

Saturday, 10 October 2009

Buyer in biggest deal allegedly tied to Revolutionary Guards Iran probes buyer in \$7.9 billion telecom deal



The Guards Corps has become a major economic force in recent years (File)

TEHRAN (AFP)

Iran is probing the 7.9 billion dollar privatization of a state-owned telecoms company after allegations one of the buyers was linked to the elite Revolutionary Guards Corps, media reports said on Saturday.

Last month, Etemad Mobin Development, a consortium of three Iranian firms, purchased 50 percent plus one share in Telecommunication Company of Iran in the country's biggest privatization deal.

saying one of the members of the buying consortium belonged to a branch of the Guards, a move seen contradicting the basic idea of privatisation.

"We have done some studies on... problematic areas (in the deal) and we will inform about them to the privatization and bourse organizations," Mostafa Pour Mohammadi, the head of Iran's Inspection Organization, was quoted as saying by Tehran Emrouz newspaper.

The Guards Corps, set up to defend the country from internal and external threats, has become a major economic force in recent years because of its controversial and overwhelming presence in the energy, finance and construction sectors.

Members of Etemad Mobin have denied the Guards were connected to the deal or that its financial resources were used in the acquisition of Telecommunication Company.

"The 50 percent plus one share was bought from the public," Mozafar Pour Ranjbar, managing director of Mobin Electronic Development, a member of the consortium was quoted as saying by the ISNA news agency last week.

"This consortium doesn't have to do with the Guards and has made its purchase from other financial

sources," said Mohammad-Reza Modarres Khiabani, head of another member of the consortium.

The state has a grip on around three-quarters of Iran's economy and in any such stake sale the government still retains 20 percent of the equity of the divested company.

Economists have criticised the sell-off process, saying that the stakes sold in most such equity sales do not end up with the real private sector.

Iran's stuttering privatization program, launched in 2006 by supreme leader Ayatollah Ali Khamenei, envisages selling 80 percent of state-owned companies in the banking, media, transport and mineral sectors.