

Game of powers: the impact of the Russian aircraft shutdown in the economies of Russia, Turkey and the South Caucasus

Vugar Bayramov ^{a,b}, Cristina Juan Carrion ^c

^a Director of the Center for Economic & Social Development, Baku, Azerbaijan

^b Co-Chair of Civil Society Forum

^c Senior Researcher at the Center for Economic & Social Development, Baku, Azerbaijan

ARTICLE INFO

Article history:

Received

Accepted

Available online

JEL Classification:

Keywords:

Russia

Turkey

Financial Development

Sanctions

Azerbaijan

Georgia

Armenia

ABSTRACT

The shutdown of the Russian Su-24 military airplane in November 2015 by Turkish military forces caused the breakup of the very successful relations that Russia and Turkey were having until that date. The event brought up big changes at economic scale and the South Caucasus was affected as well. The economic scenario has been affected in the areas of agriculture, energy, industry, tourism construction and labour force.

1. Introduction

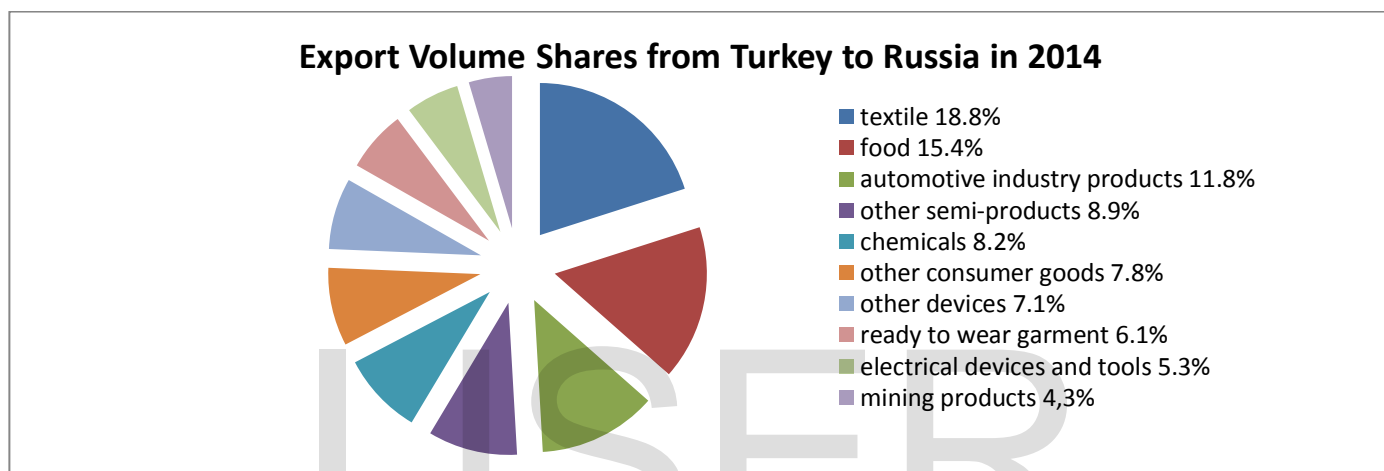
The Russian Federation and Turkey profited from excellent economic relations in the last years and especially Turkey benefited the most from this tie in the areas of trade and tourism. The close liaison saw its end on November 24, 2015 when two F-16 fighter warplanes from the Turkish forces shot down the Russian Su-24 in Turkish territory close to the Syrian confines.

After this incident, the whole structure created during years by the two states fell apart as domino ties. The president of the Russian Federation Vladimir Putin announced openly the *Executive Order on measures to ensure Russia's national security and protection of Russian*

citizens against criminal and other illegal acts and on the application of special economic measures against Turkey¹. The military clash resulted in a very expensive decision and the breakup of the bright trade partnership that existed until then. Until 2015 Russia was for Turkey the second-largest trading partner of Turkey and the 7th exports market. The value of exports accounted for 3.8 % of the total exports and 0.7% of the Turkish GDP².

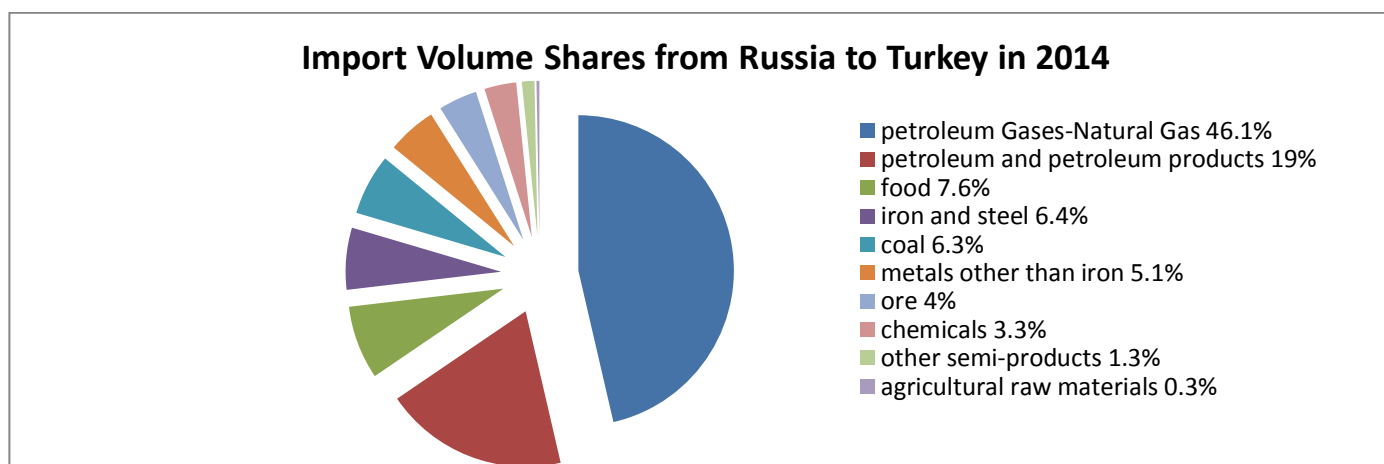
As the Figure 1 and Figure 2 show both countries used to have a very positive trade cooperation³. Food products accounted for 15.4% of the export volume shares, textile 18.8%, automotive industry products 11.8%. The exports of Russian natural gas to Turkey in 2014 accounted for 46.1% , petroleum and petroleum products accounted for 19% and while food products 7.6%.

Figure 1. Export Volume Shares from Turkey to Russia in 2014



Source: Turkish Statistical Institute. Foreign Trade.

Figure 2. Import Volume Shares from Russia to Turkey in 2014



Source: Turkish Statistical Institute. Foreign Trade.

¹ President of Russia. *Executive Order on measures to ensure Russia's national security and protection of Russian citizens against criminal and other illegal acts and on the application of special economic measures against Turkey*. (2015, November 28). Retrieved from <http://en.kremlin.ru/acts/news/50805>

² Economic implications of Russia's sanctions against Turkey. (2015, December 7). *European Bank for Reconstruction and Development*. Retrieved from <http://www.ebrd.com/>

³ Turkish Statistical Institute, (TSI). (n.d.). Foreign Trade. Retrieved from <https://www.turkstat.gov.tr>

According to CHP Deputy Osmal Budak, the losses of Turkey are going to be difficult to fix since Turkey benefited \$6 billion in exports and \$7 billion in tourism revenue from Russia. Turkey could lose up to 420 billion, which stands to its 3% of its annual GDP⁴.

After the sanctions regime was published by the Russian government, the Prime Minister of Turkey Ahmet Davutoglu, accompanied by his official team, visited Azerbaijan in order to have a meeting with the president Ilham Aliyev to discuss about the Russian-Turkish critical relations. As a result, the government of Azerbaijan applied a 40% reduction in the transit cargo tariffs to Aktau and Turkmenbashi ports. The Azerbaijan Caspian Shipping Company reduced the tariffs in 20% for Turkish companies in order to promote the maritime transport⁵. The trade value among both countries was 35 billion dollars therefore the loss for Turkey especially is very important⁶.

2. Methodology

This academic article has been created by the use of quantitative methods and qualitative methods. Our team has accessed to databases of different countries, reports from international organizations, and statistical committees websites and other documents in order to compare the provided data and analyze it. Additionally, it has been use of different literature resources like academic journals, daily online newspapers, websites of international economic organizations or governmental institutions, in order to analyze the environment and the different key actors. A revision of historical facts comparing the geopolitical position of Turkey, Russia and the South Caucasus has been definitely important when examining the gathered information.

3. Historical background between Turkey and Russia

The end of the Cold War meant for Turkey and Russia an opportunity to cooperate in different spheres. Both countries signed in 1984 an agreement for trade of Russian gas and Turkish products in order to strengthen economic ties⁶. The initial differences in political orientations and geopolitical rivalry would be some of the small obstacles for further ties, however soon they realized about the importance of focusing on economic issues in order to rise their economies.

Among others international organisations, Russia and Turkey signed agreement of membership of the Black Sea Economic Cooperation (BSEC) in 1992. The countries involved in this organisation are Albania, Armenia, Azerbaijan, Bulgaria, Georgia, Greece, Moldova, Romania, Russia, Serbia, Turkey and Ukraine. Through this membership the economic relations between Turkey, Russia and the South Caucasus countries increased notably.

⁴ Turkey could lose \$20 billion over dispute with Russia. (2015, December 1). *Russia Today*. Retrieved from <https://www.rt.com/> retrieved on 15.04.2016

⁵ Orujova, Nigar. (2015, December 4). Azerbaijan applies attractive transportation fees. *Azernews*. <http://www.azernews.az/business/90494.html> retrieved on 15.04.2016

⁶ Implications of downed Russia Jet on Turkey-Russia relations. Al Jazeera Center for Studies. 02.12.2015. Web. <http://studies.aljazeera.net/mritems/Documents/2015/12/3/20151237323944734Turkey%20Russia%20Relations.pdf>. Retrieved on 01.05.2016

⁷ Özel, Soli. Voices from Turkey: The Crisis in Turkish-Russian Relations. Center for American Progress. Foreign policy and security. 10.05.2016. Web. <https://www.americanprogress.org/issues/security/report/2016/05/10/137131/the-crisis-in-turkish-russian-relations/> retrieved on 26.05.2016

The matters of cooperation are related to Economics, trade and customs, transport and tourism, energy, emergency situations, agriculture, combating organised crimes, healthcare and scientific cooperation. Nevertheless, the lack of international norms and standards caused sometimes an unefficient development of the full structure.

The weak institutional structure brought up the private sector to take the power in most of cases. Nowadays, the situation of BSEC is better and stronger, and many events are being organised for the cooperation among all countries⁸.

Another topic to mention is the political discordances between both countries used in the matter of indirect support to minority groups, in order to create some pressure. Russia supporting the PKK party and Turkey supporting the Chechen rebels did not help the speed of fruitful cooperation. Since the entrance in power of Vladimir Putin, Erdogan, Gul and Davutoglu the economic relations grew up notably, transforming both economies in more sustainable and stronger. The current dissolution of the past existing economic relations is a new era of cooperation, that hardly will be fixed in a short term.

4. Agriculture

According to the Food and Agriculture Organization of the United Nations (FAO) Turkey ranks 4th position among top countries in production of fresh vegetables with a total volume of 27.4 million tons^{9 10}. Additionally, Turkey ranks 8th position following Philippines and Mexico with a total volume that accounts for 14.9 million tons¹¹. The same source states that Turkey ranks 11th position in fresh fruit export which accounts for USD 1.7 billion.

The sanctions imposed by the Russian government to export of vegetables and fruits from Turkey have damaged tremendously the economic situation of farm companies, creating a fall in the price of the products as well as the rush to find other partner countries that could buy their products. Russia used to be the first importer country with a total volume 1,082,599 tons of fresh fruits and vegetables that accounts for USD 878 million¹².

The losses of Turkey in the agricultural sector are colossal. Russian citizens will be able to purchase products from other countries. Currently, grocery stores of the Russian Federation count on products from Azerbaijan, Uzbekistan, Morocco, Israel and Egypt according to the Russian Minister of Agriculture Alexander Tkachyov and the Egyptian trade minister Tarek Kabila^{13 14}.

⁸ Two phases of Russian-Turkish Relations in the post-Cold War era. Source: Öniş, Z., & Yılmaz, Ş. (2015). Turkey and Russia in a shifting global order: cooperation, conflict and asymmetric interdependence in a turbulent region. *Third World Quarterly*, 1-25

⁹ Yaş Meyve ve Sebze Sektörü. (2014). *Türkiye Cumhuriyeti Ekonomi Bakanlığı*. Retrieved from <http://www.ekonomi.gov.tr/> - Accessed on 06.01.2016-

¹⁰ Food and Agriculture Organization of the United Nations. Statistics Mission. *List of countries that produce fresh vegetables*. Retrieved from <http://faostat3.fao.org/home/E>

¹¹ Food and Agriculture Organization of the United Nations. Statistics Mission. *List of countries that produce fresh fruits*. Retrieved from <http://faostat3.fao.org/home/E>

¹² Food and Agriculture Organization of the United Nations. Statistics Mission. Turkey's total fresh fruit and vegetables exports to top 10 importers. Retrieved from <http://faostat3.fao.org/home/E>

¹³ Ostroukh, A. (2015, November 30). Russia Bans Imports of Fruits, Vegetables From Turkey. *The Wall Street Journal*. Retrieved from <http://www.wsj.com/>

¹⁴ Egypt ready to replace Turkey in the Russian market. (2015, November 30). *Russia Today*. Retrieved from <https://www.rt.com/>

Besides of the critical economic situation the Turkish Prime Minister Ahmed Davutoglu, not willing to apologize to Russia stated that “Turkey has no problem in finding markets in the world. We can sell them elsewhere”. The non-peaceful approach towards Russia can be an expensive decision if Turkey does not rush to find new markets¹⁵.

Another very important agricultural product is grain. Russia being the 4th biggest grain producer in the world after European Union, China and India, and exported abroad more than 20,000 million metric tons to different countries. Russian policy to ensure national food security intends to encourage farmers to produce more in order to sell at national level¹⁶.

The discordance between Russia and Turkey obviously benefits Azerbaijan to increase the exports of fresh fruits and vegetables to Russia. Azerbaijan stands with a lot of opportunities also due to the European Union sanctions for exporting to Russia these products. The sanctions were imposed after the Crimean Crisis in 2014 after the response of the EU¹⁷.

Nevertheless, it is important that Azerbaijan alone does not have the capacity to feed the Russian market by itself, and another negative point is that internally the prices could increase when farmers to the intentionally produce fruits and vegetables to export to Russia¹⁸.

Moreover, according to the expert Akif Mustafayev the transit of agricultural products via the TRACECA (Transport Corridor Europe-Caucasus-Asia) is one of the best options for benefiting from the current situation. Products being transported from Turkey to Central Asian countries and vice-versa would have to pay tariffs to Azerbaijan. The construction of the Baku-Tbilisi-Kars railway and the new Sea Trade Port in Alat seem to be brilliant options for the profit of transport. Additionally, Azerbaijan is also in the way between central Asian countries and Russia so also Central Asian countries willing to sell products to Russia¹⁹.

Other key actors could benefit from the breakup of the Turkish-Relations. For instance, the Azerbaijan-Iran Economic Cooperation Commission held a meeting in December 2015 to discuss trilateral ties between Iran, Azerbaijan and Russia. Through the North-South transport corridor Northern Europe is connected to South-East Asia, and the design includes railways in Iran, Azerbaijan and Russia. Azerbaijan will benefit from transit tariffs.

¹⁵ Cetingulec, M. (2015, December 13). Will Russia's economic restrictions on Turkey backfire? *Al-Monitor*. Retrieved from <http://www.al-monitor.com/> -Accessed on 05.01.2016-

¹⁶ Wheat Prices. Comodity Basis. Retrived from https://www.commoditybasis.com/wheat_prices

¹⁷ The Russian ban on EU agricultural products – 12 months on. (2015, August 6). *European Commission*. Retrieved from <http://ec.europa.eu://www.reuters.com/>

¹⁸ Cavadova, X. (2014, September 2). Azərbaycanı Rusiyaya meyvə-tərəvəz ixracı şansı. *BBC Azərbaycanca*. Retrieved from <http://www.bbc.com/azeri>

¹⁹ The Russian-Turkish crisis will increase the transit through Azerbaijan by 3-4 times, expert. (2015, December 3). *Contact*. Retrieved from www.contact.az

The case of Armenia stands with no change due to the non-existing diplomatic relations with Turkey. However, Armenia will be able to increase slightly the export of fruits and vegetables to Russia. Until now Russia is the first import and export partner of Armenia and the volume of exports accounts for 20.44% and 25.71% of the total imports and exports respectively. The National Statistical Service of the Republic of Armenia shows that Russia imported nearly USD 308 million from Armenia in 2014²⁰.

The situation of Georgia after the *Jet Crisis* could improve little bit in terms of agriculture export due to the small size of production. However, other products can be benefited by the export to Russia of wine and citrus fruits or the import of grain.

Wine production is the most important for Georgia and Russia is the biggest importer of this product accounting for 64% of the total exports²¹. Citrus fruits main products are mandarin oranges. During the first half of 2015 Georgia exported 20,000 tons of mandarins, approximately 80% of these to Russia.

The close ties between Turkey and Azerbaijan have put on the eye the export of agricultural products from Azerbaijan to Russia, questioning the origin where these products grew up. In June 2016 Russia delayed or returned back for several days the entrance of Azerbaijani agricultural products. The temporary ban was lifted and regular trade was restored. The healthy trade relations between Russia and Azerbaijan are crucial for the economy of the regions of Azerbaijan, which are focused on agricultural trade and Russia is the biggest export market²².

The Azerbaijani State Customs Committee stated in the data the trade turnover between Russia and Turkey accounted for \$465.87 million in January-April 2016. The current Azerbaijani related to the diversification of the economy focusing on agriculture, tourism and transport relies on Russia as a potential country for exports. The political tensions between Russia and Turkey and the relation of Azerbaijan with both countries puts the last one in a difficult position²².

5. Tourism

The sector of tourism is the one that has been affected the most by the Russian sanctions in Turkey. In 2014, Turkey received 4.48 million Russian tourists, which corresponds to the 12.6% of the total number of tourists. Since 2011 the trend of tourists visiting Turkey increased gradually, being stopped at the end of 2015²³.

²⁰ National Statistical Service of the Republic of Armenia. Retrieved from www.armstat.am

²¹ Meaney. J. Georgia toasts to booming wine exports. (2015, February). *The Worldfolio*. Retrieved from <http://www.theworldfolio.com/>

²² Azerbaijan, Russia eliminate problems with agricultural product supply. Trend News Agency. 12.06.2016. Web. <http://en.trend.az/business/economy/2544871.html>. Retrieved on 13.06.2016

²³ Sınır Giriş-Çıkış İstatistikleri. *Türkiye Cumhuriyeti Kültür ve Turizm Bakanlığı Yatırım ve İşletmeler Genel Müdürlüğü*. Retrieved from <http://yigm.kulturizm.gov.tr/> -Accessed on 06.01.2016-

The enormous economic lost in the sector of tourism after the sanctions imposed to Turkey will be difficult to supply at least in a short time. Additionally, the four terrorist attacks happened in Bursa, Ankara and Istanbul in 2016 have additionally decreased the arrival of international tourists to Turkey²⁴. International tourists fear visiting Turkey due to the very often ongoing terrorist attacks. CNN predicted to have for 2016 a loss of USD 3 billion in the tourism sector in Turkey²⁵. The Russian sanctions are going to cost especially in the summer nearly 0.4% of the Turkish GDP with a loss of approximately USD 3 million.

In order to support the current situation in the tourism sector the Turkish Prime Minister Ahmet Davutoglu proposed an emergency plan of \$87 million grant and a structure in which firms can reorganize their debt²⁶.

Azerbaijan could increase the number of Russian tourists that do not go to Turkey during holidays as well as Russians visit Georgia. Additionally, new foreign policy measures by the Ministry of Foreign Affairs of Azerbaijan let citizens from Bahrain, China, Kuwait, Israel, Japan, Malaysia, Oman, Qatar, Saudi Arabia, Singapore, South Korea, Turkey, United Arab Emirates have the opportunity to obtain visas at the Azerbaijan international airports (Baku, Ganja and Nakhchivan) upon arrival. The main obstacle for international tourists to access to Azerbaijan is the visa regulations; however Russian nationals do not need a visa for entering in Azerbaijan. The rally cars competition Grand Prix Formula 1 to take place in Baku in June 2016 is also a source of attraction to international tourists.

Georgia's tourism sector is very developed and in 2013 tourism accounted the 6.5% of their DGP²⁷. Russia ranks 4th position among international visitors. First nationality that visits Georgia is Turkey, followed by Armenia and Azerbaijan. Russian nationals are one of the biggest visiting groups to Georgia and the number of visitors is expected to grow up during the 2016.

6. Energy Sector

Turkey is one of the most important importers of natural gas from Russia and the volume shares account for 57% of the total gas supply, followed by Iran 20%, Azerbaijan 10% and others 13%²⁸. The total natural gas consumption of Turkey was 45.3 billion m³ in 2012. Gazprom databases show that Turkey imported in 2014 23.33 billion m³ of their total exports.

²⁴ Foreign Travel Advise Turkey. Gov.Uk. Web. <https://www.gov.uk/foreign-travel-advice/turkey/terrorism>. -Accessed on 20.05.2016-

²⁵ Kottasova, I. (2015, November 30). Russia and Turkey will both lose from Moscow's sanctions. *CNN*. Retrieved from <http://money.cnn.com/> -Accessed on 06.01.2016-

²⁶ Devranoglu, Nevzat. Toksabay, Ece. Turkish tourism and economy struggle due to bombings, Russia chill. *Reuters*. 23.03.2016. Web. <http://www.reuters.com/article/us-turkey-security-tourism-idUSKCNOWP2BY>. -Accessed on 12.06.2016-

²⁷ 2013 Georgian Tourism in Figures. (2013). *Georgian National Tourism Administration report*. Retrieved from <http://gnta.ge/> -Accessed on 06.01.2016-

²⁸ U.S. Energy Information Administration. *Turkey's natural gas supply by source, 2013*. Retrieved from <https://www.eia.gov/> -Accessed on 06.01.2016-

The sanctions imposed by the Russian government do not concern energy export, therefore by now Turkey will not be affected and will be able to continue importing natural gas from Russia. International projects related to gas that involve Russia and Turkey like the Turkish Stream will not be affected. In case of denial of natural gas supply from Russia, Qatar²⁹ with the Turkish Pipeline Corporation (BOTAS) or Azerbaijan³⁰ would be ready to provide natural gas to Turkey.

Another important project related to energy between Russia and Turkey is the Akkuyu Nuclear Power Plant. The project, which has a contract with the Rosatom State Atomic Energy Corporation did not cancel the project after the military clash³¹.

Azerbaijan could also supply natural gas to Turkey if needed and mostly would be benefited from the transport revenues.

7. Construction Sector

Turkish construction companies used to have large construction projects in which they would employ Turkish nationals. These construction companies, as well as Turkish workers have been enormously affected by the Russian sanctions since they were forced to leave or Turkish companies obliged to cancel their projects. There were 87,000 Turkish nationals living in Russia, from which 55,000 were forced to leave the country. The total value of construction projects signed in Russia by Turkish contractors accounts for 12 billion USD for the years of 2013,2014 and 2015 according to the European Bank of Reconstruction³².

The ongoing construction projects related to the FIFA World Cup Russia 2018 will not be affected by the sanctions. The sector of ceramics also has been affected because of its products. Therefore, other countries that produce ceramics products like Spain, Italy, Egypt or China can have a space for increasing their exports to Russia.

During the European Games 2015 in Baku (Azerbaijan) many Turkish companies were involved in the construction of sports buildings and other purposes constructions. Turkish nationals were very active during the preparation for the European Games but due to the devaluations of the national currency during 2015, many construction projects have been frozen.

²⁹ Turkey, Qatar sign Liquefied Natural Gas deal. (2015, December 2). Yeni Safak. Retrieved from <http://www.yenisafak.com>

³⁰ Azerbaijan gives Turkey 40-percent discount on energy trans. (2015, December 7). Yeni Safak. Retrieved from <http://www.yenisafak.com> -Accessed on 06.01.2016-

³¹ Russian plant for Turkey's Akkuyu. (2010, May 13). *World Nuclear News*. Retrieved from <http://www.world-nuclear-news.org/> -Accessed on 06.01.2016-

³² Economic Implications of Russia's sanctions against Turkey. 07.12.2015. European Bank of Reconstruction and Development. Retrieved from <http://www.ebrd.com>

8. Textile Sector

Turkey is one of the leading countries in the world for the textile production. Textile sector is the biggest help for the economy of the country, accounting for 7% of the national GDP³³. Due to the devaluation of the national currency Turkish Lira plus the Jet Crisis it is expected that the exports to decrease dramatically. In December 2015 the Istanbul Ready-Made Garment exporter's association announced the already ongoing negotiations with Nigeria in order to reach 35 million market via Cameroon³⁴. Turkey is in a rush to find new buyers for its textile products.

Chinese and Indian companies will supply the needs of the Russian market and Turkey will increase export to different countries.

9. Migration / Labor Sector

The elimination of the visa-free between both countries plus the sanctions has obliged 80,000 Turks to leave Russia³⁵. As a result, many Turkish workers have come back to Turkey increasing the rates of unemployment. Others have decided to move to nearby countries where they do not need visa. New destination for Turkish nationals is the South Caucasus countries, Balkan countries, Central Asia countries, The Gulf countries or Northern Africa.

The pending agreement between Turkey and the European Union about free visa for Turkish citizens to travel to Europe might mean an open window for Turks to stay in Europe and apply as asylum seekers³⁶.

10. Conclusions

The shutdown of the Russian warplane can be understood also as a symptom of a geopolitical reversal more than a cause³⁷. The strategic cooperation that had been symbol of unity between Russia and Turkey turned to be a kamikaze for the economy of Turkey, as well as labor market. The breakup of the excellent diplomatic relations will be difficult to fix without the support of partner countries.

Georgia and Azerbaijan can be good partners for Turkey in terms of energy supply or access to labor market. However, the same countries will benefit in the sectors of tourism and export of fruits and vegetables.

³³ Shocking Figures and Facts In Global Textile and Apparel Industry. (2015, December 5). Chamber of Commerce Hawaii. Retrieved from <https://www.cochawaii.org/30-shocking-figures-and-facts-in-global-textile-and-apparel-industry/> -Accessed on 06.01.2016-

³⁴ China, others race to replace Turkish textile sales to Russia. 19.12.2015. Today's Zaman. Retrieved from <http://www.todayszaman.com> -Accessed on 06.01.2016-

³⁵ Hobson, Peter. *Russia's Turkish Residents Targeted in Backlash Over Downed Warplane*. (2015, December 2). The Moscow Times. Retrieved from <http://www.themoscowtimes.com/business/article/russia-s-turkish-residents-caught-in-backlash/551524.html> -Accessed on 06.01.2016-

³⁶ European Commission opens way for decision by June on visa-free travel for citizens of Turkey. European Commission. 04.05.2016. Web. http://europa.eu/rapid/press-release_IP-16-1622_en.htm. -Accessed on 13.06.2016-

Regarding agriculture Turkey will have to gradually find different partner importer countries that will substitute their first importer (Russia) in order to cover the 1,082,599 tons of fresh fruits and vegetables that Turkey was exporting. Russia will feed Russian population with fresh products from Azerbaijan, Uzbekistan, Morocco, Israel and Egypt. The transit of agricultural products via the TRACECA (Transport Corridor Europe-Caucasus-Asia) will benefit Azerbaijan. Products being transported from Turkey to Central Asian countries and vice-versa would have to pay tariffs to Azerbaijan. Georgia will increase their current wine exports to Russia, which in 2015 accounted for the 64% of their production, as well as mandarin oranges.

Tourism is one of the pillars of the Turkish economy and due to the plane shutdown will lose almost all the 4.48 million Russian tourists, which corresponded to the 12.6% of the total number of tourists in 2015. Additionally, different terrorist attacks in Istanbul, Ankara and Bursa have decreased the will to visit Turkey not only for Russian but international tourists in general. The concern about safety has brought down the tourism sector in Turkey in 2016. Georgia will benefit definitely from the Turkish-Russian dispute increasing the number of Russian visitors, and Azerbaijan will have an opportunity to also increase the number of visitors, also by the organization of international events like the Grand Prix Formula 1 in Baku.

The Russian sanctions have not affected the field of energy, however Turkey has started looking for different partners in order to provide energy security to their citizens. In 2012 Turkey consumed 45.3 billion m³ of natural gas, and 23.33 billion m³ of the total imports was coming from Russia. In this matter Iran and Azerbaijan see an opportunity to increase their natural gas exports to Turkey. Also Qatar is ready to provide energy supply via the Turkish Pipeline Corporation (BOTAS).

The forced leave of 55,000 Turkish nationals from Russia working in the construction sector has affected many construction projects because of the sudden decrease of expertise. Construction projects from Turkish contractors were cancelled or frozen leaving behind an outstanding trend that accounted for 12 billion USD for the years of 2013, 2014 and 2015. The massive arrival of Turkish nationals coming back home has increased the rates of unemployment and new migration trends to the South Caucasus countries, Balkan countries, Central Asia countries, The Gulf countries or Northern Africa.

Giant international projects involving Turkey and Russia regarding construction for the sports event FIFA 2018 or the gas project Akkuyu Nuclear Power Plant will be exempted from the Russian sanctions.

To sum up, the sectors more affected by the discordance between Russia and Turkey are agriculture, tourism and construction, leaving space to new actors like Georgia and Azerbaijan to develop their potential. Additionally, Iran, Qatar, Egypt will benefit in the future from the breakup of the Turkish-Russian cooperation. This geo-political transformation will hardly come to the previous stage and only with the support of international partners the needs related to construction, agriculture, labor market, energy and tourism will be satisfied.

³⁷ Aktürk, Şener. The Crisis in Russian–Turkish Relations, 2008–2015. Russian analytical Digest. No. 179. 12.02.2016. Web. http://www.laender-analysen.de/russland/rad/pdf/Russian_Analytical_Digest_179.pdf . -Accessed on 13.06.2016-

11. References

- Azerbaijan gives Turkey 40-percent discount on energy trans. (2015, December 7). Yeni Safak. Retrieved from <http://www.yenisafak.com>
- Cavadova, X. (2014, September 2). Azərbaycanndan Rusiyaya meyvə-tərəvəz ixracı şansı. BBC Azərbaycanca. Retrieved from <http://www.bbc.com/azeri>
- Cetingulec, M. (2015, December 13). Will Russia's economic restrictions on Turkey backfire? *Al-Monitor*. Retrieved from <http://www.al-monitor.com/> -Accessed on 05.01.2016-
- China, others race to replace Turkish textile sales to Russia. 19.12.2015. Today's Zaman. Retrieved from <http://www.todayszaman.com>
- Economic implications of Russia's sanctions against Turkey. (2015, December 7). *European Bank for Reconstruction and Development*. Retrieved from <http://www.ebrd.com/>
- Egypt ready to replace Turkey in the Russian market. (2015, November 30). *Russia Today*. Retrieved from <https://www.rt.com/>
- European Commission opens way for decision by June on visa-free travel for citizens of Turkey. European Commission. 04.05.2016. Web. http://europa.eu/rapid/press-release_IP-16-1622_en.htm.
- Food and Agriculture Organization of the United Nations. Statistics Mission. *List of countries that produce fresh vegetables*. Retrieved from <http://faostat3.fao.org/home/E>
- Food and Agriculture Organization of the United Nations. Statistics Mission. *List of countries that produce fresh fruits*. Retrieved from <http://faostat3.fao.org/home/E>
- Food and Agriculture Organization of the United Nations. Statistics Mission. Turkey's total fresh fruit and vegetables exports to top 10 importers. Retrieved from <http://faostat3.fao.org/home/E>
- Foreign Travel Advise Turkey. Gov.Uk. Web. <https://www.gov.uk/foreign-travel-advice/turkey/terrorism>.
- Hobson, Peter. *Russia's Turkish Residents Targeted in Backlash Over Downed Warplane*. (2015, December 2). The Moscow Times. Retrieved from ²⁹ Hobson, Peter. *Russia's Turkish Residents Targeted in Backlash Over Downed Warplane*. (2015, December 2). The Moscow Times. Retrieved from <http://www.themoscowtimes.com/business/article/russia-s-turkish-residents-caught-in-backlash/551524.html>
- Kottasova, I. (2015, November 30). Russia and Turkey will both lose from Moscow's sanctions. *CNN*. Retrieved from <http://money.cnn.com/>
- Orujova, Nigar. (2015, December 4). Azerbaijan applies attractive transportation fees. *Azernews*. <http://www.azernews.az/business/90494.html>
- Ostroukh, A. (2015, November 30). Russia Bans Imports of Fruits, Vegetables From Turkey. *The Wall Street Journal*. Retrieved from <http://www.wsj.com/>
- President of Russia. *Executive Order on measures to ensure Russia's national security and protection of Russian citizens against criminal and other illegal acts and on the application of special economic measures against Turkey*. (2015, November 28). Retrieved from <http://en.kremlin.ru/acts/news/50805>
- Russian plant for Turkey's Akkuyu. (2010, May 13). *World Nuclear News*. Retrieved from <http://www.world-nuclear-news.org/>
- Sınır Giriş-Çıkış İstatistikleri. *Türkiye Cumhuriyeti Kültür ve Turizm Bakanlığı Yatırım ve İşletmeler Genel Müdürlüğü*. Retrieved from <http://yigm.kulturturizm.gov.tr/>
- The Russian ban on EU agricultural products – 12 months on. (2015, August 6). *European Commission*. Retrieved from <http://ec.europa.eu://www.reuters.com/>

The Russian-Turkish crisis will increase the transit through Azerbaijan by 3-4 times, expert. (2015, December 3). Contact. Retrieved from www.contact.az

National Statistical Service of the Republic of Armenia. Retrieved from www.armstat.am¹⁹ Meaney. J. Georgia toasts to booming wine exports. (2015, February). *The Worldfolio*. Retrieved from <http://www.theworldfolio.com/>

Özel, Soli. Voices from Turkey: The Crisis in Turkish-Russian Relations. Center for American Progress. Foreign policy and security. 10.05.2016. Web. <https://www.americanprogress.org/issues/security/report/2016/05/10/137131/the-crisis-in-turkish-russian-relations/>

Turkish Statistical Institute, (TSI). (n.d.). Foreign Trade. Retrieved from <https://www.turkstat.gov.tr>

Turkey could lose \$20 billion over dispute with Russia. (2015, December 1). *Russia Today*. Retrieved from <https://www.rt.com/>

Turkey, Qatar sign Liquefied Natural Gas deal. (2015, December 2). *Yeni Safak*. Retrieved from <http://www.yenisafak.com>

Two phases of Russian-Turkish Relations in the post-Cold War era. Source: Öniş, Z., & Yılmaz, Ş. (2015). Turkey and Russia in a shifting global order: cooperation, conflict and asymmetric interdependence in a turbulent region. *Third World Quarterly*, 1-25

U.S. Energy Information Administration. *Turkey's natural gas supply by source, 2013*. Retrieved from <https://www.eia.gov/>

Wheat Prices. Comodity Basis. Retrived from https://www.commoditybasis.com/wheat_prices

Yaş Meyve ve Sebze Sektörü. (2014). *Türkiye Cumhuriyeti Ekonomi Bakanlığı*. Retrieved from <http://www.ekonomi.gov.tr/>

30 Shocking Figures and Facts In Global Textile and Apparel Industry. (2015, December 5). Chamber of Commerce Hawaii. Retrieved from <https://www.cochawaii.org/30-shocking-figures-and-facts-in-global-textile-and-apparel-industry/>