



Where You Export Matters

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ABSTRACT

Especially for a few years, the concept of export-led growth has been more and more important in Turkey's economy policy. According to Turkey's future project for 2023, it is aimed that the total export volume will be equal to \$500 billion per annum. Moreover, because whole growth policies are based on increasing export level, the structure of export policies has been important year by year. It is well known that what a country exports really matters from the study made by Hausmann, Hwang and Rodrik and in this study it is tried to explain that where the country exports matters as well. In the study, it is studied if there is a difference between MENA and Europe markets in the qualification of goods and how Turkey could adapt to this possible difference with its export structure. In addition to these, how Turkey could compete with its rivals among the markets and what results competition within different markets could cause about integration to the others. As a solution of these, it will be illustrated where the country export matters in which ways.

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Introduction

Although the concept of export-led growth was born earlier in economy literature, it became more important especially in 2000s in Turkey. The prospect of the government in charge for 2023 entails export based economy policies' being that much essential. It is stated by Ministry of Economy that since the globalization process is getting deep and rival countries create different strategies to integrate to export markets in order

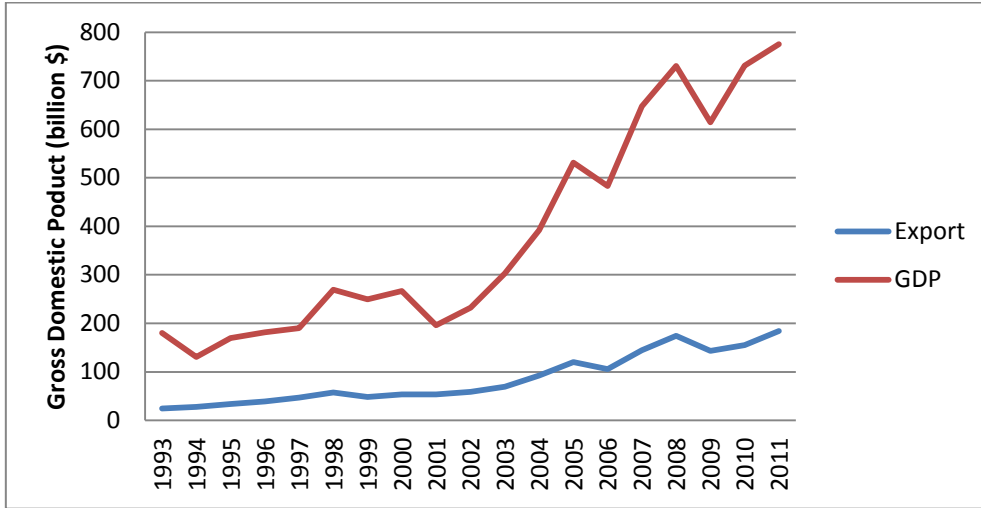
to increase their market shares, a new economy policy about export structure is necessary. For this reason, the export-led growth policy which will provide that policies about investment-production and export chain in good and service markets are considered as a whole should be created.[†]

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<http://www.ekonomi.gov.tr/index.cfm?sayfa=tarihce>



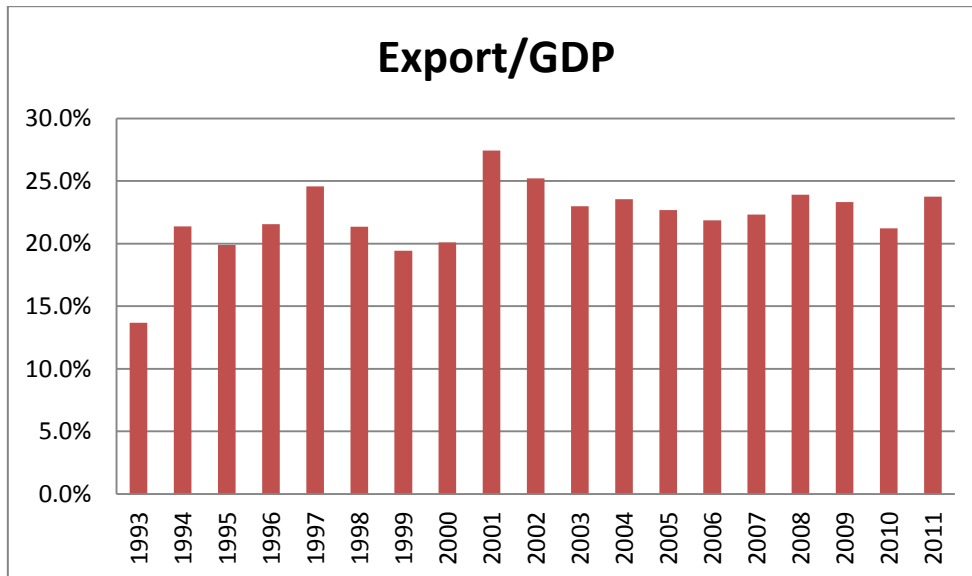
Graph 1: The volume of export and GDP per year



It could be easily seen from the graph that Turkey has been increasing its volume of export as having higher income level. This situation can be thought as a success but when we look at the share of export in GDP, it is seen that we cannot achieve to increase the share of export in GDP for a quite long

time. While the country have been breaking its own records for export volume, the share of export in GDP is stuck between 20 and 25 percent. This inertial of export share in GDP can be seen in Graph 2.

Graph 2: The share of export in GDP per year





While it is that much important for Turkey to increase its export volume in order to achieve to have higher growth rates, what it exports surely matters. In Hausmann, Hwang and Rodrik's *What You Export Matters*, it is shown that the concept of EXPY illustrates a qualification level of export of a country and it is highly related to growth rate for middle-income countries. Therefore, it is stated in the study that the countries that export goods associated with higher productivity levels grow more rapidly and growth is the result of transferring resources from lower-productivity activities to the higher-productivity (Hausmann, Hwang, Rodrik, 2007). For this reason, in order to achieve to have higher growth rates, the country should produce more productively and export these goods which have higher productivity.

In this study, it is tried to analyze that where the country exports also matters as what it

exports. It will be questioned if it exports to the markets which have higher productivity and qualification levels, it will be easier to have higher growth rates for the country since growth rates and EXPY levels are highly correlated.

How the world imports and Turkey exports?

First of all, in order to analyze the communication between the import design of the world and Turkey's export design it is good to look at composition of goods among the country groups. In this section, Hanson sectoral classification system is used for the composition of goods since it is the newest classification way (Hanson, 2010).

Table 1: Import of regions by Hanson classification

(2010, %)	MENA + CIS	Europe	America	Asia	Other	Turkey
Agriculture, meat and dairy, seafood	8.0	4.8	3.2	3.5	4.2	2.5
Food, beverages, tobacco, wood, paper	8.0	7.1	5.1	4.2	7.4	4.4
Extractive industries	13.7	17.5	18.4	26.0	20.1	18.1
Chemicals, plastics, rubber	12.6	16.5	13.4	11.3	12.5	16.4
Textiles, apparel, leather, footwear	6.4	6.0	5.9	4.1	5.0	8.0
Iron, steel, and other metals	10.8	9.0	6.4	10.5	6.9	15.0
Machinery, electronics, transportation equipment	35.7	33.0	40.5	34.8	38.4	31.8
Other industries	4.7	6.1	7.0	5.7	5.4	3.8

Import of machinery, electronics and transportation equipment has the highest share in total imports of the regions. Extractive industries are the second for all region groups and the other sectors have different ranks in different region groups.



Table 2: Export of Turkey to the regions in Hanson classification

(2010, %)	MENA + CIS	Europe	America	Asia	Other
Agriculture, meat and dairy, seafood	7.0	4.6	4.5	4.2	5.0
Food, beverages, tobacco, wood, paper	9.1	4.0	6.0	8.8	13.2
Extractive industries	14.0	7.4	13.0	26.7	16.8
Chemicals, plastics, rubber	10.3	7.5	7.7	10.6	10.1
Textiles, apparel, leather, footwear	12.0	28.5	18.2	9.5	6.1
Iron, steel, and other metals	24.2	9.8	19.6	23.0	20.0
Machinery, electronics, transportation equipment	19.9	36.0	28.1	14.8	26.6
Other industries	3.4	2.2	2.9	2.5	2.3

For MENA market, while machinery, electronics and transportation equipment sectors have almost 36 percent share in import of the market, Turkey could only export 20 percent of its all export. Moreover, while textiles, apparel, leather, footwear have only 6.4 share in total import for MENA, they have 12 percent in export of Turkey and as iron, steel, and other metals have only 11 percent share in import of MENA, it has 24 percent share in export of Turkey.

It is the same with Europe market as well. While only 6 percent of total import in Europe is for textiles, apparel, leather, footwear, they have 28.5 percent share in export of Turkey to Europe. In contrast to this, while chemicals, plastics, rubber have 16.5 percent share in import of Europe, they have only 7.5 percent share in export of Turkey in 2010. Besides, Turkey cannot export in extractive industries while they have 16.5 percent share in import of Europe market.

While only 6 percent of total import in America is for textiles, apparel, leather, footwear, they have 18.2 percent share in export of Turkey to America. Moreover; iron, steel, and other metals have only 64 percent share in import of America

while they have almost 20 percent share in export of Turkey.

In the light of the things those are mentioned above with graphs and explanations, it could be easily seen that Turkey could not adapt effectively to other region groups. While a sector group has high share in import, Turkey cannot adapt to this and this sector has fewer shares in export of Turkey or while a sector group fewer share in import, Turkey has higher share in its export. These two different stories could cause one and only result: lack of competitiveness. If Turkey cannot adapt effectively and in a true way to import designs with its own export design, it cannot easily compete with other countries which are also trying to export to same regions more efficiently.

The calculation of IMPY can also help us to analyze the adaptation. In order to calculate this IMPY, it is firstly needed to mention the concept of PRODY which was calculated in What You Export Matters (Hausmann, Hwang, Rodrik, 2007).

PRODY is basically sum of GDP per capita of all countries which exports the good weighted

by RCA values of the countries in this good and can be illustrated as:

$$PRODY_i = \sum_i \frac{\frac{X_{ik}}{X_i}}{\sum_i \frac{X_{ik}}{X_i}} Y_i$$

X_{ik} : Export of country i in sector k

X_i : Total export of country i

Y_i : GDP per capita of country i

On the other hand, the sum of PRODY values of the goods in a import basket which is weighted by share from total import gives us the concept of IMPY which can be used to analyze the adaptation situation. IMPY can be basically illustrated as:

$$IMPY_i = \sum_k \frac{M_{ik}}{M_i} PRODY_k$$

M_{ik} : Import of country i in sector k

M_i : Total import of country i

$PRODY_k$: PRODY value of sector k

Similarly, the sum of PRODY values of the goods in a export basket which is weighted by share from total export gives the concept of EXPY.

$$EXPY_i = \sum_k \frac{X_{ik}}{X_i} PRODY_k$$

X_{ik} : Export of country i in sector k

X_i : Total export of country i $PRODY_k$: PRODY value of sector k

After introducing these PRODY and IMPY concepts, it is another way to analyze the adaptation of Turkey's export structure to other markets' import designs. Although the nearest markets to Turkey, Europe and MENA, have higher IMPY levels, Turkey has lower EXPY level which could state that there is a adaptation problem with target markets and Turkey.

Table 3: IMPY levels of regions, real USD

	impy2005	impy2010
Europe	17411	17216
America	17206	17100
Turkey	17071	16767
MENA + CIS	16675	16678
Asia	16747	16274
Other	16688	16178

Table 4: EXPY level of Turkey by regions, real USD

	expy2005	expy2010
America	12989	14506
MENA + CIS	14516	14280
Europe	13431	13809
Other	14034	13725
Asia	13869	12767

Markets which have highest share in Turkey's export, Europe and MENA, have higher IMPY levels than Turkey's EXPY levels to these markets as it can be seen from the tables. This situation can be explained like that: while Turkey's target markets, Europe and MENA, import more qualified goods, Turkey cannot export with this qualification to these markets, Europe and MENA. As import of Europe has \$17216 IMPY level, Turkey's export has only \$13809 EXPY level which is not well adapted to this market. It is the same, additionally, with MENA market; As import of Europe has \$16678 IMPY level, Turkey's export has only \$14280 EXPY level which is not well adapted to this market as

well although Turkey can export more qualified goods to MENA rather than Europe.

To which market should Turkey focus on? MENA or Europe?

Among 1230 good types, there is a diversification of these goods as goods with higher qualification level than Turkey's average qualification level and goods with lower qualification level than Turkey's average qualification level. In this section, it is analyzed that how the share of these goods with higher qualification level than Turkey's average qualification level in import of regions varies.

Table 5: The share of these goods with higher qualification level than Turkey's average qualification level in import of regions

	Import of High Qualified Goods (billion \$)	Total Import (billion \$)	Share (%)
MENA + CIS	778.8	1367.5	57.0
Europe	3825.3	6736.8	56.8
America	2207.2	3953.9	55.8
Asia	2784.4	5627.7	49.5
Other	372.7	729.3	51.1
Turkey	120.1	214.9	55.9
Europe excluded			
Europe	796.3	2498.7	31.9

This table shows us that there is 57 percent share in MENA + CIS market in which there are with higher qualification level than Turkey's average qualification level and that share is also 57 percent in Europe. In the first view, it can be said that there is no difference between integration to Europe or MENA markets. However, although the shares are almost equal, there are much bigger opportunities in Europe market. There is \$3.8 trillion-market in

Europe where Turkey can export goods that have higher qualification level than Turkey's average. Therefore, it is kind of an opportunity for Turkey to produce more qualified goods and export to this huge market.

In MENA market, on the other hand, although the share is almost equal to Europe, the market size is much smaller than Europe market. There is only \$779 billion-market in MENA where

Turkey can export goods that have higher qualification level than Turkey's average.

At this moment, an antithesis could be produced to this situation. In Europe market, most of the import is coming from European countries. Therefore, there is a row which is called "Europe excluded Europe" in order to avoid this problem. If we would like to compare Europe and MENA markets, even though we focus on Europe excluded Europe, we can see that these two markets are almost same levels of share and volume of import. Therefore, there is no reason to go out from Europe market to integrate to new markets. It is better to try to survive even European Zone is struggling with the economical

Turkey and Europe



crisis since Europe market is the biggest market in the world and there is really big opportunity for Turkey to export goods that have higher qualification level than Turkey's average.

It can be easily seen from Table 5 that the share of import of highly qualified goods in total import are almost equal to each other in MENA and Europe but if we focus on quantitative values of this import levels, we can see that there is much bigger demand for highly qualified goods. If Turkey can achieve to survive in these markets with right adaptation which is discussed in the previous section, there is no obstacle for Turkey to produce more qualified goods and export them to Europe and MENA markets.

Turkey and MENA



What is the economical role of Turkey in MENA and Europe?

In the previous sections, it is discussed that Turkey could not export as qualified goods as MENA or Europe demands with the analysis of EXPY and IMPY values. In this section, it will tried

to find out that how much share Turkey could take from the total import of MENA and Europe with its current export qualification level. Moreover, tables will show us how Turkey's current rivals in economy take role in MENA and Europe economies with their export qualifications level.

Table 6: EXPY values, shares from total import in MENA in 2010 and ranks in regard to EXPY levels of selected countries

MENA + CIS			
Country	EXPY2010	Share 2010	Rank
Switzerland	19794	1.6	1/211
Germany	19713	8.3	2/211
Japan	19644	3.7	3/211
United Kingdom	19177	2.7	6/211
Czech Republic	19054	0.7	8/211
France	19033	4.6	9/211
Korea, Rep. of Korea	18559	3.7	10/211
Hungary	18519	0.7	11/211
Sweden	18350	1.0	12/211
United States of America	18239	5.8	13/211
Netherlands	18085	2.1	14/211
Italy	17980	4.8	15/211
Singapore	17788	0.8	16/211
Poland	17393	1.3	18/211
Thailand	16744	1.1	19/211
Canada	16600	0.6	20/211
Spain	16074	1.8	23/211
Romania	15936	0.5	24/211
China	15834	12.1	25/211
Russian Federation	15572	5.6	27/211
Malaysia	15285	1.0	28/211
Turkey	14280	3.6	31/211
India	14213	4.4	32/211
Ukraine	14161	2.5	33/211
Indonesia	13650	0.7	35/211
Argentina	11067	0.6	37/211
Brazil	10940	1.9	38/211

In the Table 6, we can see that how countries which have role in MENA economy could create EXPY comparing with their shares from the total import in MENA. Developed countries as Germany, Japan, and France can export to MENA with high

qualified goods as it could be seen from EXPY values. Although Turkey has quite strong role in the total import of MENA, it unfortunately cannot export to this market with high qualified goods. The average EXPY value of table 6 is equal to 16729

while Turkey can create only 14280 EXPY value. We saw in the previous sections that Turkey could not export to MENA as qualified as the structure of MENA's import design is. With Table 6, we can also see that Turkey could not export goods as qualified as other countries do in MENA market.

The other essential point from Table 6 is that Turkey stays behind from its rivals in economy. We already found out that IMPY value of MENA is equal to 16678 in 2010. Although Hungary or Poland which are considered to be rival of Turkey in trade have a little share from the total import of MENA (0.7 and 1.3 respectively), they have greater level of EXPY than Turkey has. Therefore, this circumstance means that although they do not have a big role than Turkey has in MENA, they could export better qualified as it is adaptable with import design of MENA. In addition to these, although it is known that products from China are not qualified but even China has greater level of EXPY than Turkey has in MENA as well.

Because of its geographical position which should be used to have advantages in trade, Turkey has had an important role in MENA for last decades. However, we could achieve to export to MENA with more qualified goods to protect our share from the total import of MENA, since the import design of MENA shows us that they demand more qualified goods. Besides, we should also improve our export qualification to MENA in order to protect our competitiveness because it is shown that our rivals in economy are more adaptable with the import design of MENA.

Similarly to MENA analysis, we can see that how countries which have role in Europe economy could create EXPY comparing with their shares from the total import in Europe in Table 7. Same with MENA, developed countries as Germany, Japan, and France can export to MENA with high qualified goods as it could be seen from EXPY values. In this table, Ireland seems to be the most successful with its EXPY and share from the total import values.

Table 7: EXPY values, shares from total import in Europe in 2010 and ranks in regard to EXPY levels of selected countries

Country	EXPY2010	Share 2010	Rank
Ireland	23100	1.626	1/211
Singapore	21135	0.564	2/211
Switzerland	20912	2.112	3/211
United States of America	20173	4.845	4/211
Japan	20126	1.974	5/211
Finland	19267	0.793	6/211
Germany	18878	14.279	7/211
France	18663	6.026	8/211
Sweden	18542	1.864	10/211
United Kingdom	18184	4.115	13/211
Hungary	17904	1.289	14/211
Czech Republic	17841	1.993	15/211
Denmark	17762	1.145	16/211
Spain	17648	3.185	17/211



Korea, Rep. of Korea	17560	1.204	18/211
Slovakia	17288	0.971	19/211
Italy	17254	4.965	20/211
Netherlands	17230	6.011	21/211
Algeria	17057	0.549	22/211
Poland	16776	2.250	23/211
Malaysia	16767	0.508	24/211
China	16481	7.509	25/211
Portugal	15557	0.661	26/211
Thailand	15214	0.555	27/211
Norway	15186	1.942	28/211
Romania	15167	0.660	29/211
India	14335	0.917	30/211
Turkey	13809	1.145	31/211
Russian Federation	13464	3.762	32/211
Canada	12705	0.748	34/211
South Africa	12286	0.575	35/211
Brazil	11950	0.889	36/211

We know from the previous sections that IMPY value of Europe is equal to 17216 and it is much greater than EXPY level of Turkey for Europe market which is equal to 13809. Surely, European countries has bigger share values from the total import of Europe market but what the most important thing is they can have greater EXPY values as they are having bigger shares from the total import of Europe. The EXPY value of Turkey for Europe is also smaller than the IMPY value of the market, like it is the same with MENA.

The other essential point from Table 7 similarly to Table 6 is that Turkey stays behind from its rivals in economy. We already found out that IMPY value of Europe is equal to 17216 in 2010. Hungary or Poland which are considered to be rival of Turkey in trade have both bigger share from the total import of Europe (1.29 and 2.25 respectively) than Turkey and they have greater

level of EXPY than Turkey has. In addition to this, there are more rivals of Turkey which have greater level of EXPY than Turkey. For example, the EXPY value of Czech Republic is equal to 17841 while it has 2 percent from the total import of Europe. Although Romania is in European Union and closer to the centre of Europe than Turkey, it has smaller share from the total import in Europe than Turkey but it exports more qualified goods than Turkey as its EXPY value is equal to 15167 while Turkey's is equal to 13809.

As we comment the position of Turkey in MENA, the circumstance is almost the same in Europe. The export structure is not pretty adaptable to Europe's import design so it is really difficult to earn more than other countries from exporting goods at this qualification level. We know that Europe is bigger market than MENA and there are more exporting opportunities but we



should increase our qualifications for export in Europe as well in order to utilize this opportunities. If we would like to compete in Europe market, increasing the EXPY level while protecting share level from the total import one of the essential things to do.

How good are the countries at exporting 'qualified goods'?

There are various techniques of classification of import goods. In this study, a little changed Hanson classification system is used to analyze how qualified the import goods are. In Hanson's classification system, there are four sections of qualification: primary product, resource

based, low technology, mid technology and high technology (Hanson, 2010). In this study, we change this classification system as qualified goods which have bigger qualification value than EXPY level of Turkey and not qualified goods which have smaller qualification value than EXPY level of Turkey.

In this section, it will be analyzed that how countries take share from the qualified good demand of MENA and Europe. It is good to know this because not only exporting to MENA or Europe is important but fulfilling the demand for qualified goods is also essential for countries who want to compete with others in trade.

Table 8: Share of countries from qualified goods demand of MENA

Country	2005	2010	Change
China	5.940	11.996	6.056
Germany	11.978	10.683	-1.294
United States of America	7.544	6.587	-0.957
Italy	6.260	5.742	-0.518
France	6.520	5.539	-0.982
Japan	5.659	5.086	-0.573
Russian Federation	4.405	4.625	0.220
Korea, Rep. of Korea	3.618	4.519	0.901
India	1.885	3.311	1.426
United Kingdom	4.650	3.145	-1.505
Turkey	2.125	2.843	0.717
Netherlands	2.700	2.357	-0.343
United Arab Emirates	3.033	2.151	-0.882
Ukraine	1.967	1.801	-0.167
Spain	1.758	1.682	-0.076
Switzerland	1.595	1.626	0.030
Poland	1.466	1.486	0.021
Thailand	0.879	1.254	0.375
Czech Republic	0.752	0.923	0.171

Table 8 shows us how the shares of countries from the import of MENA in the subject of exporting qualified goods which was defined as the goods which have bigger qualification level than the EXPY level of

Turkey. China is like a shining star in MENA because it has increased its share from the total qualified good import of MENA 100 percent. With the effect of economical crisis in Europe, shares of European countries have decreased for five years.

In the following table, similarly to MENA analysis, we can see how the shares of countries from the import of Europe in the subject of exporting qualified goods which was defined as the goods which have bigger qualification level than the EXPY level of Turkey

Table 9: Share of countries from qualified goods demand of Europe

	2005	2010	CHANGE
Germany	18.266	16.950	-1.316
China	4.895	7.743	2.848
France	7.943	6.883	-1.059
Netherlands	6.074	6.247	0.173
United States of America	6.297	5.779	-0.518
Italy	5.878	5.267	-0.611
United Kingdom	5.429	4.386	-1.043
Spain	3.623	3.392	-0.230
Japan	3.285	2.573	-0.712
Switzerland	2.292	2.414	0.122
Poland	1.586	2.400	0.814
Czech Republic	1.739	2.337	0.598
Sweden	2.416	2.170	-0.246
Ireland	2.581	2.053	-0.527
Russian Federation	1.322	1.807	0.485
Hungary	1.372	1.543	0.172
Norway	1.086	1.242	0.156
Denmark	1.384	1.220	-0.164
Korea, Rep. of Korea	1.371	1.198	-0.174
Slovakia	0.693	1.116	0.423
Finland	1.158	0.933	-0.225
Turkey	0.777	0.872	0.096
India	0.377	0.723	0.346
Singapore	0.791	0.721	-0.070
Portugal	0.628	0.602	-0.026
Romania	0.324	0.587	0.263
Malaysia	0.563	0.570	0.007
Algeria	0.483	0.566	0.083



Germany is on the first rank with its 17 percent of share from the qualified good import of Europe and we can also see China in the second rank with its 7.74 percent share. Turkey is the 22nd in this table with its 0.87 percent share from the qualified good import of Europe. Rivals of Turkey which are Czech Republic, Poland, Hungary and Slovakia have bigger share from this qualified goods import in Europe. Other countries which are better than Turkey are developed countries as in Table 8.

What should we understand from these results? First of all, while increasing the qualification of our export goods, we would be better in rank of getting share from the qualified good import of regions in the future. However, on which region we should focus? In MENA region, developed countries are on the upper ranks and they get bigger share from qualified good import of MENA. In the beginning, it could be difficult to compete with them for Turkey since they have much greater EXPY values than Turkey has. On the other hand, in Europe region not only developed countries are on the upper ranks but developing countries also have better ranks than Turkey. In MENA, there is 61 percent in which countries have better share values than Turkey but in Europe this value is equal to almost 82 percent. Therefore, in the beginning, it could be easier to take role in Europe market for Turkey since there are bigger opportunities as we have mentioned in the previous sections with looking at the volume of import.

Additionally, developing and rival countries of Turkey such as Czech Republic, Poland, Slovakia and Hungary seem to be better than Turkey in the subject of getting share from the qualified good import of Europe. For this reason, if Turkey focus on increasing its qualification level of export in Europe, it would be more beneficial in order to achieve the competition with its rival countries. In this circumstance, it should not be forgotten that

the demand of Europe is more qualified than MENA. Therefore, with focusing on Europe market, EXPY level of Turkey could also be increased.

Conclusion

In this study, with the motivation that is gathered from *What You Export Matters*, it is tried to discuss if where we export matters. First of all, it is mentioned that export is being more important with development of the international trade and globalization. There could be some intervals in which countries have to struggle with the lack of domestic demand. In these terms, foreign demand takes the role of the domestic demand and if the country could achieve to export, this export can lead the growth rate up.

After that, it was analyzed that how the import design of the regions in the world, especially designs of MENA and Europe, and the export design of Turkey vary. It is found out that while the IMPY values are higher in MENA and Europe, Turkey cannot export as qualified as it should do since the EXPY value of Turkey is much smaller than the IMPY values of MENA and Europe. The essential point in this section is that if a country would like to be in an economy, it should fulfill the demand structure of its partners. Therefore, Turkey should begin to work with increasing its EXPY value. In order to do these analyses, it is utilized from EXPY and PRODY concepts and created a new concept which is called IMPY and tells the import qualification level of a country.

After these analyses, it could be said that since we cannot be as good as Europe regarding to EXPY and IMPY values, MENA is being our new trade market with lower EXPY value than Europe. It is well known that there are good qualification standards in developed markets such as Europe. Therefore, because exporters in Turkey have difficulties to fulfill these standards, they lead to





new markets which have less qualification standards. In these new markets, countries could export with their current production facilities, so there would be no reason to try being more qualified. However, it is really dangerous for countries to be stuck in a loop of being unqualified.

It is also discussed in the study that Europe market has bigger opportunities for developing countries because import volume in Europe is greater than other regions. It is a really good idea to focus on exporting to Europe and getting share from these big opportunities. However, the alternative cost of getting share from these big opportunities is catching the standards what Europe market demands. Since export concept is very important for the international trade and economy policy of Turkey, it would be really good to compete in Europe market and try to get share from that \$4-billion-import-volume. However, in order to achieve this, Turkey should increase its EXPY values and standards in exporting with going on to take active role in Europe.

In the study, it is also stated that how the countries get share from the total and total qualified import volumes of MENA and Europe regions. Tables for MENA show us Turkey has pretty important role in this economy although it is not adapted with the import design of MENA. In order to convert this condition to an advantage, Turkey should increase its EXPY values in MENA. Tables also show us that rivals of Turkey have better place in trade in Europe. Countries such as Hungary, Czech Republic, Slovakia and Poland have better share values from import and EXPY values. That means they export more qualified goods to Europe which are more adaptable with the import design of Europe. As mentioned in the study, it would be better to begin with competing with these developing countries in Europe rather than competing with developed countries in MENA market. Thus, there would be chance to increase

EXPY values while being in a qualified market such as Europe as competing with the rivals and getting more shares from the whole economy.

Besides, it is also found from the analyses during this study that a country which is able to provide the qualification standards of qualified markets such as Europe could export to anywhere with its qualifications, thus it is a chance for this country to increase its export volumes.

For all these reasons, in this study, it is claimed that where the country exports matters. If the country focuses on qualified markets with the effort of increasing its own qualifications, there would be more opportunities for this country to gain from the benefits of the international trade.

Every region and market has different qualification levels and it is the choice of countries' policy makers which market or region should be target. Taking role in a qualified market with having high qualification standards could lead the country to export to other markets easily as well. On the other hand, trade volume of these markets should also be focused on, so that is why it is claimed in this study that where you export matters.

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