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Would Turkish Industry be Better off With A Different Energy Policy?

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ABSTRACT

Gas as one of the main -and rapidly growing- energy sources in Turkey, have made critical change in cost structures for both firms and individuals. Gas based energy production in Turkey has tripled since 1995 while other energy sources usage have barely increased by 10%. Due to high dependency of consumer durables production and SME level investment to energy costs, long-run energy policies and reliable energy sources are of high importance for economic policy. This paper analyzes whether the energy cost structure and related energy production capacity resembles a breakpoint in Turkish economy and if it does, tests optimistic and pessimistic projections at what level Turkish GDP would be without the break.

KEYWORDS Energy; Investment; GDP; Breakpoint

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