
Russia and Turkey: Resetting Economic Partnership

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Abstract

Russian-Turkish economic relations, which were plagued by the global economic downturn as well as Russia's economic sanctions against Turkey in retaliation for the downing of a Russian fighter jet, are now recovering. Prior to these events, Russia and Turkey had enjoyed close economic ties since the collapse of the Soviet Union. Indeed, before the global economic crisis, bilateral trade between Russia and Turkey had been growing rapidly; foreign direct investments were increasing, the annual number of international tourists was on the rise, and cooperation in the field of energy was deepening. This article analyzes the current state and prospects of Russian-Turkish economic relations and concludes that the two countries are natural partners and should develop their economic cooperation despite several difficulties.

Key Words

Russia, Turkey, Energy Cooperation, Bilateral Trade, Pipelines, TurkStream.

Introduction

Russian-Turkish economic cooperation covers issues such as trade, tourism, construction and energy. Since Turkey is Russia's southern neighbor, it is quite important to develop cooperation between the two countries in the economic sphere- especially in areas such as industry, transport, agriculture and construction- in addition to political cooperation. It is also important that Ankara and Moscow maintain balanced bilateral links due to the unstable geopolitical environment and crises in their shared neighborhood, as well as the ongoing problems in the world economy.

Russia and Turkey play significant roles both in regional and global economic balances. Russia is currently the 6th largest economy, while Turkey is the 13th largest economy in the world (by

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GDP, PPP).¹ The two countries are also strategic partners and have close economic ties with each other which began to develop actively in the early 1990s.

The sustainable economic development and prosperity of Russia and Turkey depend on their ability to find solutions for their bilateral political issues.

Several political factors influence the prospects for economic interaction between the two countries in the longer term. In the last few years, serious political problems between Turkey and Russia have negatively affected the development of their economic ties. However, the two countries felt obliged to overcome their political differences quickly as the geopolitical and economic balances in their region remained quite unstable. The sustainable economic development and prosperity of Russia and Turkey depend on their ability to find solutions for their bilateral political issues.

Historical Background

Before analyzing the current state of Russian-Turkish economic relations,

we should take into account some historical factors that have helped shape the development of bilateral relations between the two countries before the collapse of the Soviet Union.

The economic relations between Ankara and Moscow were very complicated during the Soviet period. Before the Republic of Turkey was formally established, the Soviet Union provided financial and military support to the independence movement in Anatolia led by Mustafa Kemal.² After the Grand National Assembly declared the new independent Turkish state in 1923, the Soviet Union again provided financial aid to Ankara with a loan of US\$ 8 million. This low-interest loan which was given for a period of 20 years relieved the burden of the Ottoman era debts on the Turkish economy, and was used by Turkey to finance infrastructure projects as well as arms procurement and production.

The textile factories in Nazilli and Kayseri, built between the years of 1933 and 1936, were the result of economic cooperation between the Soviet Union and Turkey.³ These two textile factories were later transferred to Sümerbank after their construction was completed. In addition, Moscow provided Ankara with goods, services and technology. At the end of the 1950s, the Çayırova glass factory was also established with Soviet credit. Yet the economic cooperation

between Turkey and the Soviet Union slowed down afterwards, that happened due to political line of the countries. Soviet-Turkish economic relations only began to revive in the period of 1960-1970, due to transformations in Turkey's economic policy and a change of attitude regarding foreign investments.⁴

As foreign capital became the main financial source of infrastructure development in Turkey, an economic and technical cooperation agreement was signed with Moscow in 1967. Turkey received a credit of US\$ 200 million for building iron and steel plants in İskenderun as well as the Seydişehir aluminum factory, the Aliğa oil refinery plant and the Bandırma sulphur acid factory.⁵ Soviet investments helped Turkey satisfy its own domestic needs, and to start selling its products and services to foreign markets. The 1967 agreement also included programs for cooperation in education, research and training between the two countries.

Russian-Turkish Economic Relations in the New Era

Russia and Turkey's social and economic models have experienced profound changes in the last few decades. In the early 1980s, Turkey started building a modern economic

system and settled on a liberal path of development. Today, Turkey is regarded as a regional leader, and as one of the most economically well-developed Muslim-majority countries, mainly because it is closely tied to the European market and aspires to become a full-fledged EU member in the future. This is also largely due to its successful market reforms and adoption of an export-oriented development model. Positive GDP growth, qualitative shifts in the industry composition of the economy, comprehensive development and encouragement of exports, all helped boost Turkey's foreign trade and enabled it to change the structure and geographical coverage of its economy.⁶

Russia, on the other hand, initiated radical market reforms after the break-up of the Soviet Union, which aimed to replace the socialist economic model with a market-oriented capitalist model. This radical shift initially led to economic disaster and a significant slump in the country's macroeconomic indicators in the 1990s and early 2000s. It was only in 2008 that Russia achieved to reach the GDP figures of the pre-crisis period. However, despite its growth, Russia's economy is still dominated by commodity mining, wholesale and retail trade and real estate transactions, while the share of hi-tech and R&D-intensive industries is quite low.

The Soviet collapse facilitated closer cooperation between Russia and Turkey in various economic areas, elevating bilateral ties to a different level of development.

It has taken Turkey a fairly short time to transform itself from an agrarian-industrial economy into a manufacturer of hi-tech products. The Soviet collapse facilitated closer cooperation between Russia and Turkey in various economic areas, elevating bilateral ties to a different level of development. Russia has become one of the major investors in Turkey's economy and one of Turkey's key trading partners. Cooperation has been expanding in many areas of foreign economic activity, such as science-technology, tourism, foreign investment and trade, in line with the strategic interests of both countries.

Ankara and Moscow have recently signed many bilateral agreements to stimulate and support economic cooperation. The first document- the 1992 agreement on the basic principles of relations between Russia and Turkey- initiated deeper political, economic and cultural cooperation between the two countries. A new impetus to building bilateral ties emerged when Russian President Vladimir Putin

made his first official visit to Turkey in 2004 and the two countries adopted a joint declaration for the deepening of friendship and multidimensional partnership. The most important stage in bilateral economic relations began in 2009, when the High-Level Russian-Turkish Cooperation Council was established. This council continued the work of the Russian-Turkish Intergovernmental Commission on Trade and Economic Cooperation.

The period from 2004 to 2015 was defined by the development of economic cooperation between the two governments. However, the fighter jet incident in 2015 caused substantial damage to Russian-Turkish economic relations, and revealed the fragility of the economic ties between the two countries in the face of political disagreements.

Currently, economic relations between Russia and Turkey present opportunities and challenges for both countries. Russia traditionally exports oil, gas, and metals to Turkey, and imports some manufactured goods. For its part, Turkey is a popular destination for Russian tourists, and many Turkish employees work in ongoing construction projects in Russia. We will now examine several important points concerning the future development of economic cooperation between Russia and Turkey.

Areas of Economic Development

Foreign Trade

A high share of export quotas reflects the openness of an economy and the

importance of exports in the national economy. As a result of foreign trade liberalization and policies encouraging investment in the past decade (1995-2016), Turkey's export quotas increased due to manufacturing, while Russia's export quotas increased due to commodities.⁷

Figure 1: Export Quotas of Russia and Turkey

Years	Russia			Turkey		
	GDP in current prices, USD billions	Exports		GDP in current prices, USD billions	Exports	
		USD billions	% of GDP		USD billions	% of GDP
1995	395.5	115.8	29.3	169.5	33.7	19.9
2000	259.7	114.4	44.1	273.0	53.1	19.5
2005	764.0	269.0	35.2	501.4	105.4	21.0
2010	1,524.9	445.5	29.2	771.9	157.8	20.4
2015	1,365.9	391.6	28.7	859.4	200.5	23.3
2016	1,283.2	329.9	25.7	857.8	189.2	22.1

Source: World Bank Data. URL: <http://databank.worldbank.org> (last visited 26 March 2018).

An analysis of trade relations between Russia and Turkey from 1995-2016 shows a steady increase in volumes, which recovered after a certain decrease

during the 2008-2009 global financial crisis (see the table below). Turkey currently confronts a trade deficit, which means that its imports from

Russia exceed its exports, mainly due to its high volume of Russian energy purchases.⁸ In 2016, Russia accounted for 1.2% (2.5% in 2015) for Turkey’s exports and 7.6% (almost 10% in 2015) of its imports. In other words, Russia accounts for almost 5% (7% in 2015) of Turkey’s foreign trade – 16.9 USD billion. Meanwhile, Turkey accounted for 5.5% (6% in 2015) of Russia’s exports and 1.3% (3% in 2015) of its imports in 2016, which makes up almost 4% of its trade turnover.⁹

In terms of products, Russia’s exports to Turkey are dominated by oil, oil products, natural gas, coal, and various metals and metal products, which account for more than 70% of total

Russian exports. Russia’s imports from Turkey include textiles, food, household appliances, and machinery and equipment. After the introduction of Russian restrictions on Turkish imports after the fighter jet crisis of November 2015, 15% of Turkish exports were affected by the sanctions.¹⁰

Although most of the sanctions imposed by Moscow against Ankara have been gradually lifted since mid-2016, trade volume has been very slow to recover. Considering that the leaders of both Russia and Turkey announced their target to reach 100 billion USD in bilateral trade, this can only be possible with the advent of joint mega-investment projects.¹¹

Figure 2: Bilateral Trade Between Russia and Turkey

Years	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
USD billion	21.0	28.2	37.9	22.6	26.2	30.0	33.3	32.0	31.2	24.0	16.9	22.3

Source: TÜİK, at <http://www.turkstat.gov.tr> (last visited 24 March 2018).

Military Cooperation

An important field of Russian-Turkish economic cooperation involves

military-technical issues. The Syrian crisis in particular has facilitated a quick rapprochement between the two countries in this sphere. Most

importantly, Ankara decided to purchase the Russian S-400 anti-aircraft systems and has made a down payment to Moscow for this purpose. The contract is worth over US\$ 2 billion and the delivery of the first components of the S-400 system to Turkey is expected to start in May-June 2020, the second in 2021. Ankara plans to finance 55% of the deal with a Russian loan.¹²

Turkey will be the first NATO member country to purchase the Russian S-400 system. At the same time, Russian and Turkish armed forces have also started to develop their cooperation and communication to avoid an incident like the fighter jet crisis in their bilateral relations. In this regard, they are expected to deepen their military-technical cooperation.

Lifting the Ban on Turkish Products

Russia's ban on the import of Turkish tomatoes was gradually lifted, although the two countries have negotiated over this issue for months. At that time Moscow allowed only eight Turkish enterprises to export 50,000 tons of Turkish tomatoes per year, as the agricultural sector is one of the most sensitive fields of the Russian economy and tomato production in Russia rapidly increased after the introduction of

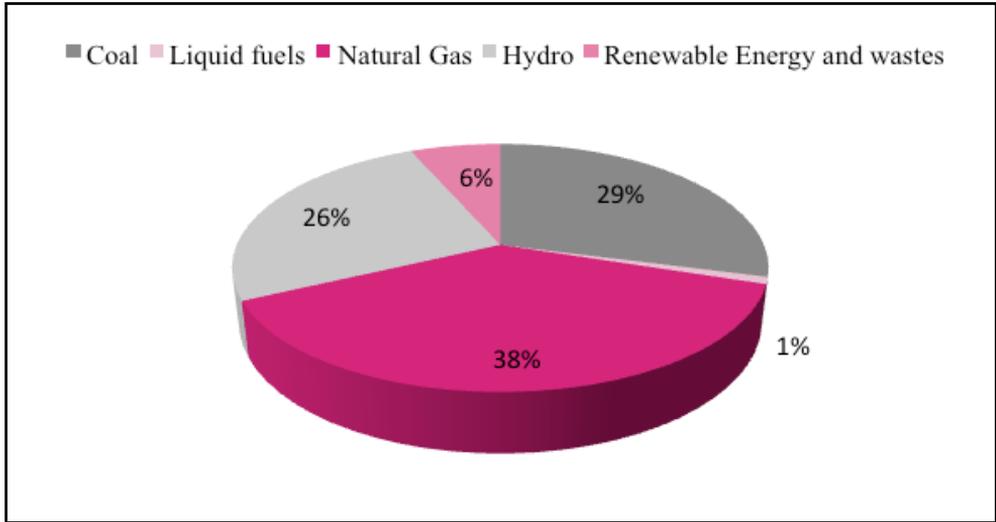
sanctions against Turkey. Nevertheless, both countries achieved to lift the ban completely later.

Similarly, last year Moscow confronted some barriers on exporting wheat to Turkey which is the second largest buyer of the Russian wheat. The development of relations between the two countries is important for the wheat market because Russia is the world's top flour exporter, and Turkey buys large amounts of Russian grain. In addition, Russia needs buyers for its record wheat crop.¹³ Currently the restrictions are lifted, but the recurrence of such problems creates constant tension and undermine the trust between the two countries.

Energy

Turkey's high economic growth rates, combined with increased power production since the mid-2000s, have created a large demand for new infrastructure and raw materials. Turkey's energy resources- especially oil and natural gas- are extremely limited and the country depends on energy imports for about 75% of its total primary energy supply. Almost 38% of Turkey's electricity is generated from natural gas, 29% from coal, 26% from hydro energy and 6% from renewable energy and wastes.¹⁴

Figure 3: Electricity Generation and Shares by Energy Resources



Source: TÜİK. Çevre ve Enerji, at <http://www.turkstat.gov.tr> (last visited 12 April 2018).

Since 2000, electricity consumption per capita in Turkey has doubled (see below). With the rapid development of the economy, electricity consumption has increased in industry driven economies. Russia holds the world’s largest natural gas reserves after Iran with 11,40 trillion cubic feet, which accounts for almost 17% of the world’s total proven reserves.¹⁵ That is why energy cooperation between Russia and Turkey stands on a solid basis.

Currently, tankers carry oil from the Russian Black Sea ports to the international markets through the straits of Bosphorus and the Dardanelles. In addition, Turkey is a large consumer of Russian natural gas (the second after Germany), which is delivered via two pipelines, the Blue Stream and the Trans-Balkan pipelines. Today 30% of Turkey’s gas imports are supplied from Russia.¹⁶

Figure 4: Electric Power Consumption (kWh per capita) in Turkey

2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
1653	1613	1667	1772	1892	2014	2179	2347	2422	2314	2492	2696	2772	2761	2855

Source: World Bank Data, 2017 www.worldbank.org (last visited 12 April 2018).

TurkStream Pipeline

During Russian President Vladimir Putin's state visit to Ankara on 1 December 2014, Gazprom and the Turkish company Botaş Petroleum Pipeline Corporation signed a Memorandum of Understanding on the construction of an offshore gas pipeline from Russia to Turkey across the Black Sea. Gazprom received a series of permits for the TurkStream project from Turkish authorities, including the first construction permit for the offshore section and the survey permit for the two strings of the offshore gas pipeline in Turkey's exclusive economic zone and territorial waters.

On 10 October 2016, the agreement on the TurkStream project was signed in Istanbul, which provides for the construction of two strings of the gas pipeline from Russia to Turkey across the Black Sea, as well as an onshore string for gas transit to Turkey's border with neighboring countries. Construction of the pipeline commenced on 7 May 2017 in the Black Sea near the Russian coast. The pipeline will surface near Kıyıköy, on Turkey's European shore. A gas delivery point at Lüleburgaz will be built for Turkish customers, while the border crossing between Turkey and Greece in İpsala will serve as the delivery point for European customers.¹⁷

The TurkStream project consists of two parallel lines, the first of which will fully satisfy Turkey's domestic needs for natural gas. This line will substitute the route from Ukraine and Moldova. Russian gas will be delivered to European markets via the second line, but there is still some uncertainty as to whether the second line will be constructed or not, because the EU has not confirmed the definitive route. Negotiations between Russia and EU on this issue still continue.

On 23 June 2017, the docking of the shallow and deep-water parts of the TurkStream gas pipeline took place and the laying of the deep-water section began. By mid-October 2017, a total of 373 km had been laid along the two strings of the offshore section.¹⁸

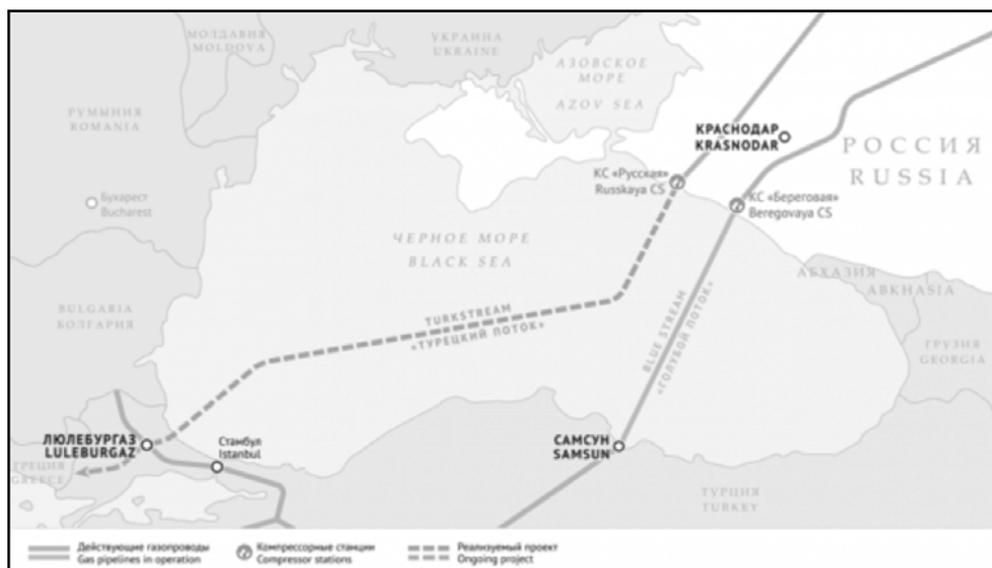
Russia wants to ensure stable exports to the European market because of the risk of unstable gas flows via the Ukrainian route, while Turkey's goal is to achieve energy security.

The TurkStream pipeline project has strategic importance for both Russia and Turkey. Even when relations between the two countries deteriorated after the fighter jet crisis, this mega

energy project continued uninterrupted; later it became one of the main steps in the normalization of relations between the two countries. This is because both Russia and Turkey need to diversify their natural gas delivery routes. Russia wants to ensure stable exports to the European market because of the risk

of unstable gas flows via the Ukrainian route, while Turkey's goal is to achieve energy security. Moreover, according to the Turkish Energy Strategic Plan, the TurkStream pipeline will allow Turkey to become a gas trading hub in the region.¹⁹

Figure 5: The TurkStream Route



The Akkuyu Nuclear Power Plant

Russia and Turkey also cooperate in the nuclear power industry. Turkey's first nuclear power plant will be built in Akkuyu with an estimated investment of US\$ 25 billion.²⁰ The Akkuyu

plant is being constructed by Russia's State Atomic Energy Corporation (Rosatom) in the southern Mersin Province on the Mediterranean coast. It consists of 4 units, each generating 1,200 MWt of electricity with a service life of 60 years.²¹

The Akkuyu project is very important for both Ankara and Moscow, as it will enable Turkey to diversify its energy sources, while helping Russia improve its scientific-technical capabilities in the nuclear sphere. Construction started at the end of 2017 and officials from both countries hope to finish the plant in 2023, which will mark the centennial of the foundation of the Republic of Turkey.

Rosatom has held ongoing negotiations with a consortium of three Turkish companies – Cengiz Holding, Kalyon Construction and Kolin Construction– to sell 49% of the shares of the Akkuyu plant. But according to the latest data, two of them (Kalyon and Kolin) have pulled out from the talks. The terms of the deal have yet to be divulged.

Investments and Construction

The Russian economy is based on oil revenues. This is also the main reason

behind its rapid growth since the early 2000s when the price of the crude oil was high. During this period, Turkey was one of the target countries for Russian capital, and a breakthrough in investment cooperation has taken place over the past ten years.²²

Russian direct investment went both into manufacturing (metals, energy, etc.) and services (tourism, banking, etc.).²³ According to Turkey’s 2016 balance of payments data, Russia accounted for 6% of total foreign direct investment and less than 1% of outbound external investment. The two countries signed a memorandum in March 2017 to establish a joint investment fund with a capital of 1 billion USD in a bid to strengthen bilateral ties and investment flow.

It is supposed that the fund will support major projects in energy and the defense industry. Moreover, it will promote the development of economic cooperation.

Figure 6: Residents’ Foreign Direct Investments Abroad (US\$ million)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017*
World	1,065	1,677	2,275	2,604	2,040	1,823	2,542	4,335	3,226	5,234	5,242	3,114	3,177
Russia	7	14	50	77	101	74	88	162	107	84	62	10	16

* Provisional

Source: Balance of Payments of Turkey, 2018. <http://www.tcmb.gov.tr> (last visited 12 April 2018).

Figure 7: Foreign Direct Investments in Turkey (US\$ million)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017*
World	8,535	17,639	19,137	14,748	6,266	6,256	16,136	10,761	9,890	8,631	12,077	7,534	7,437
Russia	1,605	7	108	71	12	2	762	11	875	723	747	723	4

* Provisional

Source: Balance of Payments of Turkey, 2018. <http://www.tcmb.gov.tr> (last visited 12 April 2018).

Some of the joint investment projects that have already been completed include:

- Magnitogorsk Metals, one of the world’s largest steelmaking companies, bought a Turkish steel mill in İskenderun with its own port and access to the EU market.
- Sberbank, the largest bank by capitalization in Russia, purchased Turkey’s Denizbank in 2012 for about US\$ 3.5 billion, the biggest acquisition in the history of Sberbank.
- The Turkish Credit Europe bank, which was founded by Turkey’s Finansbank, has been operating in Russia’s banking market since 1994.

For many years, Turkish companies have been heavily engaged in the construction, restoration and renovation of public buildings, shopping malls, business and trade centers, hotels,

guesthouses and restaurants, residential buildings, industrial facilities, hospitals and rehabilitation centers, historical, architectural and exhibition complexes and school and educational centers in various parts of Russia. As of June 2016, Turkish companies completed construction projects worth US\$ 64 billion in Russia. More than 3 billion dollars worth of these construction projects were completed in 2014 within the framework of the Sochi Winter Olympics. Russia ranked first with 20% of the total number of projects finished by Turkish companies abroad.²⁴

The Turkish companies ENKA Holding and Renaissance Construction Company are carrying out a number of investment projects in Russia’s territories. ENKA entered the Russian construction market during the Soviet period. It is famous for the reconstruction of the Russian Parliament building (*Gosduma*)

and Petrovsky Passage. ENKA also owned the Ramstore market chain. Renaissance Construction, which is one of the biggest construction companies in the world, which was founded in Saint Petersburg in 1993; it operates in the heavy industry and infrastructure sectors.

There are also several petroleum companies operating in Turkey. PJSC LUKOIL entered the Turkish market in 1998 with bunkering activities. After obtaining a distributor's license, it chose to actively promote its fuels in the retail market. Its first gas station opened in Turkey in 2006, and by late 2007 its total number of gas stations reached 70. At the end of 2015, LUKOIL's network of gas stations in Turkey comprised 610 stations. Its share in the retail motor fuel market increased to 5%. The company's operations in Turkey currently involve the wholesale and retail marketing of petroleum and gas products, jet fuel, lubes and petrochemicals.²⁵

Turkish workers were involved in the construction of the FIFA World Cup infrastructure in Russia, including sports facilities and tourist areas, as well as transportation infrastructure in the 13 host cities: Moscow, Saint Petersburg, Kaliningrad, Yaroslavl, Nizhny Novgorod, Saransk, Kazan, Yekaterinburg, Samara, Volgograd, Krasnodar, Sochi and Rostov. The Turkish side estimated that the

amount of investment needed to bring the stadiums up to FIFA standards required US\$ 3.8 billion.²⁶

Russian construction companies have begun contracting activities in Turkey as well, but their field of activity is more limited and mostly concentrates on infrastructural work and the construction and renovation of industrial facilities. Technopromexport participated in the building of Orhaneli Thermal Power Reactor. A joint consortium of Technostroyexport, Turkish Erg Insaat and Swiss ABB, Sulzer Hydro, Hydro Vevey and Stucky companies started the construction of the Deriner Dam near the Black Sea town of Artvin in 1998. Also, Technostroyexport and Turkish Tekser cooperated in the electrification of the Turkish railways in addition to the building of bridges and dams.

Tourism

Turkey is the most popular holiday destination for the Russians, who accounted for 10% of all foreign visitors in 2015. Yet even before Moscow started the ban on tourism and charter flights in November 2015, the number of Russian tourists visiting Turkey declined to 3.7 million according to 2015 data. An analysis of the data from January-August of 2015 in comparison to the same period of 2016 shows

a dramatic drop in the numbers of tourists from Russia to Turkey – from 2.6 million to 0.3 million. The revenues from tourism (accounting for almost 20% of Turkey’s total exports) are crucial for the successful development of Turkey’s economy – including the optimization of its balance of payments.

The situation has changed since Russia’s decision to lift the ban. The table below shows that from January–August 2017 the number of tourists from Russia visiting Turkey sharply increased to 3.1 million tourists or about 15% of the total visitors. The officials say that the number of Russian tourists coming to Turkey has reached “an all-time record” and that Turkey’s resorts have regained their status as Russians’ favorite destination.²⁷ The visa-free regime, high quality of services, low prices and favorable climate continue to attract Russian tourists to Turkey.

One of the most sensitive issues in Russian-Turkish relations is Moscow’s suspension of visa-free travel for Turkish citizens. In addition, Russia banned the employment of Turkish workers by companies operating in Russia except for those working in the construction of the FIFA 2018 World Cup facilities. The ban started on January 1, 2016 in accordance with the Russian sanctions against Turkey and lasted for about a year. During this period, many Turkish companies had to leave the Russian construction sector. Yet, after the normalization of relations, the two countries declared their decision to ease and remove travel visas particularly for businesspeople. In March 2017, Russia also lifted the restrictions on Turkish companies operating in Russia and on employing Turkish workers in the country.

Figure 8: Number of Tourists Visiting Turkey (in million)

NATIONALITY	1995	2000	2005	2010	2011	2012	2013	2014	2015	2016	2017
GERMANY	1.6	2.2	4.1	4.4	4.8	5.0	5.0	5.3	5.6	3.9	3.6
TOTAL EUROPE	4.5	6.7	14.0	16.6	18.2	18.3	18.8	19.5	19.2	13.3	13.2
RUSSIA	-	0.7	1.9	3.1	3.5	3.6	4.3	4.5	3.7	0.9	4.7
TOTAL C.I.S.	1.2	1.3	3.4	6.0	6.6	7.2	8.6	8.8	8.1	5.6	10.5
TOTAL	7.2	10.0	20.5	28.5	31.3	31.3	33.8	35.9	35.6	25.3	32.1

Source: Balance of Payments, 2017, at www.tcmb.gov.tr (last visited 22 April 2018).

Conclusion

Following the 2008- 2009 global financial crisis, the economic ties between Russia and Turkey began to recover gradually in 2013. However, they have never returned to the pre-crisis level, mostly due to the global economic slowdown. The fighter jet crisis of 2015 and the sanctions imposed by Russia, which affected sensitive sectors of Turkey's economy, served as a serious test of resilience for economic relations between Russia and Turkey. The two countries now demonstrate their intention to rebuild their relations to their former level. This is a positive signal, considering that any restrictions will have an adverse effect on their national economies, particularly under the current global economic conditions. Moreover, huge infrastructure projects such as the TurkStream pipeline or the Akkuyu nuclear power plant are helping to draw the two countries closer to each other. Energy cooperation is the most important driver strengthening the normalization of political and economic ties between the two countries.

Russia and Turkey share a number of political interests. Russia is using the TurkStream project as a tool in its "war of sanctions" with the West, while for

Turkey it offers the chance to bargain with Russia for better terms in natural gas supplies, depending on the state of its relations with the European countries. We also see that the tourism industry, which is an important sector of the Turkish economy, is recovering after the lifting of the Russian sanctions, and the number of Russian citizens visiting Turkey is increasing rapidly.

Following the 2008- 2009 global financial crisis, the economic ties between Russia and Turkey began to recover gradually in 2013.

Since the lifting of the Russian ban on Turkish agricultural products, Ankara has also been trying to regain its lost position in Russia's domestic market. At the same time, however, both countries need to rebuild the confidence between their business communities, as lingering uncertainty may lead to a long pause in investment cooperation. This is particularly important for Russia, especially at a time when the Western economic sanctions remain in place.

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