

Zarnet eyes Telecel takeover

Government-owned telecommunications firm Zarnet is negotiating with Telecel Zimbabwe shareholders for a possible takeover of the mobile phone company, Parliament heard.

Information Communication Technology, Postal and Courier Services Minister Supa Mandiwanzira said this during the question and answer session of the National Assembly.

Earlier, Minister Mandiwanzira had just hinted to the media that "big things" were happening at the company, refusing to shed light on its status after reports that the Government intended to take over the firm.



Telecel Zimbabwe, a subsidiary of Russian telecoms giant Vimpelcom, had its licence cancelled by the Postal and Telecommunications Regulatory Authority (Potraz) in April this year for failing to regularise its shareholding in compliance with local ownership laws.

The firm, which has over two million subscribers, is owned 60 percent by Vimpelcom while a local consortium, Empowerment Corporation, owns the remainder.

Zimbabwean indigenisation laws demand that locals should control at least 51 percent in all multinational companies.

Following the cancellation of its license, Telecel appealed and was granted a High Court order suspending the nullification pending negotiations with the Government.

Pressed to clarify reports that Government intended to buy Telecel in the National Assembly, Minister Mandiwanzira admitted that Zarnet, a Government-owned internet service provider, was in talks to acquire the mobile phone company.

He said both Vimpelcom and Empowerment Corporation, who are the shareholders in Telecel, had offered the Government to acquire their stakes in the mobile phone company.

The Russian firm last year sold off some of its mobile phone business in Burundi and the Central African Republic to Econet Wireless Global for \$65m.

"Government, recognising that it does not immediately have the financial resources, has chosen one of its

100 percent owned businesses to do the transaction in a commercial sense," Minister Mandiwanzira told legislators.

"Zarnet is in the process of negotiating with the shareholders for an acquisition."

It remains to be seen whether Zarnet has the financial muscle to pull off the transaction if it reaches an agreement with the Telecel shareholders.

Opposition legislators took Minister Mandiwanzira to task on why Government intended to take over Telecel when some of its telecommunication firms NetOne and TelOne were already struggling.

Minister Mandiwanzira defended the decision arguing that "all our lives are now dependent on technology" and Government's continued involvement in the sector was meant to "safeguard the sector against abuse by powerful individuals".

After the licence cancellation in April, executives at Telecel have insisted they were still locked in "amicable talks" with the Government over reinstatement of the licence.

Telecel Zimbabwe chief executive Angeline Vere said last week the firm had paid an undisclosed instalment for the licence and would pay another one in December as part of its commitment to remain in business.

A number of firms including Brainworks, South Africa's MTN and French firm Orange have also been linked with a possible takeover of Telecel Zimbabwe.

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