



# ECONOMIC REPORT **2010**



# ECONOMIC REPORT

## 2010



ISBN: 978-9944-60-956-2

**TOBB Publication No: 2011/141**

Translation and English Editing: Ellen YAZAR

Detailed information for the TOBB Publications can be obtained from the Publications Directorate.

Tel : (0312) 218 20 00

Fax : (0312) 218 20 64

Internet : [www.tobb.org.tr](http://www.tobb.org.tr)

The complete texts of the TOBB publications can be obtained free of charge from the Internet.

Design: Merdiven Reklam Tanıtım

GMK Bulvarı Özveren Sokak No: 13/14 Demirtepe - Ankara - Turkey

Printing: Özyurt Matbaacılık

Büyük Sanayi 1. Cad. Süzgün Sk. No: 7 İskitler - Ankara - Turkey



## FOREWORD

Turkish economy started to re-grow and displayed a stunning growth performance in 2010 depending on the dynamism and renewing strength of the private sector. Thanks to these, the national income, investments of the private sector on machinery-equipment and the private sector employment reached at a historical record high.

Rapid recovery of economic activity than expected, the medium-term program indicating the continuation of financial discipline, the vibrant financial system, the positive trend in the consumer and real sector expectations and the course of risk premium indicators ruling even below the pre-crisis levels designate a positive outlook for Turkish economy.

Economic growth reflects positively on the employment market and the unemployment rates are regressing. Despite strong domestic demand, basic inflation indicators are following a positive course. On the other hand, while the inflows of capital accelerate due to the rise in the global risk appetite, the asset prices are rising and the Turkish Lira is strengthening. These developments, by stimulating the consumption and investment demand, have increased the use of loans both by companies and households and have been the cause of economic growth depending on the domestic demand.

In addition to these developments, the foreign trade deficit has grown as a natural result of the greater increase rate in imports than exports, the delay of recovery in the EU economies, which is the largest market of Turkey, the debt crisis, and the rapid increase in petroleum prices. Within this framework, the measures for decreasing the macro risks will continue to be on the agenda of Turkey as it is in other countries.

Whereas, when the world is considered, it appears that three basic developments have shaped the world economy after 1990. The first of these is the relationship among the capital flows, volume of trade and production level with the growth rates. In the 1990-2007 period prior to the global crisis, the growth rate of the capital flow was 10.7% in the world, the growth rate of trade volume was 5.8% and the growth rate of production was 3.5%. In other words, the trade volume increases more rapidly than the production level, whereas, the capital flows increase faster than the trade volume. These results set forth that the interconnectedness has increased in the world in terms of goods and capital flows

The second factor is that the developing and newly emerging market economies have become net capital exporters as a whole, especially in the post-2000 period. This indicates that the developing countries are financing the developed countries. Whereas, the third factor is the increasing current account deficit of the USA, particularly in the post-2001 period. The increasing current account deficit of the US economy in the post-2001 period has become the basic source of international liquidity.

In the aftermath of the global crisis, a new map of competition was started to be shaped in the world. It appears that the countries that adapted to this new environment grew more rapidly and became wealthier. It can be said that we are in the second phase of the globalization period.

By being aware of the risks and opportunities, we must initiate a new growth path compatible with this new environment. We must also strengthen the high growth performance we attained in 2010. For this, we must continue to implement the structural reforms. The basic components of economic growth are capital accumulation, quality of the labor force and total factor productivity. There is a long way to go in all three fields.

I hope that the economic report in which we have presented the basic economic indicators of Turkey and the world will be beneficial for you.

**M. Rifat HİSARCIKLIOĞLU**

President

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## SYMBOLS AND ABBREVIATIONS

-	: No information	GNP	: Gross National Product
TL	: Turkish Lira	HDI	: Human Development Index
\$	: US Dollar	HM	: Republic of Turkey Prime Ministry Undersecretariat of the Treasury
€	: Euro	IF	: Investment Fund
m <sup>2</sup>	: Square meter	IIF	: International Institute of Finance
m <sup>3</sup>	: Cubic meter	ILO	: International Labor Organization
Km <sup>2</sup>	: Square kilometer	IMF	: International Monetary Fund
Sm <sup>3</sup>	: It is a value expressed as a standard cubic meter (Sm <sup>3</sup> ) at 15 degrees centigrade and 1 atmosphere pressure	IMKB	: Istanbul Stock Exchange
bbl	: Barrel (1 bbl=159 liters)	MF	: Ministry of Finance
lb	: 1 lb=0.4536 Kg	MLSS	: Ministry of Labor and Social Security
Mt	: Metric Ton	Nec	: Not elsewhere classified
cts	: cents	OECD	: Organization for Economic Cooperation and Development
Year (X)=100	: It is the year taken as the basis for index studies	OIC	: Organization of the Islamic Conference
ADNKS	: Address Based Population Registration System	PA	: Republic of Turkey Prime Ministry Privatization Administration
ASEAN	: Association of South-East Asian Nations	PPI	: Producer Price Index
BAT	: The Banks Association of Turkey	SBIF	: Stocks and Bonds Investment Fund
BOTAŞ	: Pipeline and Petroleum Transport Corporation	SDR	: Special Drawing Rights
BSEC	: Black Sea Economic Cooperation	SEE	: State Economic Enterprise
CIS	: Commonwealth of Independent States	SME	: Small and Medium-sized Enterprises
CMB	: Capital Markets Board of Turkey	SPO	: State Planning Organization
CPI	: Consumer Price Index	TCMB	: Central Bank of the Republic of Turkey (CBRT)
DBT	: Development Bank of Turkey	THY	: Turkish Airlines
DIS	: Direct Income Support	TİSK	: Confederation of Employer Unions of Turkey
ECO	: Economic Cooperation Organization	TOBB	: Union of Chambers and Commodity Exchanges of Turkey
EFTA	: European Free Trade Association	TURKSTAT	: Turkish Statistical Institute
EU	: European Union	UN	: United Nations
EUROSTAT	: European Union Statistics Office	UNDP	: United Nations Development Program
FoB	: Free on Board	USA	: United States of America
FX	: Foreign Currency	WB	: World Bank
FXDA	: Foreign Exchange Deposit Account	WPI	: Wholesale Price Index



## EXPLANATIONS

In the “Economic Report” publication prepared annually by the TOBB, the important parameters, variables and views of Turkey have been chosen as indicators for the related year and are presented to the users at a national level. In the “Economic Report” publication prepared for 2010, a small-scale re-organization activity was undertaken compared to the previous issues. Acting from the thought that it would remain insufficient in the interpretation of the economic view, summary information and interpretations were presented for a very limited number of social variables.

An organization was also made for the reference periods of the data in the 2010 Economic Report publication. 2008, 2009 and 2010 were taken as the basis of the reference period for the main variables in the Report. However, since some of the data of the 2010 results were not available on the publication date of the report, the reference periods remained limited to 2008 and 2009 for these types of variables. Despite the fact that it is preferable to use longer year data in the time series analyses for some variables, it is possible to access data in an electronic medium from the websites of the related institutions/organizations and from the TOBB website.

The information on the Institution/Organization responsible for the related subjects within the scope of the Official Statistics Program was taken as the basis for all of the macro-economic and micro dimension statistics given in the report. For the related years, it focused on the figures and interpretations at the level of “rates of change” for the statistics given. It will be a lot more meaningful for interpretations to also relate to the social factors in order to be able to interpret in a much broader scope these types of data, especially economically. In the subsequent publications, especially by placing emphasis on this subject, an important service will be realized in this sense by providing the data to the users.

Within this scope, some concepts and definitions that are basic to the entire report have been presented below in summary. However, for these definitions given, it is possible to access from the websites of the related institutions/organizations the basic definitions and concepts for the related subject titles. Here, the concepts thought to be beneficial from the aspect of terminology have been presented.

**Activity Equipment:** It is the composition of specific goods and services brought together by resources, such as work force, manufacturing techniques, information networks or products.

**Age Dependency Ratio:** It is the ratio of the population in the 0-14 years of age group and the population in the 65 years of age or older group, to the population in the 15-64 years of age group. The age dependency ratio is calculated with the following formula:

$$\text{Age Dependency Ratio} = [(A+B)/C] * 100$$

Where, it expresses the:

A: population in the 0-14 years of age group,

B: population in the 65 years of age group or older,

C: population in the 15-64 years of age group.

**Annual Growth Rate of Population:** It is the increase in population for each 1,000 population between two years.

**Balance of Foreign Trade:** It is the difference between exports and imports for a specific period.

**Chain Index:** It is an index implemented with the renewal every year of the products included in the basket in the scope of the index calculated and the weights of these. In general, at the end of every year new items (products) are put into the basket and added to the index or the products that have lost importance are removed from the index and new products in their place are taken into account in the calculation of

the index. For example, in the Laspeyres index, the index is calculated by dividing the new price reference period of the current prices by a previous December price, which is  $P_0$  and a chain operation is made by multiplying the December index. It can be formulated as follows:

$$I = w * (P_i / P_0)$$

Where, it expresses the:

I: Index,  $P_i$ : Current month prices,

W: Weights,  $P_0$ : Basic year prices.

**Consumer Price Index:** It is the change in retail prices paid for consumer goods and services by a specific population in a specific period.

**Deficit of Foreign Trade:** It is the situation where imports are greater than exports.

**Enterprise:** It is an organizational unit, which is the smallest resultant of the legal units in the production of goods and services and which has a certain autonomy on the subject of making decisions from the aspect of the use of existing resources, in particular.

**Fixed Capital Investment:** It expresses the buildings, machinery, transport vehicles, vacant lots, office equipment and furnishing of the movable property type and extending their usable life-spans, changes that increase productivities, renovation and development activities and major repairs set aside as amortization share and whose use is for more than a year.

**Sex Ratio:** It is the expression of the percentage ratio of the male population to the female population. It is calculated with the following formula:

$$\text{Gender Ratio} = (\text{Male Population} / \text{Female Population}) * 100$$

**General Partnership:** It is a type of company whose responsibilities are unlimited to the credits of the company partners, which is formed among real persons with the objective of operating as a juristic person under a trade name

**Gini Coefficient:** It is a criterion of inequality that shows the real level of distribution when compared with a hypothetical situation where an equal share from a distribution is received by everyone from income, consumption expenditures or from a similar variable. In this index that changes between a minimum of “0” and a maximum of “1”; 0 (zero) is absolute equality, whereas, 1 (one) shows the largest inequality possible to realize. As this coefficient reaches zero, it sets forth that the injustice in the distribution of income has decreased.

**Gross Schooling Ratio:** It is the ratio of the total of those attending school at any level of education to the total population within the theoretical population. For example, the gross middle schooling ratio is calculated with the formula:

$$\text{Gross Middle Schooling Ratio} = [A / B] * 100$$

Where:

A: Number of students attending middle school,

B: Expresses the population between 11-13 years of age.

**Household:** It is a group formed of one or several persons, whether or not they are related, who live in the same house or in a part of the same house, whose income and expenditures are not separate and who participate in the services and management of the household.

**Household Consumption Expenditures:** It is every type of expenditure as of the 12 main spending groups according to the Classification of Individual Consumption according to Purpose (COICOP) of the households within the survey month and includes all of the goods and services expenditures in the manner of single-party transfers and all kinds of goods and services obtained in the in kind form.

**Household Disposable Income:** It is the total of the activity incomes, such as salaries, wages, and daily wages, enterprise incomes obtained as cash or in kind of all the individuals of the household and of the non-activity incomes, such as real estate, securities and single-party transfers.

**IMKB National 100 Index:** They are the closing prices of the 1st and 2nd sessions of the Istanbul Stock Exchange.

**Joint-Stock Company:** It is a type of company operating under a trade name whose capital is divided into shares and whose responsibilities are limited only to the total assets due to debts or legacies. It is a company type that is suitable for the participation of a large number of shareholders and operating with large capital. A joint-stock company can be founded in Turkey with a minimum of five partners. The founders can be real or juristic persons.

**Labor Force:** It is the total of the employed and unemployed persons.

**Life Expectancy at Birth:** It is the average number of years an infant is expected to live having been exposed to age-specific mortality rates at certain periods throughout his/her life.

**Limited Liability Company:** It is a type of company that restricts the responsibilities of the partners to the capital they commit to preserve and that has a specific capital and is formed by two or more real or juristic persons under a trade name. Limited liability companies can be founded for all kinds of legal economic activities other than banking and insurance. The number of partners cannot be less than two or more than fifty.

**Limited Partnership:** It is a type of company where the responsibilities of one or a few of the partners are unlimited to the company credits and where the responsibilities of the other partner or partners are limited to a specific capital, which is formed with the objective of operating under a trade name.

**Median Age:** It is the age of the person exactly in the middle when the persons forming a population are listed according to ages. Accordingly, half of the population is younger than this age and the other half are older than this age. It can be defined as the age that divides the population into two equal parts.

**Net Schooling Rate:** It is the rate of the total of those attending school at any educational level and the real population in that age group. For example, the net primary schooling rate is calculated with the following formula:

$$\text{Net Primary Schooling Rate} = [A (B+C-D)] * 100$$

Where, it expresses the:

A: number of students attending primary school,

B: population in the 6-10 years of age group,

C: number of students attending primary school excluding 6-10 years of age,

D: number of students 6-10 years of age attending middle school.

**Persons Employed:** It is the individuals 15 years of age or older who engage in an economic activity or continue a connection with work with the objective of obtaining cash (money) or income in kind (goods) with wages, salary, daily wages, or by being an employer, self-employed or an unpaid family worker, even if for a minimum of one hour, at the reference period.

**Purchasing Power Parity:** It is a rate that transforms different currency units, which provides the opportunity for equalizing the purchasing power of different currency units and for comparing the real prices and volumes in its international meaning.

**Quintile Groups:** It is listed from less to more according to the disposable income of the households and forms classes that have 5 equal parts in a manner so that the households are an equal number in each class. Every class is given the name of quintile group.

**Rate of Change:** It is the expression as percentage of the difference between values for two specific periods. It is the rate of change between a value at the (X) level at a (t) previous time and (Y) the present-day value. It is calculated with the following formula:

$$[(X/Y) - 1] * 100$$

**Rate of Participation in the Labor Force:** It is the household individuals 15 years of age and older who are in the labor force within each 100 household individuals. In other words, it is the rate of the population 15 years of age and older that are in the labor force.

**Rate of Real Change:** It becomes difficult to follow the real price trends in environments where there is inflation, since it affects the value and prices of all goods and services. It is a more correct approach technically to interpret the real value or the rates of real change in situations like these. It is calculated with the following formula:

$$\text{Real Value} = \{[(1 + \text{Ratio of Related Variable}) / (1 + \text{Inflation Rate})] - 1\} * 100$$

**Rate of Urban Population:** It is the rate within the total population of the population living in settlement places having a population of 20,001 persons or more that was defined as an urban area at a specific date.

**Real Gross Domestic Product:** It is the value of the Gross Domestic Product transformed to a common currency by using the purchasing power parity. In this manner, the purchasing power of the currency of every country is made equal and consequently, it provides for comparing the real amounts of goods and services produced by countries.

**Rural Areas:** Settlements that have population equal to or below 20,000.

**Unemployed Persons:** It includes the work age unemployed individuals in the population who were not employed (in return for profits, who did not work at any job with or without wages and who did not have a connection with such work) within the reference period and from the persons who used a minimum of one work seeking channel within the last three months to find work and non-institutional persons who are in a position to start work within 15 days. Furthermore, those who have found work or have established their own work, but are waiting with the objective of eliminating various deficiencies to start work or to be on the job and will be able to start work within 15 days are also included in the unemployed.

**Urban Areas:** Settlements that have population equal to or above 20,001.

**Volume of Foreign Trade:** It is the total exports and imports made by a country in a specific period of time.

**Work Place:** It is defined as a work or industrial unit that produces goods in a single physical location or that realizes services (factory, workshop, hairdresser/barber, etc.). A work place can be a single unit or can have many work places spread among different geographical boundaries or different industrial types. Work place is equivalent to the definition of local unit of the EU.





# **CHAPTER I.**

## **A GENERAL VIEW OF THE WORLD ECONOMY**





## 1. GENERAL EVALUATION

The global economic crisis that emerged in the final quarter of 2008 negatively influenced financially all the world economies. As it was expected in 2010, it was a year in which economic recovery trends were observed. Economic revival in the first half of 2010 showed itself with a 5.0% growth rate in world production in connection with the acceleration of global activities. Despite this, a majority of the developed countries were faced with important problems. Due to reasons, such as the recovery plans operating slowly, especially significant increase occurring in the number of unemployed was observed to be a serious social problem. Whereas, a high growth rate was realized in 2010 in the developing country economies.<sup>1</sup>

While a shrinkage occurred under the influence of the global crisis in almost all of the country economies in 2009, they were replaced by positive figures in a majority of the country economies in 2010. After many years, the world economy shrank for the first time 0.6% in 2009 and grew 5.0% in 2010. The developed country economies grew 3.0% and the developing country economies grew 7.1%. The growth rate that followed a high course, especially in the developing world economies, followed a lower course in the developed country economies and moreover, regressed 0.2% in Spain. Despite the global crisis, China, the most crowded country of the world, also showed growth in 2009 and continued to grow 10.3% in 2010. The highest growth in the developed country economies was realized in Japan at 4.3% in 2010. In this manner, the two large Asian countries drew attention by taking first place in growth in both country groups (See Table 1, Graph 1).

**Table 1. Output of World, Country Groups and Selected Countries**

Country Groups and Selected Countries	(Rate of Change)			
	2008	2009	2010	2011 <sup>(1)</sup>
<b>World Output</b>	3.0	-0.6	5.0	4.4
<b>Developed Economies</b>	0.5	-3.4	3.0	2.5
USA	0.4	-2.6	2.8	3.0
<b>Euro Region</b>	0.6	-4.1	1.8	1.5
Germany	1.2	-4.7	3.6	2.2
France	0.3	-2.5	1.6	1.6
Italy	-1.3	-5.0	1.0	1.0
Spain	0.9	-3.7	-0.2	0.6
Greece <sup>(3)</sup>	2.0	-2.0	-4.0	-2.6
Portugal <sup>(3)</sup>	0.0	-2.6	1.1	-0.1
Republic of Ireland <sup>(3)</sup>	-3.5	-7.6	-0.3	2.3
Japan	-1.2	-6.3	4.3	1.6
England	0.5	-4.9	1.7	2.0
Canada	0.4	-2.5	2.9	2.3
<b>Country Groups and Selected Countries</b>	6.1	2.6	7.1	6.5
Turkey	0.7	-4.7	7.8	3.6
<b>Developing Asian Economies</b>	7.9	7.0	9.3	8.4
China	9.6	9.2	10.3	9.6
India	7.3	5.7	9.7	8.4
ASEAN-5 <sup>(2)</sup>	4.7	1.7	6.7	5.5
<b>Latin America and the Caribbean</b>	4.3	-1.8	5.9	4.3
Brazil	5.1	-0.6	7.5	4.5
Mexico	1.5	-6.1	5.2	4.2
<b>Countries in a Process of Transition</b>	5.5	-6.5	4.2	4.7
Russia	5.6	-7.9	3.7	4.5

Source: IMF, World Economic Outlook, January 2011.

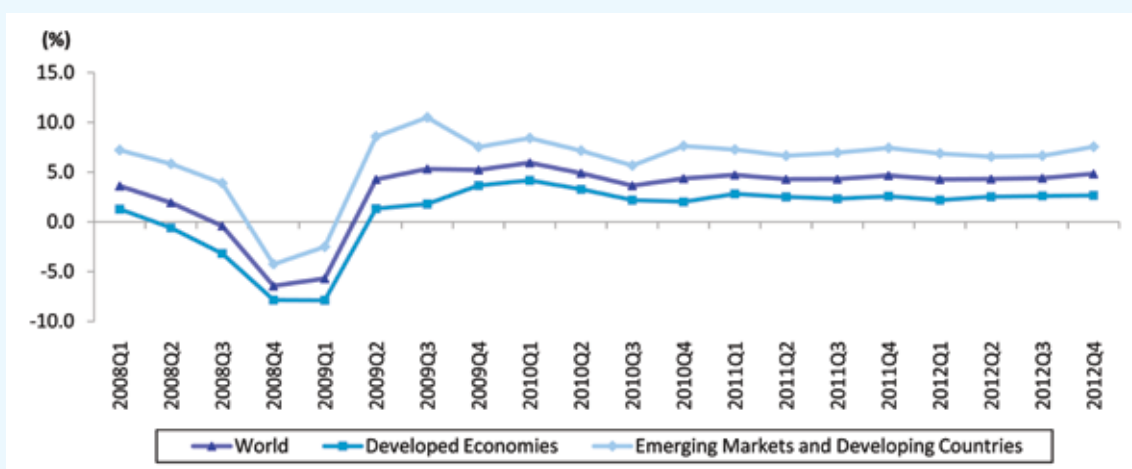
(1): It is a projection value.

(2): It includes Indonesia, Malaysia, Philippines, Thailand and Vietnam.

(3): The related data was compiled from the IMF's World Economic Outlook (October 2010) database.

1 The economic reports of countries and organizations, such as the IMF, OECD, ILO and OPEC were utilized as sources.





**Graph 1. Growth Rates of the Gross Domestic Product (GDP)**

One of the important economic developments in 2010 was the economic crisis emerging in Greece, which is one of the European Union (EU) countries. Before the severe, negative effects of the 2008 global crisis could be completely concluded, the expenditures realized without control by the domestic government of Greece dragged the country economy towards the most serious crisis it had confronted since 1974. This debt crisis that affected Greece also paved the way for economic problems in the Euro Region. The European Financial Stability Fund was formed by the leaders of the EU member countries to overcome these problems and by also receiving support from the International Monetary Fund (IMF) a 750 billion Euro financial support was provided. Towards the end of the year the debt crisis spread to Ireland. A liquidity problem was experienced in Ireland that had a high debt structure in the banking sector. The government bond interest rates also rose due to the worry about not being able to pay debts. Consequently, Ireland implemented tight economic policies and at the same time, by requesting financial aid from the EU and IMF, it was decided to support Ireland with an 85 billion Euro aid package with EU-IMF cooperation. Especially the experiencing of financial negativities in these two countries of Europe activated the loan rating organizations and severe discounts were made in the loan notes of the related countries and the other countries were taken within the scope of examination.

The money markets were active due to the crisis experienced in the Euro Region. Cyclical fluctuations were experienced in the foreign exchange rates due to the crisis. Situations such as the Euro being devaluated and supplying money to the market by the United States Federal Reserve Bank (FED) on behalf of accelerating the process of economic recovery, made investors seek different solutions and as a result of this, gold became an important security. The price per ounce of gold valued at approximately 30.0% as a result of the increase in demand. The devaluation of the US Dollar together with the increasing demand, raised the petroleum prices. It has been expressed that the large contribution to petroleum demand stemmed from China, which was almost in the lead in the consumption of world energy.

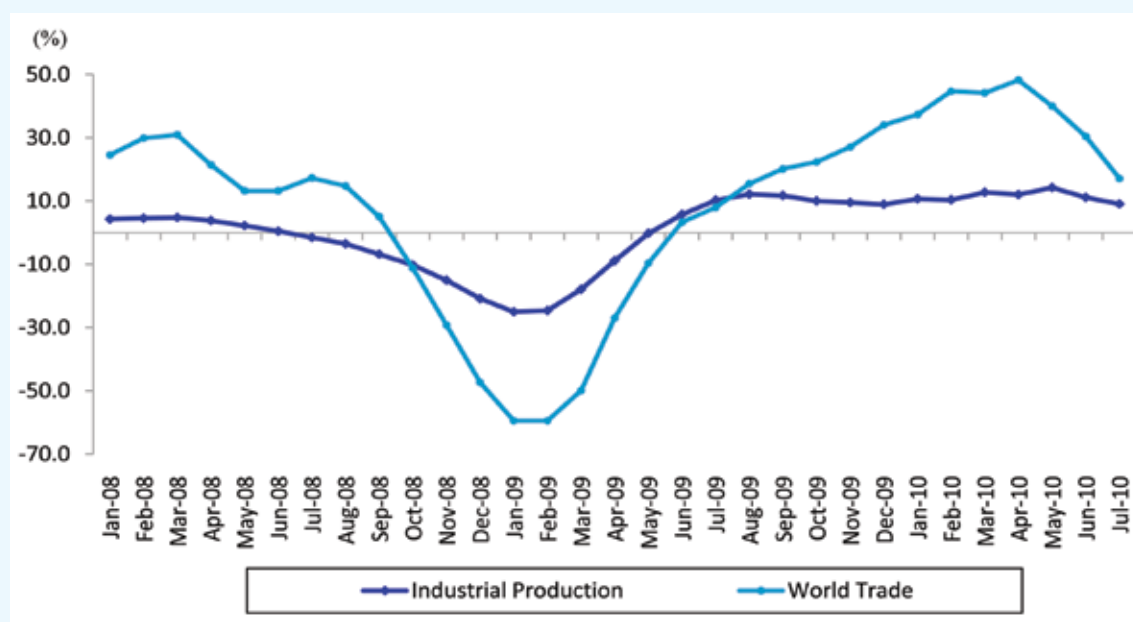
The volume of world trade that became negative along with the influence of the global crisis in 2009, was realized positively as expected in 2010 and furthermore, was above the expectations of the previous year. According to the data taken from the World Economic Outlook publication of the IMF, an approximately 20 point increase in the volume of world trade in 2010 occurred compared to 2009 and it was measured at 12.0%. There was a similar outlook for the exports and imports of the developed country economies. As a result of the prediction studies made, it was envisaged that the increase in the volume of world trade would be realized at 7.1% in 2011 (See Table 2, Graph 2).

**Table 2. Rates of Change in the Volume of World Trade**

Components	(Rate of Change)			
	2008	2009	2010	2011 <sup>(1)</sup>
Volume of World Trade (Trade of Goods and Services)	2.8	-10.7	12.0	7.1
Exports				
Developed Countries	1.9	-11.9	11.4	6.2
Developing Countries	4.0	-7.5	12.8	9.2
Imports				
Developed Countries	0.6	-12.4	11.1	5.5
Developing Countries	8.5	-8.0	13.8	9.3

Source: IMF, World Economic Outlook, Update January 2011.

(1): It is a projection value.

**Graph 2. Global Industrial Production and Rates of Change in World Trade  
(Made Annual with Quarterly Changes)**

The increase occurring in the consumer prices inflation in the developing country economies in 2010 can be partially connected to the increasing food prices. The rise in the inflation of food prices not only weakened the low-income household's budgets, at the same time, it also positively influenced the price inflation of many country economies. The rapid growth of the developing countries assisted in closing the input deficit. It is envisaged that the consumer prices in these countries will rise 6.0%.

## 2. INTERNATIONAL COMMODITY MARKETS

Various steps were taken by countries in order to be able to display a determined and sound economic policy in this transition period after the 2008 global economic crisis. While the developed countries adopted financial regulations with the objective of being able to provide for the domestic balance of their economies and to increase the demand of the private sector, for foreign balance, the countries that had a foreign trade

deficit planned to increase exports and the countries that had a foreign trade surplus planned to decrease exports. At the G-20 summit, which convened twice in 2010, evaluations were made about the existing economic behavior and important decisions were made on behalf of passing to a recovery trend by becoming free of the effects of the global crisis. The most striking decision made at the first summit realized in Canada in June was to reduce the budget deficits to one half by 2013. Besides these, it was targeted at the summit to constitute funds to be used in crisis situations by obtaining taxes in specific amounts from the banks. At the second summit that convened in Seoul, South Korea, in November, it was decided in general to increase the foreign exchange rate elasticity, to provide sustainable growth, to treat new policies that would increase employment by continuing to increase global demand. The main item on the agenda of the G-20 summit held in Paris, France, at the beginning of 2011 was composed of the present economic behavior and it was aimed to prevent experiencing a new environment of crisis by preventing budget deficits and surpluses, which are the cause of upsets in economic growth and inflation, and for studying through indicators the causes of economic unbalances.

The improved financial sector policies in the developed countries were of importance in being rescued from the effects of the crisis within the framework of the medium-term program and in providing for the continuation of the private sector demand. The global financial conditions improved in a widespread manner in the second half of 2010, the securities market started to rise, the spreading of risks lessened and the tight policies implemented by the banks when giving loans even became flexible for the small and medium-sized companies. As a result of the high global demand, an increase was observed in the petroleum and non-petroleum commodity prices in 2010. It is envisaged that the supply and strong demand, which was realized at a slow level due to the tight market conditions will also continue in 2011 and consequently, that the increase in prices will be in an upward direction. Connected to this, according to the projection activities realized for petroleum prices by the IMF, it is estimated that the US\$79 per barrel price announced in the “World Economic Outlook” publication that was published in October 2010, will be even higher in 2011 and that it will follow a course at the level of US\$90. Whereas, for the non-petroleum commodity prices, which were realized higher than expected at the end of 2010, with damages occurring in products connected to rain, it is expected that the price effect will be observed after the 2011 harvest season. It is envisaged that the non-petroleum products prices will increase 11.0% in 2011.

After the global crisis experienced in 2008, the international goods prices, which had been within an approximately ten-year period of increase, entered into a vicious circle that concluded with an increase of the stocks in the commodity markets after the negative developments occurring in demand and the sudden change in the purchasing conditions on the markets in 2009. After this drop in commodity prices as of 2009, at the end of the global economy entering into a period of recovery in 2010, the demand once again increased and the prices gained a visible impetus in an upward manner. Especially, together with the experiencing of an active period in the agricultural sector, an increase was observed in the prices of important agricultural products. Besides this, the fact that the weather conditions were negative in the final quarter of 2010 affected the production of agricultural products and caused an additional increase in prices.

When the prices of the products selected on the international markets are examined according to the World Economic Outlook of the IMF, it is observed that the product whose price increased the most in 2010 compared to the previous year was rubber prices with an increase of 90.1%. This was followed by cotton prices at 64.9% and leather prices with an increase at 60.5%. Of the metal prices in 2010, the nickel prices increased 48.6%, copper prices 45.9%, zinc prices 30.3% and aluminum prices increased 30.2%. The spot price of petroleum increased 27.8% in 2010 compared to the previous year and rose from US\$62 to US\$79 per barrel. In contrast to this, there was a decrease in the natural gas prices of 7.1% in 2010. The product whose price decreased the most in 2010 was rice at 11.7% (See Table 3).

**Table 3. Prices of Selected Products on the International Markets**

Selected Products <sup>(1)</sup>	Unit of Measurement <sup>(2)</sup>	(US\$)					
		Production Prices			Rate of Change		
		2008	2009	2010	2008	2009	2010
Wheat	\$/MT	326	223	224	27.7	-31.5	0.1
Corn	\$/MT	223	166	186	36.7	-25.8	12.4
Rice	\$/MT	700	589	521	110.7	-15.8	-11.7
Soybeans	\$/MT	453	379	385	42.9	-16.5	1.7
Peanuts	\$/MT	1,568	995	1,239	33.1	-36.6	24.6
Sunflower Oil	\$/MT	1,694	1,042	1,186	151.7	-38.5	13.9
Olive Oil	\$/MT	4,167	3,509	3,171	-8.6	-15.8	-9.6
Orange	\$/MT	1,107	909	1,028	15.5	-17.9	13.1
Banana	\$/MT	844	848	881	24.6	0.5	3.9
Sugar (Free Market)	cts/lb	12	18	21	25.1	45.8	17.9
Tea	cts/Kg	270	314	317	27.2	16.5	0.9
Coffee	cts/lb	106	77	84	20.3	-27.4	9.1
Cotton	cts/lb	71	63	104	12.8	-12.1	64.9
Wool (23 Micron)	cts/Kg	709	611	820	-7.3	-13.8	34.1
Rubber	cts/lb	119	87	166	14.1	-26.5	90.1
Leather	cts/lb	64	45	72	-11.1	-30.0	60.5
Aluminum	\$/MT	2,578	1,669	2,173	-2.3	-35.3	30.2
Copper	\$/MT	6,963	5,165	7,538	-2.4	-25.8	45.9
Nickel	\$/MT	21,141	14,672	21,810	-43.1	-30.6	48.6
Zinc	\$/MT	1,885	1,658	2,160	-42.0	-12.0	30.3
Natural Gas <sup>(3)</sup>	\$/000 m <sup>3</sup>	473	319	296	61.3	-32.6	-7.1
Petroleum (Spot)	\$/bbl	97	62	79	36.4	-36.3	27.8

Source: IMF Primary Commodity Prices Database.

(1): Products having specific importance in trade on the global goods markets were selected.

(2): lb=0.4536 Kg, bbl (barrel)=159 lt, cts: cents, MT: Metric Ton.

(3): Natural Gas (Russian in Germany).

As it was stated in the report of the IMF, besides the high demand of the developing country economies connected to global recovery, as a result of the fact that there were downward direction trends in the US Dollar, there was an increase in the petroleum prices during the year. According to the prediction activities of the respected institutions of the world, the upward direction course of the petroleum prices will also continue in 2011. The expectation of an increase in petroleum prices by various investment banks is connected to an increase that will occur in demand in connection with economic recovery. The International Energy Agency (IEA) stated that there will be an increase in petroleum production in the world to meet the increasing demand in the upcoming years.

The world commodity price indices, which showed a sharp decrease along with the global crisis in 2009, showed a positive growth in 2010 compared to the previous year and moreover, some index values rose above the pre-crisis period. The total commodity prices index increased 26.1% in 2010 compared to the previous year and the prices of food and beverage products showed an increase of 11.8%. When the indices are examined as of quarters in 2010, a great majority of the main spending groups located in the index basket showed a rising trend, but the decreases in some groups in the third quarter draw attention. In the third quarter compared to the previous quarter a decrease of 1.1% was observed in the total commodity prices index, a decrease of 2.4% in the industrial inputs price index, a decrease of 3.7% in the metal products price index, a decrease of 3.2% in the energy price index and a decrease of 3.4% in the petroleum price index (See Table 4).

**Table 4. World Commodity Prices Index**

Components	(2005=100) (Based on US\$)						
	Quarters of 2010						
	2008	2009	2010 <sup>(1)</sup>	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter <sup>(1)</sup>
	Index						
Total Commodity Prices Index	172.3	120.6	152.1	145.7	149.1	147.4	166.2
Commodity Prices Index Excluding Petroleum	151.1	127.2	160.6	150.1	155.0	158.2	179.2
Food&Beverage Products Price Index	156.5	136.0	152.1	141.6	143.0	153.4	170.4
Industrial Inputs Price Index	145.6	118.3	169.2	158.6	167.1	163.1	188.1
Agricultural Raw Materials Price Index	113.3	94.1	125.3	115.3	122.6	123.2	140.3
Metal Products Price Index	169.0	135.8	201.0	189.9	199.3	191.9	222.7
Energy Price Index	184.7	116.8	147.1	143.1	145.7	141.0	158.5
Petroleum Price Index	182.1	116.2	148.5	144.8	146.9	141.9	160.6
	Rate of Change Compared to the Previous Year/Quarter						
Total Commodity Prices Index	27.5	-30.0	26.1	5.0	2.3	-1.1	12.8
Commodity Prices Index Excluding Petroleum	7.5	-15.8	26.3	6.9	3.3	2.1	13.3
Food&Beverage Products Price Index	23.3	-13.1	11.8	1.2	1.0	7.3	11.1
Industrial Inputs Price Index	-5.7	-18.8	43.0	12.5	5.4	-2.4	15.3
Agricultural Raw Materials Price Index	-0.8	-16.9	33.2	8.5	6.3	0.5	13.9
Metal Products Price Index	-8.0	-19.6	48.0	14.3	4.9	-3.7	16.1
Energy Price Index	40.1	-36.8	25.9	3.8	1.8	-3.2	12.4
Petroleum Price Index	36.5	-36.2	27.8	2.0	1.5	-3.4	13.2

Source: IMF Primary Commodity Prices Database.

(1): It is a projection value.

### 3. UNEMPLOYMENT

In spite of the negative developments experienced in the labor force market along with the global economic crisis that emerged in the United States in September 2008 and spread rapidly, a complete recovery was not observed in 2010, despite the realization of a number of recovery packages. According to the data of the International Labor Organization (ILO), it was estimated that the number of unemployed in 2010 was 205 million and this was approximately 30 million more than the number of unemployed in 2007.

When the unemployment rates in the world are examined annually, according to the ILO, the unemployment rate was determined to be 6.3% worldwide in 2009. Only an 0.1 point reduction was experienced in 2010 and it was estimated to be 6.2%. It was evident that it would not be possible to create employment rapidly due to the negative financial conditions experienced and it is thought that the preventive packages for lowering the unemployment of the countries would be met within a long period of time.

According to the ILO, when 2010 is taken as the basis, within the country groups where there is the highest unemployment rate, the Middle East was in first place at 10.3% and this was followed by North Africa at 9.8% and the Central and Southeastern European countries at 9.6%. The region with the lowest unemployment rate at the country groups level in 2010 was South Asia with a 4.3% rate. When the rates of change in unemployment are considered in 2010, the highest decrease was at 7.7% in the Central and Southeastern European countries and at 6.8% in the East Asian countries. However, there was a rise at a rather high rate, such as 4.8% in the unemployment rate in 2010 in the developed country economies and the EU (See Table 5).

**Table 5. Unemployment Rates**

Regions	Years			Rates of Change		
	2008	2009	2010 <sup>(1, 2)</sup>	2008	2009	2010
World in General	5.7	6.3	6.2	1.8	10.5	-1.6
Developed Country Economies and European Union	6.1	8.4	8.8	5.2	37.7	4.8
Greece <sup>(3, 4)</sup>	7.7	9.4	11.8	-7.3	22.0	25.4
Ireland <sup>(3, 4)</sup>	6.3	11.8	13.5	38.3	87.5	14.2
Portugal <sup>(3, 4)</sup>	7.7	9.6	10.7	-4.7	24.3	11.6
Spain <sup>(3, 4)</sup>	11.3	18.0	19.9	37.1	59.0	10.5
Central and Southeastern Europe	8.6	10.4	9.6	0.0	20.9	-7.7
East Asia	4.3	4.4	4.1	13.2	2.3	-6.8
Southeastern Asia and Pacific	5.3	5.2	5.1	-1.9	-1.9	-1.9
South Asia	4.3	4.4	4.3	-4.4	2.3	-2.3
Latin America and the Caribbean	6.6	7.7	7.7	-5.7	16.7	0.0
Middle East	10.2	10.3	10.3	-2.9	1.0	0.0
North Africa	9.6	9.9	9.8	-5.9	3.1	-1.0
Sub-Saharan Africa	7.9	7.9	8.0	0.0	0.0	1.3

Source: ILO.

(1): It is a preliminary estimate value.

(2): As long as a source for the data is not specified, the source is the econometric model trends of the ILO in October 2010.

(3): The related data was compiled from the database of the IMF World Economic Outlook (October 2010).

(4): On the grounds that the unemployment rates in the Euro Region could attract attention, especially the countries affected by the "debt crisis" were evaluated under this sub-title.

## 4. AN EVALUATION OF THE ECONOMIC STATUS ACCORDING TO THE DEVELOPMENT LEVEL OF THE COUNTRIES

### 4.1 Developed Countries

The developed countries showed a growth of approximately 3.5% in the first half of 2010. The fact that the growth rates were low is connected to the economies being deeply influenced by the largest financial crisis experienced since World War II. The developed country economies, which started to recover slowly from the severe effects of the crisis, followed a number of policies and put these policies into practice in 2010. A great majority of the increases in world trade during the year stemmed from the rapid increase in demand in the developed country economies. Three quarters of the exports of the high-income country economies in the first half of 2010 were realized to the importers in developed countries. The imports of the developed countries have 58% of the increase in global exports.

After the global crisis experienced in 2008, in general, many of the economies of the world entered into a recovery trend. The United States, the largest economy of the world, made a transition to a rise in growth rates in the second half of 2009 and subsequently, advanced toward a normal economic level with a series of recovery packages realized. Company investments in the United States were reorganized and continued and an increase was also observed in the private sector services. The USA economy shrank in the first two quarters of 2009 and started to grow as of the third quarter and showed a growth of 5.0% in the final quarter. The growth of the US economy slowed down at the beginning of 2010 and the growth rate was measured at 3.7% in the first quarter and growth rates were realized at 1.7% in the second quarter, 2.6% in the third quarter and 2.8% in the final quarter.



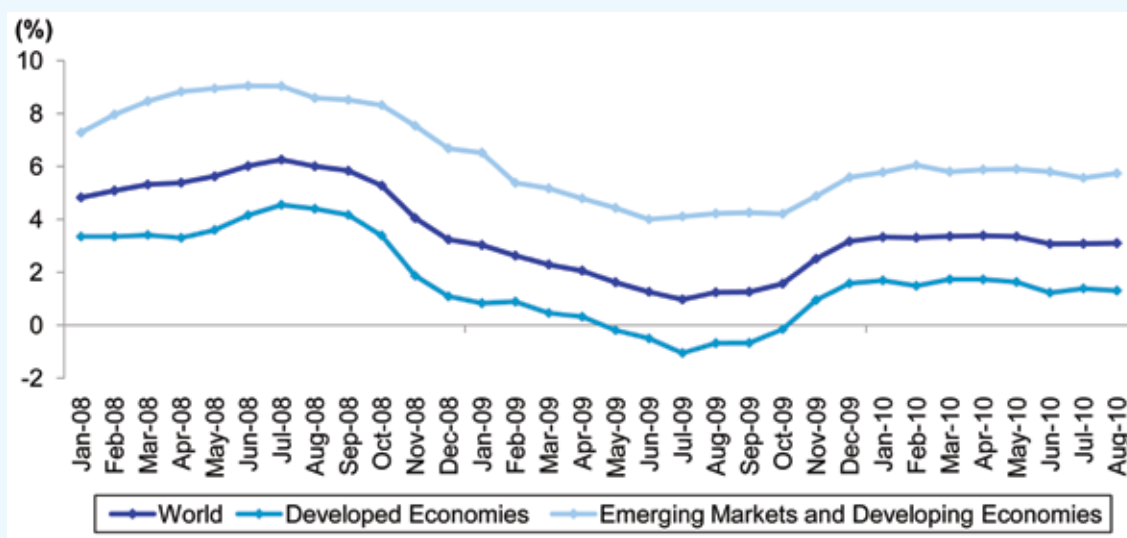
Despite the fact that the production level in the United States was close to the pre-crisis level, especially in the second quarter the rising trends in production followed a slow course compared to before the crisis. Consumption expenditures rose as of the third quarter of 2009, but were realized at a low rate due to the continuation of the intensive savings in the country. At the same time, thanks to the foreign demand, the profits of the companies once again reaching the desired level and the improving financial situations, investments increased for operational materials and computer software. However, all of these did not show that an economic level had been reached in the country that operated with decisiveness and orderliness, that unemployment had decreased and that the real estate market was active. Besides these, the FED that was keeping the interest rates almost at the level of zero, stated that it would continue to keep the interest rates at low levels for a long period of time. Furthermore, the FED announced that the stagnation was continuing together with global crisis in the housing market and that the rise in prices could continue.

The Euro Region, along with trying to eliminate the effects of the global crisis, was confronted with a new crisis in 2010. The EU and IMF prepared various recovery packages for the countries and first of all, by using these packages in Greece and subsequently in Ireland, they attempted to recover economic strengths, even if slight. Besides the loans obtained from the EU and IMF by Greece, which was one of the countries within the region influenced the most by the crisis, strict policies were also implemented within the country and it was attempted to restrict expenditures and increase savings. Supplementary taxes were placed on the prices of some food and tobacco products, the value added tax was increased and furthermore, tax amounts were added to the expenditures that exceeded a price limit and that was in the class of luxury expenditures. Policies similar to those in Greece were also followed in Ireland and it was stated that taxes would be increased and that reductions in various social aid and health expenditures would be included within the financial policies. Furthermore, it was stated by the government that the aid packages obtained from the EU and IMF could cause difficulty for the country's economy in the future and in this connection, it warned the people on the subject of the need to make expenditures carefully. After Greece and Ireland, a need was felt for recovery packages in Portugal and Spain that were also subjected to the effects of the crisis. Portugal constituted a new budget activity by realizing financial regulations for 2011 and put into practice financial restrictions aimed at the public area and the working sector according to the new budget.

The Euro Region crisis also negatively influenced the production amounts of the countries. According to the World Economic Outlook publication of the IMF, in 2010, of these four countries, Greece shrank 4.0%, Ireland 0.3% and Spain 0.2%, while Portugal grew 1.1%. Whereas, according to the same resource, the unemployment rates increased compared to last year in the related countries. Unemployment was measured at 11.8% in Greece, 13.5% in Ireland, 10.7% in Portugal and 19.9% in Spain.

An important point that should be stated concerns the credit notes of the related countries that were influenced by the Euro Region crisis. Moody's and S&P, of the international credit rating organizations, reduced the credit ratings of countries, such as Greece, Portugal and Spain, which had a financially negative year. Whereas, the consumer inflation in the Euro Region that was 0.3% in 2009, rose to 1.6% in 2010.

The Japanese economy, which shrank 6.3% in 2009 due to the global economic crisis, showed a growth of 4.3% in 2010. However, after a uninterrupted growth period of nine months, it shrank, even if slightly, in the final quarter of the year. In Japan, which showed a growth based on exports as of its general structure, had an surplus of US\$166 billion on its balance of payments in 2010. Whereas, consumer inflation decreased 1.0% in 2010 (See Graph 3). Furthermore, it was stated by the Japanese Central Bank that the Japanese economy was within a process of recovery, but that this recovery had slowed down and that the confidence in the market had gradually been lost, whereas, there could be a decrease in private consumption. In China, the largest country of the world, savings and borrowing interest accelerated in an upward direction in order to combat inflation. In China, which meets a great majority of its revenues from exports, the view that the preservation of the durability of the domestic demand in 2010 would continue the recovery trend of the country supports this.



Graph 3. Consumer Price Index

#### 4.2 Emerging Markets and Developing Countries

The developing country economies realized growth at the rate of approximately 8.0% in the first half of 2010. Just like in the developed economies, the growth rates among the Asian and Latin American countries that are in the lead, have differences to a significant degree with the regions, but in general the realization of a growth such as 7.1% of the developing country economies as of the end of the year, is observed to be the largest factor assisting in the recovery of the global economy for 2010. Especially the contributions of the developing Asian and Latin American countries made world production approach the values in the pre-crisis period.

The strong local demand flowing directly from China, India and Indonesia to the other Asian countries facilitated the realization of a growth of 9.3% in the developing Asian economies. Thanks to the financial incentives with broad-scope realized in the Chinese economy in 2009, the expansion of loans and a series of special measures taken on behalf of increasing the incomes and consumption of the households, the domestic demand reached a level close to 13.0% and it contributed to the decrease in the present current account surplus. The process of economic recovery in the region during this year appears to be positive.

A strong growth was realized in the Latin American countries in 2010 and it followed a course of approximately 6.0% as of the end of the year. The largest contribution to this rate came from Brazil at 7.5% and besides this, Mexico also contributed at 5.2%. Despite the fact that the event called output deficit<sup>2</sup> emerged in Mexico as a surplus at the present-time, an increase was observed in the growth rate connected to an increase in exports made to the United States.

The consumer inflation value during the year in the developing countries was realized at approximately 5.0% and the restriction of the production capacity in some large developing countries was the cause of an increase in prices (See Graph 3). Besides these, a few developing countries implemented tight fiscal policies and there was also an increase in the cash reserves in some countries. In spite of this, the central banks in some developing European countries, especially in Eastern European countries, such as Russia, Hungary and Romania, made reductions in interest rates aimed at the indefiniteness in growth and the pressure of decreasing prices.

<sup>2</sup> In economics, it is the name given to the difference between the current situation Gross Domestic Product (GDP) level and the potential GDP.



The Russian economy displayed a moderate recovery trend in the recent period, despite the high petroleum prices. The growth in production in 2010 reached the level of about 4.0%, whereas, it has been envisaged that the growth will be approximately 4.3% in 2011. The Chinese economy grew 10.3% as of 2010. China realized a real growth rate approximately 3 points higher, by increasing the petroleum demand, at 14.0% in the first half of the year.

The unemployment rates in developing countries, other than some exceptions, showed a decrease in parallel with the general recovery of the economy, but were still accepted to be high. In the econometric prediction study made according to the October 2010 data of the ILO, the worldwide unemployment rate regressed in 2010 to 6.2% with an 0.1 point drop compared to the previous year. It was measured at 4.1% in the East Asian countries from the country groups where developing countries are concentrated and there was an 0.3 point drop compared to 2009. This rate for the Central and Southeastern European countries dropped 0.8 points compared to 2009 and was measured at 9.6% in 2010. Whereas, in the Latin American countries the unemployment rate remained the same compared to 2009 and was envisaged to be 7.7% in 2010 (See Table 5).

At the G-20 leader's summit, which convened twice in 2010 in Canada and South Korea, it was stated in general that the global economy is in a recovery trend, but it was emphasized that the present-day risks continue. It was stated that unemployment, one of the most important points discussed at the meeting, follows a high course in many of the G-20 countries and that the recovery in these countries would be realized more slowly compared to both the developed countries and the developing countries, that it is necessary to take measures for this and it was emphasized that otherwise, these problems would continue. They came to an agreement on subjects, such as the necessity of implementing policies that would revive employment on behalf of stable, sustainable growth after the crisis in the global economy, the necessity to enter into a process of reconstruction in the social activities and balancing the global demand by developing the financial markets.



## **CHAPTER II.**

# **A GENERAL VIEW OF THE ECONOMY OF TURKEY**





## GENERAL EVALUATION

The world economy that grew continuously at over 4.5% from 2004 up until 2007, could not continue this trend due to the global financial crisis that gave the first signs in 2007 and it could only record a growth of 3.0% in 2008. While it was estimated by the IMF that the world output would increase 3.0% in 2009, the financial crisis was transformed into an economic crisis and with its deepening, it realized the largest shrinkage in the global economy after World War II and the world economy, which expected a decrease of 1.1%, shrank 0.6%. Under the influence of the major monetary and financial measures taken against the crisis in 2009, the recovery started before it was expected and the shrinkage remained limited at 0.6%. Despite the fact that the revival followed a slow course in the developed economies, at the end of a strong growth performance observed in the developing economies, the recovery that started in the second half of 2009 also continued in 2010. It is expected in 2011 that the developed economies will record a growth of 2.2% and that the developing economies will record a growth of 6.4%.

Despite the fact that the revival in the world economy continues in harmony with the expectations to a great extent, it is observed that the various risks are also preserved. The consumption expenditures in the developed countries have shown some revival with the measures taken after the crisis, but with the conclusion of the subject measures, there have once again been decreases. The fact that the consumer confidence is still at low levels and that the decreasing household incomes have prevented the increase in household consumption have been the cause of the growth in the emerging economies being positive, but remaining at a low level. Whereas, the developing economies have recorded high growth and employment increases. The financial systems of these countries have not encountered serious problems, therefore, they were affected less by the crisis and the financial policies have reached their goals more easily.

The petroleum and commodity prices recorded large and serious decreases in 2009 and increased in 2010 and approached the pre-crisis levels and it is expected that the global demand will slow down a bit in 2011 and follow a horizontal course. Even if the consumer inflation showed some increase in 2010, compared to 2009, along with the economic recovery, its remaining under the long-term averages due to not forming inflationary pressure on the commodity and petroleum prices, the low course of demand and the existence of idle capacities, it is estimated that it will be realized at 1.4% in the developed countries and 6.2% in the developing countries at the end of the year. Whereas, despite the continuation of growth in 2011, it is envisaged that worldwide consumer inflation will slow down somewhat compared to 2010 due to the demand following a moderate course.

The volume of world trade, which regressed 11.4% in 2010, is expected to increase 7.0% in 2011. The trade volumes of the developing countries increased at a higher rate than the developed countries and it is envisaged that the developing countries will record a higher increase in trade volume in 2011.

The unemployment rates that reached high levels in the developed countries in 2009, increased even more in 2010. The increase in unemployment in all of the developed countries slows down the revival of demand and growth rates. Besides, the high level reached in unemployment reflects to the demand a delayed effect of conformance to the loss of income in the economy and causes a decrease in demand and the halting of growth.

The financial measures taken within the scope of emerging from the crisis paved the way for public sector deficits and public sector debt stocks increasing at a dangerous dimension in the developed economies. The subject increases reached very serious dimensions in Greece and Portugal. Along with policies planned to decrease the public sector deficits in developed countries in the upcoming periods, a gradual decrease in order not to slow down the economic revival will also bring with it the increase in the rate of the public sector debt stocks to the GDP. A deterioration in significant amounts is not expected in the public sector debt stocks of the developing countries and it is expected that the increase in the general government debt stock will remain limited. It can be concluded from all of these results that the world economy will also continue to recover in 2011.

As a result of the measures taken for decreasing the effects of the global economic crisis and for increasing domestic demand and production, according to the data free of seasonal effects, Turkey entered into a revival trend as of the second quarter of 2009 and this revival was also supported with the timely and correct policy implementations within the framework of the medium-term program. The decrease of uncertainties at the end of the financial and monetary measures taken against the crisis, the increase of the consumer confidence, and the improvement of loan conditions also increased the domestic demand by positively influencing the consumption and investment decisions.

The revival in the economy also continued in the first half of 2010. In this period, increases in value added at high rates were recorded in the industrial, construction, trade and transportation sectors. On the other hand, the revival in demand stemmed from rapid increases in private consumption and investments. Growth in the increase of stocks provided positive contributions. As a result of this, the GDP recorded a growth 11.0% in the first half of the year.

The unemployment rate in 2009 increased 3 points compared to the previous year and rose to 14.0%. The high rate of shrinkage observed in the industrial sector employment was effective in the rapid increase in unemployment rates. The non-agricultural employment decreased at the rate of 1.0%, the agricultural employment increased 4.5% and the total employment increased 0.4% in 2009. The fact that the economic activities increased above what was envisaged in 2010, that the uncertainties decreased and that the measures taken for increasing employment raised the possibility of employment, also decreased the unemployment rate. The unemployment rate was realized at 11.9%, the non-agricultural unemployment at 14.8% and the young unemployment rate was realized at 21.7%.

In parallel with the shrinkage in the economy in 2009, the rate of the current deficit to the national income decreased 3.4 points compared to the previous year and was realized at 2.3%. As of the first months of 2010, in parallel with the increase in domestic demand and production, imports also entered into a rapid increase trend. Whereas, the current deficits increased because the increase in exports remained limited within the scope of the developments in foreign demand. The increase in international commodity and energy prices and the valuation of the Turkish Lira in real terms were influential on this development. However, no problem was encountered in the financing of the current deficit in this period. The ratio of imports covered by exports, which was 72.5% in 2009, decreased 15.3% in 2010 and regressed to 61.4%.

The CPI annual rate of increase in 2009 showed an approximate decrease of 3.5 points compared to 2008 and was realized at 6.5%. The slowing down of economic activities becoming more definite under the influence of the global economic crisis and the drop in commodity prices were determining factors in this development. On the other hand, the price increase formed with the tax regulations and the rise in the unprocessed food prices caused inflation to increase in the final quarter of 2009. In 2009 the annual inflation followed a fluctuating course connected to the change in commodity and energy prices and it reached the value of 9.2% in September. The CPI closed with a value of 6.5% in 2009, whereas, in 2010, with only an 0.1 point decrease, it closed with a value of 6.4%. Core inflation (I index) entered into a falling trend as of May and core inflation closed with a value of 3.8% in 2009. Whereas, in 2010 with an 0.8 point decrease it closed with a value of 3.0%.

The public finance indicators also continued to improve in 2010 with the contribution of the determined implementation of the measures in the medium-term program and the recovery of the economy in a strong manner sooner than was envisaged. Together with the economic revival, the tax revenues increasing more than was envisaged, the abolishment of the temporary measures taken against the crisis on time and in stages and the improvement in the central government budget, while the rate of the general government deficit to the GDP was 4.8% in 2009, it decreased 1.2 points in 2010 and regressed to 3.6%.

As a result of the policies followed against the global crisis and the durability shown by the economy, Turkey's credit rating was increased at short intervals by four different loan rating organizations. Turkey's risk premium indicators fell below some developed economies and Turkey obtained a position that was accepted to be a less risky for investors.

The GDP increased 11.7% in the first quarter of 2010 and with the continuation of the rapid increase in economic activities in the second quarter as well, a growth 11.0% was recorded in the first half of the year. Growth in the first half of the year stemmed from the value added increase at 16.8% in the industrial sector and at 9.6% in the services sector. In this period, there was a limited increase of 0.8% in the value added of the agricultural sector. The increase in value added of the related sectors in 2010 compared to the previous year were 1.6% in the agricultural sector, 12.9% in the industrial sector, 17.1% in the construction sector and 7.7% in the services sector. In 2010, the agricultural sector had an 8.4% share of the GDP, the industrial sector had a 19.2% share, the construction sector had a 4.1% share and the services sector had a 68.3% share of the GDP.

The manufacturing industry rate of capacity utilization, which is one of the leading indicators for the course of economic activities, was 65.3% in 2009 and with an increase 11.2% in 2010 rose to 72.6%. The listing for the related years of the industrial production indices was 102.9 and 116.4 and the index figures for 2010

showed an increase trend of 13.1%. As of sectors, the production index figures in 2010 displayed an increasing trend in all sectors and were 127.5 in the mining and quarrying sector, 114.3 in the manufacturing industry sector and 129.8 in the electricity, gas and water sector.

The public sector fixed capital investments increased nominally at 37.1% in 2010. In 2010, 59.8% of the public sector fixed capital investments were realized by the administrations within the scope of the central government budget, 24.3% by the local administrations, 13.4% by the SEEs, 1.1% by the organizations within the scope of the privatization administration and 0.3% by the social security organizations. Within the 2010 public sector fixed capital investments, the shares of the agricultural, manufacturing, energy, education and health sectors decreased, the shares of the mining, transportation and tourism sectors increased and the share of the housing sector did not change. Within the 2010 private sector fixed capital investments, the shares of the agricultural, manufacturing, transportation and education sectors increased compared to 2009, the shares of the energy, tourism and housing sectors decreased and the shares of the mining and health sectors did not change.

The monetary policy in 2010 was also carried out within the framework of the inflation targeting regime. The interval of uncertainty, which forms the basic burden of accountability of the TCMB was announced to be  $\pm 2$  points. The data announced for inflation and labor force following the period when the interest reductions started confirmed the projections of the TCMB and strengthened the effect on the monetary policy decisions. The market interest rates regressed gradually and were reduced to the lowest levels in history. Positive developments started to be observed in the loan market as of the final quarter of 2009 with the support of the effect of interest reductions and improvement in the perceptions of global risk.

The fact that the increase of national income is high in a country does not appear to be sufficient for calling that country a developed country. Upon observing that social problems could not be solved in many countries that were developed economically, set forth the need for a better establishment of the relationship between economic growth and human growth. In this connection, the Human Development Index (HDI) that also sets forth the socio-economic development levels among countries started to be used for the first time by the United Nations Development Program (UNDP) in their "Human Development Report (HDR)" published in 1990. In the subject reports the UNDP evaluates the concept of human development, the development of human resources by going beyond the per capita income calculation, freedoms and individuality that make people humans and the level for persons attaining basic needs and thus, it attempts to treat the role of people within development. According to the HDI values Turkey was in 84th place in 2009 and rose one place in 2010 to 83rd place. In 2009, with an HDI value of 0.675 Turkey was in 40th place among a total of 43 countries located in the high indexed countries' group. Despite the index value rising to 0.679 in 2010, Turkey regressed one place more in the country group it belongs to and became 41st.

According to the Gini coefficient, which is one of the important indicators of the just distribution of income among individuals or households, the 2009 coefficient has a value of 0.415. According to this figure, it is rather difficult to say that the distribution of income in Turkey is fair. The share of the total income of those in the richest quintile group is 47.6%, whereas, the share of the poorest quintile group is only 5.6%. According to this, the richest quintile group receives a share from the income that is approximately 8.5 fold more than the poorest quintile group.

According to all of these results, there are problems in some economic indicators at macro and micro dimensions. These determinations were also emphasized, especially in the 2010 Turkey report by the Organization for Economic Cooperation and Development (OECD). According to the report, there are structural weaknesses that continue in the Turkish economy and these threaten the sustainability of the long-term performance. The two basic weaknesses on this subject are shown as the worsening of the price competition in the economic recovery period and the increase of the current deficit within this and the other as not being able to use the employment resources at a sufficient level. The necessity of the following subjects are stressed: Making the economy more transparent for increasing the domestic and foreign confidence in the economy, focusing on decreasing inflation to the level of 5.0% by the end of 2012, lessening the tight employment and product market regulations for decreasing worker costs, decreasing the rigidity of fields, such as minimum wage, length of service compensation and temporary jobs for making the labor force market more flexible. Furthermore, even if the unregistered economy contributes to the Turkish companies acquiring flexibility in the international environment of competition, it forms a trap that prevents an increase in productivity that is needed for a modern economy and it is stressed that the dependence on the unregistered economy should be eliminated.

## 1. AT THE MICRO DIMENSION

### 1.1 Distribution of Household Income

For the first time in 2004 in the Household Budget Research it was attempted by the Turkish Statistical Institute (TURKSTAT) to constitute more homogeneous groups in the groups formed according to the quintile income or spending groups by using the term “Equivalent Household” within the scope of compliance to the EU. The equivalence criteria are coefficients that set forth how many adults are equal to the size of each household, under the hypothesis that the extra expenditures brought by every additional household member are not the same as the other individuals and that the consumptions of the individuals are also different due to a difference in age-gender of the household individuals. It is calculated how many equivalent individuals the households are composed of by using these coefficients in the Household Budget Surveys and Income and Living Conditions research studies. Thus, this approach gives the opportunity to make more homogenized comparisons of the households with different sizes. According to the equivalent individual criteria, which were repeated by the OECD, the number of equivalent adult individuals is calculated by taking into account the coefficients “1” for heads of households, “0.5” for other individuals older than 13 years of age and “0.3” for individuals 13 years of age or younger. When the shares obtained from the total disposable income at the quintile groups’ level of the household disposable incomes, which is formed frequently in equal number with the condition of listing individuals’ incomes from small to large according to the number of equivalent adult individuals is considered, then in 2008 the poorest quintile group received only 5.8% of the total income, while the richest quintile group received 46.7% of the total income. In 2008 the share of the total income received by the richest quintile group was 8.1 fold the share of the total income received by the poorest quintile group. It can be easily stated from these results that this structure is unfair from the aspect of the division of income among households.

When the picture for 2009 is considered, it draws attention that the poorest quintile group received 5.6% of the total income and the richest quintile group received 47.6% of the total income. In 2009 the richest quintile group received 8.5 fold the share of the total income received by the poorest quintile group. The unjust income distribution structure deteriorated even more in 2009. In 2008 the cumulative of the first 3 quintile group received 31.4% of the total income and this rate regressed to 31.0% in 2009.

The Gini coefficient is one of the most important indicators for the distribution of personal income. This coefficient, which is one of the income distribution criteria used for measuring personal income distribution, is connected to the Lorenz curve and is equal to the proportion of the area remaining between the curve and the diagonal to the total area remaining below the diagonal. As this ratio grows, the inequality in distribution increases and as it approaches “0”, it can be mentioned that it displays a fair structure. While the Gini coefficient had a value of 0.405 in 2008, it rose to 0.415 in 2009 (See Table 6, Graph 4).

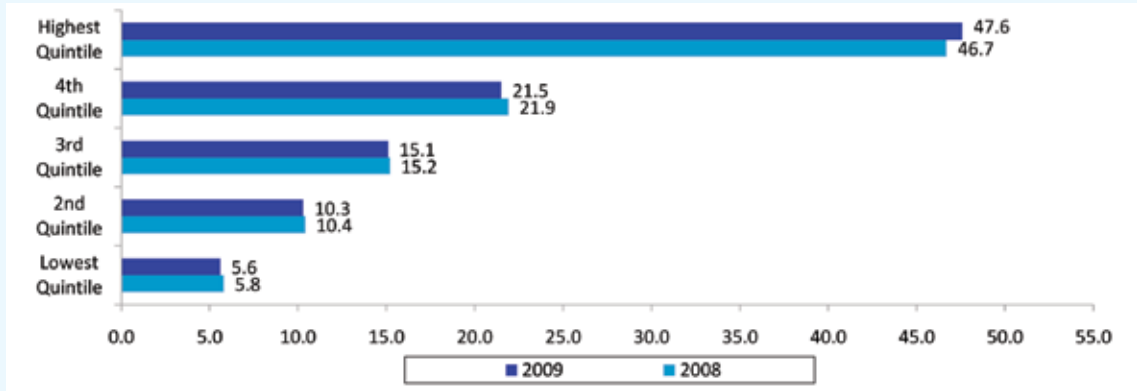
**Table 6. Share Obtained from the Total Income of the Quintile Groups Listed according to the Disposable Incomes of the Equivalent Households**

Quintile Income Groups	2008	2009	Rate of Change	
			2008	2009
Lowest Quintile	5.8	5.6	0.0	-3.4
2nd Quintile	10.4	10.3	-1.9	-1.0
3rd Quintile	15.2	15.1	0.0	-0.7
4th Quintile	21.9	21.5	1.9	-1.8
Highest Quintile	46.7	47.6	-0.4	1.9
Total	100.0	100.0	0.0	0.0
(En yüksek %20)/ (En düşük %20)	8.1	8.5	0.0	4.9
Gini katsayısı	0.405	0.415	0.0	2.5

Source: TURKSTAT.

Note: The reference periods for incomes are the previous calendar year.





**Graph 4. Share Obtained from the Total Income of the Quintile Groups Listed according to the Disposable Incomes of the Equivalent Households**

### 1.2 Consumption Expenditures of Households

According to the Classification of Individual Consumption according to Purpose (COICOP) used in the Consumer Price Index study of the households in 2008, when the share within the total expenditures of the main spending groups is studied, the housing, water and electricity main spending group is in first place at 29.1%, this is followed by the food and non-alcoholic beverages main spending group in second place at 22.6% and the transportation main spending group is in third place at 14.1%. The rates within the total expenditures of the main spending groups did not change in 2009 from the aspect of order, but changes in proportional values are observed. Within the total expenditures, once again the housing, water and electricity main spending group was in first place at 28.2%, the food and non-alcoholic beverages main spending group with a 1.8% increase was in second place within the total expenditures at the rate of 23.0% and the transportation expenditures with a 3.5% decrease was in third place within the total expenditures at 13.6%.

While the per household monthly average spending value in 2008 was 1,626 TL, this figure rose to 1,688 TL in 2009. When the per household average expenditure values as of the main spending groups in 2008 and 2009 are compared, the food and non-alcoholic beverages, alcoholic beverages and tobacco, housing, water and electricity, furniture and household appliances, health, entertainment and culture, restaurants and hotels, and various goods and services main spending groups increased, only the clothing and footwear main spending group decreased and the transportation, communications and education main spending groups did not change. In 2009 in the average expenditure values per household, the largest increase was 22.5% in the restaurants and hotels main spending group.

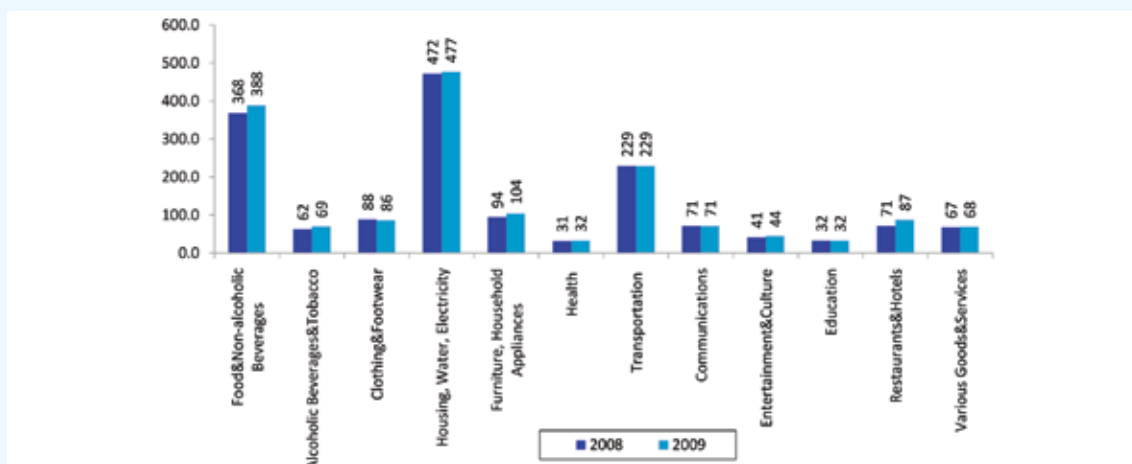
When the median expenditure values per household are examined in 2008, housing, water and electricity is in first place at 427 TL, while in 2009 these are also in first place at 426 TL. While the median per household spending value of the average spending value was 82.5% in 2008, it was 83.1% in 2009 (See Table 7, Graph 5).



**Table 7. The Share within the Total Expenditures of the Total Consumption Expenditures of the Households according to Expenditure Groups**

Expenditure Groups	Rate within the Total Expenditures		Monthly Consumption Expenditures Per Household (TL)				Rate of Change in the Monthly Consumption Expenditures Per Household		Rate of Change in the Total Expenditure Ratios
			2008		2009		2009		
	2008	2009	Average	Median	Average	Median	Average	Median	2009
Food&Non-alcoholic Beverages	22.6	23.0	368	322	388	332	5.4	3.1	1.8
Alcoholic Beverages&Tobacco	3.8	4.1	62	33	69	35	11.3	6.1	7.9
Clothing&Footwear	5.4	5.1	88	35	86	35	-2.3	0.0	-5.6
Housing, Water, Electricity	29.1	28.2	472	427	477	426	1.1	-0.2	-3.1
Furniture, Household Appliances	5.8	6.2	94	42	104	48	10.6	14.3	6.9
Health	1.9	1.9	31	2	32	4	3.2	100.0	0.0
Transportation	14.1	13.6	229	90	229	94	0.0	4.4	-3.5
Communications	4.4	4.2	71	51	71	48	0.0	-5.9	-4.5
Entertainment&Culture	2.5	2.6	41	7	44	8	7.3	14.3	4.0
Education	2.0	1.9	32	0	32	0	0.0		-5.0
Restaurants&Hotels	4.4	5.2	71	34	87	44	22.5	29.4	18.2
Various Goods&Services	4.1	4.1	67	25	68	25	1.5	0.0	0.0
Total	100.0	100.0	1,626	1,341	1,688	1,402	3.8	4.5	0.0

Source: TURKSTAT.

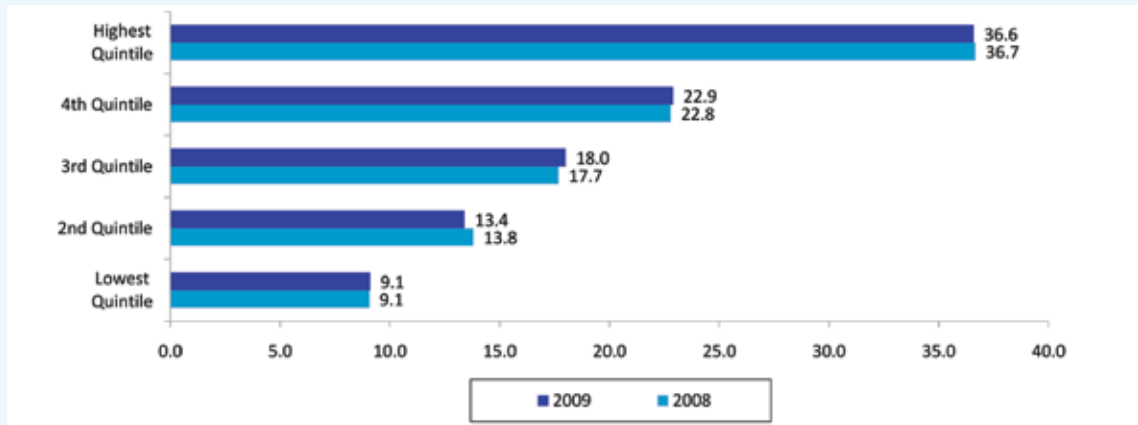
**Graph 5. The Monthly Average Consumption Expenditures Per Households according to the Expenditure Groups (TL)**

When the total shares received from the total expenditures of the households are considered according to the household disposable incomes for 2008 by quintile groups, the poorest quintile group received only 9.1% of the share from the total expenditures and the richest quintile group received 36.7% of the share from the total expenditures. The share received from the total expenditures by the richest quintile group was 4.0 fold the share received from the total expenditures by the poorest quintile group. According to this result, it can be said that there was a more fair distribution in 2008 according to the disposable income among households. When the picture is examined for 2009, while the richest quintile group received a share of 36.6% of the total expenditures, the poorest quintile group received only a share of 9.1% of the total expenditures. The share of the richest quintile group is still 4.0 fold the share of the poorest quintile group. At the level of shares received from the total expenditures by the quintile groups, the highest increase was a 1.8% increase in the 3rd quintile group (See Table 8, Graph 6).

**Table 8. Share Obtained from the Total Consumption Expenditures by the Quintile Groups Listed according to Disposable Income**

Quintile Income Groups	2008	2009	Rate of Change	
			2008	2009
Lowest Quintile	9.1	9.1	-0.4	0.4
2nd Quintile	13.8	13.4	2.5	-2.9
3rd Quintile	17.7	18.0	-1.1	1.8
4th Quintile	22.8	22.9	-2.0	0.5
Highest Quintile	36.7	36.6	1.0	-0.2
Total	100.0	100.0	0.0	0.0
(En yüksek %20)/ (En düşük %20)	4.0	4.0	1.4	-0.6

Source: TURKSTAT.

**Graph 6. The Share Obtained from the Total Consumption Expenditures of the Quintile Groups Listed according to Disposable Income**

### 1.3 Human Development Indices

Eighteen global Human Development Reports have been published by the United Nations Development Program (UNDP) since 1990. In almost every development report, the Human Development Index (HDI) has been measured with a different method. The rises and falls of Turkey among countries included within the scope of the report are connected more to the number of countries included in the index and the scope, hypotheses and changes in the method of calculation than to Turkey's gains and failures.

The method of the Human Development Reports was finalized in 1999 and 2000 and data was published about the past of approximately 100 countries. The HDI, which is based on three components; life expectancy, education and per capita income, aims to expand the scope of the development analysis. Actually, the fact that the HDI can be calculated with an easy method has also made the area of usage of the index even more widespread. However, it is not that simple to interpret the economic development policies with the help of the HDI.

The HDI dwells up quality of life more than economic cycles. The HDI's low sensitivity to economic crises should not negatively influence putting into practice the development policies targeted on the subject of human development. Basically, the human development policies target the groups, which are affected the most from economic crises and those who are weak socially and in need of protection. In this connection, the investments made for human development can also be evaluated as the most important strategy for overcoming the economic crises effectively and within societal peace.

When the listing of Turkey among countries is analyzed by years, provided that the calculation method of the index remains the same, while it has a low human development level with the HDI value of 0.438 in 1965, it appears that it passed to a medium development level in 1972. While Turkey had an HDI value of 0.587 in 1975 and was in 56th place among 102 countries, its place in 2001 was 96th, in 2002 88th, in 2003 94th, in 2008 84th, in 2009 84th and in 2010 83rd place.

Despite the fact that there is an increase in Turkey's HDI values, it loses rank in the country listings due to changes in the number of countries included in the index and due to the fact that the developments recorded for index components are higher in the other countries.

It is stated that the development shown by Turkey for the HDI is insufficient and especially that it displays a low performance in the per capita GDP values. In spite of the fact that Turkey's life expectancy at birth has increased as of years, it is behind countries, such as Belize, Ukraine, Colombia and Thailand, which are at the medium level of development. However, in 2005, among the 177 countries according to the HDI values, there were countries with lower HDI listings than Turkey, but had higher education index values. For example, Ecuador, which is located in 89th place in the index listing, has an education index value of 0.91 and Vietnam, which is located in 105th place, has an education index value of 0.90. Turkey's education index value is 0.87.

It is necessary to give brief information on the subject of the approach for calculating the index prior to interpreting the HDI:

$$\text{Index} = (\text{Real value} - \text{Min value}) / (\text{Max value} - \text{Min value}) \quad (1)$$

With this approach, the Education Index (EI) is composed of two components that are the following: Adult Literacy Index (ALI) and the Schooling Index (SI). The Life Expectancy at Birth Index (LEBI) and the Income Index (II) are calculated in the manner given below:

$$\text{LEBI} = (\text{Real value}_{\text{LEB}} - \text{Min value}_{\text{LEB}}) / (\text{Max}_{\text{LEB}} - \text{Min value}_{\text{LEB}})$$

$$\text{ALI} = (\text{Real value}_{\text{LR}} - \text{Min value}_{\text{LR}}) / (\text{Max}_{\text{LR}} - \text{Min value}_{\text{LR}})$$

$$\text{SI} = (\text{Real value}_{\text{SR}} - \text{Min value}_{\text{SR}}) / (\text{Max}_{\text{SR}} - \text{Min value}_{\text{SR}})$$

$$\text{EI} = (2/3 \times \text{ALI}) + (1/3 \times \text{SI}) \quad (2)$$

$$\text{II} = (\log \text{real value}_{\text{PCI}} - \log \text{min value}_{\text{PCI}}) / (\log \text{max}_{\text{PCI}} - \log \text{min value}_{\text{PCI}})$$

Where:

LEB: Life expectancy at birth,

LR: Literacy ratio,

SR: Gross schooling ratio,

PCI: Per capita income,

Min: Minimum value,

Max: Maximum value.

From the formulations given in this component, the HDI equivalence is calculated:

$$\text{HDI} = (1/3 \times \text{LEBI}) + (1/3 \times \text{EI}) + (1/3 \times \text{II}) \quad (3)$$

The index value has values that change between "0-1". The countries are categorized in 4 groups by the UNDP according to the index value. These are in the following manner:

Index Value	Group Definition
0-0.479	Low
0.480-0.670	Medium
0.671-0.780	High
0.781-1	Very High

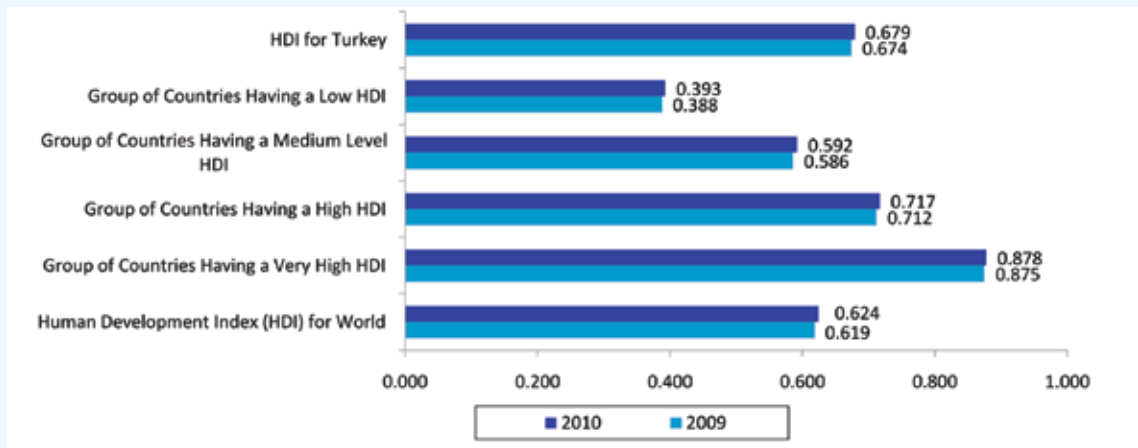
When the HDI values for 2009 and 2010 are studied, while the HDI figure for the entire world was 0.619 in 2009, with an 0.8% improvement in 2010 it reached 0.624. When the country groups formed based on HDI values are calculated for the countries included in the index, the index figure of the countries having a very high HDI value was 0.875 in 2008 and with an 0.3% increase rose to 0.878 in 2009. The index figure for the countries group having a high HDI value increased 0.7% and went from 0.712 to 0.717. The HDI for the countries group having a medium level HDI value increased 1.0% and rose from 0.586 to 0.592. A significant increase was recorded in the index figure of the countries group having a low HDI value and with a 1.3% change the index figure rose from 0.388 to 0.393.

Turkey's HDI value that was 0.674 in 2009 changed at approximately the same rate as the change in the HDI of the group in which it was located. According to HDI values, Turkey is located in the high HDI value countries group and the total number of countries in the group is 43. Turkey was in 40th place within these countries in 2009 and regressed one place in 2010 and was in 41st place. However, Turkey's number in the listings of the total countries included in the index between 1980 and 2010 has improved by 14 places (See Table 9, Graphs 7, 8).

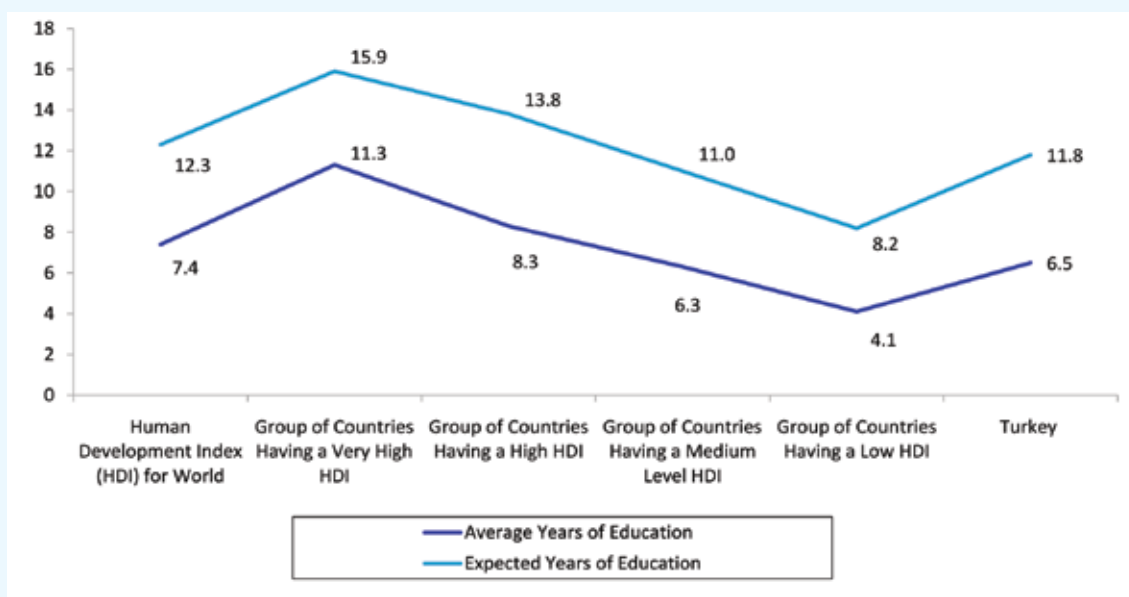
**Table 9. Turkey's Place in the World according to the Human Development Index**

Human Development Index (HDI) for World	2008	2009
Group of Countries Having a High HDI	0.619	0.624
Group of Countries Having a Medium Level HDI	0.875	0.878
Group of Countries Having a Low HDI	0.712	0.717
HDI for Turkey	0.586	0.592
Turkey's number on the index	0.388	0.393
Türkiye için İGE	0.674	0.679
Endeksteki sıra numarası	84	83
Group in which Turkey is included in the Index	High HDI	High HDI
Number of countries in group in which Turkey is included	43	43
Turkey's number in group in which it is included	40	41
Improvement in the HDI for 1980-2010		14
Annual average HDI rate of increase for 2000-2010		0.76

Source: UNDP, Human Development Report, 2010.



**Graph 7. Turkey's Place in the World according to the Human Development Index (HDI)**



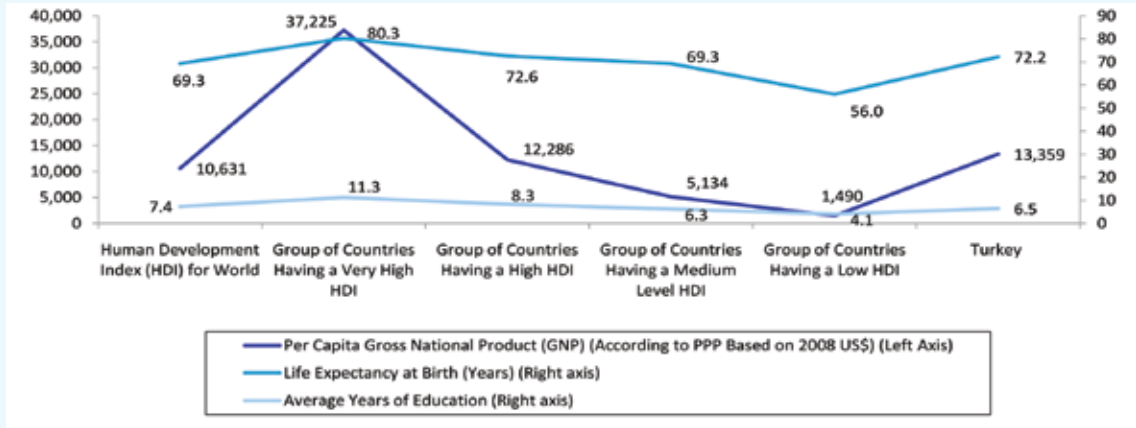
**Graph 8. Average and Expected Years of Education in 2010**

When the basic components of the HDI are considered at the level of country categories for 2010, while the life expectancy at birth is 80.3 years in the very high HDI countries group, it is 72.2 years in Turkey. While the average schooling years is 11.3 years in the high HDI countries group, it is only 6.5 years in Turkey. While the expected schooling years is 15.9 years in the very high HDI countries group, these countries were able to realize 71.1% of this expectation. The expected schooling years in Turkey is 11.8 years and it was only able to realize 55.1% of this expectation. According to the Purchasing Power Parity (PPP) on the basis of US\$, the per capita GNP figure of the very high HDI countries group was US\$37,225 and this figure was US\$13,359 in Turkey and was 35.9% of the income value of the very high HDI countries group. Turkey's listing according to the per capita GNP values for the countries included is 14 points behind its listing according to the HDI values. In other words, Turkey is below in the listing by 14 points in the per capita Gross National Product (GNP) (See Table 10, Graphs 9, 10).

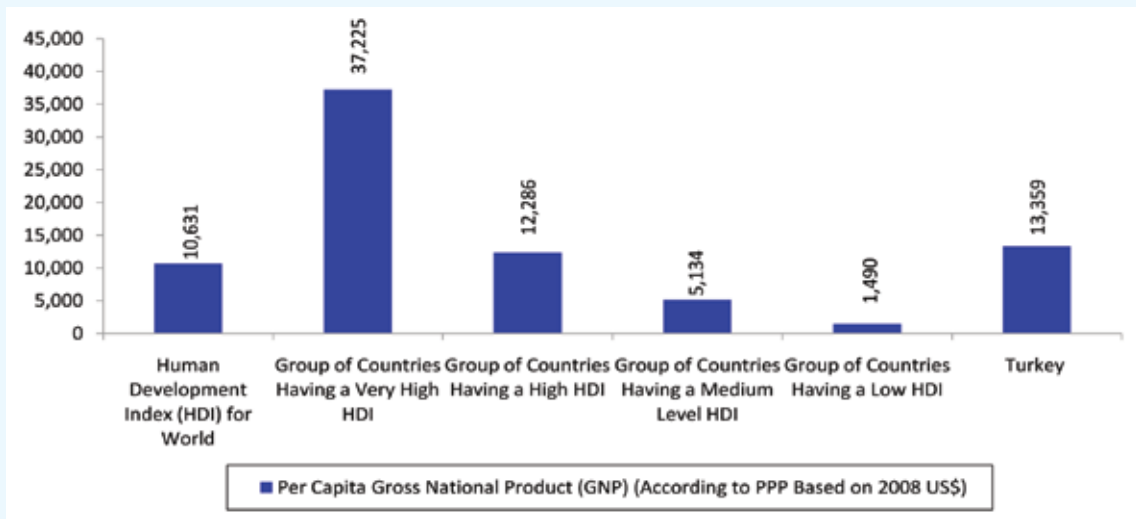
**Table 10. Components of the Human Development Index for 2010**

Indicators	HDI Value	Life Expectancy at Birth (Years)	Average Years of Education	Expected Years of Education	Per Capita Gross National Product (GNP) (According to PPP Based on 2008 US\$)	Order (GDP-HDI)
Human Development Index (HDI) for World	0.624	69.3	7.4	12.3	10,631	
Group of Countries Having a Very High HDI	0.878	80.3	11.3	15.9	37,225	
Group of Countries Having a High HDI	0.717	72.6	8.3	13.8	12,286	
Group of Countries Having a Medium Level HDI	0.592	69.3	6.3	11.0	5,134	
Group of Countries Having a Low HDI	0.393	56.0	4.1	8.2	1,490	
Turkey	0.679	72.2	6.5	11.8	13,359	-26

Source: UNDP, Human Development Report, 2010.



**Graph 9. Components of the Human Development Index for 2010**



**Graph 10. Per Capita Gross National Product (GNP) (According to PPP Based on 2008 US\$)**

According to the Human Development Report published by the UNDP, the ratio of population whose daily income is below US\$2 is 27.0% by the purchasing power parity during the 2000-2008 period in Turkey. According to the same report, the life satisfaction of the total population was measured on a scale of 10 and a measure of 5.5 was obtained. In other words, the entire population is neither very satisfied nor unsatisfied with their lives. When the picture for women was examined, it draws attention that the situation does not change. In Turkey, 71% of persons are satisfied with their profession, 76% are satisfied with their health and only 44% appear to be satisfied with their life standards (See Table 11) .

**Table 11. Indicators for Human Development of Turkey**

Indicators	2000-2008 <sup>(1)</sup>
Multidimensional Poverty Index	0.039
Ratio of population having a risk of multidimensional poverty	2.6
Ratio of population with income below poverty threshold <sup>(2)</sup>	27.0
Satisfaction from all aspects of life <sup>(3)</sup>	5.5
Women satisfied from all aspects of life <sup>(3)</sup>	5.5
Ratio of persons satisfied with profession	71
Ratio of persons satisfied with personal health	76
Ratio of persons satisfied with their life standards	44

Source: UNDP, Human Development Report, 2010.

(1): The reference year for some indicators is 2006-2009.

(2): Persons whose daily income is below US\$2 according to the purchasing power parity.

(3): "0" expresses not at all satisfied, "10" expresses very satisfied.

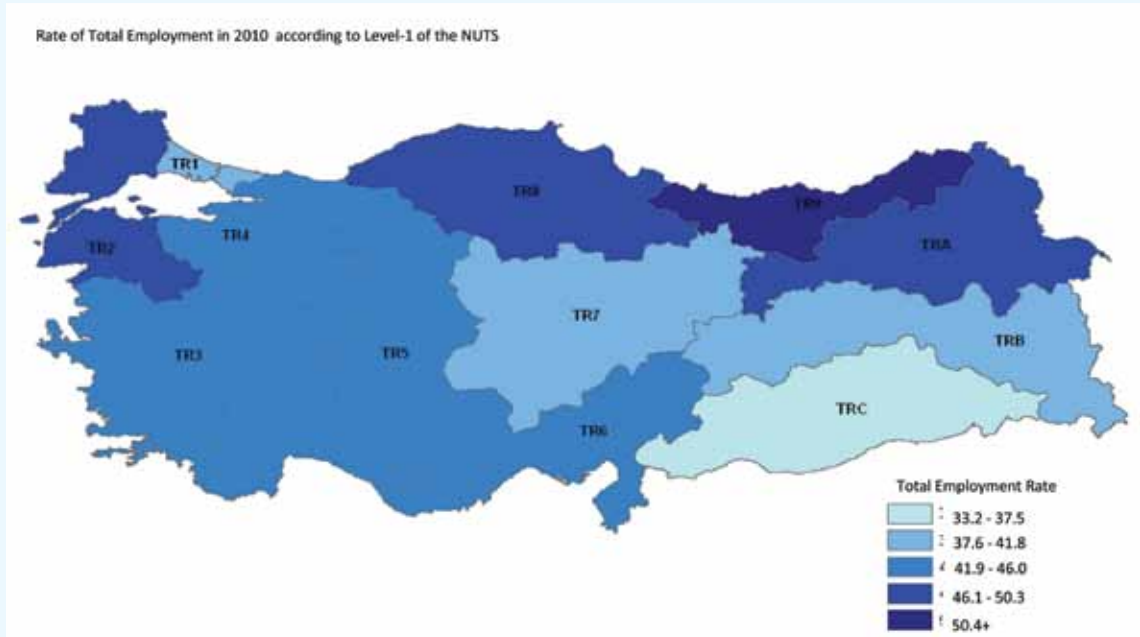
#### 1.4 Labor Force

When the rates of total employment in 2010 are examined according to Level-1 of the Nomenclature of Territorial Units for Statistics (NUTS), the rate of employment with highest value is 54.6% in the Eastern Black Sea region and this is followed by the Northeastern Anatolia region at 47.7% and the Western Black Sea region is in third place at 47.5%. Whereas, the region in last place for rate of employment is the South-eastern Anatolia region at 33.2%. The unemployment rates reached the highest level of 14.3% of the total population in both the Istanbul and Central Eastern Anatolia regions, and this was followed in second place by the Mediterranean region at 13.9%. Whereas, the region with the lowest unemployment rate was the Eastern Black Sea region at 6.1%.

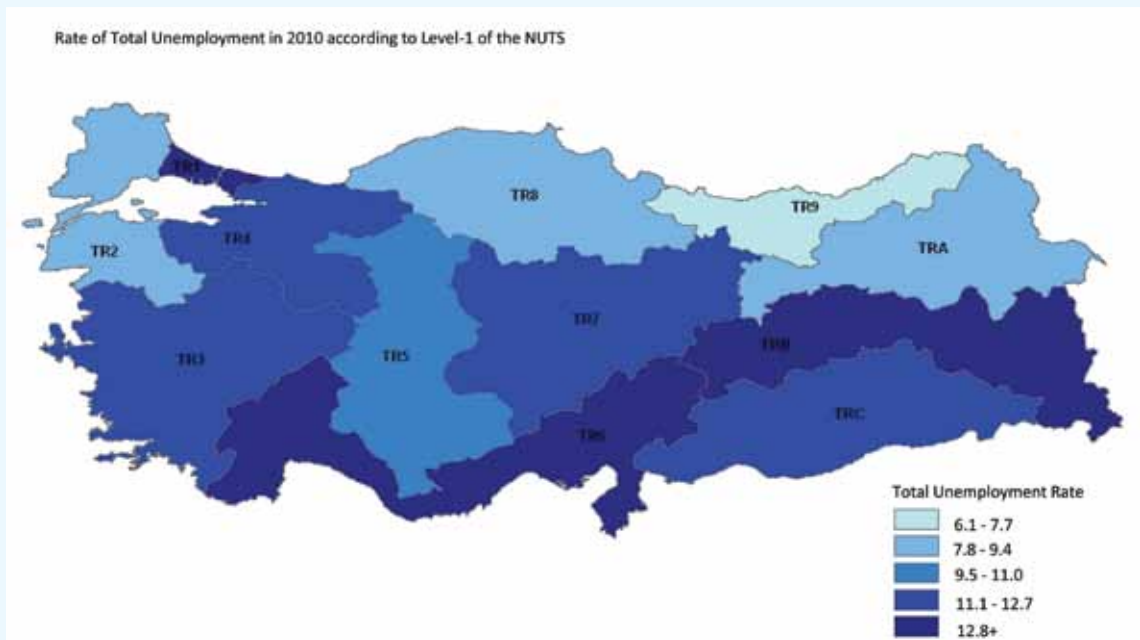
The first two regions that have the highest male population employment rate are the North Eastern Anatolia region at 66.2% and the Eastern Black Sea region at 66.1%. The first two regions that have the highest female population employment rate are the Eastern Black Sea region at 43.4% and the Western Black Sea region at 32.7%. The point that draws attention in these results is the fact that there is a 1.5 fold difference between the highest male employment rate and the highest female employment rate. The Southeastern Anatolia region is the region where there is the lowest male employment at 56.0% and lowest female employment at 11.5%.

The region where there is the highest male unemployment rate is Central Eastern Anatolia at 15.0% and the region where there is the highest female unemployment rate is Istanbul at 17.4%. The regions where there are the lowest male and female unemployment rates are the Eastern Black Sea region at 7.3% and the Northeastern Anatolia region at 3.3% (See Graph 11-Graph 16).



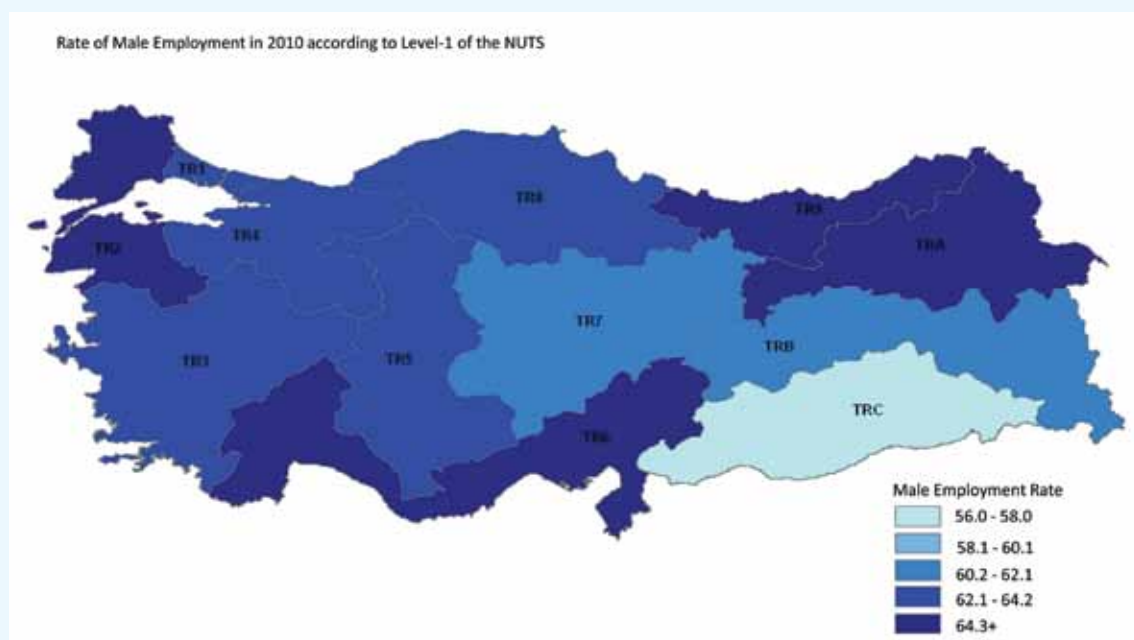


Graph 11. Rate of Total Employment in 2010 according to Level-1 of the NUTS

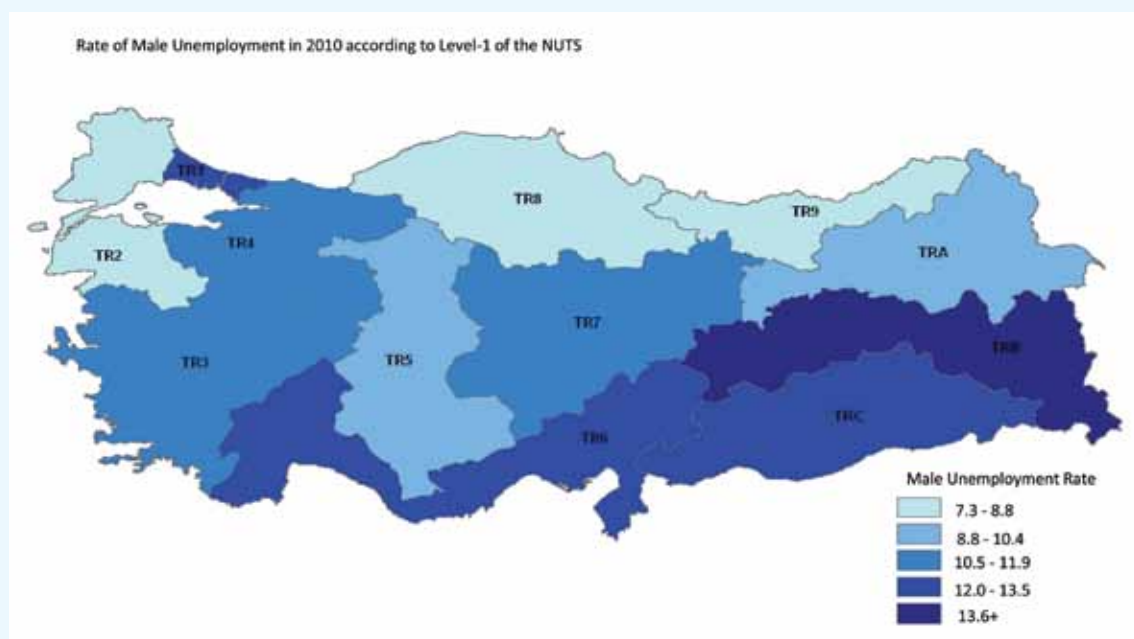


Graph 12. Rate of Total Unemployment in 2010 according to Level-1 of the NUTS

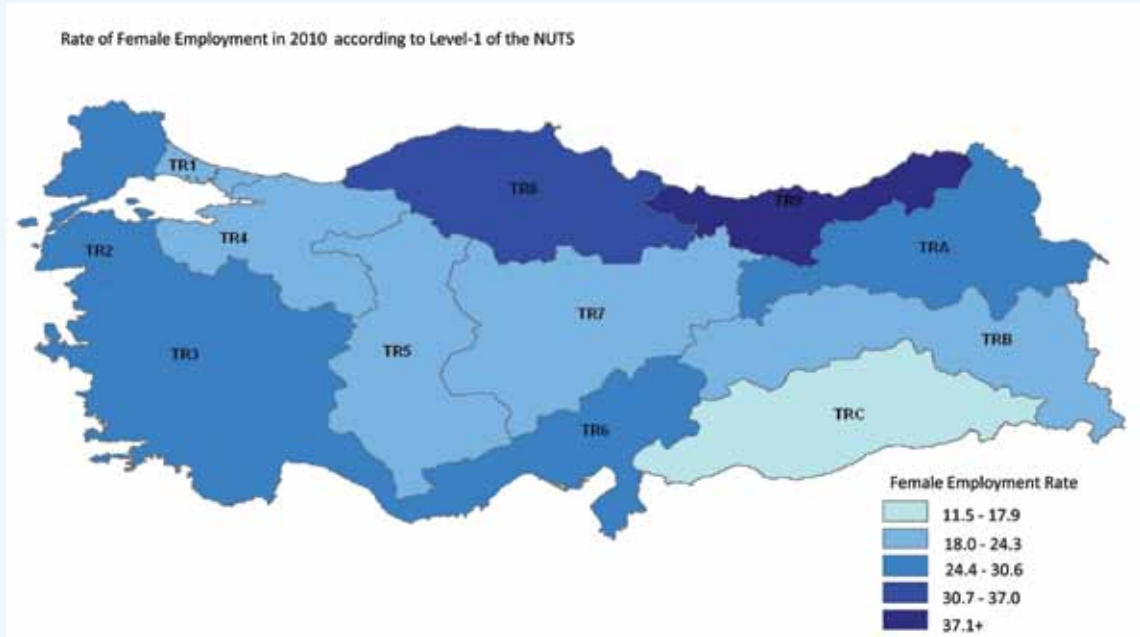




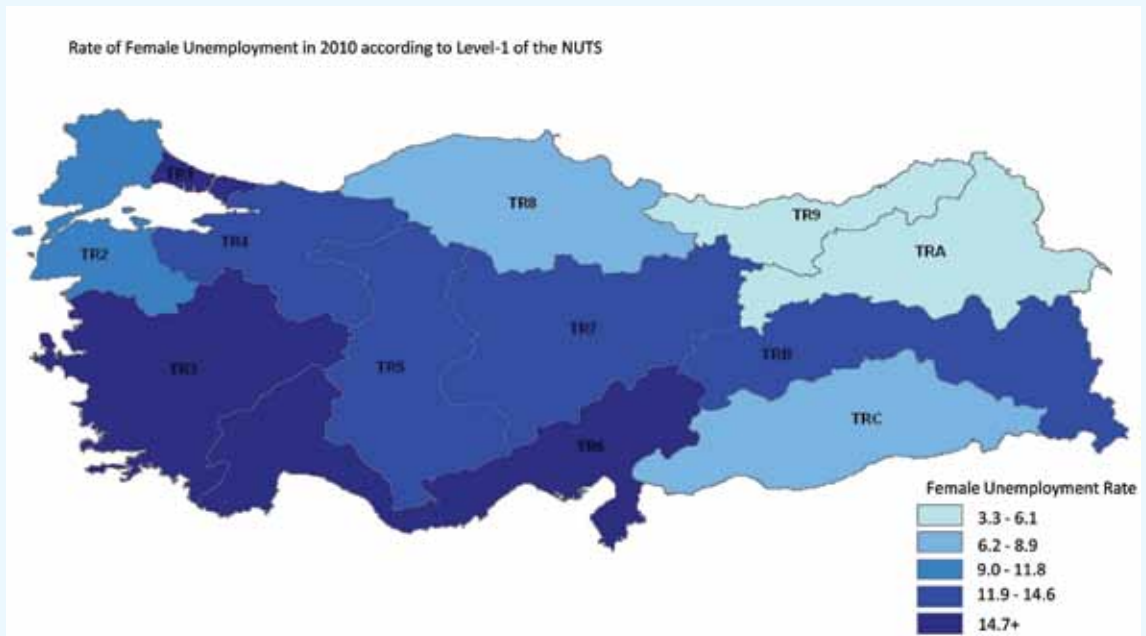
Graph 13. Rate of Male Employment in 2010 according to Level-1 of the NUTS



Graph 14. Rate of Male Unemployment in 2010 according to Level-1 of the NUTS



Graph 15. Rate of Female Employment in 2010 according to Level-1 of the NUTS



Graph 16. Rate of Female Unemployment in 2010 according to Level-1 of the NUTS

## 2. AT THE MACRO DIMENSION

### 2.1 National Income

Thanks to the economic programs and structural changes realized as of 2001, the economy of Turkey attained positive figures in growth as of 2002 and up until 2008 and shrank at the rate of 4.7% in 2009 with the global economic crisis experienced. Whereas, in 2010 the economy of Turkey grew 8.9% and was the most rapidly growing economy of Europe.

The Gross Domestic Product (GDP) showed an increase of 12.0% in the first quarter, 10.3% in the second quarter, 5.2% in the third quarter and 9.2% in the final quarter of 2010. Turkey, with a growth of 9.2% in the fourth quarter was the second country after China that grew the most among the G-20 countries. The GDP in constant prices displayed an increase of 4,680 million TL from its level in the first quarter of 2010 and closed in the final quarter at the level of 28,015 million TL. The per capita GDP value in current prices was annually US\$10,079. Furthermore, the 2010 growth rates were realized 2.1 points above the rate of 6.8% envisaged in the Medium-Term Program (MTP).

When the GDP is examined as of main sectors in constant prices, it is observed that positive growth was realized in all of the sectors. The sector that realized the most growth was the construction sector at 17.1%. The construction sector, which was the sector that shrank the most in 2009 at 16.1%, closed with a high growth in 2010 together with the base effect. Whereas, the sector having the lowest rate of growth within the main sectors was the agricultural sector due to the harsh seasonal conditions during the year. The agricultural sector grew 3.9% in 2009 due to the fact that the subject seasonal conditions were more favorable and it closed with a 1.6% growth in 2010. The growth rates in the industrial sector were realized at 12.9% and in the services sector at 7.7% (See Graph 17).



**Graph 17. Growth Rates of the Gross Domestic Product  
(According to 1998 Basic Prices)**

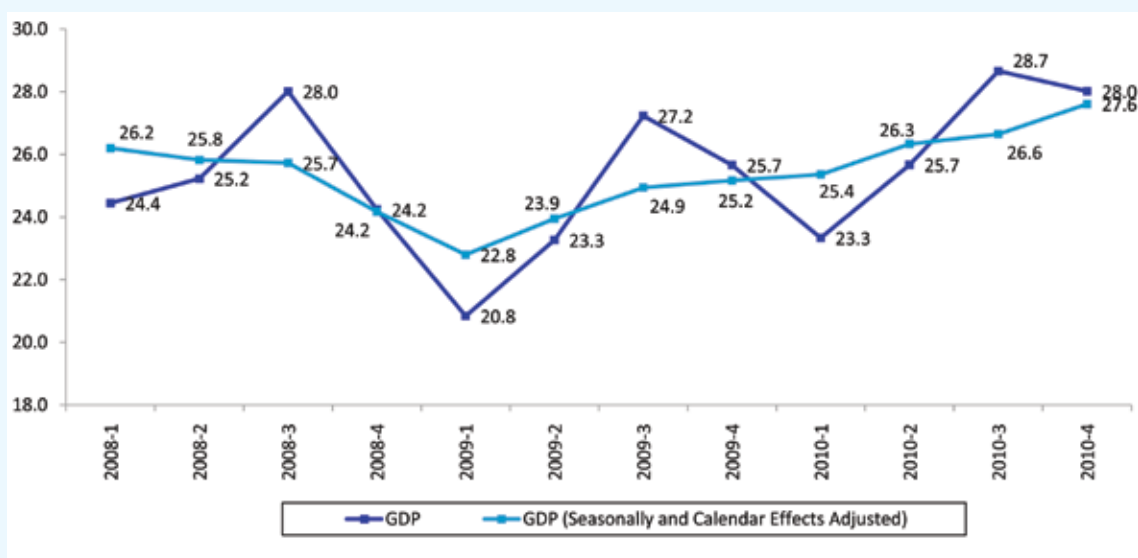
When the GDP in constant prices is examined according to the branches of economic activity, there was an economic shrinkage in many branches of economic activities, such as fishing, mining and quarrying, manufacturing industry, electricity, gas, steam and hot water production and distribution, construction, wholesale and retail trade, transportation, storage and communications and other social, societal and personal service activities due to the global reduction in 2009. Whereas, in 2010 it followed a course above what was expected and all branches of activity realized a positive growth. According to branches of activity, growth of 17.1% was realized in construction and was followed by the fishing sector at 14.2%, the manufacturing industry sector at 13.6%, the wholesale and retail trade at 13.3%, taxes-subsidies at 12.9% and transportation and communications activities at 10.5% (See Table 12).

**Table 12. The Gross Domestic Product in Constant Prices**

Branches of Economic Activity	(By Branches of Economic Activity and 1998 Basic Prices)								
	Value (000 TL)			Rate within Total			Rate of Change		
	2008	2009	2010	2008	2009	2010	2008	2009	2010
Agriculture, Hunting and Forestry	9,141,424	9,477,479	9,595,288	9.0	9.8	9.1	4.6	3.7	1.2
Fishing	292,126	291,158	332,568	0.3	0.3	0.3	-5.7	-0.3	14.2
Mining and Quarrying	813,954	759,220	795,179	0.8	0.8	0.8	5.4	-6.7	4.7
Manufacturing Industry	24,290,306	22,538,467	25,614,104	23.8	23.2	24.2	-0.1	-7.2	13.6
Electricity, Gas, Steam and Hot Water Production and Distribution	2,107,391	2,034,945	2,184,265	2.1	2.1	2.1	3.7	-3.4	7.3
Construction	6,040,811	5,067,196	5,935,140	5.9	5.2	5.6	-8.1	-16.1	17.1
Wholesale and Retail Trade	13,237,437	11,863,006	13,444,479	13.0	12.2	12.7	-1.5	-10.4	13.3
Hotels and Restaurants	1,882,737	1,952,631	1,958,749	1.8	2.0	1.9	-2.0	3.7	0.3
Transportation, Storage and Communications	15,026,108	13,936,885	15,398,896	14.7	14.4	14.6	1.5	-7.2	10.5
Activities of Financial Intermediation Organizations	10,803,084	11,722,407	12,568,653	10.6	12.1	11.9	9.1	8.5	7.2
Housing Ownership	4,889,749	5,018,694	5,113,424	4.8	5.2	4.8	2.3	2.6	1.9
Real Estate, Renting and Business Activities	3,473,201	3,625,686	3,900,015	3.4	3.7	3.7	6.7	4.4	7.6
Public Administration and Defense, Compulsory Social Security	3,108,369	3,197,580	3,214,667	3.0	3.3	3.0	0.3	2.9	0.5
Education	2,007,025	2,047,582	2,060,044	2.0	2.1	1.9	1.2	2.0	0.6
Health and Social Services	1,230,213	1,268,643	1,283,191	1.2	1.3	1.2	3.3	3.1	1.1
Other Social, Societal and Personal Service Activities	1,611,295	1,592,251	1,607,007	1.6	1.6	1.5	1.8	-1.2	0.9
Private Households with Employed Personnel	155,676	159,180	167,717	0.2	0.2	0.2	5.6	2.3	5.4
Total of Sectors	100,110,905	96,553,011	105,173,387	98.2	99.5	99.5	1.3	-3.6	8.9
Financial Intermediation Services Measured Indirectly	6,773,149	7,429,415	8,391,950	6.6	7.7	7.9	8.4	9.7	13.0
Taxes-Subsidies	8,583,974	7,879,518	8,898,706	8.4	8.1	8.4	-0.6	-8.2	12.9
Gross Domestic Product (Purchaser's Prices)	101,921,730	97,003,114	105,680,142	100.0	100.0	100.0	0.7	-4.8	8.9

Source: TURKSTAT.

The GDP in constant prices and seasonally and calendar adjusted that was 25.4 billion TL in the first quarter, rose to 26.3 billion TL in the second quarter, to 26.6 billion TL in the third quarter and rose to 27.6 billion TL in the final quarter of 2010. The GDP with seasonally and calendar adjusted increased 9.2% in the final quarter compared to the same quarter of the previous year and reached a record level, but this rate was realized at only 3.6% for the GDP when seasonally and calendar adjusted were excluded (See Graph 18).



Graph 18. Gross Domestic Product in Constant Prices (Billion TL)

In 2010 the GDP in current prices grew 16.0% and reached 1,105,101 million TL and of this 92,804 million TL was provided by the agricultural sector; 211,998 million TL by the industrial sector; 45,240 million TL by the construction sector and 755,060 million TL was provided by the services sector (See Table 13).

Table 13. The Gross Domestic Product in Current Prices

Branches of Economic Activity	Value (000 TL)			Rate within Total			Rate of Change		
	Fishing	2009	2010	2008	2009	2010	2008	2009	2010
Agriculture, Hunting and Forestry	70,741,993	76,997,468	90,507,309	7.4	8.1	8.2	13.1	8.8	17.5
Fishing	1,532,592	1,778,418	2,296,292	0.2	0.2	0.2	-13.1	16.0	29.1
Mining and Quarrying	13,458,457	14,235,361	15,785,419	1.4	1.5	1.4	27.8	5.8	10.9
Manufacturing Industry	153,721,455	144,992,162	170,744,886	16.2	15.2	15.5	8.4	-5.7	17.8
Electricity, Gas, Steam and Hot Water Production and Distribution	20,637,525	22,818,051	25,467,877	2.2	2.4	2.3	28.0	10.6	11.6
Construction	44,657,644	36,577,637	45,239,597	4.7	3.8	4.1	8.9	-18.1	23.7
Wholesale and Retail Trade	116,297,110	103,452,320	123,997,556	12.2	10.9	11.2	12.8	-11.0	19.9
Hotels and Restaurants	21,034,516	23,714,131	25,589,586	2.2	2.5	2.3	10.3	12.7	7.9
Transportation, Storage and Communications	135,030,193	127,283,537	147,131,140	14.2	13.4	13.3	14.8	-5.7	15.6
Activities of Financial Intermediation Organizations	33,036,646	42,687,806	41,550,349	3.5	4.5	3.8	20.6	29.2	-2.7
Housing Ownership	106,137,796	117,287,009	124,667,749	11.2	12.3	11.3	16.5	10.5	6.3
Real Estate, Renting and Business Activities	40,670,633	45,167,515	52,709,961	4.3	4.7	4.8	17.5	11.1	16.7
Public Administration and Defense, Compulsory Social Security	36,436,682	41,270,555	46,027,974	3.8	4.3	4.2	10.4	13.3	11.5
Education	27,878,075	31,813,406	36,796,541	2.9	3.3	3.3	13.2	14.1	15.7
Health and Social Services	15,577,687	16,448,847	17,933,777	1.6	1.7	1.6	12.0	5.6	9.0
Other Social, Societal and Personal Service Activities	16,030,765	16,078,191	18,515,172	1.7	1.7	1.7	9.4	0.3	15.2
Private Households with Employed Personnel	1,705,443	1,847,272	2,095,561	0.2	0.2	0.2	14.1	8.3	13.4
Total of Sectors	854,585,214	864,449,686	987,056,746	89.9	90.8	89.3	13.3	1.2	14.2
Financial Intermediation Services Measured Indirectly	14,927,534	21,708,092	19,627,304	1.6	2.3	1.8	15.5	45.4	-9.6
Taxes-Subsidies	110,876,571	109,816,985	137,671,668	11.7	11.5	12.5	9.0	-1.0	25.4
Gross Domestic Product (Purchaser's Prices)	950,534,251	952,558,579	1,105,101,110	100.0	100.0	100.0	12.7	0.2	16.0

Source: TURKSTAT.

Of the growth of the GDP at 8.9% in 2010, the manufacturing industry sector made a contribution valued at 3.2 points, the agricultural sector at 0.1 points and the construction sector made a contribution valued at 0.9 points. Whereas, the other important contributions were wholesale and retail trade at 1.6 points, communications at 1.5 points, financial intermediation organizations at 0.9 points, rent real estate and business activities at 0.3 points and electricity, gas, steam and hot water production and distribution at 0.2 points (See Table 14).

**Table 14. Sectoral Contributions to the Gross Domestic Product**

(Points, by Branches of Economic Activity and 1998 Basic Prices)						
Branches of Economic Activity	2008	2009	2010	2008	2009	2010
Agriculture, Hunting and Forestry	9,141,424	9,477,479	9,595,288	0.40	0.33	0.12
Fishing	292,126	291,158	332,568	-0.02	0.00	0.04
Mining and Quarrying	813,954	759,220	795,179	0.04	-0.05	0.04
Manufacturing Industry	24,290,306	22,538,467	25,614,104	-0.04	-1.72	3.17
Electricity, Gas, Steam and Hot Water Production and Distribution	2,107,391	2,034,945	2,184,265	0.07	-0.07	0.15
Construction	6,040,811	5,067,196	5,935,140	-0.53	-0.96	0.89
Wholesale and Retail Trade	13,237,437	11,863,006	13,444,479	-0.20	-1.35	1.63
Hotels and Restaurants	1,882,737	1,952,631	1,958,749	-0.04	0.07	0.01
Transportation, Storage and Communications	15,026,108	13,936,885	15,398,896	0.21	-1.07	1.51
Activities of Financial Intermediation Organizations	10,803,084	11,722,407	12,568,653	0.89	0.90	0.87
Housing Ownership	4,889,749	5,018,694	5,113,424	0.11	0.13	0.10
Real Estate, Renting and Business Activities	3,473,201	3,625,686	3,900,015	0.21	0.15	0.28
Public Administration and Defense, Compulsory Social Security	3,108,369	3,197,580	3,214,667	0.01	0.09	0.02
Education	2,007,025	2,047,582	2,060,044	0.02	0.04	0.01
Health and Social Services	1,230,213	1,268,643	1,283,191	0.04	0.04	0.01
Other Social, Societal and Personal Service Activities	1,611,295	1,592,251	1,607,007	0.03	-0.02	0.02
Private Households with Employed Persons	155,676	159,180	167,717	0.01	0.00	0.01
Total of Sectors	100,110,905	96,553,011	105,173,387	1.23	-3.49	8.89
Financial Intermediation Services Measured Indirectly	6,773,149	7,429,415	8,391,950	0.52	0.64	0.99
Taxes-Subsidies	8,583,974	7,879,518	8,898,706	-0.05	-0.69	1.05
Gross Domestic Product (Purchaser's Prices)	101,921,730	97,003,114	105,680,142	0.66	-4.83	8.95

Source: TURKSTAT.

The shares of the agricultural and industrial sectors within the GDP in current prices in 2010 increased 0.1 point, with 8.4% in the agricultural sector, 19.2% in the industrial sector and the share of the construction sector increased 0.3 points and rose to 4.1% compared to the previous year. Whereas, the share of the services sector decreased 0.5 points and regressed to 68.3% (See Table 15, Graph 19).

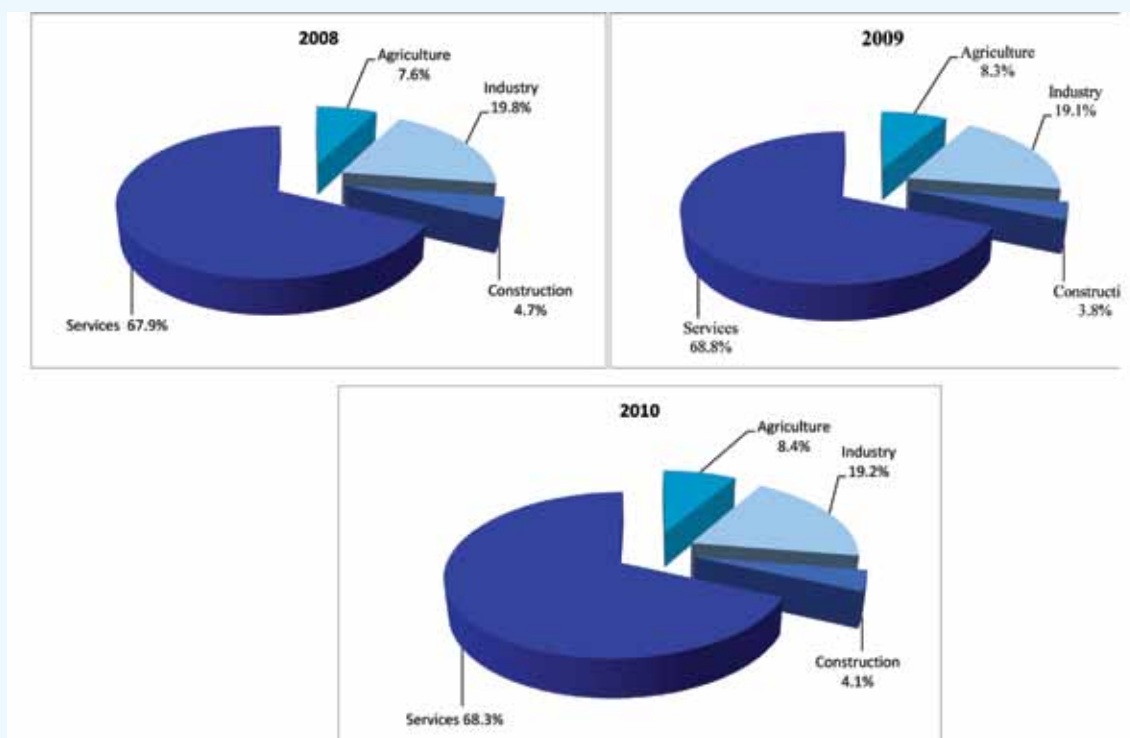
**Table 15. Shares of the Sectors within the Gross Domestic Product**

(Current Prices, %)			
Sectors	2008	2009	2010
Agriculture	7.6	8.3	8.4
Industry	19.8	19.1	19.2
Construction	4.7	3.8	4.1
Services <sup>(1)</sup>	67.9	68.8	68.3
GDP	100.0	100.0	100.0

Source: TURKSTAT.

(1): Financial Intermediation services measured indirectly and taxes-subsidies were included in services.





**Graph 19. Sectoral Distribution of the Gross Domestic Product (Current Prices)**

In the GDP by the expenditure method in constant prices, the consumption expenditures of the resident households increased 6.6% and the public sector consumption expenditures increased 2.0% in 2010 compared to the previous year. Furthermore, the exports of goods and services, which displayed a decrease of 5.0% in 2009, increased 3.4% in 2010. Whereas, the imports of goods in services in 2010 increased 20.7%. The public sector fixed capital investments rose 15.1% under the influence of the 17.0% increase in construction investments and the 8.4% increase in machinery-equipment investments. The private sector fixed capital investments increased 33.5%, due to the increases in machinery-equipment investments at 43.0% and the construction investments at 16.9% (See Table 16).

In the GDP by the expenditure method in current prices, the consumption of the resident households increased 15.5% in 2010 compared to the previous year. While the domestic consumption of the resident and non-resident households provided a positive contribution of 14.5% and the foreign consumption of the resident households provided a positive contribution of 13.1% to the growth of this consumption item; the domestic consumption of the non-resident households provided a negative contribution of 2.9%. The public sector consumption expenditures increased 12.4% in 2010 compared to the previous year and rose to 157,451 million TL. While the public sector fixed capital investments increased 20.4%, the most important contribution to this increase was the increase made in construction sector investments at 24.1%. While the private sector fixed capital investments increased 31.1%, of the sub-items of this, the machinery-equipment investments increased 35.3% and the construction sector investments increased 23.4% (See Table 17).

The consumption of the resident households provided a 4.7 point positive contribution, the final consumption expenditures of the government an 0.2 point contribution, the fixed capital investments a 6.0 point contribution, the change in stocks a 2.5 point contribution, exports an 0.9 point contribution and imports provided a 5.2 point positive contribution to the growth of the GDP by the expenditure method in constant prices (See Table 18).

**Table 16. Gross Domestic Product by the Expenditure Method**

Components of the Expenditures	(1998 Prices)								
	Value (000 TL)			Rate within Total			Rate of Change		
	2008	2009	2010	2008	2009	2010	2008	2009	2010
Gross Domestic Product	101,921,730	97,003,114	105,680,142	100.0	100.0	100.0	0.7	-4.8	8.9
Consumption of Resident Households	70,198,486	68,597,603	73,108,339	68.9	70.7	69.2	-0.3	-2.3	6.6
Domestic Consumption of Resident&Non-resident Households	73,800,315	72,348,575	76,585,771	72.4	74.6	72.5	-0.4	-2.0	5.9
(Minus) Domestic Consumption of Non-resident Households	4,084,770	4,427,934	4,208,999	4.0	4.6	4.0	-3.5	8.4	-4.9
Foreign Consumption of Resident Households	482,942	676,962	731,567	0.5	0.7	0.7	-11.8	40.2	8.1
Final Consumption Expenditures of Government	10,304,175	11,105,788	11,327,507	10.1	11.4	10.7	1.7	7.8	2.0
Salaries, Wages	5,042,711	5,112,949	5,172,463	4.9	5.3	4.9	-0.4	1.4	1.2
Purchases of Goods&Services	5,261,464	5,992,839	6,155,044	5.2	6.2	5.8	3.9	13.9	2.7
Formation of Gross Fixed Capital	23,912,294	19,358,027	25,154,548	23.5	20.0	23.8	-6.2	-19.0	29.9
Public Sector	3,780,105	3,755,945	4,324,946	3.7	3.9	4.1	12.7	-0.6	15.1
Machinery-Equipment	910,781	790,100	856,155	0.9	0.8	0.8	20.1	-13.3	8.4
Construction	2,869,324	2,965,845	3,468,791	2.8	3.1	3.3	10.6	3.4	17.0
Private Sector	20,132,189	15,602,082	20,829,602	19.8	16.1	19.7	-9.0	-22.5	33.5
Machinery-Equipment	12,862,368	9,921,673	14,188,370	12.6	10.2	13.4	-7.0	-22.9	43.0
Construction	7,269,820	5,680,409	6,641,232	7.1	5.9	6.3	-12.4	-21.9	16.9
Changes in Stocks <sup>(1)</sup>	217,211	-2,140,473	244,263	0.2	-2.2	0.2	-	-	-
Exports of Goods&Services	25,968,236	24,660,528	25,503,168	25.5	25.4	24.1	2.7	-5.0	3.4
(Minus) Imports of Goods and Services	28,678,672	24,578,358	29,657,682	28.1	25.3	28.1	-4.1	-14.3	20.7

Source: TURKSTAT.

(1): The changes in stocks are calculated as residual between production and expenditure accounts and also includes statistical discrepancy.

**Table 17. Gross Domestic Product by the Expenditure Method**

Components of the Expenditures	(Current Prices)								
	Value (000 TL)			Rate within Total			Rate of Change		
	2008	2009	2010	2008	2009	2010	2008	2009	2010
Gross Domestic Product	950,534,251	952,558,579	1,105,101,110	100.0	100.0	100.0	12.7	0.2	16.0
Consumption of Resident Households	663,944,252	680,768,339	786,079,201	69.8	71.5	71.1	10.4	2.5	15.5
Domestic Consumption of Resident&Non-resident Households	695,619,985	714,245,241	817,550,309	73.2	75.0	74.0	10.6	2.7	14.5
(Minus) Domestic Consumption of Non-resident Households	36,241,015	39,888,549	38,723,157	3.8	4.2	3.5	14.2	10.1	-2.9
Foreign Consumption of Resident Households	4,565,282	6,411,648	7,252,049	0.5	0.7	0.7	7.5	40.4	13.1
Final Consumption Expenditures of Government	121,681,099	140,028,924	157,451,278	12.8	14.7	14.2	12.9	15.1	12.4
Salaries, Wages	66,986,764	75,829,979	87,344,368	7.0	8.0	7.9	12.4	13.2	15.2
Purchases of Goods&Services	54,694,335	64,198,944	70,106,910	5.8	6.7	6.3	13.4	17.4	9.2
Formation of the Gross Fixed Capital	189,094,334	160,718,033	206,879,576	19.9	16.9	18.7	4.7	-15.0	28.7
Public Sector	36,725,067	35,335,252	42,558,113	3.9	3.7	3.9	28.1	-3.8	20.4
Machinery-Equipment	6,653,631	6,222,501	6,426,472	0.7	0.7	0.6	33.9	-6.5	3.3
Construction	30,071,436	29,112,751	36,131,641	3.2	3.1	3.3	26.9	-3.2	24.1
Private Sector	152,369,267	125,382,781	164,321,462	16.0	13.2	14.9	0.3	-17.7	31.1
Machinery-Equipment	92,147,661	80,423,027	108,826,482	9.7	8.4	9.8	-0.9	-12.7	35.3
Construction	60,221,606	44,959,753	55,494,980	6.3	4.7	5.0	2.1	-25.3	23.4
Changes in Stocks <sup>(1)</sup>	17,949,462	-18,427,286	15,646,824	1.9	-1.9	1.4	-	-	-
Exports of Goods&Services	227,252,949	222,102,643	233,076,618	23.9	23.3	21.1	20.7	-2.3	4.9
(Minus) Imports of Goods&Services	269,387,845	232,632,073	294,032,387	28.3	24.4	26.6	16.2	-13.6	26.4

Source: TURKSTAT.

(1): The changes in stocks are calculated as residual between production and expenditure accounts and also includes statistical discrepancy.



**Table 18. Contributions to the Gross Domestic Product by the Expenditure Method**

Components of the Expenditures	(1998 Prices, Points)		
	2008	2009	2010
Gross Domestic Product	0.66	-4.83	8.95
Consumption of Resident Households	-0.22	-1.57	4.65
Domestic Consumption of the Resident&Non-resident Households	-0.30	-1.42	4.37
(Minus) Domestic Consumption of the Non-resident Households	-0.15	0.34	-0.23
Foreign Consumption of the Resident Households	-0.06	0.19	0.06
Final Consumption Expenditures of the Government	0.17	0.79	0.23
Salaries, Wages	-0.02	0.07	0.06
Purchases of Goods and Services	0.19	0.72	0.17
Formation of the Gross Fixed Capital	-1.55	-4.47	5.98
Public Sector	0.42	-0.02	0.59
Machinery-Equipment	0.15	-0.12	0.07
Construction	0.27	0.09	0.52
Private Sector	-1.97	-4.44	5.39
Machinery-Equipment	-0.96	-2.89	4.40
Construction	-1.01	-1.56	0.99
Changes in Stocks	0.35	-2.31	2.46
Exports of Goods and Services	0.68	-1.28	0.87
(Minus) Imports of Goods and Services	-1.22	-4.02	5.24

Source: TURKSTAT.

The per capita GDP in current prices increased 17.3% in 2010 and rose to US\$10,079 and the Turkish Lira increased 14.2% and went up to 14,990 TL. Whereas, the per capita GDP in constant prices increased 7.2% in 2010 compared to the previous year and rose from 1,337 TL to 1,433 TL (See Table 19).

**Table 19. Per Capita Gross Domestic Product**

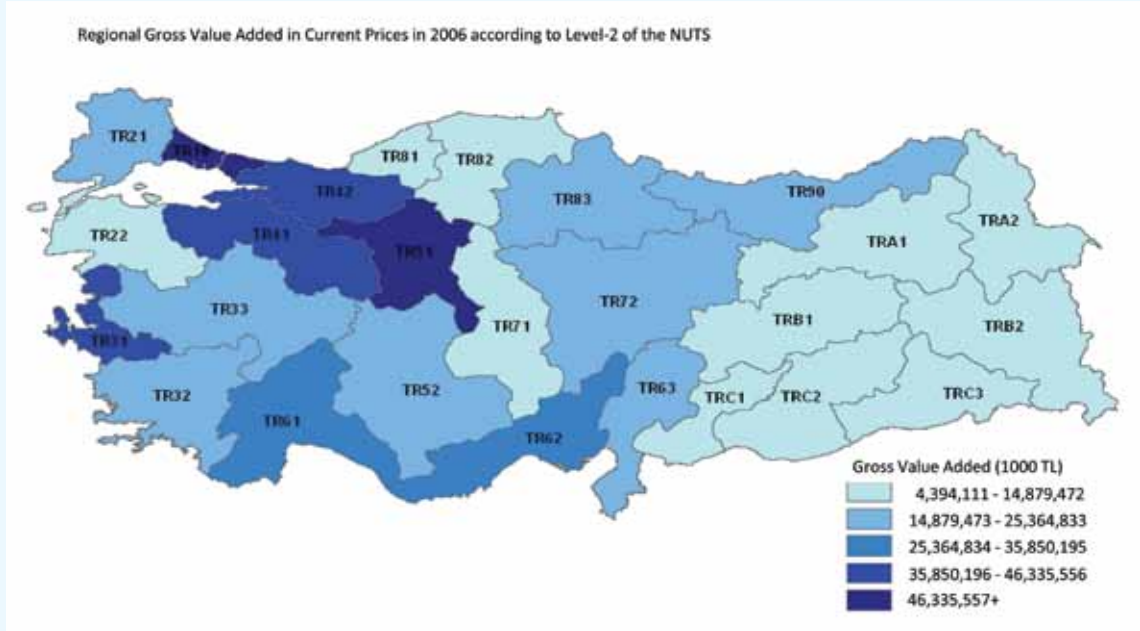
Years	Population <sup>(1)</sup> (000 Persons)	Current Prices				Fixed (1998) Prices	
		Turkish Lira (TL) <sup>(2)</sup>	Ratio of Change	US Dollar (\$)	Ratio of Change	Turkish Lira (TL) <sup>(2)</sup>	Ratio of Change
2008	71,517	13,290	11.4	10,440	13.1	1,425	-0.5
2009	72,561	13,130	-1.2	8,590	-17.7	1,337	-6.2
2010	73,723	14,990	14.2	10,079	17.3	1,433	7.2

Source: TURKSTAT.

(1): They are the results of the Address Based Population Registration System.

(2): The per capita GDP and the GDP figures have been calculated with the proportion of population in the year-end.

When the Gross Value Added is examined in current prices according to the existing data for 2006 and calculated at the regional level by the TURKSTAT, while the Istanbul Region (TR10) had the largest value added at 183,812 million TL, this is followed by the Izmir Region (TR 31) at 44,377 million TL and the Kocaeli, Sakarya, Düzce, Bolu and Yalova Region (TR42) at 40,829 million TL. Whereas, the regions located in the last three places are: the Ağrı, Kars, Iğdır and Ardahan Region (TRA2) in final place at 4,394 million TL and just before this region was the Kastamonu, Çankırı and Sinop Region (TR82) at 5,050 million TL and the Erzurum, Erzincan and Bayburt Region (TRA1) at 5,928 million TL (See Graph 20).



**Graph 20. Regional Gross Value Added in Current Prices in 2006 according to Level-2 of the NUTS**

## 2.2 Sectoral Analysis

### 2.2.1 Agriculture

The agricultural sector value added increased 0.8% in the first quarter, 1.7% in the second quarter, there was no change compared to the same period last year in the third quarter and increased 5.1% in the fourth quarter of 2010 compared to the same period of the previous year. Thus, a growth of 1.6% occurred in the value added of the agricultural sector in 2010 compared to 2009.

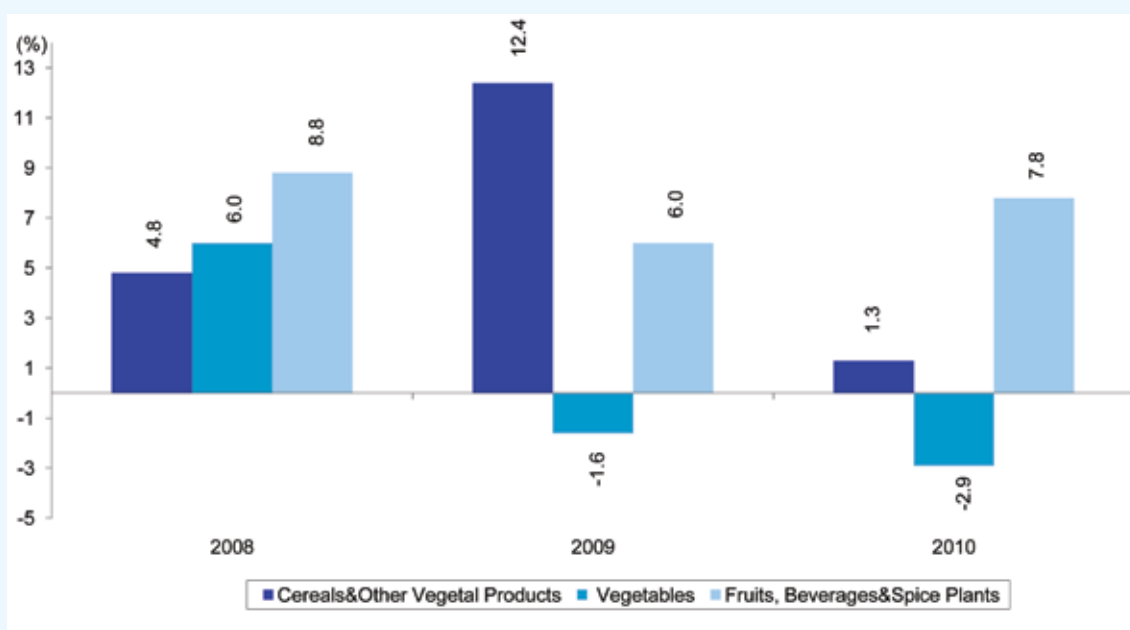
The agricultural sector is a sector that has an important place within Turkey's socio-economic structure, that provides contributions to the national income, that provides inputs to the industrial sector and that creates employment at significant levels. However, agricultural production is realized to a great extent dependent on natural conditions. Consequently, in 2010 there were increases in the production amounts of cereals and fruits, due to the favorable climatic conditions, while there was a decrease in the amounts of vegetable products.

The production of cereal and other vegetal products, which showed an increase of 12.4% in 2009, decelerated in 2010 and could only show an increase of 1.3%. While the amount of cereal products production increased 14.6% in 2009, it recorded a decrease of 2.5% in 2010 under the influence of negative weather conditions. The highest production increase in the cereal products group was in the production of rice at 14.7%, while wheat production decreased 4.6% and barley production decreased 0.8%. Whereas, in the production of corn, which is one of the important cereal products, an increase of 1.4% was realized (See Table 20, Graph 21).

Table 20. Production Amounts of Cereals and Other Vegetal Products

Cereals and Other Vegetal Products	(Tons)					
	Production			Rate of Change		
	2008	2009	2010	2008	2009	2010
Cereals	29,287,281	33,577,151	32,748,550	0.1	14.6	-2.5
Wheat	17,782,000	20,600,000	19,660,000	3.2	15.8	-4.6
Barley	5,923,000	7,300,000	7,240,000	-18.9	23.2	-0.8
Corn (Kernel)	4,274,000	4,250,000	4,310,000	20.9	-0.6	1.4
Rice in Husk	753,325	750,000	860,000	16.3	-0.4	14.7
Other	554,956	677,151	678,550	4.1	22.0	0.2
Potatoes, Dried Pulses, Edible Roots and Tubers	5,080,662	5,527,685	5,784,264	-7.8	8.8	4.6
Potato	4,196,522	4,397,711	4,513,155	-0.7	4.8	2.6
Chick Pea	518,026	562,564	530,634	2.5	8.6	-5.7
Lentil (Red)	106,361	275,050	422,000	-79.1	158.6	53.4
Bean (Dried)	154,630	181,205	212,758	0.3	17.2	17.4
Sweet Potato	28,646	27,728	34,930	55.0	-3.2	26.0
Lentil (Green)	24,827	27,131	25,400	-7.4	9.3	-6.4
Other	51,650	56,296	45,387	-26.3	9.0	-19.4
Oil Seeds	1,233,992	1,374,844	1,659,767	19.6	11.4	20.7
Sunflower	992,000	1,057,125	1,320,000	16.1	6.6	24.9
Rape (Canola)	83,965	113,886	106,450	192.3	35.6	-6.5
Peanut	85,274	90,081	97,310	-1.3	5.6	8.0
Soybean	34,461	38,442	86,540	12.4	11.6	125.1
Poppy (Seed)	10,834	34,194	37,000	20.6	215.6	8.2
Other	27,458	41,116	12,467	22.8	49.7	-69.7
Tobacco	93,403	85,000	55,000	25.2	-9.0	-35.3
Sugar Beet	15,488,332	17,274,674	17,942,108	24.8	11.5	3.9
Other Feed Plants (Excluding Grain, Straw&Husks)	157,541	145,628	132,970	3.9	-7.6	-8.7
Beets for Animals	157,541	145,628	132,970	3.9	-7.6	-8.7
Raw Plants Used in Textiles	1,820,022	1,725,005	2,150,013	-20.0	-5.2	24.6
Cotton (Unginned)	1,820,000	1,725,000	2,150,000	-20.0	-5.2	24.6
Other	22	5	13	-50.0	-77.3	160.0
Plants Used in Perfumery, Pharmaceuticals and Similar Areas	116,667	168,997	157,454	16.0	44.9	-6.8
Plants, Seeds of Animal Feed Plants						
Common Vetch	104,974	135,892	121,676	15.9	29.5	-10.5
Opium (Capsule)	9,849	31,086	33,555	20.6	215.6	7.9
Other	1,844	2,019	2,223	1.1	9.5	10.1
Total	53,277,900	59,878,984	60,630,126	4.8	12.4	1.3

Source: TURKSTAT.



**Graph 21. Rates of Change in Plant Production**

The production amount in the potatoes, dried pulses, edible roots and tubers group increased 4.6% in 2010. While the highest increase in production in the potatoes, dried pulses, edible roots and tubers group was realized in the production of red lentils at 53.4%, it was followed by sweet potatoes at 26.0% and dried beans at 17.4%. Whereas, there were decreases in green lentil production at 6.4% and chickpea production at 5.7%.

The increase trend in the production of the oil seeds group in 2010 continued with the positive effect of precipitation and the production of the oil seeds group increased 20.7%. The highest increase in the production of the oil seeds group was observed in the soybean production at 125.1% connected to an increase in the sowed areas and productivity. The rape (canola) production that increased 35.6% in 2009 due to the premium support given for biodiesel production and the activities of the Provincial Agricultural Directorates to make it widespread, showed a decrease of 6.5% in 2010. Sunflower production increased 24.9% and peanut production increased 8.0% in 2010. Poppy production, which showed an increase at a very high rate last year, such as 215.6%, regressed in 2010 and increased only 8.2%.

The decrease trend that started in tobacco production in 2009 also continued in 2010. The high rates of taxes on cigarette prices negatively influenced the consumption demand and indirectly the tobacco production. Tobacco production decreased 9.0% in 2009 and showed a drop of 35.3% in 2010. The beets for animals production decreased 8.7% in 2010, whereas, the sugar beet production on which a quota is applied increased 3.9%. The production of unginned cotton, which constitutes the most significant part of the raw plants used in textiles, increased 24.6% in 2010 together with an increase in the sowed areas. The production of plants used in perfumery, pharmaceuticals and similar areas and the seeds of animal feed plants decreased 6.8% (See Table 20).

The decrease trend that started in the production amounts of vegetable products in 2009 also continued in 2010 and in the vegetable group in general a production decrease of 2.9% occurred. The production of the tuber and root vegetables group decreased 1.0%. In the dried onion production located within the tuber and root vegetables group there was a 2.7% increase in 2010 and there was a decrease in the production of other vegetables. Decreases at the highest rates were in the production of carrots at 10.2%, in the production of leeks at 2.5% and in the production of fresh onions at 2.2% (See Table 21).

**Table 21. Production Amounts of Vegetable Products**

Vegetables				(Tons)		
	Production			Rate of Change		
	2008	2009	2010	2008	2009	2010
Tuber and Root Vegetables	3,312,533	3,153,718	3,121,698	2.8	-4.8	-1.0
Onion (Dried)	2,007,118	1,849,582	1,900,000	7.9	-7.8	2.7
Carrot	591,538	593,628	533,253	-7.9	0.4	-10.2
Leek	252,286	251,120	244,812	-1.6	-0.5	-2.5
Onion (Fresh)	168,223	169,271	165,478	-9.1	0.6	-2.2
Radish (Red)	144,878	141,505	139,543	4.5	-2.3	-1.4
Other	148,490	148,612	138,612	5.4	0.1	-6.7
Vegetables Grown for their Fruits	22,249,469	21,933,876	21,219,750	6.7	-1.4	-3.3
Tomato	10,985,355	10,745,572	10,052,000	10.5	-2.2	-6.5
Watermelon	4,002,285	3,810,205	3,683,103	5.4	-4.8	-3.3
Cucumber	1,682,776	1,735,010	1,739,191	0.5	3.1	0.2
Melon	1,749,935	1,679,191	1,611,695	5.3	-4.0	-4.0
Eggplant	813,686	816,134	846,998	-5.8	0.3	3.8
Pepper (Long, Thin)	734,596	752,692	816,901	1.0	2.5	8.5
Pepper (for Paste)	690,531	700,038	782,173	2.3	1.4	11.7
Bean	563,056	603,653	587,967	8.3	7.2	-2.6
Pepper (Bell)	371,050	384,273	387,626	3.9	3.6	0.9
Other	656,199	707,108	712,096	3.4	7.8	0.7
Other Vegetables Not Elsewhere Classified	1,656,317	1,688,875	1,655,747	3.6	2.0	-2.0
Cabbage (Head)	487,744	507,655	491,228	5.0	4.1	-3.2
Lettuce (Firm-hearted)	233,424	233,552	226,144	3.0	0.1	-3.2
Spinach	225,746	225,343	218,291	-4.2	-0.2	-3.1
Cauliflower	150,843	157,051	158,579	11.6	4.1	1.0
Lettuce (Crinkly-leaved)	144,498	141,569	131,952	2.6	-2.0	-6.8
Cabbage (Red)	104,583	114,209	118,170	2.9	9.2	3.5
Cabbage (Leaves)	80,825	80,668	81,953	0.4	-0.2	1.6
Parsley	52,346	58,145	56,332	6.9	11.1	-3.1
Mushroom (Cultured)	26,526	19,501	21,559	13.2	-26.5	10.6
Other	149,782	151,182	151,539	5.9	0.9	0.2
Total	27,218,319	26,776,469	25,997,195	6.0	-1.6	-2.9

Source: TURKSTAT.

The production amounts of vegetables grown for their fruits showed a decrease of 3.3% in 2010. While there were decreases observed in tomatoes at 6.5%, melon at 4.0% and watermelon at 3.3% in the vegetables grown for their fruits group, the highest production was realized in the pepper for paste production at 11.7% connected an increase in sowed areas and productivity. This was followed by the production of long, thin peppers at 8.5%, eggplants at 3.8% and bell peppers at 0.9%.

While there was a 2.0% increase in 2009 in the production amounts of the other vegetables not elsewhere classified, there was a decrease at the same rate at 2.0% in 2010. There were increases in the other vegetables group in mushroom production at 10.6%, in red cabbage production at 3.5%, in cabbage production at 1.6% and in cauliflower production at 1.0% and decreases were recorded in the production of other vegetables. The highest production decrease was in the production of crinkly-leaved lettuce at 6.8% and this was followed by decreases in cabbage (head) and lettuce (firm-hearted) production at 3.2% and in spinach and parsley production at 3.1%.

The production amounts of fruit products in 2010 showed an increase of 7.8%. While there was a decrease of 0.2% in the production amounts of grapes, which have an important share in the fruits group, the production amounts of other fruits and hard-stoned fruits increased 0.1%. While the total production of bananas, figs, avocados and kiwis increased 4.0% and the production of citrus fruits increased 1.7%, the production of other fruits decreased 5.7%. Within the selected fruits, the frost damage and the sudden temperature changes experienced in Malatya in March were the cause of a 31.9% decrease in apricot production in 2010. Decreases were shown in apple production at 6.6% and in plum production at 2.0%. Peach production decreased 1.4% due to frost and the uprooting of trees whose productivity decreased.

The highest increase in production was in the production of pomegranates at 22.0% due to the shifts to trees producing fruits and a rise in the number of trees producing fruits, due to the updating of registers and it was followed by figs that increased 4.3% and banana production that increased 2.8% (See Table 22).

**Table 22. Production Amounts of Fruit Products**

Fruits, Beverages and Spice Plants	Production			Rate of Change		
	2008	2009	2010	2008	2009	2010
Grape	3,918,442	4,264,720	4,255,000	8.5	8.8	-0.2
Other Fruits and Hard Stoned Fruits	11,675,569	12,124,006	12,130,745	9.0	3.8	0.1
Banana, Fig, Avocado, Kiwi (Total)	426,670	473,726	492,777	2.7	11.0	4.0
Fig	205,067	244,351	254,838	-2.4	19.2	4.3
Banana	201,115	204,517	210,178	6.3	1.7	2.8
Other	20,488	24,858	27,761	26.7	21.3	11.7
Citrus Fruits (Total)	3,026,936	3,513,772	3,572,376	1.3	16.1	1.7
Orange	1,427,156	1,689,921	1,710,500	0.0	18.4	1.2
Tangerine	756,473	846,390	858,699	1.6	11.9	1.5
Lemon	672,452	783,587	787,063	3.2	16.5	0.4
Other	170,855	193,874	216,114	3.2	13.5	11.5
Other Fruits (Total)	5,557,745	5,970,220	5,629,881	4.0	7.4	-5.7
Apple	2,504,494	2,782,365	2,600,000	1.9	11.1	-6.6
Apricot	716,415	660,894	450,000	28.5	-7.7	-31.9
Peach	551,906	547,219	539,403	2.3	-0.8	-1.4
Cherry	338,361	417,694	417,905	-15.0	23.4	0.1
Pear	355,476	384,244	380,003	-0.2	8.1	-1.1
Strawberry	261,078	291,996	299,940	4.0	11.8	2.7
Plum	248,736	245,782	240,806	3.3	-1.2	-2.0
Sour Cherry	185,435	192,705	194,989	2.5	3.9	1.2
Pomegranate	127,760	170,963	208,502	19.9	33.8	22.0
Other	268,084	276,358	298,333	4.1	3.1	8.0
Olives and Other Hard Shelled Fruits (Total)	2,664,218	2,166,288	2,435,711	36.1	-18.7	12.4
Olive	1,464,248	1,290,654	1,415,000	36.1	-11.9	9.6
Hazelnut	800,791	500,000	600,000	51.1	-37.6	20.0
Walnut	170,897	177,298	178,142	-1.0	3.7	0.5
Pistachio Nut	120,113	81,795	128,000	63.6	-31.9	56.5
Other	108,169	116,541	114,569	2.2	7.7	-1.7
Spice Plants	87,555	233,234	224,041	-2.4	166.4	-3.9
Red Pepper	60,000	196,900	186,272	-10.7	228.2	-5.4
Cumin	8,879	14,533	12,587	-3.1	63.7	-13.4
Other	18,676	21,801	25,182	39.8	16.7	15.5
Tea <sup>(1)</sup>	1,100,257	1,103,340	1,305,566	-3.9	0.3	18.3
Total	15,681,566	16,621,960	17,915,352	8.8	6.0	7.8

Source: TURKSTAT.

(1): Fresh, green tea leaves are not included in the total fruit production.

The production amounts of olives and other hard shelled fruits that decreased 18.7% in 2009, showed an increase of 12.4% in 2010. After the record crop experienced in hazelnuts in 2008, hazelnut production fell at a high rate in 2009, due to neglect and tree exhaustion and it recovered in 2010 and showed an increase of 20.0%. Of the selected hard-shelled fruits the production amounts of pistachio nuts rose 56.5% in 2010, due to its being an abundant year and despite the fact that it was an abundant year, an increase at a limited level was realized in the amounts of olive production at 9.6%.

The production amounts of spice plants, which showed an increase at a record level last year, showed a decrease of 3.9% in 2010. Of the selected spice plants, there was a decrease in the production of red peppers at 5.4% and a decrease in the production of cumin at 13.4%. Whereas, the production of tea increased 18.3% in 2010.

Just as in every country of the world, in Turkey as well, public interventions are made in agricultural areas and the sector is supported in various manners. Within this scope, the agricultural support payments that decreased 19.0% in 2009, showed a 23.6% increase in 2010 compared to the previous year and rose to 5,869 million TL. The highest rate of increase in the agricultural support payments was realized at 1125.0% for the alternative product payments and this was followed by 753.8% for the soil analysis support payments and 375.9% for the aid payments made to farmers who suffered damage from disasters. There were decreases of 37.2% in the agricultural supports aimed at rural development and 37.0% in the difference payment support services for cereals (See Table 23).

**Table 23. Agricultural Support Payments <sup>(1)</sup>**

Payments	(Current Prices)								
	Value (Million TL)			Rate of Change			Rate within Total		
	2008	2009	2010 <sup>(2)</sup>	2008	2009	2010	2008	2009	2010
Area Based Agricultural Support Payments	2,124	1,247	2,206	-18,5	-41.3	76.9	36.2	26.3	37.6
Direct Income Support	1,140	0	0	-30,5	-	-	19.4	0.0	0.0
Area Based Additional Payments (Organic Agriculture, Good Agriculture, Soil Analysis) <sup>(3)</sup>	0	13	111	-	-	753.8	-	0.3	1.9
Diesel Fuel	492	469	554	2,5	-4.7	18.1	8.4	9.9	9.4
Fertilizer	352	596	702	2,0	69.3	17.8	6.0	12.6	12.0
Use of Certified Seeds&Saplings	56	85	60	12,0	51.8	-29.4	1.0	1.8	1.0
Protection of Agricultural Areas for Environment (ÇATAK) <sup>(4)</sup>	5	6	9	66,7	-	50.0	-	0.1	0.2
Hazelnut	0	0	645	-	-	-	-	-	-
Alternative Product Payments	0	4	49	-	-	1125.0	-	0.1	0.8
Tobacco	0	4	8	-	-	100.0	-	0.1	0.1
Hazelnut	0	0	41	-	-	-	-	-	0.7
Compensatory Payments	79	74	76	0,0	-6.3	2.7	1.3	1.6	1.3
Potato Verrucose Support	23	11	11	0,0	-	0.0	-	0.2	0.2
Tea Pruning Compensation and Expenses	56	63	65	0,0	-	3.2	-	1.3	1.1
Difference Payment Support Services <sup>(5)</sup>	1,848	2,007	1,818	2,8	8.6	-9.4	31.5	42.3	31.0
Payments to Products Having a Supply Deficit <sup>(6)</sup>	1,135	826	1,058	-10,8	-27.2	28.1	19.4	17.4	18.0
Grain	610	1,008	635	40,2	65.2	-37.0	10.4	21.2	10.8
Tea	103	113	115	15,7	9.7	1.8	1.8	2.4	2.0
Legumes (Dried Beans, Chickpeas, Lentils)	0	60	10	-	-	-	-	1.3	0.2
Animal Husbandry Support Payments	1,095	908	1,252	47,8	-17.1	37.9	18.7	19.1	21.3
Agricultural Supports for Rural Development	109	247	155	36,3	126.6	-37.2	1.9	5.2	2.6
Agricultural Insurance Support Services	47	61	70	17,5	29.8	14.8	0.8	1.3	1.2
Aid Payments to Farmers Harmed by Disasters	577	29	138	62,5	-95.0	375.9		0.6	2.4
Other Agricultural Supports	39	175	104	69,6	348.7	-40.6	0.7	3.7	1.8
GAP Action Plan Rural Development and Animal Husbandry Supports <sup>(7)</sup>	25	75	126	-	-	68.0	-	1.6	2.1
<b>Total</b>	<b>5,864</b>	<b>4,749</b>	<b>5,869</b>	<b>3,9</b>	<b>-19.0</b>	<b>23.6</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Source: SPO.

(1): It is the final account data for the budget of the related institution between 2008-2009.

(2): It is provisional data.

(3): There is no "good agriculture" in the area based payments for 2008.

(4): It was carried out within the scope of the Agricultural Reform Implementation Project in 2008.

(5): It is given to ungineng cotton, olive oil, sunflowers, soybeans, canola, safflower and kernel corn.

(6): The payment of product support purchases for 2009 were made from the SEE Duty Loss allocation.

(7): 96.6 million TL of the 2010 total was for the GAP EP-Rural Development and Animal Husbandry Projects and 29 million TL was for the DAP Animal Husbandry Support.



Within the agricultural support payments in 2010 the largest shares were the area based agricultural support payments at 2,206 million TL (37.6%), difference payment support services at 1,818 million TL (31.0%), animal husbandry support payments at 1,252 million TL (21.3%) and agricultural supports aimed at rural development at 155 million TL (2.6%).

### 2.2.2 Industry

The value added of the industrial sector showed increases in 2010 compared to the same period in the previous year at 17.5% in the first quarter, at 15.9% in the second quarter, at 9.9% in the third quarter and at 11.7% in the fourth quarter of 2010. In 2010 in general, the value added increase of the industrial sector was realized at the level of 13.6%. As of sub-sectors, the value added of the manufacturing industry sector increased 13.6%, the value added of the mining and quarrying sector increased 4.7% and the value added of the energy sector increased 7.3% (See Table 24).

**Table 24. Rates of Change in the Value Added of the Industrial Sector**

Sectors	(According to 1998 Basic Prices)		
	2008	2009	2010
Mining	5.4	-6.7	4.7
Manufacturing Industry	-0.1	-7.2	13.6
Electricity, Gas and Water	3.7	-3.4	7.3
Total Industry	0.3	-6.9	13.6

Source: TURKSTAT.

The share of the industrial sector within the GDP was 19.1% in 2009 and rose to 19.2% in 2010. As of sub-sectors, the share of the manufacturing industry sector became 15.5%, the share of the energy sector became 2.3% and the share of the mining sector became 1.4% (See Table 25).

**Table 25. Share of the Industrial Sector Value Added within the GDP**

Sectors	(Current Prices)		
	2008	2009	2010
Mining	1.4	1.5	1.4
Manufacturing Industry	16.2	15.2	15.5
Electricity, Gas and Water	2.2	2.4	2.3
Total Industry <sup>(1)</sup>	19.8	19.1	19.2

Source: TURKSTAT.

(1): The construction sector is not included within the total industrial sector.

The industrial production index that regressed under the decrease in domestic and foreign demand after the global crisis, showed an increase for the first time in October 2009 after an interval of fifteen months and the production increase rates were became positive. While there was a 9.9% decrease in the annual dimension in the industrial production at the end of 2009, 2010 was a year when industrial production started to emerge from the crisis and when there was a significant increase in production (See Table 26).

**Table 26. The Industrial Production Index by Sectors**

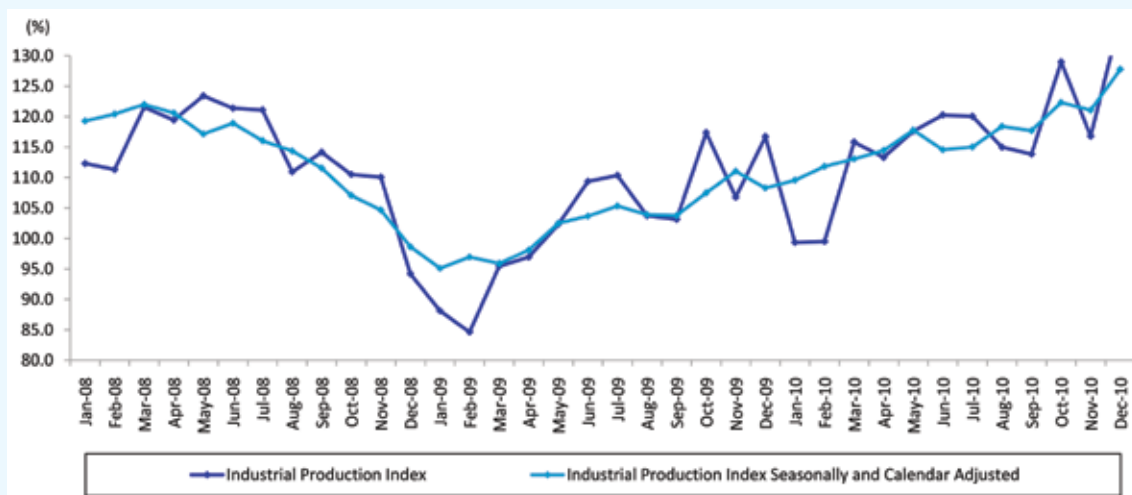
Sectors	(2005=100)					
	Industrial Production Index			Rate of Change in the Index		
	2008	2009	2010	2008	2009	2010
Total Industry	114.2	102.9	116.4	-0.6	-9.9	13.1
Mining and Quarrying	125.9	124.9	127.5	8.2	-0.8	2.1
Manufacturing Industry	112.7	99.9	114.3	-1.5	-11.4	14.4
Electricity, Gas and Water	122.6	119.8	129.8	3.8	-2.3	8.3

Source: TURKSTAT.

Note: The rates of change can show a difference due to rounding off.



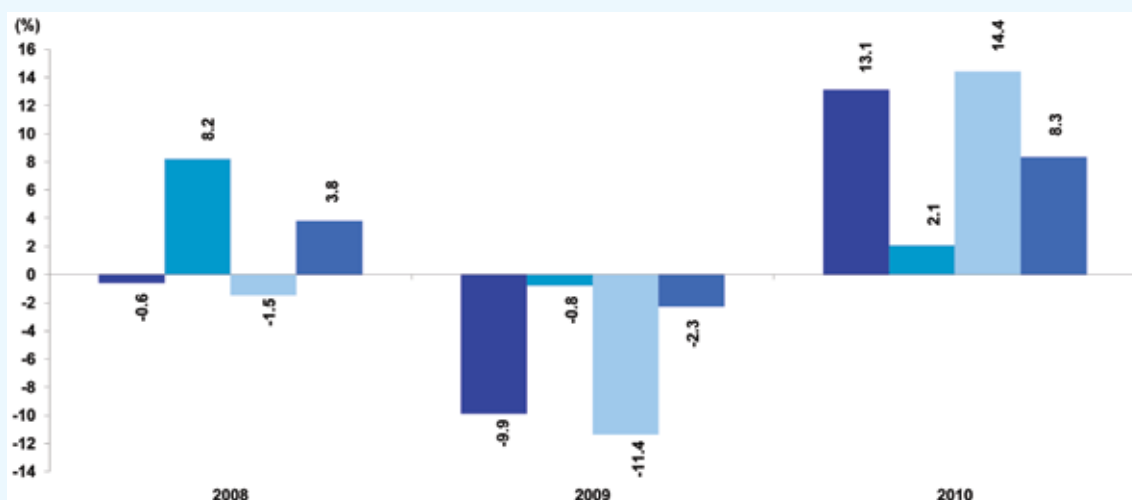
Industrial sector production showed increases in the first, second, third and fourth quarters of 2010 with the following rates: 17.3%, 13.8%, 10.0% and 12.1%, respectively. Annually, the increase in industrial production rose above the expectations at 13.1%. Whereas, the increase seasonally and calendar adjusted was realized at 13.9%<sup>3</sup> (See Graph 22).



Graph 22. Total Industrial Production Index (2005 = 100)

The increase in the industrial sector production stemmed from an increase in domestic rather than from an increase in foreign demand. The financial and monetary measures put into practice for decreasing the effects of the global crisis decreased the uncertainties for the future in the economy, increased consumer confidence and the improvement in the loan conditions positively affected the consumption and investment decisions. All of these developments, by providing for the development and revival of domestic demand, supported the increase in industrial production.

In 2010 the mining and quarrying sector production increased 2.1%, the manufacturing sector production increased 14.4% and the electricity, gas and water sector production increased 8.3% (See Graph 23).



Graph 23. Rates of Change in the Industrial Production Index

3 Obtained from the website of the Turkish Institute of Statistics (TURKSTAT) [www.tuik.gov.tr](http://www.tuik.gov.tr).

According to the classifications of the main industrial groups, there were increases of 16.9% in the production of intermediate goods, of 13.8% in the production of durable consumption goods, of 5.7% in the production of undurable consumption goods, of 6.1% in energy and of 25.9% in the production of capital goods. According to these results, the highest rate of change was experienced in the production of capital goods (See Table 27).

**Table 27. The Industrial Production Index by Main Industrial Groups**

Main Industrial Groups	(2005=100)					
	Production Index			Rate of Change		
	2008	2009	2010	2008	2009	2010
Total Industry	114.2	102.9	116.4	-0.5	-9.9	13.1
Intermediate Goods Production	112.4	101.8	119.0	-3.3	-9.4	16.9
Durable Consumption Goods Production	117.8	111.8	127.2	3.7	-5.1	13.8
Undurable Consumption Goods Production	106.9	103.5	109.4	-1.6	-3.2	5.7
Energy	120.1	115.4	122.4	4.3	-3.9	6.1
Capital Goods Production	124.7	89.9	113.2	1.5	-27.9	25.9

Source: TURKSTAT.

Note: The rates of change can show a difference due to rounding off.

### 2.2.2.1 Mining

The value added of the mining and quarrying sector in 2010 showed an increase of 6.1% in the first quarter, 14.2% in the second quarter, 0.1% in the third quarter and 0.9% in the final quarter compared to the same periods of the previous year. The value added of the sector as a total in 2010 showed a 4.7% growth compared to 2009.

While the mining sector production increased 6.1% in the first quarter and 6.3% in the second quarter, it decreased 0.9% in the third quarter and 1.5% in the fourth quarter of 2010. Annually, the total mining and quarrying sector production that decreased 0.8% in 2009, showed an increase of 2.1% in 2010. The increase in the mining and quarrying production index seasonally and calendar adjusted was 2.6%.

The production of the coal mining sub-sector decreased 9.5%, the production of the crude petroleum and natural gas sub-sector increased 3.6%, the production of the metal ore mining sub-sector increased 10.6% and the production of the mining and quarrying other than these recorded an increase of 11.0% (See Table 28).

**Table 28. Production Index of the Mining and Quarrying Sector**

Sub-Sectors	(2005=100)					
	Production Index			Rate of Change		
	2008	2009	2010	2008	2009	2010
Mining and Quarrying	125.9	124.9	127.5	8.3	-0.8	2.1
Coal Mining	137.1	133.1	120.4	14.6	-2.9	-9.5
Crude Petroleum and Natural Gas	96.6	103.7	107.4	4.5	7.3	3.6
Metal Ore Mining	172.5	186.5	206.2	1.7	8.1	10.6
Other Mining and Quarrying	120.0	110.0	122.1	7.0	-8.3	11.0

Source: TURKSTAT.

Note: The rates of change can show a difference due to rounding off.

### 2.2.2.2 Manufacturing Industry

The value added of the manufacturing industry grew 21.4% in the first quarter, 15.7% in the second quarter, 7.6% in the third quarter and 11.3% in the fourth quarter of 2010 compared to the same period of the previous year. There was an increase in the value added of the manufacturing industry at 13.6% as of the end of the year compared to the previous year.

Increases occurred in the manufacturing industry production index of 20.0% in the first quarter, 14.8% in the second quarter, 10.3% in the third quarter and 13.5% in the final quarter of 2010. The total manufacturing industry production index that decreased 11.3% in 2009, showed an increase of 14.4% in 2010 (See Table 29). The total manufacturing industry production index increase for the same year seasonally and calendar adjusted was realized at 15.3%.

**Table 29. Production Index of the Sub-Sectors of the Manufacturing Industry**

Sectors (NACE, Rev. 2)	(2005=100)					
	Production Index			Rate of Change		
	2008	2009	2010	2008	2009	2010
Total manufacturing industry	112.7	99.9	114.3	-1.5	-11.3	14.4
Food products production	112.7	112.3	120.4	3.3	-0.4	7.2
Beverage production	113.1	110.9	119.9	7.3	-1.9	8.1
Tobacco products production	117.8	116.0	100.6	7.0	-1.5	-13.3
Textile products production	88.9	78.2	88.2	-12.0	-12.0	12.7
Clothing goods production	93.3	85.4	92.4	-9.5	-8.5	8.3
Leather and related products production	101.6	93.0	109.6	-4.9	-8.5	17.8
Wood, wood products and cork products production	161.1	161.5	207.7	7.3	0.3	28.6
Paper and paper products production	114.9	112.5	122.8	1.1	-2.1	9.2
Printing and multiplying of registered media	122.7	126.8	127.0	3.3	3.3	0.2
Coke and refined petroleum products production	106.7	84.6	89.9	0.5	-20.7	6.3
Chemicals and chemical products production	107.1	106.6	123.6	-6.3	-0.5	15.9
Basic pharmaceutical products and materials related to pharmaceutical production	143.5	147.4	146.0	8.6	2.7	-0.9
Rubber and plastic products production	110.7	100.6	121.0	-2.8	-9.2	20.3
Other non-metallic mineral products production	110.2	97.0	111.3	-2.1	-12.0	14.7
Main metal industry	123.5	104.5	115.8	-2.1	-15.3	10.8
Fabricated metal products production (excluding machinery and equipment)	112.8	95.7	114.5	-6.4	-15.1	19.6
Computers, electronic and optical products production	61.7	51.7	69.8	-14.3	-16.1	34.9
Electrical equipment production	122.8	121.6	154.6	-1.3	-1.0	27.1
Machinery and equipment production not elsewhere classified	110.7	85.4	113.5	-4.2	-22.9	32.9
Motor vehicles, trailers and semi-trailers production	126.3	88.4	117.9	6.2	-30.0	33.3
Other transport vehicles production	230.5	126.4	117.3	15.0	-45.2	-7.2
Furniture production	140.3	129.9	136.3	12.8	-7.4	4.9
Other production	155.5	146.8	164.0	18.5	-5.6	11.7
Set-up and repair of machinery and equipment	132.0	97.5	100.0	-21.9	-26.1	2.6

Source: TURKSTAT.

Note: The rates of change can show a difference due to rounding off.

There was a decrease of 13.3% in production of the tobacco products sub-sector, of 0.9% in the basic pharmaceutical products sub-sector of 0.9% and of 7.2% in the other transport vehicles sub-sector. Whereas, there was an increase in all of the other sub-sectors of the manufacturing industry production. Within the

sub-sectors of the manufacturing industry, the highest increase was realized at 34.9% in the production of the computers, electronic and optical products sub-sector, and this was followed at 33.3% in the motor land vehicle, trailer and semi-trailer production sub-sector and at 32.9% in the machinery and equipment not elsewhere classified sub-sector.

The rate of capacity utilization in the manufacturing industry that was 76.7% in 2008, dropped 11.4 points in 2009 and regressed to 65.3%. The Turkish economy that started to shrink due to the global crisis as of the final months of 2008, started to recover as of the second quarter of 2009. The revival trend in the economy also increased and continued in 2010. This increase was also reflected positively to the rates of capacity utilization in the manufacturing industry and the rate of capacity utilization increased 7.3 points in 2010 compared to 2009 and rose to 72.6% (See Table 30).

**Table 30. Rates of Capacity Utilization by Sectors**

Sectors (NACE, Rev. 2)	(Weighted Average, %)					
	2008	2009	2010	Rates of Change		
				2008	2009	2010
Total manufacturing industry	76.7	65.3	72.6	-4.4	-14.9	11.2
Food products production	73.6	68.4	70.2	-3.3	-7.1	2.7
Beverage production	64.6	64.5	67.5	-5.8	-0.2	4.5
Tobacco products production	63.1	74.4	77.2	15.6	17.9	3.7
Textile products production	70.8	67.6	77.4	-10.1	-4.5	14.4
Clothing goods production	73.0	68.1	75.4	-5.5	-6.7	10.7
Leather and related products production	60.6	56.0	65.3	-0.1	-7.5	16.5
Wood, wood products and cork products production	75.5	67.3	76.5	-9.3	-10.9	13.7
Paper and paper products production	78.7	70.8	75.4	-5.5	-10.0	6.5
Printing and multiplying of registered media	71.5	73.5	75.8	-2.4	2.7	3.1
Coke and refined petroleum products production	87.3	58.0	65.8	-4.5	-33.5	13.5
Chemicals and chemical products production	72.3	69.0	80.4	-1.4	-4.6	16.5
Basic pharmaceutical products and materials related to pharmaceutical production	75.1	70.9	72.3	-4.4	-5.7	2.0
Rubber and plastic products production	74.5	64.4	73.1	-2.3	-13.6	13.5
Other non-metallic mineral products production	76.6	65.8	75.3	-6.4	-14.0	14.3
Main metal industry	82.7	70.0	76.8	-3.4	-15.3	9.7
Fabricated metal products production (excluding machinery and equipment)	69.1	56.9	66.3	-5.3	-17.6	16.4
Computers, electronic and optical products production	64.5	70.3	75.3	-12.1	8.9	7.1
Elektrical equipment production	77.7	67.9	72.9	-4.8	-12.7	7.4
Machinery and equipment production not elsewhere classified	73.0	55.6	68.9	-4.3	-23.9	23.9
Motor vehicles, trailers and semi-trailers production	83.2	57.5	69.8	-3.1	-30.8	21.4
Other transport vehicles production	84.7	66.6	67.0	-0.2	-21.4	0.6
Furniture production	68.5	67.0	70.5	-3.5	-2.2	5.2
Other production	61.3	51.2	52.5	-9.7	-16.5	2.4
Set-up and repair of machinery and equipment	66.2	58.3	69.2	20.3	-12.0	18.8

Source: Central Bank of the Republic of Turkey (TCMB).

The highest capacity utilization in the sub-sectors of the manufacturing industry was realized in the sub-sector of the production of chemical and chemical products at 80.4% and this was followed by the production of textile products at 77.4% and the production of tobacco products at 77.2% in 2010. Whereas, the sub-sector where the lowest capacity utilization was seen in 2010 was in the other manufacturing at 52.5%.

While the total rate of capacity utilization of the manufacturing industry increased 11.2% in 2010 compared to 2009, the highest rate of increase as of sub-sectors was in the machinery and equipment production not elsewhere classified at 23.9% and this was followed by motor land vehicles, trailers and semi-trailers production at 21.4% and production, set-up and repair of machinery and equipment at 18.8%.

An increase was observed in the capacity utilization rates of all the commodity groups in 2010. The fundamental capacity utilization rates for the years compared rose from 66.2% to 70.7% for the durable consumption goods, from 68.7% to 71.9% for the undurable consumption goods, from 68.2% to 71.7% for the consumption goods, from 68.7% to 70.3% for the foods and beverages, from 67.7% to 75.9% for the intermediate goods and from 57.7% to 68.8% for the investment goods (See Table 31).

**Table 31. Rates of Capacity Utilization by Goods Groups**

Goods Groups (NACE, Rev.2)	2008	2009	2010	(Weighted Average, %)		
				Rate of Change		
				2008	2009	2010
Durable Consumption Goods	67.8	66.2	70.7	-8.3	-2.4	6.9
Undurable Consumption Goods	72.6	68.7	71.9	-2.6	-5.5	4.7
Consumption Goods	71.7	68.2	71.7	-3.6	-4.9	5.1
Foods and Beverages	72.3	68.7	70.3	-2.0	-4.9	2.3
Intermediate Goods	77.1	67.7	75.9	-5.1	-12.2	12.2
Investment Goods	79.5	57.7	68.8	-3.4	-27.4	19.3

Source: Central Bank of the Republic of Turkey (TCMB).

### 2.2.2.3 Energy

The value added of the energy sector showed an increase of 2.4% in the first quarter, 8.3% in the second quarter, 11.4% in the third quarter and 6.5% in the fourth quarter of 2010 compared to the same quarters of 2009. A 7.3% growth was realized in the value added of the energy sector in 2010 compared to 2009.

The average energy sector production index grew 5.1% in the first quarter, 8.9% in the second quarter, 12.2% in the third quarter and 6.7% in the fourth quarter of 2010. The average energy sector production index that decreased 2.3% in 2009, showed an increase of 8.3% in 2010 (See Table 32).

**Table 32. Average Energy Production Index**

Years	Production Index	(2005=100)
		Rate of Change
2008	122.6	3.8
2009	119.8	-2.3
2010	129.8	8.3

Source: TURKSTAT.

The economic shrinkage that started to show its effect worldwide as of the second half of 2008 and that became rather definite in 2009, first of all, slowed down the growth of the energy sector and later brought it to a stop. In 2010 a recovery also started in the energy sector, just as in the economy in general. The increase in demand together with the revival of the economy caused a rise in energy production and consumption.

When the distribution of electrical energy production by sources is examined according to the estimates of the State Planning Organization (SPO) in 2010, it was expected that 45.2% would be provided by natural gas fueled power plants, 25.2% by hydraulic power plants, 17.5% by lignite fueled power plants, 7.8% by hard coal fueled power plants, 2.6% by fuel oil power plants, 1.5% by geothermal-wind energy power plants and 0.2% by biogas-waste and other fueled plants. The total production of electrical energy increased 7.8% and rose from 194,813 GWh to 210,000 GWh (See Table 33).

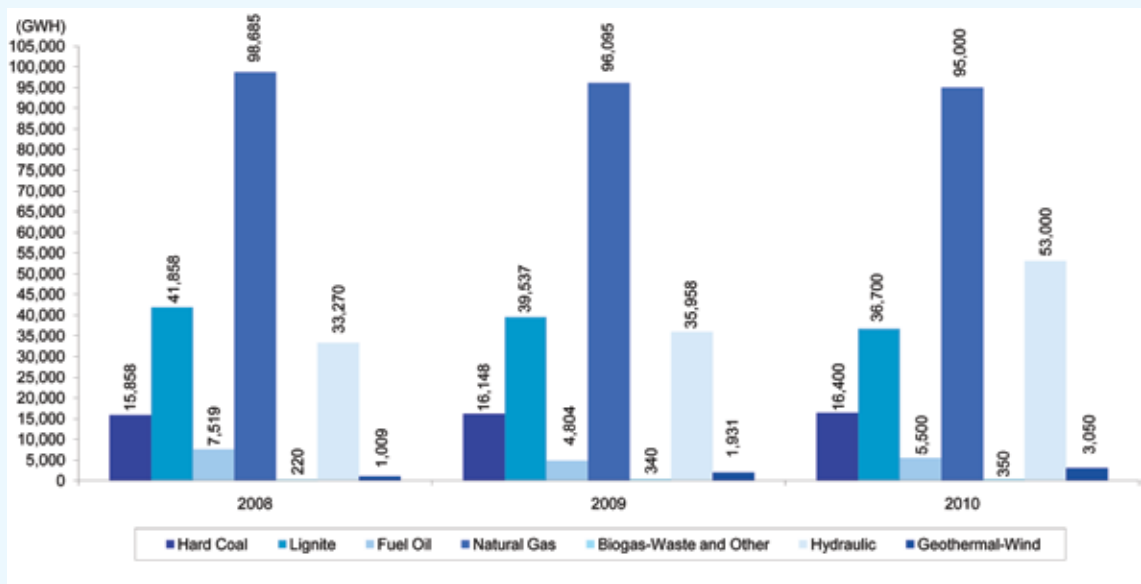
**Table 33. Distribution of Electrical Energy Production by Energy Sources**

Years	Thermal												Hydraulic		Geothermal-Wind		Grand Total	
	Hard Coal		Lignite		Fuel Oil		Natural Gas		Biogas-Waste and Other		Thermal Total		Amount	Rate within Total	Amount	Rate within Total	Amount	Rate within Total
	Amount	Rate within Total	Amount	Rate within Total	Amount	Rate within Total	Amount	Rate within Total	Amount	Rate within Total	Amount	Rate within Total						
	Amount	Rate within Total	Amount	Rate within Total	Amount	Rate within Total	Amount	Rate within Total	Amount	Rate within Total	Amount	Rate within Total	Amount	Rate within Total	Amount	Rate within Total	Amount	Rate within Total
2008	15,858	8.0	41,858	21.1	7,519	3.8	98,685	49.7	220	0.1	164,139	82.7	33,270	16.8	1,009	0.5	198,418	100.0
2009	16,148	8.3	39,537	20.3	4,804	2.5	96,095	49.3	340	0.2	156,924	80.6	35,958	18.5	1,931	1.0	194,813	100.0
2010 <sup>(1)</sup>	16,400	7.8	36,700	17.5	5,500	2.6	95,000	45.2	350	0.2	153,950	73.3	53,000	25.2	3,050	1.5	210,000	100.0

Source: SPO.

(1): It is the estimate of realization.

The fact that Turkey is dependent to a significant extent on the natural gas sources imported for the production of energy constitutes a risk from the aspect of supply security (See Graph 24).



**Graph 24. Distribution of Electrical Energy Production by Energy Sources**

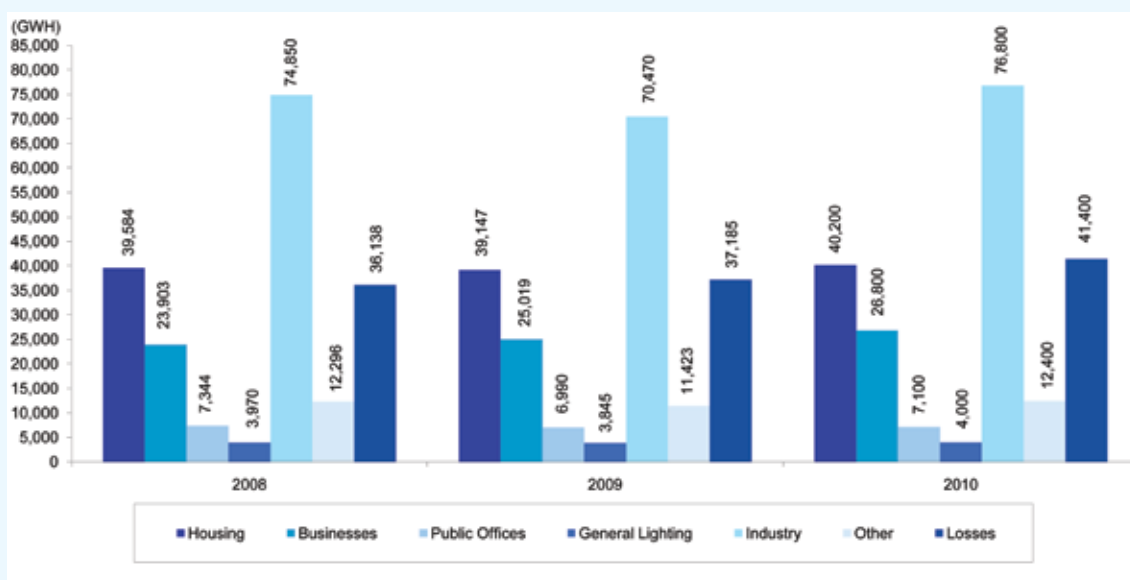
The total gross electrical energy consumption increased 7.5% in 2010 compared to the previous year and rose from 194,079 GWh to 208,700 GWh. According to the realization estimates of the SPO for 2010, 36.8% of the total electrical energy was consumed in industry, 19.2% in housing, 12.8% in businesses, 3.4% in public offices, 1.9% in general lighting and 5.9% was consumed in other sectors. In 2010 a rather important rate of 19.8% of the total electrical energy production appears as losses. While the shares according to user groups of the total electrical energy consumption increased in 2010 compared to 2009 in industry and losses, the shares of housing, businesses, public offices and general lighting decreased (See Table 34, Graph 25).

**Table 34. Distribution of Electrical Energy Consumption by User Groups**

Years	(GWh)														
	Housing		Businesses		Public Offices		General Lighting		Industry		Other		Losses		Total Gross Consumption
	Amount	Rate within Total	Amount	Rate within Total	Amount	Rate within Total	Amount	Rate within Total	Amount	Rate within Total	Amount	Rate within Total	Amount	Rate within Total	Amount
2008	39,584	20.0	23,903	12.1	7,344	3.7	3,970	2.0	74,850	37.8	12,296	6.2	36,138	18.2	198,085
2009	39,147	20.2	25,019	12.9	6,990	3.6	3,845	2.0	70,470	36.3	11,423	5.9	37,185	19.1	194,079
2010 <sup>(1)</sup>	40,200	19.2	26,800	12.8	7,100	3.4	4,000	1.9	76,800	36.8	12,400	5.9	41,400	19.8	208,700

Source: SPO.

(1): It is the estimate of realization.

**Graph 25. Distribution of Electrical Energy Consumption by User Groups**

## 2.2.2.4 Industrial Indices

### i. Industrial Turnover Indices

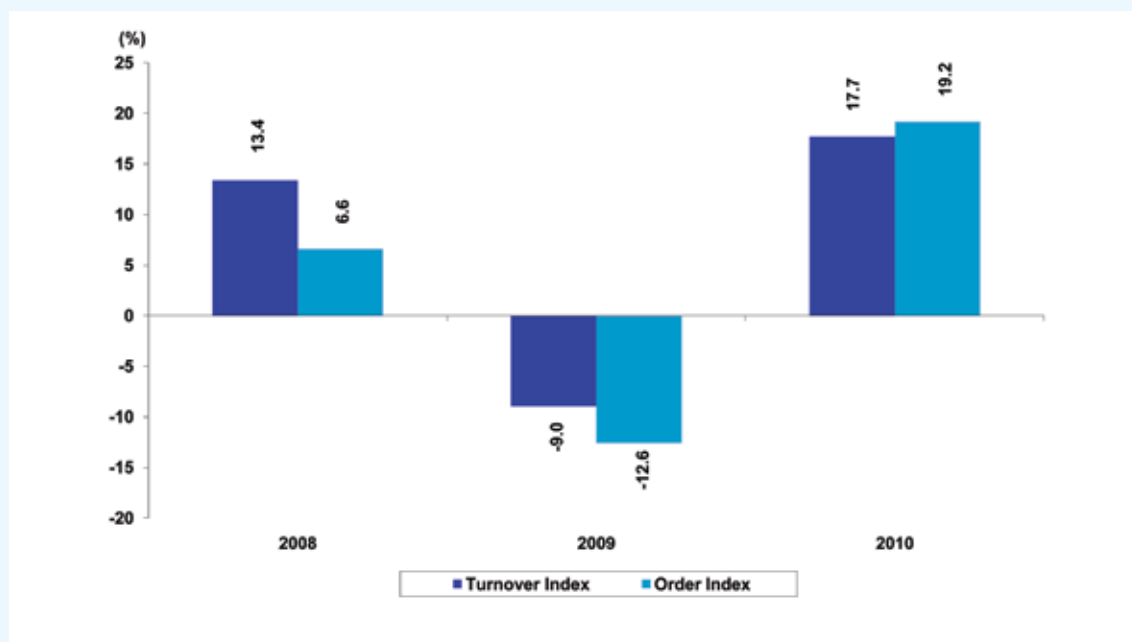
The industrial turnover index published in the process of compliance to the EU is calculated from the data collected from the businesses that are within the scope of the industrial production survey and in the mining and quarrying and manufacturing industry sectors.

The industrial turnover index, which is the short-term value index calculated with the objective of showing the development of the market for the businesses engaged in industrial production, decreased 9.0% in 2009 with the influence of the global crisis and the turnover index of the sector showed a 17.7% increase as a result of the revival trend in economic activities in 2010. The industrial turnover index increased 26.1% in the mining and quarrying sector 17.4% in the manufacturing industry sector in 2010 (See Table 35, Graph 26).

**Table 35. Industrial Turnover Index by Sectors**

Sectors	(2005=100)					
	Industrial Turnover Index			Rate of Change		
	2008	2009	2010	2008	2009	2010
Total Industry	151.8	138.2	162.7	13.4	-9.0	17.7
Mining and Quarrying	187.8	180.5	227.6	27.1	-3.9	26.1
Manufacturing Industry	151.0	137.3	161.2	13.0	-9.1	17.4

Source: TURKSTAT.

**Graph 26. Rates of Change in the Manufacturing Industry Turnover and Order Index**

## ii. Industrial Order Indices

Whereas, the order indices published in the process of compliance to the EU are calculated from the data collected from the businesses within the scope of the industrial production survey and that engage in activities by working with orders in the manufacturing industry. The manufacturing industry order index, which is calculated to show the direction of production in the future, decreased 12.6% in 2009 with the decrease in domestic and foreign demand and the increase in the uncertainties for the future caused by the crisis. Whereas, in 2010 there was a 19.2% increase in the industrial sector due to expectations that the crisis was over and with the start of a revival in demand. When the increased rates in the industrial order index are examined as of sub-sectors for 2010, it is observed that the highest increase was realized in the production of machinery-equipment not elsewhere classified sector at 30.1% and this was followed by production of computers, electronic and optical products sub-sector at 28.6%, the main metal industry sub-sector at 26.4% and the production of motor land vehicles sub-sector at 25.7%. Of the sub-sectors in the manufacturing industry, there was only an 0.5% decrease in the basic pharmaceutical products and materials related to pharmaceuticals sub-sector (See Table 36, Graph 26).



**Table 36. Industrial Order Index by Sub-Sectors of the Manufacturing Industry**

Sub-Sectors	(2005=100)					
	Industrial Order Index			Rate of Change		
	2008	2009	2010	2008	2009	2010
Manufacturing industry	149.2	130.4	155.4	6.6	-12.6	19.2
Textile products production	114.2	110.0	132.2	-3.2	-3.7	20.2
Clothing goods production	121.0	117.0	127.0	-0.3	-3.3	8.5
Paper and paper products production	145.3	150.3	171.0	4.5	3.4	13.8
Chemicals and chemical products production	153.2	139.7	170.8	17.7	-8.8	22.3
Basic pharmaceutical products and materials related to pharmaceutical production	138.4	153.6	152.8	16.5	11.0	-0.5
Main metal industry	228.1	161.4	204.0	10.7	-29.2	26.4
Fabricated metal products production (excluding machinery and equipment)	158.3	139.3	156.6	15.8	-12.0	12.4
Computers, electronic and optical products production	105.6	109.2	140.4	-24.1	3.4	28.6
Electrical equipment production	173.0	135.7	150.5	13.1	-21.6	10.9
Machinery and equipment production not elsewhere classified	150.3	126.6	164.7	8.8	-15.8	30.1
Motor vehicles, trailers and semi-trailers production	137.1	121.2	152.4	7.2	-11.6	25.7
Other transport vehicles production	121.9	146.5	150.2	28.0	20.2	2.5

Source: TURKSTAT.

### 2.2.2.5 Labor Force and Input Indicators

#### i. Employment

The industrial employment index that shrank 9.5% in 2009 in parallel with the decreases in industrial production, showed a 4.5% increase in 2010 with the start of the revival trend in industrial production. When the industrial sector employment index is analyzed by sectors, it increased respectively 5.4% in the mining and quarrying sector and 4.8% in the manufacturing industry sector and decreased 6.0% in the electricity, gas and water sector (See Table 37, Graph 27).

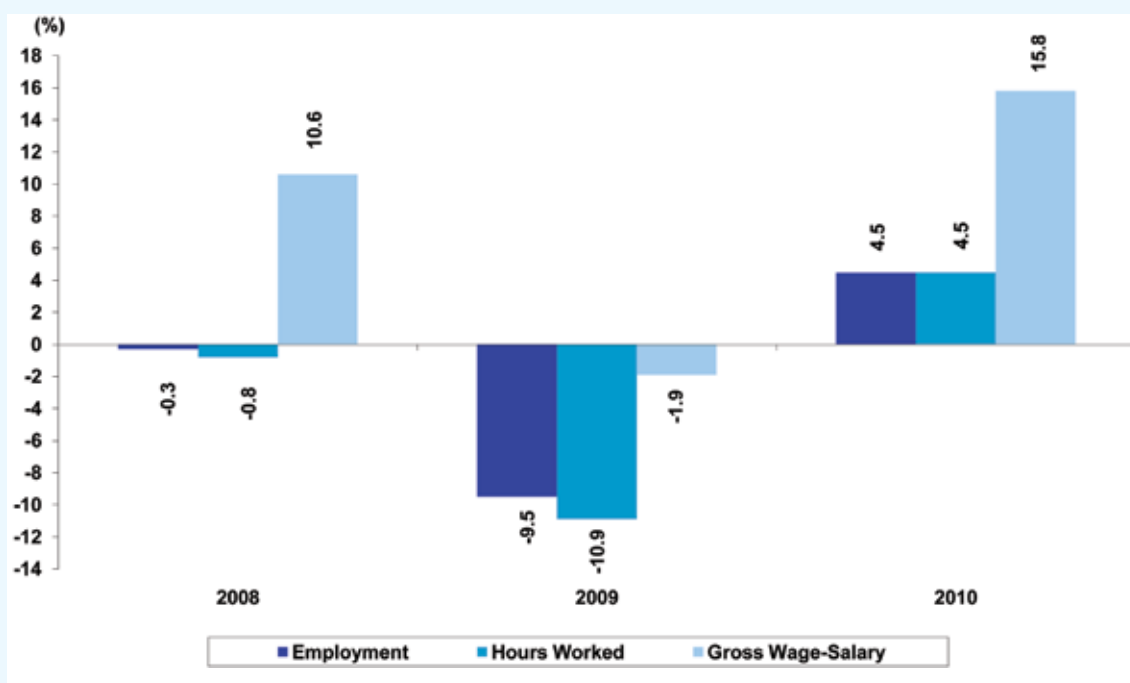
**Table 37. Industrial Employment Index by Sectors**

Sectors	(2005=100)					
	Industrial Employment Index			Rate of Change		
	2008	2009	2010	2008	2009	2010
Total Industry	106.3	96.2	100.5	-0.3	-9.5	4.5
Mining and Quarrying	124.4	118.0	124.4	1.8	-5.2	5.4
Manufacturing Industry	106.0	95.5	100.1	-0.3	-9.8	4.8
Electricity, Gas and Water	92.1	85.5	80.3	-4.4	-7.2	-6.0

Source: TURKSTAT.

#### ii. Hours Worked

While the index of hours worked in industry decreased 10.9% in 2009, it showed a 4.5% increase in 2010. The index of hours worked as of sub-sectors in 2010 increased 4.7% in the mining and quarrying sector and increased 4.9% in the manufacturing industry sector and decreased 6.0% in the electricity, gas and water sector (See Table 38, Graph 27).



Graph 27. Rates of Change in the Labor Force Input Indicators in Industry

Table 38. Index of Hours Worked in Industry by Sectors

Sectors	(2005=100)					
	Index of Hours Worked in Industry			Rate of Change		
	2008	2009	2010	2008	2009	2010
Total Industry	105.9	94.3	98.6	-0.8	-10.9	4.5
Mining and Quarrying	125.1	118.4	124.1	1.3	-5.4	4.7
Manufacturing Industry	105.5	93.5	98.1	-0.8	-11.3	4.9
Electricity, Gas and Water	91.5	85.5	80.4	-6.7	-6.5	-6.0

Source: TURKSTAT.

The productivity per hour worked in the industrial sector showed an increase of 14.2% as of the final quarter of 2009 compared to the same period of the previous year. When the same quarters of 2010 are compared with 2009, it increased 14.5% in the first quarter, 8.1% in the second quarter and 5.3% in the third quarter. Unfortunately, the increase in the per hour worked in the industrial sector index attained in the first quarter of 2010 could not be realized at the same rate in the other quarters. When the productivity per hour worked indices are examined at the level of sub-sectors of the industrial sector in 2010, there was a decrease in productivity in all the quarters of the mining and quarrying sector and especially, as of the third quarter a decrease of 3.6% was observed. While the productivity per hour worked index had an increase trend as of quarters in 2008-2009, it draws attention that the situation was reversed in 2010. When the picture is considered for the sub-sector of the manufacturing sector in the third quarter of 2010, the productivity per hour worked index recorded an increase of 5.1%, whereas, the electricity, gas and water sub-sector recorded an increase of 13.1%. While the manufacturing industry sub-sector showed an increase as of the quarters in 2010 at the level of sub-sectors of the industrial sector, this was followed by the electricity, gas and water sub-sector. The most significant growth in 2010 was realized in the first quarter in the manufacturing industry sub-sector and in the third quarter in the electricity, gas and water sub-sector (See Table 39, Graph 27).

Table 39. Productivity Per Hour Worked by Sectors

Parameter	Year	Quarters	Sectors			
			Total Industry	Mining and Quarrying	Manufacturing Industry	Electricity, Gas and Water
Productivity Index (2005=100)	2008	1 <sup>st</sup>	106.6	88.8	105.9	136.6
		2 <sup>nd</sup>	112.0	100.4	112.2	135.0
		3 <sup>rd</sup>	109.2	114.7	106.8	142.7
		4 <sup>th</sup>	103.9	98.7	102.5	139.1
	2009	1 <sup>st</sup>	96.3	90.9	92.6	133.9
		2 <sup>nd</sup>	109.9	102.5	108.6	130.7
		3 <sup>rd</sup>	111.7	120.7	108.2	144.8
		4 <sup>th</sup>	118.7	106.6	117.9	137.4
	2010 <sup>(1)</sup>	1 <sup>st</sup>	110.3	89.6	108.6	144.8
		2 <sup>nd</sup>	118.8	101.5	118.2	140.5
		3 <sup>rd</sup>	117.6	116.3	113.7	163.7
Rate of Change Compared to the Same Quarter of a Previous Year	2008	1 <sup>st</sup>	4.2	4.0	3.8	6.9
		2 <sup>nd</sup>	3.0	5.5	2.6	10.1
		3 <sup>rd</sup>	0.6	10.8	-0.5	7.7
		4 <sup>th</sup>	-6.4	7.9	-8.2	7.7
	2009	1 <sup>st</sup>	-9.6	2.4	-12.6	-2.0
		2 <sup>nd</sup>	-1.9	2.1	-3.2	-3.2
		3 <sup>rd</sup>	2.3	5.2	1.3	1.5
		4 <sup>th</sup>	14.2	8.0	15.0	-1.2
	2010 <sup>(1)</sup>	1 <sup>st</sup>	14.5	-1.4	17.3	8.1
		2 <sup>nd</sup>	8.1	-1.0	8.8	7.5
		3 <sup>rd</sup>	5.3	-3.6	5.1	13.1

Source: National Productivity Center.

(1): Since the "Productivity Index" for the fourth quarter of 2010 had not been announced at the stage of preparing this report, the related data could not be included.

### iii. Gross Wages-Salaries

The gross wages-salaries index in industry in 2009 decreased 1.9% and by showing a significant increase in 2010 the rate of change reached the value of 15.8%. The gross wages-salaries index as of sub-sectors in 2010 showed an increase of 11.9% in the mining and quarrying sector, of 17.3% in the manufacturing industry sector and only an 0.5% increase in the electricity, gas and water sector (See Table 40, Graph 27).

**Table 40. Gross Wage-Salary Index in Industry by Sectors**

Sectors	(2005=100)					
	Gross Wage-Salary Index in Industry			Rate of Change		
	2008	2009	2010	2008	2009	2010
Total Industry	143.6	140.9	163.2	10.6	-1.9	15.8
Mining and Quarrying	166.9	164.4	183.9	13.2	-1.5	11.9
Manufacturing Industry	142.7	139.3	163.4	10.5	-2.4	17.3
Electricity, Gas and Water	127.1	128.9	129.5	7.7	1.4	0.5

Source: TURKSTAT.

## 2.2.3 Services

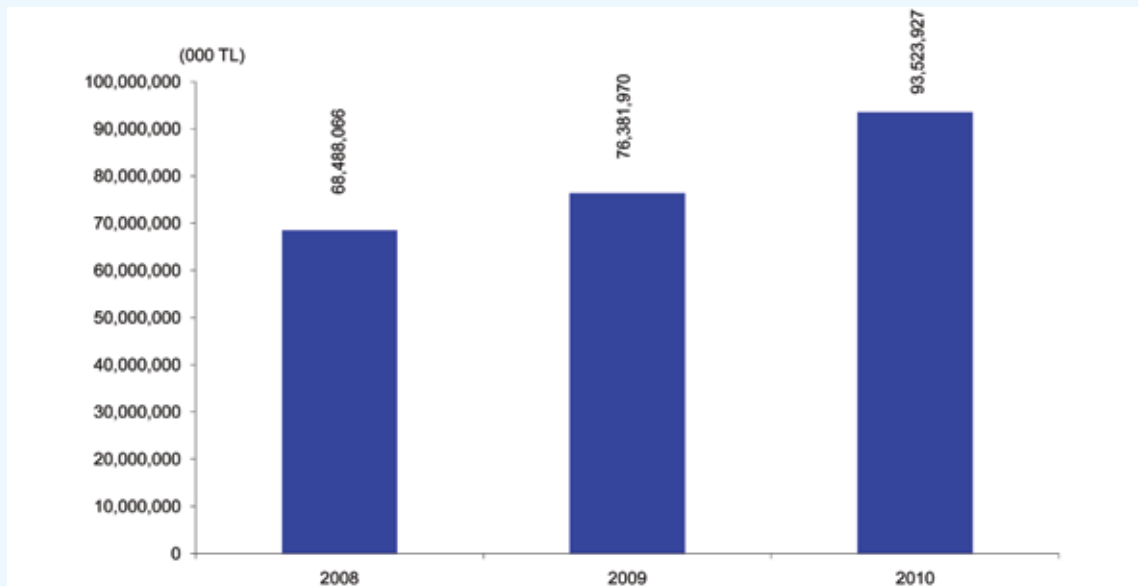
### 2.2.3.1 Commodity Exchanges and Companies

The volume of transactions of the commodity exchanges that increased 11.5% in 2009, increased 22.4% in 2010 and rose from 76,382 million TL to 93,524 million TL. A 15.1% increase occurred in the volume of transactions in real terms in 2010 (See Table 41, Graph 28).

**Table 41. Volume of Transactions of the Commodity Exchanges**

Years	Volume of Transactions		CPI (2003=100) Annual Rate of Change	Rate of Real Change in the Volume of Transactions
	(000 TL)	Rate of Change		
2008	68,488,066	10.4	10.1	0.3
2009	76,381,970	11.5	6.5	4.7
2010	93,523,927	22.4	6.4	15.1

Source: Union of Chambers and Commodity Exchanges of Turkey.

**Graph 28. Volume of Transactions of the Commodity Exchanges**

As of selected commodity exchanges, the exchange with the highest volume of transactions in 2010 was the Istanbul Commodity Exchange at 9,938 million TL, it was followed by the Izmir Commodity Exchange at 5,109 million TL, the Konya Commodity Exchange at 3,631 million TL and the Gaziantep Commodity Exchange at 3,616 million TL. Within the total volume of transactions of the commodity exchanges in 2010, the share of the Istanbul Commodity Exchange was 10.6%, the share of the Izmir Commodity Exchange was 5.5% and the shares of the Konya and Gaziantep Commodity Exchanges were 3.9%. The commodity exchanges that showed largest increase change in the volume of transactions in 2010 were the Sakarya Commodity Exchange at 52.0%, the Gaziantep Commodity Exchange at 46.1%, the Ceyhan Commodity Exchange at 42.1% and the Bandırma Commodity Exchange at 37.1%. In the volume of transactions of the commodity exchanges in selected provinces and districts in 2010 compared to last year, there was only a 16.0% decrease in the volume of transactions of the Antakya Commodity Exchange (See Table 42).

**Table 42. Volume of Transactions of the Commodity Exchanges for Selected Provinces and Districts<sup>(1)</sup>**

Selected Provinces and Districts	Sequence No	Volume of Transactions (000 TL)			Rate within Total			Rate of Change		
		2008	2009	2010	2008	2009	2010	2008	2009	2010
Istanbul	1	9,799,578	8,566,782	9,937,955	14.3	11.2	10.6	30.5	-12.6	16.0
Izmir	2	4,067,437	3,889,588	5,108,855	5.9	5.1	5.5	21.9	-4.4	31.3
Konya	3	2,476,845	3,074,025	3,630,674	3.6	4.0	3.9	6.8	24.1	18.1
Gaziantep	4	1,880,000	2,474,579	3,616,480	2.7	3.2	3.9	-11.5	31.6	46.1
Şanlıurfa	5	1,751,939	2,532,606	3,394,616	2.6	3.3	3.6	-15.9	44.6	34.0
Adana	6	2,525,718	2,758,542	3,038,057	3.7	3.6	3.2	10.2	9.2	10.1
Sakarya	7	1,778,619	1,892,439	2,875,563	2.6	2.5	3.1	11.6	6.4	52.0
Ankara	8	1,767,991	1,968,617	2,692,349	2.6	2.6	2.9	8.6	11.3	36.8
Mersin	9	1,674,478	2,024,803	2,491,871	2.4	2.7	2.7	14.4	20.9	23.1
Diyarbakır	10	1,013,778	1,432,383	1,678,042	1.5	1.9	1.8	-36.0	41.3	17.2
Afyonkarahisar	11	1,167,130	1,300,256	1,558,119	1.7	1.7	1.7	10.7	11.4	19.8
Bandırma	12	1,097,110	1,136,370	1,558,051	1.6	1.5	1.7	25.4	3.6	37.1
Balıkesir	13	1,253,054	1,372,088	1,506,531	1.8	1.8	1.6	29.4	9.5	9.8
Tekirdağ	14	971,386	1,261,184	1,438,712	1.4	1.7	1.5	36.8	29.8	14.1
Ordu	15	1,394,457	1,133,460	1,364,939	2.0	1.5	1.5	-4.6	-18.7	20.4
Samsun	16	753,513	1,004,300	1,347,102	1.1	1.3	1.4	30.1	33.3	34.1
Düzce	17	1,142,620	1,247,259	1,326,409	1.7	1.6	1.4	-16.8	9.2	6.3
Edirne	18	717,631	918,302	1,191,755	1.0	1.2	1.3	21.4	28.0	29.8
Ceyhan	19	909,083	814,481	1,157,664	1.3	1.1	1.2	19.7	-10.4	42.1
Antakya	20	1,163,382	1,372,731	1,152,555	1.7	1.8	1.2	71.1	18.0	-16.0
Total <sup>(2)</sup>		68,488,066	76,381,970	93,523,927	100.0	100.0	100.0	10.4	11.5	22.4

Source: Union of Chambers and Commodity Exchanges of Turkey.

(1): They are the provinces and districts included in the first 20 for the 2010 Exchange Volume of Transactions.

(2): It is the total of the exchange volume of transactions at all the exchanges for the related year.

In 2010 a total of 101,357 companies were established with 2,808 joint-stock companies, 47,606 limited liability companies, 10 general partnerships, 1 limited partnership and 50,932 private (unlimited liability) companies. There was a 15.7% increase in the number of companies established in 2010 compared to 2009. In 2010 a total of 41,327 companies ended activities with 1,276 joint-stock companies, 9,977 limited liability companies, 47 general partnerships, 8 limited partnerships and 29,919 real persons. Furthermore, 1,550 new cooperatives were established in 2010 and 2,056 cooperatives were closed down. In 2010 according to the type of company the rate of the number of companies established to the number of companies closed down was 2.2 for joint-stock companies, 4.8 for limited liability companies and 0.1 for general partnerships and limited partnerships and was realized at 0.8 for cooperatives (See Table 43).

**Table 43. The Number of Companies and Cooperatives Established, Closed Down, Increased Capital and Liquidated**

Type of Company	Status	2008	2009	2010	Rate of Change		
					2008	2009	2010
Joint-Stock Company	Established	2,894	2,280	2,808	-17.9	-21.2	23.2
	Increased Capital	6,121	6,466	8,557	-12.9	5.6	32.3
	Liquidated	1,076	1,162	1,087	-6.4	8.0	-6.5
	Closed Down	1,128	1,217	1,276	-11.2	7.9	4.8
Limited Liability Company	Established	45,089	40,955	47,606	-10.8	-9.2	16.2
	Increased Capital	23,895	24,028	40,170	-12.5	0.6	67.2
	Liquidated	10,539	12,251	12,026	5.0	16.2	-1.8
	Closed Down	8,626	9,022	9,977	0.6	4.6	10.6
General Partnership	Established	18	11	10	100.0	-38.9	-9.1
	Liquidated	41	42	43	28.1	2.4	2.4
	Closed Down	145	159	147	-15.7	9.7	-7.5
Limited Partnership	Established	2	2	1	-	-	-50.0
	Liquidated	2	4	0	0.0	-	-
	Closed Down	12	11	8	9.1	-8.3	-27.3
Private (unlimited liability) Companies Commercial Business	Established	47,568	44,344	50,932	-4.3	-6.8	14.9
	Closed Down	38,412	32,288	29,919	54.3	-15.9	-7.3
Total Companies	Established	95,571	87,592	101,357	-7.9	-8.3	15.7
	Closed Down	48,323	42,697	41,327	38.4	-11.6	-3.2
Cooperatives	Established	1,308	1,155	1,550	-23.9	-11.7	34.2
	Liquidated	2,561	2,444	2,277	-2.8	-4.6	-6.8
	Closed Down	1,815	1,842	2,056	-6.5	1.5	11.6

Source: Union of Chambers and Commodity Exchanges of Turkey.

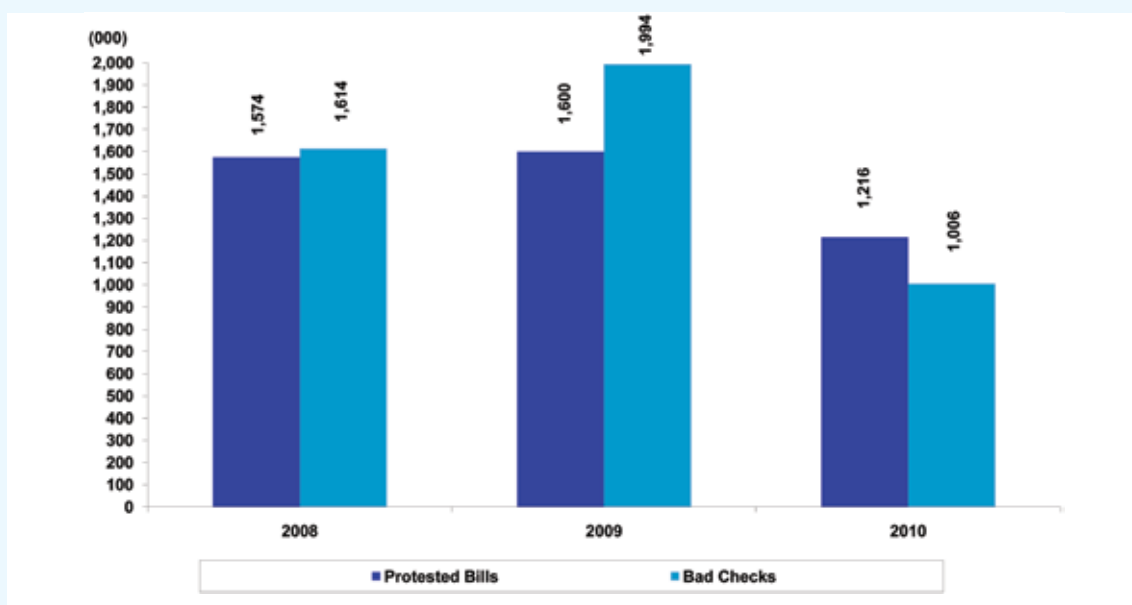
In 2009 with the negative effects of the crisis the number of companies established decreased 8.3% and the number of companies closed down decreased 11.6%. In 2010 the number of companies established increased 15.7% and the number of companies closed down decreased 3.2%.

The number of protested bills increased 1.7% in 2009 and decreased 24.0% in 2010 and went from 1,600 thousand to 1,216 thousand. The amount of protested bills in 2010 decreased 25.8% and became 5,769 million TL. Whereas, the number of bad checks in 2009 increased 23.5% and in 2010 decreased 49.5% and regressed to 1,006 thousand (See Table 44, Graph 29).

**Table 44. Protested Bills and Bad Checks**

Years	Protested Bills				Bad Checks	
	No (000)	Rate of Change for No	Amount (000 TL)	Rate of Change for Amount	No (000)	Rate of Change
2008	1,574	7.0	6,760,228	17.9	1,614	15.5
2009	1,600	1.7	7,771,279	15.0	1,994	23.5
2010	1,216	-24.0	5,768,823	-25.8	1,006	-49.5

Source: Central Bank of the Republic of Turkey.



Graph 29. Protested Bills and Bad Checks

### 2.2.3.2 Tourism

The global crisis also negatively influenced the tourism sector, just like all the sectors and the tourism demand showed a decrease. In 2010, compared to the previous year, the number of foreign visitors departing from Turkey increased 3.2% and rose to 33,028 thousand and the number of citizens arriving increased 17.9% and rose to 6,557 thousand (See Table 45).

Table 45. Number of Foreign Visitors Departing and Citizens Arriving

Years	Number of Foreign Visitors Departing	Rate of Change	(000 Person)	
			Number of Citizens Arriving	Rate of Change
2008	30,980	13.8	4,893	-1.3
2009	32,006	3.3	5,561	13.7
2010	33,028	3.2	6,557	17.9

Source: TURKSTAT.

In the listing according to nationalities of the 33,028 thousand foreign visitors who departed from Turkey in 2010, while the foreigners coming from the Commonwealth of Independent States (CIS) were in first place at 6,015 thousand, it was followed by Germany at 4,370 thousand, England at 2,681 thousand, Iran at 1,871 thousand and Bulgaria at 1,449 thousand (See Table 46).



**Table 46. Number of Foreign Visitors Departing by Nationalities**

				(000 Persons)
Countries <sup>(1)</sup>	Sequence No	2008	2009	2010
CIS	1	5,702	5,512	6,015
Germany	2	4,397	4,482	4,370
England	3	2,190	2,445	2,681
Iran	4	1,030	1,370	1,871
Bulgaria	5	1,512	1,624	1,449
The Netherlands	6	1,166	1,157	1,088
France	7	877	935	923
Syria	8	398	501	891
Italy	9	597	630	665
Greece	10	562	608	661
U.S.A.	11	693	676	647
Belgium	12	579	593	545
Austria	13	506	538	498
Sweden	14	408	408	447
Poland	15	396	419	428
Romania	16	449	370	357
Spain	17	335	372	322
Denmark	18	278	296	314
Norway	19	251	264	299
Switzerland	20	256	289	273

Source: Central Bank of the Republic of Turkey.

(1): They are the countries included in the first 20 according to 2010.

Despite the increase in bed capacities and the important developments recorded in the tourism sector in Turkey in recent years, negativities, such as environmental pollution and the urbanization of tourism centers negatively affected the sector.

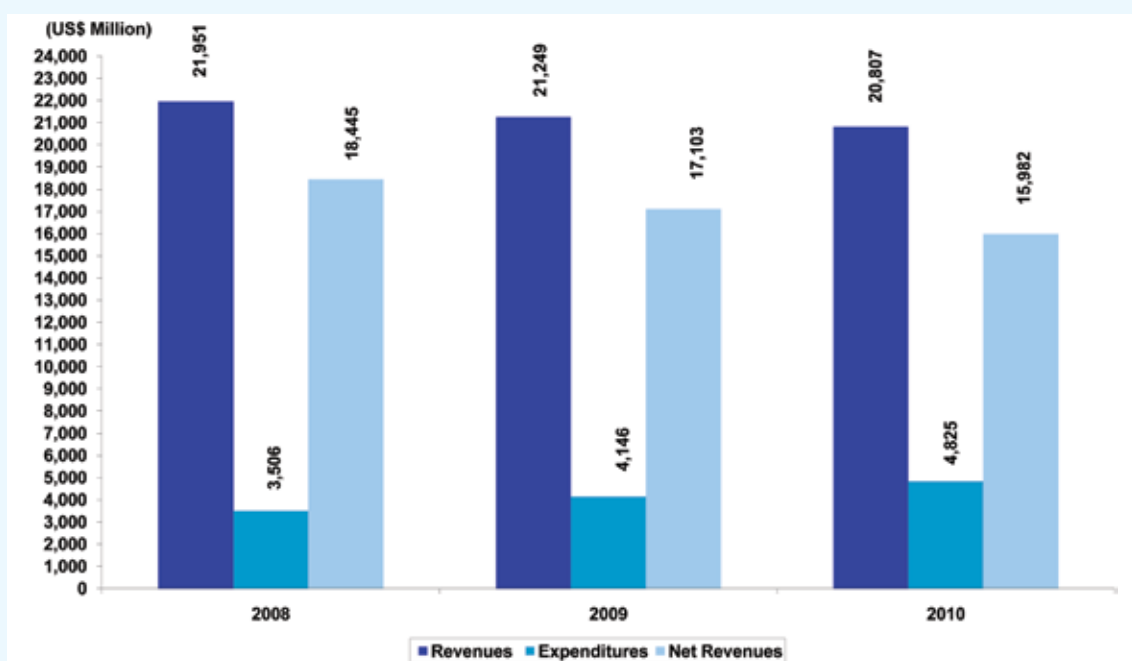
Tourism revenues continued to decrease and the tourism revenues that were US\$21,249 million in 2009, decreased 2.1% in 2010 and regressed to US\$20,807 million. Whereas, the increase in tourism expenditures continued and the tourism expenditures that were US\$4,146 million in 2009, increased 16.4% in 2010 and rose to US\$4,825 million. As a natural result of this, the net tourism revenues also decreased 6.6% in 2010 and regressed from US\$17,103 million to US\$15,982 million. The average expenditure per foreign visitor departing in 2010 decreased 5.1% and fell to US\$630 and the average expenditure per citizen arriving decreased 1.2% and became US\$736 (See Table 47, Graph 30).

In 2009 the average expenditure per citizen arriving to the average expenditure per foreign visitor departing was 89.1% and this rate fell to the value of 85.6% in 2010. In other words, the average expenditures made in Turkey by the foreign visitors departing showed a larger falling trend than the average expenditures made by the citizens arriving.

**Table 47. Balance of Tourism Revenues and Expenditures and Average Expenditures**

Years	Income US\$ Million	Expenditures US\$ Million	Net Revenues US\$ Million	Average Expenditure Per Foreign Visitor Departing (US\$)	Average Expenditure Per Citizen (US\$)
2008	21,951	3,506	18,445	709	717
2009	21,249	4,146	17,103	664	745
2010	20,807	4,825	15,982	630	736

Source: Central Bank of the Republic of Turkey, TURKSTAT.

**Graph 30. Tourism Revenues and Expenditures**

The loans allocated to the tourism sector by the Development Bank of Turkey (DBT) in 2009 increased 86.9% compared to the previous year and rose to 112,140 thousand TL. In 2010 with an 82.2% increase it became 204,323 thousand TL. Whereas, the loans used by the tourism sector in 2009 decreased 67.9% and showed an increase at a record level, such as 251.2%, in 2010. In 2010 of the 204,323 thousand TL loans allocated, a 33.6% rate that is 68,591 thousand TL was used (See Table 48).

**Table 48. Loans Allocated by the Development Bank of Turkey to the Tourism Sector and Amount Used**

Years	Total Amount Allocated	Amount Used	Rate of Change	
			(000 TL)	
			Amount Allocated	Amount Used
2008	60,012	60,918	-12.8	-3.5
2009	112,140	19,531	86.9	-67.9
2010	204,323	68,591	82.2	251.2

Source: Development Bank of Turkey.

### 2.2.3.3 Transportation

In 2010 compared to the past year a 3.4% increase was realized in domestic passenger transports and a 15.0% increase in passenger transports abroad, a 5.0% increase in domestic cargo transports and a 12.2% increase was realized in cargo transports abroad (excluding the natural gas transports made through imports by the BOTAS with the pipeline) (See Table 49).

**Table 49. Cargo and Passenger Transport Statistics according to Transport Methods**

Transport Methods	Passenger Transport								
	(Million Passengers-Km)			Rate of Change			Rate within Total		
	2008	2009	2010 <sup>(1)</sup>	2008	2009	2010	2008	2009	2010
<b>Domestic</b>									
Highways <sup>(2)</sup>	206,098	212,464	218,838	-1.4	3.1	3.0	95.4	95.4	95.0
Railroads	3,552	3,469	3,900	-11.2	-2.3	12.4	1.6	1.6	1.7
Airways <sup>(3)</sup>	6,417	6,819	7,500	8.3	6.2	10.0	3.0	3.1	3.3
<b>Total</b>	216,067	222,752	230,238	-1.4	3.1	3.4	100.0	100.0	100.0
<b>Abroad</b>									
Airways <sup>(3)</sup>	27,848	33,311	38,300	14.5	19.6	15.0	100.0	100.0	100.0
<b>Total</b>	27,848	33,311	38,300	14.5	19.6	15.0	100.0	100.0	100.0
Transport Methods	Cargo Transport								
	(Million Tons-Km)			Rate of Change			Rate within Total		
	2008	2009	2010 <sup>(1)</sup>	2008	2009	2010	2008	2009	2010
<b>Domestic</b>									
Highways <sup>(2)</sup>	181,935	176,455	187,042	0.3	-3.0	6.0	91.3	90.6	91.5
Railroads	9,186	9,308	8,600	8.9	1.3	-7.6	4.6	4.8	4.2
Seaways <sup>(4)</sup>	6,000	6,154	6,431	-7.7	2.6	4.5	3.0	3.2	3.1
Pipelines									
Crude Oil <sup>(5)</sup>	2,112	2,743	2,310	-9.7	29.8	-15.8	1.1	1.4	1.1
<b>Total</b>	199,233	194,660	204,383	0.3	-2.3	5.0	100.0	100.0	100.0
<b>Abroad</b>									
Railroads	1,367	855	1,000	3.9	-37.5	17.0	0.2	0.1	0.1
Seaways <sup>(6)</sup>	858,700	828,500	936,200	1.2	-3.5	13.0	94.8	93.6	94.3
Pipelines									
Crude Oil (Transit) <sup>(5)</sup>	45,804	56,038	56,038	37.8	22.3	0.0	5.1	6.3	5.6
<b>Total</b>	905,871	885,393	993,238	2.6	-2.3	12.2	100.0	100.0	100.0
Natural Gas (Million Sm <sup>3</sup> ) <sup>(7)</sup>	37,349	35,856	34,100	4.1	-4.0	-4.9	-	-	-

Source: State Planning Organization.

(1): It is provisional information.

(2): They are the transports made on the road network under the responsibility of the Highways General Directorate.

(3): They are transports made only by the Turkish Airlines (THY).

(4): They are the transport amounts calculated by the Undersecretariat of Maritime Affairs.

(5): They are only the crude oil transports.

(6): They are the estimated transports calculated, which include all of the transports made by seaways.

(7): They are the total natural gas imports made from the Russian Federation, Nigeria, Algeria, Azerbaijan and Iran and obtained from the spot market.

For years in Turkey highways have continued to be predominant in the transports of domestic passengers and cargo, airways in the passenger transports abroad and seaways in the cargo transports and this also continued in 2010. Despite the fact that the transport demand gradually increases, the shortage of suitable physical infrastructure for railroads and seaways and the fact that highway transports are the most suitable route for door to door transports has caused the highways to bear most of the cargo and passenger transports.

In 2010, 95.0% of the domestic passenger transports were made by highways, 1.7% by railroads and 3.3% by airways and all of the passenger transports abroad were made by airways.

In 2010, of the domestic cargo transports a 91.5% share were made by highways, a 4.2% share were made by railroads, a 3.1% share were made by seaways and 1.1% share were the transports made with the pipeline. Of the cargo transports abroad, 94.3% were made by seaways, 0.1% by railroads and 5.6% were made with the pipeline (excluding natural gas transports made through imports by the BOTAS),

### 2.3 Investments

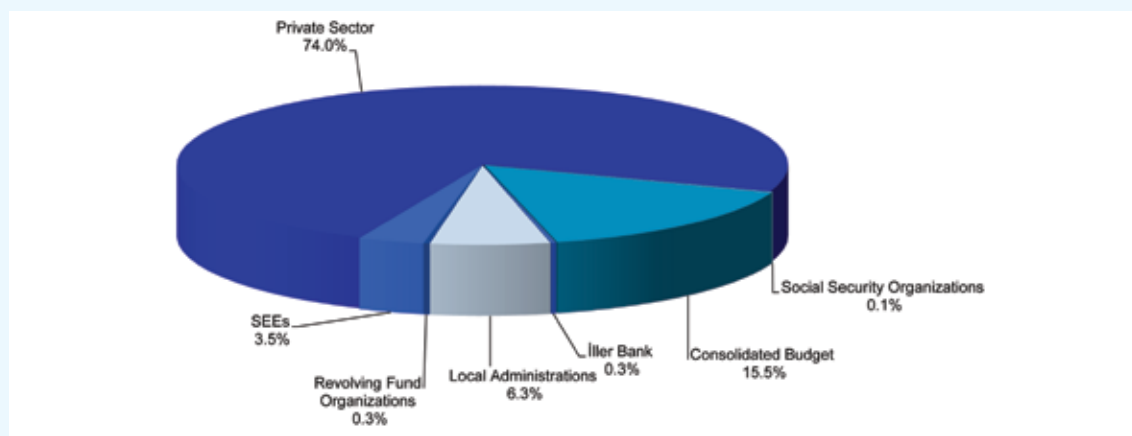
As a result of the financial and monetary measures put into practice aimed at preventing the negative effects of the crisis, a decrease in uncertainties, an increase in consumer confidence and improvement in loan conditions positively affected investment decisions. The total fixed capital investments, which experienced a 14.7% decrease in 2009, realized an increase of 26.7% in 2010. The public sector fixed capital investments increased 37.1% and rose from 39,342 million TL to 53,933 million TL. The private sector fixed capital investments increased 23.4% and went from 124,600 million TL to 153,743 million TL. The total fixed capital investments increased 26.7% and rose from 163,942 million TL to 207,676 million TL (See Table 50, Graph 31).

**Table 50. Fixed Capital Investments**

Components of the Fixed Capital	2008	2009	2010 <sup>(1)</sup>	(Current Prices, Million TL)					
				Rate of Change			Rate within Total		
				2008	2009	2010	2008	2009	2010
Consolidated Budget	20,103	22,085	32,274	29.7	9.9	46.1	10.5	13.5	15.5
SEE	4,165	4,463	7,210	18.4	7.2	61.6	2.2	2.7	3.5
Operating	3,002	3,699	6,627	17.9	23.2	79.2	1.6	2.3	3.2
Organizations within the Scope of Privatization	1,163	764	583	19.8	-34.3	-23.7	0.6	0.5	0.3
İller Bank	412	448	544	-18.7	8.7	21.4	0.2	0.3	0.3
Local Administrations	13,853	11,551	13,109	12.1	-16.6	13.5	7.2	7.0	6.3
Revolving Fund Organizations	570	704	621	-4.5	23.5	-11.8	0.3	0.4	0.3
Social Security Organizations	21	91	174	-54.3	333.3	91.2	0.0	0.1	0.1
Funds	0	0	0	-	-	-	0.0	0.0	0.0
Unemployment Insurance Fund	0	0	0	-	-	-	0.0	0.0	0.0
Total Public Sector	39,123	39,342	53,933	20.3	0.6	37.1	20.4	24.0	26.0
Total Fixed Capital Investments	192,093	163,942	207,676	4.7	-14.7	26.7	100.0	100.0	100.0
Public Sector	39,123	39,342	53,933	20.3	0.6	37.1	20.4	24.0	26.0
Private Sector	152,970	124,600	153,743	1.4	-18.5	23.4	79.6	76.0	74.0

Source: State Planning Organization.

(1): It is the estimate of realization.



**Graph 31. Fixed Capital Investments in 2010**

According to the consumer price index calculated in real terms, an increase of 28.9% was realized in the public sector fixed capital investments, of 16.0% in the private sector fixed capital investments and an increase of 19.1% was realized in the total fixed capital investments. In 2010, within the total fixed capital investments, the share of the public sector was 26.0% and the share of the private sector was 74.0%.

Of the public sector fixed capital investments in 2010, 59.8% was realized by the general and supplementary budget organizations, 13.4% by the SEEs, 1.0% by the Iller Bank, 24.3% by the local administrations, 1.2% by the revolving fund organizations and 0.3% was realized by the social security organizations.

In 2010, within the private sector fixed capital investments, the shares of the agriculture, manufacturing, transportation and education sectors increased, the shares of the energy, tourism and housing sectors decreased and the shares of the mining and health sectors did not change (See Table 51).

**Table 51. Proportional Distribution of the Fixed Capital Investments by Sectors**

Sectors	(Current Prices)		
	2008	2009	2010 <sup>(1)</sup>
<b>Private Sector</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Agriculture	2.4	1.2	2.9
Mining	1.7	1.8	1.8
Manufacturing	46.3	42.9	44.7
Energy	3.8	8.5	5.0
Transportation	18.7	24.9	26.5
Tourism	8.0	5.1	4.7
Housing	8.1	6.0	5.4
Education	1.3	0.8	1.1
Health	5.0	3.3	3.3
Other Services	4.7	5.4	4.7
<b>Public Sector</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Agriculture	8.6	12.2	9.5
Mining	1.7	2.1	2.7
Manufacturing	0.9	1.1	0.8
Energy	9.2	9.5	6.2
Transportation	37.7	29.6	43.3
Tourism	0.4	0.3	0.5
Housing	1.5	1.5	1.5
Education	9.9	12.6	10.0
Health	5.6	6.9	4.6
Other Services	24.7	24.1	20.8
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Agriculture	3.7	3.9	4.6
Mining	1.7	1.9	2.0
Manufacturing	37.0	32.9	33.3
Energy	4.9	8.7	5.3
Transportation	22.6	26.0	30.9
Tourism	6.4	4.0	3.6
Housing	6.7	4.9	4.4
Education	3.0	3.6	3.4
Health	5.1	4.2	3.6
Other Services	8.7	9.9	8.9

Source: State Planning Organization.

(1): It is the estimate of realization.

In 2010, within the private sector fixed capital investments, the most predominant sector was the manufacturing sector with a share of 44.7% and this was followed by the transportation sector with a share of 26.5% and the housing sector with a share of 5.4%. Within the private sector, the sectors having a share of 5.0% or less for the rates of fixed capital investments were the energy, tourism, health, agricultural, mining and education sectors.

In 2010, within the public sector fixed capital investments, the shares of the mining, transportation and tourism sectors increased, the shares of the agricultural, manufacturing, energy, education and health sectors decreased and the share of the housing sector did not change. In the public sector total fixed capital investments in 2010, the most predominant sectors were the transportation sector at 43.3%, the education sector at 10.0% and the agricultural sector at 9.5%. The sectors with the lowest shares were the tourism sector at 0.5%, the manufacturing sector at 0.8% and the housing sector at 1.5%.

The construction sector was one of the sectors influenced the most by the crisis. The sector, which had shown a growth trend up until 2008, started to shrink the same year. At the end of the negative picture created by the cutting of expenditures, the decrease in investments and decrease in housing demand together with the global crisis, the number of construction permits given by the municipalities decreased. The shrinkage in the construction sector decelerated, but continued in 2009.

Whereas in 2010, there was an increase in housing demand together with the revival in demand and the construction permits, which are provided by the municipalities and which show the situation of the constructions planned to be built, increased 59.7% in area and rose to 160,888 thousand m<sup>2</sup>. According to the purpose of usage of the buildings given a construction permit, the highest rate of increase in 2010 was experienced in the hotels and similar buildings construction with an increase of 96.8% and this was followed by two or more dwelling residential buildings at 62.8%, industrial buildings and warehouses at 56.1%, wholesale and retail trade buildings at 49.5%, office (business) buildings at 31.1%, one dwelling residential buildings at 22.5% and building constructions other than these at 62.7%. In 2010, within the total construction area of the buildings given a construction permit, the highest share was for two or more dwelling residential buildings at 75.1% and this was followed by wholesale and retail trade buildings at 4.8%, industrial buildings and warehouses at 4.3%, one dwelling residential buildings at 2.9%, office (business) buildings at 2.8% and hotels and similar buildings at 1.8% (See Table 52, Graph 32).

**Table 52. Building Construction Areas according to Construction Permits and Building Purposes of Usage**

Building Purpose of Usage	(Area, m <sup>2</sup> )								
	2008	2009	2010	Rate of Change			Rate within Total		
				2008	2009	2010	2008	2009	2010
One Dwelling Residential Buildings	4,185,174	3,753,485	4,598,521	-6.8	-10.3	22.5	4.0	3.7	2.9
Two or More Dwelling Residential Buildings	70,155,633	74,158,683	120,746,973	-17.8	5.7	62.8	67.6	73.6	75.1
Hotels and Similar Buildings	2,339,043	1,476,416	2,905,036	-27.3	-36.9	96.8	2.3	1.5	1.8
Office (Business) Buildings	4,115,098	3,483,742	4,567,240	-14.1	-15.3	31.1	4.0	3.5	2.8
Wholesale and Retail Trade Buildings	7,320,543	5,180,246	7,742,450	-3.6	-29.2	49.5	7.0	5.1	4.8
Industrial Buildings and Warehouses	6,992,750	4,418,828	6,899,592	-34.1	-36.8	56.1	6.7	4.4	4.3
Others	8,737,992	8,255,144	13,427,722	-3.4	-5.5	62.7	8.4	8.2	8.3
Total	103,846,233	100,726,544	160,887,534	-17.0	-3.0	59.7	100.0	100.0	100.0

Source: TURKSTAT.

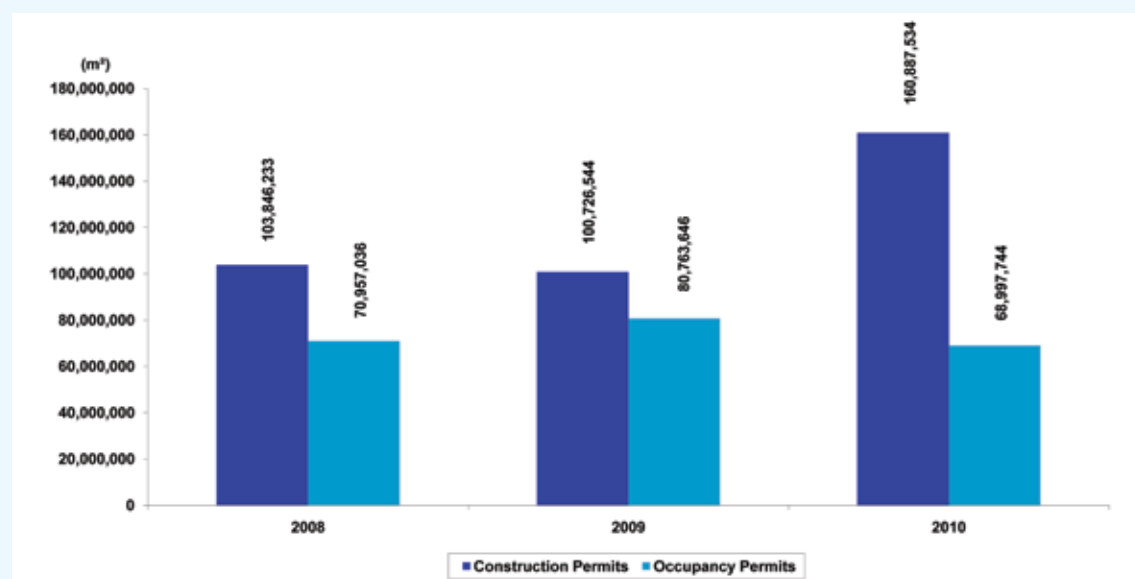
One other important indicator of construction statistics is the building occupancy permits given by the municipalities related to the constructions having a construction permit and completed. According to the building occupancy permits for 2009, there was a 13.8% increase in the total construction area of buildings and building occupancy permits having an area of 80,764 thousand m<sup>2</sup> were given by municipalities. Whereas, in 2010, according to the building occupancy permits, the total construction area of buildings decreased 14.6% and building occupancy permits having an area of 68,998 thousand m<sup>2</sup> were given.

In 2010, within the buildings given a building occupancy permit, the office and business buildings increased 1.2%, while a decrease was experienced in the construction areas of all other buildings according to purpose of usage. There were significant decreases in the construction areas of one dwelling residential buildings at 12.1%, of two or more dwelling residential buildings at 13.6%, of hotels and similar buildings at 33.3%, of wholesale and retail trade buildings at 32.0%, and in the construction areas of industrial buildings and warehouses at 19.1% (Table 53, Graph 32).

**Table 53. Building Construction Areas according to Building Occupancy Permits and Building Purposes of Usage**

Building Purpose of Usage	2008	2009	2010	(Area, m <sup>2</sup> )					
				Rate of Change			Rate within Total		
				2008	2009	2010	2008	2009	2010
One Dwelling Residential Buildings	3,235,585	3,382,988	2,972,888	8.3	4.6	-12.1	4.6	4.2	4.3
Two and More Dwelling Residential Buildings	48,695,229	56,146,222	48,512,341	10.5	15.3	-13.6	68.6	69.5	70.3
Hotels and Similar Buildings	1,686,684	1,904,160	1,270,039	51.2	12.9	-33.3	2.4	2.4	1.8
Office (Business) Buildings	2,087,271	2,051,618	2,076,216	-3.9	-1.7	1.2	2.9	2.5	3.0
Wholesale and Retail Trade Buildings	5,750,947	7,172,142	4,879,791	46.3	24.7	-32.0	8.1	8.9	7.1
Industrial Buildings and Warehouses	5,211,994	5,063,465	4,098,280	-7.6	-2.8	-19.1	7.3	6.3	5.9
Others	4,289,326	5,043,051	5,188,189	23.4	17.6	2.9	6.0	6.2	7.5
Total	70,957,036	80,763,646	68,997,744	11.9	13.8	-14.6	100.0	100.0	100.0

Source: TURKSTAT.



**Graph 32. Building Construction according to Construction Permits and Occupancy Permits**

In 2010, within the total construction area of the buildings given a building occupancy permit, the highest share, just as in the previous years, was for the two or more dwelling residential buildings. The two or more dwelling residential buildings that had a 70.3% share within the total building occupancy permits given in 2010, was followed by the wholesale and retail trade buildings at 7.1%, the industrial buildings and warehouses was in third place at 5.9%, followed by the one dwelling residential buildings at 4.3%, the office (business) buildings at 3.0% and the hotels and similar buildings at 1.8%.

As of 2009, Republic of Turkey Prime Ministry Undersecretariat of the Treasury (HM) started to implement a new incentive system with the Number 2009/15199 “Decision about Government Aids in Investments” and dated 14 July 2009, which supports large investments in 12 sectors and which gives sectoral and regional supports by separating Turkey into four regions with the objective of compensating for the negative influences to the real sector by the global crisis.

In accordance with the international agreements and the targets envisaged in the Development Plans and Annual Programs, the objective of the decision is to orient savings to high value added investments, to increase production and employment, to provide for the continuation of the investment trend and sustainable development, to try to make large-scale investments containing high technology and research-development that would increase international competitive strength, to increase international direct investments, to eliminate the regional development differences and to support investments for protecting the environment with research and development activities.

Within this scope, the total fixed investments connected to an incentive certificate that decreased 28.9% in 2009, increased with the very significant rate of 191.1% in 2010 and rose from 19,739 million TL to 57,456 million TL. There was a 173.6% increase in real terms for the fixed investments connected to an incentive certificate according to the consumer price index (See Table 54).

In 2010, the incentives given to the agricultural sector increased 652.9% and became 2,940 million TL. The incentives given to the mining sector increased 148.2% and rose to 1,986 million TL. The incentives given to the manufacturing industry sector increased 338.2% and went up to 33,247 million TL. The incentives given to the energy sector increased 45.5% and rose to 6,767 million TL. The incentives given to the services sector increased 98.4% and became 12,518 million TL.

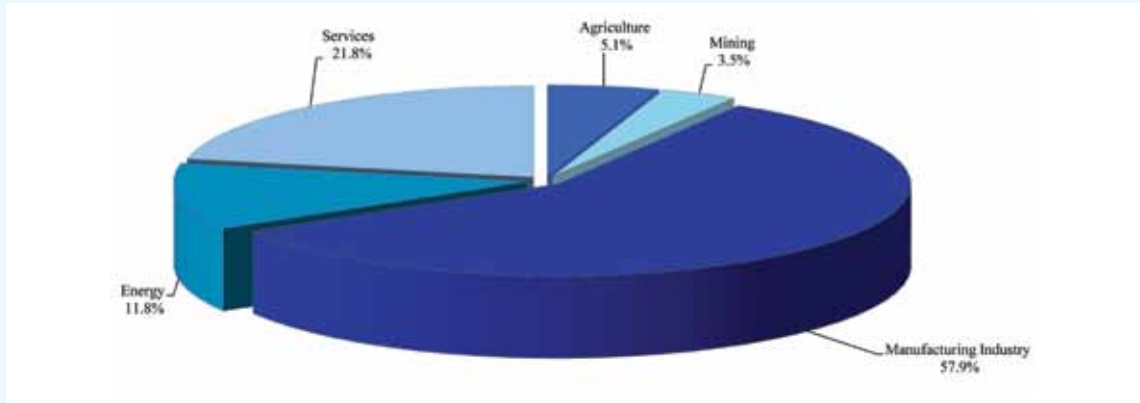
**Table 54. Investment Incentive Certificates by Sectors**

Sectors	Number of Certificates			Fixed Investment (000 TL)			Number of Persons Employed		
	2008	2009	2010	2008	2009	2010	2008	2009	2010
Agriculture	73	81	513	357,595	390,519	2,940,310	2,590	2,317	14,946
Mining	135	144	260	652,715	800,292	1,986,032	4,591	3,503	5,662
Manufacturing Industry	1,479	1,118	2,271	10,072,841	7,587,933	33,246,934	47,270	40,219	67,563
Energy	144	110	153	8,727,212	4,649,059	6,766,683	5,142	1,595	2,637
Services	618	497	1,092	7,970,510	6,310,698	12,518,139	38,130	27,204	48,540
Total	2,449	1,950	4,289	27,780,873	19,738,502	57,458,098	97,723	74,838	139,348
Rate of Change									
Agriculture	14.1	11.0	533.3	3.0	9.2	652.9	9.7	-10.5	545.1
Mining	3.1	6.7	80.6	2.1	22.6	148.2	13.3	-23.7	61.6
Manufacturing Industry	3.9	-24.4	103.1	-18.6	-24.7	338.2	-31.7	-14.9	68.0
Energy	41.2	-23.6	39.1	109.9	-46.7	45.5	4.3	-69.0	65.3
Services	-4.2	-19.6	119.7	-9.6	-20.8	98.4	-27.5	-28.7	78.4
Total	3.5	-20.4	119.9	5.5	-28.9	191.1	-26.6	-23.4	86.2
Rate within Total									
Agriculture	3.0	4.2	12.0	1.3	2.0	5.1	2.7	3.1	10.7
Mining	5.5	7.4	6.1	2.3	4.1	3.5	4.7	4.7	4.1
Manufacturing Industry	60.4	57.3	52.9	36.3	38.4	57.9	48.4	53.7	48.5
Energy	5.9	5.6	3.6	31.4	23.6	11.8	5.3	2.1	1.9
Services	25.2	25.5	25.5	28.7	32.0	21.8	39.0	36.4	34.8
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: Undersecretariat of the Treasury.



Within the fixed investments connected to an incentive certificate in 2010, the manufacturing industry was in first place with a share of 48.5%. The services sector had a share of 34.8%, the energy sector a share of 1.9%, the mining sector a share of 4.1% and the agricultural sector a share of 10.7%. While the shares of the total investment incentives of the agricultural and manufacturing industry sectors increased in 2010 compared to 2009, the shares of the mining, energy and services sectors decreased (See Graph 33).



**Graph 33. Sectoral Distribution of Investment Incentives in 2010**

Of the investments connected to an incentive certificate in 2010, 79.2% were set aside for completely new investments, 15.2% were for expansion investments, 4.6% were for modernization investments, 0.6% were for completion investments, 0.3% were for integration investments and 0.1% were set aside for product diversification investments. In 2010, of the 2,932 incentive certificates given for new investments, the total was 45,491 million TL; of the 888 incentive certificates given for expansion investments, the total was 8,729 million TL; of the 406 incentive certificates given for modernization investments, the total was 2,655 million TL; of the 23 incentive certificates given for completion investments, the total was 359 million TL; of the 19 incentive certificates given for integration investments, the total was 149 million TL; of the 2 incentive certificates given for moving investments, the total was 228 million TL and of the 19 incentive certificates given for product diversification investments, the total was 76 million TL (See Table 55).

Table 55. Investment Incentive Certificates by Types

Type of Investment	Number of Certificates			Fixed Investment (000 TL)			Number of Persons Employed		
	2008	2009	2010	2008	2009	2010	2008	2009	2010
Eliminating Bottlenecks	9	4	0	20,033	9,746	0	131	50	-
Integration	8	14	19	139,284	109,420	148,829	505	362	563
Completely New Investment	1,258	1,188	2,932	21,749,738	13,164,356	45,491,200	65,809	51,751	102,648
Modernization	99	147	406	921,066	999,639	2,654,486	4,870	3,719	4,431
Moving	-	1	2	-	50	228	-	174	105
Completion	83	50	23	800,987	340,875	359,170	-	2,205	8,236
Expansion	456	459	888	3,209,407	4,923,149	8,728,575	-	16,397	22,868
Product Diversification	15	9	19	135,515	32,136	75,610	637	180	497
Other	521	78	0	804,843	159,131	0	25,771	-	-
Total	2,449	1,950	4,289	27,780,873	19,738,502	57,458,098	97,723	74,838	139,348
Rate of Change									
Eliminating Bottlenecks	-10.0	-55.6	-100.0	-21.4	-51.4	-100.0	-40.7	-61.8	-100.0
Integration	60.0	75.0	35.7	1.288.7	-21.4	36.0	601.4	-28.3	55.5
Completely New Investment	-12.3	-5.6	146.8	14.9	-39.5	245.6	-37.6	-21.4	98.3
Modernization	182.9	48.5	176.2	108.8	8.5	165.5	353.4	-23.6	19.1
Moving			100.0			356.0			-39.7
Completion	76.6	-39.8	-54.0	66.3	-57.4	5.4	-100.0		273.5
Expansion	2.5	0.7	93.5	-40.7	53.4	77.3	-100.0		39.5
Product Diversification	66.7	-40.0	111.1	41.6	-76.3	135.3	-53.4	-71.7	176.1
Other	37.1	-85.0	-100.0	-15.2	-80.2	-100.0	1.061.9	-100.0	
Total	3.5	-20.4	119.9	5.5	-28.9	191.1	-26.6	-23.4	86.2
Rate within Total									
Eliminating Bottlenecks	0.4	0.2	0.0	0.1	0.0	0.0	0.1	0.1	
Integration	0.3	0.7	0.4	0.5	0.6	0.3	0.5	0.5	0.4
Completely New Investment	51.4	60.9	68.4	78.3	66.7	79.2	67.3	69.2	73.7
Modernization	4.0	7.5	9.5	3.3	5.1	4.6	5.0	5.0	3.2
Moving		0.1	0.0		0.0	0.0		0.2	0.1
Completion	3.4	2.6	0.5	2.9	1.7	0.6		2.9	5.9
Expansion	18.6	23.5	20.7	11.6	24.9	15.2		21.9	16.4
Product Diversification	0.6	0.5	0.4	0.5	0.2	0.1	0.7	0.2	0.4
Other	21.3	4.0	0.0	2.9	0.8	0.0	26.4		
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: Undersecretariat of the Treasury

Note: The colored areas express a lack of definition in the calculation of the rate of change and percentage values.

In 2010 it was aimed to provide employment for 139,348 persons with the total 4,289 investment incentive certificates. Of these, it was targeted to employ 67,563 persons in the manufacturing industry sector, 48,540 persons in the services sector, 14,946 persons in the agricultural sector, 5,662 persons in the mining sector and 2,637 persons in the energy sector.

In the regions formed by the HM on the subject of investment incentive certificates, four groups were taken as the basis by taking into account the socio-economic levels. In 2010, within the fixed investment incentive certificates for a total of 57,458 million TL, the First Region was in first place with 20,203 million TL (35.2%), the Second Region was in second place with 20,112 million TL (35.0%), the Third Region was in third place with 11,222 million TL (19.5%) and the Fourth Region was in fourth place with 5,920 million TL (10.3%). The highest rate of increase in the incentives given in 2010 compared to the past year was realized in the Second Region at 605.5%. It was followed by the First Region in second place at 130.3% and the Fourth Region was in third place at 122.8%. With the incentive certificates given, it was aimed to provide employment for 44,675 persons in the First Region; 27,507 persons in the Second Region; 39,674 persons in the Third Region and 27,492 persons in the Fourth Region (See Table 56, Graph 34).

**Table 56. Investment Incentive Certificates by Regions**

Regions	Number of Certificates		Fixed Investment (000 TL)					Number of Persons Employed				
			2009		2010		Rate of Change	2009		2010		Rate of Change
	2009	2010	Investment Value	Rate within Total	Investment Value	Rate within Total		Number of Persons	Rate within Total	Number of Persons	Rate within Total	
1st Region	690	1,147	8,771,209	44.4	20,203,071	35.2	130.3	27,089	36.2	44,675	32.1	64.9
2nd Region	347	620	2,850,774	14.4	20,112,355	35.0	605.5	13,504	18.0	27,507	19.7	103.7
3rd Region	570	1,468	5,459,800	27.7	11,222,320	19.5	105.5	19,933	26.6	39,674	28.5	99.0
4th Region	343	1,054	2,656,718	13.5	5,920,352	10.3	122.8	14,312	19.1	27,492	19.7	92.1
Total	1,950	4,289	19,738,501	100.0	57,458,098	100.0	191.1	74,838	100.0	139,348	100.0	86.2

Source: Undersecretariat of the Treasury.

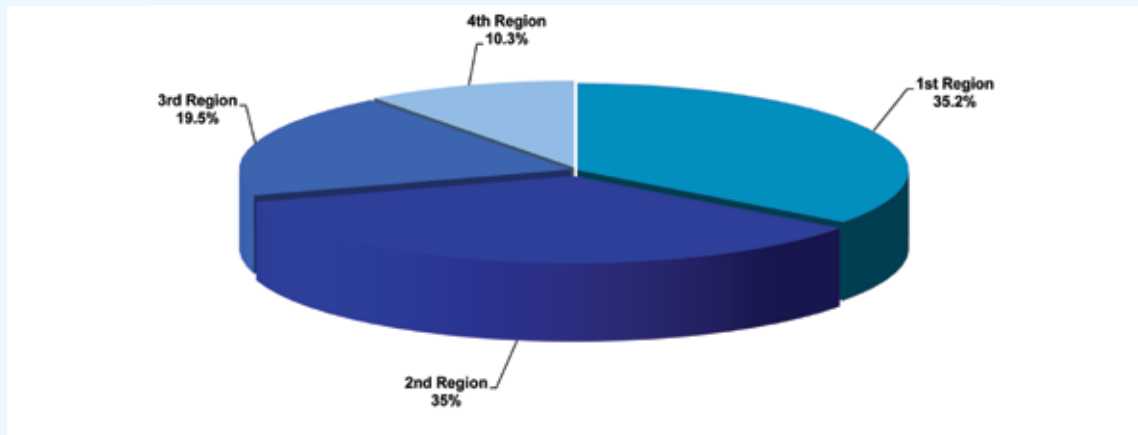
Note: **1st Region:** Includes the provinces of İstanbul, Tekirdağ, Edirne, Kırklareli, İzmir, Bursa, Eskişehir, Bilecik, Kocaeli, Sakarya, Düzce, Bolu, Yalova and Ankara.

**2nd Region:** Includes the provinces of Balıkesir, Çanakkale, Aydın, Denizli, Muğla, Antalya, Isparta, Burdur, Adana and Mersin.

**3rd Region:** Includes the provinces of Konya, Karaman, Hatay, Kahramanmaraş, Osmaniye, Kırıkkale, Aksaray, Niğde, Nevşehir, Kırşehir, Manisa,

Afyonkarahisar, Kütahya, Uşak, Kayseri, Sivas, Yozgat, Zonguldak, Karabük, Bartın, Samsun, Tokat, Çorum, Amasya, Gaziantep, Adıyaman and Kilis.

**4th Region:** Includes the provinces of Kastamonu, Çankırı, Sinop, Trabzon, Ordu, Giresun, Rize, Artvin, Gümüşhane, Erzurum, Erzincan, Bayburt, Ağrı, Kars, Ardahan, Iğdır, Van, Muş, Bitlis, Hakkari, Malatya, Elazığ, Bingöl, Tunceli, Şanlıurfa, Diyarbakır, Mardin, Batman, Şırnak and Siirt.



**Graph 34. Regional Distribution of Investment Incentives in 2010**

## 2.4 Money and Banks

### 2.4.1 Price Trends and Inflation

The Central Bank of the Republic of Turkey (TCMB), which had been continuing the implicit inflation targeting regime since 2002, set this aside in 2006 due to the significant advances in providing an environment of stability and confidence, the formation of the institutional infrastructure of the monetary policy and the success in the struggle against inflation and put into practice the formal inflation targeting. Within this

scope, the TCMB has been announcing since 2006 the three-year inflation targets as point targets within the framework of the formal inflation targeting regime that is measured with the 12-month change in the Consumer Price Index (CPI).

The TCMB determined the inflation targets for 2006 to be 5.0% and for 2007-2008 to be 4.0%. In 2006 when the formal inflation targeting started to be implemented, inflation rose 4.7 points above the target and was realized at a level of 9.7%, it rose 4 points above the target in 2007 to 8.4% and it rose 6.1 points above the target in 2008 and was realized at the level of 10.1%.

The inflation targets in 2006, 2007 and 2008 were exceeded as the result of external causes and the targets weakened the function of being an anchor for expectations. The TCMB wrote an open letter written to the government in June 2008 and proposed the determination of new targets for the medium-term with the objective of taking the inflation expectations under control and of providing respect for the regime implemented.

This proposal of the TCMB was also adopted by the government and according to this, the inflation targets for 2009-2010-2011 were determined to be 7.5%, 6.5% and 5.5%, respectively. The end of year inflation in 2009 was realized at the level of 6.5% that was 1 point below the year end target of 7.5%.

A change was not made in the form of implementing the formal inflation targeting regime in 2010 and the implementations were carried out by taking the 6.5% year end target as the basis. Ever since 2006, in case the absolute value of the difference between the targeted inflation and the realized inflation exceeded 2.0%, then the obligation of accountability would be implemented. The TCMB in accordance with the obligation of accountability would write an open detailed letter to the government in case there was a significant deviation from the year end inflation target and would state the reasons for the deviation.

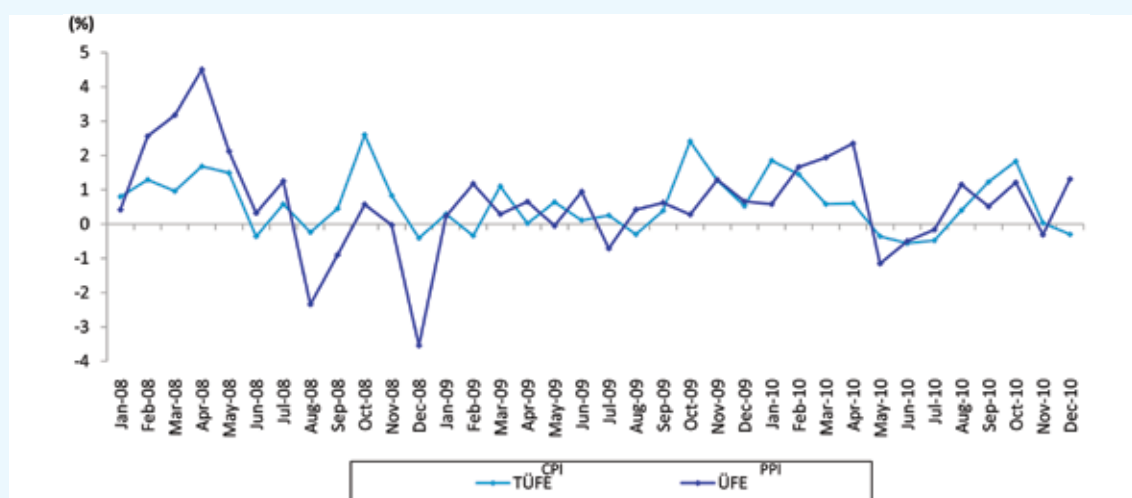
As of the final quarter of 2009 when the effects of the global financial crisis deepened on the real economy, inflation entered into a rising trend connected to the excessive mobility of the unprocessed food prices that strengthened and continued, the rise in the petroleum and other commodity prices and the withdrawal of the temporary tax reductions. This trend also continued in the first quarter of 2010. Inflation was 8.2% in January and rose to the level of 10.1% in February. Whereas, in March it regressed a bit and was realized at the level of 9.6%. The rise in this period was stemming to a great extent from the tax regulations covering fuel products, alcoholic beverages and tobacco products and the high rate of increases in unprocessed food prices as well as on the base effect.

The increase trend in inflation reversed and started to regress in the second quarter due to the rise in food prices returning to seasonal norms and the energy prices following a horizontal course. Inflation in April 2010 was at the level of 10.2%, 9.1% in May and was realized at the level of 8.4% in June.

Whereas, in the third quarter of 2010, inflation regressed to the level of 7.6% in July and once again rose, especially in August and September. It rose to the levels of 8.3% in August and 9.2% in September. This rise stemmed from the vegetable-fruit prices in the agricultural group as well as the increase in the live animal prices and from the increase in the goods prices in the industrial group, mainly by petroleum, metal and cotton.

The drop in inflation in the final quarter of 2010, especially in December, played an important role in keeping the year end target. Food prices that were the cause of a definite leap in inflation by rising above the seasonal norms, were reduced below the seasonal norms in November and December. This rectification in the food prices lowered inflation at significant rates despite the increase in energy prices.

Thus, the CPI that was 6.5% in 2009, was 6.4% in 2010 and was realized at a level very close to the year end target of 6.5%. According to the twelve-month averages, the CPI rate of change that was 6.2% in 2009 became 8.6% in 2010 (See Table 57, Graph 35).



Graph 35. Inflation Rates (Rate of Monthly Change)

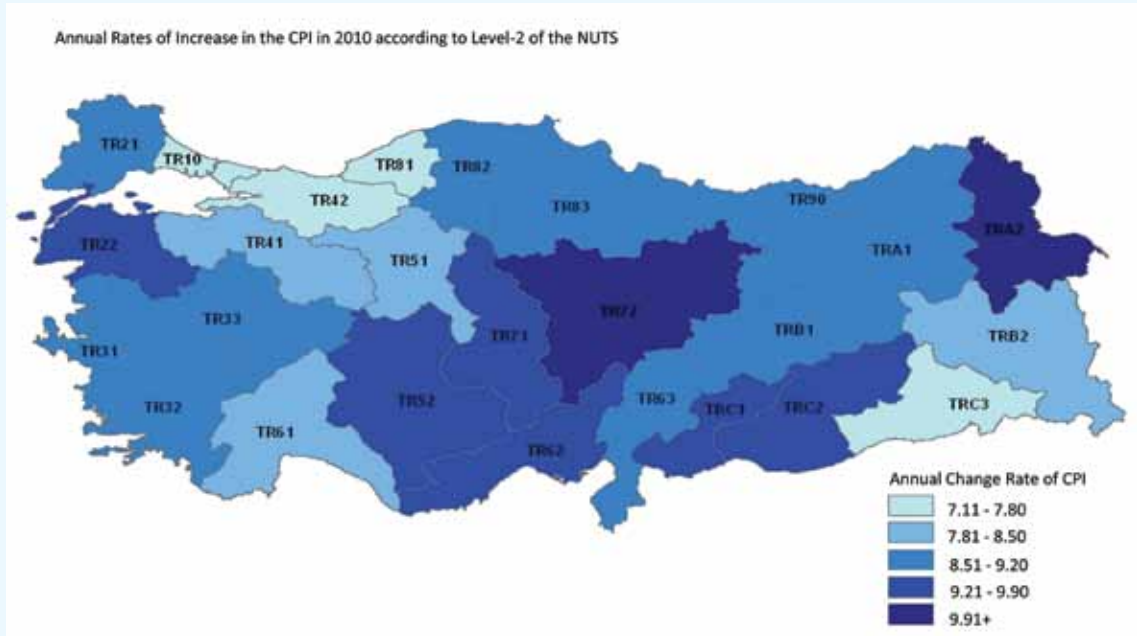
Table 57. Consumer Price Index by Main Expenditure Groups

Main Expenditure Groups	(2003=100)					
	2008		2009		2010	
	Index Value	Rate of Change	Index Value	Rate of Change	Index Value	Rate of Change
	Twelve-Month Average Consumer Price Index Values					
General	154.7	10.4	164.3	6.2	178.4	8.6
Food&Non-alcoholic Beverages	155.9	12.8	168.4	8.0	186.2	10.6
Alcoholic Beverages&Tobacco	192.5	7.1	216.9	12.7	292.4	34.8
Clothing&Footware	118.2	2.5	119.2	0.8	124.6	4.5
Housing, Water, Electricity	179.9	19.6	195.7	8.8	208.0	6.3
Furniture, Household Appliances	138.0	6.9	139.2	0.9	142.3	2.2
Health	123.0	0.4	126.7	2.9	127.6	0.7
Transportation	155.6	8.0	155.9	0.2	171.0	9.6
Communications	108.6	1.8	112.4	3.4	112.1	-0.2
Entertainment&Culture	129.9	2.0	142.7	9.8	145.9	2.3
Education	166.7	6.8	176.4	5.8	185.9	5.4
Restaurants&Hotels	191.7	13.4	209.3	9.1	229.1	9.5
Various Goods&Services	158.6	9.6	179.2	13.0	191.7	7.0
Year End Consumer Price Index Values <sup>(1)</sup>						
General	160.4	10.1	170.9	6.5	181.9	6.4
Food&Non-alcoholic Beverages	161.8	11.9	176.8	9.3	189.2	7.0
Alcoholic Beverages&Tobacco	192.6	0.3	232.9	20.9	290.3	24.7
Clothing&Footware	121.7	-1.5	125.8	3.4	131.8	4.7
Housing, Water, Electricity	196.9	22.9	201.5	2.3	213.4	5.9
Furniture, Household Appliances	143.9	10.4	140.0	-2.7	144.6	3.3
Health	124.1	2.0	127.1	2.4	127.8	0.6
Transportation	151.2	2.4	163.1	7.9	174.1	6.8
Communications	111.4	5.7	115.2	3.3	111.5	-3.2
Entertainment&Culture	135.6	7.0	147.7	8.9	144.3	-2.3
Education	172.4	7.3	181.8	5.5	189.5	4.3
Restaurants&Hotels	201.8	13.4	216.5	7.3	237.6	9.8
Various Goods&Services	165.3	11.7	188.0	13.8	198.4	5.5

Source: TURKSTAT.

(1): It expresses the change in the December Consumer Price Index Value of the related year compared to a previous year.

When the 2010 rates of increase in the CPI figures are examined according to Level-2 of the NUTS, it is observed that the highest annual rate of increase was in the Ağrı, Kars, Iğdır and Ardahan Region (TRA2) at 10.6%, this was followed in second place in the Kayseri, Sivas and Yozgat Region (TR72) at 10.3% and in third place in the Balıkesir and Çanakkale Region (TR22) at 9.8%. Whereas, when it is evaluated as of geographical regions, the annual rate of change in the CPI in the Marmara Region was varying between 7.6%-9.8%, in the Aegean Region between 8.9%-9.1%, in the Central Anatolia Region between 8.9%-10.3%, in the Black Sea Region between 7.3%-9.1%, in the Eastern Anatolia Region between 8.8%-10.6% and in the Southeastern Anatolia Region was varying between 7.1%-9.8% (See Graph 36).

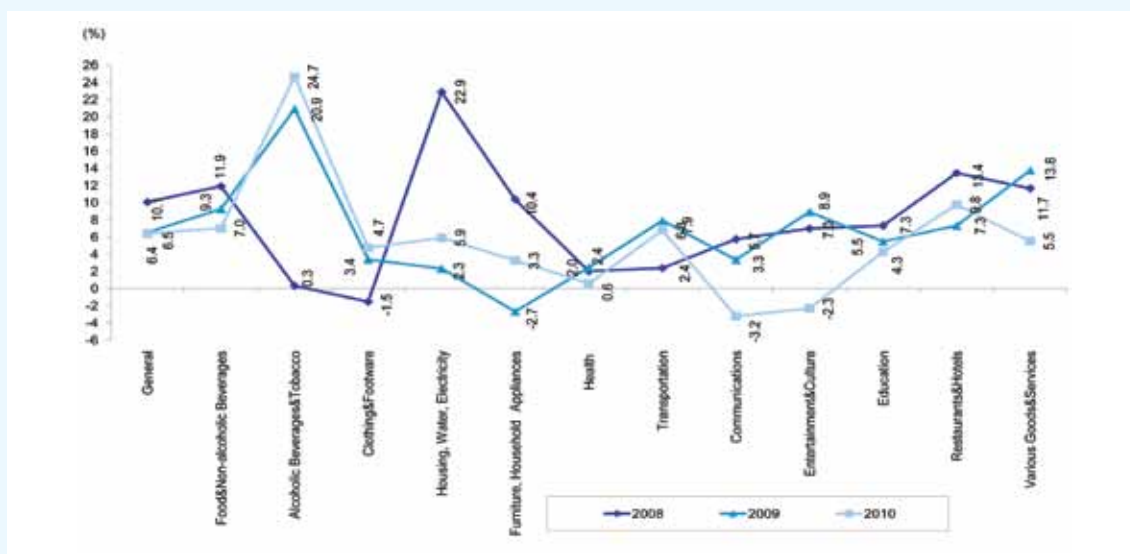


**Graph 36. Annual Rates of Increase in the CPI in 2010 according to Level-2 of the NUTS**

As of the end of the year, the price increases in the main spending groups of food and non-alcoholic beverages, alcoholic beverages and tobacco, transportation, restaurants and hotels was realized above the rate of change in the CPI general index. Whereas, the price increases in the main spending groups other than these of clothing and footwear, housing, water and electricity, furniture and household appliances, health and education and various goods and services, were realized below the rate of change in the CPI general index. The communications main spending group prices decreased 3.2% and the entertainment and culture spending group prices decreased 2.3%. In December 2010 the highest price increase was for the alcoholic beverages and tobacco spending group at 24.7% and health was the spending group with the lowest increase at 0.6% (See Graph 37).

The basic (core) inflation indicators that provide for following more clearly the annual inflation data also preserved a low level in 2009 and there was not much fluctuation. The basic (core) inflation rose in the first quarter of 2010, but once again started to fall as of the second quarter. The decrease in durable consumption goods prices, seasonally adjusted the basic goods and service prices following a horizontal course provided for the preservation of the basic inflation indicators at low levels.

There was a 3.5% increase compared to December of the previous year in the H core price indicator (excluding unprocessed food products, energy, alcoholic beverages, tobacco products and gold) and a 3.0% increase in the I core price indicator (excluding energy, food and non-alcoholic beverages, alcoholic beverages and tobacco products and gold) within the CPI having a specified scope in December 2010. The highest annual increase of 6.4% was observed in the A core index where seasonal products are excluded (See Table 58, Graph 38).



**Graph 37. Rates of Change in the Consumer Price Index as of Main Expenditure Groups (As of End of Year)**

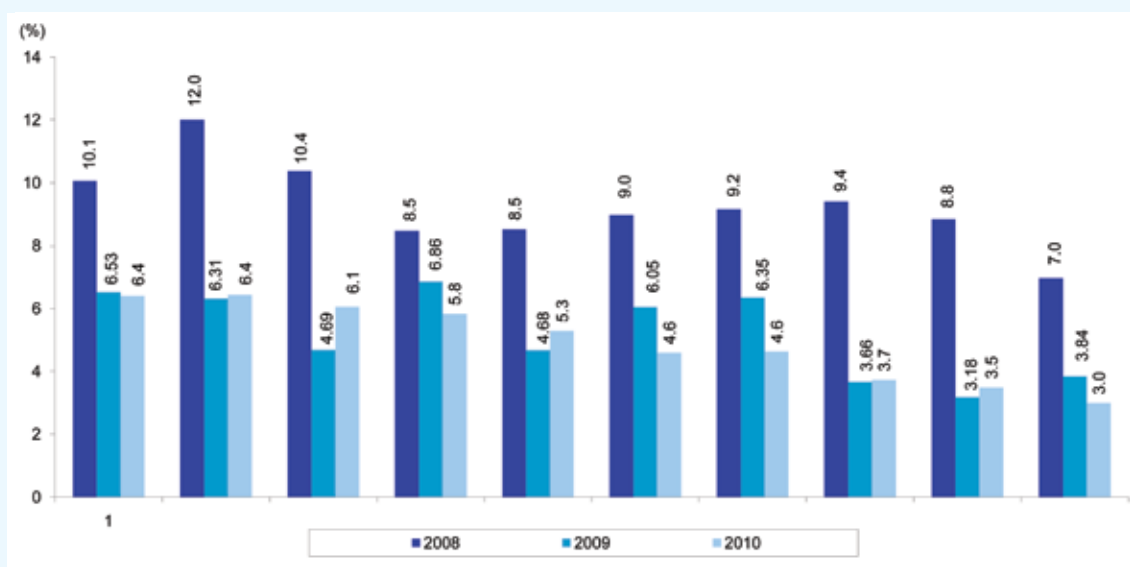
**Table 58. Consumer Price Index according to Groups and Having Specified Scope**

Grup/Kapsam	(2003=100)					
	2008		2009		2010	
	Index Value	Rate of Change	Index Value	Rate of Change	Index Value	Rate of Change
	Twelve-Month Average Producer Price Index Values					
A Excluding seasonal products	159.0	12.0	169.3	6.5	183.3	8.3
B Excluding unprocessed food products	155.1	11.2	163.1	5.2	174.7	7.1
C Excluding energy	152.3	8.6	162.0	6.3	175.3	8.2
D (B) and (C)	152.4	9.2	160.0	5.0	170.3	6.4
E (C) and excluding alcoholic beverages and tobacco products	150.1	8.7	159.0	5.9	169.4	6.5
F (E) and excluding products having administrated prices and excluding indirect taxes	155.0	9.3	165.2	6.6	175.6	6.3
G (F) and (B)	155.6	10.2	163.5	5.1	169.6	3.7
H (D) and excluding alcoholic beverages, tobacco products and gold	148.8	9.2	155.0	4.1	161.2	4.0
I (C) and excluding food and non-alcoholic beverages, alcoholic beverages, tobacco products and gold	145.9	6.2	152.3	4.4	158.6	4.1
Year End Consumer Price Index Values <sup>(1)</sup>						
A Excluding seasonal products	165.1	12.0	175.5	6.3	186.8	6.4
B Excluding unprocessed food products	160.8	10.4	168.4	4.7	178.6	6.1
C Excluding energy	157.5	8.5	168.3	6.9	178.1	5.8
D (B) and (C)	157.4	8.5	164.7	4.7	173.4	5.3
E (C) and excluding alcoholic beverages and tobacco products	155.4	9.0	164.8	6.0	172.4	4.6
F (E) and excluding products having administrated prices and excluding indirect taxes	160.7	9.2	170.9	6.3	178.8	4.6
G (F) and (B)	161.2	9.4	167.1	3.7	173.3	3.7
H (D) and excluding alcoholic beverages, tobacco products and gold	153.9	8.8	158.8	3.2	164.3	3.5
I (C) and excluding food and non-alcoholic beverages, alcoholic beverages, tobacco products and gold	150.8	7.0	156.6	3.8	161.3	3.0

Source: TURKSTAT.

(1): It expresses the change in the December Consumer Price Index Value of the related year compared to a previous year.





**Graph 38. Rates of Change in the Consumer Price Index Having Specified Scope (As of End of Year)**

The fluctuations in the fruit-vegetable and live animal prices and in the goods prices were determining factors in the rates of change in the Producer Price Index (PPI) in 2010. While the agricultural prices and the increasing petroleum and goods prices in the international markets were causing an upward trend on the PPI in the first quarter, this increase was replaced by a moderate appearance in the second quarter. While the goods prices followed a weak course in the third quarter, increases in prices were observed in the agricultural and animal husbandry and the food sector, connected to this. Whereas, in the final quarter, while the goods prices drew a positive picture, the increases, especially in petroleum products and in the goods prices stemming from the main metal industry production were effective on inflation.

In December 2010 the PPI with a 3 point increase compared to the same month of the previous year rose from 5.9% to 8.9%. According to the twelve-month averages, the PPI rate of change that was 1.3% in 2009, with a 7.2 point increase in 2010 rose to 8.5% (See Table 59).

**Table 59. Producer Price Index by Sectors**

Sectors	(2003=100)					
	Annual Average Producer Price Index					
	2008	Rate of Change	2009	Rate of Change	2010	Rate of Change
Twelve-Month Average Producer Price Index						
General Index	158.9	12.7	160.9	1.3	174.6	8.5
Agricultural Sector	162.2	11.6	166.0	2.3	199.1	19.9
Industrial Sector	157.9	13.0	159.5	1.0	169.3	6.2
Mining Sector	191.0	22.9	206.6	8.2	225.7	9.3
Manufacturing Industry Sector	157.0	11.8	156.1	-0.6	165.5	6.0
Energy Sector	157.5	26.2	182.8	16.1	189.4	3.6
Year End Producer Price Index <sup>(1)</sup>						
General Index	156.3	8.1	165.6	5.9	180.3	8.9
Agricultural Sector	154.4	0.2	176.3	14.2	202.0	14.5
Industrial Sector	156.4	10.1	162.9	4.1	175.5	7.7
Mining Sector	196.7	16.9	217.6	10.6	233.0	7.1
Manufacturing Industry Sector	152.6	6.4	160.5	5.2	171.2	6.6
Energy Sector	188.5	60.3	168.7	-10.5	200.2	18.7

Source: TURKSTAT.

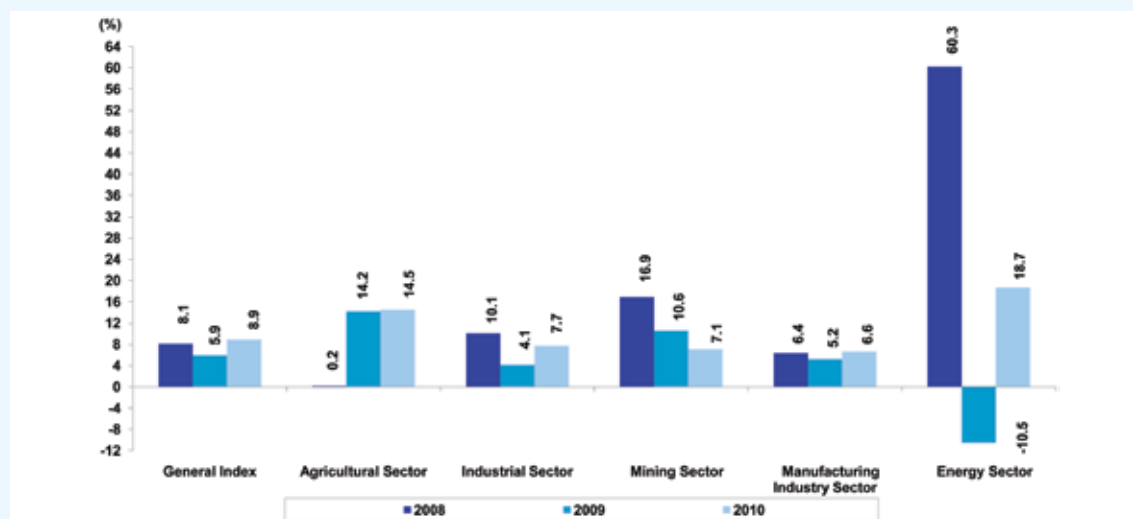
Note: The rates of change can show a difference due to rounding off.

(1): The Producer Price Index Values for the related years expresses the change compared to December of the previous year.



When the situation according to sectors of the PPI as of the end of the year is analyzed, the agricultural sector prices showed an increase of 14.5% and the industrial sector prices showed an increase of 7.7%. The prices in the mining sector increased 7.1%, in the manufacturing industry sector 6.6% and in the energy sector 18.7%, which all form main sub-items of the industrial sector.

According to the twelve-month averages, the rates of change by sectors of the PPI realized increases in the agricultural sector prices at 19.9%, in the industrial sector prices at 6.2%, in the mining sector prices at 9.3%, in the manufacturing industry sector prices at 6.0% and in the energy sector prices at 3.6% (See Graph 39).



**Graph 39. Rates of Change in the Producer Price Index by Sectors  
(As of End of Year)**

## 2.4.2 Money, Banks and Capital Market

In 2009 policies were carried out aimed at limiting the negative effects that could be formed on economic activities by the problems that emerged in the global economy and in the international loan markets together with the deepening of the global crisis. The effect of the policies implemented showed their influence towards the end of the year and the expansionist effect of the monetary policy became evident.

2010 was the ninth year of Turkey's implementing the inflation targeting system in his monetary policy. The TCMB implemented the implicit inflation targeting regime in its monetary policy strategy between 2002 and 2005, put into practice the formal inflation targeting regime as of 2006 and also carried out its monetary policy implementations within this framework between 2007 and 2010.

Just as in the previous years, the TCMB focused on the medium-term appearance of inflation and made its monetary policy decisions based on this. The end of year rates of inflation calculated with the 12-month percentage change of the consumer price index based on (2003=100) was determined as a point target together with the government for a 3-year period. The inflation target for 2010 was determined to be 6.5%.

The TCMB also continued in 2010 to use the short-term interest rates as a basic objective of its monetary policy. Furthermore, it is also able to use supportive tools, such as rates of statutory reserves or effective liquidity management in situations where it is necessary.

The fact that developing countries like Turkey recovered more rapidly in economic activities than developed economies caused the measures put into practice during the crisis period to be withdrawn. At the TCMB, together with the lessening of the effects of the crisis on the financial markets, it announced on 14 April 2010 its exit strategy, which contained withdrawal of the liquidity measures taken during the crisis and the normalization of the operational framework of the monetary policy. Within this scope, the tempo-

rary liquidity supports taken during the crisis period were withdrawn, the rates of statutory reserves were increased by decreasing in stages the liquidity provided in excess of what was needed to the market by also taking into account the positive developments observed in the loan markets and the recovery trend in economic activities.

Furthermore, a more flexible method was designed in the foreign exchange buying auctions in order to provide conformity with the capital flow variables while accelerating the accumulation of reserves with the objective of making a contribution to financial stability and it was put into practice as of October.

The TCMB was the basic designator of the interests forming on the monetary and loan markets in spite of the fluctuating course for the risk perceptions in the period after the crisis. In 2010 the market interest rates were reduced to their lowest levels in history due to the interest rates following a low course at a global scale and the announcement of the TCMB that it would keep its policy interest rates constant.

The Monetary Policy Committee accelerated the process of reduction in the interest rates as of the first months of 2009 by acting from the opinion that downward pressures on domestic and foreign demand and inflation would continue and furthermore, that the accumulated decreases in petroleum and other commodity prices would positively influence inflation. The process of reduction in interest rates continued throughout 2009 and at the end of the year a total 850 base point reduction was made in the overnight borrowing interest rates. Thus, the rate of interest that was 15.0% in December 2008, decreased to the level of 6.5% in December 2009.

The Committee kept the overnight borrowing interest rates constant at the level of 6.5% in the first quarter of 2010 by drawing attention to the fact that the moderate recovery in economic activities was continuing, but that uncertainties related to total demand continued and that the problems in the global economy had not been completely eliminated. Whereas, in the second quarter, the observance that the high rates of increase in the risk premiums of the European countries having a high indebtedness formed expectations that the normalization period of the monetary policies could be shifted. It was announced that the policy interest rates could be kept at the existing levels for a period of time with the formation in Turkey of the expectations that the interest increases in parallel with this trend could be shifted and that they could be at a more limited level.

The Monetary Policy Committee with its decision dated 18 May 2010 changed the policy interest from the overnight interest rate to the weekly repo auction interest rate in which the monetary policy transactions are more intensive. The one-week term repo auction interest rate, which became the policy interest rate, was determined to be 7.0%. A change was not made in the overnight borrowing interest rate until September. As of this date, a total 500 base reduction was made with a 25 base point reduction in September, a 50 base point reduction in October, a 400 base point reduction in November and a 25 base point reduction in December. The overnight borrowing interest rate that was 6.5% at the beginning of 2010, regressed to the level of 1.5% at the end of the year. The policy interest was kept constant at the level of 7.0% up until November. A 50 base point reduction was made in December and it decreased to 6.5% (See Table 60).

**Table 60. Interest Decisions of the Monetary Policy Committee for 2010**

Meeting Dates of the Monetary Policy Committee	Interest Decision	Interest Rate for Overnight Borrowing	Policy Interest <sup>(1)</sup>
14 January 2010	No Change Made	6.50	-
16 February 2010	No Change Made	6.50	-
18 March 2010	No Change Made	6.50	-
13 April 2010	No Change Made	6.50	-
18 May 2010	No Change Made	6.50	7.00
17 June 2010	No Change Made	6.50	7.00
15 July 2010	No Change Made	6.50	7.00
19 August 2010	No Change Made	6.50	7.00
16 September 2010	-0.25	6.25	7.00
14 October 2010	-0.50	5.75	7.00
11 November 2010	-4.00	1.75	7.00
16 December 2010	-0.25	1.50	6.50

Source: Central Bank of the Republic of Turkey.

(1): The Central Bank started to use the 1 week repo auction interest rate as policy interest as of 18 May 2010.

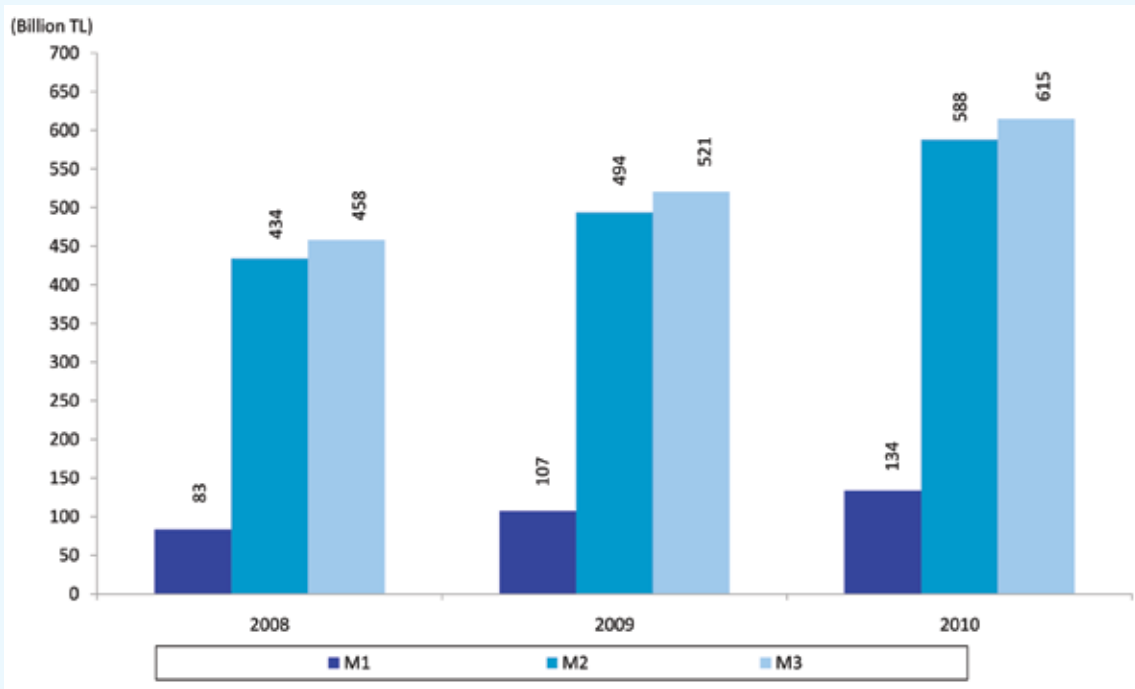
Within the monetary policy implementations realized during the year the money in circulation, which is a sub-item of the M1 money supply, increased 29.4% compared to 2009 and rose to 44,368 million TL. The sight TL deposits increased 33.2% and went up to 59,612 million TL. The sight foreign exchange deposits increased 6.7% and rose to 29,905 million TL. When it is taken into account that the CPI increased 6.4% in 2010, then in real terms the money in circulation showed an increase of 21.6%, the sight TL deposits of 25.2% and the sight foreign exchange deposits showed an increase of 0.3%. Thus, the narrowly defined M1 money supply, with a 25.1% increase rose to 133,885 million TL and grew 17.6% in real terms (See Table 61, Graph 40).

**Table 61. Money Supplies <sup>(1)</sup>**

Components	(000 TL)					
	2008	2009	2010	Rate of Change		
				2008	2009	2010
M1	83,380,932	107,051,398	133,884,898	7.3	28.4	25.1
Money in Circulation	30,468,001	34,289,353	44,368,280	16.9	12.5	29.4
Sight Deposits (TL)	30,403,738	44,737,540	59,611,531	3.3	47.1	33.2
Sight Deposits (FX)	22,509,194	28,024,504	29,905,087	1.5	24.5	6.7
M2	434,205,424	494,024,148	587,814,547	25.8	13.8	19.0
Time Deposits (TL)	238,494,346	266,610,255	330,176,675	33.3	11.8	23.8
Time Deposits (FX)	112,330,146	120,362,496	123,752,974	26.9	7.2	2.8
M3	458,383,776	520,674,414	615,088,260	23.9	13.6	18.1
Repos	3,442,654	3,599,806	3,946,153	-19.8	4.6	9.6
Money Market Funds	20,735,698	23,050,460	23,327,561	-0.1	11.2	1.2

Source: Central Bank of the Republic of Turkey.

(1): The data is as of the last Friday of the year.



**Graph 40. Money Supplies**

In 2010 the time TL deposits, which are a sub-item of the M2 money supply, increased 23.8% and rose to 330,177 million TL. The time foreign exchange deposits increased 2.8% and went up to 123,753 million TL. The M2 money supply, under the high rate of increase in time TL deposits, increased 19.0% and became 587,815 million TL. An 11.8% increase in real terms occurred in the M2 money supply. The M3 money supply increased 18.1% and rose to 615,088 million TL and increased 11.0% in real terms.

The total Turkish Lira deposits in banks increased 24.7% and rose to 380,517 million TL and the total foreign exchange deposit accounts in banks increased 0.1% and went up to 139,412 million TL. Thus, the total deposits in deposit banks increased 17.0% and became 519,928 million TL. In real terms, there was a 17.2% increase in the Turkish Lira deposits and a 5.9% decrease in the foreign exchange deposit accounts. Thus, the real increase in total deposits was 10.0% (See Table 62, Graph 41).

**Table 62. Deposits in Deposit Banks** <sup>(1);(2)</sup>

Deposits	2008	2009	2010	(000 TL)					
				Rate within Total			Rate of Change		
				2008	2009	2010	2008	2009	2010
<b>TL Deposits</b>	268,802,517	305,200,507	380,516,588	67.8	68.7	73.2	28.1	13.5	24.7
Savings Deposits	179,739,211	196,692,553	237,404,486	45.3	44.2	45.7	31.8	9.4	20.7
Time	167,315,185	179,902,350	214,228,444	42.2	40.5	41.2	33.3	7.5	19.1
Sight	12,424,026	16,790,203	23,176,042	3.1	3.8	4.5	13.7	35.1	38.0
Commercial Deposits	51,205,165	66,245,214	92,031,769	12.9	14.9	17.7	27.4	29.4	38.9
Time	39,693,690	49,483,951	69,598,846	10.0	11.1	13.4	46.8	24.7	40.6
Sight	11,511,475	16,761,263	22,432,923	2.9	3.8	4.3	-12.5	45.6	33.8
Official Deposits	17,511,807	21,178,199	25,860,002	4.4	4.8	5.0	44.5	20.9	22.1
Time	9,457,020	11,418,013	14,268,602	2.4	2.6	2.7	33.6	20.7	25.0
Sight	8,054,787	9,760,186	11,591,400	2.0	2.2	2.2	59.7	21.2	18.8
Other Deposits	20,346,334	21,084,541	25,220,331	5.1	4.7	4.9	-3.7	3.6	19.6
Time	17,177,353	18,074,346	21,868,963	4.3	4.1	4.2	-7.4	5.2	21.0
Sight	3,168,981	3,010,195	3,351,368	0.8	0.7	0.6	22.9	-5.0	11.3
<b>Foreign Exchange Deposits</b>	127,822,562	139,333,516	139,411,786	32.2	31.3	26.8	22.7	9.0	0.1
Time	106,373,067	112,950,341	113,366,869	26.8	25.4	21.8	28.2	6.2	0.4
Sight	21,449,495	26,383,175	26,044,917	5.4	5.9	5.0	1.2	23.0	-1.3
<b>Total Deposits</b>	396,625,079	444,534,023	519,928,374	100.0	100.0	100.0	26.3	12.1	17.0

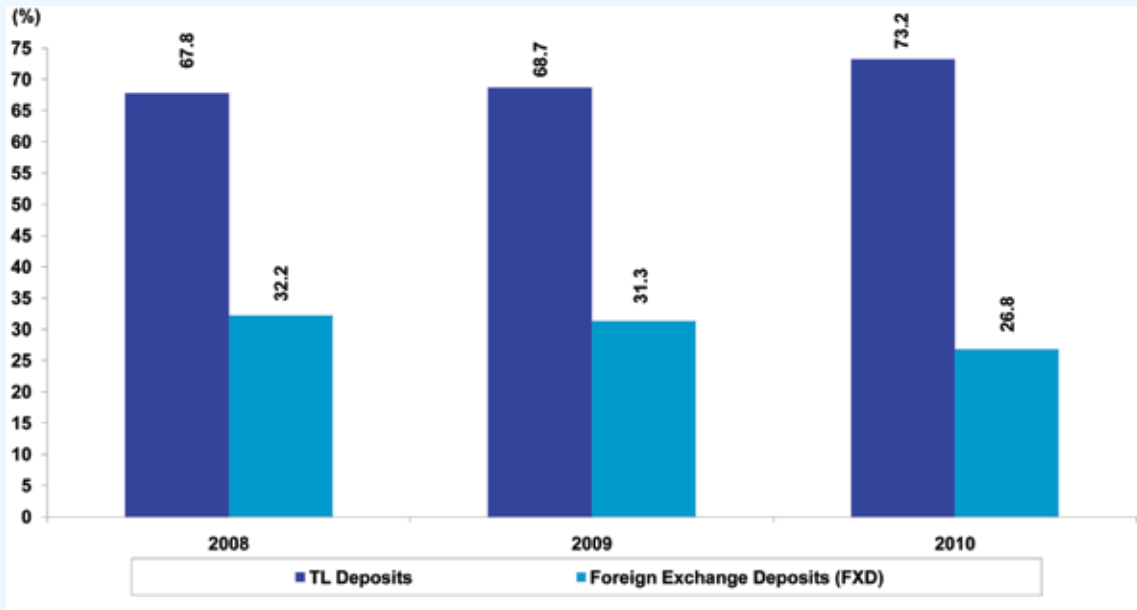
Source: Central Bank of the Republic of Turkey.

(1): They are the total TL and Foreign Currency deposits of depositors settled in Turkey.

(2): The data is as of the last Friday of the year.

The savings deposits that had the highest share within the total deposits increased 20.7% and rose to 237,405 million TL. The commercial deposits increased 38.9% and went up to 92,032 million TL. The official deposits increased 22.1% and rose to 25,860 million TL. The deposits other than these increased 19.6% and went up to 25,220 million TL.

In 2010 compared to the past year, the share of the TL deposits within the deposits in deposit banks increased from 68.7% to 73.2% and the share of the foreign exchange deposit accounts regressed from 31.3% to 26.8%.



**Graph 41. The Rate of TL Deposits and Foreign Exchange Deposits in the Deposit Banks**

The upward trend starting in the final quarter of 2009 in the loan volume also continued in 2010. The monetary and financial conditions continuing the economic activity in a supportive manner, the preservation of the low course of interest rates and the extension of terms supported the expansion of loans. In 2010 the deposit bank loans increased 43.7% and rose to 420,643 million TL and showed a 35.1% increase in real terms. The commercial and individual loans increased 44.0% and went up to 392,519 million TL. The specialized loans increased 40.4% and rose to 28,124 million TL. The agricultural loans within the specialized loans increased 76.7% and rose to 16,681 million TL. The loans to tradesmen and artisans increased 9.5% and went up to 8,768 million TL. The specialized loans other than these increased 8.6% and became 1,521 million TL. The housing loans decreased 2.6% and became 1,154 million TL (See Table 63).

**Table 63. Bank Loans <sup>(1);(2)</sup>**

Bank Loans	Bank Loan Values (000 TL)			Rate of Change		
	2008	2009	2010	2008	2009	2010
Deposit Bank Loans	267,667,082	292,644,243	420,642,948	24.6	9.3	43.7
Commercial and Individual Loans	250,458,694	272,613,618	392,519,342	24.8	8.8	44.0
Specialized Loans	17,208,388	20,030,625	28,123,606	21.3	16.4	40.4
Agricultural Loans	7,684,922	9,440,971	16,680,463	24.5	22.9	76.7
Loans to Tradesmen and Artisans	6,908,771	8,005,188	8,768,269	17.9	15.9	9.5
Housing Loans	1,196,682	1,184,299	1,153,709	-1.6	-1.0	-2.6
Other	1,418,013	1,400,167	1,521,165	50.4	-1.3	8.6
Development and Investment Bank Loans	10,728,441	12,834,069	15,122,170	34.1	19.6	17.8
Export Credit Bank of Turkey	1,437,938	1,950,478	2,082,147	21.4	35.6	6.8
Other	9,290,503	10,883,591	13,040,023	36.3	17.1	19.8
Domestic Net Credit Volume	278,395,523	305,478,312	435,765,118	24.9	9.7	42.7

Source: Central Bank of the Republic of Turkey.

(1): It includes domestic loans.

(2): The data is as of the last Friday of the year.

The loans of the development and investment banks increased 17.8% in 2010 and rose to 15,122 million TL. Within this, the loans of the Export Credit Bank of Turkey increased 6.8% and rose to 2,082 million TL and the loans of the other development and investment banks increased 19.8% and went up to 13,040 million TL.

Connected to these developments, the volume of net domestic credit increased 42.7% in 2010 and rose to 435,765 million TL and showed an increase of 34.1% in real terms.

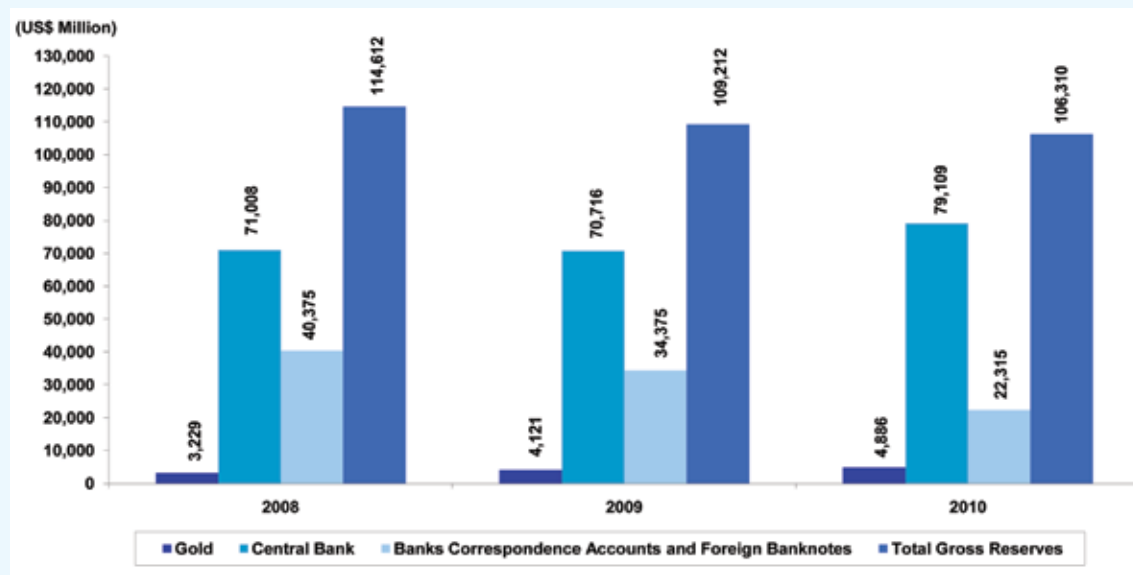
The TCMB gross foreign exchange reserves increased 11.9% in 2010 and rose to US\$79,109 million, the gold reserves increased 18.6% and went up to US\$4,886 million, the bank's correspondence accounts and foreign banknotes decreased 35.1% and regressed to US\$22,315 million. Connected to these changes, the gross international reserves decreased 2.7% and became US\$106,310 million (See Table 64, Graph 42).

**Table 64. International Reserves**

(US\$ Million)							
Years	Gross Foreign Exchange Reserves				Gross International Reserves	Overdrafts	Net International Reserves
	Gold	Central Bank	Banks Correspondence Accounts and Foreign Banknotes	Total			
2008	3,229	71,008	40,375	111,383	114,612	1	114,611
2009	4,121	70,716	34,375	105,091	109,212	1	109,211
2010	4,886	79,109	22,315	101,424	106,310	1	106,309

Source: Central Bank of the Republic of Turkey

The ratio of imports covered by TCMB foreign exchange reserves was realized at the level of 4.2 months in 2008, 6.0 months in 2009 and 5.1 months in 2010. The increase in imports together with the revival of economic activities caused a regression in the average monthly ratio of imports covered by existing foreign exchange compared to the past year (See Table 65).



**Graph 42. International Reserves**

**Table 65. Central Bank Reserves and Rate of Covering Imports**

Years	Central Bank Foreign Exchange Reserves	Imports	Average Monthly Imports	(US\$ Million)
				Rate of Foreign Exchange Reserves Covering Average Monthly Imports
2008	71,008	201,964	16,830	4.2
2009	70,716	140,928	11,744	6.0
2010	79,109	185,497	15,458	5.1

Source: Central Bank of the Republic of Turkey, TURKSTAT.

The number of banks engaged in activities in the banking sector did not change in 2010. In the banking sector, in which deposit banking is predominant, a total of 45 banks engaged in activities with 32 deposit banks and 13 development and investment banks. Of the deposit banks, 3 are composed of banks in the public sector (6.7%), 11 are in the private sector (24.4%), 17 are foreign (37.8%) and 1 bank is within the scope of the Savings Deposit Insurance Fund (SDIF) (2.2%). Of the development and investment banks, 3 are composed of banks in the public sector (6.7%), 6 are in the private sector (13.3%) and 4 banks are foreign capital banks (8.9%). Of the total banks, 71.1% are composed of deposit banks and 28.9% are composed of development and investment banks (See Table 66).

**Table 66. Number of Banks, Branches and Personnel in the Turkish Banking System <sup>(1)</sup>**

Banks	Number of Banks			Number of Branches			Number of Personnel		
	2008	2009	2010	2008	2009	2010	2008	2009	2010
Deposit Banks	32	32	32	8,741	8,983	9,423	166,325	167,063	173,134
State-Owned Banks	3	3	3	2,416	2,530	2,744	43,333	44,856	47,235
Privately-Owned Banks	11	11	11	4,290	4,390	4,582	82,158	82,270	83,633
Banks Transferred to the SDIF	1	1	1	1	1	1	267	261	252
Foreign Banks	17	17	17	2,034	2,062	2,096	40,567	39,676	42,014
Development and Investment Banks	13	13	13	49	44	42	5,273	5,339	5,370
Public Capital Banks	3	3	3	23	22	22	4,146	4,165	4,043
Private Capital Banks	6	6	6	12	15	15	794	842	969
Foreign Capital Banks	4	4	4	14	7	5	333	332	358
Total	45	45	45	8,790	9,027	9,465	171,598	172,402	178,504

Source: The Banks Association of Turkey.

(1): The information for former years could be different from the figures in the previous publication due to the fact that revisions were made by the related institution.

**Table 66. Number of Banks, Branches and Personnel in the Turkish Banking System (Continued)**

Banks	Rates within Total								
	Number of Banks			Number of Branches			Number of Personnel		
	2008	2009	2010	2008	2009	2010	2008	2009	2010
Deposit Banks	71.1	71.1	71.1	99.4	99.5	99.6	96.9	96.9	97.0
State-Owned Banks	6.7	6.7	6.7	27.5	28.0	29.0	25.3	26.0	26.5
Privately-Owned Banks	24.4	24.4	24.4	48.8	48.6	48.4	47.9	47.7	46.9
Banks Transferred to the SDIF	2.2	2.2	2.2	0.0	0.0	0.0	0.2	0.2	0.1
Foreign Banks	37.8	37.8	37.8	23.1	22.8	22.1	23.6	23.0	23.5
Development and Investment Banks	28.9	28.9	28.9	0.6	0.5	0.4	3.1	3.1	3.0
Public Capital Banks	6.7	6.7	6.7	0.3	0.2	0.2	2.4	2.4	2.3
Private Capital Banks	13.3	13.3	13.3	0.1	0.2	0.2	0.5	0.5	0.5
Foreign Capital Banks	8.9	8.9	8.9	0.2	0.1	0.1	0.2	0.2	0.2
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0



**Table 66. Number of Banks, Branches and Personnel in the Turkish Banking System (Continued)**

Banks	Rates of Change								
	Number of Banks			Number of Branches			Number of Personnel		
	2008	2009	2010	2008	2009	2010	2008	2009	2010
Deposit Banks	-3.0	0.0	0.0	15.5	2.8	4.9	8.6	0.4	3.6
State-Owned Banks	0.0	0.0	0.0	9.7	4.7	8.5	5.5	3.5	5.3
Privately-Owned Banks	0.0	0.0	0.0	18.3	2.3	4.4	9.4	0.1	1.7
Banks Transferred to the SDIF	0.0	0.0	0.0	0.0	0.0	0.0	-17.8	-2.2	-3.4
Foreign Banks	-5.6	0.0	0.0	16.8	1.4	1.6	10.5	-2.2	5.9
Development and Investment Banks	0.0	0.0	0.0	2.1	-10.2	-4.5	-0.9	1.3	0.6
Public Capital Banks	0.0	0.0	0.0	0.0	-4.3	0.0	-3.0	0.5	-2.9
Private Capital Banks	0.0	0.0	0.0	0.0	25.0	0.0	15.6	6.0	15.1
Foreign Capital Banks	0.0	0.0	0.0	7.7	-50.0	-28.6	-8.0	-0.3	7.8
Total	-2.2	0.0	0.0	15.4	2.7	4.9	8.2	0.5	3.5

The banking sector was reluctant to provide loans to the real sector, led by the SME loans, during the global crisis. While the public sector securities investments of the banks increased during this period, the problematic loan rates increased and the resources obtained from abroad decreased. In 2010 as a result of a relative decrease in the effects of the crisis, even if slight, and the recovery of economic activities being more rapid than expected, there was also an evident increase in the loan volume.

The total number of branches in the banking sector increased 4.9% in 2010 and rose to 9,423. The number of state-owned deposit bank branches increased 8.5% and rose to 2,744. The number of privately-owned deposit bank branches increased 4.4% and went up to 4,582. The number of foreign deposit bank branches increased 1.6% and rose to 2,096. The number of bank branches within the scope of the fund did not change. While there was no change in the number of branches of the public capital development and investment banks and of the private capital development and investment banks, there was a 28.6% decrease in the number of branches of the foreign capital development and investment banks.

An increase was also observed in the number of personnel in parallel with the increases in the number of branches of the banks. The number of persons working in the banking system was 172,402 persons in 2009 and it increased 3.5% in 2010 and rose to 178,504 persons. The number of persons working in the state-owned deposit banks increased 5.3%. The number of persons working in the privately-owned deposit banks increased 1.7%. The number of persons working in the foreign savings banks increased 5.9%. The number of persons working at the bank within the scope of the fund decreased 3.4%. The number of persons working at the public capital development and investment banks decreased 2.9%. The number of persons working at the private capital development and investment banks increased 15.1%. The number of persons working at the foreign capital development and investment banks increased 7.8%.

### Capital Markets

In 2010 the total value of securities issued increased 5.0% compared to 2009 and rose from 195,691 million TL to 205,470 million TL. Of the securities issued, a 164,419 million TL portion (80.0%) was formed of securities issued by the public sector and a 41,051 million TL portion (20.0%) was formed of securities issued by the private sector (See Table 67, Graph 43).

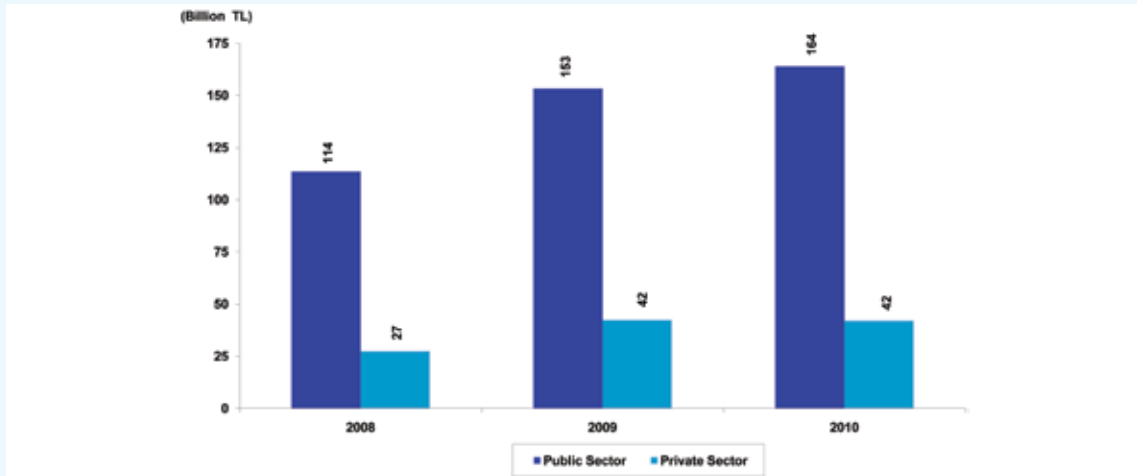


**Table 67. Permits for Issuing Securities**

Components	(Million TL)								
	Value			Rate within Total			Rate of Change		
	2008	2009	2010	2008	2009	2010	2008	2009	2010
<b>Public Sector</b>	113,547	153,343	164,419	80.6	78.4	80.0	-4.0	35.0	7.2
Government Bonds	94,941	134,010	146,877	67.4	68.5	71.5	-7.0	41.2	9.6
Treasury Bills	18,606	19,332	17,542	13.2	9.9	8.5	17.0	3.9	-9.3
Privatization Bonds	0	0	0	0.0	0.0	0.0	-	-	-
<b>Private Sector</b>	27,350	42,349	41,051	19.4	21.6	20.0	159.4	54.8	-3.1
Shares	11,696	4,453	11,410	8.3	2.3	5.6	48.7	-61.9	156.2
Corporate Bonds	200	140	2,533	0.1	0.1	1.2	33.1	-29.8	1704.1
Commercial Papers	50	50	105	0.0	0.0	0.1	-78.3	0.0	110.0
Bank Bills and Bank Guaranteed Bills	0	100	1,100	0.0	0.1	0.5	-	-	1000.0
Mutual Fund Participation Certificates	2,370	23,205	10,753	1.7	11.9	5.2	28.2	879.1	-53.7
Retirement Fund Participation Certificates	12,639	14,400	15,150	9.0	7.4	7.4	2708.8	13.9	5.2
Foreign Mutual Fund Participation Certificates	394	0	0	0.3	0.0	0.0	-	-	-
<b>Total</b>	140,897	195,691	205,470	100.0	100.0	100.0	9.4	38.9	5.0

Source: Capital Markets Board.

The issues of public sector government bonds increased at the rather high level of 41.2% in 2009 and by slowing down in 2010, increased 9.6%. Whereas, there was a 9.3% decrease in the issues of treasury bills. Privatization bonds were not issued in 2010, just as in 2008 and 2009. Connected to these developments, the total public sector securities issued increased 7.2% and rose to 164,419 million TL. Of this, a 146,877 million TL portion (89.3%) was composed of the issues of government bonds and a 17,542 million TL portion (10.7%) was composed of the issues of treasury bills.

**Graph 43. Permits for Issuing Securities**

The high rate of increase realized in the issues of private sector securities in 2008 decelerated in 2009 and regressed 54.8% and became 42,349 million TL. The increases in the issues of mutual fund investment participation certificates and retirement fund participation certificates were effective in this development. Whereas, in 2010 the increases were replaced by decreases and the issues of private sector securities showed a 3.1% decrease compared to 2009. This decrease stemmed to a great extent from a decrease in

the issues of the mutual fund investment participation certificates. In 2010, of the issues of private sector securities, an 11,410 million TL portion (27.8%) was formed of shares, a 2,533 million TL portion (6.2%) was formed of corporate bonds, a 105 million TL portion (0.3%) was formed of commercial papers, a 1,100 million TL portion (2.7%) was formed of bank bills and bank guaranteed bills, a 10,753 million TL portion (26.2%) was formed of mutual fund participation certificates and a 15,150 million TL portion (36.9%) was formed of retirement fund participation certificates.

As of months in 2010, the issues of private sector securities were made the most in October at 13,000 million TL. This was followed by the issues made in November at 6,421 million TL and the issues made in December at 3,894 million TL. The months when the most intensive issues of shares were made: December, November, May and October. The months when the most intensive issues of mutual fund participation certificates were made: August, September, November and October. The month when the most intensive issues of retirement fund participation certificates were made: October (See Table 68).

**Table 68. Private Sector Permits for Issuing Securities**

(000 TL)											
Years	Months	Shares	Corporate Bonds	Commercial Papers	Bank Bills and Bank Guaranteed Bills	Mutual Fund Participation Certificates	Retirement Fund Participation Certificates	Foreign MF Participation Certificates	Grand Total	Rate of Change Compared to a Previous Month	Rate of Change Compared to the Same Month of a Previous Year
2008	I	778,898	-	-	-	851,988	-	-	1,630,886	61.4	9062.3
	II	1,000	-	-	-	289,852	7,935,376	-	8,226,228	404.4	627.5
	III	247,374	50,000	-	-	167,880	-	-	465,254	-94.3	154.4
	IV	62,000	-	-	-	54,287	3,300,000	-	3,416,287	634.3	23.2
	V	7,494,063	-	-	-	120	-	-	7,494,183	119.4	2644.2
	VI	645,000	-	-	-	5,035	-	-	650,035	-91.3	-42.8
	VII	1,467,392	-	-	-	1,000,000	-	-	2,467,392	279.6	699.4
	VIII	570,639	-	-	-	-	4,000	-	574,639	-76.7	13.3
	IX	137,678	150,000	-	-	150	150,000	-	437,828	-23.8	6.6
	X	26,106	-	-	-	100	1,250,000	-	1,276,206	191.5	-1.8
	XI	8,750	-	50,000	-	650	-	393,957	453,357	-64.5	-69.6
	XII	257,289	-	-	-	100	-	-	257,389	-43.2	-74.5
Total		11,696,189	200,000	50,000	-	2,370,162	12,639,376	393,957	27,349,684	-	-
2009	I	135,885	-	-	-	330,000	-	-	465,885	81.0	-71.4
	II	61,179	-	-	-	600,000	-	-	661,179	41.9	-92.0
	III	303,983	-	-	-	100	-	-	304,083	-54.0	-34.6
	IV	569,389	-	-	-	40,000	50,000	-	659,389	116.8	-80.7
	V	170,617	70,000	50,000	-	8,720,000	-	-	9,010,617	1,266.5	20.2
	VI	0	-	-	-	1,500,000	100,000	-	1,600,000	-82.2	146.1
	VII	439,393	-	-	-	4,000,000	-	-	4,439,393	177.5	79.9
	VIII	43,602	-	-	-	2,700,000	-	-	2,743,602	-38.2	377.4
	IX	688,479	50,400	-	35,000	890,000	-	-	1,663,879	-39.4	280.0
	X	93,223	20,000	-	-	450,000	-	-	563,223	-66.2	-55.9
	XI	441,929	-	-	-	3,930,000	14,150,000	-	18,521,929	3,188.6	3985.5
	XII	1,505,408	-	-	65,000	45,000	100,000	-	1,715,408	-90.7	566.5
Total		4,453,087	140,400	50,000	100,000	23,205,100	14,400,000	-	42,348,587	-	-
2010	I	1,102,300	30,000	80,000	0	130,000	200,000	-	1,542,300	-10.1	231.0
	II	98,863	100,000	0	100,000	100,000	0	-	398,863	-74.1	-39.7
	III	503,824	0	0	0	280,000	0	-	783,824	96.5	157.8
	IV	1,249,776	80,000	0	400,000	200,000	0	-	1,929,776	146.2	192.7
	V	1,429,380	100,000	25,000	0	35,000	0	-	1,589,380	-17.6	-82.4
	VI	498,624	0	0	0	963,000	100,000	-	1,561,624	-1.7	-2.4
	VII	211,294	1,870,800	0	0	50,000	1,700,000	-	3,832,094	145.4	-13.7
	VIII	157,159	20,000	0	0	3,020,000	0	-	3,197,159	-16.6	16.5
	IX	99,678	0	0	300,000	2,500,000	0	-	2,899,678	-9.3	74.3
	X	1,350,310	0	0	100,000	1,150,000	10,400,000	-	13,000,310	348.3	2208.2
	XI	1,839,709	281,540	0	100,000	2,200,000	2,000,000	-	6,421,249	-50.6	-65.3
	XII	2,868,697	50,500	0	100,000	125,000	750,000	-	3,894,197	-39.4	127.0
Total		11,409,613	2,532,840	105,000	1,100,000	10,753,000	15,150,000	-	41,050,453	-	-

Kaynak: Capital Market Board.

The volume of transactions of securities in the secondary markets decreased 18.8% in 2008 and showed a rising trend as if 2009. It increased 29.8% in 2009 and 21.1% in 2010 and rose to the level of 1,264,956 million TL. This increase stemmed to a great extent from the increase in the volume of transactions of private sector shares (See Table 69).

**Table 69. Volume of Transactions in Secondary Markets**

Public/Private Sector	(000 TL)								
	Value			Rate within Total			Rate of Change		
	2008	2009	2010 <sup>(1)</sup>	2008	2009	2010	2008	2009	2010
Public Sector	472,209,095	562,784,715	629,293,129	58.7	53.9	49.7	-21.8	19.2	11.8
Government Bonds	447,099,185	536,355,398	594,083,796	55.6	51.4	47.0	-20.3	20.0	10.8
Treasury Bills	25,109,910	26,429,317	35,209,333	3.1	2.5	2.8	-41.3	5.3	33.2
Private Sector	332,614,149	481,632,979	635,663,045	41.3	46.1	50.3	-14.2	44.8	32.0
Shares	332,614,149	481,632,979	635,663,045	41.3	46.1	50.3	-14.2	44.8	32.0
Total	804,823,244	1,044,417,694	1,264,956,174	100.0	100.0	100.0	-18.8	29.8	21.1

Source: Capital Markets Board.

(1): Old year, information about the institution because of his revised figures may be different from previous publication.

The secondary sales of public sector securities increased 11.8% and became 629,293 million TL. The secondary sales of private sector securities increased 32.0% and became 635,663 million TL.

The share of the public sector securities within the total secondary market transactions decreased from 53.9% to 49.7% in 2010 compared to 2009, whereas the share of the private sector securities rose from 46.1% to 50.3%.

The effects of the crisis that became deeper in the final quarter of 2008 and influenced all of the world markets, also continued in the first quarter of 2009. The data announced indicated that the slowing down in economic activity had become deeper and furthermore, the views that the problems in the international loan markets and the global economy would be influential for a longer period than expected were also the cause of decreases in the IMKB index. Along with starting to show the effects of the financial and monetary policies put into practice, especially in the developed countries as of the second quarter of the year, there was a partial improvement in the expectations. This positive atmosphere was also reflected to the IMKB index and the index rose to the level of 31,651.8 in April 2009. The rising trend in the IMKB index continued up until the end of the year with small fluctuations.

The rising trend that started as of the second quarter of 2009 in the IMKB index, accelerated and continued in 2010. Although it was expected that the recovery in the global economy would be slow and in stages, the strengthening of the perceptions that the crisis was over provided an increase in the risk appetite by supporting the positive atmosphere in the global finance markets. The favorable atmosphere formed in the international markets and the TCMB preserving the interest rates at a low level supported the rise in the IMKB index. Thus, the IMKB index in 2010 increased 24.9% compared to the end of 2009 and closed at the level of 66,004.5 points (See Table 70).

Table 70. Istanbul Stock Exchange

Year	Month	Volume of Transactions <sup>(1)</sup> (000 TL)	IMKB Index (1986 Jan.=100)	Consumer Price Index (2003=100)		Rates of Change in Volume of Transactions	
			Index Value	Index Value	Rate of Change	Nominal	Real
2009	I	34,737,773	42,697,6	146.9	0.8	61.2	60.0
	II	32,453,914	44,776,9	148.8	1.3	-6.6	-7.8
	III	29,460,533	39,015,4	150.3	1.0	-9.2	-10.1
	IV	30,243,074	43,468,1	152.8	1.7	2.7	1.0
	V	26,469,101	39,969,6	155.1	1.5	-12.5	-13.8
	VI	22,818,685	35,089,5	154.5	-0.4	-13.8	-13.5
	VII	31,350,432	42,200,8	155.4	0.6	37.4	36.6
	VIII	23,668,066	39,844,5	155.0	-0.2	-24.5	-24.3
	IX	28,543,514	36,051,3	155.7	0.5	20.6	20.1
	X	29,782,448	27,832,9	159.8	2.6	4.3	1.7
	XI	25,723,900	25,715,0	161.1	0.8	-13.6	-14.3
	XII	17,363,353	26,864,1	160.4	-0.4	-32.5	-32.2
2009	I	24,881,261	25,934,4	160.9	0.8	43.3	60.0
	II	19,758,150	24,026,6	160.4	-0.3	-20.6	-20.3
	III	25,276,431	25,764,8	162.1	1.1	27.9	26.5
	IV	38,907,193	31,651,8	162.2	0.0	53.9	53.9
	V	48,442,296	35,003,0	163.2	0.6	24.5	23.7
	VI	47,099,261	36,949,2	163.4	0.1	-2.8	-2.9
	VII	44,538,971	42,641,3	163.8	0.3	-5.4	-5.7
	VIII	51,831,675	46,551,2	163.3	-0.3	16.4	16.7
	IX	39,921,783	47,910,3	163.9	0.4	-23.0	-23.3
	X	50,753,078	47,184,7	167.9	2.4	27.1	24.1
	XI	41,539,930	45,350,2	170.0	1.3	-18.2	-19.2
	XII	49,584,258	52,825,0	170.9	0.5	19.4	18.7
2010	I	60,478,001	54,650,6	174.1	1.8	22.0	19.8
	II	57,936,927	49,705,5	176.6	1.4	-4.2	-5.6
	III	57,174,511	56,538,4	177.6	0.6	-1.3	-1.9
	IV	57,764,710	58,959,1	178.7	0.6	1.0	0.4
	V	53,885,419	54,384,9	178.0	-0.4	-6.7	-6.4
	VI	41,140,854	54,839,5	177.0	-0.6	-23.7	-23.2
	VII	40,782,685	59,866,8	176.2	-0.5	-0.9	-0.4
	VIII	35,336,611	59,972,6	176.9	0.4	-13.4	-13.7
	IX	48,288,745	65,774,4	179.1	1.2	36.7	35.0
	X	59,017,025	60,404,3	182.4	1.8	22.2	20.0
	XI	51,425,090	65,350,9	182.4	0.0	-12.9	-12.9
	XII	73,090,897	66,004,5	181.9	-0.3	42.1	42.6

Source: Istanbul Stock Exchange, Capital Market Board, TURKSTAT.

(1): It is the volume of transactions in the National Market.

The volume of transactions on the Istanbul Stock Exchange increased 47.4% in December 2010 compared to December 2009 and rose from 49,584 million TL to 73,091 million TL. The highest volume of transactions was realized in December at 73,091 million TL and the lowest volume of transactions was realized in August at 35,337 million TL.

As of months in 2010, the month with the highest real change in the total volume of transactions of the IMKB was realized in September at 35.0% and this was followed by October at 20.0% and January at 19.8%.

### 2.4.3 Public Finance

The global economic crisis started in the financial markets of the developed countries and spread to the entire world. It was the cause of an increase in the public finance deficit and debt stock that was more evident in the developed countries and that was the reason for a shrinkage in economic activities. Whereas, in Turkey, just as in the other developing countries, the public finance indicators displayed a more positive appearance due to the fact that a more rapid recovery in economic activities was realized and that relatively more financial incentive programs with narrow-scope were implemented during the crisis period.

The public finance policy in 2010 with the aim to decrease the expansionist effect of the finance policy was put into practice and carried out according to institutional and structural improvements envisaged within the framework of the Medium-Term Program (MTP). As of 2011, financial tightening was planned in stages.

The increase in general government revenues accelerated and continued in 2010. The general government revenues increased 5.4% in 2009 and increased 17.9% in 2010 and rose to 388,969 million TL (See Table 71).

**Table 71. General Government Revenues**

(Current Prices, Million TL)												
Revenues	2008	2009	2010 <sup>(1)</sup>	Rate of Change			Rate Within Total Revenues			Ratios to GDP		
				2008	2009	2010	2008	2009	2010	2008	2009	2010
Taxes	172,645	176,646	216,726	10.1	2.3	22.7	55.2	53.5	55.7	18.2	18.5	19.6
Direct	55,706	57,394	62,522	18.2	3.0	8.9	17.8	17.4	16.1	5.9	6.0	5.7
Indirect	111,542	113,198	146,430	6.3	1.5	29.4	35.6	34.3	37.6	11.7	11.9	13.3
Asset	5,398	6,053	7,774	14.1	12.1	28.4	1.7	1.8	2.0	0.6	0.6	0.7
Non-Tax Normal Revenues	17,352	18,578	19,985	-2.0	7.1	7.6	5.5	5.6	5.1	1.8	2.0	1.8
Factor Income	53,379	59,612	60,145	9.4	11.7	0.9	17.1	18.1	15.5	5.6	6.3	5.4
Social Funds	61,459	70,823	88,193	27.2	15.2	24.5	19.6	21.5	22.7	6.5	7.4	8.0
Total	304,836	325,658	385,050	12.2	6.8	18.2	97.4	98.7	99.0	32.1	34.2	34.8
Privatization Revenues	8,185	4,370	3,919	-30.6	-46.6	-10.3	2.6	1.3	1.0	0.9	0.5	0.4
Total Revenues	313,020	330,029	388,969	10.4	5.4	17.9	100.0	100.0	100.0	32.9	34.6	35.2

Source: State Planning Organization, TURKSTAT.

(1): It is an estimate of realization.

Tax revenues, which form more than half of the general government revenues, increased 22.7% in 2010 and became 216,726 million TL. In 2010, the non-tax normal revenues increased 7.6% and rose to 19,985 million TL. The factor income increased 0.9% and went up to 60,145 million TL. The social funds increased 24.5% and rose to 88,193 million TL.

The share of the revenue components within the general government revenues from 2009 to 2010 were as follows: taxes rose from 53.5% to 55.7% and social funds went from 21.5% to 22.7%. Non-tax normal revenues regressed from 5.6% to 5.1%, factor income decreased from 18.1% to 15.5% and privatization revenues regressed from 1.3% to 1.0%.

In 2010 the ratio of the general government revenues to the GDP increased 0.6 points compared to the previous year and rose to 35.2%. The ratio of tax revenues increased 1.1 points and rose to 19.6%. The ratio of social funds increased 0.6 points and went up to 8.0%. The ratio of non-tax normal revenues fell 0.2 points and regressed to 1.8%. The ratio of factor income decreased 0.9 points and regressed to 5.4%. The ratio of privatization revenues dropped 0.1 points and regressed to 0.4%.

The general government expenditures increased 16.2% in 2009 and increased 12.4% in 2010 and rose to 429,328 million TL. The current expenditures increased 12.3% and became 189,467 million TL. The general government fixed capital investments decreased 1.1% in 2009 and increased 36.7% in 2010 and rose to 43,205 million TL. The public sector stocks reached 120 million TL in 2010. Thus, the general government investment expenditures, which decreased 2.4% in 2009, increased 37.2% in 2010 and became 43,324 mil-

lion TL. The general government transfer expenditures increased 23.4% in 2009 and with an 8.2% increase in 2010 rose to 196,537 million TL. The current transfers, which constitute a large portion of the transfer expenditures, increased 9.5% in 2010 and became 188,453 million TL. The capital transfers showed an increase of 45.0% in 2009 and with a 15.6% decrease in 2010, regressed to 8,084 million TL (See Table 72).

**Table 72. General Government Expenditures**

(Current Prices, Milyon TL)												
Expenditures	2008	2009	2010 <sup>(1)</sup>	Rate of Change			Rate within Total Expenditures			Ratios to GDP		
				2008	2009	2010	2008	2009	2010	2008	2009	2010
Current Expenditures	149,101	168,683	189,467	18.0	13.1	12.3	45.4	44.2	44.1	15.7	17.7	17.1
Investment Expenditures	32,363	31,574	43,324	21.0	-2.4	37.2	9.8	8.3	10.1	3.4	3.3	3.9
Fixed Capital	31,960	31,611	43,205	22.0	-1.1	36.7	9.7	8.3	10.1	3.4	3.3	3.9
Change in Stock	403	-37	120	-26.5	-109.2	-424.3	0.1	0.0	0.0	0.0	0.0	0.0
Transfer Expenditures	147,201	181,691	196,537	11.6	23.4	8.2	44.8	47.6	45.8	15.5	19.1	17.8
Current Transfers	140,592	172,109	188,453	10.8	22.4	9.5	42.8	45.1	43.9	14.8	18.1	17.1
Capital Transfers	6,609	9,582	8,084	31.8	45.0	-15.6	2.0	2.5	1.9	0.7	1.0	0.7
Stock Change Fund	0	0	0	-	-	-	0.0	0.0	0.0	0.0	0.0	0.0
Total Expenditures	328,665	381,949	429,328	15.3	16.2	12.4	100.0	100.0	100.0	34.6	40.1	38.8

Source: State Planning Organization, TURKSTAT.

(1): It is an estimate of realization.

The current expenditures that had a 44.2% share within the general government expenditures in 2009 regressed to 44.1% in 2010 and the share of transfer expenditures regressed from 47.6% to 45.8%. The share of investment expenditures rose from 8.3% to 10.1%.

The ratio of the general government expenditures to the GDP in 2010 fell 1.3 points compared to the previous year and became 38.8%. The ratio of current expenditures fell 0.6 points to 17.1%. The ratio of transfer expenditures fell 1.3 points and regressed to 17.8%. The ratio of investment expenditures increased 0.6 points and rose to 3.9%.

#### 2.4.3.1 Central Government Budget

The central government budget showed a better performance than expected in 2010. The fact that recovery in economic activity was more rapid than envisioned and the decreases in interest expenditures positively affected the budget balance. Despite the slowing down of the increase in tax revenues in the final months of the year and an increase in the non-interest expenditures prior to the referendum, a significant improvement was realized.

It was targeted in 2010 that the central government budget expenditures would be 286,981 million TL and that the budget revenues would be 236,794 million TL. Thus, it was envisaged that the budget balance would produce a deficit of 50,187 million TL and that the non-interest surplus would be 6,563 million TL.

The central government budget performance was negatively influenced by the global crisis in 2009 and recorded an improvement above the estimated in 2010 due to the more rapid growth of the economy than expected. The basic source of the improvement in the consolidated budget balance was composed of the increasing tax revenues connected to the rapid growth trend in the economy and the tax adjustments. Besides, the decrease occurring in the interest expenditures connected to the relative slowing down of the rate of increase in the non-interest expenditures and to the regression in the domestic borrowing interest rates positively affected the budget balance.

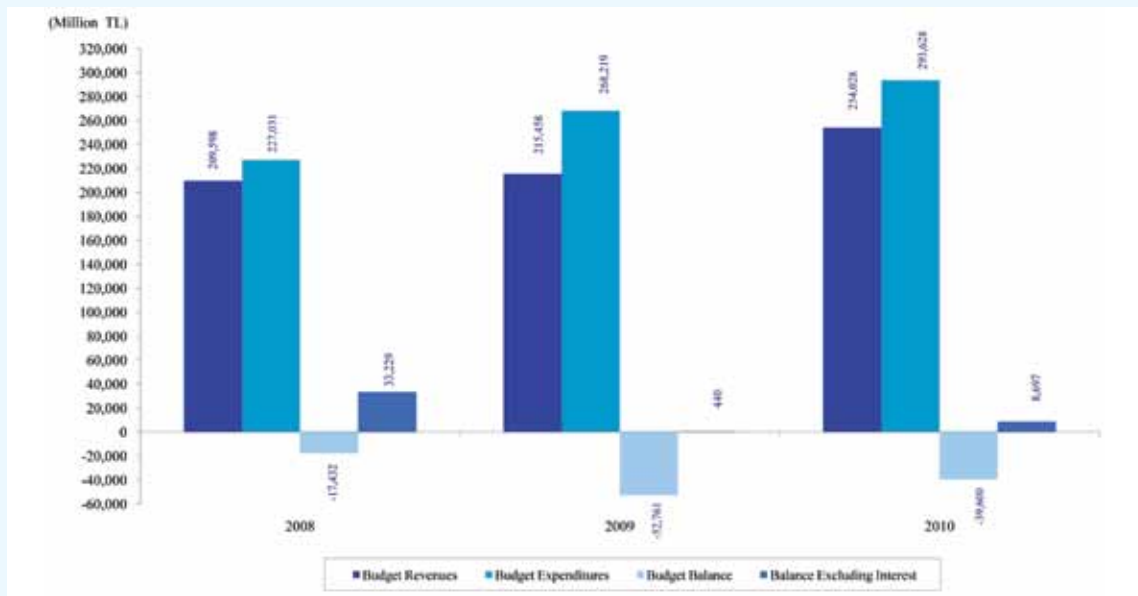
Discipline was realized in the spending items that stemmed predominantly from the cutbacks in the purchases of goods and services. The central government budget revenues increased 17.9% at the end of 2010 and rose to 254,028 million TL and the budget expenditures increased 9.5% and went up to 293,628 million TL. The non-interest surplus of the central government budget rose from 440 million TL to 8,697 million TL. The total budget deficit decreased 24.9% and regressed to 39,600 million TL. The ratio of budget revenues covering expenditures, which was 80.3% in 2009, rose to 86.5% in 2010 (See Table 73).

**Table 73. Realization of Central Government Budgets**

(Million TL)									
Components	2008	2009	2010	Rate of Change			Ratio to GDP		
				2008	2009	2010	2008	2009	2010
Budget Expenditures	227,031	268,219	293,628	11.3	18.1	9.5	23.8	24.3	26.6
Expenditures Excluding Interest	176,369	215,018	245,332	13.6	21.9	14.1	18.5	19.5	22.2
Interest Expenditures	50,661	53,201	48,296	3.9	5.0	-9.2	5.3	4.8	4.4
Budget Revenues	209,598	215,458	254,028	10.1	2.8	17.9	22.0	19.5	23.0
Budget Balance	-17,432	-52,761	-39,600	27.2	202.7	-24.9	-1.8	-4.8	-3.6
Balance Excluding Interest	33,229	440	8,697	-5.2	-98.7	1876.3	3.5	0.0	0.8
Source: Ministry of Finance, TURKSTAT.									

Source: Ministry of Finance, TURKSTAT.

The expenditures were realized at 6,647 million TL above the target, whereas revenues were realized at 17,234 million TL above the target. The central government budget deficit was realized at 10,587 million TL below the targeted value and the non-interest balance was realized at 2,134 million TL above the target (See Graph 44).

**Graph 44. Central Government Budget Realizations**

In 2010 the ratio of the central government budget revenues to the GDP rose from 19.5% to 23.0%. The ratio of the central government budget expenditures to the GDP rose from 24.3% to 26.6%. The ratio of the central government budget deficit to the GDP regressed from 4.8% to 3.6%. The ratio of the non-interest central government budget surplus to the GDP was 0.8%.

### Revenues

A series of expenditure and revenue measures were put into practice within the scope of the expansionist financial policies in 2009 with the objective of limiting the negative influences of the global crisis. In 2010 the budget balance displayed a more positive appearance due to the more rapid realization of recovery in economic activities in Turkey and due to the fact that the financial incentive programs implemented during the crisis had a narrower scope. Together with the revival of economic activities an increase above the targets was obtained in the tax revenues.

At the end of the year, the central government budget revenues increased 17.9% and rose to 254,028 million TL and were realized at 17,234 million TL above the targets (See Table 74).



Table 74. Central Government Budget Revenues

Components	(Million TL)								
	2008	2009	2010	Rate of Change			Rate within Total		
				2008	2009	2010	2008	2009	2010
Total	209,598	215,458	254,028	10.1	2.8	17.9	100.0	100.0	100.0
A- General Budget Revenues	203,027	208,610	246,142	9.9	2.8	18.0	96.9	96.8	96.9
1- Tax Revenues	168,109	172,440	210,532	10.0	2.6	22.1	80.2	80.0	82.9
Taxes on Income, Profit and Capital Gains	54,935	56,469	61,317	14.0	2.8	8.6	26.2	26.2	24.1
Income Tax	38,030	38,446	40,392	10.4	1.1	5.1	18.1	17.8	15.9
Corporation Tax	16,905	18,023	20,925	22.9	6.6	16.1	8.1	8.4	8.2
Property Taxes	4,088	4,664	5,249	12.1	14.1	12.5	2.0	2.2	2.1
Inheritance and Transfer Taxes	144	168	215	15.6	16.8	28.1	0.1	0.1	0.1
Motor Vehicle Taxes	3,944	4,496	5,033	12.0	14.0	12.0	1.9	2.1	2.0
Domestic Taxes on Goods and Services	67,258	73,136	91,736	5.8	8.7	25.4	32.1	33.9	36.1
Domestic Value Added Tax	16,805	20,853	26,325	0.1	24.1	26.2	8.0	9.7	10.4
Special Consumption Taxes	41,832	43,620	57,285	7.0	4.3	31.3	20.0	20.2	22.6
Banking and Insurance Transaction Taxes	3,695	4,003	3,571	17.3	8.3	-10.8	1.8	1.9	1.4
Gambling Taxes	376	396	434	15.2	5.2	9.7	0.2	0.2	0.2
Special Communications Taxes	4,551	4,265	4,121	8.1	-6.3	-3.4	2.2	2.0	1.6
Taxes on International Trade and Transactions	32,781	28,651	39,527	13.2	-12.6	38.0	15.6	13.3	15.6
Customs Duties	2,770	2,466	3,240	13.5	-11.0	31.4	1.3	1.1	1.3
Value Added Tax on Imports	29,972	26,134	36,208	13.1	-12.8	38.5	14.3	12.1	14.3
Other Foreign Trade Revenues	39	51	80	5.5	31.6	54.6	0.0	0.0	0.0
Stamp Taxes	3,945	4,169	5,083	8.3	5.7	21.9	1.9	1.9	2.0
Fees	5,050	4,755	7,007	6.5	-5.8	47.4	2.4	2.2	2.8
Other Taxes Not Elsewhere Classified	51	596	615	10.8	1074.8	3.2	0.0	0.3	0.2
2- Enterprise and Property Revenues	7,422	9,948	9,788	-9.9	34.0	-1.6	3.5	4.6	3.9
3- Grants, Aids and Special Revenues	850	807	1,208	-53.9	-5.0	49.6	0.4	0.4	0.5
4- Interests, Shares and Fines	17,126	23,058	21,014	9.0	34.6	-8.9	8.2	10.7	8.3
5- Capital Revenues	9,114	2,044	3,376	49.9	-77.6	65.1	4.3	0.9	1.3
6- Collection from Loans	407	312	224	316.6	-23.2	-28.3	0.2	0.1	0.1
B- Revenues from Special Budget Institutions	4,825	5,037	5,954	21.5	4.4	18.2	2.3	2.3	2.3
C- Revenues from Regulatory and Supervisory Institutions	1,747	1,811	1,933	10.2	3.7	6.7	0.8	0.8	0.8

Source: Ministry of Finance.

The tax revenues, which had the largest share within the central government budget revenues in 2010, increased 22.1% and rose to 210,532 million TL. Thus, the tax revenues were realized at a level of 17,208 million TL above the targets. The share of the tax revenues within the central government budget revenues was 82.9% in 2010.

Among the tax revenues, the direct taxes formed from the total of taxes on incomes, profit and capital gains and property taxes increased 8.9% and rose to 66,566 million TL. The indirect taxes formed from the domestic taxes on goods and services and the taxes on international trade and transactions increased 29.0% and rose to 131,263 million TL.

The non-tax revenues decreased 1.6% and regressed to 35,610 million TL. The enterprise and property revenues, within the non-tax revenues, decreased 1.6% and regressed to 9,788 million TL. Interests, shares and fines decreased 8.9% and went down to 21,014 million TL. The collection from loans decreased 28.3% and regressed to 224 million TL. Donations, aids and special revenues increased 49.6% and became 1,208 million TL. Capital revenues increased 65.1% and reached 3,376 million TL.

In 2010 the revenues of special budget institutions increased 18.2% and rose to 5,954 million TL. The revenues of regulatory and supervisory institutions increased 6.7% and went up to 1,933 million TL.

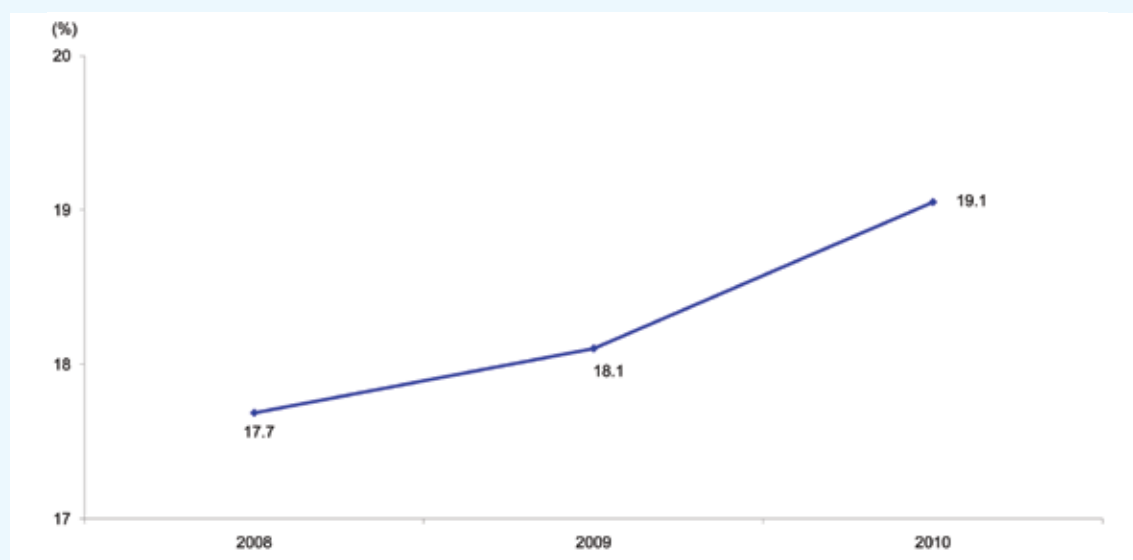
The ratio of the total tax revenues to the GDP, which is defined as the total tax burden, was 18.1% in 2009 and was realized at 19.1% in 2010 (See Table 75, Graph 45).



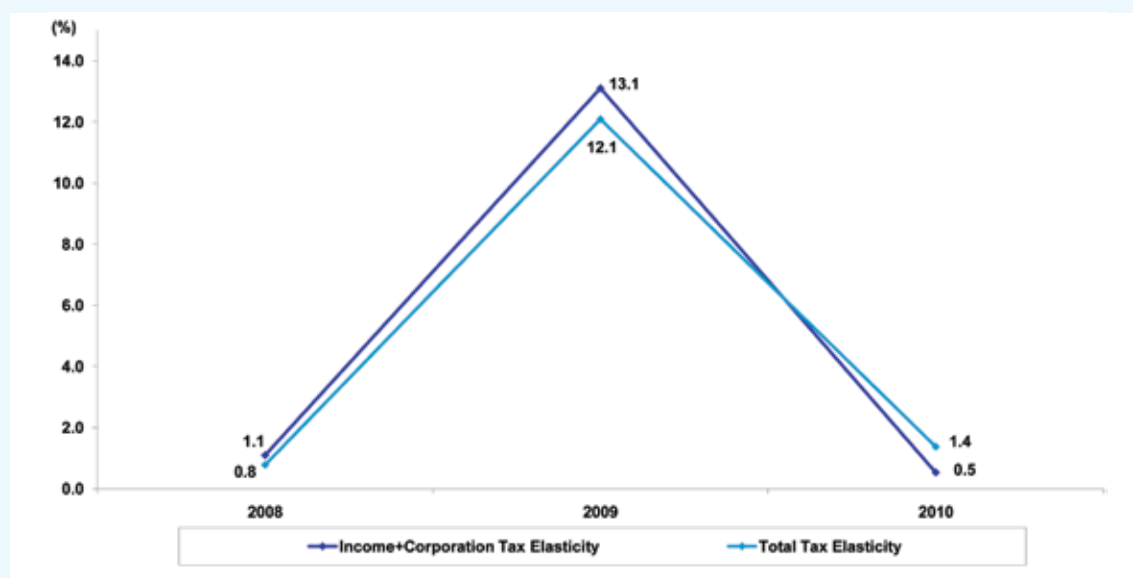
**Table 75. Tax Burden and Tax Elasticity Coefficients**

Indicators	2008	2009	2010
Total Tax Burden	17.7	18.1	19.1
Total Tax Elasticity	0.8	12.1	1.4
Income+Corporation Tax Elasticity	1.1	13.1	0.5

Source: Ministry of Finance, TURKSTAT.

**Graph 45. Tax Burden**

Whereas, the tax elasticity coefficient, which shows the sensitivity to the changes in the tax revenues of the GDP, was 12.1% in 2009 and became 1.4% in 2010 (See Graph 46).

**Graph 46. Tax Elasticity Coefficients**

## Expenditures

The infrastructure investment expenditures envisaged within the scope of the economic revival packages in 2009, together with the increases in other expenditures and the increase in transfers made to the social security system caused an increase in the central government budget expenditures. Whereas, in 2010 discipline was realized to a great extent in the expenditures and cutbacks were made in the purchases of goods and services. While regression was recorded in the interest expenditures of the domestic borrowing interest rates connected to a low course, the transfer expenditures continued to increase.

The central government budget expenditures increased 9.5% in 2010 compared to 2009 and rose to the level of 293,628 million TL and was realized at 6,647 million TL above the budget target. The non-interest expenditures increased 14.1% and became 245,332 million TL and rose 15,101 million TL above the budget appropriations. The personnel expenditures increased 11.4% and became 62,301 million TL, the state premium expenditures to the social security organizations increased 53.4% and went up to 11,060 million TL, the current transfers increased 10.8% and rose to 108,891 million TL, the capital expenditures increased 29.1% and went up to 25,907 million TL, the capital transfers increased 56.0% and rose to 6,736 million TL and the purchases of goods and services decreased 3.3% and became 28,823 million TL, all of which form the sub-spending items of the non-interest expenditures. Due to the Treasury commencing to pay a 5 point portion of the employer's share of the social security premium as of November 2008, there was a high rate of increase in the health, retirement and social aid expenditures. The interest expenditures decreased 9.2% and regressed to 48,296 million TL and were realized 8,454 million TL below the budget appropriations (See Table 76).

**Table 76. Central Government Budget Expenditures**

Components of the Central Government Budget Expenditures	(Million TL)								
	2008	2009	2010	Rate of Change			Rate within Total		
				2008	2009	2010	2008	2009	2010
Total	227,031	268,219	293,628	11.3	18.1	9.5	100.0	100.0	100.0
Expenditures Excluding Interest	176,369	215,018	245,332	13.6	21.9	14.1	77.7	80.2	83.6
Personnel Expenditures	48,856	55,947	62,301	12.1	14.5	11.4	21.5	20.9	21.2
Government Premium Expenditures to Social Security	6,408	7,208	11,060	10.4	12.5	53.4	2.8	2.7	3.8
Expenditures for Goods and Services	24,412	29,799	28,823	9.7	22.1	-3.3	10.8	11.1	9.8
Defense and Security	8,327	9,671	9,444	9.6	16.1	-2.3	3.7	3.6	3.2
Health Expenditures	6,765	8,798	5,751	2.1	30.0	-34.6	3.0	3.3	2.0
General Borrowing Expenditures	88	42	25	47.8	-52.5	-39.5	0.0	0.0	0.0
Expenditures for Other Goods and Services	9,231	11,288	13,603	15.8	22.3	20.5	4.1	4.2	4.6
Current Transfers	70,360	91,976	101,891	11.2	30.7	10.8	31.0	34.3	34.7
Duty Losses	2,041	4,138	3,297	45.6	102.8	-20.3	0.9	1.5	1.1
Treasury Aids	38,769	56,951	60,323	6.9	46.9	5.9	17.1	21.2	20.5
Treasury Aids to Social Security Organizations	1,022	1,019	1,342	26.6	-0.4	31.7	0.5	0.4	0.5
Unemployment Insurance Fund	1,022	1,019	1,176	26.6	-0.4	15.5	0.5	0.4	0.4
5 Point Premium Support to Funds	-	-	165	-	-	-	-	-	-
Expenditures for Health, Retirement and Social Aids	35,133	52,685	55,039	6.3	50.0	4.5	15.5	19.6	18.7
Treasury Aids to Local Administrations	1,918	1,591	1,738	12.4	-17.0	9.3	0.8	0.6	0.6
Other Treasury Aids	696	1,657	2,204	-0.1	138.2	33.0	0.3	0.6	0.8
Transfers to Non-Profit Organizations	444	844	1,084	-34.9	90.1	28.4	0.2	0.3	0.4
Transfers to Households	1,101	1,276	1,591	10.5	15.9	24.7	0.5	0.5	0.5
Agricultural Support Payments	5,809	4,495	5,817	4.6	-22.6	29.4	2.6	1.7	2.0
Other Transfers to Households	883	1,031	850	42.9	16.7	-17.6	0.4	0.4	0.3
Social Transfers	442	1,027	1,610	555.2	132.6	56.7	0.2	0.4	0.5
Foreign Transfers	616	722	959	21.5	17.2	33.0	0.3	0.3	0.3
Shares from Revenues	20,256	21,492	26,359	17.8	6.1	22.6	8.9	8.0	9.0
Capital Expenditures	18,516	20,072	25,907	42.4	8.4	29.1	8.2	7.5	8.8
Capital Transfers	3,174	4,319	6,736	-10.4	36.1	56.0	1.4	1.6	2.3
Lending	4,644	5,698	8,613	20.7	22.7	51.2	2.0	2.1	2.9
Reserve Appropriations	0	0	0	-	-	-	-	-	-
Interest Expenditures	50,661	53,201	48,296	3.9	5.0	-9.2	22.3	19.8	16.4
Domestic Debt Interest Payments	44,516	46,762	42,148	7.2	5.0	-9.9	19.6	17.4	14.4
Foreign Debt Interest Payments	5,738	6,318	5,980	-10.4	10.1	-5.4	2.5	2.4	2.0
Interest Expenditures for Discounts and Short-Term Cash Transactions	406	121	168	-49.9	-70.3	39.5	0.2	0.0	0.1
Expenditures for Derivative Products	0	0	0	-	-	-	-	-	-

Source: Ministry of Finance.

The share of the non-interest expenditures within the central government budget expenditures rose from 80.2% to 83.6% compared to the previous year and the share of interest expenditures regressed from 19.8% to 16.4%.

### 2.4.3.2 Funds

Four funds continued to be monitored in 2010 within the scope of the fund balance. These funds were the Support and Price Stabilization Fund, within the budget; the Social Assistance and Solidarity Fund, the Defense Industry Support Fund and the Privatization Fund, outside the budget. The fund revenues, included within the general balance of the public sector, increased 19.5% compared to 2009 under the influence of the increase in the tax revenues and the non-tax normal revenues and rose to 4,955 million TL and the expenditures decreased 4.6% connected to a decrease in net current transfers and current expenditures and regressed to 4,198 million TL (See Table 77).

**Table 77. Fund Balance <sup>(1)</sup>**

Components of Fund Revenues	(Current Prices, Million TL)					
	2008	2009	2010 <sup>(2)</sup>	Ratio to GDP		
				2008	2009	2010
<b>Total Revenues</b>	3,789	4,147	4,955	0.4	0.4	0.4
Tax Revenues	3,541	3,662	4,026	0.4	0.4	0.4
Non-Tax Normal Revenues	211	356	300	0.0	0.0	0.0
Factor Income (Net)	37	52	2	0.0	0.0	0.0
Current Transfers (Net)	0	0	0	0.0	0.0	0.0
Capital Transfers (Net)	0	77	627	0.0	0.0	0.1
<b>Total Expenditures</b>	4,243	4,398	4,198	0.4	0.5	0.4
Current Expenditures	2,125	2,125	2,111	0.2	0.2	0.2
Factor Expenditures (Net)	0	0	0	0.0	0.0	0.0
Fixed Capital Investments	0	0	0	0.0	0.0	0.0
Current Transfers (Net)	943	2,273	2,087	0.1	0.2	0.2
Capital Transfers (Net)	1,175	0	0	0.1	0.0	0.0
<b>Revenues-Expenditures Difference</b>	-455	-251	758	0.0	0.0	0.1
<b>Financing</b>	455	251	-758	0.0	0.0	-0.1
Foreign Borrowing	154	218	0	0.0	0.0	0.0
Foreign Debt Repayment	-65	-65	-55	0.0	0.0	0.0
Domestic Payables-Receivables (Net)	-996	-68	-610	-0.1	0.0	-0.1
Change in Cash-Bank	1,363	166	-93	0.1	0.0	0.0

Source: State Planning Organization.

(1): It is excluding the Unemployment Insurance Fund.

(2): It is an estimate of realization.

### 2.4.3.3 State Economic Enterprises

In 2010 the revenues of the operating state economic enterprises increased 4.9% and rose to 80,616 million TL and the expenditures increased 6.5% and went up to 77,378 million TL. A significant portion of the revenues were composed of the sales yield of goods and services included under operating revenues and a significant portion of the expenditures were composed of the sales cost of goods and services collected under operating expenditures (See Table 78).

**Table 78. Financing Balance of Operational SEEs**

Components	2008	2009	2010 <sup>(1)</sup>	(Current Prices, Million TL)		
				Rate of Change		
				2008	2009	2010
A. Total Revenues	75,204	76,877	80,616	35.8	2.2	4.9
I. Operational Income	66,301	68,244	71,182	33.1	2.9	4.3
1. Revenues from Sales of Goods&Services	59,567	61,078	65,675	33.8	2.5	7.5
2. Other Income	6,734	7,166	5,508	26.9	6.4	-23.1
II. Retained Funds	5,307	3,786	3,664	77.4	-28.7	-3.2
1. Depreciations	2,886	2,848	3,093	5.4	-1.3	8.6
2. Reserves	2,421	938	572	853.1	-61.3	-39.0
III. Budget and Funds	3,597	4,847	5,770	39.3	34.8	19.0
IV. Other Income	0	0	0	-	-	-
B. Total Expenditures	74,592	72,664	77,378	38.4	-2.6	6.5
I. Operational Expenditures	66,882	62,401	68,289	37.3	-6.7	9.4
1. Sales Cost of Goods and Services	54,568	49,554	56,327	41.3	-9.2	13.7
2. Other Expenditures	12,314	12,847	11,962	22.0	4.3	-6.9
II. Investment Expenditures	3,002	3,699	6,627	17.9	23.2	79.2
III. Increase in Stock	2,633	2,600	-1,005	728.0	-1.3	-138.7
IV. Revaluation	201	879	882	-84.2	337.3	0.3
V. Direct Taxes	969	1,798	1,899	125.3	85.6	5.6
VI. Dividend Payments	892	1,265	631	47.0	41.8	-50.1
VII. Other Expenditures	14	22	54	75.0	57.1	145.5
C. Borrowing Requirement	612	4,213	3,238	-59.3	588.4	-23.1
D. Financing	-612	-4,213	-3,238	-59.3	588.4	-23.1
I. Change in Cash-Bank	-219	180	70	-68.0	-182.2	-61.1
II. Domestic Borrowing (Net)	921	-1,054	-2,686	-181.2	-214.4	154.8
III. Foreign Borrowing (Net)	-1,313	-3,339	-622	-516.8	154.3	-81.4

Source: State Planning Organization.

(1): It is an estimate of realization.

**2.4.3.4 Public Sector Financing Deficit**

The public sector financing deficit that was 48,494 million TL in 2009, regressed to 36,972 million TL in 2010. The public sector financing balance, excluding the budget interest payments, which had a surplus of 4,707 million in 2009, had a surplus of 11,324 million TL in 2010. The shrinkage of the central government budget deficit and the positive developments recorded in the financing balances of the local administrations and the social security organizations were determining factors in the improvement of the public sector borrowing requirement (See Table 79).

**Table 79. Public Sector Borrowing Requirement**

Components	2008	2009	2010 <sup>(1)</sup>	(Current Prices, Million TL)		
				Ratio to GDP		
				2008	2009	2010
Central Government Budget	17,432	52,761	44,178	1.8	5.5	4.0
SEE	-247	-3,426	-3,387	0.0	-0.4	-0.3
Operating	-612	-4,213	-3,238	-0.1	-0.4	-0.3
Organizations within the Scope of Privatization	364	787	-149	0.0	0.1	0.0
Local Administrations	6,018	4,230	2,545	0.6	0.4	0.2
Revolving Fund	-666	-828	-1,141	-0.1	-0.1	-0.1
Social Security Organizations	53	-751	0	0.0	-0.1	0.0
Unemployment Insurance Fund	-7,647	-3,743	-4,465	-0.8	-0.4	-0.4
Funds	455	251	-758	0.0	0.0	-0.1
Borrowing Requirement	15,397	48,494	36,972	1.6	5.1	3.3
Budget Interest Payments	50,661	53,201	48,296	5.3	5.6	4.4
Non-Interest Borrowing Requirement	-35,264	-4,707	-11,324	-3.7	-0.5	-1.0

Source: State Planning Organization, Ministry of Finance.

(1): It is an estimate of realization

The central government budget deficit, which had the largest share within the public sector deficit in 2010, had a deficit of 44,178 million TL and the local administrations had a deficit of 2,545 million TL. The operating SEEs had a surplus of 3,238 million TL, the SEEs within the scope of privatization had a surplus of 149 million TL, the revolving funds had a surplus of 1,141 million TL, the Unemployment Insurance Fund had a surplus of 4,465 million TL and the funds had a surplus of 758 million TL.

The ratio of the public sector financing borrowing requirement to the GDP in 2010 was realized at 3.3%. There was a deficit of 4.0% of the GDP for the central government budget financing balance and 0.2% for the local administrations. Whereas, there was a surplus of 0.3% of the GDP for the financing balance of the SEEs, 0.4% for the financing balance of the Unemployment Insurance Fund, 0.1% surplus for the revolving fund balance.

#### 2.4.3.5 Privatization

The privatization implementations, which started in 1984 with the application of transfers to the private sector with the objective of completing the semi-completed facilities belonging to the public sector or of establishing a new facility in its place, accelerated as of 2006.

With the privatization applications as of 1985, the public shares of 270 organizations, 22 semi-completed facilities, 788 real estate properties, 8 highways, 2 Bosphorus bridges, 104 facilities, 6 ports, the license rights to betting, gaming and lotteries and the vehicle inspection stations have been taken within the scope of privatization. The public shares of 25 organizations and 4 real estate properties were later removed from the scope of privatization without being subjected to privatization.

Within the framework of the program carried out by taking the public shares of the organizations, which belong to the public sector or which have a public sector participation, within the scope of privatization, up until the present-day the sales/transfers of the shares or assets of 199 organizations have been made and no public shares have remained in 188 of these organizations. Presently, there are 23 organizations within the scope and in the program of privatization. There is a public sector share of over 50.0% in 11 of these organizations. Furthermore, 446 real estate properties, 78 facilities, 3 ports, 8 highways, 2 Bosphorus bridges and the rights for betting, gaming and lotteries are within the scope of privatization.

A total of US\$8,096 million in privatization was realized in 2006, US\$6,297 million in 2008, US\$2,274 million in 2009 and a total of US\$3,086 million in privatization was realized in 2010. Of this, US\$3,082 million was for the sales of facilities/assets and US\$4 million was made with the transfers with payments method. The total of the privatization applications realized between 1985 and 2010 was US\$41,757 million (See Table 80).

**Table 80. Privatization Transactions**

Transactions	(US\$ 000)		
	Accumulated Total (1985-2009)	2010	Accumulated Total (1985-2010)
Block Sales	20,257,067	0	20,257,067
Sales of Facilities/Assets	9,348,153	3,081,591	12,429,744
Public Offerings	7,091,203	0	7,091,203
Sales on Istanbul Stock Exchange	1,261,054	0	1,261,054
Sales of Incompleted Facilities	4,369	0	4,369
Transfers with Payments	709,910	3,888	713,798
Total	38,671,755	3,085,479	41,757,234

Source: Privatization Administration.

### 2.4.3.6 Central Government Debt Stock

The financial crisis, which became deeper as of the end of 2008 and acquired a global attribute, influenced to a great extent the financial and debt management policies of Turkey, just as it did throughout the world. The increasing budget deficits, financing need and the public sector debt stocks increased rapidly at the end of the expansionist financial policies put into practice as a measure for decreasing the effects of the crisis in 2009. The shrinking of foreign borrowing opportunities and stagnation in economic activities connected to the global changes made it necessary to cover the borrowing needs to a significant extent with domestic borrowing. In 2010 the prudent monetary policy and the compatible financial and borrowing policies implemented as well as the recovery in the economy being more rapid than estimated, created a positive influence on the public finance balances. The central government debt stock indicators were positively influenced by the decrease to a significant rate in the public sector borrowing requirement and the low course of the interest rates.

In 2010 in general, an improvement was obtained in the rates of public sector debts, the real cost of borrowing fell at a significant rate and the average term of the debt was extended and the share of the debt in TL increased within the debt stock.

According to the 2010 financing program of the Treasury, it was planned to make the foreign exchange domestic borrowing at a maximum of 50% of the foreign exchange domestic debt redemptions and to make the TL domestic borrowing mostly with constant-interest instruments connected to the market conditions.

The central government total debt stock grew 7.2% in 2010 compared to 2009 and was realized at the level of 473,302 million TL. The central government domestic debt stock increased 6.9% and rose to 352,841 million TL. The foreign debt stock increased 8.0% and went up to 120,461 million TL. The central government total debt stock in US dollars in 2010 was realized at US\$306,146 million, the domestic debt stock at US\$228,228 million and the foreign debt stock was realized at US\$77,918 million.

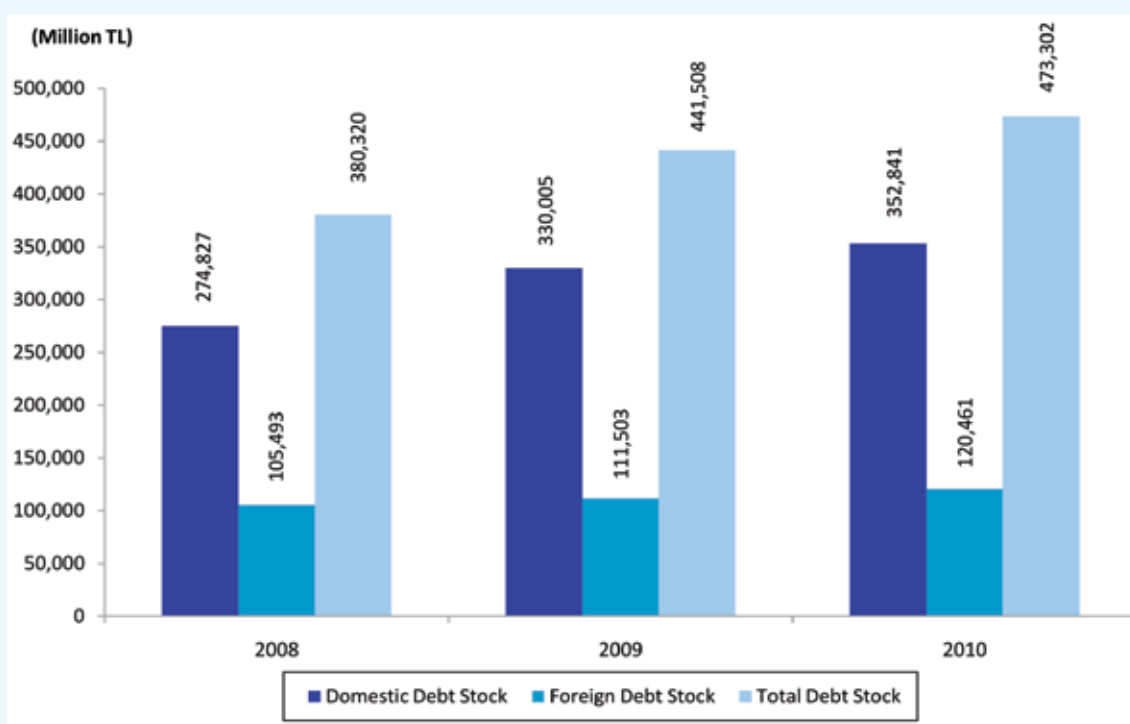
The share of the domestic debt stock within the central government debt stock in 2010 compared to 2009 regressed from 74.7% to 74.5% and the share of the foreign debt stock rose from 25.3% to 25.5%.

The ratio of the central government total debt stock to the GDP in 2010 was realized at the level of 42.8%, while the ratio of the domestic debt stock to the GDP was 37.0% and the ratio of the foreign debt stock to the GDP became 10.9% (See Table 81, Graph 47).

**Table 81. Total Debt Stock of Central Government**

Components of Debt Stock	2008	2009	2010	Rate of Change		
				2008	2009	2010
Million (TL)						
Domestic Debt Stock	274,827	330,005	352,841	7.6	20.1	6.9
Foreign Debt Stock	105,493	111,503	120,461	34.9	5.7	8.0
Total Debt Stock	380,320	441,508	473,302	14.0	16.1	7.2
US\$ Million						
Domestic Debt Stock	181,728	219,170	228,228	-17.1	20.6	4.1
Foreign Debt Stock	69,757	74,054	77,918	3.9	6.2	5.2
Total Debt Stock	251,485	293,224	306,146	-12.2	16.6	4.4
Rate within Total						
Domestic Debt Stock	72.3	74.7	74.5	-5.6	3.4	-0.3
Foreign Debt Stock	27.7	25.3	25.5	18.3	-9.0	0.8
Total Debt Stock	100.0	100.0	100.0	0.0	0.0	0.0
Ratio to GDP						
Domestic Debt Stock	28.9	34.6	37.0	-4.5	19.8	6.9
Foreign Debt Stock	11.1	11.7	10.9	19.7	5.5	-6.9
Total Debt Stock	40.0	46.3	42.8	1.2	15.8	-7.6
Source: Undersecretariat of the Treasury.						

Source: Undersecretariat of the Treasury.



Graph 47. Total Debt Stock of the Central Government

The ratio of change in the domestic debt stock, which was 20.1% in 2009, regressed to 6.9% in 2010. The total domestic debt stock increased US\$22,837 million and rose to US\$352,842 million. Of this, 343,317 million TL (97.3%) was composed of government bonds and 9,525 million TL (2.7%) was composed of treasury bills (See Table 82).

Table 82. Domestic Debt Stock

(Million TL)							
Years	Type of Debt	Payments			Borrowing	Debt Stock	Rate of Change in Debt Stock
		Principal	Interest	Total			
2008	Government Bonds	83,268	43,736	127,004	94,941	260,849	4.7
	Treasury Bills	10,762	780	11,542	18,606	13,978	127.9
	Total	94,030	44,516	138,546	113,547	274,827	7.6
2009	Government Bonds	78,890	44,711	123,602	134,010	315,969	21.1
	Treasury Bills	19,275	2,051	21,326	19,332	14,036	0.4
	Total	98,165	46,762	144,928	153,342	330,005	20.1
2010 <sup>(1)</sup>	Government Bonds	119,529	40,688	160,218	146,877	343,317	8.7
	Treasury Bills	22,054	1,460	23,514	17,543	9,525	-32.1
	Total	141,583	42,148	183,732	164,420	352,842	6.9

Source: Undersecretariat of the Treasury.

(1): It is provisional data.

In 2010 a total of 164,420 million TL in borrowing was made, with a 146,877 million TL portion from the sale of government bonds and a 17,543 million TL portion from the sale of treasury bills. In response to this, a total of 160,218 million TL in government bond payments were made with 119,529 million TL in principal and 40,688 million TL in interest and a total of 23,514 million TL in treasury bill payments were made with 22,054 million TL in principal and 1,460 million TL in interest. Thus, in 2010 a total of 183,732 million TL in domestic debt payments were realized with 141,583 million TL in principal and 42,148 million TL in interest.

The annual compound real interest rate of the domestic debt stock, which regressed to 6.5% in 2008 and 2.5% in 2009, continued its falling trend in 2010 and was realized at 1.6%. The annual compound real interest rate showed a regression of 35.2% in 2010 compared to the previous year. The improvement trend that started in the term structure of the domestic debt stock in 2005, was reversed in 2008 and once again improved as of 2009. The term of the domestic debt stock, which was 23.9 months in 2008, rose to 24.4 months in 2009 and to 31 months in 2010 (See Table 83).

**Table 83. Maturity Composition and Annual Compound Real Interest of the Domestic Debt Stock**

Components	2008	2009	2010 <sup>(1)</sup>	Rate of Change		
				2008	2009	2010
Maturity (Months)	23.9	24.4	31.0	-7.0	2.1	27.0
Interest (%)	6.5	2.5	1.6	-15.6	-60.8	-35.2

Source: Undersecretariat of the Treasury.

(1): It is provisional data.

The cash domestic debt stock in 2010 increased 11.9% and rose to 350,379 million TL and the non-cash domestic debt stock decreased 85.3% and regressed to 2,463 million TL. Within the total domestic debt stock, the share of the cash domestic debt stock increased from 94.9% to 99.3% and the share of the non-cash domestic debt stock decreased from 5.1% to 0.7% (See Table 84).

**Table 84. Foreign Exchange/Interest Composition of the Domestic Debt Stock**

Components	(Million TL)					
	2008		2009		2010 <sup>(1)</sup>	
	Stock Value	Rate within Total Stock	Stock Value	Rate within Total Stock	Stock Value	Rate within Total Stock
Cash	248,691	90.5	313,232	94.9	350,379	99.3
TL-Fixed Rate	125,835	45.8	144,039	43.6	170,200	48.2
TL-Floating Rate	100,629	36.6	152,025	46.1	174,684	49.5
Foreign Currency Denominated	22,227	8.1	17,168	5.2	5,495	1.6
Foreign Currency Indexed	-	-	-	-	-	-
Non-Cash	26,136	9.5	16,772	5.1	2,463	0.7
TL-Fixed Rate	435	0.2	853	0.3	122	0.0
TL-Floating Rate	24,937	9.1	15,920	4.8	2,341	0.7
Foreign Currency Denominated	-	-	-	-	-	-
Foreign Currency Indexed	764	0.3	-	-	-	-
Total Stock	274,827	100.0	330,004	100.0	352,842	100.0
TL-Fixed Rate	126,270	45.9	144,892	43.9	170,322	48.3
TL-Floating Rate	125,566	45.7	167,945	50.9	177,025	50.2
Foreign Currency Denominated	22,227	8.1	17,168	5.2	5,495	1.6
Foreign Currency Indexed	764	0.3	-	-	-	-

Source: Undersecretariat of the Treasury.

(1): It is provisional data.



Within the total domestic debt stock, while the shares of the TL fixed rate promissory notes increased, the shares of the TL floating rate promissory notes and the shares of the foreign exchange denominated promissory notes decreased. Of the domestic debt stock in 2009, 43.9% was for fixed rate, 50.9% was for floating rate and 5.2% was for foreign exchange rate promissory notes. These rates in 2010 were 48.3%, 50.2% and 1.6%, respectively.

The market share in the distribution of the domestic debt stock by lenders rose from 81.5% to 85.4% in 2010 and the share of the public sector regressed from 18.5% to 14.6% (See Table 85).

**Table 85. Domestic Debt Stock by Lenders**

Components	(Million TL, US\$ Million)								
	2008			2009			2010 <sup>(1)</sup>		
	TL	US\$	Rate within Total	TL	US\$	Rate within Total	TL	US\$	Rate within Total
Grand Total	274,827	181,729	100.0	330,005	219,170	100.0	352,841	228,228	100.0
Public Sector	65,751	43,478	23.9	60,923	40,461	18.5	51,393	33,243	14.6
Central Bank <sup>(2)</sup>	13,028	8,615	4.7	8,028	5,332	2.4	0	0	0.0
Public Sector Banks <sup>(2)</sup>	10,053	6,647	3.7	5,551	3,687	1.7	0	0	0.0
SDIF <sup>(2)</sup>	3,105	2,053	1.1	2,341	1,555	0.7	2,341	1,514	0.7
Other Public Sector <sup>(3)</sup>	39,566	26,163	14.4	45,003	29,888	13.6	49,052	31,729	13.9
Market	209,076	138,250	76.1	269,082	178,709	81.5	301,448	194,986	85.4

Source: Undersecretariat of the Treasury.

(1): It is provisional data.

(2): It only includes the non-cash issues made to the public sector banks and negotiable instruments given instead of the payments made from these issues.

(3): It includes the drag link sales amount made to the public sector.

## 2.5 Foreign Trade

### 2.5.1 Foreign Trade

#### 2.5.1.1 Foreign Trade Indicators

The global economic crisis that emerged in the final quarter of 2008 and that was the cause of the largest shrinkage in the global economy since the years of World War II, left negative influences on the market in Turkey, just as it influenced all the countries throughout the world and was the cause of an evident decrease in domestic and foreign demand.

The policies implemented, both in the world economies and in Turkey, on behalf of reviving the economic developments after the crisis, provided for the transition to an upward movement for the domestic demand, in particular. The volume of foreign trade, which was US\$334 billion in Turkey in 2008, showed a decrease of 27.2% in 2009 and regressed to US\$243 billion. As a result of the trade activities that accelerated in the final quarter of 2009, the volume of foreign trade increased 23.2% in 2010 compared to 2009 and was realized at US\$299 billion.

The debt crisis experienced upon the appearance of various economic problems in the EU countries as of 2010 influenced the purchasing powers of these countries. This situation also influenced Turkey's exports to a significant extent. Exports, which were realized at US\$132 billion in 2008, decreased 22.6% in 2009 compared to the previous year under the influence of the global crisis and regressed to US\$102 billion and the largest decrease in recent years was realized. Whereas, in 2010, even though Turkey's exports once again entered into a recovery trend and exports were realized at US\$114 billion, it remained low in value compared to the period prior to the crisis. One of the most important reasons for this situation, as it has been mentioned above, can be shown to be the debt crisis that was experienced in the EU countries, which are Turkey's most important export markets.

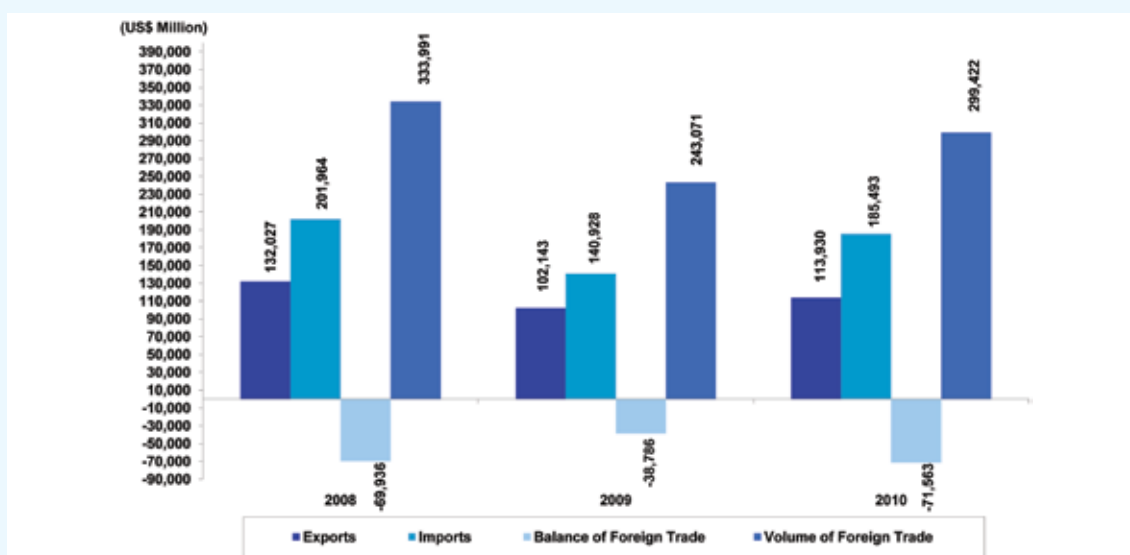
Along with the global crisis experienced in 2008 that caused a decrease in production in the world, it also negatively influenced the buying conditions and was the cause of a decrease in import demands. Together with the crisis, Turkey's imports decreased 30.2% in 2009 compared to the previous year, and fell from US\$202 billion to US\$141 billion. Upon the increase in the growth rates connected to production in 2010,

there was a significant rise in foreign demand. In this manner, Turkey's imports increased 31.6% in 2010 and rose to the level of US\$185 billion. Such a rise in imports also led to an increase in the current deficit. The fact that the increase in imports was more compared to exports according to the previous year made a negative effect on the current deficit. The foreign trade deficit, which increased 84.5% in 2010 compared to the previous year, drew attention as the largest foreign trade deficit value in recent years (See Table 86, Graph 48). The ratio of exports covering imports decreased 11.1 points in 2010 compared to 2009 and regressed from 72.5% to 61.4% (See Graph 49).

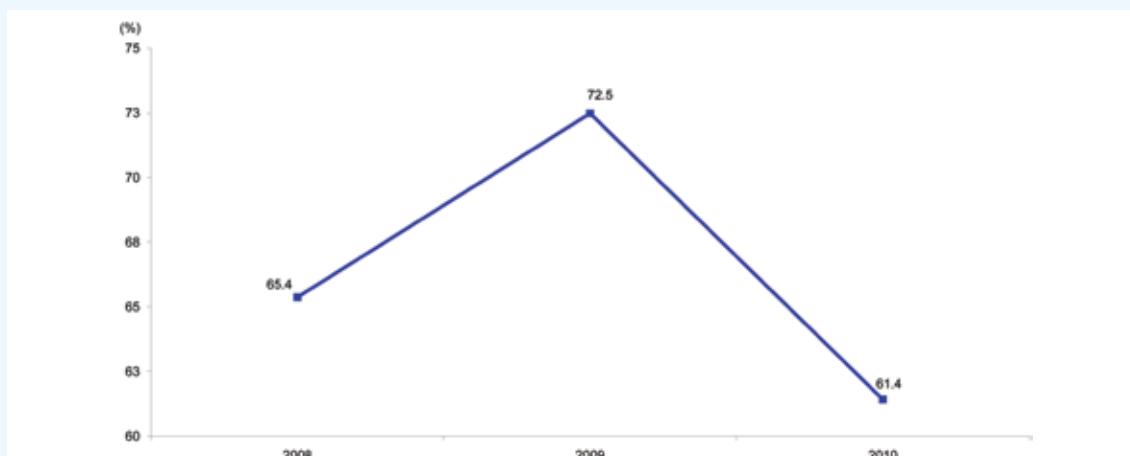
**Table 86. Foreign Trade Indicators**

Indicators	2008	2009	2010	(US\$ Million)		
				Rate of Change		
				2008	2009	2010
Exports	132,027	102,143	113,930	23.1	-22.6	11.5
Imports	201,964	140,928	185,493	18.8	-30.2	31.6
Volume of Foreign Trade	333,991	243,071	299,422	20.4	-27.2	23.2
Balance of Foreign Trade	-69,936	-38,786	-71,563	-11.4	-44.5	84.5
Ratio of Imports Covered by Exports	65,4	72,5	61,4	3.6	10.9	-15.3
Balance of Foreign Trade/Exports (%)	-53,0	-38,0	-62,8	-9.5	-28.3	65.4

Source: TURKSTAT.

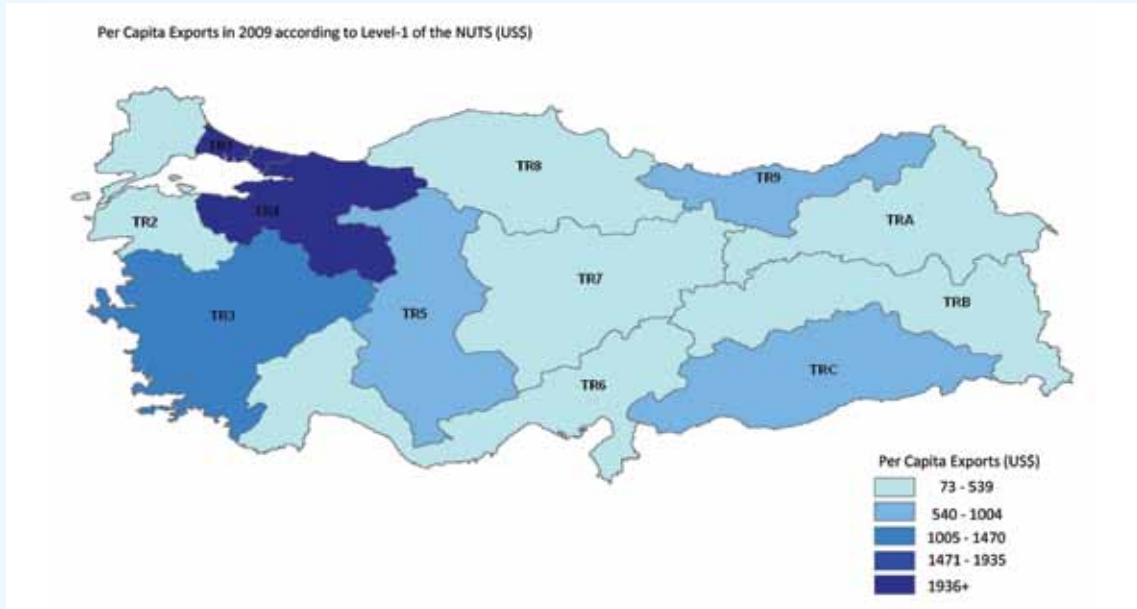


**Graph 48. Foreign Trade Indicators**

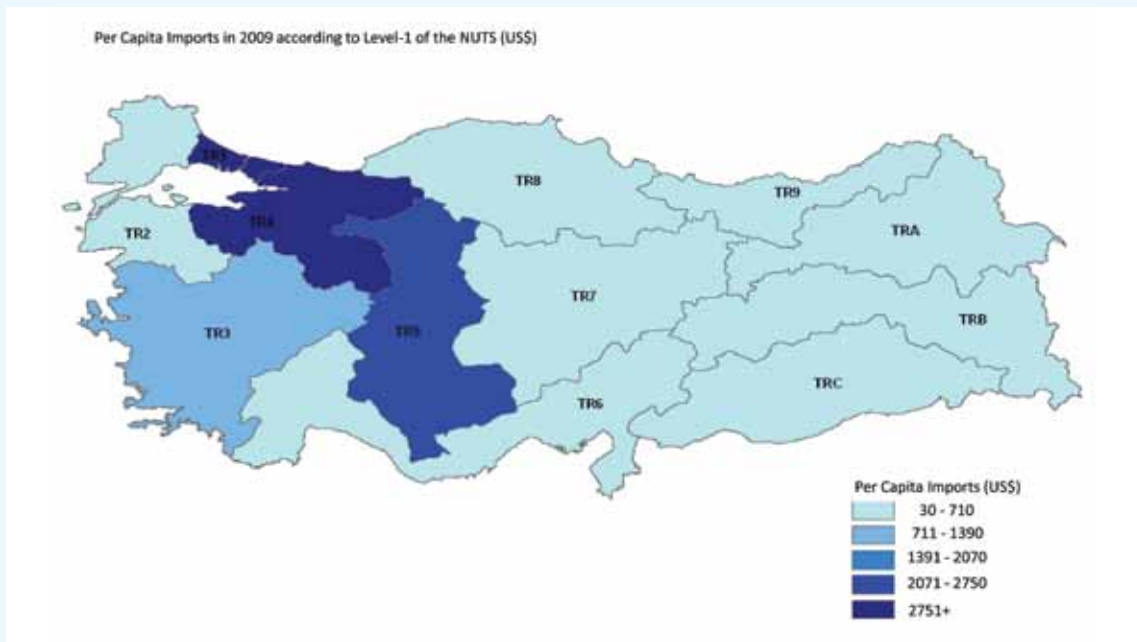


**Graph 49. Ratio of Imports Covered by Exports**

When the 2009 per capita export and import values published by the TURKSTAT are examined according to Level-1 of the NUTS, while the Istanbul Region (TR1) has the highest value in the per capita exports at US\$4,300, this is followed in second place by the Eastern Marmara Region (TR4) at US\$2,401. The North-eastern Anatolia Region (TRA), which is in the final place in the value of per capita exports at US\$73, can only receive 1.6% of that of the Istanbul Region (TR1), which has the highest value. The Istanbul Region (TR1) is also in first place within the per capita import values at US\$6,098 and it is approximately 203.3 fold the amount of the per capita import value of US\$30 of the Central Eastern Anatolia Region (TRB) in the last place (See Graphs 50, 51).



**Graph 50. Per Capita Exports in 2009 according to Level-1 of the NUTS**



**Graph 51. Per Capita Imports in 2009 according to Level-1 of the NUTS**

### 2.5.1.2 Exports

Exports that increased 11.5% in 2010 compared to the previous year, rose from US\$102 billion to US\$114 billion. When the sectors are examined, the highest increase was realized in the exports of the mining and quarrying sector. The mining and quarrying sector exports showed an increase of 59.0% compared to the past year and were realized at US\$2,677 million. The exports of the agricultural and forestry sector increased 13.6% and rose to US\$4,940 million and the exports of the manufacturing sector increased 10.5% and went up to US\$105,494 million. Whereas, in the fishing sector a 20.6% decrease was experienced compared to the past year and the export value regressed to US\$150 million. When the ratios of the sectors within the total exports are examined, it is observed that in 2010 compared to 2009 the ratio of exports of the agriculture and forestry sector remained the same, the ratio of exports of the fishing and manufacturing sectors decreased and the ratio of exports of the mining and quarrying sector increased (See Table 87).

**Table 87. Exports by Sectors**

Sectors	Export Values (US\$ Million)			Rate within Total			Rate of Change		
	2008	2009	2010	2008	2009	2010	2008	2009	2010
Agriculture and Forestry	3,937	4,347	4,940	3.0	4.3	4.3	5.7	10.4	13.6
Fishing	240	189	150	0.2	0.2	0.1	51.9	-21.3	-20.6
Mining and Quarrying	2,155	1,683	2,677	1.6	1.6	2.3	29.7	-21.9	59.0
Manufacturing Industry	125,188	95,449	105,494	94.8	93.4	92.6	23.8	-23.8	10.5
Other	507	474	639	0.4	0.5	0.6	-21.5	-6.5	34.8
Total	132,027	102,143	113,899	100.0	100.0	100.0	23.1	-22.6	11.5

Source: TURKSTAT.

According to the main commodity groups, the export values of intermediate (raw material) goods increased the most in 2010 compared to the previous year at 13.3% and increased to a value of US\$56,362 million. This was followed by consumption goods with an increase of 11.3% and a value of US\$45,352 million. Capital (investment) goods were in third place with an increase of 5.9% and a value of US\$11,774 million. The ratios of the main goods groups within the total exports decreased from 10.9% to 10.3% in the capital (investment) goods, decreased from 39.9% to 39.8% in the consumption goods and showed an increase from 48.7% to 49.5% in the intermediate (raw material) goods (See Table 88).

**Table 88. Exports by Main Commodity Groups**

Commodity Groups	Export Values (US\$ Million)			Rate within Total			Rate of Change		
	2008	2009	2010	2008	2009	2010	2008	2009	2010
Capital (Investment) Goods	16,725	11,117	11,774	12.7	10.9	10.3	21.6	-33.5	5.9
Intermediate (Raw Material) Goods	67,734	49,734	56,362	51.3	48.7	49.5	37.1	-26.6	13.3
Consumption Goods	47,077	40,733	45,352	35.7	39.9	39.8	7.7	-13.5	11.3
Others	491	559	411	0.4	0.5	0.4	17.5	13.8	-26.4
Total	132,027	102,143	113,899	100.0	100.0	100.0	23.1	-22.6	11.5

Source: TURKSTAT.

When the commodity groups with the most contribution to Turkey's exports in 2010 are examined, it is observed that motored land vehicles, tractors, bicycles, motorcycles and other products are in first place at US\$13,814 million. Furthermore, the ratio of this group within the total exports displayed a 0.1 point increase and rose from 12.0% to 12.1%. Whereas, the other commodity groups with the most contributions to exports are boilers, machinery and equipment, instruments and parts in second place at US\$9,338 million; iron and steel in third place at US\$8,761 million and knitted clothing goods and accessories in fourth place at US\$7,742 million. While an increase was observed in all of the chapters in 2010 compared to the previous year, pearls, precious stones and metal goods and metal currency decreased 36.8% and regressed from US\$5,929 million to US\$3,748 million. The exports of land vehicles, which was also influenced by the global crisis, fell to 33.1% in 2009 and by approaching its 2008 level in 2010, recorded an increase of 12.7%.

When the groups are examined in general, the groups in which a decrease was observed in the export amounts in 2009 due to the global crisis, recovered in 2010 and showed an evident increase (See Table 89).

**Table 89. The First Ten Chapters in Exports**

Chapters <sup>(1)</sup>	Sequence No	Export Values (US\$ Million)			Rate within Total Exports			Rate of Change		
		2008	2009	2010	2008	2009	2010	2008	2009	2010
Motor land vehicles, tractors, bicycles, motorcycles and others	1	18,327	12,252	13,814	13.9	12.0	12.1	15.2	-33.1	12.7
Boilers: machinery and equipment, instruments, parts	2	10,259	8,133	9,338	7.8	8.0	8.2	16.8	-20.7	14.8
Iron and steel	3	14,946	7,641	8,761	11.3	7.5	7.7	78.5	-48.9	14.7
Knitted clothing goods and accessories	4	7,827	6,926	7,742	5.9	6.8	6.8	-2.4	-11.5	11.8
Electrical machinery, equipment and parts	5	7,972	6,631	7,536	6.0	6.5	6.6	7.4	-16.8	13.6
Goods made from iron or steel	6	5,742	4,545	4,855	4.3	4.4	4.3	39.0	-20.8	6.8
Unknitted clothing goods and accessories	7	5,327	4,295	4,640	4.0	4.2	4.1	-2.2	-19.4	8.0
Mineral fuels, mineral oils and derivatives, waxes	8	7,532	3,921	4,506	5.7	3.8	4.0	46.3	-47.9	14.9
Pearls, precious stones and metal goods, metal currency	9	5,383	5,929	3,748	4.1	5.8	3.3	105.2	10.1	-36.8
Plastic and goods made from plastic	10	3,563	3,094	3,717	2.7	3.0	3.3	26.3	-13.2	20.2
<b>Total Exports</b>		<b>132,027</b>	<b>102,143</b>	<b>113,899</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>23.1</b>	<b>-22.6</b>	<b>11.5</b>

Source: TURKSTAT.

(1): They are the groups included in the first 10 in the listing made according to 2010 export values.

### 2.5.1.3 Imports

In 2009, there was a decrease in exports, but there was also a decrease in imports caused a decrease in production, unfavorable buying conditions and the implementation of belt-tightening policies of the countries and other situations due to the economic stagnation experienced because of the global crisis. Imports decreased 30.2% in Turkey in 2009 compared to the previous year and descended to US\$140,928 million and together with the rise observed in import demand in 2010, it accelerated upwards and increased 31.6% compared to 2009 and rose to US\$185,497 million. At the level of sectors, the imports of the agriculture and forestry sector increased 40.6% compared to the previous year and rose to US\$6,457 million. The imports of the fishing sector increased 6.7% and went up to US\$33 million. The imports of the mining and quarrying sector increased 25.7% and rose to US\$25,932 million. The imports of the manufacturing industry sector increased 30.9% and went up to US\$145,322 million. When the rates are examined within the total imports, while the rate of the fishing sector imports did not change in 2010, the rates of the mining and quarrying and the manufacturing industry sectors imports decreased and the rate of the agriculture and forestry sector imports increased (See Table 90).

**Table 90. Imports by Sectors**

Sectors	Import Value (US\$ Million)			Rate within Total			Rate of Change		
	2008	2009	2010	2008	2009	2010	2008	2009	2010
Agriculture and Forestry	6,392	4,594	6,457	3.2	3.3	3.5	37.7	-28.1	40.6
Fishing	41	31	33	0.0	0.0	0.0	32.3	-23.9	6.7
Mining and Quarrying	35,650	20,625	25,932	17.7	14.6	14.0	40.8	-42.1	25.7
Manufacturing Industry	150,252	111,031	145,322	74.4	78.8	78.3	12.2	-26.1	30.9
Other	9,629	4,648	7,752	4.8	3.3	4.2	56.8	-51.7	66.8
<b>Total</b>	<b>201,964</b>	<b>140,928</b>	<b>185,497</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>18.8</b>	<b>-30.2</b>	<b>31.6</b>

Source: TURKSTAT.

The main commodity groups in which a decrease in values occurred compared to the previous year due to the global stagnation experienced in 2009, once again started to increase in 2010. The capital (investment) goods imports, which was the group showing the largest increase within the main commodity groups in 2010, decreased 23.4% in 2009 and increased 34.3% in 2010 and became US\$28,820 million. The intermediate (raw material) imports increased 32.0% in 2010 compared to the previous year and became US\$131,397 million. Whereas, the consumption goods imports increased 28.2% and was measured to be US\$24,734 million. Furthermore, while the rates of the imports of capital (investment) goods and intermediate (raw material) goods increased within the total imports, the rate of consumption goods decreased (See Table 91).

**Table 91. Imports by Main Commodity Groups**

Commodity Groups	Import Value (US\$ Million)			Rate within Total			Rate of Change		
	2008	2009	2010	2008	2009	2010	2008	2009	2010
Capital (Investment) Goods	28,021	21,463	28,820	13.9	15.2	15.5	3.6	-23.4	34.3
Intermediate (Raw Material) Goods	151,747	99,510	131,397	75.1	70.6	70.8	22.7	-34.4	32.0
Consumption Goods	21,489	19,290	24,734	10.6	13.7	13.3	15.0	-10.2	28.2
Others	707	666	546	0.4	0.5	0.3	4.7	-5.8	-18.1
Total	201,964	140,928	185,497	100.0	100.0	100.0	18.8	-30.2	31.6

Source: TURKSTAT.

Within the groups, the total imports in 2010 were influenced the most by the imports of mineral fuels, mineral oils and products and waxes. While the import value of this group was US\$38,493 million, the second group that influenced the total imports the most was the imports of boilers, machinery and equipment, instruments and parts that had a value of US\$21,242 million. The other groups that influenced imports the most are the imports of iron and steel at US\$16,115 million, the imports of electrical machinery and equipment and parts at US\$14,637 million and the imports of motored land vehicles, tractors, bicycles, motorcycles and other products at US\$13,422 million, respectively. Whereas, the rate of these groups within the total imports for 2010 were 20.8%, 11.5%, 8.7%, 7.9% and 7.2%, respectively (See Table 92).

**Table 92. The First Ten Chapters in Imports**

Chapters <sup>(1)</sup>	Sequence No	Import Values (US\$ Million)			Rate within Total Imports			Rate of Change		
		2008	2009	2010	2008	2009	2010	2008	2009	2010
Mineral fuels, mineral oils and derivatives, waxes	1	48,281	29,905	38,493	23.9	21.2	20.8	42.5	-38.1	28.7
Boilers: machinery and equipment, instruments, parts	2	22,539	17,132	21,242	11.2	12.2	11.5	-0.1	-24.0	24.0
Iron and steel	3	23,160	11,352	16,115	11.5	8.1	8.7	43.1	-51.0	42.0
Electrical machines, equipment and parts	4	13,892	12,243	14,637	6.9	8.7	7.9	4.5	-11.9	19.6
Motor land vehicles, tractors, bicycles, motorcycles and others	5	12,790	8,976	13,422	6.3	6.4	7.2	3.2	-29.8	49.5
Plastic and goods made from plastic	6	9,386	6,944	9,730	4.6	4.9	5.2	8.0	-26.0	40.1
Pharmaceutical products	7	4,361	4,080	4,410	2.2	2.9	2.4	23.8	-6.4	8.1
Organic chemicals	8	4,421	3,342	4,400	2.2	2.4	2.4	10.6	-24.4	31.7
Optical, photograph, film, measuring, control, adjustment equipment, medical instruments	9	3,445	2,833	3,437	1.7	2.0	1.9	14.4	-17.8	21.3
Cotton, cotton thread and cotton textiles	10	2,332	2,099	3,386	1.2	1.5	1.8	-17.6	-10.0	61.3
Total Imports		201,964	140,928	185,497	100.0	100.0	100.0	18.8	-30.2	31.6

Source: TURKSTAT.

(1): They are the groups included in the first 10 in the listing made according to 2010 import values.

### 2.5.1.4 Foreign Trade by Country Groups

Turkey's exports were more abundant in 2010 compared to 2009, but were meager compared to before the global economic crisis, due to the financial negativities that were experienced and the debt crisis that ensued, especially in the EU countries. While exports were realized at the total of US\$63,390 million to the EU countries prior to the crisis in 2008, this amount dropped 25.8% in 2009 and was reduced to US\$47,013 million. Whereas, in 2010 it was once again revived and increased 12.0% and rose to US\$52,659 million. On the other hand, the exports made to the Free Zones in Turkey showed an increase of 6.4% in 2010 and the exports made to countries within the other countries group showed an increase of 11.3%. In 2010 exports of US\$2,083 million were made to the Free Zones in Turkey and exports of US\$59,157 million were made to the other countries. The rates of the exports made according to country groups within the total exports did not show much change in 2010 compared to 2009, the rate of exports made to the EU countries was 46.2%, the rate of exports made to the Free Zones in Turkey was 1.8% and the rates of exports made to the countries in the other countries group became 51.9%.



Of the export value of US\$59,157 million made to other countries in 2010, a US\$11,384 million portion was composed of the exports made to the European countries excluding the EU countries, a US\$9,298 million portion was exports made to the African countries, a US\$6,083 million portion was the exports made to the American countries and a US\$31,887 million portion was composed of the exports made to the Asian countries. Within the total exports, the rate of exports made to the European countries excluding the EU was 10.0%, the rate of exports made to the African countries was 8.2%, the rate of exports made to the American countries was 5.3%, the rate of exports made to the Asian countries was 28.0%, whereas, the rate of exports made to Australia and New Zealand did not change, just as in 2009, and was realized at the level of 0.4% (See Table 93).

**Table 93. Foreign Trade Indicators by Country Groups**

Country Groups	(US\$ Million)								
	Exports								
	2008			2009			2010		
	Value	Rate within Grand Total	Rate of Change	Value	Rate within Grand Total	Rate of Change	Value	Rate within Grand Total	Rate of Change
Grand Total	132,027	100.0	23.1	102,143	100.0	-22.6	113,899	100.0	11.5
A- European Union Countries (EU 27)	63,390	48.0	5.0	47,013	46.0	-25.8	52,659	46.2	12.0
B- Free Zones in Turkey	3,008	2.3	2.2	1,957	1.9	-34.9	2,083	1.8	6.4
C- Other Countries	65,622	49.7	49.4	53,172	52.1	-19.0	59,157	51.9	11.3
1- Other European (Excluding EU)	15,678	11.9	44.6	11,318	11.1	-27.8	11,384	10.0	0.6
2- African Countries	9,063	6.9	51.6	10,155	9.9	12.0	9,298	8.2	-8.4
North Africa	5,850	4.4	45.2	7,416	7.3	26.8	7,041	6.2	-5.1
Other African Countries	3,212	2.4	65.0	2,739	2.7	-14.7	2,258	2.0	-17.6
3- American Countries	6,532	4.9	16.6	4,878	4.8	-25.3	6,083	5.3	24.7
North America	4,802	3.6	5.7	3,579	3.5	-25.5	4,248	3.7	18.7
Central America and the Caribbean	829	0.6	51.0	622	0.6	-25.0	598	0.5	-3.8
South America	901	0.7	75.5	678	0.7	-24.8	1,237	1.1	82.6
4- Asian Countries	32,505	24.6	60.1	25,898	25.4	-20.3	31,887	28.0	23.1
Near and Middle East	25,430	19.3	68.6	19,193	18.8	-24.5	23,315	20.5	21.5
Other Asian Countries	7,074	5.4	35.3	6,706	6.6	-5.2	8,572	7.5	27.8
5- Australia and New Zealand	435	0.3	27.0	362	0.4	-16.9	403	0.4	11.4
6- Other Countries and Regions	1,410	1.1	64.6	561	0.5	-60.2	102	0.1	-81.9

Source: TURKSTAT.

**Table 93. Foreign Trade Indicators by Country Groups (Continued)**

Country Groups	(US\$ Million)								
	Imports								
	2008			2009			2010		
	Value	Rate within Grand Total	Rate of Change	Value	Rate within Grand Total	Rate of Change	Value	Rate within Grand Total	Rate of Change
Grand Total	201,964	100.0	18.8	140,928	100.0	-30.2	185,497	100.0	31.6
A- European Union Countries (EU 27)	74,802	37.0	9.0	56,588	40.2	-24.4	72,215	38.9	27.6
B- Free Zones in Turkey	1,334	0.7	9.0	965	0.7	-27.7	875	0.5	-9.3
C- Other Countries	125,827	62.3	25.5	83,376	59.2	-33.7	112,407	60.6	34.8
1- Other European (Excluding EU)	44,196	21.9	29.0	25,886	18.4	-41.4	30,305	16.3	17.1
2- African Countries	7,770	3.8	14.5	5,700	4.0	-26.6	6,412	3.5	12.5
North Africa	5,267	2.6	45.6	3,542	2.5	-32.8	4,304	2.3	21.5
Other African Countries	2,503	1.2	-21.0	2,158	1.5	-13.8	2,108	1.1	-2.3
3- American Countries	17,224	8.5	41.7	12,275	8.7	-28.7	16,798	9.1	36.8
North America	13,404	6.6	48.4	9,513	6.8	-29.0	13,234	7.1	39.1
Central America and the Caribbean	560	0.3	25.0	476	0.3	-15.1	622	0.3	30.7
South America	3,260	1.6	22.0	2,286	1.6	-29.9	2,943	1.6	28.7
4- Asian Countries	55,715	27.6	20.3	38,733	27.5	-30.5	57,508	31.0	48.5
Near and Middle East	17,628	8.7	39.4	9,595	6.8	-45.6	16,094	8.7	67.7
Other Asian Countries	38,087	18.9	13.2	29,138	20.7	-23.5	41,413	22.3	42.1
5- Australia and New Zealand	876	0.4	30.4	648	0.5	-26.1	493	0.3	-23.9
6- Other Countries and Regions	45	0.0	-32.3	133	0.1	196.5	891	0.5	571.5

Table 93. Foreign Trade Indicators by Country Groups (Continued)

(US\$ Million)

Country Groups	Volume of Foreign Trade								
	2008			2009			2010		
	Value	Rate within Grand Total	Rate of Change	Value	Rate within Grand Total	Rate of Change	Value	Rate within Grand Total	Rate of Change
Grand Total	333,991	100.0	20.4	243,071	100.0	-27.2	299,396	100.0	23.2
A- European Union Countries (EU 27)	138,193	41.4	7.1	103,601	42.6	-25.0	124,874	41.7	20.5
B- Free Zones in Turkey	4,342	1.3	4.2	2,922	1.2	-32.7	2,958	1.0	1.2
C- Other Countries	191,449	57.3	32.8	136,548	56.2	-28.7	171,564	57.3	25.6
1- Other European (Excluding EU)	59,875	17.9	32.8	37,204	15.3	-37.9	41,690	13.9	12.1
2- African Countries	16,833	5.0	31.9	15,855	6.5	-5.8	15,710	5.2	-0.9
North Africa	11,118	3.3	45.4	10,958	4.5	-1.4	11,345	3.8	3.5
Other African Countries	5,716	1.7	11.8	4,897	2.0	-14.3	4,366	1.5	-10.8
3- American Countries	23,756	7.1	33.8	17,153	7.1	-27.8	22,881	7.6	33.4
North America	18,206	5.5	34.1	13,092	5.4	-28.1	17,482	5.8	33.5
Central America and the Caribbean	1,389	0.4	39.3	1,098	0.5	-21.0	1,220	0.4	11.1
South America	4,161	1.2	30.7	2,964	1.2	-28.8	4,180	1.4	41.0
4- Asian Countries	88,219	26.4	32.4	64,632	26.6	-26.7	89,394	29.9	38.3
Near and Middle East	43,058	12.9	55.3	28,788	11.8	-33.1	39,409	13.2	36.9
Other Asian Countries	45,161	13.5	16.1	35,844	14.7	-20.6	49,985	16.7	39.5
5- Australia and New Zealand	1,311	0.4	29.3	1,009	0.4	-23.0	896	0.3	-11.3
6- Other Countries and Regions	1,455	0.4	57.7	694	0.3	-52.3	993	0.3	43.0

When the export indicators in 2010 are considered according to selected national and international organizations and countries, exports at the value of US\$61,468 million were realized to the Organization for Economic Cooperation and Development (OECD) countries, exports at the value of US\$2,417 million were realized to the European Free Trade Association (EFTA) countries, exports at the value of US\$14,463 million were realized to the Black Sea Economic Cooperation (BSEC) countries, exports at the value of US\$7,617 million were realized to the Economic Cooperation Organization (ECO) countries, exports at the value of US\$10,295 million were realized to the Commonwealth of Independent States (CIS) countries, exports at the value of US\$3,922 million were realized to the Turkish Republics and exports at the value of US\$32,503 million were realized to the Organization of the Islamic Conference (OIC) countries. Within the total exports, the OECD countries have a 54.0% share of the exports made, the EFTA countries have a 2.1% share of the exports made, the BSEC countries have a 12.7% share of the exports made, the ECO countries have a 6.7% share of the exports made, the CIS countries have a 9.0% share of the exports made, the Turkish Republics have a 3.4% share of the exports made and the OIC countries have a 28.5% share of the exports made (See Table 94).

Table 94. Foreign Trade Indicators by Selected National and International Organizations and Countries

(US\$ Million)

Selected National and International Organizations and Countries	Exports								
	2008			2009			2010		
	Value	Rate within Grand Total	Rate of Change	Value	Rate within Grand Total	Rate of Change	Value	Rate within Grand Total	Rate of Change
Organization for Economic Cooperation and Development (OECD)	70,472	53.4	7.3	55,832	54.7	-20.8	61,468	54.0	10.1
European Free Trade Association (EFTA)	3,262	2.5	145.6	4,336	4.2	32.9	2,417	2.1	-44.3
Black Sea Economic Cooperation (BSEC)	20,867	15.8	24.3	12,273	12.0	-41.2	14,463	12.7	17.8
Economic Cooperation Organization (ECO)	6,248	4.7	32.9	5,948	5.8	-4.8	7,617	6.7	28.1
Commonwealth of Independent States (CIS)	13,938	10.6	38.2	7,957	7.8	-42.9	10,295	9.0	29.4
Turkish Republics	3,749	2.8	30.4	3,399	3.3	-9.3	3,922	3.4	15.4
Organization of the Islamic Conference (OIC)	32,597	24.7	60.5	28,627	28.0	-12.2	32,503	28.5	13.5
Grand Total	132,027	100.0	23.1	102,143	100.0	-22.6	113,899	100.0	11.5

Source: TURKSTAT.



**Table 94. Foreign Trade Indicators by Selected National and International Organizations and Countries (Continued)**

Selected National and International Organizations and Countries	(US\$ Million)								
	Imports								
	2008			2009			2010		
	Value	Rate within Grand Total	Rate of Change	Value	Rate within Grand Total	Rate of Change	Value	Rate within Grand Total	Rate of Change
Organization for Economic Cooperation and Development (OECD)	102,902	51.0	12.0	75,144	53.3	-27.0	99,349	53.6	32.2
European Free Trade Association (EFTA)	6,218	3.1	7.7	2,781	2.0	-55.3	4,002	2.2	43.9
Black Sea Economic Cooperation (BSEC)	45,632	22.6	31.1	28,299	20.1	-38.0	33,583	18.1	18.7
Economic Cooperation Organization (ECO)	13,221	6.5	32.6	7,011	5.0	-47.0	13,291	7.2	89.6
Commonwealth of Independent States (CIS)	42,614	21.1	36.3	26,045	18.5	-38.9	30,586	16.5	17.4
Turkish Republics	4,279	2.1	60.3	2,874	2.0	-32.8	4,608	2.5	60.3
Organization of the Islamic Conference (OIC)	29,179	14.4	35.6	17,970	12.8	-38.4	27,944	15.1	55.5
Grand Total	201,964	100.0	18.8	140,928	100.0	-30.2	185,497	100.0	31.6

**Table 94. Foreign Trade Indicators by Selected National and International Organizations and Countries (Continued)**

Selected National and International Organizations and Countries	(US\$ Million)								
	Volume of Foreign Trade								
	2008			2009			2010		
	Value	Rate within Grand Total	Rate of Change	Value	Rate within Grand Total	Rate of Change	Value	Rate within Grand Total	Rate of Change
Organization for Economic Cooperation and Development (OECD)	173,374	51.9	10.1	130,976	53.9	-24.5	160,817	53.7	22.8
European Free Trade Association (EFTA)	9,479	2.8	33.5	7,116	2.9	-24.9	6,419	2.1	-9.8
Black Sea Economic Cooperation (BSEC)	66,500	19.9	28.9	40,572	16.7	-39.0	48,045	16.0	18.4
Economic Cooperation Organization (ECO)	19,468	5.8	32.7	12,959	5.3	-33.4	20,909	7.0	61.3
Commonwealth of Independent States (CIS)	56,552	16.9	36.8	34,002	14.0	-39.9	40,881	13.7	20.2
Turkish Republics	8,028	2.4	44.8	6,273	2.6	-21.9	8,530	2.8	36.0
Organization of the Islamic Conference (OIC)	61,776	18.5	47.7	46,596	19.2	-24.6	60,446	20.2	29.7
Grand Total	333,991	100.0	20.4	243,071	100.0	-27.2	299,396	100.0	23.2

When the import figures for the country groups are considered, while the imports made from the EU countries increased 27.6% in 2010 compared to the previous year and the imports made from the other countries in the other country group increased 34.8%, a 9.3% decrease was shown in the imports made from the Free Zones in Turkey. In 2010 imports at the value of US\$72,215 million were realized from the EU countries, imports at the value of US\$875 million were realized from the Free Zones in Turkey and imports at the value of US\$112,407 million were realized from the other countries under the other countries group. When the rates of the country groups within the total imports are examined, it is observed that the rate of the imports made from the EU countries is 38.9%, the rate of the imports made from the Free Zones in Turkey is 0.5% and the rate of the imports made from the countries under the other countries group is 60.6%.

Of the US\$112,407 million in imports made from the countries within the other country group, a US\$30,305 million portion was made from the other European countries excluding the EU, a US\$6,412 million portion was made from the African countries, a US\$16,798 million portion was made from the American countries, a US\$57,508 million portion was made from the Asian countries, a US\$493 million portion was made from Australia and New Zealand and a US\$891 million portion was made from the other countries and regions. Within the total imports, the rate of the imports realized from the European countries excluding the EU was 16.3%, the rate of the imports realized from the African countries was 3.5%, the rate of the imports realized from the American countries was 9.1%, the rate of the imports realized from the Asian countries was 31.0%, the rate of the imports realized from Australia and New Zealand was 0.3% and the rate of imports realized from the other countries and regions was 0.5%.

According to the 2010 import values by national and international organizations and countries, the group from which the most imports were made was from the OECD countries at US\$99,349 million and this was followed by the BSEC countries at US\$33,583 million. Whereas, the other groups from which imports were made are the CIS countries at US\$30,586 million, the OIC countries at US\$27,994 million, the ECO countries at US\$13,291 million, the Turkish Republics at US\$4,608 million and the EFTA countries at US\$4,002 million. Whereas, the rates of the imports realized with these country groups in 2010 within the total imports was realized at the rate of 53.6% in the OECD countries, at the rate of 2.2% in the EFTA countries, at the rate of 18.1% in the BSEC countries, at the rate of 7.2% in the ECO countries, at the rate of 16.5% in the CIS countries, at the rate of 2.5% in the Turkish Republics and was realized at the rate of 15.1% in the OIC countries.

The volume of foreign trade showed a 23.2% increase in 2010 compared to the previous year and became US\$299,396 million. Of this, US\$124,874 million was realized with the EU countries, US\$2,958 million was realized with the Free Zones in Turkey and US\$171,564 was realized with the countries under the other countries group. When the rate of country groups within the volume of foreign trade is examined in 2010, the EU countries have a rate of 41.7%, the Free Zones in Turkey have a rate of 1.0% and the other countries group has a rate of 57.3% (See Table 93).

When the volumes of foreign trade for the other country groups are examined, of the total foreign trade volume of US\$171,564 million, US\$41,690 million was realized with the other European countries remaining outside the EU, US\$15,710 million was with the African countries, US\$22,881 million was with the American countries, US\$89,394 million was with the Asian countries and US\$896 million was realized with the countries of Australia and New Zealand. Whereas, the rates of these country groups within the total volume of foreign trade were 13.9%, 5.2%, 7.6%, 29.9% and 0.3%, respectively.

In the volume of foreign trade in 2010 by selected national and international organizations and countries, foreign trade at US\$160,817 million was realized with the OECD countries, at US\$6,419 million with the EFTA countries, at US\$48,045 million with the BSEC countries, at US\$20,909 million with the ECO countries, at US\$40,881 million with the CIS countries, at US\$8,530 with the Turkish Republics and at US\$60,446 million was realized with the OIC countries. The rates of these country groups within the total volume of foreign trade were 53.7%, 2.1%, 16.0%, 7.0%, 13.7%, 2.8% and 20.2%, respectively (See Table 94).

When the countries to which Turkey made the most exports in 2010 are examined, Germany is in first place at US\$11,453 million, England is in second place at US\$7,221 million and Italy is in third place at US\$6,506 million. According to the listing made by export values in 2010, within the first ten countries, there was only a decrease in the export value to France compared to the previous year. France, which was in second place with a value of US\$6,211 million in 2009, had an 2.8% decrease in 2010 and exports to France regressed to US\$6,037 million and left it only in fifth place. Besides these, the highest increase compared to 2009 was realized in the exports made to Iran at 50.3%. The export value that was US\$2,025 million in 2009, rose to US\$3,043 million in 2010 (See Table 95).

**Table 95. The First Ten Countries to Which the Most Exports Are Made**

(US\$ Million)										
Countries <sup>(1)</sup>	Sequence No	2008			2009			2010		
		Export Value	Rate within Total Exports	Rate of Change	Export Value	Rate within Total Exports	Rate of Change	Export Value	Rate within Total Exports	Rate of Change
Germany	1	12,952	9.8	8.0	9,793	9.6	-24.4	11,453	10.1	17.0
England	2	8,159	6.2	-5.4	5,938	5.8	-27.2	7,221	6.3	21.6
Italy	3	7,819	5.9	4.5	5,889	5.8	-24.7	6,506	5.7	10.5
Iraq	4	3,917	3.0	37.7	5,123	5.0	30.8	6,043	5.3	17.9
France	5	6,618	5.0	10.8	6,211	6.1	-6.1	6,037	5.3	-2.8
Russian Federation	6	6,483	4.9	37.2	3,190	3.1	-50.8	4,632	4.1	45.2
USA	7	4,300	3.3	3.1	3,241	3.2	-24.6	3,768	3.3	16.3
Spain	8	4,047	3.1	-11.6	2,818	2.8	-30.4	3,564	3.1	26.4
United Arab Emirates	9	7,975	6.0	146.1	2,897	2.8	-63.7	3,338	2.9	15.2
Iran	10	2,030	1.5	40.8	2,025	2.0	-0.3	3,043	2.7	50.3
Total of First 10 Countries		64,299	48.7	16.7	47,125	46.1	-26.7	55,604	48.8	18.0
Total Exports		132,027	100.0	23.1	102,143	100.0	-22.6	113,899	100.0	11.5

Source: TURKSTAT.

(1): They are the first 10 countries in the listing made according to 2010 export values.

Once again, Russia was in first place in 2010, just as it was last year, within the first ten countries from which Turkey made the most imports. The amount of imports made from Russia was 11.6% of the total imports in 2010 and at the value of US\$21,596 million. In the listing of imports, Germany was in second place at US\$17,530 million (9.5% of the total imports), whereas, China was in third place at US\$17,180 million (9.3% of the total imports). In 2010 compared to the previous year the country from which Turkey's imports increased the most was Iran with an increase of 124.5% (US\$7,645 million). Whereas, the lowest rate of increase was realized in the imports made from Russia at 11.0%. A decrease was not observed in the import values made from any country within the first ten countries in 2010 (See Table 96).

**Table 96. The First Ten Countries from Which the Most Imports Are Made**

(US\$ Million)										
Countries <sup>(1)</sup>	Sequence No	2008			2009			2010		
		Import Value	Rate within Total Imports	Rate of Change	Import Value	Rate within Total Imports	Rate of Change	Import Value	Rate within Total Imports	Rate of Change
Russian Federation	1	31,364	15.5	33.4	19,450	13.8	-38.0	21,596	11.6	11.0
Germany	2	18,687	9.3	6.5	14,097	10.0	-24.6	17,530	9.5	24.4
China	3	15,658	7.8	18.3	12,677	9.0	-19.0	17,180	9.3	35.5
USA	4	11,976	5.9	46.7	8,576	6.1	-28.4	12,318	6.6	43.6
Italy	5	11,012	5.5	10.5	7,673	5.4	-30.3	10,203	5.5	33.0
France	6	9,022	4.5	14.9	7,092	5.0	-21.4	8,176	4.4	15.3
Iran	7	8,200	4.1	23.9	3,406	2.4	-58.5	7,645	4.1	124.5
Spain	8	4,548	2.3	4.7	3,777	2.7	-17.0	4,840	2.6	28.1
South Korea	9	4,092	2.0	-6.4	3,118	2.2	-23.8	4,764	2.6	52.8
England	10	5,324	2.6	-2.8	3,473	2.5	-34.8	4,677	2.5	34.6
Total of First 10 Countries		119,883	59.4	18.6	83,339	59.1	-30.5	108,928	58.7	30.7
Total Imports		201,964	100.0	18.8	140,928	100.0	-30.2	185,497	100.0	31.6

Source: TURKSTAT.

(1): They are the first 10 countries in the listing made according to 2010 import values.

### 2.5.1.5 Foreign Trade with Neighboring Countries

When the foreign trade values made by Turkey with neighboring countries are examined in 2010, it is observed that there was an increase in export and import values contrary to 2009. The exports made with neighboring countries increased 17.9% in 2010 compared to the previous year and rose to US\$16,209 million. The exports made to Iran increased 50.3%, the exports made to Syria 30.1%, the exports made to Iraq 17.9%, the exports to Azerbaijan 10.7%, the exports to Bulgaria 8.1% and the exports made to Georgia increased 0.8%. Whereas, the exports made to Greece decreased 10.6%. Greece's difficult buying conditions due to the debt crisis experienced in 2010 were influential in this decrease. In 2010, 14.2% of the total exports were realized with neighboring countries (See Table 97).

**Table 97. Foreign Trade with Neighboring Countries**

(US\$ Million)									
Neighboring Countries	Exports								
	2008			2009			2010		
	Value	Rate within Grand Total	Rate of Change	Value	Rate within Grand Total	Rate of Change	Value	Rate within Grand Total	Rate of Change
Azerbaijan	1,667	1.3	59.2	1,400	1.4	-16.0	1,551	1.4	10.7
Bulgaria	2,152	1.6	4.4	1,386	1.4	-35.6	1,498	1.3	8.1
Georgia	998	0.8	54.4	763	0.7	-23.5	769	0.7	0.8
Iraq	3,917	3.0	37.7	5,123	5.0	30.8	6,043	5.3	17.9
Iran	2,030	1.5	40.8	2,025	2.0	-0.3	3,043	2.7	50.3
Syria	1,115	0.8	39.8	1,422	1.4	27.5	1,849	1.6	30.1
Greece	2,430	1.8	7.4	1,630	1.6	-32.9	1,456	1.3	-10.6
Total Neighboring Countries	14,308	10.8	28.9	13,748	13.5	-3.9	16,209	14.2	17.9
Grand Total	132,027	100.0	23.1	102,143	100.0	-22.6	113,899	100.0	11.5

Source: TURKSTAT.

**Table 97. Foreign Trade with Neighboring Countries (Continued)**

(US\$ Million)									
Imports									
Neighboring Countries	2008			2009			2010		
	Value	Rate within Grand Total	Rate of Change	Value	Rate within Grand Total	Rate of Change	Value	Rate within Grand Total	Rate of Change
Azerbaijan	928	0.5	181.6	753	0.5	-18.9	865	0.5	14.9
Bulgaria	1,840	0.9	-5.7	1,117	0.8	-39.3	1,701	0.9	52.3
Georgia	525	0.3	81.3	285	0.2	-45.6	291	0.2	1.8
Iraq	1,321	0.7	104.8	952	0.7	-27.9	1,355	0.7	42.2
Iran	8,200	4.1	23.9	3,406	2.4	-58.5	7,645	4.1	124.5
Syria	639	0.3	69.6	328	0.2	-48.7	663	0.4	102.1
Greece	1,151	0.6	21.1	1,131	0.8	-1.7	1,542	0.8	36.3
Total Neighboring Countries	14,604	7.2	30.9	7,972	5.7	-45.4	14,060	7.6	76.4
Grand Total	201,964	100.0	18.8	140,928	100.0	-30.2	185,497	100.0	31.6

**Table 97. Foreign Trade with Neighboring Countries (Continued)**

(US\$ Million)									
Volume of Foreign Trade									
Neighboring Countries	2008			2009			2010		
	Value	Rate within Grand Total	Rate of Change	Value	Rate within Grand Total	Rate of Change	Value	Rate within Grand Total	Rate of Change
Azerbaijan	2,596	0.8	88.5	2,153	0.9	-17.1	2,416	0.8	12.2
Bulgaria	3,992	1.2	-0.5	2,502	1.0	-37.3	3,199	1.1	27.8
Georgia	1,523	0.5	62.8	1,048	0.4	-31.2	1,060	0.4	1.1
Iraq	5,238	1.6	50.1	6,076	2.5	16.0	7,397	2.5	21.7
Iran	10,229	3.1	27.0	5,431	2.2	-46.9	10,688	3.6	96.8
Syria	1,754	0.5	49.3	1,749	0.7	-0.3	2,512	0.8	43.6
Greece	3,581	1.1	11.5	2,761	1.1	-22.9	2,998	1.0	8.6
Total Neighboring Countries	28,912	8.7	29.9	21,721	8.9	-24.9	30,269	10.1	39.4
Grand Total	333,991	100.0	20.4	243,071	100.0	-27.2	299,396	100.0	23.2

Turkey's imports made from neighboring countries in 2010 showed an increase of 76.4% compared to the previous year and rose from US\$7,972 million to US\$14,060 million. In 2010, completely opposite to 2009, there was an increase in the import values made from all of the neighboring countries. The highest increase in imports made from neighboring countries was realized at 124.5% from Iran, whereas, the lowest increase was realized at 1.8% from Georgia. In 2010 7.6% of the total imports were made from neighboring countries.

The volume of foreign trade made by Turkey with neighboring countries in 2010 increased 39.4% and rose from US\$21,721 million to US\$30,269 million. The rate of the volume of foreign trade made with neighboring countries within the total volume of foreign trade increased 1.2 points compared to 2009 and rose from 8.9% to 10.1%. In 2010 the largest increase in the volume of foreign trade with neighboring countries was 96.8% for Iran and the lowest increase was 1.1% for Georgia.

### 2.5.2 Foreign Exchange Rates

In 2010 the fluctuating foreign exchange rate regime continued to be implemented together with inflation targeting. Just as it has been implemented as of 2001, the foreign exchange rates are not a policy tool or a target in the floating foreign exchange rate's regime and are determined by the supply and demand conditions of the market. The monetary and fiscal policies implemented form the foreign exchange supply and demand in the market within the framework of international developments, economic foundations and expectations.

There is no exchange rate level that should be preserved in the implementation of the floating foreign exchange rate. However, to have a strong foreign exchange reserve position in developing countries like Turkey is of great importance in eliminating the negative effects of the domestic and foreign shocks that could be encountered and in increasing the trust in the economy of the country. Consequently, the foreign exchange liquidity developments are being followed by the TCMB and foreign currency buying auctions are realized aimed at accumulating reserves in periods when the foreign exchange supply increases compared to the foreign exchange demand. Besides this, foreign exchange selling auctions can be organized in case unsound price formations are observed connected to the loss of depth in the foreign exchange market.

The TCMB foreign exchange purchases are realized through transparent auctions whose rules are announced in advance by taking care to influence as little as possible the supply and demand conditions of the foreign exchange market. In case there are developments other than what is envisaged for the foreign exchange supply, then the TCMB can make changes in the auction program by announcing it in advance.

During the financial crisis that started in 2007 and that deepened as of the final quarter of 2008 and also affected the economy of Turkey, measures were taken for reducing to a minimum the problems that could be experienced in foreign exchange liquidity of the banking system. The TCMB, along with the starting of the period of normalization in the global markets in 2010, withdrew a portion of the measures it put into practice for the foreign exchange and Turkish Lira markets with the “Monetary Policy Exit Strategy” that it announced on 14 April 2010.

The foreign exchange buying auctions that had been stopped for a while after the crisis were restarted on 4 August 2009. The TCMB made a change in the conditions of the foreign exchange buying auctions by acting from the observance that the capital movements followed a floating course for Turkey connected to the developments of the global financial markets and the changes in the risk appetite in the January-July 2010 period and the capital inflows for Turkey, just like in the other developing countries, had also strengthened in a stable manner. The daily amount that would be made in the buying auctions was increased to a total of US\$80 million, with US\$40 million in auctions and US\$40 million in options with the objective of accelerating the accumulation of reserves as of 3 August 2010.

Furthermore, a change in method was made in the foreign exchange buying auctions as of 4 October 2010 to benefit in a more effective manner from the capital inflows to Turkey with the objective of strengthening the foreign exchange reserves and on the other hand, with the objective of providing for the inflows to be more flexible against changeability.

The foreign exchange buying accelerated after the implementation of a more flexible foreign exchange buying auction method with the objective of accelerating the accumulation of foreign exchange reserves. While US\$4,315 million in foreign exchange buying was made through foreign exchange buying auctions by the TCMB in 2009, US\$14,864 million in foreign exchange buying was made in 2010. In 2009, US\$900 million in foreign exchange was sold through foreign exchange selling auctions and no direct interventions were made in the foreign exchange market. No foreign exchange selling auctions were organized in 2010 and transactions for the buying and selling to the foreign exchange market were not realized (See Table 98).

**Table 98. Foreign Exchange Buying-Selling Auctions Made by the Central Bank**

Years	Foreign Currency Buying Auctions	Foreign Currency Selling Auctions	Foreign Currency Buying Interventions <sup>(1)</sup>	Foreign Currency Selling Interventions <sup>(2)</sup>	Total Net Foreign Currency Buying	(US\$ Million)
						Rate of Change in Total Net Foreign Currency Buying
2008	7,584	100	-	-	7,484	-24.4
2009	4,315	900	-	-	3,415	-54.4
2010	14,864	-	-	-	14,864	335.3
Total <sup>(3)</sup>	52,511	2,000	21,289	2,114	69,686	

Source: Central Bank of the Republic of Turkey.

(1): The value is the total between 2003 and 2006 and appears as “0” after 2007.

(2): The value is the total between 2004 and 2006 and appears as “0” after 2007.

(3): It is the cumulative total value between 2004 and 2010.

The rise of the US dollar increased and continued with the negative expectations for the global economy in the first quarter of 2009. Whereas, in the second half of the year, with the increase in the risk appetite in the international markets and the increase in the capital inflows for developing countries caused the valuation of the Turkish Lira. The valuation trend, which started as of July in the Turkish Lira, continued up until the end of the year. However, this trend remained at a limited level. According to the annual average nominal values at the end of 2009, the US Dollar gained 19.2% in value against the Turkish Lira and rose to 1.54679 TL. The British Pound gained 1.2% in value against the Turkish Lira and went up to 2.41212 TL. The Japanese Yen gained 30.6% in value against the Turkish Lira and rose to 1.65107 TL. The Euro gained 13.2% in value against the Turkish Lira and went up to 2.15003 TL (See Table 99).

**Table 99. Annual Average Foreign Exchange Buying Rates**

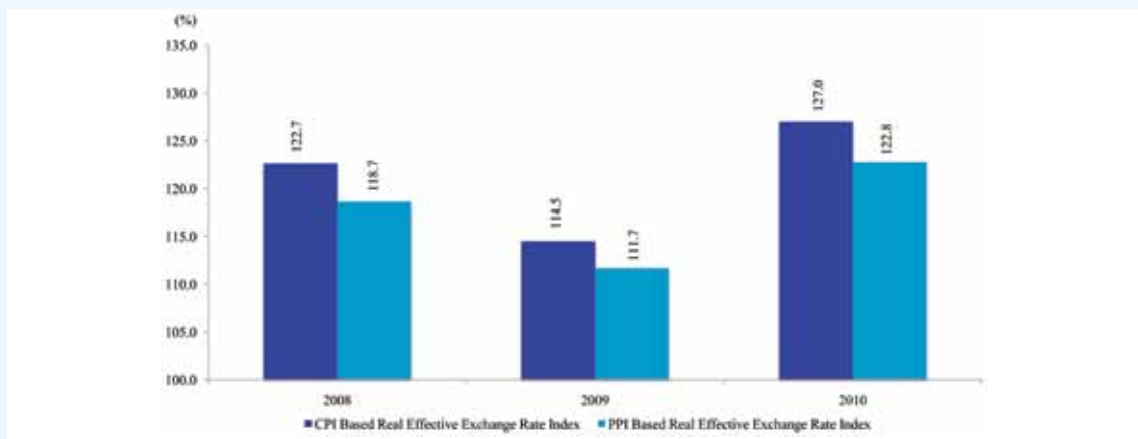
Years	US\$		Euro		British Pound		Japanese Yen	
	Exchange Rate	Rate of Change	Exchange Rate	Rate of Change	Exchange Rate	Rate of Change	Exchange Rate	Rate of Change
2008	1,29789	-0.3	1,89864	6.8	2,38318	-8.3	1,26394	14.7
2009	1,54679	19.2	2,15003	13.2	2,41212	1.2	1,65107	30.6
2010	1,49843	-3.1	1,98896	-7.5	2,31478	-4.0	1,70542	3.3

Source: Central Bank of the Republic of Turkey.

In 2010 the US Dollar was devaluated in the world markets due to revival in the US economy being realized slower than expected and the expectations that the FED would increase the liquidity in the market. The US Dollar, in parallel with the world markets, also displayed a devaluation trend in Turkey and at the end of 2010, compared to the past year, the average foreign exchange buying rate lost 3.1% in value and was transacted at the level of 1.49843 TL. The Euro displayed a decrease trend under the influence of the debt crisis experienced in Europe and was devaluated 7.5% and became 1.98896 TL. The British Pound was devaluated 4.0% and regressed to 2.31478 TL. The Japanese Yen was valued 3.3% and rose to 1.70542 TL.

According to the real terms of consumer price index, the US dollar was devaluated 10.8% and the Euro was devaluated 14.8% against the Turkish Lira. When the real value increase by months is considered in 2010, it is observed that the largest devaluation of the US Dollar was experienced in October at 6.4% and that the highest valuation was experienced in December at 6.2%. When the same picture is considered on the basis of the Euro, it is observed that the largest devaluation of the Euro was experienced in January at 6.2% and that the highest valuation was experienced in December at 2.2% (See Table 100).

As a result of the changes occurring in the foreign exchange rates, as of the end of 2010, the real effective exchange rate index based on the CPI was 127.0 and the real effective exchange rate index based on the PPI was 122.8. Thus, in 2010 the foreign exchange rates valued 10.9% on the basis of the CPI and the foreign exchange rates valued 9.9% on the basis of the PPI (See Table 101, Graph 52).



**Graph 52. Real Effective Foreign Exchange Rate Indices (1995=100)**



**Table 100. The Monthly Average Foreign Exchange Buying Rates by Years and Months**

Years	Months	US Dollar (\$)	Euro (€)	CPI (2003=100)		Rates of Change in US\$ and €			
				Index Value	Rate of Change	Nominal		Real	
						\$	€	\$	€
2008	January	1,17044	1,72065	146,9	0.8	-0.2	0.7	-1.0	-0.1
	February	1,18817	1,75022	148,8	1.3	1.5	1.7	0.2	0.4
	March	1,23238	1,90962	150,3	1.0	3.7	9.1	2.7	8.1
	April	1,29671	2,04412	152,8	1.7	5.2	7.0	3.5	5.3
	May	1,24700	1,94032	155,1	1.5	-3.8	-5.1	-5.2	-6.5
	June	1,22780	1,90801	154,5	-0.4	-1.5	-1.7	-1.2	-1.3
	July	1,20995	1,90970	155,4	0.6	-1.5	0.1	-2.0	-0.5
	August	1,17267	1,76110	155,0	-0.2	-3.1	-7.8	-2.8	-7.6
	September	1,22964	1,76928	155,7	0.5	4.9	0.5	4.4	0.0
	October	1,47327	1,96267	159,8	2.6	19.8	10.9	16.8	8.1
	November	1,58785	2,02144	161,1	0.8	7.8	3.0	6.9	2.1
	December	1,53881	2,08651	160,4	-0.4	-3.1	3.2	-2.7	3.6
	Annual	1,29789	1,89864	154,7	10.4	-0.3	6.8	-9.7	-3.3
2009	January	1,58905	2,11490	160,9	0.3	3.3	1.4	3.0	1.1
	February	1,65236	2,11562	160,4	-0.3	4.0	0.0	4.3	0.4
	March	1,70454	2,21872	162,1	1.1	3.2	4.9	2.0	3.7
	April	1,60415	2,11698	162,2	0.0	-5.9	-4.6	-5.9	-4.6
	May	1,55176	2,11158	163,2	0.6	-3.3	-0.3	-3.9	-0.9
	June	1,53978	2,15838	163,4	0.1	-0.8	2.2	-0.9	2.1
	July	1,51369	2,13172	163,8	0.3	-1.7	-1.2	-1.9	-1.5
	August	1,47922	2,10843	163,3	-0.3	-2.3	-1.1	-2.0	-0.8
	September	1,48523	2,15758	163,9	0.4	0.4	2.3	0.0	1.9
	October	1,46214	2,16670	167,9	2.4	-1.6	0.4	-3.9	-1.9
	November	1,48002	2,20551	170,0	1.3	1.2	1.8	0.0	0.5
	December	1,49951	2,19429	170,9	0.5	1.3	-0.5	0.8	-1.0
	Annual	1,54679	2,15003	164,3	6.2	19.2	13.2	12.2	6.6
2010	January	1,46632	2,09727	174,1	1.8	-2.2	-4.4	-4.0	-6.2
	February	1,50556	2,06394	176,6	1.4	2.7	-1.6	1.2	-3.0
	March	1,52831	2,07551	177,6	0.6	1.5	0.6	0.9	0.0
	April	1,48787	1,99937	178,7	0.6	-2.6	-3.7	-3.2	-4.2
	May	1,53481	1,93951	178,0	-0.4	3.2	-3.0	3.5	-2.6
	June	1,57029	1,91805	177,0	-0.6	2.3	-1.1	2.9	-0.5
	July	1,53631	1,95610	176,2	-0.5	-2.2	2.0	-1.7	2.5
	August	1,50163	1,94183	176,9	0.4	-2.3	-0.7	-2.6	-1.1
	September	1,48892	1,94380	179,1	1.2	-0.8	0.1	-2.0	-1.1
	October	1,41846	1,97017	182,4	1.8	-4.7	1.4	-6.4	-0.5
	November	1,42953	1,96264	182,4	0.0	0.8	-0.4	0.8	-0.4
	December	1,51315	1,99929	181,9	-0.3	5.8	1.9	6.2	2.2
	Annual	1,49843	1,98896	178,4	8.6	-3.1	-7.5	-10.8	-14.8

Source: Central Bank of the Republic of Turkey, TURKSTAT.

Note: The rates of change can show a difference due to rounding off.



**Table 101. The Real Effective Foreign Exchange Rate Indices by Years and Months**

Years	Months	CPI (2003=100) Based Real Effective Exchange Rate Index	PPI (2003=100) Based Real Effective Exchange Rate Index
2008		122.7	118.7
2009		114.5	111.7
2010		127.0	122.8
2008	January	131.0	122.4
	February	129.3	122.4
	March	120.8	115.9
	April	115.0	112.7
	May	121.8	119.5
	June	122.5	120.5
	July	122.9	120.4
	August	131.1	127.3
	September	129.8	125.5
	October	117.8	114.1
	November	115.1	113.1
	December	114.7	110.2
2009	January	113.7	109.5
	February	112.7	110.8
	March	109.5	107.4
	April	114.0	113.0
	May	115.1	113.1
	June	113.3	111.6
	July	115.1	112.7
	August	116.0	113.7
	September	114.6	112.5
	October	117.2	112.6
	November	116.3	111.5
	December	116.6	112.2
210	January	122.7	116.0
	February	124.4	118.5
	March	123.2	118.9
	April	127.5	124.5
	May	128.3	124.8
	June	127.5	124.5
	July	125.7	122.6
	August	127.1	124.7
	September	128.7	124.9
	October	131.4	126.0
	November	131.4	125.1
	December	126.0	122.7

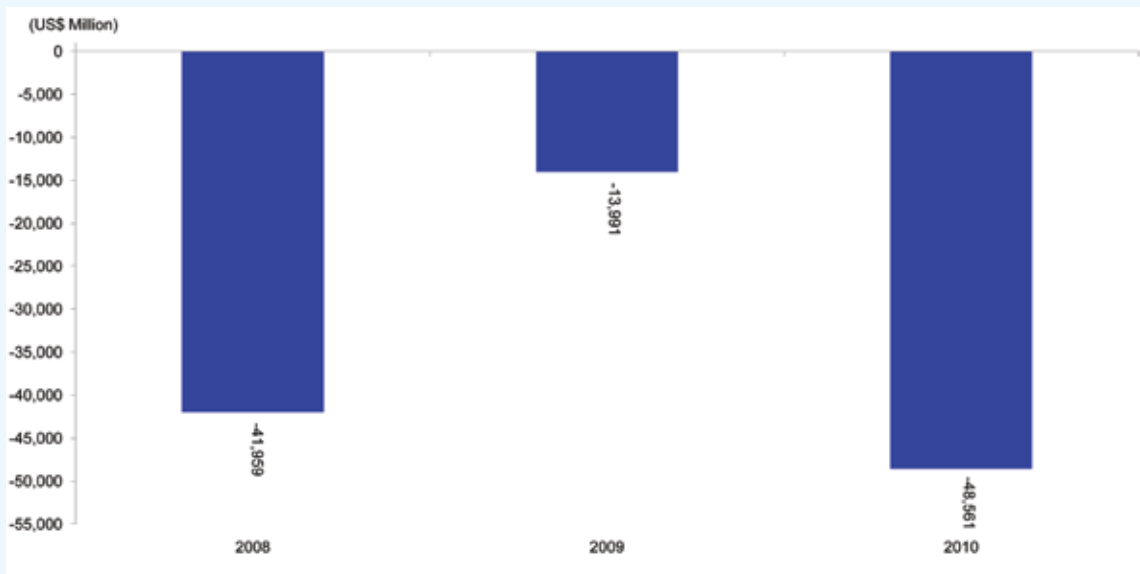
Source: Central Bank of the Republic of Turkey.

### 2.5.3 Balance of Payments

While the effect on foreign trade of the global economic crisis became evident as of around the end of 2008, in 2009 it also paved the way for the regression to a great extent in the exports and imports of goods and services. This decrease realized in foreign trade was the cause of the shrinkage experienced in national income and the regression to a significant rate in the current transactions deficit.

In 2010, an increase trend started in foreign demand and domestic demand, together with the revival in the global economy, even if it was relative. However, the fact that the increase in demand was predominantly domestic demand and the low growth stemming from the debt crisis in the European countries, which are Turkey's most important export market, paved the way for export figures to remain behind import figures. The fact that production in Turkey is dependent on imports to a great extent supported the increase in imports together with growth in the economy. Thus, the foreign trade deficit, which accelerated as of the final quarter of 2009, continued its increase up until the final quarter of 2010.

In parallel with these developments, the increase in the national income and goods prices, resulted in a high increase in the deficit of current transactions in 2010 compared to 2009 at 247.1% and it rose from US\$13,991 million to US\$48,561 million (See Table 102, Graph 53).



**Graph 53. Balance of Current Transactions**

Table 102. Balance of Payments

Components	(US\$ Million)					
	2008	2009	2010	Rate of Change		
				2008	2009	2010
<b>Current Transactions Account</b>	-41,959	-13,991	-48,561	9.2	-66.7	247.1
Exports FoB	140,800	109,647	120,923	22.1	-22.1	10.3
Imports FoB	-193,821	-134,497	-177,277	19.5	-30.6	31.8
Balance of Goods	-53,021	-24,850	-56,354	13.2	-53.1	126.8
Service Revenues	35,071	33,466	33,652	21.2	-4.6	0.6
Tourism Revenues	21,951	21,250	20,807	18.7	-3.2	-2.1
Other Revenues	13,120	12,216	12,845	25.6	-6.9	5.1
Service Expenditures	-17,760	-16,717	-19,407	13.5	-5.9	16.1
Tourism Expenditures	-3,506	-4,147	-4,826	7.5	18.3	16.4
Other Expenditures	-14,254	-12,570	-14,581	15.1	-11.8	16.0
Balance of Goods&Services	-35,710	-8,101	-42,109	6.4	-77.3	419.8
Balance of Income: Credit	6,889	5,164	3,975	7.3	-25.0	-23.0
Interest Revenues	2,022	1,685	1,094	-6.3	-16.7	-35.1
Other Revenues	4,867	3,479	2,881	14.1	-28.5	-17.2
Balance of Income: Debit	-15,251	-13,353	-11,791	12.7	-12.4	-11.7
Interest Expenditures	-8,677	-7,304	-5,423	16.0	-15.8	-25.8
Other Expenditures	-6,574	-6,049	-6,368	8.6	-8.0	5.3
Current Transfers	2,113	2,299	1,364	-5.8	8.8	-40.7
Worker Remittances	1,431	934	829	18.4	-34.7	-11.2
Other Transfers	-46	175	-28	-120.4	-480.4	-116.0
<b>Capital Account</b>	-60	-42	-36	650.0	-30.0	-14.3
<b>Financial Account</b>	34,558	9,758	59,539	-29.0	-71.8	510.2
Direct Investments Abroad	-2,549	-1,553	-1,777	21.0	-39.1	14.4
Direct Investments in Turkey	19,504	8,411	8,931	-11.5	-56.9	6.2
Portfolio Account-Assets	-1,244	-2,711	-3,326	-36.1	117.9	22.7
Portfolio Account-Liabilities	-3,770	2,938	19,617	-235.6	-177.9	567.7
Equity Securities	716	2,827	3,468	-86.1	294.8	22.7
Debt Securities	-4,486	111	16,149	90.2	-102.5	-
Other Investments-Assets	-12,058	10,985	9,033	142.7	-191.1	-17.8
Central Bank	2	2	4	0.0	0.0	100.0
General Government	-32	-31	-39	-72.4	-3.1	25.8
Banks	-10,255	6,400	13,217	202.6	-162.4	106.5
Other Sectors	-1,773	4,614	-4,149	20.9	-360.2	-189.9
Other Investments-Liabilities	34,675	-8,312	27,061	5.4	-124.0	-425.6
Central Bank	-1,791	-901	-553	23.5	-49.7	-38.6
General Government	1,742	1,602	3,493	2024.4	-8.0	118.0
Banks	9,457	514	27,597	153.1	-94.6	5269.1
Other Sectors	25,267	-9,527	-3,476	-17.2	-137.7	-63.5
Current, Capital and Financial Accounts	-7,461	-4,275	10,942	-172.7	-42.7	-356.0
<b>Net Error and Omissions</b>	4,703	5,066	4,016	167.7	7.7	-20.7
<b>General Balance</b>	-2,758	791	14,958	-	-	-
<b>Reserve Assets</b>	2,758	-791	-14,958	-	-	-
Official Reserves	1,057	-111	-12,799	-113.2	-110.5	-
International Monetary Fund Loans	1,701	-680	-2,159	-142.7	-140.0	217.5
Financing of Balance of Payments						

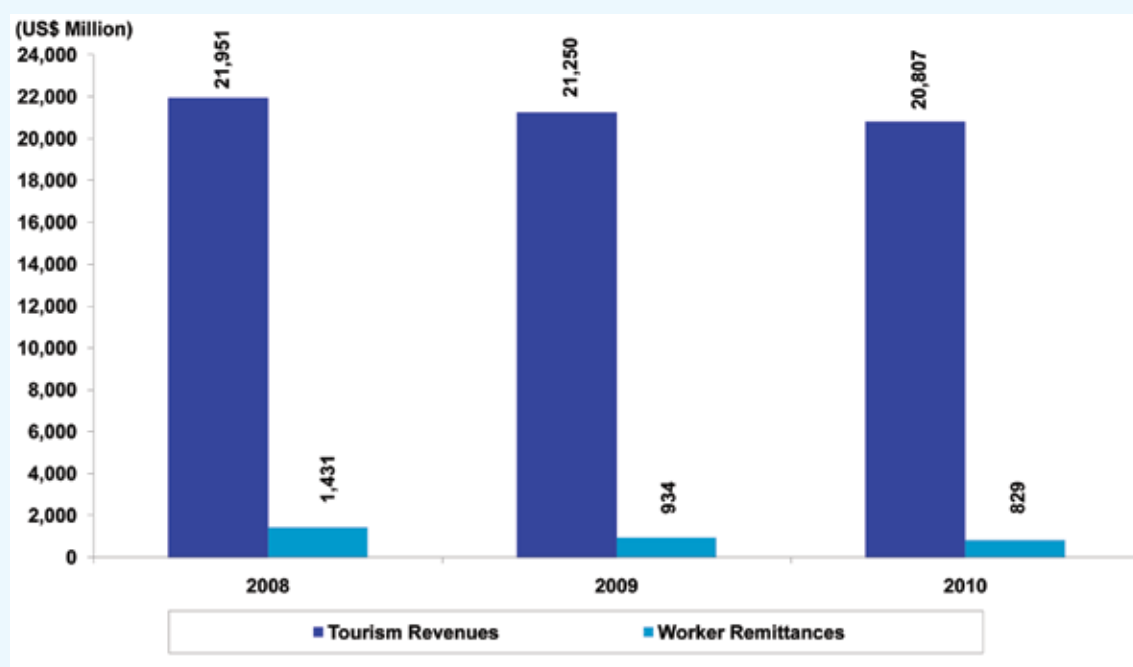
Source: Central Bank of the Republic of Turkey.

The foreign trade deficit, as shown on the balance of payments table, was US\$24,850 million in 2009 and increased 126.8% in 2010 and rose to US\$56,354 million.

The services account surplus shrank 15.0% compared to 2009 and regressed to US\$14,245 million. The regression in the tourism and construction revenues besides the increase in transportation expenditures were the most important components that supported the decrease in the services account.

The revenues account deficit decreased 4.6% under the influence of the decrease in interest expenditures and regressed to US\$7,816 million. The current transfers composed of worker remittances and official transfers decreased 40.7% and became US\$1,364 million.

Tourism revenues decreased 2.1% in 2010 and regressed to US\$20,807 million. Interest revenues decreased 35.1% and regressed to US\$1,094 million. Tourism expenditures increased 16.4% and rose to US\$4,826 million. Interest expenditures decreased 25.8% and regressed to US\$5,423 million. Worker remittances decreased 11.2% and were realized at US\$829 million (See Graph 54).



**Graph 54. Tourism Revenues and Worker Remittances**

The net capital inflow that was US\$9,758 million in 2009, showed an increase at a record level in 2010 and rose to US\$59,539 million. There was also a global shrinkage in liquidity as a result of the slowing down in economic activities due to the global crisis in 2009 and the worsening of the risk perceptions aimed at the future. Whereas, in 2010 the global liquidity directed towards the developing countries to a great extent and the short-term capital flows increased. Turkey was negatively affected by this development and the quality of the current deficit financing deteriorated. While the current deficit financing in previous years was based mainly on direct investment inflows, the short-term capital inflows acquired significance in 2010. While there was a US\$7,154 million inflow in net direct investments, there was a US\$16,291 million inflow in net portfolio investments and a US\$36,094 million inflow in net other investments.

The official reserves, which decreased US\$111 million in 2009, decreased US\$12,799 million in 2010. The foreign financing need, which is defined as the total of the current transactions and the net error and omissions item, increased US\$35,620 million in 2010 compared to 2009 and rose to US\$44,545 million.

## 2.5.4 International Direct Investments

The international direct investment inflows, which have been realized at high rates since 2005, started to decrease as of 2008. The crisis of confidence that formed in the global markets along with the global crisis and the deterioration in the risk perceptions and expectations has negatively affected the investment flows among countries.

Turkey was negatively affected by these developments and a significant decrease was experienced in the investment inflows in 2008 and 2009. The international direct investment inflows, which were US\$14,747 million in 2008, decreased 57.6% in 2009 and regressed to US\$6,250 million. In 2010, the starting of the revival trend in the world economy, even if it was slow, and the measures taken for making the financial system sounder and stronger, positively influenced the investment flows. However, in spite of this, the direct investment inflows to Turkey remained at a limited level in 2010. While the direct investment inflows increased 0.2% and became US\$6,260 million, there were outflows of US\$35 million. Thus, a total of US\$8,999 million in net international direct investment inflows were realized in 2010, with US\$6,225 million in net investment inflows, US\$180 million in net loans obtained by international investment companies from their foreign partners and US\$2,494 million in net real estate sales. Within the net total investment inflows in 2010, the international direct investments had a 72.0% share and the net real estate sales had a 28.0% share (See Table 103).

**Table 103. Actual Inflows of International Direct Investments**

Years	International Direct Investments					(US\$ Million)	
	Capital			Net Other Capital <sup>(1)</sup>	Net Total	Net Real Estate	Net Total Investments
	Inflow	Outflow	Net				
2008	14,747	-35	14,712	1,855	16,567	2,937	19,504
2009	6,250	-82	6,168	459	6,627	1,782	8,409
2010 <sup>(2)</sup>	6,260	-35	6,225	180	6,405	2,494	8,899
Rate within Net Total Investment Inflows							
2008	75.6	-0.2	75.4	9.5	84.9	15.1	100.0
2009	74.3	-1.0	73.3	5.5	78.8	21.2	100.0
2010	70.3	-0.4	70.0	2.0	72.0	28.0	100.0

Source: Undersecretariat of the Treasury.

(1): It is the value of loans obtained by international capital companies from foreign partners.

(2): It is provisional data.

The regression in direct investments gives the impression that the direct foreign investment inflows were mainly for the purchase of privatized facilities, rather than for making new investments. Due to the fact that there no longer very large-scale assets to be privatized remaining, and due to decreased interest in assets that will be privatized because of the negative conditions created by the global crisis, direct investments have regressed for the past two years.

In 2010, of the US\$6,260 million in international direct investment inflows, excluding the loan amounts obtained by the international investment companies from their foreign partners (other investments) and real estate sales, US\$78 million (1.2%) was for the agricultural sector, US\$3,473 million (55.5%) was for the industrial sector and US\$2,709 million (43.2%) was for the services sector. The industrial sector was the sector with the most intensive international direct investment inflows in 2009 and 2010 (See Table 104, Graph 55).

As of sub-sectors, the electricity, gas and water at US\$2,040 million, the financial intermediation organization activities at US\$1,575 million, the manufacturing industry at US\$847 million, the construction at US\$391 million and the wholesale and retail trade at US\$310 million were the sectors in which there were the most intensive international investment inflows.

Of the international direct investment inflows, a US\$4,762 million portion (76.1%) was from the EU countries, a US\$873 million portion (13.9%) was from the Asian countries, a US\$379 million portion (6.1%) was from the American countries and a US\$246 million portion (3.9%) was stemming from the investments from the other countries other than these (See Table 105, Graph 56).

**Table 104. International Direct Investment Inflows by Sectors**

Sectors	(US\$ Million)					
	Investment Inflows			Rate within Total		
	2008	2009	2010 <sup>(1)</sup>	2008	2009	2010 <sup>(1)</sup>
Agriculture, Hunting and Forestry	23	48	78	0.2	0.8	1.2
Fishing	18	1	0	0.1	0.0	0.0
Mining and Quarrying	151	89	195	1.0	1.4	3.1
Manufacturing Industry	3,955	1,565	847	26.8	25.0	13.5
Food Products and Beverages Production	1,252	196	145	8.5	3.1	2.3
Textile Products Production	189	77	82	1.3	1.2	1.3
Chemical Substances and Products Production	200	336	89	1.4	5.4	1.4
Machinery and Equipment Production	226	220	64	1.5	3.5	1.0
Electrical and Optical Instruments Production	236	59	167	1.6	0.9	2.7
Motored Land Vehicles, Trailer and Semi-trailer Production	77	225	39	0.5	3.6	0.6
Other Production	1,775	452	261	12.0	7.2	4.2
Electricity, Gas and Water	1,068	2,124	2,040	7.2	34.0	32.6
Construction	336	208	391	2.3	3.3	6.2
Wholesale and Retail Trade	2,085	389	310	14.1	6.2	5.0
Hotels and Restaurants	24	54	109	0.2	0.9	1.7
Transportation, Communications and Storage Services	170	391	199	1.2	6.3	3.2
Activities of Financial Intermediation Organizations	6,069	666	1,575	41.2	10.7	25.2
Real Estate, Renting and Business Activities	641	560	282	4.3	9.0	4.5
Health and Social Services	149	106	113	1.0	1.7	1.8
Other Societal, Social and Personal Service Activities	58	49	121	0.4	0.8	1.9
Total	14,747	6,250	6,260	100.0	100.0	100.0

Source: Undersecretariat of the Treasury.

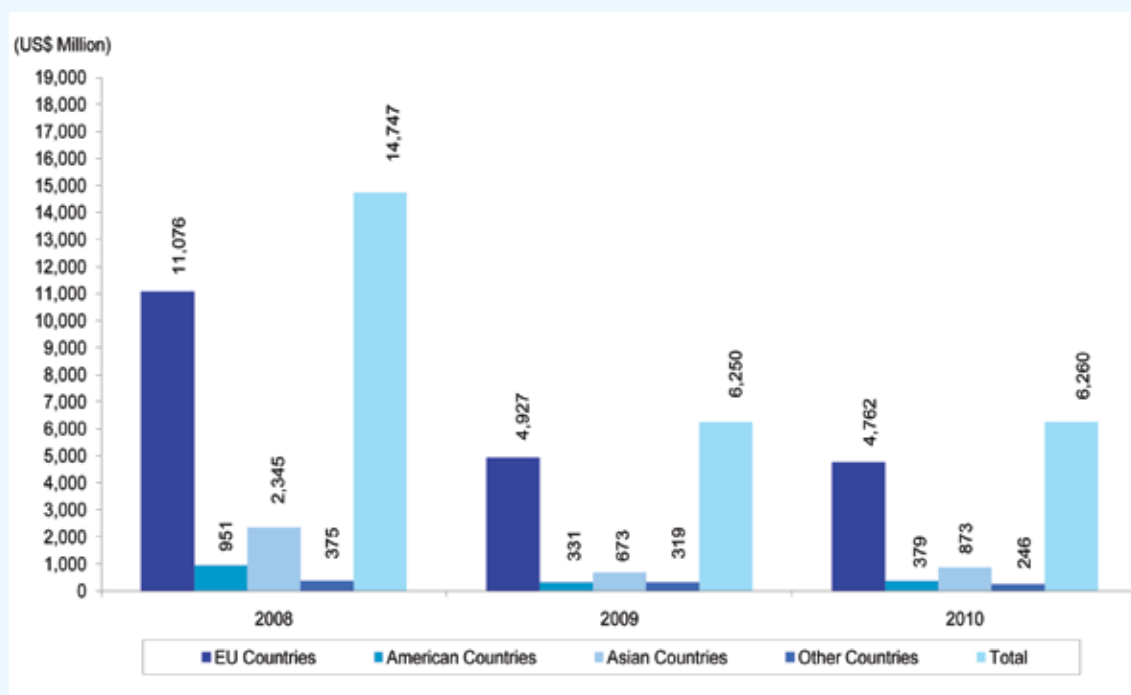
(1): It is provisional data.

**Table 105. International Direct Investment Inflows by Country Groups**

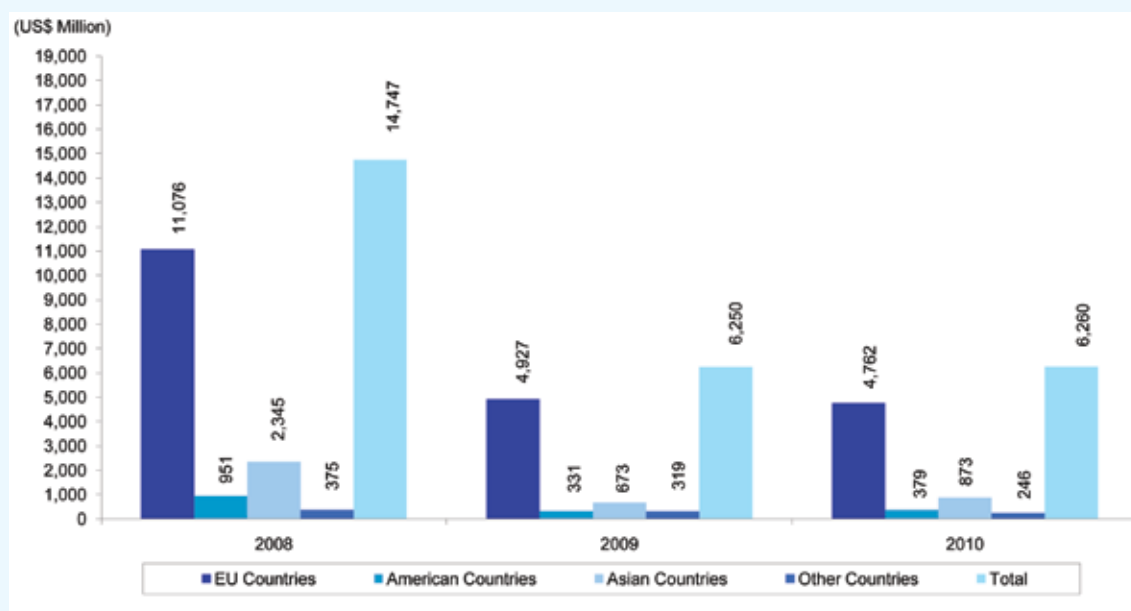
Country Groups	US\$ (Million)					
	2008	2009	2010 <sup>(1)</sup>	Rate within Total		
				2008	2009	2010 <sup>(1)</sup>
EU Countries	11,076	4,927	4,762	75.1	78.8	76.1
Germany	1,237	497	498	8.4	8.0	8.0
France	679	617	589	4.6	9.9	9.4
Netherlands	1,343	718	501	9.1	11.5	8.0
England	1,335	350	233	9.1	5.6	3.7
Italy	249	314	54	1.7	5.0	0.9
Other EU Countries	6,233	2,431	2,887	42.3	38.9	46.1
Other European Countries (Excluding EU)	291	305	243	2.0	4.9	3.9
African Countries	82	2	0	0.6	0.0	0.0
USA	868	260	318	5.9	4.2	5.1
Canada	23	52	56	0.2	0.8	0.9
Central-South America and the Caribbean	60	19	5	0.4	0.3	0.1
Asian Countries	2,345	673	873	15.9	10.8	13.9
Near and Middle Eastern Countries	2,184	361	437	14.8	5.8	7.0
Gulf Countries	1,963	209	371	13.3	3.3	5.9
Other Near and Middle Eastern Countries	96	78	16	0.7	1.2	0.3
Other Asian Countries	161	312	435	1.1	5.0	6.9
Other Countries	2	12	3	0.0	0.2	0.0
Total	14,747	6,250	6,260	100.0	100.0	100.0

Source: Undersecretariat of the Treasury.

(1): It is provisional data.



Graph 55. Sectoral Distribution of International Direct Investment Inflows



Graph 56. Distribution of International Investment Inflows by Country Groups



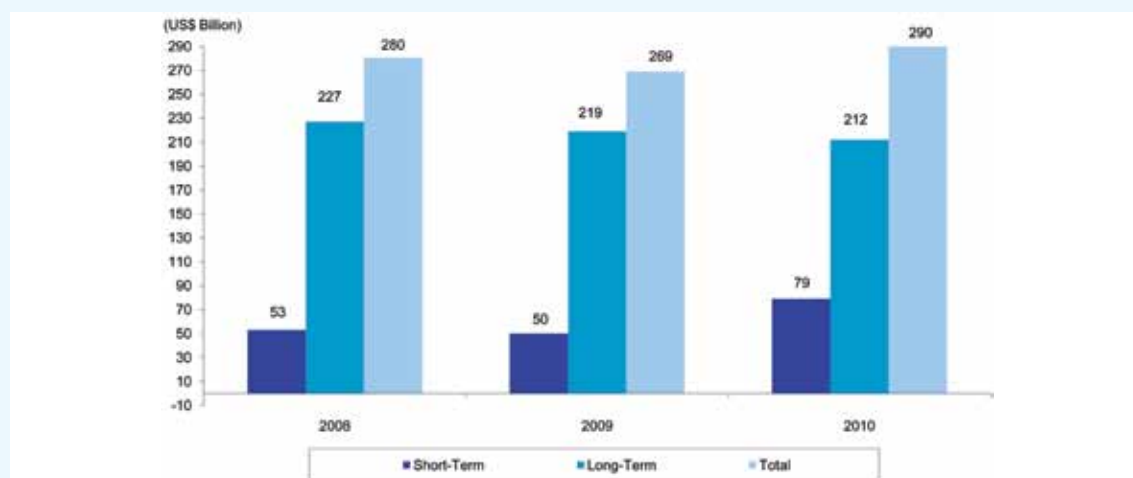
### 2.5.5 Foreign Debts

While the foreign debt stock showed a continuous rising trend as of 2002, it showed a regression along with the shrinkage created in economic activities by the global crisis in 2009. Whereas, in 2010, the opportunities for borrowing also increased with the start of the global economic recovery. The foreign debt stock decreased 4.2% in 2009 and with an 8.0% increase in 2010, it rose to US\$290,350 million. While the foreign debt stock increased, the deterioration in its term structure also continued. While the share of the short-term debts increased, the share of the long-term debts decreased. The short-term foreign debts increased 58.2% and rose to US\$78,641 million. The long-term debts decreased 3.4% and regressed to US\$211,709 million. The share of the short-term debts within the total foreign debt stock were 18.5% in 2009 and rose to 27.1% in 2010. The share of the long-term debts regressed from 81.5% to 72.9% (See Table 106, Graph 57).

**Table 106. Outstanding External Debt Stock**

Indicators	(US\$ Million)		
	2008	2009	2010
External Debt Stock	280,444	268,764	290,350
Rate of Change	12.4	-4.2	8.0
Short-Term	53,104	49,716	78,641
Rate of Change	23.1	-6.4	58.2
Rate within Debt Stock	18.9	18.5	27.1
Long-Term	227,340	219,048	211,709
Rate of Change	10.2	-3.6	-3.4
Rate within Debt Stock	81.1	81.5	72.9
According to Borrowers			
Short-Term	53,104	49,716	78,641
Public Sector	3,248	3,598	4,353
Central Bank	1,874	1,776	1,576
Private Sector	47,982	44,342	72,712
Long-Term	227,340	219,048	211,709
Public Sector	75,037	79,853	84,570
Central Bank	12,192	11,529	10,251
Private Sector	140,111	127,665	116,889
Public Sector Total	78,285	83,451	88,923
Rate within Debt Stock	27.9	31.0	30.6
Central Bank Total	14,066	13,305	11,827
Rate within Debt Stock	5.0	5.0	4.1
Private Sector Total	188,093	172,007	189,601
Rate within Debt Stock	67.1	64.0	65.3

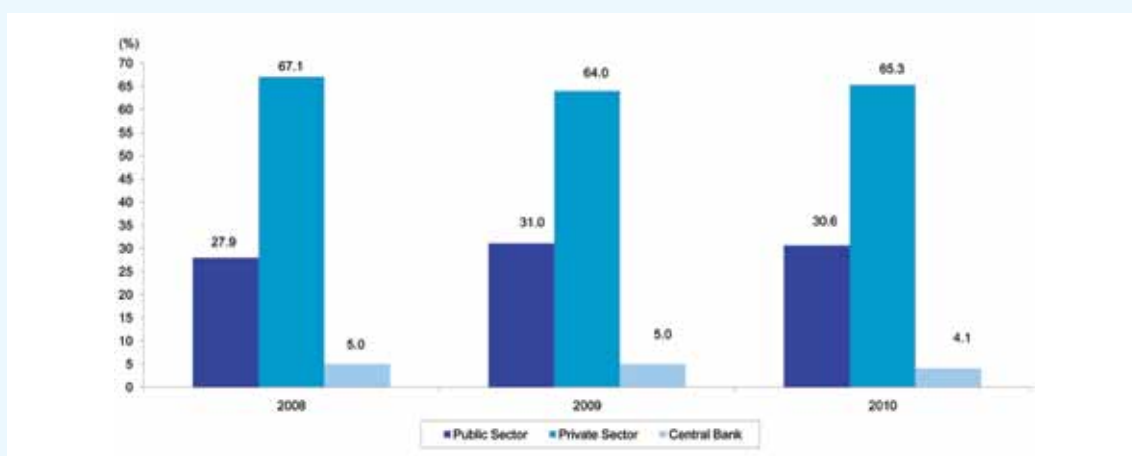
Source: Undersecretariat of the Treasury.



**Graph 57. Outstanding External Debt Stock**

While the share of the public sector within the foreign debt stock was higher up until 2005, as of 2005, the share of the private sector started to be realized at higher rates. After this date, the share of the public sector also continued to decrease. The crisis in 2009 was the cause of the private sector experiencing difficulties in attaining financing and the private sector debt regressed to 8.6% and the public sector debt showed a 6.6% increase. Whereas, in 2010 the opportunity of finding foreign sources by the private sector started to improve and the private sector debt increased 10.2% compared to the past year and rose to US\$189,601 million. The public sector debt increased 6.6% and rose to US\$88,923 million. The TCMB debt decreased 11.1% and regressed to US\$11,827 million.

In 2010, a US\$84,570 million portion of the public sector foreign debts were composed of long-term debts and a US\$4,353 million portion was composed of short-term debts. A US\$116,889 million portion of the private sector foreign debts were composed of long-term debts and a US\$72,712 million portion were composed of short-term debts (See Graph 58).



**Graph 58. Distribution of the Outstanding External Debt Stock by Borrowers**

Within the total foreign debt stock, the share of the public sector in 2010 compared to 2009 decreased from 31.0% to 30.6%, the share of the TCMB regressed from 5.0% to 4.1% and the share of the private sector increased from 64.0% to 65.3%.

### **The Outstanding Long-Term Loans Obtained by the Private Sector from Abroad**

The outstanding long-term loans of the private sector that were US\$140,111 million in 2008, regressed to US\$127,665 million in 2009 and US\$116,889 million in 2010. The long-term debt of the private sector, which showed a 15.4% increase in 2008 compared to the previous year, decreased 8.9% in 2009 and 8.4% in 2010 with the rise in the rates and the decrease in borrowing opportunities due to the global crisis.

Of the outstanding long-term loans obtained by the private sector from abroad, which was US\$116,889 million in 2010, US\$34,195 million (29.3%) was for the financial sector and US\$82,693 million (70.7%) was for non-financial private sector (See Table 107).

**Table 107. Long-Term Loan Debts Received from Abroad by the Private Sector according to Sectors**

Sectors	(US\$ Million)					
				Rate within Total		
	2008	2009	2010 <sup>(1)</sup>	2008	2009	2010 <sup>(1)</sup>
Financial	41,092	35,409	34,195	29.3	27.7	29.3
Banks	30,025	27,952	28,277	21.4	21.9	24.2
Non-Bank Financial Organizations	11,067	7,457	5,918	7.9	5.8	5.1
Non-Financial	99,019	92,256	82,693	70.7	72.3	70.7
Agricultural Sector	382	433	604	0.3	0.3	0.5
Agriculture, Hunting and Forestry	373	425	600	0.3	0.3	0.5
Fishing	9	9	4	0.0	0.0	0.0
Industrial Sector	41,815	38,955	35,042	29.8	30.5	30.0
Mining and Quarrying	3,889	3,687	3,191	2.8	2.9	2.7
Manufacturing Sector	30,186	26,632	22,825	21.5	20.9	19.5
Food Products, Beverages&Tobacco Production	6,301	5,640	4,653	4.5	4.4	4.0
Textile and Textile Products Production	3,340	2,823	2,914	2.4	2.2	2.5
Leather and Leather Products Production	75	60	82	0.1	0.0	0.1
Wood Products Production	577	270	235	0.4	0.2	0.2
Paper Pulp, Paper&Paper Products Production, Printing&Publishing	1,109	845	762	0.8	0.7	0.7
Coke, Refined Petroleum Products and Nuclear Fuel Production	194	348	460	0.1	0.3	0.4
Chemical Substances and Products and Man-Made Fibers	2,145	1,897	1,595	1.5	1.5	1.4
Plastic and Rubber Products Production	1,075	912	916	0.8	0.7	0.8
Other Non-Metallic Mineral Products Production	2,019	1,907	1,531	1.4	1.5	1.3
Main Metals and Fabricated Metal Products Production	6,291	5,779	3,925	4.5	4.5	3.4
Machinery and Equipment Production	1,547	1,032	784	1.1	0.8	0.7
Electrical and Optical Equipment Production	2,098	2,011	2,171	1.5	1.6	1.9
Transport Vehicles Production	3,045	2,831	2,585	2.2	2.2	2.2
Production Not Elsewhere Classified	371	277	210	0.3	0.2	0.2
Electricity, Gas, Steam and Hot Water Production and Distribution	7,740	8,636	9,026	5.5	6.8	7.7
Services Sector	56,822	52,868	47,048	40.6	41.4	40.2
Construction	8,228	8,014	7,120	5.9	6.3	6.1
Wholesale and Retail Trade; Repair of Motor Vehicles, Motorcycles, Personal and Household Goods	9,273	6,349	5,059	6.6	5.0	4.3
Hotels and Restaurants	3,067	2,888	2,400	2.2	2.3	2.1
Transportation, Storage and Communications	14,575	13,994	13,538	10.4	11.0	11.6
Activities of Financial Intermediation Organizations	6	3	15	0.0	0.0	0.0
Real Estate, Renting and Business Activities	18,269	18,535	15,859	13.0	14.5	13.6
Public Administration and Defense; Compulsory Social Security	116	115	110	0.1	0.1	0.1
Education	128	104	86	0.1	0.1	0.1
Health and Social Services	1,053	914	867	0.8	0.7	0.7
Other Social, Societal and Personal Service Activities	2,108	1,953	1,994	1.5	1.5	1.7
Households Employing Personnel within Home&Undiffer-entated Production Activities for Own Use by Households	0	0	1	0.0	0.0	0.0
International Organizations and Representations	0	0	0	0.0	0.0	0.0
Total	140,111	127,665	116,889	100.0	100.0	100.0

Source: Central Bank of the Republic of Turkey.

**Table 107. Long-Term Loan Debts Received from Abroad by the Private Sector according to Sectors (Continued)**

Sectors	(Milyon \$)		
	Rate of Change		
	2008	2009	2010 <sup>(1)</sup>
Financial	-1.8	-13.8	-3.4
Banks	-2.9	-6.9	1.2
Non-Bank Financial Organizations	1.2	-32.6	-20.6
Non-Financial	24.5	-6.8	-10.4
Agricultural Sector	57.2	13.5	39.3
Agriculture, Hunting and Forestry	58.6	13.8	41.3
Fishing	13.9	-1.3	-56.4
Industrial Sector	29.0	-6.8	-10.0
Mining and Quarrying	36.6	-5.2	-13.4
Manufacturing Sector	20.2	-11.8	-14.3
Food Products, Beverages&Tobacco Production	64.5	-10.5	-17.5
Textile and Textile Products Production	2.6	-15.5	3.2
Leather and Leather Products Production	29.6	-20.0	37.9
Wood Products Production	-2.2	-53.2	-13.0
Paper Pulp, Paper&Paper Products Production, Printing&Publishing	-2.2	-23.8	-9.8
Coke, Refined Petroleum Products and Nuclear Fuel Production	-16.3	79.7	32.2
Chemical Substances and Products and Man-Made Fibers	16.1	-11.6	-15.9
Plastic and Rubber Products Production	22.2	-15.2	0.5
Other Non-Metallic Mineral Products Production	16.0	-5.5	-19.7
Main Metals and Fabricated Metal Products Production	10.4	-8.1	-32.1
Machinery and Equipment Production	11.2	-33.3	-24.0
Electrical and Optical Equipment Production	27.4	-4.1	7.9
Transport Vehicles Production	22.6	-7.0	-8.7
Production Not Elsewhere Classified	12.2	-25.4	-24.1
Electricity, Gas, Steam and Hot Water Production and Distribution	73.5	11.6	4.5
Services Sector	21.3	-7.0	-11.0
Construction	24.0	-2.6	-11.2
Wholesale and Retail Trade; Repair of Motor Vehicles, Motorcycles, Personal and Household Goods	17.2	-31.5	-20.3
Hotels and Restaurants	11.6	-5.8	-16.9
Transportation, Storage and Communications	0.6	-4.0	-3.3
Activities of Financial Intermediation Organizations	5.2	-49.0	388.5
Real Estate, Renting and Business Activities	53.0	1.5	-14.4
Public Administration and Defense; Compulsory Social Security	-80.6	-1.0	-4.3
Education	-30.4	-18.8	-17.5
Health and Social Services	19.1	-13.2	-5.1
Other Social, Societal and Personal Service Activities	43.6	-7.3	2.1
Households Employing Personnel within Home&Undifferentiated Production Activities for Own Use by Households	-82.6	1.3	126.8
International Organizations and Representations	-	-	-
Total	15.4	-8.9	-8.4

Of the long-term debts of the private sector financing sector, a US\$33,071 million portion was composed of credits, a US\$125 million portion was composed of credits considered to be foreign capital and a US\$1,000 million portion was composed of bonds. Whereas, of the debts of the non-financial private sector, a US\$76,695 million portion was composed of credits, a US\$5,204 million portion was composed of credits considered to be foreign capital, a US\$594 million portion was composed of commercial credits and a US\$200 million portion was composed of bonds.<sup>4</sup>

The share of the non-financial private sector within the total debt that was 72.3% in 2009, regressed to 70.7% in 2010. The first place in the long-term credit debt obtained by the real sector from abroad on a sectoral basis, just as it was in 2009, was the services sector at 40.2% and it was followed by the industrial sector at 30.0% and the agricultural sector at 0.5%.

In 2010 on the basis of sub-sectors, the sector that had the most debt was the manufacturing industry sector at 19.5% and this was followed by the real estate, renting and business activities at 13.6% and the transportation, storage and communications activities at 11.6%.

In the credit debt obtained by the private sector from abroad in 2010 compared to the previous year, the debt of the agricultural sector increased 39.3%, the debt of the industrial sector decreased 10.0% and the debt of the services sector decreased 11.0%. The highest rate of increase as of sub-sectors of the manufacturing industry sector in the credit debt of the private sector was 37.9% in the leather and leather products production industry and this was followed at 32.2% in the coke, refined petroleum products and nuclear fuel production sector and at 7.9% in the electrical and optical equipment manufacturing sectors. Whereas, the largest decrease was realized at 32.1% in the main metal and fabricated metal products production sector. It draws attention that in the services sector there was a very high increase of 388.5% in the activities of the financial intermediation organizations.

<sup>4</sup> It was taken from the website [www.tcmb.gov.tr](http://www.tcmb.gov.tr) of the Central Bank of the Republic of Turkey (TCMB).





# **CHAPTER III.**

## **A GENERAL VIEW OF SOCIO-ECONOMIC INDICATORS AND TARGETS**





## 1. SOCIO-ECONOMIC INDICATORS

### 1.1 Population

A total of 14 general population census activities were made in Turkey, with the first in 1927 and the last in 2000. In these censuses, the people were counted on the census day in the places they were located by implementing a ban on leaving their residences. In 2006 a new system was established by promulgating the No. 5490 Population Services Law that would constitute the data sources of the population censuses. Within the framework of the new system, a national address database was formed that recorded with precedence all of the address information in Turkey. Subsequently, the Republic of Turkey identification numbers of the citizens residing at these addresses and the passport numbers of the foreigners were recorded by correlating with the addresses. Thus, the Address Based Population Registration System (ADNKS) was constituted within the framework of Law No. 5490, which makes it possible to publish dynamic and current information related to the population of Turkey based on residence addresses every year, rather than the population censuses made in certain years. The first population census results obtained with the new system were announced by the TURKSTAT on 21 January 2008.

As of 31 December 2010, the total population of Turkey according to the ADNKS 2010 results was determined to have increased by 1,162 thousand persons compared to 2009 and to be a total of 73,723 thousand persons, with 37,043 thousand males and 36,680 thousand females (See Table 108).

**Table 108. Turkey's Total Population, Annual Growth Rate of Population and Population Density**

Years	Population (Thousand Persons)			Annual Growth Rate of Population (%)	Population Density (Persons/Km <sup>2</sup> )
	Males	Females	Total		
2008 <sup>(1)</sup>	35,901	35,616	71,517	13.1	93
2009 <sup>(1)</sup>	36,462	36,099	72,561	14.5	94
2010 <sup>(1)</sup>	37,043	36,680	73,723	15.9	96

Source: TURKSTAT.

(1): It is information within the scope of the Address Based Population Registration System.

According to the TURKSTAT results in 2009, while the total annual growth rate of the population was 14.5%, it became 15.9% in 2010. In 2010 the female population showed an increase change of 1.60% and rose from 36,099 thousand to 36,680 thousand. The male population showed an increase change of 1.59% and rose from 36,462 thousand to 37,043 thousand.

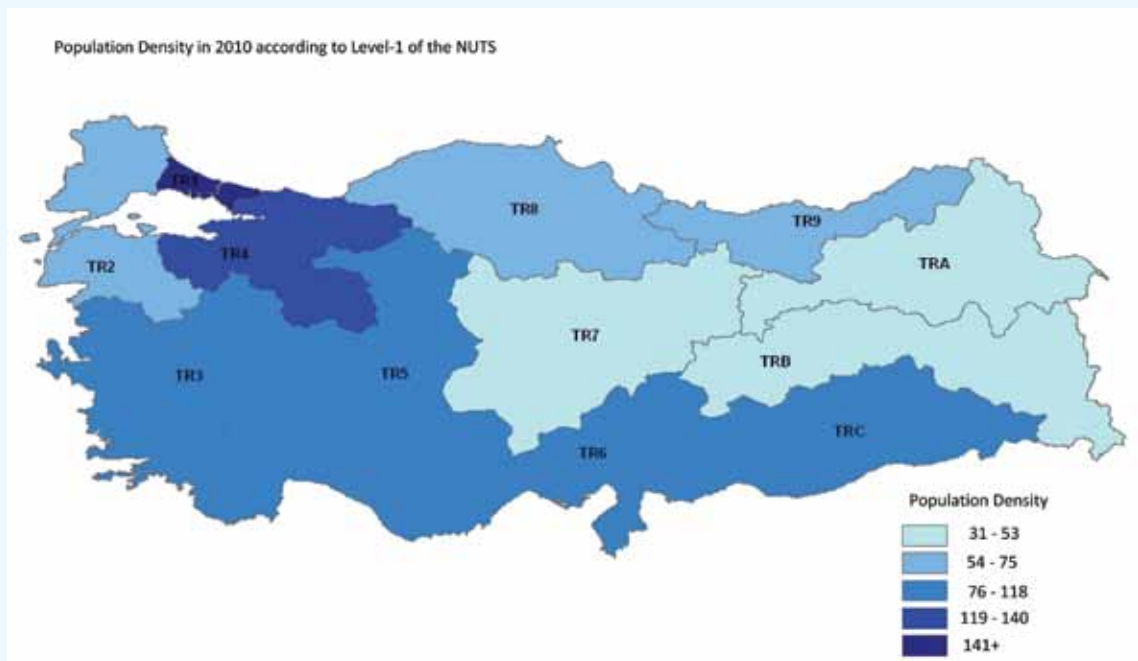
From 2008 up until 2010, together with the annual growth rate of the population in Turkey, the population density was also in an increase trend. While there were 93 persons/Km<sup>2</sup> in 2008, this figure increased 3.2% in 2010 and rose to 96 persons/Km<sup>2</sup>. By provinces, while Istanbul province is in first place from the aspect of population density at 2,551 persons per Km<sup>2</sup>, Kocaeli province is in second place with 432 persons/Km<sup>2</sup>, Izmir province is in third place with 329 persons/Km<sup>2</sup>, Hatay province is in fourth place with 254 persons/Km<sup>2</sup> and Bursa province is in fifth place with 250 persons/Km<sup>2</sup>.

When the population values per Km<sup>2</sup> are analyzed according to Level-1 of the NUTS for 2010, the Istanbul region is in first place with 2,551 persons/Km<sup>2</sup> and this is followed by the Eastern Marmara Region in second place with 140 persons/Km<sup>2</sup>. Whereas, the region with the lowest population density is the North-eastern Anatolia Region with 31 persons/Km<sup>2</sup>. It is observed that there are very significant differences in Turkey among the regions from the aspect of population density. The Istanbul region that has the highest population density has a population that is 82.3 fold more than the Northeastern Anatolia region that has the least population density (See Table 109, Graph 59).

**Table 109. Population Density in 2010 According to Level-1 of the NUTS**

Territorial Code	Name of Territory	Population Density (Population Per Km <sup>2</sup> )
TR1	Istanbul	2551
TR2	Western Marmara	74
TR3	Aegean	109
TR4	Eastern Marmara	140
TR5	Western Anatolia	97
TR6	Mediterranean	106
TR7	Central Anatolia	42
TR8	Western Black Sea	62
TR9	Eastern Black Sea	72
TRA	Northeastern Anatolia	31
TRB	Central Eastern Anatolia	47
TRC	Southeastern Anatolia	101

Source: TURKSTAT.

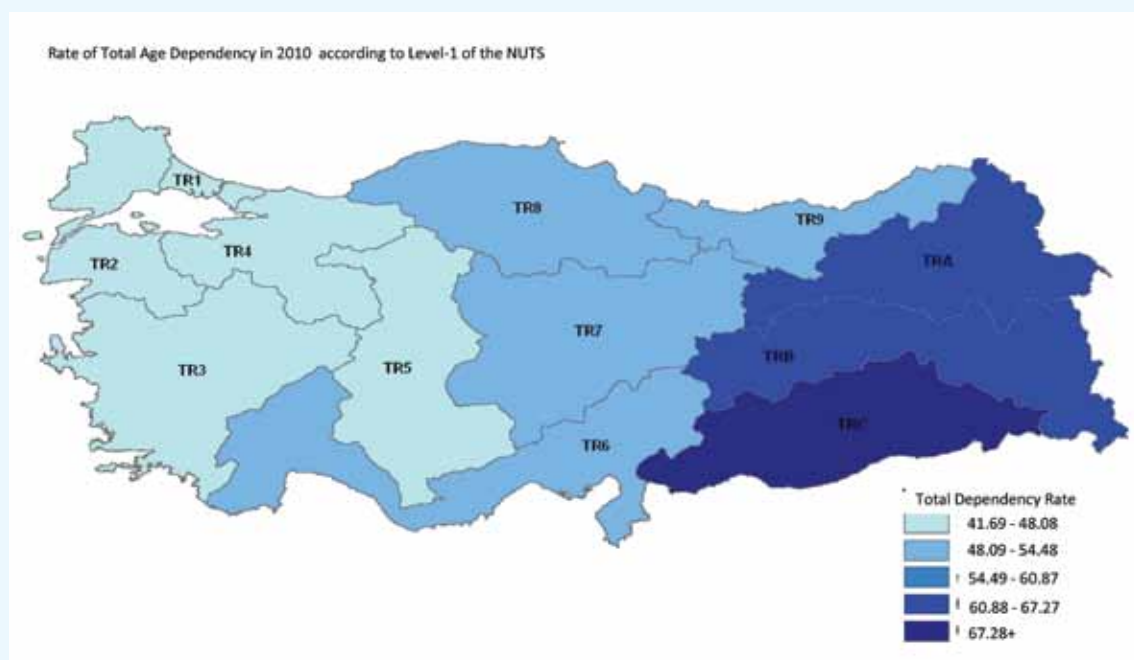
**Graph 59. Population Density in 2010 according to Level-1 of the NUTS**

When the young-age population dependency rates are examined according to Level-1 of the NUTS for 2010, it is observed that the Southeastern Anatolia Region is in first place at 66.4%, the Central Eastern Anatolia Region is in second place at 56.1% and the Northeastern Anatolia Region is in third place at 52.8%. Whereas, the Level-1 NUTS region with the lowest rate of young-age population dependency is the Western Marmara Region at 26.7%. The regions that are in the first three places for rates of elderly population dependency are the Eastern Black Sea Region at 16.9%, the Western Black Sea Region at 16.0% and the Western Marmara Region at 15.1%. Whereas, the region that is in final place in the rates of elderly population density is the Southeastern Anatolia Region at 7.3%. The Southeastern Anatolia Region is in first place in the rate of total population dependency at 73.7% and the Istanbul Region is in final place at 41.7% (See Table 110, Graphs 60, 61, 62).

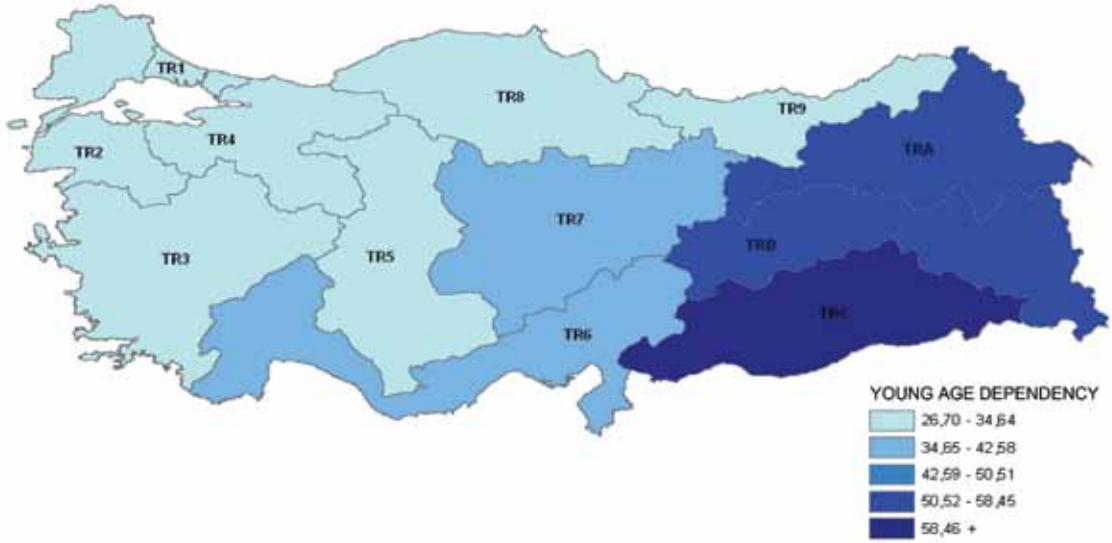
**Table 110. Total Rates of Dependency of the Elderly and Young-Age Population in 2010 according to Level-1 of the NUTS**

Territorial Code	Name of Territory	Rate of Total Dependency	Rate of Elderly Dependency	Rate of Young-Age Dependency
TR1	Istanbul	41.69	7.86	33.83
TR2	Western Marmara	41.79	15.09	26.7
TR3	Aegean	42.59	12.98	29.6
TR4	Eastern Marmara	43.5	11.05	32.45
TR5	Western Anatolia	44.37	10.15	34.22
TR6	Mediterranean	49.19	9.7	39.49
TR7	Central Anatolia	51.55	12.36	39.19
TR8	Western Black Sea	48.55	16	32.55
TR9	Eastern Black Sea	50.32	16.93	33.39
TRA	Northeastern Anatolia	63.49	10.7	52.8
TRB	Central Eastern Anatolia	64.92	8.78	56.14
TRC	Southeastern Anatolia	73.66	7.27	66.39

Source: TURKSTAT.

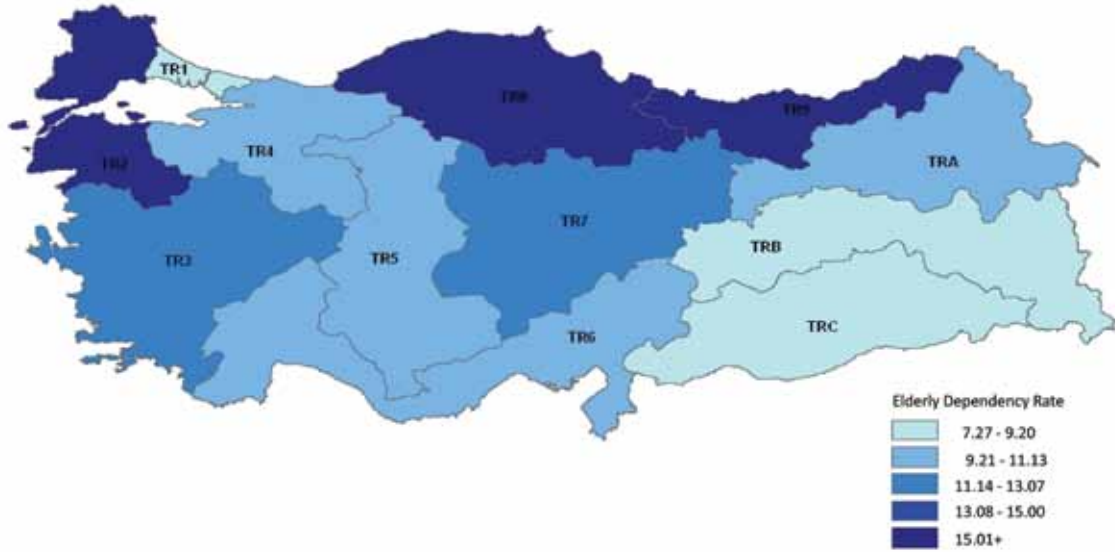
**Graph 60. Rate of Total Age Dependency in 2010 according to Level-1 of the NUTS**

Rate of Young Age Dependency in 2010 according to Level-1 of the NUTS



Graph 61. Rate of Young Age Dependency in 2010 according to Level-1 of the NUTS

Rate of Elderly Dependency in 2010 according to Level-1 of the NUTS



Graph 62. Rate of Elderly Dependency in 2010 according to Level-1 of the NUTS

According to the results of the ADNKS 2010, of the total 73,723 thousand persons residing in Turkey, 56,222 thousand live in the cities (provincial and district centers) (76.3%) and 17,501 thousand (23.7%) live in the villages (See Table 111).

**Table 111. City-Village Populations and Annual Growth Rates of Population**

Years	Total Population	(Thousand Persons)					
		City			Village		
		Population	City Population Rate	Annual Growth Rate (%) <sup>(2)</sup>	Population	Village Population Rate	Annual Growth Rate (%) <sup>(2)</sup>
2008 <sup>(1)</sup>	71,517	53,612	75.0	74.80	17,905	25.0	-151.70
2009 <sup>(1)</sup>	72,561	54,807	75.5	22.04	17,754	24.5	-8.47
2010 <sup>(1)</sup>	73,723	56,222	76.3	25.49	17,501	23.7	-14.35

Source: TURKSTAT.

(1): They are the results of the general population census.

(2): They were calculated with the simple compound interest formula based on the data of the Address Based Population Registration System.

The significant difference between the rates of change in the city and village populations of Turkey draws attention. While there has been a regular increase trend in the city population from 2008 up until 2010, the rural population has been in a decrease trend. The city population has shown a 2.6% increase in 2010 compared to 2009 and rose from 54,807 thousand to 56,222 thousand. The village population for the same year decreased 1.4% and regressed from 17,754 thousand to 17,501 thousand. The effect of the migrations from the villages to the cities, which still continue in an intensive manner, are significant in this.

In 2010, of the 81 provinces, the population in 53 of the provinces has increased and the population in 28 of the provinces has decreased compared to the previous year. Tunceli, Çankırı and Ardahan provinces are in the first three places in the listing of provinces where there is the lowest annual growth rate of the population in 2010. Bilecik, Isparta and Erzincan provinces are in the first three places in the listing of provinces where there is the highest annual growth rate of the population in 2010.

In 2010, of the total population in Turkey, 13,256 thousand persons (18.0%) reside in Istanbul province 4,772 thousand persons (6.5%) reside in Ankara province 3,949 thousand persons (5.4%) reside in Izmir province 2,605 thousand persons (3.5%) reside in Bursa province and 2,085 thousand persons (2.8%) reside in Adana province.

In 2010 in Turkey, while the median age of the male population was 28.7, the median age of the female population was 29.8. Also, while the median age in the cities was 29.1, the median age in the villages was 29.8. According to these results, it can be stated that the average lifespan of the female population is longer than males and that the average lifespan in the villages is longer compared to the cities. In 2010, the rate of the population in the 16-64 years of age group and the population in the working age group within the total population was 67.2%.

## 1.2 Employment

The rate of employment under the influence of the economic crisis experienced in 2009 only increased 0.4% and was the lowest value of the last five years. Along with the economic recovery, the number of persons employed increased 6.2% in 2010 compared to the previous year and rose to 22,594 thousand. In 2009, Turkey was confronted with the highest the rate of unemployment, such as 14.0%, since 1988. The rate of unemployment in 2010 decreased 2.1 points compared to 2009 and became 11.9%. While the non-agricultural rate of unemployment was 14.8% in 2010, the rate of unemployment in the young population was realized at 21.7% (See Table 112, Graph 63).

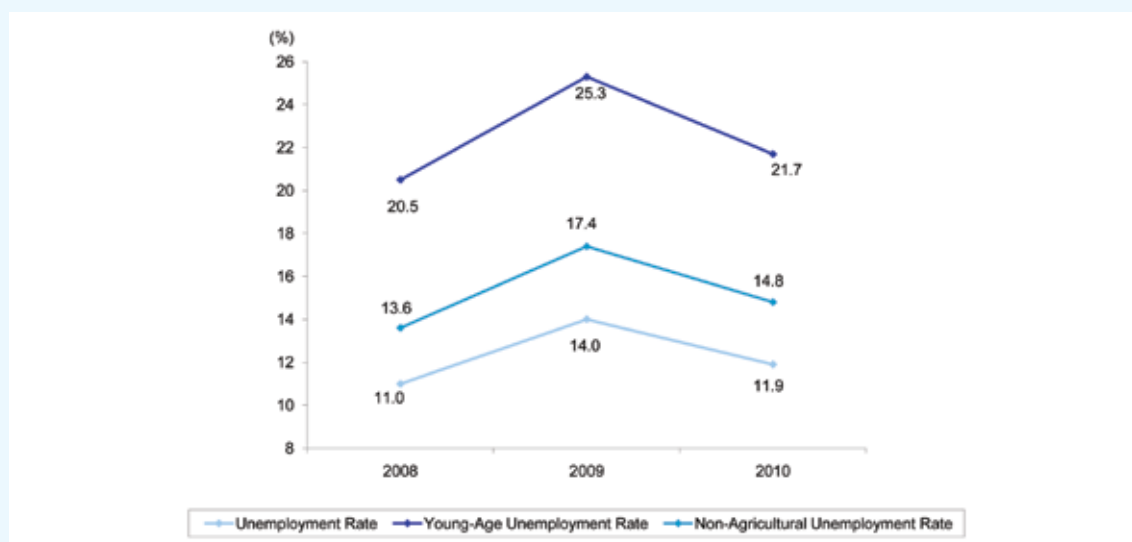
**Table 112. Domestic Labor Force Market of the Non-Institutional Population**

Indicators	(15+ Years of Age, Thousand Persons)					
	2008	2009	2010	Rate of Change		
				2008	2009	2010
Non-Institutional Working Age Population	50,772	51,686	52,541	1.6	1.8	1.7
Labor Force	23,805	24,748	25,641	3.0	4.0	3.6
Employed	21,194	21,277	22,594	2.2	0.4	6.2
Unemployed	2,611	3,471	3,046	9.9	32.9	-12.2
Rate of Participation in Labor Force <sup>(1)</sup>	46.9	47.9	48.8	1.5	2.1	1.9
Employment Rate	41.7	41.2	43.0	0.5	-1.2	4.4
Unemployment Rate	11.0	14.0	11.9	6.8	27.3	-15.0
Non-Agricultural Unemployment Rate	13.6	17.4	14.8	7.9	27.9	-14.9
Unemployment Rate of Young-Age Population <sup>(2)</sup>	20.5	25.3	21.7	2.5	23.4	-14.2

Source: TURKSTAT.

(1): All the rates in the table express percentages values.

(2): It is the non-institutional population in the 15-24 years of age group.

**Graph 63. Unemployment Rates****Table 113. Employment and Unemployment Rates in 2010 according to Level-1 of the NUTS**

Territories	Total		Males		Females	
	Rate of Unemployment	Rate of Employment	Rate of Unemployment	Rate of Employment	Rate of Unemployment	Rate of Employment
Istanbul (TR1)	14.3	41.0	13.2	62.4	17.4	19.8
Western Marmara (TR2)	8.8	46.9	7.9	65.0	10.8	28.9
Aegean (TR3)	12.0	44.7	10.7	63.4	14.8	27.0
Eastern Marmara (TR4)	11.5	43.0	10.6	63.2	13.9	23.0
Western Anatolia (TR5)	10.8	43.0	9.7	63.8	13.9	22.9
Mediterranean (TR6)	13.9	45.8	13.3	64.4	15.3	27.8
Central Anatolia (TR7)	12.2	39.5	11.5	60.5	14.3	19.7
Western Black Sea (TR8)	8.3	47.5	8.3	63.5	8.2	32.7
Eastern Black Sea (TR9)	6.1	54.6	7.3	66.1	4.4	43.4
Northeastern Anatolia (TRA)	8.2	47.7	10.3	66.2	3.3	30.1
Central Eastern Anatolia (TRB)	14.3	39.1	15.0	60.2	12.3	19.2
Southeastern Anatolia (TRC)	12.4	33.2	13.4	56.0	7.6	11.5

Source: TURKSTAT.



When employment is examined by sectors, it is observed that the sector, which showed the highest increase in the rate of employment in 2010 was the industrial sector. In the industrial sector, which recorded an increase of 10.1% in 2010 compared to the previous year, the number of persons employed rose to 5,927 thousand. Whereas, in the agricultural sector the number of persons employed in 2010 compared to the previous year increased 8.5% and went up to 5,683 thousand. The number of persons employed in the services sector increased 3.2% and reached 10,986 thousand. When the rates of persons employed is examined by sectors within the total employment in 2010, it was 25.2% in the agricultural sector, 26.2% in the industrial sector and 48.6% in the services sector (See Table 114, Graphs 64, 65).

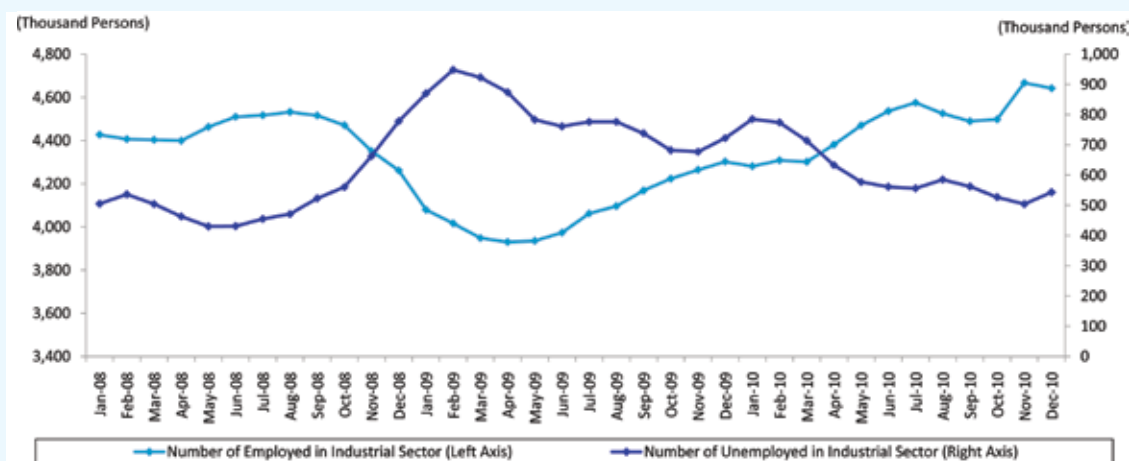
**Table 114. Employment by Sectors**

Sectors	(15+Years of Age, Thousand Persons)								
	2008	2009	2010	Rate within Total			Rate of Change		
				2008	2009	2010	2008	2009	2010
Agriculture	5,016	5,240	5,683	23.7	24.6	25.2	3.1	4.5	8.5
Industry <sup>(1)</sup>	5,682	5,385	5,927	26.8	25.3	26.2	31.7	-5.2	10.1
Construction	1,241	1,306	1,431	5.9	6.1	6.3	0.8	5.2	9.6
Services	10,495	10,650	10,986	49.5	50.1	48.6	1.6	1.5	3.2
Total	21,194	21,277	22,594	100.0	100.0	100.0	2.2	0.4	6.2

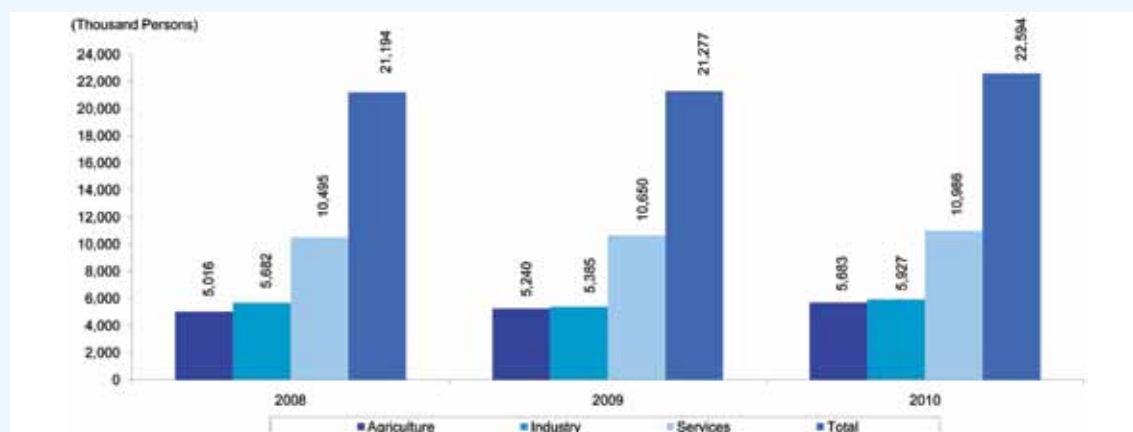
Source: TURKSTAT.

(1): The industrial sector also includes the construction sector.

Note: There could be a difference in the total figures due to rounding off.



**Graph 64. Number of Employed and Unemployed in the Industrial Sector**



**Graph 65. Sectoral Distribution of Employment (15+ Years of Age)**

### 1.3 Work Life

Since the data for the number of workers and rates of unionization in 2010 have not yet been announced, it has been concentrated on the 2009 data. In July 2009 the total number of workers was 5,398 thousand and the number of unionized workers was 3,233 thousand (See Table 115).

**Table 115. Number of Workers and Rates of Unionization**

Period of Publication <sup>(1)</sup>	Total Number of Workers	Number of Unionized Workers	Unionization	
			Rate	Rate of Change Compared to the Previous Period
January, 2008	5,349,828	3,137,819	58.7	0.4
July, 2008	5,414,423	3,179,510	58.7	0.1
January, 2009	5,434,433	3,205,662	59.0	0.5
July, 2009	5,398,296	3,232,679	59.9	1.5

Source: Ministry of Labor and Social Security.

(1): The 2010 data will be published in 2011 by the related Ministry.

While the rate of unionized workers was 59.0% in January 2009, it showed an increase 1.5% in July 2009 and rose to 59.9%. It can be said that there was also an increase trend in the rate of unionization as of quarters between 2008 and 2009.

In 2010, compared to the previous year, a decrease was recorded in the number of work places and in the number of agreements made at the rates of 21.8% and 16.7%, respectively. 1,662 collective labor agreements were signed at 9,033 work places and of the total 338,671 workers covered by the collective labor agreements, 166,294 persons worked in the public sector and 172,377 persons worked in the private sector (See Table 116).

**Table 116. Number of Work Places and Workers Included in the Collective Labor Agreements**

Variable	2008		2009		2010	
	Number	Rate of Change	Number	Rate of Change	Number	Rate of Change
Number of Agreements Made	1,704	-13.7	1,995	17.1	1,662	-16.7
Number of Workers	9,623	-1.2	11,544	20.0	9,033	-21.8
Number of Workers						
Public Sector	107,258	-12.1	288,531	169.0	166,294	-42.4
Private Sector	155,528	-54.8	216,265	39.1	172,377	-20.3
Total	262,786	-43.7	504,796	92.1	338,671	-32.9
Rate of the Number of Workers						
Public Sector	40.8	55.8	57.2	40.0	49.1	-14.1
Private Sector	59.2	-19.8	42.8	-27.6	50.9	18.8
Total	100.0		100.0		100.0	

Source: Ministry of Labor and Social Security.

When the strike implementations are examined in 2010, a total of 11 strikes were held with 1 in the public sector and 10 in the private sector. In the strike realized in the public sector, 406 workers participated and there was a loss of 2,030 workdays. Whereas, in the 10 strikes in the private sector, 402 workers participated and a loss of 35,732 workdays was experienced (See Table 117).

**Table 117. Strike Implementations**

Sector	Number of Strikes Implemented			Number of Workers Joining in Strikes			Number of Workdays Lost			Rate of Change of Number of Workdays Lost		
	2008	2009	2010	2008	2009	2010	2008	2009	2010	2008	2009	2010
Public Sector	1	-	1	610	-	406	610	-	2,030	-85.6	-100	
Private Sector	14	13	10	4,430	3,101	402	145,115	290,913	35,732	-89.2	100.5	-87.7
Total	15	13	11	5,040	3,101	808	145,725	290,913	37,762	-89.2	99.6	-87.0

Source: Ministry of Labor and Social Security.

In 2010, just as in the past year, no lockout implementation was made (See Table 118).



**Table 118. Lockout Implementations**

Sector	Number of Strikes Implemented			Number of Workers Who Lockouts			Number of Workdays Lost			Rate of Change of Number of Workdays Lost		
	2008	2009	2010	2008	2009	2010	2008	2009	2010	2008	2009	2010
Public Sector	-	-	-	-	-	-	-	-	-			
Private Sector	1	-	-	1,256	-	-	16,328	-	-	0.0	-100.0	
Total	1	-	-	1,256	-	-	16,328	-	-	0.0	-100.0	

Source: Ministry of Labor and Social Security.

## 1.4 Wages

The nominal increase in the net worker's wages in the public sector within the scope of the collective labor agreements was 4.6% in 2010 compared to the previous year and rose from 2,112.9 TL/month to 2,210.5 TL/month. The nominal increase in the labor force cost was 6.9% and went from 3,908.0 TL/month to 4,179.4 TL/month. Whereas, in real terms there was a 3.6% decrease in the monthly net worker's wages and a 1.5% decrease in the labor force cost in 2010.

Since the data for the private sector in 2010 has not yet been announced, it has been concentrated on the 2009 data. In the private sector in 2009, compared to 2008, there was a nominal increase in the net worker's wages of 8.7% and it reached the value of 1,527.2 TL/month. There was a nominal increase in the labor force costs of 8.1% and it reached the value of 2,847.7 TL/month. In the private sector in 2009, compared to the previous year, a 2.3% real increase in the net worker's wages was recorded and a 6.8% real increase in the labor force costs was recorded (See Table 119).

**Table 119. Developments in Workers' Wages Within the Scope of the Collective Labor Agreement**

Years	(TL/Month)					
	Net Wage			Labor Force Cost		
	Wage <sup>(1)</sup>	Nominal Increase (%)	Real Increase <sup>(2)</sup> (%)	Value	Nominal Increase (%)	Real Increase <sup>(3)</sup> (%)
Public Sector <sup>(4)</sup>						
2008	1,999,23	8.3	-1.9	3,629,89	6.0	-6.0
2009	2,112,95	5.7	-0.5	3,908,00	7.7	6.4
2010	2,210,47	4.6	-3.6	4,179,40	6.9	-1.5
Private Sector <sup>(5)</sup>						
2008	1,404,50	7.7	-2.5	2,634,27	7.7	-4.4
2009	1,527,21	8.7	2.3	2,847,73	8.1	6.8

Source: Unions of Public Sector Employers, Confederation of Employer Unions of Turkey, State Planning Organization, TURKSTAT.

(1): As of 2008 the figure for the new wage for single workers includes a discount for the minimum cost of living.

(2): In the calculation of the real increases in net wages the Consumer Price Index (2003=100) of the TURKSTAT was used as the basic year.

(3): In the calculation of the real increases in the labor force cost, the Producer Price Index (2003=100) of the TURKSTAT was used as the basic year.

(4): The Municipalities were excluded from the scope.

(5): The 2010 data was not included here because it will be announced later.

The legal gross minimum wage for the period between 1 January 2010 and 30 June 2010 was determined to be 24.3 TL/day for those 16 years of age and older and 20.7 TL/day for those under 16 years of age. The legal gross minimum wage for the period between 1 July 2010 and 31 December 2010 was determined to be 25.4 TL/day for those 16 years of age and older and 21.6 TL/day for those under 16 years of age. The monthly gross minimum wage for the period between 1 January 2010 and 30 June 2010 was determined to be 729.0 TL for those 16 years of age and older and 621.0 TL for those under 16 years of age. The monthly gross minimum wage for the period between 1 July 2010 and 31 December 2010 was determined to be 760.5 TL for those 16 years of age and older and 648.0 TL for those under 16 years of age (See Table 120).

**Table 120. Daily and Monthly Gross Minimum Wages as of Years**

Years	Periods	(TL)					
		Gross Wage for Those 16+ Years of Age		Rate of Change	Gross Wage for Those Less than 16 Years of Age		Rate of Change
		Daily	Monthly		Daily	Monthly	
2008	1st Six Months <sup>(1)</sup>	20,28	608,40	4.0	17,18	515,40	4.9
	2nd Six Months <sup>(2)</sup>	21,29	638,70	5.0	18,02	540,60	4.9
2009	1st Six Months	22,20	666,00	4.3	18,90	567,00	4.9
	2nd Six Months	23,10	693,00	4.1	19,65	589,50	4.0
2010	1st Six Months	24,30	729,00	5.2	20,70	621,00	5.3
	2nd Six Months	25,35	760,50	4.3	21,60	648,00	4.3

Source: Ministry of Labor and Social Security.

(1): The 1st six months of the related year covers the period between 1 January and 30 June.

(2): The 2nd six months of the related year covers the period between 1 July and 31 December.

While there was an improvement of 5.2% in the minimum daily wages of those 16 years of age and older in the first period of 2010, there was an improvement of 5.3% in the minimum daily wages of those under 16 years of age. An improvement of 4.3% was experienced in the minimum daily wages of those 16 years of age and older in the second period of 2010 and an improvement at the same rate of 4.3% was experienced in the minimum daily wages of those under 16 years of age.

In 2010 the average net civil servant salary increased nominally 7.0% and rose to 1,483.5 TL/month and the average cost of salaries increased 7.0% and became 1,983.8 TL/month. The average net civil servant salary and average cost of salaries decreased 1.4% in real terms (See Table 121).

**Table 121. Nominal and Real Changes in Civil Servant Salaries**

Years	(TL/Month)					
	Net Salary <sup>(1)</sup>			Cost of Salary		
	Weighted Average Salary <sup>(2)</sup>	Nominal Increase (%)	Real Increase <sup>(3)</sup> (%)	Average Cost of Salary	Nominal Increase (%)	Real Increase <sup>(4)</sup> (%)
2008	1,205,31	17.7	6.5	1,634,98	11.7	-0.9
2009	1,386,02	15.0	8.2	1,853,79	13.4	12.0
2010	1,483,45	7.0	-1.4	1,983,76	7.0	-1.4

Source: Ministry of Finance, TURKSTAT, State Planning Organization.

(1): As of 2008 the average net salary for single workers includes a discount for the minimum cost of living.

(2): It includes employee housing compensation and excludes family assistance, extraordinary conditions' compensation, additional compensation paid in Regions with Development Priority, the fixed overtime fees calculated on the monthly salary of the most senior civil servant and the payments made from the fund for the Development of Income Administration. The weighted average of all the categories was taken.

(3): It shows a real development compared to the previous year. The Consumer Price Index (2003=100) of the TURKSTAT was used as the basic year in the calculation of the real increases.

(4): It shows a real development compared to the previous year. The Producer Price Index (2003=100) of the TURKSTAT was used as the basic year in the calculation of the real increases.

## 2. TARGETS AND REALIZATIONS

The global economic crisis that was experienced throughout the world in 2008, caused intensive uncertainties to be experienced and significant shrinkages in economic activities in 2009, followed by a revival trend that was observed throughout the world economy, led by the developed countries, in 2010. The revival of the economic activities expected in the world economy in 2010 was provided with temporary and short-term policies, such as the financial revival packages of governments, the supports with monetary policies of the central banks and the renewal of exhausted stocks. However, it is necessary to implement medium-term policies that would be supported with structural reforms and aimed at correcting the deteriorating financial structure in order for this revival to be sustainable.

One of the most significant risks awaiting the developed countries during the period of global economic revival is the deteriorating financial structure at significant dimensions due to the packages to revive the economy. The fact that various regions of the world started to enter into the revival process at different times and that the speed of recovery is at different levels, increases the importance of cooperation for global recovery. Within this framework, it is necessary that the policies put into practice in the countries of the world do not to put at risk the medium and long-term price and financial stability and the financial sustainability.

As a result of the measures taken and the economic and financial policies put into practice in the economy of Turkey, the negative effects of the global crisis started to decrease, especially as of the second half of 2009. To provide to a great extent an environment of trust in the economy by decreasing the uncertainties in the domestic markets and measures for making the demand in the economy strong, played an important role in the expansion of the credit volume and in the elimination of the effects of the crisis.

According to the 2010 targets, the basic aims in the Medium-Term Program, which covers the period between 2010-2012, and the 2010 Program of the SPO are: To place the economy once again into a new growth period by eliminating the negative influences of the global crisis on the economy of Turkey, to increase employment, to keep inflation at low single figure levels in conformance with the medium-term targets and to take the necessary steps for correcting the deteriorated public sector balances.

This situation in Turkey, in which there was an increasing environment of uncertainty due to the global crisis, negatively influenced the expectations for the future of the economic units by damaging the trust in the markets and paved the way for postponing the consumption and investment decisions and for seriously slowing down economic activities. Besides the sharp decrease in global demand and the rapid regression in energy and goods prices under the influence of the crisis, brought with it the shrinkage to a significant extent in the domestic demand and a decrease in inflation and the inflationary expectations.

However, the policies implemented during the year were carried out in conformance with the 2010 Program. The revival in the economy accelerated, Turkey entered among the rapidly growing countries of the world and although there were fluctuations in inflation, it was realized below the targets. While a positive appearance was provided in the budget performance, it draws attention that the most important negativity was the high rate of increase in the deficit of current transactions.

The basic aims of the 2011 program of the SPO are: to acquire stability to growth in the period when emerging from the crisis, to increase employment, to improve the public sector balances, to reduce inflation to lower levels for obtaining price stability and to keep the current deficit under control, within the 2011 targets and the framework of the basic aims and macro-economic priorities in the Medium-Term Program, which covers the 2010-2013 period.

### 2.1 National Income

While it was targeted for there to be a 3.5% increase in the GDP in 2010, it was targeted as of sub-sectors for there to be growths of 3.0% in the agricultural sector, of 4.4% in the industrial sector and 3.3% in the services sector. However, at the end of the year a growth above expectations at 8.9% was realized in the GDP. While the growth rate of the agricultural sector was realized behind the level targeted, the growth rates of the industrial and services sectors were realized above the targets. The agricultural sector grew 1.2%, the industrial sector grew 13.6% and the services sector grew 7.7%. The GDP values were above the targeted values and were realized at the level of 1,105,101 million TL (US\$736 billion) (See Table 122).

**Table 122. The GDP and Sectoral Growth**

Indicators	2010		2011
	Program Target	Realization	Program Target
Agriculture	3.0	1.2	1.2
Industry	4.4	13.6	4.5
Services	3.3	7.7	4.9
GDP	3.5	8.9	4.5
GDP (Current Prices, Million TL)	1,028,802	1,105,101	1,214,852
GDP (Current Prices, US\$ Billion)	641	736	781

Source: TURKSTAT, State Planning Organization.

It was recorded that in 2011 there would be a growth of 1.2% in the agricultural sector, of 4.5% in the industrial sector and a growth of 4.9% in the services sector. A 4.5% growth in the GDP was targeted. It has been envisaged that the GDP in 2011 would be 1,214,852 million TL (US\$781 billion) in current prices.

In 2010 it was envisaged that the share of the agricultural sector would be 8.3%, the share of the industrial sector would be 19.3% and the share of the services sector would be 72.4% within the GDP. According to the figures realized at the end of the year, the shares of the agricultural and services sectors within the GDP were realized below what was envisaged and the share of the industrial sector remained above the targeted value. The agricultural sector has an 8.2% share, the industrial sector has a 23.3% share and the services sector has a 68.5% share of the GDP (See Table 123).

**Table 123. Shares of the Sectors within the GDP**

Sectors	2010		(%)
	Program Target	Realization	Program Target
Agriculture	8.3	8.2	7.5
Industry	19.3	23.3	19.6
Services	72.4	68.5	72.9
GDP	100.0	100.0	100.0

Source: TURKSTAT, State Planning Organization.

It has been envisaged in 2011 that the shares of the agricultural, industrial and services sectors within the GDP will be 7.5%, 19.6% and 72.9%, respectively.

## 2.2 Inflation

The annual increase of the CPI at the end of 2009 was realized at 6.5% and was realized at 6.4% in 2010. The CPI decreased 3.6 points in 2009 compared to the previous year and was realized at 6.5% and remained 1 point below the figure of 7.5% targeted for 2009. The falling trend, which started in 2008 under the influence of the deepening of the global crisis and the evident slowing down experienced in the world economy, also continued in 2009 and the value in 2010 continued, even if very slight. In 2010 compared to 2009, the largest annual increase rates observed were in the main spending groups of alcoholic beverages and tobacco, food and non-alcoholic beverages and transportation groups of the CPI.

While the CPI figure expected for 2010 was 6.5%, the value expected for 2011 is 5.5%. The CPI figure realized in 2010 was 6.4%.

The PPI decreased 2.2 points in 2009 compared to the previous year and regressed from 8.1% to 5.9%. The annual increase rate of the PPI in 2010 compared to the previous year was realized with an 0.8 point increase at 8.9%. The PPI figure in the agricultural sector in 2010 was realized at 14.5% and in the industrial sector at 7.7%.

### 2.3 Central Government Budget

There was a significant decrease in the tax revenues in 2009 that was caused by the shrinkage in economic activities due to the global crisis. The temporary reductions made in the Value Added Tax (VAT) and Special Consumption Tax (SCT) rates of certain products with the objective of reviving the domestic demand strengthened the falling trend in tax revenues. The shrinkage of the national income in the performance of the central government budget revenues simultaneously with the shrinkage in imports and employment, caused interest rates to regress.

In 2010 it was envisaged that the central government budget revenues would be 236,794 million TL and that the expenditures would be 286,981 million TL. The increasing tax revenues as a result of the recovery of economic activities being at the expected speed and strength, keeping the expenditures at a limited level and the decreases in interest expenditures provided for the public sector financial balances to be realized positively. At the end of the year, the central government budget revenues were realized above the targeted values and the expenditures were realized a bit above the budget allocations. While 254,028 million TL in revenues were obtained under the central government budget, 293,628 million TL in expenditures were made. Thus, the budget deficit that was targeted to be 50,187 million TL, was realized at the level of 39,600 million TL. Whereas, the non-interest budget balance that was targeted to be 6,563 million TL, became 8,697 million TL (See Table 124).

**Table 124. Central Government Budget**

Components	2010			2011	
	Budget Target	Realization	Rate of Realization of Targets	Budget Target	Rate of Change in Budget Targets
Revenues	236,794	254,028	93.2	279,026	17.8
General Budget Revenues	229,947	246,142	93.4	271,650	18.1
Tax Revenues	193,324	210,532	91.8	232,220	20.1
Revenues from Special Budget Institutions	4,898	5,954	82.3	5,484	12.0
Revenues from Regulatory&Supervisory Institutions	1,949	1,933	100.8	1,893	-2.9
Expenditures	286,981	293,628	97.7	312,573	8.9
Expenditures Excluding Interest	230,231	245,332	93.8	265,073	15.1
Personnel Expenditures	60,349	62,301	96.9	72,299	19.8
Current Transfers	102,173	101,891	100.3	115,778	13.3
Interest Expenditures	56,750	48,296	117.5	47,500	-16.3
Budget Balance	-50,187	-39,600	126.7	-33,546	-33.2
Non-Interest Balance	6,563	8,697	75.5	13,954	112.6

Source: Ministry of Finance.

It has been envisaged in 2011 that the central government budget revenues would be 279,026 million TL, that the budget expenditures would be 312,573 million TL, that the budget deficit would be 33,546 million TL and that the non-interest surplus would be 13,954 million TL.

### 2.4 Balance of Current Transactions

It was targeted in 2010 that exports would be US\$113.7 billion, that imports would be US\$141.4 billion, that the deficit of foreign trade as shown on the balance of payments table would be US\$64.5 billion, that the deficit of current transactions would be US\$31 billion and that the tourism revenues would be US\$18.3 billion. At the end of the year, exports were realized at US\$120.9 billion, imports at US\$177.3 billion, the deficit of foreign trade as shown on the balance of payments table at US\$56.4 billion, the balance of current transactions produced a deficit of US\$48.6 billion and tourism revenues were realized at US\$16 billion (See Table 125).

**Table 125. Balance of Current Transactions**

Indicators	(US\$ Billion)		
	2010		2011
	Program Target	Realization	Program Target
Balance of Current Transactions	-18.0	-48.6	-42.2
Foreign Trade Balance	-31.0	-56.4	-54.4
Exports (FoB)	113.7	120.9	132.0
Imports (FoB)	-141.4	-177.3	-185.5
Balance of Services	19.2	14.2	16.9
Tourism Revenues (Net)	18.3	16.0	23.8
Balance of Investment Revenues	-8.3	-7.8	-7.1
Direct Investments (Net)	-2.5	-2.9	-2.6
Portfolio Investments (Net)	1.3	-0.5	0.1
Other Investments (Net)	-7.0	-4.3	-4.6
Current Transfers	2.2	1.4	2.5

Source: State Planning Organization, Central Bank of the Republic of Turkey.

A temporary improvement was experienced in the deficit of current transactions in 2009 due to the global crisis and the current deficit once again appeared as an important risk element with the start of the recovery in the economy.

It has been envisaged in 2011 that exports will be US\$132 billion, that imports will be US\$185.5 billion, that the balance of foreign trade will be US\$54.4 billion and that the balance of current transactions will be US\$42.2 billion.

It was envisaged in 2010 that there would be a net outflow of US\$2.5 billion in foreign direct investments and a net inflow of US\$1.3 billion in portfolio investments. At the end of the year, a net outflow of US\$2.9 billion in foreign direct investments and a net outflow of US\$0.5 billion in portfolio investments were realized.

It is estimated in 2011 that there will be a net outflow of US\$2.6 billion in foreign direct investments and a net inflow of US\$0.1 billion in portfolio investments.





**ANNEX**





## Annex 1. Selected Economic and Social Indicators for 2005-2010

I. ECONOMIC INDICATORS	2005	2006	2007	2008	2009	2010
<b>GROSS DOMESTIC PRODUCT</b>						
Current Prices (Million TL)	648,932	758,391	843,178	950,534	952,559	1,105,101
Current Prices (US\$Million)	481,497	526,429	648,754	742,094	616,703	735,828
Constant Prices (Million TL)	90,500	96,738	101,255	101,922	97,003	105,680
<b>GROWTH RATE (According to 1998 Basic Prices, %)</b>						
Agriculture	7.2	1.4	-6.7	4.3	3.6	1.6
Industry	8.6	8.3	5.8	0.3	-6.9	12.9
Construction	9.3	18.5	5.7	-8.1	-16.1	17.1
Services	8.4	6.1	6.0	1.3	-4.1	7.7
GDP	8.4	6.9	4.7	0.7	-4.8	8.9
<b>SECTORAL DISTRIBUTION OF GDP (Current Prices, %)</b>						
Agriculture	9.4	8.3	7.6	7.6	8.3	8.4
Industry	20.3	20.1	20.0	19.8	19.1	19.2
Construction	4.4	4.7	4.9	4.7	3.8	4.1
Services	65.9	66.9	67.5	67.9	68.8	68.3
<b>PRODUCTION</b>						
Agriculture Value Added (According to 1998 Basic Prices, Billion TL)	9,571	9,701	9,047	9,434	9,769	9,928
Industry Value Added (According to 1998 Basic Prices, Billion TL)	23,680	25,650	27,131	27,212	25,333	28,594
Manufacturing Industry Production Index <sup>(1)</sup>	129.6	107.7	114.8	112.7	99.9	114.3
Manufacturing Industry Rate of Capacity Utilization (%) <sup>(2)</sup>	80.3	81.0	78.3	76.7	65.3	72.6
<b>INVESTMENTS</b>						
Fixed Capital Investments (Current Prices, Million TL)	138,815	171,520	183,415	192,093	163,942	207,676
Public Sector	24,578	28,464	32,534	39,123	39,342	53,933
Private Sector	114,237	143,056	150,881	152,970	124,600	153,743
Investment Incentive Certificates (No.) <sup>(3)</sup>	4,304	3,090	2,366	2,449	1,950	4,289
Mining	158	132	131	135	144	260
Manufacturing	2,401	1,708	1,488	1,552	1,199	2,784
Energy	86	55	102	144	110	153
Services	1,659	1,195	645	618	497	1,092
<b>PRICE TRENDS</b>						
Average Annually						
PPI Percentage Change <sup>(4)</sup>	5.89	9.34	6.31	12.72	1.23	8.52
CPI Percentage Change <sup>(5)</sup>	8.18	9.60	8.76	10.45	6.25	8.57
Year End						
PPI Percentage Change <sup>(4)</sup>	2.66	11.58	5.94	8.11	5.93	8.87
CPI Percentage Change <sup>(5)</sup>	7.72	9.65	8.39	10.06	6.53	6.40
<b>MONEY-BANKS (Million TL)</b>						
M1	61,937	72,163	77,675	83,381	103,331	133,885
M2	237,949	297,481	345,028	434,205	490,787	587,815
M3	260,614	319,836	370,078	458,384	518,767	615,088
Credit Stock	126,474	177,277	222,833	278,396	305,478	435,765
Deposits	221,632	271,874	314,042	396,625	444,534	519,928
<b>CAPITAL MARKET</b>						
Volume of Transactions (Million TL)	269,931	325,131	387,777	332,615	482,534	636,321
Istanbul Stock Exchange Index	39,778	39,118	55,538	26,864	52,825	66,004
<b>PUBLIC FINANCING</b>						
Central Government Budget (Million TL)						
Revenues	152,784	173,483	190,360	209,598	215,458	254,028
Expenditures	159,687	178,126	204,068	227,031	268,219	293,628
Budget Balance	-6,903	-4,643	-13,708	-17,433	-52,761	-39,600
Balance Excluding Interest	38,777	41,320	35,045	33,229	440	8,697

(1): (1997=100) was the basic year used as the index for 2003-2005 and (2005=100) was the basic year used as the index for 2006-2009.

(2): It was calculated by the TURKSTAT for 2003-2006 and by the Central Bank of Turkey for 2007-2009.

(3): The agricultural sector was evaluated with the manufacturing industry sector.

(4): The Wholesale Producer Index (WPI) (1994=100) was the basic year used for the changes for 2003 and the PPI (2003=100) was the basic year used for the changes for 2004-2007.

(5): The CPI (1994=100) was the basic year used for the changes for 2003 and the CPI (2003=100) was the basic year used for the changes for 2004-2007.

## Annex 1. Selected Economic and Social Indicators for 2005-2010 (Continued)

	2005	2006	2007	2008	2009	2010
Central Government Debt Stock	331,520	345,050	333,485	380,320	441,508	473,302
Domestic Debt Stock (Million TL)	244,782	251,470	255,310	274,827	330,005	352,841
Foreign Debt Stock (Million TL)	86,738	93,580	78,175	105,493	111,503	120,461
Domestic Debt Stock (Million TL)	244,782	251,470	255,310	274,827	330,005	352,842
Government Bonds	226,964	241,876	249,176	260,849	315,969	343,317
Treasury Bills	17,818	9,594	6,134	13,978	14,036	9,525
Privatization Transactions (US\$ Million)	8,222	8,096	4,259	6,297	2,275	3,085
<b>FOREIGN EXCHANGE RATES (Annual Average)</b>						
TL/Dollar (Buying Rate)	1,34105	1,42943	1,30126	1,29789	1,54679	1,49842
TL/Euro (Buying Rate)	1,67043	1,79683	1,77790	1,89864	2,15003	1,98896
<b>BALANCE OF PAYMENTS (US\$ Million)</b>						
Balance of Goods	-33,080	-41,057	-46,852	-53,021	-24,850	-56,354
Exports FoB	78,365	93,612	115,361	140,800	109,647	120,923
Imports FoB	111,445	134,669	162,213	193,821	134,497	177,277
Balance of Current Transactions	-22,198	-32,193	-38,434	-41,959	-13,991	-48,561
Worker Remittances	851	1,111	1,209	1,431	934	829
Tourism Revenues	18,152	16,853	18,487	21,951	21,250	20,807
<b>INTERNATIONAL RESERVES (Gross, US\$ Million)</b>	68,745	90,825	108,259	114,612	109,212	106,310
<b>FOREIGN DIRECT CAPITAL (US\$ Million)</b>						
Capital (Net)	8,134	16,982	18,394	14,712	6,168	6,225
Other Capital (Net) <sup>(6)</sup>	56	281	727	1,855	459	180
Real Estate (Net)	1,841	2,922	2,926	2,937	1,782	2,494
Total (Net)	10,031	20,185	22,047	19,504	8,409	8,899
Foreign Debt Stock (US\$ Million)	169,732	207,593	249,425	280,444	268,764	290,350
Short-Term	38,283	42,616	43,135	53,104	49,716	78,641
Long-Term	131,449	164,977	206,290	227,340	219,048	211,709
Public Sector	70,411	71,587	73,525	78,285	83,451	88,923
Central Bank of Turkey	15,425	15,678	15,801	14,066	13,305	11,827
Private Sector	83,895	120,328	160,099	188,093	172,007	189,601
<b>II. SOCIAL INDICATORS</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
<b>EMPLOYMENT</b>						
Civilian Work Force (Thousand Persons)	22,455	22,751	23,114	23,805	24,748	25,641
Civilian Employment (Thousand Persons) <sup>(7)</sup>	22,046	20,423	20,738	21,194	21,277	22,594
Agriculture	6,493	4,907	4,867	5,016	5,240	5,683
Industry <sup>(8)</sup>	4,284	4,269	4,314	5,682	5,385	5,927
Services	11,269	10,051	10,327	10,495	10,650	10,986
Civilian Employed (Rate within Total)	100.0	100.0	100.0	100.0	100.0	100.0
Agriculture	29.5	24.0	23.5	23.7	24.6	25.2
Industry	19.4	20.9	20.8	26.8	25.3	26.2
Services	51.1	49.2	49.8	49.5	50.1	48.6
Unemployment Rate						

(6): The loans obtained by foreign capital companies from their foreign partners.

(7): There could be a difference in the total figures due to rounding off.

(8): The industrial sector also includes the construction sector.

## Annex 2. List of Institutions/Organizations Responsible for Data according to the Official Statistical Program

Sequence No	Sub-Topic	Responsible Institution/Organization	Related Institution/Organization
<b>2.1 Population and Demography</b>			
2.1.1	Birth Statistics	TURKSTAT	Interior Ministry Health Ministry
2.1.2	Marriage Statistics	TURKSTAT	Interior Ministry
2.1.3	Divorce Statistics	TURKSTAT	Interior Ministry
2.1.4	Death Statistics	TURKSTAT	Interior Ministry Health Ministry
2.1.5	Suicide Statistics	TURKSTAT	Interior Ministry
2.1.6	Population Statistics Based on Administrative Records	TURKSTAT	Interior Ministry
2.1.7	2011 Population and Housing Census	TURKSTAT	Interior Ministry
2.1.8	Population Projections	TURKSTAT	SPO Undersecretariat Hacettepe University Population Studies Institutions
2.1.9	2008 Population and Health Research of Turkey	Hacettepe University Population Studies Institute	Health Ministry SPO Undersecretariat TURKSTAT
<b>2.2 Labor Force Market Statistics</b>			
2.2.1	Labor Force Statistics	TURKSTAT	
2.2.2	Modular Survey on Work Accidents and Health Problems Connected to Work	TURKSTAT	
2.2.3	Modular Survey on Young People Entering Labor Force Market	TURKSTAT	
2.2.4	Apparent Work Statistics	Labor&Social Security Ministry	TURKSTAT
2.2.5	Work Dispute Statistics	Labor&Social Security Ministry	TURKSTAT
2.2.6	İŞKUR Monthly Statistics Bulletin	Labor&Social Security Ministry	TURKSTAT
2.2.7	İŞKUR Statistics Yearbook	Labor&Social Security Ministry	TURKSTAT
2.2.8	İŞKUR Labor Force Activity Form	Labor&Social Security Ministry	TURKSTAT
2.2.9	Social Security Institution Statistics Yearbook	Labor&Social Security Ministry	TURKSTAT
2.2.10	Work Life Statistics	Labor&Social Security Ministry	TURKSTAT
2.2.11	Public Sector Employment	Finance Ministry	TURKSTAT Interior Ministry Treasury Undersecretariat
2.2.12	Labor Force Cost Statistics	TURKSTAT	
2.2.13	Profit Structure Statistics	TURKSTAT	
2.2.14	Labor Force Cost Index	TURKSTAT	
2.2.15	Monthly Statistics Bulletin	Labor&Social Security Ministry	TURKSTAT
2.2.16	Developments in the Labor Force Cost and Net Wages	SPO Undersecretariat	Finance Ministry Labor&Social Security Ministry TURKSTAT Public Sector Employer Unions Confederation of Employer Unions of Turkey
<b>2.3 Education Statistics</b>			
2.3.1	Formal Education Statistics	National Education Ministry	TURKSTAT SPO Undersecretariat
2.3.2	Informal Education Statistics	TURKSTAT	National Education Ministry Religious Affairs Chairman
2.3.3	Higher Education Statistics	Higher Education Board	TURKSTAT

## Annex 2. List of Institutions/Organizations Responsible for Data according to the Official Statistical Program (Continued)

Sequence No	Sub-Topic	Responsible Institution/Organization	Related Institution/Organization
2.3.4	Education Expenditures Statistics	TURKSTAT	Interior Ministry
			Finance Ministry
			National Education Ministry
			Higher Education Board
			Social Services Society for the Protection of Children General Directory
2.3.5	Research on Continuous Vocational Training at the Work Place	TURKSTAT	National Education Ministry
2.3.6	Research on Adult Education	TURKSTAT	National Education Ministry
			Higher Education Board
			YÖK
<b>2.4 Cultural Statistics</b>			
2.4.1	Cultural Heritage	TURKSTAT	TBMM
			Environment&Forestry Ministry
			Culture&Tourism Ministry
			General Manager of Foundations
2.4.2	Archive Statistics Open to Research	TURKSTAT	TBMM
			General Manager of State Archives
			Public Works&Housing Ministry
2.4.3	Library Statistics	TURKSTAT	National Education Ministry
2.4.4	Visual Arts Statistics	TURKSTAT	Culture&Tourism Ministry
2.4.5	Book Statistics	Culture&Tourism Ministry	Culture&Tourism Ministry
2.4.6	Written Media Statistics	TURKSTAT	TURKSTAT
			Culture&Tourism Ministry
			Justice Ministry
2.4.7	Cultural and Scientific Activity Statistics	TURKSTAT	Press, Publications& Information General Directory
			Culture&Tourism Ministry
			Interior Ministry
			TOBB
2.4.8	Performance Arts Statistics	TURKSTAT	Foundations General Directory
2.4.9	Auditory and Auditory/Visual/ Mixed Media Statistics	TURKSTAT	Culture&Tourism Ministry
2.4.10	Religion Statistics	Religious Affairs Chairmanship	Culture&Tourism Ministry
2.4.11	Sports Statistics	TURKSTAT	RTÜK
			YOUTH&SPORTS Directory
			Soccer Federation of Turkey
<b>2.5 Health Statistics</b>			
2.5.1	Health Services Presentation Statistics	Health Ministry	TURKSTAT
			Interior Ministry
2.5.2	Health Status Statistics	Health Ministry	TURKSTAT
2.5.3	Health Services Physical Infrastructure Statistics	Health Ministry	TURKSTAT
2.5.4	Health Manpower Statistics	Health Ministry	TURKSTAT
2.5.5	Pharmaceutical Statistics	Health Ministry	TURKSTAT

## Annex 2. List of Institutions/Organizations Responsible for Data according to the Official Statistical Program (Continued)

Sequence No	Sub-Topic	Responsible Institution/Organization	Related Institution/Organization
2.5.6	Health Expenditures Statistics	TURKSTAT	Finance Ministry
			Health Ministry
			Treasury Undersecretariat
			National Defense Ministry
			Labor&Social Security Ministry
			Foundations General Directory
			Interior Ministry
	Union of Insurance& Reinsurance Companies of Turkey		
2.5.7	Work Accident Statistics	Labor&Social Security Ministry	TURKSTAT
2.5.8	Work Inspection General Report	Labor&Social Security Ministry	TURKSTAT
2.5.9	Vocational Diseases Statistics	Labor&Social Security Ministry	TURKSTAT
2.5.10	Cause of Death Statistics	TURKSTAT	Health Ministry
			Justice Ministry
			Interior Ministry
			Higher Education Board
			National Defense Ministry
2.5.11	Health Research on Turkey	TURKSTAT	Health Ministry
2.5.12	Research on the Disabled of Turkey	Chairmanship of the Disabled Administration	TURKSTAT
2.6 Statistics on Consumption Expenditures, Poverty and Income Distribution			
2.6.1	Consumption Expenditures Statistics	TURKSTAT	
2.6.2	Poverty Statistics	TURKSTAT	
2.6.3	Distribution of Income&Life Conditions Statistics	TURKSTAT	Finance Ministry
			Labor&Social Security Ministry
			Social Assistance& Solidarity General Directory
			Interior Ministry
			Agriculture&Village Affairs Ministry
2.7 Social Protection Statistics			
2.7.1	Social Protection Statistics	TURKSTAT	Labor&Social Security Ministry
			Finance Ministry
			Health Ministry
			Foundations General Directory
			Public Works&Housing Ministry
			Interior Ministry
			Social Services Society for the Protection of Children General Directory
			Social Assistance& Solidarity General Directory
			Industry&Trade Ministry
			National Education Ministry
			Privatization Admin. Chairman
			Employer, Worker Confederations, Unions&Federations

## Annex 2. List of Institutions/Organizations Responsible for Data according to the Official Statistical Program (Continued)

Sequence No	Sub-Topic	Responsible Institution/Organization	Related Institution/Organization
2.7.2	Public Sector Social Expenditure Statistics	SPO Undersecretariat	Finance Ministry
			National Education Ministry
			Health Ministry
			Interior Ministry
			Labor&Social Security Ministry
			TURKSTAT
			Privatization Admin. Chair.
			Social Assistance& Solidarity General Directory
			Social Assistance& Solidarity General Directory
2.8 Societal Gender Statistics			
2.8.1	Societal Gender Indicators	TURKSTAT	Women's Status General Directory
			Family&Social Research General Directory
			Social Assistance& Solidarity General Directory
2.9 Research on Life Satisfaction			
2.9.1	Research on Life Satisfaction	TURKSTAT	
2.10 Crime and Justice Statistics			
2.10.1	Justice Statistics	Justice Ministry	TURKSTAT
			Constitutional Court
			Supreme Court
			Council of State
			Military Supreme Court
			Military Supreme Administration Court
			Conflict Courts
			Supreme Arbitration Board
			Forensic Medicine Inst.
			National Defense Ministry
			Union of Notary Publics of Turkey
2.10.2	Sentence Execution Institution Statistics	TURKSTAT	Justice Ministry
2.10.3	Incident Statistics	TURKSTAT	Interior Ministry
			Customs Undersecretariat
			Finance Ministry
2.10.4	Human Rights Statistics	Prime Ministry Human Rights Chairmanship	TURKSTAT
2.10.5	Child Statistics Coming to or Brought to the Security Unit	TURKSTAT	Interior Ministry
2.11 Election Statistics			
2.11.1	Election Statistics	TURKSTAT	High Election Committee
2.12 Tourism Statistics			
2.12.1	Statistics on Foreign Visitors Departing	TURKSTAT	Interior Ministry
			TCMB
			Public Works&Housing Ministry
			Cultur&Tourism Ministry
2.12.2	Statistics on Citizens Arriving	TURKSTAT	Interior Ministry
			TCMB
			Culture&Tourism Ministry
2.12.3	Border Statistics	Culture&Tourism Ministry	Interior Ministry
			TURKSTAT
2.12.4	Accommodation Statistics (with Tourism Enterprise Certificate)	Culture&Tourism Ministry	Interior Ministry
			TURKSTAT

## Annex 2. List of Institutions/Organizations Responsible for Data according to the Official Statistical Program (Continued)

Sequence No	Sub-Topic	Responsible Institution/Organization	Related Institution/Organization
2.12.5	Accommodation Statistics (Certified by Local Administrations)	Culture&Tourism Ministry	Interior Ministry TURKSTAT
2.12.6	Yacht Statistics	Culture&Tourism Ministry	Maritime Undersecretariat TURKSTAT Customs Undersecretariat
2.12.7	Statistics on Facilities with Tourism Certificate	Culture&Tourism Ministry	TURKSTAT
2.12.8	Charter Plane Statistics	Culture&Tourism Ministry	TURKSTAT Transportation Ministry
2.12.9	Household Domestic Tourism Statistics	TURKSTAT	Culture&Tourism Ministry
<b>2.13 International Migration Statistics</b>			
2.13.1	Foreign Population and Citizen Statistics	TURKSTAT	Interior Ministry
2.13.2	Work Permit Statistics	TURKSTAT	Labor&Social Security Ministry
2.13.3	Statistics for the Turkish Citizens Living Abroad	TURKSTAT	Interior Ministry Foreign Ministry Labor&Social Security Ministry
2.13.4	Statistics on Residence Permits, Refugee Records, Illegal Migrations	TURKSTAT	Interior Ministry
<b>2.14 Time Use Statistics</b>			
2.14.1	Time Use Statistics	TURKSTAT	
<b>3. 1 National Accounts and Money, Banks and Finance Statistics</b>			
3.1.1	Gross National Product by the Production Method in Current and Constant Prices	TURKSTAT	TCMB Finance Ministry Treasury Undersecretariat SPO Undersecretariat
3.1.2	GDP by the Spending Method in Current&Constant Prices	TURKSTAT	TCMB SPO Undersecretariat Finance Ministry
3.1.3	GDP by the Income Method	TURKSTAT	TCMB Finance Ministry Treasury Undersecretariat SPO Undersecretariat
3.1.4	Non-Financial Accounts according to Institutional Sectors	TURKSTAT	TCMB Finance Ministry Treasury Undersecretariat SPO Undersecretariat
3.1.5	Supply-Use and Input-Output Tables	TURKSTAT	TCMB Finance Ministry Treasury Undersecretariat SPO Undersecretariat
3.1.6	External Transaction Accounts	TURKSTAT	TCMB Finance Ministry Treasury Undersecretariat SPO Undersecretariat
3.1.7	Statistics on Tax Identity Numbers &Number of Taxpayers	Finance Ministry	TURKSTAT
3.1.8	Central Government; Trial Balance, Budget Implementation Results Table, Income-Expenditure (Activity) Table, Cash Flow Table, Annual Balance Sheet	Finance Ministry	TURKSTAT
3.1.9	General Government, Trial Balance, Budget Implementation Results Table, Income-Expenditure (Activity) Table, Cash Flow Table, Annual Balance Sheet	Finance Ministry	Interior Ministry Labor&Social Security Ministry TURKSTAT

## Annex 2. List of Institutions/Organizations Responsible for Data according to the Official Statistical Program (Continued)

Sequence No	Sub-Topic	Responsible Institution/Organization	Related Institution/Organization
3.1.10	Functional Expenditures of General Government	Finance Ministry	TURKSTAT
3.1.11	Detailed Tax and Social Contribution Revenues According to Tax or Social Contribution Types	Finance Ministry	TURKSTAT SPO Undersecretariat
3.1.12	General Government Financial Statistics	Finance Ministry	TCMB TURKSTAT Treasury Undersecretariat SPO Undersecretariat
3.1.13	Central Government Domestic Debt Data	Treasury Undersecretariat	TURKSTAT
3.1.14	Central Government Foreign Debt Data	Treasury Undersecretariat	TURKSTAT
3.1.15	Foreign Debt Data for Turkey	Treasury Undersecretariat	TCMB TURKSTAT
3.1.16	Treasury Guaranteed Foreign Debt Data	Treasury Undersecretariat	TURKSTAT
3.1.17	Net Foreign Debt Data for Turkey	Treasury Undersecretariat	TCMB TURKSTAT
3.1.18	Total Public Sector Net Debt Data	Treasury Undersecretariat	TURKSTAT
3.1.19	General Government Debt Data within the Scope of ESA 95	Treasury Undersecretariat	TURKSTAT
3.1.20	General Budget Financing Data/ Central Government Budget Financing Data	Treasury Undersecretariat	TURKSTAT
3.1.21	Treasury Claims Data	Treasury Undersecretariat	TURKSTAT
3.1.22	Consolidated Public Sector Balance	Treasury Undersecretariat	TURKSTAT
3.1.23	EU-Financial Notification Tables	TURKSTAT	TCMB Finance Ministry Treasury Undersecretariat SPO Undersecretariat
3.1.24	SEE Financial Tables	Treasury Undersecretariat	TURKSTAT
3.1.25	Direct Investments Realized by Persons Residing in Turkey	Treasury Undersecretariat	TURKSTAT
3.1.26	International Direct Investment Data Bulletin	Treasury Undersecretariat	TURKSTAT
3.1.27	Financial Tables of Insurance, Reinsurance and Retirement Companies	Treasury Undersecretariat	TURKSTAT
3.1.28	Money and Banks Statistics	TCMB	TURKSTAT Banking Regulatory & Supervisory Institution (BDDK)
3.1.29	Monetary Policy Statistics	TCMB	TURKSTAT
3.1.30	Exchange Rates and Selected Interest Statistics	TCMB	TURKSTAT
3.1.31	Financial Account Tables that will be Compiled within the Scope of ESA 95 (ESA 710, 720, 610, 620, 612, 622)	TCMB	Finance Ministry Treasury Undersecretariat BDDK Capital Markets Board Savings Deposit Insurance Fund (SDIF) Central Registration Organization, Inc. ISE Clearing and Savings Bank, Inc. TURKSTAT
3.1.32	Balance of Payment Statistics	TCMB	Istanbul Stock Exchange TURKSTAT
3.1.33	International Investment Position	TCMB	Treasury Undersecretariat SPO Undersecretariat TURKSTAT



## Annex 2. List of Institutions/Organizations Responsible for Data according to the Official Statistical Program (Continued)

Sequence No	Sub-Topic	Responsible Institution/Organization	Related Institution/Organization
3.1.34	Bank of International Settlements (BIS) Local and Consolidated Banking Statistics	TCMB	TURKSTAT
3.1.35	Domestic Direct Investment and Foreign Portfolio Investment Statistics	TCMB	TURKSTAT
3.1.36	International Reserves and Foreign Exchange Liquidity	TCMB	TURKSTAT
3.1.37	Private Sector Foreign Debt	TCMB	TURKSTAT
3.1.38	Statistics for Banking Sector: Collective Balance Sheet, Profit-Loss Table, Foreign Currency Position, Liquidity Status, Credit Distribution, Securities Values Booklet, Capital Sufficiency and Deposits Information	BDDK	TURKSTAT
3.1.39	Statistics for Consumer Loans and Credit Card Expenditures	BDDK	TURKSTAT
3.1.40	Factoring, Financial Leasing, Balance Sheets and Profit-Loss Tables for Financial Companies	BDDK	TURKSTAT
3.1.41	Insurance Premiums Collected from Loan Organizations, Repayments of Bank Deposits& Fund Resolving Revenues	SDIF	BDDK TURKSTAT
3.1.42	Securities Transferred to Fund by Exceeding Statute of Limitations	SDIF	TURKSTAT
3.1.43	Daily, Monthly&Annual Statistics for Securities&Investment Funds/Retirement Investment Funds/Securities, Real Estate Enterprise Capital Investment Partners&Portfolio Management Companies	Capital Markets Board	TURKSTAT
3.1.44	Issues Requests&Recording Results of Retirement&Securities Investment Funds; Application&Recording Results of the Shares of All Investment Partners; Applications&Results for All Capital Ceiling Increases& Securities Registered at the Board	Capital Markets Board	TURKSTAT
3.1.45	Statistics of Public Offering Companies	Capital Markets Board	Istanbul Stock Exchange TURKSTAT
3.1.46	Statistics of Stock Exchange Companies	Capital Markets Board	Istanbul Stock Exchange TURKSTAT
3.1.47	General Balance of the Economy	SPO Undersecretariat	TURKSTAT
3.1.48	General Balance of Public Sector	SPO Undersecretariat	TURKSTAT
3.1.49	Fixed Capital Investments (As of sectors, public, private&total)	SPO Undersecretariat	TURKSTAT
3.1.50	Fixed Capital Investments (As of budget types, public)	SPO Undersecretariat	TURKSTAT
3.1.51	General State Revenues- Expenditures&Balance	SPO Undersecretariat	Finance Ministry Interior Ministry Labor&Social Security Ministry TURKSTAT
3.1.52	Deposit Loan Information at the Provincial Level	The Banks Association of Turkey	TURKSTAT
3.1.53	Realization of Treasury Cash Balance	Treasury Undersecretariat	TURKSTAT
3.1.54	Short-Term Foreign Debts	TCMB	TURKSTAT
3.1.55	Statistics for Companies Established&Closed Down	TOBB	TURKSTAT
3.1.56	Statistics for Securities Owned by Persons Residing Abroad	TCMB	Istanbul Stock Exchange TURKSTAT
3.1.57	International Capital Companies& Liaison Offices	Treasury Undersecretariat	TURKSTAT

## Annex 2. List of Institutions/Organizations Responsible for Data according to the Official Statistical Program (Continued)

Sequence No	Sub-Topic	Responsible Institution/Organization	Related Institution/Organization
3.1.58	Numbers of Premiums and Policies	Union of Insurance& Reinsurance Companies of Turkey	TURKSTAT
3.1.59	Statistics for Traffic, Compulsory Transport, Financial Responsibility, Compulsory Individual Accident Insurance by Types of Vehicles	Union of Insurance& Reinsurance Companies of Turkey	TURKSTAT
3.1.60	Automobile All Risks Insurance and Health Analysis	Union of Insurance& Reinsurance Companies of Turkey	TURKSTAT
3.1.61	Employment (Insurance&Reinsurance Companies)	Union of Insurance& Reinsurance Companies of Turkey	TURKSTAT
3.1.62	Selected Banking Sector Data by Provinces (Financial Turkey Map FINTURK)	BDDK	TCMB
<b>3.2 Price Statistics and Indices</b>			
3.2.1	Producer Price Index (PPI)	TURKSTAT	
3.2.2	Consumer Price Index (CPI)	TURKSTAT	
3.2.3	Harmonized CPI	TURKSTAT	
3.2.4	Real Yield Rates of Financial Investment Instruments	TURKSTAT	
3.2.5	Consumer Confidence Index	TURKSTAT	TCMB
3.2.6	Economic Confidence Index	TURKSTAT	
3.2.7	Building Construction Cost Index	TURKSTAT	
3.2.8	2010 Basic Year Construction Cost Index	TURKSTAT	Public Works&Housing. Ministry
<b>3.3 Foreign Trade Statistics</b>			
3.3.1	Foreign Trade Statistics	TURKSTAT	Customs Undersecretariat Foreign Trade Undersecretariat
3.3.2	Foreign Trade Amount&Unit Value Indices	TURKSTAT	
3.3.3	Foreign Trade Expectation Survey	Foreign Trade Undersecretariat	
<b>3.4 Purchasing Power Parity</b>			
3.4.1	Purchasing Power Parity	TURKSTAT	Health Ministry Finance Ministry Turkish Heavy Industry& Service Sector Public Employer's Union Foreign Trade Undersecretariat
<b>3.5 Statistics for Development Aids</b>			
3.5.1	OECD-DAC Statistics	Turkish Agency for Cooperation& Development (TİKA)	TURKSTAT
3.5.2	Development Aids Report of Turkey	TİKA	TURKSTAT
3.5.3	TİKA Activity Report (Technical Cooperation Report)	TİKA	TURKSTAT
<b>3.6 Statistics for Public Sector Procurements</b>			
3.6.1	Statistics for Public Sector Procurements	Institution for Public Sector Competitive Biddings	TURKSTAT Finance Ministry Other Administrations within the Scope of the No.4734 Law for Public Sector Competitive Biddings
<b>4. Annual Labor Statistics</b>			
4.1.1	Industrial&Services Statistics	TURKSTAT	
4.1.2	Radio-Television Institution Statistics	TURKSTAT	RTÜK
4.1.3	Industrial Product Statistics	TURKSTAT	Sugar Institution of Turkey Regulatory Institution for Tobacco&Alcohol Market
4.1.4	Productivity Indicators	National Productivity Center	TURKSTAT

## Annex 2. List of Institutions/Organizations Responsible for Data according to the Official Statistical Program (Continued)

Sequence No	Sub-Topic	Responsible Institution/Organization	Related Institution/Organization
<b>4.2 Short-Term Labor Statistics</b>			
4.2.1	Industrial Production Index	TURKSTAT	
4.2.2	Trends in the Manufacturing Industry	TURKSTAT	
4.2.3	Employment Indicators in the Industrial Sector	TURKSTAT	
4.2.4	Turnover&Order Indicators in the Industrial Sector	TURKSTAT	
4.2.5	Indicators in the Services& Retail Trade Sectors	TURKSTAT	
4.2.6	Construction Sector Indicators	TURKSTAT	
4.2.7	Building Permits	TURKSTAT	Interior Ministry
4.2.8	Economic Orientation Survey	TCMB	TURKSTAT
	2010 Basic Year Construction Cost Index	TURKSTAT	Public Works&Housing Ministry
4.2.9	Investment Incentive Statistics	Treasury Undersecretariat	TURKSTAT
4.2.10	Industrial Sector Capacity Statistics	TOBB	TURKSTAT
4.2.11	Unit Wage Index in Total Industry	SPO Undersecretariat	TCMB TURKSTAT
4.2.12	Investment Survey	TCMB	TURKSTAT
<b>4.3 Energy Statistics</b>			
4.3.1	Electrical Energy Production-Transmission Statistics	Energy&Natural Resources Ministry	TURKSTAT
4.3.2	Electrical Distribution& Consumption Statistics	Energy&Natural Resources Ministry	TURKSTAT
4.3.3	Solid Fuel Statistics	Energy&Natural Resources Ministry	TURKSTAT
4.3.4	Coal Statistics	Energy&Natural Resources Ministry	TURKSTAT
4.3.5	Short-Term Coal Statistics	TURKSTAT	Energy&Natural Resources Ministry
4.3.6	Natural Gas Statistics (Exploration-Production Activities)	Energy&Natural Resources Ministry	TURKSTAT
4.3.7	Natural Gas Statistics (Market Activities)	Regulatory Institution for Energy Market	TURKSTAT Energy&Natural Resources Ministry
4.3.8	Petroleum Statistics (Exploration-Production Activities)	Energy&Natural Resources Ministry	TURKSTAT
4.3.9	Petroleum Statistics (Market Activities)	Regulatory Institution for Energy Market	TURKSTAT Energy&Natural Resources Ministry
4.3.10	Renewable Energy and Waste Statistics	Energy&Natural Resources Ministry	TURKSTAT Regulatory Institution for Tobacco&Alcohol Market
4.3.11	Energy Balance Tables	Energy&Natural Resources Ministry	TURKSTAT
4.3.12	Energy Price Statistics	Energy&Natural Resources Ministry	Regulatory Institution for Energy Market
4.3.13	Electricity&Gas Price Statistics	TURKSTAT	Energy&Natural Resources Ministry Regulatory Institution for Energy Market
4.3.14	Sectoral Energy Consumption Statistics	TURKSTAT	
4.3.15	Energy Consumption in the Manufacturing Industry	Energy&Natural Resources Ministry	TURKSTAT
4.3.16	Structural Statuses of Buildings& Energy Consumption	Energy&Natural Resources Ministry	TURKSTAT
4.3.17	Energy Concentrations&Energy Production Indices	Energy&Natural Resources Ministry	TURKSTAT
<b>4.4 Transportation Statistics</b>			
4.4.1	Construction Sector Indicators	TURKSTAT	

## Annex 2. List of Institutions/Organizations Responsible for Data according to the Official Statistical Program (Continued)

Sequence No	Sub-Topic	Responsible Institution/Organization	Related Institution/Organization
4.4.2	Building Permits	TURKSTAT	Interior Ministry
4.4.3	Economic Orientation Survey	TCMB	TURKSTAT
4.4.4	2010 Basic Year Construction Cost Index	TURKSTAT	Public Works&Housing Ministry
4.4.5	Investment Incentive Statistics	Treasury Undersecretariat	TURKSTAT
4.4.6	Industrial Sector Capacity Statistics	TOBB	TURKSTAT
4.4.7	Unit Wage Index in Total Industry	SPO Undersecretariat	TCMB TURKSTAT
4.4.8	Investment Survey	TCMB	TURKSTAT
4.4.9	Petroleum Transport Statistics with Pipelines	Energy&Natural Resources Ministry	TURKSTAT
4.4.10	Natural Gas Transport Statistics with Pipelines	Energy&Natural Resources Ministry	TURKSTAT
4.4.11	Railroad Statistics	Transportation Ministry	TURKSTAT
4.4.12	Maritime Accident Statistics	Maritime Undersecretariat	TURKSTAT
4.4.13	Statistics for Turkish Flagships Going Abroad	Maritime Undersecretariat	TURKSTAT
4.4.14	Pre-Survey Implementations	Maritime Undersecretariat	TURKSTAT
4.4.15	Turkish Flagship Statistics Kept within the Scope of the Paris Agreement	Maritime Undersecretariat	TURKSTAT
4.4.16	Port Supervisory Statistics within the Scope of the Mediterranean & Black Sea Agreement	Maritime Undersecretariat	TURKSTAT
4.4.17	Turkish Straits Ship Passage Statistics	Maritime Undersecretariat	TURKSTAT
4.4.18	Statistics for Airports	Transportation Ministry	TURKSTAT
4.4.19	Airplane Fleet Statistics	Transportation Ministry	TURKSTAT
4.4.20	Airplane Accident Statistics	Transportation Ministry	TURKSTAT
4.4.21	Air Transport Statistics (ICAO Forms)	Transportation Ministry	TURKSTAT
4.4.22	Statistics for Maritime Transports (Recorded to Register), Seaway Cabotage Line, International Seaways Transport	TURKSTAT	Maritime Undersecretariat
<b>4.5 Science and Technology Statistics</b>			
4.5.1	Research and Development (R&D) Statistics for Industrial/ Service Companies	TURKSTAT	Industry&Trade Ministry Scientific&Technical Research Institution of Turkey (TÜBİTAK) Technology Development Foundation of Turkey
4.5.2	R&D Statistics for Public Sector Organizations	TURKSTAT	TÜBİTAK
4.5.3	R&D Statistics for Higher Education	TURKSTAT	SPO Undersecretariat TÜBİTAK Higher Education Board Finance Ministry
4.5.4	Statistics on the Use of Informatics Technologies by Households	TURKSTAT	
4.5.5	Statistics on the Use of Informatics Technologies in Enterprises	TURKSTAT	
4.5.6	Innovation Statistics in the Industrial and Services Sectors	TURKSTAT	
4.5.7	The Number of Scientific Publications per Million Persons	TÜBİTAK	TURKSTAT
4.5.8	Patent Statistics	Industry&Trade Ministry	TURKSTAT
4.5.9	Useful Model Statistics	Industry&Trade Ministry	TURKSTAT
4.5.10	Trademark Statistics	Industry&Trade Ministry	TURKSTAT
4.5.11	Industrial Design Statistics	Industry&Trade Ministry	TURKSTAT
4.5.12	Geographical Signs Statistics	Industry&Trade Ministry	TURKSTAT

## Annex 2. List of Institutions/Organizations Responsible for Data according to the Official Statistical Program (Continued)

Sequence No	Sub-Topic	Responsible Institution/Organization	Related Institution/Organization
4.6 Communications Statistics			
4.6.1	Postage Service Statistics (Domestic, abroad, monetary)	Transportation Ministry	TURKSTAT
4.6.2	Telegraph Statistics (Domestic, abroad)	Transportation Ministry	TURKSTAT
4.6.3	Communication Services Statistics	Telecommunications Institution	TURKSTAT
4.7 Statistics on Financial Intermediation Organizations			
4.7.1	Banking	TURKSTAT	BDDK
4.7.2	Financial Leasing	TURKSTAT	BDDK
4.7.3	Participation Banks	TURKSTAT	BDDK
4.7.4	Factoring	TURKSTAT	BDDK
4.7.5	Insurance	TURKSTAT	Treasury Undersecretariat
4.7.6	Securities	TURKSTAT	Capital Markets Board
4.7.7	Foreign Exchange Offices	TURKSTAT	
4.7.8	Insurance Agencies&Other Financial Intermediation Organizations	TURKSTAT	
4.7.9	Information for Intermediation Organizations Whose Activities Continue or Were Stopped Temporarily, Non-Central Branches of the Intermediation Organizations and Existing Authorization Certificates	Capital Markets Board	TURKSTAT
5.1 Vegetable Production Statistics			
5.1.1	Vegetable Production Statistics	TURKSTAT	
			Industry&Trade Ministry
			Sugar Institution of Turkey
			Environment&Forestry Ministry
			SPO Undersecretariat
	Regulatory Institution for Tobacco&Alcohol Market		
5.1.2	Viticulture Survey	TURKSTAT	Agriculture&Village Affairs Ministry
5.2 Agricultural Structure Statistics			
5.2.1	Wage Structure Survey of Agricultural Enterprises (Household)&Employment& Wage Structure Survey of State Agricultural Enterprises	TURKSTAT	
5.2.2	Research on Buildings of Agricultural Enterprises	TURKSTAT	
5.3 Animal Husbandry Statistics			
5.3.1	Live Animals&Animal Products	TURKSTAT	Agriculture&Village Affairs Ministry SPO Undersecretariat
5.3.2	Meat-Milk-Egg Production Statistics	TURKSTAT	Agriculture&Village Affairs Ministry
			SPO Undersecretariat
			Union of Poultry Industrialists&Breeders
			Turkish Union of Milk, Meat, Food Industrialists& Producers
			Turkish Central Union of Egg Producers
			Turkish Central Union of Cattle Breeders&Raisers
5.4 Water Products Statistics			
5.4.1	Fishing for Sea Products	TURKSTAT	Agriculture&Village Affairs Ministry DPT Müsteşarlığı
5.4.2	Water Products Information System	TURKSTAT	Agriculture&Village Affairs Ministry SPO Undersecretariat

## Annex 2. List of Institutions/Organizations Responsible for Data according to the Official Statistical Program (Continued)

Sequence No	Sub-Topic	Responsible Institution/Organization	Related Institution/Organization
5.4.3	Fishing for Inland Water Products and Raising Water Products	TURKSTAT	Agriculture&Village Affairs Ministry SPO Undersecretariat
<b>5.5 Agricultural Price Statistics</b>			
5.5.1	Price Statistics of Money Earned by Farmers	TURKSTAT	Agriculture&Village Affairs Ministry SPO Undersecretariat
5.5.2	PPI-Agricultural Sector Index	TURKSTAT	Agriculture&Village Affairs Ministry SPO Undersecretariat Industry&Trade Ministry Sugar Institution of Turkey Regulatory Institution for the Tobacco&Alcohol Market TARİŞ Environment&Forestry Ministry TOBB
5.5.3	Statistics for Agricultural Product Prices Purchased by the SEEs and Unions	SPO Undersecretariat	Industry&Trade Ministry Agriculture&Village Affairs Ministry
<b>5.6 Agricultural Environs, Balance and Calculations</b>			
5.6.1	Vegetable&Animal Product Balance Tables	TURKSTAT	Agriculture&Village Affairs Ministry Regulatory Institution for Tobacco&Alcohol Market Sugar Institution of Turkey
5.6.2	Organic Agriculture	Agriculture&Village Affairs Ministry	TURKSTAT
5.6.3	The Formation of an Economic Calculations System in Agriculture	TURKSTAT	Agriculture&Village Affairs Ministry Finance Ministry
5.6.4	Use of Pesticides in Agriculture	TURKSTAT	Agriculture&Village Affairs Ministry
5.6.5	Farm Accounting Data Network	Environment&Forestry Ministry	TURKSTAT
5.6.6	Use of Fertilizer	Environment&Forestry Ministry	TURKSTAT
<b>5.7 Forestry Statistics</b>			
5.7.1	Forestry Statistics	Environment&Forestry Ministry	TURKSTAT
<b>6.1 Environmental Statistics</b>			
6.1.1	Water Quality (Rivers and Lakes)	Environment&Forestry Ministry	Energy&Natural Resources Ministry
6.1.2	Water Potential	Environment&Forestry Ministry	Energy&Natural Resources Ministry
6.1.3	Water Procurement	TURKSTAT	Environment&Forestry Ministry Interior Ministry Public Works&Housing Ministry
6.1.4	Waste Water Statistics	TURKSTAT	Environment&Forestry Ministry Interior Ministry Public Works&Housing Ministry
6.1.5	Solid Wastes of Municipalities	TURKSTAT	Environment&Forestry Ministry Interior Ministry
6.1.6	Dangerous&Safe Industrial Wastes	TURKSTAT	Environment&Forestry Ministry
6.1.7	Packaging&Packaging Wastes	Environment&Forestry Ministry	TURKSTAT
6.1.8	Construction&Building Wreckage Wastes	Environment&Forestry Ministry	TURKSTAT
6.1.9	Medical Wastes	TURKSTAT	Environment&Forestry Ministry Health Ministry
6.1.10	Agricultural Wastes	TURKSTAT	
6.1.11	Special Wastes	Environment&Forestry Ministry	TURKSTAT
6.1.12	Other Wastes	Environment&Forestry Ministry	TURKSTAT

## Annex 2. List of Institutions/Organizations Responsible for Data according to the Official Statistical Program (Continued)

Sequence No	Sub-Topic	Responsible Institution/Organization	Related Institution/Organization
6.1.13	Exports of Dangerous Wastes	Environment&Forestry Ministry	Foreign Trade Undersecretariat TURKSTAT Customs Undersecretariat
6.1.14	Composition of Solid Wastes	Environment&Forestry Ministry	Interior Ministry TURKSTAT
6.1.15	Air Emissions (Including greenhouse emission gases)	TURKSTAT	Energy&Natural Resources Ministry Environment&Forestry Ministry Transportation Ministry Agriculture&Village Affairs Ministry Technology Development Foundation of Turkey
6.1.16	Air Quality	TURKSTAT	Health Ministry Environment&Forestry Ministry
6.1.17	Public Sector Environmental Expenditures	TURKSTAT	Interior Ministry Environment&Forestry Ministry
6.1.18	Industrial Sector Environmental Expenditures	TURKSTAT	
6.1.19	Other Environmental Expenditures	TURKSTAT	Treasury Undersecretariat Agriculture&Village Affairs Ministry
6.1.20	Environmental Employment	TURKSTAT	Interior Ministry
6.1.21	Biodiversity&Preserved Area Statistics	Environment&Forestry Ministry	Agriculture&Village Affairs Ministry Culture&Tourism Ministry TURKSTAT
6.1.22	Climate Statistics	Environment&Forestry Ministry	TURKSTAT
6.1.23	Soil Pollution Statistics	Environment&Forestry Ministry	TURKSTAT
6.1.24	Sea Pollution Statistics	Environment&Forestry Ministry	TURKSTAT
6.1.25	Noise Statistics	Environment&Forestry Ministry	TURKSTAT
6.1.26	Sustainable Development Indicators	TURKSTAT	Environment&Forestry Ministry Agriculture&Village Affairs Ministry Energy&Natural Resources Ministry Interior Ministry
6.1.27	Environmental Impact Evaluation Statistics	Environment&Forestry Ministry	TURKSTAT

### Annex 3. Codes and Names of Regions for Level-1 of the Nomenclature of Territorial Units for Statistics (NUTS)

No	NUTS Level-1 Code	Name of Region
1	TR1	Istanbul
2	TR2	Western Marmara
3	TR3	Aegean
4	TR4	Eastern Marmara
5	TR5	Western Anatolia
6	TR6	Mediterranean
7	TR7	Central Anatolia
8	TR8	Western Black Sea
9	TR9	Eastern Black Sea
10	TRA	Northeastern Anatolia
11	TRB	Central Eastern Anatolia
12	TRC	Southeastern Anatolia

### Annex 3. Codes and Names of Regions for Level-2 of the Nomenclature of Territorial Units for Statistics (NUTS)

No	NUTS Level-2 Code	Name of Region
1	TR10	Istanbul
2	TR21	Tekirdağ, Edirne, Kırklareli
3	TR22	Balıkesir, Çanakkale
4	TR31	Izmir
5	TR32	Aydın, Denizli, Muğla
6	TR33	Manisa, Afyonkarahisar, Kütahya, Uşak
7	TR41	Bursa, Eskişehir, Bilecik
8	TR42	Kocaeli, Sakarya, Düzce, Bolu, Yalova
9	TR51	Ankara
10	TR52	Konya, Karaman
11	TR61	Antalya, Isparta, Burdur
12	TR62	Adana, Mersin
13	TR63	Hatay, Kahramanmaraş, Osmaniye
14	TR71	Kırıkkale, Aksaray, Niğde, Nevşehir, Kırşehir
15	TR72	Kayseri, Sivas, Yozgat
16	TR81	Zonguldak, Karabük, Bartın
17	TR82	Kastamonu, Çankırı, Sinop
18	TR83	Samsun, Tokat, Çorum, Amasya
19	TR90	Trabzon, Ordu, Giresun, Rize, Artvin, Gümüşhane
20	TRA1	Erzurum, Erzincan, Bayburt
21	TRA2	Ağrı, Kars, Iğdır, Ardahan
22	TRB1	Malatya, Elazığ, Bingöl, Tunceli
23	TRB2	Van, Muş, Bitlis, Hakkari
24	TRC1	Gaziantep, Adıyaman, Kilis
25	TRC2	Şanlıurfa, Diyarbakır
26	TRC3	Mardin, Batman, Şırnak, Siirt







# **DICTIONARY OF ECONOMIC REPORT TERMS (TURKISH/ENGLISH)**





## DICTIONARY OF ECONOMIC REPORT TERMS (TURKISH/ENGLISH)

TURKISH DEFINITIONS	ENGLISH DEFINITIONS
<b>Açık Piyasa İşlemleri:</b> TCMB'nin açık piyasa ve bankalararası para piyasası işlemlerinden doğan alacaklarıdır.	<b>Open Market Operations:</b> Claims of the Central Bank due to the open market operations and interbank money market transactions.
<b>Altın:</b> TCMB'deki uluslararası standartta olan ve olmayan altınların değeridir.	<b>Gold:</b> Total gold reserves in the Central Bank (Gold conforming to international standards and gold not conforming to international standards).
<b>Anonim Şirket:</b> Bir unvana sahip, esas sermayesi belirli ve paylara bölünmüş olan ve borçlarından dolayı yalnız tüm mal varlığı ile sınırlı bulunan şirket türüdür.	<b>Joint - Stock Company:</b> A company operating under a trade name whose capital is divided in to shares and whose responsibilities are limited to total assets chargeable to debt or legacies.
<b>Avrupa Karşılaştırma Programı (AKP):</b> UKP'ye katılan ülke sayısının sürekli artması ve coğrafi yakınlığının getirdiği kolaylıklar dikkate alınarak program 1980 yılında bölgelere ayrılmıştır. Türkiye UKP'nin Avrupa bölgesinde bir başka ifade ile "Avrupa Karşılaştırma Programı-AKP" organizasyonunda yer almaktadır. Avrupa Karşılaştırma Programı, EUROSTAT ve OECD tarafından organize edilmektedir. Bu programda yer alan ülkeler, dört gruba ayrılmıştır. Birinci grupta Kuzey Avrupa Ülkeleri, ikinci grupta Orta Avrupa ülkeleri, üçüncü grupta Güney Avrupa ülkeleri, dördüncü grupta ise diğer OECD ülkeleri kapsamaktadır. Türkiye, Güney Avrupa Ülkeleri grubunda yer almaktadır.	<b>European Comparison Program (ECP):</b> Taking advantage of geographical proximity and the growing number of participating countries, the ICP was divided into the regions in 1980. Turkey is in the European region of the ICP that is called "European Comparison Program-ECP". ECP is organized by Eurostat and OECD. The countries in the ECP program are divided into four groups. Group 1 consists of the Northern European Countries, group 2 consists of the Central European Countries, group 3 consists of the Southern European Countries and group 4 consists of other OECD countries. Turkey is included in the group of Southern European Countries.
<b>Avrupa Topluluğunda Ekonomik Faaliyetlerin İstatistik Sınıflaması , NACE Rev. 2:</b> NACE Rev. 2, ISIC Rev. 4'e karşılık gelen Avrupa seviyesinde ekonomik faaliyetler sınıflamasının ulusal versiyonudur. NACE Rev. 2, ISIC Rev. 4'ten daha çok parçalara ayrılmış olmasına rağmen, onunla tamamen uyumludur ve bu yüzden onun Avrupa versiyonu olarak görülebilir. Sınıflamanın yapısı:  Seviye 1: 21 kısım, A'dan U'ya kadar alfabetik harflerle tanımlanmıştır; Seviye 2: 88 bölüm, iki haneli numerik kodlarla tanımlanmıştır (01'den 99'a kadar); Seviye 3: 272 grup, üç haneli numerik kodlarla tanımlanmıştır (01.1'den 99.0'a kadar); Seviye 4: 615 sınıf, dört haneli numerik kodlarla tanımlanmıştır (01.11'den 99.00'a kadar).	<b>Statistical Classification of Economic Activities in the European Community, Revision 2 (NACE Rev. 2):</b> NACE Rev. 2 is the classification of economic activities corresponding to ISIC Rev. 4 at European level. Though more disaggregated than ISIC Rev. 4, NACE Rev. 2 is completely in line with it and can thus be regarded as its European version. Classification Structure:  Level 1: 21 sections identified by alphabetical letters A to U; Level 2: 88 divisions identified by two-digit numerical codes (01 to 99); Level 3: 272 groups identified by three-digit numerical codes (01.1 to 99.0); Level 4: 615 classes identified by four-digit numerical codes (01.11 to 99.00).
<b>Bebek Ölüm Hızı:</b> Genellikle, belli bir zaman döneminde ölen bebeklerin (birinci doğum gününe ulaşmadan ölen) sayısının, aynı zaman dönemindeki doğum sayısına bölünmesidir. Çoğunlukla her 1000 doğum için ölen bebek sayısı olarak ifade edilir.	<b>Infant Mortality Rate:</b> In generally, the number of infant deaths (died before reaching first birthday) during a period of time divided by the number of births during the same period. Usually expressed as infant deaths per thousand births.
<b>Bina:</b> Kendi başına kullanılabilen, bir veya daha fazla odayı iç ve dış duvarlarını çevirdiği, diğer alanları da kapsayan çatı ile örtülmüş, temelden çatıya kadar uzanan; konut, tarımsal, endüstriyel, sınai, kültürel, dini, idari ve ulaştırma amacı için tasarlanmış taşınmayacak yapılarıdır.	<b>Building:</b> A building is any independent structure comprising one or more rooms or other spaces, covered by a roof, enclosed with external walls or dividing walls which extend from the foundations to the roof, and intended for residential, agricultural, industrial, commercial, or cultural purposes.
<b>Bina İnşaatı Maliyet Endeksi:</b> Bina inşaatında kullanılan girdi miktarlarını belirlemek ve bu girdi miktarının yıllara göre maliyet değişimlerini göstermek amacı ile hesaplanan endekstir. Bina inşaatı maliyet indeksi toplam 295 maddeden 20'si işçilik, 7'si makine, 146'sı esas inşaat malzemeleri, 122'si ise tesisat malzemeleridir. Bu maddelerin fiyatları kapsama alınan 24 ilde (her madde için üç ayrı işyerinden) derlenmektedir. Bu fiyatlar, her dönem 3. ayının 15'i itibarı ile üreticiden, toptancıdan ya da perakendeciden yani inşaat firmaları ile müteahhitlerin alışveriş yaptıkları 1478 işyerinden toplanmaktadır. Bina inşaatı maliyet endeksi üçer aylık dönemler halinde hesaplanıp yayımlanmaktadır.	<b>Building Construction Cost Index:</b> The aim of forming a building construction price index was to determine the quantities of inputs used in building construction and to show the yearly cost changes of these quantities of inputs. Out of a total of 295 items in the building construction cost index, 20 encompass workmanship, 7 are machinery, 146 are construction materials and 122 are installation materials. Prices of these items are gathered from 24 provinces (for every item, prices are collected from 3 separate establishments). These prices are collected on the 15 th of the last month of every quarter from 1478 establishments which are producers, wholesalers, or retailers who do business with construction firm and contractors. The building construction cost index is calculated and published quarterly.
<b>Binanın Toplam Kat Sayısı:</b> Bina binanın toprak zemin üzerindeki katları, varsa inşaat kot farkından meydana gelen zemin (giriş kat) altındaki katlar, bodrum katları ve çatı katları dahil toplam kat sayısını ifade etmektedir.	<b>Total Number of Stories of Building :</b> Total number of stories including stories above ground level, stories below ground level (entrance story) formed because of difference of construction spot height (if there is), basement and garret story.
<b>Brüt Okullaşma Oranı:</b> İlgili öğrenim türündeki tüm öğrencilerin, ait olduğu öğrenim türündeki teorik yaş grubunda bulunan toplam nüfusa bölünmesi ile elde edilir. A: Toplam öğrenci sayısı B: Teorik yaş grubundaki toplam nüfus <b>Brüt okullaşma oranı= A / B</b>	<b>Gross Schooling Ratio:</b> It is obtained by dividing the total number of students in a specific level of education to the population in the theoretical age group. A: Total number of enrollment B: Total population in the theoretical age group <b>Gross schooling ratio= A / B</b>
<b>Çalışamaz Halde:</b> Bedensel özürlü, hastalık veya yaşlılık nedeniyle iş aramayan ve işbaşı yapmaya hazır olmayan kişilerdir.	<b>Disabled:</b> Persons not seeking a job or who are not available for work because of being disabled, ill or elderly.
<b>Çalışan Hanehalkı Ferdi:</b> Ücretli, maaşlı, yevmiyeli, kendi hesabına, işveren ya da ücretsiz aile işçisi olarak referans periyodunda bir iktisadi faaliyette bulunan veya işleri ile ilişkileri devam eden 15 ve daha yukarı yaştaki fertlerdir.	<b>Employed Household Member:</b> Person employed is defined as a person over 15 years of age performing an economic activity during the survey period on his own account, or as a salary or wage earner, or an employer, or an unpaid family worker.

<b>Çıktı:</b> Satışlar ve başkalarına yapılan hizmetler karşılığı elde edilen gelirlerdir.	<b>Output:</b> The value of output is calculated by the total of receipts from sales and services rendered to others.
<b>Çocuk Doğurmada Ortalama Yaş:</b> Kadınların yaşa özel doğurganlık hızlarına göre çocuklarını doğurduğu ortalama yaş. Ölümlülüğün olmadığı bir kuşak ölçümüdür.	<b>Mean Age of Childbearing:</b> The average age at which women bear their children according to the age specific fertility rates. It is a mortality-free cohort measure.
<b>Daire (konut birimi):</b> Etrafı kapalı, tavanı örtülmüş bir aile veya bir grup insanın diğer fertlerden ayrı yaşamasına olanak tanıyan, direkt olarak sokağa, koridora veya genel bir yere açılan, kendisine ait kapısı bulunan yerdir.	<b>Dwelling Unit:</b> A separate and independent enclosure used for residence by a single person, a family, or a group of persons having a covered roof and separate access to a street, corridor, or common place.
<b>Dış Borç Stoku:</b> Orta ve uzun vadeli dış borçlar, yurt dışından 1 yıldan uzun vadeli olarak sağlanan ve döviz, mal veya hizmet olarak geri ödenen borçlardır.	<b>Outstanding External Debt:</b> Medium and long-term external debts, a debt that has a maturity of more than one year and that is owed from non-residents, repayable loans as a foreign currency, goods or services.
<b>Dış Krediler:</b> Rusya Federasyonuna Toprak Mahsulleri Ofisi'nce yapılan buğday ihracatı karşılığında düzenlenen ve TCMB tarafından satın alınan senetler karşılığında ve TCMB ile Sudan Merkez Bankası ve Arnavutluk Merkez Bankası arasında imzalanan bankacılık sözleşmesi kapsamındaki TCMB'nin alacaklarıyla ilgili olarak TCMB'nin kullandığı kredileri içermektedir.	<b>Foreign Credits Extended by The Central Bank:</b> Consists of credits extended in accordance with the Banking Agreement between the Central Bank of Turkey and the Central Banks of the Sudan and Albania, and credits extended against the bills bought by the Central Bank of Turkey which were issued against the wheat exports made by the Soil Products Office to Russian Federation.
<b>Dış Ticaret Dengesi:</b> Belli bir dönemde gerçekleştirilen ihracat ile ithalat arasındaki farktır (İhracat-İthalat). İhracatın ithalattan fazla olması dış ticaret fazlası, ithalatın ihracattan fazla olması ise dış ticaret açığını ifade eder.	<b>Balance of Foreign Trade:</b> The difference between export and import in a specific period of time (export - import). If the export is more than import there is a surplus, in contrast, if the import is more than export there is a deficit.
<b>Dış Ticaret Endeksleri:</b> 2003 temel yıllık dış ticaret endeksleri, USSS Revize 3 sınıflamasına göre hesaplanmakta ve aylık olarak yayımlanmaktadır. Endeksler, USSS Revize 3 sınıflamasının yanı sıra GEGS, STUS Revize 3 ve FÜS'e göre de hesaplanmaktadır. 2003 temel yıllık dış ticaret birim değeri endeksleri Fisher. Miktar endeksleri değeri endekslerinin Fisher birim değeri endeksine oranından elde edilmektedir.	<b>Foreign Trade Indices:</b> Foreign trade indices based on 2003 are published monthly by ISIC Revised 3. Apart from ISIC Revised 3, indices are calculated by BEC, SITC Revised 3 and CPA. Foreign trade unit value indices based on 2003 are calculated by Fisher formula, quantity indices are the ratio of value indices to Fischer unit value indices.
<b>Dış Ticaret Hacmi:</b> Bir ülkenin belli bir dönemde (genellikle bir yılda) gerçekleştirdiği ihracat ve ithalatın toplamıdır.	<b>Volume of Foreign Trade:</b> Total of export and import of a country in a specific period of time (usually one year).
<b>Dış Ticaret Hadleri:</b> İhracat fiyat endeksinin ithalat fiyat endeksine bölümünün 100 ile çarpımından elde edilir. Elde edilen değerin 100'den büyük çıkması, ihracatçı ülke açısından, ihracat fiyatlarındaki değişimin ithalat fiyatlarındaki değişime göre daha yüksek (avantaj), diğer durumda daha küçük olduğunu (dezavantaj) ifade eder.	<b>Terms of Foreign Trade:</b> The ratio of export price index to import price index multiplied by 100. For the exporter country, if the result is bigger than 100, means that the change in export prices bigger than that of import prices (advantage), otherwise, is less (disadvantage).
<b>Dış Ticarete Değer:</b> Dış ticarete, ithalatta mal bedeli CIF (Mal bedeli+Navlun+Sigorta), ihracatta ise FOB (Mal bedeli+İhracatçı ülke sınırına kadar olan masraflar) olarak tanımlanmaktadır.	<b>In Foreign Trade Value:</b> In foreign trade show imports at CIF (Cost+Insurance+Freight) and exports at FOB (Free on Board), both expressed in Turkish Liras, US Dollars and Euro.
<b>Doğuşta Beklenen Yaşam Süresi:</b> Yeni doğmuş bir bireyin yaşamı boyunca belirli bir dönemdeki yaşa özel ölümlülük hızlarına maruz kalması durumunda yaşaması beklenen ortalama yıl sayısı.	<b>Expectation of Life at Birth:</b> It is the average number of years an infant is supposed to live having been exposed to age specific mortality rates at certain periods all through his/her life.
<b>Döviz:</b> Dış ticaret işlemlerinde mal bedelinin ödenmesinde kullanılan ülke paraları cinsini göstermektedir. Türkiye'nin dış ticaretinde en fazla kullanılan döviz cinsleri Euro ve USD Dolarıdır.	<b>Foreign Exchange:</b> It shows that the kind of money used for payments in the foreign trade transactions. The most used foreign exchanges are Euro and US Dollar.
<b>Döviz Borçluları:</b> Konvertibl (çevrilgen) ve konvertibl olmayan döviz cinsleri üzerinden haricteki muhabirler nezdinde açılan hesaplar, IMF nezdindeki Rezerv Dilimi Pozisyonu ile Merkez Bankası şubeleri kasaalarında bulunan efektiflerdir.	<b>Exchange Borrowers:</b> Accounts opened by the Central Bank with foreign correspondents against convertible and non-convertible foreign exchange, the Reserve Tranche Position held by the IMF and foreign currencies available in the Bank's vaults.
<b>Ekonomik Faaliyet Kolları:</b> Şirketler, kooperatifler ve firmaların kurulma amacını ve hangi ekonomik faaliyet alanında işte ettiğini gösteren koddur.	<b>Economic Activity:</b> Indicates the purpose for which the companies cooperatives and firms are established and the economic activity in which they are engaged.
<b>Eksik İstihdam:</b> İki ayrı grupta tanımlanmaktadır. <b>a) Görülebilir eksik istihdam:</b> Referans döneminde ekonomik nedenlerle 40 saatten daha az süre çalışıp mevcut işinde ya da ikinci bir işte daha fazla süre çalışmaya müsait olan kişilerdir. <b>b) Diğer:</b> Görülebilir eksik istihdam dışında kalanlardan mevcut işinden elde ettiği gelirin azlığı ya da kendi mesleğinde istihdam edilmediği gibi nedenlerle mevcut işini değiştirmek istediğini ya da ikinci bir iş aradığını bildiren kişilerdir.	<b>Persons Underemployed:</b> Underemployment in the survey is measured in two distinct groups; <b>a) Visible underemployment:</b> Persons who work less than 40 hours because of economic reasons during the reference period and are able to work more at their present job are capable of doing a further job. <b>b) Other:</b> Persons from among people who are not in the visible underemployment and who want to change his/her present job or are seeking a further job because of an insufficient income or because of not working in his/her usual occupation.
<b>Emekli:</b> Bir sosyal güvenlik kuruluşundan emekli olduğu için iş aramayan ve işbaşı yapmaya hazır olmayan kişilerdir.	<b>Retired Persons:</b> Persons not seeking a job or who are not available for work because of being retired.
<b>Ev Kadını:</b> Ev işleriyle meşgul olması nedeniyle iş aramayan ve işbaşı yapmaya hazır olmayan kişilerdir.	<b>Housewives:</b> Persons not seeking a job or who are not available for work because of household duties.
<b>Ev Sahibi:</b> Hanehalkı reisinin ya da hanehalkı fertlerinden birinin sahip olduğu (mülkiyetinde bulunan) konutta oturan hanelerin konuta tasarruf şeklidir.	<b>Owner:</b> It is an ownership status of household who live in house which is belong to household head or one of the members of the household.

<b>Fon:</b> Belirli bir amacın veya birbirine yakın amaçlar grubunun gerçekleştirilmesi için belirli kaynakların, belli hesaplarda tutulduğu ve harcadığı, bütçe ile bağlantılı veya bütünüyle bütçe dışı kamusal özelliği olan paralar ve hesaplardır.	<b>Fund:</b> Fund are money and account as public connected with budget or out of budget, held and spend in evident accounts, evident sources for group of closed aims each other or a evident aim.
<b>Gayri Safi Sermaye Artışı:</b> Yeni kurulan şirket ve kooperatiflerin sermayeleri ile sermayeleri artırılan şirketlerin sermaye artışları toplamıdır.	<b>Gross Increase in Capital:</b> The total capital of newly established companies and cooperatives and the capital increase of existing companies.
<b>Gelir Getiren Fert:</b> 15 ve daha yukarı yaşta olup nakdi ya da aynı faaliyet veya faaliyet dışı herhangi bir gelir elde eden fertler ile ücretsiz aile işçilerini kapsamaktadır.	<b>Income Earning Person:</b> The income earning person is a person 15 years of age and over who earns an income in cash or in kind and a person working as an unpaid family worker.
<b>Genç Bağımlılık Oranı:</b> "15-64" yaş grubundaki her 100 kişi için, "0-14" yaş grubundaki kişi sayısıdır.	<b>Youth Dependency Ratio:</b> The number of persons at "0-14" age group per 100 persons at "15-64" age group.
<b>Geniş Ekonomik Gurupların Sınıflaması (GEGS):</b> Birleşmiş Milletler İstatistik Ofisince hazırlanan bir sınıflamadır. Mallar, Yatırım, Tüketim, Ara malları ve diğerleri olarak dört ana grupta toplanmaktadır. SUTS aracılığı ile Harmonize Sisteme geçiş imkanı vermektedir. Türkiye'nin dış ticaret istatistiklerinde 1989 yılından sonra kullanılmaya başlanmıştır.	<b>Classification by Broad Economic Categories (BEC):</b> The classification has been prepared by United Nations Statistical Office. Goods are classified in 4 major groups as Investment, Consumption, Intermediate goods and others. By means of SITC, transition to the Harmonized System is possible. The classification has been using in Turkey's foreign trade statistics after 1989.
<b>Gini Katsayısı:</b> Kişisel gelir dağılımını ölçmek için çok sayıda gelir dağılımı ölçütü bulunmaktadır. Bu ölçülerden Gini katsayısı, dağılım ölçüsü olarak en çok kullanılan ölçüdür. Ayrıca bu katsayı, Lorenz eğrisine bağlı olup eğri ile köşegen arasında kalan alanın, köşegenin altında kalan toplam alan oranına eşittir. Bu oran büyüdükçe dağılımdaki eşitsizlik artıyor demektir. Bir toplumda, gelir adaletli olarak paylaşılmışsa Gini katsayısı "0" 'a eşit, toplumdaki gelirleri yalnız bir kişi almışsa Gini katsayısı "1" 'e eşit olmaktadır.	<b>Gini Coefficient:</b> There are a lot of income distribution criteria to measure income distribution. The most used one is Gini coefficient. In addition it depends on Lorenz curve it equals to the proportion of area between Lorenz curve and diagonal to total area below diagonal. Increasing of this proportion means that the inequality on distribution is growing. Gini coefficient is equal to "0" when income is equally shared by individuals. Gini coefficient is equal to "1" when all the income is received by one person.
<b>Girdi:</b> Satın alınan mal ve hizmetlerin değeri, yıl başı stok (hammadde, yardımcı madde, ambalaj malzemesi ve yakıtlar) değeri ile dışarıdan satın alınan elektrik değeri toplamından yıl sonu stok değerinin (hammadde, yardımcı madde, ambalaj malzemesi ve yakıtlar) çıkarılması ile elde edilir.	<b>Input :</b> The value of input is calculated by subtracting the value of the end of year stock ( raw materials, supplementary materials, packaging material and fuel) from the total value of goods and services purchased or including electricity purchased and the beginning of the year stock (raw materials, supplementary materials, packaging material and fuel).
<b>Görelî Yoksulluk:</b> Bireylerin, toplumun ortalama refah düzeyinin belli bir oranının altında olması durumudur. Buna göre toplumun genel düzeyine göre belli bir sınırın altında gelir ve harcamaya sahip olan birey veya hanehalkı görelî anlamda yoksul olarak tanımlanır. Refah ölçüsü olarak amaca göre tüketim veya gelir düzeyi seçilebilir. Yoksulluk çalışmalarında, eşdeğer kişi başına tüketim harcaması medyan değerinin %50'si görelî yoksulluk sınırı olarak da tanımlanabilmektedir. Görelî yoksulluk oranı ise, eşdeğer fert başına tüketim harcaması, görelî yoksulluk sınırının altında kalan hanehalklarının oluşturduğu nüfusun, toplam nüfus içindeki paydır.	<b>Relative Poverty:</b> It is the state in which the individual is below the average welfare level of the society. For this respect, the households having incomes and expenditures below a specified line compared to the general population shall be defined to be the poor in a relative meaning. As a welfare measure, consumption or income level may be selected according to the situation. In poverty studies, %50 of the median value of the consumption expenditures per equivalent individual can defined as relative poverty line. The relative poverty rate can be calculated as the ratio of the population formed by the households below the relative poverty line to the total population.
<b>Gümrük İşbirliği Konseyinin Uyumlaştırılmış Mal Tanım Kod Sistemi (UMS):</b> Ülkemizin de taraf olduğu Gümrük İşbirliği Konseyi tarafından hazırlanan ve aktif ülkelerin ithalat ve ihracat işlemlerinde kullandıkları bir eşya sınıflamasıdır.	<b>Customs Co-operation Council, The Harmonized Commodity Description and Coding System:</b> The harmonized system is a commodity classification prepared by the Customs Cooperation Council.
<b>Hanehalkı:</b> Aralarında akrabalık bağı bulunsun veya bulunmasın, aynı konutta veya aynı konutun bir kısmında yaşayan, hanehalkı hizmet ve yönetimine katılan, gelir ve giderlerini ayırmayan, bir veya birkaç kişinin oluşturduğu topluluktur.	<b>Household:</b> One person or group of persons with or without a family relationship who live in the same house or in the same part of a house, who share their earnings and expenditures, who take part in the management of the household and who render services to the household.
<b>Hanehalkı Ferdi:</b> İlgilenilen referans periyodunda hanehalkını meydana getiren topluluğun bir üyesidir. Misafirler, askerde, hapiste, yurt dışında ve uzun süreli hane dışında olan fertler hanehalkı fertlerine dahil edilmemektedir. Hanehalkı ferdi olup devamlı olarak hanehalkı dışında başka bir yerleşim yerine yerleşmek amacıyla gidenler hanehalkı ferdi olarak kapsamamaktadır.	<b>Household Member:</b> He/she is the member of the group which constitutes the household in the related reference period. Guests and members who are in the army, in prison, in abroad or left the household for a long time were excluded. The ones who left the household to settle down another place were not recorded as a household member.
<b>Hanehalkı Kullanılabilir Gelirine göre Sıralı % 20'lik Gruplar:</b> Hanehalklarının son bir yılda elde ettiği aylık toplam kullanılabilir gelirleri yılsonuna çekilerek, bunların ortalaması alınmak sureti ile hanehalkların kullanılabilir gelirlerine göre küçükten büyüğe doğru sıralanıp, sıklık açısından 5 eşit parçaya bölünerek oluşturulan % 20'lik gruplardır.	<b>Quintiles Ordered by Household Disposable Income:</b> Total monthly household disposable income were inflated to make yearly disposable income. After this operation, average monthly household disposable income is obtained. Furthermore, average monthly disposable incomes of all households were ordered from less to more separately and quintiles were constituted by dividing the households to 5 equal parts.
<b>Hanehalkı Tüketim Harcaması:</b> Hanehalklarının ilgilenilen referans dönemi içinde ihtiyaçlarını karşılamak için yapmış olduğu peşin veya vadeli mal ve hizmet satın alışı, hanehalkı fertlerinin kendi ekonomik faaliyetleri sonucu elde ettiği mal ve hizmet üretimlerinden tükettiği maddeleri, hanede iktisaden faal olan fertlerin çalıştığı işyerinde ürettiği ya da satışa sunduğu mal ve hizmetlerden hanede tüketilenler, hanehalkının özel kişi ve kuruluşlara vermek üzere hediye veya yardım amacıyla satın aldığı mal ve hizmetlerin değeri ve izafi kira değeri toplamıdır.	<b>Household Consumption Expenditure:</b> Household consumption covers the purchases paid cash or on installments for needs and for the materials consumed from the households own production activities, consumed materials and services in the household which are produced or sold by economically active persons in their work place and consumed from stock in the related reference period and purchased good and services to give others as gift and aid and imputed rent.
<b>Hanehalkı Tüketim Harcamasına göre Sıralı % 20'lik Gruplar:</b> Haneler toplam tüketim harcamalarına göre küçükten büyüğe sıralanarak, haneler yine sıklık açısından 5 eşit parçaya bölünerek aylık % 20'lik gruplar oluşturulmaktadır.	<b>Quintiles Ordered by Household Consumption Expenditures:</b> In this method, households were ordered by their total consumption expenditures, all quintiles were constituted by dividing the households to 5 equal parts.

<b>Hazine'nin Alacakları:</b> TCMB kasalarında Hazine adına muhafaza edilen uluslararası standartta olmayan altın, ülkemizin IMF nezdindeki SDR kotasının altın ve yabancı para olarak ödenen kısmı dolayısıyla oluşan Hazine'nin Rezerv Dilim İmkânı ve Hazine'nin çeşitli işlemlerinden doğan diğer alacaklarıdır.	<b>Claims of the Treasury:</b> Non-international standard gold held for Treasury at Central Bank, Reserve Tranche Mean of Treasury due to the position of Turkey's SDR quote at IMF which was paid as gold and foreign exchange and other receivables of Treasury arising from various transactions.
<b>İç Krediler:</b> Merkez Bankası'nın bankacılık sektörüne açtığı kredilerdir.	<b>Domestic Credits:</b> Central Bank credits extended to the banks.
<b>İhracat:</b> Bir ülkede yerleşik kişi ve kurumların diğer ülkelere mal satmasıdır.	<b>Export:</b> Selling goods by the settled persons and organisations in a country, to the other countries.
<b>İkamet Amaçlı Binalar:</b> İkamet amaçlı binalar en az yarısı ikamet amaçlı kullanılan inşaatlardır. Eğer kullanılabilir taban alanının yarısından daha azı ikamet amacı için kullanılıyor ise, bina düzenleme amacına göre ikamet amaçlı bina dışındaki bina olarak tanımlanır.	<b>Residential Building:</b> Residential buildings are constructions at least half of which is used for residential purposes. If less than half of the overall useful floor area is used for residential purposes, it is called non residential building.
<b>İkamet Amaçlı Olmayan Binalar:</b> İkamet amaçlı olmayan binalar, temel olarak ikamet dışı amaçlar için tasarlanan veya bu amaçlar için kullanılan inşaatlardır. Eğer kullanılabilir taban alanının en az yarısı ikamet amaçlı kullanılıyor ise, bina ikamet amaçlı bina olarak tanımlanır.	<b>Non-residential Buildings:</b> Non-residential buildings are constructions which are mainly used or intended for non residential purposes. If at least half of the overall useful floor area is used for residential purposes, it is called residential building.
<b>İktisaden Faal Olmayan Fertler:</b> Anket ayında nakdi ya da aynı herhangi gelir getirici bir işte çalışmayan ya da bir iş ile bağlantısı olmayan fertleri kapsamaktadır (ev hanımı, özürlü, hasta vb.).	<b>Persons Economically Inactive:</b> Persons who don't work to earn income in cash or in kind or have not a connection with any work during the survey month (housewife, the disabled, ill etc.).
<b>İlköğretim:</b> Her Türk çocuğunun iyi birer vatandaş olabilmesi için, gerekli temel bilgi, beceri, davranış ve alışkanlıkları kazanmasını, milli ahlak anlayışına uygun olarak yetişmesini, ilgi ve yetenekleri doğrultusunda hayata ve bir üst öğrenime hazırlanmasını sağlamayı amaçlamaktadır. 18 Ağustos 1997 tarihinde çıkan 4 306 sayılı yasa ile 1997/98 öğretim yılından itibaren 8 yıllık kesintisiz zorunlu ilköğretime geçilmiştir. İlköğretim 6-13 yaş grubundaki çocukların eğitimi kapsamaktadır.	<b>Primary Education:</b> Aim of primary education is to gain necessary basic knowledge, behaviour and ability in order to be a good citizen for each Turkish child, to bring up them according to national morals, and to prepare them for the upper education according to their capabilities and skills. It has been undergone 8-year compulsory education with law no. 4306 dated 18-August-1997 since 1997/98 education year. Primary education covers the education of children in the age group 6-13.
<b>İlere göre Dış Ticaret:</b> Dış ticaret işlemlerinin yapıldığı gümrüklerin bulunduğu illere göre oluşturulmuştur.	<b>Foreign Trade by Provinces:</b> Based on the customs, located in the provinces, by which the foreign trade procedures carried out.
<b>İnşaat:</b> Şantiyede yapılan veya hazır bölümlerinin montajı ile meydana getirilen yapı bölümüdür.	<b>Construction:</b> It is a part of construction which is done at construction site or formed by mounting the available parts.
<b>İnşaat Tipleri Sınıflaması (İTS):</b> Söz konusu sınıflama Birleşmiş Milletler tarafından 1991 yılında yayınlanan geçici Merkezi Ürün Sınıflaması (CPC) temel alınarak geliştirilen bir sınıflama tipidir. CC'de inşaatlar binalar ve bina dışı inşaat işleri olmak üzere ikiye ayrılmaktadır.	<b>Classification of Types of Constructions (CC):</b> The Classification of Types of Constructions (CC) has been developed on the basis of the provisional Central Product Classification (CPC) published in 1991 by the United Nations. CPC distinguishes between two main categories buildings and civil engineering works.
<b>İrad Sahibi:</b> Bir gayrimenkul veya menkul kıymet geliri olduğu için iş aramayan ve işbaşı yapmaya hazır olmayan kişilerdir.	<b>Income Recipients:</b> Persons not seeking a job or who are not available for work because of having property income.
<b>İstatistik Bölge Birimleri Sınıflaması:</b> Bölgesel istatistiklerin toplanması, geliştirilmesi, bölgelerin sosyo-ekonomik analizlerinin yapılması, bölgesel politikaların çerçevesinin belirlenmesi ve Avrupa Birliği Bölgesel İstatistik Sistemine uygun karşılaştırılabilir istatistik veri tabanı oluşturulması amacıyla ülke genelinde tanımlanan sınıflamadır.	<b>Classification of Statistical Region Units:</b> It is a classification to collect and develop regional statistics, to make the socio economic analyses of regions, to determine the framework of regional politics and to develop a convenient comparable statistics data base with European Union Regional Statistical System.
<b>İş Aramayıp, İşbaşı Yapmaya Hazır Olanlar:</b> Ankette bu iki ayrı grupta ölçülmektedir. <b>İş bulma ümidi olmayanlar:</b> Bölgede iş bulunmadığına veya bölgede kendisine uygun iş olmadığına inandığı ya da nereden iş arayacağını bilmediği için iş aramayıp, ancak işbaşı yapmaya hazır olduğunu belirten kişilerdir. <b>İşgücüne dahil olmayanlar:</b> İşsiz veya istihdamda olmayan 15 ve daha yukarı yaşta nüfustur.	<b>Available to Start a job but not Actively Seeking:</b> In the survey this is measured in two distinct groups. <b>Discouraged workers:</b> These are the persons who are available to start a job but are not seeking a job because of not knowing where to search, or who believe no job is available for him/her in the region. <b>Persons not in the labour force:</b> Includes persons aged 15 years and over who are neither unemployed nor employed
<b>İşsiz:</b> Referans dönemi içinde istihdam halinde olmayan (kâr karşılığı, yevmiyeli, ücretli ya da ücretsiz olarak hiç bir işte çalışmamış ve böyle bir iş ile bağlantısı olmayan) kişilerden iş aramak için son üç ay içinde iş arama kanallarından en az birini kullanmış ve 2 hafta içinde işbaşı yapabilecek durumda olan kurumsal olmayan çalışma çağındaki tüm kişiler işsiz nüfusa dahildir. Ayrıca, üç ay içinde başlayabileceği bir iş bulmuş ya da kendi işini kurmuş ancak işe başlamak ya da işbaşı yapmak için çeşitli eksikliklerini tamamlamak amacıyla bekleyenlerden 2 hafta içinde işbaşı yapabilecek kişiler de işsiz nüfus kapsamına dahildir.	<b>Unemployed:</b> Non-institutional working age population who are not employed (for profit, as casual employee, paid or unpaid and not having any job attachment with either of these forms) and has utilized at least one of the channels for seeking job and are available to start job within 2 weeks are covered. Persons who have already found a job or established his/her own job but has been waiting to complete the process required to start work and who are available to start work within 2 weeks are also considered to be unemployed.
<b>İşsizlik Oranı:</b> İşsiz nüfusun işgücü içindeki oranıdır.	<b>Unemployed Rate:</b> Is the ratio of unemployed persons to the labour force.
<b>İşteki Durum:</b> İstihdamda olan kişinin işteki durumu beş grup altında sınıflandırılmıştır.	<b>Employment Status:</b> The employment status of a person in his work is classified in 5 groups.
<b>İşveren:</b> Kendi işinde en az bir kişiyi ücretli veya yevmiyeli olarak çalıştıran kişilerdir.	<b>Employer:</b> An employer is a person who employs at least one person in his field of activity.



<p><b>İşyeri:</b> Tek bir mülkiyet veya kontrol düzeni altında mal veya hizmet üretimi amacıyla genellikle tek tip ekonomik faaliyet yürüten, soru kağıdını doldurabilecek muhasebe, kayıt ve kaynaklara sahip olan yerdir. İmalat sanayi işyerleri çalıştırılan kişi sayısına göre kategorilere ayrılmaktadır. Bunlar: 1-9 kişi çalışan işyerleri; Çok küçük ölçekli 10-49 kişi çalışan işyerleri; Küçük ölçekli 50-99 kişi çalışan işyerleri; Orta ölçekli 100+ kişi çalışan işyerleri; Büyük ölçekli,</p>	<p><b>Establishment:</b> A work place where single ownership or controlling status is established generally where one type of economic activity occurs and there is a register and accounting sources necessary to fill the questionnaires. In manufacturing establishments are categorised by the number of employed people as following: Establishments with 1-9 persons engaged; Micro sized Establishments with 10-49 persons engaged; Small sized Establishments with 50-99 persons engaged; Medium sized Establishments with 100+ persons engaged; Large sized</p>
<p><b>İthalat:</b> Bir ülkede yerleşik kişi ve kurumların diğer ülkelerden mal satın almasına ithalat denir.</p>	<p><b>Import:</b> Buying goods by the settled persons and organisations in a country, from other countries.</p>
<p><b>Kaba Doğum Hızı:</b> Bir nüfusta belirli bir dönem içinde olan doğum sayısının, o nüfusun aynı dönemdeki yaşanan birey-yıl sayısına bölünmesidir. Genellikle 1 000 nüfus için doğum sayısı olarak gösterilir. Bir yıl için kaba doğum hızı, o yıldaki doğumların yıl ortası nüfusa bölünmesiyle bulunur.</p>	<p><b>Crude Birth Rate:</b> The number of births in a population during a period of time divided by the number of person - years lived by the population during the same period. Usually expressed as births per 1 000 population. The crude birth rate for a single year is usually calculated as the number of births divided by the mid-year population.</p>
<p><b>Kaba Ölüm Hızı:</b> Bir nüfusta belirli bir dönem içinde olan ölüm sayısının, o nüfusun aynı dönemdeki yaşanan birey-yıl sayısına bölünmesidir. Genellikle 1 000 nüfus için ölüm sayısı olarak gösterilir. Bir yıl için kaba ölüm hızı, o yıldaki ölümlerin yıl ortası nüfusa bölünmesiyle bulunur.</p>	<p><b>Crude Death Rate:</b> The number of deaths in a population during a period of time divided by the number of person-years lived by the population during the same period. Usually expressed as deaths per 1 000 population. The crude death rate for a single year is usually calculated as the number of deaths divided by the mid-year population.</p>
<p><b>Kapanan Şirket ve Kooperatifler:</b> Gerek borçlar, gerekse Türk Ticaret ve Kooperatifler Kanunu'nda kapanma için belirtilen durumlardan birisinin gerçekleşmesi halinde, şirketlerin ve kooperatiflerin sona ermesi ve bunun Ticaret Sicili Gazetesi'nde ilandır.</p>	<p><b>Liquidated Companies and Cooperatives:</b> Companies and cooperatives liquidated because of debt or any of the conditions indicated in the Turkish Commercial and Cooperatives Codes announced in the Turkish Trade Register Gazette.</p>
<p><b>Karşılaştırmalı Fiyat Düzeyi Endeksi:</b> Satın alma gücü paritesinin döviz kuruna oranıdır. Ülkeler arasındaki fiyat düzeyi farklılıklarının ölçülmesine imkan verir.</p>	<p><b>Comparative Price Level Indices:</b> It is the ratio of Purchasing Power Parity to exchange rate. It provides a measure of the differences in price levels between countries.</p>
<p><b>Kişi Başına Hacim Endeksi:</b> Kişi başına reel GSYH değerlerinin OECD ortalamasına göre değişimini gösterir ve aşağıdaki gibi hesaplanır.</p> $KBH_{(A \text{ ülkesi})} = \frac{\text{Kişi Başına Reel GSYH}_{(A \text{ ülkesi})} \times 100}{\text{Kişi Başına Reel GSYH}_{(OECD)}}$	<p><b>Per Capita Volume Indices:</b> Per capita volume indices indicate real GDP per capita variation in the OECD average and computed as below.</p> $PCVI_{(country A)} = \frac{\text{Per Capita Real GDP}_{(country A)} \times 100}{\text{Per Capita Real GDP}_{(OECD)}}$
<p><b>Kat Sayısı :</b> Bodrum, zemin, normal ve çatı katlarının toplam sayısıdır.</p>	<p><b>Number of Stories :</b> Sum of basement, ground, normal and garret story.</p>
<p><b>Katkılı Yenilenme Hızı:</b> Bir kadının doğurgan olduğu dönem boyunca (15-49 yaşları arasında) yaşayacağı ve belirli yaşa özel doğurganlık hızını takip edeceği varsayımı altında ortalama doğurabileceği kız çocuk sayıdır.</p>	<p><b>Gross Reproduction Rate:</b> The average number of female children that a women would have under the assumption that she survived to the end of reproductive life (15 to 49 years of age) and bore according to a given age specific fertility rate .</p>
<p><b>Katma Değer:</b> “Çıktı” değerinden “Girdi” değerinin çıkarılması ile elde edilmektedir.</p>	<p><b>Value Added:</b> Determined as the value of “Output” less the value of “Input”.</p>
<p><b>Kendi Hesabına:</b> Kendi işinde yalnız olarak veya ücretsiz aile fertleri ile birlikte nakdi ve aynı gelir elde etmek amacı ile çalışan kişilerdir.</p>	<p><b>Self Employed:</b> A self employed person is a person working in his own business by himself or together with unpaid family workers to obtain income in cash and or in kind.</p>
<p><b>Kiracı:</b> Mülkiyeti kendilerine ait olmayan bir konutta aynı veya nakdi bir bedel ödeyerek oturan hanelerin konuta tasarruf şeklidir.</p>	<p><b>Tenant:</b> It is an ownership status of households who live in house which is not belong to them by paying rent in kind or in cash.</p>
<p><b>Kişi Başına Reel Gayri Safi Yurt İçi Hasıla:</b> SGP değerlerine bölünerek ortak bir para birimine dönüştürülen, kişi başına GSYH değerleridir. Bu şekilde, her ülkede paranın satın alma gücü eşitlenmekte ve ülkelerin ürettiği gerçek mal ve hizmet miktarlarının karşılaştırılması sağlanmaktadır.</p>	<p><b>Per Capita Real Gross Domestic Product:</b> Gross Domestic Product per capita is divided by Purchasing Power Parity to convert common currency. In this way, purchasing power of money in every country is equalized and goods and services that is produced by countries become comparable.</p>
<p><b>Kişisel Kullanılabilir Gelir:</b> Üretim faktörlerine yapılan gerçek ödemeler (faktör gelirleri) ücret, faiz, kar, kira gelirleri (dağıtılmayan şirket karları bu ödemeler dışındadır) ile kişilere kamu veya özel teşebbüsler ya da dış alemden yapılan tek taraflı transferleri kapsamaktadır. Kişisel gelirden dolaysız vergiler ve kişilerin devlete yaptığı tek taraflı transferler (Emekli Sandığı kesintisi, SSK kesintisi) düşüldükten sonra kalan miktar kişisel kullanılabilir gelirdir.</p>	<p><b>Personal Disposable Income:</b> Actual payments made to the factors of production (factor incomes); wages, profits (excluding retained company earnings), interest and rent income and transfer payments made to individuals from public and private institutions or from abroad. Personal disposable income is obtained by subtracting indirect taxes and transfer payments made to the state by households (social security and retirement fund deductions) from personal income.</p>
<p><b>Kollektif Şirket:</b> Ticari bir işletmeyi bir ticaret unvanı altında işletmek amacıyla hakiki şahıslar arasında kurulan, ortaklarından hiç birisinin sorumluluğu şirket alacaklarına karşı sınırlanmamış olan şirket türüdür.</p>	<p><b>General Partnership:</b> A trade partnership operating as a trade company under a trade name. The responsibilities of the partners are not limited to the credits of the partnership.</p>
<p><b>Komandit Şirket:</b> Ticari bir işletmeyi bir ticaret unvanı altında işletmek amacıyla kurulan ve şirket alacaklarına karşı ortaklardan bir veya bir kaçının sorumluluğu sınırlanmamış ve diğer ortak veya ortakların sorumluluğu belirli bir sermaye ile sınırlanmış olan şirket türüdür.</p>	<p><b>Limited Partnership:</b> A trade partnership operating as a trade company under a trade name. The responsibilities of some of the partners are limited to the partnerships responsibilities but others are limited by its capitals.</p>
<p><b>Konsolide Bütçe:</b> Genel bütçe ve katma bütçelerin toplamıdır ancak, katma bütçeler, genel bütçeden katma bütçelere hazine yardımlarını da içerdiğinden bu toplamdan hazine yardımları düşülmektedir.</p>	<p><b>Consolidated Budget:</b> The consolidated budget equals the sum of the general budget and annexed budgets, however, since the annexed budgets cover the Treasury aid to annexed budgets from the general budget, the amount of Treasury aid is subtracted from the total.</p>



<b>Kooperatifler:</b> Tüzel kişiliğe haiz olmak üzere ortaklarını belirli ekonomik menfaatleri ve özellikle meslek ve geçimlerine ait ihtiyaçlarının karşılıklı yardım, dayanışma ve kefalet suretiyle sağlayıp, kurmak amacıyla gerçek ve kamu tüzel kişileri ile özel idareler, belediyeler, köyler, cemiyetler ve dernekler tarafından kurulan değişir sermayeli kuruluşlardır.	<b>Cooperatives:</b> A legal entity operating without fixed capital that may be established by public institutions, provincial special administrations, municipalities, associations or societies whose aim is to provide certain economic benefits to its shareholders, especially in relation to their occupation and livelihood through aid and solidarity.
<b>Binanın Kullanma Amacı:</b> Yapının projesinde gösterilmiş olan ve hangi amaç için kullanılacağını ifade eden bir deyim olup, kullanma amacı İnşaat Tipleri Sınıflamasına (ITP) göre yapılmaktadır.	<b>Use of Building:</b> This shows the use to which the building will be put. Use of building is done according to the Classification of Construction (CC).
<b>Limited Şirket:</b> İki veya daha fazla hakiki ve hükmi şahıs tarafından bir ticaret unvanı altında kurulup ortaklarının sorumluluğu koymayı taahhüt ettikleri sermaye ile sınırlanmış ve esas sermayesi belirli olan şirket türüdür.	<b>Limited Liability company:</b> A trade company established by two or more real for legal persons under a trade name restricted in liability by the amount of capital invested.
<b>Lojman:</b> Mülkiyeti devlete veya çalıştığı işyerine ait olan bir konutta oturan hanelerin konuta tasarruf şeklidir.	<b>Lodging:</b> It is an ownership status of households who live in a house which belongs to government or workplace of one of the members of household.
<b>M1:</b> Bankalar dışındaki para ile vadesiz mevduatlar toplamıdır.	<b>M1:</b> Money outside the banks plus sight deposits.
<b>M2:</b> M1'e ek olarak mevduat bankalarının vadeli mevduatlarını kapsamaktadır.	<b>M2:</b> M1 plus time deposits.
<b>M2Y:</b> M2'ye ek olarak yerleşiklerin yabancı para mevduatlarını kapsamaktadır.	<b>M2Y:</b> M2 plus resident's foreign exchange deposits.
<b>M2YR:</b> M2Y'ye ek olarak repo işlemlerinden sağlanan fonları kapsamaktadır.	<b>M2YR:</b> M2Y plus funds received from repo transactions.
<b>M3:</b> M2'ye ek olarak mevduat bankalarının resmi mevduatı ile diğer TCMB mevduatını kapsamaktadır.	<b>M3:</b> M2 plus government deposits in the banks and other deposits in the Central Bank.
<b>M3Y:</b> M2Y'ye ek olarak resmi mevduat ve diğer TCMB mevduatını kapsamaktadır.	<b>M3Y:</b> M2Y plus official deposits and Central Bank's other deposits.
<b>M3YR:</b> M3Y'ye ek olarak repo işlemlerinden sağlanan fonları kapsamaktadır.	<b>M3YR:</b> M3Y plus funds received from repo transactions.
<b>Madeni Para:</b> Merkez Bankası kasalarında bulunan madeni paralardır.	<b>Coin:</b> Coins in the vaults of the Central Bank.
<b>Medyan Yaş:</b> Bir nüfusu oluşturan kişilerin yaşları küçükten büyüğe sıralandığında ortada kalan kişinin yaşıdır. Buna göre, nüfusun yarısı bu yaştan küçük, diğer yarısı da bu yaştan büyüktür.	<b>Median Age:</b> The age of the person in the middle when all the persons in the population are arranged in ascending order. In this aspect, half of the population is younger than this age and half of it is older than this age.
<b>Menkul Değerler Cüzdanı:</b> 2001 yılında kamu ve fon bankalarından kesin alış yapılan DİBS'ler Hazine'den alınan döviz endeksli kuponlu DİBS'ler ve repo yoluyla alınmış menkul kıymetlerdir.	<b>Securities Portfolio:</b> Consists of government debt securities include government securities bought from state and fund banks in 2001, foreign exchange indexed securities issued by Treasury and securities held under repo operations.
<b>Mevduat:</b> Bankaya yatırılan kamu ve bankacılık sektörüne, uluslararası kuruluşlar, fonlar ve muhtelif sektörlerle ait Türk Lirası ve yabancı para mevduatlarıdır.	<b>Deposits:</b> Deposits of the public sector, banks, international institutions, funds and others held in the Central Bank in Turkish Liras and foreign exchange.
<b>Mevsimlik Çalışan:</b> Mevsimlik çalışması nedeniyle iş aramayan ve işbaşı yapmaya hazır olmayan kişilerdir.	<b>Seasonal Workers:</b> Persons not seeking a job or who are not available for work because of being seasonal workers.
<b>Dış Ticarete Miktar:</b> İhraç ve ithal edilen malın ambalajı hariç net miktardır. Genellikle istatistiklerde malların net ağırlığı, malın cinsine göre bazı malların ikinci bir ölçü birimi ile miktarı (adet, litre, metre-küp vb) kullanılır.	<b>Quantity of Foreign Trade:</b> Net mass of the good. Beside net mass, according to the type of the good supplementary unit is used (number, liter, cubic meter, etc).
<b>Mutlak Yoksulluk:</b> Mutlak yoksulluk, hanehalkı veya bireyin yaşamını sürdürebilecek asgari refah düzeyini yakalayamaması durumudur. Bu nedenle, mutlak yoksulluğun ortaya çıkarılması, bireylerin yaşamlarını sürdürebilmeleri için gerekli olan minimum tüketim ihtiyaçlarının belirlenmesini gerektirir. Çalışmada, gıda yoksulluğunun temelini teşkil edecek olan gıda sepetinin belirlenmesinde Hanehalkı Bütçe Anketi verileri kullanılmaktadır. Gıda harcamasına göre sıralı 3. ve 4. %10'luk dilimler, referans grup olarak alınmış ve bu hanelerin gıda tüketiminde en önemli paya sahip 80 madde gıda sepeti olarak tespit edilmiştir. Bir feridin günlük asgari 2100 kalori almasını sağlayacak miktarlar, bu 80 maddeden oluşturulmuştur. Bu sepetin maliyeti gıda yoksulluk sınırı olarak alınmıştır. Gıda yoksulluk oranı, eşdeğer fert başına tüketim harcaması, gıda yoksulluk sınırının altında kalan hanehalklarının oluşturduğu nüfusun, toplam nüfus içindeki payı olarak hesaplanmaktadır.	<b>Absolute Poverty:</b> The absolute poverty is the situation in which a household or an individual can not reach the welfare sufficient to continue their lives. Therefore, it is necessary to find out the absolute poverty and determine the minimum needs of individuals to ensure them continue their lives. In the study, in determining the food basket constituting the base of the food poverty, the data from Household Budget Surveys has been used. The 3. and the 4. deciles classified according to food expenditures were taken as reference groups and 80 items having the largest share in the food consumption of them were determined as the food basket. The amount ensuring an individual to receive 2100 calories per day was formed with these 80 items. The cost of this basket was deemed to be the food poverty line. The rate of food poverty was calculated as the consumption expenditures per equivalent individual and the ratio of the households below this food poverty line to the total population.

<p><b>Net Göç Hızı</b> : Göç edebilecek her bin kişi için net göç sayısıdır. Net göç hızı aşağıdaki formüle göre hesaplanmıştır.</p> $m(i-i) = [(M.i-Mi.) / P_{i,t+n-0.5(M.i - Mi.)}] * k$ <p>Burada:  m(i-i): Net göç hız,  M.i: Aldığı göç,  Mi.: Verdiği göç,  M.i - Mi.: Net göç,  P<sub>i,t+n</sub>: i'nin t+n zamandaki daimi ikametgah nüfusu,  i: Göçün incelendiği alan,  k: Sabit sayı (k=1000)</p>	<p><b>Net Migration Rate</b> : It is the number of net migration per thousand persons who are able to migrate. Net migration rate is calculated by the following formula.</p> $m(i-i) = [(M.i-Mi.) / P_{i,t+n-0.5(M.i - Mi.)}] * k$ <p>Where;  m(i-i) : Net migration rate  M.i : In-migration  Mi. : Out-migration  M.i - Mi. : Net migration  P<sub>i,t+n</sub> : Population residing in "i" at the time "t+n"  i : The place in which migration is defined  k : Constant (k=1000)</p>
<p><b>Net Okullaşma Oranı</b>: İlgili öğrenim türündeki teorik yaş grubunda bulunan öğrencilerin, ait olduğu öğrenim türündeki teorik yaş grubunda bulunan toplam nüfusa bölünmesi ile elde edilir.</p> <p>A: Teorik yaş grubundaki öğrenci sayısı  B: Teorik yaş grubundaki toplam nüfus  Net okullaşma oranı= A / B</p>	<p><b>Net Schooling Ratio</b>: It is obtained by dividing the number of students of a theoretical age group enrolled in a specific level of education to the population in that age group.</p> <p>A: Number of enrollment in the theoretical age group  B: Total population in the theoretical age group  Net schooling ratio= A / B</p>
<p><b>Net Yenilenme Hızı</b>: Bir nüfusta çocuk doğuran kadınların, kendi çocukları ile yenilenmesini, ölümlülüğü de dikkate alarak gösteren bir ölçümdür. Bu ölçüm tam olarak bir kadının, belli bir yaşa özel doğurganlık hızı, yaşa özel ölüm hızı ve doğuştaki cinsiyet oranına göre doğurduğu ortalama kız çocuk sayıdır.</p>	<p><b>Net Reproduction Rate</b>: Measures the extent to which a population of childbearing women replaces itself with their own children, after allowing for mortality. Precisely, it is the average number of female children born per woman when there is a specified set of age-specific fertility rates, age specific mortality rates and sex ratio at birth.</p>
<p><b>Nüfus Artış Hızı</b>: Yıllık olarak her 1000 nüfus için artan nüfus olarak ifade edilir.</p>	<p><b>Population Increase Rate</b>: Expressed as population increase per 1000 population.</p>
<p><b>Nüfus Projeksiyonları</b>: Nüfus Projeksiyonları, idari ve planlama kaynaklı amaçlar ve gereksinimler doğrultusunda son nüfus sayımı ile bir sonraki sayım sonuçları elde edilinceye kadar geçen zaman aralığında kullanılmak üzere üretilir. Projeksiyonlar, geçmişteki ve halihazırdaki demografi yapı dikkate alınarak geleceğe yönelik varsayımlar altında üretilir. Ulusal nüfus projeksiyonları, kuşak-bileşen yöntemi kullanılarak yapılmıştır. Kuşaklar beş yıllık doğum kuşaklarıdır (yaş kuşakları). Bileşenler ise doğumlar, ölümler ve göçlerdir. Projeksiyonlar beş yıllık dönemler halinde yapılmıştır. Her dönem bir önceki dönemden bağımsızdır. Bileşenlerle ilgili varsayımlar beş yıllık dönem süresince sabittir.</p>	<p><b>Population Projections</b>: Population projections which serve for administrative and planning purposes and needs are produced to be used for the time interval between the latest census undertaken and upcoming census. Projections are produced with future oriented assumptions taking into account the demographic structure in the past and the current period. The national population projections are made by the cohort-component method. The cohorts are five -year birth cohorts (age cohorts). The components are births, deaths and migrations. Projections are made in five-year cycles. Each cycle is independent of the preceding one. Assumptions concerning the components are constant during each five year cycle.</p>
<p><b>Oda</b>: Döşemeden tavana kadar dört tarafı duvarla çevrili ve büyüklüğü en az 4 m<sup>2</sup> olan ve tavan yüksekliği 2 metreden az olmayan bir yerdir. Genişliği ne olursa olsun banyo, hela, yalnız gelip geçilen antre, koridor, balkon ve kömürlük oda sayılmaz.</p>	<p><b>Room</b> : A room is a space of at least four square meters in size enclosed by walls reaching from the floor to the ceiling and two meters high. Bathrooms, toilets, passageways, corridors, balconies, cellars, and woodsheds, regardless of their size, are not considered rooms.</p>
<p><b>Okulöncesi Eğitim</b>: Zorunlu ilköğretim çağına gelmemiş çocukların eğitimini kapsar. Okulöncesi eğitim kurumları; bağımsız ana okulları, ilköğretime bağlı ana sınıfları ve uygulamalı ana sınıflarından oluşmaktadır.</p>	<p><b>Pre-school Education</b>: Covers the education of children under the mandatory schooling age. Pre-school educational institutions include independent kindergartens, nursery classes in primary education and preparation classes.</p>
<p><b>Okuryazar Nüfus</b>: Türk alfabesi ile hem Okuyabilen, hem de yazabilen 6 ya ve üzeri nüfustur.</p>	<p><b>Literate Population</b>: The persons who know how to read and write.</p>
<p><b>Orta Öğretim</b>: İlköğretime dayalı, en az 3 yıllık öğrenim veren genel, mesleki ve teknik öğretim kurumlarının tümünü kapsar.</p>	<p><b>Secondary Education</b>: On the basis of primary school education, it covers all general vocational and technical educational institutions giving at least 3 years of education.</p>
<p><b>Oturulan Konuta Mülkiyet Şekli Diğer</b>: Hanehalkının oturduğu konuta hiç bir bedel ödmeden ya da piyasanın altında çok az bir değer ödeyerek baba evi, akraba evi vb. şekilde oturduğu konuta tasarruf şeklidir.</p>	<p><b>Ownership Status in House is Other</b>: It is an ownership status of households who live in house like family house, relative house etc. without any payment or paying a small amount of money.</p>
<p><b>Ödemeler Dengesi</b>: Bir ülke ile diğer ülkeler arasında belli bir devre içinde oluşan ekonomik ilişkilerin tamamını özet halinde ve sistematik bir şekilde gösteren bilançodur.</p>	<p><b>Balance of Payments</b>: Balance of payments shows a country's economical relations with other countries systematically as a summary information.</p>
<p><b>Öğrenci</b>: Bir öğrenim kurumuna devam etmesi nedeniyle iş aramayan ve işbaşı yapmaya hazır olmayan kişilerdir.</p>	<p><b>Student</b>: Persons not seeking a job or who are not available for work because of engagement in studies.</p>
<p><b>Sabit Sermayeye Yıl içinde Yapılan Gayri Safi İlaveler</b>: İşyerlerinin kendi personeli tarafından yapılan sabit kıymetler ile ihale yolu ile yaptırılan sabit kıymetlerin yıl içinde yapılan kısmı, büyük tamir ve bakım harcamaları ve sabit kıymetler için yapılan etüt, proje ve montaj giderleri dahil olmak üzere işyeri tarafından kullanılan, kullanım süresi bir yılı aşan ve sabit sermaye hesabına kaydedilen yeni ve kullanılmış olarak yurt içinden satın alınan, ithal edilen bilgisayar ve yazılım programları, makine, teçhizat, ulaştırma aracı ile bina, arazi islahı, diğer inşaat, arsa ve arazi, demirbaş türünden büro malzemesi ve döşeme, orijinal film, bantlar, reklamlar filmleri vb. satın alış değerlerinden yıl içinde yapılan sabit sermaye satış değerlerinin çıkarılmasıyla elde edilmiştir.</p>	<p><b>Gross Additions to the Fixed Assets During the Year</b>: Calculated by subtracting the sales value of fixed assets sold during the year from the expenditures made on: New or used fixed assets purchased from the domestic market, fixed assets imported new or used, fixed assets produced by the establishments' own staff, part of fixed assets installed during the year purchased on a bid basis, major repairs and expenditures made on fixed assets, studies and plans, drawings, computer and software, machinery, equipment, motor vehicle and building, other construction, office equipment and furniture, original films, sound recordings, radio, television programmings which are used by the establishment and expected to have a productive life or more than one year is recorded in the capital accounts and expenditures on land and land improvements.</p>

<p><b>Safi Sermaye Artışı:</b> Gayri safi sermaye artışından kapanan şirketler ve kooperatiflerin sermayeleri ile sermayesi azaltılan şirketler ve kooperatiflerin sermaye azalışları toplamının çıkarılmasıyla elde edilen miktardır.</p>	<p><b>Net Increase in Capital:</b> Obtained by deducting the capital of liquated companies, cooperatives and the capital decreases of existing companies and cooperatives from gross increases in capital.</p>
<p><b>Sanayi Üretim Endeksi:</b> Sanayi sektöründe meydana gelen gelişmelerin kısa aralıklarla izlenebilmesi amacıyla, 1981 yılından bu yana üçer aylık dönemlere göre sanayi üretim endeksi hesaplanmaktadır. Endeksin hesaplanmasında kullanılan madde bazındaki üretim bilgileri, aylık maden istatistikleri ile yaklaşık 3700 büyük imalat sanayi işyerinde uygulanan üç aylık sanayi üretim anketleri ile derlenmektedir. Enerji sektörünün hesaplanmasında ise TEİAŞ Genel Müdürlüğü'nden alınan elektrik üretim bilgisi kullanılmaktadır.</p>	<p><b>Industrial Production Index:</b> The industrial production index has been calculated quarterly since 1981 to analyze short-term developments in the industry sector. The production of commodities used to calculate the index are compiled through monthly mining statistics and quarterly industrial production surveys which are applied on 3700 large scale manufacturing industrial establishments. Production of electricity, which is used to calculate the index of the energy sector, is provided by the Turkish Electricity Generation Transmission Corporation General Management.</p>
<p><b>Satın Alma Gücü Paritesi Mal ve Hizmet Sepeti:</b> Program kapsamında öncelikle katılımcı ülkeleri ve ilgili madde grubunu temsil eden ayrıca, ülkeler arasında karşılaştırılabilir niteliğe sahip mal ve hizmet sepeti, tüm ülkelerin katılımı ile belirlenmektedir.</p>	<p><b>Basket of Goods and Services of Purchasing Power Parities:</b> The basket of goods and services including representative and comparable items within the participating countries and the related item groups are determined collectively by the participating countries.</p>
<p><b>Satın Alma Gücü Paritesi (SGP):</b> Farklı para birimlerinin satın alma gücünü eşitleyen ve ülkeler arasındaki fiyat farklılıklarını yok ederek, ulusal para birimlerini ortak para birimine dönüştüren bir orandır.</p>	<p><b>Purchasing Power Parities (PPP):</b> PPP is the rate of currency conversion that equalizes the purchasing power of different currencies and eliminates the differences in price levels between countries.</p>
<p><b>Sendika:</b> İşçilerin ve işverenlerin çalışma ilişkilerinde, ortak ekonomik sosyal hak ve menfaatlerini korumak ve geliştirmek için meydana getirdikleri tüzel kişiliğe sahip kuruluşlardır.</p>	<p><b>Labour Union:</b> The associations of workers and employers which are established to protect and improve joint economical and social rights and benefits of their members in labour affairs.</p>
<p><b>Sermaye:</b> Şirketler ve kooperatiflerin para, alacak, kıymetli evrak, taşınır ve taşınmaz mallar, ticari itibar ve işletmeler vb. toplam değerlerdir.</p>	<p><b>Capital:</b> Company and cooperative assets in the form of cash, receivables, securities, machinery, office equipment and other properties, real estate, goodwill and holdings in other establishments etc.</p>
<p><b>Sermaye Artışı ve Azalışı:</b> Esas sermayeleri arttırılan veya azaltılan şirketler ile kooperatiflerin artan ya da azalan sermaye toplamlarını göstermektedir.</p>	<p><b>Increase or Decrease of Capital:</b> Shows the total increase or decrease in registered capital of the company and cooperatives.</p>
<p><b>Standart Uluslararası Ticaret Sınıflaması (SUTS.Rev.3):</b> Dış ticaret istatistiklerinde kullanılmak üzere Birleşmiş Milletler tarafından hazırlanan (SUTS) bir eşya sınıflamasıdır. Genellikle uluslararası kuruluşlar dış ticaret istatistiklerini bu sınıflamaya göre yayımlamaktadır. 1, 2, 3, 4 ve 5 dijitten oluşan bir sistemdir. Türkiye'nin dış ticaret istatistiklerinde de kullanılmaktadır.</p>	<p><b>Standart International Trade Classification (SITC, Rev.3):</b> SITC is a commodity classification system prepared by the United Nations to be used in foreign trade statistics. Usually, international institutions publish foreign trade statistics according to this classification. This system has been made up 1, 2, 3, 4 and 5 digits. It is also used in Turkey's foreign trade statistics.</p>
<p><b>Stoklar:</b> Yılbaşı ve yılsonu değerleri olarak derlenmiştir.  <b>1 - Hammadde, yardımcı madde, ambalaj malzemesi ve yakıt stokları:</b> Hammadde, yardımcı madde, ambalaj malzemesi ve yakıt stokları ile işyerlerine ait olmakla beraber üzerinde işlem yapılmak üzere başkaları tarafından muhafaza edilen mallar dahildir. Başkalarına ait olduğu halde işleme tabi tutulmak üzere işyerinde bulunan mallar hariç tutulmuştur.  <b>2 - Üzerinde değişiklik yapılmadan alındığı gibi satılan malların stokları:</b> Üzerinde değişiklik yapılmadan satılmak üzere alınan malların stoklarının yılbaşı ve yılsonu ayırımında değeridir.  <b>3 - Yarımamül ve mamül stokları:</b> Yarımamül mallar, imalat safhasında olan ve henüz satışa hazır olmayan mallardır. Mamül mallar, üretimi tamamlanmış ve satışa hazır mallardır. Stokların hesabında işyerlerinde bulunan başkalarına ait malzeme ile onlar adına üretilen mallar hariç tutulmuştur.</p>	<p><b>Stocks:</b> Data are compiled at the beginning and the end of the year values.  <b>1 - Raw materials, supplementary materials, containers and fuel stock:</b> Includes goods purchased and goods belonging to other establishments but kept in stock for further processing by others. This item does not include the goods belonging to other establishments which are kept in stock further processing by the establishments.  <b>2 - Stock of goods purchased to be resold without any further processing:</b> Stock value of goods which are purchased to be resold without any further processing.  <b>3 - Stock of semi-finished and finished goods:</b> Semi-finished goods are those in process which are not ready to be sold. Stock of finished goods are those completely processed and ready to be sold. In the calculation of stock, materials belonging to others and goods produced for others' accounts using other firm's raw materials are excluded.</p>
<p><b>Takipteki Alacaklar:</b> TCMB'nin Irak Merkez Bankasından kredi alacağı karşılığı ve Irak Bekhme Barajı Projesi kapsamında satın alınan senetler karşılığı doğan alacaklarını göstermektedir.</p>	<p><b>Claims under Legal Proceedings:</b> Shows the claims of Central Bank of Turkey on the Central Bank of Iraq as well as the claims arising from the credit that was extended against the bills bought by the Central Bank regarding the Iraq Bekhme Dam project.</p>
<p><b>Taşıma Sistemleri:</b> Dış ticarete konu olan malların ülke sınırını geçişte hangi taşıma sistemi ile taşındığını göstermektedir. Ana taşıma sistemleri denizyolu, karayolu, havayolu ve demiryolu olarak sayılabilir.</p>	<p><b>Transport Systems:</b> It shows that how the commodities are transported by. The main transport systems are maritime line, highway, air line and railway.</p>
<p><b>Teşebbüs:</b> Özellikle cari kaynaklarının tahsisatında, bir dereceye kadar özerk karar verebilen ve mal veya hizmet üreten teşkilatlanmış bir birim olan teşebbüs, yasal birimlerin en küçük birliğidir. Teşebbüs, bir veya birden fazla yerde, bir veya birden fazla faaliyet gerçekleştirebilir. Teşebbüs tek başına bir yasal birim de olabilir.</p>	<p><b>Enterprise:</b> The enterprise is the smallest combination of legal units that is an organizational unit producing goods or service, which benefits from a certain degree of autonomy in decision making, especially for the allocation of its current resources. An enterprise carries out or more activities at one or more locations. An enterprise may be a sole legal unit.</p>
<p><b>Ticaret Unvanı:</b> Şirket ve kooperatiflerin dışında kalan ticaret unvanlı işyerleridir.</p>	<p><b>Trade Name:</b> Business establishments excluding companies and cooperatives.</p>
<p><b>Toplam Doğurganlık Hızı:</b> Bir kadının doğurgan olduğu dönem boyunca (15-49 yaşları arasında) yaşayacağı ve belirli yaşa özel doğurganlık hızını takip edeceği varsayımı altında ortalama doğurabileceği canlı çocuk sayısıdır.</p>	<p><b>Total Fertility Rate:</b> The average number of live births that a woman would have under the assumption that she survived to the end of her reproductive life (15 to 49 years of age) and bore according to a given age specific fertility rate.</p>

<p><b>Toplam Hanehalkı Kullanılabilir Geliri:</b> Hanehalkı fertlerinin kişisel kullanılabilir gelirleri toplamına, oturulan konuta mülkiyet durumunun ev sahibi, lojman ve diğer şeklinde olması durumunda yıllık izafi kira değerinin ilave edilmesi ile elde edilen toplam gelirdir.</p>	<p><b>Total Household Disposable Income:</b> Household disposable income is the total of personal disposable income of household members. Total household income are found by adding annual imputed rent of households, whose ownership status of the dwelling is home-owner, lodging or other, to total of the personal disposable incomes of household members.</p>
<p><b>Toplam Yaş Bağımlılık Oranı:</b> "15-64" yaş grubundaki her 100 kişi için "0-14" ve "65 ve daha yukarı" yaş gruplarındaki kişi sayısıdır.</p>	<p><b>Total Age Dependency Ratio:</b> The number of persons at "0-14" and "65 and over" age groups per 100 persons at "15-64" age group.</p>
<p><b>Toplu İş Sözleşmesi:</b> Hizmet akdinin yapılması, kapsamı ve sona ermesi ile ilgili hususları düzenlemek üzere işçi sendikası ile işveren sendikası veya sendika üyesi olmayan işveren arasında yapılan sözleşmedir. Toplu iş sözleşmeleri, tarafların karşılıklı hak ve borçlarını, sözleşmenin uygulanmasını ve denetimini, uyuşmazlıkların çözümü için başvurulacak yolları düzenleyen hükümleri de içerebilir.</p>	<p><b>Collective Bargaining Agreement:</b> A written contract between an employer (or an association of employers) union (s) usually for a definite period of time defining conditions of employment (wages, hours, holidays, etc.), rights of workers and unions, and procedures to be followed in settling disputes or handling issues that arise during the validity of the contract.</p>
<p><b>Tüketici Fiyatları Endeksi (2003=100 temel yılı):</b> 2003=100 temel yılı TÜFE, Türkiye'nin ekonomik sınırları içindeki tüm parasal tüketim harcamalarını kapsamaktadır. Yaşadıkları yer ve gelir dağılımına bakılmaksızın tüm özel ve kurumsal hanehalklarının ve yabancı turistlerin harcamaları kapsama dahil edilmektedir. TÜFE'de kullanılan ağırlıklar Hanehalkı Bütçe Anketi'nin sonuçlarından elde edilmektedir. TÜFE zincirleme Laspeyres formülüne göre hesaplanmakta ve her yıl mal ve hizmetlerin ağırlıkları güncellenmektedir. TÜFE COICOP (Amaca göre Bireysel Tüketim Sınıflaması) 12 ana harcama grubuna göre hesaplanmakta, Türkiye ve 23 İstatistik Bölge için hesaplanmaktadır. Endeks dahilinde kapsanan malların fiyatları vergilerin kapsandığı fakat hiç bir depozitonun kapsamadığı perakende satış fiyatlarıdır.</p>	<p><b>Consumer Price Index (2003=100 based):</b> 2003=100 based CPI covers all household monetary consumption expenditure which takes place on the economic territory. Expenditures of all private and institutional households, and foreign visitors (domestic concept) are included irrespective of the area which they live (urban/rural) or their position in the income distribution. The weights employed in CPI are obtained from the results of the Household Budget Survey. CPI is annually chained according to the Laspeyres formula with annually updated weights. The 2003=100 base year index was constructed according to the 12-digit major expenditure group classification of COICOP (Classification of Individual Consumption by Purpose). CPI is compiled for whole country and for 26 statistical regions (NUTS 2). The prices of commodities included within the index are retail prices including tax but excluding any deposits.</p>
<p><b>Tüm Ekonomik Faaliyetlerin Uluslararası Standart Sanayi Sınıflaması (USSS, 3.Rev):</b> Birleşmiş Milletler İstatistik Ofisi'nin gerçekleştirdiği USSS faaliyet sınıflaması, istatistiğin geniş çaplı analizinde ve uluslararası karşılaştırmalarda merkezi bir konuma gelmiştir. USSS'in son revizyonu USSS Rev.3 daha önceki uyarlamalardan farklı ise de, yapısı önemli bir değişikliğe uğramamıştır. Ayrıntı düzeyi USSS Rev.2'den çok farklıdır. Bu ayrıntı sınıflama içerisinde hemen hemen her yerde özellikle de hizmet faaliyetleri ile ilgili bölümlerde bulunmaktadır.</p>	<p><b>International Standart Industrial Classification of All Economic Activities (ISIC, Rev.3):</b> ISIC activity classification prepared by United Nations Statistical Office has been centralised in extensive statistical analysis and international comparisons. Although ISIC, Rev. 3, the last revision of ISIC, is different from former revisions, its structure did not change significantly. Level of detail is very different from ISIC, Rev. 2. The increase in level of detail has been observed in almost everywhere, especially in the parts related with service activities.</p>
<p><b>Türkiye Cumhuriyet Merkez Bankası (TCMB):</b> 3 Ekim 1931 tarihinde faaliyete geçen banka, karma sermayeli ve özel hukuk hükümlerine tabi, tüzel kişiliği olan bir anonim şirkettir. Bankanın temel amacı fiyat istikrarını sağlamaktır. Banka, fiyat istikrarını sağlamak için uygulayacağı para politikasını ve kullanacağı para politikası araçlarını doğrudan kendisi belirler. Banka fiyat istikrarını sağlama amacı ile çalışmeme kaydıyla Hükümetin büyüme ve istihdam politikalarını destekler.</p>	<p><b>Central Bank of Republic of Turkey (TCMB):</b> It began operations on October 3, 1931 as a joint stock company with private and government owned capital, subject to special laws. The primary objective of the bank shall be to achieve and maintain price stability. The bank shall determine on its own discretion the monetary policy that it shall implement and the monetary policy instruments that it is going to use in order to achieve and maintain price stability. The Bank shall, provided that it shall not be in conflict with the objective of achieving and maintaining price stability, support the growth and employment policies of the Government.</p>
<p><b>Ulusal Ekonomik Faaliyet Sınıflaması, NACE Rev.2-TR:</b> NACE sınıflamasının ulusal versiyonudur. Sınıflamanın yapısı:</p> <p>Seviye 1: 21 kısım, A'dan U'ya kadar alfabetik harflerle tanımlanmıştır; Seviye 2: 88 bölüm, iki haneli numerik kodlarla tanımlanmıştır (01'den 99'a kadar); Seviye 3: 272 grup, üç haneli numerik kodlarla tanımlanmıştır (01.1'den 99.0'a kadar); Seviye 4: 615 sınıf, dört haneli numerik kodlarla tanımlanmıştır (01.11'den 99.00'a kadar); Seviye 5: 2170 kategori, altı basamaklı kodlarla tanımlanmıştır (01.11.07'den 99.00.15'e kadar).</p>	<p><b>Statistical Classification of National Economic Activities (NACE.Rev.2-TR):</b> National version of NACE classification. Classification Structure:</p> <p>Level 1: 21 sections identified by alphabetical letters A to U; Level 2: 88 divisions identified by two-digit numerical codes (01 to 99); Level 3: 272 groups identified by three-digit numerical codes (01.1 to 99.0); Level 4: 615 classes identified by four-digit numerical codes (01.11 to 99.00); Level 5: 2170 categories identified by six-digit numerical codes(01.11.07 to 99.00.15).</p>
<p><b>Uluslararası Karşılaştırma Programı (UKP):</b> GSYH ve bileşenlerini, SGP'ye dayalı olarak veren ve uluslararası fiyat ve hacim karşılaştırmalarına olanak sağlayan, Birleşmiş Milletler, OECD ve Eurostat gibi kuruluşlar tarafından organize edilen bir programdır.</p>	<p><b>International Comparison Program (ICP):</b> ICP is a program organized by international organizations such as United Nations, Eurostat and the OECD. It provides international price and volume comparisons of GDP and gives GDP expenditure components based on PPPs.</p>
<p><b>Ücretle Çalışanlara Yapılan Yıllık Ödemeler:</b> Sosyal sigorta ve emekliliğe işverenin iştiraki ve benzeri ödemeler hariç olmak üzere gelir vergisi, emeklilik, sosyal sigorta vb. keseneklerden önce bordrolarda brüt olarak görülen ve yaptıkları iş mukabili çalışanlara yapılan nakdi ödemeleri, fazla mesai ödemelerini, ikramiye, prim, tazminat ödemelerini ve aynı yardımları kapsar. Aynı yardımlar işyerine mal oluş kıymetine göre değerlendirilmektedir.</p>	<p><b>Annual Payments to Employees:</b> Includes, all payments in the form of wages and salaries and perdiems gross of income tax, social security and pension fund premiums. It excludes social security and pension contributions and the like payable by the employer. It also includes overtime payments, bonuses, indemnities and payments in kind.</p>
<p><b>Ücretle Çalışanların Yıllık Ortalama Sayısı:</b> Her çeyrek dönemin orta noktası olarak kabul edilen Şubat, Mayıs, Ağustos, Kasım aylarında ücretle çalışanlar toplamının aritmetik ortalamasıdır.</p>	<p><b>Annual Average Number of Employees:</b> Is the arithmetic average number of employees in selected four months (February, May, August, November).</p>
<p><b>Ücretli, Maaşlı:</b> Bir başkasının içinde nakdi veya aynı gelir elde etmek amacıyla ücret karşılığı çalışan kişilerdir.</p>	<p><b>Salary or Wage Earner:</b> A salary or wage earner is a person employed by an employer against a remuneration in cash or in kind.</p>

<b>Ücretsiz Aile İşçisi:</b> Hanehalkının yapmakta olduğu işte bir ücret almaksızın çalışan aile fertleridir.	<b>Unpaid Family Workers:</b> The unpaid family workers are household members employed in the family business without receiving a salary.
<b>Dış Ticarete Ülke:</b> Dış ticaret istatistikleri açısından ülke; ihracat için malın tüketileceği, bilinmiyorsa gideceği bilinen son ülke, ithalat için ise malın menşei ülkesidir.	<b>Country in Foreign Trade:</b> For export, if known, the goods to be consumed in, otherwise, the last destination. For import, the country of origin.
<b>Üretici Fiyatları Endeksi (2003=100 temel yılı):</b> Üretici Fiyatları Endeksleri zincirleme Laspeyres formülüne göre dört ana sektör (tarım, avcılık ve ormancılık, madencilik ve taşocaklığı, imalat sanayi, elektrik, doğal gaz, su) ve tüm grup için derlenmektedir. Endeks ulusaldır ve 762 madde ve ulusal üretim paylaşımında önemli paylara sahip yaklaşık 1700 firmayı kapsamaktadır. Maddeler NACE, Rev.1'e uygun olarak sınıflandırılmıştır. Tüm üreticiler kapsam dahiline alınmıştır. İhracatların değeri malların toplam değerinden çıkartılmıştır. İthalatlar kapsam dışı bırakılmıştır. Malların fiyatları (sebzeler, meyveler ve balıklar hariç) her ayın 5'inci, 15'inci ve 25'inci günlerinde daha önceden örnekleme yoluyla belirlenen firmalardan derlenmektedir. Sebze, meyve ve balıklar için fiyatlar ayın en fazla 27'sine kadar toplanır ve bu fiyatlar her maddenin ortalama fiyatının elde edilebilmesi için miktarları ile ağırlıklandırılır. Fiyatlar peşin değerlerdir ve fiyatlara vergiler dahil edilmemiştir.	<b>Producer Price Index (2003=100 based):</b> Producer Price Index compiled for all items and for four main sectors (agriculture, hunting and forestry, mining and stone quarrying, manufacturing industry, electricity, natural gas, water) according to the Laspeyres formula. The index is nationwide and covers 762 items and approximately 1700 firms that have an important nationwide share in production. Items are classified as in line with NACE, Revision 1. All producer units have a certain share in production are covered. The value of exports is subtracted from the total value of commodities. Importers are excluded. Prices of commodities (except vegetables, fruits and fishes) are collected from the sampled establishments on the 5th, 15th and 25th days of each month. For vegetables, fruits and fishes, prices up to 27th day of the month collected and these prices are weighted by quantities to obtain average price for each item. Prices are in cash and excluding any deductible taxes.
<b>Yapı:</b> Karada ve suda, daimi veya muvakkat, resmi ve hususi yeraltı ve yerüstü inşaatı ile bunların ilave, değişiklik ve tamirlerini içine alan sabit ve sabit olmayan tesislerdir. (3194 Sayılı İmar Kanunu'nun 5. Maddesi).	<b>Construction:</b> As defined in Article 5 of Construction Law No. 3194 it covers construction on land and in water, permanent and temporary, public and private, above ground and underground, including additions, alterations and repairs as well as immovable and movable establishments.
<b>Yapı Kullanma İzin Belgesi:</b> Yapı Kullanma İzin Belgesi, 3194 Sayılı İmar Kanunu'nun 30. maddesi gereğince tamamen veya kısmen biten yapılar için belediye sınırları içinde belediyelerce, belediye sınırları dışında ise valiliklerce (İl Bayındırlık ve İskan Müdürlükleri) bina sahiplerine verilmesi zorunlu bir belgedir.	<b>Occupancy Permit:</b> It is a certificate which must be given to building owners by municipalities to be constructed in boundaries of municipalities and it must be given to building owners by governorships (Directorates of Public Works and Settlement) if the construction is out of boundaries of municipalities according to Article 30 of Construction Law No. 3194.
<b>Yapı Ruhsatı:</b> Yapı Ruhsatı, 3194 Sayılı İmar Kanunu'nun 21. maddesi gereğince, yapımına başlanacak yapılar için belediye sınırları içinde belediyelerce, belediye sınırları dışında ise valiliklerce (İl Bayındırlık ve İskan Müdürlükleri) verilmesi zorunlu bir belgedir.	<b>Construction Permit:</b> It is a certificate which must be given by municipalities to be constructed in boundaries of municipalities and it must be given by governorships (Directorates of Public Works and Settlement) if the construction is out of boundaries of municipalities before beginning to a construction according to Article 21 of Construction Law No.3194.
<b>Yapı Sahibi:</b> Yapının hangi kişi veya kuruluş hesabına yapıldığını gösterir. Yapının fiilen kimin tarafından yapıldığı önemli değildir.	<b>Investor:</b> The term investor denotes for whom the building was constructed. It does not indicate by who the building was constructed.
<b>Yapı sahipleri:</b> 1. Özel kişi ve kuruluşlar, 2. Yapı kooperatifleri, 3. Genel bütçeli kurumlar, 4. Katma bütçeli kurumlar, 5. Özel idareler, 6. Belediyeler ve bağlı işletmeler, 7. İktisadi devlet teşekkülleri, 8. Sermayesinin % 50' den fazlası devlet veya iktisadi devlet teşekküllerine ait kuruluşlar, 9. Sermayesinin % 50' den azı devlet veya iktisadi devlet teşekküllerine ait kuruluşlardır.	<b>Investor is:</b> 1. Private enterprises, 2. Construction cooperatives, 3. Government under organizations, 4. Government and private funded organizations, 5. Special administrations, 6. Municipalities, 7. State economic enterprises, 8. Establishments more than 50 % of whose capital belongs to the state or state economic enterprises, 9. Establishments less than 50 % of whose capital belongs to the state or state economic enterprises,
<b>Yapı Sayısı:</b> Belediyelerce ve valiliklerce (İl Bayındırlık ve İskan Müdürlüklerince) verilen Yapı Ruhsatı ile Yapı Kullanma İzin Belgesi' nde yazılı olan yapı sayısıdır. Yanan-Yıkılan yapılarda bu sayı, kısmen veya tamamen yanan ve yıkılan yapıların adedini gösterir.	<b>Number of Buildings:</b> The number of buildings determined on Construction Permits (issued by municipalities) for new buildings and for additions to already existing buildings, the number of buildings determined on the Occupancy Permits (issued by municipalities) for completed or partially completed new building, and for additions to already existing buildings are included. In the tables concerning buildings burned and demolished, the number of partly or totally burned or demolished buildings is included.
<b>Yapının Yüzölçümü:</b> Yapının dış duvarları içinde kalan, balkonlar hariç bodrum ve çatı katları dahil iskanı (kullanımı) mümkün olan bütün katların kullanım alanlarının toplamıdır.	<b>Floor Area:</b> It is sum of floor area of all floors within the outer walls of buildings which can be occupied, including basements and penthouse floors, but excluding balconies, light spaces, and inner courtyards.
<b>Yaş:</b> Kişinin bitirmiş (tamamlamış) olduğu yaştr.	<b>Age:</b> Age completed by the person.
<b>Yaşlı Bağımlılık Oranı:</b> "15-64" yaş grubundaki her 100 kişi için "65 ve daha yukarı" yaş grubundaki kişi sayısıdır.	<b>Elderly Dependency Ratio:</b> The number of persons at "65 and over" age group per 100 persons at "15-64" age group.
<b>Yaygın Eğitim:</b> Yaygın eğitim, Milli Eğitimin genel amaçlarına ve temel ilkelerine uygun olarak, örgün eğitim sistemine hiç girmemiş olan, herhangi bir kademesinde bulunan ya da bu kademeyi tamamlamış kişilere örgün eğitimin yanında veya dışında fertlerin ilgi, istek ve yetenekleri doğrultusunda ekonomik, toplumsal ve kültürel gelişmelerini sağlayıcı nitelikte çeşitli süre ve kademelerde yaşam boyu eğitim, öğretim, rehberlik ve uygulama etkinliklerinin tümüdür.	<b>Informal Education:</b> In accordance with the overall purposes and basic principles of national education, it covers all the activities of lifelong learning training, guidance and implementation in various characteristics and periods providing economic, cultural and social developments in line with skills and interests of individuals together with or without formal training for those who have never been included in formal education or for those who are at some stage of formal education or who have completed a stage in formal education.



<b>Yeni Kurulan Şirket ve Kooperatifler:</b> Yıl içinde ticaret siciline tescil olunan ve Türkiye Ticaret Sicili Gazetesi'nde kurulduğu ilan edilen şirketler ve kooperatiflerdir.	<b>Newly Established Companies and Cooperatives:</b> Companies and cooperatives established during the year, and the establishment of those announced in the Turkish Trade Register Gazette.
<b>Yevmiyeli:</b> Bir işverene bağlı olarak, düzenli ve sürekli olmadan işine göre mevsimlik ya da geçici olarak ya da iş buldukça çalışan kişilerdir.	<b>Casual Employee:</b> A person who is depending upon employer not orderly and working seasonal and temporarily according to job.
<b>Yıl Ortası Nüfus:</b> 1 Temmuz tarihindeki nüfustur.	<b>Mid-year Population:</b> The population on July 1.
<b>Yıl Sonunda Kurulu Olan Toplam Çevirici Güç Kapasitesi:</b> Yıl sonunda işyerlerinin sahip oldukları taşıt araçlarının motorları dışındaki çeviricilerin kapasite ve sayısına, elektrik motorlarının kapasite ve sayılarının ilavesiyle bulunmuştur. Çeviricilere ve elektrik motorlarına ilave edilen sabit ve hareketli birimler ile makinelere takılan motorlar kapasiteye dahildir.	<b>Total Capacity of Power Equipment Installed at the End of the Year:</b> Obtained by adding the number and capacity of electrical motors to the number and capacity of prime movers excluding motor vehicles. The total capacity includes the capacity of movable and immovable units added to the electrical motors prime movers and electrical motors tied to machines.
<b>Yılda Çalışılan İşçi-Saat Toplamı:</b> (Üretimde çalışanlar ortalaması) X (işyerinin ilgili vardiyada çalıştığı gün sayısı) X (vardiya çalışma süresi (saat)).	<b>Total Man-Hours Worked in a Year for Every Shift:</b> (Average number of operatives worker) X (number of days worked in one shift) X (number of hours worked in a shift).
<b>Yoksulluk:</b> İnsanların temel ihtiyaçlarını karşılayamama durumudur. Yoksulluğu dar ve geniş anlamda olmak üzere iki türlü tanımlamak mümkündür. Dar anlamda yoksulluk, açlıktan ölüme ve barınacak yeri olmama durumu iken, geniş anlamda yoksulluk, gıda, giyim ve barınma gibi olanakları yaşamalarını devam ettirmeye yettiği halde toplumun genel düzeyinin gerisinde kalmayı ifade eder.	<b>Poverty:</b> The situation in which people can not meet their basic needs. It is possible to define poverty in two ways, narrow and broad meanings. While the poverty in a narrow meaning is the state of hunger and not having a shelter, the poverty in a broad meaning is the state in which although the food, clothing and housing opportunities are enough to live, the living standards are quite below the level of the general society.
<b>Yurt Dışından Gelen Göç:</b> Nüfus sayımında ülke sınırları içinde ikamet ettiği halde beş yıl önce yurt dışında ikamet eden nüfustur.	<b>Immigration:</b> The population who resided abroad five years ago, reside in the border of the country on the census day.
<b>Yüksek Öğretim:</b> Orta öğretime dayalı en az 2 yıllık yüksek öğrenim veren eğitim kurumlarının tümünü kapsar.	<b>Higher Education:</b> On the basis of secondary education, it covers all education institutions giving at least 2 years of higher education.



**THE UNION OF CHAMBERS AND COMMODITY EXCHANGES OF TURKEY**

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