

Debt Dynamics

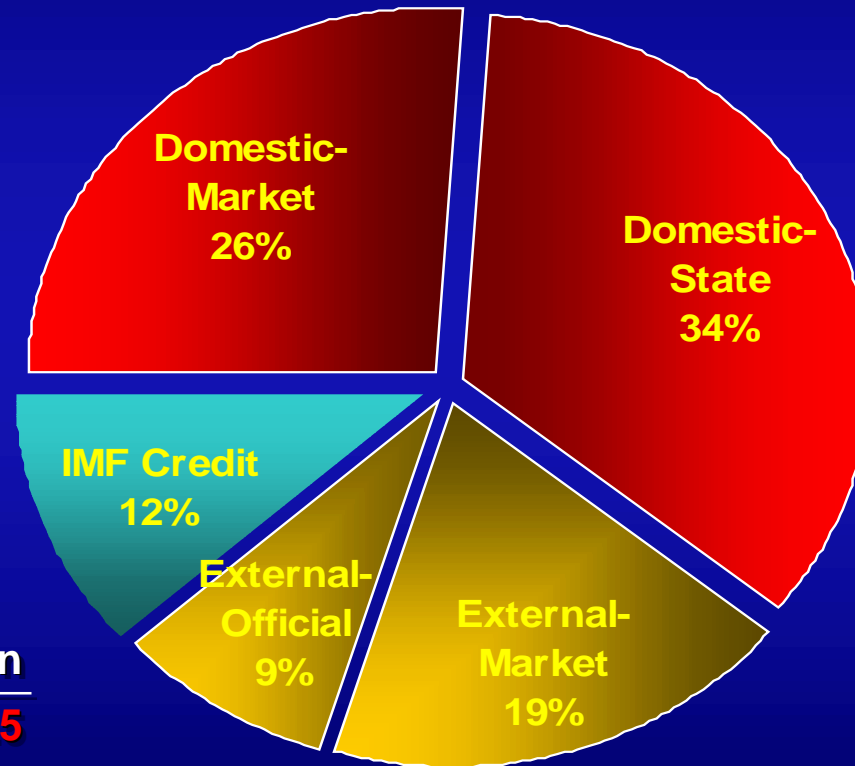
Faik Öztrak

Undersecretary of Treasury



Total Sovereign Debt Profile

April 2002



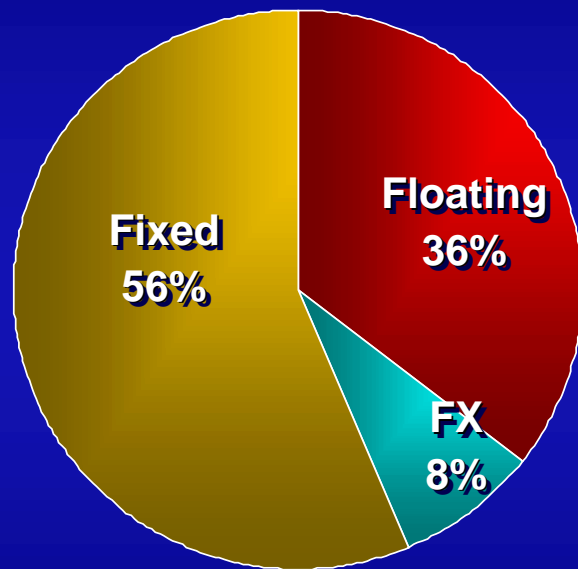
USD billion

Domestic-Market	37.5
Domestic-State	49.4
External-Market	27.2
External-Official	12.2
IMF Credit	16.6

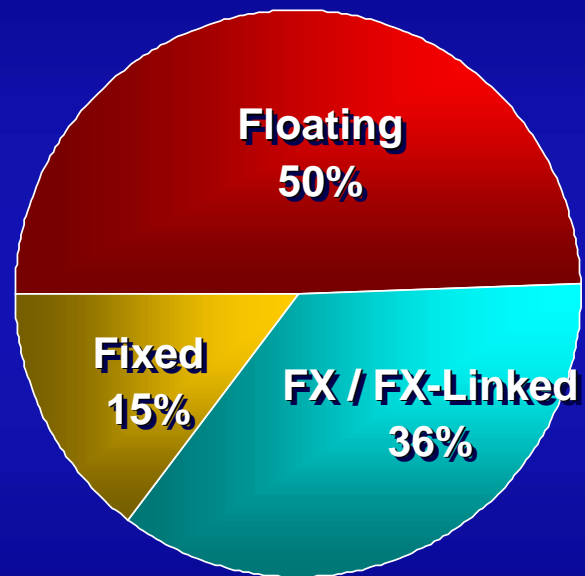


Sovereign Domestic Debt Profile by Instrument

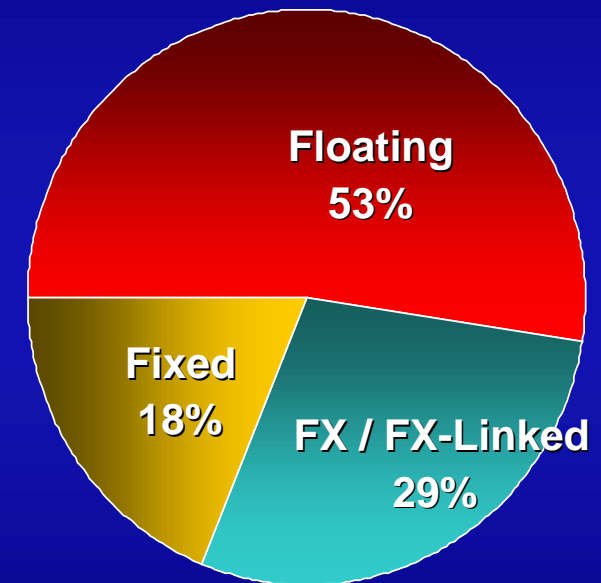
December 2000



December 2001



April 2002



US\$ Bn.

FLOATING	19.4
FIXED	30.6
FX	4.5
TOTAL	54.5

US\$ Bn.

42.3
12.3
30.2
84.9

US\$ Bn.

48.7
17.5
26.4
92.6

FINANCING REQUIREMENT

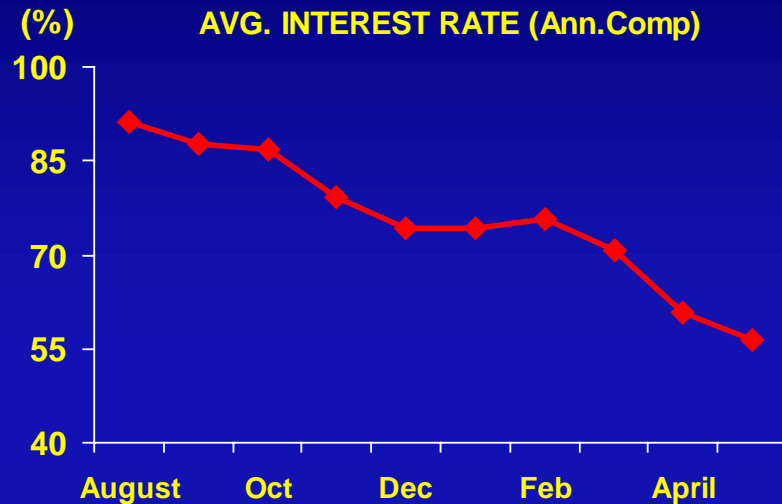


(billion USD)	2001		2002	
	Total	Jan.-April	Total	
Total Debt Service	68.4	30.1	84.9	
Domestic Debt Service	57.6	27.5	75.2	
Principal	35.5	18.5	47.7	
Interest	22.1	9.0	27.5	
Domestic Debt Service	57.6	27.5	75.2	
To the Market	37.4	13.5	47.8	
To the Public Sector	20.2	14.0	27.4	
External Debt Service	10.9	2.6	9.7	
Principal	7.9	1.6	6.1	
Interest	2.9	1.0	3.6	
Financing	68.4	30.1	84.9	
Domestic Borrowing	43.5	18.9	52.6	
Borrowing from the Market	34.7	16.0	45.3	
Borrowing from the Public Sector	8.8	2.9	7.3	
Other Financing	25.0	11.1	32.4	
Primary Surplus	10.0	1.3	12.9	
Privatization	2.1	0.0	0.7	
International Institutions	10.5	10.2	15.6	
External Borrowing	2.9	1.6	3.6	
Use of Cash Account	-0.7	-1.9	-0.5	
Total Domestic Borrowing/Domestic Debt Ser.	76%	69%	70%	
Bor. From the market/Dom. Debt Serv. to the Market	97%	118%	95%	

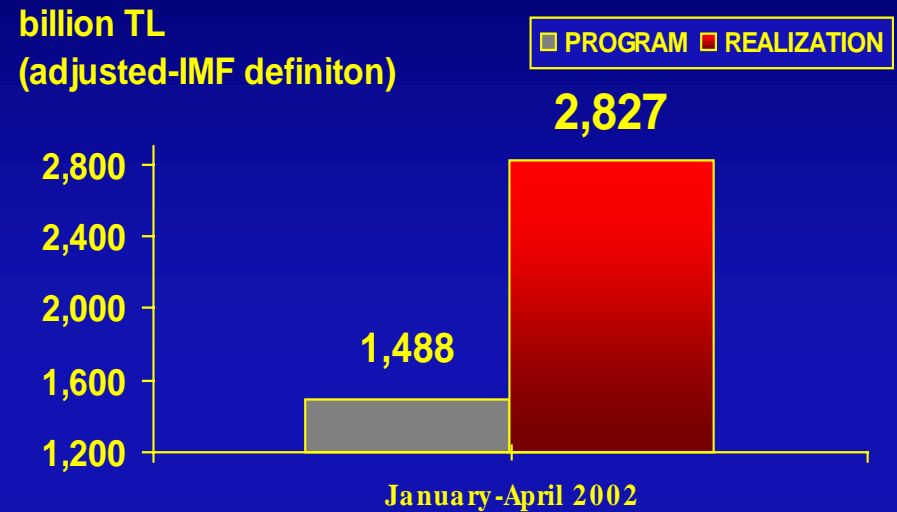


All factors for debt dynamics are improving

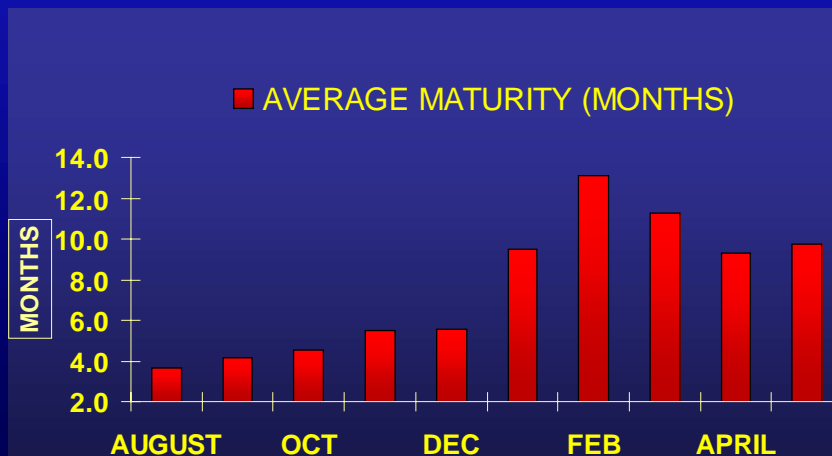
Interest rates



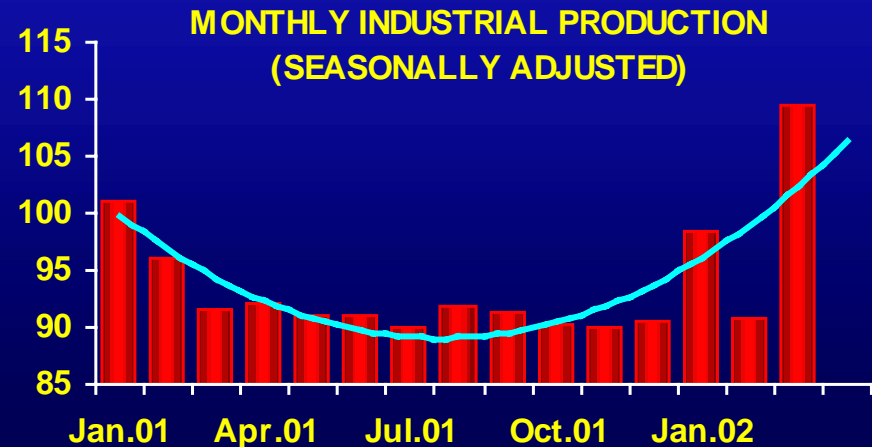
Consolidated Budget Primary Balance



Average Maturity



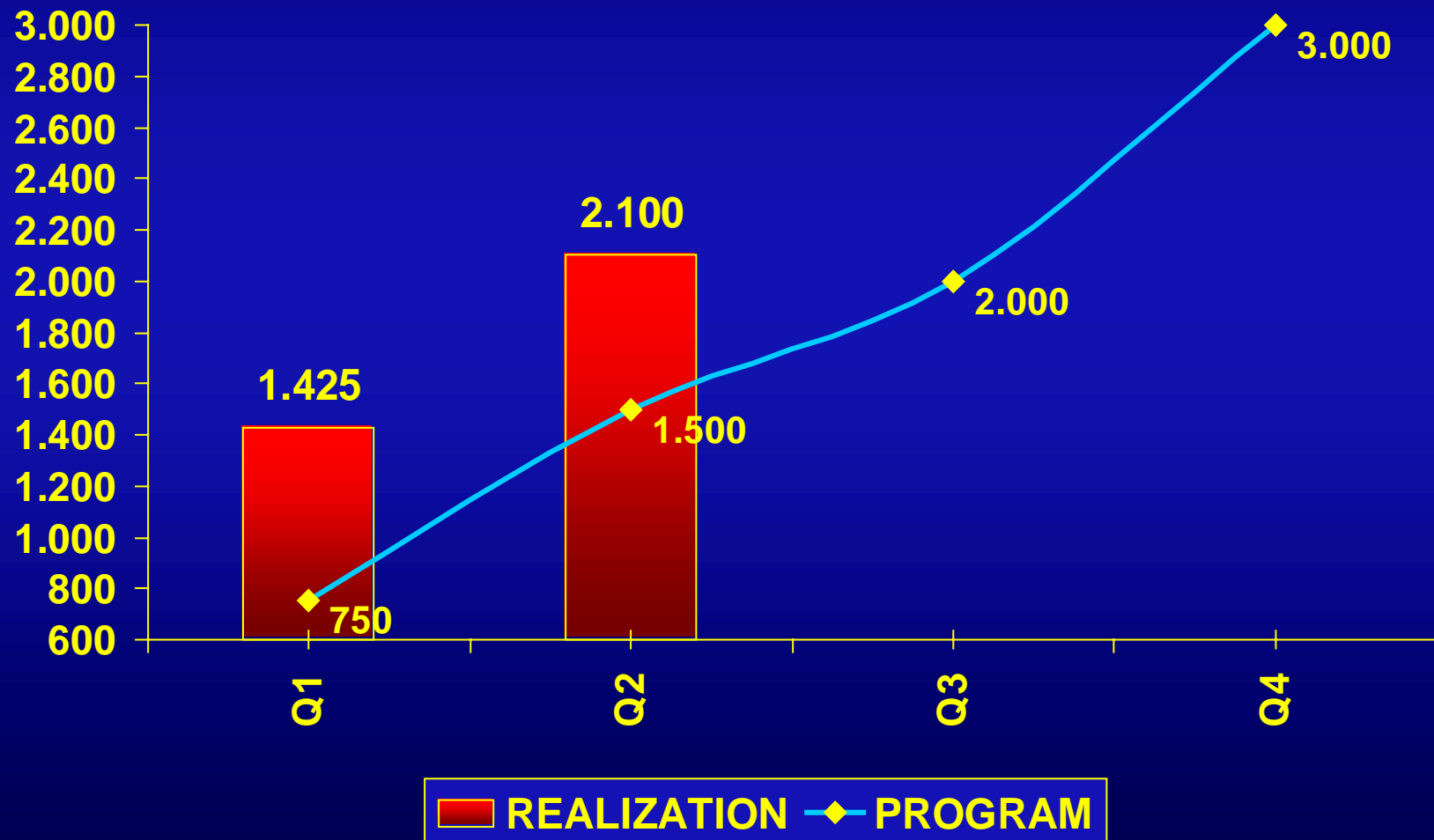
Production





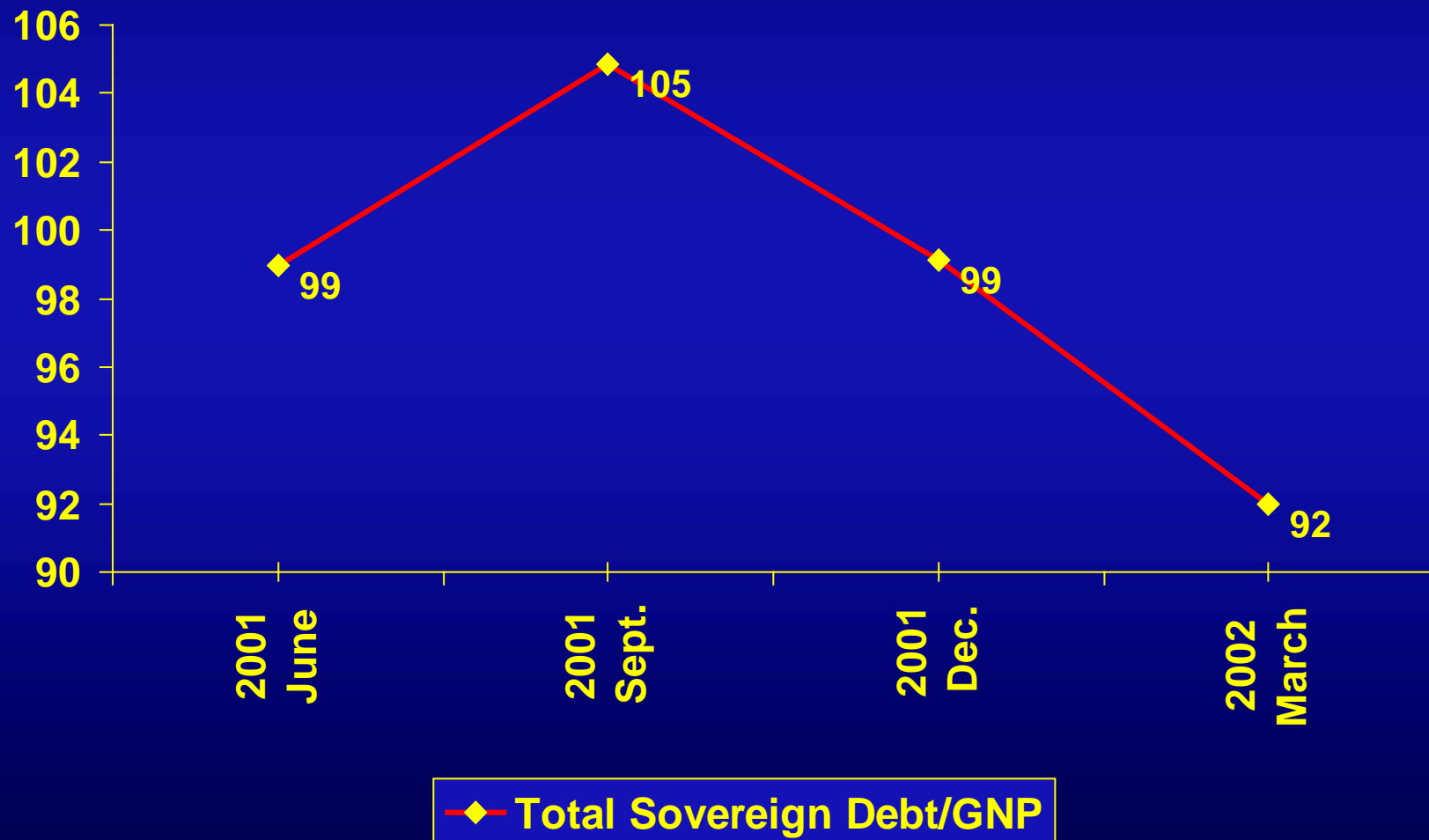
External Borrowing

Program vs Realization (USD million, cumulative)





Total Sovereign Debt/GNP is already declining





Looking Ahead to 2003

- **Nominal debt service is lower in 2003**

- **State banks' liquidity positions will improve in 2003**
 - Active market player

- **Balance sheets of private banks will grow after recapitalization operation**
 - Government paper holding capacity will increase

- **Interest of foreign investors on private banks has increased**

- **Accumulation of funds in private pension scheme and unemployment fund**

Market Holdings Share in GNP





Efficient Debt Management...

Debt Management Law

- ◆ Strengthened, unified and permanent legal framework
 - defining clear and transparent limits for state debt
 - enabling efficient management of contingent liabilities with clear guarantee limits
 - ensuring coordination between domestic and external borrowing
- ◆ Strengthened risk management
 - operational, fiscal and financial risk going down



TREASURY IN A BETTER POSITION TO IMPOSE FISCAL DISCIPLINE

Net Debt Stock Under Different Scenarios



Net Public Debt % GNP

