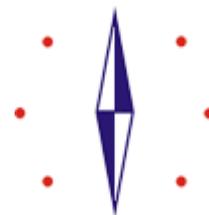


# FOREIGN MARKET CONSULTING



Danismanlik ve Tic. Ltd. Sti.

Attached is our latest monthly newsletter providing summaries of recent economic and political developments in Turkey.

Please note that beginning from this year we also offer 2-day intensive **seminars on 'Business in Turkey'** presented at our offices in Istanbul. Please find further information **Seminar - Info**

We would welcome your feedback on our Newsletter and any other matters that you consider may improve or add to our newsletter service. Please also do not hesitate to contact us if you wish to learn about our wide range of available services.

If you know anyone else who would be interested in this free service, please forward this newsletter to them or alternatively, provide us with their e-mail address (to [newsletter@fmconsulting.info](mailto:newsletter@fmconsulting.info)), so that we can include them on our distribution list.

Best regards,

Your FMConsulting Team

## Newsletter December 2007

# Economy

## Overview of Monthly Data

YTL-Rates	10.31.2007	11.30.2007	Change in %
YTL pro Euro	1.7404	1.7168	-1.36
YTL pro USD	1.1790	1.1666	-1.05

<b>Stock exchange index</b>	54,214	55,538	2.44
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Inflation in %	Monthly inflation	Annual inflation
Producer prices	0.15	5.94
Consumer prices	0.22	8.39

## Growth Rates

Economic Growth Rates (%)					
	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Yearly
2000	4.2	5.4	7.2	7.8	6.3
2001	-3.3	-12.3	-9.1	-12.3	-9.5
2002	0.6	10.4	8.0	11.8	7.9
2003	7.4	3.6	5.6	7.2	5.9
2004	13.9	15.7	5.7	6.6	9.9
2005	7.5	4.7	8.0	10.0	7.6
2006	6.3	9.3	4.3	4.6	6.1
2007	6.7	3.9	2.5		

## Politics

## Other Topics

## Ukraine

### **Ukraine's two pro-Western parties form majority coalition Yulia Tymoshenko is elected as prime minister**

Ukraine's two pro-Western parties forged a majority coalition in parliament. President Viktor Yushchenko's Our Ukraine-People's Self-defense bloc and the BUT party led by the charismatic Yuliya Tymoshenko signed a coalition agreement. Ukraine's parliament elected Yulia Tymoshenko as prime minister. Tymoshenko got 226 votes - the bare majority needed in the 450-member parliament. In addition, the successful joint voting of the Yulia Tymoshenko bloc and the Our Ukraine-People's Self-Defense bloc for the new speaker of Parliament was another test of the viability of the "orange coalition". The close voting illustrates the difficulties ahead. The opposition - led by pro-Russia former Prime Minister Viktor Yanukovich - is in a strong position to fight initiatives by the Western-leaning reformist coalition.

### **Market unsurprised by Yulia Tymoshenko's return**

The PFTS, Ukraine's largest stock trading platform, reacted with no surprise to Yulia Tymoshenko's return to government as prime minister on December 18. The PFTS Index grew by nearly 1 percentage point on the exchange, which has seen over \$1 billion traded in the first nine months of the year. Kyiv-based investment bank Dragon Capital, which managed more than a third of trades on the PFTS in that period. Meanwhile, Alfa Capital Ukraine views Tymoshenko's return as potentially negative for energy distribution companies.

### **Main opposition figure appointed by Ukrainian President**

In a surprise move Ukraine's president Viktor Yushchenko appointed Raisa Bogatyreva, a leading figure of the opposition party "Party of the Regions" as secretary of the National Defense and Safety Council. The move is seen as part of the presidents "divide and conquer" tactic aimed at reducing the strength of Ukraine's main opposition party.

### **Government begins payback of lost savings**

Ukrainian depositors of the former USSR's Savings Bank will be able to receive up to Hr 1,000 (\$200) in compensation through the state-owned Oschadbank. Oshchadbank will compile a registry of depositors who lost their savings and opened a telephone hotline to field questions. Compensating former Sberbank depositors who lost all their savings after the USSR collapsed was a central issue in the Yulia Tymoshenko bloc's election campaign and one that has received much attention since Tymoshenko's return to government. The total volume owed to Ukrainian depositors is estimated at over Hr 120 billion (\$24 billion). Political opponents and some analysts criticized Tymoshenko's plans to pay back the lost savings as "populist" and dangerous for Ukraine's economy. Tymoshenko's government plans to reimburse Hr 6 billion (\$1.2 billion) through direct payments this year.

### **EBRD invested nearly \$1 bln in Ukraine in 2007**

The European Bank for Reconstruction and Development (EBRD) closed out 2007 with \$935 million in project investments in Ukraine throughout the year. Landmark deals included a \$100 million loan to Galnaftohaz to expand the OKKO gasoline station network; a \$100 million deal to assist IKEA's entry into the country's booming consumer market and a \$100 million loan to Kyiv public transportation entities. The EBRD is set to begin 2008 with a flurry of project signings, valued at \$450 million during the first quarter alone. Highlights include a \$220 million loan to the Rivne-Kyiv high power-line and a \$139 million loan to assist the O'Key hypermarket chain open three outlets. The EBRD is the largest private foreign investor in Ukraine. Since 1993, the EBRD has invested \$4.5 Billion in over 150 projects throughout the country.

### **Volume of industrial output(operations and services) January – December 2007**

	2007+	
	mln. UAH	% of the total
<b>Industrial production</b>	<b>537,377.6</b>	<b>100</b>
Mining	45,981.8	8.6
Mining of fuel and energy minerals	22,498.4	4.2
Mining operations apart from fuel and energy minerals	23,483.4	4.4
Manufacturing	412,829.3	76.8
of which		
Production of foodstuffs, beverages and tobacco products	76,742.6	14.3
Light industry	4,924.6	0.9
Textile industry and sewing of clothes, fur and fur articles	3,569.7	0.7
Production of leather, leather articles and other materials	1,354.9	0.2

Cellulose and paper industry; printing	10,161.5	1.9
Production of coke and refined petroleum products	44,570.9	8.3
Chemical and petrochemical industry	34,300.3	6.4
Production of chemicals	25,493.5	4.8
Production of rubber and plastics products	8,806.8	1.6
Production of other non-metallic mineral products	22,441.8	4.2
Metallurgy and production of finished metal products	133,808.2	24.9
Engineering	75,970.1	14.1
Manufacture of machinery and equipment	22,533.4	4.2
Manufacture of electrical, electronic and optical equipment	13,860.1	2.6
Manufacture of transport vehicles equipment	39,576.6	7.3
Production and distribution of electricity, gas and water	78,566.5	14.6

Please note that we also offer our full range of services from our partner firms' offices in **Krakow/Poland, Prague/Czech Republic, Kiev/Ukraine and Bucharest/Romania.**

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**Our Services:**

- Market Research
- Business Partner Search
- Outsourcing Projects
- Company Foundation
- Recruitment Projects
- Employee Administration
- Marketing Activities
- Sales Support
- Office Services
- Management
- Financial Services

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