

Dependency on Imported Energy in Turkey: Input-Output Analysis

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Abstract:

Here, we evaluate the high import dependency of electricity, gas, steam, and air conditioning supply (EGSA) in Turkey during the production phase in all sectors by input-output structural decomposition analysis. Growing industrialization in Turkey has expanded the current account deficit due to high volumes of imported EGSA, which accounted for approximately 70 percent of Turkey's current account deficit. Many sectors utilize EGSA as input to produce output. Energy dependency implies the extent to which an economy relies upon imports to meet its energy needs. In this context, this paper aims to emphasize the high EGSA dependence of the Turkish manufacturing industry on imports by input-output (I-O) analysis. We calculated the linkage coefficients, imported input ratios, leakages, and key sectors of the Turkish economy from the input-output tables of 2012, published by TURKSTAT. The results underline that EGSA - the most important key sector- is highly dependent on imports for Turkey, it needs domestic production of it.

Keywords: Input-Output Analysis, Import Dependency, Energy, Leakage Coefficients

JEL Codes: C67, D57, L62