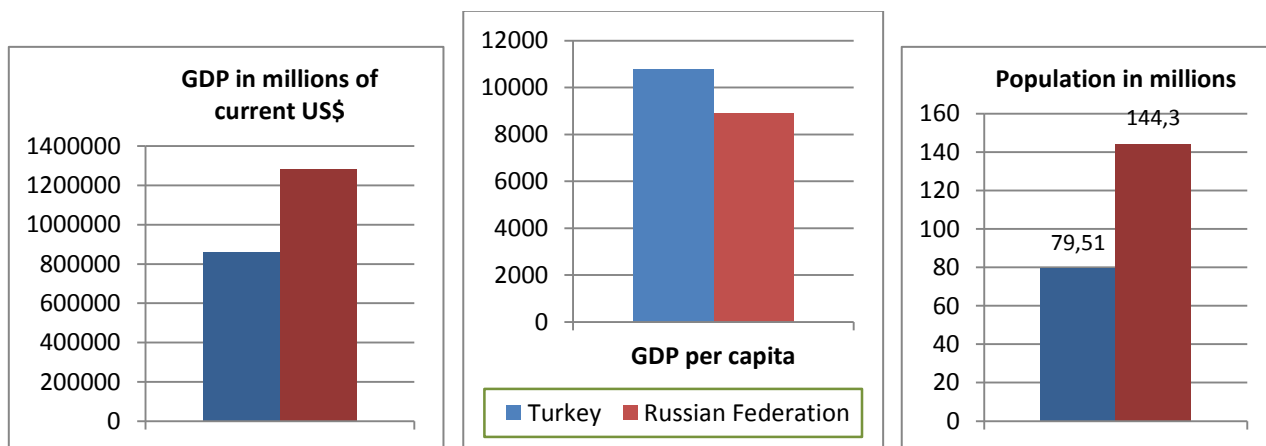


Brief Report

on Comparison of Trade conditions between Turkey and Russian Federation.

As one of the main trade partners of Turkey, Russian Federation is an important country for comparison and analysis of trade conditions between them. Although Republic of Turkey joined the World Trade Organization on the 26th of March 1995 and Russia has just joined on the 22nd August 2012¹, both countries were trading since the formation of Russian Federation in around 1992 as seen in the historical data of exports and imports of two countries².

The populations of Turkey and Russia by 2016 are 79.51 and 144.3 millions of people, respectively. Moreover, the GDP of Turkey constitutes 857 429 and the GDP of Russian Federation is 1 280 731 millions of current US\$. Consequently, if to calculate from above data, the GDP per capita in millions of current US\$ of Turkey and Russia would be 10783.9 and 8875.5, accordingly. Hence, even though the GDP of Russian Federation is greater than that of Turkey, relatively higher population of Russia makes Turkish GDP per capita greater.

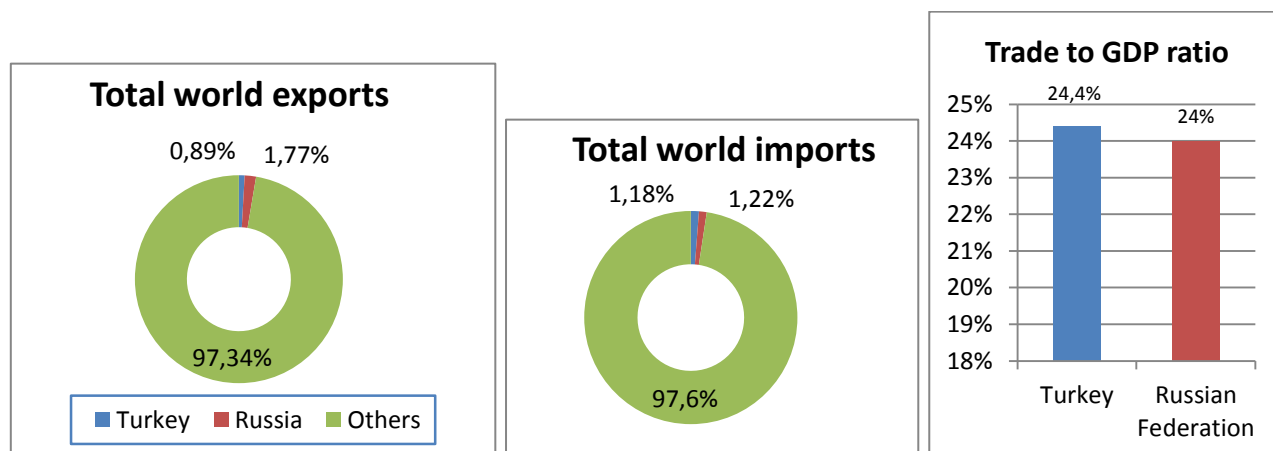


If to compare with the world market, the rank of Republic of Turkey among world exporters of merchandise is 31st and among world importers of merchandise is 20th. Additionally, Turkey makes up the 0.89% share of total world exports and the 1.22% share of total world imports. The trade to GDP ratio of Turkey as a percentage is 24.4% in the years 2014-2016. On the other hand, among world exporters of merchandise Russian Federation holds the 17th rank and among world importers of merchandise its rank is 24th. Moreover, Russia constitutes the 1.77% share of total

¹ The dates and all of the subsequent data are from <https://www.wto.org> (2016).

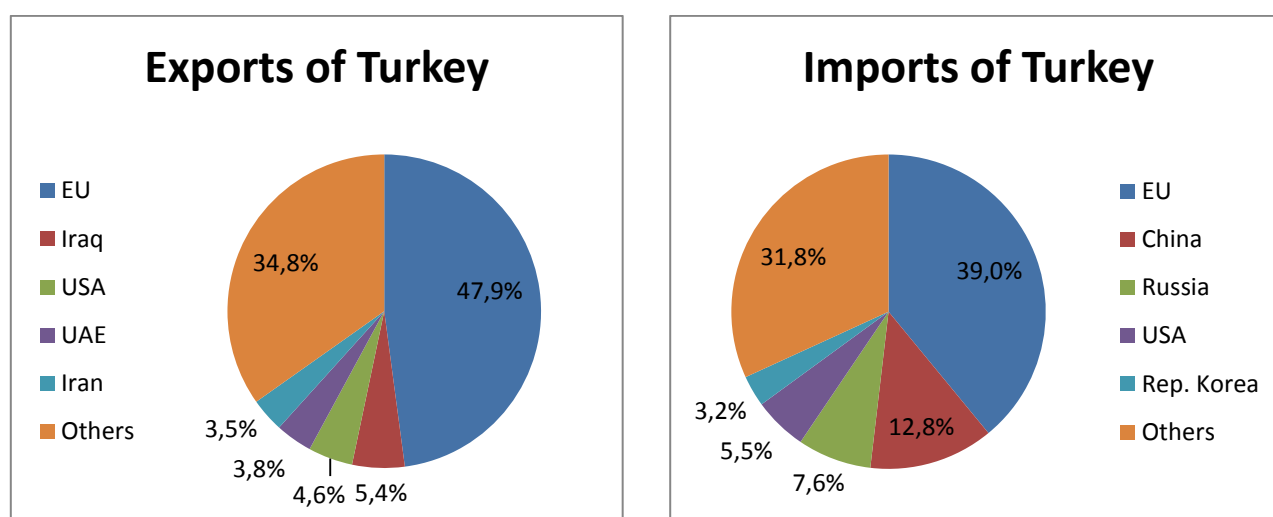
² Historical data is from <https://tradingeconomics.com>.

world exports and a share of 1.18% from the total world imports. The trade to GDP ratio of Russia is 24% during the years 2014-2016. The difference in Trade to GDP percentages of both countries is not so large, as it is shown in the graph below.



Furthermore, it is essential to reveal and compare the profile of primary export and import partners, and the pattern of exports and imports by main commodity group of both countries³.

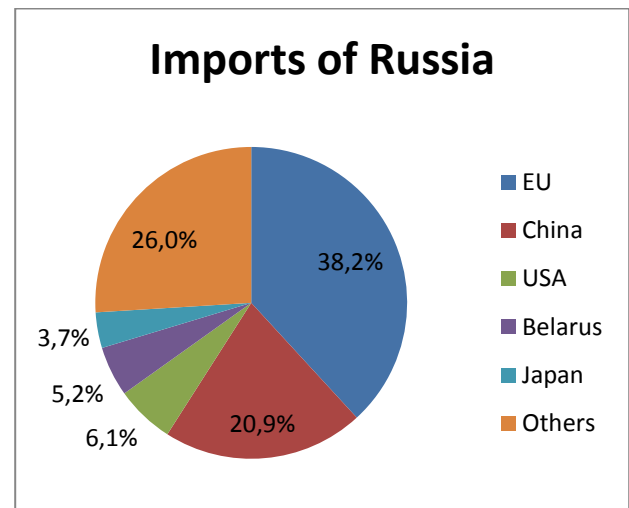
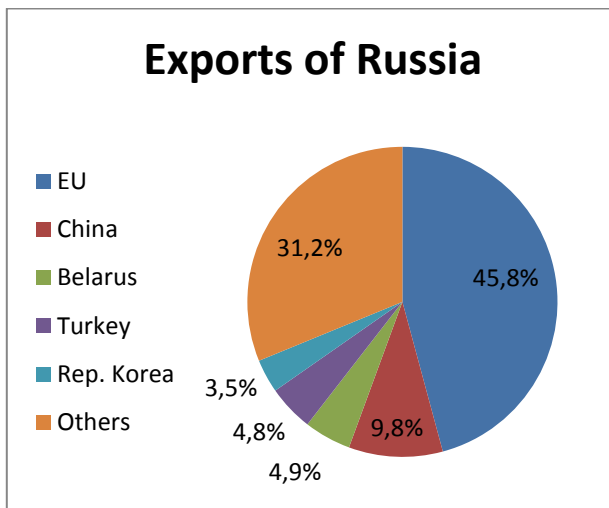
Republic of Turkey's top export partners are European Union constituting 47.9% of total exports, Iraq having 5.4%, United States of America with 4.6%, United Arab Emirates with 3.8% and Iran with 3.5% of total exports. Other countries make up 34.8% of all exports. On the other side, top import partners of Turkey are EU constituting 39% of total imports, China having 12.8%, Russian Federation with 7.6%, USA with 5.5% and Republic of Korea with 3.2% of all imports. The trade with other countries makes up only 31.8% of all imports.



Top export partners of Russian Federation are European Union making up 45.8% of total exports, China having 9.8%, Belarus with 4.9%, Turkey with 4.8% and Republic of Korea with 3.5% of total

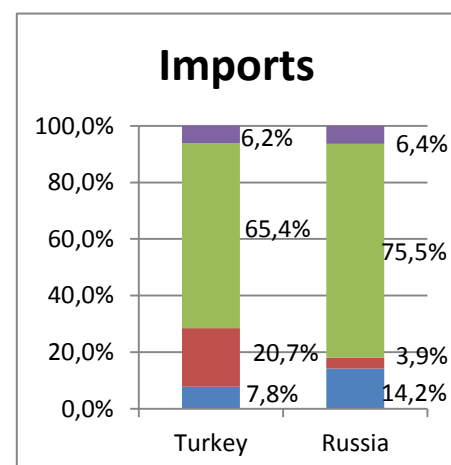
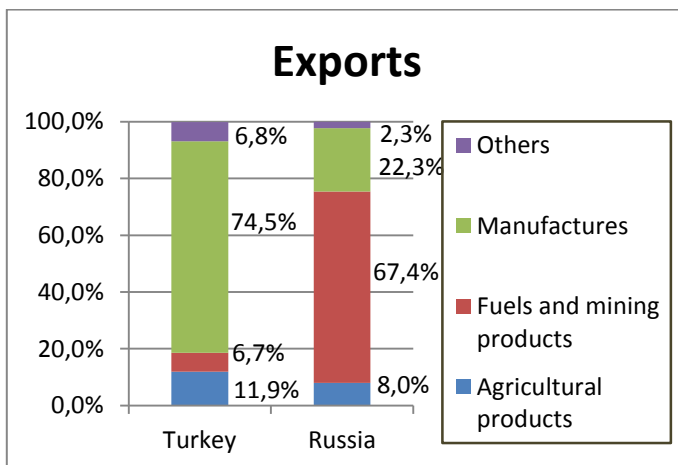
³ The statistics of WTO for main commodity group of countries was only available for 2015, all others are for 2016.
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exports. Other countries constitute 31.2% of all exports. On the other hand, top import partners of Russia are EU making up 38.2% of total imports, China having 20.9%, United States of America with 6.1%, Belarus with 5.2% and Japan with 3.7% of all imports. The trade with rest countries constitutes only 26% of all imports. Thence, Russia is an important import partner for Turkey and, on the other hand, Turkey is an important export partner for Russia, as seen in the graphs.



If to classify exports of the Republic of Turkey by the main commodity group, 74.5% of them represent manufactures, 11.9% as agricultural products, 6.7% as fuels and mining products and 6.8% of total exports make up other products. Turkish imports by main commodity group, on the other side, are represented by manufactures with 65.4%, fuels and mining products with 20.7%, agricultural products with 7.8% and rest with 6.2% of total imports.

Classifying exports of the Russian Federation by the main commodity group, 67.4% of them represent fuels and mining products, 22.3% as manufactures, 8% as agricultural products and only 2.3% of total exports constitute other products. On the other hand, Russian imports by main commodity group are represented by manufactures with 75.5%, agricultural products with 14.2%, fuels and mining products with 3.9% and rest products with 6.4% of total imports.



Finally, considering all the information above, it is significant to find out the current or potential comparative advantage in a particular good and sphere of the Russian Federation and the Republic of Turkey, thus, to choose their area of specialization.

Comparing the commodity group statistics of both countries above, it can be concluded that Turkey may specialize in manufactures due to high percentage of manufacture exports in Turkey and high percentage of manufacture imports in Russia. Turkey may also specialize in agricultural products for the same reason in relative comparison. If to compare relatively the percentage of imports and exports of both, Russia may specialize in fuels and mining products, as well as on different types, than those of Turkey, of manufactures and agricultural products.

However that is quite general, if to compare top imported and top exported products of both countries by 2016, it may be seen that Russia has citrus fruit, fresh or dried (having value of 1159 million of US\$) as its top imported product, where Turkey has the same one (with the value of 894 million of US\$) as its top exported product. Moreover, Turkey has sunflower-seed, or cotton oil (1 015 million of US\$) and wheat and meslin (892 million of US\$) as its top imported products, where Russia has the same ones (having value of 1 440 and 4 216 million of US\$, respectively) as the top exported products. Thus, these products are potential products of specialization for both countries.

Therefore, both the Republic of Turkey and the Russian Federation have potential areas of specialization, as shown above, to have trade between each other. Doubtlessly, the trade is necessary for the robust economic growth that is beneficial for both Russia and Turkey.

References.

1. Official site of the World Trade Organization - <https://www.wto.org>. Used sections: list of members with dates and trade profiles of Russia and Turkey.
2. The site <https://tradingeconomics.com> for the statistics. Used part: historical data of imports and imports of Turkey and Russia.