

MTN's Zimbabwe acquisition under threat

MTN's planned acquisition of a 49% stake in Zimbabwe's state-owned cellular network NetOne could collapse after revelations some members of the inclusive government are opposed to its privatisation.

By [Dumisani Ndlela](#) 29 Mar 2010



Finance Minister Tendai Biti told a parliamentary committee that there was discomfort over the planned disposal of a stake in NetOne, giving a clear indication that the company was not among 18 state companies identified for privatisation by a council of ministers chaired by Prime Minister Morgan Tsvangirai.

"Some of us are uncomfortable selling NetOne," Biti said. "We believe it (NetOne's poor performance) is a management issue."

He said the mobile network business was "like printing money," and that there was no reason for NetOne to be in its current state when a later rival, Econet Wireless Zimbabwe, was "making US\$65 million every month."

NetOne, the first mobile network operator to be licensed in Zimbabwe, is now the smallest, with a subscriber base of 250 000. Telecel Zimbabwe has just fewer than one million, while Econet now tops three million.

Should the planned acquisition collapse, it would be the second time MTN has failed to acquire the network after another failed attempt in the late 1990s at which it wanted a 51% stake of the network for US\$30 million.

In late 1999, Telecel Zimbabwe also had an unsuccessful bid for a merger with NetOne under which it wanted an equity determination based on subscriber numbers.

The bid failed after government insisted that using subscriber numbers would underestimate NetOne's true value because its subscriber base was much lower than the network's full potential.

ABOUT DUMISANI NDLELA

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