

tepav

türkiye ekonomi politikaları araştırma vakfı

economic stability institute

Fiscal Monitoring Report

**- 2007 September
Budget Results**

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I. 2007 September Month End Results

A. A Brief Look at the Central Government Budget Implementation 2007 September Month End Results

The central government budget had a cumulative deficit of 12.2 billion YTL by the end of September. Considering that the budget had had a deficit of 1.4 billion YTL (2.4 billion YTL after the correction for local administration fund shares are applied) in the same period last year, it is clear that the degradation in budget performance compared to the same period last year has become very serious.

Table 1. Central Government September 2007 Realizations (Compared to 2006)

<i>million YTL</i>	Jan.-Sep. 2006	Jan.-Sep. 2007	Difference (%)
Expenditures	129.423	153.960	19,0
1-Primary Expenditures	91.796	111.188	21,1
Employee Expenditures	28.201	33.038	17,2
Social Sec. Inst. Govnt Premium	3.559	4.093	15,0
Purchase of Goods and Services	11.119	13.632	22,6
Current Transfers	37.802	47.692	26,2
Capital Expenditures	6.042	7.551	25,0
Capital Transfers	2.017	2.626	30,2
Lending	3.055	2.557	- 16,3
2-Interest Expenditures	37.627	42.772	13,7
Revenues	128.039	141.787	10,7
1-General Budget Revenues	124.830	138.255	10,8
Tax Revenues	102.006	111.657	9,5
Enterprise and Property Revenues	6.386	6.882	7,8
Interests, Shares and Fines	15.964	12.109	- 24,1
Capital Revenues	252	6.008	2.284,9
Received Donations and Aids	223	1.600	618,6
2-Special Budget Revenues	2.161	2.237	3,5
3-Revenues from Reg. and Sup.	1.047	1.295	23,7
Announced Budget Balance	- 1.385	- 12.173	779
- Local Govt and Fund Share Payments	1.050	29	- 97,2
Corrected Budget Balance	- 2.435	- 12.202	401
Announced Primary Balance	36.242	30.599	- 16
Corrected Primary Balance (Local Govt	35.192	30.570	- 13,1
Program Defined Primary Balance	30.571	18.632	- 39,9
Prog. Defined Corrected Primary Bal.	29.521	18.333	- 37,9

When we calculate the budget deficit, as we have done in

previous fiscal monitoring reports, excluding privatization revenues (revenues from the sale of TELEKOM shares and sales of land in the scope of privatization) which are booked in the central budget revenues, we see that the deficit goes up from 3,8 billion YTL to 19,1 billion YTL. These points to a jump of more than 400% in budget deficit.

Table 2. Central Government Budget Balance as of September, Excluding Privatization Revenues (2006-2007)

<i>million YTL</i>	Jan.-Sep. 2006	Jan.-Sep. 2007	Difference (%)
Announced Budget Balance	- 1.385	- 12.173	779
Local Govt and Fund Share Payments	1.050	29	- 97,2
Corrected Budget Balance	- 2.435	- 12.202	401
Privatization Revenues	1.365	6.906	406
Calculated Budget Balance	- 3.800	- 19.108	403

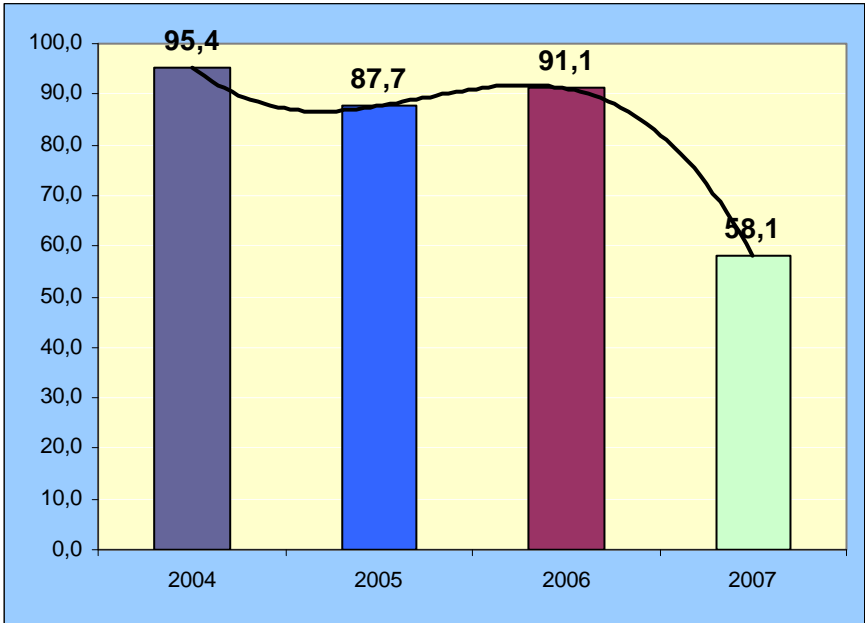
The rapid increase in budget expenses and especially the low performance in indirect tax revenues were the main factors causing the degradation of the central government budget balance. Thus, the risk of degradation in budget balance, which we have been pointing out since the beginning of the year, has begun to be realized and reflected in the disclosures of public authorities.

In this respect, degradation in performance of the program defined cumulative primary surplus, which is the main performance criterion of the economic program which is currently in effect, has continued to increase in September as well.¹ Program defined primary surplus performance has turned out to be only 58,1 % of the year end target. In comparison, primary surplus realizations in the period of 2004-2006 have been, on the average, above 90 %

¹ With the change made in the beginning of November, revenues from sale of real property have been included in the calculation of program defined primary surplus. Nevertheless, we think that the sale of General Directorate of Highways' property in Levent, Istanbul has not been included in the calculation with its sale value. From a fiscal transparency perspective, it is important that the authority makes a public statement on this issue.

of year end targets. Thus, the adverse development in the performance of primary surplus at this point indicates that year end program targets will not be reached. We will examine this issue, which we stressed as a risk in our previous report, in a little more closely in the coming sections of this report.

Graphic 1. January-September Consolidated Budget (2004-2005) and Central Program Defined Primary Surplus Performance (2006-2007) (As a Percentage of Year End Target)



B. Budget Expenditures

By the end of September, central government budget expenditures have increased by 19 % whereas primary expenditures have increased by 21.1 %. The rate of increase in primary expenditures which slowed down in August seems to have increased pace in September. Increases exceeding the sum of inflation and growth continued in September as well.

Table 3. 2006-2007 September Comparative Budget Expenditures

(million YTL)	January-March				
	2006	2007	Increase (%)	2006 Real. (%)	2007 Real. (%)
Central Government Total Budget Exp.	129.423	153.960	19,0	73,8	75,1
Primary Expenditures	91.796	111.118	21,1	71,0	73,1
I. Emp. and Soc. Sec. Ins. Gov. Pre. Exp.	28.201	33.038	17,2	74,7	75,7
II. Social Sec. Ins. Gov. Pre. Exp.	3.559	4.093	15,0	70,2	40,5
III. Purchase of Goods and Services	11.119	13.632	22,6	59,6	87,5
Health Expenditures	4.085	4.675	14,4	76,4	2.833,0
Medication Expenditures	565	635	12,4		
Treatment and Health Eq. Expenditures.	1.117	1.117	0,0		
Green Card	2.404	2.923	21,6		
Defense and Security (Except Health)	3.572	4.092	14,5	47,7	50,1
Other Goods and Services Expenditures	3.461	4.865	40,6	76,2	78,4
IV. Current Transfers	37.802	47.692	26,2	76,2	78,4
Duty Losses	1.495	893	- 40,2	79,1	75,2
Treasury Aids	20.289	27.238	34,3	73,9	78,9
Social Sec. Inst.	18.467	25.440	37,8	74,1	78,6
Transfers to SSI	17.994	24.858	38,2	74,2	76,6
Unemployment Insurance Fund	474	582	22,8	72,0	76,6
Transfers to Non Profit Org.	134	574	327,3	72,6	86,7
Transfers to Households	532	703	32,1	66,7	75,7
Agricultural Transfers	4.376	5.126	17,1	92,2	97,6
Other Transfers to Households	223	302	35,9	67,6	62,7
Social Transfers	19	28		71,9	12,7
Transfers to Overseas	484	372	- 23,1	81,7	58,5
Shares from Revenues	10.250	12.454	21,5	73,5	73,4
V. Capital Expenditures	6.042	7.551	25,0	50,6	62,4
VI. Capital Transfers	2.017	2.626	30,2	76,5	72,0
Domestic Capital Transfers	1.939	2.569	32,5	78,9	75,1
Foreign Capital Transfers	78	57	- 26,6	43,9	25,4
VII. Lending	3.055	2.557	- 16,3	81,7	69,2
Domestic Lending	2.900	2.412	- 16,8	83,5	70,3
Foreign Lending	155	145	- 6,6	58,9	54,7
Interest Expenditures	37.627	42.772	13,7	81,9	80,8

Source: Ministry of Finance Directorate of Accounting and our calculations

As of end of September, 75,1 % of total budget allocations and 73,1 % of primary allocations have been used up. Thus, allocation usage has been 1,3 points more in total expenditures and 2,1 points more in primary allocations, compared to the same period last year.

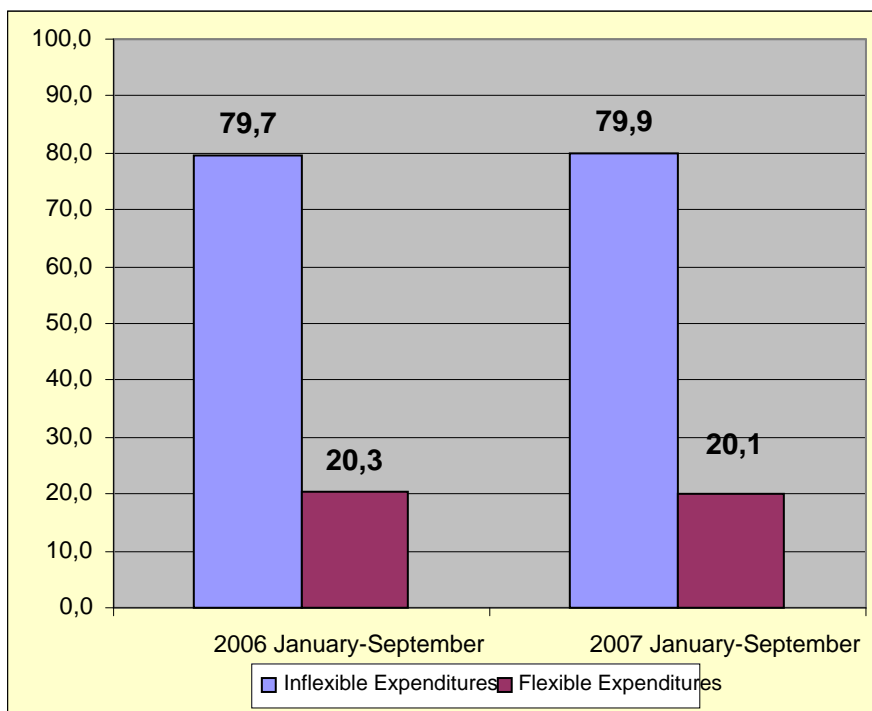
As of end of September, the largest part of the increase in the primary expenditures was due to the current transfers item. 51 % of the increase in primary expenditures was because of this item, primarily due to transfers to social security institutions and shares from revenues for local governments and funds. When expenditures for green card, which normally should be booked in current transfers, are added, this percentage rises to 55 %. Following current transfers, expenditures for employees and health expenditures items make up 37,9 % of the increase in primary expenditures.

Table 4. Contribution of End of August Central Government Budget Primary Expenditures to Primary Expenditures

	Contribution to Increase	(%) Distribution
Primary Expenditures	21,1	100
Current Expenditures	8,0	37,9
Employee	5,3	24,9
Purchase of Goods and Services	2,7	13,0
Health	0,6	3,0
Defense and Security	0,6	2,7
Current Transfers	10,8	51,0
Treasury Aids to Social Security Inst.	7,6	36,0
Transfers to SSI	7,5	35,4
Agricultural Transfers	0,8	3,9
Shares from Revenues	2,4	11,4
Capital Expenditures	1,6	7,8
Capital Transfers	0,7	3,1
Other	- 0,5	- 2,6

The share of inflexible expenses², i.e. expenses which can not be increased or decreased arbitrarily because of their nature, have increased slightly by the end of September to 79,9 %. The fact that roughly 80 % of the budget expenditures are focused on inflexible areas is important in the sense that it displays the limited use of the budget as a policy implementation tool. For example, in the case that pre-school schooling level is aimed to be raised to 50 % or Small and Medium Industry Development supports are aimed to be increased and used more effectively, as foreseen in the development plan and/or national and international strategy documents, low flexibility of the budget would mean that it would not be possible to allocate the necessary funds towards such goals.

Graphic 2. Development of the Share of Flexible and Inflexible Expenditures in the Budget (January-September)



² As is known, major inflexible expenditures are expenditures that are made to meet obligations such as interest and personnel payments, and transfers to social security institutions.

C. Budget Revenues

Central government budget revenues have increased by 10,7 % by the end of September, similar to the figures of the previous month. On the other hand, when privatization revenues are removed, central government budget revenues turns out to have increased by a minute 6,5 %.

Meanwhile, tax revenues as of end of September have increased by 9,5 %, compared to the same period last year.

Table 5. Central Government Budget Revenues (Jan.-Sep.)

(million YTL)	Sep. 07	Sep. 06	Incr. (%)
Central Government Revenues	141.787	128.039	10,7
I-Tax Revenues	111.657	102.006	9,5
1. Taxes from Income and Earnings	34.220	28.703	19,2
a) Income Tax	24.562	20.567	19,4
Income Tax Collection	22.216	18.302	21,4
b) Corporate Tax	9.658	8.136	18,7
Prepaid Corporate Tax	9.540	7.469	27,7
2. Taxes from Properties	3.190	2.816	13,3
b) Motor Vehicles Tax	3.109	2.740	13,4
3. Domestic Goods and Services Tax	46.961	44.831	4,8
a) Domestic VAT	12.530	12.313	1,8
b) Special Consumption Tax	28.751	27.637	4,0
c) Bank and Insurance Transactions Tax	2.320	1.913	21,3
d) Lottery Games Tax	245	275	- 10,9
e) Special Communications Tax	3.115	2.693	15,7
4. Tax From Int. Trade and Trans.	21.064	20.332	3,6
b) VAT From Imports	19.186	18.752	2,3
5. Stamp Duty	2.690	2.306	16,7
6. Fees	3.496	2.890	21,0
Taxes Not Classified Elsewhere	36	128	
II- Enterprise and Property Revenues	6.882	6.386	7,8
III- Received Donations, Aids and Special Rev.	1.600	223	618,6
IV- Interests, Shares, Penalties	12.109	15.964	- 24,1
1. Interest Revenues	3.864	4.037	- 4,3
V- Capital Revenues	6.008	252	2.284,9
Revenues from Special Budget Organizations	2.237	2.161	3,5
Revenues from Reg. and Superv. Agencies	1.295	1.047	23,7

The most interesting development in tax revenues was, as we had pointed out in our previous reports, the very small increase in the domestic goods and services tax (like VAT and SCT), which make

up about 45 % of total tax revenues. These taxes have increased by 4,8 % and special consumption tax have increased by 3,6 % in September, both of which had a significant impact on the decrease in tax performance.

These developments overlap to a large extent with our evaluation that tax revenues would be less than the target, which we have pointed out especially starting in the second quarter of this year. As a matter of fact, the Ministry of Finance has stated that tax revenue estimates for 2007, which they disclosed when they presented the 2008 budget, would increase by 9,9 % compared to last year and thus would be lower than the year end target figure of 7.1 billion YTL.

We think that the following factors, which we had pointed out in some of our TEPAV fiscal monitoring reports³, also had an impact on the lower than target realization of 2007 budget tax revenues:

- Private sector expenditures did not increase because of the relative slow down in aggregate demand in the Economy,
- Energy price increases targeting state economic enterprises have been delayed,
- Some public enterprises, including state economic enterprises and local governments, were not able to fulfill their liabilities,
- Domestic taxes started to fall short of target figures due to valuation of the YTL,
- VAT returns for exports increased rapidly,
- VAT for sectors like textiles and food was decreased,
- Revenue increasing policy measures which were stated in the letter of intent signed in May 2007 were not realized effectively enough,

³ For detailed evaluations, see Fiscal Monitoring reports of June and July-August.

- Upon entering into an election atmosphere the revenue administration exhibited an indisposition to collect revenue⁴.

As a combined result of all these developments, only 70,6 % of the total tax revenue target has been reached as of end of September. The same figure for last year was 74,5 %.

As we have stated in last month's report, unlike domestic VAT collections and SCT, the positive performance realized in direct tax could only prevent total tax revenues from dropping to very low levels. In this period, 57,2 % of the increase in tax revenues was provided by taxes from income and corporate revenues, which can be seen in the following table.

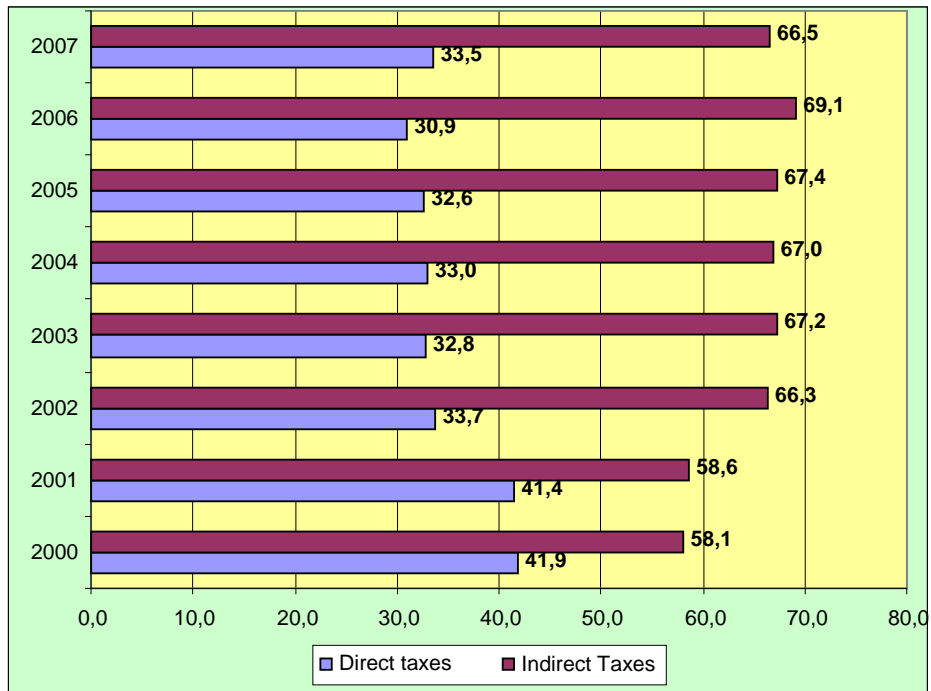
⁴ As a matter of fact, the Revenue Administration began taking measures like imposing blockage to bank accounts of the firms that have unpaid tax liabilities only towards the end of the year, which was disclosed to the public during the preparation of our report.

Table 6. 2006-2007 September Budget Tax Revenue Realizations and Contribution to Increase

million YTL	Jan. – Sep.		Increase (%)	Contribution to Increase (%)
	2007	2006		
Tax Revenues	111.657	102.006	9,5	100,0
Taxes from Income and Corp. Revenues	34.220	28.703	19,2	57,2
Income Tax Collection	22.216	18.302	21,4	40,6
Prepaid Corporate Tax	9.540	7.469	27,7	21,5
Special Consumption Tax	28.751	27.637	4,0	11,5
SCT for Petroleum and Natural Gas Products	16.214	15.213	6,6	10,4
Cokes, Sodas, Alcoholic Bev. and Tobacco	8.986	8.751	2,7	2,4
VAT Collection	31.716	31.065	2,1	6,7
VAT from Imports	19.186	18.752	2,3	4,5
Domestic VAT	12.530	12.313	1,8	2,2
Other Taxes	16.970	14.601	16,2	24,6
Stamp Duty	2.690	2.306	16,7	4,0
Fees	3.496	2.890	21,0	6,3
Banking and Insurance Transactions Tax	2.320	1.913	21,3	4,2

The low performance in indirect tax items, primarily because of domestic VAT and VAT from imports, led to a 3 point increase in the percentage of direct taxes compared to last year's figures. As of end of September, 66,5 % of general budget tax revenues are indirect taxes whereas the remaining 33,5 % are made up of direct taxes.

**Graphic 3. Direct and Indirect Tax Shares of 2000-2007
September General Budget Revenue Collections**



D. Budget Trends and the Impact of Delayed Expenditures

We continue the exercise in which we perform corrections for one time measures and deferred payments which had decreased the budget deficit in previous years, in the context of the following table⁵.

Table 7. % Increase in Corrected Budget Revenues and Expenditures

	Increase compared to the previous year					
	Jan. – Mar.	Jan. – Apr.	Jan. – May.	Jan. – Jun.	Jan. – Aug.	Jan. – Sep.
Budget Expenditures	25,6	20,7	21,8	23,4	18,1	19,0
Expenditures After Budget Corrections	17,5	14,4	15,0	17,1	12,4	13,4
Primary Expenditures	19,2	19,5	23,4	25,7	22,2	21,1
Primary Expenditures After Corrections	8,6	10,9	13,9	16,9	14,0	13,3
Primary Revenues	20,3	19,7	16,4	12,8	10,3	10,7
Primary Revenues After Corrections	10,6	12,6	12,9	10,3	8,1	9,0
Tax Revenues	8,6	7,2	8,0	7,0	9,5	9,5
Tax Revenues After Corrections	9,4	8,0	8,6	7,5	8,9	9,9

When developments in 2006 and 2007 budget performances are evaluated from a broader perspective after correcting for the impacts of one time measures, it is observed that the cumulative increase in corrected primary expenses which were expected to be 8,6 % for the first quarter of the year raised to 16,9 % in the

⁵ As we have stated in the April report, the corrections on the expenditure side were done by distributing local government and fund shares, VAT to Retirees, Accrued Expenditures, Liabilities to Contractors and other expenditures like Bağ-Kur and SSK premium remissions, which should have been recorded in the relevant year's accounts but deferred to next year, to the months they belong in the relevant year in accordance with certain assumptions. Other calculations which we published in the previous months' fiscal monitoring reports were used as a basis for these calculations. On the revenue side, corrections have been done by deducting one-time revenue items like excess TELEKOM cash and Savings Deposit Insurance Fund collections from the revenues items of the respective period. In addition to that, a correction has been made for VAT from Exports item by showing it in the respective year's account in accordance with previous year trends

second quarter and then declined to 13,3 % as of January-September period.

On the revenue side, the increase in the corrected total budget revenues for the period January-September was 9 %. As can be seen, the increase in expenditures was much higher than the increase in revenues, even after the corrections.

The explanations above show that even when corrections for liabilities from previous years are done, there is a real increase in primary expenditures. When considered together with the liabilities from previous years, the real increase in primary expenditures are even bigger. This is expressed clearly as one of the reasons for not being able to meet the targeted performance criteria, published as an on-line press release⁶ of the Minister who is responsible for the Undersecretariat of Treasury. The reason for the fact that public sector primary surplus performance has been 4,3 %, instead of 6,5 % has been identified to be impacted by deferred expenditure liabilities from the previous year in this press release. Hence, we would like to point out that such expenditure deferrals, which were done to portray last year's budget to be in better shape, can be brought up this year as well, to prevent budget balances from further degradation.

On the other hand, when we do the analysis above more simplistically and to include the previous years, we obtain even more interesting results. The following table summarizes the increases in budget expenditures and revenues in the period January-September, for 2004-2007. A most striking observation from the table is that especially the trend of increases in primary expenditures had set in a path of about 20 %'s, while there had been a significant decrease in the increasing trend of especially the tax revenues. Secondly, the relative parallelism between primary expenditures and tax revenues was spoiled in 2007, against primary revenues.

⁶ http://www.hazine.gov.tr/guncelduyuru/MS_20071023_IMF.pdf

Table 8. Comparative Budget Performance (Jan.-Sep.)

	January – September (% increase)		
	2005/2004	2006/2005	2007/2006
Budget Expenditures	2,84	15,79	18,96
Primary Expenditures	22,99	19,94	21,12
Budget Revenues	19,74	20,50	10,74
Tax Revenues	19,99	17,35	9,46

Another development which supported it was the tax revenues' coverage ratio of primary expenditures.

Table 9. Tax Revenues' Coverage Ratio of Primary Expenditures (%)

	2005	2006	2007
January-September	113,6	111,1	100,4
Year End	104,9	104,0	98,2

II. Budget Financing and Developments in Debt Stock

Treasury cash balance, which is being published by the Treasury and which provides an important convergence parameter for budget balance, had a deficit of 18,1 billion YTL. Since it does not take privatization revenues into account, this deficit provides a better convergence for the budget deficit.

Table 10. Treasury Cash Balance (January-September)

<i>(million YTL)</i>	Jan.*	Feb.*	Mar.*	Apr.*	May.*	Jun.*	Jul.*	Aug.*	Sep.*	Total*
REVENUES	13.956	11.365	14.259	10.886	20.681	14.498	11.219	21.124	13.031	131.019
EXPENDITURES	17.524	15.894	15.696	15.070	17.682	16.750	17.666	16.295	17.641	150.217
Primary Expenditure	10.748	10.772	11.751	12.522	13.354	13.545	12.145	11.807	11.850	108.494
Interest Payments	6.776	5.121	3.945	2.548	4.328	3.206	5.521	4.488	5.791	41.723
PRIMARY BALANCE	3.208	593	2.509	-1.636	7.327	953	-926	9.317	1.181	22.525
CASH BALANCE	-3.567	-4.529	-1.436	-4.184	2.999	-2.253	-6.446	4.829	-4.610	-19.198
FUNDING	3.567	4.529	1.436	4.184	-2.999	.2253	6.446	-4.829	4.610	19.198
BORROWING (NET)	6.228	6.851	268	-1.808	-2.424	-372	2.359	781	187	12.070
EXTERNAL BORR. NET	905	590	-403	-1.454	-463	-304	-24	-664	-1.215	-3.032
Utilization	1.811	3.472	145	41	1.541	320	696	114	21	8.162
Payment	906	2.882	548	1.496	2.004	624	720	778	1.237	11.194
DOMESTIC BORR. NET	5.323	6.261	671	-354	-1.961	-68	2.383	1.445	1.402	15.102
Utilization	15.789	8.188	12.427	8.206	9.103	10.741	12.235	2.684	11.709	91.082
Payment	10.465	1.927	11.755	8.560	11.064	10.809	9.853	1.240	10.307	75.980
PRIVATIZATION REVENUE	0	0	5.984	0	0	0	982	0	0	6.966
TRANSFERS FROM SDIF	0	0	11	66	20	0	0	0	0	97
ASSG.-GUARANT. DEBT.	32	82	92	94	17	38	59	26	46	485
RETURNS										
BANK UTILIZATION	-2.692	-2.404	-4.919	5.833	-612	2.587	3.047	-5.636	4.378	-421
EXCHANGE RATE DIFF.	-46	-142	15	-742	-107	-86	-91	244	-994	-1.949
BANK UTILIZATION NET	-2.646	-2.262	-4.934	6.575	-505	2.672	3.138	-5.880	5.371	1.528

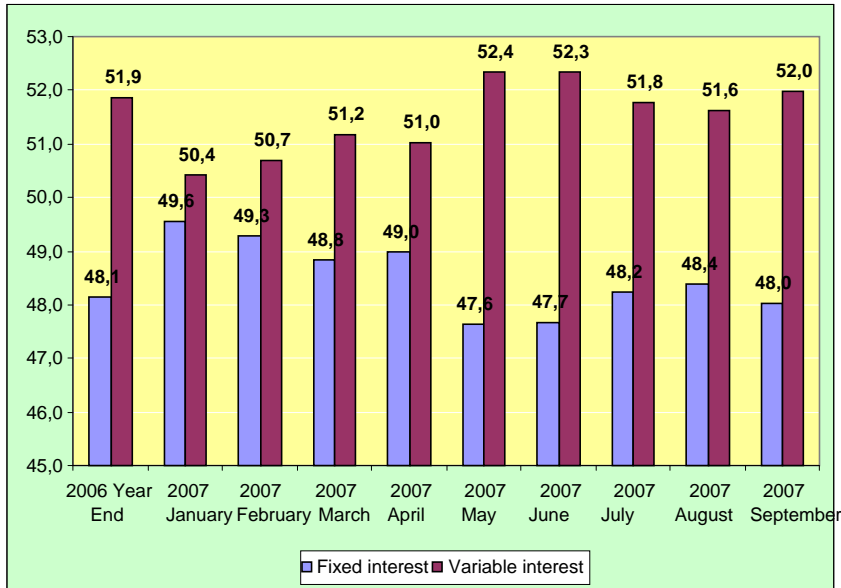
The treasury closed the cash deficit primarily by domestic net borrowing. Privatization revenues made up for net back payment due to external borrowing in financing the deficit to a certain extent.

Table 11. Cash Balances of General Budget and Central Government Budget (September)

General Budget Balance		Central Government Budget Balance	
(million YTL)	September	(million YTL)	September
Budget Balance	-13.407	Budget Balance	-12.173
Escrows	-23	Escrows	-79
Advances	366	Advances	377
Cash Balance	-13.064	Cash Balance	-11.875
Funding	13.064	Funding	11.875
Total Net Borrowing	14.080	Total Net Borrowing	14.102
Privatization Revenue	987	Privatization Revenue	987
Cash Increase	-2.615	Cash Increase	-3.826

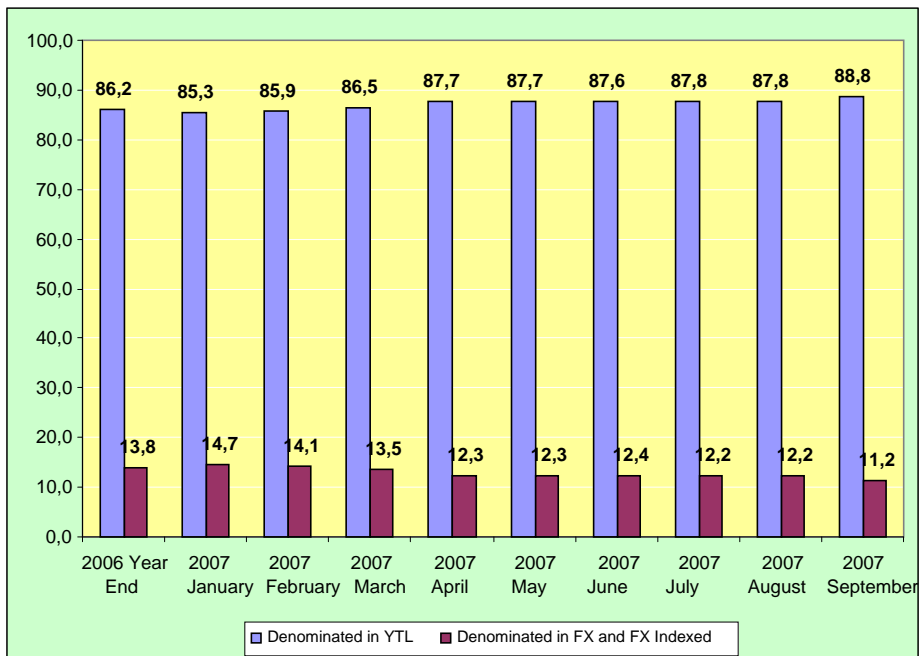
Cash balance of the general budget, which we can think of being as the smaller scope, had deficit of 13 billion YTL whereas central government budget balance, which is the larger scope, had a deficit of 11.8 billion YTL. Hence, it is understood that some portion of the budget deficit was closed by budget contributions of institutions with special budgets (universities and other institutions with special budgets) and regulatory and supervisory institutions. Thus, we can conclude that the deficit of general budget institutions, which make the majority of the expenditures, would have been larger, if not for the savings of these institutions.

Graphic 4. Central Government Domestic Debt Stock Interest Composition



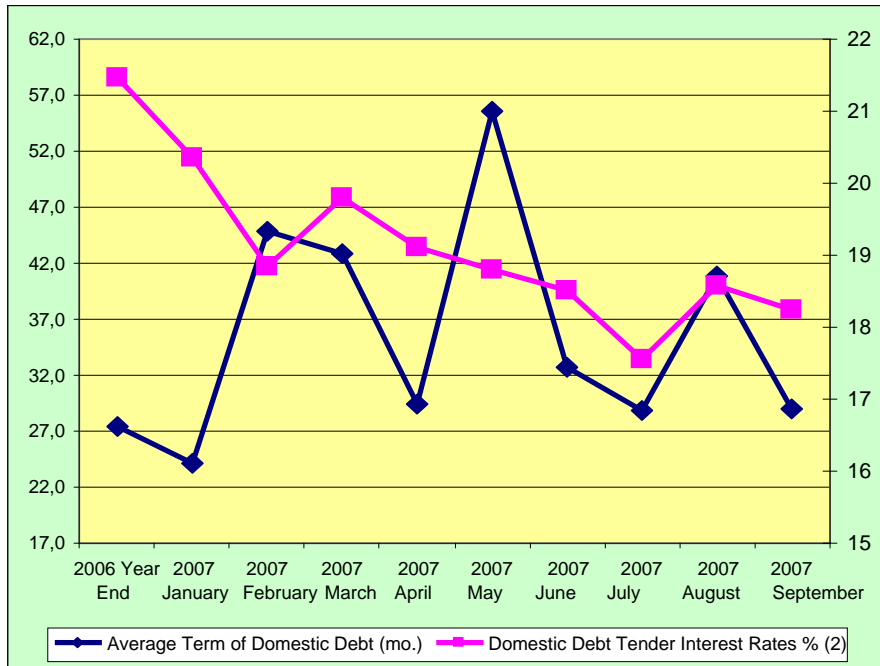
Central government debt stock interest composition did not exhibit a significant change since the beginning of this year.

Graphic 5. Central Government Domestic Debt Stock YTL-FX Structure



We have the same observation for the YTL-FX composition.

Graphic 6. Average Term for Domestic Debt and Interest Rate



As a result of decreasing the adverse effects of fluctuations which occurred in July and August, due in part by US Federal Reserve's decreasing the policy interest rate, interest rates of domestic borrowing of the Treasury had a relative relaxation in September.

III. Performance Criteria of the IMF and Consolidated Public Sector Balance: An Evaluation Based on Disclosed Data and Some Queries which Gain Importance

In our previous report we had mentioned that the performance criteria for consolidated public sector primary balance, which were attached to the letter of intent given to the IMF in May 2007, were not met and the results deviated by 24 % from the target (38 % when SEEs are excluded). We had also expressed in the same report that due to the degradation in budget performance the target set forth for month end August would not be met either and we had made predictions for consolidated public sector figures. Official data relating to this period have been published by the Undersecretariat of Treasury.

According to this, the consolidated public sector primary balance figure for the period January-August 2007 was 58 % of the year end target, whereas this figure had been 87 % last year. When SEE's are excluded, these figures are calculated as 53,3 % for 2007 and 86,1 % for 2006.

Table 12. Consolidated Public Sector Targets and Realizations (as of month end August) and Comparison with Last Year

	Aug. 2006	2006 Realization	Aug. 2007 (TEPAV's prediction)*	Aug. 2007 (Treasury)	Aug. 2007 Realization, Treasury (%)	2007/2006 Change (%)
Prog. Def. Primary Balance	31.441	87,0	23.698	23.064	58,0	-26,6
Prog. Def. Primary Balance (Excl. SEE's)	29.828	86,1	20.053	19.830	53,3	-33,5
Central Gov. Budget**	28.869	86,3	17.368	16.569		-42,6
Funds not Budgeted	-1.733	87,2	1.139	954		
SEE's	1.614	106,7	3.645	3.234		100,4
Social Sec. Inst.	1.278	143,5	-281	490		-61,6
Unemployment Ins. Fund	1.414	62,1	1.828	1.816		28,4

* TEPAV's prediction, July-August report

** The difference in the budget is due to the sale of property included in calculations in November

Consolidated public sector primary balance realization figures disclosed by the Treasury are nearly the same as we have predicted in last month's report. In this respect, we continue to ask the ever more important questions which we have brought up in the latest Fiscal Monitoring Report of ours.

In this respect, we would like to point out that there are two important points, in addition to the low performance of the consolidated public sector in 2007, that necessitate explanations:

These are:

- First of all, there has been a 100 % improvement in the performance of SEE's compared to that of last year. The developments that led to this outcome, which followed the degradation in the financial structure of energy SEE's and Soil Products Office in addition to privatization of profitable enterprises, have to be disclosed by the public authority. This disclosure should be accompanied by a detailed SEE balance.
- Secondly, in a similar fashion, the dynamics which led a surplus of about 1 billion YTL from a deficit of 1.7 billion YTL in the balance of non budgeted funds need to be explained.

In especially the recent reports which we prepared as TEPAV, we have frequently raised important points like the issue of the accumulation of duty losses pertaining to SEE balances while they are not booked as liabilities in Treasury accounts. We believe that the disclosures are needed also to address the queries on such issues as well.

ANNEX

Annex Table 1. Central Government Budget Allowances and Expenditures (September)

	Jan.-Mar.	Apr.-Jun.	Jul.-Sep.	Total	2006 Budget	% Realization	Distr. of Exp. (%)
Expenditures	49,441,897	51,237,546	53,280,119	153,959,562	204,988,546	75.11	100.00
Primary Expenditures	33,475,107	40,310,870	37,401,965	111,187,942	152,042,522	73.13	72.22
I. Employee Expenditures	11,192,386	10,781,312	11,063,989	33,037,687	43,669,799	75.65	21.46
Civil Servants	9,824,731	9,034,573	9,230,453	28,089,757	36,781,520	76.37	18.24
Workers	568,173	802,531	966,858	2,337,562	3,558,224	65.69	1.52
Others	799,482	944,208	866,678	2,610,368	3,330,055	78.39	1.70
II. Social Security Inst. Govnt Premium	1,405,582	1,319,885	1,367,212	4,092,679	10,101,779	40.51	2.66
Civil Servants	1,217,878	1,057,800	1,105,527	3,381,205	7,382,093	45.80	2.20
Workers	94,225	148,203	183,069	415,497	630,273	65.92	0.27
Others	93,479	113,882	88,616	295,977	2,089,413	14.17	0.19
III. Purchases of Goods and Services	3,461,013	4,888,449	5,282,415	13,631,877	15,587,406	87.45	8.85
Defense-Security	630,536	1,569,782	1,891,849	4,092,167	8,165,600	50.11	2.66
M.N.D.	487,493	1,292,595	1,440,695	3,220,783	6,586,000	48.90	2.09
Gendarmerie	78,968	163,479	265,132	507,579	1,003,600	50.58	0.33
Police	64,075	113,708	186,022	363,805	576,000	63.16	0.24
Health Expenditures	1,668,785	1,556,112	1,449,613	4,674,510	165,000	2,833.04	3.04
Health Expenditures Related to Green Card	1,101,366	932,107	889,258	2,922,731	0	0.00	1.90
Medication	190,417	237,981	206,274	634,672	99,152	640.10	0.41
Treatment and Health Equipment	377,002	386,024	354,081	1,117,107	65,848	1,696.49	0.73
Govnt Debts General Expenditures	20,423	16,752	10,448	47,623	115,000	41.41	0.03
Other Goods and Services Expenditures	1,141,269	1,745,803	1,930,505	4,817,577	7,141,806	67.46	3.13
IV. Current Transfers	14,857,044	17,918,602	14,916,092	47,691,738	60,862,989	78.36	30.98
Duty Losses	153,205	357,301	382,989	893,495	1,187,853	75.22	0.58
SEE Duty Losses	50,000	230,000	222,891	502,891	660,000	76.20	0.33
SSI Duty Losses	0	0	0	0	0	0.00	0.00
Financial Institutions	66,000	82,500	119,000	267,500	345,000	77.54	0.17
Other Duty Losses	37,205	44,801	41,098	123,104	182,853	67.32	0.08
Treasury Subsidies	9,222,710	8,806,857	9,208,264	27,237,831	34,538,020	78.86	17.69
Treasury Subsidies to Soc. Sec. Inst.	197,500	187,908	196,470	581,878	760,000	76.56	0.38
Pension Funds	0	0	0	0	0	0.00	0.00
Bag-Kur	0	0	0	0	0	0.00	0.00
SSI	0	0	0	0	0	0.00	0.00
Unemployment Insurance Fund	197,500	187,908	196,470	581,878	760,000	76.56	0.38
Local Governments	410,792	426,161	467,654	1,304,657	1,471,493	88.66	0.85
Subsidies to Municipalities	52,923	7,535	5,066	65,524	56,850	0.00	0.04
Other (special provincial adm. and villages)	357,869	418,626	462,588	1,239,083	1,414,643	87.59	0.80
Other Treasury Subsidies	131,417	184,488	177,140	493,045	717,527	68.71	0.32
SPSF	65,000	87,000	93,000	245,000	400,000	61.25	0.16
Other	66,417	97,488	84,140	248,045	317,527	78.12	0.16
Transfers to Non-Profit Organizations	150,203	296,469	127,325	573,997	662,338	86.66	0.37
Transfers to Households	218,222	285,916	199,170	703,308	929,541	75.66	0.46
Scholarships and Allowances	131,689	130,325	103,325	365,339	385,579	94.75	0.24
Other Transfers for Education	50,218	95,937	67,251	213,406	435,529	49.00	0.14
Transfers for Health	9,806	14,523	10,529	34,858	52,987	65.79	0.02
Transfers for Food	24,016	42,896	14,890	81,802	52,230	156.62	0.05
Transfers for Housing	2,493	2,235	3,175	7,903	3,216	245.74	0.01
Agricultural Subsidization Payments	1,116,263	3,717,459	292,519	5,126,241	5,250,000	97.64	3.33
Direct Income Support	483,759	2,041,238	26,087	2,551,084	2,730,000	93.45	1.66
Product Support Payments	246,209	1,230,047	232,199	1,708,455	1,560,000	109.52	1.11
Animal Husbandry Support Payments	280,000	0	44,000	324,000	150,000	216.00	0.21
Other	106,295	446,174	-9,767	542,702	810,000	67.00	0.35
Other Transfers to Households	115,280	27,471	159,726	302,477	482,081	62.74	0.20
Social Transfers	5,827	8,588	13,445	27,860	219,059	12.72	0.02
Transfers to Overseas	97,617	129,055	145,386	372,058	636,524	58.45	0.24
Shares From Revenues	3,777,717	4,289,486	4,387,268	12,454,471	16,957,573	73.44	8.09
V. Capital Expenditures	1,258,121	3,208,335	3,084,576	7,551,032	12,103,930	62.38	4.90
VI. Capital Transfers	438,146	1,439,168	748,742	2,626,056	3,647,400	72.00	1.71
VII. Lending	862,815	755,119	938,939	2,556,873	3,694,600	69.21	1.66
Domestic Lending	853,959	675,120	882,794	2,411,873	3,429,600	70.33	1.57
SEE	448,586	393,800	329,596	1,171,982	1,360,000	86.18	0.76
Risk Account	55,623	74,198	74,470	204,291	600,000	34.05	0.13
Other	349,750	207,122	478,728	1,035,600	1,469,600	70.47	0.67
Foreign Lending	8,856	79,999	56,145	145,000	265,000	54.72	0.09
Cyprus	8,856	79,999	56,145	145,000	265,000	54.72	0.09
VIII. Auxiliary Allowances	0	0	0	0	2,374,619	0.00	0.00
Interest Expenditures	15,966,790	10,926,676	15,878,154	42,771,620	52,946,024	80.78	27.78
I. Domestic Debt Interests	13,380,641	9,202,602	14,216,196	36,799,439	43,626,000	84.35	23.90
II. External Debt Interests	2,519,305	1,141,661	1,661,741	5,322,707	8,450,024	62.99	3.46
III. Discounts and Short Term Transactions Interests	66,844	582,413	217	649,474	870,000	74.65	0.42

Annex Table 2. 2006-2007 General Central Government Budget Expenditure Comparisons (September)

	2006				2007				Increase	
	September	Total	Realization	Real. Ratio	September	Total	Budget Predict.	Real. Ratio	September	Total
	14.374.898	129.423.325	175.303.995	73,83	18.141.945	153.959.562	204.988.546	75,11	26,21	18,96
	10.883.797	91.796.325	129.358.763	70,96	12.349.288	111.187.942	152.042.522	73,13	13,46	21,12
Total Central Government Budget Expenditures	3.387.104	28.201.025	37.732.718	74,74	3.873.323	33.037.687	43.669.799	75,65	14,36	17,15
Primary Expenditures	405.149	3.559.145	5.067.252	70,24	471.709	4.092.679	10.101.779	40,51	16,43	14,99
Employee Expenditures	1.171.751	11.119.249	18.646.449	59,63	1.442.392	13.631.877	15.587.406	87,45	23,10	22,60
Soc. Sec. Inst. Gov't Premium Expenditures	470.663	3.572.475	7.493.047	47,68	483.363	4.092.167	8.165.600	50,11	2,70	14,55
Goods and Services Purchase Expenditures	305.590	4.085.396	5.344.560	76,44	448.417	4.674.510	165.000	2.833,04	46,74	14,42
Defense-Security	111.894	1.117.142	1.629.800		102.945	1.117.107	65.848			
Health Expenditures	43.887	564.560	804.149		54.700	634.672	99.152			
General Treatment and Health Equipment	149.809	2.403.694	2.910.611		290.772	2.922.731	0			
General Medical Expenditures	11.321	72.805	85.360	85,29	37	47.623	115.000	41,41	-99,67	-34,59
Green Card Health Services	384.177	3.388.573	5.723.482	59,20	510.575	4.817.577	7.141.806	67,46	32,90	42,17
Government Debt General Expenditures	4.664.521	37.802.350	49.603.306	76,21	5.322.211	47.691.738	60.862.989	78,36	14,10	26,16
Other Purchase of Goods and Services	835.661	5.726.556	7.242.239	79,07	211.515	893.495	1.187.853	75,22	-74,69	-84,40
Current Transfers	12.404	426.072	710.760	59,95	152.291	502.891	660.000		76,20	18,03
Duty Losses	597.054	4.231.557	4.975.265	85,05	0	0	0	#DIV/0!	-100,00	-100,00
SEE' Duty Losses	2.194.597	16.057.134	21.739.476	73,86	2.770.161	27.237.831	34.538.020	78,86	26,23	69,63
T.R. Retirement Fund	1.803.990	14.235.657	19.201.062	74,14	2.519.030	25.440.179	32.349.000	78,64	39,64	78,71
Treasury Aids	1.747.000	13.762.000	18.543.000	74,22	2.450.000	24.858.301	31.589.000	78,69		
Social Security Inst. Treasury Aids	570.000	4.379.000	5.687.000	77,00	0	0	0	#DIV/0!	-100,00	-100,00
SSI Transfers*	334.000	2.806.000	4.330.000	64,80	0	0	0	#DIV/0!		-100,00
Emekli Sandığı (Civil Serv. Ret. Fund)	843.000	6.577.000	8.526.000	77,14	0	0	0	#DIV/0!	-100,00	-100,00
Bag-Kur (Self Employed Retirement Fund)	56.990	473.657	658.062	71,98	69.030	581.878	760.000	76,56	21,13	22,85
SSK (Workers Retirement Fund)	0	0	0		2.450.000	24.858.301	31.589.000	78,69		
Unemployment Insurance Fund	170.565	1.150.563	1.509.032	76,25	189.191	1.304.607	1.471.493	88,66	10,92	13,39
Health, Retirement and Social Benefits	220.042	670.914	1.029.382	65,18	61.940	493.045	717.527	68,71	-71,85	-26,51
Treasury Aid to Local Governments	2.560	134.345	185.088	72,58	12.989	573.997	662.338	86,66	407,38	327,26
Other Treasury Aids	30.423	532.407	798.013	66,72	67.226	703.308	929.541	75,66	120,97	32,10
Transfers to Non-profit Organizations	1.122	4.376.348	4.746.722	92,20	8.662	5.126.241	5.250.000	97,64	672,01	17,14
Transfers to Households	44.738	222.523	329.023	67,63	74.447	302.477	482.081	62,74	66,41	35,93
Agricultural Transfers	3.249	19.383	26.970	71,87	5.411	27.860	219.059	12,72	66,54	43,73
Other transfers to Households	28.848	483.959	592.200	81,72	41.502	372.058	636.524	58,45	43,86	
Social Transfers	1.523.323	10.249.695	13.943.575	73,51	2.130.298	12.454.471	16.957.573	73,44	39,85	21,51
Transfers to Overseas	1.177.893	7.947.025	10.906.193	72,87	1.636.816	9.698.583	13.632.573	71,14	38,96	22,04
Shares From Income	305.521	1.774.371	2.466.903	71,93	457.214	2.291.831	2.990.000	76,65	49,65	29,16
Local Government Shares	39.909	528.299	570.479	92,61	36.268	464.057	335.000	138,52	-9,12	-12,16
Shares to Funds	785.194	6.042.183	11.934.206	50,63	784.647	7.551.032	12.103.930	62,38	-0,07	24,97
Other Shares	229.141	2.016.928	2.637.056	76,48	204.182	2.626.056	3.647.400	72,00	-10,89	30,20
Capital Expenditures	205.641	1.938.648	2.458.547	78,85	186.759	2.568.580	3.421.134	75,08	-9,18	32,49
Capital Transfers	23.500	78.280	178.509	43,85	17.423	57.476	226.266	25,40	-25,86	-26,58
Domestic Capital Transfers	240.937	3.055.445	3.737.776	81,75	250.824	2.556.873	3.694.600	69,21	4,10	-16,32
Foreign Capital Transfers	215.937	2.900.203	3.474.276	83,48	226.679	2.411.873	3.429.600	70,33		
Lending	25.000	155.242	263.500	58,92	24.145	145.000	265.000	54,72		-6,60
Domestic Lending	0	0	0		0	0	2.374.619	0,00		
Foreign Lending	3.491.101	37.627.000	45.945.232	81,90	5.792.657	42.771.620	52.946.024	80,78	65,93	13,67

Annex Table 3. 2006-2007 General Budget Revenues (September)

	2007 September	2006 September	Increase (%)	2007 Budget Forecast	2006 Year End	Realization According to 2007 Budget	Realization According to Year End 2006
General Budget Revenues	141.786.578	128.038.589	10,74	188.158.954	171.309.331	75,35	74,74
I-Tax Revenues	111.656.696	102.005.960	9,46	158.152.898	137.474.325	70,60	74,20
Taxes from Income, Profits, Capital Earnings	34.219.793	28.703.388	19,22	45.342.460	40.140.754	75,47	71,51
Income Tax	24.561.887	20.566.978	19,42	33.417.674	28.983.049	73,50	70,96
Declaration Based Income Tax	1.392.577	1.381.889	0,77		1.482.697		93,20
Lump Sum Income Tax	178.744	152.472	17,23		166.490		91,58
Income Tax Collection	22.216.477	18.301.663	21,39		26.348.394		69,46
Prepaid Income Tax	774.089	730.954	5,90		985.468		74,17
Corporate Tax	9.657.906	8.136.410	18,70	11.924.786	11.157.705	80,99	72,92
Declaration Based Corporate Tax	117.077	517.646	-77,38		523.637		98,86
Corporate Tax Collection	783	150.240	-99,48		214.616		70,00
Prepaid Corporate Tax	9.540.046	7.468.524	27,74		10.419.452		71,68
Taxes From Properties	3.189.933	2.815.775	13,29	3.639.729	3.117.184	87,64	90,33
Inheritance Tax	81.377	75.591	7,65	135.468	119.079	60,07	63,48
Motor Vehicles	3.108.556	2.740.184	13,44	3.504.261	2.998.105	88,71	91,40
Domestic Goods and Services Taxes	46.960.922	44.830.552	4,75	68.828.147	59.419.991	68,23	75,45
Domestic VAT	12.530.400	12.313.492	1,76	20.200.498	15.923.069	62,03	77,33
Special Consumption Tax	28.750.516	27.636.629	4,03	41.070.466	36.926.175	70,00	74,84
SCT from Petroleum and Natural Gas Products	16.214.119	15.212.834	6,58		20.550.743		74,03
SCT from Motor Vehicles	2.771.451	2.990.310	-7,32		4.138.481		72,26
Cokes, Sodas, Alcoholic Bev. and Tobacco	8.985.947	8.750.957	2,69		11.262.044		77,70
SCT from Durable Goods and Other Goods	778.999	682.528	14,13		974.907		70,01
BITT	2.319.571	1.912.946	21,26	3.110.456	2.624.254	74,57	72,89
Other Taxes from Goods and Services	3.360.435	2.967.485	13,24	4.446.727	3.946.493	75,57	75,19
Transaction Tax From International Trade	21.064.192	20.332.387	3,60	32.053.232	27.551.053	65,72	73,80
Customs Taxes	1.851.477	1.550.254	19,43	2.375.876	2.080.931	77,93	74,50
VAT from Imports	19.185.757	18.751.529	2,32	29.583.000	25.425.510	64,85	73,75
Other Foreign Trade Income	26.958	30.604	-11,91	94.356	44.612	28,57	68,60
Stamp Duty	2.690.499	2.305.782	16,68	3.638.443	3.148.720	73,95	73,23
Fees	3.495.681	2.889.860	20,96	4.594.000	3.952.188	76,09	73,12
Other Taxes Not Otherwise Classified	35.676	128.216	-72,18	56.887	144.435	62,71	88,77
II-Enterprise and Property Incomes	6.881.509	6.386.240	7,76	7.817.781	7.529.949	88,02	84,81
Income From Sales of Goods and Services	1.102.264	810.062	36,07	1.322.827	1.115.010	83,33	72,65
SEE and State Bank Incomes	4.294.909	3.310.213	29,75	3.593.637	3.626.959	119,51	91,27
Profits from Institutions	723.173	1.553.005	-53,43	2.199.829	1.728.806	32,87	89,83
Rent Income	480.458	462.853	3,80	701.488	641.702	68,49	72,13
Other Enterprise and Property Income	280.705	250.107	12,23	0	417.472		59,91
III-Received Donations and Aids and Special Income	1.599.986	222.638	618,65	480.118	416.509	333,25	53,45
Foreign Donations and Aids	14	3.657		7.137	3.658	0,20	99,97
Special Income	1.599.972	218.981	630,64	472.981	412.851	338,27	53,04
IV-Interests, Shares, Fees	12.108.795	15.963.617	-24,15	14.443.470	19.358.281	83,84	82,46
Interest Income	3.863.843	4.036.689	-4,28	2.089.136	5.146.021	184,95	78,44
Shares from Persons and Institutions	4.066.585	5.144.183	-20,95	6.031.412	6.278.944	67,42	81,93
State Shares	163.032	152.288	7,06	247.333	198.088	65,92	76,88
Shares from General Budget Institutions	3.903.553	4.991.895	-21,80	5.784.079	6.080.856	67,49	82,09
Fines	2.732.420	3.641.740	-24,97	3.129.396	4.360.565	87,31	83,52
Judicial Fines	118.146	80.946	45,96	115.396	112.067	102,38	72,23
Administrative Fines	481.589	291.983	64,94	395.556	398.617	121,75	73,25
Tax Fines	2.039.772	3.112.181	-34,46	2.117.578	3.506.489	96,33	88,75
Other Fines	92.913	156.630	-40,68	500.866	343.392	18,55	45,61
Other Various Income	1.445.947	3.141.005	-53,97	3.193.526	3.572.751	45,28	87,92
V-Capital Income	6.007.537	251.899	2.284,90	2.565.816	1.841.105	234,14	13,68
Immovable Sales Income	162.460	243.760	-33,35	413.659	313.337	39,27	77,79
Movables Sales Income	3.106	6.115	-49,21	5.157	8.787	60,23	69,59
Other Capital Sales Income	5.841.971	2.024		2.147.000	1.518.981	272,10	0,13
Revenues of Specially Budgeted Administrations	2.236.812	2.161.233	3,50	3.263.692	3.291.509	68,54	65,66
Revenues of Reg. and Supervision Agencies	1.295.243	1.047.002	23,71	1.435.179	1.397.653	90,25	74,91

**Annex Table 4. % Distribution of 2007 Central Government Budget Expenditures
Classified Functionally and Economically (September)**

4 a)

	Employee Exp.	SSI Prem Paym.	Purch. of G. And services	Inter. Exp.	Curr. Trans.	Capital Exp.	Capital Trans.	Lending	Total
General Public Services	5,8	0,6	2,6	69,0	20,4	0,4	0,6	0,6	100
Defense Services	50,4	5,8	43,5	0,0	0,0	0,2	0,0	0,0	100
Public Order and Security Services	67,2	6,8	21,0	0,0	0,0	5,0	0,0	0,0	100
Economic Affairs and Services	14,7	2,3	6,3	0,0	41,5	27,0	0,6	7,5	100
Environmental Protection Services	64,0	8,9	9,8	0,0	0,1	8,3	8,9	0,0	100
Housing and Community Welfare Services	0,3	0,0	0,2	0,0	35,6	7,0	56,9	0,0	100
Health Services	44,6	6,6	42,6	0,0	0,1	6,1	0,0	0,0	100
Vacation, Cultural and Religious Services	59,0	7,8	11,4	0,0	10,5	9,6	1,7	0,0	100
Education Expenditures	65,9	8,3	10,0	0,0	4,1	6,6	0,2	4,8	100
Social Security and Social Benefits	0,5	0,1	0,9	0,0	98,2	0,2	0,0	0,1	100

4 b)

	Employee Exp.	SSI Prem Paym.	Purch. of G. And services	Inter. Exp.	Curr. Trans.	Capital Exp.	Capital Trans.	Lending
General Public Services	10,8	9,3	11,9	100,0	26,5	3,3	13,9	13,7
Defense Services	11,4	10,7	23,8	0,0	0,0	0,2	0,0	0,0
Public Order and Security Services	17,7	14,4	13,4	0,0	0,0	5,7	0,0	0,0
Economic Affairs and Services	7,6	9,7	7,9	0,0	14,9	61,2	3,7	50,5
Environmental Protection Services	0,2	0,2	0,1	0,0	0,0	0,1	0,3	0,0
Housing and Community Welfare Services	0,0	0,0	0,0	0,0	2,7	3,4	79,1	0,0
Health Services	11,1	13,3	25,7	0,0	0,0	6,6	0,0	0,0
Vacation, Cultural and Religious Services	4,1	4,4	1,9	0,0	0,5	2,9	1,5	0,0
Education Expenditures	36,6	37,4	13,5	0,0	1,6	16,0	1,4	34,4
Social Security and Social Benefits	0,4	0,4	1,7	0,0	53,8	0,6	0,1	1,4
TOTAL	100	100	100	100	100	100	100	100

**Annex Table 5. Deficit Finance of the General Budget
(September)**

	January	February	March	April	May	June	July	August	September
PRIMARY BALANCE	1.062.507	3.908.486	12.451.827	13.323.512	19.342.579	19.849.176	19.623.960	27.281.852	29.364.186
BUDGET BALANCE	-5.958.349	-8.079.299	-3.514.963	-5.723.601	-4.322.542	-7.044.290	-13.037.176	-9.697.111	-13.407.434
BUDGER ESCROWS	-1.417.730	-758.273	-803.156	-664.976	-634.069	-493.670	-15.822	-311.561	-300.305
OTHER ESCROWS	-18.451	-51.755	-943.730	-891.259	-702.009	-790.654	426.481	443.633	276.911
ADVANCES	5.367.759	1.303.900	1.168.133	1.122.322	958.553	703.681	683.563	574.927	366.412
Cash Balance	-2.026.771	-7.585.427	-4.093.716	-6.157.514	-4.700.067	-7.624.933	-11.942.954	-8.990.112	-13.064.416
Treasury Funding	2.026.771	7.585.427	4.093.716	6.157.514	4.700.067	7.624.933	11.942.954	8.990.112	13.064.416
Total Net Borrowing	6.491.656	13.754.272	14.248.552	12.606.885	9.152.892	9.097.670	11.573.677	12.452.887	14.079.658
<i>(Borrowing min.</i>									
Total Borrowing	18.180.780	30.367.762	43.351.126	51.987.078	63.005.972	74.676.758	87.941.069	90.863.773	105.679.742
Domestic Borrowing	16.338.655	24.836.436	37.616.299	46.110.511	55.415.913	66.503.085	78.966.332	81.708.787	96.417.152
Bond	12.274.655	19.876.436	30.393.299	37.790.511	47.095.913	58.183.085	67.024.332	68.975.787	81.413.152
Bill	4.064.000	4.960.000	7.223.000	8.320.000	8.320.000	8.320.000	11.942.000	12.733.000	15.004.000
External Borrowing	1.842.124	5.531.327	5.734.827	5.876.567	7.590.059	8.173.673	8.974.738	9.154.986	9.262.590
Total Capital	-11.689.124	-16.613.490	-29.102.574	-39.380.193	-53.853.080	-65.579.088	-76.367.392	-78.410.886	-91.600.084
Domestic Borrowing	-10.784.343	-12.807.338	-24.770.721	-33.523.736	-46.048.856	-57.152.095	-67.203.207	-68.493.204	-80.445.661
Bond	-7.860.343	-7.956.338	-17.406.721	-24.533.736	-37.058.856	-48.162.095	-52.448.626	-52.842.624	-62.532.080
Bill	-2.924.000	-4.851.000	-7.364.000	-8.990.000	-8.990.000	-8.990.000	-14.754.581	-15.650.581	-17.913.581
External Borrowing	-904.780	-3.806.152	-4.331.853	-5.856.457	-7.804.224	-8.426.993	-9.164.186	-9.917.682	-11.154.423
Funding Other Than	49.958	131.951	223.944	383.793	421.081	464.377	1.514.413	1.544.403	1.599.752
Capital Collections	49.958	131.951	212.831	306.724	323.536	366.832	430.159	460.148	515.498
Privatization	0	0	0	0	0	0	986.710	986.710	986.710
Lending (-) Repayment	0	0	11.113	77.069	97.545	97.545	97.545	97.545	97.545
PRIMARY BALANCE	-4.514.842	-6.300.797	-10.378.780	-6.833.164	-4.873.906	-1.937.114	-1.145.136	-5.007.178	-2.614.994

Source: Und. Sec. of Treasury

Annex Table 6. Composition of the Central Government Debt Stock (September)

(million YTL)	Central Gov't Debt Stock End of 2006	%	Central Gov't Debt Stock (January 2007)	%	Central Gov't Debt Stock (February 2007)	%	Central Gov't Debt Stock (March 2007)	%	Central Gov't Debt Stock (April 2007)	%	Central Gov't Debt Stock (May 2007)	%	Central Gov't Debt Stock (June 2007)	%	Central Gov't Debt Stock (July 2007)	%	Central Gov't Debt Stock (August 2007)	%	Central Gov't Debt Stock (September 2007)	%
Structure of Domestic Debt Stock	251.470	100,	257.350	100,0	263.165	100,0	263.724	100,0	262.336	100,0	258.968	100,0	253.718	100,0	256.125	100,0	258.109	100,0	258.272	100,0
<i>In Terms of Holders</i>	251.470	100,	257.350	100,0	263.165	100,0	263.724	100,0	262.336	100,0	258.968	100,0	253.718	100,0	256.125	100,0	258.109	100,0	258.272	100,0
To Public	71.410	28,4	71.724	27,9	73.444	27,9	73.521	27,9	74.107	28,2	73.347	28,3	69.085	27,2	69.391	27,1	69.732	27,0	69.814	27,0
To Market	180.060	71,6	185.625	72,1	189.721	72,1	190.202	72,1	188.230	71,8	185.621	71,7	184.634	72,8	186.734	72,9	188.377	73,0	188.458	73,0
<i>In terms of Interest Structure</i>	251.470	100,	257.350	100,0	263.165	100,0	263.724	100,0	262.336	100,0	258.968	100,0	253.718	100,0	256.125	100,0	258.109	100,0	258.272	100,0
Fixed Interest	121.053	48,1	127.558	49,6	129.732	49,3	128.805	48,8	128.495	49,0	123.389	47,6	120.922	47,7	123.520	48,2	124.860	48,4	124.002	48,0
Variable Interest	130.417	51,9	129.791	50,4	133.434	50,7	134.919	51,2	133.841	51,0	135.580	52,4	132.796	52,3	132.605	51,8	133.249	51,6	134.270	52,0
<i>In Terms of FX Composition</i>	251.470	100,	257.350	100,0	263.165	100,0	263.724	100,0	262.336	100,0	258.968	100,0	253.718	100,0	256.125	100,0	258.109	100,0	258.272	100,0
YTL	216.800	86,2	219.577	85,3	226.051	85,9	228.215	86,5	230.043	87,7	227.092	87,7	222.316	87,6	224.969	87,8	226.555	87,8	229.311	88,8
FX	32.989	13,1	36.031	14,0	35.383	13,4	33.781	12,8	30.601	11,7	30.207	11,7	29.755	11,7	29.740	11,6	30.256	11,7	27.742	10,7
FX Indexed	1.681	0,7	1.742	0,7	1.731	0,7	1.727	0,7	1.692	0,6	1.670	0,6	1.648	0,6	1.416	0,6	1.299	0,5	1.220	0,5
Structure of External Debt Stock	93.573	100,	95.256	100,0	94.906	100,0	94.159	100,0	90.158	100,0	89.095	100,0	87.768	100,0	88.108	100,0	89.315	100,0	83.251	100,0
<i>In terms of Interest Structure</i>	93.573	100,	95.256	100,0	94.906	100,0	94.159	100,0	90.158	100,0	89.095	100,0	87.768	100,0	88.108	100,0	89.315	100,0	83.251	100,0
Fixed Interest	65.113	69,6	66.820	70,1	69.184	72,9	68.787	73,1	66.680	74,0	64.706	72,6	63.658	72,5	63.858	72,5	65.193	73,0	61.257	73,6
Variable Interest	28.460	30,4	28.436	29,9	25.722	27,1	25.372	26,9	23.477	26,0	24.390	27,4	24.110	27,5	24.249	27,5	24.122	27,0	21.994	26,4
Structure of Total Debt Stock	345.043	100,	352.606	100,0	358.071	100,0	357.882	100,0	352.494	100,0	348.064	100,0	341.486	100,0	344.233	100,0	347.424	100,0	341.523	100,0
<i>In Terms of Holders</i>	345.043	100,	352.606	100,0	358.071	100,0	357.882	100,0	352.494	100,0	348.064	100,0	341.486	100,0	344.233	100,0	347.424	100,0	341.523	100,0
To Public	71.410	20,7	71.724	20,3	73.444	20,5	73.521	20,5	74.107	21,0	73.347	21,1	69.085	20,2	69.391	20,2	69.732	20,1	69.814	20,4
To Market (1)	273.633	79,3	280.881	79,7	284.627	79,5	284.361	79,5	278.388	79,0	274.717	78,9	272.401	79,8	274.841	79,8	277.692	79,9	271.709	79,6
<i>In terms of Interest Structure</i>	345.043	100,	352.606	100,0	358.071	100,0	357.882	100,0	352.494	100,0	348.064	100,0	341.486	100,0	344.233	100,0	347.424	100,0	341.523	100,0
Fixed Interest	186.166	54,0	194.379	55,1	198.916	55,6	197.591	55,2	195.175	55,4	188.094	54,0	184.580	54,1	187.378	54,4	190.053	54,7	185.259	54,2
Variable Interest	158.877	46,0	158.227	44,9	159.155	44,4	160.291	44,8	157.319	44,6	159.969	46,0	156.906	45,9	156.854	45,6	157.371	45,3	156.265	45,8
<i>In Terms of FX Composition</i>	345.043	100,	352.606	100,0	358.071	100,0	357.882	100,0	352.494	100,0	348.064	100,0	341.486	100,0	344.233	100,0	347.424	100,0	341.523	100,0
YTL	216.800	62,8	219.577	62,3	226.051	63,1	228.215	63,8	230.043	65,3	227.092	65,2	222.316	65,1	224.969	65,4	226.555	65,2	229.311	67,1
FX	126.562	36,7	131.288	37,2	130.288	36,4	127.940	35,7	120.759	34,3	119.302	34,3	117.522	34,4	117.848	34,2	119.570	34,4	110.993	32,5
FX Indexed	1.681	0,5	1.742	0,5	1.731	0,5	1.727	0,5	1.692	0,5	1.670	0,5	1.648	0,5	1.416	0,4	1.299	0,4	1.220	0,4
Average Maturity of Domestic Debt Stock	24		23,9		23,9		24,9		24,8		26,1		26,9		27		26,2		26,6	
Average Maturity of Domestic Borrowing	27,5		24,1		44,9		42,8		29,5		55,6		32,7		28,9		40,9		29,0	
Average Interest Rate of Domestic	21,47		20,36		18,85		19,81		19,1		18,81		18,52		17,56		18,58		18,25	

(1) It is assumed that the total External Debt Stock is held by the market.

(2) Discounted sales

Source: www.hazine.gov.tr