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Government Drops Case Against Telenor

By The Moscow Times

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The Federal Anti-Monopoly Service has dropped a case against Norwegian telecoms firm Telenor's increased stake in VimpelCom, the agency said.

"The Russian Government has decided to withdraw the case brought by the FAS before the Moscow Arbitration Court which was seeking to annul the transaction by Telenor in VimpelCom shares," the FAS said in a statement Friday.

"We are grateful to the shareholders of VimpelCom for their cooperation and patience in this complex dispute, and we are very glad it is over," FAS chief Igor Artemyev said, Interfax reported.

The FAS brought the case in April challenging a deal between Telenor and Egyptian tycoon Nagib Zafiris's Weather that saw the Norwegian company up its stake in VimpelCom to 36.36 percent. Telenor subsequently further increased its share of the company to 39.5 percent.

The watchdog argued that Telenor's dominant position in the telecoms giant breached laws

that limit foreign investment in companies considered to be of strategic interest to the country.

A settlement became possible after Mikhail Fridman's Altimo raised its stake in VimpelCom, overtaking Telenor as the biggest shareholder earlier this year.

Telenor CEO Jon Fredrik Baksaas said in an interview with Vedomosti this week that he believed VimpelCom could be run without a shareholder agreement between the two major stake holders.

The FAS decision clears the way for VimpelCom to hold its annual general meeting to elect the board. It will be held on Dec. 21 provided the court lifts the injunctions before Nov. 27.

"We have felt all along that the claims have been groundless ... We will do what we can to run VimpelCom forward as a profitable company," Telenor spokesman Dag Melgaard said, adding that it had no reason for exiting Russia any time soon, Reuters reported.

"We have long-term prospects in Russia. However, when Altimo now has secured a majority, it does not preclude us being pragmatic about our ownership in the company," Melgaard said. Telenor said for the first time this month it did not rule out selling its stake.

Altimo has a 47.85 percent voting stake in VimpelCom, while Telenor's share is 43 percent.

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