

Effect of Additional Custom Duties on Turkey's Import

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Abstract

To manage the COVID-19 pandemic, countries took different economic measures in 2020. During the initial phase of the pandemic, Turkey introduced additional custom duties for a range of product groups. In this study, the effect of additional custom duty rates on Turkey's imports was investigated. Additional custom duties were enforced for 5,220 products out of 18,876 different products at Harmonized System twelve-digit level (HS-12). These additional duties were in place till the end of 2020. By this regulation, only 6.9% of total imports were covered. Since additional custom duties are not implemented to EU (European Union) and FTA (Free Trade Agreement) countries, most of the major trading partners of Turkey were excluded from the regulation. In this analysis, difference in differences (DID) strategy was employed as a method. It was found that, increase in the additional custom duty rates, compared to 2019, resulted to 5.1% decrease in average import values for 5,220 products and it was also found that this regulation led to limited decrease in total imported items (-1.7%).

Keywords: Imports, Additional Custom Duty Rates, DID, Turkey

JEL Codes: F13, F14, F17