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Ukraine: Ukrtelekom's privatisation

The privatisation of Ukrtelekom, the monopolist on the Ukrainian telecommunications market, will take place without a tender, because the only bid was submitted by the Austrian investment fund EPIC. The sale was conducted in a hurry, and under conditions which excluded most of the major players on the European telecommunications market; the price obtained was exactly the reserve price. The lack of transparent conditions for the tender has meant that the budgetary receipts from the privatisation have been much lower than planned.

On 28 December, the state competition committee initially agreed to sell 92.79% of the shares in Ukrtelekom to the Epic Services Ukraine (ESU) company, a subsidiary of the Austrian investment fund EPIC, for a price of €1.3 billion. This was the only offer that was received. The Ukrainian businessman Rinat Akhmetov and the Russian telecommunications company MTS, who were considered to be most interested in purchasing Ukrtelekom, did not in the end submit any tenders. In accordance with the procedure, the value of the shares will be re-assessed, but the final price is unlikely to be very different. The signing of the sale contract can be expected in February. A representative of ESU has announced that after restructuring, they intend to sell Ukrtelekom in a few years – possibly to a Russian investor, or to Akhmetov.

This is the first large privatisation undertaken by the government of Mykola Azarov. It was carried out in a hurry in order to bring additional funds to the budget; this would explain why there was so little interest from potential investors. According to preliminary data, the proceeds from privatisation in 2010 came to just 17% of the planned figure. <smat>