Chapter 9
At the Convergence of Energy Corridors: Energy Situation in Turkey and a Critical Evaluation with Porter’s Model

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ABSTRACT

Turkey is at the threshold of Eurasia connecting various energy corridors. It has an improving economic volume and is one of the 20 largest economies in the world. Energy and economic development are highly correlated. Turkey is dependent on imported energy. In order to keep up with the economic expansion, the energy requirements of Turkey must be met in a diversified, timely and reliable way. Thus, the aim of this paper is to define the geographic disposition of Turkey at the convergence of energy lines, review its energy situation comprehensively and make critical evaluations on energy and economy related issues, also with using the diamond model developed by Michael E. Porter resting on credible national and international publications and data.

INTRODUCTION

The Republic of Turkey is situated in one of the most important and strategic regions in the world. It is at the threshold of Eurasia and adjacent to various regions from different geographies. Turkey is also one of the largest economies in the world and thus its energy demands increases along with the increasing volume of economic activities. Turkey is also at the center of many energy corridors and linking the sources with profitable markets. Currently, Turkey is running a continuous deficit with respect to energy supply and, therefore, the deficit must be covered with energy imports in order to operate its economy in a constant manner. Moreover, in an intensively competitive global market place, energy ex-
penditures emerge as defining factors to enhance economic power as well. However, this issue becomes a challenging one, especially for an energy scarce country such as Turkey (Hisarcıklıoğlu, 2010; Bilgin, 2010). Thereby, the aim of this paper is to review the energy situation in Turkey with respect to energy security and sustainability as well as to analyze the energy related economic issues with Porter’s Model.

BACKGROUND

Turkey: At the Crossroads of Energy Corridors

Energy is a prominent factor within the development of a society and enhancement of its economic potential. It affects every aspect of life and accordingly improves the prosperity of the people of a country as well. The energy necessity and changing volume of it also differentiates the quantity demanded and supplied. However, energy sources are not infinite. Therefore, states must devise and apply strategic energy policies in order to provide affordable and secure energy sources for responding public necessities and ensure sustainable development. In addition, using energy sources without polluting and damaging the environment, in other words using green energy, is another considerable issue within the subject of sustainable development. Energy security and sustainability are critical factors not only for developed countries, but also for developing and underdeveloped countries. It has various impacts on states with respect to its availability, reliability, affordability, and diversification. However, in the 21st century, energy is not an asset adequately enjoyed by each country. Therefore, energy has become a much more significant issue for countries that are not self-sufficient in terms of generating enough energy for their own consumption (Fackrell, 2013; Yıldız, 2010).

Turkey possesses a unique geographical disposition. It is located at the convergence of Europe and Asia, consolidating the East with the West and the North with the South at the intersection of many states. It is possible to reach more than 50 countries within a 3-hour flight from the country. This means to have access to a great population of people, a huge amount of gross domestic product (GDP) in various countries and numerous domestic markets. Additionally, more than 70% of world’s proven gas reserves and about 80% of known oil reserves are located in the vicinity of Turkey. Additionally, the countries in the west of Turkey represent the profitable markets for the energy rich states that are situated in the East. Therefore, this makes Turkey as a an energy hub among various energy corridors (Hisarcıklıoğlu, 2010; Öztürk et al., 2009; Tserteli, 2010; Yıldız, 2010)

MAIN FOCUS OF THE CHAPTER

Turkey has a constantly growing economy and its energy requirement increases at a constant pace. It has been experiencing fast energy demand in every sector of its economy in accordance with its expanding economic volume. However, Turkey is not self-sufficient with respect to its domestic energy demand and must fill the gap with energy imports, especially natural gas and oil, in order to cover its energy deficiency. Currently, it is able to meet about 25% of its energy demand by domestic resources while the rest is imported from abroad. Therefore, it is evident that Turkey is critically dependent on foreign energy sources to boost its economic growth and sustain a consistent path.
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