



# Foreign Trade Balance - March 2016

Economic Research Division



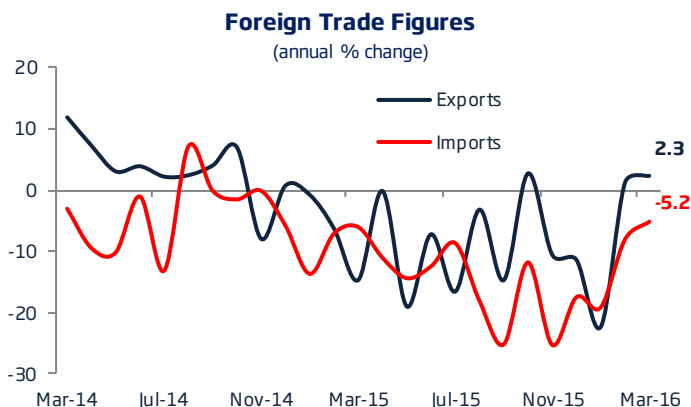
## Foreign Trade Balance

(USD billion)

	1 <sup>st</sup> Quarter		Change (%)
	2015	2016	
Exports	37.1	34.7	-6.2
Imports	52.3	46.8	-10.6
<b>Foreign Trade Balance</b>	<b>-15.3</b>	<b>-12.0</b>	<b>-21.1</b>
Import Coverage Ratio (%)	70.8	74.3	-

### Foreign trade deficit continues to narrow.

Export volume expanded by 2.3% yoy to 12.8 billion USD in March. Resuming its downward trend, albeit at a slower pace, import volume contracted by 5.2% yoy and became 17.8 billion USD. Foreign trade deficit, therefore, fell by 20.3% yoy and became 4.9 billion USD in this period. During the first 3 months of the year, on the other hand, exports declined by 6.2% yoy to 34.7 billion USD while imports fell by 10.6% to 46.8 billion USD.



### Upturn in exports...

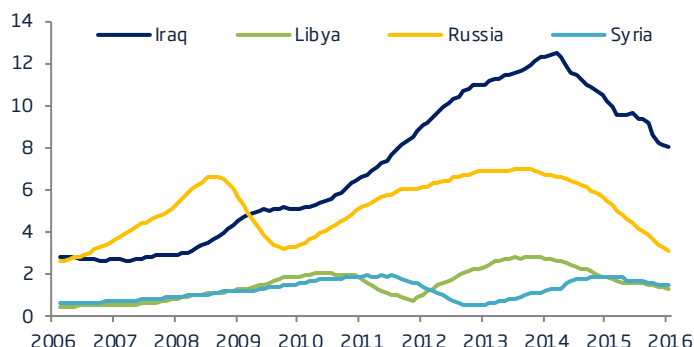
Despite posting a high figure of 1 billion USD in March, gold exports did not make a significant contribution to the rise in exports. The biggest export item was motor vehicles of which exports in March surged by 15.4% yoy. Indeed, seven out of first ten export items registered rises during this period and the drop in exports of iron and steel lost some momentum. Exports of fruits and nuts fell by around 10% as Russia continues to be in search of alternative markets.

### Exports to EU increased while exports to Russia slid by more than 60% yoy in the first quarter.

Exports to EU countries rose thanks to the relative economic recovery in the region and an annual rise in EUR/USD parity in March. Exports to these countries increased by 18.1% yoy to 6.3 billion USD in this period. Having had a share of 42.6% in total exports in March 2015, EU countries represented a share of 49.1% in our total exports in March 2016. However, exports to the Near and Middle Eastern countries, where geopolitical headwinds have been prevalent, continued to decline. Trade relations with Russia, with

## Problematic Export Markets

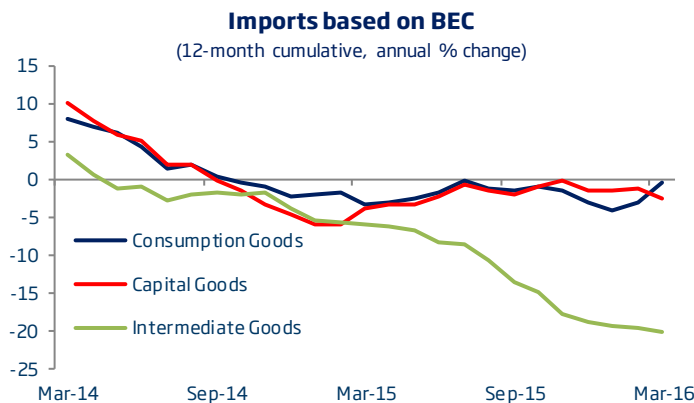
(12-month cumulative, billion USD)



which tensions mounted last November, kept weakening. Indeed, exports to Russia fell by over 60% yoy in the first quarter of the year.

### Declining energy bill continues to support foreign trade balance.

Having displayed a downward trend since September 2014, the mineral fuels and oils imports contracted by 40.1% yoy and brought down Turkey's total imports by about 1.5 billion USD in March. It was noteworthy that the fall in imports of consumption goods decelerated during this period and only three of the first ten import items recorded declines.



### The trajectory of foreign trade deficit will be drawn by oil prices and EU economies' performances.

Along with the ongoing problems in some of our major export markets, the recovery in foreign demand thanks to the relative upturn in EU economies boosted our export performance. Nevertheless, a potential loss of steam in the fall of imports due to a strengthening domestic demand might put upward pressure on foreign trade deficit. Oil prices, which pared some of its losses recently, also have large implications for the path of Turkey's foreign trade balance.

Source: Datastream, Turkstat

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