

This metadata describes the compilation practices, sources and methodology in use in 2001. Please refer to the contact person below for details of any changes that may have been introduced by the country since that time.

Turkey:

Direct Investment Compilation Practices, Data Sources and Methodology

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Direct Investment in Turkey

- **Balance of Payments (“Transactions Data”)**
- **International Investment Position (“Position Data”)**

Direct Investment Abroad

- **Balance of Payments (“Transactions Data”)**
- **International Investment Position (“Position Data”)**

[Glossary of Direct Investment Terms and Definitions](#)

DIRECT INVESTMENT IN TURKEY
BALANCE OF PAYMENTS (“TRANSACTIONS DATA”)

A. Compilation Practices and Data Sources

Data Availability: Preliminary monthly data on (i) direct investment income (income on equity and reinvested earnings only), and (ii) direct investment financial flows (equity capital only), are disseminated with a timeliness of 10 weeks after the end of the reference period. Separately identifiable data on (i) income on debt (interest), and (ii) other capital, are not compiled, but are instead classified under Other Investment income and Other Investment financial flows in the balance of payments statistics.

Revision Policy: The data are subject to revision throughout the reference year, at the end of which they are generally considered to be final. However, the data for earlier years can also be revised in the event of significant changes.

Data Coverage: No major industrial sectors are excluded from the data.

Data Collection Methods: Data are collected on an individual transactions basis, and reporting requirements are compulsory.

Data Sources: The data are compiled from an international transactions reporting system (ITRS). Press reports are used for cross-checking the data. A business register of enterprises involved in direct investment is maintained. This register is updated on an ongoing basis using information from (i) registers maintained by government licensing and regulatory authorities, corporate affairs and stock exchange authorities, and industry associations, and (ii) the financial press.

Geographic Classification: Monthly data showing country breakdowns are disseminated for direct investment financial flows (but not direct investment income) with a timeliness of 10 weeks after the end of the reference period. In accordance with the international standards, the debtor/creditor principle is used as the basis for the geographic allocation of the data. Bilateral information is not used in the compilation of the data. Data showing breakdowns by regions or economic zones are not compiled. The five countries with the largest amount of direct investment flows into Turkey during 2000 (ranked in descending order) were: the Netherlands, Italy, the United States, Bahrain, and Japan.

Industrial Classification: Monthly data showing breakdowns by industrial sector are disseminated for direct investment financial flows (but not direct investment income) with a timeliness of 10 weeks after the end of the reference period. The data are based on the industry of the resident direct investment enterprise. The classification broadly corresponds to the nine major divisions of the United Nations International Standard Industrial Classification of All Economic Activities (ISIC). Data showing a more detailed sectoral classification based on the NACE system used by the OECD and Eurostat are also disseminated. Data are disseminated showing breakdowns by industrial sector/partner country, but data showing breakdowns by industrial sector/region or economic zone are not compiled.

B. Methodology

Definition of Direct Investment Enterprises in Turkey: Contrary to the international standards, the basic criterion for defining direct investment enterprises in Turkey is not 10 percent ownership by a nonresident investor, regardless of whether the investor has an effective voice in management. There is no percentage limitation for defining direct investment, and all enterprises with some nonresident ownership, irrespective of the percentage of ownership by nonresidents, are defined as being direct investment enterprises. No value threshold is used to identify direct investment enterprises. Unincorporated enterprises are treated differently from incorporated enterprises in that, by law, nonresidents are, with some exceptions, not permitted to establish unincorporated enterprises in Turkey. There are plans to change the definition of direct investment enterprises in Turkey in the future to that recommended in the international standards.

Treatment of Indirectly-Owned Direct Investment Enterprises: The “Fully Consolidated System” (FCS) recommended in the international standards is not applied. Specifically, (i) the direct investment earnings data do not include the relevant share of indirectly-owned direct investment enterprises, and (ii) the direct investment financial flows data do not include the equity and other capital transactions between resident enterprises and

nonresident enterprises of the same group of related enterprises. Enterprises in Turkey are not required by law to produce consolidated accounts covering their subsidiaries and associates, either domestic or foreign, but are required by law to identify all transactions with the parent company.

Measurement of Direct Investment Earnings: Contrary to the international standards, the “Current Operating Performance Concept” (COPC) is not fully used to calculate earnings of direct investment enterprises. In accordance with the COPC, (i) deductions are made for depreciation of capital, and for provisions for host-country income and corporation taxes, and (ii) unrealized capital gains and losses are not included. Contrary to the COPC, realized capital gains and losses, write-offs, and exchange rate gains or losses are included. Contrary to the international standards, when a direct investment enterprise makes a loss, the net loss is not recorded as negative reinvested earnings.

Treatment of Income on Equity (Dividends and Distributed Branch Profits): The data cover incorporated enterprises but not unincorporated enterprises. Contrary to the international standards, dividends and distributed branch profits are recorded (i) on the date they are paid, rather than the date they are payable, and (ii) net, rather than gross, of any withholding taxes.

Treatment of Reinvested Earnings and Undistributed Branch Profits: The data cover incorporated enterprises but not unincorporated enterprises. Contrary to the international standards, reinvested earnings and undistributed branch profits are not recorded in the period in which they are earned, but instead are recorded when the enterprises applies for registration of an increase in the capital of the enterprise.

Treatment of Income on Debt (Interest): Not applicable. Separately identifiable data on income on debt (interest) are not compiled and are instead classified under Other Investment income in the balance of payments statistics.

Treatment of Equity Capital: The data cover: (i) listed voting stocks (shares), (ii) unlisted voting stocks, and (iii) other non-voting stocks (including participating preference shares). The data do not cover noncash acquisitions of equity, such as through the provision of capital equipment. Contrary to the international standards, the data do not include equity transactions between affiliated banks and between affiliated financial intermediaries.

Treatment of Other Capital: Not applicable. Separately identifiable data on other capital are not compiled and are instead classified under Other Investment financial flows in the balance of payments statistics.

Treatment of Reverse Investment: Equity transactions involving reverse investment are not treated in accordance with the international standards in all instances. Assuming that the direct investment enterprise is a resident of Turkey and the direct investor is a nonresident, when the direct investment enterprise has established a direct investment relationship in its own right, equity transactions are recorded in accordance with the international standards as “Direct Investment Abroad: Increase in Claims on Affiliated Enterprises”. However, contrary to the international standards, when the direct investment enterprise has not established a direct investment relationship in its own right, equity transactions are recorded as “Portfolio Investment: Increase in Assets: Equity Securities” rather than as “Direct Investment in Turkey: Increase in Claims on Direct Investors”. (Data on other capital, which include loan transactions, are not compiled at present.)

Treatment of Quasi-corporations: Contrary to the international standards, the direct investment data do not include the activities of quasi-corporations involving the operation in Turkey by nonresidents of (i) mobile equipment, such as ships, aircraft, and drilling rigs, and (ii) construction enterprises.

Treatment of Offshore Enterprises: Not applicable. There are no offshore enterprises established in Turkey by nonresidents at present.

Treatment of Special Purpose Entities (SPEs): Not applicable. There are no SPEs established in Turkey by nonresidents at present.

Treatment of Land and Buildings: In accordance with the international standards, the data include purchases and sales of land and buildings in Turkey by nonresident enterprises and individuals.

Treatment of Natural Resources Exploration: Contrary to the international standards, the direct investment data do not include expenditure related to natural resources exploration in Turkey by nonresidents.

Exchange Rate Conversion: Transactions, except those involving reinvested earnings, are converted to the unit of account at the exchange rate prevailing on the day of the transaction. Reinvested earnings transactions are converted at the exchange rate prevailing on the day of the application for an increase in the enterprise capital.

DIRECT INVESTMENT IN TURKEY
INTERNATIONAL INVESTMENT POSITION ("POSITION DATA")

Not applicable. Position data on direct investment in Turkey are not compiled at present. However, annual position data with a timeliness of 6 months after the end of the reference year will begin to be disseminated in 2002, beginning with data for the 2001 calendar year.

TURKEY: DIRECT INVESTMENT ABROAD
BALANCE OF PAYMENTS (“TRANSACTIONS DATA”)

A. Compilation Practices and Data Sources

Data Availability: Preliminary monthly data on (i) direct investment income (income on equity), and (ii) direct investment financial flows (equity capital only), are disseminated with a timeliness of 10 weeks after the end of the reference period. Separately identifiable data on (i) income on debt (interest), and (ii) other capital, are not compiled, but are instead classified under Other Investment income and Other Investment financial flows in the balance of payments statistics. Data on reinvested earnings are not compiled.

Revision Policy: The data are subject to revision throughout the reference year, at the end of which they are generally considered to be final. However, the data for earlier years can also be revised in the event of significant changes.

Data Coverage: No major industrial sectors are excluded from the data.

Data Collection Methods: Data are collected on an individual basis, and reporting requirements are compulsory.

Data Sources: The data are compiled from an international transactions reporting system (ITRS). Press reports are used for cross-checking the data. A business register of enterprises involved in direct investment is maintained. This register is updated on an ongoing basis using information from registers maintained by government licensing and regulatory authorities.

Geographic Classification: Not applicable. Data showing breakdowns by country are not compiled at present, However, there are plans to begin to do so, beginning with the data for 2002.

Industrial Classification: Not applicable. Data showing breakdowns by industrial sector are not compiled at present, However, there are plans to begin to do so, beginning with the data for 2002.

B. Methodology

Definition of Direct Investors Abroad: Contrary to the international standards, the basic criterion for defining direct investors abroad is not 10 percent ownership of a nonresident enterprise by a resident investor, regardless of whether the investor has an effective voice in management. There is no percentage limitation for defining direct investors, and all residents with some ownership of a nonresident enterprise, irrespective of the percentage of ownership, are defined as being direct investors. No value threshold is used to identify direct investment enterprises and unincorporated enterprises are not treated differently from incorporated enterprises. There are plans to change the definition of direct investors abroad in the future to that recommended in the international standards.

Treatment of Indirectly-Owned Direct Investment Enterprises: The “Fully Consolidated System” (FCS) recommended in the international standards is not applied. Specifically, (i) the direct investment earnings data do not include the relevant share of indirectly-owned direct investment enterprises, and (ii) the direct investment financial flows data do not include the equity and other capital transactions between resident enterprises and nonresident enterprises of the same group of related enterprises. Enterprises in Turkey are not required by law to produce consolidated accounts covering their subsidiaries and associates, either domestic or foreign, but are required by law to identify all transactions with the parent company.

Measurement of Direct Investment Earnings: Not applicable. No information is available on the measurement direct investment earnings of direct investors abroad.

Treatment of Dividends and Distributed Branch Profits: The data cover incorporated enterprises but not unincorporated enterprises. Contrary to the international standards, dividends and distributed branch profits are recorded (i) on the date they are paid, rather than the date they are payable, and (ii) net, rather than gross, of any withholding taxes.

Treatment of Reinvested Earnings and Undistributed Branch Profits: Not applicable. Data on reinvested earnings are not compiled.

Treatment of Income on Debt (Interest): Not applicable. Separately identifiable data on income on debt (interest) are not compiled and are instead classified under Other Investment income in the balance of payments statistics.

Treatment of Equity Capital: The data cover: (i) listed voting stocks (shares), (ii) unlisted voting stocks, and (iii) other non-voting stocks (including participating preference shares). The data do not cover noncash acquisitions of equity, such as through the provision of capital equipment. Contrary to the international standards, the data do not include equity transactions between affiliated banks and between affiliated financial intermediaries.

Treatment of Other Capital: Not applicable. Separately identifiable data on other capital are not compiled and are instead classified under Other Investment financial flows in the balance of payments statistics.

Treatment of Reverse Investment: Equity transactions involving reverse investment are not treated in accordance with the international standards in all instances. Assuming that the direct investment enterprise is a resident of Turkey and the direct investor is a nonresident, when the direct investment enterprise has established a direct investment relationship in its own right, equity transactions are recorded in accordance with the international standards as "Direct Investment Abroad: Increase in Claims on Affiliated Enterprises". However, contrary to the international standards, when the direct investment enterprise has not established a direct investment relationship in its own right, equity transactions are recorded as "Portfolio Investment: Increase in Assets: Equity Securities" rather than as "Direct Investment in Turkey: Increase in Claims on Direct Investors". (Data on other capital, which include loan transactions, are not compiled at present.)

Treatment of Quasi-corporations: Contrary to the international standards, the direct investment data do not include the activities of quasi-corporations involving the operation abroad by Turkish resident of (i) mobile equipment, such as ships, aircraft, and drilling rigs, and (ii) construction enterprises.

Treatment of Offshore Enterprises: In accordance with the international standards, activities of offshore enterprises established abroad by Turkish residents are generally included in the direct investment data.

Treatment of Special Purpose Entities (SPEs): Not applicable. SPEs established abroad by Turkish residents cannot be identified at present.

Treatment of Land and Buildings: In accordance with the international standards, the data include purchases and sales of land and buildings abroad by Turkish resident enterprises and individuals.

Treatment of Natural Resources Exploration: Contrary to the international standards, the direct investment data do not include expenditure related to natural resources exploration abroad by Turkish residents.

Exchange Rate Conversion: Transactions, are converted to the unit of account at the exchange rate prevailing on the day of the transaction.

TURKEY: DIRECT INVESTMENT ABROAD
INTERNATIONAL INVESTMENT POSITION ("POSITION DATA")

Not applicable. Position data on direct investment abroad are not compiled at present. However, annual position data with a timeliness of 6 months after the end of the reference year will begin to be disseminated in 2002 beginning with data for the 2001 calendar year.