

Financial Risk Assessment in the Insurance Sector and Its Role in Developing International Economic and Financial Relations between Turkey and Russia: A Comparative Study

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In these days, the greatest need to build constructive relationships between nations is assessed by international and territorial interdependence. Also, the concern is what took place with Russia and Turkey. The two states face identical binary challenges, to a great extent, and the common tasks of the two states on the global stage are caused not only by geography (these are the only countries now in the European and Asian continents at the same time), but the resemblance between the problems of multiple civilised and cultural development of the two states are also affected. This has aided in forming both multi-ethnic and multi-religious societies. Global and regional interdependence among states, which was more rapid and complex in the area of competition, brings about a lot of benefits. This reflects the hard work of structure strategic economic and investment relations that achieve economic integration between two (or more) countries, enhance their economic standing and benefit from economic development experiences in order to strengthen the links of trade and economic relations and common interests. Similar elements come together between the only two countries on the European continent and Asia at the same time. Besides, these two countries have got problems of cultural and cultural development in common. Hence, Russia and Turkey have to develop good relations to get whatever they can in order to adopt international economic partnerships to strengthen the status of the two countries in conformity with international standards and conventions.

Key words: *Financial risk, insurance, tourism, economic.*

Introduction

Russia and Turkey have already enjoyed deep-rooted trade and economic relationships that date back more than five centuries. In 1492, Ottoman Sultan Bayezid II saved a letter from Ivan the Third, Emperor of the Great and Ruler of Russia, on maritime trade issues between the two sides and opened the permanent embassy of the Russian Empire in Constantinople in 1701. (Cetin, t., & Oguz, 2007). Starting from the beginning of the eighties of the last century, Turkey has begun an aspiring economic system building that is based on modern liberal development and has adopted a policy that makes it embraces both the modern technology of the west and the Islamic-world fondly looking at it as an Islamic leader. Today, Turkey is regarded as one of the significant powers in the region and it is one of the most progressing countries in the Islamic universe, in addition to its position within the European Union. For these reasons, Turkey is now regarded as a pioneering economic hub in the European market, making a two-way jump on the social and economic tracks. To a greater degree, Turkey achieved such results thanks to market reforms and an export-oriented development model. Positive GDP growth rates, a qualitative change in the sectoral structure of the economy, as well as the all-round development and exception of taxes for some of its exports, have achieved this growth in trading power. Moreover, an excellent role is played by the geographic location of the country in Turkey (Stern, J., Pirani, S., & Yafimava, K, 2015).

The way for Russia was paved by breakdown of the USSR to choose the path of radical market reforms that were aiming to gradually transition the economic model from socialism to the open market, or to capitalism. However, an economic catastrophe leads an unexpected change of the model, the deterioration of many macroeconomic signals of the country from 1990 till 2007. Only in 2008, restoring the previous volume of GDP was managed by Russia; however, in the building of the economy, despite its growth, the share of extractive industry, wholesale and retail trade and real estate operations are high, and the proportion of high-tech and knowledge-intensive industries is still small (3. Aktürk, Ş., Alaranta, T., & Bechev, D. (2016).

In today's world, building only a constructive relation between states became most acutely necessary for global and territorial interdependence. Russia and Turkey are not only an exception, but they are the best to structure and take advantage of such an unstable condition in the world human beings live. Geography (these are the only two countries that are on the European and Asian continents at the same time) not only causes common challenges and common tasks of two states on the world arena, but they are also caused by the resemblance of the problems of civilisational and cultural development of the two states, which consist of multiethnic and multi-religious societies in both states (Erzan, R., Kuzubaş, U., & Yıldız, N. 2004). The presence of the huge transit potential of Russia and Turkey is determined by the

exceptional geographical spot of two countries, which is under the condition of consistent interaction and returns great benefits to both parties (Unver, H. A. 2016).

Modern Juncture of Events

After the global financial crisis of 2008–2009, foreign economic relations between Russia did not regain their usual embarking on the path of gradual recovery until 2013. However, it was not possible to fully achieve the pre-crisis signals, mainly due to the slowdown of the global economy (Kutlay, M. 2015).

The dynamics of binary economic relations between the two countries, particularly after November 24, 2015, is affected by the outbreak of the political crisis and the date of Russian Su-24M bomber crash in Syria. In accordance with the presidential decree of November 28, 2015, from January 1, 2016, a temporary ban was placed on the import of certain types of Turkish goods (items, including fruits, vegetables, flowers), the employment of Turkish citizens, and the implementation by companies from Turkey's individual works and services, primarily in the construction, tourism and hotel business (Öniş, Z., & Yılmaz, Ş. 2016).

The degree of interpenetration between the two powers has explained the prosperity of the economic interrelationship between the Russian federation and Turkey. However, the relationship still does not amount to the level of "strategic association". The critical dissimilarity between the two countries lies in the varying points of view for each state regarding geopolitical alliances and interests; this variation was during the Syrian crisis. On the one hand, it is also the concern of Turkey's excessive involvement in Syria. In the Syrian context, regime change is sought by Turkey in order to overthrow President Bashar Assad, when a violent war against the opponents of his system of government was being waged. On the other hand, the Syrian authorities and the principle of the state sovereignty of Syria are supported by Russia. The situation, more sophisticated for both Turkey and Russia, has developed with the emanation of the self-proclaimed ISIS. Further, a new dimension has been added to the already existing stresses between the two-sided relations by the variation in the approaches of Moscow and Ankara to radical Islamist groups and separatism. Russia very critically estimated the smooth attitude of Turkey to the ISIL. Moscow also made critical remarks about Ankara's policy on the Kurdish issue after the end of the safety process and the resumption of equipping with a weapons struggle.

Turkish-Russian relations are still troubled with some problems in attachment with the military conflicts in the Caucasus. For example, in the situation of the Nagorno-Karabakh conflict, Turkey and Russia federation were on contrary sides, with Azerbaijan supported by Turkey and Russia's policy aimed at Armenia. The role of Turkey's mediator in different conflict situations is becoming increasingly significant for intensification its situation as a key

local force. However, this position is also located to complex territorial dynamics. Given the significant impact of Russia on Armenia, definitive for a proper permeation in the Nagorno-Karabakh conflict, has seen at least tacit approval from Russia, which at the current time seems far away.

In this regard, the Russian federation strategy will remarkably rely on total condition of US-Russian relations. It is possible to boldly assert that half and half strong geopolitical partnership endeavoured to resolving main continuous strifes in the zone, which has not yet been led by going deeply into economic cooperation between Turkey and Russia. Moreover, Turkey will experience impediment in deals to settle such conflicts in the Caucasus and its very old struggle with Armenia if it acts on its own and sees Russia on a bilateral basis, rather than acting together with the EU, as an elect country and a possibility member of the USA and European Union.

Overall, it is destructive that geopolitical contests and conflicts exist, while the depth of double ties and the degree of economic interdependence have not seriously been troubled by stresses that has developed over the past two decades.

At the present time, the commodity structure of Russian exports to Turkey is dominated by oil, oil products, natural gas, coal, several metals and products from them, which account for more than 70% of all exports. At the same time, Russia imports textile products from Turkey (about 20%), food (about 22%), machinery, equipment (23%) and household appliances. However, after the introduction in November 2015 of a temporary limitation on the import of Turkish products, which impacted mainly agricultural products, according to preliminary estimates, 15% of Turkish exports to Russia were influenced by sectors. It can be declared that the very sensitive sectors of Turkish exports were affected by the restrictive measures in trade, but it can't be forgotten that in terms of value, minimal damage was inflicted.

Bilateral Economic Relations

Joint factors existed that can be invested to achieve cross-border economic cooperation and international entrepreneurship. New shifts in consumer retailing existed. Russia is a prospective market for small and large Turkish firms to enter, control large market shares, give chances for companies to be considered and give prospective opportunities for commodities and technology Customer (Al-Taie, Flayyih & Talab, 2017).

The three main aspects of bilateral economic relations are dealings, exploitation, and tourism. The magnitude of trade between Turkey and the Russia federation has augmented from \$4.5 billion in 2000 to \$33.4 billion in 2012. However, the magnificent increase in trade relations is one-sided, since Turkey's trade deficiency in latest decade has increased. According to the

data in 2012, Turkey's trade deficit with Russia increased to more than \$ 20 billion (Kutlay, 2015).

The second proportion of getting a larger interdependence between Russia and Turkey is the fund channel. Over the past few decenniums, foundation companies in Turkey have meaningfully financed the Russian market. The total volume of establishing projects proceeded by Turkish firms from 1972 to 2012 increased to more than 39 billion dollars, most of which were performed over the past decennium. In this context, it should be perceived as the growing participation of private actors in the bilateral relationship. Despite the fact that foreign direct investment occupies a somewhat low share in bilateral economic relations, the latest trend signals that Turkish companies have begun to largely invest in Russian markets.

Mounting economic and human interaction has also caused several Turkish banks to open new branches in Russia. It can be debated that the most important prospect of interdependence between the countries is an institutionalisation of bilateral economic relations. A turning point in relations between Russia and Turkey in periods of economic connection, since the Common Economic Commission shaped one of pillars of this new institutional structure, started with the creation of the High-Level Cooperation Council in May 2010. Both countries are also concentrating on the development of industrial cooperation in the power, metals and automotive industries, and also in the financial and innovation sections (Winrow, 2017).

In April 2011, visa-free trips for 30 days between Russia and Turkey had become active - a historic milestone, promoting interaction at the level of society, as well as inclusion and shared trust. Because of the high instance of the Russian guests, Turkey extended the visa-free travel term to 60 days in May 2012. Gradation of tourism, labour mobility and inter-marital relations were in accordance with the present figure of about 300 thousand people, reflecting the resurgent human interaction between Russia and Turkey in present years. These numbers display economic interdependence and increasingly include significant social and cultural components which have gone beyond by relationships. The deep impression of the relationship denotes that it is been likely to be more persistent (Alhamawndi & Almahmoud, 2020).

The growth of economic interdependence was explained, particularly thanks to support of strong stakeholders, both within the state and beyond. For example, in the context of the Syrian crisis, the main variations between the governments of Endogen and Putin, creating serious political tensions, did not drive to an essential change in Turkish-Russian relations. Establishing a high level of bilateral relations is displayed by the Syrian crisis where they

allow both sides to separate economic problems and geopolitical competition and to avert the unfavourable expansion of definite differences in spheres of dual cooperation.

Anyway, if the differences in Syria are deep, further it would be much more difficult to decrease the unfavourable results in the economic scope. Concern about the need to keep the territorial unity of the Ukraine and maintain the rights and security of the Crimean Tatars were also expressed by Turkey. However, Russia, for crises in the Crimea and subsequent political tumult in the Ukraine, was not so roughly criticised by Turkey. Moreover, the absence of collaboration with the United States and EU regarding sanctions against Russia caused further stresses in Ankara's previously tense relations with its Western confederates.

Table 1: Turkey's trade with Russia, 2009-17 (billions of USD)

	2009	2010	2011	2012	2013	2014	2015	2016	2017
Turnover	22.7	26.2	29.9	33.332	32	31.2	23.9	16.8	22.2
Imports	19.5	21.6	23.95	26.6	25.3	3	20.3	15.1	19.5
Exports	3.2	4.6	6	6.7	7	5.9	3.6	1.7	2.7

(Source: Turkish statistical institute (www.tuik.gov.tr).

In replying to Western sanctions, the import of fruits and vegetables from the EU is banned by President Putin and all food is imported from the United States. Ankara interrogated to the ban by an expansion of the "olive branch" to Russia.

Another central defiance for Turkey in creating a "strategic partnership" is the asymmetric environment of the economic interdependence that has been established between Turkey and Russia over the years. Turkey is now more dependent on Russia, given its strong dependence on imported oil and gas resources.

Table 2: Imports of Russian natural gas (billion cubic meters)

	2009	2010	2011	2012	2013	2014	2015	2016	2017
Turnover	22.7	26.2	29.9	33.332	32	31.2	23.9	16.8	22.2
Imports	19.5	21.6	23.95	26.6	25.3	3	20.3	15.1	19.5
Exports	3.2	4.6	6	6.7	7	5.9	3.6	1.7	2.7

(Source: Turkish statistical institute (www.tuik.gov.tr).

Perhaps, Russia's degree of reliance on Turkey has suffered through time as a consequence of the development and polymorphism of its own special sector, which was not a situation over the early level of the transmission to a market economy. Surely, trade between the two countries is a bilateral process, and important foreign exchange reserves from Turkey, and

many Russian tourists visiting Turkey, create the activities of its building firms. Nonetheless, this structural asymmetry in the economic relations of Turkey with Russia can limit the discussion possibilities with Moscow (Jewell, J., & Ates, S. A. (2015).

Moreover, the field of nuclear energy is another new scope of a joint effort between Turkey and Russia. As part of its new power security strategy, the Turkish government charts to build three nuclear power plants by 2023. When some countries are revising their nuclear power scenarios, political will to complete its plans in the field of atomic energy has been explained by the Turkish government. In July 2010, a script involving two government agreements between Russia and Turkey on building of the first nuclear power plant in Turkey in Akkuyu, was confirmed by the Turkish parliament. Accordingly, a nuclear power plant in Kikuyu will be built and operated by the Russian state atomic energy company Rosatom. Röhn, Gönenç, Koen & Coşar (2014) stated that:

“Turkey’s nuclear power strategy is based on getting better force security, decreasing carbon releasing and gaining the benefits of technology transfer. While a commercially attractive deal is introduced by Russia, some considerable problems still remain. Turkey is located in an earthquake-prone area. In addition to seismic risks, there are also risks of leakage of radioactive waste, problems with radioactive waste and stock, climate risks to maritime life, safety problems keeping a nuclear power plant from terrorist offensives, the risk of accidents and potential reproduction crisis. There is also a serious need for an efficient oversight mechanism competent of following up each step of the procedure. As for relations between Turkey and Russia, this new settlement will have a double influence. On the one hand, Turkish-Russian economic ties will be strengthened and provide more than \$ 20 billion in Russian investments in Turkey, also permit the transfer of some technologies. On the other hand, this will turn Turkey even more dependent on Moscow”.

In current years and in 2016 especially, an important task for Turkey has been put by itself in order to turn from a conveyance country into a regional gas hub. In this regard, the implementation of the "Turkish Stream" plays a very substantial role. In August 2016, investments equally in terms of financing the project in Turkey was agreed to be divided by Russia and Turkey (Winrow, 2011). The project has already been designed by the Russian side for practical implementation: the infrastructure for gas supplies to the Black Sea pipeline is prepared on the territory of Russia, pipes for the marine part have been bought, and the contracts have been completed for the construction of the sea trunk (Jewell & Ates, 2015).

The choice of the Turkish-Greek border as the endpoint of the pipeline is also successful due to the fact that the EU market starts behind this border: thus, Gazprom can create a new exercise of its gas business, namely, exporting gas to the EU borders without its delivery to end-users (Austvik & Rzayeva, 2017). In addition, the Turkish-Greek border is a line of

intersection of a diversity of international projects, including the Turkish Stream, Trans-Anatolian gas pipeline (TANAP) and a number of projects that theoretically provide for the delivery of gas from Iraqi, Iranian and Mediterranean fields (Sirkeci, Cohen & Yazgan, 2012). Turkey attempts to place itself as an alternative gas supply way, for the rising concern about Europe's increasing dependence on Russia. Russia, on the contrary, attempts to strengthen its current place in the European market as a leading provider of energy through diverse ways of Russian gas supplies. (Ozturk & Acaravci, 2013).

The Turkish Stream turns on positive prospects for Turkey: the project can act as a catalyst in the process of improving relations with Russia. In the light of Turkey's interests, the country is not transitioned by this project into a gas trading hub where it is beneficial for Turkey, because the opportunity to fully satisfy its instance for natural gas is allowed by directly importing it from Russia and removing the risks associated with the possible development of any Russian-Hub-State (as the case with the Ukraine) energy crisis. In addition, for the Turkish side, the diversification of imports is one of the top-priority issues on the agenda. When it comes to supply diversification, the first measure that is being asked is the decrease of dependence on Russian gas, which currently provides just over half of total demand. From 160 billion cubic meters, annually exported by Russia to Europe, the portion of gas supplied to Turkey is 27 billion cubic meters per year, which brings Turkey to second place among customers of Gazprom in terms of the dimension of imported raw materials (first place belongs to Germany). In the near future, Turkey's dependence on Russia in the sphere of gas imports can't be reduced, but it can take steps to eliminate the role of the end consumer of Russian gas, replacing it with the role of "intermediate consumer", i.e. creating conditions for exporting Russian gas through Turkey. Moreover, the Turkish side is supplied with certain strategic advantages in relations with the EU by the project, bringing Turkey closer to Russia at a time when relations between Turkey and the West have reached a high level of stress. So, from a geopolitical point of view, this project benefits Turkey to the same extent as Russia (Flayyih, Mohammed & Talab, 2019).

Finally, the third side of the resurgent interdependence between Turkey and Russia is tourism. Dyer argues that tourism development does not occur in isolation; rather it takes place within specific environments, each with its own idiosyncratic features (Dyer et al., 2006). Tourism happens when people travel to someone else's place or attraction to spend a night or more. The most relevant contributions related to the psychological and economic features of tourists are numerous, are distinctly treated by authors of different cultural backgrounds and can be divided into three characteristics: intrapersonal (lack of knowledge and physical and psychological dependency), interpersonal (skill-challenge incongruities and communication), and structural (information and communication, cost and attendant, and attitudinal). This classification clearly eases a more correct planning of the corresponding tourist offering (Gallucci & Marino, 2009; Lurgi, 2009).

Conclusion

The boundaries of the emanation of a truly strong “strategic alliance” between countries with excessively dissonant geopolitical properties are represented by the Turkish-Russian economic co-partnership. This suggests that stable intensification and thickening ties with Russia are very advantageous for both Turkey and Russia. The best way to do that is by carrying it out in a wider European field, confirming the continuing pertinence of the candidacy to EU.

Broader participation is that a new partnership is based on substantial economic interrelationship, participating in stability and building strong partnerships between states; it also includes some fundamental flaws. Given the nature of the asymmetric interdependence that underlies such alliances, the substantial lever of a frail partner is significantly bound in several key issues or areas of policy. In the Turkish-Russian relations, a paradigm shift has taken place from struggle to competition and, finally, to a combination of contention and working together. This transfer becomes clear in the complex relationships network that binds these historical rivals closer and closer. However, political and geostrategic problems of contention remain, besides the asymmetry of interdependence, specifically as a consequence of Turkey’s assail-ability due to its high power dependence.

Despite the general positive dynamics of the cooperation of the last twenty years in the energy sector, there are many uncertainties. By focusing, the trends emerging in the local market where Turkey's energy consumption is kept. Certain analysis needs the constancy of the drifts in the gas market in Turkey. Moreover, the difficulties of the relationship between the EU and Russia is reflected by the issue of transit of Russian gas through Turkey; it requires researchers and scholars to expand on this subject as well as to study the subject if Russia and Turkey can find alternative options and account variables for the reciprocal payments dollar. Ways are being sought to keep away from dollar payments by Russia that are predominant today. Therefore, we must not just keep our finger on the pulse, but expect events, acting proactively for this is science and strategic planning.

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