
Turkish petrochemical manufacturer Petkim meets its new owners

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After several ill-fated attempts at its privatization, Turkey has finally managed to complete the sale of giant petrochemicals manufacturer Petkim, transferring ownership to the SOCAR-Turcas-Injaz joint venture yesterday at a well-attended signing ceremony in Ankara.

The Azeri group submitted the second highest bid in the tender on July 5 for the block sale of a 51 percent state-owned stake in Petkim. Kazakhstan's TransCentralAsia Petrochemical Holding consortium offered a higher bid, \$2.05 billion -- later rejected by a commission overseeing the privatization of Petkim because one of the Kazakh group's partners had close relations with the Armenian diaspora. The Azeri group made a \$1.02 billion down payment to the Treasury for the purchase of Petkim on Wednesday but later decided to increase the amount to \$1.66 billion. The remaining payment will be made within three years. The group borrowed \$625 million from Akbank and Garanti BankasÄ±.

Finance Minister Kemal UnakÄ±tan, Privatization Administration (Ä°B) President Metin Kilci and the acting president of the Social Security Institution (SGK), Fatih Acar, were all present at the signing ceremony of the contract transferring ownership. The consortium was represented by State Oil Company of the Azerbaijan Republic (SOCAR) Chairman RÄ±vnag Abdullayev and Turcas Chairman Erdal Aksoy.

Petkim was established in 1965 under the leadership of the Turkish Petroleum Corporation (TPAO). It initially decided to establish the YarÄ±mca petrochemical complex and started up ethylene, chlorine alkali, VCM, PVC and LDPE plants in 1970. To meet soaring demand, it opened its new facilities in the AliaÄ± district of Ä°zmir.

Today it has 14 manufacturing plants, eight other plants that it shares with the private sector, one electricity generation facility, one recycling unit and a port. It also owns and runs GÄ±zelhisar Dam. The company is a major provider of more than 50 products for the construction, automotive, agriculture, electricity, electronic and packaging industries.

Speaking at the ceremony, UnakÄ±tan said the Petkim sale will be a fresh start for the Turkish petrochemicals business and that the company will soon become a major player in the world petrochemicals market. Privatizations are not conducted to earn money, he said, adding that each sale is indeed a structural reform.

Almost all countries, the Iron Curtain countries of the past included, have completed the sale of their inefficiently run state-owned properties, but Turkey has dragged its feet for years for ideological reasons. "Privatization is done for the sake of competitiveness and to give the economy more dynamism," he noted.

He also expressed pleasure over a company from "Turkey's brother nation, Azerbaijan," having purchased Petkim.

Aksoy noted in his speech that they aim to increase Petkim's production capacity. They will not lay workers off, he added.

Meanwhile, according to the contract signed by the parties, the Treasury will hold the golden share, giving it expanded rights in management despite its minority share in the new ownership structure of the company.
