

The Effects of Free Trade Agreements on Turkish Economy

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Serbest Ticaret Antlaşmalarının Türkiye Ekonomisi Üzerindeki Etkileri

Abstract

The rise of globalization trends in economical, social, technological, legal and political areas all over the world brings partnerships and associations of countries in its train. These partnerships and associations can be either regional or dual. Free trade agreement (FTA) is an activity of gradually increasing importance among the countries that participate in partnerships and associations. Moreover free trade agreement is one of the most advanced models of economical partnership between the countries that take part in the agreement. Besides free trade agreements have goals of promoting economical partnerships between the countries that take part in the agreement and abolishing the obstacles on the transfer of services and products whereas these agreements aim the development of political, technological and social relationships between these countries. As a result of international economical and political integration that has accelerated rapidly since 2000, free trade agreements are signed by Turkey. In a way, these pacts provide the growth of Turkish foreign trade and in another way; they help the firms and associations to open up for the international competition. The effects of free trade agreements signed by Turkey on Turkish economy and foreign trade are discussed in this study.

Key Words : Free Trade Agreement, Foreign Trade, Turkish Foreign Trade Policy, Exportation and Importation.

JEL Classification Codes : F13.

Özet

Dünyada küreselleşme hareketlerinin ekonomik, sosyal, teknolojik, hukuki ve siyasi alanlarda artması ülkeler arasındaki işbirliklerini ve bütünleşmeleri de beraberinde getirmiştir. Bu işbirliği ve bütünleşmeler bölgesel olabildiği gibi ikili de olabilmektedir. Serbest ticaret antlaşmaları bu anlamda önemi hızla artan ülkeler arasındaki işbirliği ve bütünleşme hareketlerinden birisidir. Serbest ticaret antlaşmaları anlaşmaya taraf olan ülkeler arasındaki ekonomik işbirliğinin en gelişmiş modellerinden birisidir. Serbest ticaret antlaşmaları taraf ülkeler arasındaki ekonomik işbirliğini geliştirmek ve mal ve hizmet dolaşımının önündeki engelleri ortadan kaldırmayı hedeflemek ana amacı yanında anlaşmaya taraf olan ülkeler arasındaki siyasi, teknolojik ve sosyal ilişkilerin arttırılmasını da hedeflemektedir. Türkiye'nin imzaladığı STA 2000'li yıllarla birlikte artan bir hızla devam eden uluslar arası ekonomik ve siyasi bütünleşmelerin bir sonucudur. Bu antlaşmalar bir yandan Türkiye'nin dış ticaretinin artmasına olanak sağlarken diğer yandan da işletmelerinin ve kurumlarının uluslar arası küresel rekabete açılmasının yardımcı olmuşur. Bu çalışmada Türkiye'nin imzaladığı Serbest Ticaret Antlaşmalarının (STA) Türk ekonomisine ve dış ticaretine etkileri tartışılmaya çalışılmıştır.

Anahtar Sözcükler : Serbest Ticaret Antlaşmaları, Dış Ticaret, Türk Dış Ticaret Politikası, İthalat ve İhracat.

1. Introduction

The rise of globalization trends has caused the economical, technological, social and political competition to gain speed. Countries are trying to escape from dangerous and destructive results of globalization by empowering integration and either regional or dual partnerships. Turkey, that both supported and performed mixed economy until 1980's, then transformed into liberal economy, worldly integration and extrovert economical development required by liberal economy since 1980. That is; while Turkey tried to develop relationships with the European Union (EU), the economical, political, social and technological aspects of integration with both the neighborhood and the world also had been improved. The geostrategical location of Turkey together with her regional, economical, social and political problems caused the total activities of the country more valuable. That's why; the foreign trade policy of the country was re-constructed to be consistent with that of the Union according to the Partnership Council decision of Customs Union agreed on 6 March 1995. After that, Turkey commenced to sign free trade agreements with various countries in parallel with the preferential trade agreements made by the European Union. These free trade agreements aimed to develop social, cultural and legal relationships as well as economical bonds. These free trade agreements contributed significantly to participant countries whereas they increased the extent of foreign trade and also improved the partnerships among the countries and entrepreneurs.

2. Free Trade Agreements and Their Economical Results

Turkey has signed free trade agreements with 19 countries totally since 1992 (Table 1). Free trade agreements that began with European Free Trade Association (EFTA) countries supervised by Customs Union later were signed with neighboring countries that consisted of the future members of the EU mainly. The desires of Turkey directed towards the integration with the outer world and the gain of advantages in international competition resulted in these agreements signed with a wide variety of countries.

Turkey has raised her exportation amount from 23,2 billion dollars to 73,1 billion dollars by increasing exported goods at a rate of 216% during a 10-year-long period between 1996 and 2005. Moreover Turkey raised her importation amount from 43.6 billion dollars to 116 billion dollars by increasing imported goods at a rate of 163% during the same period (Table 2). These changes were due to the extrovert developmental strategy of Turkey who achieved a significant increase in the extent of exportation and succeeded in improving her competitive power by doing so. Free trade agreements signed by Turkey and Customs Union supervised by the European Union major contributed to this significant development and improvement.

Table 1
Free Trade Agreements Signed by Turkey

| Countries | Year of the Agreement |
|--------------------------|------------------------------|
| EFTA Countries | 1992 |
| Israel | 1997 |
| Hungary (*) | 1998 |
| Romania | 1998 |
| Czech Republic (*) | 1998 |
| Republic of Slovakia (*) | 1998 |
| Latvia (*) | 1998 |
| Lithuania (*) | 1998 |
| Estonia (*) | 1998 |
| Slovenia (*) | 1998 |
| Bulgaria | 1999 |
| Macedonia | 1999 |
| Poland (*) | 2000 |
| Bosnia Herzegovina | 2002 |
| Croatia | 2003 |
| Morocco | 2004 |
| Syria | 2004 |
| Tunisia | 2005 |

() As these countries had been the exact members of the European Union by May 1, 2004, the free agreements signed with them were abolished in April 30, 2004. The economical relationships have been going on according to the Customs Union since May 1, 2004.*

Table 2
Data About Exportation from and Importation to Turkey by Years (000.- \$)

| Years | Exports | | Imports | | Volume of Trade | |
|--------------|----------------|-------------------|----------------|-------------------|------------------------|-------------------|
| | Value | Change (%) | Value | Change (%) | Value | Change (%) |
| 1996 | 23.224.465 | 7,3 | 43.626.642 | 22,2 | 66.851.107 | 16,6 |
| 1997 | 26.261.072 | 13,1 | 48.558.721 | 11,3 | 74.819.792 | 11,9 |
| 1998 | 26.973.952 | 2,7 | 45.921.392 | -5,4 | 72.895.344 | -2,6 |
| 1999 | 26.587.225 | -1,4 | 40.671.272 | -11,4 | 67.258.497 | -7,7 |
| 2000 | 27.774.906 | 4,5 | 54.502.821 | 34,0 | 82.277.727 | 22,3 |
| 2001 | 31.334.216 | 12,8 | 41.399.083 | -24,0 | 72.733.299 | -11,6 |
| 2002 | 36.059.089 | 15,1 | 51.553.797 | 24,5 | 87612.886 | 20,5 |
| 2003 | 47.252.836 | 31,0 | 69.339.692 | 34,5 | 116.592.528 | 33,1 |
| 2004 | 63.120.949 | 33,6 | 97.539.766 | 40,7 | 160.660.715 | 37,8 |
| 2005 | 73.122.000 | 15,8 | 116.048.000 | 19,0 | 189.170.000 | 17,7 |

Source: TURKSTAT

The augmentation in the importation and exportation of Turkey from and to the countries bound by free trade agreements is found to be much more above the increase in the total importation and exportation of Turkey (Tables 3, 4, 5, 6).

Table 3
The Importation of Turkey from the Countries that Signed FTA with Turkey (1996 – 2000) (000.-\$)

| Countries | 1996 | 1997 | % | 1998 | % | 1999 | % | 2000 | % |
|----------------------|-----------|-----------|-------|-----------|-------|-----------|-------|-----------|-------|
| Austria | 545.485 | 502.604 | -7,9 | 608.284 | 21,0 | 508.409 | -16,4 | 516.754 | 1,6 |
| Finland | 254.898 | 341.413 | 33,9 | 421.289 | 23,4 | 504.454 | 19,7 | 723.393 | 43,4 |
| Iceland | 3.849 | 4.808 | 24,9 | 3.759 | -21,8 | 2.471 | -34,3 | 4.008 | 62,2 |
| Liechtenstein | - | - | - | - | - | - | - | - | - |
| Norway | 93.476 | 178.384 | 90,8 | 147.728 | -17,2 | 174.688 | 18,2 | 26.085 | -85,1 |
| Sweden | 659.917 | 89.6602 | 35,9 | 999.366 | 11,5 | 1.444.159 | 44,5 | 143.9757 | -0,3 |
| Switzerland | 1.014.743 | 1.104.028 | 8,8 | 1.017.738 | -7,8 | 748.911 | -26,4 | 890.977 | 19,0 |
| Israel | 192.627 | 233.681 | 21,3 | 282.827 | 21,0 | 298.257 | 5,5 | 505.482 | 69,5 |
| Hungary | 94.420 | 106.514 | 12,8 | 152.389 | 43,1 | 94.997 | -37,7 | 216.262 | 127,7 |
| Romania | 441.290 | 394.087 | -10,7 | 344.672 | -12,5 | 401.156 | 16,4 | 673.928 | 68,0 |
| Czech Rep. | 108.442 | 98.491 | -9,2 | 93.302 | -5,3 | 82.017 | -12,1 | 158.740 | 93,5 |
| Slovakia | 23.697 | 22.432 | -5,3 | 23.577 | 5,1 | 45.675 | 93,7 | 51.533 | 12,8 |
| Latvia | 3.426 | 1.625 | -52,6 | 2.618 | 61,1 | 1.659 | -36,6 | 11.950 | 620,3 |
| Lithuania | 30.795 | 39.151 | 27,1 | 79.531 | 103,1 | 61.070 | -23,2 | 71.499 | 17,1 |
| Estonia | 14.544 | 30.958 | 112,9 | 10.258 | -66,9 | 4.748 | -53,7 | 7.091 | 49,3 |
| Slovenia | 16.793 | 29.976 | 78,5 | 43.320 | 44,5 | 48.005 | 10,8 | 55.652 | 15,9 |
| Bulgaria | 362.771 | 408.852 | 12,7 | 367.420 | -10,1 | 295.573 | -19,6 | 465.408 | 57,5 |
| Macedonia | 31.714 | 30.217 | -4,7 | 13.237 | -56,2 | 7.878 | -40,5 | 10.470 | 32,9 |
| Poland | 79.311 | 91.954 | 15,9 | 82.052 | -10,8 | 81.241 | -1,0 | 164.681 | 102,7 |
| Bosnia & Herzegovina | 2.485 | 1.295 | -47,9 | 5.298 | 309,1 | 16.222 | 206,2 | 7.497 | -53,8 |
| Croatia | 28.542 | 8.579 | -69,9 | 14.757 | 72,0 | 7.893 | -46,5 | 25.375 | 221,5 |
| Morocco | 82.116 | 52.597 | -35,9 | 46.992 | -10,7 | 44.469 | -5,4 | 72.983 | 64,1 |
| Syria | 311.459 | 456.282 | 46,5 | 308.002 | 32,5 | 307.001 | -0,3 | 545.240 | 77,6 |
| Total | 4.396.800 | 5.034.530 | 14,5 | 5.068.416 | 0,6 | 5.180.953 | 0,2 | 6.644.765 | 28,2 |

Source: TURKSTAT

Although the exportation to the eight countries bound by free trade agreements in 1998 increased at an average rate of 400%, the importation from these countries increased at an average rate of 450%. Meanwhile; total exportation of Turkey enlarged by %171 and total importation by %150. This indicates the fact that the total extent of foreign trade has risen 2 - 2,5 times more than the total extent of foreign trade performed by Turkey. The very same fact occurred after the assignment of free trade agreement with Israel in 1997. This pact was the first and the longest-to-continue free trade agreement that caused the foreign trade to increase more than two times the extent in total foreign trade. The most significant rise in the foreign trade has been achieved thanks to the free trade agreements signed with Romania, Slovenia, Czech Republic, Poland, Estonia and Bulgaria (Table 7).

Table 4
The Importation of Turkey from the Countries that Signed FTA with Turkey (2001 – 2005) (000.-\$)

| Countries | 2001 | % | 2002 | % | 2003 | % | 2004 | % | 2005 |
|----------------------|-------------|----------|-------------|----------|-------------|----------|-------------|----------|-------------|
| Austria | 417.549 | -19,2 | 588.026 | 40,8 | 824.232 | 40,2 | 1.071.813 | 30,0 | 931.128 |
| Finland | 301.903 | -58,3 | 372.356 | 23,3 | 479.865 | 28,9 | 708.290 | 47,6 | 954.982 |
| Iceland | 2.120 | -47,1 | 3.224 | 52,1 | 2.160 | -33,0 | 9.028 | 318,0 | 7.951 |
| Liechtenstein | - | - | 194 | - | 2.150 | 1008,2 | 2.495 | 16,0 | 3.422 |
| Norway | 251.388 | 863,7 | 365.835 | 45,5 | 423.181 | 15,7 | 495.367 | 17,1 | 371.830 |
| Sweden | 543.864 | -62,2 | 535.068 | -1,6 | 822.161 | 53,7 | 1.118.403 | 36,0 | 1.421.656 |
| Switzerland | 1.227.422 | 37,8 | 2.142.747 | 74,6 | 2.968.187 | 38,5 | 3.404.540 | 14,7 | 4.050.951 |
| Israel | 529.489 | 4,7 | 544.467 | 2,8 | 459.488 | -15,6 | 714.143 | 55,4 | 800.735 |
| Hungary | 186.673 | -13,7 | 325.902 | 74,6 | 416.863 | 27,9 | 705.407 | 69,2 | 944.890 |
| Romania | 481.140 | -28,6 | 661.765 | 37,5 | 955.971 | 44,5 | 1.699.553 | 77,8 | 2.268.000 |
| Czech Rep. | 126.872 | -20,1 | 316.959 | 149,8 | 443.937 | 40,1 | 654.592 | 47,5 | 694.067 |
| Slovakia | 49.419 | -4,1 | 112.341 | 127,3 | 205.862 | 83,2 | 232.714 | 13,0 | 377.018 |
| Latvia | 154 | -98,7 | 220 | 42,9 | 1.249 | 467,7 | 1.151 | -7,8 | 2.622 |
| Lithuania | 77.796 | 8,8 | 110.457 | 42,0 | 135.982 | 23,1 | 173.930 | 27,9 | 158.784 |
| Estonia | 1.337 | -81,1 | 1.177 | -12,0 | 13.874 | 1078,8 | 44.257 | 219,0 | 58.671 |
| Slovenia | 48.948 | -12,0 | 57.115 | 16,7 | 93.022 | 62,9 | 203.222 | 118,5 | 217.025 |
| Bulgaria | 393.516 | -15,4 | 508.449 | 29,2 | 689.462 | 35,6 | 959.471 | 39,2 | 1.186.204 |
| Macedonia | 9.115 | -12,9 | 14.914 | 63,6 | 27.342 | 83,3 | 51.935 | 89,9 | 51.598 |
| Poland | 168.070 | 2,1 | 245.134 | 45,9 | 415.359 | 69,4 | 996.105 | 139,8 | 1.238.460 |
| Bosnia & Herzegovina | 4.926 | -34,3 | 6.317 | 28,2 | 8.343 | 32,1 | 11.476 | 37,6 | 15.340 |
| Croatia | 17.330 | -31,7 | 9.388 | -45,8 | 16.697 | 77,9 | 35.229 | 111,0 | 84.391 |
| Morocco | 38.194 | -47,7 | 68.315 | 78,9 | 76.990 | 12,7 | 105.778 | 37,4 | 142.938 |
| Syria | 463.476 | -15,0 | 506.247 | 9,2 | 413.349 | -18,4 | 357.656 | -13,5 | 270.212 |
| Total | 5.340.701 | -19,6 | 7.496.617 | 40,4 | 9.895.726 | 32,0 | 13.756.555 | 39,0 | 16.252.875 |

Source: TURKSTAT

Within the importation from the countries with which Turkey signed free trade agreements; Switzerland takes the first row with a share of 25% while Romania and Poland follow this country with the shares of 14% and 7,6% respectively. When the exportation to the countries with which Turkey signed free trade agreements is evaluated, Romania takes the first row with a share of 17% whereas Israel and Bulgaria follow up with the shares of 14% and 11% respectively (Table 4, 6).

Turkey performed the most extensive increase in exportation to Estonia by 827%, to Latvia by 601% and to Slovakia by 577% among the countries that signed free trade agreements. Turkey has gone through the most extensive increase in importation from Slovakia by 1500%, from Czech Republic by 643% and from Romania by 558%. Among the countries that signed free trade agreements with Turkey; only the exportation from Latvia did not show any serious change while the importation from Syria decelerated by 24% in 2004. These facts have been attributed to the native social and economical structure of related countries.

Table 5
The Exportation of Turkey to the Countries that Signed FTA with Turkey (1996 – 2000) (000.-\$)

| Countries | 1996 | 1997 | % | 1998 | % | 1999 | % | 2000 | % |
|----------------------|-----------|-----------|-------|-----------|-------|-----------|-------|-----------|-------|
| Austria | 290.514 | 300.169 | 3,3 | 304.012 | 1,3 | 312.240 | 2,7 | 292.930 | -6,2 |
| Finland | 45.078 | 49.229 | 9,2 | 58.452 | 18,7 | 67.026 | 14,7 | 75.752 | 13,0 |
| Iceland | 2.133 | 3.219 | 50,9 | 11.086 | 244,4 | 2.335 | -78,9 | 5.091 | 118,0 |
| Liechtenstein | - | - | - | - | - | - | - | - | - |
| Norway | 58.086 | 92.836 | 59,8 | 101.391 | 9,2 | 90.943 | -10,3 | 80.477 | -11,5 |
| Sweden | 121.788 | 145.893 | 19,8 | 188.014 | 28,9 | 182.573 | -2,9 | 199.588 | 9,3 |
| Switzerland | 275.717 | 318.218 | 15,4 | 244.200 | -23,3 | 268.334 | 9,9 | 238.684 | -11,0 |
| Israel | 254.853 | 391.514 | 53,6 | 479.507 | 22,5 | 585.239 | 22,1 | 650.142 | 11,1 |
| Hungary | 102.808 | 133.966 | 30,3 | 113.684 | -15,1 | 121.919 | 7,2 | 109.994 | -9,8 |
| Romania | 314.045 | 358.783 | 14,2 | 468.178 | 30,5 | 268.185 | -42,7 | 325.818 | 21,5 |
| Czech Rep. | 93.461 | 82.896 | -11,3 | 69.557 | -16,1 | 67.257 | -3,3 | 101.571 | 51,0 |
| Slovakia | 20.149 | 25.157 | 24,9 | 18.056 | -28,2 | 16.986 | -5,9 | 201.99 | 18,9 |
| Latvia | 1.970 | 2.992 | 51,9 | 11.605 | 287,9 | 9.841 | -15,2 | 16.086 | 63,5 |
| Lithuania | 15.094 | 55.591 | 268,3 | 34.675 | -37,6 | 25.764 | -25,7 | 23.953 | -7,0 |
| Estonia | 4.595 | 5.770 | 25,6 | 6.176 | 7,0 | 9.046 | 46,5 | 9.439 | 4,3 |
| Slovenia | 24.534 | 34.291 | 39,8 | 39.016 | 13,8 | 38.681 | -0,9 | 47.581 | 23,0 |
| Bulgaria | 156.906 | 175.887 | 12,1 | 213.316 | 21,3 | 233.595 | 9,5 | 252.934 | 8,3 |
| Macedonia | 74.251 | 77.392 | 4,2 | 68.190 | -11,9 | 93.670 | 37,4 | 107.765 | 15,0 |
| Poland | 253.248 | 255.260 | 0,8 | 290.850 | 13,9 | 219.624 | -24,5 | 174.596 | -20,5 |
| Bosnia & Herzegovina | 22.474 | 31.871 | 41,8 | 38.077 | 19,5 | 39.892 | 4,8 | 26.871 | -32,6 |
| Croatia | 27.116 | 36.136 | 33,3 | 27.768 | -23,2 | 29.897 | 7,7 | 23.589 | -21,1 |
| Morocco | 52.292 | 51.906 | -0,7 | 99.428 | 91,6 | 90.444 | -9,0 | 70.413 | -22,1 |
| Syria | 307.778 | 268.753 | -12,7 | 309.044 | 15,0 | 232.210 | -24,9 | 184.267 | -20,6 |
| Total | 2.518.890 | 2.897.729 | 15,0 | 3.194.282 | 10,2 | 3.005.701 | -5,9 | 3.037.740 | 1,06 |

Source: TURKSTAT

Table 6
The Exportation of Turkey to the Countries that Signed FTA with Turkey (2001 – 2005) (000.-\$)

| Countries | 2001 | % | 2002 | % | 2003 | % | 2004 | % | 2005 |
|----------------------|-----------|-------|-----------|-------|-----------|-------|-----------|------|------------|
| Austria | 341.346 | 16,5 | 367.295 | 7,6 | 473.167 | 28,8 | 561.041 | 18,6 | 658.179 |
| Finland | 71.142 | -6,1 | 135.697 | 90,7 | 214.069 | 57,8 | 256.331 | 19,7 | 294.826 |
| Iceland | 3.209 | -37,0 | 2.663 | -17,0 | 9.790 | 267,6 | 9.812 | 0,2 | 17.775 |
| Liechtenstein | - | - | 2.071 | - | 3.906 | 88,6 | 4.533 | 16,1 | 4.439 |
| Norway | 70.291 | -2,7 | 115.224 | 63,9 | 171.420 | 4,8 | 206.258 | 20,3 | 244.900 |
| Sweden | 214.132 | 7,3 | 295.847 | 38,2 | 457.504 | 54,6 | 560.610 | 22,5 | 659.794 |
| Switzerland | 242.614 | 1,6 | 289.085 | 19,2 | 352.971 | 22,1 | 437.376 | 23,9 | 552.378 |
| Israel | 805.218 | 23,0 | 861.434 | 7,0 | 1.082.998 | 25,7 | 1.313.890 | 21,3 | 1.461.239 |
| Hungary | 170.230 | 54,8 | 200.934 | 18,0 | 284.647 | 41,7 | 349.938 | 22,9 | 377.855 |
| Romania | 392.028 | 20,3 | 566.497 | 44,5 | 873.347 | 54,2 | 1.235.485 | 41,5 | 1.781.189 |
| Czech Rep. | 109.399 | 7,7 | 130.235 | 19,0 | 188.846 | 45,0 | 222.264 | 17,7 | 288.525 |
| Slovakia | 27.565 | 36,5 | 33.198 | 20,4 | 59.918 | 80,5 | 108.605 | 81,3 | 122.419 |
| Latvia | 16.108 | 0,1 | 20.343 | 26,3 | 26.707 | 31,3 | 38.366 | 43,7 | 81.389 |
| Lithuania | 32.586 | 36,0 | 53.723 | 64,9 | 85.668 | 59,5 | 122.531 | 43,0 | 149.183 |
| Estonia | 13.169 | 39,5 | 18.105 | 37,5 | 23.183 | 28,0 | 35.521 | 53,2 | 57.256 |
| Slovenia | 62.667 | 31,7 | 68.981 | 10,1 | 102.588 | 48,7 | 188.559 | 83,8 | 331.975 |
| Bulgaria | 299.415 | 18,4 | 380.332 | 27,0 | 621.685 | 63,5 | 894.326 | 43,9 | 1.176.714 |
| Macedonia | 89.816 | -16,7 | 101.316 | 12,8 | 122.715 | 21,1 | 149.330 | 21,7 | 162.072 |
| Poland | 241.234 | 38,2 | 342.647 | 42,0 | 486.046 | 41,9 | 697.677 | 43,5 | 828.654 |
| Bosnia & Herzegovina | 27.586 | 2,7 | 43.264 | 56,8 | 63.227 | 46,1 | 99.938 | 58,1 | 127.952 |
| Croatia | 30.112 | 27,7 | 42.873 | 42,4 | 85.598 | 99,7 | 118.060 | 37,9 | 167.458 |
| Morocco | 98.149 | 39,4 | 138.331 | 40,9 | 180.779 | 30,7 | 330.059 | 82,6 | 368.888 |
| Syria | 281.141 | 52,6 | 266.772 | -5,1 | 410.755 | 54,0 | 394.783 | -3,9 | 547.293 |
| Total | 3.639.157 | 19,8 | 4.476.867 | 23,0 | 6.381.534 | 42,5 | 8.335.293 | 30,6 | 10.462.352 |

Source: TURKSTAT

Table 7
The Increase in Foreign Trade of Turkey with the Countries that Signed FTA Mutually

| Countries | Period | Increase at the Importation | Increase at the Exportation |
|----------------------|-----------|-----------------------------|-----------------------------|
| Israel | 1997-2005 | %242 | %273 |
| Hungary | 1998-2005 | %234 | %232 |
| Romania | 1998-2005 | %558 | %280 |
| Czech Republic | 1998-2005 | %643 | %314 |
| Republic of Slovakia | 1998-2005 | %1500 | %577 |
| Latvia | 1998-2005 | %0 | %601 |
| Lithuania | 1998-2005 | %100 | %330 |
| Estonia | 1998-2005 | %471 | %827 |
| Slovenia | 1998-2005 | %400 | %403 |
| Bulgaria | 1999-2005 | %300 | %403 |
| Macedonia | 1999-2005 | %359 | %73 |
| Poland | 2000-2005 | %652 | %374 |
| Bosnia Herzegovina | 2002-2005 | %142 | %195 |
| Croatia | 2003-2005 | %405 | %82 |
| Morocco | 2004-2005 | %35 | %20 |
| Syria | 2004-2005 | %-24 | %38 |

3. Conclusion and General Evaluation

The increase in the extent of foreign trade with the countries bound to Turkey by free trade agreements has been evaluated to be much more above the increase in total amount of foreign trade done by Turkey. This evaluation stated the major contributions done by the free trade agreements on the extent of national foreign trade. As this increase in foreign trade supported the exportation-dependent growth strategy of Turkey; the economical and social relationships with the related countries developed and the partnerships of entrepreneurs in the related countries were improved. The proportion of the countries that signed free trade agreements with Turkey progressively increased to reach a share of 14,22% in total exportation from Turkey and a share of 14% in total importation to Turkey.

After Turkey succeeded in foreign trade due to the free trade agreements, she signed the Barcelona Declaration in 27 October 1995 so the ground for the formation of Mediterranean Free Zone was constructed. Nowadays; deliberations with Egypt, Lebanon, Albania, Faroe Islands and South Africa have been commenced. On the other hand; Turkey has attempted to begin deliberations on free trade agreements with Algeria, Jordan, Gulf Partnership Council, Serbia Montenegro, Mercosur Countries*, Mexico, Chile and 36 African countries in Lome convention. As the free trade agreements signed with these countries become valid, preferential trade relationships would be established with 64 countries all over four continents including Europe (the Balkans), Asia (the Middle East), Africa and South America.

This situation not only provides the countries getting closer in the economical area but also in social, cultural and political aspects. Meanwhile; the dependence of Turkish entrepreneurs and exporters on the Western Europe market would be decreased. This would also be in benefit of Turkish firms as they would be able to compete equally with the countries of the European Union in the related markets. As a result; Turkey would come over the obstacles on free trade one by one while she would carry out all the essential tasks of extrovert economical policy.

* *Mercosur or Mercosul (Spanish: Mercado Común del Sur, Portuguese: Mercado Comum do Sul, Guarani: Ñemby Ñemuah, English: Southern Common Market) is a Regional Trade Agreement (RTA) between Brazil, Argentina, Uruguay, Venezuela, and Paraguay, founded in 1991 by the Treaty of Asunción, which was later amended and updated by the 1994 Treaty of Ouro Preto. Its purpose is to promote free trade and the fluid movement of goods, peoples, and currency.*

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