

The Consequences of the Ukraine War on Turkey's Economy and Geoeconomic Position(۲۰۲۴-۲۰۲۲)

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Abstract:

The Ukraine war began in February 2022 with the initiation of a special operation by the Russian army in Ukraine. This war has significant implications due to Russia being one of the most important suppliers of energy and food, and Ukraine being a major global food supplier. Additionally, the increasing importance of the Black Sea and Turkey's geopolitical position in the region have led to various effects on the global economy, international economic issues, Turkey's economy, and Turkey's geoeconomic matters. This article employs the theoretical framework of regional security from Copenhagen and the conceptual framework of geoeconomics, using a descriptive and analytical method, along with existing literature and analyses in this field. It aims to answer the question of how Turkey has sought to secure its national interests amid the Ukraine war. The objective of this article is to demonstrate the economic effects of the Ukraine war on Turkey's economy and its geoeconomic position. The findings indicate that despite the negative consequences of the war on Turkey's economy, it has prompted Turkey to strive to become a hub for food and energy through the Ukraine conflict and attract investment from Ukraine and Russia. In conclusion, we find that the Ukraine war, in addition to its negative effects, has also had positive impacts on Turkey's economy and enhanced its geoeconomic role.

Keywords:

Turkey - Russia - Ukraine War - Economy - Geoeconomics – Geopolitics

Introduction:

The Black Sea is one of the largest and most strategic seas in the world. Located in the northwest of Iran, it borders Turkey, Bulgaria, Russia, Romania, Georgia, and Ukraine. Given the strategic position of this region, the Black Sea holds significant importance and plays a crucial role in the maritime and geographical dynamics of the area. Additionally, the Black Sea is vital for regional security. The presence of armed forces in the area contributes to military balance and helps protect the region against external threats. Furthermore, this sea connects Russia and Ukraine to the Mediterranean Sea, serving as an important transportation route for countries and regions around the world. Overall, the Black Sea region is one of the strategic areas of the world, and due to the Ukraine war and Western sanctions against Russia, the economy and security of the Black Sea have become significant for Turkey.

On February 24, 2022, Russia launched a large-scale invasion of its western neighbor, Ukraine. This war had widespread impacts on global security and the economy, and Turkey was no exception. At the onset of the Ukraine war, it caused a rise in fuel and food prices in Turkey, adversely affecting its economy. Nevertheless, Turkey sought to maximize its benefits from the war to secure its economic interests, aiming to enhance its geoeconomic position and transform into a hub for food and energy.

The importance of this research lies in the fact that Turkey shares a border with Iran, which also maintains good relations with Russia. Moreover, the Ukraine war has had significant effects on the global economy. Studying the geoeconomic impacts of the Ukraine war can provide a broader perspective on political developments and their economic effects on the world, as well as the implications related to Russia, Turkey, and the Ukraine conflict.

The Black Sea:

1-1- Turkey's Position and Role in the Black Sea:

Turkey is a NATO member that pursues a stable policy in the Black Sea region. Traditionally, Turkey's foreign policy is based on the principle of non-confrontation with Russia in the Black Sea while maintaining relations

with Ukraine. In recent years, Turkey's economic, political, security, and defense relations with Russia and Ukraine have increased, partly due to the war in Ukraine.

Since Turkey has almost no allies in the Black Sea, multilateral cooperation, especially with Russia, is essential to guarantee economic interests, and instability in the Black Sea is very dangerous for Turkey's national interests. Given that Turkey is capable of controlling the Bosphorus and Dardanelles straits, it plays an important role in international security. Although Turkey strongly condemned Russia's attack on Ukraine, it did not impose sanctions on Russia like other NATO countries, as Turkey's unstable economy is heavily dependent on trade with Russia. Turkey has established a grain export corridor between the warring countries, which is economically beneficial for Turkey, and the role of the Black Sea in this context is very important. The U.S. is trying to weaken political relations and create a rift between Turkey and Russia in the Black Sea while seeking economic leverage over Turkey. (Middleto, Moss, 2023)

Militarily, Russia may be a greater power in the Black Sea. However, Turkey has a geopolitical leverage that allows access to the Black Sea, meaning it controls the Bosphorus and Dardanelles straits. So far, NATO and the West have asked Turkey to prevent Russian ships from passing through to attack Ukraine; nevertheless, Turkey is trying to use the issue of the war in Ukraine as a security matter to gain economic and security concessions from Russia.

After the annexation of Crimea by Russia, the size of the Russian fleet in the Black Sea increased, and the power imbalance between Turkey and Russia in the Black Sea led Turkey to seek to avoid confrontation with Russia and to take steps to prevent conflict in the Black Sea as much as possible. However, the transport and economic corridor gives Ankara the leverage to use the Bosphorus and Dardanelles straits to gain geopolitical and geoeconomic control of the region. (Toucas, 2018) In general, it can be said that Turkey uses leverage in the Black Sea and the Bosphorus and Dardanelles straits through the economic corridor for the security of the Black Sea.

The U.S. also looks to Turkey for entry into the Black Sea. Turkey, on one hand, is a NATO member and a candidate for the European Union, and on the other hand, seeks a delicate balance in the Black Sea region. Turkey is a regional player that has strategic and economic relations with all actors, including Russia, and strives to maintain this balance. Turkey's goal in this regard is to prevent disruption of the regional order in the Black Sea, and in this context, Turkey seeks strategic security and economic relations with Russia.

In general, Turkey's strategy in the Black Sea is based on common interests with Ukraine and Russia, and Turkey has strategic economic and energy interests with Russia while having defense interests in Ukraine. The area around the Black Sea forms a very important corridor for energy transport routes between Asia and Europe, which is a fundamental element that leads to a reduction in conflicts between Russia and Turkey in the Black Sea. Russia is also trying to coordinate security and economic issues in the Black Sea. However, with the weakening of Russia's position in the Ukraine war, this allows Turkey to gain more concessions from Russia regarding its economic interests in the region.

1-2- Effects of the Ukraine War on the Black Sea:

The blockade of Ukrainian ports by Russia has led to a severe shortage of wheat, corn, and sunflower oil in international markets. The Black Sea region is a strategically important point between Eastern Europe and Europe in terms of trade routes, and it also plays a significant role for Turkey and Russia, serving as a key unipolar route for the transit of food and fuel. The export of fossil fuels and raw materials from Russia and Ukraine through the Black Sea has altered the security landscape of the region due to the effects of the war. The Black Sea is a vital route for both Ukraine and Russia, and Turkey is also striving to play an important role. Since the onset of the Ukraine crisis, the balance on the northern shores of the sea has been shifting. Millions of tons of wheat, flour, and sunflower oil can be transported from the Black Sea to the Mediterranean Sea and from there to various parts of the world. Russia's war against Ukraine and the blockade of Black Sea ports have increased the geopolitical and geoeconomic significance of this region. From the European Union's perspective, the Black Sea is primarily an area for economic development and the transit trade of raw materials, serving as a platform for regional cooperation. However, with the outbreak of war in Ukraine and the ensuing challenges, security issues have also spilled over into the Black Sea economy. Ensuring the security of transit routes has

become a priority concern for the EU's maritime interests in the Black Sea, while Turkey is attempting to establish energy and economic projects with Moscow and grain projects with Ukraine in the Black Sea.

2-1-3 Effects of the Ukraine War on Turkey's Position and Role in the Black Sea:

The conflict between Russia and the West in the Black Sea presents two scenarios for Turkey:

1. In the first scenario, Turkey navigates intelligently between the powers, similar to the Ukraine-Russia war, and creates a calm zone in the Black Sea.
2. In the second scenario, Turkey is also affected by the Ukraine-Russia war in the Black Sea.

Currently, Turkey is benefiting from the economic war against Russia in the Black Sea, which also plays a significant role in global food security, as part of the grains from North Africa also pass through this region. For this reason, the world will do its best to avoid dragging the war into the Black Sea. Turkey is striving to create a transport corridor in the Black Sea, which is very appealing to Turkish politicians, as strengthening Black Sea security is one of Turkey's key foreign policy objectives. For commercial reasons, security cooperation between Russia and Turkey in the Black Sea may increase, and Turkey's efforts to ensure the security of the Black Sea align with economic guarantees. This is the most crucial aspect for Turkey's advancement in the Black Sea, as Turkey pursues its goals of joining the European Union and maintaining relations with the United States and NATO. Nevertheless, to safeguard its economic interests in the Black Sea, Turkey seeks to establish a balance with Russia and military agreements with Russia. (Vasiliev, 2010: 4)

Given that Turkey's unstable economy is heavily dependent on trade with Russia and is trying to play a role in negotiations to create a grain export corridor between the warring countries, the security situation and war in Ukraine, along with Western sanctions against Russia, have prompted Turkey to leverage its power in the Black Sea to secure its economic interests. The Ukraine war has inflicted significant financial damage on Turkey; however, it has also brought substantial economic benefits.

The Black Sea has become Russia's access point to other parts of the world. The war in Ukraine and Western sanctions against Russia have also led to an increase in Turkey's power in the Black Sea to protect its economic interests. Additionally, it has heightened Turkey's ambitions for transportation to become a connecting point between Asia and Europe. With Western efforts to increase economic pressure on Russia and sanctions against Russia, there has been a push to find ways to reduce Russian influence and key geoeconomic ties across the Black Sea, which could also enhance Turkey's position in the Black Sea.

In the relations between Russia and Turkey, the Black Sea acts as a strategic, geopolitical, and geoeconomic connection that links the economies and security of both countries. Given the dynamics of this region, Moscow views access to the Black Sea as a barrier to the West, and Turkey has increased its geopolitical footprint in light of this issue. On the other hand, Russia uses energy leverage as a tool to control its political and economic interests over Turkey in the Black Sea.

Part of the grains from North Africa also passes through this region; therefore, the Black Sea plays a crucial role in food security. The war in Ukraine has strengthened Turkey's role in the Black Sea, and Turkey has emerged as a balancing power in this sea. Turkey has long purchased its natural gas from Russia and has consistently sought to protect its geographical position as an energy transit country. Turkey has acted

3- The Ukraine War and the Turkish Economy:

1-3 The Effects of the Ukraine War on the Global Economy:

The Ukraine war has led to a decline in global confidence, weakened global growth, and increased food insecurity. It may result in the fragmentation of trade and investment networks worldwide and has caused shortages of goods such as wheat and oil. The Ukraine war has delayed the global growth that was expected to occur after the COVID-19 pandemic, reduced investor and consumer confidence, and led to an increase in global inflation and a faster tightening of monetary policies around the world. Furthermore, since Russia and Ukraine are the largest exporters of commodities that play a role in global value chains, the shortage of these goods has negatively impacted a wide range of industries globally, including food, construction, petrochemicals, and transportation, creating financial imbalances and insecurity in the food and banking sectors.

With the bans and sanctions imposed by the United States and the United Kingdom on investments in Russia's energy sector, along with trade sanctions from the U.S. and the European Union, demand for Russian energy has decreased. The U.S. and the EU have gradually halted imports of fossil fuels from Russia. Due to the war between Russia and Ukraine, Ukraine has effectively lost its trade in the Black Sea, which accounted for half of its exports (Guénette and others, 2022: 4-7). Nearly half of Russia's exports consist of fuel and energy-related products, and Canada is also seeking to gradually eliminate Russian hydrocarbons from its import basket, in addition to the U.S. and the EU. A recession in the Russian economy could also have negative effects on the economies of Central Asia. Russia and Ukraine are exporters of several commodities, and the Ukraine war has caused severe fluctuations in these goods. Russia is the largest wheat exporter in the world, accounting for 18% of global wheat exports. Ukraine is one of the largest exporters of wheat and barley, accounting for 17% of global wheat exports. Russia is the largest exporter of natural gas, exporting 25% of the world's natural gas. Russia exports 23% of metals, 22% of palladium, 14% of chemical fertilizers, and 18% of the world's coal. Russia is also responsible for 14% of platinum, 11% of crude oil, and 10% of aluminum exports globally. Ukraine is the largest exporter of oilseeds, primarily used in cooking, accounting for 20% of global production of this product, and is the fourth-largest exporter of corn, accounting for 13% of global corn exports.

Since the onset of the Ukraine war, the price of coal has increased by 60%, natural gas by over 30%, and wheat by 40% globally. The price of Brent crude oil reached its highest level in the past decade at \$131 per barrel at the beginning of March, as the UK and the U.S. banned oil imports from Russia; it later decreased to \$110 per barrel. The price increases since January 2022 have been due to geopolitical risks globally and the rising demand for goods to revive the global economy. Another issue is that production among OPEC+ countries has been much lower than the global expectations for replacing Russian supplies. Energy prices have risen by 66%, with Russia accounting for over 35% of the Eurozone's natural gas imports, which constituted 20% of oil and 40% of coal imports (Ibid: 14). The Ukraine war has effectively disrupted parts of trade routes and increased transportation costs globally. A region between Europe and East Asia accounted for about 20% of global air cargo and 50% of the world's container transport capacity, which has been affected by the Ukraine war.

3-2 Negative Effects on the Turkish Economy:

The war in Ukraine occurred amidst Turkey's economic crisis, forcing the Turkish government to adopt unconventional economic and financial policies. The war in Ukraine has led to a significant increase in energy costs and goods that Turkey relies on for imports. Predictions indicated that, had the war not occurred, ten million Russian tourists would have visited Turkey and spent around 5 billion dollars there. Another consequence of the war in Ukraine is that it has caused an increase in the prices of products, sunflower oil, food, and more in Turkey. Some experts estimate that the war in Ukraine has cost Turkey between 20 to 40 billion dollars, and the cancellation of foreign contracts could cost Turkey 43.9 billion dollars. The war in Ukraine has significantly increased electricity prices in Turkey, with energy purchase costs rising to between 65 to 75 billion dollars, up from 55 billion dollars before the war, due to the closure of Ukraine's main ports. Turkey has attempted to participate in the war in Ukraine without joining the sanctions. Since the onset of the war in Ukraine, the value of the Turkish lira has decreased by 6% (Kubilay, 2022).

The threats posed by the war in Ukraine to Turkey and its economy are substantial, with food inflation rising to 16.4%. The consumer price index and foreign dependency are putting pressure on consumers, and the war in Ukraine has contributed to inflation in Turkey. The growth rate of the consumer services industry has increased by 124%. In 2019, considering that Turkey is the third-largest wheat importer in the world, the war in Ukraine raised the price of wheat to 517 dollars per ton, compared to 262 dollars per ton before the war began. This represents a 120% increase in wheat prices (De Cramer, 2022).

Turkey is the largest importer of sunflower oil in the world, and with the onset of the war in Ukraine, sunflower imports in Turkey faced challenges. Before the war, Turkey imported 70% of its sunflower oil from Russia and Ukraine, and the price of this product has risen from 1400 dollars per ton to 2000 dollars per ton. This situation may impact Turkey's food industry and even its tourism sector, as rising food prices in Turkey may reduce tourists' willingness to travel there. Ultimately, gasoline prices have skyrocketed, with the average price of gasoline in Turkey tripling, and around 4000 gas stations in Turkey are on the verge of closure. If this trend continues, 50,000 people associated with the oil and gas industry may lose their jobs in Turkey. Clothing manufacturers in Turkey have also suffered significantly due to a 40% reduction in annual clothing exports to Ukraine and Russia (Ibid).

3-3 Positive Effects on the Turkish Economy:

The security developments in the Ukraine war opened a trend that tested the relations between Turkey and Russia. In this process, Turkey was the only NATO member that opened its airspace to Russia and explicitly stated that it would not participate in sanctions against Moscow and diplomatic sanctions. Relations with Russia will be maintained under any circumstances. Ankara kept its diplomatic channels open with Russia and Iran (Oktav, 2022) and Turkey tried to shift from the Ukraine crisis. It aimed to become a security player that influences regional security and economy while also increasing its exchanges with Europe once again. Before the war, Turkish construction companies were also present in Russia.

Another goal of Turkey in the Ukraine war was to replace Ukrainian products with Turkish products in European markets, and some studies indicate that Turkish products are being substituted for Ukrainian products in European markets, with the European Union also seeking to replace Ukrainian products with Turkish ones (Nevzat, Albulut, 2023: 5).

A study of the Russian stock market shows that since the start of the war in Ukraine, Russia has lost between \$137 billion to \$353 billion, equivalent to 7% to 20% of its GDP. Some investors in the country are seeking to transfer their assets to safe havens, and Turkey is also trying to create conditions for capital flight from Ukraine and Russia. One of the main impacts of the war in Ukraine is that some Russian oligarchs have transferred their capital to Turkey, as they see Turkey as a safe haven. The war in Ukraine provided Turkey with the opportunity to use this conflict to facilitate its economic relations with Russia, leading to closer economic ties between Turkey and Russia. In the first month of the war, 500 foreign companies left Russia, creating an opportunity for Turkey to become a destination for Western companies.

After the war in Ukraine, international companies active in Ukraine and Russia are leaving these two countries in search of a new address, with some companies looking to relocate to Turkey. Additionally, U.S. international sanctions against Russia have led to the withdrawal and suspension of activities of several Russian companies, and some Russian companies have relocated to Turkey due to the sanctions.

About 5,000 American companies intend to leave Russia, and the Vice President of the American Chamber of Commerce has initiated negotiations on behalf of American companies in Turkey. The Ukraine war has opened up opportunities for Turkey to attract investment. The Turkish government is trying to facilitate the immigration of Ukrainian citizens to its territory through a program called the Golden Visa, allowing Ukrainian citizens to obtain residency in Turkey through investment. The minimum investment amount for Ukrainian citizens starts at \$250,000, which can be in the form of real estate or an investment fund. Turkey is a favored country for Ukrainians because it is safe, has good schools and healthcare systems, and is far from the war scene in Ukraine (Büyüç, 2022). It can be added that international investment in Turkey was only \$15 billion in 2002. However, by the end of 2021, this figure had surpassed \$240 billion, and by the end of the previous year, this investment had reached \$174 billion. With the onset of the Ukraine war, Turkey's investment reached \$274 billion. Companies such as Ford, Boeing, General Motors, ExxonMobil, FedEx, Nike, Adidas, McDonald's, KFC, Starbucks, Coca-Cola, Pepsi, Netflix, American Express, Apple, and many others had operations in Russia and have suspended their activities there (BAŞKANLIĞI, 2022).

Russia's attack on Ukraine in 2022 triggered a massive wave of migration from Russia and Ukraine to Turkey, and the presence of Russian and Ukrainian refugees will significantly impact the social relations and economies of the three countries. Since September, Turkey has hosted 145,000 Ukrainian refugees. Most Ukrainian refugees went to Turkey or similar places, but Turkey is using some of these refugees to attract investment. Ankara opened its doors to the influx of Russian migrants and provided services to Russians seeking to escape from Russia and transfer their assets abroad. In addition to the \$250,000 investment requirement, Turkey grants citizenship to individuals who create at least 50 jobs in Turkey.

After the start of the Ukraine war, a large number of wealthy Russians transferred their assets to Turkey, creating a Russian diaspora in the country. With the influx of Russian and Ukrainian capital between 2021 and 2022, home purchases in Turkey significantly increased, and rental prices in some areas rose by more than 300% (Akgundogdu, Trissel, 2023). Russian citizens purchased homes in Turkey and obtained Turkish residency permits. Sanctioned Russian oligarchs have bought luxury properties and yachts in Turkey to avoid confiscation by European governments. Some Russian citizens are using Turkey to access global markets, while others who

used to travel to France for tourism are now visiting Turkey for leisure. Yachts belonging to two other oligarchs, Andrei Molchanov and Maxim Shubarev, as well as Dmitry Medvedev, have been spotted in Turkey. On March 29, Abramovich appeared in Turkey, and the negotiating delegations from Russia and Ukraine visiting Istanbul were also seen in Turkey (BBC News Turkey, 2023). Former Turkish Foreign Minister Mevlüt Çavuşoğlu stated on March 26 that Russian officials could invest in Turkey as long as they comply with international laws. Erdoğan also mentioned that he would keep the doors open in 2023, with Russians, Ukrainians, and Iranians among those purchasing property in Turkey, leading to a 23% increase in property purchases by these three groups. Due to the rising demand for investment in Turkey, the citizenship requirement has increased from \$250,000 to \$400,000 (Financial Tribune, 2023).

Turkey's trade with Ukraine and Russia has reached about \$40 billion in recent years, with Russia and Ukraine accounting for 80% of Turkey's wheat imports and 65% of its sunflower imports. Turkey is benefiting from the war in Ukraine and Western sanctions against Russia, as its exports to Russia increased by 86% after the war began, and imports more than doubled, allowing Turkey to source 60% of its gas needs from Russia.

Turkey has participated in the Ukraine war by selling drones to Ukraine; however, it has refrained from taking overt actions against Moscow and continues to trade with Russia, with Turkish trade with Russia increasing by 87% in one year. Turkey's exports to Ukraine were \$2.9 billion in 2021, but this figure rose in 2022 despite the ongoing war, with 2.1 million Ukrainian tourists visiting Turkey, a number that had previously dropped to zero. On the other hand, sanctions on Russia have impacted Turkey's \$5.8 billion exports to Russia. In 2021, 4.7 million Russian tourists visited Turkey, an increase compared to 2020 (Trading Economics, 2022). It should also be noted that Western sanctions against Russia and Turkey's role in the Black Sea have led to an increase in Turkey's exports to Russia.

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Table number (1) shows the volume of trade between Turkey and the Russian Federation. As you can see, despite the onset of the Ukraine war, trade between Turkey and Russia has not decreased and has shown an increasing trend. (Source: World Bank and Trading Economics)

Year	Imports	Exports	Total exchanges
۲۰۱۲	۲۶,۶	۶,۶	۳۳,۲
۲۰۱۳	۳۶,۰۴	۷,۲	۴۳,۲۴
۲۰۱۴	۲۵,۴	۶,۱	۳۱,۵
۲۰۱۵	۲۰,۷	۳,۶	۲۴,۳
۲۰۱۶	۱۵,۴	۱,۷	۱۷,۱
۲۰۱۷	۲۰,۰۹	۲,۸	۲۲,۸۹
۲۰۱۸	۲۲,۷	۳,۶	۲۶,۳
۲۰۱۹	۲۳,۱	۴,۱	۲۷,۲
۲۰۲۰	۱۷,۸	۴,۵	۲۲,۳
۲۰۲۱	۲۸,۹	۵,۷	۳۴,۶
۲۰۲۲	۵۸,۸۵	۹,۴	۶۸,۲۵
۲۰۲۳	-	-	۶۵

Table number (2) shows the volume of trade between Turkey and Ukraine. As you can see, despite the onset of the war in Ukraine, trade between Turkey and Ukraine has not decreased and has shown an increasing trend. (Source: World Bank and Trading Economics)

Year	Imports	Exports	Total exchanges
۲۰۱۲	۴,۳	۱,۲	۵,۵
۲۰۱۳	۴,۶	۲,۳	۶,۹
۲۰۱۴	۴,۲	۱,۸	۶
۲۰۱۵	۳,۵	۱,۱۸۱	۳,۶۸
۲۰۱۶	۲,۶	۱,۳	۳,۹
۲۰۱۷	۲,۹	۱,۴۶	۴,۳
۲۰۱۸	۲,۷	۱,۶۸	۴,۳
۲۰۱۹	۲,۷	۲,۱	۴,۸
۲۰۲۰	۲,۵	۲,۰۹	۴,۵۹
۲۰۲۱	۴,۵	۲,۹	۷,۴
۲۰۲۲	۴,۴۶	۳,۰۶	۷,۵۲
۲۰۲۳			۸

4- The Effects of the Ukraine War on Turkey's Geoeconomic Position:

1-4 Turkey's Transformation into an Energy and Food Hub

Turkey aims to position itself as a commercial center between the West and Russia. The Ukraine war has allowed Turkey to become an energy and food hub by facilitating the transfer of a portion of Russian natural gas and grains from Russia and Ukraine to Europe and other parts of the world, as well as exporting food products from Russia and Ukraine to Africa. Additionally, Russian gas pipelines will pass under the sea, connecting Turkey and Eastern Europe through the Turkish Stream.

It should be noted that currently, part of Russia's oil and gas resources are being sold to Europe by Turkey due to sanctions against Russia, effectively making Turkey an intermediary between Russia and Europe. On one hand, Turkey plays a role in supplying energy to Europe, while on the other hand, it profits from the sale of Russian energy resources as an intermediary. This situation has significant positive geoeconomic implications for Turkey, which can leverage its role in European energy supply for bargaining power against both Europe and Russia.

Another point is that, considering the grain agreements between Turkey, Russia, Ukraine, and some African countries, a portion of Africa's food security is now in Turkey's hands. Given that these food products are transiting through the Bosphorus and Dardanelles straits, this situation places Turkey in a strong position regarding political developments in Africa, leading to an increase in Turkey's geoeconomic and geopolitical influence on the continent.

4-2 The Increasing Importance of the Middle Corridor Due to the War in Ukraine:

The war in Ukraine has heightened the significance of the Middle Corridor for China. With increasing pressure on Russia, the importance of the Northern Corridor may diminish; however, a larger volume of transit will be conducted through the Central Corridor. Security discussions are also emphasized here, as this is a security issue that enhances the importance of the Central Corridor. Following the introduction of the Belt and Road Initiative, anti-terrorism cooperation between China and Turkey has been strengthened, and China has increased its support for Turkey in combating terrorist groups (Chen, 2019: 8). One of the reasons that adds to the importance of the Middle Corridor is the fact that the New Silk Road passes through Turkish territory, connecting the economies and security of Turkey and China. It is worth noting that the intertwining of China's economy with Turkey's economy due to the New Silk Road and China's exports to Turkey has led to an intertwining of security between China and Turkey alongside economic interdependence. Anything that threatens Turkey's security could also impact China's exports, and it can be said that if the PKK conducts terrorist operations along the New Silk Road, it would become an enemy of China.

Turkey is also seeking to enhance the attractiveness of the Middle Corridor, which connects China to Central Asia through Georgia, Azerbaijan, and the Caspian Sea, and in light of the war in Russia, it is increasing investment in the region. Central Asian countries, due to Russian sanctions, are interested in diversifying their relations, which has led to increased interaction with Turkey. Turkey has utilized the Ukraine war as a tool for regional convergence, thereby increasing the importance of the Central Corridor. With the escalation of the war and increased pressure on Russia, the significance of the Northern Corridor may also rise further, and China may show greater willingness to utilize the Middle Corridor.

The security issue will be on the agenda for China and Turkey following the introduction of the Belt and Road Initiative, as anti-terrorism cooperation between China and Turkey has increased, and China has bolstered its support for Turkey in the fight against terrorist groups. On the other hand, Turkey has moderated its positions in this regard. It can be added that if the PKK conducts terrorist operations along the New Silk Road, it will be considered a common threat to both China and Russia, and with the increasing importance of the Middle Corridor, Turkey's geoeconomic position and influence in Central Asia will also be strengthened.

Given the sharp increase in demand for alternatives to Russian routes, the importance of the Central Corridor and the enhancement of transportation and trade communication benefits have led Kazakhstan, Georgia, and Azerbaijan to implement tax reduction laws in March, while Turkey and Kazakhstan have also enacted laws to reduce taxes (Eldem, 2022: 5). This indicates the strengthening of Turkey's geoeconomic position, as the Middle Corridor and Turkey's role have increased due to Europe's desire to replace the Trans-Siberian railway, aiding Turkey's integration with the Caucasus countries.

4-3 Increasing Turkey's Geoeconomic Influence in the Caucasus:

The Ukraine war has also impacted the South Caucasus region, and the sanctions against Russia have extended to the countries in the South Caucasus that are dependent on it. For example, Armenia conducts 37% of its imports and 28% of its exports with Russia, while Georgia exports 14% of its goods to Russia. Additionally, 9% of Azerbaijan's trade is with Russia, amounting to approximately three billion dollars annually, and Azerbaijan imports most of its agricultural products from Russia. It should be noted that nearly 100% of the wheat needed by Azerbaijan and Armenia was supplied by Russia, and these countries are currently facing shortages. (Caucasus-Asia Center, 2022)

Some analysts believe that Putin is facing a geopolitical defeat in the South Caucasus due to the Ukraine war, and Armenia is considering replacing its long-time partner, Russia, with other partners. (Gramer, 2022) Pashinyan has recently stated that dependence on a single partner for security issues is a strategic mistake. If Pashinyan adopts a dialogue policy with the West, there is a high likelihood that discussions with Turkey will take place, and dialogue with Turkey will be a key element for Armenia's success in approaching the West. (Strachota, 2023)

Given the diminishing security presence of Russia in the Caucasus, it should be noted that with Armenia being left alone, a peace agreement between Turkey, Azerbaijan, and Armenia may eventually be established. This could lead to some of Turkey's geoeconomic projects being pursued through Armenia. For instance, Turkey intended to transport part of Azerbaijan's energy through Armenian territory due to the insecurity in Georgia and Georgia's proximity to Russia. The Ukraine war will enhance Turkey's position in the South Caucasus region,

effectively causing Armenia to lose one of its allies. With the reduction of one of the regional powers in the Caucasus, Turkey's geopolitical and geoeconomic standing will grow.

Given the diminishing security presence of Russia in the Caucasus, it should be noted that with Armenia being left alone, a peace agreement may ultimately be established between Turkey, Azerbaijan, and Armenia. This could lead to some of Turkey's geoeconomic projects being pursued through Armenia. For example, Turkey intended to transport part of Azerbaijan's energy through Armenian territory due to the insecurity of transporting it through Georgia and Georgia's proximity to Russia. The Ukraine war has increased Turkey's standing in the South Caucasus region, and Armenia has effectively lost one of its allies. With the reduction of one of the regional powers in the Caucasus, Turkey's geopolitical and geoeconomic position will grow.

The Ukraine war has made energy security a short-term priority, and the world is seeking diversification in energy sectors and sources of energy imports. (Guénette and others, 2022: 19) Given the Western sanctions against Russia and the West's efforts to diversify its energy portfolio, the world has become increasingly reliant on energy resources from the Mediterranean, North Africa, the Caspian Sea, and Azerbaijan. This situation enhances Turkey's geoeconomic influence in the Caucasus region. The West, the European Union, and the United States are in need of Azerbaijan's energy resources to replace Russian energy supplies, and the route through Georgia is effectively blocked due to its proximity to Russia. Thus, Turkey remains the only viable route for transporting energy resources from Azerbaijan and Central Asia to the European Union.

The European Union, the West, and the United States support the increase of Turkey's geopolitical and geoeconomic influence in the Caucasus and Azerbaijan. Additionally, with Armenia distancing itself from Russia and the possibility of closer ties with the West, there is also a chance that Turkey's geoeconomic influence in Armenia may expand.

Conclusion:

The war in Ukraine has caused significant damage to Turkey, leading to an increase in energy prices. Additionally, the war has resulted in a rise in food prices within Turkey and has complicated the import of agricultural products and food items. Furthermore, the conflict has prompted some refugees from Russia and Ukraine to flee to Turkey.

However, it should be noted that Turkey has attempted to turn all these challenges and threats into opportunities. For example, Turkey has made the most of the sanctions against Russia and has acted as an intermediary for the sale of Russian oil and energy to the European Union, securing its economic resources through this channel. Moreover, it has tied part of Russia's security and Europe's energy security to itself.

Another point is that Turkey, by establishing relations with both Ukraine and Russia simultaneously during the war, has sought to function as a food hub and enhance food security for the African continent. This could have significant implications for increasing Turkey's geopolitical and geoeconomic influence in Africa.

It should also be noted that the refugees entering Turkey from Russia are not the same as Syrian refugees; they are essentially the wealthy individuals from both countries. This situation has led to an increase in investment and capital flight from Russia and Ukraine towards Turkey. Additionally, Turkey has taken advantage of the opportunities arising from the Ukraine war to attract foreign investment and facilitate the relocation of foreign companies from Russia to its own territory.

Furthermore, the Ukraine war has significantly enhanced the geoeconomic importance of the Black Sea as a source of global food and energy supply. Turkey has also sought to leverage the shadow of the war to strengthen its geoeconomic and geopolitical position in the Black Sea, and it has been successful in this endeavor. Given Russia's involvement in the Ukrainian front, Turkey has been able to bolster its geoeconomic role in the Black Sea, a position it would not have been able to achieve to this extent under normal circumstances. The Ukraine war has created this opportunity for Turkey.

Another aspect is that Turkey has utilized the Ukraine war to enhance its geopolitical and geoeconomic position in the Caucasus region. Considering that Russia has been preoccupied with the Ukrainian front and has historically acted as a geoeconomic and geopolitical rival in the Caucasus, it is now absent from the equations in

that region. Turkey has seized the opportunity presented by the Ukraine war to improve its geoeconomic status in the Caucasus.

It is important to highlight that the example of the Ukraine war and Turkey's interactions during this conflict is a clear instance of turning a threat into an opportunity, which can serve as a significant case study in relation to political economy and the economics of wars.

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