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BREXIT Sonrası Dönemdeki Türkiye-İngiltere
Arasındaki İkili Ticaretin Değerlendirilmesi

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BREXIT Sonrası Dönemdeki Türkiye-İngiltere Arasındaki İkili Ticaretin Değerlendirilmesi

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Abstract: Turkey has been in search of deepening relations with its second biggest trade partner, the United Kingdom (UK), since the beginning, but especially after the BREXIT. In this regard, BREXIT has potential to be an accelerating factor on the bilateral relationship between Turkey and the UK, especially following the Free Trade Agreement signed in 2020, even after the COVID-19 pandemic crisis in 2020 that dramatically affected all over the world. The aim of this paper is to analyse the major patterns in bilateral trade between Turkey and the UK as well as the major political developments in order to shed some light to the ways of maximising mutual benefits by exploiting the existing economic (particularly trade) potential between the two parties and especially to investigate whether the BREXIT can have such potential in accelerating the bilateral trade relationship with a comparison with the European Union (EU). In the analysis part, post-BREXIT period of Turkey-UK economic relations is compared with the pre-BREXIT period in terms of total trade, export and import by using original figures and tables. In addition, the comparison of the EU-UK trade relations is done for the relevant periods.

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In this regard, it is found out that BREXIT with the relevant Free Trade agreement signed between Turkey and the UK has potential to accelerate the existing trade relationship between the parties.

Keywords: International economics, international trade, BREXIT, Turkey, the United Kingdom.

Öz: Türkiye, başlangıcından bu yana, özellikle BREXIT'ten sonra ikinci en büyük ticaret ortağı olan Birleşik Krallık (BK) ile ilişkilerini derinleştirme arayışındadır. Bu bağlamda, BREXIT, özellikle 2020'de imzalanan Serbest Ticaret Anlaşması'nın ardından, 2020'de tüm dünyayı dramatik bir şekilde etkileyen COVID-19 pandemi krizinden sonra bile, Türkiye ve BK arasındaki ikili ilişkilerde hızlandırıcı bir faktör olma potansiyeline sahiptir. Bu makalenin amacı, Türkiye ile BK arasındaki ikili ticaretteki başlıca kalıpları ve aynı zamanda başlıca siyasi gelişmeleri, karşılıklı yararları en üst düzeye çıkarmanın yollarına biraz ışık tutmak için iki taraf arasındaki mevcut ekonomik (özellikle de ticari) potansiyeli araştırarak analiz etmek ve özellikle BREXIT'in Avrupa Birliği (AB) ile karşılaştırmalı olarak ikili ticari ilişkileri hızlandırmada böyle bir potansiyele sahip olup olmadığını araştırmaktır. Analiz bölümünde, Türkiye-İngiltere ekonomik ilişkilerinin BREXIT sonrası dönemi ile özgün grafik ve tablolar kullanılarak toplam ticaret, ihracat ve ithalat bazında BREXIT öncesi dönemi karşılaştırılmıştır. Ek olarak, AB-İngiltere ticari ilişkilerinin karşılaştırması ilgili dönemler için yapılmıştır. Bu bağlamda, Türkiye ile İngiltere arasında imzalanan ilgili Serbest Ticaret anlaşması ile BREXIT'in, taraflar arasındaki mevcut ticari ilişkiyi hızlandırma potansiyeline sahip olduğu tespit edilmiştir.

Anahtar Kelimeler: Uluslararası ekonomi, uluslararası ticaret, BREXIT, Türkiye, Birleşik Krallık.

Introduction

Both the British and Turkish journeys on the way to the EU membership have not been easy, particularly when they are compared to the accession experiences of the other EU countries, also including the challenging Eastern enlargement when the EU welcomed the countries of Central and Eastern Europe in 2004 and 2007, respectively. After the establishment of the European Economic Community (EEC) by the 1957 Treaty of Rome, the UK has applied to become a member twice, both in 1963 and 1967. However, both attempts were vetoed by the President of France, arguing that the UK economy and particularly the agricultural sector, was not completely compatible with

Europe. In addition, it was argued that the UK had a 'deep-seated' hostile attitude to any pan-European project (BBC, 1976), which is kind of in line with the recent BREXIT² vote. In 1969, UK's application for membership was accepted in the third attempt, giving way to its membership of the EC on 1st January 1973 together with Ireland and Denmark (Europa, 2019a).

On the other hand, Turkey's EU journey has been even more challenging. The cooperation between the two parties started with the Ankara Agreement of 1963 and was developed further with the Customs Union (CU) agreement of 1995. In 1987, Turkey applied to join what was then the EEC, and in 1997 it was declared eligible to join the EU. Turkey has been negotiating its EU accession since 2005. In this regard, Turkey has been backsliding in the areas of democracy, rule of law and fundamental rights. In response, the General Affairs Council decided in June 2018 that accession negotiations with Turkey are effectively frozen (Europa, 2019b).

In the UK, as a result of the EU membership referendum of 23rd June 2016, England and Wales voted to leave the EU, whereas Scotland and Northern Ireland have voted to remain. The overall result was that 51.9% of voters were in favour of the Britain's exit of the EU, hence the BREXIT. Although Friday, 29th March 2019 was the date for BREXIT, there has not still been an agreement between the UK and the EU, concluding the details of an agreement. What is more, the members of the Parliament have been rejecting the Prime Minister Theresa May's proposed BREXIT deals over and over in the last couple of weeks as a result of 3 rounds of voting. This is why the debate around the new concept of 'no-deal BREXIT' has been popular, particularly in March 2019, weeks before the BREXIT deadline. Due to their BREXIT plans, the UK has been in search of new, potential trade deals with non-EU trade partners. At last, they made a deal with EU on the 31st of the January, 2020.

Turkey, on the other hand, is in search of deepening relations with its second biggest trade partner, the UK, after the BREXIT, which has potential to be an accelerating factor on the bilateral relationship, especially following the Free Trade Agreement between them signed in 2020 and started to be benefited since the 1st of the January, 2021, even after the COVID-19 pandemic crisis of 2020 that dramatically affected all over the world. In this respect, the aim of this paper is to analyse the major patterns in bilateral trade between Turkey and the UK as well as the major political developments in order to shed some light to the ways of maximising mutual benefits by exploiting the existing economic (particularly trade) potential between the two parties and to investigate whether the BREXIT can have such potential in accelerating

² 'BREXIT', a combination of the words 'Britain' and 'exit', refers to the name given to the departure of the UK from the EU (<https://www.government.nl/>).

the bilateral relationship with a comparison with the EU. After the introduction part, before the analysis, a brief historical trade relationship between the two parties and the current economic relationship focusing on trade before BREXIT is considered. In the analysis part, post-BREXIT period of Turkey-UK trade relations is compared with the pre-BREXIT period in terms of total trade, export and import by using original figures and tables. In addition, the comparison of the EU-UK trade relations is done for the relevant periods.

Turkey – Great Britain: Historical Trade Relations

In the late 19th century following the UK based Industrial Revolution, the bilateral economic relationship between Turkey and the UK was dominated by the bilateral trade integration between the two parties. However, such relationship was not an equal manner having stemmed from the economic power of the UK, emerged as the production base sustaining its raw materials from the rest of the world³. In this regard, in this era, the main exports of the Ottoman Empire were grains, fresh fruits and wool. From 1860-62 to 1880-82 the dramatic change was observed in total grains as they were declining from 34.50% to 9.50% and also in total wool, raw material of the cotton industry of the British economy in the 19th century, as it was increasing from 14.60% to 27.30%. When it is checked what Ottoman Empire was importing from Britain it is seen that especially cotton textile products and cotton yarn as the main imports. From 1860-62 to 1880-82 the dramatic change was in cotton textile products as they were increasing from 0.7% to 67.5% (Pamuk, 1995). In other words, initially, the UK and Ottoman bilateral economic relationships were shaped by the needs of the UK as dominant power of this era. It all started by the international trade of raw materials needed by the UK in exchange of manufactured goods needed by the Ottoman.

The following Figure 1 shows the Total Trade between the Ottoman Empire and the Great Britain in the 19th century. According to Figure 1, the total trade between parties increased generally in the whole era, with a trade surplus in favour of Britain.

³ The 1838 Treaty of Balta Limani, a trade agreement, is tacked as a miles stone for the Britain-Ottoman economic relationships. In this regard, it is criticised that by leading to open both Ottoman markets and Ottoman raw material to European Trade it made the Ottoman Empire to give up her most intervention rights on foreign trade (Oksuz *et al.*, 2009: 37). Sander (1995) argues that due to such agreement the Ottoman Industry, which was already weak, found itself vulnerable to the competition of the European Industry (Sander, 1995: 222). In this regard, Ortaylı (1995) underlines that the most criticised article of the Treaty that seems to prevent the development of the local trade and industry was the repeal of the monopoly power in favour of foreign merchants (Ortaylı, 1995: 945). In this regard, it is maintained that under the challenging conditions of the Era such as the Greek War, Russian defeat, the problems with Mehmet Ali Pasha, not the economic purposes but the political aims made the Ottoman sign such agreement (Timur, 1998: 202-203). On the other hand, it is stressed that it inspired the other states to make similar free trade agreements with the Ottoman Empire following the British benefits sustained by the agreement (Geyikdagi, 2015: 528).

Source: Calculated According to the Data in Pamuk (1995).

Figure 1. Bilateral Trade between the Ottoman Empire and the Great Britain, in £

Turkey – Great Britain: Current Economic Relations with a Focus on Trade before BREXIT

In the late 20th century following the Information and Communications Technology revolution in the US, the bilateral economic relationship from the First Globalisation Era of the 19th century gained a new dimension as a result of the changing place of the British Empire, when new global powers such as US emerged in that period. Compared to the First Globalisation Era, i.e. in the late 19th century, a 'more equal relationship' between the two parties is seen especially after 2001, at least in terms of international trade. Following the BREXIT vote, British Trade Minister Liam Fox said maintaining existing relations with Turkey during and after the BREXIT period is of great importance for Britain, highlighting that Turkey has been one of the U.K.'s strategic partners (Anadolu Agency-AA-, 2017). It has always been a high and strong performance in the commercial relations of the two countries, particularly an increase in exports on both sides. In this regard, in January 2018 both parties would make all the necessary preparations to improve trade and investment relations and cooperation. They decided to begin with technical work for a comprehensive and deep free trade agreement. They signed the Free Trade Agreement in 2019.

The following Figure 2 shows the Total Trade between Turkey and the UK for the era of 1990-2020. According to Figure 2, the total trade between parties increased generally in the whole era, but now, with a trade surplus in favour of Turkey after

2000s.

Source: IMF Direction of Trade Statistics (DOTS), 2021.

Figure 2. Bilateral Trade (US Dollars, Millions, Annually) Between Turkey and the UK

It can be said that despite the negative effects of the COVID-19 Pandemic Crisis that influenced the last two years there is an upward trend in Total Trade for the period of 1990-2020, as seen in Figure 2. When the sub period of 1990-2007 is considered the total trade was at peak in 2007, that the Turkish exports were at the highest level to the UK. However, in 2009 by being at the bottom, total trade gets a “V” shape reflecting the Global Financial Crisis of 2008-2009. Moreover, as seen in Figure 2 from 2001 to 2007 there is an accelerating trend in both total trade and trade surplus in terms of Turkey due to some possible reasons such as after the Financial Crisis of 2001 Turkish Lira was devaluated increasing international competitiveness of exports; FDI related trade could be common due to the mass privatisation in this era; the political relationship became positive as almost never seen before with the AK Party government in Turkey in 2002 having reflected to economic relationships. The similar pattern seems also valid after 2009 by the contributions of the “2010 Strategic Partnership Document”, which was signed in 2010. In this regard, UK has always been an important trade partner for Turkey, after Germany. It is the second largest market for Turkish exports with a share of 6.6% as seen in Table 1.

Table 1. Top Import Partners and Share in Total Turkish Exports in the Period of 2016-2020 (in %s)

1	Germany	9.7
2	United Kingdom	6.6
3	Iraq	5.6
4	United States	5.3
5	Italy	5.3
6	France	4.3
7	Spain	4.1
8	United Arab Emirates	2.9
9	Netherlands, The	2.9
10	Israel	2.3

Source: DOTS, 2021

According to Figure 3, the main export sector of Turkey to the UK in 2019 is textiles and clothing which has a share of 21.7%. Transportation as well as Machinery and Electronics are also important Turkish sectors when it comes to Turkish exports to the UK with shares of 20.7 and 20% respectively. Following those important export sectors, stone and glass and metals as well as plastic or rubber have also emerged to be important sectors, in terms of Turkish exports to the UK, with shares of 12.1%, 8.6% and 4.1%, respectively.

Source: World Bank WITs, 2021.

Figure 3. Turkish Exports to the UK, %, Commodity Groups, 2019

Intra-industry patterns are observed in trade between Turkey and the UK when Turkish imports from the UK have been explored. According to Figure 4, the 33.8% of the Turkish imports from the UK is machinery and electronics which is by far the biggest import sector in trade between these two parties. Metals, Stone and Glass and chemicals are also important import sectors with shares of 17.3%, 10.4% and 10.3%, respectively.

Source: World Bank WITs, 2021.

Figure 4. Turkish Imports from the UK, %s, Commodity Groups, 2019

Table 2. Top Import Partners and Share in Total Turkish Imports in the Period of 2016-2020 (in %s)

		% of Total Turkish Imports
1	China, P.R.: Mainland	10.2
2	Germany	9.8
3	Russian Federation	9.0
4	United States	5.4
5	Italy	4.7
6	France	3.4
7	Korea, Rep. of	2.9
8	United Kingdom	2.8
9	India	2.8
10	Spain	2.5

Source: DOTS, 2021

In line with its significant role in international trade, China is the top import partner of Turkey, representing 10% of Turkish imports from the rest of the world, as seen in Table 2. Germany which is a country sharing an important migration history with Turkey is as important as China with a share of 9.8%. Another significant import source for the Turkish economy is Russian Federation who represents 9% of total Turkish imports. US and Italy follow Russian Federation with 5.4% and 4.7%, respectively. Table 2 above clarifies the importance of the EU countries for Turkey as major import sources. The emerging markets of Republic of Korea and India are also important import partners of Turkey.

Turkey – Great Britain: Current Relations with a Focus on Trade after BREXIT

If the UK left the EU without a deal, existing trade agreements would be no longer applied, which is so called “hard-BREXIT”. This would mean that the UK would not have preferential trade arrangements with Turkey. In this case, motor vehicles, textiles and wearing apparel and garments would be facing the biggest risk in case of a hard-BREXIT as Turkey would lose to access to its second largest export market and most of Turkey’s trade surplus with the UK would be lost. If the UK left the EU with a deal, which is so called “soft-BREXIT”, it would export to Turkey on Most Favoured Nation terms under World Trade Organization (WTO) rules. Turkey also has in place additional duties on a selection of products (ONS, 2019). The same will apply to Turkish exports to the UK.

Since the UK left the EU with a deal, the second case became valid, promoting the relationship with Turkey. It can be said the BREXIT negotiations which has started in 2016 ended with a free trade agreement on the 31st of the January, 2020. Furthermore, after BREXIT a relatively comprehensive and motivating Free Trade Agreement including all manufacturing and agricultural (processed) products, but for now, excluding the services and investment sector as in the former CU Agreement, was signed between parties, which has started to be benefited since the 1st of the January, 2021. It is noted that both the former gains of the CU Agreement between Turkey and EU including the UK has been maintained and also possible financial losses in bilateral trade were prevented (SETA, 2021).

The following Figure 5 indicates the trade flows between Turkey and the UK and the trade surplus in favour of Turkey in the relevant era.

Source: DOTS and UK National Statistics, 2021.

Figure 5. Bilateral Trade (US Dollars, Millions, Monthly) Between Turkey and the UK

Considering the Free Trade Agreement signed between two partners in the UK which made Turkey more advantageous than the other countries in the UK market, it is noted that Turkey gained from BREXIT. It is put that in the four months of the year 2021 the exports from Turkey to the UK increased by 34.1% compared to the exports in same period of the previous year, having reached at the value of 3.72 billion Dollars in 2021. When it is compared with the pre-Pandemic crisis era, it is still higher since the exports in 2019 were recorded as 3.45 billion Dollars. It is maintained that after BREXIT, while the exports from EU countries to the UK decreased by 25%-30%, Turkey's share has been rising since then. According to data from International Trade Centre (ITC) the performance of the exports to the UK from Turkey recorded as best ever (Gunes, 2021). Following Figure 6 and Table 3 clearly indicate this point by comparing the post-BREXIT, the first six months of 2021⁴, total trade between Turkey and the UK, with the total trade in the pre-BREXIT era, the same period of the previous year, such as 2020 and 2019.

⁴ Due to lack of further data for the Proxy of post-BREXIT era, the first six months of 2021, corresponding to the months of the enforcement of the Free Trade Agreement following BREXIT, were used.

Source: Authors' Research, DOTS and the UK National Statistics, 2021.

Figure 6. Total Trade between Turkey and the UK after BREXIT (US Dollars, Millions, Monthly)

According to Table 3, the total trade in the first six months of 2021, which is accepted as the post-BREXIT period following the relevant Free Trade Agreement between two parties, increased by 40.82% compared to the total trade in the same period of the previous year, 2020, which is accepted as the pre-BREXIT period. And it increased by 23.10% compared to the total trade in the same period of 2019.

Table 3. Total Trade between Turkey and the UK (US Dollars, Millions, Monthly)

	M1	M2	M3	M4	M5	M6	FIRST SIX MONTHS	%Change of 2021
2021	1269.42	1536.36	1683.62	1607.20	1635.36	1828.26	9560.23	
2020	1435.78	1315.38	1282.16	671.75	751.61	1332.55	6789.24	40.82
2019	1322.69	1269.65	1412.59	1339.58	1333.19	1088.51	7766.22	23.10

Source: Authors' Calculations, DOTS and the UK National Statistics, 2021.

When the export data of the first six months of 2021 are compared with the export data of the first six months of 2020, 2019 and the period of 2016-2020 in order to see the impact of the Free Trade Agreement between Turkey and The UK after BREXIT to the exports from Turkey to the UK, it is clearly seen in Figure 7 that in mostly each month export performance of Turkey was higher from the performance in the same month of the previous years. Moreover, when the export performance of the first six months is considered, it is seen that it is significantly higher than the performance of

the previous years. In this regard, it should be noted that this excellent performance is realised under the pandemic world conditions. Even under such challenging conditions the export performance is higher than the pre-pandemic performance, such as 2019 and also the average performance of the period of 2016-2020.

Source: Authors' Research, DOTS Statistics, 2021.

Figure 7. Turkey Exports to the UK (US Dollars, Millions, Monthly)

When the performance of the six months of 2021, as the proxy of the post-BREXIT period, is evaluated, as seen in Table 4, the exports from Turkey to the UK in the first six months of 2021 increased by 40.2% compared to the performance of the same period of 2020. Since 2020 is the outbreak year of the COVID 19 Pandemic Crisis, it could be better to compare the performance of the first six months of 2021 to the performance of the same period of 2019. In this regard, the performance of the first six months of 2021 is higher than the performance of the same period of 2019 by 20.2%. This result indicates the importance of such Free Trade Agreement. This is because although the pandemic conditions, restrictions or bans of international travels etc., were loosened in 2021 the effects of COVID-19 on the economies has still been continuing. So, even under such conditions of pandemic, the performance of 2021 is still much more than the pre-Pandemic era, even its increase rate is more than the pre-pandemic era⁵. When the performance of the six months of 2021 is evaluated

⁵ If the other factors that can contribute to the exports performance, such as GDP of the UK (UK National Statistics (2021), and Real Effective Exchange Rate, REER, (CBRT, 2021), are considered the interpretation does not change at all. This is due to when the performance of the first six months of 2021 is com-

comparatively with the performance of the six months of the average period of 2016-2020, it is seen that it is higher by 19.2 %.

Table 4. Turkey Exports to the UK (US Dollars, Millions, Monthly)

	M01	M02	M03	M04	M05	M06	FIRST SIX MONTHS	%Change of 2021
2021	812.42	960.59	1061.44	1038.58	1101.85	1270.54	6245.42	
2020	866.96	856.31	800.25	360.42	559.56	1011.77	4455.27	40.2
2019	957.01	888.64	899.53	852.92	887.54	708.51	5194.15	20.2
2016-2020	790.91	882.26	1017.06	741.38	889.84	917.09	5238.54	19.2

Source: Authors' Calculations, DOTS Statistics, 2021.

It is noted that when the export performance is checked in terms of sectoral basis, there is also an increasing success in the first ten sectors. In this regard, it is put that in the first three months of 2021, the automotive sector, which was the leader export sector in the same period of 2020, performed an export success at worth of 977. 5 million Dollars and increased by 50.2%. The others are noted as follows: Exports in the electric and electronic sector increased by 66.6%, wearing apparels and garments increased by 33.7%, chemicals increased by 25.2%, ferrous and non-ferrous metals increased by 72.8% . It is argued that Turkey has 1817 products out of which 240 have competitive advantageous in the international markets that have potential to be sold in the UK markets (Gunes, 2021).

When the import data of the first six months of 2021 are compared with the import data of the first six months of 2020, 2019 and the period of 2016-2020 in order to see the impact of the Free Trade Agreement to the imports from the UK to Turkey, as it seems in Figure 8 although there is still increase in imports, it is not in every month of 2021, like exports. Moreover, when the import performance of the first six months is considered, it is seen that it is not significantly higher than the performance of the previous years.

pared with the performance of the first six months of 2019, while there is decrease in REER index, which has potential to increase the exports, on the other hand, there is diminish in GDP of the UK, which has potential to decrease the exports from Turkey to the UK.

Source: Authors' Research, DOTS and the UK National Statistics, 2021.

Figure 8. Turkey Imports from the UK (US Dollars, Millions, Monthly)

When the Turkey's imports from the UK of the six months of 2021, as the proxy of the post-BREXIT period, is evaluated, as seen in Table 5, the imports from the UK in the first six months of 2021 increased by 42.02% compared to the performance of the same period of 2020. Since 2020 is the outbreak year of the COVID 19 Pandemic Crisis, again it could be better to compare the performance of the first six months of 2021 to the performance of the same period of 2019. In this regard, the performance of the first six months of 2021 is higher than the performance of the same period of 2019 by 28.88 %. When the performance of the six months of 2021 in terms of imports is evaluated comparatively with the performance of the six months of the average period of 2016-2020, it is seen that it is higher just by 5.21%. Compare with the increase rate of exports, the increase rate of imports lagged far behind of it.

Table 5. Turkey Imports from the UK (US Dollars, Millions, Monthly)

	M01	M02	M03	M04	M05	M06	FIRST SIX MONTHS	%Change of 2021
2021	457.01	575.77	622.18	568.62	533.52	557.72	3314.81	
2020	568.82	459.07	481.91	311.33	192.05	320.78	2333.97	42.02
2019	365.68	381.02	513.07	486.66	445.65	380.00	2572.07	28.88
2016-2020	451.37	499.12	634.75	477.91	629.98	457.46	3150.59	5.21

Source: Authors' Calculations, DOTS and the UK National Statistics, 2021.

Since the UK left the EU with a deal, the worst scenario did not realise contributing to the ongoing trade relationship between the EU and the UK. However, as seen in Figure 9, it could not turn back to the pre-BREXIT performance.

Source: DOTS and UK National Statistics, 2021.

Figure 9. Bilateral Trade (US Dollars, Millions, Monthly) Between EU and the UK

When total trade performance of EU with the UK after BREXIT is evaluated comparatively with the pre-BREXIT period, it is seen in Figure 10 that that in the first six months of 2019 it is higher than the ones in the same periods of 2020 and 2021. However, although BREXIT is done by a deal between EU and the UK, it seems that pre-BREXIT figures could not be cached yet.

Source: Authors' Research, DOTS and the UK National Statistics, 2021.

Figure 10. Total Trade between Turkey and the UK (US Dollars, Millions, Monthly)

In this regard, when the %change of total trade performance after BREXIT period is checked, it is seen in Table 6 that when compared with the relevant performance of the first six months of 2019, pre-BREXIT era, the first six months' performance of 2020 and 2021 decreased by 22.2% and, 10.1, respectively.

Table 6. Total Trade between Turkey and the UK (US Dollars, Millions, Monthly)

	M01	M02	M03	M04	M05	M06	FIRST SIX MONTHS	%Change
2021	32616.0	42198.9	50690.3	43790.2	45862.9	50339.3	265497.6	-10.1
2020	45084.5	44325.9	45477.7	27941.0	29433.6	38215.3	230478.0	-22.0
2019	50163.7	51427.9	59271.7	43058.2	46272.0	45201.8	295395.3	

Source: Authors' Calculations, DOTS and the UK National Statistics, 2021.

The following Figure 11 shows the EU exports to the UK for the first six months of 2019-2021 in order to see the picture after BREXIT. When such EU performance after BREXIT is evaluated comparatively with the pre-BREXIT period, it is seen that in the first six months of 2019 export performance is higher than the ones in the same periods of 2020 and 2021. Although BREXIT is done by a deal between EU and the UK, it seems that pre-BREXIT figures could not be cached yet.

Source: Authors' Research, DOTS Statistics, 2021.

Figure 11. EU Exports to the UK (US Dollars, Millions, Monthly)

In this regard, when the %change of export performance after BREXIT period is checked, it is seen in Table 7 that when compared with the export performance of the first six months of 2019, pre-BREXIT era, the first six months' export performance of 2020 and 2021 decreased by 23.2% and, 11.3, respectively.

Table 7. EU Exports to the UK (US Dollars, Millions, Monthly)

	M01	M02	M03	M04	M05	M06	FIRST SIX MONTHS	%Change
2021	22452.68	25977.47	30776.38	26894.92	27177.05	30136.8	163415.3	-11.3
2020	27554.12	27359.5	29259.39	15748.29	17708.41	23962.29	141592	-23.2
2019	31715.12	32839.51	37052.23	26464.51	28378.56	27787.68	184237.61	

Source: Authors' Calculations, DOTS Statistics, 2021.

Figure 12 shows the EU imports from the UK for the first six months of 2019-2021 in order to evaluate the issue after BREXIT in terms of imports. When such EU performance after BREXIT is evaluated comparatively with the pre-BREXIT period, it is seen that again in the first six months of 2019 import performance is higher than the ones in the same periods of 2020 and 2021. It seems that pre-BREXIT figures could not be cached yet in terms of imports, too, although there seems some development in comparison of the first six months of 2021 with 2020.

Source: Authors' Research, DOTS Statistics, 2021.

Figure 12. EU Imports from the UK (US Dollars, Millions, Monthly)

In this regard, when the %change of import performance after BREXIT period is checked, it is seen in Table 8 that when compared with the import performance of the first six months of 2019, pre-BREXIT era, the first six months' import performance of 2020 and 2021 decreased by 20% and 8.2, respectively.

Table 8. EU Imports from the UK (US Dollars, Millions, Monthly)

	M01	M02	M03	M04	M05	M06	FIRST SIX MONTHS	
2021	10163.3	16221.5	19913.9	16895.3	18685.8	20202.5	102082.3	-8.2
2020	17530.3	16966.4	16218.3	12192.7	11725.2	14253.1	88886.0	-20.0
2019	18448.5	18588.4	22219.5	16593.7	17893.4	17414.1	111157.7	

Source: Authors' Calculations, DOTS Statistics, 2021.

Conclusion

It seems that BREXIT with the relevant Free Trade Agreement signed between Turkey and the UK has potential to accelerate the existing trade relationship between the parties. Although just six months' performance could be evaluated due to data availability, it still gave a sight for the future, especially in terms of the exports from

Turkey to the UK.

When the export performance of the first six months is considered, it is seen that it is significantly higher than the performance of the previous years, even under the pandemic world conditions. In other words, even under such challenging conditions the export performance is higher than the pre-pandemic performance, such as 2019 and also the average performance of the period of 2016-2020. On the other hand, when the import performance of the first six months is considered, although there is still increase in imports of Turkey from the UK, it is seen that it is not significantly higher than the performance of the previous years. When export and import rates of Turkey are compared with the performance of the EU countries, it seems that Free Trade between two parties made Turkey more advantageous over the EU countries since the increase rates of exports of Turkey to the UK is higher than the exports of EU. On the other hand, it can be said that the total trade between the EU and the UK still gained a momentum after the BREXIT developments.

Given the latest developments, it is likely that towards a further expansion of economic integration will be triggered. In this regard, Turkey has the potential to become “a bigger part the UK’s supply chain, especially in sectors such as machinery and parts as it is a cheaper and a very able supplier of manufactured goods” (Financial Times, 2018: 4). Last but not least, it can be said that early signs of the first six months after the BREXIT developments indicate that the BREXIT cleared the way going more close relationship between Turkey and the UK.

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