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FiscalMonitoringReport

The Stability Institute

2011 JANUARY-MARCH
BUDGET RESULTS
AND

2011 FISCAL YEAR BUDGET EVALUATION IN THE CONTEXT OF THE MACRO FRAMEWORK FOR 2011

I. 2011 January-March Budget Implementation Results

A. An Overview of January-March 2011 Central Government Budget Results: Executive Summary

At the end of the January-March period, central government budget had a deficit of 4.1 billion TL with revenues at 68.7 billion TL and expenditures at 72.8 billion TL.

The underlying source of the amelioration of the budget performance was the 21% increase in budget revenues despite the 6.6% increase in total expenditures and 10.3% increase in primary expenditures.

Table 1: Central Government Budget March 2011 Budget Realizations (Compared to 2010)

million TL	March 2010	March 2011	Rate of Increase (%)	Real. Comp. to 2009 Year End	Real. Comp. to 2010 Approp.
Expenditures	**68,373**	**72,853**	**6.55**	**23.29**	**23.31**
1-Primary Expenditures	**53,374**	**58,885**	**10.33**	**21.76**	**22.21**
Personnel Expenditures	16,224	18,774	15.71	26.04	25.97
Govern. Premiums to Social Secu	2,754	3,309	20.14	24.90	25.98
Provision of Goods and Services	4,202	4,774	13.61	14.58	15.89
Current Transfers	27,719	29,554	6.62	27.20	25.53
Capital Expenditures	1,012	1,499	48.22	3.90	6.91
Capital Transfers	281	265	-5.62	4.17	6.17
Lending	1,181	709	-39.96	13.71	11.02
Reserve Appropriations	0	0			
2-Interest Expenditures	**14,999**	**13,969**	**-6.87**	**31.06**	**29.41**
Revenues	**57,032**	**68,729**	**20.51**	**22.45**	**24.63**
1-General Budget Revenues	**54,718**	**66,158**	**20.91**	**22.23**	**24.35**
Tax Revenues	47,902	57,450	19.93	22.75	24.74
Enterprise and Property Revenues	1,674	2,630	57.13	17.10	36.04
Interests, Shares and Fines	4,564	4,254	-6.78	21.72	20.57
Capital Revenues	57	1,297	2172.02	1.69	12.98
Grants and Aids	462	451	-2.39	38.23	36.37
Collections from Loans	60	76	25.67	26.97	34.80
2-Special Budget Revenues	**1,461**	**1,465**	**0.27**	**24.55**	**26.72**
3-Rev. from Superv. and Reg. Ag.	**852**	**1,105**	**29.66**	**44.10**	**58.40**
Budget Balance	**-11,341**	**-4,124**	**63.63**	**28.64**	**12.29**
Primary Balance	**3,659**	**9,844**	**169.07**	**42.07**	**70.55**
Program Defined Primary Balance	**2,194**	**6,484**	**195.52**		

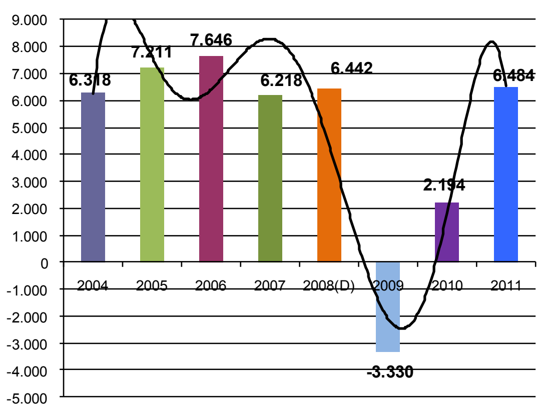
Tax revenues maintained the upwards trend in the post-crisis period in 2010 in the first three months of 2011. The increase in economic growth, total demand and exports played the major role in this improvement. It is estimated that the revenue effect of the public claims that were restructured as per the Law No 6111 will be felt in the following months.

The rise in current transfers, particularly in social security and health, remained at low levels, which limited the elevation of primary expenditures and thus accelerated the improvement in the budget balance.

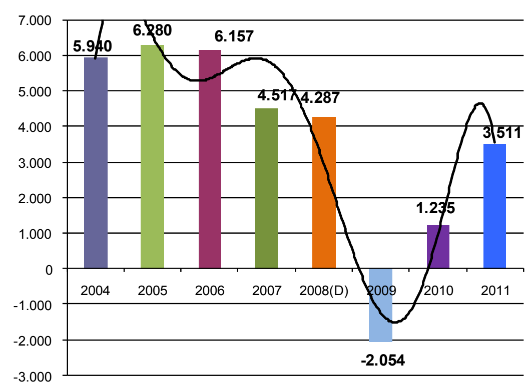
As of the end of March 2011, program defined primary balance demonstrated a year-on-year improvement. The rise in revenues in particular coupled with the lower increase in expenditures in proportional terms helped program defined balance approach the pre-crisis performance.

Figure 1 Central Government Budget Program Defined Primary Surplus (Comparative, 2004-2010 end of March, Million TL)

With current prices



With 2003=100 prices



2008 (D), indicates that KEY payments are involved in the primary balance.

In broad terms, budget performance improved in the first three months of the year. While control was established over budget expenditures, the increase in budget revenues was the major factor that enabled this development.

The budget performance in the first three months of the year display a trend similar to that observed in the same period in 2010. The mentioned trend is characterized by substantial increases in indirect taxes primarily due to the rise in imports and laggard expenditures. It is believed that, in the coming period this trend must be observed taking into account the measures about current account deficit and domestic demand as well as the revenue effect of the Law No 611.

B. Budget Expenditures

In the first three months of 2011, central government budget expenditures and primary expenditures increased year-on-year by 6.6% and 10.3%, respectively. Considering that producer price index increased annually by 4% and with twelve-month average by 7% in 2011, it is seen that total expenditures did not increase in real terms while primary expenditures increased at a limited degree in the first three months of the year. If the figures are assessed in percentage terms and compared to those of the same period in 2010, it is observed that the rate of realization of year-end central government budget expenditures in proportion to the 2011 initial budget did not change. The mentioned ratios for primary expenditures are 21.8% and 22.2%, respectively. Compared to the same period in 2010, this implies a slight increase in expenditures compared to the initial budget appropriations.

Table 2: 2010-2011 Comparative Budget Expenditures, end of March

million TL	2010	2011	Rate of Increase (%)	2009 Real. Rate (%)	2010 Real. Rate (%)
Central Government Budget Expenditures	**68,373**	**72,853**	**6.6**	**23.3**	**23.3**
Primary Expenditures	**53,374**	**58,885**	**10.3**	**21.8**	**22.2**
I. Compensation of Employees	**16,224**	**18,774**	**15.7**	**26.0**	**26.0**
II.Government Premiums to Social Security Agencies	**2,754**	**3,309**	**20.1**	**24.9**	**26.0**
III. Goods and Services Procurements	**4,202**	**4,774**	**13.6**	**14.6**	**15.9**
Health Expenditures	1,122	1,090	-2.8	19.5	22.1
Medicine Expenditures	73	17	-77.0	28.1	23.1
General Cure and Pharmaceutial Products	148	16	-89.5	27.1	9.0
Green Card	900	1,057	17.4	18.2	22.5
Defense and Security (Excluding Health)	1,058	1,222	15.6	11.2	12.2
Other Goods and Services	2,023	2,462	21.7	21.2	18.2
IV. Current Transfers	**27,719**	**29,554**	**6.6**	**27.2**	**25.5**
Duty Losses	**968**	**372**	**-61.6**	**29.4**	**7.4**
Treasury Aid	**15,803**	**16,918**	**7.1**	**26.2**	**24.7**
Treasury Aid to Social Security Agencies	308	337	9.3	23.0	21.5
Health, Retirement and Social Aid Expenditures	14,780	15,722	6.4	26.9	25.2
Social Secuirty Deficit Finance	7,929	7,160	-9.7	29.3	23.4
Transfers to non-financial Establishments	**216**	**487**	**124.9**	**20.0**	**54.6**
Transfers to Households	**378**	**487**	**28.9**	**23.8**	**26.0**
Agricultural Subsidy	**3,165**	**2,807**	**-11.3**	**54.4**	**46.8**
Other Transfers to Households	**90**	**195**	**116.0**	**10.6**	**15.7**
Social Transfers	**340**	**489**	**43.6**	**21.1**	**20.6**
Foreign Transfers	**179**	**233**	**30.0**	**18.7**	**19.2**
Shares from Revenues	**6,579**	**7,567**	**15.0**	**25.0**	**26.4**
V. Capital Expenditures	**1,012**	**1,499**	**48.2**	**3.9**	**6.9**
VI. Capital Transfers	**281**	**265**	**-5.6**	**4.2**	**6.2**
Domestic Capital Transfers	277	261	-5.5	4.2	6.5
Foreign Capital Tansfers	5	4	-14.9	3.7	1.5
VII. Lending	**1,181**	**709**	**-40.0**	**13.7**	**11.0**
Domestic Lending	989	555	-43.9	12.3	9.4
Foreign Lending	192	154	-19.8	32.6	29.7
VIII. Reserve Appropriations	**0**	**0**			
Interest Expenditures	**14,999**	**13,969**	**-6.9**	**31.1**	**29.4**

Compensation of employees (sum of wages and premium payments) was the main budget item that lifted up the expenditures in the analyzed period. Compensation of employees and premium expenditures increased by 15.7% and 20.1%, respectively.

In the examined period, procurement of goods and services increased by 13.6%. Health expenditures stood at low levels since the treatment costs for civil servants were transferred to the social security institution. The budget item to be monitored here is green card expenditures. 2011 budget estimated that green card expenditures will remain below the 2010 budget in nominal terms; however, the mentioned expenditures increased by 17.4% in the first three months of the year. In the examined period, defense expenditures increased by 15.6%.

Limited increase in current transfers at 6% kept the increase in primary expenditures at 10%. As of the end of March, the sub-items of current transfers were as follows:

- Duty losses decreased by 16.6% in tandem with the fall in SEE's duty losses. During the studied period, budget estimate on SEE duty losses stood significantly below 2010 realization rate (35.7%), at 0.3%. therefore, expenditures under this item might be expected to increase in the following months.
- Transfers to the Social Security Institution (SSI) increased by 6.4%. Transfers to finance the deficit of the SSI decreased by 9.7% whereas the contributions by the state rose by 31.9%, limiting the increase in the level of overall transfers to the Institution. It was estimated that by the end of 2011, state's contribution will increase year-on-year by 10%. During the first three months of 2010, state contribution increased by 27.5% compared to the same period in 2009 and the rise in the level of contribution was higher in 2010. Another point underlying the transfers for SSI deficit finance is that the increase in health expenditures were limited at 2.7% against compared to 16% in January-March 2010 compared to January-March 2009.
- Agricultural transfers decreased by 11.3%. Taking into account that the budget is expected to expand compared to the 2010 year-end level, an upwards trend in agricultural expenditures might be anticipated in the coming period.
- Shares from revenues increased by 15%, stemming from the increase in tax revenues.

Compared to the same period in 2010, investment expenditures grew by 48.2%. The budget estimates that investment expenditures will decrease compared to 2010 year-end level. The increase in expenditures observed in the first three months of the year together with the fact that investment targets have not been met and demonstrated large deviation since 2008 as also highlighted in previous reports, might be signaling a similar deviation also in 2011.

Capital transfers decreased year-on-year by 5.6 percent. Given that the 2011 budget foresees a 36% year-on-year fall in capital transfers and considering previous years' experiences, it might be concluded that the year-end target for capital transfers might be missed.

Interest expenditures stood at 30% of the budget estimate in the first three months of the year and pursuing the trend prevailing since 2008 decreased by 6.9%.

Table 3: Functional Composition of Budget Expenditures, end of March 2011 (%)

	2006	2007	2008	2009	2010	2011
EXPENDITURES	**100**	**100**	**100**	**100**	**100**	**100**
I-GENERAL PUBLIC SERVICES	**39.14**	**44.70**	**39.94**	**39.36**	**35.79**	**34.54**
Debt Management Services	28.95	32.45	26.26	26.99	21.80	19.18
II-DEFENSE SERVICES	**4.14**	**3.83**	**4.11**	**4.20**	**3.98**	**4.34**
Military Defense Services	4.10	3.80	4.07	4.16	3.95	4.30
III-SERVICES FOR PUBLIC ORDER AND SECURITY	**5.13**	**5.32**	**5.92**	**5.36**	**6.11**	**6.68**
Security Services	3.87	3.96	4.21	3.96	4.45	4.84
Court Services	0.69	0.78	1.07	0.92	1.10	1.23
Services for Public Order and Safety nec	0.18	0.17	0.19	0.17	0.20	0.21
IV-ECONOMIC AFFAIRS AND SERVICES	**10.98**	**7.76**	**10.41**	**10.88**	**10.07**	**8.11**
Services about Agriculture, Forestry, Fishing and Hunting	4.48	3.14	6.02	7.19	6.27	4.95
Transportation Services	4.06	2.77	2.34	1.76	1.68	0.94
V-ENVIRONMENT PROTECTION SERVICES	**0.06**	**0.06**	**0.08**	**0.06**	**0.06**	**0.08**
Protection of Habitat and Biodiversity	0.05	0.05	0.05	0.04	0.05	0.05
VI-HOUSING AND WELFARE SERVICES	**1.69**	**1.48**	**1.49**	**0.89**	**1.29**	**0.83**
Housing Works and Affairs	1.61	1.25	1.26	0.54	0.54	0.52
VII-HEALTH SERVICES	**6.16**	**5.78**	**5.65**	**5.06**	**4.81**	**5.66**
Outpatient Treatment Services	1.07	1.04	1.31	1.20	1.33	1.69
Hospital Works and Services	4.89	4.57	4.18	3.67	3.33	3.81
Public Health Services	0.16	0.12	0.12	0.11	0.11	0.11
VIII- LEISURE, CULTURAL AND RELIGIOUS SERVICES	**1.26**	**1.39**	**1.60**	**1.37**	**1.54**	**1.78**
Religious Services	0.91	0.99	1.11	0.98	1.07	1.21
IX-EDUCATION SERVICES	**10.25**	**11.81**	**12.75**	**11.98**	**13.47**	**14.73**
Pre-school and Primary School Services	5.35	5.75	6.11	5.43	6.24	6.72
Secondary School Services	2.52	2.56	2.70	2.44	2.80	3.17
Tertiary School Services	1.84	2.69	2.63	2.46	2.84	3.28
Education Services Not Classified Based on Degree	0.30	0.33	0.36	0.33	0.35	0.42
Supplamentary Education Services	0.16	0.40	0.45	0.63	0.63	0.68
Research and Development Activities on Education	0.02	0.03	0.03	0.09	0.07	0.03
Education Services not elsewhere classified	0.06	0.06	0.47	0.62	0.54	0.42
X-SOCIAL SECURITY AND SOCIAL ASSISTANCE SERVI(	**21.20**	**17.87**	**18.06**	**20.85**	**22.88**	**23.25**
Assistance Services for Sickness and Invalidity	0.03	0.03	0.11	0.32	0.55	0.75
Old Age Benefit Services	0.03	0.03	0.04	0.05	0.05	0.06
Family and Child Benefit Services	0.09	0.10	0.11	0.11	0.12	0.14
Unemployment Benefit Services	0.37	0.40	0.43	0.38	0.41	0.38
Housing Benefit Services	0.00	0.00				
Services Provided for Non-insured	0.03	0.04	0.05	0.03	0.02	0.02
Unclassified Social Security and Assistance Services	20.65	17.26	17.31	19.97	21.73	21.92

Thanks to the decrease in the debt stock and interest expenditures continuing since 2007, the share of general public services decreased, whereas the share of social security and social assistance has been increasing constantly. The share of education expenditures showed fluctuations and increased slightly in particularly the last two years.

Table 4: Change in the Level of Employment Registered at the SSI, January-March

	2010	2011	Rate of Increase
Employment Contract*	8,900,113	9,970,036	12.0
Self-employed	2,878,843	3,059,010	6.3
Public employees	2,233,661	2,306,478	3.3
Total	**14,012,617**	**15,335,524**	**9.4**

* February

Source: SSI Financial Statistics Bulletin (retrieved in May 2011)

Revenues of the SSI increased by 20.6% year-on-year as of the end of March 2011 thanks to the rise in premium revenues in parallel with the increase in the registered employment level, additional premium support by the state incentivizing regular payment of premiums and the increase in the state contribution (26.1%).

The number of contracted employees increased by 12% while total registered employment increased by 9.4%.

On the other hand, expenditures increased by 13.6% due to the elevation of health expenditures particularly in March. Health expenditures grew by 2.7% in January and by 17% in March, causing a total rise in health expenditures above 10%.

As of the end of March, SSI deficit eased year-on-year by approximately 8% with the help of the strong revenue performance.

The SSI received one-time additional revenue at 11.7 million TL as a part of the total 29.3 billion TL planned to be transferred in the context of restructuring will heal the Institution’s budget considerably in the following months of the year. If the collection continues was planned, the improvement in the SSI’s fiscal balances is expected to continue also in 2012.

Table 5: Social Security Institution Budget Balance (million TL)

BUDGET ITEMS	March 2010	March 2011	March Rate of Increase (%)	January-March 2010	January-March 2011	January-March Rate of Increase (%)
I-REVENUES	**8,659**	**10,302**	**18.98**	**22,533**	**27,174**	**20.60**
1- PREMIUM REVENUES	6,100	7,057	15.68	15,402	18,606	20.80
2- RESTRUCTURING	0	173		149	173	
3- STATE CONTRIBUTION	1,100	1,330	20.92	3,705	4,615	24.56
4- ADDITIONAL PAYMENTS	290	287	-1.26	794	881	10.89
5- INVOICED PAYMENT	909	1,148	26.34	1,637	1,968	20.22
6- OTHER REVENUES	260	307	18.21	845	931	10.18
II-EXPENDITURES	**10,334**	**12,431**	**20.29**	**29,883**	**33,937**	**13.56**
1- RETIREMENT PAYS	6,274	7,704	22.78	19,071	21,911	14.90
2- PAY. AS PER NO 5510 LAW	69	71	2.12	146	220	50.11
3- ADDITIONAL PAYMENTS	264	322	21.80	809	926	14.36
4- HEALTH EXPENDITURES (inc	2,805	3,299	17.61	8,339	9,191	10.21
5- INVOICED PAYMENTS	734	938	27.80	1,008	1,218	20.83
6- ADMINISTRATION	50	53	4.96	161	169	4.92
7- INVESTMENT	4	5		12	16	
8- OTHER EXPENDITURES	133	39	-70.38	337	286	-15.08
III- BALANCE	**-1,675**	**-2,129**	**-27.09**	**-7,350**	**-6,763**	**7.99**
IV- BUDGET TRANSFERS	**5,343**	**6,358**	**19.01**	**14,920**	**15,831**	**6.11**
1- FOR DEFICIT	2,735	3,183	16.38	7,864	7,157	-8.99
2- STATE CONTRIBUTION	1,100	1,330	20.92	3,705	4,615	24.56
3- FOR ADDITIONAL PAYMENT	290	287	-1.26	794	881	10.89
4- FOR INVOICED PAYMENTS	909	1,148	26.34	1,637	1,968	20.22
5-INCENTIVES	308	410	32.99	920	1,210	31.58

1- Included in retirement pay since October 2008.

Source: SSI Financial Statistics Bulletin (retrieved in May 2011)

Current expenditures – compensation of employees in particular – constituted 66.7% of the increase in primary expenditures, as also demonstrated in the below table. The mentioned ratio was 41.9% in the same period of 2010 as compared to 2009. When these periods are compared with regard to the contribution of sub-items to the increase in current expenditures, it is seen that the contribution of the compensation of employees and the procurement of goods and services decreased while that of SSI state premium increased. The contribution of capital expenditures also stood above the previous years' average. In the same period in 2010 in comparison with 2009, current transfers constituted 70.2% of the increase in primary expenditures. The mentioned ratio for 2011 in comparison with 2010 is 33.3%. Similarly, the contribution of the shares from revenues decreased from 31% to 17.9% in the mentioned period.

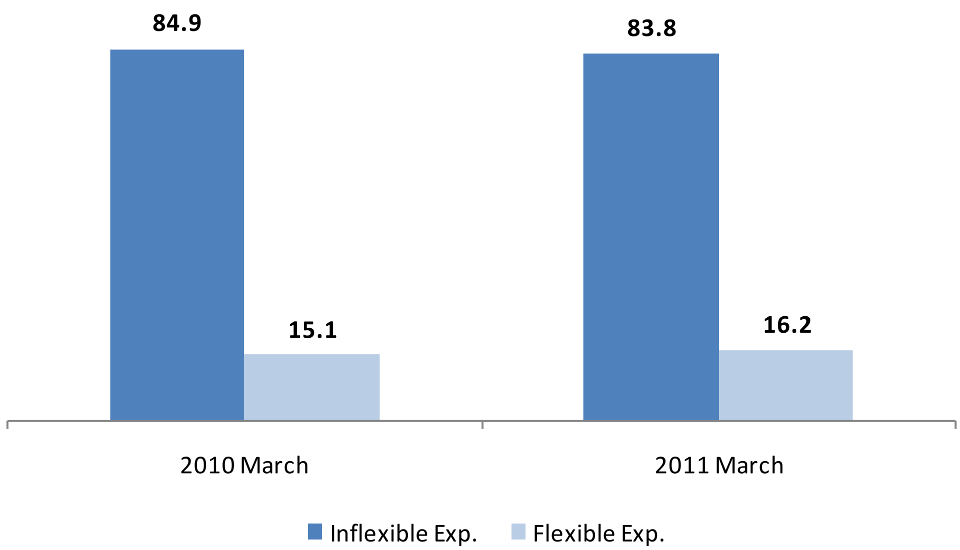
This can be explained with the differences in the rate of increase in tax revenues in the 2009-2010 and 2010-2011 periods. In a similar vein, the contribution of health, pension and social assistance expenditures to current transfers decreased from 31% to 17%. In the first three months of 2010, capital expenditures had decreased compared to 2009. In 2011, 8.8% of the increase in expenditures when compared to the same period in 2010 stemmed from the mentioned item.

Table 6: Contribution of the Central Government Budget Primary Expenditures to the Rise in Primary Expenditures, end of March 2011

	Contribution to Rate of Increase	(%) Composition
Primary Expenditures	**10.3**	**100.0**
Current Expenditures	**6.9**	**66.7**
Personnel	4.8	46.3
Government Premiums to SSAs	1.0	10.1
Goods and Services Purchases	1.1	10.4
Health	-0.1	-0.6
Defense and Security	0.3	3.0
Current Transfers	**3.4**	**33.3**
Treasury Aid to Social Security Agencies.	0.1	0.5
Health, Retirement and Social Aid Expenditures	1.8	17.1
Agricultural Transfers	-0.7	-6.5
Shares from Revenues	1.9	17.9
Capital Expenditures	**0.9**	**8.8**
Capital Transfers	**0.0**	**-0.3**
Other	**-0.9**	**-8.6**

Due to the rising share of capital expenditures in total expenditures, flexible expenditures increased by 1 percentage point.

Figure 2 **% Change in the Share of Flexible and Inflexible Expenditures (2010 - 2011 March)**



C. Budget Revenues

As of the end of March, budget revenues increased year-on-year by 20.5% and reached 68.7 million TL. Collection of taxed improved above the expectations by 19.9%. Seasonal surge in the enterprise and property income drove the substantial increase in revenues above 20% despite the fall in the revenues from interest, fine and shares.

The improvement in the collection of revenues continued in 2011 driven especially by economic growth, rise in the level of employment and the amelioration of the performance to fulfill public obligations.

Additional tax revenue collection at 13.7 billion TL expected to be realized via the restructuring initiated with the Law No 6111 implies that budget revenues will exceed the year-end target. The Law No 6111 will facilitate the collection of tax obligations failed to be fulfilled in 2008 and 2009 in particular and in 2010 in part due to the economic crisis.

As of the end of March, %24.5 of budget revenue target, 24.7% of tax revenue target and 36% of enterprise and property income target were reached. For the same period in 2010, the mentioned ratios were 22.5%, 22.7% and 17.4%, respectively. Revenue performance of the budget was thus stronger in 2011 than in 2010. This will accelerate in the following months thanks to the additional revenues earned via restructuring.

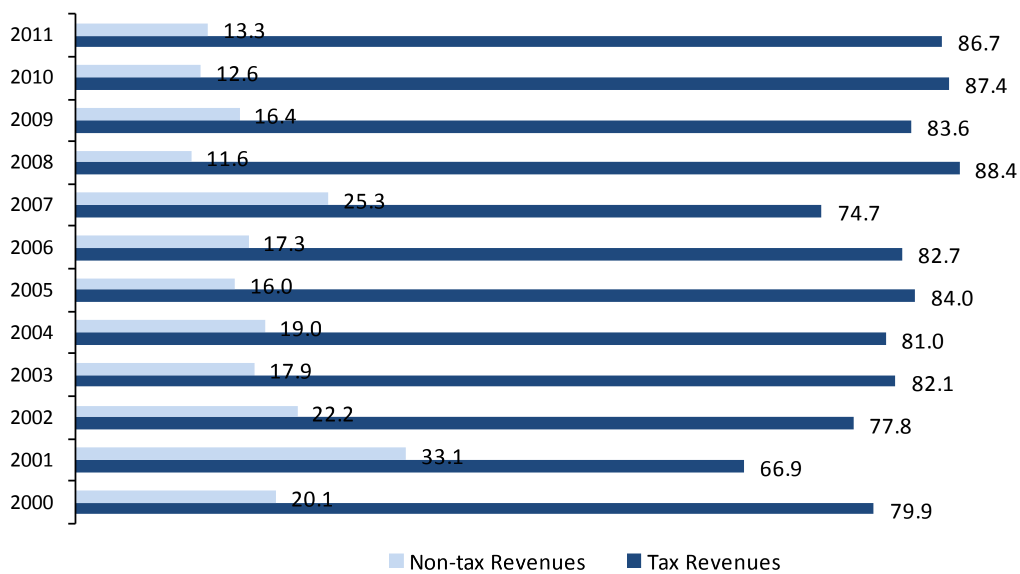
Table 7: Central Government Budget Revenues and Real Increase Budget Revenues as of the end of March (2011/2000)

	2011 Jan-March *(1000 TL)*	2010 Jan-March *(1000 TL)*	Rate of Increase (%)	Reel Change (%)
Central Government Budget Revenues	**68,728,817**	**57,032,180**	**20.51**	**15.89**
General Budget Revenues	**66,158,111**	**54,718,303**	**20.91**	**16.27**
I-Tax Revenues	**57,450,307**	**47,901,768**	**19.93**	**15.33**
Taxes on Income, Profits and Capital Gains	**16,965,560**	**14,215,756**	**19.34**	**14.76**
Income Tax	**10,412,730**	**9,589,886**	**8.58**	**4.41**
Based on Decleration	1,131,803	951,923	18.90	14.33
Lump-Sum	116,558	116,532	0.02	-3.82
Witholding Tax	8,796,443	8,166,034	7.72	3.59
Provisional Tax	367,926	355,397	3.53	-0.45
Corporation Tax	**6,552,830**	**4,625,870**	**41.66**	**36.22**
Based on Decleration	-11,339	58,595	-119.35	-118.61
Witholding Tax	64,145	62,778	2.18	-1.74
Provisional Tax	6,500,024	4,504,497	44.30	38.76
Taxes on Property	**2,324,550**	**2,059,901**	**12.85**	**8.52**
Inheritance and Gift Taxes	**35,235**	**34,014**	**3.59**	**-0.38**
Motor Vehicle Taxes	**2,289,315**	**2,025,887**	**13.00**	**8.67**
Domestic Taxes on Good and Services	**22,853,574**	**19,496,151**	**17.22**	**12.72**
Domestic VAT	**7,342,342**	**5,814,995**	**26.27**	**21.42**
Special Consumption Tax	**13,313,811**	**11,683,296**	**13.96**	**9.58**
Petroleum and Natural Gas	6,986,977	6,402,852	9.12	4.94
Motor Vehicles	1,703,587	883,285	92.87	85.47
Coke, Alcoholic Beverages and Tobacco Products	4,182,636	4,042,402	3.47	-0.50
Durable Goods and Others	440,611	354,757	24.20	19.44
Banking and Insurance Transaction Tax	**1,006,704**	**917,190**	**9.76**	**5.55**
Other Taxes on Goods and Services	**1,190,717**	**1,080,670**	**10.18**	**5.96**
Taxes on International Trade and Transactions	**11,321,547**	**8,380,033**	**35.10**	**29.92**
Customs Duties	1,013,320	695,217	45.76	40.16
VAT ON Imports	10,284,325	7,669,143	34.10	28.95
Other Taxes on International Trade and Transactions	23,902	15,673	52.50	46.65
Stamp Duties	**1,565,985**	**1,267,955**	**23.50**	**18.77**
Fees	**2,391,495**	**1,945,414**	**22.93**	**18.21**
Other Taxes Not Elsewhere Classified	**27,596**	**536,558**	**-94.86**	**-95.05**

When figures are adjusted to inflation, it is seen that real increase in total revenues and tax revenues were 16% and 15.3%, respectively. Real rate of increase were considerably high for corporations tax, motor vehicles tax and tax on imports.

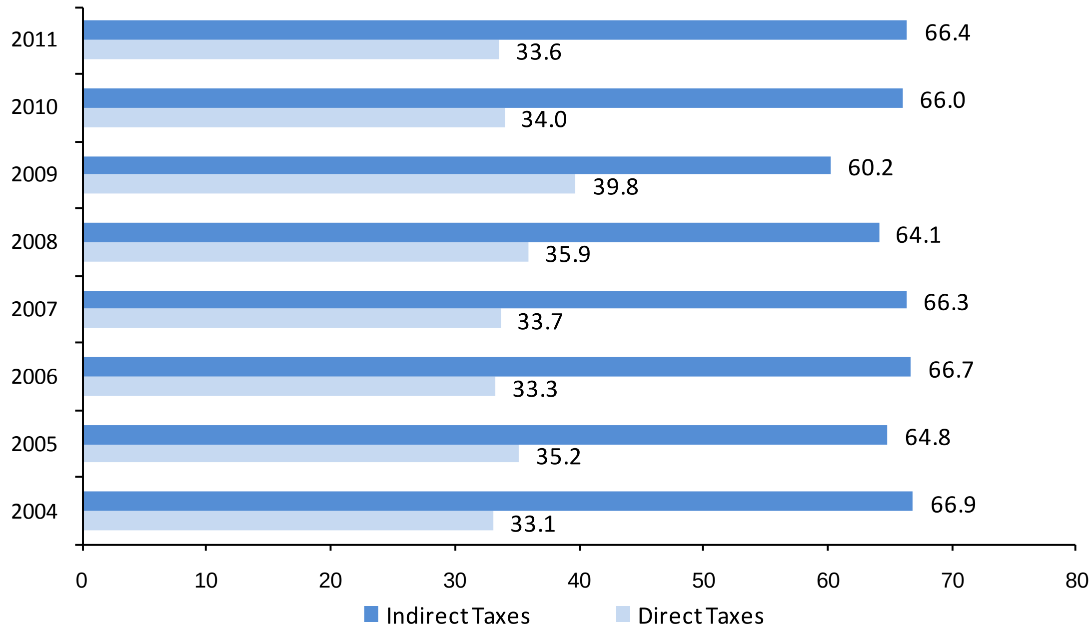
The share of tax collections in total general budget revenues reached 86ç7%, above the program level. This corresponds to the highest ratio after 2008 over the last 12 years.

Figure 3 Share of Tax Revenues and Non-tax Revenues in the Total General Budget Revenue Collection (End of March 2011) (%)



The improvement of tax collection performance after the crisis period was as expected dominated by indirect taxes, which maintained a share at 66% in the total tax revenues.

Figure 4 Change in the Share of Indirect and Direct Taxes in General Budget Revenue Collection, End of March, 2004 - 2011



As of the end of March, the biggest contribution to the rise in tax revenues was made by VAT on imports at 27.4%. The share reaches 43.4% when domestically collected VAT is added. This is followed by temporary corporation tax at 20.95, driven by the rise of profits in the banking sector while the contribution of the SCT stood at 17.1%. Here, it should be noted that the profits of the banking sector constitutes more than half of corporate tax base.

In this context, the share of taxes on foreign trade in total tax revenues increased by 2.2 percentage points and reached 20%. The share of corporate tax revenues, on the other hand, increased by 2 percentage points from 9% to 11%.

Table 8: Realization of Tax Revenues and Contribution to the Overall Increase, March 2011 - compared to 2010

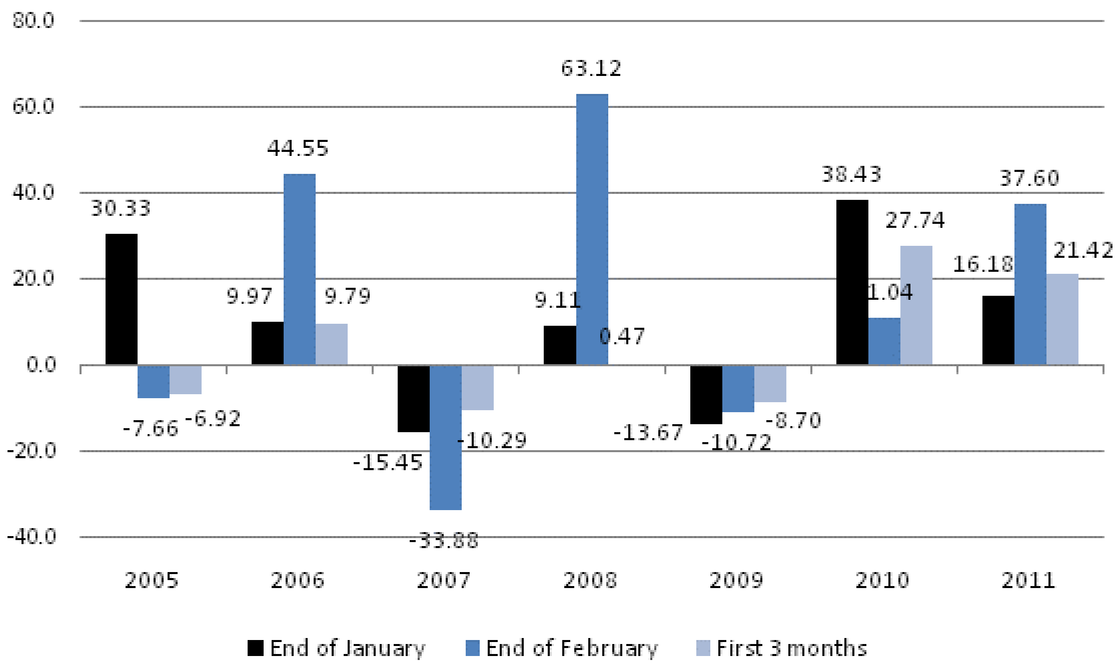
million TL	End of March 2011	End of March 2010	Rate of increase (%)	Cont. to rate of increase (%)
Tax Revenues	**57,450**	**47,902**	**19.9**	**100.0**
Taxes on Income, Profits and Capital Gains	**16,966**	**14,216**	**19.3**	**28.8**
Income Tax Collection	8,796	8,166	7.7	6.6
Provisional Corporation Tax	6,500	4,504	44.3	20.9
Special Consumption Tax	**13,314**	**11,683**	**14.0**	**17.1**
SCT on Petroleum and Natural Gas	6,987	6,403	9.1	6.1
Coke, Alcoholic Beverages and Tobacco Prod.	4,183	4,042	3.5	1.5
VAT Collection	**17,627**	**13,484**	**30.7**	**43.4**
VAT on Imports	10,284	7,669	34.1	27.4
Domestic VAT	7,342	5,815	26.3	16.0
Other Taxes	**9,544**	**8,519**	**12.0**	**10.7**
Stamp Duties	1,566	1,268	23.5	3.1
Fees	2,391	1,945	22.9	4.7
Banking and Insurance Transaction Tax	1,007	917	9.8	0.9

Negative sign denotes the increase and positive sign denotes the decrease in revenues. Due to the general downwards tendency in tax revenues, positive sign signifies a positive contribution to the drop in tax revenues.

Below, the tax revenue performance in 2011 is examined in more detail on the basis of sub-items of tax revenues:

In parallel with the increase in total demand, domestically collected VAT increased by 21.4% in real terms, raising its share in total tax revenues to 13%.

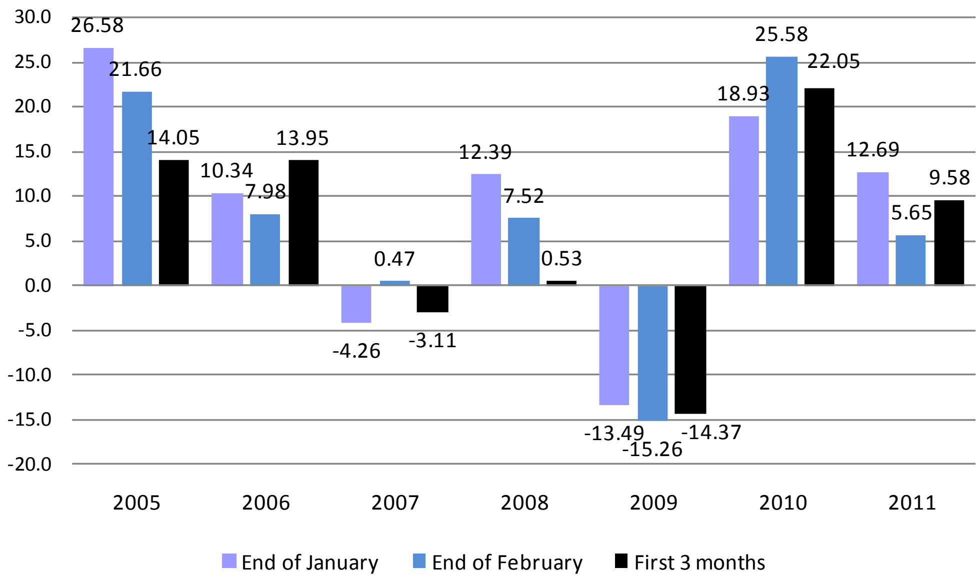
Figure 5 Real Increase in the Collection of Domestic VAT (%)



The pace of increase in SCT collection was 9.6% in real terms, weaker than the performance in VAT collection. The change in SCT collection which represents approximately one fourth of total tax revenues is of significance concerning the overall tax collection performance. In the examined period, collection of SCT on coke, alcoholic beverages and tobacco product decreased in real terms.

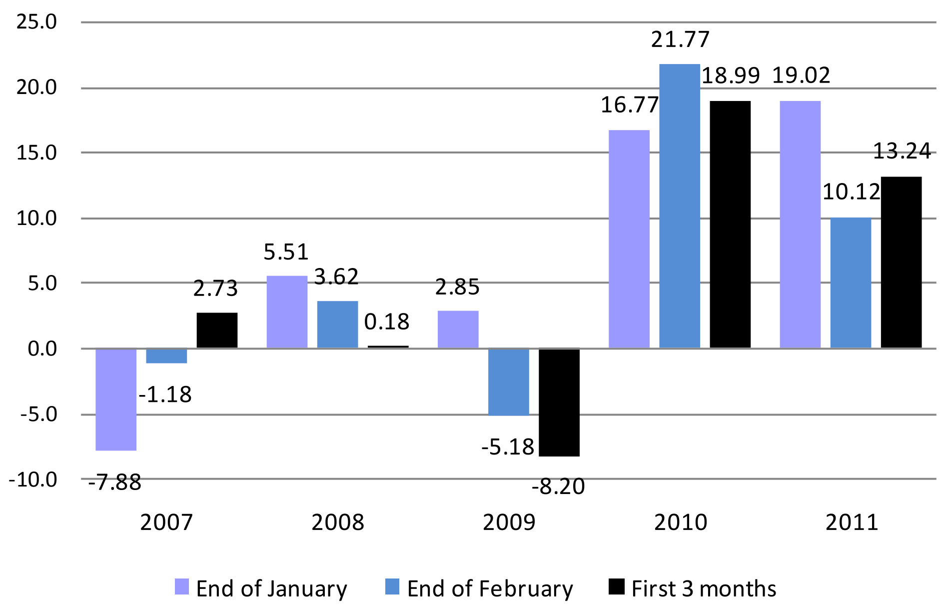
Tax collection under this title decreased particularly due to the fall in tobacco consumption and the rise in the consumption of smuggled cigarettes and alcohol, driven by substantial increases in tax level.

Figure 6 Real Increase in the Collection of Special Consumption Tax (%)



Unlike 2010, in 2011 the increase in the accrual of SCT stood above the collection of SCT. Real increase in SCT accrual as of the end of March was 13.2%.

Figure 7 Real Increase in the Special Consumption Tax Accrual (%)



Real increase in the collection of SCT on durable goods, the consumption of which is affected highly by economic fluctuations, continued despite the high basis effect. The increase in accrual, on the other hand, was limited.

Figure 8 Real Increase in Collection of Special Consumption Tax on Durable Goods (%, cumulative)

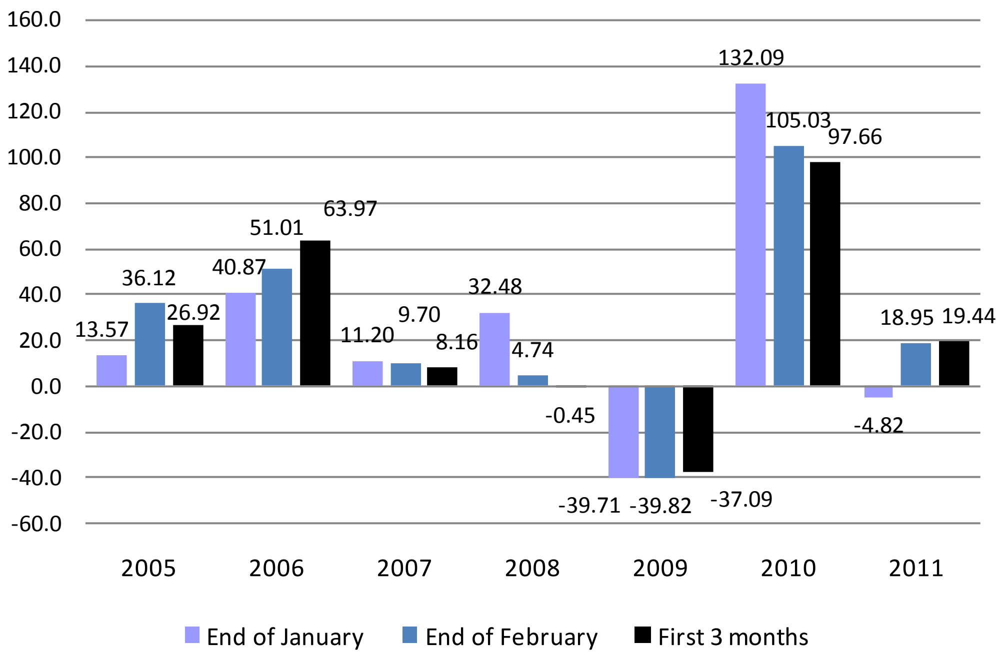
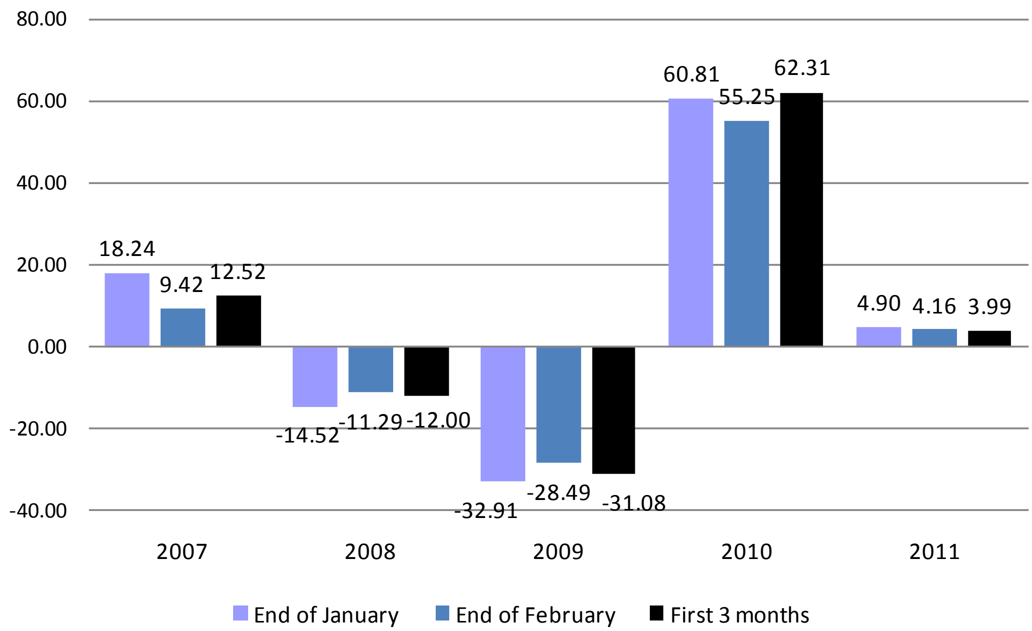
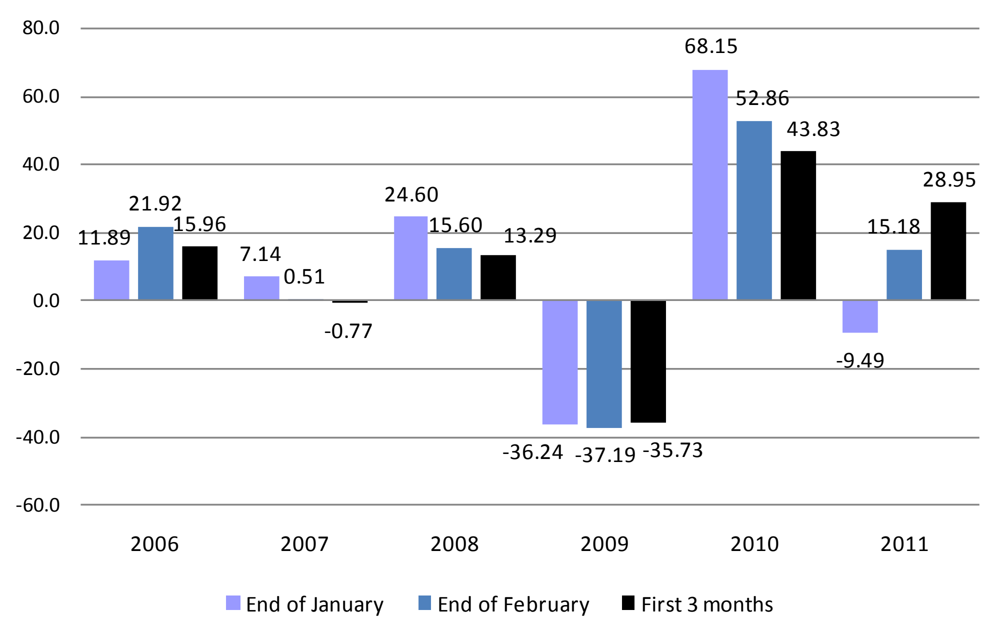


Figure 9 Real Increase in Accrual of Special Consumption Tax on Durable Consumption Goods (%, cumulative)



Due to the deterioration of the trade balance and the rise in the current account deficit, real increase in the VAT on imports reached as high as 29% as of the end of March.

Figure 10 Real Increase in the Collection of VAT on Imports (%)



BOX: WHAT WOULD THE BUDGET DEFICIT BE WITH A FISCAL RULE?

Fiscal rule that would build credibility and maintain fiscal stability by fixing a rule for the fiscal policy was removed of the medium term program in 2010 and thus a mechanism that would act as an "anchor" for fiscal policy was foregone. If the fiscal rule had been implemented in 2010 and 2011, would the fiscal outlook have been different? To answer this question, it is needed first to recall the "golden rule":

$\Delta a = y\,(a_{t-1} - a^*) + k\,(b - b^*)$

Δa: The ratio of adjustment of general government budget deficit to the GDP,

a_{t-1} : The ratio of general government budget deficit in previous year to the GDP,

a^* : %1, the ratio of medium-long term general government budget deficit target to the GDP,

b : Real GDP growth rate,

b^* : 5%, long term average of real GDP growth rate,

y : -0.33, the coefficient for the pace of convergence of general government budget deficit to the medium-long term target

k : -0.33, cyclical effect reflection coefficient

Taking departure from the above equation, general government budget deficit for the examined period would be formulized as follows:

$a = (1+y)\,a_{t-1} - y\,a^* + k\,(b - b^*)$

The table below compares the budget deficit estimated to arise in the presence of the fiscal rule with realized budget deficit for 2010 and anticipated budget deficit for 2011 as declared in the Medium Term Program.

Table 1. Comparison of the Estimated Budget Deficit under the Fiscal Rule with Realized Budget Deficit

	Budget Deficit in the Preceding Year (As a ratio of GDP)	Rate of Economic Growth (Real, %)	Fiscal Rule (Budget Deficit / GDP)	Realized Deficit / Planned Deficit (Budget Deficit / GDP)
2010	5.09 (2009 budget deficit)	8.9	2.45	3.36
2011	3.36 (2010 budget deficit)	4.5 (MTP estimation)	2.75	2.05 (MTP estimation)

Source: Main Economic Indicators, Directorate General for Budget and Control, The Ministry of Finance, 2011.

Medium Term Program, State Planning Organization, 2011.

As the above table suggests, the budget deficit realized in 2010 was higher that would have been attained if the fiscal rule was in effect. Budget deficit in 2009 was above 1%, the medium and long term target of the fiscal rule, which requires cutting the budget deficit in 2010. Moreover, the fact that the growth rate in 2010 reached above the medium and long term target 5% indicates that budget deficit must be cut further in comparison with the previous year. A basic calculation suggests that of the change in the budget deficit in 2010 (decrease from 5.09% to 2.45%), 1.35% resulted from the high budget deficit in 2009 and 1.3 percent resulted from the high growth performance in 2010. Thus, the 2010 budget deficit foreseen by the budget rule was 2.45% whereas the realized rate was 3.36%.

For 2011, there is a 0.70% difference between the target of the medium term program and the budget deficit stipulated by the fiscal rule. The budget deficit target set by the MTP is lower than that required by the fiscal rule. Given the low budget deficit in the previous fiscal year and the growth estimates for 2011 slightly above the medium and long term target at 5% requires ensuring a limited drop – approximately 0.60% - in budget deficit as per the fiscal rule. The deficit estimated for 2011 in the

MTP is also below this figure.

In short, if had been implemented, fiscal rule would have required a tighter fiscal policy for 2010 and a looser fiscal policy in 2011 in line with the targets stated in the MTP.

On the other hand, it is of importance to establish a mechanism that will prevent a possible rise in budget expenditures due to the increase in budget revenues in 2011-2013 enabled by the restructuring initiated as per the Law No 6111.

With this perspective, although there is no significant difference between the realized budget deficit in the last two years and the level that would have been required by a fiscal rule, a rule mechanism that will cover only the expenditure side of the budget could be considered. Such “expenditure rule” would not only discipline public expenditures, the main determinant of budget deficit, but also reduce the odds for the implementation of a pro-cyclical fiscal policy and thus strengthen medium term planning. Moreover, public savings surplus achieved hereby will contribute to the lowering of current account deficit.

As a result, although the absence of a fiscal rule did not change budget dynamics in 2010 and 2011 considerably, the recent increase in public expenditures and the one-time improvement in budget revenues to be observed in 2011-2013 period attribute a key importance to a expenditure-side fiscal rule.

II. Developments in Budget Financing and Debt Stock

Table 9: Cash Balance of the Treasury (End of March 2011)

million TL	Jan*	Feb*	March*	Total*
REVENUES	21,879	19,019	24,188	65,086
PRIVATIZATION AND FUND REVENUES	1,147	41	456	1,644
EXPENDITURES	22,633	24,449	26,713	73,795
Primary Expenditures	18,231	18,996	22,746	59,973
Interest Payments	4,403	5,453	3,967	13,822
PRIMARY BALANCE	3,649	23	1,441	5,113
CASH BALANCE	393	-5,388	-2,070	-7,065
FINANCING	-393	5,388	2,070	7,065
BORROWING (NET)	182	3,369	5,522	9,072
EXTERNAL BORROWING (NET)	-131	-689	2,939	2,119
Utilization	1,596	5	3,462	5,063
Payment	1,727	694	523	2,944
DOMESTIC BORROWING (NET)	312	4,058	2,583	6,953
Utilization	25,419	15,931	4,523	45,873
Payment	25,107	11,873	1,940	38,920
PRIVATIZATION REVENUES	0	0	0	0
TRANSFERS FROM SDIF	1	248	1	249
ASSIGNED -GURANTEED DEBT RETURNS	62	7	70	139
BANK UTILIZATION	-637	1,765	-3,523	-2,395
EXCHANGE RATE DIFFERENTIAL	225	48	-361	-88
BANK UTILIZATION NET	-862	1,717	-3,161	-2,307

*Temporary

In the first two months of the year, the Treasury cash balance had a deficit of 7 billion TL while the primary budget had a surplus of 5.1 billion TL.

Table 10: General Budget Balance and Central Government Budget Balance, end of March 2011, Comparative

General Budget Balance		Central Government Budget Balance	
million TL	**End of March**	*million TL*	**End of March**
Budget Balance	**-5,891**	**Budget Balance**	**-4,124**
Escrows	**2,869**	**Escrows**	**3,417**
Advances	**1,854**	**Advances**	**1,864**
Cash Balance	**-1,168**	**Cash Balance**	**1,157**
Funding	**1,168**	**Funding**	**-1,157**
Total Net Borrowing	**9,609**	**Total Net Borrowing**	**9,609**
Net Lending (-)	**0**	**Net Lending (-)**	**118**
Privatization Revenues	**117**	**Privatization Revenues**	**0**
Other Items (-) Entry (+) Exit	**-8,574**	**Other Items (-) Entry (+) Exit**	**-10,898**

Figure 11 Interest Structure of the Central Government Domestic Debt Stock

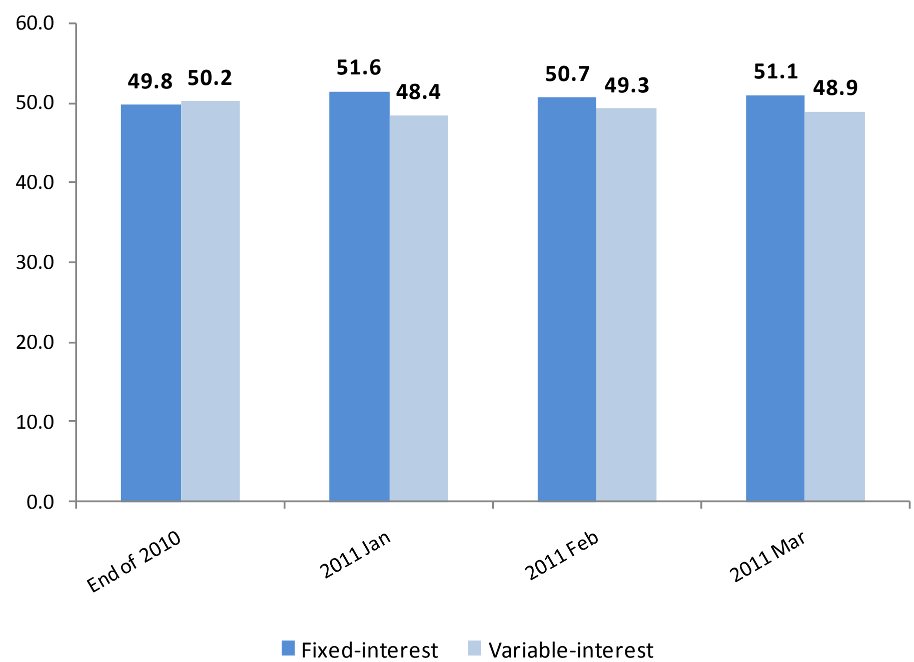
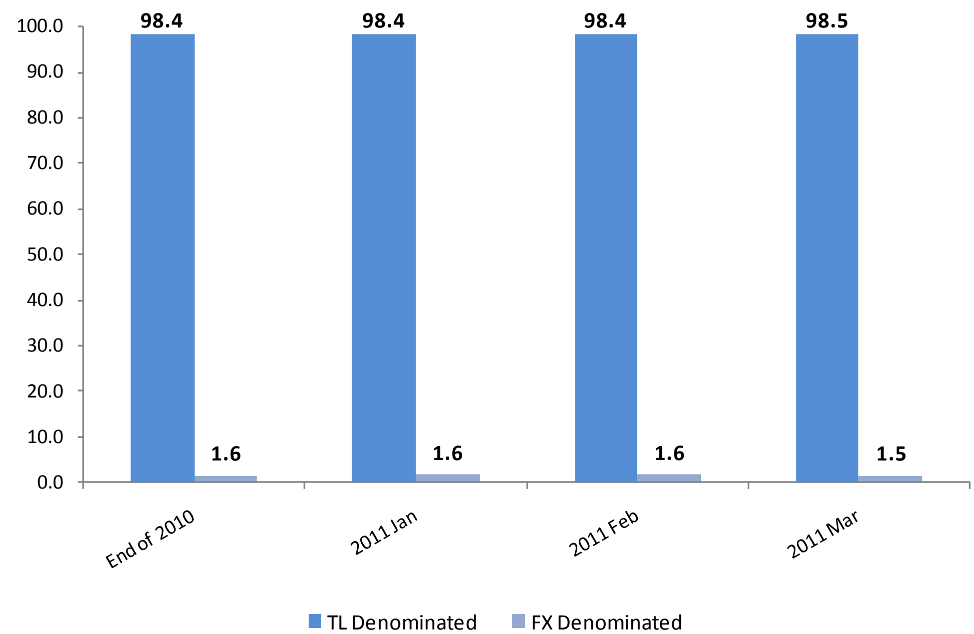
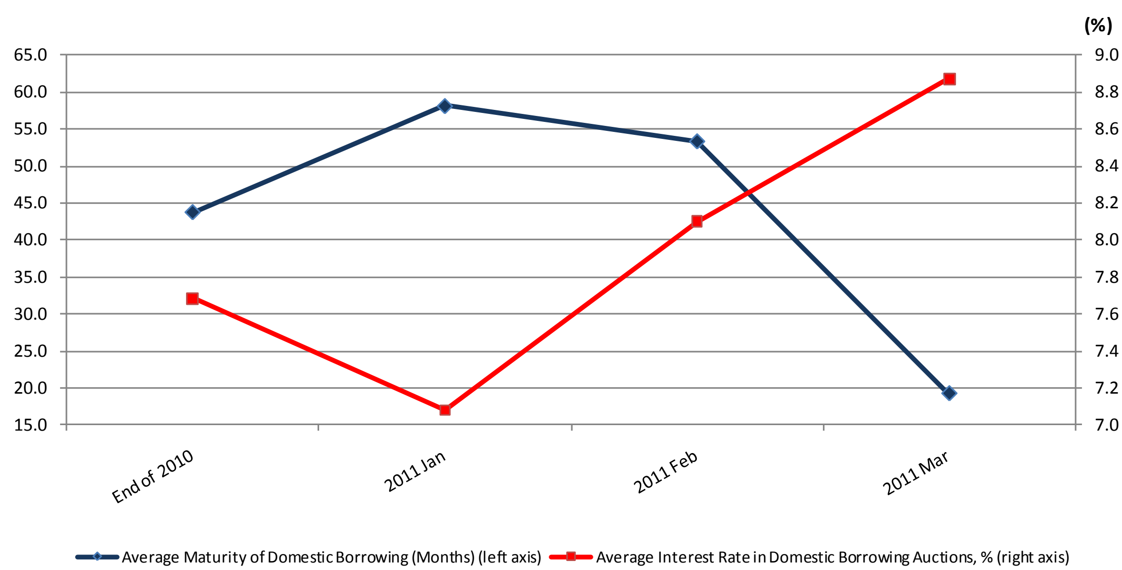


Figure 12 Central Government Domestic Debt Stock TL-FX Structure



Interest and foreign exchange composition of the central government domestic debt stock maintained the trend in previous years.

Figure 13 Average Maturity and Interest Rate on Domestic Borrowing



On the other hand, interest rates on domestic borrowing demonstrated a risky upwards trend in the first three months of the year.

IV. 2011 Fiscal Year Budget Evaluation in the Context of the Macro Framework for 2011

This section broadly assesses the 2011 Central Government Budget, its macroeconomic framework and public sector general balance.

A. Macroeconomic Framework

Macro fiscal framework of the 2011 Central Government Budget is based on the 2011-2013 Medium Term Program (MTP) the announcement of which was delayed particularly in the last two years in contradiction with the setting the fiscal management system foresees, and the General Economic Targets and Public Investments Report 2010 (GETPIR) that revised the MTP and was announced in a Supreme Planning Council meeting in the second week of October 2010.

The report used the temporary budget realization figures for 2010 instead of the parameters given as realization estimates in the GETPIR.

The macro fiscal plan document MTP was finalized before the budget was submitted to the Turkish Grand National Assembly (TGNA). In the light of the GETPIR report which reflects the chief results of the basis macro model estimated the growth rate, year-end inflation rate and the ratio of the current account deficit to the GDP for 2011 at 4.5%, 5.3%, and 5.4%, respectively.

Table 11: Fundamental Economic Parameters

	2008			2009			2010			2011
	Prog.	Real.	Deviation (%)	Prog.	Real.	Deviation (%)	Prog.	Real. Estimate	Deviation (%)	Prog
GDP Growth (%)	5.5	0.7		4.0	-4.7		3.5	6.8		4.5
GDP (Current Prices, Million YTL)	898,894	950,534	5.7	1,111,418	952,635	-14.3	1,028,802	1,098,807	6.8	1,214,852
GDP (Curtrent Prices, Million $)	651,373	742,094	13.9	788,365	616,753	-21.8	641,278	730,104	13.9	780,803
GDP Deflator (%)	5.0	12.0	140.0	7.5	5.2	-30.7	5.0	8.0	60.0	5.8
CPI (Year-end, %)	4.0	10.1	152.5	7.5	6.5	-13.3	5.3	7.5	41.5	5.3
$/ YTL Exchange Rate (Average)	1.38	1.3	-5.8	1.41	1.5	9.7	1.6	1.5	-6.2	1.70
Current Account Balance (Bilion $)	-39.2	-41.9	6.8	-50.4	-14.4	-71.4	-18.0	-39.3	118.3	-42.2
Current Account Balance GDP, %	-6.0	-5.7	-4.9	-6.4	-2.3	-64.4	-2.8	-5.4	91.8	-5.4
Foreign Trade Balance	-65.0	-69.9	7.6	-83.5	-38.8	-53.6	-45.5	-65.8	44.5	-72.5
Exports (FOB, Billion $)	117.0	132.0	12.8	149.0	102.1	-31.4	107.5	111.7	3.9	127.0
Imports (CIF, Billion $)	182.0	202.0	11.0	232.5	140.9	-39.4	153.0	177.5	16.0	199.5

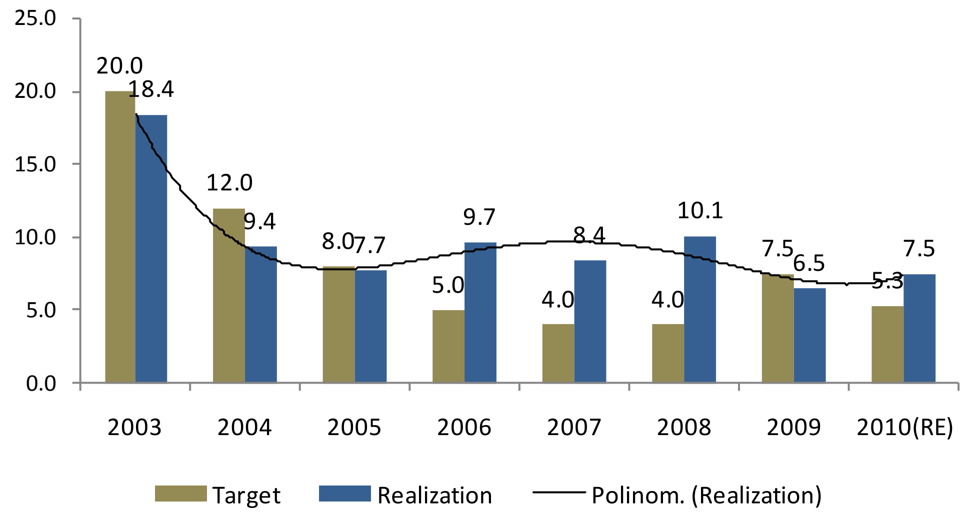
Before analyzing the 2011 program targets with reference to the current state of the global crisis as well as recent economic and fiscal developments, revisions in the macro targets for 2010 are examined as follows under main headings:

- The most important revisions were made in terms of growth, foreign trade and current account deficit targets.
    - Current account deficit target for 2010, which stood at 2.8%, was revised upwards significantly to 5.4% due to rapid economic recovery and the improvement in total demand. Here, the deviation in the current account deficit being higher than that in other parameters is important considering the fact that it reflects the structural problems in terms of devising of the macro model.[1]
    - The deterioration in the foreign trade balance was caused by the increase in imports above exports. The upwards deviation of imports from the target is 16%, compared to that in exports at 3.9%.

[1] Current account deficit was the item that demonstrated the highest deviations in the IMF-supported stability programs implemented between 2000 and 2008, concerning the estimation performance of the macro model.

- Growth rate that was targeted at 3.5% stood at 6.8%.
- General level of prices (CPI) in 2010 stood at 7.5%, above the target driven by the increase in total demand.

Figure 14 2003-2010 Inflation Targets and Realizations



- The value of net imports of goods and services in 2010 estimated at 15.2 billion TL was revised upwards to 48.2 billion TL particularly due to the increase in imports. According to this, the investment-savings gap of the economy was revised from 25.3 billion TL to 56.8 billion TL as the private sector had an investment-saving deficit despite expectations for a surplus. As a result of this, current account deficit reached high above the programmed level for 2010.
- The largest deviations from 2010 budget realization estimates were observed in foreign funds and public and private investments. With fixed prices, foreign fund requirement increased by 50% while investments were revised upwards by 9.2%.

Table 12: Resource Allocation Balance

	With current prices, billion YTL						With 1998 prices, billion YTL				
	2010 (P)	Ratio to GDP(%)	2010(E)	Ratio to GDP(%)	2011 (P)	Ratio to GDP(%)	2010 Prg	2010 Est.	2010 Devi. (%)	2011 Prg	2010/2009 % of Increase
GNP	1,028.8	100.0	1,098.8	100.0	1,214.9	100.0	99.4	103.7	*4.4*	108.4	4.5
(M-X-/+NFI)	15.2	1.5	48.2	4.4	55.5	4.6	1.5	2.2	*49.6*	3.3	49.1
Total Sources	1,044.0	101.5	1,147.0	104.4	1,270.3	104.6	100.9	105.9	*5.0*	111.7	5.4
Total Demand	1,044.0	101.5	1,147.0	104.4	1,270.3	104.6	100.9	105.9	*5.0*	111.7	5.4
Consumption	869.9	84.6	951.8	86.6	1,044.2	86.0	79.6	82.8	*3.9*	86.5	4.5
Public	115.1	11.2	122.9	11.2	137.7	11.3	8.4	8.7	*4.3*	9.2	5.6
Private	754.7	73.4	828.9	75.4	906.5	74.6	71.2	74.0	*3.9*	77.3	4.4
Investment	174.1	16.9	195.2	17.8	226.1	18.6	21.2	23.2	*9.2*	25.2	8.7
Public	44.3	4.3	52.3	4.8	51.3	4.2	5.0	5.6	*11.0*	5.2	-7.3
Private	129.9	12.6	142.9	13.0	174.8	14.4	16.2	17.6	*8.7*	20.0	13.7
Investment-Savings Balance ((GSMHG-(C+I))	-25.3	-2.5	-56.8	-5.2	-63.0	-5.2	-2.5	-3.2	*-27.7*	-4.1	29.4
Public	-58.1	-5.6	-43.6	-4.0	-41.9	-3.4	-3.7	-1.9	*-47.9*	-1.3	31.6
Private	32.7	3.2	-13.2	-1.2	-21.1	-1.7	1.1	-1.3	*-216.7*	-2.8	115.8
GSMHG (GSYİH+NFG+NDACT)	1,018.7	99.0	1,090.2	99.2	1,207.4	99.4	98.3	102.7	*4.5*	107.6	4.8
Net Factor Income	-13.6	-1.3	-10.9	-1.0	-11.3	-0.9	-1.4	-1.3	*-11.5*	-1.2	7.2
Net Fact. Inc. Abroad and Current Trans.	3.5	0.3	2.3	0.2	3.8	0.3	0.4	0.2	*-38.8*	0.3	57.2

Source: SPO General Economic Targets and Public Investments, 2010-2011

2011 program estimates can be summarized as follows:

- Growth estimate for 2011 was set at 4.5%. 2010 growth estimated at 6.8% was realized at 8.9% as per the latest results. The determinants of the growth performance in 2011 will be domestic economic and fiscal policies to be implemented after the elections and the success of the crisis measures different countries facing the global crisis at different levels of severity. In this regard, it is believed that the outcomes of the economic developments in Greece in particular and in Portugal, Spain, Ireland and Italy, in general must be monitored closely.
- It is estimated that in 2011 employment level will increase approximately by 200 thousand while unemployment rate is foreseen to decrease by 0.2 points to 12%.
- Inflation rate (year-end CPI) is estimated at 5.3%. The upwards trend in inflation driven particularly by energy and food prices puts the targets at risk.

- Current account deficit in 2010 was targeted in the program and the budget estimate at 18 billion USD and 39.3 billion USD, respectively. At the end of the year, the deficit was realized at 48.4 billion US, 6.6% of the GDP. It is estimated that, unless measures are introduced, current account deficit will exceed 60 billion US (7-8% of the GDP) as of the end of 2011.

B. Public Sector General Balance

It was aimed to reduce the public sector borrowing requirement that reached 5.1% in 2009 due to the impact of the crisis to 4%. In 2010, central government budget deficit and local administrations' budget deficit are expected to remain below the programmed level. According to this, overall borrowing requirement will diminish to 3.4%.

Table 13: Public Sector General Balance

	2004	2005	2006	2007	2008	2009	2010 (P)	2010(RE)	2011(P)
Borrowing Requirement (Total Public Sector)	**20,367**	**-2,092**	**-14,977**	**553**	**15,397**	**48,494**	**42,717**	**36,972**	**24,854**
Borrowing Requirement (Total Public Sector excluding Privatization Revenues)	**22,058**	**1,892**	**-3,019**	**12,348**	**23,582**	**52,864**	**53,121**	**40,891**	**38,524**
Borrowing Requirement (General Government)	**22,818**	**-1,220**	**-11,252**	**1,579**	**15,645**	**51,920**	**48,151**	**40,359**	**25,836**
Central Government	27,289	3,804	-5,661	5,500	17,221	52,184	49,430	42,279	31,775
Central Government Budget	30,300	8,117	4,643	13,708	17,432	52,761	50,134	44,178	33,493
Revolving Funds	-1,076	-1,226	-1,102	-957	-666	-828	-459	-1,141	-982
Funds	-1,935	-3,087	-9,202	-7,251	455	251	-245	-758	-736
Social Security Institution	203	138	-889	-783	53	-751	0	0	0
Unemployment Fund	-4,379	-4,713	-5,717	-6,986	-7,647	-3,743	-4,043	-4,465	-7,120
Local Administrations	-295	-449	1,015	3,848	6,018	4,230	2,764	2,545	1,181
SEEs	-2,451	-872	-3,725	-1,026	-248	-3,426	-5,434	-3,387	-982
Operating SEEs	-1,723	-678	-1,327	-1,503	-612	-4,213	-4,999	-3,238	-785
Special Institutions	-728	-194	-2,398	477	364	787	-435	-149	-197

Ratio to GDP (%)

	2004	2005	2006	2007	2008	2009	2010 (P)	2010(RE)	2011(P)
Borrowing Requirement (Total Public Sector)	**3.64**	**-0.32**	**-1.97**	**0.06**	**1.62**	**5.09**	**4.15**	**3.36**	**2.05**
Borrowing Requirement (Total Public Sector excluding Privatization Revenues)	**3.95**	**0.29**	**-0.40**	**1.45**	**2.48**	**5.55**	**5.16**	**3.72**	**3.17**
Borrowing Requirement (General Government)	**4.08**	**-0.19**	**-1.48**	**0.18**	**1.65**	**5.45**	**4.68**	**3.67**	**2.13**
Central Government	4.88	0.59	-0.75	0.64	1.81	5.48	4.80	3.85	2.62
Central Government Budget	5.42	1.25	0.61	1.61	1.83	5.54	4.87	4.02	2.76
Revolving Funds	-0.19	-0.19	-0.15	-0.11	-0.07	-0.09	-0.04	-0.10	-0.08
Funds	-0.35	-0.48	-1.21	-0.85	0.05	0.03	-0.02	-0.07	-0.06
Social Security Institution	0.04	0.02	-0.12	-0.09	0.01	-0.08	0.00	0.00	0.00
Unemployment Fund	-0.78	-0.73	-0.75	-0.82	-0.80	-0.39	-0.39	-0.41	-0.59
Local Administrations	-0.05	-0.07	0.13	0.45	0.63	0.44	0.27	0.23	0.10
SEEs	-0.44	-0.13	-0.49	-0.12	-0.03	-0.36	-0.53	-0.31	-0.08
Operating SEEs	-0.31	-0.10	-0.17	-0.18	-0.06	-0.44	-0.49	-0.29	-0.06
Special Institutions	-0.13	-0.03	-0.32	0.06	0.04	0.08	-0.04	-0.01	-0.02

Source: SPO General Economic Targets and Public Investments

Note: (-) sign denotes surplus

Public sector deficit in 2011 was aimed to be at 24.8 billion TL – 2.05% as a ratio to GDP. The fall in the central government budget deficit and the increase in the contribution of Unemployment Insurance Fund will cause an improvement in the public sector balance.

The improvement in the public sector balance is expected to continue in 2012 and 2013 and have a value at 1%. This depends mainly on the continuance of the amelioration in social security system and budget revenue structure which is associated with the maintenance of one-time measures to be implemented in 2011 as well as the economic growth performance.

Below, estimates for certain institutions under the general government budget are presented:

Local Administrations

With the effectualization of the Law No 5018 as of 2006, the Ministry of Finance Directorate General for Public Accounts started to public a comprehensive dataset on local administrations at international standards.

As also stressed in the previous year's budget evaluation, the SPO started to enable a converge between the figures it announces on public sector general budget to those announced by the Ministry of Finance, there still are significant differences between the figures announced by the two institutions. It is believed that these institutions should share with the public the scope or the method of consolidation of the figures that might have caused the difference.

Table 14: Revenue, Expenditure and Budget Balance of Local Administrations and 2007-2009 Revisions (2008-2010)

	2008				2009				2010		
	P	RE	R	R-RE	P	RE	G	R-RE	P	RE	R-P
A. TOTAL REVENUES	**34,190**	***31,364***	**30,447**	***-2.9%***	**38,971**	**31,531**	**32,129**	***1.9%***	**37,247**	**40,088**	**7.6%**
Taxes	18,172	*20,991*	20,415	-2.7%	25,201	20,527	20,966	2.1%	26,496	27,953	5.5%
Non-tax Revenues	5,736	*4,127*	3,522	-14.7%	4,459	3,861	4,884	26.5%	3,377	4,612	36.6%
Factor Income (Net)	9,061	*5,996*	6,000	0.1%	6,846	6,518	6,279	-3.7%	6,971	7,187	3.1%
Capital Transfers (Net)	1,221	*250*	510	104.0%	2,464	624	0		403	336	-16.6%
B. TOTAL EXPENDITURES	**34,446**	***34,392***	**36,465**	**6.0%**	**38,378**	**34,284**	**36,359**	**6.1%**	**40,011**	**42,633**	**6.6%**
Current Expenditures	16,976	*19,214*	20,692	7.7%	21,568	20,920	21,056	0.7%	24,301	26,207	7.8%
Investment Expenditures	14,141	*13,331*	14,264	7.0%	14,730	11,374	12,005	5.5%	13,501	13,662	1.2%
Fixed Capital	14,141	*13,331*	14,264	7.0%	14,724	11,368	11,999	5.6%	13,492	13,653	1.2%
Change in Stock	0	*0*	0		6	6	6	0.0%	9	9	0.0%
Current Transfers	1,155	*1,795*	2,037	13.5%	2,071	2,438	3,077	26.2%	2,708	3,418	26.2%
Increase in Fixed Assets	2,174	*51*	-528	-1135.3%	8	-449	-323	-28.1%	-499	-653	30.9%
Capital Transfers (Net)	0	*0*	0		0	0	543		0	0	
C. BORROWING REQUIREMENT (1)	**-256**	***-3,028***	**-6,018**		**593**	**-2,753**	**-4,230**	**53.7%**	**-2,764**	**-2,545**	

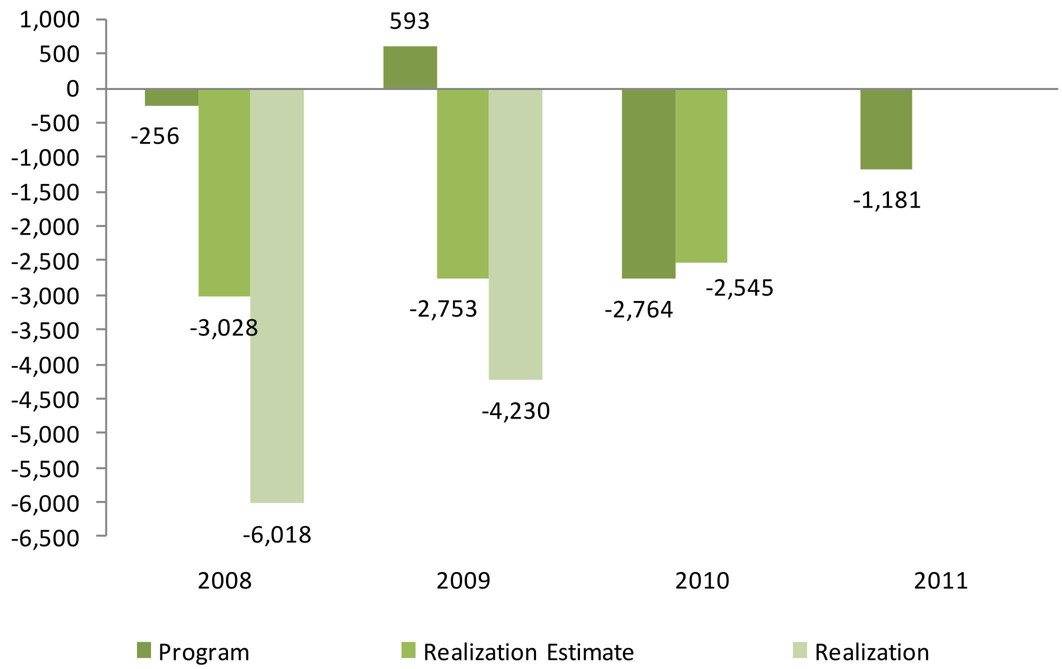
(1) (+) sign denotes surplus.

Source: SPO 2008-2011 Programs

P: Program, RE: Realization Estimate, R: Realization, D: Deviation

It is seen that budget deficits of local administrations which were at substantial levels in 2008 and 2009 are expected to ameliorate remarkably in 2011 and following years. The SPO table that covers the accounts of special provincial administrations, municipalities, administrations affiliated with metropolitan municipalities, unions of municipalities and the Bank of Provinces reveal that the increase in revenues is higher than that in expenditures, particularly due to the impact of the transfers from the center to the local government. This enables an improvement in the consolidated budget balance of local administrations. The revenue structure of local administrations improved and deficits decreased also thanks to the re-collection of electricity and gas consumption tax, improvements in re-evaluation of housing tax sums and the revenue shares transferred by the central government.

Figure 15 Budget Balance of Local Administrations: Program, Realization Estimate and Realization, 2008-2011 (million YTL)



It is estimated that, in 2011, expenditures of local administrations will increase slightly while budget deficits will ease with the falls in budget deficits driven by the improvements in privatization revenues.

Table 15: Budget Balance of Local Administrations, 2010-2011

	2008	2009	2010 (RE)	2011 (P)	% Increase (2011/2010)
A. TOTAL REVENUES	**30,447**	**32,129**	**40,088**	**47,944**	**19.60**
Taxes	20,415	20,966	27953	30,844	10.34
Non-tax Revenues	3,522	4,884	4612	5,478	18.78
Factor Income (Net)	6,000	6,279	7187	8,033	11.77
Capital Transfers (Net)	510	0	336	3,589	968.15
B. TOTAL EXPENDITURES	**36,465**	**36,359**	**42,633**	**49,124**	**15.23**
Current Expenditures	20,692	21,056	26207	28,964	10.52
Investment Expenditures	14,264	12,005	13662	16,950	24.07
Fixed Capital	14,264	11,999	13653	16,912	23.87
Change in Stock	0	6	9	38	322.22
Current Transfers	2,037	3,077	3418	3,770	10.30
Increase in Fixed Assets	-528	-323	-653	-560	-14.24
Capital Transfers (Net)	0	543	0	0	
C. BUDGET BALANCE	-6,018	-4,230	-2,545	-1,180	-53.63

Social Security Institution (SSI)

In 2010 preceded by the year of crisis, expenditures and revenues of the SSI were estimated to be 10% and 8%, respectively as a ratio to the GDP. Nevertheless, policies introduced in response to the crisis in 2008 and 2009, particularly the measures to support employment caused an increase in budget transfers. According to this, the sum of transfers planned to be executed during 2010 exceeds 60% of total budget revenues. The mentioned ratio was 70% in 2009, the year of crisis.

Table 16: Budget Balance and Budget Transfers of Social Security Institutions (2007-2011)

	million YTL						Ratio to GDP (%)				
	2006	2007	2008	2009	2010 (RE)	2011 (P)	2007	2008	2009	2010 (RE)	2011 (P)
I- Revenues	**51,221**	**54,591**	**64,682**	**74,173**	**90,504**	**103,230**	6.4	6.8	7.8	8.2	8.5
Premium Collections	41,754	45,092	56,146	58,864	72,017	82,876	5.3	5.9	6.2	6.6	6.8
II-Expenditures	**68,884**	**79,632**	**90,584**	**102,671**	**118,687**	**133,835**	9.3	9.5	10.8	10.8	11.0
Insurance Payments	44,786	52,736	59,647	68,051	79,668	92,882	6.2	6.3	7.1	7.3	7.6
Health Expenditures	17,676	20,045	25,404	28,863	32,271	33,349	2.3	2.7	3.0	2.9	2.7
Investment Expenditures	17	46	21	91	173	307	0.0	0.0	0.0	0.0	0.0
III- Revenues-Expenditures	**-17,663**	**-25,041**	**-25,902**	**-28,498**	**-28,183**	**-30,605**	-2.9	-2.7	-3.0	-2.6	-2.5
IV-Budget Transfers (Finance)	**18,552**	**25,824**	**25,850**	**29,249**	**28,183**	**30,605**	3.0	2.7	3.1	2.6	2.5
Budget Transfers (Total)	22,891	33,063	35,133	52,685	56,180	62,434	3.9	3.7	5.5	5.1	5.1
V-Deficit	**889**	**-783**	**53**	**-751**	**0**	**0**	0.1	0.0	-0.1	0.0	0.0

Source: SPO 2010 General Economic Targets and Public Investments Report

It is expected that, in 2011 total revenues and expenditures of the SSI will increase by 14.1% and 12.8%, respectively and hence the SSI budget deficit will diminish to 0.1% as a ratio to the GDP. The rise in expenditures was limited by keeping the expectations for the increase in health expenditures at 3%. Concerning revenues, the SSI balance will be relieved via the improvements in premium collections coupled with the fall in the pace of increase in expenditures. This will directly ease the financial support on the central government budget.

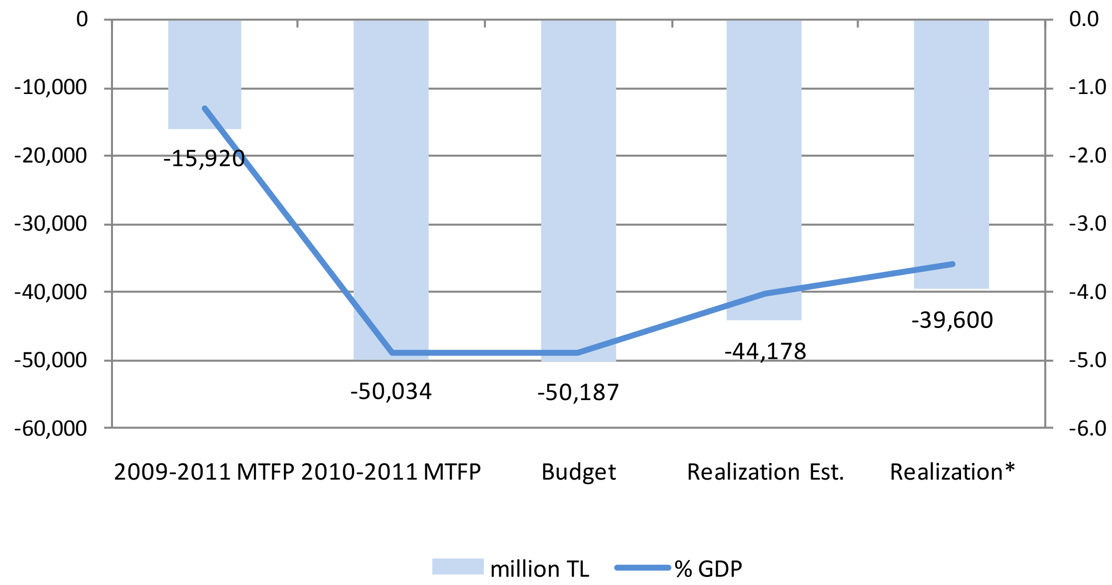
C. *2011 Central Government Budget*

1. *2011 Central Government Budget Balance*

2011 central government budget was prepared in an environment in which the impacts of the crisis started to fade out and growth performance outpaced expectations whereas fiscal policy documents were shared with the public with a considerable delay and thus budget preparations were not carried out within a comprehensive framework.

In 2010, in which the impacts of the crisis pertained, the deviation between budget estimates and realizations continued. 2010 budget deficit, which was estimated at 15.9 billion TL in the 2009-2011 MTP prepared before the crisis in 2008 and at 50 billion TL in 2010-2011 MTFP and 2011 budget was revised downwards to 44 billion TL in 2011 budget justification. According to interim results, budget deficit stood lightly below 40 billion TL.

Figure 16 2010 Budget Deficit Targets and Realization Estimates



* 2010 GDP realization estimate was taken as a basis for 2010 realization/GDP ratio.

In this context, 2011 Central Government Budget Proposal submitted to the TGNA in the mid-October estimated budget appropriations at 312.6 billion TL, budget revenues at 279 billion TL, and budget deficit at 33.5 billion TL.

Table 17: 2011 Central Government Budget Proposal

	million TL
Appropriations for General Budget Administrations	306,648
Appropriations for Special Budget Administrations	26,599
Appropriations for Regulation and Supervision Agencies	1,903
(Treasury Aid to Special Budget)	21,476
(Shares from Revenues)	1,101
CENTRAL GOVERNMENT BUDGET EXPENDITES (CON	**312,573**
Revenues of Special Budgetary Institutions	271,650
Own-revenues of Special Budgetary Institutions	5,484
Own-revenues of Regulation and Supervision Agencies	1,893
CENTRAL GOVERNMENT BUDGET REVENUES (CONS(	**279,027**
BUDGET BALANCE	**-33,546**

Table 18 gives in a comparative perspective the budget balance estimates and targets for 2010 and 2011 in the context of the fiscal plan and budget documents submitted to the TGNA at different dates.

Table 18: Change in Budget Deficit Projections for 2010 and 2011

	2010 Budget Balance		2011 Budget Balance	
Date of Report	***million TL***	**% GDP**	***million TL***	**% GDP**
2009 MTFP	**-15,920**	**-1.3**	**-23,042**	**-1.7**
2010 MTFP	**-50,034**	**-4.9**	**-45,123**	**-4.0**
2011 MTFP			**-33,493**	**-2.8**
2011 Budget*	**-44,178**	**-4.0**	**-33,493**	**-2.8**

According to this;

- Budget deficit for 2010 was targeted at 1.3% of GDP in 2009, revised upwards to 4.9% in 2010 MTFP and was estimated at 4% in budget proposal.
- Budget deficit for 2011 was targeted at 1.7% in MTFP for 2009-2001 period, was revised upwards to 4% in last year's MTFP and downwards to 2.8% in 2011 MTFP and budget proposal.

In the recent years including the crisis period, budget estimates have been revised largely. Optimistic scenarios voiced in the pre-crisis period were replaced with more cautious estimations while the optimistic mood spread again in periods of recovery.

Table 19: Central Government Budget Balance (2008-2013)

	million TL								Rate of increase (%)						
	2008	2009	2010			2011	2012	2013	2008	2009	2010	2011			2012
	Realization	Realization	Budget	Realization Estimate	Realization	Budget	Program	Program	2008 / 2007	2009 / 2008	2010 / 2009	2011 (B) / 2010 (B)	2011 (B) / 2010 (RE)	2011 (B) / 2010	2012 (P) / 2011 (B)
Central Government Budget Expenditures	**227,031**	**268,219**	**286,981**	**296,980**	**293,628**	**312,518**	**339,317**	**359,102**	**11.3**	**18.1**	**9.5**	**8.9**	**5.2**	**6.4**	**8.6**
Primary Expenditures	**176,369**	**215,018**	**230,231**	**247,480**	**245,332**	**265,018**	**286,817**	**309,102**	**14.0**	**21.9**	**14.1**	**15.1**	**7.1**	**8.0**	**8.2**
I. Compensation of Employees	48,856	55,947	60,349	62,152	62,301	72,299	78,164	84,064	12.1	14.5	11.4	19.8	16.3	16.0	8.1
II. Govern. Prem. to Social Security Agencies	6,408	7,208	11,110	11,033	11,060	12,737	13,749	14,662	10.4	12.5	53.4	14.6	15.4	15.2	7.9
III. Procurement of Goods and Services	24,412	29,799	25,190	29,405	28,823	30,049	31,718	33,347	9.7	22.1	-3.3	19.3	2.2	4.3	5.6
IV. Interest Expenditures	50,661	53,201	56,750	49,500	48,296	47,500	52,500	50,000	3.9	5.0	-9.2	-16.3	-4.0	-1.6	10.5
V. Current Transfers	70,360	91,976	102,173	104,663	101,891	115,778	125,849	136,556	11.2	30.7	10.8	13.3	10.6	13.6	8.7
VI. Capital Expenditures	18,516	20,072	18,924	28,667	25,907	21,635	24,270	26,804	42.4	8.4	29.1	14.3	-24.5	-16.5	12.2
VII. Capital Transfers	3,174	4,319	3,429	4,785	6,736	4,300	4,568	4,899	-10.4	36.1	56.0	25.4	-10.1	-36.2	6.2
VIII. Lending	4,644	5,698	6,903	6,775	8,613	6,436	6,793	7,013	20.7	22.7	51.2	-6.8	-5.0	-25.3	5.5
IX. Reserve Appropriations	0	0	2,153	0	0	1,784	1,706	1,757				-17.1			-4.4
Central Government Budget Revenues	**209,598**	**215,458**	**236,794**	**252,802**	**254,028**	**279,026**	**307,056**	**334,744**	**10.1**	**2.8**	**17.9**	**17.8**	**10.4**	**9.8**	**10.0**
I. General Budget Revenues	**203,027**	**208,610**	**229,947**	**245,567**	**246,142**	**271,650**	**299,261**	**326,543**	**9.9**	**2.8**	**18.0**	**18.1**	**10.6**	**10.4**	**10.2**
A. Tax Revenues	**168,109**	**172,440**	**193,324**	**210,168**	**210,532**	**232,220**	**255,902**	**281,909**	**10.0**	**2.6**	**22.1**	**20.1**	**10.5**	**10.3**	**10.2**
Direct Taxes	59,023	61,133	63,965	67,587	66,565	76,619	86,658	97,904	13.8	3.6	8.9	19.8	13.4	15.1	13.1
Indirect Taxes	109,086	111,308	129,359	142,581	143,967	155,601	169,244	184,005	8.0	2.0	29.3	20.3	9.1	8.1	8.8
B. Non-tax Revenues	**34,918**	**36,170**	**36,623**	**35,400**	**35,609**	**39,430**	**43,359**	**44,634**	**9.2**	**3.6**	**-1.5**	**7.7**	**11.4**	**10.7**	**10.0**
Privatization*	8,889	1,825	10,404	3,324	3,079	9,546	10,463	10,040	30.1	-79.5	68.7	-8.3	187.2	210.0	9.6
Other	26,029	34,345	26,219	32,075	32,530	29,884	32,896	34,594	3.6	32.0	-5.3	14.0	-6.8	-8.1	10.1
II. Special Budget Revenues	**4,825**	**5,037**	**4,898**	**5,462**	**5,954**	**5,484**	**5,797**	**6,111**	**21.5**	**4.4**	**18.2**	**12.0**	**0.4**	**-7.9**	**5.7**
III.Rev. from Supervisory and Regulatory Ag.	**1,747**	**1,811**	**1,949**	**1,773**	**1,933**	**1,893**	**1,998**	**2,090**	**10.2**	**3.7**	**6.7**	**-2.9**	**6.7**	**-2.1**	**5.6**
Budget Balance	**-17,432**	**-52,761**	**-50,187**	**-44,178**	**-39,600**	**-33,492**	**-32,261**	**-24,358**	**27.2**	**202.7**	**-24.9**	**-33.3**	**-24.2**	**-15.4**	**-3.7**
Primary Balance	33,229	440	6,563	5,322	8,697	14,008	20,239	25,642	-4.6	-98.7	1,876.3	113.4	163.2	61.1	44.5
Program Defined Budget Balance	**17,740**	**-14,343**	**-8,547**	**-7,400**	**-7,436**	**440**	**5,429**	**12,259**	**-18.1**	**-180.9**	**-48.2**	**-105.1**	**-105.9**	**-105.9**	**1,133.9**

Source: Ministry of Finance Directorate General for Public Accounts (2007-2011), 2011 Budget Proposal and Budget Appropriation of Public Institutions, Ministry of Finance Budget Justifications 2007-2011

* This item gives the sum of all capital sale revenues including the sale of immovable properties for 2009 and the following years.

Compared to 2010 growth estimates, in 2011 central government appropriations increased by 5.2%, primary expenditures by 7.1%, budget revenues by 10.4%, and general budget revenues by 10.5%. It is estimate that in 2011, when growth and inflation is expected to increase cumulatively by 10%, expenditures will more harmonious with inflation estimates while revenues are estimated to stand above the targeted inflation and growth rates.

The initial estimate for budget expenditures in 2010 stood at 27% of the GDP. For 2011, the estimation was revised downwards to 25.7% with the fall in interest expenditures. The mentioned ratios for primary expenditures are 22.5% and 21.8%, respectively. Excluding 2009, when the impacts of the crisis were felt severely, the upwards tendency in primary expenditures continues.

It is estimated that the ratio of budget revenues and tax revenues to the GDP in 2011 will be 23% and 19.1%, respectively. These ratios correspond to a more favorable performance than the pre-crisis period in line with the model based on the expectation that the economy will enter a phase of growth.

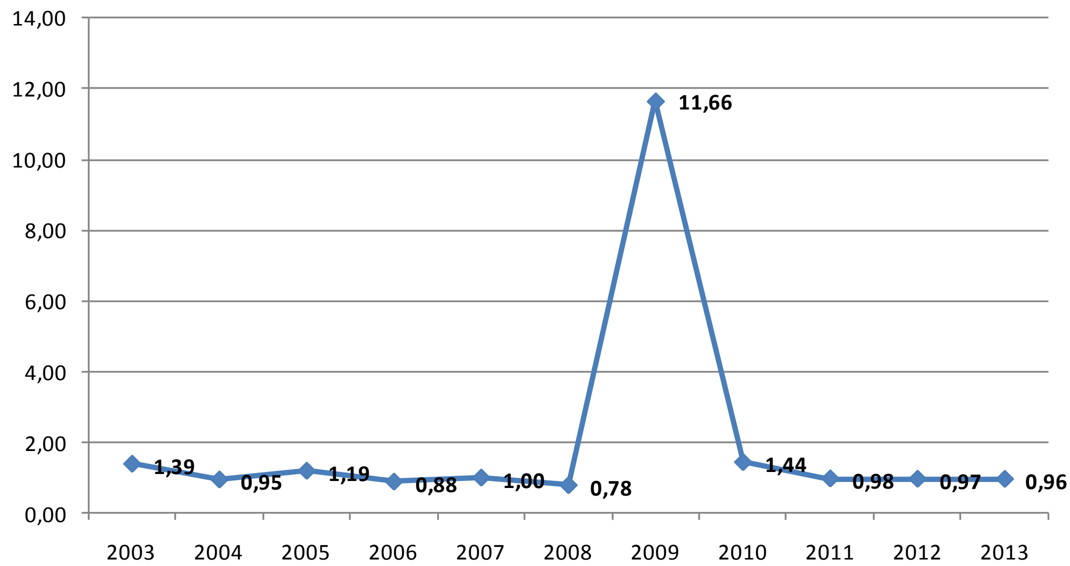
Table 20: Central Government Budget Balance, ratio to the GDP (2008-2013)

	Ratio to the GDP (%)							
	2008	2009	2010			2011	2012	2013
	Realization	Realization	Budget	Realizatio	Realizatio	Budget	Program	Program
Central Government Budget Expenditure	**23.88**	**28.16**	**27.89**	**27.03**	**26.57**	**25.72**	**25.26**	**24.18**
Primary Expenditures	**18.55**	**22.57**	**22.38**	**22.52**	**22.20**	**21.81**	**21.35**	**20.81**
I. Compensation of Employees	5.14	5.87	5.87	5.66	5.64	5.95	5.82	5.66
II. Govern. Prem. to Social Security Agenci	0.67	0.76	1.08	1.00	1.00	1.05	1.02	0.99
III. Procurement of Goods and Services	2.57	3.13	2.45	2.68	2.61	2.47	2.36	2.25
IV. Interest Expenditures	5.33	5.58	5.52	4.50	4.37	3.91	3.91	3.37
V. Current Transfers	7.40	9.65	9.93	9.53	9.22	9.53	9.37	9.20
VI. Capital Expenditures	1.95	2.11	1.84	2.61	2.34	1.78	1.81	1.80
VII. Capital Transfers	0.33	0.45	0.33	0.44	0.61	0.35	0.34	0.33
VIII. Lending	0.49	0.60	0.67	0.62	0.78	0.53	0.51	0.47
IX. Reserve Appropriations	0.00	0.00	0.21	0.00	0.00	0.15	0.13	0.12
Central Government Budget Revenues	**22.05**	**22.62**	**23.02**	**23.01**	**22.99**	**22.97**	**22.86**	**22.54**
I. General Budget Revenues	**21.36**	**21.90**	**22.35**	**22.35**	**22.27**	**22.36**	**22.28**	**21.99**
A. Tax Revenues	**17.69**	**18.10**	**18.79**	**19.13**	**19.05**	**19.12**	**19.05**	**18.98**
Direct Taxes	6.21	6.42	6.22	6.15	6.02	6.31	6.45	6.59
Indirect Taxes	11.48	11.68	12.57	12.98	13.03	12.81	12.60	12.39
B. Non-tax Revenues	**3.67**	**3.80**	**3.56**	**3.22**	**3.22**	**3.25**	**3.23**	**3.01**
Privatization*	0.94	0.19	1.01	0.30	0.28	0.79	0.78	0.68
Other	2.74	3.61	2.55	2.92	2.94	2.46	2.45	2.33
II. Special Budget Revenues	**0.51**	**0.53**	**0.48**	**0.50**	**0.54**	**0.45**	**0.43**	**0.41**
III.Rev. from Supervisory and Regulator	**0.18**	**0.19**	**0.19**	**0.16**	**0.17**	**0.16**	**0.15**	**0.14**
Budget Balance	**-1.83**	**-5.54**	**-4.88**	**-4.02**	**-3.58**	**-2.76**	**-2.40**	**-1.64**
Primary Balance	-2.91	-5.73	-6.01	-4.32	-3.86	-3.72	-3.18	-2.32
Program Defined Budget Balance	3.50	0.05	0.64	0.48	0.79	1.15	1.51	1.73
	1.87	**-1.51**	**-0.83**	**-0.67**	**-0.67**	**0.04**	**0.40**	**0.83**
Total Interest Exp./Total Revenues								
Total Interest Exp./Total Tax Revenues	24.17	24.69	23.97	19.58	19.01	17.02	17.10	14.94
Total Tax Revenues/Primary Expenditures	30.14	32.89	29.35	23.55	33.89	20.45	34.89	17.74
Total Revenues/Total Expenditures	95.32	80.20	83.97	84.92	85.82	87.62	89.22	91.20
Total Revenues/Primary Expenditures	92.32	80.33	82.51	85.12	86.51	89.28	90.49	93.22
Total Tax Revenues/Total Revenues	118.84	100.20	102.85	102.15	103.54	105.29	107.06	108.30
Direct Taxes/Total Taxes	80.21	80.03	81.64	83.14	82.88	83.23	83.34	84.22
Indirect Taxes/Total Taxes	35.11	35.45	33.09	32.16	31.62	32.99	33.86	34.73
Dolaylı Vergiler/Toplam Vergiler	64.89	64.55	66.91	67.84	68.38	67.01	66.14	65.27

Source: Ministry of Finance Directorate General for Public Accounts (2007-2011), 2011 Budget Proposal and Budget Appropriation of Public Institutions, Ministry of Finance Budget Justifications 2007-2011

A possible improvement in the budget balance in 2011 appears to be dependent on the privatization revenues and tax collection performance. Income elasticity of tax revenues, which was as high as 1.44% in 2010, decreases to 0.98% in 2011, close to the regular average.

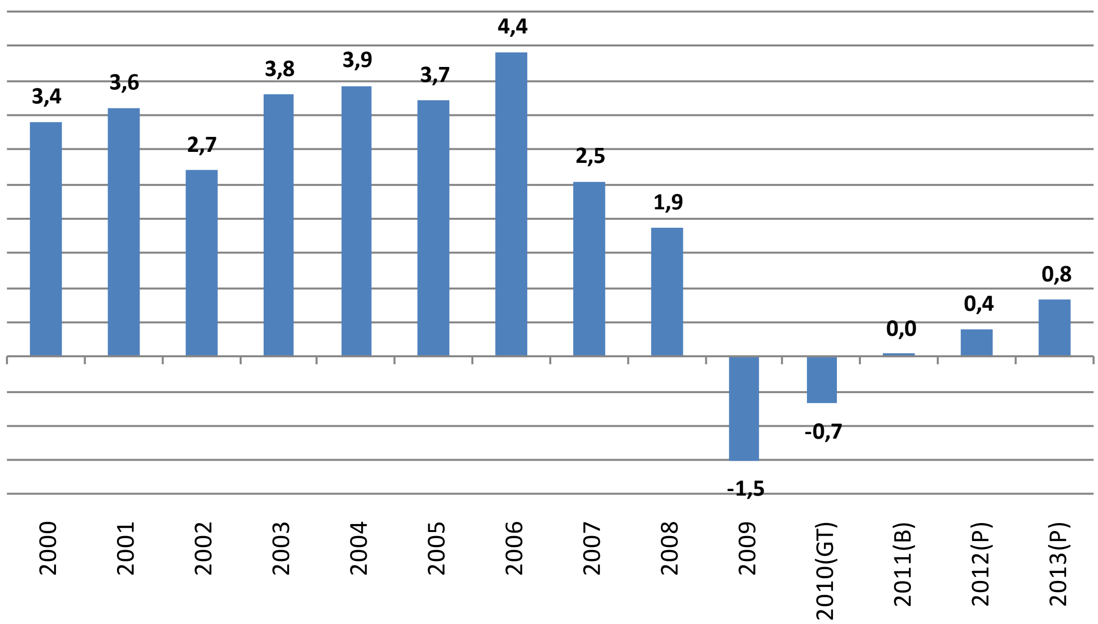
Figure 17 Change in the Income Elasticity of General Budget Revenues



In 2011, the ratio of budget deficit to the GDP decreases to 2.7%. This downwards trend is expected to continue and the ratio is expected to stand at 1.6% in 2013. Net of privatization revenues, this figure reaches 3.5% for 2011.

2011 budget targets to achieve budget surplus for the program defined primary budget balance. The figure below indicates that, although it is estimated that the program defined primary balance will have a surplus in the next two years, the performance in the pre-crisis period is not targeted. This preference implies that the 2011 budget will be relatively looser with a lower program defined primary budget compared to previous periods.

Figure 18 Change in the Program Defined Primary Budget (%, GDP)



2. 2011 Budget Appropriation Estimations

The 2011 central government budget proposal submitted to the TGNA estimated total budget appropriations at 312.5 billion TL, indicating a 5.2% increase compared to the realization estimate in 2010. Appropriations are therefore estimated to correspond to 25.7% of the GDP as a ratio. When primary expenditures are included, the rate of increase in appropriations reaches 7.1%.

The rate of increase in primary expenditures in 2011 is targeted at 7.1%, which is quite assertive. Achievement of this target is at risk particularly unless the current transfers items do not improve.

Table 21: Central Government Budget Expenditures (2007-2011)

	million YTL					*% Composition*					*Rate of Increase (%)*				Ratio to GDP				
	2008	2009	2010		2011	2008	2009	2010		2011					2008	2009	2010		2011
	Real.	Real.	Budget	Real.	Budget	Real.	Real.	Real.	Budget	Budget	2008/ 2007	2009/ 2008	2010/ 2009	2011/ 2010	Real.	Budget	Budget	Real.	Budget
Central Government Expenditures	**227,031**	**268,219**	**286,981**	**293,628**	**312,573**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**11.56**	**18.14**	**9.47**	**6.45**	**23.88**	**28.16**	**27.89**	**26.72**	**25.73**
Primary expenditrues	**176,369**	**215,018**	**230,231**	**245,332**	**265,073**	77.7	80.2	80.2	83.6	84.8	**13.96**	**21.91**	**14.10**	**8.05**	**18.55**	**22.57**	**22.38**	**22.33**	**21.82**
Compensation of Employees	**48,856**	**55,947**	**60,349**	**62,301**	**72,299**	**21.5**	**20.9**	**21.0**	**21.2**	**23.1**	**12.17**	**14.51**	**11.36**	**16.05**	**5.14**	**5.87**	**5.87**	**5.67**	**5.95**
Civil Servants	40,641	46,644	49,967	51,564	59,636	17.9	17.4	17.4	17.6	19.1	**11.64**	**14.77**	10.55	15.65	4.28	4.90	4.86	4.69	4.91
Workers	3,549	3,543	3,981	3,760	4,146	1.6	1.3	1.4	1.3	1.3	**2.99**	**-0.17**	6.13	10.27	0.37	0.37	0.39	0.34	0.34
Other	4,666	5,759	6,401	6,977	8,517	2.1	2.1	2.2	2.4	2.7	**25.91**	**23.43**	21.14	22.08	0.49	0.60	0.62	0.63	0.70
State Premium to Social Security Ins.	**6,408**	**7,208**	**11,110**	**11,060**	**12,737**	**2.8**	**2.7**	**3.9**	**3.8**	**4.1**	**10.46**	**12.50**	**53.43**	**15.17**	**0.67**	**0.76**	**1.08**	**1.01**	**1.05**
Civil Servants	5,196	5,773	9,495	9,272	10,746	2.3	2.2	3.3	3.2	3.4	**9.24**	**11.10**	60.62	15.91	0.55	0.61	0.92	0.84	0.88
Workers	620	696	744	746	826	0.3	0.3	0.3	0.3	0.3	**2.70**	**12.25**	7.12	10.78	0.07	0.07	0.07	0.07	0.07
Other	591	739	871	1,042	1,164	0.3	0.3	0.3	0.4	0.4	**34.24**	**25.05**	**40.93**	**11.73**	**0.06**	**0.08**	**0.08**	**0.09**	**0.10**
Procurement of Goods and Services	**24,412**	**29,799**	**25,190**	**28,823**	**30,049**	**10.8**	**11.1**	**8.8**	**9.8**	**9.6**	**10.19**	**22.07**	**-3.27**	**4.25**	**2.57**	**3.13**	**2.45**	**2.62**	**2.47**
Health Expenditures	6,765	8,798	4,801	5,751	4,941	3.0	3.3	1.7	2.0	1.6	**2.13**	**30.05**	-34.63	-14.08	0.71	0.92	0.47	0.52	0.41
Green card	4,031	5,506	4,603	4,944	4,695	1.8	2.1	1.6	1.7	1.5	**2.99**	**36.59**	-10.20	-5.04	0.42	0.58	0.45	0.45	0.39
Medicine	1,301	3,746	3,311	3,403	3,352	0.6	1.4	1.2	1.2	1.1	**-0.66**	**187.95**	-9.15	-1.50	0.14	0.39	0.32	0.31	0.28
Treatment	2,730	1,760	1,292	1,541	1,343	1.2	0.7	0.5	0.5	0.4	**4.83**	**-35.53**	-12.45	-12.87	0.29	0.18	0.13	0.14	0.11
Other Health Expenditures	2,734	3,292	198	807	246	1.2	1.2	0.1	0.3	0.1	**0.89**	**20.41**	-75.48	-69.47	0.29	0.35	0.02	0.07	0.02
Defence and Security	8,327	9,671	9,123	9,444	10,013	3.7	3.6	3.2	3.2	3.2	**9.91**	**16.13**	-2.34	6.02	0.88	1.02	0.89	0.86	0.82
Other Current Expenditures	9,319	11,330	11,266	13,628	15,095	4.1	4.2	3.9	4.6	4.8	**17.16**	**21.58**	20.28	10.77	0.98	1.19	1.10	1.24	1.24
Interes Expenditures	**50,661**	**53,201**	**56,750**	**48,296**	**47,500**	**22.3**	**19.8**	**19.8**	**16.4**	**15.2**	**3.96**	**5.01**	**-9.22**	**-1.65**	**5.33**	**5.58**	**5.52**	**4.40**	**3.91**
Current Transfers	**70,360**	**91,976**	**102,173**	**101,891**	**115,778**	**31.0**	**34.3**	**35.6**	**34.7**	**37.0**	**11.24**	**30.72**	**10.78**	**13.63**	**7.40**	**9.65**	**9.93**	**9.27**	**9.53**
Duty Losses of SEEs and Public Banks	1,890	3,773	3,962	2,988	4,222	0.8	1.4	1.4	1.0	1.4	**34.88**	**99.60**	-20.80	41.30	0.20	0.40	0.39	0.27	0.35
Social Security Institution	35,133	52,685	57,694	55,039	62,434	15.5	19.6	20.1	18.7	20.0	**6.26**	**49.96**	4.47	13.44	3.70	5.53	5.61	5.01	5.14
Duty Losses	7,709	12,708	14,083	13,418	16,780	3.4	4.7	4.9	4.6	5.4	**6.48**	**64.85**	5.59	25.06	0.81	1.33	1.37	1.22	1.38
Unemployment Insurance	1,022	1,019	1,107	1,176	1,382	0.5	0.4	0.4	0.4	0.4	**26.58**	**-0.35**	15.48	17.47	0.11	0.11	0.11	0.11	0.11
Shares from Revenues	20,256	21,492	23,908	26,359	28,662	8.9	8.0	8.3	9.0	9.2	**18.06**	**6.10**	22.65	8.74	2.13	2.26	2.32	2.40	2.36
Local Adminsitrations	15,829	16,835	19,138	20,910	23,678	7.0	6.3	6.7	7.1	7.6	**19.14**	**6.35**	24.21	13.24	1.67	1.77	1.86	1.90	1.95
Funds and Others	4,427	4,657	4,770	5,448	4,984	1.9	1.7	1.7	1.9	1.6	**14.33**	**5.20**	16.99	-8.52	0.47	0.49	0.46	0.50	0.41
Agricultural Subsidy	5,809	4,495	5,605	5,817	6,000	2.6	1.7	2.0	2.0	1.9	**4.57**	**-22.63**	29.42	3.15	0.61	0.47	0.54	0.53	0.49
Direct Income Support	1,984	1,083	2,121	2,004	2,065	0.9	0.4	0.7	0.7	0.7	**20.98**	**-45.42**	85.09	3.03	0.21	0.11	0.21	0.18	0.17
Differntial Paying Support	1,848	2,007	1,818	2,056	2,068	0.8	0.7	0.6	0.7	0.7	**8.17**	**8.59**	2.47	0.57	0.19	0.21	0.18	0.19	0.17
Animal Husbandry	1,095	908	1,252	1,158	1,267	0.5	0.3	0.4	0.4	0.4	**47.84**	**-17.16**	27.56	9.44	0.12	0.10	0.12	0.11	0.10
Other	882	497	415	599	600	0.4	0.2	0.1	0.2	0.2	**-60.05**	**-43.58**	20.38	0.21	0.09	0.05	0.04	0.05	0.05
Treasury Aid to Local Administrations	1,918	1,591	1,661	1,738	2,634	0.8	0.6	0.6	0.6	0.8	**12.38**	**-17.03**	9.26	51.50	0.20	0.17	0.16	0.16	0.22
Rural Services	1,558	1,403	1,501	1,499	1,521	0.7	0.5	0.5	0.5	0.5	**4.70**	**-9.95**	6.86	1.45	0.16	0.15	0.15	0.14	0.13
Other Current Transfers	4,332	6,923	8,235	8,773	10,444	1.9	2.6	2.9	3.0	3.3	**21.76**	**59.80**	26.73	19.04	0.46	0.73	0.80	0.80	0.86
Capital Expenditures	**18,516**	**20,072**	**18,924**	**25,907**	**21,698**	**8.2**	**7.5**	**6.6**	**8.8**	**6.9**	**43.37**	**8.40**	**29.07**	**-16.24**	**1.95**	**2.11**	**1.84**	**2.36**	**1.79**
Capital Transfers	**3,174**	**4,319**	**3,429**	**6,736**	**4,300**	**1.4**	**1.6**	**1.2**	**2.3**	**1.4**	**-10.41**	**36.09**	**55.96**	**-36.16**	**0.33**	**0.45**	**0.33**	**0.61**	**0.35**
Capital Trans. to Local Administrations	1,750	1,748	1,666	3,471	2,117	0.8	0.7	0.6	1.2	0.7	**-30.64**	**-0.11**	98.57	-39.02	0.18	0.18	0.16	0.32	0.17
Rural Services						0.0	0.0	0.0	0.0	0.0					0.00	0.00	0.00	0.00	0.00
KöyDes	803	588	525	1,550	550	0.4	0.2	0.2	0.5	0.2	**-59.83**	**-26.79**	163.55	-64.52	0.08	0.06	0.05	0.14	0.05
BelDes	293	0	0	0	400	0.1	0.0	0.0	0.0	0.1	**-1.95**				0.03	0.00	0.00	0.00	0.03
Other	653	1,160	1,141	1,921	1,167	0.3	0.4	0.4	0.7	0.4	**192.33**	**77.59**	65.62	-39.26	0.07	0.12	0.11	0.17	0.10
Cyprus	114	127	225	104	235	0.1	0.0	0.1	0.0	0.1	**-33.69**	**11.28**	-17.96	126.34	0.01	0.01	0.02	0.01	0.02
Other	1,310	2,445	1,538	3,162	1,949	0.6	0.9	0.5	1.1	0.6	**54.42**	**86.58**	29.32	-38.36	0.14	0.26	0.15	0.29	0.16
Lending	**4,644**	**5,698**	**6,903**	**8,613**	**6,436**	**2.0**	**2.1**	**2.4**	**2.9**	**2.1**	**30.73**	**22.69**	**51.17**	**-25.27**	**0.49**	**0.60**	**0.67**	**0.78**	**0.53**
Reserve Appropriations			**2,153**		**1,774**	0.0	0.0	0.8	0.0	0.6							**0.21**		**0.15**

Source: of Finance Directorate General for Public Accounts (2007-2011), 2011 Budget Justification

Compensations for employees and current transfers demonstrated the largest increase in 2011, at 16% and 10%, respectively. Since 2008, realizations for capital expenditures tend to deviate significantly from initial appropriations. Thus, the target stated in the 2011 budget to reduce capital expenditures by 24.5% compared to the 2010 realization estimate must be assessed with caution. Similarly, capital transfers decreased by 10%. However, given the upwards trend maintained in the last three years, risk of failing to meet the target must be kept in mind.

Below, increases in expenditures in 2011 are addressed on the basis of first-degree expenditure items:

- Compensations for employees increased by 11.4% in 2010. This ratio is expected to reach 16.3% in 2011 with the rise in the size of public personnel as well as inflation differentials.

- State premium to social security institutions is expected to increase by 15.4% in parallel with the increase in the compensations for employees and due to the repercussions of the new social security law.

Table 22: Change in the Compensation for Employees and Procurement of Goods and Services (%)

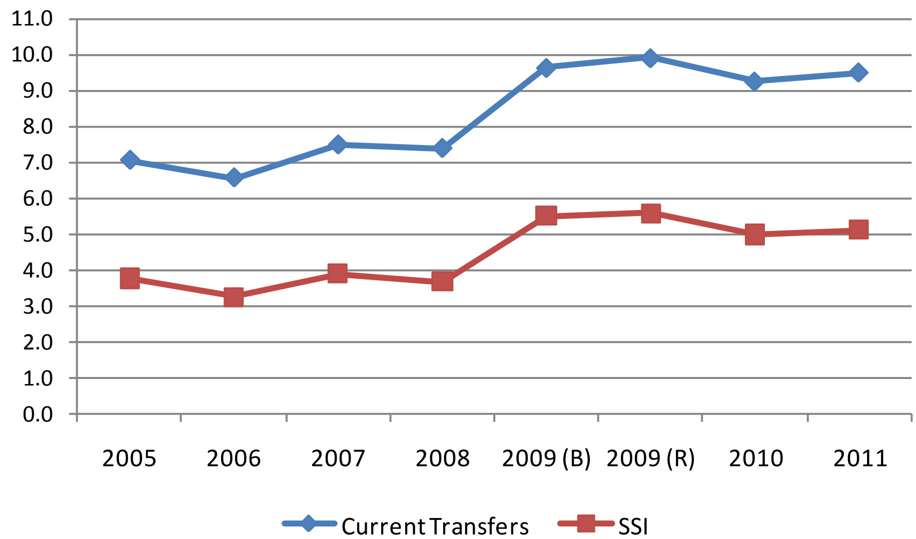
	2006	2007	2008	2009	2010	2011 (B)
			(Nominal Increase)			
Compensation of Employees (Including SS)	**14.7**	**15.1**	**12.0**	**14.3**	**16.2**	**15.9**
Procurement of Goods and Services	**25.1**	**16.6**	**10.2**	**22.1**	**-3.3**	**4.3**
Health Expenditures	32.6	23.8	2.1	**30.0**	**-34.6**	**-14.1**
Green Card	**60.9**	**34.5**	**3.0**	**36.6**	**-10.2**	**-5.0**
Other Health Expenditures	9.6	11.1	0.9	**20.4**	**-75.5**	**-69.5**
Excluding Health Expenditures	22.4	13.8	13.6	**19.0**	**9.9**	**8.8**
			(Real Increase)			
Compensation of Employees (Including SS)	**4.7**	**5.8**	**1.4**	**7.6**	**7.0**	**9.7**
Procurement of Goods and Services	**14.2**	**7.2**	**-0.2**	**14.9**	**-10.9**	**-1.4**
Health Expenditures	21.0	13.9	-7.5	**22.4**	**-39.8**	**-18.7**
Green Card	**46.8**	**23.6**	**-6.7**	**28.6**	**-17.3**	**-10.2**
Other Health Expenditures	0.0	2.2	-8.7	**13.3**	**-77.4**	**-71.1**
Excluding Health Expenditures	11.7	4.6	2.9	**12.0**	**1.2**	**3.0**

- It is foreseen that appropriations for the procurement of goods and services will increase by 2.2% compared to the 2010 realization estimate. The rate reaches 4.3% compared to 2010 realizations and stands at 1.4% adjusted to inflation. The fall in the 2011 budget can be traced in the fall in green card expenditures and the new regulation stipulating that as of 2010 health expenditures of the employees covered in the budget shall be covered by the SSI.

In the period after 2001, the largest real increase in the procurement of goods and services was observed in 2009 with 22.1%. This was driven by the elevation of green card and health expenditures in particular. Compared to 2009-2010 realizations, green card expenditures decreased in nominal terms and procurement of goods and services decreased 1.2% in real terms, excluding health expenditures. On the other hand, 3% real increase is estimated for the year 2011.

- Current transfers increased by 30% due to the economic recession in 2009, the repercussions of the new social security law and the rise in health expenditures. The rate of increase which decreased to 10% in 2010 is expected to reach 13.6% in 2011. The rate reaches above the budget average because of the increases in the transfers to State Economic Enterprises (SEEs), local administrations and SSI.

Figure 19 Change in the Current Transfers and Budget Transfers to SSI as a Ratio of to the GDP



- As SPO figures reveal, total public investments will decrease by 5% in 2011 compared to 2010 realization estimate. The fall in investment appropriations in budget therefore reaches as high as 22%.

  Investment appropriations which was estimated at 18.9 billion TL in 2010 budget was revised significantly to 28.7 billion TL and stood at 25.9 billion TL according to interim results.

  As a ratio to the GDP, total public investments increased by 4.6% compared to 2010 realization estimates. In 2011, the ratio is expected to stand below 4%.

Table 23: Change in Public Investment Expenditures by Institutions

million YTL	2005	2006	2007	2008	2009	2010 (GT)	2011 (B)
BUDGET	9,725	11,476	12,688	17,104	18,817	28,757	22,220
SEEs	3,593	3,672	3,518	4,165	4,463	7,210	7,774
THE BANK OF PROVINCES	450	540	507	412	448	544	200
REVOLVING FUND AND SSI	346	300	643	591	795	795	1,089
FUNDS	12	5	0	0	0	0	0
TOTAL	**14,126**	**15,994**	**17,356**	**22,272**	**24,523**	**37,306**	**31,283**
LOCAL ADMINISTRATIONS	8,016	11,940	12,361	13,853	11,551	13,109	16,712
GRAND TOTAL	**22,142**	**27,934**	**29,717**	**36,125**	**36,074**	**50,415**	**47,995**
Percentage Composition							
BUDGET	43.9	41.1	42.7	47.3	52.2	57.0	46.3
SEEs	16.2	13.1	11.8	11.5	12.4	14.3	16.2
THE BANK OF PROVINCES	2.0	1.9	1.7	1.1	1.2	1.1	0.4
REVOLVING FUND AND SSI	1.6	1.1	2.2	1.6	2.2	1.6	2.3
FUNDS	0.1	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	**63.8**	**57.3**	**58.4**	**61.7**	**68.0**	**74.0**	**65.2**
LOCAL ADMINISTRATIONS	36.2	42.7	41.6	38.3	32.0	26.0	34.8
GRAND TOTAL	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**
Ratio to GDP (%)							
BUDGET	1.50	1.51	1.49	1.80	1.98	2.62	1.83
SEEs	0.55	0.48	0.41	0.44	0.47	0.66	0.64
THE BANK OF PROVINCES	0.07	0.07	0.06	0.04	0.05	0.05	0.02
REVOLVING FUND AND SSI	0.05	0.04	0.08	0.06	0.08	0.07	0.09
FUNDS	0.00	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL	**2.18**	**2.11**	**2.03**	**2.34**	**2.57**	**3.40**	**2.58**
LOCAL ADMINISTRATIONS	1.24	1.57	1.45	1.46	1.21	1.19	1.38
GRAND TOTAL	**3.41**	**3.68**	**3.48**	**3.80**	**3.79**	**4.59**	**3.95**

The sector analysis of the changes in public investments in 2011 indicates that transportation sector had a share over 40% in 2010 and continued to be the sector with the highest share in public investments. The 2011 budget plans the increases in the public investment in the appropriations for agriculture, education and health sectors as well as other economic and social sectors.

Table 24: Change in Public Investment Expenditures by Sectors

	% Composition						Ratio to GDP							% Change	
	2006	2007	2008	2009	(RE)	(B)	2005	2006	2007	2008	2009	(RE)	(B)	2005	2009
AGRICULTURE	6.5	8.6	8.3	12.2	9.3	10.6	0.23	0.24	0.30	0.32	0.46	0.43	0.42	82.97	-7.82
MINING	2.0	2.1	1.7	2.2	2.8	3.4	0.06	0.07	0.07	0.07	0.08	0.13	0.14	108.46	54.34
MANUFACTURING	2.2	1.1	1.0	1.2	0.9	1.2	0.10	0.08	0.04	0.04	0.05	0.04	0.05	-58.82	-12.12
ENERGY	9.5	10.3	9.4	9.5	6.3	6.6	0.47	0.35	0.36	0.36	0.36	0.29	0.26	-39.06	-19.61
TRANSPORTATION	34.8	30.1	37.8	30.4	43.3	32.0	1.06	1.28	1.05	1.44	1.15	1.99	1.26	87.46	72.60
TOURISM	0.4	0.4	0.4	0.3	0.5	0.7	0.02	0.01	0.01	0.01	0.01	0.02	0.03	22.15	94.27
HOUSING	1.6	1.6	1.5	1.6	1.5	2.1	0.06	0.06	0.06	0.06	0.06	0.07	0.08	23.50	17.20
EDUCATION	9.9	11.1	9.1	11.6	9.6	11.9	0.41	0.36	0.39	0.35	0.44	0.44	0.47	6.52	0.70
HEALTH	5.5	6.5	5.5	6.7	4.6	5.7	0.19	0.20	0.23	0.21	0.25	0.21	0.22	9.31	-17.74
OTHER	27.7	28.3	25.3	24.3	21.2	25.7	0.82	1.02	0.98	0.96	0.92	0.97	1.02	18.83	5.67
ECONOMIC	7.1	7.4	5.9	7.7	6.1	8.2	0.22	0.26	0.26	0.22	0.29	0.28	0.32	28.20	-3.07
SOCIAL	20.6	20.8	19.4	16.6	15.1	17.5	0.60	0.76	0.73	0.74	0.63	0.69	0.69	15.39	9.69
TOTAL	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**3.43**	**3.68**	**3.48**	**3.80**	**3.79**	**4.59**	**3.95**	**33.89**	**21.16**

*Excluding labor expenses.

- Capital transfers which increased by 56% in 2010 is expected to decrease by 36% in 2011. Similar to the trend in the previous years and taking into account the transfers to local administrations in particular, this target is not seen likely.

- A 25% drop in the lending item was expected in 2010 and the ratio approached to 40% compared to the realizations. Especially, meeting the target for the transfers to SEEs' depend on the structure of SEEs' financial liabilities and their financial performances.

- Interest appropriation defined in the 2011 budget is 47.5 billion TL. Meeting the interest expenditure target in 2011 depends on not only the interest rate but also the targeted exchange rate, if not as important as the former (20% of interest payments are associated with the exchange rate).

- Finally, auxiliary appropriations are planned to diminish by 17.1% in 2011. Such a high drop planned in auxiliary appropriations indicates the lowering of budget flexibility.

3. 2011 Budget Revenue Estimations

In 2011 budget revenues are estimated to increase by 10.4% compared to 2010 realization estimate and reach 279 billion TL. Total tax revenues are targeted to increase by 10.5% to 193.3 billion TL.

In this context, it is foreseen that total budget revenues and tax revenues in 2011 as a ratio to the GDP will be 23% and 19.2%, respectively.

It is expected that for 2010, %83 of total revenue collections will come from tax revenues while 14% will come from general budget non-tax revenues. The MTFP estimates that the former ratio will reach 85%. On the other hand, the contribution of special budgetary institutions and regulation and supervision agencies is expected to decrease over the period and stand slightly below 3%.

The share of capital revenues in form of privatization revenues in total revenues is expected to stand at 3.6%. According to this, in 2011-2013 period, policy decisions and regulations will aim to improve the budget balance performance via tax revenues and privatization revenues.

10% increase in tax revenues estimated in the 2011 budget depends mainly on the performance in direct taxes (13.4%). The mentioned ratio reached 15% compared to the total tax collection realizations is considered to be enabled by the gains in employment and growth as well as expected improvements in institutions' revenues and tax payment performance.

Table 25: Central Government Budget Revenues (2008-2011)

	2008	2009	2010		2011	2012	2013	% Increase						Ratio to GDP (%) 2008	2009	2010		2011	2012	2013
	Real.	Real.	Budget	Real.	Budget	Prog.	Prog.	2009/ 2008	2010/ 2009	2011/ 2010 (B)	2011/ 2010 (R)	2012/ 2011	2013/ 2012	Real.	Real.	Budget	Real.	Budget	Budget	Budget
Central Government Revenues	**209,598**	**215,458**	**236,794**	**254,028**	**279,026**	**307,056**	**334,744**	**2.80**	**17.90**	**17.83**	**9.84**	**10.05**	**9.02**	**22.1**	**22.6**	**21.6**	**23.1**	**23.0**	**22.9**	**22.5**
General Budget Revenues	**203,027**	**208,610**	**229,947**	**246,142**	**271,650**	**299,261**	**326,543**	**2.75**	**17.99**	**18.14**	**10.36**	**10.16**	**9.12**	**21.4**	**21.9**	**20.9**	**22.4**	**22.4**	**22.3**	**22.0**
I-Taxes	**168,109**	**172,440**	**193,324**	**210,532**	**232,220**	**255,902**	**281,909**	**2.58**	**22.09**	**20.12**	**10.30**	**10.20**	**10.16**	**17.7**	**18.1**	**17.6**	**19.2**	**19.1**	**19.1**	**19.0**
1.Taxes on Income, Profits and Capital Gains	**54,935**	**56,469**	**59,481**	**61,317**	**70,495**	**79,803**	**90,316**	**2.79**	**8.59**	**18.52**	**14.97**	**13.20**	**13.17**	**5.8**	**5.9**	**5.4**	**5.6**	**5.8**	**5.9**	**6.1**
a) Income Tax	**38,030**	**38,446**	**41,516**	**40,392**	**47,346**	**53,740**	**61,001**	**1.09**	**5.06**	**14.04**	**17.22**	**13.50**	**13.51**	**4.0**	**4.0**	**3.8**	**3.7**	**3.9**	**4.0**	**4.1**
Based on Decleration	1,808	1,987	1,958	2,056	2,492	3,243	3,586	9.88	3.48	27.24	21.18	30.17	10.56	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Lump-Sum	209	244	226	265	294	334	369	17.05	8.33	29.95	10.98	13.78	10.56	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Witholding Tax	34,836	35,091	38,057	36,866	43,158	48,586	55,303	0.73	5.06	13.40	17.07	12.58	13.82	3.7	3.7	3.5	3.4	3.6	3.6	3.7
Provisional Tax	1,177	1,123	1,275	1,205	1,403	1,576	1,743	-4.60	7.31	10.04	16.39	12.37	10.56	0.1	0.1	0.1	0.1	0.1	0.1	0.1
b) Corparation Tax	**16,905**	**18,023**	**17,965**	**20,925**	**23,149**	**26,063**	**29,314**	**6.61**	**16.10**	**28.86**	**10.63**	**12.59**	**12.47**	**1.8**	**1.9**	**1.6**	**1.9**	**1.9**	**1.9**	**2.0**
Based on Decleration	517	495	564	508	629	1,508	1,668	-4.35	2.74	11.53	23.68	139.91	10.56	0.1	0.1	0.1	0.0	0.1	0.1	0.1
Witholding Tax	183	213	196	228	219	252	279	16.29	7.41	11.79	-3.92	14.91	10.56	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2.Taxes on Property	**4,088**	**4,664**	**4,484**	**5,249**	**6,124**	**6,855**	**7,588**	**14.09**	**12.53**	**36.56**	**16.67**	**11.95**	**10.70**	**0.4**	**0.5**	**0.4**	**0.5**	**0.5**	**0.5**	**0.5**
Inheritance and Gift Taxes	144	168	156	215	218	241	266	16.77	28.06	39.69	1.15	10.57	10.56	0.0	0.0	0.0	0.0	0.0	0.0	0.0
3. Domestic Taxes on Good and Services	**67,258**	**73,136**	**86,366**	**91,736**	**97,187**	**103,223**	**109,756**	**8.74**	**25.43**	**12.53**	**5.94**	**6.21**	**6.33**	**7.1**	**7.7**	**7.9**	**8.3**	**8.0**	**7.7**	**7.4**
a) Domestic VAT	**16,805**	**20,853**	**22,636**	**26,325**	**26,830**	**28,046**	**29,551**	**24.09**	**26.24**	**18.53**	**1.92**	**4.53**	**5.36**	**1.8**	**2.2**	**2.1**	**2.4**	**2.2**	**2.1**	**2.0**
b) Special Consumption Tax	**41,832**	**43,620**	**54,631**	**57,285**	**61,146**	**69,722**	**74,175**	**4.27**	**31.33**	**11.93**	**6.74**	**14.03**	**6.39**	**4.4**	**4.6**	**5.0**	**5.2**	**5.0**	**5.2**	**5.0**
Petroleum and Natural Gas (I)	23,941	25,525	30,685	31,697	34,596	36,678	38,804	6.61	24.18	12.75	9.15	6.02	5.80	2.5	2.7	2.8	2.9	2.8	2.7	2.6
Motor Vehicles (II)	3,805	3,353	3,787	6,193	6,029	6,687	7,393	-11.88	84.71	59.22	-2.64	10.91	10.56	0.4	0.4	0.3	0.6	0.5	0.5	0.5
Beverages (III-a)	1,987	2,134	2,134	2,868	3,760	4,158	4,597	7.43	34.38	76.21	31.10	10.58	10.56	0.2	0.2	0.2	0.3	0.3	0.3	0.3
Tobaccos (III-b)	10,888	11,546	16,404	14,784	14,695	14,989	15,288	6.04	28.05	-10.42	-0.61	2.00	2.00	1.1	1.2	1.5	1.3	1.2	1.1	1.0
Coke (III-c)	205	212	222	221	230	254	281	3.52	4.26	3.45	3.97	10.56	10.56	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Durable Goods and Others (IV)	1,005	849	1,399	1,521	1,835	2,036	2,251	-15.51	79.09	31.15	20.64	10.96	10.56	0.1	0.1	0.1	0.1	0.2	0.2	0.2
c) Banking and Insurance Transaction Tax	**3,695**	**4,003**	**3,875**	**3,571**	**4,278**	**4,920**	**5,560**	**8.33**	**-10.81**	**10.40**	**19.83**	**15.00**	**13.00**	**0.4**	**0.4**	**0.4**	**0.3**	**0.4**	**0.4**	**0.4**
d) Gambling Tax	**376**	**396**	**408**	**434**	**460**	**509**	**563**	**5.23**	**9.67**	**12.91**	**6.03**	**10.57**	**10.56**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
e) Special Communication Tax	**4,551**	**4,265**	**4,816**	**4,121**	**4,473**	**4,945**	**5,467**	**-6.28**	**-3.38**	**-7.14**	**8.54**	**10.56**	**10.56**	**0.5**	**0.4**	**0.4**	**0.4**	**0.4**	**0.4**	**0.4**
4. Taxes on International Trade and Transactions	**32,781**	**28,651**	**33,134**	**39,527**	**44,767**	**50,872**	**57,493**	**-12.60**	**37.96**	**35.11**	**13.26**	**13.64**	**13.02**	**3.4**	**3.0**	**3.0**	**3.6**	**3.7**	**3.8**	**3.9**
a) Customs Duties	**2,770**	**2,466**	**2,980**	**3,240**	**3,653**	**4,144**	**4,683**	**-10.98**	**31.38**	**22.61**	**12.76**	**13.43**	**13.02**	**0.3**	**0.3**	**0.3**	**0.3**	**0.3**	**0.3**	**0.3**
b) VAT On Imports	**29,972**	**26,134**	**30,108**	**36,208**	**41,040**	**46,645**	**52,716**	**-12.81**	**38.55**	**36.31**	**13.35**	**13.66**	**13.02**	**3.2**	**2.7**	**2.7**	**3.3**	**3.4**	**3.5**	**3.5**
c) Other Taxes on International Trade and Transactions	**39**	**51**	**46**	**80**	**74**	**84**	**95**	**31.55**	**54.64**	**61.33**	**-7.27**	**13.42**	**13.35**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
5. Stamp Duties	**3,945**	**4,169**	**4,399**	**5,083**	**5,740**	**6,376**	**7,053**	**5.68**	**21.91**	**30.50**	**12.94**	**11.08**	**10.61**	**0.4**	**0.4**	**0.4**	**0.5**	**0.5**	**0.5**	**0.5**
6. Fees	**5,050**	**4,755**	**5,405**	**7,007**	**7,837**	**8,695**	**9,617**	**-5.84**	**47.35**	**45.01**	**11.85**	**10.95**	**10.60**	**0.5**	**0.5**	**0.5**	**0.6**	**0.6**	**0.6**	**0.6**
7. Other Taxes Not Elsewhere Classified	**51**	**596**	**55**	**615**	**70**	**78**	**86**	**1,074.76**	**3.22**	**26.69**	**-88.60**	**10.57**	**10.56**	**0.0**	**0.1**	**0.0**	**0.1**	**0.0**	**0.0**	**0.0**
II-Property Income	**7,422**	**9,948**	**6,755**	**9,788**	**7,297**	**8,063**	**8,730**	**34.03**	**-1.61**	**8.03**	**-25.45**	**10.49**	**8.28**	**0.8**	**1.0**	**0.6**	**0.9**	**0.6**	**0.6**	**0.6**
1. Sales of Goods and Services	**1,504**	**1,772**	**2,295**	**2,590**	**1,777**	**1,965**	**2,173**	**17.82**	**46.15**	**-22.55**	**-31.39**	**10.56**	**10.56**	**0.2**	**0.2**	**0.2**	**0.2**	**0.1**	**0.1**	**0.1**
Sales of Property	833	1,110	1,423	1,380	1,462	1,617	1,788	33.24	24.35	2.75	5.96	10.57	10.56	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Highway, Bridge, Tunnel Fees	537	535	872	736	0			-0.41	37.63					0.1	0.1	0.1	0.1	0.0	0.0	0.0
2.Revenues from SEE's and Public Banks	**4,000**	**4,059**	**2,135**	**4,284**	**2,602**	**2,902**	**2,989**	**1.48**	**5.55**	**21.84**	**-39.27**	**11.53**	**3.02**	**0.4**	**0.4**	**0.2**	**0.4**	**0.2**	**0.2**	**0.2**
3. Corporation Profits	**792**	**761**	**1,049**	**1,054**	**907**	**958**	**1,055**	**-3.92**	**38.55**	**-13.52**	**-13.92**	**5.63**	**10.04**	**0.1**	**0.1**	**0.1**	**0.1**	**0.1**	**0.1**	**0.1**
Revolving Funds	789	760	1,048	1,053	906	957	1,053	-3.66	38.57	-13.57	-13.95	5.62	10.04	0.1	0.1	0.1	0.1	0.1	0.1	0.1
4.Rents	**729**	**809**	**779**	**974**	**1,122**	**1,265**	**1,437**	**10.99**	**20.30**	**44.10**	**15.24**	**12.71**	**13.62**	**0.1**	**0.1**	**0.1**	**0.1**	**0.1**	**0.1**	**0.1**
5.Other Property Income	**397**	**2,547**	**496**	**885**	**889**	**973**	**1,076**	**541.45**	**-65.24**	**78.98**	**0.36**	**9.45**	**10.66**	**0.0**	**0.3**	**0.0**	**0.1**	**0.1**	**0.1**	**0.1**
III-Grants and Aids and Special Revenues	**850**	**807**	**964**	**1,208**	**1,239**	**1,380**	**1,534**	**-4.97**	**49.60**	**28.50**	**2.60**	**11.33**	**11.21**	**0.1**	**0.1**	**0.1**	**0.1**	**0.1**	**0.1**	**0.1**
Special Revenues	840	807	953	1,207	1,238	1,369	1,513	-3.90	49.57	29.87	2.52	10.56	10.56	0.1	0.1	0.1	0.1	0.1	0.1	0.1
IV-Interest, Shares and Fines	**17,126**	**23,058**	**17,817**	**21,014**	**20,684**	**22,646**	**23,376**	**34.64**	**-8.86**	**16.09**	**-1.57**	**9.49**	**3.22**	**1.8**	**2.4**	**1.6**	**1.9**	**1.7**	**1.7**	**1.6**
1.Interests	**4,357**	**5,667**	**2,107**	**4,987**	**2,648**	**2,824**	**3,034**	**30.04**	**-12.00**	**25.71**	**-46.90**	**6.64**	**7.42**	**0.5**	**0.6**	**0.2**	**0.5**	**0.2**	**0.2**	**0.2**
Late Interests for Tax, Duty & Fees	759	1,073	815	814	1,027	1,136	1,256	41.35	-24.14	25.98	26.18	10.57	10.56	0.1	0.1	0.1	0.1	0.1	0.1	0.1
2.Shares from Person and Agencies	**6,908**	**7,607**	**6,829**	**6,761**	**7,503**	**8,194**	**8,935**	**10.12**	**-11.13**	**9.87**	**10.98**	**9.21**	**9.05**	**0.7**	**0.8**	**0.6**	**0.6**	**0.6**	**0.6**	**0.6**
a) Government Shares	309	247	276	318	334	370	409	-20.06	28.84	21.08	5.14	10.56	10.56	0.0	0.0	0.0	0.0	0.0	0.0	0.0
b) Shares of General Budget Agencies	6,600	7,361	6,552	6,443	7,168	7,824	8,527	11.53	-12.47	9.40	11.27	9.14	8.98	0.7	0.8	0.6	0.6	0.6	0.6	0.6
Special Education Revenues (Law No 4306)	343	343	371	405	0			-0.15	18.25					0.0	0.0	0.0	0.0	0.0	0.0	0.0
Treasury Shares from GSM Operators	1,718	1,800	1,922	1,829	2,057	2,166	2,270	4.79	1.59	7.05	12.48	5.30	4.80	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Universal Service Revenues	527	569	584	561	587	649	718	7.92	-1.42	0.54	4.61	10.57	10.56	0.1	0.1	0.1	0.1	0.0	0.0	0.0
Fund Revenue Utilization Deduction	2,325	1,963	1,541	1,614	2,341	2,593	2,866	-15.56	-17.78	51.91	45.05	10.74	10.56	0.2	0.2	0.1	0.1	0.2	0.2	0.2
3.Fines	**2,925**	**3,908**	**3,164**	**4,273**	**5,415**	**5,986**	**6,617**	**33.60**	**9.33**	**71.14**	**26.72**	**10.55**	**10.55**	**0.3**	**0.4**	**0.3**	**0.4**	**0.4**	**0.4**	**0.4**
Tax Penalty	1,741	2,481	2,025	2,541	152	3,935	4,351	42.50	2.40	-92.51	-94.03	2,493.58	10.56	0.2	0.3	0.2	0.2	0.0	0.3	0.3
4.Other Miscellenous Revenus	**2,935**	**5,875**	**5,718**	**4,994**	**5,118**	**5,643**	**4,790**	**100.20**	**-15.00**	**-10.48**	**2.49**	**10.24**	**-15.11**	**0.3**	**0.6**	**0.5**	**0.5**	**0.4**	**0.4**	**0.3**
V-Capital Revenues	**9,114**	**2,044**	**10,649**	**3,376**	**9,992**	**11,029**	**10,727**	**-77.57**	**65.11**	**-6.17**	**196.01**	**10.38**	**-2.74**	**1.0**	**0.2**	**1.0**	**0.3**	**0.8**	**0.8**	**0.7**
Sales of Telecommunication Shares	2,102	0	0	0	0	0	0		-84.62					0.2	0.0	0.0	0.0	0.0	0.0	0.0
Sales of Other Miscellenous Capitals	6,787	1,825	10,404	3,079	9,546	10,463	10,040	-73.11	68.75	-8.25	209.99	9.61	-4.04	0.7	0.2	0.9	0.3	0.8	0.8	0.7
VI-Collections from Loans	**407**	**312**	**438**	**224**	**218**	**241**	**266**	**-23.21**	**-28.31**	**-50.26**	**-2.63**	**10.56**	**10.56**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Revenues from Special Budget Institutions	**4,825**	**5,037**	**4,898**	**5,954**	**5,484**	**5,797**	**6,111**	**4.39**	**18.21**	**11.96**	**-7.89**	**5.71**	**5.42**	**0.5**	**0.5**	**0.4**	**0.5**	**0.5**	**0.4**	**0.4**
Revenues from Regularity & Supervisory Institutions	**1,747**	**1,811**	**1,949**	**1,933**	**1,893**	**1,998**	**2,090**	**3.69**	**6.73**	**-2.91**	**-2.09**	**5.57**	**4.60**	**0.2**	**0.2**	**0.2**	**0.2**	**0.2**	**0.1**	**0.1**

Below, tax collection estimates based on the 2011 macroeconomic fiscal framework are addressed by main budget items:

- Tax revenue elasticity in 2011, when the economy is expected to normalize, is expected to be 0.98. Elasticity of income tax collection and collection of VAT on imports, which drive the increase in indirect taxes, was estimated to be high.

Table 26: Change in Tax Elasticity, 2004-2011

	2004	2005	2006	2007	2008	2009	2010	2011
Total Taxes	0.95	1.19	0.88	1.00	0.79	11.66	1.44	0.98
Total Taxes (Excluding VAT on Imports)	0.82	1.24	0.75	1.14	0.73	26.76	1.25	0.92
Direct Taxes	0.99	1.08	0.62	1.78	1.09	16.17	0.58	1.43
Income Tax	1.13	0.95	1.09	1.69	0.82	4.95	0.33	1.63
Corporate Tax	0.48	0.90	-0.44	2.08	1.81	31.01	1.08	0.99
Indirect Taxes	0.93	1.25	1.01	0.64	0.63	9.22	1.91	0.77
Domestically Collected VAT	0.99	0.45	0.76	0.50	0.00	109.01	1.71	0.18
Special Consumption Tax	0.85	1.56	0.64	0.53	0.55	19.34	2.04	0.64
VAT on Imports	1.61	0.99	1.53	0.38	1.03	-57.95	2.51	1.26

- In 2011, direct tax revenues are expected to increase in real terms whereas the ratio of indirect taxes to GDP is expected to decrease compared to 2010. According to this, the share of direct taxes in total tax collection will maintain its relatively low share increasing approximately by 1.5 points compared to 2010.

Table 27: Composition of General Budget Tax Revenues, Direct-Indirect (%, Adjusted)

million TL	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011 (B)
Total Tax Collection	**29,495**	**43,615**	**60,204**	**82,485**	**100,373**	**119,619**	**137,480**	**152,835**	**168,109**	**172,440**	**210,532**	**232,220**
Direct Taxes	9,861	17,790	21,015	27,649	33,362	39,163	43,258	51,844	59,023	61,133	66,565	76,619
Indirect Taxes	19,634	25,825	39,189	54,836	67,011	80,456	94,222	100,991	109,086	111,308	143,967	155,601
					Ratio to the GDP (%) *							
Total Tax Collection	**17.7**	**18.2**	**17.2**	**18.1**	**18.0**	18.4	18.1	18.1	17.7	18.1	19.2	19.1
Direct Taxes	5.9	7.4	**6.0**	**6.1**	**6.0**	6.0	5.7	6.1	6.2	6.4	6.1	6.3
Indirect Taxes	11.8	10.8	**11.2**	**12.1**	**12.0**	12.4	12.4	12.0	11.5	11.7	13.1	12.8
					% Composition							
Total Tax Collection	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Direct Taxes	33.4	40.8	**34.9**	**33.5**	**33.2**	32.7	31.5	33.9	35.1	35.5	31.6	33.0
Indirect Taxes	66.6	59.2	**65.1**	**66.5**	**66.8**	67.3	68.5	66.1	64.9	64.5	68.4	67.0

Note: Compared on monthly basis taking into account the decisions in 2004 to subtract tax rebates and in 2006 to include the share of local administrations and funds to total tax revenues. *Year end GDP estimate was used for 2010.

- The largest improvement in the contribution to the collection of direct tax revenues was seen in income tax and provision corporations tax. Approximately 30% of the increase in tax revenue collection in 2011 comes from income tax collection and the ratio reaches to 42% when other taxes on income and corporations are added.

Collection of taxes on income and corporations is expected to increase by 15% in 2011 compared to 2010 realizations. It is evident that to attain such a considerable increase, an income raising policy decision is needed in addition to the normal growth and price effects.

- It is estimated that in 2011, VAT on imports, bank and insurance transaction tax and SCT on alcoholic beverages under the SCT item will increase by more than 10%. Despite this, however, the expectation for the increase in indirect tax collections was limited with the estimation that the mentioned tax items will grow only by 4%. It is believed that high level of imports, the rise in consumption and recent decisions concerning certain tax items will determine the differentials and raises it tax items.

Concerning non-tax revenue items, it is seen that revenues excluding privatization revenues are expected to increase by 5% in 2011 compared to 2010 realization estimate. Privatization revenues are expected to grow by approximately 10%. Revenues from the provision of goods and services, and enterprise and property revenues are expected to decrease in 2011 due to the fall in the revenues from SEEs and public banks. Similarly, the nominal decrease in interest revenues is expected to cause a corresponding drop in the revenues from interest, shares and fines.

Revenues of special budgetary administrations and regulation and supervision agencies are expected to increase by 2% compared to the realization estimate and decrease by 7% compared to 2010 realization rate.

Table 28: Non-tax Revenues, Rate of Increase and the Change in the Ratio to the GDP (%)

	% Rate of Increase						Ratio to GDP (%)						
							2008	2009	2010		2011	2012	2013
	2009/ 2008	2010/ 2009	2011/ 2010 (B)	2011/ 2010 (R)	2012/ 2011	2013/ 2012	Real.	Real.	Budget	Real.	Budget	Budget	Budget
II-Property Income	**34.03**	**-1.61**	**8.03**	**-25.45**	**10.49**	**8.28**	**0.8**	**1.0**	**0.6**	**0.9**	**0.6**	**0.6**	**0.6**
1. Sales of Goods and Services	**17.82**	**46.15**	**-22.55**	**-31.39**	**10.56**	**10.56**	**0.2**	**0.2**	**0.2**	**0.2**	**0.1**	**0.1**	**0.1**
Sales of Property	33.24	24.35	2.75	5.96	10.57	10.56	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Highway, Bridge, Tunnel Fees	-0.41	37.63					0.1	0.1	0.1	0.1	0.0	0.0	0.0
2.Revenues from SEE's and Public Banks	**1.48**	**5.55**	**21.84**	**-39.27**	**11.53**	**3.02**	**0.4**	**0.4**	**0.2**	**0.4**	**0.2**	**0.2**	**0.2**
3.Corporation Profits	**-3.92**	**38.55**	**-13.52**	**-13.92**	**5.63**	**10.04**	**0.1**	**0.1**	**0.1**	**0.1**	**0.1**	**0.1**	**0.1**
Revolving Funds	-3.66	38.57	-13.57	-13.95	5.62	10.04	0.1	0.1	0.1	0.1	0.1	0.1	0.1
4.Rents	**10.99**	**20.30**	**44.10**	**15.24**	**12.71**	**13.62**	**0.1**	**0.1**	**0.1**	**0.1**	**0.1**	**0.1**	**0.1**
5.Other Property Income	**541.45**	**-65.24**	**78.98**	**0.36**	**9.45**	**10.66**	**0.0**	**0.3**	**0.0**	**0.1**	**0.1**	**0.1**	**0.1**
III-Grants and Aids and Special Revenues	**-4.97**	**49.60**	**28.50**	**2.60**	**11.33**	**11.21**	**0.1**	**0.1**	**0.1**	**0.1**	**0.1**	**0.1**	**0.1**
Special Revenues	-3.90	49.57	29.87	2.52	10.56	10.56	0.1	0.1	0.1	0.1	0.1	0.1	0.1
IV-Interest, Shares and Fines	**34.64**	**-8.86**	**16.09**	**-1.57**	**9.49**	**3.22**	**1.8**	**2.4**	**1.6**	**1.9**	**1.7**	**1.7**	**1.6**
1.Interests	**30.04**	**-12.00**	**25.71**	**-46.90**	**6.64**	**7.42**	**0.5**	**0.6**	**0.2**	**0.5**	**0.2**	**0.2**	**0.2**
Late Interests for Tax, Duty & Fees	41.35	-24.14	25.98	26.18	10.57	10.56	0.1	0.1	0.1	0.1	0.1	0.1	0.1
2.Shares from Person and Agencies	**10.12**	**-11.13**	**9.87**	**10.98**	**9.21**	**9.05**	**0.7**	**0.8**	**0.6**	**0.6**	**0.6**	**0.6**	**0.6**
a) Government Shares	-20.06	28.84	21.08	5.14	10.56	10.56	0.0	0.0	0.0	0.0	0.0	0.0	0.0
b) Shares of General Budget Agencies	11.53	-12.47	9.40	11.27	9.14	8.98	0.7	0.8	0.6	0.6	0.6	0.6	0.6
Special Education Revenues (Law No 4306)	-0.15	18.25					0.0	0.0	0.0	0.0	0.0	0.0	0.0
Treasury Shares from GSM Operators	4.79	1.59	7.05	12.48	5.30	4.80	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Universal Service Revenues	7.92	-1.42	0.54	4.61	10.57	10.56	0.1	0.1	0.1	0.1	0.0	0.0	0.0
Fund Revenue Utilization Deduction	-15.56	-17.78	51.91	45.05	10.74	10.56	0.2	0.2	0.1	0.1	0.2	0.2	0.2
3.Fines	**33.60**	**9.33**	**71.14**	**26.72**	**10.55**	**10.55**	**0.3**	**0.4**	**0.3**	**0.4**	**0.4**	**0.4**	**0.4**
Tax Penalty	42.50	2.40	-92.51	-94.03	2,493.58	10.56	0.2	0.3	0.2	0.2	0.0	0.3	0.3
4.Other Miscellenous Revenus	**100.20**	**-15.00**	**-10.48**	**2.49**	**10.24**	**-15.11**	**0.3**	**0.6**	**0.5**	**0.5**	**0.4**	**0.4**	**0.3**
V-Capital Revenues	**-77.57**	**65.11**	**-6.17**	**196.01**	**10.38**	**-2.74**	**1.0**	**0.2**	**1.0**	**0.3**	**0.8**	**0.8**	**0.7**
Sales of Telecommunication Shares		-84.62					0.2	0.0	0.0	0.0	0.0	0.0	0.0
Sales of Other Miscellenous Capitals	-73.11	68.75	-8.25	209.99	9.61	-4.04	0.7	0.2	0.9	0.3	0.8	0.8	0.7
VI-Collections from Loans	**-23.21**	**-28.31**	**-50.26**	**-2.63**	**10.56**	**10.56**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Revenues from Special Budget Institutions	**4.39**	**18.21**	**11.96**	**-7.89**	**5.71**	**5.42**	**0.5**	**0.5**	**0.4**	**0.5**	**0.5**	**0.4**	**0.4**
Revenues from Regularity & Supervisory Institutions	**3.69**	**6.73**	**-2.91**	**-2.09**	**5.57**	**4.60**	**0.2**	**0.2**	**0.2**	**0.2**	**0.2**	**0.1**	**0.1**

Note: Figures are revised as per the 2009 Final Account Law Draft.
GDP estimate is used for 2010.

ANNEXES

Annex Table 1: Central Government Budget Appropriations and Expenditures (End of March 2011)

	January	February	March	Total	2010 Budget	(%) Realization	% Composition
Expenditures	22,494,027	23,567,705	26,791,508	72,853,240	214,861,681	33.91	100.00
Primary Expenditures	18,690,729	17,396,674	22,797,207	58,884,610	212,411,681	27.72	80.83
I. Compensation of Employees	7,249,142	5,786,836	5,737,618	18,773,596	72,298,992	25.97	25.77
Civil Servants	6,375,513	4,853,626	4,800,140	16,029,279	59,635,615	26.88	22.00
Workers	163,363	299,872	272,051	735,286	4,146,130	17.73	1.01
Other	710,266	633,338	665,427	2,009,031	8,517,247	23.59	2.76
II. Govn. Premiums to Social Sec. Agencies	1,316,456	1,005,579	986,782	3,308,817	12,737,108	25.98	4.54
Civil Servants	1,185,240	842,315	829,469	2,857,024	10,746,458	26.59	3.92
Workers	25,613	62,340	54,343	142,296	826,257	17.22	0.20
Other	105,603	100,924	102,970	309,497	1,164,393	26.58	0.42
III. Good and Service Procurements	901,433	1,741,445	2,131,349	4,774,227	30,049,314	15.89	6.55
Defense and Security	119,844	375,941	726,280	1,222,065	10,012,726	12.21	1.68
Ministry of Defense	86,254	216,599	598,345	901,198	7,687,726	11.72	1.24
General Command of Gendarme	7,373	83,436	79,860	170,669	1,425,000	11.98	0.23
General Directorate of Security	26,217	75,906	48,075	150,198	900,000	16.69	0.21
Health Expenditures	334,430	367,096	388,220	1,089,746	4,941,159	22.05	1.50
Cure and Pharm. Prod. Exp. of Persons with Green Card	329,172	354,632	373,534	1,057,338	4,694,724	22.52	1.45
Medicine Expenditures	2,786	8,033	5,953	16,772	72,745	23.06	0.02
Cure and Pharmaceutical Products	2,472	4,431	8,733	15,636	173,690	9.00	0.02
General Debt Expenditures	1,567	485	451	2,503	300,000	0.83	0.00
Other Goods and Services Expenditures	445,592	997,923	1,016,398	2,459,913	14,795,429	16.63	3.38
IV. Current Transfers	8,928,478	8,086,686	12,539,148	29,554,312	90,813,205	32.54	40.57
Duty Losses	78,989	98,748	194,463	372,200	5,045,352	7.38	0.51
Duty Losses of Public Enterprises	4,455	2,181	2,962	9,598	3,119,077	0.31	0.01
Financial Institutions	63,921	37,771	48,234	149,926	1,103,000	13.59	0.21
Other Duty Losses	10,613	58,796	143,267	212,676	823,275	25.83	0.29
Treasury Aids	5,819,017	4,435,191	6,663,300	16,917,508	68,477,217	24.71	23.22
Treasury Aid to Social Security Agencies	98,048	126,796	112,022	336,866	1,564,820	21.53	0.46
Unemployment Insurance Fund	98,048	96,547	81,526	276,121	1,381,820	19.98	0.38
5 Point Premium Support for Pension Funds	0	30,249	30,496	60,745	183,000	33.19	0.08
Provincial Offices	185,207	259,274	188,139	632,620	2,633,644	24.02	0.87
Municipalities	0	590	61,312	61,902	146,517	42.25	0.08
Other (provincial offices and villages)	185,207	258,684	126,827	570,718	2,487,127	22.95	0.78
Other Treasury Aids	71,062	40,052	114,870	225,984	1,844,537	12.25	0.31
DFİF	0	0	15,944	15,944	639,000	2.50	0.02
Other	71,062	40,052	98,926	210,040	1,205,537	17.42	0.29
Transfers to Non-financial Establishments	112,453	27,880	346,237	486,570	890,424	54.64	0.67
Treansfers to Households	120,810	152,435	213,861	487,106	6,836,272	7.13	0.67
Scholarships & Pocket Money	91,337	98,518	129,273	319,128	607,856	52.50	0.44
Other Transfers for Education	7,834	29,158	52,461	89,453	68,802	130.02	0.12
Transfers for Health	6,425	4,755	5,520	16,700	148,447	11.25	0.02
Transfers for Foods	14,090	18,025	25,090	57,205	11,167	512.27	0.08
Transfers for Accomodation	1,124	1,979	1,517	4,620	6,000,000	0.08	0.01
Agricultural Subsidies	501,702	597,220	1,708,000	2,806,922	5,980,164	46.94	3.85
Direct Revenue Support	0	0	1,205,000	1,205,000	2,068,000	58.27	1.65
Differential Paying Supporting	300,000	277,000	173,000	750,000	1,266,850	59.20	1.03
Stockbreeding Support	200,000	285,000	315,000	800,000	302,300	264.64	1.10
Other	1,702	35,220	15,000	51,922	2,343,014	2.22	0.07
Other Transfers to Households	46,258	87,387	61,711	195,356	221,545	88.18	0.27
Social Transfers	152,934	165,167	170,441	488,542	15,368	3,178.96	0.67
Foreign Transfers	27,675	115,886	89,178	232,739	691,595	33.65	0.32
Shares from Revenues	2,068,640	2,406,772	3,091,957	7,567,369	2,655,268	284.99	10.39
V. Capital Expenditures	72,106	366,417	1,060,722	1,499,245	1,009,748	148.48	2.06
VI. Capital Transfers	76,136	95,196	93,967	265,299	550,000	48.24	0.36
VII. Lending	146,978	314,515	247,621	709,114	3,179,414	22.30	0.97
Domestic Lending	146,978	195,215	212,621	554,814	2,659,414	20.86	0.76
Public Enterprises	4,000	43,400	51,800	99,200	100,000	99.20	0.14
Risk Account	0	0	0	0	1,850,000	0.00	0.00
Other	142,978	151,815	160,821	455,614	709,414	64.22	0.63
Foreign Lending	0	119,300	35,000	154,300	520,000	29.67	0.21
Cyprus	0	119,300	35,000	154,300	520,000	29.67	0.21
VIII. Reserve Appropriations	0	0	0	0	1,773,900	0.00	0.00
Interest Expenditures	3,803,298	6,171,031	3,994,301	13,968,630	2,450,000	570.15	19.17
I. Domestic Interest	2,944,330	5,313,357	2,893,150	11,150,837	299,000	3,729.38	15.31
II. Foreign Debt Interest	805,812	774,068	1,087,080	2,666,960	1,651,000	161.54	3.66
III. Interest of Discount & Short Term Cash Operation	53,156	83,606	14,071	150,833	500,000	30.17	0.21

Annex Table 2. Central Government Budget Expenditures, End of March 2011 Compared to 2010

	2010				2011				Rate of Increase	
	March	End of March	Budget Estimate	Realization Rate	March	End of March	Budget Estimate	Realization Rate	March	Total
Central Government Budget Expenditures	**23,436,480**	**68,372,793**	**293,628,219**	**23.3**	**26,791,508**	**72,853,240**	**312,572,607**	**23.3**	**14.3**	**6.6**
Primary Expenditures	**19,103,788**	**53,373,523**	**245,331,810**	**21.8**	**22,797,207**	**58,884,610**	**265,072,577**	**22.2**	**19.3**	**10.3**
Compensation for Employees	**4,974,105**	**16,224,015**	**62,301,288**	**26.0**	**5,737,618**	**18,773,596**	**72,298,992**	**26.0**	**15.3**	**15.7**
Government Premiums to Social Security Agencies	**860,603**	**2,754,187**	**11,059,735**	**24.9**	**986,782**	**3,308,817**	**12,737,108**	**26.0**	**14.7**	**20.1**
Good and Services Procurements	**2,123,511**	**4,202,296**	**28,823,463**	**14.6**	**2,131,349**	**4,774,227**	**30,049,314**	**15.9**	**0.4**	**13.6**
Defense-Security	583,060	1,057,602	9,444,058	11.2	726,280	1,222,065	10,012,726	12.2	24.6	15.6
Health Expenditures	548,639	1,121,608	5,751,197	19.5	388,220	1,089,746	4,941,159	22.1	-29.2	-2.8
General Cure and Pharmaceutical Products	131,660	148,404	547,817	27.1	8,733	15,636	173,690	9.0	-93.4	-89.5
General Medicine Expenditures	58,257	72,851	259,346	28.1	5,953	16,772	72,745	23.1	-89.8	-77.0
Medicine Expenditures of Persons Having Green Card	358,722	900,353	4,944,034	18.2	373,534	1,057,338	4,694,724	22.5	4.1	17.4
General Debt Expenditures	133	3,370	25,237	13.4	451	2,503	300,000	0.8	239.1	-25.7
Other Goods and Services	991,679	2,019,716	13,602,971	14.8	1,016,398	2,459,913	14,795,429	16.6	2.5	21.8
Current Transfers	**9,822,547**	**27,719,235**	**101,890,785**	**27.2**	**12,539,148**	**29,554,312**	**115,778,044**	**25.5**	**27.7**	**6.6**
Duty Losses	**15,281**	**968,047**	**3,297,462**	**29.4**	**194,463**	**372,200**	**5,045,352**	**7.4**	**1,172.6**	**-61.6**
Duty Losses of Public Enterprises	0	909,047	2,548,343	35.7	2,962	9,598	3,119,077	0.3		-98.9
Financial Institutions	0	0	439,649	0.0	48,234	149,926	1,103,000	13.6		
Other Duty Losses	15,281	59,000	309,470	19.1	143,267	212,676	823,275	25.8	837.5	260.5
Treasury Aid	**5,717,165**	**15,803,248**	**60,323,222**	**26.2**	**6,663,300**	**16,917,508**	**68,477,217**	**24.7**	**16.5**	**7.1**
Treasury Aid to Social Security Agencies	92,176	308,163	1,341,769	23.0	112,022	336,866	1,564,820	21.5	21.5	9.3
Unemployment Insurance Fund	92,176	279,791	1,176,290	23.8	81,526	276,121	1,381,820	20.0	-11.6	-1.3
Health, Retirement & Social Aid Expenditures	5,407,628	14,779,976	55,039,222	26.9	6,248,269	15,722,038	62,434,216	25.2	15.5	6.4
Government Social Security Contribution	1,100,000	3,500,000	14,965,000	23.4	1,330,069	4,615,171	16,463,221	28.0	20.9	31.9
Social Security Deficit Finance	2,800,000	7,929,000	27,069,236	29.3	3,185,000	7,160,000	30,604,735	23.4	13.8	-9.7
Other	1,507,628	3,350,976	13,004,986	25.8	1,733,200	3,946,867	15,366,260	25.7	15.0	17.8
Treasury Aid to Provincial Offices	184,238	445,190	1,738,426	25.6	188,139	632,620	2,633,644	24.0	2.1	42.1
Other Treasury Aids	33,123	269,919	2,203,805	12.2	114,870	225,984	1,844,537	12.3	246.8	-16.3
Transfers to Non-financial Establishments	**106,936**	**216,340**	**1,083,985**	**20.0**	**346,237**	**486,570**	**890,424**	**54.6**	**223.8**	**124.9**
Transfers to Households	**154,843**	**378,015**	**1,591,272**	**23.8**	**213,861**	**487,106**	**1,872,395**	**26.0**	**38.1**	**28.9**
Agricultural Subsidies	**1,180,422**	**3,164,970**	**5,817,011**	**54.4**	**1,708,000**	**2,806,922**	**6,000,000**	**46.8**	**44.7**	**-11.3**
Differential Paying Supporting	270,288	570,288	2,056,322	27.7	173,000	750,000	2,068,000	36.3		31.5
Stockbreeding Support	250,000	700,000	1,157,608	60.5	315,000	800,000	1,266,850	63.1		14.3
Other Agricultural Transfers	660,134	1,894,682	2,603,081	72.8	1,220,000	1,256,922	2,665,150	47.2	84.8	-33.7
Other Transfers to Households	**23,454**	**90,452**	**849,922**	**10.6**	**61,711**	**195,356**	**1,245,314**	**15.7**	**163.1**	**116.0**
Social Transfers	**119,654**	**340,109**	**1,609,757**	**21.1**	**170,441**	**488,542**	**2,369,968**	**20.6**	**42.4**	**43.6**
Foreign Transfers	**50,671**	**179,030**	**959,498**	**18.7**	**89,178**	**232,739**	**1,215,040**	**19.2**	**76.0**	**30.0**
Shares from Revenues	**2,454,121**	**6,579,024**	**26,358,656**	**25.0**	**3,091,957**	**7,567,369**	**28,662,334**	**26.4**	**26.0**	**15.0**
Shares of Local Government	1,661,956	5,078,922	20,910,277	24.3	2,106,753	5,892,172	23,678,276	24.9	26.8	16.0
Shares on Funds	411,992	999,997	4,142,885	24.1	588,917	1,214,765	4,793,794	25.3	42.9	21.5
Other Shares	380,173	500,105	1,305,494	38.3	396,287	460,432	190,264	242.0	4.2	-7.9
Capital Expenditures	**782,592**	**1,011,533**	**25,906,918**	**3.9**	**1,060,722**	**1,499,245**	**21,698,481**	**6.9**	**35.5**	**48.2**
Capital Transfers	**124,805**	**281,092**	**6,736,224**	**4.2**	**93,967**	**265,299**	**4,300,324**	**6.2**	**-24.7**	**-5.6**
Domestic Capital Transfers	**120,618**	**276,517**	**6,614,010**	**4.2**	**90,197**	**261,404**	**4,033,425**	**6.5**	**-25.2**	**-5.5**
Foreign Capital Transfers	**4,187**	**4,575**	**122,214**	**3.7**	**3,770**	**3,895**	**266,899**	**1.5**	**-10.0**	**-14.9**
Lending	**415,625**	**1,181,165**	**8,613,397**	**13.7**	**247,621**	**709,114**	**6,436,414**	**11.0**	**-40.4**	**-40.0**
Domestic Lending	**393,150**	**988,690**	**8,023,397**	**12.3**	**212,621**	**554,814**	**5,916,414**	**9.4**	**-45.9**	**-43.9**
Foreign Lending	**22,475**	**192,475**	**590,000**	**32.6**	**35,000**	**154,300**	**520,000**	**29.7**	**55.7**	**-19.8**
Reserve Appropriations	**0**	**0**	**0**		**0**	**0**	**1,773,900**			
Interest Expenditures	**4,332,692**	**14,999,270**	**48,296,409**	**31.1**	**3,994,301**	**13,968,630**	**47,500,030**	**29.4**	**-7.8**	**-6.9**

Annex Table 3. Central Government Budget Revenues, End of March 2011 Compared to 2010

	2011 End of March	2010 End of March	% Increase	2011 Budget Estimate	2010 Year-end	Realization compared to 2011 Budget (%)	Realization Compared to 2010 Year-end (%)
Central Government Budget Revenues	**68,728,817**	**57,032,180**	**20.51**	**279,026,426**	**254,028,479**	**24.63**	**22.45**
General Budget Revenues	**66,158,111**	**54,718,303**	**20.91**	**271,649,886**	**246,141,713**	**24.35**	**22.23**
I-Tax Revenues	**57,450,307**	**47,901,768**	**19.93**	**232,219,804**	**210,532,315**	**24.74**	**22.75**
Taxes on Income, Profits and Capital Gains	**16,965,560**	**14,215,756**	**19.34**	**70,495,046**	**61,316,778**	**24.07**	**23.18**
Income Tax	**10,412,730**	**9,589,886**	**8.58**	**47,345,847**	**40,391,894**	**21.99**	**23.74**
Based on Declaration	1,131,803	951,923	18.90	2,491,689	2,056,107	45.42	46.30
Lump-sum	116,558	116,532	0.02	293,668	264,617	39.69	44.04
Witholding Tax	8,796,443	8,166,034	7.72	43,157,827	36,866,017	20.38	22.15
Provisional Tax	367,926	355,397	3.53	1,402,663	1,205,153	26.23	29.49
Corporation Tax	**6,552,830**	**4,625,870**	**41.66**	**23,149,199**	**20,924,884**	**28.31**	**22.11**
Based on Declaration	-11,339	58,595	-119.35	628,674	508,288	-1.80	11.53
Witholding Tax	64,145	62,778	2.18	219,418	228,376	29.23	27.49
Provisional Tax	6,500,024	4,504,497	44.30	22,301,107	20,188,220	29.15	22.31
Tax on Property	**2,324,550**	**2,059,901**	**12.85**	**6,123,579**	**5,248,546**	**37.96**	**39.25**
Inheritance and Gift Taxes	35,235	34,014	3.59	217,943	215,462	16.17	15.79
Motor Vehicle Tax	2,289,315	2,025,887	13.00	5,905,636	5,033,084	38.76	40.25
DomesticGoods and Services Taxes	**22,853,574**	**19,496,151**	**17.22**	**97,186,735**	**91,735,643**	**23.52**	**21.25**
Domestic VAT	**7,342,342**	**5,814,995**	**26.27**	**26,829,971**	**26,325,161**	**27.37**	**22.09**
Special Consumption Tax	**13,313,811**	**11,683,296**	**13.96**	**61,145,524**	**57,285,112**	**21.77**	**20.39**
SCT on Petroleum and Natural Gas	6,986,977	6,402,852	9.12	34,596,423	31,697,178	20.20	20.20
SCT on Motor Vehicles	1,703,587	883,285	92.87	6,029,159	6,192,786	28.26	14.26
SCT on Coke, Alcoholic Bev. & Tobacco Prod.	4,182,636	4,042,402	3.47	18,684,993	17,874,105	22.39	22.62
SCT on Durable Goods and Other Goods	440,611	354,757	24.20	1,834,949	1,521,043	24.01	23.32
Banking and Insurance Transactions Tax	**1,006,704**	**917,190**	**9.76**	**4,278,421**	**3,570,507**	**23.53**	**25.69**
Other Taxes on Goods and Services	**1,190,717**	**1,080,670**	**10.18**	**4,932,819**	**4,554,863**	**24.14**	**23.73**
Taxes on International Trade & Transactions	**11,321,547**	**8,380,033**	**35.10**	**44,766,612**	**39,526,862**	**25.29**	**21.20**
Customs Duties	1,013,320	695,217	45.76	3,653,194	3,239,698	27.74	21.46
VAT on Imports	10,284,325	7,669,143	34.10	41,039,593	36,207,550	25.06	21.18
Other Taxes on International Trade & Transactions	23,902	15,673	52.50	73,825	79,614	32.38	19.69
Stamp Duties	**1,565,985**	**1,267,955**	**23.50**	**5,740,441**	**5,082,634**	**27.28**	**24.95**
Fees	**2,391,495**	**1,945,414**	**22.93**	**7,837,254**	**7,006,675**	**30.51**	**27.77**
Taxes not Elsewhere Classified	**27,596**	**536,558**	**-94.86**	**70,137**	**615,177**	**39.35**	**87.22**
II-Property Income	**2,629,728**	**1,673,552**	**57.13**	**7,297,087**	**9,787,813**	**36.04**	**17.10**
Revenues from Valuable Bank Checks	**476,244**	**523,790**	**-9.08**	**1,777,314**	**2,590,371**	**26.80**	**20.22**
Revenues from SEE's and Public Banks	**1,407,475**	**146,058**	**863.64**	**2,601,706**	**4,284,293**	**54.10**	**3.41**
Corporation Profits	**344,046**	**377,933**	**-8.97**	**907,344**	**1,054,091**	**37.92**	**35.85**
Rents	**259,259**	**228,328**	**13.55**	**1,122,150**	**973,709**	**23.10**	**23.45**
Other Property Income	**142,704**	**397,443**	**-64.09**	**888,573**	**885,349**	**16.06**	**44.89**
III-Grants and Aids and Special Revenues	**450,717**	**461,766**	**-2.39**	**1,239,175**	**1,207,744**	**36.37**	**38.23**
From Abroad	**3**	**260**		**1,216**	**266**	**0.25**	**97.74**
Special Revenues	**450,714**	**461,506**	**-2.34**	**1,237,959**	**1,207,478**	**36.41**	**38.22**
IV-Interests, Shares and Fines	**4,254,223**	**4,563,757**	**-6.78**	**20,683,986**	**21,014,457**	**20.57**	**21.72**
Interest Revenues	**824,336**	**886,036**	**-6.96**	**2,648,157**	**4,986,672**	**31.13**	**17.77**
Shares from Persons and Agencies	**1,810,145**	**1,580,921**	**14.50**	**7,502,724**	**6,760,510**	**24.13**	**23.38**
Government Shares	77,904	64,405	20.96	334,264	317,932	23.31	20.26
Shares of General Budget Agencies	1,732,241	1,516,516	14.23	7,168,460	6,442,578	24.16	23.54
Fines	**756,817**	**1,183,783**	**-36.07**	**5,414,705**	**4,273,053**	**13.98**	**27.70**
Judicial Fines	53,125	40,099	32.48	227,062	193,397	23.40	20.73
Administrative Fines	328,919	324,883	1.24	1,476,819	1,428,299	22.27	22.75
Tax Penalty	349,543	792,248	-55.88	3,559,100	2,541,030	9.82	31.18
Other Fines	25,230	26,553	-4.98	151,724	110,327	16.63	24.07
Other Miscellenous Revenues	**862,925**	**913,017**	**-5.49**	**5,118,400**	**4,994,222**	**16.86**	**18.28**
V-Capital Revenues	**1,297,279**	**57,098**	**2,172.02**	**9,991,883**	**3,375,546**	**12.98**	**1.69**
Sales of Immovables	**85,282**	**56,440**	**51.10**	**441,100**	**292,625**	**19.33**	**19.29**
Sales of Movables	**746**	**654**	**14.07**	**5,000**	**3,570**	**14.92**	**18.32**
Sales of Other Miscellenous Capitals	**1,211,251**	**4**	**30,281,175.00**	**9,545,783**	**3,079,351**	**12.69**	**0.00**
VI-Collections from Loans	**75,857**	**60,362**	**25.67**	**217,951**	**223,838**	**34.80**	**26.97**
Revenues from Special Budget Institutions	**1,465,390**	**1,461,401**	**0.27**	**5,484,035**	**5,953,891**	**26.72**	**24.55**
Revenues from Regulatory&Supervisory Inst.	**1,105,316**	**852,476**	**29.66**	**1,892,505**	**1,932,875**	**58.40**	**44.10**

Annex Table 4: % Composition of Central Government Budget Expenditures under Functional and Economic Classification, End of March 2011

4 a)

	Compens. Of Employees	SSI Premium Payment	Goods & Services Procurements	Interest Expenditure	Current Transfers	Capital Expenditure	Capital Transfers	Lending	Total
General Public Services	7.6	1.2	1.6	55.5	32.1	0.8	0.7	0.6	100
Defense Services	62.4	9.6	26.9	0.0	1.0	0.0	0.0	0.0	100
Public Order and Security Services	74.4	10.9	12.4	0.0	0.0	2.3	0.0	0.0	100
Economic Works and Services	19.2	3.7	3.2	0.0	58.1	13.6	0.4	1.8	100
Environmental Protection Services	66.7	15.0	3.5	0.0	0.0	0.1	14.8	0.0	100
Housing & Public Welfare Services	1.1	0.2	0.7	0.0	93.7	2.9	1.3	0.0	100
Health Services	42.3	10.0	45.0	0.0	1.3	1.3	0.0	0.0	100
Leisure, Cultural & Religious Services	68.5	12.5	4.4	0.0	9.8	4.4	0.3	0.0	100
Education Services	68.9	12.6	6.2	0.0	5.2	2.3	0.5	4.2	100
Social Security and Social Aids	0.4	0.1	0.8	0.0	98.6	0.0	0.0	0.0	100

4 b)

	Compens. Of Employees	SSI Premium Payment	Goods & Services Procurements	Interest Expenditure	Current Transfers	Capital Expenditures	Capital Transfers	Lending
General Public Services	10.1	9.0	8.5	100.0	27.3	13.2	61.9	21.8
Defense Services	10.5	9.2	17.9	0.0	0.1	0.0	0.0	0.0
Public Order and Security Services	19.3	16.0	12.7	0.0	0.0	7.4	0.0	0.0
Economic Works and Services	6.0	6.6	4.0	0.0	11.6	53.6	8.8	15.2
Environmental Protection Services	0.2	0.2	0.0	0.0	0.0	0.0	3.1	0.0
Housing & Public Welfare Services	0.0	0.0	0.1	0.0	1.9	1.2	3.1	0.0
Health Services	9.3	12.5	38.9	0.0	0.2	3.7	0.0	0.0
Leisure, Cultural & Religious Services	4.7	4.9	1.2	0.0	0.4	3.8	1.7	0.1
Education Services	39.4	41.0	13.8	0.0	1.9	16.7	21.4	62.9
Social Security and Social Aids	0.4	0.4	3.0	0.0	56.5	0.4	0.0	0.0
TOTAL	100	100	100	100	100	100	100	100

Annex Table 5. General Budget Finance (End of March 2011)

1,000 TL	**January**	**February**	**March**
PRIMARY BALANCE	**4,969,825**	**9,420,734**	**8,077,832**
BUDGET BALANCE	**1,166,527**	**-553,595**	**-5,890,798**
BUDGET ESCROWS	-2,553,082	-65,032	-626,177
OTHER ESCROWS	3,179,842	3,277,833	3,495,163
ADVANCES	3,807,815	2,061,719	1,853,517
Cash Balance	**5,601,102**	**4,720,925**	**-1,168,295**
Treasury Funding	**-5,601,102**	**-4,720,925**	**1,168,295**
Total Net Borrowing (Borrowing minus repayment)	**175,460**	**3,665,542**	**9,609,013**
Total Borrowing	**27,046,899**	**43,061,456**	**51,467,195**
Domestic Borrowing	25,418,964	41,433,520	45,970,653
Bills	25,418,964	41,433,520	45,245,653
Bonds	0	0	725,000
Foreign Borrowing	1,627,935	1,627,935	5,496,542
Total Capital Repayments	**-26,871,439**	**-39,395,913**	**-41,858,182**
Domestic Borrowing	-25,106,739	-36,979,973	-38,919,973
Bills	-23,371,739	-35,244,973	-35,244,973
Bonds	-1,735,000	-1,735,000	-3,675,000
Foreign Borrowing	-1,764,700	-2,415,940	-2,938,209
Funds other than Borrowing	-52,964	174,754	133,663
Privatization Revenues Transferred to Treasury	0	0	0
Excess revenue from DSIF	721	249,798	250,492
Net Lending (-)	53,685	75,044	116,829
Cash movement (- entry, + exit)	-5,723,598	-8,561,221	-8,574,381

Source: Undersecretariat of Treasury

Annex Table 6. Composition of Central Government Debt Stock (End of March 2011)

million TL	Central Government Debt Stock (end of 2010)	%	Central Government Debt Stock (Jan 2011)	%	Central Government Debt Stock (Feb 2011)	%	Central Government Debt Stock (Mar 2011)	%
Structure of the Domestic Debt Stock	**352,841**	**100.0**	**353,286**	**100.0**	**357,453**	**100.0**	**359,900**	**100.0**
In terms of holders	352,841	100.0	353,286	100.0	357,453	100.0	359,900	100.0
To the government	51,393	14.6	51,906	14.7	53,086	14.9	53,651	14.9
To market	301,448	85.4	301,379	85.3	304,367	85.1	306,249	85.1
In terms of interest structure	352,841	100.0	353,286	100.0	357,453	100.0	359,900	100.0
Fixed-interest	175,740	49.8	182,153	51.6	181,282	50.7	183,731	51.1
variable-interest	177,101	50.2	171,133	48.4	176,171	49.3	176,169	48.9
In terms of FX composition	352,841	100.0	353,286	100.0	357,453	100.0	359,900	100.0
TL Denominated	347,347	98.4	347,659	98.4	351,800	98.4	354,397	98.5
FX Denominated	5,495	1.6	5,627	1.6	5,653	1.6	5,503	1.5
TL indexed to FX	0	0.0	0	0.0	0	0.0	0	0.0
Composition of Foreign Debt Stock	**120,708**	**100.0**	**124,956**	**100.0**	**125,523**	**100.0**	**126,045**	**100.0**
In terms of interest structure	120,708	100.0	124,956	100.0	125,523	100.0	126,045	100.0
Fixed-interest	89,499	74.1	92,536	74.1	93,397	74.4	94,633	75.1
variable-interest	31,208	25.9	32,421	25.9	32,126	25.6	31,412	24.9
Structure of Total Debt Stock	**473,549**	**100.0**	**478,242**	**100.0**	**482,976**	**100.0**	**485,945**	**100.0**
In terms of holders								
To the government	51,393	10.9	51,906	10.9	53,086	11.0	53,651	11.0
To market (1)	422,155	89.1	426,336	89.1	429,890	89.0	432,294	89.0
In terms of interest structure	473,549	100.0	478,242	100.0	482,976	100.0	485,945	100.0
Fixed-interest	265,239	56.0	274,689	57.4	274,679	56.9	278,364	57.3
variable-interest	208,310	44.0	203,553	42.6	208,297	43.1	207,581	42.7
In terms of FX composition	473,549	100.0	478,242	100.0	482,976	100.0	485,945	100.0
TL Denominated	347,347	73.3	347,659	72.7	351,800	72.8	354,397	72.9
FX Denominated	126,202	26.7	130,583	27.3	131,176	27.2	131,548	27.1
TL indexed to FX	0	0.0	0	0.0	0	0.0	0	0.0
Average Maturity for Domestic Debt Stock (months)	31.0		34.1		35.2		34.2	
Average Maturity for Domestic Debt (Months)*	43.8		58.2		53.4		19.2	
Average Interest Rate for Domestic Borrowing Auctions % (2)*	7.68		7.08		8.10		8.87	