

ROLE OF TURKISH EXPORTERS' ASSOCIATIONS IN TOTAL EXPORT OF TURKEY

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ABSTRACT

While the importance of international trade in the modern world economy is increasing day by day, the change and development process, starting especially in the 2000s, has enabled not only the companies but also the states to develop new strategies in reaching their long term export targets. While the states turn towards many areas such as production of value added products and signing of bilateral free trade agreements to increase their export potential, Exporters' Associations established with the intention of developing international trade have gained a great importance in recent years. While there are many studies made specifically on the impact of export promotion institutions in the world literature, a similar work has not been done in Turkey. It is aimed to fill this gap in the literature with this study, and hence the structure and mechanism of Exporters Unions have been examined and also the Turkish steel industry is scrutinized in order to investigate its role in the total exports of Turkey. The period before and after 2005 is examined, which is the year of foundation of Steel Exporters Association, and its activities between 2005 and 2017 and its role in total exports of Turkey are observed.

Keywords: Turkish Exporters Associations, Total Exports of Turkey, International Trade, Export, Steel.

TÜRK İHRACATÇI BİRLİKLERİNİN TÜRKİYE TOPLAM İHRACATINDAKİ ROLÜ ÖZET

Modern dünya ekonomisinde uluslararası ticaretin önemi her geçen gün artarken özellikle 2000'li yıllarda başlayan değişim ve gelişim süreci sadece firmaların değil devletlerinde uzun vadeli ihracat hedeflerine ulaşmalarında yeni stratejiler geliştirmelerine imkân sağlamıştır. Devletler ihracat potansiyellerini artırmada katma değerli ürün üretimi, ikili serbest ticaret antlaşmalarının imzalanması gibi birçok konuya yönelirken, uluslararası ticaretin geliştirilmesi amacıyla ihracatı geliştirme ajansları son yıllarda büyük önem kazanmıştır. Dünya literatüründe ihracatı destekleme kurumlarının etkileri özelinde birçok çalışma yapılmışken, Türkiye'de benzer bir çalışmaya yer verilmemiştir. Bu çalışma ile literatürde yer alan bu boşluk doldurulmak istenip İhracatçı Birliklerinin yapısı ve işleyişi incelenmiş ve Türkiye toplam ihracatındaki rolünün araştırılması amacıyla da Türk Çelik sektörü mercek altına alınmıştır. Çelik İhracatçıları Birliğinin kurulduğu yıl olan 2005 yılı öncesi ve sonrasındaki dönem incelenmiş ve birliğin 2005-2017 yılları arasında yaptığı faaliyetler ile Türkiye toplam ihracatındaki rolü gözlemlenmiştir.

Anahtar Kelimeler: İhracatçı Birlikleri, Türkiye Toplam İhracatı, Uluslararası Ticaret, İhracat, Çelik.

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1.INTRODUCTION

Globalization and Free trade improved international trade dramatically particularly in the past several decades. Increasing market deregulations and competitive power of international firm, regional trade agreements caused significant growth of the world export. In this regard, export strategy of governments become more crucial in each passing year. It is not surprising that most governments seem to have taken some initiative over the last decade in encouraging firms to export. In this modern world, exports have grown faster than GDP: in 1980–1990 global GDP grew 2.7 percent a year while global trade grew 5.7 percent a year; in 1990–1998 these rates were 2.4 and 6.6 percent; in 2017 World trade volume growth was 2.8 and World GDP growth was 2.7 (World Trade Organization, 2017).

Export is a complicated work effected by information incompleteness. Companies sustaining cross- link economic occasions must engage in a costly process of determining potential interchange partners and evaluating their trustworthiness, credibility, timing, and competency (Volpe Martincus and Carballo 2010). Many developed and developing governments allocate public funds to exporters' Association. The goal of these activity is to help firms in general and in many cases small and medium sized firms especially to become successful and competitive exporters. Over recent decades several developing countries have established their own national Exporters' Associations with the object to support their exporters to increase their competitive power and also overall export of the country. While more countries have been establishing their exporters' Association as a part of national export strategy, most of the economist focused on activity and efficiency of these associations.

The main aim of Exporters' Associations is supporting exporters to seek new markets to export the products of the firms, as well as provide them with a better understanding of products requested in distinctive target markets. Export promotion services provided by Export Associations can divided in four extensive categories: 1) Creating powerful country image (information, networking events, consultancy); 2) export assistance services (workshops, technical support, capacity improvement, including regulatory compliance, financing, transportation, customs, pricing strategy); 3) Enhancing market share (trade fairs, trade and buying missions, e-commerce); and 4) market analysis and publications (sectorial analysis, firm level information, sectorial news, providing statistical data, sectorial report encouraging firms to export, importer and exporter contact databases.(Lederman, Olarreaga, Payton, 2006).

From this point of view, Turkey is one of the developing country which established its own national exporters association much earlier than many other countries in

the world. First export association in Turkey is established in 1937 to coordinate the live animal exports of eastern region of Turkey. Since 1937, while Turkey increases the number of exporter association, governments also improve the export strategy of the country by reforming vision and mission statement of the association. Turkish Exporters Assembly (TIM) is the umbrella organization of around 71,000 the exporting firms was established in 1993. It provide its mission on official basis as the professional Exporters' Association of the companies deal with export. The essential reason of establishment of TIM is retaining the troubles related to the international trade especially for export, support exporters to increase the total export of Turkey, and to guarantee the transfer of the issues of the exporters to the upper level authorities. Each of the exporter firms has to be a member of the association in the sector and region. The exporter firms around 71 thousand operating in 27 separate sectors in which export records are continued direct export transactions on 62 exporter associations organized in region and sector-wide. These 62 associations are gathered under 13 general secretariats. Turkish Steel Exporters' Association is one them and aim to support Turkish steel exporters.

The main purpose of this paper is to evaluate the role of export associations in Turkey and Turkish Steel Exporters' Association (CIB) is taken under the concentration as a case story. Paper is organized as follows, reviewing international literatures regarding the efficiency of the Exporters' Association in the world as well as export promotion instruments that have been used by the associations. Then, focused on the Turkish Steel Exporters' Association and its export promotion activities that carried out to the members in between 2013 – 2017 by using the firm-level data of Turkish Steel Exporters' Association.

2.EXPORTERS' ASSOCIATIONS AND LITERATURE REVIEW

2.1.Exporters' Associations (EAs)

Exporters' Association (EA) is generally non-profit organization of the governments to help their local firms to find a new market for their products, supporting them to overcome trade bias and barriers. The first EA in the world was established in 1919 in Finland, and when it comes to 1960's they became quite common to stick up exports and lower trade deficits, under the organization of the International Trade Center (UNCTAD-GATT). However, in early 1990s effect of Exporters' Association was interrogated (Keesing and Singer, 1991 and 1991a). EAs in developing countries were animadverted for lack of powerful leadership, facing with financial inadequacy, employ staff which was focused on formality and not member purposed, and under the influence of the state.

International business and economics literature has dedicated distinction attention towards the pursuit how Exporters' Associations and their activities

effect firm export performance (Hiller, 2012) Nowadays not only international business and economics literature but also most of the governments focused on Exporters' Associations to improve its efficiency and service variety.

Exporters' Associations provide representation to the exporter firms, joint venture products and services to businesses with common interests. While many of export associations provide services without any fee, many more associations work for profit base. In return for a subscription fee, EAs provide wide range of products and services, including workshops, trainings, conferences, networking events, trade missions, buying missions, technical advice, sectorial reports, statistical datas and analyses, and publications. However, one of main focuses of Export Association is generally as a legitimate organization setting forward to the common view and position of their members, usually to government departments, officers and regulators and also to the media and other formal decision makers. At this point, administration of the association plays a crucial role to accomplish their main goal. Exporters' Associations are usually non-profit organizations with an administrative body consist of elected delegates from its members, in accordance with their rules, regulation and constitution.

There is no single definition of such trade association in the literature, but Minister for Business and Regulatory Reform Department for Business, Innovation and Skills of United Kingdom, Mr. Lan Lucas MP define Trade associations as:

“Trade associations have a crucial role to play in promoting best practice, helping companies become more competitive and formulating effective public policy and delivery. They have tremendous potential to act as a co-ordinated voice of business when talking to Government, and great value in terms of quickly disseminating messages about Government policy to their members. Productive engagement between associations and Government is very important for the policy making process” (Bolkeat, M., 2003)

In this competitive economic condition, not only firms but also governments seek to develop better strategies in order to increase their export potential and competitive power. Therefore, nowadays international business and economics literature has dedicated distinction attention towards the exploration how Exporters' Associations and their activities affect firm export performance. When investigating the services offered by exporters ' associations to its members and their effects, services accepted worldwide are used by similar associations at distinctive titles or names. Studies have been carried out to determine whether the Exporters ' Association has indeed contributed to the members and therefore to the export of that country.

The most typical characteristics of the exporters associations in Turkey distinguishing them from the similar associations, export promotion agencies, institution or trade organizations in other countries is the compulsory nature of the membership to the Associations. This means that each company wants to sell goods from Turkey to other countries in the world has to be a member of "Exporters Association". In parallel to this, although the objectives are the same, the organizational structures and foundations of other similar export associations in the world differ from each other. These export associations are established either by private sector or by government aids for the purpose of supporting the private sector, and are comprised of institutions, where membership is wholly voluntary. Accordingly, it is believed that the names of the associations not necessarily required to be "Exporters Association", like in the case of example of Turkey to examine the other examples in the world, and hence the services offered by trade organization to be paving the way for private sector, to be supporting the companies and whether or not these services being effective are scrutinized.

2.2.Efficiency of Exporters' Association (EAs)

Business-studies tend to count on self-assessment of firms participating in export promotion programs; however, economic studies count to rely on objective performance measures. Country-level or sometimes plant-firm level data is considered, mostly in a panel dimension. Some firm-level studies use firm-level exports which is product- and destination-specific (Volpe Martincus and Carballo 2008). The regional coverage of firm-level data studies is constricted to Ireland, China, Spain, South America, and the United States of America. Overall, there is a proof for a positive impact on export promotion, whereby the dimension of the effect and whether it occurs along the extensive or intensive margin of international trade varies across studies.

Alvarez (2004)'s study is one of the first studies to determine whether export support by Exporters' Associations contributes to the export of companies. In order to examine the impact of support services provided by Prochile, Alvarez (2004) apply for using plant level data to examine the effect of the export essential services of Prochile; the export Committee, taking part in the fairs and the use of Business Information System. The methodology applied in their study is a variant of the basic method of empiric design applied to one "quasiexperimental design" (QES). The QES assess the effect of one project by measuring the changes that have been located in the performance of program target groups and by systematically isolating the impacts of remnant factors that might have contributed to the observed changes. QES allows identifying the impact of a program using a control group. Pre and past observations are taken in both groups, participating

and control. In a well-designed evaluation, the control group detects and adjusts for changes that are unrelated to the program, while the participating group identifies changes due to the program. In this way, the changes in the participating group minus those of the control group need to detect the impact attributable to the program. Researcher applied for an exclusive survey to gain data from 365 companies. The sample was selected among the total number of 7, 470 exporting firms and the statistical data in the period of 1992-1996 were gathered from Central Bank of Chile. The samples for both groups are 187 and 178 for control and participating firms, alternately and they were selected by applying laminated random sampling. They found that export promotion activities provided by the agency had a positive impact on the number of markets and indirectly, after a duration of four years, on diversification of products. In addition, they focused on their three important instruments; exporter committees, presence in international trade fairs and the utilization of a business information system and found out that trade shows and trade missions did not affect the probability of being a successful exporter, a program of exporter committees showed a positive and significant impact.

Doner and Schneider (2000) studied efficiency of the trade association and they focused on the associations in terms on economic and political aspect to determine effect that they have towards their own sectors, and they seek for unintentional conclusion. Researcher divided contributions of the trade association into two categories. One, "market-supporting" activities and this activity contains the promotion of property rights, infrastructure, and removing bureaucratic barriers. On the other hand, the second type of contribution is "market complementing" included services varies from minimizing inflation, to set up standardizations for exports, encouraging education & workshops, and corresponding differences between up and down current circuits of value chains. They check activities of many trade associations and underline that not all the business association work efficiently; however, they emphasize the factors influencing associations in one direction or the other. Weak, unrepresentative, and insufficient staff associations are occasionally capable of regulating state and market ineffectiveness, therefore agencies first need institutional power or volume to present positive economic movements. Authors stressed in the paper the identifying reasons of institutional power of associations include intense member request, precious optional incentives, and influential organizational process for attracting member relevance. Optional incentives for example foreign trade quotas, workshop activities, and standardization process to policy contemplation of the decision makers are crucial. These kind of benefits drawn an attention by many potential exporters and provide the association a high intensity of membership and important material resources. Efficient inward services via

sufficient member representation, contemplation, and limpidity resolves other inward barriers to mutual acts and lowers interior transaction expenses, therefore simplify rest of the promotional services by the agency and connecting engagements by members.

In their effective research of Exporters' Associations in the 1980s, Hogan, Keesing, and Singer (1991) determined that Exporters' Associations in developing countries were not effective as much as developed countries due to lacked of powerful administration, having insufficient financial support, heavily bureaucratic procedures, and not member oriented. In addition, they underlined that those EAs had to accomplish strong trade barriers to be effective which they were not successful. When we look at the organizational structure and services of EAs in last decade, it has been changed in the direction offered by Singer, Hogan and Keesing. Also, foreign trade policies of the governments are becoming more exportoriented. At this point, literature also advice that today's EAs are beneficial in terms of having an effect on national exports. According to the research for every \$1 spent by EA to support firms, brings additional \$490 dollars of exports in Latin American countries, \$227 in Asia, \$160 in the OECD, \$137 in SSA and \$96 in Middle East and North Africa, even though the last two figures are not statistically quite different from zero.

Martincus and Carballo (2008) studied an effect of the Exporters' Associations and their export supporting instruments in a middle developing country. They would like to find an answer to these questions; Effectiveness of export promotion activities in developing countries, type of export promotion vehicles and measuring their impact in the intensive and extensive margin. During their research they focused on Peru to understand the efficiency of the export institution. PROMPEX is national Exporters' Association of Peru and its aim is supporting firms in their internationalization endeavor. In the line with this objective, PROMPEX provide services to the nonexperience firms on their export process, sales, branding, marketing and negotiations, having country and product base market analyses, enabling critical information regarding business opportunities in foreign countries. PROMPEX also provide counseling and technical assistance in terms of the standardization, certification and advocacy services. On the other hand, the agency attempt to increase the total export of the firms by organizing sales oriented trade and buying missions, trade shows (fairs and exhibitions), and arranges VIP meetings with potential foreign buyers in particular. Finally the agency organizes trade related networking events, sponsoring to set up consortia of firms aiming to strengthen their competitive position in external markets. On the research, they first determine the average impact of assistance by PROMPEX on assisted firms applying the difference-in-difference method and then control the robustness of their findings to rectification

for probable econometric problems and to the use of alternative determination strategies via performing systematical matching difference-in-differences estimations. They find that export promotion activities provided by PROMPEX have positive impact on their trade by helping Peruvian firms to expand their exports, primarily along the extensive margin, both in terms of markets and products, whereas no robust significant effect could be identified on the intensive margins of exports. The evidence from Peru delivers an associated message to the other developing countries with overwhelmingly specialized export structures. It is stated on the research that export promotion vehicles may foster product and market export diversification and impact overall all export of the firm and country unless performed properly.

2.3.Export Promotion Instruments of EAs

Exporters' Associations, export promotion agencies and similar trade organizations play a crucial role in total export of the country. At the same time, service diversification and quality are also extremely important. Establishing national export association of the country may not be enough to increase the export potential of the firms and also to be sufficient. In late years, many countries in the world have established their own trade promotion activities. Impact of these activities are not homogeneous, changing in accordance with the distribution of the total export and also they create a great deal of impact especially on small and medium dimension companies.

Export promotion instruments have been used by Exporters' Associations in distinctive ways. While one the national Exporters' Association focuses more on marketing activities, others may interested in lobby activities. Pro Chile is Exporters' Association of Chile which is established in 1974. The agency has commercial offices and also representations in more than 40 countries and also 13 regional directorates within Chile. Pro Chile aims to promote goods and services exports from out of the country by providing a wide variety services like other national Exporters' Associations. From this point of view Volpe Martincus, Carballo (2010) believes that most of the studies before them assessed whether Exporters' Associations efficient or not; however, in this study they would like to address the effect of export promotion instruments and trying to answer these two questions; Do export promotion vehicles have homogeneous impact over the distribution of the related export outcome variables? Are the sizes of firms effective in benefiting from export incentives? Accordingly, they studied on the appraising the distributional effect of export promotion activities performing beneficial treatment effect to measure on service providing, total export, and highly comminuted export data for the overall population of Chilean exporters in between 2002-2006. First, they observe the total export performance of the firm

which is under assigned by Pro Chile and compare it with the firms that are not assisted by the agency to estimate that how export promotion activities effect on distinctive type of firms. Then, they evaluate the impressiveness of these activities that is provided by Pro Chile to additional exports over the distributions of both total exports and export margins, namely, the extensive margin (performed number of countries and number of products) and the intensive margin (average exports per country, average exports per product, and average exports per country and product). In addition, while they make an evaluation, they not only consider manufacturers but also whole exporter's scales including traders. It is extremely essential for a developing country such as Chile where nonmanufacturing exports explain a large portion of total exports. They found that export promotion activities provided by PROCHILE have had distinguished impacts over the distribution of total export. These effects are mainly focused on the lower level of the distribution of (growth of) total exports and the bottom line and upper ends of the distributions of (growth of the) number of countries and number of products. Which means effects of the Exporters' Associations tend to be more efficient more in small firms than big firms. They emphasize that obviating the barriers associated with internationalization is frankly more struggling for smaller, comparatively nonexperience exporters; therefore export promotion instruments are likely to be more efficient in supporting these firms.

Martincus, Carballo, Gallo (2010) studied whether trade related institutions operating in foreign countries such as diplomatic representations and trade promotion organizations have an impact on overall trade. Author has explored the existence of potentially asymmetric effects of Exporters' Associations across export margins using data for Latin American and Caribbean countries over the period 1995-2004. They find out that diplomatic foreign mission and exporters' association tend to be associated with larger exports along both margins. However, their effects are irregular. Establishing a branch office of these organizations abroad seems to subscribe more to increasing the number of goods sold abroad than to expanding average exports. Beside, contribution of these trade offices is larger impact on total trade than having additional diplomatic representations abroad because representative in consulates is not sales oriented, they focused on more representation and communication; however, staff of trade offices abroad seek for new channel to create a business.

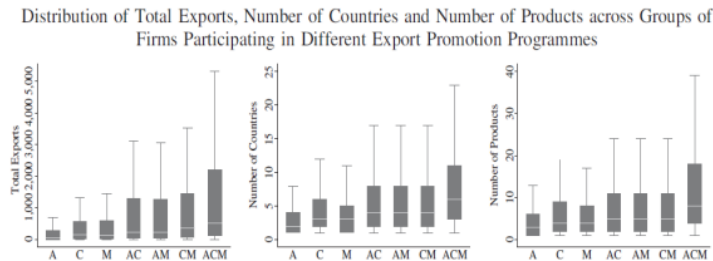
Over the decades, most of the developing countries have been establishing exporters' association to support their firms and also overall economy of the country. Exporters' associations generally provide practical trainings on the export process for nonexperience exporters; provide information on market opportunities and consultant services; organize cofinanced trade missions and buying missions

and fairs. Essential part of this events are arranging b2b meetings with potential buyers; and manage a special project in terms of to enhance the competitive power of involved firms in international markets. Even though all these vehicles have a common purpose which is developing export performance of the firms, impact of these export promotion vehicle may differ from each other in terms of their effectiveness. From this point of view, there is no single research about the impact of the services whether on the extensive and intensive margins of firms' exports against each other. Martincus and Carballo (2010) studied that having assessed the relative effectiveness of different promotion activities carried out by Colombia's PROEXPORT by directly comparing their effects with each other on several precautions of export performance with a methodology of matching difference-in-differences approach. PROEXPORT was official Exporters' Association of Colombia with the aim of providing wide range of services to the Colombian exporters. Following a common practice in the literature, researcher divided the basic services into three substantially homogeneous categories: counselling (C), trade agenda (A) and trade fairs, shows and missions (M).

Counselling vehicles composed of a wide range of services including training on the export process, providing trade related information on export opportunities for especially Colombian products in target markets in general and specialized data on specific target markets notably as well as on transportation; and support in the formulation and implementation of individual and collaborative export plans. Trade agenda refers to the scheduling an appointments with potential customers via the trade offices of the agency. In doing this, the product to be offered and the customer profile illustrated by the exporter are taken into account. It also contains support to business management. Trade fairs, shows and missions are international events in which firms may gain experimental information, demonstrating their products, establishing contacts and closing deals (signing the contract). Fairs consist of multiple booths in a convention hall in which firms exhibit their products over a period ranging from two days to two. Missions can be both trade and buying. In the first case, Colombian exporters visit to a foreign country to determine the market, meeting with clients and after that reinforce and rise the businesses between the countries. It followed by expanding the network of distributors and launch new products. In the second case, foreign buyers are invited to Colombia with the aim of hatching business relationships guiding to exports. PROEXPORT coordinates and cofinances participation in these events. Martincus and Carballo emphasized that due to exporters participate in more than one of these events in the same year, they wanted to performed their assessment on package services formed by alternative combinations of the basic ones: A, C, M, AC, CM, MA, ACM, plus NP, which is the no participation status.

Figure below is a series of box plots showing the dispersion of three key variables qualifying the degree of internationalization of the participants in the distinctive activities: total exports, number of countries they export to and number of products sold abroad. The figure recommend a common pattern thoroughly variables. It is stated that exporters that are more engaged in international trade along the proportion measured by these variables tend to participate in various activities, thus applying for higher concentrated use of export promotion activities provided by PROEXPORT.

Figure 1 Distribution of Totals, Number of Countries and Number of Products across Groups of Firms Participating in Different Export Promotion Programmes



Notes:

A, trade agenda; C, counselling; M, trade missions, shows and fairs; AC, AM, CM and ACM are combinations of these services.

Exports are expressed in thousands of US dollars.

Source: Martincus and Carballo (2010)

Even though, this econometric analysis do not give the definite answer, mentioned export promotion services have a positive effect to the firm's export. In additionally, they found that combined services with counselling, trade agenda, trade missions and fairs that can be thought as providing exporters with a combined relationship throughout the process of beginning export activity and strengthen buyer–seller relationships with foreign partners are more efficient than insulation backing actions such as trade missions and fairs alone. Moreover, the largest effect is observed precisely where the lack of information is likely to be more severe, namely, when enhancing exports on the extensive margin and especially on the size of the country.

Hiller (2012) studied the impact of the Danish Exporters Association (DEA) on firm's total export. He used Danish firm-level data from 1995 – 2007 and tend to understand whether the major private Danish export association encourage their members' export along these dimensions or not. He applied for matching techniques by focusing on the machinery sector. First of all, research suggests that DEA members sell 11.6% more products and export to 16.3% more

countries, whereas there seems to be no DEA premium with respect to total export sales or the intensive country or product margins. On the contrary, DEA firms seem to perform better also domestically. Total sales (including exports, though), are 7.8% higher for members and they have a higher total wage bill, exceeding the non-DEA bill by 8.4%. Then he found a positive causal effect of membership on growth rates of export sales and the average value per product in the first year after entry, as well as an impact on the growth rate of country coverage two years after entry. Overall, the research results strongly suggest the existence of a membership premium on levels of export outcomes. Further, he studied using the regression techniques to assess how network firms active in the same country or product markets impact on firm performance of a co-member. He used a dataset at the firm-country level, as well as a dataset on the firm-product level in order to consider the following outcomes. If there is a network effect, the interaction effect of membership and the dummy of being an exporter should be greater than zero. However, he found no strong evidence in favor of a network effect, according to which members' export outcomes are distinctively affected by presence of fellow members in their product or country markets.

While the number of national Exporters' Associations in the world have increased, number of academic research about these institutions their functions and efficiency is increasing with each passing year. However, there has been not many cross-country research especially with statistical analysis of the efficiency of Exporters' Associations on the total exports of the countries. Lederman, Olarreaga, Payton (2006) also focused on the impact of the EAs on the country's overall export. They conducted an 18 questions survey of EAs of all-around world. They contacted with agencies or Ministries in 147 countries. However, due to not all the countries have their national EAs, they did not get an information from 31 countries. They get response from 88 Exporters' Associations. The survey consist of five categories:

Organizational structure of the agency, Responsibilities of the agency, Revenues and expenses, Export promotion strategies, Services and supports.

After the statistical analyses of the survey, they found that EAs have a favorable and statistically robust effect on total exports of the country. There is different type of components across levels of improvement, however negative effects of these agencies have been observed in countries with GDPs below \$ 982 (but statistically insignificant) impact on exports, therefore advising that poor countries or governments may not have the capacity to manage EAs effectively. On the other hand, EA in the countries which GDP is above \$982 has significantly positive effect. Lastly, the agencies becomes statistically robust (at the 5 percent

level) only in countries with a GDP per capita above \$2790. There is not homogeneousness across regions: greatest impacts are determined in Latin America and Asia, followed by with agencies in Sub-Saharan Africa and the Middle East and North Africa.

Most of the countries allocate resources with the object of supporting firms to access foreign markets. They provide wide range of export promotion programs. The impacts of the activities differ from company to company depend on size categories because these programs are primarily intended and expected to benefit from small and medium size companies. Most particularly, backing small and medium-sized companies (SMEs) in international markets is an essential aim of Exporters Associations or Exporters' Associations. In line with this, Volpe Martincus, Carballo, Garcia (2011) also studied impact of export promotion services on the export performance of firms within explicit dimension categories, using an appropriate firmlevel dataset of Argentina over the period 2002-2006. Data categorizations are exports by product and country of destination and employment for nearly the overall population of Argentinean exporters. They wanted to determine whether there is a correlation between dimension of the firms and export promotion vehicles that is been used. Fundación ExportAR which is official Exporters' Association of Argentina, provide a wide range of export promotion activities with the object to support exporters and finding a solution for their informational barriers. Number of the staff is around 85 and an annual budget of approximately 4.5 million dollars of the Agency (Jordana et al., 2009). According to the result of the study, even though indeed export promotion activities have irregular impact over the dimension distribution of firms, it is observed that significant effect of the Exporters' Association seems to be on small and medium size firms. Moreover, it is stated on the research that export promotion activities are associated with an increased rate of growth of total exports and an increased number of export destinations in particularly case of small and medium-sized companies, but on the contrary they did not encounter any distinguishable impact on the export outcomes of large size firms.

Before the establishment of exporters' Association became widespread, most countries used consulates or commercial offices to communicate abroad (importers) and to inform and support their exporters or drive into a new market. In recent years, EAs have played an effective role in this issue as well as or instead of consulates and trade offices. One of the first researcher in this regard is Rose (2005), who wanted to determine whether the presence of an embassy or consulate may have an impact on bilateral trade by applying for a gravity model. Rose argues in his study that due to communication costs fall, foreign embassies and consulates have lost much of their role in information-gathering and

communication with potential importers and therefore they mainly focused on sales oriented and increasingly marketing themselves as agents of export promotion. With concentration of twenty two exporting countries of which eight are developing countries and around 200 potential trading partners he found that for each additional consulate abroad increase exports by 6 to 10 percent. In a same line with Rose (2005), Gil, S., Llorca, R., & Serrano, J. A. M. (2008) is also studied the role of regional trade agencies which are located abroad on the total export of Spain. These regional trade agencies established to support exporters in abroad like consulate and commercial offices. They applied for gravity model of bilateral trade and have situated that regional trade agencies are involved to an upper level of international trade. The gravity parameters are in an economical and statistical manner crucial with plausible comments: bilateral trade increases depending upon the dimensions of the economies, on the contrary it decreases with distance among the countries. The results indicate in the research that, all else equal, the total exports decreased by 55% if in the trading partners there are islands and by 66% in the case of surrounded by the lands. Conversely, the regions export 153% more with European Union and EFTA (European Free Trade Association) countries. In a similar way, sharing common language or mutual border increases exports by 458% and 33%, sequentially. At this point, even though Rose(2005) indicate that consulate and commercial offices increase the exports by 6-10 percent, regional trade agencies effect the exports increase more in the study of Gil, S., Llorca, R., & Serrano, J. A. M. (2008)

Volpe Martincus et al. (2009), respectively, determine gravity equations to figure out the role played by both diplomatic foreign missions and offices of Exporters' Associations abroad in terms of the dual exports from Latin American and Caribbean countries throughout the intensive and extensive margins. They find that mentioned offices have a larger impact on the extensive margin of exports, especially in the case of Exporters' Associations. In a parallel with that Volpe Martincus, Estevadeordal, Gallo, Luna (2010) studied on role played by export promotion institutions in abroad figuring the comprehensive margin of Latin American and Caribbean countries' exports over the period 1995-2004. They also found out that having a foreign trade office in abroad positively effect the total export of the firms and country as well.

While seeking for practices of the best Exporters' Association in the world, Australian model is drawn an attention. The Australian Trade Commission (Austrade) is the official Exporters' Association in charge of supporting Australian firms in terms of increasing total export and international business. The agency has a special object: "to reduce the time, cost and risk associated with selecting, entering and developing foreign markets." Austrade is administrated by a Board of Directors which is responsible to the parliament over the Department of Foreign

Affairs and Trade (DFAT). In this paper, I considered Australia's export promotion system because Australia, as a developed country, is quite unique among the many countries with its distinguished export promotion services. The agency is located in Australian embassies and consulates around the world and provides two types of services, one of them is free of charge services that mainly focused on pre-export activities such as getting ready exporters to the international market. Second one is fee-based services such as market research and development services that generally appeals to the experienced exporters. The main goal of Australian government is to reduce the information skew between small and medium-sized firms and large firms. Thus services that help "intenders" and "new exporters" build export-readiness, select target markets, and gaining fore market information are free. On the other hand, special export promotional services that help companies figure out and enter new export markets are charged on a total cost-recovery basis with approximately US \$130 per hour. When one compare Australian export promotion system that is perceived as good with Turkey, Turkish Exporter Association provide same services for their member for free based. Moreover, variety of export promotion instruments in Turkey is larger than Australia. Hence, export promotion system and organization in Turkey is also perceived as good

Austrade's (Australian Trade Commission) publish Knowing and Growing the Exporter Community, categorizes exporters into five classes: Non-intender, intender, accidental exporter, born global exporter, regular exporter

- 1- **Non-intender**; not interested in exporting, generally because of the perception of high risks and costs
- 2- **Intender**; interested in exporting but not export yet.
- 3- **Accidental exporter**; Made at least one export sale, but not a regular exporter. These companies has no intention of exporting, just made once or more accidentally.
- 4- **Born global exporter**; these companies are exporters for at least two years and they see their future overseas.
- 5- **Regular exporter**. They generally had at least one export market and had been exporting for longer. They had larger total and export income.

From this point of view organization focuses on initiatives for each kind of potential firms and the tools that are suitable for supporting every single category. Austrade provide a tailor made services to the exporters in accordance with their capabilities. This subjects of capability levels are applied to order the service of Turkish Steel Exporters' Association

Table 1 Capability Level and Initiative chart of Exporters' Association

Capability Level	Export Promotion Support / Initiative
Raising awareness	Main aim of this supports are to increase the raise awareness of the benefits of exporting and to provide a general understanding of exporting as a means of promoting non-intenders into intenders.
Building export-readiness	Export promotions provide internalization occasion especially for intenders to acquire the information and talents requested to become new exporters.
Selecting target markets	These supports genereally focus on intenders determine and understand special target markets/ sectors where their products or services have enough contingency and therefore they can become new exporters. It support regular exporters move into new markets as well.
Identifying sales opportunities	These support instruct intenders, new exporters, and experienced exporters regarding the professional clients and their request, reveal products to buyers, and match exporters with potential buyers via b2b meetings, networking events, trade shows...etc
Closing export deals	These export promotion services support intenders moving to the new exporters or experienced exporters enhancing their market shares by assisting them to reach potential buyers, then provide the offers, and finally finalize the export deals. This support sometimes contains the follow-up services after signing the contract.

Source: Nathan Associates Inc. Expro Project, 2004

2.4. Turkish Steel Exports Before and After The Steel Exporters Association

Some indicators concerning the impact of Turkish Steel Exporters Association, which examined as a case study with regards to the role of exporters associations on total exports of Turkey, on total steel exports and member companies as of its establishment is examined in this section. The change in the number of active

members of the association as of the date of establishment of Turkish Steel Exporters Association, which was established as a separate association in 2005, number of countries to which Turkish steel sector has been exporting since 2005, change in total steel exports of Turkey and change in the exports of 67 companies, randomly selected from among the current 485 active members in 2017, as of the date of their membership are examined.

The function of the Steel Exporters' Association are to:

- Maximize Turkey's steel export potential by undertaking studies on harmonization of types, qualities and quantities of exportable products with importing countries' needs
- Organize trade missions to potential export markets and bring buyer missions to Turkey in cooperation with The Ministry of Economy
- Organize and sponsor international seminars and fairs in order to introduce Turkish steel products to world market and guidance for foreign importers to meet the matching producers and exporters in Turkey
- Resolve problems faced by member firms arising from export transactions
- Carry out all documentary work concerning steel export operations
- Register and record steel export data and produce statistics based on these record
- Prepare reports and make in depth analyses of steel sector, prepare market reports for selected key markets and carry out R&D and regarding innovation activities
- Develop cooperation with steel organizations and institutions
- Support promotional studies of other persons/organizations that will increase the reputation of Turkish iron and steel products in the world markets
- Examine foreign trade regulations and laws of importer countries and keep member firms informed about international rules of arbitration

Membership is a specially telling indicator of the righteousness of any kind of business association. CIB membership has increased significantly since the association was established in 2005. When we look at the membership of the association, number of the members increases around 100 -150 each passing year. The point draws the attention herein is that besides the mandatory membership to exporters association, exporters becoming a member to any association they wish indicate that number of members of the association is of great importance. It is believed that the number of active members of association showing an increase every passing year and reaching 789 as of 2017 is an indicator of CIB playing an important role in making a contribution to the exports of the companies.

Number of countries, to which Turkish steel being exported, has shown an increase every passing year since the year of establishment of Turkish Steel Exporters Association in 2005 with the aim of supporting the export of the sector. According to the data gathered from Turkish Steel Exporters' Association, while exports are made to 159 countries in 2005 (establishment of CIB) whereas exports are made to 188 countries in 2017. Although there is no clear evidence at this point, it is believed that the market research and development activities organized by CIB, country visits made with the aim of developing bilateral business relations, country seminars and country presentations shared with the members have contributed to the increase in the number of countries, to which exports being made.

Figure 2: Total steel export of Turkey during the year 2000 – 2017



Source: Turkish Steel Exporters' Association

Finally, 67 members of Turkish Steel Exporters Association are randomly selected from among 485 active members in 2017 and the changes in the exports of these companies as of date of their membership to Turkish Steel Exporters Association are examined by using the data of Turkish Steel Exporters Association with the aim of examine the role of Turkish Steel Exporters Association both on the exports of its members and on total exports of Turkish steel sector. When the exports of members as of the date of their membership to CIB are examined, it is observed that exports of 45 companies have shown increase, 13 companies have not changed significantly and 9 companies have shown decrease. Although there is no clear evidence that these changes

occurred due to the services of Turkish Steel Exporters Association, observing increase in 65,67% of companies in the example indicates that the Association plays an important role in Turkish steel sector and total steel exports of Turkey.

3. CONCLUSION

Over last several decades a considerable number of developing countries have established their national trade promotion organizations with the purpose to support their firms by increasing their competitive power and also overall export of the country. While more countries have made Exporters' Association as a part of their national export strategy, most of the economist focused on activity and efficiency of them.

Most of the international studies suggests that prosperous exporters benefit from a wide range of supports from the local business associations through government intensives and assistances. For instance, firms which involved to export and applied for government programs were much more likely to export than those who did not. In addition, a rising number of irregular exporters can become regular exporters through the use of export promotional instrument of EAs to erect their long-run export capacity, financial situation and increase their total export as well.

There are many international studies have been conducted on the Exporters' Associations and their activities whether these associations and their export promotion programs are effective. However, there is no empirical academic study on effect of Turkish export associations and its contribution to total export of Turkey. This paper aims at filling this gap in the literature. We assess the distributional impacts of trade promotion activities performing by Turkish Steel Exporters Association which is non-profit organization and established in 2005.

In this paper, we have investigated the existence of potentially asymmetric effects of export Associations using data for Turkish Steel Exporters' Association over the period 2005-2017 and also determined the export promotion activity of the association in the year between 2005-2017. The results showed that CIB plays an important role and have a positive impact on total export of Turkey. Even though there is no definite consequences, it can deduced from the research that export promotion activities of CIB such as counselling, sending daily sectorial news, organizing trade/buying missions, trade fairs, providing sectorial reports and data, networking activities, educational / training programs have significantly helped Turkish firms to expand their exports.

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