



Economic Policy Research Foundation of Turkey

Turkey's regional integration:

Is it economic transformation or shift of axis?

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An overview of the recent progress of Turkish economy

	1980	2001	2008
GDP (billion \$)	70	509	700
Per capita GDP (USD)	1,500	2,906	9,000
Number of enterprises	90,000	723,503	1,170,248
Exports (USD billion)	3	31	132
Exports per worker (USD)	65	1,456	6,229
Industry share in exports	10%	92%	92%
Number of exporters	1,000	25,000	47,000
Tourism revenue (billion \$)	0,3	8	21
Ranking in the world (in terms of GDP)	25th	21st	17th

It is a process of total transformation:

■ **Mass urbanization**

- Migration from rural to urban areas
- Reversal of 75 to 25 percent distribution

■ **Proliferation of industry in Anatolia**

- Gaziantep, Denizli, Konya, Kayseri, Kahramanmaraş

■ **Organised industrial zones experience**

- Gebze as the manufacturing base of Istanbul

■ **Transformation in retail sector**

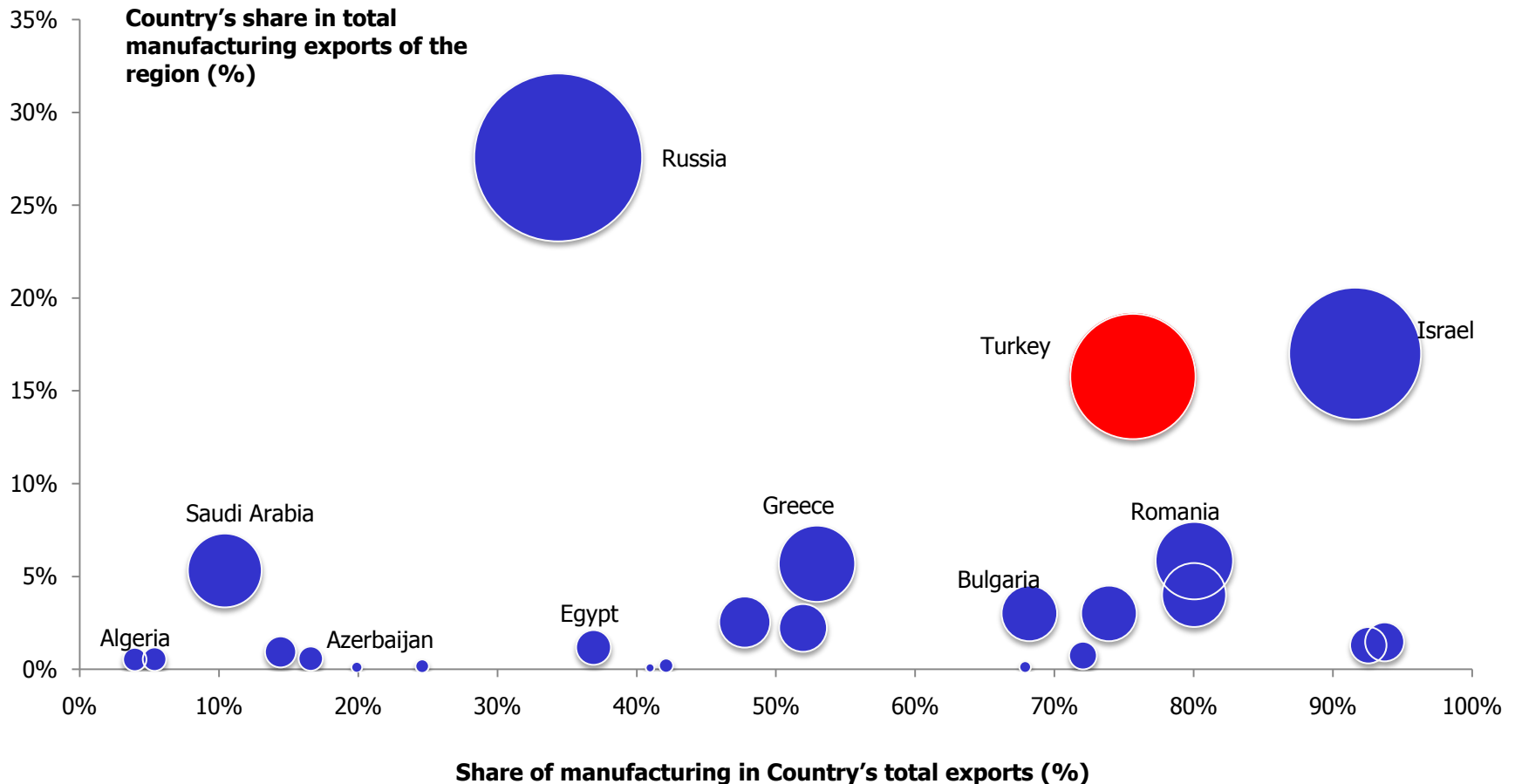
- Shopping malls and new urban life

■ **An Unintended consequence: Political transformation**

- “Look who is in power now!”

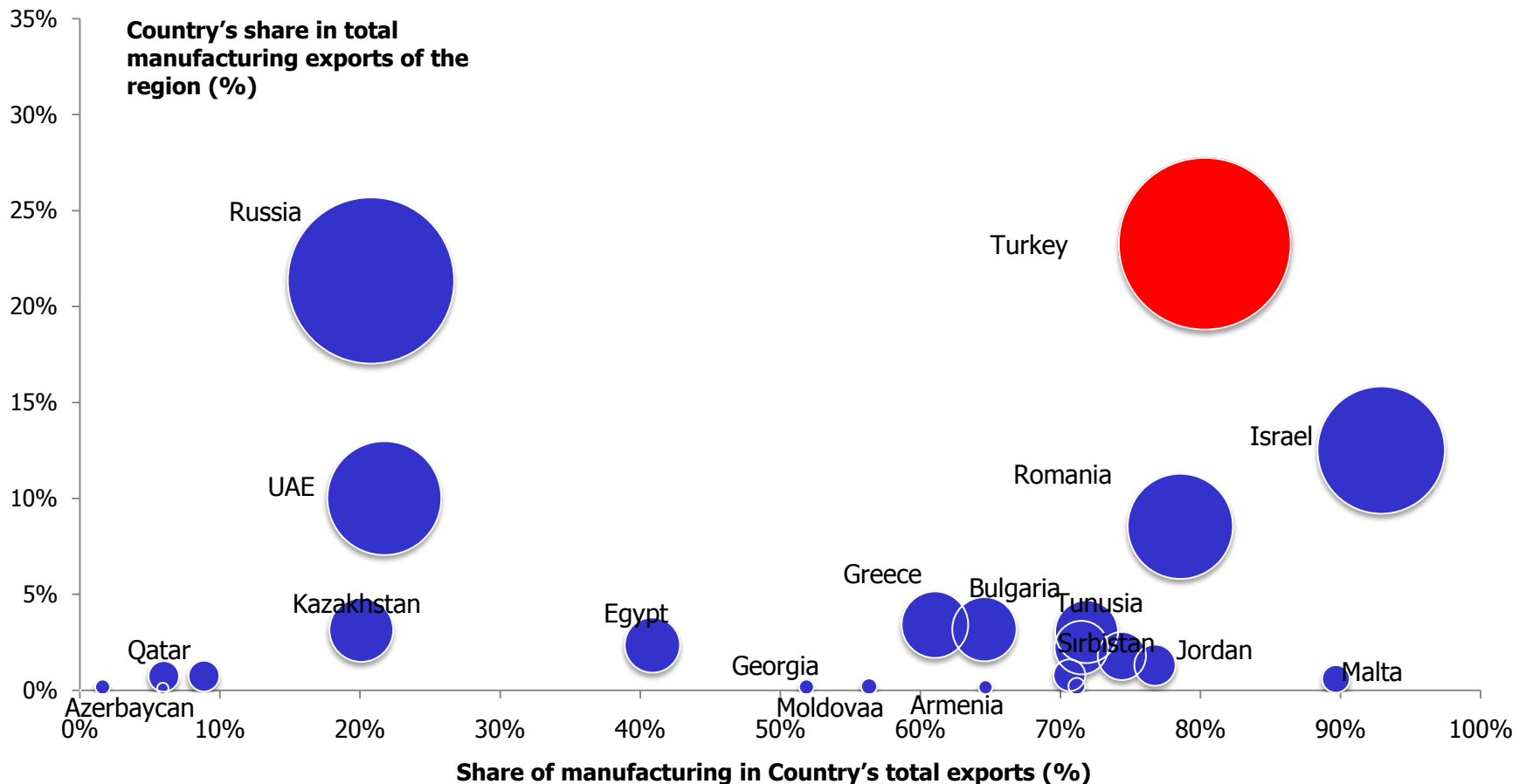
Rapid growth in manufacturing after mid-90's

Export indicators of the countries in the region (1996)



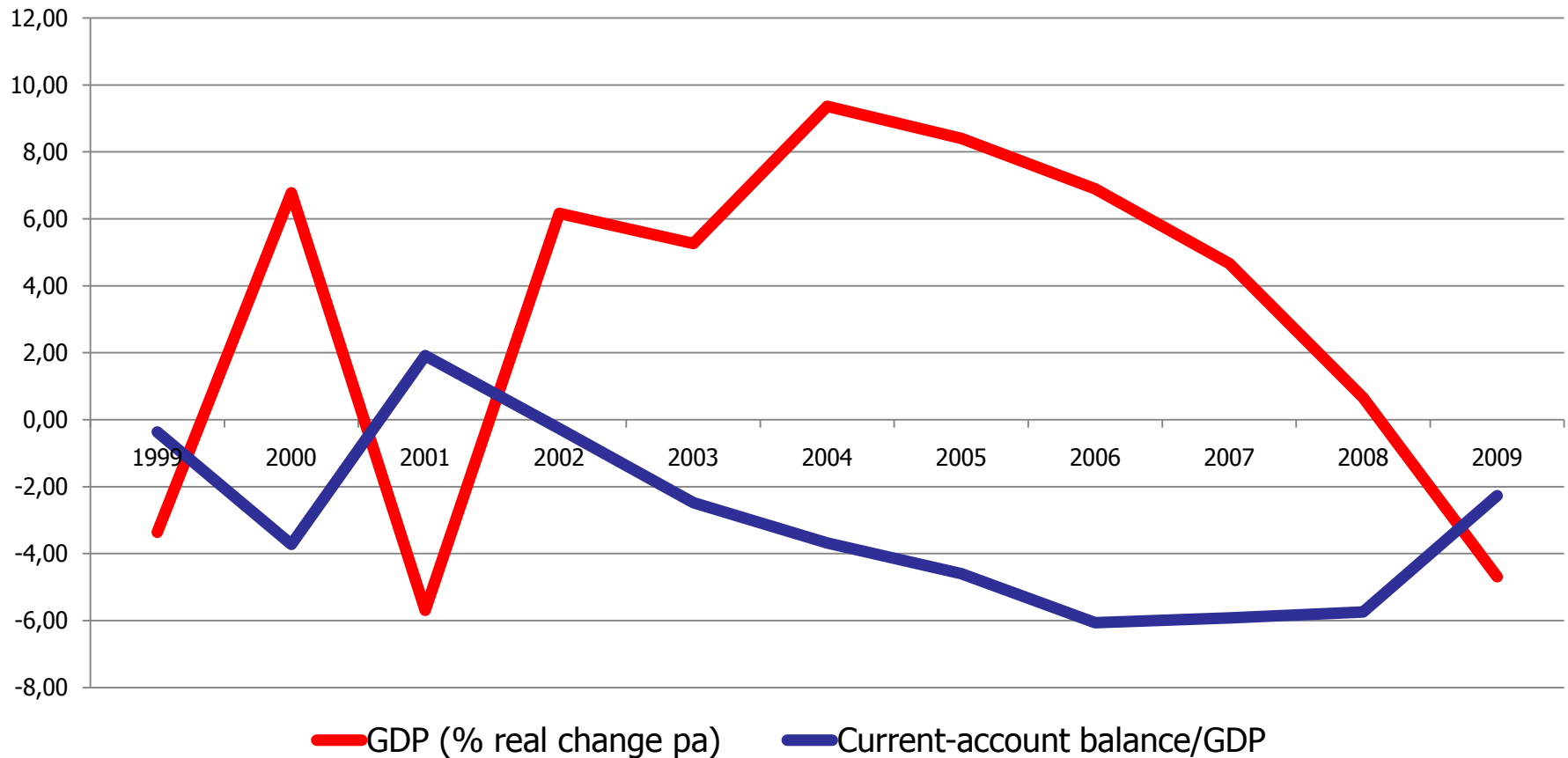
Today Turkey is the largest manufacturer in the region

Export indicators of the countries in the region (2008)



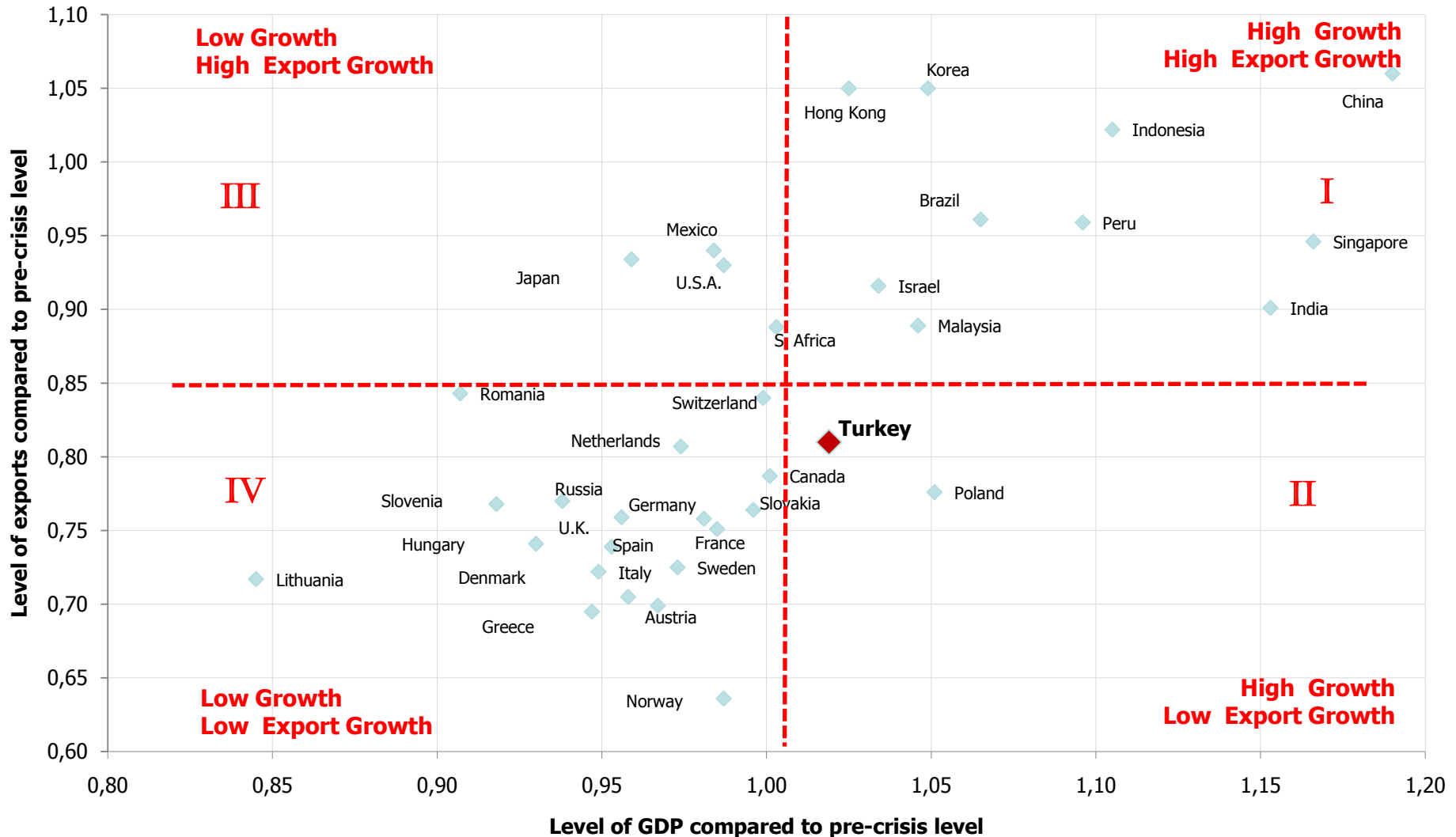
Turkey grows only with current account deficit

Current Account Balance (% of GDP) and Real GDP Growth, 1999-2009



Source: EIU

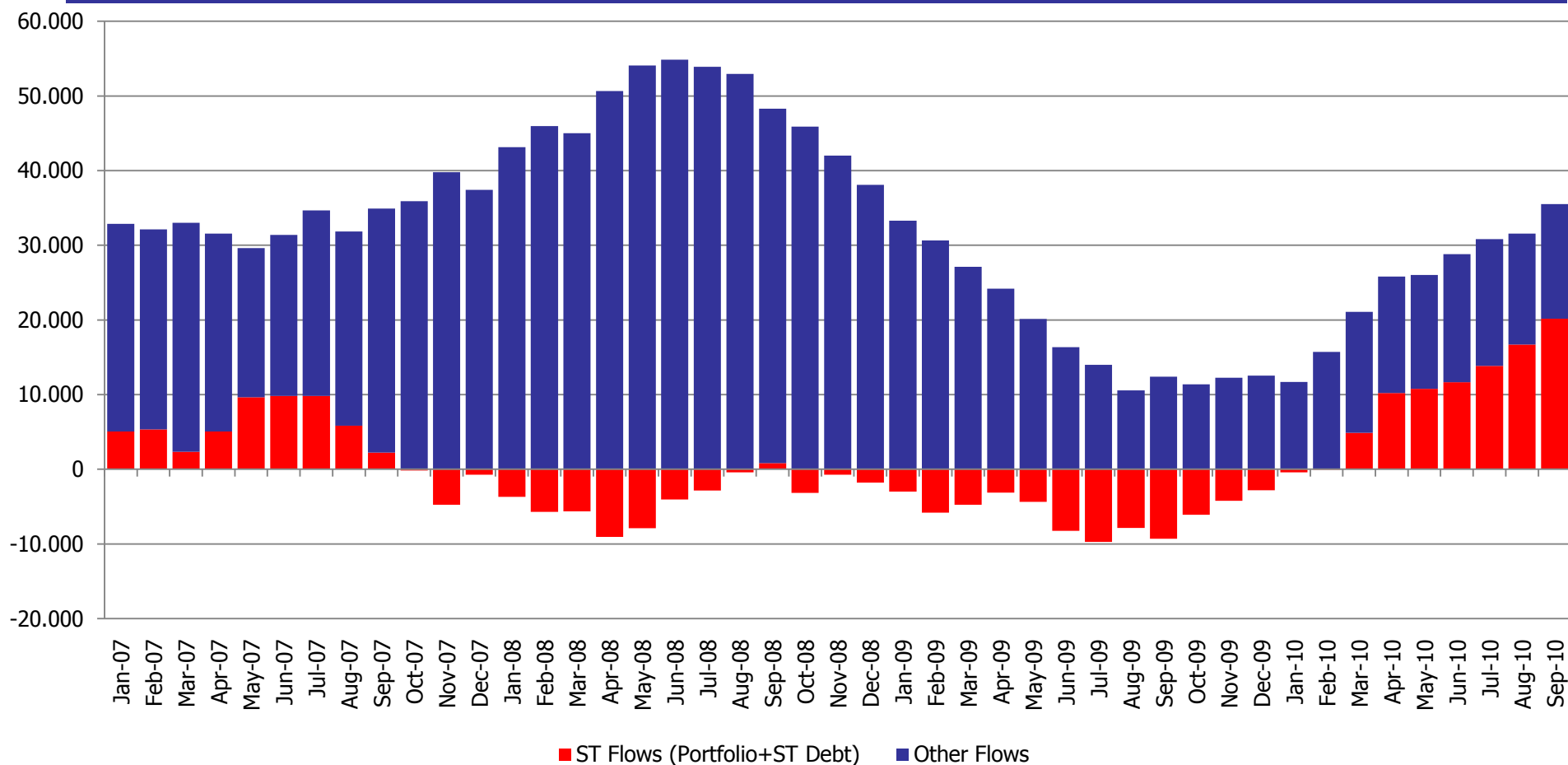
Slow export recovery mainly due to EU integration



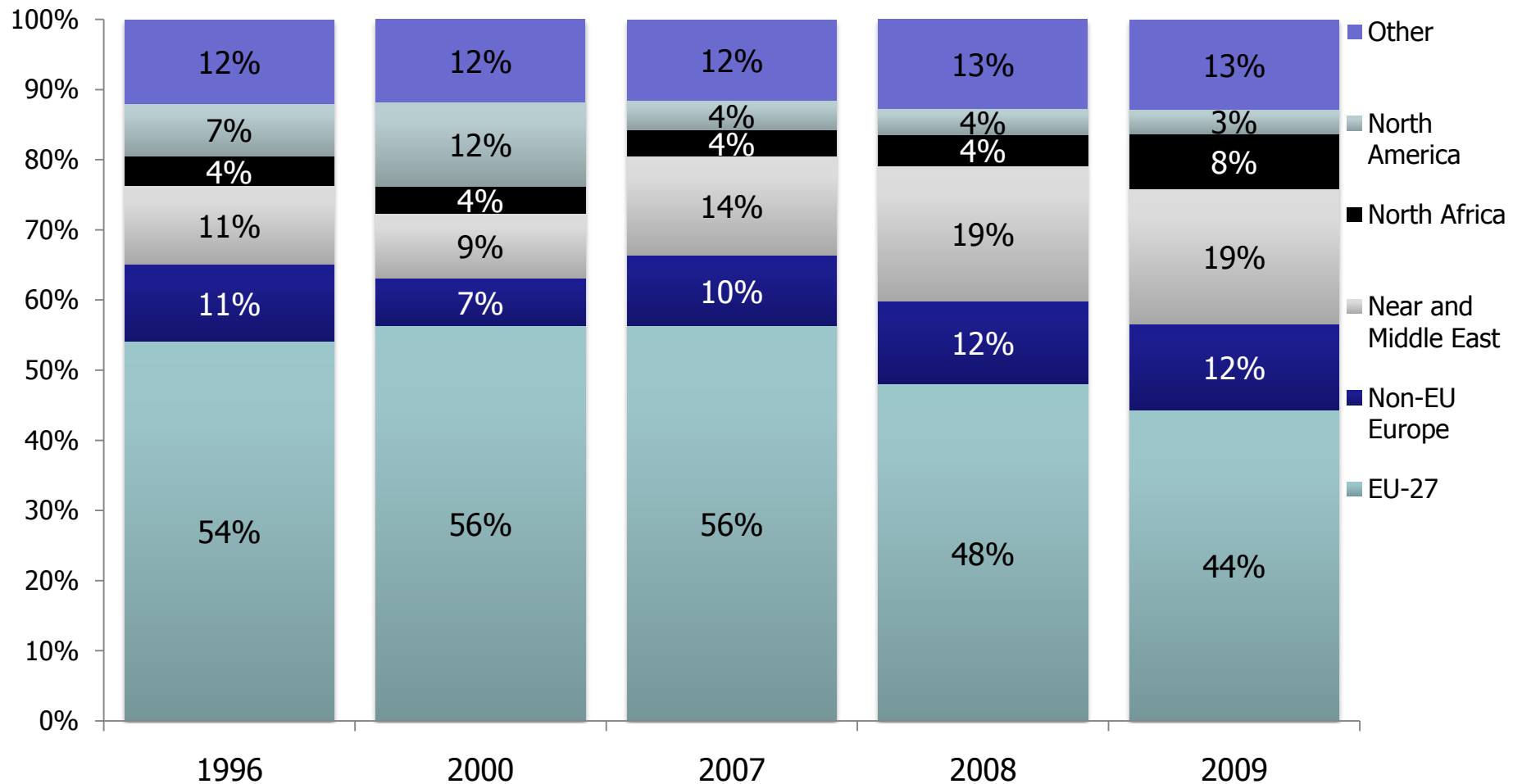
Sources: TEPAV calculations, WTO, Eurostat, EIU, BEA, Statistics Canada, Bank of Israel, Banco de Brasil, tradingeconomics.com

Quality of finance sharply deteriorating

Short term capital inflow / total capital inflows, 2007-2010



Geographic composition of Turkey's exports: EU-Turkey Customs Union brings Turkey closer to her region



Exports not only decline in level but also in terms of quality: innovation push?

Export Sophistication (EXPY) for Turkey and selected countries (1995-2009)

