

## The Role of Religion on Turkey's International Trade

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In the last decade, with the help of political stability, Turkish economy has grown rapidly. After the financial crisis in 2001 not only economy but also international trade volume has started to improve. The trade policy which had focused on Customs Union with European Community changed and resulted to expansion to other regions. Especially Middle East and Asian countries' share increased in Turkey's total trade. As it is known, there has been a debate about Turkey's shift of axis on foreign policies and on international trade. In recent years Turkey carries out more active policies in Middle East region. According to some views, a conservative and religiously oriented government is the cause of the changes in policies. The aim of this paper is to find the role of the religious affinity on Turkey's international trade. Turkey's foreign trade will be analyzed by using Gravity Theory Method. Panel regression method will be used for econometric modeling. The variables used in the model covers 2002-20011 yearly data of Turkey's bilateral trade volumes with main trade partners. In the first section, a comparative analysis of Turkish foreign trade will be made between the last decades and before. In the second section, the new aspects on foreign policies and the effects on foreign trade will be discussed. In the third section, the econometric analysis will be presented. Finally, the empirical results will be discussed. It is expected that the religious similarity plays a positive role in enhancing foreign trade.

**Keywords:** Gravity Theory, Trade, Religion, Turkey.