

# TABOGLU & DEMIRHAN

## Newsletter

### ENERGY MARKET NEWS

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- It has been reported that there are 70 foreign natural gas distribution companies interested in purchasing natural gas through Nabucco Natural Gas Pipeline Project over Turkey. According to Nabucco Natural Gas Company, total demand of the natural gas is to exceed annual technical capacity of 31 billion cubic meters. In addition, construction of Nabucco pipeline will be started in 2010 and after 2013 the Company will start trading natural gas with a capacity of 8 billion cubic meters. Upon completion of compressor stations by the beginning of 2015, the capacity will be increased to 31 billion cubic meters. Further, it is planned to provide natural gas from Egypt to Europe by way of connection of Caspian, Middle East and Arabian Natural Gas pipeline with Nabucco pipeline in the future.
- Turkiye Petrolleri is about to execute a cooperation agreement with Chevron regarding expropriation of petroleum in deep seas. According to the information received from the authorities of the Ministry of Energy and Natural Resources, negotiations between Turkiye Petrolleri and Chevron are at the final stage and they will jointly explore petroleum in the eastern Black Sea region around Giresun and Ordu in accordance with their petroleum expropriation licenses. Turkiye Petrolleri had previously executed cooperation agreements with Petrobras, ExxonMobil and Toreador-Stratic.
- TETAS is at the final stage of realizing a tender in order to purchase electricity from private sector companies until 2012. The General Manager of TETAS has stated that the opportunity of purchasing electricity from the market is arising from the amendment made in the Electricity Market Law No. 4628. Accordingly, the transitional period agreements, which were executed to be valid until 2010, can now be extended until 2012 provided that approvals of the Energy Market Regulatory Authority and the Ministry of Energy and Natural Resources are obtained.

- As per the announcement made by the Atomic Energy Authority of Turkey, the Authority has granted its approval to the proposal of the consortium of JSC Atomstroyexport, JSC INTER Rao Ues and Park Teknik Elektrik in relation to the nuclear power plant to be constructed in Mersin Akkuyu upon satisfaction of the Authority's criteria.

### TELECOMMUNICATIONS SECTOR NEWS

- The Information Technologies and Communications Authority is awaiting the decision of the Council of Ministers in local telephone services since the Regulation Amending the Authorization Regulation on Telecommunications Services and Infrastructure was published in the Official Gazette. The Authority has submitted its proposal for minimum license fees for local telephone authorization to the Council of Ministers. It is expected that the Council of Ministers will determine such fee considering the proposal submitted by the Authority before 2009 and 24 companies, which are providing long distance telephone services, will obtain local telephone services authorization.
- According to the statement made by Turk Telekom to the Istanbul Stock Exchange, the Company has submitted a preliminary, non-binding bid to purchase Macedonian mobile phone operator, Cosmofon. Turk Telekom stated on 1 December 2008 that it had appointed JP Morgan as its advisor on the sale of Cosmofon, all shares of which are owned by Greek fixed-line operator, OTE.
- Pursuant to the statement made by the General Manager of Turk Telekom, the Company shall establish a research and development center in METU Teknokent in order to increase efficiency within the context of the agreement executed between Turk Telekom and Middle Eastern Technical University.

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#### Highlights

a. Energy Market News

b. Telecommunication Sector News

c. Banking Sector Highlights

d. Other News

### **BANKING SECTOR HIGHLIGHTS**

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- As per the written statement made by Vakifbank, the Bank has secured a syndicated loan of Euro 335 million from 12 banks with one year maturity. The loan is composed of two tranches denominated in US\$ and Euro and has a total cost of Libor plus 2% for the US\$ part of the loan and Euribor plus 2% for the Euro part.
- According to the statement made by the General Manager of Albaraka Turk at the opening of Albaraka Turk's 100th branch in Iskenderun, the financial crises conditions which are considered by the bank as temporary, have no effect on the improvement plans of the bank. It has been further stated that due to the serious steps taken in last years, an acceptable improvement that was forecasted for the budget of 2008 has been achieved. The profit of the bank in the first 9 months is increased by 58% in comparison with the last year's same period
- Is Girisim Private Equity, which is continuing to make investments despite the global financial crisis, has acquired 17% stake in Dr. F. Frik Ilac, one of the oldest pharmaceuticals companies in Turkey, in return for TRY 21.4 million. The Chairman of the Board of Directors of Frik Ilac has indicated that between 2005 and 2007, the revenue of Frik Ilac increased by approximately 57.30%, four times more than the average growth rate achieved by the Turkish pharmaceuticals industry during the same period. He has added that between 2001 and 2007, the Company's revenue increased from TRY 5 million to TRY 75 million and last year, the Company has been ranked in the 37th place among 334 pharmaceuticals companies considering the revenue volumes. The General Manager of Is Girisim has emphasized that they support the companies with a growth potential and underlined that this acquisition has become their largest investment until now.

### **OTHER NEWS**

- According to the dailies, the Chairman of the Capital Markets Board has stated that the Istanbul Stock Exchange experienced an outflow of US\$ 1 billion in 2008, realized by foreign investors. He has further stated that foreign investors have purchased shares amounting to approximately US\$ 2 billion from initial public offerings in 2008, whereas they have sold shares in the amount of approximately US\$ 3 billion and consequently a total of US\$ 1 billion outflow has arisen.
- Telespazio has become the winning bidder in the tender of spy satellite project Gokturk with an offer of Euro 270 million. It is expected that Telespazio of Italy will enable th launch of Gokturk by year 2012.
- The Ministry of Finance has announced that Turkey's budget deficit has reached TRY 8.3 billion between January and November this year and a deficit of TRY 3.4 billion for November. In addition, the budget deficit is decreased by 14.8% in comparison to 2007. Finally, the primary surplus increased by 8.8% in the first 11 months of this year when compared to the same period last year and reached TRY 40.5 billion.
- Turkiye Vodafone Vakfi has initiated the Information Society Donation Program to support social projects of the non-governmental organizations during the period of 2009-2010. Accordingly, approximately TRY 1.5 million has been reserved to support projects developed by such organizations.

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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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