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Talks Over VimpelCom's Djezzy at Delicate Stage

By The Moscow Times

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VimpelCom's talks to sell a controlling stake in its Algerian mobile business Djezzy to Algeria are at a delicate stage but have not failed, a source with knowledge of the discussions said on Wednesday.

Algeria wants to nationalize Djezzy and has pushed VimpelCom into discussing a sale of a 51 percent stake.

A report by Dow Jones earlier said talks had ended in failure, citing two officials close to the matter.

The source said that there might be further clarity on the issue in coming days.

VimpelCom declined comment. Algerian Finance Minister Karim Djoudi, who has been handling the issue, told reporters two weeks ago that he would not comment until a deal was

concluded.

VimpelCom took over Djezzy as part of a $6 billion deal concluded in 2010 to buy assets from Egyptian company Orascom to help VimpelCom diversify outside Russia.

VimpelCom, together with subsidiaries, owns 51.92 percent of Orascom Telecom. Djezzy is Orascom's most lucrative asset.

A main point of contention is a ban on foreign exchange transfers enforced by the Bank of Algeria in 2010 on Orascom Telecom Algeria, which operates under the commercial brand Djezzy. The ban prevents it from buying equipment abroad.

The government in March 2012 slapped a $1.3 billion fine on Djezzy for violating the foreign currency regulations, souring the talks and prompting VimpelCom to announce that it would seek international arbitration against Algeria.

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