

# Beirut's cellular sell-off still awaits political decision

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BEIRUT: Lebanon can launch a long-awaited sell-off of its two cellular phone networks within eight weeks once the new government agrees on the privatization program, the head of the Telecommunications Regulatory Authority said on Tuesday.

"The interest in the telecom sector both in Lebanon and the region is extremely high but we don't know how it will be next year," Kamal Shehadeh told *The Daily Star*.

The government of Prime Minister Fouad Siniora was scheduled to auction off the two state-owned cellular networks this year, but the deep political differences and security incidents have derailed these efforts.

Telecommunications Minister Marwan Hamadeh recently said Lebanon could fetch between \$5 billion and \$6 billion from the privatization of the two cellular networks, which are currently managed by the Kuwait's MTC Touch and the German-Saudi consortium Alfa.

Amal, one of the main opposition groups, is reported to have strong reservations against the privatization of the networks.

Amal argues that most of the measures adopted by the government are illegal because the privatization bill has not approved yet by the Parliament.

Other opponents of privatization argue that the telecom sector, both landline and mobile, generates over \$1.3 billion in revenues to the Treasury each year, making it the government's second-biggest source of income.

But supporters of privatization say the benefits outweigh the disadvantages. They stress that all the proceeds from privatization will be used to reduce the \$43.2 billion public debt.

Sources told *The Daily Star* that at least 10 Lebanese and regional companies have expressed interest in the privatization of the cellular networks.

Shehadeh reiterated the advantages of cellular licensing in Lebanon. "Privatization will lead to a reduction in the fees for cellular calls and create more jobs in the market," he said.

Shehadeh added that if the privatization were delayed, then the Lebanese would be the first to pay the price.

"The Lebanese are waiting for cheaper cellular rates and better services," he said.

The cellular rates in Lebanon are ranked among the highest in the world.

At present, there are 1 million mobile subscribers or less than 25-percent penetration.

Supporters of privatization say the number of subscribers could go as high as 2 million in less than two years if the privatization program is implemented.

Shehadeh said more firms have shown interest in participating in the bidding process.

Ziad Hayek, president of the Higher Privatization Council, said that technically it is possible to launch the auction for two cellular licenses this year.

"It is too early to say if the privatization of the telecom will take place this year. We have to find out who will be the next telecommunications minister and if all ministers agree on the transfer of the cellular to the private sector," Hayek said.

He added that people will be waiting to see if the government will mention the privatization of the telecom in the next ministerial statement.

"The sooner we do it [privatization] the better off the country will be. The effects of privatization on the economy will be tremendous," Hayek said.

He added that the data room, which contains financial and technical information on the two firms running the cellular networks, are constantly updated.

"We have more than 100,000 pages of information and naturally we have to update some of the information for the new bidders," Hayek said.