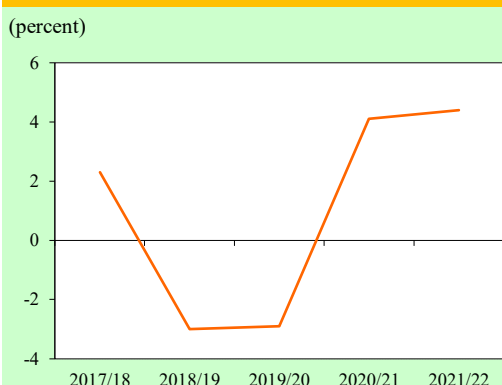


2.1. Gross Domestic Product (GDP)

In 2021/22, GDP (at constant 2016/17 prices), experienced a growth rate of 4.4 percent compared with 2020/21. The non-oil GDP (GDP excluding the oil and gas sector) increased by 3.9 percent, compared with the preceding year, thanks to relative improvements in the performances of "services" and "industry" groups.

Figure 2.1. GDP Growth
(at constant 2016/17 prices)



In 2021/22, the value added of the "oil and gas", "industry", and "services" sectors (at constant 2016/17 prices) rose by 10.1, 1.1 and 6.5 percent, respectively, compared with 2020/21. The shares of "agriculture, forestry, and fishing", "industry", "oil and gas", and "services" in GDP were respectively 12.7, 31.9, 7.0 and 48.4 percent, at current prices.

A look at the developments of the agriculture sector in 2021/22 indicates a decline in the production performance of its sub-sectors, leading to a fall in the value added of the "agriculture, forestry and fishing" sector by 2.6 percent compared with the year before, at constant prices. On the other hand, the share of the value added of this sector in GDP increased from 12.5 percent in 2020/21 to 12.7 percent in 2021/22 at current prices.

Table 2.1. Gross Domestic Product
(at constant 2016/17 prices) (percentage change)

	2019/20□	2020/21□	2021/22□
Agriculture, forestry, and fishing	9.1	3.2	-2.6
Oil and gas	-36.2	9.6	10.1
Industry	1.0	7.3	1.1
Services	-0.3	2.2	6.5
GDP	-2.9	4.1	4.4
Non-oil GDP	1.1	3.6	3.9

The imposition of sanctions under the Maximum Pressure Act impacted enterprises active in the manufacturing and mining sector negatively, raising production costs and further limiting the supply of the required raw materials and intermediate goods. Notwithstanding these difficulties, the value added of the industry sector increased by 1.1 percent

at constant prices. The share of the value added of the "industry" sector in GDP fell from 33.3 percent in 2020/21 to 31.9 percent in 2021/22, at current prices. A review of the developments of the subsectors of "industry" indicates that the value added of the "manufacturing", "electricity, gas, steam and air conditioning supply", and "water supply; sewerage, waste management and remediation activities" experienced positive growth compared with 2020/21, at constant prices.

The value added of the "manufacturing" subsector grew by 3.3 percent at constant prices, as represented by a rise of 3.1 percent in the production index of large manufacturing establishments (constituting about 70 percent of the value added of the manufacturing sector). This was mainly attributable to the increase in the "manufacture of pharmaceuticals, medicinal chemical and botanical products", "manufacture of electric motors, generators, transformers and electricity distribution and control apparatus", and "food products". The value added of "mining and quarrying" decreased by 0.4 percent at constant prices, caused by negative growth in the value added of mines that were then in operation.

In addition, due to the increase in electricity generation and gas supply, the value added of "electricity, gas, steam and air conditioning supply" increased by 3.1 percent at constant prices. The value added of "water supply; sewerage, waste management and remediation activities" grew by 5.2 percent, at constant 2016/17 prices, mainly attributable to improvements in drinking water production and provision in urban and rural areas.

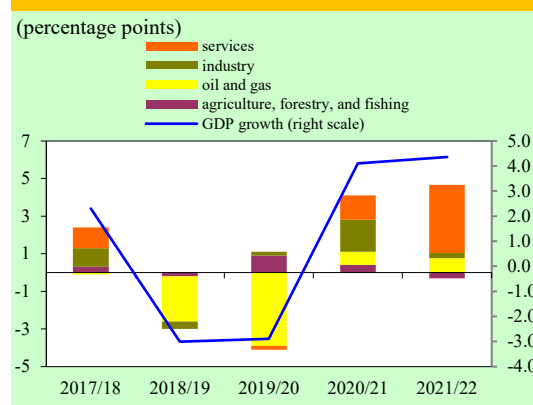
In the construction sector, the value added of private sector's buildings reached -11.2 percent at constant 2016/17 prices. Due to the fall in the value added of the private sector's construction indicators and the decline in that

of the government buildings, the value added of the construction sector experienced a negative growth rate of 6.9 percent compared with the year before, at constant 2016/17 prices.

The value added of the services sector, constituting the highest share of 48.4 percent in GDP at current prices, experienced a rise of 6.5 percent at constant prices, mainly due to the increases in the performance of "public administration and defense; compulsory social security", "transport and storage", "information and communication", and "human health and social work activities" groups. However, the value added of "financial and insurance activities" and "administrative and support service activities" groups declined, at constant prices. Overall, though, the value added of the "services" sector experienced a growth rate of 6.5 percent in 2021/22, at constant 2016/17 prices.

The value added of the "oil and gas" sector, which had experienced an increase of 9.6 percent in 2020/21 compared to 2019/20, grew by 10.1 percent in 2021/22 compared with 2020/21, at constant prices. Meanwhile, the share of the value added of the oil and gas sector in GDP increased from 3.7 percent in 2020/21 to 7.0 percent in 2021/22, at current prices.

Figure 2.2. Economic Sectors' Contribution to GDP Growth (at constant 2016/17 prices)



2.2. Gross Domestic Expenditure (GDE)

In 2021/22, the gross domestic expenditure increased by 4.7 percent, at constant 2016/17 prices, compared with the year before. A review of the components of the gross domestic expenditure (GDE) in the year under review is indicative of the rise in both private and public consumption expenditures.

Private consumption expenditures, mainly representing household final consumption expenditures, are calculated based on the estimates derived from the household budget survey, population growth, and the rate of inflation. In 2021/22, private consumption expenditures indicated a rise of 3.9 percent, at constant 2016/17 prices, compared with the year before. On the other hand, public consumption expenditures of ministries and their affiliated institutions, municipalities, and the Social Security Organization (SSO), given the rise in the number of employees and based on the current expenses of the government, increased by 8.3 percent, at constant prices, compared with 2020/21.

Gross fixed capital formation remained unchanged compared with the previous year. Due to the rise in the amount of investment in the domestically produced as well as the imported capital goods, the gross fixed capital

formation in the "machinery" group indicated an increase of 12.5 percent compared with 2020/21, at constant prices. Contrariwise, gross fixed capital formation in the "construction" group, given the fall in the private sector's investment in the construction of buildings in urban and rural areas, decreased by 7.1 percent at constant prices, compared with the year before. This was against an increase in the government's as well as the affiliated companies' construction activities.

In 2021/22, the imports of goods and services increased by 24.1 percent at constant prices, compared with 2020/21. Likewise, the exports of goods and services rose by 5.2 percent compared with the year before.

Figure 2.3. Expenditure Items' Contribution to GDE Growth (at constant 2016/17 prices)

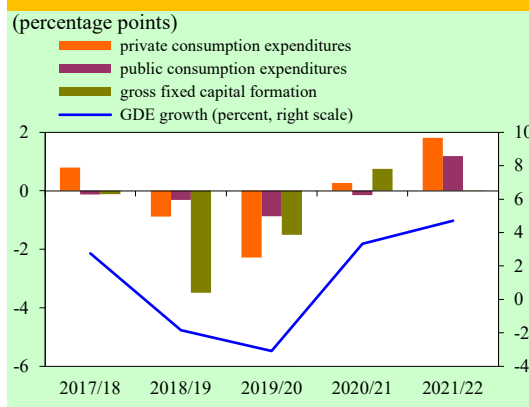


Table 2.2. Gross Domestic Expenditure (at constant 2016/17 prices)

(percentage change)

	2019/20□	2020/21□	2021/22□
Private consumption expenditures	-4.7	0.5	3.9
Public consumption expenditures	-5.6	-0.9	8.3
Gross fixed capital formation	-6.6	3.2	0.0
GDE	-3.1	3.3	4.7
Net national income at basic prices	-10.6	3.4	12.2