

## TURKISH FOREIGN TRADE IN GENERAL

Throughout the last two decades, regarding the external trade, Turkey displayed an outstanding performance in commercial integration with the globe. The graph below shows Turkey's external trade figures by years. Due to the implementation of the liberalization process since the 1980s, the Turkish economy has experienced a period of high growth. Turkey became a member of the World Trade Organization (WTO) in 1995. Following this move, it finalized an agreement with the European Union, enabling it to join the Customs Union on January 1, 1996.

These developments led Foreign trade, both in exports and imports, to a rapidly growth and notable changes in the structure of exports have been observed. In this regard, industrial products took over the predominant role of agricultural products.

During the 20-year period, Turkey's trade volume increased from 10.8 billion US\$ in 1980 to 82.3 billion US\$ in 2000, which corresponds to an almost 7-fold increase. Hence the 2000-2009 period witnessed 3,0 fold increase. When the global crisis year of 2009 is omitted the increase is as high as 4,1 fold during 2000-2008.

	Exports	Imports	Volume	Exports Change %	Imports Change %
2002	36,1	51,6	87,6	15,1	24,5
2003	47,3	69,3	116,6	31,4	34,3
2004	63,2	97,5	160,7	33,6	40,7
2005	73,5	116,8	190,3	16,3	19,8
2006	85,5	139,6	225,1	16,3	19,5
2007	107,3	170,1	270,4	25,5	21,8
2008	132	202	334	23,0	18,8
2009	98,5	134	232,5	-25,4	-33,7
2010	107,5	153	260,5	9,1	14,2

Starting particularly in 1980 and continuing up to the mid-1990s, significant developments have been observed in the market share held by labor-intensive industrial products such as textiles and clothing, iron and steel, and foodstuffs.

In 1996, with the establishment of a Customs Union with the European Union, Turkey's exports entered a new structural transformation process. Developments in recent years show that production and exportation have increased substantially in high technology sectors, where goods include electrical and electronic machinery and equipment, as well as in the automotive industry. In this respect, it can also be observed that the export market share of manufactured industrial products has increased.

Today Turkey became highly integrated with the rest of the world, especially with Europe. Turkey ranks 35<sup>th</sup> and 22<sup>nd</sup> among the countries which have the highest volume of exports and imports respectively.

### FOREIGN TRADE PARTNERS

Though there is a steady decline in recent years bound to Turkey's approach for new markets, EU used to have the largest share in Turkish foreign trade. In 2009 this share was almost 42,5% of total.

#### EXPORTS BY COUNTRIES (mn \$)

	2008	2009	Annual Change	Share in Total	Share in Total
Germany	12.951	9.791	-24,4	9,6	9,6
France	6.617	6.209	-6,2	5,0	6,1
UK	8.159	5.920	-27,4	6,2	5,8
Italy	7.819	5.892	-24,6	5,9	5,8
Iraq	3.916	5.126	30,9	3,0	5,0
Switzerland	2.857	3.932	37,6	2,2	3,9
USA	4.300	3.225	-25	3,3	3,2
Russia Federation	6.483	3.202	-50,6	4,9	3,1
UAE	7.975	2.899	-63,7	6,0	2,8
Spain	4.047	2.824	-30,2	3,1	2,8
Egypt	1.426	2.618	83,6	1,1	2,6
Romania	3.987	2.215	-44,4	3,0	2,2
Holland	3.143	2.124	-32,4	2,4	2,1
Iran	2.029	2.024	-0,2	1,5	2,0
Libya	1.074	1.798	67,4	0,8	1,8
Belgium	2.122	1.796	-15,4	1,6	1,8
Algeria	1.613	1.782	10,4	1,2	1,7
S.Arabia	2.201	1.771	-19,6	1,7	1,7
Greece	2.430	1.634	-32,7	1,8	1,6
China	1.437	1.599	11,3	1,1	1,6
	132.000	102.000		100,0	100,0

#### Exports by activity

- While agriculture and several traditional industries such as the food industry and textiles were the main sectors of Turkish economy until the recent past, after 1980's, industries such as automotive, machinery, electrics-electronics, chemicals, main metals and construction materials have gained great importance in the Turkish manufacturing industry, and became main components of Turkish exports. As the below list of top exported chapters shows, many of the aforementioned industries developed strongly and achieved great success in extending their export potential throughout the last decade, especially after 2001.

- Automotive sector has become the leading and strongest export-oriented sector of the Turkish economy. reaching 24,7 billion US\$ in 2008, (16,9 in 2009) the sector displayed a stronger performance than Turkey's overall exports
- Exports of the machinery industry and electrics-electronics sector followed a similar path to each other during the last decade, and have become two of the main export sectors with 5,6 billion US\$ and 8,5 billion US\$ in 2009, respectively.
- Being the strongest of the traditionally export-oriented sectors, the apparel industry still prevails in Turkey's exports by being one of the main suppliers of Europe, though it has been going through a recession in recent years under the pressure of strong Chinese competition. It still has a significant weight in Turkey's exports with a share of 13.1%. Total exports of the sector amounts to 13,3 billion US\$ in 2009. Considered with the textiles industry, total textiles/ready-wear exports of Turkey are around 18,8 billion US\$, which indicates a 18,5% share in total exports.
- The iron & steel industry is one of the traditional and strong sectors, and continues to increase its exports. Exporting 20,6 billion US\$ in 2008, (12,1 bn \$ in 2009) the sector's performance is much higher than Turkey's overall exports.
- Although Turkey is suffering from a lack of oil resources, the oil industry with petro-chemistry is one of the most developed sectors and increasingly gaining weight in the Turkish manufacturing industry. Turkey's exports of fuel products reached 3.9 billion US\$ in 2009. On the other hand, exports of plastic and rubber products are growing fast, with a total export volume of 4,6 billion US\$ in 2009.
- Although Turkey is going through a rapid transformation process, agriculture still constitutes a big portion of the economy, and if analyzed in detail, we see that Turkey ranks among the ten first countries in production regarding major fruits, vegetables, cereals and pulses. This diversity of Turkish agricultural products is naturally reflected in the export figures. In 2009, agricultural exports of Turkey including husbandry totalled 10,7 billion US\$ (indicating a 10,7% share in total).

#### TOP EXPORT PRODUCTS 2009

	Share		Share
Automotive	11,8	Fruits	2,7
Iron steel	7,8	Vessels	1,9
Machinery	8	Cement	2,1
Elec.Machinery	6,3	Fabrics	1,6
Knitted wear	6,8	Furniture	1,5

Mineral fuels	3,8	Rubber	1,5
Iron steel prod.	4,5	Aluminium	1,4
Jewellery	6,2	Cotton	1,2
Unknitted wear	4,2	Canned Food	1,2
Plastics	3,1	Fibers for woving	1

## IMPORTS BY COUNTRIES

	2008	2009	Annual Change	% Total	%Total
Russia	31364	19719	-37,1	13,5	14,0
Germany	18687	14096	-24,6	8,1	10,0
China	15658	12663	-19,1	6,7	9,0
USA	11976	8572	-28,4	5,2	6,1
Italy	11011	7672	-30,3	4,7	5,4
France	9022	7090	-21,4	3,9	5,0
Spain	4548	3776	-17,0	2,0	2,7
UK	5324	3467	-34,9	2,3	2,5
Iran	8200	3406	-58,5	3,5	2,4
Ukraine	6106	3156	-48,3	2,6	2,2
S.Korea	4092	3116	-23,9	1,8	2,2
Japan	4027	2782	-30,9	1,7	2,0
Holland	3056	2542	-16,8	1,3	1,8
Belgium	3151	2371	-24,8	1,4	1,7
Romania	3548	2258	-36,4	1,5	1,6
Algeria	3262	2028	-37,8	1,4	1,4
Switzerland	5588	1999	-64,2	2,4	1,4
India	2458	1891	-23,1	1,1	1,3
Sweden	1909	1890	-1,0	0,8	1,3
Poland	1978	1817	-8,1	0,9	1,3
S.Arabia	3322	1691	-49,1	1,4	1,2
	232000	140926	-39,3	100,0	100,0

## TOP IMPORT PRODUCTS

	Bn \$	%Share	% Change
Mineral fuels	23.997	21,3	-43,5
Iron Steel	9.146	8,1	-57,5
Machinery	13.742	12,2	-30,2

E.Machinery	9.749	8,6	-19,1
Vehicles	6.983	6,2	-37,2
Plastics	5.556	4,9	-33,6
Jewellery	1.848	1,6	-66,6
O.Chemicals	2.746	2,4	-30,3
Pharmaceuticals	3.307	2,9	-10,7
Opticals	2.193	1,9	-24,9
Copper Products	1.550	1,4	-48,7
Paper Products	1.774	1,6	-21,4
Aluminium Products	1.271	1,1	-43,5
Cotton Products	1.595	1,4	-21,6
Iron Steel Products	1.219	1,1	-37,2
Rubber	1.225	1,1	-37,3
Cereals	1.022	0,9	-47,5
Various Chemicals	1.192	1,1	-21
Synthet. Fibres	1.164	1,0	-21,1
InorganiC Chemi	879	0,8	-41,6
<b>TOTAL OF THE LIST</b>	<b>92.160</b>	<b>81,7</b>	<b>-39</b>