

Transportation Infrastructure, Trade Facilitation and Export Variety in Turkey

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Abstract:

Recent empirical research in international trade emphasizes the effects of logistics performance on trade. Transportation infrastructure and logistics services facilitate international trade, and they have an important role in the growth of a local economy. Logistics provide the inter-sectoral links within the local economy on the one hand, and it connects the domestic economy to the international economy on the other hand. Moreover, the trade performance of a country depends on the quality and efficiency of logistic infrastructure. This paper examines the impact of transportation infrastructure on the exports margins of Turkey. To this end, initially, Turkish exports dataset composing HS-6 digit product level statistics for the period 2007-2016 with approximately 200 countries is decomposed into extensive and intensive margins by using the method of export shares developed by Hummels and Klenow (2005). Then, the effects of logistic performance indicators on both extensive and intensive margins are identified with the Gravity model. This study contributes to the literature by analyzing the effects of various indicators of transportation infrastructure on export margins by using product level data for Turkey. The estimation results will reveal the role of transportation infrastructure in promoting export variety in Turkey. The findings will provide some critical insights for trade policy with special attention to transportation infrastructure.

Keywords: Trade Infrastructure, Trade Facilitation, Export Margins, Turkey

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