

# ECONOMIC CRISIS IN TURKEY

## ITS INFLUENCE ON TRADE WITH THE EU

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# HISTORY

1929

1948

1954

1958

1969

1988

1986

1980

1978

1974

1991

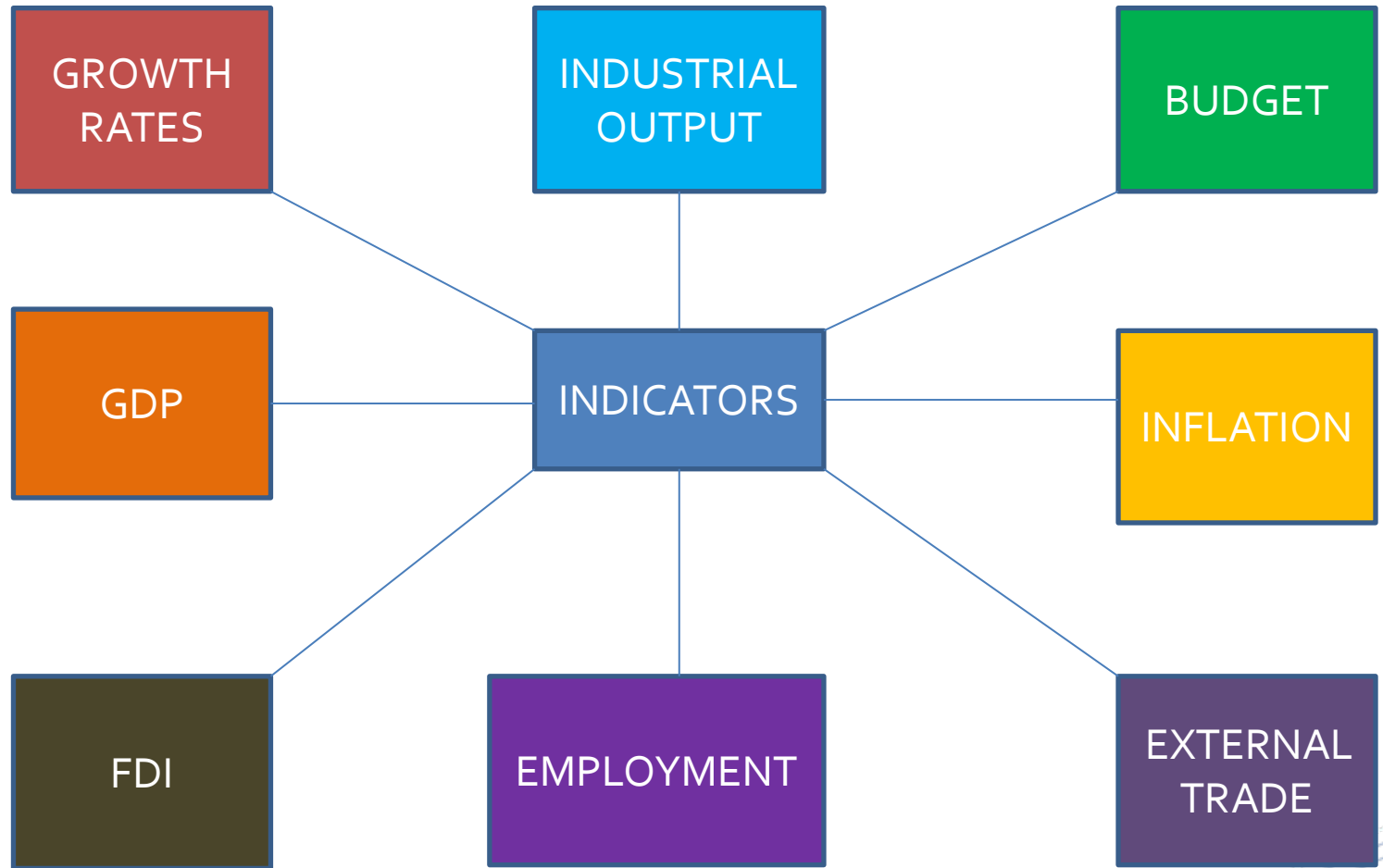
1994

1999

2001

2008

# MAJOR ECONOMIC INDICATORS



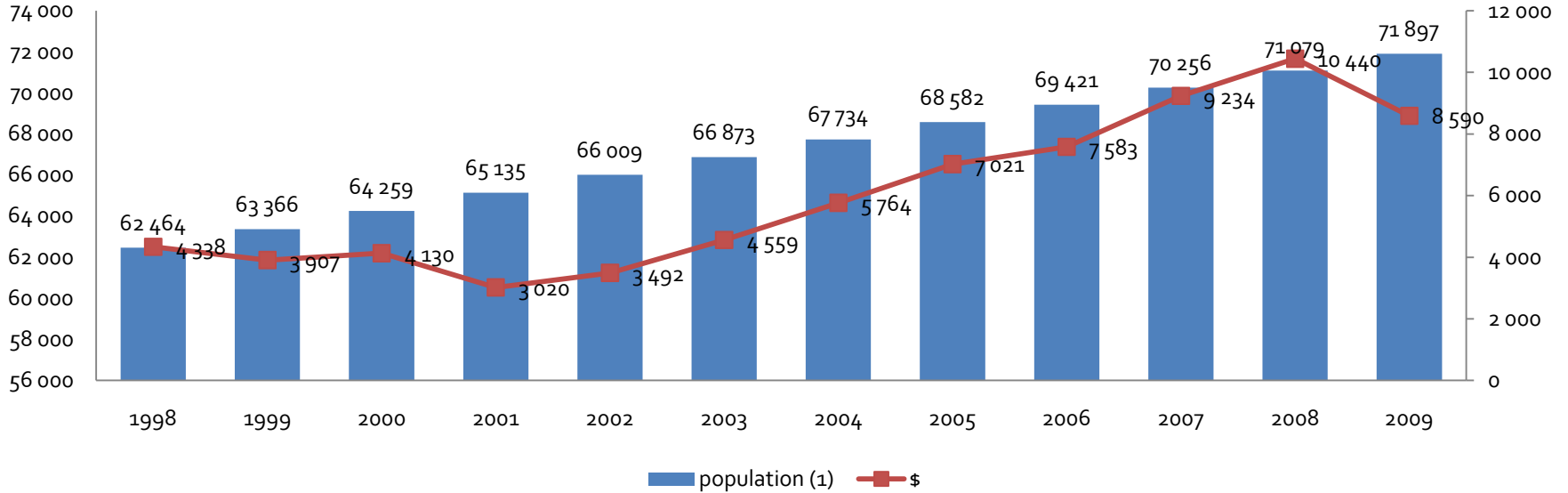
# GDP

## GDP Per Capita in € in 2008

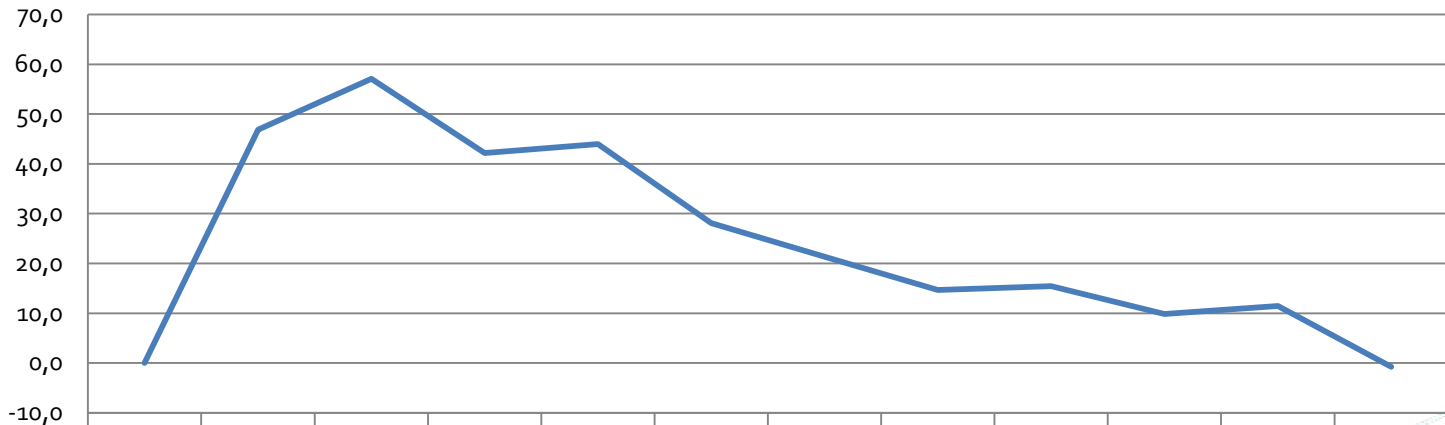
European Union (27 countries) 25100 €

|                |          |                |         |
|----------------|----------|----------------|---------|
| Luxembourg     | 80500 €  | Spain          | 23900 € |
| Norway         | 64900 €  | Cyprus         | 21700 € |
| Switzerland    | 44600 €  | Greece         | 21300 € |
| Denmark        | 42400 \$ | Slovenia       | 18400 € |
| Ireland        | 40900 €  | Portugal       | 15700 € |
| Netherlands    | 36200 €  | Czech Republic | 14200 € |
| Sweden         | 35400 €  | Malta          | 13800 € |
| Finland        | 34700 €  | Estonia        | 12000 € |
| Austria        | 33800 €  | Slovakia       | 12000 € |
| Belgium        | 32200 €  | Croatia        | 10800 € |
| Iceland        | 32200 €  | Hungary        | 10500 € |
| United States  | 32200 €  | Latvia         | 10200 € |
| Germany        | 30400 €  | Lithuania      | 9600 €  |
| France         | 30400 €  | Poland         | 9500 €  |
| United Kingdom | 29600 €  | Turkey         | 7000 €  |
| Italy          | 26200 €  | Bulgaria       | 4500 €  |

## GDP Per Capita In Turkey by Years



## Growth Rate of GDP Per Capita



Source: TURKSTAT

(1) Population estimations are based on 2008 Address Based Population Registration

# PRODUCTION

## TOTAL INDUSTRY 2005 base

| YEARS | ANNUAL AVERAGE |
|-------|----------------|
| 2009  | 103,2          |
| 2008  | 114,2          |
| 2007  | 115,3          |
| 2006  | 107,8          |
| 2005  | 100            |

## MANUFACTURING 2005 base

| YEARS | ANNUAL AVERAGE |
|-------|----------------|
| 2009  | 100,4          |
| 2008  | 112,7          |
| 2007  | 114,8          |
| 2006  | 107,7          |
| 2005  | 100            |

Source: TURKSTAT,INDUSTRY PRODUCTION DATABASE

# PRODUCTION

## MANUFACTURE OF TEXTILES AND TEXTILE PRODUCTS 2005 base

| YEARS | ANNUAL AVERAGE |
|-------|----------------|
| 2009  | 82,5           |
| 2008  | 91,4           |
| 2007  | 102,9          |
| 2006  | 100,1          |
| 2005  | 100            |

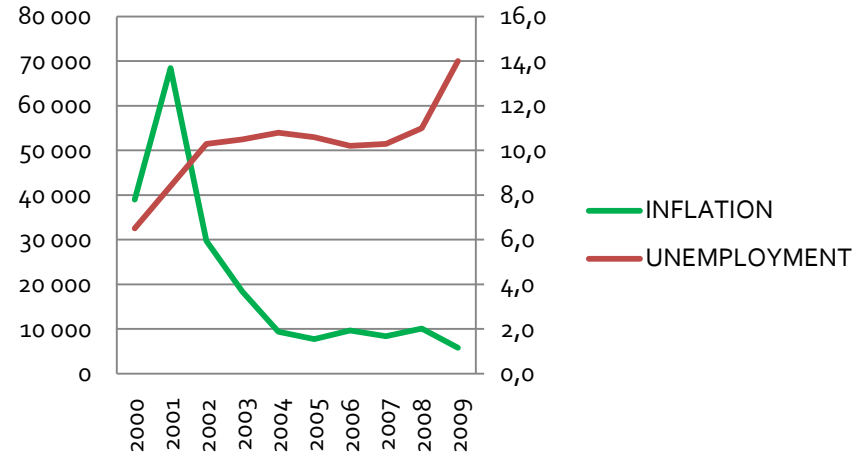
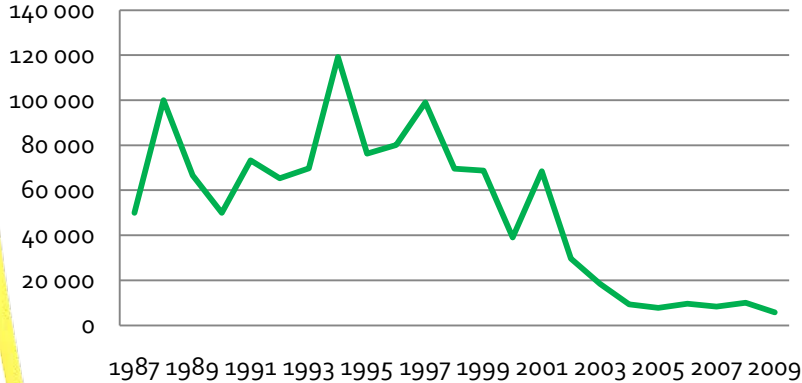
## MANUFACTURE OF MOTOR VEHICLES 2005 base

| YEARS | ANNUAL AVERAGE |
|-------|----------------|
| 2009  | 85,5           |
| 2008  | 122,9          |
| 2007  | 117,8          |
| 2006  | 108,1          |
| 2005  | 100,0          |

# INFLATION & UNEMPLOYMENT

## INFLATION AND UNEMPLOYMENT

### Inflation Rate %



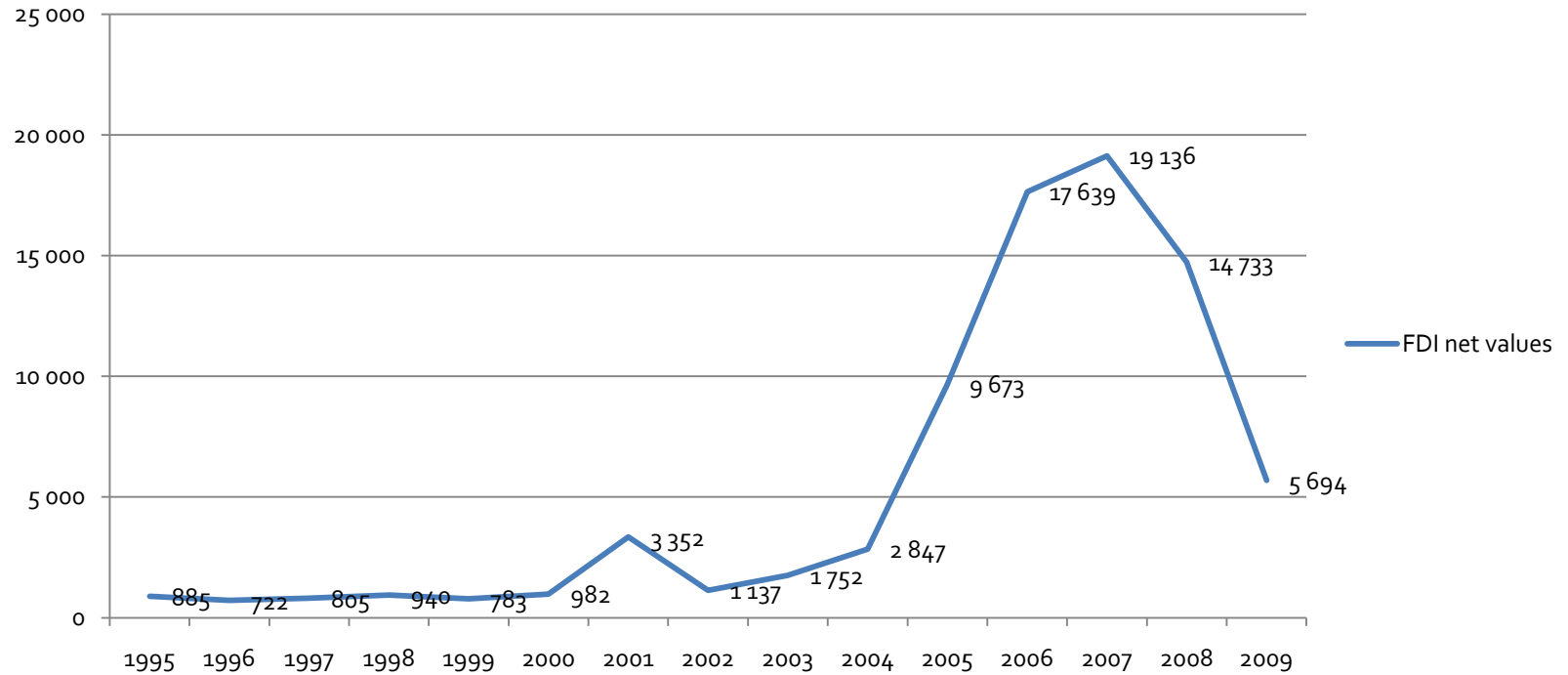
## UNEMPLOYMENT





# FOREIGN DIRECT INVESTMENTS

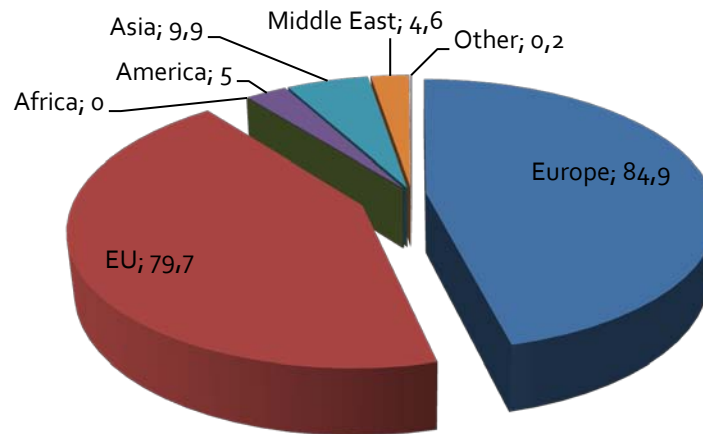
FDI net values (millions of dollars)



| <b>SECTORAL CAPITAL INFLOW (Percentage Share)</b> |             |             |             |             |
|---|-------------|-------------|-------------|-------------|
|   | <b>2006</b> | <b>2007</b> | <b>2008</b> | <b>2009</b> |
| <b>Agriculture</b>                                | 0           | 0           | 0,3         | 0,7         |
| <b>Mining</b>                                     | 0,7         | 1,8         | 1           | 3,4         |
| <b>Manufacturing</b>                              | 10,6        | 22          | 26,7        | 28,9        |
| <b>Service</b>                                    | 88,1        | 73,2        | 64,8        | 38,1        |
| <b>Other</b>                                      | 6,7         | 3           | 7,2         | 28,9        |

| <b>SECTORAL CAPITAL INFLOW (In Millions of Dollars)</b> |               |               |               |              |
|---|---------------|---------------|---------------|--------------|
|   | <b>2006</b>   | <b>2007</b>   | <b>2008</b>   | <b>2009</b>  |
| <b>Agriculture</b>                                      | 6             | 9             | 41            | 42           |
| <b>Mining</b>   | 122           | 337           | 152           | 194          |
| <b>Manufacturing</b>                                    | 1866          | 4211          | 3931          | 1645         |
| <b>Service</b>  | 15533         | 14012         | 9541          | 2167         |
| <b>Other</b>  | 112           | 567           | 1068          | 1646         |
| <b>Total</b>  | <b>17.639</b> | <b>19.136</b> | <b>14.733</b> | <b>5.694</b> |

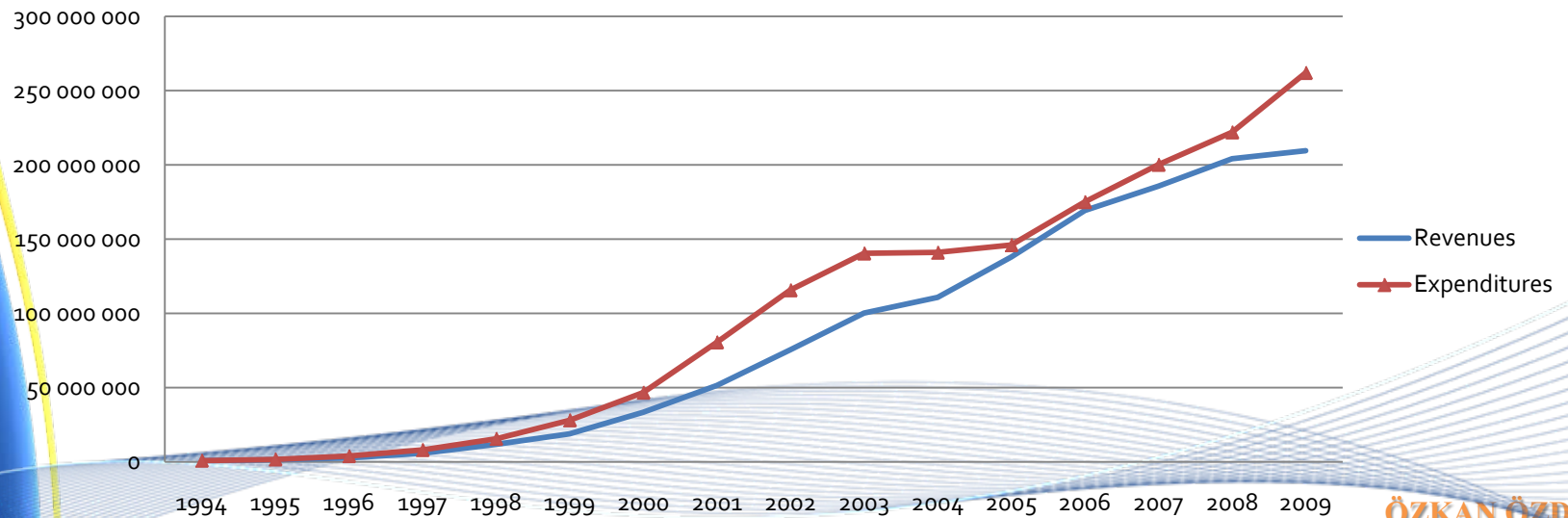
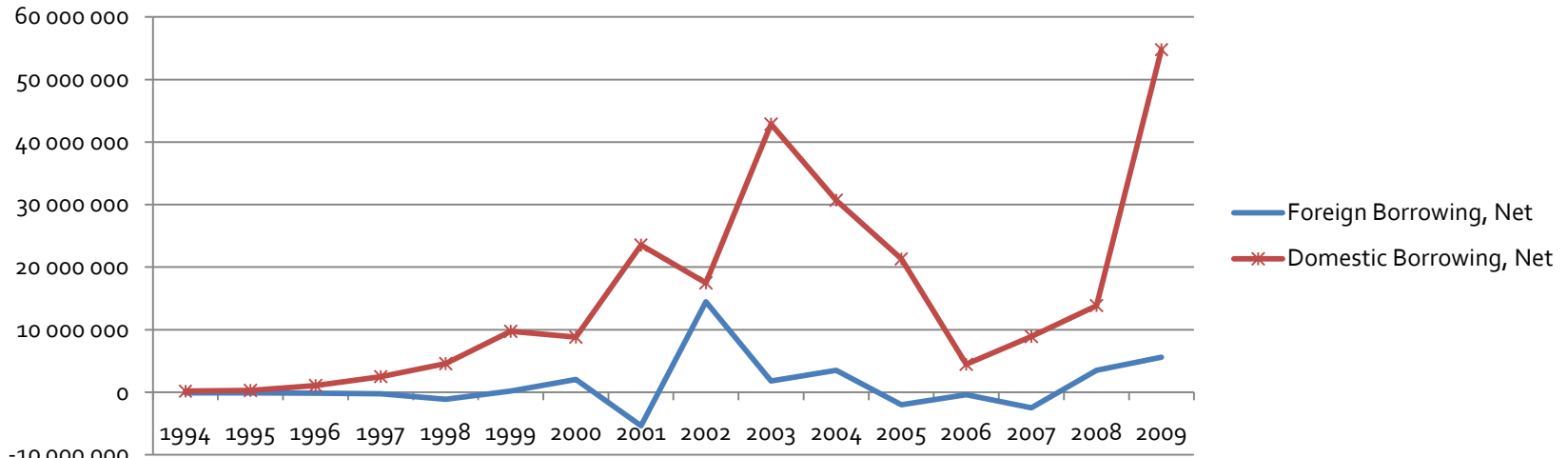
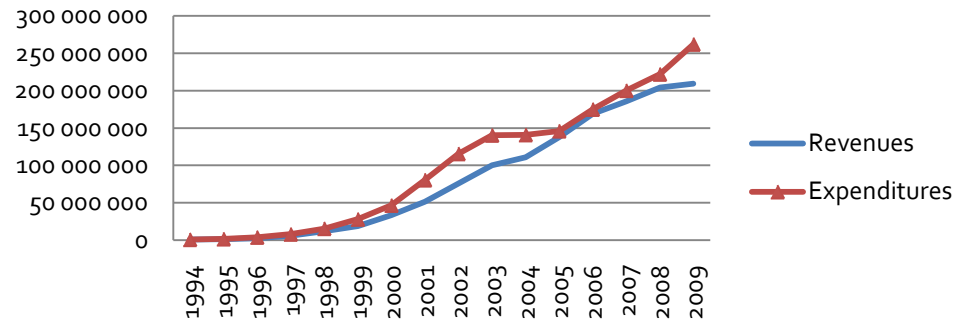
| GEOGRAPHICAL CAPITAL INFLOW (Percentage Share) |             |             |           |             | GEOGRAPHICAL CAPITAL INFLOW<br>millions \$ |               |               |               |              |
|--|-------------|-------------|-----------|-------------|--|---------------|---------------|---------------|--------------|
|  | 2006        | 2007        | 2008      | 2009        |  | 2006          | 2007          | 2008          | 2009         |
| Europe   | 82,6        | 67,8        | 77        | 84,9        | Europe                                     | 14.574        | 12.974        | 11.342        | 4.834        |
| EU   | <b>82,1</b> | <b>65,8</b> | <b>75</b> | <b>79,7</b> | EU   | <b>14.489</b> | <b>12.600</b> | <b>11.051</b> | <b>4.539</b> |
| Africa   | 0,1         | 0           | 0,6       | 0           | Africa                                     | 21            | 5             | 82            | 0            |
| America  | 5,7         | 24,6        | 6,4       | 5           | America                                    | 1.002         | 4.717         | 946           | 287          |
| Asia   | 10,9        | 7,3         | 16        | 9,9         | Asia                                       | 1.927         | 1.405         | 2.361         | 561          |
| Middle East                                    |             |             |           |             | Middle East                                | 1.910         | 608           | 2.199         | 262          |
| Other  | 0,7         | 0,2         | 0         | 0,2         | Other                                      | 115           | 35            | 2             | 12           |
|  |             |             |           |             | <b>TOTAL</b>                               | <b>17.639</b> | <b>19.136</b> | <b>14.733</b> | <b>5.694</b> |



# BUDGET

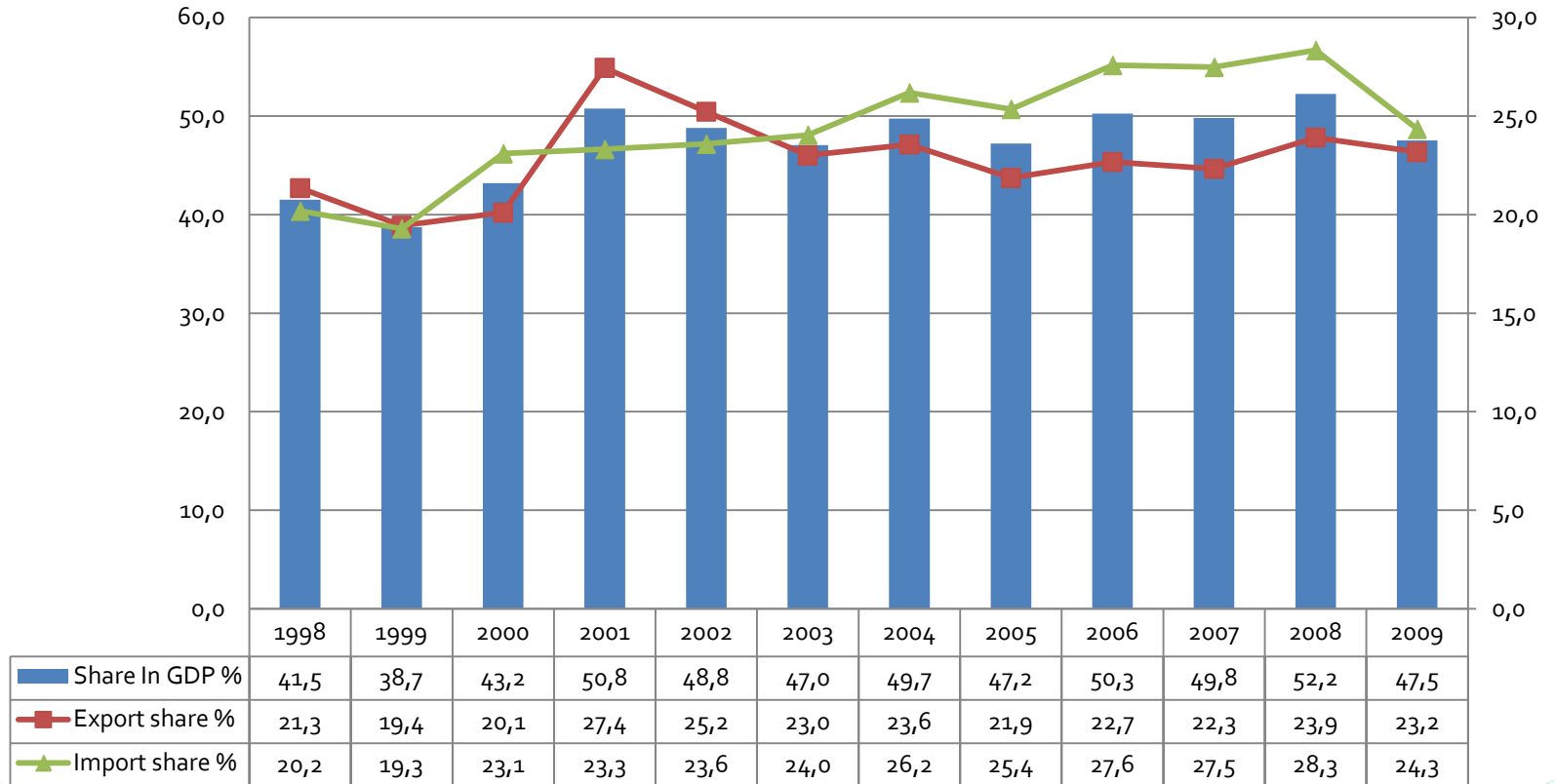
| GENERAL BUDGET       |             |              |                |              |             |                        |                         |
|----------------------|-------------|--------------|----------------|--------------|-------------|------------------------|-------------------------|
| (in millions of TRY) |             |              |                |              |             |                        |                         |
| Years                | Revenues    | Expenditures | Budget Balance | Cash Balance | Financing   | Foreign Borrowing, Net | Domestic Borrowing, Net |
| 1994                 | 751.615     | 902.454      | -150.839       | -138.742     | 138.742     | -77.082                | 173.878                 |
| 1995                 | 1.409.250   | 1.724.194    | -314.944       | -265.302     | 265.302     | -107.873               | 282.875                 |
| 1996                 | 2.727.958   | 3.961.308    | -1.233.350     | -1.129.211   | 1.129.211   | -158.747               | 1.066.229               |
| 1997                 | 5.815.099   | 8.050.252    | -2.235.153     | -2.027.889   | 2.027.889   | -225.708               | 2.505.517               |
| 1998                 | 11.811.065  | 15.614.441   | -3.803.376     | -3.486.812   | 3.486.812   | -1.111.713             | 4.590.178               |
| 1999                 | 18.933.065  | 28.084.685   | -9.151.620     | -8.991.863   | 8.991.863   | 218.157                | 9.740.450               |
| 2000                 | 33.440.143  | 46.705.028   | -13.264.885    | -12.308.135  | 12.308.135  | 2.042.579              | 8.807.652               |
| 2001                 | 51.542.970  | 80.579.065   | -29.036.095    | -30.929.652  | 30.929.652  | -5.348.533             | 23.542.321              |
| 2002                 | 75.592.324  | 115.682.350  | -40.090.026    | -35.101.883  | 35.101.883  | 14.485.301             | 17.474.459              |
| 2003                 | 100.250.427 | 140.454.842  | -40.204.415    | -43.076.322  | 43.076.322  | 1.796.136              | 42.883.808              |
| 2004                 | 110.720.859 | 141.020.860  | -30.300.001    | -31.623.633  | 31.623.633  | 3.504.841              | 30.712.343              |
| 2005                 | 137.980.944 | 146.097.573  | -8.116.629     | -9.310.065   | 9.310.065   | -2.009.034             | 21.318.385              |
| 2006                 | 169.315.825 | 175.084.118  | -5.768.293     | -6.344.729   | -6.344.729  | -407.028               | 4.461.224               |
| 2007                 | 185.715.245 | 200.206.450  | -14.491.205    | -14.424.703  | 14.424.703  | -2.477.613             | 8.915.348               |
| 2008                 | 204.183.681 | 222.055.561  | -17.871.880    | -19.497.411  | -19.497.411 | 3.522.011              | 13.858.913              |
| 2009                 | 209.483.413 | 262.113.420  | -52.630.007    | -57.120.606  | -57.120.606 | 5.616.044              | 54.770.255              |

# BUDGET



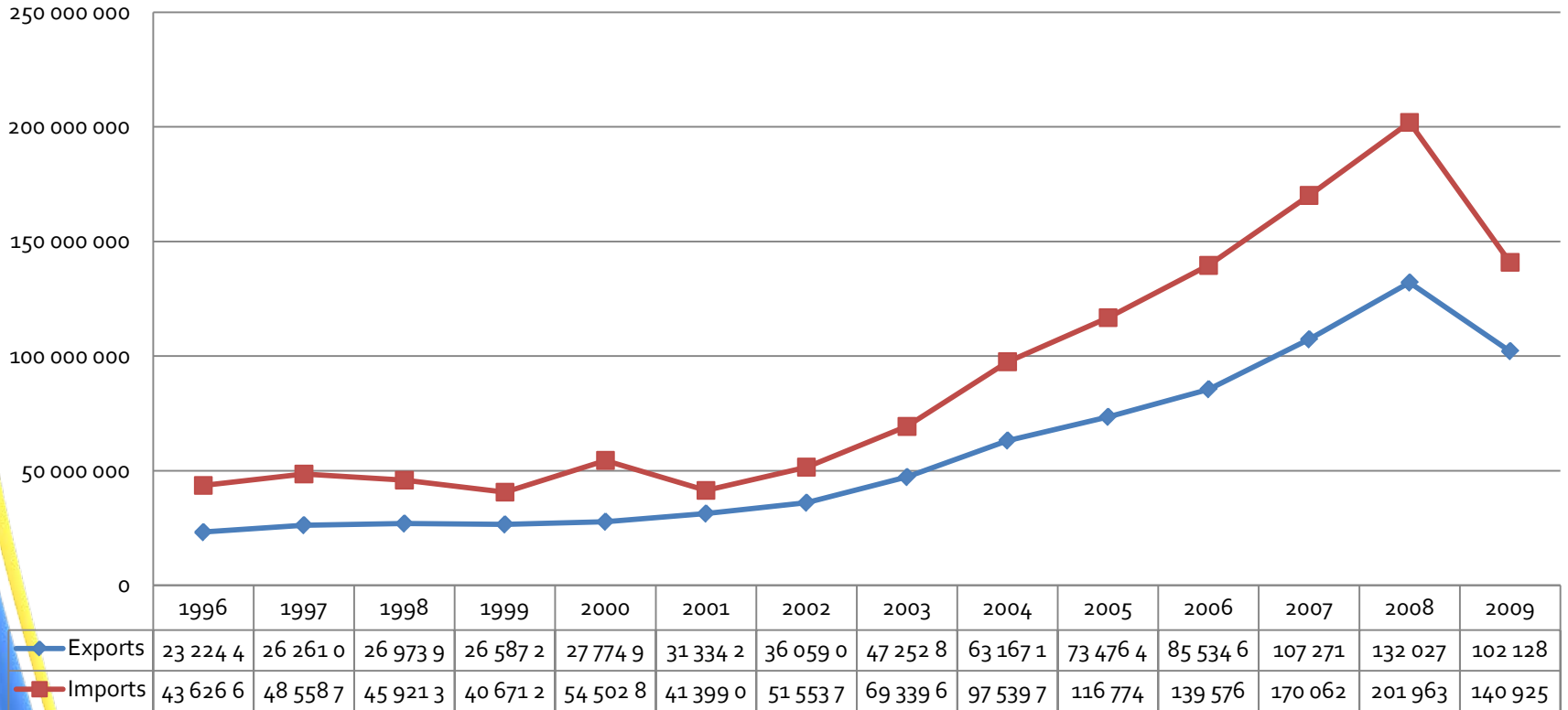
# EXTERNAL TRADE

## Share of External Trade on GDP



## EXPORT AND IMPORT BY YEARS

### Billions \$



Source: TURKSTAT

# TRADE DESTINATIONS

| SHARE OF IMPORT DESTINATIONS |      |      |      |      |      |      |      |      |
|------------------------------|------|------|------|------|------|------|------|------|
| destination/years            | 2006 | 2007 | 2008 | 2009 | 2006 | 2007 | 2008 | 2009 |
| EU COUNTRIES (27)            | 75%  | 56%  | 40%  | 48%  | 37%  | 46%  | 40%  |      |
| Other Asian Countries        | 32%  | 14%  | 20%  | 19%  | 19%  | 19%  | 20%  |      |
| Other European Countries     | 32%  | 10%  | 20%  | 12%  | 22%  | 11%  | 19%  |      |
| Near And Middle Eastern      | 13%  | 4%   | 7%   | 4%   | 9%   | 7%   | 7%   |      |
| North American Countries     | 9%   | 5%   | 5%   | 5%   | 7%   | 7%   | 7%   |      |
| North African Countries      | 6%   | 1%   | 2%   | 2%   | 3%   | 4%   | 3%   |      |
| EFTA Countries               | 6%   | 4%   | 3%   | 4%   | 3%   | 3%   | 2%   |      |



| Top 10 Import Destination by Country |             |             |             |             |             |
|--------------------------------------|-------------|-------------|-------------|-------------|-------------|
| 2004                                 | 2005        | 2006        | 2007        | 2008        | 2009        |
| Germany                              | Germany     | Russia Fed. | Russia Fed. | Russia Fed. | Russia Fed. |
| Russia Fed.                          | Russia Fed. | Germany     | Germany     | Germany     | Germany     |
| Italy                                | Italy       | China       | China       | China       | China       |
| France                               | China       | Italy       | U.S.A       | U.S.A       | Italy       |
| U.S.A.                               | France      | France      | Italy       | Italy       | U.S.A       |
| China                                | U.S.A.      | U.S.A.      | France      | France      | France      |
| U.K.                                 | U.K.        | Iran        | Spain       | Iran        | Iran        |
| Switzerland                          | Switzerland | U.K.        | U.K         | Ukraine     | U.K         |
| Spain                                | Spain       | Switzerland | Iran        | Switzerland | Switzerland |
| Japan                                | South Korea | Spain       | Ukraine     | U.K         | Ukraine     |

# MAJOR IMPORT PRODUCTS FROM THE EU

## TOP 20 IMPORT PRODUCTS FROM THE EU (in Euros)

|    | Product Group by SITC 2digit                       | 2007          | 2008          | 2009          | change |      |
|----|--|---------------|---------------|---------------|--------|------|
|    |  |               |               |               | 2008   | 2009 |
| 1  | 78-ROAD VEHICLES (INCLUDING AIR-CUSHION VEHICLES)  | 7.022.732.943 | 6.912.337.893 | 4.863.777.354 | -2%    | -30% |
| 2  | 74 - GENERAL INDUSTRIAL MACHINERY AND EQUIPMENT    | 3.337.379.148 | 3.415.044.966 | 2.702.789.495 | 2%     | -21% |
| 3  | 71-POWER-GENERATING MACHINERY AND EQUIPMENT        | 2.932.411.782 | 3.071.187.846 | 2.610.736.213 | 5%     | -15% |
| 4  | 54-MEDICINAL AND PHARMACEUTICAL PRODUCTS           | 1.976.976.076 | 2.321.035.350 | 2.454.351.657 | 17%    | 6%   |
| 5  | 77-ELECTRICAL MACHINERY, APPARATUS AND APPLIANCES  | 2.964.923.845 | 2.982.075.756 | 2.352.025.023 | 1%     | -21% |
| 6  | 67-IRON AND STEEL                                  | 3.255.271.864 | 3.160.708.426 | 2.332.422.451 | -3%    | -26% |
| 7  | 57-PLASTICS IN PRIMARY FORMS                       | 2.549.879.175 | 2.405.436.187 | 2.021.965.402 | -6%    | -16% |
| 8  | 76-TELECOMMUNICATIONS AND SOUND-RECORDING          | 1.783.335.049 | 1.728.323.715 | 1.860.863.528 | -3%    | 8%   |
| 9  | 33-PETROLEUM, PETROLEUM PRODUCTS                   | 1.357.588.842 | 2.380.178.705 | 1.524.652.131 | 75%    | -36% |
| 10 | 72-MACHINERY SPECIALIZED FOR PARTICULAR INDUSTRIES | 3.023.605.098 | 2.449.655.881 | 1.522.731.550 | -19%   | -38% |

## TOP 20 IMPORT PRODUCTS FROM THE EU (in Euros)

|           | Product Group by SITC 2digit                   | 2007          | 2008          | 2009          | change |      |
|-----------|--|---------------|---------------|---------------|--------|------|
|           |  |               |               |               | 2008   | 2009 |
| <b>11</b> | 28-METALLIFEROUS ORES AND METAL SCRAP          | 1.511.067.543 | 2.110.312.004 | 1.464.721.802 | 40%    | -31% |
| <b>12</b> | 75-OFFICE AND AUTOMATIC DATA MACHINES          | 1.527.284.637 | 1.340.061.352 | 1.229.447.947 | -12%   | -8%  |
| <b>13</b> | 89-MISCELLANEOUS MANUFACTURED ARTICLES         | 1.215.665.450 | 1.293.842.932 | 1.066.451.421 | 6%     | -18% |
| <b>14</b> | 51-ORGANIC CHEMICALS                           | 1.224.982.317 | 1.084.648.261 | 1.006.184.585 | -11%   | -7%  |
| <b>15</b> | 79-OTHER TRANSPORT EQUIPMENT                   | 969.116.795   | 1.239.508.730 | 971.422.149   | 28%    | -22% |
| <b>16</b> | 65-TEXTILE YARN, FABRICS, AND RELATED PRODUCTS | 1.310.509.846 | 1.163.912.939 | 967.549.114   | -11%   | -17% |
| <b>17</b> | 59-CHEMICAL MATERIALS AND PRODUCTS             | 1.041.789.689 | 1.072.739.897 | 951.331.008   | 3%     | -11% |
| <b>18</b> | 87-SCIENTIFIC AND CONTROLLING INSTRUMENTS      | 1.102.552.514 | 1.121.319.638 | 949.894.869   | 2%     | -15% |
| <b>19</b> | 64-PAPER, PAPERBOARD AND ARTICLES              | 1.014.076.213 | 975.323.564   | 916.269.655   | -4%    | -6%  |
| <b>20</b> | 69-MANUFACTURES OF METALS                      | 1.121.397.673 | 1.131.792.315 | 872.460.247   | 1%     | -23% |

Source: EUROSTAT

# MAJOR EXPORT GOODS TO THE EU

## TOP 20 EXPORT PRODUCTS TO THE EU (in Euros)

|    | Product Group by SITC 2digit                            | 2007          | 2008          | 2009          | change |      |
|----|---|---------------|---------------|---------------|--------|------|
|    |   |               |               |               | 2008   | 2009 |
| 1  | 84 -APPAREL AND CLOTHING ACCESSORIES                    | 9.071.911.786 | 8.065.570.779 | 7.145.426.085 | -11%   | -11% |
| 2  | 78-ROAD VEHICLES (INCLUDING AIR-CUSHION VEHICLES)       | 9.456.422.418 | 9.778.408.145 | 6.998.507.157 | 3%     | -28% |
| 3  | 65-TEXTILE YARN, FABRICS, AND RELATED PRODUCTS          | 3.721.651.721 | 3.336.293.992 | 2.840.303.006 | -10%   | -15% |
| 4  | 77-ELECTRICAL MACHINERY,AND ELECTRICAL PARTS            | 2.805.539.835 | 2.817.136.049 | 2.567.569.145 | 0%     | -9%  |
| 5  | 05-VEGETABLES AND FRUIT                                 | 2.301.849.900 | 2.315.388.618 | 2.123.156.639 | 1%     | -8%  |
| 6  | 76-TELECOMMUNICATIONS AND SOUND-RECORDING AND EQUIPMENT | 1.866.976.193 | 1.424.676.047 | 1.348.844.291 | -24%   | -5%  |
| 7  | 67-IRON AND STEEL                                       | 2.978.445.646 | 2.603.779.880 | 1.146.422.555 | -13%   | -56% |
| 8  | 69-MANUFACTURES OF METALS                               | 1.401.006.637 | 1.478.475.117 | 1.066.908.961 | 6%     | -28% |
| 9  | 71-POWER-GENERATING MACHINERY AND EQUIPMENT             | 1.218.039.655 | 1.175.038.066 | 1.044.941.839 | -4%    | -11% |
| 10 | 66-NON-METALLIC MINERAL MANUFACTURES                    | 996.986.301   | 1.035.701.365 | 913.794.351   | 4%     | -12% |

## TOP 20 EXPORT PRODUCTS TO THE EU (in Euros)

|    | Product Group by SITC 2digit                           | 2007        | 2008          | 2009        | change |      |
|----|--|-------------|---------------|-------------|--------|------|
|    |  |             |               |             | 2008   | 2009 |
| 11 | 74-GENERAL INDUSTRIAL MACHINERY AND EQUIPMENT          | 908.648.241 | 1.051.835.808 | 823.927.644 | 16%    | -22% |
| 12 | 89-MISCELLANEOUS MANUFACTURED ARTICLES                 | 962.132.776 | 928.677.408   | 739.260.200 | -3%    | -20% |
| 13 | 62-RUBBER MANUFACTURES                                 | 965.775.766 | 904.486.436   | 734.301.073 | -6%    | -19% |
| 14 | 82-FURNITURE AND PARTS                                 | 655.139.054 | 727.686.888   | 596.586.954 | 11%    | -18% |
| 15 | 68-NON-FERROUS METALS                                  | 903.720.143 | 859.405.924   | 560.255.937 | -5%    | -35% |
| 16 | 79-OTHER TRANSPORT EQUIPMENT                           | 373.032.050 | 395.304.464   | 544.683.411 | 6%     | 38%  |
| 17 | 81-PREFABRICATED BUILDINGS                             | 620.296.380 | 587.038.112   | 502.061.434 | -5%    | -14% |
| 18 | 58-PLASTICS IN NON-PRIMARY FORMS                       | 387.982.023 | 430.909.108   | 341.996.687 | 11%    | -21% |
| 19 | 72-MACHINERY SPECIALIZED FOR PARTICULAR INDUSTRIES     | 579.017.932 | 566.448.074   | 296.736.947 | -2%    | -48% |
| 20 | 23-PETROLEUM, PETROLEUM PRODUCTS AND RELATED MATERIALS | 613.566.647 | 1.007.368.828 | 283.650.461 | 64%    | -72% |

Source: EUROSTAT

# REVEALED COMPARATIVE ADVANTAGE

| REVEALED COMPARATIVE ADVANTAGES OF TURKEY                |        |        |        |        |        |       |       |
|--|--------|--------|--------|--------|--------|-------|-------|
| PRODUCT GROUP SITC<br>2DIGIT                             | YEARS  |        |        |        | CHANGE |       |       |
|  | 1996   | 2007   | 2008   | 2009   | 96/09  | 07/08 | 08/09 |
| 84-APPAREL AND CLOTHING<br>ACCESSORIES                   | 33,656 | 16,009 | 14,496 | 14,777 | -56%   | -9%   | 2%    |
| 78 -ROAD VEHICLES<br>(INCLUDING AIR-CUSHION<br>VEHICLES) | 5,702  | 9,693  | 9,133  | 9,400  | 65%    | -6%   | 3%    |
| 65 -TEXTILE YARN, FABRICS,<br>AND RELATED PRODUCTS       | 20,372 | 12,492 | 11,557 | 11,885 | -42%   | -7%   | 3%    |
| 77 - ELECTRICAL MACHINERY                                | 9,942  | 8,212  | 7,573  | 8,316  | -16%   | -8%   | 10%   |
| 05 -VEGETABLES AND FRUIT                                 | 34,484 | 16,347 | 15,151 | 15,454 | -55%   | -7%   | 2%    |
| 76-TELECOM.EQUIPMENT                                     | 9,955  | 8,639  | 7,044  | 6,696  | -33%   | -18%  | -5%   |
| 67 - IRON AND STEEL                                      | 8,639  | 8,070  | 7,041  | 5,251  | -39%   | -13%  | -25%  |
| 69 -MANUFACTURES OF<br>METALS                            | 10,318 | 9,382  | 8,829  | 8,765  | -15%   | -6%   | -1%   |
| 71 - POWER-GENERATING<br>MACHINERY AND EQUIPMENT         | 6,435  | 4,957  | 4,314  | 4,554  | -29%   | -13%  | 6%    |
| 66 - NON-METALLIC MINERAL<br>MANUFACTURES, N.E.S.        | 19,481 | 10,978 | 10,713 | 11,586 | -41%   | -2%   | 8%    |

| REVEALED COMPARATIVE ADVANTAGES OF TURKEY  |        |        |        |        |        |       |       |
|--|--------|--------|--------|--------|--------|-------|-------|
| PRODUCT GROUP SITC<br>2DIGIT   | YEARS  |        |        |        | CHANGE |       |       |
|  | 1996   | 2007   | 2008   | 2009   | 96/09  | 07/08 | 08/09 |
| 74 - GENERAL INDUSTRIAL<br>MACHINERY AND EQUIPMENT   | 2,298  | 3,615  | 3,671  | 3,722  | 62%    | 2%    | 1%    |
| 89 - MISCELLANEOUS<br>MANUFACTURED ARTICLES  | 8,616  | 7,462  | 6,514  | 6,523  | -24%   | -13%  | 0%    |
| 62 - RUBBER MANUFACTURES   | 19,770 | 11,676 | 10,524 | 10,533 | -47%   | -10%  | 0%    |
| 82 - FURNITURE AND PARTS   | 14,763 | 12,358 | 11,828 | 12,174 | -18%   | -4%   | 3%    |
| 68 - NON-FERROUS METALS  | 10,373 | 7,615  | 7,454  | 6,803  | -34%   | -2%   | -9%   |
| 79 - OTHER TRANSPORT<br>EQUIPMENT  | 12,641 | 4,695  | 3,769  | 5,724  | -55%   | -20%  | 52%   |
| 81 - PREFABRICATED<br>BUILDINGS; SANITARY,<br>PLUMBING, HEATING AND<br>LIGHTING FIXTURES AND<br>FITTINGS | 16,886 | 11,127 | 9,885  | 11,202 | -34%   | -11%  | 13%   |
| 58 - PLASTICS IN NON-PRIMARY<br>FORMS  | 2,542  | 7,302  | 7,176  | 6,937  | 173%   | -2%   | -3%   |
| 72 - MACHINERY SPECIALIZED<br>FOR PARTICULAR INDUSTRIES  | 0,445  | 2,715  | 2,928  | 2,599  | 484%   | 8%    | -11%  |
| 33 - PETROLEUM PRODUCTS  | 12,298 | 5,258  | 4,636  | 2,499  | -80%   | -12%  | -46%  |

Source : EUROSTAT and own calculations

# INTRA INDUSTRY TRADE OF TURKEY WITH THE EU

| GRUBEL-LLOYD INTRA-INDUSTRY INDEX   |       |       |       |       |         |       |       |
|---|-------|-------|-------|-------|---------|-------|-------|
| GROUP OF PRODUCTS   | YEARS |       |       |       | CHANGES |       |       |
|   | 1996  | 2007  | 2008  | 2009  | 96/09   | 07/08 | 08/09 |
| ARTICLES OF APPAREL AND CLOTHING ACCESSORIES  | 0,935 | 0,896 | 0,86  | 0,855 | -9%     | -4%   | -1%   |
| MOTOR CARS AND OTHER MOTOR VEHICLES PRINCIPALLY DESIGNED FOR THE TRANSPORT OF PERSONS | 0,595 | 0,195 | 0,134 | 0,218 | -172%   | -31%  | 63%   |
| MOTOR VEHICLES FOR THE TRANSPORT OF GOODS AND SPECIAL-PURPOSE MOTOR VEHICLES          | 0,976 | 0,615 | 0,684 | 0,692 | -41%    | 11%   | 1%    |
| TEXTILE YARN  | 0,266 | 0,385 | 0,375 | 0,449 | 41%     | -3%   | 20%   |
| COTTON FABRICS, WOVEN (NOT INCLUDING NARROW OR SPECIAL FABRICS)                       | 0,469 | 0,335 | 0,353 | 0,337 | -39%    | 5%    | -4%   |
| ELECTRICAL MACHINERY, APPARATUS AND APPLIANCES  | 0,429 | 0,028 | 0,028 | 0,044 | -878%   | 3%    | 54%   |
| LIME, CEMENT, AND FABRICATED CONSTRUCTION MATERIALS                                   | 0,76  | 0,719 | 0,77  | 0,848 | 10%     | 7%    | 10%   |
| RUBBER TYRES, INTERCHANGEABLE TYRE TREADS   | 0,562 | 0,479 | 0,393 | 0,387 | -45%    | -18%  | -2%   |

Source: EUROSTAT and own calculations



## GRUBEL-LLOYD INTRA-INDUSTRY INDEX

| GROUP OF PRODUCTS  | YEARS |       |       |       | CHANGES |       |       |
|--|-------|-------|-------|-------|---------|-------|-------|
|  | 1996  | 2007  | 2008  | 2009  | 96/09   | 07/08 | 08/09 |
| FURNITURE AND PARTS THEREOF  | 0,087 | 0,463 | 0,518 | 0,528 | 83%     | 12%   | 2%    |
| COPPER   | 0,231 | 0,337 | 0,314 | 0,487 | 53%     | -7%   | 55%   |
| NICKEL   | 0,994 | 0,988 | 0,976 | 0,942 | -5%     | -1%   | -4%   |
| LEAD   | 0,994 | 0,778 | 0,991 | 0,987 | -1%     | 27%   | 0%    |
| ZINC   | 1     | 0,994 | 0,992 | 0,997 | 0%      | 0%    | 1%    |
| TIN  | 0,875 | 0,997 | 0,874 | 0,919 | 5%      | -12%  | 5%    |
| PREFABRICATED BUILDINGS  | 0,84  | 0,129 | 0,077 | 0,134 | -528%   | -40%  | 73%   |
| AGRICULTURAL MACHINERY (EXCLUDING TRACTORS) AND PARTS THEREOF                | 0,935 | 0,503 | 0,411 | 0,466 | -100%   | -18%  | 13%   |
| TRACTORS   | 0,996 | 0,622 | 0,769 | 0,425 | -134%   | 24%   | -45%  |
| TEXTILE AND LEATHER MACHINERY AND PARTS THEREOF                              | 0,987 | 0,903 | 0,791 | 0,733 | -35%    | -12%  | -7%   |
| PAPER MILL AND PULP MILL MACHINERY, PAPER-CUTTING MACHINES                   | 0,978 | 0,889 | 0,872 | 0,85  | -15%    | -2%   | -3%   |
| PETROLEUM OILS AND OILS OBTAINED FROM BITUMINOUS MINERALS, CRUDE             | 1     | 0,009 | 0,106 | 0,466 | -115%   | 1056% | 342%  |
| PETROLEUM OILS AND OILS OBTAINED FROM BITUMINOUS MINERALS (OTHER THAN CRUDE) | 0,043 | 0,45  | 0,46  | 0,823 | 95%     | 2%    | 79%   |

# FISCAL POLICY MEASURES

- VAT reduction from 18% to 8% on sales of new houses with an area over 150 m<sup>2</sup>.
- Passenger cars with an engine capacity of up to 1,600 cm<sup>3</sup>, from 37% to 18% in first period, 27% in second period
- Light commercial vehicles, from 10% to 1% in first period, to 3% in second period
- Buses and trucks, from 4% to 1% in first period, 1% again in second period
- Motorcycles with an engine capacity of up to 250cm<sup>3</sup>, from 22% to 11% in the first period, than 16% in the second period.
- Electronics, from 6.7% to 0% only in first period, back second period to 6.7%.

- VAT reductions were made from 18% to 8% between March and June 2009 on sales of following items: furniture, information, new offices, communication and office equipment and industrial equipment.
- The Resource Utilization Support Fund tax on consumer loans was reduced in March 2009 from 15% to 10%.
- In may 2008, social security contributions for youth and female workers were reduced; there would be 100% exemption in the first year of employment, 80% in the second year, 60% in the third year, up to 20% in the fifth year. These exemptions would be paid by the Treasury.

- The withholding tax on credits obtained from foreign creditors was reduced from 15% to 5% in march 2009.
- Foreign fund management companies that are not subjected to corporate taxation would need to pay income tax only for those incomes they earned through their portfolio management companies set up in Turkey.

# MONETARY POLICY MEASURES

- The Central Bank of Republic of Turkey resumed intermediation in the FX deposit market on October 2008 and banks' transaction limits were doubled to 10.8 billion dollars.
- To promote TL deposits and loans, the remuneration on FX required reserves was terminated and interest rate on TL required reserves was raised from 75% to 80% of the CBRT's overnight borrowing rate.
- The FX required reserves ratio was reduced from 11% to 9%, creating an FX liquidity for the banking system equaling around 2.5 billion dollars.
- The limit of pre-shipment and post-shipment export rediscount credits of the Eximbank was doubled from \$500 million to \$1 billion in December 2008. In April 2009 this limit raised again to \$2.5 billion.

# CONCLUSION

- After a relatively high and stable growth, the Turkish economy hurt by the global crisis of 2008-2009. With this work we saw that the major macroeconomic indicators such as growth, employment, inflation, trade have been affected by the worldwide downturn.
- Thanks to customs union EU-Turkey trade value was 100 billion€ in 2008. This relation makes Turkey seventh biggest trade partner. Almost half of Turkey's total trade is with the EU.
- As regards financial assistance, €567 million have been earmarked for Turkey by the Instrument for Pre-accession Assistance (IPA) in 2009.

- As measured by the total value of exports of goods and services as a percentage of GDP, amounted to about 48% of GDP in 2008, almost unchanged from 2007.
- Only 46% of Turkey's exports went to the EU, compared to 56% in 2007. Imports from the European Union rose by only 9% in 2008 whereas imports from other countries rose by 25%.
- As a result, Turkey became less dependent on European Union markets and diversified parts of its trade towards other neighbouring countries.

Everything about yesterday has gone with yesterday. Today, it is needed to say new things.

Mevlana

THANK YOU