

# TABOGLU & DEMIRHAN

## Newsletter

### PRIVATIZATION HIGHLIGHTS

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- Pursuant to the dailies, the Council of State has dismissed the case relating to cancellation of the privatization of Izmir Port through transfer of operating rights method for a period of 49 years. In 2007, Global-Hutchison-EIB Consortium had become the winning bidder of the tender with its offer amounting to US\$ 1 billion 275 million; whereas the Foundation for Development of Public Enterprises had filed a lawsuit for the cancellation of such privatization tender. Following the decision of the Council of State, it is expected that the operating rights of Izmir Port will be transferred to Global-Hutchison-EIB Consortium within one and a half month.
- As per the dailies, the privatization process of the geothermal energy areas, licenses of which are owned by the General Directorate of Mineral Research and Exploration Institute, has been continuing. Six geothermal energy areas, including Aydin-Merkez-Koske-Umutlu-Sercekoy, Aydin-Sultanhisar-Atca, Aydin-Germencik-Bozkoy-Camur, Aydin-Sultanhisar, Manisa-Salihli-Caferbeyli and Manisa-Alasehir-Kavaklidere, have been put out to tender by the Institute. The tender of such geothermal areas are planned to be completed in 2008.
- Pursuant to the dailies, the Chairman of the Privatization Administration has declared that the prospective privatization package regarding Fatih Sultan Mehmet Bridge and certain highways may be postponed to year 2009 as the Turkish Parliament has not passed the law regarding privatization of bridges and highways. It has been stated that Edirne-Istanbul-Ankara, Pozanti-Tarsus-Mersin, Tarsus-Adana-Gaziantep, Toprakkale-Iskenderun, Izmir-Cesme, Izmir-Aydin and Gaziantep-Sanlıurfa highways are within the scope of such privatization, which will be realized through granting a concession right for a period of 25 years.
- The Regulation on Granting Licenses for and the Governance and Supervision of Lottery has been published in the Official Gazette on 15 October 2008. Accordingly, the Chairman of the Privatization Administration has declared that the privatization process of National Lottery will be commenced rapidly. In line with the Regulation, the license term shall be determined in accordance with the tender specifications and the respective license agreement and shall not exceed a period of 10 years. In addition, the owner of the license shall neither be entitled to assign the lottery license to third parties nor appoint subcontractors in order to conduct lottery activities completely or partially.
- Pursuant to the dailies, the sale and transfer of 60% stake of Fon Leasing, owned by Yildiz Holding, to Global Investment House KSCC has been cancelled since the required permit from the Banking Regulation and Supervision Authority has not been obtained. In March 2008, Yildiz Holding had applied to the Authority; however, the Authority has not declared its decision until now. Such cancellation has affected the share value of Fon Leasing at the Istanbul Stock Exchange, and the value of Fon Leasing shares has dropped materially.
- As per the dailies, Global Yatirim Holding has stated that unlike the news, the Company has not received any notification for seizure of the stakes of Baskent Dogalgaz Dagitim against the receivables amounting to TRY 676 million of BOTAS. Additionally, Global has also stated that the acquisition process of Baskent Dogalgaz from Ankara Grand Municipality has not been completed yet and official permits are still being awaited.

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#### Highlights

a. Privatization Highlights

b. Capital Markets Highlights

c. Energy Sector News

d. Telecommunication News

e. Other News

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- The Capital Markets Board has registered 5 pension investment funds belonging to Finans Emeklilik ve Hayat last week. Additionally, Oyak Menkul Degerler, Turkiye Garanti Bankasi and HSBC Bank have applied to the Capital Markets Board in order to issue investment funds.

### **ENERGY SECTOR NEWS**

- The Energy Market Regulation Authority has published the Draft Regulation on the amendments related to Oil Market License Regulation. The amendments are intended to define priority of licenses in case several types of licenses are requested in a specific area. Accordingly, if there are several license applications for the same zone in order to conduct different activities, the applications for electricity production activities are going to have priority over oil refinery activities. Under the draft Regulation, the electricity generation activity is also explicitly identified as public service.
- The Regulation on Design Principles for Security of Nuclear Power Plants and the Regulation on Special Principles for Security of Nuclear Power Plants, which are prepared by the Turkish Atomic Energy Authority, have been published in the Official Gazette on 17 October 2008. The Authority has regulated the mandatory security principles to achieve nuclear security targets in prospective nuclear power plants.
- Enerjisa, the joint venture of Sabancı Holding and Verbund of Austria, will start the constructions of Bandirma Natural Gas combined cycle natural gas power plant, Adana Kavsak Bendi Hydropower plant and Kahramanmaraş Hacininoglu Hydropower Plant on 22 October 2008.

### **TELECOMMUNICATIONS NEWS**

- The President of Vodafone Turkey has stated that 1/5 of subscribers of GSM operators tend to change their GSM operator upon implementation of number portability. He has added that the number portability will increase the competition and will encourage innovation in the GSM sector. The number portability in the Turkish market will be effective as of 9 November 2008.

### **OTHER NEWS**

- It is announced by the Central Bank of the Republic of Turkey that the Central Bank has suspended foreign exchange purchase tenders in order to strengthen liquidity of Turkish banks as a precaution to limit possible effects of the global crisis. It has been also stressed that although Turkish banking system has no foreign exchange liquidity, the Central Bank has started conducting intermediary activities in the Foreign Exchange Depository Market with the same objective.
- Pursuant to the dailies, Turk Ekonomi Bankasi, in cooperation with BNP Paribas, one of the largest banks in the world, will sell residence and real estate to foreign buyers through mortgage. The Deputy General Director of the Bank has stated that they are planning to sell between 3 to 5 thousand residences and real estate in return for US\$ 500 million per year.
- As per the dailies, no one has submitted an offer to Olay Medya, which was put out to tender by the Savings Deposit Insurance Fund. Accordingly, the Fund has determined the appraisal value of Olay Medya as US\$ 35 million. It is expected that the Fund's Board will decide to conduct a new tender for Olay Medya.

*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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