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ECONOMIC RELATIONS BETWEEN PAKISTAN AND TURKEY IN A GLOBALIZED WORLD

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Abstract

The phenomenon of globalized world deals with the intensification of integration among states due to interdependence. It requires non-discriminatory trade relations through liberalization and democratization to strengthen global village. Furthermore, the market forces demand the state actors to extend cooperation for fostering economic ties while creating regional harmony. Mutual trade among states bolsters multilateralism and trans-nationalization. These economic patterns reinvigorate globalization. This article illustrates the fundamental pillars of economic globalization based on comparative advantage and relative gains. Multilateral trade under institutional and Gramscian paradigms acknowledges smooth diplomatic ties among state entities. This research provides theoretical parameters regarding the transformation of old trade patterns into new ones. It is perceived that global trade is reinvigorated by shared values of collectivism and universalism. Along with the conceptual framework of globalization, this article explicates the operational dynamics of new spirit of trade relations between Pakistan and Turkey. It contains quantitative methods of descriptive and historical analysis, expert interviews and secondary sources. This research envisions the possible outcomes of regional economic hubs procuring conducive environment for earnest economic integration.

Keywords: Globalization, Comparative Advantage, Cluster Industries, Competitive Advantage, Pakistan, Turkey, Economic Relations

1. Introduction

Globalization has been exacerbating economic exchanges among states. The hyper globalizers emphasize that international capitalist order is a self-regulatory system based on free riders. It needs adequate and efficient market forces to function without any restraint. Widespread interconnected market economy induces the states to come closer to each other and contribute to multilateral trading system. In this context, Pakistan and Turkey have a long history of strong economic ties. Although there has been volatility in their terms, the leadership from both sides had been committed to continue to raise volume of trade. Both Pakistan and Turkey remained intact through CENTO, RCD and then ECO in order to maintain economic, security and cultural collaborations. In terms of trade and economic development, Turkey is considered among upper middle-income states where the per capita is \$ 3,831. Turkey lies between developing and developed states. It is included in MINT¹ category of states, having well –emerging economies.

¹ Mexico, Indonesia, Nigeria, Turkey. GDP of Turkey is \$851.1 billion.

On the other hand, Pakistan is having \$ 1,513 per capita income and included in low-income countries in the world.

The aim of this study is to highlight the validity of global economic order, to explicate comparative and competitive advantage mechanism to elucidate the diverse trade patterns, to analyze Pakistan-Turkey economic relations and their relevance in the present globalized world, to scrutinize the fundamentals of trade exchanges between both Muslim states, and to explore new avenues for more economic engagement in multiple sectors between Pakistan and Turkey.

This article substantiates the following research questions: Does globalization anticipate reciprocal trade to abolish discriminations in the world system? Did the new wave of globalization transfigure the trade patterns in the post-cold war era? Have Pakistan and Turkey established economic linkages on sound basis? What are the apprehensions on both sides regarding trade partnership? Which areas could be reconnoitered to extend trade between Pakistan and Turkey?

2. Literature Review

In the present age, the phenomenon of globalization transformed the introvert societies into well-knitted global village. In a due course of time, non-state actors gained much more significance with the extinction of geographical constraint. Technological advancements compressed the borders of the world. Conversely, it is perceived that state plausibly intervenes in economic policies i.e. industrialization, investment opportunities, fiscal control to ensure sustainable development (Snarr and Snarr, 2005).

Different paradigms perceive globalization in terms of its weaknesses and strengths. Liberalists are of the view that the forces of globalization relegated the role of state as a unitary actor in world politics, rather it is undermined because of the overwhelming trans-nationalization (Amstutz, 1999). Moreover, the proponents of world system theory advocate that globalization is just an extension of capitalism. It is not a symmetrical economic order but it accentuates gulf between core and periphery. While contrasting to liberalists, the realist exponents rationalize the wide ranging viability of the state (Haq, 2004). However, the trends of cosmopolitanism and democratization revolutionized the world with the amalgamation of state and non-state actors. Silicon revolution created wider possibilities for free flow of money, goods and information.

Globalization is also concerned about inter-regional and intra-regional trade because of the relative gains and comparative advantages for the states. Currently, the co-relation between geography and economics has become quite pronounced. In this connection, Krugman (1991) emphasized regional hubs for industrialization. It leads towards clustering of geographies and industries in order to foster trade integration. Regional economic integration needs even development on the part of states. Similarly, strategic economic growth depends upon oligopolistic policies and externalities by the states. In fact, globalization germinates compression of national economies through competitive advantage. Here, states are more prone to localization of industries for nurturing economic hubs to ensure sustainable growth.

New trade theory in a globalized world encompasses upon extending co-operation among industries between parallel states. It enhances the returns for multilateral trade through economies of scale. This notion is distinct from traditional conception of comparative advantage. It also bridges the gap between trade theory and location theory. According to new patterns of trade relations, transportation cost gets reduced and supply of goods becomes easier. New model of trade development is visible in the current world like CPEC (China Pakistan Economic Corridor) which enhances the manufacturing belt in Asia. It shows that regions have become more substantial than nation states (Brady, 2007). Diverse regions are getting agglomerated to proliferate industrial specialization. Peripheral economies accelerate backward linkages and gradually forward linkages while modeling market structures.

Under new trade theory, the cost advantages are measured in terms of the amount of output produced. Business entities become able to mitigate their extravagance and per unit cost

while achieving economies of scale. Side by side technological and commercial externalities² secure prominent place in the present day multilateral trade system. Externalities take place when there is imperfect competition in the market or the firms lose their demand linkages. In this situation, technological spillovers occur to modernize industrial sector and enhance the market size. It further brings about stable and rational aggregate results of industrial output. Apart from it, regional economic integration has two dimensions in accordance with the core-periphery relation.

New patterns of trade focus on the interaction between core and periphery in a distinct way. The paradigm of new economic geography explains the existence of two forces: centripetal forces, which creates opportunities for firms to utilize backward and forward linkages with the availability of material resources and markets. Then, centrifugal forces which contain the concentration of economic activity i.e. impedance to traffic flow gridlocks, market congestion etc. Increasing competition compel the business entities to divert to the peripheries. It also facilitates them for having low cost of transportation and labor. Therefore, locational incentives induce the business activity and generate more feasibility for scale economies. Nevertheless, the local communities also become the beneficiary of new commercial liaison.

Moreover, peripheries offer tax exemptions and subsidies to the firms due to agglomerations of the cities, states or regions. National governments also strive for making symmetrical economic development to meet the challenges of modern time. They endeavor to avoid negative implications of urbanization through even developmental strategies and expansion in job market. Even local bodies take advantages of this economic growth. Although peripheries are more prone to diversities, socio-economic, political or cultural cleavages but the prevailing trends of cluster industries augment business networks at the grass root level (Martin and Sunley, 1996). It creates possibilities to enhance the potential of the location and more co-operative activities.

In fact, competitive advantage approach to new trade relations among states has come up with the commercial linkages and presumably more dynamic interaction between core and periphery. In this backdrop the fruits of industrial development trickle down to the local level and engender fiscal globalization. Regional governments keep on making arrangements to attract new manufacturing hubs. There is one school of thought which refers to the optimistic framework of regional interconnectedness with the convergence of peripheral economies into core ones. As European Union maintained the equilibrium to reduce imbalances across Europe (Andrew and Feiock, 2010). But the other side of economic configuration anticipates more complexities between developed and developing economies.

Having said that the consequences of economic globalization are more significant to address. The analysis of the recent history shows that there are few states who could be able to be the beneficiary of the process of globalization. The majority of the states in global south have been the losers (Kavalski, 2015). There are multiple factors responsible for the backwardness of the states in a globalized world as if they do not opt comprehensive and transparent taxation policy. States need to create conducive environment to promote economic activity. Then, the management of macro-economic indicators matters a lot on the part of the states to ensure the free flow of money and removal of all sorts of constraints.

Similarly, globalization can better be relished by the states through the policies of de-nationalization. It needs more decentralization and devolution of powers from state level to the main drivers of globalization i.e. MNCs, TNC etc. State institutions are supposed to elevate the process of the dispersal of powers to accommodate the forces of internationalization. Moreover, globalization has some negative implications for established democracies as well. The mobility of labor from global south to global north brought demographic change in affluent states. Mostly in European states and U.S., there was a growing trend of nationalistic forces recalcitrated the immigrants from their societies. Conventionalism is also evidently reviving in a form of BREXIT in E.U (Pooch, 2016). In fact, 'modalization' (French term used for economic globalization)

² Externalities are of two types: financial and technological. Financial externalities refer to the increasing market sizes to enhance profit margin for business firms, while technological externalities encourage innovation in industrial sector.

which originated from Europe and North America, transformed this world into a borderless globe forged uneven impacts upon states. It caused global migrations and somehow issues of securitization. Anomic groups were also facilitated by technological innovations and challenged the territoriality and sovereignty of states. Tremendous connectedness brought about acculturation.

Although intense convergence modernized infrastructure and means of communication, it also strengthened regional forces. There is perceived threat to regional identities, cultural attributes and religious values. The compression of the world resulted into the emergence of imagined political or ethnic communities. Regionalism gets surged to obstruct the global drivers of change. The new pattern of trade under the consistent process of globalization germinated the fear among poor states about the harmonization of the world system by the major powers. The peripheral strata of the world pose reaction against the neo-imperialism in the name of globalization.

The globalization postulate consumerism and capitalism essential for modernization while the proponents of regionalism are of the view that the heterogeneity of state actors cannot be diffused in a melting pot of westernization. Homogenization of the entire world stigmatizes global controversies. Hence, the ontology of globalization contains multifaceted implications for economic, political, and cultural entities in the present world. It maintains the mobilization of resources, hybridization of civilizations, and refinement of ideas and deterritorialization with the shrinking of physical border. Most prominently, its economic dimension is all-pervasive encircling the variety of subjects (Ahmad, 1981). Globalization is sometimes belittled due to its weaknesses and skeptical accounts. It is assumed as redundant by cynics because it undermines the relevance of states which is a fundamental unit of analysis in the international system.

3. Methodology

This paper pertains qualitative research design to expound the basic ingredients of global economic order. The theoretical and descriptive analysis of trade patterns focuses on the linchpin of globalization. The review of secondary sources brings into limelight the modification in the structures of trade. The case study of Pakistan and Turkey economic relations postulates causal dynamics in the context of globalization.

Table 1 comprises the themes for expert interviews to collect primary data. On the basis of above mentioned themes, semi-structured interviews were conducted. From the available population in Pakistan aligned with economic sector the convenient sample for experts contains representatives from Trade Development Authority Pakistan, Trade and Commerce Ministry and Lahore Chamber of Commerce and Industry. The demographic profile is given in Table 2.

Table 1. Themes for Interviewers

No.	Major Theme	Sub Theme
1	FTA between Pakistan and Turkey.	1. Current developments under FTA. 2. Future prospects.
2	Trade avenues between both the states under new global patterns.	1. Trade surpluses and deficits between both economies. 2. Propositions for trade enhancement.

Table 2. Demographic Profile of Respondents

Code No.	Trade Development Authority, Pakistan.	Code No.	Trade and Commerce Ministry, Pakistan	Code No.	Lahore Chamber of Commerce and Industry
1	Assistant Manager, Regional Office, Lahore.	2	Retired Federal Secretary	3	Retired officer for import & export

4. Historical Background

4.1. Economic Ties between Pakistan and Turkey

The successive governments in Pakistan always praised the magnificent past of Turkey. Both the states have a long history of amicable bilateral trade security and cultural relations. They joined Baghdad pact during the initial years of cold war to counter Russian Communism. The spectacular development took place when Pakistan, Iran and Turkey established Regional Cooperation for Development (RCD) in 1964. Under RCD forum, multiple projects were initiated i.e. reduction in the charges of phone calls, visa relaxation, joint ventures in aviation and joint shipping routes. Meanwhile, Pakistan's jute export to Turkey reached up to 85 percent of total trade. Side by side, both Pakistan and Turkey enhanced their trade in chemicals, petrochemicals and oil exploration during 1970s. Moreover, all the member states of RCD mutually decided to reduce tariff for promoting constructive economic engagement.

During 1977, RCD agreements, Pakistan – Turkey exports in surgical instruments, caustic soda, glycerin, castor oil and products of stainless steel etc. showed great progress. In March 1977, a "joint commission for Economic and Technical Co-operation" was set up for both states in order to facilitate more trade opportunities while giving low tariff incentives. Apart from it, two important developments occurred during 1980s. First, there was an apprehension on both sides to cut down the transportation cost of tradable goods because mostly it was carried out by air. In this regard, shipment facilities via Gulf Ports were reconnoitered. Second, Turkish government provided fifty million \$ credit on easy terms for amplification of trade. There was another notable joint venture between NESPAK (Pakistani Company) and TUMAS (Turkish Firm) in 1982 for exploring new avenues in the engineering sector.

In addition, the exchange of visits by Pakistani and Turkish presidents reiterated the commitment to increase trade potential (Zia –ul- Haq was President of Pakistan and Kenen Evren was Turkish President during 1980s.). Both countries also agreed to reduce bilateral post and telegraph fees to escalate telecommunication. New patterns of international trade, preferential trading agreements and trends of custom unions during early 1990s led the member states of RCD to reinvigorate this forum. Then, RCD was transformed into Economic Cooperation Organization (ECO) incorporating central Asian States (Afghanistan, Azerbaijan, Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan) along with its original members. ECO stressed on long-lasting developmental projects through trade liberalization. In this connection first meeting was held in Tehran in 1992 where the membership was extended and they all committed to strengthen preferential trade. Moreover, 1993 ministerial meeting in Baluchistan became quite significant regarding the co-operation among member states in the areas of energy, transportation, industry, communication, tourism and agriculture.

Under ECO Iran, Pakistan and Turkey launched insurance company to provide liquidity in times of crises to prevent the balance of payment deficit. Another important initiative was taken while setting up the ECO development Bank to boost the credit service. In 1992, Turkish P.M Suleyman Demirel visited Pakistan to sign Memorandum of Understanding (MOU) for mutual collaboration in trade sector. 1993 was the year when Turkish Construction Companies i.e. STFA got multiple projects which were completed till 1998. These included Indus Highway, Lahore Bypass, Jinnah Naval Complex. Then in 1994 consortiums were established in banking sector of both Pakistan and Turkey. The construction of Ghazi Brotha Dam in Pakistan was also given to Turkish Company.

Tables 3 and 4 show that during 1990s Turkey had been a major trading partner of Pakistan. Afterwards under military rule in Pakistan since 2000 onwards, the economic ties with Turkey were growing well. There had been several top-level exchanges between the leaders of both the states.

Table 3. Pakistan Turkey Trade Volume

Years	Export from Pakistan to Turkey
1990-2000	\$ 0.099 million – \$ 0.169 million
	Import from Turkey to Pakistan
1990-2000	\$ 0.059 million – \$ 0.295 million

Source: Karachi Chamber of Commerce and Industry Research (2000)

Table 4. Pakistan Turkey Trade Volume (Years – 1998-1999)

Turkish investment in infrastructure projects in Pakistan	\$ 1.6 billion
Trade volume between both states	\$ 133 million

Source: Karachi Chamber of Commerce and Industry Research (1999)

In the year 2000, Turkish ambassador Candam Azer inaugurated “Chasma Right Bank Canal Project” which was accomplished with the co-operation of Turkish firm. Furthermore, Turkish leader Erdogan during his visit to Pakistan in 2003 signed three MOUs for road construction, elimination of drug trafficking, etc. Besides all these commercial engagements, “joint investment company” started working in 2004 to provide more investment opportunities with the initial amount of \$ 25 million. The offices were organized in Karachi and Istanbul. In addition, both states developed preferential trading agreement for subsidiary exemptions. Then, in 2005 Turkey offered a package of \$ 150 million for the earthquake affectees. Turkish companies also contributed for the rehabilitation and reconstruction of the affected areas.

4.2. Economic Relations between Pakistan and Turkey

Muslim brotherhood and forces of globalization always contributed to continue economic exchanges between Pakistan and Turkey. Although Pakistan’s pace of economic development has been meager as compared to Turkey but still both states realize their potential to pragmatically extend transnational co-operation. During PPP government under the presidency of Zardari (2008-2013) Pakistan government framed out several significant specifications regarding trade policy specially to mobilize resources for new investment. Despite this comprehensive trade related options and feasibilities, Pakistan government could not operationalize most of them because of the precarious political and security conditions under counter-terrorism moves.

As this article envisages the contextual analysis of new trade patterns based on economies of scale and cluster industries, Pakistan and Turkey have been exploring areas of co-operation in terms of trade. Both states need to review their trade options for expansion under the new trade environment. This is not only important for increasing bilateral trade rather enhancing their share in global economic activity. Turkey is obtaining 50 percent share of her GDP from global trade while Pakistan is having 25 percent to 30 percent. These comparative statistics retrospect that while hatching economic agglomeration, both states can achieve competitive advantages in a globalized world. Although Turkey is securing more advantageous position due to custom unions in European region.

Turkey is having 75 percent to 80 percent trade with Europe. But Pakistan could not avail such trade incentives in South Asian region due to prevailing economic heterogeneities, political and ideological incompatibilities, ethno-nationalistic tendencies, issues of terrorism and cultural contraventions, etc. Even Pakistan and India are having reservations regarding Most Favored Nation (MFN) status under World Trade Organization (WTO) which is another stumbling block in regional trade. Therefore Pakistan needs new economic zones and trading liaisons to emphasize mutual area of co-operation. As Turkish Prime Minister Erdogan visited Pakistan in 2009, he committed to initiate maritime and road transportation between both states. In this connection, container train service was launched via Iran in 2009. Here Pakistan railway is supposed to deliver her best for the smooth operation of goods train under ECO agreements.

Then the series of MOUs were also signed in 2010 for breeding trade in food processing, growth of seeds, fruits, cash crops etc. as Pakistan being as an agrarian economy could be able for the enlargement of agricultural sector. Both states endeavored to diversify

their trade areas ranging from agriculture to oil and chemicals. However, the prices of Turkish finished products are higher than Pakistani goods. Both states signed preferential trading agreement in 2011 in order to develop compatibility with the emerging forces of new patterns of economic integration. At the same time, trade negotiations and consultations continued in the top decision making body between Pakistan and Turkey, namely HLCC (High Level Co-operation Council), to identify the obstacles in commercial fields. The policy makers from both sides stressed on investment portfolios and the enhancement of private sector. Over a period of time Pakistan Trade and Investment Policy outcomes also precipitated due to the absence of socio-economic stabilization and securitization. Consequently, Pakistan and Turkey did not make reasonable progress in trade during 2011-2012. Moreover, Turkey imposed anti-dumping duties on certain Pakistani items³. Apart from it, the international safeguards against certain cotton fabrics also caused to reduce Pakistani exports. There was \$ 1 billion Turkish investment in Pakistan. Furthermore, Pakistan imported more products as compared to extend her export market in Turkey. After PTA trade volume got increased but Turkish imports to Pakistan raised up to 62 percent.

Similarly, if the performance of Pakistan under other free trade agreements is analyzed then free trade agreement with Sri Lanka has been relatively beneficial during 2004-2014 with the increase in trade surplus, otherwise free trade agreement with China and Malaysia increased trade deficit 112% and 48% respectively during the given time period, especially heavy import of palm oil (was the 60 percent of total imports) from Malaysia.

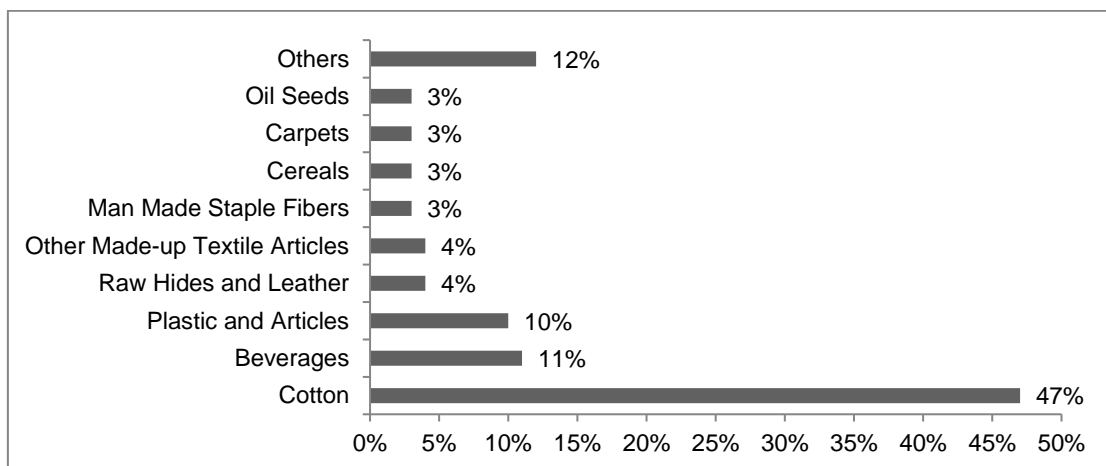


Figure-1. Pakistan Exports to Turkey – 2014

Source: Karachi Chamber of Commerce and Industry Research (2014)

³ Wall – Split air conditioners.

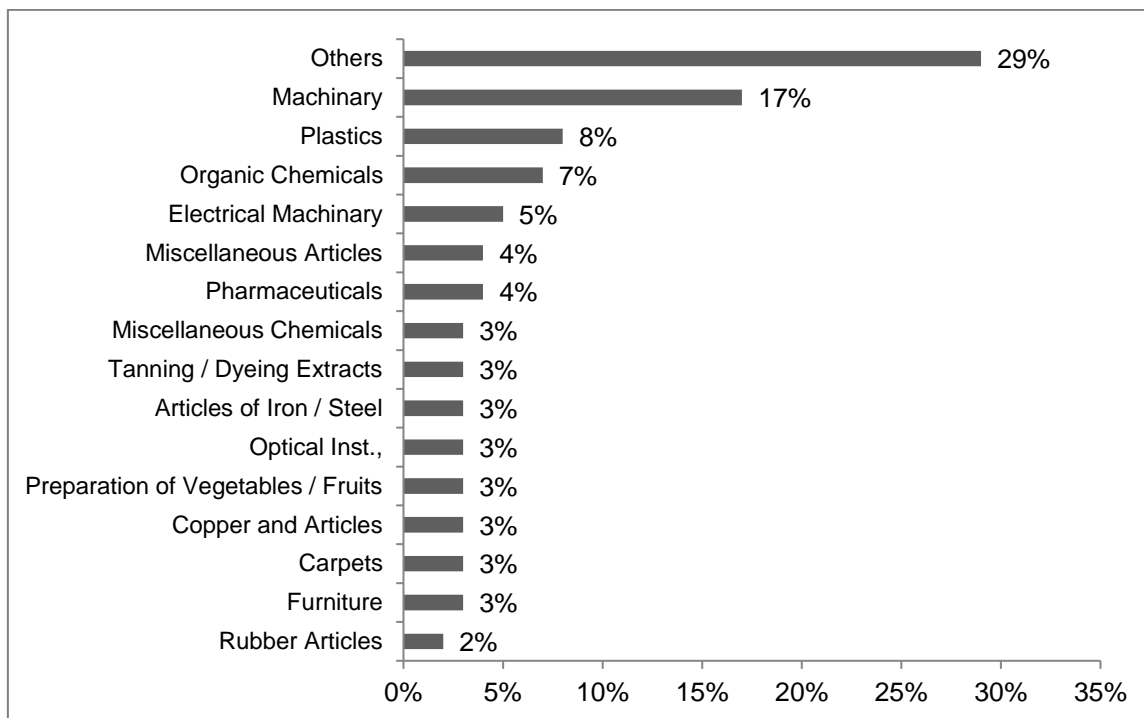


Figure 2. Pakistan Imports from Turkey – 2014

Source: Karachi Chamber of Commerce and Industry Research (2014)

During 2014, Figure 1 highlights the upward trend in Pakistan's exports to Turkey. The ratio of Pakistani exports grew up only in certain specified areas. While Turkey's export to Pakistan kept on getting more diversified as showed in Figure 2. In fact, Pakistani traders required to follow paradigm shift and gradually lean towards exploring more export market in Turkey through value addition (Gul, 2014). The estimate statistics during 2009-2016 regarding socio-economic indicators show volatility in Pakistan as population increased from 167.1 million to 193.2 million while in Turkey it was 71.3 – 79.5 during the said time period. Then, trade percentage of GDP has been 32.1 percent to 25.1 percent in Pakistan but in Turkey, it was relatively high from 45.9 percent to 46.8 percent. Similarly till 2016 Pakistan had \$ 19.7 billion total reserves while Turkey had 92.1 billion foreign currency reserves much higher than Pakistan. Therefore, Pakistani currency has been much weaker than Turkish Lira due to its consistent depreciation.

Although there has been internal chaos due to Kurdish issue and tension between civil military relations in Turkey, strong and committed leadership could be able to sustain political and economic progress. In contrast, Pakistani leadership (Sharif family) was under stress due to Panama corruption cases. 2017 was the year when Pakistani Prime Minister Nawaz Sharif was deposed by Supreme Court on charges of corruption. The overall public demonstrations, protest and continuous wave of sit in politics caused uncertainty and perplexing situation for trade and investment. Unstable political and economic conditions led to increase in trade deficits. Imports got increased and export down slided. Bilateral trade figures between Pakistan and Turkey justified the prevalent scenario because Pakistan's export did not show any progressive trend due to market imperfections and inefficiency on the part of Pakistani traders. While Turkey's export to Pakistan during 2015-2016 kept on increasing from \$ 287 million to \$ 347 million.

Even textile, the linchpin of Pakistan's industrial sector, has been underperforming and declined from 2.2 percent to 1.7 percent to world market during last few years due to the lack of modern technology and short of investment. Pakistan is also lagging behind the South Asian and South East Asia economies in terms of their contribution to global market, as it is highlighted in Table 5.

Table 5. Textile industry

States	Year 2010	Year 2016
Vietnam	\$ 15.2 billion	\$ 31.5 billion
Bangladesh	\$ 19 billion	\$ 31 billion

Source: Karachi Chamber of Commerce and Industry Research (2016)

In order to uplift textile sector, there is a need for more research and innovation and new production techniques. Pakistani traders have potential markets in Turkey for their goods like surgical equipment, milled and polished grains or rice, chemicals and dry fruits. As Turkey has been importing polished rice worth \$ 0.077 million during 2017-18 annually from world market but Pakistan is exporting rice worth only \$ 5,628 million to Turkey. Similarly, there is more space for increasing the export volume of dry fruits dates and chemicals as Turkey's total import of chemicals is approximately \$ 167,927 million annually from other states but Pakistan's export to Turkey is only \$ 0.479 million (Murad, 2018). Furthermore, the statistical analysis indicates that the rice export ratio to Turkey from China, India, and Thailand during 2017 has been \$ 8,552 million, \$ 10.720 million and \$ 1,758 million but Pakistan's contribution was only \$ 1,211 million.

In addition, Pakistan is still lagging behind in apparel export to Turkey. During the year 2017, Bangladesh was the highest exporting country to Turkey for cotton products (i.e. trousers, bib, overalls, shorts etc). Among all the South Asian economies, Bangladesh with \$ 40,111 million trade in the above mentioned items was a leading state while Pakistan was having \$ 9, 106 million. Pakistan traders are facing a tough competitive environment due to strong strategic trading partners of Turkey in Asian market. Therefore, there is a need for more value addition, product sophistication and international standardization to meet the challenges of globalization. Substantially, the export promotion bureaus along with trade and commerce ministry in Pakistan have more opportunities for capacity building and competitiveness.

5. Qualitative Analysis of Interviews

5.1. Theme-1: FTA between Pakistan and Turkey

R₁

The respondent envisaged in the context of FTA that Pakistan – Turkey economic relations have been reoriented during the recent visit of Prime Minister Imran Khan to Turkey on 3rd January 2019. Leadership from both sides committed to enhance co-operation in trade, housing, tourism. Imran Khan offered Turkish construction companies to invest in Pakistan. He magnified the tourism industry along with its religious and historical significance in front of Turkish community.

R₂

The respondent expressed strong resolve of the new leadership to continue for fostering new economic zone and FTA in the region with regard to CPEC. Although Pakistan – Turkey could not have convenient transportation mechanism due to geographical distance but Chinese initiatives One Belt One Road (OBOR) in Pakistan would generate new trade avenues through better communication means.

R₃

It was highlighted that Pakistan and Turkey have been amicable trading partners as Turkey initiated bus project and assisted for Metro bus service in Pakistan. First agreement was signed in 2013 under which Turkish firms provided all possible support for the construction of Metro stations. This mega project was started in Punjab under the former chief minister Shahbaz Sharif. It was highly subsidized transport service launched to facilitate the masses.

5.2. Theme-2: Trade avenues between both states under new global patterns

R₁

The respondent gave his perspective in the light of PM's recent visit to Turkey that Imran Khan endeavored to reinforce Free Trade Agreement to create new vistas of mutual co-ordination specially outsourcing for renewable energy sources and mineral exploration. There is also a need for the consultation over the issue of tariffs on certain goods in order to avail opportunities under FTA.

R₂

Regarding Pakistan's economic strength and dependence on foreign loans, the second respondent emphasized that Pakistan needs to learn lesson from Turkey about how she could be able to get rid of IMF and raised her export potential from twenty seven billion dollars in 1998 to one hundred and fifty seven billion dollars in 2018.

R₃

Third respondent shared his expectations from the recent visit of Imran Khan to Turkey that the new government seems to create grounds to take bilateral relations to a maximum level through mutuality and trust above from persona politics. The government can take promising steps for conducive environment in Pakistan while taking the business community into confidence and giving assurances to protect domestic industry as well.

6. Conclusion

In fact, globalization gave new orientation to international trade and transformed traditional practices into new ones. Although new trends spawned non-state actors in global economy, states are still considered as the rational actors to regularize the system in order to continue the harmony between agents and the structures. In this context, Pakistan and Turkey trade relations are analyzed for fostering new economic zones in the region. Both states are having a marvel history of brotherhood and religious affinity. The new emerging opportunities of trade between Pakistan and Turkey are significantly strengthening these historical ties. This would provide the prospects of a broad market for exports and value potential addition to Pakistan as Turkey is a larger market for Pakistani export as compared to India. It is a matter of fact that Pakistan's exports are largely characterized by low value added products. Profile is relatively stagnant and Turkey consistently extended its imports and exports with its civilized portfolio with high value added products. The analysis of prospects of Pakistan and Turkey trade suggests that Pakistan can greatly achieve by considering Turkey as an export and import market. Keeping in view of the size of Turkish economy, large gain can be achieved by Pakistan which is evident by the Pakistan trade surplus with Turkey in previous decade. On the other side, portfolio imports from Turkey also remained stable which provide the positive gain to the both countries.

However, it is important to note that Pakistan and Turkey have some similar export items with low and high value added products respectively which can lead to engage both states in production sharing agreement and joint ventures. Though these potential collaborations with Turkey, Pakistan can get significant opportunities to access the market of the Central Asia and Europe. These potential joint ventures of Pakistani and Turkish firms in these markets can produce definitely great magnitude of advantage to Turkey. However, the share of gain would also be significant in the context of comparative advantage. Keeping in view the trade volumes of both states, it is clear that Pakistan needs more to advance the relationship to maximize its substantial gains. In fact, both states need to enhance potential for trade and investment to get well-equipped in a globalized world.

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