Between Divergence and Convergence: Understanding Turkish Energy Market Authority in the Globalized Era

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Abstract

In the last three decades Turkish industrial policy has experienced a structural transformation through a shift from lower to higher productivity sectors. Moreover, The New Investment Incentive System announced in 2014 includes sectoral selectivity and Turkey is shifting towards a more sector-specific approach, aiming directly at high value-added, high-tech and export-oriented investment not only to fix its "current account deficit" problem but also to generate more convergence with the developed world at the productivity level. As a consequence, energy demand of production has increased gradually. In 2001, Turkey adopted Electricity Market Law for creating a financially sound and transparent electricity market operating in a competitive environment under provisions of civil law and to ensure the autonomous regulation and supervision of this market. Furthermore, Energy Market Regulatory Authority (EMRA) is established as an independent regulatory institution for electricity, natural gas, petroleum, and LPG(Liquefied Petroleum Gas) markets. In addition, EMRA joined to Energy Regulators Regional Association (ERRA) in 2002 and started to work in coordination with the other countries' regulatory bodies in the region to ensure a more convergent and sustainable energy market both at the internal and external levels.However, the long term goal of market integration and development of stable energy regulators with sufficient autonomy and authority is difficult to achieve when the internal potential government failures in energy policy are taken into account. In this context; this study aims to answer the following questions: 1) in what ways does Turkish energy policy converge and diverge from the global energy market? 2) As an independent institution, how can EMRA amend market failures, particularly the over-politicisation of energy sector in Turkey?