

## **Trade Liberalization and Balance of Payments in Turkey: An Econometric Approach**

Rana Atabay Baytar (Istanbul Commerce University, Turkey)

Osman Kucukahmetoglu (Marmara University, Turkey)

In line with the trade liberalization in Turkey, economy was opened to foreign competition after 1980 and abandoned the strategy of import - substituting industrialization which applied pre-1980, adopted and encouraged export-oriented industrialization strategy. According to the model which is developed by Thirlwall and known as "Thirlwall Law", the increases in foreign demand for a country create a positive impact on balance of payments by increasing exports. This paper uses a panel data analysis to estimate the impact of trade liberalization on balance of payments in Turkey for the period of 1980-2011.