(REFEREED RESEARCH)

THE POTENTIAL IMPACT OF A TRANS-PACIFIC PARTNERSHIP ON THE TEXTILE AND APPAREL EXPORTS OF TURKEY

TRANS-PASİFİK ORTAKLIĞININ TÜRKİYE'NİN TEKSTİL VE KONFEKSİYON İHRACATINA OLASI ETKİSİ

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ABSTRACT

As the Doha Round negotiations entered into a deadlock, the World Trade Organization began to create a global alternative free trade zone. The current Trans-Pacific Partnership Agreement is a crucial agreement due to the economic size of the member countries. In this study, which proposes two separate scenarios, the impact of this agreement on the textile and apparel industries of Turkey is assessed by using the Global Trade Analysis Project database. According to the first scenario, if the state party of the Trans-Pacific Partnership Agreement removes the non-tariff barriers on textile, apparel, and fiber-plant products, Turkey will face a GDP loss of 0.037%. In the second scenario, the extent of the agreement is broadened such that all customs and tariffs, including taxes and quotas, are removed, which will result in a 0.302% GDP loss for Turkey. Turkey is also anticipating a loss of between 0.30% and 0.77% in the manufacturing of textiles. Moreover, significant declines are expected in Turkey's exports (base year 2009) in the amount of 45.38 to 151.83 million dollars in textiles exports and 76.03 to 97.97 million dollars in apparel exports.

Keywords: Trans-Pacific Partnership (TPP), Global Trade Analysis Project (GTAP), Computable General Equilibrium, Textiles and Apparel Exports, Turkey

ÖZET

Dünya Ticaret Örgütü, Doha Turu müzakerelerinin çıkmaza girmesi sonucu, dünyada alternatif serbest ticaret bölgeleri oluşmaya başlamıştır. Serbest Ticaret Anlaşmalarından biri olan, Trans-Pasifik Ortaklık Anlaşması, katılımcı ülkelerin ekonomik büyüklüğü açısından günümüzde önemli bir ticaret anlaşmasıdır. Çalışmada sözü edilen bu anlaşmanın, Global Trade Analysis Project veri tabanı kullanılarak, Türkiye'nin tekstil ve konfeksiyon sektörü üzerindeki olası etkisi iki ayrı senaryo oluşturularak etkisi incelenmiştir. Oluşturulan ilk senaryoya göre; Trans-Pasifik Ortaklık Anlaşmasına taraf olan ülkelerin, tekstil, konfeksiyon ve lif bitkisi ürünleri için tarife dışı engellerin kaldırılması durumunda Türkiye %0.037'lik gayri safi yurt içi hasıla kaybına neden olacağı hesaplanmıştır. İkinci senaryoda anlaşma genişletilerek, vergiler ve kotalar dâhil olmak üzere uygulanmakta olan tüm gümrük tarifelerinin kaldırılmıştır. Bu durumda ise Türkiye'nin %0.302'lik bir GDP kaybına uğrayacağı öngörülmüştür. Türkiye Tekstil üretiminde ise, %0.30 ila %0.77 oranında bir düşüş beklenmektedir. Ayrıca, Türkiye'nin Tekstil ihracatında (2009 temel yıllı) 45.38 ila 151.83 milyon dolar, konfeksiyon ihracatında ise 76.03 ila 97.97 milyon dolar arasında önemli düşüşlerin gerçekleşeceği de öngörülmektedir.

Anahtar Kelimeler: Trans –Pasifik Ortaklığı (TPP), Global Trade Analysis Project (GTAP), Genel Denge Modeli, Tekstil ve Konfeksiyon İhracatı, Türkiye.

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1. Introduction

Textile and apparel manufacturing play a significant role in the economies of both developed and developing countries due to the employment they provide, the added value they create, and the export revenues they generate. Therefore, countries seeking to gain advantage over other countries in the field of international textile trade focus their efforts on efficiency, technological advancements, research and development, and scale economies. Meanwhile, bilateral or regional integration agreements are being prepared to remove trade barriers, a move motivated by the desire to reach new markets.

There are a number of economic integrations that allow for free trade agreements throughout the world. One of these integrations is the Free Trade Zones, wherein the parties mutually agree to remove the customs tariffs while the states that are not party to the agreement are subject to specific trade tariffs established for each of them in particular [1]. The purpose of free trade agreements is to remove the tariffs and non-tariff barriers that affect the trade between the signatory countries, thereby creating trade advantages. Today, the lowering of foreign trade quotas that accompany the deregulation of foreign trade leads the textile and apparel industries into a quick and competitive process of transformation.

The Trans-Pacific Partnership (TPP) assessed in this article was enacted in 2005 as a regional free trade agreement (FTA) among Singapore, Brunei, Chile and New Zealand [2]. With the entrance of the United States of America (USA) into the TPP, the partnership became a significant free trade zone [3]. Following the expansion of the TPP into the Asia-Pacific region, Australia, Peru, Vietnam, Malaysia, Mexico, Canada and Japan joined the partnership, thus expanding the TPP to include 12 countries.

The written common statement presented on 9 October 2013 by the leaders of the TPP partner countries announced a wide-scale and extensive free trade agreement in which the partner countries were to support each other on issues of growth, development, employment generation and innovation. The trade ministers of the 12 Asia-Pacific countries negotiating the Trans-Pacific Partnership (TPP) announced the formal conclusions of the negotiations on 5 October 2015.

The result of the negotiations was that the TPP parties agreed to eliminate tariffs on textiles and apparel, as these industries are important contributors to the economic growth of several TPP parties' markets. Most tariffs were to be eliminated immediately, although tariffs on some sensitive products were to be eliminated over longer time frames, as agreed to by the TPP parties. The chapter also included specific rules of origin that required the use of yarns and fabrics from the TPP region, thus promoting regional supply chains and investments in this sector, with a short supply list mechanism that allowed for the use of certain yarns and fabrics that were not widely available in the region. In addition, the chapter included commitments on customs cooperation and enforcement to prevent duty evasion, smuggling and fraud, as well as a textile-specific special safeguard to respond to serious damage or the threat of serious damage to the domestic industry in the event of a sudden surge in imports [4].

In addition, the 12 partners of the TPP were members of the 21-member Asia-Pacific Economic Partnership, APEC, and the existing partner states in the TPP advocated for the enlargement of the TPP to include new partners from the Asia-Pacific Region. Accordingly, in May 2011, the leaders of the TPP agreed that the APEC states would be accepted into TPP if they met the TPP conditions [5]. Once these 12 states completed the negotiations and reached an agreement, the newly created free trade zone constituted one-third of the world's economy, according to 2009 data [2].

The textile and apparel (T&A) sectors hold an important place in the TPP. According to data from the World Trade Organization (WTO), the textile exports of these twelve TPP countries constitute 11.04% of the world textile exports, while their textile imports constitute 20.19% of world textile imports [6]. The T&A market structure is sensitive to certain rules in worldwide trade and to historical developments. One of the issues being discussed in the TPP negotiations is the removal of import tariffs for T&A products. It is predicted that the lifting of these tariffs would significantly elevate price competition over T&A products.

Textiles are a contentious and unresolved issue in the ongoing Trans-Pacific Partnership (TPP) negotiations over the establishing of a free trade zone across the Pacific. Because the negotiating parties include Vietnam, a major apparel producer that now mainly sources yarns and fabrics from China and other Asian nations, the agreement has the potential to shift global trading patterns for textiles and the demand for textile exports from the USA. Canada and Mexico, both significant regional textile markets for the USA, and Japan, a major manufacturer of high-end textiles and industrial fabrics, are also participants in the negotiations. [7].

Even in its current state, the TPP represents approximately 40% of the world's population, and 60% of the gross world product (GWP). Moreover, it also includes the countries with the highest rate of economic growth. Due to the position of the US as an important trade partner of Turkey, the growth potential of the free trade zone and the TPP, as well as its share of the global economy, is predicted to have considerable impact on the economy of Turkey [5].

After obtaining an important place in the textile sector at the global level in the 1990s, in 2005, Turkey ranked 11th with respect to exporting the largest amount of goods in the world textile sector. In 2013, Turkey ranked 9th [6]. The countries to which Turkey sold the largest amount of textiles and textile raw materials in 2014 were Italy, Russia, Germany, the UK, Romania, the USA, Ukraine, Iran, Bulgaria, Poland, Egypt, and Spain. According to 2014 data, Turkey sells a larger part of its ready-made clothing to EU countries, while the USA ranks 10th on the list in this area [8].

When we evaluate the share of TPP countries with respect to Turkey's textile and apparel exports (Table 1), it is observed that of Turkey's 16065.4 million dollar textile exports in 2014, only 7.03% were to TPP countries, and of

Turkey's apparel exports in 2014, only 2.45% were to TPP countries.

As the inverse proportion between geographical distances and Turkey's textile exports is known [10], we argue that the reason for the low percentage of Turkey's textile exports going to TPP countries is due to distance. On the other hand, the wide scope of the TPP, as well as its potential area of enlargement, suggests that the TPP initiative will have significant consequences in the USA, in the negotiating countries, and on the economies of other countries.

Theoretically speaking, the quota system and export tariffs are equivalent political tools. As the implication of tariffs on the given products will increase local prices, the local demand for the given products will decrease [11]. When the import tariffs on the TPP countries covered in this study, the EU-28, Turkey, and the world's largest textile manufacturer and APEC member, China, are evaluated (Table 2), the largest percentile differences observed are 9.8% in the textile sector, 21.2% in the apparel sector, and 6.0% in the cotton sector.

There are a large number of studies and assessments on the economic impacts of the TPP in general. Most of these studies have been conducted at the macroeconomic level [3, 5, 12–18] though there are some studies that examine the impact of the TPP on the T&A sector [7, 19–21].

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Table 1. Turkey's Textile and Apparel Exports to the Twelve TPP Partners (millions of US dollars. ISIC Rev. 03.)

	Textile (US $)				Apparel (US $)			
Country	**2011**	**2012**	**2013**	**2014**	**2011**	**2012**	**2013**	**2014**
Australia	30.4	33.2	35.8	42.2	15.0	15.7	20.4	23.4
Brunei	0.0	0.1	0.1	0.3	0.0	0.0	0.0	0.0
Canada	52.8	51.0	55.0	52.2	45.3	45.8	50.2	44.6
Chile	7.6	9.3	14.4	13.9	0.9	2.0	3.6	3.7
Japan	52.9	55.7	58.2	57.0	16.6	24.8	19.9	20.0
Malaysia	15.0	20.8	25.0	26.4	1.3	3.6	6.3	7.8
Mexico	18.5	25.8	29.0	29.5	2.1	3.4	6.1	7.0
New Zealand	7.0	9.7	7.0	7.0	2.1	1.5	1.9	1.6
Peru	2.8	3.0	3.6	3.9	0.2	0.4	0.4	0.8
Singapore	9.6	10.2	10.7	10.8	3.0	3.6	4.7	9.2
Viet Nam	20.7	18.4	25.8	31.9	0.1	0.3	0.2	0.2
USA	648.5	700.9	773.8	854.0	197.5	214.9	207.0	213.9
Total Exports to TPP	865.8	938.1	1038.4	1129.1	284.1	316.0	320.7	332.2
Turkey's Global Exports	13588.8	13898.9	15411.6	16065.4	11371.5	11681.5	12421.0	13535.3
Turkey's Exports to the TPP%*	6.4	6.8	6.7	7.0	2.5	2.7	2.6	2.5

Source: Turkstat 2015 [9] *TPP% = sum of Turkey's T&A exports to the twelve TPP partners ÷ Turkey's T&A global exports

Table 2. Applied Simple Average Most Favorite Nation Tariffs (%) by TPP Partners, Turkey, China, and the EU-28 on Textiles, Apparel and Cotton in 2015

	Textile	Apparel	Cotton
Turkey	6.5	11.5	0.0
Australia	4.3	8.9	0.0
Brunei	0.0	0.0	0.0
New Zealand	1.9	9.7	0.0
Japan	5.4	9.0	0.0
Malaysia	8.8	0.2	0.0
Singapore	0.0	0.0	0.0
Vietnam	9.6	19.9	6.0
Canada	2.9	16.5	0.0
USA	7.9	11.6	3.6
Mexica	9.8	21.2	0.0
Chile	6.0	6.0	6.0
Peru	8.4	11.0	6.0
China	9.6	16.0	22.0
EU-28	6.6	11.5	0.0

Source: WTO 2015

Specifically, after the elimination of import tariffs under the TPP, the trade creation effect of the agreement would encourage a TPP member to increase T&A imports from other TPP members, whereas the trade diversion effect of the agreement would reduce T&A trade flows between TPP members and non-TPP members [20, 22]. This would thus become an incentive for TPP countries to restrict T&A trade among themselves. Thus, the enforcement of the TPP agreement would result in even more competitive conditions for Turkey's foreign trade of textile and apparel goods. Accordingly, this study will examine the following three hypotheses:

Hypothesis 1: The trade diversion effect of the TPP will decrease Turkey's textile exports.

Hypothesis 2: The trade diversion effect of the TPP will decrease Turkey's apparel exports.

Hypothesis 3: The trade diversion effect of the TPP will create additional export opportunities for Turkey.

In light of these hypotheses, the main aim of this study is to present a quantitative assessment of the effect of the potential lifting of tariffs among TPP countries on Turkey's T&A exports. Hence, there is the need to assess the potential impact of the TPP negotiations on Turkey's T&A sector. Moreover, if the TPP is enforced, the results of this study will provide valuable input for policy makers.

2. Materials and Methodology

The potential impact of the TPP agreement on Turkey's T&A exports is evaluated using the Global Trade Analysis Project (GTAP) model, a general equilibrium model that is often used for assessing changes in the welfare of different countries. The GTAP's objective is to enable researchers and policy advisors to explain international problems based on a quantitative analysis at the macro level and to provide a priori information [23] The program has two main structures, namely, the standard GTAP model and the GTAP database [24]. The standard GTAP model is based on data obtained about the countries in the GTAP database. There are 127 countries and 57 sectors in the GTAP database. At the level of analysis, there is no need to integrate the new or updated input-output spreadsheets into the GTAP database or to incorporate implements of the model to create an additional data entry. A general equilibrium model analysis is conducted in this study using the GTAP database Version 8.

The GTAP model is a simulation system with two different types of equilibriums that are not linear. The intent, above all, is to create the equilibrium model based on the identity conditions and to present the identical income and expenses, revenue and costs. Hence, the GTAP model helps to form a moving equilibrium with the help of economic actors, such as producers and consumers [24, 25].

From the perspective of international trade, the GTAP computable general equilibrium (CGE) model adopts the Armington assumption that consumption can be both domestic-market-oriented and foreign-market-oriented [26]. Government expenses are modeled using the utility function constant elasticity of substitution (CES). The total demand for a product in a country, private consumption, government consumption, and savings are defined using the Cobb-Douglas utility function. Private household consumption is defined using the constant difference of elasticity (CDE) expenditure function. Thus, the production has a layered, constant flexibility (nested CES) production structure. Production technology, according to the scale, is fixed revenue [25, 27]. The model assumes that the optimal factor usage decisions of firms are independent from the prices of their intermediary goods. The income of producers is comprised of consumer goods sold to private households, to the public and abroad, as well as the call-based sales to firms. Under the zero economic profit assumption, this income is spent for the use of intermediary goods and factor payments [28]. Consequently, the GTAP model is a static superiority level CGE model that allows changes in economic and/or political areas.

At the preparation stage of the analysis, the 57 sectors in the GTAP Version 8 are reorganized into seven subsectors. These are, respectively, textile (ISIC codes 17 and 243), apparel (ISIC code 18), fiber plants, agricultural goods, industrial goods, construction, and services. Of the findings, only the results relevant to this study are presented, namely, textile, apparel and the fiber plants that provide the raw materials for the textile sector.

The database covering 127 countries is constructed, and Turkey and the 11 other countries are reorganized in two regions. To better see the trade flows among the TPP countries, 11 of these partner countries are addressed in this research. Brunei is excluded from the study because, in the GTAP Version 8, it is considered to be a far Asian country [29]. Moreover, it was stated that all APEC countries were eligible to be accepted into the TPP as long as they met the TPP requirements. Therefore, the nine APEC countries that are not currently partners in the TPP are organized into one group. Finally, the EU-28 countries with whom Turkey has specific relations concerning the foreign trade of T&A are included. The other countries and regions in the database are regrouped as "Rest of the World."

Prior to the simulation, a pre-simulation update is required to obtain the main data selected from the GTAP database. Most of the data in the GTAP database are from the year 2009. Furthermore, certain national and international measures must be simulated as they affect the results of the assessment. Thus, any new measures are added to the model as part of the simulation process, their scenarios are realized by implementing shocks, and the model is operationalized by creating a new state of equilibrium. The custom tariffs of the year 2015 have been revised in the model, based on the custom tariffs in Table 2.

Consistent with the hypotheses, the ready-to-go GTAP model is prepared according to the two scenarios, respectively,

a. Scenario 1: The removal of the non-tariff barrier on the commodities of textile, apparel and fiber plant goods between TPP countries

b. Scenario 2: The lifting of all tariff barriers, including taxes and quotas, from among the TPP countries (Customs Union Agreement)

As a result of the lifting of non-tariff barriers in Scenario 2, a cost decrease percentage of 5% is defined [5, 12]. Within this scope, appropriate shocks are included in the model for analysis.

The analysis in this study uses the software Run GTAP 3.59. GTAP is formulated and solved using GEMPACK, a flexible system for solving AGE models. RunGTAP is a visual interface to various GEMPACK programs.As a solution method to the general equilibrium model, the Gragg multistep method [30] is selected rather than the Johanson method as the Gragg method yields more accurate results. The fact that the GTAP model includes an algorithm of the Norway/Australia Linearizing School causes the dynamic shocks to impact the model proportionately, while not causing a change in prices. Accordingly, the reference year for the GTAP 8 database is recorded as 2009 [29].

3. Applications and Findings

Because of the simulation models applied to the scenarios and analyzed using the GTAP, the GDPs of countries are analyzed as well (Table 3). Within the scope of the first applied scenario, no decrease is expected concerning the 0.037% GDP of Turkey. If the free trade agreement covering the T&A goods is enforced among the TPP countries, it is predicted that the trade diversion will be against Turkey, which will result in a slight decrease in the GNP. It is further determined that Vietnam, a member of the PTT, will be the country that receives the greatest benefit with a GDP increase of 3.386%. In the second simulation model, Turkey appears to experience a GDP loss of 0.302%. If all current customs tariffs including taxes and quotes are lifted among the TPP countries, the trade diversion will, again, be against Turkey. The results of the second scenario, with respect to Turkey, -0.30%, which is similar to the finding of Oduncu et al. (2014) [5].

The changes in countries' T&A production within the scope of the two scenarios applied herein are presented in Table 4. According to this table, in both scenarios, Turkey is expected to experience a production loss of 0.30% to 0.77% in the textile sector, while the predicted loss in the apparel sector is 0.58% to 0.60%. According to the results of both scenarios, Vietnam will increase both its textile and apparel production.

Table 3. Changes in the GDP in the simulations (%)

	Scenario 1	Scenario 2
Turkey	-0.037	-0.302
Australia	0.025	1.426
New Zealand	0.032	1.871
Japan	0.061	0.401
Malaysia	0.211	-0.140
Singapore	0.028	0.818
Vietnam	3.386	2.720
Canada	-0.015	-0.197
USA	-0.029	0.055
Mexico	-0.044	-0.312
Chile	0.003	-0.159
Peru	-0.085	-1.145
APEC	-0.035	-0.416
EU-28	-0.004	-0.242
Rest of World	-0.020	-0.295

Source: Author's calculations

Table 4. Domestic output change of the textile, apparel, and fiber industries according to the two scenarios (%)

	Scenario 1			Scenario 2		
	Textile	**Apparel**	**Fibers**	**Textile**	**Apparel**	**Fibers**
Turkey	-0.31	-0.58	-0.01	-0.77	-0.60	0.06
Australia	6.74	1.54	0.06	8.92	0.46	-5.93
New Zealand	2.11	1.22	-0.05	-0.58	-2.06	0.36
Japan	12.05	0.65	0.11	14.82	0.51	1.94
Malaysia	23.20	80.84	2.52	21.50	72.59	3.14
Singapore	7.69	5.23	1.68	5.77	2.61	-14.96
Vietnam	54.81	122.16	36.41	54.81	120.47	37.39
Canada	-1.09	-2.31	0.04	2.75	-1.83	0.07
USA	-0.47	-1.22	-0.04	2.13	-0.58	-0.58
Mexico	-1.84	-3.88	-0.33	0.29	-2.62	0.55
Chile	-0.46	-0.28	-0.13	1.72	-0.40	0.54
Peru	-0.27	-0.61	-4.50	3.74	0.89	-3.81
Other APEC	-0.68	-1.47	-0.57	-1.20	-1.22	-0.29
EU-28	-0.27	-0.34	-0.03	-0.72	-0.42	0.07
Rest of World	-0.71	-1.59	-0.36	-1.47	-1.59	-0.38

Source: Author's calculations

When the change in the foreign trade balance is analyzed according to the first scenario, there is a decrease in exports worth $45.38 million, as based on the 2009 exchange rate (Table 5). Similarly, a decrease of $14.67 million is expected. The change in the foreign trade balance formed between the export revenues and import expenses is recorded as a loss of $30.71 million in the textile sector and a loss of $75.79 million in the apparel sector. Based on the assessment of the results of the second scenario, the textile exports of Turkey will decrease by $151.83 million, while the apparel exports will decrease by $97.97 million. Furthermore, according to the results of the second scenario, the textile foreign trade balance of Turkey will change in the negative direction with a decline of $117.58 million. When we analyze the foreign trade data on the fiber plants, which provide the raw materials to the textile sector, an export decrease of $0.25 million compared to that in Scenario 1 is found. In the second scenario, the results show that the extreme decrease in textile exports will also decrease the domestic demand for the fiber plant and that the imports are expected to decrease consistent with the same trend. Finally, the export of fiber plants is expected to decrease by $4.36 million.

An examination of the general situation of the countries covered in this research that import T&A goods from Turkey (Table 6) indicates that the exports to the USA will seemingly decrease in both scenarios. The textile imports of the USA for the base year 2009, which is 8.753%, is calculated to be 8.502% for the first scenario and 8.236% for the second scenario. Regarding the apparel industry, the imports that the USA will receive from Turkey are expected to decrease by 11.525% according to the first scenario and by 11.514% according to the second scenario. Furthermore, the textile exports of Turkey to the TPP countries is expected to decrease. For both scenarios, of all of the TPP countries, the only two countries for whom exports will decrease at a lower rate will be Japan and Vietnam. That said, we can conclude that the trade diversion effect of the TPP will decrease the T&A exports of Turkey. This situation supports the Hypotheses 1 and 2 as presented herein. However, no data are found to indicate that the trade diversion effect of the TPP will create additional export opportunities for Turkey (Hypothesis 3). On the other hand, a slight increase is expected in T&A exports to the EU-28 countries.

If the TPP countries convert to a free trade area, the T&A trade between the partner countries is expected to increase. Regardless, due to the decrease in Turkey's foreign trade of T&A, the fiber plant exports from Turkey to the TPP countries are expected to increase.

Table 5. Volume Change of Turkey's Textile, Apparel, and Fibers Trade Balance Following the Simulations (base year 2009)

	Scenario 1			Scenario 2		
	Textile	**Apparel**	**Fibers**	**Textile**	**Apparel**	**Fibers**
Export	-45.38	-76.03	-0.25	-151.83	-97.97	0.96
Import	-14.67	-0.24	-0.31	-34.25	-2.31	-4.36
Trade Balance	-30.71	-75.79	0.06	-117.58	-95.66	5.37

Source: Author's calculations
Note: Millions of US dollars

Table 6. TPP Countries and Turkey's Market Share (%) in Related Textile, Apparel, and Fibers Import Markets

	Base Year (2009)			Scenario 1			Scenario 2		
	Textile	**Apparel**	**Fibers**	**Textile**	**Apparel**	**Fibers**	**Textile**	**Apparel**	**Fibers**
Australia	0.175	0.096	0.466	0.166	0.091	0.468	0.166	0.093	0.517
New Zealand	0.049	0.017	0.234	0.049	0.016	0.235	0.049	0.017	0.245
Japan	0.318	0.260	2.581	0.324	0.252	2.763	0.322	0.254	2.904
Malaysia	0.152	0.060	0.341	0.166	0.056	0.363	0.162	0.056	0.357
Singapore	0.082	0.047	0.588	0.082	0.047	0.589	0.082	0.048	0.660
Vietnam	0.046	0.011	0.266	0.048	0.006	0.302	0.047	0.007	0.304
Canada	0.546	0.684	0.156	0.536	0.660	0.156	0.513	0.659	0.161
USA	8.753	12.254	8.266	8.502	11.525	8.231	8.236	11.514	8.297
Mexico	0.112	0.112	0.245	0.107	0.100	0.242	0.101	0.099	0.250
Chile	0.024	0.009	0.102	0.024	0.009	0.102	0.024	0.009	0.102
Peru	0.008	0.003	0.067	0.007	0.002	0.049	0.006	0.002	0.049
Other APEC	3.769	2.685	17.990	3.758	2.707	17.894	3.739	2.698	18.121
EU-28	72.393	75.781	51.258	72.675	76.476	51.275	73.040	76.509	50.904
Rest of World	13.574	7.982	17.439	13.554	8.052	17.332	13.513	8.037	17.130

Source: Author's calculations
Note: Figures calculated based on the CIF price.

4. Conclusion

This study analyzes the impact of the potential enforcement of a TPP foreign trade agreement on Turkey's textile and apparel sector based on two scenarios and utilizes the GTAP_CGE model based on the GTAP8 database.

If the non-tariff barriers of the TPP countries are removed for textile, apparel, and fiber plant goods, an extremely low GDP decrease of 0.037% is expected. If all current customs tariffs, including taxes and quotas, are removed from among the TPP countries, the given GDP loss is determined to increase by up to 0.304%. Moreover, if this loss is considered to be only the beginning, the trade diversion against Turkey may increase.

With respect to Turkey's textile production, a 0.30% decrease is expected, according to the first scenario, while a 0.77% decrease can be expected according to the second scenario. In the apparel sector, a 0.58% and a 0.60% decrease, respectively, can be expected. While a change in T&A production will decrease the domestic demand for fiber plants, Turkey's fiber plant exports are expected to increase.

When the large scope and trade potential of the TPP are considered, significant impacts are expected on both the negotiating countries and the global economy. The facts that Turkey and the USA have a unique relationship concerning T&A trade and that the USA is the most important party in the TPP are expected to affect Turkey's T&A production and trade.

The increased potential of the free trade zone between the TPP countries does not necessarily create an increase in T&A exports. According to the results of both scenarios, significant decreases are expected in T&A foreign trade. Nevertheless, in contrast to the decrease in T&A exports, an increase in T&A exports is expected for the EU-28 countries.

In conclusion, if the TPP negotiations culminate in a positive result, globalization in the foreign trade of T&A is not expected. On the contrary, T&A foreign trade is likely to polarize the foreign trade zone.

Moreover, a decrease in the tariffs and quotas on textile and apparel goods among the TPP countries negatively affects the competitiveness of Turkey. Therefore, the TPP and other similar free trade agreements must be detailed and must enforce the necessary measures at the specified times.

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