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**IMPACT OF FOREIGN TRADE ON THE
TURKISH ECONOMIC GROWTH FROM (THE
SIDE OF EXPORTS AND IMPORTS FOR THE
PERIOD (2000 -2021)**

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Master's Thesis

Supervisor

Assist. Prof. Dr. Sedef ALTINBAŞ

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ABSTRACT

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This research examines the effect of international foreign direct investment, domestic credit on economic and commercial development in Turkey for the period from 2000 to 2021. The basic information that called for choosing this study is that Turkey is a strategic country in the global trade movement, and its geopolitical position has allowed it to be a force factor in the aspect of international trade through periods of time accompanied by major crises that the world witnessed from time to time. The main tool in this thesis for data analysis is the ARDL technique through the time series for the period 2000 and 2021 to discover the feasibility of the raise of the Turkish mechanism and economy of measuring the important variables in the study, namely exports and imports in the long and short period.

Keywords: Export, International Trade, Import, Economic Growth.

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1. INTRODUCTION

Foreign trade is considered a basic point in achieving economic development, but it is more about searching for the basic elements of economic growth that poor countries lack. It also shows the strength of economic growth and the extent of its impact on the movement of economic and social development, according to a set of reforms needed by developing countries. One of the most crucial tools in the Direct foreign investment (FDI) is an economic process growth, which reflects the great situation of the evolution of international commerce methods and its reflection on the mechanism of economic growth, and Turkey is one of those countries. Participation in the export and import sectors also contributes to promoting the movement of economic development, and this reflects a positive role in continuous development in the dynamism of the general economy, which increases experiences, discoveries, innovation, and entrepreneurship (Acharya, 2008, 94). The strength of the Turkish economy stems from its balance and the measurement process between imports and exports, and each of them has an important function, as exports work to create a positive and constructive balance for the growing movement in the economy, and imports also play a local role in filling the shortage needed by local industries that enhance the national product, according to the conditions that they are compatible with the economic system of the country. A study (Mogoe, 2013), which was applied in South Africa, sought to find out whether there is a correlation between basic economic factors, which are the degree of inflation, the exchange rate, exports, and foreign trade, and their relationship, or rather economic growth. The study showed that there is a positive aspect to achieving economic growth, according to other supporting economic elements. The most critical objective of this research is to know the link between the process of foreign commerce and economic growth according to the time variables that occur in the world. The study of Egbetunde and Obamuyi (2018) has proven that the economies of both India and Nigeria have a clear correlation with the continuity of international trade, which reflects record growth in the economy in general and creates gains and benefits with a significant impact.

Economic systems differ in their orientations toward prospects for solutions to crises that occur from time to time, which necessitates a review of the organizational structures of their economies to build something consistent with the variables that reflect growth. A study discovered that the link between foreign trade, imports, exports create a mechanism and foreign direct investment that follows evolution. (Liu, Shu, and Sinclair, 2009, p. 66), which were applied in nine Asian economies and showed that growth is on a permanent trend. One of the most important issues that have taken a wide range in literary studies is whether exports and imports fuel growth and the effectiveness of international trade in this regard. The main driver in the economic development process is the export sector, according to the production hypothesis, which took four forms according to the conceptual logic: first, the Keynesian theory and its relationship to the factor of foreign trade with economic expansion, untapped capacity, and unemployment. The export sector has a pivotal role in creating productivity by taking into investment, account spending, and the foreign trade multiplier affects government spending. (Bilgin & Sahbaz, 2009, 145).

2. FOREIGN TRADE (IMPORT AND EXPORT) THE CASE OF TURKEY

2.1 THE CONCEPT OF FOREIGN TRADE

International commerce is one of the most important indicators affecting human life. It has played a pivotal role in covering the needs that are difficult to provide through its economic interdependence to make consumers get their desires as well as the employment of resources among countries in the right direction, reflecting the extent to which economic activities and events occur in all countries. (Puga, D. & D. Trefler, 2000). It also works to create competition in a large way between economic sectors, leading to diversifying sources of national income through economies of scale in exchange for foreign labor, and here competition plays an effective capacity according to diversification policies, rewards, customs, economic cooperation, export promotion, quotas, and fees, all of which create a managed scope. In an organized manner, it contributes to moving society out of great poverty. (Gujrati, 2015). Transactions through foreign trade take upon themselves new methods as the activities progress, and their effectiveness is rapid through the development of policies that serve the national interest of the country depending on various criteria, including the provisions, laws, and legislation that bring prosperity to the general economy. The dense trade link between countries through goods and services gives an impression of the good relations between countries from ancient times until now. The trade exchange and openness under the name of "foreign trade" expand markets and exchange new goods that were not easily accessible or of a higher price locally. The presence of a diverse range of services enhances the gains of the economy, goods and it is considered a stone of consumer sovereignty that also generates great investment opportunities, which helps create jobs and thus reflects positively on the overall economy of the country. Previously, the exchange of various products was the mainstay of international commerce. ("machines against bananas"). Intra-industrial commerce is taking the place of inter-industrial commerce.

2.1.1 An Overview of Foreign Trade

All country in the world has responsibilities and duties towards its people in terms of providing the necessities they consume. The product may or may not be available for human consumption. The scarcity of resources plays a role in enhancing the function of international commerce as well as enhancing the movement of money and people between countries, and this has good effects on consumers' ability to reach the services they are looking for (Krugman, 1986). The concept of trade is ancient and has a long and illustrious history. To understand foreign trade, it must be conceived as the exchange of a commodity, a resource, or money. Services and income that are generated outside the borders of a country are called "foreign trade." The buying and selling processes are methods that allow the import of products and services manufactured for customers. Any sale or purchase of goods in another way reflects the concept of foreign trade. Through the international trade model, two sectors represent the basis of reciprocal movement between countries and a basis for cooperation between the two countries. According to Vernon, the influence of the export strip on the economic growth has a significant vital impact, as shown through the enactment of laws and measures by governments to maintain export growth and reduce imports. International trade imposes patterns of exchange between people depending on the sector of exports and imports. The customs sector is crucial in this process, taking into account the elements of risk when importing products and services on one side and exporting products on the other, whether from developed or developing countries, under the concept of foreign trade. No country in the world is self-sufficient as a result of nature not giving full productive assets to any country according to climatic and natural changes. Transactions between countries differ in buying and selling in addition to the availability of labor and capital according to different measurements, and a variety of economic activities fall within this concept based on strengthening relationships between economic variables to serve the national economy. Economic transactions take many forms that contribute to diversifying sources of income to support high productivity to achieve the development of buying and selling methods under the heading of foreign trade (Trefler, 2000, 214). When looking at international trade according to the historical perspective that humans began to search for what would bring them continuity and the desire for what they demand to satisfy their desires here, trade began to take

on another role as a result of the interaction between man and nature. The real trade took off to progress and prosper. Puga, D. & D. Trefler Man's struggle with nature gave mankind a mechanism to search for gratification through multiple desires. Before the emergence of global capitalism, elements such as specialization and nationalism were supportive and essential tools. As a result, a new concept emerged, which is the division of labor, which later contributed significantly to achieving and enhancing productivity in the state's economic activities and activities. The division of labour and the mechanism of foreign specialization have become of great importance in the activities of societies in terms of production and production forces according to different criteria considering the division of countries in terms of agricultural, emerging, or industrial terms. Three different types of activities can be broadly categorized as international trade activities: Export and import operations, combined output operations, and other activities that are unique to corporate foreignization are referred to as "foreign trade operations" (a). Transportation, and procedures. These procedures differ from one another due to a few things: A synallagmatic contract serves as the legal basis for a transaction.; A foreign sale contract is the most important legal document.; Even if the parties are distant, the duration of a transaction is usually brief. ' If the relation is long-term, or if long-term transactions are implemented. The parties' interests are competing, if not diametrically opposed, they agree to reconcile them in order to reach a alternately beneficial agreement. (Ioan, 2002, 13). Alliances between countries in the world take on multiple aspects, most of which are the economic aspect as a result of the positive effects it creates between countries in exchanging experiences and experiences, modern technology, and economic activities that enhance knowledge among other people. All these factors create productive assets in a large way that contribute to supporting the economic sector at the local and international levels. Many economic experts and other encyclopaedias have expressed the concept of foreign commerce as the exchange of services and goods outside national borders. Krugman (2009). In 1950, Harrold made the claim that international trade occurs when the division of labor is expanded across national boundaries. Trading that crosses international borders is referred to as "foreign trade," according to Harrison & Revenga (1995). The Britannica Encyclopedia claims that foreign. The exchange of commodities and services between nations is known as commerce. As stated in all of the aforementioned definitions, foreign commerce refers to cross-national trade between nations or

states. Goods, services, and capital are vital factors in supporting the reciprocal movement between consumers and producers and achieving the requirements of both parties according to foreign trade. The current account records exports and imports as an essential part of supporting GDP. Foreign trade reflects a regular exchange between countries and stimulates global stability and security among countries, leading to greater economic and social progress and prosperity. Specialization is an essential issue in the progress of countries towards competition and advantage in a specific product. This reflects the ideal type of competition between individuals towards innovation and creativity. It also creates efficiency and technology expertise that sustains productivity. (Sachs & Warner, 1995, 322). The intensity of goods and services creates for countries the characteristic of centralization in markets and continuity; In the case of China, for example and India, India consumes a huge number of products that are produced in China. This creates for China the permanence of production and specialization to cover the needs of other countries and enhances the local industry in China.

2.1.2 Types of Foreign Trade

Foreign trade is classified into three types. that can be categorized as well export, import, and transit trade:

2.1.2.1 Import

The import sector is one of the important aspects of the foreign trade model, which is represented by the process of external purchase of the country due to the country's lack of a shortage in local materials. Exports are many, and imports are few. This will improve the ability and flexibility of the general economy, as there are restrictions and obstacles that cause the import sector to grow significantly, or there are goods and services that must be imported in order to obtain the best basic results that enhance the balance of current account income and feed the balance of payments. (Omoju & Adesanya, 2012).

2.1.2.2 Export

The export sector depends on international relations and trade openness with other countries. Under the export process, goods are moved from one country to another, enhancing the gains and benefits to countries and creating models that accelerate the development process, especially

modern technological factors that drive creativity, innovation, and leadership. Export benefits are concentrated in supporting creating and payments balance. The current account maintains the GDP on an upward trend that serves the process of economic and social development.

2.1.2.3 Transit trade

It is the transportation of goods acquired by a warehousing or firm in free trade zones outside the United States to other storage or business outside the United States by our country. A "Transit commerce Form" is used to send transit commerce requests to banks. Those that are prohibited from being exchanged by international treaties, as well as items that are not quail foreign investment enterprise d for transit commerce based on criteria, are not authorised to be transported. Transit commerce is difficult in countries that limit import and export.

2.2 FOREIGN TRADE (EXPORT ORIENTATION AND IMPORT SENSITIVITY)

The political and security repercussions are general priorities in the desire of individuals to achieve the requirements of the future through elections. Commercial factors are an essential element in this choice because import and export both have an effect on society and individuals according to the liberal hypothesis, where import sensitivity is less important than the trend of the export sector. The real motives of the tastes the consumer is looking for stability so that he gets the final goods and services that serve his interests. Exports are the main player in driving economic development here. (Curwin, Shahbaz, and Rahman, 2014). The other liberal argument is that it should not conflict with the logic drawn up according to the hypothesis. The political implications are not, but necessity serves the public interest. It cannot be considered according to the adoption of the great advantages because not all countries obtain these advantages through deals and projects that do not give a comprehensive pattern; there are winners and losers, and in light of that, waiving benefits and compensation for the affected is an important issue that makes others not frustrated. (Frankel & Romer, 1996). It is important to research international laws, norms, and legislation in countries that send messages of calm and peace. This adds great importance to drawing a map of cooperation between countries, especially between major countries such as America and China, where building calm creates a pattern of economic cooperation that has positive effects on them and on the world to correct internal policy. It is

absolutely necessary to read abroad without the chaos that leads to wars and weakens the path of economic growth in the world (Huan & Ullah, 2009). The trade partnership is one of the solid foundations linking countries that create economic cooperation and allies who are an important force in cooperation between countries and achieve the interests of all parties. Rather, the comparison between US relations with China and those with democratic allies is much more tense. The roadmap in international relations is regularity. The path of foreign trade because it results in policies of openness and international cooperation, for the sake of US sanctions against Cuba, granting European companies assistance in implementing the Bretton-Helms Act 1996, in addition to this, creating a kind of international warming. (Krugman, 2009).

2.3 THE NECESSITY OF FOREIGN TRADE

Given its importance, international trade has consistently outperformed the overall economy. Foreign commerce has grown quicker than global exports as a great proportion of output rise is international trade. Almost whole of the foreign trade and country's industrial nations has proven to be a main engine of prosperity and growth. Northern Ireland (UK) and The United Kingdom of Great Britain. Paul, Horn and Henery, (2005), write, "It aids every nation of member while supplying no harm to any." In a summary, "international commerce helps states in level of economic growth of their populace and boosting the socioeconomic well-being." For a variety of reasons, international commerce is necessary. Those lands might be class foreign investment enterprise d as underutilized.



Figure 2.1: International Trade (Trefler, 2000).

2.3.1 Economic Necessity

The most important drivers of international trade are economic considerations, and there are many of them. The following are some of the most important economic causes:

- a. meeting people's basic needs-As per Omoju and Adesanya (2012), if lacks of country an essential necessary for existence, for example production of grain, only exporting may solve the problem such basics to ensure the survival of its citizens.
- b. Importing Required Technology - In order to update their existing level of technology, some nations purchase higher technology and machines from more developed countries.
- c. To gain from specialization and international economy-all country can profit from specialization and international labour division by producing only the products in which it has a price benefit over competitors.
- d. Increasing Foreign Exchange Reserves-Many countries desire to rise their reserve of foreign currency to develop their commerce abilities and increasing exports in this regard might help the country beat its problems.
- f. To Construct Economic Facilities-Numerous new developments countries basic infrastructure is lacking and rely on foreign trade to help them build it.

- g. To make utilize of the Relative Pricing feature - Through international trade, every nation may benefit from the comparative price advantage.

2.3.2 Geographical Necessity

- a. Natural Climate and geographic Position - Every country on Earth has its own climate and geographically distinct location, as well as, no single state can produce a wide range of commodities. Diverse nations produce distinct commodities because of variances in geographical situations, such as wheat in Canada and Australia, figs in the Arab East and jute in Bangladesh, among many others. therefore, several countries concentrate solely on mass-producing specialized commodities and exporting them to specific global destinations.
- b. unfair Natural Resource Natural resources distribution have not been dispersed properly. many sophisticated countries rely on Arabian Gulf oil, including France, the United Kingdom and, the United States.
- c. Extreme natural environmental disasters, floods, famines, floods and epidemics occur often in many states. recovering from these natural disasters, the state will have to seek the assistance of other states.
- d. Human resources and Human Resource Variations - each country's capabilities are unique. it has a lot of qualified investment enterprise personnel from several countries. Since some individuals have mental characteristics and inferior physical, they generate and differ in diverse kinds of services and commodities, which could be bridged across international trade (Krugman, 2009,122-145).

2.3.3 Social Necessity

- a. Intelligence of materialism become more materialistic in this period of consumerism, with ever-increasing needs that can only be satisfactory investment enterprise d through international trade.

- b. Civilizational and Cultural Diversity-Every country has a unique culture, which has trade facilitated. People prefer a diverse selection of consumption alternatives and flavors, also the chance to eat foods that aren't produced locally. International trade has become a panacea for such people in achieving their goals (Lall, 1998, 47-65).

2.3.4 Political Necessity

- a. Willingness to Expand Relations Political - Several countries are involved in foreign trade primarily to strengthen their political bonds.
- b. To Assist Imperialist Interests-During colonial rule, several nations supported their overseas trade imperialism. The UK common market commerce with its best example is allied.
- c. Towards Political Stability - Foreign commerce is used by some governments to preserve political stability. Better political environments and fewer power transfers are predicted in countries with more foreign trade and fewer transfers of power.

As a consequence of growing international business, political constancy reigns in the UK, the United States, Japan, Italy, and France; yet political constancy prevails in African nations such as Kenya, Uganda, and Nigeria as a result of decreasing foreign commerce (Vijayasri, 2013).

2.4 FOREIGN TRADE THEORIES

At different periods of time, most economists and scientists were busy clarifying the classic ideas that dominated the world and their impact on the economic movement:

2.4.1 Classic Theories of Foreign Trade

2.4.1.1 Absolute advantage

Free commerce took on a large dimension in the classical world, as the main ideas of this period had a significant impact on the economic changes that occurred. Gold and silver are equally stable without change. Specialization in the manufacture of a single product, as well as market expansion through these commodities, will generate efficiency and experience in better

employing production factors and attempting to obtain commodities in which competing countries stumble outside competing for national borders. In 1776, about the role of free trade and its impact on enhancing the welfare of the national wealth in the country (Suranovic, 2000, p. 125). Absolute advantage did not bring about a significant change due to the progress that occurs with time, nor did it give clear explanations for the patterns of trade. One of the prevailing problems at the time was that work was a measure of productivity, as claimed by Adam Smith. In 1819, David Ricardo arrived to demonstrate the competitive advantage and address errors. Adam Smith's hypothesis in 1776, as well as the events of fundamental changes in the movement of the economy through foreign trade, have an impact on societies, whether they are producers or consumers.

2.4.1.2 Comparative advantage

According to David Ricardo 1819, "absolute advantage" is a type of advantage in competition. The opportunity cost is the base of the competitive advantage, as not producing one unit without producing one unit of something else allows us to employ the flow of trade under specialization. (Suranovic, 2000) Production in capital-intensive regions is active in rich countries, and labour-intensive production is active in poor countries, which enhances the growth mechanism followed in an industrial style and enhances wealth on a larger scale. (Frankel & Romer, 1999).

2.4.1.3 Endogenous advantage

The method of stability in the local production system is a very important issue. Access to traded goods are something that takes some difficulty, such as oil and the wealth of diamonds, because of their scarcity. They can be accessed in other ways outside of political frameworks, and this proves are the way trade works between the worlds. The mechanism of competition over many resources combines subjective advantage with comparative advantage. The degree of correlation in comparisons about goods, services, and products the economies of scale created by economies of scale play a role in creating a tighter balance and achieving the gains necessary for the growth of a strong economy. Naturally, this case varies due to the differences and types of systems between countries. And another in adapting, feeding, and employing resources toward building a good economy. The comparison between countries that have a large variety of wealth and poor countries has taken on a great dimension in the economy, where poor countries can work on

concentrated industries in the production of a commodity to compete with more advanced countries. This creates trade benefits and reflects the extent of the effect to save. Scale on the cycle of the economy but to varying degrees towards access to economic benefits. Financial resources have a focus. Essential in linking trade and the flexibility that countries get as a result of the availability of money, and this enables economies of scale to operate normally. (Edwards & Ghartey, 1993). Obtaining commercial advantages and achieving economic interests is a more necessary point in working in the manner of economies of scale, which encourages producers to produce in a more flexible manner and meet the requirements of consumers under the market system, and this enhances the attractiveness of markets. The internal and external pattern is one of the patterns of economies of scale in working under the market system, where the external pattern takes A big role, as in America, is how some companies work in reducing the attraction of computer engineers in Silicon Valley, if external sources are more important than the link with the luxuries of scale, but not within a specific geographic area. (Frankel & Romer, 1996). Over the course of global economic activities and events, foreign trade between these countries takes on a livelier character, imperfect competition is included as a key element in the economy of scale when compared, and the large gap is the size of the market and the size of companies that fall within the scope of the markets in general. Trade gives priority to competition and advantage and reduces the monopoly mechanism in different ways. From the resources come monopolistic competition and imperfect competition when competing for a particular commodity, such as cars, and as a result, the company is the automaker that monopolizes a type of car called Ford. After deducting the expenses that changed and the presence of other models related to cost and marketing on the management of the sales process, the commercial patterns in that mechanism are specific in relation to the huge market size in the last century during the eighties, and the foreign trade models took a great overlap with econometrics and econometric models in determining the issue of monopoly (Hua, & Ullah, 2009). Companies with similar business mechanisms under foreign trade were more attractive and achieved a degree of course correction in the growth of the business entrusted to them with the size of the consequent expenditures. International trade is based on many determinants, including the way of bilateral dealing between countries in achieving development requirements and shortages in local markets, but it varies according to the size of changes and conditions in each country separately.

For example, vehicles are exchanged with agricultural tools and equipment between the richer countries and the poorer countries. Comparative advantage the basis for the exchange process is the Krugman effect, seen on the basis of the size of the country and the local market, and this case is demonstrated between two countries of equal size. The volume of trading is a key point in this case, and it is reflected in the volume of expenses incurred, meaning that the country that takes on more expenditures in the trading process will have a larger proportional share of the commercial pillars distinguished by attractive commercial brands, but the local market must take on the role of consistency with external revenues so as not to reflect a negative pattern that affects trading volume. Unequal interaction is one of the most read problems in the theory of monopolistic competition because there are no elements of homogeneity of conditions that achieve production, as there is a gap in the symmetry between demand and supply. This is related to exports and imports on the issue of proportionality between companies, where imports exclude companies with weak capabilities and exports work in an uneven way. Proportional because trade must take predictive action towards achieving gains and benefits and knowing the fixed expenses that are related to the clarification of the shocks that occur in productivity in an inelastic manner where the economic correlations have relationships with each other in terms of business Bernard, Eaton, and Kortum models (2003) and Melitz (2003) Specifically. According to these models, the increase in trade achieves high advantages and benefits as a result of business that is related to the market according to competition that depends on one type or on different types. in order to achieve the requirements of economic development (Vijayasri, 2013).

2.4.1.4 Bilateral trade patterns

Trade models reflect the state of the market, and they take the comparison in the market requirements to predict between two trading commodities according to reading the external conditions, as the markets are now witnessing, as a result of progress and creativity, the presence of complex patterns, most of them in an undefined geographical area under the bilateral trade bloc, and the attractiveness of markets has a role in determining those trading models (Smith, 2000) market attractiveness is highly relevant in foreign trade. It is based on four foundations, of which spending on all goods and services is commensurate with revenues from multiple destinations. All product circulation must be transparent, as must openness and commercial

cooperation. Specialization in production is an additional advantage due to the attention to details of consumers the different desires of individuals. Products whose manufacture according to a specific geographical area is subject to restrictions and the existence of bilateral trade is best suited to such a mechanism as a good practice and with good efficiency. The best way to differentiate between things from their true reference is monopolistic competition Awe, (2013) showed us that production problems occur within the production path and distinguish between producers according to this principle and then creates a pattern of bilateral trade on a holistic approach. The flows related to trade are consistent with the gravity that markets generate in all circumstances, and the hypothesis of gravity aspires to a world free from unhelpful friction. The share of global production attributed to the origin country is the consuming country's share of global commodity spending. This will be equal to the product of the source country's proportion of global production times. as a percentage of total global output, the consuming country's share of global spending on the commodity. A size-adjusted commerce, which would be the bilateral inflow split by consuming country spending in an uncomplicated environment and the product of source country supply, according to the model, will be consistent across nation pairs. The real foreign commerce volumes are a small part of the picture when reading the trade scene from multiple aspects that may be equal in some regions and low in others. The course of bilateral trade determines some determinants of correlation from the side of the consequent expenditures, according to the search for the existing contradiction that reinforces trade gaps, but rather the comparison between real bilateral trade. And the related prediction, but friction. The costs of the distances may appear to be a high value of the transport. Difficulty of communication: Lack of understanding of languages Exchange rate problems Insecurity and other factors that may have potential negative consequences include Crossing across national borders to any country is not easy and requires high costs (Vijayasri, 2013). The model predicts that the reciprocal trade movement is subject to variation and change in a relative manner as a result of the multi-asset products from different countries divided by the rate of direct bilateral trade. here are opportunities to interpret these trade models positively because of constraints that depend on high costs due to the difference between large and small countries and according to the average transit of goods and products. (Anwer & Sampath, 1999).

2.4.1.5 Division of the gains

Over the past and current years, foreign commerce has discussed different visions of achieving achievements at the world level from all directions. Economists have also emerged to discuss the contribution that trade makes to the intensity of economic activity at the level of countries because it may confirm benefits and accumulate gains from time to time as a result of continuous exchange under the cover of foreign trade. The most important thing about the assertion that the economists confirm is that the advantages cannot be achieved according to equality. There must be winners and losers according to the trade policy, which explains the desires of those with political opinions to bring about a change in the way the gains are distributed. The ability to make gains according to the approach of business thinking is rather the result of the outcome of international commerce under the cover of advantage in comparison. The most prominent example here is Ricardo's experience with the family. When there is satiation in personal sufficiency, the decisions of the head of the family are more liberal than before, and he tries to obtain one unit of wheat in exchange for cheese when the number is 1.5, and this generates flexibility without hesitation in making decisions towards selling one cheese at a price of 1.5 for wheat or wheat for cheese at the number 1.5 within the market. Which generates the feeling and willingness of the most stable family to exchange two numbers of wheat for one cheese when balancing personal or self-sufficiency?

When there is commercial flexibility against a balanced price of 1.75 for wheat and 2.50 for cheese the result will be a joint profit between the rates of 1.5 or 2, that is, it buys wheat at the rate of one cheese and keeps 0.25 for wheat. Here, a commercial profit crystallizes, and each family may do so while trading wheat at a rate of 1.75 per cheese more than the previous rate of 1.5 wheat, which yielded a profit of 0.25 per wheat to the two families together. The trade criterion is trustworthy in this example and takes the motive of desire to make decisions, and when costs are eliminated, there will be beneficial properties and mutual benefits ((Al Mamun, & Nath 2005). In foreign trade that is balanced in various fields between countries in the economic sector, the wage rate must be lower externally than within the country. This interpretation is subject to considerations of the moral Sentiments of societies, especially the industrial left, and even so, trade offers advantages both among national workers and among

international external workers, and there is a feeling that confirms that the trade gaps between the countries that have economic privileges should take initiatives to help the least developed countries to achieve equal wages and to remove the issue of commercial exploitation at different levels. The example of a piece of cheese and a piece of wheat is proportional and explains the way the difference between one country and another between the two different prices at 2 and again at 1.5 based on the hypothesis of international trade that the failure of the economically developed countries and the rich in multiple wealth causes great damage to the poor country (Puga & Treffler, 2000). The foreign trade methodology is based on working to reduce restrictions and achieve great benefits, to reduce costs in terms of the size of large markets under the pressure of competition. and intermediary services with clear distinction. Some conflicts and problems lead to the loss of opportunities and economic gains, meaning that achieving profits within a safe and stable scope during trade exchange is important. Of course, trade conflicts will be harmful, which is why the World Trade Organization provides a basic issue, which is negotiation under different titles like discussions and dialogues. that enhance benefits to countries and achieve concessions, and money flows smoothly between trading countries, imperfect competition and economies of scale are important components of foreign trade (Rajan, Zingales, & Edwards, 1998). After the sentence of this explanation and diagnosis of those models, they achieve the requirements of normal trade under favorable conditions, but the method of dividing profits according to the concept of fragmentation is something that in some circumstances harms the national economic process and leads to individuals not profiting and losing money. The ones that did not get money and that did not achieve the lowest profit are presented according to this principle in groups of multiple factors and conditions within the production cycles. This relates to the importance of the competitive manufacturing aspect when employing resources to do business (Omoju, O., & Adesanya, O., 2012). The trade hypothesis contributed to setting profit and loss criteria that must be balanced within a country's economy, especially in the family system, according to the fulfilment of multiple consumption requirements, and this generates profits in a holistic manner. Looking for creativity and efficiency and enhancing them in a big way is part of the concept of free trade because economic policies also give clear results that there are winners and losers, and one way of reading the gains and benefits that have been achieved as a result of protection is that it will perform another

job, which is to help the losers (Karunaratne, 1996). What are the expected results when the losers do not receive their salaries? The firm conviction in the interpretation of the emerging possibilities is due, rather, to the basis for free trade according to individual advantages and losses. In the concept of the view of societies from the moral side, there is a great value and weight attention to the loss of the poor and the needy more than the loss of the rich because the developed world is based on the movement of capitalism and liberal arguments, which usually cause harm. It is significant in the poor based on the opinion presented by Greiser that unrestricted trade enhances the concept of creativity as an optimum criterion (2002) that the distinction between countries has led the world to a lack of justice in terms of trade reciprocity between the less developed countries and the richer countries because the backward countries are based on low labor costs. Wages are generated in the development process through exports, and the rich country also depends on supporting the welfare of individuals and the flow of access to money, and this is what the less developed countries noticeably lack (Yanikkaya, 2003). The import sector can create a gap, namely, the unemployed for some time, through competition, as equilibrium has an effect that reduces the advantages during the adjustment, which justifies stopping for a specific period depending on the overall American examination. Correcting errors during the adjustment has limited and short-term costs, as the selection mechanism, A factor in employment is that the procedures are more expensive than the salaries that the worker will earn, according to most studies. The protection of non-permanent employees in investment development and service projects does not take into account the basis of efficiency but rather the mechanism of equality and justice, and there is the possibility of changing the approach that allows helping workers who suffer from instability, according to one of the studies of eminent economists (Curwin, Shahbaz, Z and Rahman, 2014). Ideas that express anti-openness and trade cooperation are the result of ignorance, ambiguity, lack of planning, and uncertainty, and this has led to confusion between trade theory and absolute advantage. The absence of vision made stakeholders narrow, combined with factors of ignorance and ambiguity. It explained that protectionism has deep roots in indifference. Rather, the damage that occurs as a result of these policies affects segments of society and creates a huge gap that affects political and economic stability.

2.4.1.6 The theory of production factors proportions on foreign trade

The proportions of production factors in foreign trade theory in no period of economic history have economic discussions subsided in the aspiration and search for appropriate solutions to the common crises between countries. One of those problems is the matching of prices between countries through an advanced method presented by the two Swedish scientists Heckscher and Ohlin, which supports the idea of the factor of production and the method presented by Samuelson, which discussed the views presented by the scientist Adam Smith, and besides that, the ideas that Ricardo came up with based on the productive resources owned by each country. These scholars emphasized the need to achieve maximum gains and benefits from exporting goods and products that are manufactured in order to achieve the advantages achieved for growth. Wassily Leontief put this discussion on hold and gave an analysis based on the main pillars, namely, the inputs and outputs.

2.4.1.7 Mercantilism

The strategy of mercantilism is based on a methodology that states that profits are obtained through subjective experiences. Frankel & Romer (1999) explain how to compete among merchants in order to obtain maximum profits based on the criteria of mercantilism that appeared in the sixteenth century. It represents a turning point in modern economic theory and provides for the search for the amount of gold and minerals that support exports and work to put restrictions on imports due to the conditions consistent with this doctrine in that period of economic history, which led to the crystallization of a new philosophy that paved the way for considering foreign trade as a tool of increasing wealth. This analysis creates another explanation about the fact that emerging countries, such as developing countries, need protectionism in order to evaluate the economic process development in accordance with less protectionist government policies in order to diversify economic resources and not be closed down.

2.4.2 Modern Trade Theory (Heckscher-Ohlin Theory)

The assumptions made by the Heckscher-Ohlin argument, relative price equivalence, Stolper-Samuelson theorem, and Rybczynski contributed to the investigation of price equivalence in a profound way, but Heckscher-Ohlin's theory is the most relevant in explaining the possibilities and the difference in comparative advantage over the factors of production and the method of employment. These factors contribute to achieving growth standards through the principle of price parity (Smith, 2000). It is also considered in relation to the most prominent element of comparative advantage: labour. In addition to that, there is capital that contributes to the process of obtaining the holdings of progress and creativity, and it includes more important means such as technology, systems, equipment, and construction means as tools involved in the industry, assuming about the formation of two independent variables to explain the strength of the industry. In achieving production based on the development and export of products, but rather cooperation with various production elements that achieve advantages and benefits based in large part on the comparison between the production factor in the country and the production factor in the export mechanism and progress in parallel with other factors of production. This leads us towards capital-intensive and labour-intensive commodities. According to this vision, a distinction is made between rich countries, from which money flows, and underdeveloped countries, from which labor flows. (Suranovic, 2000). To correct the course of interpretations that discussed different visions, an example was given about America and the structure of international commerce with other countries, and the scientific paper discovered that, according to foreign trade, America plays a complex role, once with capital goods and again with heavy employment goods. This study that Leontief came up with paved the way for recent studies that offered other explanations about the nature of trade between countries, especially bilateral economic cooperation in industrial sectors that are linked to the attractiveness of markets. (Krugman, 1986; Vernon, 1966).

2.4.3 New Trade Theories

The colonial global economy collapsed, especially after World War II, therefore, international trade structures began to emerge. to dramatically switch. Some commerce patterns could no

longer be described by conventional international trade theories, such as intra-industry commerce. were even, to some extent, contradicted, as the Leontief paradox demonstrates. Therefore, academics have developed new techniques aimed at closing the gap and enhancing our understanding of international commerce. Because of this, the new theories relax the assumptions underlying factor endowment, perfect competition, and comparative advantage. As well as, reconsidering the significance of scale economies, imperfect competition in product differentiation, and foreign commerce (Krugman, 1986).

2.4.3.1 Product life cycle

Posner spoke in his 1961 book foreign commerce about the role that technological capabilities and technical creative skills play in industry in each country, which contributes to raising the level of productivity growth. It also relied on generating ideas, as it was considered one of the best means of achieving balance with the outside world through exports. This leads to specialization and an advantage in the production of products for some time. The development witnessed by the local sector is resulting in negative signs for exports as the competitive advantage is being eroded. The main idea in the product life cycle is based on creativity, leadership, and new ideas, to market products and target foreign markets by giving a product with specifications, features, and moderate prices. And benefiting from the performance experiences created by the monopolized market while increasing the demand for products and services around the world within the framework of foreign trade. There is also another opinion presented by Vernon in 1966 on the rise in prices, which led to migration to less developed places in order to achieve the maximum possible profit, and it is called the transfer of production, which participates in supporting the transfer of production, which is participates in supporting the economic sectors, including the industrial category.

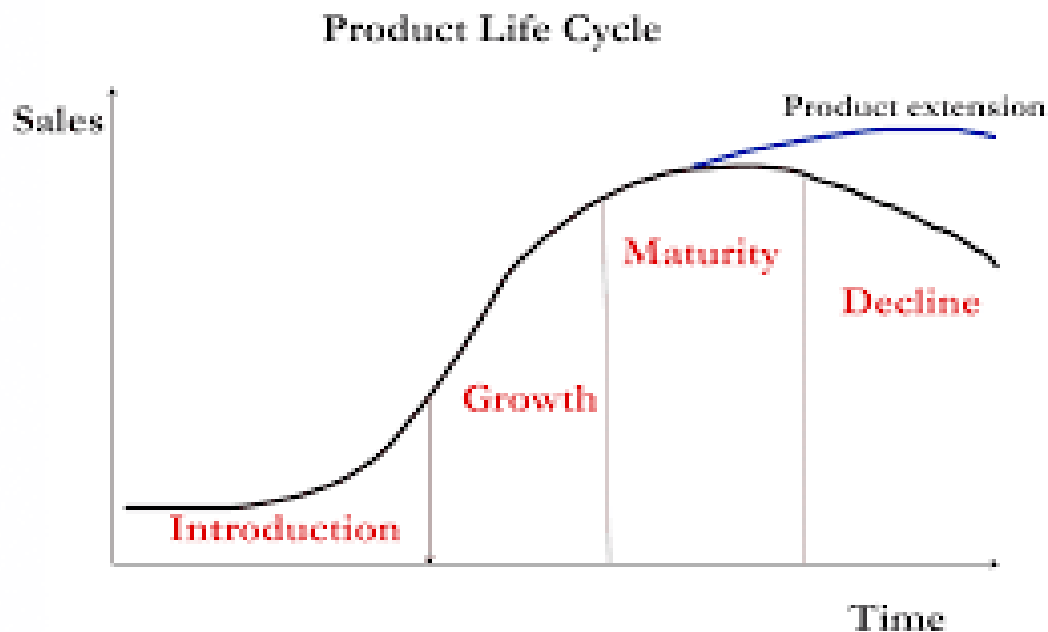


Figure 2.2: Product life cycle (curwin, et al. 2014)

2.5 TRADE BETWEEN SIMILAR COUNTRIES AND INTRA-INDUSTRY TRADE

The effects left by the differences between countries within the framework of trade paved the way for different visions and put each interpretation separately. Ricardo came to say that the difference in production affects each factor, and the technical means play a role as well. Factor power is the basis of economic activities and events that are organized based on Heckscher-Ohlin. The classic argument based on growth in terms of exports and imports is that countries only export things that have an absolute or competitive advantage, and the more advanced countries, of which the European Union is composed, are looking for industries that are more productive for goods, services, and products. Gharthey (1993) relied on the most reflective demand index, through which he referred to the countries that have a jump in GDP and in which trade between individuals or different countries is similar. Areas with related levels of GDP per capita With the presence of auxiliary tools that illustrate the technological benefit and its technical nature, such as economies of scale and diversified products, Linder's concept did not achieve a sufficient level of analysis in explaining the inter-industry as one of the other types of industries under the cover of foreign trade. (Yanikkaya, H., 2003). The mechanism of

monopolistic competition is very clear about the classification of industries among the most advanced countries in industrial programs in the world through global trade, in addition to identifying the role that both exports and imports play in the development of other economic sectors besides the industrial branch. Moreover, there is a large market with incomplete competition at the latest, and trade flows have brought about a change, with the most influential element being the economy of scale through investment diversification managed by international institutions (Krugman, 1979, 64). Linder (1961) believed that it is the ability of economies of scale to reduce cost by increasing production capacity further in the overall economy. Also, every single or individual product has a demand in large-scale enterprises in the economy. The corporate sector should contribute to specialization in a specific product when conditions of demand increase under the cover of competition. Also, reducing costs allows for the intense demand of various consumers to achieve their diverse desires. Economic experts relied on the expansion of intra-trade, which emerges as a result of mass industrialization due to the division of labour and specialization within the rules and foundations that revolve around foreign trade.

2.6 FOREIGN TRADE POLICY

Economic weakness and the need for political stability and addressing security crises, along with other problems, gave more motives and basic response that check weaknesses in foreign trade. The issue of elections falls under an important political heading to individuals who are looking for the various advantages of life that guarantee them safety and prosperity under the name of the global political system. The disparity between the interactions in business impose types of trade patterns that feed the supply side in a less way and does not take it upon itself to determine the general political reality in the concepts of international trade (Mogoe, 2013). Vernon explained the importance of demand along with factor considerations, and this is crucial according to the interpretation. The privileges that the worker possesses are enormous in transferring the components of land, capital and labor from one sector to another aspect of the various aspects of the economy. In his seminal book "Commerce and Coalitions," Rajan, Zingales, & Edwards, (1998) used the Heckscher-Ohlin model, that predicts low production factor specificity. Rare goods, services, and diversified products are a valuable basis in

commercial exchanges in a way that achieves distinction as an aspect of ownership and gives abundant advantages to the producer of the goods, and this works to promote free trade as the owners of scarce factors of production play the most important role in supporting protectionism. According to this premise, the division will be in the form of sectors, categories, or factors. Ricardo-Viner made arguments related to trade policy that economic elements take a narrow direction in the modern sense and this creates an inequality in the returns to the trade factor on the economy as a whole. The essence of the agreement must be the parallel production of goods and products as an active element of global trade policies. In light of the common changes that occur in the economy, it is reflected on the human being how to make commercial opinions related to foreign trade towards political change. The costs of shifting to the types of factors described by Nelson (1988) may be unique among the approaches or comparisons of productivity or the union of activities that lead the free workforce in a pattern of self-selection towards membership in a specific region, industry, or company. In addition, there are means of setting tariffs based on various preferences, and it is not possible to choose the most accurate model without sufficient information that achieves the frameworks of political organization (Egbetunde & Obamuyi, 2018). It's (1996) view on the most appropriate explanation of the commercial movement in the economy is that it is based on the most rational individuals in the analysis of returns and costs. (Rogowski, 1996, p. 534). Predicting individual gains through macroeconomic patterns Ricardo-Viner says that the roles that individuals collectively play have a measured effect, but in another interpretation, small organizations with a specialized vision achieve greater gains and are more effective than large organizations, according to Corden (1985). The mechanism of action of international organizations differs in terms of size, meaning that small ones play an effective and important role in doing business, also ease of coordination and flexibility, in which the ability is wider than organizations with great interests interconnected, with an example explaining agricultural business towards achieving development in destitute countries, which is free to ask for intervention. In order to protect, besides this, the agricultural peasants in the villages and the countryside have no ability to do anything. (Eagleton-Pierce, 2013,438). It cannot be over-thought when it comes, but rather the organization should operate in the same situation previously mentioned by Nelson (1988). The interaction element is closer to those with economic roles in analysing the patterns of behaviour

that are repeated in the mechanisms of interactions between primary responsibilities and institutions that are established for historical purposes. Eagleton (2013) addresses the work of organizations that pay operating costs and contribute to an enhanced role for government officials that will eventually be able to defend consumer tastes in global foreign policy at a low cost due to less integrated fiscal margins (Rogowski, 1996, 88). According to the work of the organizations with the greatest weight and major interests, even if they fail, they carry the element of change in the foreign policy of trade. Cohesion is more effective, but often the forecasting mechanism decreases in those large groups. Nelson (1988) also suggested that there are entities that carry legal or other advantages that target the supply side in the form of groups that affect economic activities and activities. According to this analysis, it is necessary to verify the economic structures linked to each other. According to Nelson (1988), the financial structure was also considered to be the one on which the consumer rests under trade rules, but the presence of demand is necessary when it moves to the political realm. Now there is a dissenting opinion confirming those interpretations about the aspect of agriculture according to Chen (2007). If cooperation projects are confined to a restricted vision with the help of political systems, people cannot build larger blocs. If political systems reach larger alliances, people will pay the price for that in order to form a larger bloc with large areas. Collective blocs have the effect of bargaining, and political systems have more influence. According to Ohlin (1989), the collective price is low, and political systems have a role in setting a balanced domestic policy. The other opinion is Viner's, which states that formulating factors in a specific way and considering the price of actions to be not low, in addition to that, the majority must be freed from the constraints that exist in organizations that accept the principle of formulating the foundations on which alliances are established over time (Afonso, 2001). According to Ohlin (1989), the collective price is low, and political systems have a role in setting a balanced domestic policy. The other opinion is Viner's, which states that formulating factors in a specific way and considering the price of actions to be not low, in addition to that, the majority must be freed from the constraints that exist in organizations that accept the principle of formulating the foundations on which alliances are established over time (Afonso, 2001). The interest and its role in fulfilling the desires of politicians by offering a package of political reforms in exchange for people getting the vote and electoral support This does not always serve the public interest and may create a

dictatorship. (Magee, Brock, Young, 1989, 467). On the other hand, within the framework of pluralist philosophy, it sees that the state system is fulfilling the desires of the various social blocs, meaning that trade policies and the supply mechanism are effective elements in that vision. The demand factor is an important issue, but despite the incomplete development of trade protectionism, it has significant effects and influences related to various characteristics. Rather than looking at personal interests, the electoral process and everything related to political conditions, the parliamentary system, and taking care of the rights of voters on the other hand, states can evaluate policies that serve the public interest of the state. In a 1984 survey, some experts were keen to point out that taxes and quotas play a large role in declining welfare. Circumstances lead to alternatives according to the variables that are issued according to monetary and intellectual standards. Protection for small industries and the presence of optimal customs tariffs enhance the absence of political illiteracy. After the changes in visions and the causes that cause shocks, this led experts to the irrational choice when interpreting from the point of view of politics and society that the choices that come irrationally are a difficult choice (Afxentiou & Serletis, 1991). The relation between development of economic, growth and its repercussions took on a great dimension in literary discussions. The basic idea at the heart of the studies started with the idea of export surplus made by Adam Smith in 1776; all the way to the Second World War, the principle was applied. Focusing on internal development from a national point of view was the most prominent in the sixties and nineties, but rather the economic expansion and trade openness and the abolition of these restrictions were highlighted, highlighting what the experts discussed at that time. These studies seek to demonstrate that foreign trade boosts economic growth. of economic of countries. There are studies focused on the relationship of economic debt with growth. Research related to foreign trade also urged that there is a link between exports and GDP with the participation of production factors in economic development, the mechanism of the flow of various goods and products, and the extent of the impact of these flows on the economy in its entirety. How much does it show the disadvantages and benefits of exports, imports, and foreign trade participation? And access to solutions and problems that enhance the freedom of trade exchange. The basic pillar in the concepts is to reduce imports and increase exports in total. (Afonso, 2001). Commercial thinking helps in promoting the idea of absolute advantage as it helps all countries. A closed economy does not

solve problems or achieve gains, but openness and trade cooperation achieve the highest profitability in accordance with the rules and regulations of foreign trade. Ricardo explained the absolute advantage that it is not a difficult method and at the same time urged countries that they do not need an absolute advantage in order to have a commercial effect. According to the neoliberal argument, exporting enhances gains for people and achieves prosperity. It also enhances commercial freedom. Increased investments and technological progress are also important in promoting economic development. (Kavoussi, 1984, 236). According to Ohlin, the export mechanism is based on regions with surplus products and services and the purchase of products from regions with shortages, such as the issue of employment. Despite the explanations that led to the existence of trade models, the most important role remained for the variables under the foreign trade system as it is. As a result of the existing problems and the search for solutions, all of this led to the development of new theories whose mission was to contribute to the audit of marketable commodities in the 1950s of the last centuries. In order to set an acceptable level of forecasting, Leontief (1951) gave justifications for the example of America's efforts to obtain financial shares and export labor. Industry and its relationship with exports led to industrial progress by increasing exports significantly. Al Mamun and Nath (2005) set out to prove that there is a relationship between industrial development and exports. This is reflected positively on economic development, according to the classical view. That is, the development of the economic sector in the 1960s achieved significant gains, and this led to economic growth. Systems that adopt the development of new methods of production are more effective and better than those that follow substitution of imports (Harrison & Revenga, 1995, p.56). According to this theory, there won't be a problem if an increase in actual income more than offsets the loss brought on by a exchange rate fluctuation average and the conditions of commerce throughout the world remain unchanged. If it is less, the cycle of economic suffocation development has started, with the increase in income being offset by the decrease in profits (Carolan, Singh, and Talati, 1998).

2.6.1 Foreign Trade Policy of Turkey

The economic movement in Turkey depends, in a fundamental aspect, on reviving the current account and maintaining the balance to the fullest extent according to the actual exchange

average with a direct link in exports and GDP in order to enhance the resilience of the Turkish lira. In 2002, the economy began to deteriorate and began to suffer from a deficit as imports exceeded exports. Net trade, which is the difference between import and export, amounted to 1495 billion dollars in 2002, and its impact was positive. A huge difference occurred in 2013, reaching \$4851 billion, and this rise stopped for a limited period in 2009 during the external problems that occurred in the world. If the Turkish economy was subjected to shocks as a result of the absence of external flows, this made a big difference between exports and imports. The budget deficit is high, which indicates there is a clear trade problem. Since 2006, the Turkish exchange rate has been subject to fluctuations between rise and fall. However, in 2008, the Turkish lira rose to a record. And that was when the lira fell dramatically when the world was exposed to major problems at the economic level. In 2000, the lira witnessed a significant increase. And then it started to decline until the year 2011, which gives clear evidence of the fluctuations in the economic systems as a result of the problems inherent in the depth of the economies. There are studies that investigated the relationships between the macroeconomic variables in the country's national policy at the commercial level if they focused on high incomes. The relationship between macroeconomics and the policy of trade regimes is about the nature of growth mechanisms and ways to reduce the deficit and support the real exchange rate. (Awe, 2013). Awe, (2013) presented a research paper that includes the relations between Turkey and 12 emerging countries from 1989 to 2000. I also discussed the protection that imports get as a result of trade restriction (see Section 3.2 below), which is related to the past era. Taking advantage of the actual exchange average is a valuable tool in less developed markets, which gives the Turkish lira a high boost and support. This makes imports less in the process of competing in terms of costs with domestic production. This reinforces the emergence of the strength of the measures that have been taken as a result of these consequences, according to the research that have been conducted that have proven the link between trade restrictions and the economic development process on the part of the GDP (gross domestic product) and the shocks that limit the development process, which raises the unemployment rate. The multiple crises that affected the world showed the flexibility of the decision maker in Turkey to increase flexibility in order to reach an approach with tariffs and trade barriers. The basic conditions and factors that make exports a cornerstone are openness, trade cooperation, and the liberalization

of foreign trade. This greatly enhances export shares. Although at a slower rate than exports, imports are a tool for measuring the economy. The Turkish economy can be considered more expanding and resilient between 2002 and 2013 as a result of trade restrictions and Turkey's relations with the European Union, and the increase in confidence in the Turkish economy gave an incentive to political decision-makers to support economic growth. Turkish products also expanded greatly, and because trade relations between Europe and Turkey began to expand in foreign trade as a result of their commercial partnership, Turkish goods began to cover world markets with their advanced quality and brands. Economic change is a necessity to achieve the requirements of economic and social development. Business activities and events are gradually growing as a result of the reform of economic structures that began to be active since the beginning of liberal reform in Turkey. In five years, Turkey has witnessed a remarkable change. Declining agricultural GDP. Turkey ranked 20th in terms of imports and 31st in the world in terms of exports. The average value of exports was 0.89 percent, and imports accounted for 1.22 percent of international imports. Turkey's GDP contributed 1% of the global contribution for the year 2018, and Turkey exports various products, including industrial, agricultural, textiles, electronic tools and some materials that are related to. Rather, urban construction as flexibility plays a pivotal role in Turkish foreign policy towards the European Union countries and the search for flexibility in subscribers and products that are subject to the laws in both Turkey and the European Union in terms of customs tariffs and other laws and restrictions that make some of them politically motivated subject to historical factors as well as combating Dumping, tariffs, provisions and programs that require flexibility in trade policy will have positive consequences for all parties. Economic change is a necessity to achieve the requirements of economic and social development. Business activities and events are gradually growing as a result of the reform of economic structures that have been active since the beginning of liberal reform in Turkey. In five years, Turkey has witnessed a remarkable change. Declining agricultural GDP. Turkey ranked 20th in terms of imports and 31st in the world in terms of exports. The average value of exports was 0.89 percent, and imports accounted for 1.22 percent of international imports. Turkey's GDP contributed 1% of the global contribution for the year 2018. Turkey exports various products, including industrial, agricultural, textile, electronic, and related materials. Rather, urban construction, as flexibility plays a pivotal role in Turkish foreign policy

towards the European Union countries, and the search for flexibility in the participants and products that are subject to the laws in both Turkey and the European Union in terms of customs tariffs and other laws and restrictions that make some of them politically motivated, are subject to historical factors as well as combating dumping, tariffs, provisions, and programs that require flexibility in trade policy will have positive results for all parties. Changes that affect one party in the world will affect the rest of the world to varying degrees. The financial shocks that hit America have caused damage to all countries, including the Turkish economy, and created instability. This generated a negative situation a decline in GDP and high unemployment rates. The political system avoided a boom in the change in imports and exports, based on business models for data from the years 2008 to 2011. Turkey had identified several responsibilities, from reviewing tariffs and anti-dumping to other aspects of provisions and projects that gave different political concerns between the years 2008 and 2011, Turkey issued a set of barriers and restrictions on imports based on its foreign policy related to trade. Due to the increase in trade exchanges between Turkey and other countries of the world, including in particular the European Union, customs barriers have increased significantly on the textile and iron industries by 10% of Turkey's total imports based on the estimates of the World Bank, according to data issued by the Customs Barriers Report on World Trade. This reinforces the increase in duties and guarantees by 4.4 percent of Turkey's imports, which were in 2011. The rise in the imposition of restrictions on the import sector has given flexibility to the foreign trade institution, provided that the procedures are legal in relation to these restrictions, and this decision has an impact within Turkey on policy makers between the degree of decline and the issue of application around the customs tariff system. One of the most important means that Turkey used to have in its relations with international economic institutions is to address some problems and issues such as anti-dumping and giving guarantees for goods and services. Sometimes the authority works and even works to delay the resolution of issues related to the barriers for a period of time, knowing that they have specific time restrictions in the global trade system. Establishing customs barriers on industries related to the textile industry. (Yanikkaya, H., 2003). The issue of customs barriers is not an easy one and has significant overlaps within the trade exchange movement between different countries of the world. Turkey has a share of these issues, as the barriers impede the degree of certainty of the policy maker and the issue of

treatment becomes complicated within the political corridors that make the commercial decision as a result of these restrictions and obstacles exposed. The import movement has become a problem, including obtaining local materials from abroad, including Chinese imports, as an example. This degree of discrimination gives different results that add a change in costs to the commercial movement in the Turkish economy.

2.7 FOREIGN DIRECT INVESTMENT

According to what came from Batarseh and Ananzeh (2015), there is a clear vision of attaining the target of Direct Foreign Investment in the long term, specifically in another foreign country, by an entity residing in that country. Economic relations within the framework of foreign direct investment companies are looking for continued interest within the management of companies. Among the activities of foreign direct investment are the transactions that establish relations between investors and institutions and all capital exchanges in the long term, whether they are incorporated or not, based on the supervisory body. Capital actions that do not produce settlement, such as a stock exchange between companies, are recorded in the balance of payments. Opinions differ on the issue that the foreign investor is the one who has a 10% share of the companies' funds, and this is not a fixed rule, but it may not be possible to consider the share that exceeds 10% as the dominant one, according to Bojanic and Antonio (2012). Provided researchers. Thomas, Manfred Kraft, Daniel Meierrieiks and Gries (2011) different opinions about that share as it can be considered a point of separation between the portfolio that contains shares and the flows that come through money. An example of this is when an individual buys a share, but he is not a resident and does not have stock in a company with a value of 10% of the value of those shares. Thus, the price of the shares can be written in the light of obtaining them from the door as a direct investment. Financial transfers between these parties are restricted, which is an important basis for those entities' foreign direct investment approach. In another point of view, when a non-resident person controls less than 10% of the portfolio's shares under the title of investment and then tries to search for other shares with a percentage exceeding 10% or more, in this case the additional measures are calculated in the balance of payments. Shahbaz, Muhammad. (2012). Different forms of investor may be a person, organization, large interest group, incorporated or unincorporated party, or political authority

such as the government, or otherwise in association with a direct investment organization other than the country of origin of the direct investor. A personal investment is one in which the foreign investor controls a degree of 10% or more of the capital, or is part of the incorporated company or a party to a transaction that is not subject to the control of others. Other branches and subsidiaries that cooperate with other companies in the light of Direct foreign investment are part of the foreign direct investment institutions. (Hye, Qazi Muhammad Adnan, and Wee-Yeap Lau. 2015). Companies that are affiliated with other companies are companies that are subject to the control of the foreign investor, directly or indirectly, through the intervention of another subsidiary company. According to the vote of the subscribers, up to 50% Friendly companies receive a percentage of subscribers' votes ranging from 10% to 50%, which is a percentage that goes back to direct investors and affiliated companies. Subsidiaries are owned by others or are joint ventures that are not incorporated under commercial activities. Also, the establishment of companies with branches in other countries does not have good results due to the variables and the surrounding environment in the other country, as well as the provisions, laws, and legislation in the host country. There is also a more stringent mechanism for subsidiaries than for parent companies, and this is not fixed. (Kónya, László, 2006). There is the case of transactions that are included in affiliated banks through foreign direct investment (depository organizations) and financial coordinators who follow that process, such as the securities that are traded in. And types of assets, including fixed assets under the title of subsidiary companies. There are also activities that are not counted as foreign direct investment, such as deposits and bank loans, and procedures related to economic activity within the scope of banks and bank accounts, but they are considered another activity or financial activities and activities. When confronting the challenges that arise as a result of banking activities or liabilities that arise from abroad, and the coordinators or financial intermediaries, it is necessary to confront rather an example. The idea of unifying the business within the system that operates according to those standards that accompany the financial activities, meaning that the share of the central companies is complete by 100% of the subsidiaries, but equals as a percentage of the friendly or associate companies. These foundations do not match the general formulation of the accounting systems according to Toyin, Megbowon Ebenezer,(2016). The mechanism of work in bank branches is basically not separate because it follows the central system in the parent

bank. The provisions and laws that help to include the companies that are inside the financial statements in the business of banks take two directions: the first approach is to be active in financial activities and events; the second trend is for the bank to have an ownership estimated at 20% and that this percentage be effective and controlled by the bank. If these procedures have unfavourable results, they do not achieve the conditions of consolidation if they are measured by the equity system within the financial information of the banks. (Tekin and Rfat Bar, 2012).

2.8 DOMESTIC BANK CREDIT

Loans that are available to individuals or companies. This is called the bank credit model. That is, the money that individuals and companies are looking for, but the whole picture of that money that is obtained from financial organizations or banks. The mechanism for determining the borrowed amount is designed on the basis of the other party's financial ability upon repayment. For example, mortgage-related loans, individual loans, and auto loans are all examples of bank credit. Of course, there are gains and profits that are made by the banking institutions that lend. The money that is lent to other parties looking for a credit loan is basically deposited within bank accounts in the current account, savings account, investment account, or other specific accounts within the scope of investment, such as certificates of deposit. Banks take advantage of the gains by paying interest of a lower value in exchange for the use of customers' money, leading to the credit lending process that brings profits to those banking institutions. (Eren et al., 2019). From another angle, banking institutions and banks issue money to clients under the name of a loan, and they may be individuals, companies, or another type. However, there are controls and provisions issued to ensure that interests are achieved in the final result. The basis for this is the signing of contracts between the lending and borrowing parties, as well as the payment procedures with interest. It is issued in the form of bank credit. There are the basics of obtaining loans within the scope of creditworthiness that determine who gets them and who does not. There are factors such as credit ratings that determine who get the loan and calculate if they have previous debts or not. The chances of obtaining the loan are calculated according to different plans and programs, as well as checking the ratio of the total debt to income (DTI). There is no problem with the ratio of 36% of the total debt to income, and the largest ratio is ideal, which is 28%. The lending institutions give advice on arranging the payment procedure

and not delaying the loans, saying that they must be repaid and 20% of the balance must be kept on bank credit cards. Those who do not implement the requirements of banking procedures well have more stringent controls over consumers and those who try to obtain new loans (Abu-Bader & Abu-Qarn, 2007).

2.9 THE RELATION BETWEEN FOREIGN TRADE AND ECONOMIC GROWTH

2.9.1 Background

One of the most valuable things when measuring the economy of a country is the examination of GDP. Discussions in this regard have taken a great place in the world towards discovering the data that must be available in order to reach economic growth. Including studies related to investment, the export sector, and the financial sector as determinants of economic growth. When determining the relation between economic and foreign trade development, the analytical tool was time series (Afonso, 2001). Many economic specialists tried to investigate the extent of the relation between the export and import sectors and the growth of the economic within the framework of foreign trade. The widest part of the studies has adopted the diagnosis that the export sector has a great impact on the trade movement in a variety of ways. (Ullah et al., 2009, 67) However, as a result of many intellectual opinions that discussed and advanced ideas about the nature of the relations between foreign trade and economic growth, the causation remained in question. For example, according to those views, the adoption of a vision for foreign direct investment can enhance the drivers of change within a specific sector, such as education, through innovation, efficiency, and modern technological tools that give an incentive towards the progress of industry within the economy. Enhancing outputs supported by economic conditions is important for economic raise. From another viewpoint, the interpretation is reinforced that if it does not keep pace with domestic demand for domestic consumption, the surplus will be exported. The intensity of external demand enhances economic raise, which drives the path to the evolution of the export strip. But if domestic consumption takes a large path, it may harm the export sector because domestic demand will be high. The degree of efficiency is important to the gross domestic product, but the increase in productivity may cause a rift or imbalance in the export sector. (Chude, 2013) Studies have also proven that the flexibility of financial and

banking movements gives the impression of a clear path for financial development in the country, leading to the promotion of economic growth and, to a large extent, sector exports. (Chen, 2009). The financial movement within the public system may have an impact on productivity, but its impact on the export sector is highly evident. Because the expansion of meeting external demand requirements through the export sector necessitates a properly functioning financial system (Chude, 2013), the effects of foreign commerce on economic development and foreign direct investment have occupied a lot of space in the scientific and economic communities' companies are working to bear the shortage of funds depending on the intensity of exports, filling the gaps in the structure of trade output, and the lack of financial financing. The relative benefit of financial development and jumping over shocks and crises can be seen in the adoption of Foreign direct investment (FDI) in encouraging the export sector. According to Rajan and Zingales (1998), researchers have attempted to uncover the mechanism of economic welfare since the changes that began in Adam Smith's era, which are the split of labour and specialization. Trade affects the rise of the economy, and there are shocks related to shipping and supply chains that have a substantial influence on economic growth Problems began to arise over how trade and foreign direct investment had been affecting economic growth for a long time. It adopted empirical and theoretical studies on the relationships between economic development and foreign trade. Here are discussions and questions about whether foreign trade and bilateral trade are causal or correlative components of the variables that support the process of economic development. (Chen, 2009, 67) That is, the situation cannot be described with an accurate view, and that causation is the only one through which it is possible to figure out the effect of international commerce on economic raise by examining the two variables. (Ghartey, 1993; Sun, 1998) The impact of comparative advantage on the division of labour and specialization and the adoption of economies of scale and flexibility in obtaining data as a result of the progress of communication channels and modern technological tools that stimulated the foreign direct investment sector around the participation of trade exchange between countries and the exchange of services and diverse products all have significant positive effects, as well as well-organized structures that follow new foundations, affect income. (Bilgin & Sahbaz,2009).

2.9.2 Theories of Economic Growth

Economist Joseph Schumpeter disagreed with others in formulating the concepts he presented to analyze economic development and capital accumulation's role in economic growth and progress. He described entrepreneurship, efficiency, and creativity as essential drivers of economic development. Schumpeter believes that the mechanism of growth is not very balanced. And he gave the impression that carries an explanation about development and its relationship with the businessman, connecting it to the nature of the leap, i.e., the flurry of ideas will end in the reproduction of ideas through competition, beginning with profits but eventually declining. The strength of the financial movement within the economy, economic competition, and personal ownership are all practical determinants of economic development and depend on the production of new ideas. Basically, the logical approach of Schumpeter's theory is not to discuss the role of freedom and democracy because it applies to developed countries. which motivated Arthur Lewis to research the determinants of employment in the least developed countries, the developing countries, because it is considered the main catalyst in the underdeveloped countries for the process of building the economy. Arthur Lewis agrees with the technical analysis of the classical system. Arthur Lewis outlined the basic principles of preserving the right to a decent life. Working with the investment mechanism and supporting projects generates financial balance and achieves huge benefits in the long run. Arthur Lewis realized from this that the income disparity between countries will grow significantly in the short run and contract in the short run. The Kuznets curve came as a reinforcement of Arthur Lewis' vision, and the curve is relative to Simon Kuznets. The analyses came in accordance with the investment expansion, in which economic differences matured in the early stages of expansion, based on papers and empirical research. The differences about the variables that occurred in the transition from the countryside to the city, i.e., from agricultural to industrial work, matured. When the production elements took over and concentrated on the industrial sector, the imbalances ended. Kuznets' vision concluded that, out of the total population, individuals in cities are capable of making significant economic progress and innovation. (Ioan, 2002). The view of Arthur Lewis cannot be seen as having a large degree of rationality due to the absence of logicity within the theory, as the process of poverty cannot be postponed to

another stage, and the budget cannot be reduced as a result of the formation of the growing revolution. This reflects the damages, but also the poor people. A new opinion arrived, represented by Walt Rostow, who gave an equal degree to the analysis that the movement of finance has an impact on the economic development industry. On Financial Saving and Uncertainty in Rostow's analysis, he did not calculate the circumstances in which there is no complete certainty for financial saving and external intervention is required.

2.9.3 Models of Economic Growth

It is subject to changes and conditions in different periods, according to the economic growth mechanism. As simplification is very central to investment expansion, which is simplified by business patterns and models, to achieve development characteristics to limit capital deterioration and discuss the population problem. These factors are mostly external and not related to internal conditions. Regarding the saving rate, the models can be interpreted into two layers (Harrod and Domar) based on AK, and the second layer is Solo) plus the Ozawa layer. The underlying assumption is that models for the external savings mechanism and other internal theories of Ramsey, evolved from Quinn's ideas. The capital has a role in classifying models. Harrod and Domar AK are based on a constant value (Mogoe, 2013). Changes in the movement of investment occur over time, according to classical logic, as well as the use of time constraints to classify patterns of economic development. Long-term patterns fall into place to determine long-term growth paths. The primary goal is to achieve the level of certainty that productivity can be achieved using the forecasting method. Roy Harrod and Eves Domar work to create a vision that leads to long-term growth potential. Of course, it is a product of Keynes' ideas, which say that capitalism is an unstable system. The growth mechanism is stable and continuous, but it is moving in the right direction, according to three actual growth models: confirmed growth, natural growth, and, to achieve economic growth balance, capital and employment must be fully considered. The regulation of family saving and capital saving must be subject to equilibrium. In this interpretation, it is difficult to reach that stage. Because it is determined outside of economic patterns. Considering population increases is a problem of external nature, and this establishes a fixed idea between capital and labor. Replacing the factors of production does not occur significantly. If the equilibrium between the growth rings is not achieved to a high degree

of flexibility. (Omoju & Adesanya, 2012). The issue of unemployment is something that cannot be escaped, and this is the weakness of Harrod Domar's theory. Economic growth cannot continue without full employment, an unattainable condition. In capitalist logic, there is no such thing as complete stability or equilibrium to a complete degree. That is, according to a dynamic path, Harrod Domar reached the inevitable trend of the economy toward growth. The differences between the views of Harrod and Domar have evolved from the work of many thinkers, most of them at Cambridge University, including Kaldor and Pasinetti, who discussed the mechanism of distribution of full employment and concluded that a high degree of economic development can be achieved without full employment. The hypothesis of an unchanging return from capital to income without a fixed return Interest rates have played a large part in discussions that define economic and social classifications. The model presented in these literary discussions concludes that economic growth can be determined from capital gains rates if worker savings are zero. (Liu, Shu, and Sinclair, 2009). In 1962, an Italian economist, Luigi Pasinetti, this economist found that the presence of savings in the economy enhances the ownership of profits. Where workers have saved money, they use it to supplement the shortfall in their living requirements. While those who have a significant footprint in economic development are entrepreneurs, according to Pasinetti and Kaldor, Pasinetti hypothesizes that saving is not useful, as Kaldor does when he says the capitalist earns what he consumes and the workers spend what he earns. Kaliki developed the notion that investment, rather than saving, is a driver of economic development. He also considered that expenditures play an important role in the long term. Solow-Swan patterns are one of the primary patterns in the search for an explanation for the growth of the economy because of the lack of good results given by Harrod and Domar Solow when they suggested long-term growth. A comparable model, published by an American economist the same year Trevor Swan, came to be known as the Solow-Swan model. Its fundamental objective was to demonstrate how an economy may evolve through time and experience long-term expansion. At the time, the average of income raise matched the rate of population raise. The Solow-Swan model resolved the two issues raised by the Harrod-Domar model economic instability and the disability to deploy labour effectively—by incorporating the factor exchange premise, which abolished the preposition of a required information ratio. Hirofumi Uzawa, a Japanese economist, created a two-sector economic framework in the early

1960s. While the second produces capital products, the first produce consumer goods. When the branch producing consumer goods has a larger capital-labor ratio than the branch producing capital goods, and the model is stable. Frank Ramsey's research on the ideal savings rate served as inspiration for another neoclassical expansion model. The Ramsey-Cass-Koopmans model was created by Cass and Koopmans and is now referred to as such. The Ramsey model states that the endogenous savings rate is determined by consumer choices. The "Robinson Crusoe" economy, which is based on households producing and consuming things, is likewise criticized by Ramsey. The Ramsey-Cass-Koopmans model's findings on stable state increase rate are comparable to those of the Solow-Swan model (Puga, & Trefler ,2000). In a different neo-classical paradigm, Diamond concentrated on constrained perspectives. A family's existence is split into two parts. Households receive earnings in the first stage. They put money aside for the future while also using it to cover present expenses. Households lose money, just as they did in phase two. The savings from the first period are used to pay for ongoing expenses. The Solow-Swan model predicts that an economy will eventually stabilize. According to neo-classical theory, the economy will eventually find equilibrium. Additionally, they promote convergence, which suggests that developing nations advance more swiftly than developed nations. According to the convergence theory, nations only differ in their capital-to-labor ratios but experience the same steady state. Therefore, a country with a lower per capita income will experience faster economic growth. Endogenous growth theories are the polar opposite of exogenous growth models. They established out to clarify the observed global economic phenomena (Curwin, & Rahman ,2014). Development lists seek to discover why the economies of specific nations produce so many more goods now than they did a century ago. Romer (1990) claims that this state is a result of the increasing return on labor (Romer 1990). Second, theories of endogenous growth make an effort to clarify why is human capital so valuable for advancing the economy. Finally, they investigate the reasons behind the widening difference between the states. The essential Finally, they investigate the reasons behind the widening difference between the states. In endogenous networks, the underlying forces that propel economic expansion are generated internally. Investment choices affect the economy's technological level. At a minimum, the rates of return-on-investment factors are steady. Endogenous systems employ the AK economic output, which is a technological task (Egbetunde, & Obamuyi, 2018).

In the straightforward AK model, factors related to per capita growth increase steadily, regardless of capital. Because of this, economic convergence is not a phenomenon, and there is no stable state. Marvin Frankel and Kenneth Arrow created the early models of endogenous increase. The AK production function and the neo-classical production function were combined in Frankel's theory. According to Frankel, individual businesses can use the neo-classical function of production. Comparatively, the macroeconomic environment adheres to the AK function. This claim is supported solely by the addition of an externality component to the manufacturing process, which serves as a proxy for the nation's rate of economic expansion. Also, Kenneth Arrow criticized the conclusions of neoclassical theories. According to him, relying on outside factors to determine economic success isn't particularly satisfying. According to Arrow, the knowledge was acquired using a "learning by doing" technique. According to Sala-i-Martin, Arrow's approach may be better described as "investment-based learning". The Arrow model even employs a production function with increasing scale returns, which ensures that long-term growth is not dependent on savings levels (Arrow 1962). Exogenous variables, similar to those in the Solow-Swan model, are what propel steady-state economic growth. Concerning the significance of the role of human capital in economic development, T.W. Schultz concurred with Arrow. Schultz's study chastised economists who fail to consider the issue of as a research topic, human investment. According to Schultz, spending money on career advancement, health care, and training is also an investment in human capital. Paul Romer also created a different idea about endogenous growth. He added capital externalities to the neo-classical production process. To provide the conditions for endogenous growth, all components of the production function have expanded the scale returns of as a result of this operation, capital production and consistent returns to scale have increased. However, Romer's model suggests that for the economy to thrive, the AK productivity needs to meet several requirements (Smith, 2000). For the Cobb-Douglas function to work, there must first be significant flaws; otherwise, the market would expand. Romer's model additionally expects a "scale impact" that is not supported by variations in specific economies. On the other side, Lucas defined capital per capita as the value of the "scale impact." Lucas did not have to assume that labor expenses would remain constant, in contrast to Romer. Robert Lucas proposed a model of endogenous growth with the coexistence of two sectors. According to Lucas, there are two types of capital: human

capital, which affects both labor and physical capital's economic growth, and physical capital, which is used in the manufacturing process. Because of this, a person with h human capital generates twice as much as a person with $h/2$ human capital, but only half as much as a person with 2 hours of human capital. Like Romer, Lucas draws attention to the growing back into its original size and relates to Arrow's "learning by doing" philosophy. Romer's approach produced externalities through the accumulation of physical capital, whereas Lucas's model produced liabilities through the build-up of capital human (Liu, Shu, and Sinclair, 2009). The Lucas model explains the variations in economic growth across countries. Countries with low human capital investments grow more slowly than those with high investments. In a different class of endogenous growth models, the endogenization of technical innovation—the product of an active R&D sector—produces economic growth. There are two ways that endogenous technological progress might appear. Starting, it has been demonstrated that using more items in the production process is successful. Second, endogenous technological advancement is reflected in the quality of currently available items. According to Paul Romer's thesis, an important predictor of economic growth is technical advancement, which is symbolized by the rising quantity of factors of production. According to Romer, the accessibility of human resources determines the rate of economic advancement. While nations with a lack of human capital may endure economic stagnation, those with high levels of human capital can expand swiftly. As a result, the theory does not predict the timing of economic divergence. The Aghion-Howitt model states that improvements in the quality of currently available goods on the market serve as a proxy for technological innovation. In contrast to Romer's paradigm, the introduction of superior commodities always supplants the "old" products. There's a potential that there will be another invention. In addition, a nation with a higher human capital pool will see faster economic growth. Becker and Tamura conducted additional research to determine whether there was a connection between human wealth generation and population growth. They held the view that large families are typical of nations with inadequate human capital. In his research, Mark Rosenzweig reached a similar conclusion. He asserts that areas with higher per capita incomes have lower birthdates and higher levels of human capital (Suranovic, 2000).

2.9.4 Foreign Trade and Growth: A Theoretical Analysis

A macroeconomic environment that is stable and characterized by Steady and low inflation is essential for defining and promoting economic growth and international trade. Inflation has an externality on the economy, according to Krugman (1980), because it creates uncertainty, reduces efficiency, has an impact on the future profitability of capital investments, results in balance-of-payment deficits, Excessive inflation reduces a currency's buying power and raises export prices, all of which reduce a country's global competitiveness. Corden (1985) combined macroeconomic issues and global trade, product, arguing that a country's macroeconomic policies are inextricably related to its foreign trade and focusing on the influence of trade on the availability of production of the productivity. According to Corden, (1985) Revenue is one of the five fundamental elements of international commerce that can have an effect on an economy, wealth inequality effect, capital accumulation and the effect of weighted variables. Because these effects are cumulative, spreads as the economy grows, the impact of trade openness on economic growth develops and substitution. Statistical analysis of the relation between other factors and global trade as independent factors, according to Chen (2009), can reveal not only how much influence control variables have on changes in the dependent variable, but also how much influence dependent variables have on independent variables international trade, according to Chen (2009), aable to help economic development by external stimulation and fostering technological spill over. Grossman and Helpman (1990) models of endogenous trade growth to highlight knowledge development and the relevance of technological. An endogenous long growth rate is generated by the model that growth through disseminating technology, knowledge and relates commerce. According to Rodriguez and Rodrik, trade is connected to investment and growth (1999). Taylor (1993) proposed a two-gap model, a stylized structuralism model combining trade policy and economic development. To explain the slow progress of poor countries. Jayme (2001) was incapable to explain the relation between economic development and foreign trade utilization data from Brazil from 1955 to 1988 (Bilgin & Sahbaz, 2009). In the Pacific Economic Cooperation countries and Asia however, Afonso, (2001) found that for every percentage raise in the commerce -to-GDP rate, Performance per capita risen by 2% to 3%, indicating a dependence between economic growth and foreign

commerce. In their separate study, Carolan, & Singh & Talati (1998) identified foreign investment enterprise as an important two-chain connection between economic evolution and international commerce in Southern and Central African countries. In their study, they found a strong relation between the percentage of GDP spent on investment and economic growth. During their study, they discovered positive relationship and a significant between the trade-to-GDP ratio and the investment share. Ndulu and Njuguna (1998) developed a GDP growth model as the trade policy variables and dependent variable as explanatory variables. Their research found that international trade is critical to economic growth, but the real exchange rate is an example of a macroeconomic variable, which indirectly affects exports and import, have a substantial effect on development. As well as, they observed that, while Economic growth is directly affected by investment, Investment is influenced by international trade policy (Acharya, 2008). Although there is raising theoretical guide of trade growth and positive international economic connects in many industrialized countries, Similar links have yet to be demonstrated in developing countries, particularly in Africa. Edwards and Ghartey (1993) concentrate on the ongoing problem in establishing the specific mechanisms and getting accurate trade policy measurements and via which outward orientation supports growth in developing nations' efforts to build such links. Moreover, the African Report (2012) emphasized international commerce as a critical tool for spreading the advantages of globalization both within and across countries. When economies expand, they become more reliant on trade and more open; nonetheless, there is no causal link between economic expansion and commerce (Chatterji, & Dastidar, 2013,104) Foreign exchange regulations could be relaxed, which may improve investment opportunities. Increasing investment fosters technological innovation, which able to aid a country's economy expand. Creating trade and then an economic climate that attracts foreign companies could aid to facilitate alternative investment provision commerce benefits, also, they are defined by a country's the types, features and outcomes of goods it produces and exports, its internal economic policies, a national trading platform. According to comparative advantage theory, international trade has many influences on the amount of financial investment and the level of technical expertise, resulting in both static and dynamic advantages (Trefler, 2000). Their outcomes as well as showed that, as a outcome of commerce liberalization, International trade openness is essential for building a strong trade relationship. - Southern Africa's economic

growth nexus. According to Omoju, & Adesanya, (2012). The rates of the quality and exports of production have an effect on the quality and strength of development. Because exports are a significant source of revenue and an economic growth driver, A successful export push multiplies the economy significantly, with worthy feedback effects. Creating a cointegrating link between the significant and exports of the economy, Mogoe, (2013) employed non-linear and linear tests, along with unidirectional causality from GDP to exports. They concluded earning and that expanding export industry employment, also, technical progress, able to aid enhance economic development. According to Lee and Huang (2002), Export expansion is critical to maintaining economic growth. Despite two competing supply - side influences, Imports are inextricably linked to economic progress. Although stockpile efficiency and trade liberalization improvements have reduced import restrictions, imports are still considered a source of a roadblock to economic growth and supply leakage. In his study, "The Dynamics of Connection among Economic development and exports in India," Krugman, (2009) shows there is no causal relationship between economic growth and exports. In 2012, he said that scientific proof on the relation between economic growth and imports is "largely inconclusive." If the growing gross domestic product continues to support imports, they may have a negative impact and stymie expansion on economic growth, because the domestic market for replacement items shrinks, lowering foreign investment and raised imports, as a result, that leads to productivity (Lim and Park, 2007, 245). Trade liberalization is another critical aspect of this study. According to Yanikkaya (2002), there is a significant with positive association commerce openness and among development. Trade becomes more engaged as a state's economy becomes more open. It joins becomes eligible and the global economy in order to reap the benefits of dynamic global trade and both static. As per Yanikkaya (2002), Simple trade shares are the most basic fundamental measure of accessibility, which are import plus export division by gross domestic product. Studies have discovered simple commerce shares. To have a significant and favourable growth with associations. Puga, & Trefler (2000) found an important correlation between trade openness and GDP growth via utilizing the commerce measurement of imports and export as a gross national product ratio (GDP) as a measure of accessibility. In the Penn World Tables, the same metric is employed in both measurements' commerce openness. An enhancement in the economy's productive capacity and Through capital accumulation, a rise in an economy's

accessible capital stock leads to the economy eventually achieving high growth. From 1962 to 1992, Sampath (1999) used a cointegration method to demonstrate that foreign investment had a short and long-term positive relationship with GDP growth in ninety countries. Government spending has a serious influence on emerging-market economic growth, according to Chude (2013). This is based on the Keynesian point of view, which holds that government spending should boost aggregate demand, thereby stimulating growth in the economy, if government spending increases, a budget imbalance may occur. Becomes surpasses fiscal receipts and unsustainable. According to Liu, Shu, and Sinclair, (2009), a significant government fiscal deficit, furthermore, the effect of public debt on economic growth will be negative. A country that is a strong player in the international market will reap immediate benefits. According to Sun (2000), China has received both dynamic and static gains in recent years from foreign commerce, which is fuelling the country's economic development. Benefits from knowledge to things that the ability of a country to Low-cost manufacturing indicates a high level of productivity, which improves manufacturing while also serving local clients Imports provide low-cost goods, economies of scale, and among the static advantages is a wider range of products. Increasing market exposure is one of the dynamic benefits. Lower unemployment rates and improved industrial processes are helped by wealth generation, technical pullovers and improved international competitiveness in order to serve a larger market. According to Al Mamun & Nath (2005), long-term causation between economic development output and foreign trade are generally positive, with shifting the cause from exports to factory output. As a result, Mogoe, (2013) shows that exports, such as capital accumulation, have a causal effect on capital accumulation and capital effectiveness. In a review of research on the impact of globalization on China's economic growth, Huan (2009) data and examines other studies' literature to see if economic growth and export are interconnected, or if there are two-way interactions. Imports were critical to China's economic growth., he believes exports are much more closely tied to growth and success. As a result of the foregoing, The literature advocates for a one-way or two-way connection between economic growth and external debt. Ioan, (2002) looked at the huge of the connect between economic growth and foreign commerce & discovered some fascinating findings. According to Huan and Ullah (2009), Every 0.5 percentage point increase in trade growth corresponds to a half-point increase in economic growth. Bilgin & Sahbaz, (2009), also,

overseas investment in several nations and looks at both international commerce. They arrive at the conclusion that both have a positive impact on economic growth. According to Yanikkaya (2003), import, exporter and trade volumes have a positive and significant relationship with economic growth, although the implications in developed and emerging nations are similar. In both medium and low-income nations, Kavoussi (1984) found a powerful connect between faster economic growth and greater export rates; Despite the fact that the relationship weakens as development levels decline. Commerce openness, according to Omoju, & Adesanya, (2012), assists countries with higher levels of capital income, favouring more industrialized countries. China's economic resurgence, according to Curwin, et al, (2014) because to the country's advantageous position in its liberalized and global commerce, dynamic trade policy. Utilizing multivariate granger and cointegration causality, from 1973 to 2002, Chaudhary et al. (2007) investigates the relation between policy growth and Bangladesh's foreign trade markets. According to the research, imports and export have short responses impacts on the growth of industrial output. From 1979 to 2005, Omotor (2008) looked into the link between economic growth and Nigeria's economic development. The research's outcomes call into question the concept of export-led economic development. Tang used the (Ardl) model to research the empirical relation development economic and export growth in China. His research found no long-term relationships between real GDP, imports, and exporters. In a similar Suranovic, (2000) looked into the relation between foreign commerce between Japan and South Korea. The study employed an autoregressive distributed model (VAR). Most neighbouring countries believe that wealth creation and international commerce are inextricably connected. For instance, During Egypt's transition from a government to a market economy from 1977 to 2003, Liu, Shu, and Sinclair, (2009) examined the hypothesis that exports are a determinant of economic development. According to the research's findings, Exporting is one of Egypt's most important sources of development. Throughout the duration of the study, Vijayasri, (2013) attempted to identify the elements that contributed to Sudanese export economic development (1984-2011). The most important finding of the study was that Sudanese exports used to have a positive short-term impact on domestic growth, Similarly, Sudan exports boosted domestic growth in the short term. From 1971 to 2000, Egbetunde, & Obamuyi, (2018) investigated the consequences of Algeria's non-oil export development and how it helped the by increasing

exports, the country's economic growth. The empirical study's findings show a significant positive relationship between domestic growth and total exports. To meet economic growth goals, domestic output is heavily reliant on capital and intermediary items, also the primary source of revenue is exports. Shat (2009) used a sample regression to monitor the increase in Libyan exporters in international trade from 1978 to 2007. As per the study's major findings, export has a positive impact on economic growth. Elbeydi et al. (2000) wanted to know which way the causal links between economic growth and international trade in Libya were going (1982-2008). As per empirical evidence, there is bi - directional causality among income growth and international commerce in the long run. International commercial promotion benefits the economy as well. In his study, Mogoe, (2013) tried to examine the effect of foreign trade on the growth in the economy of Maghreb states across time (1990-2006). Imports and exports have a greater effect on economic growth than domestic investment. As well as, Awe, (2013) intended to investigate the connect between economic advancement and international commerce. According to the research, there is a bilateral feedback causal relation between Libyan GDP and international commerce. Because the guide on the relation between economic growth and international commerce across nations is inconclusive, this research seeks to show relationship between economic growth and commerce based on the research mentioned above. The aim of this research is to examine at the long-run relation between economic growth and international commerce, also, the short-run relationship between economic growth and foreign trade, based on the argument. Rather than depending on exported goods, Al Mamun, & Nath (2005) advocates for commodity diversification, which can aid to Each other's negative effects are mitigated. Soi et al (2013) advocate for a country's export portfolio to be diversified by including more elevated manufactured goods even though on the global market, farm commodity prices fluctuate constantly. Despite the country's grim political climate, Chen, (2009) investigated the impact of international trade on economic growth in Nigeria, it was discovered that commerce openness had a major benefit. When examining the relation between economic growth and global commerce, this stresses the importance of other variables. Growth in the trade and economy liberalization operate in tandem to boost wealth. According to Acharya, (2008), institutions are critical to promotion and trade liberalization. The high-quality institutions and Increased trade openness lead to raise the number of opportunities for foreign commerce

evolution. In their research "Exports, Economic Growth and Trade Openness, have a Relation in India," Vijayasri, (2013) examine deal economic development or the export viability in India following the World Trade Organization. Time series from 1996-1997 to 2008-2009 was utilized in the research. The research identifies a link to long-run equilibrium for foreign investment enterprise between economic growth and trade. Economic output with commerce liberalization has a one-way causal relationship that results in growth of economic. The analysis Veri foreign investment enterprise s the assumption of a positive relationship between economic and Based on the data presented above, trade growth in India during the post-reform period. In his work "A Causality Analysis on the Empirical study between trade and Economic Growth: Evidence from India," Smith, (2000) discovered unidirectional causality between trade and GDP. In his study "Export, Economic Growth, and Causality- A Case for India," Smith, (2000) investigates the connection between export and economic growth. Exports and gross domestic product have a one-way causal link, according to his study. Omoju, & Adesanya, (2012) uses yearly time series data from 1970 to 2011 to examine the influence of exchange rate volatility on actual exports and imports in India. In the long term, GDP has a beneficial and considerable influence on India's real exports, but the impact is small in the short run, according to him. Mogoe, (2013), fulfilment the connect between economic growth and export in his paper" The Importance of Exports in Indian Economic Growth." After trade liberalisation in 1991, Strong growth of economic boosted India's develop ratio significantly, based on the results of the causation analysis. In their paper "Export-Led Growth in India: Cointegration and Causality Analysis," Curwin, et al, (2014) use a Granger and cointegration way to investigate the causal relation between economic growth and exports. Data from an annual time series were used from 1981 to 2012. The Granger causality test reveals that there is a bidirectional relation between gross domestic product and trade (exports). Also, gross domestic product per capita and exports. In their article "trade, and Economic Growth in India: An Empirical Analysis," Musa Abba Mahmud (2015) analysed yearly time series data from 1981 to 2013 to evaluate the Export Led Growth Hypothesis for India. From 1981 to 2013, They discovered that all of the variables are cointegrated and have a bidirectional relationship between export and gross domestic product. Regarding to the research, Increased production should be used to activate the export function and consisting of the private sector, also medium-sized and small businesses, in the development

process. Finally, Chude, (2013) investigated the empirical relation between economic development and Tunisia's foreign commerce between 1978 and 2012. According to the research's results, economic and export expansion have a one-way causal connection. The relation between economic growth and practically, commerce liberalization is uncertain., theoretically and both theoretically. They arrived at the reason that assessing trade openness using trading intensity measures might cause wrong conclusions about the relation between trade and economic growth. Therefore, Trade barriers' positive policy implications for economic development extend far beyond the transition period .The study by Egbetunde, & Obamuyi, (2018) explains the effect the impact of digitalization on global commerce using a sample of African economic advancement of 53 nations from 2001 to 2018. They classified the sample into five semi-groups and assessment the outcomes utilizing POLS, fixed variables, the GMM approach and random. The findings revealed that (1) trade has a significant positive impact on business success when in the estimations of the RE, FE, and sys-GMM model types, we conversed with the digital economy, (2) commerce has a significant positive impact on RE, FE prosperity, and sys-GMM systems make educated guesses without and with the connection term, also (3) commerce has a significant positive impact on RE and FE prosperity, as well as, Without and with the engaging term, sys-GMM designs guesstimates. The research impact of technology and export on economic development (2021) by Md Reza Sultanuzzaman and colleagues utilizes the Generalized Method of Moments (GMM) model to investigate the effect of technology and export on growth of developing Asian nations and the economic performance between 2001 and 2016. Regarding to the Solow growth of economic model, technology and expert have considerable and positive influence on the rising Asian economies' economic growth. Moreover, A long-term evaluation establishes the positive and substantial influences of technology and commerce on an economic development of the country.

2.9.4.1 Literature review from Turkish case

The issue of foreign trade is large and has taken up a wide space in economic history over the past two decades and in the current decade, as economic growth has generated a large volume of scientific and literary research presented by academics all over the world. International commerce and its impact on growth of economic in Turkey did not take much space in those

ideas that prevailed in the world, but some studies discussed the mechanism of economic growth and foreign trade in Turkey, including Yapraklı (2007), Yücel (2009), Temiz (2000), Adak (2000), Konur (2000), Acaravcı (2000), and Erdoan (2000) are examples of notable studies in the literature (2000). The main tool in dealing with global trade indicators is econometric models, which determine the foreign trade variables, including the exports and imports sectors, and the relation with growth of economic according to causal links. This analogy in the analysis is a constant for research on the relation between commerce, growth in per capita GDP and economic growth. The work of the eminent American economist Krugman, (2009). For the period 1996 to 2006, a gaffe Engle-Granger and a correction of vector errors were used to investigate the mechanism of the relation between foreign trade, capital, and growth of economic. The research revealed that commerce liberalization and the absence of restrictions on the movement of money enhance economic growth in Turkey. The Treffler (2000) study came to search for the association between financial development, economic growth and trade openness, with its impact on the Turkish economy from 1990 to 2007, and used quarterly data every month. 1982 until now, revealing the relation between foreign trade and economic growth. Between the years of 1960 to 2006, the real export sector and economic development were examined based on time series data for the Turkish economy, according to the research conducted by Temiz and Gökmen (2000). VECM and Granger causality was also adopted in the research. The study concluded that the trade balance and economic growth have a long-term impact. It also addressed the relation between economic and global trade development to diagnose the rise in foreign commerce and the rise in per capita gross national product. According to the study, it was found that high international trade rates have positive repercussions on Turkey's GDP and per capita GDP. Omoju and Adesanya (2012) investigated the nature of Turkey's national product and foreign trade relations from 1990 to 2007. Granger's causality was adopted to research the relation between GDP and foreign trade. The study concluded that the export sector has a positive impact on GDP. Gross, which supports the import Sector. The results of the research support the idea that the export sector supports the economy. Puga, D., and D. Treffler (2000) relied on research on the extent of benefit from export growth and the hypothesis's viability in the Turkish economy, based on quarterly data from 1989 to 2006. The analysis was based on the facts of VAR to know the dynamic relationships in the

growth of the Turkish economy. Exports in the Turkish economy. The outcomes of the research support the hypothesis of the research that growth of economic is supported by the export sector and that there is a one-way correlation. From January 1, 2002, to March 31, 2000, Etinkaya and Erdoan (2000) used the VAR technique to attempt to understand the correlation between GDP and foreign trade in the Turkish economy. The study revealed the relationship between the import sector and the GDP and the link between the export sector and the GDP, indicating that they are causally linked. The study found a strong relation between economic development and foreign trade. This research reveals that the relation between economic growth and trade is intertwined. Erdal and Cevik (2019) investigate the correlation between freedom of economic and commerce performance in Turkey through variable causality, and Granger (1960–2014) examines the causal relations between trade cooperation and openness with actual financial development. How Breitung and Candelon's spatial frequency model was used in order to find out and trace causal links. The study revealed the foundations of a solid relations between commercial openness and real economic progress in Turkey. They also discovered that the feedback relationship between sustainable growth and freer commerce has a precise temporal sequencing. They coined the term "sequence feedback" to describe these occurrences. Blavas ciunaite and Kristina Matuzeviciute, as per Blavas ciunaite and Kristina Matuzeviciute (2021). On the other hand, the findings of the study are not immediately apparent., emphasizing the need for additional research because the commerce deficit suffocates economic growth. The balance of trade is detrimental to the economy and has a lag effect, regarding to the data, with no clear variations between surpluses periods and deficits. A deteriorating commerce balance reduces overall economic growth, also A linear connection analysis shows that it makes no difference whether the starting point is a surplus or a trade deficit. Statistics may also obscure the possibility of a non-linear influence, which Statistics may also obscure the possibility of a non-linear influence if the commerce balance deteriorated as a result of a large commerce deficit.

2.9.5 Growth Theories and Foreign Trade

The relationship between economic growth and foreign trade is exposed to secretions that will make growth proceed in a sustainable manner, including the theory of internal growth, which

searches for new visions that urge the detection of causal links that make foreign trade a tool that affects economic growth. Lucas found in 1988 that there are links such as knowledge, competition, and work, and the state has self-resources that reflect the support on which labor and human capital work. Efficiency and creativity tools are a very important issue that falls within the high economic expansion that helps in economic development. The import and export sectors help to maintain the momentum of development work within the economy (Grossman and Helpman) (1991), and solid foundations are generated as a result of progress, knowledge, and technological innovation, this results in lower costs and entry of new products into the market. It makes countries more cautious, but rather the path of economic progress through the possibility of meeting economic development requirements and significantly supporting investment projects (Afonso 2001). The role played by technology is a key one in making economic change as part of the components of development and reforming the economic structure with access to diverse and new goods, services, and products. The role of foreign direct investment a pivotal role in influencing the overall economy, the components of the industry and the gross domestic product as a tool for strengthening. (Afonso 2001, 23) Foreign trade contributes to providing products that local markets suffer from shortages, including the Turkish market, including enhancing production assets that suffer from shortages that would to raise the efficiency of the production process that supports economic growth, as capital goods and products are exuding visions that maintain the sustainability of progress and knowledge creativity within the overall economy of the state. Tools and means of technological progress have become one of the most factors that fuel economic growth, increase production, raise production and consumption, as well as increase the demand for local producers while obtaining benefits as a result of the expansion of standard returns (Shigeyuki and Razafimahefa 2003). Foreign trade is also a tool for spreading knowledge between countries. There are advanced countries that have sufficient technology, and there are developing countries that need these goods and technological products to move the process of economic growth forward. As a result, foreign trade brings total returns to developed countries (Omoju, & Adesanya, 2012).

2.9.6 Causality Between Foreign Trade and Economic Growth

With the increase in the volume of experimental and theoretical studies and research on progress, development, foreign trade and trade openness. A view was generated about whether the import sector is a factor that is harmful to the economy and increases unemployment rather than economic growth, and this aspect made the research focus on the export sector, which fuels the financial and banking movement that increases total revenues in countries and is reflected in the economy. As a final result, the causal studies that analyzed the connection between economic and trade development have not resulted in a unified view. Causal links are an important part in the analysis of models of foreign trade and economic growth. Also, the relationship between the export sector and growth is taking different perceptions, where one or two causal links to research the relationship between foreign trade, economic growth and export. The opinion in this study says that growth of economic and the export sector are causally linked (Md Reza Sultanuzzaman and colleagues, 2021). The huge increase in economic activities and activities promotes exports. Interpretations differ as to whether the relationship between growth and export has a different relationship or whether there is no causal relationship between them. This reinforces the concept that the causal baseline is broad (Chen, 2009, 45). There are studies concentrated on the effects of the import sector on economic development and expected. Literary studies and scientific research are often not exposed to the import sector and consider it a negative factor. The previous study reveals that import enhances the movement of the local market, covers an area of shortage in the quality of goods and products and raises production efficiency. It contributes to infrastructure and industrial buildings. Therefore, when evaluating economic development, I must take into account. Imports as a supportive part of economic growth Capital and technological progress in industrialized countries are considered important tools. But in poor countries, employment and natural patterns are considered comparative benefits, and for this the most exported tools are the agricultural raw materials from which export structures are formed and low-priced materials. Of course, imported materials are tools based on technical and technological progress. That is, the import sector here plays a role in promoting economic development because it breaks the restrictions that limit the access of

products and services to the economy to continue growth and enhance the sustainability of the economy. (Chen, 2009, 109).

2.9.7 Export and Economic Growth

As demonstrated in the previous part, to assess the relationship, the export-growth link is used. Between gross domestic product growth and international commerce. Furthermore, the concept is reinforced as the amount of evidence grows of export-caused development or export-driven. The development of export-growth studies is being driven by two forces. One of them is the New Growth Theory, it aids in the simulation of the effects of growth drivers on exports. The other option is to investigate the relationship between economic development and global trade using new econometric discoveries such as Johansen cointegration and causality tests (Blavas Ciunaite and Kristina Matuzeviciute (2021). The central question in export growth research appears to be whether causality flows from economic growth to exports, as asserted by the export-led development hypothesis, or from economic growth to exports, as proposed by the growth-led exports hypothesis. It is critical to remember that the direction of this causal link has a variety of economic policy implications. Also, if exports result in growth, the export promotion method is effective is a viable option for a country to pursue, or explore. The likelihood that a certain level of the amount of progress required for a country to increase its exports demonstrates the significance of economic policies in increasing exports. As well as, if growth and export are bi-causal, both methods of analysis could be beneficial. (Erdal and Cevik ,2019). Moreover, according according to the export-led growth hypothesis, increasing collective exports has two economic growth benefits. First, by boosting output levels via the multiplier effect, aggregate exports contribute to the seasonal flow of revenue in the economy. Second, as exports rise, so does the amount of foreign currency received, resulting in an increase in imports of critical inputs into the industrialized society (Acaravc 2000). When all of the elements that influence exports are considered, it is reasonable to conclude that more foreign openness would aid a country's exports by improving the market competitiveness of domestic products through raised reduced production costs and efficiency. Managerial skill, thorough market research and high-tech adoption are all traits that are export friendly. Significantly, ensuring an adequate quantity of capital accumulation in a nation, which can be done by boosting capital inflows, is one of the

elements that support exporting. As a result, as the economy grows, with more resources, the country may be able to increase output while also increasing exports. (Erdal and Cevik ,2019). As a result, while the relation between economic growth and foreign commerce are researched using growth-led export or export-led growth approaches and analyses with more resources, the country may be able to increase output while also increasing exports. As a result, increasing imports might be seen as a complementary approach to increasing exports. A country's output can be sustained by encouraging research and development, training, technical adaptation, and research by relying on high-tech intermediate commodities. As a corollary, Imports of these intermediary products could be used to produce export goods, this means that both exports and imports benefit both parties. (Gujrati, 2015). When evaluating the effects of critical on growth of economic, just as it should when researching the advantages of exports, A country's level of economic development should be considered. As a result, In the literature, there are various grounds for distinguishing the effects of imports and exports on economic growth. Imports are thought to have a negative impact on macroeconomic growth by lowering a country's income and causing job losses. Therefore, the phrase "growth-export link" is a term that is frequently utilized to describe the relation that exists between the growth of economic and global commerce. However, commerce theory demonstrates that, also, growth, import, and export contribute to national economic welfare, because low-cost commodity imports can boost consumer welfare, capital goods, and technology imports lead to technological advancement, enhancing labor productivity and reducing production costs. As a result, the impact of imports on technical advancement and Growth in the gross domestic product should be considered (Li et al. 2000).

2.9.8 Foreign Direct Investment and Economic Growth

Foreign direct investment is one example of the influences on the economic development process. It is not seen as carrying out traditional operations. Rather, it transfers various aspects of development from other, more advanced countries and enhances the development process within the economy. Advanced technology, systems, and equipment contribute to transferring development towards a clear mechanism that achieves financial and banking revenues and blocks Deficits in current accounts (Eren, Mehmet Vahit, and Ay,se Ergin Ünal, 2019) as well

as contributing to practices that create cooperation between links from local and external suppliers, learning and benefiting from training towards achieving the foundations of economic growth. It also helps foreign direct investment in pumping money into the economy to help local companies and fill the shortage of financial financing to create liquidity that helps achieve the requirements of industrial development. (Abu-Bader, & Abu-Qarn, 2007). The foreign direct investment includes transferring the property of financial assets and not placing new ones. These assets were used in the nineties because most purchases included public assets. In light of the changes, foreign direct investment's impact is weak on actual investment, but even though it contributes to the transfer of progress and knowledge and technological innovation over time (Kónya, László, 2006).

2.9.9 Domestic Bank Credit and Economic Growth

Most of the financial literature indicates that the growth of financial institutions should result in the growth of any economy. The link between the growth of the economy and the development of the financial part was originally demonstrated by Bojanic, Antonio's work (2012). He verifies investment enterprises d that financial organizations' services may boost technological innovation and economic progress by sponsoring profitable initiatives. People from many sectors and organizations seek funding for a variety of reasons. Finance was provided by various financial institutions, which classify investment enterprises into money and capital markets. Commercial banks provide financial services in the money markets, and their basis role is to transfer funds derived from a surplus unit with no immediate needs versus deficit units, or to provide credit to Investors with good ideas but lack the funds to put them into action to create additional wealth. Because of the fast growth of humans all over the world, economic development has become extremely important in enhancing people's economic and social status. In terms of growth of economic, the growth of the financial sector, particularly bank credit, plays a critical role in providing the required financial resources to fund various and redirecting economic activities it to serve the economic sectors in an appropriate manner. Many people feel that changes in credit volume have a substantial influence on the level of economic activity in terms of prosperity or deflation. To some extent, the potential positive relationship between economic progress and credit markets is clear since Without exception, developed countries

have the most advanced credit markets. There are numerous points of view on the connect economic growth and between financial intermediation. Many empirical reasons for this causal connection and its causal direction have been proposed (Hye, et al ,2015). Gries, et al. (2011) study the relationship between these two concerns in 15 MENA countries, and 1980 through 2007 is the time range. In the study, the panel causality testing technique was used, and the outcomes show that there is no clear cut on the direction of causation between two variables that vary by country. Antonio Bojanic (2012) investigates the same issue in seven southern Mediterranean nations from 1970 to 2006.

2.9.10 An Overview of Turkish Global Trade (Import and Export) as well as GDP

To order to comprehend Turkey's economic status from 2000 to 2021, it is necessary to consider the country's overall forecast for international trade and GDP throughout this time period.

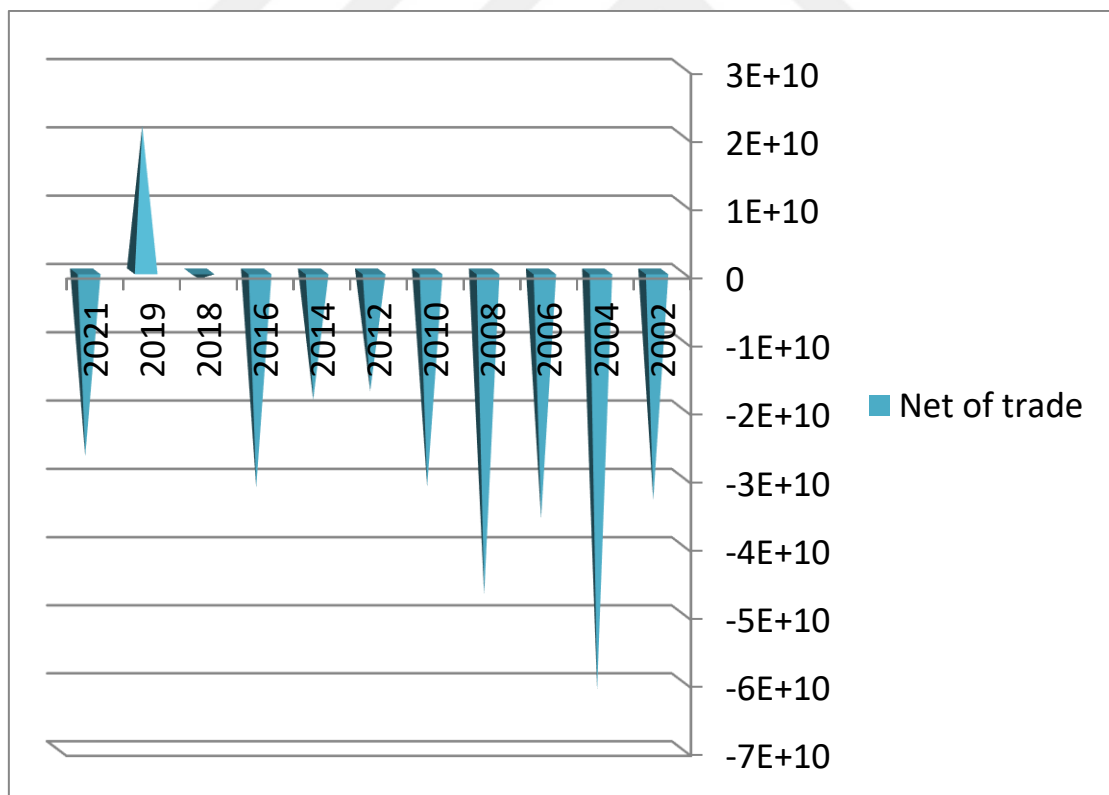


Figure 3.1: Average net foreign trade in terms of goods and services Prepared by researcher design (World Bank data)

From 2000 to 2021, the above figure shows the continuity of growth in net international trade in merchandise. Exports also show that they were lower than imports in these years, 2000–2021. Except in 2019, it appeared in a different way when the export sector exceeded the import sector. The net commerce movement decreased from 3353-billion dollars in 2000 to 4732 billion dollars in 2014 and then increased by 2327-billion dollars in 2021.



Figures 3.2: Show the trade component of GDP from 2000–2021

The researcher's design (data from the World Bank), as shown in Figure 3, shows that the rate of trade has increased and decreased as part of the GDP for the period 2000 to 2021. From 2000 to 2016, the ratio of foreign commerce to GDP varied from 43 to 51 %. In 2017, the rate of commerce to GDP showed an increase of up to 60 percent, and this increase could remain until 2021.

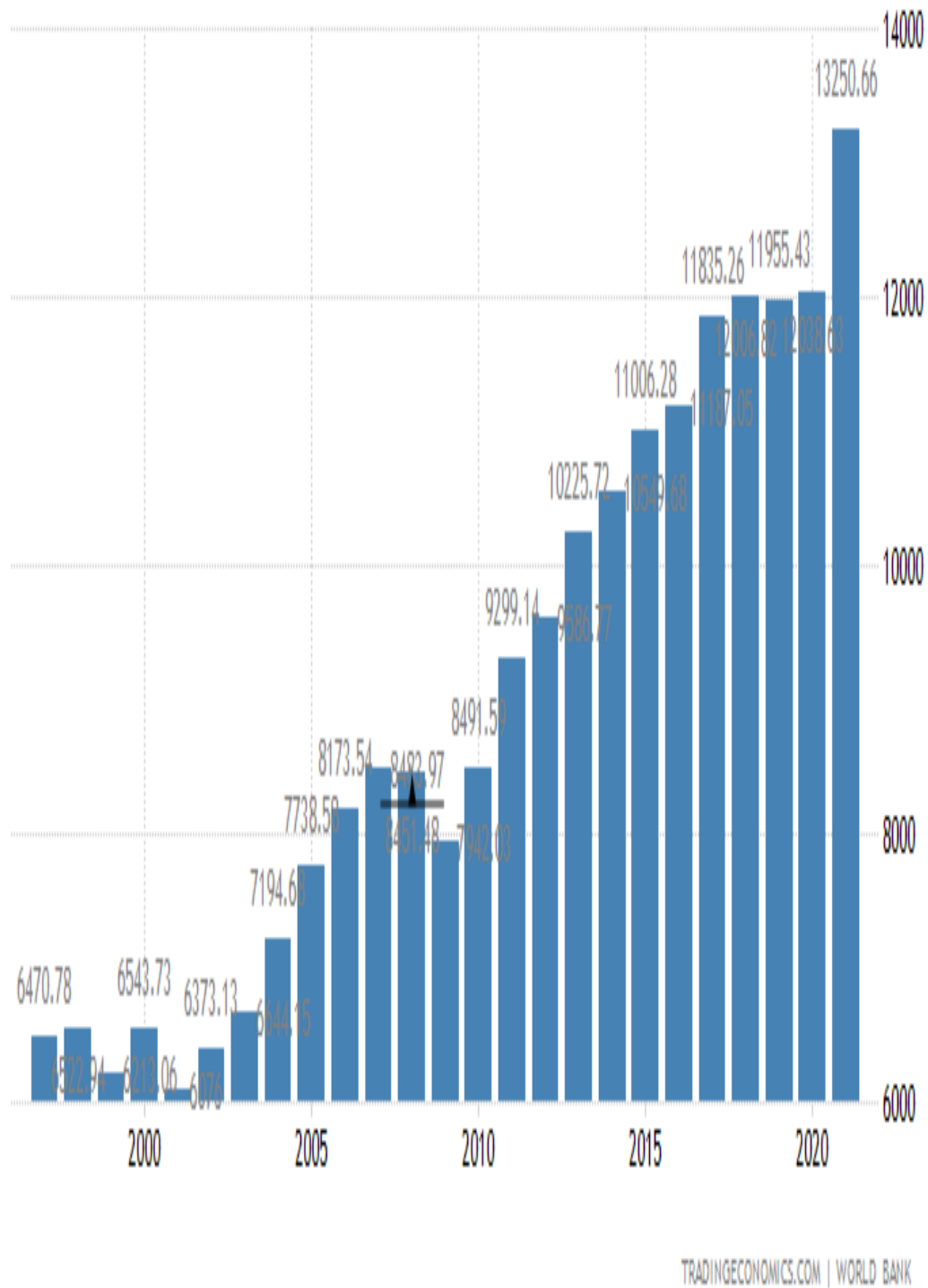


Figure 3.3: Shows the annual growth of per capita GDP in percent% for the period 2000–2021 (World Bank 2021)

Per capita GDP (annual percentage period) is on the rise from 2000 to 2021. The per capita GDP reached 6543 dollars in 2000, while in 2021 it reached 13250 dollars. The period that appeared before the economic problems has shown a shift in foreign trade as part of the GDP per person, that is, the growth of GDP per capita as an annual proportion, and that the paths in this trade as part of GDP and the per capita growth of GDP are It is in decline and lack of growth, respectively (annual percentage), as the explanations given indicate that the years of turmoil have shown that foreign trade has a relationship with GDP in Turkey, especially in the last three decades.

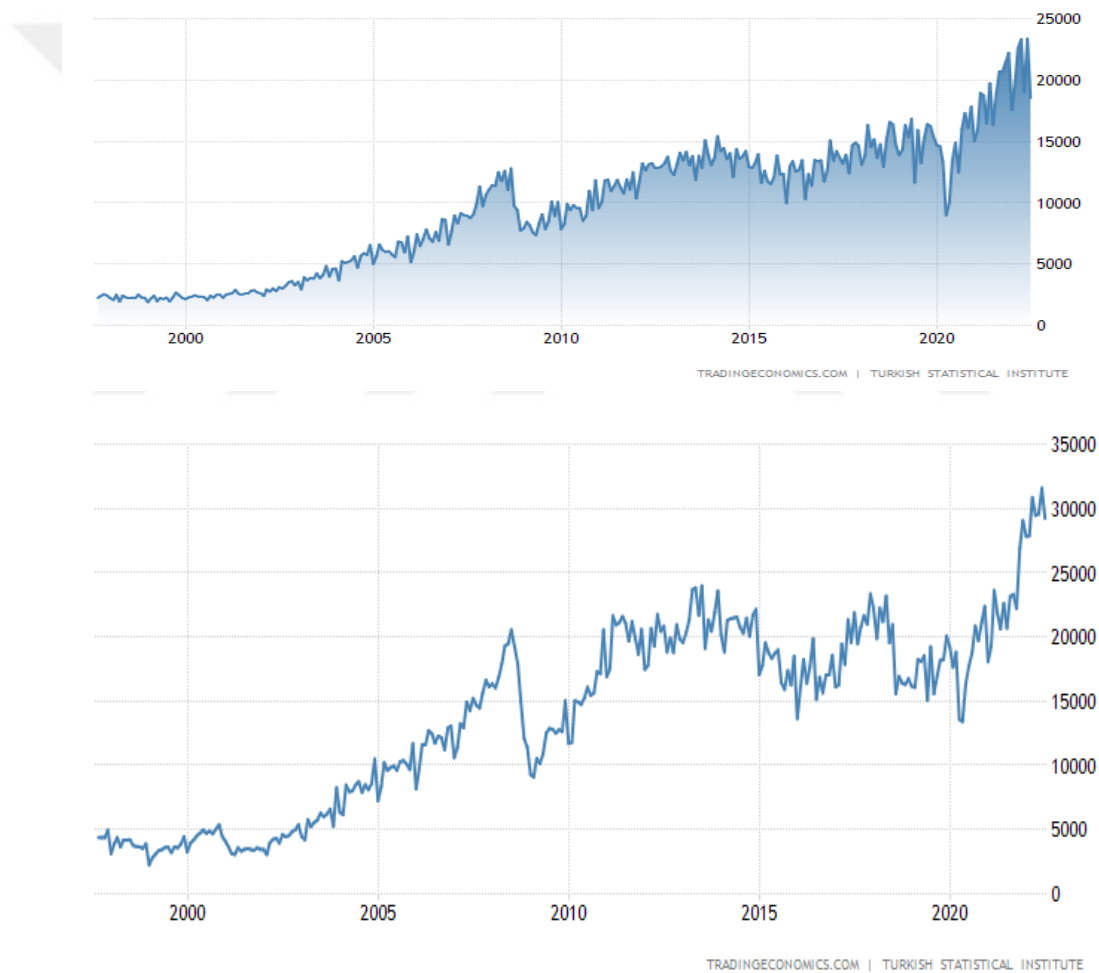


Figure 3.4: Shows the export and import sectors within 2000-2021 billion dollars (Turkish Statistical Institute, 2021)

The rates of increase in the export and import sectors are increasing, as the above figure shows. In other words, the economic policy in Turkey has been more open since the eighties, and especially the export sector is the most interested. The restrictions also had a weak impact on the export and import sectors during the eighties. Because the increases that took place in the two sectors were not large, indicating trade movement, and according to the data, the exports and imports sector increased during the twenty-first century compared with the previous decade. But the import sector was not very moderate. According to these figures, the industry peaked at \$4000 million at the end of 2000 and is expected to rise to \$33,000 million by 2021. There is also an increase between 2012 and 2021 in the prices of exports and imports, and this period is distinguished, as shown in the graph. The prices of exports and imports were marked for that period, as shown in the graph. Studies and statistics have shown that exports have decreased to about 5000 million dollars in 24000 and will rise to 23000 million dollars by 2021, while import prices have risen above 1600 billion dollars, except for the health crisis that struck the world and affected all economic sectors, including supply chains, production lines, and external transportation, due to the COVID-19 crisis. The imports were very high in the period 2003–2013, which explains that the export sector is subject to purchases. After that, exports began to rise, and imports increased again. This is explained based on the large trade deficit and the huge fluctuations that prevailed, meaning that the international trade balance has been working badly and that this deficit has grown over time. The picture also becomes clear that the imbalance in Turkey has been increasing widely since the year 2000, and it increased from 10 billion dollars in 2001 to 70 billion dollars in 2008. The criteria adopted by Turkey in evaluating its economic policies discussed interest rates and fiscal easing laws intended to formulate a trade balance and the growth of the national economy while working to increase exports and increase foreign trade. The significant damage to Turkey's trade balance, that is, the import sector has exceeded the export sector (Temiz and Gökmen 2000). Exports and imports decreased significantly during the years of economic problems that occurred in the years of turmoil 1994, 2000/01, 2008, but the impact on the commodity export sector was less than the impact on the import sector.

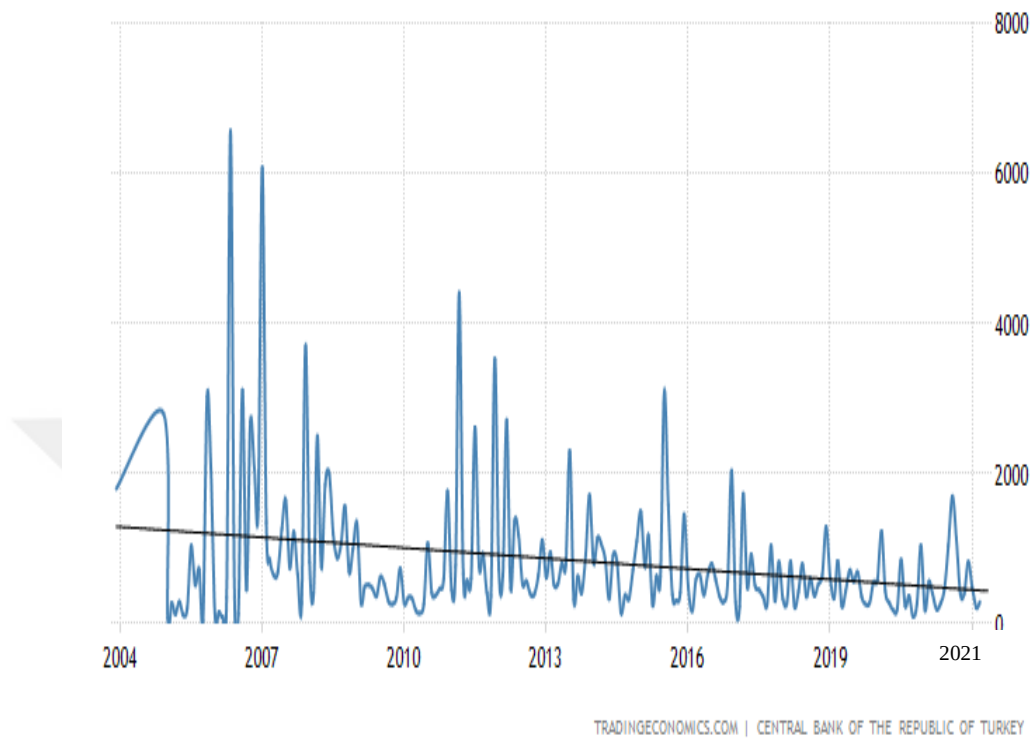


Figure 3.5: FDI between 2004 and 2021 shows that it has been on the increase, and since 2004, it has risen from about one million dollars in 2004 to 1,400 million dollars in 2021

3. METHODOLOGY

3.1 RESEARCH DESIGN

The analysis in this dissertation is based on data from an annual time series in the Turkish economy. The years are 2000–2021, based on available data. This information was obtained from a group of sources, including the economic statistics departments and other data from the World Bank. Statistics related to the gross product per capita, but to the US dollar, were calculated. Products and merchandise are a percentage of GDP. What this thesis is looking for is to reveal the importance of the relation between global trade, foreign direct investment, domestic credit, and economic growth and the extent of the impact of these variables in the short and long term on growth and the movement of economic development in Turkey. These relationships can be expressed, but equation number one:

$$GDPT = F (FDI, EX, IM, CREDIT) \quad (4.1)$$

In equation 1, represents GDP, while EX represents the export sector, LM represents the import sector, FDL shows direct foreign investment, and credit represents domestic private-sector credit. This equation is converted into a regression model to understand the relationships between economic variables and the extent of their impact on the Turkish economy's growth Equation 2 is as follows:

$$GDPT = 0 + 1 FDI_t + 2 EX_t + 3 IM_t + 4 CREDIT_t + ET \quad (4.2)$$

According to these equations that were derived according to the studies of Jawaid and Raza (2015) and the study Khalil Jebran, and his colleagues (2018). This thesis searches for the possibility of These equations were derived according to the studies of Jawaid and Raza (2015) and Khalil Jebran, and his colleagues (2018). This thesis searches for the possibility of analysis according to these equations and studies the repercussions of the movement of economic growth

And economic development. Its impact on Turkey, taking into account the problems in the long and short term. Based on the interpretations and analyses of integration most commonly used to search for the correlation of two or more time series in the long term, the short-term error correction model was also adopted. With the use of the ARDL model, which was adopted according to the studies of Pesaran, Shin, and Smith (2001) to diagnose the long-term relationships between These variables approach the old co-integration pattern, meaning that the ARDL model has many properties. The ARDL model is more dependent when the factors are constant for various destinations. While in that task standard integration is not used small samples are used seamlessly with ARDL. On the other hand, the co-integration model depends on large samples. Using an ARDL model for our thesis is more appropriate and relevant to our thesis. Equation 3 in the ARDL analysis represents the long run, while ARDL equation 4 represents the short run. The ARDL mechanism adopted the analysis of the relation between economic variables, foreign direct investment, domestic credit, economic growth and foreign trade.

$$\Delta \text{GDPT} = \Xi_0 + \text{FDI T-I} + \Xi_2 \text{EXT-J} + \Xi_3 \text{IMT-K} + \Xi_4 \text{CREDITT-M} + \text{ET} \quad (4.3)$$

$$\Delta \text{GDP} = \Upsilon_0 + \Upsilon_1 \sum \Delta \text{FDI T-I} + \Upsilon_2 \sum \Delta \text{EX T-J} + \Upsilon_3 \sum \Delta \text{IM T-K} + \Upsilon_4 \sum \Delta \text{CREDIT T-M} + \Upsilon_5 \text{ECT-I} + \text{ET} \quad (4.4)$$

Transactions 1 and 2 are classified into the third long-term category. While the short-run transactions are classified in the fourth equation, J, I. It also represents the error correction factor that measures the frequency of adjustments in the long run, and it is the perturbation factor. Based on this study, which shows the relationships between the four variables, we use time series to examine the correlations between GDP, domestic credit, foreign trade foreign direct investment and economic growth to reach data stability. The unit root is used to examine the constant. Two more common methods of data analysis are the Phillips and perron (PP) (1988) test and the augmented dickey and fuller (ADF) (1979) test.

3.2 HYPOTHESIS OF THE STUDY

Depending on the explanations and analyses provided, we can formulate hypotheses according to the research structure and study design according to the literature covered in this thesis:

- a. There is a statistically important correlation between gross domestic product and foreign direct investment.
- b. There is a statistically critical correlation between domestic credit and GDP.
- c. There is a direct foreign investment between the gross domestic product and the export sector.
- d. There is a statistically significant correlation between the import sector and the GDP.

4. EMPIRICAL RESULTS

4.1 UNIT ROOTS RESULTS

This thesis was adopted in the method of interpreting the data for the fixed variables that were used in the research (GDP, domestic credit, exports, imports, and foreign direct investment) according to the Dickey-Fuller interpretation method used to analyse the unit root in Table 4_1. Schedule. The results of Phillips and Perron (PP) and ADF showed that the variables adopted by the thesis are not fixed at the level, while they become fixed at the first difference in the mechanism of the approved analysis.

Table 4.1: Unit Root Results

Variable	Level	First diff	Level	First diff	Inference
GDP	-0.79866	-3.45663***	-1.46757	-3.647667***	I(1)
FDI	-0.46653	-3.257788***	-1.45636	-3.265765***	I(1)
EX	-2.45645	-4.45785***	-2.767465	-4.275676***	I(1)
IM	1.69868	-5.186785***	1.474675	-4.275676***	I(1)
CREDIT	-0.45757	-5.724364***	-0.1765765	-5.198789***	I(1)
Notes: Critical values at 1, 5 and 10 per cent are -3.750, -3.000 and -2.630. ***, ** and* represent significance at 1, 5 and 10 per cent.					

4.2 LAG ORDER SELECTION

The ARDL pattern is adopted to investigate and analyse the long- and short-term correlations according to the most appropriate delay value mechanism. The research also considered the facts of VAR in order to obtain an acceptable delay value according to the Schwartz criterion.

This thesis is based on the best delay value found in the table below (4_2). The criteria suggested a lower value. That is, the value of delay 1 is subject to the influence of a group of other factors and conditions. The ARDL interpretations show that the value of delay 1 is the best value to explain the long- and short-term correlation. It adopts the VAR method, which supports the VECM delay period. The Schwarz Bayesian decision criterion (SBIC) and Akaike's information criterion (AIC) lag-order selection statistics, as well as the Hannan and Quinn information criterion (HQIC), The data showed the late order in the table (4_2). The number is 4 in the sequence within the late order, which means four is the most acceptable value.

Table 4.2:VAR Lag order selection criteria (2000-2021)

Lag	Log L	LR	FPE	AIC	SC	HQ
0	134.4234	NA	5.07e-12	-10.5657*	-10.8754*	-7.5675*
1	265.1564	245.8763*	3.89e-12*	-15.5467*	-14.8769*	-15.56467*
2	244.6746	12.56334	1.03e-12	-15.7698	-12.6787	-14.45747
3	323.4535	10.97464	1.35e-12	-15.1546	-12.6987	-14.76467

*LR: sequential Model foreign investment enterprise d LR test statistic (each test at 5% level) FPE: Final prediction error, AIC: Akaike information criterion, SC: Schwarz information criterion, HQ: Hannan-Quinn information criterion

4.3 LONG-RUN EQUATION RESULTS

Adopting the ARDL in analysing the short and long-term relation between economic growth and foreign commerce in terms of focusing on the import and export sectors, VAR Facts chose the best option. 4. ARDL is based on results over time. The long-term equation showed that the export sector has a statistically important behavioural effect on the growth process in Turkey. While the import sector is related to GDP, even though it is not of statistical value, the export

sector appears to have a good effect on the stages and evolution of growth in the Turkish economy over time. The findings of the thesis support the previous research. Tahiret et al. (2015), Chen and Dong (2012), and Esfahani et al. (1991). The long-term import sector is more harmful to the economic growth movement in Turkey. A 1% increase in the import sector results in a decrease of 23.6 while a 1% increase in the export sector results in an increase of 35 or even percent depending on the import factor. The 1 percent increase in foreign direct investment also depends on the 27% raise in economic growth in Turkey. A 1 % rise in domestic credit leads to an 18.75 % decrease in economic growth. The import sector has a negative impact, and the export sector has positive effects that enhance the movement of economic growth and the resilience of the commercial part locally and globally. Based on studies that support our thesis (Tahiret, al., 2015, Chen and Dong, 2012, and Esfahani, 1991).

Table 4.3: Long-run Equation Results

	ARDL (1,0,0,0)		
Variable	coefficient	Standard error	t-statistics
GDP	0.38535	0.063685	3.3845**
FDI	0.27367	0.076464	2.1276**
EX	0.35475	0.098134	3.3457***
IM	-0.23646	0.065754	-1.6576*
CREDIT	0.1875	1.5753	1.56463

Source: Authors owns.

Notes: Dependent variable = GDP.

***, ** and * represent significance at 1, 5 and 10 per cent.

4.4 SHORT-RUN EQUATION RESULTS

The results of the ARDL short-run equation are shown in the table below.

Table 4.4: The ARDL short-run equation results

Variable	Coefficient	Standard error	t-statistics
Δ GDP (–1)	0.64817	0.15464	4.8435***
Δ FDI	0.063465	0.047535	1.3245
Δ EX	0.1123	0.059867	1.5467*
Δ CREDIT	–0.04565	0.021235	–2.4535*
C	1.0345	0.96573	1.1276
ECT (–1)	–.34567	0.19786	–2.5546***

Dependent variable R-square = Δ GDP 0.45635

Adjusted R-square 0.5463

F-statistic 3.8734**

DW-stat 1.654

LM test 3.65986

Heteroscedasticity 1.1354

ARCH test 0.08574

Notes: Dependent variable = GDP. ***, **, and * represent significance at 1%, 5%, and 10%, respectively.

The instability mechanism has decreased by 54% in the last year. The data indicated, according to the analysis, that the export and import sector have an unhelpful short-term effect on economic growth. Other explanations suggest that the import sector has a negative short-term effect on economic growth, whereas the export sector has a positive impact. Short-Term The CUSUM and CUSUMQ tests are for evaluating the ARDL model of long- and short-term economic growth. The two figures below show that the range is less than 5%.

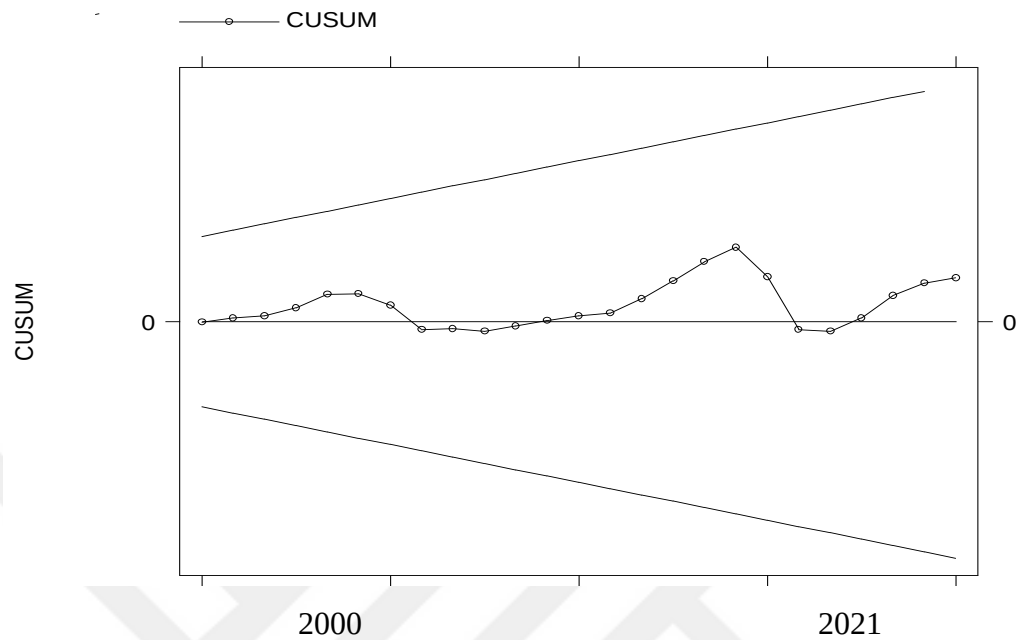


Figure 4.1: Cusum Analyses

The cumulative sum of square (CUSUMSQ) in Figure 8 is between the bands and meaningful at the 5% level, showing that the ARDL model is appropriate.

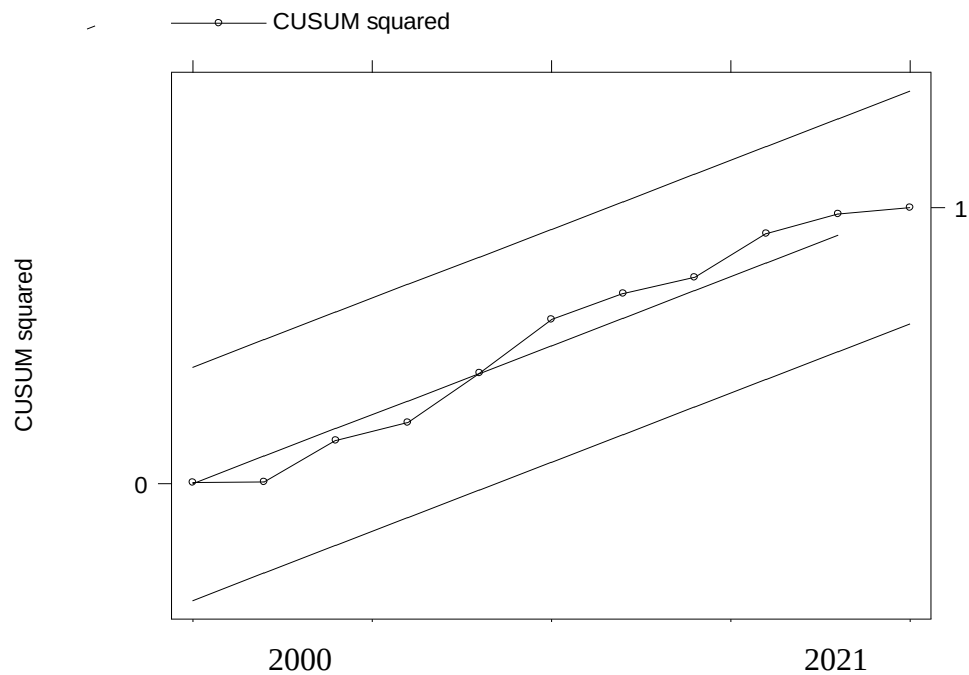


Figure 4.2: Cusumq square analyses

5. CONCLUSION AND RECOMMENDATION

This thesis discussed economic growth in Turkey by researching the relationships and correlations between GDP, domestic credit, foreign commerce and foreign direct investment (exports and imports) during the 21-year period from 2000 to 2021. The study revealed, in light of data analysis and discussion of the international variables that prevailed from financial crises, political and health crises, especially the recent Corona pandemic. There is a large trade deficit, and the export sector during the years of analysis did not witness a significant increase until the year 2019. While the import sector is increasing during that period. According to this thesis that the import sector is rather negatively related to GDP. Also, higher growth in the export sector is an indicator of a rise in GDP. Increasing growth in the import sector also generates a rise in GDP because there is a shortage of some of the various commodities and products that cover the industry inside Turkey, which are the various raw materials that feed the production movement within the industrial development process in Turkey, which is a strong indicator of the strength of the sector Exports. These results were based in support of the hypotheses of the thesis that were adopted according to the correlations between the variables that affect the Turkish economy. The analysis mechanism in arriving at results in this thesis was based on four tests within the ARDL methodology to obtain the appropriate answers to the research problem. The study adopted unit root tests in order to examine the constants of the variables approved in the thesis (foreign direct investment, domestic credit, foreign trade, growth of economic). The outcomes of the research showed that there is a long-term relation between foreign direct investment and the movement of economic growth. This correlation is naturally reinforcing the growth mechanism in the Turkish economy. The explanations for this thesis also gave that the variables that were adopted were not fixed at the level, but were more stable at the first difference. At the same time, the study followed the ARDL model in the short and long term. The outcomes also revealed that the export sector has a statistical behaviour that is an indication of the growth of the economy, but the import sector has a negative significance relative to the GDP. According to this statistical case, however, the economic variables used in the thesis have proven over the long term that they affect the growth of the Turkish economy in a positive way. While in the short term, there is a slight impact of each of the export and import sectors on the

economic growth movement. The thesis also indicates that the importance of the export sector makes it more influential than the import sector because it is the main driver of industry in Turkey. But the import sector is less important than that, according to the statistical findings. The CUSUM and CUSUMQ test is considered one of the most important tests in checking the analysis of the data reached by the research. This thesis found that the range was less than 5%, so it is meaningful in the cumulative test. Whereas CUSUMQ explains that the cumulative GPA at the squared level is more significant at 5%, and this indicates a clear indication that the ARDL model is suitable. The findings of the data in the practical section support the literature studies that were presented in the theoretical section, especially the study of Tahiret et al. (2015) and Esfahani et al. (2015), which gave an explanation about the positive relation between economic variables and economic growth, except for the import sector, which takes a negative turn in influencing economic growth in Turkey.

5.1 FURTHER IMPLICATIONS

The findings of the thesis based on the available data suggest that it is more important to the movement of economic growth. Measuring the political criteria created by the data of the analysis in the study according to the correlations between the economic variables used in the analysis of the practical section. The mechanism of the political criterion can be understood according to these results obtained by the thesis, which is that the economic exports of Turkey worked on political stability because the political factor is linked to the process of developmental development within Turkey and its repercussions on Turkish society, which indicates an important event. Likewise, the opinions and echoes of the Turkish people are a mirror that reflects the state of acceptance and rejection of the progress of the Turkish economy because it creates a variety of well-being. The phrase "Made in Turkey" has significant positive effects and classifies Turkey as a country that has an impact on global and economic politics. It must also support the requirements of the export sector for local materials that support export-based industries and make them more quality, and the need for technology and technology that works to perpetuate modernity in production work. Food exports need political support through directing and supporting producers in accordance with the modern mechanisms used to achieve the requirements of economic development, similar to other countries. There is also an

infrastructure development path that supports efforts to establish large industries that will feed the requirements of consumers in other countries, especially in regional countries. The Arab countries and the Gulf Cooperation Council are the most influential in the Turkish economy. Any crises that penetrate the walls of the Arab countries neighbouring Turkey will create a huge gap within the trade movement led by the Turkish Foreign Ministry. Turkey should support political and economic stability within these countries, as it has a long-term effect on the stability of the Turkish economy. Supporting small and medium-sized companies is one of the basics of construction, development, and reconstruction, as is supporting the import of consumer goods that feed local industries that are directly related to the citizen. also sponsoring direct foreign investment, which contributes significantly to economic development by attracting capital into Turkey and recruiting investors to support sustainable economic development by increasing foreign direct investment. Domestic credit is also a good starting point for supporting economic growth. The contribution of the banking sector has a significant impact on supporting companies and sectors that are developing new methods of economic development. In addition, supporting infrastructure projects is especially important in the transport, electricity, and other sectors that support the movement of trade, industry, and agriculture within the Turkish economy. Towards sustainable economic development.

5.2 RECOMMENDATIONS OF THIS THESIS

The interest in foreign trade in the economic growth movement in Turkey is the fulfilment of the requirements of macroeconomic policies as one of the emerging countries. Also, working to enhance the movement and flexibility of the exchange rate is one of the tools to support foreign trade. The process of change and economic transformation is not an easy one. Therefore, it is necessary to take monetary and financial measures that support different sectors within the Turkish economy in line with international economic changes and to achieve macroeconomic requirements, such as the need to support agricultural growth and support development projects through medium- and small-sized companies in accordance with giving loans without any guarantee such as an APR. Concern for the integrity of the flow of growth in the economy is through the promotion of foreign trade, which affects the growth of the gross domestic product. Also, political stability and dealing with internal economic issues start with support for the

projects of corporate men who have a level of connection within the local commercial movement to support the industry. The thesis focused on economic growth in Turkey, which is an emerging country, but of course, the results cannot be applied in Turkey due to the surrounding fluctuations, economic growth in the world and the risks of uncertainty, and the absence of political and economic stability throughout the world, especially during the period of studying the thesis, so this limitation can be applied and addressed in future studies.



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