



Delta-Eko

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Turkey steps up efforts to combat climate change

"Developing Turkey's Climate Change National Action Plan" is underway. The inaugural meeting of the project will be held on Friday 3 July 2009 at British Embassy Residence.

With this project, Turkey will draw-up its national road map to mitigate and adapt to climate change.

The project is implemented by the Turkish Ministry of Environment and Forestry in corporation with United Nations Development Programme (UNDP), and with the support of British Embassy in Ankara. The project is funded by the UK's Foreign & Commonwealth Office Strategic Programme Fund, under the Low-Carbon, High Growth Programme.

The core objective of the project is to develop Turkey's National Climate Change Action Plan to be submitted to the Coordination Board on Climate Change of Turkey. The Action Plan aims to tackle climate change by identifying national targets for greenhouse gas emissions and building resilience through managing impacts and encouraging mitigation and adaptation to climate change in Turkey.

Developing a National Climate Change Action Plan will help Turkey take steps to become part of the solution for combating climate change and support establishing comprehensive, efficient and fair international mechanisms for implementing both Kyoto Protocol as well as a post Kyoto agreement.

Farmers in Bandırma turn fields into money

Life has turned around for some farmers in Bandırma, a town of Balıkesir located in northwestern Turkey, as the town has been attracting much attention from large-scale energy investments with its wind potential.

Around 500 villagers in Bandırma, one of the most prominent spots in terms of wind potential, have become rich after selling the lands inherited from their fathers to the companies that plan energy investments. The villagers have been reportedly paid nearly 80 million Turkish Liras for the lands in the region to date. The villagers, who used to closely monitor the base prices announced by the government, now buy luxury cars, build villas and buy land in tourist regions.

"Our family moved to Bandırma 130 years ago from Bulgaria. We have always dealt with farming, and picked up a scanty livelihood. I would not believe if someone told me that these lands would be as valuable as gold. But one day, some people came and paid a high amount of money for our lands and made us rich," said Hüseyin Meşeli, 78, living in Buğdaylı, a village located around 30 kilometers distance to Bandırma.

EnerjiSA, Çolakoğlu and Borusan, pay 10 to 15 times their worth to the arid lands in Bandırma and the surrounding region. Taş Yapı, Ağaoğlu and an unnamed Italian company are expected to push the button for energy investment in the region soon.

The villages on the Bandırma-Çanakkale Highway, such as Buğdaylı, Edincik, Bezirci, Paşaçiftlik, Hıdırköy and Şirinçavuş, and the large agricultural land surrounding them have become popular for



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investors within the last two years. Having become rich suddenly, the lives of villagers have changed completely.

First, they had their clinics and mosques repaired, and then villagers oriented to their private spending. In the villages, which have almost turned into small building sites, farmers are feeding their animals with one hand, and laying the foundation of their villas with the other. The village roads are full of luxurious vehicles and tractors. In Buğdaylı, which has 250 houses, over 100 people have sold their land to Çolakoğlu Metalurji, Turkey's second largest iron-steel company after Erdemir.

What's next?

The villagers have sold a total of 3,800 dunams of land, said Süleyman Yazıcı, the clerk of the village. "The lands, to which nobody paid even 5,000 liras until a while ago, have been sold for 25 to 30,000 liras." Yazıcı said that totally arid fields have been sold for 11,000 liras while olive groves have been sold for 25,000 liras and coastal lands for 30 to 35,000 liras. The revenues attained from sales have changed the face of Buğdaylı, according to Yazıcı.

However, Ahmet Çetin, another villager, is not very content with the sale price of lands. The lands were sold at a price lower than their actual value, according to Çetin. People have been satisfied by hot money, but now left "without profession," he said.

"We are farmers. We we cannot succeed in any other profession. We have bought houses, cars ... but what is next? What will we do when the money is gone?"

Energy: A development opportunity

A growing energy demand in Turkey and the world puts energy deals at the fore, providing opportunities for investors and the economy in general. Last year, Turkey's total energy deal volume reached \$6.6 billion with 19 deals, according to the annual "Energy Deals" report prepared by ConnectedThinking and PriceWaterHouseCoopers.

While domestic players try to grab a piece of the pie in the energy market, regulatory obstacles and developments in neighboring countries deeply affect the sector.

"Bureaucratic obstacles create the biggest problem in the energy sector," Kerim Alain Bertrand, chief executive of ISI Emerging Markets in Turkey, told Hürriyet Daily News & Economic Review in an interview last week. "Fortunately, with the European Union accession process, legislation is integrating with EU legislation. This gives confidence to international investors."

On the other hand, even as Turkey implements suitable pricing for energy companies and gives greater importance to privatization, the judiciary can halt tender processes through lawsuits from labor unions. "That's why international investors think that the deal process is hard in Turkey," Bertrand said.



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Regulatory uncertainties are the biggest challenges for investors during the deal process, according to the report by ConnectedThinking and PriceWaterHouseCoopers. "Legislation on energy deals should be clear, and they have to be prepared with intensive care and attention." The Energy Market Regulatory Authority aims to attract the private sector to energy. "The obvious truth in Turkey is that both in the sense of economy and demography, demand for energy is increasing. The government cannot close the energy gap by itself, due to budgetary problems. Thus, it has to create various incentives for the private sector. These incentives can be about pricing or land guarantees," said Bertrand. "For investors, price is very important," he said.

Renewables

Turkey is extremely suited to produce renewable energy, Bertrand said. "But, renewable energy is more expensive. The return of investment in this area takes a long time. That's why it needs a suitable price determination," he added. "Wind energy, on the other hand, has the lowest price. However, it has a land dimension." Such problems may deter investors from the sector, he said.

Turkey has taken important steps in rendering the country an energy corridor between the East and the West.

"The Baku-Tbilisi-Ceyhan, or BTC, oil pipeline makes this target possible," Bertrand told the Daily News. "Turkey has two targets in energy. First one is to meet its domestic energy need. The second is becoming an energy corridor between Asia and Europe."

According to Bertrand, the key to becoming such a corridor in natural gas is the Nabucco project. "There is also the Bluestream project, which involves building a pipeline between Russia and Samsun, a Turkish port city in the Black Sea region. But this will not stop the [energy] dependency [on Russia]. All these projects involve the geographic locations of countries, as well as politics," he said.

Bertrand also noted rising Turkish energy investments in northern Iraq, commenting on the Iraqi government's "first round" in oil bids. "The first prices that the market has faced in Iraq were unfeasible. But, these prices can drop since Iraq needs foreign investors to develop its energy sector," he said. Turkey's proximity to Iraq brings key advantages to its energy firms, he said.

Sources: www.hurriyetaidailynews.com