
IMPACT OF TOURISM REVENUE ON FINANCING THE CURRENT ACCOUNT DEFICIT: THE CASE OF TÜRKİYE

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ABSTRACT

A current account deficit is an economic imbalance that arises when a country's imports of goods and services exceed its exports. Tourism revenues represent a significant source of foreign exchange and can help to reduce current account deficits. This study examines the ratio of net tourism revenues to the current account deficit in Türkiye over time. The panel data analysis method, which is a qualitative research method, was employed in this study. The data were obtained from the balance of payments statistics of the Central Bank of the Republic of Türkiye, annual reports of the Turkish Statistical Institute, and statistics of the Ministry of Culture and Tourism of Türkiye. In this study, net tourism revenues and current account deficit figures were presented in US dollars, and the ratios of net tourism revenues covering the checking account deficit were calculated. The findings were tabulated and interpreted accordingly. According to the study results, between 1950 and 1970, tourism expenditures had a negative impact on the current account deficit, increasing it. A positive ratio was observed for the first time in 1970, and in 1972, net tourism revenues covered 555.14% of the current account deficit, marking a significant leap. The highest ratio was recorded in 2002 at 1683.79%. The years 1989, 1991, 1992, 1997, 1998, 1999, 2001, 2019, and 2021 were notable for exceeding the 200% threshold. In contrast, in 1985, 1987, 1988, 1990, 1994, 1995, 1996, 2003, 2009, 2015, and 2018, the ratio of net tourism revenues to the current account deficit remained below 200%. However, tourism revenues alone are sufficient to offset the current account deficit. In conclusion, tourism revenues are a critical source of foreign exchange for the Turkish economy and have played a significant role in balancing the economy in certain years.

Keywords: Balance of Payments, Current Account Deficit, Current Account Deficit Coverage Ratio, Tourism Revenue

1. INTRODUCTION

One of the key indicators of countries' economic performance is balance of payments and current account balance. For countries experiencing a current account deficit, foreign exchange-generating activities play a critical role in closing this gap. In this context, the tourism sector has emerged as a significant source of foreign exchange for both developed and developing economies. Tourism revenues are classified under the "services balance" component of the balance of payments and contribute to reducing the current account deficit (Balaguer & Cantavella-Jordá, 2002). In countries with high import dependency, tourism revenues can play a crucial role in mitigating trade deficits (Nowak et al., 2007). Therefore, the foreign exchange-generating effect of tourism is of great importance, particularly in terms of macroeconomic stability.

The tourism sector contributes to economic growth not only by generating direct revenues but also by creating employment, stimulating local economies, and encouraging infrastructure investments

(Dwyer et al., 2020). However, the impact of tourism on the current account deficit is not always positive. The sector's dependence on imports—such as the importation of materials required for the construction and operation of tourism facilities—and the volatility of tourism revenues can limit its overall effect (Sinclair, 1998). Moreover, the sustainability of tourism revenues is a crucial factor in ensuring the stability of current account deficit reduction efforts (Gössling et al., 2021). The impact of tourism on the current account deficit varies depending on the country's sector structure and economic conditions. In countries with significant tourism potential, such as Türkiye, tourism revenues are considered a vital source for financing the current account deficit (Oztürk & Acaravcı, 2016). Similarly, in Mediterranean countries, such as Spain and Greece, tourism revenues have had a positive effect on the balance of payments (Dritsakis, 2004). The current account deficit is a critical indicator of a country's economic stability and is generally financed through external borrowing (Obstfeld & Rogoff, 1996). The sustainability of this deficit depends largely on the country's credibility to international investors. In this regard, the tourism sector is an important economic instrument for addressing current account deficits (Balaguer & Cantavella-Jordá, 2002).

As in other developing economies, one of the most pressing challenges for Türkiye's economy is the imbalance in the balance of payments. The persistent excess of imports over exports leads to a trade deficit that intensifies imbalances in the balance of payments. This structural issue exposes Türkiye to high-interest borrowing and exchange rate volatility. Given its positive contribution to the balance of payments and its role in mitigating the current account deficit, the tourism sector remains a crucial pillar of the Turkish economy.

2. CONCEPTUAL FRAMEWORK

Tourism revenues refer to the foreign exchange earnings generated from the expenditures of international visitors on accommodation, food and beverage, transportation, entertainment, and other services (Ünlüönen et al., 2018). These revenues are classified as part of service exports and contribute to economic stability by increasing a country's foreign exchange reserves. Tourism revenues are crucial for national economies due to their role as a source of foreign exchange (Hall & Page, 2019), employment generation (UNWTO, 2021), contribution to regional development (Candela & Figini, 2012), and positive impact on the balance of payments (Balaguer & Cantavella-Jordá, 2002).

The balance of payments is a systematic record of all economic transactions between a country and the rest of the world over a specific period (Seyidoğlu, 2015). This includes components such as trade in goods and services, income transfers, and capital movements. The balance of payments consists of three main components: the current account, the capital and financial account, and reserve assets (Göçer, 2011).

The current account balance is composed of the sum of the trade balance (exports and imports of goods), services balance (purchases and sales of services), investment (net factor) income (returns from foreign investments minus expenditures on foreign investments), and current transfers (unilateral external income and expenditures) (Eğilmez, 2022). While the trade balance accounts for income and expenditures related solely to goods (i.e., exports and imports), the current account balance includes not only trade-related income and expenditures but also service-based transactions, investment income, and current transfers. A surplus in this balance indicates a current account surplus, whereas a deficit indicates a checking account deficit (Kaya, 2016).

Tourism revenues are classified under the service component of the current account, and they provide foreign exchange inflows to the country (UNWTO, 2021). For instance, in countries such as Türkiye, Spain, and Thailand, tourism revenues play a crucial role in financing the current account deficit (Kara, 2020). In countries experiencing trade deficits, foreign exchange earnings from tourism contribute positively to the current account balance through the services sector, thereby helping to offset trade-related deficits, either partially or fully.

Tourism revenues increase foreign exchange reserves and reduce the need for external borrowing (Brida & Risso, 2010). Additionally, the growth of the tourism sector enhances employment opportunities, contributing to economic development (Sharpley & Telfer, 2014). Tourism stimulates local economies and supports regional development (Candela & Figini, 2012). Numerous empirical studies on the economic effects of tourism have demonstrated that tourism revenues have a positive impact on macroeconomic indicators (Ghosh & Taylor, 2021). The tourism sector has become an integral part of the economy in many countries, playing a critical role in improving the balance of payments and reducing current account deficits in both developed and developing economies.

Global research highlights tourism's potential to reduce trade deficits and improve the balance of payments. Balaguer and Cantavella-Jordá (2002), in their study on the relationship between tourism sector growth and the balance of payments, emphasized that tourism revenues help balance trade deficits, particularly in developing countries. However, they also noted that the impact of tourism on the balance of payments is more pronounced when financing short-term trade deficits. Uysal and Haktanir (2019), in their research on the foreign exchange-earning potential of tourism, concluded that tourism revenues contribute positively to a country's external payments balance. In this regard, the impact of tourism on the balance of payments is observed through both direct foreign exchange inflows and investments made in the tourism sector. Developing countries such as Mexico, Thailand, and Indonesia have demonstrated that the tourism sector plays a significant role in financing trade deficits (Mules, 2015).

Nonetheless, studies have indicated that tourism's impact on the balance of payments varies depending on a country's economic structure and tourism diversity. For example, in countries like Cuba, where tourism revenues are heavily dependent on foreign tourists, the tourism sector significantly improves the balance of payments. In contrast, in developed countries, outbound tourism movements can have adverse effects by exacerbating trade deficits (Uysal & Haktanir, 2019). Çelik Uğuz (2014) analyzed the relationship between tourism revenues and trade deficits in Türkiye using monthly data from 1984 to 2010, employing the Johansen cointegration test, error correction model, and Granger causality method. The findings reveal a significant causal relationship between tourism revenues and trade deficits. Similarly, Sancar and Akbaş (2019) analyzed the relationship between tourism revenues and the current account balance in Türkiye from 2003 to 2017 using the Structural VAR method and demonstrated that an increase in tourism revenues positively affects the current account balance. Yapar Saçık, Akar, and Gülmez (2019) also identified a bidirectional causal relationship between tourism revenues and the current account balance during the 2003–2018 period. Cinel and Yolcu (2021) modeled Türkiye's monthly trade balance data from 2013 to 2020 using artificial neural networks, incorporating monthly tourism revenues as input variables. Their findings indicated a strong cause-and-effect relationship between tourism revenues and trade balance.

Literature reviews on this topic suggest that while tourism provides a short-term advantage in generating foreign exchange earnings, long-term economic stability requires sustainable tourism policies. Mules (2015) argued that the impact of tourism on the balance of payments is typically limited to increasing foreign exchange earnings and that developing a sustainable tourism policy can support economic growth and permanently balance the current account deficit. The need for tourism diversification, as well as the promotion of eco-friendly and cultural tourism, is frequently emphasized in the literature on Türkiye and other developing countries.

These studies highlight the tourism sector's vital role in reducing current account deficits and ensuring economic stability. Therefore, supporting and developing the tourism sector is of critical importance for national economies' sustainable growth and reducing external financing needs.

3. METHODS

The objective of this study is to examine the ratio of Türkiye's net tourism revenues to its current account deficit over the years. The study employs panel data analysis, which is a qualitative research method. The current account deficit data were obtained from the balance of payments statistics of the Central Bank of the Republic of Türkiye (CBRT). The net tourism revenue data for the period between 1950 and 2003 were sourced from the annual reports of the Turkish Statistical Institute (TURKSTAT), while the data for the period between 2004 and 2023 were obtained from the statistics of the Ministry of Culture and Tourism of Türkiye.

In this study, net tourism revenues and current account deficits are presented in U.S. dollars for each year. Subsequently, the ratios of net tourism revenues to the current account deficit were calculated, tabulated, and analyzed. This study is limited to data from 1950 to 2023.

4. RESULT AND DISCUSSION

The current account deficit, net tourism revenue, and the ratio of net tourism revenue to the checking account deficit for the period between 1950 and 2023 are presented in 15-year intervals and analyzed accordingly.

The current account deficit, net tourism revenue, and ratio of net tourism revenues to the checking account deficit for the period between 1950 and 1964 are presented in Table 1.

Table 1. Ratio of net tourism revenues to the current account deficit (1950-1964)

Years	Current Account Deficit (Million \$)	Net Tourism Income (Million \$)	Ratio of Net Tourism Income to Current Account Deficit
1950	50,00	-17,00	-34,00
1951	94,00	-1,00	-1,06
1952	198,00	-22,00	-11,11
1953	164,00	-26,00	-15,85
1954	177,00	-30,00	-16,95
1955	177,00	-7,00	-3,95
1956	75,00	-8,00	-10,67
1957	64,00	-11,00	-17,19
1958	64,00	-10,20	-15,94
1959	145,00	-7,20	-4,97
1960	139,00	-2,30	-1,65
1961	170,00	-5,20	-3,06

1962	242,00	-9,70	-4,01
1963	300,00	-12,81	-4,27
1964	109,00	-13,49	-12,38

Source: **Current Account Deficit Figures:** TCMB balance of payments statistics.

Tourism Revenues: Data for the years 1950-2003 were obtained from TÜİK Tourism Statistics Yearbooks, while data for the years 2004-2023 were sourced from the Ministry of Culture and Tourism Tourism Statistics.

According to Table 1, the current account deficit, which was \$50 million in 1950, increased to \$300 million by 1963. The deficit experienced a decline in 1956 and 1957, with a notable drop to \$75 million in 1956. In 1964, the current account deficit fell to \$109 million, marking another significant reduction.

During this period, net tourism revenues were negative, leading to a consistent net foreign exchange outflow each year. A relative improvement was observed after 1960; however, tourism continued to have a negative impact on the current account balance. In 1952 and 1953, more than 10% of the current account deficit was attributed to tourism. With the decline in tourism revenues in 1957 and 1958, the negative impact of tourism on the current account deficit intensified. In 1957, the ratio increased to -17.19%, indicating that the foreign exchange outflow from tourism accounted for approximately 17% of the current account deficit. In 1964, as the country's current account deficit decreased to \$109 million, the negative impact of tourism was 12.38%.

It can be concluded that during this period, tourism did not contribute to closing the current account deficit; instead, tourism resulted in a net foreign exchange outflow. Although the negative impact of tourism on the current account balance decreased over time, it remained consistently negative throughout the period. These findings indicate that in the 1950s and early 1960s, the economic contribution of tourism was insufficient and that it was, in fact, contributing to foreign exchange losses.

The current account deficit, net tourism revenue, and the ratio of net tourism revenues to the checking account deficit for the period between 1965 and 1979 are presented in Table 2.

Table 2. Ratio of net tourism revenues to the current account deficit (1965-1979)

Years	Current Account Deficit (Million \$)	Net Tourism Income (\$)	(Million \$)	Ratio of Net Tourism Income to Current Account Deficit
1965	78,00	-10,55		-13,53
1966	164,00	-14,20		-8,66
1967	115,00	-13,59		-11,82
1968	224,00	-9,33		-4,16
1969	220,00	-5,66		-2,57
1970	171,00	3,86		2,26
1971	109,00	20,67		18,96
1972	8,00	44,41		555,14
1973	484,00	78,46		16,21
1974	719,00	41,89		5,83
1975	1.648,00	45,91		2,79
1976	2.029,00	-27,44		-1,35
1977	3.140,00	-63,65		-2,03

1978	1.265,00	127,92	10,11
1979	1.413,00	185,66	13,14

Source: **Current Account Deficit Figures:** TCMB balance of payments statistics.

Tourism Revenues: Data for the years 1950-2003 were obtained from TÜİK Tourism Statistics Yearbooks, while data for the years 2004-2023 were sourced from the Ministry of Culture and Tourism Tourism Statistics.

The analysis based on Table 2 reveals that the current account deficit, which stood at US\$78 million in 1965, surged dramatically to US\$3.14 billion in 1977. Until 1970, the deficit fluctuated at relatively low levels, but after 1973, it experienced a sharp increase. Specifically, the deficit rose to \$719 million in 1974, \$1.648 billion in 1975, \$2.029 billion in 1976, and \$3.14 billion in 1977, marking a significant escalation. Although the deficit showed a relative downward trend in 1978 and 1979, it remained at a considerably high level.

Between 1965 and 1969, net tourism revenues remained negative, meaning that the tourism sector was still unable to provide a net foreign exchange (FX) inflow to the economy. However, in 1970, net tourism revenues turned positive, reaching \$3.86 million. The sector experienced a breakthrough in 1971 and 1972, with net tourism revenues increasing to \$20.67 million in 1971 and \$44.41 million in 1972. The growth in tourism revenues continued between 1973 and 1979, reaching an all-time high of \$186.66 million in 1979.

A particularly significant milestone was observed in 1972 when tourism revenues covered 555% of the current account deficit. This figure highlights the emerging importance of tourism in supporting the national economy. Although tourism revenues continued to finance a portion of the current account deficit from 1973 onwards, they were not sufficient to fully close the gap. For instance, net tourism revenues accounted for 16.21% of the deficit in 1973, 10.11% in 1978, and 13.14% in 1979. However, in 1976 and 1977, the tourism sector experienced a negative impact, largely due to the embargo imposed on Türkiye following its 1974 Cyprus Peace Operation.

During this period, tourism remained a net foreign exchange outflow sector between 1965 and 1969. However, between 1970 and 1972, the industry began to strengthen, reaching a level at which it could offset the current account deficit, even turning it into a surplus in certain years. Between 1973 and 1975, the current account deficit grew rapidly, but tourism revenues also experienced significant growth. In 1976 and 1977, tourism revenues declined temporarily because of the embargo on Türkiye, but from 1978 to 1979, the sector regained strength and contributed more effectively to the current account balance. These findings indicate that from the 1970s onwards, tourism became an increasingly vital component of the Turkish economy, though fluctuations were observed in certain years due to external factors.

The current account deficit, net tourism revenue, and the ratio of net tourism revenues to the checking account deficit for the period between 1980 and 1994 are presented in Table 3.

Table 3. Ratio of net tourism revenues to the current account deficit (1980-1994)

Years	Current Account Deficit (Million \$)	Net Tourism Income (Million \$)	Ratio of Net Tourism Income to Current Account Deficit
1980	3.408,00	211,92	6,22
1981	1.936,00	277,96	14,36
1982	952,00	261,40	27,46
1983	-1.923,00	283,75	-14,76

1984	1.439,00	563,19	39,14
1985	1.013,00	1.158,40	114,35
1986	1.465,00	901,43	61,53
1987	806,00	1.273,38	157,99
1988	1.596,00	1.997,33	125,15
1989	938,00	1.991,53	212,32
1990	2.625,00	2.705,00	103,05
1991	250,00	2.062,00	824,80
1992	974,00	2.863,00	293,94
1993	6.433,00	3.025,00	47,02
1994	2.631,00	3.455,00	131,32

Source: **Current Account Deficit Figures:** TCMB balance of payments statistics.

Tourism Revenues: Data for the years 1950-2003 were obtained from TÜİK Tourism Statistics Yearbooks, while data for the years 2004-2023 were sourced from the Ministry of Culture and Tourism Tourism Statistics

According to Table 3, the current account deficit, which was 3.408 million dollars in 1980, rapidly declined to 952 million dollars by 1982. In 1983, Türkiye recorded a current account surplus of 1.923 million. From 1984 onwards, the current account deficit began to increase again; however, it remained at relatively low levels during the years 1987-1989. In 1993, there was a record increase, with the current account deficit rising to 6.433 million dollars, but it declined again in 1994, dropping to 2.631 million dollars.

The net tourism revenue, which was 211.92 million dollars in 1980, increased to 3.455 million dollars in 1994. 1985 was a critical turning point, as net tourism revenues reached \$1.158 million, fully covering the current account deficit and resulting in a surplus. From 1987 onwards, tourism revenues began to fully offset the current account deficit. In 1987, net tourism revenue was 1.273 million, covering 157.99% of the current account deficit. In 1988, net tourism revenue was 1.997 million dollars, covering 125.15% of the current account deficit. In 1989, net tourism revenue stood at 1.991 million dollars, covering 212.32% of the current account deficit and generating a net foreign exchange surplus. An extraordinary situation occurred in 1991, when despite a current account deficit of 250 million dollars, net tourism revenue reached 2.062 million dollars. Tourism revenues covered the current account deficit by 824.8% in 2018. Net tourism revenues continued to increase rapidly between 1992 and 1994.

During this period, net tourism revenues began to rise between 1980 and 1984, but they were insufficient to fully cover the current account deficit. Between 1985 and 1989, net tourism revenues fully covered the current account deficit, achieving this for the first time in 1985. Between 1990 and 1994, net tourism revenues became a critical source of economic foreign exchange. In 1991, net tourism revenues were eight times the current account deficit. During 1992-1994, net tourism revenues became a consistent and significant source of foreign exchange, regularly covering the entire current account deficit. It is evident that during this period, the tourism sector emerged as one of the most important factors in closing the current account deficit. In particular, after 1990, tourism revenues not only offset the current account deficit but also generated surpluses, making a significant contribution to the country's foreign exchange reserves. The current account deficit, net tourism revenue, and the ratio of net tourism revenues to the checking account deficit for the years 1995-2009 are provided in Table 4.

Table 4. Ratio of net tourism revenues to the current account deficit (1995-2009)

Years	Current Account Deficit (Million \$)	Net Tourism Income (Million \$)	Ratio of Net Tourism Income to Current Account Deficit
1995	2.339,00	4.045,00	172,94
1996	2.437,00	4.697,10	192,74
1997	2.638,00	6.372,55	241,57
1998	2.000,00	6.055,04	302,75
1999	925,00	3.732,00	403,46
2000	9.920,00	5.925,00	59,73
2001	3.760,00	8.712,73	231,72
2002	626,00	10.540,52	1.683,79
2003	7.554,00	11.430,04	151,31
2004	14.198,00	14.122,15	99,47
2005	20.980,00	16.927,51	80,68
2006	31.161,00	15.323,00	49,17
2007	36.946,00	16.899,22	45,74
2008	39.425,00	21.148,87	53,64
2009	11.360,00	19.974,04	175,83

Source: **Current Account Deficit Figures:** TCMB balance of payments statistics.

Tourism Revenues: Data for the years 1950-2003 were obtained from TÜİK Tourism Statistics Yearbooks, while data for the years 2004-2023 were sourced from the Ministry of Culture and Tourism Tourism Statistics.

According to Table 4, the current account deficit remained at relatively low levels between 1995 and 1999, decreasing to as low as USD 925 million in 1999. However, from 2000 onwards, the current account deficit began to rise rapidly, reaching 9.920 million dollars in 2000, 14.198 million dollars in 2004, 20.980 million dollars in 2005, 36.946 million dollars in 2007, and peaking at 39.425 million dollars in 2008. In 2009, during the global financial crisis, the current account deficit experienced a sharp decline, falling to 11.360 million dollars.

The net tourism revenues, which stood at 4.045 million dollars in 1995, increased to 21.148 million dollars in 2008. Until 2000, tourism revenues fully covered the current account deficit, reaching a peak in 1999 by covering 403.46% of the deficit—equivalent to four times the checking account deficit. In 2002, this ratio reached a record 1,683.79%. Although this ratio declined between 2003 and 2009, tourism continues to be a significant source of foreign exchange earnings.

During this period, between 1995 and 1999, the tourism sector appeared to generate a surplus beyond the current account deficit. In 1999, while the current account deficit stood at USD 925 million, net tourism revenues amounted to USD 3.732 million, covering four times the checking account deficit. Between 2000 and 2006, net tourism revenues continued to increase; however, because the current account deficit grew at a much faster rate, the impact of tourism on offsetting the deficit diminished. In 2002, net tourism revenues contributed more than sixteen times the current account deficit in foreign exchange earnings. In 2007-2008, the current account deficit reached record-high levels, causing the tourism sector's contribution to covering the deficit to decline. Although net tourism revenues continued to rise between 2006 and 2008, the rapid expansion of the current account deficit reduced the coverage ratio to approximately 50%. In 2009, due to the global financial crisis, while the current account deficit declined, net tourism

revenues remained strong, leading to an increase in the coverage ratio once again.

In conclusion, although the tourism sector remained a crucial source of foreign exchange for the Turkish economy after the 2000s, its effectiveness in offsetting the current account deficit weakened because of the rapid expansion of the deficit.

The current account deficit, net tourism revenue, and the ratio of net tourism revenues to the checking account deficit for the years 2010-2023 are provided in Table 5.

Table 5. Ratio of net tourism revenues to the current account deficit (2010-2023)

Years	Current Account Deficit (Million \$)	Net Tourism Income (Million \$)	Ratio of Net Tourism Income to Current Account Deficit
2010	44.620,00	19.056,48	42,71
2011	74.402,00	22.584,21	30,35
2012	47.278,00	31.192,24	65,98
2013	55.092,00	34.311,15	62,28
2014	38.020,00	35.525,73	93,44
2015	26.625,00	31.404,41	117,95
2016	26.668,00	21.103,20	79,13
2017	39.955,00	25.766,23	64,49
2018	20.151,00	30.390,33	150,81
2019	10.798,00	38.195,93	353,73
2020	31.914,00	13.981,00	43,81
2021	7.398,00	28.106,56	379,92
2022	49.085,00	44.758,15	91,18
2023	45.513,00	47.444,20	104,24

Source: **Current Account Deficit Figures:** TCMB balance of payments statistics.

Tourism Revenues: Data for the years 1950-2003 were obtained from TÜİK Tourism Statistics Yearbooks, while data for the years 2004-2023 were sourced from the Ministry of Culture and Tourism Tourism Statistics.

According to Table 5, the current account deficit experienced a rapid increase in 2010-2011, peaking at US\$74.402 million in 2011. Between 2012 and 2015, the current account deficit declined, decreasing to \$26.625 million in 2015. In 2016, it was valued at \$26.668 million, but in 2017, it was valued at \$39.955 million. By 2019, the current account deficit had declined to its lowest level at US\$10.798 million. In 2020, due to the impact of the pandemic, the current account deficit increased to 31.914 million USD. The current account deficit was \$45.513 million in 2023.

Between 2010 and 2014, net tourism revenues increased steadily, reaching \$35.52 million in 2014. Although tourism revenues totaled USD 31.404 million in 2015, they declined to USD 21.103 million in 2016. This decrease in 2016 can be attributed to the negative effects of the political crisis with Russia and terrorist incidents on the tourism sector. In 2017 and 2018, tourism revenues began to recover, reaching a record 38.195 million USD in 2019. However, in 2020, the pandemic caused a severe decline in net tourism revenues, which fell to 13.981 million USD. A recovery began in 2021, and by 2022, tourism revenues had reached 44.758 billion. In 2023, net tourism revenues reached an all-time high of US\$47.444 million. Apart from the declines in 2016 and 2020 caused by the political crisis and the pandemic, respectively, net tourism revenues exhibited a consistent upward trend, culminating in a record level in 2023.

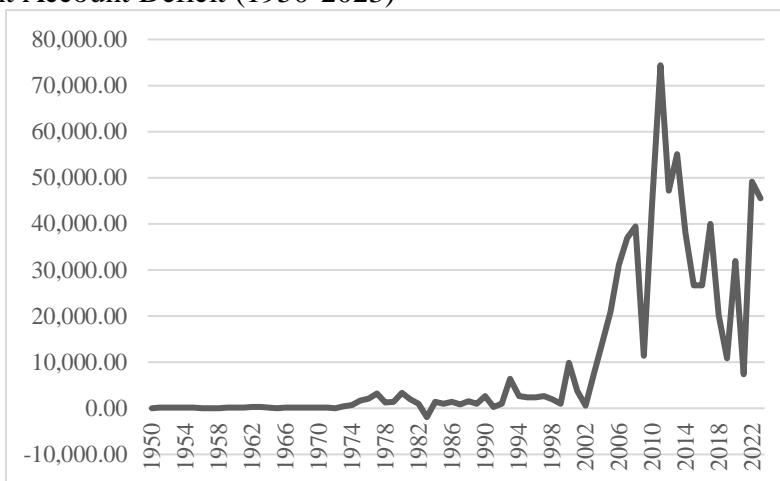
In 2010-2011, tourism revenues covered only 30-40% of the current account deficit. Between 2012 and 2014, the coverage ratio of tourism revenues increased, reaching as high as 93.44%. In 2015, tourism revenues fully covered the current account deficit; however, the ratio declined in 2016. In 2019, net tourism revenues achieved remarkable success by covering 3.5 times the current account deficit (353.73%). The ratio fell to 43.81% in 2020 due to the pandemic. In 2021, with the recovery in tourism, net tourism revenues covered 3.8 times the current account deficit (379.92%). By 2023, net tourism revenues would fully offset the current account deficit (104.24%).

Between 2010 and 2014, net tourism revenues consistently increased, covering a significant portion of the current account deficit. During 2015-2019, net tourism revenues reached levels sufficient to fully offset the current account deficit, even generating a surplus in some years. In 2020, the pandemic caused a sharp decline in net tourism revenues, but the sector recovered in 2021-2022, and by 2023, tourism revenues once again reached a level capable of fully covering the current account deficit.

In conclusion, the tourism sector became one of the largest sources of foreign exchange for the Turkish economy between 2010 and 2023. In particular, after 2015, tourism revenues not only fully covered the current account deficit but also generated a surplus. However, events such as the 2016 political crisis and the 2020 pandemic have severely impacted the tourism sector.

Figure 1 depicts current account deficits from 1950 to 2023.

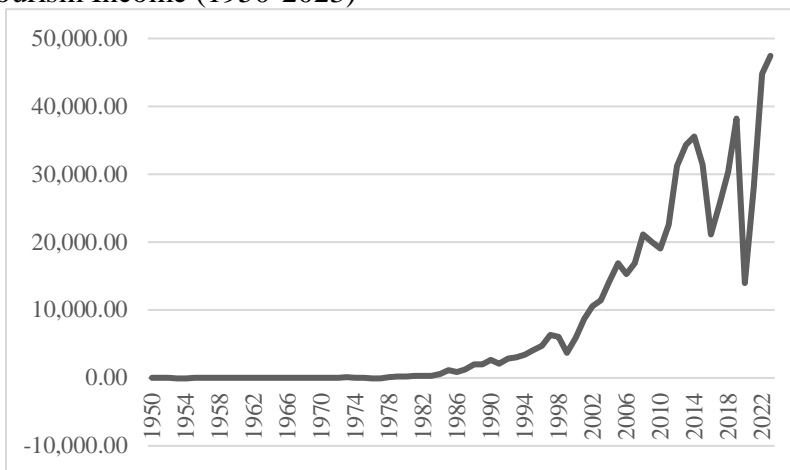
Figure 1. Current Account Deficit (1950-2023)



According to Figure 1, the current account deficit fluctuated at generally low levels from the 1950s to the 1990s. However, after 1980, it entered an upward trend. In the 2000s, the current account deficit expanded significantly, reaching as high as 74.4 billion dollars in 2011. In 2023, the current account deficit remained at a high level of US\$ 45.5 billion.

Figure 2 depicts net tourism revenues from 1950 to 2023.

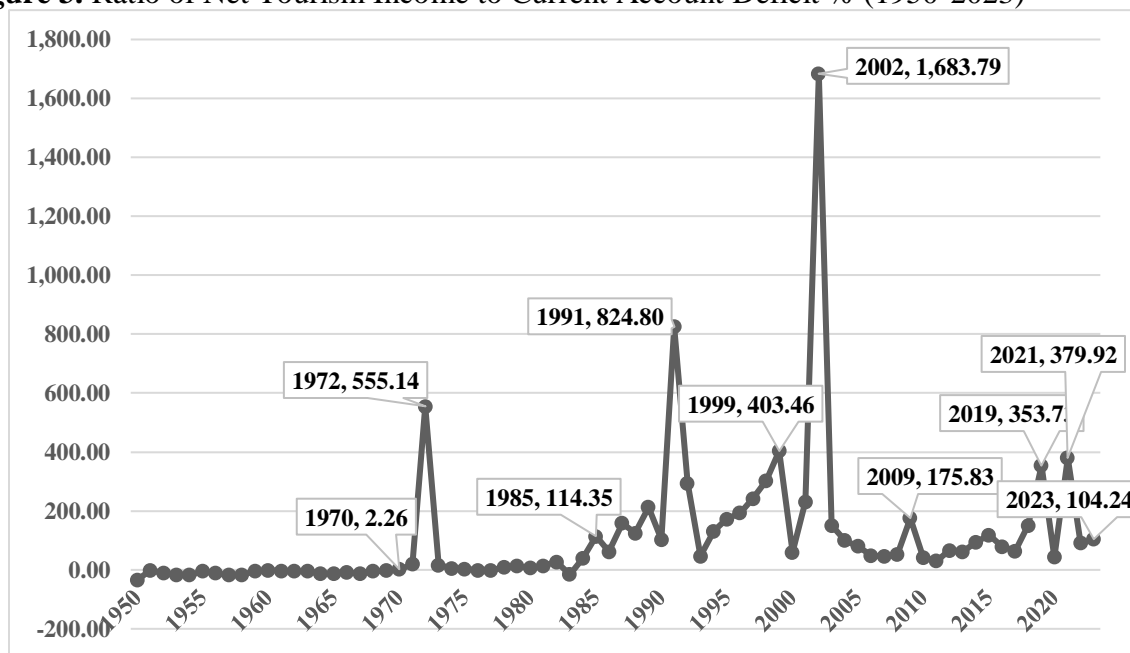
Figure 2. Net Tourism Income (1950-2023)



According to Figure 2, net tourism revenues were negative in the 1950s, indicating that the country experienced a net loss in foreign exchange. After 1970, net tourism revenues gradually turned positive. From 1985 onwards, tourism revenues increased rapidly, exerting a positive impact on the current account deficit. In the 2000s, tourism revenues exhibited significant growth, reaching 47.4 billion dollars in 2023.

Figure 3 presents a graphical representation of the ratio of net tourism revenues to the current account deficit from 1950 to 2023.

Figure 3. Ratio of Net Tourism Income to Current Account Deficit % (1950-2023)



According to Figure 3, before 1970, net tourism revenues had a negative impact on the current account deficit. However, starting in the 1980s, the ratio of tourism revenues to the current

account deficit began to increase. During the 1990s, tourism revenues fully offset the current account deficit and generated a surplus. In 2002, a record was set, with tourism revenues covering 16 times the current account deficit (1683%). In 2019 and 2021, tourism revenues could cover three to four times the current account deficit. As of 2023, tourism revenues fully offset the country's current account deficit (104.24%).

In conclusion, since the 1980s, the tourism sector has become a significant source of foreign exchange. However, after 2000, as the current account deficit expanded rapidly, the ratio of tourism revenues covering the deficit declined periodically. In certain years (2002, 2015, 2019, 2021, 2023), tourism revenues fully covered the current account deficit, making substantial contributions to the national economy. In 2020, tourism revenues declined because of the pandemic, reducing the ratio of coverage to the current account deficit.

5. CONCLUSION

In this study, Türkiye's net tourism revenues and their ratio of covering the current account deficit over the years are examined. Significant fluctuations and key turning points can be observed in these ratios.

Between 1950 and 1970, tourism expenditures had a negative impact on the current account deficit, further increasing it. For the first time, a positive ratio was recorded in 1970, and in 1972, net tourism revenues covered 555.14% of the current account deficit, marking a breakthrough.

During the 1980s, net tourism revenues began to play a more significant role in covering the current account deficit. Throughout the 1990s, net tourism revenues continued to increase, and except for 1993, the tourism sector not only fully covered the current account deficit but also generated a foreign exchange surplus for the economy. In 1991, net tourism revenues covered 824.80% of the current account deficit, whereas in 1999, this ratio stood at 403.46%, bringing substantial foreign exchange earnings to the country.

In the 2000s, net tourism revenues in the national economy continued to grow, reaching a record of 1,683.79% in 2002. The ratio increased to 175.83% in 2009. After 2017, the ratio of net tourism revenues covering the current account deficit exhibited a fluctuating trend, maintaining a stable trajectory until 2017. In 2018 and 2019, the ratio began to rise again; however, it declined in 2020 due to the impact of the pandemic. By 2021, a recovery had been observed.

In conclusion, before 1970, the tourism sector had a negative impact on the current account deficit in Türkiye before 1970. After 1980, tourism revenues began to cover a significant portion of the current account deficit. 2002 marked the peak of tourism's impact on the current account deficit, with a record coverage ratio of 1,683.79%. After 2010, as the current account deficit expanded, the influence of tourism fluctuated, but significant recoveries were observed in 2019 and 2021. By 2023, tourism revenues fully covered the current account deficit. This situation clearly demonstrates how critical tourism has become a foreign exchange source for Türkiye's economy and how it has played a major role in balancing the country's economy in certain years. Tourism revenues play a crucial role in addressing the current account deficit. Therefore, countries must develop policies aimed at strengthening the tourism sector. Increasing investments in tourism infrastructure, developing strategies to attract tourists, and adopting sustainable tourism policies can support economic stability.

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