The Energy Institute at the University of Houston’s College of Business Administration published a new study, *Power Marketization in Turkey*, on Turkey’s efforts of energy sector liberalization in order to meet rapidly increasing demand. Dr. Gürcan Gülen, Energy Institute Research Associate, authored the report that also provides general background on Turkey’s economy and energy sector.

A crossroads between Europe and Asia, Turkey encompasses the full range of issues associated with energy development. Tremendous energy needs exist if Turkey is to progress economically and achieve the global stature that many believe that country should enjoy. A fundamental philosophical and political debate is emerging about how best to build markets for energy in Turkey and whether market-based approaches will provide adequate security, given that Turkey is so dependent upon energy imports. The report critically analyzes the current fuel mix of the country and evaluates options for the future with this dependence and emergence of Caspian resources in mind.

Critical questions exist with regard to the portfolio of fuels that ought to be encouraged, and the extent to which the Turkish government should influence that portfolio. Whatever strategy is chosen, there are two clear needs in Turkey. One is for competitive energy prices, so that all customers can enjoy the benefits of reasonably priced, high quality energy services. The other need is for a more predictable investment climate so that producers will have incentives to enter the Turkish market and bring with them the efficiencies of new technologies. The report provides a detailed history of Built-Operate-Transfer and Built-Own-Operate models Turkey has been using to attract private capital and analyzes political debates concerning the “public service” nature of electricity, which stands as an obstacle before further liberalization.

Finally, one cannot ignore Turkey’s geopolitical position with respect to energy development and transportation. Many opportunities exist for Turkey to be a leader in energy market development and trade within the greater Caucasus and Black Sea region. Many opportunities also exist for Turkey to act as an arbiter between East and West when it comes to unlocking the vast energy resources that exist around the Caspian Sea, in Central Asia and in other locations of the Former Soviet Union. *Power Marketization in Turkey* addresses this potential only to the extent it plays a role in meeting Turkey’s natural gas needs and lays the ground for further Institute work in other areas.