

Ukraine: Privatisation of telecommunications giant

On 27 September, the Ukrainian government initiated the procedure for privatising Ukrtelekom, the monopoly player on the telecommunications market. Because of Ukraine's budget problems, the tender is to be settled before the end of this year, which limits the chances for Western investors to participate. Russian investors were nominated as potential buyers, as was Rinat Akhmetov, the richest Ukrainian oligarch, who is linked to the ruling camp.

The privatisation of 92.79% of the company's shares will be the first large privatisation conducted by Ukraine's new government. It was initially planned that the sale of Ukrtelekom would take place next year, but problems with implementing the state budget, especially the lack of income from privatisations, obliged the government to bring this decision forward. The tender should be completed before the end of year.

Ukrtelekom is the monopoly company on Ukraine's land-line telephone market (with 11 million phone subscribers and 1 million internet subscribers), and the holder of the only licence for 3-G mobile phones. The hurry which has accompanied this privatisation limits the chances for foreign investors to participate in the tender. Most likely, it is Russian investors and companies linked to Rinat Akhmetov who will compete to take over Ukrtelekom. However, it cannot be ruled out that to avoid this confrontation, which would cause open political discord, they will create a joint consortium. <AnG>