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THE INTERNATIONAL BANK FOR
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The International Bank for Reconstruction and Development today made two loans totalling \$16,400,000 to the Government of Turkey for port development and grain storage facilities.

A loan of \$12,500,000 for the development of Turkey's major ports is for a term of 25 years and carries an interest rate of 3 1/4%, plus commission at the rate of 1% which, in accordance with the Bank's Articles of Agreement, is allocated to its special reserve fund. Amortization payments will begin in 1956. A loan of \$3,900,000, which will be used to finance the construction of grain storage facilities, carries an interest rate of 2-7/8% (plus the 1% commission) and is for a term of 18 years; its amortization will start in 1954.

The projects for which the International Bank is making these loans are essential both for Turkey's present needs and for its future development. Inadequate harbor facilities have resulted in overcrowding and excessive port charges, thereby limiting both foreign trade and essential coastwise traffic. The port development projects will increase the operational efficiency of the main ports and will stimulate trade and production by increasing the country's capacity to handle shipping.

Similarly the grain storage project will play an important role in Turkey's agricultural development. Grain is Turkey's largest crop, and present storage facilities are poorly equipped and insufficient to handle

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the annual movement of grain. Modern storage facilities will reduce losses from exposure, infestation and spillage and effect considerable savings in handling costs. New agricultural equipment being supplied by E.C.A. and the availability of more storage space will stimulate increased production and, ultimately, greater exports of grain, which should result in greater foreign exchange earnings.

The total cost of the port development and construction projects is the equivalent of \$38,600,000. The Bank's loan of \$12,500,000 will cover the foreign exchange cost required for the importation of equipment and materials. The projects, which are part of Turkey's long-range program for modernizing its harbor facilities, are as follows:

1. Acquisition of a construction equipment pool to accelerate and reduce the cost of improving ports;
2. Construction of a new pier and basin at Salipazar, on the Istanbul waterfront, to give Istanbul a berth capable of taking large freighters;
3. Construction of new berthing facilities at Haydarpasa, on the Asiatic side of Istanbul, to handle general cargo and to service grain elevators to be built under the grain storage project;
4. Construction of a new wharf and new berthing facilities at the port of Izmir, on the Aegean, which will handle general cargo as well as service the newly-projected grain elevator;
5. Construction of a new port at Samsun on the Black Sea, on which Turkey now has no natural harbors, to open up an economically rich hinterland in central and eastern Anatolia;
6. Improvement of the port of Iskenderun on the Mediterranean to facilitate the handling of coal and chrome ore and service the projected grain silo; and

7. Replacement, reconditioning and repair of existing equipment and the addition of new operating equipment in these and other major Turkish ports to increase their efficiency and relieve congestion.

The Bank's loan will also provide the foreign exchange costs of the Engineering services for the foregoing projects.

The first of these projects will be started on September 1, 1950, and all of them are expected to be completed by the end of 1953 with the exception of the construction at Samsun which should extend to December 1956.

The total cost of the grain storage project is the equivalent of about \$10,000,000. The Bank's loan of \$3,900,000, which will cover the foreign exchange cost of the project, will be used for the purchase from abroad of equipment and materials needed in the construction and mechanization of storage facilities throughout Turkey. These include three new reinforced concrete silos at the ports of Haydarpasa, Izmir and Iskenderun; eight new silos and the expansion of one existing silo at nine inland points on rail lines; 23 new steel storage sheds at 20 other inland points; and the mechanization of six existing warehouses. Work on the grain storage project will get under way in July, 1950, and should be completed by the end of 1953. It will be carried out by Toprak Mahsulleri Ofisi, an agency of the Turkish Government.

After being approved by the Bank's Executive Directors, the Loan Documents were signed today by Melih Esenbel, Charge D'Affaires of the Turkish Embassy, on behalf of the Government of Turkey, by Nahit H. Alpar, Financial Counselor of the Turkish Embassy, on behalf of Toprak, and by Eugene R. Black, President, on behalf of the International Bank for Reconstruction and Development.

SUPPLEMENTAL STATEMENT ON THE LOANS TO TURKEY FOR THE
GRAIN STORAGE AND PORT DEVELOPMENT AND CONSTRUCTION
PROJECTS

PORT DEVELOPMENT AND CONSTRUCTION PROJECTS

Turkey, with a coastline of 4,450 miles, has no natural harbors on either the Black Sea or Mediterranean Sea, and no well-equipped port on any of its sea-fronts. Instead, there are mere open roadsteads; overcrowded, inadequate and badly located harbor areas; obsolete cargo-handling facilities; and a lack of specialized equipment to handle bulk freight. This situation limits foreign trade and coastwise traffic and makes cargo handling excessively expensive, thereby handicapping the Turkish economy and impeding its future development. Turkey's ports, even now heavily overloaded, handle only 4.3 million tons of cargo per year. That traffic will be heavily increased as Turkey is able to realize its plans to raise production and increase foreign trade.

To improve this situation and to gear Turkey's ports and port facilities to its present and prospective needs, Turkey is planning a long-range program to increase the capacity and modernize the facilities of its ports along the best technical lines. Within those long-term plans, the loan made today by the International Bank is designed to finance the projects which are most urgently needed to relieve the present load on Turkey's ports and to raise their immediate operational efficiency.

The Port Development and Construction Loan is for a series of projects.

1. Salipazar Port Development. At Salipazar, on the Istanbul waterfront, a large basin will be dredged to handle large ocean-going vessels. The present Salipazar wharf, 460 meters long, will be extended an additional 310 meters in length and 15 meters seaward. The new pier will have berths 10.5 meters deep. Transit sheds with a floor area of about 16,000 square meters will be constructed. The wharf will be equipped with cranes and navigation aids; and the transit sheds, with mechanized handling equipment. This new pier and basin will give the Port of Istanbul, Turkey's largest port, a berth capable of taking large freighters. The basin will be used to tranship cargo requiring lighterage.
2. Haydarpasa Port Development. A new wharf capable of berthing one small and one large freighter will be constructed at Haydarpasa, on the Asiatic side of Istanbul and the northern terminus of all rail lines in Anatolia. The new wharf will handle grain on the site of the silo to be constructed as part of the grain storage project, and will also be used for general cargo. The project involves extending the north quay wall of Haydarpasa port 180 meters northward and then 150 meters east, dredging berths to 10.5 meters along both extensions and constructing a new 600-meter breakwater about 230 meters offshore. Railway trackage, roads, transit sheds and the new grain silo will be built on the filled-in area behind the quay walls. Mechanized handling equipment, cranes, and navigation aids will be installed.

3. Izmir Port Development. A new 180-meter wharf will be constructed extending east from the root of the existing Alsancak railway pier, at the site of another of the newly projected grain elevators. The wharf will have berths dredged to 10.5 meters and a transit shed. The basin will provide facilities for the turning of grain ships and other ocean freighters.

4. Samsun Port Construction. At Samsun, on the Black Sea coast, which has no natural harbors, a new port will be built, with a main breakwater up to 1,600 meters and a lee breakwater up to 2,500 meters in length, two sections of quay wall totalling 670 meters, and berths dredged to 10.5 meters. The port will be supplied with transit sheds, general cargo-handling equipment, navigation aids, and railroad connections.

5. Iskenderun Port Development. At the long concrete pier already existing at Iskenderun, in the northeast corner of the Mediterranean, mechanical handling equipment for grain, ore and coal will be installed so as to increase its cargo-handling capacity. Ground storage for 50,000 tons of ore will be provided, and a conveyor belt system for unloading from railroad cars. A tunnel-type conveyor belt will carry ore from storage to a travelling ore-loading tower which will operate the length of the pier. A gantry-crane will be erected to unload coal from ships to a hopper on the travelling tower, which will carry it to a 20,000-ton storage area by means of a conveyor belt. Another belt conveyor and travelling tower will service the new silo to be erected under the grain storage project.

6. Equipment Pool. Construction equipment now being used for the construction of new ports at Ereğli and Trabzon, on the Black Sea, and new construction equipment purchased with the proceeds of this loan will be combined in an equipment pool. This pool will be used both to speed up completion of the port of Trabzon (scheduled to be finished at the end of 1951), and the construction programs of the Port Development Projects.

7. Reconditioning, Repair, Replacement, and Additions at Existing Ports. To provide for more efficient operation at existing ports, certain repairs and new equipment will be provided. At the Tophane and Sirkeci wharves at Istanbul, existing cargo-handling equipment will be reconditioned and replaced to a degree consistent with the requirements of those wharves after the completion of the Haydarpasa and Salipazar Projects. At the Haydarpasa wharf, coal and cargo-handling equipment will be repaired. At Izmir, cargo-handling equipment will be reconditioned and new cranes installed. At Samsun, existing equipment will be repaired and a new 200 h.p. tugboat provided. Two new derricks will be installed at Mersin, on the Mediterranean, and the existing cranes and lighters repaired. At Iskenderun a new 500 k.w. diesel generating unit will be installed and the existing port equipment reconditioned.

Work on these projects should be completed by the end of 1953, except in the case of the new port at Samsun, the construction of which will require an additional three years. The total cost involved is \$38.6 million, of which the foreign exchange component furnished by the Bank will be \$12.5 million.

THE GRAIN STORAGE PROJECT

Turkey is essentially an agricultural country. Its national income and foreign trade are based largely on the production and export of agricultural commodities. The country's largest crop is grain. Its area in grain, particularly that in wheat, has been increasing in recent years; it has great possibilities of further growth, both within the present grain belt and in other sections of the country. There are particularly good opportunities for grain production in the eastern part of Anatolia, where large areas have an annual rainfall greater than that of the central plains. If Turkey's grain production potential were fully exploited, the volume of exports could be greatly expanded. In view, therefore, not only of the present grain situation but also of the country's agricultural prospects, adequate and modern storage facilities are essential.

Despite the importance of grain to the Turkish economy, the present storage capacity of the country amounts to only 435,000 tons. This total is only about half the average yearly purchases of grain. Much of the present output is handled and stored in a relatively primitive manner; and there are considerable losses by spillage, infestation and exposure. Because of these primitive methods; the cost of handling is excessive, despite the low cost of labor.

The grain storage project, which involves the construction and mechanization of storage facilities of various kinds throughout Turkey, will provide additional storage, save large handling costs annually and reduce losses from exposure and spoilage. It will also help improve the quality of Turkey's grain which, in conjunction with the increased quantity expected as a result of the agricultural program sponsored by ECA should stimulate exports and thus produce foreign exchange earnings. The grain storage project may be divided into four parts:

1. Port Silos. Three new large reinforced concrete grain elevators will be erected at Turkey's main ports. At Haydarpasa a 34,000-ton silo will be erected on the wharf to be constructed under the Port Development and Construction Loan. It will be equipped with conveyors and elevators, for loading and unloading both railway cars and seagoing vessels, as well as with auxiliary equipment for weighing, cleaning and drying. At Izmir, a 20,000-ton silo will be built, also on a wharf to be constructed under the Port Development and Construction Loan. Similar auxiliary equipment will be provided. The third silo, at Iskenderun, will have a capacity of 20,000 tons and will be built on an existing wharf. It too will be mechanized.
2. Inland Silos. Eight new reinforced concrete silos will be built and one existing silo expanded at nine inland points located on railway lines. One 4,000-ton silo with conventional conveying and elevating equipment will be erected at each of the following towns: Akcakale, Erzurum, Sarayonu, Kadinhan, Bismil, and Fakili. At Konya, the existing silo will be expanded by the addition of 4,000 tons of capacity and will be equipped with conventional

handling and conveying equipment. At Hoyuk a 2,000-ton silo with equipment will be erected. At Cumra a new silo of 1,000 tons will be constructed and both it and two existing warehouses will be equipped.

3. Steel Sheds. Steel storage sheds will be built at 20 other inland points both on and off railway lines. One shed of 2,000 tons will be erected at each of the following towns: Urfa, Develi, Hasankale, Kirsehir, Sorgun, Bogazliyan, Emirdag, Himmetdede, Babaeski, and Luleburgaz. At Yozgat, Tekirdag, Kars, Corlu and Cihanbeyli 3,000-ton sheds will be built. Two sheds of 2,000-tons each will be erected at Derbesiye, and two more at Ceylanpinar. At Aksaray a shed of 5,000 tons will be installed, together with conventional conveyors and other mechanized handling equipment. At Sarikamis two sheds, each of 3,000 tons, will be built. At Horasan a new shed of 6,000 tons will be installed and equipped. Two existing warehouses at Cerikli, and two more at Ceyhan, will be mechanized.

4. Tarpaulins. Two thousand tarpaulins will be purchased for the protection of grain in storage for which warehouse space is not available.

As this project is urgently needed by Turkey, work will get under way at once. Construction is expected to start in July, 1950, and should be completed by the end of 1953. Its total cost will amount to the equivalent of about \$10.0 million, of which the foreign exchange component, to be financed by the International Bank, will be \$3,900,000.