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THE PRESS RELEASE EXPLAINING THE LATEST ADJUSTMENTS IN THE COVERAGE OF THE BALANCE OF PAYMENTS STATISTICS

Starting from January 2004 data, the following revisions were made in the balance of payments table:

1) In the balance of payments statistics, "Tourism Revenues", "Tourism Expenditures" and "Shuttle Trade" are obtained through surveys. Beginning from January 2003, surveys are carried out with the cooperation of the Central Bank, Ministry of Culture and Tourism and the State Institute of Statistics. Although "Tourism Revenues" data that are based on the "Foreign Visitors Questionnaire" consist of the expenditures of foreign visitors and citizen visitors residing abroad, the "Tourism Revenues" figure under the balance of payments statistics covers only the expenditures of foreign visitors.

With the implementation of the new method starting from January 2004, the expenditures of citizen visitors residing abroad obtained from the aforementioned survey, which are deemed to be "Tourism Revenues" within the framework of the balance of payments methodology, are also included in the "Tourism Revenues" along with the expenditures of foreign visitors.

Formerly, "Workers' Remittances" comprised of the following three transactions of citizen visitors residing abroad obtained from the banks' monthly foreign exchange reports: foreign exchange remittances converted into Turkish Lira, Turkish lira conversions from their foreign exchange accounts and money spent during their visit to Turkey. Following the adoption of the new method, said last two items were deducted from "Workers' Remittances". In other words, "Workers' Remittances" and "Tourism Revenues" were reclassified and the changes were applied to the 2003 data accordingly.

Consequently, workers' remittances declined from USD 2.321 million to USD 729 million, while the tourism revenues increased from USD 9.676 million to USD 13.203 million in 2003.

2) In order to determine the figures for transportation of goods and the insurance expenses of these which are recorded under the Current Account/Services/Freight, an extensive study has been undertaken. In line with this study, the freight and insurance expenses were decomposed according to the residency of operators and modes of the transportation and were calculated for January 2004. Under the former calculation method, freight credit and debit figures

were derived from internationally accepted fixed ratios of total export and import values disregarding modes of transportation. The new method was also reflected to 2003 figures.

Accordingly, the freight revenues decreased from USD 2.356 million to USD 1.314 million while the expenditures increased from USD 1.707 million to USD 2.018 million in 2003.

3) Another revision is associated with the calculation method of "Construction Services", "Other Business Services" and "Other Services" items under Current Account/Services item. According to the previous method that relied on banks' monthly foreign exchange reports, a part of these items was constituted by a ratio of Turkish lira conversions from the foreign exchange accounts of residents in Turkey that could not be categorized albeit known to be invisible transaction income. These ratios were estimated on the basis of the studies made with the banks at various times.

However, starting from January 2004, the former method was abandoned since the data regarding such services income can currently be acquired from banks and non-banks (for instance data obtained from GSM operators associated with the telecommunication services revenues) and revisions were also reflected to 2003 figures.

Within this framework, "Construction Services", "Other Business Services" and "Other Services" decreased from USD 906 million, USD 1.709 million and USD 1.537 million to USD 682 million, USD 1.352 million and USD 1.216 million, respectively.

4) Other than the above-mentioned significant adjustments, revisions were made in 2003 data compiled from banks and non-banks based on year-end studies.

As can be seen from the attached table named "Previous and New Presentation", "Current Account Deficit" decreased from USD 6.808 million to USD 6.609 million. Since the revisions are reflected to "Net Errors and Omissions", this item decreased from USD 5.221 million to USD 5.109 million in 2003.

[Attachment: 1](#)