NEW ECONOMY PROGRAM

2021-2022-2023

New Balancing | New Normal | New Economy

MEDIUM TERM PROGRAM
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1. NEW BALANCING, NEW NORMAL, NEW ECONOMY

**New Balancing:** Following the rebalancing process in 2018 and 2019, economic activity gained pace in the second half of 2019. However, due to the Covid-19 pandemic in March 2020, the Turkish economy, like all economies integrated with the global economy, faced a serious challenge. Coordinated policy steps were taken in this period to prevent disruptions in production and supply chains, maintain employment and ensure smooth functioning of the financial system. Thus, the pandemic’s toll on economy was minimized and economic activity assumed a V-type recovery by the third quarter of the year. On the back of strengthening economic recovery, the pandemic-specific expansionary policies started to be phased out in August, followed by a transition to a new balancing process. This process will be carried out with a mindset prioritizing restoration of macro balances.

**New Normal:** The Covid-19 pandemic has caused a drastic change in the functioning of social and economic life all around the world. Business manners, behaviors and preferences were reshaped, eventually started to be described as the new normal. Sustaining the economic life and conduct of economic activities to reach the full potential in employment and production will be enabled largely by hybrid systems. To add impetus to digital transformation, expanding e-services to cover all areas of life, producing new financial solutions and establishing new working models come up as the requisites for ensuring adaptation of our economy to this process. By turning the difficulties that may emerge during the New Economy Program (NEP) into opportunities, business processes and models to support value added production will be expanded.

**New Economy:** Through new balancing and adaptation to the new normal, the economic stability will strengthen. During the course of the program, technology, productivity and competitiveness-oriented reforms will be put into practice to reduce fragilities with regard to inflation and current account balance. Steps will be taken to make our country a center of production and attraction by turning into opportunity the disruptions that emerged in the global supply chain in the post-pandemic period. In this context, an innovative, high value added, export-driven, people-oriented and comprehensive development model will be implemented.
The main objective of this program, which was prepared in this period, marked by the fight with the Covid-19 pandemic and surrounded by associated uncertainties, is to maintain and improve the gains of the New Economy Programs, restore internal and external balances, and achieve the economic transformation and change based on production, exports and financial stability by making the most of the financial opportunities arising from the new global economic normal, with the help of comprehensive and sustainable policies that target employment-focused growth as well as strategic reforms to be built on this balance.

1.1. Overview

- In the second half of 2019, the improvement in financial conditions and the decrease in inflation, along with the resulting decline in risk premium and uncertainties supported domestic demand conditions, and economic activity strengthened. As a result of the rebalancing process experienced, the current account balance posted a surplus.

- The Covid-19 pandemic that broke out by the end of 2019 had an unprecedented toll on global economic activity. Borders were closed, flights were suspended, quarantine and lockdown practices were implemented and many workplaces and production facilities had to suspend their activities.

- The pandemic caused global supply and demand to shrink noticeably, supply chains to disrupt, the global trade volume to decline and unemployment to rise. Tourism and transportation sectors became the sectors that were relatively more affected in this period. The pandemic also led to fluctuations in financial markets, capital outflows from emerging economies and a decline in international FX liquidity in these economies in especially March and April.

- Our country implemented the measures to counter the Covid-19 pandemic in a swift manner. In line with the advisory decisions of the Coronavirus Science Board, established on January 10, 2020, a good number of measures were put into practice rapidly to prevent the spread of the outbreak.

- In addition to the effective implementation of the measures taken, Turkey’s strong health system as well as the health
investments made over the last 15 years, including primarily those in city hospitals, played an important role in the country’s achievements in the fight against the pandemic.

- Continuity of production, exports and employment was supported by the Economic Stability Shield Package announced on March 18, 2020. The scope of the package was expanded to include new measures in line with the requirements that emerged at later stages, thus all segments of the society were supported in this process.

- Within the scope of the Economic Stability Shield Package and other measures taken, households in need were provided with cash aid, the lowest pension was raised, the scope of short-time work allowance was expanded with a prolonged duration, the duration of compensatory work was raised, employment continuity was supported and opportunity to access to credit for individuals was facilitated. The tax and premium payments of enterprises were deferred, sector-based tax reductions were introduced for enterprises, credit repayments were postponed, companies in default were allowed to declare force majeure and provided with credit incentives, and enterprises with collateral constraints were offered ease of access to financing by raising the limit of the Credit Guarantee Fund (CGF).

- In order to contain the adverse effects of the Covid-19 pandemic on financial markets, to keep credit channels open and to enable an uninterrupted flow of cash to firms, in pursuit of an effective management of the Turkish lira and FX liquidity in financial markets, necessary measures were implemented in full harmony and coordination of relevant institutions.

- Due to the measures restricting social mobility to counter the pandemic, economic activity contracted significantly in April. Turkey did not implement quarantine in the general sense and a great deal of firms continued production and exports, albeit partially, all of which limited the contraction in economic activity and employment. Thanks to the actions taken and the gradual normalization, economic activity started to recover in May. Leading indicators such as the purchasing managers’ index, the capacity utilization rate and confidence indices showed a rapid improvement.

- The pandemic-driven deterioration in risk perceptions led to capital outflows from developing countries, fluctuations in
domestic financial markets, pressure in exchange rates and a rise in inflation due to the exchange rate pass-through. Additionally, the current account balance ran a wider-than-envisaged deficit in this period due to rising gold imports and the decline in exports of goods and services driven by shrinking global demand and anti-pandemic measures.

- This temporary deterioration in macro balances specific to the pandemic period is aimed to be eliminated in the first year of the program within the framework of the steps towards normalization, as well as the effective and gradual exit strategy that was launched as of August.

1.2. Macroeconomic Outlook

- **Growth:** In the second half of 2019, thanks to the improvement in financial conditions, the decline in inflation rate, lower interest rates led by the decrease in risk premiums, as well as fading uncertainties, economic activity gained strength. In the last quarter of 2019, the Turkish economy grew by 6.4% year-on-year. This strong growth performance in the last quarter enabled a 0.9% growth for the entire year (NEP 2020-2022 estimate was 0.5%).

- Growth gained further impetus in the first two months of 2020 and the annual growth rate was recorded as 4.4% in the first quarter of the year. While private consumption and public consumption expenditures became the drivers of growth, total investments remained weak due to the ongoing contraction in construction investments despite the strong increase in machinery and equipment investments.

- This economic acceleration was interrupted in the second quarter of the year by the Covid-19 outbreak that started to take a toll on our country in the second week of March. Measures to curb social mobility, partial quarantine practices, travel restrictions and other measures, which led to the suspension of a number of economic activities and caused firms to operate in lower capacity, affected the domestic demand and production negatively. Due to the contraction in external demand, particularly from the European Union (EU), our largest trade partner, and the decline in tourism revenues, the adverse effects of the outbreak on the Turkish economy became more
discernible in April. As a result, the Turkish economy contracted by 9.9% in the second quarter of the year. The toll of the Covid-19 outbreak on the economy remained more limited compared to the EU and OECD averages in that period. The contraction in the industrial and services sectors on the production side, and in exports and private consumption items on the demand side became more pronounced.

- These measures enabled progress in the fight against the Covid-19 pandemic, paving the way for minimizing its toll on the economy and sustaining production. Thus, steps towards a partial normalization were taken by mid-May 2020, accompanied by expanded actions in June. The gains of the rebalancing process in 2019 allowed for adequate fiscal room for anti-pandemic measures and became determinant in the economic recovery.

- Leading indicators for the third quarter point to a strong V-type recovery following the contraction in the second quarter. Thus, the growth rate is expected to stand at 0.3% in 2020. Net exports put downward pressure on growth due to the contraction seen in exports of goods and services throughout the year given the fact that European countries—our main trading partners—were considerably affected by the pandemic and because of travel restrictions. Nevertheless, it is envisaged that the recovery trend seen in consumption and investments in the second half of the year will have a positive effect on growth.

- **Employment:** Despite the recovery in economic activity in the second half of 2019, growth remained limited throughout the year, hence affected the labor market negatively. The total number of employment decreased by 658 thousand, 442 thousand of which were from the construction sector, and the unemployment rate stood at 13.7% (NEP 2020-2022 estimate was 12.9%).

- The Covid-19 pandemic led to a significant loss in labor supply and employment, primarily in the services sector, in Turkey as in all around the world. While the employment rate was 42.4% in June period of 2020, the unemployment rate stood at 13.4% due to the decline in the labor force participation rate.

- To minimize the effects of the pandemic on the labor market, conditions for eligibility for short-time work allowance were eased by end-March 2020, prohibition of terminating contracts was introduced and measures such as normalization support
were implemented. In the upcoming period, it is planned to implement additional employment incentives, backed by the Employment Shield Package aiming to boost the effects on employment of the economic recovery that will be enabled by the ongoing normalization, as well as structural transformation steps targeting the labor market. Thus, on the back of an increase in employment, a gradual improvement is targeted in the unemployment rate.

- **Inflation**: With the contributions of a stable outlook achieved in the Turkish currency by sustaining a strong policy coordination and tight monetary policy stance firmly, moderate demand conditions, unprocessed food and import prices, and the improvement in inflation expectations, consumer inflation declined to single-digit levels in September and October 2019, and eventually stood at 11.8% by the end of the year, undershooting the NEP (2020-2022) estimate.

- Annual consumer inflation that followed a flat reading in the first quarter of 2020 increased slightly to 12.6% in the second quarter due to the pandemic-driven rise in unit costs, cumulative exchange rate developments and higher food prices caused by the pandemic. In the July-August period, annual consumer inflation stood at 11.8%, mainly due to the base effect. Supply-side factors that were effective in the short run due to the pandemic-related measures are expected to gradually vanish with the continuation of normalization process and inflation is projected to resume its downtrend in the upcoming period.

- **Current account balance**: Owing to higher competitiveness of the Turkish lira, increased product and market diversity in exports, weakened import demand driven by the course of economic activity and rising tourism revenues, the current account balance posted a surplus in a period of economic growth in 2019 (8.8 billion dollars). Export and tourism revenues, which started 2020 with an upward trend, demonstrated sharp plunges particularly in April and May as a result of the shrinkage in demand in our major trade partners (primarily the EU) caused by the Covid-19 pandemic and quarantine measures at borders. Because of the low base effect and strong course of gold imports that rose in line with the households’ investment preferences, the contraction in imports remained more limited than exports. With the start of normalization in economies in June, our exports began to recover rapidly and registered an increase by 26.9% in the June-August 2020 period, in
comparison to the March-May 2020 period. Gold excluded export-import coverage ratio increased more than 15 points to 90% in the same period.

• While trade balance showed an improvement in those months, tourism revenues and the associated service sectors remained weak, leading the annualized current account balance to run a deficit of 14.9 billion dollars as of July 2020. It is evaluated that, in the period ahead, continuation of recovery in export and tourism revenues on the back of the global normalization, adjustments made to the taxes on imported products, the low levels of commodity prices and the real exchange rate level will affect the current account balance positively. Moreover, the credit growth that started to be balanced on the back of the normalization in pandemic-specific fiscal and financial measures will support the current account balance.

• **Public Finance:** In the framework of fiscal policies being implemented with a sense of fiscal discipline and saving, the 2019 central government budget deficit to GDP ratio stood at 2.9%, consistent with the NEP (2020-2022) estimate. In the first quarter of 2020, marked by a strong recovery in the economy, the budget performance remained consistent with targets.

• Fiscal policy tools were employed effectively in tackling with the Covid-19 pandemic, along with its economic implications. With full effort, public resources were mobilized to support households, the real sector and the health system, and a wide range of tax incentives and cash aids were put into practice. Budget revenues materialized as expected despite the global slowdown and the weakening economic activity; however, the central government budget posted a deficit of 110.9 billion TL in the January-August 2020 period due to the incentives and supports provided. The Unemployment Insurance Fund was effectively used to contain the adverse effects of the pandemic on the labor market, in order to preserve employment, and households -thanks to their low indebtedness level- were able to access directed loans. These factors led to the deterioration in the budget relatively limited.

• The budget deficit is expected to materialize above the projected level by the end of 2020. However, this temporary deviation is estimated to remain limited compared to a large number of advanced and emerging economies. In the period ahead, in line with the favorable effects of the normalization
process, economic recovery, and the policies and measures to be implemented, a better budget performance is expected, with a 4.9% budget deficit to GDP ratio for 2020.

1.3. Current Political and Economic State

- Presidential Government System enables taking measures regarding the fight against the Covid-19 pandemic as well as economy and social life in a swift and holistic manner.

- The next three-year-period without any election offers a window of opportunity to complete the radical transformation and change planned in the economy with the help of strategic reforms within the framework of a paradigm shift.

- Turkey, as a center and transit country for energy routes, will continue to defend its inherent rights in the region without compromising the principle of reaching fair and equitable solutions in accordance with the international law.

- The global growth outlook has weakened significantly due to the pandemic. Governments and central banks have revealed packages of measures involving a comprehensive fiscal and monetary policy mix to prop up their economies and financial systems. Within the framework of the measures taken, public expenditures were raised while taxes were reduced and deferred. Strong measures revealed have contained the adverse economic effects of the pandemic.

- Within the context of monetary policies, advanced and emerging economies reduced their policy rates promptly and injected the necessary liquidity into the market. The Fed, the European Central Bank and the Bank of Japan increased their asset purchase programs and expanded their balance sheets rapidly. All these measures contributed to easing the tension in markets and led to an improvement in financial conditions. Lower interest rates and higher liquidity on a global scale have affected external financing conditions favorably.

- The gradual normalization adopted by countries since May 2020 and phasing out of the measures led to an improvement in leading indicators. On the other hand, uncertainties over the recovery process remain in place due to the strong prevalence of the pandemic in many countries.

- The trade and technology-driven tension between the US and
China has recently started to re-rise due to the Covid-19 pandemic.

- The Covid-19 pandemic caused disruptions in supply chains, erupted the risk of relying on a single country. It is anticipated that many companies will opt for country diversification in terms of supply in the upcoming period. This process is expected to create new opportunities for our country.

- The failure to control the pandemic in a short time or the considerable size and duration of the succeeding waves are among major risk factors. The increasing global public debt burden in this process has emerged as a new risk factor. Due to protectionism and deteriorating global value chains, international trade is predicted to be affected by the pandemic more severely and for a longer time than initially expected.

1.4. Main Targets

1) During the program period, fight against inflation will continue uncompromisingly, and consumer inflation will be brought down to 4.9% by the end of 2023.

2) Thanks to the steps taken towards an economic transformation and change based on exports and domestic production of imported products, and owing to tourism revenues, a permanent balance will be restored in the current account by the end of the program period. Following that, on the back of gas and oil discoveries, our economy will enter into a surplus era.

3) Policies that will boost the resilience of our economy to endogenous and exogenous shocks as well as the efforts to build a new financial architecture based on financial stability and safety will continue.

4) A new development model will be implemented, which will safeguard macroeconomic balances and which will be underpinned by strategic reforms, so that the quality, extent and sustainability of growth, as well as its size, would be bolstered.

5) During the course of the program, growth is targeted to be concretized among citizens through increased employment and welfare. Sustainability of economic activity and strengthening of investments will be prioritized through economic policies that consider not only the global uncertainties
led by the pandemic, but also the course of it.

6) Public finance measures taken to eliminate the impact on the economy due to the fight against the Covid-19 pandemic will be implemented on a temporary basis, on the other hand, a gradual improvement in the budget balance will be achieved on back of a permanent recovery in the economy. At the end of the program period, the ratio of budget deficit to GDP is targeted to be 3.5%.

7) Public debt stock will be maintained at sustainable low levels.

8) The job-skill matching will be improved and steps towards flexibility will be taken in the labor market.

9) Transformation programs to boost the effectiveness of public investments and expenditures will be maintained.

10) The incentives and state aids system will be simplified and structured in a way to prevent duplication, and the compliance of incentives with macroeconomic and budget targets will be ensured.

11) Regarding public investments, priority will be given to the manufacturing industry sectors included in the 11th Development Plan, along with horizontal policy areas such as R&D, digitalization, human resources, logistics and energy sectors that will strengthen the human and physical infrastructure for these sectors, as well as to agriculture, tourism and defense industries.

12) The Turkey Wealth Fund will undertake fixed capital investments that will strengthen the current account balance, underpin the country’s strategic goals and development of financial markets, and that will be based on the cooperation with domestic and foreign investors.

13) The search for oil and natural gas resources will be accelerated. The newly-discovered Sakarya natural gas field in the Black Sea Region will be made operational as soon as possible for making use of the newly-found reserves for the economy.

14) Tax policies will remain in place to reinforce the principles of justice and equality in taxation, the efficiency of tax collection will be boosted and the fight against informal economy will be maintained. During the program, there will be no tax amnesty.
15) Production and productivity growth in agriculture will be ensured through new generation entrepreneurs, technologies, input-based support and contracted agriculture.

16) The banking sector will be encouraged to utilize its resources to support quality and sustainable growth. Loans will be channeled to efficient areas to enhance productive capacity.

17) Projects and programs related to qualified human capital and strong society targets will support and sustain the macroeconomic targets mentioned in the NEP will further be launched.

These main targets will be launched according to the policies, measures, actions and projects set in this Program. The NEP Action Plan containing the effect and cost-benefit analyses, timetable and performance criteria for those will take effect with the budget year. Progress within this plan will be monitored in three-month periods.

2. GROWTH AND EMPLOYMENT

Through this Program, innovative and high value-added production and export-oriented new growth model will be strengthened. The economic growth approach of this program embodies the concepts of inclusion, technology-orientation and sustainability. It is aimed that the growth will spread the increase in welfare to all citizens with the increase in employment, will be based on increasing technology-intensive investments and exports, will be environmentally friendly and compatible with macroeconomic balances.

Despite global uncertainties brought by the Covid-19 pandemic, the investment environment, which started to improve in the rebalancing process in 2019, reaccelerated capital accumulation alongside the complementary effects of investment-stimulating policies. Considering the course of the pandemic as well, continuity of economic activity through economic policies that safeguard macro balances and strengthening of investments will be prioritized and growth potential will be enhanced during the implementation of the Program.

Stimulating investments for medium-high and high technology products to enhance the production capacity with value added in the industry will be among the priorities of growth strategy. All policies, chiefly digitalization, needed to boost efficiency will
remain in force in order to contribute positively to the current account balance through increased efficiency and competitive advantage and to strengthen core sectors that are critical to the transformation of production structure. To ensure that growth enhances employment and regional development, efforts will continue to improve the infrastructural quality of regions, to expand the qualified human resource and to strengthen energy, transportation and communication networks.

Through the judicial reform packages, access to justice will be enhanced, transparency will be encouraged, judicial procedures will be accelerated and the right to jurisdiction within a reasonable timetable will be safeguarded. A reliable and an accessible judicial system will contribute to the improvement of the business and investment environment and support economic and social development.

A robust and stable growth is targeted during the implementation of the Program through measures favoring domestic producers in public purchases, reducing import reliance in production and a coordinated policy mix aiming at boosting investment and export-oriented production and curbing macro-financial risks. Recovery in global economy with fading effects of the pandemic and our gains in the reshaping process of the global value chains will also contribute positively to growth performance.

Transformation-oriented policies aiming at changing the production structure will contribute to the increase in value added in the industry during the Program period. Growth in the agricultural sector is estimated to be higher than the long-term average over the course of the Program. The completion of irrigation and channel investments as well as policies such as the spread of contractual production in this period will also contribute to improvement in agriculture. Meanwhile, favorable financing facilities recently granted to the construction sector are likely to be maintained through a lasting improvement in inflation and interest rates. Urban transformation and social housing projects are projected to underpin growth in the construction sector as well.

The Economic Stability Shield Package enforced in the pandemic period fed into financial stability as well as the rebound in economic activity and limited short-term adverse effects of the pandemic on economy notably. The trend of recovery in economic activity in the second half of 2020 is expected to improve further and growth is projected to become 5.8% in 2021. Growth is likely to
display a balanced outlook with the support of both domestic and external demand in 2021. Waning uncertainties led by the pandemic, increased predictability driven by the improvement in financial conditions coupled with the rebound in consumer and investor confidence and recovery in deferred consumption and investment expenditures will contribute to domestic demand. Stimulated by rising employment, private consumption will be the driver of domestic demand, and the recovery in domestic and external demand as well as the base effect will push investments notably upwards. Meanwhile, amid the upsurge in exports of goods and services coupled with the relatively limited rise in imports, net exports are projected to contribute positively to growth again.

On the production side, due to the uptick in exports of goods and services accompanied by the overall rebound in domestic demand, growth in the industrial value added is expected to remain above GDP growth in 2021. As a result of the recovery in the services sectors that are linked to production and exports and the improvement in the tourism sector which gained a strong momentum before the pandemic but ranked among the top sectors hit by the pandemic, the services sector is projected to offer a considerable contribution to growth. It is expected that in 2021, the contribution of agricultural sector to growth will be higher than the long-term average, while the construction sector will offer a limited positive contribution.

### GDP Growth (%)

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<th>Year</th>
<th>GDP Growth (%)</th>
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<tbody>
<tr>
<td>2019</td>
<td>0.9 RE</td>
</tr>
<tr>
<td>2020</td>
<td>0.3 RE</td>
</tr>
<tr>
<td>2021</td>
<td>5.8 NEP</td>
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<tr>
<td>2022</td>
<td>5.0 NEP</td>
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<tr>
<td>2023</td>
<td>5.0 NEP</td>
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Thanks to the comprehensive policy measures to prevent losses in employment, the impact of the pandemic on the unemployment rate remained limited. With the projected recovery in the period ahead, it is expected that, adverse effects on the labor market will subside notably and employment will start to pick up.
During the implementation of the Program, employment is expected to increase by 1 million 336 thousand people annually on average. Moreover, despite the rise in the labor force participation rate, the unemployment rate is projected to fall gradually and become 10.9% in 2023.

Unemployment Rate (%)

<table>
<thead>
<tr>
<th>Year</th>
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<tbody>
<tr>
<td>2019</td>
<td>13.7</td>
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<td>2020</td>
<td>13.8</td>
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<tr>
<td>2021</td>
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<td>2023</td>
<td>10.9</td>
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Policies and Measures Related to Growth and Efficiency:

- Technology-oriented Industry Action Program will be implemented further with improvements in all selected sectors.

- An Industrialization Executive Committee will be established that will improve production and technologic abilities through public purchases and policies.

- Specialized free zones will be extended for R&D-intensive sectors with high technology content such as informatics, biotechnology and nanotechnology.

- Actions to establish an Institute of Artificial Intelligence which aims to benefit from big data sources in economic terms will be completed.

- Vaccines, medicines, medical devices and diagnosis sets with strategic importance will be developed to increase our global competitive power and to reduce external dependence and the clinical research potential of public hospitals will be enhanced in the production of biotechnological/biosimilar medicines.

- A Call for High Technology Platforms will be enforced that will support the research to develop and coordinate domestic
products and technologies in sectors with high external dependence and critical importance.

- Training and consultancy services will be provided to Small and Medium-Sized Enterprises (SMEs) to ensure branding, institutionalization, increase in efficiency and access to international markets. Also, projects will be launched to help them complete digital transformation and develop innovative business models.

- Digital transformation in industry will be encouraged to ensure increased efficiency, competitive power and integration of innovative technologies into the manufacturing sector.

- Problems hindering the development of entrepreneurship will be identified and solution-oriented holistic approaches will be developed to enhance the effectiveness of the entrepreneurship ecosystem.

- The number of technological enterprises that reach global recognition and high economic value will be increased by financing taking into account their needs.

- Corporate structures of organized industrial zones will be fortified, actions will be taken to elevate occupancy rates, and problems stemming from infrastructural needs and transportation will be solved promptly. New industrial zones will be established with proper transportation facilities and eligible infrastructures to enable industrialists to have access to new investment areas. Moreover, problems faced by the industrialists residing outside the planned industrial zones but willing to make new investments will be solved immediately and their investments will be supported.

- New global investment trends, that have become more important with the Covid-19 outbreak, will be analyzed and International Direct Investment Strategy of Turkey will be prepared to secure a greater share in the global investment pie. Regarding global investment movements that are in the process of transformation, efforts will be made to channel technology and R&D-intensive large scale investments to our country that will strengthen our position in the region, provide high employment, reduce foreign trade deficit and contribute to the economic growth of our country.

- In order to be among the top ten countries in the share of e-commerce in retail trade, the use of e-commerce will be expanded on the consumer and producer side.
The prominent investment opportunities of the provinces and regions will be identified by development agencies and the feasibility reports prepared to guide investors will be collected in an accessible pool.

Studies will be carried out to mobilize the potential values of provinces in terms of economy and employment through provincial programs.

In consideration of the Logistic Master Plan, a larger number of harbors, industrial facilities and logistic centers will be connected to the local network and international railway corridors.

Zero waste practices will continue to be expanded with the perspective of green economy and sustainable environment.

In view of the climate change and other risks, to meet the required and strategic farm products with supply deficit primarily by our resources and to meet the future generations’ food supply safety; planned production studies will be completed and plans will be updated every year to ensure food and water safety in the long term by setting agricultural and forestry policies based on strategic production and sustainability principles and enforcing them in a holistic and integrated way.

### Policies and Measures about the Financing of Growth:

- Turkey Wealth Fund will be engaged in fixed capital investments relying on cooperation between the private sector and foreign direct investors in petro-chemistry, mining and energy production areas relying on domestic resources.

- Funding facilities of Turk Eximbank and the Development and Investment Bank of Turkey (TKYB) will be used in the financing of exporters and investment projects chiefly for the SMEs to substitute imports.

- The TKYB will support manufacturing industry firms operating in sectors prioritized in the NEP through TL-denominated Investment Support Loan under eligible conditions with maturity up to 10 years.

- Through the capital investment funds in Turkey Development Fund, domestic and innovative production with added value will be supported.
• Regarding CGF practices, exporting SMEs that reduce imports will be prioritized.

**Policies and Measures Regarding Employment:**

• The Employment Shield Package, which also includes structural regulations regarding the labor market, will be put into force that will enhance post-pandemic economic rebound, facilitate the inclusion of the youth in the labor market by gaining experience and encourage part-time working.

• With “the quick return to work support”, the period of unemployment will be shortened and quicker re-inclusion in the labor force will be encouraged for people benefiting from the unemployment allowance.

• More flexible conditions will be made available to facilitate employment of people below the age of 25 and above 50.

• To support employment in senior age groups, transition of full-time employees above 50 to part-time working will be encouraged, which will bring about a healthier work and life balance.

• The arrangement enabling easier employment of the young under 25 who work less than 10 days, will provide experience and skills to young people, and encourage employers to prefer the young.

• Secondary legislation will be completed that will enhance the applicability of flexible working schemes that were defined in the legislation but remained inapplicable including remote working needed following the Covid-19 pandemic.

• Studies will be conducted to document the profiles of the registered unemployed and for the profile-based presentation of active labor programs.

• Active labor programs will be implemented to foster employability of individuals who are able to work but receiving subsistence allowance.

• The contents of vocational and technical education and lifelong learning and active labor programs will be planned in a way to donate people with the skills demanded in the labor market, to meet the qualified human capital need and minimize
institutional capacity loss, taking into account the future needs of the real sector, especially the focus sectors.

- Under the approach of Decent Jobs of the Future, to identify the labor demands, skills and occupations of the future in areas such as information technologies, e-trade, entrepreneurship programs, technology-intensive jobs and digital literacy, studies will be carried out in cooperation with the sector.

- To meet the need for qualified labor in the manufacturing, information and communication sectors, sector-oriented on-the-job training programs will be held.

- To contribute to Turkey’s ongoing digital transformation process, free trainings will be offered to 1 million citizens who are willing to have a career in information technologies to improve their competencies and employment opportunities will be enhanced by providing employers fast and easy access to the CVs of these citizens.

**3. PRICE STABILITY**

- Bringing inflation down to low single-digit levels permanently by maintaining the strong coordination between monetary and fiscal policies and implementing structural policies that will increase competition and efficiency in goods and services markets is among the main targets of the Program. By lowering inflation, predictability will be fostered, uncertainty-driven risk premium will be reduced, the efficiency of financial intermediation system and real sector fixed capital investments will be increased and long-term Turkish lira financing resources will be expanded, and thus economic and financial stability will be strengthened.

- Inflation is expected to be 8.0% at end-2021 and recede to 4.9% at the end of the Program period.
Policies and Measures:

- Adjustments on certain publicly administered prices and wages will be made according to the NEP inflation targets rather than past inflation; thus, the inertia effect in inflation will be curbed.

- The impact of possible volatility in oil prices on inflation will continue to be restrained by means of the sliding scale system in consideration of the budget balance.

- Actions of Unfair Pricing Evaluation Board to protect market stability and consumers against exorbitant price increases and engrossing will be enforced.

- The Competition Board will further its endeavors to safeguard and enhance competition in goods and services markets, contribute to the establishment of more favorable conditions for new direct investments, eliminate competition violations proportionately and assure the economy and consumers against cartelization.

- To safeguard price stability by ensuring natural gas supply security, capacities of the Lake Tuz and North Marmara natural gas underground storage facilities and withdrawal capacities will be increased.

- For the monitoring of extraordinary changes in unit prices of goods and services, standard code and unit measurement information of goods and services will be included in electronic documents. These data will be made available to related public institutions/organizations through the big data and data analysis systems, which will contribute to the fight against inflation.

- Efforts will continue towards widening the use of certified seeds
as well as the protection, improvement and commercialization of local seed species; and seed improvement in line with climate change and other needs.

- Contractual plant and animal production models will be extended through public institutions and the private sector.

- A contractual production system which entails the provision of certified seed, fertilizers, pesticides, electricity and diesel support in cash and kind to farmers as well as non-interest advance payments for financing of inputs in this scope will be gradually put into practice. The portion residing from the advance will be paid in cash to producers who are assured with purchase guarantee under contractual production at the product delivery.

- Rotational cropping program will be established to enhance productivity in agriculture, prevent arable lands from being left unplanted, foster the production of imported products in our country and contribute to the production of vegetables and fruits that our citizens need in the off-season period.

- Food banking will be encouraged and the sharing of consumable food will be increased to prevent loss and waste in food.

- Land consolidation efforts and irrigation projects will continue. In this context, irrigated agriculture is planned to carry out on approximately 3 million 710 thousand decares of land by completing 25 prioritized irrigation projects until the end of 2022

4. PUBLIC FINANCE

During the implementation of the Program, which pursues the firm obedience of fiscal discipline, the main aim is to render tax collection more efficient through continuous and permanent sources of income and to reduce informal economic activities.

With the transition to the program budget system in 2021, which will enhance the efficiency of public service offering as well as the administrative structure and also meet the needs within a dynamic structure, public sources will be used more efficiently.

Costs incurred by the budget due to the measures taken to remove the adverse effects of the pandemic on the economy will decline in tandem with the success obtained in the struggle with the pandemic, and budget revenues will increase due to the improvement in economic activity.
During the implementation of the Program, the budget deficit to GDP ratio is expected to taper off and stand at 3.5% at the end of the term.

**Central Government Budget Deficit (% GDP)**

- 2019: 2.9
- 2020 RE: 4.9
- 2021 NEP: 4.3
- 2022 NEP: 3.9
- 2023 NEP: 3.5

**Central Government Primary Balance (% GDP)**

- 2019 RE: -0.6
- 2020 NEP: -2.1
- 2021 NEP: -1.2
- 2022 NEP: -0.7
- 2023 NEP: -0.4

A similar trend is targeted in the general government balance and in the public sector general balance as well.
Thanks to the fiscal discipline during the implementation of the Program, public indebtedness will be kept at sustainably low levels. The EU-defined general government debt stock to GDP ratio, which is expected to be 41.1% in 2020, is estimated to be 41.8% in 2023.
Policy and Measures:

- The incentives and state aids system will be reviewed to enhance efficiency, via the impact assessment studies to be undertaken by the respective institutions and organizations.

- The State Supply Office will be transformed into a central purchasing institution pioneering on an international scale that supports public purchasing policies required in the development of our country.

- With value-based repayment models in medical devices and accompanying risk-sharing models, channeling payments to quality products and more efficient use of the budget will be ensured.

- In order to support domestic production, imports of products with high import intensity will be reduced by reviewing their tax rates.

- Efforts will continue towards the simplification of the tax legislation as well as reviewing and gradual removal of the non-efficient tax exceptions, exemptions and reductions.

- The legislation and practices regarding the tenders under the scope of the Public Procurement Law will be simplified and participation of domestic and local producers in tenders, SMEs in particular, will be facilitated.

- Behavioral public policies will be put into use to enhance the tax awareness of taxpayers and foster voluntary tax compliance.
• Efforts will continue to tax the transactions undertaken through virtual assets representing a digital value that can be bought, sold and transferred digitally. Moreover, a monitoring mechanism will be established to prevent these assets to be used in the financing of crime.

• Digital economic activities will be completely and properly taxed and tax losses stemming from base erosion and profit shifting will be reduced.

• The scope of the Treasury Single Account will be extended to benefit more efficiently from public resources and strengthen cash reserves of the Treasury.

• With a view to extending remote audits and risk-based investigations in taxing transactions, Risk Analysis Assessment and Research (RADAR) System will be established, data obtained from different sources will be compiled in the RADAR system, risk scenarios will be constructed and modeling will be made.

• Collection performance of public revenues will be fostered. The fight against informal economy will continue. The use of information technologies will be extended to tackle with tax losses and evasion. Moreover, arrangements on the taxation of earned incomes through electronic trade activities and those made on social media will be reviewed.

• Regarding combatting informal economy, amid the change in the organization and inspection systematic in Tax Inspection Board that started in 2020, efficiency in monitoring will be enhanced in 2021 with digital tracking and risk approach.

5. CURRENT ACCOUNT BALANCE

The main objective is to ensure improvement in current account balance through sustainable increase in exports by supporting prioritized sectors with competitive and strong employment potential in the international arena, reduced import dependency by enhancing domestic production capacities and increased tourism revenues. With the contribution of foreign direct capital investments ensuring technology transfer, improvement in balance of payments will be fostered. Natural gas prices will be rendered more competitive in new natural gas contracts to be made upon the discovery of natural gas in the Black Sea and the start of its use in 2023 will contribute positively to energy imports.
The downturn in the world economy and trade stemming from the pandemic is expected to phase out during the implementation of the Program. The increase in foreign demand, the expected strong rebound in tourism revenues and normalization in gold demand is projected to bring about a mild course in the current account deficit in 2021. This will reduce external financing need and support the external debt reduction process of the corporate sector.

The current account balance to GDP ratio is expected to run a deficit of 1.9% and 0.7% in 2021 and 2022, respectively, and turn to a limited surplus at the end of the Program.

### Current Account Balance/GDP (%)

<table>
<thead>
<tr>
<th>Year</th>
<th>GDP Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>-3.5</td>
</tr>
<tr>
<td>2020</td>
<td>-1.9</td>
</tr>
<tr>
<td>2021</td>
<td>-0.7</td>
</tr>
<tr>
<td>2022</td>
<td>0.1</td>
</tr>
<tr>
<td>2023</td>
<td>NEP</td>
</tr>
</tbody>
</table>

**Policy and Measures Regarding Foreign Trade:**

- Export incentives will be updated in alignment with the new normal approach that appeared in global economic conditions due to the Covid-19 pandemic. Also, new and effective support mechanisms will be enforced amid the developing and changing demand in foreign markets.

- It will be ensured that R&D and innovation-based solution proposals requested by large companies in need are made by SMEs and co-financed by the same companies. With the Order-Based R&D Projects Support Program, more R&D products will be commercialized faster and more effectively.

- Being a key element of export growth and product development
on a global scale, the testing and certification infrastructure will be strengthened, and it will be ensured that our producers access testing, documentation and certification services mainly domestically.

- A new tax incentive will be introduced to individual e-exporters in order to help the Turkish economy become more internationally competitive through e-export, to create new export areas, to improve employment opportunities and to increase the share of our country in new markets brought about by new opportunities through digitalization, and future entrepreneurs in this field will be offered training and certification.

- With the new normal following the Covid-19 outbreak, our companies will be strengthened in terms of standards, design, sustainability, safety and production capabilities to help them re-enter the supply chain that has undergone structural changes, and will be supported to enter global supply chains.

- A support program will be implemented to strengthen the position of Turkish companies in the Global Supply Chain (GSC), to ensure the participation of new companies in the GSC, and to increase our country’s share in the global supply chain.

- Within the framework of the Belt and Road Initiative, bilateral commercial and economic relations will be further enhanced with China.

- Trade diplomacy tools will be used effectively to improve Turkey’s commercial relations with third countries and to secure maximum protection/safeguarding of Turkey’s rights and interests.

- With regard to negotiations for updating the Customs Union, initiatives will be further pursued in the eye of associated platforms, the EU Commission being the leading one.

- Within the scope of the Turkey-EU Customs Union, necessary work and preparation will be made in dialogue with the EU by coordinating the public sector, the private sector, NGOs and universities to ensure adaptation to the European Green Deal regarding Turkish exports to the EU.

- Exploration activities for oil and natural gas resources, particularly in the seas, will be accelerated.

- Mines, boron and lithium taking the lead, will be processed, turned into high value-added products and supplied to
international markets.

- Electricity generation from domestic and renewable energy sources will be increased. Efficiency-enhancing projects will be implemented to reduce inefficiencies and losses of industrial enterprises, and recover wasted energy.

- Mineral exploration and drilling activities will continue, and prospective reserves will be marketed with novel business models and financing mechanisms based on public-private partnership.

- To feed unexpired technological products back into the economy, help them regain economic value, and reduce waste and damage to the environment, standards will be established through new legal regulations that will mandate the process of having second-hand technological products renewed to a certain standard and put back for sale safely.

- High-tech producing industrial and technology zones that feature an effective governance model and attract large-scale domestic and foreign investments will be built.

**Policies and Measures Regarding Tourism:**

- The Safe Tourism Certification Program implemented in the post-Covid-19 normalization period will be sustained and permanent. Promotion, marketing and service quality-boosting activities and tourism investments will be further supported in line with the sector’s priorities.

- In order to turn the health crisis faced by many countries during the Covid-19 pandemic into an opportunity, projects will be implemented to highlight the potential of the Turkish health tourism, and in this context, promotional strategies will be developed especially for senior tourism and thermal tourism.

- New destinations will be introduced to have tourism year-round across the whole country, and the 2023 Tourism Master Plan will be implemented by offering more diverse tourism products such as culinary, event, cultural, ecological, faith, educational, sports and bicycle tourism.

- Focused and customized marketing and promotion strategies will be implemented to attract high-end visitors from target markets.
- Digital media will be put into use to help major tourism destinations in Turkey gain more recognition.

- Technology-enhanced visitor experience projects will be implemented, and digital tourism will be diversified through virtual museums, virtual exhibitions and digital trade shows.

- To maximize the use of hotel capacities in cities and increase overnight stays, holistically planned tourism destinations that offer a variety of products, and incorporate multiple tourism activities such as culture, arts, entertainment, festivals, congresses and seminars, sports, adventure, nature and shopping, will be introduced.

- International airline companies and tour operators will be supported in their marketing activities to start and maintain direct scheduled and charter flights from the selected cities of Turkey’s top inbound tourism markets to touristic regions with high accommodation capacity.

- Cultural tourism will be promoted by raising awareness about Turkey’s cultural assets and discovering their tourism potential.

- In order to create qualified human resources for the tourism sector, protocols on educational cooperation will be signed to increase the number of qualified personnel.

- By strengthening of culture and art industries, Turkey will become an important filmmaking country and exporter of movies/TV series.

6. FINANCIAL STABILITY

The program aims to increase savings through strategic reforms in financial markets, to promote efficiency in resource allocation, to increase the level of financial literacy and to strengthen the capital market pillar of the financial system.

Throughout the program period, to promote the smooth functioning of the economy and to improve its resilience against shocks, primary objectives will be to strengthen financial stability, to prioritize financial intermediation in a structure that supports high value-added and productive sectors, and thus reduces vulnerabilities stemming from reliance on external financing.
The capital adequacy ratio of the banking sector increased to 19.2% as of July 2020, thanks to the temporary flexibility provided by the Banking Regulation and Supervision Agency (BRSA) against the economic impact of the pandemic. The capital adequacy ratio is well above the legal minimum rate of 8% which is implemented in accordance with Basel III criteria and the 12% target rate set by the BRSA. The core capital adequacy ratio, a measure of capital quality, maintains a strong stand at 14.9%, well above the legal rate of 4.5%.

Strong foreign currency liquidity buffers that banks may use against external financial shocks are at a level that can meet the foreign debt due within one year.

Coordinated measures taken in response to the worsened cash flow and increased liquidity demand of the real sector and households during the pandemic helped maintain the functioning of the credit mechanism, leading to an accelerated credit growth. In the upcoming period, the deceleration in credit growth is expected to proceed amid a soon-to-be-achieved full-fledged economic recovery, normalized cash flows and recent measures to safeguard financial stability.

Having trended downward in the pre-pandemic period, the non-performing loans (NPL) ratio declined to 4.2% as of July 2020, mainly as a result of the rapid increase in total loans during the pandemic and the measures taken to delay the classification of loans as non-performing. The measures taken by the BRSA to classify loans as non-performing are expected to have implications for the asset quality in the post-pandemic period. While possible NPL increases due to the course of the pandemic will be closely monitored, the banking sector is in a position to manage the risks arising from asset quality with its strong capital and liquidity structure. In addition to steps towards normalization, the economy-wide recovery expected for the second half of the year will likely limit the increase in NPLs in the upcoming period.

As of the first quarter of 2020, the ratio of the total financial debt of the real sector to GDP is 60.7%. Foreign currency accounts for 59.7% of the total debt. The total net foreign exchange deficit position of the real sector continued to fall in 2020, to 162.9 billion dollars as of June. Real sector companies bear no short position risk for one year maturity. Short-term...
foreign currency assets of the real sector are above their short-term foreign currency liabilities.

Although personal loans played an important role in the accelerated loan growth during the pandemic, the household debt to GDP ratio remained at a level far below that in peer and advanced economies despite macroprudential policies regarding consumer credit cards and consumer loans. In this period, the BRSA brought the minimum credit card payment down to 20%, which supported households’ debt service capacity. In addition, the inability of personal loan users to access foreign currency or foreign currency-indexed loans restrains the exchange rate risk.

The share of capital markets in Turkey’s economy continues to grow. There have been significant increases in indicators such as the number of individual investors, total portfolio size of institutional and individual investors, and transaction volume. The number of companies that receive funds from capital markets through equity financing has been increasing. Throughout the program period, it is aimed that savings accumulated in capital markets will contribute directly to Turkey’s development by offering long-term financing to the Turkish corporate sector.

Policies and Measures:

- Within the framework of the new financial architecture approach, the flexible, effective and comprehensive regulatory infrastructure based on financial stability and security will be strengthened.

- A comprehensive strategy document and action plan will be prepared to expand financial technologies (Fintech) in our country, and these studies will be conducted centrally in a coordinated fashion.

- The Istanbul Finance Centre (IFC) will be launched in 2022.

- To make Turkey join the ranks of countries leading the participation finance and reinsurance system, a participation finance strategy document taking into account the needs of the
sector and the sensitivities of participants will be carried out within the framework of the guidance of best practices and internationally accepted Islamic finance principles.

- Credit insurance, which serves to compensate the losses that may arise from failing to pay a commercial receivable, will be expanded.

- Financial literacy will be increased by ensuring that information on financial transactions is conveyed to users in a more comprehensible way.

- Capital market instruments such as venture capital funds and crowdfunding platforms will be used effectively in financing R&D and innovation activities to provide innovative industrial and technology companies with long-term finance at favorable conditions.

- To deepen money and capital markets, efforts that contribute to the increase in long-term savings will be maintained.

- Our exporters and businesses that engage in foreign exchange generating activities or operate in the manufacturing industry will be supported primarily within the scope of the Treasury-Backed Guarantee System, and benefit more from the guarantee limits.

- Efforts that improve lending processes and ensure that loans are used in line with their granting purposes will continue.

- Goals set within the scope of banks’ performance management systems will be aligned with macroeconomic targets.

- Efforts that introduce new products and services in order to increase the variety of financial instruments offered to investors, increase the level of digitalization and bring inactive assets back into the economy will continue.

- Clearing processes will be improved in order to reduce operational costs in managing collateral and to help SMEs sustain their activities through the central clearing service.

- The implementation framework for the project-based securities system and the project finance fund, which is an alternative investment instrument, will be completed for the effective use of capital market instruments in financing long-term and capital-intensive investments in infrastructure,
energy, industry or technology.

• In order for real sector companies to benefit more from capital markets through the issuance of debt instruments, the legal infrastructure regarding the Collateral Management Agreement will be established.

• For a deeper financial system and wider domestic savings base, depth and savings level in the system will be increased with new products.
**7. ACTIONS AND PROJECTS**

Actions and projects aligned with the policies and measures mentioned in this program will be implemented within a defined timeline and these will serve the main objectives of the NEP and help bolster individual and social development in the long term. These actions and projects are listed in the following tables.

<table>
<thead>
<tr>
<th>ENVIRONMENT AND URBANISM</th>
<th>Ministry in Charge</th>
<th>Planned Date of Completion</th>
<th>Economic Balancing Healthy and Sustainable Growth</th>
<th>Fairer Allocation</th>
<th>Qualified Workforce and Strong Society</th>
<th>New Normal</th>
</tr>
</thead>
<tbody>
<tr>
<td>Recycling rates will be increased by promoting zero waste practices throughout the country.</td>
<td>Ministry of Environment and Urbanization</td>
<td>December 2023</td>
<td>✔</td>
<td></td>
<td></td>
<td>✔</td>
</tr>
<tr>
<td>By further improving the quota implementation for waste importation, domestic waste sorting and green transformation will be encouraged to foster the transition to a circular economy, thus reducing Turkey’s waste importation.</td>
<td>Ministry of Environment and Urbanization</td>
<td>December 2023</td>
<td>✔</td>
<td></td>
<td></td>
<td>✔</td>
</tr>
<tr>
<td>Agricultural production will be increased by renting out state-owned farmlands for the cultivation of crops in demand, and idle resources will be put to use.</td>
<td>Ministry of Environment and Urbanization</td>
<td>December 2023</td>
<td>✔</td>
<td>✔</td>
<td></td>
<td>✔</td>
</tr>
<tr>
<td>Our cultural heritage will be preserved, restored and shared with today’s society and future generations.</td>
<td>Ministry of Culture and Tourism</td>
<td>December 2021</td>
<td></td>
<td></td>
<td></td>
<td>✔</td>
</tr>
</tbody>
</table>
**NEW ECONOMY PROGRAM 2021-2023**

<table>
<thead>
<tr>
<th>EDUCATION</th>
<th>Ministry in Charge</th>
<th>Planned Date of Completion</th>
<th>Economic Balancing</th>
<th>Healthy and Sustainable Growth</th>
<th>Fairer Allocation</th>
<th>Qualified Workforce and Strong Society</th>
<th>New Normal</th>
</tr>
</thead>
<tbody>
<tr>
<td>In order to make distance learning highly effective to support the <em>Blended Education System</em>, a holistic system that includes improvements in content, infrastructure, design and management will be implemented, and disadvantaged students will be helped to benefit more from distance learning.</td>
<td>Ministry of National Education</td>
<td>December 2021</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Hygiene conditions at educational institutions will be improved, and infection prevention measures will be implemented in a planned and continuous manner.</td>
<td>Ministry of National Education</td>
<td>September 2021</td>
<td>✓</td>
<td>✓</td>
<td></td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Education will be brought in line with international standards, and the efficiency of the measurement, monitoring and evaluation system will be increased.</td>
<td>Ministry of National Education</td>
<td>December 2021</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>At all learning levels, the quality of counseling and guidance services will be increased to support students’ academic, social and emotional development, and students will be directed to the professions of the future that will match their skills and abilities.</td>
<td>Ministry of National Education</td>
<td>December 2021</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>The quality of the education that students with special needs receive in our country will be increased, these students will be identified with special diagnostic tools, their development will be supported and monitored, and they will be provided the ability to create value added for both themselves and Turkey’s economy.</td>
<td>Ministry of National Education</td>
<td>December 2021</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
</tbody>
</table>
**EDUCATION**

The knowledge acquired by the students in vocational education institutions will be transformed into skills and production, and thus individuals who can meet the specific requirements of a certain industry will be trained in cooperation with that industry.

<table>
<thead>
<tr>
<th>Ministry in Charge</th>
<th>Planned Date of Completion</th>
<th>Economic Balancing</th>
<th>Fairer Allocation</th>
<th>Qualified Workforce and Strong Society</th>
<th>New Normal</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ministry of National Education</td>
<td>December 2021</td>
<td>✔️</td>
<td>✔️</td>
<td>✔️</td>
<td></td>
</tr>
</tbody>
</table>

To ensure equality in education, a school-centered system approach will be adopted to reduce the discrepancies among students, schools and regions with respect to financial resources, instructor qualifications and supervisory competencies, educational equipment and attainments. Besides, school administrations will be enhanced, an education quality index will be established, and inexperienced instructors will be assisted.

| Ministry of National Education | December 2021 | ✔️ | ✔️ | ✔️ |

Innovative school-industry cooperation models will be established with respect to the needs and digital transformation goals of the industry, and the capacities of vocational and technical education institutions will be developed in a way to meet the workforce demands of that industry.

| Ministry of National Education | December 2021 | ✔️ | ✔️ | ✔️ |
**FINANCIAL SYSTEM**

<table>
<thead>
<tr>
<th>Description</th>
<th>Ministry in Charge</th>
<th>Planned Date of Completion</th>
<th>Economic Balancing</th>
<th>Healthy and Sustainable Growth</th>
<th>Fairer Allocation</th>
<th>New Normal</th>
</tr>
</thead>
<tbody>
<tr>
<td>In order to diversify investment instruments and expand the investor base, lease certificates with various maturities and structures will further be issued, and the lease certificate market will be improved</td>
<td>Ministry of Treasury and Finance</td>
<td>December 2022</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Monitoring and reporting of the policies established regarding the participation finance sector will be ensured, the cooperation between the regulatory and supervisory institutions of this sector and sectoral organizations will be strengthened, and the efficiency of Central Advisory Board will be increased.</td>
<td>Ministry of Treasury and Finance</td>
<td>December 2022</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>The participation finance system will be aligned with international standards and participation insurance will become more widespread.</td>
<td>Ministry of Treasury and Finance</td>
<td>December 2021</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Domestic and national finance technologies will be expanded to develop the systems using domestic and national resources in stock exchange transactions and to reduce foreign dependency in this regard.</td>
<td>Ministry of Treasury and Finance</td>
<td>December 2021</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>The value estimation capacity of intellectual property assets in our country will be improved to make them provide more contribution to the economy, and patented technologies developed in universities, research institutions and technology development zones will be effectively transferred to the industry.</td>
<td>Ministry of Industry and Technology</td>
<td>December 2023</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
</tbody>
</table>
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<table>
<thead>
<tr>
<th>FINANCIAL SYSTEM</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Ministry in Charge</strong></td>
</tr>
<tr>
<td>Borrower’s fund infrastructure will be established within Turk Eximbank, allowing exporters perform foreign exchange transactions and the Bank diversify its resource structure.</td>
</tr>
<tr>
<td>To enable our exporters to enter new markets with confidence and to expand their business volumes in existing markets, Turk Eximbank's credit insurance and guarantee supports will be increased gradually.</td>
</tr>
<tr>
<td>The share of SMEs in the number of firms benefiting from Turk Eximbank's financial supports will be increased.</td>
</tr>
<tr>
<td>YOUTH AND SOCIETY</td>
</tr>
<tr>
<td>----------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>A legal aid system addressing the needs of vulnerable groups will be established in order to make access of these groups to justice more efficiently.</td>
</tr>
<tr>
<td>Social research will be conducted to generate risk profiles of families regarding addiction and criminal tendency.</td>
</tr>
<tr>
<td>To prevent multiple aids to be provided for a beneficiary and ensure efficiency in public resources, the integrated social assistance structure will be strengthened.</td>
</tr>
<tr>
<td>100 Try&amp;Do Technology Workshops will be established across 81 provinces to train the youth, the dynamo of the National Technology Movement, with a high level of technological literacy. Youth centers will provide education in the fields of algorithm, programming, web and mobile application development, robotics, and electronics for 35 thousand young people in 2021.</td>
</tr>
<tr>
<td>Education, knowledge and skill-building programs for young people will move to an online platform.</td>
</tr>
<tr>
<td>In order to facilitate the access of young people to the labor market, they will be trained to become qualified individuals by gaining professionalism in their fields of interest.</td>
</tr>
</tbody>
</table>
### BUSINESS AND INVESTMENT ENVIRONMENT

<table>
<thead>
<tr>
<th>Activity</th>
<th>Ministry in Charge</th>
<th>Planned Date of Completion</th>
<th>Economic Balancing</th>
<th>Healthy and Sustainable Growth</th>
<th>Fairer Allocation</th>
<th>Qualified Workforce and Strong Society</th>
<th>New Normal</th>
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<tbody>
<tr>
<td>Use of technological means will be increased in the judicial system, particularly in e-hearings.</td>
<td>Ministry of Justice</td>
<td>December 2021</td>
<td>✔️</td>
<td>✔️</td>
<td>✔️</td>
<td>✔️</td>
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</tr>
<tr>
<td>Specialization of the judiciary in fields such as finance, energy, environment and zoning will be ensured and specialized courts will be established in those fields.</td>
<td>Ministry of Justice</td>
<td>December 2021</td>
<td>✔️</td>
<td>✔️</td>
<td>✔️</td>
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<td>✔️</td>
</tr>
<tr>
<td>Intermediation system will be expanded and disputes in due fields will be settled in a shorter time.</td>
<td>Ministry of Justice</td>
<td>December 2021</td>
<td>✔️</td>
<td>✔️</td>
<td>✔️</td>
<td>✔️</td>
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</tr>
<tr>
<td>In order to carry out enforcement and bankruptcy activities faster and more effectively, the enforcement and bankruptcy system will be updated and a virtual enforcement office will be developed.</td>
<td>Ministry of Justice</td>
<td>December 2021</td>
<td>✔️</td>
<td>✔️</td>
<td>✔️</td>
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</tr>
<tr>
<td>Our exports to Africa will be handled with a holistic approach based on the business environment, diplomacy and financing pillars of target countries and sectors, taking into account the products and product groups that Turkey is highly competitive.</td>
<td>Ministry of Foreign Affairs</td>
<td>December 2023</td>
<td>✔️</td>
<td>✔️</td>
<td>✔️</td>
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</tr>
<tr>
<td>Tax returns will be reviewed, and simplified in line with the opinions of taxpayers and professionals to increase voluntary tax compliance and ease of doing business.</td>
<td>Ministry of Treasury and Finance</td>
<td>December 2021</td>
<td>✔️</td>
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<td>BUSINESS AND INVESTMENT ENVIRONMENT</td>
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<tr>
<td>In order to ensure the effectiveness of incentives and state aids; the Incentives and State Aids Information System, which will allow comprehensive analysis and provide an integrated and quality data, will be put into practice.</td>
<td>Ministry of Treasury and Finance</td>
<td>December 2021</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
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</tr>
<tr>
<td>A legal and regulatory framework will be prepared in order to determine the basic principles and rules that the support programs will be subject to, to simplify the incentives and state aids system and to achieve a structure free from duplications, to ensure efficiency of incentives and state aids, to conduct impact assessments.</td>
<td>Ministry of Treasury and Finance</td>
<td>December 2021</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
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</tr>
<tr>
<td>The cooperatives legislation will be updated in a way to ensure that cooperatives and their higher bodies operate in accordance with international principles and practices, that they have a transparent and professional management structure, and have an effective audit system.</td>
<td>Ministry of Trade</td>
<td>December 2023</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
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<tr>
<td>For the purpose of ensuring the sustainability of Turkey’s exports, reducing foreign trade-related costs, and delivering export products to assigned destinations in the most efficient way the establishment of Foreign Logistics Centers will be supported, where Turkish export products can be stored, handled and distributed to the inner parts of the destination countries abroad.</td>
<td>Ministry of Trade</td>
<td>September 2022</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
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</tr>
<tr>
<td>Preferential Trade Agreements and Free Trade Agreements, which are currently negotiated with relevant countries with a view of taking economic relations to the next level and improving existing relations further, will be completed by taking into account the sustainability of current account balance.</td>
<td>Ministry of Trade</td>
<td>December 2023</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
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</tr>
</tbody>
</table>
A new Preferential Trade System will be established in order to add a new dynamism and dimension to commercial and economic relations with the United Kingdom after the Brexit.

Business and trade forums will be organized in order to develop commercial and economic relations with African Countries and Turkic Republics.

Company establishment processes will be completely digitalized in order to allow entrepreneurs to start commercial life in a quick and safe way.

The Easy Export Platform, which was introduced to help export companies access to all the information they may need from a single source and provide companies with specific, personalized market and product recommendations, will be strengthened and its use will be expanded so that it can serve as an effective market entry guide for existing and potential exporters.

A national business network will be established, where stakeholders can share export-related experiences; and women and young entrepreneurs will be encouraged to carry out export activities via the Exporters Startup Online Network Program, Women Entrepreneurs Online Network Program of Turkey and the National Women Exporters Network Platform.
Export incentives will be updated in alignment with the new normal approach that appeared in global economic conditions due to the Covid-19 pandemic. Also, new and effective support mechanisms will be enforced amid the developing and changing demand in foreign markets.

It will be ensured that R&D and innovation-based solution proposals requested by large companies in need are made by SMEs and co-financed by the same companies. With the Order-Based R&D Projects Support Program, more R&D products will be commercialized faster and more effectively.

Being a key element of export growth and product development on a global scale, the testing and certification infrastructure will be strengthened, and it will be ensured that our producers access testing, documentation and certification services mainly domestically.

A new tax incentive will be introduced to individual e-exporters in order to help the Turkish economy become more internationally competitive through e-export, to create new export areas, to improve employment opportunities and to increase the share of our country in new markets brought about by new opportunities through digitalization, and future entrepreneurs in this field will be offered training and certification.

With the new normal following the Covid-19 outbreak, our companies will be strengthened in terms of standards, design, sustainability, safety and production capabilities to help them re-enter the supply chain that has undergone structural changes, and will be supported to enter global supply chains.

A support program will be implemented to strengthen the position of Turkish companies in the Global Supply Chain (GSC), to ensure the participation of new companies in the GSC, and to increase our country's share in the global supply chain.

Within the framework of the Belt and Road Initiative, bilateral commercial and economic relations will be further enhanced with China.

Trade diplomacy tools will be used effectively to improve Turkey’s commercial relations with third countries and to secure maximum protection/safeguarding of Turkey’s rights and interests.

With regard to negotiations for updating the Customs Union, initiatives will be further pursued in the eye of associated platforms, the EU Commission being the leading one.

Within the scope of the Turkey-EU Customs Union, necessary work and preparation will be made in dialogue with the EU by coordinating the public sector, the private sector, NGOs and universities to ensure adaptation to the European Green Deal regarding Turkish exports to the EU.

Exploration activities for oil and natural gas resources, particularly in the seas, will be accelerated. Mines, boron and lithium taking the lead, will be processed, turned into high value-added products and supplied to international markets.

Electricity generation from domestic and renewable energy sources will be increased. Efficiency-enhancing projects will be implemented to reduce inefficiencies and losses of industrial enterprises, and recover wasted energy.

Mineral exploration and drilling activities will continue, and prospective reserves will be marketed with novel business models and financing mechanisms based on public-private partnership.

To feed unexpired technological products back into the economy, help them regain economic value, and reduce waste and damage to the environment, standards will be established through new legal regulations that will mandate the process of having second-hand technological products renewed to a certain standard and put back for sale safely.

High-tech producing industrial and technology zones that feature an effective governance model and attract large-scale domestic and foreign investments will be built.

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**BASIC AND INVESTMENT ENVIRONMENT**

<table>
<thead>
<tr>
<th>Ministry in Charge</th>
<th>Planned Date of Completion</th>
<th>Economic Balancing</th>
<th>Healthy and Sustainable Growth</th>
<th>Fairer Allocation</th>
<th>Qualified Workforce and Strong Society</th>
<th>New Normal</th>
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<tbody>
<tr>
<td>Ministry of Trade</td>
<td>December 2023</td>
<td>✔</td>
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<tr>
<td>Accreditation activities will be carried out for organizations in the halal certification business in Turkey and abroad, and a system will be established so that public monitoring is possible.</td>
<td>Ministry of Trade</td>
<td>December 2023</td>
<td>✔</td>
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### LABOUR MARKET

<table>
<thead>
<tr>
<th>Description</th>
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<th>Qualified Workforce and Strong Society</th>
<th>New Normal</th>
</tr>
</thead>
<tbody>
<tr>
<td>Active labor market programs will be organized for groups that require special policies and their employment in the private sector will be mediated.</td>
<td>Ministry of Family, Labour and Social Services</td>
<td>December 2021</td>
<td>✔</td>
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<tr>
<td>An Unemployed Profile Inventory Survey will be conducted to identify the profile, skills, expectations as well as factors preventing employment of unemployed people and to implement customized policies for these people.</td>
<td>Ministry of Family, Labour and Social Services</td>
<td>December 2022</td>
<td>✔</td>
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<tr>
<td>A digital library will be established that will allow access to İŞKUR trainings.</td>
<td>Ministry of Family, Labour and Social Services</td>
<td>December 2023</td>
<td>✔</td>
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<tr>
<td>Effective consultancy services will be provided for young people so as to support their career planning, facilitate their entry into the labor market after graduation, and in this scope, an internship portal will be established.</td>
<td>Ministry of Family, Labour and Social Services</td>
<td>December 2021</td>
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<tr>
<td>In line with the needs of our country, the structure of the vocational and technical education system will be strengthened, the qualified workforce needs of the real sector will be met in cooperation with the sector, accordingly, the National Occupational Standards and Competencies will be identified, and the number of qualified workers with professional competence certificates will be increased.</td>
<td>Ministry of Family, Labour and Social Services</td>
<td>December 2021</td>
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<tr>
<td>Efforts to revive traditional occupations that are about to disappear and endeavors to increase employment opportunities in these occupations will be supported.</td>
<td>Ministry of Family, Labour and Social Services</td>
<td>December 2023</td>
<td>✔</td>
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<th>New Normal</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fight against unregistered employment will be enhanced.</td>
<td>Ministry of Family, Labour and Social Services</td>
<td>December 2022</td>
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<tr>
<td>Work permit criteria will be redefined so as to contribute to the protection of the local labor market and economic growth.</td>
<td>Ministry of Family, Labour and Social Services</td>
<td>December 2021</td>
<td>✔</td>
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<tr>
<td>Taking into account sectoral differences, new generation methods such as simulation and predictive modeling will be employed to enhance the effectiveness of occupational health and safety services in workplaces and the capacity to prevent occupational accidents and diseases will be increased.</td>
<td>Ministry of Family, Labour and Social Services</td>
<td>December 2023</td>
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<tr>
<td>Job descriptions of the staff and positions in the public sector will be identified, the competencies of the personnel will be clarified, the work on norm staffing will be conducted, the overstaff personnel will be reassigned in line with the job descriptions and competencies, Public Sector Human Resources Management System, that will reward the successful personnel, will be established by developing a target and competency based performance evaluation system.</td>
<td>Ministry of Treasury and Finance</td>
<td>December 2023</td>
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<tr>
<td>PUBLIC ORDER AND SECURITY</td>
<td>Ministry in Charge</td>
<td>Planned Date of Completion</td>
<td>Economic Balancing</td>
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<tr>
<td>Projects will be introduced in which information technologies will be used effectively to predict and prevent events threatening public order and security.</td>
<td>Ministry of Interior</td>
<td>December 2021</td>
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<tr>
<td>In order to achieve more effective disaster recovery, public awareness will be increased, an uninterrupted and secure communication infrastructure will be established, and planning activities will be carried out to identify and reduce disaster risks.</td>
<td>Ministry of Interior</td>
<td>December 2023</td>
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<tr>
<td>The systems and application software used in population services will be subject to digital transformation within the scope of domestic and national production objective, and the Biometric Data System will be introduced.</td>
<td>Ministry of Interior</td>
<td>December 2021</td>
<td>✔</td>
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<tr>
<td>The National Cyber Security Strategy and Action Plan for 2020-2023 will be introduced in order to reduce the effects of cyber threats, take necessary measures at national level, to establish a safe national cyber environment and to make sure that our country is one of the leading countries in the area of cyber security.</td>
<td>Ministry of Transport and Infrastructure</td>
<td>December 2023</td>
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### PUBLIC FINANCE

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<th>New Normal</th>
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</thead>
<tbody>
<tr>
<td>With the aim of using public resources efficiently, all of the foreign drugs listed in the Foreign Drugs Price List (Annex- 4 / C) will be provided by the Social Security Institution.</td>
<td>Ministry of Family, Labour and Social Services</td>
<td>December 2021</td>
<td>✓</td>
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<tr>
<td>Care economy infrastructure will be strengthened and an Actuarial Model for Long-Term Care Insurance will be created.</td>
<td>Ministry of Family, Labour and Social Services</td>
<td>December 2023</td>
<td>✓</td>
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<tr>
<td>The State Supply Office will provide purchase guarantee in health sector especially for pharmaceuticals, vaccines and medical devices, and as well as in other advanced technology investments that will contribute to the development of our country.</td>
<td>Ministry of Treasury and Finance</td>
<td>December 2021</td>
<td>✓</td>
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<tr>
<td>A public sector vehicle fleet management system, which will allow reliable implementation of the policies that will enhance the efficiency and performance in procurement, use and liquidation of public vehicles, will be established and the implementation scheme will be expanded.</td>
<td>Ministry of Treasury and Finance</td>
<td>December 2021</td>
<td>✓</td>
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<tr>
<td>Public immovable properties and idle facilities will be utilized for employment, investment / production purposes so as to contribute to national economy.</td>
<td>Ministry of Treasury and Finance</td>
<td>December 2023</td>
<td>✓</td>
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<tr>
<td>SOEs will be ensured to operate more effectively and efficiently by increase in the quality of independent audit and internal control system.</td>
<td>Ministry of Treasury and Finance</td>
<td>June 2022</td>
<td>✓</td>
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<tr>
<td>Some improvements will be made in the e-pulse system to avoid duplicate operations and achieve accurate and effective invoicing.</td>
<td>Ministry of Health</td>
<td>June 2022</td>
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**HEALTH**

Applied projects will be implemented in the fields of personal and transformational medicine in order to develop effective, original and value-added products to be used in early diagnosis and treatment of cancer, chronic and rare diseases.

<table>
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<tr>
<td>Ministry of Health</td>
<td>December 2022</td>
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</table>

Traditional and complementary medicine practices will be integrated into the health system based on evidence, and by increasing clinical research capacity innovation and R&D infrastructure will be strengthened.

| Ministry of Health | December 2023 | ✓ | ✓ | ✓ |

A Survey on Elderliness and Health will be conducted and the Elderly Monitoring Project will be introduced to determine the medical care need for elderly people in Turkey and to make sure that diagnosis, appropriate treatment and follow-up services for the elderly are delivered appropriately and effectively.

| Ministry of Health | December 2022 | ✓ | | ✓ |

Projects will be developed to optimize drug use and reduce drug costs by carrying out awareness and monitoring-evaluation activities on rational drug use.

| Ministry of Health | December 2021 | ✓ | ✓ | ✓ |

Telemedicine applications that will enable the digitalization of healthcare services and the provision of remote healthcare services will be implemented.

| Ministry of Health | June 2023 | ✓ | ✓ |

Economic Balancing

Healthy and Sustainable Growth

Fairer Allocation

Qualified Workforce and Strong Society

New Normal
| New potential aquaculture areas will be identified and prepared for investments, diversity in alternative aquaculture will be increased and the closed circuit aquaculture system will be expanded. | Ministry of Agriculture and Forestry | December 2021 | ✔ | ✔ |
| Detection and delimitation activities for pastures, highlands and winter quarters will be completed and rehabilitation activities will be expanded. | Ministry of Agriculture and Forestry | December 2023 | ✔ | ✔ |
| In order to increase earthquake resistance and heat insulation and to spread the use of environmentally friendly materials, the use of structural wood in the construction sector will be increased, and the planting of trees with industrial and economic value will be expanded. | Ministry of Agriculture and Forestry | December 2022 | ✔ | ✔ |
| Wild olive and turpentine trees will be grafted and brought into production, and people living in the regions where these trees are grown will have the opportunity to collect and sell products from these trees and make additional income. | Ministry of Agriculture and Forestry | December 2023 | ✔ | ✔ | ✔ |
| Food safety will be ensured by increasing the fight against counterfeiting and adulteration in food products, and food inspector practice will be initiated to make inspections more efficient. | Ministry of Agriculture and Forestry | December 2023 | | | ✔ |
### AGRICULTURE

<table>
<thead>
<tr>
<th>Description</th>
<th>Ministry in Charge</th>
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<th>Economic Balancing Healthy and Sustainable Growth</th>
<th>Fairer Allocation and Strong Society</th>
<th>New Normal</th>
</tr>
</thead>
<tbody>
<tr>
<td>Studies on the early warning system that allow accurate supply and yield estimates in agricultural products will continue.</td>
<td>Ministry of Agriculture and Forestry</td>
<td>December 2022</td>
<td>✔</td>
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<tr>
<td>Progress on building more technological and efficient greenhouses that will increase greenhouse production capacity will continue.</td>
<td>Ministry of Agriculture and Forestry</td>
<td>December 2023</td>
<td>✔</td>
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</tr>
<tr>
<td>Studies will be carried out to obtain high yield per unit area for agricultural activities with high benefit and strategic importance, particularly hemp and medicinal / aromatic plants, and thus welfare in rural areas will be increased and stable food supply will be ensured.</td>
<td>Ministry of Agriculture and Forestry</td>
<td>December 2023</td>
<td>✔</td>
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</tr>
<tr>
<td>Measures for protecting animal health will be increased, domestic drug and vaccine production activities will be accelerated, and the conservation and rehabilitation activities of local breeds will be expanded to increase production and productivity.</td>
<td>Ministry of Agriculture and Forestry</td>
<td>December 2023</td>
<td>✔</td>
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<tr>
<td>The Zoonotic Diseases Research Institute will be established to increase the level of preparedness against diseases transmitted from animals to humans, and the Phage Institute, as an R&amp;D center to domestically produce bacteriophages used as biological control agents in food and agriculture, as well as for their therapeutic uses, will be opened.</td>
<td>Ministry of Agriculture and Forestry</td>
<td>December 2023</td>
<td>✔</td>
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<tr>
<td>A reliable agricultural products market will be established for agricultural products stored in licensed warehouses, agricultural product markets subject to licensed warehousing will be tracked electronically by accessing the instant stock data for these products. In order to develop trade in agricultural products, licensed warehousing will be expanded and the licensed warehouse capacity will be increased over 10 million tons.</td>
<td>Ministry of Trade</td>
<td>December 2022</td>
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## TOURISM

The “Sports Tourism Inventory of Turkey” will be established to achieve round-the-year tourism and increase the number of tourists visiting Turkey and organizations will be held to promote sports tourism.

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<tr>
<td>Ministry of Youth and Sports</td>
<td>December 2021</td>
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Within the scope of protocols that will be signed with universities, students studying at related departments, particularly in gastronomy or culture, will work as interns in tourism enterprises, and the cooperation between universities and tourism enterprises will be enhanced.

| Ministry of Culture and Tourism            | December 2021             | ✓                  | ✓                             | ✓                | ✓                                     | ✓           |

Protocols will be signed with universities, and students studying at related departments, particularly in gastronomy or culture, will work as interns in tourism enterprises, thus increasing the cooperation between universities and tourism enterprises.

| Ministry of Culture and Tourism            | December 2021             | ✓                  | ✓                             | ✓                | ✓                                     | ✓           |

In the Far East market, including China, India, Japan and South Korea, Safe Tourism Certification announcements will be made and promotion activities will be carried out depending on the opening of flight lines.

| Ministry of Culture and Tourism            | December 2021             | ✓                  | ✓                             | ✓                | ✓                                     | ✓           |

Archaeological excavations will be carried out all-year-around and new visiting sites, historical sites, historical and cultural artifacts will welcome visitors.

| Ministry of Culture and Tourism            | December 2021             | ✓                  | ✓                             | ✓                | ✓                                     | ✓           |

The Beyoğlu Culture Path Project, which will be extending from Galataport to Taksim Square and which will be hosting prominent cultural and artistic events of Turkey and Istanbul, will be implemented.

| Ministry of Culture and Tourism            | October 2021              | ✓                  | ✓                             | ✓                | ✓                                     | ✓           |
Export incentives will be updated in alignment with the new normal approach that appeared in global economic conditions due to the Covid-19 pandemic. Also, new and effective support mechanisms will be enforced amid the developing and changing demand in foreign markets.

It will be ensured that R&D and innovation-based solution proposals requested by large companies in need are made by SMEs and co-financed by the same companies. With the Order-Based R&D Projects Support Program, more R&D products will be commercialized faster and more effectively.

Being a key element of export growth and product development on a global scale, the testing and certification infrastructure will be strengthened, and it will be ensured that our producers access testing, documentation and certification services mainly domestically.

A new tax incentive will be introduced to individual e-exporters in order to help the Turkish economy become more internationally competitive through e-export, to create new export areas, to improve employment opportunities and to increase the share of our country in new markets brought about by new opportunities through digitalization, and future entrepreneurs in this field will be offered training and certification.

With the new normal following the Covid-19 outbreak, our companies will be strengthened in terms of standards, design, sustainability, safety and production capabilities to help them re-enter the supply chain that has undergone structural changes, and will be supported to enter global supply chains.

A support program will be implemented to strengthen the position of Turkish companies in the Global Supply Chain (GSC), to ensure the participation of new companies in the GSC, and to increase our country’s share in the global supply chain.

Within the framework of the Belt and Road Initiative, bilateral commercial and economic relations will be further enhanced with China.

Trade diplomacy tools will be used effectively to improve Turkey’s commercial relations with third countries and to secure maximum protection/safeguarding of Turkey’s rights and interests.

With regard to negotiations for updating the Customs Union, initiatives will be further pursued in the eye of associated platforms, the EU Commission being the leading one.

Within the scope of the Turkey-EU Customs Union, necessary work and preparation will be made in dialogue with the EU by coordinating the public sector, the private sector, NGOs and universities to ensure adaptation to the European Green Deal regarding Turkish exports to the EU.

Exploration activities for oil and natural gas resources, particularly in the seas, will be accelerated. Mines, boron and lithium taking the lead, will be processed, turned into high value-added products and supplied to international markets.

Electricity generation from domestic and renewable energy sources will be increased. Efficiency-enhancing projects will be implemented to reduce inefficiencies and losses of industrial enterprises, and recover wasted energy.

Mineral exploration and drilling activities will continue, and prospective reserves will be marketed with novel business models and financing mechanisms based on public-private partnership.

To feed unexpired technological products back into the economy, help them regain economic value, and reduce waste and damage to the environment, standards will be established through new legal regulations that will mandate the process of having second-hand technological products renewed to a certain standard and put back for sale safely.

High-tech producing industrial and technology zones that feature an effective governance model and attract large-scale domestic and foreign investments will be built.

<table>
<thead>
<tr>
<th>TOURISM</th>
<th>Ministry in Charge</th>
<th>Planned Date of Completion</th>
<th>Economic Balancing</th>
<th>Healthy and Sustainable Growth</th>
<th>Fairer Allocation</th>
<th>Qualified Workforce and Strong Society</th>
<th>New Normal</th>
</tr>
</thead>
<tbody>
<tr>
<td>Through the Health Tourism Portal, health facilities in Turkey will be promoted in a digital environment with profile, branch and medical staff information, so that all patient-hospital communication and reservations will be made through the portal.</td>
<td>Ministry of Health</td>
<td>December 2021</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td></td>
<td></td>
</tr>
<tr>
<td>In cooperation with ministries, a mechanism will be introduced allowing facilitated visa implementation for health tourists with visa requirements, and Health Tourism Welcome and Advisory Units will be established at airports and borders to help health tourists.</td>
<td>Ministry of Health</td>
<td>December 2021</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
## Domestic and Innovative Production

<table>
<thead>
<tr>
<th>DOMESTIC AND INNOVATIVE PRODUCTION</th>
<th>Ministry in Charge</th>
<th>Planned Date of Completion</th>
<th>Economic Balancing Healthy and Sustainable Growth</th>
<th>Fairer Allocation</th>
<th>Qualified Workforce and Strong Society</th>
<th>New Normal</th>
</tr>
</thead>
<tbody>
<tr>
<td>In order to contribute to increasing employment and production share of the medical devices sector in Turkey, an export and domestic market-oriented innovative business environment will be established.</td>
<td>Ministry of Family, Labour and Social Services</td>
<td>October 2022</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>The share of domestic production of products and services such as software, informatics and automation employed in electricity generation will be increased.</td>
<td>Ministry of Energy and Natural Resources</td>
<td>December 2023</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>R&amp;D activities will be carried out in the field of nuclear technology to develop domestic innovative technologies.</td>
<td>Ministry of Energy and Natural Resources</td>
<td>December 2023</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>By developing technologies to obtain Rare Earth Elements from ore and wastes, researches will be carried out to obtain advanced technological products in many sectors, particularly in energy, health, automotive and electronics.</td>
<td>Ministry of Energy and Natural Resources</td>
<td>December 2023</td>
<td>✓</td>
<td>✓</td>
<td></td>
<td></td>
</tr>
<tr>
<td>The technical infrastructure of the Turkish Standards Institution will be fortified in order to increase Turkey’s efficiency in testing, certification, licensing and conformity assessment.</td>
<td>Ministry of Industry and Technology</td>
<td>December 2022</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Potential producer-exporter companies will be listed by provinces so as to cover all provinces, and necessary guidance, mentoring and support will be provided for these companies to become exporting companies.</td>
<td>Ministry of Trade</td>
<td>December 2022</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td></td>
</tr>
</tbody>
</table>

*Note: ✓ indicates completion.*
Studies based on machine-learning and behavioral sciences will be carried out on occasional exporters so that firms, which are likely to cease/halt export activities, will be detected beforehand and activities will be carried out to help these firms stay as exporting companies.

In line with the development of our country’s railway passenger and freight transportation, main line electric locomotives, railway vehicles and diesel engines will be designed and manufactured domestically and nationally.

The utilization rate of domestic-made products in infrastructure investments in mobile communications industry will be increased.

<table>
<thead>
<tr>
<th>DOMESTIC AND INNOVATIVE PRODUCTION</th>
<th>Ministry in Charge</th>
<th>Planned Date of Completion</th>
<th>Economic Balancing</th>
<th>Healthy and Sustainable Growth</th>
<th>Fairer Allocation</th>
<th>Qualified Workforce and Strong Society</th>
<th>New Normal</th>
</tr>
</thead>
<tbody>
<tr>
<td>Studies based on machine-learning and behavioral sciences will be carried out on occasional exporters so that firms, which are likely to cease/halt export activities, will be detected beforehand and activities will be carried out to help these firms stay as exporting companies.</td>
<td>Ministry of Trade</td>
<td>December 2022</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td></td>
<td></td>
</tr>
<tr>
<td>In line with the development of our country’s railway passenger and freight transportation, main line electric locomotives, railway vehicles and diesel engines will be designed and manufactured domestically and nationally.</td>
<td>Ministry of Transport and Infrastructure</td>
<td>December 2023</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>The utilization rate of domestic-made products in infrastructure investments in mobile communications industry will be increased.</td>
<td>Ministry of Transport and Infrastructure</td>
<td>January 2023</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td></td>
</tr>
</tbody>
</table>
ANNEX TABLE 1:
MAIN ECONOMIC INDICATORS

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2020(1)</th>
<th>2021(2)</th>
<th>2022(2)</th>
<th>2023(2)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>GROWTH</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>GDP (Billion TL, Current Prices)</td>
<td>4,320</td>
<td>4,851</td>
<td>5,644</td>
<td>6,310</td>
<td>7,021</td>
</tr>
<tr>
<td>GDP (Billion USD, Current Prices)</td>
<td>761</td>
<td>702</td>
<td>735</td>
<td>801</td>
<td>875</td>
</tr>
<tr>
<td>Per Capita Income (GDP, USD)</td>
<td>9,213</td>
<td>8,381</td>
<td>8,661</td>
<td>9,317</td>
<td>10,033</td>
</tr>
<tr>
<td>GDP Growth (Real, %)</td>
<td>0.9</td>
<td>0.3</td>
<td>5.8</td>
<td>5.0</td>
<td>5.0</td>
</tr>
<tr>
<td>Total Consumption(3)</td>
<td>2.1</td>
<td>1.1</td>
<td>4.5</td>
<td>4.4</td>
<td>4.1</td>
</tr>
<tr>
<td>Public</td>
<td>4.8</td>
<td>5.2</td>
<td>-2.2</td>
<td>2.3</td>
<td>1.2</td>
</tr>
<tr>
<td>Private</td>
<td>1.7</td>
<td>0.4</td>
<td>5.7</td>
<td>4.8</td>
<td>4.6</td>
</tr>
<tr>
<td>Total Fixed Capital Investment(5)</td>
<td>-12.4</td>
<td>-2.2</td>
<td>6.2</td>
<td>7.0</td>
<td>7.1</td>
</tr>
<tr>
<td>Public</td>
<td>-27.9</td>
<td>-0.2</td>
<td>14.2</td>
<td>-7.2</td>
<td>8.4</td>
</tr>
<tr>
<td>Private</td>
<td>-10.0</td>
<td>-2.4</td>
<td>5.1</td>
<td>9.0</td>
<td>6.9</td>
</tr>
<tr>
<td>Total Domestic Savings/GDP</td>
<td>26.0</td>
<td>25.1</td>
<td>24.9</td>
<td>26.7</td>
<td>28.3</td>
</tr>
<tr>
<td>Public</td>
<td>0.0</td>
<td>-3.2</td>
<td>-1.6</td>
<td>-1.2</td>
<td>-0.7</td>
</tr>
<tr>
<td>Private</td>
<td>26.0</td>
<td>28.3</td>
<td>26.5</td>
<td>28.0</td>
<td>29.0</td>
</tr>
<tr>
<td>Total Savings-Investment Gap/GDP(6)</td>
<td>1.2</td>
<td>-3.5</td>
<td>-1.8</td>
<td>-0.6</td>
<td>0.2</td>
</tr>
<tr>
<td>Public</td>
<td>-3.5</td>
<td>-6.3</td>
<td>-5.2</td>
<td>-4.4</td>
<td>-4.0</td>
</tr>
<tr>
<td>Private</td>
<td>4.7</td>
<td>2.8</td>
<td>3.3</td>
<td>3.9</td>
<td>4.2</td>
</tr>
<tr>
<td>Contribution of Domestic Demand to Growth</td>
<td>-1.5</td>
<td>5.3</td>
<td>3.8</td>
<td>4.9</td>
<td>4.8</td>
</tr>
<tr>
<td>Contribution of Net Exports to Growth</td>
<td>2.4</td>
<td>-5.0</td>
<td>2.0</td>
<td>0.2</td>
<td>0.2</td>
</tr>
<tr>
<td><strong>EMPLOYMENT</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Population (Mid-Year, Thousand People)</td>
<td>82,579</td>
<td>83,710</td>
<td>84,856</td>
<td>86,017</td>
<td>87,195</td>
</tr>
<tr>
<td>Labor Force Participation Rate (%)</td>
<td>53.0</td>
<td>49.6</td>
<td>51.2</td>
<td>51.7</td>
<td>52.4</td>
</tr>
<tr>
<td>Employment (Thousand People)</td>
<td>28,080</td>
<td>26,733</td>
<td>28,331</td>
<td>29,496</td>
<td>30,742</td>
</tr>
<tr>
<td>Employment Rate (%)</td>
<td>45.7</td>
<td>42.7</td>
<td>44.6</td>
<td>45.6</td>
<td>46.7</td>
</tr>
<tr>
<td>Unemployment Rate (%)</td>
<td>13.7</td>
<td>13.8</td>
<td>12.9</td>
<td>11.8</td>
<td>10.9</td>
</tr>
<tr>
<td><strong>FOREIGN TRADE (GTS)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Exports (fob) (Billion USD)</td>
<td>180.8</td>
<td>165.9</td>
<td>184.0</td>
<td>198.0</td>
<td>214.0</td>
</tr>
<tr>
<td>Imports (cif) (Billion USD)</td>
<td>210.3</td>
<td>204.0</td>
<td>223.3</td>
<td>240.0</td>
<td>256.0</td>
</tr>
<tr>
<td>Crude Oil Price - Brent (USD/Barrel)</td>
<td>64.0</td>
<td>42.4</td>
<td>52.0</td>
<td>56.2</td>
<td>57.6</td>
</tr>
<tr>
<td>Energy Imports (Billion USD)</td>
<td>41.7</td>
<td>29.6</td>
<td>36.9</td>
<td>40.5</td>
<td>40.8</td>
</tr>
<tr>
<td>Foreign Trade Balance (Billion USD)</td>
<td>-29.5</td>
<td>-38.1</td>
<td>-39.3</td>
<td>-42.0</td>
<td>-42.0</td>
</tr>
<tr>
<td>Foreign Trade Volume/GDP (%)</td>
<td>51.4</td>
<td>52.7</td>
<td>55.4</td>
<td>54.7</td>
<td>53.7</td>
</tr>
<tr>
<td><strong>CURRENT ACCOUNT BALANCE</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Travel Revenues (Billion USD)</td>
<td>29.8</td>
<td>10.3</td>
<td>19.8</td>
<td>29.8</td>
<td>35.0</td>
</tr>
<tr>
<td>Current Account Balance (Billion USD)</td>
<td>8.8</td>
<td>-24.4</td>
<td>-13.9</td>
<td>-5.4</td>
<td>1.3</td>
</tr>
<tr>
<td>Current Account Balance/GDP (%)</td>
<td>1.2</td>
<td>-3.5</td>
<td>-1.9</td>
<td>-0.7</td>
<td>0.1</td>
</tr>
<tr>
<td>Current Account Balance excl. Gold (Billion USD)</td>
<td>18.1</td>
<td>-3.3</td>
<td>-4.6</td>
<td>3.4</td>
<td>9.6</td>
</tr>
<tr>
<td>Current Account Balance excl. Gold/GDP (%)</td>
<td>2.4</td>
<td>-0.5</td>
<td>-0.6</td>
<td>0.4</td>
<td>1.1</td>
</tr>
<tr>
<td><strong>INFLATION</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>GDP Deflator</td>
<td>13.9</td>
<td>11.9</td>
<td>9.9</td>
<td>6.4</td>
<td>5.9</td>
</tr>
<tr>
<td>CPI (Year End % Change)</td>
<td>11.8</td>
<td>10.5</td>
<td>8.0</td>
<td>6.0</td>
<td>4.9</td>
</tr>
</tbody>
</table>

Note: (1) Realization Estimate, (2) Program, (3) Chain-linked volume index percentage change, (4) The difference between the total savings-investment gap and the current account deficit stems from the use of export and import-weighted exchange rates in national income calculations.
## ANNEX TABLE 2:

### CENTRAL GOVERNMENT BUDGET

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2020 (RE)</th>
<th>2021 (P)</th>
<th>2022 (P)</th>
<th>2023 (P)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>(Billion TL)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Expenditures</strong></td>
<td>1,000.0</td>
<td>1,212.3</td>
<td>1,346.1</td>
<td>1,456.0</td>
<td>1,573.4</td>
</tr>
<tr>
<td>Primary Expenditures</td>
<td>900.1</td>
<td>1,074.9</td>
<td>1,166.6</td>
<td>1,251.4</td>
<td>1,355.3</td>
</tr>
<tr>
<td>Interest Expenditures</td>
<td>99.9</td>
<td>137.4</td>
<td>179.5</td>
<td>204.6</td>
<td>218.1</td>
</tr>
<tr>
<td><strong>Revenues</strong></td>
<td>875.3</td>
<td>973.1</td>
<td>1,101.1</td>
<td>1,207.5</td>
<td>1,326.1</td>
</tr>
<tr>
<td>General Budget Tax Revenues</td>
<td>673.9</td>
<td>790.7</td>
<td>922.7</td>
<td>1,020.3</td>
<td>1,121.7</td>
</tr>
<tr>
<td>Other Revenues</td>
<td>201.4</td>
<td>182.4</td>
<td>178.4</td>
<td>187.2</td>
<td>204.4</td>
</tr>
<tr>
<td><strong>Budget Balance</strong></td>
<td>-124.7</td>
<td>-239.2</td>
<td>-245.0</td>
<td>-248.5</td>
<td>-247.3</td>
</tr>
<tr>
<td><strong>Primary Balance</strong></td>
<td>-24.8</td>
<td>-101.8</td>
<td>-65.5</td>
<td>-43.9</td>
<td>-29.2</td>
</tr>
<tr>
<td><strong>Program-Defined Expenditures</strong></td>
<td>900.1</td>
<td>1,074.9</td>
<td>1,166.6</td>
<td>1,251.4</td>
<td>1,355.3</td>
</tr>
<tr>
<td><strong>Program-Defined Revenues</strong></td>
<td>769.6</td>
<td>895.8</td>
<td>1,042.7</td>
<td>1,157.7</td>
<td>1,275.1</td>
</tr>
<tr>
<td><strong>Program-Defined Balance</strong></td>
<td>-130.5</td>
<td>-179.1</td>
<td>-123.9</td>
<td>-93.6</td>
<td>-80.2</td>
</tr>
</tbody>
</table>

|                      |       |           |          |          |          |
| **(Percent of GDP, %)** |       |           |          |          |          |
| **Expenditures**     | 23.1  | 25.0      | 23.8     | 23.1     | 22.4     |
| Primary Expenditures | 20.8  | 22.2      | 20.7     | 19.8     | 19.3     |
| Interest Expenditures| 2.3   | 2.8       | 3.2      | 3.2      | 3.1      |
| **Revenues**         | 20.3  | 20.1      | 19.5     | 19.1     | 18.9     |
| General Budget Tax Revenues | 15.6  | 16.3      | 16.3     | 16.2     | 16.0     |
| Other Revenues       | 4.7   | 3.8       | 3.2      | 3.0      | 2.9      |
| **Budget Balance**   | -2.9  | -4.9      | -4.3     | -3.9     | -3.5     |
| **Primary Balance**  | -0.6  | -2.1      | -1.2     | -0.7     | -0.4     |
| **Program-Defined Expenditures** | 20.8  | 22.2      | 20.7     | 19.8     | 19.3     |
| **Program-Defined Revenues** | 17.8  | 18.5      | 18.5     | 18.3     | 18.2     |
| **Program-Defined Balance** | -3.0  | -3.7      | -2.2     | -1.5     | -1.1     |

**RE:** Realization Estimate  **P:** Program
ANNEX TABLE 3:
PUBLIC SECTOR GENERAL BALANCE (1)

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2020 (RE)</th>
<th>2021 (P)</th>
<th>2022 (P)</th>
<th>2023 (P)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(Billion TL)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Public Sector General Balance (PSGB)</td>
<td>-140.3</td>
<td>-296.7</td>
<td>-265.7</td>
<td>-255.3</td>
<td>-252.0</td>
</tr>
<tr>
<td>General Government</td>
<td>-131.4</td>
<td>-293.9</td>
<td>-256.3</td>
<td>-249.8</td>
<td>-252.1</td>
</tr>
<tr>
<td>Central Government Budget</td>
<td>-124.7</td>
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<td>-22.8</td>
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<td>General Health Insurance</td>
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|                                | (Percent of GDP, %) |          |          |          |          |
|                                | (Billion TL) |          |          |          |          |
| Public Sector General Balance (PSGB) | -3.2   | -6.1     | -4.7     | -4.0     | -3.6     |
| General Government             | -3.0   | -6.1     | -4.5     | -4.0     | -3.6     |
| Central Government Budget      | -2.9   | -4.9     | -4.3     | -3.9     | -3.5     |
| Local Governments              | -0.2   | -0.2     | -0.2     | -0.2     | -0.3     |
| Extra Budgetary Funds          | 0.0    | 0.0      | 0.0      | 0.0      | 0.0      |
| Unemployment Insurance Fund    | 0.1    | -0.8     | 0.1      | 0.2      | 0.2      |
| Social Security Institutions   | -0.5   | -0.3     | -0.4     | -0.5     | -0.6     |
| General Health Insurance       | 0.5    | 0.3      | 0.4      | 0.5      | 0.6      |
| Revolving Funds                | -0.1   | 0.0      | 0.0      | 0.0      | 0.0      |
| SEEs                           | -0.2   | -0.1     | -0.2     | -0.1     | 0.0      |
| Public Sector Primary Balance  | -0.7   | -3.0     | -1.3     | -0.6     | -0.3     |
| PSGB Exc. Interest Exp. and Priv. Rev.| -0.8   | -3.1     | -1.5     | -0.7     | -0.4     |

(1) Public sector covers institutions and organizations under the central government budget, local governments, social security institutions, the Unemployment Insurance Fund (including Guilds’ Savings Fund), SEEs, revolving funds, extra budgetary funds and general health insurance scheme.

RE: Realization Estimate  P: Program
## ANNEX TABLE 4:

### PROGRAM-DEFINED PUBLIC SECTOR GENERAL BALANCE (1)

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2020 (RE)</th>
<th>2021 (P)</th>
<th>2022 (P)</th>
<th>2023 (P)</th>
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<td>-42.5</td>
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<td>33.2</td>
<td>42.5</td>
</tr>
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### (Percent of GDP, %)

<table>
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<tr>
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<th>2021 (P)</th>
<th>2022 (P)</th>
<th>2023 (P)</th>
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<td>-0.1</td>
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<td>0.0</td>
<td>0.0</td>
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<td>Unemployment Insurance Fund**</td>
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<td>-0.1</td>
<td>0.1</td>
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<td>0.4</td>
<td>0.5</td>
<td>0.6</td>
</tr>
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<td>-0.1</td>
<td>-0.1</td>
<td>0.0</td>
<td>0.0</td>
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<td>0.0</td>
<td>-0.1</td>
<td>-0.1</td>
<td>0.0</td>
</tr>
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* Excluding interest payments and revenues, privatization revenues, dividends from public banks and some specific revenues and expenditures.

** Including Guilds’ Savings Fund

**RE:** Realization Estimate **P:** Program
### ANNEX TABLE 5: OTHER INDICATORS OF PUBLIC BALANCE

<table>
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<tr>
<th></th>
<th>2019</th>
<th>2020 (RE)</th>
<th>2021 (P)</th>
<th>2022 (P)</th>
<th>2023 (P)</th>
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<td>0.2</td>
<td>0.1</td>
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<tr>
<td>Tax Burden</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Including Social Security Premiums)</td>
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<td>Tax Burden</td>
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<tr>
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(1) Excluding rebates.

**RE:** Realization Estimate  **P:** Program
### ANNEX TABLE 6: GENERAL GOVERNMENT BALANCE *

<table>
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<tr>
<th></th>
<th>2019</th>
<th>2020 (RE)</th>
<th>2021 (P)</th>
<th>2022 (P)</th>
<th>2023 (P)</th>
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(Percent of GDP, %)

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<table>
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<th></th>
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<td>Taxes</td>
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<td>-0.7</td>
<td>-0.5</td>
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</tbody>
</table>

* General government includes institutions and organizations under the central government budget, local governments, social security institutions, general health insurance scheme, funds, the Unemployment Insurance Fund (including Guilds’ Savings Fund), and revolving funds.

RE: Realization Estimate  P: Program