

The Effects of the Russian Crisis on Turkish Tourism Sector: A Case of Antalya Province, Turkey

Huseyin Cetin, Halil Akmese, Sercan Aras, Vahit Aytekin

Abstract—Economic crisis, terrorism, global crisis and the relations between countries are the factors affecting tourism industry and tourism industry is vulnerable against these factors. In our study, there are two dimensions about Russian crisis. The crisis between Russia and Ukraine and decreased oil prices in global market have been entailed Russian economic crisis. This crisis has induced that the ruble, Russian currency, has depreciated against American dollars and consequently the purchasing power of Russian has weakened. This is the first dimension of our study. Second dimension is a political crisis between Turkey and Russia owing to the fact that the Russian Warcraft was brought down by Turkish army. The aim of this study is to explain the impact of the consequences of Russian crisis on Turkish tourism industry. The study has been limited only Antalya province.

Keywords—Economic crisis, Turkey-Russian crisis, Turkey's tourism industry, tourism in Turkey.

I. INTRODUCTION

A crisis is a turning point occurred in a life, a period or life cycle. People, institutions and countries are concerned about their future when it occurs. Expenditure of the general population and decreasing the purchase power and increasing unemployment have been seen. Following this, readjustment becomes unavoidable [1].

Economic crisis can be all of a sudden and unexpected changes. These changes can be caused by the internal and external conjunctures like households formed by individuals, companies and government's policies. Some factors cause the economic crisis, for instance, chronic and high inflation, devaluation, the radical monetary policy of the government, foreign trade imbalances, increasing domestic and external debt, etc. [2]

Political crises can emerge with conflicting interests when countries act in their interests. These crises can lead to the distension of relations and even rupture between countries. The depth of the political crisis leads to some sanctions. In almost every area, those sanctions can be carried out by one country for another country.

Tourism is an economic activity, an exchange and an employment area. It also meets a need for people to rest [3]. Nevertheless, it is a business segment of the requests which have positive and negative effects on the environment. Tourism which is one of the world's fastest growing sectors

has significant problems for today. The worldwide crises have negative effects on the tourism sector. Economic crises occurring in any country in the world has a negative effect on the other countries which are in economic relations with the country effected by the crisis.

In this paper, the effects of economic crisis in Russia and political crisis between Turkey and Russia have been searched. In addition, the assessment has been made about particularly what kind of results will lead the countries' economy in the short and medium term.

II. RUSSIAN ECONOMIC CRISIS

Ukraine crisis in 2013 ended up with EU-US (West) the confrontation with Russia. In response to the West to support the protests in Ukraine, Russia's annexation of Crimea has caused tension between the West and Russia. Because of attack of Russia to Crimea, Western countries have decided to conduct sanctions to Russia and they have got off the ground. These sanctions have practiced mainly towards to Russian banks and defense industry companies. And also, some decisions have been taken by some countries like freezing some rights of assets' of Russian President Vladimir Putin and banning these people's flights to US and EU. In addition, under the new sanctions, 28 EU countries will not sell arms to Russia in the future, the use of some technologies used in the oil and gas sector will be restricted, and some Russian banks will also be excluded in the European financial sector [4].

EU economic sanctions imposed on Russia have adverse effects on both sides. It is seen that the table seems to be in favor of Russia when the volume of trade between the EU and Russia is considered. Russia, which had 283.2 billion exports to the EU in 2013, had 134.3 billion dollar imports from the EU in the same year. As seen in Fig. 1 [5], Russia has an advantage of the situation in the export-import balance in many EU countries. The EU with 49.4% takes place on the top in Russia's total foreign trade in 2013. It is known that Russia has 53.8% of its total exports to the EU and 42.2% of its imports from the EU. On the other hand, according to the EU's total exports in 2012 statistics [5], Russia has become the fourth country with sharing of 7.3% in export. However, Russia has been the second country with sharing of 11.9% in imports from EU, and Russia has been the third country in the list after the US and China in the EU's total external trade in 2012.

Energy is a strategic element in world politics and is the major factor for national power. Especially today, it can be said that energy welfare, taking the place of industrialization levels, has become a major factor in determining a country's

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place of the econ-political system in the world. Therefore, a country's "local" energy policy cannot be considered as independent its foreign policy. In other words, the energy policies of the countries also determine their foreign policies. In this context, investigation on the basis of energy relations with major international actors of Russia's energy policy can be an example of the relationship between national and international policies [6]. The EU's dependence on Russian gas and Russia's increasing control over the energy distribution infrastructure in a part of Europe are perceived as a long-term a threat for the West.

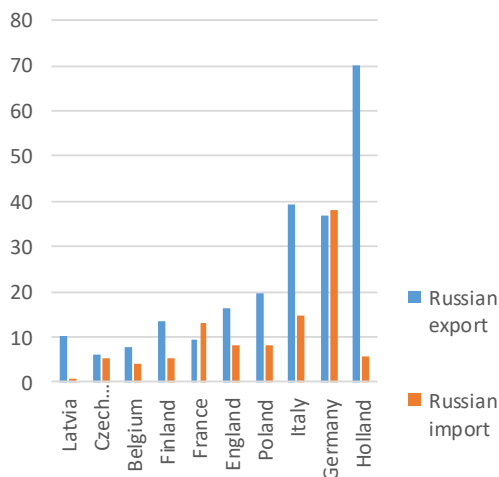


Fig. 1 Top 10 trading partner of Russia in the EU (2013) [5]

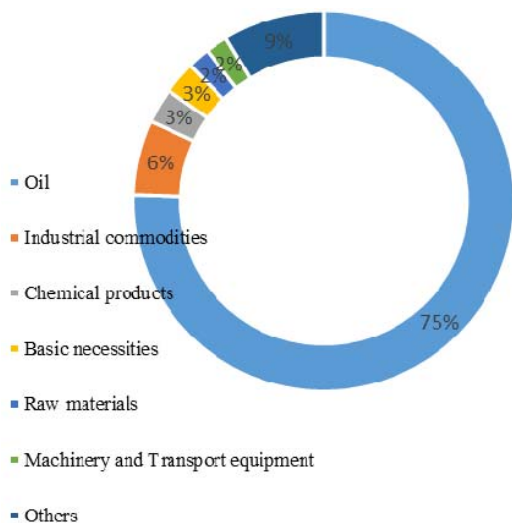


Fig. 2 Main export product groups in Russian's trade with EU (2012) [5]

Russia's share is actually 25% on the EU's oil and gas imports. However, some Eastern European countries are completely dependent on Russia for oil and gas needs. In cases where the dependency is one-sided and intense, and geopolitical struggle is hard, the energy sources are becoming a content beyond the economic value. Russia's 2020 National

Security Strategy emphasizes that Russia's sources are an important factor for global events [7]. On the other hand, the majority of Russia's exports to the EU constitutes oil and gas. As is seen in Fig. 2 [5], Russia's 76,3% of exports to EU is composed of these items in 2012.

The EU and Russia are the two great powers depended each other for the oil and natural gas. A negative situation that may occur in this product group may seriously affect the economies of both sides. The Russian economy have established a large extent on oil and gas exports and EU countries need both natural gas for heating and energy for advanced industry. These facts make them interdependent.

After Ukraine crisis, the Western sanction applications to Russia and decrease gradually level of oil prices per barrel to \$60 from \$115 and then below \$50 effected the Russian economy negatively. According to Russian analysts of \$1 per barrel decline in oil prices, it is reflected to the national economy as \$2 billion losses annually. More than half of the budget is made up of oil and gas revenues. Russia's economy decreased 3.7% because of the price per barrel of oil in 2015 [4]. The problems in financial markets directly affect the rubbles. After 1998, sharp declines in the rubble have been seen 50% loss. Leaving the rubble to free float in order to protect its reserves by The Central Bank of the Russian creates an uncertainty. Russia's exchange structure which is open to be effected by any development effects directly to its export [9].

The depreciation of the Russian currency against the dollar directly affects people's purchasing power. During the embargo and the decline in global oil price in the market is leading to a crisis of the Russian economy. Besides this economic crisis experienced in the Russian effecting the global economy, it effects the most important trading countries of Russia.

Russian fighter jet shot down by the Turkish jet was caused by the opening of a new page in the negative sense of the Ankara-Moscow relations on November 24, 2015. As a response to the crash an aircraft incident, the motivations behind Kremlin's asymmetric reaction are extremely important in order to be eased the crisis and predict the future for both sides. Looking at the motivation behind this asymmetric response, it is seen that Russia redefine relations with Turkey in all fields. No further escalation of the crisis for some time aircraft, Moscow considers it appropriate in the interests of Russia. Considering in the context of bilateral relations, it is observed that the most damaged areas are tourism, trade and investment sectors [10].

III. TURKISH TOURISM

The tourism was seen as sun, sea, sand, using resources such as natural beauty and a simple economic activity for many years in Turkey. It is expected that the tourism will bring solutions to major issues such as the country's foreign exchange bottleneck and unemployment. The tourism sector has been one of the key elements of the Turkish economy with great development in recent years [11].

Turkey shows a great richness and diversity in terms of

natural values in addition to the rich history and cultural heritage. The name of the Anatolia is Asia Minor in the western languages. This name has been given to Anatolia due to the characteristics of the continent's big scale. Turkey presents a multi-faceted diversity with interesting geological structure, climatic conditions observed from rainfall and temperature distribution and characterized in large differences, experiencing four seasons in one day, and existence of thousands of wild plant and animal species [8].

Purpose and brief descriptions of Turkey's overall tourism policy are as follows: The development of highly competitive and efficient tourism economy is an aim of economic content. Tourism activities can be carried out with presenting potential submission in the most modern and attractive way. Therefore, it is to be conducted in the best possible way of infrastructure and superstructure work. Training and equipment for staff providing services should be provided.

Quality and price application of professions offering all sorts of goods and services to tourists must be taken supervisory measures. The benefits of tourism should be reflected in the local community as possible. Ensuring the sustainability of the natural and cultural values is an objective environmental content. Sustainable tourism concept should be enabled, the existing tourism resources should be used with ensuring their protections, and it should be protected to be presented to the needs of future generations [12].

The powerful aspects of Turkey's tourism can be summarized as follows [8]:

- Ten thousand years of history and being a country carries the traces of thirteen great civilizations,
- Rich and varied natural values,
- Favorable climatic zones,
- To be an undiscovered country for young and in particular cross-continental markets,
- More new and more qualified facilities than competing countries,
- Hospitable people,
- To provide a unique socio-cultural characteristics and an exotic combination of the east and west,
- Unspoiled nature compared to the mass tourism destinations
- The fact that, Turkish cuisine is one of the world's most famous four kitchens,
- Ease transportation from the main markets of Europe and CIS countries,
- Shopping opportunities especially carpet, leather, clothing and jewelers.

Weak points of tourism in Turkey can be listed as follows:

- Image problems in foreign media as democracy, human rights, unable to enter the EU, etc.
- Difficulty in troubleshooting caused by the rapid increase in demand of infrastructure and service quality.
- Traffic irregularities and problems caused by them.
- Underdeveloped tourism awareness in the society and tradesmen's exploitative behaviors,
- Possibility of being effected by regional political instability because of its geographic location,

- Natural, historical and cultural environment is threatened by deterioration in some places,
- Accommodation supply is formed in such a way that will appeal especially to mass tourism and foreign markets,
- Failure to obtain strategic decisions due to the lack of research on the markets and tourism supply and failure to provide functionality to strategic marketing management
- Lack of resources allocated to promotion and marketing.

Turkey has not shown the necessary importance to some issues in its tourism policies ever created so far, such as skilled labor in the development of tourism education, improvement of service quality and issues on tourism planning. However, it is possible to say that Turkey's tourism policy consistent with European Union policies in some areas. Some facilities are planned aspiring to spread the seasonal concentration feature of tourism in every month of the year, bring tourism to the forefront to eliminate differences in the level of development of interregional, development of activities to diversify tourism, and improve accommodation facilities in the tourist routes. The problem gets stuck with the frivolity in eliminating the lack of coordination and putting into practice. Tourism in Turkey is expected to experience rapid new developments in the coming period. The most important development is partnerships of the multinational companies that want to invest, or want to extend their existing investments in Turkey. Globalized world requires to create a good balance between economic opportunity and social costs [12].

TABLE I
2003-2015 TURKISH TOURISM REVENUE, NUMBER OF VISITORS AND AVERAGE EXPENDITURE [13]

Years	Tourism Revenues (1000\$)	Number of Visitors	Average Expenditures (\$)
2003	13.854.866	16.302.053	850
2004	17.076.606	20.262.640	843
2005	20.322.112	24.124.501	842
2006	18.593.951	23.148.669	803
2007	20.942.500	27.214.988	770
2008	25.415.067	30.979.979	820
2009	25.064.482	32.006.149	783
2010	24.930.997	33.027.943	755
2011	28.115.692	36.151.328	778
2012	29.007.003	36.463.921	795
2013	32.310.424	39.226.226	824
2014	34.305.904	41.415.070	828
2015	31.464.777	41.617.530	756

As shown in Table I, Turkish tourism revenues and number of visitors continuously increased between 2003 and 2015. The number of visitors which was 16,302,053 million in 2003 increased to 41.617.530 million in 2015. Unlike the tourism revenues increases almost every year, it decreased in 2015. This decrease is approximately 3 billion dollars. The tourism revenue in 2005 which is approximately 20.3 billion dollars fell to 18.5 billion dollars in 2006. The average expenditure per tourist has experienced fluctuations on yearly basis. When the level of average expenditure per person was highest in 2003, it became the lowest level at 755 dollars in 2010. The

average spending on tourism in Turkey is around 828 dollars in 2014 [13].

IV. THE EFFECTS OF RUSSIAN ECONOMIC CRISIS ON TURKISH TOURISM

The crisis of Ukraine, the sanctions of western countries, the drop of the prices of petrol, geopolitical uncertainties, and economic stagnations embarrassed the perturbed Russian economy for a while. One of the most effected countries is Turkey. The negative effects of Russian crisis are started to seen on many trade goods especially on food, fresh fruits and vegetables, and clothing. According to TSI [14] data, while the export rate was 6.9 billion dollars between Russia and Turkey in 2013, it has receded, decreasing by 1 billion dollars to 5.9 billion dollars in 2014.

Tourism, which is mostly effected by Russian economic crisis, is one another sector in Turkey. Russia is the second country among the tourist generating countries to Turkey, Germany is the first. In 2014, 4.479.049 Russian tourists visited Turkey. As it is seen in Table II [13], following Russia and Germany, the uttermost tourist sending countries are respectively England with 2.600.360 tourists, Georgia with 1.755.289 tourists, and Bulgaria with 1.693.591 in 2014.

TABLE II
TOURIST GENERATING COUNTRIES TO TURKEY [13]

	2012	2013	2014	2015
Germany	5.028.745	5.041.323	5.250.036	5.580.792
Russia	3.599.925	4.269.306	4.479.049	3.649.003
England	2.456.519	2.509.357	2.600.360	2.512.139
Georgia	1.404.882	1.769.447	1.755.289	1.911.832
Bulgaria	1.492.073	1.582.912	1.693.591	1.821.480

Nowadays, Russian tourists mainly come for “sea-sand-sun” and mass tourism to Turkey. However, demand for winter tourism, shopping, and congress tourism increases per year. Touristic stuffs like golf, yacht, cruise etc. are marketing by travel agencies and tour operators. The reasons for Russian tourists to choose Turkey are [8]:

- Proximity,
- Visa facilities,
- Shore and beaches,
- A long tourism season in terms of climate,
- Natural, historical, and cultural richness,
- Turkish hospitality and modern touristic facilities,
- Accommodation facilities’ providing “all-in” service in Turkey,
- Cost of tour package.

Russian tourists, favoring sea-sand-sun and mass tourism, spend their holiday in Antalya. Approximately 79% of Russian tourists came to Turkey visit to Antalya [8].

It has been observed that the impact of the economic crisis in Russia began to show in the real sense, the number of Russian tourists came to Antalya according to the same month of the previous year decreased since September of 2014. As it is seen in Table III [15], while 602.295 Russian tourists visited to Antalya in September 2013, this number has been receded proportionally by 13.80% to 519.163 tourists. In collaboration

with Russian crisis, 83.132 tourists have been decreased in the month of September 2014 compared to September 2013. This decreasing continued in October as well. The number of Russian tourists who visited Antalya in October 2014 compared to October 2013 decreased by 35.70%, at a great rate. The numerical value of this decrease is identified as 88.816 people. While the number of tourists was 19.316 in November 2013, it decreased to 12.536 in November 2014. The downfall in November took place by 35.70%. This downfall has increasingly become 38.32% in December 2014. In December, the number of tourists decreased by approximately 5.780 people.

Addition to declining numbers of Russian tourists coming to Turkey after the economic crisis caused in Russia by increasing oil prices and Ukraine crisis with embargos, numbers in Russian tourists declined continuously as a result of political crisis caused by the shooting down of Russian warplane in November 15th. As seen in Table IV [15], while the number of Russian tourists came to Antalya in 2014 January-April season is 210.657, it fell down to 126.839 next year. Maybe, the best table to describe what happened after the political crisis is 2016 January-April in Table IV. In this season, number of Russian tourists visiting Antalya fell down to only 12.039, losing a total of 114.800 tourists from previous years’ number. Decline in this season compared to previous one is approximately 90.5%.

TABLE III
THE NUMBER OF COMING TOURISTS TO ANTALYA BY MONTHS [15]

Months	2012	2013	2014	2014/2013 comparison	
	Number	Number	Number	Numerical changing	Rational Changing %
September	480.168	602.295	519.163	- 83 132	-13,80
October	145.514	248.776	159.960	- 88 816	-35,70
November	13.777	19.316	12.536	- 6 780	-35,10
December	12.287	15.082	9.302	- 5 780	-38,32

TABLE IV
THE NUMBER OF RUSSIAN TOURISTS VISITING TO ANTALYA BETWEEN JANUARY AND APRIL IN 2013 AND 2016 [15]

2013 January- April Season	2014 January- April Season	2015 January- April Season	2016 January- April Season	2016/2015 years Comparison	
				Numerical Changing	Rational Changing %
178.659	210.657	126.839	12.039	- 114.800	-90,50

V. CONCLUSION AND SUGGESTIONS

The economic crisis creates sudden and unexpected situations in the economy of the countries; it effects the economy of country in various terms of macro size, and it seriously effects the companies in terms of micro size. Recently, Russia is the one of the countries facing global economic crisis. Russia is experiencing economic crisis because of Western sanctions, falling the oil prices which is one of the pillars of the economy to \$40, and the monetary depreciation of Ruble against the dollar because of the economic crisis.

With the monetary depreciation of ruble, decreasing the Russians’ purchasing power causes postponing their vacations

or giving up to go holiday. In consequence of the economic crisis, the five big tour operators like Neva Travel, Labyrinth Travel, and Roza Vetrov Travel declare their bankrupt. In 2015, Russian economy experienced shrinkage in proportion to 3.7.

Political crisis between the two countries has become deep because of both sides' avoiding take steps backward in consequence of shooting down Russian warplane by Turkey in November 2015. Russia has applied some sanctions to Turkey and these sanctions induces certain adverse impact on a lot of sectors.

Russian market has a vital importance for Turkish tourism. Russia is the second most tourist sender country with the number 4.479.049 where after Germany to Turkey in 2014. The economic crisis which is experienced by Russia and after the political crisis between Turkey and Russia affects Turkish tourism in a negative way. Since September of 2014, the decline has significantly been observed in the number of comer tourists from Russia to Turkey. After this fall added to the political crisis, the number of Russian tourists coming to Antalya has led to decline at a level of 90.5% in the period January-April 2016.

It is monitored that the decline in the period January-April 2016 directly affected Turkish tourism incomes. It is necessary to take precautions to minimize the encountered the loss of income, find new tourism markets, provide the normalization of tightening bilateral relations in respect of the political crisis, develop of existing markets, and mark downing the prices are recommended to prevent the loss of the Russian market.

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