

Türkiye: Brief Profile

2025

Domestic Economy

- ❖ Economic growth of Türkiye moderated from 5.1% in 2023 to an estimated 3.2% in 2024 as domestic demand weakened under the influence of tighter monetary and fiscal policy.
- ❖ In absolute terms, GDP at market prices stood at an estimated US\$ 1322.4 billion in 2024 with per capita GDP US\$ 15,463.3 (est.).
- ❖ Consumer price inflation increased to an estimated 58.5% in 2024, the highest rate in the OECD, after it averaged 53.9% in 2023. Inflation has remained very high as a result of the unorthodox expansionary policies and weakness of lira during 2021-2023.
- ❖ Services sector dominated the economy, accounting for 61% of GDP in 2023. Industry accounted for 32% of GDP and agriculture contributed 6.9% to GDP in the same year.

BASIC FACTS

Land area: 783,562 sq km

Population: 85.5 mn (2024, est.)

Language: Turkish

Currency: Turkish lira

GDP: US\$ 1322.4 bn (2024, est.)

Exports: US\$ 232.2 bn (2024, est.)

Imports: US\$ 321.4 bn (2024, est.)

Sovereign Rating: BB- (S&P's)

Trade and Current Account Balance

- ❖ Türkiye's exports stood at an estimated US\$ 237.5 billion in 2024, from previous year's exports of US\$ 232.2 billion.
- ❖ Imports on the other hand decreased to an estimated US\$ 321.4 billion in 2024 from US\$ 339.1 billion in 2023.
- ❖ Accordingly, the trade deficit of Türkiye narrowed to an estimated US\$ 83.9 billion in 2024, compared to US\$ 106.9 billion in 2023.
- ❖ In 2024, vehicles other than railway and tramway were the top export items accounting for 12.4% of total exports. It was followed by machinery and mechanical appliance (9.8%), mineral fuels and oils (6.3%), electrical machinery and equipment (6.3%), and plastics and articles (4.2%).

- ❖ Türkiye's major imports in 2024 included mineral fuels, mineral oils and products of their distillation (19.1%), machinery and mechanical appliances (11.5%), vehicles other than railway and tramway (9.2%), electrical machinery & equipment (7.9%) and pearls, precious stones and metals (7.2%).
- ❖ The major export markets of Türkiye in 2024 were Germany (7.8% of total exports), USA (6.2%), UK (5.8%), Iraq (5.0%) and Italy (4.9%).
- ❖ China was Türkiye's leading supplier accounting for 13.1% of Türkiye's imports in 2024, followed by Russia (12.8%), Germany (7.9%), Italy (5.6%), USA (4.7%), and France (3.6%).
- ❖ The current account deficit of Türkiye narrowed to an estimated US\$ 10 billion in 2024 (0.8% of GDP) from US\$ 39.9 billion (3.5% of GDP) in 2023.

Foreign Direct Investment, Foreign Exchange Reserves, and Exchange Rate

- ❖ According to UNCTAD *World Investment Report 2024*, FDI inflows into Türkiye decreased to US\$ 10.4 billion in 2023, as compared to US\$ 13.4 billion in 2022.
- ❖ As per the same report, FDI outflows from Türkiye increased to US\$ 5.8 billion in 2023, as compared to US\$ 4.7 billion in 2022.
- ❖ Türkiye's foreign exchange reserves increased to an estimated US\$ 155.1 billion in 2024 from US\$ 140.9 billion in 2023, representing an import cover of over 5.1 months.
- ❖ The local currency is the Turkish lira (TL). In 2024, the lira depreciated to TL 32.8: US\$ 1 from TL 23.7: US\$ 1 in 2023 as a result of internal and external macroeconomic imbalances.

Country Risk Rating

- ❖ On November 1, 2024, *Standard & Poor (S&P) Global Ratings* upgraded Türkiye's long-term sovereign credit ratings to 'BB-' from 'B+' (the obligor currently has the capacity to meet its financial commitments on the obligation), with a 'stable' outlook.
- ❖ *Dun and Bradstreet's (DB) Country Risk Indicator*¹, March 2025, rates Türkiye as DB5a (high risk: considerable uncertainty associated with expected returns). The trend of D&B's ratings for Türkiye falls under the 'improving' category.
- ❖ According to *Organization for Economic Co-operation and Development (OECD)*² country risk classifications of January 2025, Türkiye was placed at '5' category.
- ❖ *Moody's Sovereign Ratings*³, as on date, rated Türkiye as B1 (Speculative and are subject to high credit risk), with a "positive" outlook.

Macroeconomic Outlook

- ❖ Economic activity is expected to be supported by easing inflation and nominal interest rates, but is likely to continue to remain subdued. Overall real GDP growth is expected to moderate to 2.7% in 2025.
- ❖ Consumer price inflation is expected to moderate to a still high 35.9% in 2025 due to high inflationary expectations. The start of the monetary easing cycle is also likely to exert some upward pressure.
- ❖ External trade is a crucial driver of Türkiye's economy, contributing significantly to GDP, employment and industrial output. The current-account deficit is expected to widen from 0.8% of GDP in 2024 to 1.2% in 2025, due to widening of trade deficit.

¹ The DB risk indicator is divided into seven bands (DB1 to DB7, in the increasing order of risk). Each band is further divided into quartiles (a-d, ranging low to high), except the DB7 band.

² The OECD Country Risk Classification measures country credit risk, i.e. the likelihood that a country will service its external debt, on a scale of 0 -7 (where 0 is the lowest risk category and 7 is the highest).

³ Moody's Investor services ranks countries in nine categories Aaa, Aa, A, Baa, Ba, B, Caa, Ca and C, according to increasing order of risk. Numerical modifiers 1, 2, and 3 are appended to each generic rating classification. The modifiers 1, 2 and 3, respectively indicate that the obligation ranks in the higher end, mid-range, and lower end of its generic rating category.

- ❖ The CBT has stepped back from currency intervention in order to bring the lira towards a more competitive level. The lira is expected to continue to depreciate at a slow, steady pace in 2025 reaching TL 39.4: US\$1 as compared to TL 32.8:US\$ 1 in 2024.

Türkiye: Economic Structure

Economic Indicators	2020	2021	2022	2023	2024 ^e	2025 ^f	2026 ^f
GDP (US\$ bn)	717.1	807.9	905.8	1130.1	1322.4	1437.4	1401.5
Real GDP growth (%)	1.9	11.4	5.5	5.1	3.2	2.7	3.2
Consumer price inflation (av., %)	12.3	19.6	72.3	53.9	58.5	35.9	22.8
Population (mn)	83.4	84.1	85.0	85.3	85.5	86.0	86.4
Merchandise exports fob (US\$ bn)*	160.7	213.6	235.2	232.2	237.5	243.3	253.3
Merchandise imports fob (US\$ bn)*	209.5	260.7	342.2	339.1	321.4	336.8	349.8
Current account balance (US\$ bn)	-31.0	-6.2	-46.3	-39.9	-10.0	-17.1	-17.0
Total international reserves (US\$ bn)*	93.6	111.2	128.7	140.9	155.1	141.8	147.2
Average exchange rate (TL: US\$)*	7.0	8.9	16.5	23.7	32.8	39.4	44.8

Note: * Sourced from EIU, ^a- Actual ^e- Estimate; ^f- Forecast

Source: WEO, IMF (April 2025) & EIU Country Report.