

Economy

Overview of Monthly Data

YTL-Rates	31.03.2011	29.04.2011	Change in %
TL pro Euro	2.1927	2.2605	3.09
TL pro USD	1.5437	1.5214	-1.44

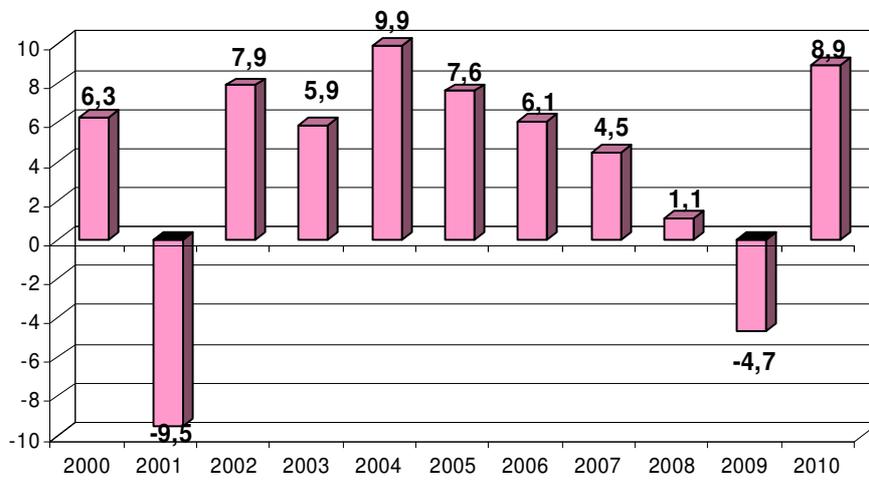
Stock exchange index	64.618.26	68.440	5.91
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Inflation in %	Monthly inflation	Annual inflation
Producer prices	0.61	8.21
Consumer prices	0.87	4.26

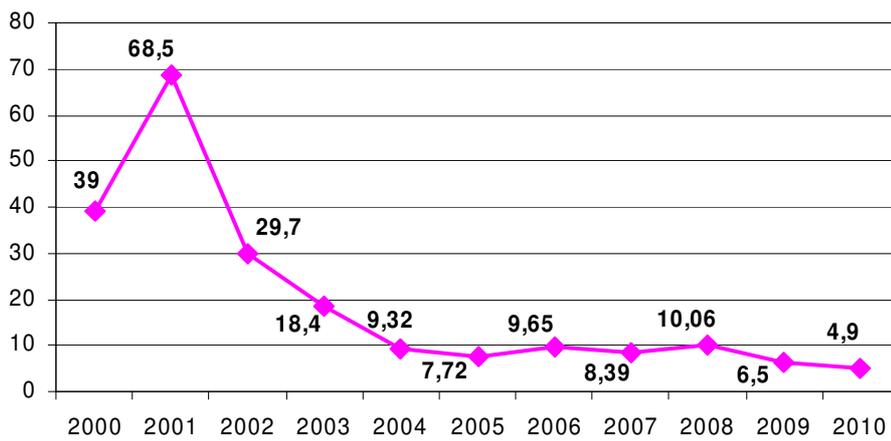
Growth Rates

Economic Growth Rates (%)					
	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Yearly
2000	4.2	5.4	7.2	7.8	6.3
2001	-3.3	-12.3	-9.1	-12.3	-9.5
2002	0.6	10.4	8.0	11.8	7.9
2003	7.4	3.6	5.6	7.2	5.9
2004	13.9	15.7	8	6.6	9.9
2005	7.5	4.7	8.0	10.0	7.6
2006	6.3	9.3	4.3	4.6	6.1
2007	8.1	4.1	3.3	3.6	4.5
2008	6.7	1.9	0.5	-6.2	1.1
2009	-14.5	-7.7	-2.9	6	-4.7
2010	11.7	10.3	5.5	9.2	8.9

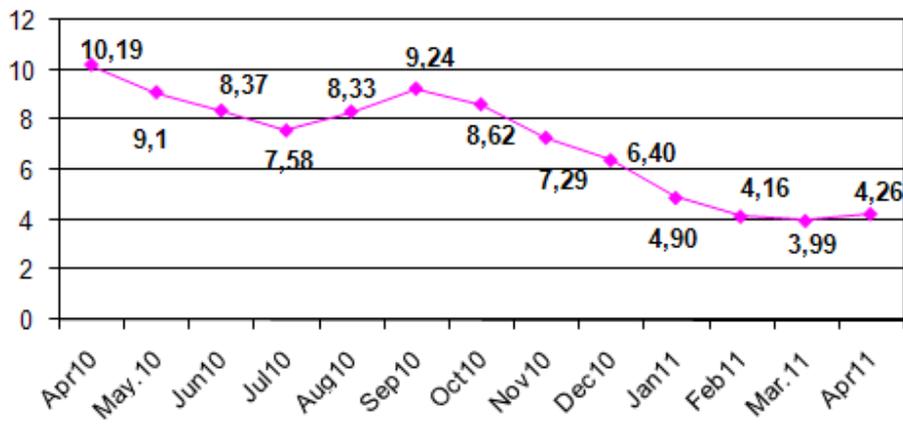
Growth Rates (%)



Annual Inflation of Consumer Prices (%)



Annual Inflation's Monthly Development 2010-11 (%)



Turkey's exports at new record high

In spite of the political unrest in the region, Turkey's exports gained 22.81% in March to reach the highest level in 32 months. US\$11bn 723mn is the largest export volume ever achieved in any month of March in the history of the Turkish Republic. Exports amounted to US\$31bn 390mn in the first quarter of 2011, 20.74% more than in the same period of the year before, with the past 12 months recording a 15.15% increase to a total of US\$119bn 368mn. The revival of exports to the EU countries has had a particularly favourable effect. The automotive industry made a visible recovery, and exports of the Turkish steel industry increased as much as 45% by value in the first quarter.

Turkey's top 5 industries by exports (1000 US\$)

	Industry	March 2010	March 2011
1)	Automotive	1.694.575	1.995.270
2)	Clothing & ready wear	1.234.477	1.429.689
3)	Iron & steel	1.045.325	1.390.585
4)	Chemicals	1.023.364	1.361.456
5)	Electrics/Electronics	798.179	921.263
	Total	9.545.347	11.722.665

Turkey's top 10 export partners (1000 US\$)

	Country	March 2010	March 2011
1)	Germany	933.838	1.260.422
2)	Italy	589.859	823.908
3)	Great Britain	535.999	642.971
4)	Iraq	462.516	641.077
5)	France	599.417	619.550
6)	Russian Federation	371.026	518.447
7)	USA	307.994	423.454
8)	Spain	339.645	377.973
9)	Netherlands	203.189	291.550
10)	Romania	236.114	275.134
	Total	9.545.347	11.722.665

April-2011

Rising imports cause surge in current account deficit

February saw the current account deficit of Turkey's national economy soar to US\$6.1bn in, 126.7% against the same month of the previous year. A deficit of US\$54bn 843mn marked a new high for any 12-month period ever. Just a year ago, the deficit had been as low as US\$19bn. Meanwhile up to US\$70bn of deficit is predicted for 2011. According to the State Secretariat for Foreign Trade, this is due to a disproportionately high rise in imports. Over the past two decades, Turkey's imports increased 8.4-fold, from US\$21.1bn to US\$185.5bn. For clothing made from nonwoven fabric, the increase amounted to a staggering 263.7 times, while imports of knitwear increased 140 times over what they were 20 years ago. Also, 42 times the amount of pharmaceutical drugs and 28.6 times the amount of furniture and lighting fixtures is being imported today.

April-2011

Consumer spending accounts for three quarters of the GDP

Out of Turkey's Gross Domestic Product, which in 2010 surpassed the 1-billion-Lira mark for the very first time, consumer spending accounts for some 74%, or TL817.6bn, approx. 14.5% more than the year before. A portion of TL221.8bn, at 27.1% the largest share, was spent on food, liquors, and tobacco, an 18.1% increment over 2009. The second-largest item of expenditure was rent and utilities, amounting to some TL167.6b, while the highest increment was recorded for the third-largest item, transportation and communication spending, which increased by 22.2% to reach some TL152.1bn.

April-2011

Financial experts caution against risks

At a conference in his native Istanbul, renowned US economist Prof. Nouriel Roubini – often mocked as “Dr. Doom” – stated that Turkey with its recent economic successes presents a model for the emerging countries. Roubini also said that the country's economy is set to grow continuously, with small and medium enterprises to play a central role. At the same time, he pointed to the structural problems of the Turkish economy: a huge current account deficit, high unemployment, and potential inflation. In addition, he said, borrowing from banks has increased dramatically despite countermeasures taken by the Central Bank. Meanwhile the *Financial Times* cautioned that the Turkish economy had heated up too much, threatening to get out of control. The paper stated that new head of the Central Bank, Erdem Basci, has inherited an “enigmatic” monetary policy from his predecessor Durmus Yilmaz, which was out of line with the general economic policy and now needs to be reassessed.

April-2011

Organised retail sales receive boost

The Turkish Association of Shopping Centres and Retailers (AMPD) has presented the results of the latest Retail Index Survey by Nielsen. According to this survey, organised retail sales went up 10% in the first quarter of 2011 over the same period of the previous year, and 5% from February to March. Revenue per square metre of sales area improved 2% compared to the same period of the year before, and 5% over the past month. There was a 15% higher employment than 12 months ago, but only 1% new jobs were created in March. In the 12-month period sales of food products increased by 2%, while sales of ready-to-wear clothing climbed 13%. The special tax on imported textile goods that is to be introduced as of July is expected to trigger price rises, rendering a negative impact on sales revenue.

April-2011

Politics

Conditional endorsement by Turkey for NATO's Libya operation

While in Saudi Arabia, Turkish head of government Recep Tayyip Erdogan made a statement on the ongoing conflict in Libya. In his acceptance speech of the honorary doctorate awarded to him

by Umm al-Qura University in Mecca, he said that Turkey had gone to great lengths through diplomatic channels to reach a non-military solution similar to that in Egypt and Tunisia. Erdogan stated that he personally spoke with Libyan leader Muammar al-Gaddafi several times to try and convince him – of course in vain – to step down and leave the country. However, he said, the Turkish government now endorses the NATO operation, on the understanding that the right to self-determination of the Libyan people is being maintained. What needs to be prevented by all means is an invasion of Libya, with foreign powers gaining access to the country's natural resources.

March-2011

Turkish government persists with nuclear plans

Despite the nuclear disaster unfolding in Japan, the Turkish government obviously has no intention of abandoning its nuclear energy plans. On a number of occasions, Prime Minister Erdogan reaffirmed that Turkey wants to go ahead with building its first atomic power plants near Sinop on the Black Sea and Mersin on the Mediterranean. At the inauguration of a new hydroelectric power station, he said that the planned nuclear facilities are to contribute 10,000 MW to Turkey's energy supply by the year 2023, which amounts to 10% of the total projected requirement. However, in view of the earthquake risk, which appears very real as much as PM Erdogan has been trying to play it down, resistance is beginning to stir. The first protests against the government's plans have been staged in cities throughout the country. While as yet there is no anti-nuclear movement to speak of in Turkey, a first sample survey carried out on behalf of Greenpeace revealed that 64% of the population are opposed to the nuclear programme.

March/April-2011

Unprecedented case of censorship rocks Turkey

For the first time in the country's long history of censorship, a yet unpublished book has been banned and seized by the authorities. The author is investigative journalist Ahmet Sik, who had already been arrested on allegations of aiding and abetting the "Ergenekon" group. His book, which was to be titled "The Imam's Army", is about the infiltration of the state – in particular the police force and judiciary – by followers of Muslim scholar Fethullah Gülen. At the instigation of the special prosecutor, a criminal court had ruled that the book was interfering with an ongoing investigation and making propaganda for a terrorist organisation. Consequently police raided both the publishing house and the newspaper "Radikal" to confiscate all copies of the manuscript, including computer files. A former high-ranking police officer had also been remanded in custody after writing a bestseller on the role of the Gülen movement, which is said to be highly influential in the ranks of ruling party AKP.

April-2011

Other Topics

Shopping Fest exceeds all expectations

Right from the beginning it has become evident that the first "Istanbul Shopping Fest" will prove a complete success. According to the organizers, United Brand Society (BMD), its affiliated retail stores reported sales increments of up to 50 percent even after the first out of six weeks. The

marketing event appeared particularly popular with shoppers from the Middle Eastern countries. There was a visible increase in the number of Arab tourists going bargain hunting in the outdoor malls and shopping centres of the metropolis. The hotel and catering industry also clearly profited from the Shopping Fest, which is set to become a fixture in the megacity's annual calendar of events.

March-2011

Turkey's railway system to be expanded considerably

Turkey is to invest US\$45bn in its railway system over the next 12 years, the largest individual item in the country's \$350-billion-dollar investment programme to improve its transport infrastructure. The rail network is scheduled to more than double in length, from 11,005 km today to 25,536 km in 2023. Within the same period, the degree of electrification is to increase from 26% to 60%, and the share of double-track lines from 9% to 50%. Some two thirds of the construction volume is designated to be contracted out to Chinese companies. The target is to handle 20% of freight traffic and 15% of passenger traffic via rail by the year 2023. The high-speed lines Istanbul-Ankara, Ankara-Konya and Ankara-Sivas are anticipated to be completed as early as in 2013.

March-2011

Exports of fruits and vegetables are booming

Exports of fresh fruits and vegetables from Turkey's Mediterranean region have risen significantly this year. A bulletin issued by the relevant exporters' association states that the export volume in the first quarter of 2011 increased by 34% over the same period of the previous year, to 949,040 tons, while in terms of export revenue, there was a 28% increment, to 699mn US\$. In March alone the export volume went up by 45%, with export earnings rising by 58%. Considering this, the target of US\$2.5bn for total exports in 2011 looks within easy reach. The export boom is attributable to the sustained demand from Russia, but also Iraq and Iran, with apples and pomegranates, right behind citrus fruits, accounting for the majority of revenue.

April-2011

Competition Authority deplores disadvantageous position of small suppliers

Turkey's Competition Authority has presented a study on the competitive conditions in the retail trade of fast-moving consumer goods (FMCG), work on which started a year ago. As the president of the body, Prof. Dr. Nurettin Kaldirimci, declared, the preliminary results of the study indicate that small suppliers are put at a disadvantage by the large chain stores. The suppliers are usually bound by contract to contribute to the retailers' staff, advertising and operating costs as well as to give them extra discounts. However, occasionally non-contractual payments are also charged and invoiced in arrears. This, he said, results in an unacceptable financial risk at the expense of small suppliers. Therefore, the authority intends to develop proposals on how to provide for improved supplier protection.

April-2011

New hydropower station commissioned in Southeastern Anatolia

The energy subsidiary of Sabanci Group, Enerjisa, plans to invest 1bn US\$ into renewable energy projects in Turkey's Southeast over the coming years, thus creating 2,500 new jobs in the region.

This target was announced by the holding company's chairwoman, Güler Sabancı, at the inauguration of Hacininoglu Hydroelectric Plant in the province of Kahramanmaras. €120mn has already been spent on this power plant with an installed capacity of 142 MW, a joint venture of Enerjisa with the Austrian energy company Verbund. Electricity generated from water plays an important part in the energy programme of the Turkish government – this is why, along with several ministers, the Prime Minister showed up in person for the commissioning ceremony. On this occasion, Erdogan said that Turkey is looking to produce 100,000 MW of energy by the year 2023, which would require annual investments of US\$5bn.

April-2011

Turkish tourism on the rise

Turkish Hoteliers' Association TÜROFED is delighted about the industry's good start to the year. According to the association, 2.1 million foreign tourists found their way to Turkey in the first quarter of the year, 17.6% more than in the same period of 2010. Germans, who continue to be the largest group, accounted for 15% of tourists, a slight decline over 2008 (16%), while the share of Russians remained virtually unchanged, at 10%. The share of British tourists rose from 8% to 9% in the past three years, while the largest increment was for tourists from Iran whose share went up from 4% to 6%. As a general trend, there are more tourists from the Middle East and the CIS countries now, and fewer from Europe and America.

April-2011

High growth rates for e-trade and e-commerce

The Interbank Card Centre (BKM) has just announced that revenue from transactions with domestic and foreign credit cards and through e-trade via the internet was up 45 percent in the first quarter of 2011 compared to the same period of the previous year. For services, revenue increased by as much as 96 percent. The average value per transaction now stands at 172 Turkish Lira. More and more people in Turkey are buying their air tickets and electronic appliances by credit card or through the internet, but also increasingly making use of the possibility to pay fees and taxes online.

April-2011

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