

ECONOMY Update

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POLITICAL CONJUNCTURE

TERROR ATTACKS HAVE STRENGTHENED COOPERATION BETWEEN TURKEY AND ISRAEL

Cumhuriyet daily newspaper draws attention to the words of Israeli Consular general Amira Arnon that cooperation between Turkey and Israel had been strengthened.

Arnon says that Turkey was a Western, secular and modern country, and adds that attacks were staged against countries defending such values.

According to Arnon, Turkey is the only country that can play the role of bridge between the East and the West and among Middle East countries. She notes that Turkey and Israel were facing the same threats in the Middle east, and stresses that

cooperation between the two countries had been strengthened after the attacks in Israel. She is convinced that Ankara has big strategic and geopolitical importance in the region.

Commenting on commercial ties between Turkey and Israel, Arnon says that ten years ago there were almost no commercial relations between the two countries. Today however the volume of bilateral trade totals \$1.3 billion.

The consular gives details about partnership between Turkish and Israeli businessmen.

An Israeli businessman has opened a "Technology Park" in Gebze together with Sabancı University and with a Turkish partner. In the part specialists assist young entrepreneurs willing to develop new projects.

Israeli businessmen have set up irrigation systems in Antalya and in GAP region.

Agreement has been reached for the sale of Manavgat water to Israel.

Last year 300,000 Israeli tourists visited Turkey, Arnon says. (Cumhuriyet 10)

DECISION ABOUT NEW PROGRAM WITH IMF WILL BE MADE AT THE END OF THE YEAR

IMF delegation today comes to Istanbul to renew discussion with Turkish officials, Hürriyet columnist Erdal Sağlam says. On Monday the delegation will start official contacts in Ankara. The discussion will be held mainly with Finance Ministry officials.

The writer says that the economy administration was not willing to discuss cooperation with IMF after 2004. IMF officials will also not press for detailed talks in these issues.

Reportedly IMF officials were inclined to accept AKP proposal for ending cooperation at the end of 2004. Observers say that everybody was tired of the IMF programs, and that IMF had been worn out by cooperation with Turkey because the Turkish government was declining to carry out many of the moves proposed by the government.

Even though Turkey wants no agreement after 2004, according to IMF regulations IMF specialists will have to come to Turkey every three months for post-program monitoring.

Economy officials however say that this procedure would not be sufficient for ensuring stability. The specialists say the government needs to seal a new three-year stand-by program with IMF. (Hürriyet)

TUSIAD ASKS THE GOVERNMENT TO SACK DINÇER

Hürriyet columnist Yalçın Doğan gives details about the meeting of Turkish Industrialists' and Businessmen's Association (TUSIAD) officials with Prime Minister Recep Tayyip Erdoğan and Deputy Prime Ministers Abdüllatif Şener and Mehmet Ali Şahin last week.

In addition to discussion about Cyprus and the EU, the businessmen reportedly shared also their concerns about Prime Ministry Undersecretary Ömer Dinçer. They indicated that Dinçer should not keep his post on top of Turkish bureaucracy amid the debates about his controversial statements made in 1995.

When Deputy Prime Minister Şahin tried to defend Dinçer, the businessmen draw to a recent statement of the undersecretary that he was still sharing the same views unveiled in 1995.

The writer briefly summarizes the controversial article written by Dinçer in 1995:

“Islam is a system embracing all aspects of life. In politics we need moves targeting the decision making power. The moves should be designed to acquire the control of state administration and to ensure change in the society. We will be told that we have to give up our Moslem identity so that we can administrate the country as decision makers in politics. Islam does not accept this. This means deterioration of the Islamic identity. We will keep the decision making power in our hands and will carry out reforms with this power.”

These words clearly show the goal of Dinçer, and he is still on top of Turkish bureaucracy, the writer says.

The objections to Dinçer will produce results, but not immediately. Prime Minister Erdoğan is used to delaying till the last minute action in issues that trigger controversy.

In fact, Dinçer had better resign, but this is against Islam – you cannot step back once you grab political power. (Hürriyet 13)

MACROECONOMIC OUTLOOK

FEBRUARY INFLATION EXPECTED AS 1.5 PERCENT

According to a survey carried out by CNBC-e television, February wholesale price inflation is expected as 1.5 percent, and consumer price inflation as 1.1 percent.

The survey is based on the expectations of 25 economists from different banks and institutions. (ntv)

BANKING WATCHDOG CHAIRMAN: PRIVATIZATION OF STATE-OWNED BANKS DIFFICULT

The head of the Banking Supervisory and Regulatory Board Tevfik Bilgin announced that the bill envisaging changes in banking law would be prepared within two months.

Bilgin added that they were planning to send the bill to parliament before the summer recess.

Commenting on the privatization of state-owned banks, Bilgin said that the sale of state-owned Ziraat Bank and Halkbank hardly would be possible with their high debts to the state.

Bilgin added that they could change the requirements for bank owners, pointing out that bank ownership was the easiest way to rob a bank. (ntv)

REFORM IN STATE-OWNED BANK REGULATIONS

The joint administration of state-owned banks prepared a draft removing restrictions in the recruiting of personnel for state-owned banks, ntv television says.

The officials say that 3,000 employees in Halkbank were waiting for retirement, and warn that the bank would face problems unless the government removes restrictions in the recruiting of new personnel. According to ntv, the young average age of Pamukbank personnel was one of the main reasons for Halkbank interest in Pamukbank selloff.

According to the new draft, Halkbank will not have to open branches in every district. The decision for opening new branches or closing some of the existing branches will be made on the ground of profit considerations. (ntv)

INCREASE IN FUEL OIL PRICES IN THE OFFING

Prime Minister Erdogan announced yesterday the government would not increase electricity prices. Nevertheless, he added that fuel oil prices would go up. Erdogan also noted that natural gas prices would be adjusted.(ntv)

SECTOR NEWS

TATNEFT PRESIDENT COMES TO TURKEY

Tataristan Prime Minister Rustan Minnikhanov today will meet Turkish Prime Minister Recep Tayyip Erdoğan in Turkey, ntv television says.

Minnikhanov is at the same time head of Tatneft, the senior partner of Efremov. Efremov in turn came to the agenda when its consortium with Turkish conglomerate Zorlu prevailed in the auction for Turkish oil refiner Tüpraş.

Minnikhanov visits Turkey on the invitation of Finance Minister Kemal Unakitan. He will hold meeting with Unakitan and with Zorlu Group officials.

Before leaving Turkey Minnikhanov will hold press conference at the airport together with Unakitan and Zorlu Group officials. (ntv)

Today's Central Bank Exchange Rates (Effective)		
	Buying	Selling
US Dollar	1,313,804	1,323,047
Australian Dollar	1,017,456	1,035,018
Danish Krone	223,148	224,920
Pound Sterling	2,482,878	2,501,351
Swiss Franc	1,053,485	1,063,457
Swedish Krone	179,270	181,680
Japanese Yen	12,048	12,219
Canadian Dollar	985,672	997,581
Norwegian Krone	188,353	190,192
Euro	1,662,750	1,674,448

Yesterday's Free Market Rates		
	Buying	Selling
US Dollar	1.321.000	1.325.000
Euro	1.669.000	1.674.000
German Mark	885.000	905.000
French Franc	266.000	275.000
Swiss Franc	1.053.000	1.061.000
Dutch Florin	630.000	800.000
Pound Sterling	2.485.000	2.510.000
Austrian Shilling	124.000	130.000
Italian Lira(100)	90.100	91.700
Japanese Yen	12.000	12.300
REPO (overnight)	24.00	
IMKB-100 index	18707.00	210.00↑

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