Fresh Fruit and Vegetable Exportation of Turkey and its Contribution to the Economic Growth

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ABSTRACT

Economic growth is indispensable for the development of a country and welfare of its citizens. Economic activities can be improved with the enhancement of business sectors within its structure. Furthermore, exportation is a substantial means of reinforcing economic growth. In this research, the correlation between the fresh fruit & vegetable exportation and the economic growth of the Republic of Turkey is examined. Certain econometric methods as Augmented Dickey Fuller (ADF) test, Unit Root test, Phillips-Perron (PP) Unit Root test, Kwiatkowski, Phillips, Schmidt, Shin (KPSS) Unit Root test, Vector Auto-regression Analysis (VAR), Co-integration Analysis, Error Correction Model (VECM), Impulse-response Functions and Variance Decomposition Analysis are employed to research the correlation for the 2004 Q1-2015 Q4 period. It was concluded that the exportation of fresh fruits and vegetables have a favorable contribution to the economic growth of the Republic of Turkey in the long-run.

KEYWORDS
Agriculture, Econometrics, Economics, Estimation, Exportation, Exportation, Growth, Turkey

INTRODUCTION

Economic growth is substantial for the development and wellbeing of a country. The aim of achieving economic growth with increasing export performance is closely associated with securing sustainable growth. Sustainable growth is to respond to the needs and expectations of humanity today without harming the future generations. Moreover, trade is an efficient and effective means of meeting the necessities of human beings living in various countries (Filip, 2016). Yet, the aim of this paper is to unveil the truth on the contribution of fresh fruit and vegetable exportation of the Republic of Turkey to its economic performance by employing some econometric methods as Augmented Dickey Fuller (ADF) Test, Unit Root Test, Phillips-Perron (PP) Unit Root Test, Kwiatkowski, Phillips, Schmidt, Shin (KPSS) Unit Root Test, Vector Auto-regression Analysis (VAR), Co-integration Analysis, Error Correction Model (VECM), Impulse-response Functions and Variance Decomposition Analysis. As a result, it is evident that the exportation of fresh fruits and vegetables make positive contribution to the economic growth of the Republic of Turkey in the long-run. Yet, certain other measures should be taken to improve the sector by the government.

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ECONOMIC GROWTH AND RELATED FACTORS FOR THE SUCCESSFUL ECONOMIC PERFORMANCE OF A COUNTRY

Within the history of economic literature, the importance of economic growth has been always emphasized. The degree of competitiveness of a country is profoundly dependent on the development of its industries, specialization in labor, innovativeness, knowledge generation and technological development as well as how a country could use such capabilities to create qualified and popular goods and services which have demand on international and global markets. In other words, the regional and international competitiveness of a country depends on how much it is developed in terms of economics and how it can use this ability to compete in the global markets by increasing its commercial volume. The total commercial volume of a state is a combination of its exports and imports. In this formula, what matters is how much a country is competent to innovate and offer contemporary and qualified products in the global market place by improving its export volume. Furthermore, the dynamics of international trade would favor more exports in relation to imports in order to enhance the gross domestic product (GDP) volume and foreign exchange inflow, thus to make positive contributions to the development of a country. As one can imagine, the most enduring countries in the world with respect to economics are the ones which have considerable commercial volume involving more exports than imports and adapting the ever-changing conditions in the international business arena instantly (Zaman, Goschin, 2016; Shaffer et al., 2016; Tando, Ahmed, 2016; Filip, 2016; Jayaraman et al., 2017).

Economic development is sweepingly based on the endogenous assets enjoyed by a country, how much of these assets are used efficiently and how much this efficiency is positively reflected on the economic growth. The economic and financial crisis experienced in 2008 in the globe proved the reality that numerous countries in the world are vulnerable to global economic downturns and they need to be secured by improving their economic performances. Yet, economic resilience can be accomplished by improving the economic growth at a sufficient rate as to protect any country against negative external economic reflections and preserve macroeconomic indicators at sufficient levels. One remedy to respond this issue is to improve the overall commercial volume of a country, especially its exports. For, specialization in certain export sectors would strengthen the economic power too. The availability of specific minerals, valuable assets and human capital would be quite beneficial to enforce economic growth parallel to improving international commercial performance. Additionally, the presence of export-led economic growth policy or import-oriented export-led economic growth policy matter. Also, if a state has substantial demand for its products in global markets, this can also positively influence its economic and social development. Accordingly, a rising export volume in the overall commercial capacity would favorably impact on the GDP and GDP per capita (Zaman, Goschin, 2016; Jayaraman et al., 2017; Filip, 2016; Trandafir, Bebeşelea, 2017).

The constant target of the government of a country is to achieve sustainable development involving economic growth with priority. While achieving economic growth is indispensable for any state, finding and applying the right prescription is not easy. Any country could have numerous industries in its economic structure and it is not simple to stimulate every industrial sector to increase the GDP growth rate and also reinforce this process with increasing foreign trade volume, especially exportation. Furthermore, economic growth is a substantial issue for every state which requires extensive attention. Economic growth could be defined as the increase in the overall value of the final goods produced in a country over a given period. This is denoted as an increase in the GDP. Yet, the total value of the GDP or the growth rate of GDP are not adequate-enough to assess the economic development of a country. These factors should be accompanied with other macroeconomic determinants as inflation, interest rates, importation volume, exportation volume, overall commercial volume, unemployment rate, technological development, human capital and so on (Filip, 2016; Jayaraman et al., 2017; Hussain, Shah: 2017; Trandafir, Bebeşelea, 2017).
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