

“ANTI-TURKISH EMBARGO”: WHO LOST THE MOST?¹

N. Shagaida

The ongoing ban on Turkish vegetables is hardly noticeable for the Russian citizens due to insignificant volumes of supplies. During the summer months, demand for this type of product will be met by domestic production and shipments from the EAEU partners – Armenia, Kazakhstan, and Kirgizia.

The ban on shipments of tomatoes and cucumbers has produced different results for Turkey. Exports of tomatoes as long-lived commodity were redirected to other countries. The producers of cucumbers have suffered considerable losses: exports have fallen by 40% (Russia’s share in Turkish export constituted 50%).

The Russian vegetable production comes to around 117 kg per capita per annum. Furthermore, Russia imports 20 kg per capita and exports 5 kg per capita (Table 1).

Table 1

IMPORTS AND CONSUMPTION OF VEGETABLES IN THE RUSSIAN FEDERATION, 2014

Indicator	2014
Share of imports in personal and productive consumption, %	16.1
Per capita production, kg	117.5
Per capita imports, kg	20.4
Exports, kg	5.2
Per capita consumption, kg	112.5
Per capita productive consumption, kg	14.0
Total per capita consumption (personal + productive), kg	126.5

Source: calculated on Rosstat data.

Following the imposition of embargo against the EU countries in August 2014, the share of vegetables from Turkey in Russian imports approached 23%. Since 2016, our country launches restrictions on imports of food products from Turkey. Initially, these restrictions were obviously of political nature. From 1 January 2016, the ban covered products whose share in 2014–2015 constituted around 60% of the overall Turkish food exports to Russia. Afterwards, based on phytosanitary grounds and declaring these measures and temporary the RF introduced restrictions on imports of red peppers, pomegranates, eggplants, two types of lettuce, and from 19 May 2016 – vegetable marrows and pumpkins.

Prior to the imposition of sanctions, the share of Turkish food products had not exceeded 5.6% of the Russian imports. Tomatoes, grapes, and tangerines from Turkey varied from 34 to 50% of Russian imports of these products. Shipments from Turkey provided 11% of the average annual consumption of tomatoes.

We analyzed in detail the consequences of banning imports of Turkish food products in a January issue of Online Monitoring of Russian Economic

¹ This paper was originally published in *Online Monitoring of Russia’s Economic Outlook* No.10(28).

Outlook¹. Then we assumed that transition to other importers and stimulation of domestic producers of tomatoes should drive prices up because Turkey guaranteed low prices of supplies amid large volumes of shipments and Russian agro businesses lost to Turkish suppliers in price. By the end of Q1 2016, we can say that our assumption was confirmed. For example, redistribution in the structure of tomato imports resulted in Morocco becoming major exporter with a price 47% higher than the Turkish one (*Table 2*).

Table 2

STRUCTURE OF TOMATO IMPORTS INTO RUSSIA AND BORDER PRICES

	Import structure by price, %		Price, thousand dollars, doll/t	
	2015	2016	2015	2016
Iran, Islamic Republic	1.0	2.2	1.41	1.36
China	15.1	18.3	1.40	1.42
Belorussia	1.8	2.0	0.41	0.30
Armenia	0.0	5.0	0.35	0.58
Azerbaijan	1.0	7.4	1.24	1.12
Marocco	17.3	56.6	1.44	1.35
Israel	2.7	1.3	2.47	2.32
Republic of Macedonia	1.2	0.1	1.47	1.36
Egypt	0.6	3.2	1.78	1.50
Senegal	1.2	1.9	1.85	1.85
Tunis	0.2	0.5	3.11	2.02
Turkey	57.7	0.0	0.98	
Abkhazia	0.0	0.3		1.10
Bosnia-Herzegovina	0.0	0.2		1.47
Other countries	0.1	0.9		
Total	100	100		

Source: Federal Customs Service of RF.

Subsequent restrictions have affected certain products, which were not of any importance for the Russian consumer.

Eggplants². There is no record of eggplants production volumes in Russia. Their production is registered among ‘other’ vegetables. Less than 7% of the total vegetable production in Russia is recorded as ‘other vegetables’ or 8 kg per capita. Ban on import of eggplants imposed from May 2016 does not harm any interested party: Turkish producers, intermediaries or agricultural producers and consumers from Russia. The reason is that eggplants are not grown in greenhouses and in summer Turkish eggplants are not competitive in price with Russian eggplants or those shipped from the near abroad.

Over recent four years, the share of Turkey in Russia’s eggplant imports varied in the range from 14 to 26% (in terms of weight). In 2013–2014, their prices were below average. In 2014–2015, following the embargo the prices went up due to less competition with other suppliers, whose products were banned (*Table 3*).

Vegetable marrows and pumpkins. The share of Turkey in Russia’s imports of vegetable marrows varied from 69 to 72% in different year. However, the volume of imports barely reaches 4% of the gross Russian production. Ban on imports of pumpkins and other cucurbits is even less important (see *Annex*).

1 *Uzun V.Ya.* Online Monitoring of Russia’s Economic Outlook. Trends and new socio-economic challenges. 2016. No.1(19). <http://www.iep.ru/files/RePEc/gai/monreo/19-2016-jan.pdf>

2 Eggplant is a berry and traditionally is registered as a vegetable.

Table 3

RUSSIA'S EGGPLANT IMPORTS

Year	From Turkey		Total		Share of Turkey, %		Price, doll./t	
	Thousand \$	t	Thousand \$	t	In volume	In price	Turkey	Total
2013	6803	4174	50774	29738	14.0	13.4	1630	1707
2014	7617	5509	40624	26160	21.1	18.7	1383	1553
2015	5982	5144	18236	19701	26.1	32.8	1163	926
2016*	775	528	2545	2780	19.0	30.5	1467	916

*For 3 months 2016.

Source: FCS of RF.

Red pepper. The share of Turkey in Russia's imports varies across year from 6 to 12%. In terms of per capita, merely 11 grams of Turkish red peppers are imported to Russia (see *Annex*).

Lettuce. Prior to ban imposed in August 2014, the share of imports of lettuce was extremely negligible. Only later, taking advantage of the fact that Turkey was not part of the countries whose food products were banned increased its share to nearly 15% (in terms of weight). However, general volumes of imports are insignificant.

Thus, *phytosanitary restrictions on imports of Turkish vegetables do not affect Russian consumer. On the whole they neither affect the agricultural sector of Turkey owing to the fact that at the second stage of restrictions phytosanitary measures referred to the products, which has an insignificant share in imports.*

Contraction of imports first of all was triggered by demand reduction on more expensive imported goods, which can be seen from the data given in Table 4. In 2015 prior to the imposition of sanctions by Russia, supplies of Turkish foodstuffs amounted to merely 50% of the sanction 2013. Imports of non-food products was not subject to sanctions but it also fell by more than 40%.

Table 4

CHANGES IN RUSSIA'S IMPORTS OF FOOD AND NON-FOOD PRODUCTS, 2015/2013, %

	Total	Including, from Turkey
All products	58	56
Foodstuffs (groups 1–24 across FIACN)	54	50
Non-food products	59	59

Source: FCS of RF.

Under these circumstances, it is highly unlikely that sanctions would make economies of the countries subject to restrictions feel their disciplinary effect. Most likely, this fact confirms a hypothesis that the ruble's devaluation put all countries, both under sanctions and free of them, in the same conditions.

New exporters are taking the Turkish share on the Russian market. For example, Belorussia has become major exporter of eggplants, which is a country with similar to Russia environmental conditions and it managed to adapt them for growing heat-loving plants. Earlier we demonstrated that Belorussia since 2014 has become a supplier of not only apples but also of black cherries, kiwi, and strawberries¹. Now Belorussia exports eggplants (*Table 5*).

1 *Uzun V.Ya.* Online Monitoring of Russia's Economic Outlook. Trends and challenges of socio-economic development. 2016. No.1(19). <http://www.iep.ru/files/RePEc/gai/monreo/19-2016-jan.pdf>

Table 5

SHARE OF EGGPLANTS IMPORTS INTO RUSSIA, %

Country	2013	2014	2015	2016*	Страна	2013	2014	2015	2016*
Belorussia	7.7	8.6	46.3	53.0	Israel	2.3	2.5	2.5	3.7
Turkey	14.0	21.1	26.1	19.0	Iran. Islamic Republic	0.5	1.1	1.3	5.0
China	12.8	15.4	16.7	18.7	Other importers	62.5	50.3	3.5	0.6
Morocco	0.2	1.0	3.6	0.0					

*For 3 months of 2016

Source: FCS of RF.

From 2013 to 2015, Belorussia has increased its exports of eggplants to Russia by more than four times. In 2013, Turkish exports exceeded Belorussian exports to Russia twofold. In 2015, Belorussian exports exceeded Turkish exports to Russia twofold. However, Belorussia is not birthplace of eggplants. According to Belstat data, Belorussia doubled their exports in 2015 compared to 2014¹. Production of vegetables in Belorussia remains at around the same level as before and consumption went up insignificantly², which testifies about the hidden reexport of products.

Another example are the tomatoes. Turkey exported in Q1 2015 156.5 thousand tons of tomatoes including 70% of that amount to Russia. In 2016, exports to Russia was banned. Meanwhile, total exports of tomatoes from Turkey contracted merely by 8% (Table 6).

Table 6

EXPORT OF TOMATOES FROM TURKEY TO RF, THOUSAND TONS,
JANUARY–MARCH

	Exports of tomatoes from Turkey			Imports of tomatoes to RF		
	2015	2016	2016/2015	2015	2016	2016/2015
RF	109.5	0	0	165.1	118.7	
Other countries	47	143.8	3.1			
Total	156.5	143.8	0.9			

Sources: UN Comtrade Database, FCS of RF.

During the same period in the context of sanctions against Turkey imports of tomatoes to Russia contracted merely by 46.4 thousand tons, i.e. secession of shipments from Turkey in the amount of over 100 thousand tons was replaced by other suppliers (in the volume of 64 thousand tons) and more expensive at that (Table 7).

Export of tomatoes from Turkey was redistributed. For example, shipments to Belorussia, Azerbaijan, Israel, and Syria went up no more than tenfold, i.e.

1 Comparison of exports-imports statistical data demonstrates a problem in statistical service. According to the Russian statistical data in 2015, Russia imported solely 9 thousand tons of eggplants but according to data released by Belstat – 14 thousand tons. According the Eurostat data, Belorussia imported 6.7 thousand tons in 2014 and 15.1 thousand tons in 2015, while Belstat registered solely 2.1 thousand tons. EU supply volume to Belorussia corresponds to the Belorussian supplies to Russia. Hence, there is a doubt about the authenticity of accompanying documents and proper products flows.

2 Belstat, 2016.

flows were redistributed to countries, which actively engage on special conditions with Russia (*Table 7*).

Table 7

EXPORTS OF TOMATOES FROM TURKEY

	Export of tomatoes(code FEACN 070200)			% of total exports	
	January–March 2015, t	January–March 2016, t	2016/2015	2015	2016
Belorussia	3690	39279	11	2	27
Georgia	3709	20682	6	2	14
Iraq	2791	16122	6	2	11
Rumania	8229	13619	2	5	9
Ukraine	5205	8403	2	3	6
Poland	2868	7692	3	2	5
Bulgaria	8000	5124	1	5	4
Serbia	2694	4241	2	2	3
Azerbaijan	77	3785	49	0	3
Syria	97	3628	37	0	3
Kazakhstan	378	3532	9	0	2
Israel	44	3348	76	0	2
Netherlands	1191	2475	2	1	2
Germany	1776	2325	1	1	2
Moldavia	2782	1747	1	2	1
RF	109489			70	
Other	3511	7779	2	2	5
Total	156531	143779	100	100	100

Source: UN Comtrade Database.

Banned in Russia, the Turkish cucumbers and gherkins were not redirected to other countries. For example in 2015, the share of (for January–March) Russia in the Turkish exports amounted to 50%. In 2016, the overall contraction of exports of these products constituted 40%.

Turkey is for Russia a large trade partner in export operations. In 2014–2015, export exceeded import (*Table 8*).

Table 8

CHARACTERISTICS OF IMPORT-EXPORT INTERACTION BETWEEN TURKEY AND RUSSIA

	2012	2013	2014	2015
Russia's imports from Turkey, mn dollars	2432.4	2783.5	2839.5	1394.0
Turkish share in Russia's imports, %	5.3	5.7	6.3	5.2
Share of exports to Russia, %	15.9	16.4	15.8	8.3
Russia's exports to Turkey, mn dollars	1937.74	1721.29	2369.20	1798.66
Share of Turkey in Russia's exports, %	11.56	10.58	12.48	11.10

Source: FCS of RF.

In 2014–2015, the share of Turkey in Russia's exports of vegetables was in the range of 43–48% (although the volumes are small so far). Regarding oil and oil-plants, the share of Turkey during various years exceeded half of Russian exports and regarding grains – 14–19%. In this regard, prospective Turkish sanc-

tions imposed on the same phytosanitary grounds can be very painful to Russia¹. Moreover, the gain and oil-plan markets are extensive (for instance, Ukraine).

May restrictions of supply of vegetables from Turkey will be insignificant for both Russian consumers and for the Turkish economy. First, the summer is coming when Russian production as well as production in the EAEU member states (Armenia, and Kirgizia) will easily replace imported products. Second, shipments from Turkey have fallen from the imposition of ban on tomatoes in January 2016. In the wake of tense political situation, the Turkish businesses preventively neutralizer trade risks with Russia. Third, flows of banned vegetables as it is seen by the shipments of eggplants and vegetable marrows reach Russian supermarkets via our partners of EAEU. The reliability of customs statistics remains a general issue. Comparison of data across countries testifies about possible documents manipulation on products, which does not allow to reliably assessing the scale of commerce between countries in the wake of sanctions.

Annex

VEGETABLE MARROWS, FRESH AND REFRIGERATED

Year	Imports from Turkey		Imports, total		Share of Turkey, %		Price, USD/t	
	Price thousand USD	Weight, t	Price thousand USD	Weight, t	In volume	In price	Turkey	Average
2013	23667	27271	34169	37690	72.4	69.3	868	907
2014	24184	31494	33698	42045	74.9	71.8	768	801
2015	19608	28259	22816	34737	81.4	85.9	694	657
2016*	10517	14389	12189	16573	86.8	86.3	731	735

*January–March.

OTHER PUMPKINS, VEGETABLE MARROWS AND OTHER CUCURBITS

Year	Imports from Turkey		Imports, total		Share of Turkey, %		Price, USD/t	
	Price thousand USD	Weight, t	Price thousand USD	Weight, t	In volume	In price	Turkey	Average
2013	2	2	2828	2566	0.1	0.1	1238	1102
2014	25	22	3282	3038	0.7	0.8	1152	1080
2015	51	47	764	912	5.2	6.6	1077	838
2016*	0	0	186	194	0.0	0.0		960

* January–March.

SWEET RED PEPPER

Year	Imports from Turkey		Imports, total		Share of Turkey, %		Price, USD/t	
	Price thousand USD	Weight, t	Price thousand USD	Weight, t	In volume	In price	Turkey	Average
2013	14025	10831	241865	165904	6.5	5.8	1295	1458
2014	14992	14382	209285	158108	9.1	7.2	1042	1324
2015	14246	15495	125094	126979	12.2	11.4	919	985
2016*	2728	2924	49064	35652	8.2	5.6	933	1376

* January–March.

1 So far, these possibilities are being discussed: <http://agro2b.ru/ru/companiesnews/26812-Turciya-obsuzhdaet-zapret-importa-rossijskoj-pshenicy.html>

HEAD LETTUCE, FRESH OR REFRIGERATED

Year	Imports from Turkey		Imports, total		Share of Turkey, %		Price, USD/t	
	Price thousand USD	Weight, t	Price thousand USD	Weight, t	In volume	In price	Turkey	Average
2013	97	58	38449	28426	0,2	0,3	1670	1353
2014	5004	3844	35033	26806	14,3	14,3	1302	1307
2015	3361	2627	12740	17983	14,6	26,4	1279	708
2016*	226	200	5819	6937	2,9	3,9	1130	839

LETTUCE FRESH OR REFRIGERATED

Year	Imports from Turkey		Imports, total		Share of Turkey, %		Price, USD/t	
	Price thousand USD	Weight, t	Price thousand USD	Weight, t	In volume	In price	Turkey	Average
2013	0	0	8192	5933	0,0	0,0		1381
2014	350	330	6327	5297	6,2	5,5	1061	1195
2015	159	170	2267	5421	3,1	7,0	934	418
2016*	0	0	1016	1887	0,0	0,0		539

* January–March.