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Relationship between Natural Gas Consumption and Economic Growth in Turkey

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ABSTRACT

Natural gas is an important source of renewable energy. It has many advantages such as being easy to store and transport and most importantly it is a friend of environment. Due to this, by the increase of Turkey's GDP the natural gas demand especially increases in recent years. In this study, the relationship between natural gas consumption and economic growth of Turkey was examined using annual data between 1986 and 2015. Firstly ADF unit root test is conducted in order to determine whether the variables are stable. After this, the long-run relationship between natural gas consumption and economic growth has been examined by Engle-Granger co-integration test. Co-integrated relationships are short-term relationships and dealt with within the error correction model, and finally, causal relationships between variables are tested with the Granger Causality Test. Although it is determined that there is a long-run relationship between the variables according to the econometric results, it is revealed that there is no mutual causality.

KEYWORDS Natural Gas Consumption; Economic Growth; Renewable Energy Resources

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