

## The Destructive Effects of Covid-19 on Tourism, Comparison between Iranian and Turkish Economy

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### Abstract:

The outbreak of Covid-19 and its global pandemic has posed many challenges to the global economy in 2020. As the world economy grew for the tenth year in a row, the outbreak of Covid-19 disease struck the world economy, forcing world governments to provide financial support to help it recover. Covid-19, which was first discovered in China in December 2019 and has since spread around the world, has slowed global economic growth and caused a recession in various countries. The International Monetary Fund estimates that the world economy shrank 4.4 percent in 2020 Comparing to the previous year, a decline which is even 0.1 per cent greater than 2009 recession. With the spread of the Covid-19, job creation around the world stopped or slowed down, and many unnecessary activities occurred in most countries of the world, experiencing a wave of unemployment that the world had not seen since the Great Depression, and still high overall unemployment. In some countries, such as China, the level of Covid-19 disease was initially very high, but with intensive care and quarantine, the situation improved somewhat and the unemployment rate was kept low. In this article, we intend to take a look at the destructive effects of this virus on Iran's important economic infrastructure, including energy, tourism, industry and labor, and to compare these effects with the Turkish economy.

### 1. Introduction

The Covid-19 outbreak has claimed about 4.5 million lives to date, almost all over the globe. Compared to the great epidemics in the history of human civilization, since the "black plague" of medieval Europe and the "Spanish flu" after World War I, the Covid-19 can not be considered one of the deadliest epidemics in terms of human casualties [1]. The economic consequences of this disease, however, are catastrophic and, given the recent formation of the international economy and the close links between national economies, the enormous amount of damage it has caused in almost every country in the world is unprecedented in history, given the recent formation of the international economy and the close links between national economies. The emergence of turmoil both in the supply and demand of goods and services, the destruction of countless links in international trade chains, the entrapment of about half of the world's population in quarantine the failure of a large part of transport networks on the national and international scale and numerous paralyzed businesses [2], all paved the way for the biggest recession of the last 75 years. According to the World Bank, the economies of developed countries will collapse by an average of 7% in 2020 under Covid-19 pressure. The eurozone will record a global downturn with a 9.1% drop in GDP. World Bank experts say this is the first time since 1870 (one hundred and fifty years ago) that global per capita income has fallen so sharply [3]. In April 2019, these experts estimated the number of the absolute poor resulting from the economic consequences of Covid-19 disease at 16 million. The global economy could see a relative leap in 2021, given the multibillion-dollar bill set by the world's advanced nations to combat the Covid-19 recession. Generally, GDP growth could increase to 4.2%. Developing countries will enjoy a growth rate of 4.6 percent, and in China the same index can return to pre-crisis levels of about 7%. It goes without saying that the global economy's exit from the Covid-19 crisis depends on a number of factors, the future of which is still in a state of ambiguity. In fact, the future of this crisis depends on: whether or not the disease is controlled in the areas that are currently affected, return or non-return of the virus to areas that have been successful so far; Success in global vaccination in the shortest possible time and the level of international cooperation, both in the field of health and in the field of economics. In the following, the effects of Covid-19 on Iran's economic spheres will be comprehensively studied and compared with Turkey.

### 2. The Impact of Covid-19 on Various Economic Fields

In turkey Many sectors of industry tourism, international commerce, manufacturing, services, etc. have been heavily influenced by the Covid-19 outbreak. Unlike other economic sectors, food industry has been apparently remaind impervious to the pandemic. The data collected from the stocks of cereals and other agricultural products showed that the demand for these products has had an upward trend during the pandemic. Some economic sectors experienced relatively more damage from the pandemic; insurance and banking, machinery and sports, and metal products are examples of this adverse effect. The Covid-19 outbreak seems to have had the smallest effect on food-beverage and real estate industry. This data shows that different economic sectors have been influenced by the pandemic in various ways. Despite the fact that Turkey is one of the latest Covid-19 infected countries, almost seventy-thousand people have been infected as of April 15th, 2020, making Turkey one of the highest rating countries in terms of confirmed Covid-19 cases (World Health Organization, WHO). Studies show that different industries are effected by the pandemic at different levels. Since the global economies are intertwined together in close relations, the Turkish economy is not solely influenced by the number of confirmed cases inside its borders, but it is also affected by the global pandemic especially that in the contries with whom Turkey has economic relations.

The number of Covid-19 cases within Turkish borders seem to have had more impact on the national economy compared to the number of cases in Europe. The Turkish stock market is also under the influence of Covid-19 cases in the world. Unexpectedly, the number of Covid-19 cases in the world has a positive effect on the Turkish market, but the magnitude is very limited (0.009).

BIST Industrials, BIST Services and BIST Financial are the most negatively affected indexes in the Turkish stock market [4]. Industrial and service sectors are the economic sectors that follow the financial sector in terms of the negative influence they have experienced. The Covid-19 outbreak has had a significantly positive impact only on Leasing and Factoring sector. Other economic sectors have been also positively affected by the outbreak; information technology and wood nand printing sectors are such industries. The significance of this effect is rather small however. Generally, the Turkish stock market indices are influenced by the number of global Covid-19 cases though this impact is relatively small.

In Iran the spread of Covid-19 has also had and will have a great impact on the domestic economy. On the supply side, the economy is facing declining pressure. With the disruption of international trade and even domestic transportation, the value chain of a wide range of products is disrupted and the production capacity of units is reduced due to lack of access to inputs. The economic effects of the virus on businesses and economic activities in the country can be clearly seen. One of the main issues of any country's economy is employment and unemployment, so that the increase in employment and the decrease in unemployment as one of the developmental traits. Unemployment rate is one of the indicators that is used to assess the economic conditions of the country. The study of employment in the major sectors of economic activity shows that the services sector with 49.7% has the highest share of employment. In the next steps, the industry sector accounts for 31.8% and agriculture for 18.6%.

### 2.1 The Impact on the Energy Sector

Covid-19 and its global epidemic have also affected the upstream and downstream sectors of the oil and gas industry. In this regard, the leading industrial and major consumer countries of the downstream oil and gas industries have closed and shut down and enacted strict laws for quarantine. Thus, the decline in demand for downstream materials in the oil and gas industry led to a decline in worldwide oil demand. Meanwhile, the price war between Saudi Arabia and Russia doubled the negative consequences of the Covid-19 outbreak on the oil market, dropping oil prices to around 25\$ a barrel. The sudden fall in oil prices, however, had a very negative impact on the market of petrochemical products, because the prices of most petrochemical products are affected by oil prices in a certain pattern. In other words, if the price of oil decreases, the price of the Iran's petrochemical products will also decrease. Fig 1, shows the trend of changes in oil prices of Texas Intermediate with two petrochemical products, methanol and propylene.

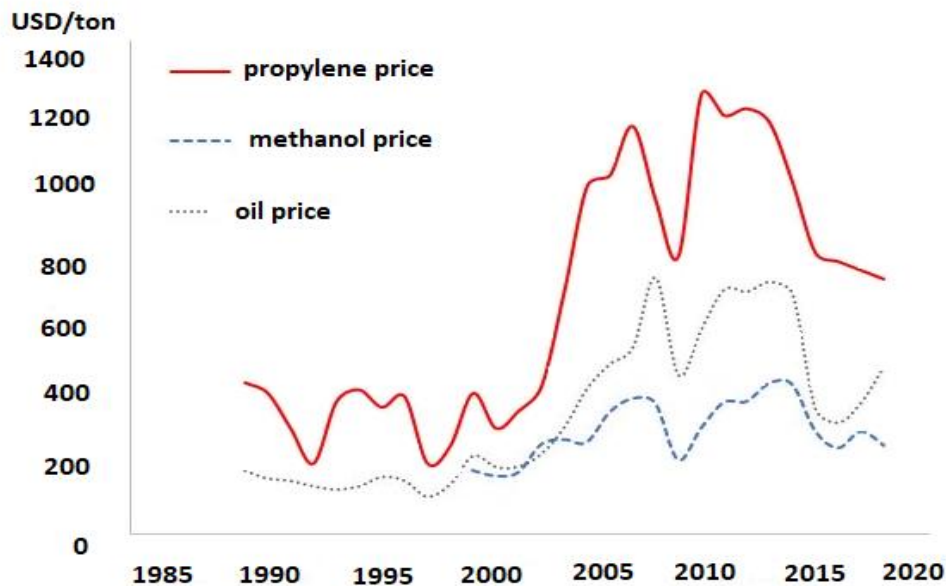


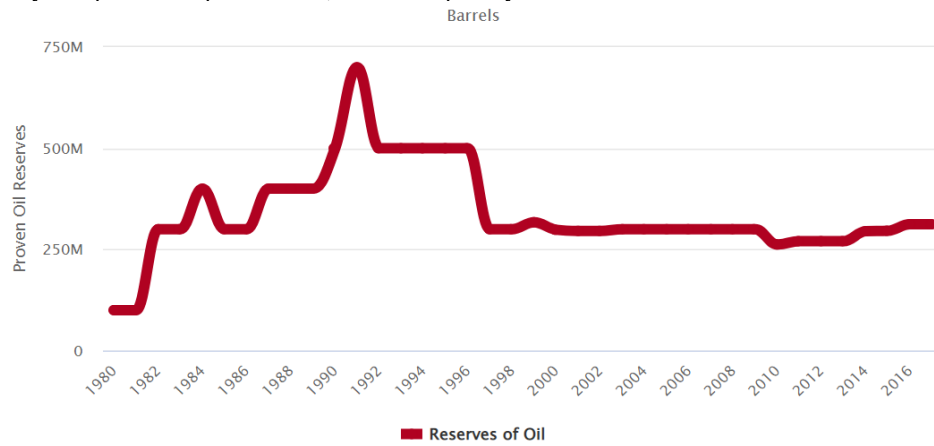
Figure 1. The changes in the prices oil, methanol and propylene in the last thirty years.

As a result of falling oil prices due to the outbreak of the virus, the Iranian government's little hope of success through crude oil sales will be dashed. Because at present, oil is not exported significantly by Iran, and its price reduction could have a significant impact on the Iranian economy [5]. However, the prevalence of the Covid-19 and the fall in oil prices have also affected the market for the sale of the Iran's petroleum products. The most significant impact can be seen in the export of gasoline. Government revenues from gasoline exports can be examined in two ways: export volume and the price of gasoline exported. On the other hand, due to the decrease in public traffic, the average daily consumption of gasoline in the first 15 days of April, 2020 has reached 44 million liters, and compared to the same period last year, the amount of gasoline consumption has decreased by 50 million liters per day.

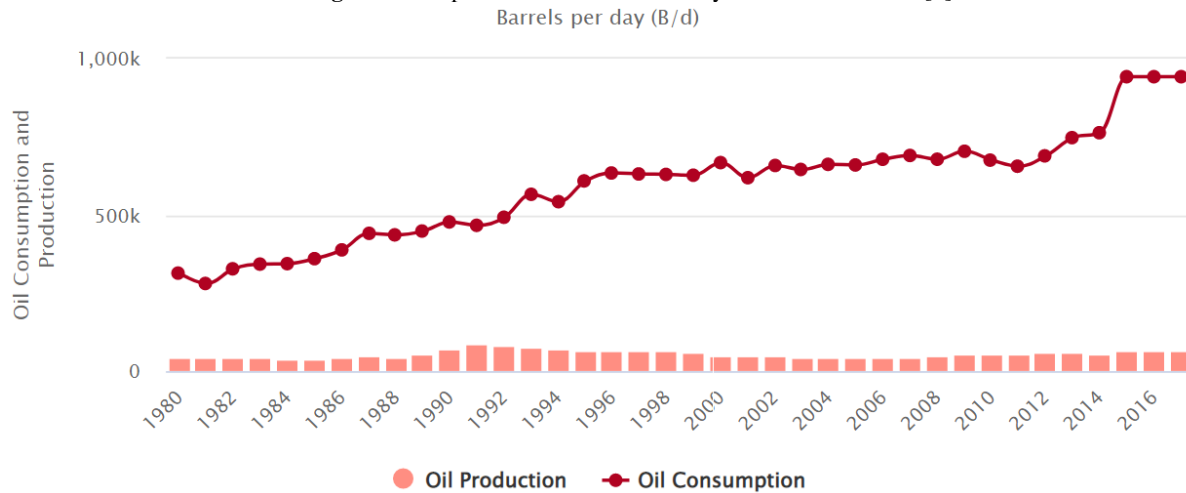
Although the outbreak of the Covid-19 will add to the Iran's gasoline export capacity, it should be noted that the price of gasoline has reached its lowest level in 20 years. Turkey is growing in importance in the energy markets, as it is a growing consumer. In addition to being a regional energy transit core, with its scarce energy reserves and its growing economic development, Turkey supplies almost all of its domestic oil and gas demand through imports.

Given that Turkey is located in a strategic region at the intersection of oil-rich countries around the Caspian Sea and oil-rich countries in the Persian Gulf with European demand centers as the world's second largest natural gas market, if strategic policies are implemented correctly.

According to the U.S Energy Information Administration and as presented in Fig 2 the total proven oil reserves of Turkey as of January 1, 2016 are estimated at 312 million barrels [6], mainly located in the southeast of the country. As demonstrated in Fig 3, Turkey's oil production peaked at 85,000 barrels per day in 1991.



**Figure 2.** The proven oil reserves of Turkey from 1980 till 2016 [7].



**Figure 3.** Turkey oil consumption and production (barrels per day) from 1980 till 2016 [7].

In addition to crude oil imports, Turkey is a pure importer of petroleum products, importing more than 860,000 barrels per day of petroleum products [6]. The 65% of these imports are related to diesel fuel and the rest to jet fuel and liquefied petroleum gas (LPG).

Turkey is one of the busiest chokepoints in the world, through which 2.9 million barrels of oil flowed daily in 2013 [8]. This rate has been affected by the Covid-19 epidemic from 2019 to the present and the periodic lockdowns applied in different countries.

### 2.2 Impact on the Field of Tourism

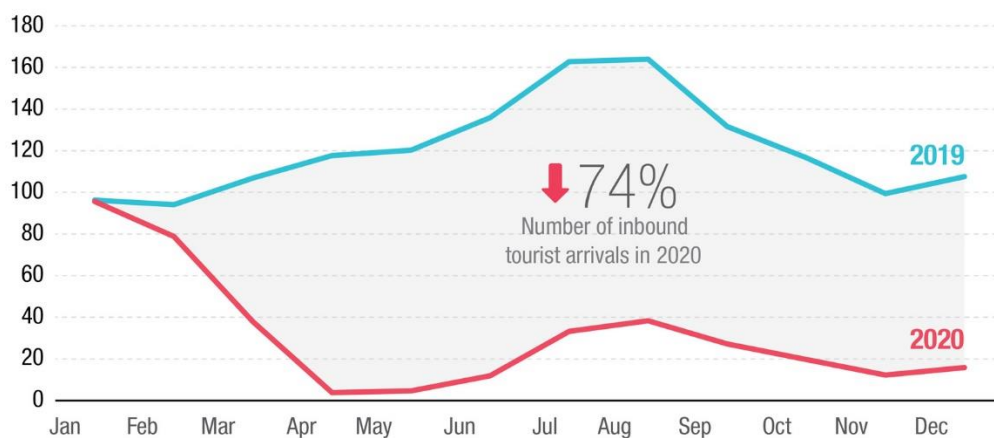
The tourism industry is a complex set of various services, many of which originate in the growth and development of the national economy (infrastructure and superstructure). The complexity of this industry creates a variety of employment opportunities in different sectors and can directly affect the production and trade of other services (such as transportation, hotel management). According to figures released by the World Tourism Organization (UNWTO), international tourism in 2019 with 1.5 billion trips compared to 2018 increased by 4% and the global tourism industry for the tenth consecutive year grew positively. If the attention to the tourism industry increases and this industry develops, many different parts of IRAN will face growth and prosperity, including the growth of housing, agriculture, transportation, and direct and indirect job creation.

The outbreak of Covid 19 in Iran has so far caused great damage to businesses in the field of tourism, handicrafts and cultural heritage. The total damage caused by Covid-19 in the field of tourism and handicrafts is estimated at 118 thousand and 298 billion rials. The highest estimated damage is related to Khorasan Razavi with 184,550 billion rials and the lowest estimated damage belongs to Khuzestan province with 242 billion rials. The outbreak of Covid-19 in Iran has also had and will have a great impact on the domestic economy. Therefore, it is necessary to put business protection policies on the agenda. With the government facing financial difficulties and, in addition to declining revenues and falling prices for oil and petroleum products, rising health care costs from the Covid-19, resources for protectionist policies are severely limited. It is therefore very important to adopt optimal protection policies, because tourism businesses have suffered a lot of damage across the IRAN, and the statistics show a high number of damages in tourism facilities, handicrafts.

Thousands of tourist guides<sup>1</sup> have been laid off in Iran following the Covid-19. But other factors against the Iran have had a significant impact on reducing the number of tourists entering the country. Considering all the negative thoughts and movements of Iranophobia that are caused by some countries among the people of other countries, Iran has created confidence in most countries that it is a safe and cheap country for tourists with different tastes, especially in health tourism. Despite its mineral springs and treatment, skilled doctors, cheap treatment, Iran has a high attraction for health tourists. Iran is a country that has a long history and due to this antiquity has many historical places. Also, due to the existence of holy thresholds in the country, it has provided a good opportunity in the field of religious tourism for these tourists. Due to the outbreak of the Covid-19 since February 2017, tourism facilities have been gradually shut down and their staff has been adjusted. As a result, all people affiliated with tourism businesses, including tour guides and service centers in the tourism sector, have been laid off. Therefore, due to the continuation of this trend in 2020 and the severity of this disease and the need for all tourism businesses, including facilities, institutions, ecotourism, tourism activists and guides, handicrafts and cultural heritage to comply with the notification instructions, all these centers have either been closed or they are half closed. In this regard, severe losses have been inflicted on these businesses. Therefore, according to the damages sent by the General Departments of Cultural Heritage of the provinces of the country, the damages are very high and irreparable.

The World Bank's report on the effects of the Covid-19 on countries' GDP and trade shows a sharp decline in people's incomes and a slowdown in GDP growth. According to the World Bank, the Covid-19 can affect the economies of countries and consequently the world in several ways, including: declining employment, increasing international transaction costs, drastic reductions in travel, and declining demand for services that require close and direct communication With each other. The World Travel and Tourism Council also announced a 12 to 14 percent reduction in world travel during the 2020 quarter and a forecast of 50 million job losses in the global industry (of which 30 million are in Asia). The travel and tourism industry in Iran is not immune to these harms and following the outbreak of the Covid-19 in the country, according to statistics announced by the Ministry of Cultural Heritage, Tourism and Handicrafts, 54% of trips decreased compared to the same period and 80,000 people directly They are active in the tourism industry and become unemployed if they do not have support and planning. It should be noted that what can really and sustainably revitalize tourism in the country is the "existence of tourism demand." This demand for Iran is more domestic demand than foreign and is expected to continue due to the continuing disease of this sector. In this regard, and considering the importance of travel and tourism in the world economy and in order to control the devastating consequences of the outbreak of this disease, countries have provided support packages and incentives to prevent the collapse of the tourism sector. Governments support the industry in three areas: supporting workers' livelihoods, financial support, and injecting liquidity. According to the WTTC, the travel and tourism sector after the "Information and Communication" and "Financial Services", the third largest economy in the world in terms of Economic growth has been in 2019. Travel and tourism with tourism-related industries accounted for a total of about 10.3% of GDP and 10.4% of total world employment in 2019, and also the direct share of travel and tourism from world GDP 3.2% and its direct share of employment It has been 3.8% of total world employment.

On average, unskilled workers go unemployed by 5.5% as a result of the reduction of tourism. This varies between 0 to 15% depending on how important tourism is for the economy. Tourist services rely on labour to the extent of 30% in both developed and developing countries. Entry barriers in the sector, which employs many women and young employees, are relatively low which shows unprecedented losses. UNCTAD estimated that aside from the indirect costs, a four- to 12-month halt in international tourism would cost the global economy between \$1.2 trillion and \$3.3 trillion. In reality however the losses have been more than UNCTAD's predictions as the international travels are still low 15 months into the global pandemic. According to UNWTO and as presented in Fig 4, international tourism has dropped 74% between January and December 2020. In the first three months of 2021, the UNWTO World Tourism Barometer indicates an 88% reduction. Developing countries have shouldered the greatest economical burden caused by the impact of the pandemic on tourism. They suffered the largest reductions in tourist arrivals in 2020, estimated at between 60% and 80%. According to the UNWTO, the most-affected regions are North-East Asia, South-East Asia, Oceania, North Africa and South Asia, while the least-affected ones are North America, Western Europe and the Caribbean.



**Figure 4.** The comperation of international tourist arrivals from January to December in 2019 and 2020 [9].

Tourism is one of Turkey's most important sources of income, earning billions of dollars annually. Turkey's tourism revenue in 2019 was \$ 34.5 billion, and Turkey had set a target of \$ 41 billion in 2020. The economy of some parts of Turkey is generally dependent on tourism, and the lack of foreign tourists will cause serious problems for the Turkish economy. Prior to the Covid-19 outbreak, Turkey received 1,787,425 foreign travelers and tourists in January, up 16.11 percent from the same period a year earlier.

In 2018, tourism made up 7.7% of total employment, employing 2.2 million people. Total tourism income amounted 3.8% of GDP (Fig 5). In 2018, travel exports represented 51.9% of the total service exports. 45.8 million international tourists visited Turkey in 2018. This number is 12% bigger than what the statistics indicate for the country in 2017 leading to a 21.7 % increase in tourism revenue. As 2018 border statistics show, Russia ranked first in inbound markets accounting for 13.0% of total international arrivals followed by Germany with 9.8%. Bulgaria (5.2%), United Kingdom (4.9%) and Georgia (4.5%) are other top markets according to the statistics. Domestic tourism grew by 4.6% in 2018 with a total of 126.4 million trips. Among these trips, 78.5 million were overnight visitors (62.1%) and 47.9 million were same-day visitors (37.9%). Tourism industry is supervised by The Ministry of Culture and Tourism in Turkey. The ministry is responsible for developing, investigating, maintaining, protecting, disseminating, evaluating, and promoting tourism and thus contributes to economic growth and national unity. The Ministry works with multiple institutions and associations to plan tourism and to address specific issues. These bodies include the Association of Turkish Travel Agencies, Touristic Hotels and Investors Association, Hoteliers Federation, Turkish Tourism Investors Association and the Union of Tourist Guides' Chambers. The investment office of the Presidency of the Republic of Turkey also promotes Turkey's investment opportunities to the global business community and provides assistance to investors.

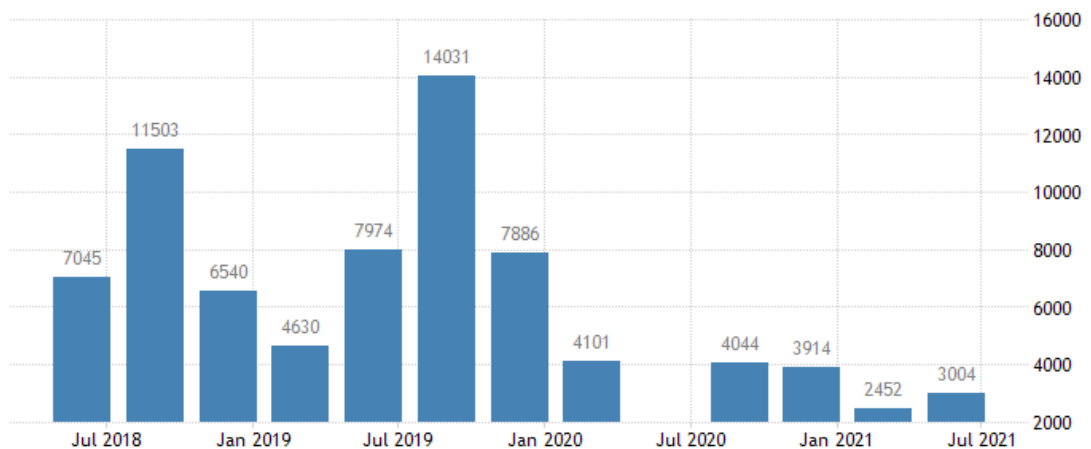


Source: TUIK

**Figure 9.** Erdogan’s economy: 5% growth trend cooled since 2018 crisis [10].

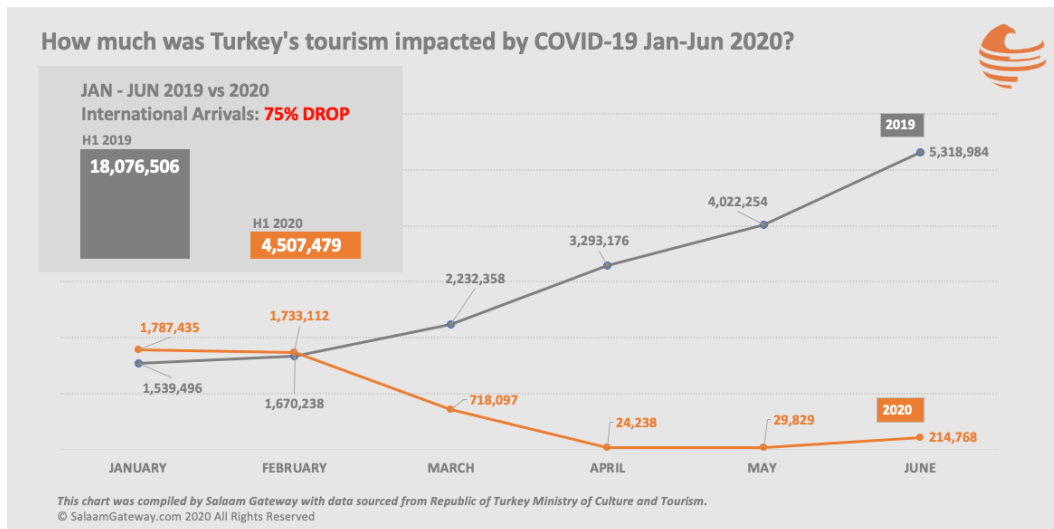
Turkey's tourism industry is an integral part of the Iran's gross income, which can be the driving force of other industries. Turkey always pays special attention to its tourism industry because it creates good employment for Turkey. After the Covid-19 pandemic, Turkish tourism also faced many problems following the world tourism industry.

As demonstrated in Fig 5, Turkey’s tourism income increased to \$3 billion in the second quarter of 2021 as opposed to the first quarter of 2021 (\$2.45 billion) and the second quarter of 2019 (\$8 billion). 73.1% of the total revenue comes from international visitors and 26.9% comes from Turkish citizens who live abroad. The expenditure for every night in Turkey averaged \$57 and the top attractions were travel, entertainment, sports, and cultural purposes.



**Figure 5.** The Turkey tourism revenues (July 2018 – July 2021) [11].





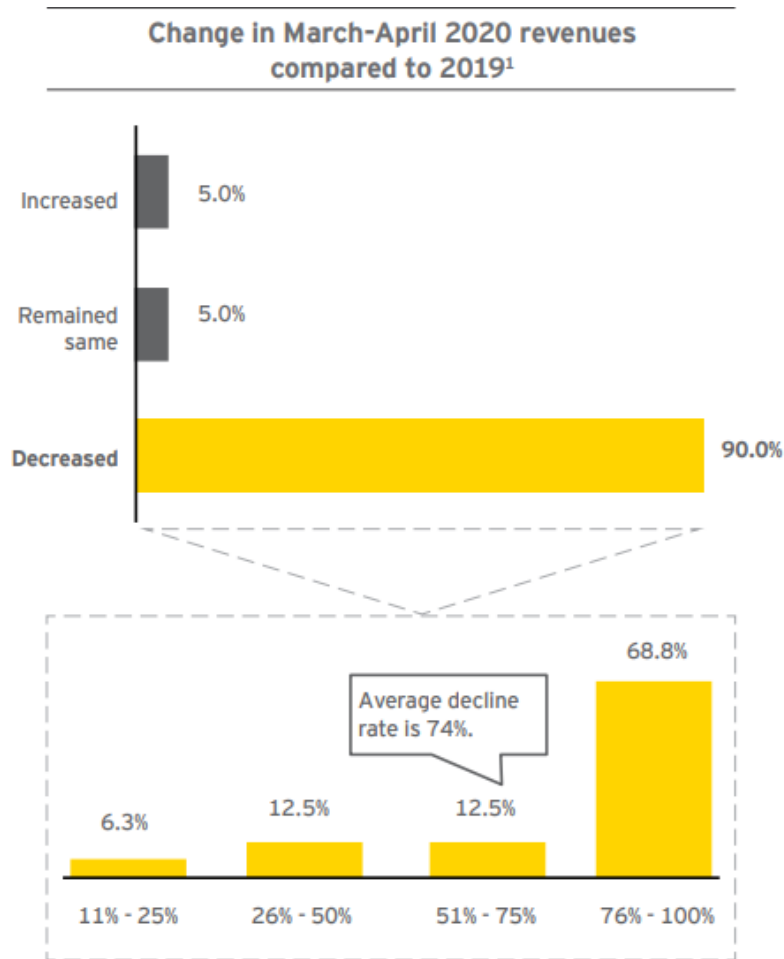
**Figure 6.** The influence of Covid-19 on Turkey’s tourism 2019 compared to 2020 [12].

Among the member countries of the Organisation of Islamic Cooperation (OIC), Turkey ranks first in attracting the largest number of annual international tourists. Last year Turkey welcomed 51.75 million international travelers which beats the record, but Turkey has been no exception to the economical blow inflicted by the global pandemic and worldwide lockdown. In the first half of 2020, international arrivals to Turkey dropped by an unprecedented amount of 75%, Salaam Gateway calculation of official data reports (see Fig 6). This is while the number of arrivals in the first two months of 2020 were higher compared to those of the same two months in 2019:

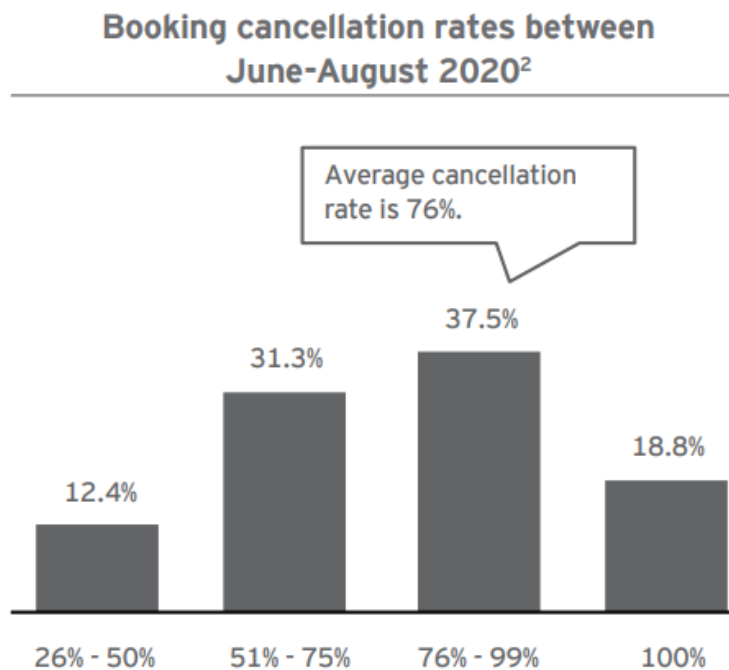
1,787,435 for Jan 2020 versus 1,539,496 for Jan 2019, and 1,733,112 for Jan 2020 versus 1,670,238 for Jan 2019.

In March, the World Health Organization announced the global pandemic which was followed by many countries closing their borders. International arrivals into Turkey amounted to 24,238 in April when global tourism almost came to a full stop. According to UNWTO, international arrivals suffered a 97% decrease in April, reflecting travel restrictions in 217 destinations. As the Ministry of Culture and Tourism reports, the number of international arrivals in the first half of 2020 was 4,507,479 compared to the same period last year which was 18,076,506. Turkey’s tourism revenues were \$4.1 billion for the first three months of the year. Last year Turkey earned \$34.52 billion, up from \$29.51 billion in 2018. It is very much unlikely that Turkey will surpass last year's tourism income. The country has been taking steps to re-open its tourism sector, even as its confirmed novel Covid-19 cases has surpassed 236,000. Turkey started accepting international tourists in mid June and to do so, it took some measures including:

In the end of July, German tourism professionals were invited to spend a week in the Aegean province of Izmir and resort town of Kuşadası and recommend a number of safety and health measures to take place. The Culture and Tourism Ministry issued a "Safe Tourism Certificate". Towards the end of July, around 727 hotels and about 900 restaurants had applied for the certificate. Moreover, a health insurance system was issued for foreign travelers by the Turkish government.



**Figure 7.** The revenues of Turkish tourism changed in March-April 2020 [13].



**Figure 8.** The booking cancellations of tourism in Turkey for June-August 2020 [13].

The global pandemic has posed a great challenge for the tourism industry on top of which stands the cancellations for the summer of 2020 which led to a huge decline in the annual revenue of the country. It is believed by more than 90% of the

participants that the similar performance can not be expected any sooner than one year after the end of Covid-19 pandemic (Figs 7 and 8).

While Turkey is a country which is to a great extent reliant on imports, measures to curb the Covid-19 casualties have slashed key tourism revenues. According to Turkish Statistical Institute, the deficit from January to November increased by 83%. Exports fell 8.3% while imports rose 3.5%. Istanbul's main stock index has also rallied sharply since early November and is set to end the year almost 30% higher.

### **2.3 Impact on the Field of Handicrafts**

Handicraft workshops in Iran are not doing well and Covid-19 has drastically reduced the activity of handicrafts in Iran. In fact, activists in this field also lost an important part of the sellers' market due to the market recession and the reduction of the volume of orders. However, it should be noted that the economic crisis caused by the outbreak of Covid-19 has had many negative effects on the activities of these centers. During the period when trade unions and shopping malls were closed due to the Covid-19 outbreak, the supply and demand of handicraft activists did not match and many of their orders were canceled, so some artists were forced to close their workshops for a while. The economic damage of Covid-19 is increasing day by day, and if no fundamental solution is found to cure it, Iran will face a serious crisis in all fields of industry, economy, culture and art in the near future.

Turkey is a country with famous tourist cities and welcomes thousands of tourists from all over the world every year. The culture of this country has undergone fundamental changes over and over again, but the handicrafts of this country still remain strong and has preserved itself among the tourist attractions of this land. Istanbul is one of the cities in Turkey that has many recreational and cultural attractions. One of the reasons why many people are interested in Istanbul attractions and travel to Istanbul is Istanbul handicrafts. Istanbul Turkish handicrafts are a combination of values, The cultural heritage and various civilizations of thousands of years of Anatolia. In the handicrafts of Istanbul, one can see the traces of the rich culture and civilization of this country from the distant years and the time of the Ottoman rule. These products have a high cultural value and because of their beauty and special shape, they can be used for decoration. Famous Turkish handicrafts include Turkish carpets, ceramics and blue tiles, glass products, Turkish towels, pottery, leather goods, kilims and marble, calligraphy, lighting and gilding, and miniature Turkish soap work. Turkey, like the rest of the world, is going through difficult times due to the widespread outbreak of the Covid-19 and the spread of Covid 19 disease and quarantine, and the sale of handicrafts has suffered severely. In order to revive the tourism industry and compensate part of the damage caused by the virus, the Turkish Minister of Culture and Tourism has approved a plan to gradually lift the restrictions on travelers entering the country. The value of the Turkish national currency has also fallen sharply during the current period, which is why they want to take immediate measures to get the economy moving as quickly as possible.

### **2.4 Impact on the Field of Transportation**

Transportation is one of the vital arteries of any country on which the supply chain of other industries depends. So that the problems of this sector can be transferred directly to other sectors and damage their economy. Rail transportation is one of the most important methods of transportation that has always been considered by policymakers in many ways due to its economics compared to road transportation. After reviewing the effects, measures and relevant policy recommendations worldwide and in Iran, some suggestions have been made to reduce the effects of the Covid-19 outbreak on the Iran's rail freight. The spread of the Covid-19 in Iran, rail transport as well as other economic activities were affected. The decline in economic activity in sectors such as mines and large factories due to closures and the decline in domestic demand for goods due to the recession caused by the outbreak of the virus, as well as the reduction of incoming and outgoing goods to ports in early 2020 has reduced demand for rail goods.

On the other hand, since March 2017, many neighboring countries have closed their borders to Iranian passengers and goods. Some of these borders remained closed for several months, which were eventually reopened through negotiations and the definition and implementation of health protocols (including the installation of car disinfection tunnels at the borders). The main activities of this border during this period have been the export of agricultural products and the import of raw materials. But the export of most petrochemical products was almost completely stopped due to the priority given to agricultural products.

In fact, the most important damage of the Covid-19 outbreak on the Iran's rail freight transportation has been in the international transportation sector, mainly in transit and export. So that during the first five months of 2020, the tonnage of rail freight reached 212 thousand tons, which has decreased by about 44.6% compared to the same period in 2019. The tonnage of rail exports (from rail borders and ports) in the first three months of this year was equal to 3.33 million tons, which has decreased by 40.8% compared to the same period last year. On the contrary, there has been a very significant growth in the import sector and the tonnage of imports from rail borders during the first five months of this year reached 1.57 million tons, which compared to the same period in 2019, has grown by about 64.8 percent. The main increase was related to the import of basic goods (especially from the Astara border and the Razi railway border with Turkey). In total, the Iran's international rail freight traffic in the period under review this year has decreased by nearly 26.5 percent. It should be noted that during this period, the tonnage performance of the international attack was only about one-fifth of the total rail freight movement in Iran.

But in the domestic transportation sector, the situation has been such that it has compensated for the decrease in foreign cargo tonnage and during the first five months of 2020 reached about 15.6 million tons, which compared to the same period in 2019, has increased by about 18 percent. In total, the total tonnage of rail transport in this period has grown by nearly 2.5 percent compared to the same period last year. The sharp decline in passenger traffic in the rail network and as a result of a significant reduction in network traffic, reduced the barriers to freight train traffic in Iran and, consequently, provided a good opportunity to make the most of rail freight within Iran. The lack of drivers and trucks to move intercity freight has not been ineffective in this regard.

According to the estimates of the Association of Rail Transportation and Related Services, the value of injuries to the rail transport sector of IRAN by the end of June 2020 was estimated at about 144 million USD. Of this amount, about 23 million USD (16.5%) is the share of the freight sector, which is much less than the passenger sector. However, companies operating international rail freight are most likely to suffer from the outbreak of the Covid-19. But perhaps the prevalence of



the Covid-19 and the economic conditions prevailing in other sectors of the Iran's transportation can be seen as an opportunity to increase the share of rail in freight traffic. This is because freight costs in the road sector, which accounts for more than 90% of the Iran's freight, have increased significantly due to rising inflation, rising exchange rates and other problems.

### **2.5 Impact on Exports**

One of the main issues that restricts exports is the closure of some of these borders, which can have a negative effect on exports as the process lengthens. Petroleum and petrochemical and oil products account for a significant share of Iran's exports. The Covid-19 outbreak has had a serious negative impact on the oil market, pushing prices to one of the lowest levels in recent years. It can be analyzed that with the continuation of these conditions, exports will probably experience a decrease of about 20% in terms of weight, but in terms of value, it may reach 50% during the period of decline. The attitude of countries towards the Covid-19 will have a serious impact on the fate of exports, part of exports of Iran are raw materials and essentials. Many countries today have closed their borders or imposed restrictions on the Covid-19, but in the long run, given the need for these essential goods they may change their behavior. The main factor in reducing exports of Iran has been the spread of the Covid-19, and this has also affected the global economy. Closure of borders, interruption of traffic, impossibility of negotiations and non-holding of exhibitions have been among the factors influencing the decrease in exports. Following the outbreak of Covid-19, economic growth around the world is declining and due to future economic concerns, economic foresight and declining consumption have been created due to declining incomes around the world and people are trying to reduce their expenditure. due to the outbreak of the Covid-19, so consumption has fallen to some extent, and this also reduces the demand for goods, and therefore exports have also been affected and reduced. Referring to other factors affecting the decline in the exports of Iran, the decline in income of many neighboring countries, including the decline in oil revenues of them has also affected the decline in exports. Iraq has already closed all technical and engineering projects, so given that part of the exports are technical and engineering services, it is natural that Iran's exports in this sector have also decreased. The government and the central bank have announced a list of priority imported goods such as rice, rubber, sugar and based on this, the exporter is allowed to import the required goods in exchange for the currency from the export, these creating problems.

Today, Turkey is one of the international countries in the field of foreign trade and has been able to have a very significant and good growth in the field of foreign trade in recent years; Turkey is now one of the top 20 countries in terms of economy and exports and imports of goods. In general, Turkey has been one of the top 27 countries in the field of product exports since 2017, and today this statistic reaches the top 20 countries in the world. As you know, most of Turkey's products are of very good quality, which is why these goods They are very popular. One of the most important goods exported from Turkey to Iran is all kinds of manufactured goods such as adult and children's clothing. One of the most important goals of Turkey is to increase its exports to the rate of 500 billion per year. In general, most of the Iran's exports to other foreign countries are gold and jewelry, machinery, agricultural products, clothing, textiles, furniture, home appliances, medicine and coal. In the last few years, Turkey has established laws for the export of its goods to foreign countries, which are necessary for trade in this country to pay attention to these laws. Turkish trade laws include factors such as the number of shareholders, the articles of association, the transparency of financial accounts, consideration of liquidations, inspections, and so on. In 2021, the ratio of Turkish exports to imports reached the highest level in the history of the republic with 93.4%. Turkey's exports started in January 2021 with 15 billion dollars and in the following months increased with a fluctuating trend, reaching its highest level in October at 20.8 billion dollars. This success in exports was accompanied by a decrease in imports. The ratio of exports to imports, which was 83.2% in January, fluctuated in the following months. The rate fell to 79.3 percent in July, the lowest level this year. The export-to-import ratio rose steadily after this month, rising to 81.6 percent in August, 89.1 percent in September and 93.4 percent in October, the highest ever. The Iran's exports reached a new record in the last 12 months, reaching \$ 215.7 billion. Exports from January to October 2021 increased by 33.9 percent to \$ 181.8 billion. Also, the ratio of exports to imports in October 2021 increased by 5.6 points compared to the same month last year, 93.4 percent. One of the most important indicators along with export figures in October is the ratio of exports to imports. The Iran's long-term goal is \$ 300 billion in exports by 2026.

### **3. Conclusion**

Outbreaks of Covid-19 affect most economies around the world. Different countries have shown different policies and smart planning in the face of this crisis, while some countries have suffered less and others have suffered deeper economic damage, and its effects will remain on the various aspects of the economy for years to come. In this article, we have examined the impact of this epidemic on several economic aspects in Iran and Turkey, and the reason for this comparison is the neighborhood of these two countries and their almost similar population. In general, revenue can be divided into oil and non-oil. Because Iran has more oil resources than Turkey, it has suffered more in this regard. There may be an ongoing oil price war that is having significant effects and consequences on the world economy. With the outbreak of the Covid-19, Iran's neighboring countries, such as Turkey, have restricted Iran's exports to their country due to a sense of danger. As a result of the creation of foreign exchange resources through the non-oil export channel, problems have been encountered. Before the prevalence of the Covid-19, the Iranian economy was predicted in 2020, positive non-oil growth, albeit small, but with the prevalence of this disease, the state of stagnation and instability in the Iranian economy emerged, reducing the demand for exporting Iran's products. Influenced by foreign trade. In the domestic sector, the total demand is also due to the decrease in household income and also due to the decrease in some goods and services that are more prone to the spread of the virus (such as carriage, transportation, transportation). On the other hand, the supply of the whole economy has also been affected by the supply shock due to the disruption in the network of supply of raw materials and the limitation of the activity of some trade unions. Turkey has experienced different levels of crisis in different sectors of the economy, with more damage in some areas and less damage in others, such as the food and grain industries. Iran and Turkey in addition to economic damage inside the country, due to having close economic relations with each other affect each other's economy. In Turkey, for example, due to the high consumption of oil and the lack of oil reserves in his country, it is highly dependent on oil imports from Iran, and this has led to economic impact between the two countries. In the field of tourism industry and as official data present that Turkey has been able to take valuable managements to reduce the destructive effects of Covid-19 by applying an efficient and intelligent

activities such as public vaccination and free vaccination of tourists which permits to return the conditions before the global pandemic.

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