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European Union's Multilateralism on Trade Policies, Custom Unions and Free Trade Agreements; Comparative SWOT Analyses of Turkey and South Korea's Automotive Industries

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**Abstract**

The foreign trade policies of the states may vary depending on the circumstances in the globalizing world economy. The states which seek to take advantage of the global economy by increasing the size of the foreign trade volume create regional and non-regional trade blocs. The European Union (EU), in consideration of the political and economic developments in respect to the Customs Union that it had paid attention to in the 1990s, revised its trade liberalization policies and moved from the CU to the free trade agreements (FTA). The change in the trade policies in the EU concerns developing economies including Turkey and South Korea. The automotive sector is the sixth largest sector in the world. This industry is one of the most important export areas of developing countries like Turkey and South Korea which seek to improve their welfare by adopting export-based development model. In 1996, Turkey made a trade liberalization agreement with the EU, and South Korea in 2010, to reduce the tariff rates in the field of industrial products. For both countries, the level of influence upon the exports in automotive sectors by the trade liberalization policies holds great importance for the future of the national economies. This study wants to offer some SWOT analyses of the agreements signed with the EU on the automotive sectors of the two countries.

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*Keywords:* Custom Unions, Free Trade Agreements, SWOT Analysis, Automotive Industry, Turkey, South Korea, European Union

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**1. Introduction**

Globalization forces the countries in the world to integrate with the global economy; in consideration of this new tendency, the states take measures to reduce trade barriers including tariffs, import tax and other protectionist tools. Economic integrations are trade blocs that the countries seeking to improve their welfare would not remain indifferent to. The GATT, signed by a number of countries in 1947, was converted into the WTO in 1994 to minimize the trade barriers before the trade conflicts and trade liberalizations in the international arena; it is the largest and most important current trade integration agreement and organization seeking to improve the trade relations between the member countries (Özkaya, 2011). See Appendix A. The contribution of the reduction of the existent tariffs with the

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trade partners upon welfare holds importance for the determination of the trade policies. Change in the tariff rates may lead to a number of internal and external economic developments.

The CU agreement signed between Turkey and the EU in 1996, as well as the EU-South Korea Free Trade Agreement which entered into force in 2011 reveal the impacts of the moves spelled out in these agreements upon the automotive industries of these two countries; these agreements underline the dynamism of these sectors, increase the share of these nations in foreign trade and the economic growth rates. For this reason, drafting of policies and strategies that would ensure healthy growth of the sectors in these two countries is of great importance.

## 2. Trade Blocs: Custom Unions and Free Trade Agreements

### 2.1. Customs Unions and Free Trade Agreements

The international trade theories, in essence, underline that the increase in the size of the commercial activities between the states would also increase the welfare in these nations. For this reason, a number of free trade agreements have been accorded between different countries. Asia-Pacific Economic Cooperation (APEC) participating countries have announced that they will have free trade by the years of 2010 for developed and 2020 for developing countries (Krueger, 1995). In the literature works on foreign trade, it is argued that it creates positive results for the developed countries while failing to do the same with respect to the developing countries (Albertin, 2008; Magee & Lee, 1998; Krugman, 1989; Bhagwati, 1993; Bilal, 1998; Rodrik, 1999). A number of trade blocs created in the aftermath of the World War II made extensive contributions to the globalization of the economic activities. The developed countries like the US and the EU which have focused on industrial products up to 2000s have moved their productions to the Eastern countries that offered incentives on cheap labor and better production opportunities since 1980s. Competition advantage in domestic and international markets has improved in favor of the developing countries in the industrial production; this led the developed countries to adopt technology and innovation-intense production models and trade policies (Karaöz & Albeni, 2003; Kılıç, Kılıç-Savrul, & Ustaoglu, 2011). The Far East countries have gone through a huge process of industrialization; and they are promoting increase in the investments in the fields of technology and innovation by developed countries. For instance, the iPhones by the Apple are produced in China after design in California, US. The US has difficulties in competing with the labor cost, environmental issues, tax reduction and low shipping cost in China, as well as the manufacturing costs in this country; however, China is unable to compete with the US in the field of creativity, innovation and productivity. For this reason, a rapid economic growth rate is observed in the Far East countries which have become the manufacturing plant of the global economy; and a result of this, their domestic markets are growing fast. The growing markets in these countries also lead to increased number of trade blocs. Since the early 1990s 380 regional trade agreements had been notified to the GATT/WTO through July 2007 (Kılıç, Kılıç-Savrul, & Ustaoglu, 2011).

CUs and FTAs are two dynamic form of the liberalize trade activities in the global economy. Under economic integration theory, contribution of the integration to the economic growth of the member countries is possible only if the integration has been made by the participation of the proper countries (İncekara & Savrul, 2011). Viner (1950) first time used the term *trade creation* which increases welfare because intra-union trade expands with abolition of tariffs on imports from member countries, on the other side and *trade diversion* decreases welfare because importers switch from low-priced world sources to higher priced member country sources after tariffs drop to zero on intra union trade (Magee & Lee, 1998; Viner, 1950). Krugman (1989) argues that because of the high tariff rates, world welfare is minimized with three large trade blocs' terms of trade effects. Therefore any increase in the size of trade size of existing trading blocs is welfare reducing (Bhagwati, 1993). Bhagwati (1993) believes that CU may lead to increase in tariff for the external trade (Magee & Lee, 1998; Krugman, 1989; Bhagwati, 1993; Duruiz, 2001). According to Kemp and Wan (1976), the CUs, compared to the previous terms, the CUs secure improvement in welfare in the member countries (Krugman, 1989; Kemp & Wan, 1976). Krueger

holds that a CU is the second best for trade liberalization and welfare increase (Krueger, 1995). Despite conflicting views, many countries are member of the regional or non-regional trade blocs in order to gain from foreign trade and increase welfare within its borders.

### *2.2. European Union's Free Trade Agreements and Policies*

Subsequent to the World War II, two leading trade areas, the EEC and European Free Trade Area (EFTA), have emerged in Europe. The first was created by the participation of countries most affected by the war including Germany, France and Italy where economic factors were disrupted during the war. Compared to the EFTA countries, the EEC countries selected a more free trade custom union. On the other hand, the countries that were least affected by the war including Austria, Britain, Denmark, Norway, Portugal, Sweden and Switzerland formed EFTA in 1959. The foundations of the present time EU were laid down by the Treaty of Rome signed in 1959. The original members that created the Treaty of Rome are Belgium, Netherlands, Luxemburg, Germany, France and Italy. Denmark, Ireland and UK joined in 1973 to union followed by Greece in 1981 and Spain and Portugal in 1986 (Magee & Lee, 1998). Unlike the USA the EU has no specific "model of FTA" to form the basis of negotiations with its trade partners (Woolcock, 2007). The trade policies of the EU may change depending on time and circumstances. The regional and non-regional agreements of the EU which has moved from the CU to the FTA in recent years include Economic Partnership Agreements (EPAs), made with the Africa Caribbean and Pacific (ACP) states, and bilateral FTAs, concluded with South Africa, Mexico, and Chile and the region-to-region negotiation underway with MERCOSUR largely motivated by development policy objectives. Finally, In addition to these full-fledged FTAs there are a range of other co-operation agreements, including efforts to promote regulatory co-operation with the USA (Woolcock, 2007). *See Appendix B.* The external factor for the change in the EU trade policy is the move of global economy to the Far East. The visible growth rate performance in these countries attracts the attention of the US which now focus on the FTAs with these countries to take advantage of their growing markets in an attempt to deal with the low economic growth rates. The failure of the EU states to improve the low economic growth rates in recent years takes the EU and US to focus on the emerging markets in an effort to address their structural problems. The trade liberalization efforts within the EU did not create positive results; for this reason, the EU now seeks to change its free trade policies (Woolcock, 2007). One of the major indicators of the policy changes is apparent in the emphasis upon the FTAs instead of the CUs. To this end, European Commissioner for Trade, Pascal Lamy (1999-2004), who used to pay attention to the CUs, was replaced by Peter Mandelson who favors a more active policy and pays attention to the roles of the FTAs. According to Woolcock (2007), there are four major factors for the EU to focus on the FTAs. First, there have been difficulties in multilateral negotiations within WTOs Doha Development Agenda and EU's failure to achieve its aim of comprehensive WTO agenda. Second, developments of the US trade policy which US pressed ahead with an active agenda of FTAs ranging from CAFTA to US-South Korea. The third factor is EU policy has been the burgeoning of economic growth in Asia and the conclusion of a range of FTAs that has accompanied with growth. And final factor shaping EU FTA policy has been domestic changes within EU such as changing in staff and trade commissioners (Woolcock, 2007).

### *2.3. Turkish and South Korean Automotive Industries*

Even though the Turkish people no longer believe that the EU would ever admit Turkey as a full member, the Turkish governments in recent years have introduced bold reforms and changes in an attempt to harmonize the national legislation with the EU laws and rules. The political administration has even set up a specific ministry focusing on the EU affairs to accelerate the membership process. The CU agreement, a milestone in the improvement of commercial relations, consolidated the economic ties between the EU and Turkey. Owing to the agreement, the Turkish exports have grown from \$25 billion in 2000s to \$139 billion in 2011, setting a new record in its history. More than half of the total Turkish trade has been performed with the EU countries; and thanks to the CU agreement, the size of the bilateral trade has been growing despite crises. Overall, the customs tariff rate imposed by the EU is 6.5 pct whereas it is

4 pct for the industrial products. However, for the agricultural products, the tariff for the imports is around 16.5 pct (Kutlay, 2010). According to Baldwin & Wyplosz (2006), for some agricultural products, the tariff rate is 210 pct. Naturally, this makes export of agricultural products for countries like Turkey; because of this, Turkey focus on industrial products as export items (Baldwin & Wyplosz, 2006). One of the major aspects of the CU agreement signed between Turkey and the EU is that the EU is obligated to comply with the common external tariff rules it imposes upon the third countries and that it has to open its markets as importer and exporter to these countries (Harrison, Rutherford, & Tarr, 1996). One important aspect of the FTA concluded between South Korea and the EU for Turkey is this clause in the CU agreement. For Turkey, the automotive industry is one of the most important dynamics behind the bold performance in the exports owing to the transformation in the 2000s. The role of the CU signed in 1996 in the transformation of the automotive industry is huge and visible. The innovation and dynamism introduced by the CU to the sector ensured the modernization of the sector and use of innovative production methods (Bekmez & Komut, 2006). Because of the increase in the amount of foreign direct investment (FDI) in the sector, a number of automotive producers, in an effort to exploit the advantages associated with the CU agreement between Turkey and the EU, established production facilities in Turkey and become more competitive in the global markets (Fındıkçioğlu & Yıldırım, 2010). The South Korean automotive producers are familiar with the Turkish market; Hyundai, a leading manufacturer in South Korea, set up a factory in Turkey in 1997 where it makes low cost passenger car models that it exports to the EU countries. The sector is susceptible to the economic crisis because the elasticity of demand is pretty high in the domestic market; and this is the major factor that prevents the healthy growth of the sector. The stability in the demand in the domestic market may also negatively affect the production. It has been observed that up to 2000s, the political instability has negatively affected the automotive sector. The stagnation and recessions in the domestic markets led the producers to postpone their investments in the research and development and new models; and this influences the competitiveness of the sector. Turkish automotive sector consummated 2010, a glittering year for the Turkish automotive industry, with 1,094,557 units of production (excluding tractors), which points to 26% annual growth. Capacity utilization ratio (CUR) materialized as 72% as of year-end 2010, which is 15 percentage points higher than 2009's CUR (Fındıkçioğlu & Yıldırım, 2010). 19.7 pct of the the imports of automotive and automotive-related products by the EU is made from Turkey whereas the share of exports to Turkey in the same category is 7.5 pct (DG Trade Statistics, 2011).

With its striking economic performance in the last five decades, South Korea has become more competitive in the fields of steel, textile, vessel construction, consumer electronics and automotive industry by reliance on Japanese-like business model. South Korea has concluded a number of FTAs with regional and non-regional powers including the US and the EU to increase its foreign trade volume and improve the welfare standards. The FTA concluded with the EU is the most comprehensive one that has been signed so far; and practically all customs duties on industrial goods, specifically four sectors consumer electronics, automotive products, pharmaceuticals and chemicals, will be fully removed within 5 years of the FTA applied (European Commission, 2010). Even though the national automotive industry focuses on the entry-level cars, the commercial vehicles and big cars are also produced; the whole production creates jobs for 250,000 people; the national automotive industry is worth \$78 billion, making South Korea the fifth largest automotive industry in the world. 2 out of 3.2 million units cars produced in 2009 were exported, constituting 4.6 pct of the total national exports (Rittar, 2010). Compared to Turkey, the automotive industry is four times bigger in terms of production. The role of the protectionist approaches of the national governments towards the automotive industries is visible and determinative in the growth of these industries; the sectors were set up in the 1950s in both countries; both industries have focused on OEM production for a long time; and domestic demand has been important in both countries. The domestic governments of both countries have tried to protect the automobile industries by reliance on high customs tariff rates; South Korea has been mostly influenced by the Japanese model in the economic development. The development agencies set up by the government extended capital and intellectual support for the national industry; the government loans and tax reductions are determined by the export performances of the companies. The role of the development policies is visible in the successful

performance of the companies in integration with the global markets(Rittar, 2010). In 2010, the Japanese market has grown by 8 pct, South Korean market 6 pct, Chinese market 34 pct and the Indian market by 33; overall, the Far Eastern markets have grown by 27 pct; the region is the fastest growing market of automotive industry in the world (OSD, 2011).

**3. Methodology and Data Collection**

*3.1. Research Goal*

The goal of this research is to research the impacts of the EU-South Korea Free Trade Agreement, as well as a similar agreement between Turkey and EU upon the automotive sectors in these two countries, the changes in the multilateral trade policies in recent years in the EU and its move from the CU to FTAs, and to draft a SWOT analysis of the impacts associated with the trade blocs upon the automotive sectors of both countries.

*3.2. Sample Data Collection*

The statistical data used was collected mainly through internet sources from the Turkish governments' official statistical webpages TurkStat (Basic indicators by sections in industry and service sectors), Turkish Automotive Manufacturers Associations (Total automotive production statistics 1999:2010, Turkish automotive industry total export, total import and foreign trade balance); The International Organization of Motor Vehicle Manufacturers (Worldwide automotive production statistics) ; EU Bilateral Trade and Trade with the World: Turkey (Main Economic Indicators); EU Bilateral Trade and Trade with the World: South Korea (Main Economic Indicators)(OSD, 2011; Deloitte, 2010; TurkStat 2011; Sanayi Genel Müdürlüğü, 2011; Hazine, 2011).

**4. SWOT Analysis of Turkish-South Korean Automotive Industry in European Union Market**

*4.1 SWOT Analysis of Turkish Automotive Industry*

STRENGTHS	WEAKNESSES
<ul style="list-style-type: none"> <li>• Positive impact of the political stability in the performance of the national economy</li> <li>• Harmonization in technical issues on global scale as a result of the CU with the EU</li> <li>• Geographical proximity to the EU countries increases the success in regional integration</li> <li>• Ability to make production less expensive than the EU and South Korea</li> <li>• Competitive and strong supporting industry</li> <li>• Well-educated, young, dynamic and qualified work force</li> <li>• Advanced level of know-how with the international joint ventures</li> <li>• The advanced reaction capability of the sector vis-à-vis global and domestic economic recession and crises</li> <li>• Experience in the mass transportation and local brands in this field</li> </ul>	<ul style="list-style-type: none"> <li>• Failure to reserve sufficient amount of money for research and development; failure to pay utmost attention to such activities</li> <li>• Failure to make licensed production; lack of a national brand</li> <li>• Lack of raw materials; high rate of dependency in production</li> <li>• Lack of domestic contribution to the production of the automobile parts</li> <li>• Lack of capacity in the undergraduate and graduate departments at the universities on automotive training and education</li> <li>• Lack of domestic designs in the motor technology and dependency</li> <li>• Lack of technological investment that increases capacity</li> <li>• Lack of logistic infrastructure</li> <li>• Lack of sufficient amount of test centers</li> </ul>

<ul style="list-style-type: none"> <li>• Increased amount of exports to global markets in recent years</li> <li>• Cheaper import out of valuable Turkish currency which leads to negative competition in foreign markets</li> </ul>	<ul style="list-style-type: none"> <li>• Costly production because of low capacity utility rate</li> <li>• Decline of the innovative activities because of detachment between the relevant industries</li> <li>• Lack of administrative and technical infrastructure in technical matters</li> </ul>
<p><b>OPPORTUNITIES</b></p> <ul style="list-style-type: none"> <li>• Advantage associated with the geographical location and potential to become a center of production</li> <li>• The increasing demand of consumption in domestic market owing to the achieved political stability</li> <li>• Growing attraction of the country for new investments</li> <li>• Integration with the global markets after the harmonization with the EU legislations after the CU agreement</li> <li>• The growing demand in the world for the commercial vehicles, a strong aspect of the Turkish automotive industry</li> <li>• Positive expectations in respect to the works on creating local brands</li> <li>• Strengthening of the institutional capacity of the ministry of industry and commerce in the field of automotive</li> <li>• Facilitation of the resolution of the problems that the private sector encounters by the government</li> </ul>	<p><b>THREATS</b></p> <ul style="list-style-type: none"> <li>• Problems experienced in external markets</li> <li>• Increased taxes in transport vehicles; higher volatility in oil prices</li> <li>• Declining tax on motor vehicles depending on the years</li> <li>• The high taxes within the fuel products</li> <li>• The ability of East European countries, China, South Korea and India to produce high valued products at reasonable prices out of their competitiveness in global markets</li> <li>• The impact of the global economic crisis experienced in the EU upon the automotive products</li> <li>• The high elasticity of demand in the domestic market</li> <li>• The EU's decision to rely on FTAs in its relations with the third countries to open up its markets</li> </ul>

#### 4.2 SWOT Analysis of South Korean Automotive Industry

<p><b>STRENGTHS</b></p> <ul style="list-style-type: none"> <li>• Production is performed with domestic brands; Hyundai, Kia and Daewoo</li> <li>• Compared to Turkey, production capacity of industry is high</li> <li>• Competitive and strong industry</li> <li>• Highly educated, young, dynamic and qualified work force</li> <li>• Advanced know-how out of partnerships with foreign joint ventures</li> <li>• The ability of the sector to positively react to the crises and recessions out of the experience gained during the 1997 Asian economic crisis</li> <li>• Exports to the US and other countries prevent dependency on the EU markets</li> </ul>	<p><b>WEAKNESSES</b></p> <ul style="list-style-type: none"> <li>• The increased costs because of the regulations in the US and the EU on emissions and environment</li> <li>• The low profit rates in the entry level low cost car production</li> <li>• Failure to reserve large amounts to R&amp;D activities</li> <li>• High transport costs because of geographic distance to the EU countries</li> <li>• Impact of the oil and energy prices on production costs</li> <li>• The EU's ability to have access to the internal markets without customs tariffs and increased competitiveness</li> <li>• Lack of sufficient amount of test centers</li> </ul>
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	<p>in EU standards</p> <ul style="list-style-type: none"> <li>• Compared to EU, low level of innovative activities</li> </ul>
<p><b>OPPORTUNITIES</b></p> <ul style="list-style-type: none"> <li>• The increased demand for automobile as a result of the enlarged domestic markets in Far East countries</li> <li>• The facilitated exports of automotive products to the EU after the FTAs and the declined costs associated with the tariffs</li> <li>• The expectation that the economic stagnation in the EU region would increase the demand for the low cost passenger cars</li> <li>• The future advantages associated with the fuel consumption standards identified by the EU and US</li> </ul>	<p><b>THREATS</b></p> <ul style="list-style-type: none"> <li>• The increased demand for luxury cars in domestic market and the ability of the EU to offer these cars at more reasonable prices</li> <li>• The increased burden of the tax load on the transport vehicles and high volatility in oil prices</li> <li>• Rapid rise of Chinese automotive sector and its presence in the same markets</li> <li>• The low prices of auto parts offered by the East European countries, China and India</li> <li>• The uncertainty in the global economic crisis experienced in the EU and the declining demand for automotive products</li> <li>• FTA forces to Korean auto producers comply with EU’s labour and environmental standards.</li> </ul>

**Conclusion**

The global economic crisis is still influential within the EU and many member states still fail to maintain financial stability as well as political stability. For this reason, recession is still influential in many EU markets; as a result, the economic growth rate is expected to remain low in these countries in 2012. This strongly affects the countries with visible economic ties with the EU as well. Because of the CU agreement signed in 1996, Turkey is still one of the strongest trade partners of the EU. For this reason, in conjunction with any economic problem within the Union, decline in the demand may be observed; and this may affect exports as well. It is also possible that the political instability in the neighboring countries and the Middle East states would affect Turkey which is trying to preserve its economic and political stability. Even though automotive sector holds a lion share in the national economy, Turkey is not a leading manufacturer in the world. The negative impact of the recession within the EU upon the sector exports is not expected to take place because of the low currency rate and targeting low cost passenger car consumers. The Turkish automotive sector is resistant against the financial crises out of the experience in connection with the financial crises in 1990s and 2000s. However, the FTA signed between South Korea and the EU would have some effects after a process of harmonization; the impacts would be visible in the state of competitiveness and size of the market because the EU manufacturers appeal to the same potential customers. The most important outcome of the FTA between the EU and South Korea is the removal of the tariffs; this would minimize the profit margins for the producers. Unless proper measures are taken, the Turkish automotive sector may face serious problems like those experienced in the 1990s. For South Korea, while the EU is an important market, the sector will not be affected by the financial crisis within the EU owing to the FTAs with the US, Japan and other Asian countries. The customs rate reductions secured through the free trade agreement would increase the demand for the low cost passenger car manufactured by the automotive

companies that already enjoy the benefits of the EU market. Compared to Turkey, the EU is remote and this is not good for competition. The effects of the global financial crisis have not been overcome yet. For this reason, the volatility in energy costs and prices is still high. The fluctuations in the oil prices increase the shipping costs, and compared to the EU auto producers, this reduces the profit margins. It is also expected that the costs would increase because the producers have to observe the emission and fuel saving regulations made by the EU. The EU manufacturers that observe these regulations and rules would have direct access to the South Korean market without facing any difficulties. In the improvement of the automotive sector in South Korea, government protectionism has played a key role. For this reason, removal of the tariff rates would make competition with the EU more difficult.

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## Appendix A

GATT and WTO Trade Rounds					
Name	Start	Duration	Countries	Subjects covered	Achievements
Geneva	April 1947	7 months	23	Tariffs	Signing of GATT, 45,000 tariff concessions affecting \$10 billion of trade
Annecy	April 1949	5 months	13	Tariffs	Countries exchanged some 5,000 tariff concessions
Torquay	September 1950	8 months	38	Tariffs	Countries exchanged some 8,700 tariff concessions, cutting the 1948 tariff levels by 25%
Geneva II	January 1956	5 months	26	Tariffs, admission of Japan	\$2.5 billion in tariff reductions
Dillon	September 1960	11 months	26	Tariffs	Tariff concessions worth \$4.9 billion of world trade
Kennedy	May.64	37 months	62	Tariffs, Anti-dumping	Tariff concessions worth \$40 billion of world trade
Tokyo	September 1973	74 months	102	Tariffs, non-tariff measures, "framework" agreements	Tariff reductions worth more than \$300 billion dollars achieved
Uruguay	September 1986	87 months	123	Tariffs, non-tariff measures, rules, services, intellectual property, dispute settlement, textiles, agriculture, creation of WTO, etc	The round led to the creation of WTO, and extended the range of trade negotiations, leading to major reductions in tariffs (about 40%) and agricultural subsidies, an agreement to allow full access for <b>textiles</b> and clothing from developing countries, and an extension of intellectual property rights.
Doha	November 2001	?	141	Tariffs, non-tariff measures, agriculture, labor standards, environment, competition, investment, transparency, patents etc	The round is not yet concluded.

**Appendix B**

<b>TRADING PARTNER</b>	<b>TYPE OF AGREEMENT</b>	<b>STATUS</b>
<b>EUROPE</b>		
EEA	Effective Application of EU AcquisCommunautaire	In force since 1996
Switzerland	Sector Free Trade Agreements	Various dates
Turkey	Custom Union	31/12/1995
Croatia	Stabilization and Association Agreements(SAA)	Entered into force 01/01/2005
Macedonia	SAA	Entered into force 01/01/2005
Bosnia and Herzegovina	SAA	Negotiations ongoing
Albania	SAA	Entered into early 2007
Montenegro	SAA	Negotiations ongoing
Serbia	SAA	Negotiations on hold
Russia	Enhanced (cooperation) Agreement	Negotiations ongoing
Ukraine	Enhanced (cooperation) Agreement	Council still agree to open negotiations
Moldova	Partnership and cooperation Agreement	July 1998
<b>NORTH AFRICA MIDDLE EAST</b>		
Algeria	Euro-Med Agreement	01/09/2005
Egypt	Euro-Med Agreement	31/12/2003
Israel	Euro-Med Agreement	01/06/2000
Jordan	Euro-Med Agreement	01/05/2002
Lebanon	Interim Euro-Med Agreement	01/03/2002
Morocco	Euro-Med Agreement	01/03/2000
Palestinian Authority	Interim Euro-Med Agreement	01/07/1997
Syria	Euro-Med Agreement	Negotiations concluded in 2004
Tunisia	Euro-Med Agreement	01/03/1998
Gulf Cooperation Council	Free Trade Agreement	Negotiations ongoing
Iran	Cooperation Agreement	Negotiations ongoing since 2002
Iraq	Cooperation Agreement	Negotiations ongoing since 2006
<b>AFRICA</b>		
ACP Regions	Economic Partnership Agreement	Second phase of negotiations began in 2003 scheduled for completion in 2008
South Africa	Trade Development and Co-operation Agreement	01/01/2000
<b>THE AMERICAS</b>		
Mexico	Economic Partnership Agreement	01/02/2000
Chile	Association Agreement	01/02/2003
Mercosur	Association Agreement	Negotiations ongoing since 1999
CAN(Andean Community)	Free Trade Agreement	Negotiations complicated by Venezuela's position
CAFTA(Central America)	Free Trade Agreement	EU preparing negotiating mandate
Canada	Trade and Investment Enhancement Agreement	Proposal under discussion in the council
<b>ASIAN</b>		
ASEAN	Free Trade Agreement to enhance existing cooperation	Proposed
South Korea	Free Trade Agreement	2010