Radical changes caused by the Agricultural and Industrial Revolutions led to the so called “information age” transition to the new era. Economic activities are becoming a knowledge-based and the global competition increase with world trade liberalization. In this context, global competition and trade are shaped around knowledge-based products. Hence, societies producing knowledge and using the information effectively in production activities have a developed economy. While traditional theories perceive that international trade benefits from the comparative advantages of countries, international trade reflects R&D activities and leadership shifts in the close-tech race, for nearly half a century. Obviously, this process of transformation has proven to be the inadequacy of the traditional theory and requires the identification of a new philosophy; thus it is based on the challenge of intra-industry trade to traditional theories.

The main aim of this study is to analyze the structure of Turkey’s foreign trade on the axis of IIT theory which increasing its importance permanently. In this context, the study focuses on the modelling on the country and policy-based determinants of intra-industry trade in Turkey for the period 1995-2012, the evaluation of panel data analysis and the results. With the literature review, the basic approaches, measurement techniques and calculation methods adopted by the literature of intra-industry trade are examined in detail. According to results of the analysis in the study, the country and policy-based determinants of intra-industry trade which have an impact on Turkey’s intra-industry trade with its trade partners are development level, differences of development level, the average market size, openness, distance and economic integration.