

tepaav

türkiye ekonomi politikaları araştırma vakfı

economic stability institute

Fiscal Monitoring Report

**- 2007 January
Budget Results**

© 2007 TEPAV|ISE

All the information in this report can be used with proper citation.

I. 2007 January Month End Results

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

In January, the central government budget has realized 18.5 billion YTL in expenses and 12.4 billion YTL in revenues. As a result, the January budget showed a deficit of 6.1 billion YTL as revenues decreased in comparison to the previous year and interest expenses were at a seasonal high. Compared to the same period last year, budget balance changed from surplus to deficit and realized a 400.2 % increase.

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

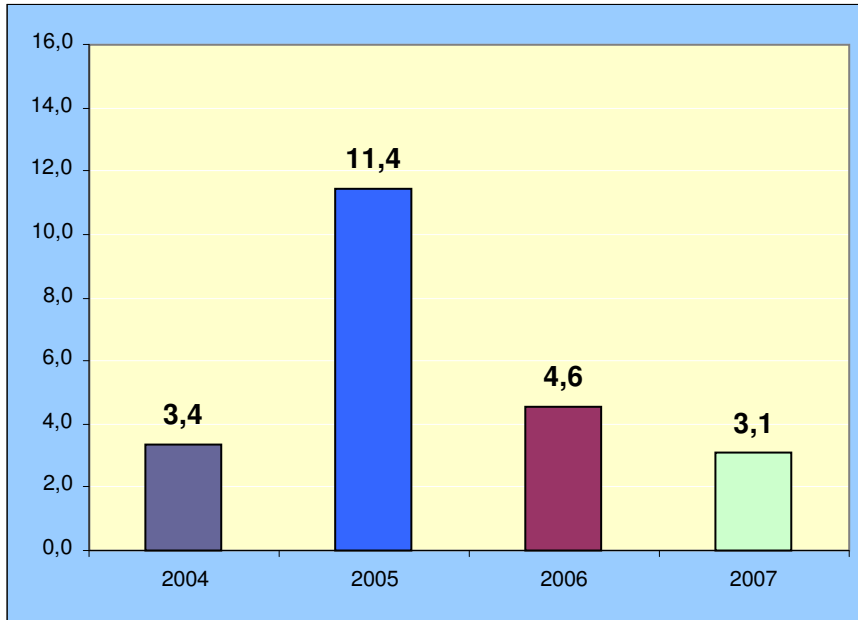
million YTL	Jan.06	Jan.07	Difference(%)
Expenses	11.604	18.488	59,3
1-Primary Expenses	9.342	11.467	22,7
Employee Expenses	3.485	4.361	25,1
Social Sec. Inst. Govnt Premium	471	547	16,2
Purchase of Goods and Services	479	838	75,1
Current Transfers	4.086	4.885	19,5
Capital Expenses	294	146	-50,4
Capital Transfers	0	325	
Lending	527	366	-30,6
Auxiliary Allocations			
2-Interest Expenses	2.261	7.021	210,5
Revenues	13.619	12.392	-9,0
1-General Budget Revenues	13.477	12.306	-8,7
Tax Revenues	10.134	11.077	9,3
Non-Tax Revenues	3.289	1.190	-63,8
Capital Revenues	21	9	-55,5
Received Donations and Aids	33	31	-6,9
2-Special Budget Revenues	89	81	-9,1
3- Revenues from Reg. and Sup.	53	4	-92,0
Announced Budget Balance	2.015	-6.096	-402,5
- Local Govt and Fund Share Payments	1.078	-20	-101,9
Corrected Budget Balance	937	-6.076	-748,6
Announced Primary Balance	4.277	925	-78,4
Corrected Primary Balance (Local Govt and Fund Shares deducted)	3.198	945	-70,5
Program Defined Primary Balance	2.557	958	-62,5
Program Defined Corrected Primary Balance	1.479	978	-33,9

In contrast to the previous year, the advantage of “not showing as expense for one month” that arise from payments allocated as tax and fund shares to local governments and funds and influence budget positively. On the other hand, we continue to make the same correction about one month deferment of tax and fund shares on the official budget balance this year, as we did in the last years’ Financial Monitoring Reports. However, because the one month difference is no longer present, there is no more a significant deviation in the budget deficit. Besides, because of offsets and deductions from monthly tax and fund share payments to municipalities, some months this correction may affect the budget balance positively. In fact, with such corrections, budget deficit for the month of January is calculated as 20 million YTL lower.

In this period, the primary surplus (defined by Ministry of Finance) decreased by 78 % from 4.3 billion YTL to 925 million YTL. Program defined primary surplus decreased by 33 % according to corrected figures. As a result, the monthly primary surplus performance in comparison to the targets was realized at a four year low.

When the TEPAV correction is not made, the decrease in the program defined primary surplus reaches 62.5 %.

Chart 1. January Consolidated Budget (2004-2005) and Central Government Program Defined Primary Surplus Performance (2006-2007)



January ratio according to 2004-2006 Budget yearend realizations and 2007 budget targets was calculated.

B. Budget Expenses

It is quite striking that the expenses increased by 59.3 % compared to the same month previous years. The greatest share in this increase belongs to interest payments with 210 % increase. This increase, as can be anticipated, is due to the higher than expected cost of lending in the second half of the year. In our 2006 monitoring reports, we had emphasized that interest expenses of 2007 were going to be a higher than predicted in the MTFP (Medium Term Financial Plan).

Table 2. 2006-2007 January Comparative Budget Expenses

(million YTL)	January				
	2006	2007	Increase (%)	2006 Real. (%)	2007 Real. (%)
Central Government Total Budget Exp.	11.604	18.488	59,3	6,6	9,0
Primary Expenses	9.342	11.467	22,7	7,2	7,5
I. Emp. and Soc. Sec. Ins. Gov. Pre. Exp.	3.485	4.361	25,1	9,2	10,0
II. Social Sec. Ins. Gov. Pre. Exp.	471	547	16,2	9,3	5,4
III. Purchase of Goods and Services	479	838	75,1	2,6	5,4
Health Expenses	322	483	50,2	6,0	292,7
Medication Expenses	40	1	-98,5		
Treatment and Health Eq. Expenses.	71	0	-99,5		
Green Card	211	482	128,2		
Defense and Security (Except Health)	38	69	82,4	0,5	0,8
Other Goods and Services Expenses	114	276	142,7	8,2	8,0
IV. Current Transfers	4.086	4.885	19,5	8,2	8,0
Duty Losses	439	67	-84,7	6,1	5,7
Treasury Aids	2.365	3.155	33,4	10,9	9,1
Social Sec.. Inst.	2.189	2.911	33,0	11,4	8,6
Transfers to Non Profit Org.	93	109	17,7	50,1	16,5
Transfers to Households	4	65	1451,8	0,5	7,0
Agricultural Transfers	1.175	250	-78,7	24,8	4,8
Other Transfers to Households	0	2	4280,0	0,0	0,3
Social Transfers	1	0		2,0	0,4
Transfers to Overseas	9	33	252,5	1,6	5,2
Shares from Revenues	0	1.203		0,0	7,1
V. Capital Expenses	294	146	-50,4	2,5	1,2
VI. Capital Transfers	0	325		0,0	8,9
Domestic Capital Transfers	0	325		0,0	9,5
Foreign Capital Transfers	0	0		0,0	0,0
VII. Lending	527	366	-30,6	14,1	9,9
Domestic Lending	527	366	-30,6	15,2	10,7
Foreign Lending	0	0		0,0	0,0
VIII. Auxiliary Allowances	0	0		0,0	0,0
Interest Expenses	2.261	7.021	210,5	4,9	13,3

Source: Ministry of Finance Directorate of Accounting and our calculations

On the other hand, in January, primary expenses also realized a serious increase in real terms. In January 2007, primary expenses increased by 22.7 % compared to same period previous year. In an environment where the average inflation is 10 % and growth is 5 %,

making a total of 15 %, the fact that primary expenses are close to 23 % shows that expenses are in an upward trend.

In terms of contributions, this increase also arises from structural expenses such as employee expenses and transfers to social security institutions in January. 92.1 % of the total increase arose from these two items.

Table 3. Contribution of January Central Government Budget Primary Expenses to Primary Expenses

	Contribution to Increase	(%) Distribution
Primary Expenses	22,7	100,0
Current Expenses	13,2	58,1
Employee	9,4	41,2
Purch of Goods & Serv.	3,8	16,9
Health	1,7	7,6
Current Transfers	8,6	37,6
Capital Expenses	1,9	8,3
Other	-1,7	-7,6

Employee expenses increased by 25.1 % compared to the same period previous year. When we look at this increase after eliminating the base effect of 40+40 YTL salary raise to civil servants who did not receive compensation last year because it was given after April, it falls to approximately 21-22 %. Even this rate, when inflation and growth is taken into account, is a significant increase in real terms. The following basic policies listed below are reasons for more than a 20 % increase in employee salaries in 2006:

- Y Inflation difference to be given out in July 2006 and January 2007,
- Y A raise of almost 40 % to teachers' additional class hours,
- Y Additional raises to the Military, Police and Judiciary class.

Transfers to social security institutions, classified under current

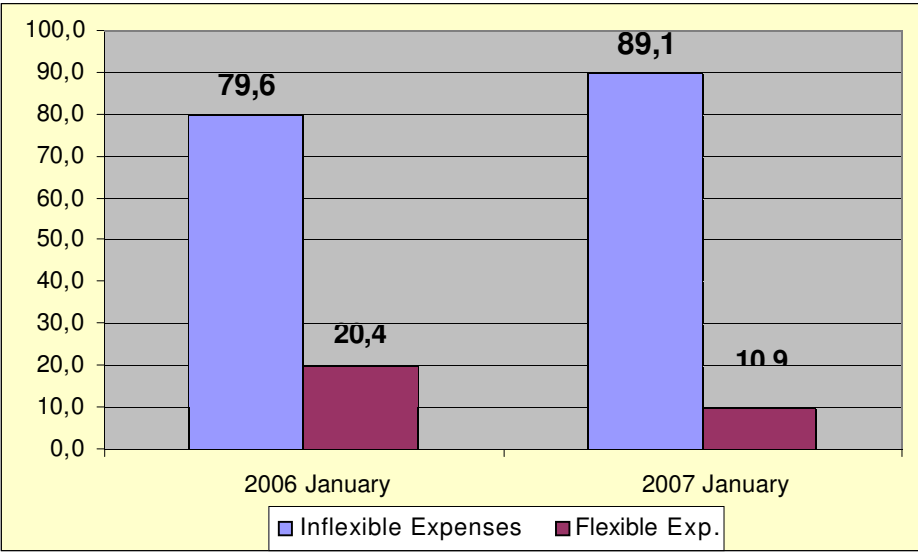
transfers, increased by 33 %. Even though some of this increase is due to changes in classification, basically it is due to one-time measures and deferred expenses.

Because deferred expenses are increasing compared to previous periods, 2006 budget performance seems to be better than it actually is. As a result, another important issue that will influence 2007 central government budget performance negatively is the existence of deferred expenses. The existence of current expenses such as health expenses and invoices building up capital expenses that are not accrued in the 2006 budget will exert a considerable financial pressure on the budget in 2007. The effect of deferred expenses in January 2007 realizations can especially be seen the purchase of goods and services item. The purchase of goods and services item increased by 75.1 % compared to the same period of previous year. 75 % of this increase arose from the increase in green card expenses. When it is taken into account that green card expenses of January last year increased greatly compared to the same period the previous year (1325 %), the increase of over 100 %, in 2007 in spite of the previous year's high base effect, is important in showing the cumulative effect of green card liabilities.

The green card expenses increased by 128 % compared to January last year. The main factor that caused this increase is the existence of unpaid receivables of approximately 1 billion YTL in the budgets of public hospital as of the end of 2006 arising from health services to green card holders. Even though this liability is included in working capital balance sheets, it is not included in the budget expenses as an accrued liability.

In January, the share of inflexible expenses reached 90 %. Compared to the same period last year, the share of inflexible expenses increased by 10 points. Holding back of other expenses in January stopped the budget deficit from growing to higher levels.

Chart 2. Development of the Share of Flexible and Inflexible Expenses in the Budget (January, 2006-2007)



C. Budget Revenues

In 2006 financial monitoring reports, we had continuously emphasized that because the one-time measures to positively influence the budget performance will not be realized at the same level, the budget performance will be affected negatively. As a matter of fact in 2007, compared to the same period previous year, budget revenues decreased in absolute terms by 9 %. This development is basically due to the absence of the effect of an increase in non-tax revenues such as the cash surplus from TELEKOM last year.

Table 4. Central Government Budget Revenues

	January 07	January 06	Increase (%)
Central Government Revenues	12.392	13.619	-9,0
General Budget Revenues	12.306	13.477	-8,7
I-Tax Revenues	11.077	10.134	9,3
1. Taxes from Income and Earnings	2.777	2.417	14,9
a) Income Tax	2.979	2.280	30,7
Income Tax Collection	2.938	2.258	30,1
b) Corporate Tax	-203	137	-247,9
Prepaid Corporate Tax	-61	41	-248,8
2. Taxes from Properties	682	614	11,1
b) Motor Vehicles Tax	678	612	10,7
3. Internal Goods and Services Tax	5.114	5.052	1,2
a) Internal VAT	1.743	1.875	-7,1
b) Special Consumption Tax	2.757	2.620	5,2
c) Bank and Insurance Transactions Tax	307	233	32,0
d) Chance Games Tax	31	35	-10,2
e) Special Communications Tax	275	290	-5,0
4. Tax From Int. Trade and Trans.	1.746	1.446	20,8
b) VAT From Imports	1.580	1.342	17,8
5. Stamp Duty	299	244	22,3
6. Fees	406	288	41,0
II- Enterprise and Property Revenues	388	2.391	-83,8
III- Received Donations, Aids and Special Rev..	31	33	-6,9
IV-Interests, Shares, Penalties	802	898	-10,7
1. Interest Revenues	34	363	-90,6
V-Capital Revenues	9	21	-55,5
Revenues from Special Budget Organizations	81	89	-9,1
Revenues from Reg. and Supervision Agencies	4	53	-92,0

The increase in budget tax revenues is considerably below the increase in expenses. Tax revenues increased by 9.3 % compared to the same period previous year, a figure below inflation and

growth. This verifies our statement that, as we have mentioned many times in Financial Monitoring Reports, the increase in tax revenues is not due to the implemented revenue policies or the improvement in revenue performance but instead due to other factors such as increase in imports and interest rates.

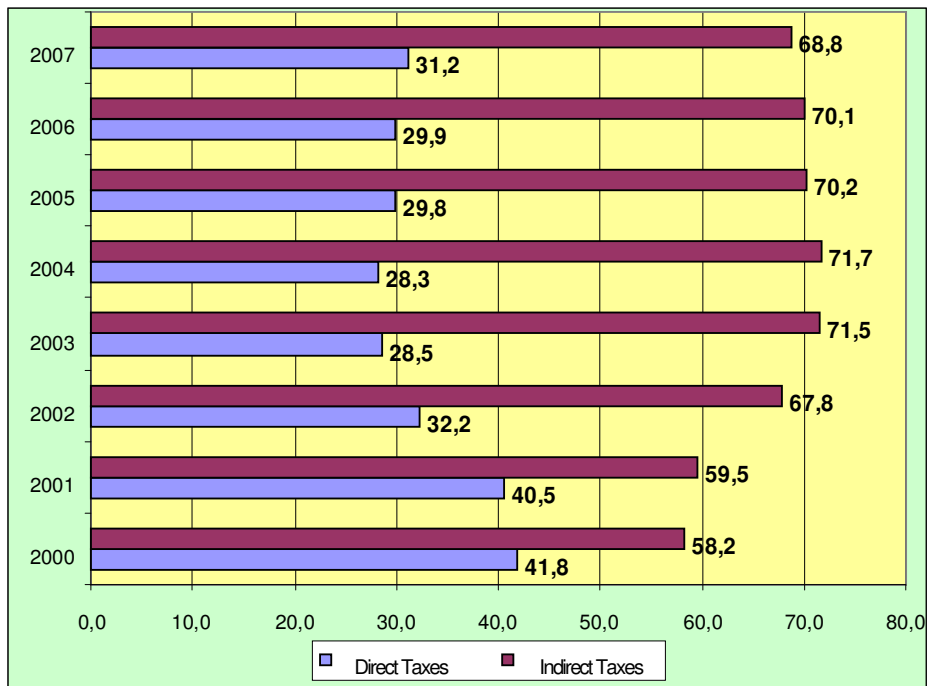
Table 5. 2006-2007 January Budget Tax Revenue Realizations and Contribution to Increase

million YTL	January		Increase (%)	Contribution to Increase (%)
	2007	2006		
Tax Revenues	11.077	10.134	9,3	100,0
Taxes from Income and Corp. Revenues	2.777	2.417	14,9	38,1
Income Tax Collection	2.938	2.258	30,1	72,2
Prepaid Corporate Tax	-61	41	-248,8	-10,7
Special Consumption Tax	2.757	2.620	5,2	14,6
Cokes,, Sodas, Alcoholic Bev. and Tobacco	1.059	900	17,6	16,8
VAT Collection	3.323	3.217	3,3	11,3
VAT from Exports	1.580	1.342	17,8	25,3
Internal VAT	1.743	1.875	-7,1	-14,0
Other Taxes	2.220	1.880	5,2	36,0

The increase in income tax collections and tax from international trade prevented the decrease in tax proceeds. The total increase in these two items is greater than the increase in total tax revenues. The nominal decrease in internal VAT collections and the below average increase in special consumption tax are the main reasons for this development.

In the general tax revenues, the share of indirect taxes in total tax revenues increased by 1.3 points compared to the same period last year due to the decrease in VAT collections and the increase in income tax collections. On the other hand, the share of indirect taxes decreased by 68.8 % in this period.

Chart 3. 2000-2007 January Development of the Share of Direct and Indirect Taxes in General Budget Revenue Collections



II. Budget Funding and Developments in the Debt Stock

As of the end of January, the General Government Budget balance showed a deficit of -5.958.349 YTL whereas the central government budget balance showed a deficit of 6.095.987. Therefore the net positive contribution of the budget of regulation and supervision agencies to the budget of the central government that was present throughout last year cannot be observed in January. This is to a great extent due to the elimination of such a positive effect by General Government interest payments in January.

Table 6. Cash Balances of General Budget and Central Government Budget (January)

General Government Budget Balance		Central Government Budget Balance	
(billion YTL)	January	(billion YTL)	January
Budget Balance	-5.958	Budget Balance	-6.096
Escrows	-1.359	Escrows	-1.661
Advances	3.625	Advances	3.778
Cash Balance	-3.692	Cash Balance	-3.979
Funding	3.692	Funding	3.979
Total Net Borrowing	6.459	Total Net Borrowing	6.459
Privatization Revenue	0	Privatization Revenue	0
Cash Increase	-2.767	Cash Increase	2.480

General Budget cash balance and central government cash balance showed a deficit of 3.692.350 and 3.978.890 billion YTL respectively. While both balances draw attention to cash payment liabilities for the amounts held in escrow accounts, it can be seen that there is a decrease in advance payments leading to cash deficits lower than budget deficits. According to our predictions, the amounts paid in advance to keep the budget deficit low at the end of last year are allocated as allowance in January, thus this time as the budget deficit increases the cash deficits decrease. Treasury cash balance that provides the cash funding for all these transactions showed a deficit of 3.5 billion YTL in January.

Table 7. Treasury Cash Balance (January-December)

(million YTL)	January*
REVENUES	13.956
EXPENSES	17.524
Primary Expense	10.748
Interest Payments	6.776
PRIMARY BALANCE	3.208
CASH BALANCE	-3.568
FUNDING	3.568
BORROWING (NET)	6.228
EXTERNAL BORROWING NET	905
Utilization	1.811
Payment	906
INTERNAL BORROWING NET	5.323
Utilization	15.789
Payment	10.466
PRIVATIZATION REVENUE	0
TRANSFERS FROM SDIF	0
ASSIGNED-GUARANTEED DEBT	
RETURNS	32
LENDING	0
BANK UTILIZATION NET	-2.646

* Provisional

As a result the deficit financed by the Treasury at the beginning of the year was somewhat lower than January Central Government and General Government cash deficits. In a period when the Central Government budget balance is 6.1 billion YTL, we believe that these three cash deficits are realized at lower levels because of the expenses deferred to keep last year's budget deficit low and extra-budgetary advance payments that are allocated as allowance at the beginning of the year. As allowance and cash differences cause such deviations in expenses, there are also similar movements in revenues. One matter that particularly draws attention for January is that cash revenue realizations are higher than Central Government revenue realizations. Central Government revenue realizations are 12.4 billion YTL in terms of collections whereas cash revenues are 13.9 billion YTL. Because normally it is expected for cash revenues that enter Treasury accounts after deductions and offsets have been made to revenues in budget accounts to

be lower, the fact that this was reversed in January brings into mind the possibility that the revenues of which there was no cash entry last December were written as budget revenue this December. The possibility the cash entry of these revenues were made in January on the other hand, brings into mind the existence of revenue account movements that decreases the last year's budget deficit and increases January budget deficit.

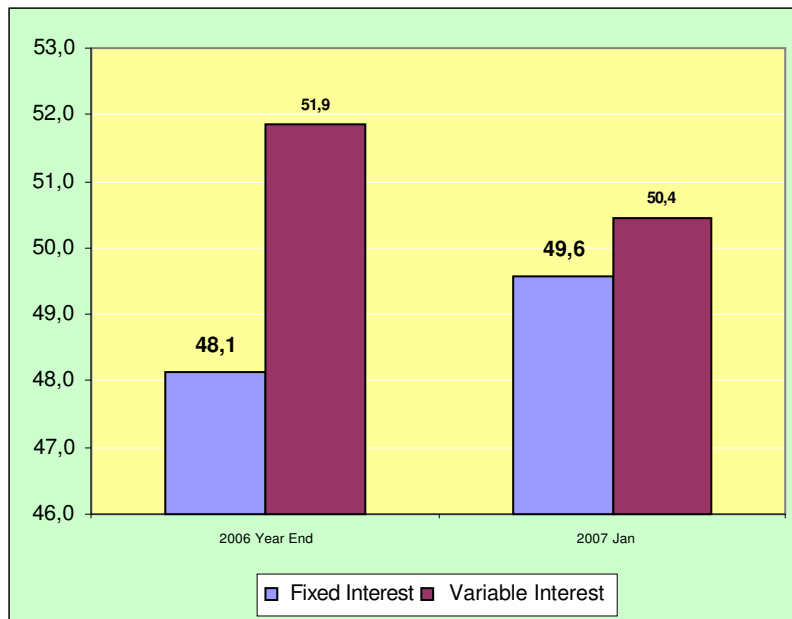
All these cause a barrier to budget transparency and inability to see the real magnitude of the budget deficits by entering revenue or expense items into government books in later periods instead of the year they were incurred. The question to be asked is this: What is the real 2006 Budget deficit if all these account movements were accounted for correctly and at the correct period? What is the real size of the January 2007 budget?

As we emphasized in the 2006 yearend report, Ministry of Finance and Undersecretariat of Treasury should make a satisfactory public announcement about the reality of such deviations in budget and cash deficit realizations and remove any doubts about this issue. The official budget figures announced before these questions are answered cannot be trusted and the analyses done with these figures cannot be healthy. Although with the consciousness of the cost and burden such negativities in terms of budget transparency brought on the economic stability TEPAV Stability Institute continues its the efforts to find the reality behind the budget figures, we would like to emphasize that the actual responsibility in this matter belongs to the public authority.

When we look at the budget funding tables that are announced by the Treasury in a delayed fashion, we can see that in January the cash deficits were financed by net internal and external borrowing. In January the Treasury provided 6.5 billion YTL of funding on the net basis, out of which about 5.5 billion YTL was the share of net internal borrowing. As a result, with borrowing considerably above the cash deficit in January, Treasury

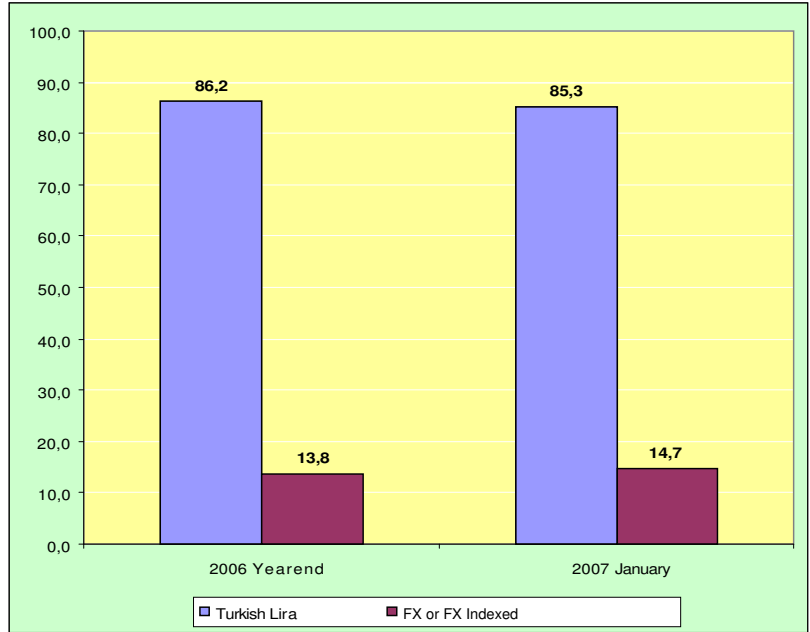
continued to increase its cash reserves. The defining effect of privatization revenues on funding last year cannot be observed as of the beginning of this year. How the revenues from General Directorate of Highways' Land sales will be accounted for in the budget and how this will effect the funding situation should be monitored in days to come.

Chart 4. Central Government Internal Debt Stock



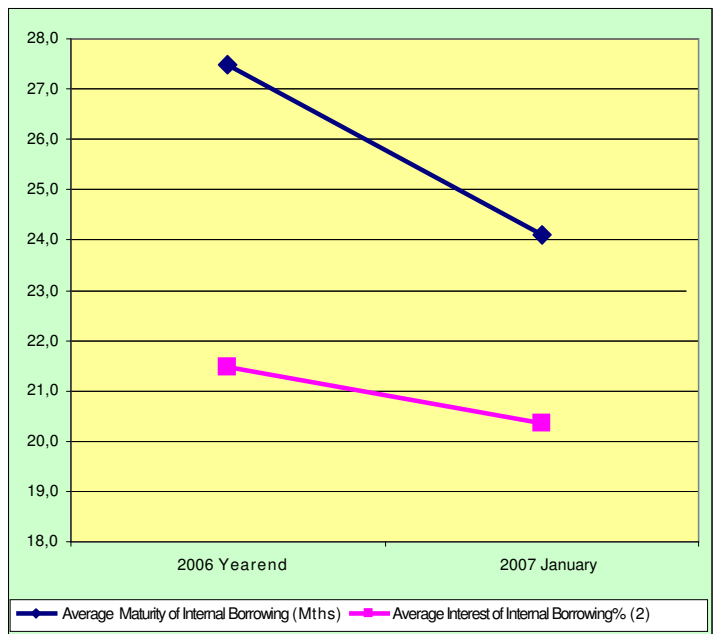
We see that the ratio of FX and FX indexed bonds in the YTL/FX composition of the central government internal debt stock increased by 1 % as of the end of 2006.

Chart 5. Central Government Internal Debt Stock YTL-FX Structure



In January, the average maturity of internal borrowing fell from 27.5 months to 24.1 months. However in the same period interest rates on discounted bonds fell from 21.47 % to 20.36 %.

Chart 6. Average Maturity and Interest Rate of Domestic Borrowing



ANNEX

Annex Table 1. 2007 Central Government Budget Allowances and Expenses (January)

	January	2007 Budget	(%) Realization	Distribution of Expenses (%)
Expenses	18.487.861	204.988.546	7,60	100,00
Primary Expenses	11.467.005	152.042.522	5,63	54,93
I. Employee Expenses	4.360.556	43.669.799	9,99	27,99
Civil Servants	3.925.760	36.781.520	10,67	25,20
Workers	168.680	3.558.224	4,74	1,08
Others	266.116	3.330.055	7,99	1,71
II. Social Security Inst. Govnt Premium	546.960	10.101.779	5,41	3,51
Civil Servants	503.597	7.382.093	6,82	3,23
Workers	18.159	630.273	2,88	0,12
Others	25.204	2.089.413	1,21	0,16
III. Purchases of Goods and Services	837.912	15.587.406	5,38	5,38
Defense-Security	68.614	8.165.600	0,84	0,44
M.N.D.	50.136	6.586.000	0,76	0,32
Gendarmerie	3.407	1.003.600	0,34	0,02
Police	15.071	576.000	2,62	0,10
Health Expenses	482.965	165.000	292,71	3,10
Health Expenses Related to Green Card	481.986	0		3,09
Medication	601	99.152	0,61	0,00
Treatment and Health Equipment	378	65.848	0,57	0,00
Govnt Debts General Expenses	10.772	115.000	9,37	0,07
Other Goods and Services Expenses	275.561	7.141.806	3,86	1,77
IV. Current Transfers	4.885.015	60.862.989	3,24	12,67
Duty Losses	67.273	1.187.853	5,66	0,43
SEE Duty Losses	40.000	660.000	6,06	0,26
SSI Duty Losses	0	0		0,00
Financial Institutions	6.527	345.000	1,89	0,04
Other Duty Losses	0	0		
Treasury Subsidies	20.746	182.853	11,35	0,13
Treasury Subsidies to Soc. Sec. Inst.	3.154.903	34.538.020	0,71	1,57
Pensions Funds	65.031	760.000	8,56	0,42
Bağ-Kur	0	0		0,00
SSI	0	0		0,00
Unemployment Insurance Fund	0	0		0,00
Local Governments	65.031	760.000	8,56	0,42
Subsidies to Municipalities	2.911.000	31.589.000		
Other (special provincial adm. and villages)	158.109	1.471.493	10,74	1,02
Other Treasury Subsidies	1.375	56.850		0,01
SPSF	156.734	1.414.643	11,08	1,01
Other	20.763	717.527	2,89	0,13
Transfers to Non-Profit Organizations	0	400.000	0,00	0,00
Transfers to Households	20.763	317.527	6,54	0,13
Scholarships and Allowances	109.206	662.338	16,49	0,70
Other Transfers for Education	64.913	929.541	6,98	0,42
Transfers for Health	57.742	385.579	14,98	0,37
Transfers for Food	911	435.529	0,21	0,01
Transfers for Housing	28	52.987	0,05	0,00
Agricultural Subsidization Payments	6.141	52.230	11,76	0,04
Direct Income Support	91	3.216	2,83	0,00
Product .Support Payments	250.284	5.250.000	4,77	1,61
Animal Husbandry Support Payments	284	2.730.000	0,01	0,00
Other	120.000	1.560.000	7,69	0,77
Other Transfers to Households	130.000	710.000	18,31	0,83
Social Transfers	0	250.000	0,00	0,00
Tax Refunds to Pensioners	1.533	482.081	0,32	0,01
Other	920	219.059	0,42	0,01
Transfers to Overseas	33.204	636.524	5,22	0,21
Shares From Revenues	1.202.779	16.957.573	7,09	7,72
V. Capital Expenses	145.987	12.103.930	1,21	0,94
VI. Capital Transfers	324.667	3.647.400	8,90	2,08
VII. Lending	365.908	3.694.600	9,90	2,35
Domestic Lending	365.908	3.429.600	10,67	2,35
SEE	162.800	1.360.000	11,97	1,05
Risk Account	29.445	600.000	4,91	0,19
Other	173.663	1.469.600	11,82	1,11
Foreign Lending	0	265.000	0,00	0,00
Cyprus	0	265.000	0,00	0,00
VIII. Auxiliary Allowances	0	2.374.619	0,00	0,00
Interest Expenses	7.020.856	52.946.024	13,26	45,07
I. Internal Debt Interests	5.975.205	43.626.000	13,70	38,36
II. External Debt Interests	1.008.546	8.450.024	11,94	6,47
III. Discounts and Short Term Transactions Interests	37.105	870.000	4,26	0,24

Annex Table 2. 2006-2007 General Budget Revenues (January)

	2007 January	2006 January	Increase (%)	2007 Budget Forecast	Realization acc. To 2007 Budget (%)
General Budget Revenues	12.319.778	13.476.992	-8,59	184.242.515	6,69
I-Tax Revenues	11.076.715	10.133.905	9,30	158.152.898	7,00
Taxes from Income, Profits, Capital Earnings	2.776.738	2.417.274	14,87	45.342.460	6,12
Income Tax	2.979.336	2.280.253	30,66	33.417.674	8,92
Declaration Based Income Tax	23.976	13.970	71,62		
Lump Sum Income Tax	8.356	1.606	420,30		
Income Tax Collection	2.938.331	2.258.061	30,13		
Prepaid Income Tax	8.673	6.616	31,09		
Corporate Tax	-202.598	137.021	-247,86	11.924.786	-1,70
Declaration Based Corporate Tax	-17.418	72.535	-124,01		
Corporate Tax Collection	-124.655	23.823	-623,25		
Prepaid Corporate Tax	-60.525	40.663	-248,85		
Taxes From Properties	682.389	614.467	11,05	3.639.729	18,75
Inheritance Tax	4.862	2.704	79,81	135.468	3,59
Motor Vehicles Tax	677.527	611.763	10,75	3.504.261	19,33
Internal Goods and Services Taxes	5.113.564	5.051.933	1,22	68.828.147	7,43
Internal VAT	1.742.719	1.874.913	-7,05	20.200.498	8,63
Special Consumption Tax	2.757.374	2.619.869	5,25	41.070.466	6,71
SCT from Petroleum and Natural Gas Products	1.456.265	1.463.555	-0,50		
SCT from Motor Vehicles	192.133	215.081	-10,67		
Cokes, Sodas, Alcoholic Bev. and Tobacco	1.058.698	900.103	17,62		
SCT from Durable Goods and Other Goods	50.278	41.130	22,24		
BITT	307.079	232.708	31,96	3.110.456	9,87
Other Taxes from Goods and Services	306.392	324.443	-5,56	4.446.727	6,89
Transaction Tax From International Trade	1.746.474	1.445.532	20,82	32.053.232	5,45
Customs Taxes	163.643	101.568	61,12	2.375.876	6,89
VAT from Imports	1.580.254	1.341.687	17,78	29.583.000	5,34
Other Foreign Trade Income	2.577	2.277	13,18	94.356	2,73
Stamp Duty	299.077	244.453	22,35	3.638.443	8,22
Fees	405.715	287.811	40,97	4.594.000	8,83
Other Taxes Not Otherwise Classified	52.758	72.435	-27,17	56.887	92,74
II-Enterprise and Property Incomes	387.637	880.565	-55,98	7.817.781	4,96
Income From Sales of Goods and Services	98.653	38.742	154,64	1.322.827	7,46
SEE and State Bank Incomes	26.722	622.312	-95,71	3.593.637	0,74
Profits from Institutions	157.771	139.844	12,82	2.199.829	7,17
Rent Income	55.002	39.479	39,32	701.488	7,84
Other Enterprise and Property Income	49.489	40.188	23,14	0	
III-Received Donations and Aids and Special Income	30.915	33.194	-6,87	480.118	6,44
Foreign Donations and Aids	9.658	5		7.137	135,32
Special Income	21.257	33.189	-35,95	472.981	4,49
IV-Interests, Shares, Fees	815.323	2.408.674		15.225.902	
Interest Income	34.123	362.561	-90,59	2.089.136	1,63
Shares from Persons and Institutions	508.683	423.070	20,24	6.813.844	7,47
State Shares	14.689	12.819	14,59	247.333	
Shares from General Budget Institutions	493.994	410.251		6.566.511	
Fines	166.343	131.963	26,05	3.129.396	
Judicial Fines	11.054	5.732	92,85	115.396	9,58
Administrative Fines	51.801	24.651	110,14	395.556	13,10
Tax Fines	95.035	88.828	6,99	2.117.578	4,49
Other Fines	8.453	12.752	-33,71	500.866	1,69
Other Various Income	106.174	1.491.080	-92,88	3.193.526	3,32
V-Capital Income	9.188	20.654	-55,51	2.565.816	0,36
Immovable Sales Income	9.228	19.929		413.659	2,23
Movables Sales Income	-40	134		5.157	
Other Capital Sales Income	0	591		2.147.000	

Annex Table 3. % Distribution of 2007 Central Government Budget Expenses According to Functional and Economic Classification (January)

3. a)

	Employee Exp.	SSI Prem. Pay.	Purch. Of Good Serv.	Int. Exp.	Curr. Trans.	Capital Exp.	Capital Trans.	Lending	Total
General Public Services	5,3	0,6	1,6	77,5	14,6	0,0	0,1	0,3	100
Defense Services	82,8	8,8	8,4	0,0	0,0	0,0	0,0	0,0	100
Public Order and Security Services	86,2	8,7	5,1	0,0	0,0	0,0	0,0	0,0	100
Economic Affairs and Services	27,0	3,3	1,0	0,0	34,8	15,2	1,6	17,1	100
Environmental Protection Services	87,9	11,4	0,7	0,0	0,0	0,0	0,0	0,0	100
Housing and Community Welfare Services	0,3	0,0	0,0	0,0	34,9	0,1	64,7	0,0	100
Health Services	48,0	7,1	44,9	0,0	0,0	0,0	0,0	0,0	100
Vacation, Culture and Religion Services	77,8	10,4	6,1	0,0	5,7	0,0	0,0	0,0	100
Education Expenses	74,2	10,7	3,1	0,0	3,5	0,0	0,0	8,5	100
Social Sec. and Social Benefits	0,7	0,1	0,2	0,0	99,0	0,0	0,0	0,0	100

3. b)

	Employee Expenses	SSI Premium Payments	Purchase of Good and Services	Interest Expenses	Current Transfers	Capital Expenses	Capital Transfers	Lending
General Public Services	11,1	9,2	17,2	100,0	27,1	0,6	1,8	8,0
Defense Services	11,7	9,8	6,1	0,0	0,0	0,0	0,0	0,0
Public Order and Security Services	19,5	15,8	6,0	0,0	0,0	0,0	0,0	0,0
Economic Affairs and Services	5,9	5,7	1,1	0,0	6,8	99,1	4,7	44,5
Environment Protection Services	0,2	0,2	0,0	0,0	0,0	0,0	0,0	0,0
Housing and Community Welfare Services	0,0	0,0	0,0	0,0	3,3	0,2	93,4	0,0
Health Services	12,2	14,5	59,3	0,0	0,0	0,0	0,0	0,0
Vacation, Culture and Religion Services	4,2	4,5	1,7	0,0	0,3	0,0	0,0	0,0
Education Services	34,7	39,8	7,5	0,0	1,4	0,0	0,0	47,5
Social Security and Social Relief Services	0,5	0,5	0,9	0,0	61,0	0,0	0,0	0,0
TOTAL	100	100	100	100	100	100	100	100

Annex Table 4. 2006-2007 General Central Government Budget Expense Comparisons (January-December)

	2006			2007			Increase
	January	Realization	Realization Ratio	January	Budget Forecast	Realization Ratio	January
Total Central Government Budget Expenses	11.603.919	175.303.995	6,62	18.487.861	204.988.546	9,02	59,32
Primary Expenses	9.342.443	129.358.763	7,22	11.467.005	152.042.522	7,54	22,74
Employee Expenses	3.485.102	37.732.718	9,24	4.360.556	43.669.799	9,99	25,12
Soc. Sec. Inst. Government Premium Expenses	470.848	5.067.252	9,29	546.960	10.101.779	5,41	16,16
Goods and Services Purchase Expenses	478.662	18.646.449	2,57	837.912	15.587.406	5,38	75,05
Defense-Security	37.623	7.493.047	0,50	68.614	8.165.600	0,84	82,37
Health Expenses	321.520	5.344.560	6,02	482.965	165.000	292,71	50,21
General Treatment and Health Equipment Expenses	70.755	1.629.800		378	65.848		
General Medical Expenses	39.546	804.149		601	99.152		
Green Card Health Services	211.219	2.910.611		481.986	0		
Government Debt General Expenses	5.983	85.360	7,01	10.772	115.000	9,37	80,04
Other Purchase of Goods and Services Expenses	113.536	5.723.482	1,98	275.561	7.141.806	3,86	142,71
Current Transfers	4.086.175	49.603.306	8,24	4.885.015	60.862.989	8,03	19,55
Duty Losses	439.473	7.242.239	6,07	67.273	1.187.853	5,66	-84,69
SEE' Duty Losses	139.353	710.760	19,61	40.000	660.000	6,06	-71,30
T.R. Retirement Fund	300.051	4.975.265	6,03	0	0		-100,00
Treasury Aids	2.364.701	21.739.476	10,88	3.154.903	34.538.020	9,13	33,42
Social Security Inst. Treasury Aids	2.189.000	19.201.062	11,40	65.031	760.000	8,56	-97,03
Emekli Sandığı (Civil Servants Retirement Fund)	1.179.000	5.687.000	20,73	0	0		-100,00
Bağ-Kur (Self Employed Retirement Fund)	510.000	4.330.000	11,78	0	0		-100,00
SSK (Workers Retirement Fund)	500.000	8.526.000	5,86	0	0		-100,00
Unemployment Insurance Fund	0	658.062	0,00	65.031	760.000	8,56	
Health, Retirement and Social Benefits Expenses	0	0		2.911.000	31.589.000	9,22	
Treasury Aid to Local Governments	116.410	1.509.032	7,71	158.109	1.471.493	10,74	35,82
Other Treasury Aids	59.291	1.029.382	5,76	20.763	717.527	2,89	-64,98
Transfers to Non-profit Organizations	92.815	185.088	50,15	109.206	662.338	16,49	17,66
Transfers to Households	4.183	798.013	0,52	64.913	929.541	6,98	1451,83
Agricultural Transfers	1.175.000	4.746.722	24,75	250.284	5.250.000	4,77	
Other transfers to Households	35	329.023	0,01	1.533	482.081	0,32	
Social Transfers	539	26.970	2,00	920	219.059	0,42	
Transfers to Overseas	9.419	592.200	1,59	33.204	636.524	5,22	
Shares From Income	10	13.943.575	0,00	1.202.779	16.957.573	7,09	
Local Government Shares	0	10.906.193	0,00	973.432	13.632.573	7,14	
Shares to Funds	0	2.466.903	0,00	198.065	2.990.000	6,62	
Other Shares	10	570.479	0,00	31.282	335.000	9,34	
Capital Expenses	294.206	11.934.206	2,47	145.987	12.103.930	1,21	-50,38
Capital Transfers	0	2.637.056	0,00	324.667	3.647.400	8,90	
Domestic Capital Transfers	0	2.458.547	0,00	324.667	3.421.134	9,49	
Foreign Capital Transfers	0	178.509	0,00	0	226.266	0,00	
Lending	527.450	3.737.776	14,11	365.908	3.694.600	9,90	-30,63
Domestic Lending	527.450	3.474.276	15,18	365.908	3.429.600	10,67	
Foreign Lending	0	263.500	0,00	0	265.000	0,00	
Auxiliary Allocations	0	0		0	2.374.619	0,00	
Interest Expenses	2.261.476	45.945.232	4,92	7.020.856	52.946.024	13,26	210,45

Annex Table 5. General Budget Financing (January)

	Janu
PRIMARY BALANCE	1.062.507
BUDGET BALANCE	-5.958.349
BUDGET ESCROWS	-1.449.607
OTHER ESCROWS	91.079
ADVANCES	3.624.527
Cash Balance	-3.692.350
Treasury Funding	3.692.350
Total Net Borrowing (Borrowing min. repayment)	6.458.981
Total Borrowing	18.148.105
Internal Borrowing	16.338.655
Bond	12.274.655
Bill	4.064.000
External Borrowing	1.809.450
Total Capital Repayment	-11.689.123
Internal Borrowing	-10.784.343
Bond	-7.860.343
Bill	-2.924.000
External Borrowing	-904.780
Funding Other Than Borrowing	49.958
Capital Collections From Previous Lending	49.958
Privatization Revenue Transfers to Treasury	0
Lending (-) Repayment (+)	0
Cash Movement (- in, + out)	-2.816.589
Source : Und.Sec. Of Treasury	

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

(million YTL)	Central Govnt Debt Stock (End of 2006)	%	Central Govnt Debt Stock (Jan 2007)	%
Structure of Domestic Debt Stock	251.470	100,0	257.349	100,0
In Terms of Holders	251.470	100,0	257.349	100,0
To Public	71.410	28,4	71.724	27,9
To Market	180.060	71,6	185.625	72,1
In Terms of Interest Structure	251.470	100,0	257.349	100,0
Fixed Interest	121.053	48,1	127.558	49,6
Variable Interest	130.417	51,9	129.791	50,4
In Terms of FX Composition	251.470	100,0	257.349	100,0
TL	216.800	86,2	219.576	85,3
FX	32.989	13,1	36.031	14,0
FX Indexed	1.681	0,7	1.742	0,7
Structure of External Debt Stock	93.573	100,0	95.104	100,0
In Terms of Interest Structure	93.573	100,0	95.104	100,0
Fixed Interest	65.113	69,6	66.796	70,2
Variable Interest	28.460	30,4	28.308	29,8
Structure of Total Debt Stock	345.043	100,0	352.453	100,0
In Terms of Holders				
To Public	71.410	20,7	71.724	20,3
To Market (1)	273.633	79,3	280.729	79,7
In Terms of Interest Structure	345.043	100,0	352.454	100,0
Fixed Interest	186.166	54,0	194.355	55,1
Variable Interest	158.877	46,0	158.099	44,9
In Terms of FX Composition	345.043	100,0	352.454	100,0
TL	216.800	62,8	219.576	62,3
FX	126.562	36,7	131.136	37,2
FX Indexed	1.681	0,5	1.742	0,5
Average Maturity of Domestic Debts Stock (Mon)	24		23,9	
Average Maturity of Domestic Borrowing (Mon)	27,5		24,1	
Average Interest Rate of Domestic Borrowing%(2)	21,47		20,36	

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

(2) Discounted Sales

Source: www.hazine.gov.tr