

**ISTANBUL COMMERCE UNIVERSITY  
GRADUATE SCHOOL OF SOCIAL SCIENCES  
BUSINESS ADMINISTRATION M.A. PROGRAM**

**ECONOMIC OPPORTUNITIES BETWEEN  
TURKEY AND PAKISTAN**

**M.A. Thesis**

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**Istanbul, 2021**

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**Advisor: Asst. Prof. Yunus ÖZCAN**

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## **DECLARATION OF ORIGINALITY**

I, Anas Haroon, certify that,

- I am the sole author of this thesis and that I have fully acknowledged and documented in my thesis all sources of ideas and words, including digital resources, which have been produced or published by another person or institution;
- This thesis contains no material that has been submitted or accepted for a degree or diploma in any other educational institution;
- This is a true copy of the thesis approved by my advisor and thesis committee at Istanbul Commerce University, including final revisions required by them.

Anas Haroon

## ÖZET

Pakistan ve Türkiye arasındaki ilişki, güçlü kültürel, dini ve ekonomik bağlar nedeniyle Pakistan'ın bağımsızlığından bu yana güçlüdür. Ülkeler, küresel pazarda güçlü bir konum elde etmek için ekonomik ilişkilerini geliştirmek ve ulusal ekonomilerini geliştirmek için birbirleri için çeşitli fırsatlar geliştirmek için sürekli çalışıyorlar. Mevcut araştırma nitel araştırma deseni benimsenerek gerçekleştirilmiştir. Çalışma, ders kitapları, hakemli makaleler, yıllık raporlar ve devlet arşivleri gibi çeşitli kaynaklardan ikincil veriler toplanarak gerçekleştirilmiştir. Ayrıca veriler içerik analizi süreci kullanılarak analiz edilmiştir. Çalışmanın sonuçları, dostane ikili ve ekonomik ilişkileri sürdürmek amacıyla her iki ülke tarafından çeşitli anlaşmaların imzalandığını ortaya koydu. Ayrıca, enerji, ticaret, tekstil ve diğer çeşitli sektörlerle ilgili olarak, iki ülke daha iyi ekonomik kalkınma için güçlü bir bağa sahiptir. Ayrıca Türk ve Pakistan hükümetleri arasında artan ekonomik işbirliğinin PTA'da kendini gösterdiği de incelenmiştir. Elde edilen bulgulara dayalı olarak, Pakistan'ın Türkiye'nin getirdiği bir dizi anti-damping davasına maruz kaldıktan sonra, tüm sorunların STA anlaşmasında ele alınmasını sağlamak için özel dikkat göstermesi tavsiye edilmiştir. Bu, Pakistan ihracatının önündeki engellerin proaktif olarak kaldırılması amacıyla yapılmalıdır. STA müzakerelerinin mevcut ürünlerde önemli tarife indirimlerini içermesi şiddetle tavsiye edilir.

**Anahtar Kelimeler:** Türkiye Ekonomisi, Pakistan Ekonomisi, Uluslararası Ticaret

## ABSTRACT

The relation between Pakistan and Turkey are strong since the independence of Pakistan due to strong cultural, religious, and economic bonds. The countries are continuously working on enhancing their economic relations to hold a strong position in the global market as well as develop various opportunities for each other to develop their national economy. The current study was conducted by adopting the qualitative research design. The study was carried out by the collection of secondary data from various sources such as textbooks, peer-reviewed articles, annual reports, and governmental archives. Moreover, the data was analysed using the process of content analysis. The results of the study revealed that in an attempt to maintain friendly bilateral and economic relations, several agreements have been signed by both countries. In addition, with respect to energy, trade, textile, and various other sectors, the two countries hold a strong bond for better economic development. It was also studied that the growing economic cooperation between Turkish and Pakistani governments is manifested in the PTA. Based on the findings, it has been recommended in the research that after being subjected to a number of anti-dumping cases brought by Turkey, Pakistan should take special care to ensure that all problems are addressed in the FTA agreement. This should be done with the aim of proactively removing any obstacles to Pakistani exports. It is strongly recommended that the FTA negotiations include substantial tariff reductions on current products.

**Keywords:** Turkish Economy, Pakistan Economy, International Trade.

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## LIST OF ABBREVIATIONS

<b>PTMA</b>	Pakistan Textile Mill Association
<b>FTA</b>	Free Trade Agreement
<b>GDP</b>	Gross Domestic Product
<b>GSP</b>	Generalized Scheme of Preferences
<b>HDI</b>	Human Development Index
<b>HS</b>	Harmonized System of tariff nomenclature
<b>IMF</b>	International Monetary Fund
<b>ITC</b>	International Trade Center
<b>ITKIB</b>	Istanbul Textile and Apparel Exporters Association
<b>PBC</b>	Pakistan Business Council
<b>PKR</b>	Pakistani Rupee
<b>PTFTA</b>	Pakistan – Turkey Free Trade Agreement
<b>RCD</b>	Regional Cooperation for Development
<b>SEF</b>	Strategic Economic Framework
<b>TIM</b>	Turkish Exporters Assembly
<b>TL</b>	Turkish Lira
<b>UAE</b>	United Arab Emirates
<b>UK</b>	United Kingdom
<b>USA</b>	United States of America
<b>USD</b>	United States Dollar

## 1. INTRODUCTION

For a long time, Pakistan and Turkey have enjoyed good relations and have strengthened them through the development of economic cooperation in the areas of energy, transport, communications, raw materials, automobiles, horticulture, industry, food and dairy production, data innovation, oil, gas, and trade. A very significant element of this flourishing relationship is the proposed Specific Trade Agreement, that in turn underpinned the trade relationship and helps achieve the shared goal of \$2 billion in trade (Khan, 2020). The aim is to experimentally unravel the current trade relationship between Pakistan and Turkey and explore the freedoms that Pakistan can exploit under the PTA. On the contrary, there is vast literature on the potential for trade between Pakistan and other major trading partners such as China and SAARC countries, particularly India (Sarfaraz, et al., 2018). The potential for trade with Turkey is larger as the transport market of Turkey is bigger than India and there are stronger political interests between the two countries. However, the studies are negligible. Not only is there little accurate research on Pakistan's trade potential with Turkey, but the existing studies are limited in their focus and do not provide a comprehensive understanding of this trade relationship (Suvankulov and Ali, 2012).

Since the freedom of 1947, Pakistan has maintained friendly relations with Turkey which are generally based on the fundamental cultural and international considerations. Both countries are members of the Economic Cooperation Organisation and also organizations such as the Organisation of Islamic Cooperation. In order to strengthen their economic and trade relations, Turkey and Pakistan have entered into several agreements such as the 1965 Trade Agreement, 1976 Economic and Technical Cooperation Agreement, 1988 Double Taxation Prevention Agreement, and the 1997 Mutual Investment Promotion and Protection Agreement. Under the 1976 agreement, the two countries established the Turkey-Pakistan Joint Economic Commission Organization (Abbasi, et al., 2019). Since then, regular meetings have been held in Ankara and Islamabad with officials from both nations to assess their respective economic and trade relations. The Turkey-Pakistan Economic Council was established to strengthen private sector relations and stimulate new business contacts between the two countries. It was last held in October 2011 and has not been organized again since five years (Yilmaz, 2019). In 2007, Turkey also launched the

Turkey-Afghanistan-Pakistan Trilateral Summit, which aims to build mutual trust and cooperation between Pakistan, Turkey, and Afghanistan.

At present, the two countries are emerging as market economies and the relationship between them has evolved into an economic partnership. Pakistan and Turkey's trade has reached about \$10 billion in the last decade. Several Turkish companies have invested in Pakistan's private sector such as Bayinder, Enka, and Tekser, for various projects. In line with the global trend, economic exchanges should be the focus of Pakistan-Turkey relations. While the ongoing economic cooperation is inadequate, economic dealings have developed significantly through huge investments in infrastructure and trade (Guo, et al., 2019). This has contributed to the growth of their economical affairs in the past few years.

When President Recep Tayyeb Erdogan visited Pakistan in June 2003, his entourage, which included 110 businessmen during the visit to Pakistan in 2010, about 18 MoUs were signed between the two countries. So far, Turkish companies have invested about \$2.7 billion in Pakistan (Suvankulov and Ali, 2012). The Republic of Turkey is an emerging economic leader in Asia, Europe, and Africa. It is the 16th largest economy in the world and is also a successful model of democracy in the Muslim world. Turkey has set an excellent example for all emerging economies to liberalise their economies without compromising their traditions. This has increased the potential for multilateral cooperation between the two countries on economic advancement.

The relation of Pakistan and Turkey is bilateral and is based on the various aspects and benefits for both the nations. It is a fact that when two countries are interconnected with each other, it is mostly through trade or in shape funds or economic factors (Suvankulov and Ali, 2012). Besides having friendly relations since their independence, trade and political bonding is present at a large scale. Both countries are in the developing phase and are focused to raise their economic scale in global markets. Therefore it is important for them to consider the business and economic gaps which, in turn, can enable them to help each other in terms of creating opportunities.

Pakistan and Turkey's good relations will be an element that is needed to be analysed in terms of creating more opportunities for the citizens and businesses (Yilmaz, 2019). According to various

scholars and historians, it is highlighted that filling economic gaps of a friendly nation is an open hand opportunity for the nations to raise their economy through providing services to other nations (Khan, 2020). As in the context of Turkey and Pakistan relations, it is essential to identify further economic opportunities in terms of business or any other sector. As many scholars and studies are focused on discussing the present and previous relations of Pakistan and India, this research is focused on analysing the previous and current contents of their bilateral relations in order to identify the future opportunities for the development of their national economy and interest at the global sector.

Pakistan and Turkey have a vast relation in terms of trade and other aspects. It is seen that most of the countries around Pakistan and Turkey do not have the same type of bilateral relationship that these two countries have (Khan, 2020). In terms of significance, this research will be beneficial not only for the citizens of Pakistan but also for the Turkish people. As for employment and business, trade is the vital factor that reflects the economic opportunities for a country (Suvankulov and Ali, 2012). Similarly, this research is significant for the businesses based in local regions in Pakistan and Turkey. It will be a noteworthy analysis for the economic sector in terms of enhancing their opportunities, which will help their trade sector. The following research will also help in developing the attention of the official sectors of both countries towards the remaining gaps and opportunities that could be raised and solved with collaboration of the two countries' businesses such as both private and government industries and firms.

The study is conducted in order to analyse the current and previous economic relations between Pakistan and Turkey. Both countries are in search of more opportunities in order to excel the scales of their economy (Khan, 2020). It is important for them to convert this relation into the opening and providing various opportunities at each level (Zafar and Mustafa, 2017). Therefore, this study is conducted in order to identify the future openings and opportunities between Pakistan and Turkey in terms of the exchange of trades, goods, businesses, and economies.

## **2. LITERATURE REVIEW**

As presented by Colakoglu and Sakaoglu (2016), religious, historic, and cultural ties between Pakistan and Turkey came down from the past to the recent era which has a great influence on the rapid development and establishment of bilateral relations since Pakistan came into existence in 1947. Similarly, PBC Org (2020) reported that Turkey and Pakistan had developed diplomatic relations in 1954 when a treaty was signed as an element of cooperation and friendship. These bilateral relations are based on common adversaries, historic ties, a similar vision of foreign policy, and mutual goals. Although Turkey is smaller in size and population, it is well-established in comparison with Pakistan in economic terms, and therefore increasing trade is helping Pakistan to grow (Hussain, 2008).

Turkey, being the modern Muslim state, is known and respected as the second most important Islamic country after Saudi Arabia. The relations of these two nations are growing in the right direction and are enjoying cordial and close relations. In addition, the manifold commonalities between the two countries are deepening friendship and cooperation (Ali, 2017). These include the geo-strategic location of both Turkey and Pakistan. The strong political ties can be traced back to the time of the British rule over India when Turkey showed Islamic unity to the Muslims of India. In addition, the two countries also enjoy excellent economic relations for a number of decades now which is a surprising element since historic ties do not reflect on better trade and economic cooperation. The companies from Turkey have invested in Pakistan like Enka, Bayinder, and Tekser for multiple projects, however there is still a need for Pakistani companies to spread their business in Turkey (Hussain, 2008). Moreover, additional planning in terms of advancing adequate transportation services such as joint cargo and regular line vessel services from Karachi to Istanbul is also in process. Also, the infrastructure of Islamic banking in Pakistan aligned with the Turkish Banking system has made a stronger bond between the two states (Majid and Ghazal, 2012).

This section of the research is carried out to present a critical and in-depth overview of the existing literature regarding the strong ties and relationship hold between Pakistan and Turkey, enhancing economic stability. The chapter provides an analysis of the various aspects leading towards improved economic stability between Turkey and Pakistan. In addition, an overview of the impact

of economic relations on both Turkey and Pakistan will also be presented highlighting the results in a global aspect. Furthermore, advantages and disadvantages gained by the two countries after the development of strong bilateral relations will also be discussed followed by the new opportunities that can enhance the future growth of the countries with respect to bilateral projects. A theoretical framework and literature gap will also be presented in the current chapter.

## **2.1 Impacts of bilateral trade agreement instead of FTA with Turkey**

As analysed in the report by PBC Org (2015) and Syed (2021), Turkey and Pakistan have had long good relations which have been strengthened by the growth of economic cooperation among governments within sectors like energy, communications, textiles, infrastructure, food processing, automobiles, industry, agriculture, information technology, trade, oil, and gas. As stated by Syed (2020) in the article by Dawn news, to strengthen the economic stability for both Turkey and Pakistan, 13 memorandums of understandings (MoUs) were signed by the prime ministers to hold a joint declaration after the meeting of High-Level Strategic Cooperation Council (HLSCC). In this meeting, a Strategic Economic Framework (SEF) as an accompanying plan of action was approved for enhancing economic stability by increasing bilateral trade to \$5 billion by 2023. The Turkish President Recep Tayyip Erdogan mentioned at the signing ceremony with Pakistan President Imran Khan that this 71 point action plan is the roadmap for deepening economic cooperation (Syed, 2021). Moreover, an important aspect of the thriving relationship is proposed by a preferential trade agreement (PTA) which has the aim to boost the ties of trade and achieve the mutual target of trade of 2 billion dollars for the economic stability of both the countries (Gul, 2014).

As reported by PBC Org (2020), Pakistan is a much larger country than Turkey with an overpopulation of 212.2 million in 2018 whereas Turkey's population was recorded as 82.3 million. However, Pakistan is still classified as a lower-middle-income country whereas Turkey is a much more industrialised country with a stable economy with a share of 29.5% in GDP by its industry in comparison with Pakistan which possesses only 18.0% market share to GDP (PBC Org, 2020). With the increasing trade of Turkey, Pakistan is also moving towards enhancing its global trade. The exports of Turkey complement Pakistan's imports and this trend is visible at an

increasing pace since 2016. Furthermore, the study by Hussain (2008), has identified that there is a need for the permanent display of Pakistani products in Istanbul and vice versa. Besides, the scope of enhancing the cooperation in trade, tourism, economy, science, technology, and education is enormous among the two countries. It has been identified in the study by Gul (2014) and Ali (2017) that with enormous natural resources and pools of skilled and scientific workforce, Turkey and Pakistan stand with strong bonds which is vital for enhancing the economic stability, especially for Pakistan. The existence of parallel economies in the two countries also develops a new level of cooperation in trade and commerce of products like rice, cotton, textiles, and leather (PBC Org, 2015; Majid and Ghazal, 2012).

## **2.2 Impacts of Economic Relation on both Pakistan and Turkey and a Global Aspect**

Turkey and Pakistan both owing to common geopolitical and cultural considerations are the founding members of the Economic Cooperation Organisation (ECO) as well as the part of Organisation of Islamic Cooperation of Developing 8 (D-8) countries (Gul, 2014). It is also noteworthy that in an attempt to maintain friendly bilateral and economic relations, several agreements have been signed by both the countries including the Economic and Technical Cooperation Agreement (1976), Reciprocal Promotion and Protection of Investments Agreement (1997), Trade Agreement (1965), and Prevention of Double Taxation Agreement (1988) (Gul, 2014). Furthermore, within the agreement of 1976, the countries established a Turkey-Pakistan Joint Economic Committee Mechanism, and meetings were held in Islamabad and Ankara with public institutions taking part to evaluate the commercial and bilateral economic relations. In the report by PBC Org (2020), it has been reported that trade in Turkey is 4.6 times more as compared to Pakistan such that the global trade of the country is \$391.0 billion whereas the global trade of Pakistan was worth \$83.8 billion in 2018. However, the economic stability of Pakistan in global bilateral trade with Turkey is providing Pakistan a chance to grow.

The biggest trade market from Turkey to Pakistan is “Denim”. The research by Hussain (2008), has examined that the private businesses in Turkey need to be established with a Euro-centric look because the East does not have much to offer to Turkey. However, the huge consumer population in the East can provide companies a chance to expand their businesses. There are tremendous

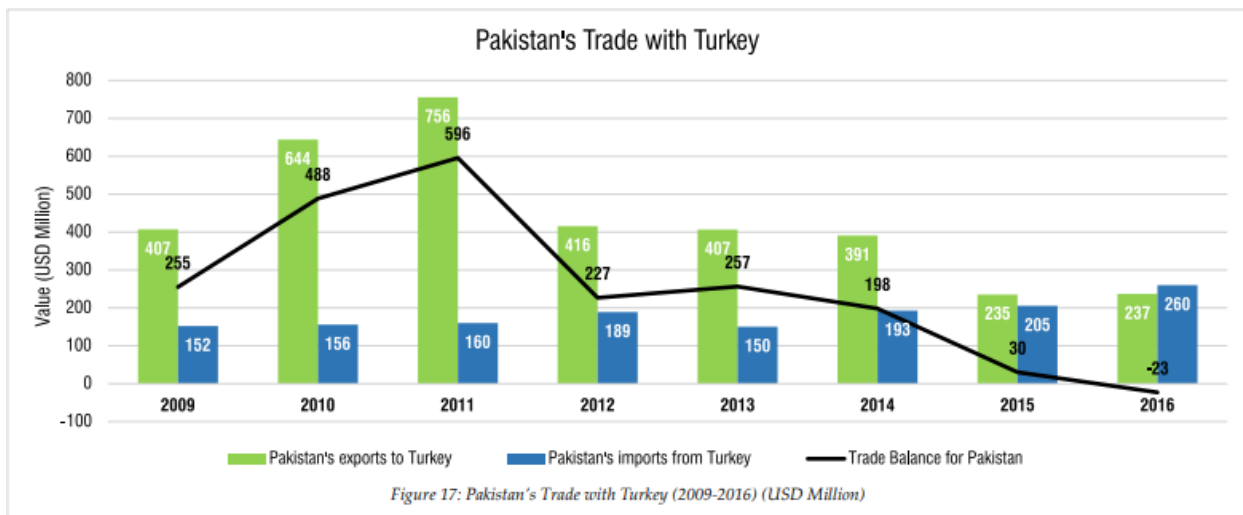
opportunities in the global market for Pakistan and Turkey to enhance their economic relations. The relations in terms of trade and economy in the two countries are strengthened by the FTA negotiations at the market as the two parties have the chance to thoroughly discuss matters pertaining to customs facilitation, tariffs, safeguard measures, tariff education modality, customs facilitation, rules of origin, bilateral investment mechanisms and services (Colakoglu and Sakaoglu, 2016). Furthermore, according to Guo, Huang, and Wu (2019), an important source of development at the global level is energy which enhances economic sector by bringing imbalances in supply and demand of energy. Thus, an important source for the economic growth of Pakistan and Turkey is energy. Pakistan is located adjacent to the Middle East with the East bordering to China and India. Therefore, major sea routes from Europe, Africa through the Persian Gulf, the Hormuz Strait, and the Red Sea pass through the southern coast of Pakistan which makes Pakistan an energy corridor crossroads (Guo, Huang, and Wu, 2019).

Moreover, Pakistan hopes to import oil and gas from Western Asia, Gulf, and Central Asia through pipelines with an aim to alleviate domestic energy (Majid and Ghazal, 2012). This development in terms of social and economic aspects will create a positive impact on the development of the country. In the same manner, the strategic positioning of Turkey is between 47% of world energy resources in Central Asia, Russia, and the Middle East which makes it important from the geo-economic and geopolitical point of view. As analysed by Ali (2017), Turkey is more beneficial in terms of getting benefit from the FTA. However the overall impact will be positive for both countries in which trade liberalisation is favourable having a huge potential for bilateral trade in the chemical and textile sector.

### **2.3 Advantages and Disadvantages of Pakistan & Turkey Bilateral Economic Relations.**

According to the research conducted by Gul (2014), the emerging economic cooperation among Turkey and Pakistan has greatly manifested and enhanced recently after the Preferential Trade Agreement (PTA). The research further demonstrated that this agreement has thereby served in strengthening the association among both nations. The report of Tribune (2013) has indicated that Turkey and Pakistan encompass good associations that has been empowered through the emerging economic cooperation among both the government. These associations are typically in the sectors

such as trade, oil, and gas, information technology, dairy development, food processing, industry, agriculture, automobile, textile, infrastructure, communication, transport, and energy, etc. More precisely the significant factor behind the emerging association between these two is particularly the trade agreement that has been predicting to boost the trade ties among these nations. Gul (2014) indicated that another advantage of these bilateral economic relation is that the two nations received a potential push in the year 2013. It happens when Pakistan’s prime minister visited Istanbul after which the prime minister of Turkey also visited Pakistan. The research further claimed that these state heads had thereby agreed to strengthen the mutual association to attain collaborative gains. The report of PBC (2018) indicated one of the significant advantages of this bilateral economic relations is that through this, Pakistan and Turkey signed three significant agreements. The report further indicated that with the help of bilateral trade relations, the import of Pakistan from turkey has been increased by about 62 percent. However, the potential disadvantage of this relation is that the export of Pakistan to Turkey displayed a decrease during the year 2011. The PBC (2018) report further claimed that the export of Pakistan to Turkey was \$236.87 million during 2016. However, the ratio of import from Turkey was more as compared to the export. This results in about \$23.21 million trade deficit which is considered as the highest trade deficit of all the year. The report further indicated that the potential reason behind the variations and discrepancies in Pakistan’s export between the years 2015 and 2016 is due to further duties that were imposed by Turkey. These duties were imposed on all imports of Turkey from all countries including Pakistan as well (PBC, 2018). Below figure displays the Pakistan trade with Turkey from 2009-2016.



**Figure 2. 1** Trade Between Pakistan and Turkey  
**Source:** PBC, 2018

## **2.4 Future aspects and opportunities based on the previous bilateral projects**

Adhering to the proposal for developing PTA during 2011, some researches have thereby determined the opportunities and the prospects that are being held by these nations. The research claimed that this agreement offers larger gain specifically to Turkey (Gul, 2014). Ashraf (2019) depicted that for about 70 years both nations i.e., Turkey and Pakistan have enjoyed the association with deep faith and harmony. Additionally, Turkey and Pakistan alliance has been developed on the basis of the ideologies. A study by Suvankulov and Ali (2012), mentioned that these two nations have stood with each other on various platforms and have merged against the terrorism. This has been done with beneficial military drills. The research of Kamal et al. (2012), stated that the economic cooperation amongst both the nations have been increasingly significant and will be in the future as well.

Moreover, this association has increased the potential for establishing such kind of economic alliance which will be attractive for all. Klasra (2011) indicated that these bilateral projects have opened numerous opportunities. For example, Turkey can enter into Pakistan and invest heavily into the housing schemes of the government by offering support in food processing, assistance in irrigation, and agricultural productivity. Moreover, it has been expected that Turkey can attain economic benefit from Pakistan by heavily investing in Pakistan's solar energy. This aspect is considered to have the highest demand in the country. Similarly, as indicated by the research of Qadri et al. (2016), these two nations in the future can enhance the educational and workforce exchanges in order to attain better exposure and training. The research further indicated that this economic support can thereby offer benefit from the tourism exchange by expanding the avenues. Additionally, it has been found through the report of Shah and Li (2020), that Turkey has been added to the Visa-free list of Pakistan. Besides, these commercial ties are expected to be enhanced in the upcoming years. As stated in the research of Asraf (2019), the potential emphasis of the economic cooperation among these two countries is recognised as security and defense.

## **2.5 Theoretical Framework**

As indicated by Gull (2011) the gravity model has been derived from the Law of Universal Gravitation by Newton. The research indicates the utilisation of this concept under the International trade area. As per the model, the trade volume among two-nation act likes a gravitational force between two objects. These volumes are directly dependent on the particular masses and inversely on the distance as well. The research conducted by Khan and Mahmood (2000) indicated that the gravity model was used to develop association of bilateral trade in Pakistan and its cultural, geographical, and economic factors. Besides, many other studies have utilised the gravity model in order to compute the trade potential by evaluating the difference among the actual and predicted trade volumes for both the nation. Moreover, the research conducted by Khan and Khan (2013) further estimated that the actual trade of Pakistan with Turkey is about 55 percent of the estimated trade flow.

The study findings indicated that there exists a notable opportunity for expanding the gains of a trade by PTA. More precisely, the study of Suvankulov and Ali (2012) utilised the augmented gravity model and focused on the unrealised trade potential between Pakistan and Turkey. The finding of the study displayed interesting results. It has been found that the actual export of Turkey is comparatively lower than the estimated flows. On the other hand, the export of Pakistan is typically higher as compared to the forecasted ones. The finding of Suvankulov and Ali (2012) further indicated that Turkey encompasses high opportunities for enhancing their market of export in Pakistan as per the PTA agreement.

## **3. ANALYSIS ON DIFFERENT ASPECTS OF PAKISTAN AND TURKISH ECONOMIES**

The ties between both the countries, Pakistan and Turkey stem from two key reasons, religion and culture. Both of these factors have played an important part in developing, enhancing, and improving the relations between these Muslim states. Turkey had adopted secularism as a sovereign state on October 29, 1923, following the dissolution of the Ottoman Empire, and Mustafa Kemal became the first head of state of Turkey (Britannica, 2021). Pakistan, on the other

hand, was found on August 14, 1947, as a consequence of a massive uprising led by India's Muslims. Turkey has remained a staunch supporter of Pakistan through the years, and the two nations' alliance is legendary. Turkey and Pakistan are indeed Muslim-majority countries with strong cultural and diplomatic ties (Gilani, 2020). In addition, they have a long history of considerable economic, geopolitical, and military collaboration. Pakistanis' feelings of kinship for the citizens of Turkey have deep historical origins. They have been friends and have stood by one other through war and peace. The narrative of their connection spans nearly a century (Gilani, 2020).

### **3.1 Economic Stability of Turkey**

Turkey's economy is open to foreign trade, which represents 61.4% of its GDP (World Bank, 2019). Automobile (12.1% of total exports including passenger cars, transport vehicles and accessories for vehicles) and oil products (3.9%) were top exports of Turkey in 2019, followed by jewelry, textile and steel products. The main imported products were gold (5.4%), oil (4.5%), motor cars and accessories (4.2% in total), ferrous waste (2.7%) and coal (1.7%). Turkey's volume of exports declined by an unprecedented rate of 17.8% in 2020 mainly due to Covid-19 whereas its imports contracted by 6.4%. Turkish exports are forecast to rebound by 26.5% in 2021 with its imports projected to rise at a slower rate (6%) (IMF). Germany (9.2% of all exports), the United Kingdom (6.2%), Iraq (5.7%), Iraq (5%), Italy (5.4%) and the United States (5%) were among the top destinations for Turkish exports. Russia (11%) and Germany (9.2%) were the main supplier of goods in Turkey, followed by China (9.1%), the United States (5.6%) and Italy (4.4%) According to the World Economic Outlook April 2021 report published by the International Monetary Fund (IMF), Turkey ranks 11<sup>th</sup> place globally in terms of GDP at PPP in 2020, up from 13<sup>th</sup> place in the previous year. IMF also revised the Turkish economy's growth forecast to 6 percent in 2021, up from 5.5 percent. Turkey is currently among the top three emerging economies with the highest growth expectations for 2021 after India and China.

Turkish trade structure has been characterized by a wide deficit (USD 16.6 billion in 2019) mainly due to energy imports and most of its exports being tied to imports of intermediate, semi-finished or raw products and as such, the evolution of trade balance has been traditionally linked to economic growth and the lira's value against the US dollar. United States imposed

additional duties on imports of Turkish steel in August 2018, but they were reduced back to 25% in May 2019. The hike was found illegal by the US Court of International Trade in 2020. However, the EU launched its own dumping probe into Turkish steel imports last year and is now looking to impose duties on Turkish iron and steel imports.

Foreign Trade Values	2015	2016	2017	2018	2019
Imports of Goods (million USD)	207,199	198,610	233,800	231,152	210,345
Exports of Goods (million USD)	143,883	142,557	156,993	177,169	180,833
Imports of Services (million USD)	20,819	22,215	22,668	26,848	26,813
Exports of Services (million USD)	45,910	37,634	43,384	58,237	64,130

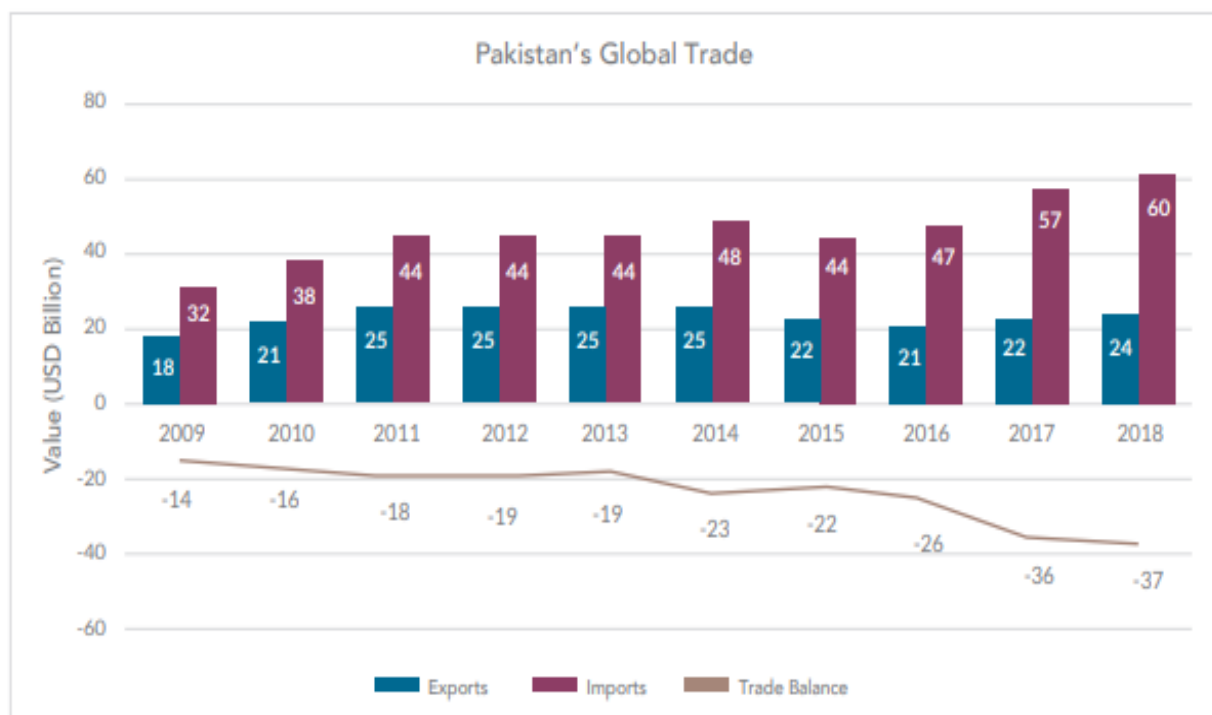
**Figure 3. 1** Foreign Trade Values of Turkey  
**Source:** WTO, 2019

At the same time, the currency crisis, which brought the value of Turkish lira to historic lows in August 2018 and then in October-November 2020, pressured imports and boosted exports. According to preliminary data from the Turkish Ministry of Trade, Turkish exports reached USD 170 billion in 2020 while its imports rose to USD 219 billion. The 2018-21 Turkish currency and debt crisis is a financial and economic crisis in Turkey. It was characterized by the Turkish lira (TRY) plunging in value, high inflation, rising borrowing costs, and correspondingly rising loan defaults.

### 3.2 Economic Stability of Pakistan

Pakistan’s imports from the world have been higher than its exports for a number of years. The trade deficit in 2018 amounted to \$37.0 billion. In 2018, Pakistan exported goods worth \$23.6 billion and the Compound Annual Growth Rate (CAGR) for the last ten years had been 3.4%. At HS-06 level, “Semi-milled or wholly milled rice, whether or not polished or glazed” (HS-100630) was the leading export of the country with an export value of \$1.8 billion in 2018. The importance of the country’s textile sector can be seen from the fact that fifteen out of the top 25 exports were of textile commodities. Combined, these contributed 34.6% to Pakistan’s total

exports. On the import side, Pakistan’s imports from the world amounted to \$60.2 billion in 2018, with a growth rate of 7.4% for the last ten years. Six of the top 25 items belonged to the mineral fuels and oils group which contributed 27.7% to total imports.



**Figure 3.2 1** Foreign Pakistan Global Trade  
**Source:** ITC, 2020

USA, China and UK were Pakistan’s top three export destinations while China, the UAE and Saudi Arabia were the top three import sources in 2018. According to the World Bank, Pakistan ranked 41<sup>st</sup> with a current GDP of \$314.6 billion in 2018. Since the announcement of China Pakistan Economic Corridor (CPEC) (2013), a pilot project of China’s global Belt and Road Initiative (BRI), a 3,218-kilometer-long route, comprising of highways, railways and Oil & Gas pipelines has materialized as a game changer for Pakistan and the region. It’s a \$60 billion project, out of which almost \$45 billion will ensure that the corridor becomes active and operational by 2020. As Turkey is the key node to connect China with Europe, Pakistan connects China’s western landlocked province of Xinjiang to the Middle East, Africa and beyond. Hence, strengthening the Pakistan-Turkey economic and commercial relationship is of utmost significance. Experts in Pakistan say instability in politics is pushing the country backward economically, the country’s

gross domestic product and export targets are finding it difficult to meet, while law and order uncertainty is exacerbating the economic woes.

The economic crisis hit the country during the last term of former President Pervez Musharraf's government. With the imposition of emergency, some investors returned and future investors turned away. However, after the formation of the current government, artisans and businessmen had high hopes. Due to the depreciation of the rupee and the rise in energy prices, it is touching the level of about 5.5%, the highest level in the last five years.

The depreciation of the rupee, which has made imports more expensive, as well as the decline in foreign investment due to security and political challenges in Pakistan, has also severely damaged foreign exchange reserves. Despite the widening deficit, tax revenues in Pakistan in 2012 were only 5% of total GDP. During the current financial year, the country has seen a decline in receipts while its expenditure has increased, resulting in a 5.7 percent half-year fiscal deficit of GDP, the highest since the year 3-4. Saudi dollar pledged that it will continue to be an obstacle to the CPEC in addition to being a burden on the treasure.

### **3.3 The Bilateral Relationship between Pakistan and Turkey**

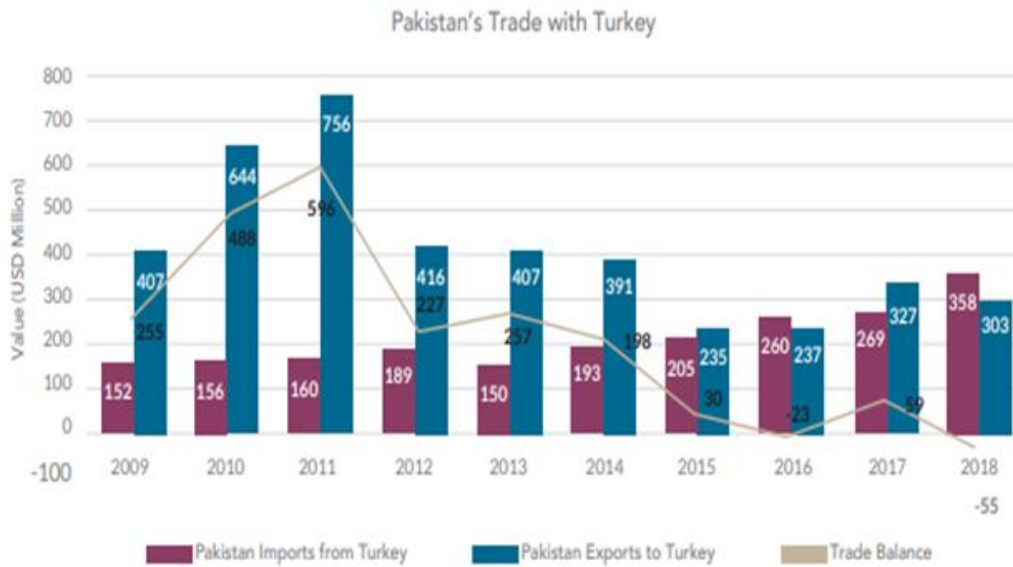
As per the statement of the Foreign Minister of Turkey, the formation of the High-Level Cooperation Council (HLCC) in the year 2009 has also played a key role in enhancing the economic ties and trade relations between Pakistan and Turkey. By the fiscal year of 2017, Turkey invested an amount of more than 1000 million dollars in Pakistan (Abbasi, Khatwani and Kolachi, 2020). Praising Turkey's role, Imran Khan said that Pakistan will continue to support all possible efforts for a political solution for lasting peace and stability in Afghanistan (Tribune, 2013). The two leaders also agreed to strengthen bilateral ties and enhance strategic partnership as well as continuing this at a high level.

Politicians must play a positive role in ensuring political stability and law and order in the country and implement a sustainable policy, otherwise, the economic situation will be adversely affected by the uncertainty (Qadri, Qadri and Ahsan, 2016). For a long time, Pakistan and Turkey have

relished good relations and have reinforced them through the growth of economic collaboration between the two governments in the areas of energy, transport, communications, raw materials, vehicles, agriculture, industry, food and dairy production, data novelty, oil and gas, and trade. A very major and important component of this prosperous relationship is the planned Specific Trade Agreement that in turn underpinned the trade association and aids achieve the mutual goal of \$2 billion in trade (Khan, 2020).

Furthermore, Free Trade Agreements will also benefit tourism between both the two nations, which Turkey is actively promoting. In this regard, Turkey proposed to Pakistan an agreement on tourism that Pakistan enthusiastically welcomed. Pakistan's Prime Minister Imran Khan, committed to the Memorandum of Understanding on Hospitality on his first trip to Turkey in 2018, achieving significant progress on the Strategic Economic Framework (SEF) (Ali, 2017). Following the approval of the MoU, Turkey would provide Pakistan with all technical support necessary to improve tourism and advance the activities of the Pakistan Turkish Tourism Council (PTTC).

Both countries are discussing visa-free travel to make tourism more convenient (Kowalski, 2019). In the same regard of enhancing the hospitable relations, business, trade and investments between Turkey and Pakistan, Erdogan offered the execution of dual nationality for the citizens of the two countries (Ashraf, 2020). Erdogan co-chaired the High-Level Cooperation Council's sixth meeting in Islamabad in February 2020. Several top cabinet officials and lawmakers from both nations attended the meeting. The two countries signed a series of Memorandums of Understanding intended at enhancing present bilateral economic, cultural, and communication links (Abbasi, Khatwani and Kolachi, 2020). The Memorandum of Understandings includes a variety of topics, including collaboration between TRT and PTV, educational collaboration, promoting each other's cultures, enabling and expanding tourism, and halal food evaluation, conformity, and authorisation. They also inked an energy and power Memorandum of Understanding. In this regard, they will collaborate to discover and generate hydrocarbons, as well as exchange best practices in petroleum and petrochemical administration, transportation, and commercialization. Both nations have also agreed to work together in areas such as railways, postal services, military, and e-commerce (Syed, 2020).



**Figure 3.3 1** Foreign Pakistan Global Trade  
**Source:** ITC, 2020

### 3.4 Advantages and disadvantages in terms of bilateral economic relations

The Pakistani prime minister wants more than aid from Turkey. He wants Turkey to invest in Pakistan and end the famine of foreign investment in Pakistan which has caused great damage to the Pakistani economy. In his message to the Turkish business community, he said that they should come and take part in projects in Pakistan ranging from construction to tourism and natural resource exploration. Given the geographical importance of Pakistan, the eyes of the United States are always on Pakistan, and the United States, which aspires to rule India in the region, always thinks that Pakistan should not do anything that will enable it to move forward. The US statements and intentions regarding CPEC are linked to this fear.

It is important to understand that Pakistan and China alone cannot complete the CPEC, which is a game-changer for Pakistan's economy. Therefore, more allies are needed in this whole project and if a friend like Turkey becomes a part of this CPEC like China, then this project can be implemented quickly. Pakistan and Turkey have good historical relations and good relations between the people of the two countries, but there is a need to further enhance bilateral trade relations between the two brotherly countries and to promote joint ventures, especially in potential

areas. Turkish companies also need to invest in Pakistan's construction, construction, energy, and infrastructure sectors.

In any case, Pakistan has to work hard to complete and succeed the CPEC. Only the involvement of reliable regional stakeholders can turn the tide. This will be possible only when Pakistan makes Turkey its third strategic partner.

### **3.5 Free Trade Agreements between Pakistan and Turkey**

Pakistan and Turkey are linked by a historic bond of sincere friendship. Whoever the government is in Pakistan, its relations with Turkey have always been cordial. From trade to military training and military agreements, the two countries depend on each other (Ali, 2017). According to Turkish media reports, a military agreement worth about 1.5 billion was signed between Pakistan and Turkey (Ali, 2017). Similarly, Turkish soldiers come to Pakistan for training and Pakistani soldiers go to Turkey. On the contrary, the former military dictator of Pakistan and former President General (ret'd) Pervez Musharraf had studied in Turkey for a long time. Kemal Ataturk, the founder of the Turkish Republic, was his idol (Khosa, 2015). Similarly, the current Prime Minister Imran Khan has mentioned Kemal Ataturk's Turkish model much time. A regional trade agreement allows foreign trade between countries, mostly located in the same geographical region, to be free of a trade by removing barriers to foreign trade. Inadequate multilateral trade orders regarding WTO regulations and the launch of new markets to meet some of today's needs have forced countries to conclude bilateral and regional trade agreements.

With the expansion of the Free Trade Agreement (FTA) network between countries, many countries have provided their goods to FTA partners, and some countries outside the FTA network have some trade preferences (PBC, 2018). Opportunities have been missed. Because of this, governments have sought to create an FTA network. In this context, Turkey, in line with the trend of building FTA networks in international trade and within the jurisdiction of the Customs Union, agrees to similar agreements with these countries based on mutual interests with which the EU independently Trade agreements have been reached (PBC, 2018). Further progress has been made in the Free Trade Agreement (FTA) between Pakistan and Turkey. The two sides discussed

agreements on investment, services, and goods, and significant progress has been made on all of these agreements (PBC, 2018). Both sides proposed tariffs for giving concessions to each other in a cordial atmosphere. Given the directives of the top leadership of both the countries, it was agreed to hold.

### **3.6 Sectors of Pakistan and Turkey that can Collaborate to Increase Trade Ratios**

Turkish experience in construction, mining, oil refining, and exploration can be very helpful for this project. Similarly, in the field of tourism, Turkey is helping Pakistan immensely and it should be further enhanced (Ozturk et al., 2017). In this changing world that is shifting from a single axis to a different regional, trade, and strategic partnership, Turkey and Pakistan are two important countries. Pakistan is the most geographically important country in South Asia and the only nuclear power in the Muslim world and the most powerful war machinery in the Muslim world (Singh and Hickman, 2013). Pakistan's geographical position in the region is like a crossroads that is taking on a new role in a changing world on the brink of South Asia, Central Asia, and the Middle East. Relations with the People's Republic of China and China's growing global role are deepening these ties. Turkey is one such country at the crossroads of the Middle East, Asia, and Europe (Yörük and Vatikiotis, 2013).

With education, technology sectors, and a strong economy, as well as having the second most important war machinery after Pakistan, the two countries can increase their trade ratios. Therefore, the historical ties between the two countries can no longer be ignored in creating a new regional and global balance in this changing world. Moreover, cooperation between the two countries in the fields of energy, infrastructure, housing and agriculture, and industry can lead towards more trade margins and ratios. Turkey can enter Pakistan and can invest heavily into the housing schemes of government by offering support in food processing, assistance in irrigation, and agricultural productivity.

### **3.7 Pakistan to invest in Turkey and Turkish Companies should Invest in Pakistan**

The Pakistani prime minister wants more than aid from Turkey. He wants Turkey to invest in Pakistan and end the famine of foreign investment which has caused great damage to the Pakistani economy (Tribune, 2013). In his message to the Turkish business community, he said that they should come and take part in projects in Pakistan ranging from construction to tourism and natural resource exploration (Tribune, 2013). Given the geographical importance of Pakistan, the eyes of the United States are always on Pakistan, and the United States, which aspires to rule India in the region, always thinks that Pakistan should not do anything that will enable it to move forward (Klasra, 2011).

The US statements and intentions regarding CPEC are linked to this fear. It is important to understand that Pakistan and China alone cannot complete the CPEC, which is a game-changer for Pakistan's economy. Therefore, more allies are needed in this whole project and if a friend like Turkey becomes a part of this CPEC like China, then this project can be implemented quickly (Zhao, 2020).

Pakistan and Turkey have good historical relations and good relations between the people of the two countries but there is a need to further enhance bilateral trade relations between the two brotherly countries and to promote joint ventures, especially in potential areas (Kocoglu, 2014). There is a need for enhancing relations between the business communities of the two countries so that the existing economic and trade relations could reach new heights. Turkish companies also need to invest in Pakistan's construction, energy, and infrastructure sectors. Turkey's accession to the European Union will directly benefit Pakistanis, which will have a profound effect on education, trade, and diplomacy. In contrast, Pakistanis who have worked in Arab countries for decades have the status of non-Arabs (Eraqi, 2014). The recent Pak-Turkish bilateral MoUs on access to money laundering and counter-terrorism joint working and legislation are of great importance. It is directly linked to the region's security, peace, and economy. In such a situation, an undeclared bloc consisting of China, Iran, Russia, Turkey, and Pakistan is in Pakistan's interest in every way.

In any case, Pakistan has to work hard to complete and succeed the CPEC. Only the involvement of reliable regional stakeholders can turn the tide. This will be possible only when Pakistan makes

Turkey its third strategic partner (Gilley, 2015), otherwise, the Saudi dollar pledged will continue to be an obstacle to the CPEC in addition to a burden on the treasure. Moreover, it has been highlighted that an important aspect of the thriving relationship is proposed by a preferential trade agreement (PTA) which has the aim to boost the ties of trade and achieve the mutual target of trade of 2 billion dollars for the economic stability of both the countries (Gul, 2014).

### **3.8 How Pakistan can Promote Tourism under the Consultancy of Turkish Tourism**

For the first time in Pakistan, the Khyber Pakhtunkhwa government has planned to provide accommodation to tourists in people's homes at tourist destinations in Malakand Division and Hazara Division (Rafi, Ahmad, and Ming, 2020). The number of hotel rooms in Pakistan is limited and it is usually difficult for people to get rooms at these tourist spots due to the influx of tourists. It is planned that people will have a room in their homes with all the facilities and they will rent the room to tourists. In this way, the economy of the local people will be improved and the increased rush on hotels will be overcome. Under this scheme, those who agree to construct such rooms will be given an interest-free loan of Rs. 4 lakh and they will not have to pay any extra amount and the loan will have to be repaid within five years (Shah, Nawab, and Mehmood, 2020).

On one hand, it would provide employment opportunities to the locals, which would include providing cars, jeeps, and food to tourists so that they could live in a better environment away from congested areas. The project is currently under consideration of the Planning and Development Department and as soon as the project is approved, an agreement will be reached with the Bank of Khyber and its implementation will begin. There are also reports that people who will be given loans to build rooms will be required to be educated so that tourists do not face difficulties in communication and other matters. However, the government is making these plans and funds are being allocated for it, but on the other hand, there is a lack of basic infrastructure in many areas and less attention is being paid to this (Sharifi, 2016). For this purpose, Pakistan can seek Turkey's help for increasing the growth of its tourism sector as Turkey has a booming tourist industry which is contributing significantly to the economic development of the country.

### **3.9 Challenges in Pakistan-Turkey Relations**

Pakistan and Turkey are both strategically located in areas with a difficult regulatory environment. In their respective markets, both nations have been sufferers of Cold War and post-Cold War turbulences. Since Pakistan's inception, the two nations have had cordial relations. However, the sense of camaraderie and friendliness is primarily rhetoric. There has been insufficient attempt to turn existing benevolence into real relationships to reap the benefits (Khan, 2020a). Economic and commercial connections are the first and most pressing issue between the two countries. Notwithstanding both nations' frequent declarations that they want to improve their economic ties, there have been few real actions in this regard.

Commerce between the two nations is still under one billion dollars, and it has decreased by 40% in the previous two years. Various aspects play a role: since 2011, Turkey has levied protection taxes on Pakistani textile items, resulting in a drop in Pakistani exports. It has also lately slapped extra taxes on carpets and rugs, which are expected to have a more negative impact on Pakistani exports (Tribune, 2019). Pakistan is not on the EU's list of nations granted GSP Plus accreditation by Turkey. Pakistan, alongside Armenia, was oddly omitted.

On the contrary, the exchange between Turkey and India amounts to more than 5000 million dollars. This reflects that India excels as a trading partner of Turkey if compared to Pakistan. Turkey has been seeing the boom phase of the economic cycle since the last decade, the major reason for which is the political stability of the country and a lot better economic policies. Whereas, on the contrary, Pakistan has been facing a severe crisis in terms of economy and politics, hence Pakistan's economy could not match the pace with the Turkish economy. Pakistan, however, had a chance to take advantage of the thriving Turkish economy (Khan, 2020a). The people-to-people interaction is another crucial area where Turkey and Pakistan might develop their relationship.

Both nations' citizens have great affections for one another, even though they have just met. Turkey's youngsters have little knowledge of Pakistan's location. They get most of their information about Pakistan from International sources, which is not particularly encouraging. The Pakistani public is in the same boat. Pakistanis have little to no contact with Turkish citizens. A

barrier to better knowing each other is a shortage of research and wisdom about one another (Khan, 2020a). In both the countries of Pakistan and Turkey, there are barely any area experts or academic researchers. Both the regions are dependent on external, particularly western sources, for research and development. Likewise, no research institutes or academicians are researching on the other country in either country. There are no cultural centres in the different nations that can assist individuals in establishing a sense of familiarity, calm, and unity (Khan, 2020a).

#### **4. SUMMARISED FINDINGS**

The economic stability of the two states was analysed in the current research and results showed that with Turkey's growing trade, Pakistan is looking to expand its foreign trade as well. Turkey's exports supplement Pakistan's imports, and this pattern has been growing steadily since 2016. In addition, a permanent display of Pakistani products in Istanbul and vice versa is needed. Furthermore, there is also an increased potential for enhancing cooperation in trade, tourism, economy, and science.

The second objective of the study was to examine the impacts of economic relations of both countries from a global aspect. The findings of the study showed that the bilateral relations with Turkey are favourable for Pakistan as this will be beneficial for the economic development of the country whether it is GDP rate, efficiency, and welfare of the state. Moreover, it was also analysed that Pakistan's economic stability in global bilateral trade with Turkey is providing Pakistan with an opportunity to grow. Denim is the most important trade market between Turkey and Pakistan. The FTA agreements at the market have boosted the two countries' trade and economic relations, as the two parties have the opportunity to extensively resolve matters pertaining to customs facilitation, telecommunications, and other issues.

The third objective was to determine the advantages and disadvantages for both Pakistan and Turkey in terms of bilateral economic relations. Findings showed that the variety of agreements signed by the two states is beneficial for both countries in terms of better economic development. However, the disadvantage is observed with respect to the export of Pakistan during the year 2011 and these discrepancies are required to be improved by the two states. The research also showed that since these two countries are cooperating militarily, they are also cooperating economically.

The report also demonstrated that both countries would benefit from the China-Pakistan Economic Corridor. This is due to the fact that Turkish investors can easily reach Pakistan via this path.

## **5. RECOMMENDATION**

Following are the few recommendations or the opportunities which can be taken into consideration by the two countries to make their economic and political relations stronger for the development of the countries. It is suggested to the Turkish companies to enhance their investments in Pakistan by over \$1 billion to further expand and solidify their relations in the fields of culture and trade. The leadership of Turkey has taken a significant instance on providing assistance to Pakistan which has the opportunity to grow together. Additionally, having faced a number of anti-dumping cases imposed by Turkey, great care should be taken by Pakistan to ensure that the issues are covered in the FTA agreement comprehensively. This should be aimed at proactively offsetting any barriers to Pakistani exports.

It is strongly recommended that the negotiations of FTA should be strongly included with respect to significant tariff concessions on the current top exports of Turkey primarily Textiles, Rice, and Cotton with an aim to culminate the eliminations pertinent to the tariff. Moreover, since the potential of Turkey is immense in terms of exporting high-value-added goods such as automobiles or machinery, it is recommended to the country to work towards negotiating for such goods for the export of Pakistan and the interests, therefore, need to be safeguarded in the sector of manufacturing in Pakistan.

One of the future opportunities for Pakistan to grow strong relations with Turkey is the state-sponsored program TURQUALITY which can be used as a catalyst of economic development for Pakistani brands as a brand reference in the eyes of customers. This is significant because in the progressing world, the quality of the product matters the most and for that purpose, the textile sector which is strong in Pakistan can be targeted to outperform in the respective sector.

## **6. FUTURE IMPLICATIONS**

The current study has been carried out with an aim to carry out a detailed investigation on the economic opportunities which are developed between Pakistan and Turkey as a strong relationship. For this purpose, the research carried out qualitative analysis by the collection secondary data to analyse the economic stability of both Turkey and Pakistan. However, in the future, the research can be performed by the collection of primary data so that interviews can be conducted from experts in the finance departments of trading companies to identify their dealing and benefits of developing strong relations with Turkey in terms of trade and FTA. Moreover, the impact of economic relation on Pakistan and Turkey at a global aspect can be determined in the future by conducting quantitative surveys from market experts to evaluate the factors which are significant with respect to the development of bilateral economic relations.

The research was purely based on presenting an analysis of the economic relations and developments to analyse the relation between Pakistan and Turkey. Therefore, it can be significantly used by the economic institutions in the two countries to gather relevant data and various aspects beneficial for both countries. Additionally, the study can be significant for the government institutions and the different sectors in Pakistan which are associated with Turkey in terms of trade to identify the key areas where they can grow as well as the disadvantages of the bilateral economic relations between Turkey and Pakistan. Lastly, the study can be helpful for the researchers who aim to assess the relationship between Turkey and Pakistan in the future.

## **7. CONCLUSION**

Both the discussed countries, Turkey and Pakistan have unquestionably a strategically and geographically important relationship. On one hand, Turkey has the potential to serve as a link between Asia and Europe, while on the other, Pakistan shares borders with two big, densely populated countries and might serve as a gateway to Central Asia's abundant energy resources. Pakistan, however, needs Turkey more than Turkey needs Pakistan, given their current trade systems and quantities.

Given the PTA's delay since 2011, the current administration should press harder for its implementation. Pakistan's commercial growth with Turkey is expected to yield significant benefits. Given the current trade surplus and Turkey's enormous, mostly unexplored market, direct advantages are projected. The relation between both the countries have also strengthened these countries with strong economic cooperation in the areas of agriculture, raw materials, industry, food, dairy, oil, and gas, etc. The gains are mutual, concerning both the countries at a global level. The growing economic cooperation between Turkish and Pakistani governments is manifested in the proposed preferential trade agreement (PTA) which has served the country to strengthen their good relations between Turkey and Pakistan in an attempt to achieve potential gains. Moreover, it has been suggested by the findings of the study that the trade of Pakistan is in surplus with Turkey with strong similarities in export and intra-industry trade allowing greater opportunities for the countries to achieve greater value addition at a broader market base. In line with the ongoing economic cooperation, economic relations have developed through huge infrastructure, trade, and investments. Since the independence of Pakistan, the relations between the two countries have become stronger and both countries in the developing phase are working together to increase their economic scale at a global level.

The research is considered significant in terms of analysing the fact that the increasing trade and strong relations have increased the chance of employment for Pakistanis in Turkey as they can easily travel and work there for a variety of sectors. The study also highlighted that Pakistan and Turkey alliance has been developed based on cultural and religious ideologies and standing with each other against terrorism. Economic cooperation will be important in the future as well with the development of numerous bilateral projects such that the governments are offering support to each other for different sectors. It has also been identified that the countries also share a strong bond with respect to the workforce and educational exchange for better exposure. It is proposed that Turkish companies increase their investments in Pakistan to over \$1 billion in order to further extend and solidify their cultural and commercial relations. Turkey's leadership has taken a big step forward to assist Pakistan, increasing the potential to develop together.

Given the prospect for larger company synergies, there are also significant indirect benefits, allowing for long-term structural changes that are critical for Pakistan's sustainable economic

success. The most significant feature of this partnership is the strong political will required to improve economic and commercial cooperation between the two nations. Although India and Turkey have nearly identical export market shares, the fundamental element that favours Turkey is the better predictability and consistency that defines its ties with Pakistan. Pakistan must take advantage of possibilities like the planned PTA with Turkey to maximise its profits. It is past time for the two nations' mutual goodwill stockpiles to be converted into profitable profits for Pakistan.

Pakistan and Turkey are fully aware of the regional and global significance and potential of their bilateral cooperation. Economic factors such as foreign investment, trading, and commerce can help to enhance this link. Pakistan has a paucity of infrastructure; nevertheless, Turkey has a wealth of infrastructure facilities and plans to assist Pakistan. In the sphere of information technology, Turkey might be beneficial to Pakistan. Pakistan may acquire these strategies from Turkey because it has good plains for agriculture and few strategies for using water for irrigation. Pakistan should also seek Turkey's assistance in the fields of science and technology, commerce, and business.

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