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How Will Ukraine-Russia War Affect Turkish Trade?

Ukrayna-Rusya Savaşı Türk Ticaretini Nasıl Etkiler?

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Abstract: The Ukraine-Russia war continues to threaten international trade and global supply chains. This article analyses the impacts of Russia-Ukraine war on Turkey's exports and imports. For this purpose, we analyzed 4-digit Harmonized Tariff Schedule (HTS) Turkey-Russia and Turkey-Ukraine trade figures between 2016 and 2020 to reveal the prospective most affected sectors. Our findings show that Turkey's agricultural exports both to Russia and Ukraine will be affected negatively by the conflict. The exports of citrus fruits and tomatoes are expected to shrink. Other Turkish exporters which will feel the squeeze are the producers of motor vehicles, petroleum oils and machinery. It appears global rise in food and energy prices could exacerbate Turkey's budget deficit and deteriorate already rising domestic inflation, which may in turn hit Turkish traders in the medium term.

Keywords: Ukraine-Russia War, International Trade, Import, Export, Turkey.

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Öz: Ukrayna-Rusya savaşı, uluslararası ticareti ve küresel tedarik zincirlerini tehdit etmeye devam ediyor. Bu makale, Rusya-Ukrayna savaşının Türkiye'nin ihracat ve ithalatı üzerindeki etkilerini analiz etmektedir. Bu amaçla, çatışmadan en çok etkilenen sektörleri ortaya çıkarmak için 2016 ve 2020 yılları arasındaki Türkiye-Rusya ve Türkiye-Ukrayna 4 haneli Uyumlaştırılmış Tarife Cetveli (HTS) ticaret rakamları analiz edilmiştir. Bulgularımız, Türkiye'nin hem Rusya'ya hem de Ukrayna'ya yaptığı tarımsal ihracatın çatışmadan olumsuz etkileneceğini göstermekte olup narenciye ve domates ihracatının daralması muhtemeldir. Ticaretteki sıkıntıyı hissedecek diğer Türk ihracatçıları ise motorlu kara taşıtları, petrol yağları ve makine üreticileridir. Gıda ve enerji fiyatlarındaki küresel artışın Türkiye'nin bütçe açığını daha da kötüleştirebileceği ve hâlihazırda yükselen yurt içi enflasyonu bozabileceği ve bunun da orta vadede Türk tüccarlarını etkileyebileceği öngörülmektedir.

Anahtar Kelimeler: Ukrayna-Rusya Savaşı, Uluslararası Ticaret, İthalat, İhracat, Türkiye.

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1. Introduction

The Ukraine-Russia war continues to threaten international trade and global supply chains. It is difficult to predict the final impacts of the conflict over world's trade as of now. Detrimental effects of the war are expected to accelerate as the global economies are still trying to get over the pandemic and feeling the inflationary pressures.

Although Russia and Ukraine are not leading manufacturers in the world, they are important providers of energy and raw materials. For instance, Russian petroleum and natural gas play a vital role in meeting the global energy demand of many countries, including Turkey. Turkey consumed 48.1 billion cubic meters of natural gas in 2020, when Turkey received 33.6 percent of its natural gas from Russia, 24 percent from Azerbaijan and 11.1 percent from Iran through the pipelines according to the Energy Market Regulatory Authority (EMRA) Natural Gas Sector Report.

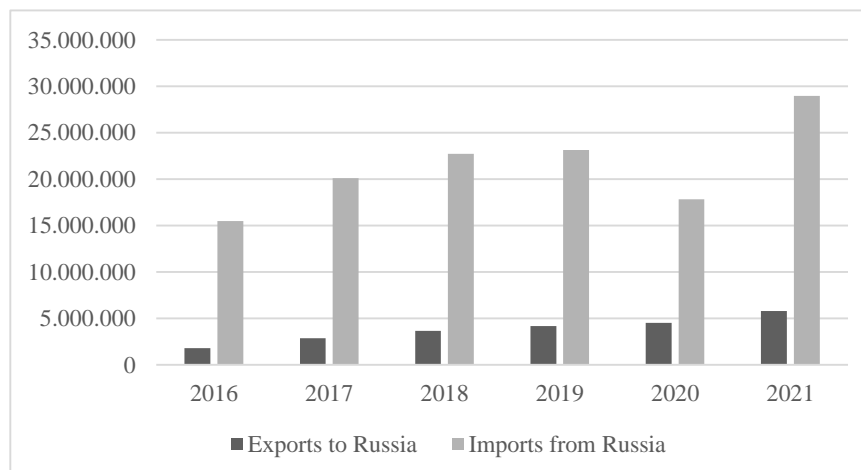
Since Turkey is heavily dependent on the Russian gas, it might be asserted that small disruptions of natural gas supply may have crucial impact on Turkish consumers and industries. It is not only energy sources, but Turkey-Russia and Turkey-Ukraine trade relations are based on diversified set of products.

As Figure 1 illustrates, Russia is an indispensable trade partner for Turkey: Russia ranks 2nd in Turkey's imports and 10th in Turkey's exports as of 2021. Total imports from Russia increased by 62 percent in 2021 when compared with 2020, and reached to \$28,9 billion while Turkey's exports to Russia also hiked by 28 percent to \$5,7 billion.

Figure 1: Turkey-Russia Trade, 2016-2021 (Thousand \$)



Figure 2: Turkey-Ukraine Trade, 2016-2021 (Thousand \$)



Just like Russia, Ukraine is an important trade partner for Turkey. Ukraine was Turkey's twelfth biggest importer and twentieth biggest export partner in 2021. Turkey's total goods imports from Ukraine increased by 74 percent when compared with 2020, and reached to \$4,5 billion while Turkey's exports to Ukraine surged by 38 percent to \$2,9 billion in the same period. (Figure 2)

In spite of the fact that there are studies on analyzing the how Russia-Ukraine conflict will shape country level trade, there are not many studies in the literature which concentrated on Turkish case. This study aims to fill in this gap.

The study is organized as follows: Section 2 introduces the literature review, Section 3 discusses how the conflict may impact Turkish exports, Section 4 argues possible effects of the war on Turkish imports, and last section conveys the conclusions.

2. Literature Review

The subject on how Russian-Ukraine conflict will affect economies and world's trade are few, and it continues to attract attention. Questions still remain on how long the conflict will continue, and the channels that the war will affect economies. The impacts seem to be multifarious and depend on the following: Structure and operability of the markets during the war, maintainability of the supply chains, trade restrictions, logistical difficulties, the magnitude of sanctions, trade relations between the countries, periods that trade irritancies will remain in force, alternative trade markets etc.

Aiming to analyze the effects of the conflict, Liadze et al. (2022) claim that main influence of the war over the world economies will be increasing energy prices, less confidence and weaker financial markets. The authors note that an important channel of trade spillovers is agricultural exports, for instance around 80 per cent of exports of sunflower oil are accounted for by Ukraine and Russia. Supply chain disruptions together with sanctions would induce prices for wheat and other grains to hike, which would exacerbate the inflationary pressures.

Focusing on the impacts of the war on African and Moroccan markets, Abdelaaziz et al. (2022) state that the impact of the conflict on Morocco's external balance is estimated at 6.5% of GDP this year as price increases will aggravate inflationary pressures. They also underline the conflict will negatively affect both African energy and food importers.

Astrov et al. (2022) assert that Russia's import-substitution policies has accelerated its trade and FDI relations with Asian countries while the EU's share in Russia's trade has declined to 34% recently, making China the biggest single trade partner for Russia. The authors stress that Russia's exclusion from swift would severely disrupt global payments and international trade.

Schiffing et al. (2022) indicate that the energy, transport, food, metals and microchips are the five major commodities, which will be hit by war. Schiffing et al. (2022) express that Ukraine meets the half of the sunflower oil demand in the world while Russia and Ukraine together account for more than a quarter of global wheat exports, while some economies are especially dependent on grain imports from Ukraine and Russia, for instance, Turkey and Egypt rely on these countries for almost 70% of their wheat imports.

Concerning the effects over Turkish economy, a seminal study by Oxford Analytica (2022) propounds that Turkey could be hit hard by the war due to close relations with both of the countries and skyrocketing energy costs. In addition, Turkey is very much tied to Russia as Russia is Turkey's leading gas and wheat supplier, and major tourism partner. In addition, Turkey is the third-largest tourism market for Ukraine and second-largest exporter of wheat.

Underlining the increasing trade relations between Ukraine and Turkey, Dabrowski et al. (2020) indicate that Ukraine's trade relations with non-EU trade partners have increased in the recent years: Share of Ukrainian exports to China, Turkey, India, and Egypt slightly increased by two percent in 2019 while imports from non-EU countries such as China, Turkey, the USA, Switzerland had surged by 9%.

Papanikos (2022) predicts that a huge trade diversion could take place following the Russian invasion of Ukraine. Papanikos (2022) expresses that Russia might get into trouble if Germany, being the leading trade partner of Russia, would decide to shift to other energy sources.

Concerning the importance of agricultural exports of Turkey to Russia and Ukraine, Arslan et al. (2022) argue that developments in the world tomatoes trade is extremely important for Turkey as Turkey supplied %75 of total tomato exports to Russia and Ukraine, Saudi Arabia, and Iraq are other significant markets for Turkish tomatoes.

To date, very few studies have explored the impacts of the conflict on Turkey's trade, leaving gaps requiring further attention.

3. Possible Impacts of the Conflict over Turkey's Exports

Turkish trade relations with both Russia and Ukraine vary in terms of products and sectors which makes Turkey an interesting case. For the sake of the study, we decided to focus on period between 2016 and 2020.

It appears Turkey's agricultural exports to Russia will be badly affected by the conflict. Before the conflict burst out, the pandemic had no discernible impacts on a large number of Turkish exports to Russia, with some categories even showing increases, including citrus fruits, apricots, cherries, grapes, tomatoes and palm oil.

In addition, there some product categories where Russia takes a significant double-digit share in Turkey's exports and serves as one of the main markets for Turkish producers in 2020: Citrus fruits (44 percent), apricots, cherries (45 percent), palm oil and its fractions (75 percent), tomatoes (20 percent), grapes (14 percent), frozen fish (47 percent) and fresh strawberries (38), as can be seen in Table 1. Turkey's exports of tractors and motor vehicles, fishing vessels and petroleum oils to Russia are also significant in value while Russia's share in Turkey's exports to the world is low in these product categories meaning that Turkish exporters could be able to find other markets than Russia and divert their trade.

Table 1: Top 13 Products in Turkey's Exports to Russia, 2016-2020 (Thousand \$ and Share (%))

Product code	Product label	Turkey's exports to Russia (Value)					Share of Russia in Turkey's exports to world (%)				
		2016	2017	2018	2019	2020	2016	2017	2018	2019	2020
'0805	Citrus fruit, fresh or dried	269521	331760	301100	311939	418531	0,30	0,39	0,34	0,41	0,44
'8708	Parts and accessories for tractors, motor vehicles	108099	136188	178442	207792	216540	0,03	0,03	0,04	0,04	0,05
'0809	Apricots, cherries, peaches	26877	108158	122901	142387	207752	0,11	0,36	0,39	0,43	0,45
'8902	Fishing vessels; factory ships	24289	0	0	0	121326	0,21	0,00	0,00	0,00	0,33
'2710	Petroleum oils and oils	15418	55686	70746	107543	112298	0,01	0,02	0,02	0,02	0,03

'0806	Grapes, fresh or dried	3909	122852	70821	90611	95712	0,01	0,20	0,12	0,13	0,14
'1511	Palm oil and its fractions, whether or not refined	0	0	2	38947	90315	0,00	0,00	0,00	0,75	0,75
'6006	Fabrics, knitted or crocheted	4114	18388	44173	68555	75631	0,01	0,02	0,05	0,08	0,09
'8516	Electric instantaneous or storage water heaters	29810	28501	45752	67461	69479	0,04	0,03	0,04	0,06	0,06
'0303	Frozen fish	5654	8232	21327	38572	67795	0,09	0,12	0,22	0,32	0,47
'0302	Fish, fresh or chilled	34127	37359	46160	48587	62353	0,08	0,09	0,10	0,10	0,12
'0702	Tomatoes, fresh or chilled	0	2155	30454	85456	61564	0,00	0,01	0,11	0,28	0,20
'0810	Fresh strawberries, raspberries	8262	14649	49371	50480	59910	0,07	0,13	0,35	0,40	0,38

Source: Authors' calculations using TradeMap data

When compared to Turkey's exports to Russia, the composition of the exports to Ukraine is quite different. Turkey's total exports of goods to Ukraine decreased by 3 percent in 2020, but exports of petroleum oils, citrus fruit, flat rolled products of iron and non-alloy steel, and motor vehicles remained strong. There are only few product categories where Ukraine takes a double-digit share in Turkey's exports in 2020: Citrus fruits (10 percent) and tomatoes (12 percent) as can be seen in Table 2. Refrigerators, cements, and machinery were the other sectors which enjoyed stable increases in exports (albeit minimal) between 2016 and 2020.

Because of the Russia-Ukraine war, a fall mainly in agricultural exports to Ukraine may be expected in addition to possible reductions in the exports of some industrial products like petroleum oils, flat rolled products of iron, motor cars, and machinery.

Table 2: Top 10 Products in Turkey's Exports to Ukraine, 2016-2020 (Thousand \$ and Share (%))

Product code	Product label	Turkey's exports to Ukraine (Value)					Share of Ukraine in Turkey's exports to world (%)				
		2016	2017	2018	2019	2020	2016	2017	2018	2019	2020
'2710	Petroleum oils and oils	18799	33742	25571	254490	217231	0,01	0,01	0,01	0,04	0,06
'0805	Citrus fruit, fresh or dried	86948	68834	85590	89730	98218	0,10	0,08	0,10	0,12	0,10
'7210	Flat-rolled products of iron or non-alloy	12412	13771	12096	43768	54131	0,04	0,02	0,01	0,04	0,05

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	steel										
'8704	Motor vehicles for the transport of goods	16888	32920	36921	36539	51602	0,00	0,01	0,01	0,01	0,01
'8703	Motor cars and other motor vehicles	34797	49989	45012	55638	45710	0,00	0,00	0,00	0,00	0,00
'2523	Cement, incl. cement clinkers	984	3530	2870	12469	41250	0,00	0,01	0,00	0,01	0,03
'0702	Tomatoes, fresh or chilled	16953	14916	25302	29736	36286	0,07	0,05	0,09	0,10	0,12
'8474	Machinery for sorting, screening	3566	6223	10255	12236	32025	0,01	0,02	0,03	0,03	0,07
'8418	Refrigerators, freezers	14859	22276	23732	30192	31758	0,01	0,01	0,01	0,02	0,02
'7308	Structures and parts of structures	1881	2969	11376	61175	29804	0,00	0,00	0,01	0,04	0,02

Source: Authors' calculations using TradeMap data

Taking into account Turkey's exports to both Russia and Ukraine, it seems the major loser of the conflict would be Turkish agricultural sector, industrial goods suppliers and textile producers. Since Russia has been excluded from swift and rouble has lost value after the war started, Turkish exporters are concerned that Russians won't be able to pay their bills. Turkish producers are also uneasy about the situation with Ukraine has caused most of their trucks are stuck in Ukraine and they can't contact with their counterparts in Ukraine.

As noted, the sector which is under a high risk is Turkey's fresh fruit and vegetable industry. As per the sector representatives, exports to Ukraine completely stopped due to severe conditions, including the inoperability of ports and airports, while there are no new orders from Russia. Noting that orders from Russia and Ukraine have stopped, the chairperson of Istanbul Fresh Fruit and Vegetable Exporters' Association Melisa Tokgoz Mutlu pointed out that "Ukraine was an important market for Turkey as our biggest export markets are the EU and Russia. Exporters in general want to wait a bit longer to see what will happen although we do not know exactly how many products are on the way or how many contracts have been cancelled at the moment."

Turkey's readymade clothing sector, which was very active in both markets, also suffer due to the cancellations and postponements of the shipments. Sector representatives note that their loss has already reached \$150 million to \$200 million (TL 2 billion to TL 2.7 billion) only in Ukraine. Gurkan Tekin, the chairperson of the Mediterranean Ready-to-Wear and Apparel Exporters' Association (AKIB), stated that the trucks are currently waiting at related countries' borders and added that "The industry is severely affected by the conflict right now, and exports are at a standstill." Giyaseddin Eyyupkoca, chairperson of the Laleli Industrialists and Businessmen's Association (LASIAD) said that "There are order cancellations even from Poland because the country shares a border with Ukraine. Half of the market in Laleli is in danger."

Union of Chambers and Commodity Exchanges of Turkey (TOBB) established a crisis desk on February 28 in coordination with ministries, related public institutions, and the International Transporters Association (UND) to address the situation of Turkish trucks stranded due to the Russia-Ukraine war. The desk follows up on trucks stuck at borders or on the way to Russia, Belarus, or inside Ukraine to make sure Turkey's exports are not affected by Russia's invasion of Ukraine. Concerning the situation, Hisarciklioglu stated, "[T]he International Road Transport Union (IRU) has called on the European Commission and the route countries for the return of our regional carriers to Turkey without visas and transit documents, and we see the support of countries." In addition, UND noted that trucks would not be required to submit transit documents to transit through Moldova and Hungary, while 500 Turkish trucks have been affected by the conflict with many of them waiting to return to Turkey.

Regarding the impacts of the conflict on Turkish iron and steel sector, Ekol Demir Çelik chairwoman Elif Tulay said that "Due to its geographical position, we have close export and import ties with Ukraine. We have been procuring most of the raw materials for the iron and steel industry from this country. Tulay added that the Ukrainian market is particularly important for high-quality steel. Apart from this, Ugur Dalbeler, vice president of Turkish Steel Exporters' Association stated that the inability to import raw materials for steel production might negatively affect Turkish steel industry in the short term, while the war may also provide advantage for Turkish steel exports in the medium term.

4. How Will the War Shape Turkey's Imports

Ukraine is the major producer of sunflower oil, making up more than half of the exports in the world. Ukraine and Russia are the major suppliers of wheat in the world, realizing more than quarter of total exports of wheat. (USDA, 2022). Ukraine and Russia account for fifth of global exports of corn and other coarse grains.

As noted by Schiffing et al. (2022), some countries are particularly dependent on grain from Russia and Ukraine. For example, Turkey and Egypt rely on them for almost 70% of their wheat imports. Turkey does not only rely on wheat imports but the composition of Turkish imports from these two countries are pretty diversified.

Turkey's imports from Ukraine showed a marginal fall by 5% in 2020, probably due to negative effects of COVID-19 pandemic. According to Trademap's figures, Ukraine was Turkey's twelfth biggest importer in 2020. Table 3 below provides details about Turkey's top 10 goods imports from Ukraine and the share of Ukraine in Turkey's imports from the world.

It appears the overall trade mix between the Turkey and Ukraine remained largely similar between 2016 and 2020. Triple-digit increases in semi-finished products of iron (103 percent), and double digit increases in flat rolled products of iron (20 percent) and iron ores (20 percent) drove Ukrainian exports to Turkey. There are product categories where Ukraine took a significant double-digit share in Turkey's imports in 2020: semi-finished products of iron (31 percent), soya beans (23 percent), wheat (11 percent), maize or corn (25 percent), ferro alloys (19 percent), bran, sharps (29 percent) and oilcake (30), as can be seen in Table 3.

Table 3: Top 11 Products in Turkey's Imports from Ukraine, 2016-2020 (Thousand \$ and Share (%))

Product code	Product label	Turkey's imports from Ukraine (Value)					Share of Ukraine in Turkey's imports from world (%)				
		2016	2017	2018	2019	2020	2016	2017	2018	2019	2020
'7207	Semi-finished products of iron or non-alloy steel	550545	482091	492255	239057	486544	0,28	0,24	0,20	0,15	0,31

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'7208	Flat-rolled products of iron or non-alloy steel	139283	191404	334743	274540	329598	0,09	0,08	0,14	0,12	0,16
'1201	Soya beans, whether or not broken	277886	276961	305863	454781	278543	0,31	0,29	0,27	0,44	0,23
'1001	Wheat and meslin	5148	92877	51939	234651	246435	0,01	0,09	0,04	0,10	0,11
'1005	Maize or corn	1629	52701	118807	384462	121405	0,01	0,12	0,27	0,45	0,25
'7202	Ferro-alloys	142544	303037	216084	157695	98736	0,38	0,45	0,31	0,28	0,19
'2302	Bran, sharps and other residues	83918	116307	97397	108806	96422	0,35	0,36	0,34	0,38	0,29
'2306	Oilcake and other solid residues	54954	74479	54156	91278	88127	0,29	0,37	0,23	0,30	0,30
'7201	Pig iron and spiegeleisen	160322	62740	132519	79171	85704	0,59	0,17	0,26	0,18	0,23
'2601	Iron ores and concentrates	77675	121713	81117	68681	82560	0,11	0,12	0,08	0,06	0,08
'1512	Sunflower-seed, safflower or cotton-seed oil	198397	146871	55324	11421	68142	0,20	0,22	0,14	0,03	0,10

Source: Authors' calculations using TradeMap data

When examining the composition of Turkey's imports from Russia, it appears Turkey may have serious trouble in procuring various types of products such as iron and steel products, wrought aluminium, wheat, coal, natural gas, petroleum oils and ammonia from Russia if the sanctions would harm the ability of Russian traders doing business.

As can be seen Table 4, the shares of Russia origin petroleum oils (43 percent) , wheat (64 percent), coal (42 percent), unwrought aluminium (46 percent), semi-finished products of iron (50 percent), sunflower seed and oil (76 percent), flat rolled products of iron (27 percent), and ammonia (60 percent) in Turkish imports were extremely remarkable in 2020. In 2020, Turkey's imports of sunflower seed and oil, copper and gold from Russia also surged compared to 2019.

Table 4: Top 15 Products in Turkey's Imports from Russia, 2016-2020 (Thousand \$ and Share (%))

Product code	Product label	Turkey's imports from Russia (Value)					Share of Russia in Turkey's imports from world (%)				
		2016	2017	2018	2019	2020	2016	2017	2018	2019	2020

'9999	Commodities (not elsewhere specified)	5095344	6578120	6418155	9464294	4460681	0,32	0,30	0,27	0,35	0,24
'2710	Petroleum oils and oils	2168705	3289144	5136429	3851968	2703668	0,30	0,33	0,40	0,41	0,43
'1001	Wheat and meslin	490573	582377	1056790	1498689	1499019	0,55	0,56	0,82	0,65	0,64
'2701	Coal; briquettes, ovoids	1004679	1480441	1414824	1210853	1147880	0,38	0,38	0,32	0,34	0,42
'7601	Unwrought aluminium	617783	548323	602995	1080834	1008219	0,33	0,24	0,24	0,45	0,46
'7207	Semi- finished products of iron or non- alloy steel	669782	760680	1242159	977805	795087	0,34	0,37	0,49	0,62	0,50
'7204	Ferrous waste and scrap	562214	684116	868377	569524	653518	0,14	0,11	0,12	0,10	0,10
'7208	Flat-rolled products of iron	563689	1027950	911657	827075	555194	0,36	0,43	0,39	0,35	0,27
'1512	Sunflower- seed, safflower or cotton-seed oil	725972	398045	255127	328097	537234	0,72	0,60	0,64	0,75	0,76
'7403	Copper, refined	432513	540037	542288	200002	439929	0,22	0,22	0,22	0,09	0,20
'7108	Gold	11694	77150	28679	48729	408261	0,00	0,00	0,00	0,00	0,02
'1206	Sunflower seeds	32903	112915	1293	114978	303932	0,13	0,32	0,00	0,20	0,48
'7201	Pig iron	97456	243765	296318	271133	212743	0,36	0,68	0,58	0,61	0,58
'7209	Flat-rolled products of iron or non- alloy steel	146489	222139	250814	208707	206300	0,41	0,41	0,48	0,50	0,55
'2302	Bran, sharps and other residues	126606	152122	163708	146272	177445	0,52	0,48	0,57	0,51	0,54
'2814	Ammonia	88532	111293	117812	155342	171664	0,53	0,50	0,57	0,57	0,60

Source: Author's calculations using TradeMap figures.

In response to the crisis, Government of Turkey (GoT) was quick to take trade actions to reduce the size of impacts over Turkish economy and meet the domestic demand.

For instance, GoT announced on March 4 that it decided to cut import tariffs on vegetable oil originating from other countries to zero until the end of June 2022 considering that procuring oil from Russia and Ukraine can be tough during the times of war. GoT also has halted shipments of various agricultural products such as sunflower, corn, soybean oils, as well as bulk olive oil etc. On March 11, veneer sheets and sheets for plywood been added to the list of goods whose exports require registration.

Table 5: Imposed Trade Controls by the Government of Turkey

Imposed Trade Control	Date of Notification	Authority Issued
GoT announced that it decided to cut import tariffs on vegetable oil originating from other countries to zero until the end of June this year	March 4, 2022	Ministry of Trade of Turkey
Turkey has halted cooking oil exports, such as sunflower, corn, soybean oils, as well as bulk olive oil etc. shipments	March 4, 2022	Ministry of Trade of Turkey
The product under "HTS 44.08 - Veneer Sheets And Sheets For Plywood And Other Wood Sawn Lengthwise" has been added to the list of goods whose exports require registration	March 11, 2022	Ministry of Trade of Turkey

5. Conclusion

This study focuses on analyzing the impacts of Russia-Ukraine war on Turkey's exports and imports. For the sake of our study, we analyzed 4-digit HTS level Turkey-Russia and Turkey-Ukraine trade figures between 2016 and 2020 to reveal the prospective most affected sectors from the conflict.

We found out that Turkey's agricultural exports both to Russia and Ukraine will be affected negatively by the conflict. The exports of citrus fruits and tomatoes are expected to shrink at maximum. The other sectors which will feel the squeeze are going to be the producers of motor vehicles, petroleum oils and machinery.

Russia and Ukraine are the leading global producers of metals like copper and iron, and agricultural goods like wheat and sunflower. Since Turkey is heavily dependent on imported wheat, sunflower oil and raw materials for steel production, the conflict may put Turkey in a difficult position.

When examining the composition of Turkey's imports from Russia, it appears Turkey may have serious trouble in procuring various iron and steel products, wrought aluminium, wheat, coal, natural gas, petroleum oils and ammonia from Russia if the sanctions would harm the ability of Russian traders doing business.

Importation of semi-finished products of iron, beans, sunflower, wheat, maize or corn, iron and steel products, ferro alloys from Ukraine may be problematic for Turkey as Ukraine takes a significant double-digit share in Turkey's imports of these products.

It seems global rise in food and energy prices could exacerbate Turkey's budget deficit and deteriorate already rising domestic inflation, which may in turn hit Turkish traders in the medium term.

The war will not only shape international trade, but it will also have detrimental impacts on the developing economies like Turkey, as the global food and energy prices will rise in the near term. Rising energy and food prices could exacerbate the domestic inflation and budget deficit in Turkey which is already on an upward trend as the end of 2021, which may in turn hit Turkish traders in the medium term.

As per the policy implications, Turkey has already started applying trade controls to meet the domestic demand which is affected by the Russia-Ukraine war. This could be interpreted as evidence that short-term trade protectionism as a trade policy may often be required to deal with unexpected circumstances in world's trade.

We are of view that, future research might focus on doing a more detailed sectoral level analysis for Turkey, particularly for agricultural and iron industries. One major limitation of our research might be the strong focus on the Turkish case only.

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