

**DOKUZ EYLÜL UNIVERSITY
GRADUATE SCHOOL OF SOCIAL SCIENCES DEPARTMENT OF
INTERNATIONAL BUSINESS AND TRADE
FOREIGN TRADE PROGRAM
MASTER'S THESIS**

**THE RELATIONSHIP BETWEEN PAYMENT AND DELIVERY TERMS
USED IN FOREIGN TRADE: THE CASE OF TURKEY BETWEEN 2005
AND 2019**

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İZMİR-2020

DECLARATION

I hereby declare that this master's thesis titled as "The Relationship between Payment and Delivery Terms used in Foreign Trade: The case of Turkey between 2005 and 2019" has been written by myself in accordance with the academic rules and ethical conduct. I also declare that all materials benefited in this thesis consist of the mentioned resources in the reference list. I verify all these with my honor.

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ABSTRACT

Master's Thesis

The Relationship Between Payment and Delivery Terms used in Foreign Trade: The Case of Turkey Between 2005 and 2019

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One of the most important factors in the globalization of the world is the development and evolution of the economy in the world history. The economy has gained an international dimension from the primitive times to the time, due to both the changes in the social life and the changes that technology has reached today. Countries today interact with each other in almost all fields, especially the economy, like never before.

The main purpose of the economic activities in the globalizing world is to increase the level of welfare. In order to improve the welfare level, various economic activities are carried out both on an individual basis and among countries. In these activities called import and export, it is quite possible to encounter various problems.

Investigation of the factors determined by the buyer or the seller in the delivery and payment method, while keeping the foreground in choosing the delivery and payment method is an important factor in eliminating the complexity that may arise in the future. In addition, it is important for companies that import and export to know the risk and obligations of the delivery modes, as an unconscious or incorrectly chosen delivery method can cause damage to an enterprise that wants to make a profit. Likewise, companies will gain an advantage by choosing the right form of payment.

In this study, changes according to the year of Turkey's imports and exports between the 2005-2019 period, the group of countries and their share in total imports and exports of the sector are discussed in detail. Finally, the main purpose of the study, the change of payment and delivery forms over the years, was examined in detail using secondary data sources and whether or not there is any relationship between the payment and delivery forms used in international

trade was tried to be determined with the help of correlation. When we look at other studies, it is seen that the relationship between payment and delivery types is not sufficiently examined. For this reason, it has been tried to determine which delivery method used by import and export companies in international trade with which payment method. In the study, literature review and data analysis were done. Delivery methods were tried to be explained in detail by using INCOTERMS brochures published by ICC. They also benefit from the data tables that are created and interpreted by the Turkish Statistical Institute As a result of the analysis, it was revealed that there was a positive relationship between some forms of delivery and some forms of payment, while others had a negative relationship such as, For example, it was determined that there is a positive relationship between the most preferred FOB delivery type in export between 2005-2019 and the Cash against Documents and Letter of Credit payment method.

Keywords: Foreign Trade, Export, Import, Payment Methods, Delivery Methods

ÖZET

Yüksek Lisans Tezi

Dış Ticarete Kullanılan Ödeme ve Teslim Şekilleri Arasındaki İlişki: 2005-20019 Dönemleri Türkiye Örneği

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Dünyanın küreselleşmesindeki en önemli faktörlerin başında ekonominin dünya tarihi içerisindeki geçirmiş olduğu gelişim ve evrim gelmektedir. Gerek ilkel zamanlardan bu zamana gerek toplumsal hayatta yaşanan değişimler gerekse teknolojinin günümüze kadar ulaşmış olduğu değişimler hasebiyle ekonomi uluslararası bir boyut kazanmıştır. Ülkeler günümüzde daha önce hiç olmadığı kadar, başta ekonomi olmak üzere neredeyse tüm alanlarda birbirleriyle etkileşim içerisinde.

Küreselleşen dünyada gerçekleşen ekonomik faaliyetlerin temel amacı refah düzeyini arttırmaktır. Refah düzeyini iyileştirebilmek için hem bireyler bazında hem de ülkeler arasında çeşitli ekonomik faaliyetler gerçekleştirilmektedir. İthalat ve ihracat olarak adlandırılan bu faaliyetlerde, çeşitli sorunlar ile karşılaşılması oldukça muhtemeldir.

Teslim şeklini ve ödeme yöntemini alıcının mı yoksa satıcının mı belirlediği, teslim şekli ve ödeme yöntemini seçerken ön planda tuttuğu unsurların araştırılması, ileride ortaya çıkabilecek karmaşıklığın bugünden giderilmesinde önemli bir faktördür. Ayrıca bilinçsiz veya yanlış seçilmiş bir teslim şekli, kar elde etmek isteyen bir işletmede zarara yol açabileceğinden teslim şekillerinin hangi aşamada riski ve yükümlülükleri karşı tarafa aktardığının bilinmesi ithalat ve ihracat yapan firmalar için önem arz etmektedir. Aynı şekilde doğru bir ödeme şekli seçimiyle firmalar kendilerine avantaj sağlayacaklardır.

Bu çalışmada, Türkiye'nin 2005-2019 dönemleri arasındaki ithalat ve ihracatının yıllara göre değişimleri, ülke grubu ve sektörlerin toplam ithalat ve ihracat içindeki payları ayrıntılı olarak ele alınmaktadır. Son olarak çalışmanın ana amacı olan ödeme ve teslim şekillerinin yıllar itibarıyla değişimi, ikincil veri kaynaklarından yararlanılarak ayrıntılı olarak incelenmiş ve uluslararası ticarete kullanılan ödeme ve teslim şekillerinin arasında herhangi bir ilişkinin

var olup olmadığı korelasyon yardımıyla ortaya koyulmaya çalışılmıştır. Diğer çalışmalara baktığımızda ödeme yöntemleri ve teslim şekilleri arasındaki ilişkiye yeterince bakılmadığı görülmektedir. Bu yüzden ithalat ve ihracat yapan firmaların uluslararası ticarete hangi teslim şeklini hangi ödeme şekliyle kullandığı saptanmaya çalışılmıştır. Çalışmada, literatür taraması ve veri analizi yapılmıştır. Milletlerarası Ticaret Odası tarafından yayınlanan INCOTERMS broşürlerinden yararlanılarak teslim şekilleri ayrıntılı olarak açıklanmaya çalışılmıştır. Ayrıca Türkiye İstatistik Kurumu verilerinden yararlanılarak tablolar oluşturulmuş ve yorumlanmıştır. Analiz sonucunda bazı teslim şekilleriyle bazı ödeme yöntemleri arasında pozitif ilişkinin olduğu bazıları arasında ise negatif ilişkinin olduğu; örneğin 2005-2019 dönemlerinde ihracatta en çok tercih edilen FOB teslim şekli ile Akreditif ve Vesaik mukabili ödeme yöntemi arasında pozitif ilişki olduğu tespit edilmiştir.

Anahtar Kelimeler: Dış Ticaret, İhracat, İthalat, Ödeme Yöntemleri, Teslim Şekilleri

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CONTENTS

DECLARATION	II
ABSTRACT	III
ÖZET	V
CONTENTS	VII
ABBREVIATIONS	XI
LIST OF TABLES	XII
LIST OF FIGURES	XIII
INTRODUCTION	1
CHAPTER ONE	4
WORLD'S ECONOMIC ADVENTURE FROM PAST TO TODAY	4
1.1. Development of the Economy from Ancient Greece to the Islamic World	5
1.1.1 Age of Discoveries: Mercantilism and Physiocracy	13
1.2. The Depression Over the 18th Century: Classical and Neoclassical Economics	20
1.3. Great Depression and Keynesian Economy	32
1.4. 1973 Oil Crisis and Monetarist School of Economics	37
1.5. Outward Growth Models (1980-2000): Neoliberal and Post Keynesian Economics Schools	41
CHAPTER TWO	48
HISTORICAL DEVELOPMENT OF FOREIGN TRADE - PAYMENT AND DELIVERY METHODS	48
2.1. Historical Development of Foreign Trade	49

2.1.1 Colonial Period	50
2.1.2. Privileges Period	51
2.1.3. International Period	53
2.2. Concept of Incoterms and Delivery Terms in Foreign Trade	58
2.2.1. Incoterms to the Present	60
2.2.1.1. Incoterms 2000 Structure	63
2.2.1.2. Incoterms 2010 Practices	63
2.2.1.3. Incoterms 2020 Practices	65
2.2.2 Applications Covering All Transport Types	67
2.2.2.1. EXW – Ex Works	67
2.2.2.2. FCA – Free Carrier	69
2.2.2.3. CPT – Carriage Paid To	71
2.2.2.4. CIP-Carriage Insurance Paid To	73
2.2.2.5. DAP – Delivered at Place	74
2.2.2.6. DPU - Delivered at Place Unloaded	76
2.2.2.7. DDP – Delivered Duty Paid	77
2.2.3. Delivery Forms Covering Sea and Inland Water Transportation	79
2.2.3.1. FAS – Free Alongside Ship	79
2.2.3.2. FOB – Free on Board	81
2.2.3.3. CFR – Cost and Freight	82
2.2.3.4. CIF – Cost Insurance and Freight	84
2.3. Payment Methods Used in International Trade	86
2.3.1. Cash in Advance	90
2.3.1.1. Remittance	93
2.3.1.2. Prefinancing	93
2.3.1.3. Red Clause	93
2.3.2. Open account	94
2.3.3. Acceptance Credit	96
2.3.4. Cash against Documents/Documentary Collections	99
2.3.5. Letter of Credit	101
2.3.5.1. Letter of Credit Types	105
2.3.5.1.1 Unconfirmed L/C	105
2.3.5.1.2. Confirmed L/C	105
2.3.5.1.3 Irrevocable L/C	106
2.3.5.1.4. Letter of Credit on Sight	106
2.3.5.1.5. Deferred L/C	106
2.3.5.1.6. Negotiation L/C	107
2.3.5.1.7. Red Clause L/C	108
2.3.5.1.8. Green Clause L/C	108

2.3.5.1.9. Transferable L/C	109
2.3.5.1.10. Back to Back L/C	109
2.3.5.1.11. Revolving L/C	110
2.3.5.1.12. Standby L/C	110
2.3.6. Bank Payment of Obligation	110
2.3.7. Counter Trade	111
2.3.7.1 Counter Trade Types	112
2.3.7.1.1 Bartering	112
2.3.7.1.2. Clearing	113
2.3.7.1.3. Counter-Purchase	114
2.3.7.1.4. Switch	114
2.3.7.1.5. Swap	115
2.3.7.1.6. Buy – Back	115
2.3.7.1.7. Buy – Sell	116
2.3.7.1.8. Off – Set	117
2.3.7.1.9. Toll Manufacturing	118
CHAPTER 3	119
THE RELATIONSHIP BETWEEN PAYMENT METHODS AND DELIVERY TERMS	119
3.1. METHODOLOGY	119
3.1.1. Purpose of the Research	119
3.1.2. Research Method	119
3.1.3. Data	120
3.2. FINDINGS	121
3.2.1. Turkey's Foreign Trade Data for the Period of 2005-2019	121
3.2.2 Turkey's Imports And Exports By Country Groups Between 2005-2019 Periods	122
3.2.3. Turkey's Imports and Exports By Broad Economic Catagories Between 2005-2019 Periods	123
3.2.4 Payment Methods used in Turkey's Import and Export in the 2005-2019 Periods	126
3.2.5 Delivery Terms used in Turkey's Import and Export in the 2005-2019 Periods	128
3.2.6 Import and Export By Mode Of Transport, 2005-2019	130
3.2.7. Examining The Relationship Between Payment Methods And Delivery Terms used in Turkey's Import and Export in the 2005-2019 Periods	131

CONCLUSION	141
REFERENCES	148



ABBREVIATIONS

CFR	Carriage and Freight
CIF	Carriage Insurance and Freight
CIP	Carriage and Insurance paid to
CPT	Carriage paid to
DAF	Delivery at Frontier
DAP	Delivered at Place
DAT	Delivered at Terminal
DCP	Delivered Costs Paid
DDP	Delivered Duty Paid
DDU	Delivered Duty Unpaid
DES	Delivered Ex-Ship
DPU	Delivered at Place Unloaded
ECU	European Currency Unit
EFTA	European Free Trade Association
EMS	The European Monetary System
EXW	Ex Works
FCA	Free Carrier
FAS	Free Alongside Ship
FOB	Free On Board
FOR	Free on Raid
FOT	Free On Truck
ICC	International Chamber of Commerce
IMF	International Monetary Fund
MEI	Marginal Efficiency of Investment
MPC	Marginal Efficiency of Capital
OECD	Organization for Economic Development and Cooperation
OPEC	Organization of Petroleum Exporting Countries
TURKSTAT	Turkish Statistical Institute

LIST OF TABLES

Table 1: Rules for Any Mode or Modes of Transport (Incoterms 2010)	64
Table 2: Rules for Sea Inland Waterway Transport (Incoterms 2010)	64
Table 3: Rules for Any Mode or Modes of Transport (Incoterms 2020)	65
Table 4: Rules for Sea Inland Waterway Transport (Incoterms 2020)	65
Table 5: Chart of Responsibility and Transfer of Risk	85
Table 6: Turkey's Foreign Trade Data for the Period of 2005-2019(Million USD)	120
Table 7: Exports by Turkey as an annual percentage of the Period 2005-2019	
Country Group	121
Table 8: Imports by Turkey as an annual percentage of the Period 2005-2019	
Country Group	122
Table 9a: Import and Export by Broad Economic Categories (BEC) %	123
Table 9b: Import and Export by Broad Economic Categories (BEC) %	123
Table 10: Import and Export by Broad Economic Categories (BEC) %	124
Table 11a: Turkey's 2005-2019, Shares of General Export and Import Payment Methods (%)	126
Table 11b: Turkey's 2005-2019, Shares of General Export and Import Payment Methods (%)	127
Table 12: Turkey's 2005-2019, Shares of General Import Delivery Terms (%)	128
Table 13: Turkey's 2005-2019, Shares of General Export Delivery Terms (%)	129
Table 14: Import and Export by Mode of Transport, 2005-2019 (%)	130
Table 15: Examination of Delivery Types in terms of Export and Import Status(Million US \$)	132
Table 16: Analysis of Payment Methods in Terms of Export and Import Status (Million US \$)	132
Table 17: Analysis of the Relationship between Payment Methods and Delivery Terms used in Export (2005-2019)	134
Table 18: Analysis of the Relationship between Payment Methods and Delivery Terms used in Import (2005-2019)	137

LIST OF FIGURES

Figure 1: Before and after the Crisis and Turkey's Foreign Trade Balance (Million TL)	33
Figure 2: World Import and Export (US\$ Thousand) of All Products from World between 2000-2018	55
Figure 3 : Payment Risk Diagram	87
Figure 4: Transactions Cash in Advance Payment Method	90
Figure 5: Operation of Payment Method Against Goods	94
Figure 6: Flow of Accepted Credit Payment Method	97
Figure 7: Procedure of Payment Against Documents	99
Figure 8: Letter of Credit Work Flow	103

INTRODUCTION

The reason for economic activities is the desire to meet people's needs. Foreign trade occurs between countries by exchanging goods and capital.

In the times when there was no money, the exchange of goods was carried out by barter method. With the discovery of money, the exchange procedure has become more systematic and organized. Trade has reached an indispensable point in the globalizing world in order to overcome the lack of in-country production, provide cost advantages and product diversity.

Scientific innovations and technological developments in the globalizing world have brought countries closer together in terms of geographical, political, economic, cultural and social terms. The rapprochement between the countries in the world has brought with it the increase in foreign trade volume. With the development of foreign trade, the use of different currencies in different countries, speaking different languages and having different legislation causes more difficulty and complexity foreign trade transactions.

The fact that different countries often do not have enough information about each other has created a problem of trust among countries in trade. This problem may lead to the risk of not delivering the goods for the importer, and for the exporter to be faced with the risk of non payment. Due to the realization of trade at distant and different distances, the delivery and payment of goods do not take place at the same place.

For this reason, a foreign trade transaction is created between the importer and the exporter while the foreign trade transaction is carried out. In the contract created between the trade parties, it is clearly stated how to make the trade and how the payment will be made. In order to avoid any problems in trade, it is necessary to emphasize the terms of the contract.

Banks are of great importance in the delivery of goods and payment transactions. The parties carry out their transactions through banks without confronting them in the delivery and payment transactions. Banks request a

commission in exchange for mediating foreign trade. As a result of the development of technology in international trade and intermediation of foreign banks, many payment methods have emerged.

The payment methods used in international trade show how much risk firms take on at the time of import and export. Likewise, the delivery methods show to the importing and exporting firms where and when the risks and responsibilities pass to the buyer and seller in terms of the moment of delivery of the goods, the transition of the damage and the obligation to bear the costs.

In this study, payment methods and delivery terms between 2005-2019 are examined. The change of payment methods and delivery terms over the years has been examined and it has been investigated whether there is a relationship between payment methods and delivery terms. When analyzed studies conducted in Turkey has not examined the relationship between payment methods and forms of delivery used in foreign trade, foreign trade companies to be useful to this study and is intended to contribute to the literature. This study aims to contribute to the literature by examining the relationship between payment and delivery terms and the change that has occurred over the years. With this study, How is the relationship between payment and delivery methods?? and How have the payment and delivery types changed over the years? answers to such questions are sought. Importance of this study, since the world has existed, the effect of Payment methods and delivery terms in import and export transactions on buyers and sellers is due the fact that it plays a decisive role in foreign trade.

In the first part of the study, the economic adventure of the earth from the past to the present has been discussed.

In the second part, the historical development of foreign trade, payment and delivery methods used in international trade are discussed in detail. The positive and negative aspects of these methods from exporter's and importer's perspective are examined. On the other hand, innovations and changes made by Incoterms 2020 have been taken into consideration.

In the third section, import and export figures of Turkey in the 2005-2019 period are shown and analyzed statistically. According to the country group and broad economic classification, import and export figures made on a sectoral basis have been handled as of 2005-2019. The relationship between payment and delivery types, which is the main purpose of the study, was tested by correlation method and the findings were interpreted.



CHAPTER ONE

WORLD'S ECONOMIC ADVENTURE FROM PAST TO TODAY

Mankind's transition to settled life has occurred with the realization of the agricultural revolution. Communities before the Agricultural Revolution dominated a nomadic way of life. People who had a nomadic life, running after the food they needed to sustain their lives. People have spent hundreds of years with their lifestyle, which is essentially hunting and gathering to survive.

Clear information on the exchange of various food and equipment to meet the needs of people who lived in the Primitive Ages did not have a prominent character until settled life. As a result, the struggle for life by people who lived during the times we mentioned was far beyond the economic activities. (Bayraç, 2003, p.45).

While people are struggling against environmental hazards, natural disasters, wild animals, and diseases, it is of course quite impossible to talk about their commercial relationships with each other. Based on what we have mentioned; we can say that there are also findings that trade was also carried out during the Paleolithic Period. (Bayraç, 2003, p.47).

Economics, as a science, developed under the influence of Mercantilism that emerged in the 16th century and the philosophy of Physiocracy that developed afterward. Despite the contributions made by the Classical School, which shaped the 18th century, it has a scientific framework today, mainly as a result of the teachings and views of the school we call the Neo-Classical Movement. (Bayraç, 2003, p.48-51).

While Mercantilism takes a statist philosophical view based on the state, we can say that the Physiocracy School and the Classical School advocate more liberal ideas than the Mercantilist School. (Kutlu, 2000, p.7)

As a result, the philosophical infrastructure created by these schools and the currents of thought, which we call Neo-Classical School, combined mathematics and provided a geometric feature to these assumptions by making the assumptions put forward in the economy on a mathematical basis. (Kutlu, 2000, p.7)

1.1. Development of the Economy from Ancient Greece to the Islamic World

Mankind, who lived hunting-gathering life in previous times, started an agriculture-based settled society after the Agricultural Revolution.

After this transition, even in primitive social life, human beings tried to provide the necessary goods to allocate their basic needs that are essential for their survival, and as a result, they created an exchange system. (Eğilmez, 2018, p.21)

When we look at the B.C. 3000s, in the context of the improvements in the life of civilization and the development of the intelligence that humanity has undergone, some concepts have been questioned and it is concluded that the exchange system based on the exchange of goods, which we call the tramp economy, is not sufficient for the society. (Eğilmez, 2018, p.21).

In other words, in a system where the needs can only be met by swapping the goods, individuals need to have the goods they own and the values of these goods must be equal or equal to each other.

Due to these difficulties in the trade-based economy, different goods have started to be used for the exchange to make access to goods easier.

These means of change, which we can name as goods-money, must be goods that can fulfill the needs of the whole society. In essence, it is known that the most valued objects in human life in primitive ages, such as small animals, rice, tea, or necklaces made of stones, animal bones and the shells of creatures in the seas, animal skins, and bones that form various limbs of animals, are used as money. (Eğilmez, 2018, p.22)

For this reason, the concepts that people encountered in 3000 years Before Christ in terms of economy can be expressed as the concept of need, the concept of benefit to be achieved by meeting the needs, the value and the price concepts as a result. The extract; people are on the verge of creating a price-based exchange system due to some of the problems we have mentioned. At that time, we can say that mankind has been using a method of exchange based on price for a period of almost five thousand years. For this reason, the biggest reasons for the emergence of

the price-based exchange system are individuals' ability to maintain basic life functions, their life instincts, and survival instincts. (Eğilmez, 2018, p.23).

The exchange system during the period from the past to the present has been significantly influenced both in the development and exchange of the exchange system created and in the scientific structure of the economy and various events and developments that we can call as a touchstone has occurred. (Eğilmez, 2018, p.23).

The agricultural revolution is a development that has opened a different and new page for humanity that took place in 10,000 BC. With this revolution, individuals collected nutrients that fell from the trees to the ground. To survive, they planted something in the ground instead of hunting and harvested what they had planted. (Köhnen, 1965, p.10).

Thanks to this new ground-based situation, people have acquired a region in their homeland. Thus, the cultural accumulation process of human beings has started with the agricultural revolution.

In the Neolithic Age, cows, sheep, and similar animals were used for the exchange of various goods and items that people needed. At the same time, the agricultural societies that emerged after the revolution started to evaluate their excess production by trading with different societies. (Köhnen, 1965, p.9-12).

In the early days of the era, which we call the Bronze Age, the city-states, known as Sumer and Babylon in the Middle East geography, marked the history of civilization. In this period, the lifestyles of human beings in the form of tribal society began to be replaced by the city and the city communities. The fertile lands of Mesopotamia geography, the majority of which are located within the borders of Iraq today, could meet and feed the needs of hundreds of thousands of people that existed at that time. It also had favorable conditions for growing grain and accompanying various plants. At the same time, cereals such as barley and wheat, which were divided into certain scales, were started to be used as exchanges. (Köhnen, 1965, p.11).

Along with the Agricultural Revolution, the article that contains significant importance in the civilization created by the people who have settled was discovered

in 3000 BC during these times and the discovery of the text is attributed to the Sumerians. It is known that the discovered article provides benefits for managing and emerging trade. The grain production and the discovery of the text, which emerged in the Mesopotamian geography, would bring innovation to the economy along with the trade routes that developed in the Anatolian geography (Karaarslan & Bahçe, 2007, p.1-15).

These people in the Aegean region, in very good relations with the Greek colonies, adopted trade as a source of livelihood and ultimately invented money as a new exchange tool. (Eğilmez, 2018, p.43).

Having created a synthesis spread from India to the geography of Macedonia under its current name, Alexander thus created a multinational, quite large trade network. Hesiodos, who lived in the Greek civilization in the 8th century, was the first literary artist to talk about economic activities. Likewise, Aristotle and Xenefone, who also lived in Ancient Greek Civilization, considered as the first economists in history. (Murteza, 2019, p.19-21).

In the researches carried out for the First Ages, we get the following information about the development of the economy.

a) When the Eastern civilizations in the past examined, its seen that the most important value of these civilizations is agriculture. In the communities that lived at that time, they saw the phenomenon of wealth and poverty as a reward and punishment for opposing, disobeying, or obeying God's commandments. Again in that period, its seen that lending with interest was not legitimate due to both beliefs and social structure. (Eğilmez, 2018, p.50).

b) Indeed, some western thinkers say that social and economic life in the old eastern civilizations continues in a phenomenon that we can call conservative, far from rationality. They stated that the people who governed the state during that period made an effort to reduce the needs of the society and reduce it to a lower level, rather than reproducing the tools and equipment that would meet the needs of the society in its nature. At the same time, these thinkers say that the origins of the eastern societies originated from their creation or geography, that they had

subjugation to their creation, and that these characteristics manifested themselves in both social and economic conditions. (Gözlü, 2018, p.269-271)

c) Likewise, about the philosophy, politics, and society of the philosophers within the Greek society, starting on the date we voiced; They wrote works on organizational management and they included some economic ideas in these works. The economic thoughts that philosophers have included in their works include the organization of the economy, profit from trade, interest rates in various situations, the values of the goods we have classified as commodities, and subsequent issues such as money. For example, Plato (427-347 BC) described the state he saw as ideal in his work called *The State*. Despite his ideas based on personal happiness, Plato expressed the idea that there should be a strong state based on ethical norms. At the same time, Plato expressed his opinions in line with the collectivist ideas by demanding that the property rights to be demanded on the land should be shared equally to the society and that the right to inheritance be restricted. He stated that money is not wealth, but only a barter. (Eğilmez, 2018, p.57).

When we look at the ancient Greek period, the police also see a slightly more collective economy in which agriculture is essential and commercial activities aimed at a profit are not seen clearly and well during this period. Following this, rational thoughts and individualistic behaviors started to take more place in Greek society during this period. Increasing its commercial relations with the Near-Eastern societies in the 4th and 3rd centuries BC, Athens has allocated itself as a social and economic advantage in this region, which we have specifically mentioned by trading with the help of their development in the maritime field. (Eğilmez, 2018, p.55).

Again, Aristotle (384-322 BC), one of the philosophers in Ancient Greek Civilization, stated that there are natural and unnatural ways to access wealth. According to Aristotle, the activities carried out for the production and exchange of goods necessary for the fulfillment of vital needs that he has given the name of *Oikonomik* (housekeeping) are natural and fair activities. What he wants to emphasize with the word *Chrematistics* is that the trade that takes place only for profit is not a natural and fair activity. (Eğilmez, 2018, p.58).

Aristotle sees money as an obligatory exchange means and therefore expresses that the exchange consists of the needs that connect people. At the same time, Aristotle qualifies lending with interest as good. He talks about the fair price. (Taş & Günay, 2015, p.141-145).

In ancient Rome, the views covering economic issues do not contain much innovation compared to the views of philosophers who lived in Ancient Greek Civilization. In Rome, which was able to establish a solid legal system, economic thoughts were able to find a place in the legal system they had established. (Taş & Günay, 2015, p.145).

At the same time, a few of the Roman writers (Cicero, Seneca etc.) have made the property of large lands (latifundia) a subject of criticism. They argue this issue, which has been transformed into a subject of criticism. The increase of the large lands in Rome has been the result of the crushing of the farmer class, which has small lands, within this competition. (Eğilmez, 2018, p.59).

When we look at the Middle Ages, it is seen that the views parallel to religion are dominant in economic ideas. While the Site and the State constituted the cornerstone of economic ideas in the early ages, when it comes to the Middle Ages, it is seen that economic thoughts are shaped around God and his commandments. (Xenophon, 1997, 363-367).

Although some works that have addressed economic issues on their own have been published towards the late times of the era we have mentioned. It is of course not possible to talk about the existence of an economic thought that took place in a systematic sequence. In the Middle Ages, just as in the First Ages, economic thoughts were included in philosophical and moral ideas. However, these economic thoughts, which are included in philosophical and moral ideas, have been adhered significantly to religion. We can see that the distinctive part of this period we have mentioned from other periods, which is very important, is that belief and accompanying science cannot be considered separately from each other. As it is known in the Middle Ages, there is also a social class called Feudality management and subsequent slavery. (Atabey, Yılmaz, & Yılmaz, 2018, p.7-20).

As it was in the ideas that influenced Saint-Thomas the First Ages; it does not find commercial behavior and thoughts that are unlimited, which cause an ambition to earn money only within the desire to win, is ethical and correct. Likewise, according to Aquin, it is worth sinning to sell a product at a price higher than the value it offers in real terms, or to buy it at a cheaper price than the real one. Again, according to him, it is haram to earn interest from a loan. In this case, it should not be forgotten that Thomas was a philosopher as well as a priest. In his view, money is a means of exchange; cannot create a value by itself. (Eğilmez, 2018, p.78).

The income to be provided by the person who borrowed the money is a counterpart to his labor. The person who lent the money to the needy does not care about the risks to be made with the money he lent, as he does not make any effort. Therefore, we can say that earning interest on borrowed money is against income. However, Saint-Aquin does not have ideas in line with what he thinks about the money lent for the rent of immovable properties. Since the goods that are immovable in the opinion of Aquin is not be consumed as a result of using them once, the rent received from the real estate is right. Following what we say, Saint Thomas is: it also justifies that the lender of the money requests a different and extra interest for the money it gives:

1- The borrower may request a high compensation benefit, which is different from the amount of money they have given, if there is a risk and condition of losing the money they have given.

2- The person who borrowed the money, the borrower can provide a service person has been rewarded with that reason. The borrower can offer a condition during borrowing. (Sedláček, 2011, p.122-135).

Oresmius and Buridanusaksi have metalist thoughts towards Aristotle, one of the ancient Greek philosophers, to take a nominalist approach to money and to have a statist idea structure. According to Oresmius and Buridanusaksi, the value of money is equal to the value of the substances it contains. In 1360, Oresmius wrote a book titled "Origin, quality, law and deity of money". In this book, Oresmius depicts inflation as a form of false taxation that is far from fairness; He also claims that he defends the dual mining system in his book. Between the 8th and 9th centuries,

books translated by the Ancient Greek Philosophers have been translated into Arabic, and therefore the Islamic World has received inspiration from the ideas of the Greek philosophers about the economy (Hançerlioğlu, 2017).

One of the famous thinkers of the Islamic World, Farabi and Ibn Rushd, have tried to deal with the philosophy inherited from Ancient Greece in a synthesis based on reconciliation with Islamic philosophy. During the period we call the Middle Ages, as in the Christian world, in the Islamic World and also in the Arab geography, the beliefs in the religion and accompanying thoughts influenced economic life. There are institutional structures like feudalism in the Arab Geography. Islam does not find and prohibit any interest. (Eğilmez, 2018, p.63).

For this reason, when the countries other than this belief are compared in countries with Islamic belief, the development and progress of the banking system in the countries with Islamic beliefs were negatively affected. The thoughts of Farabi and İbn-i Rüşd, who have taken part in the Islamic World, on economic developments were parallel. It is understood that after the growth and globalization of the phenomenon, both of which are called capitalism, the effort to own goods, property and earn money in Western societies is worsened by discourses such as money greed in the Islamic societies and to tolerate world goods. When we look at Islamic societies, we see that individuals are in a creation that we can call passively rather than having an active structure. (İlgaroğlu, 2019, p.12).

Goethe, a German philosopher, explains this situation in a letter he wrote for a friend as follows: “While Muslims discipline their children, they instill the belief in them: The income written on man's forehead! Thus, individuals act as if they insured themselves against all accidents and troubles.” İbni Haldun, who was born in 1332 and died in 1406, has put forward ideas with more progressive and rational thoughts compared to the period he lived. (İlgaroğlu, 2019, p.10-16).

Likewise, in addition to the theoretical studies he presented in his scientific context, İbni Haldun also benefited from the observations he made based on politics and history, and he added his deduction and induction methods to his research by synthesizing them together. (Eğilmez, 2018, p.78).

In his economic studies and researches, he repeatedly attached importance to the issues of Nomadism and Urbanism. He stated that there will be a significant difference in the cultures of the communities or individuals who have turned from one of these economic issues to the other and their value judgments. At the same time, by addressing the effects of the population increase phenomenon, which is one of the biggest problems of today, in terms of economic and authoritarian political center, a society stated that the population is important among the reasons that give it superiority when compared with the other societies. (Kavakcı & Yardımcıoğlu, 2018, p.323).

In short, our thinker stated that the two most important facts that have created the powers of the State and their communities around the world are the military and fiscal system and presented their ideas on how these issues can be made more orderly and well structured. (Kavakcı & Yardımcıoğlu, 2018, p.317-324).

When we turned our direction from the Middle Ages into the 20th century, Britain, which is called the sunless country in the world, wanted to regain its strength and to become the dominant country in the world again.

Other European States were in the race to exploit the natural resources, manpower and many other values of these geographies by forming colonies in various geographies of the world, especially France, Italy and Spain. (Eğilmez, 2018, p.79).

Meanwhile, Germany was trying to re-establish its unity and to look for regions in which the world could form a colony more clearly in this exploitation war that the world had entered. Of course, the innovations that took place after the industrial revolution show that the foundations of a world war were laid as well as increasing the exploitation activities. Today's economic understanding has essentially shaped by the world wars. As the wars affected the whole world apart from its parties, the globalizing world also affected the issue of spending money on trade.

1.1.1 Age of Discoveries: Mercantilism and Physiocracy

When we consider the world history, the structures that we call essentially the nation state first occurred in England, and then in France, and eventually, in the 19th century, it emerged in the history scene in the states of Italy and Germany.

With the emergence of nation states, it brought revolutionary innovations in both social structures and state structures. As a result of the feudal structure and the restrictions it brought to the Middle Ages, the thoughts that were called scholastic were overcome, destroyed, the center of authority (state) gained power, politics was formed as a sub-branch of social sciences, and religion and state affairs should be separated from each other, ideas and sects have entered the social life. (Eğilmez, 2018, p.81).

Thanks to the Protestantism sect that emerged in the 19th century, the individual was able to find places of importance in life. With the Renaissance Revolution, which was named as rebirth in our language, the concept of Humanism and humanist thought settled in human life. All these innovations and developments have been left to urban settlements based on international trade, ready for states and intercontinental competition, instead of settlements that are subject to feudal system that satisfies the needs of society with a closed economy. (Eğilmez, 2018, p.81).

In summary, as a result of these developments, a new working class has emerged, offering its physical labor in return for wages. Guilds and the guild system, which were the cornerstones of the economy in the Middle Ages, lost their importance. Likewise, the clergy, philosophers, people who are interested in law and traders, who hold power, lost their hegemony over society and the state and transferred their places to those who were civil servants. (Savaş, 2007, p.140).

Towards the end of the Middle Ages, several factors emerged that would change the economic foundations of Western European societies. First, trade has expanded with discoveries from overseas. The gold flowing to Europe in this way has increased the commercial capital by raising prices, opening new profitable business areas for traders, while also reducing the revenues of the noble sector, who earned their living with immovable property revenues.

The changes and innovations in the production of agriculture, which was the most important source of livelihood in those ages, led to the change in the economy system aimed at maintaining a traditional agricultural life. Productions in the field of agriculture were sent to various markets and opened to trade, and agricultural outputs, afterwards, became dependent on capitalism-based trade. Foreign trade has started to develop and monopolies have been given to the merchant class by the state to carry out foreign trade. The most important sources of income for these nation states were trade, and the need to reduce the high risk situation of intercontinental trade carried out to a minimum level through monopolies. Of course, the transcontinental trade has led to a conflict of traders' interests. (Savaş, 2007, p. 142-143).

They needed a power to protect themselves against other commercial factors within the commercial activities of the business class that emerged after this evolution of trade. As a result of monarchic governments and states gaining power and then trade reached an intercontinental dimension, it led to the implementation of economic policies in which individuals and nation-states pursued their interests. (Savaş, 2007, p.144).

As a result of the overlapping of the commercial interests of the central states and the merchants, who are the members of these states, the Mercantilist idea, which found the profits of the merchants equivalent to the nation-based society, emerged as the doctrine adopted by the nation-states. In societies where mercantilist thought takes place, we see that in the first place, the lodges dominated the economic structure of the cities, or that this existing structure was influenced and that city-based protectionism reached the highest level. (Eğilmez, 2018: 83).

In different regions of European geography, especially 14th and 15th. The most striking events that have emerged between the centuries are the presence of trade brokers, all of which belong to their assets, and trade-related companies that have accomplished a rapid growth performance with various systematic factors. In the time we are talking about, we witness that the business class, which has not been fully affected by any thought or power and which has been open to innovations and developments, has gained the touchstone position in the life line. (Pirenne, 2005).

According to the ideas of economist Simon Kuznets, the existence of economic, sociological or political, social innovations and accompanying new geographical regions that took place over the years between 1492 and 1776 and all such situations can be clarified with the situations we mentioned above. (Pirenne, 2005, p.232).

Due to the continental expansion, the seaway has emerged between the European and Asian continents, and the Europeans have reached the new resources that can meet their economic resource needs by taking the western part of the world under their hegemony due to their colonial policies. European states, which have wealth and result of meeting their raw material needs due to intercontinental discoveries, have led to the emergence of new branches of industry. With the colonial activities, the demand for precious metals, goods and economic services brought to Europe increased, so production grew, prices increased, and interest rates reached relatively low levels. (Güran, 2003, 89-103).

This situation caused the European Economies to enter a long-term crisis in the 17th century and the 18th century. In most European states, unemployment has become the biggest scourge of the society, with total output declining, in other words, the speed of production and population growth has decreased. Under these conditions, the states of Holland, England, France, which gradually gained power and entered into competition between each other, implemented their foreign trade policies in a different way from the previous states to bring their economies to a better position by reducing unemployment. Central and strong national state thought is at the center of Mercantilist ideas. (Eğilmez, 2018, p.83).

States that want to share themselves from international competition and not to be behind other states, must have a strong, central structure for a nation to stand out in relations with other countries.

For a central and powerful state to exist; a solid army, a treasure that can meet systematic and government needs, and to meet the needs of colonies and resources. Strong navy is needed to carry out overseas trade activities. Since the amount of natural resources and wealth of the universe is considered to be stable, the existing states in that period contain as many precious metals as gold and silver as much as

they can and should not have any problem in accessing raw material resources. (Eğilmez, 2018, p.84).

To realize all of the things we have mentioned, it is necessary to attach importance to the development of trade, to be in a positive position in the balance of payments or foreign trade and to provide more valuable mineral inflows to the country. In the Mercantilist idea, the wealth of nations is determined by precious metals entering the nation from outside. It is imperative that the government encourage exports and accompanying investments, and limit foreign purchases to customs quotas. (Reinert & Reinert, 2010, p.9-13).

In the Mercantilist period, capital was based on the development of trade based on the concept of winning and retention, and the central authority was asked to perform the functions that would protect this process, which was related to capital, and create opportunities for its development. Mercantilists call the individual with a large amount of money rich, so they stated that the state with a large amount of money will also be rich. (Eğilmez, 2018, p.84).

They stated that for a state to increase the amount of money available, the amount of production should be higher than the amount of consumption. Therefore, the state provided low loans for output (production), controlled wages and prices, did not interfere with the supply of source and worker needs, prevented import purchases of domestic goods, and supported foreign sales (exports). (Aydemir & Güneş, 2006, p.136-158).

Another method of increasing countries' precious mineral amounts is to ensure the export amount is more than the import amount. The consumption of goods subject to export within the country is limited, the purchase of goods from outside is prevented and the obstacles to the supply of raw materials and workers' needs are removed. It is agreed that the state should be strong both as an army and as an authority for unilateral trade implications. (Eğilmez, 2018, p.85).

The state intervened in matters that would prevent economic progress, and asked the entrepreneurs to obey useful bases, and as such, the state itself acted as an

entrepreneur. Mercantilists expressed that the size of public spending will positively affect income and employment. (Aydemir & Güneş, 2006, p.141).

They stated that population growth was compulsory both for the army and due to the existence of an economic system for creating labor-based output during that period “Mercantilists are concerned with numbers and measurement as they deal with measurable sizes such as money, wealth, population, and foreign trade. They have produced statistical and econometric calculations by using deductive and inductive methods together.” Mercantilism has found itself as a diverse economic policy in many regions of the world and has not remained a monotonous idea. We can consider Mercantilist ideas that vary according to the country in four categories. First, we can name the French School in the form of Colbertism, about J. B. Colbert. (Murat, 2017, p.5-6).

This school, which we have mentioned, defended state-based industrialization. They repeatedly expressed the importance of protective foreign trade policy for industrialization and expressed more state-based ideas than others. Another school is the English-Dutch School. They favored free trade compared to the French School. Consequently, they emphasized the need to support the merchant-capital class. (Alp & Karakaş, 2006).

Third, there is the German School, which we call the Cameralist. This school, which we have mentioned, has given importance to finance and administration of finance; they kept the state ahead and were taken into the process of development by state consultants, administrators and colleges. Finally, there is the Italian-Spanish School. This school, which we have mentioned, has become more relevant with monetary issues than the other schools we have mentioned; Thanks to their Catholic beliefs, they were not isolated from the idea of the Middle Ages. The reaction of the society to the theoretical ideas and the limitations of mercantilism in the economic life was harsh in France compared to other countries. (Alp & Karakaş, 2006).

Since the French economic structure was mainly based on agricultural production, it could not benefit from industrialization policies. In summary, the State of France has experienced financial problems due to the failures it has achieved from the failed colonization activities and the high palace budget. The government started

to take more taxes from the society to create different income gates, and because some classes in the community (clergy class, class called nobles) are subject to tax exemption, landowners and citizens living in rural areas are backed. (Murat, 2017, p.6).

The collection of the increased tax amounts through privileged classes and the collection involving violent actions forced the limits of the public's patience in obedience to authority. These events, which we mentioned, became the main cause of the social and economic problems that would later cause the French Revolution to take place. In such a confusing situation, the thinkers, which we call Physiocrats, presented a system of ideas that included a series of economic innovations to restrain the people who were trying to rebel. (Herlitz, 1964, p.101-105).

Following the limitations imposed by the mercantilist thought, agriculture was more important economic activity in France than in the 18th century compared to the United Kingdom. Colbert's industrialization efforts within the policy caused inefficiency in agriculture. Increasing the tax amounts during the period we have mentioned and making the peasant class compulsory for various efforts were among the factors that forced the public's patience. (Eğilmez, 2018, p.86).

Besides, the state was putting its finances into trouble as it went to borrow from individuals with capital to finance the increasing war costs. As a result, Physiocracy has occurred in an environment where the situations we have expressed have occurred. The word physiocracy was born from the word physiocrate. This word means natural order in Greek language. Physiocrats state that everything that exists is within an ideal system. These thinkers have the belief that in daily life, individuals are bound by several laws, such as the laws of physics existing in the world and the laws of the ongoing natural order. Physiocrats used the concept of "natural order" for their ideal order and laws. (Galbraith, 2004: 55-60).

According to the physiocrats, the positive order created by individuals, which includes the deficiencies of the existing administrations, should transfer the place to the natural order that includes the creator's commands. Human beings were brought to the body by a rational attribute by God; therefore, he must obey the commandments of the god, who is considerably larger than his king and possesses

infinite power. Everything that exists must be left to its natural structure. We see that the physiocrat philosophy ultimately should not be a state intervention in the economy and that physiocrats oppose all kinds of state intervention “The sole duty of the state is to secure human life, freedom and movable and immovable property.” (Günay, 2015, p.58).

Individuals are aware of their interests and, in turn, comply with natural laws. Because of this idea, Physiocrats are the concept of individual interest of the cornerstone of the economic order. From the physiocrats to the Classics to the present, the famous rhetoric, "Let them make it, let it pass". It is the word of the self-interest concept that we talked about. People act by thinking about the benefits and harms of their actions, and because they are rational creatures, they cooperate with other members of the society. (Eğilmez, 2018, p.87).

By physiocrat thinkers; Since the personal interests in economic life will be in harmony with each other, the state mustn't interfere with economic life and its factors. For this reason, the natural structure of the market directly leads to the price increase and foreign trade problem. The duties of the state are only to ensure the allocation of trust and justice. (Eğilmez, 2018, p.86).

According to Dr. Quesnay, positive laws must comply with natural laws. In a community shaped by natural laws, there is no need for laws that restrict behavior. To ensure this situation, the state should be in a way to approve the laws submitted to it, not a legislator. The state closest to the natural order in which there is a God who created the universe is the monarchy-kingdom (Charbit, 2002, p.11).

In essence, the advances and developments in positive sciences have been important in the reliance of Physiocrat thinkers to the natural order. Any situation in the natural order exists with its natural functioning. There is no need for an intervention in economic and social life. The state or central authority must protect movable and immovable property, which is considered sacred in the monarchy system, to support education, to allocate security to the society, and to undertake infrastructure works (Charbit, 2002, p.855-861).

Physiocrat Quesnay stated that it was agriculture that created the economy. The creator has created nature so that it can meet the needs of human beings, so agriculture is the epitome of the creator's existence and can only form a net product. Sectors other than agriculture cannot create added value, except for minor differences in inputs from agriculture (Rothbard, 2006, p.365-366).

1.2. The Depression Over the 18th Century: Classical and Neoclassical Economics

Towards the end of the 18th century, the economic doctrines introduced by Mercantilism and Physiocracy were gradually turning over to a new economic order based on international trade, driven by the free market economy.

During this time, with the geographical discoveries made, new continents were added to the continents existing in the world, and transnational trade and transportation have been in continuous development, and European states have included different sources of raw materials to use in production.

Due to the development of maritime trade, making the river and channels available for transportation, and the development and follow-up of the roads, the trade, and the markets have found great opportunities, both the national and foreign markets had an opportunity for development. Likewise, in the world that evolved in this situation, individuals could reach the markets easily and within a very short timeframe compared to the old one. (Eğilmez, 2018, p.87)

In addition to all these developments, when the years of 1750 were entered, the world started to paddle in a very different direction. The technological developments and innovations that took place in England during these years; The 'Industrial Revolution' was realized as a common product of political innovations based in France (Güngör).

With the Industrial Revolution that took place, the agriculture-based society structure that has been going on for centuries has left itself to the industry-based society structure, and the class has emerged as a capitalist, that is, the class that holds capital and uses labor for production. The lower part of the society, which survived with its labor and executed its life, was also called the worker, and the working class

took a place in the history scene like the capitalist class born with the Industrial Revolution (Tubaro, 2010, p.5).

With the Industrial Revolution that took place in England, situations such as Liberalism becoming widespread and settling in the center of life, the idea of the individual to be the only sovereign power in nature, the bourgeois class taking place in the state administration and the transition of the state administration to the bourgeois class caused the emergence of Classical Economic Thought. (Tubaro, 2010, p.3-11)

Towards the end of the 18th century, England was subject to the command of certain social classes. The classical economic view that will bring a breath of fresh air into the current conjuncture at the end of this time we have just mentioned was like a budding just emerging. The adoption of the view that is the beginning of these differences and innovations regarding the monopolistic restrictions remaining from the Mercantilist thought, the economic implications of individualism and its appeal. it made it necessary to defend freedom (Tubaro, 2010, p.7)

As a result of the fact that the state authority became a party with the social classes that were given different statuses than the others, the most important purpose was to minimize the state intervention. The liberal idea system emerged in the United Kingdom of the 17th century and proceeded towards systematization, and the intellectual ideas of the 17th century began to be shaped primarily by the Age of Enlightenment. The British Revolution, which forms the first form of modern management based on liberal ideas, is the British Revolution (Tubaro, 2017, p.8 - 9).

Revolution; It emerged with the domestic war that took place in 1640, and in 1689 it reached the end in the political direction with the idea of the parties. The understanding of liberal individualism was the final result of the sociological and political revolutionary process caused by the collapse of the feudal structure, the progression of communal trade, and the spread of industrialization to different societies (Gül, 2006, p.9-11).

With the Age of Enlightenment, studies on science, art and all such subjects in Europe have reached the highest level and many works have started to be written. Especially the works and ideas produced during the Enlightenment Age of Europe in 1776 have contributed greatly to the modernization and progress of Europe, apart from revealing the foundations of Classical Economics. For example, the first volume of Edward Gibbon's "History of the Rise and Fall of the Roman Empire" was published this year (1776). It is known that Edward Gibbon is a thinker who embraces science, the supremacy of mind, and accompanying economic individualism and altruism and expresses these ideas frankly (Gül, 2007, p.8).

Within the innovative ideas caused by the Enlightenment to be manifested in the European society, the fact that millions of people have been in a battle with the harsh reality caused by maintaining their lives for centuries, and the fact that the average real wages and living conditions they are subject to sustain their lives count in place. Suddenly, after the American Revolution and the subsequent publication of Adam Smith's book "The Wealth of Nations" that appeared in the early 1800s, Western states began to develop as they did not see a similar example in their history (Güngör).

Spinning wheel looms, the introduction of the steam engine in the industry, were a few innovations that had saved time and capital and money for the entrepreneur and normal citizens in the social system. With the Industrial Revolution that took place, living standards were rising to higher levels for all individuals regardless of the rich and poor, and significant increases were observed in real wages (Skoussen, 2001).

Just as there is a founder of the cultural values or selfies of the societies, Adam Smith undertook the construction of new science with his work named "Wealth of Nations" that he introduced in the 18th century, and became the ancestor of this science of wealth. Adam Smith, who was seen as one of the leaders of the Scottish Enlightenment with David Hume, who was partly silent in personality, was a university professor who gave lectures on the Philosophy of Morality at Glasgow University. (Skoussen, 2001, p.15)

In other words, the purpose of their ideas was to bring a new breath to individuals who were sentenced to work for long hours, who only paid enough to sustain their lives and whose average life span was below 40 years. While depicting his book, he emphasized the word “A universal richness that reaches people in the lowest layers” and almost encouraged the readers about this issue (Smith, 2009, p.10-11).

His revolutionary ideas brought innovations in the 18th century England in terms of both economic and social state. If we need to take a look at the effects of classical economics in the steps taken towards becoming a social state in England within the time elapsed following the publication of his book.

The discourse of physiocrats based on the poverty law, which was enacted in England in 1834, and which will inherit the classical thought with Adam Smith; The economic view as "laissez-faire" lies. This law, which took place in 1834, was formed on three main articles.

The first of these articles is to assist individuals who are in a position to be ready to enter the labor market, except for the elderly and in need of care, by paying an amount under the amount paid to those who work in absolute and absolute terms. (Barr, 1993, p. 59) Targeted with this item; to ensure that the working sector does not want more work amount (wage) than the sector that holds the capital and that it prevents the production to be prevented by stopping or disrupting production in the possibility of demanding more.

The second article is intended to provide job opportunities to the poor, who have no reason to take part in the labor market, in the so-called workhouse, or other state institutions, by paying wages below the current market amounts.

The third main article is to try to make the system of these three articles a central structure to prevent corruption such as bribery in the market and to facilitate interregional substitution of the workforce and standardize the service provided (Barr, 1993, p.59).

While this law, which was enacted in 1834, is expected to make it easier for individuals at the level of work to benefit from the laws offered by the state for the

poverty situation, the institutions, which are called as workhouses, do not comply with humanity, are discreet, indispensable and, if appropriate, suck. It was managed under conditions (Fraser, 1984, p.100).

For this reason, it is not a phenomenon that attracts the person or is desired to benefit from these services offered by the state, and it has emerged as a thought in society. However, the purpose of systematizing what this law offers to society for poverty has not been fully achieved. Revision in the future has been a *sine qua non* for this law. (Barr, 1993, p.58-63).

For this reason, based on the attitude that the poverty law signed in 1834 does not compromise the free economy criteria, the living conditions of the cheap working class, which has been exposed to migration to the cities by industrialization, which has gained momentum with the Industrial Revolution, have become both this law and the laws in parallel with this. it required innovations by the state on it (Fraser, 1984, p.100).

In the 19th century, innovations in social assistance and social security issues were expanded to include other classes, with the priority of the working class. In the century we have dealt with, institutions aiming to support the social classes in the form of Friendly Societies have become widespread in the UK and these institutions have started to serve in line with their goals immediately (Fraser, 1984, p.99-10).

However, we should also state that the support given by Friendly Societies and similar institutions to the people in the society covered only the issues of death and illness, and they were able to accommodate individuals who can provide a small amount of financial support. The working class, who are in a position to fight with many difficulties due to their social status as well as the jobs they do, have not been able to benefit from their right to social security (Evans, 2016, p.78-84).

Starting from the second part of the 19th century, the law for employers to allocate work accident insurance and the workers they employ with some social supports has come into force. During the time we have mentioned, the government intervened in economic and sociological life, not only in the industry related to the occupational health of workers but also by introducing innovative interventions that

encompass a wide range of products, not only in the industry but from the quality of the personal home and immovable property (Evans, 2016, p .79).

In summary, the Classical School of Economics, or in other words, the liberal economy is a system of thought that states should intervene in the current economic markets at a minimum level and that the markets will exhibit maximum performance, and that we make their predictions. This system of thought, which we call the Classical School of Economics, flourished around the ideas of people like Adam Smith, Jean-Baptiste Say, David Richardo, Thomas Malthus, J.S.Mill in the early 18th and 19th centuries. Adam Smith, who published his book “Wealth of the Nations” as mentioned above in 1776, laid the foundations of Classical Economic Thought. In his work, he explains the fact that determines the wealth of nations is the country's productive capacity, trade (free exchange of values), and natural resources owned, rather than the stock amounts of gold mines. (Blaug, 2008, p. 562-576).

To summarize what we said about the classical economy: the end of the 18th century, towards the beginning of the 19th century, Adam Smith (1723-1790, *An Inquiry into the Nature and Causes of the Wealth of Nations*: 1776), during the 19th century, D.Ricardo (1772-1823, *Principles of Political Taxation*: 1817), John Stuart Mill (1806-1873, *Principles of Political Economy*: 1848), and ultimately what we call Classic Economic Economy developed by Alfred Marshall (1842-1920, *Principles of Economics*: 1890) It was content that it addressed (A. Schumpeter, 2006, p.926-933).

This classical thought, which we have expressed, was considered to be the most ideal idea to reach the aim of 'development' without discriminating the economic conjuncture for all countries that have developed and continued their development processes. It is a reaction to the state intervention, exploitation and colonial activities brought by Mercantilism, which was the economic system of its own, and the strict surveillance of the state, and the industrialist and merchant class who were in the economic field in a new way at that time, and this was a reaction to the situation. By the classical thinkers, there is not the slightest requirement for the authority to be involved in the economic order of the administration. The classical system and the belief that the markets advocated by this system would return to full

employment without the need for intervention as a result of the turmoil was incompatible with the occurrences and the fact that these countries were face to face with economic turmoil in various periods (Eğilmez, 2018, p. 104).

If classical thinkers tried to express the fluctuations and changes in the economy with changes in money or problems in the functioning of banks, they could not provide a satisfying explanation. In practice, in other words, the reason for the economic fluctuations in the follow-up of unemployment in the countries where the classical economic system was adopted has remained a mystery for many years and has not been clarified and these problems have not been clarified (Eğilmez, 2018, p. 105).

Unemployment and the turmoil in the economy included contrast to the values advocated by classical thinking and the economic events that occurred. Classical School's unions of unemployment created by union monopolies to protect the rights of employees, and the economic turmoil caused by banks to explain the functioning mechanism of banks and demand for money supply did not lead to a satisfactory result. For this reason, although academics and thinkers of continental Europe are concerned with many factors related to each other to explain the turmoil in the economies of the countries, including the problems that Classical Economics could not explain; they could not develop a new economic system that was integrated (Birol & Gencer, 2014, p.259-280).

Since the increase in output or output (production) by classical thinkers will create an increase in demand parallel to the increase in output, there can be no question of a "demand gap" that the British economist Keynes will present. This point we have mentioned is J.B. Say's (1767-1832) can be explained by the so-called "Say's Law". In the essence of the Say' Law, it states that the people who produce the product will ultimately earn income. Individuals will give the amount corresponding to the needs of the earnings from production to consumption, in other words, to demand goods, and they will use the remaining earnings to gain savings, provided that they are parallel to the interest rate (Birol & Gencer, 2014, p. 262).

Actions (savings) made to gain accumulation encounter "investment demand" provided that individuals who are entrepreneurs in the market are also parallel to the

interest rate. Investment and savings determine the equilibrium position of interest, investment, and savings within the economy, in the market, where perfect competition conditions prevail. What is important in this regard is that all of the savings are brought to investment by entrepreneurs, in other words, to the demand for investment goods (Birol & Gencer, 2004, p.262).

For this reason, the Law of Say will take place in practice, and the amount realized in production will compose its demand at a rate parallel to it. These issues that we have mentioned brought the classical thinkers to the theory called "Quantity Theory". The classical money is requested only for transaction purposes (with the motive of the transaction) (demand for active interviews); therefore, money is a constant function of national income. This relationship between money and national income has become symbolized as "Circulation Speed of Money" (V) in Irving Fisher and "Marshall K." in Cambridge School. The Cambridge School's views on money can be summarized as follows: the relationship between real money demand and real income as well as nominal money demand and nominal income (Rubin, 1979, p.291-302).

The money supply is determined by the government or central banks of countries. Based on what we have mentioned, since we accept the production amount that we call as Marshall K or V fixed, real income level, real wages level in the labor market as a fixed and data, money supply and demand stabilizes with the formation of prices in the money market (Rubin, 1979, p.292).

In the extract money market, prices are shaped according to inflation (General Level of Prices). Therefore, the ups and downs that will occur in the money supply cause the same amount of ups and downs at the price levels. Since the amount of output that will occur in the long term in the economy, the level of capital owned, the level of equipment (technically) under the country's presence and the population of the country will increase following the increase in the number of people who want to work, the amount of money in circulation shows a stable course in the long term. will cause a decrease (Bilir, 2018, p.659-666).

In the views of Classic School, this issue, which we have dealt with, will not have an actual presence in the economic order they have created, but will also leave a

negative influence on investment and production levels. In this regard, the money supply should be raised to a rate of growth or higher than the growth rate based on a long-term period, to create a minimized rate increase that cannot be considered as a price increase in the long term by the ideas of the Classics (Menger, 2016, p.467 - 478).

At the same time, because the state intervenes in the market for various purposes, it increases the real wage and the situation called as irregular unemployment occurs as a result of the sequence of events that will occur in the follow-up of the intervention; They argue that employment and wage levels will decrease (Menger, 2016, p.468).

As a result, according to Classic School, the only reason for the uncontrolled unemployment to occur is the interventions that the state has made to the market dynamics that are operating. According to classical and liberal academics, there is not the slightest reason for the state to intervene in the markets for any reason; They argue that full competition conditions are valid for the allocation of resources and investments to economic units for output production or all the remaining goods markets (Menger, 2016, p.469).

Due to the stability and balance positions to be reached in the long term, the excessive profit situation obtained by the entrepreneurs will be replaced by the normal profit state. Thus, justice will be allocated in the distribution of income in the community. According to the classics, there is no reason for the state to intervene in the domestic markets; There is no valid reason to be involved in foreign trade. Foreign trade increases the welfare levels of the countries (Bilir, 2018, p.661).

The issue of increasing the welfare level of the country with foreign trade was expressed in Adam Smith with the theory of "absolute superiorities". In essence, this theory is based on which countries produce less costly products against each other.

Another economist interested in foreign trade is D. Ricardo. "Ricardo, on the other hand, proved that even if one country produces both goods at a lower cost, the specialization of that country in the production of the goods with the most productivity difference, the production of the goods produced by the other country

less inefficiently and the foreign trade will increase the welfare of both countries (Eğilmez, 2018, p.109).

According to this theory, which is called "comparative advantage", the freedom of foreign trade gained generality and was valid for all countries and goods." The Classic School, which we have examined, is considered in two different periods as "Classic" and "Neo-Classic" in essence. These differences, which we mentioned in the economic literature in the 90s, were associated with the differences arising from the advances in the concepts of growth and microeconomics between the Classical and Neo-Classical periods. At the beginning of the millennium, the distinction in this matter was associated with economists in pre-Keynes and post-Keynes economics literature; It was made by considering changes in macroeconomic indicators between two periods (Blaug, 1999, p.216).

Neo-Classical economists, while being loyal to Classic School in terms of microeconomic theories, have adopted the innovations and functional relationships that Keynes has brought to the economy in macroeconomic situations, and worked with the innovations that Keynes has presented. However, by adding different flexibility to Keynesian Thought, they reached the conclusions of Classic School as a result (Blaug, 1999, p.217).

In summary, Neo-Classical Thought is a system that differs from Classical Thought in macroeconomic situations, essentially operating with macroeconomic findings in Keynesian Thought, but reaching the implications of Classical Thought. The Neo-Classical period, which is divided into two, includes an average of 60 years in the Don Patinkin, including the 1950s with its ideas, based on the previous literature economist A. Marshall (1890) (Eğilmez, 2018, p.112).

This periodic distinction is based on the fact that Neo-Classical thinkers have gained A. Marshall's theory of growth and microeconomics. A. Marshall, by not accepting Malthus' Population Law in his theory of growth, stated that economies will grow unlimited in the long-term equilibrium point. Likewise, in his studies, A. Marshall added the concept of "elasticity" to the concept of "marginal" brought to the economy by the Austrian School, carried out studies for cardinal benefit based on profit and profit maximization and made short-term sector analyzes. For this reason,

it has brought microeconomic studies forward in terms of methodology and science (Garegnani, 2002, p.245-252).

Keynes' theory was accepted, defended, and advanced by most economists, thinkers, and academics. However, several economists remained true to the assumptions of Classical Thought. Economists who adhere to the Classical Thought have argued that markets will reach full employment without their intervention by their internal dynamics, as the Classics of the early times pointed to in favor of Keynes' underemployment balance (Eğilmez, 2018, p.123).

However, as a result of the relationship between Keynes's economic literature and the economic parameters that have been gained in the economic literature, the empirical studies have proven to be valid, the economists we have studied have accepted it as an essential imperative to continue their research with what Keynes has brought to the literature. (Tokucu, Kaya, & Akça, 2017, 89-94).

Indeed, it would be equivalent to the fact that the first Classical thinkers continued to work with the inferences made by them. For this reason, economists working with the concepts that Keynes has come to adhere to Classical thought are called "Neo-Classical" and therefore they are in a separate position from the first Classical thinkers. The first name of A.C., which is the leader of this school, which contributed a lot to the development of the Neo-Classical idea series is Pigou (Pigou, 1941) and the other is Don Patinkin (Patinkin, 1948, p.562-568).

If we examine the differences between the concepts and mathematical situations that Neo-Classics have focused on their works by using Keynes' theory, the ideas of Keynes, the economist who inspired them, the active survey demand and accompanying idle survey in Neo-Classical thinkers agreed on the existence of the concept (liquidity preference curve) (Garegnani, 2002, p.246).

However, as stated in the system of ideas created by Keynes, the elasticity of interest in idle money cannot be unlimited; There is no liquidity trap in the economy, interest rates are equitable, in summary interest rates can be lowered and increased. The accumulation (saving) and consumption of individuals are related to the interest

rates as well as the amount of income they earn as stated in Keynes' theory (Garegnani, 2002, p.246).

In summary, the findings of Keynes' marginal, average consumption, and saving disposition tendency in the economy have been adopted by Neo-Classical thinkers. The balance of investments is expressed with the MEI (Marginal Efficiency of Investment) concept that Keynes has created. However, compared to what Keynes expresses about investments, Neo-Classical thinkers state that the investment function has a high rate of interest flexibility. For this reason, when the interest rate is reduced to a generally acceptable rate, investments will increase, increasing investments will increase the existing demand level and enable the economy to reach full employment balance point (Tokucu, Kaya, & Akça, 2017, 92).

In summary, wages should also be reduced as needed, so that they should not attract a set of dynamics in the market where full employment is provided. They argued that, even though Neo-Classical economists accepted many assumptions of the Keynesian economy, the economy would reach full employment equilibrium, provided that investments had a flexible structure in their interest and wages. (Selik, 1974, p.166).

This is essentially the result of the first defenders of Classical School, as we have already mentioned. This economic thought, unearthed by Neo-Classical economists, is called "Generalized Classical System" in the macroeconomic literature (Selik, 1974, p.166).

In the generalization of the Generalized Classical System, there is no need for the government to intervene in the market or follow certain policies to reduce unemployment, as it is seen in Adam Smith and his school. Therefore, the state should allocate infrastructure and security and argue that it should implement balanced budget policies (Garegnani, 2002, p.248).

The ups and downs that will occur in the money supply only affect the prices and monetary values, causing the turbulence at the general level of prices. In the long run, money in circulation should be raised equally to the real growth rate.

1.3. Great Depression and Keynesian Economy

The “Great Depression” that took place in the United States (U.S.) and reached the international markets with the name of the 1929 Economic Crisis or settled in our language, has taken its place in history as one of the biggest economic crises in human history with its sociological, social and economic problems.

As a result of the First World War, the increase in the value of the stocks that occurred after the advances in the branches of automobiles and industry in the economic crisis covering the years 1921 - 1929 in the USA, which is the most borrowed country in the world, provided a movement in economic life (Eğilmez, 2018, p. 120).

However, with the sudden collapse of the New York Stock Exchange towards the fall months of 1929, the consumption in the country decreased to the lowest levels with the decline in the wealth of individuals and caused an economic recession that would last for a long time. The most important economic crisis in the world in terms of depth, duration, and spreading area is the 1929 crisis. The fact that credit markets have become dysfunctional, the stock market values have declined, and that the consumer expectations have been negative, as the most important, has pushed the countries into recession. (Nere, 1980, p.45).

The supply rate, which increased more than the effective demand, in other words, caused the high production volumes to drop prices in the international area. With prices moving to a downward trend in various countries following the Free Market dynamics, large and small-scale factories stopped their production or closed the shutter, and therefore unemployment has increased excessively (Eğilmez, 2018, p.121).

The onset of the 1929 Crisis, the challenge that made financial exchanges difficult, was the excessive price fluctuations in the American financial markets, which were called balloons. These rises in the markets ultimately drove new international securities exchange conditions (Tokucu, Kaya, & Akça, 2017, p.93).

Likewise, the decline in the prices of valuable goods in the international field has brought up the issue of whether or not the Latin American countries, which are in

the export position of these valuable goods, can be maintained in the debt allocation. The difficulties in international borrowing led to the re-enactment of protectionist policies (Rdalet & Sachs, 1998, p.7-15).

The crisis of 1929 started on October 24, 1929 with the American stock market reaching the point. Since the Great Depression occurred on Thursday, this crisis is known as “Black Thursday” among society. In this crisis, the panic atmosphere surrounding the square caused the stock index to fall more, as they made a superhuman effort to sell the stocks they had. The stock market has lost 90% of its value in total for two years (Cengiz, 2008, p.30-32).

One of the main causes of the 1929 crisis was that following the increase in stock prices, the progress in economic events did not occur parallel to the stock market, and the scissors in between increased every day. The stock market crisis has brought bankruptcy to a higher level by dragging many banks, commercial and industrial enterprises as well (Albertini, 1990, p.92).

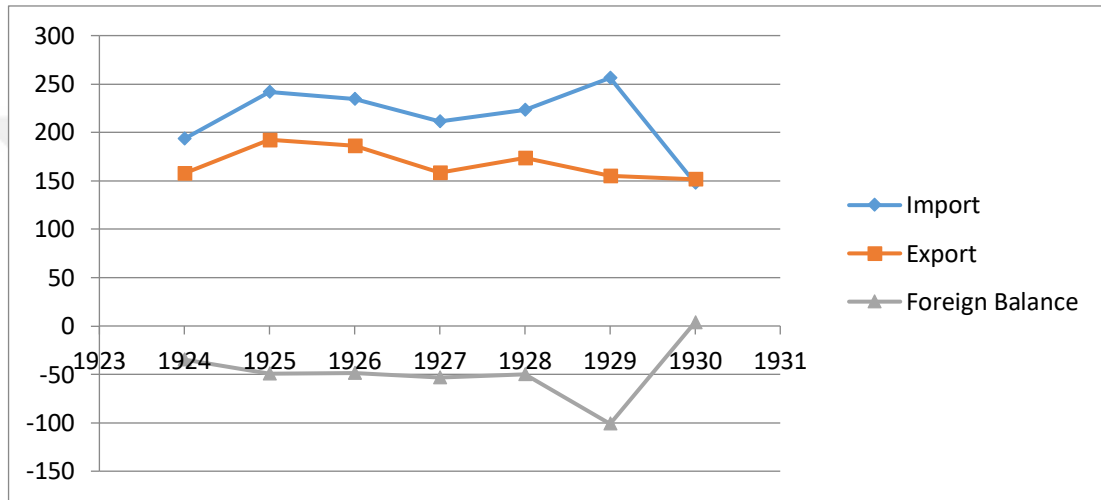
Peck, Ma, and Hallet (2000) investigated the depression of 1929 to the communities of the USA, Britain, France, and Germany, which were the most important industrial communities of that time, and the capital movements, trade connections and price connections of the reasons for the rapid progress of the crisis in their research. (Eğilmez, 2018, p.122).

The effects of the Great Depression on our country's economy have been as great as those of other countries. We can examine this effect with the graph below. Depression in 1924 before imports 193.6 Million in the year in which Turkey Economy approximate; Our import rate was 256.3 million TL in 1925, 241.6 million TL in 1926, 234.7 million TL in 1926, 223.5 million TL in 1928, as a result of the turmoil in the global economic conjuncture in 1929. increased (Worldbank, 2019).

Likewise, as our export amount, in addition to our import amount, was 155.2 million TL in 1929 when the crisis took place, it has even decreased to a lower point than the export figures we realized in 1924, the year before the establishment of the republic (Worldbank, 2019).

Following the rises in the product prices of the crisis, countries that are dependent on foreign raw materials have had difficulties in raw material supplies and a contraction has been made in the markets. During the period between 1924 and 1930, the period ranges in which we discussed the foreign trade balance of our country, it experienced the biggest foreign trade deficit in 29 years when the global crisis broke out (Eğilmez, 2018, p.120).

Figure 1: Before and after the Crisis and Turkey's Foreign Trade Balance (Million TL)



Source: Gülsen Kazgan, Turkey Crisis in Economics (1929-2001), Istanbul Bilgi University Press, 2008, p.55.

The thoughts of the classical thinkers that the markets would reach the full employment balance without the need for intervention, did not coincide with the effects of the events occurring in this period and the ups and downs of the conjuncture.

This turmoil in the economy have been stripped of reality because the economies of the European economists have been tried to be clarified because of the reasons they have presented differently from each other, but these explanations, which have been presented since the macroeconomic order has not been examined as a whole, have been left without reality (Barber, 1967, p.19).

Alfred Marshall, on the other hand, explained the ups and downs of the economy with the mechanisms of banks and the mismatch of money supply (Marshall, 2019); However, we cannot say that this explanation is satisfactory

enough. On the other hand, problems in the economy caused K. Marx to reveal his idea of the socialist revolution and central planning (Barber, 1967, p.21).

Therefore, J.M. Keynes, on the other hand, developed a revolutionary system in the field of macroeconomics with the work he created in 1936 (The General Theory of Employment, Interest, and Money), which began in 1929 and lasted until 1934. Keynes stated that it is impossible to achieve balance with their internal dynamics and reach full employment without interference in the economy, with the thoughts it presents, and therefore it will occur with informal unemployment that occurs due to the effective demand in the economy (Barber, 2018, p.22).

For this reason, the state thinks that it should show its presence in times of crisis and unemployment and increase the income level by increasing the effective demand with the policies it will implement, thereby increasing the level of income and thereby reaching the balance point.

In the opposite case, if the economic system of the country has an effective demand surplus in summary, and therefore the general level of prices is rising based on demand, the effective demand may be reduced to reasonable levels with the policies to be implemented by the state, and the demand-based rise that occurs at the general level of prices can be prevented, the balance point can be protected (Kazgan, 1993, p.218).

Keynes has proved the existence of new factors in economic relations as a result of his studies. We can summarize the factors that Keynes has revealed as follows. Money is demanded not only in the form of total money demand, which is desired to be held with transaction motive, transaction, and reserve motives but also with speculation motive. This money demand, which is defined as speculation money demand or "idle demand", is inversely related to the interest rate. Therefore, the balance interest rate occurs when the goods and money markets reach the balance position (Kazgan, 1993, p.218).

If a country has a "liquidity trap" and the interest elasticity of speculating money demand (idle stock) is unlimited, the balance interest rate will be determined at the interest rate level of the trap and only in the money market. As expressed in Maynard's theory, the unspent portion of income, namely savings and consumption, is related to the amount of income rather than interest. It saves money with the rest of the consumption as much as the need of the community income. (Kazgan, 1993, p. 219).

Keynes expressed what he was talking about with the concepts of marginal and average savings and consumption tendency. In the investment balance, the concept of "Marginal Efficiency of Investments" (MEI) based on cash circulation, which gives more accurate results for short-term investment outcomes, rather than the "Marginal Efficiency of Capital" (MPC) left behind by the classical school, was introduced into the literature. Therefore, the equilibrium point of investments takes place in a position where MEI is equal to the interest rate. In the works of both Classics and Keynes, the investment function is a curve inversely proportional to interest. However, in the classical view, the interest elasticity of investments is quite high compared to other views (Kazgan, 1993, p.220).

In Keynes, investment flexibility is relatively low. The following conclusions are drawn from what we have mentioned. First, the point where investment and savings rates intersect corresponds to the equilibrium income level in Keynes. If we add consumption to this situation, we can say that the "effective demand" determines the balance income level. The fact that effective demand is relatively low will lead us to the concept of non-voluntary unemployment arising from the effective demand gap. Extract disposition tendency is high and the investment level is relatively low. For this reason, the increases in the output, and the output amount will not create a demand parallel to the increase in a certain way, and Say's Law will be legal. As a result, the demand will be at a low point from production, while production will be regulated and decreased according to the demand (Saydam, 2009, p.239-262).

The situation we have mentioned is named as "Simple Keynes System" in the books of macroeconomics and constitutes the basis of the Keynesian Multiplier Models. Keynes, in essence, told the macroeconomic community "Generalized

Keynes expressed that his model is a model suitable for explaining the economic events occurring in life. Therefore, extreme assumptions are unrealistic; equilibrium occurs in the position where goods and money markets reach equilibrium simultaneously. In general, a general balance exists (Ackley, 1963, p.145-151)

In the Keynesian system compared to the classics, the labor market has different systematics. According to Keynes' opinion, there are unions and they have a great influence on the determination of the levels of wages; However, this does not constitute the underlying cause of unemployment.

The reason is that the producers will arrange production according to the current demand. In other words, effective demand will determine the employment rate. At this level of employment, entrepreneurs are most willing to pay real wages at a point corresponding to the marginal productivity of labor. The unions set a nominal wage point from entrepreneurs, which will provide the most real wages. Likewise, as the increase in effective demand increases production, costs and prices will increase (Saydam, 2009, p.242).

1.4. 1973 Oil Crisis and Monetarist School of Economics

Between 70 and 80 is a period in which the effects of the cold war are felt the most in the world, as well as a period in which the turmoil in international politics intensely recurred the economic structure of societies.

Oil is the root cause of the ups and downs in the world economies between 1970-1980. Increases and decreases in oil prices negatively affected the economic progress of our country, which is dependent on foreign energy (Öksüzler & İpek, 2011, p.12-16).

Due to the failure of our country to develop its energy raw material deposits, it first took on a structure that tried to close almost all of the energy deficit in oil with foreign purchases. The crisis that occurred as a result of the increase of OPEC's pure oil prices in 1974 caused many oil importer countries and our country to enter into an economic crisis. The indexing of economic progress to foreign debt in the Third Plan period resulted in the negative struggle against the first oil crisis. Turkey, oil prices

in the resulting turmoil in crisis, as a result, the country's economic dynamics as a result of the economic problems created by the military intervention of 74 in poor Aqaba on adaptation issues, with the second oil-induced global financial crisis that occurred in 1979 has been presumed in a vulnerable way (Orphans & Silk, p.13).

The resulting oil-based crisis has hampered the progress of our country's industry. Decrease the amount of foreign currency they have submitted their accounts in our country our employees expatriate abroad and as a result of the problems experienced are allocated the international arena debts Turkey, to continue the operation of the industry has become unable to allocate the necessary energy. When we talked about, during the crisis periods, our country achieved the lowest growth rates in planned growth programs. (Ulusoy, 2004, p.129).

The first Oil Crisis in 1974 increased the import costs of developing countries (GOU), which are oil importers, and reversed the foreign trade amounts. To continue production in our country as it is manifested in all GPUs, the necessity of foreign purchases of intermediate and investment goods has created a highly rising effect on the costs of foreign purchases for raw materials. "The addition of the US military embargo and the economic obstacles of the Western states in the Cyprus Operation in 1974 and its subsequent situation made the situation worse. The ratio of Turkey's oil export revenues of 16.8% from the level of spending in 1973 rose to 81.4% level in 1977 (Arzova, 2019).

In other words, with the export revenues, almost only the oil import bill became affordable. Between 1970 and 1974, the oil industry underwent revolutionary economic changes. Later, this issue was received by countries with OPEC members. Petroleum-selling countries have highly nationalized private oil production accumulations and have had most of the savings. OPEC members have increased their current prices four times, reduced the amount of output, and imposed restrictions on shipments to the United States for political reasons (embargo). Due to this situation, critical regulations were made in the policies of the countries for energy, the balance of payments balance, and the role of international oil subsidiary. The market age, which determined the amount of low-priced oil production, has ended (Hamilton, 2014).

In the 1973-1977 crisis, oil-producing countries caused the economies of advanced economies that needed oil to face economic problems. For the first time in the aforementioned period, oil was used as a political tool for the states that backed Israel's progressive policy (Hamilton, 2014).

However, this issue was short-lived because oil-producing countries could not constitute a political unity. The international actions of multinational companies have resulted in success, as political imbalances occurred in regions with a significant majority of the market in oil sales. Along with the crises, the USA became a direct party to regional politics and strengthened its political relations with states in the Arab Geography, which are rich in oil reserves (Mictchell, 2010, 189-197).

The increase in value in petroleum in 1974 left industrial activities of European developed economies in a difficult situation, based on cheap prices. (Arzova, 2019).

Expenditures in oil were added to the costs to prevent the benefits and wages from going below the required amount. Rising costs caused large increases in prices at the general level. Payments for oil, which does not have the flexibility of demand, absorbed most of the purchasing power in energy-dependent countries, significantly reducing the demand for different goods. (Örki, 2019).

The fact that the crises that occurred as a result of the second oil crisis corresponding to the years between 78-79 produced separate results from the first could not be meaningful around the Keynesian theory (the theory of the regulation of the lack of demand by increasing the public expenditures), caused the theories that dealt with the crisis in a different way. (Eğilmez. 2018, p.142).

“Structuralists, Monetarists, Supply Economists, and the Rational Expectations Theory emerged as a product of insufficient analysis of demand-driven analysis to explain the new formation” (Licklider & Gray, 1982, p.365).

Under the leadership of Friedman, Philip Cagan, Richard Selden, Anna Schwartz, David Meilsman, George Stigler, Allen Wallis and Karl Brunner expressed the competencies of demand-based Keynesian economic theories in resolving the economic crisis (stagflation) in which the recession and inflation were

observed simultaneously. The crisis will disappear because the owner authorities do not interfere with the economic order (Liclider & Gray, 1982, p.367).

The reason why these economists were given the name Monetarist again, which resulted in liberal economics returning to the economic field and objected with violence to all views that would prevent free-market dynamics; it is one of the views that the main reason for not overcoming the crisis has been increased rather than the need of money supply. As an indication of monetarism's accepted definition and fluctuations in monetary policy, it is a stream of ideas that observes variations in money supply rather than interest levels (Eker, Altay, & Sakal, 2005, p.13).

The money supply is the most important determinant of nominal national income by monetarists, prices and wages are elasticity, the private sector is stabilized and the economic conjuncture has a natural unemployment limit (Eker, Altay, & Sakal, 2005, p.70-74).

In Monetarist Thought, which reveals the policies stating that it should not be involved in the economic order again, and put the conditions of perfect competition as the cornerstone of their views, the money supply is a policy tool that should be emphasized with the importance of money and Monetarists, which is the basis of the stagflation crisis, they think it has to be upgraded very much (Örki, 2019).

Monetarists argue that the economic system is regular. They say that the changes in consumption, investment, and savings in economic turmoil will be absorbed in a short time and that the economic system will reach a new order. Monetarists argue that the assumptions put forward by the Philips curve between unemployment and the general level of prices are not valid; The general level of prices says that unemployment can be reduced in a short period, and real indicators will be reversed in the long run. Another idea that monetarist economists advocate with importance is the idea that monetary policy is dominant in the economy (Jahan & Papageorgiou, 2014, p.38-39).

"M. The theoretical structure of Monetarism, stemming from Friedman's thoughts, appears to be concentrated mainly around the following four points: First, the main factor affecting economic life is monetary changes. According to this view,

the main factor that determines the production, employment, and general price level due to the total demand is the changes in the money supply. Secondly, the reflection of the changes in the money supply to the economy is generally micro and is caused by the reorganization of the asset due to changes in price and return rates. Thirdly, most of the factors that destabilize the economy stem from fiscal policy and monetary policy followed by governments and monetary authorities' creative discretion among firms and individuals. Finally, the use of small models consisting of a small number of equations gives more reliable and economical results in the analysis of the relationship between the variables of the purpose and the tool variables.” (Özdemir, 2010, p.80-85).

Monetarism sees that the most accurate solution to the ups and downs in the presence of money is to determine the rate of increase in money supply in a short time. M. Friedman argues that the money supply should be increased by the specified amount every year within the rule. In Friedman's thought, the monetary size that is suitable for controlling the money supply is M2. At the same time, Friedman disagreed with the occasional review of the increases in the accumulation of money in the conjuncture. Monetarism differs from Classical Economics by two aspects, in addition to the fact that it focuses on the main lines of Classical Economics. First, the classical quantity theory carries incompetence. The second point is that due to the natural rate hypothesis, even if each society is at a balance employment point, societies are not always at full employment balance points with different motives (Özdemir, 2010, p.82).

1.5. Outward Growth Models (1980-2000): Neoliberal and Post Keynesian Economics Schools

Increasing globalization and moving foreign trade to the intercontinental area gained urgency after the 1980s. During this period, the economic advances of the countries that are active in foreign trade have attracted the attention of countries that are in the development stage and they set an example for these countries. In the context of what we have mentioned, the volume of foreign trade has increased by taking measures to advance foreign trade and closing the restrictions to the polls. After this period, the economies of the country turned to the international field.

Factors in a country's economy turning to the international market; to increase the impact of exports on growth and to liberalize foreign trade more than before, to strive for foreign capital investments to come to the country and to establish the convertibility of the country's money (Thirdwall, 2002, p.53).

The success that the economy will exhibit in the direction of foreign trade, increasing the amount that the economy will gain from export and the possibilities it possesses are important. Export allocates resources to activate demand.

In a short time, growth can be achieved through consumption expenditures, investment expenditures, or public expenditures. However, export is compulsory to allocate resources for these long expenditures and to meet the necessary imports (Aktan, 2001).

This development plan, which considers exports as the basis of growth and aims to specialize in producing industrial outputs, has been named as the export-based development plan in the literature. The industrialization plan that is based on exports is essentially an idea that emphasizes the transition to free trade.

Various economic ideas on international economic relations have been accepted by societies. In Mercantilist times, export-increasing ideas, but restrictive imports, became a matter of concern.

Classical economic thought, which took place in later times, stated that the restrictions on foreign trade should be removed completely. In the aftermath of the 1930s, classical ideas have been replaced by anti-liberal and intrusive ideas, which advocate the action of social interests towards personal interests, which include issues such as market dynamics far from full employment, and state intervention (Thirdwall, 2002, p.54).

At this time, import substitution policies were put into circulation regarding the industrialization of developing societies. As a result of the economic crisis of 1929, developing countries, which could not sell out agricultural and natural resources, were unable to allocate the materials they need through foreign purchases and had to give importance to domestic production. In summary, the import

substitution policies in force at the time in developing societies were enforced with the effect of the crisis in 1929 (Thirdwall, 2002, p.55).

Imported substitution policies in effect influenced exports negatively, and due to foreign exchange deprivation of countries, the balance of payments remained open. After the 75s, the neo-classical system returned to the field on development as the national development view fell into crisis. In the 1970s and 80s, neo-classical thinkers have strongly opposed imported substitution policies within the World Bank. The main target of the criticism was the financial losses caused by inefficient planning and government intervention and the import substitutional views, which are based on the industrialization of the domestic market, in terms of competence and resource sharing. The industrialization strategy proposed as an alternative to the import substitution strategy in the 1980s was the “extrovert industrialization strategy” (Trade Policy and Industrialization, 1987).

An export-oriented industrialization strategy is an approach that emphasizes positive dynamic effects such as capacity utilization, technological innovation, and comparative advantages created by market relations in the process of growth and capital accumulation, and therefore predicts liberalization both in the domestic economy and in the balance sheet of trade and payments. South Korea, Taiwan, Hong Kong, and Singapore are examples of extrovert development. The high development potential of these countries has been an example for other developing countries. In other words, liberalization and industrialization in trade in the 1980s became the main strategy for increasing economic growth and development in many underdeveloped countries. It affected the exports negatively and due to the foreign currency deficit of the countries, the balance sheets of payments started to open deficit. With the development of the national development approach after the 1975s, Neo-classical view came to the fore again in the field of development (Trade Policy and Industrialization, 1987).

In the 1970s and 80s, Neo-classical theorists heavily criticized the import substitution strategy led by the World Bank. The focus of the criticism was the costs of the import substitution policy, which was based on ineffective planning and state intervention and the industrialization factors for the domestic market, in terms of

efficiency and resource allocation. Industrialization policy, which was proposed as a different option to imported substitution policies in the 1980s, has the name of "extrovert industrialization strategy" (Trade Policy and Industrialization, 1987).

Export-oriented industrialization policy, capacity utilization caused by market factors in the stage of growth and capital accumulation, technological innovation, comparative advantages are the views that reveal positive revolutionary effects and suggest liberalization both in the domestic economy and in the balance of trade and payments. (Aktan, 2001).

Liberal approaches and industrialization in trade in the '80s and later periods were the main policy roles in promoting economic growth and development in most developing countries. Therefore, we can express the main objectives of the export-based industrialization policy as follows:

- to bring the industry dynamics in the country to an order that consists of factors selling goods to foreign markets according to comparative advantages.
- to allocate a free market and private enterprise-based economy.
- to ensure liberalized foreign trade and therefore directed towards international markets.
- to transform the foreign trade policy into a structure that also encourages exports (Han & Kaya, 2006, p.245-247).

It depicts the stagflation crisis that occurred in the 1970s, causing the criticism of the Keynesian macroeconomic theory to be in a desperate situation. Some of these criticisms came from people who absorbed the Keynesian Economic theory and presented a "Post-Keynesian" or "New Keynesian" model as an alternative model. People named George Akerlof, N. Gregory Mankiw, Ben S. Bernanke, Lawrence H. Summers, Olivier J. Blanchard, Stanley Fischer, Bruce Greenwald, Edmund Phelps, David Romer, Joseph E. Stiglitz have played important roles in the creation of Post-Keynesian Thought. they can be called individuals (Han & Kaya, 2006, p.246).

According to the Post-Keynesian thinkers, the decision-making balance can't occur spontaneously, as it is assumed, as the decision-makers in the economy consider their interests. Also, the decision-makers can't be easily informed, and the prices cannot be balanced immediately to ensure market balance. Therefore, it is inevitable to experience macroeconomic imbalances in the economy (Dinler, 2003, p.304-305).

It can be said that the Post-Keynesian theory is the result of three different theories, each created by different economists. The first thing we talk about is Keynes and his view, which argues that macroeconomics is not the sum of personal actions, but that it has its unique asset and quality. This view was added to R. Harrod's view of the economy as a system in motion. Thirdly, it is M. Kalecki's view that establishes a relationship between capital accumulation and growth and the current income distribution and pricing system in a society. The first economist who tried to combine these three approaches and create a synthesis was John Robinson, and it was the beginning of a new theory named Post-Keynesian Economics with his book titled " Capital Accumulation " (Ağcakaya, 2005, 63-65).

According to the new Keynesian, markets may not always be in balance, even if individuals take care of their interests. Both information problems and costs of changing prices can lead to rigidities that cause macroeconomic fluctuations in production and employment (Dornbusch, Fischer, & Startz, 2013, p.8).

The post-Keynesian theory differs from Neo-Classical theory in the following ways: Post-Keynesian theory has made investment rate the main determinant in its explanations about economic growth and income distribution rather than relative prices. On the other hand, Post-Keynesian people considered the economy as a formation in a historical process based on the economic experiences of the past centuries. They attached great importance to expectations, economic, and political institutions. Finally, the Post-Keynesian Economy is related to the dynamic behavior of the economic system (Ağcakaya, 2005, p.64).

The state is active in the Post-Keynesian Economy. When the market system is left on its own, economic instabilities such as unemployment and inflation on the one hand, and an unfair income and wealth distribution appear on the other. The state

must take economic measures to overcome these problems. Post-Keynesian people, sticky wages model, menu costs, insider's outsider model, effective wage model, coordination failures, especially credit allocation in financial markets create a kind of friction in the functioning of the markets, therefore, the state must intervene in the economy in eliminating these defects. (Tiryaki & Tiryaki, 2007, 119-121).

In addition to all these, if we come to Neo-Classical Economic Thought: Classical Economic Theory was subjected to criticism of many trends, especially by the opinion leaders of the Socialist School, and therefore it was considered by economists from the very beginning of Classical Theory.

Classical thinkers have explored production, economic relations of the society, trade exchange systems, and events related to the market mechanism in a certain economic perspective due to the events they encountered in the stage of industrial capitalism (Tiryaki & Tiryaki, 2007, p. 120).

Classical theory and the literature developed within it were subjected to many criticisms towards the end of the 19th century. As a result of these criticisms, the inconsistencies in the mechanism of capitalism were presented by considering the principles that are the cornerstone of the classical economic view (Kazgan, 2014, p.129).

Neo-Classical economists, who are loyal to the basic ideas of Classical Thought, or Neo-Liberal economists, have brought different theories to the literature on classical value theory and social harmony, and have pursued the goal of defending the basic views of classical school with micro-analysis (Çımrın, 2009, p.196). -201).

Neo-Liberal thinkers have tried to investigate economic issues in abstract ways to further strengthen the principles of classical economics that do not meet the requirements of the age, that are advocated for inconsistency, and to realize significant innovations. In summary, we can explain the common aspects of Neo-Liberal ideas as follows:

-Neo-Liberal thinkers have abandoned the theory of labor-value to a large extent, subject the benefits of goods to individuals.

- Moving away from the idea that sociological cohesion is based on the interaction of the classes that make up the society, they continued their research on personal interests (benefits) and made them subject to the research of individuals' behaviors.

-They studied the economic conditions and their economic theories with the microanalysis methods they developed and benefited significantly from mathematics. They demonstrated a rational, abstract, and deductive approach in their economic analysis. They emphasized the concept of static equilibrium with emphasis (Ersoy, 1986, p.193-194).

Neo-liberals have contributed to important advances in the field of economy. While presenting the Marginal Utility theory and the subjective value theory, they expressed their importance to meet the needs of individuals and reach a certain level of satisfaction (Kazgan, 2014, p.129).

CHAPTER TWO

HISTORICAL DEVELOPMENT OF FOREIGN TRADE - PAYMENT AND DELIVERY METHODS

International trade is the exchange of products and services made internationally for a certain fee of the product and service produced. (Göcen, 2017).

International trade, which goes beyond the boundaries of societies, increases the competitive environment in the market and at the same time ensures that prices are subject to competition. Therefore, it makes it easier for consumers to offer more affordable products than prices provided by other market dynamics. In addition to all these, it makes goods and services that consumers cannot reach, accessible to consumers. International trade creates an economic, political and socio-political dependency between countries, international companies and business contracts and operates in the form of export and import. (Dorobat, 2015: 108-110).

This situation, which we have mentioned, ultimately constitutes a support for economic progress for developing countries. It is also effective in making different political decisions, sanctions, incentives and regulatory elements in the form of law. (Balaam & Dillman, 2020: 187).

In our age, individuals and governments constantly ensure that buyers and sellers, who are located in different economic relations, are located between the continents. Buying and selling transactions that enable the goods and services produced to be delivered to ultimate consumers at a price are called trade. (Dorobat, 2015: 112-115).

Trade is basically divided into domestic and international trade. Intra-country trade includes purchase and sale activities within the boundaries of the country. On the other hand, foreign trade covers all of the purchase and sale of goods and services between various countries. Therefore, foreign trade differs from domestic trade in terms of banking issues, forms of payment, international contracts, payment system. Foreign trade accelerates learning and new discoveries about the product by enabling countries to specialize in the production of certain goods. It gives countries the

opportunity to benefit from economies of scale, and also provides efficient use of production resources, labor and time. (Özkan, 2004: 1).

2.1. Historical Development of Foreign Trade

Geographical discoveries can be defined as a period in which many people make significant gains in delivering goods beyond other country borders to Europe, which they produce and produce goods from other countries. (Özalp, 2011: 17-23).

If it is necessary to classify as a time frame; Trading activities of commodities in the form of precious ores were carried out, provided that spices, silk, porcelain and gold were the most important ones from Eastern civilizations to Europe. It includes times when intercontinental trade consists of economic structures limited to the Silk Road and Spice Road. And then it includes the geographical discoveries made by continental Europe in the 15th and 16th centuries under the leadership of Spain and Portugal. In the 18th century, when the machines gained effectiveness, it took a while until the Industrial Revolution, which first took place in Europe, and eventually spread all over the world. (Topdemir, 2013: 2-4).

The purpose of geographical discoveries; The increasing gold requirement in the field of trade and finance, as a result of the fact that countries such as Florence, Genoese and Venice, which constitute the most important of the goods that are transported through trade routes and which are obliged to be supplied from the East, transform the current amounts of money into gold. (Arnold, 1995: 5-8).

With the influence of these discoveries, the desire to have access to the raw material resources existing in Africa, Asia and America has emerged. With the increasing colonial actions in order to engage in commercial activities with the local people, international trade had the opportunity to move to the world. We can say that the slave exchange, which is the most essential and inhuman form of exchange in the history of international relations, has also increased during the mentioned periods. As a result of the process, the commercial areas have developed, the importance of the Spice and Silk Roads and the Mediterranean ports and the countries in the Eastern region have started to lose their strength compared to the neighboring countries, and

the Western countries have started to progress technologically within the commercial powers they have reached. (Hanilçe, 2010: 48-53).

As part of the progress caused by geographical discoveries and eventual events, the Industrial Revolution, which took place in Europe from the early 18th century to the first place in England and later in Europe, has radically changed life standards and production styles. After that, the transfer of steam machines started in production. (Clark, 2001).

For this reason, it has been possible to produce faster and less costly than old production. The necessity of selling goods produced in a highly productive situation compared to the past increased the international trade amounts. In addition to all these, mass production caused the need for rawer materials, thereby increasing the colonial activities of the countries. Holland (17th century), France (18th century), England (19th century), which have the most effective powers, have created raw materials and international markets by forming colonies. (Clark, 2001).

Although it is a possible situation to reach free trade zones, which have an important position in international trade, about 2000 years ago, the first applications in the modern context have emerged in Hong Kong which was the colony of England, Gibraltar and Singapore since the beginning of the 18th century. These regions, which could not show any progress until the 19th century, started to become important after the Great Depression in 1929, and countries included free trade zone applications in a row. (Muzhdabayeva, 2006: 27-29).

2.1.1. Colonial Period

We define this period, which we call the Colonial Period, as the progress of colonialism through the efforts of finding a field for raw materials and international exchange as a result of the acceleration of economic and commercial activities of the Industrial Revolution. This period includes the time period until 1914, when the First World War occurred. (Göcen, 2017).

Industrial branches and factories that produce with steam power, especially in the 18th century when the Industrial Revolution occurred, were established. Trade has progressed as a result of the need to sell the goods produced more quickly thanks

to the steam power-based enterprises. In order to reach the raw material needed in terms of production and to carry the goods produced as a result of production cheaper, it was essential to establish railways. And it also made it necessary to be in a position to have a trained workforce with capital. (Vries, 2008).

These manufacturing companies entered the raw material race with each other in terms of colonialism for their economic gains among the branches of industry. As a result of the colonial race, colonial activities have increased, and the polarization and interest problems between the countries that are trying to achieve economic and political gains have caused the First World War. (Acar, 2003: 1-9).

The Gold Standard monetary system, which was in circulation during the colonial times, was eventually put into circulation in order to prevent balance sheet inconsistencies between countries involved in international trade and to create a cost measure of the country's money. Therefore, it is aimed to increase the terms of trade within the countries. It showed a fluctuating course from the time it was thrown to the time it was removed from the circulation. Liberalism is not mentioned in international trade and payment issues without any limitation. They have pursued introverted, closed and protectionist policies in order to eliminate the economic negativities that arise with the wars entered by the countries. There are restrictions on free trade. As a result of these reasons, it took its place on the dusty shelves of history after the war. (Reitix, 2013).

2.1.2. Privileges Period

When we refer to it as privileges, it includes the time from 1914 when the First World War occurred to 1945, when the Second World War ended.

Countries are in a period in which they try to advance their national industries in order to correct their economic balance, which has a negative course due to the wars, as a result, they have increased their customs duties and allocated political concessions in line with their interests of their own economic systems.

After 1914, significant developments occurred in international trade and production, with the local institutions investing in foreign countries, and initiatives for the emergence of multinational companies started. The USA and Europe were

first affected by the outbreak of the Great Depression that took place in 1929, and then the whole world affected economically. After the depression, consumer spending, investments and production amounts decreased (Özalp, 2011: 8).

With the occurrence of the Second World War, which is thought to have an impact on the long term of the situations caused by the crisis, it faced a second obstacle for the second time after the crisis in 1929 in the developments in international trade and production.

By 1944, the Bretton Woods System was put into circulation at the United Nations' Money and Finance Conference for the purpose of allocating a common monetary system. The system put into circulation is aimed at facilitating international trade by indexing the currencies of other countries to dollars and dollars to gold. In addition to all these, it led the decision to embody the IMF and the World Bank at the meeting where this monetary system was created. (Arslan & Demirdağ, 2017: 5-12).

As a result of various political and economic events occurring over time, the system we mentioned in 1973 has gradually started to transfer its place to other systems. One of the most important innovations of the time we have discussed is that multinational companies that will support the progress of globalization and international trade and production start to operate in the commercial field. (Özalp, 2011: 9).

In fact, the incarnation of these institutions in the economic field was accepted since 1950 and 1970; Unilever, founded in 1930 with the merger of Dutch Margarine Union company and British Lever Brothers, which established production and distribution companies in other countries, is considered as the first modern international business. (Özalp, 2011: 9).

2.1.3. International Period

It includes the time period since 1945, when the Second World War ended. Both world wars occurring around the world and causing significant results have caused a great deal of damage to countries in terms of economy, politics and social life. Economic and commercial activities occurring in such a situation have been put into circulation in a way that constitutes the progress and development of the countries, and the main development in production has been the allocation of development. (Usal, 2008: 233-234).

In the period between 1945 and 1970, it is a process in which multinational companies emerged, new trade and production networks were created globally and efforts were made to find production forces within the plans of the companies. As globalization has become more important day by day, they have brought some limitations both to control the countries they interact with in the dynamics of the existing system and to ensure the continuity of their relations with these countries. (Usal, 2008: 234-236)

Organizations such as The United Nations, which was founded in 1945, which includes specialist institutions such as the United Nations Trade and Development Conference, the United Nations International Trade Law Commission, the United Nations Industrial Development Organization, the International Monetary Fund and the World Bank, which started its work in 1947, The Customs Tariffs and Trade Agreement signed by 23 countries in 1947, The Customs Cooperation Council (later called the World Customs Organization), which emerged in the commercial field in 1952, Organizations such as the European Economic Community (transformed into the European Union) established in 1957, the European Free Trade Association (EFTA) established in 1960, and the Organization for Economic Development and Cooperation (OECD) (Republic of Turkey Ministry of Foreign Affairs, 2014) established in 1960 undertook important tasks for the advancement of inter-country communication and intercontinental trade and production. (Usal, 2008: 237).

In the years we have discussed, It has brought countries closer to each other in terms of economic and political contexts, for reasons such as countries establishing mutual communication with each other, the place of multinational institutions on the stage of history gaining importance, enabling countries that are close to each other in terms of location to reach barriers in trade by making free trade agreements and led them to take decisions together on integration and cooperation (Eroğlu & Eroğlu, 2009: 125).

The Special Drawing Rights (SDR) created in 1969 under the supervision of the IMF were created in the form of cross-country reserves as a supplement to the Bretton Woods fixed exchange rate system. Having a function in the form of an international monetary system, SDR aims to contribute to the official stocks of IMF member countries and it functions as an account unit of the IMF and some other international institutions. (Eroğlu & Eroğlu, 2009: 126).

The existence of a common monetary system is considered as the most important factor that simplifies international trade and production. In the current order, the value of SDR, which is currently in circulation, is based on a basket index consisting of five principal units: dollar, euro, ruble, yen and sterling, starting from 1 October 2016. (IMF, 2019).

In the period spanning between 1970 and 1990, the increase in international trade and the effects of neoliberal state understanding on trade have increased the mutual interests and relations of the countries, and at the same time, economic races have gained momentum. These developments brought about interdependence in advance. International trade and production have evolved to a very different level thanks to the reasons such as the increasing globalization due to the developments in the telecommunication and technology branches, the finalization of the biaxial system, the policies have put into force since the 1980s. (Eroğlu & Eroğlu, 2009: 127).

International trade and production with Globalization have developed bilaterally, and have gained new definitions as supporting each other. After 1990, the progress of international trade and production gained a great momentum as the bilateral world order lost its existence after the end of the Cold War, liberal policies

were manifested and the obstacles in foreign investment issues were minimized. (Kartal, 2007: 253).

The institutions such as the Gulf Cooperation Development Organization, which was established in 1981, the Economic Cooperation Organization, which was established in 1985, the World Trade Organization established in 1995, and Free trade areas and customs unions called the North American Free Trade Agreement (NAFTA) established in 1994 contributed great power to the progress of international trade. (Eğilmez, 2012).

“The European Monetary System (EMS), which was established in 1979, has served as an important milestone on the way of allocating monetary union in the EU's integration phase. In this system, the European Currency Unit (ECU) was put into circulation as a currency, and the financial data related to national currencies were processed with the ECU. Until 1992, it was observed that this monetary system was an element that simplified international trade in terms of exchange rate to be stable. Likewise, with the drafting of the Maastricht Agreement in 1992, we agreed to establish an Economic and Monetary Union. In this context, a single currency was adopted in the eyes of the free movement in force within the EU, and the unit adopted afterwards was put into circulation in 1999; 1 ECU = 1 Euro equation accepted (Seyidoğlu, 2009: 459-460).”

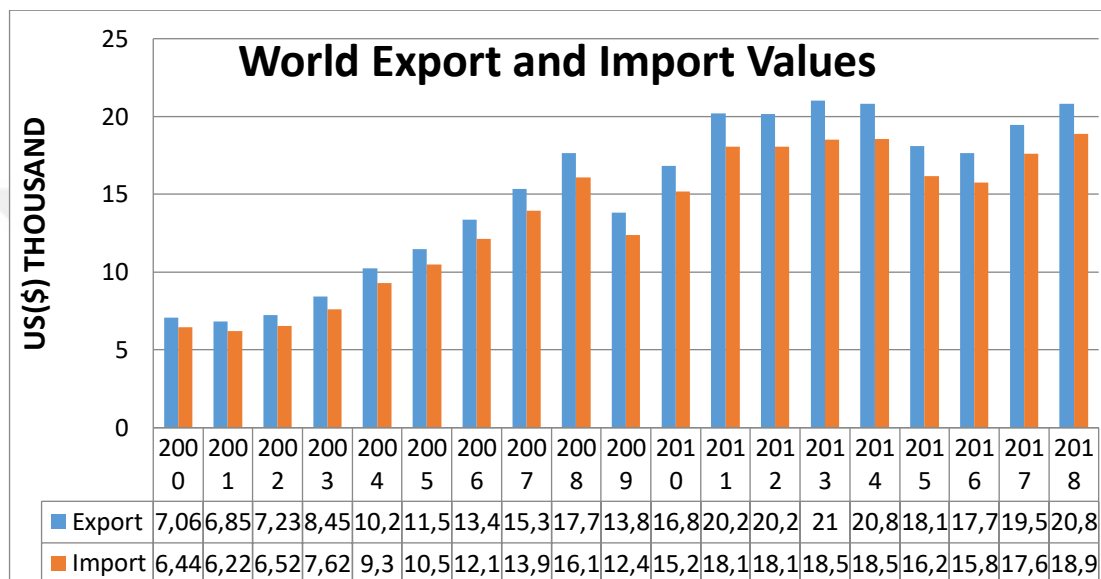
If we examine the turbulences experienced by foreign trade on a global scale, the dependence of countries on each other increased due to the commercial relations between the countries as a result of information and technology-based advances since 2000s and globalization has reached the fourth stage.

The dependency levels of the countries that are rising day by day have been positively determined in terms of supply and demand among countries in international production. When we examine the econometric data, the world total production in 1991 was around \$ 4,719 trillion, while it reached \$ 12,143 trillion in 2014. In the time we have waged, although there were small ups and downs, between 2002 and 2008, production increased significantly from \$ 5,595 trillion to \$ 9.94 trillion. The decline, of course, was most observed in 2009, following the 2008

Global Crisis, with production dropping from \$ 9.94 trillion to \$ 9,123 trillion. (Wits, 2018).

In the figure-2 below, the monetary amount of world foreign trade, in other words, world import and export ratios, is handled within a broad perspective.

Figure 2: World Import and Export (US\$ Thousand) of All Products from World between 2000-2018



Source: Worldbank

If we examine the development of world foreign trade since 2000s: The cost of world total imports that occurred in 2000 manifested as 6 Billion 439 Million US Dollars, as well as the income from world total exports was 7 Billion 221 Million US Dollars.

In the years following the year 2000, the continuation of the innovations in both technology and information field, the amount of exports increased continuously, and even for many years, export earnings displayed a higher course than import earnings. Export revenue, which was 6 billion 850 million USD in 2001, has shown an upward trend until 2009.

Likewise, world imports, such as world exports until 2009, showed a steady increase over the years, but import rates such as exports declined when the year 2009 entered due to the crisis that occurred in 2008. If we briefly examine the crisis that broke out in 2008, which deeply affected the world in terms of the economic

dimension. As a result of the low interest rates, low inflation rates and monetary expansion observed since the beginning of 2000s; The positive structure in the economic indicators caused macroeconomic stability and increased confidence in the US central bank. It caused an increase in housing loans by ignoring the risks of investors due to this safe environment and sloppy mortgage loans and unprecedented loans (subprime) appear risky in the last quarter of 2007 caused a financial crisis in the USA.

By 2008, the crisis did not remain in the financial sphere but started to spread in the real sphere, it started to disturb all the world economies and the crisis became global by covering all the World Countries, especially the EU countries. The revival and cessation of the capitalist economy is due to the nature of the capitalist system and the functioning law of the capitalist system, rather than the wrong policies of any country, and the crisis cannot be separated from the globalization process. (Şamiloğlu & Durusoy, 2012: 7-12).

The 2008 economic crisis of capitalism and globalization should not be considered separately. While the biggest crisis experienced by the world economy to date is the World Economic Crisis of 1929, a long and deep recession with the 2008 crisis pointed out that there are some similarities between the two crises. (Güzel, 2009: 55).

However, as Eğılmez says, “The most important difference of this crisis from all other crises is that it is the first global crisis. For the first time, the world has taken on a structure where capitalism has become a global system before this crisis. For example, the Great Depression of 1929 came out as a crisis of capitalism and remained there, which did not affect the socialist world that was closed in itself. So the 1929 crisis is not a global crisis” (Eğılmez, 2013).

If we are to conclude what we have mentioned, following the crisis, the world economy has managed to overcome the effects of the crisis quickly and in the following years, the total amount of exports has increased worldwide over the years and finally reached 20 billion 834 million USD in 2018. Likewise, the import rate eventually reached 18 billion 875 million USD in 2018.

2.2. Concept of Incoterms and Delivery Terms in Foreign Trade

One of the important issues of international trade is the determination of the delivery terms that companies will use during their foreign trade transactions. Because it is a core structure that contains a wide range of customs clearance costs in the importer country, at the price that the exporter company will give to the importer company. In this case, the important thing is what happens in the content of this core structure. At this point, we can ask ourselves the question: What topics does Incoterms identify within its organization? The understanding of the event will be clarified in essence by the answer to this critical question. Incoterms is used to determine whether the parties are responsible for the delivery of the goods to the importer in foreign trade. (Yılmaz & Özken, 2013: 103).

International trade has, in essence, largely unknown. Because even though we are feeling the effects of globalization more and more powerful every day, this situation cannot be enough to completely eliminate our commercial risks and concerns.

Especially if we try to interpret the trade not by looking at the day we are in, but by looking at the past periods with much less communication and information, we see that the worries at that time were more and the rules in the business life were mostly unwritten practices. In this sense, we can say that international trade started with the formation of political borders separating countries from each other. (iccwbo.org).

There are two important reasons why international trade continues increasingly today. The first one is the driving force of domestic markets; excessive saturation of domestic markets, economic recession. The second one is the attractive power of foreign markets; great sales opportunities, high profit opportunities (Mucuk, 2013: 272).

The commercial activity that started with the end of the Second World War was followed by globalization that accelerated after the 1980s. As a result of the increasing competition, international trade gained speed, however various commercial and financial risks emerged. (Utkulu ve others, 2009: 25).

As a result of the efforts made to eliminate these financial and commercial risks, the concept of Incoterms emerges. If we want to summarize the concept of Incoterms, we can define the following; In international trade, it is a set of standard rules that clearly state the rights and obligations of both the seller and the buyer, and make certain rules and regulations. (Utkulu ve others, 2009: 26).

The International Chamber of Commerce (ICC-International Chamber of Commerce), headquartered in Paris, hosting 63 national committees, more than 7,000 member firms and representing 130 countries introduced some standard rules for trading transactions in order to prevent loss of money and time by eliminating disagreements, disputes and legal disputes between buyers and sellers in international trade transactions (Mucuk, 2013: 273).

The Incoterms studies first started in 1924 under the leadership of the International Law Association, and the first International Rules on CIF contracts emerged with the study in Poland, which was carried out in 1928 and called the "Warsaw Rules". (Özkan, 2004: 3)

International business life regulation studies continued according to commercial needs and firstly, "Incoterms 1936" was published by the International Chamber of Commerce in 1936. This first study eliminated the problems in commercial life as a solution to an important part of a big problem for many years. The differences and new needs that emerged as a result of commercial developments and advances were eliminated by making various revisions in 1953, 1967, 1976, 1980, 1990, 2000 and 2010 on Incoterms terms. (Özkan, 2004: 3).

Incoterms concept; it covers a number of standard terms used in international trade, and clarifies issues such as the obligations of the parties for the importer and exporter, the place and manner of delivery of the goods that are the subject of the trade, the sharing of the costs to occur during the trade relationship, the transfer of insurance and damage, and the document order. (Mucuk, 2013: 274).

INCOTERMS rules are the mirror of business agreements between buyers and sellers in the business world. INCOTERMS describes liabilities, damage and costs. INCOTERMS rules do not replace a sales contract. In this respect;

- whether there is a contract of sale between the buyer and the seller
- properties of the goods subject to sale
- Payment time, payment method and in which currency the payment will be made
- How to follow the solution method in case of violation of the sales contract
- the implementation of tariffs
- Export and import prohibitions stemming from the legislation implemented by the countries
- does not regulate matters such as intellectual property rights. (ICC, 2020)

2.2.1. Incoterms to the Present

The introduction of the concept of international commercial terms and the first implementation of Incoterms 1936 eliminated many commercial disputes. The first result of these concepts, which were designed by the International Chamber of Commerce for the first time in 1921 and started to work on them, was finalized in 1923. (Taşçı, 2017: 11).

The Commercial Terms Committee of the International Chamber of Commerce completed its work in 1923 and put forward the concepts consisting of six commercial terms. These 6 terms are seen as the beginning of a long journey that continues today. With this study, the terms FOB, FAS, FOT, FOR, Free Delivered CIF and C&F emerged. These terms, which emerged as a result of this study, became the precursor of the commercial practices, which will later be called Incoterms. (iccwbo.org).

Incoterms 1936 was developed to create universal rules for the most used commercial terms in international trade in 1936. Since then, various revisions have been made on the terms of Incoterms in 1953, 1967, 1976, 1980, 1990, 2000 and 2010 by the expert lawyers and commercial consultants of the International Chamber of Commerce in order to keep up with the development of international trade. The change in commercial practices, the differentiation of materials and types of

transportation, the development of international law made it necessary to carry out these revisions at regular intervals by international experts. (Gürsoy, 2018).

The first draft of the Incoterms revisions; It is prepared by the draft group, which has been serving the International Chamber of Commerce for many years and has made significant contributions in the fields of international law and international trade. These drafts are distributed to the national committees affiliated to the International Chamber of Commerce and asked to return with their comments and suggestions. The final draft prepared with returns and contributions is submitted for the approval of the International Chamber of Commerce Commercial Law and Practices Commission. The draft that has been approved comes into force with the approval of the Board of International Chamber of Commerce. (iccwbo.org).

As a result of sensitive and detailed investigations in various bodies of the International Chamber of Commerce, the revised business terms remain in force as they are revised until a new legal or commercial development occurs. (iccwbo.org).

The concept of Incoterms has been revised exactly 7 times as a result of various needs since 1936, when it was actually used. With the start of World War II, commercial activities were adversely affected and the first revision came exactly 17 years later. In this revision, the terms FOR-FOT (Free On Rail-Free On Truck) and DCP (Delivered Costs Paid) required for transportations other than maritime transport not included in the first application were added. These additional terms cover rail transport rather than land transport and also refer to a truck transport. (Gürsoy, 2018: 57).

Upon the need in 1967, the terms DAF (Delivery at Frontier) and DDP (Delivery in Country of Destination) were added. Thus, the number of terms increased from 6 to 10 with the new revision. (Gürsoy, 2018: 58).

The revisions made in 1967 followed the revisions of 1976 and 1980. The term FOB Airport was added in 1976 for airline transports. Although this term contradicts the transfer of damage with the term FOB for the seaway, it remained in the revision made in 1980. In the revision of 1980, the term FRC (Free Carrier) was

added in order to more clearly express the damage passage of sea transports. (Ramberg, 2011: 8-10).

All of the changes are actually additions to the revision in 1953. At the end of the 1980s, the International Chamber of Commerce concluded that more radical changes were needed as a result of developing commercial and logistics activities. Therefore, it was decided to revise with a completely new logic. As a result of this decision, as a result of the studies for the 1990 version of Incoterms, the revision draft with serious changes has been accepted and entered into force. The abbreviation of FCR has been changed to FCA and has been used today. This amendment made the terms FOR, FOT and FOB Airport abolished. (Ramberg, 2011: 10-13).

In the 1990 revision, 13 terms came into force with the new ones. These terms are; Ex-Works (EXW), Free Carrier (FCA), Free Alongside Ship (FAS), Free On Board (FOB), Carriage and Freight (CFR), Carriage Insurance and Freight (CIF), Carriage paid to (CPT), Carriage and Insurance paid to (CIP), Delivered at Frontier (DAF), Delivered Ex-Ship (DES), Delivered Ex-Quay (DEQ), Delivered Duty Unpaid (DDU), Delivery Duty Paid (DDP)

Incoterms terms with the 1990 revision; It was arranged from delivery at the door of the seller to delivery to the seller with customs duties paid, and made suitable for the commercial and logistics conditions of the time according to all delivery possibilities. (Taşçı, 2017: 31).

In the 2000 revision, there was not much change. By simply simplifying the term FCA, damage and ownership transition has been regulated. However, the 2000 version could not meet some requirements such as communication has improved and the internet became widespread, the use of electronic data, the proliferation of free zones and the introduction of Incoterms applications in domestic sales. (Gürsoy, 2018: 58).

In the 2010 version, the terms, which were reduced from 13 to 11 and gathered under four groups, were classified under two groups as “rules covering all types of transport” and “rules specific to sea and inland waterways”. The reason why the terms are grouped under two groups instead of the quad distinction in Incoterms

2000 is to help traders use the correct term in their contracts by better understanding which terms they can use only in sea and inland water transportation and which ones in all types of transportation. (Ramberg, 2011: 418).

2.2.1.1. Incoterms 2000 Structure

In 1990, the terms were divided into four main sections, different from each other, for easier understanding of the terms. These; It is E group, F group, C group and D group.

Group E (EXW): The seller delivers the goods to the buyer at his own workplace.

Group F (FCA, FAS, FOB): the seller is implemented by delivering the goods to a carrier company determined by the buyer. The characteristic features of these delivery patterns are that the freight is paid by the buyer.

Group C (CFR, CIF, CPT, CIP): Freight fee is paid by the seller. In others, the seller pays the insurance fee. However, during international transportation, the potential risk is above the buyer.

Group D (DAF, DES, DEQ, DDU, DDP): The exporter pays the freight charges, but the risks that may occur during the international transportation of goods are also on the exporter. (Yılmaz, 2013: 30).

2.2.1.2. Incoterms 2010 Practices

While there are 13 terms in total in Incoterms 2000 version, in the arrangement made in Incoterms® 2010, the terms DAP and DAT were replaced by the terms of DES, DAF, DDU and DEQ, and the total number of terms decreased to eleven. In this way, the terms that are slightly different and that are in a sense repetitive are simplified (Yılmaz, Özken and Şahin, 2011: 3818). In this way, terms that are very similar to each other are not mixed with each other, and this risk was eliminated and the system was tried to be made easier for the traders. (Ramberg, 2011: 9).

The reason for the renewal of Incoterms rules in various time frames by ICC is to ensure keeping up with the developments and innovations in international trade and as a result of transportation modes, and to make it able to meet the needs arising due to the diversity and innovations that arise in the field of international law in the types of goods subject to shopping. It started to be used in national trade with the revision, and helped facilitate domestic trade and prevent complexity (International Chamber of Commerce). Accordingly, when the ICC realized that the existing Incoterms rules could not adapt to the developments in commercial life, it went to make changes to these rules. (Field 2009: 36).

Incoterms 2010 version has entered into force as of 01.01.2011 as a result of the works carried out by the International Chamber of Commerce. Thanks to the innovations it brought, it was easily adopted by sellers and buyers and started to be used by buyers and sellers. When we look at the revision made in 2010, we see that the main change is grouping. In the revisions made from 1936 to 2000, including 2000, the terms were defined by classifying them with letter groups. The grouping is not only according to the mode of transportation, but also in letters, ranging from delivery by the buyer to delivery with the customs tax paid to the seller. This practice has changed with the 2010 revision and Incoterms 2010 has been classified into two main groups, covering all types of transport and covering sea / inland waterways. Another change made with the 2010 revision, the terms DAF, DES, DEQ were removed and the terms DAT and DAP were added. As a result of these studies, Incoterms 2010 came into force with a total of 11 terms (Yılmaz, Özken and Şahin, 2011).

If we classify these terms, the order is as follows.

Table 1: Rules for Any Mode or Modes of Transport (Incoterms 2010)

RULES FOR ANY MODE OR MODES OF TRANSPORT						
1-EXW	2-FCA	3-CPT	4-CIP	5-DAT	6-DAP	7-DDP
Ex Works	Free Carrier	Carriage Paid To	Carriage and Insurance Paid To	Delivered at Terminal	Delivered at Place	Delivered Duty Paid

Source: ICC

Table 2: Rules for Sea Inland Waterway Transport (Incoterms 2010)

RULES FOR SEA INLAND WATERWAYTRANSPORT			
1-FAS	2-FOB	3-CFR	4-CIF
Free Alongside Ship	Free On Board	Cost and Freight	Cost Insurance and Freight

Source: ICC

2.2.1.3. Incoterms 2020 Practices

Incoterms 2020 rules came into force on 1 January 2020. When we look at the rules of Incoterms 2020, it contains much less changes than Incoterms 2010. It contains changes in the way of solving the problems faced by trading companies in general.

Briefly, the introduction part regarding the presentation of the rules and the explanatory notes in each term have been expanded. When we examine the content of the rules, the DAT delivery method has been abolished as the most important change, instead DPU has created a new delivery method.

The only difference in DPU and DAT delivery form was emphasized that while DAT delivery destination is specified as a terminal, in DPU as the new delivery method will be not only a terminal but also any location. Secondly, in the form of FCA delivery, the purchasing company will be able to order the vendor's carrier to form the bill of lading. Thirdly, minimum levels of insurance at different levels were determined in CIP and CIF delivery types. Although the minimum insurance level of export transactions with CIF is the same, the minimum insurance level in exports with CIP has been regulated to cover all risks. In FCA, DAP, DPU and DDP delivery modes, it has been introduced to adjust the transport operation with the own vehicle of the seller or buyer. Among the provisions on transportation obligations and expenses, safety requirements are included (ICC, Incoterms 2020).

The order of delivery types covering all transports in Incoterms 2020 practices is given in the table below.

Table 3: Rules for Any Mode or Modes of Transport(Incoterms 2020)

RULES FOR ANY MODE OR MODES OF TRANSPORT						
1-EXW	2-FCA	3-CPT	4-CIP	5-DAP	6-DPU	7-DDP
Ex Works	Free Carrier	Carriage Paid To	Carriage and Insurance Paid To	Delivered at Place	Delivered at Place Unloaded	Delivered Duty Paid

Source: ICC

In Incoterms 2020 practices, the order of delivery types covering past sea and inland water transports is given in the table below

Table 4: Rules for Sea Inland Waterway Transport (Incoterms 2020)

RULES FOR SEA INLAND WATERWAYTRANSPORT			
1-FAS	2-FOB	3-CFR	4-CIF
Free Alongside Ship	Free On Board	Cost and Freight	Cost Insurance and Freight

Source: ICC

2.2.2 Applications Covering All Transport Types

2.2.2.1. EXW – Ex Works

Delivery at work; the goods were not loaded in the vehicle and packed by the seller at his own workplace or factory, warehouse, store, etc., by having them ready for the buyer's order that it means the end of the seller's obligations by having them ready for the buyer's order, packed in places, not loaded in the vehicle. Delivery at work; The goods are sold by the seller at his own workplace or factory, warehouse, store, etc. It means the end of the seller's obligations by having them ready for the buyer's order, packed in places, not loaded in the vehicle. After this delivery, damage and risks pass to the buyer. (Bergami, 2011: 40). The buyer does not have to load the goods on the vehicle, nor does the buyer have to carry out customs clearance (ICC, Incoterms 2020). The seller prepares the goods as agreed on the contract and the agreed date and the seller informs the buyer to deliver. The importer loads the goods at the vendor's workplace, completes customs procedures and imports. (Koban, 2002: 37).

In practice, the seller has no obligation to load the goods against the buyer. If the seller loads the goods, the freight and expenses will belong to the buyer. When the seller and the buyer choose EXW delivery method in the contract, the buyer purchasing the goods should know that the seller is not obliged to carry out the customs procedures. Therefore, if the buyer cannot fulfill the customs procedures required for export, this delivery method should not be used. The buyer's liability to give information about the export of goods against the seller is limited. (European Enterprise Network Istanbul Center 2015: 18)

EXW is used in sales transactions that the buyer supply goods to other customers thanks to the contacts established by the sellers in the countries where the sellers are strong or the importers who are in the position of buyers, (Doğan, 2002: 356). In addition, this term is not preferred in practice because of the completion of the customs clearance in exports that the sellers must fulfill and the loading responsibilities of the goods are given to the buyers. (Reynolds, 2005: 10). Because although the sellers know the properties of the goods more than the importers, the loading of the goods by the buyer creates some important problems in the smooth

departure of the goods. It also makes it difficult for buyers to carry out customs clearance in a country they never know. Even if all risks and damages belong to the buyer in customs procedures, the trader wants to stay away from the EXW delivery method in international trade since the seller knows that he will be responsible for the laws in his country (Yılmaz, Özken & Şahin, 2011: 3822-3823).

One of the important points that this delivery type should be emphasized is that since the customs legislation applied by each country differs, this delivery type may not comply with the legislation in question. And the buyer may not be able to make customs procedures in the country of the seller in accordance with this legislation. In such a case, it would be appropriate for the buyer and seller to choose the FCA delivery method. (Brodie, 1999: 178)

EXW delivery method does not comply with the export and customs regulations applied in our country. Because, in our legislation, it is not possible for the buyer company, the importer company, to carry out customs procedures in our country. The reason is that the company will also export must be located in Turkey.

This form of delivery can be used not only by firms that import and export, but also by firms engaged in national trade. At the same time, this delivery method can be used in sea, land, air and rail transport. It is a form of delivery that minimizes the responsibility of the seller and gives the buyer completely responsibility in logistics and other fields.

Responsibilities of the Seller: The seller complies with the goods in accordance with the terms of the contract, the commercial invoice and the matters specified in the other contract. The seller must deliver the goods at the specified date or within the agreed time, at the place specified in the contract (factory, warehouse, workplace, etc.), without being loaded on the transport vehicle, at the disposal of the buyer. The seller will assist the buyer to obtain all necessary permits and documents for export at buyer' risk and cost. Upon the request of the buyer, at buyer's cost and risk the seller will make a contract with the transport agent and send the issued transport document to the buyer at the destination to receive the goods at the destinations. The seller is not obliged to make a transport and insurance contract against the buyer. If a specific delivery point is not agreed in the contract and there

are several eligible points, the seller can choose the most suitable delivery point for him. The seller must deliver the goods on the agreed date or within the specified time. The seller must pay the costs associated with the control processes (quality control, measurement, weighing, counting, etc.) required for the delivery of the goods (Koban, 2002: 38). Until the goods are delivered to the buyer, all damages and expenses belong to the seller (ICC, 2019: 24).

Responsibilities of the Buyer: The buyer is obliged to pay the price of the goods they have agreed in the sales contract to the seller. After receiving the goods from the workplace, at buyer's costs and risks; It is the responsibility of the buyer to obtain all kinds of import permits or other official permits, to carry out all customs procedures for the import of goods or transit from another country. It is also responsible for paying customs duties. All risks and expenses related to the goods are the responsibility of the buyer from the moment they receive the goods from the seller. In order to transport the goods, the buyer will pay the freight fee in agreement with the transport agency. The buyer should provide the necessary documents and evidence to the seller that he has received the goods. Buyer should pay all kinds of inspection costs prior to loading, including inspection costs stipulated in the export country legislation (Kaya & Turguttopbaş, 2012: 56).

2.2.2.2. FCA – Free Carrier

It is a form of delivery where the seller's delivery obligation ends with the seller delivering the goods to the carrier specified by the buyer at the seller's own workplace or at any place agreed in the contract. In this type of delivery, it is very important to clearly determine name and address the place where the goods will be delivered. Because the responsibility passes from the seller to the buyer after this point. (Kaya and Turguttopbaş, 2012: 57). The delivery point must be determined exactly. Otherwise, the seller has the right to choose the place that best suits his purpose, and this place becomes the delivery point, and from that moment the damage and expenses pass to the buyer. This mode of transport is used for all types of transport. (ICC, 2019: 30) It is the delivery method preferred by the purchasing companies with high import volume and less transportation charges. (Reynolds, 2005: 10).

The fact that the name of the delivery method is “free of charge to the seller” is that the buyers undertake the freight fee of the seller position. (Malfliet, 2011: 165).

When we look at the difference between FCA and EXW, it is stated in the form of FCA delivery that the customs procedures will be carried out by the sellers at the export stage (Malfliet, 2011: 165). In the form of EXW delivery, after the goods are delivered by the seller, the delivery method made with the term EXW is performed as “FCA seller workplace” in practice, since the customs company cannot perform customs transactions according to the Turkish Customs legislation. Normally, when EXW delivery method is selected, the customs procedures must be done by the buyer, while the seller performs the Customs transactions. This practice stems from the legal regulations in our country and is a unique situation for us. (Inception, 2015: 50).

The seller completes the customs procedures for export after preparing the product agreed in the sales contract. And the seller prepares the goods at the place specified in the sale contract to the carrier determined by the buyer. This term can be used regardless of the mode of transport (ICC, 2019: 30).

Responsibilities of the Seller: The seller must present the commercial invoice in the sales contract or other proof of compliance required by the contract to the buyer. The seller must obtain the necessary permissions for the export of the goods, including damage and expense, and arrange all the necessary documents, and then complete the customs procedures. The seller is not obliged to make a transport and insurance contract against the buyer. However, if the buyer wishes, the seller can make a contract of carriage at the buyer for the damage and expenses. If he wants to make an insurance contract, the seller can provide the documents required for the insurance contract to the buyer "at all costs and damages belongs to the buyer". (European Enterprise Network Istanbul Center 2015: 21-22) The seller will deliver the goods to the carrier determined by the buyer on the specified date and place. If there is no specific point clearly understood at the designated place of delivery and if a particular point has not been notified by the buyer and there are several suitable points, the seller can choose the most suitable one for his purpose from these points.

The seller bears all costs and risks until the time he delivers the goods. The seller must pay the costs associated with the control procedures (quality control, measurement, weighing, counting, etc.) required for the delivery of the goods and the pre-loading inspection costs ordered by the export country officials. The seller will provide the usual proof of delivery of the goods to the buyer. The costs belong to the seller (Kaya and Turguttopbaş, 2012: 57).

Responsibilities of the Buyer: It will pay the cost of the goods in accordance with the terms of the contract and will receive the goods at the specified date and place. From this moment on, all costs and risks belong to the buyer. The buyer is obliged to pay the customs tax and expenses by obtaining the documents or permissions related to the import. It will pay the freight fee by making an agreement with the transport agency. In addition, the buyer should pay for other mandatory pre-loading inspection costs, excluding pre-loading inspection costs ordered by export country officials. (ICC,2019: 33,35,37).

2.2.2.3. CPT – Carriage Paid To

It is envisaged that this type of delivery can be used for all types of transportation, including transports with multi-vehicle transportation. (Calis, 2007: 9). In this form of delivery, the carrier is determined by the seller. It is also stated that this carrier may also be a person organizing the transportation business. As soon as the seller delivers the goods to the carrier or the person organizing the transportation business, the obligation to deliver the goods expires. It is stated that the seller's delivery obligation expires by delivering the goods to this person or carrier and in addition, the seller has to pay the freight required for transportation. It is inevitable to make a transportation contract for this. In addition to these costs, the export customs clearance costs will also belong to the seller. (ICC, 2019: 31-32)

In this way of transportation, all costs up to the destination agreed in the contract and all risks up to the first transportation vehicle are undertaken by the seller. The quantity and quality of the goods specified in the sales contract are made prepared by the seller at the place and time agreed with the buyer. The goods are delivered to the carrier by the seller or to the person specified as the carrier. The

seller prepares the necessary documents and completes the exit customs procedures, and sends the buyer all the transport details, including the estimated arrival time. Although the seller bears all the transportation costs up to the destination, the risk and damage transition ends when the seller delivers the goods to the first transportation vehicle or the carrier. All damages, costs and risks that will occur after delivery belong to the buyer. (Özkan, 2012: 9).

This type of delivery is used especially in multi-vehicle transportation types. The seller is obliged to pay the freight charge up to the destination. From the moment the goods are transferred to the supervision of the first carrier, all risk and expenses excluding freight are transferred to the buyer. (Kaya, 2008: 60).

Responsibilities of the Seller: The seller must provide the goods specified in the sales contract, the commercial invoice or any other proof of conformity required by the contract. In accordance with the sales contract, the seller prepares the goods. The seller must obtain the necessary permits for the export of the goods, at their own expense and damage. It completes the customs procedures by preparing the necessary documents to be used in the buyer's country. It will pay the freight charge to the port of destination by making a contract with the transport agency. The seller is not obliged to make an insurance contract against the buyer. From the moment he transfers the goods to the supervision of the first carrier, he gets rid of all the risks and expenses related to the goods. It will inform the buyer of the delivery and possible arrival date. The seller must pay the costs associated with the control procedures (quality control, measurement, weighing, counting, etc.) required for the delivery of the goods and the pre-loading inspection costs ordered by the export country officials. (Kaya, 2008: 60-61).

Buyer's Responsibilities: The buyer will complete the customs procedures by preparing the documents required for import by paying the price of the goods specified in the sales contract. It will pay the customs duties that arise at the time of import. All costs and risks related to goods other than freight belong to the buyer from the delivery of the goods to the first carrier (Ramberg, 2011: 118-122). Customs expenses that may arise due to transit transportation are also covered by the

buyer. If it is not included in the freight price, it will receive the turnover bill of lading from the agency by paying the unloading costs (Özkan, 2012: 12).

2.2.2.4. CIP-Carriage Insurance Paid To

In this form of delivery, the seller delivers the goods to a carrier of his choice or to another person organizing the transport at the designated place. The seller makes the transportation contract for bringing the goods to the destination, pays the freight costs, and the seller also makes an insurance contract against the risk of loss and damage to the buyer during the journey (Ramberg, 2011: 123)

When the CIP rule is used (just like CPT, CFR or CIF rules), the seller will fulfill the delivery obligation when the goods are delivered to the carrier in accordance with the relevant rule, not when the goods arrive at the destination (Kaya, 2008: 60).

This mode of transport is used in all modes of transport and is generally used in multi-vehicle transport. (Calis, 2007: 9). However, we can say that if the goods are transported using multiple vehicles, the seller ends his obligation when he delivers the obligation to the first transportation vehicle (Bağrıaçık and Yıldırım, 2008: 15).

For the passage of damage and the contract of carriage of the CIP, the place of delivery and the place of arrival of the goods are important. The seller will pay the freight fee by making a contract with the transport agent from the designated place to the port of destination, at his own expense. The seller shall have the insurance of the goods sent at a wide scope, at his own expense. (ICC, 2019: 52) The Seller must provide the Buyer with the insurance policy or other proof of insurance coverage. The seller will avoid the risks and expenses from the moment the goods are left under the supervision of the first carrier. From this moment on, all costs and risks related to the goods other than the fee paid under the freight and insurance contract belong to the buyer. The seller will notify the buyer that the delivery has been made to the carrier and the estimated arrival date. (Kaya, 2008: 60).

The insurance contract provided by the sellers is minimal, if the buyers want to benefit from more comprehensive insurance, they can take out insurance for the seller at their own expense or insure the goods themselves (Reynolds, 2005: 11).

Since the insurance made by the vendors mentioned here is a narrow scope insurance, it provides the least level of protection. (Caner, 2012: 255-257).

The buyer will complete the customs procedures by issuing customs documents for import. The buyer will pay all the taxes, duties and other charges, customs clearance fees that need to be paid for the import. (Kaya & Turguttopbaş, 2012: 60).

Seller's Responsibilities: The seller must provide the goods specified in the sales contract, the commercial invoice, or other proof of compliance that may be required by the contract. The seller must prepare the goods specified in the sales contract. The seller must obtain any export permits or other official permits required for the export of the goods, including the damage and expense of the seller, and complete the customs procedures necessary for the export of the goods or the passage from another country before delivery. The seller must also prepare the necessary documents that will be used by the buyer in his country (Ramberg, 2011: 124-125).

Obligations of the Buyer: The buyer will pay the cost of the goods in accordance with the terms of the contract and unload the goods without delay by paying the costs of unloading the goods at the port of destination and the port fees. The buyer should pay for the other mandatory pre-loading inspection costs, excluding pre-loading inspection costs ordered by export country officials. All costs, excluding freight and insurance premium, will be borne by the buyer after delivery (ICC, 2019: 55,57,59.61).

2.2.2.5. DAP – Delivered at Place

It is a form of delivery where the seller is left to the disposal of the buyer without performing unloading at the destination determined in the sales contract. The seller assumes all risks until it is brought to the specified location. (European Enterprise Network Istanbul Center 2016:35)

To explain this delivery type more; It means that the goods are delivered by the seller to the buyer at a certain point specified in the contract for unloading by the means of transportation. In other words, DAP is left to the buyer's order on the transport vehicle ready for unloading at the unloading place (a port pier, customs

point, airport) determined by the buyer and the seller. All customs operations, expenses, taxes, duties and charges arising at the customs belong to the buyer. The seller bears the transportation costs of the goods up to the specified location / the risk of terminal related losses. (www.mevzuat.net, 2020).

The seller ensures delivery by agreeing with the carrier according to the mode of transportation agreed with the buyer, to the destination agreed with the buyer. At the same time, the seller delivers the goods by paying the transportation fee to the carrier. By completing customs procedures in export transactions and preparing the necessary documents, it transmits to the buyer all transport details, including estimated arrival time. The seller bears all freight and expenses up to the specified destination. Any damage, risk and expense that may occur after that belongs to the buyer (Ezel, 2013: 70).

Seller's obligations: The seller must prepare the goods according to the sales contract and provide the commercial invoice and the necessary documents in the contract. The seller must obtain all necessary permits for the export of the goods, at the expense and damage of his own, and must complete the customs procedures necessary for the export of the goods, and must complete all customs procedures required to pass through other countries. The seller must make a transportation contract up to the delivery place specified in the contract, at his own expense. The seller is not obliged to make an insurance contract against the buyer. The seller must pay the costs associated with the control procedures (such as quality control, measurement, weighing, counting) required for the delivery of the goods, and the pre-loading inspection costs ordered by the authorities of the export country. The seller informs the buyer about the arrival details. The seller undertakes all the costs and losses related to the goods until delivery. The seller must pack the goods at his own expense. The seller must provide the documents necessary for the importation and transport of the goods to the final destination at the request of the buyer at the time, at the expense of the buyer (Ramberg, 2011: 138-142).

Buyer's obligations: In this type of delivery, the buyer's obligation is much less than the seller. The buyer pays the price determined in the sales contract. The buyer should get all necessary permits for import and complete customs clearance.

From the moment the buyer receives the goods, all damage and risk pass to him. After receiving the goods, it provides the necessary documents to the seller that it is received. The buyer should pay all mandatory pre-loading inspection costs, excluding pre-loading inspection costs ordered by export country officials. (Ramberg, 2011: 143-148)

2.2.2.6. DPU - Delivered at Place Unloaded

DPU is an Incoterms term introduced for the first time with the 2020 version and equivalent to the DAT term in 2010 and released in 2020. The difference between the two is that in the term DAT, there is a delivery statement at the terminal, but with the change, it was stated that the destination could be anywhere, not just the terminal. (ICC, 2019: 16).

This way of delivery is to leave the goods to the buyer's disposal after the goods are unloaded from the transportation vehicle at the designated destination or the relevant point by the seller. (ICC, 2019: 73).

To examine this delivery type in detail; the seller bears all costs until the goods are transported to the destination and unloaded. This form of delivery can be used in all modes of transport. Loss and damage after arriving at the point of arrival of the goods passes from the seller to the buyer. All subsequent charges are on the buyer. The seller must make a contract for the transportation of the goods up to the point or place of arrival, otherwise he will be responsible to the buyer for any damage that may occur. The seller must complete the customs procedures required for export. However, the seller is not responsible for customs clearance of goods for transit from third countries after import and delivery, such as payment of import duties or for customs clearance at the stage of import (ICC, 2019: 74).

Responsibilities of the Seller: The seller must provide the goods, the commercial invoice or any other proof of conformity required by the contract in accordance with the sales contract. The seller must obtain all necessary permits for the export of the goods, at their own expense and costs, and complete customs procedures necessary for the export of the goods or the passage from another country before delivery. The seller must make a transportation contract for the transportation

of the goods up to the specified terminal, at his own expense. The seller is not obliged to make an insurance contract against the buyer. The seller must deliver the goods by discharging them from the transportation vehicle arriving at the determined place and time at the agreed date and time, leaving them at the buyer's disposal. The seller must pay the control costs required to deliver the goods (ICC, 2019: 76.78).

Buyer's Responsibilities: The buyer pays the price of the goods according to the sales contract. The buyer must obtain any import permits or other official permits at their own expense and costs and complete all customs procedures for the importation of the goods. From the moment the goods are delivered as described above, all costs associated with these goods are the responsibility of the buyer. At the request of the seller, the seller should assist the seller to obtain all kinds of documents and information required for export and transit, including the pre-shipment inspection costs ordered by the export country officials or demanded by the transit country, at the vendor's request. (ICC, 2019: 77.79).

2.2.2.7. DDP – Delivered Duty Paid

When we look at the delivery types, it can be said that it is the most expensive delivery method for the seller. Because the seller is a form of delivery where all costs are covered by the seller, except for loading the goods from his own factory and discharging at the designated destination. These are all customs costs, shipping costs, insurance costs. (ICC, 2019: 83.84)

This delivery method can be used in all modes of transportation. The seller is based on the principle of paying the customs duties in the buyer's country and delivering it to the buyer as if he was a seller in his country. (Özalp, 2016: 13-14).

In this form of delivery, the responsibility of the seller is at the highest level. The seller is responsible for all transportation, intermediate storage, handling, etc. It performs its logistics activities, at the same time, by carrying out customs transactions in both import and export stages, pays all costs on behalf of the buyer, and the seller delivers the goods to the buyer free of charge. (ICC, 2019: 84).

When we consider the explanations about this term, we see that it does not comply with the customs legislation, being implemented in our country. Because the

seller who is located outside of our country cannot perform customs procedures on the account of the buyer in our country. When we consider these, it will be seen that the term in question does not have any practices in our country.

For this reason, it will be appropriate to carry out customs procedures in accordance with the customs legislation by the buyer using the term DAP, which is the closest term to this term, by the agreement of the parties. (Caruntu and Lapadushi, 2010: 101).

Another important point to look at is that it is not possible to recover the Value Added Tax amount paid by the seller for imports. Therefore, it can be stated that the value added tax will be paid by the buyer by adding the phrase "VAT Unpaid" to the said term. (Malfliet, 2011: 168).

Seller's obligations: Almost all costs such as packaging, loading fees, customs procedures at the time of import and export, terminal charges on arrival, transportation costs, loading on the vehicle belong to the seller. When we compare it with other terms, we can say that it is the term with the highest seller obligations. Goods are prepared by the seller at the time and place specified in the contract as specified in the contract and at the quality and quantity desired by the buyer. The seller takes all the risk from the factory or warehouse to the destination they have agreed on in the contract and pays all the costs incurred up to that time. The seller prepares the documents required for export with the transactions to be carried out at the customs as in the term DAP and gets the approval from the official institutions. In the place where the seller and the buyer have agreed in the contract, "the destination," the seller delivers the goods to the buyer by discharging the goods, fulfilling the customs procedures at the entrance and paying the taxes arising due to customs procedures. (Ramberg, 2011: 138-142)

Buyer's obligations: When we compare this type of delivery with other types of delivery, the buyer's obligation is almost non-existent. Because the entire logistics plan from the factory or warehouse in the export country to the destination is organized by the seller and the cost is again paid by the seller. The buyer is obliged to carry the goods to his own workplace only after the goods are settled at the

destination agreed in the contract and the customs procedures are carried out by the seller (Ramberg, 2011: 143-148).

The term EXW imposes less responsibility on the sellers, and the DDP term imposes a higher responsibility for the sellers.

2.2.3. Delivery Forms Covering Sea and Inland Water Transportation

2.2.3.1. FAS – Free Alongside Ship

This delivery method is used in sea and inland water transportation. The seller fulfills his delivery obligation by delivering the goods alongside the ship at the loading port. The risk of loss of goods and damage to the goods passes to the buyer from the moment the seller fulfills his obligation to deliver. The parties should state the loading point in the port as clearly as possible in this delivery form (Ramberg, 2011: 161).

In this delivery form, the seller is generally responsible for bringing the goods in the quality and quantity agreed with the contract to the ship determined by the buyer. This type of delivery can only be used for sea and inland waterways, and it is the delivery type in which the seller's responsibility is at the lowest level among the terms in this group (Brodie, 1999: p.178).

In the term FAS, the seller prepares the goods of the desired quality and quantity at the designated port and date on the watercraft organized by the buyer. As soon as the goods in question are delivered to the barges at the dock or loading port, the seller's obligation ceases. From that moment on, all damage, waste and risk pass to the buyer (Ramberg, 2011: 161).

In this term, until the Incoterms 2000 revision, transactions at the exit customs are left to the buyer's responsibility. This situation, which is against the customs legislation of our country, was eliminated with the 2000 revision and the transactions at the exit customs were transferred to the seller and the term was made more functional (Özkan, 2012: 11).

Seller's obligations: the responsibility of the seller is minimal in this term and this term is the most basic sea and inland water transportation term. The seller must provide the goods for which the contract is specified, the commercial invoice or any other evidence specified in the contract. In other words, the seller prepares his goods in a way that he has agreed with the buyer and made a contract with the buyer. The seller is not responsible for the transportation and insurance contract against the buyer. In addition, the seller prepares the origin and circulation documents to be requested in the country of export with the invoice issued and makes customs exit procedures. The seller delivers the goods to the berths or barges where the buyer organizes the ship with customs procedures. From this moment, all responsibility and damage passes to the buyer. The seller must notify the buyer that the delivery has been delivered or that the ship has not received the goods at the time of agreement. The notice costs here belong to the buyer (Güven, 2002: 61).

Obligations of the buyer: The obligation of the buyer is higher in this form of delivery than the seller. The buyer should pay the price they agreed on the contract to the seller. The buyer is obliged to complete the customs clearance for import permission or other official permits, import of goods or transit from another country. The buyer should receive the goods. It must pay the costs for customs clearance required for export, all the pictures that need to be paid for export, taxes and all costs other than taxes. It must pay all pictures, taxes, customs fees for importation of goods, and costs for transit of goods from any country. It assumes all costs that will arise from the moment the goods are ready and presented to the order. After receiving the goods, it provides the necessary documents to the seller that they have received the full delivery. The buyer makes the most convenient, fastest but least costly transportation plan for him. After taking the responsibility of the goods, it arranges the insurance policy required for all the losses and damages it may suffer. As soon as the buyer delivers the goods to the port or barge agreed in the contract, the buyer is now at a higher level than the seller, since all risk, expense and damage will be transferred to the seller. (Ramberg, 2011: 166-170).

2.2.3.2. FOB – Free on Board

FOB is a delivery method used only in river transport. The exporter fulfills his delivery obligation by transferring the goods to the ship at the port of loading. While delivery is made free alongside ship in FAS, delivery is made on the ship in FOB. At the same time, while the goods are loaded on the ship, the exporter takes over the loading costs. Freight cost is undertaken by the importer. (Özken, 2013: 41)

Fob sales were one of the most appropriate sales forms in the late 18th and early 19th centuries, when international trade began to become widespread. Overseas trade was quite different in this era, when the ships making regular mail voyages were not seen, and telecommunications and modern communication systems were not developed. (Erdem, 2008: 146)

In these transfers, the merchant would hold the ship with a carter contract and he or his representative would travel around the port and buy goods. If appropriate, they would be requested to be delivered on board, and the goods would have been strictly inspected and accepted on board. This is the result of the development of the term FOB, which means "delivery on board", to this development (Erdem, 2017: 123).

Damages and costs related to the goods pass to the buyer when the goods are on board and the buyer bears all costs from this moment on. The seller delivers the goods on board or supplies the goods already delivered in this way for shipment. In the FOB delivery rule, the exporter fulfills his delivery obligation at the loading port determined in the country of export, which has completed the export customs clearance procedures, after loading the goods on the ship (Yılmaz, 2015: 140).

Prior to the 2010 revision, goods would be expected to exceed the ship's rail for the damage transition. However, with the 2010 revision, the damage transition was determined not to exceed the ship's rail, but to be loaded onto the ship itself (Özkan, 2012: 12). At this point, what is meant to be expressed by the "goods exceeding the ship's rail" is the situation where the goods pass through an imaginary line on the balustrades forming the edges of the ship (Malfliet, 2011: 171).

Liabilities of the seller: The seller produces or provides the quality, quantity, content and packaging as specified in the sales contract. If it is specified in the Sale Contract, the seller assists the buyer to obtain permits, licenses and certificates for the aforementioned good. The seller gives the buyer enough time to receive the goods agreed in the contract and informs the date that the goods will be ready. The seller performs the necessary checks, packaging and branding operations before delivering the goods. The seller delivers the goods on the ship specified by the buyer. It completes customs procedures for export and prepares the necessary documents of origin and gets its approval from the relevant authorities. The seller undertakes the risks, damages and expenses until the delivery of the goods. The seller helps the buyer for the information and documents that the buyer will need. (Ramberg, 2011: 171-176)

Buyer's obligations: In this form of delivery, the responsibility of the buyer is higher than the seller. The buyer should pay the price specified in the sales contract to the seller. It is the responsibility of the buyer to obtain all kinds of import permits or other or other official permits at their own expense and expense, to complete the customs clearance for the importation of goods or transit from another country. The seller prepares the goods prepared in accordance with the contract, the necessary ship organization to be loaded on time and waits for the seller to load the goods on the ship. After taking the responsibility of the good, it arranges the insurance policy required for all loss and damage. It assumes all costs incurred from the moment the goods are ready and presented to the order. After receiving the goods, it provides the necessary documents to the seller that they have received the full delivery. Brings the goods to the destination completely and quickly with the least cost (Ramberg, 2011: 177-181)

2.2.3.3. CFR – Cost and Freight

This delivery method is used only for sea and inland water transportation. (Brodie, 1999: 175). In this type of delivery, in general, the seller delivers the goods of the quality and quantity agreed upon by the contract with all departure customs procedures on the ship he has organized (Çalış, 2007: 8).

The seller must pay the costs and freight required to bring the goods to the specified port of destination. The seller is relieved of the obligation to deliver the goods as soon as he delivers them to the carrier specified in the sales contract, not when he delivers the goods to the destination. The parties should clearly state the point in the port of destination in the contract of sale. Because the costs up to this point belong to the seller. (Ramberg, 2011: 183) In other words, the costs are belonging to the sellers and the risks are to the buyers (Malfliet, 2011: 166).

Even though the sellers have undertaken expenses and contracts, they have realized the delivery responsibility as soon as they leave the goods to the carriers, not at their destination. Unlike many other Incoterms terms, the transition of damages and transfer of transportation costs are different from each other (Ramberg, 2011: 183).

In the form of CFR delivery, the seller brings the goods to the port to be loaded. The seller performs the customs procedures required for export. The seller pays the shipping fee of the ship and loads the goods on the ship. After the seller loads the goods on the ship, all costs and risks except the freight belong to the buyer. The point to be considered here is the seller pays the freight charge of the goods to the port of destination. There is no obligation to have insurance in this form of delivery. (Ramberg, 2011: 183)

Responsibilities of the Seller: The seller must provide the goods, commercial invoice or other proof of conformity required by the contract in accordance with the sales contract. The seller will prepare the necessary documents that the buyer will use in his country. It will complete customs procedures, pay the freight charge to the port of destination by contracting with the transport agency. The seller has to make a transportation contract for the goods to be transported up to the specified terminal at their own expense. The seller is not obliged to make an insurance contract against the buyer. After the goods pass the ship railing, all costs and risks other than freight belong to the buyer. The seller will notify the buyer that the loading has occurred and the possible arrival date, and send the issued transport document and other necessary documents to the buyer (Kaya and Turguttopbaş, 2012: 59).

Buyer's Responsibilities: The seller must pay the cost of the goods in accordance with the sales contract. The seller will complete the customs procedures by arranging the necessary customs documents for import. After the customs procedures are completed, after paying customs duties at the moment of import, it will unload its goods without delay by paying the costs of unloading the goods at the port of destination and port fees (Özkan, 2012: p.12). He has to pay all costs incurred during the transportation, excluding freight. It is the responsibility of the buyer to obtain all kinds of import permits or other official permits at their own expense and expenses, and to complete all customs procedures for the importation and transit of goods from another country. The buyer is not obliged to make a transport and insurance contract against the seller. The buyer should receive the goods. The buyer should pay all mandatory pre-loading inspection costs, excluding pre-loading inspection costs ordered by export country officials. (Ramberg, 2011: 192-197)

2.2.3.4. CIF – Cost Insurance and Freight

One of the oldest terms, CIF evolved over time and took its final form. This delivery method is used in inland and sea transportation. In this type of delivery, the seller brings the goods to be exported to the loading port and loads them onto the ship, having completed the customs procedures, and provided a minimum guarantee insurance. In this form of delivery, the seller also pays the freight (handling fee) fee to the destination port of the goods. All costs and risks that will arise after the shipment of the goods to the port of destination by the seller are paid, and the ship belongs to the buyer (ICC, 2019: 123-124).

The feature that distinguishes this type of delivery from others is that it is imperative that the seller be insured against the damages that may arise during the journey. However, since the insurance to be made is an insurance that provides minimum collateral, if the buyer wants to protect the goods with a broader collateral, he should either negotiate with the seller as explicitly as possible or take out additional insurance (ICC, 2019: 128).

Seller's Responsibilities: The seller will prepare the goods in accordance with the terms of the contract. The seller will deliver the goods on the specified date

and within the specified time in the contract as usual. The seller must make the contract of carriage from the designated delivery place to the agreed destination at the expense of the seller. The seller must make a minimum load insurance contract of the goods up to the specified terminal, at his own expense. If requested by the buyer, the seller must provide an additional insurance at the expense of the buyer. The seller must provide the transport document to the buyer at his own expense. the seller must carry out the customs procedures required for export and pay all costs, taxes and other charges payable for export, as well as the costs associated with customs clearance required for export. In addition, the seller should assist the buyer in the customs procedures required for import. The seller must notify the buyer that the goods have been delivered. (ICC, 2019: 126,128,130,132).

Responsibilities of the Buyer: The buyer should pay the price of the goods agreed in the sales contract to the seller. When the goods are delivered, they must receive them. The buyer is not responsible for the transport contract and insurance contract against the seller. The buyer should provide the seller with all the documents related to the customs procedures required by the country of export, at the expense of the seller. The buyer should complete the customs clearance by obtaining the necessary permissions for import. The buyer should bear all the costs associated with the goods from the moment you receive the goods. Except where these costs will be covered by the seller in the contract of sale, the transit costs will be borne by the buyer. The buyer should pay for the other mandatory pre-loading inspection costs, excluding pre-loading inspection orders ordered by export country officials (ICC, 2019: 127,129,131,133).

We can summarize the responsibility and risk transfer of the delivery forms we have announced in the table below, inspired by ICC's book Incoterms 2020.

When we examine the table below; We see that the least obligation for the exporter company is Ex-Work delivery method. Except for the firm packaging, the seller does not interfere with other costs and damages. All liabilities, except packaging, belong to the buyer company. On the other hand, we see that Delivered Duty Paid is the delivery method that the responsibility for the exporter company is high. All damages and expenses, from packaging to the payment of import taxes,

belong to the vendor. We can see the obligations of other delivery forms on the buyer and the seller from the table.

Table 5: Chart of Responsibility and Transfer of Risk

CHART OF RESPONSIBILITY AND TRANSFER OF RISK											
GROUPS	Any Transport Mode		Sea/Inland Waterway Transport				Any Transport Mode				
	EXW	FCA	FAS	FOB	CFR	CIF	CPT	CIP	DAP	DPU	DDP
Incoterms® 2020	Ex Works	Free Carrier	Free Alongside Ship	Free On Board	Cost and Freight	Cost Insurance and Freight	Carriage Paid To	Carriage and Insurance Paid To	Delivered at Place	Delivered at Place Unloaded	Delivered Duty Paid
Transfer of Risk	At Buyer's Disposal	On Buyer's Transport	Alongside Ship	On Board Vessel	On Board Vessel	On Board Vessel	At Carrier	At Carrier	At Named Place	At Named Place Unloaded	At Named Place
Charges/Fees											
Packaging	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller
Loading Charges	Buyer	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller
Delivery to Port/Place	Buyer	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller
Export Duty and Taxes	Buyer	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller
Origin Terminal Charges	Buyer	Buyer	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller
Loading on Charges	Buyer	Buyer	Buyer	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller
Carriage Charges	Buyer	Buyer	Buyer	Buyer	Seller	Seller	Seller	Seller	Seller	Seller	Seller
Insurance	***	***	***	***	***	Seller	***	Seller	***	***	***
Destination Terminal Charges	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Seller	Seller	Seller	Seller	Seller
Delivery to Destination	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Seller	Seller	Seller
Import Duty and Taxes	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Seller

Source: ICC 2019, INCOTERMS 2020

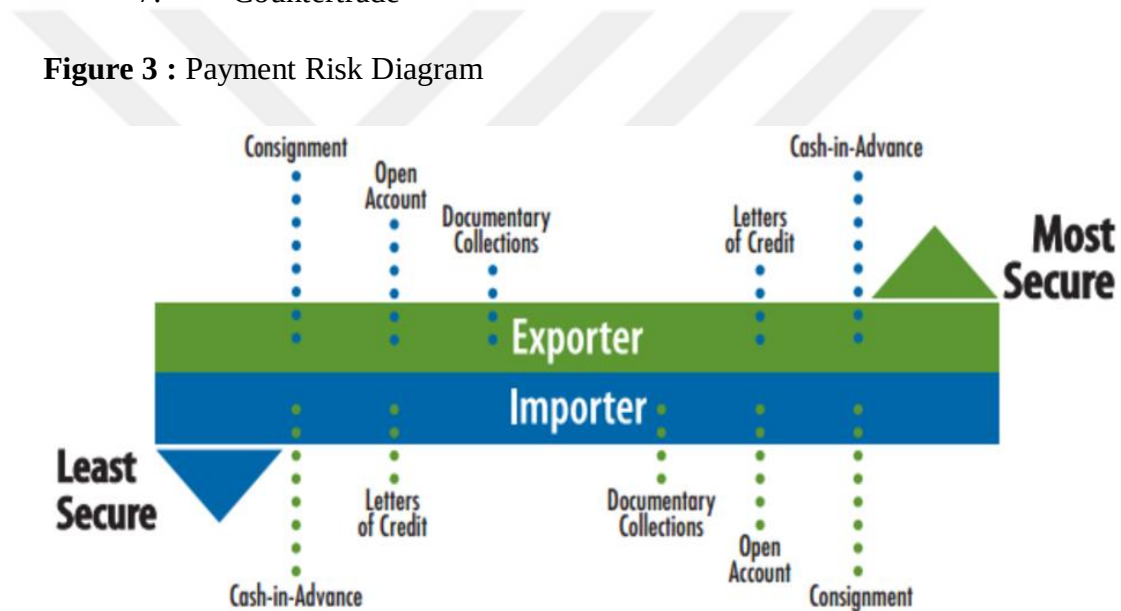
2.3. Payment Methods Used in International Trade

One of the most important issues in foreign trade is matter the form of payment and when and where the payment will take place. Because, in foreign trade, while the parties submit their offers against each other, as seen in Incoterms, payment methods are the primary issues we need to determine with pricing. In international trade, payment has a different and complex structure compared to the domestic market. It is always a risk that all or part of the goods are not paid or not paid at the agreed time. In fact, all the risks we have mentioned are directly related to the preferred or agreed payment methods. So what are the payment methods used in foreign trade? (Yılmaz, 2013: 48).

There are mainly 8 payment methods. These methods are;

1. Cash in Advance
2. Open Account
3. Acceptance Credit
4. Cash against Documents
5. Letter of Credit
6. Bank Payment Obligation
7. Countertrade

Figure 3 : Payment Risk Diagram



Source: <https://www.trade.gov/methods-payment>: date accessed: 27.4.2020

If we examine the payment methods for the buyer and seller in the above table; We see that the most advantageous and risk-free form of payment for the vendor is cash payment, and the most risk is consignment sales. On the other hand, we see that the riskiest consignment sale is the least risky form of payment for the buyer company.

If we briefly explain the Resource Utilization Support Fund; We can define it as a fund cut on imports and loans made in the future. Fund for supporting the use of resources at the rate of 6 percent of imports made according to the acceptance credit, term letter of credit and goods against payment methods in item D of Article 2 of the

Communiqué No. 6 of the Communiqué No. 6 on Decision No. 88/12944 on 12.5.1988 it is subject to the provision of deduction. Resolution on Fund Usage Fund Deductions - The RUSF (Resource Utilization Support Fund) rate for the items included in the list attached to the 2015/7511 (10.04.2015 t. 29322 p. R.G.) decision was determined as 0%. The conclusion from here is; There is no deduction of resource utilization support fund from every GTIP item. If the price is paid before import, that is, in the "advance", "letter of credit" and "correspondence" payment methods before the import, it is not subject to the deduction of RUSF.

In payment methods without resource usage support fund deduction, the deposit of the free movement entry declaration, including the proforma invoice or the final sales invoice date, before the registration date (including this date), and the transfer of this price to the exporter by the relevant bank within two business days at the latest. RUSF is not born when it is verified to the Customs Administration where the import price is paid before (and / or at this date) the goods subject to acceptance credit, the equivalent of the goods, the term of the payment of the letter of credit and the subject of the importation. If we look at what we have explained, the issue of whether or not RUSF is born in terms of import transactions is not what the form of payment is written on the commercial invoice of the imported goods; It is the issue of verification of whether the cost of the goods until the registration date (including this date) of the Declaration, which is the start date of the customs obligation, has been paid to the Customs.

Therefore, the decisive criterion regarding whether or not the RUSF is born is not what the payment method is written in the documents of the goods; It is the issue of verification of whether the cost of the goods is paid until the registration date of the Declaration (including this date), which is the date when the customs duty begins.

In accordance with the circular dated 18.03.2011 and numbered 2011/16, purchases of goods from free zones are considered as imports in terms of the Fund for Supporting Resource Utilization Fund and fund cuts are made on condition that this import has a term (credit) nature. To be considered as an import in advance of imports carried out from the free zones, as well as the payments made to the original

exporter outside both domestically have been completed before the date of commencement of the release of the payment made to the customs duty from Turkey and this situation to the customs authorities about the importing company presented by the document must be authenticated. In order to avoid any interruption of the RUSF related to the goods transferred to the warehouse or temporary storage place without any payment to the sending company; the transfer to be made by the transferee to the shipper company, or the transfer to be made by the transferee, the transfer to be made to the seller or the sender, if the seller or the sender is in the order of the particular buyer, has been completed (or at this date) before the customs obligation begins and this situation will be presented to the relevant customs administrations. must be verified with documents

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If we look at how the RUSF base is formed; If delivery type is determined as CIF value, calculation is made over CIF value, and if delivery type is determined as FOB value, calculation is made over FOB value.

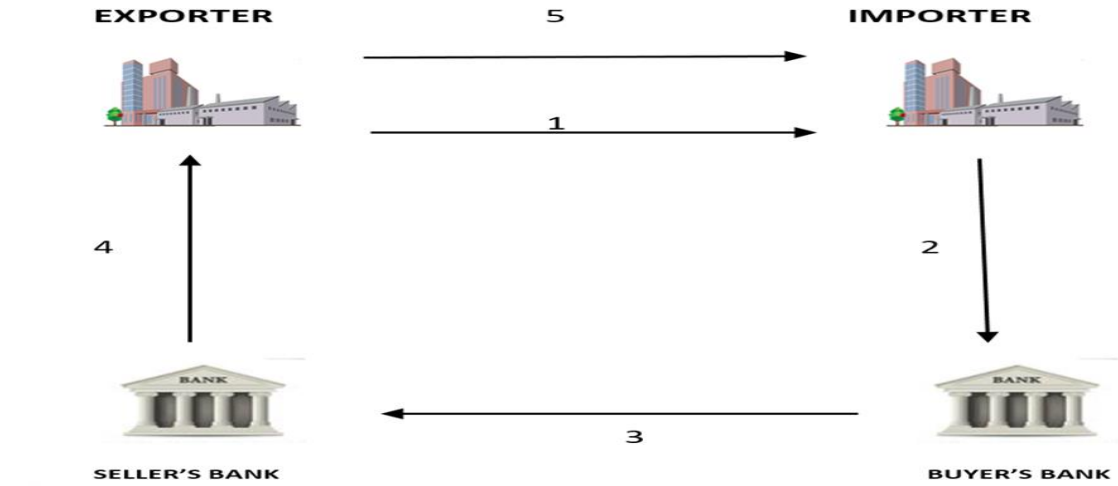
2.3.1. Cash in Advance

The importer pays the value of the goods in advance. The exporter party is the payment method that it loads after it receives the value of the good. Prepayment is usually made when the contractors know each other sufficiently, or when the party that is the importer and exporter is owned by the same party. If there is an organic link between the importing company and the exporting company in the exporting country, there is essentially more than trust. However, if it is important to bear the cost of preparation for a good to be exported, and at the same time, the company, which is in the position of importer, is able to get advance from the companies in the regions where it imports, sends this amount in advance to allocate financing to the exporter company (Erdem, 2017: .512).

Likewise, the situation we are talking about can be realized in the form of Open Account or deferred Payment. In the case of deferred payment or open account, the exporter sends the goods to the country which is the importer country. The importer sells the goods in markets in its home country borders. As for the prices it sends after a while, it realizes the end of the year in the form of annual closing (Güven, 2015: 153).

Let's try to explain this payment method, which we are talking about, as an example: Mr. İsmail, who produces olives in Bursa, sold 2 containers (a rectangular transport box that can receive around 20 tons of product when the product is placed) to ABC Olive company in Germany. Olives will be loaded onto the ship at the port of Izmir, including 2 containers.

Figure 4: Transactions Cash in Advance Payment Method



Source: Utkulu U., Aydemir İ.,Özken A., & Yılmaz M. (2013), Türkiye'de Dış Ticaret İşlemleri ve Uygulaması, p.49.

1-The importer sends a bid of \$ 10,000 for two containers of olives and the parties agree in advance.

2-The ABC Oil company in Germany instructs the bank to transfer to the exporter company, which it has to pay for the order of 2 containers it has ordered, to be taken into account from its own bank.

3-The importer firm makes bank money transfer.

4-The exporter either withdraws the money coming to her bank's account or keeps it in her account.

5-The exporter delivers 2 containers of olives to the importer company.

In these events we mentioned, the people who are parties to purchase and sale do not bear any risk. Because in order for these transactions to take place, the parties must either know each other or have a partnership link between them or they must be companies belonging to the same people. In another aspect, cash payment is a pre-financing feature for the exporter.

The fact that the exporter agrees to pay in advance to the importer, proves that the items subject to export are monopoly or high demand in international markets, so there is no problem for the exporter to find a buyer to sell his property.

Using this handicapper, the exporter would make the payment to the importer firm in advance (Erdem, 2017: 513).

If there is no relationship between the exporter and the importer as we mentioned, that is, if the companies are independent from each other, they should pay in advance; It is a commercial activity where the exporter has no risk and the importer has the maximum risk. In order to reduce the risk of the importer to the lowest level, it may be requested from the exporting country bank to transfer the money to the exporter party under certain conditions and to settle this payment. For this reason, the Indemnity Note can be signed with the importer bank. Indemnity Note is a contract that is guaranteed to be reimbursed by the bank due to the fact that the goods do not contain the requested features. (Güven, 2015: 153).

In the form of payment, buyers and sellers know each other very well. After the goods prices are paid to the seller by the buyer, the goods subject to the sales contract are sent. The buyer trusts the seller and the buyer finances the seller before export (Melemen & Arzova, 2000: 113).

Despite this risk landscape, the most important reasons for the importer companies to choose the cash payment method can be listed as follows.

- Very serious supply shortage in the goods that the buyer company needs
- The buyer firm's obligation to buy that good
- Mutual trust between buyers and sellers
- Having a solid economic structure in which the buyer company can assume the risk (Ünüsan and Canitez, 2014: 254).

In this form of payment, the importer is at risk. Because after paying the price of the goods, the goods may not come in the desired quality or a different item may come, except for the goods subject to the sales contract. However, the exporter has no risk. Advance payment can take place in three ways:k

- Remittance
- Prefinansman

- Red Clause (Yılmaz and Özkan, 2013, p.112).

2.3.1.1. Remittance

In the form of remittance payment, the importer company instructs the bank to transfer the price of the goods purchased to the exporter bank.

The importer pays the price of the goods with the money in his own country. The cost of the goods is transferred to the exporter's bank by the importer's bank. The transfer that reaches the exporter's bank is recorded in the exporter's account in the currency of that country. Then the exporter sends the goods to the importer (Kaya & Turgopbaş, 2012, p.79-80)

2.3.1.2. Prefinancing

Prefinancing is a prepayment. In this payment, the importer receives guarantee from the exporter's bank and makes a prepayment.

If the exporter does not send the goods to the importer, the bank, which has given the guarantee on behalf of the exporter, returns the prepayment made by the importer to the importer with the interest. The bank, which guarantees the exporter's name, receives a certain commission from the exporter in exchange for this guarantee. Interest is prepaid for the prepaid part in prefinancing and the bank guarantees on behalf of the exporter. However, in order to ensure the guarantor transaction, the exporter must be the credit customer of the bank. The Bank generally receives a monthly commission of one percent from the exporter in return for this guarantee. If the export cannot be realized, the bank collects the principal and interest from the seller (Sayım & Zengin, 2012: 222-223).

2.3.1.3. Red Clause

Red Clause is a condition that is written in red in a letter of credit and authorizes the exporter to pay the advance of the intermediary bank in advance for the purpose of paying the purchase and loading expenses (Onursal, 2013: 344-345).

The exporter is a type of letter of credit in which all or part of the price of the goods is paid to the exporter in advance, before the goods are exported and the documents are submitted to the bank.

It provides the exporter with financing opportunities for processing, purchasing, packing or storing goods until transportation means arrives. The amount paid to the exporter is deducted from the total expense of the exporter after the shipment of the goods and the presentation of the documents. (Çelik, Kalaycı, & Sandalcılar, 2012, p.197).

2.3.2. Open account

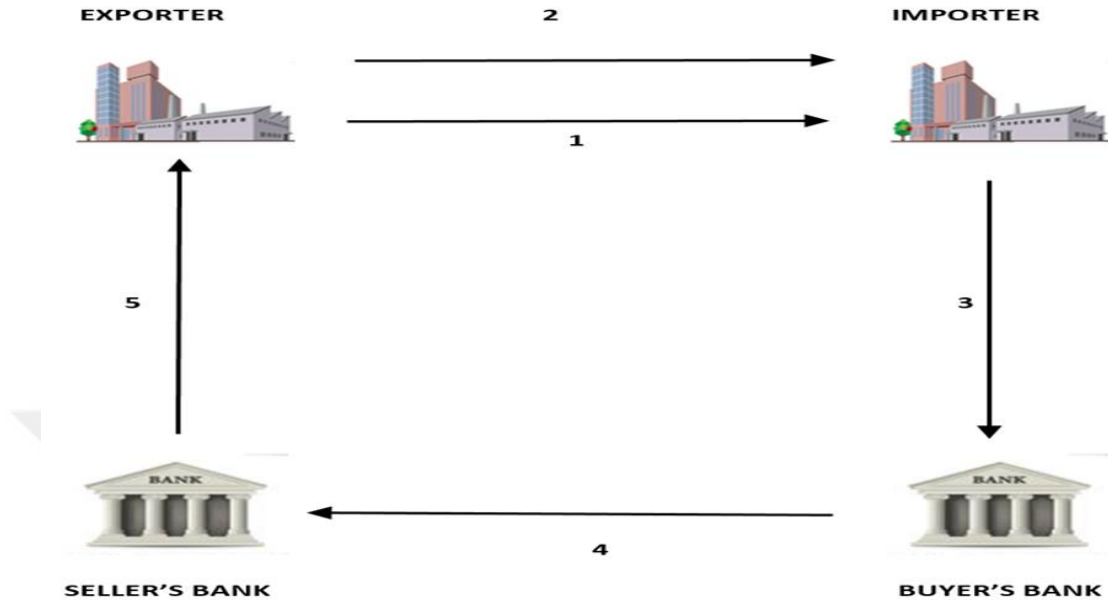
The payment against goods is a sale in international trade, especially within 30, 60 or 90 days, where the goods subject to the trade are transmitted to the receiver by the sender and delivered before the payment is made. In summary, this payment method is one of the most suitable payment methods for the importer side in terms of cash circulation and minimizing costs (Yılmaz & Özken, 2013, p.113).

In addition to being one of the most suitable payment methods for the importer, it is also one of the riskiest payment methods for the exporter party. Due to the high competition in the field of export, foreign importers insist that they are exporters many times to agree on the payment method against goods (Erdem, 2017, p.511).

Because, it is a very common method for the seller to deliver the credit to the buyer. For this reason, exporters who are not willing to give credit can make sales to the companies they are competing with. While open account terms are offered between the parties, the exporter party may request to take more protection by using export credit insurance or by asking for using export credit (İta, 2012, p.11).

If we explain with the example, we have given in the form of cash payment:

Figure 5: Operation of Payment Method Against Goods



Source: Utkulu U., Aydemir İ., Özken A., & Yılmaz M. (2013), Türkiye'de Dış Ticaret İşlemleri ve Uygulaması, p.51.

1- The exporter sends the offer of 10,000 USD for 2 containers of olives and the parties agree in the form of payment against goods.

2- The exporter company sends 2 containers of olives to its customers in Germany.

3- The importer, who clear the olives from his own customs, informs him to send the USD 10.000, which is the price of the olives, by instructing his bank.

4- Money transfer occurs from the importer bank to the exporter bank.

5- The exporter withdraws the money coming to his account.

In this payment method, the exporter party directs the appropriate goods to the demanding party, the importer party clears the goods from the customs without making a payment in return for the goods.

The importer party is obliged to pay the price corresponding to the goods either after the procurement of the goods from the exporter or within a time

previously agreed upon. Such a form of payment is mostly used in the delivery of products, semi-finished products or raw materials to an importer belonging to an exporter, who has a branch abroad or a production unit abroad (Ağsakal & Erkan, 2016, p.583-586).

It is used by companies that export to competitive markets and try to enter these markets for the first time. On the other hand, when we look at it, trust must be created between the buyer and the seller. Since the payment method against goods is as simple and inexpensive as possible in foreign trade, it can be used and preferred in trust-oriented relationships between the buyer and the seller. (Atay and Kartal, 2014: 89).

We see that the exporting side is at higher risk from the importing side. Because;

- The goods are sent to the other party without the cost of the goods.
- Risk of non-payment of the price to be paid by the buyer
- The cost of goods not being paid at the time agreed in the sales contract
- It is under different risks such as the payment of a part of the cost of the goods and the remaining amount not being paid. (Yılmaz, 2013: 51).

2.3.3. Acceptance Credit

The buyer undertakes to pay the cost of the goods in a certain term in this form of payment. And regarding this payment, the policy is mediated. To put it differently, the price of the goods sold with acceptance credit is tied to the policy, and the payment is made to the seller at the time of the policy. This credit is used by accepting the policy submitted together with the document or by the importer's bank. Banks pay brokers to buyers and sellers in payment with acceptance and banks receive commissions from this transaction (Yılmaz & Özken, 2013, p.116).

Here, the vendor actually provides a kind of loan to the buyer firm. In this lending application, the importer accepts the policy issued by the exporter. In other

words, the importer signs the policy instead of cash payments and the policies are also term (Bakan & Şamiloğlu, 2008, p.230).

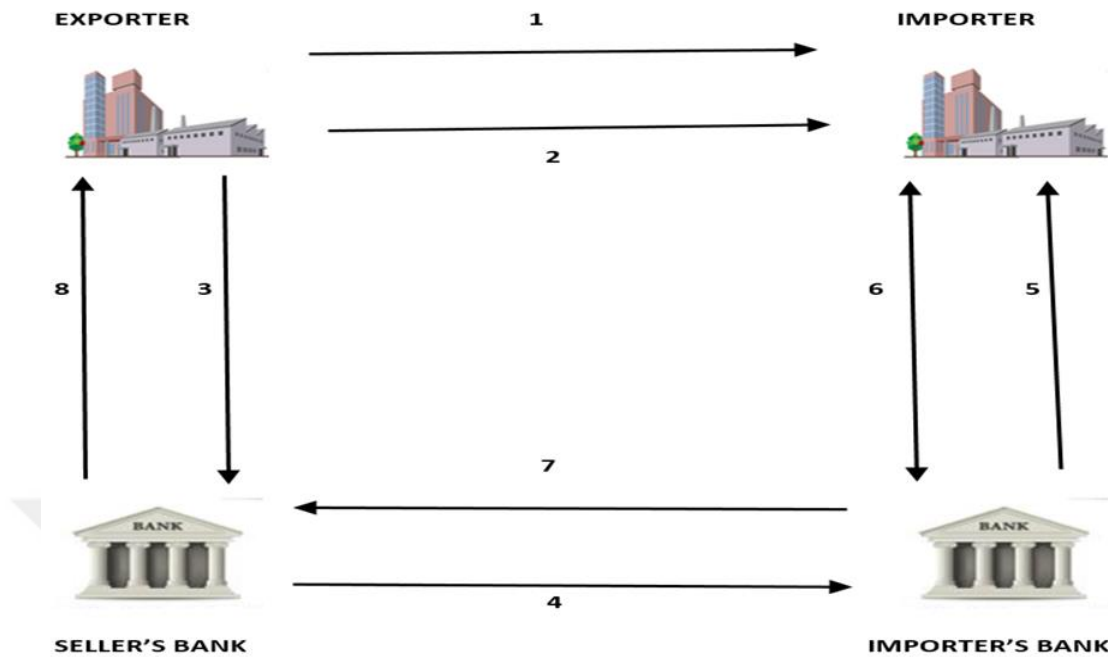
“If the policy issued by the seller is accepted only by the buyer, there is a “trade acceptance”. It is foreseeable that the policy will be accepted by a bank. In this case, the bank accepts the policy or can approve the importer's acceptance. This is called “banker’s acceptance”. Against the importer who wants to make a forward purchase in this form of payment, the exporter guarantees himself with the acceptance or acceptance of the policy to the policy. There are three types of payment with acceptance credit.

-Payment Against Goods with Acceptance Credit: In goods against transactions, the importer first clears the goods from the customs and then pays the cost of the goods in the time specified in the legislation. In this transaction, the policy will be accepted within the period required to pay, and in the term of the policy, the payment will be made. Thus, a second financing facility is created for the importer in terms of duration.

-Payment with Letter of Credit with Acceptance Credit: is a form of payment that guarantees that the policy will be paid on the maturity of the policy accepted by the bank when it is submitted to the bank in accordance with the explanation letter and the bank. By adding to the policy document attachment, it is issued on behalf of the confirmation bank in confirmed letter of credit and on behalf of the chief bank in non-confirmed letter of credit.

- Payment Against Documents with Acceptance Credit: It is the form of payment that the exporter can send by sending a policy to the importer in practice, although a cash payment is required in exchange for the documents subject to export.” (Gündoğan, 2016, p.38-39).

Figure 6: Flow of Accepted Credit Payment Method



Source: Melemen M. & Arzova B. (2000). Uluslararası Ticaret Alternatif Finansman Teknikleri ve Muhasebeleştirilmesi. p.105.

1- The exporter company in Bursa and the importer company in Germany agree on a 60-day policy in exchange for an offer of 11.000 USD in the form of payment with acceptance credit.

2- The exporter company sends the goods (2 container olives) to the importer company in Germany.

3- Documents (Policy + other documents) are delivered to the exporter bank to be sent to the importer bank.

4- Exporting bank sends the documents to the importer bank

5- The importer bank presents the policy to accept the sent policy to the importer.

6- The importer accepts and signs the incoming policy and in return, the documents are received from the importer bank.

7- The bank of the importer sends the policy accepted and signed by the importer to the exporter.

2.3.4. Cash against Documents/Documentary Collections

If we look at the meaning of the term; the cost of the goods determined in the contract of sale is collected from the seller firm by the bank. Or the bank issues time draft to collect it at a later date. In return, it is to give the importer the documents given to him by the seller to the importer so that the goods can be cleared by the buyer. (Gürsoy, 2009: 76)

The Bank, which will perform the collection process in Documents Against Documents and Similar Transactions, delivers the documents to the party company after the payment. In other words, the contact party makes the payment to the collection / presentation bank (Yılmaz & Özken, 2013: 114).

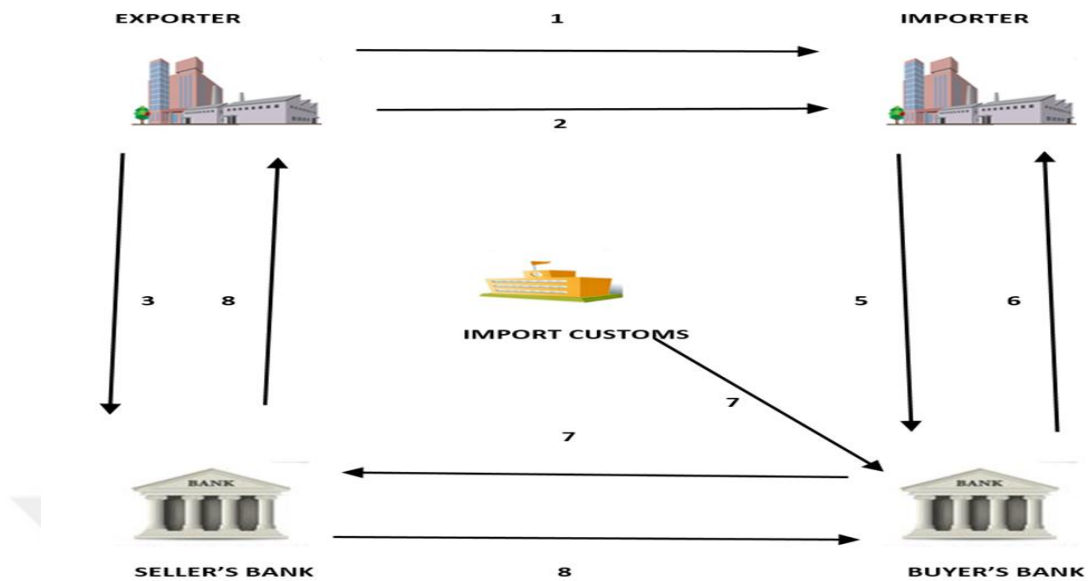
The bank transmits the agreed amount to the sending bank. According to the Document Against Payment method, it is a payment method with a low risk situation for the exporter. The operation of the system begins with the delivery of the goods to the buyer after the exporter transmits the documents in the form of documents (Yılmaz & Özken, 2013: 115).

For the importer, the situation pays the necessary cost of goods to its own bank, and then procures the goods from the bank of the document, which is important to bring the goods to the country to which it belongs, and thus the buyer imports. (Kılıç, 2010: 1-2)

We can list the parties involved in the payment against documents, as Principle, Remitting Bank, Collecting Bank, Presenting Bank and Drawee. However, in practice, the Collecting Bank and the Presenting Bank become the same bank. (Şanlı and Ekşi, 2006: 80)

In summary, if we need to explain this payment method with the example we have given above;

Figure 7: Procedure of Payment against Documents



Source: Utkulu U., Aydemir İ., Özken A., & Yılmaz M. (2013), Türkiye'de Dış Ticaret İşlemleri ve Uygulaması, p.52.

1- The exporter and the importer agree among themselves.

2- The exporter delivers the goods to the importer.

3- During all of these, the exporter party sends the documents, which are essential for the importer to bring the goods into their country, to the exporter's own bank.

4- The exporter's bank sends the documents to the bank of the importer.

5- The importer deposits the price corresponding to the goods to the bank.

6- Following the delivery of the necessary documents to the customs, the transaction is completed as a result of the importer's removal from the customs.

7- After the buyer takes the necessary actions thanks to the documents he has received, the goods are withdrawn from the import customs and the import is realized.

2.3.5. Letter of Credit

In the world where borders expand, buyers and sellers don't know each other's trade customs and don't know about each other's economic situation. therefore, Letter of credit is a conditional stipulation to facilitate trade, to prevent damage in cases such as the buyer and seller not meeting the conditions in the sales contract and to facilitate international trade further (Leon, 1986: 432-447).

Letter of credit is a form of payment that requires a different specialization in international trade and is guaranteed for the exporter (as long as the process is managed correctly). If we want to define the letter of credit; We can say that it is a guaranteed payment method given by banks to export companies. There are UCP rules, an international standard rules created by ICC. The latest version of the UCP rules is UCP 600. Unless otherwise stated, all letters of credit opened today are accredited according to UCP 600 standards. (Yılmaz & Özken, 2013, p.117).

In order to better understand the letter of credit payment method, we need to make the following statements: During the letter of credit, the names of the parties are subject to change. During this process, it is named as Exporter: Beneficiary, Importer: Chief, Exporter Bank: Beneficiary Bank, Importer Bank: Issuing Bank (Erdem, 2017, p.491).

If we talk about the features of letters of credit, the most common form of payment in international trade:

- It is the most frequently used payment method in international trade.
- Letter of credit is a transaction that protects both the exporter and the importer.
- Letter of Credit is the commitment of the bank where the importer works, in accordance with the instructions given by the importer, to fulfill the required conditions for a certain amount and for a certain term and to pay the exporter in return for the documents exported by the exporter (Erdem, 2017, p.492).

“- The importer firm orders its own bank to pay if the goods are exported to the bank of the exporting firm in exchange for the goods to be imported. This letter of credit is letter of credit.

- This system is the most reliable, although it is more expensive than other credit payment methods. There are several benefits to both the seller and the buyer. Among these benefits, the cost of the goods is on the commitment of the bank, the transfer risk is largely eliminated, the seller and the buyer obtain credit facilities, and the bank ensures that the necessary conditions are met.

- They make transactions on banks and documents in the letter of credit. Because the letter of credit transactions is not about the goods, but about the services and works to be done.

- Letters of credit are separate transactions from the sales contracts on which they are based or from other contracts.” (Kaya, 2008: 96-97).

Advantages of Letter of Credit in terms of Exporter: In return for the receivable arising from the sales contract, the exporter company receives the payment commitment of the correspondent bank. In this way, the exporter guarantees the payment. In a globalizing world, buyers and sellers do not know each other very well, so they are hesitant about whether their obligations to each other can be met. Therefore, even if the receiving party does not pay the seller, the payment is made by the master bank (Todd, 1998: 10-11).

At times, the letter of credit payment method can provide financing for the exporting company. If we explain as follows; The exporter, who has a letter of credit with acceptance credit in favor of the exporter, can provide financing by breaking the policy to his bank before the due date if he / she does not expect the term to expire in the event that the policy he has expired (Todd, 1998: 10-11).

Advantages of Letter of Credit in Terms of Importer: The buyer party knows that their bank will not make payments to the vendor unless the specified conditions are met and the related documents are not delivered. Therefore, the importer firm will feel safe in the international arena.

The bank of the importer company can take installments from the importer company. In such a case, the importer company will have the opportunity to pay at a lower cost compared to the loan. (Todd, 1998: 11)

Risks of Letter of Credit for the Exporter:

-If there is no sale contract between the buyer and the seller, after the negotiations, the importing party does not open a letter of credit in favor of the supervisor.

-If the importer company has opened a letter of credit, the seller company does not have the shape and feature it wants

- Payment problem that will arise as a result of the reserves realized by the Issuing bank due to the disregard of the well-known bank

-Communication problem between buyer and seller

-The requests for changes from the beneficiary are not taken into account by the supervisor.

-The request of an unnecessary and impossible document by Issuing (Melemen, 2012: 282)

Risks of Letter of Credit in terms of Importer:

- Although the export company submitted the documents, it did not load the goods subject to the sales contract.

- Letter of credit does not guarantee against the quality of the goods

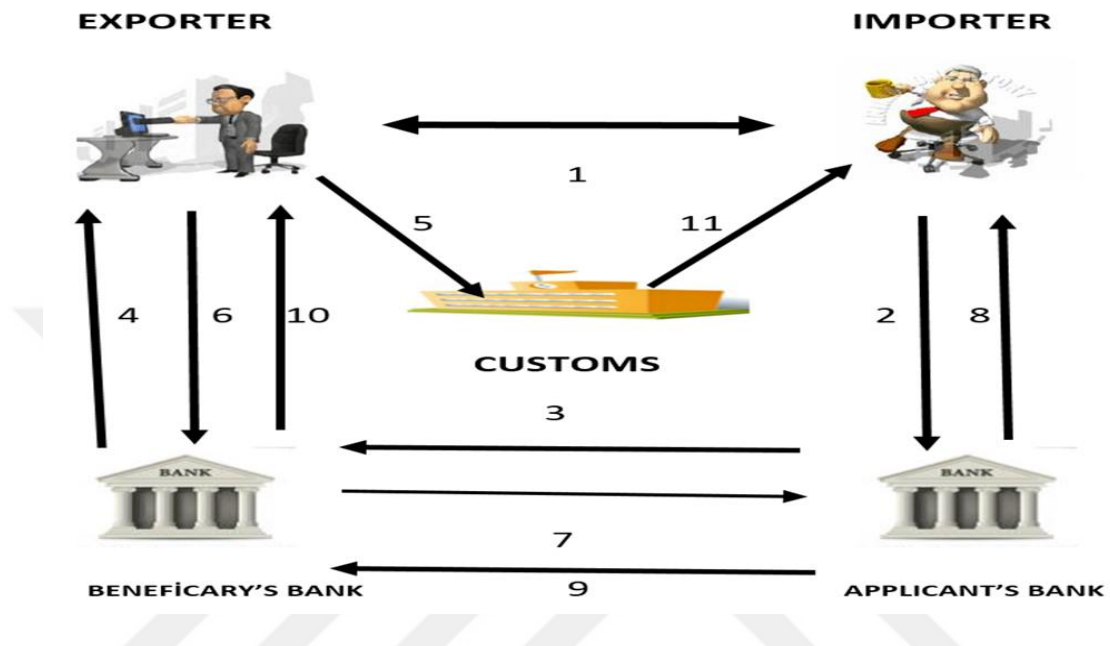
-The exporter's bank does not examine the bank with sufficient documents with sufficient dedication.

-The late arrival of the goods as the goods sent by the seller are paid before the goods arrive to the importer.

- Possibility of missing, misspelled company, property and name information by the beneficiary

-The documents submitted by the exporting company to the bank are false and the beneficiary bank does not notice these false documents (Melemen, 2012: 283)

Figure 8: Letter of Credit Work Flow



Source: Melemen M. & Arzova B. (2000). Uluslararası Ticaret Alternatif Finansman Teknikleri ve Muhasebeleştirilmesi. p.107.

If we explain the operation of Letter of Credit in the figure 8;

- 1- Buyer and seller negotiate and make a sales contract.
- 2- Seller contact the issuing bank to open letters of credit.
- 3- The issuing bank creates the letter of credit and sends it to the beneficiary bank.
- 4- Beneficiary bank examines the incoming letter of credit and sends it to the exporter company.
- 5- The seller company performs the shipment of the goods by examining the incoming documents.
- 6- The seller presents the export shipment documents to his bank.

7- If the letter of credit is confirmed, the payment is made by the beneficiary bank to the exporter company after 7 working days and the documents are sent.

8- Documents are submitted to the importer company by the issuing bank and the cost of the goods is collected.

9- If the letter of credit is not confirmed, the cost of the money is transferred by the bank.

10- Payment is made to the exporting company by the beneficiary bank.

11- The goods are received by the importer company.

2.3.5.1. Letter of Credit Types

Letter of credit payment method is a form of payment that requires specialization as mentioned above. The reason for this is both the standard system of the norms that regulate the letter of credit and the wide-ranging letter of credit that contains a provision for every need.

2.3.5.1.1 Unconfirmed L/C

If the letter of credit is reported to be unconfirmed or no explanation is given about the confirmation, the letter of credit is accepted without confirmation. Beneficiary bank notifies the letter of credit only to the beneficiary, and does not take any commitment or responsibility that the chief bank opening the letter of credit will fulfill the responsibilities, that is, make payment. It is a type of letter of credit that the seller does not need the confirmation of the correspondent bank. Unconfirmed letters of credit are mostly used when exporters have full trust in their importers, the chief bank and the country to which the import will be made (Yılmaz & Özken, 2013, p.118).

2.3.5.1.2. Confirmed L/C

It is the type of letter of credit that the bank opening the letter of credit instructs the correspondent bank to confirm the letter of credit and thus the correspondent bank confirms the letter of credit. In the confirmed letter of credit, the

correspondent bank also confirms the letter of credit and provides additional guarantee that the costs will be paid. So, in case of no payment, the correspondent bank assumes the obligation of the chief bank. In practice, only irrevocable (non-rotatable) letters of credit are opened with confirmation (not rotatable). These letters of credit cannot be canceled without the consent of the three parties (supervisory bank, correspondent / confirmation bank and beneficiary) (İta, 2012, p.7-8).

2.3.5.1.3 Irrevocable L/C

It is a form of letter of credit that does not have the possibility of withdrawal in any form without a common acceptance by all four parties in the letter of credit. To clarify the situation with the example, if the tobacco exporter in Balıkesir creates a letter of credit for the 4 barrels of tobacco that he supplied from ABC company in Germany, the importer in Germany cannot give up this shopping unilaterally (Biswas, 2011).

2.3.5.1.4. Letter of Credit on Sight

This is a method in which the payment takes place as a result of the fact that it is submitted to its own bank within a time agreed on the documents specified in the letter of the letter of credit, which is in the form of a beneficiary in the form of letter of credit. Payment time made by banks only differs depending on whether the letter of credit is confirmed or not confirmed (Giovannucci, 2000).

2.3.5.1.5. Deferred L/C

“In this type of letter of credit, the payment to be made to the beneficiary is made by the relevant bank at the end of the term specified in the letter of credit” (Yılmaz & Özken, 2013, p.119).

In this type of letter of credit, payment is made to the beneficiary not at the time of submitting the documents, but at a certain time after the documents are delivered to the recipient. When the vendor submits the documents to his own bank in term letters of credit, he receives a letter of confirmation from the confirmation bank or bank that the price of these documents will be paid to him at the end of the

term specified in the letter of credit. In such letters of credit there is a payment term other than the letter of credit. The importer pays the cost of the goods in this term and the exporter collects it after that (Erdem, 2017, p.503). 2.3.5.5.6.

Acceptance L/C

The payment against the goods, which means that the exporter transports the goods to the importer free of charge, has ensured the formation of a long-term economic relationship and trust between the exporter and the importer during the export activity. Therefore, the exporter makes a request to accept the policy he has issued by accepting the accepting party and AVAL from the bank, and if the transactions within the request are put into practice, the Payment Agreement Against Acceptance Credit Goods is realized (Ağsakal & Erkan, 2016, p.584).

2.3.5.1.6. Negotiation L/C

Under the terms of letter of credit, the bank authorized to purchase is the type of letter of credit that the exporter has purchased and paid the exporter by purchasing the policy and documents issued by the exporter after determining that the documents submitted are in compliance with the letter of credit. It can be given to a bank whose purchasing authority has been determined, or to any bank. If a particular bank will be authorized by purchasing, the name of this bank must be stated on the letter of credit. If no name is specified, the purchase can be made by any bank (Özalp, 2004, p.126).

The purchasing bank needs to receive a letter of undertaking to return the money received from the exporter in case of a reserve by the importer bank or the failure to pay for the documents. If he does not receive a commitment, he will bear the risk of not getting back the price he has paid (Erdem, 2017, p.504).

2.3.5.1.7. Red Clause L/C

It is a type of letter of credit, in which all or part of the cost of the goods is paid to the exporter in advance, before exporting the goods and submitting the documents to the bank. It provides the exporter with financing opportunities for processing, purchasing, packaging or storing goods until transportation means arrives. The amount paid to the exporter is deducted from the total price paid after the shipment of the goods and the presentation of the documents (Erdem, 2017, p.503).

As a result of writing how much of the letter of credit will be paid in advance to the exporter on the date of its first application, the name of this letter of credit has survived to the present day as a red conditional letter of credit. For the part that is used in advance to deduct the total amount of the letter of credit, a letter of undertaking is obtained from the exporter stating that he will use this amount for the letter of credit related costs and upload the documents in due time and submit the documents to the bank. This commitment may only be a written undertaking issued by the exporter, or in some cases, in the form of a bank guarantee or letter of guarantee (Onursal, 2013: 345-346).

If the exporter does not stop in his commitment, the price paid in advance is taken back from him, along with his interest. In red conditional letter of credit, payment to the exporter is made in advance or in advance. The difference between the two; The currency risk may arise due to the fact that the money paid by the advance payment or confirmation bank is paid by the importer bank, and the advance payment is delayed (Yılmaz & Özken, 2013: 120).

If we reach a conclusion, the use of red conditional letter of credit is generally used in cases where the exporter and importer have previously traded and know each other.

2.3.5.1.8. Green Clause L/C

It is a type of letter of credit, such as red conditional letters of credit, which provides an advance supply before the submission of documents. The difference

from the red letter of credit is the warehouse delivery receipts, which show that the goods are stored and the ownership of the property is transferred to the exporter's bank, will be paid to the bank in full or in part, and these advances will be guaranteed (Keser, 2012, p.77).

The importer bank is responsible for the custody of the goods. For this reason, the importer bank must have the necessary information about the company that will store the goods or request that the storage be kept in the customs warehouse in order to avoid any risk. The importer bank authorizes the notification bank or the confirmation bank to obtain a warehouse receipt from the exporter that the goods are kept and a letter of guarantee that the required documents will be submitted within the letter of credit. In case the prepayment notification or confirmation bank does not send the goods by the exporter or submit documents in accordance with the terms of letter of credit, the importer bank is requested the advance payment price and interest. Although the warehouse receipt reduces some of the risk of the importer, it does not eliminate it completely (Zeynalzade, Topal, & Dizkırıcı, 2016, p.124-125).

2.3.5.1.9. Transferable L/C

Such transactions are generally a type of letter of credit used in transit trade transactions where the seller is not a manufacturer. In the transferable accredited beneficiary, the beneficiary allows to transfer all or part of the right arising from the letter of credit to a third party (Icc, 2002).

2.3.5.1.10. Back to Back L/C

"The purpose of this letter of credit payment method is the same as transferable letter of credit, mutual letter of credit, unlike transferable letter of credit, does not transfer the letter of credit opened in its favor, but it allows the opening of a new letter of credit." (Yılmaz & Özken, 2013: 60).

2.3.5.1.11. Revolving L/C

It is a type of letter of credit that allows you to manage all goods shipments within the period for the cost of opening the letter of credit and the risks associated with it, if the exporter party transmits the goods to the importer in a certain period of time. It is divided into two as Cumulative L / C and Non-Cumulative L / C. If the part within the defined times is not used, it is called Cumulative if it is allowed to transfer the unused part to the next times, and Non-Cumulative L / C if it is not allowed to transfer the unused part to the next times (Zeynalzade, Topal, & Dizkırıcı, 2016, p.127).

2.3.5.1.12. Standby L/C

This letter of credit payment method has a different feature from all other letters of credit. In other letters of credit, a guarantee was made due to failure to fulfill the payment commitment. However, in letters of credit for collateral; The guarantee is that the slightest service or commitment is not fulfilled. A detailed regulation regarding collateral letters of credit is available within the ISP 98 rules created by ICC (Utkulu & Aydemir, 2013, p.33).

2.3.6. Bank Payment of Obligation

BPO (Bank Payment Obligation) is a new banking product that provides bank assurance and extensive financing opportunities for non-bank guaranteed payment methods (Goods against, documents against payment etc.). BPO briefly brings bank assurance to the open account (Against Property) payment method. It is an alternative that can be used by traders who find products such as letter of credit, standby and bank guarantee as complicated and expensive, and who do not want to use them for such reasons, but who also want to benefit from bank security. (Özalp, 2016, p.19).

The reason for the emergence of BPO can be summarized as facilitating trade, electronicization, eliminating paper, providing assurance and simplicity. As we mentioned above, BPO is not a payment method that replaces existing payment

methods, it is an alternative instrument that complements existing financing solutions.

Although some say that BPO is an electronic letter of credit or a simplified letter of credit, it is not exactly correct, it would be more correct to see it as a unique method. BPO is defined as follows in the new ICC Rules (URBPO); Obligor Bank (Obligor Bank) will make payments to the Beneficiary Bank (Recipient Bank) upon the eligibility of the data received from the Lehtar Bank (Recipient Bank) in the Established Baseline, and the forward payment obligation. It is an irreversible and independent commitment that it will enter and pay the specified amount in term. (Beyazıtılı, 2015, p.55-60).

“According to this definition, “Obligor Bank” may be the bank of the recipient or not, but the beneficiary bank, namely “Recipient Bank”, must always be the bank of the seller. Subject to the UCP (ICC's Uniform Rules for Customs and Custom for Documentary Credits) letter of credit, URDG (ICC's Uniform Rules for Demand Guarantees) or URC (ICC's Uniform Rules for Collections) that is, outside of URBPO.

URBPO is independent of business, property and contracts, and deals with the conditions specified in the Established Baseline and the data (data, baseline) sent by banks to this field.” (Bayazıtılı, 2015, p.58-59).

2.3.7. Counter Trade

During international foreign trade, buyers and sellers may not use money in some times during their exchange.

Therefore, we will try to deal with foreign trade payment methods that occur independently from money under this heading.

If we need to define reciprocal trade; In exchange for the sale of goods, services and others, we can say reciprocal trade to the trading methods in which the cost of the goods is carried out in other ways rather than in cash. Except cash payment of the cost of the goods; if we list the payment methods that replace cash

payments; provision for goods, service provision, technology transfer and transfer of receivables. (Kaymakçı, Avcı, & Şen, 2007: p.85).

“If we explain the processing principle of the system with a different definition; “The main feature of the applications other than free trade is that the trade is concluded with a single transaction. A reverse export transaction is followed by an import transaction in the second stage. In this way, trade, which is based on establishing a relationship between a sale and a purchase transaction, is generally called counter-trade.” (Seyidoğlu, 2007: 717).

2.3.7.1 Counter Trade Types

There are different types of counter trade, as well as payment methods based on money. These; There are seven such as barter, clearing, counter purchase, switch, swap, buy-back, buy-sell, off-set, contract manufacturing. (Yılmaz & Özken, 2013: 121).

2.3.7.1.1 Bartering

Clearing is the oldest form of payment in history. It is defined as the exchange of approximately equal amount of goods, services or technology with goods, services and technology without using money. Sometimes goods to be used as barter may not be substitutes for each other. In this case, a limited amount of money may come into use (Yılmaz & Özken: 121).

The swap can take place as two-sided, three-sided or four-sided. Clearing is generally used for one-time export of goods. The exchange takes place between two companies, both exporter and importer, who meet their mutual demands. The goods that are bartered are generally unrelated (Dirican, 2019: 48-61).

The clearing process is applied for a maximum of two years. It is made among countries that have difficulties in exporting their goods mostly used in foreign trade to the international market. The currency of the trading countries is not convertible or foreign exchange reserves are scarce. The quality of the goods is low.

Bartering seems simple in theory, but it is very difficult and expensive to apply. Determining the value of unrelated goods that are traded is quite troublesome to determine where, how and at what price the goods will be sold. In addition, it is quite difficult for an exporter to find an importer to demand his goods (Dirican, 2019: 51).

The goods that are bartered are generally goods such as cereals, pulses, and ore. In the clearing process, the prices are generally kept constant during the contract period. However, during this period, the decreases and increases that may occur in prices cause losses to one side of the clearing transaction, while the other side benefits from this transaction. Although the exchange transaction constituted an important part of the world trade in the 1930s, its usage is very low today (Seyidoğlu, 2007: 778).

2.3.7.1.2. Clearing

The word meaning of clearing means equalization or offset. In international trade, it is based on the exchange of goods with goods, but more developed form of barter. There is no need for the importer and exporter to make an effort to communicate with each other in Clearing. Central banks or clearing offices are intervened. Central banks and clearing offices are charged with keeping mutual accounts and ensuring equalization (Alabayır & Muzır, 2016: 304-305).

The importer, who will import goods from the country with a clearing agreement, deposits the cost of the goods in his own national currency in the central bank or clearing office in his country. Likewise, the exporter collects the price of the goods exported from his country's central bank or clearing office in national currency (Alabayır & Muzır, 2016: 306).

Clearing agreements are usually made for a year and a list of the goods to be traded in clearing trade is created. At the end of the period, the central banks or clearing offices of the two countries try to balance their accounts. If debt surpluses arise as a result of the equalization, this debt must be paid with a convertible currency. In the clearing method, since the goods will be procured from the contracted country, not the desired country, the goods are generally of high price and small quality (Karacan, 2010: 145).

2.3.7.1.3. Counter-Purchase

In the trade using mutual purchasing method, a private company exports the goods to a foreign country state and purchases goods from the country from which it exported after a certain period of time. In Mutual Purchase transaction, the first sale transaction and the second purchase transaction are linked. In this process, two independent contracts are made and these contracts are linked (Avcı & Şen, 2019)

Payments are made with free currency in every sale transaction. It can be applied in all kinds of international trade. In addition, it is possible to obtain loans from banks or to benefit from foreign trade insurance. Applications can be made while exporting and importing for credit and insurance (Avcı & Şen, 2019: 94).

The maximum duration of counter purchase ranges from 3 to 5 years. In this method, the exporting country is obliged to import over the imported goods determined according to the terms of the agreement made against the export made by it (Arslan, 2014: 105).

These goods sold are generally low quality goods that are difficult to sell with foreign currency. They can market these imported goods directly to the customer or they can make a certain discount to these imported goods and negotiate with intermediary firms (Arslan K. 2014).

2.3.7.1.4. Switch

It is a form of trade caused by bilateral clearing operations. It is used in clearing operation where balance cannot be achieved at the end of the period. It is a trade method in which the creditor country transfers the receivable to a third party in the absence of suitable goods that the creditor party can purchase from the borrower (Yılmaz & Özken, 2013: 125).

This receivable right transaction, which the third country took over from the debtor country, takes the name of triple trade. If there are no goods to be received by the creditor from the debtor, the switch company usually enters. By transferring the receivable right to this company after a certain discount, the transfer company finds companies in need of this property in the network of companies it has previously

established. As a result of this transfer, he receives a commission. If the potential customer is unable to pay in foreign currency and offers to pay for the goods produced in his country, the transfer company will continue to search for customers for these goods that he bought this new good for this time (Seyidoğlu, 2007: 780).

2.3.7.1.5. Swap

It is a trade method based on the exchange of goods and services that are subject to international trade in order to avoid additional transportation costs. If it sells crude oil of the same quality to Russia, Cuba, and Venezuela to Germany, transportation costs, insurance costs and crude oil prices also increase due to geographical distance. For this reason, Germany's buying crude oil from Russia and Venezuela selling crude oil to Cuba will decrease the costs. Thus, exchange between Russia-Cuba and Venezuela-Germany has been realized (Yılmaz & Özken, 2012, p.127).

2.3.7.1.6. Buy – Back

With the repurchase agreements, machinery, technological knowledge or complete factory facilities are sold from the firm in one country to the firm in the other country, and the goods produced as a result of their use are purchased or the goods produced are sold in the world markets and paid in foreign currency. Thanks to this method, machinery, technology and factory imports are realized without any foreign currency outflow. Another benefit of the Buyback method is the marketing of the manufactured goods to international markets, with the repurchase without incurring marketing expenses. Although the exchange process constituted an important part of the world trade in the 1930s, its usage is very low today (Yılmaz & Özken, 2012, p.128).

The repayment period of the debt has been kept quite long, which can take approximately 25-30 years. In the repurchase transaction, two different transactions are made and these transactions are linked by agreement. By performing two separate transactions, it reduces the risk of each transaction and increases the possibility of finding credit for each transaction. Repurchase agreements are also used as a way to

provide raw materials to developed countries. Generally, many examples of this are encountered in the fields of mining, energy and primitive agricultural products. This also guarantees to the developed countries the raw materials they need (Seyidoğlu, 2007, p.782).

The first of the contracts is more important than the second contract. The reason for this is that the sold is not a commodity but a production facility or production method. The vendor creates a potential competitor manufacturer. Many issues need to be specified in the first contract, such as which technology to which the vendor will transfer to the other party, whether it will allow the use of its own brand name (Beyazıtılı, 2015, p.41).

Thanks to the repurchase method, large-scale capital investments are made without spending foreign currency. In the repurchase method, the company that will establish the machine, technology or factory will know that the payment will be made with the goods produced as a result of these transactions and the production technology must be well established in order to be easy to market these products (www.ekodialog.com).

In the repurchase process, although it is thought that underdeveloped countries benefit from this method, some negative situations are encountered besides its benefits. We can count these disadvantages as the imported technology is outdated according to the technology of the age, it does not comply with the standards of the underdeveloped country and makes the country dependent on the export in terms of export of the produced goods to foreign markets (www.ekodialog.com).

2.3.7.1.7. Buy – Sell

The company, which will export in the buy-sell method, firstly imports goods from the country it will export in exchange for foreign currency. Thus, he provided him with financing. It deposits the import price into a private capital account and exports the amount it deposits. It draws the export price it realizes from the private capital account that it previously paid the import price. Thus, he paid himself with his own money (Karluk, 2013, p.436).

2.3.7.1.8. Off – Set

Nuclear power plant, nuclear equipment, aircraft, military equipment produced with high technology, chemical industry and high-tech electronic industry, etc. of a country company to another country. It is establishing facilities to sell these goods or their searches or spare parts in the developing or underdeveloped importing countries in order to sell strategic goods with high export prices (Karluk, 2013, p.495).

Since such goods and services require high foreign currency, the exporting country provides foreign currency earning or foreign currency saving services to the importing country to reduce this pressure on the importing country. It compensates for the foreign currency loss caused by the import country with the sale of off-set material directly or indirectly, while providing a certain amount of foreign currency returns. This foreign currency return can be either direct foreign exchange gains or gain from foreign exchange loss. The ratio of total earned foreign currency earnings to total foreign currency lost by import is called “Off-Set Ratio” (Seyidoğlu, 2007, p.783).

Off-Set operations also have many other benefits. These can be counted as increasing the quality of production thanks to technology transfer, increasing employment, increasing labor force qualities, finding new markets and increasing foreign currency input and closing the balance of payments gap. The reason for the emergence of Off-Set agreements is the competition among the exporting companies. The gigantic transactions that the exporter agrees to provide to the importer country are divided into two as indirect and direct. Direct balancing is that the foreign exchange earning transaction is related to the goods or services in question. Indirect balancing transactions are related to foreign exchange earning transactions which are not related to the goods sold (Erdem, 2017. p.509).

2.3.7.1.9. Toll Manufacturing

Contract manufacturing is a method of affiliate trade that dominates the industrial direction. It is based on the fact that industrialized countries undertake some labor intensive production activities to these countries in order to benefit from cheap labor in less developed countries. Industrialized countries provide the raw materials and semi-finished goods required for production, and turn them into finished goods in the underdeveloped country. Then, the manufactured goods are sent to their own country or to a third country to be marketed by the company providing the inputs (Avcı & Şen, 2019: 107).



CHAPTER 3

THE RELATIONSHIP BETWEEN PAYMENT METHODS AND DELIVERY TERMS

3.1. METHODOLOGY

3.1.1. Purpose of the Research

Examined studies conducted in Turkey, not examined the relationship between payment methods and forms of delivery used in foreign trade, be beneficial to foreign trade firms in this study and is intended to contribute to the literature. This study aims to contribute to the literature by examining the relationship between payment and delivery patterns and the change in years over time. With the study conducted for this purpose, answers to the following questions were sought.

- How is the relationship between payment and delivery methods?
- How have the payment and delivery types changed over the years?

3.1.2. Research Method

In this study, it was aimed to interpret the data of payment and delivery forms between 2005-2019 (qualitative research), and to analyze the relationship between Payment methods and delivery terms (quantitative research).

Qualitative research is a concept that includes a number of research types that help explain and understand current facts. Qualitative researchers are concerned with the meaning people make, how they make sense of their own world and their experiences in this world. Qualitative research is mentioned in five basic features: 'naturalness', 'descriptive data', 'being related to the process', 'induction' and 'meaning'. Qualitative researchers use strategies and processes that allow them to understand their experiences from the perspective of their sources of information (Bogdan and Bilden, 1998; 4-7). Embedded theory was created by Anselm Strauss and Barney G. Glaser in the 1960s and this method was added to the literature in 1967 with the book "Discovery of Grounded Theory". It was defined by these two sociologists as "discovering theory from the data obtained systematically in Social Research" (Ünal and Roof, 2016; 91). Embedded theory involves creating concepts, theories, hypotheses or suggestions from the data obtained. In this pattern, the creation of concepts is essential, so the relationships between the concepts are examined. The concept created is a social phenomenon embedded in the research data (Kocabıyık, 2015; 56). The aim of selecting the embedded theory pattern is to

examine the change process of payment and delivery patterns over the years and analyze the relationship between them.

The analysis technique used in the study is the document method. Document analysis is an effective technique that helps to study written or visual documents in depth. The document analysis of the selected studies was carried out in five stages. These steps are as follows; firstly scanning related articles and choosing the ones that meet the criteria, secondly; extracting relevant information, third stage, creating tables based on this information, fourth; the analysis of the findings and the synthesis and interpretation of the results obtained from the researches.

In the quantitative research part, correlation and Mann Whitney tests were used to look at the relationship between payment and delivery. The measure of the linear relationship between the variables is the correlation coefficient. The correlation coefficient between the two variables is the degree of change of these two variables together. That is, if the correlation coefficient calculated between the two variables is high, we can say that these two variables are interconnected and change together. (Düzgüneş and Akman, 1985, Düzgüneş, et al. 1987). Mann-Whitney test is one of the nonparametric techniques used to detect differences with the general two-sample problem under the zero hypothesis of similar populations (Lee, 2007, p. 9).

3.1.3. Data

The sample of this research was determined as electronic data in the TURKSTAT database, indicating the change of payment and delivery methods used in foreign trade between 2005 and 2019 on a yearly basis. Since only these data are examined, purposeful sampling technique is used.

Purposeful sampling allows for in-depth research by selecting information rich situations depending on the purpose of the study. Non-probabilistic sampling method was chosen in the research and included in this method; purpose sampling method and easy sampling method were used. Purposeful sampling is preferred for accessing richer data for research and increasing the credibility of the study. The group or data that are considered to contribute the most to the research are selected (Baltacı, 2018; 258). If it is necessary to define the sampling method easily, it is a non-random sampling method selected from the main mass according to the researcher's opinion. In this method, data is obtained quite easily and quickly. Therefore, it is among the most commonly used methods (Baran et al., 2015; 20). Accordingly, data that are thought to contribute to the purpose of the research and are available are included in the sample.

In the research, secondary data sources were used as data collection technique. In the study, observation, document analysis and interview, which are data collection techniques, are; document analysis was selected and data were obtained. Among the document types, written document (film, video, written document, photo) has been reached.

3.2. FINDINGS

3.2.1. Turkey's Foreign Trade Data for the Period of 2005-2019

Since 2005, Turkey's exports in 2008 showed high growth rates until the global financial crisis. The implementation of a comprehensive structural reform package and the availability of the global environment were effective in this success. The amount of exports, which was around \$ 73 billion in 2005, doubled in 2008 and reached around \$ 132 billion. However, with the effect of the global crisis, exports fell behind 2007 with a 23% contraction in exports. Although there were relatively high increases in 2011 and 2012, in the following years, the increases were not as high as before, but they entered a period of recession. Despite a 100% increase between 2005 and 2008, only 70% increase between 2009 and 2019 (Table 7).

Despite the small differences in imports, as in some years, a similar trend to exports was realized.

While imports and exports increased and decreased until mid-2017, imports declined despite the increase in exports since mid-2017

Table 6: Turkey's Foreign Trade Data for the Period of 2005- 2019 (Million US \$)

YEAR	IMPORT	CHANGE %	EXPORT	CHANGE %	BALANCE OF TRADE	COVERAGA RATIO
2005	116.774	19,70	73.476	16,30	-43.298	62,92
2006	139.576	19,53	85.535	16,41	-54.041	61,28
2007	170.063	21,84	107.272	25,41	-62.791	63,08
2008	201.963	18,76	132.027	23,08	-69.936	65,37
2009	140.928	-30,22	102.143	-22,64	-38.786	72,48
2010	185.544	31,66	113.883	11,49	-71.661	61,38
2011	240.842	29,80	134.907	18,46	-105.935	56,01
2012	236.544	-1,78	152.461	13,01	-84.083	64,45
2013	251.661	6,39	151.802	-0,43	-99.859	60,32
2014	242.177	-3,77	157.610	3,83	-84.567	65,08
2015	207.234	-14,43	143.839	-8,74	-63.395	69,41
2016	198.618	-4,16	142.530	-0,91	-56.089	71,76
2017	233.800	17,71	156.993	10,15	-76.807	67,15
2018	223.047	-4,60	167.921	6,96	-55.126	75,28
2019	202.705	-9,12	171.531	2,15	-31.174	84,62

Source: TURKSTAT

3.2.2 Turkey's Imports And Exports By Country Groups Between 2005-2019 Periods

Looking at the share of 2019 in total exports in the Table 7, European Union (EU-27) is in the first place. Due to factors such as the European Union countries compared to Turkey's owned geographical and exports as well as union members of the high and cheap that labor than the country of products such as climatic conditions due to the fresh fruit and vegetable export our many finished and semi-finished products. The most exported country group after the European Union is Near and Middle Eastern. These countries are followed by Other European Countries, Other Asian Countries, North African Countries, and North American Countries, respectively. Looking at all the years, the result in 2019 does not change. This result shows the great effect of geographical proximity on exports.

Table 7: Exports by Turkey as an annual percentage of the Period 2005-2019 Country Group

YEAR	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
European Union (EU-27)	48,46	48,31	48,59	42,08	40,42	40,13	40,35	33,25	35,74	37,19	37,15	39,75	40,96	43,38	42,17
Free Zones in Turkey	4,05	3,47	2,74	2,28	1,92	1,83	1,89	1,51	1,59	1,44	1,33	1,28	1,27	1,30	1,31
Other European Countries	15,79	17,02	17,82	17,81	16,68	16,12	15,48	14,99	15,15	15,92	17,17	15,03	12,36	13,58	13,61
North African Countries	3,46	3,62	3,76	4,43	7,26	6,17	4,97	6,19	6,62	6,19	5,93	5,44	4,79	5,64	6,01
Other African Countries	1,48	1,72	1,81	2,43	2,68	1,98	2,69	2,57	2,70	2,54	2,73	2,56	2,64	2,96	3,25
North American Countries	7,18	6,36	4,23	3,64	3,50	3,73	4,05	4,37	4,33	4,63	4,91	5,19	6,18	5,70	5,22
Central America and Caribbean	0,56	0,64	0,51	0,63	0,61	0,53	0,46	0,50	0,66	0,60	0,59	0,59	0,75	0,88	0,95
South American Countries	0,37	0,40	0,48	0,68	0,66	1,09	1,36	1,44	1,40	1,18	0,91	0,77	0,83	1,06	1,03
Near and Middle Eastern	13,86	13,23	14,06	19,26	18,79	20,46	20,71	27,84	23,43	22,45	21,61	21,96	22,51	17,54	18,60
Other Asian Countries	4,12	4,61	4,87	5,36	6,56	7,53	7,56	6,94	7,92	7,35	7,17	6,79	7,18	7,36	7,30
Australia and New Zealand	0,37	0,38	0,32	0,33	0,35	0,35	0,36	0,32	0,35	0,38	0,43	0,52	0,41	0,48	0,44
Other Countries	0,29	0,24	0,81	1,08	0,55	0,09	0,12	0,07	0,10	0,15	0,07	0,11	0,12	0,12	0,12

Source: TURKSTAT

Turkey's import partner countries in the table 8 and share in the total imports from these countries are shown as a percentage.

Considering the percentages of 2019 in total imports in the table, European Union (EU-27) is in the first place. The fact that the European Union is in the first place, it is included in the customs union as a country, and the transportation is easy and the distance is close to the importer companies. Other Asian Countries are the most imported countries group after European Union (EU-27). Despite the fact that Asian countries are geographically more remote than the member state of the European Union and there are no facilitating factors such as the Customs Union, it ranks second in imports due to the price advantages in the free market. It is observed that these country groups are Other European Countries, Near and Middle Eastern, Other Countries, and North American Countries. When the groups of countries with the most imports are analyzed, Europe is in the lead similar to exports. When we look at the total of the American country groups, the fact that it is above the Near and Middle East and Africa regions in terms of imports reveals that the important thing in imports is not geographic proximity but technological and production superiority.

Table 8: Imports by Turkey as an annual percentage of the Period 2005-2019
Country Group

YEAR	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
European Union (EU-27)	41,18	38,91	37,04	34,29	37,71	36,49	35,54	34,68	34,24	34,21	35,29	36,34	33,64	32,89	31,54
Free Zones in Turkey	0,65	0,68	0,72	0,66	0,68	0,47	0,43	0,44	0,50	0,52	0,59	0,72	0,67	0,59	0,62
1-Other European Countries	21,41	22,05	23,32	24,43	20,76	18,75	17,23	18,11	18,91	17,47	16,24	13,71	16,22	16,52	17,60
2-North African Countries	1,36	1,20	1,34	1,75	1,59	1,67	1,39	1,40	1,39	1,42	1,45	1,61	1,77	2,06	1,90
3-Other African Countries	1,40	1,60	1,66	1,02	1,21	0,93	1,42	1,10	1,00	1,03	1,01	1,08	1,30	1,10	0,87
4-North American Countries	4,99	4,97	5,31	6,64	6,75	7,13	7,20	6,38	5,54	5,71	5,82	6,01	6,04	6,44	6,29
5-Central America and Caribbean	0,25	0,24	0,26	0,28	0,34	0,34	0,38	0,45	0,54	0,46	0,50	0,49	0,41	0,35	0,41
6-South American Countries	1,50	1,53	1,57	1,61	1,62	1,59	1,87	1,72	1,46	1,62	1,77	2,06	2,54	3,49	2,56
7-Near and Middle Eastern	5,19	6,19	5,97	6,51	5,06	7,01	8,49	9,05	8,83	8,46	6,55	6,93	8,46	8,01	7,55
8-Other Asian Countries	17,62	18,38	19,79	18,63	20,40	21,74	22,07	20,97	21,72	23,19	25,74	27,32	24,45	23,10	22,63
9-Australia and New Zealand	0,28	0,29	0,39	0,43	0,46	0,27	0,34	0,36	0,52	0,26	0,29	0,33	0,96	0,50	0,52
10-Other Countries	4,19	3,97	2,62	3,75	3,42	3,61	3,65	5,33	5,33	5,64	4,74	3,40	3,54	4,96	7,51

Source: TURKSTAT

To sum up; In 2005, nearly half of Turkey's exports have done seems to realize the European Union countries. However, this share has decreased gradually over the years and decreased to 33% in 2012. This share increased again in 2013 and reached a share of 42% in 2019. The second region to which exports are made is the European countries outside the European Union. This is followed by Middle Eastern countries and the share of Middle Eastern countries in our exports has been increasing over the years. Even in 2012, the share in the Middle East countries reached the highest level in the face of the decrease in the share of EU countries. This also Turkey's EU-oriented export policy shows that the export policy to a wider range of registration. When looking at the imported regions, a situation similar to that of exports emerges. Again, most of our imports are from EU countries, but the share of Asian countries has been increasing in recent years, especially with the influence of China.

3.2.3. Turkey's Imports and Exports By Broad Economic Catagories Between 2005-2019 Periods

In the table 9a and 9b, according to the classification of broad economic categories most in Turkey and an import less and export sectors made and percentages in the total imports and exports over the years are shown in these sectors.

Accordingly processed materials incidental to industry, Capital goods (except vehicles Transportations), Processed fuels and oils, Parts of transportation vehicles and unprocessed materials incidental to industry sectors 5 is the industry's most performed imports in Turkey. On the other hand, Transportation vehicles not incidental to industry, Unspecified Other goods not elsewhere, of unprocessed food and beverages, Gasoline, and Processed imports of food and beverages in Turkey is carried out at least 5 sectors. One of the sectors that draw attention in the table is unprocessed fuels and oils. Because, its share in imports in 2005 and 2006 was 7.86% and 8.12% respectively. It fell below 1 percent in 2007 and it is observed to be below 1 percent until 2015.

Considering the sectors with the highest exports in exports between 2005 and 2019; Processed materials incidental to industry, Semi-durable consumption goods, Durable consumption goods, Non-durable consumption goods, and Parts of transportation vehicles. As it is apparent from the first row in place oldu industry group is believed to have Turkey's adequate and cheap labor. On the other hand, when looking at the least exported sectors; unprocessed fuels and oils, Transportation vehicles not incidental to industry, unprocessed materials of food and beverages, and other goods not elsewhere specified, and Processed materials of food and beverages. When we look at the export sectors, it is seen that although we are an agricultural country, it is very weak in processing agricultural products and sending them abroad.

Table 9a: Import and Export by Broad Economic Categories (BEC) %

YEAR	2005		2006		2007		2008		2009		2010		2011		2012	
	Import	Export	Import	Export	Import	Export	Import	Export	Import	Export	Import	Export	Import	Export	Import	Export
Capital goods (except transportations vehicles)	14,66	4,64	14,09	4,77	13,74	5,22	11,51	5,21	13,05	5,70	12,53	5,63	12,29	5,74	11,89	5,33
Transportation vehicles incidental to industry	2,78	6,25	2,64	6,24	2,17	7,60	2,36	7,45	2,18	5,19	3,00	4,70	3,18	4,78	2,45	3,68
Unprocessed materials incidental to industry	5,16	2,33	5,24	2,65	5,90	2,61	6,78	2,43	5,67	2,58	6,61	3,22	6,71	2,99	6,49	2,76
Processed materials incidental to industry	33,87	28,14	33,32	30,05	34,63	30,48	32,52	35,74	30,86	34,43	31,65	33,73	31,34	33,89	31,12	38,79
Unprocessed fuels and oils	7,86	0,02	8,12	0,00	0,44	0,01	0,63	0,06	0,81	0,10	0,63	0,09	0,54	0,10	0,49	0,16
Parts of investment goods	5,78	2,36	5,47	2,61	5,34	2,95	4,68	2,81	5,88	2,86	4,89	3,03	4,51	3,29	4,63	2,96
Parts of transportation vehicles	6,36	5,08	6,22	5,33	6,15	5,74	5,58	5,26	5,56	4,85	5,70	5,56	5,12	5,92	4,70	5,36
Unprocessed materials of food and beverages	0,74	0,25	0,56	0,33	0,99	0,17	1,56	0,10	1,47	0,25	1,51	0,39	1,82	0,15	1,57	0,19
Processed materials of food and beverages	0,65	1,00	0,68	0,76	0,50	0,79	0,86	1,00	0,86	1,12	0,60	1,02	0,74	1,36	0,90	1,20
Processed fuels and oils	4,07	2,05	4,67	2,43	4,86	3,29	6,11	3,90	6,52	2,50	6,59	2,46	6,82	2,67	7,37	2,81
Confidential data	5,62		7,08		13,89		16,42		12,98		12,67		14,28		16,69	
Automobiles	3,68	5,95	3,06	6,60	2,79	6,38	2,25	5,66	3,03	5,96	3,68	5,45	3,52	4,81	3,06	3,98
Durable consumption goods	1,57	9,40	1,65	8,87	1,78	7,98	1,75	6,78	1,86	7,69	1,89	7,83	1,80	7,76	1,84	8,17
Semi-durable consumption goods	2,15	14,03	2,33	12,28	2,30	11,60	2,38	9,48	2,90	10,43	2,86	10,36	2,68	9,69	2,49	8,81
Non-durable consumption goods	2,92	7,94	2,68	7,23	2,56	6,37	2,62	5,40	3,51	6,22	2,98	6,28	2,45	5,84	2,19	5,51
Unprocessed of food and beverages	0,23	4,41	0,23	3,85	0,24	3,55	0,37	3,20	0,42	4,30	0,36	4,36	0,34	4,09	0,34	3,54
Processed of food and beverages	0,55	3,99	0,54	3,47	0,56	3,25	0,56	3,19	0,71	3,80	0,74	3,96	0,75	4,37	0,59	4,25
Gasoline	0,61	1,49	0,78	1,66	0,69	1,45	0,65	1,71	0,84	1,21	0,72	1,33	0,69	1,94	0,71	1,99
Transportation vehicles not incidental to industry	0,25	0,20	0,29	0,22	0,07	0,16	0,06	0,24	0,41	0,27	0,11	0,22	0,10	0,22	0,07	0,19
Other goods not elsewhere specified	0,49	0,48	0,36	0,62	0,40	0,39	0,35	0,37	0,47	0,55	0,29	0,36	0,31	0,41	0,42	0,34

Source: TURKSTAT

Table 9b: Import and Export by Broad Economic Categories (BEC) %

YEAR	2013		2014		2015		2016		2017		2018		2019	
	Import	Export	Import	Export	Import	Export	Import	Export	Import	Export	Import	Export	Import	Export
Capital goods (except transportations vehicles)	12,73	5,89	12,57	5,86	13,76	5,91	14,99	5,74	12,10	5,73	11,59	6,03	10,88	6,34
Transportation vehicles incidental to industry	1,88	4,38	2,30	4,36	3,08	4,79	3,10	5,41	2,07	5,96	1,55	5,78	1,83	5,57
Unprocessed materials incidental to industry	5,53	3,33	5,49	2,99	4,50	2,61	4,39	2,57	5,36	2,92	5,98	2,80	5,83	2,45
Processed materials incidental to industry	34,13	32,79	32,56	31,86	32,78	32,92	33,54	32,59	36,64	31,77	36,27	32,09	36,64	30,68
Unprocessed fuels and oils	0,37	0,17	0,35	0,15	1,44	0,13	1,33	0,10	1,68	0,10	1,97	0,11	1,78	0,14
Parts of investment goods	4,93	3,31	5,02	3,33	5,51	3,15	6,98	3,02	6,69	2,97	5,42	3,22	5,33	3,34
Parts of transportation vehicles	4,72	5,93	5,03	5,89	5,85	5,98	6,64	6,26	6,56	6,19	6,92	6,41	6,73	6,27
Unprocessed materials of food and beverages	1,36	0,23	1,77	0,19	1,67	0,17	1,69	0,27	1,82	0,19	2,30	0,22	2,63	0,25
Processed materials of food and beverages	0,89	1,25	1,09	1,08	1,15	1,13	1,16	1,26	0,89	1,15	0,78	1,09	0,84	1,10
Processed fuels and oils	6,92	2,28	7,31	2,20	4,96	1,50	4,20	0,87	4,84	1,25	6,33	1,27	5,00	2,51
Confidential data	14,18		14,36		11,30		7,70		8,85		10,27		13,11	
Automobiles	3,63	4,52	3,19	4,60	4,45	4,80	4,95	5,86	3,68	7,53	2,65	7,41	1,67	6,94
Durable consumption goods	1,97	8,77	1,93	9,51	1,82	9,13	1,65	8,99	1,45	8,80	1,41	8,89	1,72	9,38
Semi-durable consumption goods	2,70	9,73	2,85	10,12	3,03	10,17	2,88	10,28	2,15	9,57	1,90	9,48	1,67	9,44
Non-durable consumption goods	2,14	6,16	2,33	6,34	2,54	6,04	2,63	6,01	2,29	5,50	2,18	5,20	2,30	5,27
Unprocessed of food and beverages	0,34	3,81	0,40	4,00	0,49	4,30	0,56	3,99	0,54	3,79	0,49	3,67	0,46	3,63
Processed of food and beverages	0,64	4,94	0,73	5,15	0,92	5,15	0,87	4,86	0,85	4,70	0,89	4,60	0,84	4,59
Gasoline	0,56	1,87	0,43	1,46	0,39	1,43	0,36	1,21	0,39	1,32	0,45	1,14	0,28	1,21
Transportation vehicles not incidental to industry	0,10	0,21	0,11	0,12	0,15	0,10	0,17	0,12	0,85	0,11	0,30	0,12	0,19	0,22
Other goods not elsewhere specified	0,26	0,44	0,19	0,79	0,21	0,60	0,22	0,61	0,31	0,45	0,37	0,47	0,27	0,67

Source: TURKSTAT

Table 10: Import and Export by Broad Economic Categories (BEC) %

Year	Capital goods		Intermediate goods		Consumption goods		Others	
	Import	Export	Import	Export	Import	Export	Import	Export
2005	17,44	10,88	70,11	41,22	11,97	47,41	0,49	0,48
2006	16,73	11,02	71,36	44,18	11,55	44,18	0,36	0,62
2007	15,91	12,82	72,70	46,05	10,99	40,73	0,40	0,39
2008	13,87	12,67	75,14	51,30	10,64	35,66	0,35	0,37
2009	15,23	10,88	70,61	48,69	13,69	39,88	0,47	0,55
2010	15,53	10,34	70,84	49,51	13,33	39,80	0,29	0,36
2011	15,48	10,52	71,89	50,36	12,33	38,71	0,31	0,41
2012	14,34	9,01	73,95	54,21	11,29	36,44	0,42	0,34
2013	14,61	10,27	73,04	49,29	12,09	40,01	0,26	0,44
2014	14,86	10,22	72,97	47,69	11,98	41,30	0,19	0,79
2015	16,84	10,70	69,16	47,58	13,79	41,12	0,21	0,60
2016	18,08	11,15	67,62	46,93	14,07	41,31	0,22	0,61
2017	14,16	11,69	73,34	46,54	12,18	41,33	0,31	0,45
2018	13,14	11,82	76,24	47,20	10,26	40,51	0,37	0,47
2019	12,71	11,92	77,90	46,74	9,12	40,68	0,27	0,67

Source: TURKSTAT

According to the Classification by Broad Economic Group in Turkey's Import and Export of the 2005-2019 period in the table 10; Percentage shares of total imports and exports are shown according to the distinction of investment goods, intermediate goods and consumer goods and other goods. When analyzed by years, it is seen that the intermediate goods are over 70% of the denominator in total imports, falling only below 70% in 2015 and 2016. Then, investment and consumer goods are respectively. With the effect of the 2008 crisis, it was observed that the share of intermediate goods imports decreased from 75.14% to 70.61% in 2009. The share of capital and consumer goods in imports increased in 2009. Looking at 2019, the share of intermediate goods in imports reached the highest point of other years, reaching 77.90% of its share in imports.

The largest contribution to exports over the years is followed by exports of consumer goods, followed by capital goods, while making intermediate goods. After the 2008 crisis, the share of capital and intermediate goods in exports decreased while the share of consumer goods in exports increased.

3.2.4 Payment Methods used in Turkey's Import and Export in the 2005-2019 Periods

Turkey's foreign trade in the table 11a and 11b the years is seen as a percentage of the payment in shares as imports and exports. the most frequently used form of payment in exports by companies in Turkey; the cash against goods respectively, the cash against documents. From 2005 to 2011, while the third letter of credit payment method was used, While the letter of credit payment method was used in the 3rd rank from 2005 to 2011, it is seen that the advanced payment method was used more than the letter of credit payment since 2012. The reason for the increase overtime in Turkey's role in world trade, has also received the advance payment replaces letters with the increase in confidence in Turkey. This suggests that increased confidence that the win in Turkey's foreign trade. It can also been thought that with the increasing use of the cash payment method by the exporting companies recently, the exporter has started to undertake the risk and guarantees himself. It is observed that the share of letter of credit payment in exports decreased significantly in 2019 after the 2008 crisis. While it was 14.17% in 2008, it has a share of 9.42% in 2009. While the share of the cash against goods in exports has a close share every year between 2006 and 2011, it has been decreasing since 2012. Barter has been above 1% in the first 5 years of the 14-year period, and has fallen below 1% since 2010 and has continued to decline to the present day. Considering the cash against goods, by years, although the share in exports has decreased from 2005 to 2005, an increase is observed in general.

In the table 11a and 11b, the payment methods preferred by importers in international trade between 2005-2019 are shown as percentage of their share in total imports. According to this, the most preferred payment types of importers in 2019 are cash against goods, advanced payment, Letter of credit payable at a specified future date, Without waiver, cash against documents, letter of credit. Considering the other years, from 2005 to 2015 (including 2015), advanced payment method was preferred by importers, while cash againts goods started to be preferred in 2016. In terms of importer, when we list the risk order of payment types from minimum to maximum, we can sort them as cash against goods, cash against documents, by

acceptance credit, letter of credit payment and advanced payment respectively. When the table is examined; advanced payment, which is the most risky, is used in the first place until 2015. If we interpret the changes in the process; When other conditions are ignored, the prepayment is preferred in the first place due to reasons such as the fact that energy payments, which have a large share in our imports, are made in advance, and a 6% cut at the time of importation from most of the items included in the customs tariff schedule for forward imports until 2015. Since 2016, cash against goods first payment method preferred because, for most of the located up in the customs tariff nomenclature article 2015 of 6% RUSF outage in most goods and is in progress 04.08.2015 judgment RUSF outage as well as treated as 0% in Turkey Examples such as the importer firms gaining confidence in international trade over time and their role in trade increased. Cash against documents payment method has remained at the same rate over the years, but has started to decline since 2016.

Table 11a: Turkey's 2005-2019, Shares of General Export and Import Payment Methods (%)

Payment Methods	Letter of Credit		Counter Purchase		Without Waiver		By Acceptance Credit and varieties		Barter		Cash Against Goods	
	Export	Import	Export	Import	Export	Import	Export	Import	Export	Import	Export	Import
2005	9,54	4,55	0,0032	0,0036	1,31	1,55	0,29	1,26	1,28	0,75	56,63	21,32
2006	10,58	5,78	0,0013	0,0029	1,54	1,94	0,29	1,14	1,56	0,78	57,04	20,40
2007	11,05	7,02	0,0025	0,0034	1,28	1,71	0,32	0,98	1,46	0,81	59,01	19,87
2008	14,17	7,31	0,0024	0,0029	0,99	1,84	0,28	0,90	1,52	0,69	57,12	19,28
2009	9,42	7,81	0,0005	0,0007	0,74	2,48	0,30	0,74	1,33	0,74	59,48	21,04
2010	10,56	12,53	0,0003	0,0007	0,82	2,83	0,26	0,66	0,84	0,73	59,25	18,71
2011	10,77	20,35	0,0001	0,0007	0,89	2,70	0,22	0,61	0,62	0,54	60,30	17,79
2012	9,40	9,53	0,0004	0,0010	0,65	2,39	0,18	0,51	0,47	0,43	57,28	29,90
2013	8,09	8,45	0,0011	0,0024	0,90	2,07	0,19	0,48	0,41	0,34	61,79	30,90
2014	7,13	7,62	0,0075	0,0053	1,02	2,58	0,19	0,47	0,01	0,01	65,25	29,54
2015	6,74	7,07	0,0084	0,0058	0,98	3,32	0,18	0,42	0,00	0,01	66,03	33,20
2016	5,72	5,66	0,0080	0,0079	1,00	4,44	0,20	0,41	0,00	0,01	66,56	41,05
2017	6,08	5,17	0,0083	0,0077	1,48	5,39	0,17	0,36	0,00	0,00	63,51	45,33
2018	6,20	4,74	0,0017	0,0005	0,98	3,96	0,16	0,57	0,00	0,00	66,68	49,30
2019	6,43	2,71	0,0005	0,0007	0,93	4,76	0,13	1,07	0,00	0,00	65,99	52,66

Source: TURKSTAT

Table 11b: Turkey's 2005-2019, Shares of General Export and Import Payment Methods (%)

Payment Methods	Other(Payment Type Uncertain+Private account)		Advanced Letter of Credit		Advanced Payment		Letter of credit payable at a specified future date		Cash against documents		
	Year	Export	Import	Export	Import	Export	Import	Export	Import	Export	Import
2005		0,08	0,22	0,91	8,48	4,54	43,02	3,96	7,15	21,46	11,70
2006		0,05	0,10	0,15	0,02	5,81	47,11	3,06	12,85	19,91	9,88
2007		0,05	0,10	0,10	6,55	5,61	48,35	2,26	4,86	18,87	9,76
2008		0,01	0,03	0,01	7,75	6,61	47,52	1,90	5,13	17,40	9,53
2009		0,02	0,00	0,05	4,56	7,93	48,72	1,95	5,58	18,77	8,34
2010		0,01	0,00	0,00		7,74	51,44	2,08	5,04	18,43	8,06
2011		0,01	0,00	0,00		7,18	46,24	1,75	4,56	18,26	7,21
2012		0,02	0,00	0,00		14,35	45,66	1,65	5,24	16,01	6,34
2013		0,01	0,00	0,00		9,97	46,75	1,59	4,85	17,05	6,17
2014		0,00	0,00	0,00	0,00	9,47	49,27	1,55	4,35	15,37	6,16
2015		0,01	0,00	0,00	0,00	9,70	46,01	1,46	4,82	14,89	5,16
2016		0,00	0,00	0,00		10,90	39,01	1,16	4,88	14,46	4,55
2017		0,36	0,54	0,00	0,00	13,51	33,63	1,17	5,46	13,70	4,10
2018		0,66	1,04	0,00	0,00	10,44	31,81	1,51	5,11	13,38	3,48
2019		0,00	0,01	0,00		12,95	28,91	1,38	6,52	12,18	3,36

Source: TURKSTAT

3.2.5. Delivery Terms used in Turkey's Import and Export in the 2005-2019 Periods

In the table 12, the delivery types preferred by the importer companies in the period of 2005-2019 in international trade are shown as a percentage of the total import. Considering the 2005-2019 periods, the most preferred delivery types for the importers are CIF, FOB, CFR, EWX and DAP. When looking at the most preferred delivery types in 2019, the ranking does not change again. It is seen in the table that the companies that are in the position of importer mostly prefer maritime terms such as CIF, FOB, CFR and generally avoid complicated terms such as DDP, DAP and DAT and that the control is completely seller. Available as the selection of the buyer's obligations and transportation costs for first place with CIF delivery Although the risk table when viewed handed manner in which the importing company in Turkey generally the first 3 delivered form of risk selection in comparison to other forms of delivery and complexity of the overall less is preferred, and such insurance costs it is observed that it avoids other risk factors.

Table 12: Turkey's 2005-2019, Shares of General Import Delivery Terms (%)

YEAR	OTHER(CF+CI+EXQ+FOA+FOR+FOT)	CFR	CIF	CIP	CPT	DAF	DAP	DAT	DDP	DDU	DEQ	DES	EXW	FAS	FCA	FOB
2005	0,40	14,98	34,63	4,83	2,68	0,3970	0,00	0,00	0,36	5,4506	0,1492	0,2685	10,18	0,06	5,19	20,44
2006	0,31	15,19	35,80	5,48	2,55	0,2522	0,00	0,00	0,30	5,3456	0,1384	0,3390	10,18	0,06	5,81	18,24
2007	0,28	14,85	38,39	5,72	2,32	0,2331	0,00	0,00	0,38	5,6704	0,1311	0,3015	10,48	0,06	5,17	16,01
2008	2,22	16,00	35,90	5,85	1,94	0,2452	0,00	0,00	0,35	5,5511	0,1530	0,2754	9,72	0,06	4,63	17,11
2009	1,22	13,59	35,96	7,42	2,63	0,2893	0,00	0,00	0,38	7,0541	0,3385	0,5001	9,83	0,05	5,06	15,67
2010	0,41	13,32	35,28	7,45	2,46	0,2436	0,00	0,00	0,29	8,2823	0,3075	0,8825	9,55	0,08	4,90	16,54
2011	0,19	13,43	36,54	7,36	2,61	0,0469	7,03	0,48	0,40	1,1166	0,0370	0,2983	8,91	0,05	5,32	16,19
2012	0,14	13,83	29,18	7,23	2,76	0,0052	15,72	1,45	0,30	0,0531	0,0000	0,2068	8,35	0,04	5,59	15,14
2013	0,15	13,08	35,17	7,31	3,15	0,0017	10,19	2,27	0,39	0,0341	0,0000	0,1346	8,17	0,06	6,41	13,48
2014	0,13	13,39	37,11	7,20	3,00	0,0023	9,31	2,22	0,39	0,0427	0,0000	0,0513	8,19	0,04	6,94	11,99
2015	0,11	12,77	32,69	7,70	3,81	0,0006	11,72	2,13	0,46	0,0307	0,0000	0,0365	8,97	0,06	7,62	11,89
2016	0,08	11,94	30,58	7,83	3,92	0,0003	12,96	1,61	0,49	0,0097	0,0000	0,0358	9,06	0,07	8,81	12,61
2017	0,07	11,89	33,96	7,15	3,71	0,0010	10,76	1,03	0,35	0,0047	0,0000	0,0000	8,78	0,05	8,38	13,87
2018	0,08	13,76	33,50	7,07	2,89	0,0002	11,06	1,73	0,38	0,0008	0,0000	0,0000	8,00	0,03	9,12	12,40
2019	0,07	12,50	35,47	7,61	2,58	0,0000	11,43	1,75	0,24	0,0061	0,0000	0,0000	7,62	0,02	9,18	11,54

Source: TURKSTAT

In the table 13, the delivery types preferred by exporters in the period of 2005-2019 in international trade are shown as a percentage of their share in total exports. Looking at the 2005-2019 periods, the most preferred delivery types of exporter companies are; FOB, EXW, CFR, CIF and FCA. Looking at the most preferred delivery patterns in 2019, the ranking is FOB, EXW, FCA, CFR, and CIF. It is seen that the companies that are exporters prefer all types of transportation such as EXW and FCA and also prefer shipping terms such as FOB, CFR and CIF. Available as Considering the choice of buyer's obligations and risk statements generally are exporter company in Turkey compared to other forms of delivery the risk and liability in choosing the shape of the first delivery risks and costs are seen partly chose the delivery way which is lower. It is seen that the export companies are avoiding the factors such as transportation costs and insurance, which will create extra workload and cost, as it prefers the FOB delivery method, which takes the first place in the said table. He said the opposite importing companies to the advantages gained are situated exporter company in Turkey Fob delivered to shape for himself by choosing first the risk and avoid costs took on them a brand and a in the international market of the exporting company located in Turkey and confidence gained can be said also of concern.

Table 13: Turkey's 2005-2019, Shares of General Export Delivery Terms (%)

YEAR	OTHER (CF+CI+ FOA+FOR+ FOT)	CFR	CIF	CIP	CPT	DAF	DAP	DAT	DDP	DDU	DEQ	DES	EXW	FAS	FCA	FOB
2005	0,260	14,55	16,40	2,85	2,06	0,2103	0,00	0,00	1,34	2,16680	0,00658	0,05757	11,51	2,87	6,57	39,16
2006	0,183	14,06	15,73	3,16	2,17	0,2599	0,00	0,00	1,28	2,68110	0,06531	0,07700	12,43	2,85	6,65	38,40
2007	0,100	13,05	15,27	3,62	2,28	0,2127	0,00	0,00	1,44	3,20811	0,08633	0,13022	13,16	3,05	8,19	36,19
2008	0,081	14,72	14,21	3,46	2,13	0,2106	0,00	0,00	1,32	3,65416	0,06768	0,07953	12,46	2,66	8,37	36,58
2009	0,086	12,62	13,40	4,04	2,25	0,3036	0,00	0,00	1,14	4,00885	0,01585	0,13730	13,33	2,15	8,93	37,60
2010	0,073	12,91	12,84	4,09	2,55	0,2738	0,00	0,00	1,60	5,03157	0,08370	0,42464	13,71	2,30	9,32	34,80
2011	0,118	12,29	11,84	4,47	2,78	0,0309	5,56	0,11	2,05	0,66360	0,00147	0,06805	14,06	2,43	10,69	32,83
2012	0,055	12,08	10,54	4,42	2,69	0,0011	5,93	0,11	1,58	0,01419	0,00000	0,00067	13,20	1,90	10,61	36,87
2013	0,050	12,98	10,77	5,11	2,85	0,0000	6,33	0,10	1,63	0,01089	0,00000	0,00045	14,76	2,14	12,27	31,00
2014	0,042	12,49	11,77	5,46	2,98	0,0001	6,84	0,12	1,76	0,00699	0,00000	0,00000	15,75	2,10	12,94	27,74
2015	0,041	11,82	11,96	5,24	2,97	0,0000	7,11	0,09	1,77	0,00251	0,00000	0,00000	14,89	2,62	12,54	28,96
2016	0,020	11,62	11,33	5,00	2,99	0,0000	7,37	0,08	1,75	0,00207	0,00000	0,00000	16,27	2,88	12,63	28,07
2017	0,012	11,40	10,32	4,99	2,95	0,0003	8,28	0,12	1,75	0,00087	0,00000	0,00006	15,27	3,01	13,62	28,26
2018	0,002	12,48	11,35	5,03	2,98	0,0000	8,63	0,11	1,92	0,00024	0,00000	0,00000	16,04	3,22	15,36	22,87
2019	0,001	11,83	10,38	4,76	3,16	0,0000	8,97	0,12	1,65	0,00015	0,00000	0,00000	16,85	3,22	16,69	22,38

Source: TURKSTAT

3.2.6. Import and Export By Mode Of Transport, 2005-2019

When the table 14 is analyzed between 2005 and 2019, in general, seaway, highway, other modes of transportation, airline and railway transportation types are used in import, respectively. Until 2016, the proportion of maritime transport in imports has increased every year, but as of 2017, the rate of maritime transport in imports has begun to decline. When we look at the share of road transportation in imports, it is seen that there is a decline in general over the years. The reason for this may be the increase in fuel prices over the years. Although there has been a decrease in the share of imports from air transportation since 2005, it is observed that there has been an increase since 2015 compared to before 2015.

When looking at their shares in exports, it is seen that sea transportation, land transportation, air transportation, other transportation method and finally train transportation are used respectively. Looking at the above table over the years, it is seen that sea transportation has increased from 2005 to 2019 although it has decreased in some years compared to the previous year. The reason for this is that our country is surrounded on three sides by the sea. Although it is seen that the way of road transportation has increased in some years by years, it is seen that it has decreased since 2013. It can be said that the reason for this decline is that fuel oil will increase over the years and transportation costs will bring loads. It is observed that air transportation has increased in some years and decreased in some years.

When it comes to the reasons for the use of maritime transportation, it can be listed as low cost between transportation modes, transportation of a large amount of goods in one go, no obligation to pass through different countries and many customs. On the other hand, if we come to the reasons for choosing the way of road transportation, it can be said that it is caused by imports and exports from countries

where sea transportation is not done and rail transportation is not used. Likewise, if we keep the way of air transport separate, it can be said that the delivery of goods is faster and easier than other types of transport. Although companies are expensive in import and export compared to other modes of transportation, the reasons for choosing air transportation are the very fast shipping of the goods. Air transportation is generally used in the import and export of samples and sensitive goods.

Table 14: Import and Export by Mode of Transport, 2005-2019 (%)

YEAR	SEA		RAIL		ROAD		AIR		OTHER MONTH	
	IMPORT	EXPORT	IMPORT	EXPORT	IMPORT	EXPORT	IMPORT	EXPORT	IMPORT	EXPORT
2005	48,38	48,21	1,56	1,03	24,55	43,01	11,19	5,41	14,32	2,33
2006	48,97	49,89	1,57	1,07	23,42	41,12	9,82	5,71	16,21	2,22
2007	50,96	48,64	1,49	1,01	22,72	41,47	9,94	6,54	14,88	2,34
2008	52,36	50,34	1,27	0,95	20,45	38,57	8,37	7,90	17,55	2,24
2009	52,48	46,16	1,22	0,89	23,78	41,50	8,20	9,56	14,31	1,89
2010	53,16	50,74	1,32	0,87	22,87	40,35	8,16	6,75	14,49	1,30
2011	55,41	54,54	1,32	0,92	18,48	37,25	8,93	6,36	15,85	0,93
2012	54,55	51,15	0,99	0,67	16,66	33,08	10,06	14,29	17,74	0,81
2013	55,60	54,63	0,70	0,63	15,92	35,36	12,96	8,54	14,82	0,84
2014	58,38	54,76	0,50	0,59	15,40	35,07	10,20	8,95	15,52	0,64
2015	60,05	54,25	0,56	0,56	16,58	32,47	9,65	12,01	13,15	0,70
2016	60,61	55,01	0,72	0,45	17,27	31,40	11,56	12,45	9,84	0,69
2017	58,46	58,17	0,50	0,44	16,17	29,18	14,66	10,82	10,21	1,40
2018	59,56	62,83	0,55	0,43	15,87	27,79	12,79	8,19	11,22	0,75
2019	54,18	61,82	0,71	0,56	16,39	28,35	14,23	8,43	14,49	0,84

Source: TURKSTAT

3.2.7. Examining The Relationship Between Payment Methods And Delivery Terms used in Turkey's Import and Export in the 2005-2019 Periods

When the table 15 is examined; The results of the t test for the examination of the delivery types used in foreign trade between 2005 and 2019 in terms of Export and Import Status are as follows.

When the delivery forms of CF, CI, EXQ, FOA, FOR, FOT, which we grouped as other, are examined; it shows significant difference according to export and import status ($p < 0.05$). The average of export is 82.197.610,87 while the average of import is 712.736.100,93. Accordingly, the average of imports is significantly higher than exports.

When CFR delivery method is examined; Exports differ significantly according to the status of imports ($p < 0.05$). while the average of export is 16.723.267.938,27, the average of import is 26.967.896.357,13. Accordingly, the average of imports is significantly higher than exports.

When CIF delivery method is examined; exports differ significantly according to the import status ($p < 0.05$). While the average of export is

16.152.745.184,33, the average of import is 68.946.384.190,33. Accordingly, the average of imports is significantly higher than exports.

When the CIP delivery method is examined; Export varies significantly according to the import status ($p < 0.05$). while the average of export is 6.017.769.902,20, the average of import is 13.949.489.224,67. Accordingly, the average of imports is significantly higher than exports.

When the CPT delivery method is analyzed, the export varies significantly according to the import status ($p < 0.05$). while the average of export is 3.619.020.614,80, the average of import is 5.789.200.974,20. Accordingly, the average of imports is significantly higher than exports.

When the DAP delivery method is analyzed, the export varies significantly according to the import status ($p < 0.05$). while the average of export is 10.054.321.889,50, the average of import is 25.036.434.441,00. Accordingly, the average of imports is significantly higher than exports.

When the DAT delivery method is analyzed, the export differs significantly according to the import status ($p < 0.05$). while the average of export is 164.844.530,11, the average of import is 3.677.261.484,33. Accordingly, the average of imports is significantly higher than exports.

When the DDP delivery method is analyzed, the export varies significantly according to the import status ($p < 0.05$). while the average of export is 2.175.577.665,07, the average of import is 729.569.842,33. Accordingly, the export average is significantly higher than imports.

When the DEQ delivery method is analyzed, the export varies significantly according to the import status ($p < 0.05$). while the average of export is 50.879.671,14, the average of import is 290.867.847,43. Accordingly, the average of imports is significantly higher than exports.

When the DES delivery type is analyzed, the export varies significantly according to the import status ($p < 0.05$). while the average of export is 107.031.497,30, the average of import is 501.276.789,50. Accordingly, the average of imports is significantly higher than exports.

When the FAS delivery method is analyzed, the export varies significantly according to the import status ($p < 0.05$). while the average of export is 3.494.661.163,00, the average of import is 98.922.813,80. Accordingly, the export average is significantly higher than imports.

When the FOB delivery method is analyzed, the export differs significantly according to the import status ($p < 0.05$). while the average of export is 41.392.761.815,60, the average of import is 28.986.871.903,87. Accordingly, the export average is significantly higher than imports.

Table 15: Examination of Delivery Types in terms of Export and Import Status (Million US \$)

	EXPORT				IMPORT				p value
	Minimum	Maximum	Average	SS	Minimum	Maximum	Average	SS	
OTHERS(CF+CI+EXQ+FOA+FOR+FOT)	2	191	82	57	146	4.487	713	1.115	0,000*
CFR	10.693	20.960	16.723	3.215	17.487	32.908	26.968	5.181	0,000*
CIF	12.051	19.066	16.153	2.026	40.437	89.868	68.946	14.510	0,000*
CIP	2.091	8.603	6.018	2.172	5.640	18.405	13.949	3.958	0,000*
CPT	1.514	5.412	3.619	1.217	3.127	8.670	5.789	1.888	0,007*
DAF	0,05	312	119	133	0,34	495	193	215	0,12
DAP	0,29	15.386	10.054	4.300	16.941	37.186	25.036	5.296	0,000*
DAT	118	208	165	29	1.156	5.723	3.677	1.408	0,000*
DDP	984	3.220	2.176	721	414	986	730	212	0,000*
DDU	0,26	5.730	1.529	2.040	2	15.367	4.207	5.289	0,078
DEQ	2	95	51	43	89	571	291	174	0,006*
DES	0,10	484	107	143	71	1.638	501	421	0,004*
EXW	8.457	28.894	19.308	6.013	11.886	21.468	17.810	2.796	0,33
FAS	2.105	5.523	3.495	1.063	43	146	99	31	0,000*
FCA	4.825	28.622	15.434	7.073	6.056	20.333	13.288	4.875	0,351
FOB	28.770	56.215	41.393	6.509	22.089	38.986	28.987	5.166	0,000*

Table 16: Analysis of Payment Methods in Terms of Export and Import Status (Million US \$)

	EXPORT				IMPORT				p value
	Minimum	Maximum	Average	SS	Minimum	Maximum	Average	SS	
Letter of Credit	7.008	18.708	11.298	2.915	5.308	49.000	15.976	10.750	0,165
Counter Purchase	0,16	13	4	5	0,96	18	6	6	0,13
Without Waiver	760	2.330	1.348	379	1.810	12.598	6.016	2.985	0,000*
By Acceptance Credit and varieties	212	368	280	42	812	2.168	1.318	385	0,000*
Barter	0,86	2.007	692	672	0,79	1.390	692	597	0,724
Cash against Goods	41.611	113.192	82.490	22.210	24.899	109.956	61.757	30.547	0,065
Other (Payment Type Uncertain+Private account)	2	1.108	131	305	0,08	2.316	281	648	0,351
Advanced Letter of Credit	2	669	138	240	0,04	15.655	4.796	6.140	0,711
Advanced Payment	3.336	22.215	12.802	6.234	50.237	119.327	86.373	21.749	0,000*
Letter of credit payable at a specified future date	1.648	2.908	2.337	320	7.859	17.932	11.021	2.538	0,000*
Cash against documents	15.769	25.877	21.482	2.793	6.814	19.253	13.113	3.682	0,000*

When the table 16 is examined; The results of the t test for the examination of the payment methods used in foreign trade between 2005 and 2019 in terms of Export and Import Status are as follows.

In the form of without waiver; It shows a significant difference according to export and import status ($p < 0.05$). The average of export is 1.347.823.990,53 while the average of import is 6.016.482.897,33. Accordingly, the average of imports is significantly higher than exports.

When Accepted Credit Payment and Types are examined, it shows a significant difference according to export and import status ($p < 0.05$). The average of

export is 280.384.226,67 while the average of import is 1.317.953.093,80. Accordingly, the average of imports is significantly higher than exports.

When the advanced payment method is examined; It shows a significant difference according to export and import status ($p < 0.05$). The average of export is 12.801.749.070,00 while the average of import is 86.373.486.200,93. Accordingly, the average of imports is significantly higher than exports.

When the Letter of credit payable at a specified future date is examined; It shows a significant difference according to export and import status ($p < 0.05$). The average of export is 2.337.481.983,53 while the average of import is 11.021.296.002,20. Accordingly, the average of imports is significantly higher than exports.

When the cash against documents payment method is examined; It shows a significant difference according to export and import status ($p < 0.05$). while the average of export is 21.481.981.915,60, the average of import is 13.112.535.288,33. Accordingly, the export average is significantly higher than imports.

Table 17: Analysis of the Relationship between Payment Methods and Delivery Terms used in Export (2005-2019)

		Letter of Credit	Counter Purchase	Without Waiver	By Acceptance Credit and varieties	Barter	Cash Against Goods	Other(Payment Type Uncertain+Private account)	Advanced Letter of Credit	Advanced Payment	Letter of credit payable at a specified future date	Cash against documents
OTHERS(CF+CI+EXQ+FOA+FOR+FOT)	r	0,161	-0,429	-,761**	0,236	,811**	-,886**	0,125	,857*	-,814**	0,404	-0,193
	p	0,567	0,111	0,001	0,398	0,00	0,00	0,657	0,014	0,00	0,136	0,491
CFR	r	0,454	0,246	,600*	0,00	-0,511	,854**	-0,275	-,857*	,779**	0,025	,721**
	p	0,089	0,376	0,018	1,00	0,052	0	0,321	0,014	0,001	0,93	0,002
CIF	r	0,364	,536*	,686**	0,20	-0,318	,743**	-0,239	-0,714	0,486	0,018	0,471
	p	0,182	0,04	0,005	0,475	0,248	0,002	0,39	0,071	0,066	0,95	0,076
CIP	r	0,125	0,393	,746**	-0,118	-,796**	,968**	-0,286	-,964**	,839**	-0,257	,586*
	p	0,657	0,147	0,001	0,676	0,00	0,00	0,302	0,00	0,00	0,355	0,022
CPT	r	0,136	0,357	,782**	-0,186	-,807**	,986**	-0,261	-,929**	,879**	-0,257	,546*
	p	0,63	0,191	0,001	0,508	0,00	0,00	0,348	0,003	0,00	0,355	0,035
DAF	r	0,038	-0,302	-,692**	0,495	,835**	-,780**	0,082	0,286	-,698**	-0,071	-0,473
	p	0,901	0,316	0,009	0,086	0,00	0,002	0,789	0,535	0,008	0,817	0,103
DAP	r	-0,62	0,576	,939**	-0,6	-,830**	,976**	0,018	1,00	,673*	0,103	-0,345
	p	0,054	0,082	0,00	0,067	0,003	0,00	0,96		0,033	0,777	0,328
DAT	r	0,067	-0,017	0,617	-0,35	-0,25	0,65	0,25	-1,00	0,617	0,367	-0,05
	p	0,865	0,966	0,077	0,356	0,516	0,058	0,516		0,077	0,332	0,898
DDP	r	0,193	0,25	,721**	-0,139	-,757**	,939**	-0,279	-,929**	,789**	-0,282	,571*
	p	0,491	0,369	0,002	0,621	0,001	0,00	0,315	0,003	0,00	0,308	0,026
DDU	r	0,296	-0,454	-,832**	,564*	,929**	-,857**	0,032	0,25	-,782**	0,196	-0,221
	p	0,283	0,089	0,00	0,028	0,00	0,00	0,909	0,589	0,001	0,483	0,428
DEQ	r	0,25	0,321	0,214	0,536	0,571	0,107	-0,071	-0,5	0,071	0,036	0,107
	p	0,589	0,482	0,645	0,215	0,18	0,819	0,879	0,391	0,879	0,939	0,819
DES	r	0,152	-0,43	-0,539	,685*	,782**	-0,527	-0,358	0,029	-0,442	-0,115	-0,321
	p	0,676	0,214	0,108	0,029	0,008	0,117	0,31	0,957	0,20	0,751	0,365
EXW	r	0,1	0,4	,811**	-0,161	-,821**	,989**	-0,307	-,929**	,889**	-0,275	,514*
	p	0,723	0,14	0,00	0,567	0,00	0,00	0,265	0,003	0,00	0,321	0,05
FAS	r	0,05	,529*	,861**	-0,132	-,693**	,879**	-0,214	-,857*	,711**	-0,332	0,318
	p	0,86	0,043	0,00	0,639	0,004	0,00	0,443	0,014	0,003	0,226	0,248
FCA	r	0,114	0,375	,779**	-0,196	-,814**	,982**	-0,236	-,964**	,893**	-0,289	,546*
	p	0,685	0,168	0,001	0,483	0,00	0,00	0,398	0,00	0,00	0,296	0,035
FOB	r	,664**	0,189	0,068	0,446	-0,118	0,293	-0,282	-0,75	0,425	-0,221	,843**
	p	0,007	0,499	0,81	0,095	0,676	0,289	0,308	0,052	0,114	0,428	0,000

When the table 17 is examined; The results of Pearson Correlation test conducted to examine the relationship between delivery types used in exports between 2005 and 2019 and payment types are as follows.

When we look at the delivery form of CF, CI, EXQ, FOA, FOR, FOT, which we group as other; There is a strong negative relationship between the without waiver, a very strong positive relationship between the barter, a very strong negative relationship between the cash against goods, a very strong positive relationship between the advanced letter of credit method, a very strong negative relationship between the advanced payment method.

Looking at the CFR delivery method, there is a very strong positive relationship between the cash against goods payment method, a very strong

relationship between the advanced letter of credit payment method, a strong positive relationship between the advanced payment method, and a strong positive relationship between the cash against documents payment method.

When CIF delivery method is examined; There is a medium positive relationship between the counter purchase, a strong positive relationship between the without waiver and a strong positive relationship between the cash against goods.

Looking at the CIP delivery method; There is a strong positive positive relationship between without waiver, a strong negative relationship between barter, a very strong positive relationship between cash against goods, a very strong positive negative relationship between advanced letter of credit; a very strong positive relationship between advanced Payment, a medium positive relationship between cash against goods.

When CPT delivery method is examined; There is a strong positive relationship between the without waiver, a very strong negative relationship between the barter, a very strong positive relationship between the cash against goods, a very strong positive relationship between the advanced Letter of Credit, a very strong positive relationship between the advanced payment, a medium positive relationship between cash against documents.

Looking at the delivery form of DAF; There is a strong negative relationship between without waiver, a very strong positive relationship between barter, a strong negative relationship between cash against goods, and a strong negative relationship between advanced payment.

When the DAP delivery method is examined; There is a very strong positive relationship between the without waiver, a very strong negative relationship between the barter, a very strong positive relationship between the cash against goods, a positive full relationship between the advanced letter of credit, a positive positive relationship between the advanced payment.

There is a negative negative relationship between DAT delivery method and advanced letter of credit.

Considering the DDP delivery method; There is strong positive relationship between the without waiver, a very strong negative relationship between the barter, a very strong positive relationship between the cash against goods, a very strong relationship between the advanced letter of credit, a positive strong relationship between the advanced payment, a medium positive relationship between cash against documents.

Looking at the DDU delivery method; There is a very strong negative relationship between without waiver, a medium positive relationship between Acceptance Credit Payment and Types, a very strong positive relationship between barter, a very strong negative relationship between cash againsts goods, a negative medium relationship between advanced payment.

When DES delivery method is examined; There is a strong positive relationship between acceptance credit payment and types, and a strong positive relationship between barter.

When EXW delivery method is examined; There is strong positive relationship between the without waiver, a very strong negative relationship between the barter, a very strong positive relationship between the cash against goods, a very strong relationship between the advanced letter of credit, a positive strong relationship between the advanced payment medium positive relationship between cash against documents.

Looking at the FAS delivery form; There is positive medium relationship between counter purchase, a strong positive relationship between without waiver, a strong negative relationship between barter, a very strong positive relationship between cash against goods, a very strong negative relationship between advanced letter of credit, a positive strong relationship between advanced payment.

When the FCA delivery method is examined; There is strong positive relationship between the without waiver, a very strong negative relationship between the barter, a very strong positive relationship between the cash against goods, a very strong positive relationship between the advanced letter of credit, a very strong

positive relationship between the advanced payment, a medium positive relationship between cash against goods.

Looking at the FOB delivery method; There is a strong positive relationship between the Letter of Credit, and a very strong positive relationship between the cash against documents.

Table 18: Analysis of the Relationship between Payment Methods and Delivery Terms used in Import (2005-2019)

		Letter of Credit	Counter Purchase	Without Waiver	By Acceptance Credit and varieties	Barter	Cash Against Goods	Other(Payment Type Uncertain+Private account)	Advanced Letter of Credit	Advanced Payment	Letter of credit payable at a specified future date	Cash against documents
OTHERS(CF+CI+EXQ+FOA+FOR+FOT)	r	0,229	-0,34	-,814**	0,339	,918**	-,818**	0,032	,817**	0,143	-,579*	,721**
	p	0,413	0,211	0,000	0,216	0,000	0,000	0,909	0,007	0,61	0,024	0,002
CFR	r	,675**	0,225	0,361	-0,068	-0,082	,536*	-0,464	0,3	,818**	0,454	0,393
	p	0,006	0,42	0,187	0,810	0,771	0,04	0,081	0,433	0,000	0,089	0,147
CIF	r	,564*	0,243	,539*	-0,114	-0,257	,650**	-0,311	-0,483	,711**	0,432	0,196
	p	0,028	0,383	0,038	0,685	0,355	0,009	0,26	0,187	0,003	0,108	0,483
CIP	r	,668**	0,286	,593*	-0,454	-0,364	,650**	-,596*	-,700*	,739**	0,400	0,104
	p	0,007	0,302	0,02	0,089	0,18	0,01	0,019	0,036	0,002	0,140	0,713
CPT	r	0,425	,571*	,729**	-,671**	-,618*	,764**	-0,382	-,683*	0,504	0,332	-0,211
	p	0,114	0,026	0,002	0,006	0,01	0,00	0,16	0,042	0,056	0,226	0,451
DAF	r	0,024	-0,37	-,802**	,644*	,837**	-,842**	0,134	,833**	-0,095	-0,424	,609*
	p	0,935	0,197	0,001	0,013	0,000	0,000	0,648	0,005	0,748	0,131	0,021
DAP	r	-0,033	0,267	-0,150	-0,433	-0,067	0,217	0,133	0,600	-0,15	0,100	-0,067
	p	0,932	0,488	0,700	0,244	0,865	0,58	0,732	0,400	0,700	0,798	0,865
DAT	r	-0,067	-0,08	-0,45	-0,017	0,067	0,083	-0,267	-0,60	0,317	-0,117	0,017
	p	0,865	0,831	0,224	0,966	0,865	0,831	0,488	0,400	0,406	0,765	0,966
DDP	r	,529*	0,471	0,482	-,586*	-0,293	,557*	-0,486	-,667*	,646**	0,036	0,089
	p	0,043	0,076	0,069	0,022	0,289	0,03	0,066	0,05	0,01	0,899	0,752
DDU	r	0,232	-0,311	-,800**	0,357	,929**	-,857**	-0,064	,767*	0,111	-0,511	,682**
	p	0,405	0,260	0,000	0,191	0,000	0,000	0,820	0,016	0,694	0,052	0,005
DEQ	r	0,143	-0,29	0,214	-0,25	0,321	0,071	-0,214	0,200	0,071	-0,429	-0,143
	p	0,760	0,535	0,645	0,589	0,482	0,879	0,645	0,747	0,879	0,337	0,76
DES	r	0,427	-,839**	-0,287	0,497	,853**	-0,434	0,224	0,714	0,105	-0,133	,601*
	p	0,167	0,001	0,366	0,101	0	0,159	0,484	0,071	0,75	0,681	0,039
EXW	r	,746**	0,486	0,446	-0,329	-0,114	0,493	-0,461	-0,45	,829**	0,35	0,382
	p	0,001	0,066	0,10	0,232	0,69	0,06	0,084	0,224	0,00	0,201	0,16
FAS	r	,707**	0,475	0,054	-0,421	0,232	0,021	-0,439	-0,15	,639*	-0,179	0,436
	p	0,003	0,074	0,85	0,118	0,405	0,94	0,101	0,7	0,01	0,524	0,104
FCA	r	0,068	0,307	,911**	-0,325	-,779**	,986**	-0,046	-0,567	0,179	,518*	-0,5
	p	0,810	0,265	0,000	0,237	0,001	0,000	0,869	0,112	0,52	0,048	0,058
FOB	r	,804**	0,161	0,111	0,029	0,307	0,179	-0,257	0,017	,775**	0,329	,668**
	p	0,000	0,567	0,694	0,919	0,265	0,524	0,355	0,966	0,001	0,232	0,007

When the table 18 is examined; The results of Pearson Correlation test conducted to examine the relationship between the delivery types used in imports between 2005 and 2019 and the payment and payment are as follows.

When we look at the delivery form of CF, CI, EXQ, FOA, FOR, FOT, which we group as other; There is strong negative relationship between the without waiver;

a very strong positive relationship between barter, a very strong negative relationship between cash against goods, a very strong positive relationship between Advanced letter of credit, a very strong negative relationship between advanced payment, a negative negative relationship between the letter of credit payable at a specified future date, a strong positive correlation between cash against documents.

When CFR delivery method is examined; There is a strong positive relationship between the Letter of Credit, a medium positive relationship between the cash against goods and a very strong positive relationship between the advanced payment.

Looking at the CIF delivery method; There is a positive positive medium relationship between Letter of Credit, a positive positive medium relationship between without waiver , a strong positive relationship between counter purchase, a positive positive relationship between advanced payment.

Looking at the CIP delivery method; There is a strong positive positive relationship between letter of credit, a positive medium positive relationship between without waiver, a strong positive positive relationship between cash against goods, a negative negative medium relationship between other forms of payment (Payment Type Uncertain+Private account), a negative strong relationship between advanced letter of credit, a strong positive relationship between advanced payment.

When CPT delivery method is examined; There is a positive medium relationship between counter purchase, a positive positive relationship between without waiver, a strong negative relationship between acceptance credit payment and types, a strong negative relationship between barter, a positive strong relationship between cash against goods, a a strong negative relationship between advanced letter of credit.

Looking at the delivery form of DAF; There is a very strong negative relationship between without waiver, a strong positive relationship between Acceptance credit payment and types, a very strong positive relationship between barter, a very strong negative relationship between cash against goods, a very

positive strong relationship between advanced letter of credit, a strong positive relationship between cash against documents.

Considering the DDP delivery method; There is a positive medium relationship between the letter of credit, a negative medium relationship between the acceptance credit payment and types, a positive medium relationship between the cash against goods, a strong negative relationship between the advanced letter of credit, and a positive strong relationship between the advanced payment.

When DDU delivery method is examined; there is a very strong negative relationship between without waiver, a very strong positive relationship between the barter, a very strong negative relationship between the cash against goods, a positive strong relationship between the advanced letter of credit, and a positive strong relationship between cash against documents

When looking at the DES delivery method; there is a very strong negative relationship between counter purchase, a very strong positive relationship between barter, and a positive strong relationship between the cash against documents.

When EXW delivery method is examined; there is a strong positive relationship between the letter of credit and a very strong positive relationship between advanced payment.

Considering the FAS delivery method; there is a strong positive relationship between letter of credit, a strong positive relationship between advanced payment.

Looking at the FCA delivery term; There is a very strong positive relationship between the without waiver, a strong negative relationship between the barter, and a very positive strong relationship between the cash against goods.

When FOB delivery method is examined; there is a very positive strong relationship between the letter of credit, a positive positive relationship between advanced payment, and a positive strong relationship between cash against documents.

CONCLUSION

Businesses want to make profit by constantly improving themselves and producing. For this, they are looking for buyers to sell their products, except for the domestic market. Or they are looking for a seller to supply the raw materials and intermediate goods they need to produce. Along with international trade, businesses in different countries had the opportunity to get to know each other. However, with the ever-increasing volume of foreign trade, some confusion has emerged, and the transfer of money has become easier to transport than before, and borders between countries have started to lose their commercial influence over time.

One of the most important stages of foreign trade transactions, which starts with the purchase and sale contracts of buyers and sellers residing in different countries, is how and when the price of the goods subject to the contract will be paid. Therefore, regardless of the country in international trade, it is the determination of the payment methods common to the buyer and seller. While some forms of payment provide advantages to the exporter company, some provide advantages to the importer company. The second issue that is important for both buyer and seller in international trade is the determination of the delivery method. The parties must agree on a correct delivery method in order to prevent confusion and resolve disputes that may arise during the transportation of the goods after the sale contract. By choosing the right delivery method, it is possible to prevent future confusion. Otherwise, international arbitration will have to be preferred as the solution of disputes. This will cause loss of time, cost labor and reputation for both buyer and seller. Choosing the correct payment and delivery method will provide advantage to the buyers and sellers.

Turkey's imports and exports in 2005 and ranked first in the group of countries. Considering the 2019 period was found to take place in Europe. According to the broad economic classification, it is concluded that the share of intermediate goods in imports and consumption goods in exports is high.

It is seen that the most preferred type of transportation in the shares of general import and export is sea transportation.

When the payment methods and delivery terms used in foreign trade are examined; When the payment methods and delivery methods used in foreign trade are examined; The most used payment methods in exports and imports in the period of 2005-2019 are tried to be determined and it is aimed to determine whether there is a relationship between each other. When the percentage distribution of payment methods in the export of 2005-2019 period is analyzed, it is seen that the most used payment method is the cash against goods, which is the most risky for the exporter. When the percentage distribution of payment methods in the import of 2005-2019 period is analyzed, it is seen that the most used payment method is the advanced payment, which is the most risky for the import, however, it is seen that the most preferred payment method by importer companies since 2016 is the cash against goods.

When the percentage distribution of the delivery patterns in exports in the 2005-2019 period is analyzed, it is seen that the most used delivery method is the FOB. When the delivery patterns in the 2005-2019 period are analyzed, the most used delivery type is the CIF.

Also, when the delivery types used in both import and export are examined; It is observed that FOR / FOT, FOB Airport, Ex Quay delivery forms, which are not included in Incoterms® 1990 and after in ICC publications, continue to be used by buyers and sellers between 2005-2019. It is striking that the use of these delivery forms has ceased in 2011 and the following years. Despite the fact that DES, DEQ, DAF and DDU terms were also removed from Incoterms® 2010, it is observed that they continue to be used, even if very little after 2011. Despite the fact that Incoterms® has not been published in any publication between 1936 and 2010, such as CI delivery method, it is observed that it was used by the exporting companies between 2005-2007 and used by the importers until 2011. FOR / FOT delivery forms used in the brochures of 1936,1953 and 1980 published by the International chamber of Commerce and used in railway transportation, Although they are not included in Incoterms® 2000 and Incoterms® 2010 brochures, they are seen that they are used in both import and export.

It is observed that the EXW delivery method, which is not suitable for use according to the Customs Legislation, is used by exporters at about 15%. Instead, it would be appropriate for exporters to choose the FCA delivery method. On the other hand, although the Customs legislation does not allow an overseas company to carry out customs operations in imports, it is seen that the DDP delivery method is used by the importer companies even under 1%. Instead of the DDP delivery method, it will be appropriate to choose the DAP delivery method, where the import customs clearance is made by the importer, by the importer companies.

We had been used to pay the importer and exporter company in Turkey and that surrender is the relationship between the shapes were tested by correlation analysis method. As a result, there was a positive correlation between the use of some forms of delivery and the use of some forms of payment. For example, it was revealed that the importing companies made the payment in advance when they chose EXW delivery method, that is, there was a very strong positive relationship between the EXW delivery method and the cash payment. When we consider the responsibilities of both the payment and delivery method for the importer, we see that the importing company takes all the risks and responsibilities in both payment and delivery. The conclusion drawn from this is that the hand of the importing companies that trade in this way is not strong compared to the other party. On the other hand, when exporting firms chose EXW delivery, it was revealed that they received the payment as cash against goods or Cash Payment, that is, there was a positive relationship between EXW delivery method and cash against goods and advanced payment.

In this study, the buyer and seller in Turkey between the years of 2005-2019, ignoring other factors, has attempted to reveal whether there is a relationship between payment methods and forms of delivery through statistical value. And the following results came out:

When buyers use CFR delivery method, it turns out that they use Letter of Credit, Cash Against Goods, Advanced Payment and Cash Against Documents payment methods. In other words, there is a positive relationship with the payment

methods in question. It was revealed that the sellers used the Cash Against Documents, Cash Against Goods and Advanced Payment methods together with the CFR delivery method and that there was a positive relationship between them. When sellers choose CFR delivery method, a negative relationship with Advanced Letter of Credit has emerged as the payment method.

When importers choose CIF delivery method, it is revealed that they use Letter of Credit, Advanced Payment, Without Waiver and Counter Purchase payment methods and there is a positive relationship between them. When they are exporters, it is revealed that there is a positive relationship with Cash Against Goods, Without Waiver and Counter Purchase payment methods.

As a result of the research, when the importers chose the CIP delivery method, there was a positive relationship between the Letter of Credit, Advanced Payment, and Cash Against Goods payment method, but there was a negative relationship between the Advanced Letter Of Credit and Others (Payment Type Uncertain + Private Account) payment methods. and when the CIP delivery method usage increased, the use of payment methods decreased. When the sellers choose CIP delivery method, it is revealed that they use Advanced Payment, Cash Against Goods, and Cash Against Documents payment methods, and there is a positive relationship between them, but there is a negative relationship with Advanced Letter Of Credit and Barter payment methods.

When importers choose CPT delivery method, a negative relationship has emerged with Advanced Letter Of Credit, By Acceptance Credit and Variables, Barter payment methods, which use Cash Against Goods, Without Waiver and Counter Purchase payment methods and have a positive relationship between them. When CPT delivery method is used by exporters, it is revealed that there is a positive relationship with Cash Against Goods, Advanced Payment, Without Waiver, and Cash Against Documents payment methods, but Advanced Letter of Credit, and Barter payment methods have a negative relationship.

When DAF delivery method is selected by the importer companies, there is a positive relationship between Cash Against Documents, Advanced Letter of Credit, By Acceptance Credit and Variables, Barter, and Cash Against Documents payment

methods; It turns out that there is a reverse relationship with. Looking at the exporters, when DAF chooses delivery, it turns out that Cash Against Documents, Advanced Payment, and Without Waiver payment methods have a negative relationship, but a positive relationship with the Barter payment method.

If exporters choose DAP delivery, it turns out that there is a positive relationship with Cash Against Documents, Advanced Payment, Without Waiver, and Advanced Letter of Credit payment methods, but a negative relationship with Barter payment method. In the form of DAP delivery, no correlation was found between the forms of payment at the import stage according to the correlation result.

When the use of the delivery method increases, where the importers choose the DDP delivery method, they prefer Letter of Credit, Cash Against Goods, and Advanced Payment methods, and there is a positive relationship between them, but there is a negative relationship between Advanced Letter of Credit, and By Acceptance Credit and Variables payment methods. It turns out that the use of methods decreases, that is, there is a reverse relationship.

When DDU delivery method is used by importers, it is concluded that there is a negative relationship between Cash Against Documents, and Without Waiver payment methods, but the use of these payment methods has increased while the use of Advanced Delivery of Credit, Barter, and Cash Against Documents payment methods has increased. When DDU delivery method is preferred by exporters, it is revealed that there is a negative relationship between Cash Against Goods, Advanced Payment, and Without Waiver payment methods, but there is a positive relationship between By Acceptance Credit and Variables, and Barter payment methods.

When EXW delivery type is analyzed in terms of importer companies, it turns out that there is a positive relationship between Letter of Credit and Advanced Payment payment methods. When exporting companies prefer EXW delivery method, it turns out that there is a positive relationship between Cash Against Goods, Advanced Payment, Without Waiver, and Cash Against Documents payment methods, but there is a negative relationship between Advanced Letter of Credit and Barter payment methods.

When FAS delivery method is preferred by exporter companies, there is a positive relationship between Letter of Credit and Advanced Payment payment methods. When importers prefer EXW delivery method, it turns out that there is a positive relationship between Cash Against Goods, Advanced Payment, Without Waiver, and Counter Purchase payment methods, but there is a negative relationship between Advanced Letter of Credit and Barter payment methods.

When FCA delivery method is selected by the importer companies, it turns out that there is a positive relationship between the "Cash Against Goods", "Without Waiver" payment methods and a negative relationship with the Barter payment method. If FCA delivery method is selected by the exporter companies, there is a positive relationship between "Cash Against Goods", "Advanced Payment", "Without Waiver", and "Cash Against Documents", but with "Advanced Letter of Credit", and "Barter" it turns out that there is a negative relationship.

If the importers prefer FOB delivery method, there is a positive relationship between "Letter of Credit", "Cash Against Documents", and "Advanced Payment" methods, and when they are in the exporter position, "FOB delivery method" and "Cash" Against Documents "It turns out that there is a negative relationship between payment methods.

When exporting companies choose DDP, DPU, DAP, CIP, CIF, and CFR, which give almost all risk, expense and responsibility, choosing a payment method that is in their favor as a payment method will enable companies to share their risk and responsibility with other companies. Likewise, if the delivery methods that impose risk, expense and responsibility for the importer companies are selected, choosing a method suitable for the delivery method will reduce the risk and responsibility in foreign trade.

In order to learn more about the use of payment methods and delivery methods used in foreign trade, and to eliminate the problems that may be encountered later, companies can organize detailed training and seminars on these issues from time to time and enable them to carry out foreign trade without problems.

Studies on academic delivery and payment methods are of great importance for both importer and exporter companies and guide companies. However, it will not be enough to eliminate the problems for businesses as a result of the change and development of trade day by day.

In our study on the relationship between payment and delivery methods, the analysis of the payment and delivery methods used in import and export between the years 2005-2019 was carried out based on statistical assets, the factors such as whether the seller and the seller are familiar with each other, whether they trade for the first time, and the factor of the country of trade. Considering the relationship between the and delivery types, more useful results can be obtained for the companies that import and export. With that;

- Payment and delivery methods according to country preferences
- Change of payment and delivery method according to the regime

The subject can be enriched by making academic researches that will be important for businesses by enriching the subject.

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