

TABOGLU & DEMIRHAN

Newsletter

PRIVATIZATION HIGHLIGHTS

- The President to the Privatization Administration has stated that the Administration is planning to realize the privatization of the highways and bridges and initiate the tender related thereto in the year 2008. The President has also stated that as per the decision of the Competition Board, the Bogazici Bridge will be put out to tender separately from the highways and Fatih Sultan Mehmet Bridge. The method of privatization for the highways and Fatih Sultan Mehmet Bridge will be the sale of operational rights for a period of 25 years. Finally, it is also remarked that the National Lottery will also be privatized through sale of license rights for a period of 10 years.
- As per the dailies, the bidding process for the block sale of Izmit Gaz Dagitim to be realized by Kocaeli Metropolitan Municipality has been extended. The technical and the financial offerings will be submitted until 7 August 2008 and 14 August 2008, respectively. The tender will be held on 14 August 2008.
- According to the dailies, the Privatization Administration has applied to the Energy Market Regulation Authority and the Competition Board in order to obtain their opinion on the sale of the electricity distribution companies namely, Baskent Elektrik Dagitim and Sakarya Elektrik Dagitim, of which the tenders were held on 1 July 2008. The winning bidders for Baskent Elektrik Dagitim is Sabanci Holding, Verbund and EnerjiSa Joint Venture with a bid amounting to US\$ 1 billion 225 million and for Sakarya Elektrik Dagitim is Akcez Joint Venture with a bid amounting to US\$ 600 million. Subsequent to obtaining the opinion of the Energy Market Regulation Authority and the Competition Board, the final decision of the tender commission will be submitted to the Privatization High Council to obtain final authorization.

BANKING SECTOR NEWS

- As per the statement of GSD Holding, the financial counsel of Holding, JP Morgan, has contacted the interested investors for the sale of all or part of the shares of Holding in Tekstilbank.
- According to the statement of Garanti Bankasi to the Istanbul Stock Exchange, Garanti Bankasi and Turkiye Finans Katilim Bankasi have executed an agreement for the improvement of Bonus credit cards.
- Pursuant to the dailies, ING Bank of Netherlands, which acquired the shares of Oyakbank last year in return for US\$ 2.7 billion, has officially commenced its operations in Turkey under the tradename of “ING Bank” upon completion of the conversion. The General Manager of ING Bank Turkey has stated that the goals of the Bank are to double the market share of the Bank, which has been 3% previously, increase the number of branches to more than 600 and employ additional 2,500 personnel.

ENERGY SECTOR UPDATES

- Pursuant to the dailies, the constructions of 61 hydroelectric power plants, which will be carried on by the General Directorate of State Hydraulic Works and the private sector, have started. These power plants will produce 10 billion KW/hour per year.
- As per the dailies, the construction of the natural gas pipeline passing through Iran, Turkey and Europe will initiate soon. The Ministry of Oil of Iran has declared that a project transporting the natural gas of Iran through Turkey into the European market with a budget more than Euro 600 million will also be realized in the near future. The ministers of Turkey and Iran have signed a memorandum of understanding on 13 July 2007 in Ankara accordingly.

Highlights

a. Privatization Highlights

b. Banking Sector News

c. Energy Sector Updates

d. Capital Markets Highlights

e. Other News

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- According to the dailies, the construction of Yedigöze Sani Bey Dam and a hydroelectric power plant, which will be carried on by Sanko Holding on Seyhan River in Adana, have started on 9 July 2008. 3,000 people will be employed during the construction and the total investment for the project will be US\$ 600 million.

CAPITAL MARKETS HIGHLIGHTS

- The Savings Deposit Insurance Fund has put up the commercial and economic integrity of Rumeli Hayat Sigorta for sale. In accordance with the announcement of the Fund, the commercial and economic integrity consists of the life portfolio and policies in the insurance license. The estimated price is TRY 4 million and the tender will be held on 23 July 2008.
- As per the statement of the President to the Savings Deposit Insurance Fund, the Fund has initiated execution proceedings against Cukurova Group for a receivable with the amount of US\$ 500 million. He has further stated that 20 banks have been transferred to the Fund so far and among these banks only Sitebank, Yasarbank, Demirbank, Kentbank, Pamukbank and Toprakbank have paid their debts to the Fund. However, Egebank, Tarisbank and Imar Bankasi have not signed a protocol with the Fund yet.

OTHER NEWS

- In accordance with the dailies, Corio, the real estate investor of Netherlands, has decided to construct a shopping mall in Iskenderun, which will be Corio's 10th shopping mall in Turkey. Accordingly, an estimated amount of Euro 116 million will be invested in this project to be completed by the first half of the year 2010.

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- As per the statement of the Chief Executive Officer of Eczacıbaşı Group, the Group is planning to invest a total amount of US\$ 800 million within the next 3 years. He has also stated that the Group is continuing to pursue their goal to grow in all the sectors it is operating.
- The General Directorate of Mining Affairs, the General Directorate of Mineral Research and Exploration and the Ministry of Environment and Forestry have started working on the draft Mining Law, which will have a priority to protect the environment. Accordingly, the new legislation will foresee that the Environmental Impact Assessment Report for the special regions such as tourism zones and areas adjacent to the cities before granting a license for excavation.
- Pursuant to the dailies, Logo Yazılım, a Turkish information technologies industry company, has decided to open an office in Moscow by the end of 2008. The office will operate in association with the company incorporated by Logo Yazılım in Dubai in 2007. The office will contribute to develop commercial relationship between Logo Yazılım and Russia. Logo Yazılım is also planning to establish strategic partnerships with or sell its majority shares to a foreign company and also aims to assess opportunities to purchase a foreign company.

- As per the dailies, the trading volume between Turkey and Iran will reach to US\$ 10 billion by the end of 2008. Accordingly, the cooperation and investments of the two states in the energy sector have increased lately.

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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