Coronavirus response in 2021: building back better
Update on Turkey (16/06/21)

Macroeconomic indicators (%)

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>GDP growth</td>
<td>2.8</td>
<td>0.9</td>
<td>1.8</td>
</tr>
<tr>
<td>Annual inflation</td>
<td>16.3</td>
<td>15.2</td>
<td>12.3</td>
</tr>
<tr>
<td>Government balance</td>
<td>-1.9</td>
<td>-2.9</td>
<td>-3.6</td>
</tr>
<tr>
<td>Current account</td>
<td>-2.7</td>
<td>1.1</td>
<td>-5.1</td>
</tr>
<tr>
<td>Net FDI/GDP</td>
<td>-1.2</td>
<td>-0.8</td>
<td>-0.7</td>
</tr>
<tr>
<td>Public debt/GDP</td>
<td>30.2</td>
<td>33.0</td>
<td>39.5</td>
</tr>
<tr>
<td>Unemployment rate</td>
<td>10.9</td>
<td>13.5</td>
<td>12.9</td>
</tr>
</tbody>
</table>

Short-term indicators

- **EBRD GDP growth forecast (June 2021)**
  - 2021: 5.5%; 2022: 4.0%
  - Quarterly GDP growth: 7% (Q1 2021 year-on-year)
  - Economic sentiment: 92.6 (May 2021)
  - PMI: 49.3 (May 2021)
  - Retail sales: 41.7% y/y, -6.3% m/m (April 2021)
  - Annual inflation: 16.6% (May 2021)

Key short-term priorities

- Balance the need to contain inflation with targeted support measures to households and companies most affected by the pandemic.
- Prioritise structural reforms that will increase the effectiveness and credibility of institutions.
- Enhance productivity and competitiveness through investments in skills and innovation.

EBRD assessment of transition qualities, 2020

- **Competitive**
  - The government is establishing an independent market regulation and management body to monitor and enforce compliance with product market regulations.

- **Well-governed**
  - The government has laid out plans to simplify and increase the transparency of public procurement processes.

- **Green**
  - The Environment Agency has been established to prevent pollution, protect natural areas, and establish, operate, monitor and audit a deposit management scheme.

- **Inclusive**
  - The government is increasing financial support to apprenticeships for youth in vocational education.

- **Resilient**
  - The government has revealed plans to set up a Bonds Guarantee fund to support bond issuance by the private sector.

- **Integrated**
  - Major investments in infrastructure are under way, including high-speed railways, motorways and a new bridge across the Dardanelles.

- **Digital**
  - The use and scope of e-government has increased, with 600 new services added over the past year.

To learn more about the EBRD’s support to Turkey visit: [https://www.ebrd.com/turkey.html](https://www.ebrd.com/turkey.html).  