

Paper prepared for the
EY International Congress on Economics II
"GROWTH, INEQUALITY AND POVERTY"
Ankara, November 5-6, 2015



EKONOMİK YAKLAŞIM
Quarterly Peer-Reviewed Scientific Journal
Department of Economics - Gazi University

**Do regional trade agreements actually increase Turkey's
foreign trade?**

Akbostancı E.¹ and Mavuş Kütük M.²

1 Middle East Technical University/Department of Economics, Assoc. Prof. Dr., Ankara,
Turkey

2 Central Bank of the Republic of Turkey/ Communications and Foreign Relations Department,
Assistant Specialist, Ankara, Turkey

mervemavus@hotmail.com

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Abstract

Regional trade agreements (RTAs) have important role in Turkey's foreign trade. Turkey, which has a customs union with the European Union (EU), has to apply the Common Commercial Policy of the EU in line with obligations arisen from the Customs Union Decision. Within this framework, attempts to sign free trade agreements (FTAs) with countries which have a FTA with the EU have been maintained. In the current situation, Turkey has FTAs with 20 countries and Turkey's foreign trade with the EU members is conducted under provisions of the Customs Union Decision. The aim of this study is to analyze whether the RTAs of Turkey are an increasing factor in her foreign trade or not. In the study, Turkey's foreign trade with 126 countries or country groups is analyzed using the gravity model. Impacts of the RTAs on Turkey's foreign trade are measured through panel data estimations of the classical gravity model extended by variables defined for RTAs and fixed effects. In this regard, empirical evidences reveal that the Customs Union does not affect Turkey's export but it is an increasing factor in import of Turkey. Also, it is obtained that the FTAs do not have any impact on either export or import of Turkey.

Keywords: Gravity model, customs union, free trade agreements, foreign trade, Turkey.

JEL classification: F14, F15, C23.