

TABOGLU & DEMIRHAN

Newsletter

PRIVATIZATION UPDATES

- The Chairman of the Privatization Administration has stated that more public institutions namely; BOTAS, a state-owned pipeline corporation, the Turkish Mechanical and Chemical Industry Corporation which manufactures and supplies ammunition, rockets, explosives and pyrotechnic products for the Turkish Armed Forces, and the Turkish Coal Enterprises would be included in the privatization agenda in 2009. He has further stated that the Energy and Natural Resources Ministry is still conducting preliminary studies on the privatization of power generating facilities. The Privatization Administration will immediately begin to work when the Ministry completes its studies which is planned to be finalized within the first half of 2009.
- As per the announcement made by the Privatization Administration, the deadlines for the bidding process in the privatization of the Turkish National Lottery have been postponed for approximately one month. The deadline for application to obtain pre-qualification has been postponed from 15 January 2009 to 16 February 2009 and accordingly, the deadline for final bids has been set as 15 April 2009, which was previously 27 February 2009.

ENERGY MARKET HIGHLIGHTS

- As per the dailies, the first phase of Antalya Natural Gas Combined Driven Power Plant constructed by Aksa Enerji has been completed. The Chairman of the Board of Directors of Aksa Enerji has stated that the total estimated amount to finalize this investment, which will be completed by the end of 2009, would be approximately US\$ 1.1 billion.

CAPITAL MARKETS NEWS

- The Chairman of the Capital Markets Board has stated that the process that allows small and medium-sized enterprises to be traded on the Istanbul Stock Exchange has almost been completed. The capital markets instruments issued by such enterprises, which do not satisfy the eligibility criteria of the Istanbul Stock Exchange will be traded on a special market. He has further noted that 99% of the companies in Turkey are classified as small and medium-sized enterprises and these companies employ 46.5% of the registered workforce in Turkey.
- According to the weekly bulletin of the Capital Markets Board, activities of Lehman Brothers Menkul Degerler A.S. have been temporarily suspended as of 9 January 2009 upon the Company's request. Furthermore, it has been announced that the application of Morgan Stanley Menkul Degerler A.S. to suspend its activities for a term of six months as of 2 January 2009 has been accepted by the Board within the scope of Article 64 of the Communiqué on Principles regarding Intermediary Activities and Intermediary Institutions.
- The minimum first dividend ratio to be distributed by the publicly traded companies from their 2008 profits has been declared as 20% by the Capital Markets Board.

BANKING SECTOR UPDATES

- The Ministry of State for Foreign Trade has declared that Eximbank would extend a total amount of US\$ 12.9 billion financial support to exporters in 2009. The Bank will provide US\$ 6.9 billion cash loans and US\$ 6 billion insurance credit.

cont'd.

Highlights

a. Privatization Updates

b. Energy Market Highlights

c. Capital Markets News

d. Banking Sector Updates

e. Other News

cont'd.

- As per the dailies, Finansbank has opened its new data center in Umraniye. According to the announcement made by Finansbank, the Bank can manage its total 253 external link with different corporations through this data center. It has been further stated that service disruptions in Finansbank will be reduced with early warning system of this data center, which can define errors and failures before they occur.

OTHER NEWS

- The law amending the Law on Public Procurement and Public Procurement Agreement No.4734 regarding complaint procedure in public procurement has become effective on 5 January 2009. According to the amendment, the Public Procurement Authority will not be able to launch an investigation directly depending on the news released in the media or after receiving complaints. The Authority will only take into consideration the objection made by the tender participants against the tender award. Also, the period in which a complaint can be submitted has been shortened to 50 days which was previously 122 days.
- According to the dailies, the Ministry of Finance will launch the third and final phase of the Tax Department Automation Project System by May 2009. With the establishment of the System, the infrastructure of the electronic tax system will be completed and accordingly all tax operations including tax collection, seizure procedures, archiving in digital environment and tax bill operations will be carried out through electronic database. Besides, 585 fiscal directorates across Turkey will be integrated into the system. It has been announced that logging recording system will be developed and strengthened, thus all logging details and accesses will be kept by the system.

cont'd.

cont'd.

- As per 2008 Merger and Acquisition Report prepared by Deloitte Turkey, the volume of mergers and acquisitions has reached to US\$ 18.4 billion excluding privatization transactions that are approximately amounting to US\$ 7 billion in 2008.
- Akkok Group has decided to merge its two group companies, Ak-Al Tekstil and Aksu Iplik, under the tradename of Ak-Al. No change of control in the companies upon the completion of transaction is expected since the merger is being conducted within the group structure.
- As per the dailies, the Ministry of Finance and the Ministry of Environment and Forestry have jointly prepared a bill concerning the sale of deforested areas, which is known as the 2-B bill. The bill consists of 14 articles and allows the sale of the land to the owners of the buildings already on this land provided that the building is less than 400 m². According to the bill, the lands, which hold 2-B statue, could be transferred to the Housing Development Administration provided that the approval of the Ministry of Finance is granted and the current market value of the land is paid. The government expects to receive US\$ 25 billion if the bill is enacted by the Parliament.
- The Turkish Statistic Institute has announced that industrial production index has fallen by 13.9% in November 2008 when compared to the same period in 2007. As per the figures released by the Institute, the highest decrease has occurred in automotive production, which dropped by 41.2%. The production index for the mining sector has increased by 0.9% whereas the manufacturing industry index has decreased by 15.5%.

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.

TABOGLU & DEMIRHAN

Attorneys at Law

Levent Cad. No. 9

1. Levent, 34330, Istanbul, Turkey

E-MAIL: enquiries@taboglu.av.tr

www.taboglu.av.tr

PHONE: (212) 339 8800

FAX: (212) 339 8899