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The Turkish Economy at a Crossroads: Unpacking Turkey's Current Account Challenge

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The Turkish Economy at a Crossroads: Unpacking Turkey's Current Account Challenge

Mustafa Kutlay*

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Abstract

This paper aims to discuss Turkey's economic challenges, their causes, and the government strategies to overcome them, with particular reference to the current account deficit. The Turkish economy has achieved important progress over the last decade thanks to respectable growth rates. However, high current account deficit has also become one of the pronounced structural weaknesses in the post-2002 period. This paper argues that Turkey's current account deficit is mainly a structural phenomenon. Accordingly, chronic trade deficit lies at the root of the problem. In order to address the current account deficit challenge and overcome the middle-income trap, high-technology content of the export sector must be increased. This requires a proactive state in the industrial policy realm and consolidation of inclusive political and economic institutions that foster creative thinking and high value-added production.

Introduction

The Turkish economy has achieved substantial progress over the last decade. Following the 2001 economic crisis, Turkey's financial system was restructured and public finance was subjected to solid discipline. In the private realm, big business accelerated integrationist policies in a relatively more coherent way than before. With the exception of 2009, when the waves of the global financial crisis hit Turkey's shores, the Turkish economy maintained high growth rates. What differentiated the Justice and Development Party (AKP) era from previous periods was high economic growth within a single-digit inflation environment. Turkey had achieved respectable growth rates in previous sub-periods of its economic history as well.¹ Yet the high inflation rates in these times created substantial negative spillover effects that eroded the positive contributions of economic growth. Thus the post-2001 period refers to high growth-low inflation equilibrium in comparison to previous episodes. Parallel to Turkey's growing economic success, the AKP governments have made it their goal for Turkey to carry on with this performance so that it joins the ranks of the

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¹ According to a recent World Bank report Turkey grew 4.1 percent in 1980s, 4.0 in 1990s, and 4.6 in 2000s. Martin Raiser and Marina Wes (eds.), *Turkey's Transitions. Integration, Inclusion, Institutions*, Report No. 90509-TR, Washington, World Bank, December 2014, p. 6, <http://hdl.handle.net/10986/20691>.

world's "top ten economies" by 2023.²

Turkey's economic performance during the AKP era, however, does not constitute a monolithic bloc. After 2011, the country found itself in a new political-economic equilibrium. In the June 2011 general elections the AKP managed, for the third time, to outperform its rivals by obtaining almost 50 percent of the total votes, becoming an exceptional success story for a political party in contemporary Turkish politics. The party has become the only institutional political actor to succeed in winning three subsequent general elections with increasing shares of the vote. Thus the post-2011 period signified an era of "electoral hegemony" in which the power of a party becomes so strong that it "exceeds simply being a strong majority government."³ In this period, however, the Turkish economy started to demonstrate certain structural weaknesses that eclipsed Turkey's growth performance. This paper aims to discuss these economic challenges, their causes, and the government strategies to overcome them, with particular reference to the current account deficit from a political economy perspective. The following section places Turkey into a comparative perspective with BRIC and near-BRIC peers. The third section unpacks Turkey's persistent current account deficit. The fourth section analyzes the government policies to tackle Turkey's structural economic problems. The final section concludes the paper.

1. A Comparative Overview: Turkey *vis-à-vis* the BRICS and near-BRICS

Many studies appreciate Turkey's economic performance between 2002 and 2014.⁴ As a matter of fact, the performance of the Turkish economy in this period has been rather impressive, judging by its own historical standards. A recent World Bank report highlights that "Turkey's [recent] economic success has become a source of inspiration for a number of developing countries, particularly, but not only, in the Muslim world. The rise of Turkey's economy is admired, all the more so because it seems to go hand in hand with democratic political

2 For the details of the government's "2023 vision," see the AKP's Manifesto *Political Vision of AK Parti for 2023: Politics, Society and the World*, 30 September 2012, <http://www.akparti.org.tr/english/akparti/2023-political-vision>.

3 E. Fuat Keyman, "The AK Party: Dominant Party, New Turkey, and Polarization", in *Insight Turkey*, Vol. 16, No. 2 (Spring 2014), p. 23, <http://www.insightturkey.com/the-ak-party-dominant-party-new-turkey-and-polarization/articles/1426>. See also E. Fuat Keyman and Şebnem Gümüşçü, *Democracy, Identity and Foreign Policy in Turkey. Hegemony Through Transformation*, Basingstoke and New York, Palgrave Macmillan, 2014.

4 See, for instance, Erdal Tanas Karagöl, "The Turkish Economy During the Justice and Development Party Decade", in *Insight Turkey*, Vol. 15, No. 4 (Fall 2013), p. 115-129, <http://www.insightturkey.com/the-turkish-economy-during-the-justice-and-development-party-decade/articles/1373>.

institutions and an expanding voice for the poor and lower middle classes."⁵ In addition, Turkey's political and economic transformation also has further repercussions for international politics.

The global system is passing through an interregnum period. The unipolar structure that rests on the primacy of the US is gradually heading towards multipolarity in which emerging powers are accumulating more power in the economic and political governance mechanisms of the interstate system.⁶ A group of challengers such as BRICS (Brazil, Russia, India, China, South Africa) and near-BRICS (South Korea, Mexico, Indonesia, Turkey) build wealth and power thanks to their stupendous growth performance. As an emerging regional power in the Middle East and North Africa with a strong spearhead role between Eurasia and Europe, Turkey also joined the ranks of rising powers with important potential to contribute to the emerging world order in the rest of the century. Therefore, it would be apt to compare Turkey's economic performance *vis-à-vis* the BRICS and other near-BRICS. From this point of view, there are intriguing questions left unanswered, such as just how far Turkey has been carried by this success inside the international system and what needs to be done to ensure that the current economic performance is maintained. Providing answers to these questions requires one to look at Turkey from a comparative perspective that brings other peer countries into the frame, rather than just through an essentialist approach that continually evaluates Turkey by itself.

The February 2001 crisis represents a real turning point in Turkish politics and the economy, not only because it was the deepest crisis in the history of the country but also due to the structural changes that took place during the post-crisis period. In the fiscal and financial realms, the crisis was exploited as an opportunity to initiate substantial and sustainable reforms that informed the fundamental restructuring of state-market relations as part of a comprehensive reform package entitled *Strengthening the Turkish Economy: Turkey's Transition Program*, the aim of which was to "fundamentally [transform] the functioning of the state."⁷ The AKP government, in its first term in office, implemented the reform program without any major deviation. Further underpinned by the extraordinarily favorable global liquidity conditions and availability of cheap foreign capital until the 2008 global economic crisis, the Turkish economy expanded rapidly.⁸

5 Martin Raiser and Marina Wes (eds.), *Turkey's Transitions*, cit., p. 3.

6 For a debate on the decline of the US hegemony, see Simon Reich and Richard Ned Lebow, *Good-Bye Hegemony! Power and Influence in the Global System*, Princeton, Princeton University Press, 2014.

7 Turkish Undersecretariat of the Treasury, *Strengthening the Turkish Economy. Turkey's Transition Program*, Ankara, TCMB, May 2001, p. 34, <http://www.tcmb.gov.tr/wps/wcm/connect/9d473f48-f02c-4631-94e7-ee64593f250d/strengteningecon.pdf>.

8 Ziya Öniş and İsmail Emre Bayram, "Temporary Star or Emerging

Accordingly, in current prices, GDP increased from 233 billion dollars in 2002 to 820 billion in 2013. Turkey's total trade also skyrocketed from 114 to 476 billion dollars in the same period. As a result, the GDP per capita rose to 10,782 dollars in 2013, a threefold increase in current prices. Despite the fact that in constant prices, a more proper way of calculation, real GDP "rose by 64 percent during 2002-2012, and real GDP per capita by 43 percent,"⁹ it is still considered a remarkable record of growth.

From 2002-2007, Turkey was one of the highest-growing countries with 6.8 percent real annual growth (see Table 1 in the Annex). However, Turkey's economic growth was subjected to ups and downs during post-2007. The economy shrank by 4.8 percent in 2009 due to the global financial crisis, which was followed by a spectacular 8.85 percent in 2010-2011. Starting from 2012, lower growth rates became the "new normal" in the Turkish economy. The economy demonstrated meager growth performance during 2012-2013 with 2.1 and 4.1 percent real growth rates, respectively. Although Turkey's 10th National Development Plan targets an average growth rate of 5.5 percent per annum between 2013 and 2018,¹⁰ the recent projections point to a lower growth performance.

The economic growth from 2002-2013 contributed to the overall welfare of the country and had, in a low inflation environment, "significant trickle-down effects."¹¹ According to major indicators, income inequality was improved. The Gini co-efficient, which measures the income inequality in a country, improved from 0.42 in 2003 to 0.38 in 2013. Similarly, individuals living below 4.30 dollars per day declined from 23.75 to 2.06 percent of the population.¹² According to a recent World Bank study, "Turkey's middle class, while still a minority at just over 40 percent of the population, has more than doubled since 1993."¹³ These indicators suggest that the spillover effects of the economic growth contributed to the expansion of a middle class in Turkey even if one takes into consideration that there are measurement errors

Tiger? The Recent Economic Performance of Turkey in a Global Setting, in *New Perspectives on Turkey*, No. 39 (Fall 2008), p. 47-84.

⁹ Dani Rodrik, "How Well Did the Turkish Economy Do Over the Last Decade?", in *Dani Rodrik's weblog*, 20 June 2013, http://rodrik.typepad.com/dani_rodriks_weblog/2013/06/how-well-did-the-turkish-economy-do-over-the-last-decade.html.

¹⁰ Turkish Ministry of Development, *The Tenth Development Plan (2014-2018)*, approved on 1 July 2013, p. 62, <http://www.mod.gov.tr/Pages/DevelopmentPlans.aspx>.

¹¹ Ziya Öniş, "The Triumph of Conservative Globalism: The Political Economy of the AKP Era", in *Turkish Studies*, Vol. 13, No. 2 (June 2012), p. 140.

¹² Turkish Ministry of Development, *Türkiye Ekonomisinde Haftalık Gelişmeler* (Weekly Economic Developments in Turkey), updated 17 April 2015, p. 52 and 55, <http://www.kalkinma.gov.tr/Pages/content.aspx?List=904e77ea-ee8e-4414-9f76-88aa7a7e855f&ID=633>.

¹³ Martin Raiser and Marina Wes (eds.), *Turkey's Transitions*, cit., p. 4-5.

related to official statistics.

From a comparative perspective, however, Turkey's growth performance is neither a story of outstanding success nor a failure. The comparative analysis suggests that Turkey's economic success in this period did not lead to substantial improvement of its relative economic power in the hierarchy of international state system. For instance, the share of the Turkish economy was 0.8 percent of the total world GDP in 2003, which reached 1.1 percent in 2006 and remained stagnant afterwards at this level (see Table 3 in the Annex). The relative export performance also paints a similar picture. Turkey's share in world exports increased from 0.7 percent of world total to just 0.9 percent in the period in question.¹⁴ The comparison with developed countries also shed fresh light on Turkey's relative development performance. While a medium-income Turkish citizen was five times poorer than a medium-income American citizen in 1960, there has been no significant change in the intervening half century. This is because according to the data for 2010, a medium-income Turkish citizen is still four times poorer than his US counterpart. South Korea, on the other hand, tells a complete success story. For instance, a medium-income person in South Korea in 1960 was on average ten times poorer than his US counterpart. But by 2010, this had fallen to 1.7 times. Consequently it could be said that in the medium- and long-term perspective, Turkey had shown a definite improvement, but comparatively speaking it is still a country that has maintained its status. In the last decade, however, Turkey has appeared to be stirring, as there has been a 4 percent improvement relative to the US.¹⁵

In summary, the AKP governments have made certain achievements in the economic realm, especially in comparison to Turkey's own historical standards. The uninterrupted and relatively inclusive growth performance of the economy positively informed the overall welfare of the population.¹⁶ However, Turkey is not an outlier in comparison to BRICS and other near-BRICS peers as it paints a mediocre picture, seeing only a modest improvement in Turkey's share in total world GDP and exports. Furthermore, as I will try to demonstrate below, Turkish economy suffered from certain structural weaknesses and encountered mounting challenges, the most challenging of which is the current account deficit.

¹⁴ Author's calculation based on the World Bank database.

¹⁵ Mustafa Kutlay, "Turkey's Growth Performance: Making Stability Sustainable", in *The Journal of Turkish Weekly*, 13 September 2012, <http://www.turkishweekly.net/columnist/3660>.

¹⁶ Temel Taşkın, "GDP Growth in Turkey: Inclusive or Not?", in *Central Bank Review*, Vol. 14, No. 2 (May 2014), p. 31-64.

2. Structural Challenges: Unpacking the Current Account Deficit

High current account deficits have become one of the most important structural weaknesses of the Turkish economy in the post-2000 period. Turkey's current account deficit gradually increased from 2.5 percent of GDP in 2003 to 7.9 percent in 2013, with ups and downs in the meantime. In 2011, it skyrocketed to almost 10 percent, which is an alarmingly high ratio by any international standards.¹⁷ In absolute terms, Turkey's current account deficit was 436.7 billion dollars in total during 2004-2014. Current account deficit has always been an integral aspect of Turkey's economic problems and has played a role in all the economic crises that Turkey has experienced over the last 50 years.¹⁸ However, it became a much more pronounced problem over the last decade in comparison to other sub-periods. For instance, studies show that the average current account deficit to GDP ratio was 0.73 percent in the 1990-2002 and 5.09 percent in the 2003-2011.¹⁹ A comparative analysis also suggests that Turkey has the highest deficit among BRICS and other BRICS countries (see Table 4 in the Annex). Except South Africa, all other economies in the BRICS and near-BRICS category have better current account performance than Turkey.

The root causes of Turkey's current account deficit are deep-seated and structural, necessitating an in-depth analysis. First and foremost, many pundits agree that the structure of foreign trade is at the root of current account deficits in Turkey.²⁰ Stated differently, foreign trade deficits stand out as a major factor that feeds current account deficits. Starting from the liberalization of the Turkish economy after 1980, Turkey gradually integrated with the rest of the world via foreign trade. As a result, trade's share in GDP increased from 15 percent to more than 50 percent over the last 35 years. One of the major characteristics of this period, however, was a gradually widening gap between exports and imports. For instance, the trade deficit in 1990 was around 9.3 billion dollars, which reached to 84.5 billion dollars in 2014. During this period, the export-over-import ratio remained below 65

percent, except in crisis years. The asymmetric nature of Turkish foreign trade emerges, therefore, as the leading factor in the negative current account balance (see Figure 1 in the Annex).

Trade figures suggest that the production structure of the Turkish economy refers to a sub-optimal balance: Turkey exports mainly consumption goods, while importing investment and intermediary goods. According to Insel and Kayıkçı, "[f]or the last two decades, 7 percent of exports [...] was made up by investment goods, 44 percent was made up by intermediate goods, and 48 percent was made up by consumption goods [...]. In the same period] 19 percent of imports was made up by investment goods, 70 percent was made up by intermediate goods, and 10 percent was made up by consumption goods."²¹ Thus the structure of Turkish foreign trade leads to a vicious cycle since Turkey's exports are heavily dependent on imported intermediate goods.²² In other words, imports move closely with overall economic performance due to high intensity of imported items in the production and export processes, which in turn pave the way for the perpetuation of trade and current account deficits. According to a study conducted by the Central Bank of Turkey, which surveyed 145 major manufacturing companies, imports in total inputs account for 87 percent in petrochemicals, 83.4 percent in electronics, 83 percent in transportation vehicles, more than 80 percent in electronics and metals, and 59 percent in the automotive sectors.²³

The inadequate export performance is closely related to the technological composition of manufactured exports. In order to break up Turkey's export dependence on imported goods, a structural change is necessary. The share of high technology exports in Turkey's total manufactured exports is less than 2 percent, well below the world average. Turkey is also the worst-performing country among peer economies in terms of high-technology production (see Table 5 in the Annex). Although non-negligible improvements have also been achieved during the liberalization period, Turkey's export structure still relies on low- and medium-technology products. For instance, while the share of goods based on natural resources and low-technology in total exports was 63 percent in 2002, this ratio declined to 56 percent in 2010. Additionally, the share of mid-tech manufactured

17 For an in-depth debate that claims that 5-6 percent deficit creates "sustainability" problems, see Gian Maria Milesi-Ferretti and Assaf Razin, "Sustainability of Persistent Current Account Deficits", in *NBER Working Papers*, No. 5467 (February 1996), <http://www.nber.org/papers/w5467>.

18 Ziya Öniş and Barry Rubin (eds.), *The Turkish Economy in Crisis*, London, Frank Cass, 2003; Ziya Öniş, *State and Market. The Political Economy of Turkey in a Comparative Perspective*, İstanbul, Boğaziçi University Press, 1998.

19 Turan Subaşat, "The Political Economy of Turkey's Economic Miracle", in *Journal of Balkan and Near Eastern Studies*, Vol. 16, No. 2 (2014), p. 152.

20 For a collection of essays on the dynamics of Turkey's current account deficit, see Turan Subaşat and Hakan Yetkiner (eds.), *Küresel Kriz Çerçevesinde Türkiye'nin Cari Açık Sorunsalı* (The Current Account Deficit Problem of Turkey under the Global Crisis), Ankara, Efil Yayınevi, 2010.

21 Aysu Insel and Fazıl Kayıkçı, "Evaluation of Sustainability of Current Account Deficits in Turkey", in *Modern Economy*, Vol. 3, No. 1 (January 2012), p. 45, <http://dx.doi.org/10.4236/me.2012.31006>.

22 Daniel Gros and Can Selçuki, "The Changing Structure of Turkey's Trade and Industrial Competitiveness: Implications for the EU", in *Global Turkey in Europe Working Papers*, No. 3 (January 2013), <http://www.iai.it/en/node/165>.

23 Şeref Saygılı et al. "Türkiye İmalat Sanayiinin İthalat Yapısı" (The Structure of Imports of the Turkish Manufacturing Industry), in *TCMB Working Papers*, No. 10/02 (March 2010), p. 67-68, <http://www.tcmb.gov.tr/wps/wcm/connect/TCMB+EN/TCMB+EN/Main+Menu/PUBLICATIONS/Research/Working+Papers/2010/10-02>.

goods rose to 44 percent, a number that in 2002 was only 37 percent. The share of high-tech exports, however, remained stagnant at around 1.8 percent from 2002-2012.²⁴

Turkey's discouraging performance in high-technology exports partially emanates from the inadequate quality of the country's education system that leads to the poorly equipped human resources. It is repeatedly emphasized in the relevant literature that "a well-designed and high quality education system improves human capital, facilitates and promotes research and development, and supports diffusion of frontier technologies."²⁵ According to these standards, Turkey's education system has certain deficiencies regarding the quantity and quality of schooling. The average Turkish citizen over the age of 25 has completed only 7.6 years of schooling, four years lower than the OECD averages.²⁶ In terms of PISA test results Turkey is usually the worst performer in mathematics, reading, and science among OECD countries.²⁷ It is not a coincidence that the economic success of South Korea over the last half-century is closely related to the improvement in its education system promoting innovation and creative thinking. South Korea currently outperforms all other OECD countries in PISA tests. In contrast, the poor quality of the Turkish education system hampers feedback mechanisms between universities and the industry, leading to shortages in qualified human resources – which is considered sine qua non for the production of high value-added goods. The education system in Turkey fails to train the kind of human capital that the domestic economy needs to create innovation-led high technology production.

The second root cause of Turkey's growing current account deficit, following the structure of foreign trade, is Turkey's energy dependence. Turkey imports more than 90 percent of the energy it consumes. As energy prices soared worldwide in the post-2003 that coincided with Turkey's high growth period, the cost of energy imports also increased significantly. According to calculations, energy imports cost approximately 6 percent of GDP in a year.²⁸ The higher growth rates boosted the demand

for energy, and the skyrocketing energy prices, in turn, further amplified Turkey's current account deficit. Figure 2 (see Annex) demonstrates the important role of energy in Turkey's current account performance.

The government has developed certain strategies to reduce Turkey's dependence on energy imports in the medium-term. Accordingly, the Ministry of Energy and Natural Resources adopted a recent strategy document for 2015-2019 that set the aims of diversifying Turkey's energy supply routes and source countries, increasing the share of renewables, achieving the inclusion of nuclear energy in the energy mix, and improving energy security.²⁹ Furthermore, as part of its energy self-sufficiency strategy, the government plans to build three nuclear power plants. In April 2015, Turkey launched the construction of its first nuclear power plant in Akkuyu, located in the southern province of Mersin. The power plant, an approximately 20 billion dollars project, is to be built by Russia's Rosatom.³⁰ If implemented properly, the diversification strategies and nuclear investments are expected to help mitigate Turkey's current account problem.

Third, there are other dynamics at work that deteriorate Turkey's already poor current account performance. The savings rates, historically quite low, have followed a downward trend over the past decade, and the current rate of savings in Turkey – about 14 percent – is exceptionally low.³¹ This rate hovered around 19 percent over the past decade, which is below the average of developing markets (27.5 percent).³² Due to low savings rates, Turkey relies on external financing to promote investments and sustain high growth performance. This makes the Turkish economy vulnerable vis-à-vis external shocks and erratic capital flows. Historically informed analysis suggests quite conclusively that economic crises follow a similar sequencing in Turkey: high economic growth exacerbates the current account deficit, and a

29 Turkish Ministry of Energy and Natural Resources, *2015-2019 Strategic Plan*, Ankara, 2015, <http://www.enerji.gov.tr/en-US/Activity/MENR-Strategic-Plan-2015-2019-Presentation>.

30 "Turkey Launches Construction of First Nuclear Power Plant, Akkuyu in Mersin", in *Daily Sabah*, 14 April 2015, <http://sabahdailly/2Myk4h>.

31 Although this paper does not attempt to discuss the reasons for low private savings in Turkey, I should nevertheless underline that the problem has structural, institutional, and cultural dynamics. A World Bank report found that "private saving is closely linked to the real interest rate, gross private disposable income, the young age dependency ratio, and inflation." The cultural traditions that encourage "informal instruments of savings" that are held "under the pillow" and overreliance on house purchases are also among the important determinants of saving ratios in Turkey. See World Bank, *Sustaining High Growth: The Role of Domestic Savings*. Report No. 66301-TR, December 2011, <http://hdl.handle.net/10986/12264>.

32 Sena Eken and Susan Schadler, *Turkey 2000-2010: A Decade of Transition Discussions Among Experts*, Istanbul, DEİK Publications, November 2012, p. 36, <http://en.deik.org.tr/Contents/FileAction/3130>.

24 Mustafa Kutlay, "Turkish Political Economy Post-2011: A Turbulent Period", in Valeria Talbot (ed.), *The Uncertain Path of the 'New Turkey'*, Milano, Istituto per gli studi di politica internazionale (ISPI), 2015, p. 54, <http://www.ispionline.it/it/node/12799>.

25 Gökhan Yılmaz, "Turkish Middle Income Trap and Less Skilled Human Capital", in *Iktisat İşletme ve Finans* (Economics, Business and Finance), Vol. 30, No. 346 (2015), p. 24, <http://dx.doi.org/10.3848/iif.2015.346.4330>.

26 Mehmet Şimşek, "How Turkey Will Escape the Middle Income Trap", in *The Wall Street Journal*, 30 September 2014, <http://www.wsj.com/articles/how-turkey-will-escape-the-middle-income-trap-1412100409>.

27 Gökhan Yılmaz, "Turkish Middle Income Trap and Less Skilled Human Capital", cit., p. 26.

28 "Saved by the Well", in *The Economist*, 17 January 2015, <http://econ.st/1yfyQJe>.

sudden stop of capital inflows for any reason triggers economic turmoil.³³ Thus one important aspect of the post-2002 concerns the financing of current account deficit in Turkey.

It should be stated at the outset that foreign direct investment (FDI) inflows in Turkey, inarguably the most desirable way of financing external deficits, increased dramatically over the last decade. The Turkish economy attracted 138 billion dollars of FDI between 2002 and 2013, while FDI was just 13.6 billion dollars between 1980 and 2001.³⁴ However, a significant portion of the FDI was realized due to the intense privatization implementations. The bulk of the foreign investments, therefore, did not adequately contribute to the green field investments and the expansion of employment opportunities.³⁵ The changing composition of current account financing, nevertheless, decreased policymakers' sensitivity to the risks associated with current account deficits. That being said, Turkey's dependence on foreign capital flows remains as a source of economic and political instability. Despite improvements in the quality of external financing, a strong fiscal balance, and a better-regulated financial system, one should not underestimate that the circle of "crisis – high growth – increasing current account deficit – crisis" still constitutes an imminent fragility of the Turkish economy. In summary, for the reasons highlighted above, current account deficit has turned out to be one of Turkey's urgent structural weaknesses. As a result the government tries, not surprisingly, to take a series of measures to address the problem. The next section discusses these measures and offers a critical assessment as to whether they will be sufficient to rectify the imminent structural problems of the Turkish economy.

3. The Measures Taken to Overcome Current Account Deficit

Following the 2001 economic crisis, Turkey developed a robust regulatory state compatible with the fundamental principles of the post-Washington Consensus.³⁶ Accordingly, the Turkish banking system was placed under the strict supervision and surveillance of the

independent regulatory institutions.³⁷ The regulatory policies were implemented successfully to the extent that Turkey became one of the rare countries that did not have to bail out its banking system during the 2008 global financial crisis.³⁸ The regulatory shift in its financial system and public finances, however, was not complemented by a pronounced industrial transformation strategy. As a result, prudently-crafted and patiently-implemented selective industrial policies were not included in the policy mix to ensure the transformation of Turkey's trade structure.³⁹ It is therefore fair to argue that the AKP government in its first term put the emphasis on the regulatory rather than the developmental aspect of the state capacity. However, the transformations taking place in the global post-crisis political economy scene and the alarmingly high current account deficits triggered a reshuffling in Turkish policymakers' perspectives as well. They now are trying to formulate a hands-on industrial approach to address poor current account performance. The declared aim is to transform Turkey's production and exports structure in a gradual yet decisive manner toward high technology. To this end, the then Turkish Prime Minister set an overambitious target for Turkey's industrial transformation strategy: "By 2023," declared Erdoğan, "we want Turkey to be one of the top ten economic areas of the world [...] Over the next 15 years we want to increase per capita income from \$10,500 to \$25,000."⁴⁰

The government has taken certain steps in this direction. First, the *Turkish Industrial Strategy Document: Towards EU Membership* was adopted in 2011 under the auspices of the Ministry of Science, Industry, and Technology, along with the involvement of the relevant public and private bodies.⁴¹ The long-term goal of the industrial plan is to position Turkey as "the production base of Eurasia in medium- and high-tech products." In line with this overall objective, three basic strategic targets have been determined: (1) to increase the ratio of mid- and high-tech sectors in production and exports, (2) to transition to

33 Korkut Boratav, *Türkiye İktisat Tarihi 1908-2009* (Economic History of Turkey 1908-2009), Revised ed., Ankara, İmge Kitabevi, 2003.

34 Author's calculations based on Undersecretariat of the Treasury statistics.

35 İzak Atiyas, "Recent Privatization Experience of Turkey. A Reappraisal", in Ziya Öniş and Fikret Şenses (eds.), *Turkey and the Global Economy. Neo-liberal Restructuring and Integration in the Post-crisis Era*, London and New York, Routledge, 2009, p.101-122.

36 This part draws from Ziya Öniş and Mustafa Kutlay, "Rising Powers in a Changing Global Order: The Political Economy of Turkey in the Age of BRICs", in *Third World Quarterly*, Vol. 34, No. 8 (2013), p. 1409-1426.

37 Caner Bakır and Ziya Öniş, "The Regulatory State and Turkish Banking Reforms in the Age of Post-Washington Consensus", in *Development and Change*, Vol. 41, No. 1 (2010), p. 77-106, http://home.ku.edu.tr/~cbakir/Docs/emergence_limits_regulatory_state.pdf.

38 Ziya Öniş and Ali Burak Güven, "Global Crisis, National Responses: The Political Economy of Turkish Exceptionalism", in *New Political Economy*, Vol. 16, No. 5 (November 2011), p. 585-608.

39 Erol Taymaz and Ebru Voyvoda, "Marching to the beat of a Late Drummer: Turkey's Experience of Neoliberal Industrialization since 1980", in *New Perspectives on Turkey*, No. 47 (Fall 2012), p. 83-113; Mustafa Kutlay, "Internationalization of Finance Capital in Spain and Turkey: Neoliberal Globalization and the Political Economy of State Policies", in *New Perspectives on Turkey*, No. 47 (Fall 2012), p. 115-137.

40 Recep Tayyip Erdoğan, "Turkish Economy meets EU Entry Criteria", in *The Huffington Post*, 28 November 2012, <http://huff.to/Seljto>.

41 Turkish Ministry of Industry and Trade, *Turkish Industrial Strategy Document 2011-2014*, 2010, <http://www.sanayi.gov.tr/Files/Documents/TurkiyeSanayiStratejisiIngilizce.pdf>.

high value-added products in low-tech sectors, and (3) to increase the weight of companies that can continuously improve their skills. These industrial policy objectives are designed to target Turkey's recalcitrant current account deficit through high value-added products, which is expected to decrease the dependence of exports on imports.

The second aspect of Turkey's industrial strategy involves the implementation of investment stimulus packages. In 2012, the AKP government announced a new package to encourage investments that aims at reducing dependence on imported intermediate goods, thereby alleviating the current account deficit, improving the research and development (R&D) base of the domestic economy, and mitigating regional imbalances. The stimulus package, which divides Turkey into six regions, enables each region to receive different amounts of incentives in proportion to regional socio-economic inequalities, including corporate tax incentives, cuts in social security premiums, free land, and access to cheap credit. The investment stimulus packages complement already-existing R&D policies, whereby the AKP governments have poured considerable amounts of money into research and innovation over the last decade. Official figures indicate that R&D expenditures significantly increased between 2002 and 2012, jumping from 3 billion dollars to 12.7 billion. The full-time equivalent number of R&D personnel increased from 28,964 to 105,122, and the number of researchers rose from 23,995 to 82,122.⁴² The industrial strategy document and the accompanying investment stimulus packages are intended to build Turkey's R&D capacity. Though it is still early to assess the success of public investments in R&D activities, the stagnation of Turkey's high-technology share in total manufactured exports hints that there is a long way ahead for the Turkish economy to catch up to the world averages in high value-added production and overcome its current account problem. Furthermore, the Table 6 (see Annex) demonstrates that Turkey's R&D expenditure in GDP is still well below the world average and the expenditures of peer countries, despite the fact that Turkey's GDP has been doubled over the last decade.

The third aspect of the policy measures concerns the nature of state-business relations. The literature suggests that the institutional configuration of state-business relations is an important variable that informs the developmental performance of late-industrialized countries.⁴³ Accordingly, institutionalized cooperation mechanisms between state bureaucrats, universities, and business representatives – “governed interdependence,”

to use Weiss' terminology – help in transforming the production and trade structure of a country towards the high-technology frontier.⁴⁴ From a historical perspective, however, state-business relations in Turkey tilted to a “market-repressing” rather than a “market-enhancing” institutional equilibrium, which in turn hampered the creation of a transparent and rule-based economic environment.⁴⁵ A relatively isolated rather than insulated and meritocratic economic bureaucracy and polarization-driven state-business relations are inclined to deteriorate economic stability.⁴⁶ Furthermore, the relationship between different private economic interest groups is generally antagonized because major business associations are organized along ideological lines.

The recent pro-activism toward capacity-enhancing reforms targeted certain structural changes in this realm as well. First, the institutional structure of the Turkish economic bureaucracy was reorganized. The Ministry of Industry has been restructured and renamed the *Ministry of Science, Industry and Technology*, in order to make the role of “science” and “technology” more explicit for Turkey's industrial transformation strategy. Second, a new state institution, the Ministry of Development, has been created to coordinate Turkey's economic development policies. Furthermore, the industrial strategy document acknowledges the importance of the “embedded autonomy” of the state⁴⁷ by underlining state-private business cooperation, as well as the internal coherence and synchronization of state bureaucracies:

“To ensure [the] effectiveness of the industrial strategy, it is important to establish a high-level cooperation between the public and private sector. [...] Moreover] the cooperation and coordination among the public institutions is as important as the cooperation between the public and private sectors.”⁴⁸

These developments indicate that economic stakeholders in Turkey are aware of the “rise of global developmental liberalism”⁴⁹ in the post-crisis political economy landscape. Similarly, it also implies that the state invests in capacity-enhancing measures, not only

44 Linda Weiss, *The Myth of the Powerless State. Governing the Economy in a Global Era*, Cambridge, Polity Press, 1998; Linda Weiss, “The State in the Economy: Neoliberal or Neoactivist?,” in Glenn Morgan et al. (eds.), *The Oxford Handbook of Comparative Institutional Analysis*, Oxford, Oxford University Press, 2010, p. 183-209.

45 Ayşe Buğra, *State and Business in Modern Turkey. A Comparative Study*, Albany, State University of New York Press, 1994.

46 Metin Heper (ed.), *Strong State and Economic Interest Groups. The Post-1980 Turkish Experience*, Berlin, Walter de Gruyter, 1991.

47 For the concept of “embedded autonomy,” see Peter Evans, *Embedded Autonomy*, cit.

48 Turkish Ministry of Industry and Trade, *Turkish Industrial Strategy Document...*, cit., p. 134.

49 Paul Cammack, “The G20, the Crisis, and the Rise of Global Developmental Liberalism”, in *Third World Quarterly*, Vol. 33, No. 1 (2012), p. 1-16.

42 The data have been retrieved from the Undersecretariat of the Treasury.

43 Peter Evans, *Embedded Autonomy. State and Industrial Transformation*, Princeton, Princeton University Press, 1995.

in the regulatory but also in the industrial realm, to address Turkey's current account deficit. It remains to be seen whether the responses outlined will be sufficient in generating the kind of impact needed to overcome over-fragmentation in state-business relations. However, the evidence so far suggests that the measures have not yet created a virtuous cycle to overcome deep-seated structural problems. On the contrary, the increasingly harsh political criticisms directed to the Turkish Industry and Business Association (TUSİAD), Turkey's biggest business association representing the mainstream capitalist establishment of the country, by Recep Tayyip Erdoğan particularly since mid-2013 injected a new wave of instability and polarization in Turkey's domestic political economy landscape, which in turn, hampered the kind of synergy needed to ensure reform-oriented cooperation.⁵⁰

On the other side, the post-1980 period, especially the AKP era, witnessed the emergence and rapid consolidation of a conservative business class vis-à-vis the dominant economic establishment of the country. The newly emerging business elite in the inlands of Turkey, the so-called Anatolian Tigers, injected new activism in industrial production and foreign trade spheres. The new business elite, particularly the large-scale companies, took advantage of lucrative state incentives, public tenders, and extensive political support. However, the newly consolidating business actors have not demonstrated the expected performance in terms of the transformation of Turkey's economic structure and composition of foreign trade. As Buğra and Savaşkan have discussed in detail, the government-backed "new capitalist class" mainly concentrated on low value-added sectors, with construction activities being the main engine of the expansion of their wealth.⁵¹ The capital accumulation model over the last decade, therefore, heavily relied on construction-related activities at the expense of technological and industrial production. This, in turn, also contributed to the widening current account deficits in Turkey. Şevket Pamuk, professor of economics at Turkey's Boğaziçi University, underlines this point cogently as follows:

"Industry has great importance for Turkey because it is necessary to produce not only for the expansion of domestic but also foreign markets to ensure the improvement of economic conditions. Yet industry is a laborious business. It is even more difficult to compete

50 For two illustrative examples, see "Turkish President Erdoğan Slams TÜSİAD Chairwoman over Economy Remarks", in *Hurriyet Daily News*, 11 April 2015, <http://www.hurriyetdailynews.com/?pageID=238&nID=80923&NewsCatID=345>; "Turkish PM Erdoğan Slams Top Business Group Head for Probe Warnings", in *Hurriyet Daily News*, 24 January 2014, <http://www.hurriyetdailynews.com/?pageID=238&nID=61543&NewsCatID=338>.

51 For an in-depth review of the new economic class in Turkey see, Ayşe Buğra and Osman Savaşkan, *New Capitalism In Turkey. The Relationship between Politics, Religion and Business*, Cheltenham and Northampton, Edward Elgar, 2014.

internationally [in the industrial realm]. It requires huge investments and positive outcome is not guaranteed in advance. In short, the easiest and fastest path to create new rich people passes through the construction sector, not through industrial production. As the share of industry decreased, however, Turkey's most important economic problem today, current account deficit, also deepened.⁵²

As the quotation implies, it is very difficult to mitigate current account problems by just relying on traditional non-tradable sectors. Thus the increasingly dominant growth strategy creates imminent risks in terms of sustainable growth and high-tech oriented export performance. As a result, the discussion so far suggests that there have been major achievements and apparent challenges in the Turkish economy during the AKP era. Despite certain measures taken by the government, Turkey still encounters relatively high current account deficit, reflecting the structural weaknesses of the economy.

Conclusion: The Way Ahead

It is fair to claim that the Turkish economy is at a crossroads. In the post-2001 period Turkey achieved remarkable economic growth that contributed to the improvement of GDP per capita, income inequality, and solid public finances along with a strictly regulated financial system. The Turkish economy, with 6.8 percent annual growth rate between 2002 and 2007, grew higher than the previous sub-periods in Turkish economic history. The annual growth rate declined to 3.2 percent annually during 2008-2014 due to a series of domestic and external factors. Significant structural problems were also accumulated in the same period. High current account deficits, which hovered around 8 percent in 2013, became the Achilles' heel of the economy.⁵³ This paper argued that Turkey's current account deficit is mainly a structural phenomenon. Accordingly, chronic trade deficit lies at the root-cause of the problem. It is obvious that one needs to take fluctuations in oil prices and foreign exchange

52 Author's translation from Ezgi Başaran's interview with Professor Şevket Pamuk, "2007 sonrası partiye yakın zengin bir zümre yaratmak en büyük ekonomik hedef oldu" (To create a rich class close to the party was the biggest economic goals after 2007), in *Radikal*, 1 December 2014, http://www.radikal.com.tr/yazarlar/ezgi_basaran/-1242057.

53 Although it is not directly discussed in this paper, I should note that Turkey's delicate position in the Transatlantic Trade and Investment Partnership (TTIP) negotiations between the EU and the US is also likely to have substantial impacts on the structure and overall performance of Turkish foreign trade in the incoming years. For in-depth analyses on TTIP and Turkey, see Kemal Kirişçi, "Turkey's Trade in Search of an External Anchor: The Neighbourhood, the Customs Union or TTIP?", in *Global Turkey in Europe Working Papers*, No. 9 (April 2015), <http://www.iai.it/en/node/4033>; Kamil Yılmaz, "TTIP and EU-Turkish Economic Relations: Deepening the Customs Union", in *Global Turkey in Europe Policy Briefs*, No. 21 (March 2015), <http://www.iai.it/en/node/3789>.

rates into consideration for a thorough assessment. For instance, the recent drop in oil prices and depreciation of Turkish lira precipitated a fall in current account figures. Yet the problem will persist as long as the structure of Turkish foreign trade remains intact. In order for this not to happen, the high-technology content of the exports sector should be increased.

This final point is also closely related to the middle-income trap. The middle-income trap is defined as the slowdown tendency in rapidly growing economies after their per capita income has reached a certain threshold.⁵⁴ It suggests that once countries have reached the middle-income plateau, achieving high-income levels turns into a much more difficult target. For instance, World Bank research estimates that, of the 101 middle-income countries in 1960, only 13 reached high-income status by 2008.⁵⁵ There is a quasi-consensus among pundits that Turkey is approaching the middle-income trap,⁵⁶ which

54 Barry Eichengreen, Donghyun Park, and Kwanho Shin, "When Fast Growing Economies Slow Down: International Evidence and Implications for China", in *NBER Working Papers*, No. 16919 (March 2011), <http://www.nber.org/papers/w16919>; Barry Eichengreen, Donghyun Park, and Kwanho Shin, "Growth Slowdowns Redux: New Evidence on the Middle-Income Trap", in *NBER Working Papers*, No. 18673 (January 2013), <http://www.nber.org/papers/w18673>.

55 World Bank and the Development Research Center of the State Council, P.R. China, *China 2030. Building a Modern, Harmonious, and Creative High-income Society*, Washington, The World Bank, 22 March 2013, p. 12, <http://hdl.handle.net/10986/12925>.

56 Güven Sak, "Turkey Trapped in the Middle", in *Hurriyet Daily News*, 15 December 2012, <http://www.hurriyetdailynews.com/?pageID=449&nID=36894&NewsCatID=403>; Kemal Kirişçi, "Getting Out

necessitates the implementation of inclusive policies and the creation of market-enhancing inclusive institutions in the fields of democratic governance, education, industrial relations, the judiciary, and technology in order to break out of the middle-income trap.⁵⁷ Thus overcoming current account deficit via structural reforms will also enhance Turkey's capacity to cope with the middle-income trap over the incoming years. This implies that addressing Turkey's structural economic problems goes far beyond the economic realm. The creation of a genuinely pluralistic political order that feeds the deepening of democratic practices, the reformation of the education system in order to promote free and creative thinking, and the consolidation of a legal system that guarantees political accountability and transparency will inform high quality and sustainable growth of the Turkish economy.

of the 'Middle-Income Trap', in *Hurriyet Daily News*, 18 February 2015, <http://www.hurriyetdailynews.com/?pageID=238&nID=78488&NewsCatID=396>; Sadık Ünay, "Smart Economic Planning and New Turkey", in *Daily Sabah*, 6 June 2014, http://www.dailysabah.com/columns/sadik_unay/2014/06/07/smart-economic-planning-and-new-turkey.

57 The term "inclusive institutions" is defined in Acemoğlu and Robinson. This paper refers to the term with reference to their definition. See Daron Acemoğlu and James Robinson, *Why Nations Fail? The Origins of Power, Prosperity and Poverty*, London, Profile Books, 2012, p. 430. For an in-depth debate see S. Erdem Aytaç, "Türkiye: Dengeli ve Sürdürülebilir Yüksek Büyüme Peşinde" (Turkey: Balanced and Sustainable High Growth Pursuit), in Fikret Şenses, Ziya Öniş, and Caner Bakır (eds.), *Ülke Deneyimleri Işığında Küresel Kriz ve Yeni Ekonomik Düzen* (Country Experiences in Light of the Global Financial Crisis and New Economic Order), İstanbul, İletişim, 2013, p. 375-398.

Annexes

• **Table 1 | GDP growth (annual %)**

	1991-1995	1996-2000	2001	2002-2007	2008	2009	2010-2011	2012	2013
Brazil	3.08	1.96	1.3	3.8	5.2	-0.3	5.1	1	2.5
China	12.28	8.62	8.3	11.23	9.6	9.2	9.85	7.7	7.7
Indonesia	7.86	0.98	3.6	5.3	6	4.6	6.35	6.3	5.8
South Africa	0.88	2.8	2.7	4.6	3.6	-1.5	3.35	2.5	1.9
South Korea	7.82	4.56	4	4.8	2.3	0.3	4.9	2.3	3
India	5.14	6.04	4.9	8	3.9	8.2	8.25	4.7	5
Mexico	1.56	6.78	-0.2	3	1.2	-6	4.7	4	1.1
Russia	-8.98	1.78	5.1	7.5	5.2	-7.8	4.3	3.4	1.3
Turkey	3.32	4.14	-5.7	6.8	0.7	-4.8	8.85	2.1	4.1

Source: World Bank.

• **Table 2 | GDP (billion dollars)**

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Brazil	552	664	882	1,089	1,367	1,654	1,620	2,143	2,477	2,249	2,246
China	1,641	1,932	2,257	2,713	3,494	4,523	4,990	5,930	7,322	8,229	9,240
Indonesia	235	257	286	365	432	510	540	709	846	877	868
South Africa	168	219	247	261	286	273	284	365	404	382	351
South Korea	681	765	898	1,012	1,123	1,002	902	1,094	1,202	1,223	1,305
India	618	722	834	949	1,239	1,224	1,365	1,708	1,880	1,859	1,877
Mexico	713	770	866	967	1,043	1,099	895	1,052	1,170	1,186	1,261
Russia	430	591	764	990	1,300	1,661	1,223	1,525	1,905	2,017	2,097
Turkey	303	392	483	531	647	730	615	731	775	789	820
World	38,151	42,938	46,468	50,334	56,695	62,169	58,884	64,548	71,449	72,905	74,900

Source: World Bank.

• **Table 3 | Share of Countries in World GDP (%)**

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Brazil	1.4	1.5	1.9	2.2	2.4	2.7	2.8	3.3	3.5	3.1	3.0
China	4.3	4.5	4.9	5.4	6.2	7.3	8.5	9.2	10.2	11.3	12.3
Indonesia	0.6	0.6	0.6	0.7	0.8	0.8	0.9	1.1	1.2	1.2	1.2
South Africa	0.4	0.5	0.5	0.5	0.5	0.4	0.5	0.6	0.6	0.5	0.5
South Korea	1.8	1.8	1.9	2.0	2.0	1.6	1.5	1.7	1.7	1.7	1.7
India	1.6	1.7	1.8	1.9	2.2	2.0	2.3	2.6	2.6	2.5	2.5
Mexico	1.9	1.8	1.9	1.9	1.8	1.8	1.5	1.6	1.6	1.6	1.7
Russia	1.1	1.4	1.6	2.0	2.3	2.7	2.1	2.4	2.7	2.8	2.8
Turkey	0.8	0.9	1.0	1.1	1.1	1.2	1.0	1.1	1.1	1.1	1.1

Source: World Bank.

• **Table 4 | Current Account Balance (% of GDP)**

	2005	2006	2007	2008	2009	2010	2011	2012	2013
Brazil	1.6	1.3	0.1	-1.7	-1.5	-2.2	-2.1	-2.4	-3.6
China	5.9	8.5	10.1	9.3	4.9	4	1.9	2.6	2
Indonesia	0.1	3	2.4	0	2	0.7	0.2	-2.8	-3.4
South Africa	-3.4	-5.3	-7	-7.4	-4	-1.9	-2.3	-5.2	-5.8
South Korea	1.4	0.4	1.1	0.3	3.7	2.6	1.6	4.2	6.1
India	-1.2	-1	-0.7	-2.5	-1.9	-3.2	-3.3	-4.9	-2.6
Mexico	-1	-0.8	-1.4	-1.8	-0.9	-0.4	-1.1	-1.3	-2.1
Russia	11	9.3	5.6	6.3	4.1	4.4	5.1	3.5	1.6
Turkey	-4.4	-6	-5.8	-5.5	-2	-6.2	-9.7	-6.1	-7.9

Source: World Bank.

• **Table 5 | High-technology exports (% of manufactured exports)**

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Brazil	16.5	12.0	11.6	12.8	12.1	11.9	11.6	13.2	11.2	9.7	10.5
China	23.7	27.4	30.1	30.8	30.5	26.7	25.6	27.5	27.5	25.8	26.3
Indonesia	16.7	14.8	16.4	16.5	13.5	11.0	10.9	12.9	9.8	8.3	7.3
South Africa	5.2	4.8	5.5	6.7	6.5	5.6	5.1	5.4	4.3	5.1	5.5
South Korea	31.5	32.3	32.9	32.5	32.1	30.5	27.6	28.7	29.5	25.7	26.2
India	6.2	5.9	6.0	5.8	6.1	6.4	6.8	9.1	7.2	6.9	6.6
Mexico	21.4	21.4	21.3	19.6	19.0	17.2	15.7	18.2	16.9	16.5	16.3
Russia	19.2	19.0	12.9	8.4	7.8	6.9	6.5	9.2	9.1	8.0	8.4
Turkey	1.8	1.9	1.9	1.5	1.9	1.9	1.6	1.7	1.9	1.8	1.8
World	22.2	21.1	20.9	20.8	20.8	17.5	16.7	18.2	17.6	16.5	17.6

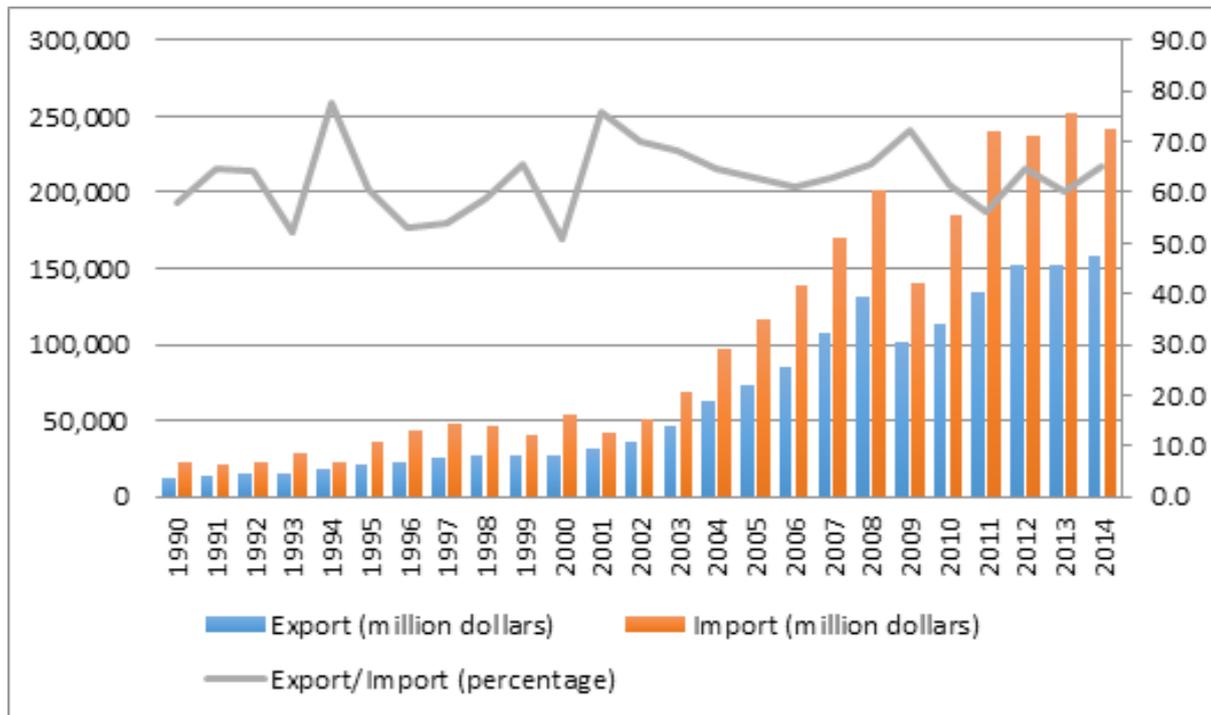
Source: World Bank.

• **Table 6 | R&D Expenditure (% of GDP)**

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Brazil	1.0	1.0	0.9	1.0	1.0	1.1	1.1	1.2	1.2	1.2	...
China	1.1	1.1	1.2	1.3	1.4	1.4	1.5	1.7	1.8	1.8	2.0
Indonesia	...	...	...	...	...	...	...	0.1	...	...	...
South Africa	...	0.8	0.8	0.9	0.9	0.9	0.9	0.9	0.8	...	...
South Korea	2.4	2.5	2.7	2.8	3.0	3.2	3.4	3.6	3.7	4.0	...
India	0.7	0.7	0.7	0.8	0.8	0.8	0.8	0.8	0.8	0.8	...
Mexico	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.5	0.4	...
Russia	1.2	1.3	1.2	1.1	1.1	1.1	1.0	1.3	1.1	1.1	1.1
Turkey	0.5	0.5	0.5	0.6	0.6	0.7	0.7	0.8	0.8	0.9	...
World	2.1	2.1	2.0	2.0	2.0	2.0	2.1	2.1	2.1	2.1	...

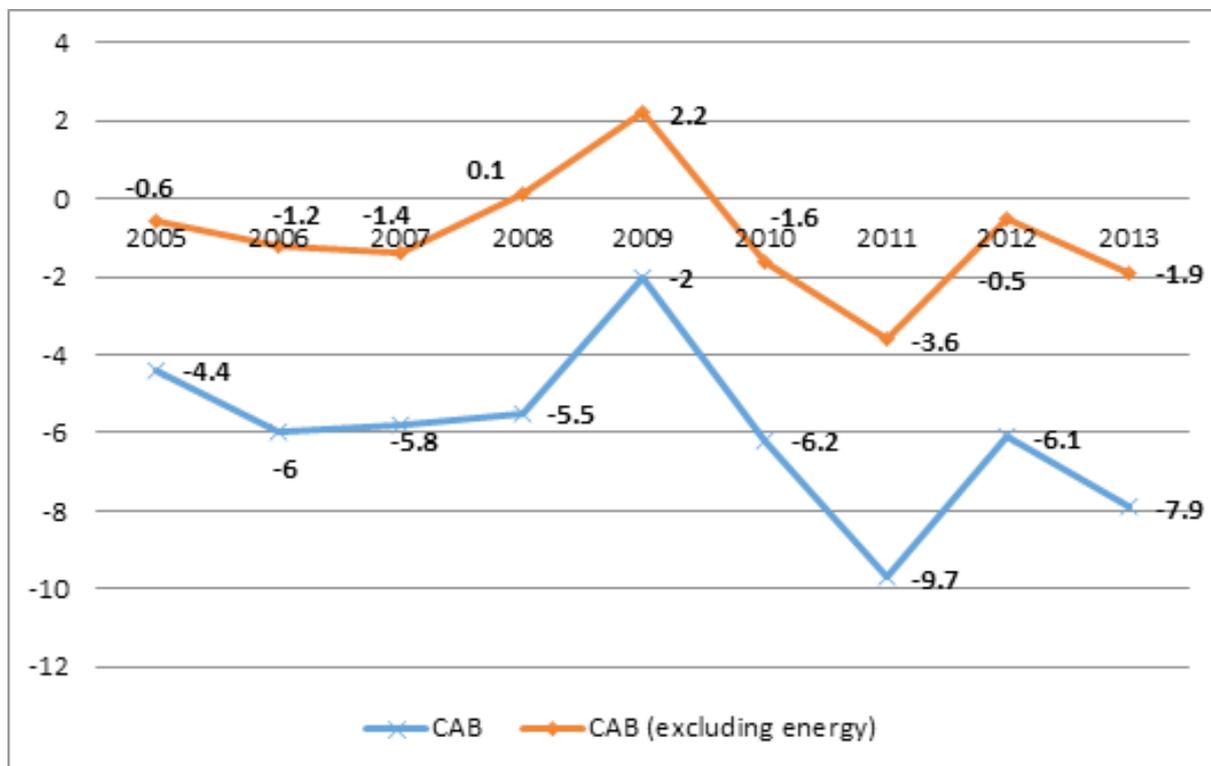
Source: World Bank.

• **Figure 1 | Turkey's Chronic Trade Deficit**



Source: Ministry of Economy.

• **Figure 2 | Turkey's Current Account Balance (% of GDP)**



Source: Undersecretariat of Treasury.

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