

Turkey: Europe's 21st Century Energy Delivery and Renewables Partner

Greetings ladies and gentlemen, members of the panel and honored guests, it is a pleasure to be speaking to you all today on a topic that is of great personal interest to me and unprecedented global concern. Thinking about our collective future, meaning in some way each one of us in this room is connected in that we all share a common resource: the globe, I am greatly troubled at the way resources are distributed. Yet for years there has been an idea propagated that all energy resources are finite; this leads to a very selfish approach to energy acquisition and transport, in which nations think of domestic needs rather than the overall global system. But I am here today to support the idea that while certain resources are finite there are a variety of alternatives to the present resource delivery as well as alternative fuels as well. These alternatives can be found in Turkey.

Undoubtedly both the acquisition of energy resources, as well as the resources themselves, have become more and more challenging for all nations. While there exists the need to meet the goals set out by the UN Framework Convention on Climate Change, meeting a populations' energy needs is also a major concern for many nations. It is often a question of weighing short term needs against long-term consequences. If we consider the tumultuous situation that many of the large oil producing nations are in, it further emphasizes to us the need for a dependable and steady supply of resources as well as delivery channels on which countries can rely.

I would like to speak with you today about Turkey as a key player in the solution of this major issue. My speech is merely to shed some light on the exciting developments that are happening in the country and re-affirm in your minds that in fact Turkey deserves the reputation as one of the safest and most reliable energy corridors of the 21st century. There is an old cliché about how Turkey is the bridge between East and West and that for centuries ideas, people and goods have flown freely from Europe to Asia. While the 20th century saw this reputation a bit tarnished by self imposed isolation from the world stage, Turkey has returned to the global limelight. Furthermore the old and tired "bridge" metaphor seems to suggest a passive role, I would agree with the Turkish

Foreign Minister, Ahmet Davutoglu, that Turkey is more akin to a door and has taken a decidedly active role in regional as well as the world in the areas of trade, politics and the economy.

As Turkey has gained more and more clout in various spheres, including NATO, the EU Customs Union and this UN, this has helped to reinforce its reputation as a leader in the region. With its high profile soft power and growing global influence, Turkey is a country that regional players are following. I would posit that in the strained energy markets of the world Turkey is showing more and more promise as a reliable partner.

Why Turkey?

This is a valid question. Many of you want to know what makes Turkey such a viable partner in the delivery of energy resources. The major reasons to highlight are its geographic location and features, established trading channels and its ability to offer consumers new options for energy sources.

Let me begin by saying Turkey is the ideal country through which to transport both oil and gas. As we are geographically blessed, our location makes for a perfect natural land bridge to connect the oil and gas rich regions of Central Asia to Europe. Furthermore there are no major geographic obstructions that impede delivery systems nor are there severe weather conditions that make delivery difficult. The variety of existing projects **(AS SEEN ON THE SLIDE)** including the, Ceyhan-Kirkuk, Nabucco, Iran-Turkey, Turkey-Greece, Baku-Tiblisi-Ceyhan pipelines, show it as an already established transport corridor. There are many projects in the works as well, such as the Samsun-Ceyhan and the planned Syria-Turkish section of the Arab Gas pipeline. Over the past 30 years, with the inception of the Ceyhan-Kirkuk pipeline, a project that has literally put Turkey on the map as a potential energy provider; the country has shown itself to be a reliable courier of oil with very little disruption. Furthermore our unblemished history in the delivery of energy sources has shown that regional politics aside, Turkey is able to meet its promises and provide a steady supply of energy.

When we discuss the area of trade and commerce, it is clear that Turkey is an established member of both European and Eastern trading units. As a member of the EU customs since 1996, Turkey has proved itself able to meet all European obligations. Also, since it is on track to join the European Union, it will become more and more integrated into the European project in the future. As the EU-27 is the major trading partner for Turkey, in 2008 Europe consumed 57% of exports proving that Turkey already has the history and reputation in Europe as a reliable partner. The well established markets and trading channels make it a perfect candidate to delivery energy on a high scale to the continent. Turkey also has strong commercial ties to its eastern neighbors. And in fact as the figure on the slide can show us, there is increasing trade with the Middle East and Turkey. While trade with Europe has dropped slightly due to the recession of the past few years, Turkey has been able to build it relationships with it neighbors to the east.

(CLICK TO SLIDE 4)

Turkey also offers a regional alternative in three other ways. With its peninsular shape, the country is surrounded by water and has access to the Black Sea, Mediterranean Sea, Bosphorus Strait and Marmara Sea. This entire region offers a variety of different exports and transfer options with major ports located all over the country. Should there be some disruption for a possible geopolitical or logistical problem, maritime delivery is also an alternative. The potential for maritime commerce shows the country's alternative delivery systems in case a contingency plan is needed due to a regional dispute. With close proximity to Caspian Sea resources from Kazakhstan via Azerbaijan and Georgia, Turkey's waterways allow for another alternative. In addition to the major ports in Istanbul and as we can see on the slide, the port at Ceyhan offers a major outlet to the Mediterranean Sea.

Secondly, Russia is known as a major player in the oil and gas market, yet it has also been plagued with various issues that have discouraged individuals from wanting to purchase energy supplies from the country. Turkey with its ideal geographic location and established pipelines offers an alternative to Russian energy supplies by allowing

Europe to access Central Asian oil by bypassing the energy giant. As we can see on the slide, Turkey's neighbors offer some major opportunities for gas acquisition and delivery.

Finally, since our other geographic neighbor Iran has an established system of resource delivery to Turkey it is clear we could expand the transport corridor to include more Iranian oil. We need to create more partnerships in the region to ensure that the resources are delivered with stability and security.

Since energy needs are so crucial to an economy, nations cannot afford to have their energy delivery systems in precarious or unreliable situations; this refers to both supply and purchase price. As Turkey begins to develop more and more infrastructure as well as credibility in transport reliability, it is clear that more lines will be built, allowing the European and Western needs to be met on a large scale. Once again as we can see from the Botas projects, there are some major opportunities for Turkey to connect the east and west for Energy.

What about Alternatives?

Finally, another factor which makes Turkey the best candidate for this role is the dedication it has to renewable energy with a variety of hydroelectric, solar, geothermal and wind projects. While the first Alternative Energy Law was recently enacted, in 2005, over the past 5 years, the renewables market has grown to occupy 10% of the total energy output of the country. The current slide shows how Turkey has made a dedicated effort to integrating alternative energy into its own grid. With such a growth it is logical to think that perhaps turkey will one day export wind, solar or hydro energy to its neighbors in northern Europe.

One of the largest sources of alternative energy comes from the GAP project located in Central Anatolia and which produces 22% of the country's electricity. There are also exciting developments in the geothermal and solar markets yet these have yet to be transformed into profitable enterprises on a large-scale. The task at hand is being able

to profitably produce and distribute these renewable resources. It is obvious that once it becomes a producer of renewable resources on a large-scale, Turkey will be able to distribute them to other countries. By creating a strong national grid and linking it with those of neighbors, Turkey will be a top courier for traditional sources and hopes to be a top producer of alternatives.

Furthermore, with its enormous wind energy potential it is estimated that Turkey has a theoretical potential of 166 TWh of electricity per year from wind resources; this represents the highest share in technical wind energy potential in Europe. Turkey is also on target to have nearly 1.500 MW of wind energy by 2012. This will account for about 3% of the overall electricity consumption in Turkey and will lessen the burden on foreign sources.

What Is Next?

To conclude we can address the follow up question of what comes next? Turkey is accelerating in the delivery of energy supplies as well as in the renewables markets and seems to be on target to assume its role as the top energy conduit for Europe and the Middle East. With continued investment as well as closer and closer regional integration, Turkey will be one of the leaders in energy resource delivery and alternative fuel production. I encourage all of you to take a second look at Turkey and see what opportunities it offers for you and your company. I assure you, you will not be disappointed. Thank you for your time and attention.