

TABOGLU, ATES & DEMIRHAN

Newsletter

PRIVATIZATION HIGHLIGHTS

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- The Privatization High Council's decision related to the privatization of Halkbank has been published in the Official Gazette on 7 February 2007. According to the decision, %25 of the shares will be privatized via public offering. The Privatization Administration has announced that public offering will be realized in the first half of the year.
- As per the dailies, the Privatization High Council has decided to sell 51% shares of Petkim via block sale method. It has also been stated that privatization calendar of Petkim will be announced after obtaining all required approvals and permissions from the Competition Board and the Capital Markets Board.
- Pursuant to the dailies, TEKEL is planning to sell Camalti Tuzlasi, which is known as the biggest saltpan in Turkey. Accordingly, TEKEL will transfer all operating rights of the saltpan. TEKEL will cease the salt production within the scope of Government schedule. Furthermore, TEKEL has sold Cankiri Kaya Tuzlasi, Tuzluca Kaya Tuzlasi, Sekili Kaya Tuzlasi, Kristal Tuz AS Kagizman Kaya Tuzlasi, Kaldirim Gol Tuzlasi, Kayacik Gol Tuzlasi, and Yavsan Gol Tuzlasi within 4 years. The Vice-President of the Privatization Administration has stated that there exists no legal obstacle before the privatization of Camalti and it is planned to be privatized within 2007.
- As per the dailies, Petkim has established two significant investments, namely, Solid-Liquid Waste Burning Establishment and Combined Circuit and Composite Heat Power Station. The Solid-Liquid Waste Burning Establishment will burn 17,500 tons of waste and generate 11.5 tons energy per hour. Furthermore, the Combined Circuit and Composite Heat Power Plant will provide energy by converting fuel oil to natural gas. Consequently, Petkim will increase total electricity generation capacity from 170 MW to 220 MW.
- It has been stated that Shell will sign an agreement with Gazprom, a Russian giant, in Russian natural gas sector. Recently, Shell was announced that as winning bidder in the tender regarding the transfer of the natural gas importation contract to the private sector. The agreement will provide opportunity to Shell for natural gas importation from Turkey to Russia. Upon execution of agreement by Shell, Avrasya Gaz, Bosphorus Gaz Corporation and Enerco are expected to sign an agreement with Gazprom on the same matter.
- The Amending Regulation on the Regulation regarding the Principles and Procedures concerning Water Usage Rights Agreement for the Generation Activity in the Electric Markets has been published in the Official Gazette on 8 February 2007. According the amending regulation, application should be made with the Public Waterworks Administration for the water usage right agreement. According to the amending regulation, the party of a water usage agreement will deliver a feasibility report and letter of guarantee within 1-year period to the Public Waterworks Administration.

ENERGY MARKET UPDATES

- The Amending Regulation on the Electric Market Licensing Regulation has been published in the Official Gazette on 10 February 2007. According to the regulation, the Consumer Price Index is to be applied as the Electric Markets Index until 31 December 2010.

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Highlights

a. Privatization Highlights

b. Energy Market Updates

c. News re Banking Sector

d. Other News

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- As per the dailies, Mr. Ahmet Necdet Sezer, the President of Turkey, has vetoed the draft Turkish Petroleum Law No. 5574 due to national security measures. Under the draft Law, there is no article regulating sale amount of the petroleum abroad. It has been stated by the Presidency that this deficiency is against the national interests of Turkey.
- As per the dailies, Akenerji Elektrik Uretim has declared that, revocation of production licenses of power plants in Usak and Bursa Orhangazi by the Energy Market Regulatory Authority will not create any adverse effect on the company's financials. Moreover, the company has stated that they have applied to the Authority for revocation of three other production licenses of power plants, their current production is still 447.10 MW and they foresee to increase their profit.

BANKING SECTOR NEWS

- As per the statement made by Garanti Bank, the bank has obtained a subordinated loan amounting to US\$ 500 million from international markets. It has been reported that, the subordinated loan has been granted with LIBOR + 6.95 interest rate and maturity of 10 years.
- As per the dailies, the Council of State has approved the decision which holds Capital Markets Board and the Banking Regulation and Supervision Authority liable for damages of plaintiffs who purchased government securities from Imarbank. The Council of State has declared in its decision that appeals of the Board and the Authority are not accepted since Imarbank sold all government securities without being authorized in that respect and the defendants have not taken any necessary actions to prohibit such sale.

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- As per the dailies, Morgan Stanley has declared that there will be inflow of significant direct foreign investment to the economies of Turkey, Slovakia, Russia and India. According to the report prepared by Morgan Stanley, it has been also stressed that eastern the eastern sister countries at the east of European Union will attract more investors in comparison to European Union member countries.

OTHER NEWS

- As per the dailies, General Electric has announced that they are planning to enter in European water markets. The Energy Financial Services of General Electric has announced that they will purchase %95 of the French company, Idex Aquaservices, processing water for the industrial usage.
- According to the dailies, Migros will obtain a loan facility equal to US\$ 10 million from ABN AMRO for its partner Ramenka Ltd. It has been stated that the loan will be granted with the maturity of 5 years. Furthermore, in order to guarantee the other loan equal to US\$ 20 million that is obtained by Ramelka Ltd from ABN, Migros will sign the waiver letter with International Finance Corporation (IFC).
- As per the dailies, the President has approved the Amending Law regarding Solid Protection and Usage of Land Law, which had been previously vetoed. It has been announced that the President will apply to the Constitutional Court for the cancellation of the article, which is providing the opportunity for usage of the land for any purposes other than agriculture.

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, Ates & 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, Ates & Demirhan, a full-service law firm based in Istanbul.

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