

Table 83. Expenses for Privatization

	(Million TL)				(Thousand US\$)	
	1986-2002	2003	2004 ^(*)	1986-2004	2004 ^(*)	1986-2004
	1,895,024,530	562,834,406	632,220,275	3,090,079,211	437,322	6,097,397
PAYMENTS MADE TO THE ORGANIZATIONS IN THE SCOPE OF PRIVATIZATION						
- Capital Participation	1,174,793,693	340,354,165	497,236,402	2,012,384,260	342,229	4,224,653
- Debts Given in the Form of Loans	640,291,103	203,829,829	55,182,502	899,303,434	41,162	1,296,333
- Payments for Social Assistance Increases	12,531,740	1,711,174	0	14,242,914	0	57,488
- Payments of Work Loss Indemnity Connected to Privatization	17,355,765	11,540,670	36,240,653	65,137,088	25,565	74,767
- Indemnity and Other Personnel Payments After Privatization	33,391,106	4,203,385	10,912,878	48,507,369	7,291	88,740
- Premium Payments for 30% Early Retirement	5,312,212	1,195,184	32,647,840	39,155,236	21,074	36,823
- Payments to the Related Organizations from the Privatization Revenues	11,348,911	0	0	11,348,911	0	318,593
PAYMENTS RELATED TO PRIVATIZATION TRANSACTIONS	20,951,489	7,189,043	8,795,597	36,936,129	6,092	249,917
- Expenses for Supervision-Consultation	7,398,378	4,519,197	1,975,221	13,892,796	1,298	56,964
- Expenses for Advertisement for Competitive Biddings	12,344,065	2,669,847	6,820,376	21,834,288	4,794	51,437
- Expenses for Advertisements and Promotions	583,068	0	0	583,068	0	7,273
- Expenses for Purchase of Shares on the Istanbul Stock Exchange	625,979	0	0	625,979	0	134,243
DEBT PAYMENTS	1,752,182,722	100,658,510	2,804,518,633	4,657,359,865	1,930,622	3,907,662
- Repayment of Principal for Privatization Bonds/Debtenture Bonds	1,057,654,219	72,727,000	2,268,426,568	3,398,807,787	1,564,085	2,712,905
- Interest Payments for Privatization Bonds/Debtenture Bonds	657,565,458	27,931,510	536,092,066	1,221,589,034	366,537	1,017,961
- Other Debts (Payment of Interest, Foreign Exchange Difference, Commissions and Taxes)	36,963,045	0	0	36,963,045	0	176,796
OTHER EXPENSES	1,329,037,005	17,721,441	34,761,357	1,381,519,803	24,288	3,564,592
- Transfer to the Administrative Budget for General Administrative Expenses	26,345,167	7,250,000	9,451,911	43,047,078	6,622	65,747
- Transfer to the Treasury	1,273,821,354	0	0	1,273,821,354	0	3,403,846
- Other Expenses	28,870,485	10,471,441	25,309,446	64,651,372	17,666	94,999
TOTAL EXPENSES	4,997,195,746	688,403,400	3,480,295,862	9,165,895,008	2,398,324	13,819,568

Source: Chairmanship for the Administration of Privatization

The figures given in this table show the cash outflow totals for the Privatization Fund Account and the other special accounts related to privatization.

(*) As of 24 December 2004.

f. Domestic Debts

The applications for decreasing the debt stock to a sustainable level within the framework of the stability program being implemented also continued in 2004. Within this scope, the public debt administration continued to be supported with a tight fiscal policy and it was targeted to meet the financing need with the lowest possible cost in the long-term.

The continuation of political stability, the increase in trust felt in the economic program being implemented, the decrease in the rates of inflation, the improvement observed in the borrowing interest rates, extension of the terms of borrowing, and the foreign currency exchange rates following a course at a low level, positively affected the domestic debt. The domestic debt stock rate of increase, which was 29.7% in 2003, regressed to 15.5% in 2004. The total domestic debt stock, with an increase of 30,096.2 trillion TL, became 224,482.9 trillion TL. Of this, 194,210.7 trillion TL (86.5%) was composed of debenture bonds and 30,272.2 trillion TL (13.5%) was composed of bonds (Table 84).

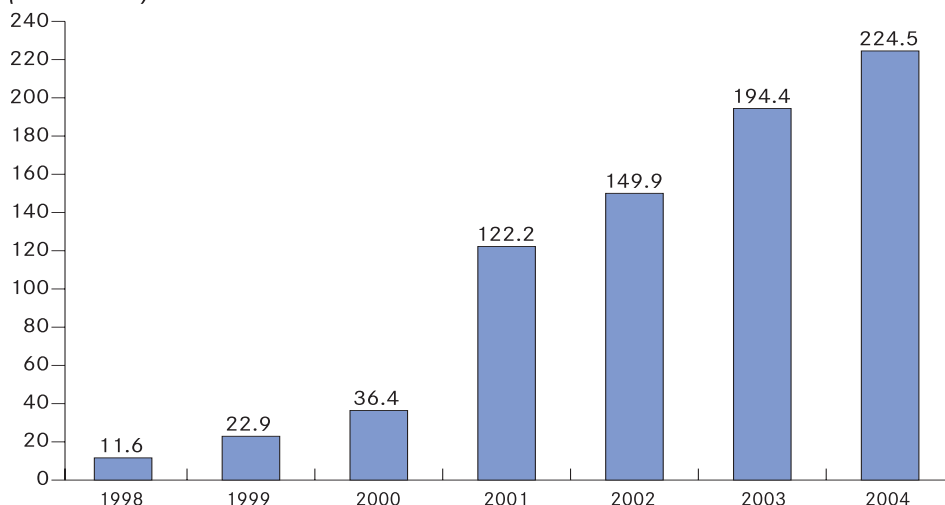
Tablo 84. Domestic Debt Stock

(Billion TL)

Years	Type of Debt	Payments			Borrowing	Debt Stock
		Principal	Interest	Total		
1998	Debenture Bonds	2,426,865	2,587,441	5,014,306	4,708,064	5,771,980
	Consolidated Debts	0	0	0	0	0
	Bonds	6,080,345	3,035,836	9,116,181	9,546,260	5,840,905
	Advances	337,623	3,399	341,022	0	0
	Total	8,844,833	5,626,676	14,471,509	14,254,324	11,612,885
1999	Debenture Bonds	6,116,357	4,889,437	11,005,794	20,027,769	19,683,392
	Consolidated Debts	0	0	0	0	0
	Bonds	9,462,788	5,004,947	14,467,735	6,858,635	3,236,753
	Advances	0	4,239	4,239	0	0
	Total	15,579,145	9,898,623	25,477,768	26,886,404	22,920,145
2000	Debenture Bonds	12,006,317	16,966,538	28,972,855	26,685,862	34,362,937
	Consolidated Debts	0	0	0	0	0
	Bonds	6,961,754	1,640,332	8,602,086	5,782,683	2,057,683
	Advances	0	2,553	2,553	0	0
	Total	18,968,071	18,609,423	37,577,494	32,468,545	36,420,620
2001	Debenture Bonds	96,418,348	34,608,486	131,026,834	164,183,336	102,127,926
	Consolidated Debts	0	0	0	0	0
	Bonds	27,458,248	5,875,760	33,334,008	45,429,899	20,029,334
	Advances	0	0	0	0	0
	Total	123,876,596	40,484,246	164,360,842	209,613,235	122,157,260
2002	Debenture Bonds	48,178,116	30,991,320	79,169,436	58,900,026	112,849,835
	Consolidated Debts	0	0	0	0	0
	Bonds	49,412,577	12,477,220	61,889,797	66,403,099	37,019,856
	Advances	0	0	0	0	0
	Total	97,590,693	43,468,540	141,059,233	125,303,125	149,869,691
2003	Debenture Bonds	45,653,394	35,495,349	81,148,743	101,777,186	168,973,626
	Consolidated Debts	0	0	0	0	0
	Bonds	68,067,979	17,140,629	85,208,608	56,461,198	25,413,074
	Advances	0	0	0	0	0
	Total	113,721,373	52,635,978	166,357,351	158,238,384	194,386,700
2004 (*)	Debenture Bonds	76,802,593	39,170,793	115,973,386	102,039,667	194,210,700
	Consolidated Debts	0	0	0	0	0
	Bonds	56,697,681	10,882,079	67,579,760	61,556,829	30,272,222
	Advances	0	0	0	0	0
	Total	133,500,274	50,052,872	183,553,146	163,596,496	224,482,922

Source: Undersecretariat of the Treasury
(*) Provisional

Graph 23. Domestic Debt Stock
(Quadrillion TL)



In 2004, 102,039.7 trillion TL in debenture bonds and 61,556.8 trillion TL in bonds were sold. In contrast to this, a total of 115,973.4 trillion TL in debenture bonds with 76,802.6 trillion TL in principal and 39,170.8 trillion TL in interest were paid and a total of 65,579.8 trillion TL in bonds with 56,697.8 trillion TL in principal and 10,882.1 trillion TL in interest were paid. Thus, in 2004 domestic debt payments for a total of 183,553.1 trillion TL, with 133,500.3 trillion TL in principal and 50,052.9 trillion TL in interest were paid.

The cost and time structure of the domestic borrowing also continued in 2004. The average compound domestic debt interest rate decreased 19.3 points and regressed from 45% to 25.7% and the average term of the borrowing increased 70 days and rose from 302 days to 372 days (Table 85).

Table 85. Terms and Interest Rates for Domestic Debts

Year	Month	Term (Days)	Compound Interest (%)	12-Month TÜFE Expectation (*)	Real Interest (%)
2002		253	63.8	-	-
2003		302	45.0	-	-
2004		372	25.7	-	-
2004	Jan.	438	27.1	12.4	13.1
	Feb.	393	26.1	11.7	12.9
	Mar.	433	25.6	11.0	13.2
	Apr.	375	24.0	10.5	12.2
	May	319	29.5	11.1	16.6
	Jun.	316	28.6	10.4	16.5
	Jul.	378	28.1	10.1	16.3
	Aug.	292	24.8	9.7	13.8
	Sep.	419	26.1	9.5	15.2
	Oct.	354	22.3	8.8	12.4
	Nov.	358	22.7	9.0	12.6
	Dec.	375	22.9	8.7	13.1

Source: Undersecretariat of the Treasury, State Planning Organization

Note: The public competitive bidding figures indexed to foreign currency and in foreign currency and interest rates are not included.

(*) Information was obtained from the "Expectation Survey" with extensive participation, which includes the estimates for the economic variables of the economic units and which is published twice a month by the Central Bank. The 12-month TÜFE (Consumer Price Index) expectations are a suitable average of the values estimated by the market participants as of the third week of the subject month.

The share of the cash domestic debt within the total domestic debt stock increased from 67.1% to 73.8% and the share of the non-cash domestic debt stock decreased from 32.9% to 26.2% (Table 86).

Table 86. The Foreign Currency/Interest Structure of the Domestic Debt

(Trillion TL)

	2002		2003		2004 ^(*)	
	Amount	Share (%)	Amount	Share (%)	Amount	Share (%)
Cash	89,272	59.6	130,484	67.1	165,580	73.8
Fixed Yield	37,576	25.1	68,614	35.3	94,931	42.3
Variable Interest	17,384	11.6	29,080	15.0	36,309	16.2
Foreign Currency	16,513	11.0	16,839	8.7	26,608	11.9
Foreign Curr. Indexed	17,799	11.9	15,951	8.2	7,732	3.4
Non-Cash	60,598	40.4	63,903	32.9	58,903	26.2
Fixed Yield	-	-	-	-	-	-
Variable Interest	46,734	31.2	54,096	27.8	53,781	24.0
Foreign Currency	11,891	7.9	7,881	4.1	3,413	1.5
Foreign Curr. Indexed	1,973	1.3	1,926	1.0	1,709	0.8
Total Stock	149,870	100.0	194,387	100.0	224,483	100.0
Fixed Yield	37,576	25.1	68,614	35.3	94,931	42.3
Variable Interest	64,118	42.8	83,176	42.8	90,090	40.1
Foreign Currency	28,404	19.0	24,720	12.7	30,021	13.4
Foreign Curr. Indexed	19,772	13.2	17,877	9.2	9,441	4.2

Source: Undersecretariat of Finance

(*) Provisional

The improvement observed in the structure of the debt stock in 2003 also continued in 2004. The share of the part from the fixed yield and foreign currency bonds within the domestic debt stock increased and the share of the variable interest borrowing and borrowing indexed to foreign currency decreased. Of the domestic debt stock in 2003, 35.3% was composed of fixed interest, 42.8% of variable interest, 12.7% of foreign currency and 9.2% of foreign currency indexed bonds. In 2004, 42.3% was composed of fixed interest, 40.1% of variable interest, 13.4% of foreign currency and 4.2% of foreign currency indexed bonds. The foreign currency and interest risk of the domestic debt stock decreased.

The market share in the distribution of the domestic debt according to receivers increased from 52.3% to 62.9% and the share of the public sector decreased from 47.7% to 37.1% (Table 87).

Table 87. Distribution of the Domestic Debt Stock According to Receivers

(Trillion TL, Billion US\$)

	2002			2003			2004 ⁽¹⁾		
	TL Amt.	US\$ Amt.	Share (%)	TL Amt.	US\$ Amt.	Share (%)	TL Amt.	US\$ Amt.	Share (%)
Grand Total	149,870	91.7	100.0	194,387	139.3	100.0	224,483	167.3	100.0
Public Sector	79,107	48.4	52.8	92,627	66.4	47.7	83,335	62.1	37.1
Central Bank	28,112	17.2	18.8	26,900	19.3	13.8	22,119	16.5	9.9
Pub. Sect. Banks	24,278	14.9	16.2	27,239	19.5	14.0	27,451	20.5	12.2
Sav. Dep. Ins. Fund	11,024	6.7	7.4	15,056	10.8	7.7	8,317	6.2	3.7
Other Pub. Sec. Org. ⁽²⁾	15,694	9.6	10.5	23,432	16.8	12.1	25,449	19.0	11.3
Market	70,763	43.3	47.2	101,760	72.9	52.3	141,148	105.2	62.9

Source: Undersecretariat of Finance

(1) Provisional

(2) Includes the average sales made to the public sector.

C. FOREIGN ECONOMIC DEVELOPMENTS

1. Foreign Trade

The real value increase occurring in the Turkish Lira negatively influenced exports. The expansion in the world economy and world trade volume, the revival in production, the fact that the energy and work force costs were low and the improvement occurring in the unit costs connected to an increase observed in productivity, the decrease in financing costs, the decrease produced in the costs of import inputs of the increase in real value occurring in the Turkish Lira, the development in favor of the Euro in the Euro/US dollar parity, the increase in US dollars of the value of exports made in Euros and the increase in export prices made positive effects on the export revenues. Exports increased 33.5% compared to the previous year and reached US\$63,074.8 million.

Imports increased 40.4% and rose to US\$97,361.5 million with the effect of economic growth, the increase in real value of the Turkish Lira, the increase in consumption, industrial production and investment expenditures and the increase in the import prices.

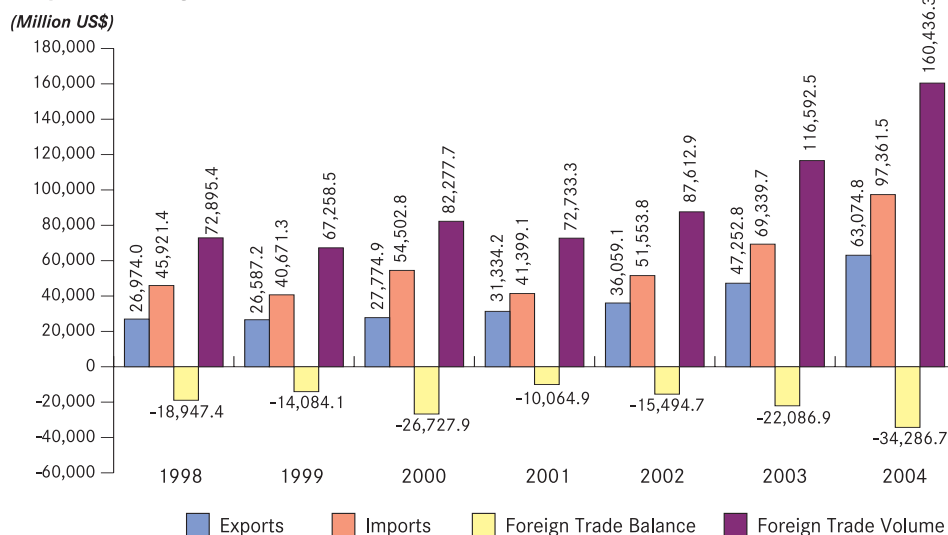
The fact that the increase in imports was higher than in exports increased the foreign trade deficit and the foreign trade deficit increased 55.2% and went from US\$22,086.9 million to US\$34,286.7 million. The rate of exports to imports regressed from 68.1% to 64.8% and the foreign trade volume increased 37.6% and rose from US\$116,592.5 million to US\$160,436.3 million (Table 88).

Table 88. Foreign Trade Indicators

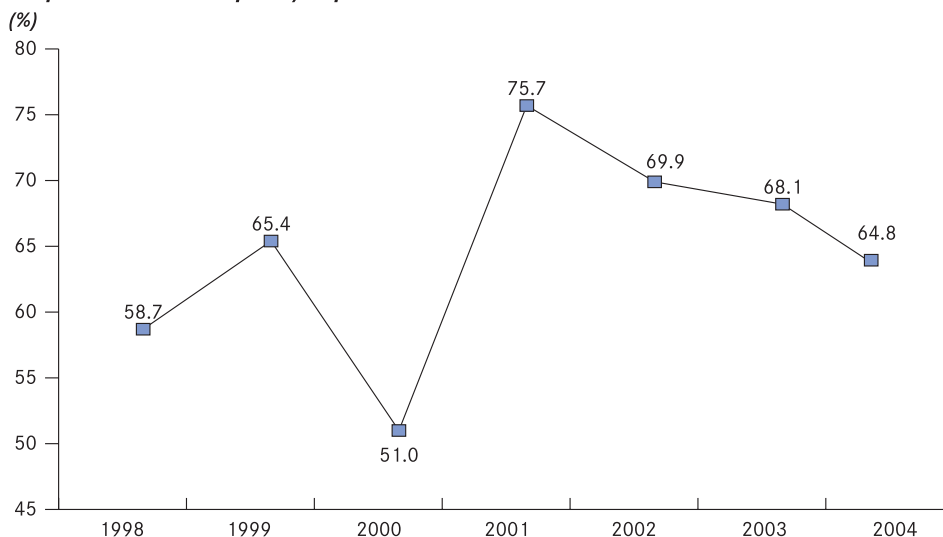
	(Million US\$)						
	1998	1999	2000	2001	2002	2003	2004
Imports	26,974.0	26,587.2	27,774.9	31,334.2	36,059.1	47,252.8	63,074.8
Exports	45,921.4	40,671.3	54,502.8	41,399.1	51,553.8	69,339.7	97,361.5
Foreign Trade Volume	72,895.4	67,258.5	82,277.7	72,733.3	87,612.9	116,592.5	160,436.3
Foreign Trade Deficit	18,947.4	14,084.1	26,727.9	10,064.9	15,494.7	22,086.9	34,286.7
Exports/Imports (%)	58.7	65.4	51.0	75.7	69.9	68.1	64.8
Foreign Trade Deficit/Exports (%)	70.2	53.0	96.2	32.1	43.0	46.7	54.4

Source: SIS

Graph 24. Foreign Trade



Graph 25. Ratio of Exports/Imports



a. Exports

In 2004, exports increased 33.5% compared to 2003 and rose from US\$47,252.8 million to US\$63,074.8 million. The exports of mining and quarrying products increased 38.2% and rose from US\$469.1 million to US\$648.1 million. The exports of manufacturing industry products increased 34% and rose from US\$44,378.4 million to US\$59,488.6 million. The exports of fishing products increased 27.6% and rose from US\$80.7 million to US\$103 million. The exports of agricultural and forestry products increased 19.8% and rose from US\$2,120.7 million to US\$2,541.2 million (Table 89).

Table 89. Exports According to Sectors

Sectors	(Million US\$)											
	Value				Share (%)				Change (%)			
	2001	2002	2003	2004	2001	2002	2003	2004	2002	2003	2004	
Agriculture and Forestry	1,976.4	1,754.3	2,120.7	2,541.2	6.3	4.9	4.5	4.0	-11.2	20.9	19.8	
Fishing	29.7	51.4	80.7	103.0	0.1	0.1	0.2	0.2	73.1	57.0	27.6	
Mining and Quarrying	348.7	387.2	469.1	648.1	1.1	1.1	1.0	1.0	11.0	21.2	38.2	
Manufacturing	28,826.0	33,701.7	44,378.4	59,488.6	92.0	93.5	93.9	94.3	16.9	31.7	34.0	
Other	153.4	164.5	203.9	293.9	0.5	0.5	0.4	0.5	7.2	24.0	44.1	
TOTAL	31,334.2	36,059.1	47,252.8	63,074.8	100.0	100.0	100.0	100.0	15.1	31.0	33.5	

Source: SIS

The share of the manufacturing industry products within the total exports increased, the share of the agricultural and forestry products decreased and there was no change in the shares of the mining and quarrying and the fishing products. The share of the agricultural and forestry products within the total exports in 2003, which was 4.5%, regressed to 4% in 2004. The share of the manufacturing industry products rose from 93.9% to 94.3%. There was no change in the share of fishing products at 0.2% and in the share of mining and quarrying products at 1%.

The capital (investment) goods exports in 2004 as of main goods groups increased 50.3% and rose from US\$4,344 million to US\$6,530.7 million. The intermediary (raw material) goods exports increased 39.9% and rose from US\$18,494.5 million to US\$25,868.3 million. The consumer goods exports increased 26.4% and rose from US\$24,125.3 million to US\$30,487 million (Table 90).

Table 90. Exports According to Main Groups of Goods

Groups of Goods	(Million US\$)											
	Value				Share (%)				Change (%)			
	2001	2002	2003	2004	2001	2002	2003	2004	2002	2003	2004	
Capital (Invest.) Goods	2,658.2	2,790.2	4,344.0	6,530.7	8.5	7.7	9.2	10.4	5.0	55.7	50.3	
Interm. (Raw Mat.) Goods	13,368.7	14,657.3	18,494.5	25,868.3	42.7	40.6	39.1	41.0	9.6	26.2	39.9	
Consumer Goods	15,261.5	18,464.9	24,125.3	30,487.0	48.7	51.2	51.1	48.3	21.0	30.7	26.4	
Others	45.8	146.7	289.0	188.8	0.1	0.4	0.6	0.3	220.3	97.0	-34.7	
TOTAL	31,334.2	36,059.1	47,252.8	63,074.8	100.0	100.0	100.0	100.0	15.1	31.0	33.5	

Source: SIS

The share of the consumer goods within the total exports decreased and there was an increase in the shares of the capital (investment) and intermediary (raw material) goods exports. The share of the capital goods within the total exports in 2003, which was 9.2%, rose to 10.4% in 2004. The share of the intermediary goods rose from 39.1% to 41%. The share of the consumer items decreased from 51.1% to 48.3%.

The largest contributions as of goods groups to the exports in 2004 were made in the exports of land vehicles and their accessories and parts, knitted clothing items and accessories, iron and steel, electrical machines and equipment and unknitted clothing items.

In the listing of exports made according to groups, land vehicles and their accessories and parts were in first place with US\$8,288.8 million. It was followed by knitted clothing items and accessories with US\$6,259.1 million, iron and steel with US\$5,293.7 million, electrical machines and equipment with US\$4,790.3 million and unknitted clothing items with US\$4,536.7 million. The share of the exports of land vehicles and their accessories and parts within the total exports was 13.1%, the share of the exports of knitted clothing items and accessories was 9.9%, the share of the exports of iron and steel was 8.4%, the share of the exports of electrical machines and equipment was 7.6% and the share of the exports of unknitted clothing items was 7.2% (Table 91).

Table 91. The First Ten Groups in Exports (According to Order of Value in 2004)

Groups	(Million US\$)							
	Value			Share (%)			Change (%)	
	2002	2003	2004	2002	2003	2004	2003	2004
Land vehicles, parts and accessories	3,304.1	5,272.0	8,288.8	9.2	11.2	13.1	59.6	57.2
Woven clothing and accessories	4,443.0	5,732.6	6,259.1	12.3	12.1	9.9	29.0	9.2
Iron and steel	2,269.8	2,969.0	5,293.7	6.3	6.3	8.4	30.8	78.3
Electrical machines and equipment	2,867.4	3,474.5	4,790.3	8.0	7.4	7.6	21.2	37.9
Unwoven clothing	3,254.1	3,813.9	4,536.7	9.0	8.1	7.2	17.2	19.0
Boilers, machines, mechanical equipment	2,142.3	2,993.0	4,125.8	5.9	6.3	6.5	39.7	37.8
Goods made of iron or steel	1,243.9	1,391.0	2,226.9	3.4	2.9	3.5	11.8	60.1
Fruits	1,192.9	1,392.0	1,902.0	3.3	2.9	3.0	16.7	36.6
Goods made of substances suitable for weaving	1,254.7	1,631.9	1,856.5	3.5	3.5	2.9	30.1	13.8
Mineral fuels and oils	691.5	980.1	1,414.1	1.9	2.1	2.2	41.7	44.3
Total exports	36,059.1	47,252.8	63,074.8	100.0	100.0	100.0	31.0	33.5

Source: SIS

b. Imports

In 2004, imports increased 40.4% compared to 2003 and rose from US\$69,339.7 million to US\$97,361.5 million. The imports of fishing products increased 229.2% and rose from US\$2.4 million to US\$7.9 million. The imports of manufacturing industry products increased 44.2% and rose from US\$55,689.8 million to US\$80,325.2 million. The imports of mining and quarrying products increased 21.7% and rose from US\$9,020.5 million to US\$10,980.6 million. The imports of agricultural and forestry products increased 7.4% and rose from US\$2,535.4 million to US\$2,723.2 million (Table 92).

Table 92. Imports According to Sectors

Sectors	Value				Share (%)				Change (%)		
	2001	2002	2003	2004	2001	2002	2003	2004	2002	2003	2004
Agriculture and Forestry	1,409.3	1,702.7	2,535.4	2,723.2	3.4	3.3	3.7	2.8	20.8	48.9	7.4
Fishing	0.9	1.2	2.4	7.9	0.0	0.0	0.0	0.0	36.4	100.2	229.2
Mining and Quarrying	6,576.8	7,192.3	9,020.5	10,980.6	15.9	14.0	13.0	11.3	9.4	25.4	21.7
Manufacturing	32,686.1	41,383.0	55,689.8	80,325.2	79.0	80.3	80.3	82.5	26.6	34.6	44.2
Other	726.0	1,274.6	2,091.6	3,324.6	1.8	2.5	3.0	3.4	75.6	64.1	59.0
TOTAL	41,399.1	51,553.8	69,339.7	97,361.5	100.0	100.0	100.0	100.0	24.5	34.5	40.4

Source: SIS

The share of the imports of the manufacturing industry products increased within the total imports and the shares of the imports of the agricultural and forestry products and the mining and quarrying products decreased. The share of the imports of the manufacturing industry products within the total imports in 2003, which was 80.3%, increased to 82.5% in 2004. The share of the imports of the agricultural and forestry products within the total imports in 2003, which was 3.7%, decreased to 2.8% in 2004. The share of the imports of the mining and quarrying products within the total imports in 2003, which was 13%, decreased to 11.3% in 2004.

As of the main goods groups, the imports of consumer goods increased 54.8% in 2004 compared to the previous year and rose from US\$7,813.3 million to US\$12,098.7 million. The imports of capital (investment) goods increased 53.5% in 2004 compared to 2003 and rose from US\$11,325.9 million to US\$17,382.7 million. The imports of intermediary (raw material) goods increased 35.5% in 2004 compared to 2003 and rose from US\$49,734.8 million to US\$67,387.5 million (Table 93).

Table 93. Imports According to Main Groups of Goods

Groups of Goods									(Million US\$)		
	Value				Share (%)				Change (%)		
	2001	2002	2003	2004	2001	2002	2003	2004	2002	2003	2004
Capital (Invest.) Goods	6,940.4	8,399.6	11,325.9	17,382.7	16.8	16.3	16.3	17.9	21.0	34.8	53.5
Interm. (Raw Mat.) Goods	30,300.9	37,655.8	49,734.8	67,387.5	73.2	73.0	71.7	69.2	24.3	32.1	35.5
Consumer Goods	3,813.4	4,898.3	7,813.3	12,098.7	9.2	9.5	11.3	12.4	28.4	59.5	54.8
Others	344.4	600.1	465.7	492.6	0.8	1.2	0.7	0.5	74.2	-22.4	5.8
TOTAL	41,399.1	51,553.8	69,339.7	97,361.5	100.0	100.0	100.0	100.0	24.5	34.5	40.4

Source: SIS

The share of the intermediary (raw material) goods within the total imports decreased and the share of the capital (investment) goods and consumer goods within the total imports increased. The share of the intermediary goods within the total imports, which was 71.7% in 2003, decreased to 69.2% in 2004. The share of the capital goods, which was 16.3% in 2003, increased to 17.9% in 2004. The share of the consumer goods, which was 11.3% in 2003, increased to 12.4% in 2004.

In the listing of imports made according to groups in 2004, mineral fuels and mineral oils were in first place with US\$14,368.2 million. It was followed by imports of boilers, machines and mechanical equipment with US\$13,452.8 million, imports of land vehicles and their accessories and parts with US\$10,237 million, imports of electrical machines and equipment with US\$8,361 million and imports of iron and steel with US\$7,989.4 million. The share of the imports of mineral fuels and mineral oils within the total imports was 14.8%, the share of the imports of boilers, machines and mechanical equipment was 13.8%, the share of the imports of land vehicles and their accessories and parts was 10.5%, the share of the imports of

electrical machines and equipment was 8.6% and the share of the imports of iron and steel was 8.2% (Table 94).

Table 94. The First Ten Groups in Imports (According to Order of Value in 2004)

Groups	(Million US\$)							
	Value			Share (%)			Change (%)	
	2002	2003	2004	2002	2003	2004	2003	2004
Mineral fuels and oils	9,203.9	11,575.1	14,368.2	17.9	16.7	14.8	25.8	24.1
Boilers, machines and mechanical equipment	8,173.6	10,293.9	13,452.8	15.9	14.8	13.8	25.9	30.7
Land vehicles, parts and accessories	2,332.7	5,383.4	10,237.0	4.5	7.8	10.5	130.8	90.2
Electrical machines and equipment	4,356.3	5,519.9	8,361.0	8.5	8.0	8.6	26.7	51.5
Iron and steel	2,905.0	4,747.8	7,989.5	5.6	6.8	8.2	63.4	68.3
Plastic and plastic goods	2,382.1	3,235.6	4,763.0	4.6	4.7	4.9	35.8	47.2
Pearls, precious stones and metal products, coins	1,533.4	2,767.1	3,763.4	3.0	4.0	3.9	80.5	36.0
Organic chemical products	1,887.5	2,332.5	2,982.3	3.7	3.4	3.1	23.6	27.9
Pharmaceutical products	1,439.4	2,019.4	2,710.1	2.8	2.9	2.8	40.3	34.2
Cotton, cotton thread, cotton textiles	1,293.2	1,641.5	1,982.2	2.5	2.4	2.0	26.9	20.8
Total imports	51,553.8	69,339.7	97,361.5	100.0	100.0	100.0	34.5	40.4

Source: SIS

c. Trade According to Country Groups

The exports made to the European Union countries and to the Free Trade Zones in Turkey increased 32.9% in 2004 compared to the previous year and the exports made to the other countries increased 34.3%. Of the total US\$63,074.8 million dollars in exports, a US\$34,417.1 million portion was made to the European Union countries, a US\$2,563.6 million portion was made to the Free Trade Zones in Turkey and a US\$26,094.1 million portion was made to the other countries. The share of the European Union countries within the total exports was 54.6%, the share of the Free Trade Zones in Turkey within the total exports was 4.1% and the shares of the other countries within the total exports was 41.4% (Table 95).

Table 95. Exports and Imports According to Country Groups

Table 93. Exports and Imports According to Country Groups

(Million US\$)

COUNTRY GROUPS	EXPORTS					IMPORTS				
	2003		2004		Chng.	2003		2004		Chng.
	Value	Share (%)	Value	Share (%)		Value	Share (%)	Value	Share (%)	
GRAND TOTAL	47,252.8	100.0	63,074.8	100.0	33.5	69,339.7	100.0	97,361.5	100.0	40.4
A- EUROPEAN UNION COUNTRIES	25,898.7	54.8	34,417.1	54.6	32.9	33,494.7	48.3	45,434.0	46.7	35.6
1- European Union Countries (15)	24,484.1	51.8	32,555.3	51.6	33.0	31,695.9	45.7	42,353.1	43.5	33.6
2- European Union Countries (10)	1,414.6	3.0	1,861.8	3.0	31.6	1,798.8	2.6	3,080.9	3.2	71.3
B- FREE TRADE ZONES IN TURKEY	1,928.3	4.1	2,563.6	4.1	32.9	588.9	0.8	811.5	0.8	37.8
C- OTHER COUNTRIES	19,425.8	41.1	26,094.1	41.4	34.3	35,256.1	50.8	51,116.0	52.5	45.0
1- European Countries (Excluding EU)	4,857.0	10.3	6,625.6	10.5	36.4	11,986.9	17.3	18,355.0	18.9	53.1
2- African Countries	2,131.2	4.5	2,967.6	4.7	39.2	3,338.5	4.8	4,781.7	4.9	43.2
North Africa	1,577.0	3.3	2,202.8	3.5	39.7	2,518.7	3.6	3,231.2	3.3	28.3
Other African Countries	554.2	1.2	764.8	1.2	38.0	819.8	1.2	1,550.5	1.6	89.1
3- American Countries	4,269.5	9.0	5,699.5	9.0	33.5	4,922.5	7.1	6,544.6	6.7	33.0
North America	3,972.9	8.4	5,175.6	8.2	30.3	3,740.7	5.4	5,066.8	5.2	35.5
Central America and Caribbean	166.0	0.4	331.1	0.5	99.5	169.4	0.2	206.4	0.2	21.8
South America	130.6	0.3	192.8	0.3	47.6	1,012.4	1.5	1,271.4	1.3	25.6
4- Asian Countries	7,812.7	16.5	10,452.9	16.6	33.8	14,098.9	20.3	21,066.3	21.6	49.4
Near and Middle East	5,464.8	11.6	7,910.0	12.5	44.7	4,455.2	6.4	5,579.0	5.7	25.2
Other Asian Countries	2,347.9	5.0	2,542.9	4.0	8.3	9,643.7	13.9	15,487.3	15.9	60.6
5- Australia and New Zealand	158.1	0.3	264.5	0.4	67.3	247.0	0.4	301.6	0.3	22.1
6- Other Countries	197.3	0.4	84.0	0.1	-57.4	662.3	1.0	66.8	0.1	-89.9

Source: SIS

Of the exports made to other countries, a US\$6,625.6 million portion was to the European countries excluding the EU, a US\$2,967.6 million portion was to the African countries, a US\$5,669.5 million portion was to the American countries, a US\$10,452.9 million portion was to the Asian countries and a US\$264.5 million portion was made to Australia and New Zealand. The share within the total exports of the exports made to the European countries excluding the EU was 10.5%, the share of the exports made to the African countries was 4.7%, the share of the exports made to the American countries was 9%, the share of the exports made to the Asian countries was 16.6% and the share of the exports made to Australia and New Zealand was 0.4%. From the selected country groups, exports of US\$40,443.9 million were made to the OECD countries, exports of US\$656.8 million were made to the EFTA countries, exports of US\$6,776.2 million were made to the Black Sea Economic Cooperation Organization countries, exports of US\$2,203.8 million were made to the Economic Cooperation Organization countries, exports of US\$3,960.8 million were made to the Commonwealth of Independent States countries, exports of US\$974.4 million were made to the Turkish Republics and exports of US\$10,206.6 million were made to the Organization of the Islamic Conference countries. The share within the total exports of the exports made to the OECD countries was 64.1%, the share of the exports made to the EFTA countries was 1%, the share of the exports made to the Black Sea Economic Cooperation Organization countries was 10.7%, the share of the exports made to the Commonwealth of Independent States countries was 6.3%, the share of the exports made to the Turkish Republics was 1.5% and the share of the exports made to the Organization of the Islamic Conference countries was 16.2% (Table 96).

Table 96. Exports and Imports According to Selected Country Groups

COUNTRY GROUPS	EXPORTS						IMPORTS					
	2003		2004		Chng. (%)		2003		2004		Chng. (%)	
	Value	Share (%)	Value	Share (%)			Value	Share (%)	Value	Share (%)		
OECD Countries	30,424.7	64.4	40,443.9	64.1	32.9		43,899.4	63.3	59,571.7	61.2	35.7	
EFTA Countries	538.1	1.1	656.8	1.0	22.1		3,395.7	4.9	3,889.9	4.0	14.6	
Black Sea Economic Cooperation	5,044.4	10.7	6,776.2	10.7	34.3		9,297.7	13.4	15,324.6	15.7	64.8	
Economic Cooperation Organization	1,569.2	3.3	2,203.8	3.5	40.4		2,735.7	3.9	3,216.1	3.3	17.6	
Commonwealth of Independent States	2,962.6	6.3	3,960.8	6.3	33.7		7,777.1	11.2	12,889.8	13.2	65.7	
Turkish Republics	899.1	1.9	974.4	1.5	8.4		623.3	0.9	752.5	0.8	20.7	
Organization of the Islamic Conference	7,204.6	15.2	10,206.6	16.2	41.7		8,195.0	11.8	10,592.1	10.9	29.3	

Source: SIS

In 2004, imports made from the European Union countries increased 35.6%, imports made from the Free Trade Zones in Turkey increased 37.8% and imports made from the other countries increased 45%. Of the total US\$97,361.5 million in imports made, a US\$45,434 million portion was from the European Union countries, a US\$811.5 million portion was from the Free Trade Zones in Turkey and a US\$51,116 million portion was from the other countries. The share within the total imports of the imports made from the European Union countries was 46.7%, the share of the imports made from the Free Trade Zones in Turkey was 0.8% and the share of the imports made from the other countries was 52.5%.

Of the imports made from the other countries, a US\$18,355 million portion was from the European countries excluding the EU, a US\$4,781.7 million portion was from the African countries, a US\$6,544.6 million portion was from the American countries, a US\$21,066.3 million portion was from the Asian countries and a US\$301.6 million portion was from Australia and New Zealand. The share within the total imports of the imports made from the European countries excluding the EU was 18.9%, the share of the imports made from the African countries was 4.9%, the share of the imports made from the American countries was 6.7%, the share of the imports made from the Asian countries was 21.6% and the share of the imports made from Australia and New Zealand was 0.3%.

From the selected country groups, imports of US\$59,571.7 million were made from the OECD countries, imports of US\$3,889.9 million were made from the EFTA countries, imports of US\$15,324.6 million were made from the Black Sea Economic Cooperation Organization countries, imports of US\$3,216.1 million were made from the Economic Cooperation Organization countries, imports of US\$12,889.8 million were made from the Commonwealth of Independent States countries, imports of US\$752.5 million were made from the Turkish Republics and imports of US\$10,592.1 million were made from the Organization of the Islamic Conference countries. The share within the total imports of the imports made from the OECD countries was 61.2%, the share of the imports made from the EFTA countries was 4%, the share of the imports made from the Black Sea Economic Cooperation Organization countries was 3.3%, the share of the imports made from the Commonwealth of Independent States countries was 13.2%, the share of the imports made from the Turkish Republics was 0.8% and the share of the imports made from the Organization of the Islamic Conference countries was 10.9%.

In 2004, of the US\$160,436.3 million foreign trade volume, a US\$79,851.1 million portion was made with the European Union countries, a US\$3,375.1 million portion was made with the Free Trade Zones in Turkey and a US\$77,210.1 million portion was made with the other countries. The share of the European Union countries within the total foreign trade volume was 49.8%, the share of the Free Trade Zones in Turkey was 2.1% and the share of the other countries was 48.1% (Table 97).

Of the other countries, US\$24,980.6 million in foreign trade was made with the European countries excluding the EU, US\$7,749.3 million in foreign trade was made with the African countries, US\$12,244.1 million in foreign trade was made with the American countries, US\$31,519.2 million in foreign trade was made with the Asian countries and US\$566.1 million in foreign trade was made with Australia and New Zealand. The shares of these country groups within the total foreign trade volume were 15.6%, 4.8%, 7.6%, 19.6% and 0.4%, respectively. Of the selected country groups, US\$100,015.6 million in foreign trade was made with the OECD countries,

US\$4,546.7 million in foreign trade was made with the EFTA countries, US\$22,100.8 million in foreign trade was made with the Black Sea Economic Cooperation countries, US\$5,419.9 million in foreign trade was made with the Economic Cooperation Organization countries, US\$16,850.6 million in foreign trade was made with the Commonwealth of Independent States countries, US\$1,726.9 million in foreign trade was made with the Turkish Republics and US\$20,798.7 million in foreign trade was made with the Organization of the Islamic Conference countries. The shares of these country groups within the total foreign trade volume were 62.3%, 2.8%, 13.8%, 3.4%, 10.5%, 1.1% and 13%, respectively (Table 98).

Table 97. Foreign Trade Volume According to Country Groups

(Million US\$)

COUNTRY GROUPS	2003		2004		Change (%)
	Value	Share (%)	Value	Share (%)	
GRAND TOTAL	116,592.5	100.0	160,436.3	100.0	37.6
A-EUROPEAN UNION COUNTRIES	59,393.4	50.9	79,851.1	49.8	34.4
1- European Union Countries (15)	56,180.0	48.2	74,908.4	46.7	33.3
2- European Union Countries (10)	3,213.4	2.8	4,942.7	3.1	53.8
B- FREE TRADE ZONES IN TURKEY	2,517.2	2.2	3,375.1	2.1	34.1
C- OTHER COUNTRIES	54,681.9	46.9	77,210.1	48.1	41.2
1- European Countries (Excluding EU)	16,843.9	14.4	24,980.6	15.6	48.3
2- African Countries	5,469.7	4.7	7,749.3	4.8	41.7
North Africa	4,095.7	3.5	5,434.0	3.4	32.7
Other African Countries	1,374.0	1.2	2,315.3	1.4	68.5
3- American Countries	9,192.0	7.9	12,244.1	7.6	33.2
North America	7,713.6	6.6	10,242.4	6.4	32.8
Central America and Caribbean	335.4	0.3	537.5	0.3	60.3
South America	1,143.0	1.0	1,464.2	0.9	28.1
4- Asian Countries	21,911.6	18.8	31,519.2	19.6	43.8
Near and Middle East	9,920.0	8.5	13,489.0	8.4	36.0
Other Asian Countries	11,991.6	10.3	18,030.2	11.2	50.4
5- Australia and New Zealand	405.1	0.3	566.1	0.4	39.7
6- Other Countries	859.6	0.7	150.8	0.1	-82.5

Source: SIS

Table 98. Foreign Trade Volume According to Selected Country Groups

(Million US\$)

COUNTRY GROUPS	2003		2004		Change (%)
	Value	Share (%)	Value	Share (%)	
OECD Countries	74,324.1	63.7	100,015.6	62.3	34.6
EFTA Countries	3,933.8	3.4	4,546.7	2.8	15.6
Black Sea Economic Cooperation	14,342.1	12.3	22,100.8	13.8	54.1
Economic Cooperation Organization	4,304.9	3.7	5,419.9	3.4	25.9
Commonwealth of Independent States	10,739.7	9.2	16,850.6	10.5	56.9
Turkish Republics	1,522.4	1.3	1,726.9	1.1	13.4
Organization of the Islamic Conference	15,399.6	13.2	20,798.7	13.0	35.1

Source: SIS

In the listing made among the countries as of export values, Germany was in first place with US\$8,745.3 million (13.9%), England was in second place with US\$5,543.7 million (8.8%) and the United States was in third place with US\$4,833.8 million (7.7%). Within the 10 countries to which the most exports were made, the highest increase in the rate of exports compared to 2003 were made in the exports to Iraq at 119.6%, to England at 51.1% and to Spain at 46.2% (Table 99).

In imports, once again Germany was in first place with US\$12,515.5 million (12.9%), Russia was in second place with US\$9,028.5 million (9.3%) and Italy was in third place with US\$6,865.5 million (7.1%). The highest rate of increase in imports compared to 2003 within the 10 countries from which the most imports were made was China at 71%, Russia at 65.6% and Spain at 62.2% (Table 100).

Table 99. Ten Countries to Which the Most Exports Are Made (In Order of Value in 2004)

					(Million US\$)
Countries	2003		2004		Change (%)
	Value	Share (%)	Value	Share (%)	
Germany	7,484.9	15.8	8,745.3	13.9	16.8
England	3,670.1	7.8	5,543.7	8.8	51.1
U.S.A.	3,751.6	7.9	4,833.8	7.7	28.8
Italy	3,193.2	6.8	4,627.6	7.3	44.9
France	2,826.1	6.0	3,668.4	5.8	29.8
Spain	1,789.5	3.8	2,616.3	4.1	46.2
The Netherlands	1,525.9	3.2	2,138.0	3.4	40.1
Russia	1,367.6	2.9	1,859.2	2.9	35.9
Iraq	829.1	1.8	1,820.8	2.9	119.6
Israel	1,083.0	2.3	1,311.3	2.1	21.1
Romania	873.3	1.8	1,235.5	2.0	41.5

Source: SIS

Table 100. Ten Countries from Which the Most Imports Are Made (In Order of Value in 2004)

					(Million US\$)
Countries	2003		2004		Change (%)
	Value	Share (%)	Value	Share (%)	
Germany	9,453.0	13.6	12,515.5	12.9	32.4
Russia	5,451.3	7.9	9,028.5	9.3	65.6
Italy	5,471.5	7.9	6,865.5	7.1	25.5
France	4,164.1	6.0	6,201.3	6.4	48.9
U.S.A.	3,495.8	5.0	4,697.8	4.8	34.4
China	2,610.3	3.8	4,464.7	4.6	71.0
England	3,500.0	5.0	4,317.1	4.4	23.3
Switzerland	2,968.2	4.3	3,404.5	3.5	14.7
Spain	2,003.7	2.9	3,249.5	3.3	62.2
Japan	1,927.1	2.8	2,684.3	2.8	39.3

Source: SIS

2. Foreign Currency Exchange Rates

In the exchange rate policy announced on 2 January 2004, it was stated that the fluctuating exchange rate regime, which was started to be implemented after the February 2001 crisis, would also be continued in 2004 and that the exchange rates would be formed according to the market conditions. It was stated that the Central Bank could intervene for buying or selling when excessive fluctuations were observed in both directions in the exchange rates, provided that it remained limited. Besides this, in case the developments in the balance of payments and developments in the reverse dollarization process are suitable, then the Central Bank would continue to strengthen the foreign currency reserves through foreign currency

purchasing bids, which are transparent and announced in advance and which are based on mechanisms formed by talking with the market participants and when doing this, it was stated that the Central Bank would not take an exaggerated attitude. When a contrary situation is formed, it was stated that the Central Bank can suspend the foreign currency purchasing bids for a short or a long period, without waiting for the end of the period by informing the public in advance. Applications during the year were carried out within this scope. The Central Bank restarted on 23 January 2004, the daily foreign currency purchasing bids, which it had suspended on 23 October 2003, due to the increase in the excess of foreign currency supply. The Central Bank made US\$286 million in foreign currency purchases in January, US\$805 million in February, US\$1,418 million in March and US\$1,354 million in April. The Central Bank suspended the foreign currency purchasing bids on 27 April 2004 upon a decrease emerging in the foreign currency supply surplus. The Central Bank once again started the foreign currency purchasing bids on 22 December 2004 and made foreign currency purchases of US\$242 million up until the end of the month. In 2004, the Central Bank realized a total of US\$4,105 million in foreign currency buying through foreign currency purchasing bids.

Furthermore, the Central Bank made a direct buying intervention in the foreign currency market on 16 February 2004 due to an excessive instability occurring in the foreign currency exchange rates and it made purchases amounting to US\$1,283 million with the objective of sterilizing the foreign currency supply surplus, which was formed in the market. On 11 May 2004, the Central Bank intervened in the direction of selling a very small amount upon the excessive instability observed in the foreign currency markets with the influence of the instability in the prices of the foreign currency assets of the banks and the narrowing in the foreign currency liquidity caused by the process of reverse money substitution. Thus, the Central Bank withdrew US\$5,388 million from the markets through foreign currency purchasing bids and direct foreign currency purchases in 2004. In 2004, the success obtained in the fight against inflation and the positive expectations for the future, relations with the European Union, developments related to Cyprus, the expectations related to the extension of the economic program carried out with the IMF, the interest rate policy of the US Federal Reserve, the increase in the tourism revenues and the developments in the Euro/US dollar parity were the most important components, which affected the exchange rates. The foreign currency exchange rates continued to lose value nominally and in real terms during the year in general.

In 2004, according to the annual average values, the US Dollar nominally decreased 5% and regressed to 1,421,966.3 TL, the British Pound increased 6.5% and rose to 2,601,701.8 TL, the Japanese Yen increased 1.8% and rose to 13,117.5 TL and the Euro increased 4.7% and rose to 1,766,717.5 TL (Table 101).

Table 101. Foreign Currency Exchange Rates (Annual Average) ⁽¹⁾

Years	U.S.A.		German		French		English		Japanese		Euro	
	Dollar	Change (%)	Mark ⁽²⁾	Change (%)	Franc ⁽²⁾	Change (%)	Pound	Change (%)	Yen	Change (%)	Euro	Change (%)
1998	260,039.6	71.7	148,440.1	70.5	44,234.1	71.1	431,062.6	73.7	1,996.3	59.9	-	-
1999	417,580.9	60.6	226,834.6	52.8	67,634.0	52.9	675,401.1	56.7	3,700.2	85.4	443,649.9	-
2000	623,749.3	49.4	293,658.1	29.5	87,556.2	29.5	942,026.2	39.5	5,774.8	56.1	574,345.2	29.5
2001	1,222,921.4	96.1	558,682.5	90.2	166,579.2	90.3	1,758,929.5	86.7	10,020.6	73.5	1,092,643.6	90.2
2002	1,503,494.4	22.9	-	-	-	-	2,264,662.5	28.8	12,050.6	20.3	1,427,015.8	30.6
2003	1,496,088.8	-0.5	-	-	-	-	2,442,267.7	7.8	12,880.0	6.9	1,687,520.4	18.3
2004	1,421,966.3	-5.0	-	-	-	-	2,601,701.8	6.5	13,117.5	1.8	1,766,717.5	4.7

Source: Republic of Turkey, Central Bank; SPO

(1) Foreign Currency Buying Rate

(2) With the Euro going into circulation in the EU Region as of 1 January 2002, the announcement of the values of the subject currencies were ended.

The US Dollar nominally lost 5% in value and 14.4% in real terms. The Euro nominally gained 4.7% in value and lost 5.8% in real terms (Table 102).

Table 102. Foreign Currency Exchange Rates (Monthly Average) (*)

Years	Months	US Dollar	Euro	TEFE		Nominal Change (%)		Real Change (%)	
		\$	€	1994=100	Chng. (%)	\$	€	\$	€
2003	Jan.	1,654,547.6	1,753,089.6	6,840.7	5.6	4.8	9.1	-0.8	3.3
	Feb.	1,624,259.0	1,751,939.6	7,055.7	3.1	-1.8	-0.1	-4.8	-3.1
	Mar.	1,653,910.0	1,785,206.0	7,281.8	3.2	1.8	1.9	-1.3	-1.3
	Apr.	1,623,708.5	1,760,564.9	7,410.0	1.8	-1.8	-1.4	-3.5	-3.1
	May	1,489,015.0	1,714,291.0	7,364.0	-0.6	-8.3	-2.6	-7.7	-2.0
	Jun.	1,418,262.0	1,658,154.0	7,222.2	-1.9	-4.8	-3.3	-2.9	-1.4
	Jul.	1,396,413.9	1,588,861.7	7,183.5	-0.5	-1.5	-4.2	-1.0	-3.7
	Aug.	1,397,625.0	1,558,761.0	7,169.4	-0.2	0.1	-1.9	0.3	-1.7
	Sep.	1,371,530.2	1,535,607.0	7,173.3	0.1	-1.9	-1.5	-1.9	-1.5
	Oct.	1,423,551.4	1,666,986.2	7,213.4	0.6	3.8	8.6	3.2	8.0
	Nov.	1,471,782.0	1,723,447.2	7,336.2	1.7	3.4	3.4	1.7	1.7
	Dec.	1,428,461.2	1,753,336.5	7,382.1	0.6	-2.9	1.7	-3.5	1.1
Annual Average		1,496,088.8	1,687,520.4	7,219.4	25.6	-0.5	18.3	-20.8	-5.8
2004	Jan.	1,346,469.0	1,699,640.0	7,576.5	2.6	-5.7	-3.1	-8.2	-5.5
	Feb.	1,325,155.0	1,671,459.0	7,700.6	1.6	-1.6	-1.7	-3.2	-3.2
	Mar.	1,315,623.0	1,614,908.0	7,862.2	2.1	-0.7	-3.4	-2.8	-5.4
	Apr.	1,349,543.0	1,621,955.0	8,070.5	2.6	2.6	0.4	-0.1	-2.2
	May	1,499,884.0	1,800,423.0	8,067.8	0.0	11.1	11.0	11.2	11.0
	Jun.	1,488,484.0	1,805,359.0	7,982.7	-1.1	-0.8	0.3	0.3	1.3
	Jul.	1,447,335.0	1,776,393.0	7,861.6	-1.5	-2.8	-1.6	-1.3	-0.1
	Aug.	1,469,706.0	1,789,430.4	7,923.5	0.8	1.5	0.7	0.8	-0.1
	Sep.	1,497,248.0	1,828,041.0	8,069.7	1.8	1.9	2.2	0.0	0.3
	Oct.	1,483,670.0	1,852,354.7	8,330.1	3.2	-0.9	1.3	-4.0	-1.8
	Nov.	1,444,302.0	1,873,417.0	8,392.7	0.8	-2.7	1.1	-3.4	0.4
	Dec.	1,396,177.0	1,867,230.0	8,403.8	0.1	-3.3	-0.3	-3.5	-0.5
Annual Average		1,421,966.3	1,766,717.5	8,020.1	11.1	-5.0	4.7	-14.4	-5.8

Source: Republic of Turkey, Central Bank; SPO, SIS

(*) Foreign Currency Buying Rate

3. Balance of Payments

The current transactions deficit, which was US\$8,037 million in 2003, increased 91.7% in 2004 and rose to US\$15,410 million. This negative development in the current transactions deficit stemmed to a great extent from the high rate of increase in the foreign trade deficit, despite the improvement in the balance of services (Table 103).

The increase in imports continued to negatively affect the foreign trade deficit, despite the high performance experienced in exports. The foreign trade deficit, which was US\$14,010 million in 2003, as shown in the balance of payments table, increased 69.8% in 2004 and rose to US\$23,792 million. The surplus of the services

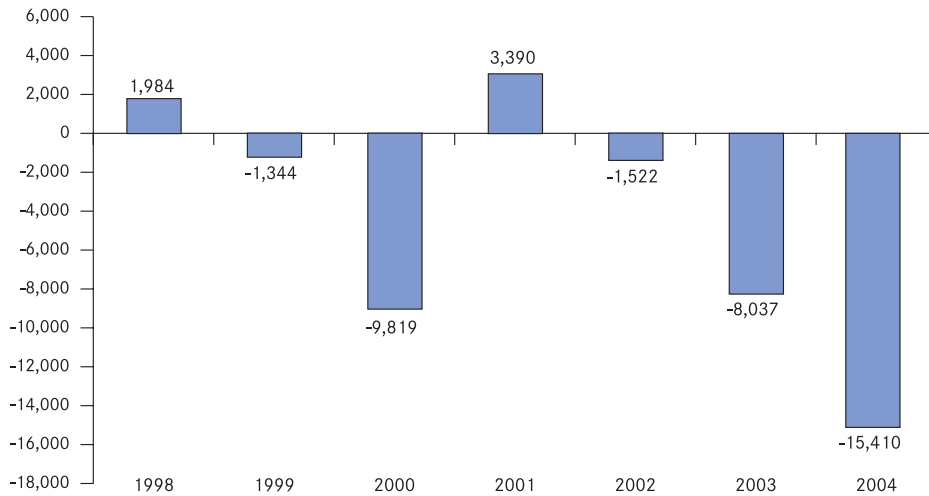
account increased 21.6% compared to 2003 connected to the high increase in tourism revenues and became US\$12,773 million. The investment revenues account deficit decreased 0.7% and regressed to US\$5,518 million. Current transfers increased 9.7% connected to the increase in worker remittances and official transfers and rose to US\$1,127 million.

Table 103. Balance of Payments

	(Million US\$)						
	1998	1999	2000	2001	2002	2003	2004
CURRENT TRANSACTIONS ACCOUNT	1,984	-1,344	-9,819	3,390	-1,522	-8,037	-15,410
Exports FOB	30,662	28,842	30,721	34,373	40,124	51,206	66,955
Imports FOB	-44,714	-39,027	-52,680	-38,106	-47,407	-65,216	-90,747
Balance of Goods	-14,052	-10,185	-21,959	-3,733	-7,283	-14,010	-23,792
Service Revenues	23,686	16,800	20,364	16,030	14,783	19,025	24,028
(Tourism Revenues)	7,177	5,203	7,636	8,090	8,479	13,203	15,888
Service Expenses	-10,180	-9,313	-8,996	-6,900	-6,904	-8,520	-11,255
(Tourism Expenses)	-1,754	-1,471	-1,713	-1,738	-1,880	-2,113	-2,524
Balance of Goods and Services	-546	-2,698	-10,591	5,397	596	-3,505	-11,019
Investment Revenues	2,481	2,350	2,836	2,753	2,486	2,246	2,651
(Interest Revenues)	1,096	1,074	1,168	1,139	784	634	697
Investment Expenses	-5,466	-5,887	-6,838	-7,753	-7,040	-7,805	-8,169
(Interest Expenses)	-3,869	-4,533	-4,825	-5,497	-4,417	-4,586	-4,348
Balance of Goods, Serv. and Inv. Rev.	-3,531	-6,235	-14,593	397	-3,958	-9,064	-16,537
Current Transfers	5,515	4,891	4,774	2,993	2,436	1,027	1,127
(Worker Remittances)	5,356	4,529	4,560	2,786	1,936	729	804
CAPITAL ACCOUNT							
FINANCE ACCOUNT	-840	4,829	9,584	-14,643	1,161	7,091	16,965
Direct Investments Abroad	-367	-645	-870	-497	-175	-499	-859
Direct Investments in Turkey	940	783	982	3,266	1,038	1,694	2,568
Portfolio Accounts-Assets	-1,622	-759	-593	-788	-2,096	-1,386	-1,388
Portfolio Accounts-Liabilities	-5,089	4,188	1,615	-3,727	1,503	3,955	9,411
Shares	-518	428	489	-79	-16	1,009	1,427
Debt Certificates	-4,571	3,760	1,126	-3,648	1,519	2,946	7,984
Other Investment-Assets	-1,464	-2,304	-1,939	-601	-777	-986	-7,341
Central Bank	-95	-98	1	-39	-30	-28	-24
Banks	-942	-1,839	-1,574	233	643	348	-5,331
Other Sectors	-427	-367	-366	-795	-1,390	-1,306	-1,986
Other Investment-Liabilities	6,762	3,566	10,389	-12,296	1,668	4,313	14,574
Central Bank	571	-231	619	735	1,336	497	-209
General Government	-1,655	-1,932	117	-1,977	-669	-2,194	-1,163
Banks	3,195	2,655	3,736	-9,644	-2,016	2,846	6,498
Other Sectors	4,651	3,074	5,917	-1,410	3,017	3,164	9,448
Current, Capital and Financing Acc.	1,144	3,485	-235	-11,253	-361	-946	1,555
NET ERRORS AND DEFICIENCIES	-697	1,721	-2,762	-1,671	149	5,043	2,787
GENERAL BALANCE	447	5,206	-2,997	-12,924	-212	4,097	4,342
RESERVE ASSETS (*)	-447	-5,206	2,997	12,924	212	-4,097	-4,342
Official Reserves	-216	-5,726	-354	2,694	-6,153	-4,047	-824
International Monetary Fund Credits	-231	520	3,351	10,230	6,365	-50	-3,518
Financing of Balance of Payments							

Source: Republic of Turkey, Central Bank

(*) The corresponding items in the former presentation have been included in the Reserve Assets item.

Graph 26. Balance of Current Transactions*(Million US\$)*

The tourism revenues increased 20.3% connected to the increase in the number of tourists and rose to US\$15,888 million. The interest revenues increased 9.9% and rose to US\$697 million. The tourism expenses increased 19.5% and rose to US\$2,524 million. The interest expenses decreased 5.2% and regressed to US\$4,348 million. The worker remittances increased 10.3% compared to 2003 and rose to US\$804 million.

Graph 27. Tourism Revenues and Worker Remittances*(Million US\$)*

The net capital inflow, which was US\$7,091 million in 2003, was realized at the level of US\$16,965 million in 2004. There was an inflow of US\$1,709 million in net direct investments, of US\$8,023 million in net portfolio investments and US\$7,233 million in other investments.

The official reserves, which increased US\$4,047 million in 2003, increased US\$824 million in 2004.

The current transactions and the foreign financing need, which is defined as the sum of the net errors and deficiencies items, increased US\$9,629 million compared to 2003 and rose to US\$12,623 million.

4. Foreign Debts

The foreign debt stock, which was US\$145,350 million in 2003, increased 11.3% in 2004 and rose to US\$161,748 million. The medium and long-term foreign debts increased 6.1% and the short-term foreign debts increased 38.7% compared to 2003. Of the total foreign debts, US\$129,838 million was in medium and long-term debts and US\$31,910 million was in short-term debts. The share of the medium and long-term debts within the total foreign debt stock dropped from 84.2% to 80.3% and the share of the short-term debts increased from 15.8% to 19.7% (Table 104).

Table 104. Foreign Debt Stock

	(Million US\$)						
	1998	1999	2000	2001	2002	2003	2004
Foreign Debt Stock	96,386	102,987	118,568	113,651	130,218	145,350	161,748
Change (%)	-	6.8	15.1	-4.1	14.6	11.6	11.3
Medium and Long-Term	75,612	80,066	90,267	97,248	113,794	122,337	129,838
Change (%)	-	5.9	12.7	7.7	17.0	7.5	6.1
Share (%)	78.4	77.7	76.1	85.6	87.4	84.2	80.3
Short-Term	20,774	22,921	28,301	16,403	16,424	23,013	31,910
Change (%)	-	10.3	23.5	-42.0	0.1	40.1	38.7
Share (%)	21.6	22.3	23.9	14.4	12.6	15.8	19.7
According to the Debtors							
Medium and Long-Term	75,612	80,066	90,267	97,248	113,794	122,337	129,838
Total Public Sector	39,859	42,387	47,685	46,169	63,706	69,627	73,790
Central Bank	12,073	10,312	13,429	23,591	20,340	21,504	18,114
Private Sector	23,680	27,367	29,153	27,488	29,748	31,206	37,934
Short-Term	20,774	22,921	28,301	16,403	16,424	23,013	31,910
General Government	0	0	1,000	0	0	0	0
Central Bank	905	686	653	752	1,655	2,860	3,287
Commercial Banks	11,159	13,172	16,900	7,997	6,344	9,692	13,805
Other Sectors	8,710	9,063	9,748	7,654	8,425	10,461	14,818
Public Sector Total	52,837	53,385	62,767	70,512	85,701	93,991	95,191
Share (%)	54.8	51.8	52.9	62.0	65.8	64.7	58.9
Private Sector Total	43,549	49,602	55,801	43,139	44,517	51,359	66,557
Share (%)	45.2	48.2	47.1	38.0	34.2	35.3	41.1

Source: Undersecretariat of the Treasury

In 2004, a US\$73,790 million portion of the medium and long-term debts belonged to the public sector, a US\$18,114 million portion belonged to the Central Bank and a US\$37,934 million portion belonged to the private sector. Of the short-term debts, US\$3,287 million belonged to the Central Bank, US\$13,805 million belonged to the commercial banks and US\$14,818 million belonged to the other sectors.

The share of the public sector within the total foreign debt stock decreased from 64.7% to 58.9% and the share of the private sector rose from 35.3% to 41.1%.