



EFFECTS OF THE RUSSIA-UKRAINE WAR ON TÜRKİYE'S FOREIGN TRADE AND TOURISM SECTOR

RUSYA-UKRAYNA SAVAŞININ TÜRKİYE'NİN DIŞ TİCARETİ VE TURİZM
SEKTÖRÜ ÜZERİNDEKİ ETKİLERİ

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Abstract

Wars between nations have taken on a new dimension with the imposition of political and economic sanctions. Unlike the First and Second World Wars, as portrayed by political figures, the Third World War attempts to neutralize each other through economic sanctions. The most recent examples are the recent conflict between Russia and Ukraine, as well as the sanctions imposed on Russia by the United States, the European Union, and other countries. The purpose of this study is to examine the impact of the Russian-Ukrainian war on Turkish imports of cereals from Ukraine and Russia. The conflict will have the greatest impact on Turkey in this chapter. This study examines the impact of the ongoing war between Russia and Ukraine on the Turkish economy using data from the Turkish Statistical Institute (TurkStat) and the Ministry of Culture and Tourism. According to the report, despite Turkey's reliance on Russia and Ukraine, the country's most significant advantage is that it is not dependent on raw material exports and has a broad product infrastructure.

Keywords: Foreign Trade, Sanctions, Grain

Öz

Siyasi ve ekonomik yaptırımların devreye girmesiyle, uluslar arasındaki savaşlar artık yeni bir boyut kazanıyor. Politik figürlerin tasvir ettiği gibi Üçüncü Dünya Savaşı, Birinci ve İkinci Dünya Savaşlarından farklı olarak, ekonomik yaptırımların ön planda olduğu bir savaş olacaktır. Bunun en son örnekleri arasında Rusya ve Ukrayna arasındaki son çatışma ve Amerika Birleşik Devletleri, Avrupa Birliği ve diğer ülkeler tarafından Rusya'ya uygulanan yaptırımlar yer almaktadır. Bu çalışma Rusya ve Ukrayna arasında yaşanan savaşın Türkiye dış ticaretine olan etkisini incelemeyi amaçlamıştır. Türkiye'nin Ukrayna ve Rusya'dan en çok ithal ettiği ortak kategori hububat sektörüdür. Yaşanan savaşın Türkiye dış ticaretine en çok bu kategoride etki edeceği görülmektedir. Bu çalışmada, Rusya ve Ukrayna arasındaki mevcut çatışmanın Türkiye ekonomisi üzerindeki etkisi, Türkiye İstatistik Kurumu (TÜİK) ve Kültür ve Turizm Bakanlığı'ndan alınan bilgiler kullanılarak incelenmiştir. Çalışma sonucunda, Türkiye'nin Rusya ve Ukrayna'ya olan bağımlılığına rağmen, en önemli avantajının hammadde ihracatına bağımlı olmaması ve çeşitli ürün altyapısına sahip olması olduğu belirtilmiştir.

Anahtar Kelimeler: Dış Ticaret, Yaptırımlar, Hububat

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1. Introduction

Wars between countries have become important by reaching a different dimension with economic sanctions. The conflict between Russia and Ukraine and the sanctions that followed against Russia from the United States, the European Union, and other countries are the most recent examples of this. In 2022, Russia's attempts to invade Ukraine were met with economic sanctions, especially from countries that had influence over the balance of power in the area. The EU and the USA placed sanctions on Russia in reaction to its military destabilization of Ukraine. (Galbert, 2015: 5).

Additionally, the conflict has made it difficult for goods to travel through the Black Sea, particularly Turkish export cargoes to Russia and other countries in the region. For Turkish businesses, this has led to logistical challenges as well as higher expenditures for using alternative transit routes.

The effects of the Russia-Ukraine war coincided with a period of inflation brought on by nations' efforts to recover from the pandemic and supply-chain disruptions. (Bağış 2022: 10). The global economy, especially in Türkiye, has suffered as a result of the fact that Russia and Ukraine are two major agricultural exporters worldwide. Table 1 lists exports from Türkiye to Russia and Ukraine; the following sections go into greater detail. In 2021, Türkiye exported 5.8 billion dollars to Russia, accounting for 2.6% of all exports, while importing 27.5 billion dollars, or 10.7% of all imports. Türkiye has a -21.7 billion overall trade deficit with Russia. Türkiye's exports with Ukraine are 2.8 billion dollars and its share in total exports is 1.3%, while its imports are 2.4 billion dollars and its share in total imports is 1.7%. Türkiye has a trade surplus of 1.5 billion dollars in its trade with Ukraine. Food imports from Russia and Ukraine account for more than 40% of Türkiye's overall imports (TÜİK, 2022). Despite Türkiye's dependence on Russia and Ukraine, its most important advantage is that it is not dependent on raw material exports and has a high product diversification infrastructure. In 2020, Türkiye ranked 38th in the economic complexity index with 0.58 points, while Ukraine ranked 42nd with 0.5 points and Russia ranked 43rd with the same score (Harvard, 2020).

Table. 1 Türkiye's Foreign Trade with Ukraine and Russia

	Exports (Billion USD, % of total)	Import (Billion USD, % of total)	Net Foreign Trade
Ukraine	2,9 (1,3)	2,4 (1,7)	1,5
Russia	5,8 (2,6)	27,5 (10,7)	-21,7

Source: TÜİK

To demonstrate how the current war between Russia and Ukraine has impacted the Turkish economy, data has been collected from the Ministry of Culture and Tourism and the Turkish Statistical Institute (TurkStat).

2. Literature review

The participating nations are impacted by conflict, according to research in the literature.

According to Leight et al. (2003), the US-Iraq conflict raised US oil prices by \$10 per barrel and drove down the value of US stocks by 15%. According to Leight et al. (2003), oil-importing nations will be more impacted by the war.

Between 1995 and 2017, Bluszcz and Valente (2019) looked at how the Donbas war affected Ukraine's GDP. They conclude that between 2013 and 2017, the war decreased Ukraine's GDP per person by 15.1%.

By considering Türkiye's relations with its neighbors, Ozer (2019) attempted to highlight the methods that can be taken to improve the existing scenario in his paper. As a result, he concludes that Türkiye's exports to its neighbors account for 15% to 26% of all exports, and that the political upheaval in these nations as well as current political unrest in Russia, Syria, and Iraq have had an impact on Türkiye's commerce.

Sezgin (2022) aimed a study on the impact of the crisis between Russia and Ukraine on Turkish trade. He anticipated that the conflict would have a negative impact on Türkiye's agricultural productivity.

Bakan (2022) focused on as the world economy and financial markets reacted to Russia's invasion of Ukraine. He reached a decision that the conflict had a negative impact on trade relations between Russia and Ukraine, especially for European countries that depend on both countries for their energy demands.

In his study article, Yılmaz (2022) was interested in examining the relationship between economic growth and foreign trade in Türkiye from 1970 to 2019. He conducted research into the relationship between international trade and economic expansion and found no correlation between the two.

The confrontation between Russia and Ukraine, according to Painoli (2022), will have a significant influence on supply chains, commodity prices, and financial sanctions. However, to avoid future problems, the government should renegotiate energy security, according to Painoli's conclusions.

Analyzing how the Russian-Ukrainian War affects the global economy was the aim of Ozili (2022). Ozilli (2022), who examined the effects of the fight using regression analysis and Pearson correlation, came to the conclusion that the invasion significantly raised the price of food and crude oil on a global scale.

In their research article, Schiffing et al. (2022) highlighted five industries that will be impacted by the war: energy, transportation, food, metals, and micronutrients. They also concluded that Ukraine, along with Russia, exports more than a quarter of the world's wheat, and that nations like Türkiye and Egypt depend on them for crucial grains like wheat. Ukraine also supplies half of the world's demand for sunflowers.

According to Arslan et al. (2022), 75% of Türkiye's tomato exports are destined for Russia and Ukraine, two crucial markets for the country's agricultural products, and the war will have a significant influence on this business.

3. Research Method

"Qualitative Research Method" was utilized in the study. The war between Ukraine and Russia was analyzed in this study by evaluating national and international written and visual materials. The research data was gathered using primary and secondary sources such as printed books, periodicals, reports, analyses, academic databases, and scientific publication search sites, as well as official websites of official government agencies such as the Turkish Statistical Institute (TurkStat) and the Ministry of Culture and Tourism. In addition, important news and articles (articles, etc.) were scanned from news sources such as the internet and newspapers. The impacts of the war between Ukraine and Russia, as well as the effects of this war on Turkey's foreign trade and tourism industry, comprise the sample group of this research, for which the document analysis technique was utilized as a data gathering tool.

4. Sanctions on Russia and important dates

Economic sanctions levied on countries have recently been used as a major political issue (Abdullah and others, 2016: 2135). Following Russia's invasion of Ukraine, several countries-imposed sanctions, including the United States of America (USA) and the European Union (EU). In his annual State of the Union address in February 2022, US President Biden declared that instead of World War

III, the US would punish Russia through sanctions. (Time, 2022). For these reasons, since economic sanctions against Russia would have an influence on world foreign trade, key economic sanctions by countries are stated below (The New York Times, 2022):

- Sanctions imposed by the US:

February 22, 2022: The Biden administration imposes broad limitations on Russian sovereign borrowing as well as penalties against the two largest Russian banks, VEB and Promsvyazbank.

March 1, 2022: March 1, 2022, the 800-mile natural gas pipeline project between Russia and Germany is being driven by Nord Stream, a Russian state-controlled subsidiary of the German energy giant Gazprom, according to Biden.

February 24, 2022: The US government has announced sanctions against Russia's largest banks Sberbank, VTB Bank and some major companies operating in Western financial markets, restrictions on technology imports and freezing the assets of Russian oligarchs.

February 26, 2022: The Biden administration and significant supporters have declared that they will restrict the Central Bank of Russia's reserves and block select Russian banks from the SWIFT financial exchange system. The European Commission, the United Kingdom, Canada, France, Germany, and Italy all agreed to the moves.

February 28, 2022: According to a statement by the US Treasury Department, sanctions against the Russian Direct Investment Fund and the Russian Central Bank's US-based assets will be put on hold.

March 1, 2022: Biden announced that he would ban Russian planes from flying in American airspace.

March 2, 2022: According to the Biden administration, sanctions would be placed on several Russian military institutions, and steps would be taken to halt the supply of vital technologies to Russian oil refineries. The Commerce Department reported that the US placed the same limitations on Belarus as it did on Russia on February 24, limiting the transit of goods including software and technology from Belarus to Russia.

March 8, 2022: Russian oil, coal, and natural gas imports into the US have been outlawed, according to Biden.

March 11, 2022: President Biden said that the United States would bar the nation from regular trade connections in a move coordinated with the heads of the European Union and other G7 members. Additionally, it blocked off more commercial routes between the United States and Russia and imposed fresh economic restrictions on the wealthy Russians, outlawing the import of certain jewels, vodka, and seafood. Additionally, it declared that it would limit the export of high-end products including expensive watches, cars, alcohol, jewelry, and apparel.

- Sanctions imposed by the European Union:

February 23, 2022: The European Union has announced the adoption of its first round of economic sanctions against 27 people and organizations, including those involved in politics, the armed forces, business, finance, and those connected to the decision to recognize the so-called Donetsk and Luhansk republics. The asset freezes and EU-wide travel restrictions are among the sanctions. The sanctions also block three banks' assets tied to separatist pockets, extend trade embargoes on Crimea, the Ukrainian peninsula Russia annexed in 2014, and prohibit access to European Union financial and capital markets to Russian state and regional administrations, including state banks.

February 25, 2022: Further penalties have been adopted by European leaders, blocking the assets of Sergey V. Lavrov, the foreign minister of Russia, and President Vladimir V. Putin. The export of semiconductors, specialized oil refining technology, and aircraft and spare parts required to operate Russian fleets will also be prohibited by the European Union. They declared that Russian elites and banks are covered by the new sanctions.

February 28, 2022: Further steps have been made by the European Union to pay for the purchase and delivery of weaponry to Ukraine. The group also declared that all Russian planes would

be completely barred from using EU airspace, and that dealings with the Russian central bank would be prohibited.

March 2, 2022: The group also suspended seven Russian banks from the SWIFT financial messaging system as well as the Kremlin-funded global broadcaster RT and the news outlet Sputnik off the airwaves in Europe.

March 9, 2022: The EU announced the enlargement of the list of sanctioned individuals as well as the banning of some Belarusian institutions from the SWIFT financial messaging system.

March 11, 2022: The EU has announced that Russia will be excluded from trade relations.

March 15, 2022: The bloc announced sanctions against many people connected to the nation's defense industry as well as a ban on the importation of iron and steel from Russia.

- Sanctions imposed by the United Kingdom:

February 22, 2022: Five Russian banks and three wealthy individuals with connections to President Vladimir V. Putin have had their UK assets frozen by the British government, who has also forbidden them from entering the nation and barred British nationals and UK enterprises from conducting any business with them.

February 24, 2022: The British government has extended sanctions to 100 businesses, organizations, and oligarchs, barred five more from entering the country, frozen their assets, and taken action against all significant Russian banks, according to Prime Minister Boris Johnson.

February 28, 2022: The Russian Central Bank, Foreign Ministry, and Sovereign Wealth Fund are no longer allowed to conduct business with British financial institutions.

March 1, 2022: Liz Truss, the Foreign Secretary of the United Kingdom, imposed penalties on Belarus targeting four top defense officers and two military organizations.

March 3, 2022: Two oligarchs with connections to Putin and large financial holdings in the UK, Alisher Usmanov and Igor Shuvalov, have been subject to a complete asset freeze and travel ban by the UK. declared that he had taken it down.

March 8, 2022: The UK and the US have agreed to gradually stop importing Russian oil until the end of the year.

March 10, 2022: The British government announced that it has added seven more oligarchs to its sanctions list, including Chelsea's soccer club owner Roman Abramovich.

March 11, 2022: The European Union, the United States, and other G7 nations have joined forces to cut off trade with Russia, and the UK has stated that it will impose a travel ban and asset freeze on 386 members of the lower house of the Russian parliament.

March 15, 2022: The British government announced that it had sanctioned more than 370 individuals whom it deemed to be oligarchs, political allies, or Putin's propagandists.

March 24, 2022: The Wagner Group, a private military group with connections to Putin, is one of 65 Russian firms and people that the UK government has sanctioned.

- Sanctions imposed by Switzerland:

February 28, 2022: Switzerland, a haven for Russian oligarchs, announced it would freeze Russian financial assets there, breaking with its long-standing policy of neutrality.

March 4, 2022: By restricting the export of specific commodities, forbidding financial transactions with the Russian central bank, and barring it from the SWIFT financial messaging system, the Swiss Federal Council has added to the country's list of sanctions against Russia.

- Sanctions imposed by Australia:

February 23, 2022: According to Australia's prime minister, Scott Morrison, trade in areas like transportation, oil, and gas, including Donetsk and Luhansk, as well as a ban on Australians doing business with five Russian banks, will be prohibited. Australia will also impose travel and financial sanctions on eight members of Russia's national security council.

February 24, 2022: The Australian government announced its intention to restrict Australian investment in four financial institutions and add 25 Russian personnel and four military technology businesses to its list of sanctioned parties.

March 8, 2022: The Government of Australia has placed fresh restrictions on 10 individuals who have ties to Russian military organizations, according to Foreign Minister Marise Payne.

March 11, 2022: Australia will forbid the import of Russian energy goods, including coal, natural gas, and oil.

March 14, 2022: Further penalties were issued by the Australian government against 33 Russian oligarchs, well-known businessmen, and members of their immediate families.

- Sanctions imposed by Canada:

February 22, 2022: The first sanctions on Russia, according to Prime Minister Justin Trudeau, forbid Canadians from transacting financially with Donetsk and Luhansk as well as buying Russian government bonds and bills. Additionally, he announced financial sanctions on Russian Parliament members who supported the recognition of the separatist republics.

February 24, 2022: The Canadian government has informed 58 organizations and people—among them prominent Russian banks and members of the Russian elite—that it will enact economic penalties against Russia and forbid shipments to that country.

February 28, 2022: The Russian sovereign wealth fund will have its assets frozen, according to an announcement made by Chrystia Freeland, the deputy prime minister and minister of finance of Canada. All Canadian financial institutions will also be prohibited from doing business with the Russian central bank.

March 11, 2022: According to the Canadian prime minister, the European Union, the United States, and the other G7 nations will work together to sever trade ties with Russia and prohibit Russian purchases of military hardware from Canada.

- Sanctions imposed by Japan:

February 23, 2022: Prime Minister Fumio Kishida said he will restrict the purchase of Russian government bonds and bills and financial dealings with Donetsk and Luhansk, as well as impose sanctions barring them from obtaining visas.

February 28, 2022: According to Kishida, Belarus would also be subject to sanctions and export restrictions.

March 8, 2022: Putin's spokesman Dmitry S. Peskov was one of 32 Russian and Belarusians targeted by Japan's economic penalties.

March 11, 2022: The Japanese government announced that it would bar Russia from normal trade contacts in a statement made jointly with the European Union, the United States, and seven other groups of nations.

March 18, 2022: Sanctions were declared by the Japanese government against 15 people and 9 additional Russian-owned entities.

- Sanctions imposed by Singapore:

February 28, 2022: Sanctions against a few Russian banks and financial institutions were issued by Singapore's foreign minister.

- Sanctions imposed by South Korea:

February 28, 2022: According to a government announcement, South Korea will stop exporting some key goods to Russia and delist them from the SWIFT financial messaging network.

- Sanctions imposed by Taiwan:

February 25, 2022: The Taiwanese government has announced economic sanctions against Russia.

5. Türkiye's Foreign Trade Relations with Russia and Ukraine

Türkiye is one of the countries most affected by the crisis between Russia and Ukraine. We will examine two aspects of Türkiye's economic relations with Russia and Ukraine.

5.1. Russia and Türkiye's foreign trade

In 2021, Russia ranked second among Türkiye's top five importing countries (Table 2), third in 2020, first in 2019 and 2018, and third in 2017. The war is expected to have a severe impact on imports into Türkiye.

Table.2 Türkiye's top five importing countries

<u>Rank</u>	<u>Country</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
1	China	32 239 211	23 041 354	19 128 160	21 506 001	23 753 644
2	Russia	28 959 030	17 829 309	23 115 236	22 710 751	20 097 027
3	Germany	21 757 477	21 732 759	19 280 399	21 535 223	22 281 369
4	USA	13 148 129	11 524 951	11 847 373	12 995 754	12 288 503
5	Italy	11 561 711	9 199 617	9 349 593	10 791 919	12 119 734
13	Ukraine	4 410 710	2 525 764	2 604 452	2 645 479	2 817 132

Source: TUIK

Table 3 lists the top ten categories of products imported from Russia by Türkiye. According to the table, Türkiye imports the most mineral oils and fuels from Russia. Based on the preceding four years, Türkiye imported 13 billion 676 million dollars in 2021. In other terms, Russia had supplied 27% of Türkiye's total energy requirements in 2021. Similarly, in the iron and steel sector, Russia is a significant business partner for Türkiye. In 2021, Türkiye had spent approximately \$5 billion on Russian items in this area. In the same year, Türkiye imported 27 billion dollars' worth of goods. Russia supplied 18.9% of Türkiye's iron and steel requirements in 2021. Cereals are another product group that rises in Table:2. Russia provided 54% of Türkiye's cereal imports in 2020, growing to 58% in 2021. The import of aluminum and aluminum-related commodities from Russia is a significant Turkish import. Russia contributed 31% of Türkiye's imports of this product group in 2020; by 2021, this proportion had dropped to 20%. Oils and fats from both animal and plant sources ranked fifth on the list of Russian items imported by Türkiye. Due to the domestic harvest in Türkiye beginning in June and the paucity of supply since January, increased exports, and increased internal market demands due to Ramadan, Türkiye was forced to impose an export ban on March 8 in order to meet its domestic demand. (Dünya, 2022). This product category is the second most dependent on Russia for Türkiye after the cereals industry. Russia contributed 34% of Türkiye's imports in 2020; in 2021, this percentage rose to 44.5%. In this situation, Türkiye is more dependent on Russia for agricultural products than it is for energy.

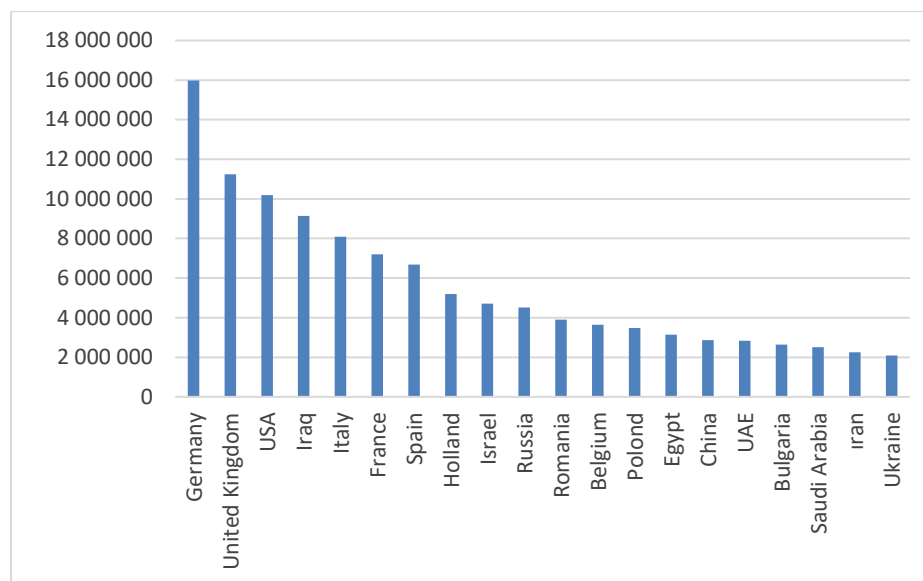
Table.3 Türkiye's top 10 imports from Russia (Thousand dollars)

	2018	2019	2020	2021
All products	22.710.751	23.115.236	17.829.309	28.959.030
Mineral fuels, mineral oils and products derived from their distillation	13.070.588	14.196.770	7.728.998	13.676.548
Iron and steel	3.930.653	3.130.772	2.658.846	5.171.227
Grain	1.396.110	1.621.863	1.722.075	2.238.369
Aluminum and aluminum products	620.720	1.059.790	1.049.892	1.266.619
Animal and vegetable oils, edible fats, and waxes made from both animals and plants	255.128	287.475	483.071	968.565
Copper and copper products	648.255	292.375	551.587	802.609
Precious or semi-precious stones, precious metals, pearls, imitation jeweler's goods	36.391	49.080	436.899	307.801
Oil seeds and fruits, various grains, seeds and fruits, plants used in industry and medicine, straw	25.409	114.280	337.402	41.820
Residues and debris of the food industry, for animals prepared roughage	283.908	309.310	35.275	440.073
Inorganic chemicals, precious metals, radioactive elements, organic-organic compounds of metals and isotopes	244.329	258.260	272.789	395.478
Plastics and Products made of plastic	65.403	75.347	238.474	534.944

Source: TUIK

Figure 1 displays Türkiye's main export destinations for 2021. Türkiye has exported goods worth 225 billion dollars so far this year. Russian exports total 4.5 billion dollars, placing it at number 10 on this list. In 2021, 2% of Türkiye's exports was done to Russia. With exports totaling 15.9 billion dollars, Germany tops the list of nations with the largest exports. It accounts for 7% of Türkiye's exports.

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Source: TUIK

Figure. 1 Türkiye's top export markets in 2021

Table 4 shows the top ten products that Türkiye's exports to Russia. In 2021, Türkiye sold 913 million dollars worth of commodities to Russia, principally edible fruits and nuts. In this chapter, Russia accounts for 18% of Türkiye's exports, which amount 4.9 billion dollars. 756 million dollars of Türkiye's second-largest exports to Russia are boilers, machinery, mechanical devices and appliances, nuclear reactors, their components, and parts. In this chapter, Russia contributes for 3.8% of Türkiye's total exports of 19 billion dollars. In addition to that, motor vehicles, tractors, bicycles, motorcycles, and other land vehicles, as well as their parts, parts, and accessories, make for the majority of exports totaling \$478 million. In this chapter, Türkiye's exports to all nations in 2021 reached 24 billion dollars, with Russia receiving 478 million dollars. When it comes to foreign trade between Türkiye and Russia, Russia clearly dominates.

Table.4 Top ten Russian exports from Türkiye (Thousand dollars)

	2018	2019	2020	2021
Total	3.399.662.315	3.852.993.806	4.164.184.889	5.290.184
Edible fruits and nuts	636.027	655.491	876.734	913.931
Boilers, machinery, mechanical devices and appliances, nuclear reactors, their components and parts	400.836	476.004	553.716	756.229
Motor vehicles, tractors, bicycles, motorcycles, tractors, bicycles, motorcycles and other land vehicles, parts and accessories	335.693	395.476	344.815	478.071

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Electrical machinery and equipment, audio recording and transmitting, television image-sound recording and transmitting devices, parts and accessories	164.822	170.005	185.619	235.461
Plastics and products made of plastic	147.531	171.925	171.048	228.829
Iron or steel products	89.156	114.453	138.376	190.511
Edible vegetables and some roots and tubers	73.769	132.666	123.883	148.427
Knitted apparel and accessories	110.518	125.958	105.360	143.332
Knitted goods	84.338	115.976	122.810	123.880
Apparel and accessories, not knitted	104.151	116.549	93.466	111.811

Source: TUIK

The epidemic, which began in early 2020, resulted in a 353% decrease in the number of tourists visiting Türkiye year over year. However, just half of the tourists attracted in 2019 may be drawn to Türkiye's efforts in 2021. According to TurkStat (2022), Türkiye's total tourism-related revenue in 2021 was \$24 billion, \$12 billion in 2020, \$34 billion in 2019, and \$29 billion in 2018. The average per capita expenditure of entering tourists in 2021 is 990 dollars, 947 dollars in 2020, 766 dollars in 2019, and 747 dollars in 2018 (TÜK, 2022). With all of these statistics, as shown in Table 5, the majority of tourists visit Türkiye from Russia. In 2021, 19% of tourists visiting Türkiye came from Russia, 16% in 2020, 15.5% in 2019, and 15.1% in 2018. Türkiye received 4.6 billion dollars in tourist expenditure from Russian tourists in 2021, 2 billion dollars in 2020, 5.3 billion dollars in 2019, and 4.4 billion dollars in 2018. Despite the considerable current account deficit in bilateral goods trade with Russia, tourism, a key component of service exports, has a significant impact on decreasing the current account deficit.

Table.5 Total number of tourists visiting Türkiye

	2018	2019	2020	2021
Total	39.488.401	45.058.286	12.734.213	24.712.266
Russia	5.964.613	7.017.657	2.128.758	4.694.422
Germany	4.512.360	5.027.472	1.118.932	3.085.215
Ukraine	1.386.934	1.547.996	997.652	2.060.008
Iran	2 001 744	2 102 890	385 762	1 153 092
Iraq	1 172 896	1 374 896	387 587	836 624
Holland	1 013 642	1 117 290	271 526	645 601
France	731 379	875 957	311 708	621 493
Polond	646 365	880 839	145 908	585 076
Romania	641 484	763 320	269 076	496 178
Azerbaijan	858 506	901 723	236 797	470 618

Source: Republic of Türkiye Ministry of Culture and Tourism

5.2 Foreign Trade between Ukraine and Türkiye

In the ranking of the countries that Türkiye imports the most (Table: 2), Ukraine ranked 13th in 2021 with 4.4 billion dollars. 2.2 billion dollars in 2020, 2.6 billion dollars in 2019, 2.64 billion dollars in 2018 and 2.8 billion dollars in 2017. The 10 products that Türkiye imports the most from Ukraine are shown in Table:6. In the last four years, Türkiye has imported the most iron and steel from Ukraine. This chapter accounts for 49.9% of total Ukrainian imports into Türkiye in 2021, 42.5% in 2020, 31% in 2019, and 48.3% in 2018. The grains chapter comes in second. While Türkiye exports 3.8 billion dollars in this chapter in 2021, Ukraine imports 22% of this amount. Metal ore, slag, and ash come in third. In this chapter, it climbed by 300% from 2020 to 2021, reaching 274 million dollars.

Table.6 Türkiye's top ten imports from Ukraine (Thousand dollars)

	2.021	2020	2019	2018
Total	4.410.710.996	2.525.764.983	2.604.452.022	2.645.479.493
Iron and steel	2.202.095.230	1.075.712.383	810.617.377	1.279.792.756
Grain	860.640.352	371.645.785	606.515.539	191.200.949
Metal ores, slag and ash	274.692.132	90.315.624	79.012.223	92.675.926
Oilseeds and fruits, various grains, seeds and fruits, plants used in industry and medicine, hay and roughage	239.754.063	289.675.017	446.910.579	314.923.539
Food industry residues and waste, roughage prepared for animals	233.035.327	225.246.065	268.163.552	176.046.949
Plastics and Products made of plastic	115.555.903	45.581.663	26.600.282	41.179.073
Animal and vegetable fats and oils, edible fats, animal and vegetable waxes	69.164.452	68.194.387	13.495.600	61.536.732
Inorganic chemicals, precious metals, radioactive elements, organic-organic compounds of metals and isotopes	62.772.349	33.201.768	21.925.833	34.994.072
Wood and wood products, charcoal	57.535.591	70.647.397	68.876.476	151.355.555
Iron or steel products	55.449.046	23.615.548	34.146.818	25.489.507

Source: TUIK

In 2021, Ukraine's share in Türkiye's exports was 1.19% in 2021, 1.18% in 2020, 1.14% in 2019 and 0.87% in 2018. The top 10 chapters of Türkiye's exports to Ukraine are given in Table:7. Türkiye exported 303.9 million dollars in 2021, the most boilers, machinery, mechanical devices and

instruments, nuclear reactors, their parts and components. While Türkiye's portion of this chapter's exports is 19 billion dollars, Ukraine's contribution is 1.5%. With 240.9 million dollars in exports to Ukraine, Türkiye's iron and steel sector ranks second. While Türkiye's overall exports in this chapter are expected to be 17 billion dollars in 2021, Ukraine's portion of these exports is 0.014%. Mineral fuels and derivatives were the third largest exported product from Türkiye to Ukraine in 2021, accounting for 177 million dollars in exports. While Türkiye's total exports in this chapter were 6.6 billion dollars in 2021, Ukraine's contribution was 2.67%.

Table.7 Türkiye's top 10 exports to Ukraine (Thousand dollars)

	2021	2020	2019	2018
Total	2.560.549.569	1.898.366.737	1.955.015.900	1.465.913.891
Boilers, machinery, mechanical devices and equipment, nuclear reactors, their parts and components	303.921.731	224.026.557	175.373.252	155.664.567
Iron and steel	240.982.939	123.095.894	157.718.109	89.326.877
Mineral fuels, mineral oils and products of their distillation, bituminous substances, mineral waxes	177.654.770	135.372.512	130.986.403	-
Motor vehicles, tractors, bicycles, motorcycles, tractors, bicycles, motorcycles and other land vehicles, parts and accessories	175.984.237	153.402.542	141.933.501	127.125.923
Edible fruits and nuts	157.703.424	145.488.948	124.273.161	112.839.626
Plastics and Products made of plastic	140.168.918	90.466.235	88.738.318	75.698.449
Aircraft, space vehicles and their parts and components	116.658.786	-	78.639.353	-
Knitted apparel and accessories	104.168.401	76.102.823	80.163.476	69.798.101
Electrical machinery and equipment, audio recording and transmitting, television, video, audio recording and transmitting equipment, parts and accessories	93.255.335	110.297.602	150.254.361	91.125.706
Iron or steel products	89.520.806	123.095.894	111.280.987	52.630.991

Source: TUIK

While the number of Ukrainian tourists visiting Türkiye was around 1.3 million in 2018, it increased to 1.5 million in 2019, decreased to 997 thousand in 2020 due to the pandemic effect, and reached the greatest level in the previous four years in 2021, approaching 2 million (Table 5). In 2021, Türkiye gains \$2 billion from Ukraine based on per capita incoming tourist expenditures of 990 dollars (TurkStat, 2022). This year, Türkiye and Ukraine had a 1.8-billion-dollar current account deficit, which was closed by service sector income.

6. Result

Sanctions have given battles between countries a new dimension. Unlike the First and Second World Wars, which were represented by political figures, the Third World War aims to neutralize each other through economic sanctions. The most recent example is Russia's conflict with Ukraine, as well as the sanctions imposed on Russia by other countries, most notably the United States and the European Union. The fact that Russia and Ukraine are two major players in the global agricultural sector, along with the post-pandemic inflationary environment, increases the impact on countries. Türkiye, which has significant trading ties with Ukraine and Russia, is experiencing the effects of the war more acutely. Data from the Turkish Statistical Institute (TurkStat) and the Ministry of Culture and Tourism were used to show how the conflict affected Türkiye's abroad trade.

Mineral fuels and derivative products are at the top of the list of goods that Türkiye buys from Russia. In other words, by 2021, Türkiye met 27% of its energy needs from Russia. Another important thing that Türkiye purchases from Russia is iron and steel. In 2021, Türkiye shipped 18% of its total exports to Russia. However, Türkiye is strongly reliant on Russia in two sectors. In 2021, Russia provided 58% of cereals and 48.5% of animal and vegetable fats and oils. Türkiye's agricultural dependency on Russia has hurt its exports as a result of the war. The situation in the animal and vegetable oil sectors is so serious that on March 8, Türkiye imposed an import embargo. The bilateral trade imbalance of Türkiye has been slightly reduced as a result of service sector visitors.

When the share of Ukraine in overall exports to Türkiye is examined, it is shown that Türkiye shipped 1.19% in 2021, 1.18% in 2020, 1.14% in 2019, and 0.87% in 2018. From 2018 to 2021, Türkiye's top export item to Ukraine was boilers, machinery, mechanical devices and appliances, nuclear reactors, their parts and components. Motor vehicles, tractors, bicycles, motorcycles, and other land vehicles, as well as their components, accessories, and accessories, were Türkiye's second-most exported good to Ukraine in 2018 and 2019, with iron and steel coming in second in 2020 and 2021. Ukraine, which imports 4.4 billion dollars from Türkiye annually, was ranked 13th in the list of nations in 2021. 2020 will bring in 2.2 billion dollars, followed by 2.6 billion in 2019, 2.64 billion in 2018, and 2.8 billion in 2017. Türkiye has imported the most iron and steel from Ukraine during the past four years, followed by the grain chapter in second place and the metal ore, slag, and ash chapter in third. It can be seen that the tourists from the service sector have helped Türkiye's bilateral trade imbalance in Russia and Ukraine drop a little bit more.

Cereals are the most prevalent type that Türkiye imports from Russia and Ukraine. In this chapter, the conflict will have the greatest impact on Türkiye. Despite its reliance on Russia and Ukraine, Türkiye's main advantage is that it does not depend on raw material exports and has a broad product infrastructure. Furthermore, the Russian-Ukraine issue has created both obstacles and opportunities for Turkish overseas trade. While Türkiye has worked to diversify its energy sources and strengthen links with Ukraine, the war has also caused disruptions and increased costs associated with alternative transportation routes. The overall impact of the conflict on Türkiye's economy and trade relations is unknown and may depend on how the conflict develops in the future.

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