

The Impact of Economic Integration Agreements on Export Survival: Evidence from a Developing Country

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ABSTRACT

This paper analyzes the effects of economic integration agreements (EIA) on the survival of export relationships using highly disaggregated machinery exports data from Turkey for the 1998-2013 period. Results obtained from the descriptive statistics analysis suggest that probability of export survival increases with EIA and the rate is noticeably higher when trade agreement is PTA type. Using survival analysis with 6-digit data we show that likelihood of the hazard of machinery trade ceasing decreases with economic integration, unless the agreement is signed after spells started. In addition, we find that although all results are parallel, impacts of trade agreements are relatively stronger on P&C trade. Second, vertical product differentiation contributes to the sustainability of P&C trade and the influence of trade agreements get larger if products are vertically differentiated.

Key words: Export duration, Survival analysis, Economic integration agreements

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