

**CENTRAL BANK OF
THE REPUBLIC OF TURKEY**

**BALANCE OF PAYMENTS
REPORT**



2005 - II

SUMMARY

The downward trend in the rate of increase in imports and exports since the second half of 2004 persisted in the first half of 2005. The trade deficit, within the definition of the balance of payments, which was USD 11.1 billion in the first half of 2004, realized as USD 15.1 billion in the same period of 2005. The slowdown in exports became more apparent especially in the second quarter of the year. The rise in tourism revenues restricted a further expansion of the current account deficit. Accordingly, the current account deficit increased from USD 9.9 billion in the first half of 2004 to USD 13.7 billion in the corresponding period of 2005.

When analyzed by sectors, it is observed that the slowdown in imports mainly results from the slowdown in imports of capital goods and consumption goods, while the upward trend in imports of intermediary goods continues. In fact, imports of capital goods and consumption goods, which had respectively increased by 81.4 percent and 86.5 percent in the first half of 2004, rose by 13.5 percent and 2.7 percent in the corresponding period of 2005, respectively. The imports of intermediary goods, which had increased by 34.9 percent in the first half of 2004, rose by 27 percent in the same period of 2005. While imports of automobiles, one of the driving engines of imports in 2004, dropped by 29.9 percent in the first half of the year, exports of automobiles increased by 26.3 percent. Accordingly, Turkey became the net exporter in the automobile trade in the first half of the year. Moreover, though remaining below the growth in overall exports, the increase in exports of textile products continued as of the first half of the year. Exports of textile products and apparel increased by 9.9 percent in the first half of 2005.

It is observed that both imports and exports were highly influenced by price movements in the second half of the year. As a matter of fact, export prices increased by 8.6 percent, while import prices rose by 11.4 percent. Excluding the impact of price movements, the real increase in exports and imports were realized 7.6 percent and 7.8 percent, respectively. The impact of prices was stronger in crude oil and basic metal industry sectors due to their larger shares in foreign trade.

Excluding IMF loans and official reserve changes, (CBRT+banks), net capital inflow became USD 16.6 billion in the first half of 2005. In this period, portfolio flows became the primary determinant of the financing structure. Non-residents' demand for securities, which accelerated after Turkey was given a date for the accession talks by the EU, pursued an inflow course except during March. Moreover, the Treasury borrowed USD 4.5 billion via bond issues in the first six months. Another notable development in capital accounts was the increase in long and short-term capital inflows parallel to the rise in credit utilization by banks and the private sector. In the first half of the year, net long-term and short-term capital inflows, excluding portfolio, direct investments and IMF credits, realized as USD 4.7 billion and USD 5 billion, respectively. Besides, the net errors and omissions item resulted in a surplus of USD 6 billion in the first six months.

As a result of these developments, Central Bank reserves increased by USD 6.7 billion, while the banks' reserves fell by USD 316 million in the first half of 2005.

Balance of Payments

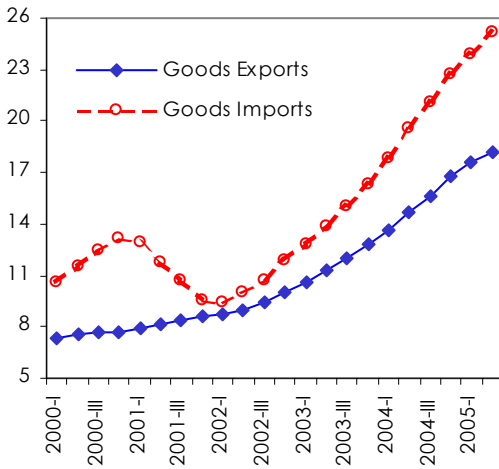
(billion USD)

	H1			H1 (12-month)		
	2004	2005	% change	2004	2005	% change
Current Account	-9,9	-13,7	..	-12,3	-19,3	..
Goods	-11,1	-15,1	..	-19,5	-27,9	..
Exports	30,9	36,6	18,4	58,8	72,7	23,7
Exports (fob)	29,0	35,0	20,5	54,6	69,1	26,5
Shuttle trade	1,9	1,7	-13,8	4,2	3,6	-13,1
Imports	-42,0	-51,7	23,0	-78,2	-100,6	28,6
Imports (cif)	-45,3	-55,0	21,3	-83,8	-107,2	27,9
Coverage adjustment	2,7	3,3	..	5,0	6,4	..
Services	3,5	3,9	..	11,7	13,2	..
Tourism (net)	3,8	4,4	15,5	12,4	14,0	12,7
Credit	5,0	5,8	15,5	14,7	16,7	13,1
Debit	-1,2	-1,4	15,5	-2,3	-2,7	15,2
Other services revenues (net)	-0,3	-0,5	..	-0,7	-0,8	..
Income	-2,9	-3,2	..	-5,6	-5,8	..
Direct investment income (net)	-0,4	-0,5	..	-0,7	-0,7	..
Portfolio investment income (net)	-0,8	-0,7	..	-1,2	-1,1	..
Other investment income (net)	-1,6	-2,0	..	-3,7	-4,0	..
Interest income	0,3	0,4	17,5	0,6	0,8	30,3
Interest expenditure	-1,9	-2,3	21,2	-4,2	-4,8	12,2
Current transfers	0,5	0,6	..	1,1	1,2	..
Workers remittances	0,4	0,4	-5,9	0,8	0,8	-3,9
Capital and financial account	9,4	7,7	..	8,2	12,0	..
Financial account (excl. reserve assets)	10,2	14,4	..	12,6	18,6	..
Direct investment (net)	1,0	0,9	..	1,9	1,8	..
Abroad	-0,4	-0,4	..	-0,7	-0,9	..
In Turkey	1,4	1,4	..	2,6	2,7	..
Portfolio investment (net)	4,0	6,0	..	5,5	10,0	..
Assets	0,3	-1,0	..	-0,6	-2,8	..
Liabilities	3,7	7,1	..	6,1	12,8	..
Equity securities	0,5	2,0	..	1,3	2,9	..
Debt securities	3,2	5,1	..	4,7	9,8	..
Non-residents' buyings in Turkey	2,5	3,4	..	4,2	7,0	..
Eurobond issues of Treasury	0,7	2,0	..	0,7	3,2	..
Borrowing	3,5	4,5	..	4,8	6,8	..
Repayment	-2,8	-2,6	..	-4,0	-3,6	..
Other investments (net)	5,3	7,4	..	5,2	6,7	..
Assets	-0,1	1,7	..	-4,3	-4,6	..
Trade credits	-0,2	1,2	..	-1,6	0,8	..
Credits	0,4	0,2	..	0,5	0,4	..
Banks FX assets (- increase)	-0,2	0,3	..	-2,7	-5,4	..
Liabilities	5,4	5,7	..	9,5	11,3	..
Trade credits	2,1	2,0	..	3,7	4,1	..
Credits	2,4	3,2	..	4,4	6,8	..
Central Bank	-2,2	-2,0	..	-3,4	-4,2	..
General Government	-0,4	-1,6	..	-0,6	-1,4	..
IMF	0,4	-0,6	..	1,2	0,0	..
Long-term	-0,8	-1,0	..	-1,9	-1,4	..
Banks	1,9	4,2	..	4,2	7,9	..
Long-term	0,6	3,2	..	0,9	4,9	..
Short-term	1,3	0,9	..	3,3	3,0	..
Other sectors	3,1	2,6	..	4,2	4,5	..
Long-term	2,9	2,6	..	4,0	4,4	..
Short-term	0,2	-0,1	..	0,2	0,1	..
Deposits of non-residents	0,9	0,5	..	1,3	0,3	..
In CBT	-0,1	-0,3	..	0,3	-0,4	..
In banks	1,0	0,8	..	1,0	0,7	..
Change in official reserves (- increase)	-0,8	-6,7	..	-4,4	-6,6	..
Net errors and omissions	1,5	6,0	..	3,9	7,3	..

Source: CBT.

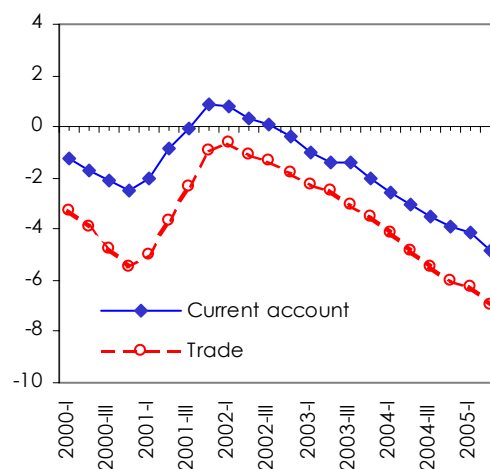
Goods Exports and Imports

(12-month ave., billion US dollars)



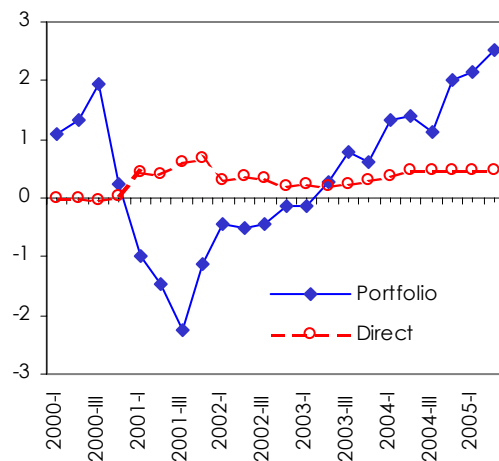
Trade and Current Account

(12-month ave., billion US dollars)



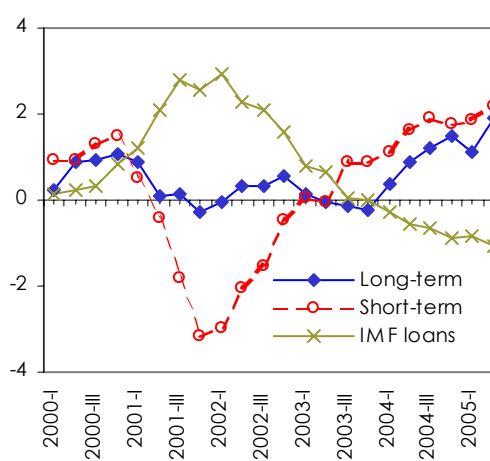
Direct and Portfolio Investments

(12-month ave., billion US dollars)



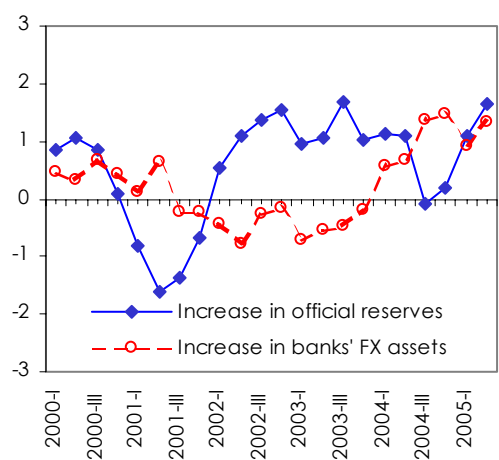
Term Structure of Capital Flows

(12-month ave., billion US dollars)



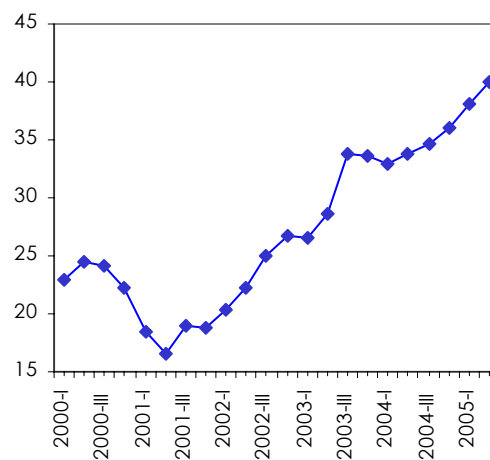
Reserves

(12-month ave., billion US dollars)



CBT International Reserves

(billion US dollars)



Source: CBRT, SIS.

I. EXTERNAL ECONOMIC DEVELOPMENTS

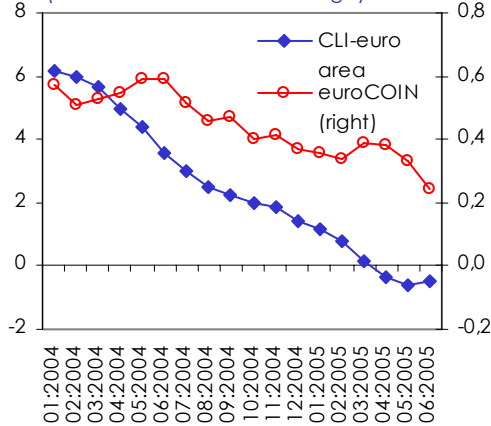
1. Albeit with a slower pace compared to the figures of 2004, the global growth trend continued in the first half of 2005, mainly driven by the USA and China. Nevertheless, the non-existence of any inflationary pressure, despite the rise in the prices of goods and oil, is considered to be a positive development.

2. Increase in oil prices and the price of goods and services subject to foreign trade are expected to be the factors that pose a risk on global growth in the rest of 2005. The secondary effects of oil prices that reached historical levels by August (inflationary pressure generated by the upsurge in crude oil prices through production costs) and the likely pressure created by the rise in the prices of goods and services in global supply and demand are the factors that may impede global growth.

Euro Area Leading indicators:

€COIN (3-month % change),

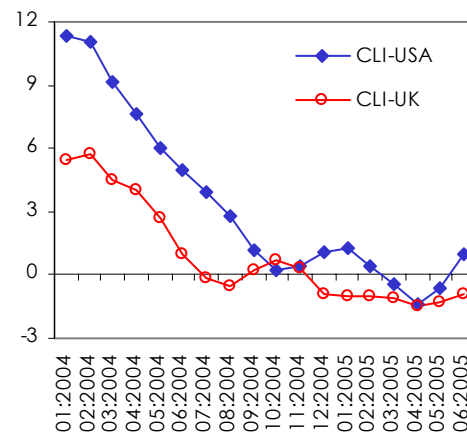
CLI (annualized 6-month % change)



Source: OECD, CEPR.

USA and UK Leading indicators:

CLI (annualized 6-month % change)



Source: OECD.

3. The US economy displayed strong growth performance in the first half of 2005. According to the leading indicators, the growth rate of the US economy will maintain its pace in the third quarter as well. Meanwhile, for the sake of sustainable growth and price stability, the Federal Reserve has increased interest rates five times since the turn of 2005, by 25 basis points each time.

4. Albeit at a low rate, economic growth in the euro area displayed an increase in the first quarter of the year. Nevertheless, high crude oil prices and low consumer confidence point to a likely downward trend in euro area growth.

5. Japan displayed growth due to domestic demand, while the growth observed in China stemmed from both domestic demand and exports. Other Asian countries, which had pursued a sluggish course in general, have entered in a stage of recovery in recent months.

6. The growth trend in new European Union countries continues, though with a decline in the first quarter of 2005.

II. CURRENT ACCOUNT

7. The current account balance yielded a deficit of USD 13.7 billion in the first half of the year. Hence, the twelve-month current account deficit became USD 19.3 billion in June.

8. Despite the ongoing upward trend in current account deficit by the first half of the year, indicators for the current account deficit and financing structure still have a positive outlook. Compared to the end-2004, the ratio of exports to short-term external debt stock rose in the first half of 2005. The indicators based on Central Bank Reserves are of great importance in respect of sustainability of the current account deficit. The ratio of reserves to short-term external debt stock, which reveals the capacity of the country to repay its external debts, has increased. Moreover, the ratio of reserves to finance requirements, which are equal to the sum of current account deficit and net errors and omissions, increased as well. Despite the ongoing upward trend in the current account deficit in the first half of the year, some basic indicators, which have improved compared to 2004, constitute the basis for declining risk perceptions arising from the external balance.

Selected Indicators related to the Current Account Deficit and Financing Structure

	2000	2001	2002	2003	2004	2005*
Exports / Imports	0,58	0,90	0,85	0,79	0,74	0,72
Exports / Short-Term External Debt	1,09	2,10	2,44	2,23	2,10	2,17
Exports / External Debt Service	1,40	1,40	1,39	1,84	2,20	2,18
Tourism Revenues / Trade Balance	0,35	2,17	1,16	0,94	0,66	0,60
CBT Reserves / Short-Term External Debt	0,82	1,21	1,71	1,53	1,18	1,24
CBT Reserves / Financing Requirement	1,84	-	20,46	11,71	2,97	3,45
CBT Reserves / Current Account Balance	2,36	-	18,44	4,38	2,42	2,15
CBT Reserves / Imports	0,44	0,52	0,59	0,54	0,41	0,41

Source: CBRT, SIS.

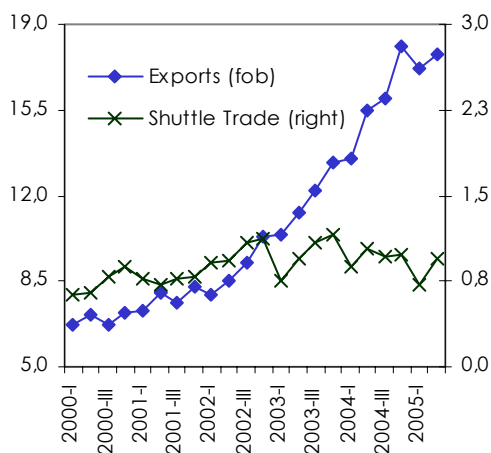
* 12-month

Exports of Goods

9. According to the exports data issued by the SIS, exports increased by 20.5 percent in the first half of the year, compared to the same period of the previous year. However, revenues from shuttle trade fell by 13.8 percent during this period. Thus, growth in the total exports of goods recorded as 18.4 percent. On the other hand, price movements were significant factors in the nominal growth figures of exports. According to data issued by the SIS, the exports unit value index rose by 8.6 percent compared to the same period last year. Excluding price movements, the real increase in exports was realized as 7.6 percent.

Exports

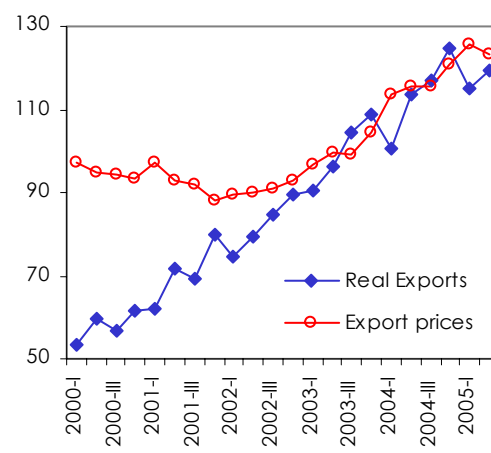
(billion US dollars)



Source: CBT, SIS.

Exports - Real and Unit Value

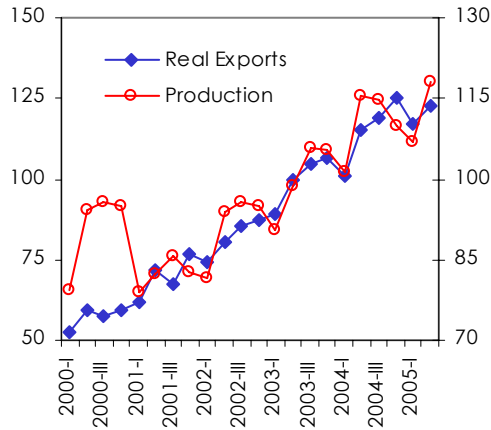
(2003=100)



Source: SIS.

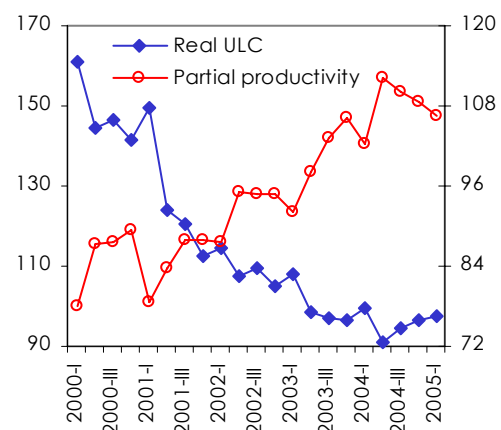
10. Competitiveness advantage resulting from the low levels of real labor costs compared to the average of 2004-2005 and the productivity level, which is over the last five year-average, managed to offset the unfavorable impact of the real exchange rate on competitiveness and became the determinant factors in the increase in exports.

Production and Exports in Manufacturing Industry (2003=100)



Source: SIS.

Real ULC and Productivity Indices (2003=100)



Source: CBT, SIS.

11. Analyzing export developments by sub-items, it is observed that the largest contribution to the growth in exports came from exports of motor vehicles and food & beverages. Exports of textile products and apparel, which have a large share in overall exports, continued to increase, albeit with a slower pace compared to overall exports. Sectors considered above contributed by 9.2 points to the 20.5 percent export growth. In other words, USD 2.7 billion of the USD 6 billion net increase in export growth came from these sectors.

Exports
(million US dollars)

	H1				
	2004	2005	% Change	% Contrib.	\$ Contrib.
Total	29019	34973	20,5		
Capital Goods	2979	4049	35,9	3,7	1070,7
Intermediate Goods	12125	14646	20,8	8,7	2521,4
Consumption Goods	13844	16153	16,7	8,0	2308,5
Other	72	125	73,4	0,2	52,7
Selected Items (ISIC Rev.3):					
Agriculture and farming of animals	1076	1308	21,5	0,8	231,4
Food products and beverages	1429	1908	33,5	1,6	478,5
Textiles	3634	4035	11,0	1,4	401,1
Wearing apparel	4616	5033	9,0	1,4	417,6
Petroleum products and nuclear fuel	647	1097	69,5	1,6	449,8
Chemicals and chemical products	1172	1353	15,4	0,6	181,0
Rubber and plastic products	899	1166	29,7	0,9	267,1
Other non-metallic minerals	1107	1296	17,1	0,7	189,3
Manufacture of basic metals	3156	3525	11,7	1,3	368,7
Manufacture of fabricated metal prod(exc machi	1010	1250	23,8	0,8	240,1
Manufacture of machinery and equipment	1830	2227	21,7	1,4	396,7
Electrical machinery and apparatus	736	926	25,7	0,7	189,4
Communication and apparatus	1197	1320	10,3	0,4	123,1
Motor vehicles and trailers	3925	5308	35,2	4,8	1383,1
Other transport	675	790	17,1	0,4	115,3

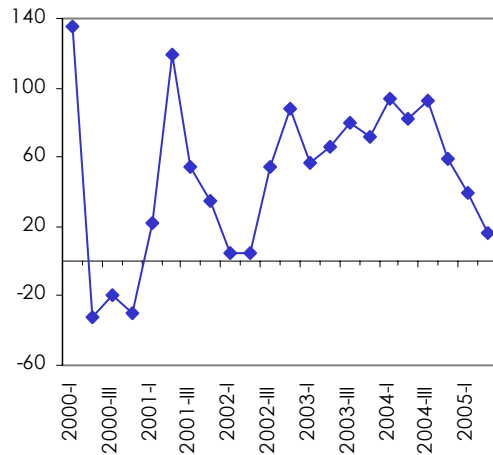
Source: SIS.

12. The high growth performance of automobile exports, which has been observed since 2003, continued in the first half of the year. During this period, automobile exports grew by 26.3 percent compared to the first half of 2004 and reached USD 2.2 billion. As a result of the 29.9 percent decline in automobile imports, the sector maintained its net exporter position that was regained in the second half of 2004.

13. The basic metal industry with its significant contribution to export growth, is the most susceptible sector to increases in world goods prices. The nominal exports of the sector increased by 14.3 percent in the first half of the year, while export prices of basic metal industry products rose by 10.7 percent.

Automobile Exports

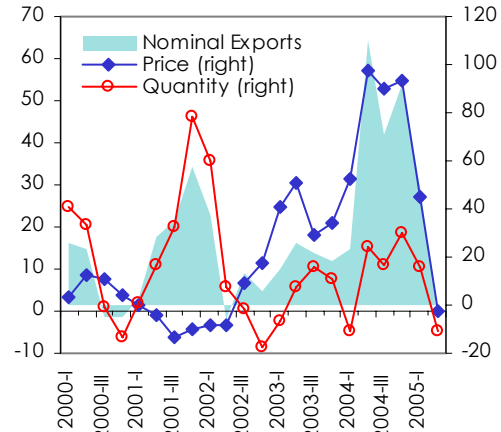
(Annual percentage change)



Source: SIS.

Basic Metal Industry Exports

(Annual percentage change)



Source: SIS.

Exports – Unit Value Indices

(2003=100)

	2004				2005		2005-II /
	I	II	III	IV	I	II	2004-II (%)
Total	113,6	115,5	115,6	120,7	125,4	123,4	6,8
Capital Goods	109,2	107,8	110,0	114,3	115,3	112,3	4,2
Intermediate Goods	113,7	121,5	121,8	129,1	131,2	129,5	6,6
Consumption Goods	114,7	112,5	112,4	116,9	123,7	121,2	7,8
Selected Items (ISIC Rev.3):							
Agriculture and farming of animals	117	119	140	149	165	174	46,5
Food products and beverages	111	116	123	124	130	130	11,9
Textiles	113	110	107	112	119	115	4,8
Wearing apparel	118	115	113	115	125	121	5,1
Petroleum products and nuclear fuel	113	133	140	141	143	163	22,6
Chemicals and chemical products	108	109	113	121	121	120	10,2
Rubber and plastic products	108	106	107	114	120	117	11,3
Other non-metallic minerals	108	108	111	114	117	119	10,0
Manufacture of basic metals	125	157	152	162	160	157	0,1
Manufacture of fabricated metal prod(exc machi	114	116	118	127	132	132	13,7
Manufacture of machinery and equipment	111	109	109	115	118	115	5,6
Electrical machinery and apparatus	115	115	114	119	124	127	11,2
Communication and apparatus	108	100	95	96	93	85	-14,8
Motor vehicles and trailers	110	107	110	116	117	113	5,4

Source: SIS.

14. Export prices in sectors other than the basic metal industry also recorded high rates of increases. Export prices of the metal products industry, electrical machines and devices,

agriculture and livestock products, food products and petroleum products were other main items affecting the nominal increase in exports.

15. Exports to the EU countries make up the greatest contribution to the total export growth. However, their share in total exports fell slightly. Meanwhile, the share of exports to Middle Eastern countries boosted by 33.2 percent in the second quarter of the year, contributing to the 20.5 percent growth in exports by 4.2 points. Analyzing by country, the share of Germany in exports maintained its high level, while the increases in exports to Italy, Russia and Holland are remarkable.

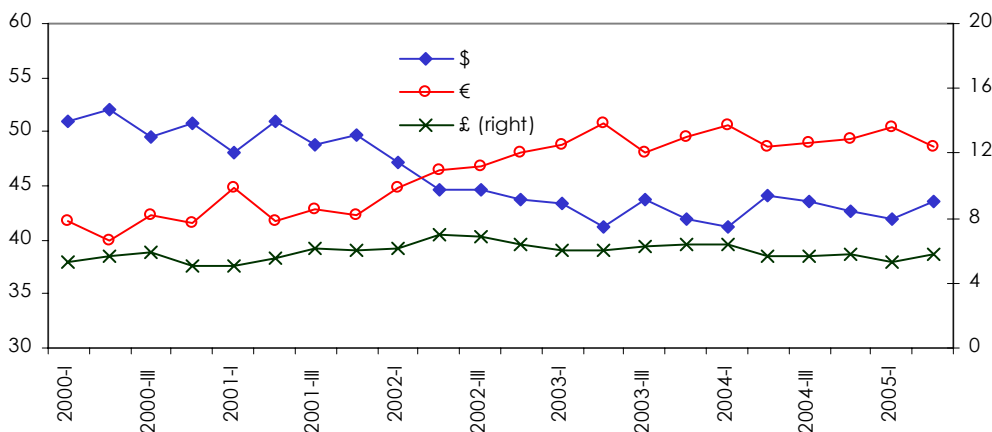
Exports – Country Decomposition (million US dollars)

	H1						
	2004		2005		% Change	% Contrib.	\$ Contrib.
	Value	Share (%)	Value	Share (%)			
Total	28831	..	34973	..	21,3		
EU countries	15828	54,9	18416	52,7	16,3	9,0	2588
EU 15	14933	51,8	17281	49,4	15,7	8,1	2349
EU 10	896	3,1	1135	3,2	26,7	0,8	239
Other countries	12008	41,7	15109	43,2	25,8	10,8	3101
Other European	2940	10,2	3947	11,3	34,2	3,5	1007
East Asian	1212	4,2	1418	4,1	17,0	0,7	206
Other	7856	27,2	9744	27,9	24,0	6,5	1888
Free Zones in Turkey	994	3,4	1447	4,1	45,6	1,6	453
Selected countries and country groups							
OECD	18.702	64,9	21.238	60,7	13,6	8,8	2536
Germany	4.111	14,3	4.531	13,0	10,2	1,5	420
UK	2.495	8,7	2.775	7,9	11,2	1,0	280
USA	2.332	8,1	2.312	6,6	-0,9	-0,1	-20
Italy	2.024	7,0	2.602	7,4	28,6	2,0	578
France	1.789	6,2	1.910	5,5	6,7	0,4	121
Spain	1.209	4,2	1.427	4,1	18,0	0,8	218
Netherlands	983	3,4	1.276	3,6	29,7	1,0	292
Other OECD	3.758	13,0	4.406	12,6	17,2	2,2	647
Middle East countries	3.666	12,7	4.884	14,0	33,2	4,2	1218
Russian Fed.	816	2,8	1.036	3,0	27,0	0,8	221

Source: SIS.

16. While the share of the euro in exports declined in the second quarter of the year, the share of the US dollar increased. There was not a notable change in the share of Sterling.

Currency Composition of Exports (% share)

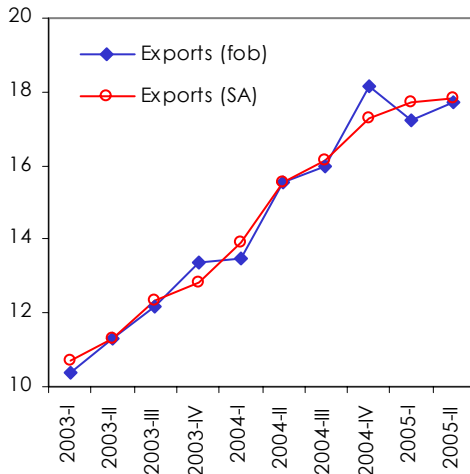


Source: SIS

17. According to seasonally adjusted data, US dollar-denominated nominal exports increased by 0.5 percent in the second quarter of 2005 compared to the previous quarter. Meanwhile, real exports based on the quantity index rose by 1.6 percent during this period.

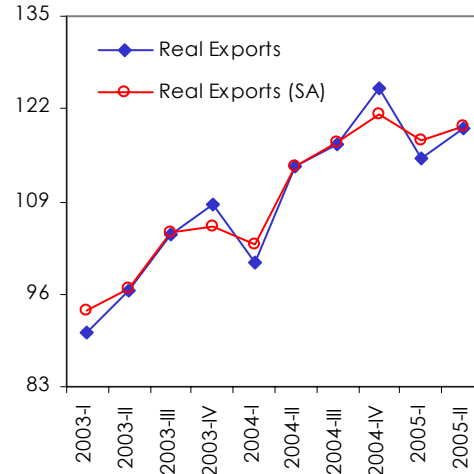
Seasonally Adjusted Exports

(billion US dollars)



Seasonally Adjusted Exports

(Real, 2003=100)



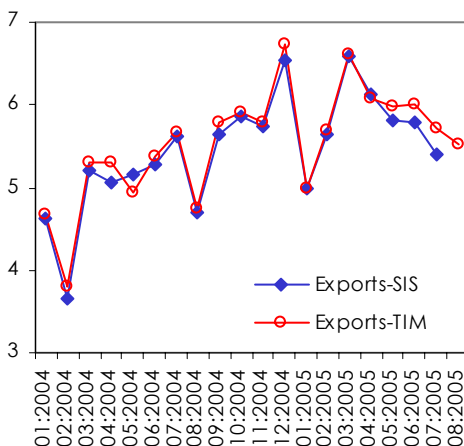
Note: Seasonally adjusted data are calculated by using Tramo-Seats methodology.

18. The Turkish Exporters' Assembly (TEA) data indicate that growth in exports is still continuing. According to these data, exports increased by 17 percent in the January-August period compared to the same period of the previous year.

19. Indicators of exports for the next period given in the Business Tendency Survey signal an increase in export growth in the next quarter.

Exports - SIS and TIM data

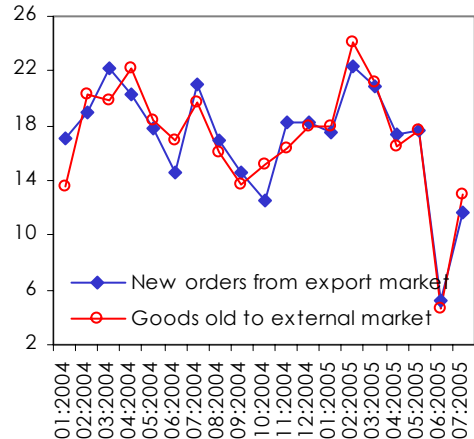
(billion US dollars)



Source: SIS, TIM.

Export Expectations

Next 3 months (Optimists-pessimists)



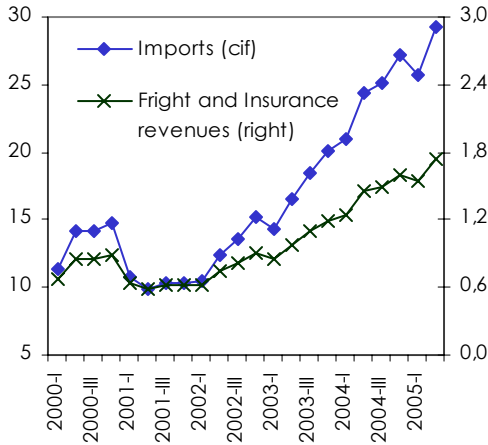
Source: CBT Business Tendency Survey.

Imports of Goods

20. Imports, as announced by the SIS (including freight and insurance), increased by 21.3 percent in the first half of 2005 compared to the same period of the previous year. Parallel to this increase, freight and insurance revenues rose by 21.9 percent and became USD 3.3 billion. Adding the "other goods" item related to financial leasing, the rate of growth in total imports of goods amounts to 23 percent. Meanwhile, price movements were influential in the nominal growth of imports. In fact, according to foreign trade index data from the SIS, the imports unit price index rose by 11.4 percent in the first half of the year compared to the same period of the previous year. Excluding price movements, the real increase in imports was 7.8 percent.

Imports

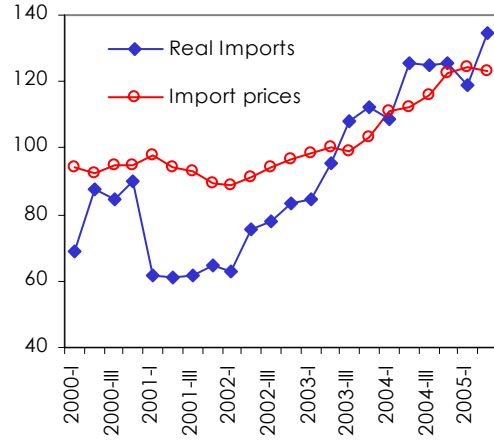
(billion US dollars)



Source: CBT, SIS.

Imports- Real and Unit Value

(2003=100)

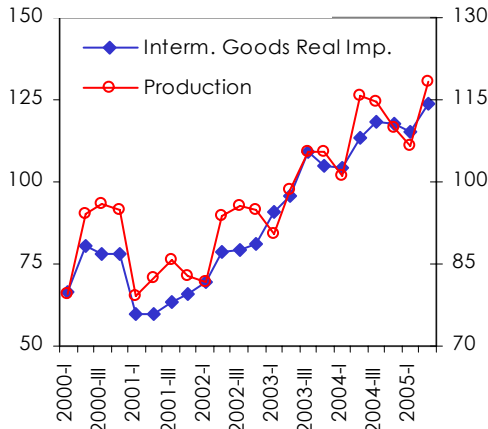


Source: SIS.

21. In the January-June period, annual rates of increase in industrial production and manufacturing production were realized as 4.5 and 3.7 percent, respectively. According to the seasonally adjusted data, total industrial production fell by 0.7 percent in June compared to the previous month, while manufacturing industrial production fell by 0.5 percent.

Man. Ind. Prod. & Int. Goods

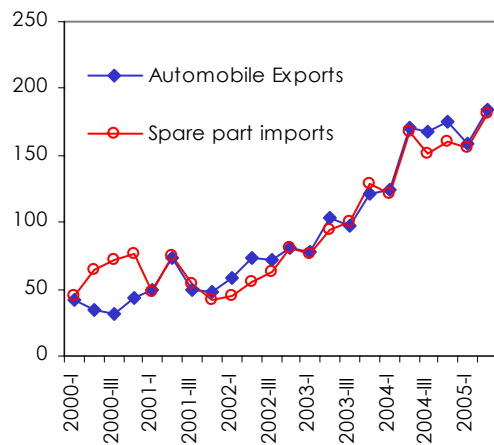
Imports (2003=100)



Source: SIS.

Spare part imp. of trans. vehicles

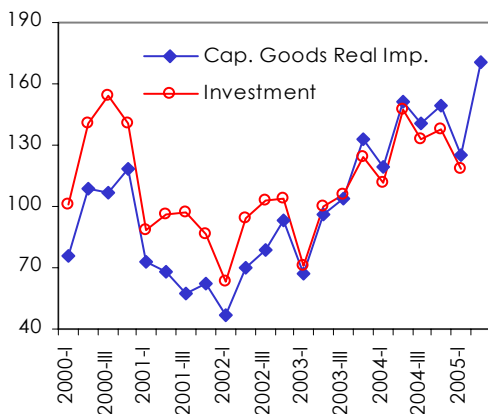
& Auto. Exports (2003=100)



Source: SIS.

Invest. Expend. & Cap. Goods

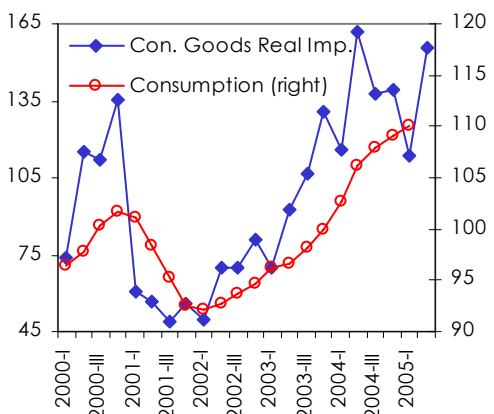
Imp. (2003=100)



Source: SIS.

Consum. Exp. & Con. Goods Imp.

(2003=100, 12-month ave. for cons.)



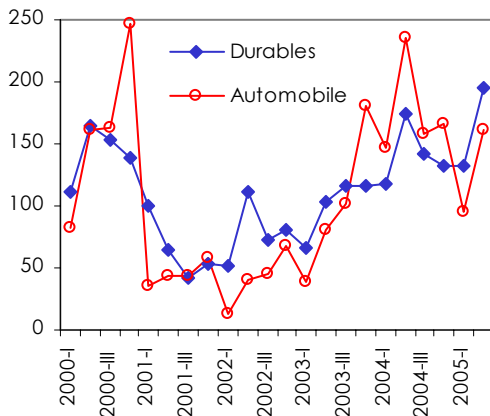
Source: SIS.

22. The rise in imports of investment and intermediate goods in the second quarter of the year points to an increase in investment expenditures during the same period.

23. Analyzing by quantity indices, the high-rated decline in imports of automobiles persists. Imports of automobiles, which increased by 221.9 percent in 2004, decreased by 33.1 percent in the first half of 2005. Imports of durable and semi-durable goods, which had increased by 73.4 and 30.9 percent, respectively, in the first half of 2004, rose by 11.7 percent and 7.9 percent in the first half of 2005.

Durables & Automobile Imports

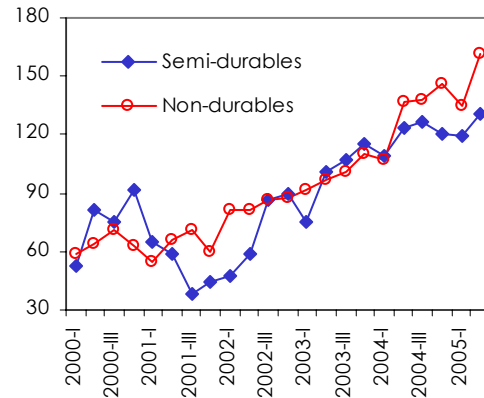
(2003=100)



Source: SIS.

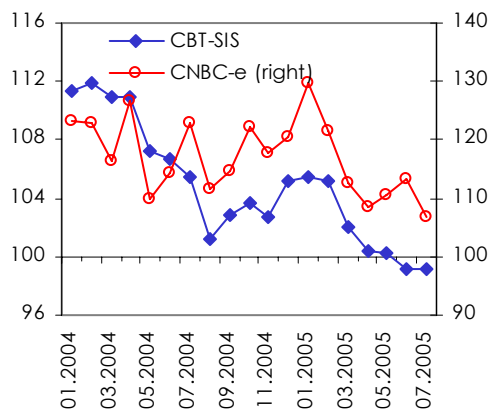
Semi and non-durables Imp.

(2003=100)



Source: SIS.

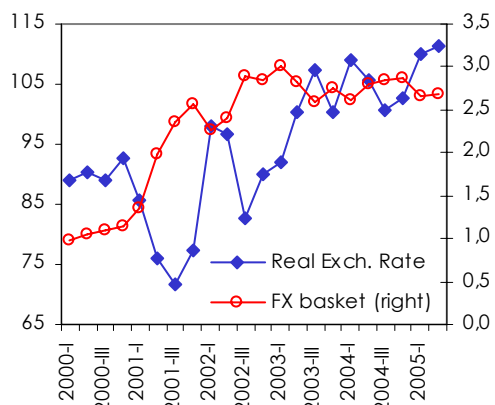
Confidence Index



Source: CBT, SIS, NTVMSNBC.

FX rates - Real & nominal basket

(PPI based and 1\$+0,77€)



Source: CBT.

24. Analyzing by consumption tendencies, consumer confidence indices compiled by the CBRT, the SIS and the CNBC have been following a downward trend since the start of the year. The consumer confidence index (CBRT/SIS) was realized as 99.2 in July. As it is known, an index with a value over 100 points to an optimistic stance in consumer confidence, while a value below 100 corresponds to a pessimistic stance. A value of 100 in the index reveals that consumer confidence is neither optimistic, nor pessimistic.

25. Together with imports of basic metal industry products, chemical materials and products made the largest contribution to the growth of imports. As in the case of exports, increases in world metal prices also lead to significant rises in imports of the sector. Compared to the first half of 2004, imports of the basic metal industry increased by 41.7 percent in the first half of 2005, while import prices and real imports grew by 18.4 percent and 18.9 percent, respectively.

26. Imports of motor vehicles and spare parts, which was one of the most important items in 2004 imports, displayed a diverse tendency in the first half of 2005. Imports of automobiles declined by 30 percent, whereas imports of transportation vehicles' spare parts increased by

20.6 percent. The increase is parallel outlook to the growth rate in the exports of the sector. Nevertheless, the decline in imports of transportation vehicles' spare parts in June is notable.

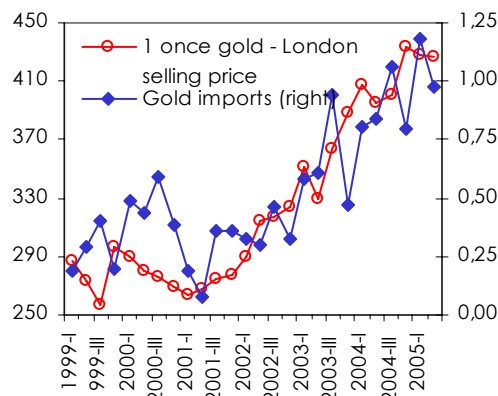
Imports
(million US dollars)

	H1				
	2004	2005	% Change	% Contr.	\$ Contr.
Total	45312	54980	21,3		
Capital Goods	8160	9263	13,5	2,4	1103,4
Intermediate Goods	30980	39360	27,0	18,5	8379,8
Consumption Goods	5934	6093	2,7	0,4	158,9
Other	238	265	11,2	0,1	26,7
Selected Items (ISIC Rev.3):					
Mining and Quarrying	4977	6945	39,5	4,3	1968,3
Crude oil	2769	3787	36,8	2,2	1018,3
Natural gas	1536	2285	48,8	1,7	749,8
Textiles	1740	1929	10,9	0,4	188,9
Paper and paper products	787	993	26,1	0,5	205,4
Coke, petroleum products and nuclear fuel	1351	2275	68,4	2,0	924,4
Chemicals and chemical products	7045	8768	24,5	3,8	1723,3
Rubber and plastic products	921	1036	12,5	0,3	115,1
Manufacture of basic metals	4913	6961	41,7	4,5	2048,4
Manufacture of fabricated metal prod(exc machi	681	927	36,1	0,5	245,8
Manufacture of machinery and equipment	4868	5713	17,4	1,9	845,0
Electrical machinery and apparatus	1465	1920	31,1	1,0	455,1
Communication and apparatus	2144	2214	3,2	0,2	69,3
Medical, precision and opt. instr., watches	942	1206	28,0	0,6	263,8
Motor vehicles and trailers	5837	5476	-6,2	-0,8	-361,0
Other transport	1047	934	-10,8	-0,3	-113,5
Waste and scrap (Wholesale and retail)	1602	1746	9,0	0,3	144,1

Source: SIS.

27. Imports of gold, which has recorded high rates of growth since 2002, also maintained its upward trend in the first half of 2005. Imports of gold increased by 31.7 percent in the first half of the year. During this period, the depreciation of the US dollar led to an increase in gold prices as well as the demand for gold.

**Gold Imports (billion US dollars) and
Gold Prices (3-month ave., US dollars)**



Source: CBT, SIS.

**USD/EUR Parity and
Gold Prices (monthly ave., US dollars)**

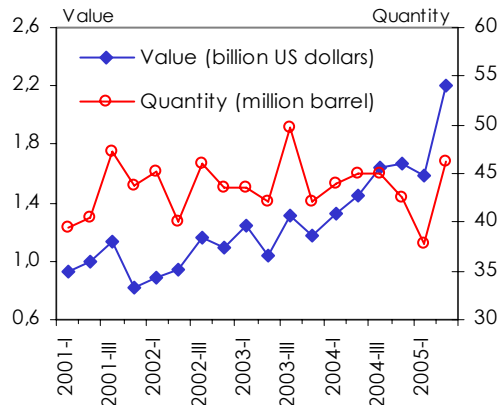


Source: CBT.

28. Similar to 2004, crude oil prices followed an upward trend in the first half of 2005. The rapid increase in oil prices mainly stems from increasing demand for oil due to the high course

of global growth rates and low supply flexibility arising from inadequate investment in the petroleum sector in the world. Moreover, further pressure is placed on crude oil prices by the investors' tendency towards the oil markets. This is due to their expectation of continued depreciation of the US dollar in the medium-term because of the low level of global interest rates and precaution against likely increases in oil prices.

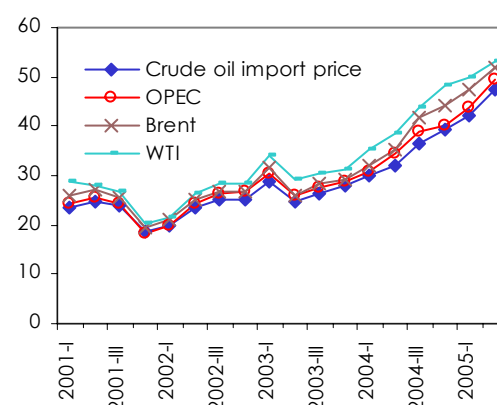
Crude Oil Imports



Source: SIS, SPO.

Crude Oil Prices

(US dollar per barrel, average)



Source: SPO, OPEC, EIA.

29. Despite the fact that the real quantity of crude oil imports declined by 5 percent in the first half of the year compared to the same period of the previous year, the imports receipt increased by 36.8 percent. In this context, the additional burden imposed by the 43.2 percent increase in the price of crude oil price per barrel on overall imports was realized as around USD 1.2 billion as of the first half of the year.

30. Prices of goods, other than basic metals and crude oil also increased in general. On the other hand, import prices of food products as well as radio, TV, communication equipments and devices decreased.

Imports – Unit Value Indices

(million US dollars)

	2004				2005		2005-I / 2004-I (%)
	I	II	III	IV	I	II	
Total	110,8	112,3	115,9	122,8	124,6	123,4	9,9
Capital Goods	106,7	106,2	109,5	114,2	110,9	107,6	1,4
Intermediate Goods	112,9	115,9	119,8	127,9	130,8	131,7	13,7
Consumption Goods	111,1	107,8	111,6	115,1	117,9	112,1	3,9
Selected Items (ISIC Rev.3):							
Food products and beverages	111	123	112	103	106	108	-12,1
Textiles	108	111	109	114	115	118	6,9
Paper and paper products	127	115	107	104	131	121	4,7
Coke, petroleum products and nuclear fuel	118	121	138	160	153	166	37,3
Chemicals and chemical products	109	108	112	120	124	117	8,2
Rubber and plastic products	109	100	110	116	122	117	16,8
Manufacture of basic metals	120	129	131	146	148	147	14,5
Manufacture of fabricated metal prod(exc machi	115	107	106	112	123	122	14,0
Manufacture of machinery and equipment	104	103	106	115	111	110	6,3
Electrical machinery and apparatus	106	116	118	114	118	117	0,7
Communication and apparatus	104	102	104	105	100	96	-6,0
Medical, precision and opt. instr., watches	103	106	108	111	112	104	-1,5
Motor vehicles and trailers	103	106	108	111	112	104	-1,5
Waste and scrap (Wholesale and retail)	153	168	155	177	176	169	0,7

Source: SIS.

Imports – Country Decomposition

(million US dollars)

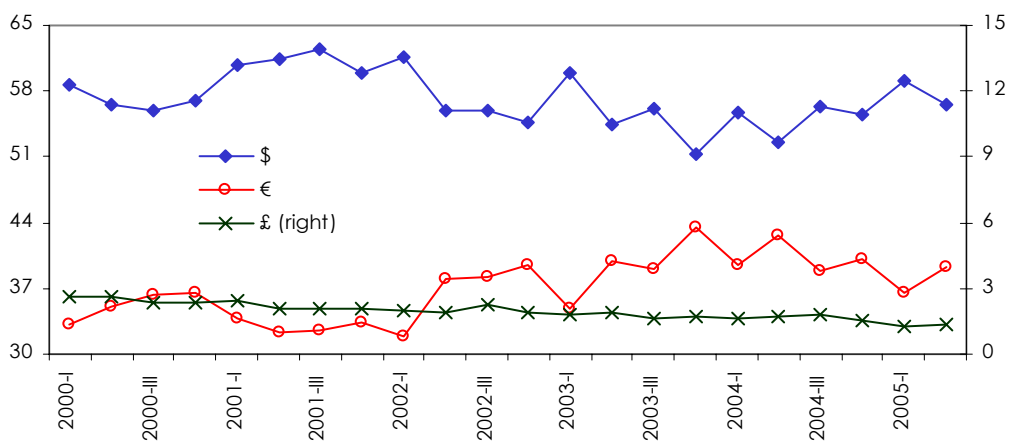
	H1						
	2004		2005		% Change	% Contrib.	\$ Contrib.
	Value	Share (%)	Value	Share (%)			
Total	45312	..	54980	..	21,3		
EU countries	21915	48,4	23356	42,5	6,6	3,2	1441
EU 15	20479	45,2	21642	39,4	5,7	2,6	1163
EU 10	1436	3,2	1714	3,1	19,4	0,6	278
Other countries	22993	50,7	31269	56,9	36,0	18,3	8276
Other European	7986	17,6	11723	21,3	46,8	8,2	3737
East Asian	6905	15,2	9335	17,0	35,2	5,4	2430
Other	8102	17,9	10211	18,6	26,0	4,7	2109
Free Zones in Turkey	404	0,9	355	0,6	-11,9	-0,1	-48
Selected countries and country groups							
OECD	28.654	63,2	31.819	57,9	11,0	7,0	3165
Germany	5.968	13,2	6.433	11,7	7,8	1,0	465
Italy	3.301	7,3	3.567	6,5	8,1	0,6	266
France	3.166	7,0	2.821	5,1	-10,9	-0,8	-345
USA	2.326	5,1	2.743	5,0	17,9	0,9	417
İngiltere	2.041	4,5	2.276	4,1	11,5	0,5	235
Switzerland	1.575	3,5	2.255	4,1	43,2	1,5	680
Spain	1.577	3,5	1.626	3,0	3,1	0,1	49
Japan	1.183	2,6	1.419	2,6	20,0	0,5	236
Korea	1.206	2,7	1.687	3,1	39,8	1,1	481
Other OECD	6.311	13,9	6.991	12,7	10,8	1,5	680
Middle East countries	2.567	5,7	3.439	6,3	34,0	1,9	873
Russian Fed.	3.767	8,3	5.830	10,6	54,8	4,6	2063
China	1.921	4,2	2.948	5,4	53,5	2,3	1027
Ukraine	1.112	2,5	1.488	2,7	33,8	0,8	376

Source: SIS.

31. Growth in imports from the EU remained below the growth in total imports, reducing its share in total imports. On the other hand, non-member European countries and Asian countries made the greatest contribution to growth in imports. In terms of individual countries, while the large share of Germany continued, imports from Switzerland, China, Korea, Ukraine and Russia recorded high-rated increases.

Currency Composition of Imports

(% share)

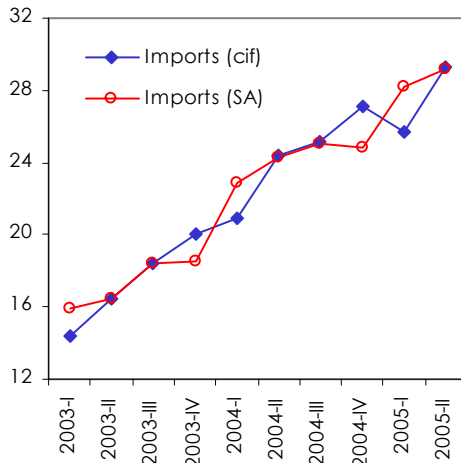


Source: SIS.

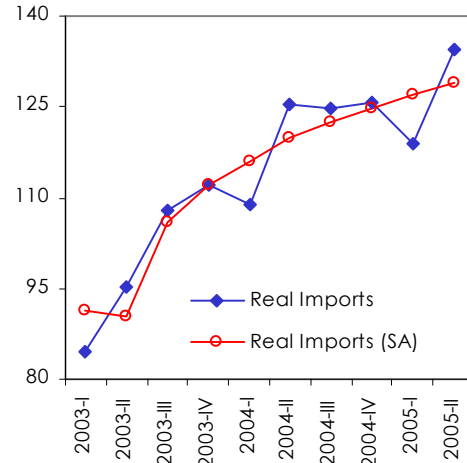
32. Analyzed in terms of quarterly periods, the share of the US dollar imports fell in the second quarter of 2005, while the share of euro in imports increased. Meanwhile, the share of Sterling continues to decrease.

33. According to the seasonally adjusted data, nominal imports in terms of USD increased by 3.5 percent in the second quarter of the year compared to the previous quarter. On the other hand, real imports based on the quantity index went up by 1.7 percent in this period.

Seasonally Adjusted Imports
(billion US dollars)



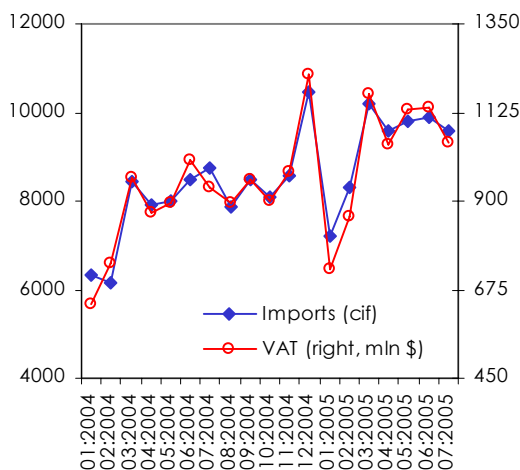
Seasonally Adjusted Imports
(Real, 2003=100)



Note: Seasonally adjusted data are calculated by using Tramo-Seats methodology.

34. In the Business Tendency Survey, indicators related to the imports of the future period maintained their high level in July.

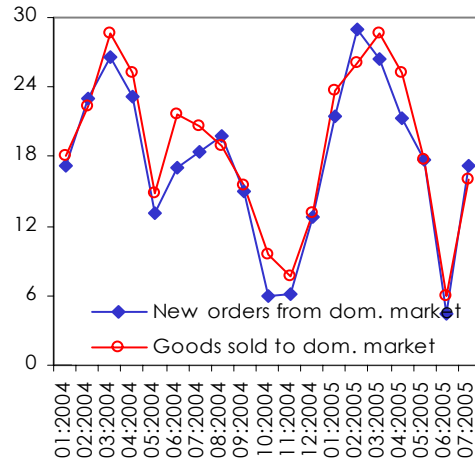
VAT on Imports
(million US dollars)



Source: SIS, Ministry of Finance.

Import Expectations

Next 3 months (optimists-pessimists)



Source: CBT Business Tendency Survey.

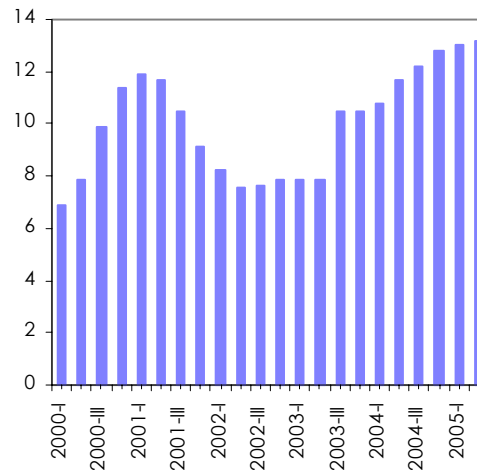
Services

35. The tendency to increase prevailing in the services account for the last two years, continues as of the first half of 2005. Within this framework, the services account increased by 12 percent in the first half of the year compared to the same period of the previous year due to a significant upsurge in tourism revenues and became USD 3.9 billion. Hence, the twelve-month services account yielded a surplus of USD 13.2 billion.

36. Based on the figures announced by the SIS, tourism revenues rose by 15.5 percent in the first half of the year. In this period, the number of departing tourists increased by 24.6 percent. Despite the increase in the number of tourists, average propensity to spend declined. In the first half of 2005, average spending per tourist declined by 6.9 percent compared to the same period of the previous year and went down to USD 658.

Services

(12-month ave., billions US dollars)



Services

(million US dollars)

	2004-I	2004-II	2004-III	2004-IV	2005-I	2005-II
Services	942	2571	6734	2527	1202	2732
Total income	3229	5208	9808	5784	4060	5867
Total Expenses	-2287	-2637	-3074	-3257	-2858	-3135
Transportation	-233	-270	-331	-230	-325	-362
Credit	593	722	993	959	840	933
Debit	-826	-992	-1324	-1189	-1165	-1304
Tourizm	1158	2650	6927	2629	1316	3082
Credit	1713	3270	7662	3243	1995	3760
Debit	-555	-620	-735	-614	-679	-678
Construction serv.	139	183	197	205	162	216
Credit	139	183	197	205	162	216
Debit	0	0	0	0	0	0
Financial serv.	-26	-22	-14	-27	-8	-22
Credit	73	64	70	81	82	88
Debit	-99	-86	-84	-108	-90	-110
Other serv.	-96	30	-45	-50	57	-173
Credit	711	969	886	1296	981	870
Debit	-807	-939	-931	-1346	-924	-1043

Source: CBT.

Tourism Statistics

	2004-I	2004-II	2004-III	2004-IV	2005-I	2005-II
Tourism Revenues (million US dollars)	1713	3270	7662	3243	1994	3761
Departing foreigner visitors (x1000)	1867	4324	7186	3826	2376	5340
Departing citizen visitors (x1000)	431	423	1600	606	480	546
Tourism Expenditures (million US dollars)	-555	-620	-735	-614	-679	-678
Arriving citizen visitors (x1000)	829	1071	1022	1071	889	1159

Source: SIS, CBT.

37. Based on the data announced by the SIS, in July, the high-rated increase in the number of tourists visiting Turkey that has prevailed since the beginning of 2005 continues. According to SIS data, the number of departing tourists in July increased by 22.2 percent compared to the same month of the previous year.

38. In the first half of 2005, there has been deterioration in services items excluding the tourism item. During this period, services income excluding tourism income increased by 20.8 percent annually, while services expenses excluding tourism expenses rose by 23.7 percent.

Income

39. The main determinant of the deficit of USD 3.2 billion in the income account in the first half of 2005 was interest expenses. The increase in interest expenses of the private sector excluding the banking sector stood as the basic determinant of this item.

Income

(million US dollars)

	2004-I	2004-II	2004-III	2004-IV	2005-I	2005-II
Income (net)	-1486	-1373	-1303	-1357	-1529	-1656
Total income	768	511	654	718	935	710
Total Expenses	-2254	-1884	-1957	-2075	-2464	-2366
Direct investment	-59	-371	-111	-131	-80	-404
Credit	141	15	16	72	83	123
Debit	-200	-386	-127	-203	-163	-527
Portfolio investment	-640	-171	-189	-195	-554	-175
Credit	473	335	471	431	665	404
Debit	-1113	-506	-660	-626	-1219	-579
Other investment	-787	-831	-1003	-1031	-895	-1077
Interest income	154	161	167	215	187	183
Interest expenses	-941	-992	-1170	-1246	-1082	-1260
Long-term	-864	-912	-1041	-1136	-973	-1132
Monetary A.	-277	-182	-382	-257	-262	-201
Gen. Gov.	-323	-436	-347	-503	-372	-510
Banks	-25	-14	-26	-38	-42	-40
Other sector	-239	-280	-286	-338	-297	-381
Short-term	-77	-80	-129	-110	-109	-128

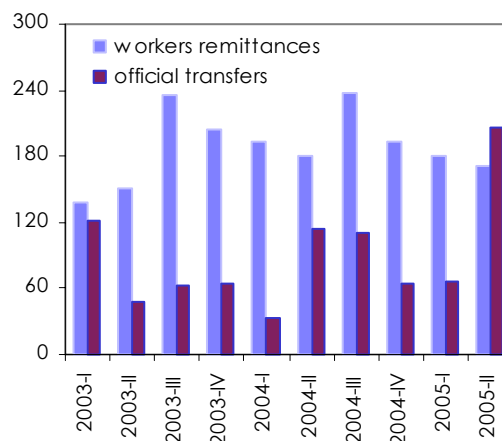
Source: CBT.

40. Portfolio expenditures fell by 11.1 in the first half of 2005 and were realized as USD 1.8 billion. However, as a result of an increase of 32.3 percent in portfolio income in the same period, net portfolio expenditures declined in the first half of the year.

Current Transfers

41. The current transfers item composed of workers' remittances and official transfers yielded a surplus of USD 624 million in the first half of 2005.

Current Transfers (million US dollars)



Source: CBT.

III. CAPITAL MOVEMENTS

42. In the first half of 2005, the external financing requirement, defined as the sum of the current account item and net errors and omissions, became USD 7.7 billion. Despite the widening of the current account deficit compared to the same period of the previous year, the fact that net errors and omissions were realized as a credit item of USD 6 billion limited the financing requirement. If we analyze the financing structure, long-term resource utilization, which remained limited in the first quarter of the year, increased significantly in the second quarter. Moreover, disbursement of short-term loans has maintained its inflow trend in the second quarter as well. In the same period, the financing requirement was mainly met by portfolio investments as well as long-term credits and trade credits used by the private sector and banks.

43. Due to these developments, CBRT reserves increased by USD 6.7 billion in the first half of 2005 and reached USD 40 billion by the end of June. Meanwhile, the FX assets of banks fell by USD 3.2 billion in the first quarter of 2005, whereas they increased by USD 2.9 billion in the second quarter of the year.

External Financing Requirements and Sources (billion US dollars)

	2003	2004	2004				2005	
			Q1	Q2	Q3	Q4	Q1	Q1
1. Current Account	-8,0	-15,5	-5,4	-4,5	-0,7	-5,0	-6,3	-7,4
2. Net Errors and Omissions	5,0	2,8	-0,9	2,5	-0,8	2,2	1,5	4,4
I. Total Financing Requirement (=1+2)	-3,0	-12,7	-6,3	-2,1	-1,5	-2,8	-4,8	-2,9
II. Total Financing (=1+2+3)	3,0	12,7	6,3	2,1	1,5	2,8	4,8	2,9
1. Capital Flows (net)	6,4	22,9	6,2	5,0	6,2	5,4	5,9	10,7
Direct Investment (net)	1,3	1,9	0,5	0,5	0,5	0,4	0,6	0,3
Portfolio Investment (net)	2,5	8,0	2,8	1,2	0,4	3,6	3,4	2,6
General Gov. Eurobond Issues	1,5	2,0	0,0	0,8	0,2	1,0	1,8	0,2
Nonresidents' Security Buyings in Turkey	2,5	7,5	2,7	0,3	1,1	3,4	3,1	2,3
Residents' Security Buyings Abroad	-1,4	-1,4	0,1	0,2	-0,9	-0,8	-1,1	0,1
Credit Drawing (excl. IMF loan, net)	2,9	13,7	2,7	3,6	4,6	2,8	1,1	6,5
General Government	-2,2	-1,2	-0,5	-0,3	0,3	-0,6	-0,4	-0,6
Banks	2,0	5,6	0,7	1,2	1,7	2,1	0,5	3,7
Long-term	0,0	2,3	0,0	0,6	0,2	1,4	-0,4	3,6
Short-term	2,0	3,3	0,6	0,7	1,4	0,7	0,8	0,1
Other Sector	3,1	9,2	2,5	2,7	2,6	1,4	1,0	3,5
Long-term	0,6	4,7	1,5	1,5	1,0	0,8	0,5	2,1
Short-term	0,3	0,3	0,1	0,1	0,3	-0,1	-0,1	0,0
Trade Credits	2,2	4,2	1,0	1,1	1,4	0,7	0,7	1,3
Deposits	1,4	0,6	0,3	0,6	0,1	-0,3	-0,1	0,7
in Central Bank	0,5	-0,2	0,0	-0,1	0,0	-0,1	-0,1	-0,2
in banks	0,9	0,9	0,3	0,7	0,1	-0,2	0,0	0,9
Other	-1,6	-1,3	0,0	-0,9	0,6	-1,0	0,9	0,5
2. IMF Loans	-0,1	-3,5	-1,2	-0,6	-0,5	-1,2	-1,0	-1,5
Central Bank	-1,5	-4,4	-1,1	-1,1	-1,1	-1,1	-1,0	-0,9
General Government	1,4	0,9	-0,1	0,4	0,6	-0,1	0,0	-0,6
3. Change in Reserves (- increase)	-3,3	-6,7	1,3	-2,3	-4,3	-1,4	-0,1	-6,3
Banks' FX assets	0,7	-5,9	1,1	-1,2	-3,7	-2,1	3,2	-2,9
official Reserves	-4,0	-0,8	0,2	-1,1	-0,6	0,6	-3,3	-3,4

Source: CBT.

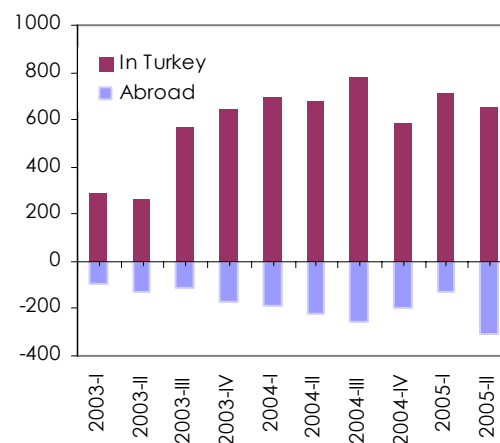
Direct Investments

44. In the first half of 2005, net direct investments declined by 3 percent compared to the same period of the previous year and were realized as USD 0.9 billion. The decline mainly stemmed from the 5.6 percent increases in residents' direct investments abroad, though direct domestic investments remained the same.

45. Analyzing direct investments in Turkey, direct capital investments declined by 9.6 percent, whereas non-residents' real estate purchases increased by 39.7 percent. 98.3 percent of direct capital investments realized in Turkey in the first half of 2005 came from OECD countries. 27.5 percent and 70.4 percent of these investments were made in the manufacturing industry and services sector, respectively. Long-term credits provided by foreign-capital companies from their partners abroad, which are recorded under other capital item and are considered direct capital investment, decreased to USD 49 million from USD 165 million.

46. In the first half of the 2005, residents' direct investments abroad were realized as net USD 433 million. Half of these investments were made in OECD countries, while the other half was realized in Middle Eastern countries. Moreover, 85 percent of these investments were made in the manufacturing industry and the remaining 15 percent in the services sector.

Direct investments
(million US dollars)



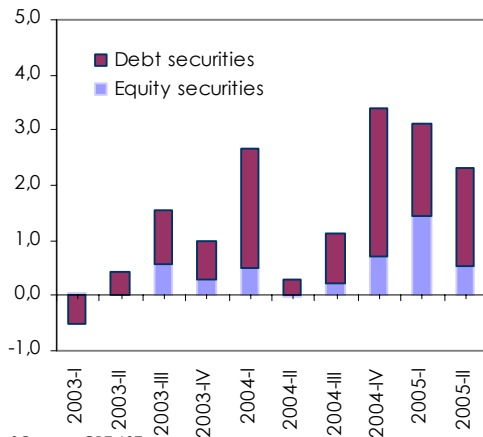
Source: CBT.

Portfolio Investments

47. In the first half of 2005, domestic securities purchases of non-residents were realized as net USD 5.4 billion. Purchases of equities and government securities were realized as USD 2 billion and USD 3.4 billion, respectively. Besides, the Treasury borrowed USD 4.5 billion via bond issues and made a repayment of USD 2.6 billion during this period. Meanwhile, residents purchased net USD 1 billion worth of securities. Hence, a portfolio-origin inflow of net USD 6 billion was realized in the first half of 2005.

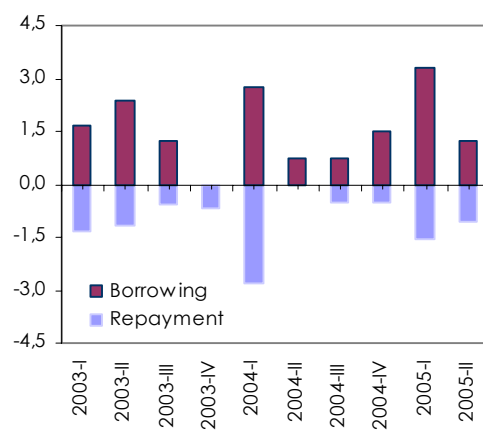
48. It is observed that foreigners' government securities purchases were mainly realized in the first quarter. Especially following the decision made on 17 December for the start of the negotiation process for full EU membership and with the ease of uncertainties in the economic program, foreigners' equities and government securities purchases in the ISE accelerated by December. In March, external developments such as the unfavorable impact of sale pressure observed in US bonds on the markets on developing countries, expectations regarding The Federal Reserve interest rates and the upsurge in oil prices led to government securities-originated foreign outflow. However, the purchase tendency has been observed in the following months.

Security buyings of non-residents (billion US dollars)



Source: CBT, ISE.

Eurobond issues of General Gov. (billion US dollars)



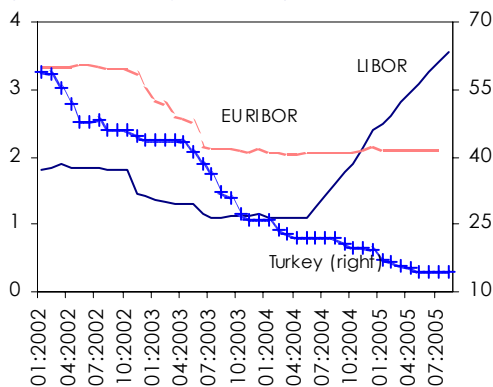
Source: CBT.

49. Under the assumption that fiscal discipline is maintained, structural reforms do not lose pace and the economy is not exposed to a large-scale external shock, it is predicted that the inflation target for 2005 will not be exceeded. Therefore, the Central Bank continued to cut short-term interest rates applied in the Interbank Money market and the ISE Repo/Reverse Repo Market in 2005. As of 9 June 2005, overnight borrowing interest rates and lending interest rates dropped to 14.25 percent and 18.25 percent, respectively. These developments came after interest rate cuts made on 11 January and 9 March 2005 by 1 point each and on 11 April, 10 May and 9 June by 0.5 point each. On the other hand, the interest rates remained the same in July and August.

50. The Federal Reserve raised its intended federal funds rates on 2 February, 22 March, 3 May, 30 June and 9 August by 0.25 point each time. While the European Central Bank has not changed its interest rates since the beginning of 2005, the Bank of England cut its borrowing interest rate by 0.25 point on August 4, 2005.

Interest rates

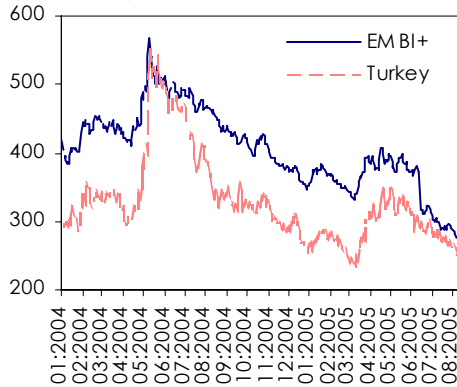
(monthly average, percent)



Source: IMF, www.euribor.org, CMT.

Spreads

(basis point)



Source: JPMorgan.

51. As a result of the positive outlook of the Turkish economy, the Treasury had the opportunity to borrow from foreign markets at low costs and issued bonds amounting to USD 5.8 billion in 2004. Due to the continuation of the favorable outlook in 2005, the Treasury issued eurobonds amounting to 650 million euro in July and USD-denominated bonds amounting to USD 5.3 billion in 2005 starting from July 2005. The maturity of the issuance in July is seven years, being the lowest-cost bond issue realized in terms of euro and the USD until today.

Other Investments

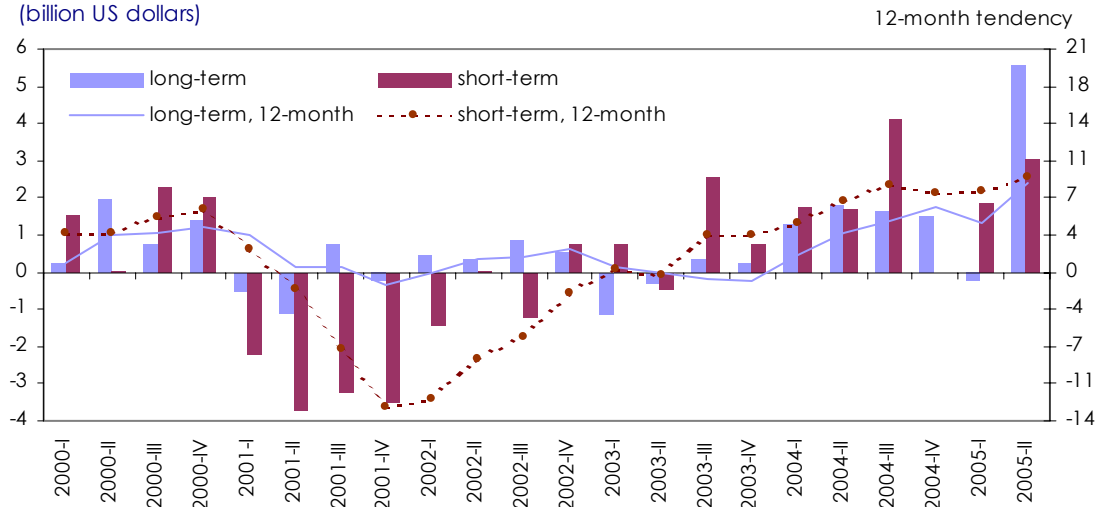
52. In the first six months of the year, there was a capital inflow of net USD 7.5 billion, recorded under the other investments item. The main source of this inflow was the net USD 5.9

billion of long-term foreign credits utilized by the private sector and banks located in Turkey. Moreover, during this period, net USD 2 billion of timed import-originated short-term trade credits was utilized, while net USD 1.2 billion worth of repayment was made in trade credits extended for timed exports. Again, in the same period, short-term credits utilized by the private sector and banks became net USD 0.8 billion.

53. The share of long-term credits, which increased in overall financing in 2004, fell in the first quarter of 2005 and increased again in the second quarter. Hence, in the first half of the year, banks utilized to net USD 3.2 billion of long-term credits, while other sectors, chiefly the private sector, used net USD 2.6 billion of long-term credits. Meanwhile, banks reduced their short-term credits during this period and used short-term credits amounting to net USD 0.9 billion. The private sector was a net payer of short-term credits and generally used trade credits in its financing.

Long and Short-term capital

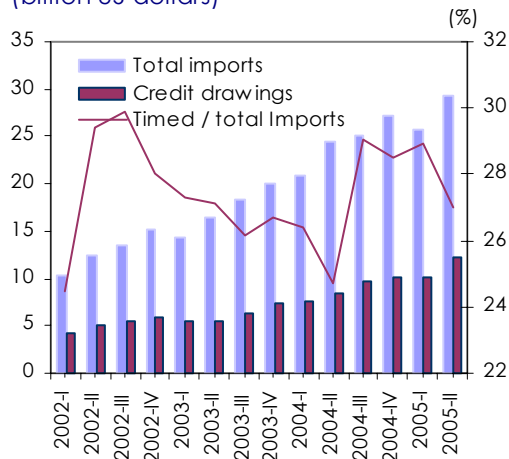
(billion US dollars)



Note: Excluding direct and portfolio investment, IMF loans and banks' FX assets.

Trade credit drawings and imports

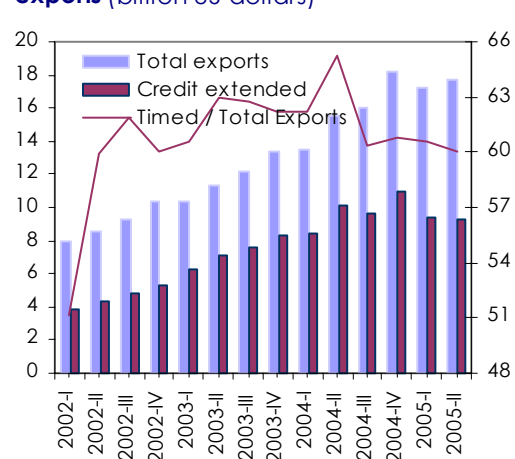
(billion US dollars)



Source: CBT, SIS.

Trade credits extended abroad & exports

(billion US dollars)



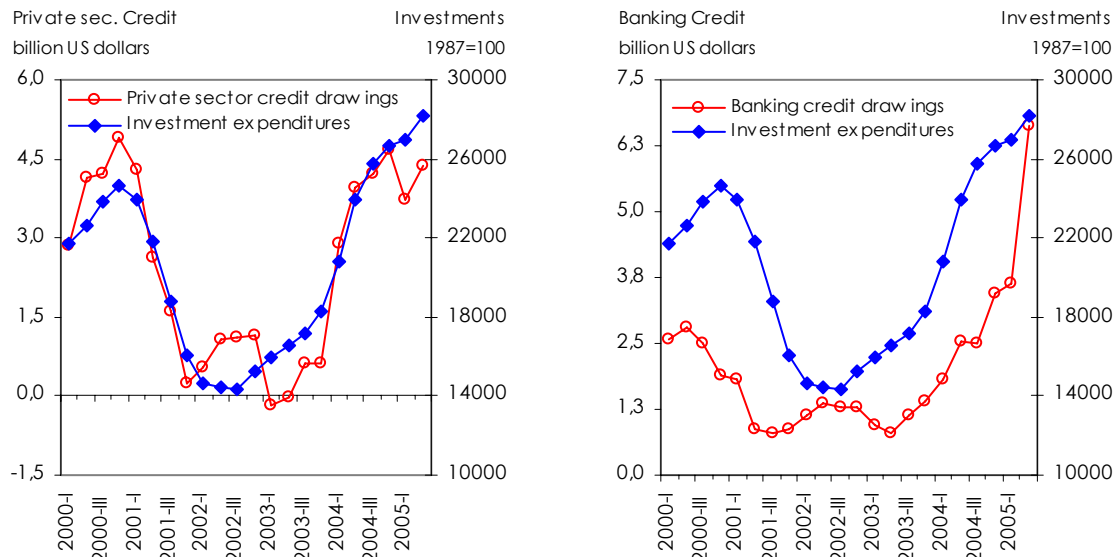
Source: CBT, SIS.

54. Despite the slowdown observed in the growth of imports in 2005, there was an increase in timed imports and trade credits. While imports grew by 21.3 percent in the first half of 2005, trade credit utilization rose by 40 percent. The growth in trade credits extended abroad and timed exports were slower compared to overall exports. In the first half of 2005, total exports and trade credits extended abroad increased by 20.5 percent and 0.4 percent, respectively.

55. Long-term credit utilization displayed a high-rated increase in line with the increases in the GDP by 9 percent and private sector investment expenditures by 45.5 percent in 2004.

Data issued by the SIS indicates that the GDP and private sector investment expenditures grew by 4.8 percent in the first quarter of 2005 compared to the same period of the previous year. The decline in both net long-term credits utilized by both the private sector and the banking sector in the first quarter of 2005 confirms the slowdown in investment expenditures. Meanwhile, both long-term credit utilization and investment expenditures increased in the second quarter of the year.

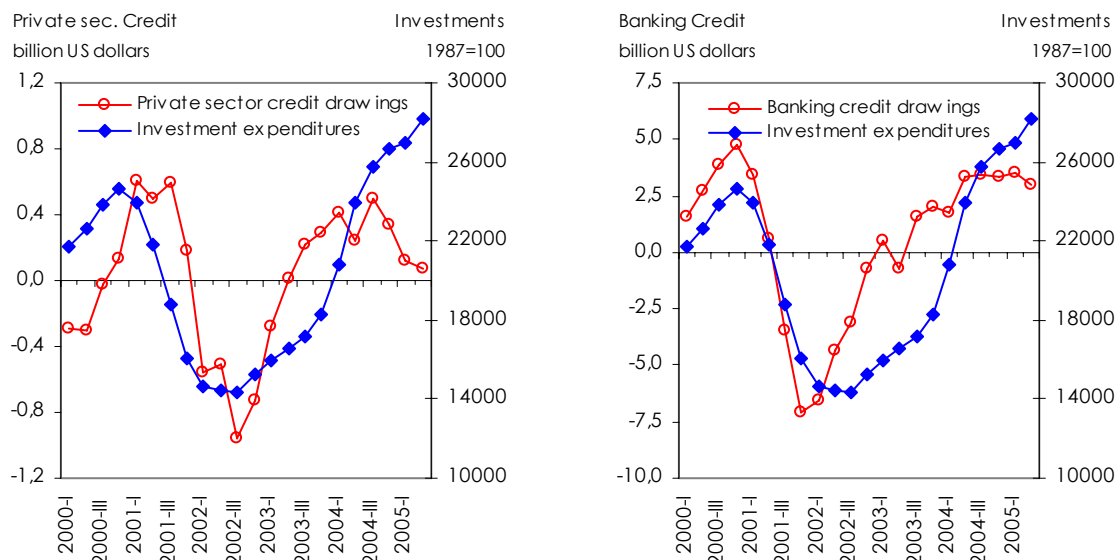
Long-term net credit use and private sector investment expenditures (12-month cumulative)



Source: CBT, SIS.

56. In the first half of 2005, short-term credit utilization dropped by 28.3 percent, while other sectors became net payers of short-term credits.

Short-term net credit use and private sector investment expenditures (12-month cumulative)



Source: CBT, SIS.

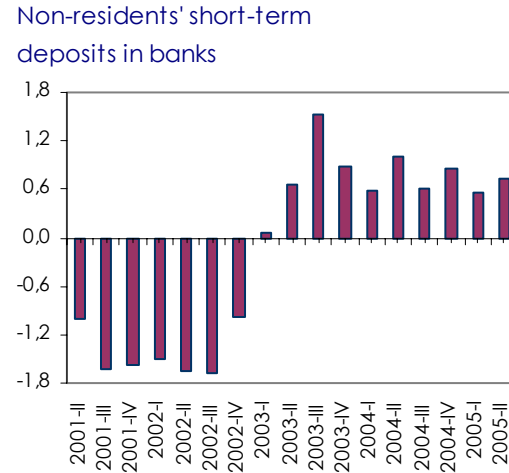
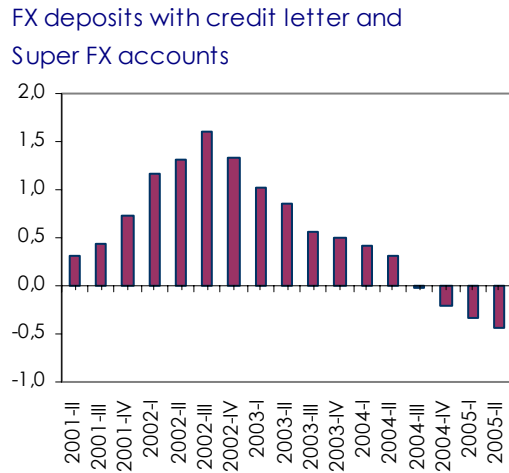
57. The Central Bank continued to repay IMF credits, which were extended in and before 2001. In the January-June period of 2005, the Central Bank repaid an amount of USD 2 billion. Meanwhile, the Treasury utilized USD 833 million worth of IMF credits and repaid IMF credits totaling USD 1.4 billion.

58. The outflow from long-term foreign currency deposit accounts with credit letters and super FX accounts opened at the Central Bank by Turkish workers abroad has continued since April 2003. Outflows from short-term accounts, which started in the last quarter of 2004

persisted in the first quarter of 2005 as well. Accordingly, in the January-June period of 2005, deposits fell by net USD 304 million. The gradual interest rate cuts in both foreign currency deposit accounts with letters of credit and super FX accounts are considered to be influential in these outflows. Hence, while interest rates of the euro-denominated super FX accounts with 1, 2 and 3-year maturities were 8, 9 and 10 percent, respectively, the said rates were reduced to 3, 3.5 and 4 percent, respectively, as of 20 June 2005.

59. Foreign exchange deposits of non-residents in domestic banks displayed an outflow of net USD 251 million in the last quarter of 2004 and in the first quarter of 2005. In the second quarter of 2005, there was an inflow of net USD 876 million in the said deposits.

Deposits belonging to non-residents (12-month, million US dollars)



Source: CBT.

60. Total external debt stock became USD 161.8 billion by the end of the first half of 2005. Medium and long-term external debt fell by 1.2 percent compared to end-2004, whereas short-term external debt stock rose by 4.9 percent. The increase in short-term debt stock stemmed from the increases in trade credits utilized by the private sector, short-term credits utilized by banks and deposits of banks located in banks abroad.

61. The improvement in external debt indicators throughout 2004 and in the first half of 2005 is remarkable. Despite the current account deficit, which was realized as USD 19.3 billion on an annual basis, the ratio of external debt stock to GDP declined in the first half of 2005. Similarly, the ratio of external debt stock to exports decreased in the first half of 2005.

External Debt Ratios (percent)

	2000	2001	2002	2003	2004				2005	
					Q1	Q2	Q3	Q4	Q1	Q2
External Debt Stock / GDP	59,4	78,1	70,6	60,2	55,1	53,4	53,3	53,8	51,5	49,8
External Debt Stock / Exports	426,9	362,7	361,1	307,6	287,8	270,2	260,7	256,3	239,2	234,3
Debt Service / GDP	11,0	16,9	15,6	11,5	11,4	10,7	10,5	10,1	9,7	10,3
<i>Memo:</i>										
External Debt Stock (billion \$)	118,6	113,7	130,2	145,4	145,0	147,5	152,2	161,8	160,0	161,8
GDP (billion \$)	199,7	145,6	184,4	241,3	263,1	276,3	285,7	300,6	310,3	325,1

Source: SIS, Undersecretariat of Treasury.

VI. APPENDIX

CURRENT ACCOUNT (USD million)

	Current Account										
	Net	Foreign Trade			Services		Income		Transfers		
	Net	Exports (FOB)	Shuttle Trade	Imports (CIF)	Net	Travel Revenues	Net	Interest Expenditure	Net	Workers Remittances	
(annual)											
2000	-9819	-21959	27775	2946	-54503	11368	7636	-4002	-4825	4774	4560
2001	3390	-3733	31334	3039	-41399	9130	8090	-5000	-5497	2993	2786
2002	-1522	-7283	36059	4065	-51554	7879	8479	-4554	-4417	2436	1936
2003*	-8037	-14010	47253	3953	-69340	10505	13203	-5559	-4586	1027	729
2004	-15543	-23924	63121	3880	-97540	12773	15888	-5519	-4349	1127	804
(quarterly)											
2003 II	-2643	-3223	11318	954	-16470	1662	2259	-1281	-1106	199	151
III	1079	-4082	12180	1082	-18448	6241	7032	-1378	-1134	298	235
IV	-3459	-4312	13389	1160	-20054	1919	2711	-1336	-1175	270	205
2004 I	-5377	-5059	13500	877	-20921	942	1713	-1486	-941	226	193
II	-4523	-6017	15519	1043	-24391	2571	3270	-1373	-992	296	181
III	-650	-6429	15968	973	-25098	6734	7662	-1303	-1170	348	237
IV	-4993	-6419	18134	987	-27130	2526	3243	-1357	-1246	257	193
2005 I	-6315	-6235	17239	713	-25731	1202	1995	-1529	-1082	247	181
II	-7376	-8829	17734	942	-29249	2732	3760	-1656	-1260	377	171
(monthly)											
2004 Jul	-749	-2183	5629	247	-8728	1750	2155	-443	-264	127	70
Aug	18	-2269	4694	369	-7883	2758	3024	-578	-577	107	83
Sep	81	-1977	5645	357	-8487	2226	2483	-282	-329	114	84
Oct	-176	-1386	5863	360	-8088	1475	1729	-334	-310	69	58
Nov	-1921	-2018	5732	311	-8568	578	856	-567	-555	86	71
Dec	-2896	-3015	6539	316	-10474	473	658	-456	-381	102	64
2005 Jan	-1522	-1578	4997	206	-7213	453	690	-486	-277	89	60
Feb	-2334	-1936	5651	236	-8323	199	548	-667	-496	70	58
Mar	-2459	-2721	6591	271	-10195	550	757	-376	-309	88	63
Apr	-2537	-2565	6123	329	-9594	547	860	-596	-320	77	59
May	-2490	-3097	5819	308	-9807	1024	1400	-624	-589	207	58
Jun	-2349	-3167	5792	305	-9848	1161	1500	-436	-351	93	54
(12-month)											
2004 Jul	-12682	-20271	55981	4135	-86275	11985	15070	-5512	-4244	1116	812
Aug	-13484	-21155	56846	4102	-88183	12120	15214	-5574	-4297	1125	816
Sep	-14009	-21817	58376	4053	-90464	12166	15356	-5498	-4278	1140	816
Oct	-14184	-22299	59415	3962	-91977	12456	15631	-5461	-4273	1120	797
Nov	-15586	-23709	61177	3918	-95300	12422	15720	-5435	-4328	1136	807
Dec	-15543	-23924	63121	3880	-97540	12773	15888	-5519	-4349	1127	804
2005 Jan	-16090	-24496	63499	3830	-98423	12836	15976	-5547	-4407	1117	783
Feb	-16209	-24636	65486	3786	-100607	12876	16021	-5576	-4491	1127	787
Mar	-16481	-25100	66860	3716	-102350	13033	16170	-5562	-4490	1148	792
Apr	-17310	-25745	67912	3687	-104012	13020	16257	-5733	-4547	1148	788
May	-18468	-26979	68564	3626	-105828	13033	16492	-5800	-4689	1278	782
Jun	-19334	-27912	69075	3615	-107208	13194	16660	-5845	-4758	1229	782

Source: CBT.

* Due to the change in definition, 2003 travel revenues revised upward, while workers' remittances revised downward. Since this change is not applied to previous years, travel revenues and workers remittances should not be compared.

CAPITAL and FINANCIAL ACCOUNT (USD million)

		Capital and Financial Account															
Net		Financial Account															
		Net	Foreign Direct Investment	Portfolio Investment				Net	Currency and Deposits	Other Investment							
				Net	Assets	Liabilities				Net	Trade Credits	Liabilities				Deposits	
						Equity Securities	Debt Securities					Monetary Authority	General Gov.	Banks	Other Sectors	Monetary Authority	Banks
(annual)																	
2000	12581	12581	112	1022	-593	489	1126	11801	-1690	13740	805	3348	117	4378	5025	622	-642
2001	-1719	-1719	2769	-4515	-788	-79	-3648	-2667	927	-2066	-1930	10229	-1977	-8076	438	736	-1568
2002	1373	1373	863	-593	-2096	-16	1519	7256	594	8033	2483	-6138	11834	-1028	437	1336	-988
2003	3001	3001	1254	2465	-1386	905	2946	3329	724	4315	2181	-1479	-765	1975	927	497	871
2004	12696	12696	1874	8023	-1388	1427	7984	3623	-5861	10975	4204	-4414	-267	5642	5005	-209	856
(quarterly)																	
2003 II	-1211	-1211	136	934	-521	15	1440	-1087	-801	62	313	-156	-4	-1058	648	25	264
III	-1238	-1238	457	1607	-604	562	1649	1998	-862	3047	570	-466	6	1251	777	322	517
IV	1225	1225	468	-1	-332	276	55	-1028	-1666	1055	985	-744	-212	1082	334	61	-460
2004 I	6325	6325	505	2799	140	503	2156	2807	1079	1749	969	-1110	-560	657	1541	6	255
II	2065	2065	455	1207	184	-25	1048	1464	-1230	3672	1149	-1084	118	1243	1553	-75	703
III	1480	1480	526	449	-898	226	1121	1123	-3650	4253	1355	-1093	872	1650	1285	-23	113
IV	2826	2826	388	3568	-814	723	3659	-1771	-2060	1301	731	-1127	-697	2092	626	-117	-215
2005 I	4810	4810	588	3392	-1137	1446	3083	4105	3218	-5	650	-1008	-381	481	390	-113	-36
II	2929	2929	343	2616	90	545	1981	3349	-2902	5851	1341	-945	-1189	3677	2160	-191	876

Source: CBT.

CAPITAL and FINANCIAL ACCOUNT (USD million)

		Capital and Financial Account															
Net		Financial Account															
		Net	Foreign Direct Investment	Portfolio Investment				Other Investment									
				Net	Assets	Liabilities		Net	Currency and Deposits	Trade Credits	Liabilities				Deposits		
						Equity Securities	Debt Securities				Net	Monetary Authority	General Gov.	Banks	Other Sectors	Monetary Authority	Banks
		(monthly)															
2004 Jul	1703	1703	286	-59	-180	90	31	169	-1511	1491	694	-156	477	309	501	36	-402
Aug	53	53	31	12	-317	-47	376	1235	-2232	2976	454	-481	552	1246	504	7	663
Sep	-276	-276	209	496	-401	183	714	-281	93	-214	207	-456	-157	95	280	-66	-148
Oct	258	258	241	1168	-505	37	1636	-578	-386	99	142	-155	-279	-80	277	-53	238
Nov	538	538	60	323	-253	212	364	-1224	-1553	555	-166	-493	-193	1838	45	-47	-429
Dec	2030	2030	87	2077	-56	474	1659	31	-121	647	755	-479	-225	334	304	-17	-24
2005 Jan	2296	2296	116	3024	-856	809	3071	1246	847	-351	-220	-162	-133	388	-119	-37	-70
Feb	1557	1557	314	1438	46	485	907	-780	237	-1383	-230	-497	-132	-565	225	-29	-157
Mar	957	957	158	-1070	-327	152	-895	3639	2134	1729	1100	-349	-116	658	284	-47	191
Apr	1975	1975	65	-397	-256	39	-180	1541	-666	2158	792	-159	-329	468	728	-53	693
May	1283	1283	160	1071	428	189	454	-698	-1707	789	407	-450	-722	513	526	-83	545
Jun	-329	-329	118	1942	-82	317	1707	2506	-529	2904	142	-336	-138	2696	906	-55	-362
(12-month)																	
2004 Jul	10026	10026	2035	5795	-859	1329	5325	4767	-3320	9424	4057	-3560	-21	3912	4476	242	175
Aug	10484	10484	1840	5175	-1197	1108	5264	5835	-4800	11482	4459	-3693	86	4794	4791	101	795
Sep	11095	11095	1954	4454	-906	980	4380	4366	-5467	10729	4458	-4031	218	4632	4713	-31	611
Oct	11511	11511	2075	5369	-1584	886	6067	5680	-4615	11095	4114	-3995	176	4519	4785	-127	1463
Nov	11672	11672	1913	6348	-1521	1010	6859	5487	-6272	12960	4071	-4058	194	6705	5060	-186	1015
Dec	12696	12696	1874	8023	-1388	1427	7984	3623	-5861	10975	4204	-4414	-267	5642	5005	-209	856
2005 Jan	12353	12353	1900	9386	-2139	2254	9271	3789	-5631	10089	3912	-4418	-234	5786	4492	-247	638
Feb	10936	10936	1824	10604	-1826	2375	10055	941	-6472	8458	3472	-4424	-258	4934	4390	-286	456
Mar	11181	11181	1957	8616	-2665	2370	8911	4921	-3722	9221	3885	-4312	-88	5466	3854	-328	565
Apr	12538	12538	1993	8374	-3194	2505	9063	4316	-4504	8964	4219	-4277	-1081	5407	3907	-361	963
May	12452	12452	2017	9219	-2822	2754	9287	3719	-5611	9010	4303	-4294	-1581	5521	3908	-408	1343
Jun	12045	12045	1845	10025	-2759	2940	9844	6806	-5394	11400	4077	-4173	-1395	7900	4461	-444	738

Source: CBT.