Accounts (in TL)	Amount of Foreign Currency Accounts (in TL)	Total of Turkish Currency Accounts (in TL)	Total of Foreign Currency Accounts (in TL)	TOTAL (in TL)
L I A B I L I T I E S					
I. Currency Issued			3,772,411,180,199,500		3,772,411,180,199,500
II. Liabilities to Treasury					
A. Gold (Net Gram)	345,574,68		2,008,089,290,000		
B. Other (Net)			23,779,719,079,963	75,963,190,000	25,863,771,559,963
III. Foreign Correspondents					
A. Convertible.....				17,206,009,470,000	
B. Non-Convertible				16,429,558,530,000	33,635,568,000,000
IV. Deposits					
A. Public Sector					
a. Treasury, General and Annexed Budget Administration.....	248,610,662,428,242	872,190,044,740,000			
b. Public Economic Institutions.....	544,771,106,944				
c. State Economic Enterprises.....	6,033,790,184	3,700,115,950,000			
d. Other.....	44,509,744,084,586		293,671,211,409,956	875,890,160,690,000	
B. Banking Sector					
a. Free Deposits of Domestic Banks.....	610,684,324,358,449	1,765,655,478,745,000			
b. Banks abroad.....	639,892,941,734				
c. Required Reserves (Central Bank Law No. 40)					
i. Cash	1,404,156,901,586,000	2,529,746,922,100,000			
ii. Gold (Net Gram)					
d. Other			2,015,481,118,886,183	4,295,402,400,845,000	
C. Miscellaneous					
a. Foreign Exchange Deposits by Citizens Abroad.....		7,062,990,845,220,000			
b. Other.....	1,212,739,288,307	15,832,585,465,000	1,212,739,288,307	7,078,823,430,685,000	
D. International Institutions.....			2,240,462,738,993,680		
E. Extrabudgetary Fund					
a. Savings Deposits Insurance Fund.....	627,962,741,000	114,832,359,715,000			
b. Other.....	115,091,871,186,415	215,623,554,195,000	115,719,833,927,415	330,455,913,910,000	17,247,119,548,635,541
V. Open Market Operations					
A. Repurchase Agreements					
a. Cash					
i. Foreign Exchange					
ii. Securities					
b. Securities.....	4,973,902,440,440,000		4,973,902,440,440,000		4,973,902,440,440,000
B. Other.....					
VI. Foreign Credit					
A. Short-term.....				279,373,460,000	
B. Medium and Long-term.....				5,421,841,510,000	5,701,214,970,000
VII. Advances, Collateral and Deposits Against Letters of Credit & Import					
A. Short-term.....				286,317,188,040,000	
B. Medium and Long-term.....			9,833,680,396		286,327,021,720,396
VIII. Notes and Remittances Payable			16,000,000	4,756,109,465,000	4,756,125,465,000
IX. Capital			25,000,000,000		25,000,000,000
X. Reserves					
A. Ordinary and Extraordinary Reserves					
A. Ordinary Reserves (CBRT Law Art. 59)			288,889,426,602,900		
B. Special Reserves (CBRT Law Art. 59)			23,256,904,985		
C. Valuation Adjustment Fund (Laws No 2791 ve 3094).....			54,874,983,079,528		
D. Cost Adjustment Fund.....			88,560,768,078		343,876,227,355,491
XI. Provisions			797,537,868,153,600		797,537,868,153,600
XII. FX Revaluation Differences					
A. Revaluation Differences as per Art. 61 of Central Bank Law.....			1,248,883,922,910,000		
a. Liquidated.....					
b. To be Liquidated.....	1,248,883,922,910,000				1,248,883,922,910,000
XIII. Miscellaneous Payables			156,194,652,778	41,859,954,915,000	42,016,149,567,778
XIV. Other Liabilities			953,873,330,054,399	165,944,772,535,000	1,119,818,102,589,399
XV. Profit			992,632,581,031,864		992,632,581,031,864
T O T A L.....			17,775,644,045,353,532	13,118,862,677,245,000	30,894,506,722,598,532
REGULATING ACCOUNTS					206,540,989,120,977,000

DEBIT

	Turkish Lira
Interest Paid	785,671,480,978,365
Non-Interest Paid	612,820,209,146,415
Staff Expenses	87,370,647,826,280
Other Expenses	28,420,296,761,107
Net Income	992,632,581,031,864
TOTAL	2,506,915,215,744,031

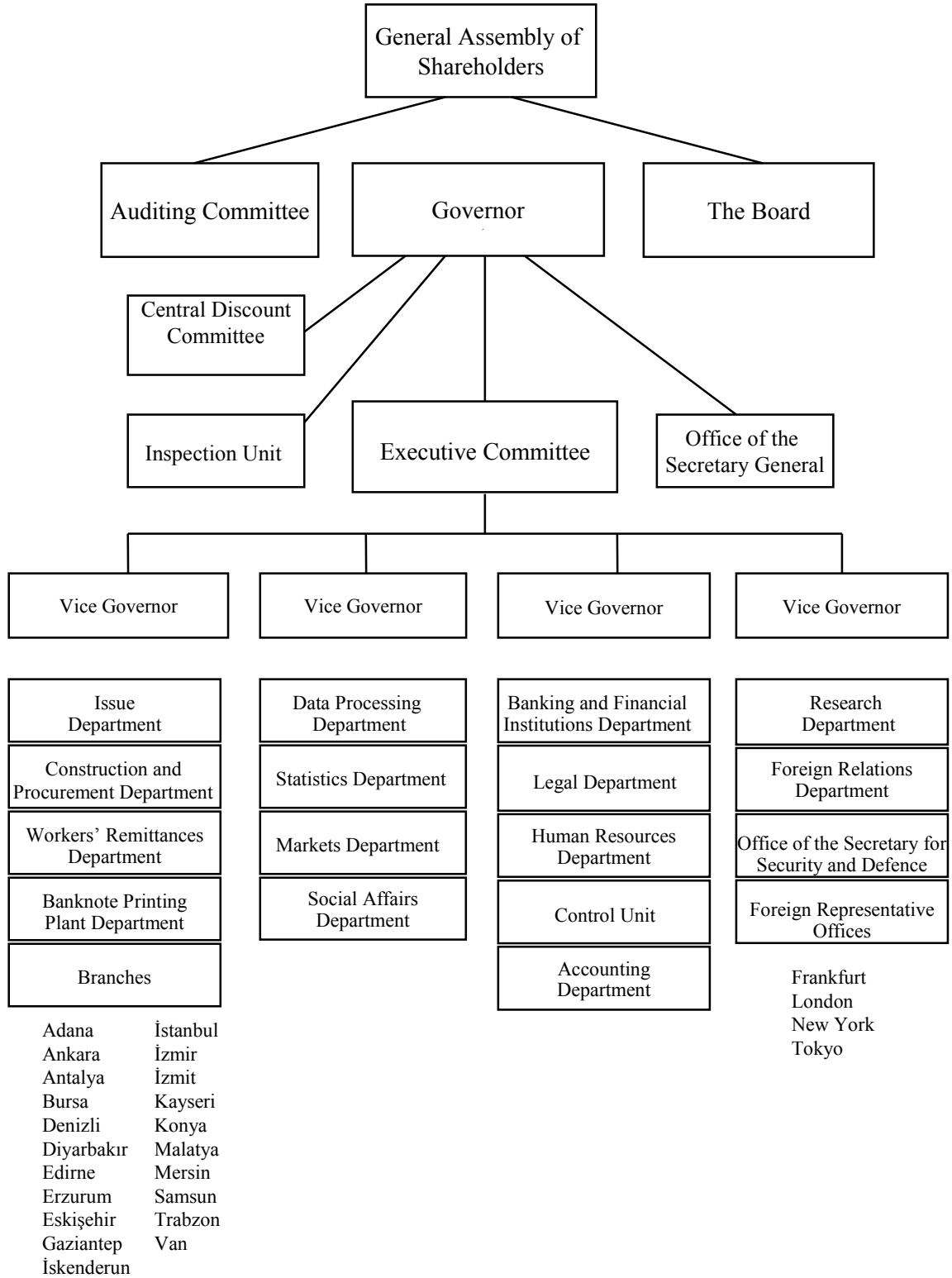
The Central Bank of the Republic of Turkey

REPUBLIC OF TURKEY
As of December 31, 2000

CREDIT

	Turkish Lira
Interest Income	916,973,955,303,750
Non-Interest Income	1,588,777,596,760,281
Permanent Participations	1,163,663,680,000
TOTAL	2,506,915,215,744,031

**THE CENTRAL BANK OF THE REPUBLIC OF TURKEY
ORGANIZATION CHART**



STATISTICAL TABLES

VI

STATISTICAL TABLES

TABLE 1
MACRO BALANCE (AT CURRENT PRICES)
(TL billion)

	1996	1997	1998	1999	2000 (1)
GNP	14 978 067	29 393 262	53 518 332	78 242 496	124 405 569
Foreign resources	722 322	1 117 089	566 538	1 961 393	7 968 346
Total resources	15 700 389	30 510 351	54 084 869	80 203 889	132 373 914
Total investment	3 690 310	7 397 638	12 711 101	18 500 242	30 557 061
Public	795 970	1 923 737	3 533 793	4 866 648	8 287 386
Private	2 894 340	5 473 901	9 177 308	13 633 595	22 269 675
Fixed capital investment	3 757 812	7 728 372	13 034 212	17 261 864	29 268 556
Public	763 421	1 782 699	3 254 894	4 833 325	8 411 401
Private	2 994 391	5 945 673	9 779 319	12 428 540	20 857 155
Changes in stocks	-67 502	-330 734	-323 111	1 238 378	1 288 505
Public	32 549	141 038	278 900	33 323	-124 015
Private	-100 051	-471 773	-602 011	1 205 055	1 412 521
Total consumption	12 010 079	23 112 713	41 373 768	61 703 647	101 816 854
Public disposable income	1 477 842	3 446 097	5 018 489	4 962 334	9 188 948
Public consumption	1 477 842	3 166 999	5 878 199	10 347 006	15 681 781
Public savings	-223 724	279 098	-859 710	-5 384 672	-6 492 833
Public investments	795 970	1 923 737	3 533 793	4 866 648	8 287 386
Public (S-I)	-1 019 694	-1 644 639	-4 393 504	-10 251 319	-14 780 219
Private disposable income	13 723 950	25 947 165	48 499 843	73 280 162	115 216 621
Private consumption	10 532 237	19 945 714	35 495 569	51 356 641	86 135 073
Private savings	3 191 712	6 001 451	13 004 274	21 923 521	29 081 548
Private investments	2 894 340	5 473 901	9 177 308	13 633 595	22 269 675
Private (S-I)	297 372	527 550	3 828 966	8 289 927	6 811 873
Private savings ratio	23.3	23.1	26.8	29.9	25.2
Total domestic savings	2 967 988	6 280 549	12 144 564	16 538 849	22 588 715
Fixed capital invest./ GNP	25.1	26.3	24.4	22.1	23.5
Domestic savings / GNP	19.8	21.4	22.7	21.1	18.2

Source: State Planning Organization.

(1) Estimate.

TABLE 2
MACRO BALANCE (at 1998 PRICES)
(TL billion)

	1996	1997	1998	1999	2000(1)
GNP	47 586 459	51 531 558	53 518 332	50 100 619	53 106 656
Foreign resources	1 572 770	1 991 318	566 538	2 164 785	2 764 684
Total resources	49 159 229	53 522 876	54 084 869	52 265 403	55 871 339
Total investment	11 577 095	12 889 951	12 711 101	11 976 415	13 342 715
Public	2 492 611	3 351 989	3 533 793	3 149 017	3 564 481
Private	9 084 484	9 537 962	9 177 308	8 827 397	9 778 234
Fixed capital investment	11 787 925	13 458 153	13 034 212	11 167 335	12 783 731
Public	2 390 950	3 109 686	3 254 894	3 127 246	3 618 282
Private	9 396 975	10 348 467	9 779 319	8 040 088	9 165 449
Changes in stocks	-210 830	-568 202	-323 111	809 080	558 984
Public	101 662	242 304	278 900	21 771	-53 801
Private	-312 491	-810 505	-602 011	787 309	612 785
Total consumption	37 582 133	40 632 925	41 373 768	40 288 989	42 528 624
Public disposable income	4 472 830	6 023 236	5 018 489	2 937 613	3 383 775
Public consumption	5 226 947	5 538 916	5 878 199	6 132 056	6 424 293
Public savings	-754 117	484 319	-859 710	-3 194 443	-3 040 518
Public investments	2 492 611	3 351 989	3 533 793	3 149 017	3 564 481
Public (S-I)	-3 246 728	-2 867 670	-4 393 504	-6 343 460	-6 604 999
Private disposable income	43 113 629	45 508 322	48 499 843	47 163 005	49 722 881
Private consumption	32 355 186	35 094 008	35 495 569	34 156 932	36 104 331
Private savings	10 758 443	10 414 314	13 004 274	13 006 073	13 618 550
Private investments	9 084 484	9 537 962	9 177 308	8 827 397	9 778 234
Private (S-I)	1 673 958	876 352	3 826 966	4 178 676	3 840 315
Private savings ratio	25.0	22.9	26.8	27.6	27.4
Total domestic savings	10 004 325	10 898 633	12 144 564	9 811 630	10 578 032
Fixed capital invest./ GNP	24.8	26.1	24.4	22.3	24.1
Domestic savings / GNP	21.0	21.1	22.7	19.6	19.9

Source: State Planning Organization.

(1) Estimate.

TABLE 3
GROSS NATIONAL PRODUCT (AT CURRENT PRODUCER PRICES)
(TL billion)

	1996	1997	1998	1999	2000 (1)
Agriculture	2 489 773.6	4 170 001.1	9 113 454.1	11 851 054.8	12 749 491.3
Industry	3 716 528.4	7 293 185.6	11 970 299.1	17 973 865.9	20 346 958.2
Construction	857 761.8	1 743 240.4	3 124 593.4	4 362 038.7	4 617 288.2
Commerce	3 022 314.5	5 985 402.3	10 404 500.9	14 750 944.5	17 566 776.0
Transportation	1 941 574.2	4 018 612.6	7 102 826.2	10 868 375.9	12 418 874.1
Financial institutions	732 340.1	1 474 426.2	3 280 525.8	4 228 348.7	4 123 521.2
Home ownership	442 934.8	850 331.6	1 761 710.8	3 465 420.0	3 965 804.5
Professions and services	554 079.6	1 067 451.3	1 956 339.3	2 830 825.7	3 162 575.0
(-) Imputed bank services	709 234.7	1 371 710.0	3 049 158.0	4 284 141.0	3 960 803.4
Government services	1 238 527.3	2 579 910 .0	4 915 736.1	8 781 478.1	9 000 203.2
Non-profit private services	26 922.4	53 020.9	98 742.4	272 486.5	201 669.9
Import tax	458 588.4	972 011.3	1 545 375.0	2 314 574.5	3 567 800.8
GDP	14 772 110.2	28 835 883.1	52 224 945.1	77 415 272.3	87 760 158.9
Net foreign income	205 957.1	557 379.0	1 293 386.5	867 694.5	815 919.8
GNP	14 978 067.3	29 393 262.1	53 518 331.6	78 282 966.8	88 576 078.7

Source: State Institute of Statistics.

(1) Provisional (as of the end of September 2000).

TABLE 4
GROSS NATIONAL PRODUCT (AT 1987 PRODUCER PRICES)
(TL billion)

	1996	1997	1998	1999	2000 (1)
Agriculture	15 284.4	14 927.2	16 176.4	15 369.0	12 333.3
Industry	29 743.5	32 835.4	33 493.9	31 813.9	25 208.3
Construction	6 200.1	6 511.0	6 559.8	5 739.0	4 467.9
Commerce	22 412.9	25 024.4	25 365.2	23 756.0	19 747.6
Transportation	13 458.1	14 485.1	15 198.3	14 834.0	11 529.9
Financial institutions	2 476.3	2 572.9	2 751.5	2 931.3	2 207.2
Home ownership	5 351.9	5 474.6	5 590.5	5 650.8	4 224.1
Professions and services	2 398.7	2 564.4	2 652.9	2 533.5	2 012.2
(-) Imputed bank services	2 072.6	2 112.8	2 239.6	2 376.3	1 776.8
Government services	4 468.7	4 472.9	4 738.6	4 868.4	3 714.2
Non-profit private services	386.3	390.1	396.6	406.7	297.6
Import tax	4 636.8	5 486.1	5 429.6	5 119.5	4 839.1
GDP	104 745.2	112 631.2	116 113.6	110 645.9	88 804.7
Net foreign income	1 334.6	2 243.0	3 189.5	1 397.9	491.9
GNP	106 079.8	114 874.2	119 303.1	112 043.8	89 296.6

Source: State Institute of Statistics.

(1) Provisional (as of the end of September 2000).

TABLE 5
FIXED CAPITAL INVESTMENT BY SECTORS
(AT CURRENT PRICES)
(TL billion)

	1999			2000 (1)		
	Public	Private	Total	Public	Private	Total
Agriculture	399 761	350 640	750 400	693 111	514 158	1 207 268
Mining	75 089	195 310	270 398	114 724	230 317	345 041
Manufacturing	132 204	2 865 646	2 997 850	315 157	4 717 273	5 032 430
Energy	719 999	336 466	1 056 465	1 350 980	564 196	1 915 177
Transportation	1 750 876	2 404 191	4 155 067	2 962 087	4 925 582	7 887 669
Tourism	21 722	662 737	684 459	36 223	1 133 277	1 169 500
Housing	65 236	4 425 381	4 490 617	62 195	6 535 524	6 597 719
Education	563 146	209 263	772 409	974 111	457 539	1 431 650
Health	172 763	393 617	566 380	326 900	858 839	1 185 739
Other services	932 529	585 289	1 517 819	1 575 914	920 448	2 496 362
TOTAL	4 833 325	12 428 540	17 261 864	8 411 401	20 857 155	29 268 556

Source : State Planning Organization.

(1) Estimate.

TABLE 6
FIXED CAPITAL INVESTMENT BY SECTORS
(AT 1998 PRICES)
(TL billion)

	1999			2000 (1)		
	Public	Private	Total	Public	Private	Total
Agriculture	257 997	228 315	486 312	273 166	231 740	504 906
Mining	48 468	126 677	175 144	48 280	100 581	148 862
Manufacturing	85 818	1 864 486	1 950 305	138 358	2 144 159	2 282 517
Energy	464 788	218 841	683 629	586 491	252 980	839 471
Transportation	1 130 142	1 568 981	2 699 124	1 261 151	2 275 023	3 536 174
Tourism	14 155	427 757	441 912	15 512	487 643	503 155
Housing	42 779	2 835 570	2 878 350	26 823	2 693 792	2 720 614
Education	366 411	135 314	501 725	420 440	199 047	619 487
Health	112 759	253 592	366 352	141 059	366 441	507 500
Other services	603 928	380 554	984 482	707 001	414 042	1 121 044
TOTAL	3 127 246	8 040 088	11 167 335	3 618 282	9 165 449	12 783 731

Source: State Planning Organization.

(1) Estimate.

TABLE 7
CAPACITY UTILIZATION RATIO IN MANUFACTURING INDUSTRY
(ISIC R3)
(Production Value Weighted Annual Averages)
(in percentages)

	1996	1997	1998	1999	2000
TOTAL	77.9	79.3	76.5	72.3	75.9
Public sector	82.0	81.3	81.0	78.9	80.0
Private sector	76.5	78.6	74.5	69.8	74.2

Source: State Institute of Statistics.

TABLE 8
INDUSTRIAL PRODUCTION INDEX
(Annual Averages)
(1997=100)

	1996	1997	1998	1999	2000
TOTAL INDUSTRY	89.7	100.0	101.3	97.5	103.4
Public sector	96.6	100.0	103.8	103.9	99.4
Private sector	86.8	100.0	100.3	95.0	105.0
Mining and quarrying	95.6	100.0	111.2	100.2	97.4
Crude petroleum and natural gas	103.2	100.0	107.7	107.1	97.4
Manufacturing industry	89.2	100.0	100.1	95.9	102.1
Food products and beverages	92.6	100.0	100.8	100.4	104.1
Textile products	92.0	100.0	93.6	87.0	95.7
Wearing apparel	98.9	100.0	106.7	102.0	108.7
Chemicals	87.3	100.0	100.3	101.8	111.0
Basic metals industry	91.2	100.0	100.5	98.7	102.4
Manufacture of machinery and equipment	81.6	100.0	97.4	86.6	92.4
Electrical machinery and apparatus	91.2	100.0	91.4	86.3	90.3
Motor vehicles and trailers	80.1	100.0	96.3	78.4	115.9
Electricity, gas and water supplies	92.5	100.0	107.6	112.9	121.4

Source: State Institute of Statistics.

TABLE 9
PRODUCTION OF SELECTED INDUSTRIAL GOODS

	1996	1997	1998	1999	2000
MINING					
Hard coal (thousand tons)	2 424	2 412	3 335	2 738	3 330
Lignite (thousand tons)	52 503	52 047	65 084	64 896	59 661
Crude oil (thousand tons)	3 499	3 428	3 224	2 939	2 748
MANUFACTURING INDUSTRY					
Filter cigarettes (tons)	70 736	72 417	121 719	119 291	122 929
Raki and Beer (million lt.)	763	796	769	748	759
Newsprint (thousand tons)	74	60	101	68	128
Kraft paper (thousand tons)	57	59	54	37	41
Sulfuric acid (thousand tons)	623	788	1 007	832	659
Polyethylene (tons)	299 457	292 587	223 444	216 537	224 592
PVC+PCC Compound (tons)	202 562	189 239	199 645	191 327	176 631
LPG (thousand tons)	452	799	839	772	712
Naphtha (thousand tons)	1 609	1 639	1 979	1 963	1 910
Gasoline (thousand tons)	3 373	3 940	3 713	3 412	2 758
Diesel oil (thousand tons)	7 485	7 406	8 024	7 932	6 919
Fuel oil (thousand tons)	7 408	7 185	6 708	6 584	6 532
Glass (thousand tons)	603	740	1 168	1 066	1 141
Molten iron (thousand tons)	5 263	5 567	5 087	5 181	5 333
Steel ingots (thousand tons)	13 382	13 644	13 166	13 816	13 596
Blister copper (tons)	30 341	32 491	52 899	43 408	29 951
Alumina (tons)	159 298	164 333	157 082	159 122	161 228
Cement (thousand tons)	35 214	36 035	36 590	34 216	36 237
Tractors (units)	45 656	48 681	54 332	24 864	35 908
Automobiles (units)	196 176	236 419	221 218	222 119	305 603
Trucks (units)	29 516	43 618	30 900	13 086	28 327
Buses and Vans (units)	18 612	25 072	35 562	31 545	46 841
ENERGY					
Electrical Energy (Million Kwh)	95 373	103 150	110 990	116 441	124 948
INDUSTRIAL VALUE ADDED (at 1987 prices) (TL billions)	29 743	32 835	33 494	31 814	-

Source: State Planning Organization - State Institute of Statistics.

TABLE 10
ENERGY BALANCE (AS EQUIVALENT OF MILLION TONS OF
PETROLEUM "EMTP") (1)

	1996		1997		1998		1999		2000 (1)	
	EMTP	%	EMTP	%	EMTP	%	EMTP	%	EMTP	%
CONSUMPTION	69.4	100.0	73.2	100.0	74.2	100.0	76.7	100.0	79.7	100.0
Commercial	62.3	89.8	66.2	90.4	67.1	90.4	69.9	91.1	73.2	91.8
Petroleum	30.9	44.5	30.5	41.7	30.3	40.8	33.2	43.3	34.9	43.8
Lignite	11.2	16.1	12.3	16.8	12.6	17.0	12.3	16.0	12.8	16.1
Hard coal (2)	9.1	13.1	10.3	14.1	10.3	13.9	9.3	12.1	8.1	10.2
Asphaltite	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Hydroelectricity	3.5	5.0	3.4	4.6	3.6	4.9	3.0	3.9	2.7	3.4
Net Imported electricity	0.0	0.0	0.2	0.3	0.3	0.4	0.2	0.3	0.3	0.4
Natural gas	7.4	10.7	9.2	12.6	9.7	13.1	11.7	15.3	14.1	17.7
Renewable	0.2	0.3	0.3	0.4	0.3	0.4	0.2	0.3	0.3	0.4
Non-commercial	7.1	10.2	7.0	9.6	7.1	9.6	6.8	8.9	6.5	8.2
Wood	5.5	7.9	5.5	7.5	5.5	7.4	5.3	6.9	5.1	6.4
Wastes	1.6	2.3	1.5	2.0	1.6	2.2	1.5	2.0	1.4	1.8
SUPPLY	69.4	100.0	73.2	100.0	74.2	100.0	76.7	100.0	79.7	100.0
Domestic products	27.0	38.9	27.7	37.8	28.9	38.9	27.1	35.3	27.6	34.6
Petroleum	3.7	5.3	3.6	4.9	3.4	4.6	3.1	4.0	2.9	3.6
Lignite	10.9	15.7	11.9	16.3	12.8	17.3	12.3	16.0	12.8	16.1
Hard coal (2)	1.4	2.0	1.3	1.8	1.2	1.6	1.0	1.3	1.8	2.3
Asphaltite	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Hydroelectricity	3.5	5.0	3.4	4.6	3.6	4.9	3.0	3.9	2.7	3.4
Wood	5.5	7.9	5.5	7.5	5.5	7.4	5.3	6.9	5.1	6.4
Wastes	1.6	2.3	1.5	2.0	1.6	2.2	1.5	2.0	1.4	1.8
Natural gas	0.2	0.3	0.2	0.3	0.5	0.7	0.7	0.9	0.6	0.8
Renewable	0.2	0.3	0.3	0.4	0.3	0.4	0.2	0.3	0.3	0.4
Imports	44.3	63.8	47.5	64.9	48.6	65.5	52.5	68.4	52.1	65.4
Petroleum	29.5	42.5	29.4	40.2	30.3	40.8	33.3	43.4	32.0	40.2
Hard coal (2)	7.5	10.8	8.9	12.2	8.7	11.7	7.8	10.2	6.3	7.9
Electricity	0.0	0.0	0.2	0.3	0.3	0.4	0.2	0.3	0.3	0.4
Natural gas	7.3	10.5	9.0	12.3	9.3	12.5	11.2	14.6	13.5	16.9
Exports	1.9	2.7	1.6	2.2	2.4	3.2	2.8	3.7	0.0	0.0
Petroleum	1.9	2.7	1.6	2.2	2.4	3.2	2.8	3.7	0.0	0.0
Electricity	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Marine bunkers	0.5	0.7	0.6	0.8	0.6	0.8	0.6	0.8	0.0	0.0
Change in stocks	0.4	0.6	0.5	0.7	-0.1	-0.1	0.5	0.7	0.0	0.0
Statistical error	0.1	0.1	-0.3	-0.4	-0.2	-0.3	0.0	0.0	0.0	0.0

Source: Ministry of Energy and Natural Resources.

(1) Provisional.

(2) Secondary coal, coke and petrocake are included.

TABLE 11
SELECTED AGRICULTURAL PRODUCTS
(thousand metric tons, except as otherwise indicated)

	1996	1997	1998	1999	2000 (1)
CEREALS					
Wheat	18 500	18 650	21 000	18 000	21 000
Barley	8 000	8 200	9 000	7 700	8 000
Rye	245	235	232	233	260
Oats	275	280	310	290	312
Maize	2 000	2 080	2 300	2 297	2 800
Rice	168	165	315	340	350
Other	43	40	30	26	25
PULSES					
For food	1 660	1 522	1 450	1 221	1 193
For fodder	172	177	145	134	138
FRUIT AND NUTS					
Grapes	3 700	3 700	3 600	3 400	3 550
Figs (fresh)	290	243	255	275	260
Apples	2 200	2 550	2 450	2 500	2 300
Peaches	360	355	410	400	430
Oranges	890	740	970	1100	1 035
Other	2 507	2 356	2 790	2 674	2 913
Hazelnuts	446	410	580	530	470
Pistachio nuts	60	70	35	40	65
Other unshelled nuts	223	209	211	216	210
MISCELLANEOUS PRODUCTS					
Sugar beets	14 543	18 400	21 941	16 854	18 000
Potatoes	4 950	5 100	5 250	6 000	5 350
Onions	1 900	2 100	2 270	2 500	2 200
OIL SEEDS					
Sunflower	780	900	860	950	825
Sesame	30	28	34	28	23
Peanut	80	82	90	75	78
Soybean	50	40	60	66	45
Olive	1 800	510	1 650	600	1 700
TOBACCO, TEA, etc.					
Tobacco	225	286	250	243	189
Tea (leaves)	600	752	979	1 096	800
Poppy pods (tons)	5	11	28	31	12
TEXTILE RAW MATERIALS					
Cotton (raw)	2 083	2 105	2 224	2 300	1 909

Source: State Institute of Statistics.

(1) Estimate.

TABLE 12
NEW BUILDINGS ACCORDING TO BUILDING PERMITS ISSUED BY MUNICIPALITIES

	1996	1997	1998	1999	2000
<i>Value (in millions of TL)</i>					
Houses	163 751 616	337 952 165	571 270 545	641 797 948	847 488 578
Apartment buildings	758 221 670	1 548 720 224	2 464 967 231	3 025 555 459	4 252 789 888
Commercial buildings	147 875 401	354 707 273	580 384 960	685 030 194	890 652 980
Industrial buildings	119 606 072	225 555 533	354 443 173	298 130 371	398 659 320
Cultural buildings	28 123 225	70 078 457	145 634 719	200 936 359	253 288 258
Other buildings	20 347 279	37 223 243	80 312 765	119 544 549	137 516 079
TOTAL	1 237 925 263	2 574 236 895	4 197 013 393	4 970 994 880	6 780 395 103
<i>Floor Area (thousand sq.m.)</i>					
Houses	10 666	11 291	10 666	8 479	7 543
Apartment buildings	47 731	49 490	45 711	37 038	36 064
Commercial buildings	9 615	11 814	11 231	9 123	8 113
Industrial buildings	7 329	7 343	6 768	3 887	3 461
Cultural buildings	1 796	2 207	2 646	2 637	2 207
Other buildings	1 341	1 243	1 547	1 598	1 219
TOTAL	78 478	83 389	78 569	62 762	58 606

Source: State Institute of Statistics.

TABLE 13
EXTENSIONS AND PARTLY FINISHED BUILDINGS ACCORDING TO OCCUPANCY PERMITS ISSUED BY MUNICIPALITIES

	1996	1997	1998	1999	2000
<i>Value (in millions of TL)</i>					
Houses	83 438 462	171 195 825	244 192 361	355 367 991	506 196 610
Apartment buildings	417 694 419	858 979 669	1 361 482 482	1 848 700 455	3 064 974 657
Commercial buildings	94 339 388	199 862 741	330 967 506	483 502 899	640 974 677
Industrial buildings	44 954 650	114 870 908	238 999 576	261 865 982	377 340 050
Cultural buildings	10 129 484	16 427 961	46 496 624	91 908 093	95 296 711
Other buildings	8 518 741	17 636 454	32 795 463	39 705 986	70 082 572
TOTAL	659 075 144	1 378 973 558	2 254 934 012	3 081 051 406	4 754 865 277
<i>Floor Area (thousand sq.m.)</i>					
Houses	5 267	5 690	4 719	4 622	4 516
Apartment buildings	26 292	27 717	25 021	22 441	26 092
Commercial buildings	6 340	6 942	6 541	6 500	5 981
Industrial buildings	2 700	3 716	4 429	3 319	3 359
Cultural buildings	608	528	833	1 106	842
Other buildings	558	573	625	512	622
TOTAL	41 764	45 167	42 168	38 500	41 413

Source: State Institute of Statistics.

TABLE 14
TRANSPORTATION SERVICES

	1996	1997	1998	1999	2000 (1)
LAND TRANSPORTATION					
Passengers (Million)	576	634	656	633	710
Amount of freight (Million tons)	387	391	434	425	460
Passenger trans. (Million passengers x km)	167 871	180 967	186 159	175 236	201 350
Freight trans. (Million tons x km)	135 781	139 789	152 210	150 974	161 480
Vehicles (Million vehicles x km)	41 015	46 384	49 947	49 866	57 184
VEHICLES (2)					
Cars	3 274 156	3 570 105	3 838 288	4 072 326	4 283 080
Trucks, pick-ups	776 057	883 423	997 167	1 071 902	1 141 895
Buses-vans	277 672	298 953	319 856	333 869	346 121
STATE AND PROVINCIAL ROADS					
Asphalt, concrete, stone (km)	51 819	52 927	54 425	54 938	55 900
Stabilized, macadam, rough grade and crude roads (km)	8 406	7 914	6 460	5 985	5 190
RAILWAY TRANSPORTATION					
Passengers (Million)	98	107	110	99	90
Amount of freight (Million tons)	16	17	16	16	18
Passenger trans. (Million passengers x km.)	5 229	5 840	6 160	6 146	6 122
Freight trans. (Million tons x km)	8 914	9 614	8 376	8 237	10 032
ROLLING STOCK					
Tractive vehicles:					
Steam engines	50	50	50	50	50
Trunk-line engines	529	526	508	487	485
Maneuvering engines	76	77	78	81	83
Electrical engines	59	60	68	77	80
Total engines	714	713	704	695	698
Diesel trains	56	59	57	55	54
Electrical trains	98	98	93	93	93
Tracked vehicles:					
Passenger carriages	1 082	1 059	1 046	1 040	1 038
Freight carriages	17 442	17 138	16 989	17 213	16 838
Wagon (passenger + freight)	406	389	352	312	313
Other carriages	3 145	3 029	3 082	2 997	3 076
MARITIME TRANSPORTATION					
Passengers (Million)	2 656	5 025	2 420	528	2 097
Amount of freight (Million tons)	72 220	74 552	72 572	70 450	73 410
MARITIME FLEET					
Turkish cargo ships (thousand DWT)	10 425	10 130	10 590	10 581	9 924
Passenger ships (gross tons)	128 811	137 971	144 456	144 573	152 308
Tankers (gross tons)	1 087 047	860 975	870 146	976 738	970 920
AIR TRANSPORTATION					
Passengers (thousand)	9 281	10 266	10 504	10 410	12 040
Amount of freight (tons) (Pass. + cargo plane)	91 688	108 582	100 780	116 728	129 746
AIR FLEET					
Airplanes	65	66	71	75	73

Source: Related Institutions.

(1) Provisional

(2) Source: State Institute of Statistics

(3) Urban Lines transportation is not included.

(4) Transportation made by foreign ships is not included.

**TABLE 15
COMMUNICATIONS SERVICES**

	1996	1997	1998	1999	2000 (1)
MAIL (x 1000)	1 485 452	1 511 659	1 156 613	1 194 469	1 225 200
Domestic	1 153 003	1 174 328	947 574	985 551	1 000 500
Foreign	332 449	337 331	209 039	208 918	224 700
Incoming	232 728	221 021	125 408	149 235	170 000
Outgoing	99 721	116 310	83 631	59 683	54 700
CABLES (x 1000)	4 734	3 403	2 576	1 838	1 977
Domestic	4 684	3 370	2 553	1 817	1 965
Foreign	50	33	23	21	12
Incoming	23	19	12	14	6
Outgoing	27	14	11	7	6
TELEPHONE CALLS (x 1000)					
Number of revolutions billed (2)	81 247 812	94 481 951	99 861 925	115 318 295	125 549 106
Number of Trunk calls (manual)	7 254	4 538	3 364	2 464	1 967
International calls (outgoing, minutes)	473 433	557 507	644 076	698 410	731 788
NUMBER OF SUBSCRIBERS	15 098 204	17 357 428	18 778 760	18 033 589	18 487 915
Automatic switchboards	14 286 478	15 744 020	16 959 500	17 911 722	18 395 171
Manual switchboards	7 166	3 600	1 437	350	0
Mobile phones	113 560	126 659	124 448	121 517	92 744
Cellular phones (3)	691 000	1 483 149	3 330 107	7 560 000	14 970 000
NUMBER OF PTT OFFICES	24 860	19 063	16 984	13 631	5 605
Main offices	1 152	1 148	1 150	1 143	1 114
Branches	2 658	2 624	2 568	2 543	2 376
Sub-branches	21 050	15 291	13 266	9 945	2 115

Sources: General Directorate of Postal Services - Turkish Telecommunication Inc.

(1) Provisional.

(2) Includes urban, trunk and international calls.

**TABLE 16
JOB APPLICANTS AND VACANCIES
(number of people)**

	1996	1997	1998	1999	2000
New Applicants	411 170	468 070	430 407	435 193	768 386
Total Applicants	990 872	1 058 837	1 096 185	1 531 378	2 299 764
New Vacancies	267 060	238 539	235 360	224 444	195 672
Unfilled Vacancies	291 813	277 800	280 408	504 852	700 524
Unemployed	416 795	463 323	465 235	487 525	730 496
Vacancies filled during the year	243 280	220 615	218 354	201 942	185 610

Source: Public Employment Services.

TABLE 17
MANUFACTURING INDUSTRY PRODUCTION WORKERS INDEX
(1997=100)

	1998	1998/3	1998/4	1999/1	1999/2	1999/3	1999/4	2000/1	2000/2	2000/3
TOTAL	100.2	103.0	98.1	90.6	92.4	91.9	91.2	85.2	90.6	91.5
Public sector	93.7	100.6	93.0	83.0	91.7	93.7	89.0	76.0	85.2	88.7
Private sector	101.6	103.5	99.1	92.3	92.7	91.5	91.7	87.3	91.9	92.1

Source: State Institute of Statistics.

TABLE 18
NOMINAL WAGES INDEX PER PRODUCTION HOURS WORKED IN THE
MANUFACTURING INDUSTRY
(1997=100)

	1998	1998/3	1998/4	1999/1	1999/2	1999/3	1999/4	2000/1	2000/2	2000/3
TOTAL	184.1	192.8	217.2	280.8	309.7	364.2	393.3	472.0	496.6	543.2
Public sector	192.5	191.7	231.7	277.5	345.5	420.2	471.6	581.0	625.8	704.8
Private sector	182.9	193.7	214.1	284.3	300.1	347.7	373.0	454.3	470.1	508.2

Source: State Institute of Statistics.

TABLE 19
REAL WAGES INDEX PER PRODUCTION HOURS WORKED IN THE
MANUFACTURING INDUSTRY
(1997=100)

	1998	1998/3	1998/4	1999/1	1999/2	1999/3	1999/4	2000/1	2000/2	2000/3
TOTAL	99.7	100.7	97.4	112.0	110.2	115.4	106.1	111.6	109.3	112.7
Public sector	104.3	100.2	103.9	113.4	122.9	133.2	127.3	137.5	137.7	146.3
Private sector	99.1	101.2	96.0	110.7	106.8	110.2	100.7	107.4	103.5	105.5

Source: State Institute of Statistics.

TABLE 20
NUMBER OF WORKERS SENT ABROAD

	1996	1997	1998	1999	2000
The United States of America	278	302	124	131	46
Australia	97	21	4	11	4
Austria	5	1	1	1	1
Belgium	2	2	0	1	1
Denmark	39	12	17	14	3
Germany	2 443	1 800	1734	2 350	2 135
France	16	9	33	25	87
The Netherlands	5	2	1	2	1
The United Kingdom	36	29	38	23	29
Switzerland	31	13	10	5	1
Libya	2 063	1 833	1 032	698	385
Saudi Arabia	5 635	7 657	6 821	5 178	1 862
Other	30 047	21 640	16 092	9 036	9 090
TOTAL	40 697	33 321	25 907	17 475	13 645

Source: Public Employment Services.

TABLE 21
COLLECTIVE LABOR CONTRACTS

	1996	1997	1998	1999	2000
<u>COLLECTIVE LABOR CONTRACTS</u>	1 871	2 056	1 867	2 286	1 646
Public	861	1 010	943	1 137	985
Private	1 010	1 046	924	1 149	661
<u>WORKERS COVERED BY CONTRACTS</u>	515 840	841 518	219 434	828 458	208 595
Public	281 190	625 670	94 871	544 995	103 124
Private	234 650	215 848	124 563	283 463	105 471
<u>ESTABLISHMENTS COVERED BY CONTRACTS</u>	10 290	12 966	7 047	12 373	6 844
Public	6 971	10 778	4 290	9 638	2 173
Private	3 319	2 188	2 757	2 735	4 671

Source: Ministry of Labor and Social Security.

TABLE 22
STRIKES AND LOCK-OUTS

	1996	1997	1998	1999	2000
<u>STRIKES</u>					
Number of strikes	38	37	44	34	52
Number of participants	5 461	7 045	11 482	3 263	18 705
Workdays lost in strikes	274 322	181 913	282 638	229 825	368 475
<u>LOCK-OUTS</u>					
Number of lock-outs	3	4	2	4	2
Number of participants	3 761	4 083	500	931	2 483
Workdays lost in lock-outs	160 368	62 236	5 284	76 470	32 760

Source: Ministry of Labor and Social Security.

TABLE 23
PRICE INDICES

	1996	1997	1998	1999	2000
<u>ANNUAL AVERAGE</u>					
WHOLESALE PRICES					
(1987=100) (1)					
General	12 337	22 337	38 022	58 460	89 219
Agriculture	12 925	23 172	44 059	61 533	83 008
Mining	12 557	22 608	33 534	52 840	88 638
Manufacturing	12 083	22 061	36 263	57 369	90 724
Energy	12 842	21 327	35 256	59 708	90 167
(1994=100) (1)					
General	327	595	1 022	1 565	2 370
Agriculture	388	724	1 353	1 918	2 647
Mining	351	619	920	1 494	2 595
Manufacturing	308	557	928	1 459	2 278
Energy	315	542	931	1 533	2 330
(1968=100) (2)					
General	1 906 838	3 402 083	5 742 379	8 250 777	12 681 887
CONSUMER PRICES					
CPI Turkey (1987=100) (1)	15 271	28 249	51 868	84 799	130 803
CPI Turkey (1994=100) (1)	339	630	1 163	1 918	2 970
Istanbul Wage Earners					
General (1995=100) (2)	188	358	656	1 041	1 599
<u>END OF YEAR</u>					
WHOLESALE PRICES					
(1987=100) (1)					
General	15 582	29 698	44 970	74 860	98 923
Agriculture	15 968	30 493	53 529	67 183	94 467
Mining	16 299	29 402	38 541	71 419	102 281
Manufacturing	15 355	29 590	42 390	76 958	99 493
Energy	16 304	26 048	44 240	75 837	103 333
(1994=100) (1)					
General	413	788	1 215	1 980	2 626
Agriculture	484	951	1 635	2 126	2 973
Mining	458	790	1 059	2 057	3 005
Manufacturing	389	744	1 094	1 933	2 502
Energy	408	669	1 137	1 947	2 675
(1968=100) (2)					
General	2 361 023	4 441 945	6 572 115	10 238 991	14 220 214
CONSUMER PRICES					
CPI Turkey (1987=100) (1)	19 345	38 536	64 914	108 381	151 026
CPI Turkey (1994=100) (1)	431	858	1 455	2 457	3 416
Istanbul Wage Earners					
General (1995=100) (2)	243	492	831	1 319	1 870

Source: (1) State Institute of Statistics.

(2) Istanbul Chamber of Commerce.

The Central Bank of the Republic of Turkey

**TABLE 24
MONTHLY PRICE INDICES**

2000	Jan.	Feb.	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
WHOLESALE PRICES												
<i>(1987=100) (1)</i>												
General	78 791	81 843	84 235	86 375	88 030	88 422	89 328	90 387	92 526	94 791	96 978	98 923
Agriculture	71 788	76 834	80 033	83 961	84 797	81 160	80 203	81 060	84 169	87 144	90 482	94 467
Mining	75 195	77 950	79 076	83 422	81 993	87 092	90 982	91 544	93 856	99 541	100 727	102 281
Manufacturing	80 686	83 150	85 339	86 854	88 888	90 350	91 687	92 752	94 593	96 542	98 354	99 493
Energy	79 569	81 520	83 393	84 960	86 725	88 422	90 532	92 980	94 788	96 635	99 152	103 333
<i>(1994=100) (1)</i>												
General	2 094	2 179	2 247	2 301	2 340	2 346	2 371	2 393	2 448	2 517	2 577	2 626
Agriculture	2 295	2 471	2 583	2 704	2 725	2 595	2 567	2 559	2 648	2 770	2 877	2 973
Mining	2 178	2 261	2 383	2 430	2 367	2 537	2 652	2 673	2 748	2 944	2 957	3 005
Manufacturing	2 031	2 090	2 143	2 176	2 224	2 266	2 301	2 330	2 375	2 424	2 471	2 502
Energy	2 045	2 097	2 153	2 194	2 241	2 288	2 342	2 411	2 452	2 499	2 567	2 675
<i>(1968=100) (2)</i>												
General	10 847 212	11 295 284	11 546 707	11 902 088	12 254 628	12 537 737	12 730 960	13 097 673	13 379 446	13 667 439	13 957 066	14 220 214
CONSUMER PRICES												
<i>CPI Turkey (1987=100) (1)</i>												
General	113 291	117 306	120 571	123 662	126 627	127 433	130 248	133 055	137 247	141 835	147 340	151 026
<i>CPI Turkey (1994=100) (1)</i>												
General	2 576	2 671	2 749	2 813	2 876	2 895	2 960	3 024	3 117	3 214	3 333	3 416
<i>Istanbul Wage Earners (1995=100) (2)</i>												
General	1 382	1 396	1 454	1 526	1 554	1 579	1 581	1 612	1 660	1 761	1 810	1 870

Source: (1) State Institute of Statistics.
(2) Istanbul Chamber of Commerce.

**TABLE 25
GOLD PRICES
(TL thousand)**

	1996	1997	1998	1999	2000
ANNUAL AVERAGE					
Reşat (each)	7 125	11 525	18 124	27 503	39 767
Cumhuriyet (each)	6 957	10 987	16 905	25 511	38 871
Bullion (gram)	1 018	1 614	2 487	3 779	5 642
END OF YEAR					
Reşat (each)	8 850	13 175	20 875	32 400	41 750
Cumhuriyet (each)	8 500	12 675	19 463	32 350	40 875
Bullion (gram)	1 251	1 860	2 869	4 826	5 853

Source: Central Bank.

TABLE 26
GOLD PRICES (Monthly Averages)
(TL thousand)

2000	Jan.	Feb.	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
Reşat (each)	34 000	37 750	38 600	38 875	38 750	38 800	40 000	42 375	41 800	42 125	42 375	41 750
Cumhuriyet (each)	34 150	38 125	38 200	38 000	38 063	38 360	38 875	39 625	40 800	40 750	40 625	40 875
Bullion (gram)	5 041	5 593	5 435	5 421	5 541	5 675	5 730	5 736	5 886	5 918	5 871	5 853

Source: Central Bank.

TABLE 27
AVERAGE SUPPORT PURCHASE PRICES OF AGRICULTURAL
PRODUCTS
(TL/Kg)

PRODUCTS	1996	1997	1998	1999	2000 (1)
Wheat (*)	22 093	35 141	53 564	77 976	103 781
Barley (*)	15 115	25 488	39 112	60 064	77 670
Rye (*)	13 460	26 796	41 227	56 797	73 378
Maize (*)	16 862	29 502	45 517	64 882	93 887
Oat (*)	14 094	26 986	42 053	56 786	78 743
Cotton (2)	68 142	138 916	180 458	249 001	408 110
Tobacco	188 173	385 621	672 048	1 074 801	1 298 219
Sugar beets (*)	4 775	12 128	17 709	27 653	35 107
Sunflower seeds	37 969	67 728	111 682	129 998	164 998
Hazelnuts	206 248	531 435	772 134	1 079 967	1 082 248
Dried figs	84 770	195 285	397 813	563 127	643 885
Dried Raisins	81 311	165 474	263 820	421 664	497 226
Olive oil	302 572	287 131	446 766	1 010 170	-
Mohair (3)	221 346	460 000	867 348	985 507	697 674
Pistachios	309 200	450 093	1 321 024	1 900 188	2 338 674
Soy beans	41 395	58 003	90 002	116 255	149 942
Poppy seeds (*)	73 718	157 739	295 643	439 827	640 000
Rice	43 548	85 557	130 704	186 942	225 000
Peanuts	63 413	142 079	159 529	285 714	-
Silk cocoons (4)	382 571	772 735	1 269 248	500 000	589 286
Red peppers	210 227	250 226	-	599 385	993 976
Olives	154 052	249 891	555 461	649 758	-
Rose oil	84 019	120 023	155 000	249 776	349 745
Red lentils	0	0	113 576	195 561	-
Tea	24 989	50 421	87 464	125 854	161 484
Lemon	-	73 535	71 168	73 823	131 429
Dried apricots	288 311	397 142	618 028	996 129	696 562
Grape	14 913	29 961	49 941	71 729	89 938

Source: State Planning Organization.

(*) Products under the Support Purchases Program

(1) Estimate

(2) Support and Price Stability Fund premiums are not included.

(3) Prices for 2000 do not include support premium.

(4) Prices for 1999 and 2000 do not include support premiums.

TABLE 28
CONSOLIDATED BUDGET
(TL billion)

	1996	1997	1998	1999	2000
REVENUES	2 702 034	5 750 096	11 887 552	18 973 292	33 756 437
Taxes	2 244 094	4 745 484	9 232 930	14 807 267	26 514 127
Direct taxes	883 607	1 931 970	4 303 893	6 712 882	10 849 182
Indirect taxes	1 360 487	2 813 514	4 929 037	8 094 385	15 664 945
Non-tax revenues	430 074	950 400	2 474 665	3 878 626	6 776 302
Grants	1 832	1 692	0	7 521	17
Annexed budget	26 034	52 520	179 957	279 878	465 991
EXPENDITURES	3 940 162	7 990 748	15 585 376	28 017 791	46 602 626
NON-TAX EXPENDITURES	2 442 761	5 712 831	9 408 781	17 296 951	26 162 764
Personnel	974 148	2 073 140	3 870 228	6 908 320	9 982 149
Other current expenditures	308 571	706 342	1 309 061	2 239 566	3 611 314
Investments	238 085	590 382	998 361	1 540 232	2 472 317
Interest payments	1 497 401	2 277 917	6 176 595	10 720 840	20 439 862
Foreign loans	168 314	299 950	547 081	896 218	1 648 000
Domestic loans	1 329 087	1 977 967	5 629 514	9 824 622	18 791 862
Transfers to the SEEs	50 200	123 640	159 960	416 800	885 908
Other transfers	871 757	2 219 327	3 071 171	6 192 033	9 211 076
PRIMARY BALANCE	259 273	37 265	2 478 771	1 676 341	7 593 673
BUDGET BALANCE	-1 238 128	-2 240 652	-3 697 824	-9 044 500	-12 846 189
DEFERRED PAYMENTS	16 325	139 740	204 064	406 672	496 835
ADVANCES	-45 931	-119 518	-315 730	-458 905	-402 217
CASH BALANCE	-1 267 734	-2 220 430	-3 809 490	-9 096 733	-12 751 571
FINANCING	1 267 734	2 220 430	3 809 490	9 096 733	12 751 571
FOREIGN LOANS (Net)	-134 410	-447 085	-1 035 566	459 693	2 676 734
Receipts from loans	253 296	192 087	723 766	2 565 938	5 927 574
Receipts from On-lending (*)	24 390	52 094	79 533	241 536	402 178
Repayments	-412 097	-691 266	-1 838 865	-2 347 781	-3 653 019
DOMESTIC LOANS (Net)	1 066 229	2 505 517	4 590 178	9 740 450	9 350 855
Government Bonds (Net)	274 040	1 484 843	1 297 022	12 233 781	10 141 531
Issues	583 276	2 068 523	2 806 639	16 903 261	19 655 749
Repayments	-309 236	-583 679	-1 509 617	-4 669 480	-9 514 219
Treasury bills, (Net)	792 189	1 020 674	3 293 156	-2 493 331	-1 333 878
Issues	3 266 449	2 981 644	9 173 673	6 840 020	5 627 876
Repayments	-2 474 260	-1 960 970	-5 880 517	-9 333 351	-6 961 754
Receipts from On-Lending (**)					543 202
SHORT-TERM ADVANCES (NET)	228 954	0	0	0	0
OTHERS	106 961	161 998	254 879	-1 103 410	723 983

Source: Undersecretariat of the Treasury

(*) As of the end of December, privatization proceeds amounted to USD 2454 million. Out of this amount USD 1872 million was transferred to the Public Participation Fund (PPF) in accordance with the law. USD 347 million of this amount was used in the investment expenditures of the PPF. The remainder (USD 1526 million) was transferred to the Treasury to offset the guaranteed domestic and external debt of the PPF previously serviced by the Treasury. USD 140 million (TL 84667 billion), the amount transferred for the guaranteed external debt of the PPF, is included in the total figure of the receipts from on-lending of foreign debts.

(**) The amount which was transferred to the Treasury for the reduction of the guaranteed domestic debt of the PPF already serviced by the Treasury (USD 1385 million) . After the completion of the offsetting procedure in August, USD 470 million (TL 305144 billion) of this amount was offset as a late interest payment and recorded as non-tax revenues.

TABLE 29
STATE ECONOMIC ENTERPRISES FINANCING REQUIREMENT AT
CURRENT PRICES (1)
(TL billion)

	1996	1997	1998	1999	2000 (2)
FIXED INVESTMENTS	-164 768	-377 067	-891 707	-1 326 697	-2 407 023
CHANGE IN STOCKS	-202 118	-524 970	-857 255	-1 081 676	-861 307
CHANGE IN FIXED ASSETS	-17 850	-12 387	23 347	-42 074	-144 919
INCREASE IN MINORITY INTERESTS	-3 580	-1 875	-12 596	-10 597	-25 893
LEGAL OBLIGATIONS, FUNDS	-10 368	-24 832	-64 078	-95 765	-97 240
TOTAL FINANCING REQUIREMENT	-398 684	-941 131	-1 802 290	-2 556 809	-3 536 382
INTERNALLY GENERATED FUNDS	325 237	581 013	840 017	125 143	-559 374
Retained earnings	89 049	219 442	211 704	-867 988	-1 837 904
Depreciation	147 156	259 541	390 269	600 523	868 895
Provisions	8 687	11 836	22 058	37 269	66 543
Provisions for exchange rate difference	80 345	90 194	215 985	355 340	343 092
Dividends other than treasury	0	0	0	0	0
FINANCING REQUIREMENT FROM EXTERNAL SOURCES	-73 447	-360 118	-962 273	-2 431 666	-4 095 755
BUDGETARY TRANSFERS	61 320	165 700	256 609	568 802	997 018
Capital	52 111	162 130	238 349	470 852	931 529
Duty losses	8 297	2 050	14 960	93 000	58 056
Aid	912	1 520	3 300	4 950	7 433
SUPPORT AND DEVELOPMENT FUNDS	0	0	0	0	0
SEE LOAN REQUIREMENTS	-12 127	-194 417	-705 664	-1 862 864	-3 098 737
Deferred payments	409 898	892 431	1 747 900	2 675 562	598 366
Advance payments	-179 126	-601 399	-1 183 365	-1 320 693	565 082
Cash financing requirement	218 644	96 614	-141 130	-507 995	-1 935 289
Financing	218 644	-33 580	141 130	507 994	1 935 289
Change in cash balances	-177 449	-156 333	-314 583	-248 020	371 737
Securities and deposits	33 043	-161 791	-102 268	-119 638	62 527
Domestic loans	-35 284	195 089	202 783	57 518	1 798
Central Bank	0	0	0	591	0
Commercial banks	-35 284	195 089	202 783	56 927	1 798
Eximbank	0	0	0	0	0
Foreign loans, net	-58 920	26 421	339 849	578 858	1 499 227
Receipts	65 455	82 746	378 635	663 138	1 571 441
Payments	-124 375	-56 325	-38 786	-84 280	-72 214
Government Bonds	19 966	0	15 349	0	0
GNP	14 978 067	29 393 262	53 518 332	78 282 967	124 405 568
SEE BORROWING REQUIREMENT / GNP	-0.1	-0.7	-1.3	-2.4	-2.5
SEE BARR. REQ. - BUDG.TRANSFERS / GNP	-0.5	-1.2	-1.8	-3.1	-3.3

Source: Undersecretariat of the Treasury.

(1) Including SEE's under privatization scheme.

(2) Estimate, including figures relevant to TELEKOM taken out of the SEE system in 2000.

TABLE 30
RESOURCES AND EXPENDITURES OF FUNDS AT CURRENT PRICES
(TL billion)

	1996	1997	1998	1999	2000 (1)
RESOURCES	503 714	1 089 204	1 764 116	2 392 626	6 737 225
Taxes	217 952	543 446	871 230	1 110 271	1 982 103
Non-tax normal income	51 453	92 907	134 940	263 607	199 810
Factor income	30 425	41 314	63 728	114 779	168 580
Current transfers	146 144	274 522	287 366	636 238	2 399 287
Capital transfers	57 738	137 014	406 853	267 731	1 987 444
EXPENDITURES	519 301	1 085 900	1 765 795	2 882 920	5 541 128
Current expenditures	57 639	101 825	142 384	295 236	344 793
Tax expenditures	-	-	-	-	-
Non-tax normal expenditures	-	-	-	-	-
Factor expenditures	9 322	55 242	131 049	164 999	306 581
Current transfers	255 503	428 857	698 176	1 345 303	3 171 028
Capital investments	88 934	243 294	455 747	568 417	800 103
Fixed capital investments	107 903	256 681	338 439	508 964	918 624
BORROWING REQUIREMENT	-15 587	3 304	-1 679	-490 293	1 196 096
FINANCING	15 587	-3 304	1 679	490 293	-1 196 096
Receipts from foreign debts	53 504	133 618	136 986	276 115	433 784
Foreign debt payments	-34 700	-42 075	-71 358	-34 971	-103 022
Domestic Debt-Dom. Lending (Net)	37 755	77 093	154 612	239 169	-1 211 481
Change in cash & banks	-40 972	-171 940	-215 932	9 981	-315 377

Source: State Planning Organization.

(1) Estimate.

TABLE 31
CONSOLIDATED BUDGET APPROPRIATIONS,
EXPENDITURES AND REVENUES
(TL billion)

	1996	1997	1998	1999	2000 (1)
APPROPRIATIONS					
Initial	3 510 989	6 256 422	14 791 858	27 160 526	46 739 214
Year-end	4 114 147	8 364 230	16 193 668	28 667 598	49 438 822
Current Services	2 402 536	5 067 622	9 907 093	17 108 400	27 766 322
Initial	1 045 750	2 125 998	4 456 795	7 964 257	13 044 336
Year-end	1 356 786	2 941 624	5 450 298	9 144 143	14 721 986
Investments	526 805	1 206 720	2 260 840	3 126 723	5 472 419
Initial	238 696	495 287	1 000 375	1 345 592	2 368 922
Year-end	288 109	711 433	1 260 465	1 781 131	3 103 497
Transfers	5 366 737	9 839 735	21 281 205	39 748 534	70 051 412
Initial	2 514 698	4 232 243	10 432 784	19 617 832	34 507 478
Year-end	2 852 039	5 607 492	10 848 421	20 130 702	35 543 934
Transfers to annexed budget	-670 942	-1 493 425	-2 463 612	-4 155 533	-7 112 117
Initial	-288 155	-597 106	-1 098 096	-1 767 155	-3 181 522
Year-end	-382 787	-896 319	-1 365 516	-2 388 378	-3 930 595
EXPENDITURES	3 961 308	8 050 252	15 614 441	28 084 685	46 602 627
Current expenditures	1 286 240	2 788 298	5 187 840	9 172 790	13 593 463
Investment expenditures	255 356	640 134	999 320	1 544 427	2 472 317
Transfer expenditures	2 419 712	4 621 820	9 427 281	17 367 468	30 536 847
REVENUES	2 727 958	5 815 099	11 811 065	18 933 065	33 756 437
Taxes	2 244 094	4 745 484	9 228 596	14 802 280	26 514 127
Non-tax revenues	440 874	981 448	2 407 015	3 855 397	6 776 319
Revenues from annexed budget	42 990	88 167	175 454	275 388	465 991

Source: Undersecretariat of the Treasury.

(1) Provisional.

TABLE 32
PUBLIC DEBT (DOMESTIC)
(TL billion)

	1996	1997	1998	1999	2000
GOVERNMENT BONDS	1 250 154	3 570 812	5 771 980	19 683 392	34 362 937
Cash	603 845	2 267 894	3 815 843	16 960 758	27 373 224
Non-cash	646 669	1 302 918	1 956 136	2 722 634	6 989 713
FX DIFFERENCE	40	0	0	0	0
TREASURY BILLS	1 527 838	2 374 990	5 840 906	3 236 753	2 057 684
Cash	1 320 343	2 374 990	5 695 942	3 236 753	2 049 388
Non-cash	207 495	0	144 964	0	8 295
ADVANCE	370 953	337 623	0	0	0
TOTAL	3 148 985	6 283 425	11 612 886	22 920 145	36 420 620

Source: Undersecretariat of the Treasury.

“This page is intentionally left blank.”

TABLE 33.A
MONETARY AUTHORITIES - SECTORAL ACCOUNTS
(TL billion)

ASSETS	1996	1997	1998	1999	2000(1)
FOREIGN ASSETS	2 028 848	4 260 031	6 895 742	13 864 018	14 588 298
Gold: International Standard (FX)	148 702	230 227	316 497	546 029	689 487
Convertible Foreign Assets	1 754 680	3 780 504	6 181 816	12 601 899	12 952 177
Other Foreign Assets	125 466	249 300	397 430	716 090	946 634
CLAIMS ON CENTRAL GOVERNMENT	867 939	813 655	499 768	-83 904	52 612
Budgetary Institutions	917 873	1 104 451	999 404	1 426 158	1 130 354
Treasury Coin Issue	5 998	9 342	14 494	27 660	40 324
Treasury IMF Position (2)	83 618	143 973	156 720	481 754	899 166
Short Term Advances to the Treasury	370 953	337 623	0	0	0
Government Securities (3)	457 304	613 513	828 190	916 745	190 864
Activated Claims in Accordance with the Law					
Consolidation	0	0	0	0	0
Other Claims on the Treasury (net)	0	0	0	0	0
Revaluation Account	-49 934	-290 796	-499 636	-1 510 061	-1 077 743
CLAIMS ON NON-FINANCIAL PUBLIC ENTERPRISES (4)	2 243	1 576	1 559	2 913	1 600
CLAIMS ON DEPOSIT MONEY BANKS	72 948	822 600	2 072 423	3 087 688	7 319 699
Advances and Discounts	7 682	7 676	7 539	7 675	0
Commercial	7 674	7 675	7 539	7 675	0
Agricultural	0	0	0	0	0
Medium Term Industrial Credit, Banks	8	1	0	0	0
Advances Against Bond Collateral	0	0	0	0	0
Credit to Non-Financial Public Enterprises through Banks	0	0	0	0	0
Other Claims	65 266	814 925	2 064 884	3 080 013	7 319 699
CLAIMS ON OTHER FINANCIAL INST.	7	0	9 400	0	0
Claims on Investment and Development Banks	7	0	9 400	0	0
Claims on Non-Bank Financial Institutions	0	0	0	0	0
UNCLASSIFIED ASSETS (3)	42 498	100 355	236 788	622 652	233 983
TOTAL	3 014 482	5 998 217	9 715 682	17 493 368	22 196 191

Source: Central Bank.

(1) As of the end of November 2000.

(2) IMF Emergency Assistance Account" is added to "Treasury IMF Position" as of October 1999.

(3) Time series have been revised due to the change in the adjustment procedure of treating government domestic debt instruments under repo and reverse repo transactions of the Central Bank of Republic of Turkey with banks.

(4) Direct Credit to the Non-Financial Public Enterprises is shown as claims on Non-Financial Public Enterprises (NFPE), while rediscounts of NFPE bills by banks are reclassified as claims on Deposit Money Banks.

TABLE 33.L
MONETARY AUTHORITIES - SECTORAL ACCOUNTS
(TL billion)

LIABILITIES	1996	1997	1998	1999	2000(1)
RESERVE MONEY	972 286	1 943 151	3 505 543	6 922 733	8 659 128
Currency and Coin in Circulation	387 813	767 734	1 342 249	2 416 757	3 050 112
Currency Outside Deposit Money Banks	315 893	598 569	1 030 504	1 887 153	2 517 654
Currency in Banks	71 920	169 166	311 745	529 604	532 458
Bank Deposits	580 426	1 169 710	2 147 382	4 485 759	5 585 682
Required Reserves	450 876	917 008	1 648 021	3 066 363	4 057 219
Free Reserves	129 550	252 701	499 361	1 419 396	1 528 463
Demand Deposits (TL)	4 047	5 708	15 912	20 218	23 335
Non-Financial Public Enterprises	27	21	22	63	167
Local Government Deposits	3 992	5 620	15 630	19 366	22 227
Private Sector Deposits	14	26	48	82	472
Other Financial Institutions	14	40	212	708	469
TIME DEPOSITS	33 305	56 180	112 125	231 923	260 194
FOREIGN EXCHANGE DEPOSITS	39 225	111 441	135 152	23 093	90 343
Non-Bank Financial Institutions	38 867	110 843	134 190	22 598	89 797
Non-Financial Public Enterprises	342	573	921	434	546
Local Governments	15	25	41	61	0
RESTRICTED DEPOSITS	22	31	92	201	551
FOREIGN LIABILITIES	1 395 231	2 507 931	4 151 906	6 457 173	8 211 374
Use of IMF Credit	71 367	121 970	121 822	213 520	583 709
IMF Emergency Assistance (Treasury)	0	0	0	268 623	317 233
Foreign Credit	10 677	13 863	8 253	8 773	38 660
Foreign Exchange Deposits by Citizens					
Abroad	1 284 555	2 326 014	4 005 516	5 819 582	6 742 245
Other Non-Residents' Deposits	25 391	38 658	5 334	133 336	500 144
Miscellaneous Payables (FX)	3 242	7 426	10 982	13 339	29 383
CENTRAL GOVERNMENT DEPOSITS	225 023	874 811	833 152	1 811 892	2 548 039
General and Annexed Budget					
Administration Deposits	188 272	737 716	694 813	1 685 276	1 960 981
Gen. Annex. Bud. Administ. Project Credit	17 257	17 065	37 224	45 057	195 167
Public Economic Institutes (Annexed Budget Organizations)	41	440	14	157	515
Social Security Funds (LC)	0	0	0	0	0
Reserves for Letters of Credit (Official Ent.)	14	8	1	1	0
Other Liabilities to Central Government	10 455	63 607	60 942	18 485	13 091
Extra-budgetary Institutions	8 985	55 976	40 157	62 918	378 284
NON-RESERVE LIABILITIES (2)	47 331	0	0	0	0
CAPITAL AND RESERVES	113 967	203 448	435 678	1 326 681	1 015 058
UNCLASSIFIED LIABILITIES (3)	188 093	301 225	542 034	719 673	1 411 506
TOTAL	3 014 482	5 998 217	9 715 682	17 493 368	22 196 191

Source: Central Bank.

(1) As of the end of November 2000.

(2) TL Receivable against securities sold under reverse repo transactions with banks.

(3) Time series have been revised due to the change in the adjustment procedure of treating government domestic debt instruments under repo and reverse repo transactions of the Central Bank of Republic of Turkey with banks.

TABLE 34
CENTRAL BANK - CREDIT
(TL billion)

SECTORAL BREAKDOWN	1996	1997	1998	1999	2000(1)
CENTRAL GOVERNMENT	370 953	337 623	0	0	0
Short Term Advances to the Treasury	370 953	337 623	0	0	0
Other Claims on the Treasury (net)	0	0	0	0	0
NON-FINANCIAL PUBLIC ENTERPRISES	2 243	1 576	1 559	2 913	1 600
Treasury Guaranteed Bills	0	0	0	0	0
Short-term Discount of Bills, Soil Products Office (SPO)	0	0	0	0	0
SEEs' Other (Debts of SEEs Not Paid On Due Date)	2 243	1 576	1 559	2 913	1 600
SEEs, Commercial Bills	0	0	0	0	0
FINANCIAL INSTITUTIONS	7 689	7 676	7 539	7 675	0
Deposit Money Banks	7 682	7 676	7 539	7 675	0
Advances and Discounts	7 682	7 676	7 539	7 675	0
Other Credit	0	0	0	0	0
Investment and Development Banks	7	0	0	0	0
Export Advances and Discounts	0	0	0	0	0
Other Commercial Credit, Inv. & Dev Banks	0	0	0	0	0
Med. Term Credit, Inv. and Dev. Banks	7	0	0	0	0
Non-Bank Financial Institutions	0	0	0	0	0
Advances for Savings Protection Fund	0	0	0	0	0
CREDIT ABROAD (2)	124 700	247 978	395 517	713 247	943 423
TOTAL	505 584	594 853	404 615	723 836	945 023

Source: Central Bank.

(1) As of the end of November 2000.

(2) Loans extended to Iraq classified in "Foreign Credits" are transferred to "Claims Under Legal Proceeding" in Central Bank balance sheet as of December 1999. Thus, the figure in "Abroad" is different from that in Central Bank balance sheet.

TABLE 35
CENTRAL BANK - DEPOSITS
(TL billion)

SECTORAL BREAKDOWN	1996	1997	1998	1999	2000(1)
CENTRAL GOVERNMENT DEPOSITS	214 555	811 196	772 209	1 793 407	2 534 947
General and Annexed Budget Administration	188 272	737 716	694 726	1 685 276	1 960 981
TL	33 359	181 613	213 244	61 657	875 878
FX	154 913	556 103	481 483	1 623 619	1 085 103
General and Annexed Budget Administration					
Project Funds	17 257	17 065	37 311	45 057	195 167
TL	0	0	0	0	0
FX	17 257	17 065	37 311	45 057	195 167
Public Economic Institutions	41	440	14	157	515
TL	41	440	14	157	515
FX	0	0	0	0	0
Social Security Organizations Est. by Law	0	0	0	0	0
Extra-budgetary Institutions	8 985	55 976	40 157	62 918	378 284
TL	6 549	49 718	16 541	31 145	108 063
FX	2 435	6 259	23 617	31 773	270 221
FINANCIAL INSTITUTION DEPOSITS	619 654	1 281 605	2 283 491	4 510 567	5 678 696
Bank Deposits	580 426	1 169 710	2 147 382	4 485 759	5 585 682
Required Reserves	450 876	917 008	1 648 021	3 066 363	4 057 219
TL	175 512	336 354	694 261	1 022 571	1 356 284
FX	275 364	580 655	953 760	2 043 792	2 700 935
Free Reserves	129 550	252 701	499 361	1 419 396	1 528 463
Domestic Banks (FX)	76 876	218 332	411 377	954 589	1 378 583
Deposit Money Banks (Free Dep. TL)	52 674	34 369	87 985	464 807	149 879
Other Financial Institutions	39 229	111 896	136 109	24 809	93 014
Investment and Development Banks	1 213	4 528	10 330	14 570	21 707
TL	12	36	205	658	393
FX	1 201	4 492	10 125	13 912	21 314
Non-Bank Finan.Ins. (Ins. Fund. for Sav. Dep.)	37 669	106 355	124 072	8 735	68 559
TL (Sight)	3	4	7	49	76
FX	37 666	106 351	124 065	8 686	68 483
Financial Institutions (Special Finance Houses)	347	1 013	1 697	1 497	2 722
Authorized Foreign Currency Institutions	0	0	10	6	26
NON-FINANCIAL PUBLIC ENTERPRISES	369	594	943	496	713
State Economic Enterprises	369	594	943	496	713
TL (Sight)	27	21	22	63	167
FX	342	573	921	434	546
LOCAL GOVERNMENT	4 007	5 646	15 671	19 427	22 227
TL (Sight)	3 992	5 620	15 630	19 366	22 227
FX	15	25	41	61	0
PRIVATE SECTOR (TL)	14	26	48	82	472
RESTRICTED DEPOSITS	18	27	88	197	547
NON-RESIDENTS' DEPOSITS	1 309 946	2 364 672	4 010 850	5 952 919	7 242 390
Deposits With Letter of Credit	1 284 555	2 326 014	4 005 516	5 819 582	6 742 245
Other Deposits (TL+FX)	25 391	38 658	5 334	133 336	500 144
OTHER DEPOSITS	5	158	36	270	15 968
TOTAL	2 148 568	4 463 924	7 083 337	12 277 366	15 495 959

Source: Central Bank.

(1) As of the end of November 2000.

TABLE 36.A
DEPOSIT MONEY BANKS - SECTORAL ACCOUNTS
(TL billion)

ASSETS	1996	1997	1998	1999	2000(1)
RESERVES	641 352	1 297 881	2 433 422	4 544 384	5 367 140
Currency	71 920	169 166	311 745	529 604	532 458
Deposits at Central Bank	569 433	1 128 715	2 121 677	4 014 780	4 834 682
Reserve Requirement	468 064	918 597	1 723 330	3 061 460	4 050 713
Free Reserves	101 369	210 118	398 347	953 320	783 969
OTHER CLAIMS ON CENTRAL BANK	46 485	16	5	5 064	5 245
Net Credit from CBRT under Swap and Repurchase Agreement	46 461	0	0	0	0
Other Claims	24	16	5	5 064	5 245
FOREIGN ASSETS	1 016 172	2 160 786	3 661 849	8 077 676	10 404 445
CLAIMS ON CENTRAL GOVERNMENT	1 423 807	3 593 377	9 839 255	23 147 513	28 844 276
Budgetary Institutions	1 311 917	3 571 164	9 816 120	23 147 513	28 844 276
Credit to Central Government	12 538	21 752	14 756	129 979	209 551
Bonds and Bills Issued by Central Government (2)	892 679	2 544 442	5 290 340	12 460 479	16 459 455
Other Claims on Central Government	406 699	1 004 970	4 511 025	10 557 055	12 175 270
Extra-budgetary Institutions	111 890	22 213	23 135	0	0
Claims on Extra-budgetary Funds	111 890	22 213	23 135	0	0
CLAIMS ON NON-FINANCIAL PUBLIC ENTERPRISES	49 211	217 409	289 798	624 513	537 446
Credit to SEE's	46 778	215 344	283 376	602 091	511 290
Bonds Issued by SEE's	0	0	0	0	0
Participations in SEE's	82	84	264	0	0
Other Claims on SEE's	2 352	1 981	6 159	22 422	26 156
CLAIMS ON LOCAL GOVERNMENT	6 421	8 194	19 539	21 998	52 379
CLAIMS ON OTHER FINANCIAL INSTITUTIONS	71 568	186 773	323 065	1 083 733	2 270 624
Claims on Inv. and Development Banks	58 217	129 270	204 123	584 617	771 398
Claims on Non-Bank Financial Institutions	13 351	57 503	118 942	499 116	1 499 226
CLAIMS ON PRIVATE SECTOR	3 202 529	7 252 462	11 493 241	16 564 768	28 821 103
Credit to Private Sector	3 029 299	6 959 949	10 774 212	15 390 632	25 590 124
Bonds Issued by Private Enterprises	26 084	9 559	0	3 121	73 914
Participations in Private Enterprises	74 723	147 067	433 531	866 944	2 486 755
Other Claims on Private Sector	72 424	135 887	285 499	304 071	670 310
DOMESTIC INTERBANK CLAIMS	367 859	851 113	1 321 272	2 230 113	5 290 618
CLAIMS ON INTERBANK MONEY MARKET TRANSACTIONS (3)	--	--	--	588 573	977 329
UNCLASSIFIED ASSETS	1 336 625	2 689 044	6 062 699	11 254 674	13 553 205
TOTAL	8 162 030	18 257 053	35 444 144	68 143 009	96 123 810

Source: Central Bank.

(1) As of the end of November 2000.

(2) Time series have been revised due to the change in the adjustment procedure of treating government domestic debt instruments under repo and reverse repo transactions with the Central Bank of Republic of Turkey.

(3) It was included in "Unclassified Assets" until October 1999.

TABLE 36.L
DEPOSIT MONEY BANKS - SECTORAL ACCOUNTS
(TL billion)

LIABILITIES	1996	1997	1998	1999	2000(1)
DEMAND DEPOSITS	562 351	887 429	1 386 552	2 399 724	2 864 578
Private Sector	367 985	675 143	1 027 951	1 768 022	2 133 020
Local Government	43 766	66 346	121 498	211 825	240 052
Non-financial Public Enterprises	138 946	123 350	155 782	237 657	358 891
Other Financial Institutions	11 655	22 589	81 322	182 220	132 615
TIME DEPOSITS (2)	2 097 901	4 237 013	9 138 355	17 904 200	22 616 370
Private Sector	2 053 427	4 063 704	8 710 732	17 157 256	21 658 955
Local Government	15 971	49 971	35 280	69 675	171 819
Non-financial Public Enterprises	6 230	84 119	271 439	225 283	371 968
Other Financial Institutions	22 274	39 220	120 905	451 986	413 628
RESIDENTS' FOREIGN EXCHANGE DEPOSITS	2 409 591	4 893 818	8 654 300	18 137 810	26 142 981
CERTIFICATES OF DEPOSIT	11 208	160	16	14	0
BONDS (3)	5 863	81 403	122 772	18	18
FOREIGN LIABILITIES	871 833	2 342 663	4 605 871	9 787 234	14 196 130
CENTRAL GOVERNMENT DEPOSITS	392 887	838 426	1 495 345	3 370 581	5 509 008
Deposits of Budgetary and Social Sec. Institutions	217 626	386 862	605 248	1 010 825	1 799 552
Deposits of Extra-budgetary Funds	175 261	451 564	890 097	2 359 756	3 709 456
CREDIT FROM CENTRAL BANK	32 471	764 114	1 715 748	2 334 558	6 447 080
Interbank Deposits, Central Bank	5 313	21 491	155 887	303 419	387 771
Credit From Central Bank	9 158	40 823	11 661	13 056	4 097
Miscellaneous Payables, CBRT (4)	0	0	0	48 164	34 824
Transitory Liability Accounts, CBRT (4)	0	0	0	219	19 388
Securities Payable (Repurchase Agreements)	18 000	701 800	1 548 200	1 969 700	6 001 000
CAPITAL ACCOUNTS (5)	869 243	1 863 930	3 944 351	6 644 759	7 187 411
DOMESTIC INTERBANK LIABILITIES	484 610	1 202 701	1 793 121	2 725 343	6 041 751
DUE TO INTERBANK MONEY MARKET (6)	--	--	--	873 746	1 063 097
UNCLASSIFIED LIABILITIES	424 071	1 145 400	2 587 714	3 965 022	4 055 386
T O T A L	8 162 030	18 257 053	35 444 144	68 143 009	96 123 810

Source: Central Bank.

(1) As of the end of November 2000.

(2) Time deposits also comprise bank liabilities, such as miscellaneous receivable and transitory liability accounts, which are not regarded as deposits legally. Therefore, the deposit figures of bank accounts revised with respect to institutional sectors are different from the officially declared ones.

(3) TL - FX breakdown of "Securities Issued" was not available until October 1999, FX amount of "Securities Issued" is classified under "Foreign Liabilities" since then.

(4) Items, which were classified under "Unclassified Liabilities" until October 1999, have been shown under "Liabilities to Central Bank" since then.

(5) In addition to the "Owners' Equity" item in the Deposit Money Banks' Balance Sheet (According to Uniform Chart of Accounts), "Provisions" shown in assets and liabilities are also covered.

(6) It was included in "Unclassified Liabilities" until October 1999.

TABLE 37.A
DEPOSIT MONEY BANKS - DEPOSITS
(TL billion)

SECTORAL BREAKDOWN	1996	1997	1998	1999	2000(1)
CENTRAL GOVERNMENT	227 609	467 595	774 435	1 822 894	3 063 205
Deposit of Budget and Soc. Sec. Institutions	177 578	287 878	520 661	899 465	1 705 607
Official Corporations	134 408	156 580	249 699	583 769	891 308
Other Corporations	43 169	131 298	270 962	315 696	814 299
Deposits of Extra-budgetary Funds	50 031	179 717	253 774	923 429	1 357 598
FINANCIAL INSTITUTION DEPOSITS	463 114	1 097 341	2 506 266	5 147 536	7 874 074
Interbank Deposits	429 184	1 035 532	2 304 040	4 524 570	7 381 457
Interbank, Central Bank	5 313	21 491	155 887	303 419	387 771
Interbank, Banks Abroad	167 319	491 078	1 251 885	2 146 669	2 049 461
Domestic Interbank	256 552	522 964	896 268	2 074 482	4 944 225
Other Financial Institutions	33 929	61 809	202 226	622 966	492 617
Investment and Development Banks	18 896	32 424	99 794	212 858	173 706
Non-Bank Financial Institutions	15 034	29 385	102 433	410 108	318 911
NON-FINANCIAL PUBLIC ENTERPRISES	142 169	202 551	419 925	456 828	710 120
LOCAL GOVERNMENT	59 736	116 317	156 777	280 624	410 660
PRIVATE SECTOR	4 761 774	9 472 938	18 096 505	36 714 634	49 088 402
Savings Deposits, Real Persons	1 728 530	3 184 698	6 409 386	13 310 026	16 046 393
Commercial Corporations	279 562	645 187	1 507 045	2 580 860	3 548 653
Other Corporations	332 882	749 076	1 525 759	2 685 924	3 350 375
Residents' Foreign Exchange Deposits (2)	2 409 591	4 893 818	8 629 411	17 697 450	25 977 031
Certificates of Deposit	11 208	160	16	14	0
Gold Deposit Account (FX) (3)	0	0	24 889	440 360	165 950
DEPOSITS ABROAD (2)	221 726	607 849	962 915	869 283	923 975
TOTAL	5 876 127	11 964 591	22 916 822	45 291 799	62 070 436

Source: Central Bank.

(1) As of the end of November 2000.

(2) Foreign Exchange Deposit Accounts are classified as "Legal" and "Real Persons" as of October 1999.

(3) "Gold Deposit Accounts" which were classified under "Financial Institutions Deposits, Domestic Banks" as "Other FX" in former presentation, are shown under "Private Sector" as a separate item.

TABLE 37.B
DEPOSIT MONEY BANKS - DEPOSITS
(TL billion)

DEPOSIT TYPES	1996	1997	1998	1999	2000(1)
SAVINGS DEPOSITS	1 731 883	3 191 505	6 425 226	13 340 756	16 087 921
Sight	133 776	236 499	326 004	633 117	797 537
Time	1 598 107	2 955 006	6 099 222	12 707 639	15 290 384
COMMERCIAL CORPORATION DEPOSITS					
DEPOSITS	474 390	950 223	2 085 866	3 640 644	4 889 213
Sight	376 397	572 772	877 453	1 421 368	1 841 130
Time	97 992	377 451	1 208 414	2 219 276	3 048 083
OTHER CORPORATION DEPOSITS (2)	417 200	1 039 529	2 038 104	3 914 999	5 465 195
Sight	87 327	265 733	406 716	959 208	1 808 142
Time	329 873	773 796	1 631 388	2 955 791	3 657 053
of which: Extra-budgetary Funds	28 894	133 974	183 961	789 579	1 130 751
OFFICIAL DEPOSITS	165 738	221 367	364 531	796 961	1 204 709
Sight	158 799	184 139	291 929	618 585	790 230
Time	6 939	37 229	72 602	178 376	414 479
CERTIFICATES OF DEPOSIT	11 208	160	16	14	0
Sight	54	21	16	14	0
Time	11 155	139	0	0	0
FOREIGN EXCHANGE DEPOSITS	2 627 629	5 493 852	9 574 358	18 420 635	26 702 285
Sight	705 978	1 280 512	2 036 166	3 117 982	4 436 492
Time	1 921 650	4 213 339	7 538 192	15 302 653	22 265 793
GOLD DEPOSIT ACCOUNT (FX) (3)	--	--	24 889	440 360	165 950
Sight	--	--	0	33 682	21 979
Time	--	--	24 889	406 678	143 971
INTERBANK DEPOSITS	448 080	1 067 956	2 403 833	4 737 430	7 555 163
Central Bank	5 313	21 491	155 887	303 419	387 771
Public Deposit Banks	55 473	59 658	72 454	134 796	637 318
Private Deposit Banks	201 079	463 306	823 814	1 481 296	3 758 625
Foreign Deposit Banks (4)	--	--	--	458 390	548 282
Investment and Development Banks (5)	18 896	32 424	99 794	191 110	164 759
Foreign Investment and Development Banks(5)	--	--	--	21 748	8 947
Banks Abroad	167 319	491 078	1 251 885	2 146 669	2 049 461
Institutions Authorized to Accept Deposits by Special Law	0	0	0	2	0
TOTAL	5 876 127	11 964 591	22 916 822	45 291 799	62 070 436

Source: Central Bank.

(1) As of the end of November 2000.

(2) Extra-budgetary fund deposits in Other Deposits are not included in money supply.

(3) "Gold Deposit Accounts (FX)" which were classified under "Foreign Exchange Deposit Accounts" in former presentation, are shown as a separate item.

(4) "Foreign Deposit Money Banks" were shown under "Private Deposit Money Banks" until October 1999.

(5) "Public and Private Investment and Development Banks" and "Foreign Investment and Development Banks" were shown under a separate item as "Investment and Development Banks" until October 1999.

TABLE 38.A
INVESTMENT and DEVELOPMENT BANKS - SECTORAL ACCOUNT
(TL billion)

ASSETS	1996	1997	1998	1999	2000(1)
RESERVES	147 365	256 856	457 081	893 749	1 042 664
Currency	50	75	134	578	251
Deposits at Central Bank	1 311	4 338	6 503	10 278	20 301
Claims on Deposit Money Banks	146 004	252 443	450 444	882 893	1 022 112
Securities Issued by Deposit Money Banks	0	0	0	0	0
Loans to Deposit Money Banks	146 004	252 443	450 444	882 577	1 022 112
Other Claims on Deposit Money Banks (2)	0	0	0	316	0
OTHER CLAIMS ON CENTRAL BANK (3)	710	0	0	0	38
FOREIGN ASSETS	101 488	218 451	340 744	620 453	706 871
CLAIMS ON CENTRAL GOVERNMENT	16 766	43 039	95 434	333 728	487 968
Budgetary Institutions	15 559	43 039	95 434	333 728	487 968
Credit to Central Government	0	0	0	0	0
Bonds and Bills Issued by Central Government (4)	13 034	31 464	76 694	298 693	444 910
Other Claims on Central Government	2 525	11 575	18 740	35 035	43 058
Extra-budgetary Institutions	1 207	0	0	0	0
Claims on Extra-budgetary Funds	1 207	0	0	0	0
CLAIMS ON NON-FINANCIAL PUBLIC ENTERPRISES	6 568	17 286	11 148	42 292	32 812
Credit to SEE's	9	0	0	0	871
Bonds issued by SEEs	0	0	0	0	0
Participations in SEEs	71	71	71	0	0
Other Claims on SEEs	6 488	17 216	11 077	42 292	31 941
CLAIMS ON LOCAL GOVERNMENT	23 784	45 415	93 048	387 173	551 828
CLAIMS ON NON-BANK FINANCIAL INSTITUTIONS	606	4 856	6 825	34 757	42 396
CLAIMS ON PRIVATE SECTOR	169 683	331 535	572 992	824 653	1 062 575
Credit to Private Sector	164 283	326 394	562 371	788 272	1 018 053
Bonds Issued by Private Enterprises	0	0	0	0	0
Participations in Private Enterprises	4 145	3 216	5 263	14 946	27 365
Other Claims on Private Sector	1 255	1 926	5 358	21 435	17 157
INTER-INVEST. AND DEVELOP. BANK CLAIMS	2 065	4 215	6 993	13 463	31 377
CLAIMS ON INTERBANK MONEY MARKET TRANSACTIONS (5)	0	0	0	12 169	13 842
UNCLASSIFIED ASSETS	73 523	124 717	169 247	285 735	435 510
TOTAL	542 557	1 046 369	1 753 511	3 448 172	4 407 883

Source: Central Bank.

(1) As of the end of November 2000.

(2) Other Claims of Investment and Development Banks on deposit money banks, which were shown in "Miscellaneous Receivables" and "Transitory Asset Accounts" in balance sheet until October 1999, have been classified under "Claims on Deposit Money Banks" since then.

(3) The net credit from the Central Bank under Swap and Repurchase Agreements Account was shown under the CREDIT FROM CENTRAL BANK in the liabilities side of the Investment and Development Banks' Sectoral Accounts previously. Since this account had a negative balance for some periods and for the purpose of harmonisation with IFS principles, it has been shown under OTHER CLAIMS ON CENTRAL BANK account starting from the Quarterly Bulletin numbered 1996/I.

(4) Time series have been revised due to the change in the adjustment procedure of treating government domestic debt instruments under repo and reverse repo transactions with the Central Bank of Republic of Turkey.

(5) It was included in "Unclassified Assets" until October 1999.

TABLE 38.L
INVESTMENT and DEVELOPMENT BANKS - SECTORAL ACCOUNT
(TL billion)

LIABILITIES	1996	1997	1998	1999	2000(1)
TIME DEPOSITS (2)	2 141	3 261	3 427	332 254	365 375
Private Sector	2 134	3 254	3 321	30 152	31 797
Non-Financial Public Enterprises	7	7	107	0	0
Local Governments (3)	--	--	--	298 640	325 455
Non-Bank Financial Institutions (4)	--	--	--	3 462	8 123
BONDS (5)	69 821	130 309	103 968	29	28
FOREIGN LIABILITIES	90 421	157 233	271 790	1 096 690	1 430 699
CENTRAL GOVERNMENT DEPOSITS	66 625	141 733	214 128	180 585	244 609
Deposits of Budgetary and Social Security Institutions	51 145	120 065	185 242	130 760	179 313
Deposits of Extra-budgetary Funds	15 480	21 668	28 886	49 825	65 296
LIABILITIES TO THE MONETARY SECTOR	175 018	313 897	558 421	771 994	922 067
Credit from Central Bank	15 369	30 277	56 832	81 806	99 210
Liabilities to Deposit Money Banks	159 649	283 620	501 589	690 188	822 857
LIABILITIES OF INTER INVESTMENT AND DEVELOPMENT BANKS	--	--	--	0	0
CAPITAL ACCOUNTS (6)	86 268	194 143	383 920	763 256	1 207 484
DUE TO INTERBANK MONEY MARKET (7)	--	--	--	52 050	92 861
UNCLASSIFIED LIABILITIES	52 264	105 794	217 857	251 314	144 760
TOTAL	542 557	1 046 369	1 753 511	3 448 172	4 407 883

Source: Central Bank.

(1) As of the end of November 2000.

(2) Some of the liabilities of these banks, although they do not receive deposits, are classified as deposits just for Monetary Survey purposes.

(3) Liabilities of Investment and Development Banks to Local Governments, which were shown in "Central Government Deposits" and/or "Unclassified Liabilities" until October 1999, have been transferred to "Time Deposits" since then.

(4) "Liabilities of Investment and Development Banks to Non-Bank Financial Institutions", which were classified under "Unclassified Liabilities" until October 1999, have been transferred to "Time Deposits".

(5) TL - FX breakdown of "Securities Issued" was not available until October 1999, FX amount of "Securities Issued" has been classified under "Foreign Liabilities" since then.

(6) In addition to the "Owners' Equity" item in the Investment and Development Banks' Balance Sheet (According to Uniform Chart of Accounts), "Provisions" shown in assets and liabilities are also covered.

(7) It was included in "Unclassified Liabilities" until October 1999.

TABLE 39
INVESTMENT and DEVELOPMENT BANKS - CREDIT
(TL billion)

SECTORAL BREAKDOWN	1996	1997	1998	1999	2000(1)
CENTRAL GOVERNMENT	0	0	0	0	0
NON-FINANCIAL PUBLIC ENTERPRISES	9	0	0	0	871
LOCAL GOVERNMENT	23 784	45 415	93 048	387 007	551 645
FINANCIAL INSTITUTIONS	106 709	178 444	304 181	529 545	740 662
Deposit Money Banks	104 348	169 935	292 119	497 781	694 130
Investment and Development Banks	2 043	4 177	6 949	12 799	30 640
Non-Bank Financial Institutions (2)	317	4 332	5 113	18 965	15 892
Central Bank	--	--	--	0	0
PRIVATE SECTOR	164 283	326 394	562 371	788 272	1 018 053
Credit to Personnel (3)	936	1 930	3 384	6 170	5 321
Private Enterprises	139 915	276 366	457 176	777 234	1 002 616
Other	23 433	48 098	101 811	4 868	10 116
CREDIT ABROAD	87 667	172 195	271 770	552 256	646 922
TOTAL	382 451	722 447	1 231 369	2 257 080	2 958 153

Source: Central Bank.

(1) As of the end of November 2000.

(2) "Non-bank Financial Institutions" cover insurance companies, special finance houses and other financial institutions.

(3) "Credits to Personnel " named as "Households" in former presentation.

TABLE 40
DEPOSIT MONEY BANKS - CREDIT
(TL billion)

SECTORAL BREAKDOWN	1996	1997	1998	1999	2000(1)
CENTRAL GOVERNMENT	12 538	21 752	14 756	129 979	209 551
NON-FINANCIAL PUBLIC ENTERPRISES	46 778	215 344	283 376	602 091	511 290
LOCAL GOVERNMENT	6 421	8 194	19 539	21 916	48 146
FINANCIAL INSTITUTIONS	117 377	212 181	353 162	611 592	726 758
Investment and Development Banks	50 855	100 514	158 149	550 301	617 708
Non-Bank Financial Institutions (2)	4 142	22 378	19 417	29 147	31 253
Domestic Interbank Credit	62 380	89 289	175 596	32 144	77 797
Central Bank	--	--	--	0	0
PRIVATE SECTOR	3 029 299	6 959 949	10 774 212	15 390 632	25 590 124
Households (3)	262 394	779 345	1 484 125	2 222 896	6 865 321
Consumer Credits	158 416	432 174	699 158	1 004 315	4 805 858
Credit Cards	74 501	252 912	642 141	1 137 591	1 961 765
Credit to Personnel	29 477	94 259	142 826	80 990	97 698
Private Enterprises	2 232 932	4 996 589	8 722 594	10 435 244	15 545 025
Agricultural Sales Cooperatives (4)	--	--	--	632 786	1 310 661
Agricultural Credit Cooperatives (4)	--	--	--	483 150	475 858
Other	533 973	1 184 015	567 493	1 616 556	1 393 259
CREDIT ABROAD	49 513	132 053	272 927	210 856	289 777
TOTAL	3 261 926	7 549 472	11 717 970	16 967 066	27 375 646

Source: Central Bank.

(1) As of the end of November 2000.

(2) "Non-Bank Financial Institutions" cover insurance companies, special finance houses and other financial institutions.

(3) In former presentation, "Households" covered only "Credits to Personnel", its coverage was enlarged to include "Consumer Credits" and "Credit Cards" as of October 1999. Also, "Consumer Credits" are classified as two separate items; "Credit Cards" and "Consumer Credits".

(4) "Credits Extended to Agricultural Sales and Credit Cooperatives" were included in the "Private Sector - Other" item until October 1999.

TABLE 41
BANKING SECTOR - CREDIT STOCK
(TL billion)

	1996	1997	1998	1999	2000(1)
CENTRAL BANK (DIRECT)	373 196	339 199	1 559	2 913	1 600
Central Government	370 953	337 623	0	0	0
Non-Financial Public Enterprises	2 243	1 576	1 559	2 913	1 600
Non-Bank Financial Institutions	0	0	0	0	0
DEPOSIT BANKS	3 099 177	7 227 616	11 111 299	16 173 765	26 390 364
Central Government	12 538	21 752	14 756	129 979	209 551
Non-Financial Public Enterprises	46 778	215 344	283 376	602 091	511 290
Local Government	6 421	8 194	19 539	21 916	48 146
Non-Bank Financial Institutions	4 142	22 378	19 417	29 147	31 253
Private Sector	3 029 299	6 959 949	10 774 212	15 390 632	25 590 124
INVESTMENT AND DEVELOPMENT					
BANKS	188 393	376 141	660 532	1 194 244	1 586 461
Central Government	0	0	0	0	0
Non-Financial Public Enterprises	9	0	0	0	871
Local Government	23 784	45 415	93 048	387 007	551 645
Non-Bank Financial Institutions	317	4 332	5 113	18 965	15 892
Private Sector	164 283	326 394	562 371	788 272	1 018 053
TOTAL	3 660 766	7 942 956	11 773 390	17 370 922	27 978 425

Source: Central Bank.

(1) As of the end of November 2000.

Note: Interbank credit is excluded from credit stock.

TABLE 42
MONETARY SECTOR - ANALYTICAL BALANCE SHEET
M3Y Money Supply and Counterpart Items
(TL billion)

	1996	1997	1998	1999	2000(1)
COUNTERPART ITEMS					
FOREIGN ASSETS (NET)	806 416	1 599 110	1 820 133	5 962 990	3 261 874
Foreign Assets	3 045 020	6 420 816	10 557 591	21 941 694	24 992 743
Foreign Liabilities	-2 238 604	-4 821 706	-8 737 458	-15 978 704	-21 730 870
DOMESTIC CREDIT	5 244 478	10 925 601	20 967 401	37 303 700	55 437 134
Claims on Central Government (Net)	1 912 500	3 259 186	8 830 799	19 005 775	23 753 982
Claims on Central Government (2)	2 291 746	4 407 032	10 339 024	23 063 609	28 896 888
Less: Central Government Deposits	-379 246	-1 147 845	-1 508 225	-4 057 835	-5 142 905
Claims on Local Government	6 421	8 194	19 539	21 998	52 379
Claims on Non-Financial Public Enterprises	51 454	218 985	291 358	627 426	539 046
Claims on Private Sector	3 202 529	7 252 462	11 493 241	16 564 768	28 821 103
Claims on Investment and Development					
Banks	58 224	129 271	213 523	584 617	771 398
Claims on Non-Bank Financial Institutions	13 351	57 503	118 942	499 116	1 499 226
OTHER ITEMS (NET) (2)	-442 392	-1 380 024	-1 960 544	-2 081 723	-1 929 700
T O T A L	5 608 503	11 144 686	20 826 990	41 184 967	56 769 308
MONEY SUPPLY					
M1	896 855	1 581 210	2 562 478	4 272 018	6 084 941
Currency Outside Banks (3)	319 024	610 871	1 057 864	1 887 153	2 517 654
Demand Deposits	577 831	970 339	1 504 615	2 384 865	3 567 287
Monetary Authorities	83	487	84	302	1 161
Deposit Money Banks	577 748	969 852	1 504 531	2 384 563	3 566 126
M2	2 924 893	5 658 800	11 423 198	21 992 654	27 827 624
Time Deposits	2 028 039	4 077 590	8 860 720	17 720 636	21 742 683
Deposit Money Banks	2 028 039	4 077 590	8 860 720	17 720 636	21 742 683
M2Y	5 373 709	10 664 059	20 212 650	40 153 556	54 060 947
Residents' Foreign Exchange Deposits	2 448 816	5 005 258	8 789 452	18 160 903	26 233 324
Monetary Authorities	39 225	111 441	135 152	23 093	90 343
Deposit Money Banks	2 409 591	4 893 818	8 654 300	18 137 810	26 142 981
M3	3 159 687	6 139 428	12 037 538	23 024 064	30 535 984
Official Deposits (Time/Sight)	165 738	221 367	364 531	796 961	1 204 709
Other CBRT Deposits	69 056	259 261	249 809	234 450	1 503 651
M3Y (M2Y+Official Dept.+ Other CBRT Deposits)	5 608 503	11 144 686	20 826 990	41 184 967	56 769 308

Source: Central Bank.

(1) As of the end of November 2000.

(2) Time series have been revised due to the change in the adjustment procedure of treating government domestic debt instruments under repo and reverse repo transactions of the Central Bank of Republic of Turkey with banks.

(3) "Cash in Transit" (TL+YP) was classified under "Currency in Circulation" until October 1999. Since then FX amount of "Cash in Transit" has been shown under "Foreign Assets" and the TL amount is added to "Other Items(Net)".

TABLE 43
CENTRAL BANK - ANALYTICAL BALANCE SHEET
(TL billion)

	1996	1997	1998	1999	2000
ASSETS					
FOREIGN ASSETS	2 042 510	4 336 722	7 168 740	14 526 524	18 004 037
DOMESTIC ASSETS	644 316	364 267	-287 732	-1 507 084	-1 100 599
Cash Operations	647 950	554 348	92 661	-358 526	-416 026
Cash Credit to the Public Sector	820 043	889 105	768 807	901 173	1 490 801
Cash Credit to the Banking Sector	7 693	7 681	7 544	7 680	500 000
Other Items (net)	-179 787	-342 438	-683 690	-1 267 379	-2 406 827
FX Revaluation Account	-3 634	-190 081	-380 393	-1 339 192	-875 207
IMF Emergency Assistance Account (Treasury)	0	0	0	190 634	190 634
TOTAL	2 686 826	4 700 989	6 881 008	13 019 440	16 903 438
LIABILITIES					
TOTAL FX LIABILITIES	1 980 631	4 053 023	6 352 976	11 432 340	15 923 554
Foreign Liabilities	1 413 943	2 545 585	4 307 295	6 696 686	10 405 974
Domestic Liabilities	566 688	1 507 438	2 045 681	4 735 654	5 517 580
FX Deposits of Non-Bank Sector	213 247	703 959	670 420	1 723 362	1 222 177
FX Deposits of the Banking Sector	353 441	803 479	1 375 261	3 012 292	4 295 403
CENTRAL BANK MONEY	706 198	647 966	528 032	1 587 100	979 884
Reserve Money	621 487	1 186 386	2 145 691	3 932 210	5 949 348
Currency Issued	382 243	758 878	1 328 542	2 390 748	3 772 411
Banking Sector Deposits	228 197	370 758	782 586	1 488 653	2 015 481
Required Reserves	175 512	336 353	694 261	1 022 571	1 404 157
Free Deposits	52 685	34 405	88 325	466 082	611 324
Extra-budgetary Funds	6 552	49 722	16 546	31 194	115 720
Deposits of Non-Bank Sector	4 494	7 028	18 017	21 615	45 736
Other Central Bank Money	84 711	-538 420	-1 617 659	-2 345 110	-4 969 464
Open Market Operations	51 368	-720 339	-1 830 591	-2 406 795	-5 218 625
Public Sector Deposits	33 342	181 919	212 932	61 685	249 161
TOTAL	2 686 826	4 700 989	6 881 008	13 019 440	16 903 438

Source: Central Bank.

Note: The difference between the total of the weekly statement published in the Official Gazette every week and the Analytical Balance Sheet is due to:

A) The use of IMF credit under stand-by agreement is recorded as TRL. Liability in the CBRT Weekly Statement under the heading "Deposits by International Organisations" at the prevailing TRL/SDR exchange rate on the date of withdrawal. However in the Analytical Balance Sheet, SDR liability is considered as a foreign liability and marked to market. Exchange rate differences accumulated between the data of withdrawal and the data of Analytical Balance Sheet are recorded in the FX revaluation account.

B) The sum of the Coins "Domestic Correspondents, Fixed Assets, Miscellaneous Receivables, Other Assets" on the asset side and the sum of the "Notes and Remittances Payable, Capital, Reserve Funds, Provisions, Miscellaneous Payables, Other Liabilities" on the liability side of the weekly statement is netted into the "Net Other Assets" item on the asset side of the Analytical Balance Sheet.

C) "Gold Claims of the Treasury" on the liability side of the weekly statement is netted with the Treasury's other debts on the asset side of the Analytical Balance Sheet.

D) "Overnight Operations" and "Cash debts and claims due to bond transactions under repurchase and reverse repurchase agreement" are netted under the heading "Open Market Operations" in the liability side, whereas "Security debts and claims due to bond transaction under repurchase and reverse repurchase agreement" are netted under the "The Credit to the Public Sector" item in the asset side of the Analytical Balance Sheet.

E) As of 18 October 1999, liabilities to the IMF shown under "Foreign Liabilities" in the Analytical Balance Sheet have increased in the amount of Emergency Assistance. The corresponding item has been shown as "IMF Emergency Assistance (Treasury)" under the "Domestic Assets" and exchange rate differences have been recorded in the "FX Revaluation" account.

TABLE 44
SECURITIES ISSUED
(TL billion)

	1996	1997	1998	1999	2000
PUBLIC SECTOR	4 969 897	6 259 962	14 254 326	26 886 408	32 468 545
Government bonds	1 247 869	3 185 561	4 708 066	20 027 770	26 685 862
Treasury bills	3 722 028	3 074 401	9 546 260	6 858 638	5 782 683
Revenue sharing certificates (RSC) (1)	4 457	-	-	-	-
Foreign exchange indexed bonds (1)	13 660	23 331	16 560	7 218	-
PRIVATE SECTOR	161 961	378 449	841 778	855 545	5 792 296
Bonds	1 229	1 496	2 533	-	-
Equities(2)	102 202	305 732	696 822	678 871	3 007 974
Profit and loss sharing certificates	-	-	-	-	-
Bank bills	2 363	9 935	-	-	12 471
Commercial bills	2 880	2 200	-	-	-
Mutual Fund Participation Certificates	8 945	34 330	131 423	176 674	2 767 908
Foreign Mutual Fund participating shares (3)	-	1 757	-	-	3 943
Asset based securities	41 629	23 000	11 000	-	-
Real Estate Certificates	-	2 714	-	-	-

Source: Capital Market Board, Undersecretariat of the Treasury.

(1) Stock values.

(2) Market value.

(3) Foreign Mutual Funds are registered on the basis of the number of shares.

TABLE 45
INTERNATIONAL RESERVES
(US \$ million)

	1996	1997	1998	1999	2000 (1)
GOLD (2)	1 383	1 124	1 012	1 011	1 006
GROSS FOREIGN EXCHANGE RESERVES	23 625	26 044	28 494	33 122	33 780
Central Bank	16 273	18 419	19 721	23 177	22 172
Deposit Money Banks	7 352	7 625	8 773	9 945	11 608
GROSS INTERNATIONAL RESERVES	25 008	27 168	29 506	34 133	34 786
Overdrafts	42	30	7	6	26
NET RESERVES	24 966	27 138	29 499	34 127	34 760

Source: Central Bank.

(1) Provisional

(2) Gold was valued at \$369.1 per ounce between 1988 - 1996, at \$300 per ounce at the end of 1997, at \$270 per ounce at the end of 1998 - 1999 and at \$269 at the end of 2000.

TABLE 46
BALANCE OF FOREIGN TRADE

	in millions of TL		in millions of US\$		Balance of Foreign Trade	
	Imports	Exports	Volume of Foreign Trade	Imports		Exports
1966	6 522	4 415	1 209	718	491	-227
1967	6 217	4 701	1 207	685	522	-163
1968	6 934	4 468	1 260	764	496	-268
1969	7 275	4 832	1 338	801	537	-264
1970	10 348	6 408	1 536	948	588	-360
1971	17 725	9 090	1 848	1 171	677	-494
1972	22 346	11 876	2 448	1 563	885	-678
1973	29 797	18 037	3 403	2 086	1 317	-769
1974	53 124	21 197	5 310	3 778	1 532	-2 246
1975	68 987	20 075	6 140	4 739	1 401	-3 338
1976	82 941	30 775	7 089	5 129	1 960	-3 169
1977	104 882	31 338	7 549	5 796	1 753	-4 043
1978	113 290	55 358	6 887	4 599	2 288	-2 311
1979	178 505	75 744	7 330	5 069	2 261	-2 808
1980	613 267	221 498	10 819	7 909	2 910	-4 999
1981	1 002 356	530 716	13 636	8 933	4 703	-4 230
1982	1 461 425	937 311	14 589	8 843	5 746	-3 097
1983	2 127 081	1 298 945	14 963	9 235	5 728	-3 507
1984	4 034 897	2 608 332	17 891	10 757	7 134	-3 623
1985	5 994 853	4 252 949	19 301	11 343	7 958	-3 385
1986	7 561 157	5 012 346	18 562	11 105	7 457	-3 648
1987	12 353 041	8 844 331	24 348	14 158	10 190	-3 968
1988	20 476 720	16 809 326	25 997	14 335	11 662	-2 673
1989	33 762 160	24 819 337	27 417	15 792	11 625	-4 167
1990	58 755 207	34 071 035	35 261	22 302	12 959	-9 343
1991	88 914 171	57 373 403	34 640	21 047	13 593	-7 454
1992	159 628 934	111 123 668	37 586	22 871	14 715	-8 156
1993	328 904 847	171 144 874	44 773	29 428	15 345	-14 083
1994	683 826 641	550 041 707	41 376	23 270	18 106	-5 164
1995	1 649 154 021	1 001 123 478	57 346	35 709	21 637	-14 072
1996	3 559 032 738	1 906 932 074	66 851	43 627	23 224	-20 403
1997	7 419 624 416	4 039 401 624	74 820	48 559	26 261	-22 298
1998	11 898 371 329	7 032 148 731	72 895	45 921	26 974	-18 947
1999	17 191 361 699	11 211 265 206	67 274	40 687	26 587	-14 100
2000 (1)	33 795 602 629	17 088 716 304	81 307	53 983	27 324	-26 659

Source : State Institute of Statistics.

(1) Provisional

TABLE 47
ANNUAL EXPORTS BY INTERNATIONAL STANDARD INDUSTRIAL
CLASSIFICATION (ISIC R3)
(US \$ million)

	1996	1997	1998	1999	2000 (1)
Agriculture and animal raising	2 450	2 674	2 693	2 386	1 949
Forestry and logging	5	5	7	8	7
Fishing	27	33	17	38	24
Mining of coal, lignite and peat	1	0	0	1	1
Crude petroleum and natural gas	0	0	3	5	5
Metal ores	118	148	111	112	126
Other mining and quarrying	250	256	250	267	265
Food products and beverages	2 194	2 454	2 057	1 744	1 521
Tobacco products	100	124	84	96	128
Textiles	4 565	5 354	5 921	5 687	5 844
Wearing apparel	4 083	4 539	4 590	4 142	4 093
Luggage, saddlery and footwear	221	299	271	181	186
Products of wood and cork	69	75	71	68	60
Paper and paper products	126	154	150	149	162
Printing and publishing	48	40	41	48	42
Coke, petroleum products and nuclear fuel	259	179	241	315	256
Chemicals and chemical products	1 244	1 362	1 277	1 235	1 351
Rubber and plastic products	510	621	685	668	770
Other non-metallic minerals	780	931	944	955	1 108
Manufacture of basic metals	2 258	2 628	2 228	2 104	2 232
Manufacture of fabricated metal (exc. machinery)	401	454	587	559	543
Manufacture of machinery and equipment	860	1 036	1 150	1 259	1 403
Office, accounting and computing machinery	21	29	43	60	63
Electrical machinery and apparatus	772	744	756	693	796
Communication equipment and apparatus	316	470	862	771	950
Medical, precision and optical instruments, watches	57	61	75	67	74
Motor vehicles and trailers	977	829	985	1 616	1 731
Other transport vehicles	158	354	384	771	879
Furniture	249	300	379	487	627
Recycling	89	94	93	80	92
Electricity, gas and water supply	15	11	15	14	20
Other business activities	0	1	0	0	0
Recreational, cultural and sporting activities	1	0	4	1	16
Other service activities	0	0	0	0	0
TOTAL	23 224	26 261	26 974	26 587	27 324

Source: State Institute of Statistics.

(1) Provisional

TABLE 48
ANNUAL IMPORTS BY INTERNATIONAL STANDARD INDUSTRIAL
CLASSIFICATION (ISIC R3)
(US \$ million)

	1996	1997	1998	1999	2000 (1)
Agriculture and animal raising	2 023	2 298	1 984	1 529	1 949
Forestry and logging	148	122	145	124	149
Fishing	2	2	1	1	2
Mining of coal, lignite and peat	581	561	464	311	611
Crude petroleum and natural gas	4 252	4 264	2 970	3 703	6 196
Metal ores	138	147	175	112	149
Other mining and quarrying	118	166	156	128	143
Food products and beverages	2 019	1 774	1 475	1 071	1 171
Tobacco products	44	47	56	50	46
Textiles	1 894	2 052	2 022	1 664	1 870
Wearing apparel	183	266	235	172	246
Luggage, saddlery and footwear	348	359	307	205	306
Products of wood and cork	125	140	164	132	204
Paper and paper products	837	837	860	898	1 137
Printing and publishing	133	158	159	156	250
Coke, petroleum products and nuclear fuel	1 069	1 152	967	1 284	2 532
Chemicals and chemical products	6 390	7 142	7 187	6 854	7 994
Rubber and plastic products	820	889	985	892	1 024
Other non-metallic minerals	457	434	493	406	414
Manufacture of basic metals	2 800	3 315	3 143	2 392	3 483
Manufacture of fabricated metal (exc. machinery)	837	898	929	731	766
Manufacture of machinery and equipment	7 533	8 051	7 771	5 158	5 882
Office, accounting and computing machinery	776	914	1 063	1 207	1 591
Electrical machinery and apparatus	1 226	1 477	1 657	1 568	1 589
Communication equipment and apparatus	1 391	1 944	2 354	3 145	3 974
Medical, precision and optical instruments, watches	1 042	1 183	1 240	1 123	1 323
Motor vehicles and trailers	2 933	4 411	4 107	3 366	5 956
Other transport vehicles	1 927	1 845	1 326	1 032	1 465
Furniture	436	524	541	464	554
Recycling	1 118	1 094	873	719	757
Electricity, gas and water supply	12	84	106	81	132
Other business activities	2	1	1	1	5
Recreational, cultural and sporting activities	13	7	5	8	114
Other service activities	0	0	0	0	0
TOTAL	43 627	48 559	45 921	40 687	53 983

Source: State Institute of Statistics.

(1) Provisional

TABLE 49
EXPORTS BY SELECTED CATEGORIES (US \$ million)

	1996	1997	1998	1999	2000 (1)
Articles of apparel and clothing accessories, knitted	3 568	3 962	3 594	3 787	3 692
Articles of apparel and clothing accessories, not knitted	2 149	2 321	2 061	2 413	2 477
Electrical machinery and equipment	1 315	1 450	1 508	1 647	1 934
Iron and steel	1 753	2 004	1 346	1 542	1 557
Fruits	1 135	1 309	998	1 247	1 018
Boilers, machinery, mechanical appliances	783	982	966	1 272	1 394
Other ready-made textile articles	622	806	766	944	1 009
Vehicles other than railway	777	676	662	1 474	1 577
Cotton, cotton yarn and cotton fabric	645	674	628	777	708
Man-made staple fibres	591	665	558	605	601
Articles of iron and steel	506	611	555	606	690
Preparations from vegetables and fruits	563	617	488	571	475
Tobacco and manufactured tobacco products	634	683	531	562	491
Plastics and plastic articles	343	430	378	416	489
Salt, sulphur, earth, plastering materials, lime, cement	388	432	358	428	483
Vegetables	478	491	321	274	260
Man-made filaments	290	337	319	404	480
Glass and glassware	271	341	294	328	379
Animal fats and vegetable oils	358	400	272	332	155
Carpets and other floor coverings	307	350	283	270	292
Rubber and rubber articles	266	287	276	348	380
Leather articles	350	328	283	265	299
Other	5 134	6 107	9 529	6 075	6 484
TOTAL	23 224	26 261	26 974	26 587	27 324

Source: State Institute of Statistics.

(1) Provisional

TABLE 50
IMPORTS BY SELECTED CATEGORIES (US \$ million)

	1996	1997	1998	1999	2000 (1)
Boilers, machinery, mechanical appliances	8 189	9 157	7 375	6 390	7 737
Mineral fuels, mineral oils, of which	5 909	6 068	3 827	5 377	9 481
<i>Crude petroleum</i>	3 417	3 194	2 084	2 755	4 208
Electrical machinery and equipment	2 952	3 849	7 375	5 097	6 063
Vehicles other than railway	2 649	4 105	3 106	3 094	5 446
Iron and steel	2 580	2 962	2 423	2 056	2 725
Plastics and plastic articles	1 596	1 927	1 651	1 822	2 147
Organic chemicals	1 535	1 704	1 393	1 626	2 018
Optical instruments and apparatus	970	1 078	946	1 027	1 233
Cotton, cotton yarn and cotton fabric	682	1 045	911	672	1067
Aircraft	915	977	766	551	937
Man-made filaments	530	711	680	640	689
Paper and cardboard	710	709	610	745	926
Pharmaceutical products	421	551	601	858	1034
Tanning and dyeing extracts	637	704	574	585	605
Articles of iron and steel	615	761	552	486	690
Man-made staple fibres	658	676	547	553	657
Miscellaneous chemical products	485	538	469	505	506
Animal fats and vegetable oils	463	564	444	426	359
Raw hides and leather	889	785	475	195	373
Aluminium and aluminium articles	382	519	429	472	544
Rubber and rubber articles	488	486	403	423	529
Other	9 372	8 682	10 364	7 087	8 217
TOTAL	43 627	48 559	45 921	40 687	53 983

Source: State Institute of Statistics.

(1) Provisional

TABLE 51
EXPORTS BY COUNTRIES
(US \$ million)

	1996	1997	1998	1999	2000 (1)
A. OECD countries	14 427	15 583	16 979	18 056	18 742
1. EU countries	11 549	12 248	13 498	14 348	14 352
Germany	5 187	5 253	5 459	5 475	5 150
UK	1 261	1 511	1 740	1 829	2 020
France	1 053	1 163	1 305	1 570	1 643
Italy	1 446	1 387	1 557	1 683	1 748
2. EFTA countries	336	414	357	362	321
Iceland	2	3	11	2	5
Norway	58	93	101	91	80
Switzerland	276	318	244	268	235
3. Other OECD countries	2 542	2 921	3 125	3 346	4 069
U.S.A.	1 639	2 032	2 233	2 437	3 060
Japan	168	144	113	122	148
B. Turkey Free Zones	447	611	832	780	890
C. Non-OECD countries	8 351	10 067	9 163	7 750	7 693
1. Europe and Russian Federation	3 646	4 684	3 980	2 735	2 947
Russia	1 512	2 056	1 348	589	628
Ukraine	268	337	274	226	244
Romania	314	359	468	268	324
2. African countries	1 159	1 234	1 819	1 657	1 349
Algeria	278	317	482	408	374
Egypt	316	304	474	467	370
Libya	244	187	95	140	94
3. American countries	140	205	234	243	247
4. Middle Eastern countries	2 245	2 382	2 189	2 204	2 130
Saudi Arabia	431	535	474	367	372
Iran	298	307	195	158	227
5. Other Asian countries	1 143	1 169	636	696	645
China	65	44	38	37	91
Malaysia	134	134	42	37	39
Hong-Kong	219	243	144	99	103
Singapore	248	366	133	144	119
6. Other countries	17	393	305	215	375
TOTAL	23 224	26 261	26 974	26 587	27 324

Source: State Institute of Statistics.

(1) Provisional

TABLE 52
IMPORTS BY COUNTRIES
(US \$ million)

	1996	1997	1998	1999	2000 (1)
A. OECD countries	31 092	34 815	33 472	28 326	35 301
1. EU countries	23 138	24 870	24 075	21 416	26 388
Germany	7 814	8 021	7 316	5 880	7 150
UK	2 510	2 763	2 683	2 190	2 699
France	2 771	2 967	3 034	3 127	3 511
Italy	4 286	4 463	4 222	3 192	4 305
2. EFTA countries	1 112	1 287	1 169	926	1 143
Iceland	4	5	4	2	4
Norway	93	178	148	175	252
Switzerland	1 015	1 104	1 018	749	888
3. Other OECD countries	6 842	8 658	8 228	5 984	7 769
U.S.A.	3 516	4 330	4 054	3 080	3 869
Japan	1 422	2 040	2 046	1 393	1 588
B. Turkey Free Zones	297	361	418	508	496
C. Non-OECD countries	12 238	13 383	12 031	11 853	18 186
1. Europe and Russian Federation	4 102	4 646	4 673	4 672	7 109
Russia	1 921	2 174	2 155	2 374	3 864
Ukraine	762	918	989	774	966
Romania	441	394	345	401	668
2. African countries	1 993	2 197	1 758	1 687	2 701
Algeria	737	768	647	682	1 188
Egypt	272	399	393	109	139
Libya	476	533	343	502	786
3. American countries	644	764	724	495	573
4. Middle Eastern countries	3 243	2 726	1 943	1 987	3 088
Saudi Arabia	1 708	1 018	670	579	951
Iran	806	646	433	636	814
5. Other Asian countries	2 227	2 547	2 626	2 391	3 508
China	556	787	846	895	1 321
Malaysia	237	283	285	219	265
Hong-Kong	202	163	141	125	150
Singapore	131	103	117	115	154
6. Other countries	29	503	307	621	1 205
TOTAL	43 627	48 559	45 921	40 687	53 983

Source: State Institute of Statistics.

(1) Provisional

TABLE 53
ANNUAL FOREIGN TRADE CLASSIFIED BY BROAD ECONOMIC CATEGORIES
(US \$ million)

	1996	1997	1998	1999	2000 (1)
EXPORTS	23 224	26 261	26 974	26 587	27 324
Capital goods	1 104	1 263	1 334	1 796	2 088
Intermediate goods	9 745	11 032	11 150	10 841	11 344
Consumption goods	12 357	13 941	14 475	13 892	13 845
Others	18	25	15	58	47
IMPORTS	43 627	48 559	45 921	40 687	53 983
Capital goods	10 336	11 051	10 625	8 729	11 249
Intermediate goods	28 737	31 871	29 561	26 568	35 327
<i>Crude petroleum</i>	3 417	3 194	2 084	2 755	4 208
Consumption goods	4 424	5 336	5 364	5 062	7 221
Others	129	301	371	327	186

Source: State Institute of Statistics.
(1) Provisional

TABLE 54
FOREIGN TRADE PRICE INDEX (ISIC R3)
(1994=100)

	1996	1997	1998	1999	2000
EXPORTS					
GENERAL	107.6	102.5	98.4	91.7	87.8
MANUFACTURING	109.1	101.7	96.9	90.5	86.6
Food products and beverages	117.0	105.6	95.8	90.9	85.2
Textiles	108.5	100.9	101.1	90.3	83.6
Chemicals and chemical products	108.4	105.8	100.2	90.2	94.4
Manufacture of basic metals	108.7	104.6	94.3	78.9	83.6
Manufacture of machinery and equipment	103.3	100.2	102.7	96.1	89.3
Motor vehicles and trailers	101.5	93.9	97.8	94.5	85.0
IMPORTS					
GENERAL	109.7	100.2	96.1	90.8	94.9
Crude petroleum and natural gas	125.1	116.1	78.2	101.7	169.7
MANUFACTURING	107.5	97.9	98.1	90.7	88.5
Food products and beverages	113.4	110.9	110.6	89.1	79.3
Textiles	97.6	97.0	99.2	88.2	84.2
Chemicals and chemical products	113.8	101.1	98.3	90.2	93.9
Manufacture of basic metals	113.1	103.3	94.8	83.0	89.9
Manufacture of machinery and equipment	101.8	89.2	99.7	97.0	87.5
Motor vehicles and trailers	102.3	92.0	94.6	88.7	83.7

Source: State Institute of Statistics.

The Central Bank of the Republic of Turkey

TABLE 55
BALANCE OF PAYMENTS
(US \$ million)

	1994	1995	1996	1997	1998	1999	2000 (1)
A. CURRENT ACCOUNT BALANCE	2 631	-2 339	-2 437	-2 638	1 984	-1 360	-9 765
Merchandise Exports FOB	18 390	21 975	32 446	32 647	31 220	29 325	31 214
Exports	18 106	21 636	23 225	26 261	26 973	26 587	27 324
Shuttle Trade			8 842	5 849	3 689	2 255	2 944
Transit Trade	284	339	379	537	558	483	946
Merchandise Imports FOB	-22 606	-35 187	-43 028	-48 005	-45 440	-39 768	-53 555
Imports (CIF)	-23 270	-35 709	-43 627	-48 559	-45 922	-40 687	-53 983
Imports of non-monetary gold	-480	-1 322	-1 672	-1 867	-1 761	-1 079	-1 900
Transit Trade	-251	-301	-347	-492	-514	-442	-911
Freight and Insurance	1 395	2 145	2 618	2 913	2 757	2 440	3 239
Trade Balance	-4 216	-13 212	-10 582	-15 358	-14 220	-10 443	-22 341
Other goods and services: credit	11 691	16 094	14 628	21 273	25 802	18 748	22 320
Travel	4 321	4 957	5 650	7 002	7 177	5 203	7 636
Interest	890	1 488	1 577	1 900	2 481	2 350	2 836
Others	6 480	9 649	7 401	12 371	16 144	11 195	11 848
Other goods and services: debit	-7 936	-9 717	-10 930	-13 419	-15 325	-14 840	-14 969
Travel	-866	-911	-1 265	-1 716	-1 754	-1 471	-1 711
Interest	-3 923	-4 303	-4 200	-4 588	-4 823	-5 450	-6 299
Others	-3 147	-4 503	-5 465	-7 115	-8 748	-7 919	-6 959
Total goods, services and income	-461	-6 835	-6 884	-7 504	-3 743	-6 535	-14 990
Private unrequited transfers (net)	2 709	3 425	3 892	4 552	5 568	4 813	5 011
Workers' remittances	2 627	3 327	3 542	4 197	5 356	4 529	4 560
Other	82	98	350	355	212	284	451
Official unrequited transfers (net)	383	1 071	555	314	159	362	214
Workers' remittances	37	38	48	32	41	47	43
Other	346	1 033	507	282	118	315	171
B. CAPITAL ACCOUNT (Exc.Reserves)	-4 194	4 643	5 555	7 053	-755	4 670	9 445
Direct investments (net)	559	772	612	554	573	138	112
Portfolio investments (net)	1 158	237	570	1 634	-6 711	3 429	1 022
Long term capital	-784	-79	1 636	4 788	3 985	344	4 276
Drawings	3 349	4 126	6 048	9 905	11 505	11 035	17 459
Repayments	-5 448	-5 667	-5 685	-6 095	-8 174	-10 560	-13 803
FX Deposits with CBRT (net)	1 315	1 462	1 273	978	654	-131	620
Short term capital	-5 127	3 713	2 737	77	1 398	759	4 035
Asset (net)	2 423	-383	331	-1 750	-1 464	-2 571	-2 138
Loans extended	-38	1 101	-125	-358	-261	-453	116
DMBs' FX holdings	2 451	-1 430	1 510	-678	-752	-1 827	-1 915
Other assets	10	-54	-1 054	-714	-451	-291	-339
Liabilities (net)	-7 550	4 096	2 406	1 827	2 862	3 330	6 173
Loans received	-7 495	3 096	1 112	1 929	639	2 960	6 813
Deposits	-55	1 000	1 294	-102	2 223	370	-640
C. NET ERRORS AND OMISSIONS	1 769	2 354	1 427	-1 071	-782	1 896	-2 677
Total overall balance	206	4 658	4 545	3 344	447	5 206	-2 997
D. TOTAL CHANGE IN RESERVES	-206	-4 658	-4 545	-3 344	-447	-5 206	2 997
Reserve position in the Fund						-112	
Use of Fund Credit	340	347	0	-28	-231	520	3 351
Official reserves	-546	-5 005	-4 545	-3 316	-216	-5 614	-354

Source: Central Bank.

(1) Provisional.

TABLE 56
SELECTED ITEMS FROM THE CAPITAL ACCOUNT
(US \$ million)

	1994	1995	1996	1997	1998	1999	2000(1)
CURRENT ACCOUNT BALANCE	2 631	-2 339	-2 437	-2 638	1 984	-1 360	-9 765
CAPITAL ACCOUNT (excluding reserves)	-4 194	4 643	5 555	7 053	-755	4 670	9 445
Direct investments	559	772	612	554	573	138	112
Portfolio investments	1 158	237	570	1 634	-6 711	3 429	1 022
(Credit received from capital markets)	(99)	(386)	(1 331)	(1 774)	(-579)	(3 220)	(6 252)
LONG-TERM CAPITAL	-784	-79	1 636	4 788	3 985	344	4 276
Official sector (Central Bank incl.)	-1 715	-676	-916	-480	-1 004	-2 065	-266
Drawings	365	723	775	1 062	1 179	1 011	2 733
FX Deposits with CBRT	1 315	1 462	1 273	978	654	-131	620
Repayments	-3 395	-2 861	-2 964	-2 520	-2 837	-2 945	-3 619
Deposit money banks	-282	273	1 046	1 660	829	117	-363
Drawings	352	500	1 439	2 478	3 126	2 563	1 902
Repayments	-634	-227	-393	-818	-2 297	-2 446	-2 265
Other sectors (Private sector included)	1 213	324	1 506	3 608	4 160	2 292	4 905
Drawings	2 632	2 903	3 834	6 365	7 200	7 461	12 824
(Project credit)	(418)	(149)	0	0	0	0	0
(Financial leasing)	(716)	(775)	(601)	(548)	(216)	(133)	(538)
Repayments	-1 419	-2 579	-2 328	-2 757	-3 040	-5 169	-7 919
SHORT-TERM CAPITAL	-5 127	3 713	2 737	77	1 398	759	4 035
Assets	2 423	-383	331	-1 750	-1 464	-2 571	-2 138
Loans extended	-38	1 101	-125	-358	-261	-453	116
DMBs' FX holdings	2 451	-1 430	1 510	-678	-752	-1 827	-1 915
Other assets	10	-54	-1 054	-714	-451	-291	-339
Liabilities	-7 550	4 096	2 406	1 827	2 862	3 330	6 173
Public Sector	168	279	188	268	109	-27	1 089
Drawings	0	0	0	0	0	0	1 000
FX Deposits with CBRT	115	101	63	49	-80	-98	2
Other	53	178	125	219	189	71	87
Commercial banks	-6 771	1 700	2 000	572	2 366	2 538	4 099
FX. Deposit accounts	-170	899	1 231	-152	2 303	468	-642
FX. Credit	-6 601	801	769	724	63	2 070	4 741
Other sectors	-947	2 117	218	986	387	819	985
Trade credit	-816	1 671	211	400	-32	879	857
FX. Credit	-131	446	7	586	419	-60	128
Other	0	0	0	1	0	0	0
OFFICIAL RESERVES	-546	-5 005	-4 545	-3 316	-216	-5 614	-354
Foreign exchange reserves	-546	-5 005	-4 545	-3 316	-216	-5 614	-354

Source: Central Bank.

Note: 1996 to 2000 figures include shuttle trade.

(1) Provisional

The Central Bank of the Republic of Turkey

TABLE 57
OUTSTANDING EXTERNAL DEBT (US \$ million)

	1996	1997	1998	1999	2000 (1)
TOTAL OUTSTANDING DEBT	79 640	84 859	96 956	102 891	106 991
SHORT TERM	17 345	18 047	21 217	23 472	26 590
MEDIUM AND LONG TERM	62 295	66 812	75 739	79 419	80 401
BY BORROWER	17 345	18 047	21 217	23 472	26 590
SHORT TERM	984	889	905	686	625
Central Bank	42	30	7	6	22
CBRT Loans	942	859	898	680	603
FX Deposits with CBRT	0	53	0	0	0
Deposit Money Banks	8 419	8 503	11 159	13 172	15 814
Other sectors	7 942	8 602	9 153	9 614	10 151
MEDIUM AND LONG TERM	62 295	66 812	75 739	79 419	80 401
A-Public Sector	40 208	39 338	40 465	43 439	46 645
1-General Government	36 312	35 259	36 349	39 078	41 832
a-Consolidated Budget	32 198	31 335	32 283	35 282	38 236
b-Local Administrations	2 951	2 918	3 218	3 094	2 919
c-Extra Budgetary Funds	1 148	997	837	697	673
d-Universities	15	9	11	5	4
2-Other	1 079	935	683	858	1 143
3- State Owned Enterprises	2 816	3 144	3 433	3 503	3 670
B-CBRT	11 389	10 868	12 073	10 312	10 112
CBRT Loans	669	601	392	396	863
FX Deposits with CBRT	10 720	10 267	11 681	9 916	9 249
C-Private Sector	10 698	16 606	23 201	25 668	23 644
1-Financial	3 348	5 533	6 980	6 738	5 519
2-Non-Financial	7 350	11 073	16 221	18 930	18 125
BY LENDER					
SHORT TERM	17 345	18 047	21 217	23 472	26 590
General Government	0	53	0	0	0
Commercial Bank Credit	4 940	5 969	6 511	8 262	11 319
Private Lender Credit	12 405	12 025	14 706	15 210	15 271
MEDIUM AND LONG TERM	62 295	66 812	75 739	79 419	80 401
A-Official Creditors	18 606	17 178	17 829	16 980	16 720
Bilateral Lenders	9 694	9 091	9 827	9 191	8 562
Multilateral Organizations	8 912	8 087	8 002	7 789	8 158
B-Private Creditors	43 689	49 634	57 910	62 439	63 680
1-Private Lenders	30 608	35 903	43 875	44 969	42 246
Nonbank Financial Institutions	2 919	4 469	5 679	6 424	5 416
Non-Monetary Institutions	1 709	1 815	3 074	3 406	3 470
Banking Sector	25 980	29 619	35 123	35 139	33 360
2-Bond Issue	13 081	13 731	14 035	17 470	21 435

Source: Central Bank, Undersecretariat of the Treasury.

(1) Provisional (as of the end of September 2000).

TABLE 58
FOREIGN DEBT STOCK BY TYPE OF FOREIGN EXCHANGE EXPRESSED
IN US \$ AT YEAR-END RATES
(US \$ million)

TYPE OF CURRENCY	1996	1997	1998	1999	2000 (1)
US Dollars	30 190	39 723	47 462	53 936	60 070
German Marks	25 973	28 530	33 569	26 377	21 748
EURO	-	-	-	7 360	10 878
SDR	672	603	394	899	1 341
Swiss Francs	1 390	1 237	1 202	950	764
Pounds Sterling	871	815	819	803	803
Japanese Yens	11 227	8 971	7 998	7 993	7 349
French Francs	1 379	1 212	1 379	1 186	988
Netherlands Guilders	894	819	962	714	632
Others (in US Dollars)	7 044	2 949	3 171	2 673	2 418
TOTAL	79 640	84 859	96 956	102 891	106 991

Source: Central Bank, Undersecretariat of the Treasury.

(1) Provisional (as of the end of September 2000).

TABLE 59
FOREIGN EXCHANGE DEPOSITS WITH CBRT
(US \$ million)

	1995	1996	1997	1998	1999	2000
TOTAL	11 558	11 949	11 360	12 809	10 775	10 514
Non-residents	11 370	11 662	11 126	12 579	10 596	10 351
Short term	973	942	859	898	680	627
Medium and long term	10 397	10 720	10 267	11 681	9 916	9 724
Residents	188	287	234	230	179	163
Currency composition of FX Deposits with CBRT (in millions of original currency)						
US Dollars	118	140	161	191	233	476
German Marks	15 526	17 445	19 066	20 007	19 418	19 898
French Francs	296	352	400	444	495	548
Netherlands Guilders	712	777	828	865	876	911
Swiss Francs	116	116	119	121	115	116
EURO					26	150
Pounds Sterling		0	1	2	3	3

Source: Central Bank.

TABLE 60
FOREIGN EXCHANGE DEPOSIT ACCOUNTS
(US \$ million)

	1995	1996	1997	1998	1999	2000(1)
Foreign exchange deposit accounts	25 561	28 675	32 807	37 589	44 534	49 329
Non-residents	3 498	4 579	4 156	6 647	6 728	5 760
Residents	22 063	24 096	28 651	30 942	37 806	43 569
Interbank	2 847	2 547	3 396	3 767	4 176	5 526
Other	19 216	21 549	25 255	27 175	33 630	38 043
Reserve Requirements on FX deposits	2 425	2 561	2 836	3 050	3 784	3 766
Currency composition of FX deposits (in millions of original currency)						
US Dollars	10 601	13 396	19 376	22 123	29 193	35 188
German Marks	18 442	20 530	20 618	22 371	24 591	21 643
French Francs	2 573	2 371	2 436	2 210	1 955	2 072
Netherlands Guilders	968	883	845	886	721	856
EURO					1 189	2 598
Swiss Francs	417	418	410	441	378	402
Japanese Yens	7 133	18 158	27 168	24 147	1 386	1 653
Pounds Sterling	147	193	229	243	289	317

Source: Central Bank.

(1) Provisional

TABLE 61
PROJECTED DEBT SERVICES
(BY BORROWER)
(US \$ million)

	2000 (1)	2001	2002	2003	2004	2005	2006+ (2)
TOTAL	19 068	25 310	16 156	16 590	12 330	10 406	35 679
Principal	14 296	19 548	11 739	12 975	9 248	8 150	25 358
Interest	4 772	5 762	4 417	3 615	3 082	2 256	10 321
Public sector							
Principal	6 222	8 132	7 198	8 257	6 123	5 032	21 363
Interest	3 177	3 711	3 272	2 783	2 248	1 806	9 359
Central Bank							
Principal	87	1	0	1 250	1 250	1 250	0
Interest	34	86	138	149	97	42	2
Private sector							
Principal	7 988	11 415	4 541	3 468	1 875	1 868	3 995
Interest	1 562	1 965	1 007	683	737	408	960

Source: Undersecretariat of the Treasury.

(1) Data for the first 3 quarters of 2000 comprise actual figures, while the rest are projections.

(2) Covers the payments to be made in 2006 and the following years.

TABLE 62
SECTORAL BREAKDOWN OF COMPANIES WITH FOREIGN CAPITAL
(as of December 31, 1999)

SECTORS	Number of Companies	Foreign Capital In millions of TL	Share in Total Foreign Cap. (%)	Total Capital in millions of TL	Foreign Share in Total Capital (%)
AGRICULTURE	128	13 859 005	0.83	26 166 128	52.97
MINING	77	10 863 007	0.65	20 503 827	52.98
MANUFACTURING					
Food manufacturing	143	81 322 956	4.89	151 521 096	53.67
Beverage industries	12	18 894 167	1.14	39 057 793	48.37
Tobacco products	10	27 878 612	1.68	30 750 787	90.66
Wearing apparel	3	5 484	0.00	5 790	94.72
Textiles	58	4 723 570	0.28	17 890 049	26.40
Ready-made garments	173	26 373 206	1.59	60 123 277	43.87
Leather and leather products	24	527 150	0.03	742 135	71.03
Footwear	10	83 857	0.01	445 332	18.83
Forestry products	16	904 082	0.05	1 482 357	60.99
Furniture	8	20 450	0.00	27 131	75.38
Paper and printing industry	1	35 000	0.00	35 000	100.00
Paper	13	3 444 686	0.21	7 611 700	45.26
Printing	15	1 382 504	0.08	3 219 674	42.94
Chemicals	34	9 896 115	0.60	17 156 029	57.68
Industrial chemicals	52	36 578 082	2.20	44 479 012	82.24
Other chemical products	87	72 642 264	4.37	82 910 967	87.61
Other petroleum and coal products	9	6 404 169	0.39	8 852 963	72.34
Rubber	1	20 128	0.00	20 750	97.00
Plastics	59	22 500 225	1.35	27 958 688	80.48
Tires	8	9 144 533	0.55	16 866 304	54.22
Fertilizers	2	34 609	0.00	69 115	50.07
Non-metallic mineral products	2	166 549	0.01	166 600	99.97
Ceramics, clay, cement products	20	7 340 191	0.44	24 905 144	29.47
Glassware	13	4 166 963	0.25	29 715 774	14.02
Cement	9	30 989 570	1.86	62 267 031	49.77
Other Non-metallic minerals	2	15 700	0.00	30 500	51.48
Basic metal industries	7	1 745 116	0.10	4 347 132	40.14
Iron-steel	14	32 228 203	1.94	131 233 000	24.56
Non-ferrous metals	16	9 493 056	0.57	10 561 602	89.88
Machinery	15	631 363	0.04	1 014 084	62.26
Fabricated metal products	42	2 176 105	0.13	10 807 606	20.13
Non-electrical machinery	27	2 450 700	0.15	3 043 745	80.52
Electrical machinery	68	38 440 678	2.31	53 358 022	72.04
Electronics	97	19 688 611	1.18	30 048 226	65.52
Transport equipment	29	113 375 970	6.82	247 892 800	45.74
Transport related industries	116	82 598 645	4.97	141 785 628	58.26
Measuring and controlling equipment	15	6 093 301	0.37	6 879 835	88.57
Air transport equipment	2	4 420 448	0.27	9 041 930	48.89
Other industrial equipment	115	11 119 747	0.67	23 845 133	46.63
T O T A L	1 347	689 956 765	41.49	1 302 169 741	52.99
SERVICES					
Trade	1 997	133 456 679	8.03	168 500 188	79.20
Restaurants	261	10 821 775	0.65	13 682 584	79.09
Hotels	280	61 878 184	3.72	85 739 190	72.17
Construction	156	13 458 473	0.81	43 166 540	31.18
Land transport	22	284 211	0.02	828 483	34.30
Marine transport	49	1 555 349	0.09	7 259 085	21.43
Air transport	48	964 849	0.06	1 848 438	52.20
Services related to transportation	130	8 843 263	0.53	13 919 073	63.53
Communication	32	270 405 480	16.26	635 811 566	42.53
Banking and other financial services	37	193 760 960	11.65	265 225 371	73.06
Financial institutions	58	65 210 179	3.92	207 904 325	31.37
Insurance	28	13 324 150	0.80	36 736 135	36.27
Leasing	6	2 845 110	0.17	2 861 500	99.43
Private education	11	54 331	0.00	70 250	77.34
Research and development activities	11	1 189 820	0.07	1 243 801	95.66
Health services	39	4 049 460	0.24	12 051 305	33.60
Other social services	249	120 845 153	7.27	160 685 184	75.21
Cinema and other entertainment	5	394 790	0.02	516 571	76.43
Laundry & dry cleaning services	2	5 000	0.00	20 000	25.00
Other personal services	8	714 084	0.04	728 470	98.03
Other activities	347	44 271 465	2.66	55 825 873	79.30
T O T A L	3 776	948 332 765	57.03	1 714 623 932	55.31
GRAND TOTAL	5 328	1 663 011 542	100.00	3 063 463 628	54.29

Source: Undersecretariat of the Treasury.

TABLE 63
FOREIGN INVESTMENT APPROVAL BY YEAR

Years	Number of Companies	Amounts Approved (in millions of US \$)	Cumulative (in millions of US\$)
1986	619	364	1 574
1987	836	655	2 229
1988	1 172	821	3 050
1989	1 525	1 512	4 562
1990	1 856	1 861	6 423
1991	2 123	1 967	8 390
1992	2 330	1 820	10 209
1993	2 554	2 063	12 272
1994	2 830	1 478	13 750
1995	3 161	2 938	16 688
1996	3 582	3 837	20 525
1997	4 068	1 678	22 203
1998	4 533	1 647	23 850
1999	4 950	1 701	25 551
2000 (1)	5 328	3 060	28 612

Source: Undersecretariat of the Treasury.

(1) As of the end of October 2000.

TABLE 64
**AVERAGE INTEREST RATES OF AUCTIONED
GOVERNMENT SECURITIES IN 2000 (1)**
(in percent)

Months	6 Months (up to 182 days)	12 Months (1) (up to 546 days)	24 Months (2)
January	34.07	37.59	39.27
February	36.36	40.12	41.17
March	-	36.23	40.53
April	33.30	34.19	37.65
May	35.02	35.73	39.79
June	-	41.35	41.97
July	28.72	32.55	40.28
August	28.24	35.18	32.07
September	-	36.04	-
October	35.77	38.18	-
November	35.20	38.79	45.74
December	-	-	-

Source: Central Bank.

Note: Interest rates are given according to auction dates and are net simple rates. A simple arithmetic mean is taken if more than one auction was held within the same month for the same maturity.

(1) Includes 18-month discounted securities.

(2) Variable interest rates on 2-year bonds with coupon payments every 3 months.

TABLE 65
GOVERNMENT SECURITIES SOLD AT AUCTIONS IN 2000 (1)
(TL billion)

Months	6 Months (up to 182 days)	12 Months (1) (up to 546 days)	24 Months (2)
January	620 714.8	2 969 078.4	627 959.3
February	679 629.2	2 474 718.7	723 302.6
March	-	2 270 402.7	846 222.8
April	755 018.1	3 800 051.2	334 882.5
May	748 236.0	2 185 026.3	1 556 148.3
June	-	1 633 240.8	305 550.2
July	329 042.7	1 037 288.7	386 658.0
August	897 151.4	2 891 636.1	244 132.5
September	-	235 425.1	-
October	248 386.0	1 331 077.7	-
November	258 941.2	1 065 899.0	161 143.0
December	-	-	-

Source: Central Bank.

Note: The table is arranged according to auction dates.

The amounts sold to non-competitive bidders and buy options granted to the highest bidders are included in these figures.

The sales related to consolidated debt securities are not included.

(1) Includes 18-month discounted securities.

(2) Variable interest rates on 2-year bonds with coupon payments every 3 months.

TABLE 66
INTERBANK MONEY MARKET TRANSACTIONS
(2000 Monthly Averages)

Months	Number of Daily Transactions (1)	Volume of Daily Transactions (in billions of TL) (1)	Actual Overnight Interest (%)		
			Minimum	Maximum	Average (1)
January	308	310 222.0	10.50	80.00	36.79
February	330	334 706.6	5.00	95.00	50.06
March	292	319 157.2	13.50	74.00	39.20
April	264	302 995.0	7.00	55.00	36.68
May	284	332 309.0	20.00	70.00	41.16
June	324	364 372.8	10.00	98.00	43.05
July	252	270 833.4	5.00	60.00	26.56
August	250	271 672.8	15.00	110.00	42.58
September	314	360 190.4	8.00	95.00	47.44
October	286	356 750.0	5.00	82.00	38.53
November	320	442 591.0	18.00	400.00	95.43
December	534	1 217 700.0	53.00	1950.00	183.20

Source: Central Bank.

(1) Monthly averages of double-sided transactions.

TABLE 67
FOREIGN EXCHANGE AND BANKNOTE TRANSACTIONS

Date	Interbank Foreign Exchange Market Transactions (1)				Monthly Average no. of Institutions Participated	Indicative FX Rates (TL/\$) (2)		
	Total no. of Monthly Transactions	Total Volume of Monthly Transactions \$ millions	Exchange Rates (TL/\$)			Monthly Averages of Indicative FX Rates (TL/\$)	Max.	Min.
			Maximum Rate of the Month	Minimum Rate of the Month				
January 2000	5 540	13 392	564 000	540 091	47	560 572	537 722	547 903
February	6 658	15 518	574 218	559 171	58	575 799	561 171	565 786
March	4 978	11 697	588 906	571 138	51	591 155	575 055	582 972
April	3 914	9 291	610 992	586 566	46	612 243	588 901	598 346
May	5 806	13 094	621 743	610 019	57	623 975	613 515	619 308
June	4 256	12 657	623 957	610 350	45	625 927	611 064	618 224
July	3 932	12 734	635 806	620 163	41	638 579	623 313	630 278
August	5 298	11 412	654 101	634 751	49	656 599	637 812	648 221
September	5 702	13 734	667 090	652 650	57	675 795	655 142	666 899
October	5 168	13 114	688 987	664 371	51	691 260	668 922	679 773
November	6 550	26 465	690 763	674 495	54	692 536	679 186	686 187
December	5 916	26 816	681 801	668 962	56	686 105	673 198	680 722

Source: Central Bank.

(1) Double sided transactions.

(2) Based on rates effective on the date of publication.

TABLE 68
TRADE WEIGHTED EFFECTIVE REAL EXCHANGE RATES

	Average Price(1)	Average Exchange Rate TL/\$	Average Exchange Rate TL/DM	Cross Rate DM/\$	Price Index USA IPP(2)	Price Index Germany IPP(2)	TWERER (2)	Price Index USA IPP(3)	Price Index Germany IPP(3)	TWERER (3)
12.1994	17 267.6	37 402.8	23 764.6	1.57	105.8	102.2	69.3			
12.1995	28 163.5	56 587.5	39 267.2	1.44	108.4	104.0	70.0	100.0	100.0	75.3
12.1996	51 935.9	104 297.5	67 229.5	1.55	111.7	103.6	71.9	102.8	99.8	76.9
12.1997	96 591.2	199 050.9	112 058.3	1.78	109.7	104.7	75.5	101.2	100.9	80.8
12.1998	146 427.4	306 170.9	183 210.4	1.67	106.4	103.1	74.1	98.1	99.0	79.4
1.1999	151 773.0	320 509.4	190 642.2	1.68	106.6	103.1	73.5	98.5	98.5	78.7
2.	156 038.7	340 335.0	195 375.9	1.74	106.1	103.1	72.7	97.8	98.4	78.0
3.	161 604.3	359 127.7	200 481.0	1.79	106.5	103.1	72.2	98.1	98.4	77.5
4.	169 049.3	378 448.2	207 347.9	1.83	106.5	103.1	72.3	99.3	99.0	76.9
5.	175 895.4	394 090.8	214 292.1	1.84	-	-	-	100.0	99.0	76.7
6.	179 814.5	411 506.5	218 555.4	1.88	-	-	-	100.4	99.1	75.8
7.	186 364.7	425 565.2	224 917.7	1.89	-	-	-	101.1	99.4	75.7
8.	192 016.3	433 873.2	235 690.3	1.84	-	-	-	101.9	99.5	75.0
9.	202 069.4	452 314.8	242 789.6	1.86	-	-	-	103.0	99.6	75.6
10.	210 858.9	465 562.6	255 341.3	1.82	-	-	-	103.0	99.8	75.7
11.	220 340.6	494 501.3	261 925.6	1.89	-	-	-	103.5	99.9	75.5
12.	235 099.8	525 837.1	271 873.3	1.93	-	-	-	103.3	100.1	76.8
1.2000	248 130.2	543 878.2	282 057.6	1.93	-	-	-	103.6	100.5	78.0
2.	258 319.2	562 396.1	282 969.4	1.99	-	-	-	104.8	100.7	79.0
3.	266 114.7	579 375.2	285 754.5	2.03	-	-	-	105.7	100.7	79.3
4.	272 986.0	594 412.0	288 470.9	2.06	-	-	-	105.4	101.2	80.0
5.	278 434.2	616 089.1	285 493.5	2.16	-	-	-	106.1	101.8	80.0
6.	280 477.3	615 104.9	298 388.1	2.06	-	-	-	108.3	102.1	77.6
7.	283 807.4	626 424.0	301 390.3	2.08	-	-	-	108.3	102.8	77.3
8.	289 200.5	644 294.5	298 591.3	2.16	-	-	-	107.8	103.1	78.3
9.	296 590.7	663 106.4	295 835.9	2.24	-	-	-	109.2	104.0	78.5
10.	303 894.4	675 746.9	295 856.7	2.28	-	-	-	109.6	104.0	79.4
11.	310 663.9	682 920.5	298 614.8	2.29	-	-	-	109.1	104.0	80.7
12.	316 325.7	677 713.3	308 980.3	2.19	-	-	-	110.0	104.0	80.6

(1) Average Wholesale Price Index has been weighted 60 % SIS and 40 % ICC.

(2) 1990 = 100 Industrial Goods Price Index.

(3) 1995 = 100 Industrial Goods Price Index.

Decrease of the index value of TWERER reflects the devaluation of TL against the weighted exchange rate.

TABLE 69
CENTRAL BANK PERSONNEL BY CATEGORY
(as on December 31, 2000)

Branches	No. of cadres	Gen. Ad. Services		Technical Services		Legal Services		Health Services		Training Services		Auxiliary Services		Total		Employed on contractual basis		Grand Total
		F	M	F	M	F	M	F	M	F	M	F	M	F	M	F	M	
Head																		
Office	3 346	920	866	82	259	6	1	15	5	9	4	36	351	1 068	1 486	94	207	2 855
Adana	118	46	37		5			1				5	10	52	52		11	115
Ankara	455	192	166	1								5	21	198	187		18	403
Antalya	89	33	32		1							3	11	36	44		9	89
Bursa	113	42	41		1							1	9	43	51		8	102
Denizli	84	19	39									1	7	20	46		6	72
Diyarbakır	77	7	31									2	8	9	39		10	58
Edirne	72	25	29		1							3	7	28	37		4	69
Erzurum	70	5	41									1	7	6	48		5	59
Eskişehir	75	22	30									1	7	23	37		5	65
Gaziantep	84	30	33		1							1	9	31	43		6	80
İskenderun	76	25	30		2							2	9	27	41		5	73
İstanbul	640	239	203	2	10			5		2	2	27	83	275	298	2	24	599
İzmir	319	110	106	6	9			2		1		18	46	137	161		9	307
İzmit	102	32	33		4							5	10	37	47		6	90
Kayseri	84	9	48		1							3	5	12	54		9	75
Konya	85	16	40		1							2	8	18	49		9	76
Malatya	75	10	39		1							1	8	11	48	1	10	70
Mersin	85	35	30		2							4	7	39	39		4	82
Samsun	85	24	36		1							1	9	25	46		6	77
Trabzon	83	14	40		1							4	6	18	47		7	72
Van	67	6	36		1							1	6	7	43		12	62
Total	6 284	1 861	1 986	91	301	6	1	23	5	12	6	127	644	2 120	2 943	97	390	5 550

Source: Central Bank.

Total Personnel.....	5 550
Banknote Printing Mill Labor	12
Total	5 562
Total Personnel on December 31, 1999.....	5 657
Net Change.....	-95

TABLE 70
OFFICES OF THE CENTRAL BANK

	Year Established	Number of Personnel as of the end of 2000
<u>BRANCHES</u>		
Adana	1969	115
Ankara	1931	403
Antalya	1963	89
Bursa	1969	102
Denizli	1974	72
Diyarbakır	1955	58
Edirne	1963	69
Erzurum	1959	59
Eskişehir	1954	65
Gaziantep	1956	80
İskenderun	1951	73
İstanbul	1931	599
İzmir	1932	307
İzmit	1983	90
Kayseri	1968	75
Konya	1974	76
Malatya	1977	70
Mersin	1933	82
Samsun	1933	77
Trabzon	1963	72
Van	1978	62
<u>REPRESENTATIVE OFFICES</u>		
Frankfurt	1976	7
Berlin	1982	2
London	1977	5
New York	1977	4
Tokyo	1997	2

Source : Central Bank.

**COMPARISON OF THE BALANCE SHEETS
1999 – 2000**

COMPARISON OF THE 1999 - 2000
(MILLION)

A S S E T S

	1999	2000
I. Gold.....	561,263,310	694,485,985
A. International Standard (Net Gram) 116.463.228,52.....	546,029,236	675,726,779
B. Non-International Standard (Net Gram) 3.249.293,82.....	15,234,074	18,759,206
II. Foreign Exchange.....	12,518,644,751	14,895,115,431
A. Convertible.....	12,518,057,348	14,894,474,374
a. Banknotes.....	725,489,615	315,626,096
b. Correspondent Accounts.....	11,792,567,733	14,578,848,278
B. Non-Convertible.....	587,403	641,057
a. Foreign Banknotes.....	519,286	556,335
b. Treasury Bills.....	68,117	84,722
III. Coins.....	1,651,119	3,415,919
IV. Domestic Correspondents.....	722,118,380	1,468,356,772
V. Securities Portfolio.....	2,886,444,440	6,488,843,562
A. Government Securities.....	2,886,444,440	6,488,843,562
a. Bonds.....	1,701,523,621	3,868,709,842
b. Treasury Bills.....	1,184,920,819	2,620,133,720
B. Other.....		
VI. Domestic Credit.....	10,588,406	501,723,715
A. Public Sector.....	2,913,306	1,723,715
a. Treasury		
i. Short-term Advances to the Treasury		
ii. Other (net)		
b. Public Economic Institutions		
i. Commercial		
c. State Economic Enterprises		
i. Treasury Guaranteed Bills		
ii. Commercial		
iii. Other.....	2,913,306	1,723,715
B. Banking Sector.....	7,675,100	500,000,000
a. Commercial		
i. Export		
ii. Other.....	7,675,100	
b. Agricultural		
i. Agricultural Credit Cooperatives		
ii. Unions of Agricultural Sales Cooperatives		
iii. Other		
c. Industrial		
d. Advances against Bond Collateral		
e. Other.....		500,000,000
VII. Open Market Operations.....	2,406,795,264	5,218,625,434
A. Repurchase Agreements		
a. Cash		
i. Foreign Exchange		
ii. Securities.....	2,018,605,264	5,117,475,434
b. Securities		
B. Other.....	388,190,000	101,150,000
VIII. Foreign Credit.....	160,457,147	139,736,467
IX. Share Participations.....	2,255,334	2,726,999
X. Fixed Assets.....	45,471,626	68,052,198
A. Buildings and Building Sites.....	39,581,065	63,565,427
Depreciation Allowance for Real Estate (-).....	-2,885,721	-4,587,730
B. Furniture and Fixtures.....	14,063,693	17,857,418
Depreciation Allowance for Furniture and Fixtures (-).....	-5,287,411	-8,782,917
XI. Claims under Legal Proceedings.....	552,794,789	795,469,791
XII. Consolidated Claims & FX Revaluation Differences		
A. Claims under Consolidation Law No. 3836		
B. Revaluation Differences as per Article 61 of Central Bank Law		
a. Liquidated		
b. To be liquidated		
XIII. Miscellaneous Receivables.....	119,752,231	227,269,343
XIV. Other Assets.....	442,194,320	390,685,107
	20,430,431,117	30,894,506,723
REGULATING ACCOUNTS.....	66,256,155,115	206,540,989,121

The Central Bank of the Republic of Turkey

BALANCE SHEETS
(TL)

LIABILITIES

	1999	2000
I. Currency Issued.....	2,390,748,353	3,772,411,180
II. Liabilities to the Treasury.....	18,484,507	25,863,771
A. Gold (Net Gr.) 345.574.68.....	1,620,201	2,008,089
B. Other (Net)	16,864,306	23,855,682
III. Foreign Correspondents.....	3,219,607	33,635,568
A. Convertible.....	3,167,149	17,206,009
B. Non-Convertible.....	52,458	16,429,559
IV. Deposits.....	12,277,365,514	17,247,119,549
A. Public Sector.....	1,750,411,761	1,169,561,372
a. Treasury, General and Annexed Budget Administrations.....	1,730,141,606	1,120,800,707
b. Public Economic Institutions.....	156,639	544,771
c. State Economic Enterprises.....	496,101	3,706,150
d. Other.....	19,617,415	44,509,744
B. Banking Sector.....	4,500,945,839	6,310,883,520
a. Domestic Banks.....	1,433,965,956	2,376,339,803
b. Banks Abroad.....	617,025	639,893
c. Required Reserves (Central Bank Law No. 40)		
i. Cash.....	3,066,362,858	3,933,903,824
ii. Gold (Net Gr.)		
d. Other		
C. Miscellaneous.....	5,835,367,476	7,080,036,170
a. Foreign Exchange Deposits by Citizens Abroad.....	5,819,582,279	7,062,990,845
b. Other.....	15,785,197	17,045,325
D. International Institutions.....	118,986,571	2,240,462,739
E. Extrabudgetary Funds.....	71,653,867	446,175,748
a. Savings Deposit Insurance Fund.....	8,735,434	115,460,323
b. Other.....	62,918,433	330,715,425
V. Open Market Operations.....	1,969,699,942	4,973,902,440
A. Repurchase Agreements.....	1,969,699,942	4,973,902,440
a. Cash		
i. Foreign Exchange		
ii. Securities		
b. Securities.....	1,969,699,942	4,973,902,440
B. Other		
VI. Foreign Credit.....	5,552,961	5,701,215
A. Short-term.....	237,385	279,373
B. Medium and Long-term.....	5,315,576	5,421,842
VII. Advances, Collateral and Deposits Collected Against Letters of Credit & Import.....	231,926,903	286,327,022
A. For Letters of Credit.....	231,922,759	286,317,188
B. Medium and Long Term.....	4,144	9,834
VIII. Notes and Remittances Payable.....	6,432,594	4,756,125
IX. Capital.....	25,000	25,000
X. Reserves.....	181,607,199	343,876,228
A. Ordinary and Extraordinary Reserves.....	146,986,699	288,889,427
B. Special Reserves (Art. No. 59 of Banking Law).....	23,257	23,257
C. Reserve for Future Losses (Art. No. 32 of Banking Law No. 3182)		
D. Valuation Adjustment Fund (Laws No. 2791 and 3094).....	34,515,697	54,874,983
E. Cost Adjustment Fund.....	81,546	88,561
XI. Provisions.....	554,800,239	797,537,868
XII. FX Revaluation Differences.....	1,510,061,439	1,248,883,923
A. Revaluation Differences as per Art. 61 of Central Bank Law.....	1,510,061,439	1,248,883,923
a. Liquidated		
b. To be liquidated.....	1,510,061,439	1,248,883,923
XIII. Miscellaneous Payables.....	13,841,887	42,016,150
XIV. Other Liabilities.....	759,868,979	1,119,818,103
XV. Profit.....	506,795,993	992,632,581
	20,430,431,117	30,894,506,723
REGULATING ACCOUNTS	66,256,155,115	206,540,989,121

