

# TABOGLU & DEMIRHAN

## Newsletter

### PRIVATIZATION UPDATES

- The Council of State has rejected the motion of Liman-Is Labor Union for the stay of execution of the tender process regarding the privatization of Samsun and Bandirma ports. Liman-Is Labor Union had initiated two separate lawsuits against the tender held on 16 May 2008 for the privatization of Samsun port through transfer of operation rights for a period of 36 years, in which Ceynak Lojistik became the winning bidder with its bid amounting to US\$ 125,200,000. Liman-Is Labor Union had also filed 2 separate lawsuits against the tender held on 16 May 2008 for the privatization of Bandirma port through transfer of the operation rights for a period of 36 years, in which Celebi Joint Venture won the tender with its bid amounting to US\$ 175,500,000. As per the announcement made by Liman-Is Labor Union, they have submitted their objection to the decision of the Council of State regarding rejection of the motion for the stay of execution of the said tenders.
- The Chairman of the Privatization Administration has stated that the closing date for the privatization of the National Lottery will be extended for approximately one month. He has further stated that the privatization process for electricity distribution companies, bridges, highways, and sugar factories will continue in 2009. In this context, the transfers of Baskent Electricity Distribution and Sakarya Electricity Distribution may be realized within January 2009 and February 2009, respectively. The transfer process of Meram and Aras Electricity Distribution will be commenced upon decision of the Privatization High Council. In relation to the privatization of the bridges and highways, the tender process will be commenced upon the adoption of the related draft law. As per the decision of the Competition Board, Fatih Sultan Mehmet Bridge and certain highways will be privatized collectively whereas Bosphorus Bridge will not be subject to such privatization. The Chairman has also stated that they are planning to realize the tender for the privatization of Iskenderun port in 2009.

### BANKING SECTOR UPDATES

- As per the statement of Yapi ve Kredi Bankasi, the Bank has recently opened 9 new branches in different cities and districts of Turkey. The total number of branches of the Bank has reached 861 with the addition of 176 new branches opened in 2008.
- According to the daily bulletin of the Istanbul Stock Exchange, the share certificates of Yapi ve Kredi Bankasi have been included within the scope of the Corporate Governance Index of Istanbul Stock Exchange.
- The Banking Regulation and Supervision Agency has prepared an amendment to the Regulation regarding Measurement and Assessment of Liquidity Adequacy of Banks in order to ease the banks in terms of foreign currency liquidity. In that respect, foreign currency based assets and liabilities shall be taken into consideration at a ratio of 45% while calculating the foreign currency liquidity.

### OTHER NEWS

- As per the dailies, the telecommunications and information technology sector has achieved 25% annual growth and US\$ 25 billion turnover for the year 2008. The sector has set its target for the year 2009 as 10% annual growth.
- The Competition Board has decided to initiate an investigation against Siemens for the purpose of determining whether or not Siemens has infringed the Law No. 4054 on Protection of Competition through its encryption implementations and behaviors in the supply of spare parts in the market for Siemens-branded medical devices' technical services.
- As per the dailies, Ceytas Madencilik has decided to merge with Park Elektrik, one of its group companies, which is active in the fields of mining and energy. *cont'd.*

#### Highlights

a. Privatization Updates

b. Banking Sector Updates

c. Other News

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- As per the dailies, the Minister of Industry and Trade has stated that the arrangements regarding official pardon for records of persons have been completed and will be submitted to the Council of Ministers. Accordingly, the names of the manufacturers, merchants, craftsmen and citizens, who have not duly paid a cheque or deed for any reason, will be deleted from the black list.
- Petrol Ofisi has decided to cease production in its Aliaga lube oil factory upon re-evaluation of the productivity and profitability. The operations of the Aliaga factory will cease on 26 January 2009 and the production will continue in Derince factory.
- Pursuant to the statement of the Turkish Statistical Institute, the monthly foreign trade deficit of Turkey has decreased by 48.8% in November 2008 to US\$ 2.72 billion. Turkey's export figures have decreased by 17.5% to US\$ 9.3 billion within the same period, while imports have dropped by 27.5% to US\$ 12.6 billion as compared to the same month of 2007.
- According to the figures of the Undersecretariat of Foreign Trade, total annual export of Turkey in 2008 has reached US\$ 127.5 billion with a rise of 20.3%. As per the information announced in the web site of the Undersecretariat, the value of goods sold abroad in December decreased to US\$ 7.1 billion, whereas it was US\$ 9.48 billion in December 2007. Accordingly, Turkey's exports suffered a decline of 25% in December 2008 compared to the previous year.
- As per the dailies, Lafarge S.A. has decided to evaluate its strategic options regarding its Turkish subsidiaries, including Lafarge Aslan Cimento. It has been announced that JP Morgan is assigned as Lafarge's advisor.

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- The Central Bank of the Republic of Turkey has put into circulation new currency the "Turkish Lira" replacing the "New Turkish Lira" at the beginning of 2009. The new banknotes and coins are renamed as TL and Kurus and entered into circulation on 1 January 2009 with new designs, sizes and enhanced security features. The Central Bank had deleted 6 zeros from Turkish Lira 3 years ago and replaced this currency with New Turkish Lira, which will be completely phased out by the end of 2009. The process will be completed by dropping the "new" from the currency and returning to original TL. The value of the Turkish currency will not be adjusted with this latest issuing of banknotes and coins. TRY and TL will be in circulation together until 1 January 2010. As per the agreement executed for the promotion of TL, the cost of the campaign to promote TL will be maximum TRY 1.14 million, while the cost of changing from the TRY to TL is YKr 11 to 12 for each banknote. Additionally, the Central Bank has announced that the legal instruments prepared with the "New Turkish Lira" phrase will also be valid as of 1 January 2009.
- Pursuant to the dailies Sonmez Holding, which has suspended its operations in textile, is planning to invest a total amount of US\$ 150 million in various sectors including tourism, energy, technology retailing and cement in 2009. The Holding which also owns Sonmez Filament, one of Turkey's leading textile factories, has halted production permanently in this factory in November 2008 due to the declining market conditions arising from global financial crisis.

*The aim of this weekly newsletter is to highlight mainly the regulatory changes made by the Turkish Government during the relevant week. The content of this bulletin is limited to those areas Taboglu & Demirhan advises its clients. It contains a general summary of the changes and the areas it covers are broader. Thus, one should not rely on it for specific advice. For further information or advice please contact Taboglu & Demirhan, a full-service law firm based in Istanbul.*

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