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Turkcell Spat Could See Government Intervention

By The Moscow Times

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ISTANBUL— A Turkish official said on Thursday that the government might intervene to resolve an impasse at Turkcell between its Russian and Turkish shareholders that has paralyzed the mobile operator and left it unable to agree on the makeup of its management board or pay dividends.

In an interview with Turkish broadcaster Bloomberg HT, Deputy Prime Minister Ali Babacan said that the government would prefer the shareholders to agree among themselves but that the capital markets board could take steps if they failed to do so.

Turkcell canceled its general meeting on Wednesday because Russia's Altimo and Turkey's Cukurova were unable to agree on a representative for their joint shareholding, leaving the company unable to approve financial accounts for 2010-12.

"We will not allow Turkcell to be without a management board," Babacan said. "If they don't

[resolve the issue] the state will certainly intervene until the partners agree."

Altimo, the telecoms arm of billionaire Mikhail Fridman's Alfa Group, has a 13.2 percent stake in Turkcell, while Nordic telecoms company TeliaSonera is the biggest shareholder with 38 percent.

The disagreement centers on Istanbul-based Cukurova Holding's disputed 13.8 percent stake in Turkcell, which is a controlling stake due to the structure of its shareholders. Altimo and Cukurova share ownership of the holding company behind the listed Turkcell business.

Altimo seized the stake from Cukurova after the latter defaulted on a $1.7 billion loan eight years ago.

Britain's Privy Council court ruled in January that Cukurova could recover its stake if it repaid Alfa, including interest, but the holding is also struggling with other debts which led to Turkey's Savings Deposit Insurance Fund seizing control of 45 Cukurova-owned companies last week.

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