

Security Concerns in Play for VimpelCom in Canada

By [The Moscow Times](#)

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TORONTO — National security concerns have delayed the Canadian government's approval of two deals that would solidify VimpelCom's ownership of wireless carrier Wind Mobile, a Canadian newspaper reported, citing undisclosed sources.

VimpelCom, a telecommunications company that is Wind's largest shareholder, has been trying for months to take control of Toronto-based Wind after Canadian investment rules were changed to allow foreign ownership of smaller telecom companies.

However, Canadian officials wary of giving control of Wind's infrastructure to an entity with strong ties to Russia have hampered the closing of the deals, the Globe and Mail reported Friday, citing multiple undisclosed sources.

VimpelCom's top shareholder is Moscow-based Altim, a company controlled by billionaire Mikhail Fridman.

Amsterdam-based VimpelCom Ltd. has said Wind Mobile is not a part of its core business, suggesting that it is open to divesting the wireless company once it has gained full ownership.

The Canadian government said in an e-mail that the strict confidentiality provisions of the Investment Canada Act precluded it from addressing the report, but that it “is clearly committed to encouraging competition in the wireless sector.”

Canada’s wireless industry is dominated by Telus Corp., BCE Inc.’s Bell unit and Rogers Communications, each of which has more than 7 million customers. Wind has about 600,000.

The Canadian government is also concerned about potential spying or hacking because Wind’s core network infrastructure was built by China’s Huawei Technologies, the Globe and Mail reported.

Huawei, founded in 1987 by a former People’s Liberation Army officer, has raised security concerns in the United States, Canada, Britain and Australia over alleged links between it and the Chinese state. VimpelCom strongly denied any suggestion that its full ownership of Wind would increase the risk of a security breach.

Wind said its network has never been hacked, spied on or been the subject of any other security breach, and that it worked cooperatively and proactively with law enforcement.

Huawei equipment is also used in the radio access portion of Bell’s mobile network, which it shares with Telus, a Bell spokesman confirmed.

Wind was started by Canadian entrepreneur Anthony Lacavera with the financial backing of Egypt’s Orascom Telecom, which VimpelCom later took over.

Lacavera has indirect voting control of Wind, a stake VimpelCom will buy out as part of the proposed deal that is awaiting approval. That part of the deal is set to expire by the end of June, an industry source with knowledge of the situation said.

VimpelCom must first get a green light for the conversion of Orascom’s non-voting shares into voting shares. It can then proceed with the purchase of Lacavera’s economic stake.

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