



Economic Report 2013



ISBN : 978-605-137-380-5

TOBB Publication No : 2014/225

Detailed information about TOBB publications is available from Publication Directorate.

Phone : 0.312 218 20 00

Fax : 0.312 218 20 64

Internet : www.tobb.org.tr

The full texts of TOBB publications are available on the Internet free of charge.

Design: AREN Tanıtım

Dr. Mediha Eldem Sk. No:38/15 Kızılay / ANKARA

www.arentanitim.com.tr

Print: AYDOĞDU OFSET MATBAACILIK AMBALAJ SAN. VE TİC.LTD. ŞTİ.

İvedik Organize Sanayi Ağaç İşleri Sanayi Sitesi 21. Cad. 1366. Sok.

(598) Sok. No:20 Yenimahalle - Ankara

FOREWORD



Negative effects of the global crisis having emerged in 2008 in the United States and spread to all over the world have not gone through yet completely. Despite the measures taken and the actions put into effect, the desired level could not have been achieved in the economic activities during the past five years. Global growth rate is at low levels as around 3%, posing downside risks. From this aspect, the fragile structure influencing the global economy persists.

The most important development affecting the world and Turkish economy in 2013 was the statement of the US Central Bank as to that it would restrict the liquidity it gave by reducing the bond purchases. This statement indicating that the expansionary money policy applied in the USA would come to end, led to fluctuations in the financial markets. It led to

capital outflow, rise in interest rates and depreciation of national currencies in the developing countries including Turkey.

While growth rate of the developing countries remained almost the same as the preceding year, they are seen to be gradually recovering. As the limited growth continues in the US economy, signs of exit from stagnancy are received from the Euro Zone. The decelerated growth rate in the economies of the developing countries, which are playing a leading role in alleviating the effects of the crisis with the high growth rate they have exhibited after the global crisis, is standing out as a negative development.

Turkey has been one of the countries which have overcome the crisis soonest. A considerable success was achieved through continuing for 17 quarters the growth process started in the last quarter of 2009. A growth of 4% led by private consumption and public expenditures was attained in 2013. While achievement of the targeted growth rate in 2013 is favorable, decline of the growth in terms of quality is remarkable. Contribution of the private investments and export to growth remained too limited. On the other hand, beginning of the private investments to revive in the second half of the year is a promising development.

While many countries, particularly the USA and Euro Zone countries, were struggling with public finance, high budget deficits and borrowing problems, Turkey kept on exhibiting a positive appearance in this respect. Through the financial discipline maintained, public debt burden continued decreasing proportionally. The increase in tax proceeds and privatization proceeds in 2013 influenced continuity of the positive performance in the budget balance.

Export followed a static course due to also the effect of the high decline suffered in gold export. The export to neighborhood geographies declined whereas increase was experienced in the export to Euro Zone countries, our largest commercial partner. The foreign trade deficit rising due to the import increasing in parallel to the revival in the economy reached its second highest value in its history after 2011.

Soon recovery of the economy in the course of overcoming the crisis had positive reflections on the employment, too, and the unemployment rate that was 14 percent in 2009 regressed to the level of 9.2 percent in 2012. The fluctuations suffered in the global markets, the weakening export and investment performance in 2013 affected also the labor market, and unemployment rate rose to the level of 9.7 percent. Nevertheless, increase of the total employed people by more than 700 thousand people mainly in the private sector stands out as a positive indicator.

Measures that will decrease the fragilities caused by the current deficit and support the export through production are needed to maintain the growth rate in economy in 2014. Thus, the positive course attained in the economy may be made permanent. To do this, production structure of the economy should be diversified, competitiveness should be increased. Considering also the shrinkage possibility of the global liquidity in the upcoming

term, reforms that will improve the investment environment and encourage entrepreneurship should be rapidly completed.

Strengthening of the structural reforms that will make the financial discipline permanent in medium term and reduce the saving deficit will support the macroeconomic stability. The steps to be taken to that end will at the same time ensure persistence of low levels of the interest and make positive contribution to social welfare. In this framework, putting the structural arrangements required by the Medium Term Program into practice is of great importance.

Turkey is in need of such companies that have succeeded in the global economy and able to make this continuous. Decrease of share of export of the products requiring advanced technology as the share of moderate-technology products within our export demonstrates the need for structural transformation particularly in our industry. By concentrating on the real sector, we must perceive production and export as a national issue and enhance them. Reduction of production and export costs, decrease of the burdens on the real sector and pulling the input costs to reasonable values must be our priority objectives. We must design tax reform, educational reform, judicial reform and public management reform such that they will be convenient for healthy growth of the companies.

We must start to prepare a new growth story in 2014. We must return to the agenda about how we will grow at high rate and how will elevate our competitiveness. How will we overcome the low saving obstacle? How will we place the corporate structure into public administration? Will we be able to bring competition based on quality and innovativeness instead of our competitiveness that is based on labor costs and that we have been losing gradually?

The answers to these questions are the onset of our new growth story. We must be able to put forward a new growth story that is more stable, persuasive and applicable in the upcoming new term. This story will function as a roadmap also for being able to make the necessary moves for the targets of 2023.

I hope the 'Economic Report 2013' addressing the developments concerning the World and Turkish economy will be beneficial for our society and you.

M. Rifat HİSARCIKLIOĞLU
President

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SYMBOLS AND ABBREVIATIONS

SYMBOLS

-	: Information unavailable
\$: US Dollar
€	: Euro
m ²	: Square meter
m ³	: Cubic meter
Ha	: Hectare
GWh	: Gigawatt hour (GWh= 1 billion KWh)
KHa	: Global Hectare
Km	: Kilometer
KWh	: Kilowatt-hour
MW	: million watt
Sm ³	: It is a value expressed as a standard cubic meter (Sm ³ at 15 degrees centigrade and 1 atmosphere pressure)
bbl	: Barrel (1 bbl = 159 liters)
lb	: 1 lb = 0,4536 Kg
MT	: Metric Ton
cts	: Cents
Person/Km ²	: Population density
%	: Rate of increase per mille

ABBREVIATIONS

EU	: European Union
USA	: United States of America
ADNKS	: Address Based Population Registration System
ASEAN	: Association of South-East Asian Nations
BRSA	: Banking Regulation and Supervision Agency
CIS	: Commonwealth of Independent States
BIST	: Borsa Istanbul
BOTAŞ	: Pipeline and Petroleum Transport Corporation
ÇATAK	: Protection of Agricultural Land for Environmental Purposes
MoLSS	: Ministry of Labor and Social Security
DIS	: Direct Income Support
DHMI	: State Airports Authority
FXDA	: Foreign Exchange Deposit Account

MoE	:	Ministry of Economy
EFTA	:	European Free Trade Association
ECO	:	Economic Cooperation Organization
Fed	:	US Central Bank
fob	:	Free on Board
GDP	:	Gross Domestic Product
UoT	:	Undersecretariat of Treasury
IMF	:	International Monetary Fund
NUTS	:	Nomenclature of Territorial Unit for Statistics
OIC	:	Organization of the Islamic Conference
ISE	:	Istanbul Stock Exchange
KAMU-İŞ	:	Employers' Trade Union of Public Enterprises
MoD	:	Ministry of Development
BSEC	:	Black Sea Economic Cooperation
SEE	:	State Economic Enterprise
GCI	:	Global Competitiveness Index
MoF	:	Ministry of Finance
MoNE	:	Ministry of National Education
CRA	:	Central Registration Agency
SMF	:	Securities Mutual Fund
MYK	:	Vocational Qualification Authority
NACE	:	Static Classification of Economic Activities in the European Union
OECD	:	Organization For Economic Cooperation and Development
PA	:	Privatization Administration
SCT	:	Special Consumption Tax
ROM	:	Reserve Option Mechanism
SSI	:	Social Security Institution
PPP	:	Purchasing Power Parity
CMB	:	Capital Markets Board
TBB	:	The Banks Association of Turkey
CBRT	:	Central Bank of Republic of Turkey
TEDAŞ	:	Türkiye Elektrik Dağıtım A.Ş.
THY	:	Turkish Airlines
TİSK	:	Confederation of Employer Unions of Turkey
TMSF	:	Saving Deposit Insurance Fund

TOBB	:	Union of Chambers and Commodity Exchanges of Turkey
CPI	:	Consume Price Index
TURKSTAT	:	Turkish Statistics Institute
PPI	:	Producer Price Index
TURKDEX	:	Turkish Derivatives Exchange
MF	:	Mutual Fund
FX	:	Foreign Exchange

PART I. GENERAL EVALUATION

1. AN OVERVIEW OF WORLD ECONOMY

In 2013, the facilitated finance possibilities in the economies of developed countries has reduced the risk premium despite the debt crisis that stroke the Euro zone. Although unstable, the Euro zone entered the proves of recovery from recession. While export contributed to growth, high debt and financial disintegration in the public and private sector kept the domestic demand behind. On the other hand, the fact that economies of developed countries still have a great production deficit and that monetary policies in those countries are kept in harmony with strict finance polices continues the fragility in the economy. Despite the domestic weaknesses, as growth accelerated in many developing countries thanks to strong foreign demands of the developed countries, economies of several countries need monetary policy support. Weak policies applied in the economies of several developing large countries, inadequacy of local and foreign possibilities, recession suffered in growth due to investment and supply restrictions pose risk. Yet, these countries have exhibited growth at a modest rate compared to 2012.

In 2013, the most important development affecting the growth dynamics was the statement “the faucets will be turned down” made by the president of the US Central Bank in May 2013. Upon this statement, the developing countries resorted to such plans in their own economies since they were convinced that the expansionary monetary policy applied in the United States has now reached a turning point.

Under these developments, the global economy that has gained strength in the second half of 2013 and showed a growth throughout the year similar to that in 2012 is expected to continue its development throughout the years 2014-2015 thanks to the recovery in the developed countries, whereas economies of the developing are envisaged to grow at a modest rate.

1.1 Gross Domestic Product

According to the “World Economic View” published by the International Monetary Fund (IMF) in April 2014, the growth in world economy that was 3.2% in 2012 became 3% in 2013. When considered country groups, for 2013, growth in the developed country economies is seen to be 1.3% with drop by 0.1 point compared to 2012. Growth rate declined to 1.4% with a drop by 0.3 point in G7 countries, and to 4.7% with a drop by 0.4 point in the group of developing countries. The growth in developing countries is seen to be at higher rates compared to developed countries (Table 1, Graph 1).

Table 1. GDP Growth Rates

Country Groups/Countries	2013 (%)		
	2011	2012	2013
World Production	3.9	3.2	3.0
Developed Countries	1.7	1.4	1.3
USA	1.8	2.8	1.9
Euro Zone	1.6	-0.7	-0.5
Germany	3.4	0.9	0.5
France	2.0	0.0	0.3
Italy	0.5	-2.4	-1.9
Spain	0.1	-1.6	-1.2
Greece	-7.1	-7.0	-3.9
Japan	-0.5	1.4	1.5
Canada	2.5	1.7	2.0
UK	1.1	0.3	1.8
G7 Countries	1.6	1.7	1.4
Developing Countries	6.3	5.1	4.7
Russia	4.3	3.4	1.3
Turkey	8.8	2.1	4.0
Developing Asian Economies	7.9	6.7	6.5
China ⁽¹⁾	9.3	7.7	7.7
India	6.6	4.7	4.4
ASEAN-5 ⁽²⁾	4.5	6.2	5.2
Latin America and Caribbean	4.6	3.1	2.7
Brazil	2.7	1.0	2.3
Mexico	4.0	3.9	1.1

Source: IMF, World Economic Outlook, Update April 2014.

(1): Data of 2013 is estimate.

(2): Indonesia, Malaysia, Philippines, Thailand and Singapore.

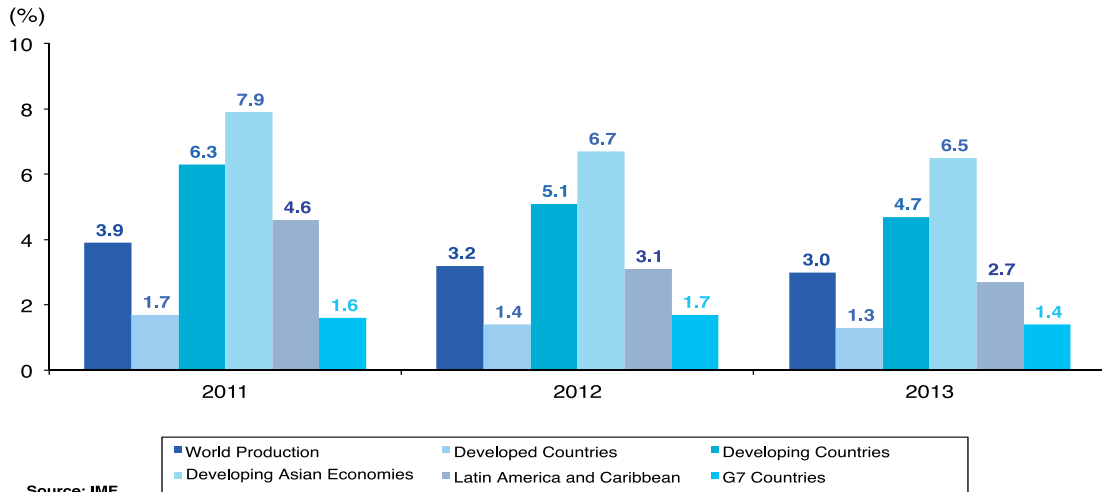
In the United States, growth rate exceeded expectations with the high domestic demand, strong inventory accumulation and developments especially in the export of petroleum products. While the US economy showed a growth of 2.8% in 2012, it slowed down somewhat in 2013 and showed a growth of 1.9%. Continuance of the economic stagnancy although reduced was the most important factor in occurrence of the downward growth in 2013. Among the countries of the zone, Germany and France showed positive growth with 0.5% and 0.3%, respectively, whereas growth in Italy, Spain and Greece was in negative direction. While Greece was the country which suffered the highest contraction among the Euro zone countries with 3.9% due to the reasons such as substantial persistence of the crisis, borrowing and credit problems and political uncertainties, Italy shrank down by 1.9% and Spain by 1.2%.

Economy of Canada, which is among the developed countries, gained strength compared to 2012 growing 2% in 2013. With the support of the United States in the export and business investments, this growth rate is estimated to accelerate in the upcoming terms. Thanks to easy credit conditions and increased reliability, England raised its growth rate from 0.3% in 2012 to 1.8% in 2013.

Growth rates of Russia, which is in the developing countries group, exhibited a downward trend since 2011. In Russia, the growth that was 4.3% in 2011 declined to 2.4% in 2012, and to 1.3% in 2013.

The developing Asian economies maintained their high growth levels in 2013 as well. In the economies of developing countries excluding China, the leap in export despite the suppressed domestic demand was the main reason underlying the growth. The Chinese government put in place a series of policies to eliminate the slowdown in the economic growth in 2012, a leap was attained in growth in the second half of 2013 with acceleration of the investments. Nevertheless, under the targets of slowing down the credit growth and reducing cost of the capital, this development experienced in the Chinese economy is estimated to be temporary. As a matter of fact, the growth rate of China that was 7.7% in 2012 remained at the same level in 2013. Economies of many developing countries started to benefit from the strong foreign demand of China.

Graph 1. GDP Growth Rates of Selected Country Groups



Suppressed global trade, insufficient supports in the commodity market and domestic problems braked the growth in Latin America and the Caribbean in 2013 reducing it to 2.7%. Among the selected countries in this group, Mexico, despite its growth rate that accrued far below the expectations in 2013, is estimated to catch a high growth potential in medium term with the economic reforms especially in the energy and telecommunication sectors. Growth rate of Brazil was in the inverse direction due to change that occurred in the region production in 2013, and rose to 2.3% with an increase by 1.3 point compared to the preceding year.

1.2 GDP per Capita by Purchasing Power Parity

Purchasing Power Parity (PPP) is an important indicator which removes differentiation between the price levels among countries, and enables to compare per capita national income of the countries in a certain period, and to get more meaningful results.

When examined the values of national income per capita by PPP for the selected countries among the countries contained in Table 2 in line with the results included in the “World Economic Outlook” report of IMF published in April 2014, USA was the country with the highest national income per capita in 2013 with \$ 53,101. USA was followed by Canada with \$ 43,817, Germany with \$ 40,007, UK with \$ 37,307, Japan with \$ 36,899, France with \$ 35,784 and Italy with \$ 30,289. The countries with the lowest national income per capita by PPP were India with \$ 4,077, Brazil with \$ 12,221 and Turkey \$ 15,353 (Table 2, Graph 2).

Table 2. GDP per Capita (by Purchasing Power Parity)

Country Groups/Countries	2011	2012	2013	Variation (%)	
				2012	2013
Developed Countries	39,644	40,707	41,653	2.7	2.3
USA ⁽¹⁾	49,797	51,709	53,101	3.8	2.7
Euro Zone	33,484	33,756	34,016	0.8	0.8
Germany ⁽¹⁾	38,410	39,335	40,007	2.4	1.7
France	34,871	35,312	35,784	1.3	1.3
Italy ⁽¹⁾	30,770	30,551	30,289	-0.7	-0.9
Spain	29,667	29,670	29,851	0.0	0.6
Greece ⁽¹⁾	25,852	24,469	24,012	-5.3	-1.9
Japan	34,532	35,724	36,899	3.5	3.3
Canada	41,515	42,469	43,472	2.3	2.4
UK ⁽²⁾	35,857	36,334	37,307	1.3	2.7
G7 Countries	41,550	42,788	43,817	3.0	2.4
Developing Countries	6,621	6,972	7,308	5.3	4.8
Russia	16,537	17,386	17,885	5.1	2.9
Turkey ⁽¹⁾	14,428	14,812	15,353	2.7	3.7
Developing Asian Economies	5,691	6,118	6,549	7.5	7.0
China ⁽¹⁾	25,852	24,469	24,012	-5.3	-1.9
India	3,708	3,810	4,077	2.8	7.0
ASEAN-5 ⁽³⁾	5,522	5,890	6,208	6.7	5.4
Latin America and Caribbean	11,863	12,295	12,667	3.6	3.0
Brazil	11,646	11,876	12,221	2.0	2.9
Mexico	14,684	15,344	15,563	4.5	1.4

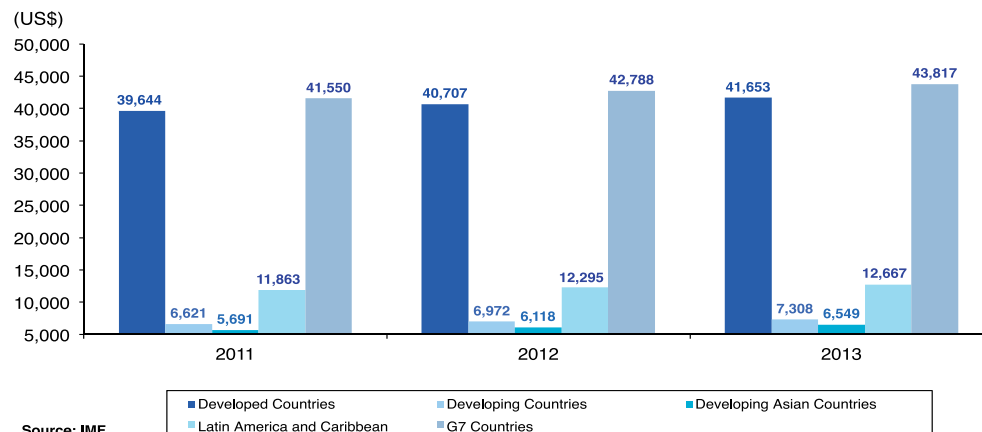
Source: IMF, World Economic Outlook, Update April 2014.

(1): Data of 2013 are estimate.

(2): All data are estimate.

(3): Indonesia, Malaysia, Philippines, Thailand and Singapore.

Graph 2. GDP per Capita (by Purchasing Power Parity)



Source: IMF.

1.3 Consumer Price Index

Too low inflation rates in the developed countries pose risk. The inflation rates accrued below the targeted values in the Euro Zone countries negatively affect the long term inflation expectations, recovery of the economies with debt burden and high real interest rates.

Despite the expansionary policies applied in the developed countries in 2013, the consumer price index exhibited a downward trend across the world. The consumer prices inflation declined from 3.9% in 2012 from 3.6% in 2013. Inflation rates dropped in the country groups other than Latin America and Caribbean (Table 3, Graph 3).

Table 3. Consumer Prices Index Variation Rates

	(%)		
	2011	2012	2013
World	4.9	3.9	3.6
Developed Countries	2.7	2.0	1.4
USA	3.1	2.1	1.5
Euro Zone	2.7	2.5	1.3
Germany	2.5	2.1	1.6
France	2.3	2.2	1.0
Italy ⁽¹⁾	2.9	3.3	1.3
Spain	3.1	2.4	1.5
Greece ⁽¹⁾	3.3	1.5	-0.9
Japan	-0.3	0.0	0.4
Canada	2.9	1.5	1.0
UK	4.5	2.8	2.6
G7 Countries	2.6	1.9	1.3
Developing Countries	7.3	6.0	5.8
Russia	8.4	5.1	6.8
Turkey	6.5	8.9	7.5
Developing Asian Economies	6.5	4.6	4.5
China	5.4	2.7	2.6
India	9.6	10.2	9.5
ASEAN-5 ⁽²⁾	6.0	3.8	4.4
Latin America and Caribbean	6.6	5.9	6.8
Brazil	6.6	5.4	6.2
Mexico	3.4	4.1	3.8

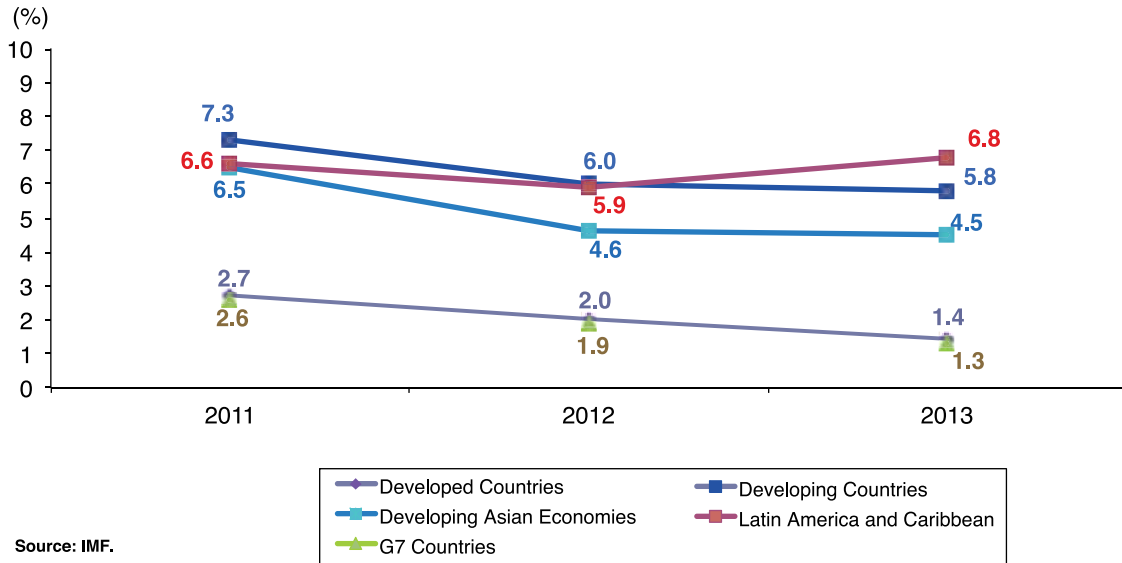
Source: IMF, World Economic Outlook, Update April 2014

(1): Data of 2013 are estimate.

(2): Indonesia, Malaysia, Philippines, Thailand and Singapore.

In 2013, inflation rate was 1.4% in developed countries, 1.3% in G7 countries, 5.8% in developing countries. It rose to 6.8% in Latin America and Caribbean while declining to 4.5% in the developing Asian countries.

Graph 3. Consumer Prices Index Variation Rates



1.4 International Commodity Markets and Prices of Selected Commodities

In 2013, global economy maintained its weak course despite the new policies put in place. The expected recovery in the US economy could not be achieved yet, nor growth in economy could be attained due the effect of not having been able to eliminate the problems completely although signs of recovery from stagnancy were received in the Euro zone. The adverse environment caused by the crisis still affects trade structures of the countries directly, forcing many countries to implement financially cautious and deliberate policies. Particularly, countries like Greece, Portugal, Ireland, Spain, and Italy could not eliminate their problems although they have revised their financial policies, and benefited from the European Financial Stability Fund. While the slowdown continues in the economies of these countries, the high value of unemployment rates and borrowing problems remain to be important. Depending on the fact that the existing risks have not disappeared yet and that the economies within the zone vary from each other, the improvement expected in the Euro zone was slow and structure of trade with the rest of the world was deteriorated, which accordingly continued to affect also the commodity markets.

With the effect of the global crisis, the commodity price index saw a sharp decline in 2009, partially recovering in 2010, nevertheless, showed modest increases in 2011. In 2012, a downward trend was observed in most of the index components. In 2013, only the agricultural price index showed an upward trend, but drops were recorded in other indices.

In 2013, decline was observed compared to the preceding year by 1,5% in the petroleum and non-petroleum commodity price index, 1,2% in the non-petroleum commodity price index, 0,1% in food and drink products price index, 2,3% in the industrial inputs price index, 4,2% in the metal products price index, and 0,9% in the oil price index. Agricultural raw material price index increased by 1,6% (Table 4).

Table 4. World Commodity Price Indices

Components	(2005=100)				
	Index			Variation (%)	
	2011	2012	2013	2012	2013
Petroleum and Non-Petroleum Commodity Price Index	191.9	185.7	182.9	-3.2	-1.5
Non-Petroleum Commodity Price Index	190.0	171.0	169.0	-10.0	-1.2
Food and Drink Products Price Index	182.4	174.8	174.6	-4.2	-0.1
Industrial Inputs Price Index	197.8	167.1	163.3	-15.5	-2.3
Agricultural Raw Material Price Index	153.5	134.0	136.1	-12.7	1.6
Metal Products Price Index	229.7	191.0	182.9	-16.8	-4.2
Energy Price Index	193.0	194.2	191.0	0.6	-1.6
Oil Price Index	195.0	196.8	195.1	0.9	-0.9

Source: IMF Primary Commodity Prices Database.

Among the international selected commodity prices published in the “World Economic Outlook” 2013 report of IMF, it was observed that the commodity price of which increased most in 2013 compared to the preceding year was peanut with an increase by 37.3%, followed by olive oil with 21.9% and orange with 11.4%. In 2013, besides these products, increases occurred in the price of cotton by 1.3% and in the price of zinc by 0.2%, whereas declines occurred in the prices of all other products. The products prices of which dropped most in the international markets were tea with 23.9%, coffee with 18.2% and rubber with 17.2% (Table 5).

When evaluated the metal prices in 2013, despite the increase in zinc prices, price decline compared to the preceding year is seen in nickel by 14.3%, in aluminum by 8.7% and in copper by 7.9%.

Spot price of oil dropped from \$ 196.8 to \$ 195.1 per barrel with a decline by 0.9% compared to the preceding year. In natural gas prices, an inverse movement was seen differently from the preceding year, resulting with an decrease of 3.8% in 2013. Price of natural gas (thousand m3) degraded from \$ 171.2 to \$ 164.8.

Table 5. Selected Product Prices in International Markets

Selected Products	Unit (1)	Price			Variation (%)	
		2011	2012	2013	2012	2013
Wheat	\$/MT	316.2	313.3	312.2	-0.9	-0.3
Corn	\$/MT	291.8	298.4	259.0	2.3	-13.2
Rice	\$/MT	551.7	580.2	518.8	5.2	-10.6
Soy Bean	\$/MT	484.2	537.8	517.2	11.1	-3.8
Peanut	\$/MT	1,724.0	1,688.2	2,318.2	-2.1	37.3
Sunflower Oil	\$/MT	1,621.8	1,489.5	1,341.2	-8.2	-10.0
Olive Oil	\$/MT	3,070.3	3,135.7	3,821.0	2.1	21.9
Orange	\$/MT	891.1	868.0	967.3	-2.6	11.4
Banana	\$/MT	975.9	984.3	926.4	0.9	-5.9
Sugar (Free Market)	cts/lb	210.8	175.2	147.9	-16.9	-15.6
Tea	cts/Kg	346.2	348.9	265.6	0.8	-23.9
Coffee	cts/lb	231.0	180.1	147.4	-22.0	-18.2
Cotton	cts/lb	154.6	89.2	90.4	-42.3	1.3
Wool (23 Micron)	cts/Kg	1,209.2	1,212.6	1,127.1	0.3	-7.0
Rubber	cts/lb	218.5	153.2	126.8	-29.9	-17.2
Aluminum	\$/MT	2,400.6	2,022.8	1,846.7	-15.7	-8.7
Copper	\$/MT	8,823.5	7,958.9	7,331.5	-9.8	-7.9
Nickel	\$/MT	22,909.1	17,541.7	15,030.0	-23.4	-14.3
Zinc	\$/MT	2,195.5	1,950.0	1,954.4	-11.2	0.2
Natural Gas (Russia)	\$/000M ³	154.3	171.2	164.8	11.0	-3.8
Oil (Spot)	\$/bbl	194.9	196.8	195.1	1.0	-0.9

Source: IMF Primary Commodity Prices Database.

(1): lb=0.4536 Kg, bbl (barrel)=159 lt, MT: Metric Ton

1.5 Central Government Budget Balance

In the course of the global crisis, deterioration occurred in the budget balance of most countries. The policies put in place towards eliminating effects of the crisis affected the budget balances negatively, and heightened the public financing costs. An improvement, albeit little, was noted in central government budget balance indicators in 2012, ratios of budget deficit to GDP began declining. The ratio of budget deficit to GDP in developed countries which was 5.9% in 2011 declined to 5% in 2012 and to 3.7% in 2013. For 2013, this ratio was recorded as 5.4% in the USA, 1.3% in Euro zone, 7.8% in Japan, 2.2% in Canada and 3.7% in the UK. The two countries which had surplus budget were Germany and Greece (Table 6).

Ratio of budget deficit to GDP among the developing countries was 1.4% in Russia, 1% in China, 7.1% in India, 3.3% in Brazil and 4.1% in Mexico.

Table 6. Central Government Budget Balance/GDP

Country Groups/Countries	2011	2012	2013 (%)
Developed Countries	-5.9	-5.0	-3.7
USA	-8.7	-7.7	-5.4
Euro Zone	-3.8	-2.3	-1.3
Germany	-1.1	-0.1	0.3
France ⁽¹⁾	-4.6	-3.5	-2.4
Italy	-3.8	-1.6	-0.3
Spain ⁽¹⁾	-8.0	-5.7	-4.9
Greece ⁽¹⁾	-8.3	-2.3	2.1
Japan	-8.3	-7.6	-7.8
Canada	-2.9	-2.5	-2.2
UK ⁽¹⁾	-5.9	-5.7	-3.7
G7 Countries	-6.7	-5.8	-4.3
Developing Countries	-	-	-
Russia	1.6	-0.2	-1.4
Turkey	-2.8	-3.7	-4.6
Developing Asian Economies	-	-	-
China	-0.7	-1.4	-1.0
India	-8.5	-7.6	-7.1
ASEAN-5 ⁽²⁾	-	-	-
Latin America and Caribbean	-	-	-
Brazil	-3.0	-2.7	-3.3
Mexico	-4.3	-4.5	-4.1

Source: IMF, World Economic Outlook, Update April 2014.

(1): Data of 2013 are estimate.

(2): Indonesia, Malaysia, Philippines, Thailand and Singapore.

1.6 World Trade Volume

The low course suffered in the increase rates of world trade volume following the global economic crisis continued in 2013. The increase rate of world trade volume dropped from 6.2% in 2011 to 2.8% in 2012 with the effect of the slowdown in the economic activities. While increasing to 3% with the limited improvement in 2013, it occurred at the same level with the increase rate of world production (Table 7).

In 2013, export increased 3.1% whereas the increase was 2.9% in import across the world. When examined the increase rates in export, increase rates of developed countries are seen to be far behind the increase rates of developing countries. It is remarkable that export increase rates are too low especially in USA, Euro zone, Japan, Canada and UK. In the Euro zone, Spain showed the highest increase rate among the examined countries with 4.5%, whereas Italy showed the lowest increase with 0.1%. Among the developing countries, Russia, China and India accomplished an export increase of 3.2%, 8.6% and 5%, respectively.

Table 7. World Trade Volume (Commodity and Service Trade) Variation Rates

Country Groups/Countries	2011	2012	2013
World Trade Volume	6.2	2.8	3.0
Export	6.2	2.9	3.1
Developed Countries	5.7	2.1	2.3
USA	7.1	3.5	2.7
Euro Zone	6.4	2.3	1.4
Germany ⁽¹⁾	8.0	3.2	0.8
France	5.4	2.4	0.6
Italy ⁽¹⁾	6.2	2.1	0.1
Spain	7.6	2.1	4.5
Greece	0.3	0.0	2.6
Japan	-0.4	-0.1	1.6
Canada	4.7	1.5	2.1
UK	4.5	1.1	0.8
G7 Countries	5.7	2.4	1.5
Developing Countries	7.0	4.2	4.4
Russia	6.9	4.0	3.2
Turkey	6.0	12.8	0.5
Developing Asian Economies	8.4	4.0	6.8
China	8.9	5.2	8.6
India	8.9	1.5	5.0
ASEAN-5 ⁽²⁾	7.0	2.4	3.2
Latin America and Caribbean	5.9	1.6	2.4
Brazil	2.9	-0.3	3.1
Mexico	7.5	3.5	2.0
Import	6.3	2.7	2.9
Developed Countries	4.8	1.1	1.4
USA	4.9	2.2	1.4
Euro Zone	4.4	-1.1	0.2
Germany ⁽¹⁾	7.4	1.4	0.9
France	5.1	-1.1	0.8
Italy ⁽¹⁾	0.8	-7.0	-2.8
Spain	-0.1	-5.7	0.8
Greece	-7.3	-14.1	-4.9
Japan	5.9	5.3	3.4
Canada	5.7	3.1	1.1
UK	0.3	3.1	0.4
G7 Countries	4.8	1.5	1.1
Developing Countries	9.2	5.8	5.6
Russia	8.9	-2.3	8.6
Turkey	11.3	1.2	8.4
Developing Asian Economies	9.8	5.6	6.3
China	10.1	6.2	10.6
India	7.9	1.9	-2.1
ASEAN-5 ⁽²⁾	9.4	6.6	3.1
Latin America and Caribbean	11.1	3.5	3.5
Brazil	8.9	-2.3	8.6
Mexico	8.1	4.3	1.6

Source: IMF, World Economic Outlook, Update April 2014.

(1): Data of 2013 are estimate.

(2): Indonesia, Malaysia, Philippines, Thailand and Singapore.

World trade increase rates exhibited as similar trend with export. While import of Euro zone decreased by 1.1% in 2012, it rose just by 0.2% due to persistence of the economic stagnancy in 2013. In Euro zone, although the decrease in the import of especially Italy and Greece decelerated, it continued in 2013. Import decreased by 2.8% in Italy and 4.9% in Greece. Among the developing countries, Russia and China stand out with their higher import rates than other countries. Increase of import of 2013 in Russia was 8.6% and 10.6% in China.

1.7 Current Transactions Balance

Expansionary monetary policies put in place in the course of the global crisis created liquidity abundance in worldwide. The liquidity abundance that emerged increased the willingness to take risk, and capital flows especially to developing countries escalated. These capital flows most of which are short-term caused deterioration in the indicators of inflation, exchange rates, credit, foreign trade and balance of payments of developing countries.

The deficit in the current transactions balance in the US economy still is still considerable although it has been diminishing since 2011. Yet, with the rise in the domestic energy production, current deficit regressed to the lowest value of the last 15 years as being 2.3% of the GDP in 2013. Current surplus of Germany in Euro zone is remarkable as was in the prior years. While the economies of Italy, Spain and Greece resulted in current surplus unlike the prior years, the current deficit persisted in the economy of France. Other countries which had current deficit were Canada and England among the developing countries, and India, Brazil and Mexico among the developing countries. Among the developing countries, Russia and China had current transactions deficit. Among the Latin America countries, Brazil and Mexico are observe to have deficit in terms of current transactions balance (Table 8, Graph 4).

Graph 4. Current Transactions Balance / GDP

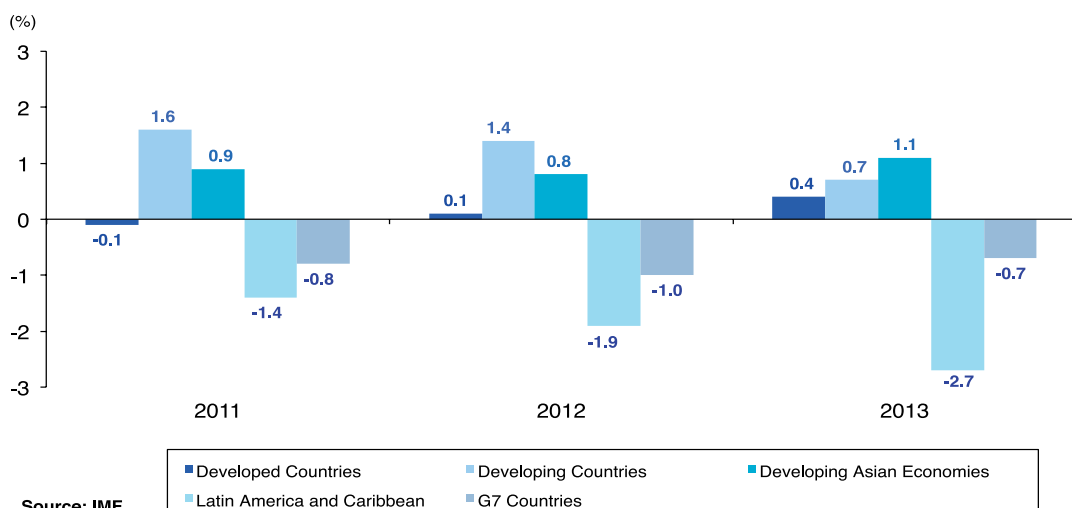


Table 8. Current Transactions Balance / GDP

Country Groups/Countries	2011	2012	(%) 2013
Developed Countries	-0.1	-0.1	0.4
USA	-2.9	-2.7	-2.3
Euro Zone	0.8	2.0	2.9
Germany	6.8	7.4	7.5
France	-1.8	-2.2	-1.6
Italy ⁽¹⁾	-3.1	-0.4	0.8
Spain	-3.8	-1.1	0.7
Greece	-9.9	-2.4	0.7
Japan	2.0	1.0	0.7
Canada	-2.8	-3.4	-3.2
UK	-1.5	-3.7	-3.3
G7 Countries	-0.8	-1.0	-0.7
Developing Countries	1.6	1.4	0.7
Russia	5.1	3.6	1.6
Turkey ⁽¹⁾	-9.7	-6.2	-7.9
Developing Asian Economies	0.9	0.8	1.1
China ⁽¹⁾	1.9	2.3	2.1
India	-4.6	-4.7	-2.0
ASEAN-5 ⁽²⁾	2.5	0.5	0.1
Latin America and Caribbean	-1.4	-1.9	-2.7
Brazil	-2.1	-2.4	-3.6
Mexico	-1.1	-1.2	-1.8

Source: IMF, World Economic Outlook, Update April 2014.

(1): Data of 2013 are estimate.

(2): Indonesia, Malaysia, Philippines, Thailand and Singapore.

1.8 Unemployment

Unemployment continued to be a serious item of the agenda in most regions of the world in 2013 as well. The fact that global economic growth is still limited and that the expected revival could not be achieved caused employment to stay low and unemployment rates remained high. It is predicted that high unemployment rates might induce the negative scene and political uncertainty especially after the crisis and encourage political transformation by this way.

In 2013, unemployment rate in the group of developed countries was 7.9%. The unemployment rate in USA went on declining in 2013 to 7.4% from 8.1% in 2012. Likewise, the unemployment rate regressed from 7.3% in 2012 to 7.1. The main reason underlying this improvement experienced in the USA and Canada is the drop in participation in labor (Table 9, Graph 5).

No increase was observed in the unemployment rates of 2013 as the remains of the debt crisis suffered in 2013 in Euro zone. While unemployment rate across the region ascended from 11.4% to 12.1%, the unemployment rates in the countries such as Spain and Greece, where dismissals occur intensively, reached two-digit figures starting with two. In 2013, unemployment rates deteriorated to 27.3% in Greece, 26.4 in Spain, 12.2% in Italy and 10.8% in France. In Germany, with the effect of the positive signs of economic recovery, unemployment rate became 5.3%. Unemployment rate in UK continued regression in 2013 to 7.6%. In Japan, unemployment was not a major issue in 2013, and accrued as 4% in parallel to the prior years.

Table 9. Unemployment Rates

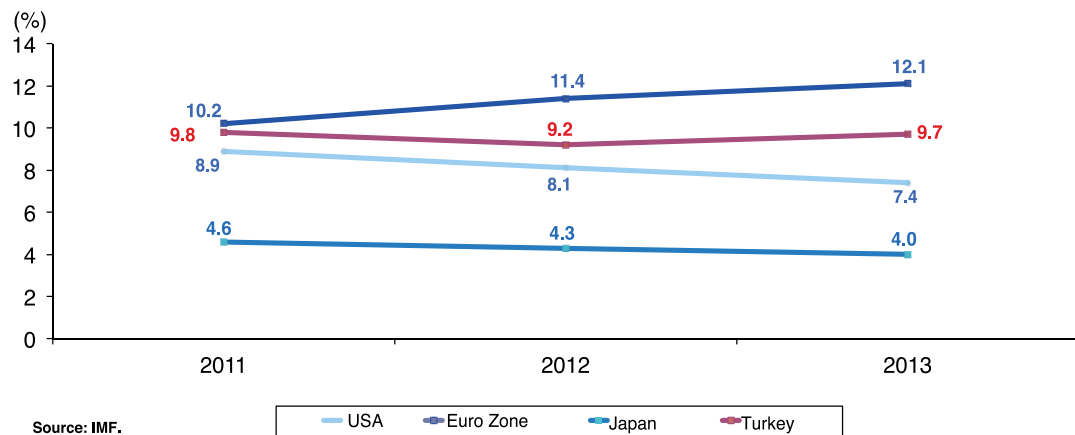
Country Groups/Countries	2011	2012	2013
			(%)
Developed Countries	8.0	8.0	7.9
USA	8.9	8.1	7.4
Euro Zone	10.2	11.4	12.1
Germany	6.0	5.5	5.3
France	9.6	10.2	10.8
Italy ⁽¹⁾	8.4	10.7	12.2
Spain	21.7	25.0	26.4
Greece ⁽¹⁾	17.7	24.2	27.3
Japan	4.6	4.3	4.0
Canada	7.4	7.3	7.1
UK	8.1	8.0	7.6
G7 Countries	7.7	7.4	7.1
Developing Countries	-	-	-
Russia	6.5	5.5	5.5
Turkey	9.8	9.2	9.7
Developing Asian Economies	-	-	-
China	4.1	4.1	4.1
India	-	-	-
ASEAN-5 ⁽²⁾	-	-	-
Latin America and Caribbean	-	-	-
Brazil	6.0	5.5	5.4
Mexico	5.2	5.0	4.9

Source: IMF, World Economic Outlook, Update April 2014

(1): Data of 2013 are estimate.

(2): Indonesia, Malaysia, Philippines, Thailand and Singapore.

Graph 5. Unemployment Rates



In Russia, unemployment rate remained at 5.5% with no change in 2013, whereas in the Chinese economy it remained at the level of 4.1% as in 2011 and 2012 also with the effect of the positive development that occurred since the second half of 2013.

Unemployment rate in Latin America and the Caribbean has a lower course compared to the other country groups. In 2013, with an improvement by 0.1 point compared to the preceding year, unemployment rates declined to 5.4% in Brazil and to 4.9% in Mexico.

1.9 Global Competitiveness Index

In the globalizing world economy, competitiveness is a concept that is becoming more important day by day. With the rapid change in technology, differentiation of production methods and shift in trade strategies to head for new markets, the countries which can adapt to the competition conditions become more advantageous than other countries. Countries with high competitiveness can engage in activities and perform production more conveniently in the risky and high-cost environments such as economic crisis and in various fields and conditions.

Competitiveness shows the power of an economy to produce goods and services that meet the demands of national and international markets under free trade and market conditions. In today's world where economic globalization is felt intensively, the extent to which countries can adapt to such an environment is measured by the competitiveness concept. In this context, every year reports are prepared about competitiveness by the World Economic Forum, and shared with the public.

In 2004, a Global Competitiveness Index (GCI) was created, and the countries are now compared according to the value of this index. Accordingly, countries have the possibility to internationally compare themselves to other countries, see their strengths and weaknesses, review the policies they have been implementing, take new decisions, and put them into practice.

When examined the recent GCI data, among the selected countries, Switzerland stands in the first place with 5.67, 5.72, and 5.74 points, respectively in last three periods, respectively, in the context of competitiveness. Switzerland is the country that best meets the requirements of competitiveness (Table 10).

In the period 2013-2014 of GCI, Switzerland is followed by Singapore with 5.61 points, Finland with 5.54 points, Germany with 5.51 points and USA with 5.48 points.

Turkey was listed in 2013-2014 GCI in the 44th place with 4,45 points among 148 countries included in the index. When GCI performance of Turkey is analyzed by years, our country is seen to have ranked 43rd among 144 countries in the period 2012-2013, and 59th among 142 countries in the period 2011-2012. Our country ascended by 16 places from 2011 to 2012 in the ranking while regressing 1 place from 2012 to 2013.

Table 10. Global Competitiveness Index

Countries	GCI 2013-2014			GCI 2012-2013			GCI 2011-2012	
	Rank	Score	Variation (%)	Rank	Score	Variation (%)	Rank	Score
Switzerland	1	5.67	0	1	5.72	0	1	5.74
Singapore	2	5.61	0	2	5.67	0	2	5.63
Finland	3	5.54	0	3	5.55	1	4	5.47
Germany	4	5.51	2	6	5.48	0	6	5.41
USA	5	5.48	2	7	5.47	-2	5	5.43
Sweden	6	5.48	-2	4	5.53	-1	3	5.61
Hong Kong SAR	7	5.47	2	9	5.41	2	11	5.36
Netherlands	8	5.42	-3	5	5.50	2	7	5.41
Japan	9	5.40	1	10	5.40	-1	9	5.40
UK	10	5.37	-2	8	5.37	2	10	5.39
Norway	11	5.33	4	15	5.33	1	16	5.18
Taiwan, China	12	5.29	1	13	5.28	0	13	5.26
Qatar	13	5.24	-2	11	5.38	3	14	5.24
Canada	14	5.20	0	14	5.27	-2	12	5.33
Denmark	15	5.18	-3	12	5.29	-4	8	5.40
Austria	16	5.15	0	16	5.22	3	19	5.14
Belgium	17	5.13	0	17	5.21	-2	15	5.20
New Zealand	18	5.11	5	23	5.09	2	25	4.93
United Arab Emirates	19	5.11	5	24	5.07	3	27	4.89
Saudi Arabia	20	5.10	-2	18	5.19	-1	17	5.17
Turkey	44	4.45	-1	43	4.45	16	59	4.28

Source: World Economic Forum.

2. AN OVERVIEW OF TURKISH ECONOMY

Turkish economy exhibited a more stable outlook compared developed country thanks to the monetary and finance policy put into practice following the global crisis suffered in 2008 and the banking sector. As a result, the effect of the external shocks caused by the global economic downturn on our economy remained limited compared to most countries. Turkish economy overcame the crisis sooner and with a higher growth when compared to other developed and developing countries, attaining a growth rate around 9% in 2010 and 2011.

Turkey tried to preserve its basic economic balance and achieve its targets in the environment of uncertainty caused by the stagnancy suffered in the global crisis and political and economic problems suffered in the neighbor countries in 2012.

In 2012, the negative developments in the global economy, the deepening crisis in the European Union, the increasing geopolitical tensions in our region, and the high oil prices reflected on Turkey and deteriorated the expectations.

The growth rate that prevailed at high levels during the last two years considerably decelerated in 2012, descending to 2.1% with the effect of the slowdown in domestic demand depending on the shrinkage in the private sector consumption and investment expenditures.

In May 2013, the US Central Bank (Fed) made a statement to the effect that, in parallel to the positive signs as to recovery of the economy, it would gradually downshift the abundant liquidity it has provided to relieve the markets after the global crisis. Upon declaration of this program aiming to gradually terminate the monetary expansion, which left its mark on the global markets, interests of the US treasury bonds increased approximately by 1 point, and the appetite of taking international risk with respect to the emerging market economies has declined.

Turkish economy having two structural problems which are high current deficit and low saving rates was caught in the financial turmoil which emerged upon statement of Fed. Failing to have taken adequate structural measures in regard to the said problems in the period when liquidity was high, Turkey has entered in a period where growth is further foreign-dependent in terms of interim inputs and financing. With such an economic structure, Turkey became one of the countries that are most affected by the financial tensions as a result of the Fed's statement and the developments occurring in the country.

It entered from the group of "the fragile five" comprising India, Indonesia, South Africa, Brazil and Turkey into the category of "the sensitive two" with South Africa. As of the end of 2013, exchange rate and interests increased whereas net capital inflows dropped manifestly.

Despite these negative developments, growth rate of Turkey which was 2.1% in 2012 emerged as 4% 2013, in harmony with the program target.

In 2013, growth rate was negatively affected by the foreign demand decreasing due to the stagnation in global economy, postponement of private sector expenditures in consequence of the exacerbating political uncertainty, whereas increase of the public expenditures following the recovery in domestic demand and the inventory variations were the factors effecting it positively.

Gross domestic product (GDP) experienced growth in all sectors in 2013. While highest growth was in the services sector with 5.5%, the industrial sector grew by 3.4% and agricultural sector grew by 3.1%.

GDP rose from \$ 10,459 in 2012 to \$ 10,782 in 2013 with an increase by 3.1%.

The increase in industrial production was also effective on the capacity utilization, and capacity utilization rate in 2013 increased from 74.2% to 74.6% with an increase by 0.4 point compared to 2012, yet, could not reach the pre-crisis levels. The fact that capacity utilization rate remained below the pre-crisis period is attributable to strong course of the investments in general since the pre-crisis years.

According to the industrial capacity reports disclosed by the Union of Chambers and Commodity Exchanges of Turkey (TOBB), number of industrial capacity reports which were still current as of the end of 2013 rose to 83,697 with an increase of 6,066 compared to those which were still current as of the end of 2012.

In 2013, the building licenses issued by the municipalities and showing status of the constructions planned to be built increased to 168,208 thousand m² with an increase by 10% in surface area, and total construction area of occupancy permits issued for the constructions which have been licensed and completed increased to 133,264 thousand m² with an increase by 28.3%. Throughout Turkey, the sale of residences having decreased by 0.9% in 2012 rose by 63.2% in 2013, resulting in handover of a total 1,144,989 residences by sale. 456,224 of these residences which amount to 39.8% were sold with mortgage, and 688,765 residences amounting to 60.2% were sold through other means.

The relative improvement experienced in the growth rate of economy reflected on company foundations, as well. According to TOBB data, 49,037 companies were founded in 2013 including 8,704 joint stock companies, 40,295 limited liability companies, 36 unlimited companies and 2 limited partnerships. Number of the companies founded increased by 26.1%, whereas number the companies closed down increased by 9.5% to 15,547.

Number of protested cheques, an another indicator involved in the real economy and commercial life, rose to 1,092 thousand in 2013 with an increase by 1.6% compared to 2012, and the amount of protested bills rose to 7,494 million TL with an increase by 7.8%. Number of bad cheques declined by 12.3% to 1,134 thousand in 2013.

In order to compensate the negative effects of the global crisis on the non-financial sector, the new incentive system introduced in 2009 was revised in 2012.

The new incentive system consists of 4 different applications including, general incentive applications, regional incentive applications, promotion of big scale investments, and promotion of strategic investments. In addition to regional and sectoral incentive applications, additional supports which bring more advantages to large-scale investments were provided, and strategic investments towards the manufacture of intermediate goods or products which are highly dependent upon import were also supported.

The amount of fixed investment subjected to investment incentive certificate, which increase by 7.6 in 2012 under the new incentive system, saw an increase by 62.7% in 2013. The fixed investments subjected to investment incentive certificate, which amounted to 57,645 million TL in 2012, rose to 93,784 million TL in 2013. Among the fixed investments subjected to incentive certificate in 2013, the energy sector took the first place with 35.2%, followed by the manufacturing sector with 34.8%, the services sector with 20.9%, the mining sector with 8.2%, and the agricultural sector with 0.9%. In 2013, compared to 2012, the share received by agricultural, manufacturing industry and services sectors from the total investment incentives declined, whereas the share of mining and energy sectors rose.

By the measures taken following the 2001 crisis, annual inflation (CPI) regressed to 6.2% in 2012 from around 30% with a fluctuating course, but headed for rise again in 2013. In 2013, inflation accrued as 7.40% with increase by 1.2 point compared to the preceding year, which is 2.4 points above the uncertainty interval around the target of 5%. In the letter sent by CBRT to the Government, it was stated that accrual of the inflation above the target at the year-end was driven by the exchange rate and food prices. Inflation data of 2013 show that the values accrued were much above the targeted values and that rigidities resulting from structural reasons in the inflation prevailed.

The depreciation suffered in Turkish Lira in 2013 as a result of the uncertainties involving the monetary policy on global basis affected the core inflation especially in consequence of the essential commodity prices. The core inflation indicators ensuring monitoring of annual inflation data more clearly through excluding the factors causing fluctuations in inflation showed a horizontal trend in the first half of 2013, shifting to a trend of rise in the remaining period. An increase of 7.11% occurred in the H core price indicator, a basic inflation indicator, calculated by excluding the unprocessed food products, alcoholic drinks, tobacco products and gold from the main index.

Producer price index (PPI) annual increase rate declined to 2.45% with a decrease of 10.88 points in 2012 compared to the preceding year in consequence of the international commodity prices and movements of the exchange rate, whereas rose to 6.97% with an increase of 4.52 points by the end of 2013.

Strengthening of the risk appetite following the financial crisis, which affected the entire world since 2008, and the ascension in fluctuations of the short term capital inflows caused the central banks to make changes in their monetary policies. The Central Bank of Republic

of Turkey also revised in the late 2010 its standard inflation targeting it has been implementing since 2006, and put in place its new monetary policy which takes into account price stability as well as financial stability. With the new monetary policy, it aimed to balance the macro financial risks without compromise on price stability in medium term; in this respect, it started to utilize additional policy tools such as interest corridor reserve option mechanism and liquidity management along with policy interest. Specific importance was placed to limitation of the excessive volatility that may be caused in the credits and exchange rates by the fluctuations in the capital flows.

The Central Bank of Republic of Turkey continued its practices in 2013 sticking to its objective of ensuring and maintaining financial stability besides price stability within the framework of the new monetary policy it started to implement since the late 2010. With acceleration of the capital inflows in the last quarter of 2012 and first quarter of 2013, while reducing the interest corridor limitedly in order to balance the risks involving financial stability, it took tightening steps concerning the required reserves. Interest reductions continued until May gradually, it kept the overnight interest corridor at close level to policy interest while narrowing it. Since May of 2013, statements of the US Central Bank as to that it could decrease the liquidity provided to the market through monetary expansion amplified the uncertainties in the global economy. In this period, fluctuations took place in capital flows in our country like with most of developing countries, Turkish Lira depreciated, and interest rates rose. Beginning from this period, CBRT resorted to additional monetary tightening considering the macro financial risks created by the global uncertainties. In the last quarter of the year, it continued to provide liquidity to balance the volatility in the exchange rates, preserved its cautious attitude in the monetary policy until the year end. As of the year end, overnight borrowing interest rate was 3.50, lending interest rate was 7.75 and policy interest was 4.50.

As a result of the monetary policies of 2013, narrow-defined M1 money supply rose to 225.331 million TL with an increase by 23.9%, M2 money supply rose 910,052 million TL with an increase by 21.5% driven by the high increase in the time deposit in foreign currency, total deposit in the deposit banks rose to 879,446 million TL with an increase by 22.3%, and foreign currency deposit accounts rose to 272,735 million TL with an increase by 37.2%.

Continuance of supportive policies by CBRT during 2013 reduced the credit interest rates, pulling up the credit increase rate. The enhanced capital inflows with the positive course in the foreign financing conditions and improvement in the risk expectations concerning Turkey supported the growth in the credits. The credits showed a rapid growth in the first half of the year, whereas decelerated beginning from August. Total bank credits increased by 34.2% to 990.796 million TL, increasing 10,7% in real terms as of the end of 2013.

Pursuant to the Capital Markets Law which entered into effect upon promulgation in the Official Gazette dated 30 December 2012, Istanbul Stock Exchange, Istanbul Gold Exchange and Turkish Derivatives Exchange (TURKDEX) were gathered under the roof of Borsa Istanbul.

Borsa Istanbul 100 Index had a fluctuating course throughout 2013, and closed 2013 at 67,801.7 points with a drop by 13.3% compared to 2012. Total transaction volume rose to 832,505 million TL with an increase by 31.6%. Number of domestic investors having share portfolio in 2013 in Borsa Istanbul rose to 1,100,854 with an increase by 1.9%, and number of foreign investors rose to 9,555 with an increase by 15.1%, compared to 2012. Among the countries ranking in the first ten places according to the portfolio value within foreign investors, USA ranked first with 1,312 investors and a portfolio of 40,305 million TL.

Turkey ameliorated the public finance balances with the budget discipline and tight finance policy it applied, except for 2009, when effects of the global crisis deepened. With the effect of the financial measures put into practice so as to limit negative effects of the global crisis on the economy, financial discipline was substantially achieved. The ratio of budget deficit to GDP followed a much better course than many developed and developing countries, remaining below the Maastricht criterion of 3%, except for 2009 and 2010.

In 2013, central government budget showed a better performance compared to 2012. This development was influenced by the positive development created by the economic recovery on the tax revenues, the increase in one-off revenues and privatization, and the fact that the rise in interest expenses remained at a modest level with the effect of borrowing of the Treasury with suitable conditions.

It was targeted that the central government budget expenses would be 404,046 million TL and budget revenues would be 370,095 million TL in 2013. According to these targets, it was envisaged that budget balance would produce a deficit of 33,951 million TL, and non-interest balance would produce a surplus of 19,049 million TL.

Budget revenues increased to 389,441 million TL by 17.1%, budget expenses increased to 407,890 million TL by 12.7%, compared to the preceding year. Thus, budget deficit decline to 18,449 million TL with a decrease by 37.3%, and non-interest surplus increased by 65.9% to 31,537 million TL. At the year end, expenses accrued 3,844 million TL and incomes accrued 19,346 million TL above the target. Thus, central government budget deficit accrued 15,502 million TL below the target, whereas non-interest balance accrued 12,488 million TL above the target.

The privatization transactions which had a static course in 2011 and 2012 accelerated in 2013. The privatization transactions amounts which were 1,358 and \$ 3,021 million respectively in 2011 and 2012 rose to \$ 12,846 million in 2013. The amount of privatization made since 1985 to date amounted to \$ 54,204 million in total.

The financing program 2013 was prepared in accordance with the medium-long term strategic metrics observing the cost and risk level, taking into account the liquidity risk, interest risk and foreign exchange risk, which the debt stock is essentially exposed to, as in the prior years. In this respect, it was aimed to make the borrowing in 2013 mainly in TL

and with fixed-interest instruments, to extend the medium term to the extent allowed by the market conditions, and to keep a strong reserve so as to alleviate liquidity risk that could occur in the cash and debt management. The practices were carried during the year within the framework of these goals, so the public debt stock indicators exhibited a positive outlook in 2013. Ratio of central government debt stock to GDP continued decreasing, albeit slowly.

In 2013, central government total debt stock rose to 585,835 million TL with an increase by 10.1%, central government domestic debt stock rose to 403,007 million TL with an increase by 4.3%, and foreign debt stock rose to 182.828 million TL with an increase by 25.5%.

It was expressed that that, in the foreign exchange policy of 2013, the Reserve Option Mechanism (ROM) would be continued to be used a tool to support the monetary policy depending on the movement that might occur in the global growth outlook and the short term capital flows, that foreign exchange buying auctions would not be held other than exceptional circumstances, that CBRT would carry on monitoring closely the foreign exchange supply and demand developments and take the necessary measures in order to enable healthy functioning of the foreign currency market and to support the foreign exchange liquidity. The foreign exchange policy was conducted in this framework during the year.

CBRT applied gradual interest reductions so as to balance the risks involving the financial stability due to the effect of the strong course of the capital flows until May 2013, and applied measures aimed at increasing the foreign exchange liquidity. Exchange rates followed a fluctuating course. However, the rise seen in the risk premiums of the developing countries since the late May led to volatility in foreign exchange markets. The message given by president of Fed as to that the monetary expansion would be lessened led to depreciation of Turkish Lira against \$ like with most of currencies of other developing countries. In order to prevent negative influence of that volatility emerging the foreign exchange market on the price stability and financial stability, CBRT resorted to additional monetary tightening and began opening foreign exchange selling auctions as from 11 June 2013. Once excessive volatility emerged in the exchange rates, the Central Bank carried on the foreign exchange selling auction during the second half of 2013 on the days it deemed necessary. In 2013, foreign exchange amounting to \$ 17,610 million was sold by CBRT through the foreign exchange selling auctions.

In 2013, Turkish Lira depreciated against Dollar and Euro. As of the year end, according to the annual average values, value of US dollar rose against Turkish Lira by 6.1% increasing to 1,90225 TL, and Euro rose by 9.7% increasing to 2,52768 TL.

Export regressed to \$ 151.812 million diminishing by 0.4%, whereas export rose to \$ 251,651 million increasing by 6.4%. Against the drop in the export, with the effect of the increase in the import, foreign trade deficit elevated by 18.7% to \$ 99,839 million, foreign trade volume elevated by 3.7% to \$ 403,463 million.

The increase in total import driven by the contraction suffered in export in 2013 and the economic revival and increase in domestic demand as well as the gold importation following a course that is above the historical averages increase in the total import influenced the current deficit negatively. The current transactions deficit rose from \$ 48,497 million in 2012 to \$ 64,940 million in 2013 with an increase by 33.9%. This deterioration in the current transactions deficit was driven substantially by the increase in consumption demand, and by the rise in the foreign trade deficit, the deterioration noted in income balance, and the fact that the improvement in the services balance remained limited.

International direct investments aimed at Turkey decreased in 2012 and 2013. With the liquidity abundance that emerged as a result of the policies applied following the global crisis and the rise in capital flows, direct investment inflows to our country advanced to \$ 16,136 million. In consequence of the fact that effects the global crisis still prevails, that the economic stagnancy and future uncertainties in the Euro zone could not have been removed, they decreased by 33.3% and regressed to \$ 10,759 million. In 2013, investments inflows recessed and capital outflows were suffered especially after May due to the developments in the global economy and in the country. In 2013, direct capital inflow to Turkey was \$ 10,199 million with a decline by 5.2%, and capital outflow was \$ 568 million.

The foreign debt stock increase rate which decelerated significantly in 2011 reaccelerated in 2012 and 2013. Foreign debt stock rose to \$ 388,243 million in 2013 with an increase by 14.8%. High-rate increase especially in the short term foreign debts persisted, and the share of the short term debts within the debt stock considerably increased.

Although employment increased in 2013, the fact that participation labor was higher than the increase in employment influenced unemployment negatively. While an improvement was observed in the number of the employed thanks to the modest recovery of domestic demand in 2013, the slow growth and uncertainty in the economy caused heightened the employment rate. Number of the unemployed increased by 229 thousand people compared to the preceding year, and since the labor increase was more than the employed, unemployment rate rose to 9.7% with an increase by 0.5 point compared to the preceding year, and it accrued 0.8 above the target of the program of 2013, which was 8.9%.

Non-agricultural unemployment rate increased by 0.5 point to 12%, and young unemployment rate increased by 1.2 point to 18.7%. Compared to the preceding year, the number of those employed in the agriculture sector regressed to 6.015 thousand people decreasing by 1.3%, whereas the number of those employed in the industry sector rose to 6,738 thousand people increasing by 4.3%, and the number of those employed in the services sector rose to 12,771 thousand people increasing by 4.1%. In 2013, share of the agriculture sector within the total employment dropped to 23.66% decreasing by 1 point compared to the preceding year, whereas share of the industry sector elevated to 26.4% increasing by 0.4 point, and share of the services sector elevated to 50% increasing by 0.6 point.

PART II. TURKISH ECONOMY

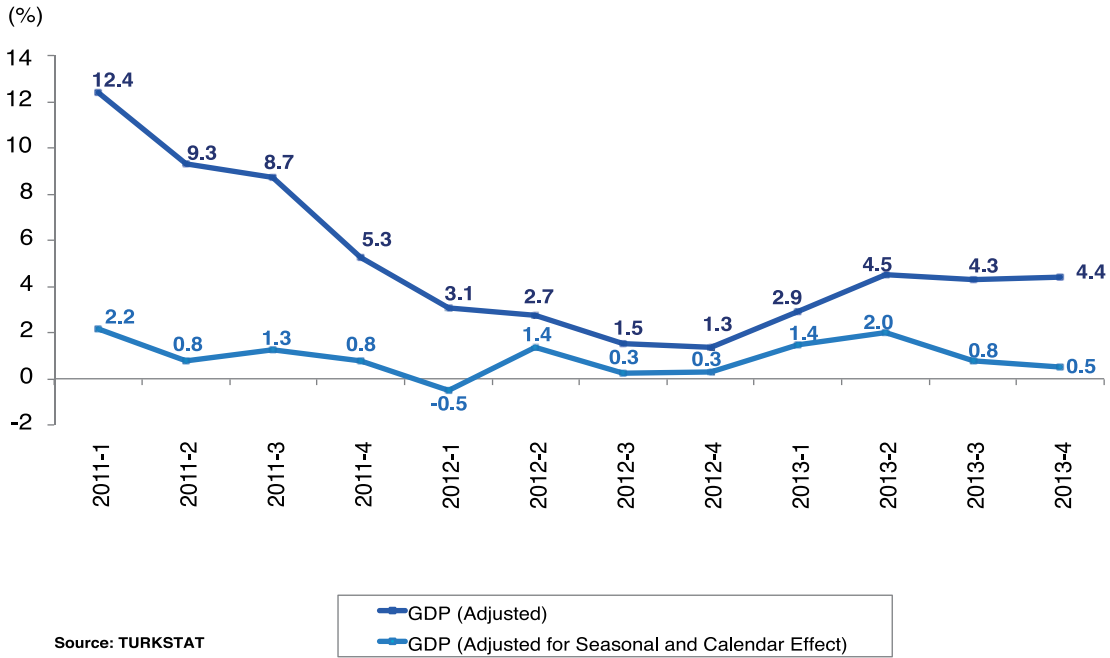
1. ECONOMIC INDICATORS

1.1 Gross Domestic Product

After the shrinkage by 4.8% in 2009 following the crisis, Turkish economy experienced a strong recovery with a growth of 9.2% in 2010 and 8.8% in 2011. In 2012, with the effect of the slowdown in the global economy, geopolitical tensions and high oil prices, growth rate declined to 2.1%.

In 2013, Turkish economy exhibited a modest recovery, with the increase of the GDP by 2.9% in the first quarter of the year, 4.5% in the second quarter, 4.3% in the third quarter and 4.4% in the last quarter, it carried on the process of growth that started in the last quarter of 2009 for 17 quarters. With the fixed prices adjusted for seasonal and calendar effects, GDP grew 1.4% in the first quarter, 2% in the second quarter, 0.8% in the third quarter and 0.5% the last quarter. Thus, growth rate of Turkish economy in 2013 rose to 4% exceeding the realization estimate in the Medium Term Program by 0.4 point (Graph 6).

Graph 6. Gross Domestic Product Variation Rates by Terms (as per 1998 Basic Prices)



In 2013, growth rate was negatively affected by the foreign demand decreasing due to the stagnation in global economy, postponement of private sector expenditures in consequence of the exacerbating political uncertainty, whereas increase of the public expenditures following the recovery in domestic demand and the inventory variations were the factors effecting it positively.

With respect to the main sectors, GDP grew in all sectors in 2013. While highest growth was in the services sector with 5.5%, the industrial sector grew by 3.4% and agricultural sector grew by 3.1%. With these changes, while agricultural sector growth rate remained at the same level as the preceding year, the increase in growth rate was 3.1 points in the services sector and 1.6 point in the industrial sector (Table 11, Graph 7).

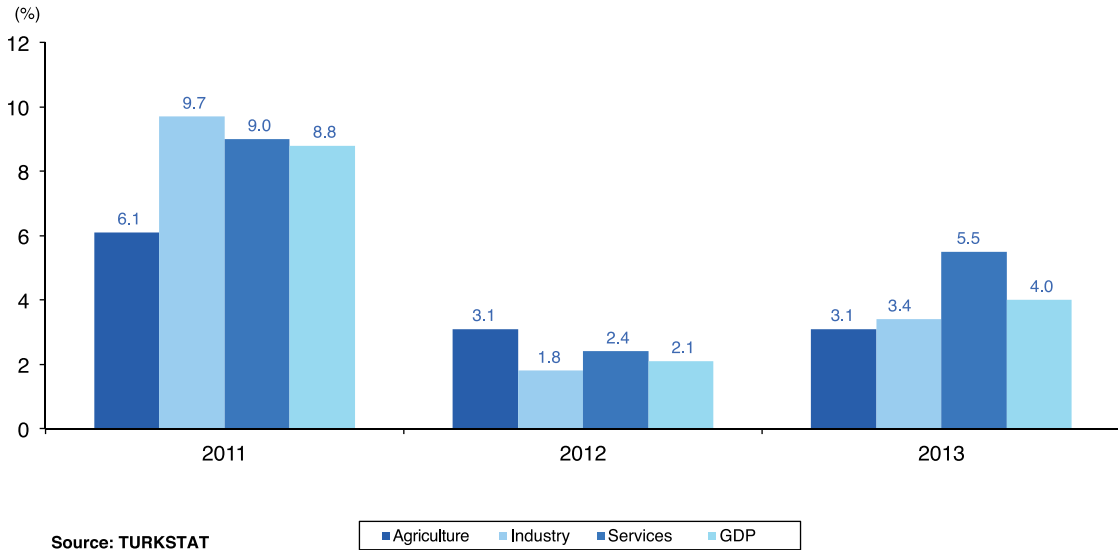
Table 11. Gross Domestic Product with Fixed Prices

(According to the Lines of Economic Activity and 1998 Basic Prices)

Lines of Economic Activity (NACE Rev 2)	Value (Thousand TL)			Share (%)			Variation (%)	
	2011	2012	2013	2011	2012	2013	2012	2013
Agriculture, forestry and fishery	10,604,053	10,935,277	11,276,485	9.2	9.3	9.2	3.1	3.1
Mining and quarrying	826,026	832,457	803,243	0.7	0.7	0.7	0.8	-3.5
Manufacturing industry	27,890,450	28,370,054	29,446,351	24.2	24.1	24.1	1.7	3.8
Electricity, gas, vapor, air-conditioner production and distribution	2,089,372	2,160,183	2,180,732	1.8	1.8	1.8	3.4	1.0
Water supply, sewerage, waste management and treatment activities	425,595	437,097	457,721	0.4	0.4	0.4	2.7	4.7
Construction	6,688,257	6,726,224	7,202,169	5.8	5.7	5.9	0.6	7.1
Wholesale and retail trading	14,867,312	14,866,979	15,591,431	12.9	12.6	12.7	0.0	4.9
Transportation and storage	14,285,282	14,572,533	15,068,305	12.4	12.4	12.3	2.0	3.4
Accommodation and catering activities	2,149,068	2,213,482	2,416,308	1.9	1.9	2.0	3.0	9.2
Information and communication	2,802,619	3,041,544	3,120,304	2.4	2.6	2.5	8.5	2.6
Finance and insurance activities	13,722,619	14,155,055	15,548,907	11.9	12.0	12.7	3.2	9.8
Real estate activities	5,473,019	5,579,332	5,680,260	4.8	4.7	4.6	1.9	1.8
Vocational, scientific and technical activities	2,579,821	2,749,286	2,930,751	2.2	2.3	2.4	6.6	6.6
Administrative and support service activities	2,025,142	2,106,471	2,211,254	1.8	1.8	1.8	4.0	5.0
Public administration and defense, compulsory social security	3,338,781	3,455,713	3,604,324	2.9	2.9	2.9	3.5	4.3
Education	2,165,334	2,258,422	2,361,048	1.9	1.9	1.9	4.3	4.5
Human health and social service activities	1,339,881	1,410,644	1,484,994	1.2	1.2	1.2	5.3	5.3
Culture, art, entertainment, recreation and sports	214,046	214,364	219,861	0.2	0.2	0.2	0.1	2.6
Other service activities	1,023,665	1,039,206	1,063,290	0.9	0.9	0.9	1.5	2.3
Household activities as employers	180,966	190,900	201,888	0.2	0.2	0.2	5.5	5.8
Total sectors	114,691,307	117,315,223	122,869,626	99.6	99.7	100.4	2.3	4.7
Indirectly measured financial intermediary services	9,359,556	9,675,179	10,879,822	8.1	8.2	8.9	3.4	12.5
Tax – subsidy	9,842,973	9,984,977	10,398,662	8.5	8.5	8.5	1.4	4.1
Gross Domestic Product (with Buyer prices)	115,174,724	117,625,021	122,388,466	100.0	100.0	100.0	2.1	4.0

Source: TURKSTAT.

Graph 7. Gross Domestic Product Growth Rates (As per 1998 Basic Prices)



In 2013, the highest growth in terms of lines of activity occurred in the indirectly measured financial intermediary services with 12.5%, followed by growth in finance and insurance activities with 9.8%, accommodation and catering activities with 9.2%, vocational, scientific and technical activities with 6.6% and household activities as employers with 5.8%. Downsizing by 3.5%, mining and quarrying was the only line of activity.

In 2013, GDP grew by 10.2% with current prices reaching to 1,561,510 million TL. This consisted of agriculture, industry and services sector with 115,942 million TL, 298,622 million TL and 969,149 million TL, respectively.

In 2013, share of the agriculture sector within GDP declined by 0,4 point to 8.4%, share of industry sector declined by 0.2 point to 21.6%, whereas share of the services sector rose by 0.6 point to 70% (Table 13, Graph 8).

Table 12. Gross Domestic Product with Current Prices

(With Basic Prices, by the Lines of Economic Activity)

Lines of Economic Activity (NACE Rev 2)	Value (Thousand TL)			Share (%)			Variation (%)	
	2011	2012	2013	2011	2012	2013	2012	2013
Agriculture, forestry and fishery	103,628,154	111,682,488	115,941,507	8.0	7.9	7.4	7.8	3.8
Mining and quarrying	19,132,941	21,200,360	21,889,461	1.5	1.5	1.4	10.8	3.3
Manufacturing industry	209,165,367	219,640,682	239,114,691	16.1	15.5	15.3	5.0	8.9
Electricity, gas, vapor, air-conditioner production and distribution	21,868,000	24,807,507	27,353,707	1.7	1.8	1.8	13.4	10.3
Water supply, sewerage, waste management and treatment activities	8,132,826	9,000,975	10,263,946	0.6	0.6	0.7	10.7	14.0
Construction	57,751,314	62,156,828	68,929,507	4.5	4.4	4.4	7.6	10.9
Wholesale and retail trading	154,648,322	168,295,981	187,751,473	11.9	11.9	12.0	8.8	11.6
Transportation and storage	151,009,007	170,629,116	186,330,157	11.6	12.0	11.9	13.0	9.2
Accommodation and catering activities	30,027,794	33,367,303	39,411,605	2.3	2.4	2.5	11.1	18.1
Information and communication	25,554,586	28,667,806	31,174,893	2.0	2.0	2.0	12.2	8.7
Finance and insurance activities	40,575,763	46,538,356	52,483,386	3.1	3.3	3.4	14.7	12.8
Real estate activities	133,125,068	142,799,084	154,602,110	10.3	10.1	9.9	7.3	8.3
Vocational, scientific and technical activities	36,821,572	42,703,469	48,908,249	2.8	3.0	3.1	16.0	14.5
Administrative and support service activities	24,604,314	28,346,756	31,859,478	1.9	2.0	2.0	15.2	12.4
Public administration and defense, compulsory social security	52,248,858	60,931,338	65,980,449	4.0	4.3	4.2	16.6	8.3
Education	42,730,855	49,432,468	55,578,686	3.3	3.5	3.6	15.7	12.4
Human health and social service activities	19,244,000	21,718,515	23,314,515	1.5	1.5	1.5	12.9	7.3
Culture, art, entertainment, recreation and sports	2,593,845	2,929,062	3,261,240	0.2	0.2	0.2	12.9	11.3
Other service activities	15,210,935	15,407,802	16,485,975	1.2	1.1	1.1	1.3	7.0
Household activities as employers	2,379,620	2,717,507	3,078,126	0.2	0.2	0.2	14.2	13.3
Total sectors	1,150,453,139	1,262,973,403	1,383,713,160	88.7	89.1	88.6	9.8	9.6
Indirectly measured financial intermediary services	17,323,639	21,925,706	25,195,305	1.3	1.5	1.6	26.6	14.9
Tax – subsidy	164,583,710	175,750,793	202,992,160	12.7	12.4	13.0	6.8	15.5
Gross Domestic Product (with Buyer prices)	1,297,713,210	1,416,798,490	1,561,510,015	100.0	100.0	100.0	9.2	10.2

Source: TURKSTAT.

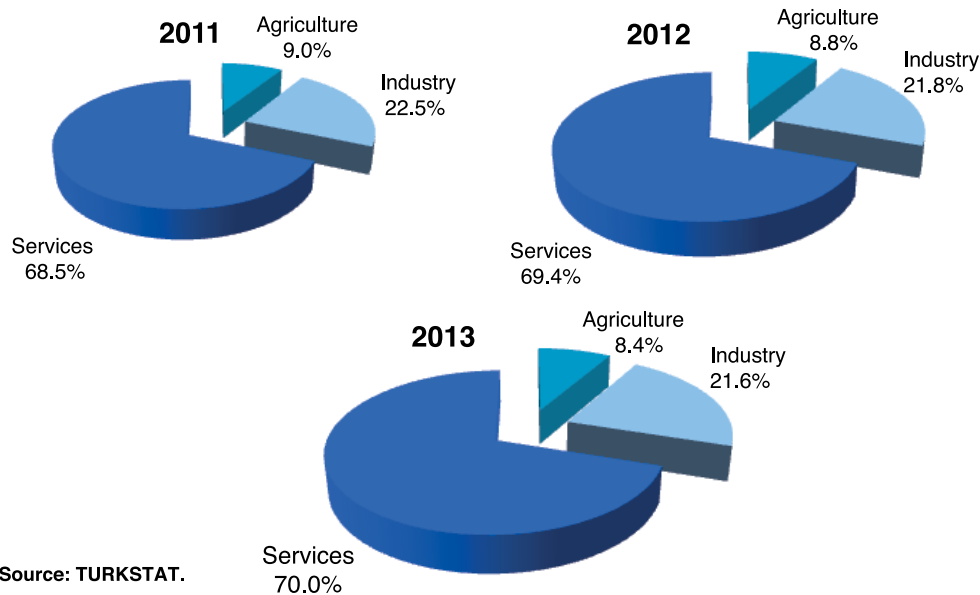
Table 13. Sectoral Shares in Gross Domestic Product ⁽¹⁾

Sectors	(with Current Prices %)		
	2011	2012	2013
Agriculture	9.0	8.8	8.4
Industry	22.5	21.8	21.6
Services	68.5	69.4	70.0
GDP	100.0	100.0	100.0

Source: TURKSTAT.

(1): Shares of the indirectly measured financial intermediary services and taxes-subsidies in GDP were calculated through distributing them according to their sectoral weights.

Graph 8. Sectoral Distribution of Gross Domestic Product (with Current Prices)



The highest contribution to the growth of 4% that took place in 2013 was made by finance and insurance activities with 1.18 point, followed by the activity lines of indirectly measured financial intermediary services with 1.02 point, manufacturing industry with 0.92 point, wholesale and retail trading with 0.62 point, transportation and storage with 0.42 point, construction with 0.40 point and agriculture, forestry and fishery with 0.29 point. Mining and quarrying was the only line of activity that contributed growth negatively with 0.02 point (Table 14).

With fixed prices, consumption expenditures of the resident households rose by 4.6% and final consumption expenditures of the state rose by 5.9% in 2013. The public sector capital investments which increased by 10.3% in 2012 escalated by 229% in 2013 driven by the rises of 29.1% in construction investments and 3.9% in machinery-equipment investments. Private sector capital investments dropped by 4.9% in 2012, whereas rose by 0.7% in 2013 with the effect of the growth of 1.3% in the machinery-equipment investment. While the increase in

the commodity and service export remained just at the level of 0.1% due to recession of the gold export in addition to the weak foreign demand, commodity and service export advanced by 8.5% as a result of the recovery experienced in the domestic demand (Table 15).

Table 14. Sectoral Contributions to Gross Domestic Product

(According to Lines of Economic Activity and 1998 Basic Prices, Points)

Lines of Economic Activity (NACE Rev 2)	GDP (Thousand TL)			Sectoral Contributions (Points)		
	2011	2012	2013	2011	2012	2013
Agriculture, forestry and fishery	10,604,053	10,935,277	11,276,485	0.57	0.29	0.29
Mining and quarrying	826,026	832,457	803,243	0.03	0.01	-0.02
Manufacturing industry	27,890,450	28,370,054	29,446,351	2.39	0.42	0.92
Electricity, gas, vapor, air-conditioner production and distribution	2,089,372	2,160,183	2,180,732	0.16	0.06	0.02
Water supply, sewerage, waste management and treatment activities	425,595	437,097	457,721	0.02	0.01	0.02
Construction	6,688,257	6,726,224	7,202,169	0.65	0.03	0.40
Wholesale and retail trading	14,867,312	14,866,979	15,591,431	1.41	0.00	0.62
Transportation and storage	14,285,282	14,572,533	15,068,305	1.27	0.25	0.42
Accommodation and catering activities	2,149,068	2,213,482	2,416,308	0.18	0.06	0.17
Information and communication	2,802,619	3,041,544	3,120,304	0.22	0.21	0.07
Finance and insurance activities	13,722,619	14,155,055	15,548,907	1.13	0.38	1.18
Real estate activities	5,473,019	5,579,332	5,680,260	0.11	0.09	0.09
Vocational, scientific and technical activities	2,579,821	2,749,286	2,930,751	0.21	0.15	0.15
Administrative and support service activities	2,025,142	2,106,471	2,211,254	0.17	0.07	0.09
Public administration and defense, compulsory social security	3,338,781	3,455,713	3,604,324	0.12	0.10	0.13
Education	2,165,334	2,258,422	2,361,048	0.10	0.08	0.09
Human health and social service activities	1,339,881	1,410,644	1,484,994	0.06	0.06	0.06
Culture, art, entertainment, recreation and sports	214,046	214,364	219,861	0.00	0.00	0.00
Other service activities	1,023,665	1,039,206	1,063,290	0.03	0.01	0.02
Household activities as employers	180,966	190,900	201,888	0.01	0.01	0.01
Total sectors	114,691,307	117,315,223	122,869,626	8.87	2.28	4.72
Indirectly measured financial intermediary services	9,359,556	9,675,179	10,879,822	0.98	0.27	1.02
Tax – subsidy	9,842,973	9,984,977	10,398,662	0.88	0.12	0.35
Gross Domestic Product (with Buyer prices)	115,174,724	117,625,021	122,388,466	8.77	2.13	4.05

Source: TURKSTAT.

Table 15. Gross Domestic Product according to the Expenditures Method

Expenditure Components	(With 1998 Prices)								
	Value (Thousand TL)			Share (%)			Variation (%)		
	2011	2012	2013	2011	2012	2013	2012	2013	
Gross Domestic Product	115,174,724	117,625,021	122,388,466	100.0	100.0	100.0	2.1	4.0	
Resident household consumption	78,796,580	78,425,017	82,068,957	68.4	66.7	67.1	-0.5	4.6	
Resident and non-resident households domestic consumption	82,518,321	82,746,921	86,797,700	71.6	70.3	70.9	0.3	4.9	
(Minus) Non-resident households domestic consumption	4,357,465	4,862,847	5,374,178	3.8	4.1	4.4	11.6	10.5	
Resident households foreign consumption	635,723	540,943	645,435	0.6	0.5	0.5	-14.9	19.3	
Final consumption expenditures of the state	11,854,890	12,583,586	13,331,685	10.3	10.7	10.9	6.1	5.9	
Salary, wage	5,376,746	5,569,524	5,785,895	4.7	4.7	4.7	3.6	3.9	
Purchase of goods and services	6,478,144	7,014,061	7,545,790	5.6	6.0	6.2	8.3	7.6	
Gross fixed capital formation	29,826,287	29,021,682	30,273,811	25.9	24.7	24.7	-2.7	4.3	
Public sector	4,321,032	4,767,103	5,858,999	3.8	4.1	4.8	10.3	22.9	
Machinery-equipment	821,969	1,170,301	1,216,078	0.7	1.0	1.0	42.4	3.9	
Construction	3,499,063	3,596,802	4,642,921	3.0	3.1	3.8	2.8	29.1	
Private sector	25,505,255	24,254,579	24,414,811	22.1	20.6	19.9	-4.9	0.7	
Machinery-equipment	17,705,531	16,462,655	16,677,405	15.4	14.0	13.6	-7.0	1.3	
Construction	7,799,724	7,791,925	7,737,406	6.8	6.6	6.3	-0.1	-0.7	
Inventory changes ⁽¹⁾	21,150	-1,698,793	169,165	0.0	-1.4	0.1	-	-	
Export of goods and services	27,509,654	31,997,795	32,039,210	23.9	27.2	26.2	16.3	0.1	
(Minus) Import of goods and services	32,833,837	32,704,266	35,494,361	28.5	27.8	29.0	-0.4	8.5	

Source: TURKSTAT.

(1): Inventory changes have been calculated according to the residue method, and include statistical error margin.

With current prices, consumption of resident households increased by 11.3% in 2013 compared to the preceding year. Within this consumption item, domestic consumption of resident and non-resident households increased by 11.7%, domestic consumption of non-resident households increased by 19.4% and foreign consumption of resident households increased by 24.6%. Final consumption of rates of the state rose by 12% in 2013 compared to the preceding year, whereas the rise in salaries and wages was 9.6%, 15% in purchase of goods and services (Table 16).

Table 16. Gross Domestic Product according to the Expenditures Method

(with Current Prices)

Expenditure Components	Value (Thousand TL)			Share (%)			Variation (%)	
	2011	2012	2013	2011	2012	2013	2012	2013
Gross Domestic Product	1.297.713.210	1.416.798.490	1.561.510.015	100,0	100,0	100,0	9,2	10,2
Resident household consumption	923.836.192	994.395.754	1.107.099.286	71,2	70,2	70,9	7,6	11,3
Resident and non-resident households domestic consumption	965.772.137	1.044.049.275	1.165.985.004	74,4	73,7	74,7	8,1	11,7
(Minus) Non-resident households domestic consumption	50.108.683	57.032.438	68.076.165	3,9	4,0	4,4	13,8	19,4
Resident households foreign consumption	8.172.738	7.378.917	9.190.447	0,6	0,5	0,6	-9,7	24,6
Final consumption expenditures of the state	180.707.807	210.309.693	235.574.927	13,9	14,8	15,1	16,4	12,0
Salary, wage	100.906.381	117.676.133	129.024.532	7,8	8,3	8,3	16,6	9,6
Purchase of goods and services	79.801.427	92.633.560	106.550.395	6,1	6,5	6,8	16,1	15,0
Gross fixed capital formation	283.163.196	287.121.164	317.445.713	21,8	20,3	20,3	1,4	10,6
Public sector	49.075.197	55.424.010	73.150.678	3,8	3,9	4,7	12,9	32,0
Machinery-equipment	7.347.602	10.423.895	11.897.132	0,6	0,7	0,8	41,9	14,1
Construction	41.727.595	45.000.115	61.253.546	3,2	3,2	3,9	7,8	36,1
Private sector	234.087.999	231.697.154	244.295.035	18,0	16,4	15,6	-1,0	5,4
Machinery-equipment	157.848.369	149.588.853	163.850.133	12,2	10,6	10,5	-5,2	9,5
Construction	76.239.630	82.108.302	80.444.903	5,9	5,8	5,2	7,7	-2,0
Inventory changes ⁽¹⁾	22.528.412	-1.884.299	4.063.153	1,7	-0,1	0,3	-	-
Export of goods and services	311.148.042	372.562.907	401.428.668	24,0	26,3	25,7	19,7	7,7
(Minus) Import of goods and services	423.670.438	445.706.730	504.101.732	32,6	31,5	32,3	5,2	13,1

Source: TURKSTAT.

(1): Inventory changes have been calculated according to the residue method, and include statistical error margin.

Public sector machinery-equipment fixed capital investments advanced by 14.1%, construction investments advanced by 36.1%, resulting in rise of public sector fixed capital investments by 32%. While private sector construction investments declined by 2% in 2013 compared to the preceding year, an increase by 9.5% was noted in machinery-equipment fixed capital investments, thus, resulting in a rise in private sector fixed capital investments was 5.4%.

According to expenditures method, the biggest contribution to GDP growth was made by domestic consumption of resident and non-resident households by 3.44 points, followed by the goods and services import with 2.37 points, inventor changes with 1.59 point, public sector investments with 0.93 point, and final consumption expenditures of the state with 0.64 point. Construction investments of the private sector contributed negatively with 0.05 point (Table 17).

Table 17. Contributions to Gross Domestic Product according to the Expenditures Method

Expenditure Components	GDP (Thousand TL)			Contributions to GDP (Points)		
				(With 1998 Prices, Points)		
	2011	2012	2013	2011	2012	2013
Gross Domestic Product	115,174,724	117,625,021	122,388,466	8.77	2.13	4.05
Resident household consumption	78,796,580	78,425,017	82,068,957	5.31	-0.32	3.10
Resident and non-resident households domestic consumption	82,518,321	82,746,921	86,797,700	5.54	0.20	3.44
(Minus) Non-resident households domestic consumption	4,357,465	4,862,847	5,374,178	0.14	0.44	0.43
Resident households foreign consumption	635,723	540,943	645,435	-0.09	-0.08	0.09
Final consumption expenditures of the state	11,854,890	12,583,586	13,331,685	0.50	0.63	0.64
Salary, wage	5,376,746	5,569,524	5,785,895	0.19	0.17	0.18
Purchase of goods and services	6,478,144	7,014,061	7,545,790	0.31	0.47	0.45
Gross fixed capital formation	29,826,287	29,021,682	30,273,811	4.30	-0.70	1.06
Public sector	4,321,032	4,767,103	5,858,999	-0.09	0.39	0.93
Machinery-equipment	821,969	1,170,301	1,216,078	-0.06	0.30	0.04
Construction	3,499,063	3,596,802	4,642,921	-0.03	0.08	0.89
Private sector	25,505,255	24,254,579	24,414,811	4.40	-1.09	0.14
Machinery-equipment	17,705,531	16,462,655	16,677,405	3.34	-1.08	0.18
Construction	7,799,724	7,791,925	7,737,406	1.05	-0.01	-0.05
Inventory changes ⁽¹⁾	21,150	-1,698,793	169,165	-0.25	-1.49	1.59
Export of goods and services	27,509,654	31,997,795	32,039,210	1.90	3.90	0.04
(Minus) Import of goods and services	32,833,837	32,704,266	35,494,361	2.99	-0.11	2.37

Source: TURKSTAT.

(1): Inventory changes have been calculated according to the residue method, and include statistical error margin.

In 2013, GDP per capita elevated to 20,531 TL according to the current prices with an increase by 8.9%, and 1,609 TL according to fixed prices with an increase by 2.8%. GDP rose from \$ 10,459 in 2012 to \$ 10,782 in 2013 with an increase by 3.1% (Table 18).

Table 18. Gross Domestic Product Per Capita ⁽¹⁾

Years	Mid-Year Population ⁽¹⁾ (Thousand People)	with Current Prices				with Fixed Prices	
		Turkish Lira (TL)	Variation (%)	US Dollar (\$)	Variation (%)	Turkish Lira (TL)	Variation (%)
2011	74,224	17,484	16.4	10,428	4.2	1,552	7.2
2012	75,176	18,846	7.8	10,459	0.3	1,565	0.8
2013	76,055	20,531	8.9	10,782	3.1	1,609	2.8

Source: TURKSTAT.

(1): GDP per capita figures were calculated using the mid-year population forecasts and projections.

1.2 Sectoral Developments

1.2.1 Agriculture

The climatic conditions which had a favorable course in general in 2013 influenced the agricultural production positively in the first two quarters. Consequently, The added value of the agricultural sector increased by 4.7%, 5.7%, 2.8%, and 0.9% in the first, second, third and fourth quarter of 2012, respectively, compared to the same quarters of the preceding year. Thus, a growth of 3.1% was recorded in the added value of the agriculture sector in 2013.

Production of cereals and other herbal products which dropped by 4.9% in 2012 exhibited rise by 8.1% in 2013. Having decreased by 5.2% with to the effect of the severe decline in yield due the draught suffered in 2012 especially in Central Anatolia, cereal production increased by 12.3% with the favorable curse of the weather conditions. In the cereal products group, the highest production rise compared to the preceding year was attained in corn (grains) production with 28.3%, followed by 11.3% in barley production, 9.7% in wheat production and 2.3% in rice production (Table 19, Graph 9).

The production amount of potato, legumes, edible roots and stems group increased by 4% in 2012 and decreased by 15.1% in 2013. In 2013, production of all the products in potato, legumes, edible roots and stems dropped, with the highest drop in sweet potato by 72.8%. Decrease occurred in green lentil production by 21.4%, in potato production by 17.7%, red lentil production by 3.7%, in white beans production by 2.5% and in chickpea production by 2.3%.

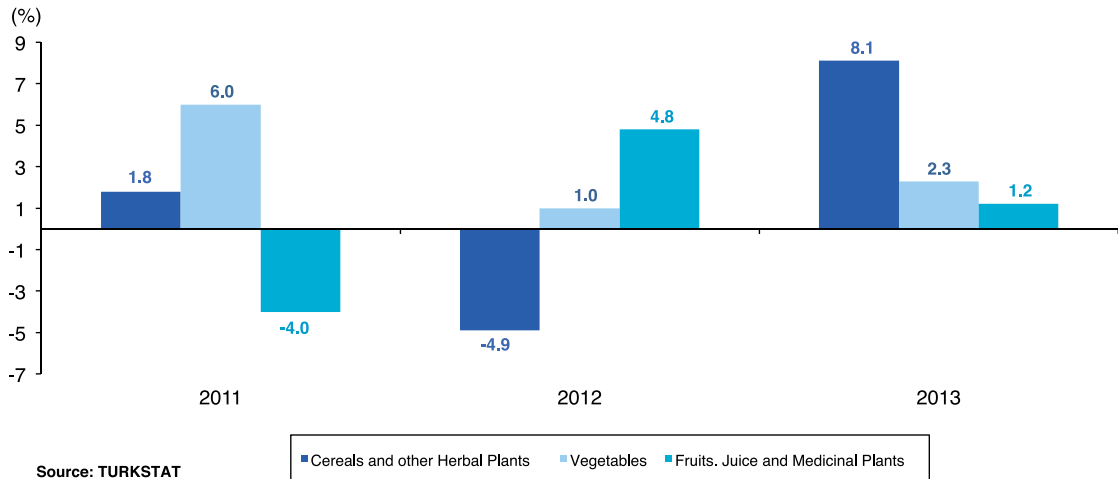
Table 19. Cereals and Other Herbal Products Production Amounts

Cereals and Other Herbal Products	Production (Ton)			Variation (%)	
	2011	2012	2013	2012	2013
Cereals	35,202,073	33,377,430	37,489,268	-5.2	12.3
Wheat	21,800,000	20,100,000	22,050,000	-7.8	9.7
Barley	7,600,000	7,100,000	7,900,000	-6.6	11.3
Corn (grains)	4,200,000	4,600,000	5,900,000	9.5	28.3
Rice	900,000	880,000	900,000	-2.2	2.3
Other	702,073	697,430	739,268	-0.7	6.0
Potato, legumes, edible roots and stems	5,780,950	6,013,514	5,103,865	4.0	-15.1
Potato	4,613,071	4,795,122	3,948,000	3.9	-17.7
Chickpea	487,477	518,000	506,000	6.3	-2.3
Lentil (red)	380,000	410,000	395,000	7.9	-3.7
Beans (white)	200,673	200,000	195,000	-0.3	-2.5
Sweet potato	35,010	26,815	7,294	-23.4	-72.8
Lentil (green)	25,952	28,000	22,000	7.9	-21.4
Other	38,767	35,577	30,571	-8.2	-14.1
Oily seeds	1,699,151	1,764,921	2,025,965	3.9	14.8
Sunflower	1,335,000	1,370,000	1,523,000	2.6	11.2
Colza (canola)	91,239	110,000	102,000	20.6	-7.3
Peanut	90,416	122,780	141,263	35.8	15.1
Soy	102,260	122,114	180,000	19.4	47.4
Poppy (seed)	44,000	3,844	19,244	-91.3	400.6
Other	36,236	36,183	60,458	-0.1	67.1
Tobacco ⁽¹⁾	45,435	73,285	90,000	61.3	22.8
Sugar beet ⁽¹⁾	16,126,489	14,919,940	16,226,623	-7.5	8.8
Other fodder plants (except straw and shells)	127,114	125,610	131,289	-1.2	4.5
Fodder beet	127,114	125,610	131,289	-1.2	4.5
Raw plants used in textile	2,580,020	2,320,006	2,250,001	-10.1	-3.0
Cotton (unseed)	2,580,000	2,320,000	2,250,000	-10.1	-3.0
Other	20	6	1	-70.0	-83.3
Plants used in perfumery, pharmacy and similar areas, and fodder plant seeds	150,999	110,014	135,725	-27.1	23.4
Vetch	107,844	104,342	114,218	-3.2	9.5
Poppy (capsule)	40,979	3,497	19,244	-91.5	450.3
Other	2,176	2,175	2,263	0.0	4.0
Total	61,712,231	58,704,720	63,452,736	-4.9	8.1

Source: TURKSTAT.

(1): Data of 2013 are interim.

Graph 9. Herbal Production Variation Rates



The drop in potato production amount was influenced by reduction of the cultivation areas due to marketing problem and low prices. The drop in legumes production was due to the reasons such as insufficiency of the state support, high workmanship cost, and the fact that producers tended towards alternative products such as sunflower and corn, which have low cost and high yield and state support.

The rise in oily seeds group that took place by 3.9% in 2012 advanced to 14.8% in 2013. The highest production rise within the oily seeds group was exhibited by poppy (seed) with 400.6%, followed by soy with 47.4%, peanut with 15.1% and sunflower with 11.2%. A drop of 7.3% occurred in 2013 in colza (canola) production which increased by 20.6% in 2012.

The tobacco production increase in 61.3% in 2012 emerged as 22.8% in 2013. The decline of 1.2% in fodder beet in 2012 turned into an increase by 4.5% in 2013. In the sugar beet production subject to quota, a decrease of 7.5% occurred in 2012 whereas an increase of 8.8% occurred in 2013. The increase in sugar beet production was driven by shift from carrot production to sugar beet production. Production of unseed cotton, which constitutes a substantial part of the raw materials used in textile, declined by 10.1% in 2012, continuing its decline trend in 2013 with 3%. The decline in cotton production is mainly due to shift in the cultivation areas to corn production.

The drop by 27,% observed in 2012 in production of the plants used in perfumery, pharmacy and similar fields and fodder plants turned into an increase of 23.4% in 2013. Under this group, an increase of 9.5% and 450.3% took place in vetch production and poppy (capsule) production, respectively.

In the vegetable products production, increase was attained by 1% in 2012 and 2.3% in 2013. Production of stem and root vegetables group declined by 9.3% in 2012 compared to the preceding year, but rose by 2.5% in 2013. Only the production of carrots among the selected products included in this group declined by 18.6%, whereas production of others rose. The highest rises were in radish production with 20.8%, onion production with 9.7%, and leek production with 4.8% (Table 20, Graph 9).

Table 20. Vegetables Production Amounts

Vegetables	Production (Ton)			Variation (%)	
	2011	2012	2013	2012	2013
Stem and root vegetables	3,425,622	3,108,193	3,187,276	-9.3	2.5
Onion (dry)	2,141,373	1,735,857	1,904,846	-18.9	9.7
Carrot	602,078	714,280	569,855	18.6	-20.2
Leek	246,144	229,359	240,391	-6.8	4.8
Onion (spring)	153,823	150,928	153,478	-1.9	1.7
Radish	142,024	131,375	158,766	-7.5	20.8
Other	140,180	146,394	159,940	4.4	9.3
Vegetables grown for their fruit	22,424,786	23,004,689	23,514,478	2.6	2.2
Tomato	11,003,433	11,350,000	11,820,000	3.1	4.1
Watermelon	3,864,489	4,022,296	3,887,324	4.1	-3.4
Cucumber	1,749,174	1,741,878	1,754,613	-0.4	0.7
Melon	1,647,988	1,688,687	1,699,550	2.5	0.6
Eggplant	821,770	799,285	826,941	-2.7	3.5
Pepper (long green)	879,846	910,725	946,506	3.5	3.9
Pepper (for pepper paste)	730,493	748,422	814,372	2.5	8.8
Bean	614,948	621,036	632,301	1.0	1.8
Pepper (sweet green)	364,930	383,213	398,470	5.0	4.0
Other	747,715	739,147	734,401	-1.1	-0.6
Other vegetables not elsewhere classified	1,697,054	1,707,325	1,746,364	0.6	2.3
Cabbage (round headed)	498,073	481,511	496,864	-3.3	3.2
Lettuce (iceberg)	217,378	205,463	212,189	-5.5	3.3
Spinach	221,632	222,225	220,274	0.3	-0.9
Cauliflower	162,134	169,097	158,996	4.3	-6.0
Lettuce (cabbage)	138,466	145,019	159,971	4.7	10.3
Cabbage (red)	121,824	133,234	138,329	9.4	3.8
Cabbage (leaf)	88,466	85,023	83,246	-3.9	-2.1
Parsley	54,956	56,614	57,619	3.0	1.8
Mushroom (cultivated)	27,058	33,750	34,494	24.7	2.2
Other	167,067	175,389	184,382	5.0	5.1
Total	27,547,462	27,820,207	28,448,118	1.0	2.3

Source: TURKSTAT.

The production amount of vegetables grown for their fruit increased by 2.6% in 2012 and 2.2% in 2013. Only the production of watermelon among the selected products included in this group declined by 3.4%, whereas production of other products rose. The highest production rises were seen in pepper for pepper paste with 8.8%, tomato with 4.1%, sweet green pepper with 4%, and long green pepper with 3.9%.

The production amount of the group of other vegetables not elsewhere classified only increased by 0.6% in 2012 and 2.3% in 2013. Drop was seen in production of cauliflower, leaf cabbage and spinach, but rise in production of other vegetables. The highest increases were in production of cabbage lettuce with 10.3%, red cabbage with 3.8%, iceberg lettuce with 3.3%, and round headed cabbage with 3.2%.

In production of fruit products, juice and medicinal plants, increase occurred in 2012 by 4.8 in 2012 and 1.2% in 2013. While the production amount of grapes which had an important share within the fruits group decreased by 4.2% in 2013, the production the other fruits and nuts group and the production of medicinal plants increased by 2.6% and 18.5%, respectively. In 2013, the total production of banana, fig, avocado and kiwi increased 6.9%, total production of other vegetables increased by 5.9%, and total production of citrus increased by 3.8%. In the banana, fig, avocado and kiwi group, the highest production increase was in production of fig with 8.7%, and the fruits with the highest production increase were mandarin in the citrus group with 7.7%, and pomegranate in the other fruits group with 21.6% (Table 21, Graph 9).

Production amount of olive and other nuts which rose by 14% in 2012 fell by 10,2% in 2013. In hazelnut production, there was increase by 53.5% in 2012, whereas decrease by 16.8% in 2013. Since it was the “off” year, a drop by 40.9% occurred in production of pistachio among the selected nuts, by 7.9% in production of olive production.

The production amount of medicinal plants increased by 0.4% in 2012 compared to the preceding year, and increased by 18.5% in 2013. Among the selected medicinal plants, the production of cumin and red pepper increased by 22.7% and 20%, respectively.

Tea production showed an increase of 1.5% in 2012 compared to the previous, but turned into decrease by 8% in 2013.

Table 21. Production Amounts of Fruits, Juice and Medicinal Plants

Fruit, Juice and Medicinal Plants	Production (Ton)			Variation (%)	
	2011	2012	2013	2012	2013
Grape	4,296,351	4,185,126	4,011,409	-2.6	-4.2
Other fruits and nuts	12,697,125	13,625,816	13,981,271	7.3	2.6
Banana, fig, avocado, kiwi (total)	497,556	521,439	557,619	4.8	6.9
Fig	260,508	275,002	298,914	5.6	8.7
Banana	206,501	207,727	215,472	0.6	3.7
Other	30,547	38,710	43,233	26.7	11.7
Citrus fruit (total)	3,613,766	3,475,024	3,681,159	-3.8	5.9
Orange	1,730,146	1,661,111	1,781,259	-4.0	7.2
Mandarin	872,251	874,832	942,226	0.3	7.7
Lemon	790,211	710,211	726,283	-10.1	2.3
Other	221,158	228,870	231,391	3.5	1.1
Other fruits (total)	5,980,455	6,657,999	7,073,884	11.3	6.2
Apple	2,680,075	2,888,985	3,128,450	7.8	8.3
Apricot	650,000	760,000	780,000	16.9	2.6
Peach	545,902	611,165	637,543	12.0	4.3
Cherry	438,550	470,887	494,325	7.4	5.0
Pear	386,382	442,646	461,826	14.6	4.3
Strawberry	302,416	351,834	372,498	16.3	5.9
Plum	268,696	300,046	305,393	11.7	1.8
Sour cherry	182,234	186,443	179,752	2.3	-3.6
Pomegranate	217,572	315,150	383,085	44.8	21.6
Other	308,628	330,843	331,012	7.2	0.1
Olive and other nuts (total)	2,605,348	2,971,354	2,668,609	14.0	-10.2
Olive	1,750,000	1,820,000	1,676,000	4.0	-7.9
Hazelnut	430,000	660,000	549,000	53.5	-16.8
Walnut	183,240	203,212	212,140	10.9	4.4
Pistachio	112,000	150,000	88,600	33.9	-40.9
Other	130,108	138,142	142,869	6.2	3.4
Medicinal plants	201,150	202,048	239,390	0.4	18.5
Red pepper	162,125	165,527	198,636	2.1	20.0
Cumin	13,193	13,900	17,050	5.4	22.7
Other	25,832	22,621	23,704	-12.4	4.8
Tea	1,231,141	1,250,000	1,150,000	1.5	-8.0
Total	17,194,626	18,012,990	18,232,070	4.8	1.2

Source: TURKSTAT.

(1): Tea is not included in the total fruit production.

Agricultural Subsidy Payments

Agricultural supports are applied within the framework of the Agriculture Law No. 5488 promulgated in 2006, towards the goal of contributing to solution of primary problems of the agriculture sector, increasing effectiveness of the policies applied, and facilitating adaptation of the sector to the policies. In this respect, agricultural production is guided through area-based agricultural supports, difference payment subsidy services, livestock breeding supports, rural development oriented agricultural supports, agricultural insurance supports and other agricultural oriented supports.

Agricultural subsidy payments which increased by 8.6% in 2012 demonstrated an increase of 17.4% in 2013. The highest increase in agricultural subsidy payments was seen in the rural development oriented agricultural subsidy payments with 129.6%. There was increase by 73.9% in environment-oriented agricultural fields, 30.9% in livestock breeding support payments, and 30.5% in cereals and legumes difference payment subsidy services. In area-based additional payments and tea production difference payment subsidy services, there was a decrease by 19.8 and 6.1%, respectively. In 2013, the largest share in subsidy payments was acquired by livestock breeding with 32.2%, followed by difference payment subsidy services with 29.4% and area-based agricultural subsidy payments with 26.8% (Table 22).

Table 22. Agricultural Subsidy Payments ⁽¹⁾

	(with Current Prices)							
	Value (Million TL)			Variation (%)		Share (%)		
	2011	2012	2013 ⁽²⁾	2012	2013	2011	2012	2013
Area-based agricultural subsidy payments	2,189	2,379	2,417	8.7	1.6	31.0	31.0	26.8
Area-based additional payments (organic agriculture, good agriculture, soil analysis)	150	172	138	14.7	-19.8	2.1	2.2	1.5
Diesel oil	508	581	612	14.4	5.3	7.2	7.6	6.8
Fertilizer	621	695	714	11.9	2.7	8.8	9.1	7.9
Use of certified seed and sapling	86	98	115	14.0	17.3	1.2	1.3	1.3
Protection of agricultural areas for environmental purposes (ÇATAK)	17	23	40	35.3	73.9	0.2	0.3	0.4
Hazelnut	709	710	713	0.1	0.4	10.0	9.3	7.9
Alternative product payments	8	1	1	-87.5	-	0.1	0.0	0.0
Tobacco	7	0	0	-100.0	-	0.1	0.0	0.0
Hazelnut	1	1	1	-	-	0.0	0.0	0.0
Compensating payments	90	99	122	10.0	23.2	1.3	1.3	1.4
Potato ward subsidy	8	0	0	-	-	0.1	0.0	0.0
Tea pruning compensation and costs	82	99	122	20.7	23.2	1.2	1.3	1.4
Differential payment subsidy services	2,504	2,379	2,650	-5.0	11.4	35.4	31.0	29.4
Cereals and legumes	1,063	613	800	-42.3	30.5	15.0	8.0	8.9
Tea	149	147	138	-1.3	-6.1	2.1	1.9	1.5
Products with supply deficit ⁽³⁾	1,292	1,619	1,712	25.3	5.7	18.3	21.1	19.0
Livestock breeding subsidy payments	1,728	2,216	2,900	28.2	30.9	24.5	28.9	32.2
Rural development oriented agricultural subsidy ⁽⁴⁾	249	196	450	-21.3	129.6	3.5	2.6	5.0
Agricultural insurance subsidy services	239	263	321	10.0	22.1	3.4	3.4	3.6
Other agricultural supports	42	120	144	185.7	20.0	0.6	1.6	1.6
Total	6,951	7,553	8,882	8.7	17.6	98.4	98.4	98.6
Relief payments for farmers affected by disasters	0	0	0	-	-	0.0	0.0	0.0
GAP Action Plan rural development and livestock breeding supports	114	120	127	5.3	5.8	1.6	1.6	1.4
Grand Total	7,065	7,673	9,009	8.6	17.4	100.0	100.0	100.0

Source: MoD.

(1): 2011-2012 relevant institution budget final account data.

(2): Realization estimate.

(3): It is given for unseed cotton, olive oil, sunflower, soy bean, canola, safflower and grain corn.

(4): Of the budget amount, 52,3 million TL in 2011, 159 million TL in 2012 and 120 million TL in 2013 are the grants by the Agriculture and Rural Development Support Institution.

1.2.2 Industry

The added value of the industrial sector increased by 1.4%, 3.4%, 4.3% and 4.6% in the first, second, third and fourth quarters of 2013, respectively, in terms of fixed prices, compared to the same quarters of the preceding year. Throughout 2013, the industrial sector added value increased by 3.4%. As regards to subsectors, while a drop of 3.5% occurred in added value of mining and quarrying sectors, a rise of 3.8%, 1% and 4.7% occurred in the added value of the manufacturing sector, the electricity, gas, steam and air conditioner production and distribution sector, water supply, waste management and treatment activities sector, respectively (Table 23).

Table 23. Industry Sector Added Value Variation Rates

Sectors	(With 1998 Basic Prices)		
	2011	2012	2013
Mining and quarrying	3.9	0.8	-3.5
Manufacturing industry	10.0	1.7	3.8
Electricity, gas, vapor, air-conditioner production and distribution	9.0	3.4	1.0
Water supply, sewerage, waste management and treatment activities	6.5	2.7	4.7
Total industry	9.7	1.8	3.4

Source: TURKSTAT.

While the share of the industry sector within GDP was 21.8% in 2012, it declined to 21.6% in 2013. As regards to subsectors, shares of the mining and quarrying sectors, manufacturing sector, electricity, gas, steam and air conditioner production and distribution sector, and water supply, waste management and treatment activities sector were 1.6%, 17.3%, 2% and 0.7%, respectively. In 2013, while shares of the mining and quarrying sector and manufacturing sector declined compared to the preceding year, shares of water supply, sewerage, waste management and treatment activities sector and of electricity, gas, steam and air conditioner production and distribution sector remained fixed (Table 24).

Table 24. Share of Industry Sector Added Value in GDP

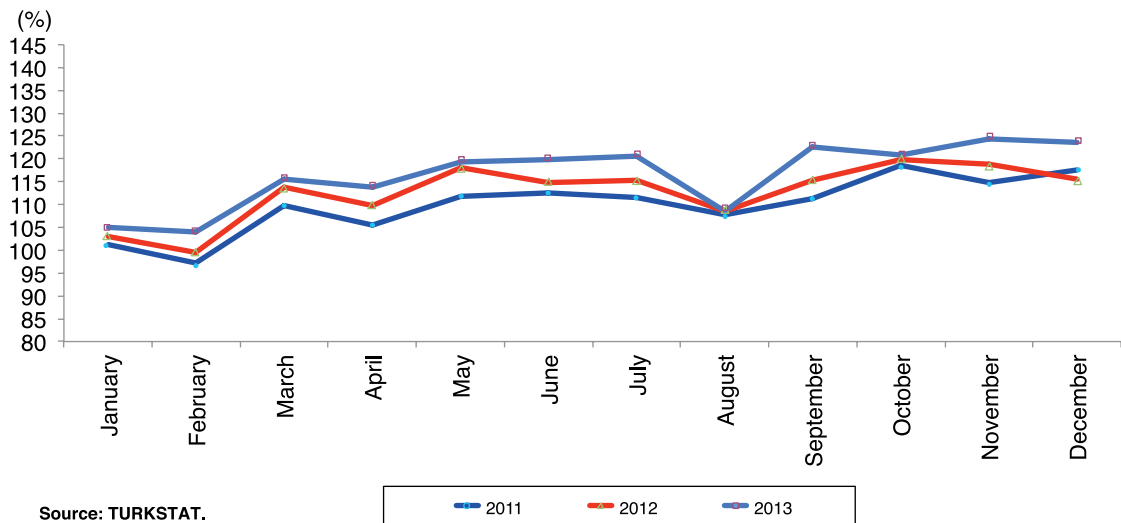
Sectors	(Cari fiyatlarla)		
	2011	2012	2013
Mining and quarrying	1.7	1.7	1.6
Manufacturing industry	18.2	17.4	17.3
Electricity, gas, vapor, air-conditioner production and distribution	1.9	2.0	2.0
Water supply, sewerage, waste management and treatment activities	0.7	0.7	0.7
Total industry	22.5	21.8	21.6

Source: TURKSTAT.

(1): Shares in the GDP were calculated through distributing the indirectly measured financial intermediary services and taxes-subsidies according to the sectoral weights.

The industrial production which exhibited an increase, albeit slow, in general until August 2013, saw a sharp decline over the expectations in August, when economical effects of the Ramadan Feast were observed. The increase in production that was disrupted due the Sacrifice Feast in October accelerated in November, reaching the peak level of the year in August (Graph 10).

Graph 10. Industrial Production Index adjusted for Calendar Effect (2010=100)



The limited increase suffered in 2012 in the industrial production index continued in 2013 depending on the domestic demand. The industrial production which rose by 2.6 in the first quarter, 2.9% in the second quarter, 3.8% in the third quarter and 4.1% in the last quarter of 2013 accrued as 3.4% annually with an increase by 0.9 point compared to the preceding year (Table 25).

Table 25. Industrial Production Index

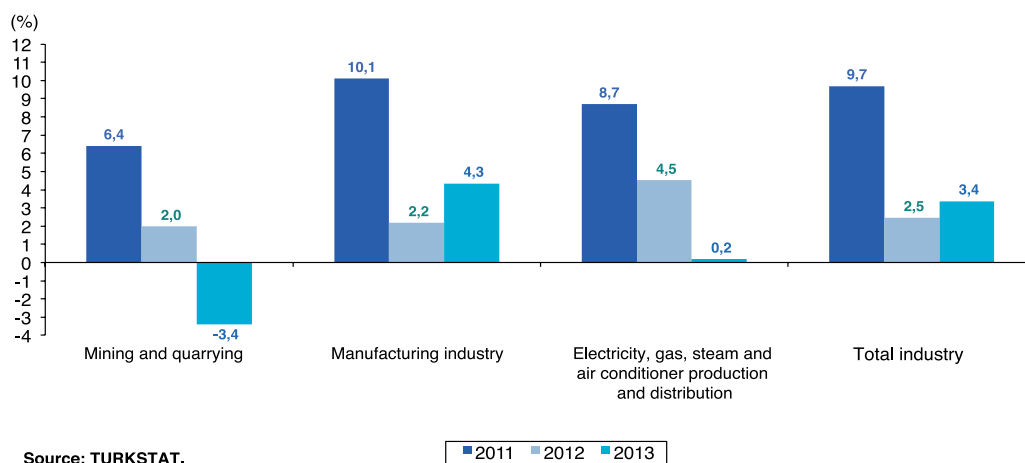
Sectors	(2010=100)				
	Production Index ⁽¹⁾			Variation (%)	
	2011	2012	2013	2012	2013
Mining and quarrying	106.6	108.7	105.0	2.0	-3.4
Manufacturing industry	110.4	112.8	117.7	2.2	4.3
Electricity, gas, vapor, air-conditioner production and distribution	108.7	113.6	113.8	4.5	0.2
Total industry	110.0	112.7	116.5	2.5	3.4

Source: TURKSTAT.

(1): Annual average values adjusted for calendar effect.

As regards to subsectors of the industry, in 2013, while mining and quarrying sector production saw a decline by 3.4% compared to the preceding year, there were rises by 4.3% in the manufacturing industry sector production and 0.2 in the electricity, gas and steam sector. When compared the variation rates demonstrated by the industrial sector production index with the data of the preceding year, it is seen that there is a drop by 5.4 points in the mining and quarrying sector and 4.3 points in the electricity, gas and water sector, yet, a rise by 2.1 points in the manufacturing industry sector (Graph 11).

Graph 11. Industrial Production Index Variation Rates by Sectors



Source: TURKSTAT.

According to the industrial production index main industrial groups classification, in 2013, manufacturing of capital goods increased by 4.3%, manufacturing of non-durable consumer goods increased by 3.4%, and manufacturing of durable consumer goods increased by 3.2%, whereas energy group decreased by 1.4%. The capital goods manufacturing which exhibited the highest increase in 2013 with 6% is seen to have a variation in the direction of decline with 1.5% in 2012, and the energy group which was the only sector exhibiting a variation in the direction of decline in 2013 with 1.4% is seen to have a variation in the direction of rise with 2.9% in 2012 (Table 26, Graph 12).

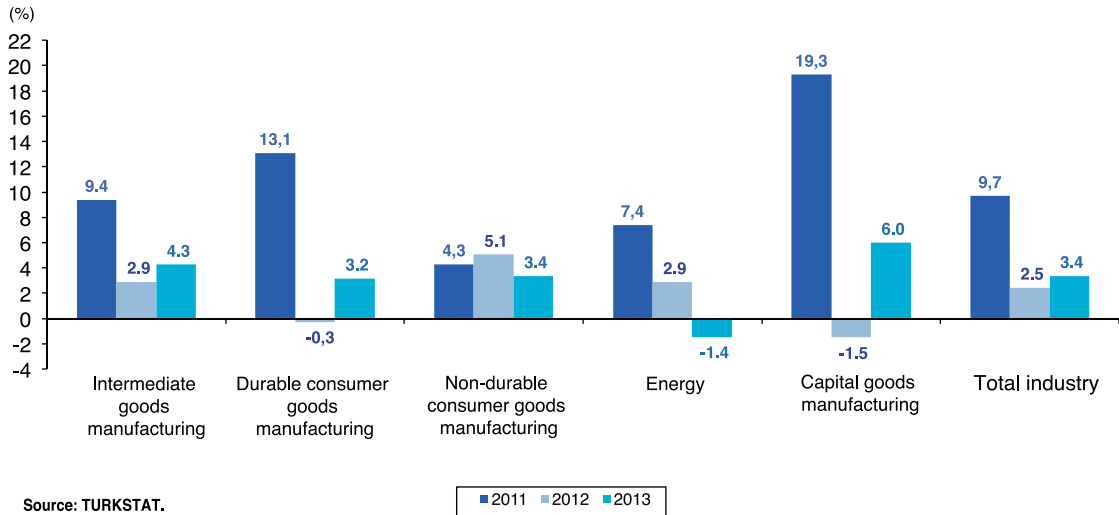
Table 26. Industrial Production Index by Main Industrial Groups

Main Industrial Groups	Production Index ⁽¹⁾			Variation (%)	
	2011	2012	2013	2012	2013
Intermediate goods manufacturing	109.5	112.7	117.5	2.9	4.3
Durable consumer goods manufacturing	113.7	113.4	117.0	-0.3	3.2
Non- durable consumer goods manufacturing	104.9	110.2	113.9	5.1	3.4
Energy	107.4	110.5	108.9	2.9	-1.4
Capital goods manufacturing	120.0	118.2	125.3	-1.5	6.0
Total industry	110.0	112.7	116.5	2.5	3.4

Source: TURKSTAT.

(1): Annual average values adjusted for calendar effect.

Graph 12. Variation Rates of Industrial Production Index by Main Industrial Groups



1.2.2.1 Mining and Quarrying

The added value of the mining and quarrying sector scaled down by 4.5%, 3.3%, 2.5% and 4.1% in the first, second, third and fourth quarters of 2013, respectively, in terms of fixed prices, compared to the same quarters of the preceding year. In 2013, mining and quarrying sector was the only sector which shrank down with a decrease of 3.5% in its added value compared to the preceding year.

Mining and quarrying sector production that demonstrated an annual increase by 2% in 2012 declined by 3.4% in 2013. As regards to subsectors, while there was an increase by crude oil and natural gas extraction production by 2.2% in 2013 and 2.8% in other mining and quarrying production, decrease by 15.2% in charcoal and lignite extraction production and 1.7% in metal ores mining production was recorded. When compared the variation rates recorded in 2013 for mining and quarrying sector production index on subsectors basis with the results of 2012; the highest decline variation was in metal ores mining subsector with a drop by 12.7 points, and highest rise variation was in the crude oil and natural gas extraction with 4.4 points (Table 27).

Table 27. Mining and Quarrying Production Index

(2010=100)

Subsectors (NACE Rev. 2)	Production Index ⁽¹⁾			Variation (%)	
	2011	2012	2013	2012	2013
Charcoal and lignite extraction	105.3	99.5	84.4	-5.5	-15.2
Crude oil and natural gas extraction	94.2	92.1	94.1	-2.2	2.2
Metal ores mining	114.1	126.7	124.6	11.0	-1.7
Other mining and quarrying	108.3	110.8	113.9	2.3	2.8
Total (mining and quarrying)	106.6	108.7	105.0	2.0	-3.4

Source: TURKSTAT.

(1): Annual average values adjusted for calendar effect.

1.2.2.2 Manufacturing Industry

The added value of the manufacturing industry grew by 1.8%, 3.6%, and 4.9 % in the first, second, third and fourth quarters of 2013, respectively, compared to the same quarters of the preceding year. As of the end of the year, the added value of the manufacturing industry increased 3.8% compared to the preceding year.

The manufacturing industry production index that exhibited an annual rise by 2.2% in 2012 followed a fluctuating course in 2013. The lowest value of the year was below 1% with the effect of the religious holidays in August and October and highest rise was in December with 7.4%. Thus, manufacturing industry production index variation rate rose to 4.3% with an increase by 2.1% compared to the previous year (Table 28).

In 2013, as regards to subsectors the highest annual production increase in the manufacturing industry was in the furniture manufacturing sector with 11%, followed by the production increases in the electrical devices manufacturing sector with 9.8%, and in machinery and equipment installation and repair manufacturing sector with 9%. The highest annual decline in the manufacturing industry subsectors was seen in the other transportation vehicles manufacturing sectors with 6%.

Table 28. Manufacturing Industry Production Index

Subsectors (NACE Rev. 2)	(2010=100)				
	Production Index ⁽¹⁾			Variation (%)	
	2011	2012	2013	2012	2013
Manufacture of foodstuff	106.9	110.4	116.6	3.3	5.6
Manufacture of drinks	101.9	110.0	107.6	8.0	-2.2
Manufacture of tobacco products	97.0	116.4	113.9	20.0	-2.2
Manufacture of textile products	101.9	106.3	110.7	4.3	4.1
Manufacture of garments	98.6	104.8	107.0	6.3	2.2
Manufacture of leather and related products	103.1	99.0	102.6	-4.0	3.7
Manufacture of wood, wooden products and mushroom products (except furniture)	113.0	112.7	113.6	-0.2	0.8
Manufacture of paper and paper products	109.4	114.6	119.8	4.8	4.5
Printing and duplication of recorded media	120.1	123.4	130.4	2.8	5.6
Manufacture of coke and refined petroleum products	108.4	110.7	106.8	2.1	-3.5
Manufacture of chemicals and chemical products	106.9	108.7	112.7	1.7	3.7
Manufacture of basic pharmacy products and pharmacy-related materials	109.4	123.0	117.2	12.5	-4.7
Manufacture of rubber and plastic products	112.0	111.9	115.7	-0.2	3.5
Manufacture of other non-metallic mineral products	106.2	106.4	110.3	0.2	3.7
Main metal industry	111.0	116.9	123.1	5.3	5.3
Manufacture of fabrication metal products (except machinery and equipment)	119.6	126.6	131.4	5.8	3.8
Manufacture of computers, electronic and optical products	107.4	123.3	128.7	14.8	4.5
Manufacture of electrical devices	113.2	116.1	127.4	2.5	9.8
Manufacture of machinery and equipment not elsewhere classified	128.4	129.4	139.5	0.7	7.8
Manufacture of motor-vehicles, trailers, and semi-trailers	117.8	111.6	119.5	-5.3	7.1
Manufacture of other transportation vehicles	127.0	107.8	101.3	-15.2	-6.0
Manufacture of furniture	116.8	106.2	117.9	-9.1	11.0
Other manufactures	108.3	113.7	113.6	5.0	-0.1
Installation and repair of machinery and equipment	104.9	98.4	107.2	-6.2	9.0
Total (manufacturing industry)	110.4	112.8	117.7	2.2	4.3

Source: TURKSTAT.

(1): Annual average values adjusted for calendar effect.

In 2013, while capacity utilization rate could not reach the pre-crisis levels, it rose from 74.2 to 74.6% with an increase by 0.4 point compared to 2012. The fact that capacity utilization rate remained below the pre-crisis period is attributable to strong course of the investments in general since the pre-crisis years (Table 29).

Table 29. Manufacturing Industry Capacity Utilization Rates

(Weighted Average, %)

Subsectors (NACE Rev. 2)	Capacity Utilization Rates			Variation (Points)	
	2011	2012	2013	2012	2013
Manufacture of foodstuff	70.3	71.7	71.9	1.4	0.2
Manufacture of drinks	65.8	66.7	64.8	0.9	-1.9
Manufacture of tobacco products	67.7	66.2	69.0	-1.5	2.8
Manufacture of textile products	76.6	78.0	79.3	1.4	1.3
Manufacture of garments	76.4	77.7	77.4	1.3	-0.3
Manufacture of leather and related products	70.3	69.7	66.5	-0.6	-3.2
Manufacture of wood, wooden products and mushroom products	77.6	75.8	75.6	-1.8	-0.2
Manufacture of paper and paper products	76.9	77.3	79.1	0.4	1.8
Printing and duplication of recorded media	71.7	69.2	71.7	-2.5	2.5
Manufacture of coke and refined petroleum products	75.3	76.7	73.1	1.4	-3.6
Manufacture of chemicals and chemical products	82.6	80.5	77.8	-2.1	-2.7
Manufacture of basic pharmacy products and pharmacy-related materials	74.7	70.6	71.4	-4.1	0.8
Manufacture of rubber and plastic products	76.2	72.1	72.6	-4.1	0.5
Manufacture of other non-metallic mineral products	78.8	76.4	76.7	-2.4	0.3
Main metal industry	77.9	77.6	77.4	-0.3	-0.2
Manufacture of fabrication metal products (except machinery and equipment)	70.7	71.0	71.9	0.3	0.9
Manufacture of computers, electronic and optical products	76.7	76.1	81.0	-0.6	4.9
Manufacture of electrical devices	78.0	77.5	75.9	-0.5	-1.6
Manufacture of machinery and equipment not elsewhere classified	75.0	75.2	76.3	0.2	1.1
Manufacture of motor-vehicles, trailers, and semi-trailers	76.4	70.8	74.3	-5.6	3.5
Manufacture of other transportation vehicles	71.5	73.1	68.3	1.6	-4.8
Manufacture of furniture	72.6	69.8	71.4	-2.8	1.6
Other manufactures	59.7	57.0	54.9	-2.7	-2.1
Installation and repair of machinery and equipment	76.2	76.4	80.7	0.2	4.3
Total (manufacturing industry)	75.4	74.2	74.6	-1.2	0.4

Source: CBRT.

In 2013, the highest capacity utilization rate among the manufacturing industry subsectors was in the subsector manufacture of computers, electronic and optical product with 81%, followed by the subsectors of installation and repair of machinery and equipment with 80.7% and manufacture of textile products with 79.3%. The subsectors which had the lowest capacity utilization rate in 2013 were other manufactures with 54.9%, manufacture of drinks with 64.8%, manufacture of leather and related products with 66.5%.

While the highest decline in manufacturing industry capacity utilization rate in 2012 compared to the preceding year was in the sector of manufacture of sector motor land vehicles, trailers and semi-trailers with 5.6 points the highest decline in 2013 compared to the preceding year occurred in the subsector of manufacture of other transportation vehicles with 4.8 points. The sector where capacity utilization rate increased most in 2012 compared to the preceding year was manufacture of other transportation vehicles with 1.6 point, whereas the same was the subsector of manufacture of computers, electronic and optical products in 2013 with 4.9 points.

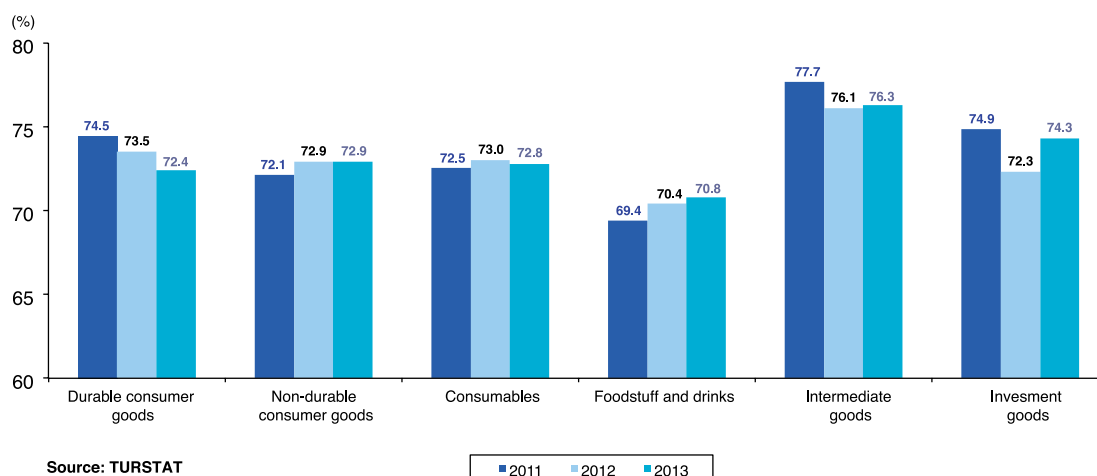
In 2013, compared to the preceding year, the capacity utilization rates by commodity groups declined by 1.1 point to 72.4 in the durable consumer goods group, 0.2 point in the consumables group, whereas it rose by 2 points to 74.3%, 0.4 point to 70.8% in the foodstuff and drinks group, 0.2 point to 76.3% in the intermediate goods group, but remained at 72.9% in the non-durable consumer goods group without variation compared to the preceding year. The commodity group which had the highest capacity utilization rate in 2013 was the intermediate goods group with 76.3% (Table 30, Graph 13).

Table 30. Capacity Utilization Rates by Commodity Groups

Commodity Groups	(Weighted Average, %)				
	Capacity Utilization Rates			Variation (Points)	
	2011	2012	2013	2012	2013
Durable consumer goods	74.5	73.5	72.4	-1.0	-1.1
Non-durable consumer goods	72.1	72.9	72.9	0.8	0.0
Consumables	72.5	73.0	72.8	0.5	-0.2
Foodstuff and drinks	69.4	70.4	70.8	1.0	0.4
Intermediate goods	77.7	76.1	76.3	-1.6	0.2
Investment goods	74.9	72.3	74.3	-2.6	2.0

Source: CBRT.

Graph 13. Capacity Utilization Rates by Commodity Groups (Weighted Average, %)



Industrial Capacity Report Statistics

The industrial capacity report is a certificate showing the production power of all public and private sector institutions which carry out industrial production, effective for 3 years following the approval date. The responsibility for publishing industrial capacity report has been vested in the Union of the Chambers and Commodity Exchanges of Turkey (TOBB). In this respect, TOBB has been announcing industrial capacity report statistics annually since 2011.

According to the industrial capacity reports for 2013, number of the the industrial capacity reports which were still current as of the end of 2013 was 83,697. The number of capacity reports which were current as of the end of 2013 increased by 6,066 compared to the number of capacity reports which were current at the end of 2011.

While the activity group which had the highest number of industrial capacity reports which were current in 2013 according to the number of main activity groups was the manufacture of foodstuff with 13.8%, it was followed by the manufacture of fabrication metal products with 10.1%, manufacture of textile products with 8.3%, and manufacture of machinery and equipment not elsewhere classified with 7.6%. Among the activity groups which had the least number of the current capacity reports were the forestry and industrial and firewood production activity with 3 capacity reports, crude oil and natural gas extraction activity with 10 capacity reports, and fishing and aquaculture with 11 reports. When compared the number of capacity reports current in 2013 with the preceding year, the highest drop was seen in the reports of the other services activity with 54.5%, whereas the highest rise was in the reports of fishery and aquaculture with 83.3% (Table 31).

Table 31. Industrial Capacity Report Numbers by Main Activity Groups ⁽¹⁾

Subsectors (NACE Rev. 2)	Number of Capacity Reports			Share (%)			Variation (%)	
	2011	2012	2013	2011	2012	2013	2012	2013
Manufacture of foodstuff	10,414	11,565	11,580	15.3	14.9	13.8	11.1	0.1
Manufacture of fabrication metal products (except machinery and equipment)	6,443	7,453	8,470	9.4	9.6	10.1	15.7	13.6
Manufacture of textile products	5,906	6,526	6,912	8.7	8.4	8.3	10.5	5.9
Manufacture of machinery and equipment not elsewhere classified	4,990	5,764	6,360	7.3	7.4	7.6	15.5	10.3
Manufacture of rubber and plastic products	4,572	5,315	5,787	6.7	6.8	6.9	16.3	8.9
Manufacture of other non-metallic mineral products	4,113	4,680	5,079	6.0	6.0	6.1	13.8	8.5
Manufacture of garments	3,872	4,379	4,845	5.7	5.6	5.8	13.1	10.6
Manufacture of chemicals and chemical products	2,873	3,191	3,295	4.2	4.1	3.9	11.1	3.3
Other mining and quarrying	2,665	3,021	3,161	3.9	3.9	3.8	13.4	4.6
Manufacture of furniture	2,386	2,742	3,109	3.5	3.5	3.7	14.9	13.4
Manufacture of electrical devices	1,893	2,257	2,529	2.8	2.9	3.0	19.2	12.1
Main metal industry	2,054	2,375	2,488	3.0	3.1	3.0	15.6	4.8
Manufacture of wood, wooden products and mushroom products (except furniture); manufacture of objects woven with reed, straw and similar materials	1,599	1,813	2,037	2.3	2.3	2.4	13.4	12.4
Manufacture of motor land vehicles, trailers, and semi-trailers	1,581	1,761	1,855	2.3	2.3	2.2	11.4	5.3
Office management, office support and business support activities	1,563	1,771	1,849	2.3	2.3	2.2	13.3	4.4
Catering activities	1,427	1,614	1,691	2.1	2.1	2.0	13.1	4.8
Other manufactures	1,158	1,334	1,451	1.7	1.7	1.7	15.2	8.8
Collection, treatment and disposal of waste; recovery of materials	965	1,231	1,408	1.4	1.6	1.7	27.6	14.4
Printing and duplication of recorded media	1,054	1,200	1,376	1.5	1.5	1.6	13.9	14.7
Manufacture of paper and paper products	1,071	1,186	1,345	1.6	1.5	1.6	10.7	13.4
Manufacture of leather and related products	961	1,094	1,196	1.4	1.4	1.4	13.8	9.3
Manufacture of computers, electronic and optical products	721	852	937	1.1	1.1	1.1	18.2	10.0
Manufacture of other transportation vehicles	428	518	570	0.6	0.7	0.7	21.0	10.0
Wholesale, retail trade and repair of motor-vehicles and motorcycles	482	500	565	0.7	0.6	0.7	3.7	13.0
Manufacture of drinks	480	541	558	0.7	0.7	0.7	12.7	3.1
Herbal and animal production, hunting and related service activities	262	420	511	0.4	0.5	0.6	60.3	21.7
Wholesale trading (except motor land vehicles and motorcycles)	172	357	457	0.3	0.5	0.5	107.6	28.0
Manufacture of coke and refined petroleum products	503	490	433	0.7	0.6	0.5	-2.6	-11.6
Production and distribution of electricity, gas, vapor, and aeration systems	230	293	407	0.3	0.4	0.5	27.4	38.9
Metal ores mining	252	278	301	0.4	0.4	0.4	10.3	8.3
Charcoal and lignite extraction	245	253	264	0.4	0.3	0.3	3.3	4.3
Storage and auxiliary activities for transportation	-	150	218	0.0	0.2	0.3	-	45.3
Computer programming, consulting and relevant activities	132	185	199	0.2	0.2	0.2	40.2	7.6
Manufacture of basic pharmacy products and pharmacy-related materials	130	156	182	0.2	0.2	0.2	20.0	16.7
Installation and repair of machinery and equipment	203	140	142	0.3	0.2	0.2	-31.0	1.4
Other service activities	306	176	80	0.4	0.2	0.1	-42.5	-54.5
Manufacture of tobacco products	25	27	26	0.0	0.0	0.0	8.0	-3.7
Fishery and aquaculture	21	6	11	0.0	0.0	0.0	-71.4	83.3
Crude oil and natural gas extraction	36	15	10	0.1	0.0	0.0	-58.3	-33.3
Forestry, industrial and fuel wood production	7	2	3	0.0	0.0	0.0	-71.4	50.0
Total ⁽²⁾	68,195	77,631	83,697	100.0	100.0	100.0	13.8	7.8

Source: TOBB.

Note: 1. Numbers of capacity reports current as of the respective year end.

2. Since a capacity report may contain products included in more than one sector, the total may be different from other table data.

Of the capacity reports still current in 2013; 38.9% belong to the companies with 1 to 9 employee(s), 46.8% belong to the companies with 10 to 49 employees, 6.8% belong to the companies with 50-99 employees, 5.4% belong to the companies with 100 to 249 employees, and 2.3 belong to the companies with 250 and more employees (Table 32, Graph 14).

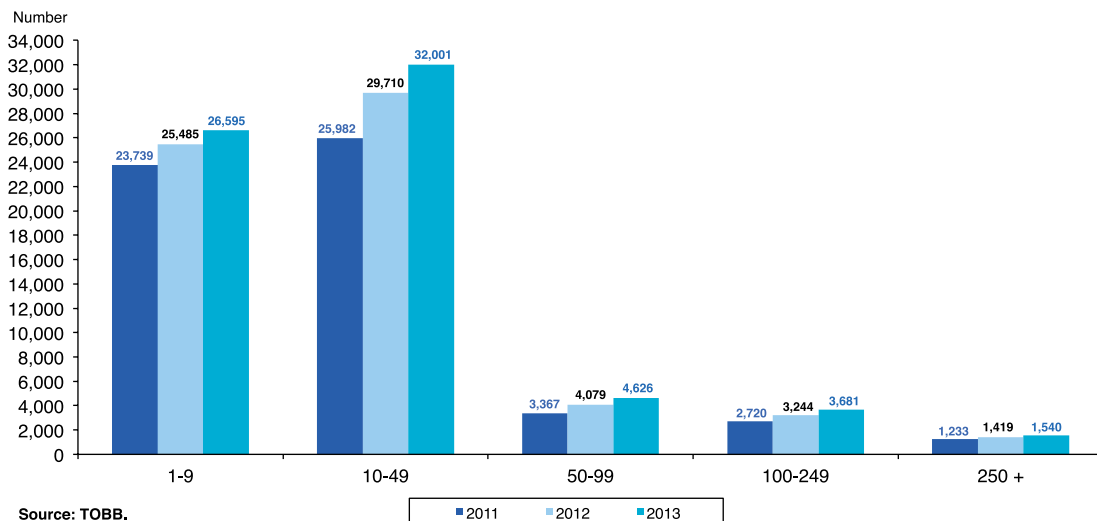
Table 32. Number of Capacity Reports and Total Number of Employees by the Range of Employees ⁽¹⁾

Range of Employees	Number of Capacity Reports			Total Number of Employees		
	2011	2012	2013	2011	2012	2013
1-9	23,739	25,485	26,595	129,313	137,652	142,903
10-49	25,982	29,710	32,001	593,893	687,236	747,397
50-99	3,367	4,079	4,626	238,717	288,263	327,882
100-249	2,720	3,244	3,681	413,445	493,399	559,990
250 +	1,233	1,419	1,540	732,620	827,635	885,592
Total	57,041	63,937	68,443	2,107,988	2,434,185	2,663,764
	Share (%)					
1-9	41.6	39.9	38.9	6.1	5.7	5.4
10-49	45.5	46.5	46.8	28.2	28.2	28.1
50-99	5.9	6.4	6.8	11.3	11.8	12.3
100-249	4.8	5.1	5.4	19.6	20.3	21.0
250 +	2.2	2.2	2.3	34.8	34.0	33.2
Total	100.0	100.0	100.0	100.0	100.0	100.0

Source: TOBB.

(1): Numbers of capacity reports current as of the respective year end.

Graph 14. Number of Capacity Reports by the Range of Employees



When the distribution of companies which have received capacity reports still current as of the end of 2013 is considered according to the number of employees in the period of receipt of the report, the number of employees in the companies with 1 to 9 employees comprised 5.4% of the total number of employees, companies with 10 to 49 employees comprised 28.1% of the total number of employees, companies with 50 to 99 employees comprised 12.3% of the total number of employees, companies with 100 to 249 employees comprised 21% of the total number of employees, and companies with 250 and more employees comprised 33.2% of the total number of employees.

It is seen that industrial capacity reports that were current as of the end of 2013 rather concentrated on enterprises having the lowest technology, and the rate of receipt of industrial capacity reports fell with the transition to the high technology classes. 46.8% of the industrial capacity reports that were current in 2013 were in the low technology group, 30.9% were in the medium-low technology group, 20.8% were in the medium-high technology group, and 1.6% were in the high technology group. When compared to 2012, it is seen that the share of the medium-low technology group and the medium-high technology group increased, the share of the low technology group increased, and the share of the high technology group remained unchanged (Table 33, Graph 15).

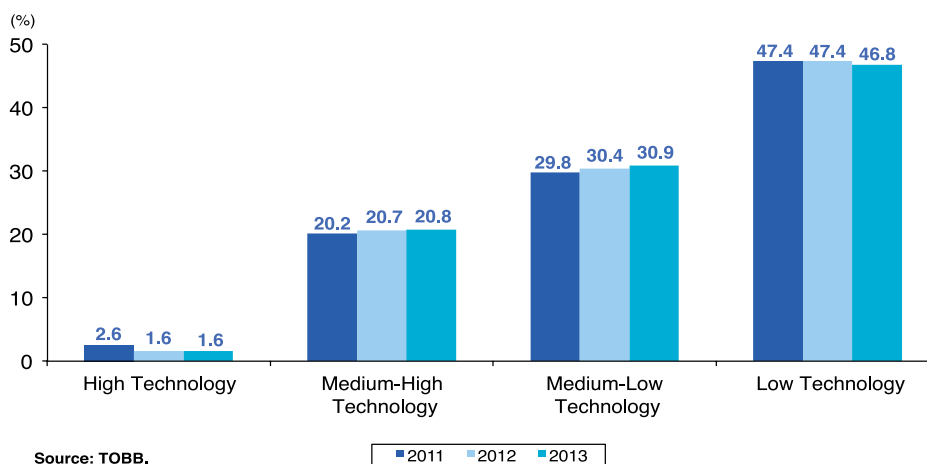
Table 33. Numbers of Industrial Capacity Report by Technology Groups ⁽¹⁾

Technology Groups	Number of Capacity Reports			Share (%)		
	2011	2012	2013	2011	2012	2013
High Technology	1,538	1,046	1,162	2.6	1.6	1.6
Medium-High Technology	12,129	13,919	15,067	20.2	20.7	20.8
Medium-Low Technology	17,913	20,451	22,391	29.8	30.4	30.9
Low Technology	28,488	31,893	33,922	47.4	47.4	46.8
Total ⁽²⁾	60,068	67,309	72,542	100.0	100.0	100.0

Source: TOBB.

1. Numbers of capacity reports current as of the respective year end.
2. Since a capacity report may contain products included in more than one sector, the total may be different from other table data.

Graph 15. Distribution of Industrial Capacity Reports by Technology Groups (%)



Istanbul ranked the first among the provinces with the highest number of capacity reports in 2013, followed by Bursa in the second place with 4,836 capacity reports, Ankara in the third place with 4,451 reports, Izmir in the fourth place with 4,367 capacity reports, and Konya in the fifth place with 2,521 capacity reports (Table 34).

Table 34. Number of Capacity Reports and Total Number of Employees by Provinces ⁽¹⁾

(2013 Yılı)

Provinces	Number of Capacity Reports	Number of Employees	Number of Foreign Capital Capacity Reports	Provinces	Number of Capacity Reports	Number of Employees	Number of Foreign Capital Capacity Reports
Adana	1,541	52,789	15	Kahramanmaraş	681	37,832	5
Adıyaman	235	9,055	0	Karabük	166	10,215	2
Afyonkarahisar	843	17,740	5	Karaman	220	16,341	1
Ağrı	70	1,831	0	Kars	103	1,773	1
Aksaray	247	8,952	6	Kastamonu	249	10,263	0
Amasya	193	7,760	1	Kayseri	1,361	62,664	2
Ankara	4,451	142,845	60	Kırıkkale	145	6,988	0
Antalya	1,146	27,996	44	Kırklareli	320	25,502	14
Ardahan	43	359	0	Kırşehir	117	4,505	0
Artvin	89	2,940	2	Kilis	65	1,129	4
Aydın	762	26,341	8	Kocaeli	1,987	146,629	183
Balıkesir	937	30,631	9	Konya	2,521	58,849	8
Bartın	117	7,578	0	Kütahya	392	24,656	4
Batman	194	6,371	0	Malatya	637	20,548	1
Bayburt	21	642	0	Manisa	1,395	85,664	26
Bilecik	274	18,820	14	Mardin	230	5,256	0
Bingöl	94	1,615	0	Mersin	1,233	31,206	2
Bitlis	59	1,245	0	Muğla	606	14,409	9
Bolu	280	17,425	9	Muş	89	2,530	0
Burdur	459	10,719	3	Nevşehir	241	7,947	3
Bursa	4,836	222,380	136	Niğde	186	7,590	0
Çanakkale	397	17,306	8	Ordu	274	10,872	3
Çankırı	129	6,973	3	Osmaniye	260	12,017	0
Çorum	436	15,942	0	Rize	264	15,616	2
Denizli	1,434	63,381	8	Sakarya	825	45,384	31
Diyarbakır	446	10,654	0	Samsun	573	17,754	5
Düzce	381	25,786	13	Siirt	58	1,724	0
Edirne	269	13,019	3	Sinop	146	5,361	0
Elazığ	314	8,106	1	Sivas	353	10,629	6
Erzincan	113	2,378	3	Şanlıurfa	589	12,931	3
Erzurum	183	5,366	4	Şırnak	71	1,690	0
Eskişehir	802	51,974	17	Tekirdağ	1,403	114,018	86
Gaziantep	2,146	84,102	1	Tokat	255	7,657	3
Giresun	173	6,232	3	Trabzon	462	12,898	3
Gümüşhane	117	2,464	0	Tunceli	46	836	0
Hakkari	59	933	0	Uşak	529	17,979	5
Hatay	712	31,664	20	Van	203	4,929	0
Iğdır	58	852	1	Yalova	209	6,903	3
Isparta	310	9,031	2	Yozgat	181	6,274	1
İstanbul	18,669	597,808	174	Zonguldak	392	34,127	1
İzmir	4,367	171,664	172	Toplam	68,443	2,663,764	1,162

Source: TOBB.

(1): Numbers of capacity reports current as of the end of 2013.

When considered in terms of number of employees, Istanbul ranked the first with 597,808 employees, followed by Bursa in the second place with 222,380 employees, Izmir in the third place with 171,664 employees, Kocaeli in the fourth place with 146,629 employees, and Ankara in the fifth place with 142,845 employees.

When examined the foreign capital ownership of the companies, it is seen that the number of foreign capital industrial capacity reports current as of the end of 2013 was highest in Kocaeli with 183, followed by 174 reports in Istanbul, 172 reports in Izmir, 136 reports in Bursa, and 86 reports in Tekirdağ.

1.2.2.3 Energy

Energy sector added value decreased by 4% in the first quarter of 2013, whereas increased by 2.4%, 0.4% and 3.8% in the second, third and fourth quarters, respectively. Thus, the added value of the energy industry increased by 3.5% in 2013 compared to the preceding year.

Energy sector production index rose by 8.7% in 2011, 4.6% in 2012 and 0.2% in 2013 (Table 35).

Table 35. Energy Sector Production Index

Years	(2010=100)	
	Production Index ⁽¹⁾	Variation (%)
2011	108.7	8.8
2012	113.6	4.5
2013	113.8	0.2

Source: TURKSTAT.

(1): Annual average values adjusted for calendar effect.

While electricity energy generation rose by 4.4% in 2012 compared to the preceding year, it fell by 0.8% declining from 239,497 GWh to 237,526 GWh. When examined distribution of the electrical energy generation by resources in terms of year 2013 estimates, 44% of the generation is expected from natural gas thermal power plants, 25.6% from hydraulic power plants, 13.3% from hard coal thermal power plants, 12.4% from lignite thermal power plants, 3.5% from geothermal-wind power plants, 0.8% from fuel thermal power plants, and 0.3% from biogas-waste and other thermal power plants (Table 36, Graph 16).

Table 36. Distribution of Electrical Energy Generation by Energy Resources

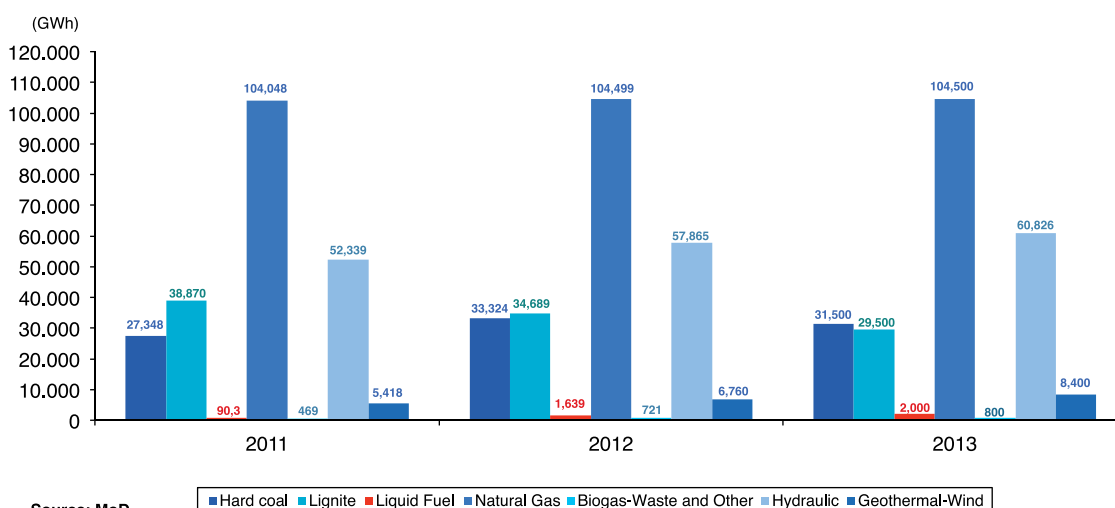
(GWh)

Years	Thermal										Hydraulic	Geothermal - Wind		Grand Total				
	Hard Coal		Lignite		Liquid Fuel		Natural Gas		Biogas - Waste and Other			Amount	Share (%)	Amount	Share (%)	Amount	Share (%)	
	Amount	Share (%)	Amount	Share (%)	Amount	Share (%)	Amount	Share (%)	Amount	Share (%)								
2011	27,348	11.9	38,870	16.9	903	0.4	104,048	45.4	469	0.2	171,638	74.8	52,339	22.8	5,418	2.4	229,395	100.0
2012	33,324	13.9	34,689	14.5	1,639	0.7	104,499	43.6	721	0.3	174,872	73.0	57,865	24.2	6,760	2.8	239,497	100.0
2013 ⁽¹⁾	31,500	13.3	29,500	12.4	2,000	0.8	104,500	44.0	800	0.3	168,300	70.9	60,826	25.6	8,400	3.5	237,526	100.0

Source: MoD.

(1): Realization estimate.

Graph 16. Distribution of Electrical Energy Generation by Energy Resources



Source: MoD.

In 2013, total electrical energy consumption is estimated to be 243,026 GWh with an increase by 0.3%. Consumption per capita is estimated to drop from 3,224 KWh to 3,196 KWh with a decline by 0.9% compared to the preceding year. It is forecasted that 1,000 GWh electrical energy will be exported whereas 6,500 GWh electricity will be imported in 2013 (Table 37).

Table 37. Developments in Electrical Energy Generation and Consumption

Years	Electrical Energy Installed Power (MW)					Production (GWh)				Import	Export	Consumption (GWh)	Consumption Per Capita (KWh)	
	Thermal ⁽²⁾		Hydraulic ⁽³⁾			Thermal ⁽²⁾		Hydraulic ⁽³⁾						
	Amount	Share (%)	Amount	Share (%)	Total Amount	Amount	Share (%)	Amount	Share (%)					
2011	34,045	64.3	18,866	35.7	52,911	172,332	75.1	57,063	24.9	229,395	4,556	3,645	230,306	3,114
2012	35,189	61.7	21,870	38.3	57,059	175,771	73.4	63,726	26.6	239,497	5,827	2,954	242,370	3,224
2013 ⁽¹⁾	37,428	60.9	23,997	39.1	61,425	169,400	71.3	68,126	28.7	237,526	6,500	1,000	243,026	3,196

Source: MoD.

(1): Realization estimate.

(2): Geothermal included.

(3): Wind included.

In 2013, hydraulic electrical energy installed power increased by 6.4% compared to the preceding year, reaching 37,428 MW, whereas thermal electrical energy installed power increased by 9.7%, reaching 23,997 MW. In 2013, the share of thermal power and hydraulic power generation within the total electrical energy generation was 71.3% and 28.7%, respectively.

In 2013, a decline of 66.2%, and rise of 11.6% was seen in electrical energy export and import, respectively.

1.2.3 Services

1.2.3.1 Construction

The developments in construction sector are mainly driven by the factors such as population increase, income increase and advancement of life standards, urbanization and cultural changes. Construction sector has an important place in development of country economies for its contribution to national income, labor, land, construction material and other markets. Building licenses and occupancy permits issued by municipalities give important tips about the construction sector.

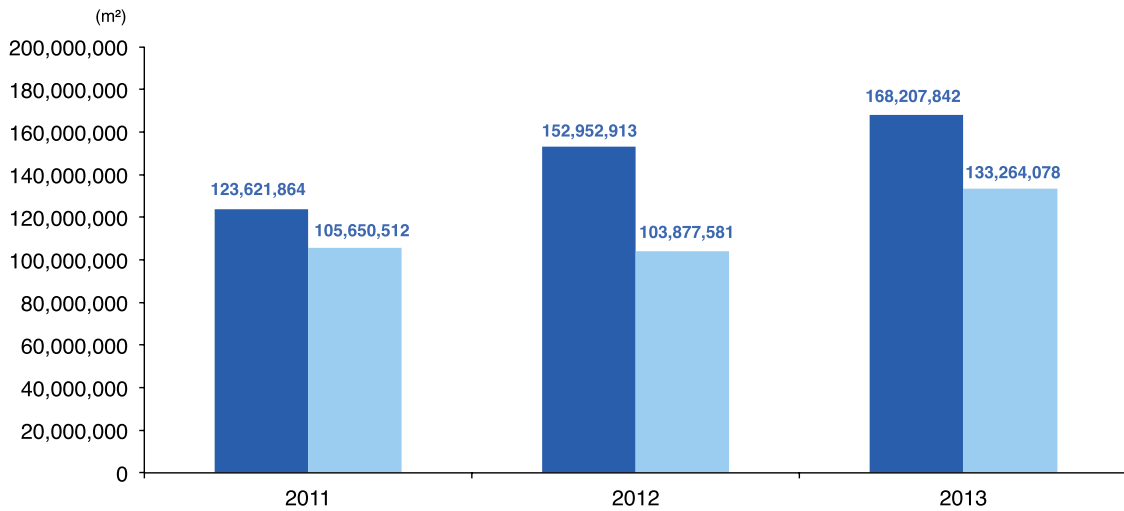
Building licenses which are issued by the municipalities and which show statuses of the constructions planned to be performed increased by 10% in terms of surface area, rising from 152,953 thousand m² to 168,208 thousand m². According to the evaluation made based on construction surface areas of the buildings for which building permit was issued, while construction area of the wholesale and retail trading buildings decreased by 22.9% compared to the preceding year, there was increase in construction areas of other buildings. The highest increase was in the construction area of hotels and similar buildings with 26.6%, followed by industrial buildings and warehouses with an increase by 18.2%, residential buildings with two or more apartments with an increase by 11.4%, office (workplace) buildings with an increase by 8.4%, and residential buildings with one apartment with an increase by 3.6% (Table 38, Graph 17).

Table 38. Building Construction Surface Areas by Building Licenses

Intended Use	(m ²)								
	2011	2012	2013	Variation (%)		Share (%)			
				2012	2013	2011	2012	2013	
Residential buildings with one apartment	3,711,221	4,108,674	4,255,732	10.7	3.6	3.0	2.7	2.5	
Residential buildings with two and more apartments	89,748,638	108,938,655	121,364,286	21.4	11.4	72.6	71.2	72.2	
Hotels and similar buildings	2,687,781	3,633,644	4,600,997	35.2	26.6	2.2	2.4	2.7	
Office (workplace) buildings	4,823,020	6,242,502	6,764,406	29.4	8.4	3.9	4.1	4.0	
Wholesale and retail trading buildings	5,776,156	8,883,813	6,848,451	53.8	-22.9	4.7	5.8	4.1	
Industrial buildings and warehouses	6,029,216	6,846,239	8,094,974	13.6	18.2	4.9	4.5	4.8	
Others	10,845,832	14,299,386	16,278,996	31.8	13.8	8.8	9.3	9.7	
Total	123,621,864	152,952,913	168,207,842	23.7	10.0	100.0	100.0	100.0	

Source: TURKSTAT.

Graph 17. Surface Areas of the Buildings for which Building License and Building Occupancy Permit was issued



Source: TURKSTAT.

■ Building License ■ Building Occupancy Permit

Among the buildings for which building permits were issued in 2013, residential buildings with two or more apartments took the lead with 72.2% in terms of their share in the total construction area. The residential buildings with two or more apartments were followed by industrial buildings and warehouses with 4.8%, wholesale and retail trading buildings with 4.1%, office (workplace) buildings with 4%, hotels and similar buildings with 4%, and residential buildings with one apartment with 2.5%.

In 2013, total construction area of occupancy permits issued by the municipalities for the constructions which have been licensed and completed increased to 133,264 thousand m² with an increase by 28.3%

In 2013, among the buildings for which building occupancy permit was given, the highest rate according to intended use was in construction area of hotels and similar buildings with 58%, followed by wholesale and retail trading buildings with 29.8%, residential buildings with two or more apartments with 28.9%, office (workplace) buildings, industrial buildings and warehouses with 17.4%, and residential buildings with one apartment with 16.1% (Table 39).

Table 39. Building Construction Surface Areas by Building Occupancy Permits

Intended Use	(m ²)							
				Variation (%)		Share (%)		
	2011	2012	2013	2012	2013	2011	2012	2013
Residential buildings with one apartment	4,467,508	4,106,895	4,766,357	-8.1	16.1	4.2	4.0	3.6
Residential buildings with two and more apartments	75,989,709	74,173,275	95,572,453	-2.4	28.9	71.9	71.4	71.7
Hotels and similar buildings	2,578,713	2,147,213	3,393,020	-16.7	58.0	2.4	2.1	2.5
Office (workplace) buildings	3,181,956	3,645,361	4,280,829	14.6	17.4	3.0	3.5	3.2
Wholesale and retail trading buildings	6,865,670	6,549,965	8,499,205	-4.6	29.8	6.5	6.3	6.4
Industrial buildings and warehouses	5,919,230	6,531,234	7,665,085	10.3	17.4	5.6	6.3	5.8
Others	6,647,726	6,723,638	9,087,129	1.1	35.2	6.3	6.5	6.8
Total	105,650,512	103,877,581	133,264,078	-1.7	28.3	100.0	100.0	100.0

Source: TURKSTAT.

Among the buildings for which occupancy permits were issued in 2013, residential buildings with two or more apartments take the lead in terms of their share in the total construction area as was the case in the prior years. Residential buildings with two and more apartments which had the highest share with 71.7% among the total occupancy permits in 2013 were followed by wholesale and retail buildings with 6.4%, industrial buildings and warehouses with 5.8%, residential buildings with one apartment with 3.6%, office (workplace) buildings with 3.2%, and hotels and similar buildings with 2.5%.

Throughout Turkey, handover of total of 1,144,989 residences took place through sale in 2013. Of these residences, 456,224 were sold with mortgage and the rest 688,765 were sold through other means. Total sales of residences comprised mortgaged sales with 39.8% and other sales with 60.2% (Table 40).

Table 40. Numbers of Residence Sales

Years				Share (%)			Variation (%)	
	2011	2012	2013	2011	2012	2013	2012	2013
Mortgaged sales	289,275	270,136	456,224	40.8	38.5	39.8	-6.6	68.9
Other sales	419,000	431,485	688,765	59.2	61.5	60.2	3.0	59.6
Total sales	708,275	701,621	1,144,989	100.0	100.0	100.0	-0.9	63.2

Source: TURKSTAT.

Note: Data of 2011-2012 include numbers of residence sales in province and county centers, data of 2013 cover those in entire Turkey.

1.2.3.2 Commodity Exchanges Volume of Transactions

The commodity exchanges volume of transactions that rose by 23% in 2011 compared to the preceding year substantially decelerated in 2012 rising just by 9.3%, and reaccelerated in 2013, rising by 14.9%. In 2013, the volume of transactions of the commodity exchanges climbed from 125,686 million TL to 144,394 million TL. In real terms, the volume of commodity exchanges which increased by 2.9% in 2012 increased by 7% in 2013 (Table 41, Graph 18).

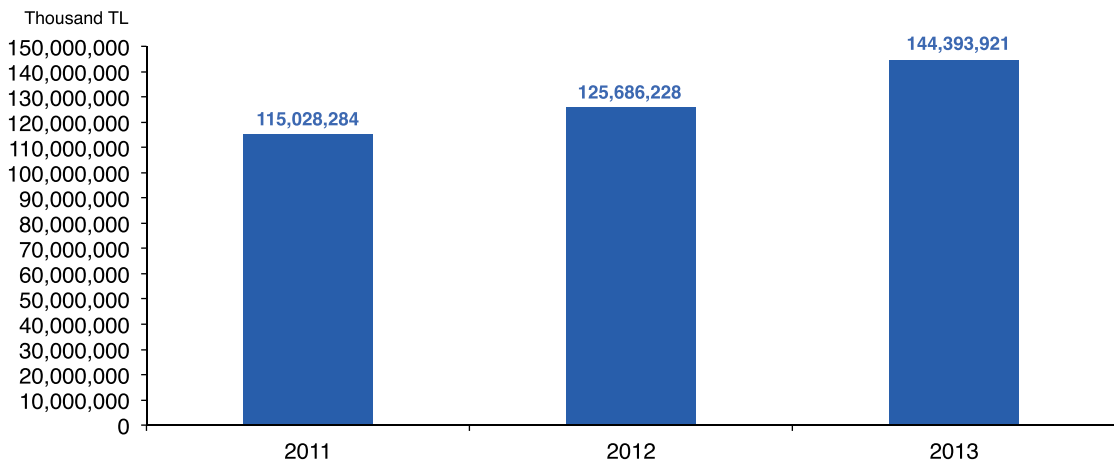
Table 41. Volume of Transactions of the Commodity Exchanges

(Thousand TL)

Years	Volume of Transactions		CPI (2003=100) Annual Variation (%)	Volume of Transactions Real Variation (%)
	Value	Variation (%)		
2011	115,028,284	23.0	10.5	11.4
2012	125,686,228	9.3	6.2	2.9
2013	144,393,921	14.9	7.4	7.0

Source: TOBB.

Graph 18. Volume of Transactions of the Commodity Exchanges



Source: TOBB.

In the ranking of first 20 provinces and counties according to the exchange volume of transactions in 2013, leading position of Istanbul Commodity Exchange continued as was the case in prior years. While volume of transactions of Istanbul Commodity Exchange dropped by 3% compared to the preceding year, it ranked first with 13,667 million TL. Istanbul Commodity Exchange was followed respectively by the commodity exchanges of Konya with 7,205 million

TL, İzmir with 6,794 million TL and Şanlıurfa with 5,907 million TL. Within the total volume of transactions of commodity exchanges, shares of Istanbul Commodity Exchange, Konya Commodity Exchange, İzmir Commodity Exchange and Şanlıurfa Commodity Exchange were 9.5%, 4.9%, 4.7% and 4.1%, respectively. The commodity exchanges which elevated their volume of transactions most in 2013 compared to 2012 were the commodity exchanges of Nizip with 563.2%, Nusaybin with 175.4, Ankara with 45.3% and Giresun with 42.3%. In 2013, the volume of transactions dropped by 8% in Adana Commodity Exchange, 5.1% in Gaziantep Commodity Exchange, 3% in Istanbul Commodity Exchange, 1.5% in İzmir Commodity Exchange, and 1% in Tekirdağ Commodity Exchange (Table 42).

Table 42. Volumes of Transactions of the Commodity Exchanges

Provinces and Counties ⁽¹⁾	(Thousand TL)							
	Volume of Transactions			Share (%)			Variation (%)	
	2011	2012	2013	2011	2012	2013	2012	2013
İstanbul	10,661,294	14,092,471	13,667,477	9.3	11.2	9.5	32.2	-3.0
Konya	4,718,379	5,188,036	7,025,276	4.1	4.1	4.9	10.0	35.4
İzmir	6,461,610	6,901,108	6,794,462	5.6	5.5	4.7	6.8	-1.5
Şanlıurfa	4,190,381	5,196,872	5,907,189	3.6	4.1	4.1	24.0	13.7
Adana	3,790,659	5,474,302	5,036,686	3.3	4.4	3.5	44.4	-8.0
Gaziantep	5,361,464	5,104,168	4,842,047	4.7	4.1	3.4	-4.8	-5.1
Ankara	3,124,291	3,150,973	4,579,102	2.7	2.5	3.2	0.9	45.3
Sakarya	3,169,189	3,816,841	4,206,978	2.8	3.0	2.9	20.4	10.2
Mersin	2,757,807	2,805,832	3,403,445	2.4	2.2	2.4	1.7	21.3
Bandırma	2,397,961	2,882,893	3,113,269	2.1	2.3	2.2	20.2	8.0
Diyarbakır	1,633,613	2,275,389	2,666,038	1.4	1.8	1.8	39.3	17.2
Tekirdağ	1,989,736	2,605,916	2,578,683	1.7	2.1	1.8	31.0	-1.0
Nizip	1,545,810	374,639	2,484,666	1.3	0.3	1.7	-75.8	563.2
Nusaybin	1,163,366	897,969	2,472,680	1.0	0.7	1.7	-22.8	175.4
Düzce	1,822,519	2,209,490	2,305,721	1.6	1.8	1.6	21.2	4.4
Ordu	1,898,532	1,603,140	2,253,697	1.7	1.3	1.6	-15.6	40.6
Samsun	1,894,873	1,734,758	2,253,517	1.6	1.4	1.6	-8.4	29.9
Afyonkarahisar	1,948,566	2,104,973	2,238,672	1.7	1.7	1.6	8.0	6.4
Giresun	1,463,487	1,514,523	2,155,036	1.3	1.2	1.5	3.5	42.3
Kızıltepe	1,095,850	1,741,075	2,095,909	1.0	1.4	1.5	58.9	20.4
Total ⁽²⁾	115,028,284	125,686,228	144,393,921	100.0	100.0	100.0	9.3	14.9

Source: TOBB.

(1): Provinces and counties listed in the first 20 according to the volume of transactions of the commodity exchange in 2013

(2): Total of volumes of transactions in all the commodity exchanges.

1.2.3.3 Statistics of Companies Founded and Closed Down

49,037 companies were founded in total in 2013 including 8,704 joint stock companies, 40,295 limited liability companies, 36 unlimited companies and 2 limited partnerships. While number of the joint stock companies founded exhibited a very high escalation with 114.5%, number of the limited liability companies rose by 15.9%. Foundations of unlimited companies and limited partnerships that had a higher rise in 2012 compared to the preceding year declined in 2013. Number of the unlimited companies and limited partnerships founded declined by 35.7 and 75%, respectively. Consequently, total number of companies in 2013 increased by 26.1. In 2013, number of sole proprietorships founded dropped by 12.5%, whereas number of the cooperative societies founded rose by 4.7% (Table 43, Graph 19).

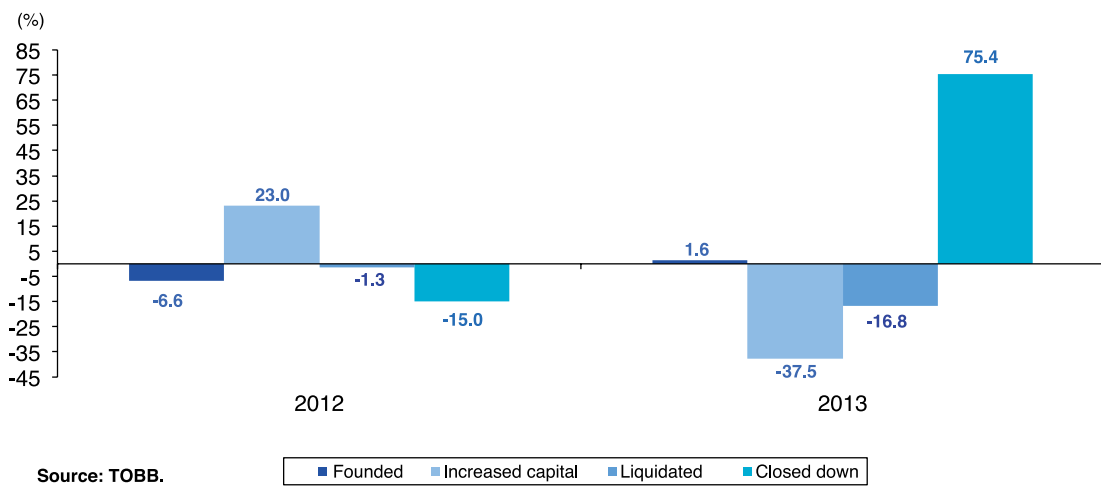
Table 43. Number of Companies and Cooperative Societies Founded, Closed Down, Increased Capital, and Liquidated

Type of Company		2011	2012	2013	Variation (%)	
					2012	2013
Joint stock company	Founded	2,930	4,057	8,704	38.5	114.5
	Increased capital	5,499	5,827	4,832	6.0	-17.1
	Liquidated	1,352	1,395	1,064	3.2	-23.7
	Closed down	1,399	1,624	1,822	16.1	12.2
Limited liability company	Founded	50,448	34,765	40,295	-31.1	15.9
	Increased capital	20,931	26,675	15,478	27.4	-42.0
	Liquidated	15,383	15,110	12,614	-1.8	-16.5
	Closed down	11,548	12,435	13,648	7.7	9.8
Unlimited company	Founded	25	56	36	124.0	-35.7
	Liquidated	42	54	96	28.6	77.8
	Closed down	147	132	74	-10.2	-43.9
Limited partnership	Founded	1	8	2	700.0	-75.0
	Liquidated	1	6	8	500.0	33.3
	Closed down	10	6	3	-40.0	-50.0
Sole proprietorship	Founded	60,427	67,455	58,991	11.6	-12.5
	Closed down	41,129	31,918	65,320	-22.4	104.6
Total	Founded	113,831	106,341	108,028	-6.6	1.6
	Increased capital	26,430	32,502	20,310	23.0	-37.5
	Liquidated	16,778	16,565	13,782	-1.3	-16.8
	Closed down	54,233	46,115	80,867	-15.0	75.4
Cooperative society	Founded	1,033	877	918	-15.1	4.7
	Liquidated	2,183	1,904	1,738	-12.8	-8.7
	Closed down	1,897	1,899	1,866	0.1	-1.7

Source: TOBB.

In 2013, number of joint stock companies and limited liability companies closed down increased by 12.2% and 9.8%, respectively, compared to the preceding year, whereas number of limited partnerships and unlimited companies decreased by 50% and 43.9%, respectively, resulting in rise of the number of companies closed down by 9.5% to 15,547. Number of sole proprietorships closed down increased by 104.6 in consequence of ex-officio cancellations in June, whereas number of cooperative societies closed down decreased by 1.7%. A decline of 37.5% occurred in the number of companies which increased capital and 16.8% in the number of companies liquidated.

Graph 19. Variation Rates of Number of Companies and Cooperative Societies Founded, Closed Down, Increased Capital, and Liquidated



1.2.3.4 Protested Bills and Bad Cheques

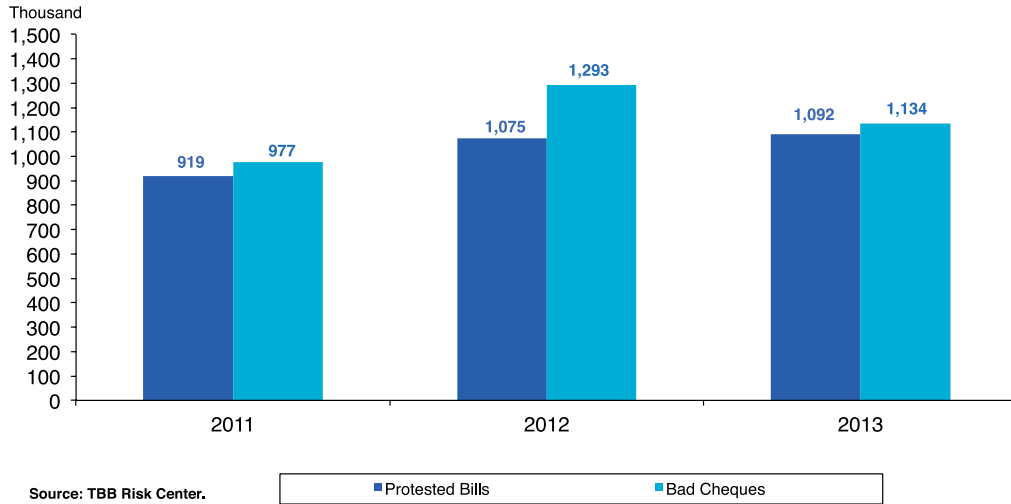
Number of protested cheques rose from 1,075 thousand to 1,092 thousand in 2013 with an increase by 1.6% compared to 2012, and the amount of protested bills rose from 6,949 million TL to 7,494 million TL with an increase by 7.8%. Number of bad cheques fell from 1,293 thousand to 1,134 thousand in 2013 with a decrease by 12.3% (Table 44, Graph 20).

Table 44. Protested Bills and Bad Cheques

Years	Protested Bills				Bad Cheques	
	Number (Thousand)	Variation (%)	Amount (Thousand TL)	Variation (%)	Number (Thousand)	Variation (%)
2011	919	-24.4	4,902,275	-15.0	977	-35.3
2012	1,075	16.9	6,949,204	41.8	1,293	32.3
2013	1,092	1.6	7,494,227	7.8	1,134	-12.3

Source: TBB Risk Center.

Graph 20. Protested Bills and Bad Cheques



1.2.3.5 Tourism

In 2013, while partial amelioration of the problems resulting from the instabilities in the near region countries and the modest recovery that started in economies of the Euro zone countries affected the tourism sector positively, the negative effect of the tour cancellations seen in several regions due to the social events that occurred at the end of May remained at a limited level.

In 2013, compared to the previous year, the number of foreign visitors departing from our country increased by 7.6% and rose from 36,464 to 39,226 thousand people, and the number of citizens arriving increased by 29.7% and rose from 5,803 to 7,526 thousand people (Table 45).

Table 45. Number of Visitors Departing and Citizens Arriving

Years	(Thousand People)			
	Number of Visitors Departing	Variation (%)	Number of Citizens Arriving	Variation (%)
2011	36,151	9.5	6,282	-4.2
2012	36,464	0.9	5,803	-7.6
2013	39,226	7.6	7,526	29.7

Source: TURKSTAT.

In the ranking of the visitors departing from our country in 2013 based on nationality, Germany took the lead with 5,048 people, followed by Russian Federation with 4,269 thousand people, United Kingdom with 2,518 thousand people, Bulgaria with 1,1583 thousand people and Netherlands with 1,321 people. The country visitors from which most increased in 2013 was Iraq with 36.5%. Iraq was followed by Russian Federation with 19% and Sweden with 12% (Table 46).

Table 46. Number of Foreign Visitors Departing Turkey by Nationality

Nationality ⁽¹⁾	(Thousand People)				
	2011	2012	2013	Variation (%)	
				2012	2013
Germany	4,815	5,026	5,048	4.4	0.4
Russian Federation	3,447	3,586	4,269	4.0	19.0
UK	2,593	2,470	2,518	-4.7	2.0
Bulgaria	1,488	1,498	1,583	0.7	5.6
Netherlands	1,230	1,288	1,321	4.7	2.6
Iran	1,864	1,184	1,189	-36.5	0.4
France	1,132	1,029	1,047	-9.1	1.8
USA	762	778	791	2.1	1.7
Italy	749	710	734	-5.2	3.3
Iraq	356	522	712	46.4	36.5
Greece	697	667	699	-4.4	4.8
Sweden	574	620	694	7.9	12.0
Belgium	595	613	655	3.0	6.8
Austria	531	504	515	-5.0	2.2
Poland	488	432	426	-11.3	-1.4
Norway	376	408	412	8.3	1.2
Denmark	372	391	404	5.1	3.1
Romania	390	387	397	-0.8	2.5
Switzerland	329	355	381	7.8	7.4
Spain	300	278	290	-7.4	4.1

Source: CBRT.

(1): These are the countries included in the first 20 according to 2013.

Tourism revenues that increased by 3.2% in 2012 accelerated in 2013, and increased by 11.4% to \$ 32,310 million. The tourism revenues which decreased by 17% in 2012 rose to \$ 5.254 million with an increase by 14.4% in 2013. Net tourism revenues also increased by 10.8% in 2013 and rose from \$ 24,414 million to \$ 27,056 million (Table 47, Graph 21).

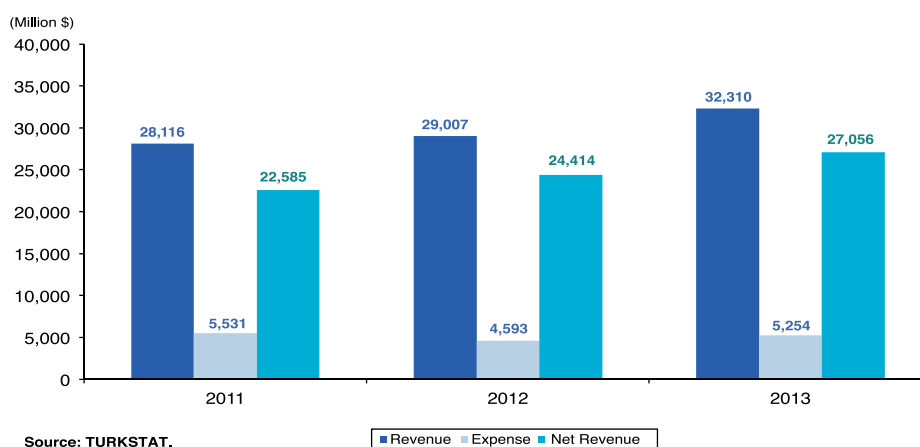
In 2013, average expenditure per visitor departing rose from \$ 795 to \$ 824 increasing by \$ 29 compared to the preceding year, whereas average expenditure per citizen fell from \$ 791 to \$ 698 with a decrease by \$ 93 compared to the preceding year.

Table 47. Balance of Tourism Revenues-Expenses and Average Expenditures

Years	Revenue (Million \$)	Expense (Million \$)	Net Revenue (Million \$)	Average Expenditure Per Visitor Departing (\$)	Average Expenditure Per Citizen (\$)
2011	28,116	5,531	22,585	778	880
2012	29,007	4,593	24,414	795	791
2013	32,310	5,254	27,056	824	698

Source: TURKSTAT.

Graph 21. Tourism Revenues and Expenses



Source: TURKSTAT.

1.2.3.6 Transportation

In 2013, compared to the preceding year, an increase of 7% was realized in domestic passenger transports, and an increase of 15.8% in passenger transports abroad, an increase of 6.9% in domestic cargo transports, and an increase of 8.1% % increase was realized in cargo transports abroad (excluding the natural gas transports made through imports by the BOTAŞ with the pipeline) (Table 48).

For years in Turkey highways have been 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 2013. Due to the low standard of the railroad transportation despite the improvements accomplished in the recent years, the fact that its physical infrastructure is mainly single line, and the shortage of big port infrastructures for seaways, mainly highways were preferred for the cargo and passenger transports in 2013 as well.

In 2013, 91.8% of the domestic passenger transports were made by highways, 1% by railroads and 7.1% by airways, and all of the passenger transports abroad were made by airways. While share of highways in domestic passenger transports decreased by 0.1%, share of the airways increased by the same rate, and share of the railroads did not change. In the domestic cargo transports, a share of 87.9% was acquired by highways, 4.5% by railroads, 6.6% by seaways, and 1% by pipeline transportation. Of the cargo transports abroad, a share of 94.9% was acquired by seaways, and 5% by the pipeline transportation.

Table 48. Transportation Statistics

Transport Methods	Passenger Transport								
	(Million Passengers-Km)			Variation (%)		Share (%)			
	2011	2012	2013 ⁽¹⁾	2012	2013	2011	2012	2013	
Domestic									
Highways ⁽²⁾	242,265	258,874	276,674	6.9	6.9	91.7	91.9	91.8	
Railroads	3,922	2,949	3,090	-24.8	4.8	1.5	1.0	1.0	
Airways ⁽³⁾	18,016	19,731	21,506	9.5	9.0	6.8	7.0	7.1	
Total	264,203	281,554	301,270	6.6	7.0	100.0	100.0	100.0	
Abroad									
Airways ⁽³⁾	50,349	64,945	75,215	29.0	15.8	100.0	100.0	100.0	
Total	50,349	64,945	75,215	29.0	15.8	100.0	100.0	100.0	
Transport Methods	Cargo Transport								
	(Million Tons-Km)			Variation (%)		Share (%)			
	2011	2012	2013 ⁽¹⁾	2012	2013	2011	2012	2013	
Domestic									
Highways ⁽²⁾	203,072	216,123	230,123	6.4	6.5	87.7	88.2	87.9	
Railroads	10,311	10,473	11,732	1.6	12.0	4.5	4.3	4.5	
Seaways ⁽⁴⁾	15,978	16,233	17,370	1.6	7.0	6.9	6.6	6.6	
Pipelines									
Crude Oil ⁽⁵⁾	2,114	2,173	2,710	2.8	24.7	0.9	0.9	1.0	
Total	231,475	245,002	261,935	5.8	6.9	100.0	100.0	100.0	
Abroad									
Railroads									
Seaways ⁽⁶⁾	992	750	485	-24.4	-35.3	0.1	0.1	0.0	
Pipelines	977,400	1,030,000	1,107,250	5.4	7.5	94.9	95.5	94.9	
Crude Oil (Transit) ⁽⁵⁾	51,726	48,216	58,498	-6.8	21.3	5.0	4.5	5.0	
Total	1,030,118	1,078,966	1,166,233	4.7	8.1	100.0	100.0	100.0	
Natural Gas (Million Sm ³)(7)	44,120	45,922	47,600	4.1	3.7	-	-	-	

Source: MoD.

(1): Realization estimate.

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

(3): The transports made only by the Turkish Airlines.

(4): Transport quantities calculated by the Ministry of Transportation, Maritime and Communication

(5): Only the crude oil transports.

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

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

In 2013, 149,430 thousand passengers were transported by the airways Turkey-wide, including 76,149 thousand transported domestically, and 73,282 thousand abroad. While the number of passengers carried by the State Airports Administration was 130,425 thousand, of these passengers, 64,041 thousand traveled in domestically and 66,384 thousand traveled abroad. In 2013, the number of passengers using the airways for their domestic trips increased by 17.7% and the number of passengers using the airways for their trips abroad increased 11.7% (Table 49).

Table 49. Turkey-wide Passenger and Cargo Transports made by the State Airports Administration

Components	Passenger Transports ⁽²⁾			Variation (%)		Cargo Transports (Ton) ⁽³⁾			Variation (%)	
	2011	2012	2013 ⁽¹⁾	2012	2013	2011	2012	2013 ⁽¹⁾	2012	2013
DHMI										
Domestic	49,537,215	55,000,664	64,040,856	11.0	16.4	547,038	559,570	649,936	2.3	16.1
Abroad	54,880,954	60,507,044	66,384,365	10.3	9.7	1,516,887	1,510,081	1,709,406	-0.4	13.2
DHMI Total	104,418,169	115,507,708	130,425,221	10.6	12.9	2,063,925	2,069,651	2,359,342	0.3	14.0
Turkey-wide										
Domestic	58,258,324	64,721,316	76,148,526	11.1	17.7	617,834	633,076	744,028	2.5	17.5
Abroad	59,362,145	65,630,304	73,281,895	10.6	11.7	1,631,639	1,616,058	1,851,289	-1.0	14.6
Total Turkey-wide	117,620,469	130,351,620	149,430,421	10.8	14.6	2,249,473	2,249,134	2,595,317	0.0	15.4

Source: DHMI.

(1): Interim.

(2): Excluding Turkey direct transit.

(3): Total baggage, cargo and mail transported by the airways.

In 2013, 2,595 thousand tons of cargo was transported in Turkey by the airways, and of this amount, 744 thousand tons was transported domestically, and 1,851 tons were transported abroad. While the amount of cargo carried by the State Airports Administration was 2,359 thousand tons, of this amount, 650 thousand tons was transported domestically and 1,709 thousand tons was transported abroad.

1.3 Investments

In 2013, public sector fixed capital investments rose from 61,832 million TL to 68,301 million TL with an increase by 10.5%, private sector fixed capital investments rose from 257,210 million TL to 289,915 million TL with an increase by 12.7%. The total fixed capital investments that increased by 11.3% in 2012 rose to 358,216 million TL with an increase by 12.3% in 2013 (Table 50, Graph 22).

Within the total fixed capital investments, the share of the public sector was 19.1% and the share of the private sector was 80.9%. While share of the public sector fixed capital investments declined compared to 2012, share of the private sector fixed capital investments advanced.

Of the public sector fixed capital investments, 54.9% was realized by the general and supplementary budget organizations, 26.6% by the local administrations, 15.8 by the SEEs, 2.2% by the revolving fund organizations, 0.5% by the social security organizations, and 0.01% by the Provincial Bank. Compared to 2012, the highest rise among the public sector fixed capital investments was in the investments of the social security organizations with 165.8%, followed by the increases in investments of Provincial Bank 58.1%, investments of the SEEs with 34.6%, investments of local administrations with 34.6%, investments of revolving fund organizations with 8.7%, and investments of the general and supplementary budget organizations with 0.8%.

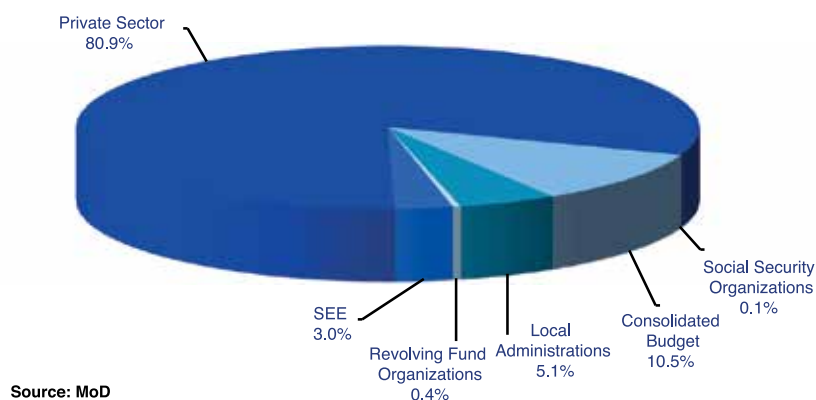
Table 50. Fixed Capital Investments

	(with Current Prices, Million TL)							
	2011	2012	2013 ⁽¹⁾	Share (%)			Variation (%)	
				2011	2012	2013	2012	2013
Consolidated Budget	33,094	37,182	37,496	11.5	11.7	10.5	12.4	0.8
SEE	6,322	8,016	10,787	2.2	2.5	3.0	26.8	34.6
Operator	5,791	7,260	9,997	2.0	2.3	2.8	25.4	37.7
Organizations within the Scope of Privatization	531	756	790	0.2	0.2	0.2	42.4	4.5
Provincial Bank	77	31	49	0.0	0.0	0.0	-59.7	58.1
Local Administrations	12,899	15,110	18,156	4.5	4.7	5.1	17.1	20.2
Revolving Fund Organizations	782	1,374	1,494	0.3	0.4	0.4	75.7	8.7
Social Security Organizations	72	120	319	0.0	0.0	0.1	66.7	165.8
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	53,247	61,832	68,301	18.6	19.4	19.1	16.1	10.5
Total Private Sector	233,382	257,210	289,915	81.4	80.6	80.9	10.2	12.7
Total	286,629	319,042	358,216	100.0	100.0	100.0	11.3	12.3

Source: MoD.

(1): Realization estimate.

Graph 22. Distribution of Fixed Capital Investments in 2013 (%)



Within the private sector fixed capital investments, the shares of the mining, energy, tourism, education and health services increased, the shares of the agriculture, manufacturing, transportation and housing, sectors decreased, and shares of transportation and other services remained unchanged compared to the preceding year. In 2013, within the private sector fixed capital investments, the most predominant sector was, like the preceding year, the manufacturing sector with a share of 41.1%, and this was followed by the transportation sector with a share of 18.1%, and the housing sector with a share of 14.3%. Mining, education and health sectors had the least shares within the private sector fixed capital investments with 1.9%, 2.2% and 2.5%, respectively (Table 51).

Table 51. Fixed Capital Investments by Sectors

(with Current Prices, Percentage Distribution)

Sectors	2011	2012	2013 ⁽¹⁾
	Private Sector		
Agriculture	3.3	3.6	3.5
Mining	1.5	1.7	1.9
Manufacturing	42.2	41.9	41.1
Energy	4.0	4.3	4.8
Transportation	19.9	18.1	18.1
Tourism	6.2	6.9	7.3
Housing	14.4	14.7	14.3
Education	2.2	2.1	2.2
Health	2.4	2.4	2.5
Other Services	4.0	4.2	4.2
Private Sector	100.0	100.0	100.0
Public Sector			
Agriculture	9.8	10.7	9.5
Mining	2.3	2.2	2.3
Manufacturing	0.7	0.8	0.8
Energy	5.7	6.0	5.2
Transportation	41.4	38.1	37.9
Tourism	0.6	0.7	0.7
Housing	1.7	1.3	1.2
Education	12.2	14.2	14.3
Health	5.0	5.3	5.1
Other Services	20.5	20.8	23.0
Public Sector	100.0	100.0	100.0
Total			
Agriculture	4.5	5.1	4.9
Mining	1.6	1.8	2.0
Manufacturing	34.5	33.5	31.6
Energy	4.4	4.7	4.9
Transportation	23.9	22.2	22.8
Tourism	5.1	5.6	5.8
Housing	12.0	11.9	11.2
Education	4.0	4.6	5.1
Health	2.9	3.0	3.1
Other Services	7.0	7.7	8.7
Total	100.0	100.0	100.0

Source: MoD.

(1): Realization estimate.

In 2013, within the public sector fixed capital investments, the shares of mining, education and other services sectors increased, the shares of the agriculture, energy, transportation, housing and health sectors increased, and the shares of manufacturing and tourism sectors remained unchanged compared to the preceding year.

In the public sector total fixed capital investments in 2013, the most predominant sectors were the transportation sector with a share of 37.9%, others services sector with a share of 23% and education sector with a share of 14.3%; whereas the sectors with the lowest shares were tourism sector with 0.7% and the housing sector with 1.2%.

Regional Public Investments

Public investments largely concentrate on infrastructural areas such as irrigation, energy, and transportation, and several projects in the education, health, service and other sectors, such as schools, hospitals, small industrial sites, organized industrial sites, are combined and included in the investment program. Projects such as irrigation, dam and channels, energy transportation lines, state highways, roads, railroads, pipelines, and collective projects such as schools, hospitals, organized industrial zones, small industrial sites involve more than one provinces, and are described as various provinces.

The public investments that amounted to 44,434 million TL in 2012 rose to 52,882 million TL in 2013 with an increase by 19%. While 48.7% of the public investments were made in various provinces covering more than one province, 51.3% were distributed over 81 provinces. In terms of provinces, the province that took the highest share from public investments in 2013 was Ankara with 6.9%, and followed by Istanbul with 4.2%, Mardin with 2.8% and Izmir with 2.3%. In 2013, increases with high rates exceeding 100% compared to the preceding year took place in the public investments in Bingöl, Hatay, Mardin and Tekirdağ, whereas Artvin, Kırıkkale and Muğla were the provinces where public investments declined most with 49%, 26% and 24.9%, respectively (Table 52).

Table 52. Distribution of Public Investments by Provinces

(Thousand TL)

Provinces	2011	2012	2013	Share (%)			Variation (%)	
				2011	2012	2013	2012	2013
Adana	198,521	265,061	361,099	0.5	0.6	0.7	33.5	36.2
Adiyaman	302,114	293,123	293,934	0.8	0.7	0.6	-3.0	0.3
Afyonkarahisar	155,366	229,366	249,388	0.4	0.5	0.5	47.6	8.7
Ağrı	280,023	268,942	276,913	0.8	0.6	0.5	-4.0	3.0
Aksaray	151,769	187,970	316,415	0.4	0.4	0.6	23.9	68.3
Amasya	78,188	116,556	155,451	0.2	0.3	0.3	49.1	33.4
Ankara	1,700,453	3,553,371	3,664,716	4.7	8.0	6.9	109.0	3.1
Antalya	351,452	420,393	615,317	1.0	0.9	1.2	19.6	46.4
Ardahan	42,764	47,275	50,621	0.1	0.1	0.1	10.5	7.1
Artvin	664,209	849,704	433,038	1.8	1.9	0.8	27.9	-49.0
Aydın	178,033	184,076	189,958	0.5	0.4	0.4	3.4	3.2
Balıkesir	261,341	303,386	280,964	0.7	0.7	0.5	16.1	-7.4
Bartın	50,661	84,973	80,699	0.1	0.2	0.2	67.7	-5.0
Batman	263,357	241,415	244,590	0.7	0.5	0.5	-8.3	1.3
Bayburt	24,484	33,790	46,929	0.1	0.1	0.1	38.0	38.9
Bilecik	31,743	43,897	67,639	0.1	0.1	0.1	38.3	54.1
Bingöl	273,462	169,863	398,614	0.8	0.4	0.8	-37.9	134.7
Bitlis	75,032	73,424	92,930	0.2	0.2	0.2	-2.1	26.6
Bolu	48,188	96,735	77,253	0.1	0.2	0.1	100.7	-20.1
Burdur	71,168	85,255	113,738	0.2	0.2	0.2	19.8	33.4
Bursa	604,127	452,297	415,292	1.7	1.0	0.8	-25.1	-8.2
Çanakkale	182,914	220,887	243,332	0.5	0.5	0.5	20.8	10.2
Çankırı	92,431	76,642	121,262	0.3	0.2	0.2	-17.1	58.2
Çorum	88,481	109,836	135,317	0.2	0.2	0.3	24.1	23.2
Denizli	124,067	142,697	194,204	0.3	0.3	0.4	15.0	36.1
Diyarbakır	776,615	798,074	914,826	2.1	1.8	1.7	2.8	14.6
Düzce	84,099	76,352	97,131	0.2	0.2	0.2	-9.2	27.2
Edirne	124,813	156,444	152,577	0.3	0.4	0.3	25.3	-2.5
Elazığ	198,831	149,298	252,827	0.5	0.3	0.5	-24.9	69.3
Erzincan	132,389	175,727	177,671	0.4	0.4	0.3	32.7	1.1
Erzurum	184,219	248,984	360,246	0.5	0.6	0.7	35.2	44.7
Eskişehir	192,438	268,816	503,956	0.5	0.6	1.0	39.7	87.5
Gaziantep	274,170	360,239	420,830	0.8	0.8	0.8	31.4	16.8
Giresun	73,230	131,168	143,184	0.2	0.3	0.3	79.1	9.2
Gümüşhane	59,555	62,188	82,040	0.2	0.1	0.2	4.4	31.9
Hakkari	81,420	120,629	155,301	0.2	0.3	0.3	48.2	28.7
Hatay	213,351	314,474	633,627	0.6	0.7	1.2	47.4	101.5
Iğdır	73,436	58,445	89,539	0.2	0.1	0.2	-20.4	53.2
Isparta	73,110	83,773	105,473	0.2	0.2	0.2	14.6	25.9
İstanbul	2,820,020	2,559,243	2,246,210	7.7	5.8	4.2	-9.2	-12.2
İzmir	609,473	704,596	1,209,754	1.7	1.6	2.3	15.6	71.7
Kahramanmaraş	185,492	458,777	515,399	0.5	1.0	1.0	147.3	12.3
Karabük	73,634	88,592	86,325	0.2	0.2	0.2	20.3	-2.6
Karaman	121,223	130,059	165,826	0.3	0.3	0.3	7.3	27.5
Kars	136,373	143,877	181,580	0.4	0.3	0.3	5.5	26.2
Kastamonu	94,054	118,268	113,658	0.3	0.3	0.2	25.7	-3.9
Kayseri	209,696	221,099	407,837	0.6	0.5	0.8	5.4	84.5
Kırıkkale	134,854	183,619	135,817	0.4	0.4	0.3	36.2	-26.0
Kırklareli	140,568	123,329	137,825	0.4	0.3	0.3	-12.3	11.8
Kırşehir	64,290	100,556	85,216	0.2	0.2	0.2	56.4	-15.3
Kilis	96,385	56,030	60,120	0.3	0.1	0.1	-41.9	7.3
Kocaeli	188,055	217,842	395,514	0.5	0.5	0.7	15.8	81.6
Konya	426,031	490,647	623,754	1.2	1.1	1.2	15.2	27.1
Kütahya	206,562	266,085	354,552	0.6	0.6	0.7	28.8	33.2

Table 52. Distribution of Public Investments by Provinces (Continued)

(Thousand TL)

Provinces	2011	2012	2013	Share (%)			Variation (%)	
				2011	2012	2013	2012	2013
Malatya	180,375	165,238	209,553	0.5	0.4	0.4	-8.4	26.8
Manisa	276,494	260,034	246,529	0.8	0.6	0.5	-6.0	-5.2
Mardin	536,128	721,380	1,458,881	1.5	1.6	2.8	34.6	102.2
Mersin	251,198	460,100	511,121	0.7	1.0	1.0	83.2	11.1
Muğla	305,845	272,652	204,638	0.8	0.6	0.4	-10.9	-24.9
Muş	89,685	115,543	172,211	0.2	0.3	0.3	28.8	49.0
Nevşehir	58,439	51,679	68,580	0.2	0.1	0.1	-11.6	32.7
Niğde	98,763	65,449	96,880	0.3	0.1	0.2	-33.7	48.0
Ordu	137,880	165,005	299,817	0.4	0.4	0.6	19.7	81.7
Osmaniye	59,822	60,115	79,592	0.2	0.1	0.2	0.5	32.4
Rize	95,220	112,406	110,518	0.3	0.3	0.2	18.0	-1.7
Sakarya	186,944	293,606	417,976	0.5	0.7	0.8	57.1	42.4
Samsun	236,326	260,496	320,009	0.6	0.6	0.6	10.2	22.8
Siirt	71,686	81,028	72,682	0.2	0.2	0.1	13.0	-10.3
Sinop	171,002	165,884	167,435	0.5	0.4	0.3	-3.0	0.9
Sivas	199,929	267,693	309,393	0.5	0.6	0.6	33.9	15.6
Şanlıurfa	680,639	647,736	789,586	1.9	1.5	1.5	-4.8	21.9
Şırnak	128,611	142,916	133,779	0.4	0.3	0.3	11.1	-6.4
Tekirdağ	110,698	120,266	247,046	0.3	0.3	0.5	8.6	105.4
Tokat	97,448	117,926	136,822	0.3	0.3	0.3	21.0	16.0
Trabzon	607,961	196,057	223,509	1.7	0.4	0.4	-67.8	14.0
Tunceli	56,666	52,911	62,163	0.2	0.1	0.1	-6.6	17.5
Uşak	46,298	85,554	83,137	0.1	0.2	0.2	84.8	-2.8
Van	200,091	246,980	402,240	0.5	0.6	0.8	23.4	62.9
Yalova	38,365	37,078	63,516	0.1	0.1	0.1	-3.4	71.3
Yozgat	65,117	99,266	155,578	0.2	0.2	0.3	52.4	56.7
Zonguldak	179,329	161,085	133,600	0.5	0.4	0.3	-10.2	-17.1
Various Provinces	16,890,594	21,590,040	25,776,601	46.4	48.6	48.7	27.8	19.4
Total	36,400,287	44,434,287	52,881,620	100.0	100.0	100.0	22.1	19.0

Source: MoD.

According to the evaluation made in 2013 based on provinces and sectors, it is observed that public investments are concentrated in the transportation-communication sector, and followed by the investments made in other public services, education, agriculture, energy, health and mining sectors. Manufacturing, housing and tourism sectors stand out as the sectors in which least public investment is made (Table 53).

In 2013, the sector investments included under the heading of agriculture, transportation-communication, education and other public services were made in all the provinces. There are not any provinces in which public investments were not made in respect of other sectors. The sectoral investments with the highest amounts were the agriculture investment in Diyarbakır with 464,595 thousand TL, mining investment with 355,961 thousand TL in Hatay, manufacturing investment with 106.690 thousand TL in Kütahya, energy investment with 1,223,899 thousand TL in Mardin, transportation-communication investment with 1,668,273 thousand TL in Ankara, tourism investment with 45,387 thousand TL in Çanakkale, housing investment with 85,643 thousand TL in Ağrı, education investment with 386,186 in İstanbul, and health investment with 103,002 thousand TL again in İstanbul.

Table 53. Sectoral Distribution of Public Investments by Provinces in 2013

(Thousand TL)

Provinces	Agriculture	Mining	Manufacturing	Energy	Transportation-Communication	Tourism	Housing	Education	Health	Other Public Services	Provincial Total
Adana	101,975	1,156	0	2,664	30,299	0	900	106,051	24,900	93,154	361,099
Adıyaman	41,672	88,617	0	195	4,790	334	11,766	44,367	33,950	68,243	293,934
Afyonkarahisar	74,856	5,657	9,018	3,406	39,740	992	15,281	50,049	23,688	26,701	249,388
Ağrı	36,504	168	1	0	16,066	0	85,643	51,560	15,150	71,821	276,913
Aksaray	17,293	1,204	0	3,073	217,976	1,750	4,042	30,660	7,650	32,767	316,415
Amasya	30,948	376	0	5,000	11,074	0	2,130	36,202	5,302	64,419	155,451
Ankara	120,527	123,710	72,320	25,743	1,668,273	360	13,754	369,752	91,602	1,178,675	3,664,716
Antalya	114,137	65,528	0	18,640	27,119	28,491	6,410	84,661	61,000	209,331	615,317
Ardahan	2,104	221	0	106	2,092	0	317	33,564	3,850	8,367	50,621
Artvin	18,758	572	0	306,811	43,882	750	18,700	27,859	5,000	10,706	433,038
Aydın	36,693	1,591	0	24,135	4,851	3,059	900	60,725	27,602	30,402	189,958
Balıkesir	65,864	11,958	25,821	2,092	49,856	1,320	787	50,902	39,679	32,685	280,964
Bartın	12,271	11	0	12,000	30	2,800	40	22,580	2,250	28,717	80,699
Batman	11,364	126,384	0	8,224	3,624	334	810	54,762	700	38,388	244,590
Bayburt	18,447	122	0	900	383	0	383	22,842	2,002	1,850	46,929
Bilecik	3,326	128	0	1,152	27,674	500	1,500	28,516	400	4,443	67,639
Bingöl	23,437	1	0	255,000	27,856	0	9,458	58,948	9,102	14,812	398,614
Bitlis	7,343	96	0	8	9,569	1,085	3,112	43,624	4,252	23,841	92,930
Bolu	10,323	11	0	0	7,724	71	20	43,145	5,650	10,309	77,253
Burdur	40,871	1,160	0	2	1,052	0	893	59,634	3,650	6,476	113,738
Bursa	56,585	156	500	8,228	88,502	1,050	1,114	71,684	42,928	144,545	415,292
Çanakkale	42,991	536	0	31,514	29,188	45,387	1,650	43,469	20,552	28,045	243,332
Çankırı	46,892	872	0	200	6,746	3,250	786	52,666	4,350	5,500	121,262
Çorum	31,041	423	0	0	5,733	500	11,092	33,342	22,515	30,671	135,317
Denizli	49,843	2,762	11,000	14	16,666	1,987	922	46,064	10,650	54,296	194,204
Diyarbakır	464,595	51,099	0	20,807	36,742	334	11,706	102,315	10,650	216,578	914,826
Düzce	17,909	1,500	0	6	1,697	1,250	0	36,650	29,135	8,984	97,131
Edirne	50,708	1,937	0	2,510	28,552	2,579	200	41,237	11,002	13,852	152,577
Elazığ	27,489	991	1	24,412	20,685	71	80,427	51,146	19,300	28,305	252,827
Erzincan	17,415	503	21,000	2,387	23,204	2,000	5,396	33,456	5,334	66,976	177,671
Erzurum	82,107	343	3,300	11,002	45,958	1,000	9,967	65,363	36,500	104,706	360,246
Eskişehir	31,953	19,286	61,570	6,905	203,031	371	1,600	57,886	12,750	108,604	503,956
Gaziantep	73,050	432	30	3,509	109,022	525	3,444	109,143	23,550	98,125	420,830
Giresun	25,667	56	0	6,322	2,178	0	12,523	39,302	12,050	45,086	143,184
Gümüşhane	30,137	179	0	1,790	4,374	200	868	36,267	3,000	5,225	82,040
Hakkari	21,300	0	0	11	64,040	0	134	47,956	5,400	16,460	155,301
Hatay	66,362	355,961	512	22,606	44,734	1,002	700	77,906	16,400	47,444	633,627
İğdır	17,875	1	0	500	4,202	0	5,349	51,021	2,352	8,239	89,539
İsparta	31,139	3,160	0	854	1,288	3,900	0	41,405	12,200	11,527	105,473
İstanbul	13,912	55,447	21,212	92,527	1,216,290	4,628	920	386,186	103,002	352,086	2,246,210
İzmir	128,349	2,744	726	32,060	572,252	8,000	530	147,751	66,450	250,892	1,209,754
Kahramanmaraş	56,264	26,049	1	232,976	29,774	0	60	63,404	57,300	49,571	515,399
Karabük	4,760	71	67	396	5,794	0	181	51,945	19,402	3,709	86,325
Karaman	36,808	369	0	23,966	2,303	2,000	0	63,733	10,050	26,597	165,826
Kars	24,871	147	1	1,500	60,563	1,000	878	29,829	26,375	36,416	181,580
Kastamonu	32,441	376	0	1,556	5,383	2,800	3,630	40,718	15,454	11,300	113,658
Kayseri	111,231	2,545	1,000	2,844	77,840	8,842	441	88,440	24,000	90,654	407,837
Kırıkkale	10,372	877	41,321	2	3,750	0	0	50,253	22,390	6,852	135,817
Kırklareli	30,431	10,646	1	10,858	2,683	0	0	40,212	5,950	37,044	137,825
Kırşehir	12,106	635	423	1,250	6,297	250	50	47,745	2	16,458	85,216
Kilis	17,362	40	0	196	1,374	333	0	27,826	0	12,989	60,120
Kocaeli	7,184	11	15,800	17,889	185,633	2,000	0	78,846	18,600	69,551	395,514
Konya	264,276	5,813	1,580	11,960	67,433	2,000	504	110,724	38,900	120,564	623,754
Kütahya	37,884	62,797	106,690	3,008	9,539	0	18,330	64,947	7,200	44,157	354,552

Table 53. Sectoral Distribution of Public Investments by Provinces in 2013 (Continued)

(Thousand TL)

Provinces	Agriculture	Mining	Manufacturing	Energy	Transportation- Communication	Tourism	Housing	Education	Health	Other Public Services	Provincial Total
Malatya	51,722	1,028	1,184	104	28,404	0	775	57,100	38,580	30,656	209,553
Manisa	62,073	2,631	1,000	23,892	18,366	310	130	65,320	26,600	46,207	246,529
Mardin	31,660	1,651	0	1,223,899	51,742	591	1,335	68,491	7,450	72,062	1,458,881
Mersin	51,631	50,142	0	7,902	37,546	15,512	750	125,183	56,502	165,953	511,121
Muğla	36,155	787	0	31,347	19,020	16,165	1,340	40,569	18,650	40,605	204,638
Muş	22,345	698	1	3,410	39,435		7,009	61,482	6,120	31,711	172,211
Nevşehir	11,217	2,919	0	8,143	1,455	2,750	200	30,733	1,500	9,663	68,580
Niğde	39,715	3,042	4,601	2	4,029		1,708	30,133	2,000	11,650	96,880
Ordu	11,000	55	0	8,044	173,623	1,000	1,605	30,660	8,687	65,143	299,817
Osmaniye	13,350	1,523	0	6	2,475		15	50,158	302	11,763	79,592
Rize	9,212	572	10,400	580	14,508	71	20,463	39,245	2,002	13,465	110,518
Sakarya	8,759	128	7,661	5,700	294,771	500	368	38,279	12,504	49,306	417,976
Samsun	74,872	263	1	1,204	44,594	3,309	4,843	78,381	20,429	92,113	320,009
Siirt	3,737	6,937	0	2,694	7,461	333	622	34,332	1,550	15,016	72,682
Sinop	33,972	377	0	6,002	75,130	1,000	3,314	30,754	1,500	15,386	167,435
Sivas	87,094	2,150	5,536	51,964	63,124	9,960	1,506	56,667	12,250	19,142	309,393
Şanlıurfa	418,638	801	0	53,590	26,842	865	4,111	93,498	20,902	170,339	789,586
Şırnak	4,021	4,830	0	6,930	48,122	333	200	41,329	2,302	25,712	133,779
Tekirdağ	11,577	2,934	0	508	56,347	0	550	52,065	23,202	99,863	247,046
Tokat	33,165	433	6,500	4,508	11,298	0	250	44,997	19,750	15,921	136,822
Trabzon	43,238	27,062	0	1,022	5,233	4,011	800	51,071	15,500	75,572	223,509
Tunceli	1,893	1	0	304	7,207	0	3,442	35,241	770	13,305	62,163
Uşak	26,488	1,304	6	1,800	2,938	0	24	35,209	2,500	12,868	83,137
Van	16,460	241	2,263	23,006	40,011	6,500	18,325	60,835	97,307	137,292	402,240
Yalova	3,737	11	0	6,480	184	59	0	39,039	0	14,006	63,516
Yozgat	33,997	1,288	0	2	6,933	0	990	57,064	16,521	38,783	155,578
Zonguldak	17,874	2,564	0	24,487	13,686	0	3,543	40,660	10,752	20,034	133,600
Various Provinces	2,081,000	636,893	250,302	1,547,519	8,695,391	154,171	184,784	3,419,533	1,660,686	7,146,322	25,776,601
Total	6,002,624	1,790,700	683,350	4,290,765	14,967,255	356,545	613,250	8,419,268	3,169,890	12,587,973	52,881,620

Source: MoD.

While the amount of investments subjected to investment incentive certificate dropped by 14.2% in 2011, increases took place by 7.6 in 2012 and by 62.7% in 2013. The fixed investments subjected to investment incentive certificate, which amounted to 57,645 million TL in 2012, rose to 93,784 million TL in 2013 (Table 54).

In 2013, compared to the preceding year, amount of the investment incentive certificates given for the agriculture sector rose by 12.6% to 869 million TL, the incentives given for the mining sector rose by 246.7% to 7,649 million TL, the incentives given for the manufacturing industry sector rose by 21.1% to 32,668 million TL, the incentives given for the energy sector rose by 161.4% to 32,980 million TL, and the incentives given for the services sector rose by 30.1% to 19,618 million TL.

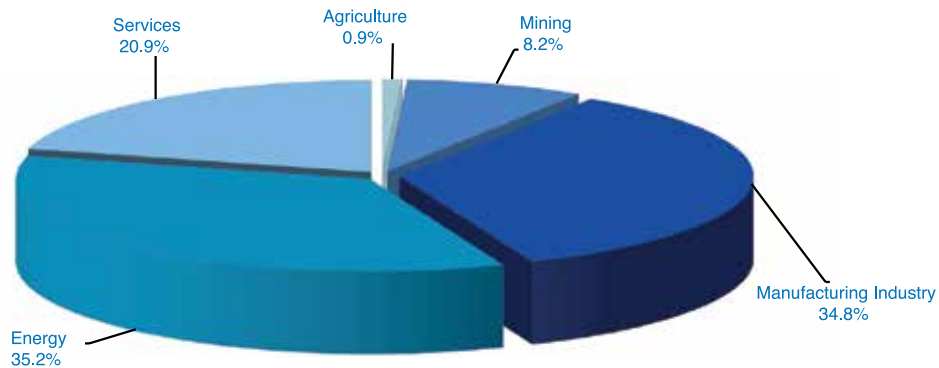
Among the fixed investments subjected to incentive certificate in 2013, the energy sector took the first place with 35.2%, followed by the manufacturing sector with 34.8%, the services sector with 20.9%, the mining sector with 8.2%, and the agricultural sector with 0.9%. In 2013, compared to 2012, the share received by agricultural, manufacturing industry and services sectors from the total investment incentives declined, whereas the share of mining and energy sectors rose (Graph 23).

Table 54. Investment Incentive Certificates by Sectors

Sectors	Number of Certificates			Fixed Investment (Million TL)			Employment (People)		
	2011	2012	2013	2011	2012	2013	2011	2012	2013
Agriculture	246	122	107	1,512	772	869	6,749	3,031	3,180
Mining	273	284	281	1,340	2,206	7,649	5,529	8,092	10,763
Manufacturing industry	2,430	2,562	2,988	21,144	26,974	32,668	65,904	76,032	94,184
Energy	209	196	184	15,136	12,617	32,980	4,274	3,497	5,002
Services	1,211	1,142	1,418	14,440	15,076	19,618	42,525	56,281	76,878
Total	4,369	4,306	4,978	53,572	57,645	93,784	124,981	146,933	190,007
	Variation (%)								
Agriculture	-45.7	-50.4	-12.3	-42.9	-48.9	12.6	-49.5	-55.1	4.9
Mining	10.1	4.0	-1.1	-31.3	64.6	246.7	-0.6	46.4	33.0
Manufacturing industry	8.7	5.4	16.6	-36.7	27.6	21.1	-10.9	15.4	23.9
Energy	32.3	-6.2	-6.1	66.9	-16.6	161.4	47.2	-18.2	43.0
Services	20.1	-5.7	24.2	-6.3	4.4	30.1	-20.1	32.3	36.6
Total	6.5	-1.4	15.6	-14.2	7.6	62.7	-16.1	17.6	29.3
	Share (%)								
Agriculture	5.6	2.8	2.1	2.8	1.3	0.9	5.4	2.1	1.7
Mining	6.2	6.6	5.6	2.5	3.8	8.2	4.4	5.5	5.7
Manufacturing industry	55.6	59.5	60.0	39.5	46.8	34.8	52.7	51.7	49.6
Energy	4.8	4.6	3.7	28.3	21.9	35.2	3.4	2.4	2.6
Services	27.7	26.5	28.5	27.0	26.2	20.9	34.0	38.3	40.5
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: MoE.

Graph 23. Sectoral Distribution of Investment Incentives (Fixed Investment, 2013)



Source: MoE.

In 2013, it was aimed to provide employment for 190,007 people with a total of 4,978 investments with incentive certificate. It was aimed to employ 94,184 people representing 49.6% of them in the manufacturing industry sector, 76,878 representing 40.5% in the services sector, 10,763 representing 5.7% in the mining sector, 5,0002 representing 2.6 in the energy sector, nad 3,180 representing 1.7% in the agriculture sector.

The investments subjected to incentive certificate in 2013 comprised completely new investments by 69.9%, extensional investments by 21.7%, and other investments by 8.3%. While the amount of 2,952 incentive certificates issued in 2013 for the completely new investments was 65,583 million TL, the amount of 1,505 incentive certificates issued for extensional investments was 20,387 million TL, and the amount of 521 incentive certificates issued for other investments was 7,814 million TL (Table 55).

Table 55. Investment Incentive Certificates by Nature

Nature of Investment	Number of Certificates			Fixed Investment (Million TL)			Employment (People)		
	2011	2012	2013	2011	2012	2013	2011	2012	2013
Completely new investment	2,904	2,672	2,952	36,883	41,423	65,583	96,433	112,009	145,485
Extensional	1,043	1,197	1,505	12,132	12,198	20,387	23,463	29,477	36,243
Other	422	437	521	4,557	4,024	7,814	5,085	5,447	8,279
Total	4,369	4,306	4,978	53,572	57,645	93,784	124,981	146,933	190,007
	Variation (%)								
Completely new investment	6.4	-8.0	10.5	-14.4	12.3	58.3	-6.4	16.2	29.9
Extensional	13.5	14.8	25.7	-11.7	0.5	67.1	-18.4	25.6	23.0
Other	-7.0	3.6	19.2	-19.0	-11.7	94.2	-70.5	7.1	52.0
Total	6.5	-1.4	15.6	-14.2	7.6	62.7	-16.1	17.6	29.3
	Share (%)								
Completely new investment	66.5	62.1	59.3	68.8	71.9	69.9	77.2	76.2	76.6
Extensional	23.9	27.8	30.2	22.6	21.2	21.7	18.8	20.1	19.1
Other	9.7	10.1	10.5	8.5	7.0	8.3	4.1	3.7	4.4
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: MoE.

Of the 190,007 people who were planned to be employed in the investments subjected to incentive certificates in 2013, it was projected to employ 76.7% in completely new investments, 19.1% in extensional investments, and 4.4% in other investments. In terms of nature of the investments, while the highest rise in the number of those subjected to incentive certificate was in the extensional investments with 25.7%; in terms of fixed investment amount, the highest rise was in the other investments with 94.2%, and in terms of the number of personnel projected to be employed, again in the other investments with 52%.

Among the fixed investments with incentive certificate amounting to 93,784 million TL as issued in 2013, the 1st region took the first place with share of 30.5% and 28,619 million TL, followed by the 2nd region with a share of 18.3% and 17,184 million TL, the 3rd region with a share of 11.6% and 10,887 million TL, the 4th region with a share of 10.7% and 10,041 million TL, the 6th region with a share of 8.3% and 7,824 million TL, and the 5th region with a share of 6.2% and 5,778 million TL.

The investments covering more than one province, which are designed as various regions, took a share of 14.3% from the investment incentives with 13,451 million TL. In 2013, the highest increase in the incentives given compared to the preceding year took place in the investments covering more than one province with 989.1%, and it was followed by the 2nd region with 88.4%, the 6th region with 50.6%, the 4th region with 60.9%, the 3rd region with 42.2%, the 5th region with 34.8%, and the 1st region was in the last place with 16.5%. With the investments subjected to incentive certificate, it was envisaged to provide employment for 66,671 people in the 1st region, 29,286 people in the 2nd region, 21,835 people in the 3rd region, 17,317 people in the 4th region, 19,863 people in the 5th region, and 33,391 people in the 6th region (Table 56, Graph 24).

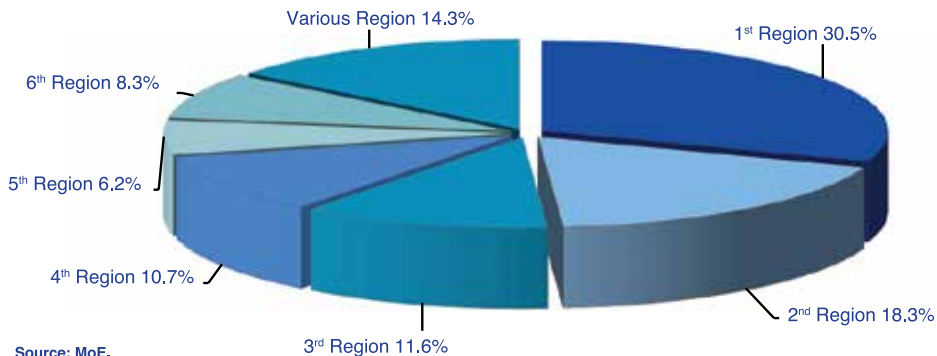
Table 56. Investment Incentive Certificates by Regions

Regions ⁽¹⁾	Fixed Investment (Million TL)							Employment (People)				
	Number of Certificates		2012		2013		Change	2012		2013		Variation
	2012	2013	Value	Share	Value	Share		Number of People	Share	Number of People	Share	
1 st Region	1,562	1,787	24,573	42,6	28,619	30,5	16,5	58,200	39,6	66,671	35,1	14,6
2 nd Region	748	807	9,321	16,2	17,184	18,3	84,4	21,475	14,6	29,286	15,4	36,4
3 rd Region	701	704	7,658	13,3	10,887	11,6	42,2	17,104	11,6	21,835	11,5	27,7
4 th Region	498	519	6,239	10,8	10,041	10,7	60,9	16,409	11,2	17,317	9,1	5,5
5 th Region	337	488	4,286	7,4	5,778	6,2	34,8	11,304	7,7	19,863	10,5	75,7
6 th Region	450	647	4,333	7,5	7,824	8,3	80,6	22,294	15,2	33,391	17,6	49,8
Various Region	10	26	1,235	2,1	13,451	14,3	989,1	147	0,1	1,644	0,9	1.018,4
Total	4,306	4,978	57,645	100,0	93,784	100,0	62,7	146,933	100,0	190,007	100,0	29,3

Source: MoE.

- (1): 1st Region: Ankara, Antalya, Bursa, Eskişehir, İstanbul, İzmir, Kocaeli, Muğla,
2nd Region: Adana, Aydın, Bolu, Çanakkale (excluding the counties Bozcaada and Gökçeada), Denizli, Edirne, Isparta, Kayseri, Kırklareli, Konya, Sakarya, Tekirdağ, Yalova,
3rd Region: Balıkesir, Bilecik, Burdur, Gaziantep, Karabük, Karaman, Manisa, Mersin, Samsun, Trabzon, Uşak, Zonguldak,
4th Region: Afyonkarahisar, Amasya, Artvin, Bartın, Çorum, Düzce, Elazığ, Erzincan, Hatay, Kastamonu, Kırıkkale, Kırşehir, Kütahya, Malatya, Nevşehir, Rize, Sivas,
5th Region: Adıyaman, Aksaray, Bayburt, Çankırı, Erzurum, Giresun, Gümüşhane, Kahramanmaraş, Kilis, Niğde, Ordu, Osmaniye, Sinop, Tokat, Tunceli, Yozgat,
6th Region: Ağrı, Ardahan, Batman, Bingöl, Bitlis, Diyarbakır, Hakkari, Iğdır, Kars, Mardin, Muş, Siirt, Şanlıurfa, Şırnak, Van, the counties Bozcaada and Gökçeada.

Graph 24. Regional Distribution of Investment Incentives (Fixed Investment, 2013)



Of a total of 4,978 investment incentive certificates, 240 were issued for foreign capital investments and 4,738 were issued for domestic capital investments in 2013. Of the fixed investment amount of investment incentive certificates, 13,186 million TL corresponding to 14.1% was given to foreign capital investments, and 80,598 million TL corresponding to 85.9% was given to domestic capital investments. Compared to 2012, the fixed investment amount of the investment incentive certificates issued in 2013 increased by 83.4% in the case of foreign capital investments, and by 59.7% in the case of domestic capital investments (Table 57).

Table 57. Investment Incentive Certificates by Support Classes

Support Class	Number of Certificates			Fixed Investment (Million TL)			Employment (People)		
	2011	2012	2013	2011	2012	2013	2011	2012	2013
Foreign Capital									
Regional	79	115	130	1,448	2,969	5,489	5,052	8,912	8,912
Large-Scale	3	8	9	1,145	1,425	1,921	1,160	2,751	3,087
General	126	113	101	6,780	2,796	5,776	3,065	3,026	4,548
Total	208	236	240	9,373	7,190	13,186	9,277	14,689	16,547
Domestic Capital									
Regional	1,438	1,967	2,808	12,169	22,115	30,942	56,300	89,209	125,010
Large-Scale	4	7	7	4,419	1,121	12,507	937	1,088	949
General	2,719	2,094	1,913	27,611	20,538	31,000	58,467	40,951	45,658
Strategic Investment	-	2	10	-	6,681	6,149	-	996	1,843
Total	4,161	4,070	4,738	44,199	50,455	80,598	115,704	132,244	173,460
Grand Total	4,369	4,306	4,978	53,572	57,645	93,784	124,981	146,933	190,007
Foreign Capital Variation (%)									
Regional	-25.5	45.6	13.0	-25.8	105.0	84.9	-42.5	76.4	0.0
Large-Scale	-62.5	166.7	12.5	-58.9	24.5	34.8	-66.8	137.2	12.2
General	35.5	-10.3	-10.6	127.5	-58.8	106.6	-33.9	-1.3	50.3
Total	0.5	13.5	1.7	21.5	-23.3	83.4	-45.1	58.3	12.6
Domestic Capital Variation (%)									
Regional	-19.4	36.8	42.8	-42.1	81.7	39.9	-30.4	58.5	40.1
Large-Scale	-69.2	75.0	0.0	-75.6	-74.6	1,015.7	-70.7	16.1	-12.8
General	29.5	-23.0	-8.6	76.9	-25.6	50.9	21.8	-30.0	11.5
Strategic Investment	-	-	400.0	-	-	-8.0	-	-	85.0
Total	6.8	-2.2	16.4	-19.3	14.2	59.7	-12.4	14.3	31.2
Grand Total	6.5	-1.4	15.6	-14.2	7.6	62.7	-16.1	17.6	29.3
Share of Foreign Capital (%)									
Regional	1.8	2.7	2.6	2.7	5.2	5.9	4.0	6.1	4.7
Large-Scale	0.1	0.2	0.2	2.1	2.5	2.0	0.9	1.9	1.6
General	2.9	2.6	2.0	12.7	4.9	6.2	2.5	2.1	2.4
Total	4.8	5.5	4.8	17.5	12.5	14.1	7.4	10.0	8.7
Share of Domestic Capital (%)									
Regional	32.9	45.7	56.4	22.7	38.4	33.0	45.0	60.7	65.8
Large-Scale	0.1	0.2	0.1	8.2	1.9	13.3	0.7	0.7	0.5
General	62.2	48.6	38.4	51.5	35.6	33.1	46.8	27.9	24.0
Strategic Investment	-	0.0	0.2	-	11.6	6.6	-	0.7	1.0
Total	95.2	94.5	95.2	82.5	87.5	85.9	92.6	90.0	91.3
Grand Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: MoE.

Of the incentives given to foreign capital investments, 5,489 million TL is covered by regional investment applications, 1,921 million TL is covered by large-scale investment applications, and 5,776 is covered by general incentive applications. Of the incentives given to domestic capital investments, 30,942 million TL is covered by regional investment application, 12,507 million TL is covered by large-scale investment, 31,000 million TL is covered by general investment application, and 6,149 million TL is covered by strategic investment application, which was applied for the first time in 2012.

In 2013, of the new employment planned to be provided with investment incentives given to the foreign capital, it is estimated that 4.7% will be in the regional class, 1.6% in the large-scale class, and 2.4% in the general support class. Of the new employment to be created with the regional investment incentive certificates given to the domestic capital, 65.8% of the employment is planned to be created in regional investments, 0.5% in large-scale investments, 24% in general investments, and 1% will be created in strategic investments.

1.4 Monetary and Financial Developments

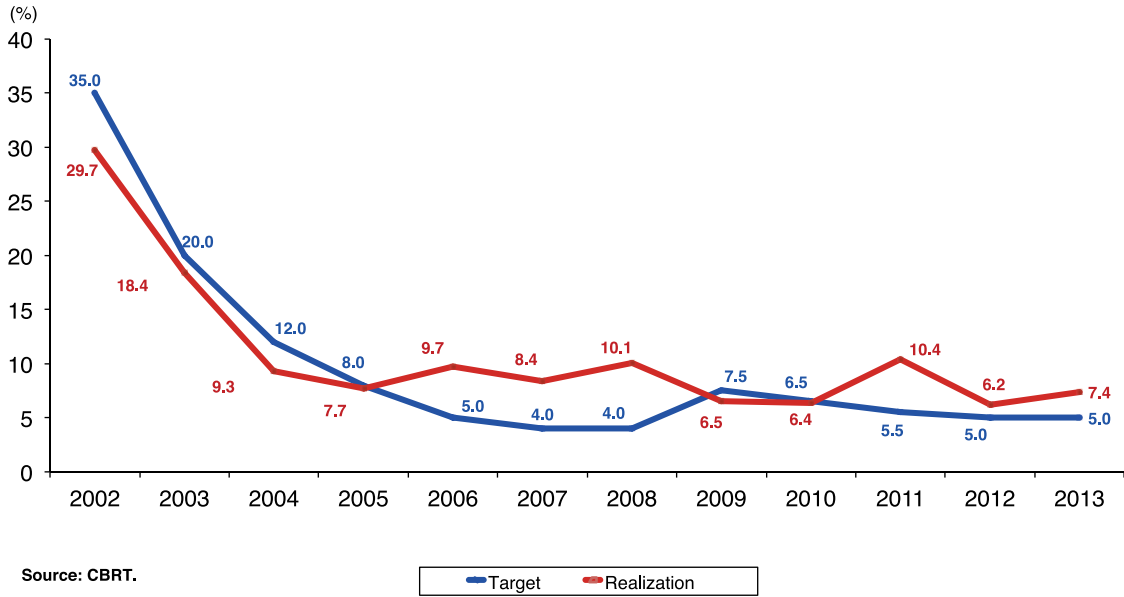
1.4.1 Inflation

1.4.1.1 Consumer Price Index

The primary objective of the Central Bank of Republic of Turkey (CBRT) is to ensure and maintain the price stability, which is defined as an inflation level that is low and sustainable to such extent that the economic units are not required to take into consideration in their decisions involving investment, consumption and savings. To that end, such policies which aim keeping the inflation at such levels consistent with the target, where financial stability is paid regard to, are established and applied.

CBRT set the inflation target in 2013 as 5% in parallel to the understanding reached with the Government. As required by the accountability obligation of CBRT, the consumer price index (CPI) uncertainty band was preserved as 2 percentage points in both directions, like with the prior years. In 2013, the policy remained unchanged in that, where a deviation of more than 2 percentage points is seen in the year-end target of the inflation as of the ends of quarterly periods within the year, the reasons of the deviation and the measures which have been taken and must be taken to reach the target would be disclosed by CBRT through the Inflation Report that is published four times a year, and where the actual inflation remains outside the uncertainty band at the end of the year, an open letter would be written to the Government.

Graph 25. Inflation Targets and Realization



By the measures taken following the 2001 crisis, annual inflation regressed to 6.2% in 2012 from around 30% with a fluctuating course, but headed for rise again in 2013. In 2013, inflation accrued as 7.40% with increase by 1.2 point compared to the preceding year, which is 2.4 points above the uncertainty interval around the target of 5%. In the letter sent by CBRT to the Government, it was stated that accrual of the inflation above the target at the year-end was driven by the exchange rate and food prices (Table 58, Graph 25).

Table 58. Consumer Price Index by Main Expenditure Groups

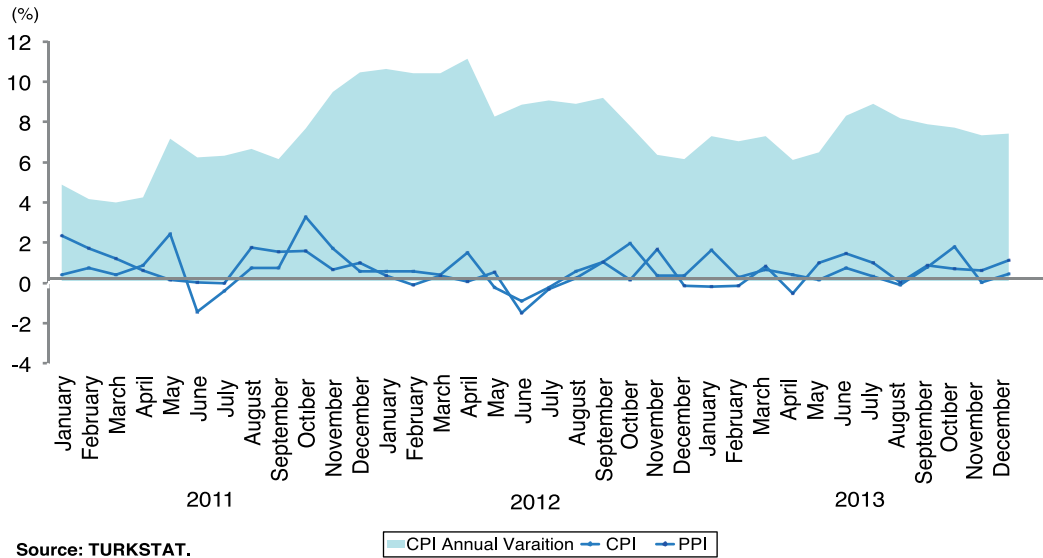
(2003=100)

Main Expenditure Groups	2011		2012		2013	
	Index	Variation (%)	Index	Variation (%)	Index	Variation (%)
Twelve-Month Average Consumer Price Index						
Food & non-alcoholic beverages	197.82	6.24	214.46	8.41	233.97	9.10
Alcoholic beverages and tobacco	302.81	3.57	345.25	14.01	397.73	15.20
Clothing and footwear	132.76	6.57	143.61	8.17	152.79	6.39
Housing, water, electricity	220.06	5.79	245.26	11.45	262.85	7.17
Furniture, household appliances	153.36	7.79	167.39	9.15	175.56	4.88
Health	128.35	0.61	130.11	1.37	133.58	2.67
Transportation	188.00	9.98	202.36	7.64	216.18	6.83
Communication	112.61	0.46	116.18	3.17	122.13	5.12
Entertainment and culture	148.20	1.54	156.45	5.57	160.43	2.54
Education	195.96	5.43	207.77	6.03	222.56	7.12
Restaurants and hotels	247.51	8.05	270.16	9.15	295.18	9.26
Various goods and services	216.16	12.76	244.24	12.99	256.27	4.93
General	189.95	6.47	206.84	8.89	222.33	7.49
Year-End Consumer Price Index						
Food & non-alcoholic beverages	212.26	12.21	220.53	3.90	241.85	9.67
Alcoholic beverages and tobacco	344.00	18.50	347.38	0.98	383.94	10.52
Clothing and footwear	142.28	7.98	153.91	8.17	161.41	4.87
Housing, water, electricity	230.86	8.20	257.11	11.37	269.55	4.84
Furniture, household appliances	160.56	11.04	170.02	5.89	180.13	5.95
Health	128.27	0.34	130.43	1.68	136.75	4.85
Transportation	195.42	12.22	206.24	5.54	226.39	9.77
Communication	114.22	2.48	120.96	5.90	122.41	1.20
Entertainment and culture	153.68	6.49	156.73	1.98	164.85	5.18
Education	201.79	6.47	211.50	4.81	232.76	10.05
Restaurants and hotels	257.12	8.20	281.06	9.31	308.77	9.86
Various goods and services	232.38	17.14	252.51	8.66	258.16	2.24
General	200.85	10.45	213.23	6.16	229.01	7.40

Source: TURKSTAT.

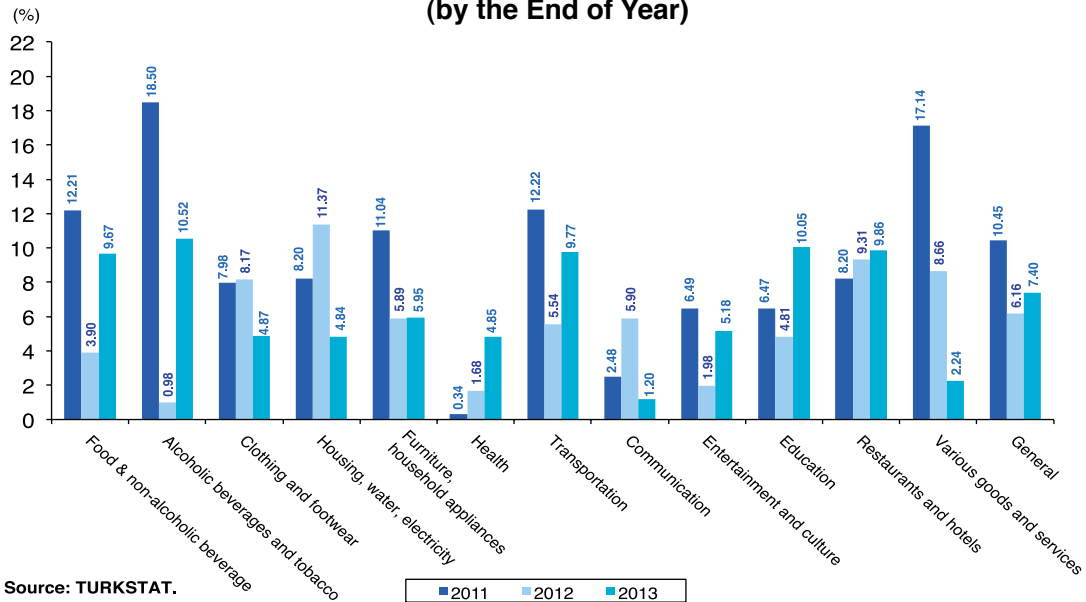
The inflation which rose to 7.29% in March with the effect of the tax adjustments in tobacco products and the rise in food prices in the beginning of 2013 followed a fluctuating course in the subsequent period in consequence of the developments in prices of unprocessed food and energy group, rising to 8.30% as of June. Having increased to 8.88, the highest rate of the year, in July due to the base effect and the depreciation of Turkish Lira, the inflation regressed to 8.17% in August through the recovery in unprocessed food prices and the improvement in energy prices led by the base effect. The inflation regressed to 7.32% in November through continuance of the base effect in energy prices and the increasing competition in the tobacco sector, and closed the year with 7.40 due rise of the unprocessed food again and the effect of the depreciation of Turkish Lira. Based on these data, inflation is observed to proceed too above the targeted values and the rigidities resulting from structural reasons are observed to continue (Graph 26).

Graph 26. CPI and PPI Variation Rates



As of the end of 2013, variation rates of the main expenditure groups of clothing and footwear; housing, water, electricity; household appliances; health; communication; entertainment and culture; and various goods and services remained below the CPI general index variation rate. Apart from these, the price index variation rates in the main expenditure groups of food and non-alcoholic beverages; alcoholic beverages and tobacco; education; restaurants and hotels exhibited a variation over the CPI general index variation rate (Graph 27).

Graph 27. Consumer Price Index Variation Rates by Main Expenditure Groups (by the End of Year)



As regards to main expenditure groups, the highest price increase was exhibited by the expenditure group of alcoholic beverages and tobacco with 10.52%, followed by education with 10.05%, and restaurants and hotels with 9.86%. The lowest price increase occurred in the main expenditure group of communication with 1.20%, followed by the groups of various goods and services with 2.24%, and housing, water, electricity with 4.84%.

The depreciation suffered in Turkish Lira in 2013 as a result of the uncertainties involving the monetary policy on global basis affected the core inflation especially in consequence of the essential commodity prices. The core inflation indicators ensuring monitoring of annual inflation data more clearly through excluding the factors causing fluctuations in inflation showed a horizontal trend in the first half of 2013, shifting to a trend of rise subsequently.

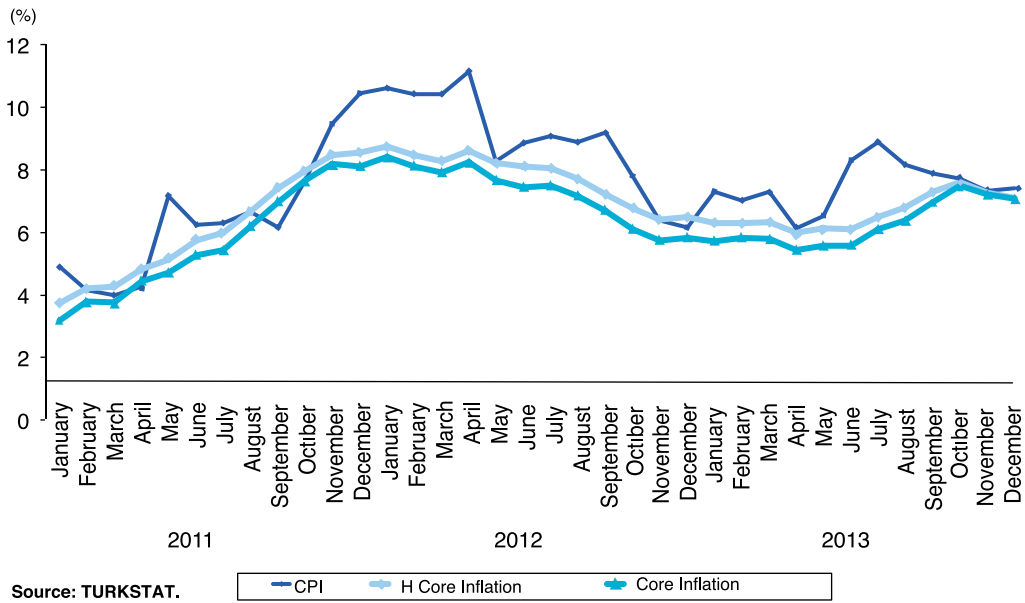
H core price indicator (unprocessed foodstuff, energy, alcoholic beverages, tobacco products and good excluded), a basic inflation indicator, reached the highest increase rate compared to the same month of the preceding year in October, then headed for decline resulting in an increase of 7.11 in December (Table 59, Graph 28).

Table 59. Consumer Prices Index with Specified Scope

Group/Scope	(2003=100)					
	2011		2012		2013	
	Index	Variation (%)	Index	Variation (%)	Index	Variation (%)
	Twelve-Month Average Consumer Price Index					
A Excluding seasonal products	195.53	6.65	212.86	8.86	228.22	7.21
B Excluding unprocessed food products	186.54	6.76	203.62	9.15	218.23	7.17
C Excluding energy	185.84	6.01	201.10	8.21	216.08	7.45
D (B) and (C)	180.99	6.25	196.21	8.41	210.07	7.06
E (C) and excluding alcoholic beverages and tobacco products	179.92	6.21	193.87	7.76	207.34	6.95
F (E) and excluding products having administered prices and excluding indirect taxes	186.81	6.39	201.62	7.93	215.85	7.06
G (F) and (B)	181.14	6.79	195.78	8.08	208.61	6.55
H (D) and excluding alcoholic beverages, tobacco products and gold	171.06	6.10	184.29	7.74	196.55	6.65
I (C) and excluding food and non-alcoholic beverages, alcoholic beverages, tobacco products and gold	167.62	5.66	179.70	7.21	190.97	6.27
	Year-End Consumer Price Index					
A Excluding seasonal products	205.04	9.78	218.90	6.76	235.47	7.57
B Excluding unprocessed food products	196.18	9.87	210.54	7.32	224.77	6.76
C Excluding energy	196.71	10.46	206.27	4.86	222.34	7.79
D (B) and (C)	190.36	9.76	201.82	6.02	216.11	7.08
E (C) and excluding alcoholic beverages and tobacco products	189.42	9.87	199.10	5.11	214.27	7.62
F (E) and excluding products having administered prices and excluding indirect taxes	197.18	10.30	207.14	5.05	223.32	7.81
G (F) and (B)	189.63	9.43	201.86	6.45	215.97	6.99
H (D) and excluding alcoholic beverages, tobacco products and gold	178.32	8.54	189.91	6.50	203.41	7.11
I (C) and excluding food and non-alcoholic beverages, alcoholic beverages, tobacco products and gold	174.35	8.12	184.48	5.81	197.54	7.08

Source: TURKSTAT.

Graph 28. CPI (Monthly), H and I Core Inflation

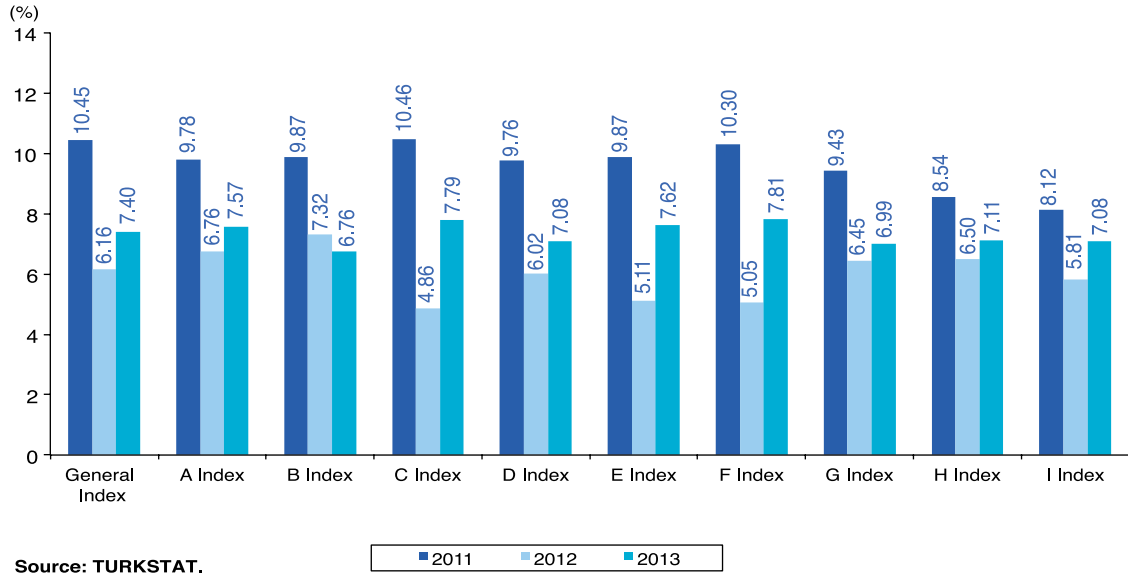


Source: TURKSTAT.

Another leading indicator of inflation, the I price indicator (excluding energy, food and non-alcoholic beverages, alcoholic beverages, tobacco products and gold) showed a trend parallel to the H core inflation. I price indicator advanced to its highest increase rate of the year in October, and rose by 7.08% in December.

The highest annual increase in the CPI with specified scope was observed in the F price indicator excluding energy and alcoholic beverages and excluding products having administered prices and indirect taxes with 7.81%. F price indicator was followed by C price index excluding energy with 7.79%, E price index excluding energy and excluding alcoholic beverages and tobacco products with 7.62%, A price indicator excluding seasonal products with 7.57%, and B price indicator excluding unprocessed food products with 6.76%. While the increase rate in B price indicator regressed in 2013 compared to the preceding year, increase rates of all other price indicators advanced (Graph 29).

Graph 29. Variation Rates of Consumer Price Index with Specified Scope (by the End of Year)



CPI at Regional Level

When examined the annual increase rates of 2013 CPI figures according to NUTS Level-2, the highest rate is seen to be in the TRC1 region covering the provinces of Gaziantep, Adıyaman, Kilis with 8.51%, and it is seen to be followed by TR71 region covering the provinces of Kırkkale, Aksaray, Niğde, Nevşehir and Kırşehir in the second place with 8.44%, and TRA1 region covering the provinces of Erzurum, Erzincan and Bayburt in the third place with 8.04%. According to NUTS Level-2, the least increase was seen in TRC3 region covering the provinces of Mardin Batman, Şırnak and Siirt with 6.58%, followed by TRA2 region covering the provinces of Ağrı, Kars, Iğdır and Ardahan in the second place with 6.63%, and TR33 region covering the provinces of Manisa, Afyonkarahisar, Kütahya and Uşak in the third place with 6.98% (Table 60).

Table 60. Consumer Prices Index by Regions

		(2003=100)					
Region Code	NUTS Level-2	2011		2012		2013	
		Index	Variation (%)	Index	Variation (%)	Index	Variation (%)
		Twelve-Month Average Consumer Price Index					
TR10	İstanbul	192.64	5.55	210.28	9.15	226.86	7.89
TR21	Tekirdağ, Edirne, Kırklareli	190.05	6.88	207.55	9.21	224.66	8.24
TR22	Balıkesir, Çanakkale	196.41	6.59	213.48	8.69	230.27	7.86
TR31	İzmir	191.35	6.72	208.24	8.83	223.37	7.27
TR32	Aydın, Denizli, Muğla	193.25	7.19	208.96	8.13	223.41	6.92
TR33	Manisa, Afyonkarahisar, Kütahya, Uşak	188.04	7.30	204.86	8.95	219.79	7.29
TR41	Bursa, Eskişehir, Bilecik	190.97	6.37	207.35	8.58	222.89	7.49
TR42	Kocaeli, Sakarya, Düzce, Bolu, Yalova	194.47	6.17	211.37	8.69	228.15	7.94
TR51	Ankara	196.34	6.52	213.14	8.56	229.65	7.74
TR52	Konya, Karaman	192.30	7.08	209.61	9.00	225.18	7.43
TR61	Antalya, Isparta, Burdur	186.01	6.74	201.46	8.31	216.06	7.24
TR62	Adana, Mersin	193.26	6.85	211.24	9.31	227.55	7.72
TR63	Hatay, Kahramanmaraş, Osmaniye	189.79	7.46	207.52	9.34	221.89	6.92
TR71	Kırıkkale, Aksaray, Niğde, Nevşehir, Kırşehir	192.32	7.37	211.78	10.12	228.30	7.80
TR72	Kayseri, Sivas, Yozgat	195.24	6.71	212.87	9.03	228.74	7.45
TR81	Zonguldak, Karabük, Bartın	186.64	6.96	202.88	8.70	218.44	7.67
TR82	Kastamonu, Çankırı, Sinop	187.45	7.38	204.43	9.06	218.67	6.97
TR83	Samsun, Tokat, Çorum, Amasya	189.67	6.64	206.97	9.12	222.26	7.39
TR90	Trabzon, Ordu, Giresun, Rize, Artvin, Gümüşhane	190.68	7.28	207.89	9.02	223.50	7.51
TRA1	Erzurum, Erzincan, Bayburt	194.19	8.38	212.02	9.19	228.28	7.67
TRA2	Ağrı, Kars, Iğdır, Ardahan	197.15	7.73	215.73	9.43	231.15	7.15
TRB1	Malatya, Elazığ, Bingöl, Tunceli	188.84	7.38	206.51	9.35	222.51	7.75
TRB2	Van, Muş, Bitlis, Hakkari	194.71	7.50	212.02	8.89	227.31	7.22
TRC1	Gaziantep, Adıyaman, Kilis	189.91	7.55	206.84	8.91	225.61	9.08
TRC2	Şanlıurfa, Diyarbakır	192.15	7.39	209.71	9.14	226.67	8.09
TRC3	Mardin, Batman, Şırnak, Siirt	179.00	7.25	193.81	8.27	207.76	7.20
		Year-End Consumer Price Index					
TR10	İstanbul	203.39	99.81	217.19	6.78	233.44	7.48
TR21	Tekirdağ, Edirne, Kırklareli	200.54	100.16	215.03	7.23	231.16	7.50
TR22	Balıkesir, Çanakkale	207.99	100.62	220.78	6.15	237.25	7.46
TR31	İzmir	201.92	100.15	214.10	6.03	231.10	7.94
TR32	Aydın, Denizli, Muğla	204.26	100.87	214.67	5.10	230.31	7.29
TR33	Manisa, Afyonkarahisar, Kütahya, Uşak	198.31	100.20	212.18	6.99	226.98	6.98
TR41	Bursa, Eskişehir, Bilecik	200.93	99.88	213.50	6.26	229.77	7.62
TR42	Kocaeli, Sakarya, Düzce, Bolu, Yalova	205.72	100.86	218.22	6.08	235.22	7.79
TR51	Ankara	207.11	100.65	220.26	6.35	236.86	7.54
TR52	Konya, Karaman	203.21	99.89	215.24	5.92	232.11	7.84
TR61	Antalya, Isparta, Burdur	194.84	99.95	206.83	6.15	222.65	7.65
TR62	Adana, Mersin	205.60	101.02	217.57	5.82	233.77	7.45
TR63	Hatay, Kahramanmaraş, Osmaniye	202.11	101.35	213.15	5.46	228.83	7.36
TR71	Kırıkkale, Aksaray, Niğde, Nevşehir, Kırşehir	205.37	102.05	217.41	5.86	235.75	8.44
TR72	Kayseri, Sivas, Yozgat	207.64	101.74	219.47	5.70	235.71	7.40
TR81	Zonguldak, Karabük, Bartın	197.47	101.14	209.56	6.12	225.49	7.60
TR82	Kastamonu, Çankırı, Sinop	199.03	101.55	210.20	5.61	225.61	7.33
TR83	Samsun, Tokat, Çorum, Amasya	201.63	101.09	213.52	5.90	229.18	7.33
TR90	Trabzon, Ordu, Giresun, Rize, Artvin, Gümüşhane	201.93	101.05	214.40	6.18	230.13	7.34
TRA1	Erzurum, Erzincan, Bayburt	206.30	102.07	217.84	5.59	235.36	8.04
TRA2	Ağrı, Kars, Iğdır, Ardahan	209.19	101.79	222.11	6.18	236.83	6.63
TRB1	Malatya, Elazığ, Bingöl, Tunceli	200.85	101.49	214.32	6.71	230.17	7.40
TRB2	Van, Muş, Bitlis, Hakkari	206.25	100.77	217.94	5.67	233.68	7.22
TRC1	Gaziantep, Adıyaman, Kilis	202.57	101.68	215.21	6.24	233.52	8.51
TRC2	Şanlıurfa, Diyarbakır	205.57	101.75	216.74	5.43	233.10	7.55
TRC3	Mardin, Batman, Şırnak, Siirt	190.28	101.20	200.33	5.28	213.51	6.58

Source: TURKSTAT.

1.4.1.2 Producer Price Index

Producer price index (PPI) annual increase rate declined to 2.45% with a decrease of 10.88 points in 2012 compared to the preceding year in consequence of the international commodity prices and movements of the exchange rate, whereas remained in the band of 1.88-2.30% in the first five months of 2013. The PPI increase rate that was 2.17% in May began rising with the depreciation of Turkish Lira, and ascended to 5.23% in June. After fluctuating between 5.23 and 6.77% through June and October, it declined to 5.67% in November. Despite the deprecation of Turkish Lira, especially the drop that occurred after August in the oil prices was effective on restricting the increase in PPI. Subject to these developments, PPI rose to 6.97%, in 2013, up 4.52 points, compared to the previous year-end (Table 61).

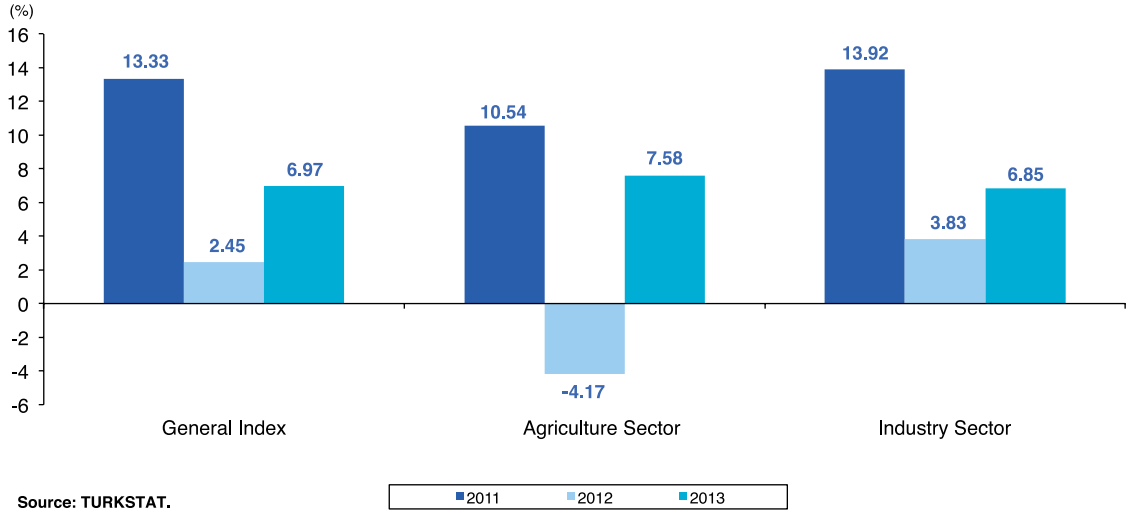
Table 61. Producer Prices Index by Sectors

Sectors	(2003=100)					
	2011		2012		2013	
	Index	Variation (%)	Index	Variation (%)	Index	Variation (%)
Twelve-Month Average Producer Price Index						
Agriculture sector	209.77	5.37	222.45	6.04	219.47	-1.34
Industry sector	190.19	12.33	201.80	6.11	213.25	5.68
Mining	263.03	16.54	288.76	9.78	316.24	9.52
Manufacturing industry	187.55	13.32	197.79	5.46	206.60	4.46
Electricity, gas, water	194.75	2.82	215.17	10.49	238.02	10.62
General index	193.96	11.09	205.78	6.09	215.00	4.48
Year-End Producer Price Index						
Agriculture sector	223.23	10.54	213.93	-4.17	230.15	7.58
Industry sector	199.87	13.92	207.52	3.83	221.74	6.85
Mining	279.08	19.77	294.40	5.49	331.61	12.64
Manufacturing industry	196.13	14.59	198.63	1.27	215.42	8.45
Electricity, gas, water	212.97	6.38	263.32	23.64	239.84	-8.92
General index	204.27	13.33	209.28	2.45	223.87	6.97

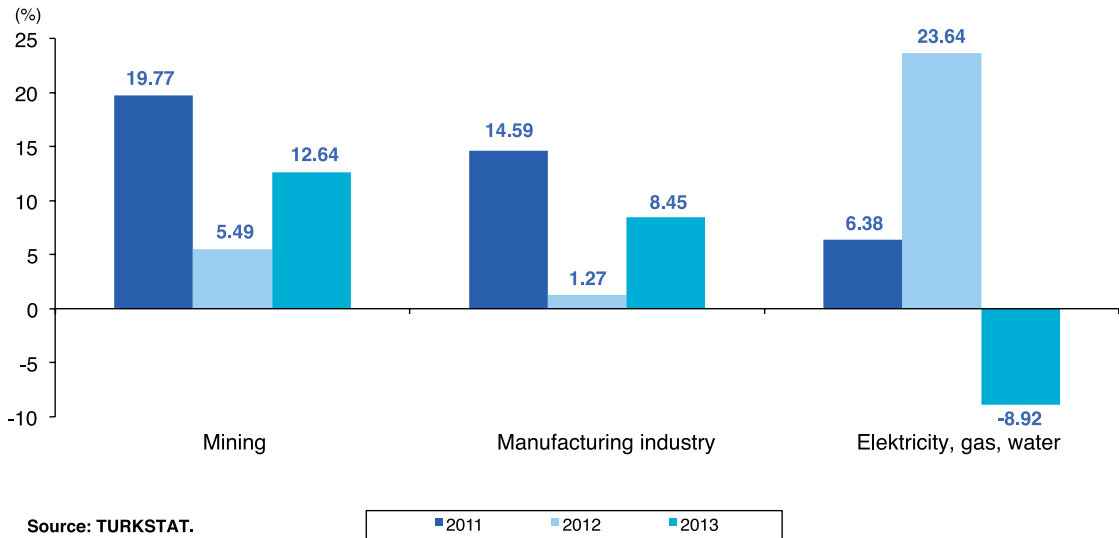
Source: TURKSTAT.

While agriculture sector prices decreased by 4.17% as of the end of 2012, they increased by 7.58% as of the end of 2013. Increase rate of industry sector prices rose from 3.83% to 6.85%. The increase rate of the prices of the mining sector which is included in the industry sector ascended from 5.49% to 12.64%, and the increase rate of the prices of manufacturing sector advanced from 1.27% to 8.45%, whereas that of the energy sector industry declined from 23.64% to -8.92% (Graph 30, Graph 31).

Graph 30. Producer Price Index Variation Rates (by the End of Year)



Graph 31. Industry Sector Producer Price Index Variation Rates (by the End of Year)



According to the twelve-month averages, the variation rate of PPI which was 6.09% in 2012 declined to 4.48% in 2013, down 1.61 point. Agriculture sector prices increased by 1.34%, and industry sector prices increase by 5.68%.

1.4.2 Money, Bank

Strengthening of the risk appetite following the financial crisis, which affected the entire world since 2008, and the ascension in volatilities of the short term capital inflows caused the central banks to make changes in their monetary policies. The Central Bank of Republic of Turkey also revised in the late 2010 its standard inflation targeting it has been implementing since 2006, and put in place its new monetary policy which takes into account price stability as well as financial stability. With the new monetary policy, it aimed to balance the macro financial risks without compromise on price stability in medium term; in this respect, it started to utilize additional policy tools such as interest corridor reserve option mechanism and liquidity management along with policy interest. Specific importance was placed to limitation of the excessive variation that may be caused in the credits and exchange rates by the fluctuations in the capital flows.

CBRT continued its practices in 2013 sticking to its objective of ensuring and maintaining financial stability besides price stability within the framework of the new monetary policy it started to implement since the late 2010.

With acceleration of the Central Bank capital inflows in the last quarter of 2012 and first quarter of 2013, while reducing the interest corridor limitedly in order to balance the risks involving financial stability, it took strict steps concerning required reserves. Interest reductions continued until May gradually, it kept the overnight interest corridor at close level to policy interest while narrowing it. Pursuant to the Monetary Policy Board dated 22 January 2013, while overnight borrowing interest was 4.75%, overnight lending interest rate was 8.75%, policy interest was 5.50%, by the decision of the Monetary Policy Board dated 16 May 2013, overnight borrowing interest was reduced to 3.50%, overnight lending interest rate was reduced to 6.50%, and policy interest was reduced to 4.50% (Table 62).

Since May of 2013, statements of the US Central Bank as to that it could decrease the liquidity provided to the market through monetary expansion amplified the uncertainties in the global economy. In this period, fluctuations took place in capital flows in our country like with most of developing countries, Turkish Lira depreciated, and interest rates rose. Beginning from this period, TCMB resorted to additional monetary tightening considering the macro financial risks created by the global uncertainties. To increase effectiveness of the additional monetary tightening, it raised the overnight lending interest by 75 base points to 7.25 in July, and by 50 base points to 7.75 in August. Furthermore, through effective liquidity management, it was ensured that the short term interest were kept close to the upper limit of the corridor.

In the last quarter of the year, CBRT continued to provide liquidity to balance the volatility in the exchange rates, preserved its cautious attitude in the monetary policy until the year end. As of the year end, overnight borrowing interest rate was 3.50, lending interest rate was 7.75 and policy interest was 4.50.

Table 62. Monetary Policy Board Interest Decisions

Monetary Policy Board Meeting Dates	Interest Decision ⁽¹⁾	Overnight Borrowing Interest Rate	Overnight Lending Interest Rate	Policy Interest ⁽¹⁾
22 January 2013	No change made	4.75	8.75	5.50
19 February 2013	No change made	4.50	8.50	5.50
26 March 2013	No change made	4.50	7.50	5.50
16 April 2013	Reduced by 0.50 point	4.00	7.00	5.00
16 May 2013	Reduced by 0.50 point	3.50	6.50	4.50
18 June 2013	No change made	3.50	6.50	4.50
23 July 2013	No change made	3.50	7.25	4.50
20 August 2013	No change made	3.50	7.75	4.50
17 September 2013	No change made	3.50	7.75	4.50
23 October 2013	No change made	3.50	7.75	4.50
19 November 2013	No change made	3.50	7.75	4.50
17 December 2013	No change made	3.50	7.75	4.50

Source: CBRT.

(1): The decision of Central Bank of Republic of Turkey on policy interest and the rate.

While the monetary policy implementations were realized during 2013 the money in circulation, which is a sub-item of the M1 money supply increased by 24.2% compared to 2012 and rose to 67,756 million TL, the demand TL deposits increased by 25.6% to 94,576 million TL and the demand foreign exchange deposits increased by 21% to 62,999 million TL. When it is taken into account that the CPI increased by 7.4% in 2013, then it is observed in real terms that the money in circulation increased by 4.1%, the demand deposits increased by 16.9%, and the demand foreign exchange deposits increased by 12.7%. Thus, the narrowly defined M1 money supply, with an increase by 23.9%, rose to 225,331 million TL, and grew by 15.4% in real terms (Table 63, Graph 32).

Table 63. Money Supplies ⁽¹⁾

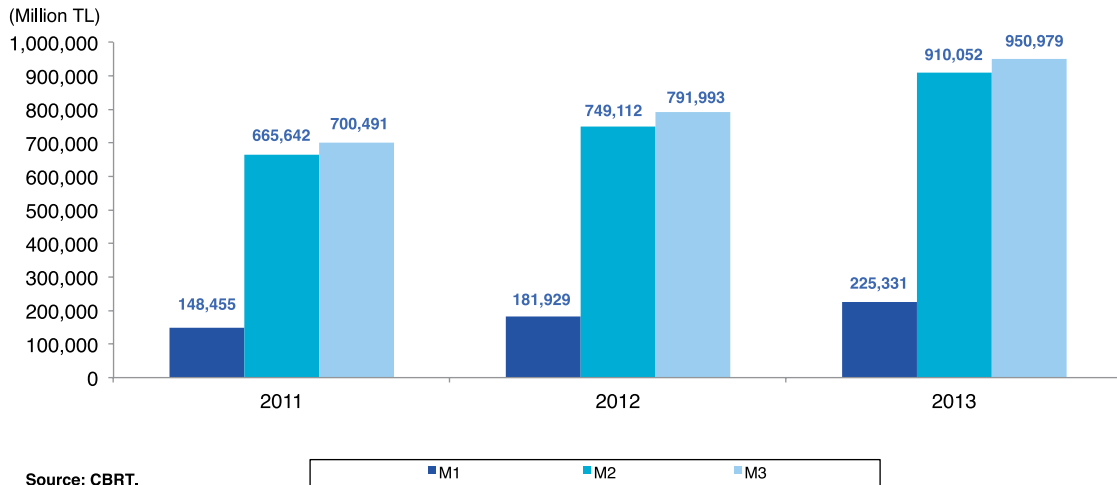
Components	(Thousand TL)				
	2011	2012	2013	Variation (%)	
				2012	2013
M1	148,455,145	181,928,687	225,330,535	22.5	23.9
Money in circulation	49,347,189	54,565,770	67,755,894	10.6	24.2
Demand deposits (TL)	65,220,312	75,304,164	94,575,852	15.5	25.6
Demand deposits (FX)	33,887,644	52,058,753	62,998,789	53.6	21.0
M2	665,642,351	749,111,748	910,052,031	12.5	21.5
Time deposits (TL)	359,639,744	400,391,910	460,981,473	11.3	15.1
Time deposits (FX)	157,547,462	166,791,151	223,740,023	5.9	34.1
M3	700,491,311	791,992,774	950,979,183	13.1	20.1
Repo	3,890,683	7,033,800	5,672,097	80.8	-19.4
Money market funds	20,556,252	17,289,299	11,229,143	-15.9	-35.1
Securities issued	10,402,025	18,557,927	24,025,912	78.4	29.5

Source: CBRT.

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

FX: Foreign exchange.

Graph 32. Money Supplies



In 2013, the time TL deposits, which are a sub-item of the M2 money supply, increased by 15.1% to 460,981 million TL, whereas the time foreign exchange deposits increased by 34.1% to 223,740 million TL. The M2 money supply, under the high rate of increase in time foreign exchange deposits, increased by 21.5% and reached 910,052 million TL. An increase of 13.1% increase in real terms also occurred in the M2 money supply. The M3 money supply increased by 20.1% to 950,979 million TL, and increased by 11.8% in real terms.

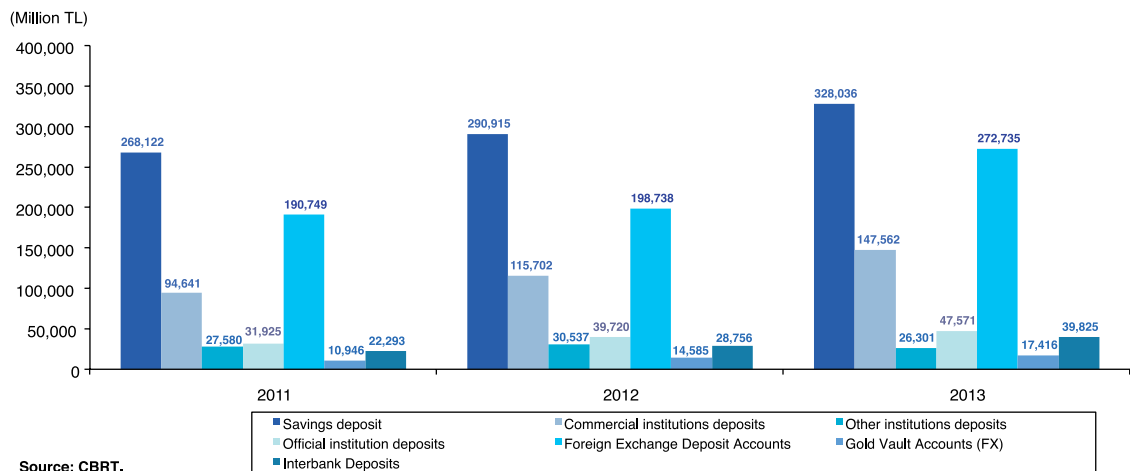
The total deposits in deposit banks accrued as 879,446 million TL with an increase by 22.3% in 2013. The savings deposits which had the highest share within the total deposits increased by 12.8% to 328,036 million TL, the commercial deposits increased by 27.5% to 147,562 million TL, the official deposits increased by 19.8% to 47,57 million TL, whereas the other deposits decreased by 13.9% to 26,301 million TL. Foreign exchange deposit accounts increased by 37.2% to 272,735 million TL, gold vault accounts increased by 19.4% to 17,416 million TL, and interbank deposits increased by 38.5% to 39,825 million TL. The biggest share within total deposits was acquired by the savings deposits with 37.3%, within which share of the time savings deposit was 32.8%. The savings deposit was followed by foreign exchange deposit accounts with a share of 31%, and share of the time deposit under it was 25.6%. Total deposits grew by 13.9% in real terms compared to the preceding year (Table 64, Graph 33).

Table 64. Deposit in Deposit Banks

Deposit Types	(Thousand TL)								
				Share (%)			Variation (%)		
	2011	2012	2013	2011	2012	2013	2012	2013	
Savings deposits	268,122,081	290,915,080	328,036,476	41.5	40.5	37.3	8.5	12.8	
Demand	25,458,819	29,009,587	39,728,327	3.9	4.0	4.5	13.9	36.9	
Time	242,663,262	261,905,493	288,308,149	37.5	36.4	32.8	7.9	10.1	
Commercial institutions deposits	94,640,521	115,701,994	147,561,698	14.6	16.1	16.8	22.3	27.5	
Demand	25,498,488	27,230,760	36,457,485	3.9	3.8	4.1	6.8	33.9	
Time	69,142,033	88,471,234	111,104,213	10.7	12.3	12.6	28.0	25.6	
Other institutions deposits	27,580,022	30,537,271	26,301,061	4.3	4.2	3.0	10.7	-13.9	
Demand	4,703,513	4,845,464	5,214,954	0.7	0.7	0.6	3.0	7.6	
Time	22,876,509	25,691,807	21,086,107	3.5	3.6	2.4	12.3	-17.9	
Official institutions deposits	31,925,041	39,719,692	47,571,203	4.9	5.5	5.4	24.4	19.8	
Demand	11,341,273	14,869,691	16,895,452	1.8	2.1	1.9	31.1	13.6	
Time	20,583,768	24,850,001	30,675,751	3.2	3.5	3.5	20.7	23.4	
Deposit certificates	0	0	0	0.0	0.0	0.0	-	-	
Demand	0	0	0	0.0	0.0	0.0	-	-	
Time	0	0	0	0.0	0.0	0.0	-	-	
Foreign exchange deposit accounts	190,748,771	198,737,516	272,734,844	29.5	27.6	31.0	4.2	37.2	
Demand	33,490,711	37,884,888	47,767,810	5.2	5.3	5.4	13.1	26.1	
Time	157,258,060	160,852,628	224,967,034	24.3	22.4	25.6	2.3	39.9	
Gold Vault Accounts (FX)	10,945,992	14,584,729	17,415,542	1.7	2.0	2.0	33.2	19.4	
Demand	10,103,314	13,109,941	14,699,543	1.6	1.8	1.7	29.8	12.1	
Time	842,678	1,474,788	2,715,999	0.1	0.2	0.3	75.0	84.2	
Interbank Deposits	22,293,211	28,756,358	39,824,814	3.4	4.0	4.5	29.0	38.5	
Total Deposits	646,255,639	718,952,640	879,445,638	100.0	100.0	100.0	11.2	22.3	

Source: CBRT.

Graph 33. Deposit in Deposit Banks



Continuance of supportive policies by TCMB during 2013 reduced the credit interest rates, pulling up the credit increase rate. The enhanced capital inflows with the positive course in the foreign financing conditions and improvement in the risk expectations concerning Turkey supported the growth in the credits. The credits showed a rapid growth in the first half of the year, whereas decelerated since August. In its monetary policy decision dated 20 August 2013, CBRT commented that, with the contribution of the cautious monetary policy attitude and the macro-cautionary measures, the growth rate in loans would come travel to reasonable levels.

Total bank credits increased by 34.2% to 990.796 million TL, increasing 10.7% in real terms as of the end of 2013. Of the total loans, loans of deposit banks increased by 33.9% to 886,292 million TL, loans of development and investment banks increased by 49.7% to 44,027 million TL, and loans of participation banks increased by 28.9% to 60,478 million TL. Loans of Turkish lira deposit banks increased by 28% to 663,503 million TL; and among components thereof, commercial and individual loans increased by 29% to 625,341 million TL, loans to tradesmen and artisans increased by 22.9% to 11,772 million TL, and housing loans increased by 19% to 1,498 million TL. Foreign exchange loans increased by 55.4% to 220,790 million TL; and among components thereof, foreign exchange commercial and individual loans increased by 55.8% to 219,250 million TL, and specialized loans increased by 35.9% to 3,540 million TL (Table 65).

Table 65. Bank Loans ^{(1), (2)}

Bank loans	2011	2012	2013	(Thousand TL)		
				Variation (%)		
				2011	2012	2013
Deposit bank loans	562,680,360	661,737,545	886,292,333	33.8	17.6	33.9
TL	430,825,333	518,370,352	663,502,644	27.9	20.3	28.0
Commercial and individual loans	397,181,660	484,819,103	625,341,153	27.9	22.1	29.0
Specialized loans	33,643,673	33,551,249	38,161,491	28.3	-0.3	13.7
Agricultural loans	21,180,906	19,955,957	20,913,878	27.0	-5.8	4.8
Loans to tradesmen and artisans	9,119,170	9,575,658	11,771,975	32.8	5.0	22.9
Housing loans	1,194,951	1,258,742	1,497,918	3.6	5.3	19.0
Other	2,148,646	2,760,892	3,977,720	41.3	28.5	44.1
Foreign exchange	131,855,027	143,367,193	222,789,689	57.4	8.7	55.4
Commercial and individual loans	129,312,657	140,763,180	219,250,120	57.9	8.9	55.8
Specialized loans	2,542,370	2,604,013	3,539,569	33.6	2.4	35.9
Agricultural loans	0	0	0	-	-	-
Loans to tradesmen and artisans	2,542,370	2,604,013	3,364,806	33.6	2.4	29.2
Housing loans	0	0	0	-	-	-
Other	0	0	174,763	-	-	-
Development and investment bank loans	22,157,297	29,408,548	44,026,508	46.5	32.7	49.7
TL	11,932,433	14,126,957	19,288,917	27.4	18.4	36.5
Export Credit Bank of Turkey	876,854	1,363,673	2,793,394	156.8	55.5	104.8
Other	11,055,579	12,763,284	16,495,523	22.5	15.4	29.2
Foreign exchange	10,224,864	15,281,591	24,737,591	77.7	49.5	61.9
Export Credit Bank of Turkey	3,541,802	8,019,733	15,112,334	103.5	126.4	88.4
Other	6,683,062	7,261,858	9,625,257	66.6	8.7	32.5
Participation bank loans	37,359,203	46,924,219	60,477,638	23.8	25.6	28.9
TL	34,532,455	43,436,795	56,272,495	20.6	25.8	29.6
Foreign exchange	2,826,748	3,487,424	4,205,143	82.4	23.4	20.6
Total	622,196,860	738,070,312	990,796,479	33.5	18.6	34.2

Source: CBRT.

(1): Includes domestic loans.

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

In 2013, development and investment bank loans in Turkish Lira increased by 36.5% to 19,289 million TL, development and investment bank loans in foreign exchange increased by 61.9% to 24,738 million TL.

Participation bank loans in Turkish Lira increased by 29.6% to 56,272 million TL, participation bank loans in foreign exchange increased by 20.6% to 4,205 million TL.

The gross foreign exchange reserved that rose by 17.5% in 2012 showed an increase by 8% in 2013 advancing to \$ 127,754 million, and gold reserve advanced to \$ 20,077 million with an increase by 4.4%. Subject to these changes, the gross international reserves increased by 7.5% to \$ 147,831 million (Table 66, Graph 34).

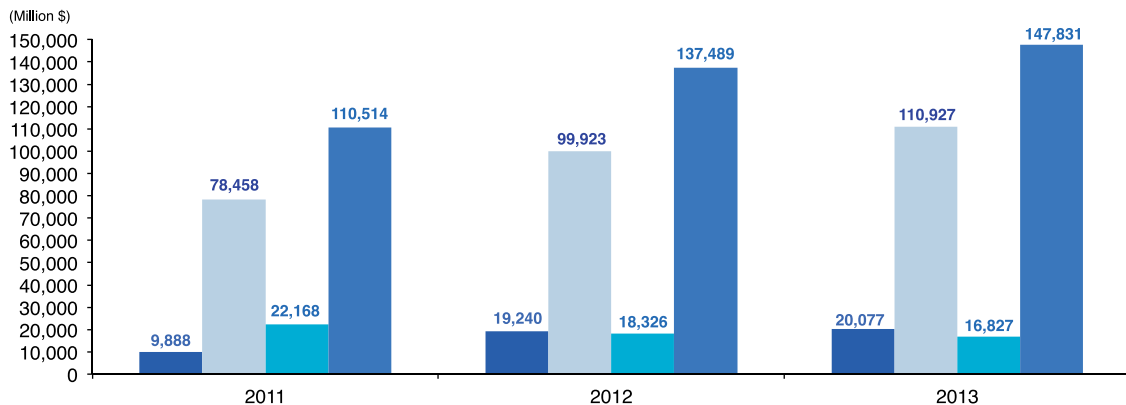
Table 66. International Reserves

(Million \$)

Years	Gross Foreign Exchange Reserves				Gross International Reserves	Overdrafts	Net International Reserves
	Gold	CBRT	Banks Correspondence Accounts and Banknotes	Total			
2011	9,888	78,458	22,168	100,626	110,514	1	110,513
2012	19,240	99,923	18,326	118,249	137,489	0	137,489
2013	20,077	110,927	16,827	127,754	147,831	0	147,831

Source: CBRT.

Graph 34. International Reserves



Source: CBRT.

■ Gold ■ CBRT ■ Banks Correspondence Accounts and Banknotes ■ Total Gross Reserves

The rate of imports covered by CBRT foreign exchange reserves that was at the level of 3.9 months in 2011 increased to 5.1 months in 2012, and to 5.3 months in 2013. The consumption demand that advanced with revival, albeit limited, of the domestic demand in 2013, ensured the rise in imports. Despite that rise in imports, increase of the foreign exchange stock at a higher rate caused a rise in the average monthly rate of imports covered by the foreign exchange stock compared to the preceding year (Table 67).

Table 67. Central Bank Reserves and Import Coverage Rate

(Million \$)				
Years	CBRT Foreign Exchange Stock	Import	Average Monthly Import	Rate of Foreign Exchange Reserves Covering Average Monthly Imports
2011	78,458	240,842	20,070	3.9
2012	99,923	236,545	19,712	5.1
2013	110,927	251,651	20,971	5.3

Source: CBRT, TURKSTAT.

The number of banks engaged in activities in Turkish banking sector which was 45 in 2012 did not change in 2013. In the banking sector, in which deposit banking is predominant a total 45 banks engaged in activities with 32 deposit banks and 13 development and investment banks, as was the case for the last year. Of the deposit banks, 3 are composed of banks in the public sector, 11 are in the private sector, 17 are foreign, and 1 bank is within the scope of the Savings Deposit Insurance Fund. Of the development and investment banks, 3 are composed of banks in the public sector, 7 are in the private sector and 3 banks are foreign capital banks. Of the total banks, 71.1% are composed of deposit banks and 28.9% are composed of development and investment banks (Table 68).

Table 68. Information on Banks, Branches and Personnel in Turkish Banking System

Banks	Number of Banks			Number of Branches			Number of Personnel		
	2011	2012	2013	2011	2012	2013	2011	2012	2013
Deposit banks	31	32	32	9,792	10,192	10,983	176,576	181,197	192,216
State-owned banks	3	3	3	2,909	3,079	3,397	50,239	51,587	54,466
Privately-owned banks	11	12	11	4,944	5,100	5,341	89,047	90,612	93,367
Banks transferred to the SDIF	1	1	1	1	1	1	243	226	229
Foreign capital banks	16	16	17	1,938	2,012	2,244	37,047	38,772	44,154
Development and investment banks	13	13	13	42	42	40	4,842	4,901	5,244
State-owned banks	3	3	3	22	22	21	3,619	3,610	3,761
Privately-owned banks	6	6	7	16	16	16	1,019	1,090	1,280
Foreign banks	4	4	3	4	4	3	204	202	203
Total	44	45	45	9,834	10,234	11,023	181,418	186,098	197,460
	Share (%)								
Banks	Number of Banks			Number of Branches			Number of Personnel		
	2011	2012	2013	2011	2012	2013	2011	2012	2013
Deposit banks	70.5	71.1	71.1	99.6	99.6	99.6	97.3	97.4	97.3
State-owned banks	6.8	6.7	6.7	29.6	30.1	30.8	27.7	27.7	27.6
Privately-owned banks	25.0	26.7	24.4	50.3	49.8	48.5	49.1	48.7	47.3
Banks transferred to the SDIF	2.3	2.2	2.2	0.0	0.0	0.0	0.1	0.1	0.1
Foreign capital banks	36.4	35.6	37.8	19.7	19.7	20.4	20.4	20.8	22.4
Development and investment banks	29.5	28.9	28.9	0.4	0.4	0.4	2.7	2.6	2.7
State-owned banks	6.8	6.7	6.7	0.2	0.2	0.2	2.0	1.9	1.9
Privately-owned banks	13.6	13.3	15.6	0.2	0.2	0.1	0.6	0.6	0.6
Foreign banks	9.1	8.9	6.7	0.0	0.0	0.0	0.1	0.1	0.1
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: TBB.

The total number of branches in the banking sector increased by 7.7% in 2013 and rose to 11,023. The number of state-owned deposit bank branches increased by 103,% to 3,397, the number of privately-owned deposit bank branches increased by 4.7% to 5,341, and the number of foreign deposit bank branches increased by 11.5% to 2,244. Thus, number of deposit bank branches rose to 10,983 with an increase by 7.8%. The branch number of development and investment bank which was 42 in 2012 dropped to 40 with a decrease by 1 branch in the branches of state-owned banks and 1 branch in the branches of foreign banks.

The number of employees in the banking system rose from 186,098 in 2012 to 197,460 in 2013 with an increase by 6.1%. Of the total employees, 27.6% work in state-owned deposit banks, 47.3% work in privately-owned deposit banks, 22.4% work in foreign deposit banks, 0.1% work in the deposit banks transferred to SDIF, 1.9% work in state-owned development and investment banks, 0.6% work in privately-owned development and investment banks, and 0.1% work in foreign development and investment banks.

1.4.3 Capital Market

In 2012, the value of public sector securities issued decreased by 24.2% compared to the preceding year, and in 2013, they rose to 109,702 million TL with an increase by 33.6%, all being government bonds. No treasury bills and privatization bonds were issued by the public sector in 2012. Value of private sector securities declined from 89,315 million TL to 64,857 million TL with a reduction by 27.4% compared to 2012. This development was influenced by the lack of issuance of securities mutual fund participation certificates, retirement mutual fund certificate, and the decreases in issuance of share certificates and bank bills and bank guaranteed bills.

In 2013, of the total issues of private sector securities, a portion of 7,575 million TL portion representing 4.3% consisted of shares, a portion of 48,578 million TL portion representing 27.8% consisted of bonds, a portion of 743 million TL representing 0.4% consisted of commercial papers, a portion of 817 million TL representing 0.5% consisted of asset backed securities, a portion of 3,631million TL representing 2.1% consisted of bank bills and bank guaranteed bills, a portion of 1,030 million TL representing 0.6% consisted of asset guaranteed securities, an a portion of 2,48 million TL representing 1.4% consisted of lease certificates (Table 69, Graph 35).

As of the months in 2013, the issues of private sector securities were the most in December with 9,624 million TL, followed by the issues made in April with 8,621 million TL and the issues made in August with 8,621 million TL. The months when the most intensive issues of shares were made were November, April and July, the months when the most intensive issues of bonds were made were December August and July, and the months when the most intensive issues of bank bills and bank guaranteed bills were made were May, April and March (Table 70).

Table 69. Permits for Issuing Securities

Components	Value (Million TL)			Share (%)			Variation (%)	
	2011	2012	2013	2011	2012	2013	2012	2013
Public sector	108,365	82,108	109,702	54.3	47.9	62.8	-24.2	33.6
Government bonds	106,757	78,071	109,702	53.5	45.5	62.8	-26.9	40.5
Treasury bills	754	3,928	0	0.4	2.3	0.0	420.7	-
Income-indexed bill	854	109	0	0.4	0.1	0.0	-87.2	-
Private sector	91,079	89,315	64,857	45.7	52.1	37.2	-1.9	-27.4
Share certificates	7,941	8,081	7,575	4.0	4.7	4.3	1.8	-6.3
Bonds	5,123	20,980	48,578	2.6	12.2	27.8	309.6	131.5
Commercial papers	0	434	743	0.0	0.3	0.4	-	71.3
Asset backed securities	192	698	817	0.1	0.4	0.5	263.7	17.1
Bank bills and bank guaranteed bills	1,861	4,006	3,631	0.9	2.3	2.1	115.3	-9.4
Securities mutual fund participation certificates	34,766	16,016	0	17.4	9.3	0.0	-53.9	-
Retirement mutual fund participation certificates	39,850	38,400	0	20.0	22.4	0.0	-3.6	-
Foreign mutual fund participation certificates	283	0	0	0.1	0.0	0.0	-	-
Asset guaranteed securities	422	700	1,030	0.2	0.4	0.6	65.9	47.2
Lease certificates	641	0	2,484	0.3	0.0	1.4	-100.0	-
Total	199,444	171,423	174,559	100.0	100.0	100.0	-14.0	1.8

Source: CPM.

Graph 35. Permits for Issuing Public and Private Sector Securities

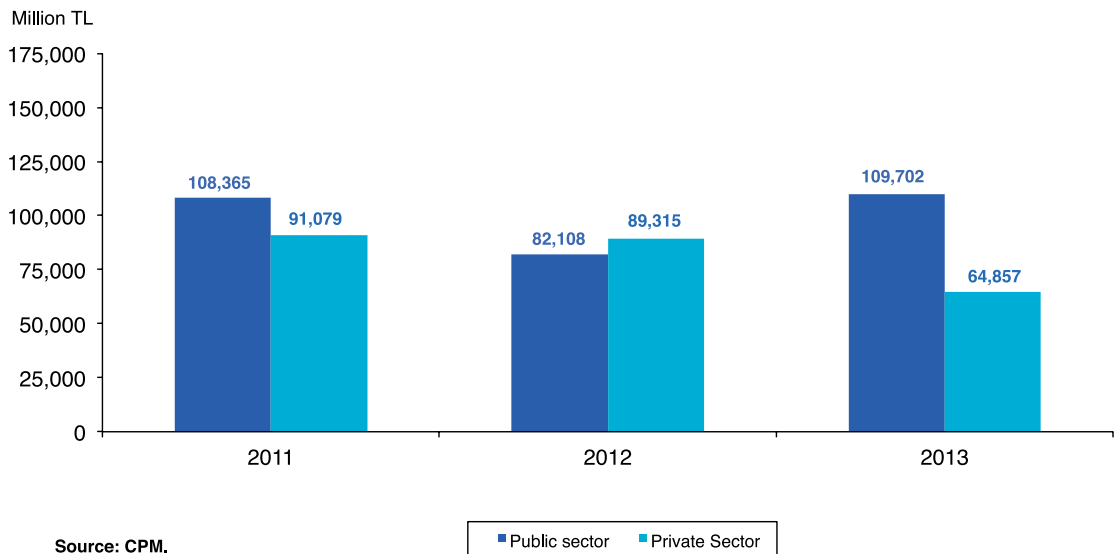


Table 70. Permits for Issuing Private Sector Securities

Years	Months	(Million TL)										
		Share Certificates	Bonds	Commercial Papers	Asset Backed Securities	Bank Bills and Bank Guaranteed Bills	Securities Mutual Fund Participation Certificates	Retirement Fund Participation Certificates	Foreign Mutual Fund Participation Certificates	Asset Guaranteed Securities	Lease Certificates	Total
2011	January	714	755	0	0	100	330	1,000	0	0	0	2,899
	February	217	0	0	0	0	3,300	0	0	0	0	3,517
	March	6	770	0	0	0	280	0	0	0	0	1,056
	April	713	1,235	0	0	0	724	0	0	0	0	2,671
	May	1,818	795	0	0	250	130	0	0	0	0	2,992
	June	180	0	0	0	100	3,000	30,000	0	0	0	33,280
	July	419	100	0	0	480	410	0	0	0	0	1,409
	August	601	1	0	0	270	19,605	3,000	237	0	0	23,477
	September	193	0	0	0	200	747	0	0	0	0	1,140
	October	604	60	0	192	190	5,000	0	0	0	641	6,046
	November	2,476	1,082	0	0	35	0	2,050	283	184	0	5,926
	December	2	326	0	0	236	1,240	3,800	0	0	0	5,604
Total	7,941	5,123	0	192	1,861	34,766	39,850	283	422	641	91,079	
2012	January	218	1,037	60	198	194	1,700	900	0	0	0	4,307
	February	363	230	0	0	77	1,950	0	115	0	0	2,735
	March	3,988	107	0	0	184	200	1,600	0	0	0	6,079
	April	147	2,163	15	180	482	1,260	1,000	0	0	0	5,247
	May	960	54	0	0	295	2,010	29,000	117	0	0	32,436
	June	975	659	0	20	0	1,050	0	0	0	0	2,704
	July	302	1,544	0	0	600	264	0	0	0	0	2,711
	August	16	220	0	0	16	6,435	0	0	0	0	6,687
	September	97	2,684	15	300	419	0	900	0	0	0	4,414
	October	138	8,121	330	0	140	150	950	0	0	0	9,829
	November	360	1,415	10	0	1,050	997	1,000	467	0	0	5,301
	December	516	2,748	4	0	549	0	3,050	0	0	0	6,867
Total	8,081	20,980	434	698	4,006	16,016	38,400	0	700	0	89,315	
2013	January	17	3,010	0	0	396	0	0	0	0	0	3,423
	February	255	1,629	175	221	278	0	0	0	0	0	2,557
	March	200	2,156	0	0	594	0	0	0	0	0	2,950
	April	1,170	5,884	28	0	645	0	0	0	901	0	8,629
	May	296	2,142	540	0	1,321	0	0	440	100	0	4,839
	June	48	869	0	296	397	0	0	0	0	0	1,609
	July	1,068	6,282	0	0	0	0	0	90	0	0	7,440
	August	229	8,392	0	0	0	0	0	0	0	0	8,621
	September	70	5,642	0	0	0	0	0	0	1,250	0	6,962
	October	332	2,901	0	0	0	0	0	500	33	0	3,765
	November	3,447	790	0	0	0	0	0	0	200	0	4,437
	December	446	8,879	0	300	0	0	0	0	0	0	9,624
Total	7,575	48,578	743	817	3,631	0	0	0	1,030	2,484	64,857	

Kaynak: SPK.

The secondary market transaction volume that increased by 0.5% in 2013 showed an increase by 4.6% in 2013 and rose to 1,628,383 million TL. This rise stemmed, unlike the last year, from the high increase in the transaction volume of private sector share certificates although the sales of public sectors decreased compared to 2012 (Table 71).

The secondary sales of public sector securities decreased by 13% to 811,689 million TL, and the secondary sales of private sector securities increased by 31% to 816,694 million TL.

The share of the public sector securities within the total secondary market transactions dropped from 59.9% to 49.8% in 2013 compared to 2012, whereas the share of the private sector securities rose from 40.1% to 50.2%.

Table 71. Secondary Market Transaction Volume

Public/Private Sector	Value (Million TL)			Share (%)			Variation (%)	
	2011	2012	2013	2011	2012	2013	2012	2013
Public sector	853,789	932,794	811,689	55.1	59.9	49.8	9.3	-13.0
Government bonds	848,926	926,535	805,376	54.8	59.5	49.5	9.1	-13.1
Treasury bill	4,863	6,259	6,314	0.3	0.4	0.4	28.7	0.9
Private sector	695,330	623,326	816,694	44.9	40.1	50.2	-10.4	31.0
Share certificate	695,330	623,326	816,694	44.9	40.1	50.2	-10.4	31.0
Total	1,549,118	1,556,120	1,628,383	100.0	100.0	100.0	0.5	4.6

Source: CPM.

(1): Interim.

Borsa Istanbul (BIST)

In order to increase the competitiveness by ensuring conformity of the existing arrangements in the field of capital markets with the European Union Acquis and integration of Turkish capital markets with the global markets; the legislative body promulgated the Capital Markets Law No. 6362 on the Official Gazette dated 30/12/2012 and enacted it. By virtue of this Law, the Capital Markets law No. 2499, which formed the legal ground of the capital markets in Turkey, and the Decree Law on Stock Exchanges No. 91, which governed the stock exchanges including ISE, were abrogated. Istanbul Stock Exchange, Istanbul Gold Exchange and Turkish Derivatives Exchange (TURKDEX) were combined under the roof of Borsa Istanbul.

The amelioration in the risk perceptions on the developing countries in the first five-month period of 2013, the increase in capital flows and the stable outlook of the economy affected the markets positively. With the effect of announcement by the credit rating agency Moody's of the Turkey's credit rating as investable and continuance of the expansionary monetary policies of the developed countries, BIST 100 Index reached the peak in April. Having started the year 2013 at the level of 78,783.5 points in January, the index rose to 86,046 points in April.

However, that positive atmosphere began dissipating since May, and the statements by the US Central Bank (Fed) as to that it could reduce the bond purchases and give up the monetary expansion led to capital outflows from the many developing countries including Turkey, drop of exchange indexes and reduction in the interests. After that date, BIST 100 Index headed for decline, and decline to 66,394.4 points, its lowest value, in August.

Upon Fed's statement in its monetary policy decisions announced on 18 September 2013 as to that it would carry on the monetary expansion, the risk perception in global markets headed for a tendency of recovery, and capital flows accelerated. BIST 100 Index was affected positively by these developments, and the index climbed to the levels of 74,486.6 points in September, 77,620.4 in October, and 75,748.3 points in November. The Index declined a little in December, closing the year 2013 with 67,801.7 points, 13.3% down compared to 2012 (Table 72).

Total transaction volume of Borsa Istanbul rose from 632,717 million TL to 832,505 million TL in 2013 with an increase by 31.6% compared to 2012. As of months, the month with the highest transaction volume was November with 83,890 million TL, and the lowest transaction volume was in August with 51,927 million TL.

As of months in 2013, the month with the highest real variation in the total transaction volume in Borsa İstanbul was realized September with 39.58%, and this was followed by January with 28.4% and May with 28.3%. The highest decrease as of months in the total transaction volume was August at 27.7% in real terms.

Number of domestic investors having share portfolio in 2013 in Borsa Istanbul rose to 1,100,854 with an increase by 1.9%, and number of foreign investors rose to 9,555 with an increase by 15.1%, compared to 2012. In 2013, the portfolio value of domestic investors in BIST increased by 0.5% to 73,034 million TL, whereas the portfolio value of the foreign investors decreased by 13% to 122,219 million TL. In 2013, number of foreign investors rose, whereas the portfolio value dropped, compared to the preceding year. Thus, number of total investors who invested in BIST in 2013 increased by 2% compared to 2012, and total portfolio value of the investments decreased by 8.4% (Table 73).

Table 72. Indicators on Borsa Istanbul (BIST) Market

Years	Months	Transaction Volume (Thousand TL)	BIST 100 Index (January 1986=1)	Consumer Prices Index (2003=100)		Volume of Transactions	
				Index	Variation (%)	Nominal Variation	Real Variation (%)
2011	January	76,933,328	63,278.1	182.6	0.4	5.3	4.8
	February	69,144,733	61,283.9	183.9	0.7	-10.1	-10.8
	March	83,332,098	64,434.5	184.7	0.4	20.5	20.0
	April	72,175,418	69,250.1	186.3	0.9	-13.4	-14.1
	May	64,869,842	63,046.0	190.8	2.4	-10.1	-12.2
	June	50,513,691	63,269.4	188.1	-1.4	-22.1	-21.0
	July	41,907,669	62,295.7	187.3	-0.4	-17.0	-16.7
	August	53,617,737	53,946.1	188.7	0.7	27.9	27.0
	September	55,987,134	59,693.4	190.1	0.8	4.4	3.6
	October	50,338,561	56,061.5	196.3	3.3	-10.1	-12.9
	November	39,669,090	54,517.8	199.7	1.7	-21.2	-22.5
	December	36,848,251	51,266.6	200.9	0.6	-7.1	-7.6
2012	January	47,407,774	57,171.3	202.0	0.6	28.7	27.9
	February	57,477,793	60,721.2	203.1	0.6	21.2	20.6
	March	59,977,644	62,423.0	204.0	0.4	4.3	3.9
	April	56,442,513	60,010.4	207.1	1.5	-5.9	-7.3
	May	50,254,434	55,099.3	206.6	-0.2	-11.0	-10.8
	June	47,709,089	62,543.5	204.8	-0.9	-5.1	-4.2
	July	44,391,034	64,259.5	204.3	-0.2	-7.0	-6.7
	August	47,709,089	67,368.0	205.4	0.6	7.5	6.9
	September	43,440,396	66,396.7	207.6	1.0	-8.9	-9.9
	October	44,775,440	72,529.0	211.6	2.0	3.1	1.1
	November	68,873,352	73,058.5	212.4	0.4	53.8	53.2
	December	64,258,131	78,208.4	213.2	0.4	-6.7	-7.1
2013	January	83,890,437	78,783.5	216.7	1.6	30.6	28.4
	February	63,156,929	79,333.7	217.4	0.3	-24.7	-24.9
	March	61,184,690	85,899.0	218.8	0.7	-3.1	-3.8
	April	61,142,005	86,046.0	219.8	0.4	-0.1	-0.5
	May	78,569,768	85,990.0	220.1	0.1	28.5	28.3
	June	77,262,126	76,294.5	221.8	0.8	-1.7	-2.4
	July	71,857,440	73,377.5	222.4	0.3	-7.0	-7.3
	August	51,926,649	66,394.4	222.2	-0.1	-27.7	-27.7
	September	73,158,428	74,486.6	223.9	0.8	40.9	39.8
	October	71,857,440	77,620.4	227.9	1.8	-1.8	-3.5
	November	69,848,439	75,748.3	228.0	0.0	-2.8	-2.8
	December	68,649,798	67,801.7	229.0	0.5	-1.7	-2.2

Source: BIST, CMB, TURKSTAT.

Table 73. Number of Investors Investing in Borsa Istanbul and Portfolio Value

Nationality of the Investor	Nationality of the Investor			Variation (%)		Portfolio Value (Million TL)			Variation (%)	
	2011	2012	2013	2012	2013	2011	2012	2013	2012	2013
Domestic	1,090,059	1,080,262	1,100,854	-0.9	1.9	52,860	72,676	73,034	37.5	0.5
Foreign	7,732	8,304	9,555	7.4	15.1	86,850	140,529	122,219	61.8	-13.0
Total	1,097,791	1,088,566	1,110,409	-0.8	2.0	139,710	213,205	195,253	52.6	-8.4

Source: CRA.

Among the countries ranking in the first ten places according to the portfolio value within the foreign investors investing in Borsa Istanbul; USA takes the first place with 1.312 investors and a portfolio of \$ 40,305 million, UK takes the second place with 515 investors with a portfolio of \$ 24,889 million, and Luxembourg takes the third place with 329 investors with a portfolio of \$ 7,834 million. In 2013, the total portfolio value of the foreign investors in our country was \$ 122,219 million, and the countries ranked in the first 10 places represent 77.8% of the foreign portfolio value with a portfolio of \$ 95,071 million. The portfolio value of the foreign investors in the first 10 represents 48.7% of the total portfolio value in 2013 (Table 74).

Table 74. The First Ten Countries as Foreign Investors in Borsa Istanbul ⁽¹⁾

(Year 2013)

Countries	Number of Investors	Share (%)	Portfolio Value (Million TL)	Share (%)
United States of America	1,312	13.7	40,305	33.0
United Kingdom	515	5.4	24,889	20.4
Luxemburg	329	3.4	7,834	6.4
Ireland	169	1.8	4,588	3.8
Netherlands	115	1.2	4,054	3.3
Singapore	8	0.1	3,347	2.7
Germany	1,465	15.3	2,760	2.3
France	63	0.7	2,739	2.2
Greece	46	0.5	2,359	1.9
Canada	153	1.6	2,196	1.8
Total 10 Countries	4,175	43.7	95,071	77.8
Other Countries	5,380	56.3	27,148	22.2
Total Foreign Investors	9,555	100.0	122,219	100.0

Source: CRA.

(1): The first ten countries that are foreign investors investing in ISE according to the portfolio value were taken.

1.4.4 Public Finance

Turkey ameliorated the public finance balances with the budget discipline and tight finance policy it applied, except for 2009, when effects of the global crisis deepened. With the effect of the financial measures put into practice so as to limit negative effects of the global crisis on the economy, financial discipline was substantially achieved. The ratio of budget deficit to GDP followed a much better course than many developed and developing countries, remaining below the Maastricht criterion of 3%, except for 2009 and 2010.

In the Medium Term Program, it was stated that the finance policy in 2013 would be continued with an approach that will assist strengthening of the macroeconomic stability, support of the a growth process led by private sector, and struggle against current deficit and inflation. The program aims to preserve the financial discipline by monitoring the forecasted income, expenditure and borrowing amplitudes, and in case signs of deviation from financial targets emerge, making the necessary political interventions. During the year, the finance policy was implemented in this framework, the central government budget enjoyed a significant improvement compared to 2012.

The trend of rise in general government revenues continued in 2013. The general government revenues which increased by 13.4% in 2012 advanced to 619,524 million TL in 2013 with an increase by 15.6% (Table 75).

Table 75. General Government Revenues ⁽¹⁾

(with Current Prices, Million TL)

Revenues	2011	2012	2013 ⁽²⁾	Variation (%)		Share (%)			Ratio to GDP		
				2012	2013	2011	2012	2013	2011	2012	2013
Taxes	260,262	285,695	333,683	9.8	16.8	55.1	53.3	53.9	20.1	20.2	21.4
Direct	76,012	85,730	92,475	12.8	7.9	16.1	16.0	14.9	5.9	6.1	5.9
Indirect	175,155	190,133	230,252	8.6	21.1	37.1	35.5	37.2	13.5	13.4	14.7
Asset	9,095	9,832	10,956	8.1	11.4	1.9	1.8	1.8	0.7	0.7	0.7
Non-tax normal revenues	23,836	30,186	29,603	26.6	-1.9	5.0	5.6	4.8	1.8	2.1	1.9
Factor revenues	65,395	80,885	89,560	23.7	10.7	13.8	15.1	14.5	5.0	5.7	5.7
Social funds	118,858	132,564	157,012	11.5	18.4	25.2	24.7	25.3	9.2	9.4	10.1
Total	468,352	529,329	609,859	13.0	15.2	99.1	98.8	98.4	36.1	37.4	39.1
Privatization revenues	4,117	6,447	9,665	56.6	49.9	0.9	1.2	1.6	0.3	0.5	0.6
Total revenues	472,469	535,776	619,524	13.4	15.6	100.0	100.0	100.0	36.4	37.8	39.7

Source: MoD, TURKSTAT.

(1): Includes general government, central government budget, local administrations, revolving fund organizations, Unemployment Insurance Fund, social security organizations, general health insurance and funds.

(2): Realization estimate.

Tax revenues which make up a substantial portion of the general government revenues increased by 16.8% to 333,683 million TL in 2013. Non-tax normal revenues which increased by 26.6% in 2012 declined by 1.9% to 29,603 million TL in 2013. Factor revenues and social funds increased by 10.7% to 89,560 million TL and by 18.4% to 157,012 million TL, respectively.

The share of the revenue components within the general government revenues from 2012 to 2013 were as follows: taxes rose from 53.3% to 53.9%, social funds rose from 24.7% to 25.3%, privatization revenues rose from 1.2% to 1.6%, whereas non-tax normal revenues fell from 5.6% to 4.8% and factor revenues fell from 15.1% to 14.5%.

In 2013, the ratio of general government revenues to GDP with current prices increased by 1.9 points compared to the previous year and rose to 39.7%. The ratio of tax revenues increased by 0.2 point to 21.4%, the ratio of non-tax normal revenues increased by 0.7 point to 10.1%, the ratio of privatization revenues increased by 0.2 point to 0.6%, whereas the ratio of non-tax normal revenues increased by 0.2 point to 1.9%, and the ratio of factor revenues remained unchanged at 5.7%.

The general government expenditures that increased by 15.4% in 2012 rose by the same rate in 2013 and ascended to 635,382 million TL. Current expenditures increased by 14.6% to 283,845 million TL. The general government fixed capital investments which increased by 14.4% accelerated in 2013, rising to 62,131 million TL with an increase by 25.9%. Public stocks had a surplus of 210 million TL in 2013. Thus, the general government investment expenditures which increased by 15.4% in 2012 increased 24.3% in 2013 and rose to 61,922 million TL. The general government transfer expenditures which increased by 16.1% in 2012 rose by 14.5% in 2013 and ascended to 289,616 million TL. The current transfers and capital transfers, which constitute the substantial part of transfer expenditures, rose to 273,565 million TL with an increase by 13.8% and to 16,051 million TL with an increase by 28.9%, respectively, in 2013 (Table 76).

Table 76. General Government Expenditures ⁽¹⁾

Expenditures	(with Current Prices, Million TL)										
				Variation (%)		Share (%)			Ratio to GDP		
	2011	2012	2013 ⁽²⁾	2012	2013	2011	2012	2013	2011	2012	2013
Current expenditures	215,946	247,774	283,845	14.7	14.6	45.3	45.0	44.7	16.6	17.5	18.2
Investment expenditures	43,322	49,812	61,922	15.0	24.3	9.1	9.0	9.7	3.3	3.5	4.0
Fixed capital	43,136	49,330	62,131	14.4	25.9	9.0	9.0	9.8	3.3	3.5	4.0
Change in stock	187	482	-210	157.8	-143.6	0.0	0.1	0.0	0.0	0.0	0.0
Transfer expenditures	217,801	252,892	289,616	16.1	14.5	45.7	45.9	45.6	16.8	17.8	18.5
Current transfers	205,841	240,443	273,565	16.8	13.8	43.1	43.7	43.1	15.9	17.0	17.5
Capital transfers	11,960	12,449	16,051	4.1	28.9	2.5	2.3	2.5	0.9	0.9	1.0
Non-interest expenditures	433,459	500,526	583,110	15.5	16.5	90.9	90.9	91.8	33.4	35.3	37.3
Total expenditures	477,070	550,478	635,382	15.4	15.4	100.0	100.0	100.0	36.8	38.9	40.7

Source: MoD, TURKSTAT.

Note: (-) sign indicates surplus.

(1): Includes general government, central government budget, local administrations, revolving fund organizations, Unemployment Insurance Fund, social security organizations, general health insurance and funds.

(2): Realization estimate.

The current expenditures that had a 45% share within the general government expenditures in 2012 regressed to 44.7% in 2013 and the share of transfer expenditures regressed from 45.9% to 45.6%, on the other hand the share of investment expenditures rose from 9% to 9.7% and the share of non-interest expenditures rose from 90.9% to 91.8%.

The ratio of general government expenditures to the GDP with current prices in 2013 increased by 1.8 points compared to the previous year and rose to 40.7%. The ratio of the current expenditures increased by 0.7 point to 18.2%, the ratio of investment expenditures increased by 0.5 point to 4%, and the ratio of transfer expenditures increased by 0.7 point to 18.5%.

1.4.4.1 Central Government Budget

In 2013, the central government budget showed a better performance compared to 2012. This development was influenced by the positive development created by the economic recovery on the tax revenues, the increase in one-off revenues and privatization, and the fact that the rise in interest expenses remained at a modest level with the effect of borrowing of the Treasury with suitable conditions.

It was targeted that the central government budget expenditures would be 404,046 million TL and budget revenues would be 370,095 million TL in 2013. According to these targets, it was envisaged that the budget balance would produce a deficit of 33,951 million TL and a non-interest balance surplus of 19,049 million TL.

Despite the increase in budget expenditures excluding interest, the fact that the increase in budget revenues were higher than the increase in budget expenditures provided improvement in the budget balance. Compared to the preceding year, budget revenues increased from 332,475 million TL to 389,441 million TL with an increase by 17.1%, budget expenses increased from 361,887 million TL to 407,890 million TL with an increase by 12.7%. The budget deficit which increased by 65.4% in 2012 declined from 29,412 million TL to 18,449 million TL with a decrease by 37.3%. The non-interest surplus having dropped by 22.3% in 2012 increased by 65.9% in 2013, increasing from 19,004 million TL to 31,537 million TL. The ratio of budget revenues to cover the expenses which was 91.9% in 2012 advanced to 95.5% in 2013 (Table 77).

Table 77. Realization of Central Government Budget

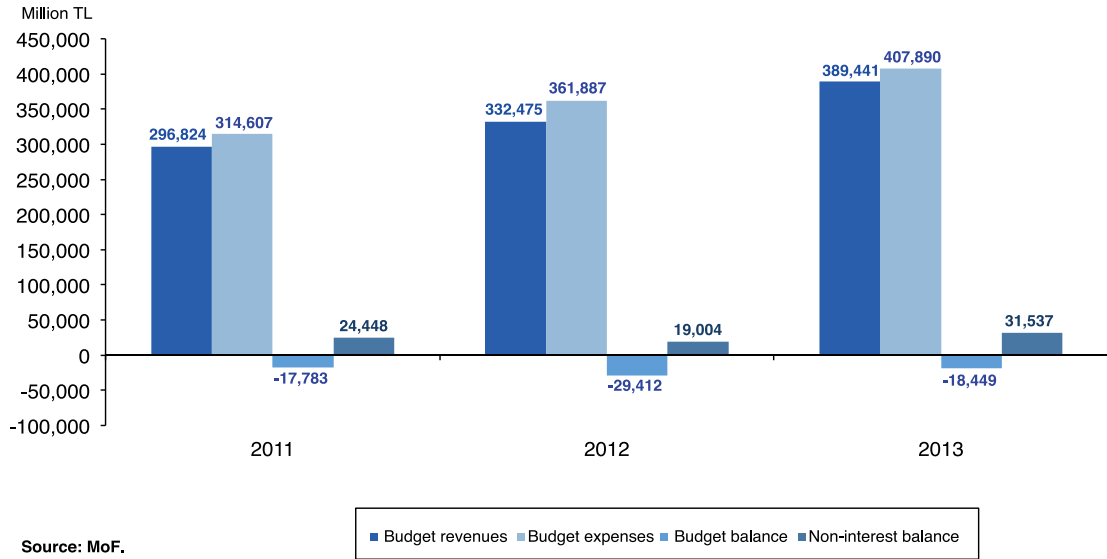
(with Current Prices, Million TL)

Components	2011	2012	2013	Variation (%)		Ratio to GDP		
				2012	2013	2011	2012	2013
Budget expenditures	314,607	361,887	407,890	15.0	12.7	24.2	25.5	26.1
Expenditures excluding interest	272,375	313,471	357,904	15.1	14.2	21.0	22.1	22.9
Interest expenditures	42,232	48,416	49,986	14.6	3.2	3.3	3.4	3.2
Budget expenses	296,824	332,475	389,441	12.0	17.1	22.9	23.5	24.9
Budget balance	-17,783	-29,412	-18,449	65.4	-37.3	-1.4	-2.1	-1.2
Non-interest balance	24,448	19,004	31,537	-22.3	65.9	1.9	1.3	2.0

Source: MoF, TURKSTAT.

In consequence of these developments, at the end of 2013, expenses accrued as 3,844 million TL and revenues accrued as 19,346 million TL above the target. Thus, central government budget deficit accrued 15,502 million TL below the target, whereas non-interest balance accrued 12,488 million TL above the target (Graph 36).

Graph 36. Realization of Central Government Budget



In 2013, the ratio of the central government budget revenues to GDP with current prices rose from 23.5% to 24.9%, and the ratio of the central government budget expenses to the GDP rose from 25.5% to 26.1%. The ratio of the central government budget deficit to the GDP fell from 2.1% to 1.2%, whereas the ratio of the central government budget surplus to the GDP elevated from 1.3% to 2%.

1.4.4.1.1 Revenues

In 2013, tax revenues, particularly the budget revenues, showed a positive performance. The most important factors that supported the revenue increase in 2013 were heightening the tax rates of the motor vehicles, liquid fuel and alcoholic beverages by the Cabinet Decision in September 2012, increase of the stamp tax and fee rates since the early 2013, payment by BOTAŞ and TEDAŞ of part of the tax debts pertaining to prior years, increase in the consumption-based taxes with the effect of the economic revival, and the rise in privatization revenues.

The central government budget revenues that increased by 12% in 2012 rose to 389,441 million TL with an increase by 17.1% in 2013, which was 19,346 million TL below the envisaged target (Table 78).

Table 78. Central Government Budget Revenues

Components	(Million TL)							
	2011	2012	2013	Variation (%)		Share (%)		
				2012	2013	2011	2012	2013
A - General budget revenues	286,554	320,536	376,105	11.9	17.3	96.5	96.4	96.6
1- Tax revenues	253,809	278,781	326,125	9.8	17.0	85.5	83.9	83.7
Taxes on income and profits	75,800	85,511	92,748	12.8	8.5	25.5	25.7	23.8
Income tax	48,807	56,494	63,760	15.7	12.9	16.4	17.0	16.4
Income tax based on return	2,759	3,016	3,084	9.3	2.2	0.9	0.9	0.8
Income tax with simple method	301	301	305	0.1	1.5	0.1	0.1	0.1
Income tax withholding	44,324	51,744	58,778	16.7	13.6	14.9	15.6	15.1
Temporary income tax	1,423	1,432	1,593	0.7	11.3	0.5	0.4	0.4
Corporation tax	26,993	29,017	28,988	7.5	-0.1	9.1	8.7	7.4
Corporation tax based on return	3,531	1,526	2,075	-56.8	36.0	1.2	0.5	0.5
Corporation tax withholding	334	242	153	-27.4	-37.1	0.1	0.1	0.0
Temporary corporation tax	23,128	27,249	26,760	17.8	-1.8	7.8	8.2	6.9
Taxes on property	6,257	7,009	7,693	12.0	9.8	2.1	2.1	2.0
Inheritance and transfer taxes	253	293	340	15.7	16.1	0.1	0.1	0.1
Motor vehicle tax	6,004	6,716	7,353	11.9	9.5	2.0	2.0	1.9
Domestic taxes on goods and services	103,381	113,837	134,855	10.1	18.5	34.8	34.2	34.6
Domestic value added tax	29,957	31,572	37,995	5.4	20.3	10.1	9.5	9.8
Special consumption tax	64,189	71,706	85,461	11.7	19.2	21.6	21.6	21.9
Taxes on petroleum and natural gas products	33,573	35,935	45,158	7.0	25.7	11.3	10.8	11.6
Motor vehicle tax	8,568	8,409	10,565	-1.9	25.6	2.9	2.5	2.7
Alcoholic beverage tax	3,856	4,643	5,196	20.4	11.9	1.3	1.4	1.3
Taxes on tobacco products	15,850	19,976	21,327	26.0	6.8	5.3	6.0	5.5
Taxes on cola rinks	281	276	299	-1.6	8.2	0.1	0.1	0.1
Taxes on durable consumer goods and other goods	2,058	2,467	2,916	19.9	18.2	0.7	0.7	0.7
SCT collected under Law No. 6111	3	0	0	-99.4	-	0.0	0.0	0.0
Banking and insurance transactions tax	4,288	5,471	6,160	27.6	12.6	1.4	1.6	1.6
Taxes on games of chance	528	616	692	16.6	12.4	0.2	0.2	0.2
Special communication tax	4,419	4,473	4,545	1.2	1.6	1.5	1.3	1.2
Taxes on international trade and transactions	53,452	55,310	68,267	3.5	23.4	18.0	16.6	17.5
Customs taxes	4,653	5,195	5,409	11.6	4.1	1.6	1.6	1.4
Value added tax on imports	48,685	50,000	62,726	2.7	25.5	16.4	15.0	16.1
Other foreign trade revenues	113	115	133	1.8	15.2	0.0	0.0	0.0
Stamp tax	6,464	7,360	9,416	13.9	27.9	2.2	2.2	2.4
Fees	8,344	9,675	12,906	16.0	33.4	2.8	2.9	3.3
Other taxes not elsewhere classified	112	78	240	-30.1	207.7	0.0	0.0	0.1
2- Non-Tax Other Revenues	32,745	41,755	49,980	27.5	19.7	11.0	12.6	12.8
B- Revenues from special budget institutions	8,174	9,622	10,662	17.7	10.8	2.8	2.9	2.7
C- Revenues from regulatory and supervisory institutions	2,095	2,318	2,673	10.6	15.3	0.7	0.7	0.7
Total	296,824	332,475	389,441	12.0	17.1	100.0	100.0	100.0

Source: MoF.

Tax revenues which had the highest share within the central government budget revenues increased by 9.8% in 2012, and rose to 326,125 million TL in 2013 with an increase by 9.8%. Thus, the budget revenues accrued 8,176 million TL above the target level of 317,949 million TL. The share of tax revenues within the total central government budget which was 83.9% in 2012 declined to 83.7% in 2013.

In 2013, the income tax collection increase rate decreased from 15.7% to 12.9% due to the effect of the drop in the increase rate of income tax based on return and of the income tax withholding. Share of the income tax collected with the simple method, which is listed under the income tax, and of the temporary income tax, within the central government budget, remained unchanged in 2013 compared to the preceding year. Share of the income tax based on return and the income tax withholding within the total central government budget decreased compared to the preceding year.

The corporation tax collection decrease by 0.1% in 2013 compared to 2012 due to the sharp drop in the corporation tax withholding and the relative drop in the temporary corporation tax. Collection of the corporation tax based on return showed an increase by 36%.

The taxes on property became 7,693 million TL with an increase by 9.8% compared to 2012. While the domestic taxes on goods and services increased by 18.5% compared to the preceding year, their share within the total central budget revenues rose from 34.2% to 34.6%. With the price adjustments made in the late 2012, there were considerable increased in the revenues from petroleum and natural gas products tax, motor vehicle tax and alcoholic beverages tax. The domestic value added tax and special consumption tax increased by 20.3% to 37,995 million TL and by 19.2% to 85,461 million TL, respectively.

Among the tax revenues, the direct taxes composed of the total of taxes on incomes and profits and property taxes increased by 8.6% to 100,441 million TL, and the indirect taxes composed of the domestics taxes on goods and services and the taxes on international trade and transactions increased by 20.1% to 203,122 million TL. Share of the indirect taxes within tax revenues was 62.3%.

Non-tax revenues increased by 19.7% to 49,980 million TL in 2013, resulting in a share of 12.8% within the total central government budget revenues.

In 2013, the revenues of special budget institutions increased by 10.8% to 10,662 million TL, the revenues of regulatory and supervisory institutions increased by 15.3% to 2,673 million TL.

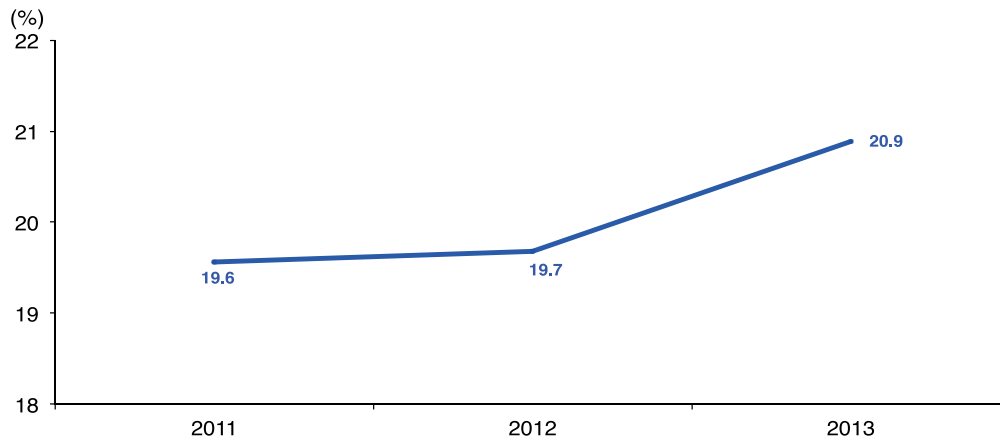
The ratio of the total tax revenues to the GDP, which is defined as the total tax burden, was 19.7% in 2012, and was ascended to 20.9% in 2013 (Table 79, Graph 37).

Table 79. Tax Burden and Tax Elasticity Coefficients

Indicator	2011	2012	2013
Total tax burden	19.6	19.7	20.9
Total tax elasticity	1.1	1.1	1.7
Income + corporation tax elasticity	1.3	1.4	0.8

Source: MoF, TURKSTAT.

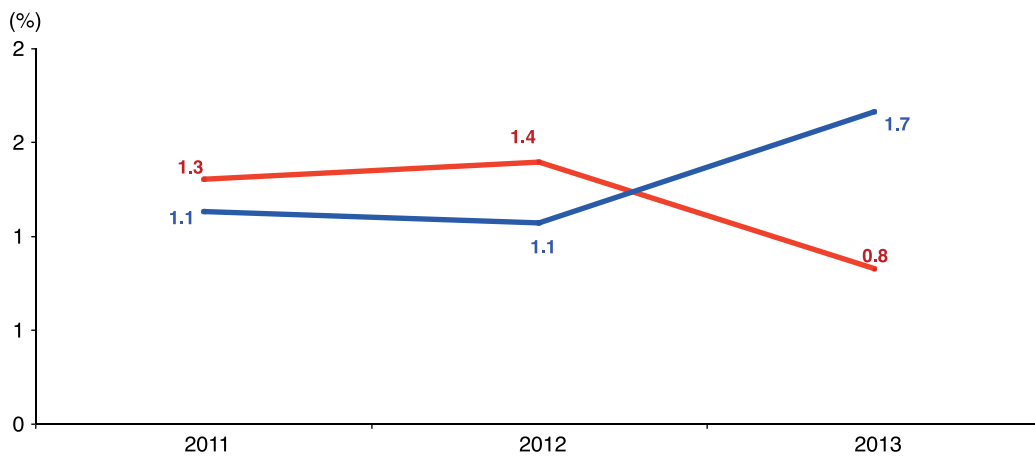
Graph 37. Tax Burden



Source: TURKSTAT.

The tax elasticity coefficient, which shows the sensitivity of the tax revenues to the changes in the GDP was 1.1% in 2012, and became 1.7% in 2013 (Graph 38).

Graph 38. Tax Elasticity Coefficients



Source: MoF, TURKSTAT.

Income+corporation tax elasticity Total tax elasticity

1.4.4.1.2 Expenses

With the effect of the financial policies applied following the global crisis, discipline was substantially ensured in the expenditures. The increase rate of the total central government budget expenses which was 15% in 2012 declined to 12.7% in 2013. The central government budget expenses went up to 407,890 million TL, which is 3,844 million TL above then budget target. The expenses excluding interest increased by 14.2% and became 357,904 million TL, which is 6,858 million TL above the budget target of 351,046 million TL (Table 80).

Table 80. Central Government Budget Expenses

(Million TL)

Components	2011	2012	2013	Variation (%)		Share (%)		
				2012	2013	2011	2012	2013
Expenditures excluding interest	272,375	313,471	357,904	15.1	14.2	86.6	86.6	87.7
Personnel expenses	72,914	86,463	96,237	18.6	11.3	23.2	23.9	23.6
State premium expenses to SSI	12,850	14,728	16,305	14.6	10.7	4.1	4.1	4.0
Expenses for purchase of goods and services	32,797	32,894	36,268	0.3	10.3	10.4	9.1	8.9
Defense and security	10,023	10,965	11,749	9.4	7.1	3.2	3.0	2.9
Health expenses	5,442	539	336	-90.1	-37.6	1.7	0.1	0.1
General borrowing expenses	201	451	518	124.2	15.0	0.1	0.1	0.1
Expenses for purchase of other goods and services	17,131	20,939	23,665	22.2	13.0	5.4	5.8	5.8
Current transfers	110,499	129,477	148,735	17.2	14.9	35.1	35.8	36.5
Duty losses	4,739	3,912	4,075	-17.4	4.2	1.5	1.1	1.0
Treasury aids	59,353	70,184	79,238	18.2	12.9	18.9	19.4	19.4
Treasury aids to the SSI	1,658	1,764	2,167	6.4	22.8	0.5	0.5	0.5
Unemployment insurance fund	1,429	1,543	1,935	8.0	25.4	0.5	0.4	0.5
5 point premium support to funds	230	221	232	-3.8	4.7	0.1	0.1	0.1
Expenses for health, retirement and social aids	52,833	63,684	71,793	20.5	12.7	16.8	17.6	17.6
Treasury aids to local administrations	2,505	2,400	2,363	-4.2	-1.5	0.8	0.7	0.6
Other treasury aids	2,357	2,337	2,916	-0.8	24.8	0.7	0.6	0.7
Transfers to non-profit organizations	1,391	926	1,786	-33.4	92.8	0.4	0.3	0.4
Transfers to households	2,156	2,891	3,497	34.1	20.9	0.7	0.8	0.9
Agricultural support payments	6,961	7,553	8,684	8.5	15.0	2.2	2.1	2.1
Other transfers to households	1,448	5,411	4,048	273.7	-25.2	0.5	1.5	1.0
Social transfers	2,255	2,922	5,876	29.6	101.1	0.7	0.8	1.4
Foreign transfers	1,153	1,296	1,609	12.4	24.2	0.4	0.4	0.4
Shares from revenues	31,043	34,380	39,921	10.7	16.1	9.9	9.5	9.8
Capital expenses	30,905	34,365	43,609	11.2	26.9	9.8	9.5	10.7
Capital transfers	6,739	6,006	7,655	-10.9	27.5	2.1	1.7	1.9
Lending	5,671	9,537	9,094	68.2	-4.6	1.8	2.6	2.2
Reserve appropriations	0	0	0	0.0	0.0	0.0	0.0	0.0
Interest expenses	42,232	48,416	49,986	14.6	3.2	13.4	13.4	12.3
Total	314,607	361,887	407,890	15.0	12.7	100.0	100.0	100.0

Source: MoF.

Among the sub-expenditure items of the non-interest expenses of the year 2013 budget, it was aimed that the personnel expenses would be 97,224 million TL, state premium expenses to the social security institutions would be 16,791 million TL, the purchase of goods and services would be 33,444 million TL, the current transfers would be 151,287 million TL, the capital expenditures would be 33,489 million TL, and the capital transfers would be 5,103 million TL. As of the year end, compared to the preceding year, personnel expenses rose by 11.3% to 96,237 million TL, state premiums to social security institutions rose by 10.7% to 16,305 million TL, purchase of goods and services rose by 10.3% to 36,268 million TL, current transfers rose by 14.9% to 148,735 million TL, capital expenses rose by 26.9% to 43,609 million TL, and capital transfers rose by 27.5% to 7,655 million TL.

While increase rate of personnel expenses and current transfers decelerated in 2013, their share within the budget increased. The increase rate of interest expenses declined from 14.6% in 2012 to 3.2% to 2013 with a substantial deceleration. Interest expenses accrued 3,014 million TL below the budget target of 53,000 million TL.

Share of the non-interest expenses within the central government budget escalated from 86.6% to 87.7%, whereas share of the interest expenses fell from 13.4% to 12.3%.

1.4.4.2 Funds

Four funds continued to be monitored in 2013 within the scope of the fund balance, including 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. In 2013, it is expected that revenues of the funds included in the public sector general balance would be 7,332 million TL, their expenses would be 11,663 million TL, consequently, the fund balance would produce a deficit of 4,331 million TL (Table 81).

When examined the ratio of fund components to GDP in 2013, the ratio of total revenues and expenses are forecasted to be 0.5% and 0,7%, respectively.

Table 81. Fund Balance ⁽¹⁾

Components	(with Current Prices, Million TL)					
				Ratio to GDP		
	2011	2012	2013 ⁽²⁾	2011	2012	2013
A. Fund Revenues	5,763	10,997	7,332	0.4	0.8	0.5
Tax revenues	5,018	5,484	5,944	0.4	0.4	0.4
Non-tax normal revenues	707	931	1,325	0.1	0.1	0.1
Factor revenues (Net)	39	98	63	0.0	0.0	0.0
Current transfers (Net)	0	0	0	0.0	0.0	0.0
Capital transfers (Net)	0	4,484	0	0.0	0.3	0.0
B. Fund Expenses	4,522	4,524	11,663	0.3	0.3	0.7
Current expenses	2,087	1,782	2,245	0.2	0.1	0.1
Factor Expenses (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)	1,842	2,742	3,421	0.1	0.2	0.2
Capital transfers (Net)	594	0	5,997	0.0	0.0	0.4
C. Revenue-expense difference	1,241	6,473	-4,331	0.1	0.5	-0.3
D. Financing	-1,241	-6,473	4,331	-0.1	-0.5	0.3
Foreign borrowing	0	0	0	0.0	0.0	0.0
Foreign debt repayment	-52	-25	-20	0.0	0.0	0.0
Domestic debt-receivables relationship (Net)	-256	-197	-88	0.0	0.0	0.0
Cash-bank variation	-933	-6,251	4,439	-0.1	-0.4	0.3

Source: MoD.

(1): Unemployment Insurance Fund excluded.

(2): Realization estimate.

1.4.4.3 State Economic Enterprises

In 2013, the revenues of the operating state economic enterprises (SEEs) are expected to increase by 5.5% to 119,908 million TL, and their expenses are expected to increase by 6% to 119,792 million TL. As was the case in the prior years, it is estimated that a significant portion of the revenues would be composed of the sales yield of goods and services included under operating revenues and a significant portion of the expenses would be composed of the sales cost of goods and services collected under operating expenses (Table 82).

Table 82. Financing Balance of Operational SEEs

(with Current Prices, Million TL)

Components	2011	2012	2013 ⁽¹⁾
A. Total revenues	96,713	113,678	119,908
I. Operational income	85,151	103,382	108,891
1. Revenues from sales of goods and services	77,218	95,979	100,600
2. Other income	7,933	7,403	8,292
II. Retained funds	4,737	3,656	3,681
1. Depreciations	3,326	3,381	3,314
2. Reserves	1,411	274	367
III. Budgets and funds	6,825	6,640	7,336
IV. Other income	0	0	0
B. Total expenses	94,544	112,983	119,792
I. Operational expenses	83,755	100,863	104,668
1. Sales cost of goods and services	71,902	89,429	93,642
2. Other expenses	11,853	11,434	11,026
II. Investment expenditures	5,791	5,885	7,744
III. Increase of stock	1,180	2,197	254
IV. Increase in fixed assets	923	1,010	735
V. Direct taxes	1,463	1,455	1,982
VI. Dividend payments	1,402	1,549	3,779
VII. Other expenses	31	25	630
C. Revenue-Expense Difference	2,169	695	116
D. Financing	-2,169	-695	-116
I. Change in cash-bank	570	-1,702	300
II. Domestic borrowing (Net)	-155	684	-2,597
III. Foreign borrowing (Net)	-2,584	324	2,181

Source: MoD.

(1): Realization estimate.

1.4.4.4 Public Sector Financing Deficit

The public sector financing deficit that was 13,963 million TL in 2012 is expected to decline to 12,876 million TL in 2013, and the public sector financing balance, excluding budget interest payments, which had a surplus of 34,453 million TL in 2012, is expected to increase 7.7% and produce a surplus of 37,110 million in 2013. The decrease of the central government budget deficit and the surpluses of the revolving fund, Unemployment Insurance Fund, and the SEEs included in the scope of privatization, and of the operational SEEs, were the most important factors leading to the limited recovery in the public sector borrowing requirement (Table 83).

Table 83. Public Sector Borrowing Requirement

(with Current Prices, Million TL)

Components	2011	2012	2013 ⁽¹⁾	Ratio to GDP		
				2011	2012	2013
Central government budget	17,783	29,412	18,449	1.4	2.1	1.2
SEE	-2,810	-739	-2,983	-0.2	-0.1	-0.2
Operator	-2,169	-695	-116	-0.2	0.0	0.0
Organizations within the scope of privatization	-641	-45	-2,867	0.0	0.0	-0.2
Local administrations	-2,525	-137	2,019	-0.2	0.0	0.1
Revolving fund	-1,514	-550	-1,387	-0.1	0.0	-0.1
Social security institutions	-320	91	0	0.0	0.0	0.0
Unemployment insurance fund	-7,582	-7,641	-8,537	-0.6	-0.5	-0.5
Funds	-1,241	-6,473	4,331	-0.1	-0.5	0.3
Borrowing requirement	1,790	13,963	12,876	0.1	1.0	0.8
Budget interest payments	42,232	48,416	49,986	3.3	3.4	3.2
Non-interest borrowing requirement	-40,442	-34,453	-37,110	-3.1	-2.4	-2.4

Source: Mod, MoF.

Note: (-) sign indicates surplus.

(1): Realization estimate.

The central government budget deficit, which had the largest share within the public sector deficit in 2013, decreased by 37.3% compared to the preceding year and declined to 18,449 million TL. The SEEs within the scope of privatization had a deficit of 2,867 million TL, the operational SEEs had a surplus of 116 million TL, the Unemployment Insurance Fund had a surplus of 8,537 million TL, whereas the local administrations had a deficit of 2.019 million TL, and the funds had a deficit of 4,331 million TL.

The ratio of the central government budget deficit to the GDP fell from 2.1% to 1.2%, and the ratio management interest payments to the GDP fell from 3.4% to 3.2%. The ratio of non-interest borrowing requirement remained unchanged from 2012 to 2013 at 2.4%.

1.4.4.5 Privatization

Privatization is intended to minimize the influence of the state in the industrial and commercial activities in economy, as well as to form a competition based market economy, to relieve the public budget of the burden of financing SEEs, to improve the capital market, to incorporate idle savings into the economy, and canalize the resources to be obtained by this way to infrastructure investments.

In this respect, the privatization implementations, which started in 1984 in our country with the application of transfers to the private sector with the objective of semi-completed facilities belonging to the public sector or of establishing a new facility in its place, accelerated since 1986. In the recent years, the efforts have quite slowed down with the completion of a majority of the privatization of the institutions within the scope of privatization. A relative revival took place in 2013.

Since 1985, the public shares of 270 organizations, 22-semi-completed facilities, 1.439 real estate properties, 8 highways, 2 Bosphorus bridges, 120 facilities, 6 ports and the license rights to betting, gaming and lotteries and the vehicle inspection stations have been included in 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, and were transferred for the purpose of liquidating, consolidating with another organization not included in the scope of privatization, and terminating their legal personalities.

Within the framework of the privatization program carried out by taking the public shares of the organizations which belong to the public sector or which have public sector participation within the scope of privatization until the present day the sales/transfers of the shares or assets of 204 organizations have been made, and no public shares have remained in 194 of these organizations. Presently, there are 23 organizations within the scope and in the program of privatization. There is public sector share of over 50% in 9 of these organizations. Furthermore, 565 real estate properties, 37 facilities, 2 ports, 8 highways 2 Bosphorus bridges and the rights of betting, gaming and lotteries are within the scope of privatization.

The value of privatization transactions rose from \$ 3,021 million in 2012 to \$ 12,486 million in 2013. by 33.9%. This increase is composed of sales of share in the privatization program with \$ 1,307 million, sales of subsidiaries, affiliates, facilities and assets with \$ 11,160 million, sales in Borsa Istanbul with \$ 67 thousand, and transfer of the organizations included in the scope of privatization program and of subsidiaries, affiliates, facilities and assets belonging to those organizations in return for payment with \$ 19 million. The amount of privatization made since 1985 to date amounted to \$ 54,204 million.

According to the cumulative results between 1985 and 2013, of the total privatization revenues, 43.5% were derived from sales of subsidiaries, affiliates, facilities and assets, 39.8% from sales of shares, 13% from public offering, 2.3% from sales in ISE, and 1.4 from the transfers in return for payment (Table 84).

Table 84. Privatization Transactions ⁽¹⁾

Transactions	(Thousand \$)				
	Cumulative Total (1985-2010)	2011	2012	2013	Cumulative Total (1985-2013)
Sales of shares of the organizations in the privatization program	20,257,067	0	186,520	1,306,694	21,563,761
Sales of subsidiaries, affiliates, facilities and assets of the organizations in the privatization program	12,426,516	1,351,961	312,305	11,159,609	23,586,125
Public offering of the organizations in the privatization program	7,053,284	0	2,519,616	0	7,053,284
Sales in ISE of the organizations in the privatization program	1,261,054	0	0	67	1,261,121
Sales of Semi-completed Facilities	4,369	0	0	0	4,369
Transfers of the organizations in the privatization program and of subsidiaries, affiliates, facilities and assets belonging to those organizations, in return for payment	715,804	6,457	2,251	19,178	734,982
Total	41,718,094	1,358,418	3,020,692	12,485,548	54,203,642

Source: PA.

(1): The figures in the tables are the sales figures showing the amounts of the implementations performed in the respective year.

1.4.4.6 Central Government Debt Stock

The financing program 2013 was prepared in accordance with the medium-long term strategic metrics observing the cost and risk level, taking into account the liquidity risk, interest risk and foreign exchange risk, which the debt stock is essentially exposed to, as in the prior years. In this respect, it was aimed to make the borrowing in 2013 mainly in TL and with fixed-interest instruments, to extend the medium term to the extent allowed by the market conditions, and to keep a strong reserve so as to alleviate liquidity risk that could occur in the cash and debt management. The practices were carried during the year within the framework of these goals, so the public debt stock indicators exhibited a positive outlook in 2013. Rate of central government debt stock to GDP continued decreasing, albeit slowly.

The central government total debt stock that increased by 2.7% in 2012 rose to 585,835 million TL with an increase by 10.1% in 2013. While central government domestic debt stock increased by 4.3% to 403,007 million TL, the debt stock that decreased by 2.6% in 2012 rose to 182,828 million TL with an increase by 25.5%. The central government total debt stock in dollar dropped to \$ 274,486 million with a decrease by 8.1%, domestic debt stock dropped to \$ 188,824 million with a decrease by 12.9%, and foreign debt stock rose to 85,662 million TL with an increase by 4.8% (Table 85, Graph 39).

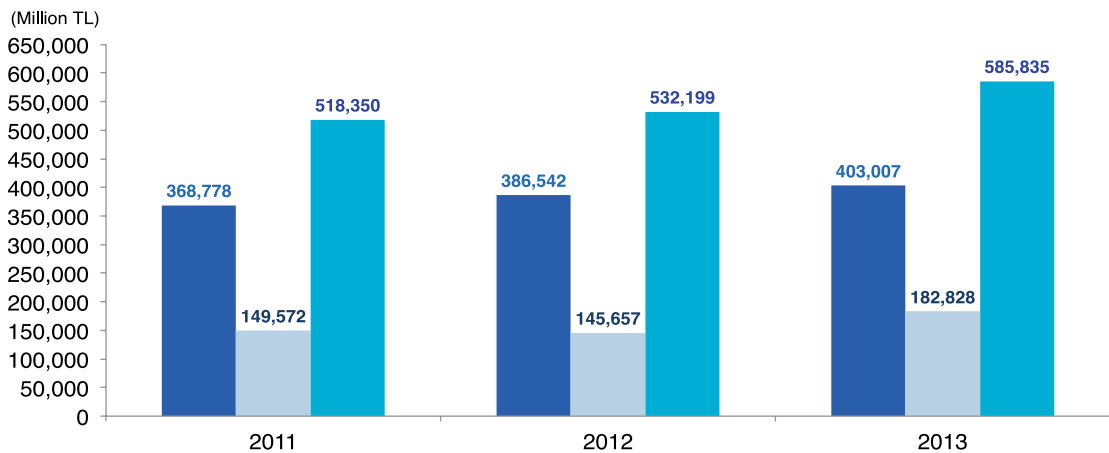
Table 85. Total Debt Stock of Central Government

Components	2011	2012	2013 ⁽¹⁾	Variation (%)	
				2012	2013
	(Million TL)				
Domestic debt stock	368,778	386,542	403,007	4.8	4.3
Foreign debt stock	149,572	145,657	182,828	-2.6	25.5
Total debt stock	518,350	532,199	585,835	2.7	10.1
	(Million \$)				
Domestic debt stock	195,234	216,842	188,824	11.1	-12.9
Foreign debt stock	79,185	81,710	85,662	3.2	4.8
Total debt stock	274,419	298,552	274,486	8.8	-8.1
	Share (%)				
Domestic debt stock	71.1	72.6	68.8		
Foreign debt stock	28.9	27.4	31.2		
Total debt stock	100.0	100.0	100.0		
	Ratio to GDP				
Domestic debt stock	28.4	27.3	25.8		
Foreign debt stock	11.5	10.3	11.7		
Total debt stock	39.9	37.6	37.5		

Source: UoT.

(1): Interim.

Graph 39. Total Debt Stock of Central Government



Source: UoT.

■ Domestic debt stock ■ Foreign debt stock ■ Total debt stock

The share of the domestic debt stock within the central government debt stock in 2013 compared to 2012 declined from 72.6% to 68.8%, and the share of the foreign debt stock rose from 27.4% to 31.2%.

Ratio of the central government total debt stock to GDP decreased by 0.1 point to 37.5%, the ratio of domestic debt stock to GDP decreased by 1,5 point to 25.8%, and the ratio of foreign debt stock to GDP increased by 1.4 point to 11.7%.

In 2013, a total of 166,972 million TL domestic debt was paid. Of this, 76.7% amounting to 128,062 million TL was composed of principal payments, whereas 23.3% amounting to 38,910 million TL was composed of interest payments. The net domestic borrowing realized in 2013 was 16,466 million TL (Table 86).

Table 86. Domestic Debt Stock

(Million TL)

Years	Payments			Borrowing			Debt Stock	Variation (%)
	Principal	Interest	Total	Sales	Payment	Net Borrowing		
2011	97,074	35,064	132,138	112,073	97,074	14,999	368,778	4.5
2012	84,018	40,702	124,720	101,899	84,018	17,881	386,542	4.8
2013 ⁽¹⁾	128,062	38,910	166,972	144,528	128,062	16,466	403,007	4.3

Source: UoT.

(1): Interim.

The weighted average of domestic borrowing that was 8.8% in 2012 dropped to 7.7% in 2013. The improvement in the maturity structure of the domestic debt stock continued in 2013. The average maturity of domestic borrowing rose from 60.8 months in 2012 to 74.3% in 2013 (Table 87).

Table 87. Average Maturity and Cost of the Domestic Borrowing

Components	2011	2012	2013 ⁽¹⁾
Cumulative Maturity (Months) ⁽²⁾	44.7	60.8	74.3
Compound Interest (%) ⁽³⁾	8.7	8.8	7.7

Source: UoT.

(1): Interim.

(2): Includes domestic cash borrowing.

(3): Weighted average cost of the fixed-yield domestic borrowing in TL.

Within the total central government debt stock which was 585,835 million in 2013, the Turkish Lira-indexed bills payable amounting to 403,007 million TL represented 68.8%, whereas foreign exchange-indexed bills payable amounting to 182,828 million TL represented 31.2%. Compared to 2012, the share of the bills payable in Turkish Lira declined from 72.6% to 68.8% and the share of foreign exchange indexed shares rose from 27.4% to 31.2%. Within the total debt stock, fixed-interest promissory notes constituted 61.5%, floating-interest promissory notes constituted 22.1%, and CPI-indexed promissory notes constituted 16.4%. Turkish Lira-indexed promissory notes were composed of fixed-interest promissory notes with 36.2%, floating-interest promissory notes with 16.2% and CPI-indexed promissory notes with 16.4%, whereas foreign exchange-indexed promissory notes were composed of fixed-interest promissory notes with 25.3%, and floating-interest promissory notes with 5.9% (Table 88).

Table 88. Foreign Exchange/Interest Composition of the Domestic Debt Stock ⁽¹⁾

Components	Stock Value (Million TL)			Share (%)		
	2011	2012	2013 ⁽²⁾	2011	2012	2013
Fixed	306,979	318,056	360,188	59.2	59.8	61.5
Floating	147,069	137,834	129,408	28.4	25.9	22.1
CPI-indexed	64,302	76,309	96,239	12.4	14.3	16.4
Total debt stock	518,350	532,199	585,835	100.0	100.0	100.0
Fixed	188,707	201,866	212,007	36.4	37.9	36.2
Floating	112,025	108,367	94,760	21.6	20.4	16.2
CPI-indexed	64,302	76,309	96,239	12.4	14.3	16.4
In Turkish Lira	365,034	386,542	403,007	70.4	72.6	68.8
Fixed	118,272	116,190	148,180	22.8	21.8	25.3
Floating	35,045	29,467	34,648	6.8	5.5	5.9
Foreign exchange	153,317	145,657	182,828	29.6	27.4	31.2
Fixed	192,358	201,866	212,007	37.1	37.9	36.2
Floating	112,118	108,367	94,760	21.6	20.4	16.2
CPI-indexed	64,302	76,309	96,239	12.4	14.3	16.4
Domestic debt stock	368,778	386,542	403,007	71.1	72.6	68.8
Fixed	114,620	116,190	148,180	22.1	21.8	25.3
Floating	34,951	29,467	34,648	6.7	5.5	5.9
Foreign debt stock	149,572	145,657	182,828	28.9	27.4	31.2

Source: UoT.

(1): Composed of domestic and foreign debt stock principal liabilities.

(2): Interim.

In the distribution of domestic debt stock by lenders, the share of the banking sector in 2013 compared to the preceding year regressed from 50.5% to 50.1%, the share of CBRT rose from 1.9% to 2.1%, and the share of the non-bank sector rose from 24.4% to 26.2%. Within the total internal debt stock, under the banking sector, share of the public banks was 20.9%, share of the private banks was 22.7%, share of foreign banks was 5.6%, and share of development and investment banks was 0.9%. Within the total debt stock, under the non-bank sector, share of the legal persons was 20.6%, share of the securities mutual funds was 4.7% and the share of real persons was 0.9%.

With the effect of the expansionary monetary policies and economic revival packages put in place in the developed countries particularly in the USA and Euro zone so as to prevent deepening of the global crisis, improvement started in the economic indicators. While the public sector borrowing costs of the Euro zone countries dropped, the liquidity abundance that emerged as a result of the monetary expansion policies enhanced the capital flows particularly to the developing countries. Interest of foreign investors in our country promoted thanks to the developments experienced in the global markets, the macroeconomic performance and attained and the environment of confidence ensured in the country. As of 2012, share of the foreigners in the domestic debt stock increased to 23.2% (Table 89).

Table 89. Distribution of Domestic Debt Stock by Lenders ⁽¹⁾

Components	Stock Value (Million TL)			Share (%)		
	2011	2012	2013 ⁽⁴⁾	2011	2012	2013
Banking sector	223,770	221,074	211,626	56.7	50.5	50.1
Public banks	94,886	88,988	88,224	24.0	20.3	20.9
Private banks	102,263	104,701	96,022	25.9	23.9	22.7
Foreign banks	22,356	22,343	23,626	5.7	5.1	5.6
Development and investment banks	4,265	5,042	3,754	1.1	1.2	0.9
Non-banking sector ⁽²⁾	95,239	106,701	110,707	24.1	24.4	26.2
Real persons	6,296	2,873	3,740	1.6	0.7	0.9
Legal persons	74,052	86,844	87,174	18.7	19.8	20.6
Securities mutual funds	14,890	16,984	19,792	3.8	3.9	4.7
CBRT ⁽³⁾	7,807	8,458	8,968	2.0	1.9	2.1
Total domestic residents	326,816	336,233	331,301	82.7	76.8	78.5
Non-residents	68,161	101,631	90,868	17.3	23.2	21.5
Total	394,976	437,864	422,169	100.0	100.0	100.0

Source: UoT.

(1): Values of Government Debt Securities published on the Official Gazette by CBRT.

(2): Includes all real and legal persons outside the Savings Deposit Insurance Fund.

(3): Includes non-cash government debt securities and amounts arising from open market transactions.

(4): Interim.

In May 2013, emergence of concern to the effect that the US Central Bank (Fed) would reduce the bond purchases and renounce the expansionary monetary policy affected the markets negatively. Due to the effect of the increasing foreign capital outflows, share of the foreign investors within the domestic debt stock declined to 21.5% in 2013.

1.4.5 Gold Prices

One of the most preferred investment instruments by the investors in our country, gold brought considerable real gain return to its investors in 2010 and 2011. However, gold prices followed a low course in the subsequent years, and could not meet expectations of the investors sufficiently in 2012. It disappointed the investors with the sharp drops in 2013.

Ounce price of the gold which averaged \$ 1,566 in 2011 rose to \$ 1,670 in 2012, whereas declined to \$ 1,406 in 2013 (Table 90).

Cumhuriyet gold brought a return of 12.7% nominally and 2.5% in real terms in 2012, whereas caused loss of the investors with 9.4% nominally and 15.8% in real terms in 2013. Return from bar gold was 13.4% nominally and 4.1% in real terms in 2012, yet investors incurred loss there from with 10.9% nominally and 7.1% in real terms in 2013.

Table 90. Gold Prices

Years	Months	Cumhuriyet Gold ⁽¹⁾ (TL/Piece)	Bar Gold ⁽¹⁾ (TL/ Piece)	1 Ounce Gold ⁽²⁾ (US\$/ Ounce)	CPI (2003=100)		Cumhuriyet Gold		Bar Gold	
					Index Value	Variation (%)	Nominal Variation	Real Variation (%)	Nominal Variation	Real Variation
2011	January	466	68	1,349	182.6	0.4	1.1	0.7	0.0	-0.4
	February	474	71	1,376	183.9	0.7	1.7	1.0	4.4	3.7
	March	487	73	1,424	184.7	0.4	2.7	2.3	2.8	2.4
	April	482	73	1,455	186.3	0.9	-1.0	-1.9	0.0	-0.9
	May	512	77	1,504	190.8	2.4	6.2	3.7	5.5	3.0
	June	530	79	1,530	188.1	-1.4	3.5	5.0	2.6	4.1
	July	565	84	1,568	187.3	-0.4	6.6	7.0	6.3	6.8
	August	683	100	1,758	188.7	0.7	20.9	20.0	19.0	18.2
	September	693	103	1,766	190.1	0.8	1.5	0.7	3.0	2.2
	October	659	98	1,678	196.3	3.3	-4.9	-7.9	-4.9	-7.9
	November	674	101	1,732	199.7	1.7	2.3	0.5	3.1	1.3
	December	665	99	1,646	200.9	0.6	-1.3	-1.9	-2.0	-2.5
Annual	574	86	1,566	189.9	6.5	43.2	34.5	43.3	34.6	
2012	January	659	98	1,658	202.0	0.6	-0.9	-1.5	-1.0	-1.6
	February	660	99	1,737	203.1	0.6	0.2	-0.4	1.0	0.5
	March	649	97	1,676	204.0	0.4	-1.7	-2.1	-2.0	-2.4
	April	636	95	1,651	207.1	1.5	-2.0	-3.5	-2.1	-3.5
	May	623	93	1,596	206.6	-0.2	-2.0	-1.8	-2.1	-1.9
	June	629	94	1,588	204.8	-0.9	1.0	1.9	1.1	2.0
	July	623	93	1,595	204.3	-0.2	-1.0	-0.7	-1.1	-0.8
	August	633	95	1,630	205.4	0.6	1.6	1.0	2.2	1.6
	September	672	102	1,766	207.6	1.0	6.2	5.1	7.4	6.3
	October	668	101	1,743	211.6	2.0	-0.6	-2.5	-1.0	-2.9
	November	663	99	1,719	212.4	0.4	-0.7	-1.1	-2.0	-2.3
	December	649	97	1,677	213.2	0.4	-2.1	-2.5	-2.0	-2.4
Annual	647	97	1,670	206.8	8.9	12.7	3.5	13.4	4.1	
2013	January	641	95	1,664	216.7	1.6	-1.2	-2.8	-2.1	-3.6
	February	628	93	1,631	217.4	0.3	-2.0	-2.3	-2.1	-2.4
	March	625	93	1,593	218.8	0.7	-0.5	-1.1	0.0	-0.7
	April	592	87	1,495	219.8	0.4	-5.3	-5.7	-6.5	-6.8
	May	574	84	1,410	220.1	0.1	-3.0	-3.2	-3.4	-3.6
	June	552	81	1,316	221.8	0.8	-3.8	-4.6	-3.6	-4.3
	July	556	80	1,280	222.4	0.3	0.7	0.4	-1.2	-1.5
	August	585	86	1,334	222.2	-0.1	5.2	5.3	7.5	7.6
	September	585	88	1,349	223.9	0.8	0.0	-0.8	2.3	1.5
	October	570	84	1,308	227.9	1.8	-2.6	-4.3	-4.5	-6.2
	November	566	83	1,276	228.0	0.0	-0.7	-0.7	-1.2	-1.2
	December	557	82	1,219	229.0	0.5	-1.6	-2.0	-1.2	-1.7
Annual	586	86	1,406	222.3	7.5	-9.4	-15.8	-10.9	-17.1	

Source: CBRT.

(1): Sales prices.

(2): London sales price.

1.4.6 Exchange Rates

Liquidity surplus, increase in willingness to take risk and fluctuations in capital flows emerged following the fragile global outlook that showed up after the global crisis and the expansionary monetary policies applied. The movement in the capital flows affected our country negatively through resulting in especially rapid growth in the loans and volatility in the exchange rates. Hence, CBRT placed importance to alleviation of the effects of motility in the capital flows, limitation of the credit expansion and ensuring conformity of the developments in the exchange rates with the applied program framework.

The Central Bank of Republic of Turkey continued the floating exchange rate regime practice within the framework of the 2013 Exchange Rate Policy. In the floating exchange rate regime, exchange rates are determined by the supply and demand conditions in the market. Basically, the foreign exchange supply and demand are affected by the monetary and fiscal policies implemented, economic foundations, international developments and expectations. CBRT does not have a nominal or real exchange rate target, and does not use the foreign exchange rate as a policy tool. Nevertheless, in order to limit the risks involving financial stability, CBRT does not stand indifferent to the overvaluation or depreciation of Turkish Lira, closely monitors the developments in the real effective exchange rate indexes, and takes policy measures to support the financial stability when necessary.

It was expressed that that, in the foreign exchange policy of 2013, the Reserve Option Mechanism (ROM) would be continued to be used a tool to support the monetary policy depending on the movement that might occur in the global growth outlook and the short term capital flows, that foreign exchange buying auctions would not be held other than exceptional circumstances, that CBRT would carry on monitoring closely the foreign exchange supply and demand developments and take the necessary measures in order to enable healthy functioning of the foreign currency market and to support the foreign exchange liquidity. The foreign exchange policy was conducted in this framework during the year.

CBRT applied gradual interest reductions so as to balance the risks involving the financial stability due to the effect of the strong course of the capital flows until May 2013, and applied measures aimed at increasing the foreign exchange liquidity. Exchange rates followed a floating course. However, the rise seen in the risk premiums of the developing countries since the late May led to volatility in foreign exchange markets. The message given by president of US Central Bank as to that the monetary expansion would be lessened led to depreciation of Turkish Lira against dollar like with most of currencies of other developing countries. In order to prevent negative influence of that volatility emerging the foreign exchange market on the price stability and financial stability, CBRT resorted to additional monetary tightening and began opening foreign exchange buying auctions as from 11 June 2013. Once excessive volatility emerged in the exchange rates, the Central Bank carried on the foreign exchange selling auction during the second half of 2013 on the days it deemed necessary. In 2013, foreign exchange amounting to \$ 17,610 million was sold by CBRT through the foreign exchange selling auctions (Table 91).

Table 91. Foreign Exchange Amounts Purchased-Sold by the Central Bank

(Million \$)

Years	Foreign Exchange Buying Auctions ⁽¹⁾	Foreign Exchange Selling Auctions	Foreign Exchange Buying Interventions ⁽²⁾	Foreign Exchange Selling Interventions ⁽³⁾	Total Net Foreign Exchange Buying
2011	6,450	11,210	0	2,390	-7,085
2012	0	1,450	0	1,006	-2,456
2013	0	17,610	0	0	17,590
Total ⁽¹⁾	65,409	32,270	25,534	5,522	88,440

Source: CBRT.

(1): Cumulative total since 2002.

In 2013, Turkish Lira depreciated against Dollar and Euro due to the effect of the global and domestic political developments. As of the end of 2013, according to the annual average values, value of US dollar rose against Turkish Lira by 6.1% increasing to 1.90225 TL, Euro rose by 9.7% increasing to 2.52768 TL, British Pound rose by 4.8% increasing to 2.97340 TL, yet, Japanese Yen declined by 13.3% and fell to 1.94626 TL (Table 92).

Table 92. Exchange Rates by Years

(Exchange Buying Rate, Annual Average)

Years	US Dollar	Variation (%)	Euro	Variation (%)	British Pound	Variation (%)	Japanese Yen	Variation (%)
2011	1.67102	11.5	2.32329	16.8	2.67593	15.6	2.09757	23.0
2012	1.79227	7.3	2.30429	-0.8	2.83852	6.1	2.24477	7.0
2013	1.90225	6.1	2.52768	9.7	2.97340	4.8	1.94626	-13.3

Source: CBRT.

Having closed the year 2012 at the average level of 1.79227 TL, US Dollar entered the year 2013 with decline and dropped to 1.76386 in January. Dollar exhibited and floating course until May, and surpassed 2.000 TL in September. While it exhibited a little decline in October, it gained value in the rest months of the year, and average rate of dollar in 2013 emerged as 1.90225 TL. Euro carried on its rise against Turkish Lira steadily since the first months of 2013 except for slight fluctuations, and average value of Euro at the end of 2013 was 2.52768 TL.

In real terms, according to the consumer price index, the US Dollar depreciated by 1.3%, but Euro appreciated by 2% against Turkish Lira in 2013. When considered the real appreciation by months in 2013, the largest depreciation of the US Dollar was experienced in October with 3.1% and that the highest appreciation was experienced in June with 3.1%. When the same picture is considered on the basis of Euro, it is observed that the largest depreciation was experienced in March with 1.7%, and the highest appreciation was experienced in June with 4.8% (Table 93).

Table 93. Exchange Rates

(Exchange Buying Rate, Monthly Average)

Years	Months	US Dollar (\$)	Euro (€)	CPI (2003=100)		Nominal Variation		Real Variation	
				Index Value	Variation	\$	€	\$	€
2011	January	1.55382	2.07381	182.6	0.4	2.7	3.7	2.3	3.3
	February	1.58283	2.15965	183.9	0.7	1.9	4.1	1.1	3.4
	March	1.57467	2.20259	184.7	0.4	-0.5	2.0	-0.9	1.6
	April	1.51562	2.18690	186.3	0.9	-3.7	-0.7	-4.6	-1.6
	May	1.56416	2.24888	190.8	2.4	3.2	2.8	0.8	0.4
	June	1.59401	2.29340	188.1	-1.4	1.9	2.0	3.4	3.5
	July	1.64671	2.35284	187.3	-0.4	3.3	2.6	3.7	3.0
	August	1.74424	2.49980	188.7	0.7	5.9	6.2	5.2	5.5
	September	1.78652	2.46360	190.1	0.8	2.4	-1.4	1.7	-2.2
	October	1.82708	2.49900	196.3	3.3	2.3	1.4	-1.0	-1.8
	November	1.80378	2.44687	199.7	1.7	-1.3	-2.1	-3.0	-3.7
	December	1.85885	2.45219	200.9	0.6	3.1	0.2	2.5	-0.4
Annual	1.67102	2.32329	189.9	6.5	11.5	16.8	4.7	9.7	
2012	January	1.83894	2.37233	202.0	0.6	-1.1	-3.3	-1.6	-3.8
	February	1.75109	2.31460	203.1	0.6	-4.8	-2.4	-5.3	-3.0
	March	1.77930	2.35044	204.0	0.4	1.6	1.5	1.2	1.1
	April	1.77984	2.34322	207.1	1.5	0.0	-0.3	-1.5	-1.8
	May	1.79695	2.30524	206.6	-0.2	1.0	-1.6	1.2	-1.4
	June	1.81607	2.27466	204.8	-0.9	1.1	-1.3	2.0	-0.4
	July	1.80489	2.22220	204.3	-0.2	-0.6	-2.3	-0.4	-2.1
	August	1.78584	2.21128	205.4	0.6	-1.1	-0.5	-1.6	-1.0
	September	1.79563	2.30511	207.6	1.0	0.5	4.2	-0.5	3.2
	October	1.79414	2.32825	211.6	2.0	-0.1	1.0	-2.0	-0.9
	November	1.78545	2.29095	212.4	0.4	-0.5	-1.6	-0.9	-2.0
	December	1.77909	2.33325	213.2	0.4	-0.4	1.8	-0.7	1.5
Annual	1.79227	2.30429	206.8	8.9	7.3	-0.8	-1.5	-8.9	
2013	January	1.76386	2.34136	216.7	1.6	-0.9	0.3	-2.5	-1.3
	February	1.76993	2.36888	217.4	0.3	0.3	1.2	0.0	0.9
	March	1.80720	2.34481	218.8	0.7	2.1	-1.0	1.4	-1.7
	April	1.79647	2.33551	219.8	0.4	-0.6	-0.4	-1.0	-0.8
	May	1.82278	2.36663	220.1	0.1	1.5	1.3	1.3	1.2
	June	1.89451	2.49866	221.8	0.8	3.9	5.6	3.1	4.8
	July	1.93048	2.52395	222.4	0.3	1.9	1.0	1.6	0.7
	August	1.95471	2.60184	222.2	-0.1	1.3	3.1	1.4	3.2
	September	2.01715	2.69019	223.9	0.8	3.2	3.4	2.4	2.6
	October	1.99032	2.71318	227.9	1.8	-1.3	0.9	-3.1	-0.9
	November	2.02175	2.72910	228.0	0.0	1.6	0.6	1.6	0.6
	December	2.05784	2.81801	229.0	0.5	1.8	3.3	1.3	2.8
Annual	1.90225	2.52768	222.3	7.5	6.1	9.7	-1.3	2.0	

Source: CBRT, TURKSTAT

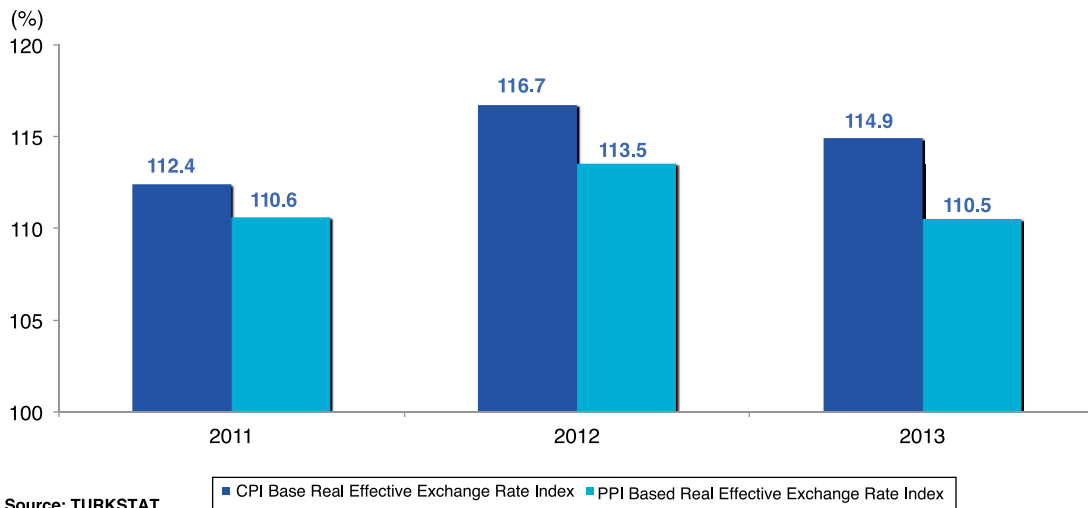
The real effective exchange rates that had a high course until May 2013 began declining as a result of the negative developments which occurred in the global economy after 22 May 2013. The signals given by the US Central Bank to the effect that the liquidity provided to the market through the monetary expansion could be lessened resulted in depreciation of currencies of many developing countries including Turkey. In consequence of these developments, as of the end of 2013, while the CPI based real effective rate index dropped to its lowest level after October 2011 with 106.9, CPI index also fell to its lowest level after August 2011 with 104.3. Thus, in 2013, the foreign exchange rates depreciated by 9.6% on the basis of CPI and 8.8% on the basis of PPI (Table 94, Graph 40).

Table 94. Real Effective Exchange Rate Indices

Years	Months	CPI (2003=100) Based Real Effective Exchange Rate Index ⁽¹⁾	PPI (2003=100) Based Real Effective Exchange Rate Index ⁽¹⁾
2011		112.4	110.6
2012		116.7	113.5
2013		114.9	110.5
2011	January	121.2	119.2
	February	117.4	116.1
	March	115.9	114.9
	April	118.4	116.1
	May	117.3	112.8
	June	113.3	110.6
	July	109.5	107.1
	August	103.6	102.6
	September	105.0	105.2
	October	106.7	105.7
	November	110.5	108.4
	December	109.6	108.7
2012	January	112.5	111.3
	February	115.9	113.6
	March	114.2	111.8
	April	116.0	111.9
	May	116.8	114.2
	June	117.0	114.2
	July	118.3	115.5
	August	118.9	115.3
	September	116.3	112.4
	October	117.4	111.9
	November	119.4	115.8
	December	118.2	114.3
2013	January	120.6	114.2
	February	119.8	113.2
	March	120.3	114.8
	April	121.4	115.3
	May	119.8	115.3
	June	115.3	111.5
	July	114.6	111.3
	August	111.8	108.3
	September	108.7	105.5
	October	110.3	106.1
	November	109.4	106.2
	December	106.9	104.3

Source: CBRT.

Graph 40. Real Effective Exchange Rate Indices (2003=100)



1.5 Foreign Economic Developments

1.5.1 Foreign Trade Indicators

The shrinkage suffered in the world trading volume after the global crisis reflected on the foreign trade of Turkey, as well, and sharp drops occurred in export and import in 2009. In the three-year period subsequent to 2009, a positive development was noted in the export. In import, increases were attained in 2010 and 2011, whereas shrinkage occurred along with the slowdown process seen in economy in 2012. The changes that took place in import and export naturally influenced the foreign trade balance, and foreign trade deficit broke a historical record with \$ 105,935 million.

In 2013, with the effect of the high decline in gold import and the decline in the export made to American and Asian countries, export regressed from \$ 152,462 million to \$ 151,812 million with a decrease by 0.4%.

Export rose from \$ 236,545 million to \$ 251,651 million with an increase by 6.4%, driven by the economic revival and the rise in gold import in 2013.

Foreign trade deficit rose by 18.7% to \$ 99,839 million, driven by the rise in import despite the drop in export. Thus, foreign trade deficit reached its highest rate after the level of \$ 105,935 million in 2011.

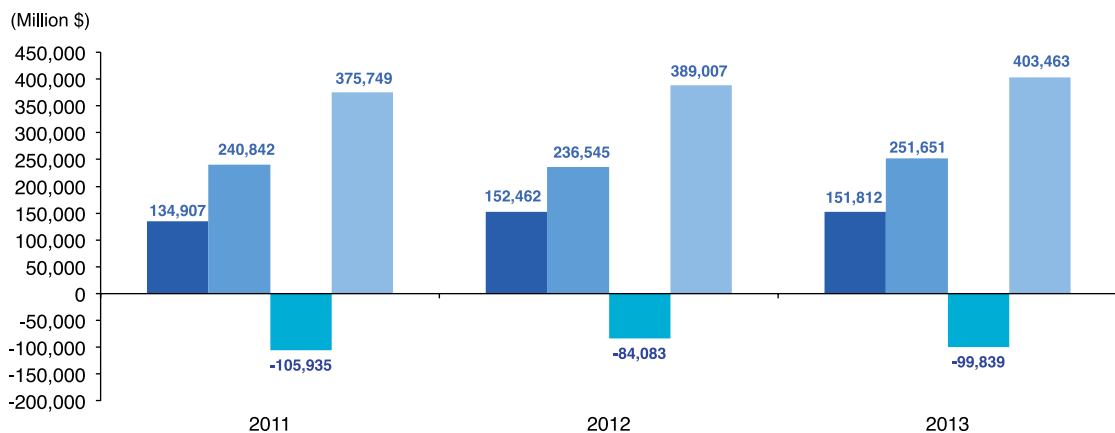
The foreign trade volume that increased by 3.5% in 2012 became \$ 403,643 million in 2013 with an increase by the rise in import despite the shrinkage in export (Table 95, Graph 41).

Table 95. Foreign Trade Indicators

Indicators	(Million \$)			Variation (%)	
	Value			2012	2013
	2011	2012	2013		
Export	134,907	152,462	151,812	13.0	-0.4
Import	240,842	236,545	251,651	-1.8	6.4
Volume of foreign trade	375,749	389,007	403,463	3.5	3.7
Balance of foreign trade	-105,935	-84,083	-99,839	-20.6	18.7
Ratio of imports covered by exports	56.0	64.5	60.3	-	-

Source: TURKSTAT.

Graph 41. Foreign Trade Indicators

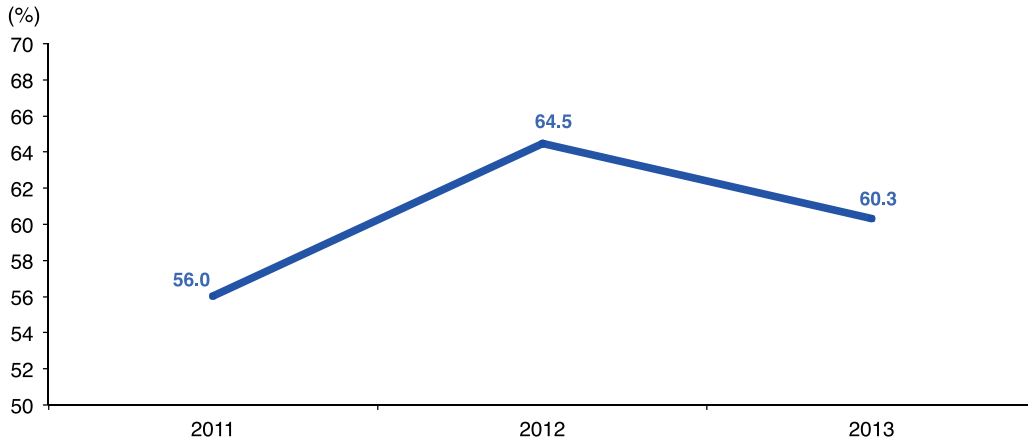


Source: TURKSTAT.

■ Export ■ Import ■ Foreign trade balance ■ Foreign trade volume

In consequence of these developments, the ratio of imports covered by exports decreased by 4.2 points in 2012 compared to 2013, and fell from 64.5% to 60.3% (Graph 42).

Graph 42. Ratio of Imports covered by Exports

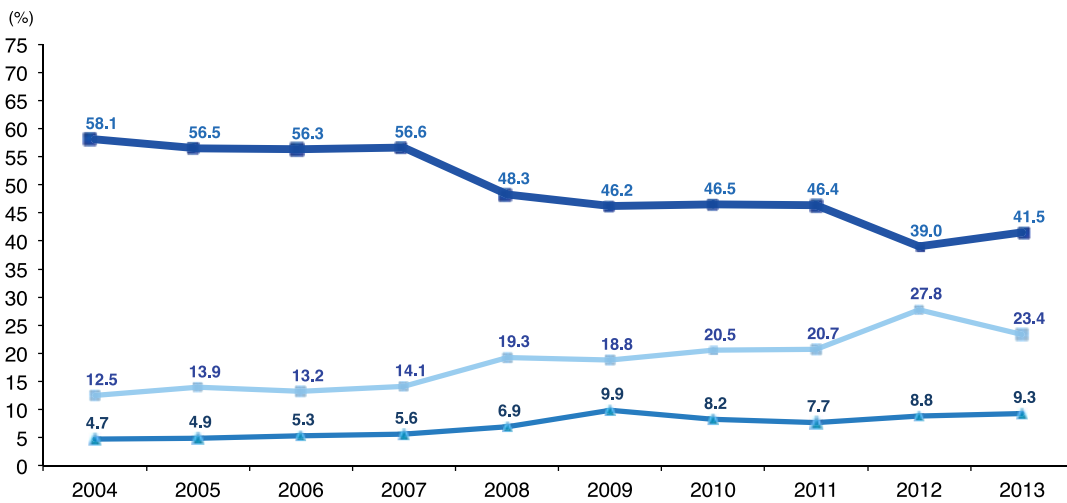


Source: TURKSTAT.

1.5.1.1 Export

The stagnancy that prevailed in the European countries after the crisis showed a modest recovery in 2013, our exports to the EU countries, our largest imports market, increased. Moreover, diversity in exports on regional and sectoral basis was tied to be attained through heading towards new markets, which restricted the decline in our exports. The political troubles suffered particularly in the African countries, the decline in our exports to the Near and Middle East stand out in 2013. However, the main reason underlying the low outlook of our exports in 2013 is the base effect seen in the gold import (Graph 43).

Graph 43. Market Diversity in Export according to the Country Groups



Source: TURKSTAT.

■ EU (28) Countries
 ■ Near and Middle East Countries
 ■ African Countries

As a result of these developments, the exports which decreased by 0.4% in 2012 compared to the preceding year regressed from \$ 152,462 million to \$ 151,812 million. The drop by 1.3% in the manufacturing sector, which had the biggest share within exports, influence that negative development. In 2013, the manufacturing sector dropped from \$ 143,194 million to \$ 141,386 million. Exports that was followed under the heading of “other” in 2013 regressed from \$ 728 million to \$ 633 million with a decline by 13%. In terms of sectors, the highest increase was seen in the exports of the fishery sector. The imports of fishery sector which showed an increase of 35.8% compared to the preceding year accrued at \$ 258 million. The mining and quarrying sector exports increased by 22.7% to \$ 3,880 million, and the agriculture and forestry sector exports increased by 9% to \$ 5,655 million. When shares of the sectors are compare to the preceding year, the shares of agriculture and forestry, fishery, and mining and quarrying sectors are observed to have grown, whereas share of the manufacturing sector is observed to have shrunk (Table 96).

Table 96. Export by Sectors

Sectors	(Million \$)							
	Value			Share (%)			Variation (%)	
	2011	2012	2013	2011	2012	2013	2012	2013
Agriculture and forestry	5,167	5,189	5,655	3.8	3.4	3.7	0.4	9.0
Fishery	186	190	258	0.1	0.1	0.2	2.2	35.8
Mining and quarrying	2,805	3,161	3,880	2.1	2.1	2.6	12.7	22.7
Manufacturing	125,963	143,194	141,386	93.4	93.9	93.1	13.7	-1.3
Other	786	728	633	0.6	0.5	0.4	-7.4	-13.0
Total	134,907	152,462	151,812	100.0	100.0	100.0	13.0	-0.4

Source: TURKSTAT.

In 2013, the highest rise in exports compared to the preceding year according to the wide economic group classification was shown with 13.6% by the capital (investment) financial export, which rose to \$ 15,596 million, followed with an increase of 9.3% by the consumables exports, which rose to \$ 60,748 million. The intermediate goods export regressed to \$ 74,808 million with a decrease by 9,5%. When compared shares of the main commodity groups with the preceding year, share of the capital (invetsment) goods is observed to have increased, whereas share of the intermediate (raw material) goods is observed to have decreased (Table 97).

Table 97. Export by Wide Economic Group Classification

Wide Economic Group Classification	(Million \$)							
	Value			Share (%)			Variation (%)	
	2011	2012	2013	2011	2012	2013	2012	2013
Capital (investment) goods	14,192	13,734	15,596	10.5	9.0	10.3	-3.2	13.6
Intermediate (raw material) goods	67,942	82,656	74,808	50.4	54.2	49.3	21.7	-9.5
Consumables	52,219	55,556	60,748	38.7	36.4	40.0	6.4	9.3
Others	554	516	660	0.4	0.3	0.4	-6.9	27.9
Total	134,907	152,462	151,812	100.0	100.0	100.0	13.0	-0.4

Source: TURKSTAT.

Among the first ten chapters in the exports of 2013, exports of the motor land vehicles, tractors, bicycles, motorcycles and other land vehicles, and of components and parts of the same are seen to rank in the first place with \$ 17,002 million. The share of this group within the total export rose to 11.2% with an increase by 1.3 point compared to the preceding year. The exports of boilers, machinery, mechanical devices and instruments, nuclear reactors, and of components and parts of the same rank in the second place with a value of \$ 12,994 million and a share of 8.6%, and the exports of iron and steel ranked in the third place with a value of \$ 9,923 million and a share of 6.5%.

In 2013, the highest increase in exports was in the exports of motor land vehicles, tractors, bicycles, motorcycles and other land vehicles, and of components and parts of the same with 12,%, whereas the highest decrease was in the exports of precious or semi-precious stones, precious metals, imitation jewelry and coins with 57.3%, which had shown the highest increase in the preceding year (Table 98).

Table 98. The First Ten Chapters in Exports

Chapters ⁽¹⁾	(Million \$)							
	Value			Share (%)			Variation (%)	
	2011	2012	2013	2011	2012	2013	2012	2013
Motor land vehicles, tractors, bicycles, motorcycles and other land vehicles; components, components, parts and accessories of the same	15,803	15,148	17,002	11.7	9.9	11.2	-4.1	12.2
Boilers, machinery, mechanical devices and instruments, nuclear reactors; components, and parts of the same	11,561	11,999	12,994	8.6	7.9	8.6	3.8	8.3
Iron and steel	11,225	11,332	9,923	8.3	7.4	6.5	1.0	-12.4
Electrical machinery and devices, audio recording-transmitting, television video-audio recording-transmitting devices; components-parts-accessories of the same	8,874	9,373	9,547	6.6	6.1	6.3	5.6	1.9
Woven garments and accessories	8,386	8,419	9,251	6.2	5.5	6.1	0.4	9.9
Precious and semi-precious stones, precious metals, imitation jewelry, coins	3,739	16,325	6,978	2.8	10.7	4.6	336.6	-57.3
Mineral fuels, mineral oils, and distillation products thereof, bituminous substances, mineral waxes	6,539	7,708	6,715	4.8	5.1	4.4	17.9	-12.9
Goods made of iron or steel	5,748	6,093	6,150	4.3	4.0	4.1	6.0	0.9
Non-woven garments and accessories	5,124	5,431	5,716	3.8	3.6	3.8	6.0	5.2
Plastics and plastic products	4,580	5,013	5,610	3.4	3.3	3.7	9.4	11.9
Total export	134,907	152,462	151,812	100.0	100.0	100.0	13.0	-0.4

Source: TURKSTAT.

(1): The chapters that took the first 10 places in the ranking made according to 2013 export values.

1.5.1.2 Imports

The high rise in the gold imports and the increased investment and consumption demand along with the economic revival in 2013 made an upward pressure on the import that diminished in 2012. Thus, the imports that decreased by 1.8% in 2012 compared to the preceding year increased by 6.4%, rising from \$ 236,545 million to \$ 251,651 million.

In 2013, on sectoral basis, compared to the preceding year, the imports of the manufacturing sector increased by 11.7% to \$ 196,812 million, the imports of agriculture and forestry sector increased by 3.6% to \$ 7,718 million, the imports of fishery sector increased by 3.2% to \$ 58 million, whereas the imports of mining and quarrying sector decreased by 9.6% to \$ 38,205 million. When shares of the sectors within the total imports in 2013 is compared with the preceding year, the share of agriculture and forestry sector and the fishery sector are seen to have remained the same, share of the manufacturing industry is seen to have increased, and the share of the mining and quarrying sector is seen to have decreased (Table 99).

Table 99. Imports by Sectors

Sectors	(Million \$)								
	Value			Share (%)			Variation (%)		
	2011	2012	2013	2011	2012	2013	2012	2013	
Agriculture and forestry	8,895	7,447	7,718	3.7	3.1	3.1	-16.3	3.6	
Fishery	49	56	58	0.0	0.0	0.0	14.7	3.2	
Mining and quarrying	37,331	42,247	38,205	15.5	17.9	15.2	13.2	-9.6	
Manufacturing	183,930	176,235	196,812	76.4	74.5	78.2	-4.2	11.7	
Other	10,637	10,560	8,858	4.4	4.5	3.5	-0.7	-16.1	
Total	240,842	236,545	251,651	100.0	100.0	100.0	-1.8	6.4	

Source: TURKSTAT.

In 2013, the highest rise in imports compared to the preceding year according to the wide economic group classification was shown with 13.9% by the imports of consumables, which rose to \$ 30,416 million, followed with an increase of 8.4% by the imports of capital (investment) goods, which rose to \$ 36,760 million, and an increase of 5.1% by the intermediate (raw material) goods, which rose to \$ 183,812 million. The share of imports of capital (investment) goods and consumables within the total imports increased in 2013 compared to the preceding year, whereas share of the intermediate (raw material) goods decreased (Table 100).

Table 100. Imports by Wide Economic Group Classification

Wide Economic Group Classification	(Million \$)								
	Value			Share (%)			Variation (%)		
	2011	2012	2013	2011	2012	2013	2012	2013	
Capital (investment) goods	37,271	33,925	36,760	15.5	14.3	14.6	-9.0	8.4	
Intermediate (raw material) goods	173,140	174,930	183,812	71.9	74.0	73.0	1.0	5.1	
Consumables	29,692	26,699	30,416	12.3	11.3	12.1	-10.1	13.9	
Other	739	991	663	0.3	0.4	0.3	34.2	-33.1	
Total	240,842	236,545	251,651	100.0	100.0	100.0	-1.8	6.4	

Source: TURKSTAT.

Among the first 10 chapters which had the highest share within the total imports in 2013, mineral fuels, mineral oils and their distillation products, bituminous substances and mineral waxes rank in the first place with \$ 55,917 million. Share of this group regressed to 22.2% with a decrease by 3.2 points compared to the preceding year. The imports of boilers, machinery, mechanical devices and instruments, nuclear reactors parts the rank in the second place with a value of \$ 30,156 million and a share of 12%, and the imports of iron and steel ranked in the third place with a value of \$ 18,691 million and a share of 7.4%.

Among these chapters, the highest rise in imports occurred in the imports of the precious and semi-precious stones, precious metals, imitation jewelry and coins with 90.2%, whereas the highest drop occurred in the imports of the mineral fuels, mineral oils and their distillation products, bituminous substances, and mineral waxes with 7% (Table 101).

Table 101. The First Ten Chapters in Imports

Chapters ⁽¹⁾	(Million \$)							
	Value			Share (%)			Variation (%)	
	2011	2012	2013	2011	2012	2013	2012	2013
Mineral fuels, mineral oils, and distillation products thereof, bituminous substances, mineral waxes	54,118	60,117	55,917	22.5	25.4	22.2	11.1	-7.0
Boilers, machinery, mechanical devices and instruments, nuclear reactors; components, and parts of the same	27,111	26,316	30,156	11.3	11.1	12.0	-2.9	14.6
Iron and steel	20,424	19,642	18,691	8.5	8.3	7.4	-3.8	-4.8
Electrical machinery and devices, audio recording-transmitting, television video-audio recording-transmitting devices; components-parts-accessories of the same	16,835	16,280	17,759	7.0	6.9	7.1	-3.3	9.1
Motor land vehicles, tractors, bicycles, motorcycles and other land vehicles; components, parts and accessories of the same	17,184	14,514	16,808	7.1	6.1	6.7	-15.5	15.8
Precious and semi-precious stones, precious metals, imitation jewelry, coins	7,022	8,529	16,226	2.9	3.6	6.4	21.5	90.2
Plastics and plastic products	12,579	12,505	13,881	5.2	5.3	5.5	-0.6	11.0
Organic chemical products	5,504	5,065	5,314	2.3	2.1	2.1	-8.0	4.9
Optic, photograph, cinema, measurement, control, adjustment, medical, surgical instruments and devices; parts and accessories thereof	4,116	4,056	4,558	1.7	1.7	1.8	-1.5	12.4
Pharmacy products	4,697	3,996	4,151	2.0	1.7	1.6	-14.9	3.9
Total imports	240,842	236,545	251,651	100.0	100.0	100.0	-1.8	6.4

Source: TURKSTAT.

(1): The chapters that took the first 10 places in the ranking made according to 2013 import values.

1.5.1.3 Foreign Trade by Provinces

The highest exports value in 2013 belonged to Istanbul with \$ 70,910 million. The export of Istanbul accounts for 46.7% of the total exports of Turkey. Istanbul is followed by Bursa with \$ 12,268 million, representing 8.1% of the total exports, and Kocaeli with \$ 12,172 million, representing 8% of the total exports (Table 102).

The highest imports value in 2013 belonged to Istanbul with \$ 136,601 million, representing 54.3% of total imports of Turkey. Istanbul is followed by Kocaeli with \$ 12,418 million, representing 4.9% of the total imports, and Ankara with \$ 10,691 million, representing 4.2% of the total imports (Table 103).

Table 102. The First Ten Provinces with Highest Exports Values

Provinces ^{(1), (2)}	(Million \$)								
	Value			Share (%)			Variation (%)		
	2011	2012	2013	2011	2012	2013	2012	2013	
Istanbul	61,434	76,624	70,910	45.5	50.3	46.7	24.7	-7.5	
Bursa	11,692	11,123	12,268	8.7	7.3	8.1	-4.9	10.3	
Kocaeli	12,341	12,598	12,172	9.1	8.3	8.0	2.1	-3.4	
İzmir	8,072	8,659	9,314	6.0	5.7	6.1	7.3	7.6	
Ankara	6,597	7,138	7,982	4.9	4.7	5.3	8.2	11.8	
Gaziantep	4,760	5,580	6,162	3.5	3.7	4.1	17.2	10.4	
Manisa	4,165	4,198	3,850	3.1	2.8	2.5	0.8	-8.3	
Denizli	2,640	2,623	2,896	2.0	1.7	1.9	-0.6	10.4	
Sakarya	2,012	1,820	2,415	1.5	1.2	1.6	-9.5	32.7	
Adana	1,756	1,915	2,157	1.3	1.3	1.4	9.0	12.6	
Total of first ten provinces	115,468	132,277	130,126	85.6	86.8	85.7	14.6	-1.6	
Total exports	134,907	152,462	151,812	100.0	100.0	100.0	13.0	-0.4	

Source: TURKSTAT.

(1): The first 10 provinces in the ranking made according to 2013 export values.

(2): According to the provinces to which the company tax ID numbers are affiliated to.

Table 103. The First Ten Provinces with Highest Imports Values

Provinces ^{(1), (2)}	(Million \$)							
	Value			Share (%)			Variation (%)	
	2011	2012	2013	2011	2012	2013	2012	2013
İstanbul	123,925	119,605	136,601	51.5	50.6	54.3	-3.5	14.2
Kocaeli	12,703	11,734	12,418	5.3	5.0	4.9	-7.6	5.8
Ankara	11,917	10,489	10,691	4.9	4.4	4.2	-12.0	1.9
Bursa	11,914	10,316	10,677	4.9	4.4	4.2	-13.4	3.5
İzmir	10,621	10,577	10,653	4.4	4.5	4.2	-0.4	0.7
Gaziantep	4,723	5,054	6,658	2.0	2.1	2.6	7.0	31.7
Hatay	4,595	4,420	3,937	1.9	1.9	1.6	-3.8	-10.9
Manisa	3,632	3,618	3,242	1.5	1.5	1.3	-0.4	-10.4
Adana	2,975	3,046	2,747	1.2	1.3	1.1	2.4	-9.8
Denizli	2,263	2,262	2,350	0.9	1.0	0.9	0.0	3.9
Total of first ten provinces	189,268	181,122	199,975	78.6	76.6	79.5	-4.3	10.4
Total imports	240,842	236,545	251,651	100.0	100.0	100.0	-1.8	6.4

Source: TURKSTAT.

(1): The first 10 provinces in the ranking made according to 2013 import values.

(2): According to the provinces to which the company tax ID numbers are affiliated to.

1.5.1.4 Foreign Trade by Country Groups

As a result of the deceleration in the economic shrinkage in the EU countries, our largest export market, our export to this countries group advanced to \$ 63,034 million with an increase by 6.1% in 2013. The export made to Turkey Free Zones increased by 5.1% to \$ 2,413 million, whereas the export made to other countries group declined by 4.9% to \$ 86,365 million.

In 2013, while share of the export made to the EU countries and Turkey Free Zones increased, share of the export made to other countries decreased. The share of the export made to EU countries, Turkey Free Zones and other countries group within the total export in 2013 was 41.5, 1.6 and 56.9, respectively.

Of the exports made to the other countries group in 2013; \$ 14,216 million was made to the European countries not included in EU, \$ 14,148 million to African countries, \$ 9,708 million was made to the American countries, \$ 47,606 million to Asian countries, 538 million to Australia and New Zealand, and \$ 149 million to the countries and regions other than the above. Within the total exports made in 2013, the share of the exports made to European Countries not included in EU within the total exports was 9.4%, the share of exports to African countries was 9.3%, the share of exports to the American countries was 6.4%, the share of exports to Asian countries was 31.4%, the share of exports to Australia and New Zealand was 0.4%, and the share of exports to other countries and regions was 0.1% (Table 104).

Table 104. Foreign Trade Indicators by Country Groups

(Million \$)

Country Groups	Export							
	Value			Share (%)			Variation (%)	
	2011	2012	2013	2011	2012	2013	2012	2013
A- European Union Countries (EU 28)	62,589	59,398	63,034	46.4	39.0	41.5	-5.1	6.1
B. Free Zones in Turkey	2,545	2,295	2,413	1.9	1.5	1.6	-9.8	5.1
C- Other Countries	69,773	90,768	86,365	51.7	59.5	56.9	30.1	-4.9
1- Other European (excluding EU)	12,735	14,167	14,216	9.4	9.3	9.4	11.2	0.3
2- African Countries	10,334	13,357	14,148	7.7	8.8	9.3	29.3	5.9
North Africa	6,701	9,444	10,043	5.0	6.2	6.6	40.9	6.3
Other African	3,633	3,913	4,105	2.7	2.6	2.7	7.7	4.9
3- American Countries	7,926	9,623	9,708	5.9	6.3	6.4	21.4	0.9
North America	5,459	6,663	6,577	4.0	4.4	4.3	22.0	-1.3
Central America and the Caribbean	626	770	1,004	0.5	0.5	0.7	22.9	30.5
South America	1,840	2,191	2,127	1.4	1.4	1.4	19.1	-2.9
4- Asian Countries	38,134	53,026	47,606	28.3	34.8	31.4	39.1	-10.2
Near and Middle East	27,935	42,451	35,585	20.7	27.8	23.4	52.0	-16.2
Other Asian	10,199	10,575	12,020	7.6	6.9	7.9	3.7	13.7
5- Australia and New Zealand	481	490	538	0.4	0.3	0.4	2.0	9.8
6- Other Countries and Regions	164	105	149	0.1	0.1	0.1	-35.7	41.7
Total	134,907	152,462	151,812	100.0	100.0	100.0	13.0	-0.4
Country Groups	Import							
	Value			Share (%)			Variation (%)	
	2011	2012	2013	2011	2012	2013	2012	2013
A- European Union Countries (EU 28)	91,439	87,657	92,445	38.0	37.1	36.7	-4.1	5.5
B. Turkey Free Zones	1,038	1,046	1,268	0.4	0.4	0.5	0.7	21.2
C- Other Countries	148,364	147,842	157,938	61.6	62.5	62.8	-0.4	6.8
1- Other European (excluding EU)	35,668	37,206	41,321	14.8	15.7	16.4	4.3	11.1
2- African Countries	6,767	5,922	6,031	2.8	2.5	2.4	-12.5	1.8
North Africa	3,342	3,308	3,509	1.4	1.4	1.4	-1.0	6.1
Other African	3,425	2,613	2,523	1.4	1.1	1.0	-23.7	-3.5
3- American Countries	22,749	20,233	18,981	9.4	8.6	7.5	-11.1	-6.2
North America	17,346	15,084	13,953	7.2	6.4	5.5	-13.0	-7.5
Central America and the Caribbean	903	1,069	1,362	0.4	0.5	0.5	18.3	27.4
South America	4,500	4,080	3,666	1.9	1.7	1.5	-9.4	-10.1
4- Asian Countries	73,583	71,012	76,863	30.6	30.0	30.5	-3.5	8.2
Near and Middle East	20,439	21,410	22,214	8.5	9.1	8.8	4.7	3.8
Other Asian	53,144	49,602	54,649	22.1	21.0	21.7	-6.7	10.2
5- Australia and New Zealand	807	861	1,318	0.3	0.4	0.5	6.7	53.1
6- Other Countries and Regions	8,789	12,608	13,424	3.6	5.3	5.3	43.4	6.5
Total	240,842	236,545	251,651	100.0	100.0	100.0	-1.8	6.4

Table 104. Foreign Trade Indicators by Country Groups (Continued)

(Million \$)

Country Groups	Volume of Foreign Trade							
	Value			Share (%)			Variation (%)	
	2011	2012	2013	2011	2012	2013	2012	2013
A- European Union Countries (EU 28)	154,029	147,056	155,479	41.0	37.8	38.5	-4.5	5.7
B. Turkey Free Zones	3,583	3,341	3,681	1.0	0.9	0.9	-6.8	10.2
C- Other Countries	218,137	238,610	244,304	58.1	61.3	60.6	9.4	2.4
1- Other European (excluding EU)	48,403	51,373	55,537	12.9	13.2	13.8	6.1	8.1
2- African Countries	17,101	19,279	20,179	4.6	5.0	5.0	12.7	4.7
North Africa	10,043	12,752	13,551	2.7	3.3	3.4	27.0	6.3
Other African	7,058	6,527	6,627	1.9	1.7	1.6	-7.5	1.5
3- American Countries	30,675	29,856	28,689	8.2	7.7	7.1	-2.7	-3.9
North America	22,805	21,747	20,530	6.1	5.6	5.1	-4.6	-5.6
Central America and the Caribbean	1,530	1,839	2,366	0.4	0.5	0.6	20.2	28.7
South America	6,341	6,271	5,793	1.7	1.6	1.4	-1.1	-7.6
4- Asian Countries	111,717	124,038	124,469	29.7	31.9	30.9	11.0	0.3
Near and Middle East	48,374	63,861	57,799	12.9	16.4	14.3	32.0	-9.5
Other Asian	63,343	60,177	66,670	16.9	15.5	16.5	-5.0	10.8
5- Australia and New Zealand	1,288	1,351	1,857	0.3	0.3	0.5	4.9	37.4
6- Other Countries and Regions	8,953	12,713	13,573	2.4	3.3	3.4	42.0	6.8
Total	375,749	389,007	403,463	100.0	100.0	100.0	3.5	3.7

Source: TURKSTAT.

In 2013, the imports from EU countries increased by 5.5% to \$ 92,445 million, the imports from Turkey Free Zones increased by 21.2% to \$ 1,268 million, and the imports from other countries group increased by 6.8% to \$ 157,938 million.

While the share of the imports from EU countries within the total imports declined in 2013, share of the imports from Turkey Free Zones advanced. Within the total imports, shares of the import from EU countries, Turkey Free Zones and other countries group are seen to be 36.7%, 0.5% and 62.8%, respectively.

Of the \$ 157,938 million imports made from the other countries group, a \$ 41,321 million portion was made from the other European countries excluding EU, a \$ 6,031 million portion was made from the African countries, a \$ 18,981 million portion was made from the American countries, a \$ 76,863 million portion was made from Asian countries, a \$ 1,318 million portion was made from Australia and New Zealand, and a \$ 13,424 million portion was made from other countries and regions. Within the total imports, the share of the imports from the European countries excluding EU was 16.4%, the share of the imports from the African countries was 2.4%, the share of the imports from the American countries was 7.5%, the share of the imports from Asian countries was 30.5%, the share of the imports from Australia

and New Zealand was 0.5%, and the rate of the imports from the other countries and regions was 5.3%.

Compared to the preceding year, the volume of foreign trade increased by 3.7% in 2013 and became \$ 403,463 million. The volume of foreign trade with EU countries, Turkey Free Zones and the countries under the other countries group increased by 5.7% to \$ 155,479 million, by 10.2% to \$ 3,681 million, and by 2.4% to \$ 244,304 million, respectively.

The highest rise in the volume of foreign trade in 2013 compared to the preceding year was in Australia and New Zealand with 37.4%, followed by Central America and the Caribbean with 28.7%, and other Asian countries with 10.8%. The Near and Middle East countries, which had the highest rate of increase in 2012 with 32.0%, were the countries group that exhibited the highest drop with a decline by 9.5% in 2013.

The value of exports was \$ 68,674 million with Organization for Economic Cooperation and Development (OECD) countries, \$ 49,386 million with Organization of Islamic Conference (OIC) countries, \$ 20,373 million with Black Sea Economic Cooperation (BSEC) countries, \$ 16,929 million with Commonwealths of Independent States (CIS) countries, \$ 11,901 million with Economic Cooperation Organization (ECO) countries, and \$ 6,910 million with Turkic Republics, and \$ 1,662 million with European Free Trade Association (EFTA) countries. In 2013, the highest increase in the exports to the selected country groups was recorded in the Turkic Republics with a rise of 18.3% and the highest decrease was recorded in EFTA countries with a drop of 36.1%. Within the total exports, the rates shares of export made to OECD, OIC, BSEC, ECO, CIS, Turkic Republics and EFTA countries are 45.2%, 32.5%, 13.4%, 11.2, 7.8%, 4.6 and 1.1%, respectively (Table 105) .

The highest imports made in 2013 was from OECD countries with \$ 124,196 million, and OECD countries followed by BSEC countries with \$ 41,271 million, CIS countries with \$ 34,000 million, OIC countries with \$ 32,074 million, ECO countries with \$ 14,802 million, EFTA countries with \$ 10,654 million, and Turkic Republics with \$ 3,600 million. In 2013, the highest increase in the imports from the selected country groups was in EFTA countries with a rise of 103.4% and the highest decrease was in ECO countries with a drop of 9.9%. The shares of import realized with these country groups in 2013 within the total imports was 49.4% in the OECD countries, 16.4% in the BSEC countries, 13.5% with the CIS countries, 12.7% with the OIC countries, 5.9% in the ECO countries, 4.2% in the EFTA countries, and 1.4% in the Turkic Republics.

The volume of foreign trade in 2013 compared to the preceding year declined by 19.1% to \$ 26,703 million with ECO countries, declined by 6.3% to \$ 81,460 million with the OIC countries, and on the other hand, advanced by 57.1% to \$ 12,316 million with the EFTA countries, advanced by 11.8% to \$ 10,510 million with Turkic Republics, advanced by 7.1% to \$ 192,870 million with the OECD countries, advanced by 2.2% to \$ 61,644 million with the BSEC countries, and advanced by 1.2% to \$ 50,929 million with the CIS countries.

Table 105. Foreign Trade Indicators by Selected Country Groups

(Million \$)

Selected Country Groups	Export							
	Value			Share (%)			Variation (%)	
	2011	2012	2013	2011	2012	2013	2012	2013
Organization for Economic Cooperation and Development (OECD)	67,114	66,290	68,674	49.7	43.5	45.2	-1.2	3.6
European Free Trade Association (EFTA)	1,887	2,601	1,662	1.4	1.7	1.1	37.8	-36.1
Black Sea Economic Cooperation (BSEC)	17,768	18,791	20,373	13.2	12.3	13.4	5.8	8.4
Economic Cooperation Organization (ECO)	9,292	16,563	11,901	6.9	10.9	7.8	78.3	-28.1
Commonwealth of Independent States (CIS)	13,377	15,076	16,929	9.9	9.9	11.2	12.7	12.3
Turkic Republics	5,040	5,841	6,910	3.7	3.8	4.6	15.9	18.3
Organization of the Islamic Conference (OIC)	37,325	55,218	49,386	27.7	36.2	32.5	47.9	-10.6
Grand Total	134,907	152,462	151,812	100.0	100.0	100.0	13.0	-0.4
Selected Country Groups	Import							
	Value			Share (%)			Variation (%)	
	2011	2012	2013	2011	2012	2013	2012	2013
Organization for Economic Cooperation and Development (OECD)	121,328	113,724	124,196	50.4	48.1	49.4	-6.3	9.2
European Free Trade Association (EFTA)	5,846	5,238	10,654	2.4	2.2	4.2	-10.4	103.4
Black Sea Economic Cooperation (BSEC)	38,770	41,510	41,271	16.1	17.5	16.4	7.1	-0.6
Economic Cooperation Organization (ECO)	17,306	16,429	14,802	7.2	6.9	5.9	-5.1	-9.9
Commonwealth of Independent States (CIS)	33,159	35,248	34,000	13.8	14.9	13.5	6.3	-3.5
Turkic Republics	3,642	3,558	3,600	1.5	1.5	1.4	-2.3	1.2
Organization of the Islamic Conference (OIC)	31,418	31,690	32,074	13.0	13.4	12.7	0.9	1.2
Grand Total	240,842	236,545	251,651	100.0	100.0	100.0	-1.8	6.4
Selected Country Groups	Volume of Foreign Trade							
	Value			Share (%)			Variation (%)	
	2011	2012	2013	2011	2012	2013	2012	2013
Organization for Economic Cooperation and Development (OECD)	188,442	180,014	192,870	50.2	46.3	47.8	-4.5	7.1
European Free Trade Association (EFTA)	7,733	7,839	12,316	2.1	2.0	3.1	1.4	57.1
Black Sea Economic Cooperation (BSEC)	56,538	60,301	61,644	15.0	15.5	15.3	6.7	2.2
Economic Cooperation Organization (ECO)	26,598	32,992	26,703	7.1	8.5	6.6	24.0	-19.1
Commonwealth of Independent States (CIS)	46,536	50,324	50,929	12.4	12.9	12.6	8.1	1.2
Turkic Republics	8,682	9,399	10,510	2.3	2.4	2.6	8.3	11.8
Organization of the Islamic Conference (OIC)	68,743	86,908	81,460	18.3	22.3	20.2	26.4	-6.3
Grand Total	375,749	389,007	403,463	100.0	100.0	100.0	3.5	3.7

Source: TURKSTAT.

Among the first ten countries to which the most exports are made, Germany took the lead with \$ 13,703 million corresponding to 9% of the total exports, followed by Iraq in the second place with \$ 11,955 million corresponding to 7.9% of the total exports, and United Kingdom in the third place with \$ 8,774 million corresponding to 5.8% of the total exports. Iran, which was the country exhibiting the highest increase among the ten countries to which the most exports are made, with 176.4% in 2012 compared to the preceding year, showed the highest drop with a decrease by 57.7% in 2013 (Table 106).

Table 106. The First Ten Countries to Which the Most Exports are made

Countries ⁽¹⁾	(Million \$)							
	Value			Share (%)			Variation (%)	
	2011	2012	2013	2011	2012	2013	2012	2013
Germany	13,951	13,124	13,703	10.3	8.6	9.0	-5.9	4.4
Iraq	8,310	10,822	11,955	6.2	7.1	7.9	30.2	10.5
United Kingdom	8,151	8,694	8,774	6.0	5.7	5.8	6.7	0.9
Russian Federation	5,993	6,681	6,966	4.4	4.4	4.6	11.5	4.3
Italy	7,851	6,373	6,718	5.8	4.2	4.4	-18.8	5.4
France	6,806	6,199	6,378	5.0	4.1	4.2	-8.9	2.9
United States of America	4,584	5,604	5,636	3.4	3.7	3.7	22.3	0.6
United Arab Emirates	3,707	8,175	4,966	2.7	5.4	3.3	120.5	-39.2
Spain	3,918	3,717	4,336	2.9	2.4	2.9	-5.1	16.6
Iran	3,590	9,922	4,193	2.7	6.5	2.8	176.4	-57.7
Total of first ten countries	66,860	79,310	73,625	49.6	52.0	48.5	18.6	-7.2
Total exports	134,907	152,462	151,812	100.0	100.0	100.0	13.0	-0.4

Source: TURKSTAT.

(1): The first 10 countries in the ranking made according to 2013 export values.

Among the first ten countries from which the most imports is made, Russia took the lead with \$ 25,064 million corresponding to 10% of the total imports, China took the second place with \$ 24,687 million corresponding to 9.8% of the total imports, and Germany took the third place with \$ 24,812 million corresponding to 9.6% of the total imports. Having exhibited the highest drop among the first ten countries to which the most imports is made with 14.2% in 2012, Switzerland was the country that had the highest rise with an increase of 124.1% in 2013 (Table 107).

Table 107. The First Ten Countries from Which the Most Imports are made

Countries ⁽¹⁾	(Million \$)							
	Value			Share (%)			Variation (%)	
	2011	2012	2013	2011	2012	2013	2012	2013
Russian Federation	23,953	26,625	25,064	9.9	11.3	10.0	11.2	-5.9
China	21,693	21,295	24,687	9.0	9.0	9.8	-1.8	15.9
Germany	22,986	21,401	24,182	9.5	9.0	9.6	-6.9	13.0
Italy	13,450	13,344	12,885	5.6	5.6	5.1	-0.8	-3.4
United States of America	16,034	14,131	12,596	6.7	6.0	5.0	-11.9	-10.9
Iran	12,462	11,965	10,383	5.2	5.1	4.1	-4.0	-13.2
Switzerland	5,019	4,305	9,647	2.1	1.8	3.8	-14.2	124.1
France	9,230	8,590	8,080	3.8	3.6	3.2	-6.9	-5.9
Spain	6,196	6,024	6,418	2.6	2.5	2.6	-2.8	6.5
India	6,499	5,844	6,368	2.7	2.5	2.5	-10.1	9.0
Total of first ten countries	137,521	133,523	140,309	57.1	56.4	55.8	-2.9	5.1
Total imports	240,842	236,545	251,651	100.0	100.0	100.0	-1.8	6.4

Source: TURKSTAT.

(1): The first 10 countries in the ranking made according to 2013 import values.

1.5.1.5 Foreign Trade with Neighboring Countries

While the export made with neighboring countries increased by 42% in 2012 compared to the preceding year, it fell from \$ 28,166 million to \$ 24,790 million with a decrease by 12% in 2013. Share of the neighboring countries within the total exports dropped from 18.5% to 16.3% with a decrease by 2.2 points compared to the preceding year. The country to which most export was made among our neighbors was Iraq with \$ 11,955 million, and it was followed by Iran with \$ 4,193 million, Azerbaijan-Nakhcivan with \$ 2,960 million. The neighbor to which the least export we made was Armenia with \$ 0.1 million (Table 108).

The import made with neighboring countries increased by 2.7% in 2012 compared to the preceding year, whereas it fell from \$ 218,996 million to \$ 18,116 million with a decrease by 4.6% in 2013, and its share within the total imports declined from 8% to 7.2%, 0.8 down compared to the preceding year. The country from which most import was made among our neighbors was Iran with \$ 10,383 million, and it was followed by Greece with \$ 2,760 million, and Bulgaria with \$ 2,760 million. The neighbor from which the least import we made was again Armenia with \$ 0.4 million.

Table 108. Foreign Trade with our Bordering Neighbors

(Thousand \$)

Neighboring Countries	Export							
	Value			Share (%)			Variation (%)	
	2011	2012	2013	2011	2012	2013	2012	2013
Azerbaijan-Nakhcivan	2,064	2,585	2,960	1.5	1.7	2.0	25.2	14.5
Bulgaria	1,623	1,685	1,971	1.2	1.1	1.3	3.8	17.0
Armenia	0.2	0.2	0.1	0.0	0.0	0.0	10.6	-65.6
Georgia	1,092	1,253	1,246	0.8	0.8	0.8	14.7	-0.6
Iraq	8,310	10,822	11,955	6.2	7.1	7.9	30.2	10.5
Iran	3,590	9,922	4,193	2.7	6.5	2.8	176.4	-57.7
Syria	1,610	498	1,026	1.2	0.3	0.7	-69.1	106.1
Greece	1,553	1,401	1,438	1.2	0.9	0.9	-9.8	2.6
Total of neighboring countries	19,842	28,166	24,790	14.7	18.5	16.3	42.0	-12.0
Grand total	134,907	152,462	151,812	100.0	100.0	100.0	13.0	-0.4

Neighboring Countries	Import							
	Value			Share (%)			Variation (%)	
	2011	2012	2013	2011	2012	2013	2012	2013
Azerbaijan-Nakhcivan	262	340	334	0.1	0.1	0.1	29.6	-1.8
Bulgaria	2,475	2,754	2,760	1.0	1.2	1.1	11.3	0.2
Armenia	0.1	0.2	0.4	0.0	0.0	0.0	66.9	79.7
Georgia	314	180	202	0.1	0.1	0.1	-42.6	11.9
Iraq	87	149	146	0.0	0.1	0.1	72.1	-2.4
Iran	12,462	11,965	10,383	5.2	5.1	4.1	-4.0	-13.2
Syria	337	67	85	0.1	0.0	0.0	-80.0	25.9
Greece	2,569	3,540	4,206	1.1	1.5	1.7	37.8	18.8
Total of neighboring countries	18,505	18,996	18,116	7.7	8.0	7.2	2.7	-4.6
Grand total	240,842	236,545	251,651	100.0	100.0	100.0	-1.8	6.4

Neighboring Countries	Volume of Foreign Trade							
	Value			Share (%)			Variation (%)	
	2011	2012	2013	2011	2012	2013	2012	2013
Azerbaijan-Nakhcivan	2,326	2,925	3,294	0.6	0.8	0.8	25.7	12.6
Bulgaria	4,097	4,439	4,732	1.1	1.1	1.2	8.3	6.6
Armenia	0.351	0.463	0.482	0.0	0.0	0.0	31.9	4.1
Georgia	1,407	1,434	1,448	0.4	0.4	0.4	1.9	1.0
Iraq	8,397	10,971	12,101	2.2	2.8	3.0	30.7	10.3
Iran	16,051	21,886	14,576	4.3	5.6	3.6	36.4	-33.4
Syria	1,947	565	1,111	0.5	0.1	0.3	-71.0	96.5
Greece	4,122	4,941	5,644	1.1	1.3	1.4	19.9	14.2
Total of neighboring countries	38,347	47,162	42,906	10.2	12.1	10.6	23.0	-9.0
Grand total	375,749	389,007	403,463	100.0	100.0	100.0	3.5	3.7

Source: TURKSTAT.

Volume of foreign trade of our country with the neighboring countries increased by 23% in 2013, whereas decreased by 9% in 2012, falling from \$ 47,162 million to \$ 42,906 million. The ratio of the volume of foreign trade with the neighboring countries within the total volume of foreign trade decreased by 1.5 point compared to 2012, regressing from 12.1% to 10.6%. The only neighboring country with which the volume of foreign trade fell in 2013 was Iran at a rate of 33.4% as a result of high declines observed in imports and exports.

1.5.2 Balance of Payments

In 2012, while the imports degraded as a result of the domestic demand suppressed by the reduction in the economic activities and the policies limiting credit increase rate, the market and product diversity and the escalation in the export made especially to Iran led to drop of the foreign trade deficit and current deficit compared to the preceding year.

The increase in total import driven by the contraction suffered in export in 2013 and the economic revival and increase in domestic demand as well as the gold importation following a course that is above the historical averages increase in the total import influenced the current deficit negatively.

The improvement trend seen in the current transactions balance in 2012 deteriorated again in 2013, and the current transactions deficit rose from \$ 48,497 million in 2012 to \$ 64,940 million in 2013 with an increase by 33.9%. This deterioration in the current transactions deficit was driven substantially by the increase in consumption demand, and by the rise in the foreign trade deficit, the deterioration noted in income balance, and the fact that the improvement in the services balance remained limited (Table 109).

The foreign trade deficit as shown in the balance of payments advanced from \$ 65,331 million in 2012 to \$ 79,859 million in 2013 with an increase by 22.2%.

The services account surplus rose to \$ 23,067 million with an increase by 2.2% compared to 2012, substantially driven by the increase in tourism and transportation revenues. The net income of \$ 505 million stemming from the balance of services made a positive contribution to the balance of current transactions (Graph 44).

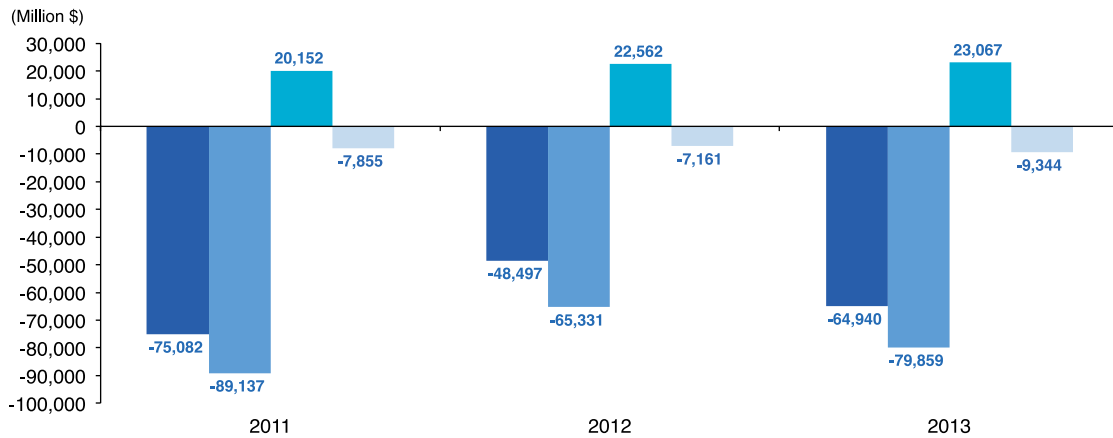
The revenues account deficit declined by to \$ 9,344 million, and the current transfers comprised of the worker remittances and official transfers fell from \$ 1,433 million to \$ 1,196 million with a decrease by 16.5%. In 2013, interest revenues decreased by 13.4% to \$ 1,778 million, interest revenues dropped by 1% to \$ 5,774 million. The shrinkage in the worker remittances item prevailed in 2013, and accrued as \$ 877 million with a decrease by 10.1% compared to the preceding year.

Table 109. Balance of Payments

Components	(Million \$)				
	2011	2012	2013	Variation (%)	
				2012	2013
Current Transactions Account	-75,082	-48,497	-64,940	-35.4	33.9
Export f.o.b.	143,396	163,221	163,380	13.8	0.1
Import f.o.b.	-232,533	-228,552	-243,239	-1.7	6.4
Balance of Goods	-89,137	-65,331	-79,859	-26.7	22.2
Service Revenues	40,668	43,089	46,434	6.0	7.8
Tourism Revenues	25,054	25,345	27,997	1.2	10.5
Other Revenues	15,614	17,744	18,437	13.6	3.9
Service Expenses	-20,516	-20,527	-23,367	0.1	13.8
Tourism Expenses	-4,883	-4,094	-4,817	-16.2	17.7
Other Expenses	-15,633	-16,433	-18,550	5.1	12.9
Balance of Goods and Services	-68,985	-42,769	-56,792	-38.0	32.8
Balance of Revenues: Revenues	3,952	5,034	4,523	27.4	-10.2
Interest Revenues	1,207	2,054	1,778	70.2	-13.4
Other Revenues	2,745	2,980	2,745	8.6	-7.9
Balance of Revenues: Expenses	-11,807	-12,195	-13,867	3.3	13.7
Interest Expenses	-5,292	-5,831	-5,774	10.2	-1.0
Other Expenses	-6,515	-6,364	-8,093	-2.3	27.2
Balance of Goods, Services and Revenues	-76,840	-49,930	-66,136	-35.0	32.5
Current Transfers	1,758	1,433	1,196	-18.5	-16.5
Worker Remittances	1,045	975	877	-6.7	-10.1
Other Transfers	713	458	319	-35.8	-30.3
Capital Account	-25	-52	-92	108.0	76.9
Financial Account	66,986	70,311	72,444	5.0	3.0
Direct Foreign Investments	-2,349	-4,074	-3,114	73.4	-23.6
Direct Domestic Investments	16,171	13,224	12,872	-18.2	-2.7
Portfolio Account - Assets	2,688	2,657	2,619	-1.2	-1.4
Portfolio Account - Liabilities	19,298	38,132	21,090	97.6	-44.7
Stocks	-986	6,274	841	-736.3	-86.6
Notes Payable	20,284	31,858	20,249	57.1	-36.4
Other Investments - Assets	11,197	-707	1,854	-106.3	-362.2
Central Bank	2	2	1	0.0	-50.0
General Government	-292	-366	-757	25.3	106.8
Banks	-339	2,036	-247	-700.6	-112.1
Other Sectors	11,826	-2,379	2,857	-120.1	-220.1
Other Investments - Liabilities	19,981	21,079	37,123	5.5	76.1
Central Bank	-1,915	-2,243	-2,000	17.1	-10.8
General Government	2,060	-85	-18	-104.1	-78.8
Banks	10,118	15,204	30,958	50.3	103.6
Other Sectors	9,718	8,203	8,183	-15.6	-0.2
Current, Capital and Financial Accounts	-8,121	21,762	7,412	-368.0	-65.9
Net Errors and Omissions	9,135	1,059	3,351	-88.4	216.4
General Balance	1,014	22,821	10,763	2150.6	-52.8
Reserve Assets	-1,014	-22,821	-10,763	2150.6	-52.8
Official Reserves	1,813	-20,814	-9,911	-1248.0	-52.4
International Monetary Fund Loans	-2,827	-2,007	-852	-29.0	-57.5

Source: CBRT.

Graph 44. Balance of Payments



Source: CBRT.

■ Current Transactions Account ■ Balance of Goods ■ Balance of Services ■ Balance of Revenues

The tourism revenues which is listed under the balance of services item increased by 10.5% in 2013 compared to 2012 and became \$ 27,997 million, and the tourism expenses decreased by 17.7% and became \$ 4,817 million. Net tourism revenues rose from \$ 21,251 million in 2012 to \$ 23,180 million in 2013 with an increase by 9.1%. In 2013, the increase in the tourism revenues which are one of the most important items of the balance of services despite the negative political developments in the neighboring countries, the continued economic stagnancy in the EU countries and the negative effects of Gezi Park protests is remarkable.

The volatility in the capital movements continued in the international markets in 2013. Especially the fact that the US Central Bank gave signs of changing the expansionary monetary policy it had started to follow after the global crisis caused capital outflows from the countries in May. The increase of direct investments was limited by the fact that the recovery in the Euro zone, which has an important share in the direct investments realized in our country, and that investment appetite had a low course.

The net capital inflow rose from \$ 70,311 million in 2012 to \$ 72,444 million in 2013 with an increase by 3%. While an inflow of \$ 9,758 million (net) took place in direct investments, there was an inflow of \$ 23,709 million (net) in 2013 in the portfolio investments, where the inflow amounted to \$ 40,789 million in 2012. In other investments (net), an inflow of \$ 38,977 million took place, 91.3% more compared to the preceding year.

The official reserves, which decreased by \$ 20,814 million in 2012, decreased in 2013 as well by \$ 9,911 million.

The foreign financing need, which is defined as the total of the current transactions and the net error and omissions items, increased by 29.8% in 2013 compared to 2012, and rose from \$ 47,438 million to \$ 61,589 million.

1.5.3 Direct International Investments

The direct international investments towards Turkey show a downward trend since 2012. With the liquidity abundance that emerged as a result of the policies applied following the global crisis and the rise in capital flows, direct investment inflows to our country advanced to \$ 16,136 million. In consequence of the fact that effects the global crisis still prevails, that the economic stagnancy and future uncertainties in the Euro zone could not have been removed, they decreased by 33.3% and regressed to \$ 10,759 million. In 2013, investments inflows recessed and capital outflows were suffered especially after May due to the developments in the global economy and in the country.

In 2013, direct capital inflow to Turkey was \$ 10,199 million with a decline by 5.2%, and capital outflow was \$ 568 million. Thus, In 2013 the total net capital amount was \$ 12,872 million including the net capital inflow of \$ 9,631 million, net other capital obtained by international companies from their foreign partners amounting to \$ 192 million, and net real estate sales of \$ 3,049 million, which is 2.7 less compared to the preceding year. Within the net total investment inflows in 2013, the international direct capital had a 76.3% share and the net real estate sales had a 23.7% share. While share of the international direct capital within the net total investment inflows declined compared to the preceding year, the share of net real estate sales increased (Table 110).

Table 110. Direct International Investment Inflows (Actual Inflows)

(Million \$)

Years	International Direct Investments						Total Investments (Net)
	Capital			Other Capital (Net) ⁽¹⁾	Total (Net)	Real Estate (Net)	
	Inflow	Outflow	Net				
2011	16,136	-1,991	14,145	13	14,158	2,013	16,171
2012	10,759	-633	10,126	462	10,588	2,636	13,224
2013 ⁽²⁾	10,199	-568	9,631	192	9,823	3,049	12,872
	Variation (%)						
2012	-33.3	-68.2	-28.4	3.453.8	-25.2	30.9	-18.2
2013	-5.2	-10.3	-4.9	-58.4	-7.2	15.7	-2.7

Source: UoT.

(1): Value of loans obtained by international capital companies from foreign partners.

(2): Interim.

While the highest share within the direct international investment inflows was acquired by the industry sector in 2011 and 2012, it was substituted by the service sector in 2013. In 2013, the highest share within the investments inflows towards the industry sector was acquired by the energy sector, and the major part of the investment inflow in the services sector derived from the activity of financial intermediaries. The agriculture sector continued to be the sector that attracted the lowest interest from foreign investors in 2013. In 2013, of the direct international investment capital inflow, 0.5% representing \$ 49 million occurred in the agriculture sector, 47.2% representing \$ 4,813 million occurred in the industry sector, and 52.3% representing \$ 5,337 million occurred in the services sector (Table 111, Graph 45).

Table 111. Sectoral Distribution of the Direct International Capital Inflows

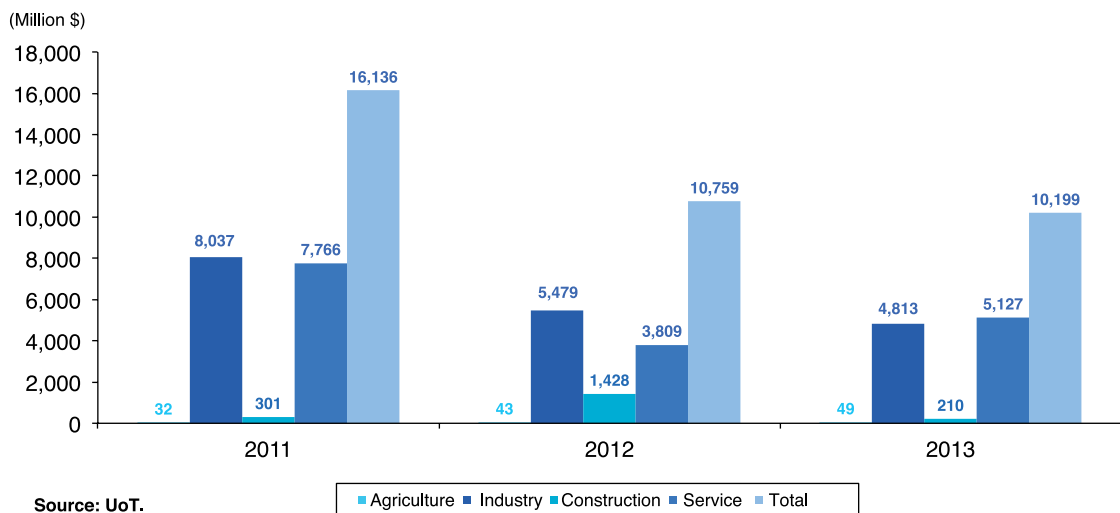
(Million \$)

Sectors	Value			Share (%)			Variation (%)	
	2011	2012	2013	2011	2012	2013	2012	2013
Agriculture, hunting, forestry and fishery	32	43	49	0.2	0.4	0.5	34.4	14.0
Mining and quarrying	146	213	251	0.9	2.0	2.5	45.9	17.8
Manufacturing industry	3,596	4,342	2,010	22.3	40.4	19.7	20.7	-53.7
Manufacture of food products and beverages	649	2,201	342	4.0	20.5	3.4	239.1	-84.5
Manufacture of textile products	148	376	59	0.9	3.5	0.6	154.1	-84.3
Manufacture of chemical substances and products	348	579	264	2.2	5.4	2.6	66.4	-54.4
Machinery and equipment production	76	32	5	0.5	0.3	0.0	-57.9	-84.4
Manufacture of electrical and optical instruments	464	143	607	2.9	1.3	6.0	-69.2	324.5
Manufacture of motor land vehicles, trailers, and semi-trailers	93	121	75	0.6	1.1	0.7	30.1	-38.0
Other manufacturing	1,818	890	658	11.3	8.3	6.5	-51.0	-26.1
Electricity, gas and water	4,295	924	2,552	26.6	8.6	25.0	-78.5	176.2
Construction	301	1,428	210	1.9	13.3	2.1	374.4	-85.3
Wholesale and retail trading	709	221	356	4.4	2.1	3.5	-68.8	61.1
Hotels and restaurants	122	16	57	0.8	0.1	0.6	-86.9	256.3
Transportation, communication and storage services	222	130	295	1.4	1.2	2.9	-41.4	126.9
Activities of financial intermediary institutions	5,883	2,084	3,734	36.5	19.4	36.6	-64.6	79.2
Real estate, leasing and business activities	300	173	130	1.9	1.6	1.3	-42.3	-24.9
Health affairs and social services	232	546	105	1.4	5.1	1.0	135.3	-80.8
Other social, public and individual service activities	298	639	450	1.8	5.9	4.4	114.4	-29.6
Total	16,136	10,759	10,199	100.0	100.0	100.0	-33.3	-5.2

Source: UoT.

(1): Interim.

Graph 45. Sectoral Distribution of the Direct International Capital Inflows



Source: UoT.

In terms of subsectors, the activities with most intense foreign capital inflows were the manufacturing industry with \$ 2,010 million, electricity, gas and water activities with \$ 2,552 million, and activities of financial intermediary institutions with \$ 3,734 million.

Of the direct international capital inflows, 51.8% representing a portion of \$ 5,278 million is composed of the capital originating from EU countries, 31.5% representing a portion of \$ 3,215 million from Asian countries, 11% representing a portion of \$ 1,121 million from the European countries excluding EU, 3.4% representing a portion of \$ 344 million from the USA, and 2.2% representing a portion of \$ 221 million from the African countries. While the share of the EU countries and USA within the total direct international investment capital inflows compared to 2012 decreased, the share of the Asian and African and the European countries excluding EU increased. It was observed that, compared to 2012, the direct investment capital inflow from the EU countries decreased by 27.7% 2012; within which inflows the capital inflows from Germany and France increased by a high rate. The capital inflows from the European countries excluding EU advanced by 80.2%, and the capital inflows from the Asian countries advanced by 37.6% (Table 112, Graph 46).

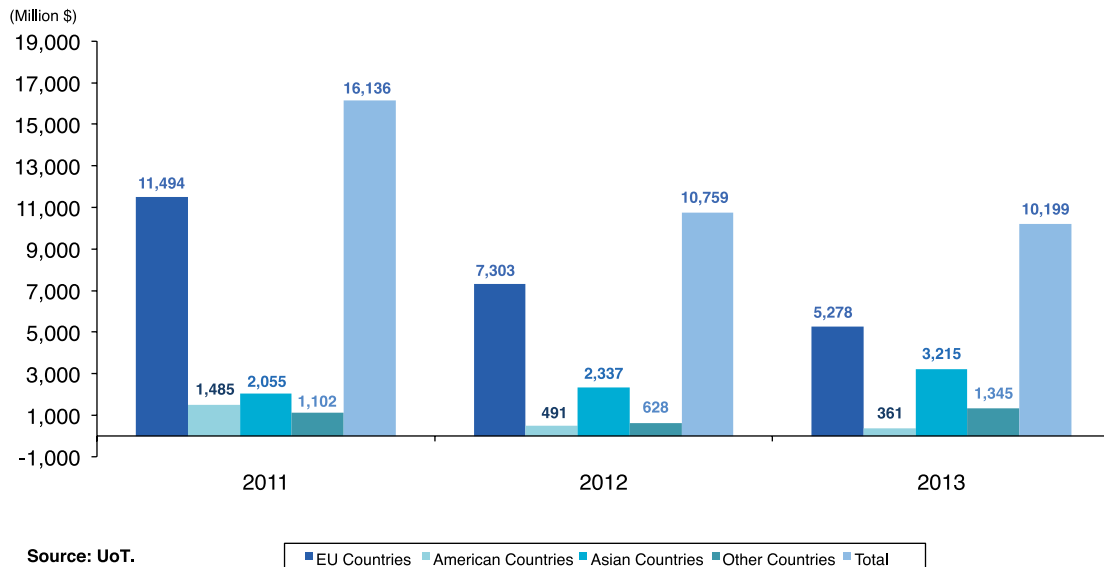
Table 112. Distribution of the Direct International Capital Inflows by Countries

Country Groups ⁽¹⁾	(Million \$)								
				Share (%)			Variation (%)		
	2011	2012	2013 ⁽¹⁾	2011	2012	2013	2012	2013	
EU Countries	11,494	7,303	5,278	71.2	67.9	51.8	-36.5	-27.7	
Germany	665	491	1,846	4.1	4.6	18.1	-26.2	276.0	
Austria	2,418	1,519	659	15.0	14.1	6.5	-37.2	-56.6	
France	999	86	222	6.2	0.8	2.2	-91.4	158.1	
Netherlands	1,425	1,381	1,013	8.8	12.8	9.9	-3.1	-26.6	
United Kingdom	905	2,044	297	5.6	19.0	2.9	125.9	-85.5	
Italy	111	154	145	0.7	1.4	1.4	38.7	-5.8	
Other EU Countries	4,971	1,628	1,096	30.8	15.1	10.7	-67.3	-32.7	
Other European Countries (excluding EU)	1,093	622	1,121	6.8	5.8	11.0	-43.1	80.2	
African Countries	0	0	221	0.0	0.0	2.2	-	-	
USA	1,403	439	344	8.7	4.1	3.4	-68.7	-21.6	
Canada	20	32	16	0.1	0.3	0.2	60.0	-50.0	
Central-South America and the Caribbean	62	20	1	0.4	0.2	0.0	-67.7	-95.0	
Asian Countries	2,055	2,337	3,215	12.7	21.7	31.5	13.7	37.6	
Near and Middle East Countries	1,558	1,593	2,574	9.7	14.8	25.2	2.2	61.6	
Gulf Countries	195	940	1,194	1.2	8.7	11.7	382.1	27.0	
Other Near and Middle East Countries	1,363	653	1,380	8.4	6.1	13.5	-52.1	111.3	
Other Asian Countries	497	744	641	3.1	6.9	6.3	49.7	-13.8	
Other Countries	9	6	3	0.1	0.1	0.0	-33.3	-50.0	
Total	16,136	10,759	10,199	100.0	100.0	100.0	-33.3	-5.2	

Source: UoT.

(1): Interim.

Graph 46. Distribution of the Direct International Capital Inflows by Countries



1.5.4 Foreign Debts

The foreign debt stock increase rate which decelerated significantly in 2011 reaccelerated in 2012 and 2013. The gross debt stock that rose to \$ 338,309 million in 2012 with an increase by 11.3% advanced by 14.8% to 388,243% in 2013. In 2013, the high increase especially in the short-term foreign debts persisted, and the share of the short term debts within the debt stock considerably increased. Compared to the preceding year, the short-term foreign debts increased by 28.4% to \$ 129,107 million, and the long-term foreign debts increased by 9% to \$ 259,136 million. The share of the short-term debts within the total foreign debt stock which was 26.9% in 2011 rose to 29.7% in 2012 and to 33.3% in 2013, whereas the share of the long-term debts fell from 73.1% to 70.3% and 66.7% as of the same years (Table 113, Graph 47).

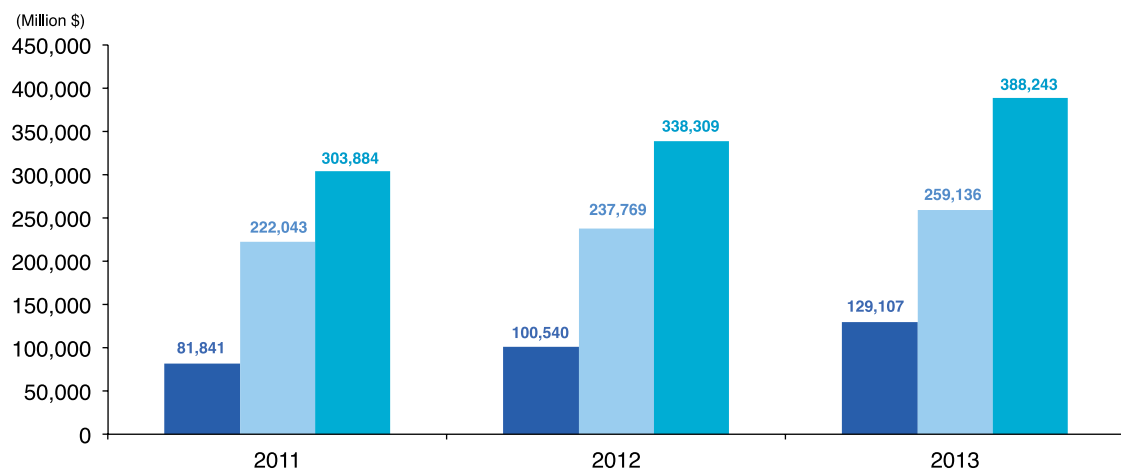
Share of the public sector within the foreign debt stock, which share was high until 2005, began regressing since that date, and the share of public sector exhibited ascension. The increase especially in the short-term debt of private sector stands out in the recent years. The foreign debt of private sector that increase by 13.5% in 2012 reached \$ 267,033 million with an increase by 17.5%. In 2012, foreign debt of the public sector exhibited an increase by 10.3%, and in 2013, ascended to \$ 115,976 million with an increase by 11.5%. The debt of CBRT went on declining, and became \$ 5,234 million in 2013 with a decrease by 26.2% compared to the preceding year.

Table 113. Gross Foreign Debt Stock

				(Million \$)
Indicators	2011	2012	2013	
Foreign debt stock	303,884	338,309	388,243	
Variation (%)	4.1	11.3	14.8	
Short term	81,841	100,540	129,107	
Variation (%)	5.9	22.8	28.4	
Share within debt stock (%)	26.9	29.7	33.3	
Long term	222,043	237,769	259,136	
Variation (%)	3.5	7.1	9.0	
Share within debt stock (%)	73.1	70.3	66.7	
By Debtors				
Short term	81,841	100,540	129,107	
Public	7,013	11,040	17,605	
CBRT	1,239	1,036	833	
Private	73,589	88,464	110,669	
Long term	222,043	237,769	259,136	
Public	87,268	92,983	98,371	
CBRT	8,095	6,052	4,401	
Private	126,681	138,734	156,364	
Total public	94,281	104,023	115,976	
Share within debt stock (%)	31.0	30.7	29.9	
Total TCMB	9,334	7,088	5,234	
Share within debt stock (%)	3.1	2.1	1.3	
Total private	200,270	227,198	267,033	
Share within debt stock (%)	65.9	67.2	68.8	

Source: UoT.

Graph 47. Foreign Debt Stock

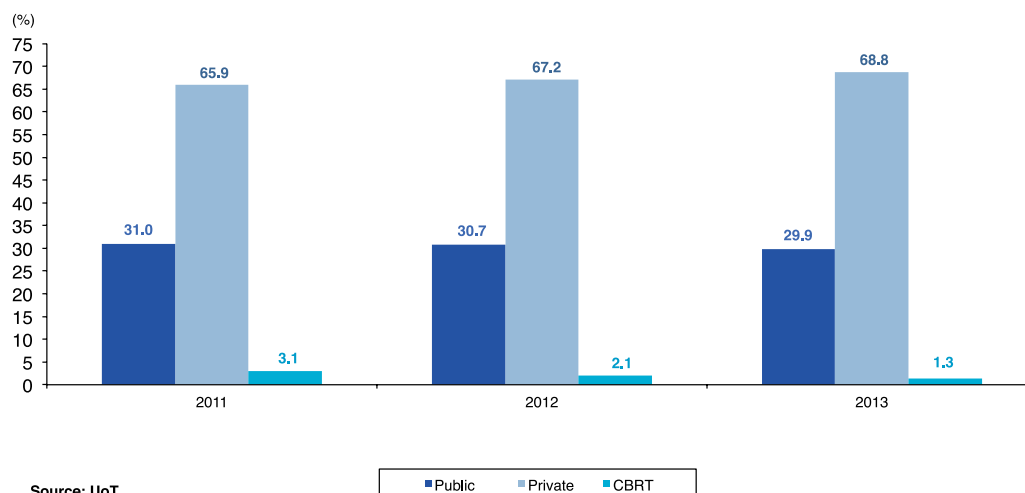


Source: UoT.

■ Short Term ■ Long Term ■ Total

In 2013, of the public sector foreign debts in 2013, a \$ 98,371 million portion was composed of long-term debts and a \$ 17,605 million portion was composed of short-term debts; and of the private sector foreign debt, a \$ 156,364 million portion was composed of long-term debts and a \$ 110,669 million portion was composed of short-term debts (Graph 48).

Graph 48. Distribution of Foreign Debt Stock by Debtors



Within the total foreign debt stock in 2013, compared to the previous year, the share of CBRT declined from 2.1% to 1.33%, the share of the public sector declined from 30.7% to 29.9%, whereas the share of the private sector within the total debt stock rose from 67.2% to 68.8%.

Short- and Long-Term Debts received from Abroad by the Private Sector

In the process of overcoming the global crisis, the monetary expansion policies applied by the developed countries created liquidity abundance and enabled low-cost borrowing. Willing to benefit from this conjuncture, the private sector resorted to foreign markets to obtain financing with suitable conditions. The increase rate of the loans obtained by the private sector from abroad showed an upward trend in the last three years. The total loan debt received by the private sector from abroad increased by 16.1% as of the year end of 2013 compared to the year end of 2012, and became \$ 196,771 million (Table 114).

The short term loan debt received by the private sector from abroad became \$ 41,177 million with an increase by 32.9% at the year end of 2013 compared to the previous year end. Of the total short term private sector loan debt, 90.7% corresponding to \$ 37,328 million is owed by the financial segment private sector and 9.3% corresponding to \$ 3,850 million is owed by the non-financial public sector.

As of the year end of 2013, within the short-term private sector debt of the financial segment, \$ 34,853 million is owed by the banks and \$ 2,475 million is owed by the non-bank financial institutions. The short term loan debt of the non-financial private sector amounting to \$ 3,850 million is composed of the loans with \$ 3,784 million and of loans considered as foreign capital with \$ 66 million.

The long term loan debt received by the private sector from abroad became \$ 155,593 million with an increase by 12.4% at the year end of 2013 compared to the previous year end. Of the total long term private sector loan debt, 45.1% corresponding to \$ 70,158 million is owed by the financial segment private sector and 54.9% corresponding to \$ 85,435 million is owed by the non-financial public sector.

As of the year end of 2013, within the long-term private sector debt of the financial segment, \$ 54,651 million was composed of the debts of the banks and \$ 15,507 million was composed of the debts of the non-bank financial institutions. As of the end of 2013, of the long term debt of the non-financial segment private sector, \$ 76,033 million was composed of loans, \$ 5,675 million was composed of the loans considered as foreign capital, \$ 379 million was composed of commercial loans, and \$ 3,348 million was composed of bonds.

Table 114. Short- and Long-Term Loan Debts received by the Private Sector from Abroad

	(Million \$)							
	Loan Debts			Share (%)			Variation (%)	
	2011	2012	2013	2011	2012	2013	2012	2013
By Debtors	Short-Term							
Financial	23,488	28,123	37,328	93.4	90.7	90.7	19.7	32.7
Banks	22,161	26,055	34,853	88.1	84.1	84.6	17.6	33.8
Non-bank financial institutions	1,327	2,069	2,475	5.3	6.7	6.0	55.9	19.6
Non-financial	1,661	2,872	3,850	6.6	9.3	9.3	72.9	34.0
Loans	1,591	2,739	3,784	6.3	8.8	9.2	72.2	38.1
Loans considered as foreign capital	70	133	66	0.3	0.4	0.2	88.3	-50.6
Total	25,149	30,995	41,177	100.0	100.0	100.0	23.2	32.9
	Long-Term							
Financial	46,804	54,467	70,158	37.0	39.3	45.1	16.4	28.8
Banks	34,800	40,876	54,651	27.5	29.5	35.1	17.5	33.7
Non-bank financial institutions	12,004	13,591	15,507	9.5	9.8	10.0	13.2	14.1
Non-financial	79,566	84,016	85,435	63.0	60.7	54.9	5.6	1.7
Loans	73,785	76,328	76,033	58.4	55.1	48.9	3.4	-0.4
Loans considered as foreign capital	5,257	5,821	5,675	4.2	4.2	3.6	10.7	-2.5
Commercial Loans	318	460	379	0.3	0.3	0.2	44.9	-17.6
Bonds	206	1,407	3,348	0.2	1.0	2.2	581.3	138.0
Total	126,370	138,483	155,593	100.0	100.0	100.0	9.6	12.4
	Total							
Short-Term	25,149	30,995	41,177	16.6	18.3	20.9	23.2	32.9
Long-Term	126,370	138,483	155,593	83.4	81.7	79.1	9.6	12.4
Total Short- and Long-Term	151,520	169,478	196,771	100.0	100.0	100.0	11.9	16.1

Source: CBRT.

Sectoral Distribution of Short- and Long-Term Debts received from Abroad by the Non-Financial Private Sector

On sectoral basis, of the short-term loan debt received by the non-financial private sector from abroad in 2013, 59.6% representing \$ 2,293 million was utilized by the services sector, 40.3% representing \$ 1,550 million was utilized by the industry sector, and 0.2% representing \$ 6 million was utilized by the agriculture sector (Table 115).

In 2013, on the basis of subsectors, the sector which had the highest debt weight within the short-term debts received by the non-financial sector from abroad was information and technology with 27.8%, and it was followed by the manufacturing industry sector with 27.1%, and the vocational, scientific and technical activities with 12.9%.

Of the long-term loan debt received by the non-financial private sector from abroad, 58.4% representing \$ 49,865 million was utilized by the services sector, 41.1% representing \$ 35,142 million was utilized by the industry sector, and 0.5% representing \$ 428 million was utilized by the agriculture sector.

In 2013, on the basis of subsectors, the sector which had the highest debt weight within the long-term debts received by the non-financial sector from abroad was manufacturing industry with 27.8%, followed by the subsectors of transportation and storage with 11.2%, and the electricity, gas, steam and air conditioner production and distribution with 12.9%.

Table 115. Sectoral Distribution of Short- and Long-Term Debts received from Abroad by the Non-Financial Private Sector

Sectors ⁽¹⁾	Short-Term						Long-Term					
	Value (Million \$)			Share (%)			Value (Million \$)			Share (%)		
	2011	2012	2013	2011	2012	2013	2011	2012	2013	2011	2012	2013
Agriculture sector	2	1	6	0.1	0.0	0.2	617	606	428	0.8	0.7	0.5
Agriculture, forestry and fishery	2	1	6	0.1	0.0	0.2	617	606	428	0.8	0.7	0.5
Industry sector	928	1,021	1,550	55.8	35.5	40.3	35,089	36,109	35,142	44.1	43.0	41.1
Mining and quarrying	3	295	456	0.2	10.3	11.8	2,851	2,486	1,855	3.6	3.0	2.2
Manufacturing	906	686	1,045	54.6	23.9	27.1	22,741	23,727	23,733	28.6	28.2	27.8
Manufacture of food, beverages and tobacco products	137	49	45	8.2	1.7	1.2	4,454	4,477	4,842	5.6	5.3	5.7
Manufacture of textile and garments	49	27	189	3.0	0.9	4.9	3,288	3,077	2,694	4.1	3.7	3.2
Manufacture of leather and related products	0	0	4	0.0	0.0	0.1	102	128	101	0.1	0.2	0.1
Manufacture of wood and wooden products	0	0	0	0.0	0.0	0.0	209	287	414	0.3	0.3	0.5
Manufacture of paper and paper products, printing and duplication of recorded media	0	0	0	0.0	0.0	0.0						
Manufacture of coke and refined petroleum products	0	1	2	0.0	0.0	0.0	625	580	569	0.8	0.7	0.7
Import of chemicals, chemical products and basic pharmacy products and materials	3	35	108	0.2	1.2	2.8	621	1,371	1,273	0.8	1.6	1.5
Manufacture of rubber and plastic products	50	2	5	3.0	0.1	0.1	1,858	2,509	1,860	2.3	3.0	2.2
Manufacture of other non-metallic mineral products	17	14	131	1.0	0.5	3.4	912	840	672	1.1	1.0	0.8
Manufacture of main metal industry and fabrication metal products (except machinery and equipment)	7	1	0	0.4	0.0	0.0	1,251	966	1,097	1.6	1.1	1.3
Manufacture of machinery and equipment (not elsewhere classified)	187	109	153	11.3	3.8	4.0	4,301	3,936	3,554	5.4	4.7	4.2
Manufacture of computers, electric-electronic and optical products	2	1	1	0.1	0.0	0.0	540	406	300	0.7	0.5	0.4
Manufacture of transportation vehicles	330	394	98	19.9	13.7	2.5	2,046	2,249	2,962	2.6	2.7	3.5
Furniture production and other manufacturing industry not elsewhere classified	117	12	222	7.0	0.4	5.8	2,335	2,579	2,942	2.9	3.1	3.4
Electricity, gas, vapor, air-conditioner production and distribution	8	41	88	0.5	1.4	2.3	197	322	452	0.2	0.4	0.5
Water supply, sewerage, waste management and treatment activities	19	40	49	1.1	1.4	1.3	9,494	9,891	9,548	11.9	11.8	11.2
Services sector	0	0	1	0.0	0.0	0.0	3	4	6	0.0	0.0	0.0
Construction	732	1,850	2,293	44.0	64.4	59.6	43,860	47,301	49,865	55.1	56.3	58.4
Wholesale and retail trading	28	107	101	1.7	3.7	2.6	5,956	5,547	5,974	7.5	6.6	7.0
Transportation and storage	45	180	223	2.7	6.3	5.8	4,051	3,548	4,100	5.1	4.2	4.8
Accommodation and catering activities	19	42	33	1.2	1.4	0.9	11,693	12,334	12,689	14.7	14.7	14.9
Information and communication	0	0	1	0.0	0.0	0.0	2,099	1,835	2,072	2.6	2.2	2.4
Real estate activities	297	608	1,071	17.9	21.2	27.8	7,003	7,832	5,732	8.8	9.3	6.7
Vocational, scientific and technical activities	4	5	20	0.3	0.2	0.5	5,073	5,062	5,121	6.4	6.0	6.0
Administrative and support service activities	247	727	496	14.9	25.3	12.9	5,634	7,272	7,352	7.1	8.7	8.6
Public administration and defense, compulsory social security	0	0	1	0.0	0.0	0.0	472	493	657	0.6	0.6	0.8
Education	0	0	0	0.0	0.0	0.0	0	3	1	0.0	0.0	0.0
Human health and social service activities	33	35	77	2.0	1.2	2.0	80	124	157	0.1	0.1	0.2
Culture, art, entertainment, recreation and sports	21	2	1	1.2	0.1	0.0	171	143	143	0.9	0.8	0.7
Other service activities	38	145	267	2.3	5.0	6.9	912	2,444	5,245	1.1	2.9	6.1
Total	1,661	2,872	3,850	100.0	100.0	100.0	79,566	84,016	85,435	100.0	100.0	100.0

Source: CBRT.

(1): Sectoral distribution of the loan debt received by the private sector from abroad is published according to NACE Rev 2.

2. SOCIAL INDICATORS

2.1 Population

According to the Address Based Population Registration System (ADNKS) results, as of the end of 2013, the population of Turkey is 76,668 thousand, composed of males by 50.2, i.e. 38,473 thousand, and females by 49.8%, i.e. 38.473 thousand. Population growth rate rose from 12‰ in 2012 to 13.7% in 2013. Population density (number of people per square kilometer) that was 98 in 2012 ascended to 100 in 2013 with an increase by 2 people.

While the rate of the residents in province and county centers was 77.3% in 2012, with the effect of establishment of metropolitan municipalities in 14 provinces and participation of the towns and villages as neighborhoods to the county municipalities in 30 provinces having the status of metropolis, it rose to 91.3% in 2013. Due to the same reason, rate of the residents in towns and villages regressed from 22.7 in 2012 to 8.7% in 2013 (Table 116, Graph 49).

Table 116. Basic Population Indicators

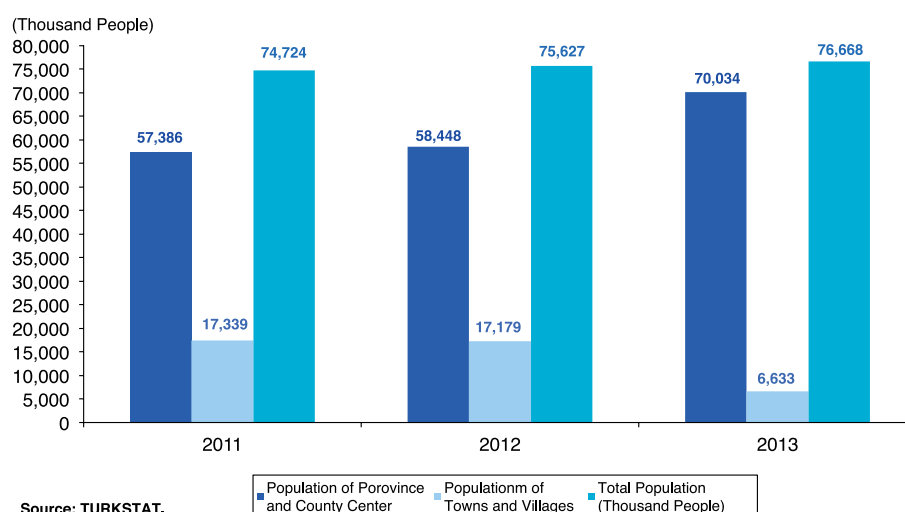
Years	Total Population (Thousand People)	Annual Population Growth Rate (%)	Population Density	Population				Place of Settlement			
				Province and County Center (Thousand People)	Share (%)	Towns and Villages (Thousand People)	Share	Province	County ⁽¹⁾	Town/ First Level Municipality	Village ⁽²⁾
2011	74,724	13.5	97	57,386	76.8	17,339	23.2	81	892	1,977	34,425
2012	75,627	12.0	98	58,448	77.3	17,179	22.7	81	892	1,977	34,434
2013	76,668	13.7	100	70,034	91.3	6,633	8.7	81	919	394	18,214

Source: TURKSTAT.

(1): Province centers (central counties) are not included in the number of counties.

(2): Villages where there are no registered residents are not included in the number of villages.

Graph 49. Province/County Centre and Town/Village Populations



Source: TURKSTAT.

According to the Nomenclature of Territorial Units for Statistics Level-1, Istanbul was in the first place in population size with 18.5% of total and male population and 18.4 of the female population. In terms of the share within population, Istanbul was followed in the second place by the Aegean region with 12.9 of the total and male population and 13% of the female population, and the Mediterranean region with 12.7% of the total, male and female population. The region which had the least share within the total population is the Northeastern Anatolia region with 2.9%. Within the total population, this region has 2.9, of the male population and 2.8 of the female population (Table 117).

The gender rate which was 101 in 2013 remained constant compared to the previous year. This ratio which expresses percentage statement of the ratio of male population to female population is highest in the Northeastern Anatolia and Central Eastern Anatolia regions with 105. The gender ratio is lowest in the West Black Sea region in the 98. While the gender ratios remained unchanged in 2013 compared to the preceding year in Istanbul, West Marmara, Aegean, East Marmara, West Anatolia, Mediterranean, Central Anatolia, West Black Sea, East Black Sea and Southeastern Anatolia, they decreased in the Northeastern Anatolia and Central Eastern Anatolia regions.

Population density of Istanbul ascended from 2,666 in 2012 to 2,725 in 2013, with an increase by 59 people. Istanbul region is followed by East Marmara region in the second place with 148 people per km² and Aegean region in the third place with 11 people. The region where population density is the lowest is the Northeastern Anatolia region with 31 people.

On NUTS Level-1 basis, the region which attracted the most migration was Istanbul region with 66 thousand net migrations. The net migration rate of Istanbul region that was 2.2‰ in 2012 rose to 4.7‰ in 2013. In terms of the net migration value, the second place was occupied by East Marmara region with 47 thousand net migrations. Net migration rate of East Marmara Region increased from 5.3‰ to 6.6‰. The third place was occupied by the West Anatolia region with 28 thousand net migrations in 2013. Net migration rate of West Anatolia region increased from 3,6‰ to 3,8‰. The region which had the highest number of emigrants in 2013 was the Southeastern Anatolia region with 46 thousand net migrations. The net migration rate of the Southeastern Anatolia region which was -7.6% in 2012 became -5.7% in 2013.

While the country-wide population growth rate was 12,0‰ in 2012, it advanced to 13,7‰ in 2013 with an increase by 1,7 point. According to NUTS Level-1, the region where the annual population growth rate is highest was Istanbul region with 21,8‰, and this was followed by East Marmara region with 19,6‰, and the Southeastern Anatolia region with 17,2‰. Northeastern Anatolian region was the only region where population decreased in 2013. The population of this region dropped by 8,4‰.

Table 117. Selected Indicators of Population as per Nomenclature of Territorial Units for Statistics Level -1

Years	Region Code	NUTS Level-1	Population (Thousand People)			Migration (Thousand People)			Net Migration Rate (%)	Annual Population Growth Rate (%)	Population Density	Total Age Dependency Rate	Rate of Young-Age Dependency (0-14 years)	Rate of Elderly Dependency (65+ years)
			Total	Male	Female	Gender Ratio	Immigrants	Emigrants						
2012	TR1	Istanbul	13,855	6,957	6,898	101	385	354	30	16.78	2,666	40.8	32.7	8.1
	TR2	West Marmara	3,248	1,650	1,598	103	109	84	25	11.62	76	41.2	25.8	15.5
	TR3	Aegean	9,780	4,886	4,893	100	196	170	25	9.43	110	42.8	29.1	13.7
	TR4	East Marmara	7,058	3,541	3,517	101	200	163	37	15.09	145	43.1	31.7	11.4
	TR5	West Anatolia	7,253	3,606	3,648	99	204	178	26	12.46	100	43.7	33.2	10.5
	TR6	Mediterranean	9,611	4,822	4,789	101	196	207	-11	12.06	109	49.3	39.0	10.3
	TR7	Central Anatolia	3,853	1,926	1,927	100	101	117	-16	2.42	42	50.8	37.7	13.0
	TR8	West Black Sea	4,484	2,219	2,265	98	143	158	-14	1.45	61	48.2	31.3	16.8
	TR9	East Black Sea	2,545	1,265	1,280	99	105	87	18	12.75	72	48.5	31.2	17.3
	TRA	Northeastern Anatolia	2,226	1,142	1,085	104	63	98	-34	-1.9	31	60.9	50.1	10.8
	TRB	Central Eastern Anatolia	3,756	1,925	1,832	104	112	139	-27	12.45	48	60.5	51.8	8.8
	TRC	Southeastern Anatolia	7,958	4,017	3,941	102	128	188	-60	18.04	106	70.6	63.3	7.4
	TR	Turkey	75,627	37,956	37,671	101	1,943	1,943	0	12.01	98	48.0	36.9	11.1
2013	TR1	Istanbul	14,160	7,116	7,045	101	438	372	66	21.83	2,725	40.5	32.3	8.2
	TR2	West Marmara	3,279	1,662	1,617	103	119	100	19	9.51	76	41.3	25.5	15.8
	TR3	Aegean	9,897	4,949	4,948	100	205	189	16	11.97	111	42.7	28.7	14.0
	TR4	East Marmara	7,198	3,615	3,583	101	220	173	47	19.63	148	42.9	31.3	11.6
	TR5	West Anatolia	7,362	3,657	3,705	99	228	200	28	14.92	102	43.6	32.8	10.7
	TR6	Mediterranean	9,766	4,905	4,861	101	212	220	-7	16.01	110	48.9	38.3	10.6
	TR7	Central Anatolia	3,873	1,936	1,937	100	114	133	-19	5.29	43	50.2	36.8	13.4
	TR8	West Black Sea	4,499	2,292	2,268	98	162	188	-26	3.45	61	47.5	30.3	17.2
	TR9	East Black Sea	2,554	1,270	1,283	99	105	114	-9	3.28	73	47.6	30.0	17.6
	TRA	Northeastern Anatolia	2,208	1,127	1,081	105	69	112	-43	-8.37	31	60.3	49.2	11.1
	TRB	Central Eastern Anatolia	3,775	1,923	1,852	105	107	134	-27	4.85	49	59.8	50.9	9.0
	TRC	Southeastern Anatolia	8,096	4,082	4,015	102	142	189	-46	17.18	108	69.7	62.2	7.5
	TR	Turkey	76,668	38,473	38,195	101	2,122	2,122	0	13.66	100	47.7	36.3	11.4

Source: TURKSTAT.

The region where the annual population growth rate varied most compared to the preceding year was the East Black Sea region. The annual population growth rate of East Black Sea region which was 12.8% in 2012 declined to 3.3% in 2013 with a drop by 9.5%.

The total age dependency rate, which is the number of people in the groups “0-14” and “65 and higher age” per one hundred people in the age group of “15-64” years decreased by 0.3 point and became 47.7% in 2013. According to NUTS Level-1, the total age dependency rate took its highest value in the Southeastern Anatolia region with 69.7% and its lowest value in Istanbul region with 40.5%. The young-age dependency rate, which is the number of people per 100 people in the age group “15-64” years took its highest value in the Southeastern Anatolia region with 62.2% and its lowest value in the West Marmara region with 25.5%.

In terms of the elderly dependency ratio, the first three places were occupied by the East Black Sea region with 17.6%, West Black Sea region with 17.2% and West Marmara region with 15.8%. Southeastern Anatolia region took the last place in the elderly dependency rate with 7.5%.

In 2013, according to NUTS Level-3, among the cities which attracted the most migrations, Istanbul took the first place with 66.3 thousand net migrations, Ankara took the second place with 32.9 thousand net migrations, and Antalya took the third place with 24.5 thousand net migrations. In 2013, among the cities which had the most emigrants, Tokat ranked the first with 20.1 thousand net migrations, and this is followed by Erzurum with 16.6 thousand net migrations, Ordu with 15.5 thousand net migrations, and Şanlıurfa with 14 thousand net migrations. The provinces having the highest and lowest net migration rates were Gümüşhane and Tokat, with 39.8% and -33%, respectively (Table 118).

Table 118. Migration Data as per Nomenclature of Territorial Units for Statistics Level-3

(Year 2013)

Province Code	NUTS Level-3	Total Population	Immigrants	Emigrants	Net Migration	Net Migration Rate (%)	Rank No according to Number of Immigrants	Rank No According to Number of Emigrants
TR621	Adana	2,149,260	50,598	62,933	-12,335	-5.7	9	5
TRC12	Adiyaman	597,184	15,715	24,077	-8,362	-13.9	49	36
TR332	Afyonkarahisar	707,123	22,200	26,799	-4,599	-6.5	36	33
TRA21	Ağrı	551,177	14,725	28,477	-13,752	-24.6	52	30
TR712	Aksaray	382,806	11,491	13,726	-2,235	-5.8	62	57
TR834	Amasya	321,977	12,379	14,658	-2,279	-7.1	59	55
TR510	Ankara	5,045,083	186,642	153,791	32,851	6.5	2	2
TR611	Antalya	2,158,265	88,605	64,075	24,530	11.4	4	4
TRA24	Ardahan	102,782	5,254	7,633	-2,379	-22.9	80	78
TR905	Artvin	169,334	10,053	8,644	1,409	8.4	73	76
TR321	Aydın	1,020,957	34,688	32,338	2,350	2.3	18	23
TR221	Balıkesir	1,162,761	38,710	39,688	-978	-0.8	12	17
TR813	Bartın	189,139	7,886	8,133	-247	-1.3	77	77
TRC32	Batman	547,581	18,816	20,209	-1,393	-2.5	39	41
TRA13	Bayburt	75,620	4,787	4,677	110	1.5	81	81
TR413	Bilecik	208,888	10,231	9,202	1,029	4.9	72	75
TRB13	Bingöl	265,514	10,968	10,940	28	0.1	68	67
TRB23	Bitlis	337,156	11,314	16,174	-4,860	-14.3	63	51
TR424	Bolu	283,496	13,138	12,401	737	2.6	56	61
TR613	Burdur	257,267	11,156	10,001	1,155	4.5	65	70
TR411	Bursa	2,740,970	75,518	61,744	13,774	5.0	5	6
TR222	Çanakkale	502,328	24,766	18,238	6,528	13.1	30	45
TR822	Çankırı	190,909	22,290	16,991	5,299	28.1	35	50
TR833	Çorum	532,080	17,073	21,460	-4,387	-8.2	43	38
TR322	Denizli	963,464	27,088	24,039	3,049	3.2	25	37
TRC22	Diyarbakır	1,607,437	35,466	47,949	-12,483	-7.7	16	10
TR423	Düzce	351,509	12,367	11,306	1,061	3.0	60	65
TR212	Edirne	398,582	16,255	17,000	-745	-1.9	48	49
TRB12	Elazığ	568,239	21,433	21,303	130	0.2	37	39
TRA12	Erzincan	219,996	12,662	12,884	-222	-1.0	58	60
TRA11	Erzurum	766,729	23,398	39,997	-16,599	-21.4	33	16
TR412	Eskişehir	799,724	33,893	28,329	5,564	7.0	19	31
TRC11	Gaziantep	1,844,438	41,978	42,291	-313	-0.2	11	15
TR903	Giresun	425,007	23,453	20,170	3,283	7.8	32	43
TR906	Gümüşhane	141,412	16,677	11,162	5,515	39.8	47	66
TRB24	Hakkari	273,041	8,007	10,293	-2,286	-8.3	76	69
TR631	Hatay	1,503,066	29,067	39,315	-10,248	-6.8	24	18
TRA23	İğdir	190,424	6,882	9,779	-2,897	-15.1	78	73
TR612	Isparta	417,774	18,730	19,807	-1,077	-2.6	40	44
TR100	İstanbul	14,160,467	437,922	371,601	66,321	4.7	1	1
TR310	İzmir	4,061,074	113,673	99,681	13,992	3.5	3	3

Source: TURKSTAT.

Table 118. Migration Data as per Nomenclature of Territorial Units for Statistics Level-3 (Continued)

Province Code	NUTS Level-3	Total Population	Immigrants	Emigrants	Net Migration	Net Migration Rate (%)	Rank No according to Number of Immigrants	Rank No According to Number of Emigrants
TR632	Kahramanmaraş	1,075,706	24,560	29,322	-4,762	-4.4	31	29
TR812	Karabük	230,251	13,652	11,676	1,976	8.6	55	63
TR522	Karaman	237,939	8,747	9,445	-698	-2.9	74	74
TRA22	Kars	300,874	11,046	18,072	-7,026	-23.1	67	46
TR821	Kastamonu	368,093	19,911	15,658	4,253	11.6	38	53
TR721	Kayseri	1,295,355	36,580	33,789	2,791	2.2	14	21
TR711	Kırkkale	274,658	15,089	17,818	-2,729	-9.9	50	47
TR213	Kırklareli	340,559	14,120	13,297	823	2.4	54	59
TR715	Kırşehir	223,498	11,259	11,346	-87	-0.4	64	64
TRC13	Kilis	128,586	6,566	6,161	405	3.2	79	79
TR421	Kocaeli	1,676,202	71,159	54,742	16,417	9.8	6	9
TR521	Konya	2,079,225	51,080	55,006	-3,926	-1.9	8	8
TR333	Kütahya	572,059	17,875	20,915	-3,040	-5.3	41	40
TRB11	Malatya	762,538	25,876	33,194	-7,318	-9.6	28	22
TR331	Manisa	1,359,463	36,257	36,989	-732	-0.5	15	20
TRC31	Mardin	779,738	22,596	29,525	-6,929	-8.8	34	28
TR622	Mersin	1,705,774	51,468	55,482	-4,014	-2.4	7	7
TR323	Muğla	866,665	35,246	30,687	4,559	5.3	17	25
TRB22	Muş	412,553	11,070	20,193	-9,123	-21.9	66	42
TR714	Nevşehir	285,460	10,322	12,147	-1,825	-6.4	71	62
TR713	Niğde	343,658	14,731	15,493	-762	-2.2	51	54
TR902	Ordu	731,452	30,792	46,332	-15,540	-21.0	22	13
TR633	Osmaniye	498,981	17,338	17,605	-267	-0.5	42	48
TR904	Rize	328,205	16,842	15,859	983	3.0	45	52
TR422	Sakarya	917,373	30,770	27,170	3,600	3.9	23	32
TR831	Samsun	1,261,810	38,644	42,504	-3,860	-3.1	13	14
TRC34	Siirt	314,153	10,866	13,339	-2,473	-7.8	69	58
TR823	Sinop	204,568	12,085	9,869	2,216	10.9	61	71
TR722	Sivas	623,824	26,354	30,244	-3,890	-6.2	27	26
TRC21	Şanlıurfa	1,801,980	33,383	47,429	-14,046	-7.8	20	11
TRC33	Şırnak	475,255	13,031	13,753	-722	-1.5	57	56
TR211	Tekirdağ	874,475	45,313	31,681	13,632	15.7	10	24
TR832	Tokat	598,708	26,987	47,071	-20,084	-33.0	26	12
TR901	Trabzon	758,237	25,115	29,988	-4,873	-6.4	29	27
TRB11	Tunceli	85,428	8,458	5,612	2,846	33.9	75	80
TR334	Uşak	346,508	10,655	10,493	162	0.5	70	68
TRB21	Van	1,070,113	32,118	38,507	-6,389	-6.0	21	19
TR425	Yalova	220,122	14,670	9,808	4,862	22.3	53	72
TR723	Yozgat	444,211	16,688	26,572	-9,884	-22.0	46	34
TR811	Zonguldak	601,567	17,006	25,571	-8,565	-14.1	44	35
TR	Türkiye	76,667,864	2,534,279	2,534,279	0	0.00	-	-

Source: TURKSTAT.

When examined the annual population growth rates in 2013 according to NUTS Level-3, Gümüşhane, Yalova and Çankırı are observed to be the first three provinces having the greatest population growth rates with 44.8%, 38.5% and 34.7%, respectively. The first three provinces with the least population growth rates were Ardahan with 36.9%, Tokat with 25.2% and Hakkari with 25.1% (Table 119).

According to NUTS Level-3, in 2013, the first three provinces which had the most population density were İstanbul with 2,275 people, Kocaeli with 464 people and İzmir with 338 people per km², and the first three provinces which had the least most population density were Tunceli with 11 people, Erzincan with 19 people and Bayburt with 20 people per km².

Table 119. Annual Population Growth Rate and Population Density in 2013 as per Nomenclature of Territorial Units for Statistics Level -3

Province Code	NUTS Level-3	Annual Population Growth Rate (%) ⁽¹⁾	Rank No. according to Population Growth Rate	Population Density	Rank No according to Population Density	Province Code	NUTS Level-3	Annual Population Growth Rate (%) ⁽¹⁾	Rank No. according to Population Growth Rate	Population Density	Rank No according to Population Density
TR621	Adana	11.1	40	154	13	TR632	Kahramanmaraş	11.7	37	75	33
TR612	Adıyaman	3.2	56	85	28	TR812	Karabük	22.4	11	56	46
TR332	Afyonkarahisar	4.5	53	49	56	TR522	Karaman	10.6	42	27	73
TR421	Ağrı	-2.2	69	48	58	TRA22	Kars	-13.0	75	30	71
TR712	Aksaray	7.6	52	51	54	TR821	Kastamonu	22.8	10	28	72
TR834	Amasya	-0.9	66	57	45	TR721	Kayseri	15.9	23	76	32
TR510	Ankara	15.9	22	206	8	TR711	Kırıkkale	-0.3	64	61	41
TR611	Antalya	30.9	5	104	22	TR213	Kırklareli	-1.9	68	54	48
TR424	Ardahan	-36.9	81	21	78	TR715	Kırşehir	10.3	44	35	66
TR905	Artvin	13.4	30	23	75	TRC13	Kilis	33.7	4	90	26
TR321	Aydın	14.2	25	130	17	TR421	Kocaeli	25.1	7	464	2
TR221	Balıkesir	1.7	58	81	31	TR521	Konya	13.0	31	53	49
TR813	Bartın	3.7	55	91	25	TR333	Kütahya	-2.4	60	48	60
TRC32	Batman	20.7	14	118	19	TRB11	Malatya	0.2	62	65	39
TR413	Bayburt	-2.3	70	20	79	TR331	Manisa	9.8	46	104	23
TR413	Bilecik	23.1	9	49	57	TRC31	Mardin	8.6	49	89	27
TRB13	Bingöl	11.4	39	32	68	TR622	Mersin	13.5	28	110	20
TRB23	Bitlis	-0.3	65	48	59	TR323	Muğla	18.1	16	67	34
TR424	Bolu	8.6	50	34	67	TRB22	Muş	-1.7	67	51	52
TR613	Burdur	11.4	38	38	64	TR714	Nevşehir	0.9	59	53	51
TR411	Bursa	19.5	15	263	5	TR713	Niğde	9.9	45	47	61
TR222	Çanakkale	17.3	18	51	53	TR902	Ordu	-13.5	76	123	18
TR822	Çankırı	34.7	3	25	74	TR633	Osmaniye	13.8	26	160	12
TR833	Çorum	4.0	54	42	62	TR904	Rize	12.4	35	84	29
TR322	Denizli	13.5	29	82	30	TR422	Sakarya	16.6	20	190	9
TRC22	Diyarbakır	10.9	41	107	21	TR831	Samsun	8.0	51	139	14
TR423	Düzce	14.4	24	137	16	TRC34	Siirt	10.5	43	57	44
TR212	Edirne	-2.8	72	66	37	TR823	Sinop	16.3	21	35	65
TRB12	Elazığ	9.8	47	67	35	TR722	Sivas	0.5	60	22	77
TR412	Erzincan	9.6	48	19	80	TRC21	Şanlıurfa	22.4	12	96	24
TR411	Erzurum	-14.8	77	30	70	TRC33	Şırnak	17.6	17	66	36
TR412	Eskişehir	12.6	34	58	43	TR211	Tekirdağ	25.7	6	139	15
TRC11	Gaziantep	24.6	8	270	4	TR832	Tokat	-25.2	80	60	42
TR903	Giresun	12.9	33	62	40	TR901	Trabzon	0.4	61	163	11
TR906	Gümüşhane	44.8	1	22	76	TRB11	Tunceli	-9.9	74	11	81
TRB24	Hakkari	-25.1	79	38	63	TR334	Uşak	12.3	36	65	38
TR631	Hatay	13.0	32	258	7	TRB21	Van	17.1	19	55	47
TR423	Iğdır	0.1	63	53	50	TR425	Yalova	38.5	2	260	6
TR612	İsparta	2.7	57	50	55	TR723	Yozgat	-20.1	78	32	69
TR100	İstanbul	21.8	13	2,725	1	TR811	Zonguldak	-8.2	73	182	10
TR310	İzmir	13.8	27	338	3	TR	Türkiye	13.7		100	

Source: TURKSTAT.

(1): The administrative separation structure in the last year was taken into account in calculation of the annual population growth rates.

2.1.1 Fertility Rates

The crude birth rate which was 17,1‰ in 2012 declined to 16.9‰ in 2013 with a decrease by 0.2 point, and the general fertility rate declined to 71.6‰ with a decrease by 1.1 point. While the average number of children which a women can give birth to in her fertility period (total fertility rate) was 2.09 in 2012, it was 2.07 in 2013. The average age of mothers who give birth in our country was 27.5 in 2012, and this number increased 2 months in 2013, reaching 27.7 (Table 120).

Table 120. Basic Fertility Indicators as per Nomenclature of Territorial Units for Statistics Level-1

Region Code	NUTS Level-1	2011				2012				2013			
		Crude Birth Rate (‰)	General Fertility Rate (‰)	Total Fertility Rate	Average Age for Mothers Giving Birth	Crude Birth Rate (‰)	General Fertility Rate (‰)	Total Fertility Rate	Average Age for Mothers Giving Birth	Crude Birth Rate (‰)	General Fertility Rate (‰)	Total Fertility Rate	Average Age for Mothers Giving Birth
TR1	Istanbul	15.8	61.7	1.70	27.9	16.4	64.1	1.78	28.2	16.2	63.4	1.78	28.4
TR2	West Marmara	11.6	53.0	1.56	27.0	11.9	54.7	1.62	27.3	11.8	54.4	1.61	27.4
TR3	Aegean	13.1	57.0	1.65	27.1	13.6	59.3	1.73	27.3	13.4	58.2	1.71	27.5
TR4	East Marmara	14.4	60.1	1.70	27.5	15.0	62.6	1.79	27.7	14.8	61.8	1.78	27.9
TR5	West Anatolia	15.2	62.4	1.78	27.3	15.4	63.3	1.82	27.5	15.3	63.0	1.83	27.7
TR6	Mediterranean	17.2	73.5	2.11	27.2	17.7	75.6	2.19	27.4	17.5	74.8	2.20	27.6
TR7	Central Anatolia	16.2	71.3	2.04	26.4	16.1	70.8	2.05	26.7	15.7	68.9	2.02	26.9
TR8	West Black Sea	13.0	59.2	1.73	26.8	13.0	59.3	1.75	27.0	12.7	58.2	1.74	27.3
TR9	East Black Sea	13.0	59.3	1.75	27.6	12.9	59.1	1.76	27.9	12.7	58.0	1.74	28.2
TRA	Northeastern Anatolia	22.7	102.6	2.89	26.5	22.6	101.5	2.88	26.7	21.8	97.0	2.78	26.9
TRB	Central Eastern Anatolia	22.7	99.3	2.83	27.1	22.3	97.5	2.80	27.2	22.2	96.1	2.79	27.4
TRC	Southeastern Anatolia	27.4	119.6	3.45	27.4	27.8	120.8	3.49	27.5	27.2	117.4	3.42	27.6
TR	Turkey	16.8	71.2	2.03	27.3	17.1	72.7	2.09	27.5	16.9	71.6	2.07	27.7

Source: TURKSTAT.

In 2013, according to NUTS Level-1, the region where the crude birth rate was highest was the Southeastern Anatolia region with 27.2‰, and the region which had the lowest rate was West Marmara Region with 11.8‰.

In 2013, the region where the general fertility rate was highest was the Southeastern Anatolia region with 117.4‰, and the region which had the lowest rate was West Marmara region with 54.4‰. In 2013, the general fertility rates in Mediterranean, Northeastern Anatolia, Central Eastern Anatolia and Southeastern Anatolia regions were higher than the average in Turkey.

In 2013, the region where the total fertility rate was highest was the Southeastern Anatolia region with 3.42 children, and the region which had the lowest rate was West Marmara region with 1,61 children.

In 2013, the region where average age of the mothers giving birth was Istanbul region with 28.4 years, and the regions where this rate was lowest were Central Eastern Anatolia and Northeastern Anatolia regions with 26.9 years.

2.1.2 Median Age

The median age which was 29.1 years for the male population in 2011 increased 3 months in 2012 and rose to 29.5 years in 2012, and increased by 3 months in 2013 and reached 29.8 years (Table 121).

Table 121. Median Age by Gender

Years	Male	Variation (%)	Female	Variation (%)	Total	Variation (%)
2011	29.1	1.4	30.3	1.7	29.7	1.7
2012	29.5	1.4	30.6	1.0	30.1	1.3
2013	29.8	1.0	31.0	1.3	30.4	1.0

Source: TURKSTAT.

For the female population, the median age which was 30.3 years in 2011 increased 3 months in 2011 and rose to 30.6 years in 2012, and increased 4 months in 2013 and reached 31 years.

For the total population, the median age value which was 29.7 years in 2011 increased 3 months in 2012 and rose to 30.1 years, and increased 4 months in 2013 and reached 30.4 years.

According to median age value between the years 2011 and 2013, total, male and female age in our county got older by 7 months.

2.2 Education

2.2.1 Schooling Rates

According to the formal education statistics of the Ministry of National Education, the net schooling rates in the primary education increased by 0.2 point in the school year 2013/2014 compared to the school year 2012/2013 and rose from 98.9% to 99.6% in total, including the rise from 98.8% to 99.5% for male students and the rise from 98.9% to 99.6% for female students (Table 122).

Table 122. Schooling Rates by Levels of Education

School Year	Schooling Rate	Primary School			Secondary School			Secondary Education			Higher Education		
		Total	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female
2012/'13 ⁽¹⁾	Gross	107.5	107.2	107.8	107.6	106.1	109.2	96.8	99.6	93.8	74.9	79.5	70.0
	Net	98.9	98.8	98.9	93.1	93.2	93.0	70.1	70.8	69.3	38.5	38.4	38.6
2013/'14 ⁽¹⁾	Gross	111.9	111.5	112.4	108.8	106.9	110.8	103.3	106.1	100.3	-	-	-
	Net	99.6	99.5	99.6	94.5	94.6	94.5	76.7	77.2	76.1	-	-	-

Source: MoNE

Note: 1. Pursuant to the Law dated 30.03.2012 and No. 6287, 12-year gradual compulsory education was proceeded to beginning from the school year 2012/'13.

2. Schooling rates were calculated according to the Address Based Population Registration System Census results.

(1): For the age group 10-13, "Adjusted Net Schooling Rate in Secondary School" is 99.99%, and is calculated as 100% for males and 99.87% for females. This rate is the ratio of the sum of 4,759,128 students who are at the compulsory education age and in the age group 10-13 and attending secondary school, 54,749 students in the age group 10-13, who have started school early or promoted to higher grade, and 220,877 primary school students in the age group 10-13, whose registrations have been postponed as per the regulation or who repeated their grades, to the population of the age group 10-13.

Net schooling rate in secondary school increased by 1.4 point in the school year 2013/2014 compared to the school year 2012/2013 and rose from 93.1% to 94.5%, including the increase by 1.4 point from 93.2% to 94.6% for males and increase by 1.5% from 93% to 94.5% for females.

Net schooling rate in secondary education increased by 6.6 point in the school year 2013/2014 compared to the school year 2012/2013 and rose from 70.1% to 76.7%, including the increase by 6.4 points from 70.8% to 97.2% for males and increase by 6.8% from 69.3% to 76.1% for females.

For higher education, the net schooling rate in the school year 2012'2013 was 38.5% in total, 38.4 for male students, and 38.6% for female students.

2.2.2 Schooling Rates by Provinces

In the school year 2013/'14, according to NUTS Level-3, the provinces which had the highest total net schooling rates were Adiyaman, Ağrı, Amasya, Ardahan, Bartın, Bayburt, Diyarbakır, Erzurum, Iğdır, Kars, Mardin, Samsun, Zonguldak for primary school with 100%, Amasya for secondary school with 98.3%, Rize for secondary education (high school) with 100%, Tunceli for general secondary education with 59.7%, and Rize for vocational and technical secondary education with 56.8% (Table 123).

In the school year 2013/'14, the provinces that had the lowest total net schooling rates were Çankırı for primary school with 89.2%, Gümüşhane for secondary school with 80.8%, Muş for secondary education (high school) and general secondary education with 15.4%, and Ağrı for vocational and technical secondary education with 20.9%.

Table 123. Schooling Rates as per Nomenclature of Territorial Units for Statistics Level-3 and Levels of Education

Province Code	NUTS Level-3	Schooling Rate (%)	Primary School			Secondary School			Secondary School (High School)			General Secondary Education (a)			Vocational and Technical Secondary Education (b)		
			Total	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female
TR621	Adana	Gross	112.7	112.7	112.8	108.0	106.4	109.7	99.3	102.1	96.3	58.2	55.3	61.3	41.1	46.9	35.0
		Net	99.7	99.6	99.8	94.1	93.9	94.2	75.5	76.3	74.7	43.4	39.8	47.1	32.2	36.6	27.5
TRC12	Adiyaman	Gross	112.2	112.2	112.1	108.5	107.6	109.5	104.2	109.3	98.8	59.1	63.0	55.0	45.1	46.3	43.8
		Net	100.0	99.9	100.0	94.9	94.9	94.8	72.9	73.3	72.4	36.1	35.1	37.0	36.8	38.2	35.4
TR332	Ahyonkarahisar	Gross	111.9	111.4	112.5	102.9	102.6	103.4	91.7	94.8	88.5	42.4	41.8	43.1	49.3	53.0	45.4
		Net	99.3	99.2	99.5	94.3	94.4	94.1	74.3	74.7	73.9	30.5	27.7	33.5	43.7	47.0	40.4
TRA21	Ağrı	Gross	127.5	123.7	131.5	117.6	115.1	120.1	60.3	66.7	53.6	33.4	37.5	28.9	27.0	29.1	24.7
		Net	100.0	100.0	100.0	86.1	86.6	85.7	42.7	46.6	38.5	21.8	23.5	20.0	20.9	23.2	18.5
TR712	Aksaray	Gross	115.1	115.1	115.1	103.2	102.9	103.6	87.5	87.8	87.2	49.3	46.2	52.6	38.2	41.6	34.7
		Net	99.6	99.6	99.7	93.0	92.9	93.1	68.8	67.9	69.7	35.7	31.3	40.2	36.6	36.6	29.5
TR834	Amasya	Gross	108.1	108.0	108.2	107.6	106.3	109.0	113.1	115.6	110.4	54.4	51.3	57.6	58.7	64.3	52.8
		Net	100.0	100.0	100.0	98.3	98.6	98.0	90.7	91.5	89.8	40.5	36.3	44.8	50.2	55.2	45.0
TR510	Ankara	Gross	108.7	108.5	108.9	107.4	105.3	109.7	116.3	118.3	114.2	64.9	63.8	66.0	51.4	54.5	48.2
		Net	99.8	99.7	99.9	97.3	97.2	97.4	88.8	88.0	89.7	45.0	41.9	48.2	43.8	46.1	41.5
TR611	Antalya	Gross	109.1	108.9	109.3	108.6	107.0	110.3	110.2	109.9	110.6	65.7	65.0	66.4	44.5	44.9	44.2
		Net	99.1	98.9	99.2	95.1	95.0	95.2	80.8	79.1	82.6	43.2	40.3	46.3	37.6	38.8	36.3
TRA24	Ardahan	Gross	111.1	111.0	111.1	105.1	104.9	105.3	95.6	97.2	93.9	44.8	43.0	46.8	50.8	54.2	47.1
		Net	100.0	100.0	99.9	94.4	94.9	94.0	75.9	75.4	76.4	31.8	28.7	35.1	44.1	46.7	41.3
TR905	Artvin	Gross	108.0	107.8	108.3	106.3	104.1	108.6	121.1	119.7	122.6	68.3	61.6	75.4	52.9	58.2	47.2
		Net	99.1	99.0	99.2	97.2	97.3	97.1	92.7	92.5	92.9	47.7	43.7	51.9	45.0	48.8	41.0
TR321	Aydın	Gross	110.3	110.4	110.2	106.1	104.7	107.6	100.4	100.6	100.1	57.0	52.6	61.6	43.4	48.0	38.6
		Net	99.8	99.7	99.9	96.4	96.0	96.8	80.0	78.8	81.3	41.8	36.6	47.3	38.2	42.2	34.1
TR221	Balkesir	Gross	108.6	108.5	108.7	106.0	104.0	108.2	104.2	104.0	104.3	53.8	49.7	58.3	50.3	54.3	46.1
		Net	99.5	99.4	99.6	96.4	96.3	96.6	83.7	83.2	84.3	39.5	35.2	44.2	44.2	48.0	40.1
TR813	Bartın	Gross	108.9	108.6	109.3	105.7	103.6	107.9	108.8	108.1	109.5	45.6	41.8	49.4	63.2	66.4	60.0
		Net	100.0	100.0	100.0	98.1	98.1	98.0	86.5	86.9	86.0	31.8	28.8	34.8	54.7	58.1	51.2
TRC32	Batman	Gross	117.5	116.8	118.1	110.3	108.6	112.1	95.0	104.3	85.3	63.7	72.2	54.7	31.4	32.1	30.6
		Net	99.9	99.7	100.0	91.0	91.0	91.0	62.9	66.5	59.0	61.9	64.4	59.3	51.1	54.5	47.6
TRA13	Bayburt	Gross	110.4	110.1	110.8	106.2	102.8	110.1	113.0	119.0	106.9	61.9	64.4	59.3	51.1	54.5	47.6
		Net	100.0	100.0	100.0	95.4	95.0	95.7	85.8	89.5	82.1	44.1	45.0	43.2	41.7	44.5	38.9
TR413	Bilecik	Gross	106.6	107.0	106.2	107.1	104.9	109.4	113.9	115.3	112.5	53.3	50.2	56.6	60.6	65.0	55.8
		Net	98.6	98.9	98.2	96.1	95.9	96.4	93.0	92.1	93.9	38.6	34.4	43.0	54.4	57.7	50.9
TRB13	Bingöl	Gross	112.4	112.0	112.8	113.8	109.3	118.5	100.6	108.2	92.7	56.6	63.2	49.8	43.9	44.9	42.9
		Net	98.9	99.3	99.3	91.9	92.1	91.7	64.6	69.0	59.9	31.4	34.0	28.7	33.2	35.0	31.3
TRB23	Bitlis	Gross	117.6	116.0	119.4	115.9	112.5	119.4	77.7	89.8	64.7	44.5	54.0	34.4	26.6	28.9	24.2
		Net	99.8	99.9	99.6	90.2	90.7	89.6	53.1	59.3	46.6	26.5	30.4	22.4	26.6	28.9	24.2
TR424	Bolu	Gross	106.2	106.3	106.1	107.3	103.9	110.8	118.6	124.0	113.0	55.8	48.8	62.9	62.8	75.2	50.1
		Net	98.8	98.7	99.0	95.3	95.3	95.3	87.8	89.6	85.9	46.7	41.3	52.4	41.1	48.3	33.6
TR613	Burdur	Gross	108.8	108.6	109.0	102.4	101.3	103.6	105.4	105.3	105.5	56.1	50.0	62.4	49.4	55.4	43.1
		Net	98.0	97.9	98.1	92.3	91.7	92.9	86.5	85.2	87.8	43.8	37.3	50.6	42.7	47.9	37.2
TR411	Bursa	Gross	109.0	108.7	109.3	108.3	106.3	110.6	108.2	109.8	106.4	46.0	43.1	49.2	62.1	66.7	57.2
		Net	99.5	99.4	99.6	96.1	96.2	96.2	82.5	82.3	82.8	31.0	27.9	34.3	51.5	54.4	48.4
TR222	Çanakkale	Gross	107.7	107.4	108.1	107.0	105.0	109.1	108.3	111.5	104.9	61.9	57.4	66.6	46.4	54.1	38.3
		Net	98.8	98.7	99.0	95.3	95.3	95.3	87.8	89.6	85.9	46.7	41.3	52.4	41.1	48.3	33.6
TR822	Çankırı	Gross	97.4	97.0	97.8	94.8	94.0	95.5	98.5	105.5	91.5	45.4	43.0	47.8	53.1	62.5	43.6
		Net	89.2	88.8	89.6	84.7	84.1	85.3	75.7	78.2	73.2	31.4	27.0	35.9	44.3	51.1	37.3
TR833	Çorum	Gross	108.4	108.8	108.0	108.3	105.7	110.9	103.1	103.8	102.3	55.2	52.0	58.5	47.9	51.8	43.8
		Net	99.0	99.2	98.9	95.0	94.6	95.3	78.4	78.3	78.5	38.3	35.0	41.8	40.1	43.3	36.7
TR322	Denizli	Gross	108.8	108.7	108.8	106.3	105.3	107.4	101.0	100.1	102.0	53.6	49.7	57.6	47.5	50.4	44.4
		Net	99.4	99.3	99.5	95.6	95.5	95.7	80.7	79.0	82.8	39.0	34.6	43.7	41.7	44.4	38.9
TRC22	Diyarbakır	Gross	114.1	116.4	118.4	114.1	111.1	117.2	90.1	97.1	82.6	55.2	60.3	49.9	34.9	36.8	32.9
		Net	100.0	100.0	100.0	92.5	92.6	92.5	60.5	63.8	57.1	39.2	34.5	31.8	27.3	29.3	25.2
TR423	Düzce	Gross	107.9	107.7	108.2	104.6	102.4	106.9	109.8	109.0	110.7	109.8	49.0	45.1	60.8	63.9	57.6
		Net	99.1	98.9	99.3	96.0	95.9	96.1	81.9	82.6	81.1	32.3	29.5	35.2	49.6	53.1	45.9

Table 123. Schooling Rates as per Nomenclature of Territorial Units for Statistics Level-3 and Levels of Education (Continued)

Province Code	NUTS Level-3	Schooling Rate ⁽¹⁾	Primary School			Secondary School			Secondary School (High School)			General Secondary Education ⁽²⁾			Vocational and Technical Secondary Education ⁽³⁾		
			Total	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female
TR212	Edirne	Gross	110.3	110.1	110.6	109.3	108.2	110.6	109.5	115.6	103.0	57.1	53.1	61.3	52.5	62.5	41.8
		Net	99.7	99.5	99.9	95.4	95.6	95.1	90.5	93.7	87.1	43.8	38.3	49.7	46.7	55.3	37.4
TRB12	Elazığ	Gross	111.7	111.1	112.3	105.8	103.8	107.9	113.3	116.5	109.9	68.1	68.8	67.4	45.1	47.7	42.5
		Net	99.0	98.8	99.1	94.7	95.2	94.2	82.8	84.9	80.6	46.1	45.5	46.6	36.7	39.4	34.0
TRA12	Erzincan	Gross	109.8	110.0	109.5	106.8	103.4	110.3	114.9	120.3	109.2	62.1	62.9	61.3	52.8	57.4	48.0
		Net	99.4	99.3	99.5	95.8	95.4	96.3	86.1	89.3	82.8	42.8	41.3	44.3	43.3	48.0	38.4
TRA11	Erzurum	Gross	114.8	113.6	116.1	108.5	105.4	111.8	90.7	95.8	85.4	52.6	55.6	49.3	38.2	40.2	36.1
		Net	100.0	100.0	100.0	93.0	93.2	92.8	64.2	66.4	61.9	60.2	53.7	67.1	53.5	62.5	44.0
TR412	Eskişehir	Gross	107.4	107.2	107.5	107.4	105.5	109.3	113.7	116.1	111.1	60.2	53.7	67.1	53.5	62.5	44.0
		Net	99.3	99.1	99.5	96.9	96.8	96.9	90.5	91.1	89.7	45.3	38.6	52.4	45.1	52.6	37.3
TRC11	Gaziantep	Gross	113.2	112.9	113.5	109.1	107.5	110.7	87.0	90.1	83.8	51.6	55.2	47.7	35.5	34.9	36.0
		Net	99.6	99.6	99.7	94.3	94.3	94.4	66.0	66.6	65.4	35.4	36.2	34.6	30.6	30.3	30.8
TR903	Giresun	Gross	108.8	108.5	109.1	103.1	102.1	104.2	114.2	116.0	112.3	54.8	50.6	59.2	59.4	65.5	53.1
		Net	99.3	99.0	99.6	95.9	95.8	95.9	90.9	93.0	88.8	40.1	36.3	44.1	50.9	56.7	44.7
TR906	Gümüşhane	Gross	121.1	121.8	120.3	87.1	86.5	87.7	97.6	97.0	98.2	49.9	51.3	48.4	47.8	45.8	49.8
		Net	92.4	93.3	91.6	80.8	81.1	80.5	73.2	72.2	74.4	32.8	31.9	33.7	40.5	40.3	40.7
TRB24	Hakkari	Gross	116.5	116.8	116.2	100.3	95.5	105.3	95.7	104.9	86.2	59.0	66.9	50.9	36.7	38.0	35.3
		Net	99.3	99.4	99.2	82.8	81.9	83.7	62.4	56.1	56.1	35.5	37.3	33.6	23.8	25.1	22.5
TR631	Hatay	Gross	111.3	111.1	111.6	104.4	103.1	105.8	95.7	99.4	91.8	48.9	47.3	50.6	46.8	52.1	41.2
		Net	99.4	99.3	99.4	95.0	95.0	95.0	75.6	77.8	73.2	34.8	32.3	37.4	40.8	45.5	35.8
TRA23	İğdir	Gross	119.3	119.4	119.2	109.5	109.5	109.5	84.7	82.1	87.5	50.7	48.1	53.4	34.0	34.0	34.0
		Net	100.0	100.0	100.0	90.7	90.9	90.6	64.6	62.0	67.4	37.0	33.5	40.6	27.7	28.5	26.8
TR612	İsparta	Gross	111.7	111.8	111.5	105.0	103.7	106.3	115.5	116.4	114.6	56.8	53.6	60.1	58.7	62.8	54.5
		Net	99.6	99.6	99.6	94.6	94.2	95.0	93.7	92.3	42.9	38.3	47.5	50.8	54.0	47.6	
TR100	İstanbul	Gross	111.1	110.7	111.5	111.9	109.5	114.5	117.1	117.8	116.2	62.5	62.9	62.1	54.6	55.0	54.1
		Net	99.8	99.8	99.8	95.9	96.1	95.8	81.6	80.8	82.6	35.9	34.4	37.5	45.8	46.4	45.1
TR310	İzmir	Gross	108.6	108.4	108.9	111.8	109.7	114.0	112.0	113.7	110.1	58.4	56.1	60.9	53.6	57.7	49.2
		Net	99.4	99.3	99.4	93.3	93.2	93.5	68.5	69.5	67.5	31.2	29.6	32.8	37.3	39.8	34.7
TR812	Karabük	Gross	107.6	108.4	106.6	110.5	110.0	111.0	115.8	116.8	114.7	63.7	59.7	68.0	52.1	57.1	46.7
		Net	99.3	99.5	99.1	97.2	96.7	97.0	90.9	91.0	90.9	46.1	41.6	50.9	49.9	49.4	40.0
TR522	Karaman	Gross	108.6	108.3	108.9	104.2	103.1	105.5	108.2	105.7	110.8	66.6	64.3	68.9	41.6	41.4	41.8
		Net	99.5	99.4	99.6	95.7	95.4	95.9	84.2	81.8	86.6	48.6	45.5	51.8	35.6	36.2	34.9
TRA22	Kars	Gross	114.4	114.4	114.5	108.2	106.8	109.8	78.1	81.6	74.3	46.4	46.1	46.7	31.7	35.5	27.6
		Net	100.0	100.0	100.0	92.8	93.3	92.3	58.3	59.3	57.3	31.7	29.4	34.2	26.6	29.9	23.2
TR821	Kastamonu	Gross	109.2	109.0	109.3	109.0	105.8	112.4	108.6	107.6	109.6	54.7	47.4	62.5	53.8	60.1	47.1
		Net	99.7	99.5	100.0	97.1	97.2	97.0	83.9	84.9	82.9	36.5	31.2	42.1	47.4	53.7	40.8
TR721	Kayseri	Gross	109.3	109.3	109.2	107.9	106.0	109.8	106.4	108.6	104.1	58.0	56.3	59.8	48.4	52.3	44.3
		Net	99.8	99.8	99.8	96.3	96.2	96.4	81.7	81.1	82.3	40.9	37.4	44.5	40.8	43.8	37.8
TR711	Kırıkkale	Gross	107.6	106.4	108.8	103.4	101.9	104.9	109.8	114.1	105.4	50.6	47.3	54.0	59.2	66.8	51.4
		Net	97.6	97.1	98.1	94.5	94.8	94.3	87.0	87.3	86.7	37.9	34.6	41.2	49.1	52.7	45.5
TR213	Kırklareli	Gross	107.8	107.5	108.1	107.4	106.6	108.3	106.3	110.8	101.5	52.9	48.8	57.4	53.4	62.0	44.1
		Net	99.5	99.4	99.5	96.3	96.1	96.4	87.2	88.6	85.7	40.0	34.9	45.5	47.2	53.7	40.2
TR715	Kırşehir	Gross	110.0	110.5	109.5	102.0	101.9	102.1	105.7	109.8	101.5	57.3	55.4	59.3	48.4	54.3	47.4
		Net	97.6	97.6	97.6	93.7	93.9	93.5	87.0	88.2	85.8	52.7	51.3	54.0	43.1	48.1	37.9
TRC13	Kilis	Gross	110.4	110.0	110.9	105.9	104.1	107.7	101.7	105.8	97.6	52.7	51.3	54.0	49.0	54.5	43.6
		Net	99.0	99.0	99.1	93.2	93.2	93.2	77.3	78.2	76.4	34.8	30.8	39.0	42.5	47.4	37.4
TR421	Kocaeli	Gross	108.7	108.4	109.0	109.2	106.6	112.0	119.5	122.7	116.1	57.7	56.9	58.5	61.8	65.8	57.6
		Net	99.7	99.6	99.8	97.2	97.4	97.0	86.2	86.4	85.9	38.0	36.1	40.0	48.2	50.4	45.9
TR521	Konya	Gross	111.1	110.9	111.3	105.7	104.7	106.9	97.8	98.2	97.5	45.3	46.0	44.5	52.6	52.2	44.8
		Net	99.7	99.6	99.8	95.5	95.4	95.7	75.5	74.8	76.3	30.5	29.5	31.5	45.0	45.3	44.8
TR333	Kütahya	Gross	107.9	107.5	108.2	106.0	104.1	108.1	116.8	119.8	113.8	55.6	54.0	57.2	61.2	65.8	56.5
		Net	99.7	99.8	99.6	97.4	97.7	97.1	91.0	92.0	89.9	39.0	37.4	40.7	51.9	54.6	49.2

Table 123. Schooling Rates as per Nomenclature of Territorial Units for Statistics Level-3 and Levels of Education (Continued)

Province Code	NUTS Level-3	Schoolling Rate (1)	Primary School			Secondary School			Secondary School (High School)			General Secondary Education (2)			Vocational and Technical Secondary Education (3)		
			Total	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female
TRB11	Malatya	Gross	110.4	110.1	110.7	108.0	106.5	109.5	117.8	121.4	114.1	70.2	70.5	69.9	47.6	50.8	44.1
		Net	99.9	100.0	99.9	96.3	96.3	96.2	85.0	85.6	84.4	48.1	45.4	50.9	37.0	40.1	33.6
TR331	Manisa	Gross	109.1	109.0	109.3	106.9	105.1	108.7	99.7	99.8	99.5	49.4	44.2	54.6	50.3	55.3	45.0
		Net	99.6	99.6	99.7	97.1	96.8	97.4	80.7	80.4	80.9	37.3	37.3	42.2	43.3	47.7	38.7
TR331	Mardin	Gross	117.4	116.7	118.1	109.6	107.0	112.2	87.3	86.6	87.5	55.8	64.5	47.0	31.5	34.1	28.8
		Net	100.0	100.0	100.0	91.6	91.9	91.3	58.5	58.0	52.8	33.2	36.2	30.1	25.3	27.8	22.7
TR622	Mersin	Gross	111.3	111.0	111.6	107.6	106.2	109.0	99.9	100.6	99.0	54.3	51.3	57.4	45.6	49.3	41.6
		Net	99.5	99.3	99.6	94.8	94.7	94.8	77.4	77.3	77.5	40.1	36.9	43.5	37.3	40.5	34.0
TR323	Muğla	Gross	108.9	108.6	109.1	107.1	106.0	108.3	109.1	112.6	105.4	64.9	62.2	67.9	44.2	50.4	37.5
		Net	99.5	99.3	99.7	95.6	95.4	95.8	82.0	81.7	82.3	43.1	37.8	48.8	38.9	43.9	33.5
TRB22	Muş	Gross	125.6	122.5	129.0	115.8	112.8	118.8	62.9	73.2	52.1	27.8	27.2	23.0	35.2	41.0	29.0
		Net	99.9	100.0	99.8	86.5	86.5	86.5	42.4	48.1	36.5	15.4	16.4	14.3	27.1	31.7	22.2
TR714	Neşehir	Gross	111.1	110.7	111.5	103.4	103.0	103.8	93.3	93.0	93.7	49.3	47.4	51.3	44.0	45.6	42.4
		Net	99.4	99.3	99.6	95.5	95.6	95.3	76.5	74.7	78.4	37.0	33.8	40.2	39.5	40.8	38.2
TR713	Niğde	Gross	110.3	109.9	110.7	103.6	103.4	103.9	90.2	91.2	89.2	47.9	45.4	50.5	42.3	45.8	38.7
		Net	99.2	99.0	99.3	93.7	93.7	93.8	73.3	72.6	74.0	36.5	32.3	40.8	36.8	40.3	33.2
TR902	Ordu	Gross	107.9	107.6	108.2	101.8	100.2	103.4	93.5	92.3	94.8	41.1	36.1	46.4	52.4	56.2	48.3
		Net	98.0	97.8	98.1	94.9	94.7	95.2	77.1	76.5	77.8	31.7	27.2	36.5	45.4	49.3	41.3
TR633	Osmaniye	Gross	113.3	113.6	112.9	105.8	105.5	106.0	100.1	101.4	98.7	48.2	45.6	51.0	51.9	55.9	47.7
		Net	99.0	98.8	99.3	90.9	90.5	91.4	78.6	78.1	79.1	35.8	32.6	39.3	42.8	45.5	39.9
TR904	Rize	Gross	107.8	107.3	108.4	108.4	105.7	111.2	137.1	139.8	134.3	65.4	59.7	71.4	71.7	80.1	62.9
		Net	98.9	98.8	99.1	97.8	97.0	97.0	100.0	100.0	98.0	44.6	40.9	48.4	56.8	63.8	49.5
TR422	Sakarya	Gross	110.4	109.9	110.9	106.8	104.1	109.8	110.5	109.7	111.5	48.7	43.0	54.7	61.9	66.7	56.8
		Net	99.6	99.5	99.7	96.6	96.7	96.4	83.6	83.8	83.4	34.0	30.9	37.4	49.6	52.9	46.0
TR831	Samsun	Gross	110.3	109.9	110.8	106.8	104.8	109.0	106.2	105.2	107.4	58.1	53.2	63.0	48.2	51.9	44.3
		Net	100.0	100.0	100.0	97.1	97.2	96.9	81.3	80.9	81.8	40.6	36.5	44.9	40.7	44.4	36.9
TR334	Silivri	Gross	117.8	116.6	119.1	110.8	109.7	111.9	82.3	98.9	64.8	50.7	63.7	37.0	31.5	35.2	27.7
		Net	99.8	100.0	99.7	90.2	90.6	89.7	54.0	61.2	46.4	28.5	32.8	23.9	25.5	28.4	22.5
TR823	Sinop	Gross	107.2	107.2	107.2	107.8	106.0	109.7	111.5	111.8	111.1	61.2	53.1	69.5	50.3	58.7	41.6
		Net	97.7	97.6	97.7	95.3	95.8	94.8	83.6	84.7	82.4	40.5	34.6	46.7	43.0	50.1	35.7
TR722	Sivas	Gross	112.5	112.7	112.7	104.2	102.9	105.5	103.7	107.9	99.4	56.8	56.0	57.8	46.9	52.0	41.6
		Net	99.4	99.4	99.4	95.6	95.6	95.6	80.1	80.5	79.7	39.8	36.3	43.4	40.3	44.2	36.3
TRC21	Şanlıurfa	Gross	121.5	119.5	123.7	115.2	112.9	117.5	75.0	75.0	63.0	43.7	52.6	34.4	31.3	34.0	28.6
		Net	99.7	99.8	99.6	89.5	90.3	88.6	53.1	59.8	46.0	27.1	31.2	22.7	26.0	28.6	23.3
TRC33	Şimşak	Gross	120.0	119.8	120.2	109.1	107.6	110.7	86.6	97.1	75.4	54.3	61.8	46.4	32.3	35.4	29.0
		Net	98.8	98.9	99.8	88.5	88.4	88.6	57.8	61.2	54.2	31.6	32.4	30.7	26.2	28.8	23.5
TR211	Tekirdağ	Gross	108.8	108.7	109.0	108.8	107.6	110.1	109.5	111.2	107.6	58.7	54.4	63.5	50.7	56.8	44.1
		Net	99.5	99.4	99.6	95.6	95.7	95.5	82.1	82.2	82.1	38.0	32.8	43.6	44.2	49.4	38.5
TR832	Tokat	Gross	106.1	106.3	105.8	102.7	101.1	104.4	99.1	101.1	97.0	48.0	45.7	50.4	51.1	55.5	46.6
		Net	95.9	95.9	96.0	91.8	91.7	91.9	77.8	78.3	77.2	34.9	32.0	38.0	42.8	46.3	39.2
TR901	Trabzon	Gross	109.8	109.9	109.8	104.2	102.9	105.6	117.4	117.4	117.3	57.7	55.1	60.5	59.6	62.4	56.8
		Net	99.7	99.7	99.7	97.2	96.7	96.7	91.4	91.2	91.7	42.9	39.8	46.2	48.5	51.4	45.5
TRB14	Tunceli	Gross	105.8	105.5	106.0	104.5	101.6	107.6	121.2	131.4	111.1	88.1	92.5	83.7	33.1	38.9	27.3
		Net	97.8	97.9	97.7	93.6	92.1	95.1	81.5	82.2	80.9	59.7	57.2	62.3	21.8	25.0	18.6
TR334	Uşak	Gross	108.0	107.7	108.4	105.4	104.2	106.6	105.0	100.8	109.5	64.6	56.7	73.2	40.4	44.1	36.3
		Net	99.5	99.4	99.7	95.6	95.6	95.6	83.0	83.0	82.1	47.2	39.9	55.2	35.8	39.2	32.1
TRB21	Van	Gross	120.0	119.0	121.1	112.1	109.9	114.4	69.8	76.6	62.5	37.4	44.3	30.1	32.3	32.3	32.4
		Net	99.9	100.0	99.8	87.1	87.9	86.4	46.4	49.8	42.8	22.0	24.7	19.1	24.5	25.2	23.7
TR425	Yalova	Gross	108.4	108.7	108.1	107.3	104.5	110.2	113.3	113.9	112.6	60.0	58.0	62.1	53.3	55.9	50.5
		Net	98.6	99.2	98.0	95.5	95.4	95.6	85.1	84.7	85.6	40.9	38.1	43.9	44.2	46.6	41.6
TR723	Yozgat	Gross	114.3	114.1	114.5	107.5	107.3	107.8	97.8	97.3	97.8	47.1	45.9	44.7	47.1	51.2	44.3
		Net	99.2	99.3	99.1	86.0	86.2	87.8	72.9	72.6	73.3	31.4	27.7	35.2	41.5	44.8	38.0
TR811	Zonguldak	Gross	109.4	109.1	109.8	105.7	104.1	107.4	109.7	110.6	108.8	57.4	49.9	65.4	52.3	60.7	43.4
		Net	100.0	99.8	100.0	98.1	97.9	98.4	85.9	86.6	85.2	41.6	34.9	48.6	44.3	51.7	36.6
TR	Türkiye	Gross	111.9	111.5	112.4	108.8	106.9	110.8	103.3	106.1	100.3	55.4	55.2	55.6	47.9	50.9	44.8
		Net	99.6	99.5	99.6	94.5	94.6	94.5	76.7	77.2	76.0	36.7	34.7	38.8	40.0	42.6	37.3

Source: MoNE, TÜRKSTAT.

Note: In calculation of the net schooling rates in primary school in the school year 2013-2014; 220,877 primary school students in the age group 10-13, who were required to be registered in secondary school, but whose registrations were not included as per the regulation, and 7,565 secondary school students in the age group 6-9, who were required to be in primary school, but who have started school early or have been promoted to higher grade, were not included (the same calculation method was used on provincial basis).

(1): In calculation of the gross schooling rates in secondary school, Open Education Secondary School students were not included. In calculation of the gross and net schooling rates in secondary education, Open Education High School students were not included. (2): General High School, Anatolian High School, Anatolian Teacher School, Social Sciences High School, Fine Arts and Sports High School and Private High Schools. (3): Religious Vocational High School, Vocational and Technical High Schools, Vocational High Schools and Private High Schools.

2.2.3 Numbers of Schools/Units, Teachers, Students and Graduated Students

For primary schools, in the school year 2013/'14 compared to the school year 2012/'13, number of schools decreased by 2.2% and dropped to 28,532, number of students decreased by 0.3% and declined to 5,574,916, and number of teachers increased by 2.3 and rose to 288,444. For secondary schools, number of schools increased by 0.2% and rose to 17,019 and number of teachers increased by 4.1% and ascended to 280,804, whereas number of students decreased by 1.6% and regressed to 5,478,399 (Table 124).

Table 124. Number of Schools/Units, Teachers, Students and Graduated Students by School Type and School Year

School Type	School Year	School / Unit ⁽³⁾	Teacher ⁽⁴⁾	Student ^{(1) (2)}	Graduate
Primary School	2012/'13	29,169	282,043	5,593,910	-
	2013/'14	28,532	288,444	5,574,916	-
Secondary School	2012/'13	16,987	269,759	5,566,986	1,205,507
	2013/'14	17,019	280,804	5,478,399	-
General secondary education	2011/'12	4,171	122,716	2,666,066	380,548
	2012/'13	4,214	119,393	2,725,972	388,522
	2013/'14	3,744	117,353	2,906,291	-
Vocational and technical secondary education	2011/'12	5,501	113,098	2,090,220	332,154
	2012/'13	6,204	135,502	2,269,651	339,270
	2013/'14	7,211	161,288	2,513,887	-
Faculty and school of higher education	2011/'12	1,914	118,839	4,112,687	573,434
	2012/'13	2,086	130,653	4,676,566	-

Source: MoNE.

(1): Includes also open primary education and open high school students.

(2): Includes associate degree and undergraduate students.

(3): Active schools were included.

(4): Total number of teachers includes the permanent staff teachers.

In general secondary education, while number of schools decreased by 11.2% and regressed to 3,774 and number of teachers decreased by 1.7% and regressed to 117,353, number of students increased by 6.6% to 2,906,291. In vocational and technical secondary education, number of schools increased by 16.2% to 7,211, number of teachers increased by 19% to 161,288, and number of students increased by 10.8% to 2,513,887. For faculties and schools of higher education, number of schools increased by 9% to 2,086, number of teachers increased by 9.9% to 130,653, and number of students increased by 13.7% to 4,676,566.

2.3 Health

In 2012, the total number of hospitals increased by 2.1% compared to the preceding year and reached 1,483. While the number of general number of hospitals increased by 2.8% compared to the preceding year, the number of gynecology and obstetrics hospitals decreased by 14%. Of the 1,483 hospitals in our country in 2012, 1,341 were general hospitals, 43 were gynecology and obstetrics hospitals, 26 were ocular diseases hospitals, and 73 were hospitals serving in other branches (Table 125).

Table 125. Numbers of Hospitals by Branches

Branches	2010	2011	2012
General hospital	1,266	1,304	1,341
Gynecology and obstetrics hospital	63	50	43
Ocular diseases hospital	26	25	26
Pulmonary diseases hospital	18	17	15
Physiotherapy and rehabilitation center	14	14	15
Psychiatry hospital	12	11	11
Dental hospital	5	8	8
Cardiovascular surgery center	11	6	6
Pediatric diseases hospital	7	6	5
Bone diseases hospital	3	3	3
Vocational diseases hospital	2	2	2
Oncology hospital	5	4	2
Surgery hospital	0	0	1
Veneral diseases hospital	1	1	1
Leprosy hospital	1	1	1
Orthopedics and traumatology hospital	2	1	1
Hospital for children with leukemia	0	0	1
Hospital and rehabilitation center for spastic children	0	0	1
Diabetes hospital	2	0	0
Cardiology hospital	1	0	0
Total	1,439	1,453	1,483

Source: MoH.

A regular increase is observed in the number of total healthcare staff. In 2012, compared to the preceding year, the number of specialist doctors increased by 6.1% to 70,103, the number of assistant doctors increased by 2.7% to 20,792, whereas the number of assistant doctors decreased by 2.1% to 38,877. Thus, the total number of doctors increased 3% and rose to 129,772. The number of dentists and pharmacists increased by 1.4% to 21,404 and 1,8% to 26,571, respectively. The number of nurses increased by 7.9% and became 134,906, whereas the number of midwives increased by 3% and reached 53,466 (Table 126).

Table 126. Numbers of Healthcare Staff

Healthcare Staff	2010	2011	2012
Specialist doctors	63,563	66,064	70,103
Practitioners	38,818	39,712	38,877
Assistant doctors	21,066	20,253	20,792
Total doctors	123,447	126,029	129,772
Dentists	21,432	21,099	21,404
Pharmacists	26,506	26,089	26,571
Nurses	114,772	124,982	134,906
Midwives	50,343	51,905	53,466
Other healthcare staff	99,302	110,862	122,663
Other staff and service procurement	198,694	209,126	209,736
Total number of staff	634,496	670,092	698,518

Source: MoH.

2.4 Labor Life

2.4.1 Employment

Although employment increased in 2013, the fact that participation labor was higher than the increase in employment influenced unemployment negatively. While an improvement was observed in the number of the employed thanks to the modest recovery of domestic demand in 2013, the slow growth and uncertainty in the economy caused heightened the employment rate.

In 2013, the non-institutional working age population increased by 1.6% compared to the previous year and reached 55,608. This was composed of males with 27,411 thousand and females with 28,197 thousand (Table 127).

Table 127. Basic Labor Force Indicators for the Non-Institutional Population Aged 15+

Indicators	(Thousand People, %)				
	2011	2012	2013	Variation (%)	
				2012	2013
Male					
Variation (%)					
Non-institutional working age population	26,320	26,951	27,411	2.4	1.7
Labor force	18,867	19,147	19,597	1.5	2.4
Employed	17,137	17,512	17,883	2.2	2.1
Unemployed	1,730	1,635	1,714	-5.5	4.8
Difference (Points)					
Rate of participation in labor force (%)	71.7	71.0	71.5	-0.7	0.5
Employment rate (%)	65.1	65.0	65.2	-0.1	0.2
Unemployment rate (%)	9.2	8.5	8.7	-0.7	0.2
Non-agricultural unemployment rate (%)	10.7	9.9	10.1	-0.8	0.2
Young population unemployment rate ⁽¹⁾ (%)	17.1	16.3	17.0	-0.8	0.7
Female					
Variation (%)					
Non-institutional working age population	27,273	27,773	28,197	1.8	1.5
Labor force	7,859	8,192	8,674	4.2	5.9
Employed	6,973	7,309	7,641	4.8	4.5
Unemployed	885	883	1,033	-0.2	17.0
Difference (Points)					
Rate of participation in labor force (%)	28.8	29.5	30.8	0.7	1.3
Employment rate (%)	25.6	26.3	27.1	0.7	0.8
Unemployment rate (%)	11.3	10.8	11.9	-0.5	1.1
Non-agricultural unemployment rate (%)	17.7	16.4	17.4	-1.3	1.0
Young population unemployment rate ⁽¹⁾ (%)	20.7	19.9	21.9	-0.8	2.0
Total					
Variation (%)					
Non-institutional working age population	53,593	54,724	55,608	2.1	1.6
Labor force	26,725	27,339	28,271	2.3	3.4
Employed	24,110	24,821	25,524	2.9	2.8
Unemployed	2,615	2,518	2,747	-3.7	9.1
Difference (Points)					
Rate of participation in labor force (%)	49.9	50.0	50.8	0.1	0.8
Employment rate (%)	45.0	45.4	45.9	0.4	0.5
Unemployment rate (%)	9.8	9.2	9.7	-0.6	0.5
Non-agricultural unemployment rate (%)	12.4	11.5	12.0	-0.9	0.5
Young population unemployment rate ⁽¹⁾ (%)	18.4	17.5	18.7	-0.9	1.2

Source: TURKSTAT.

(1): Non-institutional population in the age group 15-24.

In 2013, labor force rose to 28,271 people with an increase by 932 thousand people. The labor force increase included 450 thousand males and 482 thousand females. While additional employment was provided to 711 thousand people in 2012 despite the economic stagnancy, since the economic recovery was below the expectations in 2013, additional employment remained at the level of 703 thousand people, and total employment was 25,524 thousand people. Of the 703 thousand newly employed people in 2013, 371 thousand were male, and 332 thousand were female.

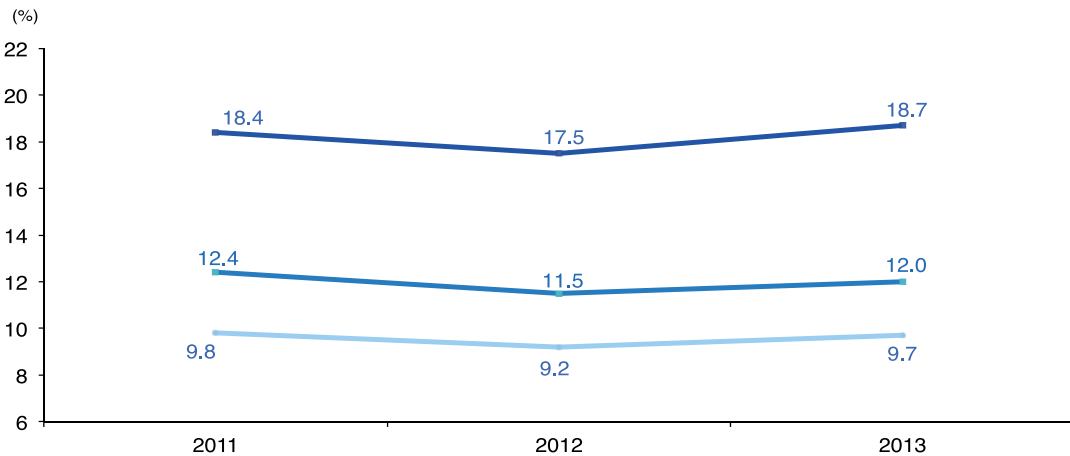
Employment rate advanced to 45.9% with in 2013 with an increase by 0.5 point compared to the preceding year. While the employment rate rose by 0.2 point compared to the preceding year and became 65.2% for the males, and it increased y 0.8 point and reached 27.1% for the females. In 2013, the total number of unemployed increased 229 thousand compared to the preceding year, yet, the number of unemployed males dropped 79 thousand and this drop reached 150 thousand people for females.

Unemployment rate rose to 9.7% with an increase by 0.5 point compared to the preceding year, because the labor force increase was more than the employed. This was 0.8 point over 8.9%, the program target for the year 2013. In 2013, the unemployment rate in males escalated by 0.2 point compared to the preceding year and rose to 8.7%, and the unemployment rate in females escalated by 1.1 point and rose to 11.9%.

The non-agricultural unemployment rate decreased by 0.5 points in 2013 compared to the preceding year and became 12%. In 2013, although the non-agricultural unemployment increased by 0.2 point in males and 1 point in females compared to the preceding year, there is a considerable difference like 7.3 points between female and male non-agricultural unemployment rates.

Young unemployment rate increased by 1.2 point to 18.7% in 2013. In 2013, young unemployment rate in young males and females increased by 0.7 point to 17% and by 2 points to 21.9%, respectively (Graph 50).

Graph 50. Unemployment Rates

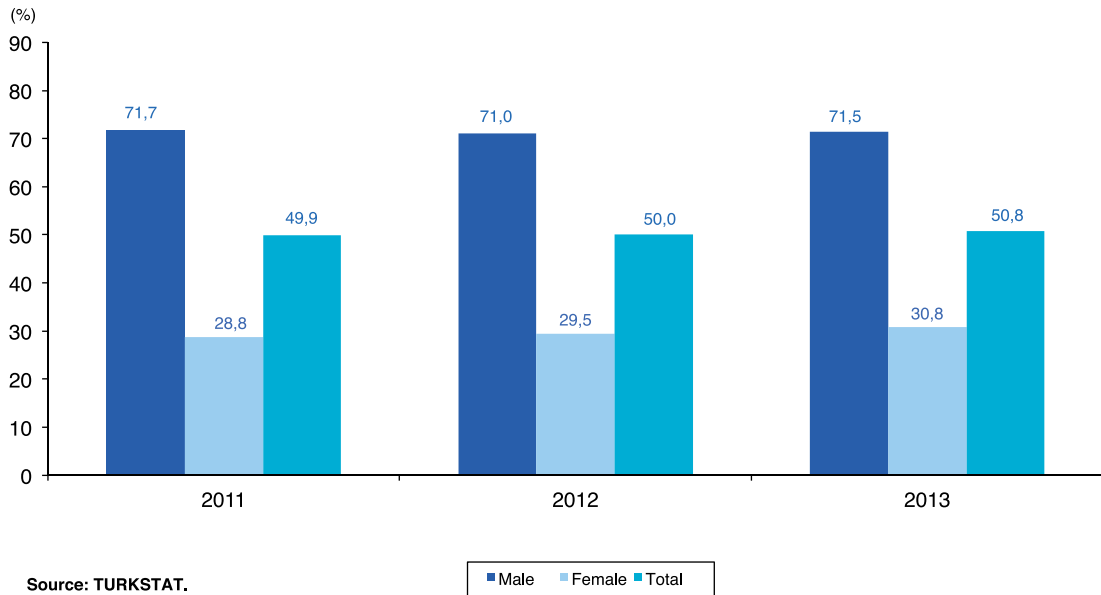


Kaynak: TÜİK.

İşsizlik Oranı Genç Nüfusta İşsizlik Oranı Tarım Dışı İşsizlik Oranı

The rate of participation of in labor force for the non-institutional population aged 15+ increased by 0.1 point in 2012 compared to the preceding year, and rose to 50.8% in 2013 with an increase by 0.8 point. In 2013, this rate increased by 0.5 point to 71.5% in males and by 1.3 point to 30.8% in females (Graph 51).

Graph 51. Rates of Participation in Labor Force



In 2013, when the labor force indicators according to NUTS Level-1 are examined, it is observed that the highest rates in all indicators are seen in Istanbul region. 18.1% of the non-institutional working age population, 18.6% of the people in the labor force, 18.2% of the employed, 21.4% of the unemployed and 17.6% of the people not included in the labor force are in Istanbul region. In terms of all indicators, Northeastern Anatolia region is the region with the lowest rate in Turkey. 2.5% of the non-institutional working age population, 2.6% of the people in the labor force, 2.7% of the employed, 1.8% of the unemployed and 2.3% of the people not included in the labor force are in the Northeastern Anatolia region (Table 128).

Table 128. Labor Force Indicators for Non-Institutional Population Aged 15+ as per NUTS Level-1

Region Code	NUTS Level-1	(Thousand People, %)														
		2011					2012					2013				
		Non-Institutional Working Age Population	Labor Force	Employed	Unemployed	Population not included in Labor Force	Non-Institutional Working Age Population	Labor Force	Employed	Unemployed	Population not included in Labor Force	Non-Institutional Working Age Population	Labor Force	Employed	Unemployed	Population not included in Labor Force
TR1	Istanbul	9,773	4,773	4,211	562	5,000	9,914	5,063	4,493	570	4,851	10,046	5,248	4,658	589	4,799
TR2	West Marmara	2,541	1,300	1,207	93	1,241	2,612	1,333	1,247	86	1,279	2,666	1,373	1,279	94	1,293
TR3	Aegean	7,410	3,962	3,565	398	3,448	7,555	4,128	3,731	397	3,427	7,596	4,222	3,795	427	3,374
TR4	East Marmara	5,264	2,712	2,447	265	2,552	5,473	2,803	2,554	250	2,670	5,661	2,976	2,725	250	2,685
TR5	West Anatolia	5,198	2,502	2,287	215	2,696	5,260	2,559	2,343	216	2,700	5,382	2,651	2,424	227	2,731
TR6	Mediterranean	6,689	3,538	3,162	375	3,151	6,889	3,551	3,204	346	3,338	7,084	3,610	3,212	398	3,474
TR7	Central Anatolia	2,771	1,347	1,217	130	1,424	2,768	1,367	1,262	104	1,401	2,792	1,389	1,272	117	1,403
TR8	West Black Sea	3,377	1,847	1,737	110	1,529	3,416	1,776	1,667	109	1,641	3,391	1,736	1,619	116	1,656
TR9	East Black Sea	1,930	1,107	1,036	71	823	1,982	1,100	1,031	69	883	2,011	1,027	958	69	984
TRA	Northeastern Anatolia	1,393	730	669	61	662	1,391	720	671	50	670	1,375	748	698	50	627
TRB	Central Eastern Anatolia	2,399	1,145	1,016	128	1,255	2,469	1,182	1,079	103	1,287	2,512	1,251	1,138	113	1,261
TRC	Southeastern Anatolia	4,848	1,761	1,555	206	3,087	4,994	1,757	1,539	218	3,237	5,091	2,041	1,745	296	3,051
TR	Turkey	53,593	26,725	24,110	2,615	26,867	54,724	27,339	24,821	2,518	27,385	55,608	28,271	25,524	2,747	27,337
Share (%)																
TR1	Istanbul	18.2	17.9	17.5	21.5	18.6	18.1	18.5	18.1	22.6	17.7	18.1	18.6	18.2	21.4	17.6
TR2	West Marmara	4.7	4.9	5.0	3.6	4.6	4.8	4.9	5.0	3.4	4.7	4.8	4.9	5.0	3.4	4.7
TR3	Aegean	13.8	14.8	14.8	15.2	12.8	13.8	15.1	15.0	15.8	12.5	13.7	14.9	14.9	15.5	12.3
TR4	East Marmara	9.8	10.1	10.1	10.1	9.5	10.0	10.3	10.3	9.9	9.7	10.2	10.5	10.7	9.1	9.8
TR5	West Anatolia	9.7	9.4	9.5	8.2	10.0	9.6	9.4	9.4	8.6	9.9	9.7	9.4	9.5	8.3	10.0
TR6	Mediterranean	12.5	13.2	13.1	14.3	11.7	12.6	13.0	12.9	13.7	12.2	12.7	12.8	12.6	14.5	12.7
TR7	Central Anatolia	5.2	5.0	5.0	5.0	5.3	5.1	5.0	5.1	4.1	5.1	5.0	4.9	5.0	4.3	5.1
TR8	West Black Sea	6.3	6.9	7.2	4.2	5.7	6.2	6.5	6.7	4.3	6.0	6.1	6.1	6.3	4.2	6.1
TR9	East Black Sea	3.6	4.1	4.3	2.7	3.1	3.6	4.0	4.2	2.7	3.2	3.6	3.6	3.8	2.5	3.6
TRA	Northeastern Anatolia	2.6	2.7	2.8	2.3	2.5	2.5	2.6	2.7	2.0	2.4	2.5	2.6	2.7	1.8	2.3
TRB	Central Eastern Anatolia	4.5	4.3	4.2	4.9	4.7	4.5	4.3	4.3	4.1	4.7	4.5	4.4	4.5	4.1	4.6
TRC	Southeastern Anatolia	9.0	6.6	6.4	7.9	11.5	9.1	6.4	6.2	8.7	11.8	9.2	7.2	6.8	10.8	11.2
TR	Turkey	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: TURKSTAT.

2.4.2 Regional Employment

In 2013, according to NUTS Level-1, the region where the rate of participation in labor force was highest was the Aegean with 55.6%, and the region which had the lowest rate was Southeastern Anatolia region with 40.1%. The region where the rate of participation in labor force was highest was Istanbul and Northeastern Anatolia regions with 74.0% for the males, and the Aegean region with 38.3% for the females. The regions where the rate of participation in labor force were lowest were East Black Sea region with 74.0% and the Southeastern Anatolia region with 38.3%, for the males and females, respectively.

Table 129. Rates of Participation in Labor Force, Unemployment and Employment for Non-Institutional Population Aged 15+ as per NUTS Level-1

(%)

Region Code	NUTS Level-1	2011			2012			2013		
		Rate of Participation in Labor Force	Unemployment Rate	Employment Rate	Rate of Participation in Labor Force	Unemployment Rate	Employment Rate	Rate of Participation in Labor Force	Unemployment Rate	Employment Rate
Male										
TR1	Istanbul	72.7	10.6	65.0	73.5	10.1	66.1	74.0	9.7	66.8
TR2	West Marmara	71.2	5.8	67.1	70.0	5.0	66.5	70.0	5.4	66.2
TR3	Aegean	72.8	8.4	66.7	72.9	8.0	67.1	73.3	8.1	67.4
TR4	East Marmara	72.7	8.4	66.6	72.1	7.4	66.8	72.5	6.8	67.6
TR5	West Anatolia	71.3	7.6	65.8	71.4	7.0	66.4	71.3	6.7	66.6
TR6	Mediterranean	73.6	10.0	66.3	72.9	9.1	66.3	71.7	10.0	64.5
TR7	Central Anatolia	71.1	9.3	64.4	71.4	7.9	65.8	71.4	7.9	65.8
TR8	West Black Sea	70.9	5.6	66.9	68.0	5.5	64.3	67.7	5.6	64.0
TR9	East Black Sea	71.4	7.5	66.1	68.9	7.8	63.5	67.0	7.7	61.8
TRA	Northeastern Anatolia	74.7	10.4	66.9	73.0	8.3	66.9	74.0	7.5	68.4
TRB	Central Eastern Anatolia	72.5	11.8	63.9	69.9	9.5	63.3	70.9	10.0	63.8
TRC	Southeastern Anatolia	64.4	12.1	56.6	62.2	13.0	54.1	67.1	15.2	56.9
TR	Turkey	71.7	9.2	65.1	71.0	8.5	65.0	71.5	8.7	65.2
Female										
TR1	Istanbul	25.2	15.2	21.4	28.6	14.4	24.5	30.5	14.8	26.0
TR2	West Marmara	31.5	10.2	28.3	32.3	9.5	29.2	33.1	9.7	29.9
TR3	Aegean	34.9	13.3	30.3	37.0	12.6	32.3	38.3	13.9	32.9
TR4	East Marmara	30.6	13.0	26.7	30.3	12.4	26.6	32.7	12.1	28.8
TR5	West Anatolia	25.9	11.2	23.1	26.8	12.2	23.6	28.0	13.1	24.3
TR6	Mediterranean	33.2	12.0	29.2	31.2	11.2	27.7	30.9	13.3	26.8
TR7	Central Anatolia	27.1	10.5	24.2	28.0	7.1	26.0	28.9	9.7	26.1
TR8	West Black Sea	39.5	6.5	36.9	36.8	7.2	34.1	35.4	8.8	32.3
TR9	East Black Sea	44.0	4.7	41.9	43.1	4.0	41.4	36.6	5.2	34.7
TRA	Northeastern Anatolia	30.2	3.3	29.2	30.5	3.6	29.4	34.7	4.9	33.0
TRB	Central Eastern Anatolia	24.0	9.4	21.8	26.6	6.6	24.9	29.4	6.8	27.4
TRC	Southeastern Anatolia	10.0	9.1	9.1	9.8	9.1	8.9	14.9	11.5	13.1
TR	Turkey	28.8	11.3	25.6	29.5	10.8	26.3	30.8	11.9	27.1
Total										
TR1	Istanbul	48.8	11.8	43.1	51.1	11.3	45.3	52.2	11.2	46.4
TR2	West Marmara	51.2	7.1	47.5	51.0	6.5	47.7	51.5	6.8	48.0
TR3	Aegean	53.5	10.0	48.1	54.6	9.6	49.4	55.6	10.1	50.0
TR4	East Marmara	51.5	9.8	46.5	51.2	8.9	46.7	52.6	8.4	48.1
TR5	West Anatolia	48.1	8.6	44.0	48.7	8.4	44.6	49.3	8.6	45.0
TR6	Mediterranean	52.9	10.6	47.3	51.5	9.8	46.5	51.0	11.0	45.3
TR7	Central Anatolia	48.6	9.7	43.9	49.4	7.6	45.6	49.8	8.4	45.6
TR8	West Black Sea	54.7	6.0	51.4	52.0	6.1	48.8	51.2	6.7	47.7
TR9	East Black Sea	57.4	6.4	53.7	55.5	6.3	52.0	51.1	6.8	47.6
TRA	Northeastern Anatolia	52.4	8.3	48.1	51.8	6.9	48.2	54.4	6.7	50.8
TRB	Central Eastern Anatolia	47.7	11.2	42.4	47.9	8.7	43.7	49.8	9.0	45.3
TRC	Southeastern Anatolia	36.3	11.7	32.1	35.2	12.4	30.8	40.1	14.5	34.3
TR	Turkey	49.9	9.8	45.0	50.0	9.2	45.4	50.8	9.7	45.9

Source: TURKSTAT.

In 2013, the region where the unemployment rate was highest was the Southeastern Anatolia region with 14.5%, and the region which had the lowest rate was West Black Sea and Northeastern Anatolia regions with 6.7%. The region where unemployment rate was highest was Southeastern Anatolia with 15.2% for the males, and Istanbul with 14.4% for the females. The region where unemployment rate was lowest was West Marmara region with 5.4% and Northeastern Anatolia region with 4.9%, for the males and the females, respectively.

In 2013, the employment rate was highest in the Northeastern Anatolia region with 50.8%, and lowest in Southeastern Anatolia region with 34.3%. The region where employment rate was highest was the Northeastern Anatolia region with 68.4% for the males, and East Black Sea region with 34.7% for the females. The region where the employment rate was lowest was Southeastern Anatolia with 56.9% and 13.1% for the males and females, respectively

2.4.3 Sectoral Distribution of Employment

In 2013, compared to the preceding year, the number of those employed in the agriculture sector regressed to 6,015 thousand people decreasing by 1.3%, whereas the number of those employed in the industry sector rose to 6,738 thousand people increasing by 4.3%, and the number of those employed in the service sector rose to 12,771 thousand people increasing by 4.1%. In 2013, share of the agriculture sector within the total employment dropped to 23.66% decreasing by 1 point compared to the preceding year, whereas share of the industry sector elevated to 26.4% increasing by 0.4 point, and share of the services sector elevated to 50% increasing by 0.6 point (Table 130, Graph 52).

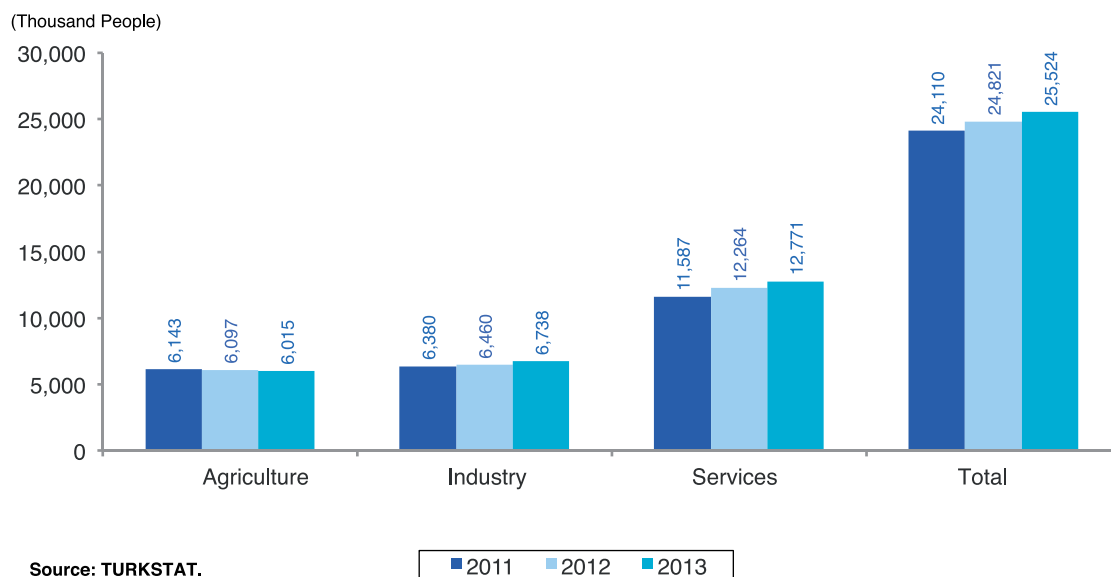
Table 130. Sectoral Distribution of the Non-Institutional Employed Population Aged 15+

Sectors	(Thousand People)							
				Share (%)			Variation (%)	
	2011	2012	2013	2011	2012	2013	2012	2013
Urban								
Agriculture	783	744	724	5.0	4.6	4.3	-5.0	-2.7
Industry ⁽¹⁾	5,158	5,256	5,476	33.3	32.5	32.7	1.9	4.2
Services	9,567	10,167	10,536	61.7	62.9	63.0	6.3	3.6
Total	15,508	16,167	16,736	100.0	100.0	100.0	4.2	3.5
Rural								
Agriculture	5,360	5,353	5,291	62.3	61.9	60.2	-0.1	-1.2
Industry ⁽¹⁾	1,222	1,203	1,260	14.2	13.9	14.3	-1.6	4.7
Services	2,020	2,097	2,237	23.5	24.2	25.5	3.8	6.7
Total	8,602	8,653	8,788	100.0	100.0	100.0	0.6	1.6
Turkey								
Agriculture	6,143	6,097	6,015	25.5	24.6	23.6	-0.7	-1.3
Industry ⁽¹⁾	6,380	6,460	6,738	26.5	26.0	26.4	1.3	4.3
Services	11,587	12,264	12,771	48.1	49.4	50.0	5.8	4.1
Total	24,110	24,821	25,524	100.0	100.0	100.0	2.9	2.8

Source: TURKSTAT.

(1): Construction sector was considered within the industry sector

Graph 52. Sectoral Distribution of the Non-Institutional Employed Population Aged 15+



In 2013, compared to the preceding year, the number of those employed in the agriculture sector regressed to 724 thousand people decreasing by 2.7% in the urban segment, and regressed to 5,291 thousand people decreasing by 1.2% in the rural segment. Compared to the preceding year, in 2013 the number of those employed in the industry sector ascended to 5,476 thousand people increasing by 4.2% in the urban segment, and ascended to 1,260 thousand people increasing by 1.2% in the rural segment. Compared to the preceding year, in 2013 the number of those employed in the services sector rose to 10,536 thousand people increasing by 3.6% in the urban segment, and to 2,237 thousand people increasing by 6.7% in the rural segment.

Of the people employed in the urban segment in 2013, 63% were employed in the services sector, 32.7% were employed in the industry sector, and 4.3% were employed in the agriculture sector. Of the people employed in the rural segment, 60.2%, 25.5%, and 14.3% were employed in the agriculture, services and industry sectors, respectively.

When the sectoral distribution of employment in 2013 is analyzed according to NUTS Level-1, it is observed that the agriculture sector takes the highest value in Aegean region with 1,146 thousand people, and the lowest value in Istanbul with 27 thousand people. The industry sector takes highest value in Istanbul region with 1,635 thousand people and the lowest value in Northeastern Anatolia region with 93 thousand people. The service sector, like with the industrial sector, takes the highest value in Istanbul region with 2,997 thousand people and the lowest value in Northeastern Anatolia region with 259 thousand people (Table 131, Graph 56).

Table 131. Work Sectors of Non-Institutional Population Aged 15+ as per NUTS Level-1

(Thousand People)

Year	Region Code	NUTS Level-1	Sectors				Pay (%)		
			Agriculture	Industry ⁽¹⁾	Services	Total	Agriculture	Industry	Services
2011	TR1	Istanbul	22	1,677	2,512	4,211	0.4	26.3	21.7
	TR2	West Marmara	351	352	505	1,207	5.7	5.5	4.4
	TR3	Aegean	1,055	881	1,629	3,565	17.2	13.8	14.1
	TR4	East Marmara	411	950	1,087	2,447	6.7	14.9	9.4
	TR5	West Anatolia	334	531	1,421	2,287	5.4	8.3	12.3
	TR6	Mediterranean	1,027	578	1,558	3,162	16.7	9.1	13.4
	TR7	Central Anatolia	468	277	472	1,217	7.6	4.3	4.1
	TR8	West Black Sea	806	308	623	1,737	13.1	4.8	5.4
	TR9	East Black Sea	555	153	329	1,036	9.0	2.4	2.8
	TRA	Northeastern Anatolia	350	88	232	669	5.7	1.4	2.0
	TRB	Central Eastern Anatolia	403	186	427	1,016	6.6	2.9	3.7
	TRC	Southeastern Anatolia	363	399	793	1,555	5.9	6.3	6.8
	TR	Turkey		6,143	6,380	11,587	24,110	100.0	100.0
2012	TR1	Istanbul	26	1,649	2,818	4,493	0.4	25.5	23.0
	TR2	West Marmara	319	356	573	1,247	5.2	5.5	4.7
	TR3	Aegean	1,138	903	1,690	3,731	18.7	14.0	13.8
	TR4	East Marmara	436	971	1,147	2,554	7.2	15.0	9.4
	TR5	West Anatolia	314	547	1,483	2,343	5.2	8.5	12.1
	TR6	Mediterranean	951	622	1,631	3,204	15.6	9.6	13.3
	TR7	Central Anatolia	497	269	496	1,262	8.2	4.2	4.0
	TR8	West Black Sea	717	299	651	1,667	11.8	4.6	5.3
	TR9	East Black Sea	569	138	324	1,031	9.3	2.1	2.6
	TRA	Northeastern Anatolia	319	85	266	671	5.2	1.3	2.2
	TRB	Central Eastern Anatolia	450	190	439	1,079	7.4	2.9	3.6
	TRC	Southeastern Anatolia	359	432	748	1,539	5.9	6.7	6.1
	TR	Turkey		6,097	6,460	12,264	24,821	100.0	100.0
2013	TR1	Istanbul	27	1,635	2,997	4,658	0.4	24.3	23.5
	TR2	West Marmara	331	364	584	1,279	5.5	5.4	4.6
	TR3	Aegean	1,146	960	1,688	3,795	19.1	14.2	13.2
	TR4	East Marmara	498	1,006	1,221	2,725	8.3	14.9	9.6
	TR5	West Anatolia	325	581	1,519	2,424	5.4	8.6	11.9
	TR6	Mediterranean	875	680	1,658	3,212	14.5	10.1	13.0
	TR7	Central Anatolia	456	268	548	1,272	7.6	4.0	4.3
	TR8	West Black Sea	658	327	635	1,619	10.9	4.9	5.0
	TR9	East Black Sea	451	137	370	958	7.5	2.0	2.9
	TRA	Northeastern Anatolia	347	93	259	698	5.8	1.4	2.0
	TRB	Central Eastern Anatolia	475	220	443	1,138	7.9	3.3	3.5
	TRC	Southeastern Anatolia	427	467	850	1,745	7.1	6.9	6.7
	TR	Turkey		6,015	6,738	12,771	25,524	100.0	100.0

Source: TURKSTAT.

(1): Construction sector was considered within the industry sector.

2.4.4 Status of Employees at Work

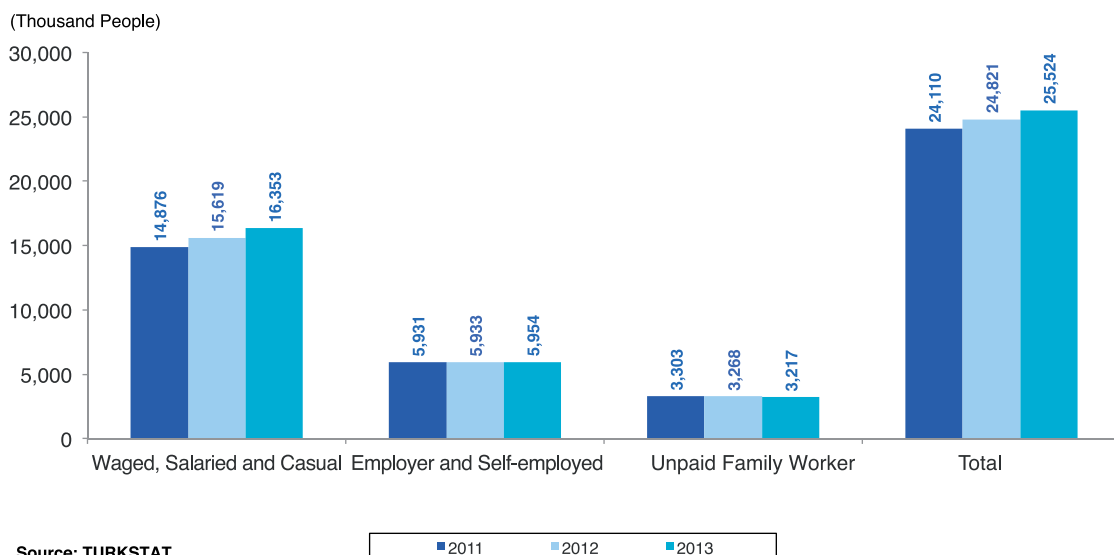
In 2012, within the 25,524 thousand people constituting the total non-institutional working population aged 15+, 16,353 thousand were employed as waged, salaried and casual workers, 5,954 thousand were employers or self-employed people, and 3,217 thousand were unpaid family workers (Table 132, Graph 53).

Table 132. Status of the Non-Institutional Working Population Aged 15+ at Work

Status at Work	(Thousand People)							
				Share (%)			Variation (%)	
	2011	2012	2013	2011	2012	2013	2012	2013
Agriculture	6,143	6,097	6,015	25.5	24.6	23.6	-0.7	-1.3
Waged, salaried and casual	623	606	591	4.2	3.9	3.6	-2.7	-2.5
Employer and self-employed	2,654	2,668	2,625	44.7	45.0	44.1	0.5	-1.6
Unpaid family worker	2,866	2,823	2,799	86.8	86.4	87.0	-1.5	-0.9
Non-agricultural	17,967	18,724	19,508	74.5	75.4	76.4	4.2	4.2
Waged, salaried and casual	14,253	15,013	15,762	95.8	96.1	96.4	5.3	5.0
Employer and self-employed	3,277	3,265	3,329	55.3	55.0	55.9	-0.4	2.0
Unpaid family worker	437	446	418	13.2	13.6	13.0	2.1	-6.3
Total	24,110	24,821	25,524	100.0	100.0	100.0	2.9	2.8
Waged, salaried and casual	14,876	15,619	16,353	100.0	100.0	100.0	5.0	4.7
Employer and self-employed	5,931	5,933	5,954	100.0	100.0	100.0	0.0	0.4
Unpaid family worker	3,303	3,268	3,217	100.0	100.0	100.0	-1.1	-1.6

Source: TURKSTAT.

Graph 53. Status of the Non-Institutional Population Aged 15+ at Work



Source: TURKSTAT.

6,015 thousand people, representing 23.6% of the employed, work in the agriculture sector. Within the population employed in agriculture, 591 thousand people were employed as waged, salaried and casual, 2,625 thousand people were employers and self-employed, and 2,799 thousand people were employed as unpaid family workers.

19,508 thousand people, representing 76.4 of the employed, work in non-agricultural sectors. Within the population employed in non-agricultural sectors, 15,762 thousand people were employed as waged, salaried and casual, 3,329 thousand people were employers and self-employed, and 418 thousand people were employed as unpaid family workers.

According to the evaluation of the total employment based on the status at work in 2013, the region where waged, salaried and casual workers were most as per NUTS Level-1 was Istanbul with 3,857 thousand people, and the region where they were least was the Northeastern Anatolia region with 303 thousand people. The region where the employers and self-employed people were most was the Aegean region with 975 thousand people, and the region where they were least was the Northeastern Anatolia region with 196 thousand people. The regions where the unpaid family workers were most and least were the Aegean region with 634 thousand people and Istanbul region with 46 thousand people, respectively (Table 133).

In the agriculture sector, the region where the waged, salaried and casual workers were most was the Mediterranean region with 169 thousand people, and the region where they were least was the Black Sea region with 6 thousand people. The region where the employers and self-employed people were most was the Aegean region with 480 thousand people, and the region where they were least was Istanbul region with 13 thousand people. The regions where the unpaid family workers were most and least were the Aegean region with 539 thousand people and Istanbul region with 5 thousand people, respectively.

In the non-agricultural sector, the region where the waged, salaried and casual workers were most was the Istanbul region with 3,849 thousand people, and the region where they were least was the Northeastern Anatolia region with 288 thousand people. The region where the employers and self-employed people were most was the Istanbul region with 742 thousand people, and the region where they were least was the Northeastern Anatolian region with 58 thousand people. Number of unpaid family workers took the highest value in the Aegean region with 95 thousand people and the lowest value in the Northeastern Anatolia region with 5 thousand people.

Table 133. Status of Non-institutional Working Population aged 15+ at Work as per NUTS Level-1

Year	Region Code	NUTS Level-1	Total						Agriculture			Non-agricultural					
			Waged, salaried and casual		Employer and self-employed		Unpaid family worker	Total	Waged, salaried and casual		Employer and self-employed	Unpaid family worker	Total	Waged, salaried and casual		Employer and self-employed	Unpaid family worker
			Total	Employer and self-employed	Unpaid family worker	Total	Waged, salaried and casual	Employer and self-employed	Unpaid family worker	Total	Waged, salaried and casual	Employer and self-employed	Unpaid family worker	Total	Waged, salaried and casual	Employer and self-employed	Unpaid family worker
2011	TR1	Istanbul	4,211	3,446	731	34	22	5	15	3	4,189	3,441	716	31			
	TR2	West Marmara	1,207	692	322	193	351	35	156	159	857	657	166	34			
	TR3	Aegean	3,565	2,079	901	584	1,055	131	433	492	2,510	1,949	469	92			
	TR4	East Marmara	2,447	1,718	509	221	411	47	193	171	2,037	1,672	316	49			
	TR5	West Anatolia	2,287	1,614	482	190	334	34	151	149	1,953	1,580	332	41			
	TR6	Mediterranean	3,162	1,797	863	503	1,027	191	411	425	2,136	1,607	452	78			
	TR7	Central Anatolia	1,217	613	335	269	468	30	189	249	749	583	146	20			
	TR8	West Black Sea	1,737	738	502	497	806	22	320	465	931	717	181	33			
	TR9	East Black Sea	1,036	380	420	237	555	7	321	228	481	374	99	9			
	TRA	Northeastern Anatolia	669	260	204	205	350	11	141	197	320	249	63	7			
	TRB	Central Eastern Anatolia	1,016	501	265	250	403	16	154	233	614	485	112	17			
	TRC	Southeastern Anatolia	1,555	1,038	395	122	363	96	171	96	1,192	942	224	26			
TR	Turkey	24,110	14,876	5,931	3,303	6,143	623	2,654	2,866	17,967	14,253	3,277	437				
2012	TR1	Istanbul	4,493	3,681	760	52	26	5	18	3	4,467	3,676	742	49			
	TR2	West Marmara	1,247	732	333	181	319	34	144	141	928	699	189	40			
	TR3	Aegean	3,731	2,148	936	647	1,138	125	461	552	2,594	2,023	475	96			
	TR4	East Marmara	2,554	1,829	483	242	436	39	202	195	2,117	1,790	281	47			
	TR5	West Anatolia	2,343	1,700	463	180	314	33	139	142	2,029	1,667	324	38			
	TR6	Mediterranean	3,204	1,905	847	453	951	186	390	376	2,253	1,719	457	77			
	TR7	Central Anatolia	1,262	629	348	285	497	27	206	264	765	603	141	22			
	TR8	West Black Sea	1,667	753	487	427	717	22	300	396	949	731	188	31			
	TR9	East Black Sea	1,031	367	435	229	569	7	339	223	461	360	96	6			
	TRA	Northeastern Anatolia	671	284	195	192	319	9	127	183	351	275	68	9			
	TRB	Central Eastern Anatolia	1,079	531	277	271	450	19	176	255	629	512	102	15			
	TRC	Southeastern Anatolia	1,539	1,060	370	109	359	101	166	93	1,180	959	204	17			
TR	Turkey	24,821	15,619	5,933	3,268	6,097	606	2,668	2,823	18,724	15,013	3,265	446				
2013	TR1	Istanbul	4,658	3,857	755	46	27	8	13	5	4,632	3,849	742	41			
	TR2	West Marmara	1,279	760	344	175	331	39	152	140	948	721	192	35			
	TR3	Aegean	3,795	2,186	975	634	1,146	127	480	539	2,648	2,059	495	95			
	TR4	East Marmara	2,725	1,916	536	273	498	40	228	229	2,227	1,875	308	44			
	TR5	West Anatolia	2,424	1,784	461	180	325	36	145	143	2,100	1,748	315	36			
	TR6	Mediterranean	3,212	1,982	819	411	875	169	363	343	2,337	1,813	456	68			
	TR7	Central Anatolia	1,272	675	336	261	456	21	194	241	816	654	143	19			
	TR8	West Black Sea	1,619	761	456	402	658	22	265	371	961	739	191	31			
	TR9	East Black Sea	958	393	401	163	451	6	290	155	507	387	111	9			
	TRA	Northeastern Anatolia	698	303	196	199	347	15	138	194	351	288	58	5			
	TRB	Central Eastern Anatolia	1,138	568	287	282	475	21	184	270	663	547	104	12			
	TRC	Southeastern Anatolia	1,745	1,168	387	190	427	87	173	167	1,317	1,081	214	23			
TR	Turkey	25,524	16,353	5,954	3,217	6,015	591	2,625	2,799	19,508	15,762	3,329	418				

Source: TURKSTAT.

2.4.5 Educational Status of Employees

In 2013, 56.4% of the total labor force consisted of persons with degrees lower than high school, and this was followed by graduates of higher education with 19.1%, high school graduates with 10.5%, graduates of vocational/technical high school with 10%, and illiterate people with 4.1%. The highest increase in labor force in 2013 compared to the preceding year was in the graduates of higher education with 7.8% (Table 134).

Table 134. Labor Force by Educational Status

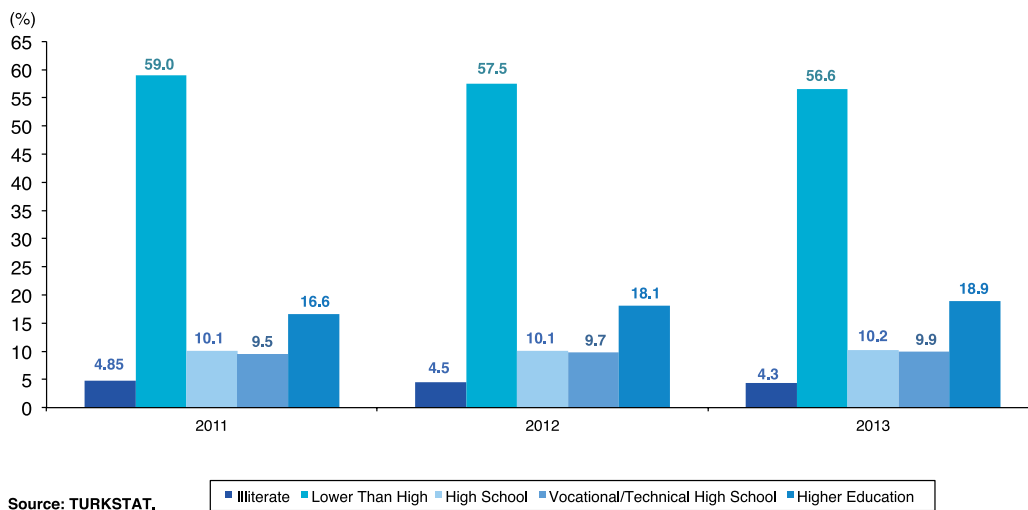
(Thousand People)

Educational Status	Labor Force	2011	2012	2013	Share (%)			Variation (%)	
					2011	2012	2013	2012	2013
Non-literate	Labor Force	1,203	1,164	1,167	4.5	4.3	4.1	-3.2	0.3
	Employment	1,147	1,119	1,110	4.8	4.5	4.3	-2.4	-0.8
	Unemployed	56	45	57	2.1	1.8	2.1	-19.6	26.7
	Rate of participation in labor force (%)	20.5	19.7	20.1	-	-	-	-	-
	Unemployment rate (%)	4.6	3.9	4.9	-	-	-	-	-
People with degrees lower than high school	Labor force	15,681	15,640	15,932	58.7	57.2	56.4	-0.3	1.9
	Employment	14,224	14,277	14,450	59.0	57.5	56.6	0.4	1.2
	Unemployed	1,457	1,363	1,482	55.7	54.1	53.9	-6.5	8.7
	Rate of participation in labor force (%)	47.8	47.6	48.0	-	-	-	-	-
	Unemployment rate (%)	9.3	8.7	9.3	-	-	-	-	-
High school	Labor force	2,783	2,846	2,963	10.4	10.4	10.5	2.3	4.1
	Employment	2,432	2,512	2,609	10.1	10.1	10.2	3.3	3.9
	Unemployed	351	335	355	13.4	13.3	12.9	-4.6	6.0
	Rate of participation in labor force (%)	52.1	51.9	53.1	-	-	-	-	-
	Unemployment rate (%)	12.6	11.8	12.0	-	-	-	-	-
Vocational/technical high school	Labor force	2,582	2,692	2,820	9.7	9.8	10.0	4.3	4.8
	Employment	2,297	2,420	2,524	9.5	9.7	9.9	5.4	4.3
	Unemployed	285	272	296	10.9	10.8	10.8	-4.6	8.8
	Rate of participation in labor force (%)	65.5	64.6	65.1	-	-	-	-	-
	Unemployment rate (%)	11.0	10.1	10.5	-	-	-	-	-
Higher education	Labor force	4,476	4,996	5,388	16.7	18.3	19.1	11.6	
	Employment	4,009	4,493	4,831	16.6	18.1	18.9	12.1	7.5
	Unemployed	467	503	557	17.9	20.0	20.3	7.7	10.7
	Rate of participation in labor force (%)	79.3	79.1	80.1	-	-	-	-	-
	Unemployment rate (%)	10.4	10.1	10.3	-	-	-	-	-
Total Labor Force		26,725	27,339	28,271	100.0	100.0	100.0	2.3	3.4
Total Employment		24,100	24,824	25,524	100.0	100.0	100.0	2.9	2.8
Total Unemployed		2,615	2,518	2,747	100.0	100.0	100.0	-3.7	9.1

Source: TURKSTAT.

The additional employment provided in 2013 compared to the preceding year was constituted by high school graduates with 97 thousand people, graduates of vocational/technical high school with 104 thousand people, people with educational degree lower than high school with 173 thousand people, and graduates of higher education with 338 thousand people. Of the employed people, 56.6% have educational degree lower than high school, 18.9 are graduates of higher education, 10.2 are graduates of high school, 9.9% are graduates of vocational/technical high school, and 4.3% are illiterate. The highest increase in employment in 2013 compared to the preceding year was exhibited by the graduates of higher education with 7.5% (Graph 54).

Graph 54. Distribution of Employment by Educational Status



The rate of participation in was observed to be highest in graduates of higher education with 80.1%, and this was followed by graduates of vocational/technical high school with 65.1%, high school graduates with 53.1%, persons with degrees lower than high school with 48%, and illiterate people with 20.1%.

When status educational of the unemployed is examined, 53.9% have educational degree lower than high school, 20.3 are graduates of higher education, 12.9 are graduates of high school, 10.8% are graduates of vocational/technical high school, and 2.1% are illiterate. The highest increase in the number of unemployed in 2013 compared to the preceding year was in the illiterate people with 26.7%.

The rate of participation in was observed to be highest in graduates of high school with 12%, and this was followed by graduates of vocational/technical high school with 10.5%, graduates of higher education with 10.3%, persons with degrees lower than high school with 9.3%, and illiterate people with 4.9%.

2.4.6 Collective Labor Agreement and Fees

In 2013, the number of collective labor agreements as well as the workplaces and workers covered by such agreements increased 75.3%, 145.9%, and 103.3%, respectively, compared to the preceding year. In 2013, 2,638 collective labor agreements were made in 16,404 workplaces. Of the total 518,043 workers covered by the collective labor agreements, 209,210 which correspond to 40.4% work in the public sector and 308,833 which correspond to 59.6% work in the private sector (Table 135).

Table 135. Workplaces and Number of Workers covered by Collective Labor Agreements

Variable	Number			Share (%)			Variation (%)	
	2011	2012	2013	2011	2012	2013	2012	2013
Number of agreements made	1,939	1,505	2,638	-	-	-	-22.4	75.3
Number of workplaces	14,057	6,671	16,404	-	-	-	-52.5	145.9
Number of workers								
Public	141,979	102,930	209,210	33.6	44.4	40.4	-27.5	103.3
Private	280,823	130,511	308,833	66.4	56.3	59.6	-53.5	136.6
Total	422,802	231,872	518,043	100.0	100.0	100.0	-45.2	123.4

Source: MoLSS.

No public sector and private sector lockout was applied in 2013. 2 strikes were held in the public sector, 186 workers participated, and 9,300 workdays were lost. In 17 strikes in private sector, 16,446 workers participated, and 299,126 workdays were lost. Totally, 19 strikes were held, 16,632 workers participated, and 308,426 workdays were lost in 2013 (Table 136).

Table 136. Strike Applications

Sector	Number of Strikes Held			Number of Workers Participated in the Strikes			Workdays Lost			Variation of the Workdays Lost (%)	
	2011	2012 ⁽¹⁾	2013 ⁽¹⁾	2011	2012 ⁽¹⁾	2013 ⁽¹⁾	2011	2012 ⁽¹⁾	2013 ⁽¹⁾	2012	2013 ⁽¹⁾
Public	0	0	2	0	0	186	0	0	9,300	-	-
Private	9	8	17	557	768	16,446	13,273	36,073	299,126	171.8	729.2
Total	9	8	19	557	768	16,632	13,273	36,073	308,426	171.8	755.0

Source: MoLSS.

(1): Data are interim.

In 2013, the net worker wages covered by the collective labor agreements in the public sector increased by 8.4% compared to the preceding year and rose to 2,786.14 TL/month, the labor force cost increased by 9.2% and rose to 5,204,09 TL/month, in real terms, the worker wages increased by 0.9% in real terms, and the labor force cost increased by 4.2%.

Data of 2013 are not announced yet for private sector. According to the data of 2012, the net worker wages reached 1,898.53 TL/month with a nominal increase by 9.4%, and labor force costs reached 3,487.36 TL/month with a nominal increase by 9.4%, compared to the preceding year. In 2012, the worker wages net received in real terms and labor force costs in the private sector increased by 0.5% and 3.1% in real terms compared to the preceding year (Table 137).

Table 137. Developments in Worker Wages covered by the Collective Labor Agreements

(TL/Month)

	Net Wage Received ⁽¹⁾	Nominal Variation (%)	Real Variation (%) ⁽²⁾	Labor Force Cost	Nominal Variation (%)	Real Variation
Public Sector ⁽⁴⁾						
2011	2,394.58	8.3	1.7	4,448.48	6.4	-4.2
2012	2,570.12	7.3	-1.4	4,766.69	7.2	1.0
2013	2,786.14	8.4	0.9	5,204.09	9.2	4.2
Private Sector ⁽⁵⁾						
2011	1,735.40	4.4	4.8	3,187.72	4.4	-6.0
2012	1,898.53	9.4	0.5	3,487.36	9.4	3.1

Source: MoD, KAMU-İŞ, TİSK.

(1): For single employees, the net wage received includes the minimum living allowance.

(2): In the calculation of the real increase in the net wage received, TURKSTAT's 2003 basic year Consumer Price Index was used.

(3): In the calculation of the real increase in the labor force cost, TURKSTAT's 2003 basic year Producer Price Index was used.

(4): Municipalities were excluded.

(5): As the year 2013 data for the private sector were not announced at the time of preparation of the report, the relevant data could not be presented. Data of 2012 are estimate.

In 2013, the daily legal gross minimum wage was established as 32.6 TL for people aged above 16, and as 28 TL for people aged below 16 in the first half of the year, and as 34.1 TL for people aged above 16, and as 29.3 TL for people aged below 16 in the second half of the year. The monthly gross minimum wage was 978.6 TL for people aged above 16, and 839.1 for people aged below 16 in the first half of the year, and was established as 1,021.5 TL for people aged above 16, and as TL 877.5 for people aged below 16 in the second half of the year (Table 138).

Table 138. Daily and Monthly Gross Minimum Wages

(TL)

Effective Dates	People aged above 16		Monthly Variation (%)	People aged below 16		Monthly Variation (%)
	Daily	Monthly		Daily	Monthly	
01.01.2011 - 30.06.2011	26.55	796.5	4.7	22.65	679.5	4.9
01.07.2011 - 31.12.2011	27.90	837.0	5.1	23.85	715.5	5.3
01.01.2012 - 30.06.2012	29.55	886.5	5.9	25.35	760.5	6.3
01.07.2012 - 31.12.2012	31.35	940.5	6.1	26.85	805.5	5.9
01.01.2013 - 30.06.2013	32.62	978.6	4.1	27.97	839.1	4.2
01.07.2013 - 31.12.2013	34.05	1,021.5	4.4	29.25	877.5	4.6

Source: MoLSS.

In 2013, compared to the preceding year, the monthly gross minimum wages increased by 4.1% for people aged above 16, and 4.2% for people aged below 16 in the first half of the year, and increased 4.4% for people aged above 16, and as %4.6 for people aged below 16 in the second half of the year.

In 2013, the net received average civil servant salary increased 7.3% in nominal terms, and rose to 2.048,43 per month in nominal terms, and the average salary cost increased 13,1% and reached 2.695,10 per month. In real terms, the net average state servant salary decreased by 0.2%, and the average salary cost increased by 2.7% (Table 139).

Table 139. Nominal and Real Variations in Civil Servant Salaries

(TL/Month)						
Years	Weighted Average Salary ⁽¹⁾ ⁽²⁾	Nominal Variation (%)	Real Variation	Average Salary Cost	Nominal Variation	Real Variation (%) ⁽⁴⁾
2011	1,679.03	13.2	6.3	2,221.36	12.0	0.8
2012	1,909.70	13.7	4.5	2,512.52	13.1	6.6
2013	2,048.43	7.3	-0.2	2,695.10	7.3	2.7

Source: MoD, MoF, TURKSTAT.

(1): For single employees, the average net salary includes the minimum living allowance.

(2): Excludes the family benefit, state of emergency compensation, additional compensation payable for Regions Prioritized in Development, overtime works payable over the highest civil servant salary, and payment out of the Income Administration Development Funds, and includes lodging compensation. The weighted average of all classes was taken.

(3): Shows the real variation compared to the preceding year. In the calculation of the real increases, TURKSTAT's 2003 basic year Consumer Price Index was used.

(4): Shows the real variation compared to the preceding year. In the calculation of the real increases, TURKSTAT's 2003 basic year Producer Price Index was used.

Selected Economic and Social Indicators for the Period 2009-2013

I. ECONOMIC INDICATORS	2009	2010	2011	2012	2013
GROSS DOMESTIC PRODUCT					
With Current Prices (Million TL)	952,559	1,098,799	1,297,713	1,416,798	1,561,510
With Current Prices (Million \$)	616,703	731,608	773,980	786,283	820,012
With Fixed Prices (Million TL)	97,003	105,886	115,175	117,625	122,388
Per Capita GDP (\$)	8,561	10,003	10,428	10,459	10,782
GROWTH RATE (As per 1998 basic prices, %)					
Agriculture	3.6	2.4	6.1	3.1	3.1
Industry	-6.9	13.0	9.7	1.8	3.4
Services	-3.2	8.5	9.0	2.4	5.5
GDP	-4.8	9.2	8.8	2.1	4.0
GDP-SECTORAL DISTRIBUTION (with Current Prices, %)					
Agriculture	9.1	9.5	9.0	8.8	8.4
Industry	21.0	21.7	22.5	21.8	21.6
Services	69.9	68.8	68.5	69.4	70.0
PRODUCTION					
Agricultural added value (As per 1998 basic prices, Million TL)	9,768	9,999	10,604	10,935	11,276
Industrial added value (As per 1998 basic prices, Million TL)	25,196	28,467	31,231	31,800	32,888
Industry production index (Adjusted for calendar effect)	89.2	100.3	110.0	112.7	116.5
Manufacturing industry production index (Adjusted for calendar effect)	88.0	100.3	110.4	112.8	117.7
Manufacturing industry capacity utilization rate (%)	65.3	72.6	75.4	74.2	74.6
INVESTMENT					
Fixed capital investments (With current prices, Million TL)	163,986	211,330	286,629	319,042	358,216
Public	39,173	47,003	53,247	61,832	68,301
Private	124,813	164,326	233,382	257,210	289,915
Investment incentive certificates (Number)	2,302	4,103	4,369	4,306	4,978
Agriculture	85	453	246	122	107
Mining	134	248	273	284	281
Manufacturing	1,452	2,236	2,430	2,562	2,988
Energy	110	158	209	196	184
Service	521	1,008	1,211	1,142	1,418
PRICE MOVEMENTS					
Annual average percentage variation					
PPI	1.23	8.52	11.09	6.09	4.48
CPI	6.25	8.57	6.47	8.89	7.49
Year-end percentage variation					
PPI	5.93	8.87	13.33	2.45	6.97
CPI	6.53	6.40	10.45	6.16	7.40
CASH-BANK (Million TL)					
M1	103,331	133,885	148,455	181,929	225,331
M2	490,787	587,815	665,642	749,112	910,052
M3	518,767	616,201	700,491	791,993	950,979
Credit stock	323,855	465,937	622,197	738,070	990,796
Deposits	463,869	555,903	646,256	718,953	879,446
CAPITAL MARKET					
Volume of transactions (Million TL)	474,611	635,664	695,338	632,717	832,504
BIST 100 index	52,825	66,004	51,267	78,208	67,802
PUBLIC FINANCE					
Central government budget (Million TL)					
Revenues	215,458	254,277	296,824	332,475	389,441
Expenses	268,219	294,359	314,607	361,887	407,890
Budget balance	-52,761	-40,082	-17,783	-29,412	-18,449
Non-interest balance	440	8,217	24,448	19,004	31,537

Selected Economic and Social Indicators for the Period 2009-2013 (Continued)

	2009	2010	2011	2012	2013
Central government debt stock	441,509	473,561	518,350	532,199	585,835
Domestic debt stock (Million TL)	330,005	352,841	368,778	386,542	403,007
Foreign debt stock (Million TL)	111,504	120,720	149,572	145,657	182,828
Privatization transactions (Million \$)	2,275	3,082	1,358	3,021	12,486
FOREIGN EXCHANGE RATES (Annual average)					
TL/Dollar (Buying)	1.54679	1.49843	1.67102	1.79227	1.90225
TL/Euro (Buying)	2.15003	1.98896	2.32329	2.30429	2.52768
FOREIGN TRADE (Million \$)					
Export	102,143	113,883	134,907	152,462	151,812
Import	140,928	185,544	240,842	236,545	251,650
Balance of foreign trade	-38,786	-71,661	-105,935	-84,083	-99,839
Volume of foreign trade	243,071	299,427	375,749	389,007	403,463
Rate of imports covered by exports (%)	72.5	61.4	56.0	64.5	60.3
BALANCE OF PAYMENTS (Million \$)					
Balance of goods	-24,850	-56,413	-89,137	-65,331	-79,859
Export f.o.b.	109,647	120,902	143,396	163,221	163,380
Import f.o.b.	-134,497	-177,315	-232,533	-228,552	-243,239
Current accounts balance	-12,124	-45,420	-75,082	-48,497	-64,940
Worker remittances	1,014	948	1,045	975	877
Tourism revenues	22,980	22,585	25,054	25,345	27,997
INTERNATIONAL RESERVES (Gross, Million \$)	112,232	110,031	110,514	137,489	147,831
DIRECT INTERNATIONAL INVESTMENTS (Million \$)					
Direct international capital (Net)	6,847	6,564	14,158	10,588	9,823
Capital (Net)	6,184	6,221	14,145	10,126	9,631
Other capital (Net)	663	343	13	462	192
Real estate (Net)	1,782	2,494	2,013	2,636	3,049
Direct international investments (Net)	8,629	9,058	16,171	13,224	12,872
FOREIGN DEBT STOCK (Million \$)					
Short term	48,990	77,294	81,841	100,540	129,107
Long term	220,140	214,517	222,043	237,769	259,136
Total	269,130	291,810	303,884	338,309	388,243
Public	83,482	89,081	94,281	104,023	115,976
CBRT	13,162	11,565	9,334	7,088	5,234
Private	172,486	191,165	200,270	227,198	267,033
II. SOCIAL INDICATORS	2009	2010	2011	2012	2013
POPULATION (Thousand People)					
Total population	72,561	73,723	74,724	75,627	76,668
Male	36,462	37,043	37,533	37,956	38,473
Female	36,099	36,680	37,191	37,671	38,195
Annual population growth rate (‰)	14,5	15,9	13,5	12,0	13,7
Population of Province and County centers	5,481	56,222	57,386	58,448	70,034
Share of the population of Province and County centers within the total population (%)	7.6	76.3	76.8	77.3	91.3
Population of Towns and Villages	17,754	17,501	17,339	17,179	6,633
Share of the population of Towns and Villages within the total population (%)	24.5	23.7	23.2	22.7	8.7
Population density	94	96	97	98	100

Selected Economic and Social Indicators for the Period 2009-2013 (Continued)

II. SOCIAL INDICATORS	2009	2010	2011	2012	2013
POPULATION (Thousand People)					
Total age dependency rate	49.2	48.9	48.4	48.0	47.6
Rate of young-age dependency (0-14 years)	38.8	38.1	37.5	36.9	36.3
Rate of elderly dependency (65+ years)	10.5	10.8	10.9	11.1	11.3
Crude birth rate (‰)	17.6	17.2	16.8	17.1	16.9
Total fertility rate (Number of children)	2.08	2.06	2.03	2.09	2.07
Average age for mothers giving birth	26.9	27.2	27.3	27.5	27.7
Median age	28.8	29.2	29.7	30.1	30.4
Net primary school schooling rate (Total)	-	-	-	98.9	99.6
Net secondary school schooling rate (Total)	-	-	-	93.1	94.5
Net secondary education schooling rate (Total)	-	-	-	70.1	76.7
Net higher education schooling rate (Total)	-	-	-	38.5	-
EMPLOYMENT					
Non-institutional working age population (Thousand people)	51,686	52,541	53,593	54,724	55,608
Labor force (Thousand people)	24,748	25,641	26,725	27,339	28,271
Employed (Thousand people)	21,277	22,594	24,110	24,821	25,524
Agriculture	5,240	5,683	6,143	6,097	6,015
Industry ⁽¹⁾	5,385	5,927	6,380	6,460	6,738
Services	10,650	10,986	11,587	12,264	12,771
Number of unemployed (Thousand people)	3,471	3,046	2,615	2,518	2,747
Number of people not included in the labor force (Thousand people)	26,938	26,901	26,867	27,385	27,337
Sectoral distribution of employment (%)					
Agriculture	24.6	25.2	25.5	24.6	23.6
Industry ⁽¹⁾	25.3	26.2	26.5	26.0	26.4
Services	50.1	48.6	48.1	49.4	50.0
Rate of participation in labor force (%)	47.9	48.8	49.9	50.0	50.8
Employment rate (%)	41.2	43.0	45.0	45.4	45.9
Unemployment rate (%)	14.0	11.9	9.8	9.2	9.7
Non-agricultural unemployment rate	17.4	14.8	12.4	11.5	12.0
Young population unemployment rate	25.3	21.7	18.4	17.5	18.7
Status of working population at work					
Waged, salaried and casual	12,770	13,762	14,876	15,619	16,353
Employer and self-employed	5,638	5,750	5,931	5,933	5,954
Unpaid family worker	2,870	3,083	3,303	3,268	3,217

(1): Construction sector was considered within the industry sector.

