

GENERAL AGREEMENT ON TARIFFS AND TRADE

See bound volume for 1983 of this series
for Rev. 1
to this document.

RESTRICTED

Spec(82)6/Add.9
15 April 1982

WORKING PARTY ON STRUCTURAL ADJUSTMENT AND TRADE POLICY

Exchange of Information on the Experience of all Contracting Parties with Regard to Structural Adjustment

Addendum

1. At the meeting of the Working Party on Structural Adjustment and Trade Policy on 2 July 1981, it was agreed that the secretariat should invite all contracting parties to provide by the end of 1981 the information required in Paragraph II(b) of the Annex to L/5120, taking into account the objectives outlined in Paragraph I of the Annex and the work already done (L/5177, paragraph 10). Paragraph II(b) of the Annex to L/5120 states that one of the tasks to be undertaken is "consistent with the GATT and the results of the MTN, an exchange of information and discussion on the experience of all contracting parties with regard to structural adjustment, along with an overall analysis of the experience".
2. Contracting parties were invited in GATT/AIR/1742 of 13 July 1981 to provide the requested information. The submission of Turkey is reproduced in the Annex to this document.
3. Some participants have underlined that, with a view to the usefulness of the exercise, they attach considerable importance to the fact that all members of the Working Party fulfil their obligation and make written contributions. These participants have also indicated that they would be prepared to participate in an examination of their contribution in the Working Party only when notifications of the other contracting parties participating in the Working Party have also been received.
4. Delegations which have not yet submitted information are requested to do so as soon as possible.

TURKEY

I. INTRODUCTION.

Turkey began to build its fundamental economic structure and its institutions after the establishment of the Republic in 1923. Various industrialization plans were prepared during the 1930's. With the aim of reconstructing Turkey, these industrialization plans were a start embodying a sound engineering logic under the constraint of scarce resources. However, these slipped into oblivion from Turkey's agenda in the course of unexpected developments during the 1940's. Years later, some experts and statesmen, along with economic historians, recollected and reevaluated the concept of planning.

As to the planning experience in the 1960's, it was born as a part and parcel of a new constitutional order, in order to give an impetus to a new style of administration. It was presumed that planning would serve as a nerve centre in the development of the nation and in the management of the economy.⁽¹⁾ Thus started, the planning experience has completed its twentieth year of existence. This period is rich in structural change and changes in social and economic life and has become a fairly lengthy laboratory experiment of Turkey's development. The continuum of two decades created the opportunity to fuse the theory and the practice of planning, instead of treating them as separate tasks, and to exert a systematic effort in achieving this fusion.

(1) It should be noted that the development plans have a compulsory nature for the public sector and they are indicative for the private sector.

II. GROSS NATIONAL PRODUCT AND STRUCTURAL CHANGES

The development rates of the Gross National Product (GNP) in Turkey were 6.6, 7.1 and 6.5 per cent during the first, second and third five-yearly plan⁽²⁾ periods respectively. Although the above-mentioned trend represents a healthy and rather high rate of development, a significant decrease of this rate can be observed in the following years. But in 1981 a development rate of 4.4 per cent was accomplished again. (Table 1)

When the Gross Domestic Product (GDP) is examined (Table 2) it will be seen that the share of the agricultural sector was reduced from 39.4 per cent in 1962 to 22.9 per cent in 1981. Although this development proves that the relative importance of the agricultural sector has diminished in the GDP, it does not mean that the development rate in this sector has also decreased. The aggregate income in the agricultural sector has reached to TL.45.7 billion in 1981, from TL.26.3 billion in 1962, thus obtaining a real increase of 73.7 per cent.

The industrial sector has, on the other hand, accomplished the highest rate of growth during the planning period by increasing its share from 16.1 per cent to 27.2 per cent between 1962-1981. It should be stressed that the industrial sector, while plunging into recess in 1979 and 1980, has recovered in 1981.

(2) The First Five-Year Development Plan 1963-1967
The Second Five-Year Development Plan 1968-1972
The Third Five-Year Development Plan 1973-1977
The Fourth Five-Year Development Plan 1979-1983

The developments in the services sector are closely related to the developments in the industrial sector. In this context, it should be noted that the share of the services sector has increased from 44.5 per cent to 49.9 per cent between 1962-1981.

Furthermore, the developments in the production of certain selected goods can be observed in Table 3.

III. DEVELOPMENTS IN FOREIGN TRADE

There were big structural changes in the Turkish foreign trade during the period of 1962-1981.

1. Exports:

While the share of the agricultural exports decreased from 79.7 per cent in 1962 to 47.2 per cent in 1981, the share of the industrial exports and minerals increased from 20.3 per cent to 52.8 per cent during the same period. At the same time, Turkey has accomplished to increase her export earnings from \$ 381.2 million in 1962 to \$ 4.703 billion in 1981 - (Table 4).

The structural change which took place in the composition of the industrial exports can be observed from Table 5. It should be stressed that while the export share of the processed agricultural products declined from 67.5 per cent to 18 per cent, the export share of industrial products increased from 13.7 per cent to 77.3 per cent between 1963-1981.

A study of exports by areas indicates that, while the share of exports to OECD countries has decreased from 83.6 per cent to 48.1 per cent, the share of exports to free-exchange agreement countries has increased from 7.7 per cent to 42.5 per cent since 1962. (Table 6).

2. Imports:

It can be observed from Table 7 that, in Turkey's imports the share of raw materials increased continuously, while the share of investments goods and consumption goods declined.

Machinery imports is the most important group in the investments goods category. The imports of machinery amounted to \$ 1,429 million, while the share of construction equipment was \$ 151.8 million in 1980.

A study of imports by areas shows that, while the share of imports from OECD countries have declined from 82.5 per cent to 48 per cent, the share of imports from free-exchange agreement countries (including OPEC) have increased from 12 per cent to 46.5 per cent (Table 8).

Turkey's exports and imports are conducted by the export-import regime which is published annually at the Official Gazette. The main features of this regime in the last years were to further liberalize trade and minimize the formalities.

Turkey's foreign trade balance between 1963-1981 can be observed in Table 9.

IV. EMPLOYMENT LEVEL AND STRUCTURAL CHANGES

There has been a very rapid and gradually increasing process of migration from villages to towns in Turkey. As a result, the above-mentioned migration increased from 880,000 between 1960-1965 to 2,800,000 between 1970-1975. Thus, the effect of migration to urbanization increased from 42.6 per cent during the 1960's to 63 per cent during the 1970's. Results of the 1980 census indicate that the share of the population living in towns has reached to 46 per cent of the total population. The fact that the age of migrants is usually in the younger age group is an indication that the agricultural sector has been losing the younger employment force to the other sectors. (Table 10).

There have been changes in the level of employment and in the sectoral distribution of employment during the planned period. Consequently, there have been decreases of approximately 230,000 jobs in the agricultural sector while there has been an increase of 2,957,000 jobs in the other sectors. The shares of the services sector and the industrial sector in this increase was 73.9 and 26.1 per cent respectively.

It can be observed from Table 11 that the share of agricultural sector decreased from 77 per cent in 1962 to 62 per cent in 1981. On the other hand, the total shares of the industrial and services sector increased from 23 per cent to 38 per cent in the same period.

TABLE : 1- Distribution of GNP and Average Annual Increase Rates.

(1968 Prices, Billion T.L.)

	1962	1967	1972	1977	1978	1979	1980	1981
1. Agriculture	26,284.6	30,505.8	36,065.2	42,179.8	43,302.3	44,518.0	45,268.2	45,657.5
% Increase		3.0	3.4	3.2	2.7	2.8	1.7	0.5
2. Industry	10,632.1	17,859.6	27,118.0	43,145.1	45,991.0	43,428.7	41,038.2	43,052.9
% Increase		10.9	8.7	9.7	6.6	-5.6	-5.5	7.6
3. Services	32,047.1	45,462.0	66,499.7	97,391.1	101,345.4	101,562.5	101,317.9	105,151.3
% Increase		7.2	7.9	7.9	4.1	0.2	-0.2	4.4
4. GDP(Factor Prices)	68,963.8	93,827.4	129,682.9	182,716.0	190,638.7	189,509.2	187,624.3	193,861.7
% Increase		6.4	6.7	7.1	4.3	-0.6	-1.0	4.2
5. GNP(Market Prices)	76,754.3	105,460.5	148,476.5	203,358.2	209,182.6	208,343.1	206,061.2	213,519.1
% Increase		6.6	7.1	6.5	2.9	-0.4	-1.1	4.4

NOTE: The average annual increase rates accomplished during the first, second and third plan periods can be observed from columns 1967, 1972 and 1977 respectively.

TABLE : 2 - The Shares of Major Sectors in GDP (Percentage)

	1962	1967	1972	1977	1978	1979	1980	1981
1. Agriculture	39.4	32.8	28.7	27.7	25.3	23.1	22.6	22.9
2. Industry	16.1	19.3	19.7	19.9	23.0	24.0	25.3	27.2
3. Services	44.5	47.9	51.6	52.4	51.7	52.9	52.1	49.9
4. Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

TABLE : 3 - Production of certain selected goods.

Unit		1963	1967	1973	1978	1980
Cereals	1000 Tons	17,400	16,869	15,603	24,237	24,432
Cool	"	4,153	5,031	4,668	4,292	3,730
Lignite	"	3,312	4,618	7,717	14,760	15,700
Raw Petroleum	"	745	2,728	3,511	2,736	2,210
Cigarettes		29	34	47	50	48
Cotton-Textiles	Million M.	547	743	1,120	1,363	1,542
Paper	Ton	300	386	1,828	15,059	33,133
PVC	"	-	-	18,730	36,543	28,911
Cement	1000 Tons	2,698	3,244	8,945	15,343	12,875
Iron and Steel	"	443	1,247	2,125	3,158	3,091
Automobiles	Unit	-	1,800	46,856	53,590	31,533

TABLE : 4

Sectoral Distribution of Exports

(1000 U.S.\$.)

<u>Year</u>	<u>total</u>	<u>Agriculture</u>	<u>%</u>	<u>Minerals</u>	<u>%</u>	<u>Industry</u>	<u>%</u>
1962(1)	381,198	303,694	79.7			77,504	20.3
1963	368,087	292,239	79.4	10,479	2.8	65,369	17.8
1964	410,771	319,786	77.8	14,602	3.6	76,383	18.6
1965	463,738	360,796	77.8	19,674	4.2	83,268	18.0
1966	490,508	389,015	79.3	22,012	4.5	79,481	16.2
1967	522,334	426,039	81.6	18,606	3.5	77,689	14.9
1968	496,419	404,934	81.6	24,391	4.9	66,794	13.5
1969	536,834	402,010	74.9	31,759	5.9	103,065	19.2
1970	588,476	441,085	75.0	39,468	6.7	107,923	18.3
1971	676,602	489,700	72.4	37,159	5.5	149,743	22.1
1972	884,969	605,513	68.4	33,331	3.8	246,125	27.8
1973	1,317,083	831,291	63.1	39,565	3.0	446,227	33.9
1974	1,532,182	851,866	55.6	78,991	5.2	601,325	39.2
1975	1,401,075	792,630	56.6	105,566	7.5	502,879	35.9
1976	1,960,214	1,254,408	64.0	110,015	5.6	595,791	30.4
1977	1,753,026	1,041,401	59.4	125,851	7.2	585,774	33.4
1978	2,288,163	1,542,763	67.4	124,136	5.4	621,264	27.2
1979	2,261,195	1,343,632	59.4	132,480	5.9	785,083	34.7
1980	2,910,122	1,671,742	57.4	190,994	6.6	1,047,386	36.0
1981	4,702,935	2,219,409	47.2	193,406	4.1	2,290,120	48.7

(1) For the year 1962 a total amount for minerals and industry is given.

TABLE : 5

Distribution of Exports in the Industrial Sector

(1000 U.S. \$.)

YEAR	PROCESSED AGRICULTURAL		PROCESSED PETROLEUM		INDUSTRIAL PRODUCTS	
	GOODS	%	PRODUCTS	%		%
1963	44,134	67.5	9,029	13.8	12,206	18.7
1964	47,601	62.3	8,780	11.5	20,002	26.2
1965	49,394	59.3	5,541	6.7	28,333	34.0
1966	40,424	50.9	4,287	5.4	34,770	43.7
1967	50,204	64.6	421	0.6	27,064	34.8
1968	34,180	51.2	1,296	1.9	31,318	46.9
1969	60,855	59.1	2,591	2.5	39,619	38.4
1970	46,325	42.9	706	0.7	60,892	56.4
1971	60,183	40.2	2,772	1.8	86,788	58.0

YEAR	PROCESSED AGRICULTURAL		PROCESSED PETROLEUM		INDUSTRIAL PRODUCTS	%
	GOODS	%	PRODUCTS	%		
1972	94,608	38.4	22,349	9.1	129,168	52.5
1973	159,467	35.7	48,901	11.0	237,859	53.3
1974	146,116	24.3	85,891	14.3	369,318	61.4
1975	128,592	25.6	36,053	7.2	338,234	67.2
1976	98,418	16.5	16,161	2.7	481,212	80.8
1977	136,205	23.3	7	.	449,562	76.7
1978	110,203	17.7	7	.	511,054	82.3
1979	151,080	19.2			634,003	80.8
1980	209,424	20.0	38,513	3.7	799,449	76.3
1981	411,667	18.0	106,972	4.7	1 771,481	77.3

TABLE : 6

DISTRIBUTION OF EXPORTS BY AREAS

(1000 U.S.\$.)

YEARS	OECD COUNTRIES	BILATERAL AGREEMENT COUNTRIES	FREE EXCHANGE AGREEMENT COUNTRIES	OTHER COUNTRIES	TOTAL
1962	318,590	5,465	29,332	27,811	381,198
1967	397,093	28,412	70,222	26,607	522,334
1972	650,148	41,758	133,901	59,162	884,969
1977	1,234,697	80,441	346,509	91,378	1,753,025
1978	1,506,819	108,279	584,196	88,869	2,288,163
1979	1,446,403	127,115	596,941	90,736	2,261,195
1980	1,679,738	178,617	883,659	168,108	2,910,122
1981	2,263,704	200,573	1,999,573	239,085	4,702,935
(%)					
1962	83.6	1.4	7.7	7.3	100.0
1967	76.0	5.4	13.4	5.2	100.0
1972	73.5	4.7	15.1	6.7	100.0
1977	70.4	4.6	19.8	5.2	100.0
1978	65.9	4.7	25.5	3.9	100.0
1979	64.0	5.6	26.4	4.0	100.0
1980	57.7	6.1	30.4	5.8	100.0
1981	48.1	4.3	42.5	5.1	100.0

TABLE : 7

DISTRIBUTION OF IMPORTS BY MAJOR GROUPS OF COMMODITIES

<u>YEARS</u>	<u>TOTAL</u>	<u>INVESTMENT GOODS</u>		<u>CONSUMPTION GOODS</u>		<u>RAW MATERIALS</u>	
	<u>1000 \$</u>	<u>1000 \$.</u>	<u>%</u>	<u>1000 \$.</u>	<u>%</u>	<u>1000 \$.</u>	<u>%</u>
1963	687,616	314,858	45.8	36,872	5.4	335,886	48.8
1964	537,397	245,504	45.7	26,232	4.9	265,661	49.4
1965	371,953	241,227	42.2	24,839	4.3	305,887	53.5
1966	718,269	341,219	47.5	35,845	5.0	341,205	47.5
1967	684,669	323,513	47.2	33,525	4.9	327,631	47.9
1968	763,663	366,605	48.0	36,323	4.8	360,735	47.2
1969	801,236	350,932	43.8	54,739	6.8	395,565	49.4
1970	947,605	445,994	47.1	47,303	5.0	454,308	47.9
1971	1,170,841	511,228	43.7	58,896	5.0	600,717	51.3
1972	1,562,554	782,657	50.1	72,788	4.7	707,109	45.2

<u>YEARS</u>	<u>TOTAL</u>	<u>INVESTMENT GOODS</u>		<u>CONSUMPTION GOODS</u>		<u>RAW MATERIALS</u>	
	<u>1000 ₧</u>	<u>1000 ₧</u>	<u>%</u>	<u>1000 ₧</u>	<u>%</u>	<u>1000 ₧</u>	<u>%</u>
1973	2,086,215	1,002,769	48.1	90,409	4.3	993,036	47.6
1974	3,777,559	1,289,009	34.1	157,076	4.2	2,331,474	61.7
1975	4,738,558	1,961,127	41.4	203,168	4.3	2,574,263	54.3
1976	5,128,647	2,239,299	43.6	156,461	3.1	2,732,887	53.3
1977	5,796,278	2,255,069	38.9	178,018	3.1	3,363,191	58.0
1978	4,599,025	1,589,718	34.6	132,773	2.9	2,876,534	62.5
1979	5,069,431	1,596,628	31.5	95,901	1.9	3,376,902	66.6
1980	7,667,324	1,581,138	20.6	170,347	2.2	5,915,839	77.2
1981	8,910,719						

TABLE : 8 - DISTRIBUTION OF IMPORTS BY AREAS

(000 \$)

YEARS	OECD COUNTRIES	BILATERAL AGREEMENT COUNTRIES	FREE-EXCHANGE AGREEMENT COUNTRIES	OTHER COUNTRIES	TOTAL
1962	511,331	6,414	74,585	27,117	619,447
1967	528,787	27,570	111,918	16,394	684,669
1972	1,228,624	120,105	165,437	48,388	1,562,554
1977	3,966,505	85,009	1,573,049	171,715	5,796,278
1978	2,791,155	68,851	1,539,404	199,614	4,599,024
1979	3,063,716	111,370	1,660,243	234,104	5,069,433
1980	3,583,361	185,457	3,730,181	410,445	7,909,444
1981	4,279,513	169,270	4,142,795	319,142	8,910,720
(%)					
1962	82.5	1.0	12.0	4.5	100.0
1967	77.2	4.0	16.4	2.4	100.0
1972	78.6	7.7	10.6	3.1	100.0
1977	68.4	1.5	27.1	3.0	100.0
1978	60.7	1.5	33.5	4.3	100.0
1979	60.4	2.2	32.8	4.6	100.0
1980	45.3	2.3	47.2	5.2	100.0
1981	48.0	1.9	46.5	3.6	100.0

TABLE : 9

<u>BALANCE OF FOREIGN TRADE</u>				(U.S. \$. Millions)
<u>YEARS</u>	<u>EXPORTS</u>	<u>IMPORTS</u>	<u>BALANCE</u>	<u>EXPORT-IMPORT Percentage (%)</u>
1963	368	688	(-) 320	53
1965	464	572	(-) 428	81
1970	588	948	(-) 360	62
1975	1,401	4,739	(-)3,338	30
1976	1,960	5,129	(-)3,169	38
1977	1,753	5,796	(-)4,043	30
1978	2,288	4,599	(-)2,311	50
1979	2,261	5,069	(-)2,808	45
1980	2,910	7,667	(-)4,757	38
1981	4,703	8,911	(-)4,208	53

TABLE : 10

EMPLOYMENT MARKET (Mid-October)

Age = 15+
1000 persons

	1962	1967	1972	1977	1978	1979	1980	1981 1/
Labour Force	13,040.0	13,766.6	14,951.1	16,387.2	16,640.1	16,905.2	17,182.6	17,621.0
Employment	12,619.8	13,276.8	14,036.9	15,121.3	15,249.3	15,238.6	15,231.3	15,345.7
Agriculture(Seasonally employed included)	9,742.2	9,692.1	9,588.8	9,545.8	9,537.2	9,528.6	9,520.0	9,511.5
Industry								
Mining	68.0	85.4	95.7	116.7	120.2	122.8	124.2	128.2
Manufacturing	947.8	1,149.9	1,353.5	1,591.6	1,609.6	1,571.5	1,547.7	1,585.7
Electricity, Gas, Water works.	32.3	43.8	58.2	93.0	96.6	99.6	98.9	104.3
Construction	272.2	362.6	435.7	547.2	562.1	577.6	580.6	582.6
Communication	247.6	314.9	384.2	494.7	500.9	492.2	480.2	491.1
Commerce	310.4	394.0	514.9	637.0	645.8	637.7	628.2	642.3
Banking and Insurance	48.7	79.3	137.7	197.8	204.3	208.5	211.1	212.9
Other services	857.6	1,052.8	1,324.2	1,641.5	1,699.6	1,727.1	1,767.4	1,814.1
Unknown	93.0	102.0	144.6	256.0	273.0	273.0	273.0	273.0
Unemployment(Excluding agriculture)	402.2	489.8	914.2	1,265.9	1,391.2	1,666.6	1,951.3	2,275.3
Unemployment(Agriculture)	950.0	1,050.0	900.0	740.0	720.0	700.0	700.0	700.0
Unemployment (Total)	1,352.2	1,539.8	1,814.2	2,005.9	2,310.8	2,366.6	2,651.3	2,975.3
Unemployment Rate (%)	10.37	11.18	12.13	12.24	12.69	14.0	15.43	16.88

1/ Estimate.

TABLE : 11

DISTRIBUTION OF EMPLOYMENT BY SECTORS

(Males + Females)
Age = 15+

	<u>1962</u>		<u>1967</u>		<u>1972</u>		<u>1977</u>		<u>1980</u>		<u>1981</u>	
	1000	%	1000	%	1000	%	1000	%	1000	%	1000	%
Total	12,619.8	100	13,276.8	100	14,036.9	100	15,121.3	100	15,231.3	100	15,345.7	100
Agriculture	9,742.2	77	9,692.1	73	9,588.8	68	9,545.8	63	9,520.0	62.5	9,511.5	62
Industry	1,048.1	8	1,279.1	10	1,507.4	11	1,801.3	12	1,770.8	11.6	1,818.2	11.8
Services	1,829.5	15	2,305.6	17	2,940.7	21	3,774.2	25	3,922.5	25.8	4,016.0	26.2

(1) Estimate