A Developing Economy in A Changing Geography

A Geographical Approach to Turkey's Foreign Trade

Assoc. Prof. Dr. Sedat AVCI

İstanbul, 2005
Çantay

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Preface

The world is changing each day physically, socially and economically. If the processes and factors except the disasters which cause physical changes are considered, it's obvious that the change which is produced by humans takes less time. Middle East, which also includes Turkey, had some important changes socially and economically in the last century.

The Ottoman Empire had been declined in 20th century, the places that it covered has new independent countries. This is a face of the change. In the past 50 years, with the social events, Turkey's neighbors had changed. These changes can be seen in trade relationships.

Turkey is a developing country. Sustainable development is highly related with foreign trade. Turkey's foreign trade is happening in an ever-changing geography since Turkey is a connection between Asia and Europe. In this book, Turkey, which is located in an ever-changing environment, and her foreign trade are studied.

A similar paper which also studied the development of Turkey's foreign trade was published in İstanbul Üniversitesi Edebiyat Fakültesi Tarih Dergisi, but only in Turkish. The recent changes and their results are the topic of this study. I hope that this study will help the ones who are interested in the foreign trade of Turkey.

I would like to thank my daughter Burçak Avcı; my wife and my colleague Dr. Meral Avcı for their contribution to this study; and Yılmaz Kıymaz for his precious help in translation of the text. Also, I'd like to thank to Çantay Kitabevi for publishing this book.

Sedat Avcı

Feneryolu, 2005

The foreign trade of a country shows some changes in time regarding the products of the trade as well as the countries of exchange. The factors which create these changes may be the ones such as the changes in the global policy and those between countries, the economic and social structure of the country, consumers' habits, and the level of technological development.

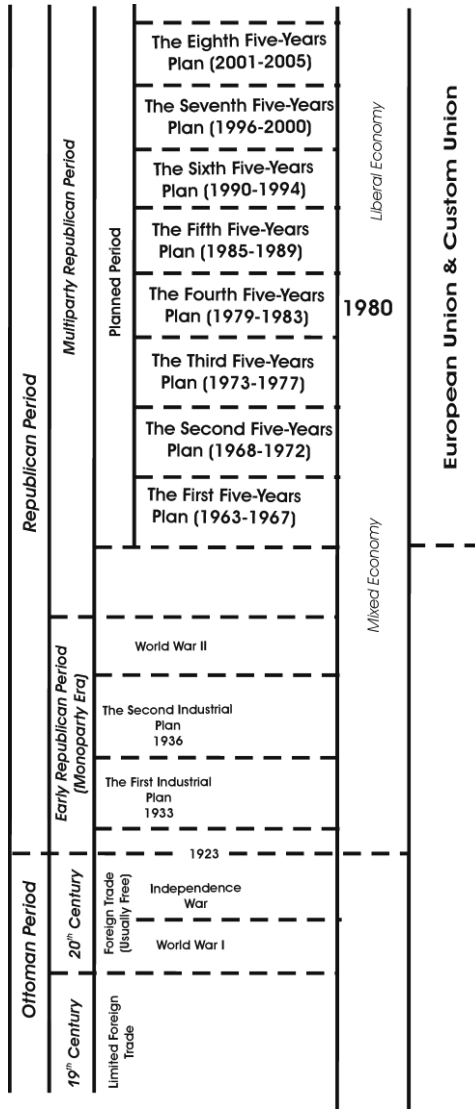
There are several dynamic factors that contribute to the reinforcement of the commercial relationships of Turkey. Its importance was increased because of the political conditions in periphery in last decades. When Union Soviet Socialist Republic was declined, new independent countries around Turkey's periphery were also formed.

In this work, the foreign trade of Turkey from the last period of the Ottoman Empire to the current time has been considered and its spatial change has been evaluated depending on factors such as the trade volume, general trade political conditions and the level of development (Figure 1).

The Characteristics of Foreign Trade in Ottoman Period

Domestic trade was important for the Ottoman Empire until 19th century, while foreign trade was

Figure 1: Turkish Economy from Late Ottoman Period to 21st Century.



quite limited. The Ottoman Empire which covered an area from the Balkans to the south, to Arabia and Egypt including Middle East could obtain the needed goods within its borders. Only 2% of the total produced goods were the subject of foreign trade. This situation continued until the beginning of the 19th century and ended, because first of all, the borders of the empire were narrowed due to the wars, and secondly, some goods had to be supplied outside the borders of the empire and last of all, the country had financial difficulties. Finally, foreign trade increased its share in the economy.

The foreign trade policy in the Ottoman period was generally based on limiting the exports and increasing the imports. The most important cause of this was the thought that no shortage should exist in the domestic markets and that large fluctuations should be prevented in the prices (KEPENEK & YENTÜRK, 1997: 19).

In the 18th century, the trade between almost all eastern Mediterranean and European ports was dominated by the French. In the same century, foreign trade of the Ottoman Empire was directed toward the countries in the Middle East and Europe. The relations with the Western Europe were maintained within narrower limits. This situation continued until the Industrial Revolution and after the industrialization movement, the British had more of an impact on the world trade[1]. From the 19th century onward, this

[1] During the French Revolution and Napoleonic wars, the goods produced in the industrial plants in England were marketed in the continental Europe, despite the wars. With the termination of the

domination became almost competition-free, and it lasted until the end of the century. On the other hand, starting from 1880s, it was observed that Germans started to play an active role in the world trade.

During the years from 1878 to 1913 which included the last period of the Ottoman Empire, England occupied generally the first place among the foreign countries with which trade relations were maintained. This was followed by Austria, France, United States of America, Germany, and Russia. Regarding the exports, England occupied the first place in the period between 1878 and 1913. Again, France, Austria, and Russia formed the other countries to which exports had been done the most (PAMUK, 1995: 61-62).

Until the beginning of the 20th century, while mostly foodstuffs and raw materials were exported from the Ottoman Empire, the imports were done with every kind of manufactured goods. The most important

---

war because of the defeat of Napoleon, a new war began in economic context, and countries tried to obtain their needs particularly from their own sources. Thus, England could not sell products to other European countries and was forced to seek new markets. Among these markets, first Mediterranean market and hence the Ottoman Empire came. This situation caused the signing of mutual trade agreements between Ottomans and England. The Ottomans recognized some privileges to English apart from other countries. The Ottoman-English trade agreement which was repeated with other countries in later periods was signed in August 1838. The agreement was signed in April 30th, 1846 with Russia and the Ottoman-French trade agreement was signed in April 29th, 1861 and they became the most important factors determining the trade relations (KÜTÜKOĞLU, 1974a; KÜTÜKOĞLU, 1974b; ÖNSOY, 1988).

export goods of the Ottoman Empire were hand-woven carpets and rugs. Apart from these, agricultural products such as tobacco, grapes, figs, raw silk, mohair, opium, acorns, hazel nut, cotton, and olive oil formed the other important items (Table 1). However, no agricultural product was exported more than others. The fact that the share of none of those products in the total exports exceeded 12% was considered as the indicator that no single agricultural product was dominant in Anatolia.

Some of the export products began to gain or lose importance quickly depending on the political or economic phenomena which occurred in time. Two significant examples can be given regarding this subject:

i. The export rate of liquorices which so far was a very important export product, dramatically dropped due to the discovery of aniline usage in the synthetic dyes as a raw material in 1856.

ii. During the American War, cotton export from the southern agricultural areas to England stopped and consequently the cotton need for England was supplied from Anatolia.

In this period, one of the most important buyers of the cotton produced in Çukurova and Aegean plains was England. After the termination of the American Civil War, the purchases were again made from the American market, and the demand had decreased rapidly for Turkish cotton.

Table 1: Exports by commodity groups in the Ottoman Empire.

Commodity Groups	**%**
Foodstuffs	33-35
Raw materials	56-58
Goods in process (raw leather etc.)	2-3
Consumption goods (usually hand-woven carpets, woolen textile product etc.)	6-7

Source: PAMUK, 1995: 36.

More than half of the imports in the Ottoman period were finished goods consisting of cotton and woolen textile products (Table 2). In the beginning of the 20th century, imported woven products had penetrated even into the Anatolian villages. The other imported products were various foodstuffs, railway materials, weapons, ammunition, machinery, and various manufactured goods. The most important reason for the increase in the imports was the narrowing of the borders as mentioned above. In the old times, while the trade which was done among the regions within the country's borders was sufficient, imports became a necessity due to the loss of land in wars. Another procedure was that the products which could not be cultivated in the usual way were to be bought from the foreign countries. During the period of Ottoman Empire, importing sugar was a necessity because the sugar industry had not been founded yet. On the other hand, even products such as wheat, flour, and rice which were cultivated on the agricultural lands of the empire, were to be imported. This was due to two reasons:

a- There was not sufficient and proper transportation network between the internal parts of the country where the cultivation was done, and the coastal regions where the consumption became intense.

b- Because of the concessions acknowledged to the foreign countries, the domestic goods lost the possibility of competition and the imported goods were sold at lower prices.

Table 2: Imports by commodity groups in the Ottoman Empire.

Commodity Groups	%
Foodstuffs	31-38
Various raw materials and goods in process	6-10
Raw silk	4
Cotton, woolen, silken or linen of weaving goods	36-38
Investment goods (railway materials etc.)	<8
Other consumption goods (especially in times of war)	8-10

Source: PAMUK, 1995: 36.

Foreign Trade in the Republican Period until the 1980s

After Turkey won the Independence War and signed the Lausanne Peace Treaty, the problem of what changes were required in the economical structure in order to maintain the independence and how this development would be done appeared on the agenda. In the First Economic Congress which met a short time before the declaration of the Republic, the problem of what should be done in order to maintain the economic

development after the foundation of the new state was dealt with and it was emphasized that it was imperative to be economically independent in order to be politically independent[2]. Lausanne Peace Treaty contained the approval of Turkey's political independence by other countries, and also included the articles which would realize the economic independence[3]. The most important characteristics of these articles were the cancellation of many privileges acknowledged before the Treaty.

Because of the fact that the economic independence could not be really obtained as compared to the political independence and that the country's resources were insufficient; there was no significant differentiation in the economic structure in the first year of Turkish Republic. The dominant economical order was based on agricultural activities. On the other hand, the idea of transition from an economy of agriculture to an economy of industry and the regulation of the economic structure according to this change had occupied the agenda continuously starting from the first years of the Republic. It became

[2] The First Economy Congress convened between February 17th and March 4th 1923 in İzmir and it became an important guide of the new state, both regarding the Ottoman inheritance and new necessities of the economic situation.

[3] Some problems regarding economy were handled in Lausanne Peace Treaty. They could be enumerated as cancellation of capitulations, payment of the debts belonging to the Ottoman Empire, some financial decisions such as privileges given to foreigners, customs regulations, and war damages, and some events having financial results such as exchange of population and the problem of Musul.

necessary to take some steps and to implement some programs so that this difference could be obtained in the economy. For this reason, it was planned to encourage primarily the industrial branches where agricultural products were processed, but this meant to maintain the same appearance regarding the foreign trade with some insignificant differences. The exports which were on the level of 50.8 million dollars, and imports, 86.9 million dollars in 1923, increased and the figures changing between 74.8-102.7 million dollars of exports and 100.5-129.0 million dollars of imports were attained in the period of 1924 to 1929 (Figure 2; Table 3).

In 1929 when Turkey obtained the right to regulate customs duties, it was also the most severe period of the economic crisis which affected the whole world. In order to bypass this crisis, Turkey had to take measures such as increasing the exports, protecting the value of the Turkish money, and providing protection for the goods produced by domestic industry against the foreign goods. Because of the new regulations in the customs duties which were not increased due to the Lausanne Peace Treaty after this date, and because of the measures mentioned above in order to avoid an economical crisis, a big decline was observed in the imports and exports.

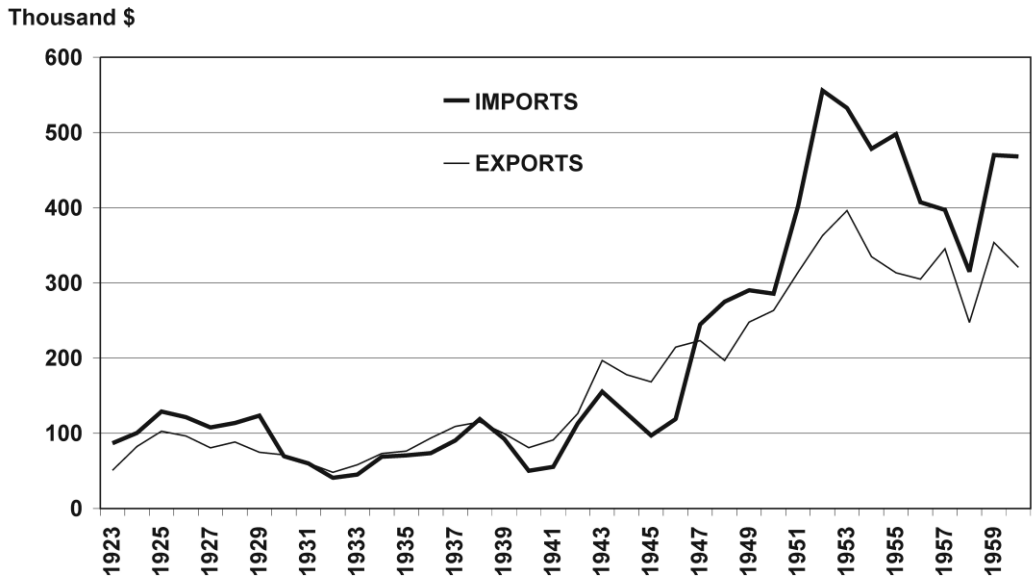


Figure 2: Exports and imports of Turkey (1923–1960).

Table 3: Import and export values from 1923 to 2004 in Turkey (1000 dollars).

YEARS	IMPORTS	EXPORTS	YEARS	IMPORTS	EXPORTS
1923	86.872	50.790	1964	537.229	410.771
1924	100.462	82.435	1965	571.953	463.738
1925	128.953	102.700	1966	718.269	490.508
1926	121.411	96.437	1967	684.669	522.334
1927	107.752	80.749	1968	763.659	496.419
1928	113.710	88.278	1969	801.236	536.834
1929	123.558	74.827	1970	947.604	588.476
1930	69.540	71.380	1971	1.170.841	676.602
1931	59.935	60.226	1972	1.562.554	884.969
1932	40.718	47.972	1973	2.086.215	1.317.083
1933	45.091	58.065	1974	3.777.501	1.532.182
1934	68.761	73.007	1975	4.738.558	1.401.075
1935	70.635	76.232	1976	5.128.647	1.960.214
1936	73.619	93.670	1977	5.796.278	1.753.026
1937	90.540	109.225	1978	4.599.025	2.288.163
1938	118.899	115.019	1979	5.069.432	2.261.195
1939	92.498	99.647	1980	7.909.464	2.910.122
1940	50.035	80.904	1981	8.933.374	4.702.934
1941	55.349	91.056	1982	8.842.665	5.745.973
1942	112.879	126.115	1983	9.235.002	5.727.834
1943	155.340	196.734	1984	10.757.032	7.133.604
1944	126.230	177.952	1985	11.343.376	7.958.010
1945	96.969	168.264	1986	11.104.771	7.456.726
1946	118.889	214.580	1987	14.157.802	10.190.049
1947	244.644	223.301	1988	14.335.398	11.662.024
1948	275.053	196.799	1989	15.792.143	11.624.692
1949	290.220	247.825	1990	22.302.126	12.959.288
1950	285.664	263.424	1991	21.047.014	13.593.462
1951	402.086	314.082	1992	22.871.055	14.714.629
1952	555.920	362.914	1993	29.428.370	15.345.067
1953	532.533	396.061	1994	23.270.019	18.105.872
1954	478.359	334.924	1995	35.709.011	21.637.041
1955	497.637	313.346	1996	43.626.642	23.224.465
1956	407.340	304.990	1997	48.558.721	26.261.072
1957	397.125	345.217	1998	45.921.392	26.973.952
1958	315.098	247.271	1999	40.671.272	26.587.225
1959	469.982	353.799	2000	54.502.821	27.774.906
1960	468.186	320.731	2001	41.399.083	31.334.216
1961	507.205	346.740	2002	51.553.797	36.059.089
1962	619.447	381.197	2003	69.339.692	47.252.836
1963	687.616	368.087	2004	97.539.766	63.120.949

Source: SIS, 2005.

Among the most imported goods first came cotton and woolen fabrics, followed by products such as sugar and wheat. The main export goods were tobacco and raisins in the same years. These were followed by products such as figs, pistachio nuts, and opium which were accepted as classical products since the Ottoman period (Table 4). In 1930, fruit, tobacco and cotton exports formed 57.4% of the total exports (SIS, 1996b: 6).

Table 4: Main import and export goods and total import and export ratio in early Republican Period.

GOODS	IMPORT				GOODS	EXPORT			
	1923		1924			1923		1924	
	Million Dollars	%	Million Dollars	%		Million Dollars	%	Million Dollars	%
Wheat	5.1	5.9	11.0	9.4	Tobacco	12.2	24.0	27.8	29.2
Flour	1.8	2.1	0.4	0.4	Raisin & grapes	6.3	12.5	10.9	11.5
Rice	1.1	1.3	1.3	1.1	Fig	2.9	5.8	6.0	6.3
Sugar	6.6	7.6	7.7	6.6	Hazelnut	2.3	4.5	4.8	5.0
Tea	0.5	0.6	0.7	0.6	Pistachio nuts	0.4	0.7	0.8	0.9
Coffee	1.5	1.7	1.9	1.7	Opium	2.5	5.0	3.7	3.8
Paper	0.4	0.4	0.6	0.5	Acorn	0.8	1.7	1.3	1.3
Wool yarn	0.3	0.3	0.5	0.4	Eggs	0.8	1.7	2.2	2.3
Cotton	3.4	3.9	4.0	3.4	Sheep &Goat	1.4	2.8	2.2	2.3
Woolen textile	5.0	5.7	7.5	6.5	Cotton yarn	3.7	7.3	6.8	7.8
Cotton textile	28.9	33.4	34.1	29.4	Mohair, wool, raw silk etc.	3.4	6.8	5.4	5.7
Iron and steel	4.7	5.4	9.7	8.4	Olive oil	0.6	1.2	0.3	0.3
Machine	0.8	0.9	3.4	2.9	Carpets & rugs	1.9	3.8	2.7	2.8
Agricultural tools	0.3	0.4	1.3	1.1	Coal	0.9	1.8	1.4	1.5
Benzine	0.4	0.5	0.5	0.6	Chrome	0.0	0.0	0.5	0.5
Kerosen	2.5	2.9	2.7	2.3	Others	10.4	20.5	18.4	19.4
Others	23.4	27	28.7	24.7					
Total	86.7	100	116.0	100	Total	84.5	100	158.9	100

Source: YAŞA, 1980: 21.

Before the Republican period, Italy, England, Germany, and France, which formed above 50% of the foreign trade, formed the leading countries in the foreign trade of Turkey. These four countries made 58.3% of the total imports (Figure 3 and Figure 4), and 61.5% of the total exports (Figure 5 and Figure 6; Table 5).

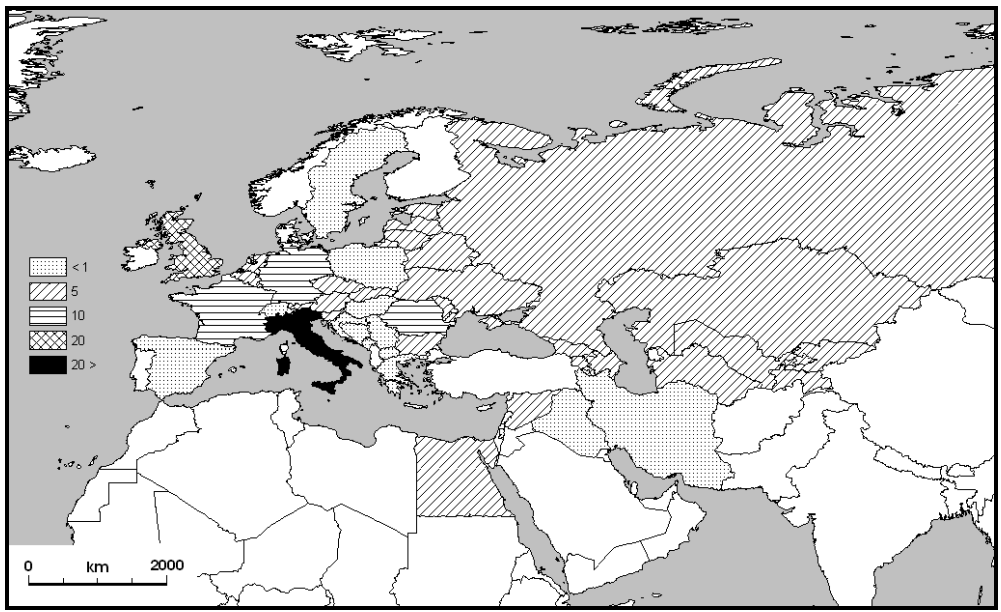


Figure 3: Turkey's imports from European countries in 1924 (1000 dollars).

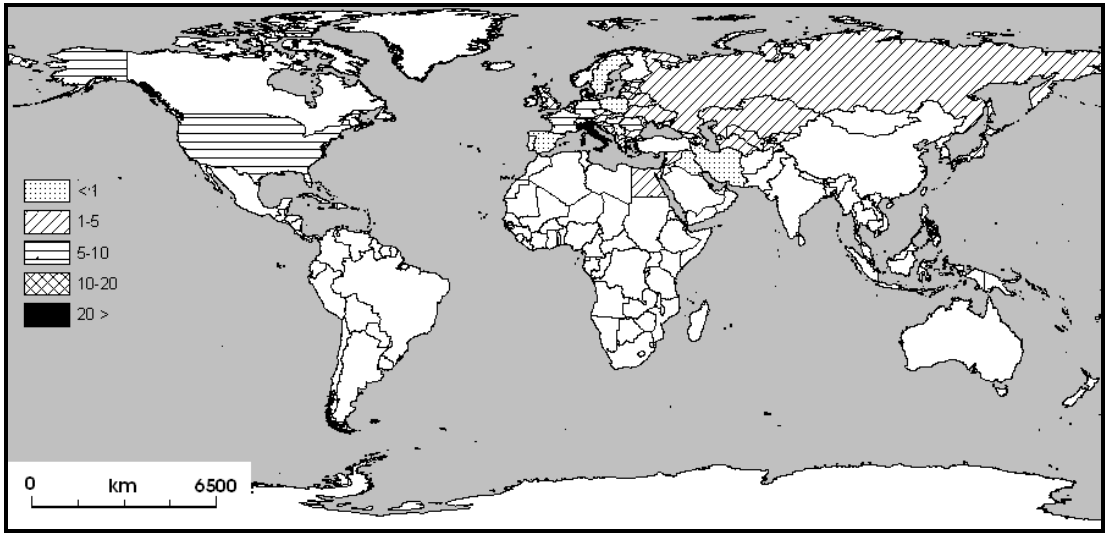


Figure 4: Turkey's imports from countries in 1924 (1000 dollars).

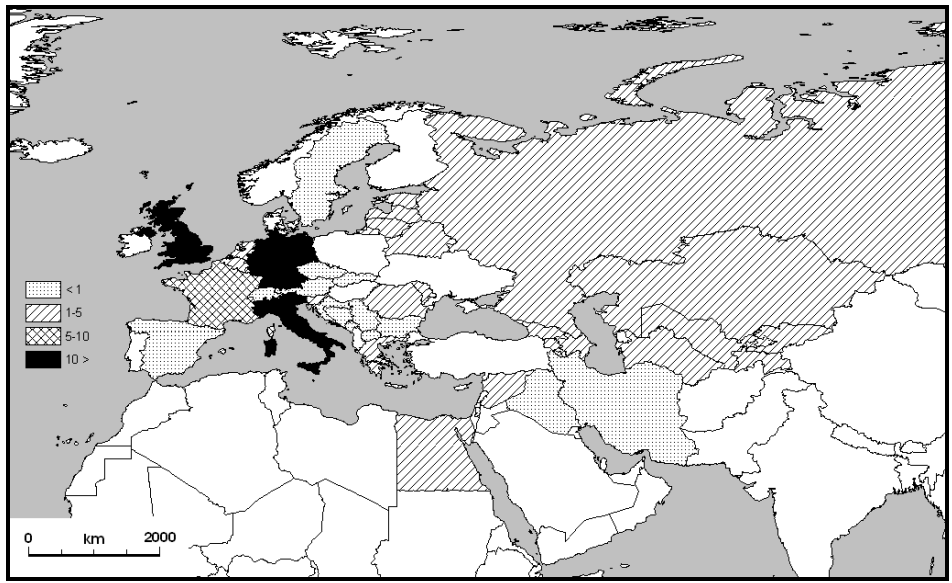


Figure 5: Turkey's exports to European countries in 1924 (1000 dollars).

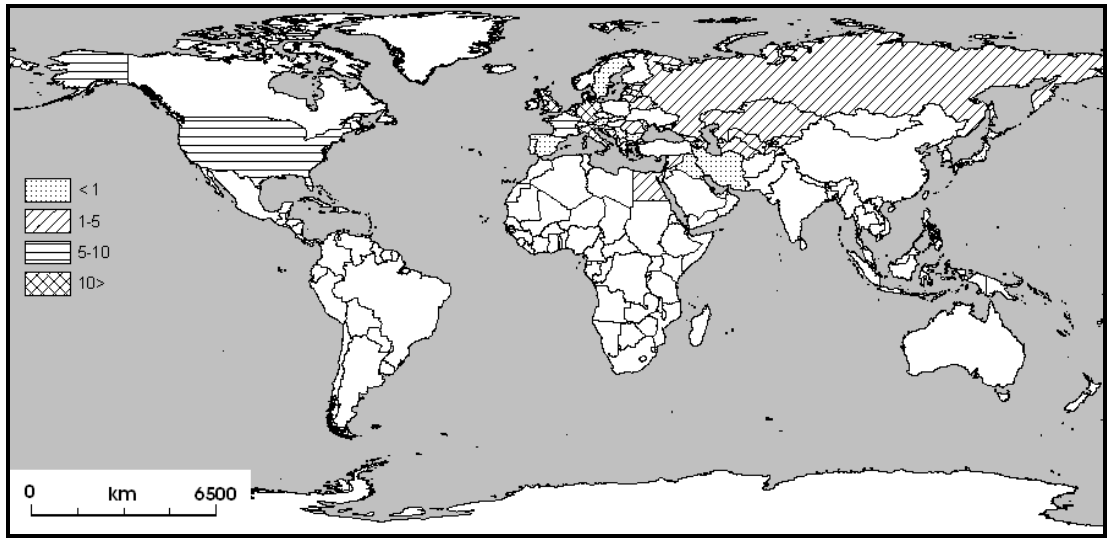


Figure 6: Turkey's exports to countries in 1924 (1000 dollars).

Table 5: The Rate of Ottoman Foreign Trade with the most important countries in between years 1878-1913.

Years	IMPORT						EXPORT					
	1		2		3		1		2		3	
	Country	%	Country	%	Country	%	Country	%	Country	%	Country	%
1878	Great Britain	48,6	France	16,3	Austria	14,2	Great Britain	42,0	France	30,6	Austria	9,8
1879	Great Britain	44,1	France	16,0	Austria	14,4	Great Britain	41,2	France	29,6	Austria	11,8
1880	Great Britain	41,5	France	15,1	Austria	14,0	Great Britain	32,4	France	34,2	Austria	10,2
1881	Great Britain	46,8	Austria	16,4	France	14,9	Great Britain	35,1	France	33,0	Austria	9,9
1882	Great Britain	45,4	Austria	17,2	France	14,2	Great Britain	35,2	France	35,2	Austria	8,6
1883	Great Britain	43,8	Austria	19,5	France	13,8	Great Britain	37,9	France	36,8	Austria	8,9
1884	Great Britain	45,5	Austria	20,8	France	12,9	Great Britain	36,1	France	34,6	Austria	9,8
1885	Great Britain	43,8	Austria	19,6	France	11,6	Great Britain	37,7	France	30,8	Austria	9,4
1886	Great Britain	43,2	Austria	20,2	France	13,0	Great Britain	37,0	France	34,2	Austria	8,8
1887	Great Britain	42,4	Austria	19,1	France	12,1	Great Britain	31,7	France	31,7	Austria	8,8
1888	Great Britain	41,0	Austria	17,8	France	13,0	Great Britain	36,9	France	31,5	Austria	8,5
1889	Great Britain	43,5	Austria	19,5	France	12,1	Great Britain	38,5	France	28,1	Austria	8,9
1890	Great Britain	43,3	Austria	20,1	France	12,4	Great Britain	37,5	France	29,1	Austria	8,1
1891	Great Britain	41,6	Austria	18,7	France	12,3	Great Britain	44,7	France	29,4	Austria	8,0
1892	Great Britain	40,0	Austria	20,9	France	12,1	Great Britain	45,1	France	24,4	Austria	9,7
1893	Great Britain	37,5	Austria	21,4	France	11,4	Great Britain	43,3	France	26,8	Austria	10,0
1894	Great Britain	38,7	Austria	20,2	France	11,4	Great Britain	43,3	France	27,8	Austria	9,6
1895	Great Britain	36,0	Austria	21,3	France	11,5	Great Britain	41,2	France	25,5	Austria	12,3
1896	Great Britain	40,1	Austria	19,7	France	9,8	Great Britain	40,9	France	29,9	Austria	9,7
1897	Great Britain	42,1	Austria	19,6	France	10,3	Great Britain	40,2	France	29,4	Austria	9,3
1898	Great Britain	38,6	Austria	19,7	France	9,3	Great Britain	34,5	France	32,0	Austria	9,0
1899	Great Britain	33,9	Austria	19,6	France	12,1	Great Britain	35,4	France	30,5	Austria	9,5
1900	Great Britain	34,9	Austria	18,9	France	11,6	Great Britain	38,0	France	29,8	Austria	10,1
1901	n/a		n/a		n/a		n/a		n/a		n/a	
1902	n/a		n/a		n/a		n/a		n/a		n/a	
1903	n/a		n/a		n/a		n/a		n/a		n/a	
1904	n/a		n/a		n/a		n/a		n/a		n/a	
1905	Great Britain	35,1	Austria	10,1	France	8,5	Great Britain	32,2	France	24,5	Austria	10,9
1906	n/a		n/a		n/a		n/a		n/a		n/a	
1907	Great Britain	33,4	Austria	19,9	France	9,1	Great Britain	29,7	France	19,1	Austria	12,0
1908	Great Britain	29,9	Austria	13,0	France	10,7	Great Britain	27,9	France	19,7	Austria	13,4
1909	Great Britain	25,6	Austria	18,2	US	10,5	Great Britain	30,4	France	20,1	Austria	9,5
1910	Great Britain	19,9	Austria	18,0	France & Germany	9,2	Great Britain	24,3	France	20,0	Austria	9,9
1911	Great Britain	22,1	Austria	15,2	Germany	11,5	Great Britain	24,0	France	18,9	Austria	13,9
1912	n/a		n/a		n/a		n/a		n/a		n/a	
1913	Great Britain	19,4	Austria	14,7	Germany	11,2	Great Britain	21,6	France	19,9	Austria	10,4

Source: PAMUK, 1995: 68-77.

The 1930s were the first years when the first economic plans were made in Turkey, but these were not development plans. There plans were directed mostly by the definition of the industrial branches which were lacking and were playing an important role in the country's development, and the construction of plants for these industries. The first one of these was implemented in 1933. This plan, called "The First Industrial Plan", was thought to be realized in 5 years, but the changing conditions of the world and the realization of most of the goals contained in the plan caused the preparation of "The Second Industrial Plan", in 1936

Since the needed industrial branches would have precedence that had been determined in these plans, the priorities in the imports had also been established accordingly.

The states with which international trade had been maintained were again the countries of Western Europe and United States of America. The shares of these states in the foreign trade with Turkey changed because of the conditions of the time.

War years were the years when the relations were limited with the foreign trade. However, although the volume of the foreign trade was narrowed, Turkey established an environment of confidence during this period because of the effects of factors such as the presence of a rich export potential consisting of foodstuffs, and avoidance of entering the war which would cause a new slump in the economy. From the beginning of the 1930s, it was planned that industrialization would be done by the state because of

the implementation of a nationalist policy[4] during the war and pre-war years, and it was tried to prevent to any deficit on the subject of foreign trade. In order to reach that goal, the trade which was maintained with the states with which mutual trade treaties were made, gained importance. Some of the main elements of the foreign trade policy implemented in this period were that Turkey should import from the countries which bought its goods, that the import of goods which were domestically produced should be limited, and that the export of goods which were the subject of mutual treaties should be free (KEPENEK & YENTÜRK, 1997: 68-69). The gold and foreign currency stocks of the Turkey increased as a result of more exports and less imports. This became an important factor in the covering of the deficits in foreign trade in the later years.

In 1940, during the Second World War, it was observed that most of the imports and exports were done with Italy, and that this was followed by Romania, England, and Germany (Table 6). The share of these countries in the total imports was about 15%. In the exports, the United States of America and Italy shared the first two places, and their shares in the total exports were at a level of 15%. The shares of Romania and England which followed them were only 10%.

[4] Nationality principle expressed by Atatürk anticipated that the state should cover the deficiencies of the private capital and should back their successes. The plants established by the state would be transferred to the private sector when the time was proper. This was a completely different approach from nationalism implemented in the Union of Soviet Socialist Republics in the same year.

Table 6: The Rate of Turkish Foreign Trade with the most important countries in between years 1924-1980.

Years	IMPORT						EXPORT					
	1		2		3		1		2		3	
	COUNTRY	%	COUNTRY	%	COUNTRY	%	COUNTRY	%	COUNTRY	%	COUNTRY	%
1924	Italy	21,2	Great Britain	17,7	Germany	9,9	Italy	22	Great Britain	14,7	Germany	13
1930	Germany	18,6	Italy	13,8	Great Britain	11,2	Italy	21,1	Germany	13,1	France	12,2
1935	Germany	40	Great Britain	9,8	United States	7	Germany	40,9	United States	10,1	Italy	9,9
1940	Italy	16,3	Romaine	15,7	Great Britain	14	Italy	16,1	United States	14,1	Romaine	10,8
1945	Great Britain	23,3	United States	17,6	Sweden	10,3	United States	43,8	Great Britain	14,9	Egypt	11,6
1950	United States	24,5	Germany	17,6	Great Britain	10,4	Germany	21,1	United States	16,9	Great Britain	14
1955	United States	22,4	Germany	17,6	Great Britain	7,8	Germany	15,7	United States	15,5	Italy	8,1
1960	United States	24,7	Germany	20,3	Great Britain	11,5	United States	17	Germany	16,4	Great Britain	9,7
1965	United States	28,1	Germany	14,7	Great Britain	9,7	United States	17,8	Germany	15,6	Great Britain	8,9
1970	United States	19,3	Germany	18,5	Great Britain	9,9	Germany	20,7	United States	9,2	Switzerland	7,6
1975	Germany	21,6	Iraq	11	United States	8,9	Germany	21,8	United States	10,5	Switzerland	6,8
1980	Japan	16	Switzerland	10,8	Libya	10,3	Germany	20,8	Italy	7,5	Union of Soviet Socialist Republic	5,8

Although the economic conditions became more difficult, the fact that the war was not so expanded in 1940 was an important factor in the maintenance of trade with these European countries. During this period, the share in the total exports of the agricultural products such as fruits, tobacco, and cotton had declined to 45%, but it again exceeded 65% after the termination of the Second World War (SIS, 1996b: 6).

When the foreign trade of Turkey in 1945, the time that the Second World War was ended, was studied, interestingly only 96.9 million dollars worth of imports had been done versus 168.2 million dollars worth exports. The trade relations with Germany which had an important share in foreign trade until 1930s had been limited, and those with other western European countries and the United States of America developed in this period. On the other hand, the closeness to England seen in the foreign trade before 1945 followed the change in the politics and while the relations with United States of America which would prove very important for many years began to develop, the relations with the Union of Soviet Socialist Republics declined and the volume of foreign trade began to be narrowed.

One of the most important characteristics of this period was that new consumer goods found their places in the markets, depending on the different consumer habits. For this reason, some changes appeared in the exported products. The share of fruits, tobacco, and cotton which formed the main export products in the total exported goods was above 60% in this period (SIS, 1996b: 6).

Because of the economic policy implemented during 1945-1960, the fact that the need for consumer goods increased rapidly generated the search for their production domestically. In the same period, a large domestic increase in the incomes occurred due to the foreign aids, mainly "Marshall Aid". This created an effect that alarmed the manufacturing industry but domestic production caused a large need for the investment goods (YAŞA, 1980: 348-349). Because of the increase in the domestic demand, the export of some goods was banned, the system of payment by free currency was adopted, the volume of exchange processes was narrowed, and the balance of foreign trade began to show deficit again (ZEYTİNOĞLU, 1976: 593). The main imported goods were composed of investment goods including raw materials, machinery, and instruments. The rate of the imported consumer goods and the building materials showed a continual decrease in this period. Eventually, the imports acquired a sine qua non characteristic because of the provision of the goods and services from outside of the country (KEPENEK & YENTÜRK, 1997: 111). In 1950, England, United States of America, Sweden, and Switzerland occupied the top ranks in import. United States of America, England, Egypt, and Switzerland occupied the top ranks in export.

The last years of this period became affected not only by internal economic conditions but also by the political ones. The government of the time was eliminated by a military coup. Moreover, a new constitution was prepared and implemented which required the establishment of a "State Planning Organization". The duty of this organization was to

prepare the plans which would realize a general development. In 1960, again four countries occupied the top ranks in foreign trade, namely United States of America, Germany, England, and Italy. These four countries realized 62.9% of the total imports. In the export market, these countries occupied the first place with a 52.4% of the total exports. The imports and exports of Turkey in this period respectively approached 470 million dollars, and 321 million dollars.

After the 1960s came a time known as "Planned Period" in Turkish economy, and it had a particular importance. The development plans were prepared by the State Planning Organization which was imperative for the public sector and was a kind of guideline for the private sector. Taken from this point of view, the most important factor which determined and guided the foreign trade was these plans especially in the period before 1980 when strict foreign exchange policies were adopted.

During 1960-1980, imports increased from 468 million dollars to 5.0 billion dollars and exports, from 320 million dollars to 2.2 billion dollars (Figure 7). These figures showed that the deficit in the foreign trade starting from 300 million dollars reached 2.8 billion dollars in this 20-year period. While during the period 1960-1976, the goods including power generating machinery and equipment were imported, after 1976, petroleum products and related materials took the first rank and this continued until today. Machinery and transport equipment occupied the first among items Turkey exported the most. Until 1970s,

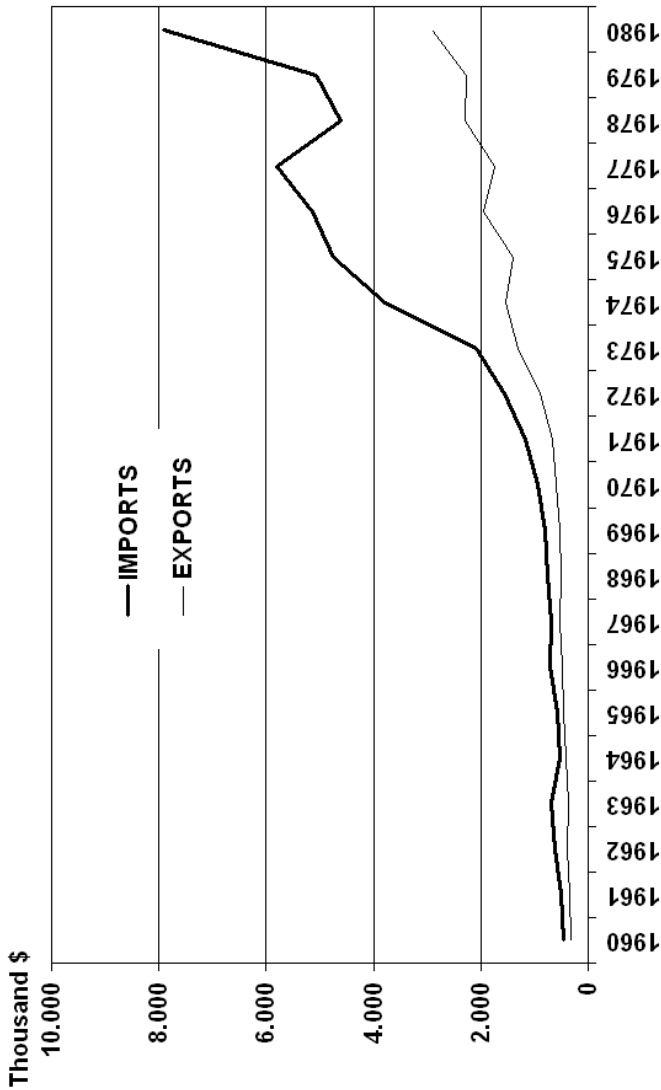


Figure 7: Exports and imports in Turkey (1960–1980).

export goods were formed by textile fibers and their wastes. Later, fruits and vegetables occupied the first place in exports, and this continued until 1984. The other export products were textile yarn, fabrics, made up articles, and related products, and another group consisting of iron and steel.

United States of America, West Germany, England, and Italy were the countries with which most of the foreign trade was done. Iraq and Iran were added to these countries due to the increase in the exports of petroleum products after 1970s. However, the shares of Iran and Iraq declined sharply after 1985.

The international statistics of import and export are given according to "Foreign trade by Standard International Trade Classification (SITC, Rev.3)"[5]. While goods including power generating machinery and equipment were mostly imported between years

[5] According to "SITC, Rev.3" classification groups.

İtem	Commodities
5 ...	Fruits and vegetables
12 ...	Tobacco and tobacco manufactures
26 ...	Textile fibres (other than wool tops) and their wastes
33 ...	Petroleum, petroleum products and related materials
34 ...	Gas, natural and manufactured
51 ...	Organic chemicals
65 ...	Textile yam, fabrics, made-up articles, and related products
67 ...	Iron and steel
71 ...	Power generating machinery and equipment
72 ...	Machinery specialized for particular industries
73 ...	Metal working machinery
74 ...	General industrial machinery and equipment, and machine park,
76 ...	Telecominications and sound recording and reproducing apparatus and equipment
77 ...	Electrical machinery, apparatus and appliances, n.e.s. and electrical parts thereof
78 ...	Road vehicles (including air-cushion vehicles)
84 ...	Articles of apparel and clothing accessories

1963 and 1977, petroleum and petroleum related products occupied the first place in the imported goods after 1977 (Table 7). In 1980, this group of products formed almost half of the total imports. Raw materials belonging to the textile industry and fruits and vegetables which formed traditional export goods since the Ottoman period were replaced by articles of apparel and clothing accessories starting from 1984.

This was an indicator of the change in the foreign trade of Turkey and also, of an economical change. While the share of the clothing accessories reached 25-30% of the total exports; the share of textile yarn, fabrics and made up articles together with fruits and vegetables occupied 10% of the import products.

It is interesting that, until recent years, foreign trade of Turkey with its neighbor countries had not developed as widely as that of the countries of the Western Europe. Darkot suggested that the goods produced by them and their needs resemble ours (DARKOT, 1972: 233-234). However, a change was observed in this situation on account of a worldwide energy crisis which happened towards the end of 1970s. In this period, the trade that developed with the petroleum imports from Iran and Iraq, gained additional importance with the applications such as border trade in 1980s. Another important factor was the increase in the variety of foreign trade goods of Turkey, and inclusion of industrial products into these goods.

Table 7: Foreign trade according to Standard International Trade Classification (SITC, Rev. 3) first three commodities (1963-1980).

Years	IMPORTS									EXPORT								
	1			2			3			1			2			3		
	Commodities	1000 $	%	Commodities	1000 $	%	Commodities	1000 $	%	Commodities	1000 $	%	Commodities	1000 $	%	Commodities	1000 $	%
1963	71	150.446	21,9	73	72.128	10,5	33	66.069	9,6	26	97.280	26,4	5	90.860	24,7	12	66.762	18,1
1964	71	143.460	26,7	33	66.902	12,5	73	42.670	7,9	26	101.552	24,7	12	90.137	21,9	5	89.937	21,9
1965	71	132.991	23,3	33	56.912	10,0	67	50.273	8,8	26	114.276	24,6	5	111.691	24,1	12	90.793	19,5
1966	71	179.878	25,0	73	70.468	9,8	33	54.777	7,6	26	139.152	28,4	12	107.560	21,9	5	105.260	21,5
1967	71	185.022	27,0	73	57.218	8,4	33	53.261	7,8	26	141.871	27,2	5	137.987	26,4	12	117.995	22,6
1968	71	209.859	27,5	73	79.684	10,4	33	62.556	8,2	26	148.406	29,9	5	133.197	26,8	12	94.829	19,1
1969	71	170.682	22,8	73	71.923	9,6	72	58.196	7,8	5	181.278	33,8	26	138.119	24,6	12	88.278	16,4
1970	71	198.528	22,6	73	88.528	10,1	72	72.662	8,3	26	170.337	28,9	5	156.144	26,5	12	71.819	12,2
1971	71	262.734	24,1	33	119.897	11,0	67	97.712	9,0	26	188.048	27,8	5	160.663	23,7	12	79.251	11,7
1972	71	395.447	26,2	73	157.327	10,4	33	155.053	10,3	5	216.583	24,5	26	193.373	21,9	12	126.797	14,3
1973	71	521.337	25,6	33	221.435	10,9	73	191.468	9,4	5	314.267	23,9	26	312.898	2,,8	12	129.759	9,9
1974	33	747.339	20,1	71	654.900	17,6	67	478.712	12,9	5	339.797	22,2	26	251.507	16,4	12	205.671	13,4
1975	71	1.050.418	22,6	33	789.258	17,0	67	597.040	12,9	5	325.467	23,2	26	246.937	17,6	12	183.222	13,1
1976	71	1.238.017	24,8	33	1.076.895	21,6	67	462.158	9,3	26	471.900	24,1	5	432.261	22,1	12	251.299	12,8
1977	33	1.407.738	24,7	71	1.240.868	21,8	67	596.998	10,5	5	512.403	29,2	26	233.146	13,3	65	209.257	11,9
1978	33	1.342.331	30,0	71	861.709	19,2	67	328.703	7,3	5	625.191	27,3	26	393.656	17,2	65	263.076	11,5
1979	33	1.661.872	33,6	71	914.978	18,5	56	353.045	7,1	5	761.871	33,7	65	321.465	14,2	26	265.695	11,8
1980	33	3.698.581	47,3	71	869.193	11,1	51	483.469	6,2	5	937.480	32,2	26	353.345	12,1	65	342.505	11,8

Sources: SIS, 1996a; SIS, 1996b.

The Condition of Turkish Economy after 1980 and its Reflection to the Foreign Trade

The Turkish economy had a big change during 1980s. Some decisions were made which are known as "Decisions of 24th January" in 1980. Toward the end of this year, military took over the government and the officials who prepared these economic decisions were assigned to implement them, and because of this, the decisions which were perceived as a "Precautions Package" were converted to an "Economic Reform". Imports were set free in this context, and this caused the foreign trade deficit to increase rapidly in the first years, and the deficit in 1980 went up to a level of 5 million dollars. However, after a while, stability appeared in the markets and the deficit was covered again. While in 1995, an import of 3.5 billion dollars was made from Turkey, the exports became 2.1 billion dollars. This showed that the foreign trade deficit declined to 1.4 million dollars (Figure 8).

While mostly "petroleum and petroleum based products" were imported, they were followed by the imports of "machinery and transport equipment" (Table 8). In the exports, the dominant product groups "articles of apparel and clothing accessories" were accompanied by the groups of goods such as "fruits and vegetables" and "iron and steel". The countries where most foreign trade was made were Germany, United Sate of America, and Italy. After the decline of Union of Soviet Socialist Republics, the foreign trade with the newly established states had a rapid pace of development (Figure 9, Figure 10, Figure 11, and Figure 12).

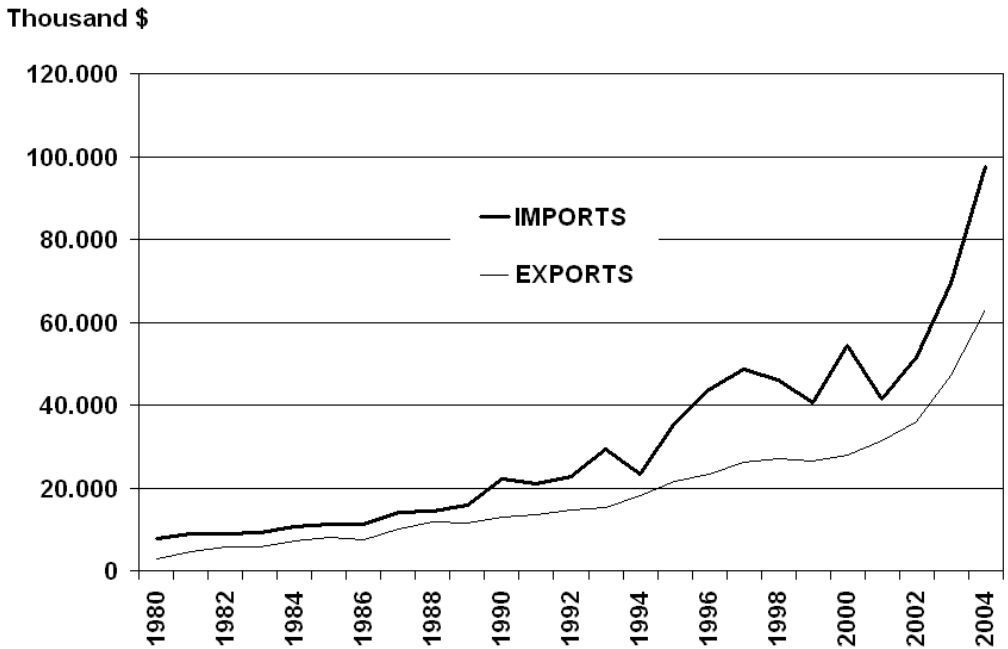


Figure 8: Exports and imports in Turkey (1980–2004).

Table 8: Foreign trade by Standard International Trade Classification (SITC, Rev. 3) first three commodities (1980–2004).

	IMPORTS									EXPORT								
	1			2			3			1			2			3		
	Commodoties	1000 $	%	Commodoties	1000 $	%	Commodoties	1000 $	%	Commodoties	1000 $	%	Commodoties	1000 $	%	Commodoties	1000 $	%
1980	33	3.698.581	47,3	71	869.193	11,1	51	483.469	6,2	5	937.480	32,2	26	353.345	12,1	65	342.505	11,8
1981	33	3.748.660	42,3	71	1.255.068	14,2	51	698.296	7,9	5	1.091.020	23,2	65	569.230	12,1	26	414.144	8,8
1982	33	3.628.762	41,3	71	1.407.405	16,0	51	582.222	6,6	5	942.736	16,4	65	767.149	13,4	84	398.499	6,9
1983	33	3.501.577	38,1	71	1.473.317	16,1	51	731.944	8,0	5	875.145	15,3	65	841.407	14,7	84	647.689	11,3
1984	33	3.527.258	33,1	71	1.626.561	15,3	51	875.907	8,2	84	1.267.388	17,8	65	1.003.966	14,1	5	930.965	13,1
1985	33	3.508.519	31,1	71	1.607.316	14,3	67	872.927	7,7	84	1.208.257	15,2	65	1.046.669	13,2	5	932.522	11,7
1986	33	1.943.663	17,6	72	1.797.915	16,3	71	1.370.130	12,4	84	1.245.379	16,7	5	1.232.194	16,5	65	936.002	12,6
1987	33	2.870.616	20,4	67	1.112.617	7,9	72	977.469	6,9	84	2.196.527	21,6	5	1.440.622	14,1	65	1.208.869	11,9
1988	33	2.604.477	18,3	67	1.071.504	7,5	72	844.771	5,9	84	2.321.249	19,9	5	1.585.301	13,6	65	1.374.871	11,8
1989	33	2.697.355	17,1	67	1.401.942	8,9	72	807.818	5,1	84	2.718.879	23,4	65	1.346.998	11,6	5	1.291.708	11,1
1990	33	3.881.170	17,4	72	1.594.247	7,1	77	1.172.809	5,3	84	3.312.244	25,6	5	1.735.308	13,4	67	1.493.592	11,5
1991	33	2.903.069	13,8	72	1.419.754	6,7	77	1.355.766	6,4	84	3.451.158	25,4	5	1.747.925	12,9	65	1.451.797	10,7
1992	33	2.960.098	12,9	74	1.345.997	5,9	77	1.331.765	5,8	84	4.138.966	28,1	65	1.652.135	11,2	5	1.569.354	10,7
1993	33	3.064.761	10,4	72	2.248.123	7,6	78	2.018.158	6,9	84	4.294.878	28,0	67	1.826.529	11,9	5	1.669.787	10,9
1994	33	2.780.919	12,0	72	1.465.558	6,3	67	1.309.963	5,6	84	4.581.627	25,3	65	2.194.373	12,1	67	2.149.193	11,9
1995	33	3.292.000	9,2	72	2.608.000	7,3	67	2.106.000	5,9	84	6.121.000	28,3	65	2.532.000	11,7	5	2.178.000	10,1
1996	72	4.210.000	9,9	33	3.996.000	9,4	78	2.624.000	6,1	84	6.076.000	26,2	65	2.724.000	11,7	5	2.219.000	9,6
1997	78	4.032.000	8,3	72	3.901.000	8,0	33	3.716.000	7,7	84	6.697.000	25,5	65	3.352.000	12,8	5	2.466.000	9,4
1998	78	3.678.000	8,0	72	3.286.000	7,2	33	2.575.000	5,6	84	7.074.000	26,2	65	3.557.000	13,2	5	2.357.000	8,7
1999	33	3.482.000	8,6	78	3.003.000	7,4	76	2.349.000	5,8	84	6.516.000	24,5	65	3.478.000	13,1	5	2.133.000	8,0
2000	33	5.643.000	10,4	78	5.432.000	10,0	34	3.079.000	5,6	84	6.586.000	23,7	65	3.706.000	13,3	67	1.865.000	6,7
2001	33	4.675.000	11,3	34	3.154.000	7,6	77	2.143.000	5,2	84	6.661.000	21,3	65	3.943.000	12,6	67	2.500.000	8,0
2002	33	5.472.000	10,6	34	2.915.000	5,7	77	2.901.000	5,6	84	8.094.000	22,4	65	4.268.000	11,8	78	3.174.000	8,8
2003	33	6.579.000	9,5	78	5.342.000	7,7	72	3.997.000	5,8	84	9.962.000	21,1	65	5.262.000	11,1	78	4.928.000	10,4
2004	78	10.108.000	10,4	33	8.636.000	8,9	77	5.459.000	5,6	84	11.193.000	17,7	78	8.099.000	12,8	65	6.428.000	10,2

Sources: SIS, 1996a; SIS, 1996b; SIS, 2005.

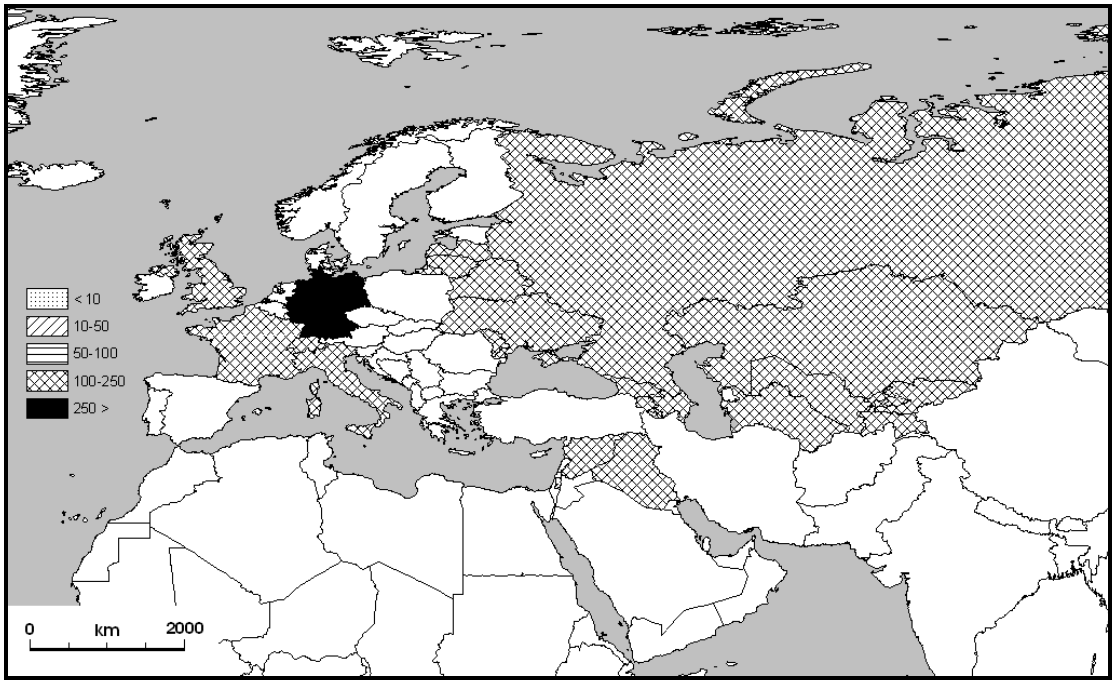


Figure 9: Turkey's exports to European countries in 1980 (1000 dollars).

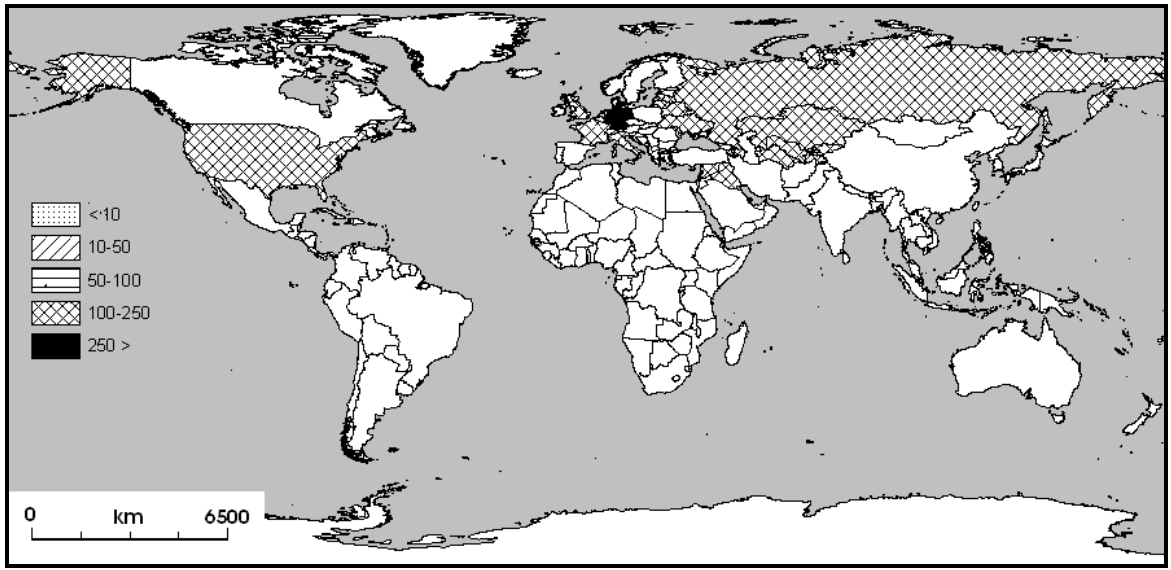


Figure 10: Turkey's exports to countries in 1980 (1000 dollars).

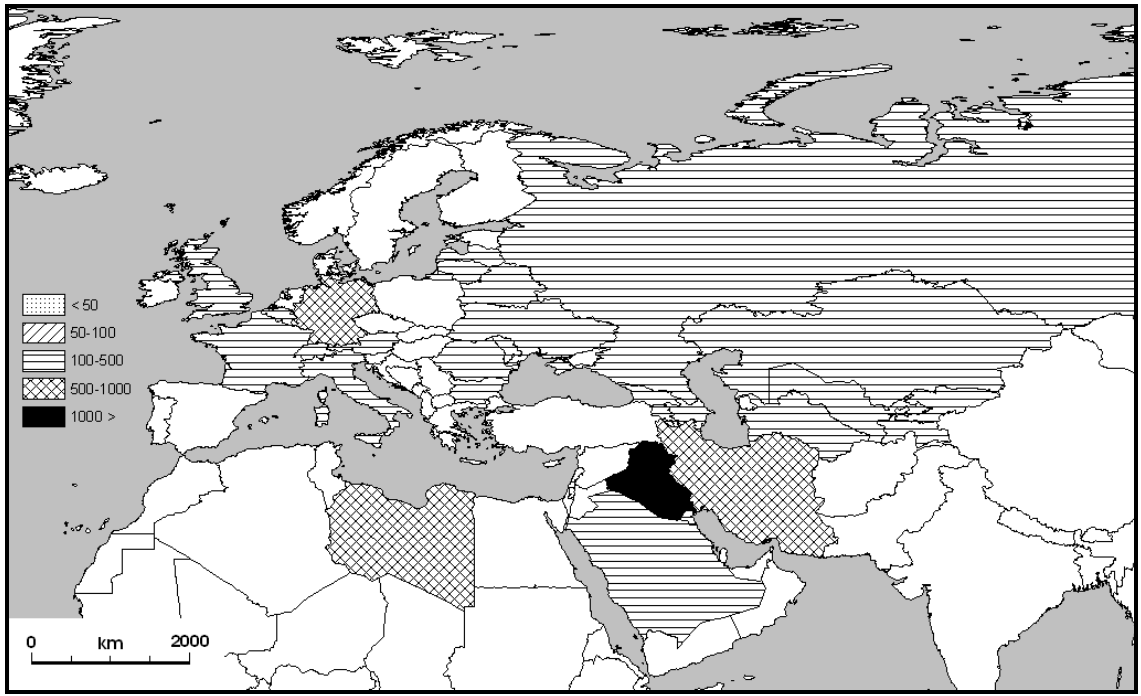


Figure 11: Turkey's imports from European countries in 1980 (1000 dollars).

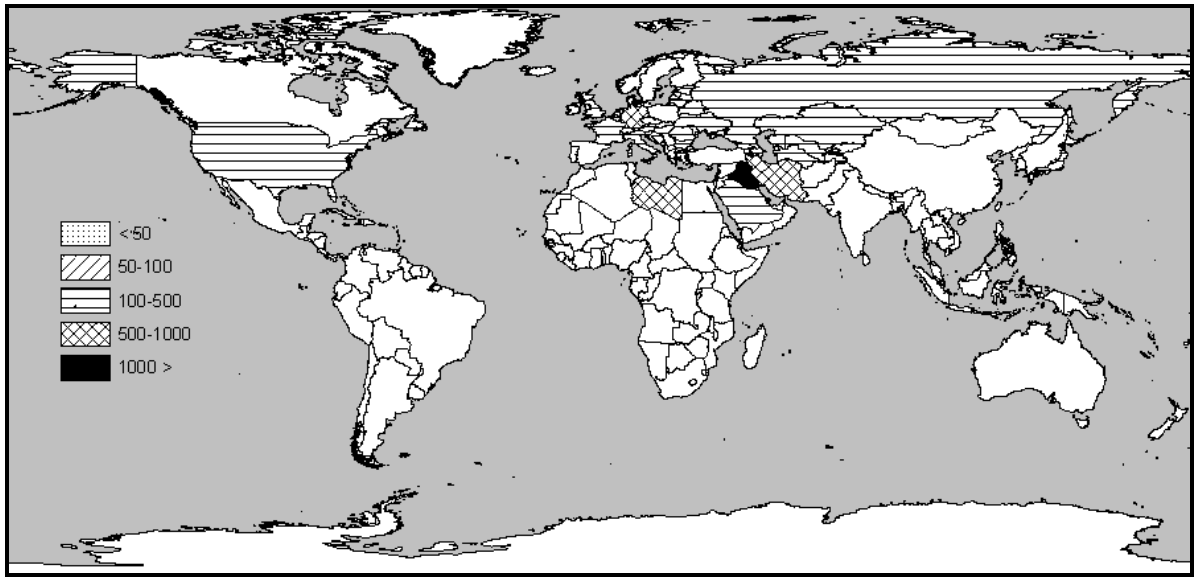


Figure 12: Turkey's imports from countries in 1980 (1000 dollars).

Turkey exhibited great developments regarding foreign trade especially in the "Planned Period". However, worldwide political and economic circumstances had some effects on Turkey to a great extent. Another important factor was the political developments in the country. These developments affected foreign relations positively or negatively. Periods of economic crises had a restricting effect on foreign trade, and military coup of 1980 and the events which occurred in the southeastern Anatolia became factors influencing the foreign trade negatively.

It is very important to remember the economic and politic situation in Turkey in order to understand the change in the foreign trade of Turkey after 1980. The decisions that were made in January 24 caused some changes. The goal of these changes was to have a production and trade system that was integrated itself to world. Because of this bilateral and multilateral treaties were signed.

Moreover, Turkey decided to activate their relationship with European Economic Community (EEC)[6] by suggesting partnership in 1959. The

[6] European Economic Community was founded on March 25, 1957 with the agreement of *Treaty Establishing the European Economic Community* that was signed by France, Federal Germany, Italy, Belgium, Netherlands, and Luxemburg in Rome. The name of the union was changed to *European Union* with the *Treaty on European Union* which was signed on February 7, 1992 in Maastricht-Nederland, and legally the treaty had become valid on November 1, 1993 and from that time the union has been called *European Community*. "European Union" was founded from "European Community (EC)", "European Coal and Steel Community (ECSC)" and "European Atomic Energy Community

relationship of Turkey and European Economic Community always had some difficulties[7], but it was very vital for the foreign trade of Turkey. After the new statements on economical and financial politics on January 24, 1980 the relationship with European Economic Community progressed and the government stated that they will apply for membership. But because of army taking over on September 12, 1980; the request of being a part of European Economic Community and the relationship with European Economic Community and Turkey had been canceled till the democratic conditions came back.

(EURATOM)". According to the establishment regulations of European Coal and Steel Community, the duration is 50 years. Therefore "European Coal and Steel Community" was abolished on July 23, 2002 (ÖZDEMİR 2001: 1-5).

[7] The relationship between Turkey and European Economic Community had changed according to conditions of world politics and politic power of Turkey. Turkey applied for membership to European Economic Community in 1959. But since the military took over in 1960, the process of being a member of European Economic Community was postponed. Despite Turkey's formal requests, the negotiations couldn't start until 1963. The European Economic Community Council of Ministers Counsil accepted the application, and after the negotiations that followed the Ankara Agreement creating an association was signed on September 13, 1963 with the European Economic Community With the signing of the Addional Protocol, Turkey has accepted abolishing customs duties on the European Union's industrial export and adopting the common external tariff of the European Community that is applied to the third world countries. The Common External Tariff with European Economic Community was partially put into practice on July 1, 1968 and Customs Union validated on January 1, 1996.

The process of having the proper situation started on September 16, 1986 and Turkey applied for full-membership to European Economic Community on April 14, 1987. Right after that in 1987, a new schedule that had the old requirements in it, had been given to Turkey. Also some different approaches began to be seen. Until that time, agreements only had economic terms, but now they began to also have some political and social terms. For example, European Economic Community noted on December 18, 1989 that having Turkey in the society will be proper after the necessary economical, social and political development. This is also the beginning of "non-economic terms".

In 1990s, Turkey was experiencing both economically and politically hard times. In contradiction, Turkey intensively tried to perform the requirements in international relationships. In this case on December 31, 1993, Turkey had very important steps. Turkey gave privilege to European Community and EFTA countries (İKV 2004). However, the political decisions that European Parliament made about Turkey were affecting the relationship between European Community and Turkey. After the negotiations, European Parliament agreed to establish the Custom Union between Turkey and European Union; and it was actually activated on January 1, 1996. The other legal processes (regulations etc.) would be completed in time.

Under these circumstances, Turkey's foreign trade first had an expansion after 1980 and a constriction after 1990. The changing of political and economic

situations; and Iraq occupying Kuwait; and put an embargo on Iraq by United Nations and other sanctions had a negative effect on Turkish economy. Also, Turkish economy could not benefit from the newly forming conditions.

The foreign trade of Turkey had a great development after 1980. Export values were less than 8 billion dollars in 1980. These figures increased to 54 billion dollars in 2000. In Turkey's case, number of the countries which exceeded 10 million dollars in export was 32 and import was 42 in 1980. Only the import from Germany was above 1 billion dollars. In contradiction, number of countries with which exports exceeded 10 million was 86 (Figure 13, and Figure 14), and imports was 91 in 2000 (Figure 15, and Figure 16). The number of countries which exceed 1 billion dollars, in case of imports, increased to 14(Germany, Italy, United States, Russia, France, Great Britain, Spain, Belgium and Luxemburg, Japan, Netherlands, Sweden, China, Algeria, and South Korea), and in case of exports, that number increased to 5 (Germany, United States, Great Britain, Italy, and France). Since the export is 2/3 of import, Turkish foreign trade always had deficit.

The biggest change Turkey experienced in this period was the change in the import policies. This, in the end, caused the development in the imports and the change in the composition of the export goods. Excluding the exportation of agricultural goods, some developments had been experienced in the case of the exportation of industrial goods. One of them is automobile industry.

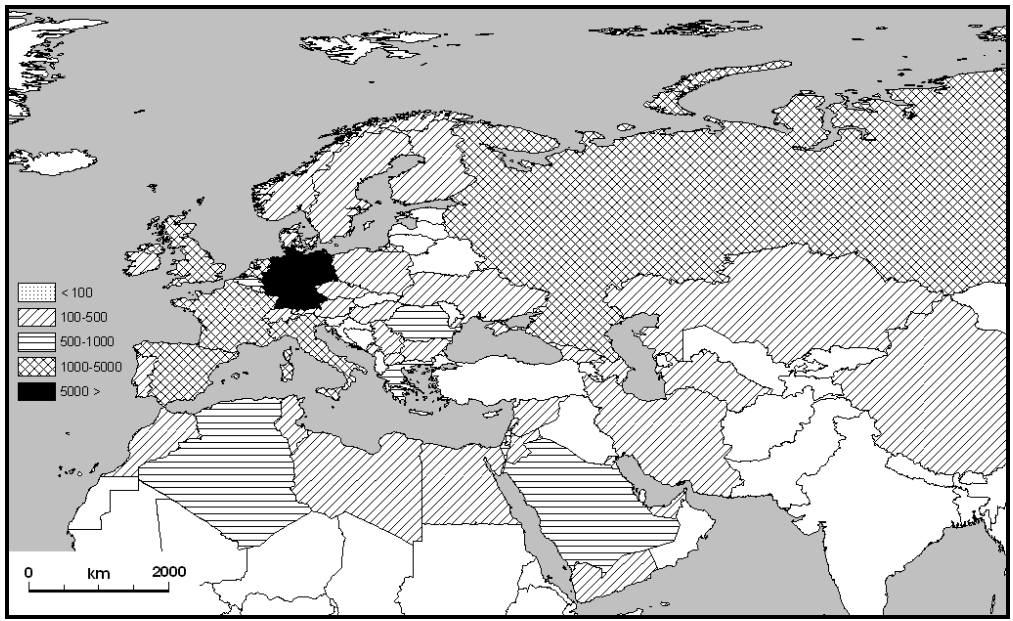


Figure 13: Turkey's exports to European countries in 2000 (1000 dollars).

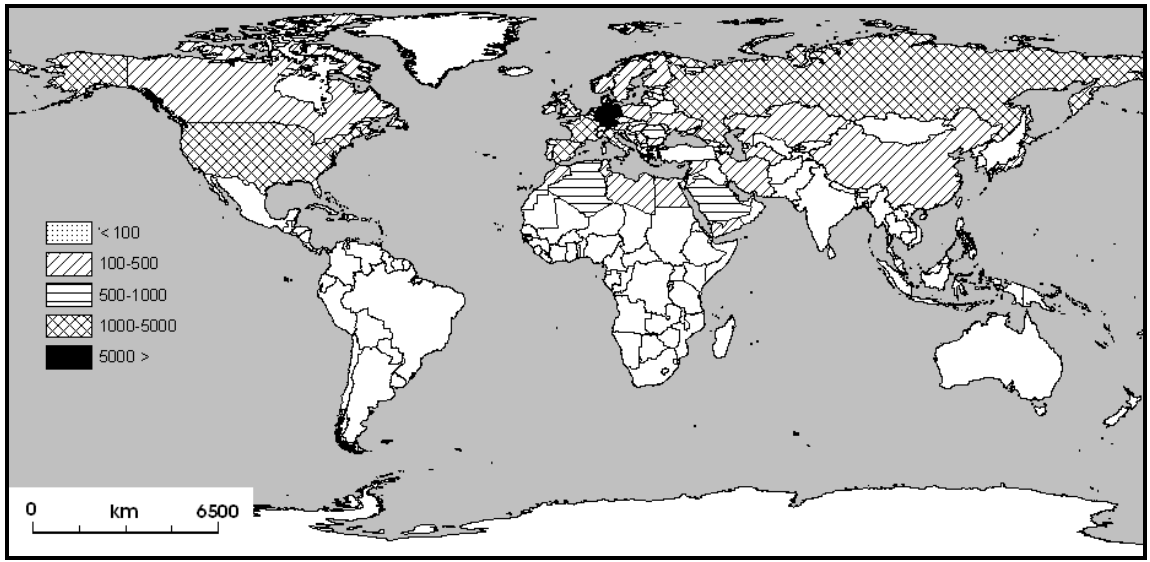


Figure 14: Turkey's exports to countries in 2000 (1000 dollars).

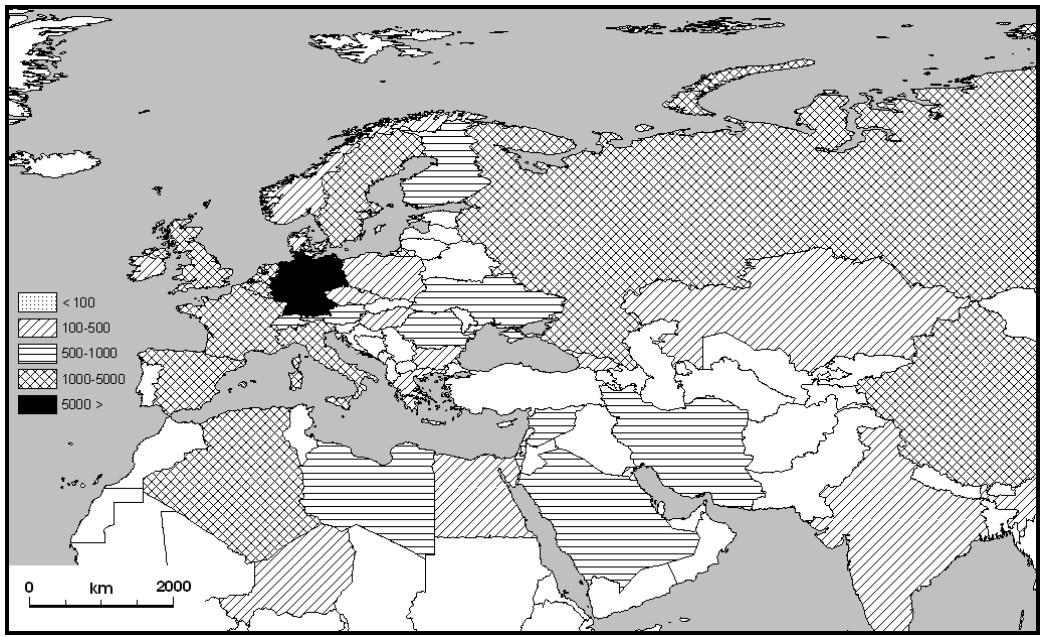


Figure 15: Turkey's imports from European countries in 2000 (1000 dollars).

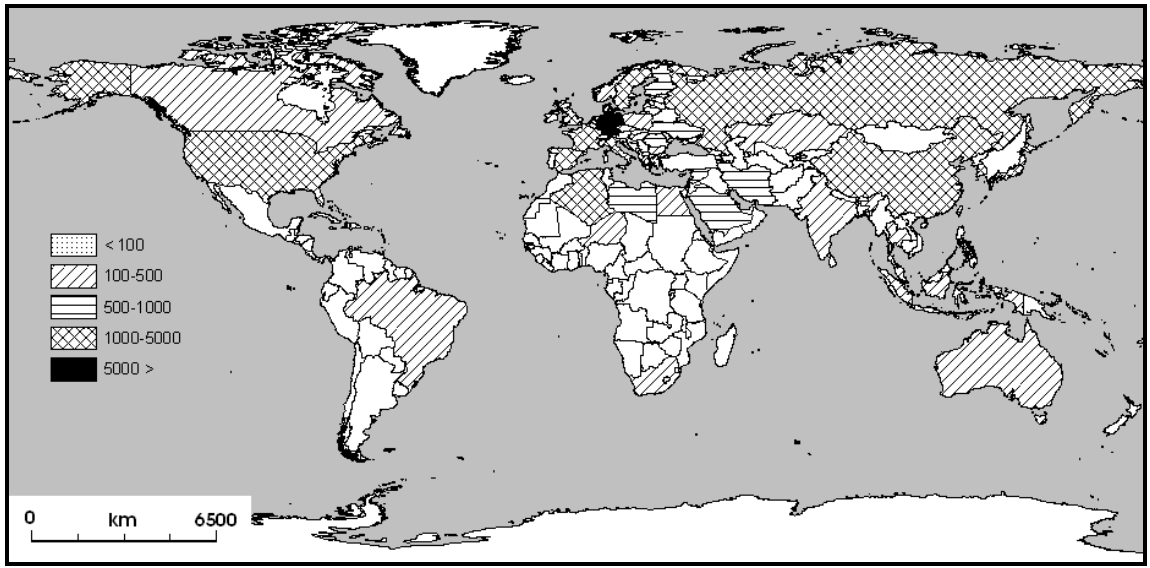


Figure 16: Turkey's imports from countries in 2000 (1000 dollars).

The development of an automobile industry is the dream of every less developed country. The first serial automobile production started in late 1960s with "know-how". After 1980, with the freedom of import Turkey became an attractive market for automobile producers. Also, some international automobile producers began producing their automobiles in Turkey since it has advantages such as being near to other markets, having cheap productive power and making things legally easier for the producers. Although, instead of the above, with the help of the global economic crisis and because of this, factories producing less and closing at the end, they started to be discussed. However, for example, Japan which was establishing its automobile industry in 1960s with the development strategy they used became the world's one of the most important automobile producers (LIN, 2003: 286-287). It's possible to have this effect less with the investments that will be done in high technology in automobile industry.

Today, the most important thing about Turkey's foreign trade is the international relationships. These relationships can be between both countries and the communities. European Union accepts the candidate countries as full members after a series of adaptation programs. Turkey expressed the desire to be included in this Union by Ankara Treaty, and there revealed the basic principles of the membership. The aim of the treaty was "to encourage the strengthening of commercial and economic relations between parties with equilibrium and without interruption by visualizing the complete necessity of providing a better employment level and living conditions for Turkish

people together with the speedy development of Turkish economy" (PEKCAN, 1994: 44). Turkey informed the European Union of its desire for a full membership on April 14, 1987. However, both deviations from these principles and newly advanced conditions could not make Turkey realize full membership in Europe Union. Moreover, in same periods of time, the relations between Turkey and Europe Union came to the point of rupture. Recently, the process of the acceptance of Turkey into the Europe Union has been renewed and it is expected that a series of economic and social changes will be realized and full membership of Turkey will be ascertained until 2004. In order to enlarge the relations concerning the foreign trade, Turkey signs commercial agreements with other countries or unions. The best example of these is the treaties realized with the countries which are the members of European Free Trade Association. The treaty signed in 1991 came in force in 1992. As a free trade treaty, this one has made a series of regulations possible on a scale of both countries and goods (SEZER, 1992: 7-9).

Apart from these developments, Turkey tried to make progress in the relations with neighbor countries. The trade that had been done with them developed in the near past. After the dispersion of Union of Soviet Socialist Republics, the trade that had isn't very clear (not knowing the real amount of the trade) started to be clear and make progress.

The Turkish economy suffered from the crisis especially in the half of this century. Especially after 1980, particularly after the transition to liberal

economic condition many crises that were caused not only because of the world's political and economic conditions but also Turkey's dynamics had happen. Sometimes the time between two crises allow the economy to be healthy again. But most of the time, since there aren't enough preventive actions or the negative effects of world economic situation, there might be crisis in 3-4 months. Every crisis effected the Turkey's foreign trade badly.

All these indicate that the relations of Turkey with Europe will be stronger and continuous in the future, and that, depending on such possibilities as transportation and communication, the trade of Turkey will be developed with other countries all over the world.

In the previous 10-15 years foreign trade of Turkey was effected by the work of Custom Union. In the framework of Customs Union, tariffs on industrial goods were removed between Turkey and the European Union. Turkey has begun to apply Common External Tariff to third countries.

The important regime which took effect in January 2001, was prepared by taking into account not only Turkey's responsibilities in the scope of the customs union but also Turkey's guarantees in the World Trade Organization and free trade agreement signed with third countries. Thus the average tariffs of 16%, which was applied to European Union and EFTA countries, were removed on all industrial goods. The average tariffs applied to third countries is 4,6%.

With in the framework of the Customs Union, agreements with third world countries were to be harmonized with European Union customs tariffs and regimes. Within the framework, free trade agreements were signed with EFTA as well as with many countries especially new European Union member states (DECT, 2005).

In 2004, the total export of Turkey was 63,1 million dollars and import was 97,5 million dollars. There are 14 countries to which the exports exceed 1 million dollars (Figure 17, and Figure 18). Germany, Great Britain, United States, Italy, and France are the first 5 countries in case of exports. The number of the countries that exceed 1 million dollars in imports is 14 (Figure 19, and Figure 20). Germany itself exceeds 10 billion dollars in case import. The number of the countries that exceed 1 billion dollars is 24.

The textile industry which wasn't planed well but was encouraged has the problem of marketing today. The biggest reason of this is countries limiting the purchase because of wanting to protect their own industries. These limits are determined with bilateral agreements. Although in 2005 it is tried to be canceled all the quotas, the work of the continuing of the quotas also had been carried on. Quotas seem the only possible way of blocking countries that has cheap labor force such as China to be the dominant one in world marketing. In a condition where free marketing conditions are dominating the world trade, only with various agreements it is possible to success and continues the growth with the high technology. Instead, having the technological development with

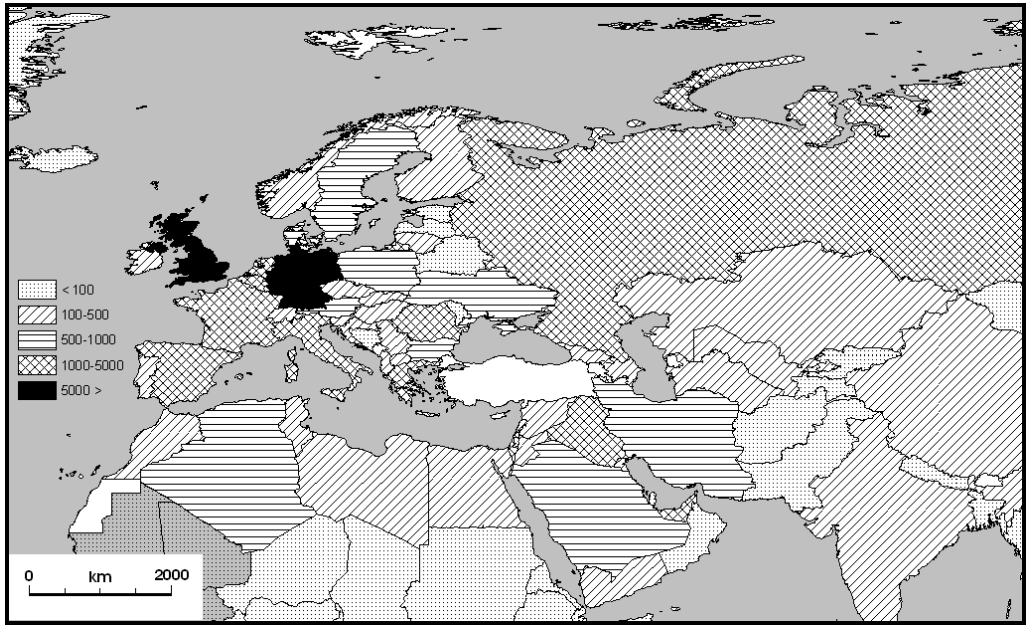


Figure 17: Turkey's exports to European countries in 2004 (1000 dollars).

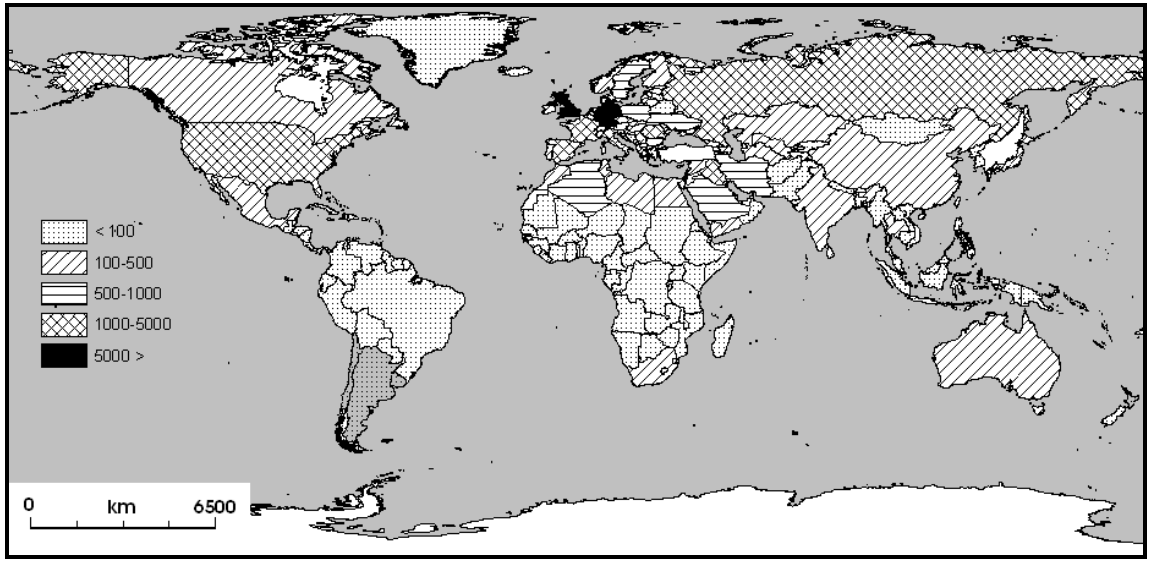


Figure 18: Turkey's exports to countries in 2004 (1000 dollars).

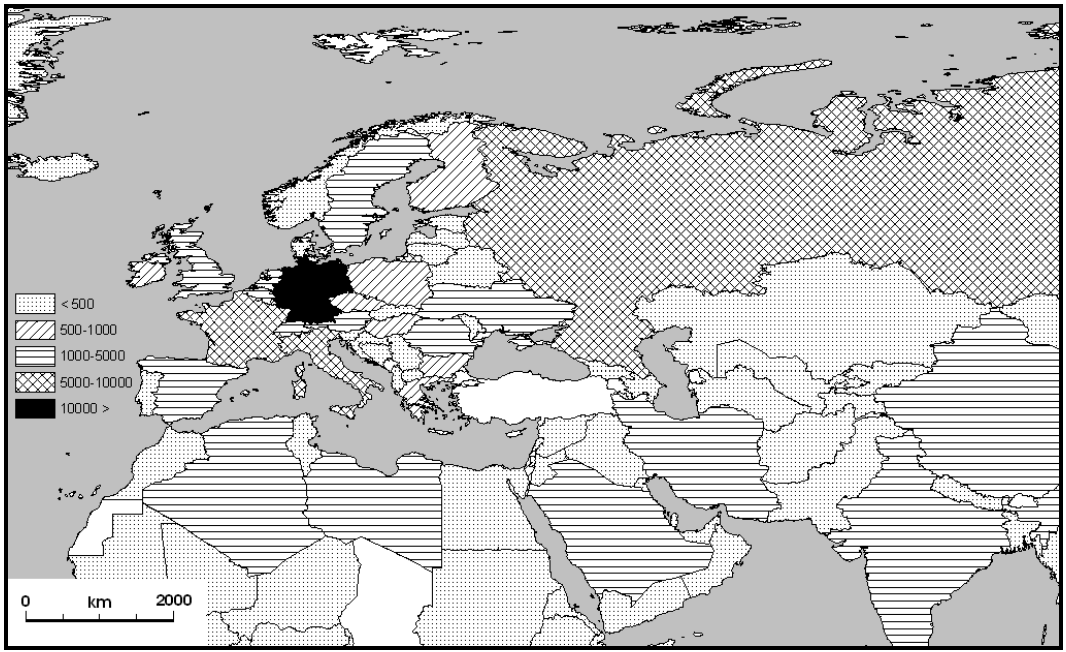


Figure 19: Turkey's imports from European countries in 2004 (1000 dollars).

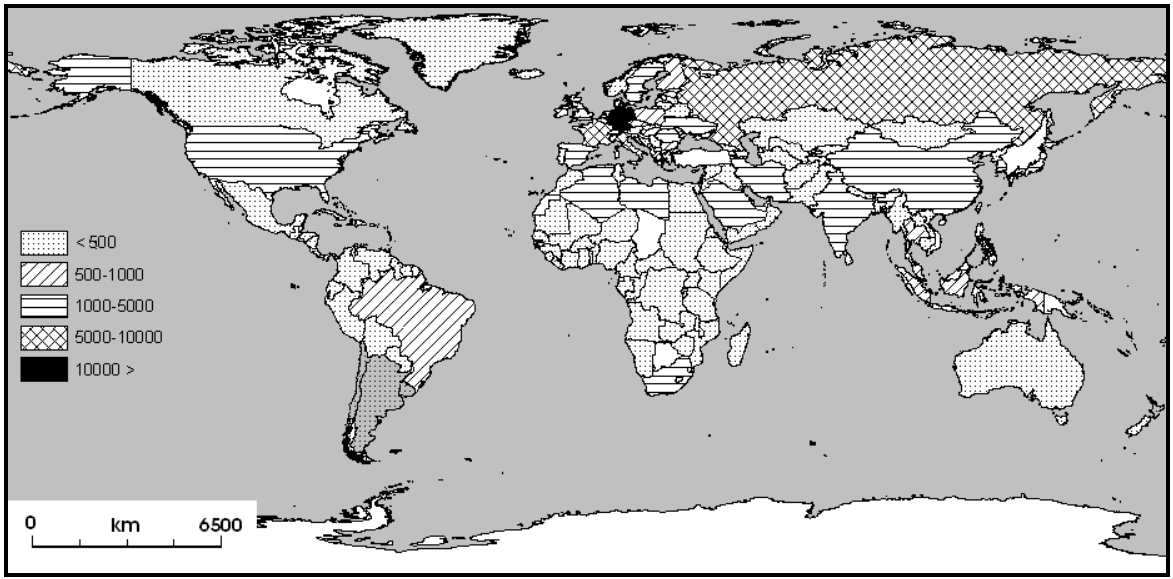


Figure 20: Turkey's imports from countries in 2004 (1000 dollars).

local source, in other words, working on research and development and using the results in the industry.

All these indicate that the relations of Turkey with Europe will be stronger and continuous in the future, and that, depending on possibilities such as transportation and communication, the trade of Turkey will develop with other countries all over the world.

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