

TABOGLU & DEMIRHAN

Newsletter

PRIVATIZATION HIGHLIGHTS

cont'd.

- The National Lottery Administration has amended the Regulation Regarding Licensing of Lotteries, Activities subject to Licensing and Audit thereof through a regulation published in the Official Gazette on 4 November 2008. The amendment includes changes regarding the specifications of shareholders of the participant companies and value approvals of governmental bodies. As per the amendment, the final decision of the Commission, which is based on the Privatization Law, shall also be submitted to the Privatization High Council for approval upon completion of the tender. In the meantime, the Privatization Administration has published the announcement regarding privatization of the National Lottery. As per the announcement published in the Official Gazette dated 6 November 2008, the license for the planning and arranging of games of chance and performing lottery drawings shall be privatized. The license will be granted to the private sector for a period of 10 years subject to the Competition Board's approval. 15 January 2009 is the deadline for pre-qualification applications and 27 February 2009 is the deadline for submitting the offers.
- As per the dailies, the Plenary Session of the Administrative Law Divisions of the Council of State has rejected Petrol-Is's appeal of the decision of the 13th Chamber of the Council of State regarding the privatization of TUPRAS. The request of the labor union has been rejected due to lack of timely appeal.
- The Atomic Energy Authority of Turkey has requested clarifications on security criteria of Atomstroyexport InterRao - Park Teknik Consortium, the sole bidder of the tender for construction and operation of nuclear power plant in Akkuyu. The Authority has declared that they would submit their evaluation of the bid to the Ministry of Energy and Natural Resources by the end of November.
- Pursuant to the dailies, another tender for a new nuclear power plant has been added to the Government's agenda for the year 2009. As per the said agenda, Sinop will be the main area for the nuclear power plant to be constructed. It is planned that the preliminary studies of the Atomic Energy Authority of Turkey will be concluded until the end of 2008. A nuclear technology center will be established in Sinop and a nuclear fuel production facility, a research reactor and educational centers are planned to be established in Inceburun - Akliman region. Additionally, relevant legislation relating to regulation and audit of the nuclear facilities shall be finalized until March 2009.

CAPITAL MARKETS UPDATES

- As per the statement made by Turkish Airlines to the Istanbul Stock Exchange, Fraport and Turkish Airlines are still negotiating for the partnership in the Turkish Ground Service Yer Hizmetleri.
- As per the dailies, Tekstilbank has announced that a non-disclosure agreement has been executed with Francebank regarding the transfer of the GSD Holding's shares in Tekstilbank; however, there has been no development for further negotiations relating to the transaction.

ENERGY SECTOR NEWS

- The tender for Bingol-Karlioiva power plant, held by the Turkish Coal Enterprises, has been annulled since no bid has been submitted to the tender. The Bingol Karlioiva power plant was planned to generate 650 million kWh energy annually.

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Highlights

a. Privatization Highlights

b. Energy Sector News

c. Capital Markets Updates

d. Telecommunication Sector News

e. Other News

TELECOMMUNICATIONS SECTOR NEWS *cont'd.*

- Turkcell Bilisim Servisleri, a wholly-owned subsidiary of Turkcell Iletisim Hizmetleri, has transferred its 55% stake in Bilyoner Interaktif to Demir Toprak and has acquired all shares of Superonline Uluslararası Elektronik.
- The Turkish Parliament has approved the Telecommunications Law on 5 November 2008 together with certain amendments in line with the President's comments. The said law regulates cryptic communications for military, police and national intelligence agency and permits subscribers to take services from different service providers without changing their numbers. Accordingly, the Ministry of Transportation should establish an alternative communication infrastructure to cover the risks of earthquake, fire, war and flood. The new law shall enter into force upon its publication in the Official Gazette.
- The Minister of Transportation has stated that all existing mobile telecommunication operators have purchased the tender specifications for 3G tender and a fourth operator may participate in the tender. In addition, he has noted that Wimax service licenses for broadband wireless access will be granted in the first quarter of the year 2009.
- The legislation on number portability has come into effect on 8 November 2008. Accordingly, subscribers may change their GSM service providers with written application to the respective GSM service provider.
- Celebi Air Services has become the winning bidder in the tender of Chhatrapati Shivaji International Airport Ground Services in Mumbai, India. Mumbai Airport is the largest airport in India. In year 2007, the airport has served 125,000 airplanes and carried over 22.3 million customers.
- Pursuant to the dailies, the Public Procurement Agency has limited the required documents for the public tenders. The Agency stated that the cancellations of the tenders were the main reason for limiting the required documents. The Agency has further stated that in the past years certain irrelevant document requirements led to favoring certain companies in tenders.
- Pursuant to the dailies, draft Decree regarding the Exemption of Withholding Tax for equities has been sent to the Prime Ministry. The exemption will solely apply to equities whereas treasury bonds and government bonds will not be within the scope of the said decree.
- According to the Competition Board's Report on fuel oil sector, the Energy Market Regulatory Authority has granted licenses to 47 fuel oil distribution companies; however, 5 enterprises have been dominating 90% of the market. The report has further indicated that such dominance is the main problem of the fuel oil sector and in order to establish a lasting competition, current structure should be changed. As per the report, sale requirement of 60,000 tons for the distribution companies in order to maintain their licenses prevents new distribution companies from entering into the market.

OTHER NEWS

- The Radio and Television High Council has approved the transfer of the broadcasting rights of Anadolu Iletisim Hizmetleri to Lapis TV ve Radyo Yayıncılık on 3 November 2008.

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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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