EMBER

Hormuz crisis could cost Türkiye $14 billion

Türkiye meets two-thirds of its energy needs through imported fossil fuels. This high dependence on fossil fuel imports could increase Türkiye's energy bill by 30% in 2026 because of the Hormuz crisis.

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Author: Bahadır Sercan Gümüş

Summary

Türkiye's heavy dependence on energy imports continues to pose a structural risk to the economy amid recurring global fossil fuel crises and volatile prices.

- **Rising fossil fuel prices, triggered by the US-Israel war with Iran, are expected to add over $14 billion to Türkiye's energy bill by the end of 2026.** Around $8 billion of this increase comes from oil, and more than $6 billion from gas.
- **Due to its high dependence on energy imports, Türkiye has been deeply affected by global fossil fuel crises. Over the last 10 years, it paid an average of $42 billion per year for net energy imports.** In 2022, that figure exceeded $80 billion amid the Russia-Ukraine war.
- **While two-thirds of Türkiye's energy needs are met by imported fossil fuels**, its source-based import rates stand at 95% for natural gas, 83% for crude oil and 60% for coal.
- **The largest share of the energy bill comes not from electricity generation, but from sectors that rely directly on fossil fuels.** In 2025, road transport alone accounted for one-third of the total bill, while industry, households and power generation each represented roughly 16%.
- **Accelerating clean electrification in end-use sectors such as transport and households could permanently reduce fossil fuel demand and import costs.** In Türkiye, every one million electric cars on the road would avoid roughly $900 million in fossil fuel imports each year. Similarly, replacing gas with heat pumps for space and water heating in just 10% of homes would reduce energy imports by around $1 billion annually.

Türkiye's dependence on imported fossil fuels makes energy imports unavoidable, while also driving up the energy bill during periods of global crisis. Although the growing share of renewables in electricity generation marks an important first step towards reducing this dependency, accelerating the clean energy transition through electrification in end-use sectors, particularly transport and buildings, would permanently ease Türkiye's import burden. In this context, incorporating the 35% electrification target by 2035, as signalled by Türkiye's COP31 Presidency, into the National Energy Plan would be a critical step. This would support a lasting reduction in Türkiye's energy import bill and reinforce alignment with global climate commitments.

Bahadır Sercan Gümüş
Analyst, Ember

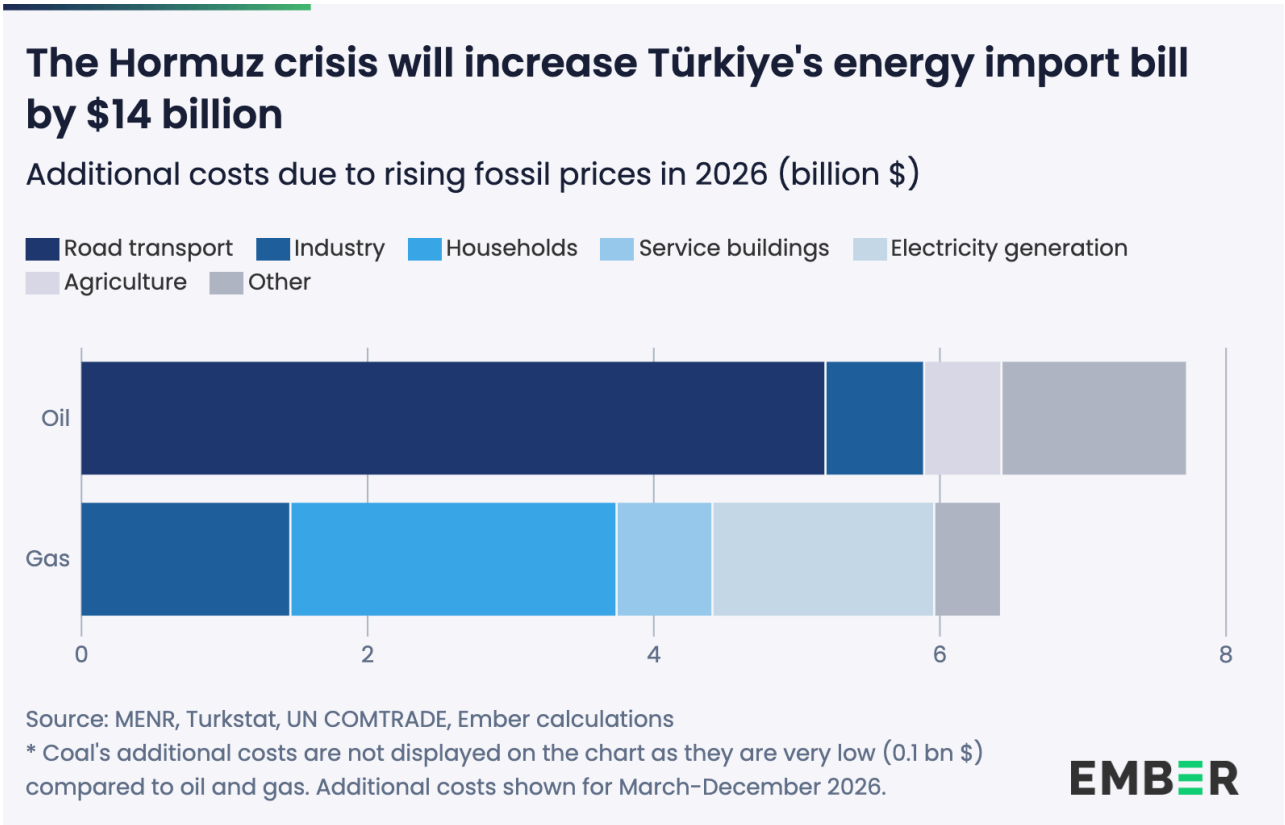
The energy import bill could rise by $14 billion due to the Hormuz crisis

Rising fossil fuel prices following the US-Israel war with Iran will increase Türkiye's oil import costs by $7.7 billion and add a further $6.4 billion to its gas import bill by the end of 2026.

Following the outbreak of the war on 28 February 2026, the Strait of Hormuz was closed to shipping. As roughly 20% of global oil supply and liquefied gas (LNG) trade passes through the strait, this disruption has heightened concerns over supply security in global energy markets and contributed to higher fossil fuel prices worldwide.

Between 28 February and 1 May 2026, Brent crude oil prices surged by 50%. European gas prices rose by 45%, and coal prices increased by 3%. This has translated directly into a higher energy import bill for Türkiye in 2026, given the country's heavy dependence on fossil fuels. Indeed, net energy imports in March, April and May – the first months in which the impact of the war was felt – increased by around $3 billion compared with the same period the previous year, representing a 26% rise.

If fossil fuel prices remain at the level of 1 May 2026, Türkiye's energy import bill could increase by $14 billion from March to the end of the year. This increase corresponds to roughly 30% of the annual import bill, with around $8 billion of the additional cost stemming from oil and more than $6 billion from gas imports.



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Oil import costs will increase by $7.7 billion

Türkiye's crude oil imports account for 22% of its total primary energy demand, with import dependence standing at 83%. In terms of suppliers of crude oil, Russia ranks first with a 46% share, followed by Iraq (15%), Kazakhstan (13%) and Saudi Arabia (7%).

A heavy reliance on oil means that global fossil fuel crises drive up the energy bill. In 2025, Turkish crude oil imports totaled $16.1 billion, while petroleum products such as diesel added a further $20 billion to the country's import bill. Between the start of the Hormuz crisis and May 2026, the roughly $35 per barrel rise in oil prices will add $7.7 billion to Türkiye's costs in 2026. Around two-thirds of this additional oil cost ($5.2 billion) stems directly from road transport.

Households alone will add over $2 billion to gas imports in 2026

After oil, gas represents the second-largest component of Türkiye's energy import spending. Gas accounts for 26% of the country's total primary energy supply, of which 94.7% is imported. Among the countries from which gas was imported in 2025, Russia accounted for the largest share at 36% followed by Azerbaijan (20%), the US (16%), Iran (13%) and Algeria (8%).

Türkiye's gas supply is not directly dependent on countries affected by the Hormuz crisis, yet it is still exposed to higher prices in global markets. However, the full impact of the price increase on the gas import bill will not be apparent until the final months of 2026. This is because of how Turkish gas import contracts function, where pricing is not solely tied to gas markets. Because many contracts use formulas partly indexed to oil prices alongside gas, changes in oil prices are reflected in gas import costs with a lag of approximately nine months.

The portion of the price increase directly driven by gas markets has already started to affect Türkiye's energy import bill in 2026. If gas prices remain at their 1 May 2026 levels, Türkiye's gas import bill will increase by approximately $6.4 billion by the end of the year. Of this additional cost, $2.3 billion stems from residential consumption, $1.6 billion from electricity generation and $1.5 billion from industrial activity. If prices continue to remain high, the increase in oil prices will be fully reflected in gas import contracts, thus pushing additional costs from imports up to $13 billion in 2027.

Türkiye spent $17 billion on coal for electricity generation over the past five years

Coal accounts for 26% of Türkiye's primary energy supply, and over 60% of it is imported. Between 2021 and 2025, a total of $27 billion worth of hard coal was imported, of which the amount paid solely for coal used in electricity generation reached $17 billion. For coal imports used in electricity generation, the largest share by far came from Russia (85%), followed by Colombia (12%).

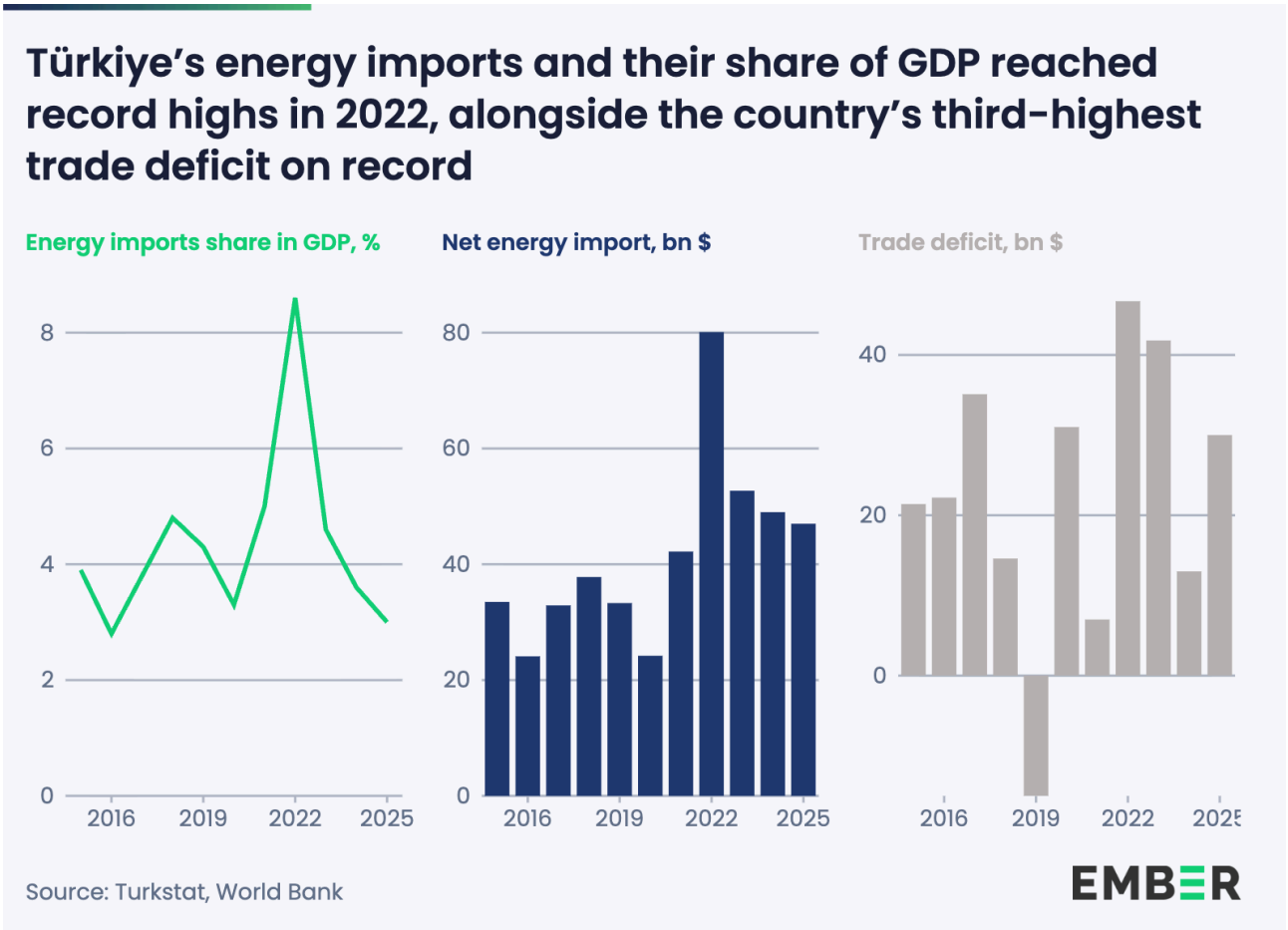
Following the Hormuz crisis, coal prices surged by more than 30% in March. However, since coal supply was not directly affected by the war, prices had dropped back to near pre-war levels by April. Thus, the price increase as of 1 May 2026 remained limited to approximately 3%. This increase is projected to generate an additional cost of $95 million in total coal imports for 2026.

Türkiye pays an average of $42 billion per year for fossil fuel imports

Türkiye meets around two-thirds of its energy demand through imports and paid $47 billion for net energy imports in 2025 alone. Of this total, 47% came from oil imports, 43% from gas and 10% from coal. Accelerating electrification in sectors with direct fossil fuel use, such as transport and buildings, could deliver a sustained reduction in the import bill.

In 2024, Türkiye met 67% of energy demand through imported fossil fuel. Between 2015 and 2024, Türkiye has paid an average of $42 billion per year for net energy imports, equivalent to 4.5% of gross domestic product (GDP) over the same period.

High dependence on energy imports, when combined with global fossil fuel crises such as the one in 2022, leads to sharp increases in the energy import bill. In 2022, net energy imports exceeded $80 billion amid the Russia-Ukraine war, reaching a historic peak. The share of this cost in GDP almost doubled compared with the ten-year average, rising to 8.6%. At the same time, Türkiye's third-highest trade deficit on record, at $47 billion, underscored how significant a risk factor energy import dependency is for the Turkish economy.



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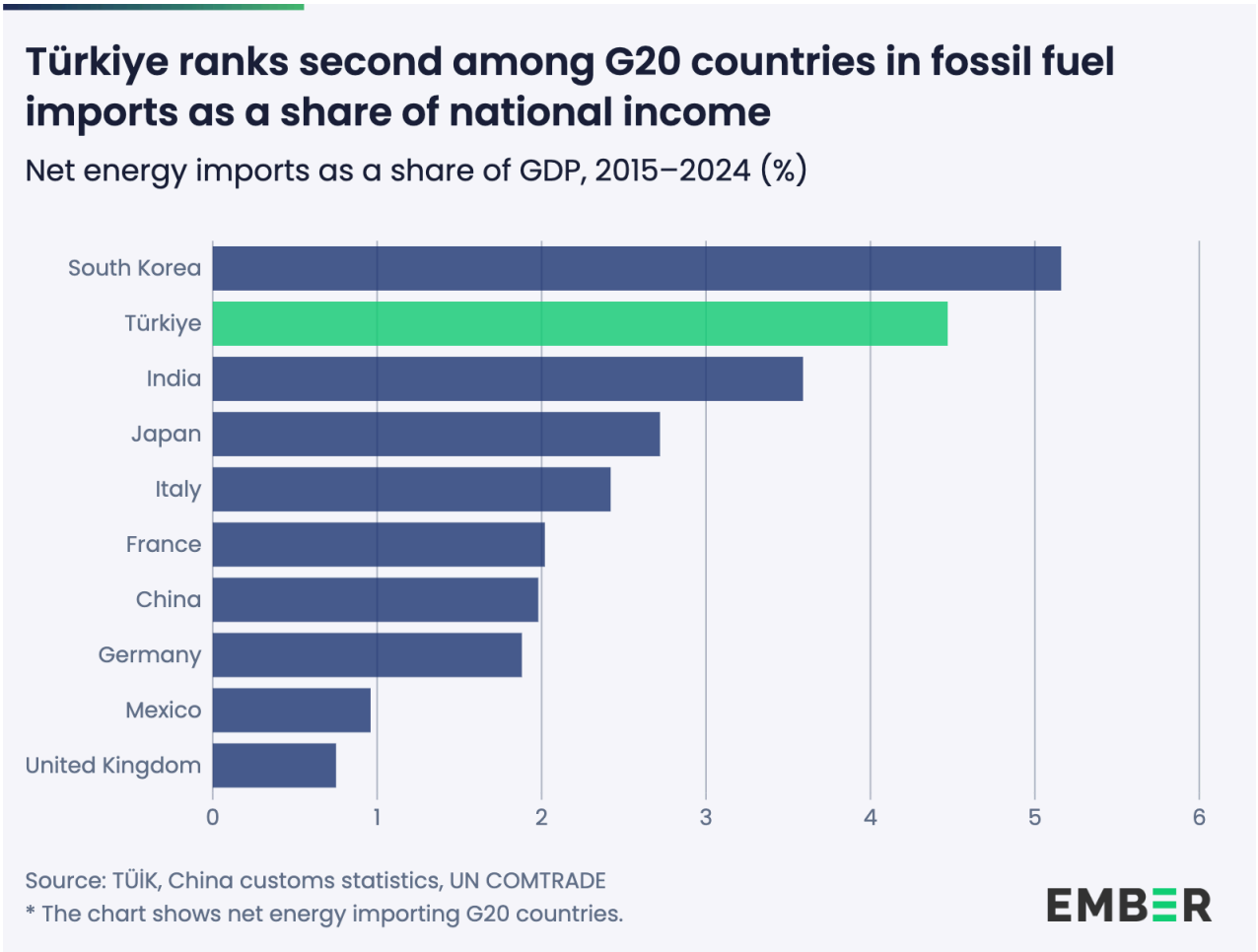
Türkiye's energy import bill as a share of national income is higher than in similar countries

Türkiye's high import dependence is not unique. As of 2024, three-quarters of the global population live in net energy-importing countries. Even so, the economic pressure from energy imports varies widely across countries.

Between 2015 and 2024, energy imports accounted for 4.5% of Türkiye's GDP. That places Türkiye second among G20 countries, after South Korea at 5.1%. In other words, countries with higher income levels and energy consumption than Türkiye generally have lower energy import bills relative to GDP. This indicates that the

burden of energy imports on the Turkish economy is not just the result of temporary price shocks such as wars, but a more structural and persistent pattern.



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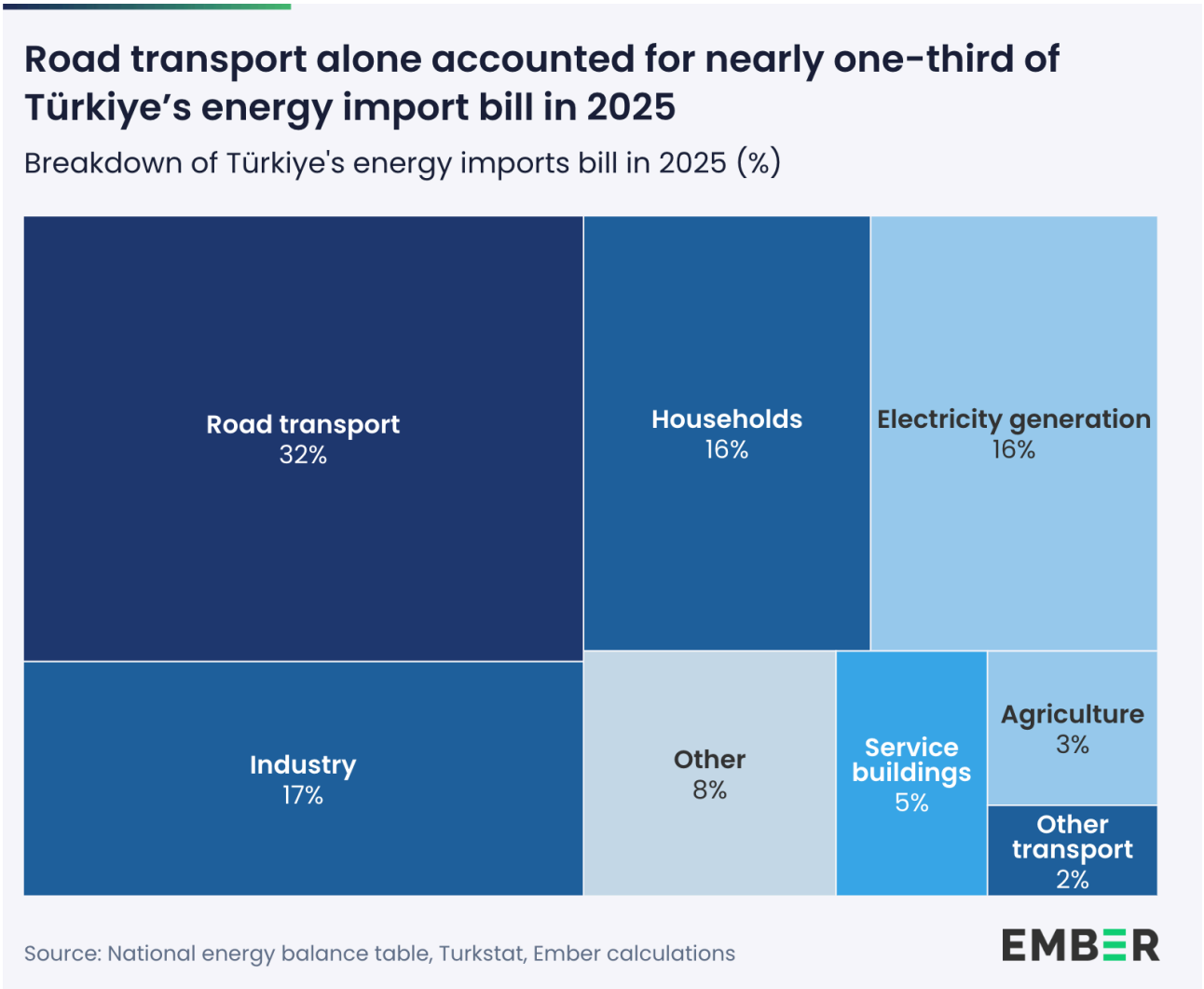
Road transport makes up the largest part of the energy bill

In 2025, oil made up 47% of Türkiye's $47 billion net energy bill, with gas accounting for 43% and coal 10%. The largest single contributor was road transport, which alone accounted for around $15 billion, or nearly one-third of the total bill. Industry was the second-largest component, with an import cost of $8

billion (17%). This was followed by households and electricity generation, each representing a 16% share of the total net energy import bill.



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Electrification could permanently reduce Türkiye's energy import bill

Electrification will play an important role in permanently reducing Türkiye's energy import bill, particularly in the final consumption sectors where fossil fuels are used directly. Although the share of renewables in electricity generation has

increased from 33% in 2015 to 43% in 2025, electricity generation still accounts for only 16% of the energy import bill. The remaining large share of import costs mostly comes from end-use sectors such as transport and buildings, where fossil fuels are consumed directly.

Accordingly, extending the clean energy transition into these sectors through electrification would reduce the direct use of fossil fuels and lead to a lasting decline in the import bill. Higher electrification rates would also enable more effective use of electricity generated from renewables at final consumption points, thereby accelerating the clean energy transition and improving overall energy efficiency.

Electrification in road transport, which constitutes the single largest component of Türkiye's import bill, offers the greatest potential. This is already gaining traction. In 2025, 17% of all new cars sold in Türkiye were electric. As of April 2026, there are over 420,000 electric vehicles in Türkiye.

The Turkish Energy Market Authority projects that the total number of electric vehicles in Türkiye will exceed 5 million by 2035. A transition on this scale would substantially reduce the country's reliance on imported fossil fuels. In fact, 1 million electric vehicles on Türkiye's roads can prevent approximately $900 million in annual fossil fuel imports.

However, passenger cars account for only 40% of Türkiye's road transport energy consumption, while the remaining share comes from heavy-duty vehicles such as trucks, semi-trucks, buses and vans. This indicates that pushing electrification beyond passenger cars to heavy-duty transport could offer a major opportunity to reduce Türkiye's energy import burden.

A similar transition opportunity also exists in households, which accounted for $7.2 billion in gas-related energy imports in 2025 alone. About 90% of residential gas consumption is used for space heating and hot water. Heat pumps can deliver the same heating and hot water using roughly one-third of the energy,

drawing on domestically generated renewable electricity rather than imported gas. With roughly 25 million households in Türkiye, even a modest 10% transition rate would eliminate over $1 billion from the annual import bill.

Moreover, the savings generated by clean energy based electrification are not one-off but represent a recurring annual gain. International climate scenarios aiming to limit global temperature rise to 1.5°C also project that electricity should account for 35% of final energy consumption by 2035. In line with this, the adoption of the same goal set out by the COP31 Presidency in the National Energy Plan, which is expected to be updated in 2026, will enable Türkiye to permanently reduce its energy import bill and strengthen its alignment with global climate targets.

Supporting information

Methodology

Countries' national incomes at current prices were obtained from World Bank data, and the net financial amount paid for energy imports was obtained from the United Nations COMTRADE and OECD Data Explorer data sets. Data on the ratio of energy imports to GDP for European countries were obtained from EUROSTAT data. Net energy imports for Türkiye were taken from Chapter 27 data under TURKSTAT Foreign Trade Statistics, and energy imports for China were taken from data under the same chapter number published by the Customs Administration of the People's Republic of China. Countries' energy import dependence rates were obtained from EUROSTAT for European countries and from IEA data for the other countries mentioned. For calculating the ratio of countries' net energy expenditures to their national incomes, only net energy importing G20 countries were considered. The ranking was created by taking the average ratio of net import volume to national income over the ten-year period between 2015 and 2025 on a country-by-country basis.

Coal import volumes and the cost paid for these imports by Türkiye were obtained from TURKSTAT Solid Fuels Statistics and TURKSTAT Foreign Trade Statistics. Domestic crude oil production figures were taken from the 7 January 2026 news release of the Ministry of Energy and Natural Resources, and the domestic share of the total was calculated using total crude oil consumption and import data in the Turkish Energy Market Authority's (EMRA) monthly petroleum market reports for the same year. Import volumes for gas, crude oil and petroleum products were obtained from the EMRA monthly sector reports, while their financial values were taken from the relevant sub-chapters under

Chapter 27 on the UN COMTRADE website and the Ministry of Treasury and Finance's investor presentation. The resulting financial data were broken down into sub-components by final consumption and source, using the National Energy Balance Table published annually by the ETKB. The financial value of total imports by source was distributed to sectors and their sub-components based on the share of energy in final consumption.

28 February 2026 was taken as the threshold date for calculating the war-related additional cost of fossil fuel imports. It was assumed that the prices of Brent crude oil, Dutch TTF (the European gas price indicator) and API2 coal (the European coal price indicator) reached the prices recorded on May 1 due to the effects of the war. Accordingly, average consumption for the last five years was determined by fuel type, and it was assumed that this consumption would also occur in 2026. The additional cost calculation was performed for the remaining 10 months of the year, excluding January and February. For calculating the additional cost of gas imports, it was assumed that, based on the weighted average calculation of all of Türkiye's gas import contracts at the end of 2025, 60% of the contracts were indexed to TTF and 40% were indexed to Brent crude oil. It was assumed that changes in Brent crude oil prices were reflected in gas purchase contracts with a nine-month lag.

Domestic crude oil production data for 2025 was taken as 47.9 million barrels from the ETKB announcement, and total crude oil imports were taken as 31.9 million tons from the EMRA monthly sector reports. The 7.33 conversion factor recommended by OPEC was used to convert crude oil from tons to barrels.

For the calculation of savings from electric vehicles, the following were used: TURKSTAT's "Distribution of Registered Automobiles by Fuel Type," "Number of Motor Vehicles" and the "Highway Transportation Statistics" published by the General Directorate of Highways. In calculating the savings, it was assumed that an average gasoline-, diesel- and LPG-fueled automobile consumes 7.5 liters, 5.5 liters and 9 liters of fuel per 100 km, respectively, while an average electric vehicle consumes 18 kWh. To calculate the amount of imports prevented by electric

vehicles, it was assumed that the total kilometers driven by electric vehicles would otherwise have been driven by internal combustion engine vehicles, distributed according to the fuel types in the current vehicle fleet. The import costs of fuels are based on the average prices under the Platts European Market Scan, CIF MED (Genoa/Lavera) heading for April 2026. It was assumed that 100% of the electricity consumption of electric vehicles is met by domestic energy sources.

Annual gas consumption in households was taken as 942.8 m3 based on the average of the last five years from the GAZBİR 2024 Sector Report. The breakdown of gas final consumption in the same report is stated as 75% for space heating and 15% for hot water production. It was assumed that the entire energy equivalent of the consumed gas amount is met by heat pumps using domestically generated electricity.

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