Indian investor eyes stake in Zim phone operator

HARARE: Zimbabwe's debt saddled and sole fixed landline phone operator, Tel*One, is set to undergo a restructuring exercise which will result in the government losing its majority control in the firm as the commercialisation of loss-making state parastatals gathers pace despite stiff resistance from some officials.

This follows revelations this week by Indian owned Mahangar Telephone Nigam Limited (MTNL) that the Zimbabwe government has agreed to cede 51% shareholding in the firm to MTNL's Mauritius unit, Mahanagar Telephone Mauritius Ltd. Informed executives in Zimbabwe confirmed the development although they said the deal had not yet been signed.

Earlier this year, the government sold a controlling stake in Zimbabwe Iron and Steel Company (ZISCO) to Indian firm, Essar Holdings but the deal is yet to take off, mainly as a result of the government failing to settle part of its obligations under the deal.

There are some government officials who are not in favour of the Tel*One deal. But the offer has been tabled, though details are being kept under wraps and the Indian company is waiting for the final nod to the deal, said a source privy to the development.

On Tuesday, international media reports said the government and MTNL were close to sealing the deal. The Zimbabwe government is keen to off-load a 51% stake in Tel*One, an unnamed MTNL official was quoted saying.

He is further quoted saying; "Since Tel*One also has a global system for mobile (GSM) mobile permit, it fits well with our plans to enter the African cellular turf in the near future."

The fixed landline operator is set to become Zimbabwe's fourth mobile phone operator as it holds a license to offer such services. The other mobile operators in Zimbabwe are Econet, Telecel Zimbabwe and state run Net*One.

Unconfirmed media reports indicate that JSE listed MTN is eyeing a stake in Net*One. Negotiations are understood to have opened between the two operators, with MTN said to have tabled a $600 million offer for a controlling stake in Net*One - which has revealed in recent weeks that it is ready to roll out mobile data services.

The telecommunications sector in Zimbabwe is leading the country's economic recovery while Econet, the biggest of the mobile operators, is a blue chip company on the local bourse, the Zimbabwe Stock Exchange (ZSE). The Strive Masiyiwa founded company is currently embroiled in wrangle with Zimbabwe's telecom regulator, POTRAZ, over its plans to roll out BlackBerry services in the country.

"Potraz has the prerogative to approve any new telecommunications service in the country and that includes BlackBerry services, which must get prior approval from the authority before their commercial launch for public use. The authority is still considering Econet's request to introduce BlackBerry services in the market," said Alfred Marisa, the POTRAZ deputy director general.

Zimbabwe's coalition government has in the past revealed plans to commercialise government run companies, which have become huge drains to the fiscus as most of them rely on subsidies.

But such efforts, say informed sources, are facing stiff resistance from government officials aligned to President Robert Mugabe, whose Zanu PF party second senior executives and managers to the state corporations.