

Shooting Down Trade: the impact of Russian sanctions on Turkish exports and exporters

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Abstract:

On 24 November 2015, Turkish military shot down a Russian fighter jet near the Syrian-Turkey border as it violated Turkish airspace for about 16 seconds. Russia retaliated by imposing an embargo on 17 agricultural HS-6 level products from Turkey. This paper evaluates the impact of these sanctions on Turkish exports and firms. Using restrictive customs and firm-level data, we estimate the effect of these sanctions on the exports towards Russia, for embargoed and non-embargoed products. We estimate a total trade loss of USD 5.8bn for Turkish exports, 84% of which stemming from non-embargoed products. Moreover, the adverse effects of sanctions persisted for some products even after these sanctions were lifted. Our firm-level analysis shows that firms trading with Russia directed part of their exports to other foreign markets and to the Turkish domestic market.

Keywords: Embargo, Sanctions, International Trade

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