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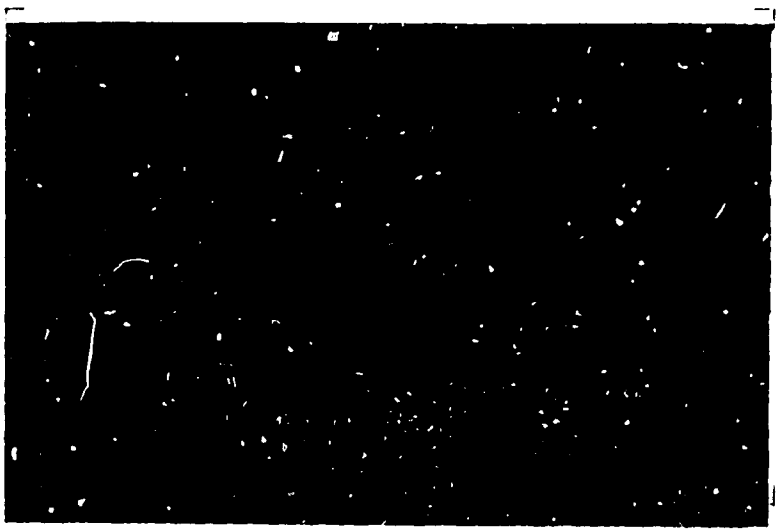

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SOME NOTES ON FOREIGN TOURISM IN TURKEY 1963 - 1972

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SOME NOTES ON FOREIGN TOURISM IN TURKEY
1963 - 1972

I. INTRODUCTION

The rises in disposable income, increasing rapidity of travel accompanied by its decreasing cost, paid holidays and other such incentives have been instrumental in increasing international tourism possibilities. As a result development of the tourism sector has led to increased foreign exchange earnings, employment opportunities and development of tourist-related activities, such as lodgings, restaurants, handicrafts, better transportation, etc. in many countries. These well-known effects have recently been appearing in Turkey, a country endowed with magnificent natural beauty and historical wonders. Interest has been awakened and some planning and incentive measures to foster tourism development have been coming forth in recent years. Particular pressure is originating in the private sector for plans (and activities) to meet the tourist flow which will most definitely surge in the next few years.

This paper first describes briefly the foreign tourism sector in Turkey between 1963-1972. The tourism sector's place within the first two plans (1963-1967, 1968-1972) and projections of the Third Plan (1973-1977) are discussed in the second section. Other aspects of the tourism sector (employment, investment and financing) are briefly described in the last sections.

A note on the statistical data is necessary. Data on arrivals and departures of individuals carrying foreign passports are included within the concept of "foreigners," i.e., no Turkish citizens are included. Data are based on information obtained from forms filled out by foreigners upon entry or departure. The entry form requires information on "purpose of travel" as either tourism, education, work, emigration or other. "Tourists" are defined as persons staying at least 24 hours in Turkey for recreation, vacations, health, religious, sports, business, family, duty or conference reasons. However there is no further breakdown than the "tourism" category after 1963.

II. PERFORMANCE IN THE TURKISH TOURISM SECTOR

Statistics on tourism activities cover only direct activities even though the multiplier effects on employment and income generated in other sectors are usually substantial. As a result social profitability and investment returns are often understated. Furthermore the fact that the "net foreign exchange earnings" of tourism are usually substantially higher than those for export commodities must be taken into account for proper evaluation. With these general statements made, we go on to examine the available data below.

A. Receipts From Foreign Travel

Statistics on direct foreign exchange earnings from tourism and travel are presented in Table 1. Over the last three years the

TABLE 1

RECEIPTS FROM FOREIGN TRAVEL AND NUMBER OF FOREIGN ARRIVALS
1963-1972

Year	Number of Foreign Arrivals: Total	Index (1967=100)	Tourists: Number	Index (1967=100)	% of Total	Travel Receipts ($ thousand): Total	Index (1967=100)	of which Tourists	Index (1967=100)	Travel Receipts As % of Export Earnings	Travel Receipts as % of workers Remittances
1963	198,841	34.6	154,823	45.8	77.9	7,659	57.9	6,400	54.4	2.1	..
1964	229,347	40.0	168,054	49.7	73.3	8,316	62.9	6,987	59.4	2.0	88.9
1965	361,758	63.0	295,031	87.2	81.6	13,758	104.1	12,196	103.7	3.0	20.0
1966	440,534	76.7	375,368	111.0	85.2	12,133	91.8	10,657	90.6	2.5	10.4
1967	574,055 1/	100.0	338,269	100.0	58.9	13,220	100.0	11,763	100.0	2.5	13.9
1968	602,996	105.0	374,929	110.8	62.2	24,083	182.2	21,806	185.4	4.9	22.4
1969	694,229	120.9	424,037	125.4	61.1	36,573	276.6	34,112	290.0	6.8	26.2
1970	724,784	126.3	434,315	128.4	59.9	51,596	390.3	46,503	395.3	8.8	19.0
1971	926,019	161.3	479,104	141.6	51.7	62,858	475.5	59,832	508.6	9.3	13.4
1972	953,409	166.1	540,861	159.9	56.7	103,745	784.8	99,477	845.7	11.7	14.1

	($) Receipts Per Traveller: Total	Index 1967=100	Tourist	Index 1967=100
1963	39	169.6	41	117.1
1964	36	156.5	42	120.0
1965	38	165.2	41	117.1
1966	28	121.7	28	80.0
1967	23	100.0	35	100.0
1968	40	173.9	58	165.7
1969	53	230.4	80	228.6
1970	71	308.7	107	305.7
1971	68	295.7	125	357.1
1972	109	473.9	184	525.7

Source: State Institute of Statistics, Tourism Statistics
Ministry of Finance, Monthly Economic Indicators

1/ SIS statistics do not include 31,125 refugees entering through Hatay border. The tourist classification does not include excursionists.

number of foreign arrivals has increased almost five fold. 2/ The number of tourists has also grown steadily throughout the decade (about three and one-half fold between 1963 and 1972) an average annual increase of about fifteen percent. 3/ Tourists as a proportion of foreign arrivals declined slightly from 1968 4/ to 1971, but 1972 shows an increase. The number of excursionists (those who stay less than 24 hours) has grown significantly between 1967 (174,810) and 1972 (379,991).

Travel receipts showed only small marginal increases between 1963 and 1967 but began to shoot upwards after that. The 1972 index on receipts stands at 784.8 relative to 1967 receipts. Tourist expenditures are even higher at 845.7. 5/ These facts are reflected in the trends for receipts per traveller, particularly of tourists. In 1972 each tourist spent an average of $184 compared with $41 in 1963, or 349 percent more per tourist.

Travel receipts as a percentage of export earnings have increased considerably in the last decade from 2.1% to 11.7%. The very significant growth in workers remittances from abroad is reflected in the ratio of travel receipts to these remittances. (See Table 1.)

B. Length of Stay in Turkey

Although it was a goal of both the First and Second Plan, the length of stay of foreigners has shown no appreciable increasing trend. (See Table 2). Below is shown a summary of the data of Table 2.

TABLE 2

LENGTH OF STAY OF FOREIGNERS IN TURKEY
1963-1972

	Total	Less than 24 hours	1-3 days	4-7 days	8-15 days	16-30 days	31-60 days	61-90 days	91-180 days	181 + days	Unknown
1963 No.	166,701	18,236	57,646	32,402	12,534	12,767	4,849	6,289	5,444	16,491	43
%	100.0	10.9	34.6	19.4	7.5	7.7	2.9	3.8	3.3	9.9	..
1964 No.	214,263	21,337	70,220	44,622	26,327	17,365	7,297	3,915	3,173	18,635	1,172
%	100.0	10.0	32.8	20.8	12.3	8.1	3.4	1.8	1.5	8.6	0.5
1965 No.	314,503	37,327	99,427	67,349	42,213	28,088	8,300	4,083	4,326	22,369	1,021
%	100.0	11.9	31.6	21.4	13.4	8.9	2.6	1.3	1.4	7.1	0.3
1966 No.	373,906	28,047	120,459	80,417	49,678	31,800	8,511	3,871	5,136	23,942	22,018
%	100.0	7.5	32.2	21.5	13.3	8.5	2.3	1.0	1.4	6.4	5.9
1967 No.	524,172	175,507	127,304	79,358	54,537	33,905	9,366	3,642	4,152	25,406	10,993
%	100.0	33.5	24.3	15.1	10.4	6.5	1.8	0.7	0.8	4.8	2.1
1968 No.	576,021	167,536	166,857	81,769	64,615	41,744	9,198	4,468	4,168	23,056	12,610
%	100.0	29.1	29.0	14.2	11.2	7.3	1.6	0.8	0.7	4.0	2.2
1969 No.	671,178	202,547	183,517	99,346	78,167	47,871	9,839	4,675	4,337	28,212	12,667
%	100.0	30.1	27.3	14.8	11.6	7.1	1.5	0.7	0.7	4.2	1.9
1970 No.	702,578	218,624	181,087	104,356	84,928	56,283	11,832	5,695	5,610	28,855	5,308
%	100.0	31.1	25.8	14.9	12.1	8.0	1.7	0.8	0.8	4.1	0.8
1971 No.	902,837	362,906	198,398	128,731	93,591	55,528	12,322	4,948	5,422	21,974	18,417
%	100.0	40.2	22.0	14.3	10.4	6.2	1.4	0.6	0.6	2.4	2.0
1972 No.	954,114	382,927	195,188	179,596	110,831	52,554	7,215	4,813	3,658	17,063	1,265
%	100.0	40.1	20.5	18.7	11.6	5.5	0.8	0.5	0.4	1.8	0.1

Source: SIS, Tourism Statistics

TABLE 2-a

AVERAGE STAY (%)

	Less than 24 hours	1 Week or Less	1-2 Weeks	2 weeks-1 month
First Plan	14.7	50.7	19.3	7.9
Second Plan	34.1	40.3	18.2	6.8

Foreigners spending more than one month in Turkey can be assumed to be other than vacationers, i.e., visiting friends, for business purposes, studying, etc. The main increase has come from the proportion of individuals staying less than 24 hours. In the first plan these averaged 14.7 percent of total while in the second plan some 34.1 percent are in this category. 6/ This fact indicates the increasing importance of ship tours whereby foreign ships visit a Turkish port (particularly Istanbul, Izmir, Kuşadasi, Marmaris, Bodrum) and arrange for one-day land tours. The lodging is provided by the ship so the benefit to Turkish tourism is usually some souvenir purchases and tour fees. Of course there may be an incentive for the tourist to return for a longer time if he is favorably impressed.

C. Foreigners Arriving, by Means of Transport

Although persons arriving by motor vehicles showed a high proportion in the first plan, this means of transport shows a sharp decline at the end of the second plan (See Table 3-a). Motor vehicle transportation to Turkey from those countries showing the

TABLE 3

FOREIGN ARRIVALS BY MEANS OF TRANSPORT
1963-1972

		Total	Vessel	Train	Plane	Motor Vehicles
1963	No.	198,841	54,047	12,036	114,667	18,087
	%	100.0	27.2	6.1	57.7	9.1
1964	No.	229,347	47,913	22,801	104,643	53,990
	%	100.0	20.9	9.9	45.6	23.5
1965	No.	361,758	67,843	52,186	126,119	115,608
	%	100.0	18.8	14.4	34.9	32.0
1966	No.	440,534	63,436	34,515	155,681	186,902
	%	100.0	14.4	7.8	35.3	42.4
1967	No.	574,055	193,402	27,788	166,506	186,359
	%	100.0	33.7	4.8	29.0	32.5
1968	No.	602,996	188,183	21,928	199,744	193,141
	%	100.0	31.2	3.6	33.1	32.0
1969	No.	694,229	226,937	15,654	236,418	215,220
	%	100.0	32.7	2.3	34.1	31.0
1970	No.	724,784	244,226	23,595	247,142	209,819
	%	100.0	33.7	3.3	34.1	29.0
1971	No.	926,019	389,851	30,620	255,052	250,496
	%	100.0	42.1	3.3	27.5	27.1
1972	No.	953,419	421,654	31,703	332,390	167,672
	%	100.0	44.2	3.3	34.9	17.6

Source: SIS, Tourism Statistics

largest number of tourists entering would be more difficult and expensive than charter plane. Turkey is not visited to any great extent by its neighbors. Plane transportation showed a relative decline throughout the first plan, but on the whole held its own in the second plan. International experience shows that generally with mass tourism the plane plays the most significant role in transportation because it is quick and groups can travel for cheap rates. However arrivals by vessels continue to increase proportionally for several reasons: (1) the large number of excursionists arriving on cruise ships (as explained earlier) (2) the large number of Turkish ports easily accessible to large and small craft including car ferries, and (3) the lack of international airports with the same proximity as ports.

In summary, the first two plan periods show the following use of means of transport.

TABLE 3-a

AVERAGE MEANS OF TRANSPORT AT ENTRY
(As Percentage of Total)

	Vessel	Train	Plane	Motor Vehicles
First Plan	23.0	8.6	40.5	27.9
Second Plan	36.8	3.2	32.7	27.3

D. Seasonality

Table 4 gives the percentage distribution of foreigners arriving by months. The importance of seasonality in tourism is obvious in that the longer the tourist season the higher the occupancy rates and earnings, ceteris paribus, can be. However other factors affect the flow of tourists such as the tradition of taking July vacations, etc. Data for seasonal concentration in the main tourist-receiving countries for 1969 are compared with the average concentration in the first and second plan periods in Turkey.

TABLE 4-a

SHARES IN ANNUAL TOTALS OF FOREIGN ARRIVALS
(1969)

Countries	July-August	June-September
Average	38.2	59.2
Austria	43.9	66.2
Italy	36.7	58.3
Spain	38.6	59.6
Portugal	35.3	55.1
Greece	38.0	60.0
Turkey: (1969)	36.9	59.5
First Plan Period Avg.	29.7	50.4
Second Plan Period Avg.	36.7	59.4

TABLE 4

FOREIGNERS ARRIVING BY MONTHS
1963-1972

	Total Annual	Jan.	Feb.	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
1963 No.	198,841	8,953	8,177	11,916	23,362	21,657	18,125	26,522	24,275	20,411	16,577	11,150	8,076
%	100.0	4.3	4.1	6.0	11.8	10.9	9.1	13.3	12.2	10.3	8.3	5.6	4.1
1964 No.	229,347	7,400	7,135	12,076	18,910	20,410	17,960	24,053	28,209	35,498	26,518	17,546	13,632
%	100.0	3.2	3.1	5.3	8.2	8.9	7.8	10.5	12.3	15.5	11.6	7.7	5.9
1965 No.	361,758	12,366	11,990	18,536	28,709	33,515	31,764	56,065	64,553	40,711	32,130	17,219	14,200
%	100.0	3.4	3.3	5.1	7.9	9.3	8.8	15.5	17.8	11.3	8.9	4.8	3.9
1966 No.	440,534	12,862	12,707	22,547	39,194	44,516	34,310	71,428	79,388	45,574	33,892	26,626	17,390
%	100.0	2.9	2.9	5.1	8.9	10.1	7.8	16.2	18.0	10.4	7.7	6.0	4.0
1967 No.	[illegible],055	14,785	16,297	33,948	48,393	62,196	57,600	85,860	100,433	74,058	43,860	24,195	12,430
%	100.0	2.6	2.8	5.9	8.4	10.8	10.0	15.0	17.5	12.9	7.6	4.2	2.2
1968 No.	602,996	10,756	16,864	30,208	44,241	53,547	56,136	112,644	106,404	70,139	46,637	34,238	21,182
%	100.0	1.8	2.8	5.0	7.3	8.9	9.3	18.7	17.7	11.6	7.7	5.9	3.5
1969 No.	694,229	16,651	15,325	31,519	52,966	64,699	70,943	120,465	135,561	85,943	49,904	28,392	21,856
%	100.0	2.4	2.2	4.5	7.6	9.3	10.2	17.4	19.5	12.4	7.2	4.1	3.2
1970 No.	724,784	15,110	17,883	34,938	52,709	80,596	84,047	128,358	135,195	86,404	49,843	20,052	19,649
%	100.0	2.1	2.5	4.8	7.3	11.1	11.6	17.7	18.7	11.9	6.9	2.8	2.7
1971 No.	926,019	16,967	18,761	30,069	63,326	81,944	89,205	154,423	181,464	133,752	87,397	41,023	27,988
%	100.0	1.8	2.0	3.3	6.8	8.9	9.6	16.7	19.6	14.4	9.4	4.4	3.0
1972 No.	953,419	17,242	17,638	35,199	68,430	79,391	113,352	153,791	177,698	130,110	94,286	37,368	28,914
%	100.0	1.8	1.9	3.7	7.2	8.3	11.9	16.1	18.6	13.7	9.9	3.9	3.0

Source: SIB, Tourism Statistics

Although Turkey fits pretty well with the June-September average in the second plan period, the data indicate that arrivals are more spread out than for other countries, i.e., note that May arrivals even outnumber June arrivals in many cases. With the emphasis on mass tourism on the Mediterranean coast, the "tourist" season can easily be extended from May to October.

E. Foreigners Arriving, by Province of Entry

The port of entry of a tourist is a function of the available means of transport, his origin and destination. In Turkey the most frequent arrival points are Istanbul, Edirne, Aydin and Muğla. Istanbul boasts an international airport and seaport. Edirne is the European land border port of entry, therefore motor vehicles enter there. Aydin and Muğla are provinces with seaports of Kuşadasi and Bodrum-Marmaris, respectively. Excursionists frequently disembark from foreign carriers at these points. (See Map and Table 5.)

There have been some changes between the two plan periods. The arrivals by major ports are as follows:

TABLE 5-a

ARRIVALS BY PROVINCE OF ENTRY

	Istanbul	Ederne	Aydin	Muğla	Izmir	Other
First Plan	37.9	26.5	5.9	4.3	5.1	20.0
Second Plan	43.8	21.4	9.2	8.5	3.9	13.2

These results are consistent with the fact that vessels as a means of transport upon entry has picked up proportionally.

TABLE 5

FOREIGNERS ARRIVING BY PROVINCE OF ENTRY
1963-1972

	Total	Adana	Ağrı	Ankara	Antalya	Aydın	Balıkesir	Çanakkale	Diyarbakır	Edirne	Erzurum	Gaziantep	Hakkari	Hatay	Isparta	İstanbul	İzmir	Kars	Kırklareli	Kocaeli	Mardin	Muğla	Tekirdağ	Van
1963 No.	198,841	7,219	6,187	17,839	397	12,971	371	4,880	-	9,131	329	11,244	-	3,358	167	94,136	15,301	116	-	-	1,017	14,178	-	-
%	100.0	3.6	3.1	9.0	0.2	6.5	0.2	2.4	-	4.6	0.2	5.7	-	1.7	0.1	47.3	7.7	0.1	-	-	0.5	7.1	-	-
1964 No.	229,347	1,918	9,330	16,565	755	12,646	218	5,300	-	45,226	114	11,507	-	10,845	79	89,226	12,688	35	-	-	305	12,590	-	-
%	100.0	0.8	4.1	7.2	0.3	5.5	0.1	2.3	-	19.7	0.1	5.0	-	4.7	..	38.9	5.5	-	-	-	-	5.5	-	-
1965 No.	361,758	2,826	9,425	20,038	3,570	16,137	162	7,327	346	132,650	169	14,449	11	8,636	300	102,777	17,186	209	-	-	3,968	21,325	247	-
%	100.0	0.8	2.6	5.5	1.0	4.5	..	2.0	0.1	36.7	0.1	4.0	..	2.4	0.1	28.4	4.8	0.1	-	-	1.1	5.9	0.1	-
1966 No.	440,534	6,098	11,147	20,444	3,213	26,956	154	5,418	-	175,391	1	16,603	157	13,062	203	129,611	17,317	676	-	2	4,433	9,646	2	-
%	100.0	1.4	2.55	4.6	0.7	6.1	..	1.2	-	39.8	..	3.8	..	3.0	0.1	29.4	3.9	0.2	-	-	1.0	2.2	-	-
1967 No.	574,055	8,584	13,660	21,180	948	38,393	129	5,215	-	182,431	-	13,955	274	11	133	262,259	19,501	518	-	-	3,299	3,565	-	-
%	100.0	1.5	2.4	3.7	0.2	6.7	..	0.9	-	31.8	-	2.4	0.1	..	..	45.7	3.4	0.1	-	-	0.6	0.6	-	-
1968 No.	602,996	10,287	7,154	19,417	4,428	37,530	397	3,334	-	171,688	-	11,547	312	24,315	122	282,642	26,296	369	-	1	-	3,154	3	-
%	100.0	1.7	1.2	3.2	0.7	6.2	0.1	0.6	-	28.5	-	1.9	0.1	4.0	..	46.9	4.4	0.1	-	-	-	0.6	-	-
1969 No.	694,229	9,289	6,083	24,657	2,584	59,172	599	2,948	-	176,160	-	10,248	344	37,603	1,234	322,471	29,972	500	-	-	-	10,364	7	-
%	100.0	1.3	0.9	3.6	0.4	8.5	0.1	0.4	-	25.4	-	1.5	0.1	5.4	0.2	46.5	4.3	0.1	-	-	-	1.5	-	-
1970 No.	724,724	13,898	15,434	25,402	1,890	66,517	658	7,052	3	159,198	-	6,252	841	34,886	162	312,974	26,168	386	12,354	46	4,283	36,374	16	-
%	100.0	1.9	2.1	3.5	0.3	9.2	0.1	1.0	-	22.0	-	0.9	0.1	4.8	..	43.2	3.6	0.1	1.7	-	0.6	5.0	-	-
1971 No.	926,019	12,460	31,758	27,209	1,180	97,183	995	5,572	-	178,406	1	6,490	1,980	37,668	843	366,700	29,902	336	14,898	-	7,909	102,779	14	1,756
%	100.0	1.4	3.4	2.9	0.1	10.5	0.1	0.6	-	19.3	..	0.7	0.2	4.1	0.1	39.6	3.2	-	1.6	-	0.9	11.1	-	0.2
1972 No.	953,619	12,309	25,526	24,835	498	121,631	805	1,773	17	114,575	1	2,238	1,116	31,868	12,516	409,376	38,021	299	12,593	-	7,173	132,146	31	4,072
%	100.0	1.3	2.7	2.6	0.1	12.8	0.1	0.2	-	12.0	..	0.2	0.1	3.3	1.3	42.9	4.0	-	1.3	-	0.8	13.9	-	0.4

Source: SIS, Tourism Statistics

MAP OF TURKEY

The centers of the provinces of entry are shown in red.

F. Foreign Arrivals, by Nationality

Table 6 lists the number and proportion of total arrivals by country of origin. The most significant rate of increase is found in visitors from the various European countries. Table 6-a classifies arrivals as from "neighboring" countries, the EEC, EFTA, USA and others. In the First Plan, arrivals from the USA outnumbered those from the entire EEC at 26.0% and 21.6% of totals respectively. Nationals of neighboring countries constituted 10.4% of total arrivals. In comparison nationals of EEC countries, in particular West Germany and France, increased to 27.8% of total whereas the proportion of U.S. citizens dropped to 16.9% of total. However in absolute numbers the U.S. leads at 168,878 arrivals in 1972. (See Table 6.) EFTA countries have picked up five percentage points while neighbors have dropped over two points.

III. PLANNING AND TOURISM

The tourism sector should be looked at from the point of view of overall planning in Turkey to understand its role in perspective. The importance of tourism has been seen centered in its role as a potentially high earner of scarce foreign exchange necessary to implement Turkey's industrialization policy. The heavy initial investment requirements of the lodging facilities, 7/ specialized training, etc., coupled with an aversion to foreign capital 8/ have probably held back development of the touristic sector. Furthermore

TABLE 6

FOREIGNERS ARRIVING, BY NATIONALITY
1963-1972

Country of Origin		1963	1964	1965	1966	1967	1968	1969	1970	1971	1972
Austria	No.	4,489	6,859	14,960	16,985	16,021	13,327	15,474	17,372	19,500	21,555
	%	2.2	3.0	4.1	2.8	2.2	2.2	2.2	2.4	2.1	2.3
West Germany	No.	18,658	26,251	47,535	53,742	88,381	82,718	104,332	111,777	147,411	154,759
	%	9.4	11.4	13.1	12.2	15.4	13.7	15.0	15.4	15.9	16.2
Belgium	No.	2,033	2,756	4,572	5,447	8,695	9,306	10,819	12,455	16,415	18,001
	%	1.0	1.2	1.3	1.2	1.5	1.5	1.6	1.7	1.8	1.9
USA	No.	72,749	69,917	83,778	91,935	107,114	100,055	116,591	125,566	148,105	168,878
	%	36.6	30.5	23.2	20.9	18.7	16.6	16.8	17.3	16.0	17.7
Denmark	No.	864	1,587	5,005	3,303	5,631	4,788	4,213	6,368	13,140	11,594
	%	0.4	0.7	1.4	0.8	1.0	0.8	0.6	0.9	1.4	1.2
Finland	No.	496	742	1,465	1,593	2,751	2,221	2,798	5,072	12,440	14,386
	%	0.2	0.3	0.4	0.4	0.5	0.4	0.4	0.7	1.3	1.5
France	No.	12,870	13,906	25,835	31,607	50,601	50,248	64,273	70,228	85,022	73,848
	%	6.5	6.1	7.1	7.2	8.8	8.3	9.3	9.7	9.2	7.7
Netherlands	No.	1,550	3,027	4,402	5,823	8,726	10,469	9,682	14,364	23,571	27,392
	%	0.8	1.3	1.2	1.3	1.5	1.7	1.4	2.0	2.5	2.9
United Kingdon	No.	16,476	18,236	29,199	32,836	49,501	54,478	52,783	70,179	96,732	83,352
	%	8.3	8.0	8.1	7.5	8.6	9.0	7.6	9.7	10.5	8.7
Iran	No.	6,636	12,796	16,665	21,661	19,634	15,253	12,330	14,247	15,751	17,478
	%	3.3	5.6	4.6	4.9	3.4	2.5	1.8	2.0	1.7	1.8

TABLE 6 Continued

Country of Origin		1963	1964	1965	1966	1967	1968	1969	1970	1971	1972
Sweden	No.	1,891	2,108	8,060	8,712	11,145	9,061	9,520	9,870	23,394	32,007
	%	1.0	0.9	2.2	2.0	1.9	1.5	1.4	1.4	2.5	3.4
Switzerland	No.	4,039	4,114	6,522	7,232	12,889	15,495	23,490	22,449	29,226	36,125
	%	2.0	1.8	1.8	1.6	2.2	2.6	3.6	3.1	3.2	3.8
Italy	No.	6,410	6,888	13,146	20,695	26,677	33,499	44,118	38,073	55,815	60,013
	%	3.2	3.0	3.6	4.7	4.6	5.6	6.4	5.3	6.0	6.3
Canada	No.	2,071	2,525	3.173	4,102	4,675	5,970	9.573	9,767	13,944	17,546
	%	1.0	1.1	0.9	0.9	0.8	1.0	1.4	1.4	1.5	1.8
Lebanon	No.	4,494	6,942	9,092	11,612	9,157	19,386	19,531	21,117	21,088	20,645
	%	2.4	3.0	2.5	2.6	1.6	3.2	2.8	2.9	2.3	2.2
Pakistan	No.	1,200	1,961	2,426	3,373	4,104	4,000	4,441	7,383	8,703	8,698
	%	0.6	0.9	0.7	0.8	0.7	0.7	0.6	1.0	0.9	0.9
USSR	No.	303	414	581	702	4,939	7,683	7,252	4,824	6,939	8,871
	%	0.1	0.3	0.2	0.2	0.9	1.3	1.0	0.7	0.8	0.9
Syria	No.	6,274	9,996	13,726	17,663	14,055	13,398	18,005	13,184	18,464	9,393
	%	3.2	4.4	3.8	4.0	2.4	2.2	2.6	1.8	2.0	1.0
Yugoslavia	No.	381	5,661	17,978	40,298	57,886	51,714	35,575	28,352	18,406	18,016
	%	0.2	2.5	5.0	9.1	10.1	8.6	5.1	3.9	2.0	1.9
Greece	No.	7,976	3,042	5,572	2,418	6,410	6,179	11,790	11,313	15,796	11,090
	%	4.0	1.3	1.5	0.5	1.1	1.0	1.7	1.6	1.7	1.2
Other	No.	26,981	29,619	48,066	58,795	65,063	93,748	117,639	110,624	136,127	139,722
	%	13.6	13.9	13.3	13.3	11.3	15.5	16.9	15.3	14.7	14.7
TOTAL	No.	198,841	229,347	361,758	440,534	574,055	602,996	694,229	724,784	926,019	953,419
	%										

SOURCE: SIS, Tourism Statistics

TABLE 6-a

FOREIGNERS ARRIVING BY SELECTED CATEGORIES
(As Proportion of Total)

Neighbors	Average of First Plan	Average of Second Plan
Russia	0.3	0.9
Iran	4.4	2.0
Bulgaria	0.7	2.2
Syria	3.6	1.9
Greece	1.7	1.4
Total	10.7	8.4
EEC		
West Germany	12.3	15.2
Belgium-Luxembourg	1.2	1.7
France	7.1	8.8
Netherlands	1.0	2.1
Total	21.6	27.8
EFTA Countries		
Austria	3.2	2.2
Denmark	0.9	1.0
United Kingdom	8.1	9.1
Sweden	1.6	2.0
Switzerland	1.9	3.3
Norway	0.2	0.3
Portugal	0.1	0.2
Total	13.1	18.1
USA	26.0	16.9
Others	28.6	28.8

Source: Computed from Table 6

the political sensitivity and degree to which matters are beyond a nation's control (for example, the June 1967 Israeli-Arab war and the Cholera threat in 1970) have also made Turkey hesitant to enter this area. 9/ Another important phenomenon has been the rapid growth of workers' remittances since 1968 - a factor which has lessened the importance of finding new sources of foreign exchange (and in fact shifted interest towards finding local currency sources of funds for the government in particular.)

A. Plan Policy Statements

The three Turkish five-year development plans (1963-1967, 1968-1972, 1973-1977) treat tourism as a separate sector. 10/

1. First Five Year Plan Period (1963-1967)

Emphasis is placed on development of certain proven touristic attractions, in particular establishment of holiday villages, camps and national parks, and improvement of means of transportation and roads to reach these places. Promotional measures such as "Olympic" games are encouraged. Legal measures to give more authority for touristic organizational activities especially at the local level are stated. The Tourism Bank is to be given larger resources so that it may extend "sufficient credit to meet the needs of the tourism industry." Finally priority to training personnel for tourism is seen as a measure.

2. Second Five Year Plan Period (1968-1972)

The Second Plan principles are similar to those of the First Plan except that (a) there is a division between the activities

to be allocated to the private and public sectors, (b) price policy is mentioned, (c) physical planning is instituted, and (d) a more detailed investment plan is presented.

3. Third Five Year Plan Period (1973-1977)

The Third Plan principles are in line with the first two plans, but more specific in some areas: (1) Emphasis is put on mass tourism. (2) The private sector is the leading sector, whereas the public sector will be in pilot activities. (3) Cooperation with foreign capital by both private and public sectors is foreseen. (4) The Ministries of Reconstruction and Resettlement and of Tourism will cooperate in making and implementing physical plans. (5) The general banking system will be encouraged to help meet credit needs of the Tourism sector.

The Third Five Year Plan document projects that between 1972-1977, the number of tourists entering Turkey will increase some 13 percent per year; after 1978, 10 percent per year. Earnings are expected to increase 20 percent per year between 1973-1977; 15 percent per year between 1977-1982 and 10 percent per year between 1982-1987.

TABLE 7

LONG-TERM PERSPECTIVES
(1972-1987)

	No. of Foreign Arrivals	$ Million		
		Income	Expenditures	Net Income
1972	1,100,000	75.0	55.0	20.0
1977	2,026,000	186.6	101.6	85.0
1982	3,263,000	375.7	163.6	212.1
1987	5,255,000	605.0	263.4	341.6

(The base year 1972 data were overestimated in the Third Plan; actual foreign arrivals were 953,409 of which 540,861 were tourists. Therefore the long-term projections will vary accordingly.)

B. Performance in the Planned Period in Brief.

The Annual Programs supplement the Plan Document throughout the planned periods so that refinements, changes in emphasis and altogether new measures can be found. It is therefore difficult to follow step by step (or rather statistic by statistic) what has happened. However general statements can be made as to the "success" of the measures.

The targets set in terms of numbers of foreign arrivals, investments and tourism receipts were not realized. (See Table 8) Legislation has not been forthcoming or very slow on various aspects of tourism such as improvements in promotional authority of the Tourism Ministry, on physical planning coordination and protection

TABLE 8

INDICATORS OF FIRST AND SECOND PLAN PERFORMANCE

	Total Foreign Arrivals		Total Earnings $ Million	
	Plan	Actual	Plan	Actual
1962	-	198,228 1/	-	8.3
1967	415,000	574,055	48.0	13.2
1972	1,435,000	953,409	135.0	103.7

Total Investments
(TL Million, Current Prices)

		Plan	Actual
(1963-1967)	First Plan	1,418.6	817.2
(1968-1972)	Second Plan	3,103.0	2,197.6

	Certified Facilities (Number of Beds) 2/						
	Hotels	Motels	Boarding Houses	Holiday Villages	Camps	Other	Total
1962							
Plan	-	-	-	-	-	-	-
Actual	-	-	-	-	-	-	15,685
1967							
Plan	-	-	-	-	-	-	24,909
Actual	-	-	-	-	-	-	21,979
1972 3/							
Plan	15,642	7,582	3,791	-	5,513	5,387	37,915
Actual	21,960	7,433	1,179	2,980	542	736	34,830

1/ Excursionists not included
2/ Uncertified facilities had a bed capacity of 104,000 in 1969 according to the 1970 SPO Annual Program
3/ As of September 1972

Source: Plan Documents

of natural touristic areas. Credit has been neglected. Training has not reached expected levels and numbers.

But despite these failures to meet goals, tourism is growing in Turkey.

IV. EMPLOYMENT IN TOURISM

Although "personal services" are an important input into the tourism sector there is debate on whether or not tourism is "labor-intensive." Experience has differed from country to country on the degree of labor intensity of tourism operations. On the other hand if tourism is developed in less-developed regions of a country it may help in improving the regional distribution of employment. A disadvantage is that Tourism employment is seasonal by nature. Off-season employment may pose problems if there is little flexibility in the economy. Finally, despite the menial nature of many jobs, there is need for training both in professional and vocational schools and in on-the-job training and off-season courses. Skills at many levels are necessary, including sufficient knowledge of foreign languages.

As a result of these factors employment in the tourism sector poses problems similar to those of other sectors plus the question of seasonality and language-training. In Turkey with the exception of one or two schools there has been no broad-based program to meet the labor needs of the tourism sector.

Table 9 is the result of a survey conducted by the State Planning Organization on the number of personnel per bed in several regions. The total number of employees in the "lodging industry" is estimated at 26,000. It is projected that a 12,000-bed capacity will be created between 1972-1975, raising the number to 32,000 employed at the end of 1975.

The Third Plan estimates that 27,000 personnel will be needed to staff the facilities to be established during the Third Plan period 1973-1977. If this rate is accepted at least 53,000 jobs will be available in the lodging industry by the end of the Third Plan. (This figure does not include restaurants, entertainment and other related sector employment.) The number of personnel per bed at this rate would remain at about 41, comparable to the national average in 1971 shown in Table 9.

V. INCENTIVES TO INVEST IN TOURISM

A. Incentives

Within the general economic policy to encourage private sector investment, certain incentives have been applied to the tourism sector as well as to other sectors. These measures are classified within certain categories: (a) export and foreign exchange increasing measures such as tax rebates on exports and export credits at lower interest, (b) investment encouragement measures such as tax exemption, customs paid in installments, special credit funds at lower cost and foreign exchange allocations.

TABLE 9

NUMBER OF PERSONNEL PER BED

Region	Personnel per Bed
Marmara	43
Aegean	62
Mediterranean	43
Central Anatolia	66
Black Sea	32
East and Southeast Anatolia	20
National Average	41

Source: SPO Central Project Directorate, 1971. Taken from TSKB, Tourism Report, Table 32

The Tourism sector has benefitted in the following ways between 1967 and 1971: tax rebates on exports, a small amount of credit from the special export funds, investment tax rebztes, import quota allocation, import tax reductions and the special tourist exchange rate (from March 1968 to August 1970). 11/

The present incentives are as follows: Investment in lodging facilities of 100 or more beds in priority regions is subject to the full array of incentive measures. Two-hundred bed facilities and hot springs development investments of more than TL 3 million are eligible for all incentives except that of total customs exemptions. Instead, customs duties can be paid in three annual payments.

The "investment tax rebates" refer to an investment allowance whereby investing firms can write off income equivalent to fifty percent of their fixed capital investment financed by equity. The "medium term credit" incentive refers to this sector's eligibility for the six percent interest subsidy (explained in financing section below). Investment goods quota is the eligibility for allocation in the import quota list.

A more recent incentive is that of exemption from construction taxes.

B. Adequacy of Incentives

In the first two plan periods, at least up until 1971, the tourism sector did not maintain any priority status among the sectors. At any rate, credit and tax measures were either inadequate or not forthcoming. In the 1973 Annual Program however the incentive system is well delineated and to date the measures are being implemented for those firms receiving Certificates of Eligibility. Furthermore particularly in the tourism sector, majority foreign capital participation in firms has been approved for several ventures, a step away from the restrictive conditions set up in early 1971.

VI. INVESTMENT IN THE TOURISM SECTOR

The narrow concept of the investments in the lodging facilities and some directly related activities is used by the planners in their definition of fixed investment in the tourism sector. As a

result the amount of money which goes to provide the roads, utilities, airports and harbors, etc. is not taken into consideration within this sector.

Table 11 gives a breakdown between the two plan periods and private-public proportion of fixed investments between 1963 and 1972 (in constant 1971 prices). Two facts in particular are striking: (1) in the second plan the share of the private sector falls to 67.9 percent from 71.9 percent of total and (2) tourism investment in the second plan is 159.1 percent over that of the first plan increasing its share from 1.3 percent to 2.0 percent of total investment. Details of these investments are not given in the annual programs. The Third Plan projects investment in infrastructure at TL 1.5 billion and in lodging units at TL 3.0 billion for a total of TL 4.5 billion in the whole Third Plan. In 1971 prices, this represents a 33 percent increase over the Second Plan investments and a 275 percent increase over the First Plan. However the Third Plan shows tourism with a proportional decrease of total investment. In total, investments in the three plans are stated to be nearly TL 9 billion.

VII. BED CAPACITY

The potential growth of the tourism sector in the last analysis is a function of the number of available beds. Consistent data on bed capacity are difficult to obtain from the plan documents because

TABLE 10

GENERAL INCENTIVES TABLE OF THE 1973 ANNUAL PROGRAM

	Total Customs Exemptions	Customs Installments	Investment Tax Rebates	Med. Term Credit	Investment Goods Quota
5. Tourism Sector Investment					
1. Lodging Facilities Investment					
1.1 100-bed or more establishments with Ministry of Tourism approval in Tourism Priority Areas according to Decree 6/12209	Yes	-	Yes	Yes	Yes
1.2 200-bed or more establishments outside priority areas	No	3	Yes	Yes	Yes
2. Development of Hot Springs resort areas (over TL 3 million investment).	No	3	Yes	Yes	Yes

Source: 1973 Annual Program

TABLE 11

FIXED INVESTMENTS IN TOURISM SECTOR, 1963-1972
(In 1971 prices) (TL Million, %)

	(Value) Investments			(%) As Percent of Total			% Share in Total Investment
	Public	Private	Total	Public	Private	Total	
First Five Year Plan							
1963	40.3	68.5	108.8	37.0	63.0	100.0	0.7
1964	52.3	97.2	149.5	35.0	65.0	100.0	0.9
1965	68.9	186.7	255.6	27.0	73.0	100.0	1.4
1966	97.4	264.6	362.0	26.9	73.1	100.0	1.7
1967	83.1	259.2	342.3	24.3	75.7	100.0	1.5
TOTAL	342.0	876.2	1,218.2	28.1	71.9	100.0	1.3
Second Five Year Plan							
1968	211.9	395.0	606.9	34.9	65.1	100.0	2.3
1969	199.8	439.2	639.0	31.3	68.7	100.0	2.2
1970	208.6	441.5	650.1	32.1	67.9	100.0	2.1
1971	222.3	423.6	645.9	34.4	65.6	100.0	2.0
1972 1/	171.5	443.0	614.5	27.9	72.1	100.0	1.5
TOTAL	1,014.1	2,142.3	3,156.4	32.1	67.9	100.0	
% Increase - Second Plan over First Plan	196.5	144.4	159.1	14.2	- 5.6		2.0

1/ In 1972 prices

Source: Third Five Year Plan, Table 30. SPO, 1973 Annual Program, Table 6.

TABLE 12

TOURISM INVESTMENTS IN THE THREE PLANS
(TL million, 1971 prices)

	Value	As % of Total Investment
First Plan (1963-1967)	1,218.2	1.3
Second Plan (1968-1972)	3,267.7 1/	2.0
Third Plan (1973-1977)	4,500.0	1.6
	8,985.9	

Source: TFYP, Tables 485, 486, 123.

1/ Difference between Tables 11 and 12 is due to fact 1972 investments were overestimated in Tables 485-486.

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of the distinction between certified and non-certified facilities. 12/ Table 13 gives data on all bed capacity for 1961, 1972 and projections for 1977. The growth of the Mediterranean region bed capacity is a function of the emphasis on mass tourism in a region with a six to seven month warm season.

VIII. INVESTMENT FUNDS FOR TOURISTIC VENTURES

A. Equity Sharing Arrangements

1. State Pension Fund

The State Pension Fund (T. C. Emekli Sandiği) is set up in the form of a State Economic Enterprise. It is covered by the regular government regulations on personnel policy, etc., but in addition its portfolio of assets is so regulated that certain

TABLE 13

BED CAPACITY
(1961, 1972, 1977)

Region	1961		1972		1977		
	Number of Beds	Proportion of total	Number of Beds	Proportion of Total	Number of Beds	Proportion of Total	% Increase in TFYP
Marmara	6,886	43.9	34,500	47.6	45,390	35.8	31.6
Aegean	2,068	13.2	17,390	24.0	31,005	24.4	78.3
Mediterranean	408	2.6	6,090	8.4	27,870	22.0	357.6
Other	6,323	40.3	14,490	20.0	22,655	17.8	56.3
TOTAL	15,685	100.0	72,470	100.0	126,920	100.0	75.1

NOTE: The "Mediterranean region" for 1961 is Antalya only. 1972 data are an estimate. The percentage distribution is based on "certified" beds only, but includes non-certified establishment data. The 1977 projection is based on bed capacity of "certain" standards.

Source: First Plan Table 336. Third Plan Table 467.

proportions must be in real estate, government bonds, etc. Historically the premiums received from government employees far outweighed the benefits paid out. As a result funds were available for government use. The setting up of touristic ventures starting in the early 1950's was one major use. These ventures originally took the form of francnising agreements for management with the Fund providing the entire investment capital. Except for the Istanbul Hilton and Buyuk Ankara, all Fund hotels are managed by another State Economic Enterprise, Emek Inşaat ve Işletmecilik, A. Ş., which is partially owned by the Fund. The Fund also financed in entirety three large holiday villages, two of which are under franchise agreements with Club Mediterranean.

The fund however, in the last few years has begun to run into financial difficulties because of the increasing benefits to be paid. It is asserted that it will no longer be able to provide funds for touristic ventures.

2. <u>The Tourism Bank</u>

The Tourism Bank, set up by a special law under public sector ownership in 1956, was assigned three major responsibilities in the tourism sector: construction, finance and operation of selected touristic ventures. It was allowed to collect deposits, but was mainly to benefit from special budget allocations. The Bank has constructed and operates three hotels. It also operates Akçay

and Sorgun Holiday Villages for the Tourism Ministry and the Dilson Hotel in Istanbul. The Bank however as a result of inadequate sources (low deposit levels and irregular budget allocations) and over-diversification has incurred losses regularly.

3. Local Government Units (local administrations and municipalities)

The local government units in most cases obtain loans from the Provinces Bank, a state-owned special law bank, with which they establish touristic ventures.

4. Private Sector

a. Individuals finance touristic ventures from their own savings - usually small and not very efficient. TUSAN, a hotel chain of seven establishments, which started operations in 1961 is a relatively successful exception.

b. Mixed foreign-domestic capital ventures have recently been attempted, including Turkish banks and large companies, for example the Sheraton Hotel Company and Turkish Foundation Bank collaboration in construction of a 450-room Sheraton hotel in Istanbul due to be finished in early 1974.

c. Use of "blocked funds" at the Central Bank (according to Decree No. 17, Series V, No. 3, Sept. 12, 1953) whereby the allocation of these funds to tourism investments is regarded as "foreign investment" under Law 6224. 13/ Out of nine firms at the

end of 1970 who have invested in tourism six have used blocked funds. (See Table 14)

B. Credit Institutions

Tourism funds in the past were obtained mainly from two resources: the General Budget of the Turkish Government and USAID Counterpart funds. Three state-owned banks have been active in extending the ultimate loans for tourism ventures: Provinces Bank, Foundations Bank and the Tourism Bank. According to Law 6060, May 22, 1953, a "tourism industry incentive fund" was set up in the Provinces Bank from funds allocated by the General Budget to this Bank. Such allocations reached the TL 50 million limit in 1969 and since then no funds have been allocated. Of the TL 72 million disbursed (including repayments reloaned) TL 50 million was given for construction, TL 16 million equipment, and TL 3 million each for expansion and working capital. These loans were mainly for very small local government investments in hotels and motels; long-term (15-20 years, 4% interest) for construction, and medium term (8-12 years, 4.5% interest), and short-term (15%, 5% interest) for other activities. This fund was turned over to the Tourism Bank in 1971.

The Foundations Bank, utilizing USAID counterpart funds allocated by 1952 and 1953 agreements, went into the tourism financing business disbursing TL 7[illegible].0 million as of the end of 1970. Seventy percent was used for construction loans, 24 percent for equipment and

TABLE 14

USE OF BLOCKED ACCOUNTS FOR TOURISM INVESTMENT
(TL 1000)

Firm	Total capital quoted in Decrees	Blocked money shown as capital	Blocked money as % of capital	Amount used from blocked currency
Turtel Turistik Tesisler Ltd. Şti.	4,200	2,778	66.6	2,778
Kervansaray A.Ş.	13,000	8,660	66.6	8,660
Türk-Alman Turizm A.Ş.	19,000	3,120	16.4	-
Akdeniz A.Ş.	30,000	15,000	50.0	3,375
Istanbul Turizm ve Otelcilik A.Ş.	55,000	23,000	41.9	15,660
Tekirova Enternasyonal Turizm A.Ş.	100,000	11,510	11.5	-
Total	221,200	64,068	29.0	31,479

Source: TSKB, Tourism Report, p. 184

6 percent as working capital. This fund was exhausted and its operations turned over to the Tourism Bank in 1971.

The Tourism Bank only began loan operations as a result of a USAID counterpart fund TL 40 million allocation in 1968. Funds were allocated by the state budget totaling TL 65 million in 1968 and 1969. Table 15 gives details on use of these funds for credit purposes. The Tourism Bank utilized the medium term rediscount facilities at the Central Bank to allocate TL 4.0 million to four projects in 1971 and 1972. In 1971 the Tourism Bank took over the tourism funds originally allocated to the Provinces Bank and Foundation Bank, but since these were exhausted practically no funding was made available to the Tourism Bank.

At the end of 1972 the nominal capital of the Tourism Bank was increased to TL 500 million (from TL 300 million), but whether or not the increase has been appropriated by the budget is not yet known. In early 1973 another TL 60 million was allocated to the Bank from the European Investment Bank.

C. Summary of Banking Sources

The loan funds available to finance touristic establishments has not been adequate. The TL 234 million in credit disbursed by the three public sector banks from 1963-1970 was minimal compared with the planned investment of TL 3.2 billion envisaged for the same period. The Third Plan referring to inadequacy of Tourism

TABLE 15

TOURISM BANK DISTRIBUTION OF CREDIT BY TYPE AND CAPACITY CREATED

Accomodation Establishments	Number of Projects	Construction	Equipment	Management	Total	Capacity Created	
						No. of rooms	No. of beds
Hotel	45	58,616,700	7,620,800	1,094,500	67,332,000	2,318	4,237
Motel	33	19,063,051	5,394,000	1,132,197	25,589,248	1,855	3,687
Holiday Village	1	4,885,000	1,000,000	205,000	6,090,000	400	800
Boarding House	6	932,000	253,000	47,700	1,232,700	82	155
Anberge	1	370,000	82,000	128,000	580,000	62	224
Telesiege	1	35,000	35,000	15,000	85,000	-	-
Camping	2	1,664,000	280,000	15,000	1,959,000	159	395
Private Establishment	1	-	1,887,000	-	1,887,000	-	-
Casino	2	600,000	240,000	30,000	870,000	-	-
TOTAL	92	86,165,751	16,791,800	2,667,397	105,624,948	4,876	9,498

Source: Tourism Bank, 1971 Annual Report. Taken from TSKB, Tourism Report.

Bank funds, puts the emphasis of tourism financing on commercial and development banks. The Third Plan does not specify sources of funds of the Tourism Bank. in 1972.

The largest twenty commercial banks have been required to put ten percent of their assets into medium-term credits for priority sector fixed investments since early 1972. In order to benefit from the new general subsidy-incentive system these funds must be directed to a "priority" area, one of which is tourism. As of November 1972 only TL 27 million was allocated to tourism, however.

The Industrial Development Bank (IDB) has recently been making investigations into the possibility of a "loose fund" arrangement to finance tourism. The IDB will arrange for foreign sources (IBRD, EIB, AID, etc.) and selected large commercial banks will lend medium to those projects considered worthy by the IDB. In this way specialized project appraisal will be carried out by IDB and commercial banks will find a profitable way to invest their earmarked loans to a priority sector.

IX SUMMARY AND CONCLUSIONS

Although the tourist flow into Turkey has been growing rapidly over the last two decades and efforts have been made to keep up

with the various demands of the tourist, neither the numbers of tourists nor the available facilities have been at the levels one would expect in comparison with other Mediterranean countries. For example, OECD figures indicate that in 1970 Turkey had slightly more than half the number of tourists who visited Greece and earned only about one quarter the income earned from Tourism by Greece. Since Turkey shares similar climate, beaches, antiquities as and maybe even lower costs than these other Mediterranean countries her potential should be at least as good as theirs.

It seems therefore, other things equal, that the lack of a sufficient number of adequate quality lodgings must be the underlying problem. Several studies have pointed out the need to appeal to "mass" tourism, that is, to appear on the tour lists of the major travel agencies. The next step for Turkish tourism would be large investment in full-scale "holiday village" resorts with the full array of lodgings, restaurants, recreation and side tours, etc. The Industrial Development Bank of Turkey <u>Tourism Report</u>, cited above, projects that there will be an excess overnight stay demand of about 10 million nights by 1977, given the present rate of growth of tourists (domestic and foreign) and presently available lodgings and those under construction. About 41,000 more rooms, 14,000 in cities and the rest in resort hotels and holiday villages, must be constructed to meet these demands. A financial requirement of

TL 6 billion (at 1972 prices) is estimated, of which only some 50 percent could be met in equity, with the rest necessary in long and medium term loans. 14/

With foreign exchange earnings projected to increase 20 percent per year between 1973-1977, total earnings would be about $775 million or TL 10.9 billion. 15/ It would seem that tourism would be a productive area for investment.

FOOTNOTES

1. Foreign exchange earnings net of inputs requiring foreign exchange expenditures.
2. Excursionists' arrivals were only included in the statistics after 1966. Therefore there is a lower actual rate of increase than these data show.
3. The decline in 1967 was mainly due to the proximity of the June 1967 war between Israel and the Arab states.
4. The inclusion of excursionists in the statistics in 1967 causes the sharp drop in proportion of tourists. Also less tourists entered because of June 1967 Arab-Israeli war.
5. It should be noted here that official tourist expenditures are a function of more than the number of tourists. The very large spread between official and black market exchange rates between 1963 and early 1968 probably accounts for low official receipts. The large increases between 1970 and 1972 reflect the probable effect of the August 9, 1970 devaluation on the tendency to exchange money through official channels. A contributing factor has also been rising internal prices.
6. There is a bias in these data because prior to 1967 data on total excursionists, i.e., those staying less than 24 hours are not complete. Note the sudden jump in 1967 in this category.

FOOTNOTES (Continued)

7. Large amounts of capital have to be tied up in fixed assets for a long period.

8. It is also claimed widely that Turks, though hospitable, have not been able to acclimate themselves to performing the same tasks for money.

9. Seasonality also enters as a problem since fixed costs continue even in off-season. If the "season" is unsuccessful, losses occur.

10. Dr. Tunay Akoğlu, "Tourism Policy and Tourism Planning in Turkey", Seminar on Promotion of Tourism in Turkey, Sept. 2-6, 1969. ESSCB, Istanbul, 1970. This article includes a detailed statement on the planning process.

11. See 1972 Annual Program for details. The 1973 Annual Program Encouragement Table lists tourism as subject to incentives of the types shown in Table 10.

12. The Ministry of Tourism gives certificates to touristic facilities as a result of evaluation of the premises and operations. The actual number of beds far exceeds the bed capacity shown in Table 13. The problem is of quality appropriate to European standards.

13. The Foreign Private Investment Encouragement Law.

FOOTNOTES (Continued)

14. The Third Plan projects an increase of 54,000 beds at a cost of TL 4.5 billion (in 1971 prices), which includes infra- and superstructure investments of both public and private sectors. Demand data are not available in the Plan.

15. Third Plan, p. 618, 1972 data adjusted to $103.4 million.

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