Turkey
Transition Factbook
2026

Bloomberg Philanthropies

BloombergNEF

Introduction

Context

Turkey is entering a pivotal decade for its energy transition. The country has emerged as one of the fastest-growing renewable energy markets among emerging economies, while also maintaining a large industrial base in a strategic location. At the same time, rising electricity demand, dependence on imported fossil fuels and growing exposure to international carbon policies are increasing the urgency of the transition.

As host of COP31 this November, Turkey will take on a prominent role in global climate discussions. This factbook, produced by BloombergNEF and commissioned by Bloomberg Philanthropies, assesses the country's progress toward a low-carbon economy, covering power, transport, industry, carbon markets and finance. It highlights the opportunities and challenges facing Turkey as it seeks to strengthen energy security, maintain industrial competitiveness and accelerate decarbonization.

Executive summary

Clean power is becoming the backbone of Turkey's energy system. Turkey ranked among the world's leading renewable energy markets in 2025, placing fifth globally for wind additions and 10th for solar additions. BNEF expects the country to achieve its target of 120GW of wind and solar capacity by 2035, but reaching net zero emissions would require four times its target for that year and nearly $1 trillion of power-sector investment by 2050.

Grid expansion and storage deployment are becoming critical to sustaining renewable growth. Turkey plans to invest $30 billion in transmission infrastructure between 2026 and 2035, requiring annual investment to increase almost fivefold from current levels. Battery storage capacity is forecast to grow from almost zero today to 8GW/24GWh by 2035, providing greater grid flexibility and minimizing solar and wind losses.

Turkey's **industrial policy** is beginning to reshape its role in global **clean-tech supply chains**. Manufacturing subsidies, consumer incentives and local content requirements are supporting its domestic manufacturing ecosystem. The country became EMEA's fourth-largest **electric vehicle** market in 2025, as growing manufacturing investment, tax breaks and purchase subsidies continue to improve EV affordability for Turkish consumers.

Industrial decarbonization is increasingly tied to competitiveness. As one of the markets most exposed to the EU's Carbon Border Adjustment Mechanism (CBAM), Turkey is accelerating efforts to reduce industrial emissions. This includes a domestic **carbon market** set to launch in 2026.

Energy transition financing remains one of the biggest constraints in Turkey, as activity continues to be weighed down by currency volatility and elevated inflation. To support its financing market, the country is developing a green taxonomy that could help improve transparency and provide a clearer framework for sustainable investment.

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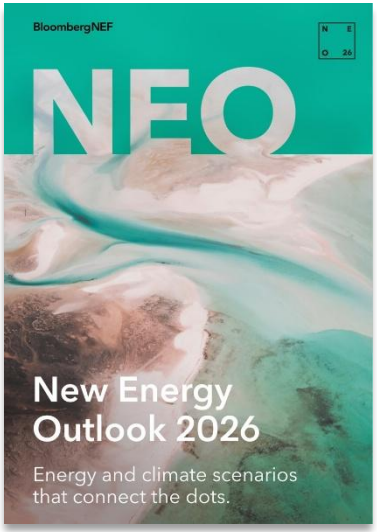
BNEF modeled two scenarios for the decarbonization of Turkey's power sector

Economic Transition Scenario (ETS)

- Exploratory base case that describes how the power, industry, transport and buildings sectors might evolve as a result of cost-based technology changes.
- Consistent with a global warming outcome of 2.4C by 2100.
- Assumes no further policy support for the energy transition beyond existing measures.
- The low-carbon transition is largely limited to the power and transport sectors.

Net Zero Scenario (NZS)

- Normative climate scenario outlining a credible maximum-effort pathway to limit warming to well below 2C using existing technologies.
- Consistent with peak warming of 1.81C by 2049.
- Delivers net zero across power, transport, industry and buildings sectors by 2050 under defined sectoral carbon budgets.
- Includes limited overshoot and moderate post-2050 carbon removals.



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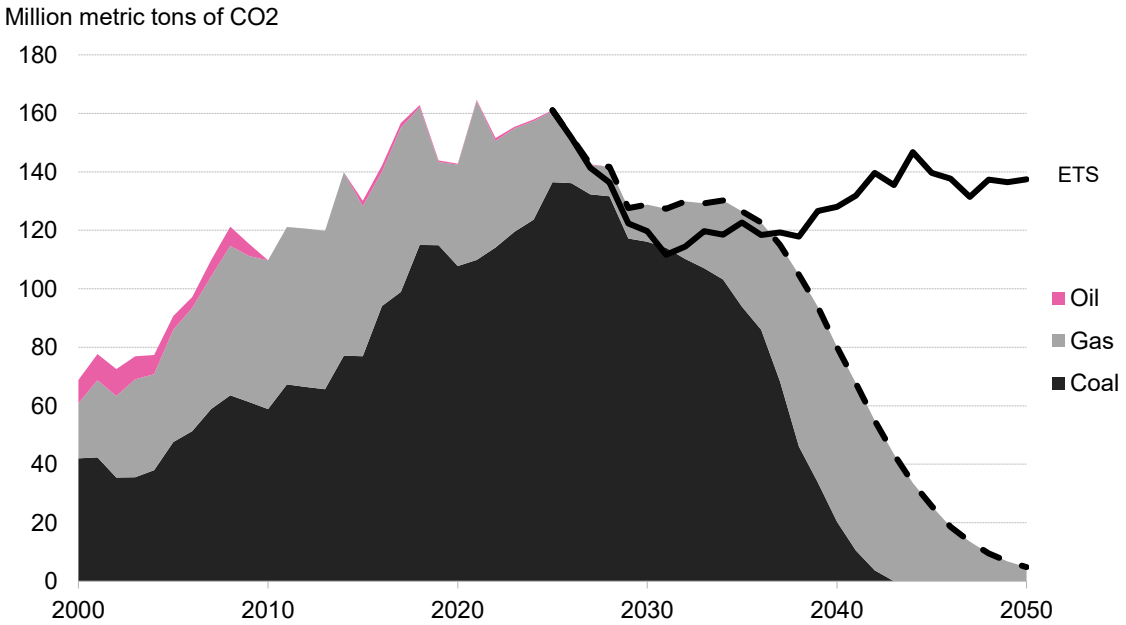
Turkey's power emissions need to drop 85% by 2040 to align with net zero

Turkey's power sector emissions by fuel, Net Zero Scenario (NZS)

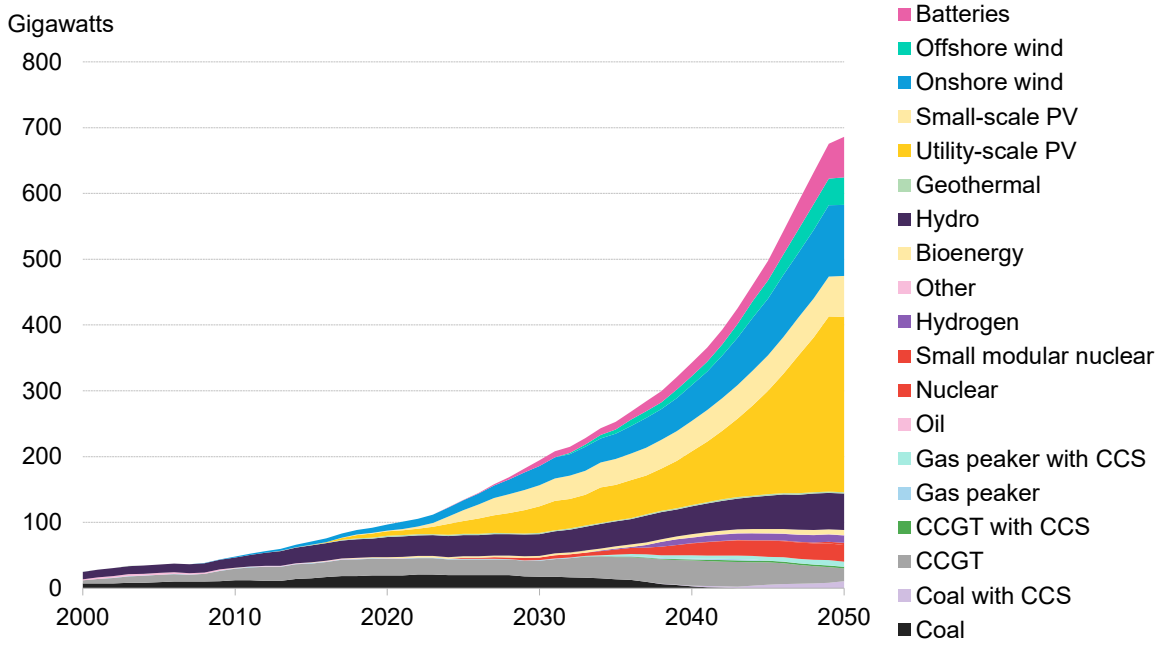


Source: BloombergNEF. Note: ETS is Economic Transition Scenario.

- Turkey's power-sector emissions need to fall 15% by 2030 from 2025 levels and 85% by 2040 to align with BloombergNEF's Net Zero Scenario (NZS). In contrast, emissions in BNEF's Economic Transition Scenario (ETS) for Turkey's power sector fall to their lowest level in 2031 as renewables expand, before rising again due to increasing power demand. Still, power-sector emissions by 2050 are around 137 million metric tons per year, 17% below 2025 levels.
- Coal is currently the largest source of power-sector emissions in Turkey. Domestic lignite and imported coal together account for around one-third of electricity generation and 85% of power-sector emissions, with lignite generation around half the level of imported coal generation today.
- Under the NZS, coal-related emissions reach net zero by 2043. A small amount of remaining coal capacity is retrofitted with carbon capture and storage (CCS) to provide firm power.

Achieving net zero requires 478GW of wind and solar capacity by 2050

Turkey installed power capacity by technology/fuel, Net Zero Scenario

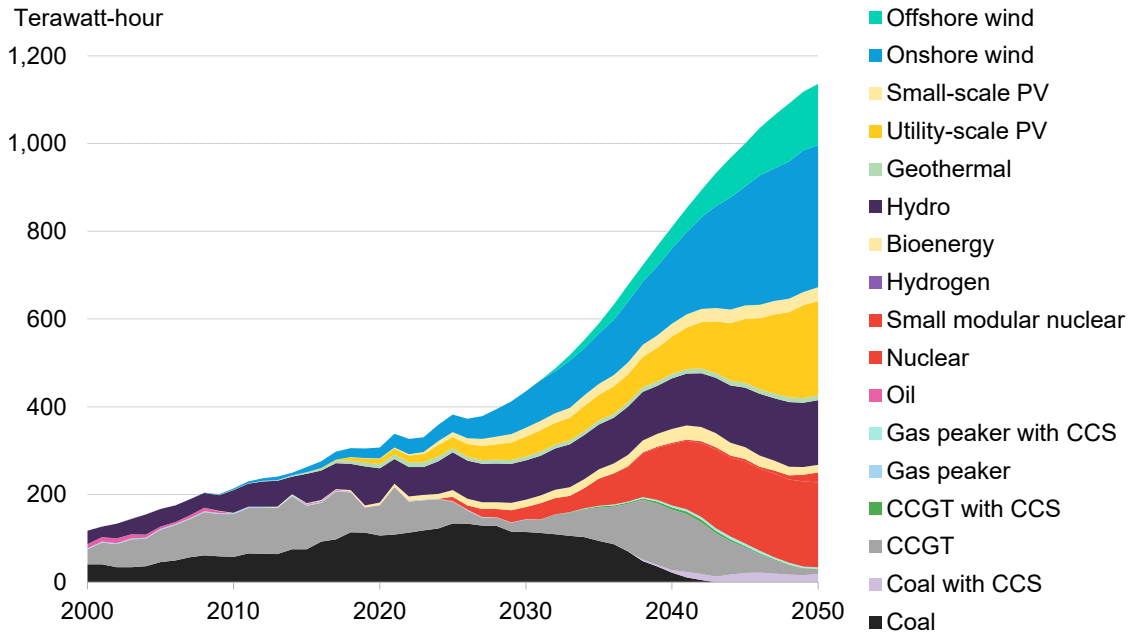


Source: BloombergNEF

- To reach net zero by 2050, total installed generation capacity grows to 686GW, around five times today's level. BNEF's Net Zero Scenario assumes power, transport, buildings and industry are widely electrified and completely decarbonized, driving a sharp increase in electricity demand.
- Most capacity growth comes from solar and wind. Combined wind and solar capacity reaches 478GW by 2050, four times Turkey's 2035 target of 120GW, accounting for 70% of total installed capacity. To integrate these variable renewable resources, battery storage capacity expands to 62GW.
- Nuclear capacity grows to 26GW by 2050, supporting the replacement of coal-fired generation. The 4.5GW Akkuyu Nuclear Power Plant, Turkey's first nuclear facility, is under construction, with the first of four reactors expected to start generating power in 2026.

Renewables reach 78% of power generation by 2050 under the Net Zero Scenario

Turkey power generation by technology/fuel, Net Zero Scenario

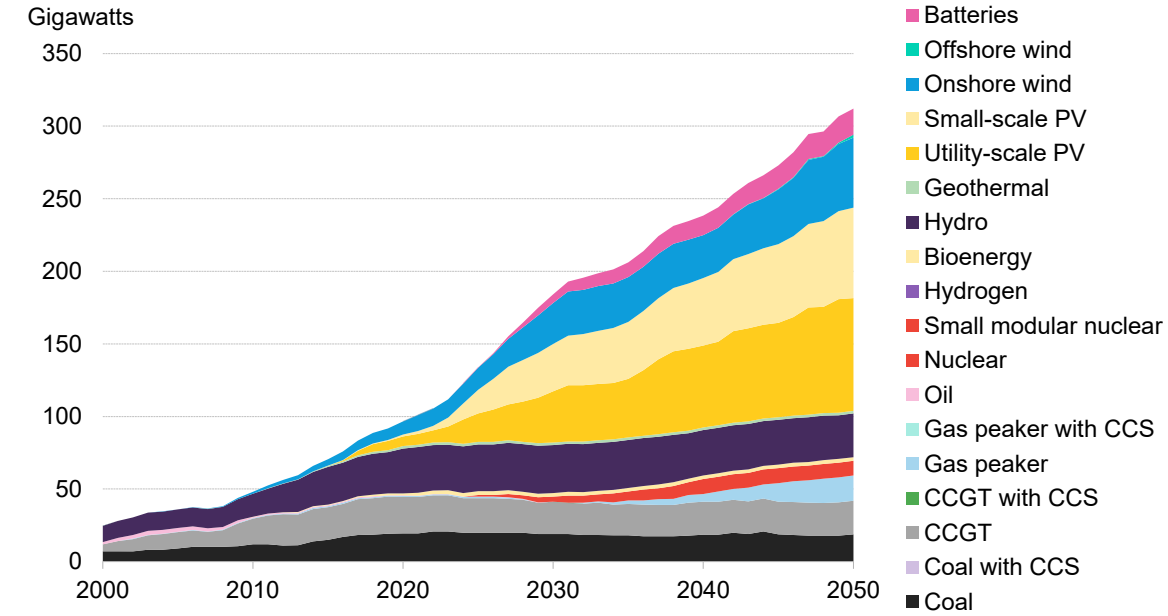


Source: BloombergNEF

- Under the Net Zero Scenario, Turkey's annual electricity generation nearly triples between 2025 and 2050, reaching 1,137TWh.
- Electrification of transport and industry drives much of the increase in electricity demand. EV charging becomes a major new source of power consumption as the economy decarbonizes.
- Renewables account for 78% of electricity generation by 2050. Wind becomes the backbone of Turkey's power system, with onshore wind producing 324TWh and offshore wind 140TWh. Together, wind accounts for 40% of total generation.
- Coal and gas generation are largely phased out by 2050. Limited remaining fossil-fuel capacity is retrofitted with CCS. Unabated coal generation begins declining in 2026 and falls to zero by 2043, while fossil fuels account for just 3% of electricity generation in 2050, down from 50% today.

Driven by economics, wind and solar capacity reach 190GW by 2050

Turkey installed power capacity by technology/fuel, Economic Transition Scenario

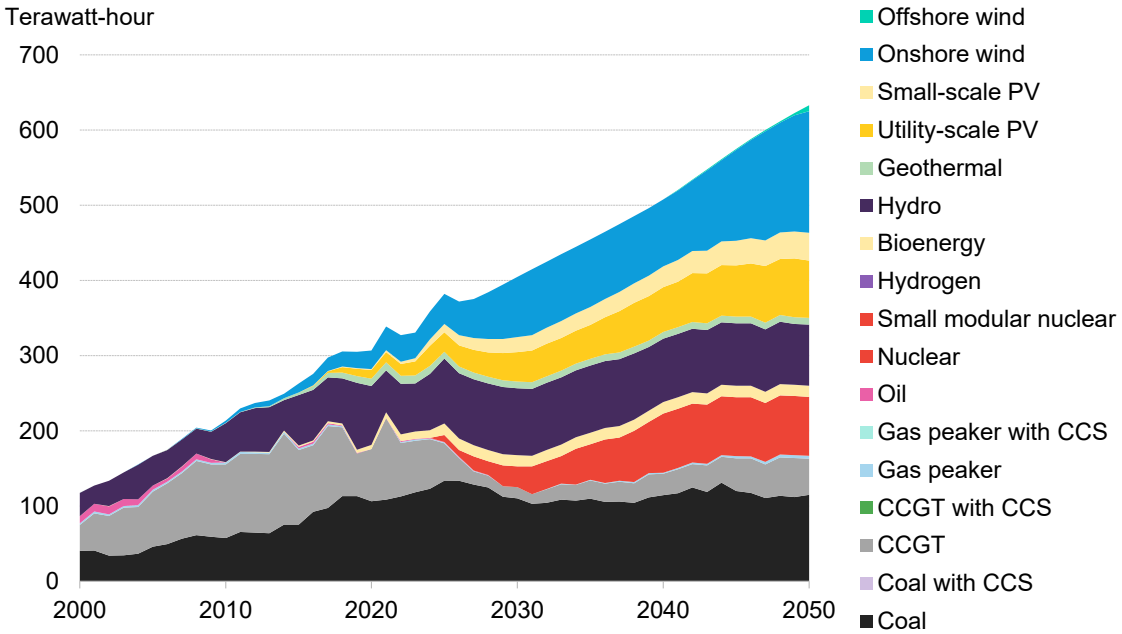


Source: BloombergNEF

- Under BNEF's Economic Transition Scenario (ETS), which is led by least-cost technologies without any new climate policies, Turkey's installed power capacity rises to 312GW in 2050. Even in this economics-driven pathway, most new capacity comes from clean power, with wind and solar accounting for the largest share of the expansion.
- Installed solar capacity reaches 140GW by 2050, with 56% of this coming in the utility segment. Wind triples its installed capacity to 50GW, and battery capacity hits 18GW.
- Oil capacity phases out by 2030, while coal and combined cycle gas turbine (CCGT) capacity broadly stay consistent with 2025 levels. Gas peaker capacity rises to 17GW by 2050 from around 1GW today, supporting system flexibility as renewable generation expands. Fossil fuels make up less than a fifth of installed capacity by mid-century, down from 33% today.

Clean energy reaches 75% of power generation in 2050 under ETS

Turkey power generation by technology/fuel, Economic Transition Scenario

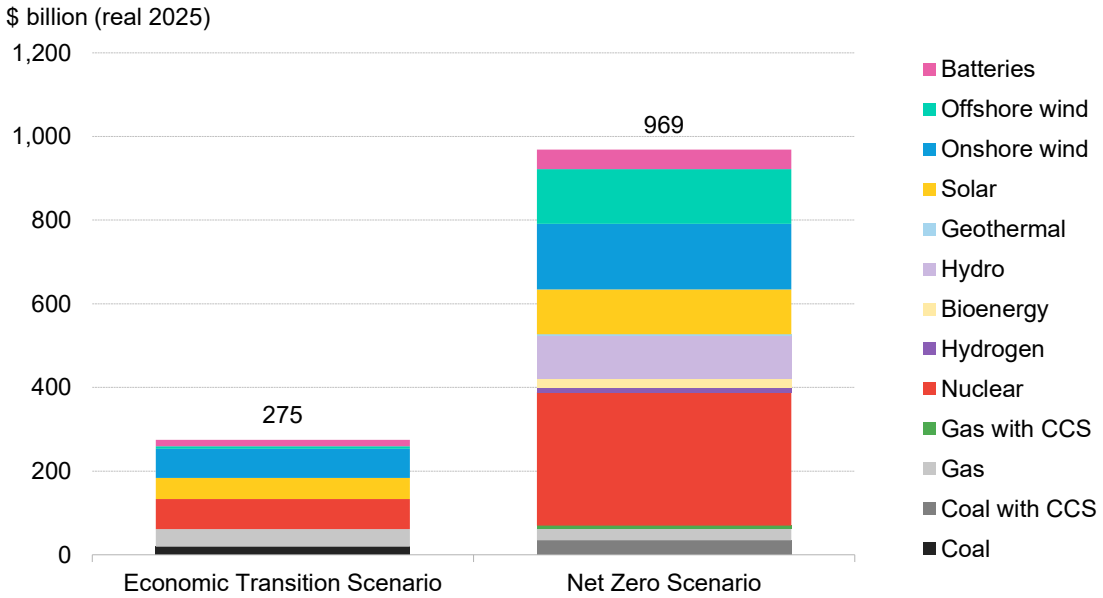


Source: BloombergNEF

- Clean power generation rises from 197TWh in 2025 to 466TWh in 2050, accounting for 75% of total electricity generation. Growth is driven by wind and solar deployment, which together overtake fossil fuel generation by the end of the decade.
- Wind overtakes coal to become Turkey's largest single source of generation in 2045. Annual wind generation reaches 170TWh by 2050, four times current levels.
- Solar generation triples from current levels in 2050 as project costs continue to decline and battery deployment expands. Together, wind and solar account for 45% of the generation mix, up from 20% today.
- In contrast, fossil fuel generation broadly remains flat in the ETS but becomes a smaller share of the power mix as electricity demand grows. Coal and gas generation remain online to provide firm power.

Achieving net zero by 2050 requires nearly $1 trillion of investment

Turkey power sector investment by generation technology, 2026-2050

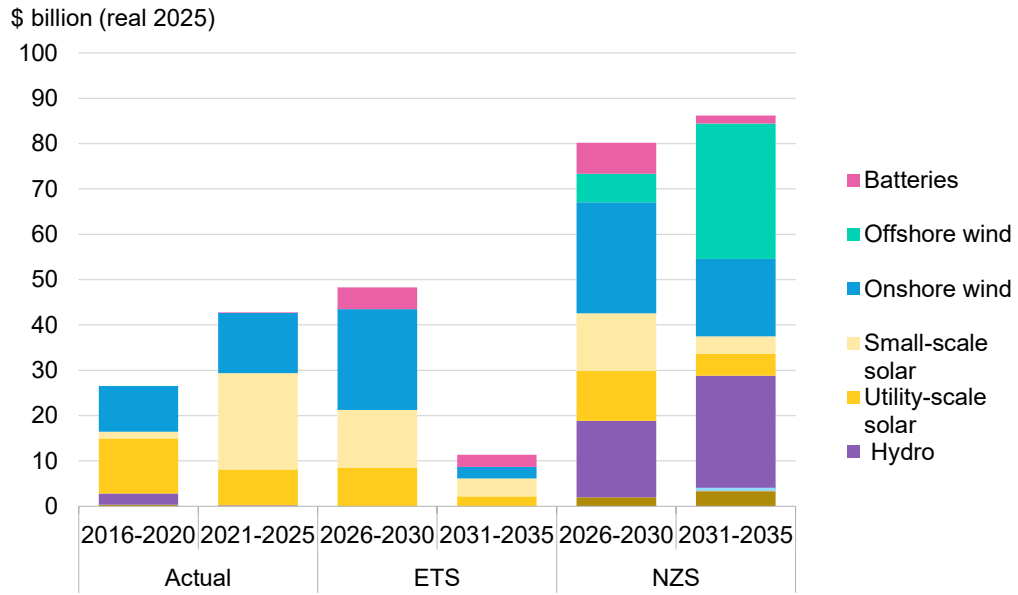


Source: BloombergNEF. Note: Solar includes both utility-scale and small-scale solar. Gas is unabated gas only, except where otherwise stated. CCS is carbon capture and storage.

- Under the Net Zero Scenario, installed generation capacity reaches 686GW by 2050, compared to 312GW under the ETS.
- Delivering that additional capacity requires nearly $1 trillion of investment in the power sector between 2026 and 2050, around 3.5 times the $275 billion required in the ETS.
- Nuclear attracts the largest investment share under the NZS, receiving $320 billion through 2050 as Turkey expands low-carbon baseload generation. By comparison, nuclear investment reaches $72 billion under the ETS.
- Offshore wind investment reaches $131 billion under the NZS, while solar and onshore wind attract a combined $264 billion. Together, wind and solar attract three times the investment they receive in the ETS.
- While capital expenditure is higher under the NZS, this excludes the costs of climate adaptation and mitigation associated with higher levels of warmings under the ETS.

Net zero requires investment in renewables to double from recent levels

Turkey new build renewable energy investment by technology, actual and under BNEF's two scenarios



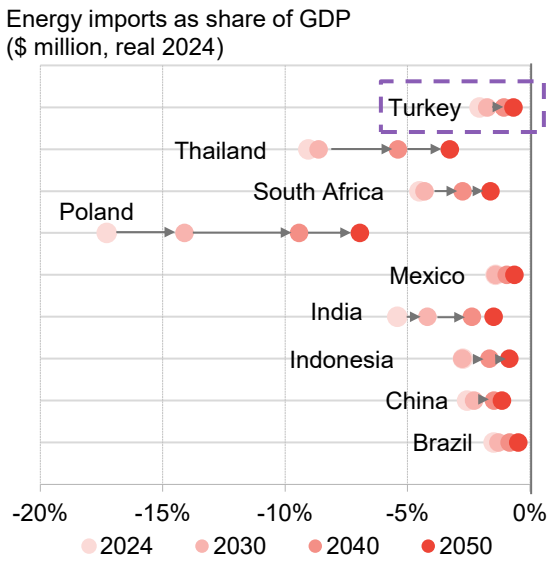
Source: BloombergNEF. Note: Historic values based on actuals as reported by BNEF.

- Turkey attracted $69.2 billion of clean power investment over the past decade. Investment in 2021-2025 was 60% higher than in 2016-2020, driven by rapid growth in solar and wind deployment.
- Turkey's recent clean-power investment trends are broadly aligned with the ETS, which requires renewable energy investment over 2026-2030 to remain close to 2021-2025 levels. Achieving net zero by 2050, however, would require a much faster increase in investment, with $73.4 billion deployed over 2026-2030 compared with $43.5 billion under the ETS.
- Battery investment increases in both scenarios as renewable penetration grows. By 2035, $7.5 billion flows to new storage assets in the ETS and $8.5 billion in the NZS.
- The biggest boost in the NZS comes from offshore wind and hydro, which attract a combined $78 billion by 2035. Their relatively high capacity factors make them important sources of low-carbon power as Turkey reduces its reliance on fossil fuels.

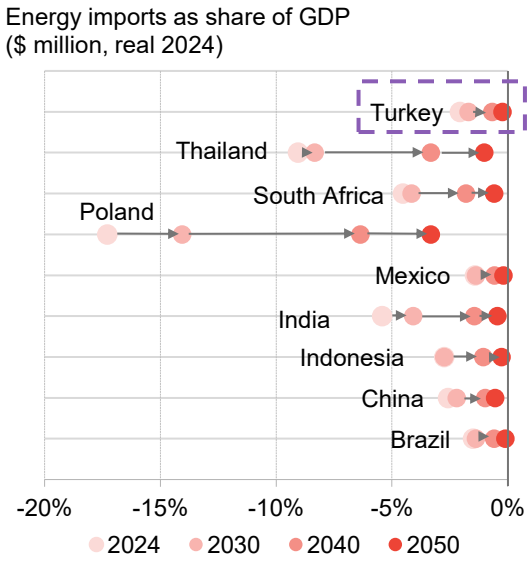
Turkey's transition decouples fossil fuel imports from GDP growth

Fossil fuel import dependence by market, BNEF's NEO scenarios

Economic Transition Scenario



Net Zero Scenario



Source: BloombergNEF, Sinoimex, Global Change Analysis Model (GCAM). Note: Fossil fuel imports based on observed 2024 trade data from relevant custom codes for coal, lignite, crude, petroleum oil products, natural and petroleum gas. Future imports scaled forward based on market demand for products under different scenarios. This projection assumes relative trade patterns remain static.

- Over the long term, the shift toward low-carbon energy technology is set to strengthen Turkey's energy resilience by reducing dependence on imported fossil fuels. Turkey has historically relied on oil, gas and coal imports to meet domestic energy demand, raising energy security concerns. Fossil fuel imports account for 2.1% of Turkey's GDP in 2024, falling to 1.8% in 2030, 1.1% in 2040 and 0.7% in 2050 under the ETS. The decline is driven less by falling energy demand and more by renewable deployment and electrification slowing growth of fossil fuel imports relative to GDP.
- Under both the ETS and NZS, most markets globally reduce reliance on imported oil, coal and gas. By 2050, many markets could reduce net fossil fuel imports to minimal levels as a share of GDP.
- Under both scenarios, renewable power deployment as well as electrification of end-uses help reduce the vulnerability of Turkey's economy to swings in the international price of energy commodities.

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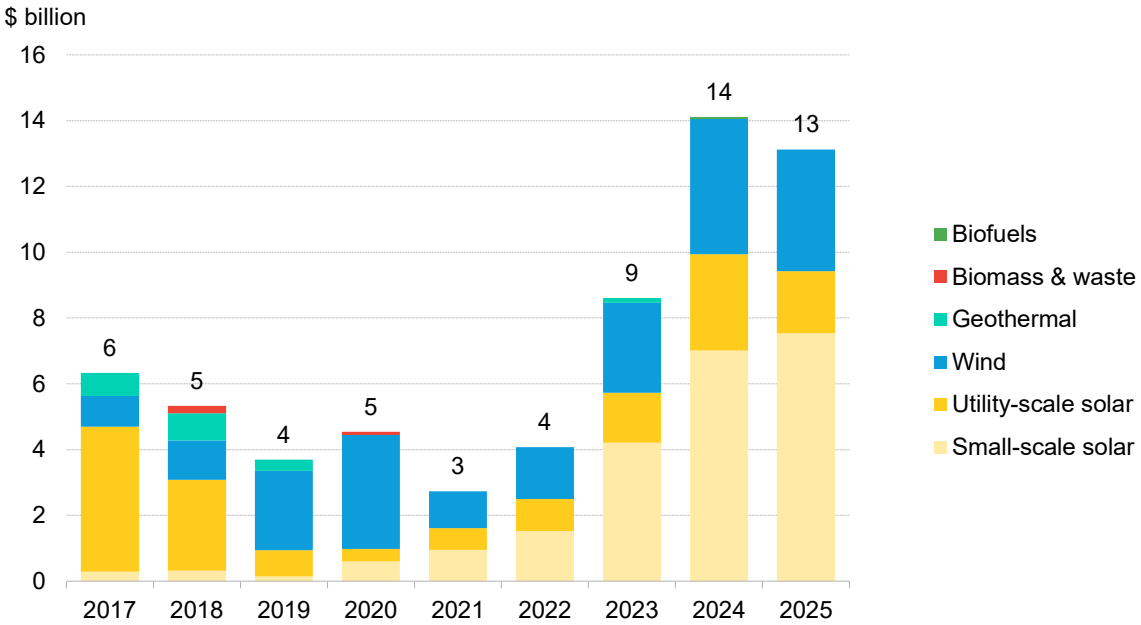
Renewable energy investment remains near record highs

Estimated annual renewable energy investment in Turkey

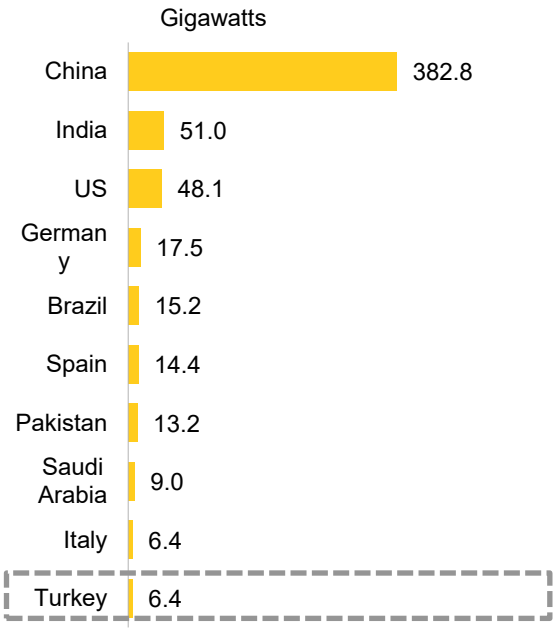


Source: BloombergNEF

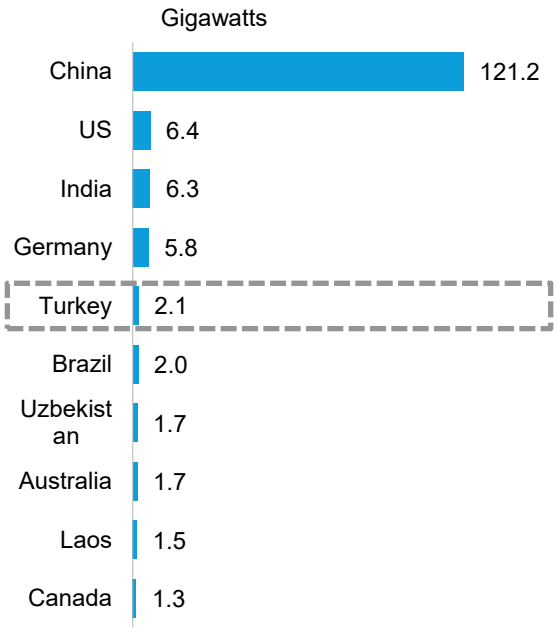
- Turkey's renewable energy projects attracted $13.1 billion in 2025, which places them 9th globally for renewable energy investments.
- Turkey's unlicensed small-scale solar market remains the main driver of clean energy investment in the country, representing 57% of total investments in 2025. While total solar investment dropped in 2025, it still raked in $9.4 billion.
- Wind investment fell 10% from its record year in 2024, attracting $3.7 billion. After years of fluctuating investments, the sector is getting consistent levels of funding.
- Other technologies did not receive any investment in 2025. This differs from 2018, when a record 20% of the investment went into other technologies such as geothermal and biomass. This is due to the increasing competitiveness of solar and wind economics, and government support for both manufacturing and deployments.

Turkey ranks among the top markets globally for both wind and solar in 2025

Solar capacity additions in 2025



Wind capacity additions in 2025

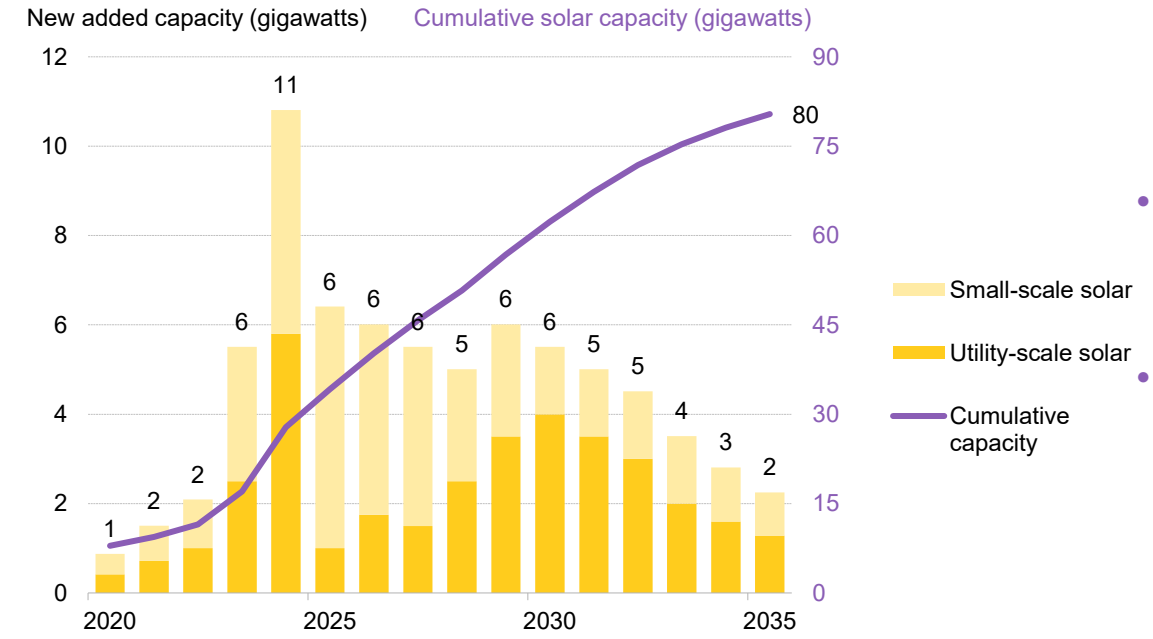


- Turkey has become one of the top countries for renewable energy additions. The country ranked 10th globally for solar additions and fifth for wind additions in 2025, making it one of the few markets to rank among the global leaders in both technologies.
- Solar additions reached 6.4GW in 2025, with the small-scale segment being the main driver. Unlicensed solar plants, primarily deployed for self-consumption, represented 84% of total solar additions in 2025.
- Turkey's wind sector hit a record in 2025 with 2.1GW of additions.
- Combined solar and wind additions reached 8.5GW in 2025, highlighting the scale of Turkey's renewable energy build-out.

Source: BloombergNEF. Note: Solar includes utility-scale and small-scale PV.

Turkey's solar capacity is set to double by 2030

Solar capacity forecast for Turkey

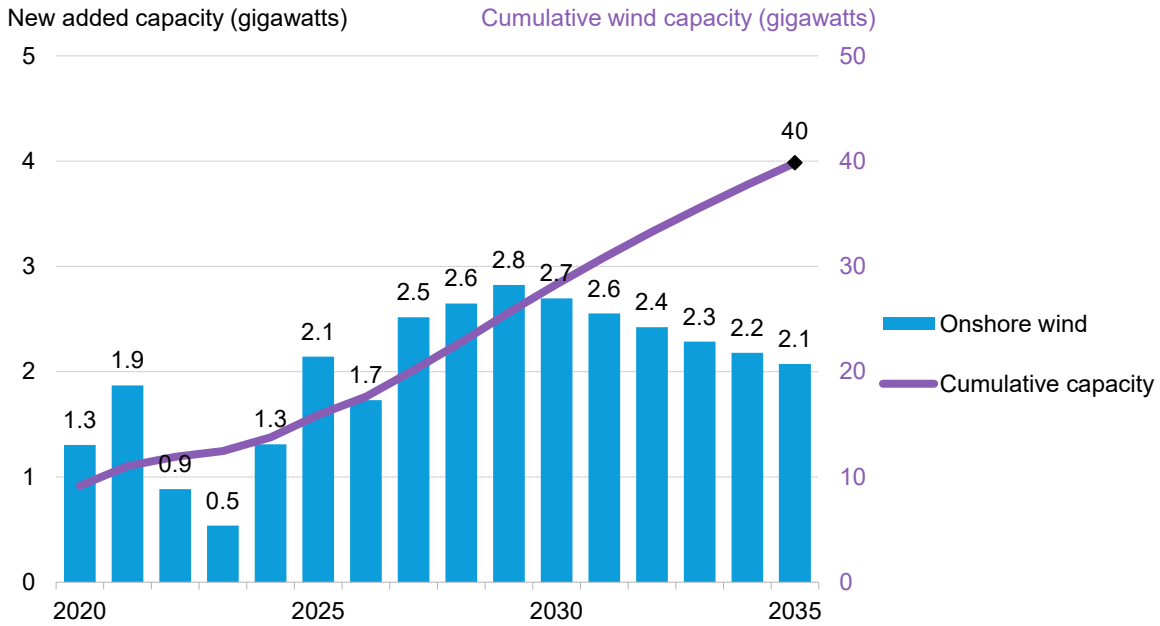


Source: BloombergNEF

- After record installations in 2024, Turkey's solar additions fell to 6.4GW last year. The unlicensed segment continued to drive most deployment, supported by net-metering rules that allow commercial and industrial consumers to offset electricity costs and export excess generation to the grid.
- However, growth in the segment is expected to moderate. Turkey recently reformed its net-metering framework, moving from monthly to hourly settlement, which reduces incentives to oversize systems and export surplus power.
- BNEF expects unlicensed projects to remain the largest source of solar additions in Turkey in 2026. However, utility-scale projects are set to take a growing share of the market, accounting for most additions over 2028-2035. Growth will be supported by government-run Yeka renewable energy auctions and bilateral agreements with Saudi Arabia and the UAE. Saudi-based ACWA Power signed a deal in February to develop 2GW of solar capacity in the country.

Turkey's wind market is set to scale with 25GW of additions by 2035

Wind capacity forecast for Turkey

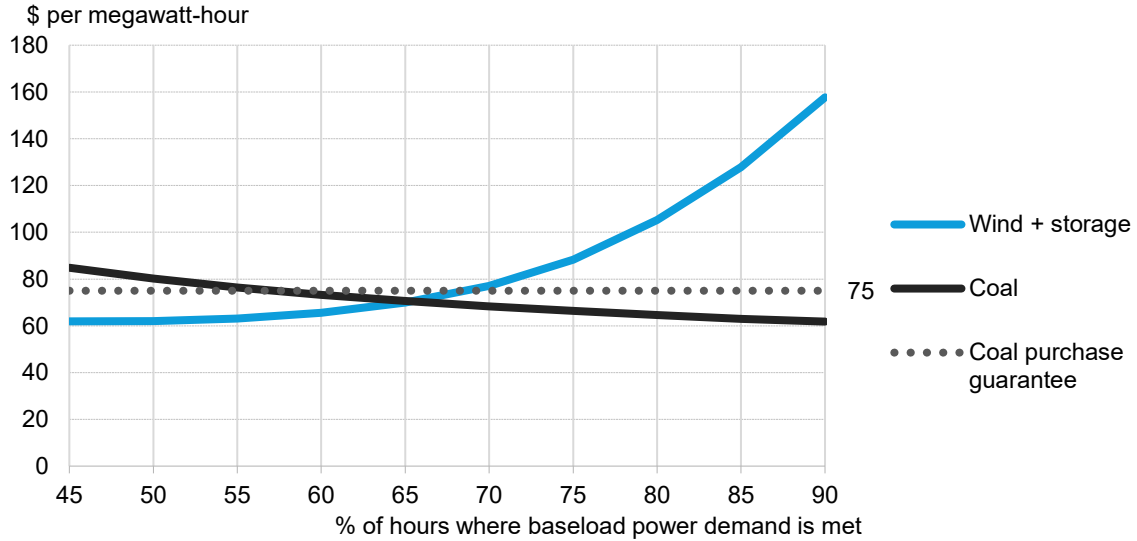


Source: BloombergNEF

- Turkey's wind market is set to regain momentum after an expected dip in 2026, with annual installations likely to increase to around 3GW by the end of the decade. Growth will be driven by utility-scale projects, particularly those awarded through Yeka auctions, which are expected to contribute 37% of total additions over 2026-2035.
- Grid constraints are expected to slow Turkey's wind installations after 2030. Co-located storage could help unlock additional capacity, with 19GW of licensed wind plus storage projects still awaiting construction at the end of 2025.
- BNEF expects Turkey to struggle to bring online offshore wind projects over the next decade, as high costs and a lack of market maturity act as barriers to the technology.

Wind plus storage beats coal when supplying up to 65% of baseload demand

Levelized cost of electricity comparison between wind plus storage and coal for increasing hours of availability

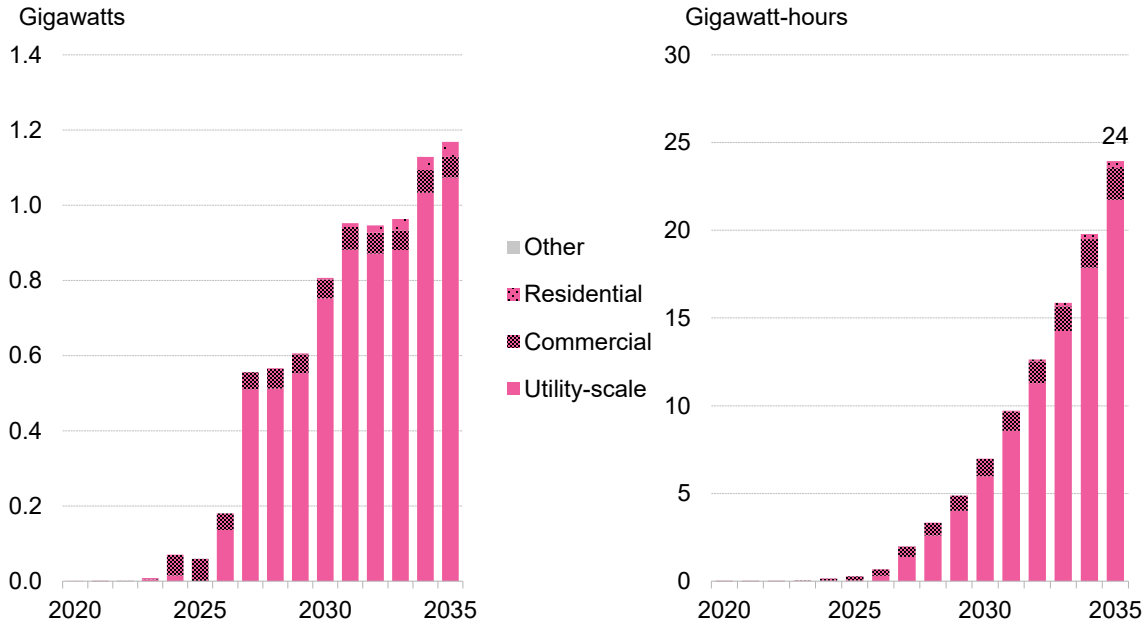


Source: BloombergNEF. Note: "% of hours where baseload power demand is met" shows percent of hours a year that a wind plus four-hour battery system meets a 1GW power demand target. Low-case scenarios for wind and coal LCOEs used. Storage cost used is global non-China benchmark of $273/kWh.

- Turkey introduced a purchase guarantee of $75/MWh for plants generating electricity from domestic coal until 2030. This subsidy aims to decrease fuel imports and increase energy security by encouraging these plants to run for longer, while incentivising new plants to come online.
- BNEF analysis shows that wind is cheaper than coal in Turkey on a levelized cost of electricity (LCOE) basis. However, LCOE alone does not reflect a technology's ability to deliver power consistently across hours and seasons. Adding battery storage improves dispatchability, making comparisons with baseload coal more meaningful. Wind-plus-storage remains cheaper than coal when meeting baseload power demand for up to 65% of annual hours.
- Meeting a greater share of demand requires additional wind and battery capacity, pushing up the LCOE of wind plus storage. At 90% hourly coverage, its LCOE reaches $158/MWh, more than 2.5 times the cost of coal.

Turkey's battery storage market is expected to boom, driven by co-located projects

Annual storage additions and cumulative capacity in Turkey

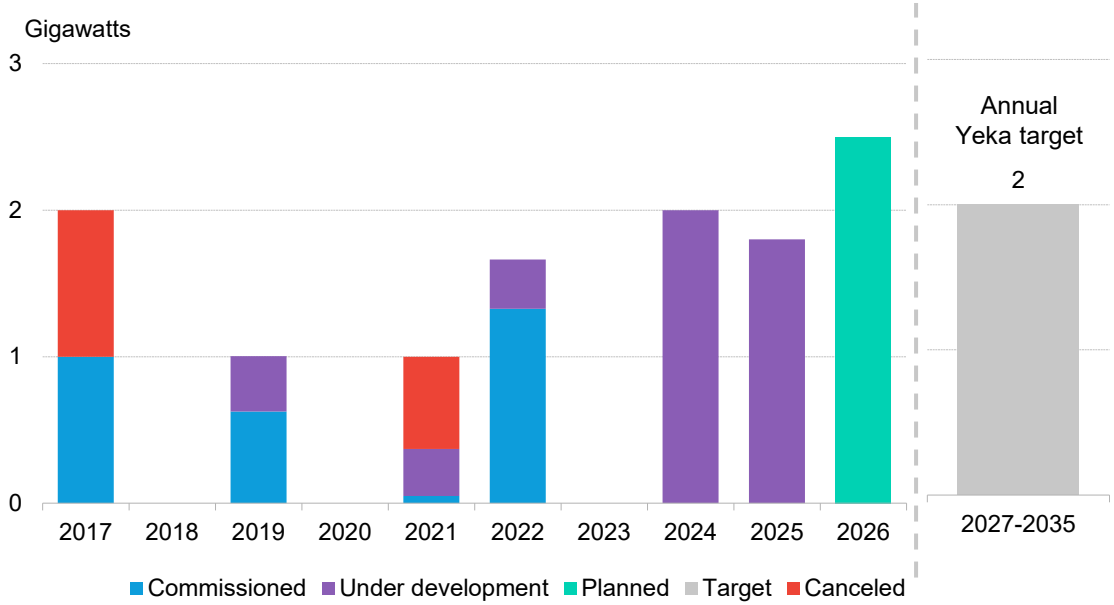


Source: BloombergNEF

- Turkey's battery storage market has been slow to develop, as revenue streams remain insufficient for most investors. Standalone projects rely largely on spot electricity prices, while co-located projects are currently limited to energy shifting rather than full arbitrage opportunities.
- However, storage deployment is set to accelerate over the next decade as battery costs fall, renewable energy curtailment increases and domestic manufacturing expands. Furthermore, recent licensing rules are also supporting growth, with new utility-scale licenses only being awarded to co-located wind and solar projects.
- BNEF expects Turkey's cumulative battery storage capacity to reach 8GW/24GWh by 2035, with 90% of installations coming in the utility segment.

Yeka tender reforms spark greater market participation

Annual Yeka tenders for wind and solar projects by project status

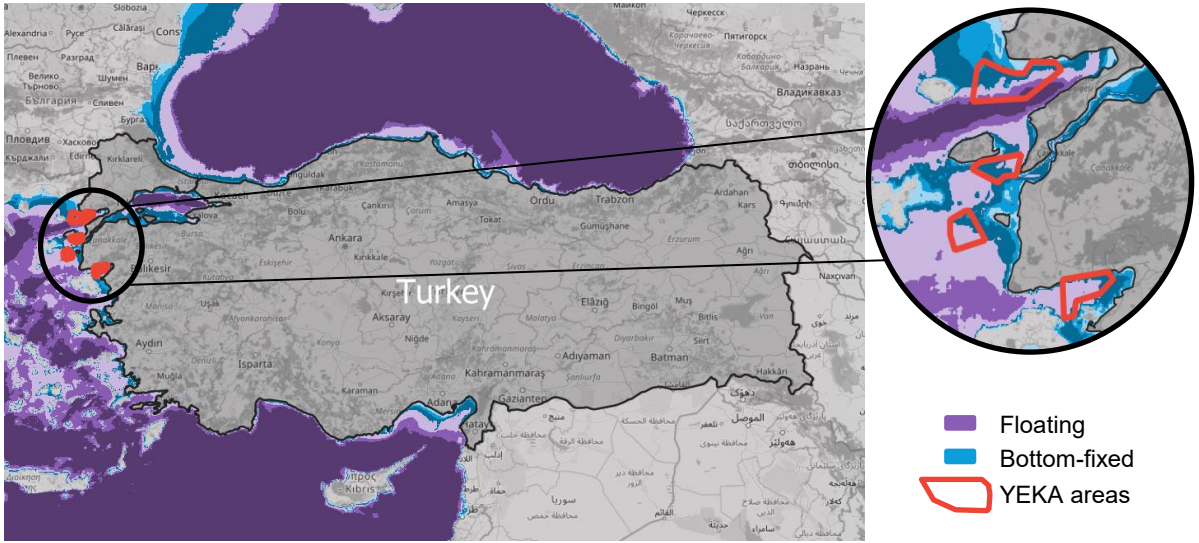


Source: BloombergNEF, Türkiye Elektrik İletim A.Ş.(TEIAS). Note: Year corresponds to when the tender was launched.

- Turkey's renewable energy auctions – called Yeka auctions – are one of the country's key mechanisms to deliver its renewable energy target, with plans to hold tenders for at least 2GW annually to 2035.
- Earlier Yeka tenders were plagued by long permitting processes, high local content rules and macroeconomic challenges, leading to delays and cancellations. Of the capacity tendered before 2023, just 53% has come online.
- Changes to the rules in the last two tenders are helping attract greater interest. This includes incentives to commission projects sooner to benefit from higher prices, streamlined permitting and dollar-denominated contracts. Local content requirements remain high, but domestic supply today is higher than the past. The most recent tender saw 77 and 75 bids for the solar and wind projects, respectively.
- Turkey plans to hold Yeka auctions for a record 2.5GW of capacity in 2026.

High development costs put Turkey's offshore wind targets at risk

Water depth of Turkish seabed with the four candidate Yeka areas for offshore wind development

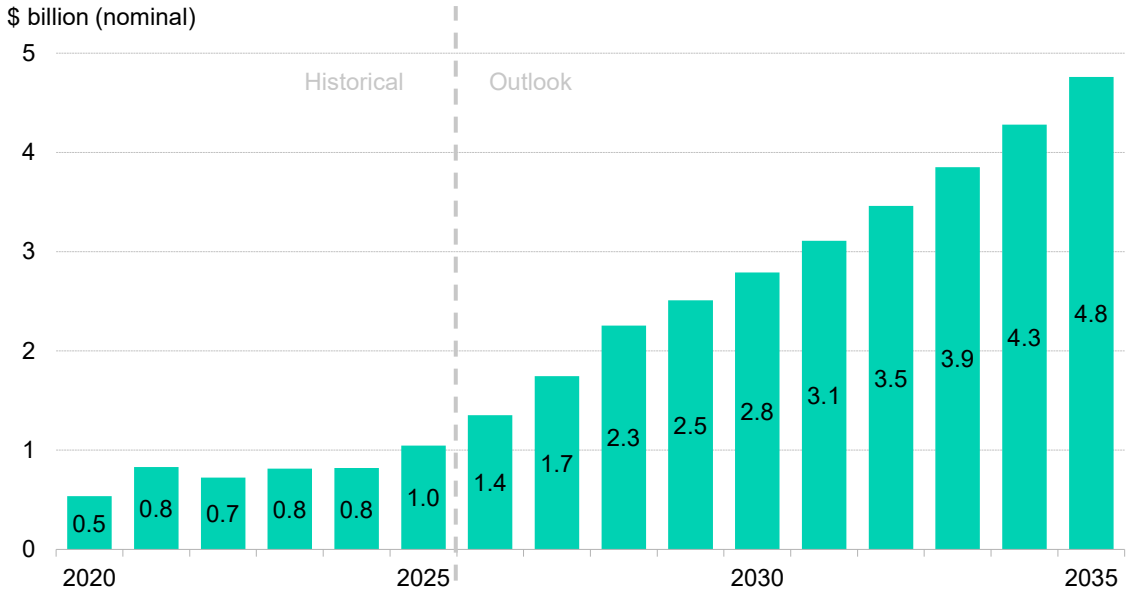


Source: BloombergNEF, Ministry of Energy and Natural Resources. Note: Map is colored according to the suitability of foundation type. We assume waters shallower than 70 meters are most suitable for bottom-fixed foundations (blue) and waters deeper than 70 meters are most suitable for floating foundations (purple). Within each category, darker areas denote deeper waters.

- Turkey is looking to establish its offshore wind market, with the country targeting 5GW of installed capacity by 2035. The government aims to launch its first Yeka tender for 1GW of offshore wind capacity in late 2026, with four candidate areas announced in May.
- BNEF expects Turkey to fall short of its target, with no offshore wind capacity expected to come online by 2035. Costs are typically higher in newer markets as they lack established supply chains and developers must navigate uncharted regulatory environments. Many developers are currently strictly prioritizing their investments and could choose to stick to established markets.
- Water depths in the areas identified are also prohibitive as they are made up almost entirely of waters deeper than 50 meters. The country is yet to announce viable revenue support programs.

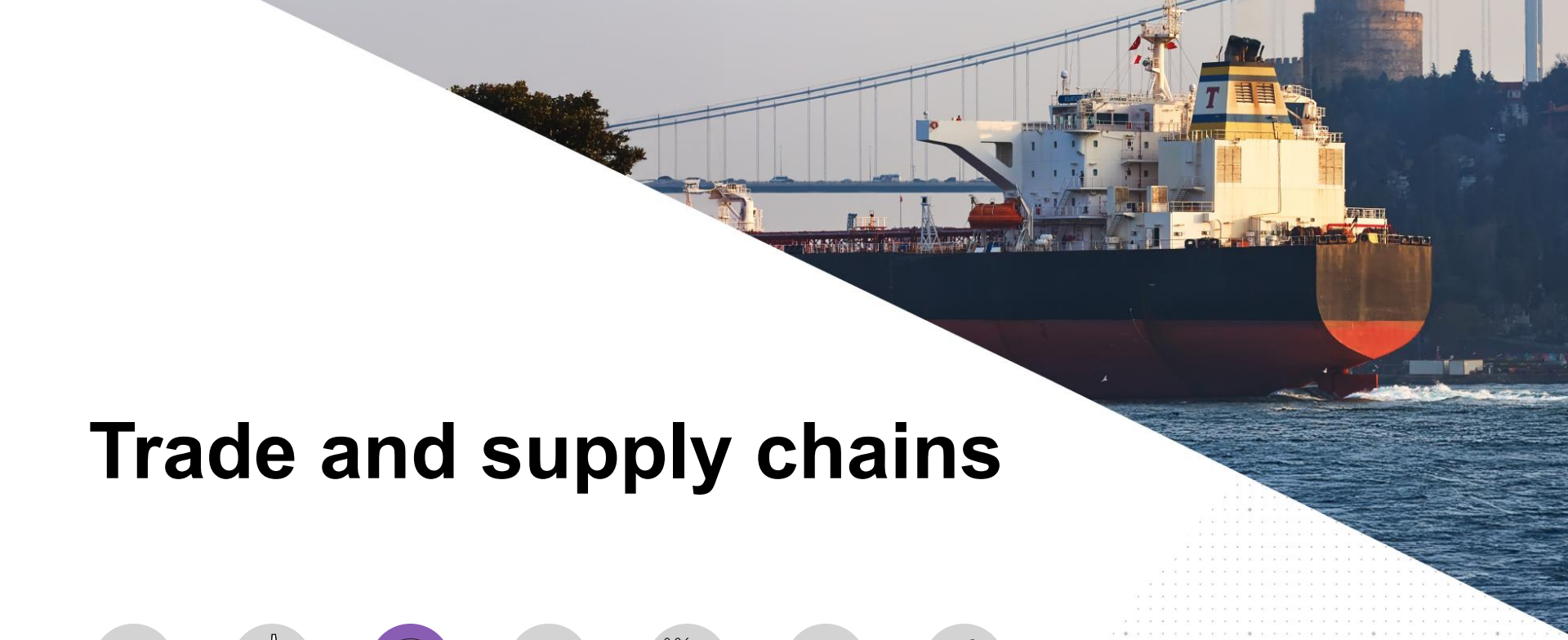
Meeting Turkey's power sector targets requires 5x more grid investment by 2035

Annual transmission grid investment in Turkey



Source: BloombergNEF, TEIAS. Note: Values estimated based on plan TEIAS budget of 362 Turkish Lira over 2024-2028, and country's plan to invest $30 billion in transmission over 2026-2035.

- Turkey plans to invest $30 billion in transmission grid infrastructure between 2026 and 2035, requiring annual investment to increase nearly fivefold from current levels.
- Expanding the grid is critical to support Turkey's target of 120GW of renewable energy capacity by 2035, up from around 40GW today. Existing grid constraints are already impacting renewable build-out in some regions.
- Grid investment exceeded $1 billion for the first time in 2025 after years of relatively stable spending, highlighting the scale of the planned acceleration.
- Achieving the target requires transmission investment to grow by around 17% annually. Planned investments include new high-voltage direct current (HVDC) lines to connect renewables-rich regions in eastern Turkey with demand centers in the west.



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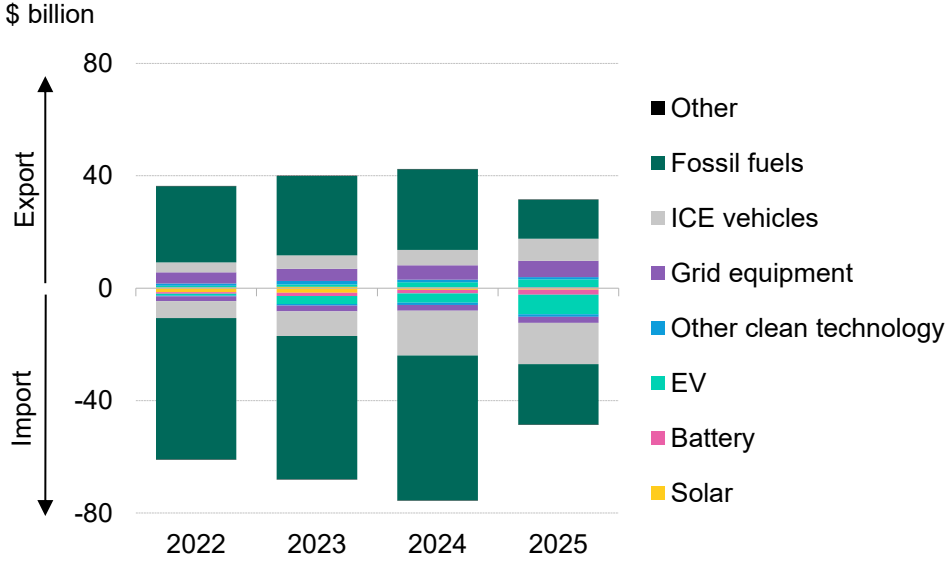
Turkey's trade mix shifts toward clean technologies

Turkey transition-related product trade balance

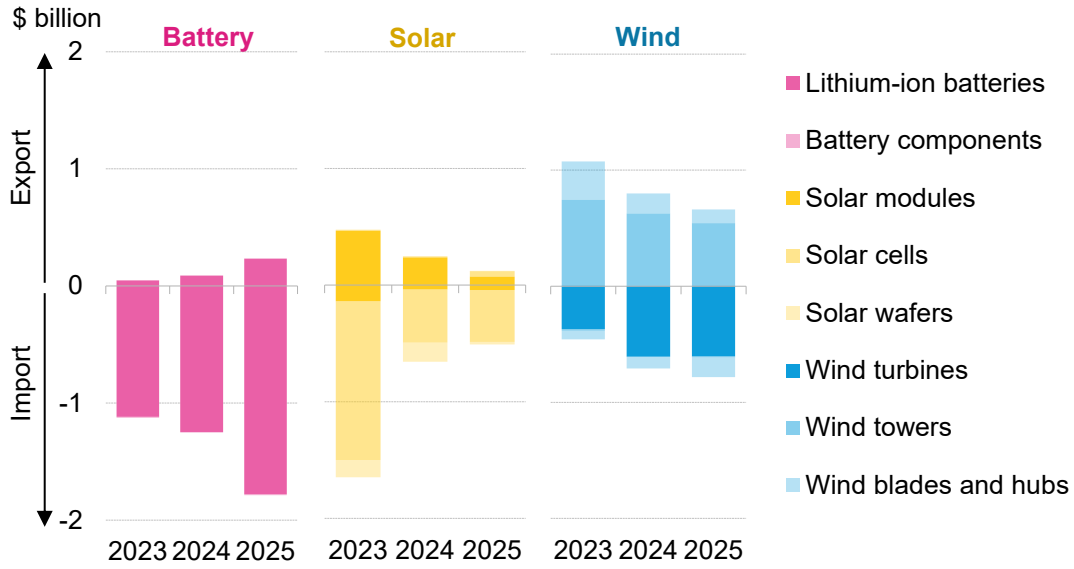


- Fossil fuels and internal combustion engine vehicles still account for the bulk of Turkey's transition-related imports and exports. However, their combined share has gradually declined, falling from 92% of imports in 2022 to 74% in 2025, and from 84% of exports to 69% over the same period.
- Fossil fuel imports fell sharply in 2025. Coal, liquified natural gas and oil product imports all more than halved, in value terms, compared with 2024. Much of this reflects stronger domestic production, with oil output rising 26% and gas 39% between 2024 and 2025, driven by energy security concerns. Recently-introduced subsidies for power plants using domestic coal shows that energy security is a government priority.
- Solar, battery, EV and other clean technology imports combined have grown sharply, totalling just over $10 billion in 2025, from less than $3 billion in 2022.
- Transition-related products, all goods shown in the lefthand chart, accounted for just 11% of Turkey's total goods imported and exported in 2025.

Source: BloombergNEF, Sinoimex. Note: Data as of Dec. 31, 2025. Fossil fuels refers to coal, coke, crude oil, other oil products, liquified natural gas and natural gas. Grid equipment to transformers, conductors, converters and other grid equipment. Other clean technology to wind turbines, wind blades, wind towers, heat pumps and electrolyzes. EV to battery-electric and plug-in hybrid passenger vehicles, electric buses and commercial vehicles. Battery to lithium-ion batteries and battery components. Solar to solar wafers, solar cells, solar modules. ICE refers to internal combustion engine. Other includes renewable fuels and mined and refined nickel.

Turkey is a net importer of all clean energy and storage technologies

Turkey trade balance, selected clean technologies



BloombergNEF, Sinoimex. Note: Data as of Dec. 31, 2025.

- In 2025, Turkey imported more wind products than it exported for the first time in recent years. That reflects a steady decline in exports: wind-tower exports have fallen by about $100 million year on year in each of the past two years.
- Solar trade has contracted in price terms from nearly $2 billion in 2022 to just under $1 billion in 2025. Price declines mask the fact that solar cell and module import volumes have remained relatively stable in capacity terms over the past three years, at 10-14 gigawatts annually
- Battery imports hit a record of nearly $1.8 billion last year. This primarily reflects Turkey's rising EV manufacturing base which relies on imported cells for pack assembly. The country is also seeing greater demand for stationary storage applications.
- A joint venture between the country's only domestic EV automaker, Türkiye'nin Otomobili Girişim Grubu (TOGG), and Chinese battery manufacturer Farasis is expected to begin local cell production in 2026. That may reduce future import volumes.

Industrial policy underpins Turkey's clean-tech manufacturing ambitions

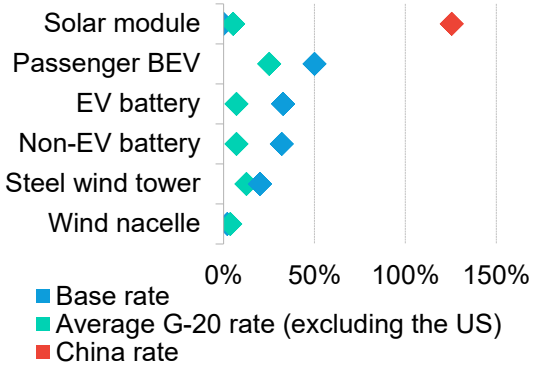
Turkey is using a combination of generous subsidies, strict trade measures and numerous local-content requirements to build domestic manufacturing capacity across key clean-energy technologies. Solar has received more industrial policy interventions than the other sectors so far.

Clean-tech manufacturing subsidies under the High Tech Türkiye (HIT-30) scheme

	Solar	Wind	Battery	EV
Support value	$2.5 billion	$1.7 billion	$4.5 billion	$5.0 billion
Import tariff exemption	Yes	Yes	Yes	Yes*
Grant support	$8,000 per MW until 2030	20% of project capex	$6,000 per MWh until 2030	Yes, form and value unknown
Tax reduction	Yes, value unknown	60%	60%	80%

*Source: BloombergNEF. Note: Other available support types are not shown. Support schemes other than HIT-30 are not shown. MW is megawatt, MWh is megawatt-hour, capex is capital expenditure, EV is electric vehicle. *EV import tariff exemption available for a limited number of vehicles.*

Import tariffs for selected clean technologies in 2025



Source: BloombergNEF. Note: Data as of Dec. 31, 2025. Sectors without a red diamond have the same tariff on Chinese goods as goods from other markets (reflected by a blue diamond). Teal diamonds reflect the simple average tariffs applied by G-20 markets excluding the US, China, Russia and the African Union.

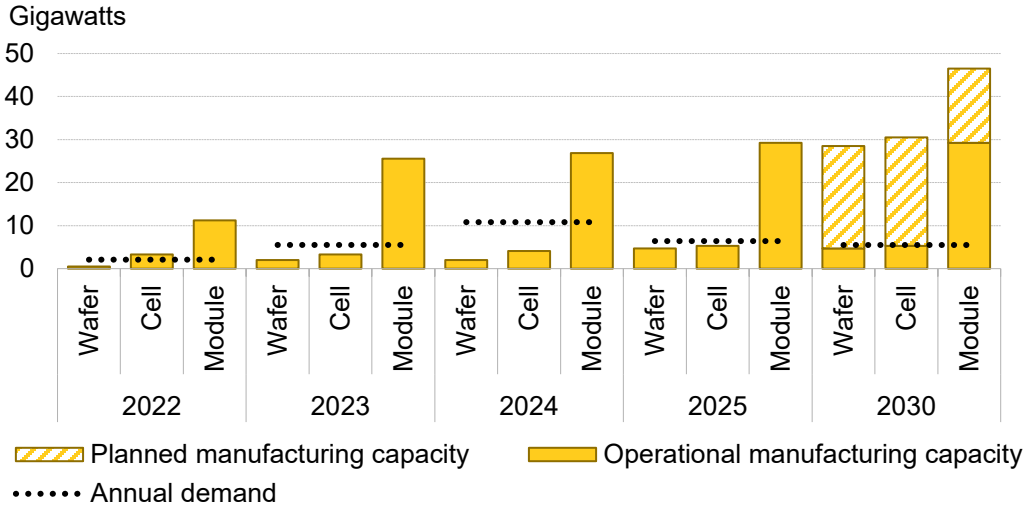
Public support requiring the use of locally produced goods

Sectors	Policy
Solar, wind, battery	Reverse land auctions for generation projects
Solar, wind, battery	Capital cost subsidies for generation projects
Solar, wind, battery	Feed-in-tariff bonuses for generation projects
EV	Government procurement
EV	Consumer-purchase below-market loans

Source: BloombergNEF. Note: For more detail on each policy and BNEF's assessment of the share of domestic demand impacted see Energy Transition Supply Chains Outlook 2026 (web | terminal).

Solar factory capacity already exceeds demand, with surplus set to grow

Turkey existing and non-risk-adjusted future solar manufacturing capacity against forecast demand

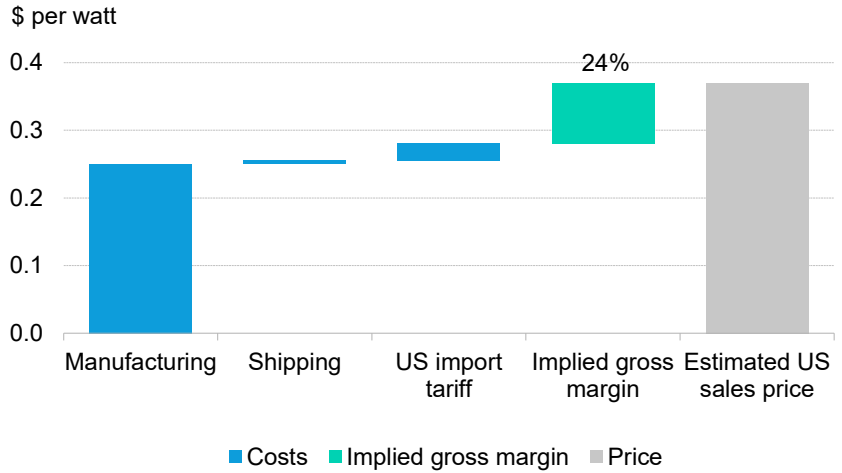


- Turkey has steadily expanded its solar manufacturing base. Since 2022, module manufacturing has risen to nearly 30 gigawatts (GW), cell capacity to nearly 7GW, and wafer capacity to nearly 5GW. Little of this manufacturing capacity has been directed toward exports.
- Capacity has exceeded local demand since 2023. That points to severe factory underutilization, either the result of low demand for Turkish modules or difficulties in scaling production.
- Far greater capacity is planned. Five manufacturers are set to receive generous subsidies under a government subsidy scheme titled High Tech Türkiye (HIT-30) if they each commit to establishing 5GW of wafer, cell and module manufacturing by 2030.
- So far, only Elin Elektrik's 5GW facility, Alfa Solar and Astroenergy's 2.5GW facility and Schmid-Pekintaş' 5GW facility have been announced and publicly reported on.

Source: BloombergNEF. Note: Manufacturing capacity reflects operational, or expected to be operational, factories by year-end. Capacity is not risk-adjusted to reflect BNEF's view of completion likelihood by 2030. For a risk-adjusted view see Energy Transition Supply Chains Outlook 2026 (web | terminal). Planned capacity adjusts BNEF's solar dataset (web) by assuming manufacturers selected for Turkey's HIT-30 program meet the 5GW of wafer, cell and module manufacturing capacity required by the government by 2030 at the latest, ***even if factories have not yet been announced****. Demand reflects forecast domestic solar installations.*

Turkish solar makers are well positioned to supply the US

Estimated delivered cost of a Turkish solar module sold in the US in April 2026

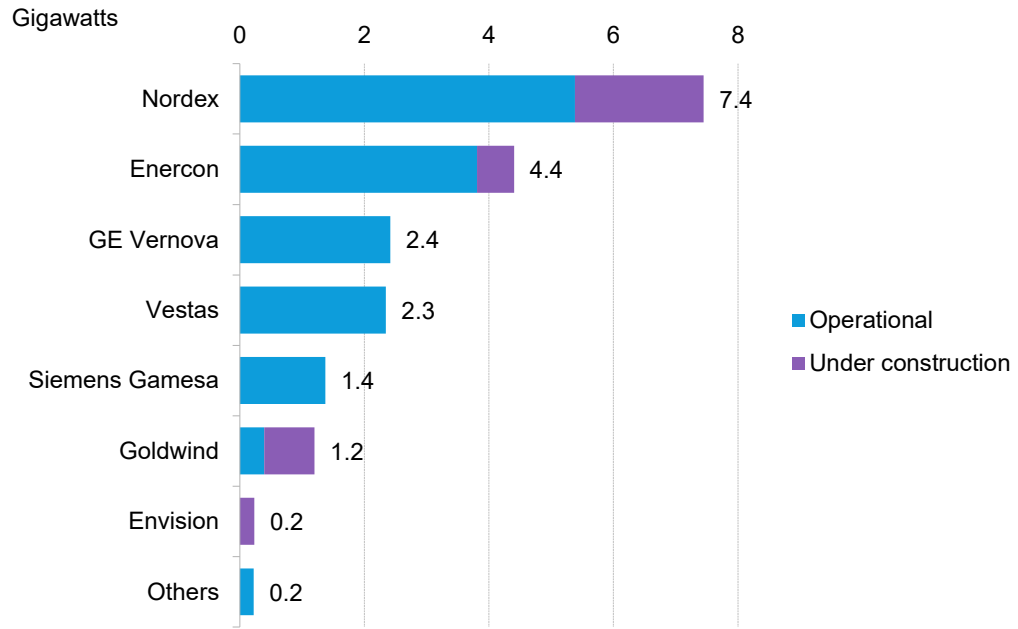


- Turkish-made solar modules sold in the US carry a healthy 24% implied gross export margin. Facing just a 10% US import tariff, Turkey can offset its manufacturing cost disadvantage relative to Southeast Asian rivals.
- This leaves significant room for export growth, a pattern yet to appear in trade data. New US solar tariffs on India, Indonesia and Laos were imposed at the end of February 2026. Yet Turkish solar exports to the US fell from $6 million to less than $3 million between February and March.
- Access to the US market is lucrative but risky over the long term. The US has long played a game of solar tariff whack-a-mole, imposing new restrictions each time a low-cost supplier emerges. If Turkish panel exports rise significantly, US industry will likely push for new tariffs. But for now, the export window is open.
- US rates would need to rise to 50% before Turkish modules face a negative implied gross margin.

Source: BloombergNEF, Fraunhofer, Xentea Shipping Index, MobileSolarContainer, Megawatt Group. Note: Margins are indicative and based on estimated manufacturing and logistics costs. Actual margins may vary by contract terms, scale, and regional pricing. Displays a module manufactured in Turkey containing local cells and wafers. Shipping cost includes packaging and logistical costs from Fraunhofer's 2024 study, and north Europe to US east coast freight cost reported for the first week of April 2026 by Xeneta Shipping Index. Applies a 10% US import tariff. Assumes a $0.37 per watt US sales price for Turkish products based on Megawatt Group inventory data. Excludes other costs incurred by the company including management, research and development, financing and marketing fees.

Chinese turbine makers challenge Western dominance in Turkey

Turkish wind turbine market shares, by project status



Source: BloombergNEF, Türkiye Rüzgâr Enerjisi Birliği (TUREB).

- The Turkish wind market is dominated by Western turbine manufacturers, with German companies Nordex and Enercon topping the rankings. Nordex has a 34% market share of commissioned projects and a 56% share of projects currently under construction, as the company looks to maintain its foothold in the market. Together, Nordex and Enercon captured 90% of the market in 2025.
- With Turkey increasingly adding local content requirements to its renewable energy projects, Western manufacturers are beginning to establish facilities in the country. Siemens Gamesa have established a 500MW nacelle factory in Izmir, while both Enercon and Nordex are setting up blade production facilities to supply domestic projects with a view of exporting to Europe.
- Chinese turbine makers Goldwind and Envision are starting to gain traction. While they only capture 2% of the capacity in operation, they have 28% of the capacity under construction. Chinese turbines enjoy a significant price advantage, with BNEF analysis showing prices are about 45% lower than Western peers.

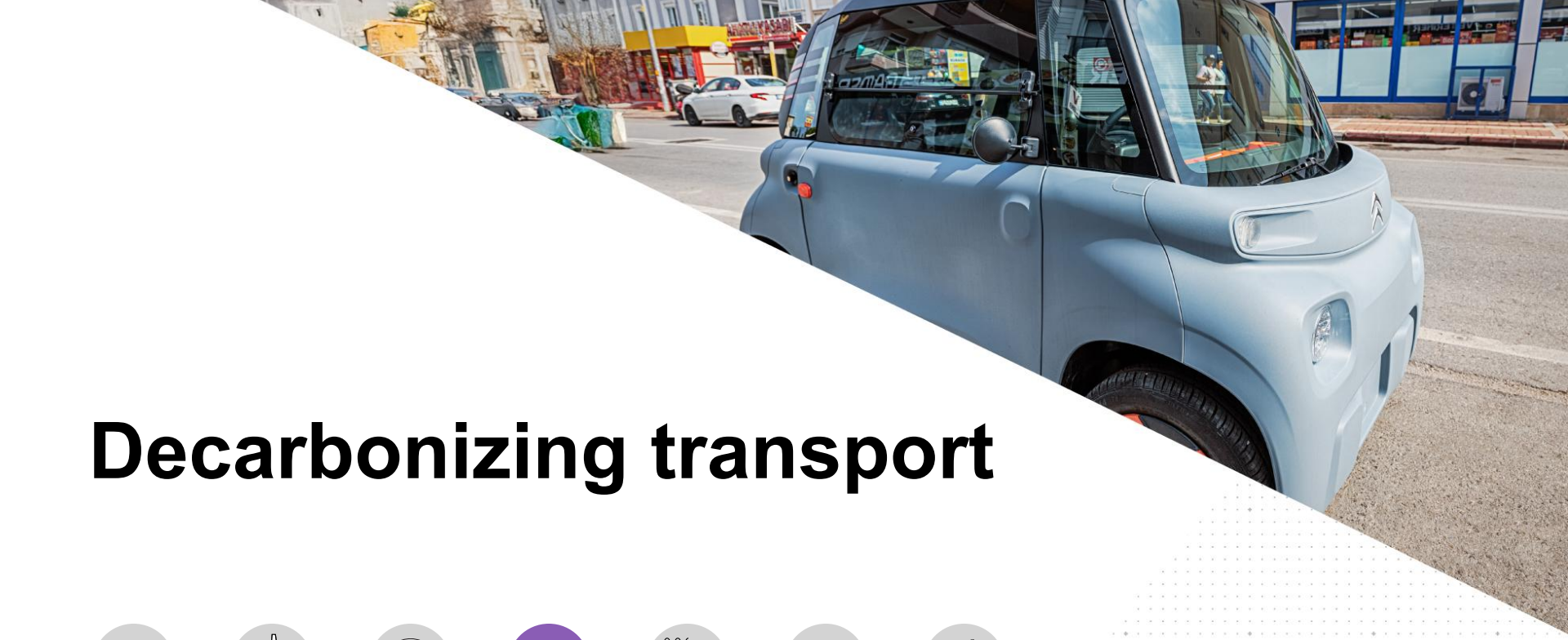
Rising demand for batteries could unlock Turkey's supply chain potential

Turkey's performance in three of the five categories in BNEF's Global Lithium-Ion Battery Supply Chain Ranking

Raw materials	A small presence across the mined cobalt and nickel industries and the refined lithium sector exist alongside the country's larger mined manganese capacity. There were no major capacity increases in Turkey in 2025. While battery metal mining in the country remains small, there is more activity across other metals and minerals such as boron and gold among others.	16 =
Battery manufacturing	The Exitcom Kocaeli recycling plant continues to be the key pillar for the battery manufacturing industry in Turkey. There is a growing pipeline of cell manufacturing projects but no announced projects for battery component manufacturing. The declining performance of other markets in the ranking helped boost Turkey five positions.	17 ▲5
Downstream demand	Battery demand in Turkey surged in 2025, supported by record sales for passenger EVs, commercial EVs and electric two- and three-wheelers. The country's storage market remains nascent but is likely to grow alongside future renewables deployment. Rising seven spots, Turkey was the most improved market in this category.	7 ▲7

Source: BloombergNEF. Note: For more details on Turkey's performance, see BNEF's Global Lithium-Ion Battery Supply Chain Ranking (web | terminal).

- Underpinned by the HIT-30 program, Turkey has clear ambitions to develop domestic supply chains across strategic sectors such as clean technologies. In the sixth edition of BNEF's *Global Lithium-Ion Battery Supply Chain Ranking* (web | terminal), which evaluates 30 markets on their potential to build a secure, reliable and sustainable lithium-ion battery supply chain, Turkey ranks in 21st position, gaining two spots from a year earlier.
- The markets are analyzed based on 46 metrics that span five categories. Turkey ranks 16th for raw materials in the latest ranking. It climbed five spots to 17th for battery manufacturing and seven spots to seventh for downstream demand.
- While local access to battery raw materials is important, robust demand and strong manufacturing abilities are the foundation of a competitive battery supply chain. Surging demand for EVs and an expanding battery manufacturing pipeline put Turkey in a good position to realize its supply chain potential in the longer term.
- But for now, the focus needs to shift toward project execution for Turkey to emerge as key player in battery and clean technology supply chains. De-risking execution through long-term offtake agreements, blended finance mechanisms and technical partnerships is fundamental to Turkey's success.



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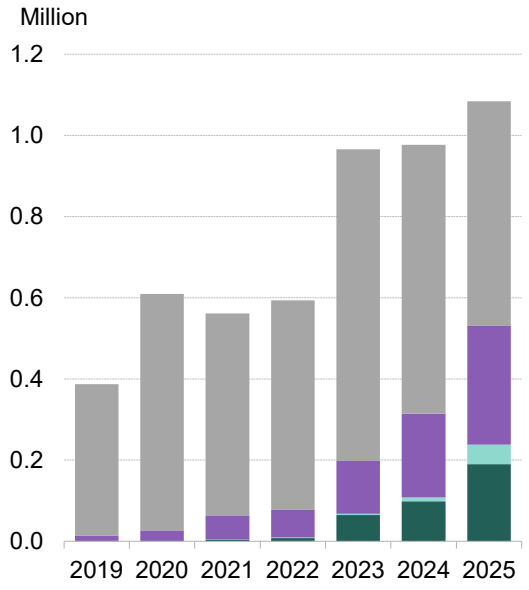
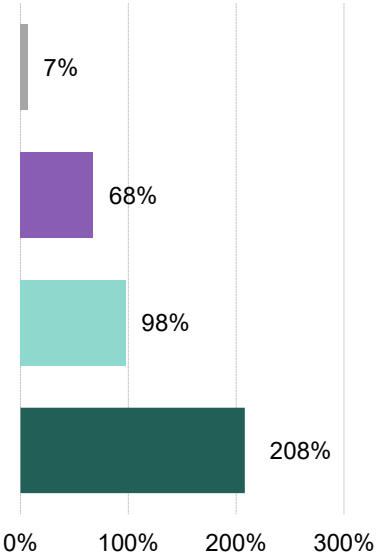
Sales of battery-electrics and plug-in hybrids are growing fast in Turkey

Passenger vehicle sales by drivetrain, Turkey



Compound average growth rate of sales from 2019 to 2025

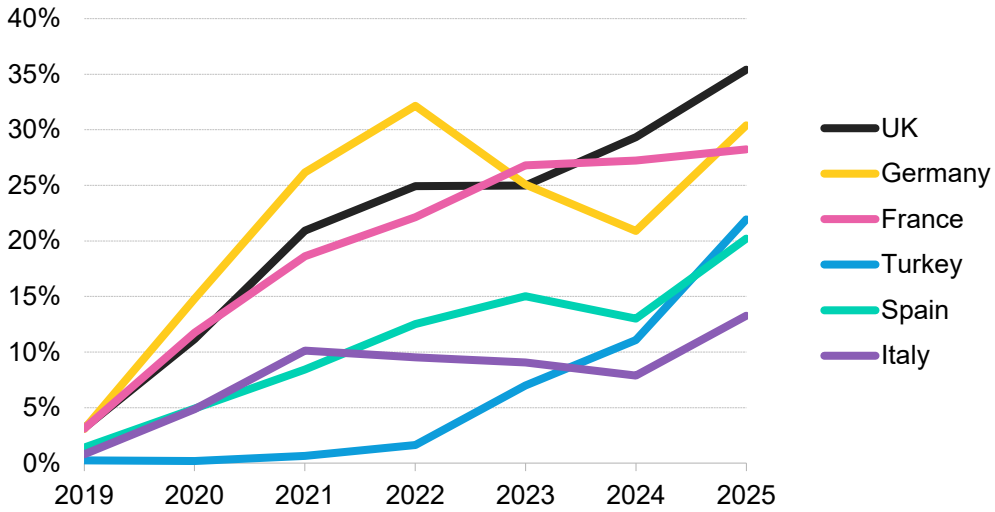


- Turkey's electric vehicle (EV) sales reached almost 240,000 units in 2025, making it EMEA's fourth-largest EV market.
- EVs have been the country's fastest-growing drivetrain since 2019. The compound annual growth rate (CAGR) of passenger battery-electric vehicle (BEV) sales from 2019 to 2025 was over 200%, meaning BEV sales have tripled on average each year over that period.
- Plug-in hybrid vehicles (PHEV) sales have roughly doubled each year since 2019 on average, with a CAGR close to 100%.
- In comparison, combustion engine (ICE) vehicles sales has been increasing with a CAGR of 7% over the same period. Combined sales of ICE and hybrids (HEV) have been in decline since 2023, leaving EVs as the main source of growth in the passenger vehicle market in Turkey.
- Policy has been the main driver of this growth, with several demand-side and supply-side EV incentives on offer.

Source: BloombergNEF, JATO Dynamics. Note: "Hybrid" includes full-hybrid and mild-hybrid vehicles.

Turkey has become EMEA's fourth-largest EV market

Electric vehicle share of new passenger vehicle sales

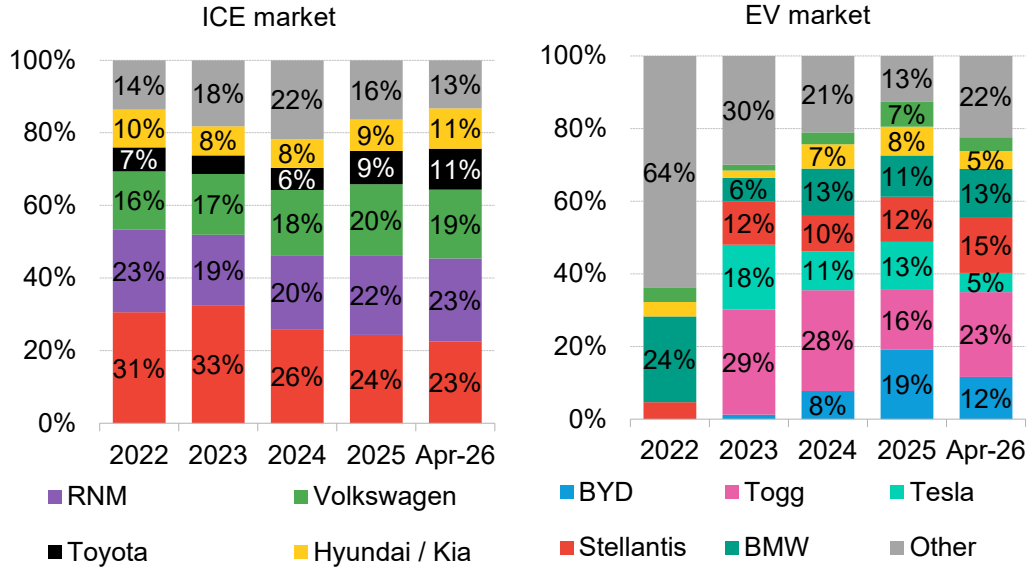


- Electric vehicles accounted for 22% of passenger-vehicle sales in Turkey in 2025, up from less than 1% in 2021. This expansion ranks among the fastest in the region, with EV market share doubling on average each year over the past five years.
- Affordability has been the main driver of EV adoption in Turkey. Policies such as the Special Consumption Tax (SCT), which is levied as a percentage of a vehicle's price, strongly favor electric vehicles over internal combustion engine (ICE) models. SCT rates for ICE vehicles can reach as high as 220%, compared with 25% to 75% for EVs, depending on vehicle specifications such as motor power and price.
- Electric vehicles also benefit from reductions to value-added tax (VAT) and motor vehicle tax, which when combined lower the tax burden and significantly improve EV affordability for Turkish consumers.

Source: BloombergNEF, JATO Dynamics. Note: Electric share of sales includes battery-electric vehicles and plug-in hybrid vehicles.

Legacy automakers have a smaller share of Turkish EVs than new entrants

Automaker share of passenger vehicle sales in Turkey

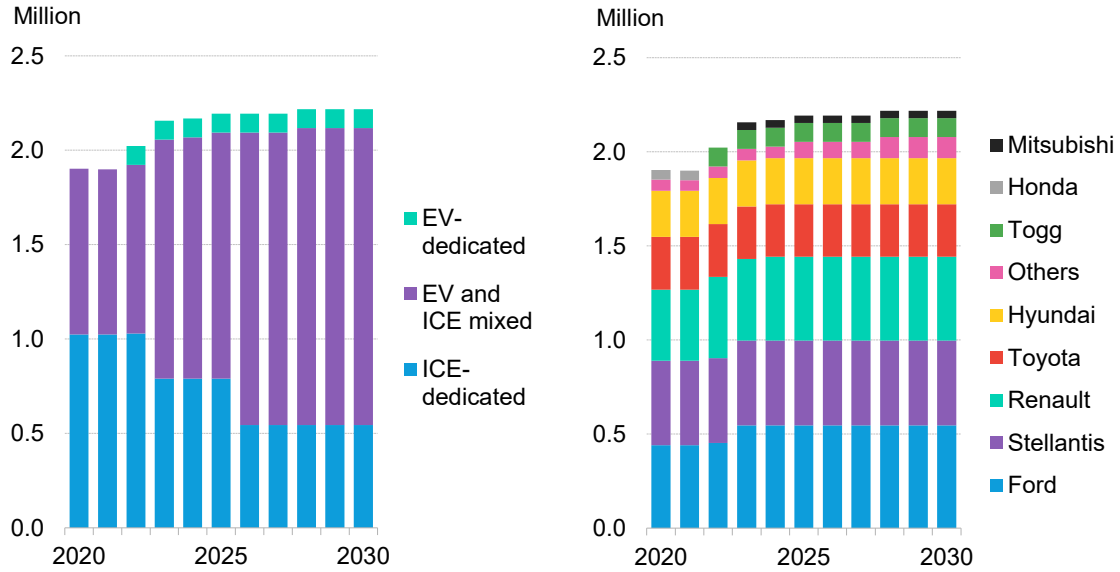


Source: BloombergNEF, JATO Dynamics. Note: Electric vehicle market include battery-electric vehicles and plug-in hybrid vehicles only. Internal combustion engine market includes pure combustion, mild-hybrid and full-hybrid vehicles. "RNM" stands for Renault-Nissan-Mitsubishi Alliance.

- In addition to preferential tax treatment for EVs, domestically produced vehicles can access cheaper financing rates.
- Togg, Turkey's domestic EV manufacturer, initially captured a dominant 30% share of the EV market in its debut year, 2023. The company's share of the market had nearly halved to 16% in 2025 as competition intensified, but it is beginning to rebound in 2026.
- Chinese automaker BYD emerged as Turkey's largest EV player in 2025. BYD models are exempt from the 50% import tariff applied to most other automakers after the company committed to investing in manufacturing facilities in Turkey. Chinese automakers accounted for just under 24% of EV sales in Turkey in 2025, up from 17% in 2024.
- Legacy automakers account for a smaller share of EV sales than younger EV-focused entrants, such as BYD, Tesla and Togg. The EV market is also more fragmented than the for ICE models. The top five automakers by volume of ICE sales were behind 87% of sales so far in 2026, against 68% for EVs.

Turkey's vehicle manufacturing base shifts toward EVs

Passenger vehicle manufacturing capacity, by drivetrain and automaker

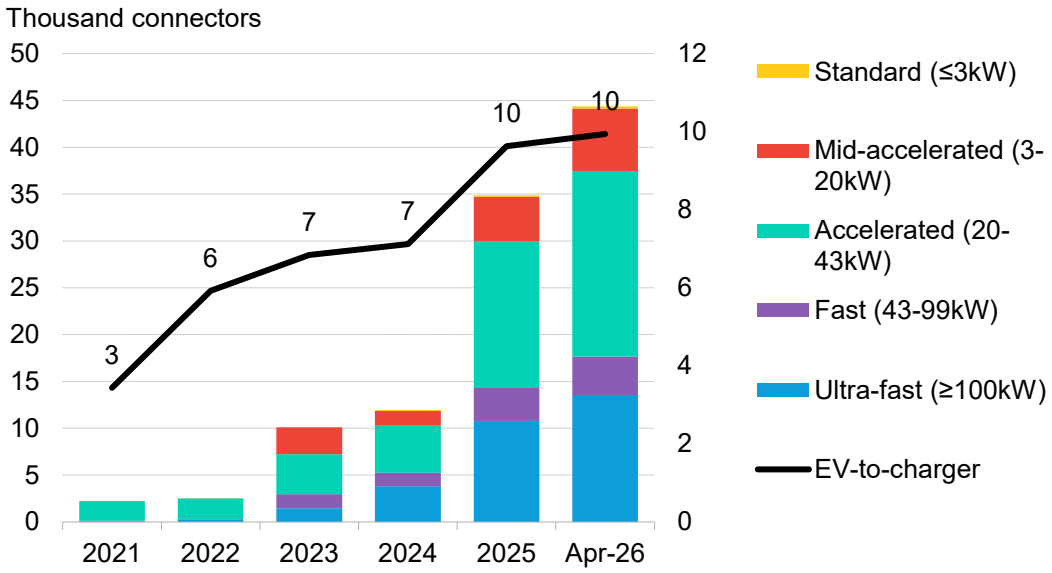


Source: BloombergNEF, MarkLines, just-auto, Turkish Automotive Manufacturers Association (OSD).
Note: EVs are electric vehicles, including battery-electric, plug-in hybrid vehicles. ICE refers to internal combustion engine vehicles.

- Turkey is a major passenger vehicle manufacturing hub and export base, especially to Europe, with an annual capacity of 2.2 million units and average utilization of 68% as of 2025.
- International automakers, like Ford, Stellantis, Renault, Toyota and Hyundai, still account for most of that capacity. However, new auto manufacturing investment is shifting toward flexible lines that can produce both electric and internal combustion engine models.
- Turkish and Chinese brands are adding new EV production capacity. Togg targets output of 60,000 EVs in 2026 and expects to reach full annual capacity of 100,000 units by 2027 at its Gemlik factory, with potential to expand to 175,000 vehicles per year. The manufacturer benefits from tax cuts, low borrowing costs and a state purchase guarantee of 30,000 cars a year through 2035, among other incentives.
- BYD agreed with the Turkish government to build a $1 billion with 150,000 vehicles of capacity, but that was put on hold in June 2026.

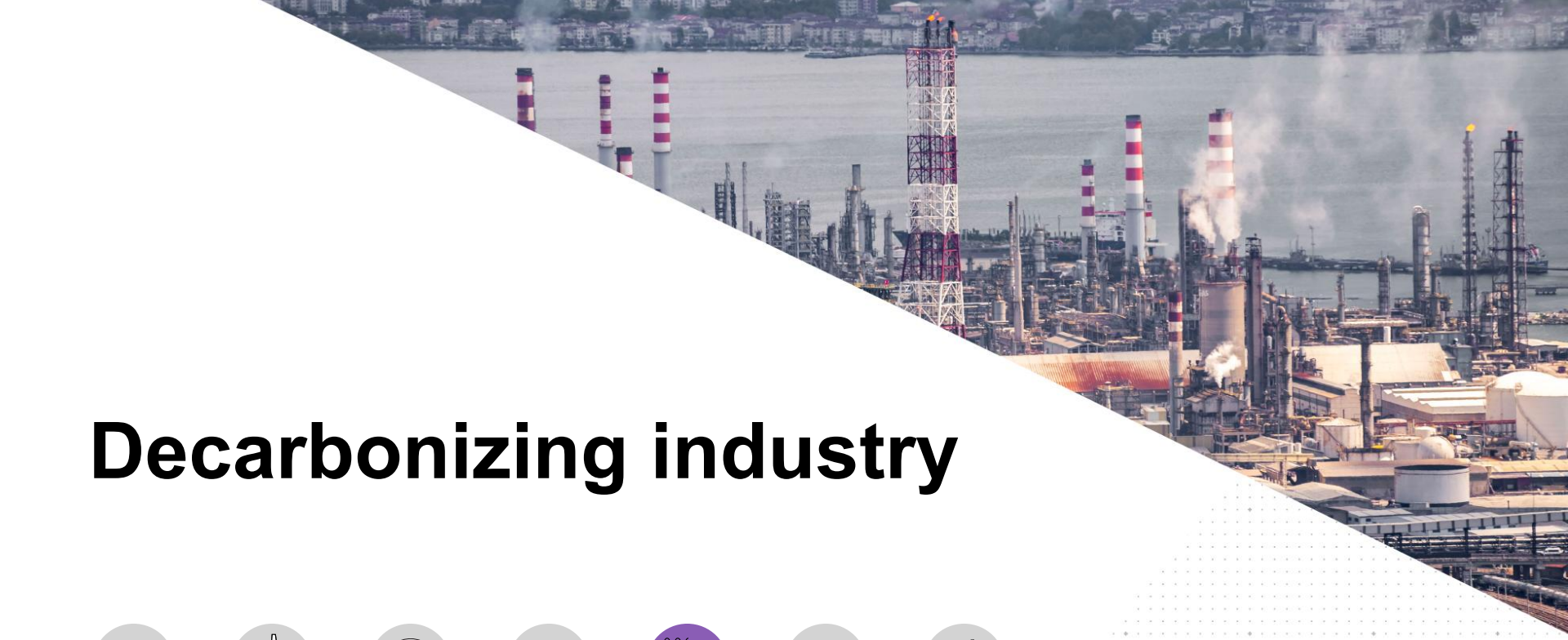
Turkey's charging network grows while EV fleet accelerates

Cumulative public charging connectors by power and EV-to-charger ratio



- Turkey's public charging network rose to 35,000 connectors in 2025, up from 12,000 a year earlier. Ultra-fast chargers rated at 100 kilowatts or higher represented 30% of the total.
- Domestic automakers, led by Togg, have helped accelerate nationwide charger deployment. Togg's fast-charging operator, Trugo, added most new connectors in 2025, with coverage across all 81 provinces.
- Utility-backed Zorlu Energy Solutions remained the largest network operator, while operators like Esarj and Wat Mobilite, backed by energy and industrial majors like Enerjisa and Koc Holding, expanded aggressively.
- Still, EV fleet growth is outpacing charging infrastructure build-out in Turkey, with EV-to-charger ratio growing to 9.6 in 2025 from 7.1 in 2024.

Source: BloombergNEF, Eco-Movement, Energy Market Regulatory Authority (EPDK).



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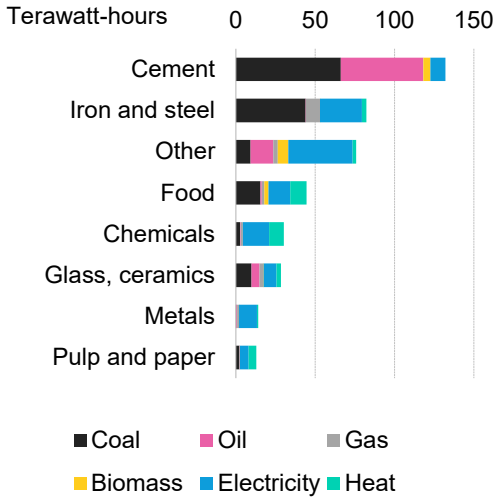
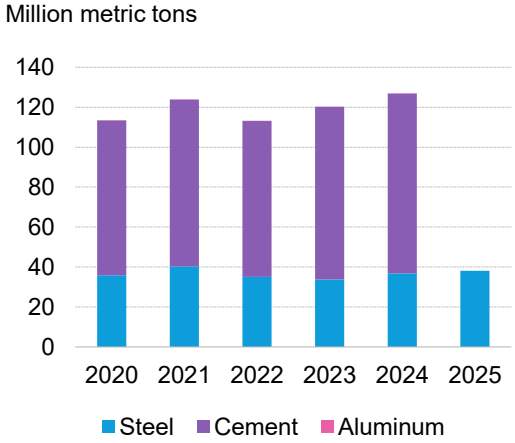
Steel and cement drive Turkey's coal-intensive industrial energy demand

Final energy demand from industrial sectors in Turkey, 2024



Source: BloombergNEF, Turkstat. Note: 'Other' includes wood and wood products, textiles, pharma, machinery, manufacturing, construction. 'Food' includes food, beverage and tobacco.

Crude steel, cement and unwrought aluminum production in Turkey



Source: BlooombergNEF, Turkish Steel Producers Association, TÜRKÇİMENTO, Turkstat. Note: Utilization rates used to calculate cement production are derived from TCMA members rates and applied to national capacity levels. 2025 data only for steel.

- Turkey has one of the largest heavy industrial bases in Europe and the Mediterranean region, led by steel and cement production.
- Industrial energy demand remains heavily coal-dependent, particularly in primary steel and cement production, creating substantial opportunities for emissions reductions through electrification, low-carbon fuels and carbon capture.
- Electric arc furnace-based steel production has remained high over the past decade, increasing modestly from a 65% share in 2015 to 72% in 2025. Coal-based blast furnaces and basic oxygen furnaces accounted for the rest.

Turkey's industrial decarbonization policies fall short of investment needs

Select policies targeting industrial decarbonization in Turkey

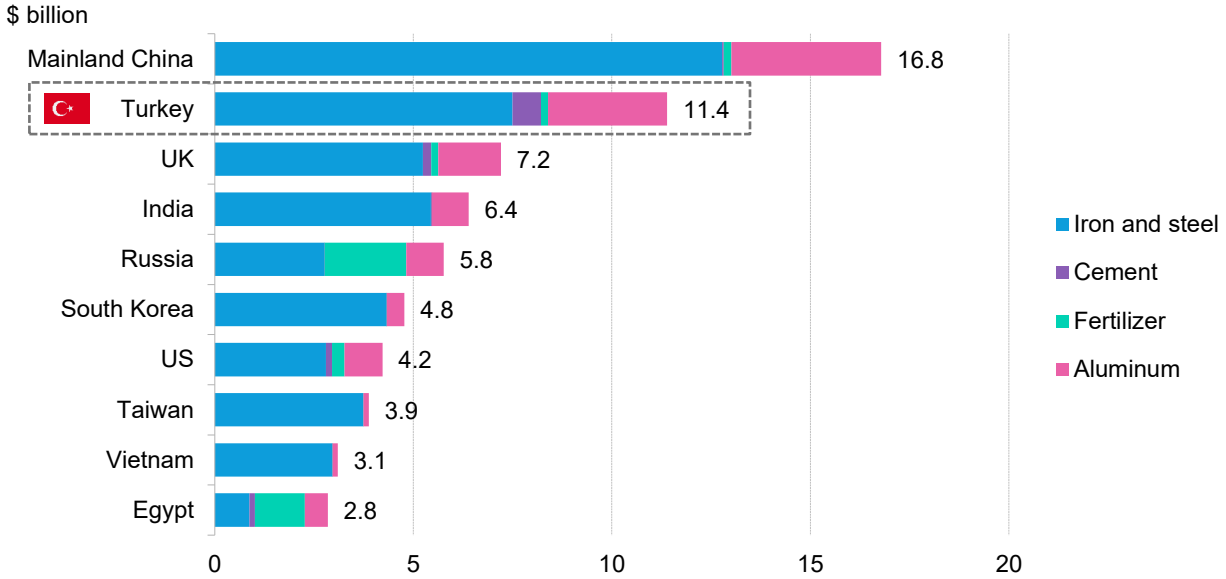
Policy scheme	Announced date	Funding amount	Description and impact for industry
Organized Industrial Zones (OIZs)	July 2021	$302 million	Supports industrial decarbonization through solar power deployment, energy efficiency and shared infrastructure in industrial zones. The scheme is expected to deliver 25,000MWh of annual energy savings and reduce emissions by more than 18,000 metric tons annually.
Promotion of green cement use in public procurement	March 2024	Not applicable	Mandatory green public procurement rules limiting clinker content in cement used in public infrastructure projects to reduce emissions from the cement and construction sectors.
Industrial decarbonization investment platform	November 2024	$5.3 billion	The scheme aims to mobilize €5 billion toward industrial decarbonization projects by 2030. The scheme is supported by the EBRD, with low-carbon pathways.

- Turkey has introduced a range of measures to support industrial decarbonization, especially in response to European carbon policies.
- However, these measures fall short of the estimated $70 billion in investment that will be required to fully decarbonize Turkey's steel, cement, aluminum and fertilizer sectors by 2053, which is the country's net-zero target year.

Source: BloombergNEF, European Bank for Reconstruction and Development. Note: EBRD is the European Bank for Reconstruction and Development, MWh is megawatt-hours.

Turkish exports are highly exposed to European carbon policy

Top exporters of CBAM-covered goods into the EU in 2024, by market

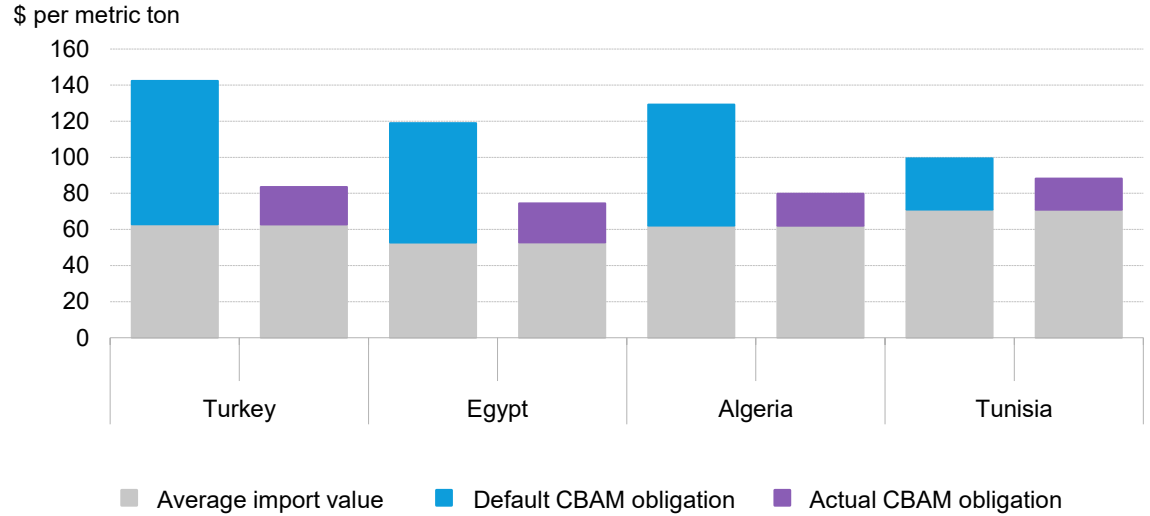


Source: BloombergNEF, Sinoimex. Note: See appendix in BNEF's "Carbon Border Adjustment Mechanism Exposure Factbook" for covered HS codes. Shows nominal cumulative exports. Chart excludes markets in the European Economic Area. Does not include hydrogen and electricity exports. EU refers to European Union. CBAM refers to Carbon Border Adjustment Mechanism.

- Under the EU's Carbon Border Adjustment Mechanism (CBAM), importers of selected goods must purchase certificates reflecting the embedded emissions of those products.
- The scheme covers imports of iron and steel, aluminum, cement, fertilizers, hydrogen and electricity. Iron and steel account for around 70% of CBAM-exposed trade flows.
- Turkish exposure to CBAM is significant. Since 2021, the EU has accounted for 22-33% of Turkey's annual CBAM-exposed exports by volume.
- Importers could see material price increases under the scheme. As CBAM phases in through 2034, compliance obligations will increase, strengthening incentives to reduce embedded emissions.

Turkey's export edge depends on verified emissions under CBAM

Average import value of gray clinker imported into the EU with estimated default and actual CBAM obligations, 2026



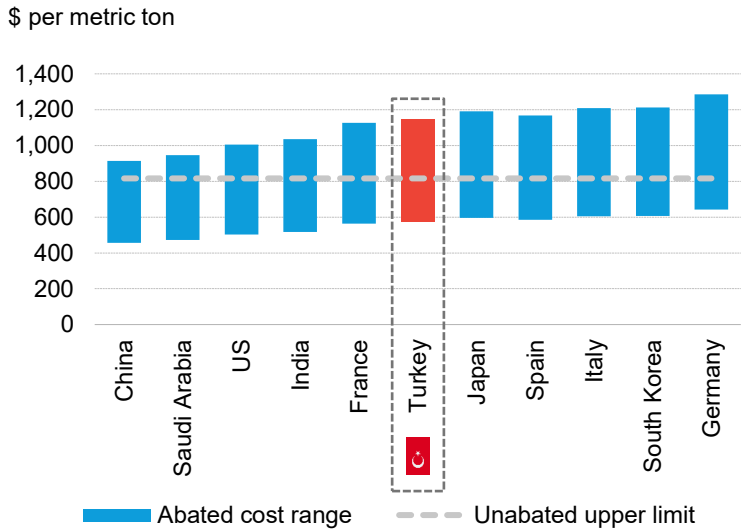
Source: BloombergNEF, European Commission, Global Cement and Concrete Association (GCCA) GCCA in NumbeRs, TÜRKÇİMENTO, EU Joint Research Centre. Note: CBAM refers to Carbon Border Adjustment Mechanism. Refers to product code 25231000. Actual obligations are based on the region's emissions intensity. Uses the Q1 2026 CBAM certificate price of €75.36. Average import values based on 2024 data.

- Turkish exports are heavily impacted by the European Commission's default emissions values, particularly for cement products. To avoid the use of these punitive values, importers must provide certified emissions data from producers.
- Monitoring, reporting and verification (MRV) systems will be critical to maintaining access to the EU market and avoiding fallback emissions values.
- Turkish clinker producers can lower their CBAM obligation by 74% if they report emissions equivalent to the average emissions of clinker production in the market, according to BloombergNEF estimates.

Low-electricity prices unlock competitive steel production costs

Projected levelized cost of low-emissions steel, 2030

By market



By technology for new-build plants in Turkey

Steel production pathway	Levelized cost ($ per metric ton)
Zero-carbon scrap EAF	848
BF-BOF with CCS	1,189
H2DR-EAF	1,198

Source: BloombergNEF's SteelVal Model (1.2.0), 2026. Note: EAF is electric arc furnace, BF-BOF is blast furnace-basic oxygen furnace, CCS is carbon, capture and storage, H2DR is hydrogen-based direct reduction of iron.

- Turkey's low-emissions steel production costs remain competitive relative to major European producers in 2030. Electric arc furnaces that recycle scrap and use clean power are the cheapest options to produce net-zero steel in Turkey, according to BloombergNEF estimates.
- Electricity prices are the key driver of cost competitiveness for electric arc furnaces or routes using clean hydrogen. Turkey can retain, and even improve, its competitive position in the steel sector by ensuring easy access to affordable clean power and cheap steel scrap for its producers.
- However, clean steel initiatives in the market are still in their early stages. BNEF has tracked $6.9 billion investment in clean steel since 2018. Two more EAF projects with a capacity of 3.9Mt are also under development.

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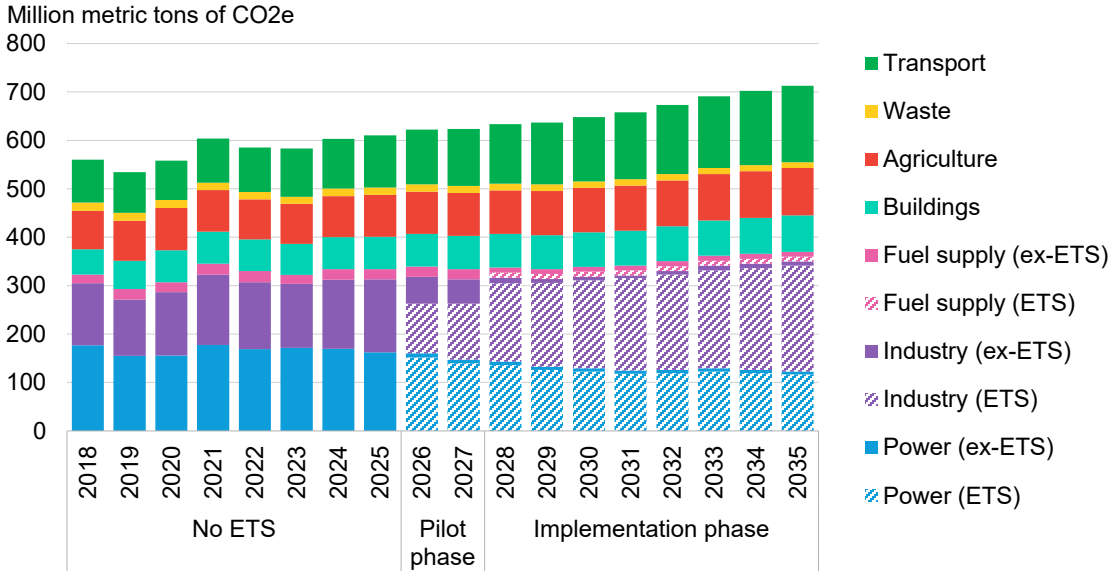
Turkey's new carbon market unlikely to cut EU border cost

Turkey's emissions covered by ETS by sector

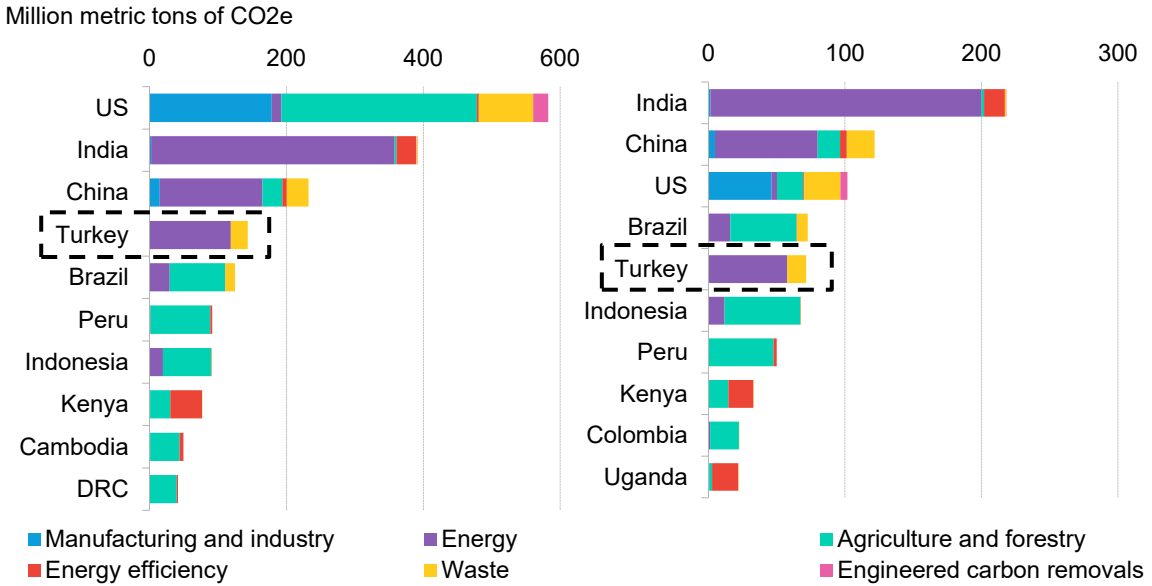


- Turkey is establishing an emissions trading system targeting the power and industrial sectors, partly in an attempt to avoid border costs for products exported to the EU. However, Turkey's ETS is unlikely to materially reduce near-term exposure to EU carbon costs.
- The new market will set emissions intensity thresholds for power and industry sectors, allowing for absolute emissions to grow in line with Turkey's nationally determined contribution. The pilot phase, likely delayed to launch in 2027, includes 100% free allocation, leaving the effective domestic carbon price close to zero.
- The ETS also permits the use of domestic carbon credits from the Türkiye Carbon Offsetting System for up to 10% of compliance needs.

Source: BloombergNEF, Turkey's NDC 3.0, Türkiye's official 2024 inventory. Note: Forecast values from 2025 onwards. Emissions pathway aligned with Turkey's NDC 3.0. ETS is Emission Trading System. Shaded columns are covered under the ETS. Chart excludes emission reductions from land use and forestry. Power emissions forecast based on Economic Transition Scenario in BNEF's New Energy Outlook 2025.

Cheap energy and waste carbon projects dominate Turkey's market

Top 10 markets by total carbon credit issuances (left) and retirements (right), by sector

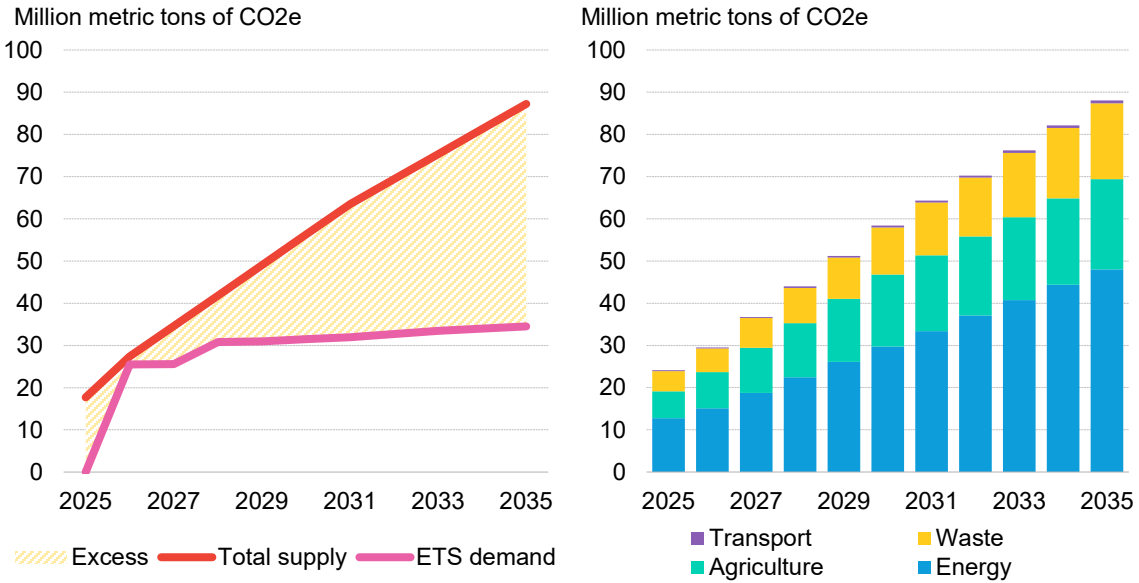


Source: BloombergNEF, Verra, Gold Standard, American Carbon Registry, Climate Action Reserve. Note: Data through March 10, 2026. DRC is the Democratic Republic of the Congo.

- Turkey is the world's fourth-largest supplier of carbon credits and the fifth most popular for offset buyers. Average credit prices stood at $1.8 per metric ton in April 2026, the cheapest out of the 10 largest issuing markets.
- Turkish offsets come from energy and waste projects, which often face environmental integrity concerns, exposing buyers to greenwashing risks. Only five out of Turkey's 381 active projects meet high-quality standards in the global voluntary market.
- Turkey's national offsetting system aims to centralize the issuance, trading and monitoring of carbon credits, known as Turquoise credits. The credits could be used for voluntary purchases, the country's ETS, or international transfers under UN carbon market mechanisms. Allowing the same credits to serve multiple markets could increase trading activity.

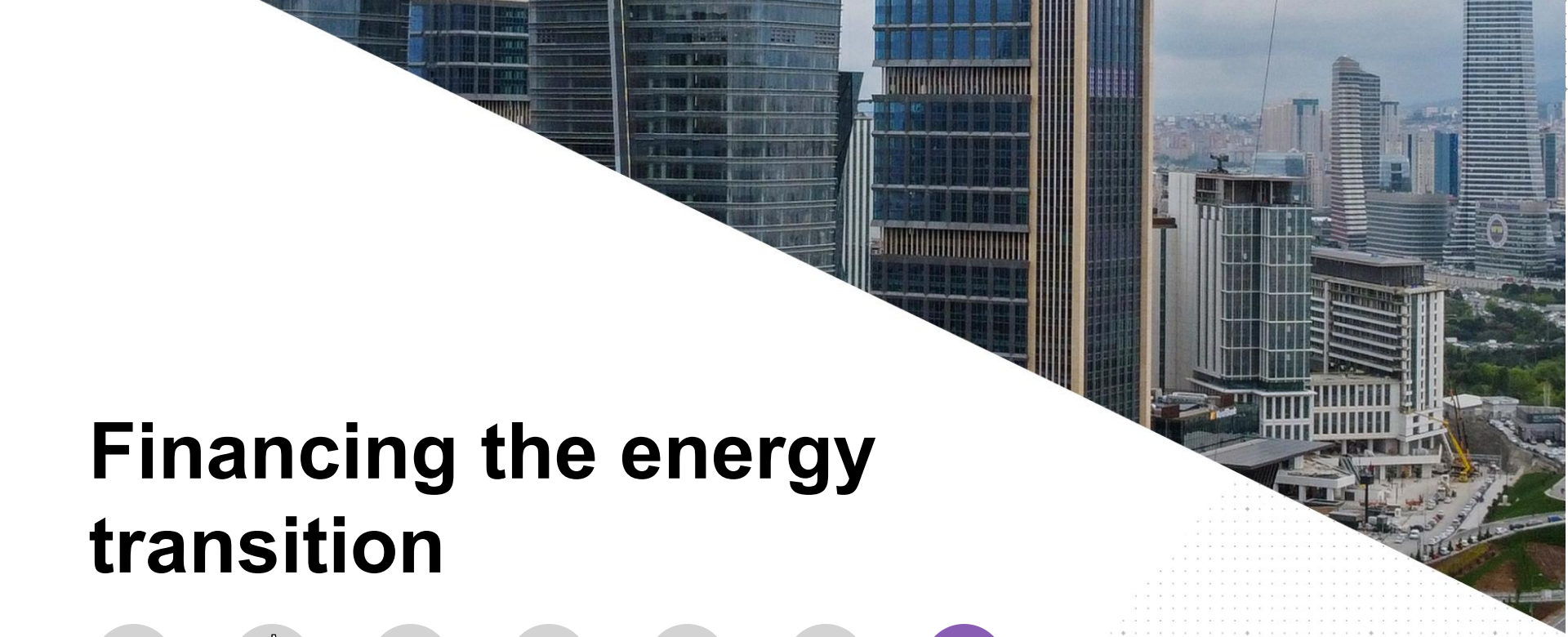
UN global carbon market could expand export potential for Turkish credits

Carbon credit supply and demand forecast in Turkey (left), and supply breakdown by sector (right)



Source: BloombergNEF. Note: ETS is Emissions Trading System. ETS demand for carbon credits is assumed to be the maximum allowed at 10% of covered emissions.

- BloombergNEF anticipates Turkey's ETS will become the strongest source of demand for Turkish credits. Though this will only represent around half of Turkey's total potential credit supply. Excess credits could be used for UN-led Article 6 mechanisms, where governments and companies globally can trade eligible carbon credits to meet their climate goals.
- If Turkey succeeds in aligning its national offsetting system with Article 6, the government could use domestic credits for its own climate targets or authorize them for international transfer. This will require adjustments to ensure no double counting takes place.
- Integration with international markets could strengthen Turkey's strategic role as a major supplier of UN-approved Article 6 credits, supported by competitive prices.



Financing the energy transition

Energy scenarios

Clean power

Trade and supply chains

Decarbonizing transport

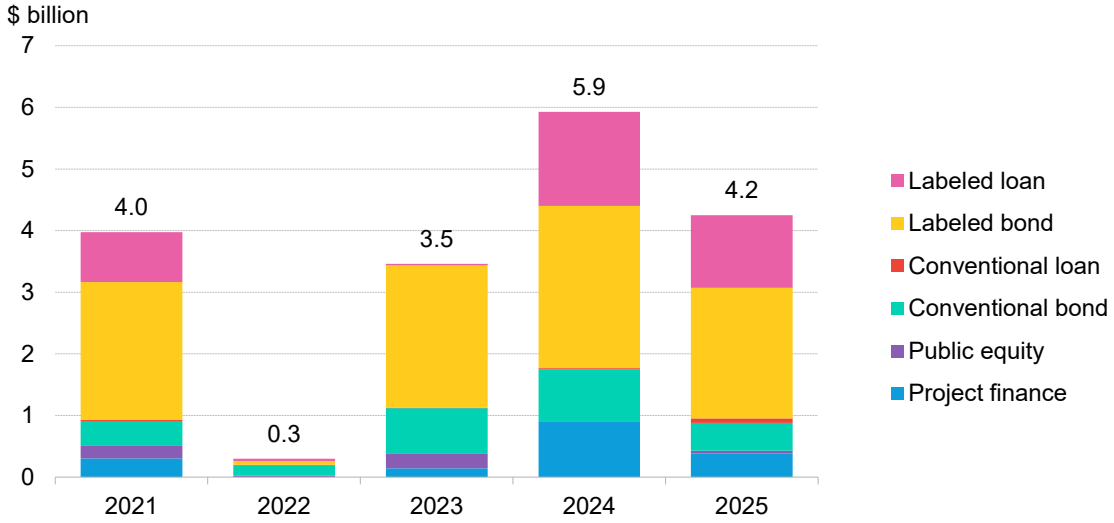
Decarbonizing industry

Carbon markets

Financing the energy transition

Labeled debt continues to dominate Turkey's energy transition financing market

Energy transition financing volume in Turkey, by financing type, adjusted by revenue exposure

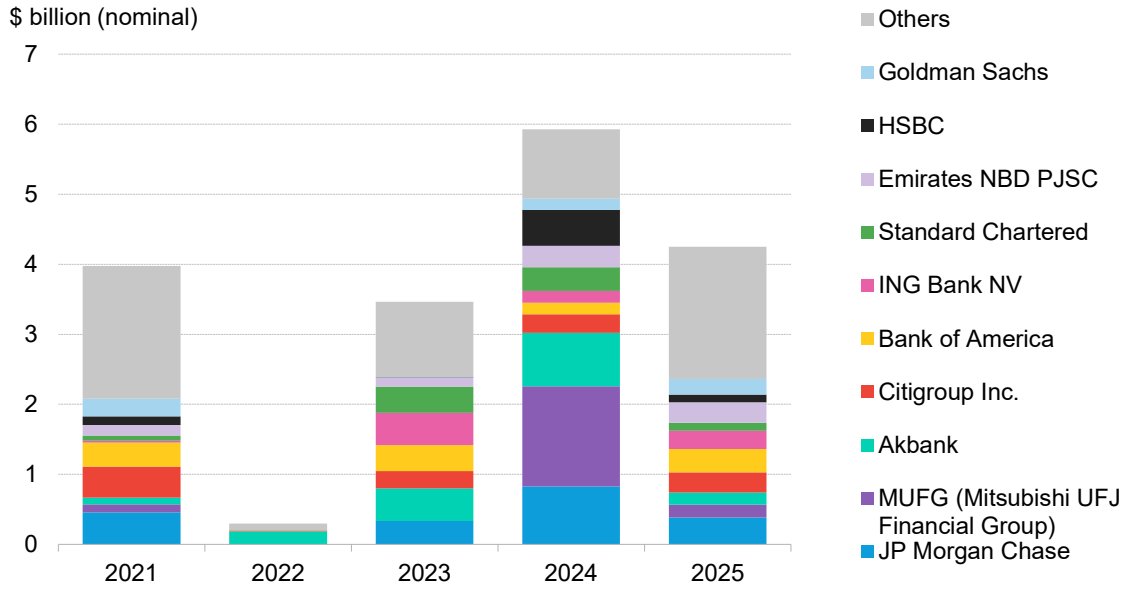


Source: BloombergNEF, Bloomberg Terminal. Note: Energy transition financing includes debt and equity raised to fund low-carbon sectors such as renewable energy, power grids, transport and hydrogen. Labeled project finance falls under labeled debt rather than project finance. See Financing the Energy Transition in MENA and Turkey (web | terminal) for more.

- Energy transition finance includes the issuance of debt by companies, projects and governments to fund low-carbon energy transition activities. It also includes the raising of equity investment by climate-tech companies via public markets.
- Turkey raised $4.2 billion of energy transition financing in 2025, down 29% from 2024 as lower utility-scale renewable energy investment weighed on project finance and labeled loan activity.
- Labeled sustainable debt remained the dominant financing instrument, accounting for 78% of total financing in 2025. This contrasts with the global trend, where labeled debt represented just 47% of financing due to policy rollbacks and shrinking benefits.
- Continued reliance on labeled debt suggests strong demand from investors and issuers in Turkey, while access to green and sustainable funds may help mobilize international capital for the energy transition.

International banks lead energy transition financing in Turkey

Energy transition financing volume by top underwriters in Turkey, adjusted by revenue exposure

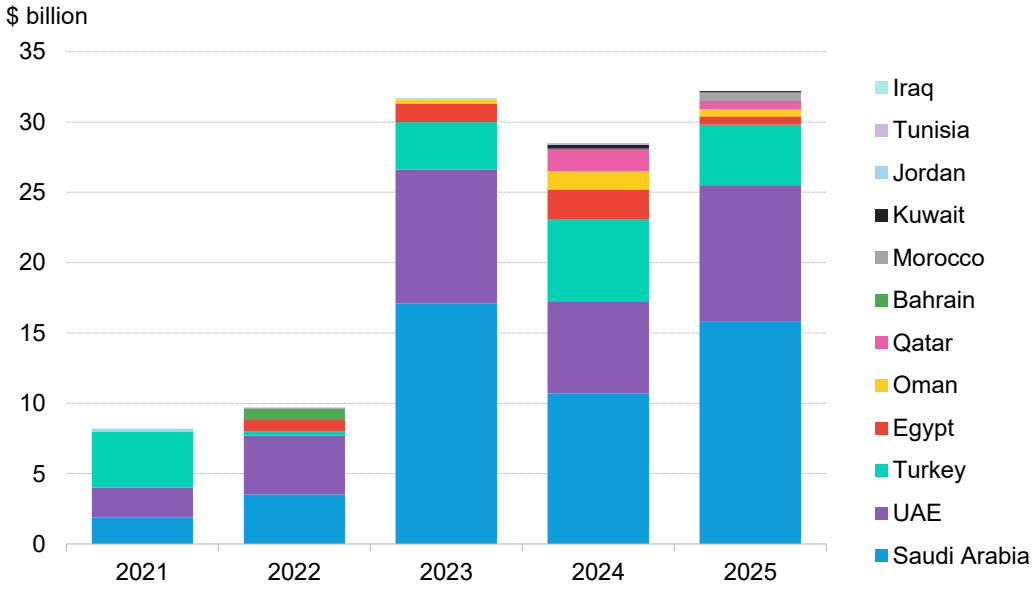


Source: BloombergNEF, Bloomberg Terminal.

- JP Morgan Chase is the most active bank in energy transition financing in Turkey, with lending reaching $385 million in 2025, the highest by a single bank. However, this was less than half of 2024 lending, as total financing activity decreased and the market saw growing competition from banks outside the historic top 10.
- American banks are the most active in Turkey, with four among the top 10 investors. Overall, American banks financed a third of energy transition activities in Turkey in 2025.
- Akbank is the most active local bank in energy transition financing, with $1.7 billion mobilised over 2020-2025. The bank joined the Net-Zero Banking Alliance and has committed to 800 billion Turkish Lira in sustainable financing by 2030. Despite just having one bank in the top 10, Turkish lenders cumulatively are second to the US for energy transition financing, as volumes are spread over a larger pool of players.

Turkey lags Saudi Arabia and the UAE in energy transition financing

Energy transition financing volume in the Middle East, North Africa and Turkey, by market, adjusted by revenue exposure



Source: BloombergNEF, Bloomberg Terminal.

- Turkey's energy transition debt market lags two big regional players, Saudi Arabia and the UAE. Saudi Arabia attracted almost four times as much financing as Turkey in 2025, despite Turkey leading the region in renewable energy investment.
- Turkey's macroeconomic environment has weighed on financing activity. Elevated sovereign risk, high interest rates and exchange-rate volatility increase financing costs and make long-term lending more challenging.
- The structure of Turkey's renewable energy market also limits tracked financing volumes. Unlike the Middle East, a large share of new capacity comes from small-scale industrial solar projects. These projects are often funded privately rather than through project finance.
- Greater use of long-term contracted revenue structures could improve project bankability. Across the Middle East, renewable energy projects benefit from long-term power purchase agreements, which provide revenue certainty, reduce financing costs and attract a broader pool of lenders.

Turkey covers the basics of sustainable finance policy, but stops there

Summary of the application types of key sustainable finance policies in major economies

	Turkey	EU	Brazil	India	China	Saudi Arabia	US
Corporate ESG disclosure	■	■	■	■	■	■	
Investor ESG disclosure		■	■	■	■		
Climate-risk disclosure	■	■	■	■	■		■
Taxonomy	■	■	■	■	■		
Financial product standards	■	■	■	■	■		
Climate-risk stress test		■	■	■	■		■
ESG integration		■	■	■	■		
Guidance on ESG ratings		■		■			
Total count	3 | 0 | 1	8 | 0 | 0	6 | 1 | 0	3 | 2 | 3	2 | 4 | 1	1 | 0 | 0	0 | 2 | 0

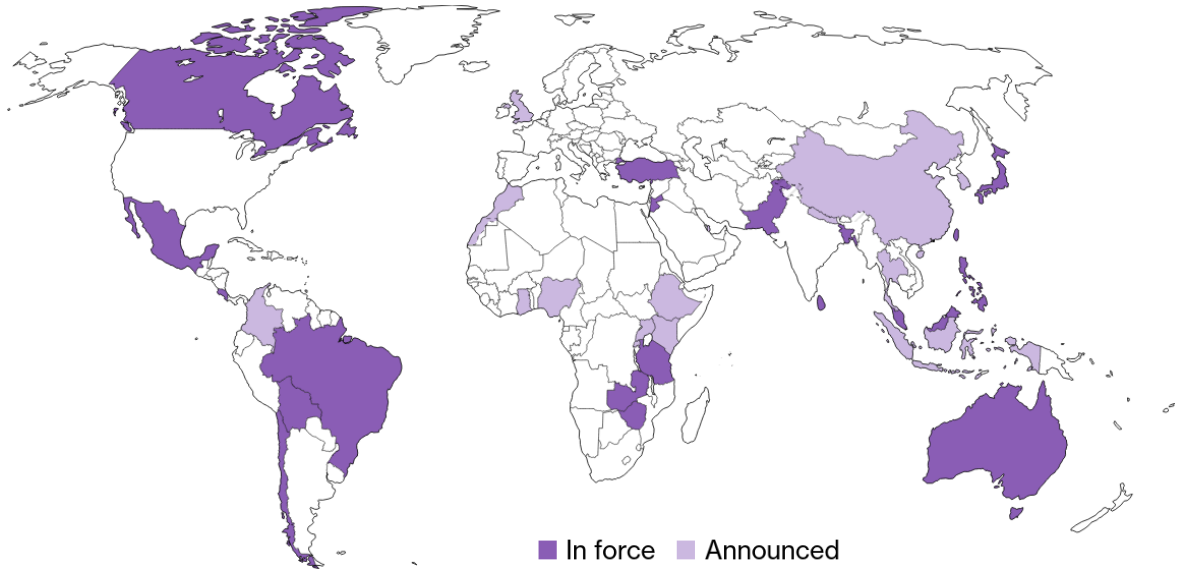
■ Mandatory ■ Voluntary ■ Announced

Source: BloombergNEF. Note: For the US, only federal rules were considered for this table.

- Turkey takes a light-touch approach when it comes to sustainable finance policies, which aim to compel financial institutions and corporations to disclose their environmental, social and governance (ESG) performance. Such policies notably aim to empower investors and lenders to mitigate their exposure to ESG-related risks.
- Turkey has three major sustainability regulations. The most important are its disclosure rules and its 2022 green bond standards, which follow international guidelines. It has also released a draft of its green taxonomy, which would require reporting by its largest companies and financial institutions.
- Turkey still lacks policies that would compel firms to integrate ESG risks and opportunities. This may lead investors and lenders to underestimate their exposure to climate-related risks or limit their ability to engage in transition opportunities.

Turkey among the early adopters of the ISSB framework

ISSB support, by market

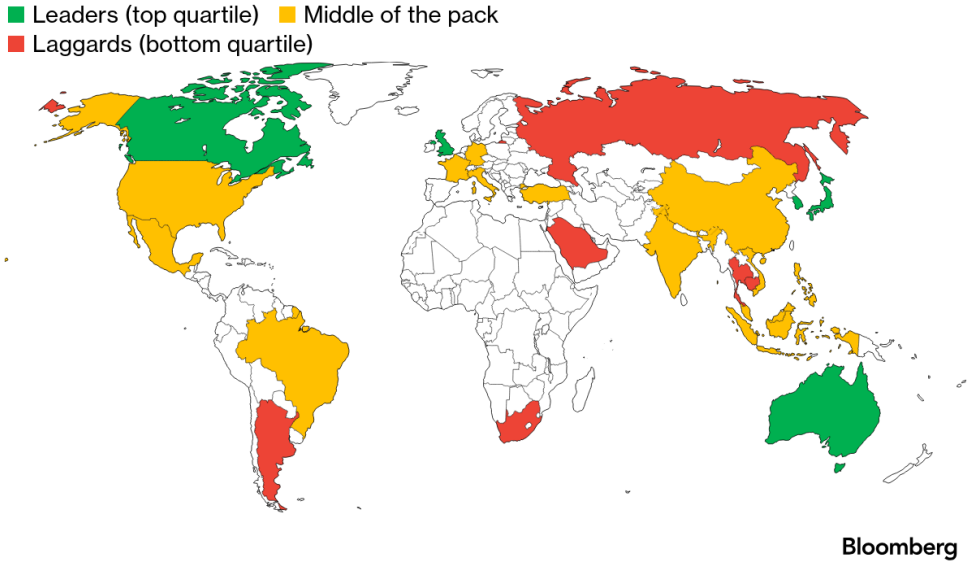


Source: BloombergNEF. Note: Canada's "in force" reporting framework is voluntary, while in other jurisdictions the reporting is mandatory. Canada is thus excluded from the count of markets with ISSB in force. Data is shown for distinct economies.

- Among ESG-related risks, climate risk is a pressing one for corporations and financial institutions to tackle. The Turkish regulator was one of the first globally to require reporting under the International Sustainability Standards Board (ISSB) reporting framework, in 2023.
- The ISSB framework revolves around two main ESG disclosure standards: IFRS S1, which focuses on overall sustainability-related financial information; and IFRS S2, which focuses on climate-related information. Turkey mandated reporting against both standards for the country's largest private companies and most public companies from 2025, covering fiscal year 2024.
- Reporting from Turkish firms will be directly comparable with their international peers as 19 markets require reporting under the ISSB framework and an additional 16 are developing their own rule.

Turkey's climate adaptation framework strong on policy, weak on financing

BNEF Adaptation Assessment Results



- Turkey has set strategic goals for climate adaptation but faces gaps in execution. In BNEF's assessment of climate adaptation across 25 major economies, Turkey ranks 17th.
- Turkey performs well on policy and governance. A national adaptation strategy lays out a central roadmap as well as sector-level goals to drive climate resilience. Corporates are also required to measure and disclose climate physical risks under the IFRS S2 standard.
- Financial capacity is the key constraint. The national adaptation strategy is not supported by any budget or funding mechanisms. Key financial institutions have not conducted physical risk stress tests, suggesting climate financial risks are not yet well-quantified.
- Strengthening adaptation measures would help Turkey manage future climate losses and protect economic activity. For full results and methodology, see *Ranking Resilience: Assessing Country Climate Adaptation* (web | terminal)

Source: BloombergNEF

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Our expert coverage assesses pathways for the power, transport, industry, buildings and agriculture sectors to adapt to the energy transition.

We help commodity trading, corporate strategy, finance and policy professionals navigate change and generate opportunities.

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