

# Import of Gas to Turkey: How Liberal is Turkey?

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## ABSTRACT

*In the 2000s, Turkey embarked on a liberalisation process in the energy sector and identified natural gas imports as one of the key areas within this process. However, as of 2017, the targeted level of liberalisation projected for natural gas imports to Turkey has not been realised, mainly due to political, technical, commercial and legal reasons. This article focuses on one of these obstacles, namely the shortcomings of Turkish legislation that have prevented the liberalisation process to be implemented to its intended extent.*

## I. INTRODUCTION

In 2016, Turkey's natural gas consumption amounted to 46.39 billion cubic meters (bcm). In the same year, the domestic natural gas production volume was only 0.37 bcm, while the export volume was 0.67 bcm.<sup>1</sup> Turkey imported 46.35 bcm natural gas both through pipelines and in the form of liquified natural gas (LNG). 81.02% of this was imported by *Boru Hatları ile Petrol Taşıma A.Ş.* (BOTAŞ), the state-owned natural gas importer.<sup>2</sup> BOTAŞ having such a large share in Turkey's natural gas import volume is expressly contrary to what the Natural Gas Market Law (the NGML)<sup>3</sup> had envisaged, when it was introduced in 2001.

Among the NGML's primary goals was liberalising Turkey's natural gas market. While there have been significant achievements in the past sixteen years, natural gas imported by BOTAŞ still accounts for more than 80% of Turkey's natural gas consumption, a critical issue in the way of truly liberalising the market. The level of BOTAŞ imported natural gas has remained relatively high despite the NGML, which provides that (1) BOTAŞ cannot enter into new natural gas purchase agreements until its natural gas import volume falls to 20% of the annual national consumption, with the exception of LNG import and (2) BOTAŞ must transfer its existing natural gas purchase agreements to other import companies until the share of gas imported by BOTAŞ falls to 20% of the annual national consumption until 2009.<sup>4</sup> Eight years after the targeted date, BOTAŞ is

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<sup>1</sup> Energy Market Regulatory Authority, 'Natural Gas Market 2016 Sector Report' (Ankara: EMRA, 2016) (EMRA Report).

<sup>2</sup> EMRA Report, p. 9.

<sup>3</sup> Natural Gas Market Law No. 4646, dated 18 April 2001, published in the Official Gazette dated 2 May 2001 and numbered 24390.

<sup>4</sup> NGML, Provisional Article 2.

far from reducing its import volume to 20% of the national consumption. This result is, among others, attributable to the shortcomings of the legislative framework in Turkey. The next section provides an overview of the applicable legal regime and addresses its shortcomings.

## II. LEGAL REGIME APPLICABLE TO IMPORT OF NATURAL GAS

Until the NGML's enactment in 2001, the import of natural gas to Turkey was governed by the Decree Law on the Use of Natural Gas (Decree Law) dated 2 January 1990 and numbered 397.<sup>5</sup> Under the Decree Law, BOTAŞ was granted exclusive authority to import natural gas (including LNG) to Turkey. Accordingly, prior to the NGML, BOTAŞ was Turkey's only natural gas importer.

With the NGML's enactment, the natural gas market was opened to other players. This was part of a larger liberalisation trend in Turkish energy regulation, which also enabled private investors to be licensed to operate in electricity generation, trade and distribution activities, an area that was previously dominated by state-owned enterprises. The Energy Market Regulatory Authority (EMRA) became the official body responsible for regulating and supervising natural gas market activities.<sup>6</sup> As such, EMRA has introduced several regulations, communiqués and decrees regarding natural gas market activities.<sup>7</sup>

Among these is the Natural Gas Market License Regulation (the License Regulation),<sup>8</sup> which sets forth the principles and procedures applicable to the licensing of natural gas market activities, including licensing of import of natural gas to Turkey. However, the legal regime applicable to the import of natural gas to Turkey is not limited to the NGML and the License Regulation. EMRA also has decrees that have significant impact on the import of natural gas to Turkey, which is why a prospective import project requires a thorough review of the applicable EMRA decrees. Moreover, the applicable legal regime depends on whether natural gas is imported through pipelines or in the form of LNG.

### a) Legal Regime Applicable to Import of Natural Gas through Pipelines

Provisional Article 2 of the NGML sets forth limitations and restrictions with respect to import of natural gas through pipelines. These restrictions and limitations are grouped based on the importer. They are applicable to, *i.e.*, BOTAŞ or other natural gas importers.

#### 1. Import by BOTAŞ

Prior to the NGML's enactment, BOTAŞ was Turkey's only natural gas importer. To liberalise the import of natural gas and to bring BOTAŞ's share to 20% of the total natural

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<sup>5</sup> Decree Law on the Use of Natural Gas No. 397, dated 2 January 1990, published in the Official Gazette dated 9 February 1990 and numbered 20428.

<sup>6</sup> Law on the Organisation and Duties of the Energy Market Regulatory Authority No. 4628, dated 20 February 2001, published in the Official Gazette dated 3 March 2001 and numbered 24335 (second edition).

<sup>7</sup> Under the NGML, natural gas market activities are import, transmission, distribution, storage, wholesale and export of natural gas and distribution and transmission of compressed natural gas.

<sup>8</sup> Natural Gas Market License Regulation, published in the Official Gazette dated 7 September 2002 and numbered 24869.

gas consumption volume, a ‘provisional’ article, Provisional Article 2, was included in the NGML, prohibiting BOTAS from entering into new natural gas purchase agreements until the share of gas it imports falls to 20% of the annual national consumption amount. Between the NGML’s enactment in 2001 and the amendment to Provisional Article 2 in 2008, this restriction was applicable to import of natural gas both through pipelines and in the form of LNG. In July 2008, Provisional Article 2 was amended, removing this restriction on LNG import but keeping it for import through pipelines.<sup>9</sup>

Provisional Article 2 further states that, in order to reduce its share in imports to 20%, BOTAS must transfer its existing natural gas purchase agreements to other import companies through tenders until 2009. Despite this provision, in 2016 BOTAS’s imports accounted for more than 80% of Turkey’s national consumption amount and it still has the following six long-term gas purchase agreements in place with respect to import of natural gas through pipelines:

<u>Relevant Country</u>	<u>Import Volume (During the Plateau Period)</u>	<u>Signing Date</u>	<u>Effective Year</u>	<u>Expiry Date</u>
Iran	10 bcm	8 August 1996	2001	July 2026
Russian Federation (Blue Stream)	16 bcm	15 December 1997	2003	End of 2025
Russian Federation (Western Line)	4 bcm	18 February 1998	1998	End of 2021
Turkmenistan	16 bcm	21 May 1999	Not effective	Thirty years as of effective date
Azerbaijan (Shah Deniz Stage I)	6.6 bcm	12 March 2001	2007	April 2021
Azerbaijan (Shah Deniz Stage II)	6 bcm	25 October 2011	Not effective	Fifteen years as of effective date

<sup>9</sup> Article 20, Law Regarding Amendments to the Energy Market Law and Other Laws No. 5784, dated 9 July 2008, published in the Official Gazette dated 26 July 2008 and numbered 26948.

The reason why BOTAŞ has not yet transferred these purchase agreements varies from agreement to agreement. Commercially, BOTAŞ can transfer a purchase agreement only if the terms and conditions of that purchase agreement are feasible for other natural gas import companies. For instance, transfer of a particular purchase agreement may not be attractive for private companies, if the price of natural gas is higher when compared to the prices of natural gas that BOTAŞ imports through pipelines from other countries, and the supplier's track record is unreliable due to, for example, delivery shortfalls during the peak seasonal demand, which is the case in the purchase agreement with Iran<sup>10</sup>. In addition, the NGML does not provide any instructions, roadmap or guidance on dealing with issues such as the supplier's reliability and 'take or pay' obligations.

On the other hand, BOTAŞ has not always appeared determined to transfer its purchase agreements. On the contrary, BOTAŞ entered into a new gas purchase agreement in 2011, to import natural gas from the Shah Deniz Stage II field in Azerbaijan.<sup>11</sup> This agreement was signed under the auspices of an international agreement, thereby benefiting from a *lex specialis* immune from Provisional Article 2.

## 2. *Import by Companies other than BOTAŞ*

While the NGML prevents BOTAŞ from signing new natural gas purchase agreements, the legislature had to take into account BOTAŞ's existing obligations under its purchase agreements. This is partly the reason why Provisional Article 2 prohibits import companies from entering into new agreements to import gas from countries with which BOTAŞ already has purchase agreements until the expiration of BOTAŞ's agreements. Accordingly, EMRA does not permit any company to import gas from countries where BOTAŞ has ongoing contractual relationships for the import of natural gas.<sup>12</sup> There are two exceptions to this restriction: (1) if the natural gas imported from these countries is directly exported to other countries or (2) if EMRA determines a deficiency in domestic natural gas supply, EMRA may grant an import license to natural gas import companies other than BOTAŞ to import natural gas from these countries.<sup>13</sup> It is worth noting that, as of 2017, these exceptions have not yet been applied by EMRA.

On the other hand, under Provisional Article 2 of the NGML, EMRA permits natural gas import companies to import natural gas from countries from which BOTAŞ is not already importing natural gas. At first sight, this seems to pave the way for private sector companies to freely import natural gas from several countries. Considering the low number of countries from which BOTAŞ is already importing gas, the NGML was expected to boost gas imports by private sector companies. However, these expectations failed, as EMRA issued a highly-criticised decree in April 2006: Decree No. 725

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<sup>10</sup> O.G. Austvik & G. Rzayeva, 'Turkey in the Geopolitics of Natural Gas', *Harvard Kennedy School Mossavar-Rahmani Center for Business and Government Associate Working Paper Series* (September 2016), 10, <[https://www.hks.harvard.edu/sites/default/files/centers/mrcbg/files/66\\_final.pdf](https://www.hks.harvard.edu/sites/default/files/centers/mrcbg/files/66_final.pdf)>.

<sup>11</sup> Agreement between the Government of the Republic of Turkey and the Government of the Republic of Azerbaijan Concerning the Sale of Natural Gas to the Republic of Turkey dated 25 October 2011, published in the Official Gazette dated 10 October 2012 and numbered 28437.

<sup>12</sup> NGML, Provisional Article 2.

<sup>13</sup> *Ibid.*

(Decree No. 725),<sup>14</sup> which sets forth the principles and procedures for the review of import license applications for imports from countries where BOTAŞ does not have any ongoing contractual relationships. Decree No. 725 involves both BOTAŞ and the Ministry of Energy and Natural Resources (Ministry) in the review process of license applications. Considering BOTAŞ's profoundly dominant role in the natural gas market, Decree No. 725 arguably reverses the freedom the NGML brings for private sector companies wishing to import natural gas from countries from which BOTAŞ is not already importing natural gas.

Under Decree No. 725, if these companies apply to EMRA for an import license, EMRA notifies BOTAŞ of the annual and seasonal import volumes and the import term provided in the application.<sup>15</sup> The rationale behind this notification is to ensure that the potential imports by newcomers do not hinder the performance of BOTAŞ's obligations under its existing gas purchase agreements. After receiving the file from EMRA, BOTAŞ submits its reasoned opinion on whether the proposed import would prevent BOTAŞ from fulfilling its existing obligations.<sup>16</sup> BOTAŞ's opinion also covers the question whether this volume of natural gas would cause serious economic and financial difficulties for the system.<sup>17</sup> The outcome of EMRA's review is closely tied to BOTAŞ's opinion on the proposed import with respect to its existing obligations and export connections and on the proposed volume's effect on the system.<sup>18</sup> EMRA must ultimately reject the license application if BOTAŞ opposes the proposed import.

However, if BOTAŞ submits an affirmative opinion, EMRA will follow by requesting the Ministry's opinion. Entrusted with the task of planning for the country's energy demand, the Ministry evaluates the license application's possible impacts. If the Ministry's opinion is negative, EMRA dismisses the license application. On the other hand, if the Ministry's opinion is affirmative, EMRA makes an announcement in the Official Gazette and on EMRA's official website, inviting companies wishing to import the same volume of natural gas from the same country, to apply to EMRA.<sup>19</sup> With the purpose of ensuring a competitive and transparent process in the granting of licenses, EMRA indicates the gas volume to be imported, the application period and venue and any other details pertaining to the prospective license in this announcement.

If no application is made within the application period, EMRA conveys to BOTAŞ the import volume and entry point in the national transmission system operated by BOTAŞ as stated in the application. BOTAŞ then evaluates this information and informs EMRA of its opinion, this time in its capacity as the country's transmission

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<sup>14</sup> EMRA Decree No. 725, dated 13 April 2006, published in the Official Gazette dated 29 April 2006 and numbered 26153.

<sup>15</sup> Decree No. 725, Article 3.

<sup>16</sup> *Ibid.*

<sup>17</sup> Under Article 3 of the NGML and Article 4 of the License Regulation, the 'system' is defined as the facilities and equipment established to carry out production, transmission, storage and distribution of natural gas.

<sup>18</sup> Decree No. 725, Article 3.

<sup>19</sup> Decree No. 725, Article 4.

system operator.<sup>20</sup> In addition to BOTAŞ's second opinion, EMRA must also obtain a second opinion from the Ministry, this time in relation to the country from which the natural gas is proposed to be imported. If both of these opinions are affirmative, then the applicant is granted the import license to import natural gas from the relevant country.

However, if other companies wishing to import the gas volume stated in the announcement apply to EMRA for an import license, Decree No. 725 requires a competitive process among these applicants following the second affirmative opinions obtained from BOTAŞ and the Ministry.<sup>21</sup> A commission established under Decree No. 725 reviews the application files together with the opinions. Upon its evaluation, the commission prepares a report and submits it to EMRA's Board, which dismisses license applications by any applicant it considers to be unqualified to import the contemplated volume of gas. With such companies removed from the applicant pool, the remaining companies are invited to a meeting,<sup>22</sup> where they submit their sealed bids. The license applicant with the highest bid is granted the import license to import natural gas from the relevant country. Accordingly, this procedure under Decree No. 725 allows any company in the tender to obtain the import license regardless of whether it was the original applicant that initiated the process.

In summary, while EMRA is an independent regulatory authority with the objective, among others, to reduce BOTAŞ's role in the natural gas market, ironically BOTAŞ plays a key role in EMRA's licensing process. Effectively, on the one hand Provisional Article 2 unties a knot in Turkey's natural gas import legislation, opening the gates to import by private companies; but on the other hand, Decree No. 725 re-ties that knot back so strongly that private companies wishing to become BOTAŞ's competitors need BOTAŞ's positive opinion to be able to enter the market in the first place.

## b) Legal Regime Applicable to Import of Natural Gas in the Form of LNG

In the last four years, both the volume of natural gas imported in the form of LNG and LNG's share in the total natural gas import volume have increased. The volume of LNG import was approximately 7.63 bcm in 2016. Only three years before that, in 2013, this volume was 5.85 bcm.<sup>23</sup> In the same period, the share of natural gas imported in the form of LNG increased from 12.92% to 16.46%.<sup>24</sup> LNG is being imported from Algeria and Nigeria under BOTAŞ's long-term natural gas purchase agreements,<sup>25</sup> and spot LNG, *i.e.*,

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<sup>20</sup> Under Article 5 of Decree No. 725, BOTAŞ will consider the entry point of natural gas in the national transmission system; sufficiency of natural gas for the pipeline system's hydraulics; BOTAŞ's 'Principles Regarding Transmission Network Operation Regulations', setting out the rights and obligations of the relevant parties related to transmission of natural gas through the transmission network; and other criteria that BOTAŞ would consider appropriate in relation to entry of natural gas in the national transmission system.

<sup>21</sup> Decree No. 725, Article 6.

<sup>22</sup> Under Article 6 of Decree No. 725, the invitation will include (1) the venue, date, and hour of the meeting; (2) the amount of the bid security; (3) issues related to the submission, preparation, delivery and opening of the sealed bids; and (4) other relevant issues at EMRA's discretion.

<sup>23</sup> EMRA Report, p. 9.

<sup>24</sup> *Ibid.*

<sup>25</sup> BOTAŞ has two long-term LNG sales and purchase agreements: The agreement with Algeria dated 14 April 1988 for purchase of 4 billion cubic meters per year (bcm/y) will expire in October 2024 and the

LNG purchased under agreements of less than one year, is being imported from several countries including Qatar and the U.S.<sup>26</sup>

Prior to the amendment in 2008, Provisional Article 2 of NGML had prohibited BOTAŞ from entering into new natural gas purchase agreements, including agreements to import natural gas in the form of LNG, until its import volume was reduced to 20% of the annual national consumption amount. In addition, the same article precluded imports by companies other than BOTAŞ from countries where BOTAŞ was already importing natural gas. With the amendment in 2008, LNG imports both by BOTAŞ and other natural gas import companies are no longer restricted by Provisional Article 2. Since then, BOTAŞ has renewed its LNG purchase agreement to import 4 bcm/y from Algeria, which would have expired in 2014.<sup>27</sup> In addition, BOTAŞ is still Turkey's only LNG importer and one of its two spot LNG importers together with *Ege Gaz A.Ş.*, which imported only 0.54% of Turkey's total national gas import volume in 2016.<sup>28</sup>

All in all, the amendment in 2008 abolished the restrictions on LNG import for both BOTAŞ and other natural gas companies. In practice, this amendment has not yet encouraged the entry of other natural gas import companies into the LNG import market, except for *Ege Gaz A.Ş.*, which only imports a negligible portion. On the contrary, it enabled BOTAŞ to strengthen its presence in the LNG imports market by allowing it to renew its LNG purchase agreements and enter into new spot LNG purchase agreements. Accordingly, one may reasonably argue that the restriction on LNG imports by BOTAŞ should be reimposed, as BOTAŞ's continued dominance exacerbated by the amendment contradicts the NGML's primary goal of liberalising the natural gas market.

### III. DEVELOPMENTS AFTER THE NGML'S ENACTMENT

The NGML has not achieved its purpose of bringing the share of natural gas imported by BOTAŞ down to 20% of the total natural gas consumption amount. However, this does not mean that the NGML was an absolute failure in terms of liberalising Turkey's natural gas market. In addition to allowing new import companies to enter the natural gas market, Turkey needs to address the NGML's shortcomings and take further legislative actions as proposed in the next section.

#### a) Transfer of BOTAŞ's Existing Agreements to Other Import Companies

Arguably, the most challenging requirement under the NGML was the transfer of BOTAŞ's existing natural gas purchase agreements to third parties. In accordance with Provisional Article 2, on 30 November 2005 BOTAŞ transferred an existing agreement for the import of 4 bcm/y from Russia to four other natural gas import companies in a tender process.<sup>29</sup> These four natural gas import companies were *Shell Enerji A.Ş.*,

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agreement with Nigeria dated 9 November 1995 for purchase of 1.2 bcm/y will expire in October 2021.

26 EMRA Report, p. 13: In 2016, Spot LNG was imported from Qatar (43.29%), Trinidad and Tobago (15.64%), the USA (11.44%), Nigeria (8.38%), Egypt (4.68%), Norway (4.26%), France (4.25%), Belgium (4.05%) and the Netherlands (4.02%).

27 Ministry of Energy and Natural Resources, '2014 Activity Report' (Ankara: Ministry, 2014), p. 74.

28 EMRA Report, p. 9.

29 Boru Hatları ile Petrol Taşıma A.Ş., '2015 Sector Report' (Ankara: BOTAŞ, 2016).

*Bosphorus Gaz Corporation A.Ş.*, *Enerco Enerji Sanayi ve Ticaret A.Ş.* and *Avrasya Gaz A.Ş.*<sup>30</sup>

In addition, after the expiration of the natural gas purchase agreement with Gazprom Export LLC (Gazprom) on 31 December 2011, BOTAŞ did not renew this agreement due to the restrictions imposed by Provisional Article 2. Hence, following the expiration of BOTAŞ's natural gas purchase agreement with Gazprom, EMRA was permitted to grant import licenses for the same volume and from the same country. In this case, four natural gas import companies won the contract to import 6 bcm/y to Turkey through the Russia-Turkey Natural Gas Pipeline. These companies were *Akfel Gaz Sanayi ve Ticaret A.Ş.*, *Bosphorus Gaz Corporation A.Ş.*, *Batı Hattı Doğalgaz Ticaret A.Ş.* and *Kibar Enerji Dağıtım Sanayi A.Ş.*<sup>31</sup>

The volumes of natural gas imported by these seven natural gas import companies in the year 2016 were as follows:<sup>32</sup>

<u>Company Name</u>	<u>Import Volume</u>	<u>Share in the Total Natural Gas Import Volume</u>
Enerco Enerji Sanayi ve Ticaret A.Ş.	2.096 bcm	4.52%
Bosphorus Gaz Corporation A.Ş.	2.041 bcm	4.4%
Akfel Gaz Sanayi ve Ticaret A.Ş.	1.991 bcm	4.3%
Batı Hattı Doğalgaz Ticaret A.Ş.	0.949 bcm	2.05%
Kibar Enerji A.Ş.	0.858 bcm	1.85%
Avrasya Gaz A.Ş.	0.418 bcm	0.9%
Shell Enerji A.Ş.	0.186 bcm	0.4%

Accordingly, 18.44% of the total natural gas import volume in 2016 was imported by seven natural gas import companies through pipelines.

## b) Natural Gas Import Licenses to Privately-Owned Companies for Importing Natural Gas through Pipelines

With the exclusion of two exceptions discussed above, as it is not possible to import natural gas through pipelines from countries where BOTAŞ has existing import agreements, privately-owned companies can only import natural gas from a limited number of countries. Even in this case, Decree No. 725 creates significant barriers for companies wishing to obtain an import license. To date, there has been only one example of a privately-owned company receiving an import license for a new import connection: *Siyabkalem Doğalgaz İthalat İbracat ve Ticaret A.Ş.*<sup>33</sup> In September 2013, EMRA granted this

<sup>30</sup> Energy Market Regulatory Authority, 'Natural Gas Market 2013 Sector Report' (Ankara: EMRA, 2013), p. 18.

<sup>31</sup> *Ibid.*

<sup>32</sup> EMRA Report, p. 9.

<sup>33</sup> G. Rzayeva, 'Natural Gas in the Turkish Domestic Energy Market: Policies and Challenges', *The Oxford Institute for Energy Studies Paper* (February 2014), p. 39, <<https://www.oxfordenergy.org/wpcms/wp>

company a license to import natural gas from Iraq, *i.e.*, a country from which BOTAŞ is not importing natural gas. However, although four years have passed since the issuance of this license, there have not yet been any natural gas imports from Iraq to Turkey.<sup>34</sup>

Accordingly, the NGML and Decree No. 725 have proven to be far from ideal in terms of ensuring a sound legal regime for a competitive import market. Sixteen years after the NGMLs promulgation, only one privately-owned company has obtained a license to import natural gas from a new source of supply and, four years after receiving the license, that company has not even managed to start importing natural gas to Turkey. It is fair to say that Provisional Article 2's restrictions on imports by privately-owned companies require significant adjustment if the NGML is to achieve its objective to liberalise the Turkish natural gas market.

In September 2012, the Draft Law on the Amendment of the Natural Gas Market Law (Draft Amendment Law) was made public and opened for comments by market players.<sup>35</sup> The Draft Amendment Law proposed to abolish the restriction on imports from countries where BOTAŞ has existing contractual relationships to import natural gas. This meant that privately-owned companies could also have imported natural gas from countries like Azerbaijan and Iran, with which BOTAŞ already has gas purchase agreements. The Draft Amendment Law was submitted to the Office of the Grand National Assembly of Turkey on 4 August 2014 and to the appointed commissions on 13 August 2014.<sup>36</sup> However, as the Draft Amendment Law was not enacted by the Parliament in the legislative year of 2014, it became void and is no longer on the Parliament's agenda.

### c) Import Licenses to Natural Gas Import Companies to Import Spot LNG

As of 31 July 2017, BOTAŞ has two import licenses to import natural gas in the form of LNG from Algeria and Nigeria and an import license to import spot LNG.<sup>37</sup> However, the companies holding an import license to import spot LNG is not limited to BOTAŞ. EMRA has granted spot LNG import licenses to 41 other natural gas import companies. These companies may import spot LNG to Turkey.

However, since 2009 there have been only two natural gas import companies importing spot LNG to Turkey. One is BOTAŞ and the other is *Ege Gaz A.Ş.* In 2016, the latter imported 0.252 bcm spot LNG, a negligible volume given Turkey's total imported spot LNG volume of 2.123 bcm in 2016<sup>38</sup> Twelve of the forty-two spot LNG import license holders have carried out natural gas wholesale activities through their spot LNG import licenses, while the other twenty-eight companies have not carried out any activity through their licenses.<sup>39</sup>

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content/uploads/2014/02/NG-82.pdf>.

<sup>34</sup> EMRA Report, p. 7.

<sup>35</sup> The Draft Law on the Amendment of the Natural Gas Market Law numbered 31853594-101-855-3207 and dated 4 August 2014.

<sup>36</sup> *Ibid.*

<sup>37</sup> EMRA Report, p. 13.

<sup>38</sup> EMRA Report, p. 16.

<sup>39</sup> EMRA Report, p. 15.

#### IV. CONCLUSION

One of the linguistic challenges Turkish lawyers face when advising clients is explaining what a ‘provisional’ article means. Although the term is synonymous with ‘temporary’, i.e., applicable only for a transition period, when it comes to Provisional Article 2 of the NGML, ‘temporary’ has meant sixteen years. There is no question that Turkey needed a good transition period in 2001, when the natural gas market was becoming a liberal market. With this purpose, Turkey introduced new legislation to regulate this transition period. However, Turkey has had sufficient time to introduce, implement and amend applicable laws and understand the shortcomings of its legal framework. As such, Turkey’s natural gas market is prepared for a second transition period towards a truly liberalised natural gas market that is genuinely competitive in practice. Only then will Turkey be able to diversify its gas supply sources and, consequently, strengthen its hand in securing supply.