

**Stewart, Elizabeth K.**

---

**From:** Mills, Marshall  
**Sent:** Monday, May 21, 2001 12:30 PM  
**To:** Clapp, Gene; Stewart, Elizabeth K.  
**Subject:** FW: Turkey energy sector questions

Gene, Elizabeth,

Please see State's email below.

After discussing this with Robin, we propose sending the following email back to them. Please let me know if you have any questions or suggested changes to the questions.

Thanks,

Marshall

---

Suggested email back to State

[(b)(5)]

-----Original Message-----

**From:** Newhouse, Stephen P [mailto:[NewhouseSP@state.gov](mailto:NewhouseSP@state.gov)]  
**Sent:** Friday, May 18, 2001 12:14 PM  
**To:** 'marshall.mills@do.treas.gov'  
**Subject:** Turkey questions

Marshall:

Sorry this has taken so long, several people still have not gotten back to me, but this is basically what we were thinking of asking the Turkey team to talk to us about. Let me know what you think:

[(b)(5)]

Stephen Newhouse  
Office of Development Finance  
U.S. Department of State  
(202) 647-8988

**Stewart, Elizabeth K.**

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**From:** Mills, Marshall  
**Sent:** Monday, May 21, 2001 4:35 PM  
**To:** Clapp, Gene  
**Cc:** Stewart, Elizabeth K.  
**Subject:** RE: Turkey energy sector questions

Thanks, we'll keep you posted.

-----Original Message-----

**From:** Clapp, Gene  
**Sent:** Monday, May 21, 2001 3:41 PM  
**To:** Mills, Marshall  
**Cc:** Stewart, Elizabeth K.  
**Subject:** RE: Turkey energy sector questions

I think this is fine. [(b)(5)]

-----Original Message-----

**From:** Mills, Marshall  
**Sent:** Monday, May 21, 2001 12:30 PM  
**To:** Clapp, Gene; Stewart, Elizabeth K.  
**Subject:** FW: Turkey energy sector questions

Gene, Elizabeth,

Please see State's email below.

After discussing this with Robin, we propose sending the following email back to them. Please let me know if you have any questions or suggested changes to the questions.

Thanks,

Marshall

\*\*\*

Suggested email back to State

[(b)(5)]

[(b)(5)]

-----Original Message-----

From: Newhouse, Stephen P [mailto:NewhouseSP@state.gov]  
Sent: Friday, May 18, 2001 12:14 PM  
To: 'marshall.mills@do.treas.gov'  
Subject: Turkey questions

Marshall:

Sorry this has taken so long, several people still have not gotten back to me, but this is basically what we were thinking of asking the Turkey team to talk to us about. Let me know what you think:

[(b)(5)]

Stephen Newhouse  
Office of Development Finance  
U.S. Department of State  
(202) 647-8988

**Stewart, Elizabeth K.**

---

**From:** Mills, Marshall  
**Sent:** Wednesday, May 23, 2001 5:51 PM  
**To:** Radelet, Steve; Grewe, Maureen; Clapp, Gene; Stewart, Elizabeth K.; Lemay, Joanne  
**Cc:** Tran, Luyen; Robin Ritterhoff (E-mail)  
**Subject:** Meeting with Bank Staff on Turkey Energy Projects, 5/29, 9 am

Robin has arranged this meeting, which will include on the Bank side the no. 2 guy for the region (Shigeo Katsui?) and Jim Moos (energy guy).

Janice Bay and 3-4 others from State are expected to go.

Steve, can you / do you want to attend?

Marshall

**Stewart, Elizabeth K.**

---

**From:** Clapp, Gene  
**Sent:** Friday, August 31, 2001 11:09 AM  
**To:** Stewart, Elizabeth K.  
**Subject:** turkey energy

[(b)(5)]

**Stewart, Elizabeth K.**

---

**From:** Stewart, Elizabeth K.  
**Sent:** Tuesday, February 13, 2001 9:38 AM  
**To:** Coffman, Phyllis  
**Subject:** FW: Turkey Letter

Turkey Electric Power  
Law Resp... Phyllis - this time with attachment. Please print for Bill's review. Thank you.

-----Original Message-----  
From: rritterhoff@worldbank.org [mailto:rritterhoff@worldbank.org]  
Sent: Monday, February 12, 2001 3:43 PM .  
To: Elizabeth.K.Stewart@do.treas.gov; Marshall.Mills@do.treas.gov  
Cc: Luyen.Tran@do.treas.gov  
Subject: Turkey Letter

The revision including Marshall's changes is attached. Could you run it by Bill (if there is time tonight-- otherwise I guess run it by Brian as acting) so Todd can sign off?

Thanks-- Robin

(See attached file: Turkey Electric Power Law Response.doc)

**Stewart, Elizabeth K.**

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**From:** Mills, Marshall  
**Sent:** Friday, January 26, 2001 11:03 AM  
**To:** 'rritterhoff@worldbank.org'; Clapp, Gene  
**Cc:** Tran, Luyen; Clapp, Gene; PBRUKOFF@imf.org; Mills, Marshall; Grewe, Maureen; Stedman, Louellen; tcrawford@worldbank.org; Stewart, Elizabeth K.  
**Subject:** RE: FW: Turkish Energy Sector Meeting

I just talked to US Embassy Ankara.

They have been very active. I have a lot of information to share -- I think it would be most efficient to wait until 3 pm.

Marshall

-----Original Message-----

**From:** rritterhoff@worldbank.org [mailto:rritterhoff@worldbank.org]  
**Sent:** Friday, January 26, 2001 10:55 AM  
**To:** Gene.Clapp@do.treas.gov  
**Cc:** rritterhoff@worldbank.org; Luyen.Tran@do.treas.gov;  
Gene.Clapp@do.treas.gov; PBRUKOFF@imf.org; Marshall.Mills@do.treas.gov;  
Maureen.Grewe@do.treas.gov; Louellen.Stedman@do.treas.gov;  
tcrawford@worldbank.org; Elizabeth.K.Stewart@do.treas.gov  
**Subject:** RE: FW: Turkish Energy Sector Meeting

[(b)(5)]

Gene.Clapp@do.treas.gov on 01/26/2001 10:37:44 AM

**To:** Rritterhoff@Worldbank.Org, Luyen.Tran@Do.Treas.Gov  
**cc:** Gene.Clapp@Do.Treas.Gov, Pbrukoff@Imf.Org, Marshall.Mills@Do.Treas.Gov,  
Maureen.Grewe@Do.Treas.Gov, Louellen.Stedman@Do.Treas.Gov,  
Tcrawford@Worldbank.Org, Elizabeth.K.Stewart@Do.Treas.Gov

**Subject:** RE: FW: Turkish Energy Sector Meeting

Who is dealing with this at State? [(b)(5)]

could you do that Marshall?

Patti, I have a call into you re attendance at today's meeting. It would be very helpful for you to attend. Could you confirm?

[(b)(5)]

-----Original Message-----

**From:** rritterhoff@worldbank.org [mailto:rritterhoff@worldbank.org]  
**Sent:** Friday, January 26, 2001 10:20 AM  
**To:** Luyen.Tran@do.treas.gov  
**Cc:** Gene.Clapp@do.treas.gov; PBRUKOFF@imf.org;  
Marshall.Mills@do.treas.gov; Maureen.Grewe@do.treas.gov;  
Louellen.Stedman@do.treas.gov; tcrawford@worldbank.org  
**Subject:** Re: FW: Turkish Energy Sector Meeting



[(b)(5)]

Luyen.Tran@do.treas.gov on 01/26/2001 08:43:23 AM

To: Rritterhoff@Worldbank.Org  
cc:  
Subject: FW: Turkish Energy Sector Meeting

fyi.

> -----Original Message-----  
> From: Grewe, Maureen  
> Sent: Friday, January 26, 2001 8:41 AM  
> To: Tran, Luyen; Stedman, Louellen; Mills, Marshall  
> Cc: Clapp, Gene; Radelet, Steve  
> Subject: RE: Turkish Energy Sector Meeting  
>  
> FYI, there is also a letter from the American-Turkish Council to Todd  
> Crawford at the World Bank, and I'm pretty sure they've been in touch with  
> the ED's office at the Fund as well.  
>  
> Robin Ritterhoff is drafting a response from Todd. We should be sure to  
> be consistent.  
>  
> Marshall -- did you get a fax from Phyllis?  
>  
> -----Original Message-----  
> From: Tran, Luyen  
> Sent: Friday, January 26, 2001 8:28 AM  
> To: Stedman, Louellen; Grewe, Maureen; Mills, Marshall  
> Subject: FW: Turkish Energy Sector Meeting  
>  
> fyi, you should've gotten a fax from phyllis on enron's letter to bill.

[(b)(5)]

>  
> maureen & marshall -- probably would make sense to have one of you there.  
> please call gene to see what has transpired on this. thanks.  
>  
> -----Original Message-----  
> From: Coffman, Phyllis  
> Sent: Thursday, January 25, 2001 6:09 PM  
> To: Clapp, Gene; Stewart, Elizabeth K.; Tran, Luyen  
> Subject: Turkish Energy Sector Meeting

>  
> Friday, January 26 at 3:00 pm in Bill's office.

**Stewart, Elizabeth K.**

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**From:** Mills, Marshall  
**Sent:** Thursday, March 08, 2001 8:38 AM  
**To:** Stewart, Elizabeth K.; Clapp, Gene  
**Cc:** Grewe, Maureen  
**Subject:** FW: PRESS RELEASE ON NEW ELECTRICITY MARKET

-----Original Message-----

**From:** TUSIAD-US-News [mailto:communications@tusiad-us.org]  
**Sent:** Wednesday, March 07, 2001 8:20 PM  
**To:** marshall.mills@do.treas.gov  
**Subject:** PRESS RELEASE ON NEW ELECTRICITY MARKET LAW



**TURKISH INDUSTRIALISTS' AND BUSINESSMEN'S ASSOCIATION**  
WASHINGTON OFFICE

TS/WSH/01-003

**FOR IMMEDIATE RELEASE**

**Contact: Abdullah Akyuz**  
**(202) 776-7770**

*TUSIAD, comprised of Turkey's leading CEOs and executives, is an independent, non-governmental organization dedicated to promoting public welfare through private enterprise.*

**TUSIAD: "The Electricity Market Act is an important step towards opening the electrical energy sector to competition and resolving the electricity shortage in Turkey."**

**March 7, 2001, Washington, DC:** The Electricity Market Act has become effective after being accepted in the Turkish National Assembly and approved by the President. Turkish Industrialists' and Businessmen's Association (TUSIAD) has made a statement revealing its views on and delight with this development:

"In the midst of the economic crisis that Turkey has been going through, the opening of the electrical energy sector to competition has been an indication of political determination in increasing the competitive power of Turkish markets through structural reforms. Besides, the opening of the electricity market to competition (production-transfer-distribution-sale) will be an important step in the solution of the energy problem, which has increasingly made its presence felt in Turkey.

01/17/2002

0050000001496

- With this Act, a regulatory body has been established to carry out the electrical energy market activities in order. This body needs to work in a flexible manner to follow the rapid change and developments in the sector and market, to interfere in time, to put the market in order, and to encourage entrance, entrepreneurship and investments into the market. In this regard, it is important that representatives of private enterprises from the energy sector are included in the regulatory body.
- One of the important benefits that this electrical sector liberalization act will provide is that it will stimulate foreign capital investments and help increase employment in the energy sector.

The next step is to ensure that the supplementary arrangements foreseen by the Act are carried out and that the Act is enforced in an effective manner."

# # #

For more information and full English text of the new law please send e-mail to [usoffice@tusiad-us.org](mailto:usoffice@tusiad-us.org)

TUSIAD-U.S.: 1250 24<sup>th</sup> Street, N.W., Suite 300 - Washington, D.C. 20037, USA Tel: (202) 776-7770 Fax: (202) 776-7771  
TUSIAD: Me rütiyet Caddesi 74, Tepeba - stanbul 80050, TURKEY Tel: 90 (212) 251-5313 Fax: 90 (212) 249-0913  
TUSIAD-EU: 13, Avenue des Gaulois 1040 - Brussels, BELGIUM Tel: 32 (2) 736-4047 Fax: 32 (2) 736-3993  
[www.tusiad.org](http://www.tusiad.org)

**Stewart, Elizabeth K.**

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**From:** Mills, Marshall  
**Sent:** Monday, April 30, 2001 12:40 PM  
**To:** Christopoulos, Greg; Grewe, Maureen; Stewart, Elizabeth K.; Tran, Luyen  
**Cc:** Sampliner, Gary  
**Subject:** RE: Turkey investment issues

[(b)(5)]

Please pass on a copy of the paper (oops, non-paper) when you receive it.

Thanks.

-----Original Message-----

**From:** Christopoulos, Greg  
**Sent:** Monday, April 30, 2001 8:48 AM  
**To:** Mills, Marshall; Grewe, Maureen; Stewart, Elizabeth K.; Tran, Luyen  
**Cc:** Sampliner, Gary  
**Subject:** RE: Turkey investment issues

[(b)(5)]

-----Original Message-----

**From:** Mills, Marshall  
**Sent:** Friday, April 27, 2001 7:06 PM  
**To:** Christopoulos, Greg; Grewe, Maureen; Stewart, Elizabeth K.; Tran, Luyen  
**Subject:** FW: Turkey investment issues

Attached are some more suggested changes to a State paper, that I sent directly to Larson's staff at its request.

[(b)(5)]

Sorry there was not enough time to coordinate these comments (this came to our attention very late in the day).

-----Original Message-----

**From:** Mills, Marshall  
**Sent:** Friday, April 27, 2001 6:08 PM  
**To:** Jonathan Kessler (E-mail)  
**Subject:** Turkey investment

See suggested changes attached.

I'll also fax it over.

<< File: Dervis investment issues21-mm.doc >>

**Stewart, Elizabeth K.**

---

**From:** Mills, Marshall  
**Sent:** Wednesday, February 14, 2001 5:26 PM  
**To:** Mills, Marshall; Grewe, Maureen; Clapp, Gene; Stewart, Elizabeth K.; Tran, Luyen; McDonald, Larry; 'Robin Ritterhoff (E-mail)'; Radelet, Steve; Stedman, Louellen  
**Cc:** 'Patti Brukoff (E-mail)'  
**Subject:** FYI: IMF conditionality and Embassy action request on Turkey Electricity Law  
**Importance:** High

[(b)(5)]

We need to decide what if anything to communciate to the Embassy.

Marshall

-----Original Message-----

**From:** Mills, Marshall  
**Sent:** Wednesday, February 14, 2001 2:48 PM  
**To:** Grewe, Maureen; Clapp, Gene; Stewart, Elizabeth K.; Tran, Luyen; McDonald, Larry; Robin Ritterhoff (E-mail)  
**Cc:** Patti Brukoff (E-mail)  
**Subject:** FYI: Embassy action request on Turkey Electricdy Law and IFI conditionality  
**Importance:** High

We have received an action request for today from the Embassy to confirm the following with the World Bank and IMF

--

[(b)(5)]

I wanted to make sure you had this information, without pre-judging any decision on responding to the action request. I will phonelater today to follow up.

**Stewart, Elizabeth K.**

---

**From:** ritterhoff@worldbank.org  
**Sent:** Wednesday, February 14, 2001 5:34 PM  
**To:** Maureen.Grewe@do.treas.gov; Marshall.Mills@do.treas.gov  
**Cc:** Luyen.Tran@do.treas.gov; Elizabeth.K.Stewart@do.treas.gov  
**Subject:** draft e-mail

**Importance:** High

per steve's request, here's a draft- sorry for delay, a little bosnia vote  
contretemps intervened.

Ajay--

[(b)(5)]

Regards,  
Robin

**Stewart, Elizabeth K.**

---

**From:** ritterhoff@worldbank.org  
**Sent:** Thursday, February 15, 2001 8:36 AM  
**To:** Maureen.Grewe@do.treas.gov; Marshall.Mills@do.treas.gov;  
Elizabeth.K.Stewart@do.treas.gov  
**Cc:** Luyen.Tran@do.treas.gov; Gene.Clapp@do.treas.gov  
**Subject:** Re: Turkey issues  
**Importance:** High

my answer to Ajay's clarification. [(b)(5)]

----- Forwarded by Robin Ruth Ritterhoff/Person/World Bank on  
02/15/2001 08:34 AM -----

Robin Ruth Ritterhoff  
02/15/2001 08:34 AM  
Extn: 88049 EDS01

**To:** Ajay Chhibber  
**cc:** Kathleen B. Mccollom, Sally M. Zeijlon, Ayse Ronay  
**Subject:** Re: Turkey issues (Document link: Robin Ruth Ritterhoff)

Ajay, thanks very much for the clarification-- very helpful. [(b)(5)]

Regards,  
Robin

Ajay Chhibber  
02/15/2001 04:39 AM  
Extn: 84219 ECC06

**To:** Robin Ruth Ritterhoff  
**cc:** Kathleen B. Mccollom, Sally M. Zeijlon, Ayse Ronay  
**Subject:** Re: Turkey issues (Document link: Robin Ruth Ritterhoff)

Robin,

many thanks.

[(b)(5)]

ajay

Robin Ruth Ritterhoff  
02/15/2001 01:36 AM  
Extn: 88049 EDS01



To: Ajay Chhibber  
cc: Kathleen B. Mccollom, Sally M. Zeijlon, Ayse Ronay  
Subject: Turkey issues

Ajay-- for some mysterious reason, the first time I sent the message below, Lotus Notes decided not to send it to you, despite my having addressed it to you. Here it is again.

Regards,  
Robin

----- Forwarded by Robin Ruth Ritterhoff/Person/World Bank on  
02/14/2001 06:34 PM -----

Robin Ruth Ritterhoff  
02/14/2001 06:34 PM  
Extn: 88049 EDS01

To:  
cc: Kathleen B. Mccollom, Sally M. Zeijlon, Ayse Ronay  
Subject: Turkey issues

Ajay--

Thanks very much for your recent e-mail indicating that you would be willing to meet with Treasury Deputy Assistant Secretary Steve Radelet and Maureen Grewe, Director of the Middle East and South Asia Office. I wanted to let you know that their trip to Ankara, originally scheduled for this week, has been postponed (probably until the last week of February); when it is rescheduled the U.S. Embassy will be in touch with you to set up a time.

[(b)(5)]

Regards,  
Robin

**Stewart, Elizabeth K.**

---

**From:** Mills, Marshall  
**Sent:** Thursday, February 15, 2001 9:29 AM  
**To:** Radelet, Steve; Grewe, Maureen; Clapp, Gene; Stewart, Elizabeth K.  
**Cc:** Patti Brukoff (E-mail); Robin Ritterhoff (E-mail)  
**Subject:** FW: Turkey: TOORS: deadline extended to June 30, Feb 15, 2001

**Importance:** High

blerk.txt

-----Original Message-----

**From:** Bender Securities [mailto:BenderSecurities@BenderSecurities.com]  
**Sent:** Thursday, February 15, 2001 4:51 AM  
**To:** 'marshall.mills@do.treas.gov'  
**Subject:** Turkey: TOORS: deadline extended to June 30, Feb 15, 2001  
**Importance:** High

[(b)(5)]

[(b)(5)]

For further information please refer to :

Adrian Rouse, Senior Analyst  
+90 212 252 2000 - 232  
arouse@bendersecurities.com

... from Bender Info-Cannon  
... powered by Bender B.I.T. Team  
#38122

**Stewart, Elizabeth K.**

---

**From:** Tran, Luyen  
**Sent:** Thursday, February 15, 2001 9:48 AM  
**To:** Robin Ritterhoff (E-mail); Clapp, Gene; Stewart, Elizabeth K.  
**Subject:** readout of conference call with wb on turkey energy

steve radelet asked me to write up my notes from this conference call. would appreciate if you all could edit/comment or add to the following. thanks.

readout of january 29, 2001 conference call on turkey energy sector

wb: john parks, turkey energy team  
used: robin ritterhoff  
treasury: gene clapp, elizabeth stewart, luyen tran

[(b)(5)]

00500000001505

**Stewart, Elizabeth K.**

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**From:** Radelet, Steve  
**Sent:** Thursday, February 15, 2001 11:29 AM  
**To:** Stewart, Elizabeth K.  
**Subject:** RE: Turkey energy - your question

Thanks. This is helpful.

-----Original Message-----

**From:** Stewart, Elizabeth K.  
**Sent:** Thursday, February 15, 2001 11:16 AM  
**To:** Radelet, Steve  
**Cc:** Mills, Marshall; Grewe, Maureen; Clapp, Gene; Tran, Luyen  
**Subject:** Turkey energy - your question

Steve,  
From my notes of the 1-29-01 conference call with Jim Parks -- [(b)(5)]

**Stewart, Elizabeth K.**

---

**From:** Mills, Marshall  
**Sent:** Thursday, February 15, 2001 11:32 AM  
**To:** 'rritterhoff@worldbank.org'; Grewe, Maureen; Mills, Marshall; Stewart, Elizabeth K.  
**Cc:** Tran, Luyen; Clapp, Gene; Patti Brukoff (E-mail)  
**Subject:** RE: Turkey issues and Bank

Thanks very much for pursuing this, Robin.

[(b)(5)]

Marshall

-----Original Message-----  
**From:** rritterhoff@worldbank.org [mailto:rritterhoff@worldbank.org]  
**Sent:** Thursday, February 15, 2001 8:36 AM  
**To:** Maureen.Grewe@do.treas.gov; Marshall.Mills@do.treas.gov;  
Elizabeth.K.Stewart@do.treas.gov  
**Cc:** Luyen.Tran@do.treas.gov; Gene.Clapp@do.treas.gov  
**Subject:** Re: Turkey issues  
**Importance:** High

my answer to Ajay's clarification. [(b)(5)]

----- Forwarded by Robin Ruth Ritterhoff/Person/World Bank on  
02/15/2001 08:34 AM -----

Robin Ruth Ritterhoff  
02/15/2001 08:34 AM  
Extn: 88049 EDS01

**To:** Ajay Chhibber  
**cc:** Kathleen B. Mccollom, Sally M. Zeijlon, Ayse Ronay  
**Subject:** Re: Turkey issues (Document link: Robin Ruth Ritterhoff)  
Ajay, thanks very much for the clarification-- very helpful. [(b)(5)]

Regards,  
Robin

Ajay Chhibber  
02/15/2001 04:39 AM  
Extn: 84219 ECC06

**To:** Robin Ruth Ritterhoff  
**cc:** Kathleen B. Mccollom, Sally M. Zeijlon, Ayse Ronay

Subject: Re: Turkey issues (Document link: Robin Ruth Ritterhoff)

Robin,

many thanks.

[(b)(5)]

ajay

Robin Ruth Ritterhoff  
02/15/2001 01:36 AM  
Extn: 88049 EDS01

To: Ajay Chhibber  
cc: Kathleen B. Mccollom, Sally M. Zeijlon, Ayse Ronay

Subject: Turkey issues

Ajay-- for some mysterious reason, the first time I sent the message below, Lotus Notes decided not to send it to you, despite my having addressed it to you. Here it is again.

Regards,  
Robin

----- Forwarded by Robin Ruth Ritterhoff/Person/World Bank on  
02/14/2001 06:34 PM -----

Robin Ruth Ritterhoff  
02/14/2001 06:34 PM  
Extn: 88049 EDS01

To:  
cc: Kathleen B. Mccollom, Sally M. Zeijlon, Ayse Ronay

Subject: Turkey issues

Ajay--

[(b)(5)]

[(b)(5)]

Regards,  
Robin



**Stewart, Elizabeth K.**

---

**From:** Mills, Marshall  
**Sent:** Thursday, February 15, 2001 11:34 AM  
**To:** Stewart, Elizabeth K.  
**Subject:** RE: Turkey energy - your question

how about [(b)(5)]

-----Original Message-----

**From:** Stewart, Elizabeth K.  
**Sent:** Thursday, February 15, 2001 11:16 AM  
**To:** Radelet, Steve  
**Cc:** Mills, Marshall; Grewe, Maureen; Clapp, Gene; Tran, Luyen  
**Subject:** Turkey energy - your question

Steve,  
From my notes of the 1-29-01 conference call with Jim Parks -- [(b)(5)]

**Stewart, Elizabeth K.**

---

**From:** Mills, Marshall  
**Sent:** Friday, February 16, 2001 10:35 AM  
**To:** Clapp, Gene; Stewart, Elizabeth K.  
**Cc:** Grewe, Maureen  
**Subject:** FW: Errata: Turkey: TOORS: deadline extended to June 30, Feb 16, 2001

**Importance:** High

00000000

-----Original Message-----

**From:** Bender Securities [mailto:BenderSecurities@BenderSecurities.com]  
**Sent:** Friday, February 16, 2001 10:30 AM  
**To:** 'marshall.mills@do.treas.gov'  
**Subject:** Errata: Turkey: TOORS: deadline extended to June 30, Feb 16, 2001  
**Importance:** High

[(b)(5)]

00500000001511

[(b)(5)]

... from Bender Info-Cannon  
... powered by Bender B.I.T. Team  
#39240

**Stewart, Elizabeth K.**

---

**From:** rritterhoff@worldbank.org  
**Sent:** Wednesday, February 14, 2001 3:21 PM  
**To:** Marshall.Mills@do.treas.gov  
**Cc:** Luyen.Tran@do.treas.gov; Maureen.Grewe@do.treas.gov; Gene.Clapp@do.treas.gov; Elizabeth.K.Stewart@do.treas.gov; Larry.McDonald@do.treas.gov; rritterhoff@worldbank.org; PBRUKOFF@imf.org  
**Subject:** RE: FYI: Embassy action request on Turkey Electricity Law and IFI conditionality

[(b)(5)]

Marshall.Mills@do.treas.gov on 02/14/2001 03:07:58 PM

**To:** Luyen.Tran@Do.Treas.Gov, Maureen.Grewe@Do.Treas.Gov, Gene.Clapp@Do.Treas.Gov, Elizabeth.K.Stewart@Do.Treas.Gov, Larry.McDonald@Do.Treas.Gov, Rritterhoff@Worldbank.Org  
**cc:** Pbrukoff@Imf.Org  
**Subject:** RE: FYI: Embassy action request on Turkey Electricity Law and IFI conditionality

[(b)(5)]

> -----Original Message-----  
> **From:** Tran, Luyen  
> **Sent:** Wednesday, February 14, 2001 2:51 PM  
> **To:** Mills, Marshall; Grewe, Maureen; Clapp, Gene; Stewart, Elizabeth K.; McDonald, Larry; 'Robin Ritterhoff (E-mail)'  
> **Cc:** 'Patti Brukoff (E-mail)'  
> **Subject:** RE: FYI: Embassy action request on Turkey Electricity Law and IFI conditionality  
>

[(b)(5)]

[(b)(5)]

>  
> I wanted to make sure you had this information, without pre-judging  
> any decision on responding to the action request. I will phone later today  
> to follow up.  
>

Stewart, Elizabeth K.

---

**From:** rritterhoff@worldbank.org  
**Sent:** Wednesday, February 14, 2001 3:15 PM  
**To:** Luyen.Tran@do.treas.gov  
**Cc:** Marshall.Mills@do.treas.gov; Maureen.Grewe@do.treas.gov; Gene.Clapp@do.treas.gov; Elizabeth.K.Stewart@do.treas.gov; Larry.McDonald@do.treas.gov; rritterhoff@worldbank.org; PBRUKOFF@imf.org  
**Subject:** RE: FYI: Embassy action request on Turkey Electricity Law and IFI conditionality

[(b)(5)]

Luyen.Tran@do.treas.gov on 02/14/2001 02:51:01 PM

**To:** Marshall.Mills@Do.Treas.Gov, Maureen.Grewe@Do.Treas.Gov, Gene.Clapp@Do.Treas.Gov, Elizabeth.K.Stewart@Do.Treas.Gov, Larry.McDonald@Do.Treas.Gov, Rritterhoff@Worldbank.Org  
**cc:** Pbrukoff@Imf.Org  
**Subject:** RE: FYI: Embassy action request on Turkey Electricity Law and IFI conditionality

[(b)(5)]

> -----Original Message-----  
> **From:** Mills, Marshall  
> **Sent:** Wednesday, February 14, 2001 2:48 PM  
> **To:** Grewe, Maureen; Clapp, Gene; Stewart, Elizabeth K.; Tran, Luyen; McDonald, Larry; Robin Ritterhoff (E-mail)  
> **Cc:** Patti Brukoff (E-mail)  
> **Subject:** FYI: Embassy action request on Turkey Electricity Law and IFI conditionality  
> **Importance:** High

[(b)(5)]

>  
> I wanted to make sure you had this information, without pre-judging any  
> decision on responding to the action request. I will phonedlater today to  
> follow up.

**Stewart, Elizabeth K.**

---

**From:** mitterhoff@worldbank.org  
**Sent:** Tuesday, February 13, 2001 12:07 PM  
**To:** Phyllis.Coffman@do.treas.gov  
**Cc:** Elizabeth.K.Stewart@do.treas.gov; Sara.paulson@do.treas.gov  
**Subject:** Turkey letter [(b)(5)]

Phyllis--

1. Did you get a chance per Elizabeth's e-mail to put that draft letter in front of Bill last night? Any reaction from him?

[(b)(5)]

Stewart, Elizabeth K.

---

From: Coffman, Phyllis  
Sent: Monday, February 12, 2001 6:27 PM  
To: Stewart, Elizabeth K.  
Subject: RE: Turkey Letter

no attachments.

-----Original Message-----

From: Stewart, Elizabeth K.  
Sent: Monday, February 12, 2001 6:09 PM  
To: 'rritterhoff@worldbank.org'; Stewart, Elizabeth K.; Mills, Marshall  
Cc: Tran, Luyen; Coffman, Phyllis  
Subject: RE: Turkey Letter

Phyllis - please print this (and the attachment) for Bill. Please put in a folder for Bill's reading this evening. Thank you.

-----Original Message-----

From: rritterhoff@worldbank.org [mailto:rritterhoff@worldbank.org]  
Sent: Monday, February 12, 2001 3:43 PM  
To: Elizabeth.K.Stewart@do.treas.gov; Marshall.Mills@do.treas.gov  
Cc: Luyen.Tran@do.treas.gov  
Subject: Turkey Letter

The revision including Marshall's changes is attached. Could you run it by Bill (if there is time tonight-- otherwise I guess run it by Brian as acting) so Todd can sign off?

Thanks-- Robin

(See attached file: Turkey Electric Power Law Response.doc)



**Stewart, Elizabeth K.**

---

**From:** ritterhoff@worldbank.org  
**Sent:** Thursday, February 08, 2001 5:21 PM  
**To:** Marshall.Mills@do.treas.gov; Elizabeth.K.Stewart@do.treas.gov; PBRUKOFF@imf.org  
**Cc:** Maureen.Grewe@do.treas.gov; Luyen.Tran@do.treas.gov  
**Subject:** Turkey Energy Letter

[(b)(5)]

(See attached file: Turkey Energy Letter 012501 rev.doc)

**Turkey Energy Law Response**

Dear Mr. Briggs:

[(b)(5)]

I hope that you will find this information helpful.

Sincerely,

Todd Crawford

**Stewart, Elizabeth K.**

---

**From:** rritterhoff@worldbank.org  
**Sent:** Thursday, February 08, 2001 5:48 PM  
**To:** Luyen.Tran@do.treas.gov  
**Cc:** rritterhoff@worldbank.org; Marshall.Mills@do.treas.gov; Elizabeth.K.Stewart@do.treas.gov; PBRUKOFF@imf.org; Maureen.Grewe@do.treas.gov; Luyen.Tran@do.treas.gov  
**Subject:** RE: Turkey Energy Letter

Turkey Energy Letter  
012501 rev...

[(b)(5)]

Luyen.Tran@do.treas.gov on 02/08/2001 05:38:36 PM

**To:** Rritterhoff@Worldbank.Org, Marshall.Mills@Do.Treas.Gov,  
Elizabeth.K.Stewart@Do.Treas.Gov, Pbrukoff@Imf.Org  
**cc:** Maureen.Grewe@Do.Treas.Gov, Luyen.Tran@Do.Treas.Gov  
**Subject:** RE: Turkey Energy Letter

you didn't ask for my opinion, but i'm offering you a few minor changes  
(attached) that you are free to take or not take.

-----Original Message-----

**From:** rritterhoff@worldbank.org [mailto:rritterhoff@worldbank.org]  
**Sent:** Thursday, February 08, 2001 5:21 PM  
**To:** Marshall.Mills@do.treas.gov; Elizabeth.K.Stewart@do.treas.gov;  
PBRUKOFF@imf.org  
**Cc:** Maureen.Grewe@do.treas.gov; Luyen.Tran@do.treas.gov  
**Subject:** Turkey Energy Letter

[(b)(5)]

(See attached file: Turkey Energy Letter 012501 rev.doc)

(See attached file: Turkey Energy Letter 012501 rev.doc)

**Stewart, Elizabeth K.**

---

**From:** McDonald, Larry  
**Sent:** Friday, February 09, 2001 10:32 AM  
**To:** Mills, Marshall; Stedman, Louellen; Clapp, Gene; Stewart, Elizabeth K.  
**Cc:** Grewe, Maureen  
**Subject:** RE: URGENT: Dial-in Instructions for Conference Call on Turkey Energy Issues and IFIs at 10:30

[(b)(5)]

-----Original Message-----

**From:** Mills, Marshall  
**Sent:** Friday, February 09, 2001 10:26 AM  
**To:** Stedman, Louellen; Clapp, Gene; Stewart, Elizabeth K.  
**Cc:** Grewe, Maureen; McDonald, Larry  
**Subject:** RE: URGENT: Dial-in Instructions for Conference Call on Turkey Energy Issues and IFIs at 10:30

At least Steve, maybe Bill.

[(b)(5)]

Marshall

-----Original Message-----

**From:** Stedman, Louellen  
**Sent:** Friday, February 09, 2001 10:24 AM  
**To:** Mills, Marshall; Clapp, Gene; Stewart, Elizabeth K.  
**Cc:** Grewe, Maureen; McDonald, Larry  
**Subject:** RE: URGENT: Dial-in Instructions for Conference Call on Turkey Energy Issues and IFIs at 10:30  
**Importance:** High

[(b)(5)]

-----Original Message-----

**From:** Mills, Marshall  
**Sent:** Friday, February 09, 2001 10:20 AM  
**To:** Stedman, Louellen; Clapp, Gene; Stewart, Elizabeth K.  
**Cc:** Grewe, Maureen; McDonald, Larry  
**Subject:** URGENT: Dial-in Instructions for Conference Call on Turkey Energy Issues and IFIs at 10:30  
**Importance:** High

Call 647-0817, code 7890.

\*\*\*

[(b)(5)]

The conference call is at the staff level, prior to a DAS level meeting this afternoon at 2 pm. I am covering for ISM.

Marshall

-----Original Message-----

**From:** Stedman, Louellen  
**Sent:** Friday, February 09, 2001 10:11 AM  
**To:** Mills, Marshall; Clapp, Gene; Stewart, Elizabeth K.  
**Cc:** Grewe, Maureen; McDonald, Larry

**Subject:** RE: URGENT: Conference Call on Turkey Energy Issues and IFIs at 10:15-10:30  
**Importance:** High

[(b)(5)]

Who is taking the call? Steve? Mark? The Secretary?

-----Original Message-----

**From:** Mills, Marshall  
**Sent:** Friday, February 09, 2001 9:57 AM  
**To:** Stedman, Louellen; Clapp, Gene; Stewart, Elizabeth K.  
**Cc:** Grewe, Maureen  
**Subject:** RE: URGENT: Conference Call on Turkey Energy Issues and IFIs at 10:15-10:30

Sorry to throw you in the middle of this ... [(b)(6)]

[(b)(5)]

-----Original Message-----

**From:** Stedman, Louellen  
**Sent:** Friday, February 09, 2001 9:44 AM  
**To:** Mills, Marshall; Clapp, Gene; Stewart, Elizabeth K.  
**Cc:** Grewe, Maureen  
**Subject:** RE: URGENT: Conference Call on Turkey Energy Issues and IFIs at 10:15-10:30

Who is the conference call with???

-----Original Message-----

**From:** Mills, Marshall  
**Sent:** Friday, February 09, 2001 9:42 AM  
**To:** Clapp, Gene; Stewart, Elizabeth K.  
**Cc:** Grewe, Maureen; Stedman, Louellen  
**Subject:** URGENT: Conference Call on Turkey Energy Issues and IFIs at 10:15-10:30  
**Importance:** High

Details to follow.

Should anyone from GC and/or the IMF office participate?

**Stewart, Elizabeth K.**

---

**From:** Stedman, Louellen  
**Sent:** Friday, February 09, 2001 1:08 PM  
**To:** Mills, Marshall; Clapp, Gene; Stewart, Elizabeth K.; Tran, Luyen  
**Cc:** Grewe, Maureen; McDonald, Larry; 'Robin Ritterhoff (E-mail)'; 'Patti Brukoff (E-mail)'  
**Subject:** RE: Readout of Today's Staff Level Conference Call on Turkey Energy Issues and IFIs

Larry will await your call. (2-0112)

-----Original Message-----

**From:** Mills, Marshall  
**Sent:** Friday, February 09, 2001 1:05 PM  
**To:** Stedman, Louellen; Clapp, Gene; Stewart, Elizabeth K.; Tran, Luyen  
**Cc:** Grewe, Maureen; McDonald, Larry; 'Robin Ritterhoff (E-mail)'; 'Patti Brukoff (E-mail)'  
**Subject:** RE: Readout of Today's Staff Level Conference Call on Turkey Energy Issues and IFIs

[(b)(5)]

-----Original Message-----

**From:** Stedman, Louellen  
**Sent:** Friday, February 09, 2001 1:00 PM  
**To:** Mills, Marshall; Clapp, Gene; Stewart, Elizabeth K.; Tran, Luyen  
**Cc:** Grewe, Maureen; McDonald, Larry; 'Robin Ritterhoff (E-mail)'; 'Patti Brukoff (E-mail)'  
**Subject:** RE: Readout of Today's Staff Level Conference Call on Turkey Energy Issues and IFIs

[(b)(5)]

Thanks.

-----Original Message-----

**From:** Mills, Marshall  
**Sent:** Friday, February 09, 2001 12:44 PM  
**To:** Stedman, Louellen; Clapp, Gene; Stewart, Elizabeth K.; Tran, Luyen  
**Cc:** Grewe, Maureen; McDonald, Larry; Robin Ritterhoff (E-mail); Patti Brukoff (E-mail); Mills, Marshall  
**Subject:** Readout of Today's Staff Level Conference Call on Turkey Energy Issues and IFIs  
**Importance:** High

I represented Treasury in this discussion of what to do, if anything, on this issue.

[(b)(5)]

[(b)(5)]

Please call me if you have further questions.

-----Original Message-----

**From:** Stedman, Louellen  
**Sent:** Friday, February 09, 2001 10:24 AM  
**To:** Mills, Marshall; Clapp, Gene; Stewart, Elizabeth K.  
**Cc:** Grewe, Maureen; McDonald, Larry  
**Subject:** RE: URGENT: Dial-in Instructions for Conference Call on Turkey Energy Issues and IFIs at 10:30  
**Importance:** High

Who is going to the DAS level meeting? [(b)(5)]

-----Original Message-----

**From:** Mills, Marshall  
**Sent:** Friday, February 09, 2001 10:20 AM  
**To:** Stedman, Louellen; Clapp, Gene; Stewart, Elizabeth K.  
**Cc:** Grewe, Maureen; McDonald, Larry  
**Subject:** URGENT: Dial-in Instructions for Conference Call on Turkey Energy Issues and IFIs at 10:30  
**Importance:** High

Call 647-0817, code 7890.

\*\*\*

[(b)(5)]

[(b)(5)]

The conference call is at the staff level, prior to a DAS level meeting this afternoon at 2 pm. I am covering for ISM.

Marshall

-----Original Message-----

**From:** Stedman, Louellen  
**Sent:** Friday, February 09, 2001 10:11 AM  
**To:** Mills, Marshall; Clapp, Gene; Stewart, Elizabeth K.  
**Cc:** Grewe, Maureen; McDonald, Larry  
**Subject:** RE: URGENT: Conference Call on Turkey Energy Issues and IFIs at 10:15-10:30  
**Importance:** High

[(b)(5)]

Who is taking the call? Steve? Mark? The Secretary?

-----Original Message-----

**From:** Mills, Marshall  
**Sent:** Friday, February 09, 2001 9:57 AM  
**To:** Stedman, Louellen; Clapp, Gene; Stewart, Elizabeth K.  
**Cc:** Grewe, Maureen  
**Subject:** RE: URGENT: Conference Call on Turkey Energy Issues and IFIs at 10:15-10:30

Sorry to throw you in the middle of this ... [(b)(6)]

[(b)(5)]

-----Original Message-----

**From:** Stedman, Louellen  
**Sent:** Friday, February 09, 2001 9:44 AM  
**To:** Mills, Marshall; Clapp, Gene; Stewart, Elizabeth K.  
**Cc:** Grewe, Maureen  
**Subject:** RE: URGENT: Conference Call on Turkey Energy Issues and IFIs at 10:15-10:30

Who is the conference call with???

-----Original Message-----

**From:** Mills, Marshall  
**Sent:** Friday, February 09, 2001 9:42 AM  
**To:** Clapp, Gene; Stewart, Elizabeth K.  
**Cc:** Grewe, Maureen; Stedman, Louellen  
**Subject:** URGENT: Conference Call on Turkey Energy Issues and IFIs at 10:15-10:30  
**Importance:** High

Details to follow.

Should anyone from GC and/or the IMF office participate?



**Stewart, Elizabeth K.**

---

**From:** McDonald, Larry  
**Sent:** Friday, February 09, 2001 2:01 PM  
**To:** Stedman, Louellen; Mills, Marshall; Clapp, Gene; Stewart, Elizabeth K.; Tran, Luyen  
**Cc:** Grewe, Maureen; 'Robin Ritterhoff (E-mail)'; 'Patti Brukoff (E-mail)'  
**Subject:** RE: Readout of Today's Staff Level Conference Call on Turkey Energy Issues and IFIs

It's 2:05. I presume the conference call did not occur.

-----Original Message-----

**From:** Stedman, Louellen  
**Sent:** Friday, February 09, 2001 1:08 PM  
**To:** Mills, Marshall; Clapp, Gene; Stewart, Elizabeth K.; Tran, Luyen  
**Cc:** Grewe, Maureen; McDonald, Larry; 'Robin Ritterhoff (E-mail)'; 'Patti Brukoff (E-mail)'  
**Subject:** RE: Readout of Today's Staff Level Conference Call on Turkey Energy Issues and IFIs

Larry will await your call. (2-0112)

-----Original Message-----

**From:** Mills, Marshall  
**Sent:** Friday, February 09, 2001 1:05 PM  
**To:** Stedman, Louellen; Clapp, Gene; Stewart, Elizabeth K.; Tran, Luyen  
**Cc:** Grewe, Maureen; McDonald, Larry; 'Robin Ritterhoff (E-mail)'; 'Patti Brukoff (E-mail)'  
**Subject:** RE: Readout of Today's Staff Level Conference Call on Turkey Energy Issues and IFIs

[(b)(5)]

-----Original Message-----

**From:** Stedman, Louellen  
**Sent:** Friday, February 09, 2001 1:00 PM  
**To:** Mills, Marshall; Clapp, Gene; Stewart, Elizabeth K.; Tran, Luyen  
**Cc:** Grewe, Maureen; McDonald, Larry; 'Robin Ritterhoff (E-mail)'; 'Patti Brukoff (E-mail)'  
**Subject:** RE: Readout of Today's Staff Level Conference Call on Turkey Energy Issues and IFIs

[(b)(5)]

Thanks.

-----Original Message-----

**From:** Mills, Marshall  
**Sent:** Friday, February 09, 2001 12:44 PM  
**To:** Stedman, Louellen; Clapp, Gene; Stewart, Elizabeth K.; Tran, Luyen  
**Cc:** Grewe, Maureen; McDonald, Larry; Robin Ritterhoff (E-mail); Patti Brukoff (E-mail); Mills, Marshall  
**Subject:** Readout of Today's Staff Level Conference Call on Turkey Energy Issues and IFIs  
**Importance:** High

I represented Treasury in this discussion of what to do, if anything, on this issue.

[(b)(5)]

[(b)(5)]

We left further discussion of proposed actions for the 2 pm meeting between Steve Radelet and Janice Bay of State/EB.

Please call me if you have further questions.

-----Original Message-----

**From:** Stedman, Louellen  
**Sent:** Friday, February 09, 2001 10:24 AM  
**To:** Mills, Marshall; Clapp, Gene; Stewart, Elizabeth K.  
**Cc:** Grewe, Maureen; McDonald, Larry  
**Subject:** RE: URGENT: Dial-in Instructions for Conference Call on Turkey Energy Issues and IFIs at 10:30  
**Importance:** High

[(b)(5)]

-----Original Message-----

**From:** Mills, Marshall  
**Sent:** Friday, February 09, 2001 10:20 AM  
**To:** Stedman, Louellen; Clapp, Gene; Stewart, Elizabeth K.  
**Cc:** Grewe, Maureen; McDonald, Larry  
**Subject:** URGENT: Dial-in Instructions for Conference Call on Turkey Energy Issues and IFIs at 10:30  
**Importance:** High

Call 647-0817, code 7890.

---

[(b)(5)]

The conference call is at the staff level, prior to a DAS level meeting this afternoon at 2 pm. I am covering for ISM.

Marshall

-----Original Message-----

**From:** Stedman, Louellen  
**Sent:** Friday, February 09, 2001 10:11 AM  
**To:** Mills, Marshall; Clapp, Gene; Stewart, Elizabeth K.  
**Cc:** Grewe, Maureen; McDonald, Larry  
**Subject:** RE: URGENT: Conference Call on Turkey Energy Issues and IFIs at 10:15-10:30  
**Importance:** High

[(b)(5)]

Who is taking the call? Steve? Mark? The Secretary?

-----Original Message-----

**From:** Mills, Marshall  
**Sent:** Friday, February 09, 2001 9:57 AM  
**To:** Stedman, Louellen; Clapp, Gene; Stewart, Elizabeth K.  
**Cc:** Grewe, Maureen  
**Subject:** RE: URGENT: Conference Call on Turkey Energy Issues and IFIs at 10:15-10:30

Sorry to throw you in the middle of this ... [(b)(6)]

[(b)(5)]

-----Original Message-----

**From:** Stedman, Louellen  
**Sent:** Friday, February 09, 2001 9:44 AM  
**To:** Mills, Marshall; Clapp, Gene; Stewart, Elizabeth K.  
**Cc:** Grewe, Maureen  
**Subject:** RE: URGENT: Conference Call on Turkey Energy Issues and IFIs at 10:15-10:30

Who is the conference call with???

-----Original Message-----

**From:** Mills, Marshall  
**Sent:** Friday, February 09, 2001 9:42 AM  
**To:** Clapp, Gene; Stewart, Elizabeth K.  
**Cc:** Grewe, Maureen; Stedman, Louellen  
**Subject:** URGENT: Conference Call on Turkey Energy Issues and IFIs at 10:15-10:30  
**Importance:** High

Details to follow.

Should anyone from GC and/or the IMF office participate?



Stewart, Elizabeth K.

---

**From:** Mills, Marshall  
**Sent:** Friday, February 09, 2001 7:22 PM  
**To:** 'rritterhoff@worldbank.org'; Mills, Marshall; Stewart, Elizabeth K.; PBRUKOFF@imf.org  
**Cc:** Grewe, Maureen; Tran, Luyen  
**Subject:** RE: Turkey Energy Letter

Turkey Energy Letter  
012501 rev...

ISM suggested edits are attached.

[(b)(5)]

Marshall

-----Original Message-----

**From:** rritterhoff@worldbank.org [mailto:rritterhoff@worldbank.org]  
**Sent:** Thursday, February 08, 2001 5:21 PM  
**To:** Marshall.Mills@do.treas.gov; Elizabeth.K.Stewart@do.treas.gov;  
PBRUKOFF@imf.org  
**Cc:** Maureen.Grewe@do.treas.gov; Luyen.Tran@do.treas.gov  
**Subject:** Turkey Energy Letter

[(b)(5)]

Could you let me know your thoughts by 10AM tomorrow on the attached draft? Elizabeth, I'll put in any changes and then forward the revision by you to run past Bill tomorrow.

(See attached file: Turkey Energy Letter 012501 rev.doc)

Stewart, Elizabeth K.

---

**From:** Brukoff, Patricia [PBRUKOFF@imf.org]  
**Sent:** Monday, January 29, 2001 12:27 PM  
**To:** 'Elizabeth.K.Stewart@do.treas.gov'; 'Gene.Clapp@do.treas.gov'; 'ritterhoff@worldbank.org'; 'Luyen.Tran@do.treas.gov'  
**Cc:** Brukoff, Patricia; 'Marshall.Mills@do.treas.gov'; 'Maureen.Grewe@do.treas.gov'; 'Louellen.Stedman@do.treas.gov'; 'tcrawford@worldbank.org'  
**Subject:** RE: FW: Turkish Energy Sector Meeting

[(b)(5)]

-----Original Message-----  
**From:** Elizabeth.K.Stewart@do.treas.gov  
[mailto:Elizabeth.K.Stewart@do.treas.gov]  
**Sent:** Friday, January 26, 2001 2:23 PM  
**To:** Gene.Clapp@do.treas.gov; ritterhoff@worldbank.org;  
Luyen.Tran@do.treas.gov  
**Cc:** PBRUKOFF@imf.org; Marshall.Mills@do.treas.gov;  
Maureen.Grewe@do.treas.gov; Louellen.Stedman@do.treas.gov;  
tcrawford@worldbank.org  
**Subject:** RE: FW: Turkish Energy Sector Meeting

[(b)(5)]

-----Original Message-----  
**From:** Clapp, Gene  
**Sent:** Friday, January 26, 2001 10:38 AM  
**To:** 'ritterhoff@worldbank.org'; Tran, Luyen  
**Cc:** Clapp, Gene; PBRUKOFF@imf.org; Mills, Marshall; Grewe, Maureen;  
Stedman, Louellen; tcrawford@worldbank.org; Stewart, Elizabeth K.  
**Subject:** RE: FW: Turkish Energy Sector Meeting

[(b)(5)]

-----Original Message-----  
**From:** ritterhoff@worldbank.org [mailto:ritterhoff@worldbank.org]  
**Sent:** Friday, January 26, 2001 10:20 AM  
**To:** Luyen.Tran@do.treas.gov  
**Cc:** Gene.Clapp@do.treas.gov; PBRUKOFF@imf.org;  
Marshall.Mills@do.treas.gov; Maureen.Grewe@do.treas.gov;  
Louellen.Stedman@do.treas.gov; tcrawford@worldbank.org  
**Subject:** Re: FW: Turkish Energy Sector Meeting

Luyen-- As I told Gene, I would be happy to join Bill's 3PM internal meeting  
to

tell what I know on the Bank side-- I have talked a lot with Bank staff on this.

[(b)(5)]

Luyen.Tran@do.treas.gov on 01/26/2001 08:43:23 AM

To: Ritterhoff@Worldbank.Org  
cc:  
Subject: FW: Turkish Energy Sector Meeting

fyi.

> -----Original Message-----  
> From: Grewe, Maureen  
> Sent: Friday, January 26, 2001 8:41 AM  
> To: Tran, Luyen; Stedman, Louellen; Mills, Marshall  
> Cc: Clapp, Gene; Radelet, Steve  
> Subject: RE: Turkish Energy Sector Meeting

[(b)(5)]

>  
> Marshall -- did you get a fax from Phyllis?

> -----Original Message-----  
> From: Tran, Luyen  
> Sent: Friday, January 26, 2001 8:28 AM  
> To: Stedman, Louellen; Grewe, Maureen; Mills, Marshall  
> Subject: FW: Turkish Energy Sector Meeting

>  
> fyi, you should've gotten a fax from phyllis on enron's letter to bill.  
> don't know if this meeting was called a little early or not; [(b)(5)]

> maureen & marshall -- probably would make sense to have one of you there.  
> please call gene to see what has transpired on this. thanks.

> -----Original Message-----  
> From: Coffman, Phyllis  
> Sent: Thursday, January 25, 2001 6:09 PM  
> To: Clapp, Gene; Stewart, Elizabeth K.; Tran, Luyen  
> Subject: Turkish Energy Sector Meeting

>  
> Friday, January 26 at 3:00 pm in Bill's office.

**Stewart, Elizabeth K.**

---

**From:** Clapp, Gene  
**Sent:** Friday, January 26, 2001 4:51 PM  
**To:** Stewart, Elizabeth K.; Mills, Marshall; 'ritterhoff@worldbank.org'  
**Cc:** Grewe, Maureen; Walsh, Helen; Tran, Luyen; Coffman, Phyllis  
**Subject:** FW: Meeting with Bill

FYI: After the Turkey meeting, I spoke with Bill about attendance at the Enron meeting on Monday. he agreed that we should keep the number of attendees down. I suggested Elizabeth, Marshall or Maureen, and Robin. he said that sounded fine.

-----Original Message-----

**From:** Coffman, Phyllis  
**Sent:** Tuesday, January 23, 2001 6:22 PM  
**To:** Clapp, Gene  
**Subject:** Meeting with Bill

Re Enron Turkish Energy Sector

Will you be ready to meet with Bill on Friday, 1/26 to discuss the memo that was faxed to you this afternoon by Yvonne. If not please call her.

How about Friday at 3:00 pm in Bill's office.

Also I have tentatively scheduled a meeting with Bill and Tom Briggs on same topic for Monday 1/29 at 4:00 pm in Bill's office.



**Stewart, Elizabeth K.**

---

**From:** Tran, Luyen  
**Sent:** Friday, January 26, 2001 2:24 PM  
**To:** Stewart, Elizabeth K.  
**Subject:** FW: Draft Turkey letter - pls clear by tomorrow noon

Turkey Energy Letter  
012501.doc...

-----Original Message-----

**From:** rritterhoff@worldbank.org [mailto:rritterhoff@worldbank.org]  
**Sent:** Thursday, January 25, 2001 2:36 PM  
**To:** Marshall.Mills@do.treas.gov; PBRUKOFF@imf.org;  
Gene.Clapp@do.treas.gov  
**Cc:** Maureen.Grewe@do.treas.gov; Luyen.Tran@do.treas.gov  
**Subject:** Draft Turkey letter - pls clear by tomorrow noon

Attached is the draft responding to the American-Turkish Council's letter (already faxed to Marshall & Patty, now faxing to Gene). Please comment/clear by noon tomorrow.

(See attached file: Turkey Energy Letter 012501.doc)

**Stewart, Elizabeth K.**

---

**From:** Clapp, Gene  
**Sent:** Friday, January 26, 2001 11:09 AM  
**To:** Mills, Marshall; 'rritterhoff@worldbank.org'  
**Cc:** Tran, Luyen; 'PBRUKOFF@imf.org'; Grewe, Maureen; Stedman, Louellen; 'tcrawford@worldbank.org'; Stewart, Elizabeth K.  
**Subject:** RE: FW: Turkish Energy Sector Meeting

I have a call in to EB at State. i will let you know if I hear anything.

-----Original Message-----

**From:** Mills, Marshall  
**Sent:** Friday, January 26, 2001 11:03 AM  
**To:** 'rritterhoff@worldbank.org'; Clapp, Gene  
**Cc:** Tran, Luyen; Clapp, Gene; PBRUKOFF@imf.org; Mills, Marshall; Grewe, Maureen; Stedman, Louellen; tcrawford@worldbank.org; Stewart, Elizabeth K.  
**Subject:** RE: FW: Turkish Energy Sector Meeting

I just talked to US Embassy Ankara.

[(b)(5)] I have a lot of information to share -- I think it would be most efficient to wait until 3 pm.

Marshall

-----Original Message-----

**From:** rritterhoff@worldbank.org [mailto:rritterhoff@worldbank.org]  
**Sent:** Friday, January 26, 2001 10:55 AM  
**To:** Gene.Clapp@do.treas.gov  
**Cc:** rritterhoff@worldbank.org; Luyen.Tran@do.treas.gov; Gene.Clapp@do.treas.gov; PBRUKOFF@imf.org; Marshall.Mills@do.treas.gov; Maureen.Grewe@do.treas.gov; Louellen.Stedman@do.treas.gov; tcrawford@worldbank.org; Elizabeth.K.Stewart@do.treas.gov  
**Subject:** RE: FW: Turkish Energy Sector Meeting

[(b)(5)]

Gene.Clapp@do.treas.gov on 01/26/2001 10:37:44 AM

**To:** Rritterhoff@Worldbank.Org, Luyen.Tran@Do.Treas.Gov  
**cc:** Gene.Clapp@Do.Treas.Gov, Pbrukoff@Imf.Org, Marshall.Mills@Do.Treas.Gov, Maureen.Grewe@Do.Treas.Gov, Louellen.Stedman@Do.Treas.Gov, Tcrawfords@Worldbank.Org, Elizabeth.K.Stewart@Do.Treas.Gov

**Subject:** RE: FW: Turkish Energy Sector Meeting

[(b)(5)]

[(b)(5)]

-----Original Message-----

From: rritterhoff@worldbank.org [mailto:rritterhoff@worldbank.org]  
Sent: Friday, January 26, 2001 10:20 AM  
To: Luyen.Tran@do.treas.gov  
Cc: Gene.Clapp@do.treas.gov; PBRUKOFF@imf.org;  
Marshall.Mills@do.treas.gov; Maureen.Grewe@do.treas.gov;  
Louellen.Stedman@do.treas.gov; tcrawford@worldbank.org  
Subject: Re: FW: Turkish Energy Sector Meeting

Luyen-- As I told Gene, I would be happy to join Bill's 3PM internal meeting to tell what I know on the Bank side-- I have talked a lot with Bank staff on this.

[(b)(5)]

Luyen.Tran@do.treas.gov on 01/26/2001 08:43:23 AM

To: Rritterhoff@Worldbank.Org  
cc:  
Subject: FW: Turkish Energy Sector Meeting

fyi.

> -----Original Message-----  
> From: Grewe, Maureen  
> Sent: Friday, January 26, 2001 8:41 AM  
> To: Tran, Luyen; Stedman, Louellen; Mills, Marshall  
> Cc: Clapp, Gene; Radelet, Steve  
> Subject: RE: Turkish Energy Sector Meeting  
>

[(b)(5)]

>  
> Marshall -- did you get a fax from Phyllis?  
>  
> -----Original Message-----  
> From: Tran, Luyen  
> Sent: Friday, January 26, 2001 8:28 AM  
> To: Stedman, Louellen; Grewe, Maureen; Mills, Marshall  
> Subject: FW: Turkish Energy Sector Meeting  
>

[(b)(5)]

>  
> maureen & marshall -- probably would make sense to have one of you there.  
> please call gene to see what has transpired on this. thanks.

>  
> -----Original Message-----  
> From: Coffman, Phyllis  
> Sent: Thursday, January 25, 2001 6:09 PM  
> To: Clapp, Gene; Stewart, Elizabeth K.; Tran, Luyen  
> Subject: Turkish Energy Sector Meeting

>  
> Friday, January 26 at 3:00 pm in Bill's office.

**Stewart, Elizabeth K.**

---

**From:** Clapp, Gene  
**Sent:** Friday, January 26, 2001 10:30 AM  
**To:** Coffman, Phyllis; Stewart, Elizabeth K.; Tran, Luyen  
**Subject:** RE: Turkish Energy Sector Meeting

This thing [(b)(5)] so I have invited more people: Robin Ritterhoff from USED/WB, Patti Bruhoff from USED/IMF, and Marshall Mills, Treasury Desk.

-----Original Message-----

**From:** Coffman, Phyllis  
**Sent:** Thursday, January 25, 2001 6:09 PM  
**To:** Clapp, Gene; Stewart, Elizabeth K.; Tran, Luyen  
**Subject:** Turkish Energy Sector Meeting

Friday, January 26 at 3:00 pm in Bill's office.

**Stewart, Elizabeth K.**

---

**From:** Coffman, Phyllis  
**Sent:** Thursday, January 25, 2001 6:09 PM  
**To:** Clapp, Gene; Stewart, Elizabeth K.; Tran, Luyen  
**Subject:** Turkish Energy Sector Meeting

Friday, January 26 at 3:00 pm in Bill's office.

**Stewart, Elizabeth K.**

---

**From:** Rao, Geetha  
**Sent:** Tuesday, January 23, 2001 1:24 PM  
**To:** Sampliner, Gary; Grewe, Maureen; Mills, Marshall; Christopoulos, Greg; Clapp, Gene; Stewart, Elizabeth K.  
**Cc:** Radelet, Steve  
**Subject:** RE: India/Dabhol Meeting

[(b)(5)]

-----Original Message-----

**From:** Sampliner, Gary  
**Sent:** Tuesday, January 23, 2001 1:10 PM  
**To:** Rao, Geetha; Grewe, Maureen; Mills, Marshall; Christopoulos, Greg; Clapp, Gene  
**Cc:** Radelet, Steve  
**Subject:** RE: India/Dabhol Meeting

[(b)(5)]

-----Original Message-----

**From:** Rao, Geetha  
**Sent:** Tuesday, January 23, 2001 9:37 AM  
**To:** Grewe, Maureen; Mills, Marshall; Sampliner, Gary; Christopoulos, Greg; Clapp, Gene  
**Cc:** Radelet, Steve  
**Subject:** RE: India/Dabhol Meeting

[(b)(5)]

[(b)(5)]

Cable # 029799 Dec 08  
Cable #032693 Dec 13  
Cable #034319 Dec 15  
Cable #044561 Jan 09

-----Original Message-----

**From:** Grewe, Maureen  
**Sent:** Tuesday, January 23, 2001 8:55 AM  
**To:** Rao, Geetha; Mills, Marshall; Sampliner, Gary; Christopoulos, Greg; Clepp, Gene  
**Cc:** Radelet, Steve  
**Subject:** RE: India/Dabhol Meeting

Please note the following article from this morning's press summary:

**US Envoy: India's Enron Project Key To Foreign Investment**

BOMBAY (AP)—U.S. Ambassador to India Richard Celeste warned Monday that foreign investment in India would falter because of political pressures that threatened to derail the \$3 billion Enron Corp. (ENE) power project.

"It regrettably feeds the concern among American and other foreign investors that India remains a less-than-reliable destination for their investment dollars," Celeste told an audience of business leaders, politicians and nongovernment agencies in Bombay, India's financial hub.

India's largest-ever foreign investment has been in trouble since December after the government of Maharashtra state, in which Bombay is situated, said it would review a power-purchase agreement with U.S. energy giant Enron Corp. Maharashtra considers the power rates being charged are exorbitant.

The agreement signed in 1995 details the rate at which Enron's Indian subsidiary, the Dabhol Power Co., will sell electricity to the state.

The project's first phase, a power plant of 740 megawatts, already has been commissioned, while the second phase of 1,444 megawatts is scheduled for completion by end 2001.

Depreciation of the Indian rupee and high cost of naphtha used to generate electricity caused the power generated by the Enron project to touch 7 rupees a unit as against INR1.80 agreed on when the deal was signed six years ago (\$1=INR46.375).

Enron has said it saw no current need to renegotiate the tariff and maintained that a transition from naphtha to liquefied natural gas would reduce the tariff.

Celeste, an appointee of former U.S. President Bill Clinton, said he hoped both sides would find a solution in ongoing discussions, but cautioned that "perceptions among American and other foreign investors will be affected by the



challenge to Dabhol and how it is resolved."

He said despite partnerships in software and information technology, U.S. investors were wary of India because of political pressures at the federal and state level that had slowed the economic-reform agenda.

Stressing the need to strengthen business ties with India, Celeste focused on the Enron project and asked that "The Dabhol power plant remain a symbol of successful American investment in India and not a symbol of the impediments that still hinder even greater foreign direct investment."

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Received by NewsEDGE/LAN: 1/22/01 7:23 PM

-----Original Message-----

From: Rao, Geetha  
Sent: Monday, January 22, 2001 3:01 PM  
To: Grewe, Maureen; Mills, Marshall; Sampliner, Gary; Christopoulos, Greg; Clapp, Gene  
Cc: Radelet, Steve  
Subject: FW: India/Dabhol Meeting

Attached is background material for the Enron meeting on Wednesday. Pls. note Mr. John Hardy will also be attending.

-----Original Message-----

From: Tom.Briggs@enron.com [mailto:Tom.Briggs@enron.com]  
Sent: Monday, January 22, 2001 1:54 PM  
To: geetha.rao@do.treas.gov  
Subject: India/Dabhol Meeting

Geetha,

My apologies for the delay in sending this material. I have lost both my regular assistant and my temp so I am a bit overwhelmed.

John Hardy will be attending the meeting tomorrow at 3. [(b)(6)]  
If you could remind me of the address of the meeting I would appreciate it. I managed to lose that as well.

John and I have a brief agenda: 1) we want to update you on Dabhol and 2) we want to discuss way in which the USG may become involved in encouraging market reform necessary to extract value out of our generating asset. Specifically, we want to focus on reform at the Indian federal level that will be necessary to deliver power to customers other than MSEB.

We look forward to meeting you tomorrow.

(See attached file: Dabhol PPA - DC Talking Points.doc) << File: Dabhol PPA - DC Talking Points.doc >>

**Stewart, Elizabeth K.**

---

**From:** Clapp, Gene  
**Sent:** Monday, May 21, 2001 3:41 PM  
**To:** Mills, Marshall  
**Cc:** Stewart, Elizabeth K.  
**Subject:** RE: Turkey energy sector questions

I think this is fine. [(b)(5)]

-----Original Message-----

**From:** Mills, Marshall  
**Sent:** Monday, May 21, 2001 12:30 PM  
**To:** Clapp, Gene; Stewart, Elizabeth K.  
**Subject:** FW: Turkey energy sector questions

Gene, Elizabeth,

Please see State's email below.

After discussing this with Robin, we propose sending the following email back to them. Please let me know if you have any questions or suggested changes to the questions.

Thanks,

Marshall

\*\*\*

[(b)(5)]

-----Original Message-----

From: Newhouse, Stephen P [mailto:NewhouseSP@state.gov]

Sent: Friday, May 18, 2001 12:14 PM

To: 'marshall.mills@do.treas.gov'

Subject: Turkey questions

Marshall:

Sorry this has taken so long, several people still have not gotten back to me, but this is basically what we were thinking of asking the Turkey team to talk to us about. Let me know what you think:

[(b)(5)]

Stephen Newhouse  
Office of Development Finance  
U.S. Department of State  
(202) 647-8988

**Stewart, Elizabeth K.**

---

**From:** Mills, Marshall  
**Sent:** Monday, May 21, 2001 4:35 PM  
**To:** Clapp, Gene  
**Cc:** Stewart, Elizabeth K.  
**Subject:** RE: Turkey energy sector questions

Thanks, we'll keep you posted.

-----Original Message-----

**From:** Clapp, Gene  
**Sent:** Monday, May 21, 2001 3:41 PM  
**To:** Mills, Marshall  
**Cc:** Stewart, Elizabeth K.  
**Subject:** RE: Turkey energy sector questions

I think this is fine. [(b)(5)]

-----Original Message-----

**From:** Mills, Marshall  
**Sent:** Monday, May 21, 2001 12:30 PM  
**To:** Clapp, Gene; Stewart, Elizabeth K.  
**Subject:** FW: Turkey energy sector questions

Gene, Elizabeth,

Please see State's email below.

After discussing this with Robin, we propose sending the following email back to them. Please let me know if you have any questions or suggested changes to the questions.

Thanks,

Marshall

\*\*\*

[(b)(5)]

[(b)(5)]

—Original Message—

From: Newhouse, Stephen P [mailto:NewhouseSP@state.gov]  
Sent: Friday, May 18, 2001 12:14 PM  
To: 'marshall.mills@do.treas.gov'  
Subject: Turkey questions

Marshall:

Sorry this has taken so long, several people still have not gotten back to me, but this is basically what we were thinking of asking the Turkey team to talk to us about. Let me know what you think:

[(b)(5)]

Stephen Newhouse  
Office of Development Finance  
U.S. Department of State  
(202) 647-8988

**Stewart, Elizabeth K.**

---

**From:** Mills, Marshall  
**Sent:** Monday, April 30, 2001 12:40 PM  
**To:** Christopoulos, Greg; Grewe, Maureen; Stewart, Elizabeth K.; Tran, Luyen  
**Cc:** Sampliner, Gary  
**Subject:** RE: Turkey investment issues

[(b)(5)]

Please pass on a copy of the paper (oops, non-paper) when you receive it.

Thanks.

-----Original Message-----

**From:** Christopoulos, Greg  
**Sent:** Monday, April 30, 2001 8:48 AM  
**To:** Mills, Marshall; Grewe, Maureen; Stewart, Elizabeth K.; Tran, Luyen  
**Cc:** Sampliner, Gary  
**Subject:** RE: Turkey investment issues

[(b)(5)]

-----Original Message-----

**From:** Mills, Marshall  
**Sent:** Friday, April 27, 2001 7:06 PM  
**To:** Christopoulos, Greg; Grewe, Maureen; Stewart, Elizabeth K.; Tran, Luyen  
**Subject:** FW: Turkey investment issues

Attached are some more suggested changes to a State paper, that I sent directly to Larson's staff at its request.

[(b)(5)]

Sorry there was not enough time to coordinate these comments (this came to our attention very late in the day).

-----Original Message-----

**From:** Mills, Marshall  
**Sent:** Friday, April 27, 2001 6:08 PM  
**To:** Jonathan Kessler (E-mail)  
**Subject:** Turkey investment

See suggested changes attached.

I'll also fax it over.

<< File: Dervis investment issues21-mm.doc >>

[(b)(5)]

[(b)(5)]

N/R



N/R

h:\econ\Dervis investment issues.doc  
Drafted:ECON:SOudkirk/MSpirnak  
FCS:JBreidenstine

0050000001555

**Stewart, Elizabeth K.**

---

**From:** Stewart, Elizabeth K.  
**Sent:** Monday, February 12, 2001 4:30 PM  
**To:** 'rritterhoff@worldbank.org'; Stewart, Elizabeth K.; Mills, Marshall  
**Cc:** Tran, Luyen  
**Subject:** RE: Turkey Letter

Marshall/Robin: Bill doesn't leave until 3 tomorrow. Think Bill should have the opportunity to review. Marshall (since you are over in main Treasury) could you leave a folder with a printed copy for Bill to take home this evening. Thanks.

-----Original Message-----

**From:** rritterhoff@worldbank.org [mailto:rritterhoff@worldbank.org]  
**Sent:** Monday, February 12, 2001 3:43 PM  
**To:** Elizabeth.K.Stewart@do.treas.gov; Marshall.Mills@do.treas.gov  
**Cc:** Luyen.Tran@do.treas.gov  
**Subject:** Turkey Letter

The revision including Marshall's changes is attached. Could you run it by Bill (if there is time tonight-- otherwise I guess run it by Brian as acting) so Todd can sign off?

Thanks-- Robin

(See attached file: Turkey Electric Power Law Response.doc)

## Stewart, Elizabeth K.

---

**From:** Clapp, Gene  
**Sent:** Friday, January 26, 2001 4:51 PM  
**To:** Stewart, Elizabeth K.; Mills, Marshall; 'ritterhoff@worldbank.org'  
**Cc:** Grewe, Maureen; Walsh, Helen; Tran, Luyen; Coffman, Phyllis  
**Subject:** FW: Meeting with Bill

FYI: After the Turkey meeting, I spoke with Bill about attendance at the Enron meeting on Monday. he agreed that we should keep the number of attendees down. I suggested Elizabeth, Marshall or Maureen, and Robin. he said that sounded fine.

-----Original Message-----

**From:** Coffman, Phyllis  
**Sent:** Tuesday, January 23, 2001 6:22 PM  
**To:** Clapp, Gene  
**Subject:** Meeting with Bill

Re Enron Turkish Energy Sector

Will you be ready to meet with Bill on Friday, 1/26 to discuss the memo that was faxed to you this afternoon by Yvonne. If not please call her.

How about Friday at 3:00 pm in Bill's office.

Also I have tentatively scheduled a meeting with Bill and Tom Briggs on same topic for Monday 1/29 at 4:00 pm in Bill's office.

**Stewart, Elizabeth K.**

---

**From:** Clapp, Gene  
**Sent:** Friday, January 26, 2001 11:09 AM  
**To:** Mills, Marshall; 'rritterhoff@worldbank.org'  
**Cc:** Tran, Luyen; 'PBRUKOFF@imf.org'; Grewe, Maureen; Stedman, Louellen; 'tcrawford@worldbank.org'; Stewart, Elizabeth K.  
**Subject:** RE: FW: Turkish Energy Sector Meeting

I have a call in to EB at State. i will let you know if I hear anything.

-----Original Message-----

**From:** Mills, Marshall  
**Sent:** Friday, January 26, 2001 11:03 AM  
**To:** 'rritterhoff@worldbank.org'; Clapp, Gene  
**Cc:** Tran, Luyen; Clapp, Gene; PBRUKOFF@imf.org; Mills, Marshall; Grewe, Maureen; Stedman, Louellen; tcrawford@worldbank.org; Stewart, Elizabeth K.  
**Subject:** RE: FW: Turkish Energy Sector Meeting

I just talked to US Embassy Ankara.

[(b)(5)] I have a lot of information to share -- I think it would be most efficient to wait until 3 pm.

Marshall

-----Original Message-----

**From:** rritterhoff@worldbank.org [mailto:rritterhoff@worldbank.org]  
**Sent:** Friday, January 26, 2001 10:55 AM  
**To:** Gene.Clapp@do.treas.gov  
**Cc:** rritterhoff@worldbank.org; Luyen.Tran@do.treas.gov; Gene.Clapp@do.treas.gov; PBRUKOFF@imf.org; Marshall.Mills@do.treas.gov; Maureen.Grewe@do.treas.gov; Louellen.Stedman@do.treas.gov; tcrawford@worldbank.org; Elizabeth.K.Stewart@do.treas.gov  
**Subject:** RE: FW: Turkish Energy Sector Meeting

[(b)(5)]

Gene.Clapp@do.treas.gov on 01/26/2001 10:37:44 AM

**To:** Rritterhoff@Worldbank.Org, Luyen.Tran@Do.Treas.Gov  
**cc:** Gene.Clapp@Do.Treas.Gov, Pbrukoff@Imf.Org, Marshall.Mills@Do.Treas.Gov, Maureen.Grewe@Do.Treas.Gov, Louellen.Stedman@Do.Treas.Gov, Tcrawford@Worldbank.Org, Elizabeth.K.Stewart@Do.Treas.Gov

**Subject:** RE: FW: Turkish Energy Sector Meeting

[(b)(5)]

[(b)(5)]

-----Original Message-----

From: rritterhoff@worldbank.org [mailto:rritterhoff@worldbank.org]  
Sent: Friday, January 26, 2001 10:20 AM  
To: Luyen.Tran@do.treas.gov  
Cc: Gene.Clapp@do.treas.gov; PBRUKOFF@imf.org;  
Marshall.Mills@do.treas.gov; Maureen.Grewe@do.treas.gov;  
Louellen.Stedman@do.treas.gov; tcrawford@worldbank.org  
Subject: Re: FW: Turkish Energy Sector Meeting

Luyen-- As I told Gene, I would be happy to join Bill's 3PM internal meeting to tell what I know on the Bank side-- I have talked a lot with Bank staff on this.

[(b)(5)]

Luyen.Tran@do.treas.gov on 01/26/2001 08:43:23 AM

To: Rritterhoff@Worldbank.Org  
cc:  
Subject: FW: Turkish Energy Sector Meeting

fyi.

> -----Original Message-----

> From: Grewe, Maureen  
> Sent: Friday, January 26, 2001 8:41 AM  
> To: Tran, Luyen; Stedman, Louellen; Mills, Marshall  
> Cc: Clapp, Gene; Radelet, Steve  
> Subject: RE: Turkish Energy Sector Meeting

[(b)(5)]

>  
> Marshall -- did you get a fax from Phyllis?  
>  
> -----Original Message-----  
> From: Tran, Luyen  
> Sent: Friday, January 26, 2001 8:28 AM  
> To: Stedman, Louellen; Grewe, Maureen; Mills, Marshall  
> Subject: FW: Turkish Energy Sector Meeting  
>

[(b)(5)]

> maureen & marshall -- probably would make sense to have one of you there.  
> please call gene to see what has transpired on this. thanks.  
>  
> -----Original Message-----  
> From: Coffman, Phyllis  
> Sent: Thursday, January 25, 2001 6:09 PM  
> To: Clapp, Gene; Stewart, Elizabeth K.; Tran, Luyen  
> Subject: Turkish Energy Sector Meeting  
>  
> Friday, January 26 at 3:00 pm in Bill's office.

ISTANBUL, Turkey (AP) The government on Friday put a senior World Bank official in charge of healing Turkey's crisis-plagued economy and restoring international confidence after its currency plunged against the dollar.

Prime Minister Bulent Ecevit appointed World Bank Vice President Kemal Dervis to a Cabinet post in charge of the treasury, with responsibilities for overseeing the Central Bank, state banks and the banking regulatory board.

Dervis, 52, is one of 26 vice presidents at the World Bank. Economists say the government hopes he can use his close ties with international lenders to get desperately needed loans for Turkey.

President Ahmet Necdet Sezer signed the decree appointing Dervis, private television NTV reported.

The government also appointed Sureyya Serdengeçti as Central Bank governor, Ecevit said. Serdengeçti was deputy governor under Gazi Ercel, who took early retirement along with Treasury Secretary Selcuk Demiralp following the crisis.

Ecevit is under intense pressure from the business sector and public to revamp his economic team after a political and financial crisis saw the lira lose a quarter of its value against the dollar since last week.

The crisis emerged after a public fight between Ecevit and Sezer led to fears of a major political crisis and caused foreign investors to pull out of Turkey's markets.

"We have a lot of work to be done," Dervis told reporters after Ecevit's announcement.

"If we are going to be successful, the whole of Turkey must really come together," Dervis told the Anatolia news agency, listing bureaucrats, businessmen and trade unions.

Dervis's first task will be to revise Turkey's stabilization program, which is backed by \$11 billion in loans from the International Monetary Fund, following its decision to abandon its currency exchange control during the two-week financial crisis.

Turks have pegged much hope on Dervis and business reacted positively to his appointment.

"This development is a blessing and a comfort for the (Turkish) people," said Husamettin Kavi, chairman of the Istanbul Industrial Board.

Aziz Karadeniz, general director of Alfa Security Exchange, said Dervis' appointment would encourage foreign investors to return.

But some expressed doubts that even Dervis would succeed in overcoming the current crisis.

"If Kemal Dervis, who seems to be our last chance, too fails in

this political climate which is quite likely I would fear for Turkey's future," wrote Gunduz Aktan in the English-language Turkish Daily News.

Economist Faruk Selcuk said Dervis must first tackle the problems of Turkey's frail and overcrowded banking system. Allegations of corruption in the banking sector prompted investors to flee the Turkish market in November. Twelve of Turkey's 80 banks have failed in the past two years.

The government has raised the prices of electricity, gasoline, natural gas and sugar by 10 percent following the crisis.

Ecevit has said he hopes Turkey can secure \$25 billion in aid, and newspapers have reported the IMF is waiting for Turkey to assess the damage of the latest crisis before proposing a new loan.

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APTV 03-02-01 1600EST

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Received by NewsEDGE/LAN: 3/2/2001 3:55 PM



**Stewart, Elizabeth K.**

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**From:** WATCHOFFICE  
**Sent:** Friday, March 02, 2001 11:46 AM  
**To:** Adams, Tim; John, James; Joldersma, Dirk; Jones, Aaron; Kaplan, Michael; Kupfer, Jeffrey; Market Room; Mills, Marshall; Parker, Suzanne; Sanford, Paul; Sokolov, Dan; Weeks, John; Althelm, Stephen; Atkinson, Caroline; Austin, Kenneth; Auten, John; Barber, Ed; Barr, Michael; Baukol, Andrew; Bayly, Rachel; Beasley, Mary; Berardi, Steve; Bidwell, Peter; Biehl, Karen; Bland, Charlene; Bloomgarden, David; Boehler, Edith; Boone, Sherman; Buffington, Craig (Contractor); Cameron, Art; Carleton, Norman; Carnes, Carol; Chaves, Mary; Clarey, Kay; Cohen, Alan; Comstock, Neal; Constantine, Eleni; Crane, Deborah; DeRose, Lori; Diaz, Antonio; Doyle, Edward; Dulaney, Tim; Dupuy, Max; Evans, Kimberly; Fall, James; Fedor, Sue; Gallagher, Patricia; Geithner, Timothy; Ginsburg, Susan; Gorman, Matt; Graham, Dianne; Granat, Rochelle; Green, Matthew; Harlow, Robert; Hart, Anna; Hart, Susan; Haselton, Steve; Hines, Neal; Hingston, Mark; Hoffman, William; Holloway, Barbara; Hunt, Betty Ann; Jaakson, Juhani; Jaskowiak, Mark; Johnson, Paulette; Johnston, Richard; Keller, Alan; Kimack, Michael; King, Jeff; Knack, Elizabeth; Kotze, Joan; Krulak, Keith; Kunec, Theodora; Lanigan, Martha; Lebryk, David; Lee, Nancy; Lemay, Joanne; Levine, Marnie; Levy, Ronald; Longbrake, John; Lowery, Clay; Ludden, Ken; MacLaughlin, Janet; Malvey, Paul; Mathieu, Renee; McBride, Barbara; McClurkin, Ralph; McCown, Ashby; McCoy, Christopher; McDowell, John; McFadden, Bill; McGivern, Tom; McGrew, Wes; McInerney, Roberta; Meenan, Ann; Moldenhauer, Michelle; Monderer, Michael; Monroe, Dave; Moore, Suzonna; Moravitz, Carl; Muench, Marilyn; Murden, Bill; Neil, Jeff; Nicholson, Marcie; Nickoloff, Peter; Ouellette, Conrad; Parcell, John; Perry, Rosa; Quinn, Lois; Ralyea, John; Ray, Angel; Resnick, Bonnie; Rigrodsky, Marc; Rollins, Barbara; Romey, Mike; Rowan, Carol; Rudisill, Rudi; Rzemien, Susan; Schmalzbach, Kenneth; Schorn, John; Schuerch, William; Servetnick, Dale; Shah, Sonal; Shaw, Mary Beth; Simpson, John; Skelton, Joy; Smith, Martha; Squitieri, Ray; Stuart, Patrick; Tempalski, Jerry; Terango, Sharon; Thurston, Donald; Tillotson, Mary Grace; Underwood, Dale; Velthaus, Andrew; Wagoner, Theresa; Ware, Betty; WATCHOFFICE; WATCHOFFICE2; Williams, Cassandra; Withrow, MaryEllen; Wolkow, Dwight; Ashin, Paul; Atukorala, Vimal; Austin, Carlos; Berg, Andrew; Biery, Gretchen; Budington, Michele; Calahan, Richard B.; Carter, Jana; Carter, Malcolm; Cetina, Jill; Cohen, David; Corfield, Anna; Cox, Brian; Dohiman, Peter; Donahue, Joseph; Donovan, Meg; Donovan, Stephen; Egan, Kenneth; Epstein, Natan; Fuentes, Barbara; Gelpert, Anna; Giancola, Mark; Glasgow, Launa; Gorlick, Warren; Grewe, Maureen; Gunaratne, Nilmini; Haarsager, Mathew; Hamer, Kevin; Hardesty, Joann; Herrling, Sheila; High, Eleanor; Hoffman, Barak; Hubbard, Susan; Jewell, Andrew; Johnson, Alana; Johnston, Maura; Kaproth, Robert; Keene, Carolyn; Kifayat, Adnan; Kosmides, Ivy; Kuhlrow, Margaret; Kushlis, Chris; Laufman, Judy; Lerner, Brad; MacDonagh-Dumler, Chris; Maffei, Marie; Mathiasen, Karen; McDonald, Larry; McHale, Stephen; McKellogg, Carrie; Middleton, Michelle; Monroe, Wilbur; Moore, Holly; Moran, John; More, Alan; Morris, Liza; Munk, Russell; Nugent, Malachy; Pringle, Veronica; Radelet, Steve; Rajan, Samira; Rao, Geetha; Read, Tobias; Sachs, Lee; Shea, James; Simon, Mae; Sobel, Mark; Stedman, Louellen; Stewart, Elizabeth K.; Talaro, Mary; Tarter, Dale; Truman, Ted; Urbanas, Beth; Vagle, Steven; Valentic, Marsha; Vandivier, David; VanLingen, Theo; Wagner, Mary; Walker, Orelious; Warden, Staci; Weaver, Elizabeth; Wechsler, William; West, Mary Ann; Williams, Lydia; Wilson, LaTanya; Wisner, Peter; Wiss, Barbara; Wood, Andrea; Wood, Dennis; Wray, Troy

**Subject:** Watchoffice Press Alert

**Importance:** High

\*DJ Dervis Named Turkey State Min In Charge Of Treasury - PM

ISTANBUL (Dow Jones)—Turkish prime minister Bulent Ecevit announced Friday that World Bank executive Kemal Dervis has been appointed state minister in charge of the Treasury, with additional responsibility for reforming the economy.

"With his extensive international knowledge and deep experience I am sure Dervis will succeed," Ecevit said.

Ecevit said Sureyya Serdengeçti has been appointed central bank governor and Ferhat Emil as acting undersecretary of the treasury.

Dervis will also supervise the banking regulatory body, the central bank, the Capital Markets Board, and three state banks; Ziraat Bank, Halk Bank and Türkiye Kalkınma Bankası.

Ecevit said he has secured President Ahmet Necdet Sezer's verbal consent to the appointment through a phone call and said a cabinet decree on Dervis' appointment will be sent to the president when the necessary signatures are completed.

-By Selim Atalay, Dow Jones Newswires; +90212 2313355;  
selim.atalay@dowjones.com

(END) Dow Jones Newswires 02-03-01

1624GMT

(AP-DJ-03-02-01 1624GMT)

:SUBJECT: DI7 DI5 DI1 DI6 DI4 DI2 IMF IBRD TURK POL ASIA EURO HOT

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Received by NewsEDGE/LAN: 3/2/2001 11:20 AM

See cable f. Ankara in files

14 Feb 01

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**Stewart, Elizabeth K.**

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**From:** Mills, Marshall  
**Sent:** Thursday, February 15, 2001 9:29 AM  
**To:** Radelet, Steve; Grewe, Maureen; Clapp, Gene; Stewart, Elizabeth K.  
**Cc:** Patti Brukoff (E-mail); Robin Ritterhoff (E-mail)  
**Subject:** FW: Turkey: TOORS: deadline extended to June 30, Feb 15, 2001

**Importance:** High

blank.txt

-----Original Message-----

**From:** Bender Securities [mailto:BenderSecurities@BenderSecurities.com]  
**Sent:** Thursday, February 15, 2001 4:51 AM  
**To:** 'marshall.mills@do.treas.gov'  
**Subject:** Turkey: TOORS: deadline extended to June 30, Feb 15, 2001  
**Importance:** High

[(b)(5)]

[(b)(5)]

For further information please refer to :

Adrian Rouse, Senior Analyst  
+90 212 252 2000 - 232  
arouse@bendersecurities.com

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... powered by Bender B.I.T. Team  
#38122

**Stewart, Elizabeth K.**

---

**From:** ritterhoff@worldbank.org  
**Sent:** Thursday, February 15, 2001 8:36 AM  
**To:** Maureen.Grewe@do.treas.gov; Marshall.Mills@do.treas.gov;  
Elizabeth.K.Stewart@do.treas.gov  
**Cc:** Luyen.Tran@do.treas.gov; Gene.Clapp@do.treas.gov  
**Subject:** Re: Turkey issues  
**Importance:** High

my answer to Ajay's clarification. [(b)(5)]

----- Forwarded by Robin Ruth Ritterhoff/Person/World Bank on  
02/15/2001 08:34 AM -----

Robin Ruth Ritterhoff  
02/15/2001 08:34 AM  
Extn: 88049 EDS01

**To:** Ajay Chhibber  
**cc:** Kathleen B. Mccollom, Sally M. Zeijlon, Ayse Ronay  
**Subject:** Re: Turkey issues (Document link: Robin Ruth Ritterhoff)

Ajay, thanks very much for the clarification-- very helpful. [(b)(5)]

Regards,  
Robin

Ajay Chhibber  
02/15/2001 04:39 AM  
Extn: 84219 ECC06

**To:** Robin Ruth Ritterhoff  
**cc:** Kathleen B. Mccollom, Sally M. Zeijlon, Ayse Ronay  
**Subject:** Re: Turkey issues (Document link: Robin Ruth Ritterhoff)

Robin,  
many thanks.

[(b)(5)]

ajay

Robin Ruth Ritterhoff  
02/15/2001 01:36 AM  
Extn: 88049 EDS01

To: Ajay Chhibber  
cc: Kathleen B. Mccollom, Sally M. Zeijlon, Ayse Ronay

Subject: Turkey issues

Ajay-- for some mysterious reason, the first time I sent the message below, Lotus Notes decided not to send it to you, despite my having addressed it to you. Here it is again.

Regards,  
Robin

----- Forwarded by Robin Ruth Ritterhoff/Person/World Bank on  
02/14/2001 06:34 PM -----

Robin Ruth Ritterhoff  
02/14/2001 06:34 PM  
Extn: 88049 EDS01

To:  
cc: Kathleen B. Mccollom, Sally M. Zeijlon, Ayse Ronay

Subject: Turkey issues

Ajay--

[(b)(5)]

Regards,  
Robin

**Stewart, Elizabeth K.**

---

**From:** Mills, Marshall  
**Sent:** Wednesday, February 14, 2001 6:13 PM  
**To:** 'ritterhoff@worldbank.org'; Grewe, Maureen; Mills, Marshall  
**Cc:** Tran, Luyen; Stewart, Elizabeth K.  
**Subject:** RE: draft e-mail

My suggestions are indicated below in CAPS.

Language in CAPS and in [ ] with ?? are just sugegstions of tone.

"

Ajay--

[(b)(5)]

Regards,  
Robin



**Stewart, Elizabeth K.**

---

**From:** ritterhoff@worldbank.org  
**Sent:** Wednesday, February 14, 2001 5:34 PM  
**To:** Maureen.Grewe@do.treas.gov; Marshall.Mills@do.treas.gov  
**Cc:** Luyen.Tran@do.treas.gov; Elizabeth.K.Stewart@do.treas.gov  
**Subject:** draft e-mail

**Importance:** High

per steve's request, here's a draft- sorry for delay, a little bosnia vote  
contretemps intervened.

Ajay--

[(b)(5)]

Regards,  
Robin

**Stewart, Elizabeth K.**

---

**From:** Mills, Marshall  
**Sent:** Thursday, February 15, 2001 11:32 AM  
**To:** 'rritterhoff@worldbank.org'; Grewe, Maureen; Mills, Marshall; Stewart, Elizabeth K.  
**Cc:** Tran, Luyen; Clapp, Gene; Patti Brukoff (E-mail)  
**Subject:** RE: Turkey issues and Bank

Thanks very much for pursuing this, Robin.

[(b)(5)]

Marshall

-----Original Message-----

**From:** rritterhoff@worldbank.org [mailto:rritterhoff@worldbank.org]  
**Sent:** Thursday, February 15, 2001 8:36 AM  
**To:** Maureen.Grewe@do.treas.gov; Marshall.Mills@do.treas.gov;  
Elizabeth.K.Stewart@do.treas.gov  
**Cc:** Luyen.Tran@do.treas.gov; Gene.Clapp@do.treas.gov  
**Subject:** Re: Turkey issues  
**Importance:** High

my answer to Ajay's clarification. [(b)(5)]

----- Forwarded by Robin Ruth Ritterhoff/Person/World Bank on  
02/15/2001 08:34 AM -----

Robin Ruth Ritterhoff  
02/15/2001 08:34 AM  
Extn: 88049                   RDS01

**To:** Ajay Chhibber  
**cc:** Kathleen B. Mccollom, Sally M. Zeijlon, Ayse Ronay  
**Subject:** Re: Turkey issues (Document link: Robin Ruth Ritterhoff)

[(b)(5)]

Regards,  
Robin

Ajay Chhibber  
02/15/2001 04:39 AM  
Extn: 84219                   ECC06

**To:** Robin Ruth Ritterhoff  
**cc:** Kathleen B. Mccollom, Sally M. Zeijlon, Ayse Ronay

Subject: Re: Turkey issues (Document link: Robin Ruth Ritterhoff)

Robin,

many thanks.

[(b)(5)]

ajay

Robin Ruth Ritterhoff  
02/15/2001 01:36 AM  
Extn: 88049 EDS01

To: Ajay Chhibber  
cc: Kathleen B. Mccollom, Sally M. Zeijlon, Ayse Ronay

Subject: Turkey issues

Ajay-- for some mysterious reason, the first time I sent the message below, Lotus Notes decided not to send it to you, despite my having addressed it to you. Here it is again.

Regards,  
Robin

----- Forwarded by Robin Ruth Ritterhoff/Person/World Bank on  
02/14/2001 06:34 PM -----

Robin Ruth Ritterhoff  
02/14/2001 06:34 PM  
Extn: 88049 EDS01

To:  
cc: Kathleen B. Mccollom, Sally M. Zeijlon, Ayse Ronay

Subject: Turkey issues

Ajay--

[(b)(5)]

[(b)(5)]

Regards,  
Robin

**Stewart, Elizabeth K.**

---

**From:** Mills, Marshall  
**Sent:** Thursday, February 15, 2001 11:53 AM  
**To:** Stewart, Elizabeth K.  
**Subject:** RE: Turkey energy - your question

thanks!

-----Original Message-----

**From:** Stewart, Elizabeth K.  
**Sent:** Thursday, February 15, 2001 11:48 AM  
**To:** Mills, Marshall  
**Subject:** RE: Turkey energy - your question

[(b)(5)]

-----Original Message-----

**From:** Mills, Marshall  
**Sent:** Thursday, February 15, 2001 11:34 AM  
**To:** Stewart, Elizabeth K.  
**Subject:** RE: Turkey energy - your question

[(b)(5)]

-----Original Message-----

**From:** Stewart, Elizabeth K.  
**Sent:** Thursday, February 15, 2001 11:16 AM  
**To:** Radelet, Steve  
**Cc:** Mills, Marshall; Grewe, Maureen; Clapp, Gene; Tran, Luyen  
**Subject:** Turkey energy - your question

Steve,  
From my notes of the 1-29-01 conference call with Jim Parks -- [(b)(5)]

**Stewart, Elizabeth K.**

---

**From:** Radelet, Steve  
**Sent:** Thursday, February 15, 2001 11:29 AM  
**To:** Stewart, Elizabeth K.  
**Subject:** RE: Turkey energy - your question

Thanks. This is helpful.

-----Original Message-----

**From:** Stewart, Elizabeth K.  
**Sent:** Thursday, February 15, 2001 11:16 AM  
**To:** Radelet, Steve  
**Cc:** Mills, Marshall; Grewe, Maureen; Clapp, Gene; Tran, Luyen  
**Subject:** Turkey energy - your question

Steve,  
From my notes of the 1-29-01 conference call with Jim Parks -- [(b)(5)]

**Stewart, Elizabeth K.**

---

**From:** Mills, Marshall  
**Sent:** Wednesday, February 14, 2001 3:08 PM  
**To:** Tran, Luyen; Grewe, Maureen; Clapp, Gene; Stewart, Elizabeth K.; McDonald, Larry; 'Robin Ritterhoff (E-mail)'  
**Cc:** 'Patti Bruhoff (E-mail)'  
**Subject:** RE: FYI: Embassy action request on Turkey Electricity Law and IFI conditionality

[(b)(5)]

-----Original Message-----

**From:** Tran, Luyen  
**Sent:** Wednesday, February 14, 2001 2:51 PM  
**To:** Mills, Marshall; Grewe, Maureen; Clapp, Gene; Stewart, Elizabeth K.; McDonald, Larry; 'Robin Ritterhoff (E-mail)'  
**Cc:** 'Patti Bruhoff (E-mail)'  
**Subject:** RE: FYI: Embassy action request on Turkey Electricity Law and IFI conditionality

[(b)(5)]

-----Original Message-----

**From:** Mills, Marshall  
**Sent:** Wednesday, February 14, 2001 2:48 PM  
**To:** Grewe, Maureen; Clapp, Gene; Stewart, Elizabeth K.; Tran, Luyen; McDonald, Larry; Robin Ritterhoff (E-mail)  
**Cc:** Patti Bruhoff (E-mail)  
**Subject:** FYI: Embassy action request on Turkey Electricity Law and IFI conditionality  
**Importance:** High

[(b)(5)]

**Stewart, Elizabeth K.**

---

**From:** ritterhoff@worldbank.org  
**Sent:** Wednesday, February 14, 2001 3:21 PM  
**To:** Marshall.Mills@do.treas.gov  
**Cc:** Luyen.Tran@do.treas.gov; Maureen.Grewe@do.treas.gov; Gene.Clapp@do.treas.gov; Elizabeth.K.Stewart@do.treas.gov; Larry.McDonald@do.treas.gov; ritterhoff@worldbank.org; PBRUKOFF@imf.org  
**Subject:** RE: FYI: Embassy action request on Turkey Electricity Law and IFI conditionality

[(b)(5)]

Marshall.Mills@do.treas.gov on 02/14/2001 03:07:58 PM

**To:** Luyen.Tran@Do.Treas.Gov, Maureen.Grewe@Do.Treas.Gov,  
Gene.Clapp@Do.Treas.Gov, Elizabeth.K.Stewart@Do.Treas.Gov,  
Larry.McDonald@Do.Treas.Gov, Ritterhoff@Worldbank.Org  
**cc:** Pbrukoff@Imf.Org  
**Subject:** RE: FYI: Embassy action request on Turkey Electricity Law and IFI  
conditionality

[(b)(5)]

> -----Original Message-----  
> **From:** Tran, Luyen  
> **Sent:** Wednesday, February 14, 2001 2:51 PM  
> **To:** Mills, Marshall; Grewe, Maureen; Clapp, Gene; Stewart, Elizabeth K.;  
> McDonald, Larry; 'Robin Ritterhoff (E-mail)'  
> **Cc:** 'Patti Brukoff (E-mail)'  
> **Subject:** RE: FYI: Embassy action request on Turkey Electricity Law  
> and IFI conditionality

[(b)(5)]

> -----Original Message-----  
> **From:** Mills, Marshall  
> **Sent:** Wednesday, February 14, 2001 2:48 PM  
> **To:** Grewe, Maureen; Clapp, Gene; Stewart, Elizabeth K.; Tran,  
> Luyen; McDonald, Larry; Robin Ritterhoff (E-mail)  
> **Cc:** Patti Brukoff (E-mail)  
> **Subject:** FYI: Embassy action request on Turkey Electricity  
> Law and IFI conditionality  
> **Importance:** High  
>

[(b)(5)]



[(b)(5)]

**Stewart, Elizabeth K.**

---

**From:** ritterhoff@worldbank.org  
**Sent:** Wednesday, February 14, 2001 3:15 PM  
**To:** Luyen.Tran@do.treas.gov  
**Cc:** Marshall.Mills@do.treas.gov; Maureen.Grewe@do.treas.gov; Gene.Clapp@do.treas.gov; Elizabeth.K.Stewart@do.treas.gov; Larry.McDonald@do.treas.gov; ritterhoff@worldbank.org; PBRUKOFF@imf.org  
**Subject:** RE: FYI: Embassy action request on Turkey Electricity Law and IFI conditionality

[(b)(5)]

Luyen.Tran@do.treas.gov on 02/14/2001 02:51:01 PM

**To:** Marshall.Mills@Do.Treas.Gov, Maureen.Grewe@Do.Treas.Gov, Gene.Clapp@Do.Treas.Gov, Elizabeth.K.Stewart@Do.Treas.Gov, Larry.McDonald@Do.Treas.Gov, Rritterhoff@Worldbank.Org  
**cc:** Pbrukoff@Imf.Org  
**Subject:** RE: FYI: Embassy action request on Turkey Electricity Law and IFI conditionality

[(b)(5)]

> -----Original Message-----  
> **From:** Mills, Marshall  
> **Sent:** Wednesday, February 14, 2001 2:48 PM  
> **To:** Grewe, Maureen; Clapp, Gene; Stewart, Elizabeth K.; Tran, Luyen; McDonald, Larry; Robin Ritterhoff (E-mail)  
> **Cc:** Patti Brukoff (E-mail)  
> **Subject:** FYI: Embassy action request on Turkey Electricity Law and IFI conditionality  
> **Importance:** High  
>

[(b)(5)]



**Stewart, Elizabeth K.**

---

**From:** Mills, Marshall  
**Sent:** Friday, February 09, 2001 7:22 PM  
**To:** 'rritterhoff@worldbank.org'; Mills, Marshall; Stewart, Elizabeth K.; PBRUKOFF@imf.org  
**Cc:** Grewe, Maureen; Tran, Luyen  
**Subject:** RE: Turkey Energy Letter

Turkey Energy Letter  
012501 rev...

ISM suggested edits are attached.

[(b)(5)] I can fax copies of the cable, with our comments, to anyone who wishes.

Marshall

-----Original Message-----

**From:** rritterhoff@worldbank.org [mailto:rritterhoff@worldbank.org]  
**Sent:** Thursday, February 08, 2001 5:21 PM  
**To:** Marshall.Mills@do.treas.gov; Elizabeth.K.Stewart@do.treas.gov; PBRUKOFF@imf.org  
**Cc:** Maureen.Grewe@do.treas.gov; Luyen.Tran@do.treas.gov  
**Subject:** Turkey Energy Letter

[(b)(5)]

(See attached file: Turkey Energy Letter 012501 rev.doc)

**Turkey Energy Law Response – Suggested edits from ISM**

Dear Mr. Briggs:

[(b)(5)]

Sincerely,

Todd Crawford

**Turkey Energy Law Response – Suggested edits from ISM**

Dear Mr. Briggs:

[(b)(5)]

Sincerely,

Todd Crawford

Stewart, Elizabeth K.

---

**From:** rritterhoff@worldbank.org  
**Sent:** Monday, February 12, 2001 3:43 PM  
**To:** Elizabeth.K.Stewart@do.treas.gov; Marshall.Mills@do.treas.gov  
**Cc:** Luyen.Tran@do.treas.gov  
**Subject:** Turkey Letter

Turkey Electric Power  
Law Resp... The revision including Marshall's changes is attached. Could you run it by Bill (if there is time tonight-- otherwise I guess run it by Brian as acting) so Todd can sign off?

Thanks-- Robin

(See attached file: Turkey Electric Power Law Response.doc)

**Turkey Electric Power Law Response**

Dear Mr. Briggs:

[(b)(5)]

Sincerely,

Todd Crawford



**Stewart, Elizabeth K.**

---

**From:** Mills, Marshall  
**Sent:** Friday, February 09, 2001 1:06 PM  
**To:** Stewart, Elizabeth K.; Stedman, Louellen; Clapp, Gene; Tran, Luyen  
**Cc:** Grewe, Maureen; McDonald, Larry; 'Robin Ritterhoff (E-mail)'; 'Patti Brukoff (E-mail)'; Paulson, Sara  
**Subject:** RE: Readout of Today's Staff Level Conference Call on Turkey Energy Issues and IFIs

Bill was invited but cannot come.

Gene is participating.

-----Original Message-----

**From:** Stewart, Elizabeth K.  
**Sent:** Friday, February 09, 2001 1:05 PM  
**To:** Mills, Marshall; Stedman, Louellen; Clapp, Gene; Tran, Luyen  
**Cc:** Grewe, Maureen; McDonald, Larry; 'Robin Ritterhoff (E-mail)'; 'Patti Brukoff (E-mail)'; Paulson, Sara  
**Subject:** RE: Readout of Today's Staff Level Conference Call on Turkey Energy Issues and IFIs

Adding Sara to this e-mail chain.

Maureen/Marshall: Think that Bill Schuerch should be looped into the invitation to the 2pm meeting.

-----Original Message-----

**From:** Mills, Marshall  
**Sent:** Friday, February 09, 2001 12:44 PM  
**To:** Stedman, Louellen; Clapp, Gene; Stewart, Elizabeth K.; Tran, Luyen  
**Cc:** Grewe, Maureen; McDonald, Larry; Robin Ritterhoff (E-mail); Patti Brukoff (E-mail); Mills, Marshall  
**Subject:** Readout of Today's Staff Level Conference Call on Turkey Energy Issues and IFIs  
**Importance:** High

[(b)(5)]

[(b)(5)]

We left further discussion of proposed actions for the 2 pm meeting between Steve Radelet and Janice Bay of State/EB.

Please call me if you have further questions.

-----Original Message-----

**From:** Stedman, Louellen  
**Sent:** Friday, February 09, 2001 10:24 AM  
**To:** Mills, Marshall; Clapp, Gene; Stewart, Elizabeth K.  
**Cc:** Grewe, Maureen; McDonald, Larry  
**Subject:** RE: URGENT: Dial-in Instructions for Conference Call on Turkey Energy Issues and IFIs at 10:30  
**Importance:** High

[(b)(5)]

-----Original Message-----

**From:** Mills, Marshall  
**Sent:** Friday, February 09, 2001 10:20 AM  
**To:** Stedman, Louellen; Clapp, Gene; Stewart, Elizabeth K.  
**Cc:** Grewe, Maureen; McDonald, Larry  
**Subject:** URGENT: Dial-in Instructions for Conference Call on Turkey Energy Issues and IFIs at 10:30  
**Importance:** High

**Call 647-0817, code 7890.**

\*\*\*

[(b)(5)]

The conference call is at the staff level, prior to a DAS level meeting this afternoon at 2 pm. I am covering for ISM.

Marshall

-----Original Message-----

**From:** Stedman, Louellen  
**Sent:** Friday, February 09, 2001 10:11 AM  
**To:** Mills, Marshall; Clapp, Gene; Stewart, Elizabeth K.  
**Cc:** Grewe, Maureen; McDonald, Larry  
**Subject:** RE: URGENT: Conference Call on Turkey Energy Issues and IFIs at 10:15-10:30  
**Importance:** High

[(b)(5)]

[(b)(5)]

Who is taking the call? Steve? Mark? The Secretary?

-----Original Message-----

**From:** Mills, Marshall  
**Sent:** Friday, February 09, 2001 9:57 AM  
**To:** Stedman, Louellen; Clapp, Gene; Stewart, Elizabeth K.  
**Cc:** Grewe, Maureen  
**Subject:** RE: URGENT: Conference Call on Turkey Energy Issues and IFIs at 10:15-10:30

Sorry to throw you in the middle of this ... [(b)(6)]

[(b)(5)]

-----Original Message-----

**From:** Stedman, Louellen  
**Sent:** Friday, February 09, 2001 9:44 AM  
**To:** Mills, Marshall; Clapp, Gene; Stewart, Elizabeth K.  
**Cc:** Grewe, Maureen  
**Subject:** RE: URGENT: Conference Call on Turkey Energy Issues and IFIs at 10:15-10:30

Who is the conference call with???

-----Original Message-----

**From:** Mills, Marshall  
**Sent:** Friday, February 09, 2001 9:42 AM  
**To:** Clapp, Gene; Stewart, Elizabeth K.  
**Cc:** Grewe, Maureen; Stedman, Louellen  
**Subject:** URGENT: Conference Call on Turkey Energy Issues and IFIs at 10:15-10:30  
**Importance:** High

Details to follow.

Should anyone from GC and/or the IMF office participate?

**Stewart, Elizabeth K.**

---

**From:** Mills, Marshall  
**Sent:** Friday, February 09, 2001 1:05 PM  
**To:** Stedman, Louellen; Clapp, Gene; Stewart, Elizabeth K.; Tran, Luyen  
**Cc:** Grewe, Maureen; McDonald, Larry; 'Robin Ritterhoff (E-mail)'; 'Patti Brukoff (E-mail)'  
**Subject:** RE: Readout of Today's Staff Level Conference Call on Turkey Energy Issues and IFIs

[(b)(5)]

-----Original Message-----

**From:** Stedman, Louellen  
**Sent:** Friday, February 09, 2001 1:00 PM  
**To:** Mills, Marshall; Clapp, Gene; Stewart, Elizabeth K.; Tran, Luyen  
**Cc:** Grewe, Maureen; McDonald, Larry; 'Robin Ritterhoff (E-mail)'; 'Patti Brukoff (E-mail)'  
**Subject:** RE: Readout of Today's Staff Level Conference Call on Turkey Energy Issues and IFIs

[(b)(5)]

Thanks.

-----Original Message-----

**From:** Mills, Marshall  
**Sent:** Friday, February 09, 2001 12:44 PM  
**To:** Stedman, Louellen; Clapp, Gene; Stewart, Elizabeth K.; Tran, Luyen  
**Cc:** Grewe, Maureen; McDonald, Larry; Robin Ritterhoff (E-mail); Patti Brukoff (E-mail); Mills, Marshall  
**Subject:** Readout of Today's Staff Level Conference Call on Turkey Energy Issues and IFIs  
**Importance:** High

[(b)(5)]

[(b)(5)]

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Please call me if you have further questions.

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**To:** Mills, Marshall; Clapp, Gene; Stewart, Elizabeth K.  
**Cc:** Grewe, Maureen; McDonald, Larry  
**Subject:** RE: URGENT: Dial-in Instructions for Conference Call on Turkey Energy Issues and IFIs at 10:30  
**Importance:** High

[(b)(5)]

-----Original Message-----

**From:** Mills, Marshall  
**Sent:** Friday, February 09, 2001 10:20 AM  
**To:** Stedman, Louellen; Clapp, Gene; Stewart, Elizabeth K.  
**Cc:** Grewe, Maureen; McDonald, Larry  
**Subject:** URGENT: Dial-in Instructions for Conference Call on Turkey Energy Issues and IFIs at 10:30  
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Call 647-0817, code 7890.

\*\*\*

[(b)(5)]

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Marshall

-----Original Message-----

**From:** Stedman, Louellen  
**Sent:** Friday, February 09, 2001 10:11 AM

**To:** Mills, Marshall; Clapp, Gene; Stewart, Elizabeth K.  
**Cc:** Grewe, Maureen; McDonald, Larry  
**Subject:** RE: URGENT: Conference Call on Turkey Energy Issues and IFIs at 10:15-10:30  
**Importance:** High

[(b)(5)]

Who is taking the call? Steve? Mark? The Secretary?

-----Original Message-----

**From:** Mills, Marshall  
**Sent:** Friday, February 09, 2001 9:57 AM  
**To:** Stedman, Louellen; Clapp, Gene; Stewart, Elizabeth K.  
**Cc:** Grewe, Maureen  
**Subject:** RE: URGENT: Conference Call on Turkey Energy Issues and IFIs at 10:15-10:30

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[(b)(5)]

-----Original Message-----

**From:** Stedman, Louellen  
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**Cc:** Grewe, Maureen  
**Subject:** RE: URGENT: Conference Call on Turkey Energy Issues and IFIs at 10:15-10:30

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-----Original Message-----

**From:** Mills, Marshall  
**Sent:** Friday, February 09, 2001 9:42 AM  
**To:** Clapp, Gene; Stewart, Elizabeth K.  
**Cc:** Grewe, Maureen; Stedman, Louellen  
**Subject:** URGENT: Conference Call on Turkey Energy Issues and IFIs at 10:15-10:30  
**Importance:** High

Details to follow.

Should anyone from GC and/or the IMF office participate?

**Stewart, Elizabeth K.**

---

**From:** McDonald, Larry  
**Sent:** Friday, February 09, 2001 10:32 AM  
**To:** Mills, Marshall; Stedman, Louellen; Clapp, Gene; Stewart, Elizabeth K.  
**Cc:** Grewe, Maureen  
**Subject:** RE: URGENT: Dial-in Instructions for Conference Call on Turkey Energy Issues and IFIs at 10:30

[(b)(5)]

-----Original Message-----

**From:** Mills, Marshall  
**Sent:** Friday, February 09, 2001 10:26 AM  
**To:** Stedman, Louellen; Clapp, Gene; Stewart, Elizabeth K.  
**Cc:** Grewe, Maureen; McDonald, Larry  
**Subject:** RE: URGENT: Dial-in Instructions for Conference Call on Turkey Energy Issues and IFIs at 10:30

At least Steve, maybe Bill.

[(b)(5)]

Marshall

-----Original Message-----

**From:** Stedman, Louellen  
**Sent:** Friday, February 09, 2001 10:24 AM  
**To:** Mills, Marshall; Clapp, Gene; Stewart, Elizabeth K.  
**Cc:** Grewe, Maureen; McDonald, Larry  
**Subject:** RE: URGENT: Dial-in Instructions for Conference Call on Turkey Energy Issues and IFIs at 10:30  
**Importance:** High

[(b)(5)]

-----Original Message-----

**From:** Mills, Marshall  
**Sent:** Friday, February 09, 2001 10:20 AM  
**To:** Stedman, Louellen; Clapp, Gene; Stewart, Elizabeth K.  
**Cc:** Grewe, Maureen; McDonald, Larry  
**Subject:** URGENT: Dial-in Instructions for Conference Call on Turkey Energy Issues and IFIs at 10:30  
**Importance:** High

Call 647-0817, code 7890.

\*\*\*

[(b)(5)]

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Marshall

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**Sent:** Friday, February 09, 2001 10:11 AM  
**To:** Mills, Marshall; Clapp, Gene; Stewart, Elizabeth K.  
**Cc:** Grewe, Maureen; McDonald, Larry

**Subject:** RE: URGENT: Conference Call on Turkey Energy Issues and IFIs at 10:15-10:30  
**Importance:** High

[(b)(5)]

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**To:** Stedman, Louellen; Clapp, Gene; Stewart, Elizabeth K.  
**Cc:** Grewe, Maureen  
**Subject:** RE: URGENT: Conference Call on Turkey Energy Issues and IFIs at 10:15-10:30

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[(b)(5)]

-----Original Message-----

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**Sent:** Friday, February 09, 2001 9:44 AM  
**To:** Mills, Marshall; Clapp, Gene; Stewart, Elizabeth K.  
**Cc:** Grewe, Maureen  
**Subject:** RE: URGENT: Conference Call on Turkey Energy Issues and IFIs at 10:15-10:30

Who is the conference call with???

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**From:** Mills, Marshall  
**Sent:** Friday, February 09, 2001 9:42 AM  
**To:** Clapp, Gene; Stewart, Elizabeth K.  
**Cc:** Grewe, Maureen; Stedman, Louellen  
**Subject:** URGENT: Conference Call on Turkey Energy Issues and IFIs at 10:15-10:30  
**Importance:** High

Details to follow.

Should anyone from GC and/or the IMF office participate?



**Stewart, Elizabeth K.**

---

**From:** rritterhoff@worldbank.org  
**Sent:** Thursday, February 08, 2001 5:48 PM  
**To:** Luyen.Tran@do.treas.gov  
**Cc:** rritterhoff@worldbank.org; Marshall.Mills@do.treas.gov; Elizabeth.K.Stewart@do.treas.gov; PBRUKOFF@imf.org; Maureen.Grewe@do.treas.gov; Luyen.Tran@do.treas.gov  
**Subject:** RE: Turkey Energy Letter

Turkey Energy Letter

012501 rev...

[(b)(5)]

Luyen.Tran@do.treas.gov on 02/08/2001 05:38:36 PM

**To:** Rritterhoff@Worldbank.Org, Marshall.Mills@Do.Treas.Gov,  
Elizabeth.K.Stewart@Do.Treas.Gov, Pbrukoff@Imf.Org  
**cc:** Maureen.Grewe@Do.Treas.Gov, Luyen.Tran@Do.Treas.Gov  
**Subject:** RE: Turkey Energy Letter

you didn't ask for my opinion, but i'm offering you a few minor changes  
(attached) that you are free to take or not take.

-----Original Message-----

**From:** rritterhoff@worldbank.org [mailto:rritterhoff@worldbank.org]  
**Sent:** Thursday, February 08, 2001 5:21 PM  
**To:** Marshall.Mills@do.treas.gov; Elizabeth.K.Stewart@do.treas.gov;  
PBRUKOFF@imf.org  
**Cc:** Maureen.Grewe@do.treas.gov; Luyen.Tran@do.treas.gov  
**Subject:** Turkey Energy Letter

[(b)(5)]

(See attached file: Turkey Energy Letter 012501 rev.doc)

(See attached file: Turkey Energy Letter 012501 rev.doc)

**Turkey Energy Law Response**

Dear Mr. Briggs:

[(b)(5)]

Sincerely,

Todd Crawford

**Turkey Energy Law Response**

Dear Mr. Briggs:

[(b)(5)]

Sincerely,

Todd Crawford



# Department of the Treasury

## Departmental Offices

Middle East and South Asian Nations  
Office

Office Phone Number  
202-622-0037  
Fax Phone Number

### **FAX TRANSMITTAL SHEET**

Date: \_\_\_\_\_ Time: \_\_\_\_\_

To: Robin Ritterhoff 477-2967 \_\_\_\_\_  
Fax Number

Gene Clapp 2-1228 \_\_\_\_\_

Elizabeth Stewart 2-2505 \_\_\_\_\_

From: Marshall \_\_\_\_\_ 29398 \_\_\_\_\_  
Phone Number

Number of Pages: 8 \_\_\_\_\_  
(including this page)

Comments: Materials from today's Turkey Energy Mtg.

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\_\_\_\_\_  
\_\_\_\_\_

If problems occur with this document, please contact the Department of the Treasury.



Enron  
1775 Eye Street, NW, Suite 800  
Washington, DC 20006  
202-466-9169

Thomas C. Briggs  
Vice President  
Government Affairs

Fax 202-623-3372  
Cellular 202-356-2268  
tom.briggs@enron.com

General Counsel  
for American Turkish Council

Facsimile (202) 508-3402  
E-mail: crj@atbc.com

(Rick)  
Charles R. Johnston, Jr.  
Attorney at Law

LAW OFFICE  
BAKER, DONELSON,  
BEARMAN & CALDWELL  
A PROFESSIONAL CORPORATION

Market Square  
801 Pennsylvania Ave., NW  
Suite 800  
Washington, D.C. 20004  
(202) 508-3400

For background only

His Excellency Bulent Ecevit  
June 13, 2000  
Page 1

June 13, 2000

**VIA COURIER AND FACSIMILE**

His Excellency Bulent Ecevit  
Prime Minister  
The Republic of Turkey  
Ankara, Turkey

Dear Prime Minister Ecevit:

This letter is submitted on behalf of the American companies listed below, many of which have invested millions of dollars in the development of projects essential to meet Turkey's energy requirements. The purpose of this letter is to request that a reasonable transition be implemented by which the Turkish Undersecretariat of the Treasury makes financial guarantees available for eligible energy-related projects. Recent communications from the Turkish Government and World Bank indicate that such guarantees now may be withheld even though several energy projects, after years of preparation and negotiations, are in advanced stages of development.

In a March 10, 2000 letter to the World Bank, Minister of State for the Economy, Mr. Recep Onal, observed that reforms and the consequent introduction of competition in the Turkish energy sector "takes time and the transition period must be properly managed." Of course, in any shift from state controls to market driven policies, transition is an important topic, worthy of close attention. Unfortunately, it seems that proper management of the transition in the energy sector may have fallen prey to a formalistic effort by the Bank to eradicate immediately Treasury's contingent liabilities. The Government appears to have accepted this precipitous approach. As a result of a Bank-sponsored "Public Expenditure and Institutional Review," several reforms are expected to be incorporated in the 2001 Government budget. Minister Onal reported in his letter that, among other things, "limits on the issuance of new guarantees" would be part of the immediate budgetary reform package. After several consultations by representatives of our companies with officials at Treasury, the Ministry of Energy and Natural Resources and the Bank, it appears that for energy projects being developed under the Build-Operate-Transfer (BOT) or Transfer of Operating Rights (TOR) models, the Government may decide to withhold Treasury guarantees for such projects unless a project-specific agreement is in place that provides for such guarantee.

His Excellency Bulent Ecevit

June 13, 2000

Page 2

The ramifications of such a policy, if it becomes effective immediately, would be disastrous for Turkey. Out of over 20 BOT and TOR energy projects currently under development, no more than one or two have signed a guarantee agreement. However, the vast majority of the companies developing these projects, our own included, were led to believe that the BOT and TOR projects would be eligible for such guarantees. The lack of a guarantee would require a substantial recalculation of financial models upon which responsible and established companies rely when determining the financeability and economic viability of a given project. In the context of BOT and TOR energy projects, which must be financed on the basis of the value of the project revenue and its assets ("project" financing), the lack of a government guarantee for one or more of the transactions that make up the project will render the project ineligible for financing from most western financial sources. This condition is not unique to Turkey. It is a traditional consideration in the qualification and quantification of risk that all established western financial institutions assess before agreeing to support a project in an emerging market. Thus, in the absence of full implementation of energy sector reforms, commercial financing will not be available without a Treasury guarantee.

The problem created by the proposed restraints on guarantees is the same fundamental problem we had hoped would be put to rest by the adoption of international arbitration for concession and privatization contracts in Turkey. There, we worked together to remove legal impediments to the availability of financing for Turkish energy projects. The irony is that only after the ink dried on the enactment of the constitutional amendments and Law Number 4501 did this new initiative to withhold Treasury guarantees surface under the mandate of the World Bank Economic Reform Loan. Now, the restricted guarantee policy, if implemented without a rational transition process, will make the international arbitration achievement a Pyrrhic victory. The international investors will be forced to withdraw for lack of financing and the critical promotion of investment and private sector participation in the Turkish energy sector will be stillborn. Energy shortages will be more than predicted. Millions of dollars of project development costs will be jeopardized and litigation by companies led to believe that guarantees would be available could embroil the Government and possibly the Bank in an embarrassing round of confrontations in the courts.

All of our companies endorse and support Turkish Government efforts to achieve budgetary reforms. We agree with the need for the Government to stabilize the public debt as a share of GNP. And our companies agree that guarantees should be phased out once the reform and demonopolization program for the energy sector is fully implemented. We do take issue, however, with the lack of a reasonable transition during the reform period. That transition should take into account the realities of financing the projects that must bridge the gap between

His Excellency Bulent Ecevit  
June 13, 2000  
Page 3

current conditions and the demonopolized market that the architects of Turkey's energy future foresee.

History is a good teacher, and it is particularly relevant to our point. In virtually every country in which deregulation of the energy sector has been legislated (including the United States), it has taken far longer than expected for the process to move beyond the legislative act. Turkey is not likely to perform differently. A hiatus on privately developed power production, fuel supply or energy distribution projects until the new regulatory regime is operational would be fatal for Turkey's economy. And the lack of guarantees would cause such a hiatus because financing from private institutions would be sparse if not completely unavailable.

For the foregoing reasons, our companies believe that a transition formula for assessing the availability of Treasury guarantees for projects currently under development best serves existing realities and future objectives in the Turkish energy sector. It also minimizes the possibility of a real crisis in power production and delivery if the new regime falters or is delayed for any reason. The formula proposed below is based on four fundamental factors:

- (1) Treasury guarantees should continue to be offered for energy projects but with certain transitional qualifications;
- (2) financing for privately developed and operated energy projects in Turkey at this time needs Treasury guarantees;
- (3) the nature and extent of the guarantees can be negotiated to meet Turkish Treasury and commercial lenders' requirements;
- (4) Turkey's need for energy and private foreign investment and financing require that the Turkish Government demonstrates good faith and predictability in the implementation of its fiscal and privatization policies.

The formula that we propose for determining eligibility of a project for a Treasury guarantee would have Treasury consider the following as indicators of a well-developed and viable project (subject to whether the project is for power production or local distribution):

- A. a signed Implementation Contract or Concession Agreement;
- B. an Energy Sales Agreement under negotiation or signed;
- C. a Fuel Supply Agreement under negotiation or signed;
- D. a completed Environmental Impact Assessment Report;



His Excellency Bulent Ecevit  
June 13, 2000  
Page 4

- E. a Public Benefit Interest Resolution from the Ministry of Energy and Natural Resources;
- F. a posted and current performance bond;
- G. a formal letter of interest from an internationally recognized financial institution.

If a project can substantially fulfill these criteria, we believe it is in the best position to help Turkey bridge the energy gap between today's problems and the promise of a new, market-oriented system for the future. The private sector is doing its best, and has devoted substantial resources, to participate in the privatization of the energy sector in Turkey. It is not only fair, but good policy for the Turkish Government to continue support of that transition if it hopes to avoid major energy shortages.

We have submitted the observations and proposals contained in this letter because our companies are friends of Turkey. When a bilateral issue arises in Washington, we are among the first to commit resources that will resolve the issue in a manner that promotes our bilateral relationship. We are also investors in energy sectors around the world. We hope that you and your government may find our experience and point of view useful as you finalize and implement the transition to a deregulated energy market.

We would welcome the opportunity to meet with you in person to discuss this matter more fully. If you or any official from your government would like to discuss the content of this letter with a representative of any of our companies, please advise our Ambassador, Mark Parris, and we will respond in a timely and forthright manner.

Respectfully submitted,

Charles R. Johnston, Jr. On behalf of  
Forester Wheeler Corp.  
GE Power Systems  
Howard Energy Company  
North American Coal Company  
PSEG Global Inc.

cc: The Honorable Mark Parris  
Ambassador  
U.S. Embassy-Ankara



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June 13, 2000  
Page 1

June 13, 2000

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His Excellency Bulent Ecevit  
June 13, 2000  
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His Excellency Bulent Ecevit  
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- C. a Fuel Supply Agreement under negotiation or signed;
- D. a completed Environmental Impact Assessment Report;

www.ibsresearch.com

Power

January 18, 2001

[(b)(5)]

[(b)(5)]

**Mills, Marshall**

---

**From:** Spirnak, Madelyn [SpirnakM@state.gov]  
**Sent:** Friday, January 26, 2001 10:43 AM  
**To:** Mills, Marshall  
**Subject:** Background on the energy issue

**Background:**

[(b)(5)]

The classification of this e-mail is: UNCLASSIFIED



**Mills, Marshall**

---

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Background:

[(b)(5)]

The classification of this e-mail is: UNCLASSIFIED



DEPARTMENT OF THE TREASURY  
WASHINGTON

Facsimile Transmittal  
From

Office of Multilateral Development Banks (OASIA/IDB)  
1500 Pennsylvania Avenue, N.W.  
Room 3501 NY  
Washington, D.C. 20220  
(Fax # 202-622-2505)

Date: 1-29-01 Page 1 of 1 Page(s)

To: M Mills / M Grewe

Tel. #  
FAX #

From: Elizabeth Stewart

Comments: fyi Turkish power issues

**Stewart, Elizabeth K.**

---

**From:** Brukoff, Patricia [PBRUKOFF@imf.org]  
**Sent:** Monday, January 29, 2001 12:27 PM  
**To:** 'Elizabeth.K.Stewart@do.treas.gov'; 'Gene.Clapp@do.treas.gov'; 'ritterhoff@worldbank.org'; 'Luyen.Tran@do.treas.gov'  
**Cc:** Brukoff, Patricia; 'Marshall.Mills@do.treas.gov'; 'Maureen.Grewe@do.treas.gov'; 'Louellen.Stedman@do.treas.gov'; 'tcrawford@worldbank.org'  
**Subje** RE: FW: Turkish Energy Sector Meeting

[(b)(5)]

-----Original Message-----

**From:** Elizabeth.K.Stewart@do.treas.gov  
[mailto:Elizabeth.K.Stewart@do.treas.gov]  
**Sent:** Friday, January 26, 2001 2:23 PM  
**To:** Gene.Clapp@do.treas.gov; ritterhoff@worldbank.org;  
Luyen.Tran@do.treas.gov  
**Cc:** PBRUKOFF@imf.org; Marshall.Mills@do.treas.gov;  
Maureen.Grewe@do.treas.gov; Louellen.Stedman@do.treas.gov;  
tcrawford@worldbank.org  
**Subject:** RE: FW: Turkish Energy Sector Meeting

[(b)(5)]

-----Original Message-----

**From:** Clapp, Gene  
**Sent:** Friday, January 26, 2001 10:38 AM  
**To:** 'ritterhoff@worldbank.org'; Tran, Luyen  
**Cc:** Clapp, Gene; PBRUKOFF@imf.org; Mills, Marshall; Grewe, Maureen;  
Stedman, Louellen; tcrawford@worldbank.org; Stewart, Elizabeth K.  
**Subject:** RE: FW: Turkish Energy Sector Meeting

[(b)(5)]

-----Original Message-----

**From:** ritterhoff@worldbank.org [mailto:ritterhoff@worldbank.org]  
**Sent:** Friday, January 26, 2001 10:20 AM  
**To:** Luyen.Tran@do.treas.gov  
**Cc:** Gene.Clapp@do.treas.gov; PBRUKOFF@imf.org;  
Marshall.Mills@do.treas.gov; Maureen.Grewe@do.treas.gov;  
Louellen.Stedman@do.treas.gov; tcrawford@worldbank.org  
**Subject:** Re: FW: Turkish Energy Sector Meeting

Luyen-- As I told Gene, I would be happy to join Bill's 3PM internal meeting to

tell what I know on the Bank side-- I have talked a lot with Bank staff on this.

[(b)(5)]

Luyen.Tran@do.treas.gov on 01/26/2001 08:43:23 AM

To: Rritterhoff@Worldbank.Org  
cc:

Subject: FW: Turkish Energy Sector Meeting

fyi.

> -----Original Message-----  
> From: Grewe, Maureen  
> Sent: Friday, January 26, 2001 8:41 AM  
> To: Tran, Luyen; Stedman, Louellen; Mills, Marshall  
> Cc: Clapp, Gene; Radelet, Steve  
> Subject: RE: Turkish Energy Sector Meeting

[(b)(5)]

>  
> Marshall -- did you get a fax from Phyllis?  
>  
> -----Original Message-----  
> From: Tran, Luyen  
> Sent: Friday, January 26, 2001 8:28 AM  
> To: Stedman, Louellen; Grewe, Maureen; Mills, Marshall  
> Subject: FW: Turkish Energy Sector Meeting

[(b)(5)]

> maureen & marshall -- probably would make sense to have one of you there.  
> please call gene to see what has transpired on this. thanks.

>  
> -----Original Message-----  
> From: Coffman, Phyllis  
> Sent: Thursday, January 25, 2001 6:09 PM  
> To: Clapp, Gene; Stewart, Elizabeth K.; Tran, Luyen  
> Subject: Turkish Energy Sector Meeting  
>  
> Friday, January 26 at 3:00 pm in Bill's office.



DEPARTMENT OF THE TREASURY  
WASHINGTON

Facsimile Transmittal  
From

*Office of Multilateral Development Banks (OASIA/IDB)*  
1500 Pennsylvania Avenue, N.W.  
Room 3501 NY  
Washington, D.C. 20220  
(Fax # 202-622-2505)

Date: 1-29-01 Page 1 of 3 Page(s)

To: M. Mills / M. Crowe  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Tel. # \_\_\_\_\_  
FAX # \_\_\_\_\_

From: Elizabeth Stewart  
\_\_\_\_\_  
\_\_\_\_\_

Comments: fyi Turkish power - DOC letter to T. Roman  
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M Berman = Doc  
482-3492

1-29-01

[(b)(5)]

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Turkey Erwan

BES 1/26/00

(b)(5)

only 2 US computers

Bob  
Helen

# FAX COVER SHEET

ENRON, WASHINGTON  
1775 Eye Street Street, N.W.  
Washington, DC 20006  
202-828-3360  
202-828-3372 (fax)

Phyllis

- copies also to:
- IMF office - London
  - Regional office - ISM
  - Gene Chapp

TO: William Schuerch

FROM: Tom Briggs

FAX #: 202-~~828~~-2536

RE: Turkish Energy Sector

DATE: 22 January

Schedule meeting  
after Gene has  
chance to dig up  
some facts at  
-- probably Friday  
Monday next.

Number of pages including cover sheet:

3

Message:

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1-23-01 B.  
Fri 1/26  
3pm  
not scheduled





22 January 2001

The Honorable William Schuerch  
Deputy Assistant Secretary  
For International Development,  
Debt and Environmental Policy  
U.S. Department of Treasury  
1500 Pennsylvania Ave., N.W.  
Washington, D.C. 20220

Thomas C. Briggs  
Vice President  
Government Affairs

Enron Corp.  
1775 Eye Street, NW, Suite 500  
Washington, DC 20006  
202-466-9169  
Fax 202-626-1172  
tom.briggs@enron.com

Hon. W. Schuerch,

I am writing on behalf of the American Turkish Council and its Energy Committee to request your support in a matter that is of great importance to American developers of power projects in Turkey and to the Turkish economy. In brief, we ask that you exercise the influence of the United States in the World Bank to moderate the Bank's insistence that Turkish Treasury guarantees for 29 projects be conditioned on entry into service of the power plants by the end of 2002. These 29 projects already have been approved and, in many cases, substantial sums of money have been expended in reliance on the availability of Turkish Treasury guarantees that are now threatened by the World Bank's new policy. Moreover, termination of these projects will engender an unacceptable risk of power shortfalls in Turkey that will threaten economic growth, as well as consumer well being.

The proposed, fast track energy legislation for deregulation of the energy sector in Turkey is currently being debated in the Turkish Parliament and is expected to come up for a vote within a week. One provision of this proposed legislation concerns a deadline of 2002 during which 29 approved build-operate-transfer (BOT) projects would have to reach commercial operation in order to qualify for Turkish Treasury guarantees. World Bank and the IMF are advocates of such a deadline, questioning the need for additional BOT projects claiming that Turkey will have an energy surplus in 2003. Two of these BOT projects are being co-developed by American companies.

The Energy Committee of the American Turkish Council has long advocated appropriate deregulation of the Turkish energy sector and we support the goal of eliminating the need for Turkish Treasury Guarantees. However, the ATC recognizes that a delicate balance must be struck between eliminating Treasury Guarantees and continuing to provide the Turkish energy sector with much needed investment. In this instance the ATC strongly believes that the arbitrary 2002 deadline is bad policy for American developers and for the Government of Turkey for the following reasons:

Endless possibilities.™

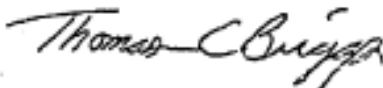
0050000001684

- Because power plants typically require a minimum twenty-four month construction period, imposition of a 2002 deadline will, *in effect*, terminate these projects on the day the law is passed.
- Export credit agencies, including US Ex-Im, and commercial lenders have indicated that they will not provide financing to projects that do not have Treasury guarantees or in the event the Treasury guarantee is contingent upon meeting a 2002 commercial operation deadline.
- The Ministry of Energy and Natural Resources and the State Planning Organization of Turkey are increasingly concerned that the continuing delays in energy projects will result in extending the energy shortage into 2003.
- The imposition of a deadline for these approved BOT projects will be an imprudent action during a period of transition in the energy sector that will erode confidence among potential foreign investors in Turkey. According to the UN, Turkey already ranks a lowly 54th in the world in attracting foreign direct investment. Turkey was able to attract only \$785M of investment capital in 1999, trailing, among others, Malta, the Dominican Republic, Egypt and Vietnam. The proposed provision of the new energy law that will, in effect, terminate these BOT projects that are under contract, will be detrimental to attracting increased foreign investment in Turkey during a period of expected slow-down in the world economy.

A strong Turkish economy is vital to a stronger Turkey. And a stronger Turkey, a critical ally, is in the best interest of the US. Since time is of the essence, we will appreciate your urgent actions to persuade the World Bank and the IMF to support the deletion of an arbitrary deadline in the proposed energy law. If the Government of Turkey in fact has no intention of building these 29 projects, we suggest that the parties rely instead on the termination provisions of the individual commercial contracts.

Members of the ATC Energy Committee respectfully request a meeting with your office in order to discuss this matter in more detail. I will contact your office to arrange a convenient time to meet.

Sincerely,



Thomas C. Briggs  
Chairman  
American Turkish Council Energy Committee

ENERGY by David Tonge

# Two steps forward, one step back

A new national policy is part of a long-planned effort to ensure that new generating capacity matches actual energy needs

Just when new investors in Turkey's energy programmes have gained the right to international arbitration for their contracts, they have learned that they may face further delays.

The delays result both from a new national energy policy and from the lengthy procedures required to modify contracts for generation and distribution projects which have been negotiated but not yet financed.

The country's new energy policy involves:

- Giving first priority to the build-operate (BO) model for new power plants, under which model plants do not revert to the Turkish state but remain in private hands;
- Prioritising some plants to be built under the build-operate-transfer (BOT) model, and delaying contracts on many of those which it had previously been encouraging. Under the BOT model, ownership of the plants is eventually transferred to the Turkish state.

The new priorities are the result of a long-planned effort to ensure that new generating capacity matches energy needs. The state planning organisation (SPO) has argued that the country required less capacity than the Ministry of Energy and Natural Resources and TEAS, the state electricity generation and transmission company, were contracting. The World Bank, concerned that the prices TEAS was paying for electricity threatened the utility's future finances, supported the calls for a policy review.

The initial results of the review, according to a ministry official, were that the country needed 55bn kWh of extra electricity output by 2006 - far less than previously forecast - and that BO plants should provide up to 48bn kWh of this total. Already contracted BO plants account for 39 of the

48bn kWh, indicating the further tender of an additional 1,300-1,500 MW of BO capacity.

The review is welcome news for the three consortia developing the first generation of BO plants, Interger-Enka, Siemens-Steag and Bayindir-Mimag-National Power. The groups are finalising their export credit arrangements and project documentation. Interger-Enka is targeting financial closure in the first half of this year for two of its three natural gas units, accounting for 2,310MW of the 3,860MW of capacity it plans.

It is also welcome news for the dozen or so BOT projects whose completion the Ministry and SPO favour in the next five years. But it means that developers of more than 100 less advanced BOT projects may see minimal returns in the short term.

Previously, the markets were at risk of being

incorporation of these principles in agreements already reached. Most developers asked for their contracts to be changed to private law contracts or, if this is refused, to have international arbitration added. Those seeking to take over existing power plants or power distribution under BOT principles also largely applied for contract change.

If the energy ministry and the council of ministers approve this application, and there is no time limit set on this - then the developer will have three months (plus a possible further three-month extension if the ministry approves) in which to negotiate the arbitration clause or renegotiate the concession contract into a private law contract.

While developers with concession contracts face indefinite delays, developers who have not yet signed concession contracts may find the

## Developers who have not signed concession contracts may find that their projects have been shelved

swamped with BOT projects. With a clear project schedule, it should be much easier to raise finance for those projects whose time has come, according to the energy project officer at one US bank in Istanbul.

However, even those dozen or so BOT projects whose contracts are complete may have long delays ahead of them before they can take advantage of new legislation. On January 21, parliament passed Law 4501 which allows international arbitration and private commercial law principles to apply to concession contracts signed with the ministry. Developers had one month in which to apply to the ministry for

ministry telling them that their projects have now been temporarily shelved. All this is a far cry from what proponents of Turkey's power programme had expected.

Entitling foreign investors to international arbitration in their contracts with the Turkish authorities seemed to have removed the last obstacle blocking Turkey's BOT programme, which, since 1984, has seen only four big projects reach financial close - the 672MW hydro-electric project at Birecik in late 1995; two gas-fired projects, each 478MW, on the Marmara in 1996; and the gas-fired 180MW Istanbul Esenyurt project in 1997.

Ironically, in March 1996,

just as new legislation had ushered in a financeable BOT energy model, the Turkish Constitutional Court decided that the generation, transmission and distribution of electricity constituted a public service so that private power projects were defined as "concessions". The Turkish constitution required concession contracts to be reviewed and, if necessary, revised by the Danistay (Council of State). In practice, this meant substantial revision of the terms of contracts negotiated between developers and state bodies, with these being converted into concession contracts.

According to Emre Derman, a Turkish lawyer who has long been advising foreign developers on energy projects, these revised contracts did not allow for government default, buy-out, and lender step-in or assignment rights. They also lacked an arbitration clause, removed on the argument that the Danistay had exclusive jurisdiction.

Shortly after the decision, the Ministry introduced the BO model as an alternative to the BOT approach. The Ministry took the view that BO projects were not concessions so that the Danistay was not involved. Despite this, the Ministry continued with numerous BOT projects. The result was that developers of new independent power plants and would-be investors in existing generation and distribution projects spent the years from 1996 negotiating BOT contracts only to see them fundamentally revised by the Danistay. When it became clear that the lack of arbitration clauses in BOT projects was unacceptable to international financiers, the government decided to amend the constitution.

On August 13 the Turkish Parliament amended the constitution to allow for international arbitration in concession contracts involving the provision of public services. Enabling legislation followed in December and January.

David Tonge is managing director of IBS Research, an Istanbul consultancy which advises international companies



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ENERGY by David Tonge

# Two steps forward, one step back

A new national policy is part of a long-planned effort to ensure that new generating capacity matches actual energy needs

Just when new investors in Turkey's energy programmes have gained the right to international arbitration for their contracts, they have learned that they may face further delays.

The delays result both from a new national energy policy and from the lengthy procedures required to modify contracts for generation and distribution projects which have been negotiated but not yet financed.

The country's new energy policy involves:

- Giving first priority to the build-operate (BO) model for new power plants, under which model plants do not revert to the Turkish state but remain in private hands;
- Prioritising some plants to be built under the build-operate-transfer (BOT) model, and delaying contracts on many of those which it had previously been encouraging. Under the BOT model, ownership of the plants is eventually transferred to the Turkish state.

The new priorities are the result of a long-planned effort to ensure that new generating capacity matches energy needs. The state planning organisation (SPO) has argued that the country required less capacity than the Ministry of Energy and Natural Resources and TEAS, the state electricity generation and transmission company, were contracting. The World Bank, concerned that the prices TEAS was paying for electricity threatened the utility's future finances, supported the calls for a policy review.

The initial results of the review, according to a ministry official, were that the country needed 35bn kWh of extra electricity output by 2005 - far less than previously forecast - and that BO plants should provide up to 48bn kWh of this total. Already contracted BO plants account for 38 of the

48bn kWh, indicating the further tender of an additional 1,200-1,600 MW of BO capacity.

The review is welcome news for the three consortia developing the first generation of BO plants, Intergen-Enka, Siemens-Steag and Bayindir-Mimag-National Power. The groups are finalising their export credit arrangements and project documentation. Intergen-Enka is targeting financial closure in the first half of this year for two of its three natural gas units, accounting for 2,310MW of the 3,850MW of capacity it plans.

It is also welcome news for the dozen or so BOT projects whose completion the Ministry and SPO favour in the next five years. But it means that developers of more than 100 less advanced BOT projects may see minimal returns in the short term.

Previously, the markets were at risk of being

incorporation of these principles in agreements already reached. Most developers asked for their contracts to be changed to private law contracts or, if this is refused, to have international arbitration added. Those seeking to take over existing power plants or power distribution under BOT principles also largely applied for contract change.

If the energy ministry and the council of ministers approve this application, and there is no time limit set on this - then the developer will have three months (plus a possible further three-month extension if the ministry approves) in which to negotiate the arbitration clause or renegotiate the concession contract into a private law contract.

While developers with concession contracts face indefinite delays, developers who have not yet signed concession contracts may find the

## Developers who have not signed concession contracts may find that their projects have been shelved

swamped with BOT projects. With a clear project schedule, it should be much easier to raise finance for those projects whose time has come, according to the energy project officer at one US bank in Istanbul.

However, even those dozen or so BOT projects whose contracts are complete may have long delays ahead of them before they can take advantage of new legislation. On January 21, parliament passed Law 4501 which allows international arbitration and private commercial law principles to apply to concession contracts signed with the ministry. Developers had one month in which to apply to the ministry for

ministry telling them that their projects have now been temporarily shelved. All this is a far cry from what proponents of Turkey's power programme had expected.

Entitling foreign investors to international arbitration in their contracts with the Turkish authorities seemed to have removed the last obstacle blocking Turkey's BOT programme, which, since 1984, has seen only four big projects reach financial close - the 672MW hydro-electric project at Birecik in late 1995; two gas-fired projects, each 478MW, on the Marmara in 1996; and the gas-fired 180MW Istanbul Eesenyurt project in 1997.

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According to Emre Derman, a Turkish lawyer who has long been advising foreign developers on energy projects, these revised contracts did not allow for government default, buy-out, and lender step-in or assignment rights. They also lacked an arbitration clause, removed on the argument that the Danistay had exclusive jurisdiction.

Shortly after the decision, the Ministry introduced the BO model as an alternative to the BOT approach. The Ministry took the view that BO projects were not concessions so that the Danistay was not involved. Despite this, the Ministry continued with numerous BOT projects. The result was that developers of new independent power plants and would-be investors in existing generation and distribution projects spent the years from 1995 negotiating BOT contracts only to see them fundamentally revised by the Danistay. When it became clear that the lack of arbitration clauses in BOT projects was unacceptable to international financiers, the government decided to amend the constitution.

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David Tonge is managing director of IBS Research, an Istanbul consultancy which advises international companies

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# Energetic reforms likely to boost investment

As it becomes easier and quicker for developers to secure financing, Turkey is set to move much more aggressively towards real market energy models

The stage is slowly being set for Turkey to realise its potential as the fourth largest market in the world in terms of forecast energy investment, following China, India and Brazil.

Various changes which have been set in motion will make it easier for developers to secure financing and shorten the time in which they do so.

Turkey's three-year economic reform programme, supported by an International Monetary Fund (IMF) stand-by agreement, has earned a widespread positive reaction, although tinged with a wait-and-see element.

The Turkish government expects that some time during the second half of the year the Wall Street rating agencies will upgrade the country's sovereign rating. Turkish debt has been sub-investment grade since 1994. This will make borrowing easier, cheaper and simpler.

Sovereign borrowing has received a warm welcome, which augurs well for project financing. Almost half of the \$60m of the Treasury's year 2000 borrowing requirement was raised in the first six weeks of the year.

A mechanism for resorting to international arbitration in cases of disputes involving the state has been introduced. This has eliminated a big concern of financiers.

Turkey has reached a comprehensive agreement with the World Bank which will reinforce the legal framework, establish an energy regulatory body, and put a halt to costly "take or pay" deals. The agreement is expected to be approved by the World Bank's board of directors on April 11, leading to the release of a \$750m loan to underpin economic reform.

"The most important aspect of this agreement is that Turkey has agreed to move much more aggressively towards real market energy models," says Ajay Chhibber, the bank's country manager for Turkey. The transition will be completed by 2005.

"Another important aspect is that no existing contracts



regarding take or pay guarantees should be renegotiated," he says. "There are 15 signed 'build operate and transfer' (BOT) and 'build and operate' projects. They provide enough capacity for 2005.

"Beyond that, a market model will come into operation and the Treasury will not issue buy-back guarantees, which have saddled Turkey with expensive energy."

Mr Chhibber says that an important change has also occurred on the distribution side. In 1997 the government put to tender electricity distribution rights in key regions and \$2.6bn in bids were received. However, the final transfer of operating rights has not occurred and some companies are not even in the market for finance.

Concerning this "the government would like to provide time up to the end of the year to bring to financial closure the distribution transfer rights," he says. "If they are not financeable then the government may exercise its option move towards new contracts, which will involve selling assets outright."

John McCarthy, general manager of ING Barings in Turkey, believes that the developments kicked off by the IMF agreement have created a positive atmosphere for project financing. He says financing will be "multi-sourced", including bank loans and long term financing provided by export guarantee agencies.

"There will be an increased trend towards private insurers for political risk coverage for the purely Turkish portions," says Mr McCarthy. "A trend will develop towards the use of project bonds, which has never been done in Turkey before. There is a need for this because utilities require seven to 20 year financing which commercial banks cannot finance."

Pension funds, lured by generous spreads difficult to find elsewhere, have already started sniffing around. Mr McCarthy predicts that spreads will come down. "There is a 5 per cent differential (between) US bonds (and Turkish T bills). This will come down; 2 per cent can be squeezed out."

According to Ali Alpacar vice-president of the Chase Manhattan Bank in Istanbul, in project financing "we have moved to a new area." Closure periods will come down to one to two years, from as many as 10.

There is a large, hidden spread in the financing of projects guaranteed by the treasury, which makes it attractive to financiers.

"The treasury indicates the interest rate which it finds acceptable," says Zafer Kurtul, deputy general manager for project financing at Akbank. "This was LIBOR plus 2.25 and 1.50 per cent arrangement fee. But our agreement with the contractors was for LIBOR plus 12 per cent. The contractors paid us the difference. The Treasury recently announced that it will accept

no more than LIBOR plus 1.75 per cent. Now we charge contractors LIBOR plus 6 per cent because interest rates have generally moved down."

"[For financing] the market will decide on the viability of the consortium," says Mr McCarthy. "You need sophisticated operators. Without that, no backing. Companies like Enron will get access first. No one will finance those without a respectable partner."

Mr Alpacar at Chase believes that all BOT projects will secure financing but the going may not be as smooth for the transfer of operation rights involving energy distribution. "These are more problematic," he says. "Although there is no construction risk involved (as in BOTs), there are questions about how the system will work. We have no precedents. What will the (electricity) tariffs be? What will the cash flow be like? Perhaps financing will be made available not to the distribution company but to the parent company which won the licence."

Mr Alpacar believes that an improvement in Turkey's credit rating could become a watershed. "When this happens the cumulative country limits of banks will increase. The weight of European banks, particularly the Germans, will increase. The interest of the Gulf banks will also increase, both because, in general, they know about energy, and, in particular, because their oil revenues are on the rise.

In future, Turkish banks will be more involved in project financing and they are also likely in future to risk financing projects without a treasury guarantee.

"Project financing will become 15 per cent of our loan portfolio rather than 10 per cent," says Mr Kurtul at Akbank.

"Up to now we chose risk-free projects by working exclusively with the treasury. For the first time we are assessing energy projects together with banks like Deutsche Bank, Bank of America, ING, and WestLB."

**Stewart, Elizabeth K.**

---

**From:** Tran, Luyen  
**Sent:** Friday, January 26, 2001 2:24 PM  
**To:** Stewart, Elizabeth K.  
**Subject:** FW: Draft Turkey letter - pls clear by tomorrow noon

Turkey Energy Letter  
012501.doc...

-----Original Message-----

**From:** rritterhoff@worldbank.org [mailto:rritterhoff@worldbank.org]  
**Sent:** Thursday, January 25, 2001 2:36 PM  
**To:** Marshall.Mills@do.treas.gov; PBRUKOFF@imf.org;  
Gene.Clapp@do.treas.gov  
**Cc:** Maureen.Grewe@do.treas.gov; Luyen.Tran@do.treas.gov  
**Subject:** Draft Turkey letter - pls clear by tomorrow noon

Attached is the draft responding to the American-Turkish Council's letter (already faxed to Marshall & Patty, now faxing to Gene). Please comment/clear by noon tomorrow.

(See attached file: Turkey Energy Letter 012501.doc)

**Turkey Energy Law Response**

Dear Mr. Briggs:

[(b)(5)]

Sincerely,

Layon  
Elizabeth

Post  
Helen

# FAX COVER SHEET

ENRON, WASHINGTON  
1775 Eye Street Street, N.W.  
Washington, DC 20006  
202-828-3360  
202-828-3372 (fax)

Phyllis

copies also to

- IMF office - London
- Regional office - ISM
- Gene Chapp

TO: William Schuerch

FROM: Tom Briggs

FAX #: 202-~~622~~-2536

RE: Turkish Energy Sector

DATE: 22 January

Schedule meeting  
after Gene has  
chance to dig up  
some facts etc  
-- probably Friday  
Monday next.

Number of pages including cover sheet:

3

Message:

1-23-01 B.  
Fri 1/26  
3pm  
but scheduled





22 January 2001

The Honorable William Schuerch  
Deputy Assistant Secretary  
For International Development,  
Debt and Environmental Policy  
U.S. Department of Treasury  
1500 Pennsylvania Ave., N.W.  
Washington, D.C. 20220

**Thomas C. Briggs**  
Vice President  
Government Affairs

**Enron Corp.**  
1775 Eye Street, NW, Suite 500  
Washington, DC 20006  
202-466-9169  
Fax: 202-628-3172  
[tom.briggs@enron.com](mailto:tom.briggs@enron.com)

Hon. W. Schuerch,

I am writing on behalf of the American Turkish Council and its Energy Committee to request your support in a matter that is of great importance to American developers of power projects in Turkey and to the Turkish economy. In brief, we ask that you exercise the influence of the United States in the World Bank to moderate the Bank's insistence that Turkish Treasury guarantees for 29 projects be conditioned on entry into service of the power plants by the end of 2002. These 29 projects already have been approved and, in many cases, substantial sums of money have been expended in reliance on the availability of Turkish Treasury guarantees that are now threatened by the World Bank's new policy. Moreover, termination of these projects will engender an unacceptable risk of power shortfalls in Turkey that will threaten economic growth, as well as consumer well being.

The proposed, fast track energy legislation for deregulation of the energy sector in Turkey is currently being debated in the Turkish Parliament and is expected to come up for a vote within a week. One provision of this proposed legislation concerns a deadline of 2002 during which 29 approved build-operate-transfer (BOT) projects would have to reach commercial operation in order to qualify for Turkish Treasury guarantees. World Bank and the IMF are advocates of such a deadline, questioning the need for additional BOT projects claiming that Turkey will have an energy surplus in 2003. Two of these BOT projects are being co-developed by American companies.

The Energy Committee of the American Turkish Council has long advocated appropriate deregulation of the Turkish energy sector and we support the goal of eliminating the need for Turkish Treasury Guarantees. However, the ATC recognizes that a delicate balance must be struck between eliminating Treasury Guarantees and continuing to provide the Turkish energy sector with much needed investment. In this instance the ATC strongly believes that the arbitrary 2002 deadline is bad policy for American developers and for the Government of Turkey for the following reasons:

Endless possibilities.™

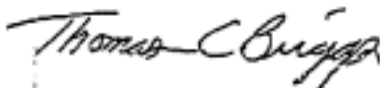
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- Because power plants typically require a minimum twenty-four month construction period, imposition of a 2002 deadline will, *in effect*, terminate these projects on the day the law is passed.
- Export credit agencies, including US Ex-Im, and commercial lenders have indicated that they will not provide financing to projects that do not have Treasury guarantees or in the event the Treasury guarantee is contingent upon meeting a 2002 commercial operation deadline.
- The Ministry of Energy and Natural Resources and the State Planning Organization of Turkey are increasingly concerned that the continuing delays in energy projects will result in extending the energy shortage into 2003.
- The imposition of a deadline for these approved BOT projects will be an imprudent action during a period of transition in the energy sector that will erode confidence among potential foreign investors in Turkey. According to the UN, Turkey already ranks a lowly 54th in the world in attracting foreign direct investment. Turkey was able to attract only \$785M of investment capital in 1999, trailing, among others, Malta, the Dominican Republic, Egypt and Vietnam. The proposed provision of the new energy law that will, in effect, terminate these BOT projects that are under contract, will be detrimental to attracting increased foreign investment in Turkey during a period of expected slow-down in the world economy.

A strong Turkish economy is vital to a stronger Turkey. And a stronger Turkey, a critical ally, is in the best interest of the US. Since time is of the essence, we will appreciate your urgent actions to persuade the World Bank and the IMF to support the deletion of an arbitrary deadline in the proposed energy law. If the Government of Turkey in fact has no intention of building these 29 projects, we suggest that the parties rely instead on the termination provisions of the individual commercial contracts.

Members of the ATC Energy Committee respectfully request a meeting with your office in order to discuss this matter in more detail. I will contact your office to arrange a convenient time to meet.

Sincerely,



Thomas C. Briggs  
Chairman  
American Turkish Council Energy Committee

set of social and public sector reforms, they said.

N/R

[(b)(5)]

N/R

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Nov 20, 2000  
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Dev News

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May 19, 2000

**Turkey Economic Reform Loan**

[(b)(5)]

**U.S. Statement on the Turkey Economic Reform Loan**

[(b)(5)]

00500000001700

[(b)(5)]

0050000001701

[(b)(5)]

*Robin Ritterhoff*

**From:** ex.mail."spaulson@worldbank.org"  
**To:** ex.mail("Elizabeth.K.Stewart","Joe.Eichenberger","...  
**Date:** 5/22/00 6:47pm  
**Subject:** Trust Funds Discussion -- Audit/Budget Committees

[(b)(5)]

Many thanks for your input Elizabeth -- most appreciated.

**CC:** ex.mail("tcrawford@worldbank.org","Jpiercy@worldba...

00500000001703

Turkey Economic Reform Loan

[(b)(5)]



[(b)(5)]

00500000001705

**From:** Sheila Herrling  
**To:** stewartek, clappg  
**Date:** 5/17/00 2:12pm  
**Subject:** Turkey ERL -- \$759 million

[(b)(5)]

00500000001706

Turkey DOC

From: ex.mail."Jmazur@worldbank.org"  
To: ex.mail("Elizabeth.K.Stewart"),Dom13.DOPO8(Stewart...  
Date: 4/13/00 11:55am  
Subject: Letter Clearance

----- Forwarded by Janice L. Mazur/Person/World Bank EDs on  
04/13/2000 11:55 AM -----

Janet.Thomas@mail.doc.gov on 04/10/2000 04:12:50 PM

To: Janice.Mazur@Mail.Doc.Gov  
cc:

Subject: Letter Clearance

for your comments, thanks, please call me.

----- Forwarded by Janet Thomas/HQ/USFCS/USDOC on 04/10/2000  
04:13 PM -----

"Michael Beeman" <Michael\_Beeman@ita.doc.gov> on 04/10/2000 04:02:33 PM  
Compose Only:

To: Janet Thomas/HQ/USFCS/USDOC@USDOC  
cc:  
Subject: Letter Clearance

Janet,

I have pasted the letter text below. I think that the text is mostly  
self-explanatory.

John Breidenstine, the SCO in Ankara Turkey, already has given his clearance  
FYI. Please let me know if you have any comments.

Michael B.  
x3492

Mr. Edwin M. Truman  
Assistant Secretary for International Affairs  
Department of the Treasury  
Washington, D.C. 20220

Dear Assistant Secretary Truman:

[(b)(5)]

00500000001707

[(b)(5)]

I thank you for your kind consideration of this important matter.

Sincerely,

Michael J. Copps

Janice L. Mazur  
Executive Director's Assistant  
Office of the United States Executive Director  
(202) 458-0118  
(202) 477-2967

00500000001708

**From:** Elizabeth K. Stewart  
**To:** Dom13.DOPO8(CLAPPG, GREWEM, NUGENTM, REICHL), ex.m...  
**Subject:** USDOC's Turkey ERL cable -Reply

Malachy -  
[(b)(5)]

>>> ex.mail."ritterhoff@worldbank.org" 05/15/00 08:14pm >>>  
(Eric please pass to Helen Recinos & Taylor Ruggles)

Malachy, several comments on USDOC's draft cable.

[(b)(5)]

**CC:** ex.mail("Elizabeth.K.Stewart", "Jmazur@worldbank.o...

00500000001709



**US Department of the Treasury**  
Office of Middle East and South Asian Nations  
phone (202) 622-2140, fax (202) 622-0037

**F A X**

*Elizabeth*

To	<del>Robin Ritterhoff</del>	From	Malachy Nugent
Fax	<del>477-2967</del> 2505	Date	05/15/00

Page 1 of 13

Robin -- Attached is a draft cable from Commerce reporting on the meeting with Bank staff on Thursday. Let me know if you have any problems with it.

Thanks. Malachy.

0050000001710

# TURKEY INFRASTRU

WEDNESDAY APRIL 5 2000



President Süleyman Demirel (left) is keen to stay on. His former rival, Bülent Ecevit, prime minister, wants to maintain stability at a sensitive time for the

## Stability seen as key to

Many obstacles to investment are being tackled by IMF-backed reforms a

President Süleyman Demirel in January opened a shiny new airport in Istanbul, Turkey's business and tourism capital, almost 20 years after the idea of a new privately-financed terminal was first mooted. The \$306m project was completed eight months ahead of schedule by a Turco-Austrian consortium, which will recoup its investment by operating the airport until 2004.

Both the terminal's early completion and futuristic silhouette seemed to symbolise a new mood of hope that Turkey was finally on the move to a bright new future. The optimism was inspired by two crucial developments.

In December, Turkey was accepted as a formal candidate for membership of the European Union. The start of this year saw, too, the launch of an ambitious disinflation and structural reform programme backed by the International Monetary Fund.

But the airport inauguration ceremony was also tinged with irony. For many

observers, Mr Demirel, who has cut the ribbon on hundreds of infrastructure projects, shares responsibility for what has been wrong with the country until now. The 75-year-old president was prime minister seven times in three decades characterised by political and economic instability.

Yet, Bülent Ecevit, the 74-year-old prime minister and his erstwhile bitter rival, has even threatened to dissolve his coalition in order to ensure that Mr Demirel is allowed to serve a second term when his current mandate expires on May 16.

This seemingly paradoxical development has been inspired not just by the fact that both men have grown more statesmanlike. As Mr Ecevit puts it: "The world has changed, Turkey has changed, so everybody has changed." He has expressed fears that throwing the job open to free competition would split the three-party coalition and endanger hard-won political stability that is essential to successful economic reform.

"We are passing through a very sensitive stage for the economy. It would be a pity if existing stability were upset," says Mr Ecevit.

The cohesiveness of his government until now has been something of a miracle in Turkish terms. Combining former leftwingers with rightwing nationalists who used to kill each other in street violence in the 1990s, the government has launched economic reforms that are both long overdue and politically unpopular.

Selçuk Demiralp, the Treasury under-secretary who is the country's top financial official, identifies political instability that plagued the country until last year's elections as the chief culprit for the country's economic failings. These include chronic double-digit inflation and the failure to attract the level of foreign investment warranted by Turkey's potential. Over the past 10 years this nation of 65m people has attracted just \$5bn in foreign direct investment, or as much as flows into Hungary in one year.

"We cannot say that Turkey has been very successful in attracting foreign direct investment," concedes Mr Demiralp. "The problem is high inflation, and political and economic instability in the 1990s. Without lasting governments in the 1990s, we were not able to have economic stability either."

The lack of investment is particularly visible in decrepit state-owned infrastructure - whether in daily power cuts or miserable public transport and traffic jams in Istanbul, the country's biggest city with a population of 9m.

The energy sector is particularly hungry for cash. It has scraped by on around \$1bn investment a year even though Turkish energy planners reckon that Turkey, Europe's fastest growing energy market, needs to invest around \$4.5bn a year for the next decade just to keep up with demand. Per capita consumption is just a quarter that of Germany.

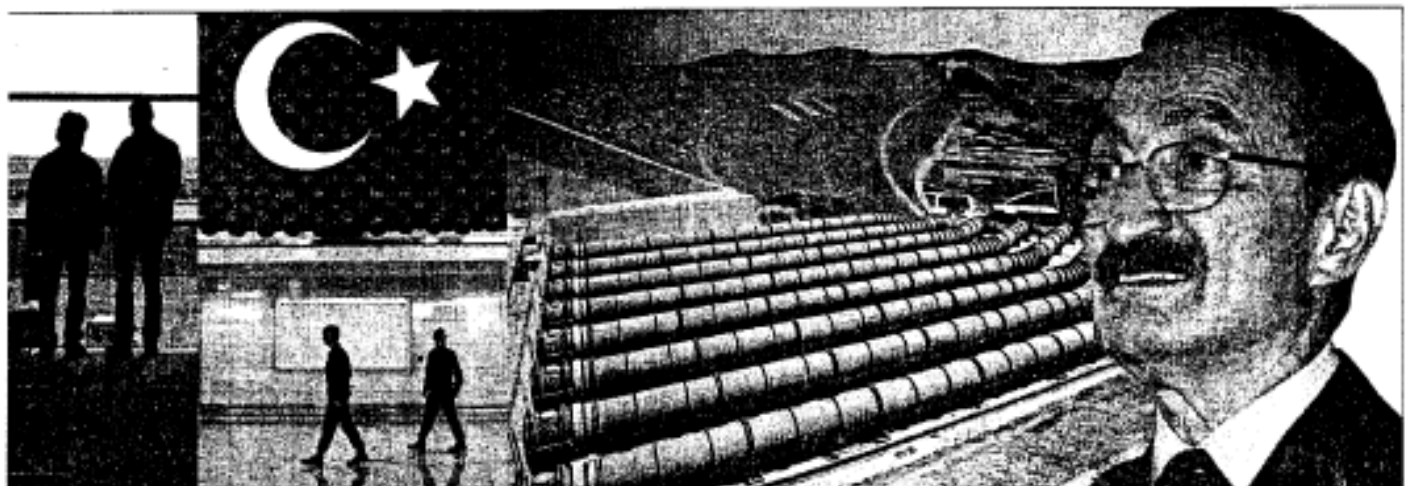
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# INFRASTRUCTURE



to maintain stability at a sensitive time for the economy. Projects have included Istanbul's new airport and more work on the South-eastern Anatolia project Reuters, Paris

## Key to economic gain

IMF-backed reforms and privatisation, says **Leyla Boulton**

"We cannot say that Turkey has been very successful in attracting foreign direct investment," concedes Mr Demiralp. "The problem is high inflation, and political and economic instability in the 1990s. Without lasting governments in the 1990s, we were not able to have economic stability either."

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Many of the obstacles to the development of infrastructure in particular and

economic development in general are being tackled by the IMF-backed reforms. The programme combines fiscal discipline with sweeping structural reform, including privatisation of dozens of state-owned enterprises.

The sell-offs have just begun with the auctioning of 51 per cent of Petrol Ofisi, the country's biggest petroleum retailer, and the public offering of 15 to 20 per cent of Tüpraş, the quasi-monopolistic oil refiner. The show-piece of privatisation will be the sale scheduled for this summer of a 20 per cent stake of Türk Telekom, the national telecommunications giant. It is to be followed later this year by the partial privatisation of Turkish Airlines, the national carrier.

While inflation so far has remained stubbornly high, positive expectations of reform have fuelled a sharp drop in interest rates. The financing of infrastructure projects may also be facilitated by an improvement, which the government hopes to see in the second half of this year, in Turkey's sub-in-

vestment grade credit rating.

The reform programme's ultimate goal is to cut inflation, now at 64 per cent, to 5 or 7 per cent by the end of 2002. But its immediate aim is to restart economic growth after a recession triggered by the emerging market crisis of 1998 was prolonged by a devastating earthquake last August. This makes the removal of remaining obstacles to foreign investment - seen as an essential engine of growth - all the more important.

The government has used its big parliamentary majority to pass more than 100 new laws ranging from the approval of telecoms privatisation to better regulation of banking and capital markets. The most important change for the sake of infrastructure has been a constitutional amendment allowing international arbitration in disputes over contracts involving the state. It was abolished as one of the conditions set by the IMF for approving a \$4bn standby loan at the end of last year.

Previous legislation gave

the Danıştay, the country's highest administrative court, the final say in so-called concession agreements. Inspired by Turks' fear of foreign economic domination which came to engulf the Ottoman Empire, the legislation was the biggest legal obstacle to financing energy and other infrastructure projects.

Although the law has been changed, the public sector in Turkey is still saddled with complex bureaucratic procedures and perceptions of corruption which make deals difficult to finalise. But it remains less problematic than the system prevailing in Russia, which, until the August 1998 devaluation of the rouble, attracted both more foreign investment and a better credit rating than Turkey.

Assuming the government survives, the big question is how quickly Turkey can move towards a more transparent and efficient system of government, public tendering and market regulation. The establishment of a proper regulatory body for energy was among the condi-

tions attached by the World Bank to a \$750m loan to support economic reform, as was a commitment to embrace a more efficient model for electricity markets. The Bank's board is expected to approve the loan next week.

Where change is not required by the IMF or the World Bank, it is likely to be part of the *acquis communautaire* which Turkey must embrace in order to become a full member of the EU. The status of candidate - described by a senior Turkish official last month as "the consecration of a long struggle for westernisation in this country" - serves as a powerful additional incentive for progress. "We shall push ourselves to a higher level," says President Demirel. "It is our dream to become more rich, more contemporary."

Others add that the strongest guarantee of success is the high cost of abandoning reforms in mid-stream. As Gazi Erçel, the central bank governor, puts it succinctly: "There is no plan B."



# Energetic reforms likely to boost investment

As it becomes easier and quicker for developers to secure financing, Turkey is set to move much more aggressively towards real market energy models

The stage is slowly being set for Turkey to realise its potential as the fourth largest market in the world in terms of forecast energy investment, following China, India and Brazil.

Various changes which have been set in motion will make it easier for developers to secure financing and shorten the time in which they do so.

Turkey's three-year economic reform programme, supported by an International Monetary Fund (IMF) stand-by agreement, has earned a widespread positive reaction, although tinted with a wait-and-see element.

The Turkish government expects that some time during the second half of the year the Wall Street rating agencies will upgrade the country's sovereign rating. Turkish debt has been sub-investment grade since 1994. This will make borrowing easier, cheaper and simpler.

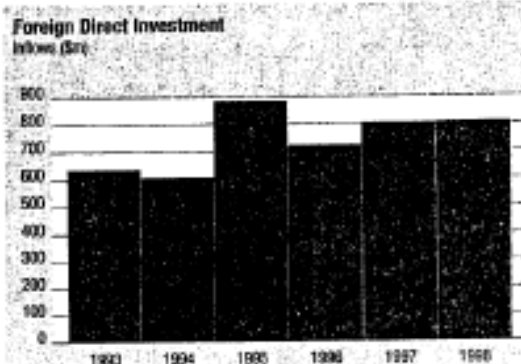
Sovereign borrowing has received a warm welcome, which augurs well for project financing. Almost half of the \$6bn of the Treasury's year 2000 borrowing requirement was raised in the first six weeks of the year.

A mechanism for resorting to international arbitration in cases of disputes involving the state has been introduced. This has eliminated a big concern of financiers.

Turkey has reached a comprehensive agreement with the World Bank which will reinforce the legal framework, establish an energy regulatory body, and put a halt to costly "take or pay" deals. The agreement is expected to be approved by the World Bank's board of directors on April 11, leading to the release of a \$750m loan to underpin economic reform.

"The most important aspect of this agreement is that Turkey has agreed to move much more aggressively towards real market energy models," says Ajay Chhibber, the bank's country manager for Turkey. The transition will be completed by 2006.

"Another important aspect is that no existing contracts



Source: UNCTAD

regarding take or pay guarantees should be reneged on," he says. "There are 15 signed 'build operate and transfer' (BOT) and 'build and operate' projects. They provide enough capacity for 2006.

"Beyond that, a market model will come into operation and the Treasury will not issue buy-back guarantees, which have saddled Turkey with expensive energy."

Mr Chhibber says that an important change has also occurred on the distribution side. In 1997 the government put to tender electricity distribution rights in key regions and \$2.6bn in bids were received. However, the final transfer of operating rights has not occurred and some companies are not even in the market for finance.

Concerning this "the government would like to provide time up to the end of the year to bring to financial closure the distribution transfer rights," he says. "If they are not financeable then the government may exercise its option move towards new contracts, which will involve selling assets outright."

John McCarthy, general manager of ING Barings in Turkey, believes that the developments kicked off by the IMF agreement have created a positive atmosphere for project financing. He says financing will be "multi-sourced", including bank loans and long term financing provided by export guarantee agencies.

"There will be an increased trend towards private insurers for political risk coverage for the purely Turkish portions," says Mr McCarthy. "A trend will develop towards the use of project bonds, which has never been done in Turkey before. There is a need for this because utilities require seven to 20 year financing which commercial banks cannot finance."

Pension funds, lured by generous spreads difficult to find elsewhere, have already started sniffing around. Mr McCarthy predicts that spreads will come down. "There is a 5 per cent differential (between) US bonds (and Turkish T bills). This will come down; 2 per cent can be squeezed out."

According to Ali Alpacar vice-president of the Chase Manhattan Bank in Istanbul, in project financing "we have moved to a new area." Closure periods will come down to one to two years, "from as many as 10."

There is a large, hidden spread in the financing of projects guaranteed by the treasury, which makes it attractive to financiers.

"The treasury indicates the interest rate which it finds acceptable," says Zafer Kurtul, deputy general manager for project financing at Akbank. "This was LIBOR plus 2.25 and 1.50 per cent arrangement fee. But our agreement with the contractors was for LIBOR plus 12 per cent. The contractors paid us the difference. The Treasury recently announced that it will accept

no more than LIBOR plus 1.75 per cent. Now we charge contractors LIBOR plus 6 per cent because interest rates have generally moved down."

"[For financing] the market will decide on the viability of the consortium," says Mr McCarthy. "You need sophisticated operators. Without that, no backing. Companies like Enron will get access first. No one will finance those without a respectable partner."

Mr Alpacar at Chase believes that all BOT projects will secure financing but the going may not be as smooth for the transfer of operation rights involving energy distribution. "These are more problematic," he says. "Although there is no construction risk involved (as in BOTs), there are questions about how the system will work. We have no precedents. What will the (electricity) tariffs be? What will the cash flow be like? Perhaps financing will be made available not to the distribution company but to the parent company which won the licence."

Mr Alpacar believes that an improvement in Turkey's credit rating could become a watershed. "When this happens the cumulative country limits of banks will increase. The weight of European banks, particularly the Germans, will increase. The interest of the Gulf banks will also increase, both because, in general, they know about energy, and, in particular, because their oil revenues are on the rise. In future, Turkish banks will be more involved in project financing and they are also likely in future to risk financing projects without a treasury guarantee.

"Project financing will become 15 per cent of our loan portfolio rather than 10 per cent," says Mr Kurtul at Akbank.

"Up to now we chose risk-free projects by working exclusively with the treasury. For the first time we are assessing energy projects together with banks like Deutsche Bank, Bank of America, ING, and WestLB."

**SOUTH-EASTERN ANATOLIA PROJECT** by Quentin Peel

# Communication gaps

The development project, which will harness the waters of the Tigris and the Euphrates, is a big project in terms of its scale and the controversies which surround it

Everything about Turkey's South-eastern Anatolia Project, known by its acronym GAP, is writ large, including the controversies. It is by far the most ambitious development project in the country, intended to harness the waters of both the great Euphrates and Tigris rivers, and bring new economic development to nine provinces.

It covers a region of more than 75,000 square kilometres, nearly 10 per cent of Turkey, and containing some 20 per cent of the land identified as potentially irrigable. The plans, conceived back in 1977, envisage a network of 22 dams and 19 hydro-electric power plants to irrigate 1.7m hectares of land, and provide energy to a power-hungry country, at a cost of some \$32bn.

Yet, in spite of the fact that it is supposed to bring sorely-needed prosperity to one of the poorest regions of Turkey, creating 3.8m new jobs, and tripling per capita incomes, it remains highly controversial, especially outside the country.

**It is unclear how much the local population supports the overall GAP programme**

That is perhaps hardly surprising, considering that the dams are being built in a region torn by years of civil war, and bordering both Syria and Iraq, two of Turkey's most sensitive and potentially troublesome neighbours.

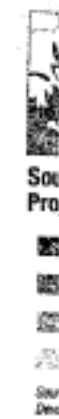
If that were not enough, it also boasts priceless archaeological remains from the rich history of Mesopotamia, some of which will eventually disappear beneath the waters of the dams under construction.

The latest controversy

the government is being asked to provide export credit guarantees of some \$220m to the chief construction contractor, Balfour Beatty.

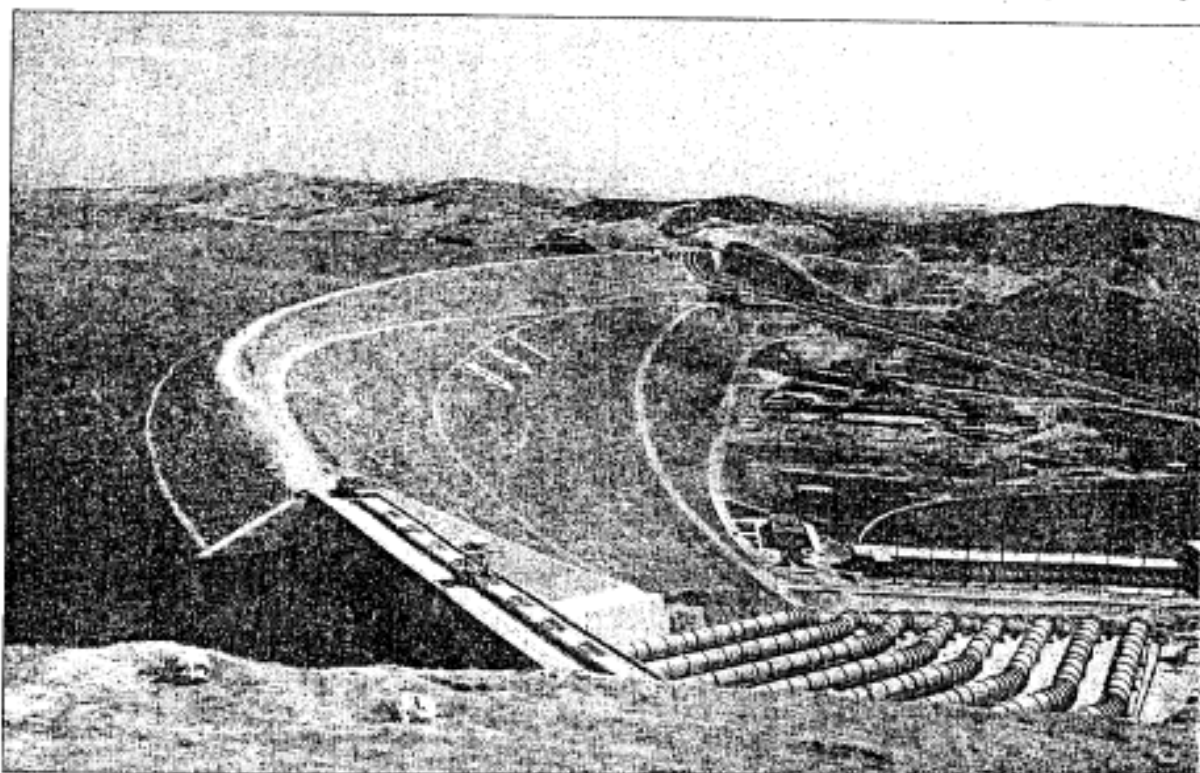
Objectors claim the scheme will force the resettlement of at least 15,000 mainly Kurdish people, flood the historic town of Hasankeyf, as well as scores of smaller villages, and cause water shortages and possible pollution downstream in Syria and Iraq.

Its defenders maintain that it will bring prosperity and economic development to the region, where Kurdish militants belonging to the Kurdistan Workers' Party (PKK) have been fighting the Turkish military 15 years. They also insist that what is primarily a hydro-electric scheme will not, by defini-



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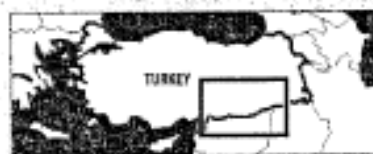
# gaps hinder dam project

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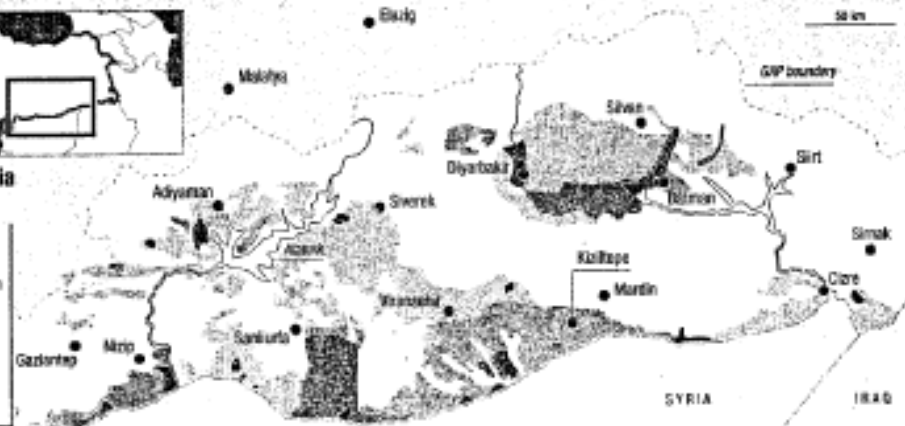
the government is being asked to provide export credit guarantees of some £20m to the chief construction contractor, Balfour Beatty.

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South-east Anatolia Project



tion, cause any water shortages downstream.

Although the Ilisu project is entirely hydro-electric, the associated Cizre dam on the Tigris is intended for irrigation as well, for some 120,000 hectares. Indeed, while some 60 per cent of the hydro-

power to be produced by the whole GAP project from both rivers is already available, only 11 per cent of the irrigation schemes have been completed. A further 10 per cent is under construction, according to Dr Olcay Unver, president of the GAP administration.

Use of water from the two rivers for massive irrigation schemes is perhaps the most controversial aspect for many environmentalists. Excessive salination, and lack of evacuation channels for water used in surface irrigation, are two looming problems. But whether the irrigation plans would hit supplies to Syria and Iraq is still a moot point.

A 1987 protocol between Turkey and Syria guaranteed a minimum flow of 500 cumecs (cubic metres per second) in the Euphrates at the border. So far, the Turks insist they have more than kept their side of the bargain, providing an average of around 700 cumecs. If water flow ever sinks below 500 cumecs in the dry season, any shortfall is made up in the following month.

"This region is one of the most water-short regions in the world," says Professor Dogan Altinbilek, director-general of the Agency for State Hydraulic Works (DSI). "You depend on rain-fed irrigation, at the mercy of the

climate. But there doesn't have to be a water war in the Middle East. Turkey uses the least amount of water (of the riparian states) from the Tigris and Euphrates."

He argued that the Tigris, for example, has highly erratic water flow, varying by a factor of up to 40 between dry and wet seasons. Annual water flow in dry years can be only one-fifth of that in years of heavy rainfall. By building the Ilisu dam, the water flow can be regulated, water stored during the rainy season, and the risk of flooding decreased, he says.

He admitted, however, that no progress had been made towards a collaboration agreement on water usage between Turkey, Syria and Iraq. But Turkey insisted that it would never exploit its position to pressurise its downstream neighbours.

"Turkey has never used water as a weapon," he says. "When our southern neighbours were under international embargoes, there were suggestions that we should embargo water, too. This will never be something we consider. We will never make water a reason for war."

Prof Altinbilek also insisted that everyone who loses land to the GAP projects will be compensated, as

laid down by the Turkish constitution. Moreover, resettlement is voluntary rather than compulsory, as in China, he says. Those affected had a choice of where they went to, and were given a house, a plot and rehabilitation.

Quite how much the Kurdish population is involved in genuine consultation about the projects is less clear. As far as the Ilisu dam is concerned, much of the work on resettlement alternatives is yet to be done. Proper compensation and resettlement is one of the assurances the British government is seeking from the Turkish government.

Indeed, it is unclear how much the local population supports the overall GAP programme, as a source of future jobs, and how much it is resented, as an imposition from Ankara, and a project designed to provide electricity supplies for the rest of the country.

What is clear is that the Turkish authorities are determined to press ahead with their ambitious plans, however much environmental opposition they may arouse in the outside world.

"There is enough water for everyone," says Professor Iker Turan, of Bilgi university in Istanbul. "But everyone has to treat water conservation responsibly."



South-east Anatolia project

Panos Pictures



PRIVATISATION by Leyla Boulton

# Foreigners watch from the sidelines

Legal disputes have given sell-offs a poor reputation

Privatisation enjoys a poor image in Turkey. It is now trying to fix the picture, starting with renewed sell-offs in fields ranging from telecommunications to transport. Held up by legal disputes, privatisation has not been allowed to demonstrate its benefits to the public. And government corruption has been such that many Turks do not trust promises of "clean and transparent" privatisation.

Potential foreign investors meanwhile have stood sceptically on the sidelines. The government led by Süleymen Demirel, the prime minister, who has a reputation for personal honesty, has a better chance of laying these doubts to rest than any of its predecessors.

Accused by trade unions of betraying his former left-wing ideals, Mr Demirel has been a late convert to privatisation. He sympathises with workers who fear it will spell job cuts at bloated state-owned enterprises. But he supports it as essential to his government's ambitious programme to cure Turkey's chronically high inflation with the support of the International Monetary Fund.

With its ability to insist on reforms in return for the disbursement of its \$4bn standby loan, the IMF has been instrumental in pushing for timely privatisation.

A sell-off timetable designed to raise \$7.5bn this year alone got off to a promising start on March 3 when the government appeared successfully to auction a 51 per cent stake in Petrol Ofisi, the country's biggest chain of petrol stations. The stake was sold to a consortium including Isbank, the country's biggest banking and industrial conglomerate, which, in association with different partners, was awarded an earlier botched sale of the company in 1998.

A public offering of 15 to 20 per cent in Tupsas, the state-owned oil refiner, is taking place this week, the second big item on the government's sell-off agenda. Monday saw the launch of a sale of two new GSM licences which will generate about \$1.5bn in new revenues for the government while providing fresh compa-

cellular phone operators.

By July the government hopes to launch the sale to a strategic investor of a 20 per cent of Türk Telekom, the fixed-line monopoly revalued to be worth more than \$10bn. Later in the year it proposes to sell a minority stake in Turkish Airlines, the national carrier. Over the next decade, railways may also become ripe for privatisation.

By the end of this year, Ankara expects to have finalised deals to transfer the operating rights for state-owned power plants and electricity distribution networks to private operators.

Although they are a half-way house to privatisation, the government has promised in future to opt for outright asset sales. In the meantime, Gökhan Yardim, the chairman of Botaş, the state-owned pipeline operator, says the transfer of operating rights to operators who will rehabilitate networks and run them more efficiently will help cut waste, which loses about 30 per cent of electricity generated. Companies must obtain approval for the revision of contracts to incorporate the new legislation allowing international arbitration in public sector contracts.

Added legal difficulties have bogged down contracts won by consortia, including media groups, such as Dogan Holding. After the government awarded electricity distribution rights for the Istanbul area to a consortium including Dogan, the Danistay, the country's highest administrative court, last month reiterated its opposition, stating that Dogan was ineligible because of a law prohibiting companies which control more than 10 per cent of the broadcasting market from entering into "any kind of contracting with the government". Dogan argues that its stake is less than 10 per cent.

Yurdakul Yigitguden, under-secretary at the ministry for energy and natural resources, says the government will automatically support an appeal by Dogan, since it awarded the contract in the first place.

Ugur Bayar, the chairman of the government's privatisation

argues that this legislation in no way threatens the sale of Petrol Ofisi even though Isbank's partner is Dogan. One lawyer suggested that it would be difficult to argue that privatisation qualified as "contracting with the government" if Ankara moved quickly to sell its remaining shares in Petrol Ofisi.

It is understood the government intends to sell off shares still owned by the state in two or three tranches, once a private sector operator has restructured the company and made its shares more valuable.

But even if Ankara sets out remaining legal obstacles to privatisation, two further questions remain. The first has to do with the government's preparedness to relinquish control of state-owned enterprises after ceding minority stakes in them.

Only Petrol Ofisi will see the transfer of a controlling stake to new owners, with one official explaining that the company would otherwise prove unsellable. It is hard to avoid the impression that the government sees privatisation primarily as a revenue-raising exercise, since none of the proceeds will be ploughed back into the companies.

The government has also done little to explain either to the general public or to the workers of the companies earmarked for sale what is in it for them.

The other question concerns the extent to which Turkey will encourage foreign investors to acquire assets as they are privatised. It set a 49 per cent restriction on foreign ownership of the GSM licences, and all consortia bidding for the licences combine foreign telecom operators with powerful domestic conglomerates that have no expertise in telecommunications.

Fatih Yurdal, the outgoing general manager of Türk Telekom, says there will be no such restriction on consortia bidding for the 20 per cent strategic stake of his company. But he concedes that the government has not yet considered whether to give up its controlling stake in Türk Telekom, or whether foreigners would eventually

WATER by Leyla Boulton

# Private

With the removal of some of

A 15-year contract won by Thames Water, the UK utility, to supply water for the industrial town of Iznit could set a trend for a privately-run water and sewerage industry in Turkey. But, in spite of being heartened by the new law allowing international arbitration in disputes, Thames for one does not expect a bonanza of new contracts, at least in the short run.

Thames, together with Turkish and Japanese partners, completed the \$500m deal to build the biggest privately-financed water plant in Turkey in 1998. It had secured a special exemption from legislation which at the time gave Turkey's highest administrative court, the final say in disputes.

But now that the main legal obstacle to foreign investment has been removed, it is up to Turkish municipalities to seek private operators to run their water and sewerage. The Turkish state must also remove bureaucratic obstacles which still hinder financing and deal-making, while financiers must become convinced that projects can generate sufficient and reliable revenues to recoup investments. Public infrastructure deals have traditionally been secured by Turkish treasury guarantees, but there is a limit to the number of guarantees Turkey can afford to issue.

Nonetheless, examples worldwide show that private water operators - led by French and British companies which have the longest experience of running private sector water and sewerage services at home - can enhance significantly the quality and cut the costs of infrastructure traditionally operated by the state. For companies such as Thames, which face saturated and increasingly regulated markets at home, expanding abroad is an important opportunity to generate growth for shareholders.

But the undoubted improvements brought to customers by private sector operators have usually been accompanied by an increase in charges, which can prove politically unpopular. The very notion that handing over public services to private operators can benefit consumers will also need some careful selling before



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# Private schemes trickling in

With the removal of some obstacles to foreign investment, municipalities can seek private operators

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The Izmit plant is generating only 70 per cent of the revenues it needs to become self-financing

in the concept translates into a proliferation of contracts.

Yurdakul Yigitguden, under-secretary at the ministry for energy and natural resources, concedes that "cost pressures will move municipalities more and more to buy services from outside". But, he warns, transferring services to private operators "won't work if the consumer has to pay double or triple" what he was paying state-owned utilities.

Although a separate Izmit sewerage plant financed by the European Investment Bank did require a real increase in charges, the Thames project anticipated instead an increase in demand from industrial users. Factories in the industrial heartland around Izmit

have so far abstracted water from private wells, or, to the detriment of the environment, from a local lake.

But with the exception of one new recent customer, new demand has not been forthcoming from industry. Nor has extra water been required by Istanbul, the country's biggest city, just to the northwest of Izmit, as also expected originally.

As a result the Izmit plant is generating only 70 per cent of the revenues it needs to become self-financing. It did, however, receive a boost of sorts from the devastating earthquake which struck the area on August 17.

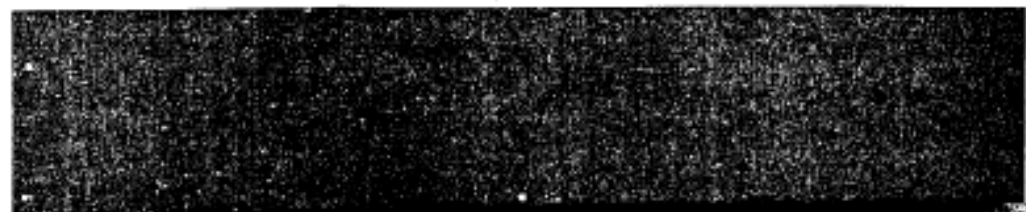
Thames was not only able to show its "commitment to the people" of the region when it flew in both humanitarian aid and extra manpower to help fix leaky pipes

and burst mains in Izmit proper. The plant - which suffered only trivial damage from the earthquake - was also able significantly to increase capacity to supply neighbouring towns whose older systems were damaged in the wake of the disaster. Since then, it has retained a new customer. It is now the back-up supplier for the neighbouring town of Gölcük, helping to increase the plant's revenues to 70 from 60 per cent of the level required for the project to pay for itself.

Turkey's acceptance at the end of last year as a full candidate for membership of the European Union represents a further opportunity for private sector water utilities. Stringent new environmental standards for water quality have been the main

driver of big investments in costly new water and sewerage plants in the European Union. As a precondition of membership, candidate countries are expected to go far towards embracing standards that constitute an important part of the so-called *acquis communautaire*.

In the meantime however, until the Izmit plant does become self-financing, Thames and its partners enjoy a Turkish government guarantee to make up the shortfall in revenues. "The commercial issues are nothing that would horrify us at this stage of such a major development," says Jim Bentley, Thames' country manager for Turkey. "There's not a feeling that this project is anything but a big success."



party continues to be a national or local level. In Turkey, responsibility projects," says Mr Ozgen. The constitutional amend-

Ankara and Izmir, and

REGULATION by Leyla Boulton

# Barriers are slowly being removed

Turkey still lacks a coherent system for securing a fair deal for consumers and a level playing-field for market participants

Years after embarking on a still fraught path to privatisation, Turkey is only just getting to grips with the task of regulating markets as they are liberalised. Nowhere is the time lag between the establishment of private operators and the creation of market regulators as big and as problematic as in the energy sector.

But regulation is also overdue in other sectors, including telecommunications, where two private sector companies have since 1996 operated 25-year GSM licences. The partial privatisation of Turk Telekom, the national fixed line monopoly, expected this summer, will be accompanied by the creation of a telecoms regulatory board. The five-member body, which must be up and running by June 29, will police both fixed line and mobile telephony at a crucial time for the industry.

Turkey has promised to dismantle Turk Telekom's fixed line monopoly by 2004, a year earlier than the deadline set by the World Trade Organisation. It is also on the verge of an explosion in competition for cellular telephone customers after inviting bids for the auction on April 3 of two new GSM licences. A fifth licence is to be sold to Turk Telekom for no less than the price fetched at this month's auction.

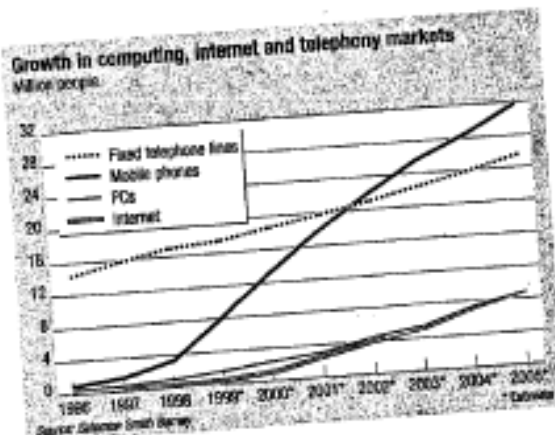
But it could take up to two more years to create a new regulatory framework for electricity even though the government has been trying for longer than that to transfer electricity generation and distribution rights to private operators. The regulatory

vacuum has until now been filled by a complex web of government bureaucracy and the judiciary.

Until the landmark legislation allowing international arbitration was passed in August, the Danistay, the country's highest administrative court, had the final say in any disputes over contracts involving the provision of services to the public. While that obstacle to foreign investment has now been removed, Turkey still lacks a coherent system for securing either a fair deal for consumers or a level playing-field for market participants. The picture is further blurred by a perception that personal connections between Turkish companies and the state apparatus can make all the difference to whether a deal proceeds.

Yurdakul Yigitguden, undersecretary at the energy ministry, expects an independent electricity regulator - modelled on the British system and in line with European Union directives - to emerge by the end of 2001. Well before then, although he is hard pressed to name a date, he expects Ankara to have also finalised contracts for new power plants, together with the transfer of operating rights for eight generators and 14 distribution networks until now operated by the state.

Companies are now applying to revise these contracts to incorporate into them new legal provisions allowing international arbitration in disputes, and a switch from administrative to private law. In the longer-term, by 2005 according to the World Bank, the government



has undertaken to abandon the transfer of operating rights in favour of outright asset sales. It has also agreed with the World Bank, as part of a structural reform package, to eschew in future expensive take or pay contracts agreed in the past by Teas, the state-owned electricity utility, for a more competitive market model.

"Our target is clear," says Mr Yigitguden. We'll have a liberalised electricity market, and a regulatory board taking care of tariffs and contracts between parties so there are no abuses by one party or another."

Mr Yigitguden says Turkey will achieve "full competition" in two phases. The first, introducing competition for access to the markets, is virtually complete, he argues. "All companies that wish to enter the market are now seeking to do so under very heavy competition," he says.

The second phase is to achieve "competition in the market". "As we target the second phase, there is a discussion of the ways and means on how to achieve this target after a certain transition period," he says.

He expects Turkey will clarify within a few months the terms for transition periods that will vary according to the type of contract involved. State-owned generation capacity and the transmission network will be split into two separate companies. Until a fully free market is introduced, a third trading company will gather all existing electricity sales contracts under one roof. It will also match demand with the supply of electricity generated in excess of capacity foreseen by contracts

between private sellers and state-dominated utilities.

Companies will be able to trade excess electricity they produce at prices determined by the market, with the state guaranteeing to buy just 85 per cent of a company's generating capacity.

Oil and gas markets are to be regulated by a separate independent body. This will build on the recent deregulation of petrol prices as well as the privatisation already under way of both Petrol Ofisi, the country's biggest chain of petrol stations, and Tupras, the state-owned oil refiner. Separately, Botaş, the state-owned pipeline company, is to lose the de facto monopoly it has wielded over the domestic gas market.

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London: Jonathan Liebenau, PhD  
 Fax/Tel: +44 20 7503 5464  
 e-mail: liebenau@terra.nu.ecom  
 Istanbul: Nihal Bayraktar  
 Tel: (90) (212) 219 29934  
 Mobile (90) 532 304 8300  
 e-mail: nibe@ecm@superonline.com.tr

**Liebenau & Associates, Ltd., Consultants**



# Pipeline diplomacy to enhance regional power

Turkey's ambitious projects have received critical support from the US for geopolitical reasons

"The closest thing Turkey has to a national strategy for anything - if it can implement it," is how Ali Koç, co-ordinator for the development of new businesses at Koç Holding, describes the government's high profile pipeline politics. If that is so, it has a lot to do with the fact that Turkey is Europe's fastest growing energy market. Annual demand for natural gas alone is expected at least to quintuple to 50bn cubic metres by 2010.

Apart from satiating its hunger for energy, the development of new pipelines to transport Caspian oil and gas to western markets via its territory would enhance Turkey's regional power. Turkey's geographic location - between Europe and the Middle East, as well as the Caucasus and Central Asia - makes it a strategic destination for sellers of oil and gas.

The projects have also received powerful backing from the US, Turkey's closest ally, for geopolitical reasons. Washington sees an oil pipeline from the Azeri capital Baku to the Turkish port of Ceyhan and a Trans-Caspian Gas Pipeline from Turkmenistan as boosting the independence of the former Soviet republics. Despite having hitherto viewed pipeline politics also as a tool for isolating Iran, the US argued that its recent rapprochement with Tehran would not alter its support for the Baku-Ceyhan oil pipeline.

"These are top priority projects for Turkey and both are progressing," says Yurdakul Yigitguden, the top civil servant at the Turkish energy ministry who has stoutly promoted both as

three governments have come and gone in as many years.

Progress until now has been painfully slow, especially in securing the agreement of the countries that the projects are supposed to benefit. Now, however, Turkey believes that differences between producers, such as Azerbaijan and Turkmenistan, as well as Georgia, a transit country, are resolved or so close to resolution that projects can move on to the final test of whether they can be financed.

After five months of wrangling, Azerbaijan and Georgia announced on March 22 that they had finally agreed a compromise on Georgian transit fees. This removed the main obstacle preventing oil companies involved in developing Azeri oil exports from putting together a commercial proposal for financial institutions to consider.

Among western oil companies, some of which feel they were brow-beaten with the help of US pressure into backing Baku-Ceyhan, doubts still persist, however, about the projects' commercial viability. US government pressure is again likely to be brought to bear, this time in encouraging banks to finance the proposed pipelines. "These projects are an extension of US foreign policy," argues one European banker. "This is why you will see US banks involved".

Meanwhile, Turkey has tried hard to help make the projects attractive to financiers. It has agreed for instance to guarantee any overruns above its \$2.4bn estimate for the project, which includes \$1.4bn for the Turkish segment of the pipe-



line.

Gökhan Yardım, the chief of Botas, the Turkish pipeline monopoly, which will lead the construction within Turkey, is confident that the Turkish section can be built for \$1.4bn or less. "The difference will be our profit. The main [variable] parameter in cost is steel prices." Mr Yigitguden at the energy ministry stresses that the proposed \$2.5bn-\$3bn Trans-Caspian gas pipeline from Turkmenistan to Turkey is also "very strategic but must be commercial too".

The project's commercial sponsors, PSG, a joint venture between GE Capital and Bechtel of the US, and Shell, all say they are confident that the money will be found to build the project once differences among political differences are resolved.

But here, too, local rivalries have loomed large. Turkmenistan earlier this year began negotiating a rival gas sale to Russia in what many analysts saw as a ploy to resist Azeri efforts to share the pipeline, following Azerbaijan's own discovery of gas reserves last year.

Süleyman Demirel, the Turkish president, has sought to mediate between his Azeri and Turkmen counterparts and paint "the

bigger picture" of the benefits of an agreement.

But Ankara has also discreetly waved whatever sticks it has to secure agreement. It has told Azerbaijan it will not sign a promised agreement to purchase Azeri gas until Baku-Ceyhan is finalised. It has also served notice that it would not buy any Turkmen gas offered for sale by Russia if Turkmenistan were to go ahead with a far from final accord to sell 50bn cubic metres a year to Russia.

The proposed gas pipeline is in direct competition with Blue Stream, a Russian-Italian scheme to pipe more Russian gas exports to Turkey via the Black Sea. Moscow and Washington are scrambling to get their pet projects off the ground first for, as Ram Vyakhirev, head of Gazprom, Russia's gas monopoly, puts it, "in this race the one who starts first will win". The Gazprom-ENI partnership announced earlier this year that construction of Blue Stream had actually started.

Turkey argues that it can easily absorb gas from both sources although it makes no secret of the fact that it views competition between projects that may not all succeed as healthy.

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**SOUTH-EASTERN ANATOLIA PROJECT** by Quentin Peel

# Communication gaps hir

The development project, which will harness the waters of the Tigris and the Euphrates, is a big project in terms of its scale and the controversies which surround it

Everything about Turkey's South-eastern Anatolia Project, known by its acronym GAP, is writ large, including the controversies. It is by far the most ambitious development project in the country, intended to harness the waters of both the great Euphrates and Tigris rivers, and bring new economic development to nine provinces.

It covers a region of more than 75,000 square kilometres, nearly 10 per cent of Turkey, and containing some 20 per cent of the land identified as potentially irrigable. The plans, conceived back in 1977, envisage a network of 22 dams and 19 hydro-electric power plants to irrigate 1.7m hectares of land, and provide energy to a power-hungry country, at a cost of some \$32bn.

Yet, in spite of the fact that it is supposed to bring sorely-needed prosperity to one of the poorest regions of Turkey, creating 3.9m new jobs, and tripling per capita incomes, it remains highly controversial, especially outside the country.

If that were not enough, it also boasts priceless archaeological remains from the rich history of Mesopotamia, some of which will eventually disappear beneath the waters of the dams under construction.

The latest controversy

**It is unclear how much the local population supports the overall GAP programme**

That is perhaps hardly surprising, considering that the dams are being built in a region torn by years of civil war, and bordering both Syria and Iraq, two of Turkey's most sensitive and potentially troublesome neighbours.

concerns the planned \$2bn Ilisu dam and hydro-electric project on the Tigris river, close to the Syrian border, intended to provide power supplies of some 1200MW. The plans have triggered a passionate political debate, not least in Britain, where


the government is being asked to provide export credit guarantees of some \$220m to the chief construction contractor, Balfour Beatty.

Objectors claim the scheme will force the resettlement of at least 15,000 mainly Kurdish people, flood the historic town of Hasankeyf, as well as scores of smaller villages, and cause water shortages and possible pollution downstream in Syria and Iraq.

Its defenders maintain that it will bring prosperity and economic development to the region, where Kurdish militants belonging to the Kurdistan Workers' Party (PKK) have been fighting the Turkish military 15 years. They also insist that what is primarily a hydro-electric scheme will not, by defini-



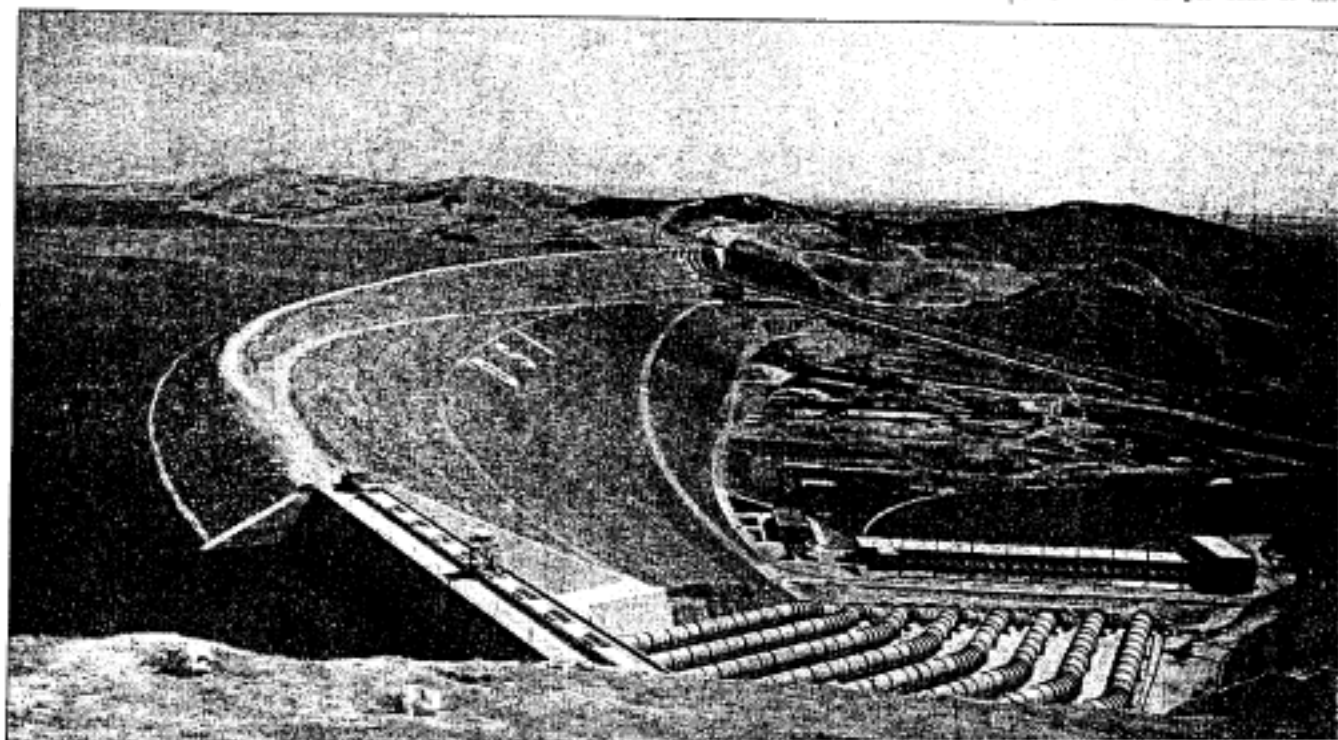
**South-east Anatolia Project**

-  In operation
-  Under construct
-  Planned and definite projects
-  Master plan

Source: GAP Regional Development Administration

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tion, cause any water shortages downstream.

Although the Ilisu project is entirely hydro-electric, the associated Cizre dam on the Tigris is intended for irrigation as well, for some 120,000 hectares. Indeed, while some 50 per cent of the hydro-

power to be produced by the whole GAP project from both rivers is already available, only 11 per cent of the irrigation schemes have been completed. A further 10 per cent is under construction, according to Dr Olcay Unver, president of the GAP administration.

Use of water from the two rivers for massive irrigation schemes is perhaps the most controversial aspect for many environmentalists. Excessive salinisation, and lack of evacuation channels for water used in surface irrigation, are two looming problems. But whether the irrigation plans would hit supplies to Syria and Iraq is still a moot point.

A 1987 protocol between Turkey and Syria guaranteed a minimum flow of 500 cumecs (cubic metres per second) in the Euphrates at the border. So far, the Turks insist they have more than kept their side of the bargain, providing an average of around 700 cumecs. If water flow ever sinks below 500 cumecs in the dry season, any shortfall is made up in the following month.

"This region is one of the most water-short regions in the world," says Professor Dogan Altinbilek, director-general of the Agency for State Hydraulic Works (DSD). "You depend on rain-fed irrigation, at the mercy of the

climate. But there doesn't have to be a water war in the Middle East. Turkey uses the least amount of water (of the riparian states) from the Tigris and Euphrates."

He argued that the Tigris, for example, has highly erratic water flow, varying by a factor of up to 40 between dry and wet seasons. Annual water flow in dry years can be only one-fifth of that in years of heavy rainfall. By building the Ilisu dam, the water flow can be regulated, water stored during the rainy season, and the risk of flooding decreased, he says.

He admitted, however, that no progress had been made towards a collaboration agreement on water usage between Turkey, Syria and Iraq. But Turkey insisted that it would never exploit its position to pressurise its downstream neighbours.

"Turkey has never used water as a weapon," he says. "When our southern neighbours were under international embargoes, there were suggestions that we should embargo water, too. This will never be something we consider. We will never make water a reason for war."

Prof Altinbilek also insisted that everyone who loses land to the GAP projects will be compensated, as

laid down by the Turkish constitution. Moreover, resettlement is voluntary rather than compulsory, as in China, he says. Those affected had a choice of where they went to, and were given a house, a plot and rehabilitation.

Quite how much the Kurdish population is involved in genuine consultation about the projects is less clear. As far as the Ilisu dam is concerned, much of the work on resettlement alternatives is yet to be done. Proper compensation and resettlement is one of the assurances the British government is seeking from the Turkish government.

Indeed, it is unclear how much the local population supports the overall GAP programme, as a source of future jobs, and how much it is resented, as an imposition from Ankara, and a project designed to provide electricity supplies for the rest of the country.

What is clear is that the Turkish authorities are determined to press ahead with their ambitious plans, however much environmental opposition they may arouse in the outside world.

"There is enough water for everyone," says Professor Iker Turan, of Bilgi university in Istanbul. "But everyone has to treat water conservation responsibly."



South-eastern Anatolia project

Panos Pictures

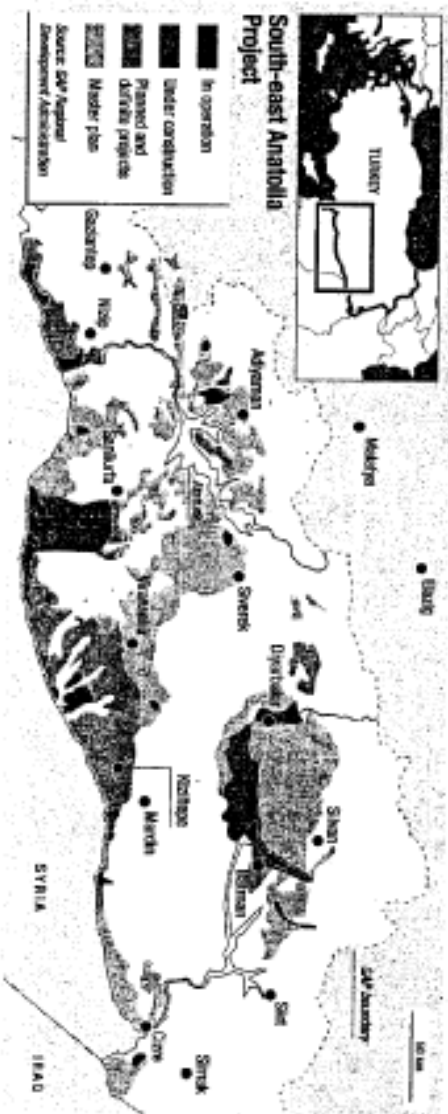
# gaps hinder dam project

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Tenders). The tender is the latest in a string of state sell-offs which officials say could net up to \$9,000 million-10,000 million this year.

Isdemir is the country's second largest integrated steel plant, with capacity of 2.2 million tonnes a year (t/y). The company posted losses of TL 42.6 million million (\$70.1 million) for the first 10 months of 1999 on sales of TL 119 million million (\$199 million). Productivity remains low due to inadequate investment in technology and high production costs. Earnings have also come under pressure from the recent collapse of prices for long steel products, industry analysts say.

According to the terms of the tender, the winner will be required to transform Isdemir into a flat steel producer within five years at an estimated cost of \$600 million-700 million. The restructuring will help rectify the imbalance in the local steel sector, where there is excess demand for flat steel products and overcapacity in long products, which make up 81 per cent of total steel production.

**Eregli Iron & Steel Works (Erdemir)**, the country's sole flat steel producer, is one of several companies planning to bid for Isdemir. The purchase would be in line with its strategy of doubling capacity to 6 million t/y by 2005 to meet local demand for flat steel products. Erdemir vice-president for finance Kemal Ozden says the company will invest an estimated \$700 million over the next seven years to expand Isdemir's capacity if it wins the tender. He adds that the transaction would be financed internally given Erdemir's strong balance sheet.

Privatisation is a key element of the government's three-year disinflation and reform programme launched in January. Economy Minister Recep Onal said in mid-April that almost half of the \$7,600 million revenue target for 2000 had been reached and that revenues could exceed the budgeted figure by \$1,500 million-2,000 million.

## Bids invited for Bursa sewerage works

The Bursa Water & Sewerage Administration has invited prequalification bids by 30 May for the first package of sewerage works as part of the Bursa water and sanitation project.

The contract, BurSan-1, entails the construction of 33 kilometres of sewers and 7.5 kilometres of collectors. The work is expected to involve 225,000 cubic metres of excavation, 125,000 cubic metres of earth filling and 7,000 cubic metres of concreting. The contract, financed by the European Investment Bank, is for completion in two-and-a-half years.

Bids were invited by the administration by mid-February for the operation and maintenance (O&M) of water supply and sewerage systems (MEED 14:1:00, Tenders).

## Central bank plans new lira

Central Bank of Turkey governor Gazi Ercel on 25 April announced plans to knock six zeros from lira banknotes at the beginning of 2001 as part of the disinflation programme.

Ercel said introduction of the new currency must take effect on the first day of a new year. "If there is a delay in technical preparations, it can be delayed to the beginning of 2002," he said.

Ercel said introduction of the new lira, which would be equal to about \$2, would be made possible by a sharp fall in inflation over the coming months. Under the three-year, IMF-backed economic reform programme, the government has set an end-of-year inflation target of 20 per cent. The rate is currently running at about 65 per cent.

Analysts say the move is consistent with disinflation, although some add that it may be more prudent to wait until the rate of price increases falls to single digits before introducing the new currency. Targets call for a reduction of inflation to 12 per cent by 2002 and to 7 per cent by 2003.

## IN BRIEF

→ US credit ratings agency **Standard & Poor's (S&P)** on 25 April upgraded Turkey's long-term foreign currency rating to B+ from B and affirmed the short-term rating of B. The agency also assigned a first-time rating to Turkey's lira-denominated debt, of B+. The upgrade reflects the achievements of the three-year stabilisation programme, including a substantial fiscal adjustment, privatisation and progress made in structural reforms. Following the upgrade, S&P raised its long-term foreign currency ratings on the following banks to B+ from B: **Export Credit Bank of Turkey, Turkiye Garanti Bankasi, Osmani Bankasi** and **Korfezbank**. The agency also raised its long and short-term foreign currency ratings on **Ziraat Bankasi (Agricultural Bank)** to B+ and B respectively from B- and C. The outlook on the five ratings remains positive.

→ The government recorded a primary budget surplus of TL 2,670 million million (\$4,452 million) for the first three months of 2000. This is almost double the target of TL 1,371 million million (\$2,286 million) for the quarter and compares with a deficit of TL 109 million million (\$182 million) recorded in the first three months of 1999. The turnaround reflected a 51 per cent dollar-term increase in tax revenues and a 15 per cent rise in non-tax revenues. Analysts say the government is likely to meet the fiscal targets set out in its three-year disinflation programme, especially given the recent success of privatisation. The programme calls for a primary surplus of 2.2 per cent of gross national product (GNP) in 2000 against a deficit of 2.7 per cent last year (MEED 14:1:00).

→ The government has postponed the award of the tender to build the Akkuyu nuclear power plant for a further three months. The winner was due to be announced on 22 April. The three groups bidding to build the \$2,500 million-4,000 million plant have been asked by the state-owned **Turkish Electricity Generation & Transmission Corporation (TEAS)** to extend the validity of their bids until 24 July. Officials say the treasury's refusal to guarantee the financing of the plant until 2003

was a factor behind the delay. International companies participating in the tender include the US **Westinghouse Electric Corporation**, Germany's **Siemens**, France's **Framatome**, the French/German **Nuclear Power International** and **AECL** of Canada (MEED 11:2:00).

→ Fears of a political crisis were eased on 25 April after all government and opposition leaders agreed to back the same candidate in the forthcoming presidential elections. Members of the government coalition and opposition parties agreed to back Constitutional Court chairman Ahmet Necdet Sezer to replace President Demirel when he steps down on 16 May. The election, by the 550 MPs, started on 27 April. The consensus follows fears that government division over the presidency could jeopardise the implementation of the three-year, \$4,000 million disinflation programme. Share prices at the Istanbul Stock Exchange rose 5 per cent on the news (see Stock Market Watch).

## UAE

### Ten developers selected for Shuweihat

Abu Dhabi Water & Electricity Authority (ADWEA) is understood to have notified 10 international developers that they have been selected to bid for the Shuweihat independent water and power project (IWPP) in the western region. In notifying the selected developers, ADWEA said that the request for proposals (RFP) for Shuweihat was due to be issued by the end of April. Developers are expected to be given four months to prepare their bids.

Shuweihat will be the third, and to date the largest, IWPP in the Abu Dhabi utility restructuring and privatisation programme. New proposals for the second — the acquisition and expansion of the Taweehah A-1 plant — are scheduled to be returned to ADWEA in early June by the two shortlisted developers, the US **CMS Energy** and France's **TotalFinaElf** with Belgium's **Tractebel** (MEED 28:4:00).

The selected developers for Shuweihat are:

- Belgium — **Tractebel**
- France — **Electricite de France, TotalFinaElf**
- Japan — a group comprising **Mitsui & Company** and **Tokyo Electric Power Company (Tepco)**
- the UK — **National Power**
- US-based — **ABB Energy Ventures, AES Corporation, CMS Energy, El-Paso Energy** and **PSEG Global**

Developers will bid for the work on the basis of taking a minority interest in a new utility company which will carry out the project on a build-own-operate (BOO) basis. The plant is expected to have capacity of 1,500 MW and 100 million gallons a day. The extensive site preparation work will be outside the developer's remit and will be undertaken by ADWEA itself (MEED 19:11:99).

The project is due to be completed by the summer of 2004. The plan is that the plant will be doubled in size at a future date. Shuweihat

1,300 kilometres. Phosphate and bauxite supplies would then be transported to Dammam using the existing Riyadh-Dammam track. The Riyadh-Jeddah connection would mostly comprise goods transport, also allowing a further link to Dammam. The cost of the two projects is estimated at \$3,900 million-4,900 million.

The study suggests the Jeddah-Makkah-Medina passenger link, geared towards transporting pilgrims during the Hajj season, is not financially viable.

## Two bid for Shuaiba phase 2 expansion

Two lump sum turnkey bids have been received for the second phase 700-MW expansion of the Shuaiba power plant planned by Saudi Consolidated Electric Company for the Western Region (EWR). Sources close to the project say Italy's Enelpower and the European ABB Alstom Power have submitted offers for supply and installation of the two 350-MW steam turbine units.

Enelpower is understood to have submitted two options on the units 4 and 5 expansion. One option is expected to involve Ansaldo Energia, also of Italy, supplying the two turbines. Sources suggest that under the alternative option, Japan's Mitsubishi Heavy Industries would provide the generating units. The pricing of the offers has not been divulged.

Build-own-operate (BOO) bids for the Shuaiba expansion are due by a mid-May deadline (MEED 14:4:00).

## Siemens in line for GIS substation

Germany's Siemens has been awarded a letter of intent for construction of a 380-kV gas insulated switchgear (GIS) substation at Halta for Saudi Consolidated Electric Company for the Central Region (Secco-Central). The company is understood to have submitted the lowest bid at SR 207 million (\$55 million).

The other bidders were the local Al-Fanar Construction Company, the local/South Korean Middle East Engineering & Development Company (Meedco), the European ABB, Japan's Mitsui & Company, the UK/Austrian VA Tech Reyrolle and France's Cogeflex Alstom (MEED 10:12:99).

## IN BRIEF

Austria's Doppelmayr Seilbahnen has won a \$5 million contract from the local Taif Investment & Tourism Company to install a cable car link between Al-Hada and Karr in the Makkah region. The cable car project will stretch 4.2 kilometres, with a capacity of 1,000 passengers an hour. The project is intended as part of a number of new tourist attractions planned for the area, including parks and restaurants.

First-quarter earnings at Saudi Basic Industries Corporation (Sabic) have risen dramatically over the same period in 1999, with net profits up 434 per cent to SR 924 million (\$246.3 million). Sabic managing director Mohamed al-Mady attributed the rise in earnings to the demand-driven increase in international petrochemicals prices. A company statement added that higher production and sales and continuing efforts to achieve cost reductions also contributed to the increased profits. Total production in the quarter rose 10 per cent to 6.6 million tonnes and sales were up 14 per cent over last year. First-quarter income was up 10.4 per cent over the SR 837 million (\$232.1 million) earned in the fourth quarter of 1999.

Net income for the three months to 31 March at Al-Rajhi Banking & Investment Corporation rose 17 per cent to SR 422.4 million (\$112.6 million). Customer deposits were up 13.9 per cent to SR 33,750 million (\$9,000 million). Loans and advances increased by 16.4 per cent to SR 39,860 million (\$10,629 million).

First-quarter net profits at Saudi Hollandi Bank rose 31 per cent to SR 87.7 million (\$23.4 million) after significant growth in fee and commission income. The bank says slightly increased loan demand and good treasury results were other factors behind the improved performance. Loans and advances were SR 9,500 million (\$2,533 million) in the three months to 31 March, a rise of 6 per cent on the same period in 1999. Income from investment securities was down slightly to SR 88 million (\$23.5 million).

## SYRIA

### Investors cheer easing of foreign exchange rules

Business leaders have welcomed President Asad's decision to abolish a decree that provided for stiff jail sentences for infringements of foreign exchange restrictions. It was announced on 25 April that Asad has scrapped Decree 24, which was introduced in the mid-1980s to curb black market currency dealing. The decree specified a maximum jail sentence of 25 years for hard currency smuggling.

Asad has replaced the previous decree with a new set of rules, under which the longest sentence for any kind of currency infringement is five years.

Rateb al-Shallah, chairman of the Federation of Syrian Chambers of Commerce, said the new measures would be most encouraging for prospective investors.

The newly appointed Prime Minister Mohamed Mustafa Mero has said he is determined to improve conditions for investors, and business leaders say they expect further measures to be announced soon, including reforms to the banking system and the creation of a stock market.

## TUNISIA

Bids have been invited by 16 June for management works over 388 kilometres of road. The African Development Bank is providing finance. The client is the Equipment & Housing Ministry's General Directorate of Roads & Bridges (see Tenders).

National carrier Tunis Air has reported after-tax profits of TD 9.12 million (\$6.8 million) for 1999, a 59 per cent drop from the previous year's figure of TD 22.5 million (\$16.9 million). Revenues were also down, by 2 per cent, at TD 595.3 million (\$446.4 million).

## TURKEY

### Fourth GSM licence to be re-auctioned

The Transport & Communications Ministry is set to re-auction a fourth global system for mobiles (GSM) licence on 2 May through open bidding. However, analysts say the \$2,525 million base price may prove to be too high to justify investment by the shortlisted companies.

The ministry announced on 24 April that it would invite four consortia to bid for the licence on the same terms as the last tender. That tender collapsed on 17 April after the four bidding groups failed to provide the base price at which a third GSM licence was sold to a joint venture of Turklye Is Bankasi (Isbank) and Telecom Italia the previous week (MEED 21:4:00). It is understood that the decision to re-auction the licence was in response to a request by one of the shortlisted groups.

Bankers say Isbank's high bid of \$2,525 million was part of a strategy aimed at preventing interest being shown in the fourth licence by pricing potential competitors out of the market (MEED 28:4:00). They add that it would make no financial sense to purchase a fourth licence at the same price. "It would be bad news for the entire cellular market, diluting value for the existing players and also the new competitors," says Haluk Akdogan of Salomon Smith Barney.

The four consortia invited to bid in the auction are:

□ Sabanci Holding, Dogan Holding and Dogus Holding, all local, with Telefonica of Spain

□ Genpa Marketing, Atlas Industry, Atlas Leasing and Demirbank, all local, with Telenor Mobil of Norway

□ the local Koc Holding, with SBC Communications of the US

□ Filha Holding, Suzer Holding, Finansbank and Nurol Holding, all local, with France Telecom

### Isdemir up for sale

The Privatisation Administration (OIB) has invited bids by 30 June for a 100 per cent stake in integrated long steel producer Iskenderun Iron & Steel Works (Isdemir — see

**From:** ex.mail."ritterhoff@worldbank.org"  
**To:** Dom13.DOPO8(CLAPPG,StewartEK,GREWEM,LUNDSAGERM,NUG...  
**Date:** 5/4/00 2:41pm  
**Subject:** Re: Turkey ERL -- responses to USDOC questions -Reply -Reply

[(b)(5)]

Malachy.Nugent@do.treas.gov on 05/03/2000 11:36:55 AM

**To:** Mary.Beasley@Do.Treas.Gov, Gene.Clapp@Do.Treas.Gov,  
Michael.Colby@Do.Treas.Gov, Robin.Epstein@Do.Treas.Gov,  
Maureen.Grewe@Do.Treas.Gov, Sheila.Herrling@Do.Treas.Gov,  
Margaret.Kuhlowlow@Do.Treas.Gov, Meg.Lundsager@Do.Treas.Gov,  
Elizabeth.K.Stewart@Do.Treas.Gov, Robin Ruth Ritterhoff,  
Sakauemj@State.Gov  
**cc:** Elizabeth.K.Stewart@Do.Treas.Gov, Gene.Clapp@Do.Treas.Gov, Janice L. Mazur  
Eds, Malachy.Nugent@Do.Treas.Gov, Margaret.Kuhlowlow@Do.Treas.Gov,  
Mary.Beasley@Do.Treas.Gov, Maureen.Grewe@Do.Treas.Gov,  
Meg.Lundsager@Do.Treas.Gov, Michael.Colby@Do.Treas.Gov,  
Robin.Epstein@Do.Treas.Gov, Sheila.Herrling@Do.Treas.Gov  
**Subject:** Re: Turkey ERL -- responses to USDOC questions -Reply -Reply

**Date:** 05/03/2000 11:32 am (Wednesday)  
**From:** Malachy Nugent  
**To:** Dom13.DOPO8(BEASLEYM, CLAPPG, ColbyM, EPSTEINR, GREWEM,  
HERRLINGS, KUHLLOWM, LUNDSAGERM, StewartEK),  
ex.mail("ritterhoff@worldbank.org", "SakaueMJ@state.gov")  
**CC:** ex.mail("Elizabeth.K.Stewart", "Gene.Clapp",  
"Jmazur@worldbank.org", "Malachy.Nugent", "Margaret.Kuhlowlow",  
"Mary.Beasley", "Maureen.Grewe", "Meg.Lundsager",  
"Michael.Colby", "Robin.Epstein", "Sheila.Herrling"),  
**Subject:** Re: Turkey ERL -- responses to USDOC questions -Reply  
-Reply

[(b)(5)]

Thanks. Malachy.

0050000001743



[(b)(5)]

Malachy.Nugent@do.treas.gov on 05/03/2000 10:14:17 AM

To: Mary.Beasley@Do.Treas.Gov, Gene.Clapp@Do.Treas.Gov,  
Robin.Epstein@Do.Treas.Gov, Maureen.Grewe@Do.Treas.Gov,  
Sheila.Herrling@Do.Treas.Gov, Margaret.Kuhlowlow@Do.Treas.Gov,  
Meg.Lundsager@Do.Treas.Gov, Elizabeth.K.Stewart@Do.Treas.Gov,  
Gene.Clapp@Do.Treas.Gov, Malachy.Nugent@Do.Treas.Gov,  
Margaret.Kuhlowlow@Do.Treas.Gov, Robin Ruth Ritterhoff  
cc: Elizabeth.K.Stewart@Do.Treas.Gov, Janice L. Mazur Eds,  
Mary.Beasley@Do.Treas.Gov, Maureen.Grewe@Do.Treas.Gov,  
Meg.Lundsager@Do.Treas.Gov, Robin.Epstein@Do.Treas.Gov,  
Sheila.Herrling@Do.Treas.Gov

Subject: Turkey ERL -- responses to USDOC questions -Reply

Date: 05/03/2000 10:09 am (Wednesday)  
From: Malachy Nugent  
To: Dom13.DOP08(BEASLEYM, CLAPPG, EPSTEINR, GREWEM,  
HERRLINGS,  
KUHLOWM, LUNDSAGERM, StewartEK),  
ex.mail("ritterhoff@worldbank.org", "Gene.Clapp",  
"Malachy.Nugent", "Margaret.Kuhlowlow")  
CC: ex.mail("Elizabeth.K.Stewart", "Jmazur@worldbank.org",

"Mary.Beasley", "Maureen.Grewe", "Meg.Lundsager",  
"Robin.Epstein", "Sheila.Herrling").  
Subject: Turkey ERL -- responses to USDOC questions -Reply

[(b)(5)]

Thanks. Malachy.

---

Malachy,

[(b)(5)]

We continue to hope for US Treasury assistance in arranging a meeting  
to discuss some of these issues in more detail.

Thanks,  
Michael B.

>>> ex.mail."rritterhoff@worldbank.org" 05/02/00 04:57pm >>>

[(b)(5)]

00500000001745

[(b)(5)]

----- Forwarded by Robin Ruth Ritterhoff/Person/World  
Bank on  
05/02/2000 02:39 PM -----

James Parks  
05/02/2000 01:14 PM  
Phone: 579+250 ECSPE

To: Robin Ruth Ritterhoff  
cc: Ajay Chhibber, Sally M. Zeijlon, James Sayle Moose, Kathleen B.  
Mccollom

Subject: Turkey ERL

Robin,

[(b)(5)]

00500000001746



[(b)(5)]

00500000001747

Please let us  
know if you have further questions.

Regards, Jim Parks

[(b)(5)]

----- Forwarded by Sally M. Zeijlon/Person/World Bank on  
04/29/2000 03:29 AM -----

Robin Ruth Ritterhoff  
04/28/2000 06:01 PM  
Extn: 88049 EDS01

To: Sally M. Zeijlon  
cc: Kathleen B. Mccollom, James Parks

Subject: Turkey ERL

Sally --

[(b)(5)]

00500000001748

Regards, Robin

CC: ex.mail("Malachy.Nugent", "Mary.Beasley", "Gene.Clap...

00500000001749

U.S. TREASURY DEPAR  
OFFICE OF MIDDLE EAST AND SO.  
Room 5041MT

FAX: 622-0037

F  
A  
X

EKS,  
① How we respond  
to letter to Ted  
from DoC?  
② What are your  
views on a meeting?  
Need to know ASAP?  
Bob  
m. Fuchs  
482-3277  
John - OPIC.  
Eric Long = ERM

DATE Michael Brown =

TO: Bob Conley 2-1228

FROM: Maureen Grewe (622-5504)  
Malachy Nugent (622-9208)  
Adnan Kifayat (622-0907)  
Cameron Haight (622-2576)

1 of 3 page(s)

MESSAGE: Bob - here's the email traffic  
on this Commerce question, plus  
the letters & news they've sent  
us as background on their issue.  
Malachy

② Gene  
INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT  
③ Marlene  
fyi. Rebecca [unclear]

R2000-27/2

FROM: Vice President and Secretary

April 27, 2000

## EXECUTIVE DIRECTORS' MEETING - MAY 18, 2000

## TURKEY - Economic Reform Loan

## Scheduling of Item

The President's Report and Recommendation for a proposed Economic Reform Loan to the Republic of Turkey (R2000-27 dated March 21, 2000) was distributed for consideration at the meeting of April 11, 2000 and then postponed to a date to be determined (R2000-27/1 dated April 6, 2000). The Report is now being scheduled for discussion on Thursday, May 18, 2000.

**Distribution:**

Executive Directors and Alternates  
 President  
 Bank Group Senior Management  
 Vice Presidents, Bank, IFC and MIGA  
 Directors and Department Heads, Bank, IFC and MIGA

**From:** Malachy Nugent  
**To:** Dom13.DOPO8(BEASLEYM, CLAPPG, ColbyM, EPSTEINR, GR...  
**Date:** 5/3/00 11:32am  
**Subject:** Re: Turkey ERL -- responses to USDOC questions -Reply -Reply

[(b)(5)]

Thanks, Malachy.

>>> ex.mail."ritterhoff@worldbank.org" 05/03/00 11:07am >>>

[(b)(5)]

Malachy.Nugent@do.treas.gov on 05/03/2000 10:14:17 AM

**To:** Mary.Beasley@Do.Treas.Gov, Gene.Clapp@Do.Treas.Gov,  
Robin.Epstein@Do.Treas.Gov, Maureen.Grewe@Do.Treas.Gov,  
Sheila.Herrling@Do.Treas.Gov, Margaret.Kuhlow@Do.Treas.Gov,  
Meg.Lundsager@Do.Treas.Gov, Elizabeth.K.Stewart@Do.Treas.Gov,  
Gene.Clapp@Do.Treas.Gov, Malachy.Nugent@Do.Treas.Gov,  
Margaret.Kuhlow@Do.Treas.Gov, Robin Ruth Ritterhoff  
**cc:** Elizabeth.K.Stewart@Do.Treas.Gov, Janice L. Mazur Eds,  
Mary.Beasley@Do.Treas.Gov, Maureen.Grewe@Do.Treas.Gov,  
Meg.Lundsager@Do.Treas.Gov, Robin.Epstein@Do.Treas.Gov,  
Sheila.Herrling@Do.Treas.Gov

**Subject:** Turkey ERL -- responses to USDOC questions -Reply

**Date:** 05/03/2000 10:09 am (Wednesday)

**From:** Malachy Nugent

**To:** Dom13.DOPO8(BEASLEYM, CLAPPG, EPSTEINR, GREWEM, HERRLINGS,  
KUHLOWM, LUNDSAGERM, StewartEK),

0050000001755

ex.mail("ritterhoff@worldbank.org", "Gene.Clapp",  
"Malachy.Nugent", "Margaret.Kuhlou")  
CC: ex.mail("Elizabeth.K.Stewart", "Jmazur@worldbank.org",  
"Mary.Beasley", "Maureen.Grewe", "Meg.Lundsager",  
"Robin.Epstein", "Shella.Herrling")  
Subject: Turkey ERL -- responses to USDOC questions -Reply

[(b)(5)]

Thanks, Malachy.

Malachy,

[(b)(5)]

Commerce  
response to  
Bank staff  
answers to their  
questions

- SOWPS - Unusable

[(b)(5)]

We continue to hope for US Treasury assistance in arranging a meeting  
to discuss some of these issues in more detail.

Thanks,  
Michael B.

>>> ex.mail."ritterhoff@worldbank.org" 05/02/00 04:57pm >>>

[(b)(5)]

Margaret, where do we go from here?

----- Forwarded by Robin Ruth Ritterhoff/Person/World  
Bank on  
05/02/2000 02:39 PM -----

James Parks  
05/02/2000 01:14 PM  
Phone: 579+250 ECSPE

To: Robin Ruth Ritterhoff  
cc: Ajay Chhibber, Sally M. Zeijlon, James Sayle Moose, Kathleen B.  
Mccollom

Subject: Turkey ERL

Robin,

[(b)(5)]



[(b)(5)]

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[(b)(5)]

----- Forwarded by Sally M. Zeijlon/Person/World Bank on  
04/29/2000 03:29 AM -----

Robin Ruth Ritterhoff  
04/28/2000 08:01 PM  
Extn: 68049 EDS01

To: Sally M. Zeijlon  
cc: Kathleen B. Mccollom, James Parks

Subject: Turkey ERL

Sally --

[(b)(5)]

[(b)(5)]

Regards, Robin

CC: ex.mail("Elizabeth.K.Stewart", "Gene Ciapp", "Jmaz...

Malachy,

I just noted a small editing mistake in the background paragraph of my previous e-mail. The following version will make more sense.

Sorry,  
Michael B.  
x3492

[(b)(5)]

**From:** ex.mail."Malachy.Nugent"  
**To:** ex.mail("Robert.Conley", "mitterhoff@worldbank.org...  
**Date:** 5/4/00 3:56pm  
**Subject:** Re: Turkey ERL -- responses to USDOC questions -Reply -Reply -Reply

Date: 05/04/2000 03:52 pm (Thursday)

From: Malachy Nugent

To: Dom13.DOPO8(BEASLEYM, CLAPPG, ColbyM, EPSTEINR, GREWEM,  
HERRLINGS, KUHLOWM, LUNDSAGERM, StewartEK),  
ex.mail("mitterhoff@worldbank.org", "SakaueMJ@state.gov"),  
CONLEYR

CC: ex.mail("Elizabeth.K.Stewart", "Gene.Clapp",  
"Jmazur@worldbank.org", "Malachy.Nugent", "Margaret.Kuhlow",  
"Mary.Beasley", "Maureen.Grewe", "Meg.Lundsager",  
"Michael.Colby", "Robin.Epstein", "Sheila.Herrling"),

Subject: Re: Turkey ERL -- responses to USDOC questions -Reply -Reply  
-Reply -Reply

[(b)(5)]

Thanks. Malachy.

[(b)(5)]

Elizabeth: do you know what the issue is?

>>> Malachy Nugent 05/03/00 11:32am >>>

[(b)(5)]

Thanks. Malachy.

>>> ex.mail."mitterhoff@worldbank.org" 05/03/00 11:07am >>>

[(b)(5)]

0050000001767

[(b)(5)]

Malachy.Nugent@do.treas.gov on 05/03/2000 10:14:17 AM

To: Mary.Beasley@Do.Treas.Gov, Gene.Clapp@Do.Treas.Gov,  
Robin.Epstein@Do.Treas.Gov, Maureen.Grewe@Do.Treas.Gov,  
Sheila.Herrling@Do.Treas.Gov, Margaret.Kuhlow@Do.Treas.Gov,  
Meg.Lundsager@Do.Treas.Gov, Elizabeth.K.Stewart@Do.Treas.Gov,  
Gene.Clapp@Do.Treas.Gov, Malachy.Nugent@Do.Treas.Gov,  
Margaret.Kuhlow@Do.Treas.Gov, Robin Ruth Ritterhoff  
cc: Elizabeth.K.Stewart@Do.Treas.Gov, Janice L. Mazur Eds,  
Mary.Beasley@Do.Treas.Gov, Maureen.Grewe@Do.Treas.Gov,  
Meg.Lundsager@Do.Treas.Gov, Robin.Epstein@Do.Treas.Gov,  
Sheila.Herrling@Do.Treas.Gov

Subject: Turkey ERL – responses to USDOC questions -Reply

Date: 05/03/2000 10:09 am (Wednesday)  
From: Malachy Nugent  
To: Dom13.DOPO8(BEASLEYM, CLAPPG, EPSTEINR, GREWEM,  
HERRLINGS,  
KUHLLOWM, LUNDSAGERM, StewartEK),  
ex.mail("mitterhoff@worldbank.org", "Gene.Clapp",  
"Malachy.Nugent", "Margaret.Kuhlow")  
CC: ex.mail("Elizabeth.K.Stewart", "Jmazur@worldbank.org",  
"Mary.Beasley", "Maureen.Grewe", "Meg.Lundsager",  
"Robin.Epstein", "Sheila.Herrling"),  
Subject: Turkey ERL – responses to USDOC questions -Reply

[(b)(5)]

Thanks. Malachy.

Malachy,

[(b)(5)]

0050000001768

[(b)(5)]

We continue to hope for US Treasury assistance in arranging a meeting to discuss some of these issues in more detail.

Thanks,  
Michael B.

>>> ex.mail."ritterhoff@worldbank.org" 05/02/00 04:57pm >>>

[(b)(5)]

Margaret, where do we go from here?

----- Forwarded by Robin Ruth Ritterhoff/Person/World

Bank on  
05/02/2000 02:39 PM -----

James Parks  
05/02/2000 01:14 PM  
Phone: 579+250 ECSPE

00500000001769

To: Robin Ruth Ritterhoff  
cc: Ajay Chhibber, Sally M. Zejlou, James Sayle Moose, Kathleen B. Mccollom

Subject: Turkey ERL

Robin,

[(b)(5)]

00500000001770



[(b)(5)]

Thanks again for your interest in Turkey's energy reform program.  
Please let us  
know if you have further questions.

Regards, Jim Parks

[(b)(5)]

----- Forwarded by Sally M. Zeijlon/Person/World Bank on  
04/28/2000 03:29 AM -----

Robin Ruth Ritterhoff  
04/28/2000 06:01 PM  
Extn: 88049 EDS01

00500000001771

To: Sally M. Zeijlon  
cc: Kathleen B. Mccollom, James Parks

Subject: Turkey ERL

Sally –

[(b)(5)]

Regards, Robin

CC: ex.mail("Mary.Beasley", "Gene.Clapp", "Michael.Colby...

0050000001772

**From:** Malachy Nugent  
**To:** Dom13.DOPO8(BEASLEYM, CLAPPG, ColbyM, EPSTEINR, GR...  
**Date:** 5/3/00 11:32am  
**Subject:** Re: Turkey ERL -- responses to USDOC questions -Reply -Reply

[(b)(5)]

Thanks. Malachy.

>>> ex.mail."ritterhoff@worldbank.org" 05/03/00 11:07am >>>

[(b)(5)]

Malachy.Nugent@do.treas.gov on 05/03/2000 10:14:17 AM

**To:** Mary.Beasley@Do.Treas.Gov, Gene.Clapp@Do.Treas.Gov,  
Robin.Epstein@Do.Treas.Gov, Maureen.Grewe@Do.Treas.Gov,  
Sheila.Herrling@Do.Treas.Gov, Margaret.Kuhlowlow@Do.Treas.Gov,  
Meg.Lundsager@Do.Treas.Gov, Elizabeth.K.Stewart@Do.Treas.Gov,  
Gene.Clapp@Do.Treas.Gov, Malachy.Nugent@Do.Treas.Gov,  
Margaret.Kuhlowlow@Do.Treas.Gov, Robin Ruth Ritterhoff  
**cc:** Elizabeth.K.Stewart@Do.Treas.Gov, Janice L. Mazur Eds,  
Mary.Beasley@Do.Treas.Gov, Maureen.Grewe@Do.Treas.Gov,  
Meg.Lundsager@Do.Treas.Gov, Robin.Epstein@Do.Treas.Gov,  
Sheila.Herrling@Do.Treas.Gov

**Subject:** Turkey ERL -- responses to USDOC questions -Reply

**Date:** 05/03/2000 10:09 am (Wednesday)  
**From:** Malachy Nugent  
**To:** Dom13.DOPO8(BEASLEYM, CLAPPG, EPSTEINR, GREWEM, HERRLINGS,  
KUHLOWM, LUNDSAGERM, StewartEK),  
ex.mail("ritterhoff@worldbank.org", "Gene.Clapp",  
"Malachy.Nugent", "Margaret.Kuhlowlow")  
**CC:** ex.mail("Elizabeth.K.Stewart", "Jmazur@worldbank.org",

00500000001773

"Mary.Beasley", "Maureen.Grewe", "Meg.Lundsager",  
"Robin.Epstein", "Sheila.Herrling"),  
Subject: Turkey ERL -- responses to USDOC questions -Reply

[(b)(5)]

Thanks. Malachy.

---

Malachy,

[(b)(5)]

We continue to hope for US Treasury assistance in arranging a meeting  
to discuss some of these issues in more detail.

Thanks,  
Michael B.

>>> ex.mail."ritterhoff@worldbank.org" 05/02/00 04:57pm >>>

[(b)(5)]

00500000001774

[(b)(5)]

Margaret, where do we go from here?

----- Forwarded by Robin Ruth Ritterhoff/Person/World  
Bank on  
05/02/2000 02:39 PM -----

James Parks  
05/02/2000 01:14 PM  
Phone: 579+250 ECSPE

To: Robin Ruth Ritterhoff  
cc: Ajay Chhibber, Sally M. Zeijlon, James Sayle Moose, Kathleen B.  
Mccollom

Subject: Turkey ERL

Robin,

[(b)(5)]

0050000001775

[(b)(5)]

Thanks again for your interest in Turkey's energy reform program.

00500000001776

Please let us  
know if you have further questions.

Regards, Jim Parks

[(b)(5)]

----- Forwarded by Sally M. Zeijlon/Person/World Bank on  
04/29/2000 03:28 AM -----

Robin Ruth Ritterhoff  
04/28/2000 06:01 PM  
Extn: 88049 EDS01

To: Sally M. Zeijlon  
cc: Kathleen B. Mccollom, James Parks

Subject: Turkey ERL

Sally ..

[(b)(5)]

00500000001777

Regards, Robin

CC: ex.mail("Elizabeth.K.Stewart", "Gene.Clapp", "Jmaz...

00500000001778



**From:** Malachy Nugent  
**To:** Dom13.DOPO8(BEASLEYM, CLAPPG, EPSTEINR, GREWEM, HE...  
**Date:** 5/2/00 5:11pm  
**Subject:** Turkey ERL -- responses to USDOC questions -Reply

Thanks, Robin. I'll pass this along to Commerce and see if that addresses their concerns.

Malachy.

>>> ex.mail."mitterhoff@worldbank.org" 05/02/00 04:57pm >>>

[(b)(5)]

Margaret, where do we go from here?

----- Forwarded by Robin Ruth Ritterhoff/Person/World Bank on  
05/02/2000 02:39 PM -----

James Parks  
05/02/2000 01:14 PM  
Phone: 579+250 ECSPE

**To:** Robin Ruth Ritterhoff  
**cc:** Ajay Chhibber, Sally M. Zejlon, James Sayle Moose, Kathleen B. Mccollom  
**Subject:** Turkey ERL

Robin,

[(b)(5)]

00500000001779

[(b)(5)]

Thanks again for your interest in Turkey's energy reform program. Please let us know if you have further questions.

Regards, Jim Parks

[(b)(5)]

----- Forwarded by Sally M. Zeijlon/Person/World Bank on  
04/29/2000 03:29 AM -----

Robin Ruth Ritterhoff  
04/28/2000 06:01 PM  
Extn: 88049      EDS01

To: Sally M. Zeijlon  
cc: Kathleen B. Mccollom, James Parks

Subject: Turkey ERL

Sally --

[(b)(5)]

00500000001780

[(b)(5)]

Regards, Robin

CC: ex.mail("Elizabeth.K.Stewart", "Jmazur@worldbank.o...

0050000001781

Power

January 18, 2001

Projects to Receive Treasury Guarantees Finally Listed

[(b)(5)]

www.ibsresearch.com

[(b)(5)]

FAX TO:  
Robin

Layen  
Elizabeth

Bob  
Helen

# FAX COVER SHEET

**ENRON, WASHINGTON**  
1775 Eye Street Street, N.W.  
Washington, DC 20006  
202-828-3360  
202-828-3372 (fax)

Phyllis

copies also to:

- IMF office - Louellen
- Regional office - ISM
- Gene Clapp

**TO:** William Schuerch

**FROM:** Tom Briggs

**FAX #:** 202-~~622~~-2536

**RE:** Turkish Energy Sector

**DATE:** 27 January

Schedule meeting  
after Gene has  
chance to dig up  
some facts on  
-- probably Friday  
Monday next.

Number of pages including cover sheet:

3

**Message:**

1-23-01 B.  
Fri 1/26  
3 pm  
not scheduled

---



---



---



---



---



22 January 2001

The Honorable William Schuerch  
Deputy Assistant Secretary  
For International Development,  
Debt and Environmental Policy  
U.S. Department of Treasury  
1500 Pennsylvania Ave., N.W.  
Washington, D.C. 20220

**Thomas C. Briggs**  
Vice President  
Government Affairs

**Enron Corp.**  
1775 Eye Street, NW, Suite 500  
Washington, DC 20006  
202-466-9169  
Fax: 202-628-1172  
tom.briggs@enron.com

Hon. W. Schuerch,

I am writing on behalf of the American Turkish Council and its Energy Committee to request your support in a matter that is of great importance to American developers of power projects in Turkey and to the Turkish economy. In brief, we ask that you exercise the influence of the United States in the World Bank to moderate the Bank's insistence that Turkish Treasury guarantees for 29 projects be conditioned on entry into service of the power plants by the end of 2002. These 29 projects already have been approved and, in many cases, substantial sums of money have been expended in reliance on the availability of Turkish Treasury guarantees that are now threatened by the World Bank's new policy. Moreover, termination of these projects will engender an unacceptable risk of power shortfalls in Turkey that will threaten economic growth, as well as consumer well being.

The proposed, fast track energy legislation for deregulation of the energy sector in Turkey is currently being debated in the Turkish Parliament and is expected to come up for a vote within a week. One provision of this proposed legislation concerns a deadline of 2002 during which 29 approved build-operate-transfer (BOT) projects would have to reach commercial operation in order to qualify for Turkish Treasury guarantees. World Bank and the IMF are advocates of such a deadline, questioning the need for additional BOT projects claiming that Turkey will have an energy surplus in 2003. Two of these BOT projects are being co-developed by American companies.

The Energy Committee of the American Turkish Council has long advocated appropriate deregulation of the Turkish energy sector and we support the goal of eliminating the need for Turkish Treasury Guarantees. However, the ATC recognizes that a delicate balance must be struck between eliminating Treasury Guarantees and continuing to provide the Turkish energy sector with much needed investment. In this instance the ATC strongly believes that the arbitrary 2002 deadline is bad policy for American developers and for the Government of Turkey for the following reasons:

Endless possibilities.™

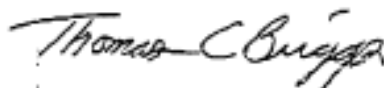
0050000001791

- Because power plants typically require a minimum twenty-four month construction period, imposition of a 2002 deadline will, *in effect*, terminate these projects on the day the law is passed.
- Export credit agencies, including US Ex-Im, and commercial lenders have indicated that they will not provide financing to projects that do not have Treasury guarantees or in the event the Treasury guarantee is contingent upon meeting a 2002 commercial operation deadline.
- The Ministry of Energy and Natural Resources and the State Planning Organization of Turkey are increasingly concerned that the continuing delays in energy projects will result in extending the energy shortage into 2003.
- The imposition of a deadline for these approved BOT projects will be an imprudent action during a period of transition in the energy sector that will erode confidence among potential foreign investors in Turkey. According to the UN, Turkey already ranks a lowly 54th in the world in attracting foreign direct investment. Turkey was able to attract only \$785M of investment capital in 1999, trailing, among others, Malta, the Dominican Republic, Egypt and Vietnam. The proposed provision of the new energy law that will, in effect, terminate these BOT projects that are under contract, will be detrimental to attracting increased foreign investment in Turkey during a period of expected slow-down in the world economy.

A strong Turkish economy is vital to a stronger Turkey. And a stronger Turkey, a critical ally, is in the best interest of the US. Since time is of the essence, we will appreciate your urgent actions to persuade the World Bank and the IMF to support the deletion of an arbitrary deadline in the proposed energy law. If the Government of Turkey in fact has no intention of building these 29 projects, we suggest that the parties rely instead on the termination provisions of the individual commercial contracts.

Members of the ATC Energy Committee respectfully request a meeting with your office in order to discuss this matter in more detail. I will contact your office to arrange a convenient time to meet.

Sincerely,



Thomas C. Briggs  
Chairman  
American Turkish Council Energy Committee



1/29 - Conf. call w/ WOB Ankara team on Turkey energy  
R. Ritterhoff, Stewart, Clapp, Trem

[(b)(5)]

00500000001793

Tran, Luyen

---

**From:** Grewe, Maureen  
**Sent:** Friday, January 26, 2001 8:41 AM  
**To:** Tran, Luyen; Stedman, Louellen; Mills, Marshall  
**Cc:** Clapp, Gene; Radelet, Steve  
**Subject:** RE: Turkish Energy Sector Meeting

FYI, there is also a letter from the American-Turkish Council to Todd Crawford at the World Bank, and [(b)(5)]

Robin Ritterhoff is drafting a response from Todd. [(b)(5)]

Marshall -- did you get a fax from Phyllis?

-----Original Message-----

**From:** Tran, Luyen  
**Sent:** Friday, January 26, 2001 8:28 AM  
**To:** Stedman, Louellen; Grewe, Maureen; Mills, Marshall  
**Subject:** FW: Turkish Energy Sector Meeting

fyi, you should've gotten a fax from phyllis on enron's letter to bill. don't know if this meeting was called a little early or not; check with gene clapp to see what our response will be.

maureen & marshall -- probably would make sense to have one of you there. please call gene to see what has transpired on this. thanks.

-----Original Message-----

**From:** Coffman, Phyllis  
**Sent:** Thursday, January 25, 2001 6:09 PM  
**To:** Clapp, Gene; Stewart, Elizabeth K.; Tran, Luyen  
**Subject:** Turkish Energy Sector Meeting

Friday, January 26 at 3:00 pm in Bill's office.

Tran, Luyen

---

**From:** Clapp, Gene  
**Sent:** Friday, January 26, 2001 10:38 AM  
**To:** 'ritterhoff@worldbank.org'; Tran, Luyen  
**Cc:** Clapp, Gene; PBRUKOFF@imf.org; Mills, Marshall; Grewe, Maureen; Stedman, Louellen; tcrawford@worldbank.org; Stewart, Elizabeth K.  
**Subject:** RE: FW: Turkish Energy Sector Meeting

[(b)(5)]

-----Original Message-----

**From:** ritterhoff@worldbank.org [mailto:ritterhoff@worldbank.org]  
**Sent:** Friday, January 26, 2001 10:20 AM  
**To:** Luyen.Tran@do.treas.gov  
**Cc:** Gene.Clapp@do.treas.gov; PBRUKOFF@imf.org;  
Marshall.Mills@do.treas.gov; Maureen.Grewe@do.treas.gov;  
Louellen.Stedman@do.treas.gov; tcrawford@worldbank.org  
**Subject:** Re: FW: Turkish Energy Sector Meeting

[(b)(5)]

Luyen.Tran@do.treas.gov on 01/26/2001 08:43:23 AM

To: Ritterhoff@Worldbank.Org

cc:

Subject: FW: Turkish Energy Sector Meeting

fyi.

> -----Original Message-----

> From: Grewe, Maureen

> Sent: Friday, January 26, 2001 8:41 AM

> To: Tran, Luyen; Stedman, Louellen; Mills, Marshall

> Cc: Clapp, Gene; Radelet, Steve

> Subject: RE: Turkish Energy Sector Meeting

>

[(b)(5)]

> Marshall -- did you get a fax from Phyllis?

>

> -----Original Message-----

> From: Tran, Luyen

> Sent: Friday, January 26, 2001 8:28 AM

> To: Stedman, Louellen; Grewe, Maureen; Mills, Marshall

> Subject: FW: Turkish Energy Sector Meeting

>

[(b)(5)]

>

> maureen & marshall -- probably would make sense to have one of you there.

> please call gene to see what has transpired on this. thanks.

>

> -----Original Message-----

> From: Coffman, Phyllis

> Sent: Thursday, January 25, 2001 6:09 PM

> To: Clapp, Gene; Stewart, Elizabeth K.; Tran, Luyen

> Subject: Turkish Energy Sector Meeting

>

> Friday, January 26 at 3:00 pm in Bill's office.

Tran, Luyen

---

**From:** ritterhoff@worldbank.org  
**Sent:** Friday, January 26, 2001 10:55 AM  
**To:** Gene.Clapp@do.treas.gov  
**Cc:** ritterhoff@worldbank.org; Luyen.Tran@do.treas.gov; Gene.Clapp@do.treas.gov; PBRUKOFF@imf.org; Marshall.Mills@do.treas.gov; Maureen.Grewe@do.treas.gov; Louellen.Stedman@do.treas.gov; tcrawford@worldbank.org; Elizabeth.K.Stewart@do.treas.gov  
**Subject:** RE: FW: Turkish Energy Sector Meeting

[(b)(5)]

Gene.Clapp@do.treas.gov on 01/26/2001 10:37:44 AM

**To:** Ritterhoff@Worldbank.Org, Luyen.Tran@Do.Treas.Gov  
**cc:** Gene.Clapp@Do.Treas.Gov, Pbrukoff@Imf.Org, Marshall.Mills@Do.Treas.Gov, Maureen.Grewe@Do.Treas.Gov, Louellen.Stedman@Do.Treas.Gov, Tcrawford@Worldbank.Org, Elizabeth.K.Stewart@Do.Treas.Gov

**Subject:** RE: FW: Turkish Energy Sector Meeting

[(b)(5)]

-----Original Message-----

**From:** ritterhoff@worldbank.org [mailto:ritterhoff@worldbank.org]  
**Sent:** Friday, January 26, 2001 10:20 AM  
**To:** Luyen.Tran@do.treas.gov  
**Cc:** Gene.Clapp@do.treas.gov; PBRUKOFF@imf.org; Marshall.Mills@do.treas.gov; Maureen.Grewe@do.treas.gov; Louellen.Stedman@do.treas.gov; tcrawford@worldbank.org

Subject: Re: FW: Turkish Energy Sector Meeting

[(b)(5)]

Luyen.Tran@do.treas.gov on 01/26/2001 08:43:23 AM

To: Ritterhoff@Worldbank.Org

cc:

Subject: FW: Turkish Energy Sector Meeting

fyi.

> -----Original Message-----

> From: Grewe, Maureen

> Sent: Friday, January 26, 2001 8:41 AM

> To: Tran, Luyen; Stedman, Louellen; Mills, Marshall

> Cc: Clapp, Gene; Radelet, Steve

> Subject: RE: Turkish Energy Sector Meeting

>

[(b)(5)]

>

[(b)(5)]

>

> Marshall -- did you get a fax from Phyllis?

>

> -----Original Message-----

> From: Tran, Luyen

> Sent: Friday, January 26, 2001 8:28 AM

> To: Stedman, Louellen; Grewe, Maureen; Mills, Marshall

> Subject: FW: Turkish Energy Sector Meeting

>

[(b)(5)]

>

> maureen & marshall -- probably would make sense to have one of you there.

> please call gene to see what has transpired on this. thanks.

>

> -----Original Message-----

> From: Coffman, Phyllis

> Sent: Thursday, January 25, 2001 6:09 PM

> To: Clapp, Gene; Stewart, Elizabeth K.; Tran, Luyen

> Subject: Turkish Energy Sector Meeting

>

> Friday, January 26 at 3:00 pm in Bill's office.

Tran, Luyen

---

**From:** Stewart, Elizabeth K.  
**Sent:** Friday, January 26, 2001 2:23 PM  
**To:** Clapp, Gene; 'ritterhoff@worldbank.org'; Tran, Luyen  
**Cc:** 'PBRUKOFF@imf.org'; Mills, Marshall; Grewe, Maureen; Stedman, Louellen; 'tcrawford@worldbank.org'  
**Subject:** RE: FW: Turkish Energy Sector Meeting

[(b)(5)]

-----Original Message-----

**From:** Clapp, Gene  
**Sent:** Friday, January 26, 2001 10:38 AM  
**To:** 'ritterhoff@worldbank.org'; Tran, Luyen  
**Cc:** Clapp, Gene; PBRUKOFF@imf.org; Mills, Marshall; Grewe, Maureen; Stedman, Louellen; tcrawford@worldbank.org; Stewart, Elizabeth K.  
**Subject:** RE: FW: Turkish Energy Sector Meeting

[(b)(5)]

-----Original Message-----

**From:** ritterhoff@worldbank.org [mailto:ritterhoff@worldbank.org]  
**Sent:** Friday, January 26, 2001 10:20 AM  
**To:** Luyen.Tran@do.treas.gov  
**Cc:** Gene.Clapp@do.treas.gov; PBRUKOFF@imf.org; Marshall.Mills@do.treas.gov; Maureen.Grewe@do.treas.gov; Louellen.Stedman@do.treas.gov; tcrawford@worldbank.org  
**Subject:** Re: FW: Turkish Energy Sector Meeting

[(b)(5)]



[(b)(5)]

Luyen.Tran@do.treas.gov on 01/26/2001 08:43:23 AM

To: Ritterhoff@Worldbank.Org

cc:

Subject: FW: Turkish Energy Sector Meeting

fyi.

> -----Original Message-----

> From: Grewe, Maureen

> Sent: Friday, January 26, 2001 8:41 AM

> To: Tran, Luyen; Stedman, Louellen; Mills, Marshall

> Cc: Clapp, Gene; Radelet, Steve

> Subject: RE: Turkish Energy Sector Meeting

>

[(b)(5)]

>

> Marshall -- did you get a fax from Phyllis?

>

> -----Original Message-----

> From: Tran, Luyen

> Sent: Friday, January 26, 2001 8:28 AM

> To: Stedman, Louellen; Grewe, Maureen; Mills, Marshall

> Subject: FW: Turkish Energy Sector Meeting

>

[(b)(5)]

[(b)(5)]

>  
> maureen & marshall -- probably would make sense to have one of you there.  
> please call gene to see what has transpired on this. thanks.

>  
> -----Original Message-----

> From: Coffman, Phyllis

> Sent: Thursday, January 25, 2001 6:09 PM

> To: Clapp, Gene; Stewart, Elizabeth K.; Tran, Luyen

> Subject: Turkish Energy Sector Meeting

>  
> Friday, January 26 at 3:00 pm in Bill's office.

Tran, Luyen

---

**From:** miterhoff@worldbank.org  
**Sent:** Thursday, February 08, 2001 5:21 PM  
**To:** Marshall.Mills@do.treas.gov; Elizabeth.K.Stewart@do.treas.gov; PBRUKOFF@imf.org  
**Cc:** Maureen.Grewe@do.treas.gov; Luyen.Tran@do.treas.gov  
**Subject:** Turkey Energy Letter



Turkey Energy Letter

[(b)(5)]

(See attached file: Turkey Energy Letter 012501 rev.doc)

**Turkey Energy Law Response**

Dear Mr. Briggs:

[(b)(5)]

Sincerely,

Todd Crawford

Tran, Luyen

---

**From:** Mills, Marshall  
**Sent:** Friday, February 09, 2001 12:44 PM  
**To:** Stedman, Louellen; Clapp, Gene; Stewart, Elizabeth K.; Tran, Luyen  
**Cc:** Grewe, Maureen; McDonald, Larry; Robin Ritterhoff (E-mail); Patti Brukoff (E-mail); Mills, Marshall  
**Subject:** Readout of Today's Staff Level Conference Call on Turkey Energy Issues and IFIs  
**Importance:** High

[(b)(5)]

Please call me if you have further questions.

-----Original Message-----

**From:** Stedman, Louellen  
**Sent:** Friday, February 09, 2001 10:24 AM

**To:** Mills, Marshall; Clapp, Gene; Stewart, Elizabeth K.  
**Cc:** Grewe, Maureen; McDonald, Larry  
**Subject:** RE: URGENT: Dial-in Instructions for Conference Call on Turkey Energy Issues and IFIs at 10:30  
**Importance:** High

[(b)(5)]

-----Original Message-----

**From:** Mills, Marshall  
**Sent:** Friday, February 09, 2001 10:20 AM  
**To:** Stedman, Louellen; Clapp, Gene; Stewart, Elizabeth K.  
**Cc:** Grewe, Maureen; McDonald, Larry  
**Subject:** URGENT: Dial-in Instructions for Conference Call on Turkey Energy Issues and IFIs at 10:30  
**Importance:** High

Call 647-0817, code 7890.

\*\*\*

[(b)(5)]

The conference call is at the staff level, prior to a DAS level meeting this afternoon at 2 pm. I am covering for ISM.  
Marshall

-----Original Message-----

**From:** Stedman, Louellen  
**Sent:** Friday, February 09, 2001 10:11 AM  
**To:** Mills, Marshall; Clapp, Gene; Stewart, Elizabeth K.  
**Cc:** Grewe, Maureen; McDonald, Larry  
**Subject:** RE: URGENT: Conference Call on Turkey Energy Issues and IFIs at 10:15-10:30  
**Importance:** High

[(b)(5)]

Who is taking the call? Steve? Mark? The Secretary?

-----Original Message-----

**From:** Mills, Marshall  
**Sent:** Friday, February 09, 2001 9:57 AM  
**To:** Stedman, Louellen; Clapp, Gene; Stewart, Elizabeth K.  
**Cc:** Grewe, Maureen  
**Subject:** RE: URGENT: Conference Call on Turkey Energy Issues and IFIs at 10:15-10:30

Sorry to throw you in the middle of this ... [(b)(6)]

[(b)(5)]

-----Original Message-----

**From:** Stedman, Louellen  
**Sent:** Friday, February 09, 2001 9:44 AM  
**To:** Mills, Marshall; Clapp, Gene; Stewart, Elizabeth K.  
**Cc:** Grewe, Maureen  
**Subject:** RE: URGENT: Conference Call on Turkey Energy Issues and IFIs at 10:15-10:30

Who is the conference call with???

-----Original Message-----

**From:** Mills, Marshall  
**Sent:** Friday, February 09, 2001 9:42 AM  
**To:** Clapp, Gene; Stewart, Elizabeth K.  
**Cc:** Grewe, Maureen; Stedman, Louellen  
**Subject:** URGENT: Conference Call on Turkey Energy Issues and IFIs at 10:15-10:30  
**Importance:** High

Details to follow.

Should anyone from GC and/or the IMF office participate?

Tran, Luyen

---

**From:** Stedman, Louellen  
**Sent:** Friday, February 09, 2001 1:00 PM  
**To:** Mills, Marshall; Clapp, Gene; Stewart, Elizabeth K.; Tran, Luyen  
**Cc:** Grewe, Maureen; McDonald, Larry; 'Robin Ritterhoff (E-mail)'; 'Patti Brukoff (E-mail)'  
**Subject:** RE: Readout of Today's Staff Level Conference Call on Turkey Energy Issues and IFIs

[(b)(5)]

Thanks.

-----Original Message-----

**From:** Mills, Marshall  
**Sent:** Friday, February 09, 2001 12:44 PM  
**To:** Stedman, Louellen; Clapp, Gene; Stewart, Elizabeth K.; Tran, Luyen  
**Cc:** Grewe, Maureen; McDonald, Larry; Robin Ritterhoff (E-mail); Patti Brukoff (E-mail); Mills, Marshall  
**Subject:** Readout of Today's Staff Level Conference Call on Turkey Energy Issues and IFIs  
**Importance:** High

[(b)(5)]



[(b)(5)]

We left further discussion of proposed actions for the 2 pm meeting between Steve Radelet and Janice Bay of State/EB.

Please call me if you have further questions.

-----Original Message-----

**From:** Stedman, Louellen  
**Sent:** Friday, February 09, 2001 10:24 AM  
**To:** Mills, Marshall; Clapp, Gene; Stewart, Elizabeth K.  
**Cc:** Grewe, Maureen; McDonald, Larry  
**Subject:** RE: URGENT: Dial-in Instructions for Conference Call on Turkey Energy Issues and IFIs at 10:30  
**Importance:** High

[(b)(5)]

-----Original Message-----

**From:** Mills, Marshall  
**Sent:** Friday, February 09, 2001 10:20 AM  
**To:** Stedman, Louellen; Clapp, Gene; Stewart, Elizabeth K.  
**Cc:** Grewe, Maureen; McDonald, Larry  
**Subject:** URGENT: Dial-in Instructions for Conference Call on Turkey Energy Issues and IFIs at 10:30  
**Importance:** High

Call 647-0817, code 7890.

\*\*\*

[(b)(5)]

The conference call is at the staff level, prior to a DAS level meeting this afternoon at 2 pm. I am covering for ISM.

Marshall

-----Original Message-----

**From:** Stedman, Louellen  
**Sent:** Friday, February 09, 2001 10:11 AM  
**To:** Mills, Marshall; Clapp, Gene; Stewart, Elizabeth K.  
**Cc:** Grewe, Maureen; McDonald, Larry  
**Subject:** RE: URGENT: Conference Call on Turkey Energy Issues and IFIs at 10:15-10:30  
**Importance:** High

[(b)(5)]

Who is taking the call? Steve? Mark? The Secretary?

-----Original Message-----

**From:** Mills, Marshall  
**Sent:** Friday, February 09, 2001 9:57 AM

**To:** Stedman, Louellen; Clapp, Gene; Stewart, Elizabeth K.  
**Cc:** Grewe, Maureen  
**Subject:** RE: URGENT: Conference Call on Turkey Energy Issues and IFIs at 10:15-10:30

Sorry to throw you in the middle of this ... [(b)(6)]

[(b)(5)]

-----Original Message-----

**From:** Stedman, Louellen  
**Sent:** Friday, February 09, 2001 9:44 AM  
**To:** Mills, Marshall; Clapp, Gene; Stewart, Elizabeth K.  
**Cc:** Grewe, Maureen  
**Subject:** RE: URGENT: Conference Call on Turkey Energy Issues and IFIs at 10:15-10:30

Who is the conference call with???

-----Original Message-----

**From:** Mills, Marshall  
**Sent:** Friday, February 09, 2001 9:42 AM  
**To:** Clapp, Gene; Stewart, Elizabeth K.  
**Cc:** Grewe, Maureen; Stedman, Louellen  
**Subject:** URGENT: Conference Call on Turkey Energy Issues and IFIs at 10:15-10:30  
**Importance:** High

Details to follow.

Should anyone from GC and/or the IMF office participate?

**Tran, Luyen**

---

**From:** Stewart, Elizabeth K.  
**Sent:** Friday, February 09, 2001 1:05 PM  
**To:** Mills, Marshall; Stedman, Louellen; Clapp, Gene; Tran, Luyen  
**Cc:** Grewe, Maureen; McDonald, Larry; 'Robin Ritterhoff (E-mail)'; 'Patti Brukoff (E-mail)'; Paulson, Sara  
**Subject:** RE: Readout of Today's Staff Level Conference Call on Turkey Energy Issues and IFIs

Adding Sara to this e-mail chain.

Maureen/Marshall: Think that Bill Schuerch should be looped into the invitation to the 2pm meeting.

-----Original Message-----

**From:** Mills, Marshall  
**Sent:** Friday, February 09, 2001 12:44 PM  
**To:** Stedman, Louellen; Clapp, Gene; Stewart, Elizabeth K.; Tran, Luyen  
**Cc:** Grewe, Maureen; McDonald, Larry; Robin Ritterhoff (E-mail); Patti Brukoff (E-mail); Mills, Marshall  
**Subject:** Readout of Today's Staff Level Conference Call on Turkey Energy Issues and IFIs  
**Importance:** High

[(b)(5)]

[(b)(5)]

We left further discussion of proposed actions for the 2 pm meeting between Steve Radelet and Janice Bay of State/EB.

Please call me if you have further questions.

-----Original Message-----

**From:** Stedman, Louellen  
**Sent:** Friday, February 09, 2001 10:24 AM  
**To:** Mills, Marshall; Clapp, Gene; Stewart, Elizabeth K.  
**Cc:** Grewe, Maureen; McDonald, Larry  
**Subject:** RE: URGENT: Dial-in Instructions for Conference Call on Turkey Energy Issues and IFIs at 10:30  
**Importance:** High

[(b)(5)]

-----Original Message-----

**From:** Mills, Marshall  
**Sent:** Friday, February 09, 2001 10:20 AM  
**To:** Stedman, Louellen; Clapp, Gene; Stewart, Elizabeth K.  
**Cc:** Grewe, Maureen; McDonald, Larry  
**Subject:** URGENT: Dial-in Instructions for Conference Call on Turkey Energy Issues and IFIs at 10:30  
**Importance:** High

Call 647-0817, code 7890.

\*\*\*

[(b)(5)]

The conference call is at the staff level, prior to a DAS level meeting this afternoon at 2 pm. I am covering for ISM.

Marshall

-----Original Message-----

**From:** Stedman, Louellen  
**Sent:** Friday, February 09, 2001 10:11 AM  
**To:** Mills, Marshall; Clapp, Gene; Stewart, Elizabeth K.  
**Cc:** Grewe, Maureen; McDonald, Larry  
**Subject:** RE: URGENT: Conference Call on Turkey Energy Issues and IFIs at 10:15-10:30  
**Importance:** High

[(b)(5)]

Who is taking the call? Steve? Mark? The Secretary?

-----Original Message-----

**From:** Mills, Marshall  
**Sent:** Friday, February 09, 2001 9:57 AM  
**To:** Stedman, Louellen; Clapp, Gene; Stewart, Elizabeth K.  
**Cc:** Grewe, Maureen  
**Subject:** RE: URGENT: Conference Call on Turkey Energy Issues and IFIs at 10:15-10:30

Sorry to throw you in the middle of this ... [(b)(6)]

[(b)(6)]

[(b)(5)]

-----Original Message-----

**From:** Stedman, Louellen  
**Sent:** Friday, February 09, 2001 9:44 AM  
**To:** Mills, Marshall; Clapp, Gene; Stewart, Elizabeth K.  
**Cc:** Grewe, Maureen  
**Subject:** RE: URGENT: Conference Call on Turkey Energy Issues and IFIs at 10:15-10:30

Who is the conference call with???

-----Original Message-----

**From:** Mills, Marshall  
**Sent:** Friday, February 09, 2001 9:42 AM  
**To:** Clapp, Gene; Stewart, Elizabeth K.  
**Cc:** Grewe, Maureen; Stedman, Louellen  
**Subject:** URGENT: Conference Call on Turkey Energy Issues and IFIs at 10:15-10:30  
**Importance:** High

Details to follow.

Should anyone from GC and/or the IMF office participate?

Tran, Luyen

---

**From:** Mills, Marshall  
**Sent:** Friday, February 09, 2001 7:22 PM  
**To:** 'ritterhoff@worldbank.org'; Mills, Marshall; Stewart, Elizabeth K.; PBRUKOFF@imf.org  
**Cc:** Grewe, Maureen; Tran, Luyen  
**Subject:** RE: Turkey Energy Letter



ISM suggested edits are attached.

[(b)(5)]

Marshall

-----Original Message-----

**From:** ritterhoff@worldbank.org [mailto:ritterhoff@worldbank.org]  
**Sent:** Thursday, February 08, 2001 5:21 PM  
**To:** Marshall.Mills@do.treas.gov; Elizabeth.K.Stewart@do.treas.gov;  
PBRUKOFF@imf.org  
**Cc:** Maureen.Grewe@do.treas.gov; Luyen.Tran@do.treas.gov  
**Subject:** Turkey Energy Letter

[(b)(5)]

(See attached file: Turkey Energy Letter 012501 rev.doc)

**Turkey Energy Law Response – Suggested edits from ISM**

Dear Mr. Briggs:

[(b)(5)]

Sincerely,

Todd Crawford

Tran, Luyen

---

**From:** Mills, Marshall  
**Sent:** Wednesday, February 14, 2001 2:48 PM  
**To:** Grewe, Maureen; Clapp, Gene; Stewart, Elizabeth K.; Tran, Luyen; McDonald, Larry; Robin Ritterhoff (E-mail)  
**Cc:** Patti Bruhoff (E-mail)  
**Subject:** FYI: Embassy action request on Turkey Electricity Law and IFI conditionality  
**Importance:** High

[(b)(5)]



Tran, Luyen

---

**From:** Mills, Marshall  
**Sent:** Wednesday, February 14, 2001 5:26 PM  
**To:** Mills, Marshall; Grewe, Maureen; Clapp, Gene; Stewart, Elizabeth K.; Tran, Luyen; McDonald, Larry; Robin Ritterhoff (E-mail); Radelet, Steve; Stedman, Louellen  
**Cc:** Patti Brukoff (E-mail)  
**Subject:** FYI: IMF conditionality and Embassy action request on Turkey Electricity Law  
**Importance:** High

[(b)(5)]

Marshall

-----Original Message-----

**From:** Mills, Marshall  
**Sent:** Wednesday, February 14, 2001 2:48 PM  
**To:** Grewe, Maureen; Clapp, Gene; Stewart, Elizabeth K.; Tran, Luyen; McDonald, Larry; Robin Ritterhoff (E-mail)  
**Cc:** Patti Brukoff (E-mail)  
**Subject:** FYI: Embassy action request on Turkey Electricity Law and IFI conditionality  
**Importance:** High

[(b)(5)]

Tran, Luyen

---

**From:** mitterhoff@worldbank.org  
**Sent:** Wednesday, February 14, 2001 5:34 PM  
**To:** Maureen.Grewe@do.treas.gov; Marshall.Mills@do.treas.gov  
**Cc:** Luyen.Tran@do.treas.gov; Elizabeth.K.Stewart@do.treas.gov  
**Subject:** draft e-mail

**Importance:** High

per steve's request, here's a draft- sorry for delay, a little bosnia vote  
contretemps intervened.

Ajay--

[(b)(5)]

Regards,  
Robin

Tran, Luyen

---

**From:** Mills, Marshall  
**Sent:** Wednesday, February 14, 2001 6:13 PM  
**To:** 'mitterhoff@worldbank.org'; Grewe, Maureen; Mills, Marshall  
**Cc:** Tran, Luyen; Stewart, Elizabeth K.  
**Subject:** RE: draft e-mail

My suggestions are indicated below in CAPS.

Language in CAPS and in [ ] with ?? are just sugestions of tone.

"

Ajay--

[(b)(5)]

Regards,

Robin

**Tran, Luyen**

---

**From:** ritterhoff@worldbank.org  
**Sent:** Thursday, February 15, 2001 8:36 AM  
**To:** Maureen.Grewe@do.treas.gov; Marshall.Mills@do.treas.gov;  
Elizabeth.K.Stewart@do.treas.gov  
**Cc:** Luyen.Tran@do.treas.gov; Gene.Clapp@do.treas.gov  
**Subject:** Re: Turkey issues

**Importance:** High

[(b)(5)]

----- Forwarded by Robin Ruth Ritterhoff/Person/World Bank on  
02/15/2001 08:34 AM -----

Robin Ruth Ritterhoff  
02/15/2001 08:34 AM  
Extn: 88049          EDS01

To: Ajay Chhibber  
cc: Kathleen B. Mccollom, Sally M. Zeijlon, Ayse Ronay

Subject: Re: Turkey issues (Document link: Robin Ruth Ritterhoff)

[(b)(5)]

Regards,  
Robin

Ajay Chhibber  
02/15/2001 04:39 AM  
Extn: 84219          ECC06

To: Robin Ruth Ritterhoff  
cc: Kathleen B. Mccollom, Sally M. Zeijlon, Ayse Ronay

Subject: Re: Turkey issues (Document link: Robin Ruth Ritterhoff)

Robin,

many thanks.

[(b)(5)]

ajay

Robin Ruth Ritterhoff  
02/15/2001 01:36 AM  
Extn: 88049 EDS01

To: Ajay Chhibber  
cc: Kathleen B. Mccollom, Sally M. Zeijlon, Ayse Ronay

Subject: Turkey issues

Ajay-- for some mysterious reason, the first time I sent the message below, Lotus Notes decided not to send it to you, despite my having addressed it to you. Here it is again.

Regards,  
Robin

----- Forwarded by Robin Ruth Ritterhoff/Person/World Bank on  
02/14/2001 06:34 PM -----

Robin Ruth Ritterhoff  
02/14/2001 06:34 PM  
Extn: 88049 EDS01

To:  
cc: Kathleen B. Mccollom, Sally M. Zeijlon, Ayse Ronay

Subject: Turkey issues

Ajay--  
[(b)(5)]

[(b)(5)]

Regards,  
Robin

Tran, Luyen

---

**From:** Stewart, Elizabeth K.  
**Sent:** Thursday, February 15, 2001 11:16 AM  
**To:** Radelet, Steve  
**Cc:** Mills, Marshall; Grewe, Maureen; Clapp, Gene; Tran, Luyen  
**Subject:** Turkey energy - your question

Steve,  
From my notes of the 1-29-01 conference call with Jim Parks -- [(b)(5)]



Tran, Luyen

---

**From:** rritterhoff@worldbank.org  
**Sent:** Thursday, February 15, 2001 11:24 AM  
**To:** Steven.radelet@do.treas.gov  
**Cc:** Luyen.Tran@do.treas.gov; Marshall.Mills@do.treas.gov; Maureen.Grewe@do.treas.gov; Gene.Clapp@do.treas.gov; Elizabeth.Berko@do.treas.gov  
**Subject:** Turkey-- notes from 1/29 conf call w/ Jim Parks  
**Importance:** High

[(b)(5)]

Tran, Luyen

---

**From:** Mills, Marshall  
**Sent:** Thursday, February 15, 2001 11:32 AM  
**To:** 'ritterhoff@worldbank.org'; Grewe, Maureen; Mills, Marshall; Stewart, Elizabeth K.  
**Cc:** Tran, Luyen; Clapp, Gene; Patti Brukoff (E-mail)  
**Subject:** RE: Turkey issues and Bank

Thanks very much for pursuing this, Robin.

[(b)(5)]

Marshall

-----Original Message-----

**From:** ritterhoff@worldbank.org [mailto:ritterhoff@worldbank.org]  
**Sent:** Thursday, February 15, 2001 8:36 AM  
**To:** Maureen.Grewe@do.treas.gov; Marshall.Mills@do.treas.gov;  
Elizabeth.K.Stewart@do.treas.gov  
**Cc:** Luyen.Tran@do.treas.gov; Gene.Clapp@do.treas.gov  
**Subject:** Re: Turkey issues  
**Importance:** High

[(b)(5)]

----- Forwarded by Robin Ruth Ritterhoff/Person/World Bank on  
02/15/2001 08:34 AM -----

Robin Ruth Ritterhoff  
02/15/2001 08:34 AM  
Extn: 88049      EDS01

**To:** Ajay Chhibber  
**cc:** Kathleen B. Mccollom, Sally M. Zeijlon, Ayse Ronay

**Subject:** Re: Turkey issues (Document link: Robin Ruth Ritterhoff)

[(b)(5)]

Regards,  
Robin

Ajay Chhibber  
02/15/2001 04:39 AM  
Extn: 84219        ECC06

To: Robin Ruth Ritterhoff  
cc: Kathleen B. Mccollom, Sally M. Zeijlon, Ayse Ronay

Subject: Re: Turkey issues (Document link: Robin Ruth Ritterhoff)

Robin,

many thanks.

[(b)(5)]

ajay

Robin Ruth Ritterhoff  
02/15/2001 01:36 AM  
Extn: 88049        EDS01

To: Ajay Chhibber  
cc: Kathleen B. Mccollom, Sally M. Zeijlon, Ayse Ronay

Subject: Turkey issues

Ajay-- for some mysterious reason, the first time I sent the message below,

Lotus Notes decided not to send it to you, despite my having addressed it to you. Here it is again.

Regards,  
Robin

----- Forwarded by Robin Ruth Ritterhoff/Person/World Bank on  
02/14/2001 06:34 PM -----

Robin Ruth Ritterhoff  
02/14/2001 06:34 PM  
Extn: 88049        EDS01

To:  
cc: Kathleen B. Mccollom, Sally M. Zeijlon, Ayse Ronay

Subject: Turkey issues

Ajay--

[(b)(5)]

[(b)(5)]

Regards,  
Robin

## Clapp, Gene

---

**From:** ritterhoff@worldbank.org  
**Sent:** Thursday, January 25, 2001 2:36 PM  
**To:** Marshall.Mills@do.treas.gov; PBRUKOFF@imf.org; Gene.Clapp@do.treas.gov  
**Cc:** Maureen.Grewe@do.treas.gov; Luyen.Tran@do.treas.gov  
**Subject:** Draft Turkey letter - pls clear by tomorrow noon

Turkey Energy Letter

012501.doc... Attached is the draft responding to the American-Turkish Council's letter (already faxed to Marshall & Patty, now faxing to Gene). Please comment/clear by noon tomorrow.

(See attached file: Turkey Energy Letter 012501.doc)

**Turkey Energy Law Response**

Dear Mr. Briggs:

[(b)(5)]

Sincerely,

## Clapp, Gene

---

**From:** rritterhoff@worldbank.org  
**Sent:** Friday, January 26, 2001 10:20 AM  
**To:** Luyen.Tran@do.treas.gov  
**Cc:** Gene.Clapp@do.treas.gov; PBRUKOFF@imf.org; Marshall.Mills@do.treas.gov; Maureen.Grewe@do.treas.gov; Louellen.Stedman@do.treas.gov; tcrawford@worldbank.org  
**Subject:** Re: FW: Turkish Energy Sector Meeting

Luyen-- As I told Gene, I would be happy to join Bill's 3PM internal meeting to tell what I know on the Bank side-- I have talked a lot with Bank staff on this.  
[(b)(5)]

Luyen.Tran@do.treas.gov on 01/26/2001 08:43:23 AM

**To:** Rritterhoff@Worldbank.Org  
**cc:**  
**Subject:** FW: Turkish Energy Sector Meeting

fyi.

> -----Original Message-----  
> **From:** Grewe, Maureen  
> **Sent:** Friday, January 26, 2001 8:41 AM  
> **To:** Tran, Luyen; Stedman, Louellen; Mills, Marshall  
> **Cc:** Clapp, Gene; Radelet, Steve  
> **Subject:** RE: Turkish Energy Sector Meeting  
>

[(b)(5)]

> Marshall -- did you get a fax from Phyllis?

>  
> -----Original Message-----  
> **From:** Tran, Luyen  
> **Sent:** Friday, January 26, 2001 8:28 AM  
> **To:** Stedman, Louellen; Grewe, Maureen; Mills, Marshall  
> **Subject:** FW: Turkish Energy Sector Meeting  
>

[(b)(5)]

> -----Original Message-----



> From: Coffman, Phyllis  
> Sent: Thursday, January 25, 2001 6:09 PM  
> To: Clapp, Gene; Stewart, Elizabeth K.; Tran, Luyen  
> Subject: Turkish Energy Sector Meeting  
>  
> Friday, January 26 at 3:00 pm in Bill's office.

ANKARA REFORMS LATEST TRANCHE LIKELY TO BE GRANTED DESPITE GOVERNMENT'S FAILURE TO MEET ELECTRICITY DEADLINE

2

# Turkey set to win IMF loan approval

By Leyla Bouillon in Ankara

The International Monetary Fund is expected to approve today a \$1.4bn loan tranche for Turkey, in spite of parliament's failure to meet an end-January deadline for passing an electricity reform law which was a condition for the money's release.

At a board meeting to consider Turkey's progress since it agreed to strengthen reforms in return for a \$7.5bn emergency loan, the IMF is likely to agree the

latest loan tranche after accepting Ankara's defence of force majeure.

Parliament went into recess after a deputy died of a heart attack in a fist-fight among parliamentarians on January 30. The brawl broke out during a debate on government proposals to speed up parliament's procedures for adopting legislation.

But the delay in taking relatively simple reform steps may confirm suspicions among some investors that even a dramatic financial

crisis at the end of last year has done little, as one analyst put it, "to change the last-minute way Turkey addresses problems".

After panic hit its financial markets at the end of November, Turkey was spared a disastrous devaluation - and the consequent collapse of economic reforms resting on a fixed-exchange-rate regime - by the IMF's promise of emergency assistance on December 5.

The most stable Turkish government in a decade has

gone further than previous administrations in curbing chronic double-digit inflation, which in January fell to its lowest level in 14 years. Figures on Saturday showed year-on-year wholesale and consumer inflation at 28.3 per cent and 35.9 per cent respectively.

Even before the dramatic events in parliament, there were fears that an investigation into the awarding of energy contracts might delay energy sector reform. Approval of the law to liber-

alise the electricity market, which has at least already passed the committee stage, will now become a condition for the next IMF loan tranche, due for approval in March.

Meanwhile, the three-party coalition's efforts to sell a strategic stake in Turk Telekom - another key promise to the IMF - have been hampered by rearguard resistance from members of the National Action Party (MHP), which now controls the utility.

The privatisation administration said on Friday it had held a "positive" meeting with Deutsche Telekom.

But analysts say that Ankara's efforts to overcome a global lack of appetite for telecommunications acquisitions rest on two conditions.

It must remove legal uncertainty over its promise to grant management control to a strategic investor; secondly, it must not insist on a minimum price for the 33.5 per cent stake.

86

**From:** Lemay, Joanne  
**Sent:** Thursday, February 08, 2001 4:25 PM  
**To:** Clapp, Gene  
**Cc:** Coffman, Phyllis  
**Subject:** Turkey Energy Issues Mtg

Janice Bay from the State Dept is coming over to meet with Steve Radelet tomorrow (Fri, Feb 9) at 2:00pm to discuss Turkey Energy Issues. You are welcomed to attend. It will be held in rm 3222 MT.

**Clapp, Gene**

*Notes from  
State mtg*

**From:** Mills, Marshall  
**Sent:** Friday, February 09, 2001 12:44 PM  
**To:** Stedman, Louellen; Clapp, Gene; Stewart, Elizabeth K.; Tran, Luyen  
**Cc:** Grewe, Maureen; McDonald, Larry; Robin Ritterhoff (E-mail); Patti Brukoff (E-mail); Mills, Marshall  
**Subject:** Readout of Today's Staff Level Conference Call on Turkey Energy Issues and IFIs  
**Importance:** High

*on other side*

[(b)(5)]

Please call me if you have further questions.

-----Original Message-----

**From:** Stedman, Louellen  
**Sent:** Friday, February 09, 2001 10:24 AM

**To:** Mills, Marshall; Clapp, Gene; Stewart, Elizabeth K.  
**Cc:** Grewe, Maureen; McDonald, Larry  
**Subject:** RE: URGENT: Dial-in Instructions for Conference Call on Turkey Energy Issues and IFIs at 10:30  
**Importance:** High

[(b)(5)]

-----Original Message-----

**From:** Mills, Marshall  
**Sent:** Friday, February 09, 2001 10:20 AM  
**To:** Stedman, Louellen; Clapp, Gene; Stewart, Elizabeth K.  
**Cc:** Grewe, Maureen; McDonald, Larry  
**Subject:** URGENT: Dial-in Instructions for Conference Call on Turkey Energy Issues and IFIs at 10:30  
**Importance:** High

Call 647-0817, code 7890.

\*\*\*

[(b)(5)]

The conference call is at the staff level, prior to a DAS level meeting this afternoon at 2 pm. I am covering for ISM.

Marshall

-----Original Message-----

**From:** Stedman, Louellen  
**Sent:** Friday, February 09, 2001 10:11 AM  
**To:** Mills, Marshall; Clapp, Gene; Stewart, Elizabeth K.  
**Cc:** Grewe, Maureen; McDonald, Larry  
**Subject:** RE: URGENT: Conference Call on Turkey Energy Issues and IFIs at 10:15-10:30  
**Importance:** High

[(b)(5)]

Who is taking the call? Steve? Mark? The Secretary?

-----Original Message-----

**From:** Mills, Marshall  
**Sent:** Friday, February 09, 2001 9:57 AM  
**To:** Stedman, Louellen; Clapp, Gene; Stewart, Elizabeth K.  
**Cc:** Grewe, Maureen  
**Subject:** RE: URGENT: Conference Call on Turkey Energy Issues and IFIs at 10:15-10:30

Sorry to throw you in the middle of this ... [(b)(6)]

[(b)(5)]

-----Original Message-----

**From:** Stedman, Louellen  
**Sent:** Friday, February 09, 2001 9:44 AM  
**To:** Mills, Marshall; Clapp, Gene; Stewart, Elizabeth K.  
**Cc:** Grewe, Maureen  
**Subject:** RE: URGENT: Conference Call on Turkey Energy Issues and IFIs at 10:15-10:30

Who is the conference call with???

[(b)(5)]

0050000001916

-----Original Message-----

**From:** Mills, Marshall  
**Sent:** Friday, February 09, 2001 9:42 AM  
**To:** Clapp, Gene; Stewart, Elizabeth K.  
**Cc:** Grewe, Maureen; Stedman, Louellen  
**Subject:** URGENT: Conference Call on Turkey Energy Issues and IFIs at 10:15-10:30  
**Importance:** High

Details to follow.

Should anyone from GC and/or the IMF office participate?

WB Econ Review  
V 14 # 3 Sept 2000  
Symposium on Saving  
in Developing Countries

[(b)(5)]



**Clapp, Gene**

---

**From:** tcrawford@worldbank.org  
**Sent:** Wednesday, February 14, 2001 9:45 AM  
**To:** Luyen.Tran@do.treas.gov  
**Cc:** ritterhoff@worldbank.org; Gene.Clapp@do.treas.gov  
**Subject:** RE: Turkey-- 2nd Market Report on Guarantee

[(b)(5)]

Luyen.Tran@do.treas.gov on 02/13/2001 01:36:09 PM

**To:** Ritterhoff@Worldbank.Org, Tcrawford@Worldbank.Org,  
Gene.Clapp@Do.Treas.Gov  
**cc:**  
**Subject:** RE: Turkey-- 2nd Market Report on Guarantee

[(b)(5)]

-----Original Message-----

**From:** ritterhoff@worldbank.org [mailto:ritterhoff@worldbank.org]  
**Sent:** Tuesday, February 13, 2001 10:36 AM  
**To:** Marshall.Mills@do.treas.gov; Maureen.Grewe@do.treas.gov;  
Sara.paulson@do.treas.gov  
**Cc:** Katerina.Sloniewsky@do.treas.gov; Luyen.Tran@do.treas.gov  
**Subject:** Turkey-- 2nd Market Report on Guarantee  
**Importance:** High

[(b)(5)]

(See attached file: Guar Statement by T Crawford.doc)

Marshall.Mills@do.treas.gov on 02/13/2001 09:20:48 AM

**To:** Ritterhoff@Worldbank.Org  
**cc:**  
**Subject:** FW: Turkey: Summary Market Report, Monday, February 12

[(b)(5)]

> -----Original Message-----  
> From: Mills, Marshall  
> Sent: Monday, February 12, 2001 8:13 PM  
> To: Kifayat, Adnan; Baker, Jeffrey; Berger, Gregory; Cook, Lisa;  
> Dulaney, Tim; Gelpern, Anna; Grewe, Maureen; Gunaratne, Nilmini; Kuhlow,  
> Margaret; Martin, Willia; Murden, Bill; Radelet, Steve; Romey, Mike;  
> Setser, Brad; Sobel, Mark; Stedman, Louellen; Tran, Luyen; Salladin, Anne;  
> Sharer, James; Cetina, Jill; Corfield, Anna; Abdelrazek, Rawan; Engelhard,  
> Joe; Nelson, Heidi; Adams, Tim; Dam, Ken; Rao, Geetha  
> Cc: Roubini, Nouriel; Mills, Marshall  
> Subject: Turkey: Summary Market Report, Monday, February 12  
>  
>  
> Summary Market Report, Monday, February 12  
> (A full report on last week's developments will come out tomorrow.)  
>

[(b)(5)]

[(b)(5)]

[(b)(5)]

**Clapp, Gene**

---

**From:** ritterhoff@worldbank.org  
**Sent:** Wednesday, February 14, 2001 3:15 PM  
**To:** Luyen.Tran@do.treas.gov  
**Cc:** Marshall.Mills@do.treas.gov; Maureen.Grewe@do.treas.gov; Gene.Clapp@do.treas.gov; Elizabeth.K.Stewart@do.treas.gov; Larry.McDonald@do.treas.gov; ritterhoff@worldbank.org; PBRUKOFF@imf.org  
**Subject:** RE: FYI: Embassy action request on Turkey Electricity Law and IFI conditionality

[(b)(5)]

Luyen.Tran@do.treas.gov on 02/14/2001 02:51:01 PM

**To:** Marshall.Mills@Do.Treas.Gov, Maureen.Grewe@Do.Treas.Gov, Gene.Clapp@Do.Treas.Gov, Elizabeth.K.Stewart@Do.Treas.Gov, Larry.McDonald@Do.Treas.Gov, Ritterhoff@Worldbank.Org  
**cc:** Pbrukoff@Imf.Org  
**Subject:** RE: FYI: Embassy action request on Turkey Electricity Law and IFI conditionality

[(b)(5)]

> -----Original Message-----  
> **From:** Mills, Marshall  
> **Sent:** Wednesday, February 14, 2001 2:48 PM  
> **To:** Grewe, Maureen; Clapp, Gene; Stewart, Elizabeth K.; Tran, Luyen; McDonald, Larry; Robin Ritterhoff (E-mail)  
> **Cc:** Patti Brukoff (E-mail)  
> **Subject:** FYI: Embassy action request on Turkey Electricity Law and IFI conditionality  
> **Importance:** High  
>  
>

[(b)(5)]

**Clapp, Gene**

---

**From:** rritterhoff@worldbank.org  
**Sent:** Wednesday, February 14, 2001 3:21 PM  
**To:** Marshall.Mills@do.treas.gov  
**Cc:** Luyen.Tran@do.treas.gov; Maureen.Grewe@do.treas.gov; Gene.Clapp@do.treas.gov; Elizabeth.K.Stewart@do.treas.gov; Larry.McDonald@do.treas.gov; rritterhoff@worldbank.org; PBRUKOFF@imf.org  
**Subject:** RE: FYI: Embassy action request on Turkey Electricity Law and IFI conditionality

[(b)(5)]

Marshall.Mills@do.treas.gov on 02/14/2001 03:07:58 PM

**To:** Luyen.Tran@Do.Treas.Gov, Maureen.Grewe@Do.Treas.Gov, Gene.Clapp@Do.Treas.Gov, Elizabeth.K.Stewart@Do.Treas.Gov, Larry.McDonald@Do.Treas.Gov, Rritterhoff@Worldbank.Org  
**cc:** Pbrukoff@Imf.Org  
**Subject:** RE: FYI: Embassy action request on Turkey Electricity Law and IFI conditionality

[(b)(5)]

> -----Original Message-----  
> **From:** Tran, Luyen  
> **Sent:** Wednesday, February 14, 2001 2:51 PM  
> **To:** Mills, Marshall; Grewe, Maureen; Clapp, Gene; Stewart, Elizabeth K.; McDonald, Larry; 'Robin Ritterhoff (E-mail)'  
> **Cc:** 'Patti Brukoff (E-mail)'  
> **Subject:** RE: FYI: Embassy action request on Turkey Electricity Law and IFI conditionality  
>

[(b)(5)]

> -----Original Message-----  
> **From:** Mills, Marshall  
> **Sent:** Wednesday, February 14, 2001 2:48 PM  
> **To:** Grewe, Maureen; Clapp, Gene; Stewart, Elizabeth K.; Tran, Luyen; McDonald, Larry; Robin Ritterhoff (E-mail)  
> **Cc:** Patti Brukoff (E-mail)  
> **Subject:** FYI: Embassy action request on Turkey Electricity Law and IFI conditionality  
> **Importance:** High  
>  
>

[(b)(5)]

[(b)(5)]

**Clapp, Gene**

---

**From:** Mills, Marshall  
**Sent:** Wednesday, February 14, 2001 5:26 PM  
**To:** Mills, Marshall; Grewe, Maureen; Clapp, Gene; Stewart, Elizabeth K.; Tran, Luyen; McDonald, Larry; 'Robin Ritterhoff (E-mail)'; Radelet, Steve; Stedman, Louellen  
**Cc:** 'Patti Bruhoff (E-mail)'  
**Subject:** FYI: IMF conditionality and Embassy action request on Turkey Electricity Law  
**Importance:** High

[(b)(5)]

Marshall

-----Original Message-----

**From:** Mills, Marshall  
**Sent:** Wednesday, February 14, 2001 2:48 PM  
**To:** Grewe, Maureen; Clapp, Gene; Stewart, Elizabeth K.; Tran, Luyen; McDonald, Larry; Robin Ritterhoff (E-mail)  
**Cc:** Patti Bruhoff (E-mail)  
**Subject:** FYI: Embassy action request on Turkey Electricity Law and IFI conditionality  
**Importance:** High

[(b)(5)]



**Clapp, Gene**

---

**From:** ritterhoff@worldbank.org  
**Sent:** Thursday, February 15, 2001 8:36 AM  
**To:** Maureen.Grewe@do.treas.gov; Marshall.Mills@do.treas.gov;  
Elizabeth.K.Stewart@do.treas.gov  
**Cc:** Luyen.Tran@do.treas.gov; Gene.Clapp@do.treas.gov  
**Subject:** Re: Turkey issues  
**Importance:** High

[(b)(5)]

----- Forwarded by Robin Ruth Ritterhoff/Person/World Bank on  
02/15/2001 08:34 AM -----

Robin Ruth Ritterhoff  
02/15/2001 08:34 AM  
Extn: 88049 EDS01

**To:** Ajay Chhibber  
**cc:** Kathleen B. Mccollom, Sally M. Zeijlon, Ayse Ronay  
**Subject:** Re: Turkey issues (Document link: Robin Ruth Ritterhoff)

[(b)(5)]

Regards,  
Robin

Ajay Chhibber  
02/15/2001 04:39 AM  
Extn: 84219 ECC06

**To:** Robin Ruth Ritterhoff  
**cc:** Kathleen B. Mccollom, Sally M. Zeijlon, Ayse Ronay  
**Subject:** Re: Turkey issues (Document link: Robin Ruth Ritterhoff)

Robin,  
many thanks.

[(b)(5)]

ajay

Robin Ruth Ritterhoff  
02/15/2001 01:36 AM  
Extn: 88049 EDS01

To: Ajay Chhibber  
cc: Kathleen B. Mccollom, Sally M. Zeijlon, Ayse Ronay

Subject: Turkey issues

Ajay-- for some mysterious reason, the first time I sent the message below, Lotus Notes decided not to send it to you, despite my having addressed it to you. Here it is again.

Regards,  
Robin

----- Forwarded by Robin Ruth Ritterhoff/Person/World Bank on  
02/14/2001 06:34 PM -----

Robin Ruth Ritterhoff  
02/14/2001 06:34 PM  
Extn: 88049 EDS01

To:  
cc: Kathleen B. Mccollom, Sally M. Zeijlon, Ayse Ronay

Subject: Turkey issues

Ajay--

[(b)(5)]

Regards,  
Robin

**Clapp, Gene**

---

**From:** Mills, Marshall  
**Sent:** Thursday, February 15, 2001 9:29 AM  
**To:** Radelet, Steve; Grewe, Maureen; Clapp, Gene; Stewart, Elizabeth K.  
**Cc:** Patti Brukoff (E-mail); Robin Ritterhoff (E-mail)  
**Subject:** FW: Turkey: TOORS: deadline extended to June 30, Feb 15, 2001  
**Importance:** High

blank.txt

-----Original Message-----

**From:** Bender Securities [mailto:BenderSecurities@BenderSecurities.com]  
**Sent:** Thursday, February 15, 2001 4:51 AM  
**To:** 'marshall.mills@do.treas.gov'  
**Subject:** Turkey: TOORS: deadline extended to June 30, Feb 15, 2001  
**Importance:** High

[(b)(5)]

[(b)(5)]

For further information please refer to :

Adrian Rouse, Senior Analyst  
+90 212 252 2000 - 232  
arouse@bendersecurities.com

... from Bender Info-Cannon  
... powered by Bender B.I.T. Team  
#38122

**Clapp, Gene**

---

**From:** rritterhoff@worldbank.org  
**Sent:** Thursday, February 15, 2001 11:24 AM  
**To:** Steven.radelet@do.treas.gov  
**Cc:** Luyen.Tran@do.treas.gov; Marshall.Mills@do.treas.gov; Maureen.Grewe@do.treas.gov; Gene.Clapp@do.treas.gov; Elizabeth.Berko@do.treas.gov  
**Subject:** Turkey-- notes from 1/29 conf call w/ Jim Parks  
**Importance:** High

Repeating what I told Steve by phone. [(b)(5)]

[(b)(5)]

**Clapp, Gene**

---

**From:** ritterhoff@worldbank.org  
**Sent:** Tuesday, March 06, 2001 6:56 PM  
**To:** Marshall.Mills@do.treas.gov; Gene.Clapp@do.treas.gov  
**Cc:** nilmini.GUNARATNE@do.treas.gov; Maureen.Grewe@do.treas.gov;  
Luyen.Tran@do.treas.gov  
**Subject:** RE: turkey disbursements

[(b)(5)]

Marshall.Mills@do.treas.gov on 03/06/2001 06:29:48 PM

**To:** Ritterhoff@Worldbank.Org  
**cc:** Nilmini.Gunaratne@Do.Treas.Gov, Maureen.Grewe@Do.Treas.Gov,  
Marshall.Mills@Do.Treas.Gov

**Subject:** RE: turkey disbursements

Robin,

[(b)(5)]

Any interesting buzz around the Bank?

Thanks,

Marshall

-----Original Message-----

From: rritterhoff@worldbank.org [mailto:rritterhoff@worldbank.org]  
Sent: Tuesday, February 27, 2001 10:25 AM  
To: Maureen.Grewe@do.treas.gov; Marshall.Mills@do.treas.gov  
Subject: turkey disbursements

----- Forwarded by Robin Ruth Ritterhoff/Person/World Bank  
on  
02/27/2001 10:21 AM -----

Kathleen B. Mccollom  
02/27/2001 10:17 AM  
Extn: 81309                   ECCA2

To: Robin Ruth Ritterhoff  
cc: Johannes Linn, Shigeo Katsu, Ajay Chhibber, Nick Van Praag

Subject:

Robin:

[(b)(5)]

—Original Message—

From: Newhouse, Stephen P [mailto:NewhouseSP@state.gov]

Sent: Friday, May 18, 2001 12:14 PM

To: 'marshall.mills@do.treas.gov'

Subject: Turkey questions

Marshall:

[(b)(5)]

Stephen Newhouse  
Office of Development Finance  
U.S. Department of State  
(202) 647-8988



**Clapp, Gene**

---

**From:** Clapp, Gene  
**Sent:** Monday, May 21, 2001 3:41 PM  
**To:** Mills, Marshall  
**Cc:** Stewart, Elizabeth K.  
**Subject:** RE: Turkey energy sector questions

[(b)(5)]

-----Original Message-----

**From:** Mills, Marshall  
**Sent:** Monday, May 21, 2001 12:30 PM  
**To:** Clapp, Gene; Stewart, Elizabeth K.  
**Subject:** FW: Turkey energy sector questions

Gene, Elizabeth,

Please see State's email below.

After discussing this with Robin, we propose sending the following email back to them. Please let me know if you have any questions or suggested changes to the questions.

Thanks,

Marshall

\*\*\*

Suggested email back to State

[(b)(5)]

-----Original Message-----

From: Newhouse, Stephen P [mailto:NewhouseSP@state.gov]

Sent: Friday, May 18, 2001 12:14 PM

To: 'marshall.mills@do.treas.gov'

Subject: Turkey questions

Marshall:

[(b)(5)]

Stephen Newhouse  
Office of Development Finance  
U.S. Department of State  
(202) 647-8988

**From:** Mills, Marshall  
**Sent:** Monday, May 21, 2001 12:30 PM  
**To:** Clapp, Gene; Stewart, Elizabeth K.  
**Subject:** FW: Turkey energy sector questions

Gene, Elizabeth,

Please see State's email below.

After discussing this with Robin, we propose sending the following email back to them. Please let me know if you have any questions or suggested changes to the questions.

Thanks,

Marshall

\*\*\*

[(b)(5)]



# Department of the Treasury Departmental Offices

Middle East and South Asian Nations

Office

Office Phone Number

202-622-0037

Fax Phone Number

## **FAX TRANSMITTAL SHEET**

Date: \_\_\_\_\_

Time: \_\_\_\_\_

To: Robin Ritterhoff 477-2967

Fax Number

~~Gene Clapp 2-1228~~

Elizabeth Stewart 2-2565

From: Marshall

Phone Number

Number of Pages: 8

(including this page)

Comments: Materials from today's Turkey Energy Mtg.

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

If problems occur with this page, please contact the fax operator.



Enron  
1775 Eye Street, NW, Suite 800  
Washington, DC 20006  
202-465-9169

Thomas C. Briggs  
Vice President  
Government Affairs

Fax 202-423-3372  
Cellular 202-256-2268  
tom.briggs@enron.com

General Counsel  
for American Turkish Council

Facsimile (202) 508-3402  
E-mail: crj@tdbc.com

(Rick)  
Charles R. Johnson, Jr.  
Attorney at Law

LAW OFFICES  
BAKER, DONELSON,  
BEARMAN & CALDWELL  
A PROFESSIONAL CORPORATION

Market Square  
801 Pennsylvania Ave, NW  
Suite 800  
Washington, D.C. 20004  
(202) 508-3400

**From:** Mills, Marshall  
**Sent:** Sunday, July 01, 2001 4:59 PM  
**To:** Salladin, Anne; Clapp, Gene; Stewart, Elizabeth K.; Robin Ritterhoff (E-mail)  
**Cc:** Grewe, Maureen; Munk, Russell  
**Subject:** Response Letter to GE and AES on Turkey Energy Projects

Please find attached for your review a draft joint response letter and cover memo to go from Steve Radelet to John Taylor for signature. I can provide copies of the incoming by fax.

[(b)(5)]

We hope to get this to Steve by **OOB Tuesday** [(b)(6)]

Thank you,

Marshall



**ACTION**

**MEMORANDUM FOR UNDER SECRETARY TAYLOR**

**FROM:** Steve Radelet, Deputy Assistant Secretary  
(Africa, the Middle East and South Asia)

**SUBJECT:** Response Letter to GE and AES on Turkey Energy Projects

[(b)(5)]

Agree/Sign \_\_\_\_\_

Disagree \_\_\_\_\_

Let's Discuss \_\_\_\_\_

**ATTACHMENTS:**

Tab A: Letter to GE and AES

Tab B: Incoming Correspondence

Tab C: "Guidance on U.S. Energy Projects in Turkey," Cable State 098348

**BACKGROUND ON BOT POWER PROJECTS IN TURKEY**

[(b)(5)]



Mr. Ali Iz  
GE Power Systems

Mr. Ghazanfer Khan  
The AES Corporation

Dear Sirs:

Thank you for your letter dated June 11, 2001 regarding  
U.S. power projects in Turkey.

[(b)(5)]

[(b)(5)]

Sincerely,

Al Larson  
Under Secretary  
Department of  
State

Sincerely,

Timothy J. Hauser  
Deputy Under Secretary  
Department of  
Commerce

Sincerely,

John Taylor  
Under Secretary  
Department of  
Treasury

**Clapp, Gene**

---

**From:** Clapp, Gene  
**Sent:** Friday, August 31, 2001 11:09 AM  
**To:** Stewart, Elizabeth K.  
**Subject:** turkey energy

[(b)(5)]

**Turkey – [(b)(5)]**

**Question:** [(b)(5)]

**Answer:** [(b)(5)]

Drafted by Marshall Mills, OASIA/ISM, 622-9398, May 3, 2001

Turkey – [(b)(5)]

**Question:** [(b)(5)]

**Answer:** [(b)(5)]

Drafted by Marshall Mills, OASIA/ISM, 622-9398, May 3, 2001

**Turkey – [(b)(5)]**

**Question:** [(b)(5)]

**Answer:** [(b)(5)]

Drafted by Marshall Mills, OASIA/ISM, 622-9398, May 3, 2001

**Turkey – [(b)(5)]**

**Question:** [(b)(5)]

**Answer:** [(b)(5)]

Drafted by Marshall Mills, OASIA/ISM, 622-9398, May 3, 2001



**Enron**  
1775 Eye Street, NW, Suite 600  
Washington, DC 20006  
202-666-3169

**Thomas C. Briggs**  
Vice President  
Government Affairs

Fax 202-626-3372  
Cellular 202-256-2268  
[tom.briggs@enron.com](mailto:tom.briggs@enron.com)

*General Counsel  
for American Turkish Council*

Facsimile (202) 508-3402  
E-mail: [cj@bdbc.com](mailto:cj@bdbc.com)

*(Rick)*  
Charles R. Johnston, Jr.  
Attorney at Law

LAW OFFICES  
**BAKER, DONELSON,  
BEARMAN & CALDWELL**  
A PROFESSIONAL CORPORATION

Market Square  
801 Pennsylvania Ave., NW  
Suite 600  
Washington, D.C. 20004  
(202) 508-3400

0080000000001



# FAX COVER SHEET

ENRON, WASHINGTON  
1775 Eye Street Street, N.W.  
Washington, DC 20006  
202-828-3360  
202-828-3372 (fax)

TO: Marshall Mills

FROM: Tom Briggs

FAX #: 622-0037

RE: \_\_\_\_\_

DATE: \_\_\_\_\_

Number of pages including cover sheet: 4

Message:  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_



**Thomas C. Briggs**

*Vice President  
Government Affairs*

**Enron Corp.**

1775 Eye Street, NW, Suite 800  
Washington, DC 20006  
202-466-9169  
Fax 202-628-3372  
tom.briggs@enron.com

**TO: Marshall Mills**  
**FROM: Tom Briggs**  
**DATE: 22 March 2001**  
**RE: Late Payments for Enron's Turkish BOT Generating Plant**  
**FAX: 622-0037**

Marshall,

Thank you for your time yesterday. Below is a summary of Trakya's USD/TL exposure as well as a summary of payments past due. My understanding is that the 4 BOT operators are now exploring ways to either trigger a sale of the plants back to the Turkish Government or invoke Turkish Treasury Guarantees. On the bright side, I was informed that BOTAS and the Turkish Government did a great job to avoid gas curtailments this winter. As you know, curtailments require the plants to switch to expensive foreign-sourced oil and this created the payment problems last year.

#### Monthly Cash Flow Split between TL and US \$

Based upon 2001 forecast values the approximate monthly values and proportions of our monthly cash flows are as follows:

	USD %	TL %	USD \$MM	TL \$MM
<b><u>Equivalent Revenues</u></b>				
Fixed Capacity Fees	100%	Nil	14.3MM	Nil
Variable Capacity Fees	80%	20%	2.9MM	0.8MM
Excess Generation Capacity	80%	20%	Not Material	
Energy Charge	Nil	100%	Nil	14.5MM
Associated KDV (VAT)	Nil	100%	Nil	5.7MM
<b><u>Operating Costs</u></b>				
Fuel Costs	Nil	100%	Nil	14.5MM
O&M etc 0.3MM	80%	20%	1.0MM	
Associated KDV	Nil	100%	Nil	1.2MM

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**Other Costs**

Financing Costs	100%	Nil	2.3MM	Nil
Taxation (incl. Div. Withholding Taxes)	Nil	100%	Nil	3.6MM
Net KDV	Nil	100%	Nil	3.4MM

The TL portion of Revenues is due and receivable on 19th of each month with the TL energy payments being due and payable on the 20th. TL exposure is, therefore, limited to 1 day. To the extent that TEAS do not pay us we are no due to pay BOTAS. We are nearly certain the BOTAS pays the Russians for gas in USD, as this is the normal practice throughout Southeastern Europe.

To minimize TL exposure on delayed receipts from TEAS we immediately convert all TL received into USD. We then repurchase TL on the day we actually pay BOTAS.

Please note, however, that whilst the payments from TEAS to Trakya are split into a USD portion and a TL portion, and we in turn pay BOTAS in TL, the contracts and the tariff are denominated 100% in USD. Thus to the extent that the TL devalues, the burden on TEAS effectively increases because their purchase price from Trakya is a USD price. All other things being equal, if the TL devalues by 30% and there is no increase in the sales prices to end-users to compensate for this, TEAS' financial position with respect to Trakya also declines by 30%. Recently tariff prices in Turkey have been increased 10% but devaluation is something like 32%. As a result the TEAS financial position has suffered a meltdown (remember TEAS couldn't meet all its obligations before devaluation). Our estimate of the total amount overdue to the 4 IPP's (BOTs) is now of the order of \$450-470MM.

We also understand that it is the intent of the Turkish Treasury to make tariff and other changes necessary to keep TEAS neutral with respect to the devaluation. However, we have yet to see this happen.

As of this morning (Thursday 22nd March) TEAS and the Fund are currently overdue for the following amounts:

**TEAS Receivables**

November invoice	\$ 23.8MM
December invoice	\$39.4MM
January invoice	\$28.6MM
February invoice	\$41.5MM
F/X Difference	\$ 2.8MM
Delay Interest	\$ 4.6MM
<b>Total Receivable from TEAS</b>	<b>\$140.7MM</b>

**ENERGY FUND Receivables**

Unpaid	\$ 0.4MM
Delay Interest	<u>\$ 2.2MM</u>
<b>Total</b>	<b>\$ 2.6MM</b>

Our understanding from the General Manager is that TEAS will try to pay the remainder of the November payable either today or Friday the 23<sup>rd</sup>. However, the manager qualified that commitment by stating "...if they [TEAS] are able to purchase US dollars..". I would not like to place too much reliance on their statement of intent. Especially as the FX exposure is now huge.

I hope that you find this information useful. If you have any questions, please contact me.





22 January 2001

The Honorable William Schuerch  
Deputy Assistant Secretary  
For International Development,  
Debt and Environmental Policy  
U.S. Department of Treasury  
1500 Pennsylvania Ave., N.W.  
Washington, D.C. 20220

Hon. W. Schuerch,

I am writing on behalf of the American Turkish Council and its Energy Committee to request your support in a matter that is of great importance to American developers of power projects in Turkey and to the Turkish economy. In brief, we ask that you exercise the influence of the United States in the World Bank to moderate the Bank's insistence that Turkish Treasury guarantees for 29 projects be conditioned on entry into service of the power plants by the end of 2002. These 29 projects already have been approved and, in many cases, substantial sums of money have been expended in reliance on the availability of Turkish Treasury guarantees that are now threatened by the World Bank's new policy. Moreover, termination of these projects will engender an unacceptable risk of power shortfalls in Turkey that will threaten economic growth, as well as consumer well being.

The proposed, fast track energy legislation for deregulation of the energy sector in Turkey is currently being debated in the Turkish Parliament and is expected to come up for a vote within a week. One provision of this proposed legislation concerns a deadline of 2002 during which 29 approved build-operate-transfer (BOT) projects would have to reach commercial operation in order to qualify for Turkish Treasury guarantees. World Bank and the IMF are advocates of such a deadline, questioning the need for additional BOT projects claiming that Turkey will have an energy surplus in 2003. Two of these BOT projects are being co-developed by American companies.

The Energy Committee of the American Turkish Council has long advocated appropriate deregulation of the Turkish energy sector and we support the goal of eliminating the need for Turkish Treasury Guarantees. However, the ATC recognizes that a delicate balance must be struck between eliminating Treasury Guarantees and continuing to provide the Turkish energy sector with much needed investment. In this instance the ATC strongly believes that the arbitrary 2002 deadline is bad policy for American developers and for the Government of Turkey for the following reasons:

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Thomas C. Briggs  
Vice President  
Government Affairs

Enron Corp.  
1775 Eye Street, NW, Suite 800  
Washington, DC 20006  
202-466-9169  
Fax 202-828-3372  
tom.briggs@enron.com

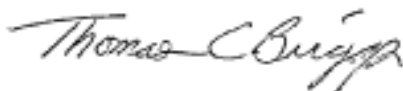
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- Because power plants typically require a minimum twenty-four month construction period, imposition of a 2002 deadline will, *in effect*, terminate these projects on the day the law is passed.
- Export credit agencies, including US Ex-Im, and commercial lenders have indicated that they will not provide financing to projects that do not have Treasury guarantees or in the event the Treasury guarantee is contingent upon meeting a 2002 commercial operation deadline.
- The Ministry of Energy and Natural Resources and the State Planning Organization of Turkey are increasingly concerned that the continuing delays in energy projects will result in extending the energy shortage into 2003.
- The imposition of a deadline for these approved BOT projects will be an imprudent action during a period of transition in the energy sector that will erode confidence among potential foreign investors in Turkey. According to the UN, Turkey already ranks a lowly 54th in the world in attracting foreign direct investment. Turkey was able to attract only \$785M of investment capital in 1999, trailing, among others, Malta, the Dominican Republic, Egypt and Vietnam. The proposed provision of the new energy law that will, in effect, terminate these BOT projects that are under contract, will be detrimental to attracting increased foreign investment in Turkey during a period of expected slow-down in the world economy.

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vvv
 A strong Turkish economy is vital to a stronger Turkey. And a stronger Turkey, a critical ally, is in the best interest of the US. Since time is of the essence, we will appreciate your urgent actions to persuade the World Bank and the IMF to support the deletion of an arbitrary deadline in the proposed energy law. If the Government of Turkey in fact has no intention of building these 29 projects, we suggest that the parties rely instead on the termination provisions of the individual commercial contracts.

Members of the ATC Energy Committee respectfully request a meeting with your office in order to discuss this matter in more detail. I will contact your office to arrange a convenient time to meet.

Sincerely,



Thomas C. Briggs  
 Chairman  
 American Turkish Council Energy Committee

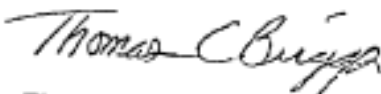


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