Chapter 8
The Status of Foreign Trades Under Globalization in Developing and Developed Countries With Turkey

Nurullah Güleç
Ankara Yıldırım Beyazıt University, Turkey

Cihat Öztürk
Ankara Yıldırım Beyazıt Üniversitesi, Turkey

Deniz Efendioğlu
Marmara University, Turkey

ABSTRACT

In Turkey, the volume of foreign trade, which was very small in the first years of the republic, raised due to the increasing population and the reviving economy. Imports and exports for Turkey, the proportion of equipment, investment goods, and raw materials that would have been used for industrialization has increased. Another type of trade that is desired to be implemented in Turkey in recent years is free trade. The implementations for free trade also bring the question together with themselves. Does globalization always affect developing countries in a positive correlation with their economies? The data taken from KOF Index of Globalization from ETH Zurich are going to be used to see the relationship with the data coming from imports and exports. Then for all developing countries a classification study is done and the relation of developing countries and Turkey is examined. The purpose of the chapter is to examine the number of imports and exports due to globalization indexes to understand the real impact and the direction of globalization from the perspective of Turkey.

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INTRODUCTION

Fast and stable economic development (growth) and the processes associated with this phenomenon are one of the most prominent topics of discussion in contemporary economics. As developing countries often possess limited foreign exchange reserves, they typically find it difficult to obtain financial resources from international financial markets (Şimşek & Kadılar, 2005).

Emerging economies such as Turkey are also significantly influenced by globalization, a phenomenon characteristic of the 21st century. Globalization has increased the speed of information flow, enabled the dissemination of information to the bottom rungs of society, and enhanced the dynamism of local economies. In general, globalization has increased the number of available jobs and engendered the transformation of local regions into focal points of their respective economies. Local entrepreneurship, mobilization of local resources, knowledge, and skills, and other local potentials enable regions to specialize in specific sectors. Specialization, in turn, is known to make local regions more competent in the world economy, and as a result, local economies can grow and develop at rates higher than the national average.

Global production activity and the global market are based on the various stages of production, which are carried out in different countries to minimize the production costs of raw materials and intermediate goods, labor costs, and external costs. Globalization has also enabled border towns to participate in global production activity, and, as a result, these towns have attracted fixed capital investments and freight manufacturing agreements. Globalization, therefore, has been beneficial to several international companies that outsource their production, and it also enables them to target the whole world as a training field.

In this paper, the authors seek to examine whether the various types of globalization contribute to Turkey’s economic growth. To this end, data related to the political, social, and economic globalization of developed and developing economies, including Turkey, shall be examined using regression analysis. Based on the results of this analysis, a classification study shall be undertaken, and the current situation in Turkey shall be examined in the context of this classification of developed countries.
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