



Update on Turkish Economy

March 09, 2010

Press Release on the "Initiation of Article IV Consultation with the IMF"

Please find below the details of the recent press release on the "Initiation of Article IV Consultation with the IMF".

"An IMF mission is invited to Turkey following the IMF-World Bank Spring Meetings scheduled for April 24-25, 2010, for discussions under the Article IV consultation.

In accordance with the Article IV of IMF's Articles of Agreement, the IMF holds consultations, normally every year, with its members. These consultations focus on the member's fiscal and monetary policies, its balance of payments and external debt developments and the impact of its policies on the growth and external accounts. Turkey's last Article IV consultation was completed in May 2007.

As it is known, an adjustment path for the public sector deficit and general government debt based on a prudent macroeconomic framework was set out for 2010-2012 under the Medium Term Program of Turkey which was announced on September 16, 2009. The Medium Term Program also entails comprehensive structural reforms that would support the macroeconomic and fiscal targets.

Following the announcement of the Medium Term Program, the IMF has stated that the targets and assumptions under the Program are realistic, achievable and consistent. The fiscal measures implemented in line with the Medium Term Program put the fiscal balances on a sound footing. As a result of the implementation of the program, credit rating agencies successively increased Turkey's credit rating with the same evaluation.

Compared to those envisaged under the Medium Term Program, current developments and economic data indicate that a better performance in terms of budget deficit, public borrowing requirement, domestic rollover ratio, debt stock and other similar indicators will be realized in year 2010 and onwards.

The Article IV consultation will help reassessment of the Turkish economy and the outlook. This will also provide an opportunity for a more comprehensive assessment of how the relations with the Fund will be pursued in the post-Article IV period.

Two successful Stand-By Arrangements were completed since 2002. Since then, the discussions with the Fund were continued under a mutual goodwill and productive dialogue framework. The existing cooperation that leads to constructive results will continue with the Fund in the following period on structural reform and other areas envisaged under the Medium Term Program."