TÜRKİYE CUMHURİYET MERKEZ BANKASI

Balance of Payments and International Investment Position Report

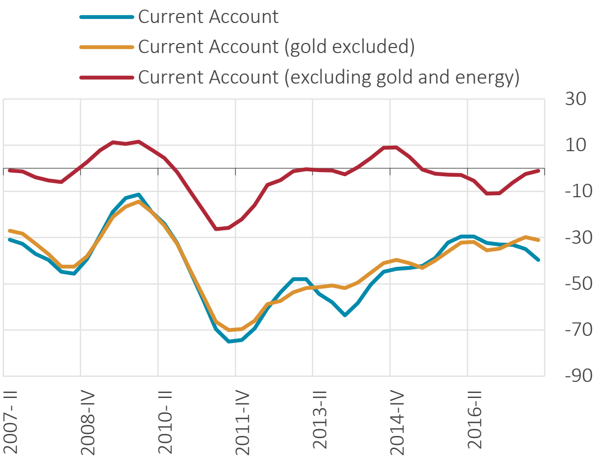
2017-III

Contents

1. Current Account

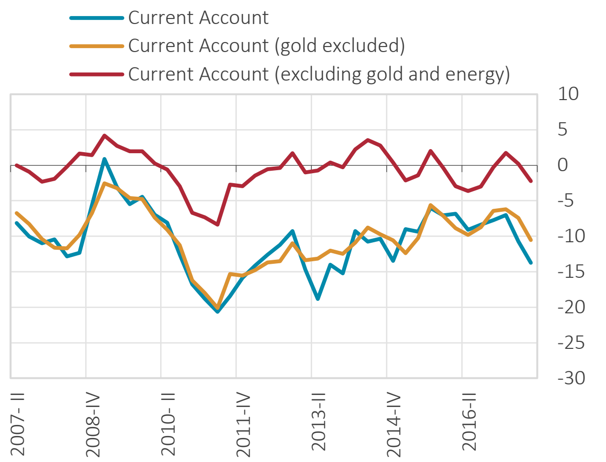
In the first nine months of 2017, the annualized current account deficit displayed a gradual deterioration compared to end-2016 and was realized as USD 39.7 billion. The current account balance indicators excluding gold and excluding gold and energy, which are deemed as core indicators, improved in the first three quarters compared to end-2016 (Chart 1). In 2017Q3, the current account balance excluding gold and energy came down to the lowest level since 2015. The deterioration in all indicators of the current account balance, in seasonally adjusted terms, continued in 2017Q3 as well (Chart 2).

Chart 1: Current Account Balance (Annualized, billion USD)



Source: CBRT

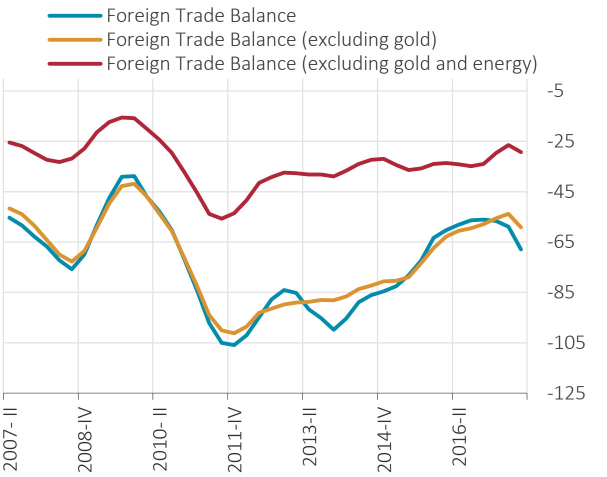
Chart 2: Current Account Balance (Seasonally Adjusted, billion USD)



Source: CBRT

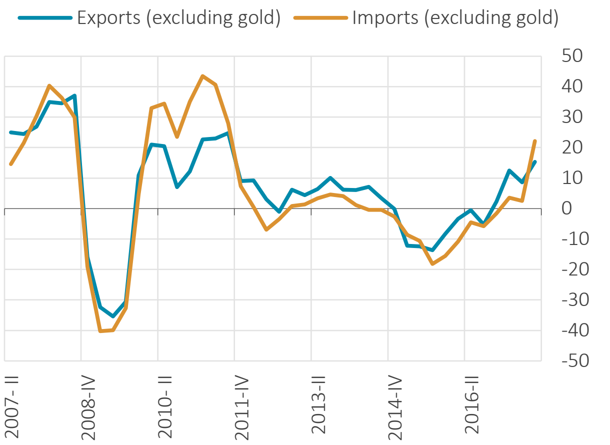
The foreign trade balance, which is the key determinant of the current account balance, deteriorated in this quarter (Chart 3). Despite the favorable export trend, this deterioration was mainly driven by the rapid rise in imports on the back of strong demand and rise in energy prices. In recent years, exports grew at a higher rate than imports contributing to the decline in the foreign trade deficit, however, in 2017Q3, growth of imports exceeded the growth of exports (Chart 4).

Chart 3: Foreign Trade Balance (Quarterly, billion USD)



Source: TURKSTAT

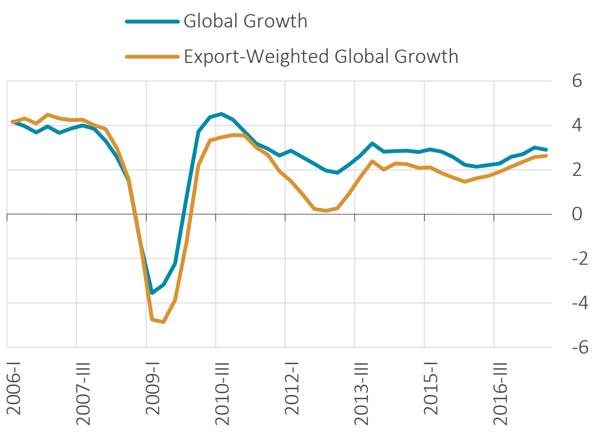
Chart 4: Nominal Exports and Imports (Nominal, excluding gold, annual % change)



Source: TURKSTAT

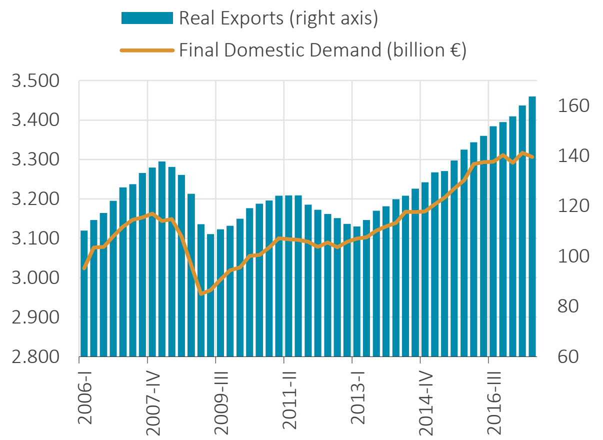
The robust foreign demand continued to support the favorable trend in exports. The export-weighted global growth rate, which is an indicator of market growth In Turkey's export partners, displayed a stronger growth trend than the global growth rate (Chart 5). The ongoing recovery in the European Union, which is Turkey's biggest export partner and receives half of Turkey's total exports, underpins Turkey's sales abroad (Chart 6). Moreover, the ongoing normalization in the relations with peripheral countries made a positive contribution to the rapid increase in exports.

Chart 5: Foreign Demand Index for Turkey (Annual % change)



Source: CBRT

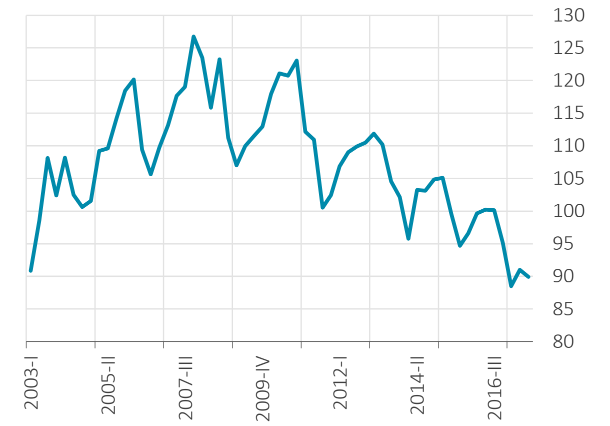
Chart 6: EU-28 Final Domestic Demand and Turkey's Exports (Quarterly, seasonally adjusted)



Source: Eurostat

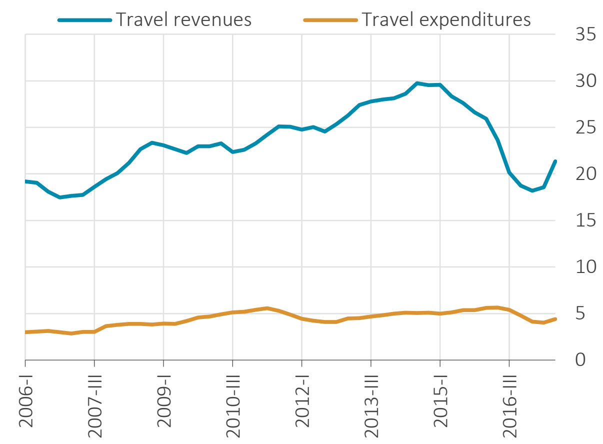
In 2017Q3, the depreciation in Turkish lira continued on an annual basis and the CPI-based real exchange rate index decreased to 90 (Chart 7). However, imports excluding gold increased by 14.6 percent due to the strong domestic demand and low base effect. In the same quarter, import prices excluding gold rose by 6.6 percent. Similar to the previous quarter, imports of gold grew rapidly and were recorded at USD 5.2 billion. Consequently, annual growth in imports was 30.1 percent.

Chart 7: Real Effective Exchange Rate (CPI-Based, 2003=100)



Source: CBRT

Chart 8: Travel Revenues and Expenditures (12-month, billion USD)



Source: CBRT

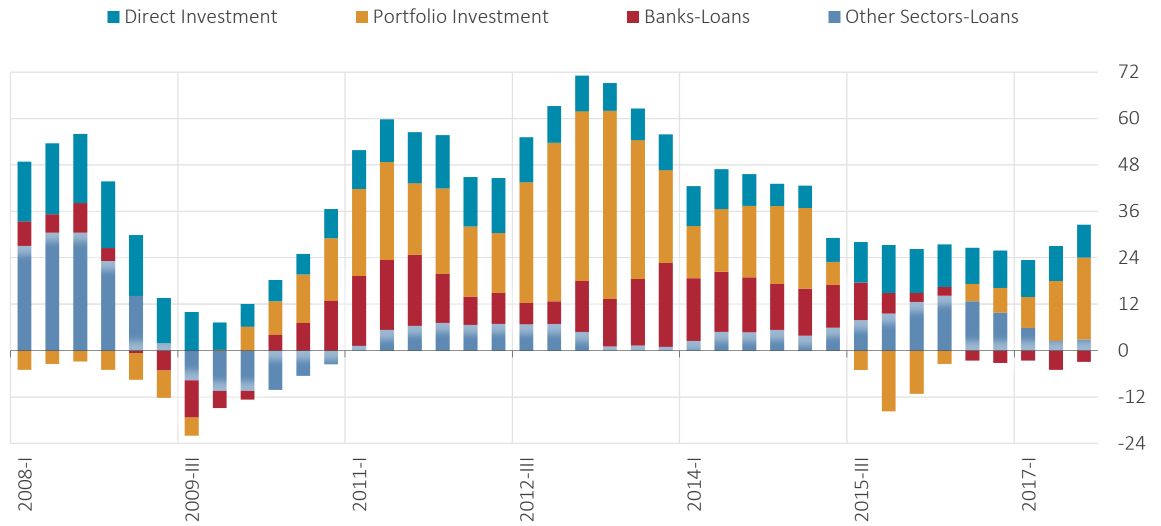
Travel revenues, which declined significantly in 2016, started to recover in 2017Q2 and further accelerated in 2017Q3 (Chart 8). The rise in the number of tourists coming from peripheral countries, Russia in particular, played an important role in this recovery. Travel revenues, which increased by 39.7 percent year-on-year, made a downward contribution to the current account deficit.

2. Financial Account

The developments in the balance of payments financial account were driven by the favorable outlook in the global economy, easing uncertainties in monetary policies of advanced economies and in the USA in particular, and finally the increase in risk appetite towards emerging markets. Meanwhile, the stability in TL against other currencies coupled with the recovery in economic growth that became more evident in this quarter were Turkey-specific factors that positively affected portfolio and other investment inflows.

A breakdown of the balance of payments financial account by main headings reveals that the direct investment inflows, which had been flat at low levels for some time, maintained this trend. On the other hand, as a reflection of capital flows to emerging markets, portfolio investment inflows via the liabilities item have been increasing. The downtrend in other investment inflows persists due to the decline in banking sector-driven loan inflows.

Chart 9: Financial Account and Sub-Items (Liabilities) (Annualized, billion USD)



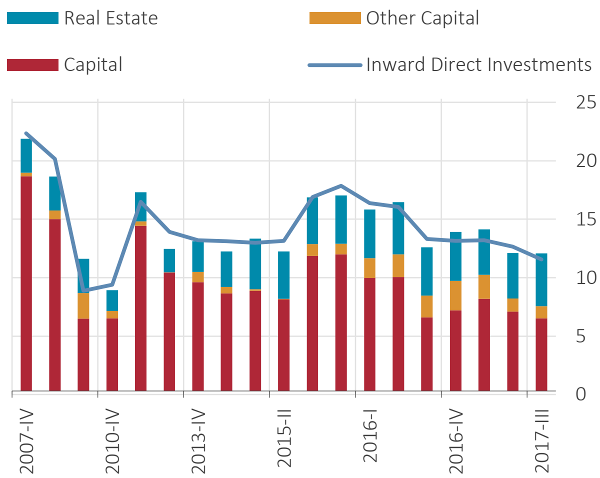
Source: CBRT

2.1 Direct Investment

Non-residents' direct investments in Turkey are mainly composed of capital investments and real estate investments. Inward direct capital investments, which had been low and flat for some time, maintained this trend in the third quarter as well. The negative impact of geopolitical developments on the risk perception towards the region was the main reason for the low-level, flat trend in direct investment inflows in this period.

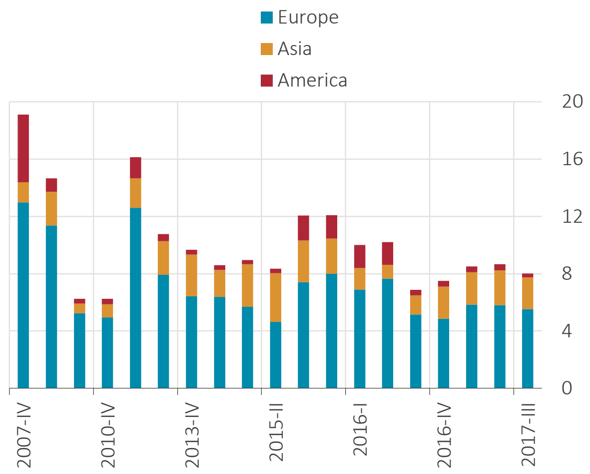
In the third quarter of 2017, Europe was again the region making the highest amount of investment in Turkey, with the services sector attracting the majority of investments (Box 1). Meanwhile, real estate investments, which constitute another key component of inward direct investments, have posted a rapid increase since 2013 on the back of the amendment made in 2012 to the law facilitating acquisition of real estate by foreigners in Turkey, followed soon by the issue of the communiqué drawing up the application guidelines of this law. In the third quarter of 2017, real estate investments posted a year-on-year increase and stood at USD 1.3 billion.

Chart 10. Inward Direct Investments (Annualized, billion USD)



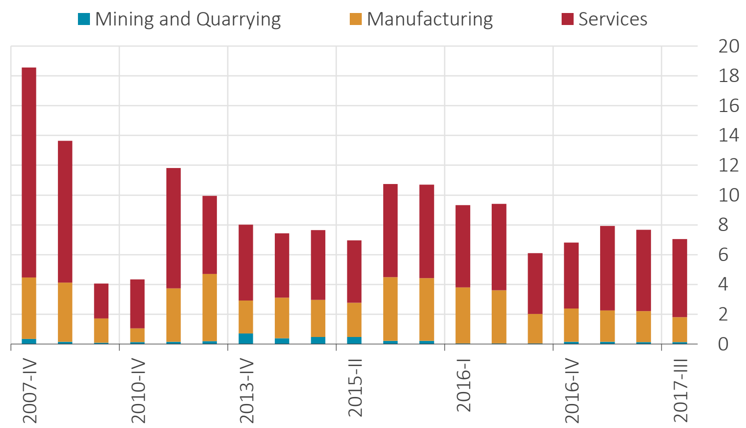
Source: CBRT

Chart 11. Geographical Distribution (Annualized, billion USD)



Source: CBRT

Chart 12. Sectoral Distribution (Annualized, billion USD)

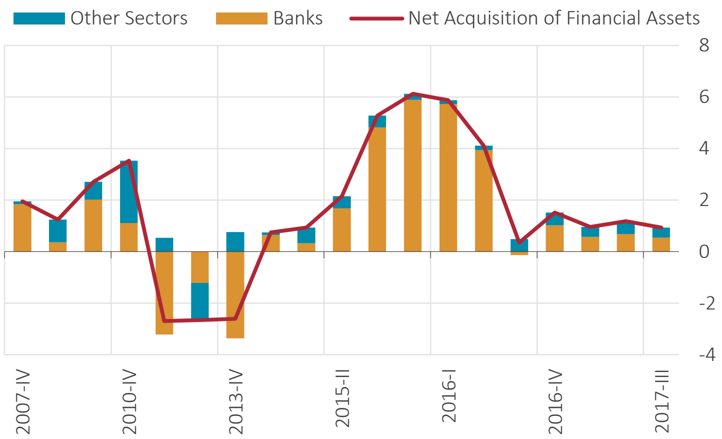


Source: CBRT

2.2 Portfolio Investment

The main trend of portfolio investments is determined by non-residents' investments in Turkey. Portfolio investments are composed of the sum of residents' investments abroad (portfolio investment net acquisition of financial assets) and non-residents' investments in Turkey (portfolio investment net incurrence of liabilities). Residents' portfolio investments abroad, composed of the sum of banks and other sectors, dropped in the third quarter as banks reduced their portfolios abroad as a result of their liquidity decisions.

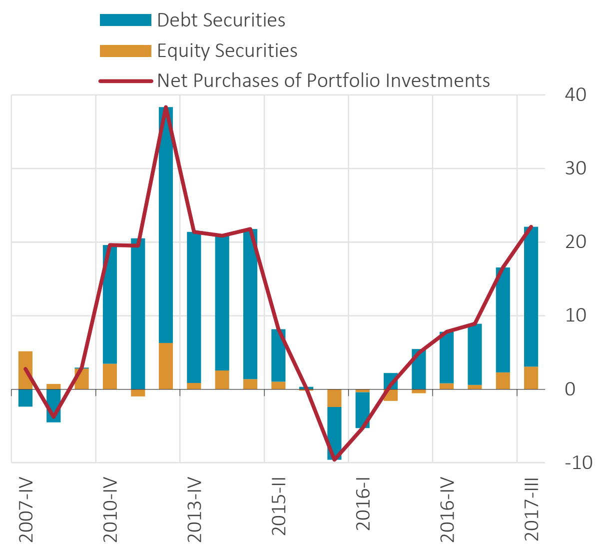
Chart 13. Portfolio Investment- Net Acquisition of Assets (Annualized, billion USD)



Source: CBRT

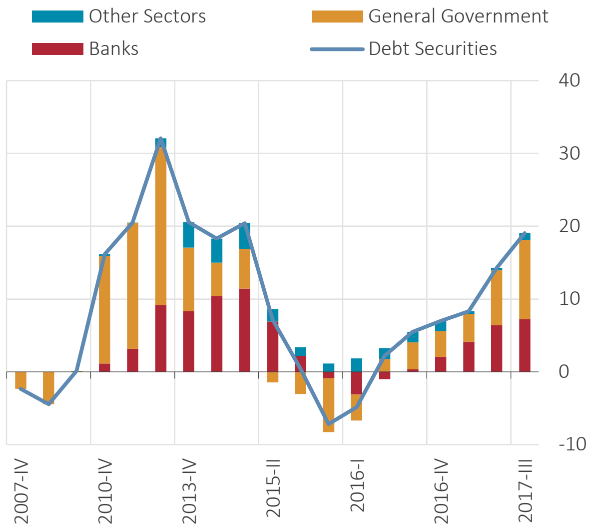
In this quarter, emerging economies continued to receive portfolio inflows thanks to the strong global risk appetite. Meanwhile, the stability in the TL against other currencies and the outlook of domestic growth expectations led to a positive divergence in Turkey's portfolio inflows. An analysis by instruments suggests that, except for the Treasury's Eurobonds, all items posted inflows led by the debt securities issued by the general government in Turkey and the debt securities issued by the banking sector in foreign markets. Meanwhile, equity securities also registered inflows in this quarter.

Chart 14. Non-Residents' Net Acquisition of Portfolio in Turkey (Annualized, billion USD)



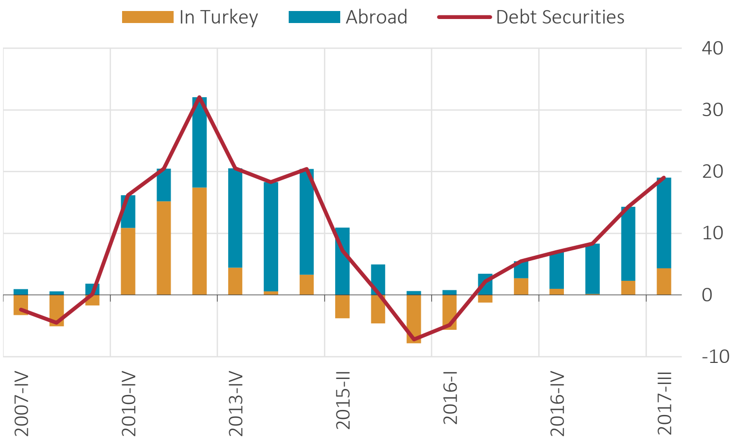
Source: CBRT

Chart 15. Sectoral Distribution of Debt Security Net Issues (Annualized, billion USD)



Source: CBRT

Chart 16. Domestic and International Distribution of Debt Security Net Issues (Annualized, billion USD)

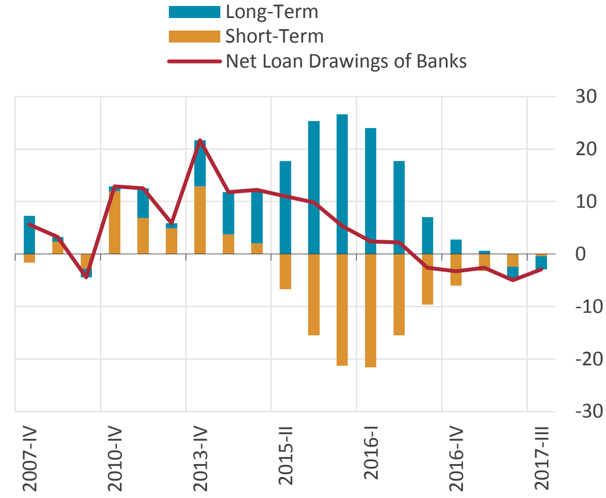


Source: CBRT

2.3 Other Investment - Loans

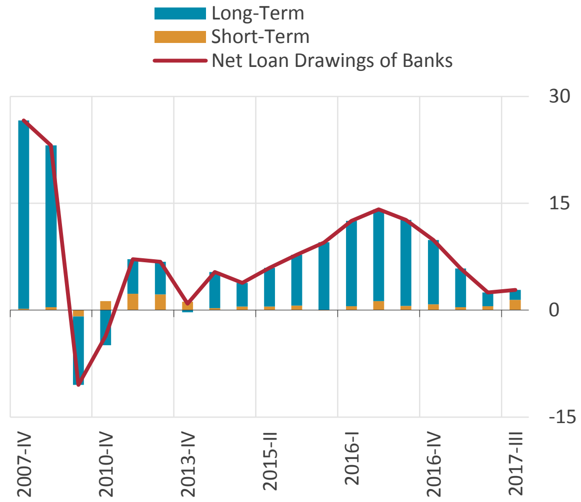
As for other investment inflows, FX loan utilization decreased in this period due to the fact that banks turned towards fund inflows through securities issues abroad. In the third quarter of 2017, banks were net payers of USD 792 million. Meanwhile, other sectors were net debtors of USD 1.5 billion worth of predominantly short-term loans.

Chart 17. Banks' Net Borrowings (Annualized, billion USD)



Source: CBRT

Chart 18. Other Sectors' Net Borrowings (Annualized, billion USD)

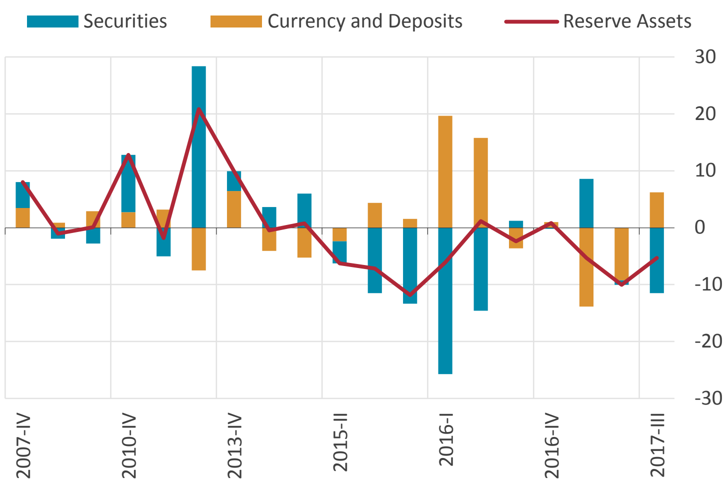


Source: CBRT

2.4 Reserves

Central Bank reserves increased by USD 1.9 billion in the third quarter of 2017. The main driver of the rise in reserve assets was the inflows through portfolio investments.

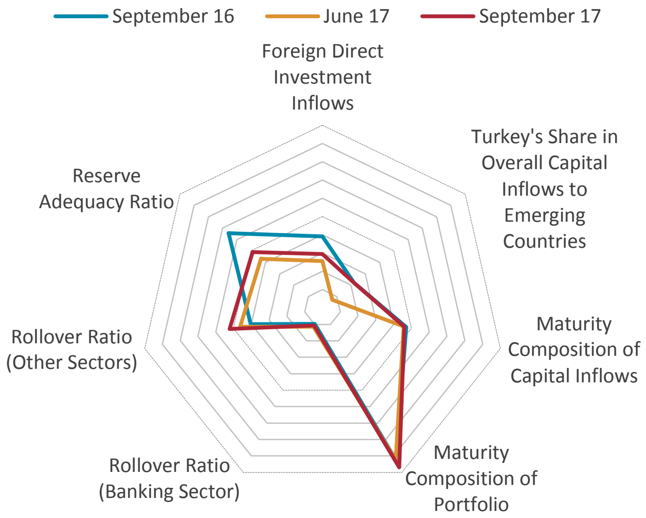
Chart 19. Reserve Assets (Annualized, billion USD)



Source: CBRT

As for the quality of financing sources, reserve adequacy ratio and direct investment inflows decreased slightly compared to the previous year while other components remained the same.

Chart 20. Current Account Deficit Financing*

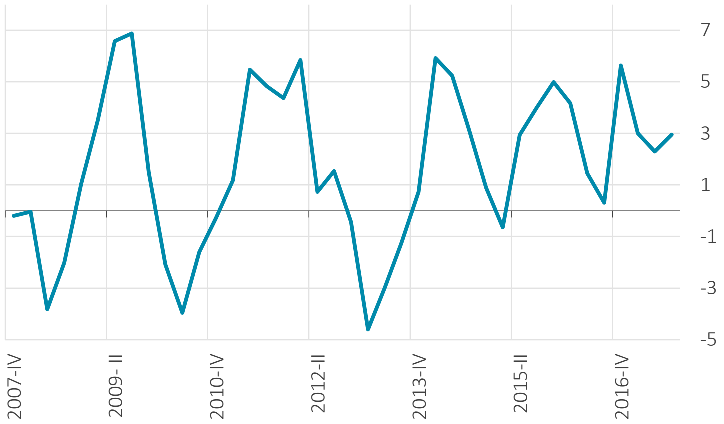


Source: CBRT

* Expansion outwards denotes improvement.

The Net Errors and Omissions (NEO) item was USD 3.5 billion in the third quarter of 2017. In annual terms, the 12-month cumulative NEO stood at USD 6.2 billion and its ratio to total FX inflows was 3.0 percent in the third quarter.

Chart 21. The Ratio of NEO to Total Foreign Exchange Inflows
(Annualized, %)



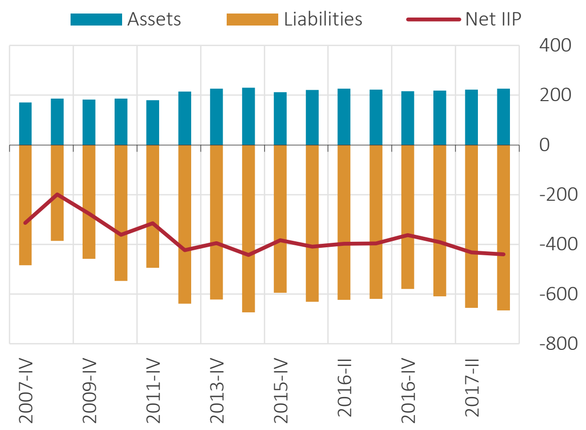
Source: CBRT

3. International Investment Position

In 2017Q3, the net International Investment Position (IIP), which is defined as the difference between Turkey's assets abroad and its liabilities to non-residents, increased on the negative side. This rise was driven by price and exchange rate movements. According to IIP data, Turkey's net liability position increased by 2 percent by the end of September 2017 compared to 2017Q2, and stood at USD 440.6 billion. In this period, external assets and external liabilities increased by 1.2 percent and 1.7 percent, respectively.

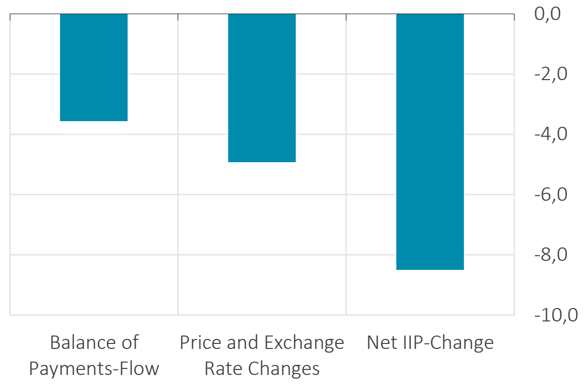
An analysis of the reconciliation calculations based on the comparison between flow transactions of the balance of payments and stock IIP data reveals that the rise in the net liability position in a negative direction was mainly driven by price and exchange rate developments. In the third quarter of the year, the BIST National 100 Index increased by 2.5 percent quarter-on-quarter, whereas the Turkish lira's depreciation against the USD by 1.9 percent was the main driver of the changes in exchange rates and prices.

Chart 22. Net IIP, Assets and Liabilities (Billion USD)



Source: CBRT

Chart 23. Balance of Payments and IIP (Billion USD)



Source: CBRT

The other sectors had the highest net liability position with USD 352 billion, followed by the banking sector with USD 208 billion. The contribution of these sectors to the sum is 102.3 percent and developments in these sectors determine the general IIP. Meanwhile, while the Central Bank conventionally has a net asset position, the general government has a net liability position.

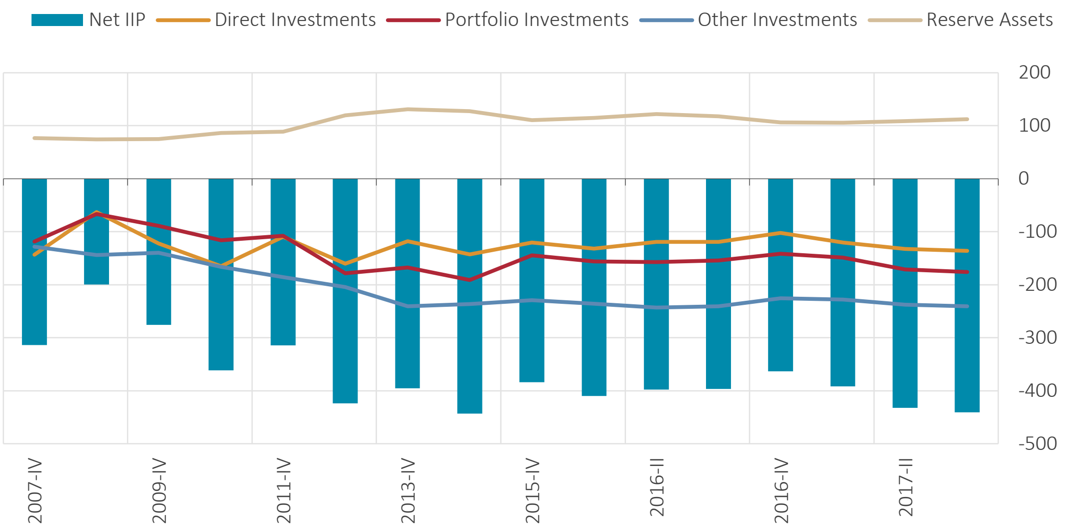
Table 1. IIP by Sectors (Billion USD)

	2017-I			2017-II			2017-III		
Sector	Assets	Liabilities	Net	Assets	Liabilities	Net	Assets	Liabilities	Net
General Government	2	-92	-90	2	-102	-100	2	-105	-103
Central Bank	108	-1	107	111	-1	110	114	-1	113
Banks	44	-200	-156	46	-209	-164	45	-208	-163
Other Sectors	64	-315	-251	66	-341	-276	65	-352	-287
Total	218	-609	-391	223	-655	-432	225	-666	-441

Source: CBRT

The developments in the net IIP in 2017Q3 mainly resulted from non-residents' purchase of GDDS and equity securities, other sectors' borrowing through bond issues abroad, and price and exchange rate changes. An analysis by investment instruments reveals that net liabilities stemming from direct investments increased by USD 4 billion quarter-on-quarter to USD 136 billion while net liabilities stemming from portfolio investments increased by USD 5 billion to USD 176 billion.

Chart 24. Contribution of Investment Instruments to Net IIP (Billion USD)



Source: CBRT

On the liabilities side of the IIP, the portfolio investment stock increased by USD 4.5 billion compared to 2017Q2, and this rise was triggered by the USD 4.8-billion increase in balance of payments flow transactions and the decrease in price and exchange rate changes. The increase in the balance of payments flow transactions was driven by purchases of debts securities particularly issued by banks at the amount of USD 3.7 billion.

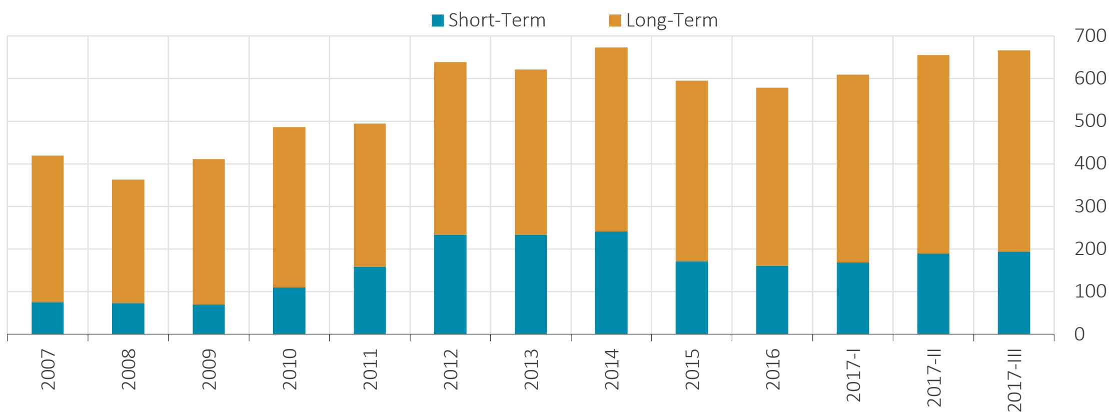
Table 2. Liabilities: Sources of Change in Portfolio Investments (Million USD)

Flow-Stock Relation	2017Q2	Balance of Payments Transactions	Price and Exchange Rate Changes	2017Q3	Changes in Amount	% Change
	(I)	(II)	(III)	(IV=I+II+III)	(IV-I)	(IV-I)
Liabilities/Portfolio Investments	172,397	4,823	-331	176,889	4,492	2.6
Equity Securities	49,101	760	-46	49,815	714	1.5
General Government/Debt Securities/GDDS	15,454	3,651	-4,440	14,665	-789	-5.1
General Government/Debt Securities/Eurobond	33,647	-500	2003	35,150	1,503	4.5
Banks/Debt Securities	123,296	362	3416	127,074	3,778	3.1
Other Sectors/Debt Securities	37,810	550	-201	38,159	349	0.9

Source: CBRT

Long-term items still have weight on the liabilities side of the IIP. Approximately 71 percent of IIP liabilities across all sectors were long-term in the third quarter of 2017. In terms of sub-sectors, 86 percent of the Central Bank's, 68 percent of the General Government's and 76 percent of other sectors' liabilities were long-term liabilities. The share of long-term maturities in the maturity structure of the banking sector's liabilities has progressively increased since 2015 in tandem with the Central Bank's decisions, and it was around 63 percent in this quarter.

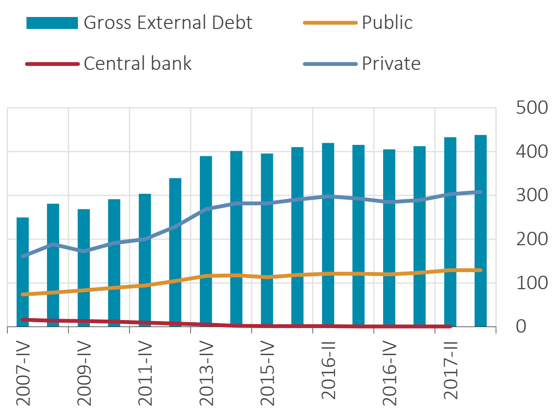
Chart 25. Total Liabilities: Maturity Distribution (Billion USD)



Source: CBRT

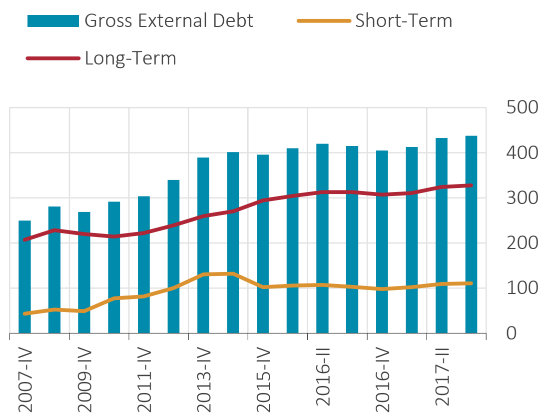
Basically, liability items of the IIP make up the main components of external debt stock. An analysis of the external debt stock data with respect to the related liability items reveals that the external debt stock slightly increased in 2017Q3 to USD 438 billion. This increase stemmed from the surge in the private sector's long-term loans in particular. By type of borrower, the private sector has the largest weight in gross external debt stock with a share of 70 percent.

Chart 26: External Debt Stock: Distribution by Borrower (Billion USD)



Source: Undersecretariat of Treasury

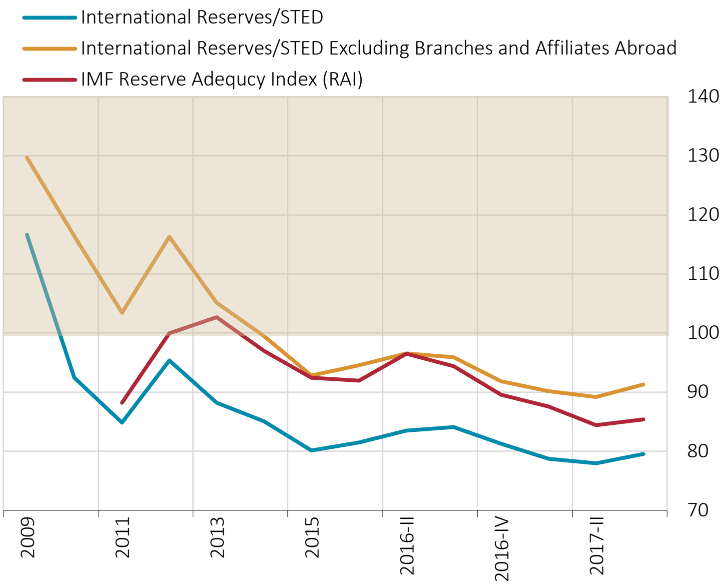
Chart 27: External Debt Stock: Distribution by Maturity (Billion USD)



Source: Undersecretariat of Treasury

In 2017Q3, the CBRT's gross international reserves rose by USD 3.2 billion quarter-on-quarter to USD 111.9 billion. Banks' foreign currency assets at their correspondents abroad that constitute another component of Turkey's international reserves dropped by USD 1.7 billion to USD 23.2 billion. Meanwhile, the short-term external debt stock on a remaining maturity basis (STED), which is calculated based on the external debt maturing within 1 year or less, decreased by 0.9 percent quarter-on-quarter to USD 170.1 billion. As a result, the ratio of total international reserves to STED, which is monitored as a reserve adequacy indicator, was recorded as 79.5 percent. This ratio becomes 91.3 percent when branches and affiliates abroad are excluded. The IMF Reserve Adequacy Ratio[1] was calculated as 85.4 percent.

Chart 28. Reserve Adequacy Indicators (%)



Source: CBRT

[1] This is an indicator defined by the IMF for emerging markets implementing a floating exchange rate regime as the ratio to the total of official reserves (30%* short-term debt stock + 15%*portfolio liabilities + 5%*broad money supply + 5%*revenues from exports of goods and services) and the IMF deems such reserves kept at around 100-150 percent as "adequate".

Box 1

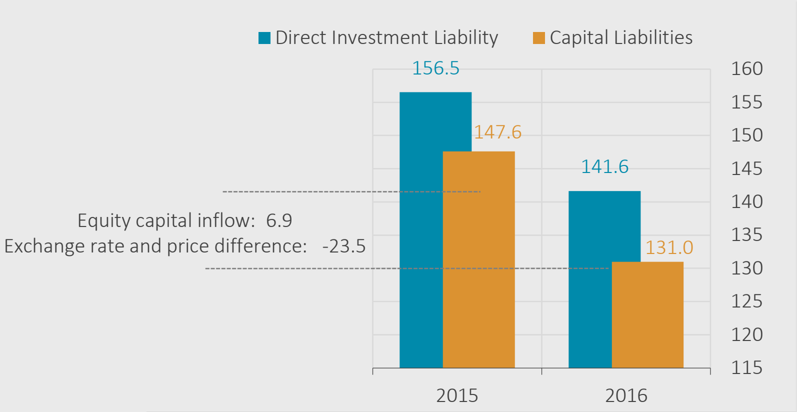
Direct Investments in Turkey: An Evaluation Based on Immediate and Ultimate Direct Investor

Direct investments, which are defined as one of the main elements of financial globalization, constitute an increasingly important capital item in the financing of the current account deficit. In addition to being a long-term financial instrument for a country, these investments are important since they encourage the use of new technologies in production instead of old ones and thus urge an increase in productivity and the opening up of companies to new external markets.

Conceptually, direct investment is defined as a cross-border investment associated with a resident investor in one country in order to have a long-term relationship with an enterprise that is resident in other country. That the direct investor holds at least 10 percent of the enterprise's equity capital or has a voice in its management is the fundamental issue in this investment frame.

The inward direct investment stock in Turkey is shown as a Direct Investment item under the Liability side of the International Investment Position (IIP). This item is composed of non-residents' equity capital investments in Turkey and other capital items. Other capital refers to investments associated with the loans extended by the non-resident enterprise to the resident enterprise covered by a direct investment relationship.

Chart 1: Direct Investment Liability-Flow Stock Relation (Billion USD)

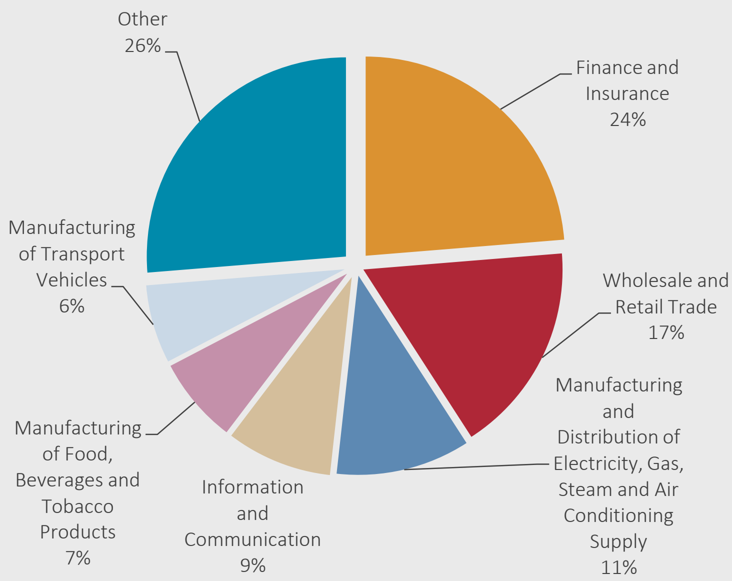


Source: CBRT

According to IIP data, the stock value of Turkey's direct investment liabilities was USD 156.5 billion at end-2015 while it is USD 141.6 billion by the end of 2016. Equity capital liabilities, having the largest share in this item, also decreased by USD 16.6 billion from USD 147.6 billion in 2015 to USD 131.0 billion in 2016. Between these two periods, there was a balance of payments-based equity capital inflow of USD 6.9 billion and a decrease of USD 23.5 billion originating from exchange rate, price, and other changes (Chart 1).

An analysis on the equity capital investments by sectors reveals that the investments particularly in finance and insurance as well information and communication sectors have increased since 2005. In addition to these sectors, manufacturing and distribution of electricity, gas, steam and air conditioning supply as well as wholesale and retail trade sectors have also become prominent since end-2016 (Chart 2).

Chart 2: Distribution of Equity Capital Investments by Sectors (2016)

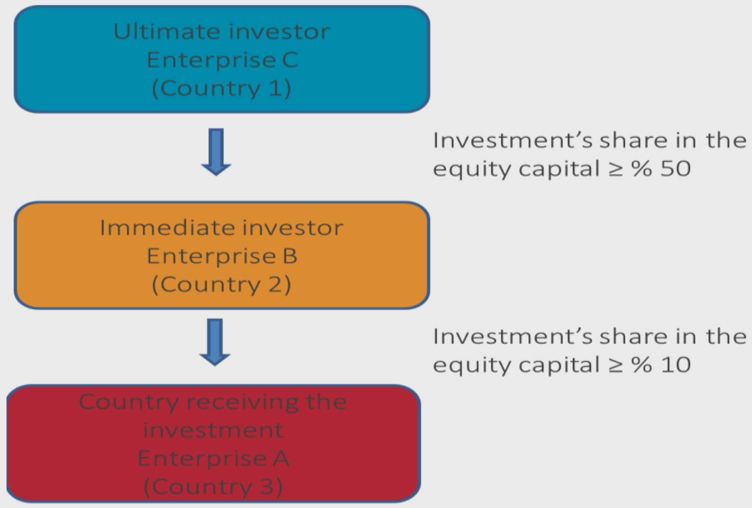


Source: CBRT

How is the geographical distribution classified?

In line with financial globalization, the increase in cross-border capital mobility has caused the emergence of complicated investment relationships between direct investors and direct investment enterprises. In this context, international institutions have defined a set of standards for a better understanding of direct investment relationships, namely the direct investment chain, and for an accurate geographical classification of direct investment statistics. The Benchmark Definition of Foreign Direct Investment, which is adopted by the OECD and sets the ground for international standards for direct investments, includes two approaches for geographical classification: the classification based on the country of "immediate investor" as the last link in the direct investment chain and the classification based on the country of "ultimate investor" at the top of that chain.

Figure 1: Direct Investment Chain



Source: CBRT

Let us simply explain the direct investment chain through an example including enterprises A, B and C as residents of three different countries (Figure 1). Assume that Enterprise C in Country 1 has a minimum share of 50 percent in the equity capital of Enterprise B in Country 2, and Enterprise B makes an investment in Enterprise A in Country 3 at an amount corresponding to minimum 10 percent of its equity capital. Consequently, according to international standards, Enterprise C at the top of the investment chain is the ultimate investor as it has a voice in the management of Enterprise B with a share of minimum 50 percent while Country 1 is the ultimate investing country. Enterprise B is defined as the immediate investor since it is the closest enterprise in the direct investment chain investing in Enterprise A while Country 2 is defined as the immediate investing country. In real life examples, direct investment chains can include far more comprehensive and complicated structures. There may be different reasons for an enterprise residing in a country to make a chain investment in an enterprise residing in another country, such as increased competition conditions due to global economic developments or the desire to benefit from some commercial and financial advantages offered by other countries.

In compliance with the international methodology, direct investment data released as a part of Balance of Payments and International Investment Position Statistics are compiled and disseminated based on the immediate investing country. Moreover, in the framework of the "Direct Investment Survey" conducted by the Central Bank of Turkey, inward equity capital investments are classified based on the ultimate investing country as well.

Table 1: Turkey's Direct Investment Stock/Equity Capital Investments, Immediate Investor and Ultimate Investor Classification for Selected Countries (Million USD)

	2015				2016			
	Immediate Investor	Ultimate Investor	Amount Change	% Change	Immediate Investor	Ultimate Investor	Amount Change	% Change
Netherlands	27,311	17,863	-9,448	-34.6	23,629	15,989	-7,640	-32.3
Germany	14,259	18,667	4,408	30.9	13,396	17,099	3,703	27.6
Luxembourg	8,928	5,147	-3,781	-42.3	7,984	4,919	-3,065	-38.4
United Kingdom	10,441	16,808	6,367	61.0	7,568	12,441	4,873	64.4
United States	5,094	6,824	1,730	34.0	4,346	5,874	1,528	35.2
United Arab Emirates	4,573	920	-3,653	-79.9	3,733	841	-2,892	-77.5
Japan	1,916	2,755	839	43.8	1,978	2,809	831	42.0
Ireland	1,824	194	-1,630	-89.4	1,732	209	-1,523	-87.9
Saudi Arabia	1,239	4,929	3,690	297.8	1,042	3,968	2,926	280.8
Greece	4,910	4,962	52	1.1	114	153	39	34.2

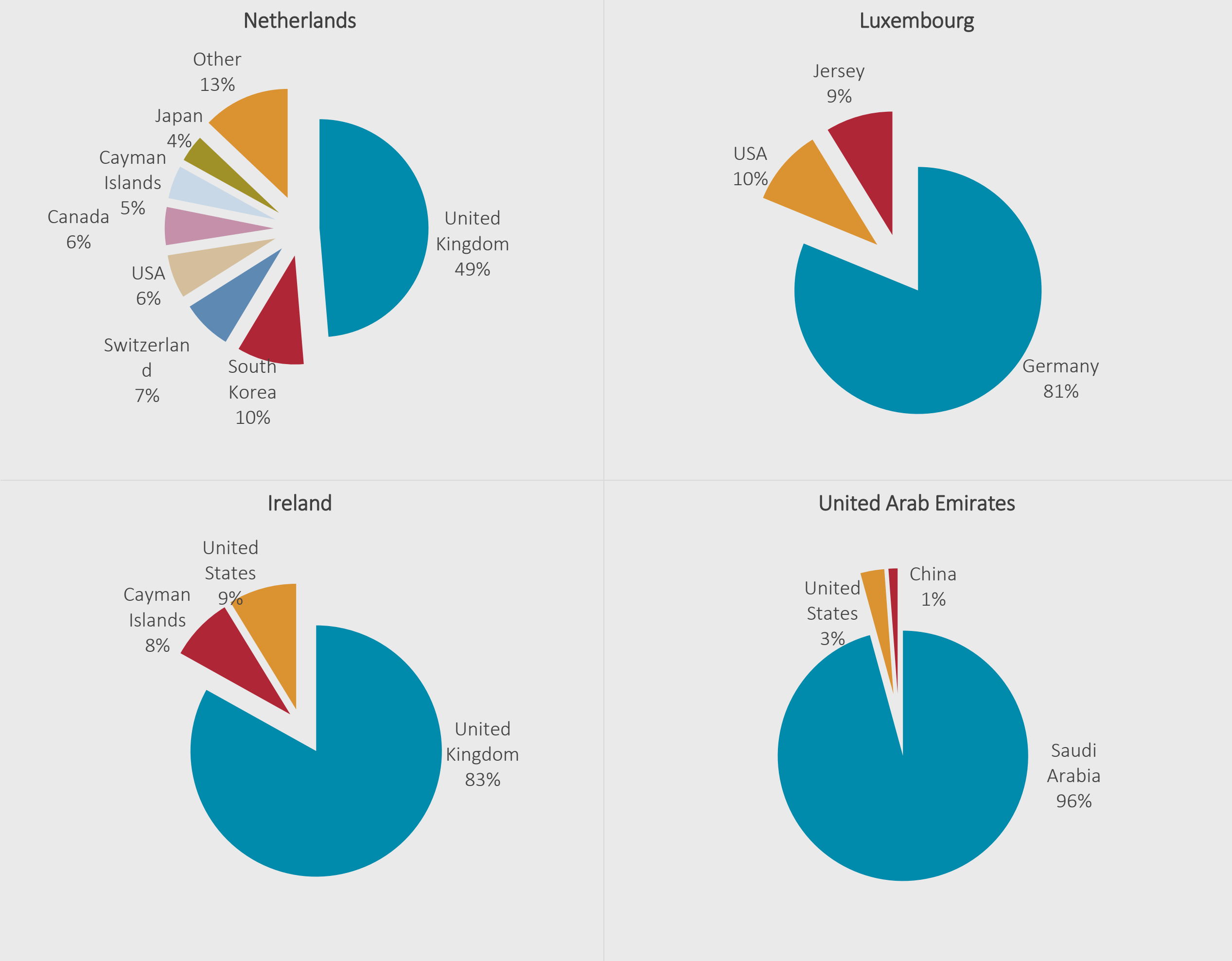
Source: CBRT

Accordingly, an analysis of the stock of equity capital investment in Turkey for the years 2015 and 2016 based on the immediate investing country reveals that the largest direct investor country is the Netherlands. This is because the Netherlands provides convenience for the establishment of companies called "Special Purpose Entities" that act as intermediaries for the arrival of direct investment in that country and its departure to another country. Due to this feature, the Netherlands is not generally an ultimate investing country but it rather acts as an intermediary for international direct investments. Likewise, there are similar companies in countries such as

Ireland, Luxembourg and the United Arab Emirates that act as intermediaries in the transfer of capital from one country to another.

Analyzing 2016 year-end stocks for these four countries, we see that the direct investments where the Netherlands is classified in the IIP as the immediate investing country decrease by 32.3 percent, approximately USD 7.6 billion, according to the ultimate investing country classification (Table 1). The ultimate investing country of 49 percent of these investments is the United Kingdom, 10 percent is South Korea and 7 percent is Switzerland (Chart 3).

Chart 3: Immediate Investor/Ultimate Investor Differentiation for Selected Countries (2016)



Source: CBRT

Similarly, an analysis of the ultimate investing country of direct investments where the immediate investing country is Luxembourg reveals that the investments made from this country decreased by 38.4 percent with Germany having an 81-percent share in this decrease.

Ireland is another country where the differentiation between immediate investor and ultimate investor is significant. The origin of approximately 88 percent of investments, where the immediate investing country is classified as Ireland, changes when the classification is based on ultimate investor. The largest share in this change belongs to the United Kingdom with 83 percent.

Another significant difference can be seen in the United Arab Emirates. The ultimate investors of 77.5 percent of investments from this country reside in other countries. Saudi Arabia has the leading share in this change with 96 percent.

To sum up, the country in the last link of the investment chain is the basis in current geographical classification of the direct investment statistics. However, from an economic point of view, classifications based on the country of ultimate investor should also be taken into account when analyzing the country breakdown of direct investment statistics. Such data is significant in terms of making sounder cross-country evaluations and policy recommendations regarding direct investments.

4. Annex Tables

Balance of Payments (billion USD)

	January-September			September (Annualized)		
	2016	2017	% change	2016	2017	% change
Current Account	-24,8	-31,5	27,1	-32,3	-39,7	22,8
Goods	-30,9	-40,8	31,8	-41,6	-50,7	22,0
Exports	109,8	121,7	10,9	148,3	162,1	9,3
Exports (fob)	104,2	115,1		140,8	153,5	
Shuttle Trade	3,8	4,5		4,9	5,8	
Imports	140,7	162,5	15,5	189,9	212,8	12,1
Imports (cif)	146,3	169,0		197,1	221,3	
Adjustment: Classification	-6,6	-8,2		-9,0	-10,5	
Services	12,0	15,6	30,1	16,7	19,0	13,8
Travel (net)	10,7	13,7		14,8	17,0	
Credit	14,7	17,3		20,2	21,4	
Debit	4,0	3,6		5,4	4,4	
Other Services (net)	1,3	1,9		1,9	2,0	
Primary Income	-6,9	-7,9	14,3	-9,1	-10,2	12,0
Compensation of Employees	-0,5	-0,7		-0,6	-0,9	
Direct Investment (net)	-2,3	-2,2		-2,9	-2,8	
Portfolio Investment (net)	-1,6	-2,4		-2,0	-2,9	
Other Investment (net)	-2,6	-2,6		-3,6	-3,5	
Interest Income	1,5	1,7		2,0	2,4	
Interest Expenditure	4,1	4,4		5,5	5,9	
Secondary Income	1,1	1,6	45,7	1,6	2,2	34,3
Workers Remittances	0,4	0,3		0,6	0,5	
Capital Account	0,0	0,0		0,0	0,0	
Financial Account	-21,1	-32,5	54,3	-31,7	-33,5	5,4
Direct Investment (net)	-6,8	-5,7	-17,0	-9,3	-8,5	-8,2
Net Acquisition of Financial Assets	2,3	1,8		3,7	2,7	
Net Incurrence of Liabilities	9,1	7,5		13,0	11,3	
Portfolio Investment (net)	-8,8	-23,7	168,6	-4,6	-21,2	361,3
Net Acquisition of Financial Assets	-0,5	-1,1		0,4	0,9	
Net Incurrence of Liabilities	8,3	22,5		4,9	22,1	
Equity Securities	0,7	3,0		-0,5	3,0	
Debt Securities	7,5	19,6		5,5	19,0	
GDDS	4,3	7,5		2,5	4,1	
Eurobond Issues of Treasury	1,2	5,3		1,2	6,8	
Borrowing	4,0	9,1		4,0	10,6	
Repayment	2,8	3,8		2,8	3,8	
Banks (net)	1,1	6,3		0,3	7,2	
Other Sectors (net)	0,9	0,5		1,4	1,0	
Other Investment (net)	-11,1	-2,7	-75,4	-15,4	1,5	-109,9
Currency and Deposits	-3,1	-0,8		-3,2	4,1	
Net Acquisition of Financial Assets	0,8	0,8		2,0	5,4	
Banks	2,1	1,6		3,4	6,5	
Foreign Exchange	1,7	-0,9		1,4	2,6	
Turkish Lira	0,4	2,5		2,0	3,9	
Other Sectors	-1,3	-0,8		-1,3	-1,1	
Net Incurrence of Liabilities	3,9	1,6		5,2	1,3	
Central Bank	-0,4	-0,2		-0,6	-0,3	
Banks	4,3	1,8		5,8	1,6	
Loans	-5,4	1,6		-7,9	1,7	
Net Acquisition of Financial Assets	0,3	0,6		0,7	0,5	
Net Incurrence of Liabilities	5,8	-1,0		8,6	-1,2	
Banks	-2,5	-2,1		-2,6	-2,9	
Short-term	-4,9	0,7		-9,7	-0,4	
Long-term	2,3	-2,9		7,0	-2,5	
General Government	-0,8	-1,0		-1,4	-1,1	
Long-term	-0,8	-1,0		-1,4	-1,1	
Other sectors	9,1	2,1		12,7	2,9	
Short-term	1,1	1,8		0,6	1,5	
Long-term	8,0	0,4		12,1	1,4	
Trade Credit and Advances	-2,5	-3,5		-4,3	-4,3	
Net Acquisition of Financial Assets	-1,4	1,5		-1,5	3,2	
Net Incurrence of Liabilities	1,1	5,0		2,8	7,5	
Other Assets and Liabilities	0,0	0,0		0,0	0,1	
Change in Official Reserves	5,6	-0,5		-2,4	-5,3	
Net Errors and Omissions	3,7	-1,1		0,6	6,2	

Source: CBRT

International Investment Position (billion USD)

	2015	2016-I	2016-II	2016-III	2016-IV	2017-I	2017-II	2017-III	17 III/17 II % Change
Net IIP	**-383,7**	**-409,5**	**-397,4**	**-396,6**	**-363,1**	**-391,4**	**-432,1**	**-440,6**	**2,0**
Assets	**211,4**	**221,0**	**226,2**	**222,1**	**215,5**	**217,8**	**222,8**	**225,5**	**1,2**
Direct Investment	36,2	37,0	37,9	38,5	39,5	40,3	41,2	41,3	0,3
Equity capital	27,7	28,5	29,3	29,9	31,0	31,8	32,6	32,8	0,6
Other capital	8,6	8,5	8,6	8,6	8,5	8,5	8,6	8,5	-0,9
Portfolio Investment	1,6	1,4	1,4	1,5	1,3	1,4	1,3	1,1	-15,4
Equity securities	0,6	0,6	0,5	0,5	0,5	0,5	0,5	0,4	-24,1
Debt securities	1,0	0,8	0,9	1,0	0,8	0,8	0,8	0,7	-9,8
Banks	0,8	0,7	0,8	0,8	0,6	0,7	0,7	0,6	-12,7
Other Sectors	0,1	0,1	0,1	0,1	0,1	0,2	0,1	0,1	7,9
Other Investment	63,1	68,0	65,1	64,2	68,5	70,4	71,5	71,1	-0,6
Other Equity and Participation Shares	1,3	1,4	1,4	1,4	1,5	1,5	1,6	1,6	1,8
Currency and deposits	42,2	46,5	43,5	44,3	47,0	48,4	48,8	47,3	-3,2
Banks	23,3	28,0	25,3	26,6	30,0	31,0	32,3	30,8	-4,8
Foreign exchange	*17,6*	*20,9*	*19,2*	*20,6*	*23,6*	*23,2*	*25,1*	*23,3*	*-7,1*
Turkish Lira	*5,7*	*7,1*	*6,1*	*6,0*	*6,4*	*7,9*	*7,3*	*7,5*	*3,4*
Other Sectors	18,9	18,4	18,2	17,7	17,0	17,3	16,5	16,5	0,0
Loans	6,2	6,8	6,4	6,5	6,3	6,2	6,2	7,0	13,9
Central Bank	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Banks	5,1	5,7	5,6	5,7	5,7	5,6	5,8	6,6	14,8
Short-term	0,8	1,1	1,0	1,0	0,9	0,8	1,0	1,1	6,2
Long-term	4,3	4,6	4,7	4,7	4,7	4,8	4,8	5,5	16,7
General Government	1,0	1,0	0,8	0,8	0,6	0,6	0,4	0,4	-0,3
Trade credit and advances	11,8	11,8	12,2	10,4	12,2	12,7	13,4	13,7	1,6
Other Sectors	11,8	11,8	12,2	10,4	12,2	12,7	13,4	13,7	1,6
Other assets	1,5	1,5	1,5	1,5	1,5	1,5	1,5	1,5	0,1
Central Bank	1,5	1,5	1,5	1,5	1,5	1,5	1,5	1,5	0,1
Reserve Assets	110,5	114,6	121,8	117,8	106,3	105,7	108,7	111,9	3,0
Monetary gold	17,6	18,9	20,1	18,8	14,1	17,1	18,5	20,4	10,4
Special drawing rights	1,3	1,4	1,3	1,4	1,3	1,3	1,3	1,4	1,4
Reserve position in the IMF	0,2	0,2	0,2	0,2	0,2	0,2	0,2	0,2	1,3
Other reserve assets	91,4	94,2	100,2	97,5	90,8	87,1	88,7	90,0	1,4
Liabilities	**595,1**	**630,5**	**623,6**	**618,7**	**578,6**	**609,2**	**654,8**	**666,1**	**1,7**
Direct Investment	156,5	168,9	156,8	157,6	141,6	160,5	173,5	177,5	2,3
Equity capital	147,6	159,3	146,7	146,7	131,0	150,1	162,3	166,0	2,3
Other capital	8,9	9,7	10,1	10,9	10,7	10,4	11,2	11,5	3,0
Portfolio Investment	146,4	157,7	158,4	155,9	143,0	150,2	172,4	176,9	2,6
Equity securities	40,2	48,3	43,2	41,1	35,5	40,6	49,1	49,8	1,5
Banks	11,6	14,0	12,9	12,9	10,7	12,7	15,5	14,7	-5,1
Other Sectors	28,6	34,3	30,3	28,2	24,8	27,9	33,6	35,2	4,5
Debt securities	106,1	109,4	115,3	114,8	107,5	109,7	123,3	127,1	3,1
Banks	30,0	29,4	31,5	31,0	31,6	33,1	37,8	38,2	0,9
In Turkey	0,8	0,7	0,7	0,6	0,6	0,6	0,6	0,7	6,2
Abroad	29,2	28,7	30,8	30,4	31,0	32,5	37,2	37,5	0,8
General Government	66,9	69,8	73,6	73,6	65,3	66,2	75,1	78,0	3,8
In Turkey	31,8	34,5	36,4	36,4	26,7	26,3	31,7	33,8	6,7
Abroad	35,1	35,3	37,1	37,2	38,6	39,9	43,4	44,2	1,7
Other Sectors	9,3	10,2	10,2	10,1	10,5	10,4	10,4	10,9	5,3
In Turkey	0,1	0,3	0,3	0,3	0,3	0,2	0,3	0,3	21,4
Abroad	9,2	9,9	9,9	9,8	10,2	10,2	10,1	10,6	4,9
Other Investment	292,2	303,8	308,3	305,1	294,0	298,4	309,0	311,7	0,9
Currency and deposits	43,1	49,7	48,2	47,2	43,5	45,4	47,5	46,6	-1,9
Central Bank	1,3	1,3	1,2	1,0	0,8	0,8	0,8	0,7	-12,9
Banks	41,8	48,4	47,0	46,3	42,6	44,6	46,7	45,9	-1,8
Foreign exchange	*32,2*	*34,3*	*33,0*	*31,8*	*30,5*	*31,5*	*33,1*	*33,7*	*1,7*
Turkish Lira	*9,6*	*14,1*	*14,0*	*14,5*	*12,2*	*13,1*	*13,6*	*12,2*	*-10,2*
Loans	214,2	219,4	223,1	221,7	212,4	213,6	218,6	220,9	1,0
Central Bank	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Banks	92,6	92,6	93,4	90,7	87,6	87,9	87,9	87,6	-0,3
Short-term	20,9	18,9	17,9	16,1	14,6	15,3	15,5	15,9	2,4
Long-term	71,8	73,7	75,5	74,6	73,0	72,7	72,4	71,7	-0,9
General Government	25,7	25,9	25,4	25,8	24,3	25,0	25,7	25,5	-0,8
Short-term	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Long-term	25,7	25,9	25,4	25,8	24,3	25,0	25,7	25,5	-0,8
Other Sectors	95,9	101,0	104,2	105,2	100,5	100,6	105,1	107,9	2,6
Short-term	3,8	4,6	5,1	4,8	4,0	4,2	5,2	5,8	12,4
Long-term	92,1	96,3	99,1	100,4	96,5	96,4	99,9	102,0	2,1
Trade credit and advances	33,6	33,4	35,8	34,9	36,9	38,2	41,5	42,9	3,2
Other Sectors	33,6	33,4	35,8	34,9	36,9	38,2	41,5	42,9	3,2
Short-term	33,1	33,0	35,3	34,5	36,4	37,8	41,1	42,5	3,3
Long-term	0,4	0,4	0,4	0,4	0,4	0,4	0,4	0,4	1,0
SDRs (Net inc. of liabilities)	1,3	1,3	1,3	1,3	1,3	1,3	1,3	1,4	1,4

Source: CBRT

Boxes in Balance of Payments and International Investment Position Reports

2012-IV

Box 1.	Macro Display of the Quality of Current Account Deficit Financing
Box 2.	Domestic and Foreign Value Added Ratios in Exports
Box 3.	Methodological Revision in Tourism Statistics and Its Impact on Balance of Payments Statistics
Box 4.	IMF Lending Arrangements and Balance of Payments Statistics
Box 5.	A New Approach to Assessing Reserve Adequacy

2012-III

Box 1.	Latest Developments in Exports to the European Union and Middle East and North Africa Countries
Box 2.	FX Deposit Accounts with Letters of Credit and Super FX Accounts Flows and Net Errors and Omissions
Box 3.	Outstanding Loans Received From Abroad by Private Sector

2012-II

Box 1.	Latest Developments in the European Union and Exports by Sectors
Box 2.	Profile of Tourists Visiting Turkey and a General Analysis of Travel Revenues by Nationality
Box 3.	Composition of Non-Residents' Government Domestic Debt Securities

2012-I

Box 1.	Turkey's Export Performance with Respect to the Diversification of Product and Country Groups
Box 2.	Turkish Residents' Deposits Abroad and Net Errors and Omissions
Box 3.	Repo Transactions with Non-Residents
Box 4.	Net International Reserves

2011-IV

Box 1.	Loan Expansion and Current Account Balance
Box 2.	Repercussions of the Developments in Syria on Turkey's Exports
Box 3.	Current Account Deficit and Financing Items
Box 4.	The Impact of European Debt Crisis on Capital Flows To Turkey
Box 5.	Foreign Direct Investments in Turkey
Box 6.	The Revisions Made in the Scope of the Revision Policy for Balance of Payments Statistics

2011-III

Box 1.	Rise in Imports of Gold and Its Impact on Total Imports
Box 2.	International Reserves and FX Liquidity
Box 3.	Turkey's Financial Assets In Troubled Peripheral Euro Area Countries

2011-II

Box 1.	The Impact of Terms of Trade on the Widening Current Account Deficit
Box 2.	The Impact of Residents On Capital Flows
Box 3.	Analysis of the Net Errors and Omissions Item in the Context of Residents' Deposit Accounts Against Net Foreign Currency

2011-I

Box 1.	Impacts of the Political Unrest in North Africa on Turkey's Foreign Trade by Sectors
Box 2.	Implications of the Unrest in the Gulf Region on the Balance of Payments Financial Accounts

Box 3.	Recording of Swap Transactions in Balance of Payments Statistics in the Context of the Off Balance Sheet Foreign Exchange Net General Position
Box 4.	International Reserves and Short-Term External Debt

2010-IV

Box 1.	The Trend of Capital Flows to Emerging Markets During and After the Crisis and Turkey
Box 2.	The Effect of Foreign Branches of Resident Banks (Foreign Branches) on Balance of Payments Statistics in 2010
Box 3.	Short-Term External Debt - Developments in 2010

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