

## Beirut's telecom regulator to set date for bids on sale of country's two cell-phone networks

BEIRUT: Debt-laden Lebanon, which has among the highest phone bills in the world, is expected to privatize the country's two mobile networks early next year.

The Telecommunications Regulatory Authority (TRA) is holding a news conference Friday to set the date for applications to take over ownership of the country's GSM network, with a January 2008 deadline for applications.

The GSM network, with about 1.1 million mobile phone lines in operation, is owned by the state and currently operated by Kuwait's MTC Touch and Lebanon's Alfa, whose con-

tracts expire in mid-2008.

Under the privatization plan, three operators will own and run the network by the first half of next year, TRA President Kamal Shehadi told AFP.

The mobile network has been one of the government's main sources of revenue in the last few years, generating about \$900 million a year.

"Our local and international tariffs are among the highest in the world, if not the highest," Shehadi said.

"Lebanese people pay an average of \$65 per month, against \$40 for a Saudi ... and a European citizen pays even less than \$40," he said.

"As for pre-paid cards, which make up 75 percent of subscribers, the minute is about \$0.44, which is enormous," Shehadi added.

Regular subscribers in Lebanon, which has a population of 4 million, also face high bills.

"Before even speaking, they pay about \$41 for the subscription, VAT and options," Zuheir Berro, president of the Lebanon Consumers' Association, told AFP.

"In addition, they have to pay the communication (\$0.14 per minute) and a state tax (\$0.06 per minute)," he said.

The decision to sell the mobile network is part of plans to

introduce reforms agreed by the government in order to obtain much-needed financial assistance pledged by donors at a Paris conference in January.

The government expects to benefit from the privatization process at least in the medium term.

"With privatization, we expect in the medium term a rise of at least 1 to 1.5 percent in economic growth every year, a decrease in the service of the debt and a rise in the volume of the value-added-tax," Shehadi said.

Lebanon's public debt has spiraled to \$40.5 billion since the end of the country's 1975-90 Civil War.

Shehadi said that the government was eager to benefit from the potential growth of the privatized mobile-phone industry, saying the move would help raise the penetration rate of cell-phone lines in Lebanon from 30 percent to at least 80 percent.

Lebanon also plans to sell part of its land-line network which currently has just 550,000 subscribers.

"At the end of 2008, the state will sell 40 percent of its shares to a [private] operator as a first step for Liban Telecom," a private firm which will be eventually created to run the sector, Shehadi said. — AFP