

Effects of Russia's Economic Growth on Turkey's Tourism Sector

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Abstract

The aim of this study is to analyse whether there is a relation between economic growth in Russia and Turkey's tourism sector or not. Data (GDP in Russia and Russian tourists who prefer Turkey as tourist destination) cover the period 2001-2011. According to results of regression analysis, there is no effect of GDP increase in Russia on number of Russian tourists visiting Turkey. It can be said that most of the Russian tourists visiting Turkey have medium income level. They prefer Turkey due to cheap holiday opportunity (everything inclusive system), closer to Russia and qualitative service. Russian tourists having high income level travel to Far East Countries for holiday.

1 Introduction

Start of travelling backs to old ages. Human being moved one place to another one due to reasons such as war, migration, trade, etc. Travel started with learning willing of unknown things. For example, in the 19th Century, European Aristocrats having high income organised travel activities towards Greece, Antique Egypt and Italy (Kızılırmak & Kurtuldu, 2005).

Especially after Second World, tourism activities have extended in Europe. For example, Europeans had visited Mediterranean countries in terms of account cultural values, natural beauties, climate, etc. in second half of 1940s. As parallel to increase opportunity of travelling by plane in 1970s, intercontinental tourism activities started. Today tourism became a sector contributing many countries economy at important level (Öztürk & Yazıcıoğlu, 2002).

Tourism leads to reduce unemployment due to being a labour-intensive sector, increase foreign Exchange earnings, contribute to balance of payments in positive way, and create new tax areas for governments. In addition, it has significant impacts in the development of many sectors such as construction and food. Adding positive value to economy of the region and country has increased the importance of tourism sector.

Turkey had more than 29.343 million international visitors in 2011, making it the 6th top destination in the world. May 2013 data from the Ministry of Tourism (General directorate of investment and enterprises, Department of research and evaluation) show a substantial increase for the whole year to reach 35.7 million in 2012 (Lanquar, 2013).

Although Russia takes second place in number of international visitors travelling to Turkey, number of studies focusing effects of economic growth in Russia on Turkey's tourism sector is very limited in the literature. Therefore this study has an importance in order to know the level of relation between GDP in Russia and number of Russian visitors travelling to Turkey.

2 Economic Development of Russian Federation

Rapid development in the key economic indicators was achieved by Russia as a result of reforms such as restructuring and openness in the last period of Union of Soviet Socialist Republics (USSR) and also liberalization and openness of the country in the period of Russian Federation Russia (Duman & Samadov, 2003).

After collapse of SSCB, in risk environment Russian economy had face to face economic collapse. In 1992, Russian Federation made important economic reforms in order to move from centrally planned economic system to market economy. Some of them are as follows (Duman & Samadov, 2003):

- Left prices free
- Partial abolishment of trade constrains and supports
- Achievement of financial balance
- Open economy
- Privatisation and abolishment of state economic organisations

Between 1992 and 1996, privatisation of small and medium sized state organisations was achieved. In the first stage of the privatisation process, in the period 1992-1995, SMEs in the sectors of industry, service and agriculture were sold to private entrepreneurs, but in second stage (in 1996) big enterprises under control of the state were sold to banks in order to pay credits gotten by government to reduce budget deficit. In the third stage (in 1997), enterprises under control of the state were privatised after some pre working states. Generally it can be

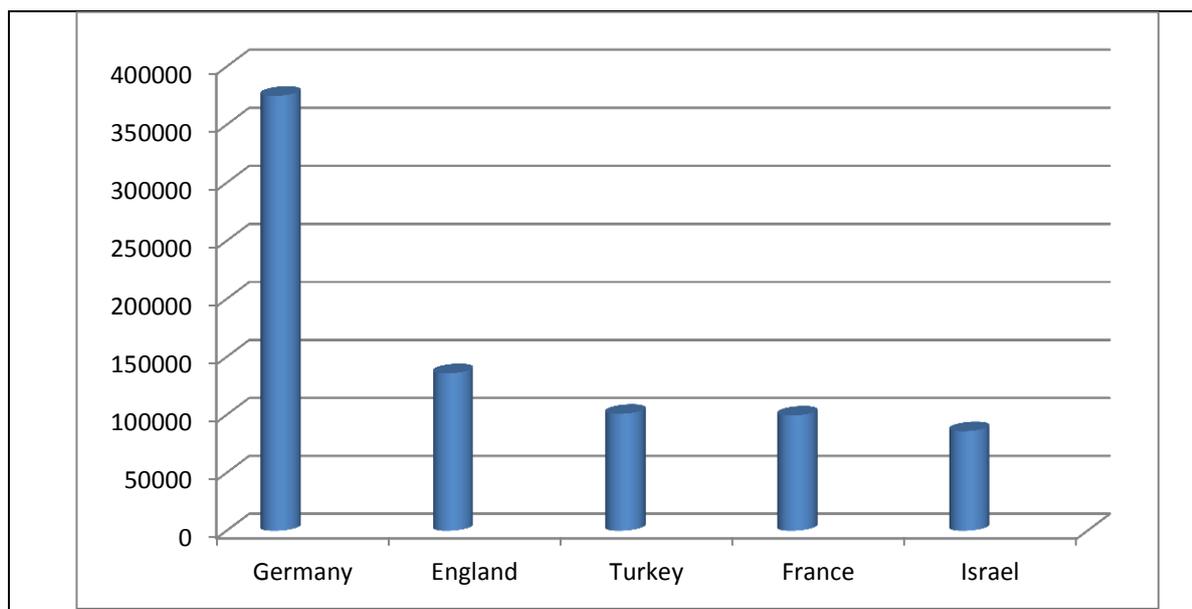
said that most of the enterprises in the sectors of construction, agriculture, food industry, etc were privatised (Duman & Samadov, 2003).

According to results of the year 2012, Russia had the highest economic growth ratio with 3.4% within the Group of Eight. In the reports of comparative economic performance with foreign countries published by Russian State Statistical Organisation, Russia is the leader point of view increase in consumer price with 6.6%. Within the Group of Eight, except for Russia, USA and Japan achieved the highest economic growth with 2.2% and 1.9%, respectively. In 2011, the highest unemployment ratios were 11.2% in Italy and 10.6% in France. The figures were 7.8% in England and USA, 7.1% in Canada, 5.3% in Germany, and 4.2% in Japan (Rusya'nın sesi radyosu, 2013a).

3 Russia-Turkey Tourism Sector

Tourism has an important role in economic relations between Turkey and Russia. After the crisis of 1998 the number of Russian tourists visiting Turkey has experienced a significant decline. However, the number of Russian tourists visiting Turkey has started to rise again as parallel to start of the recovery in the Russian economy and overcoming effects of the economic crisis (Dış Ekonomik İlişkiler Kurulu, 2005). According to data of the Russian Federal Tourism Agency (Rosturizm), 47.813 million Russian citizens went abroad in 2012 and the number of those who went abroad for touristic purposes was 15.332 million (Turizm Güncel, 2013). Turkey is the most preferred country by citizens of Russia. Tourist flow from Russia to Turkey is increasing year by year. It is a fact that 2008 global crisis had very little effect on Turkey's tourism sector. Even there was an increase in the number of tourist arrivals from Lebanon, Kazakhstan and Russia to Turkey. Especially Russian tourists prefer Antalya and Belek resorts located on the Mediterranean coast of Turkey (Hürriyet Daily News, 2012). Therefore, Rosturizm decided to open first abroad agency in Turkey in 2014. About 3.6 million Russian visitors went to Turkey in 2012. This means 3.8% increase compared to 2011 (Rusya'nın sesi radyosu, 2013b). Russian government has made substantial investments in introducing Russian tourist products in Turkey. The competent authority in the implementation of these investments was determined as Rosturizm. Advantages of the tourism activity in Russia are introduced Turkish people through brochures and advertising films. The purpose of this activity is to provide Turkish tourists visit Russia more intensive manner. Today tourism potential of Russia consist of 12 thousand hotels, 477 historical settlement units, more than 144 thousand historical and cultural monuments, 108 unit park-museums and 142 national parks. Number of active mountain sports centers is 150 (Rusya'nın sesi radyosu, 2013b). Turkey, Egypt, and China are three top tourism destinations in Turkey. In 2012 the biggest jump in the number of Russian tourist and Russian tourism market was experienced by Tunisia. Other countries attracting tourists from Russia are Germany, Greece, Italy, Finland, Thailand and Spain (Turizm Güncel, 2013).

The number of tourists visiting Russia in 2012 was 2.570 million with 10% increase. The most tourists come from Germany. The number of tourists visiting Russia from the top five countries were 375 thousand from Germany, 136 thousand from England, 101 thousand from Turkey, 100 thousand from France and 86 thousand from Israel in 2012 (Graph 1) (Rusya'nın sesi radyosu, 2013c).



Graph 1: Ratios of First Five Countries Sending Tourists to Russia in 2012

4 Analysis of Effect of Economic Growth in Russia on Turkey's Tourism Sector

The study analyses whether GDP increase in Russia has increased number of Russian tourists visiting Turkey. Due to finding data (GDP in Russia and number of Russian tourists visiting Turkey) easily and more, the year 2001-2011 was determined analysis period. In regression analysis, number of Russian tourists visiting Turkey was used dependent variable, GDP in Russia as independent variable. Results of regression analysis were given in Table 1.

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	449943.2	132603.7	3.393142	0.0080
GDP	1.65E-06	1.18E-07	13.99888	0.0000
R-squared	0.956091			
F-statistic	195.9687			
Prob (F-statistic)	0.000000			

Table 1: Results of Regression Analysis

R-squared is 95%. F statistics was found as 0,00000. Parameters of C constant and GDP in Russia were statistically significant (0,05 significant level). Prob. values of C constant and GDP in Russia were 0,0080 and 0,0000, respectively.

According to regression analysis, there is no effect of GDP increase in Russia on number of Russian tourists visiting Turkey because GDP value is 1.65E-06. This result shows that one unit increase in GDP of Russia leads to zero unit increase in the number of Russian tourists visiting Turkey. This result is expected because most of the Russian tourists visiting Turkey have medium income level. They prefer Turkey due to cheap holiday opportunity (everything inclusive system), closer to Russia and qualitative service. Russian tourists having high income level travel to Far East Countries for holiday.

5 Conclusion

Tourism is all the works done to attract people in order to rest, fun, know each other and a country. Tourism helps people realise beauties in both other countries and outside the region they live in their own countries. Tourists contribute to local people's budget financially as a result of seeing different cultural values, natural beauties, and authentic places. For this reason, Turkey as all countries give importance to tourism sector point of view foreign exchange.

Many people from different countries come to Turkey as tourist every year. Russian Federation is one of the countries sending more tourists to Turkey. Today, tourism is one of the most important economic sectors in the context of Russia-Turkey relations. Contribution of Turkish tourism firms activating in Moscow is very important in this development.

Exchange rate adjustment after financial crisis in Russia in 1998 decreased income level of Russian people. Therefore number of Russian tourist travelling to Turkey decreased at important level. As starting 2005, negative effects of 1998 financial crisis in Russia decreased. This resulted in increase in number of Russian tourists travelling to Turkey again.

As a result of exchange regulation after financial crises in 2001, cost of holiday in Turkey decreased and Turkey became a cheap/suitable holiday country for Russian tourists. Therefore, in 2005 Russian Federation followed Germany point of view number of tourists visiting Turkey.

According to results of regression analyses, economic growth achieved in Russian Federation in the period 2001-2011 has no effect on number of Russian tourists visiting to Turkey. That is number of tourists coming from Russia to Turkey was not affected by one unit increase in GDP of Russia. Number of tourists coming from Russia to Turkey could be increased if following recommendations were taken into practice:

- Collective tour packages should be organised towards different regions in the world.
- Cooperation among firms engaged in tourism sectors in both countries should be developed.
- Cost of holiday in Turkey should be decreased in order to attract Russian tourists or vice versa.
- Tourism enterprises should be supported via tax reduction to present more qualitative service.
- Tourism Year Activities should be organised effectively in Russia and Turkey.
- Tourism centres in Turkey should be introduced in Russia via advertisement on TV channels, newspaper, internet, social media, fair, etc.

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