

DA says MTN fudging response to allegations

The Democratic Alliance (DA) believes that the response by Sifiso Dabengwa, president and CEO of the MTN Group (Ltd), to allegations of corruption and human rights violations is a fudge, and MTN, meanwhile says it was Turkcell's own failures and not MTN that had caused the Turkish group to lose out on the second cellular licence in Iran.



DA Shadow Minister of Defence and Military Veterans David Maynier, MP, said the response did not deal directly with the key allegation that the MTN Group (Ltd) engaged in bribery and trading of influence in order to win a mobile operating licence in Iran.

The MTN Group Ltd does not deny, for example, that it made a payment of US\$400 000 to Iran's former Deputy Foreign Minister, Javid Ghorbanoghli, or that it made a payment of US\$200 000 to South Africa's former Ambassador to Iran, Yusuf Saloojee, in return for their assistance with securing the mobile operating licence in Iran.

"The MTN Group (Ltd) appears to concede that the company did provide the Iranian regime with access to MTN-Irancell's subscriber details and telephone lines.

"The MTN Group (Ltd) seems to turn a blind eye to the fact that the interception of communication in Iran does not pass the "democratic test".

It's hard to imagine that an independent judge authorises all the interception of communication in Iran," Maynier asserted.

Serious allegations

"The allegations made against the MTN Group (Ltd) are very serious. They cannot simply be investigated by an independent committee within the Group.

"The DA is awaiting a response from the Directorate of Priority Crime Investigation (Hawks) and the South African Human Rights Commission concerning possible investigations into the MTN Group (Ltd)," Maynier added.

Meanwhile, in the latest salvo in the war of words with Turkish mobile services giant Turkcell, South African multi-national telecommunications group MTN charged on Thursday that it was Turkcell's own failures and not MTN that had caused the Turkish group to lose out on the second cellular licence in Iran.

"MTN did not cause Turkcell to lose 'its' licence in Iran, as Turkcell claims. The Turkcell consortium was never awarded the licence in Iran," asserted MTN Group president and CEO Sifiso Dabengwa.

He explained that in 2004, a consortium that had included Turkcell was pre-selected through a bid process to be awarded the second mobile licence. However, certain conditions set by the Iranian government and the regulator needed to be fulfilled. Those conditions were never met.

"It was Turkcell's own failures to meet Iranian legal and commercial requirements that caused its exit from the licence process," Dabengwa charged.

In September 2005, he added, the Ministry of ICT had authorised the Iranian consortium partners to negotiate with MTN, the runner up in the bid process. As a result, a consortium that included MTN as the non-controlling shareholder had been awarded the licence.

"Consequently, any suggestion that Turkcell's failure to obtain the licence was as a result of any alleged corrupt or improper practices by MTN is unfounded. The allegation that MTN influenced South African foreign policy with regard to its armaments and nuclear position is simply ludicrous and has already been dismissed by the South African government," Dabengwa stated.

"Of particular concern are the allegations that accuse MTN of complicity in human rights abuses in Iran. Such allegations are both false and offensive," Dabengwa said.

MTN's views on human rights were crystal clear. "Civic and human rights are central to us as a company, and as individuals. We have clear ethical standards and we expect the people we do business with to abide by them. MTN has established an Ethics Committee with responsibility for guiding the company's approach to such issues and ensuring that it follows best international practices.

"One of our core values is to respect human rights and the privacy rights of people in all the markets in which we operate. We oppose the abuse of such rights by any party, including governments," Dabengwa said.

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A 'great African success story'

He described MTN as "a great African success story". "With a market capitalisation of R271bn at the end of 2011, we are South Africa's largest primary listed company.

"Our growth over the last 18 years would not have happened without there being massive demand for our services across emerging markets, and without the loyalty of our customers and the dedication of our staff.

"Over the coming years, our focus on innovation, customer experience and growth will continue in each of our 21 territories," he said.

The current media interest in MTN's operations in Iran (through its minority interest in Irancell), particularly the sensationalist allegations made by Turkcell, was naturally of concern.

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"We have clear ethical standards and we expect the people we do business with to abide by them.

"MTN has established an Ethics Committee with responsibility for guiding the company's approach to such issues and ensuring that it follows best international practices.

"One of our core values is to respect human rights and the privacy rights of people in all the markets in which we operate. We oppose the abuse of such rights by any party, including governments.

"There have been colourful allegations over Irancell's complicity in human rights abuses.

"As is the case with every government and every telecoms operator, the licence and local law in Iran give certain government agencies the power to access subscriber details and intercept telephone lines.

"This is not exceptional. As with all telecoms companies, Irancell is bound by these laws and requirements.

"This would have been the case irrespective of who Irancell's shareholders were: whether MTN or Turkcell.

"MTN's role in Iran is as a technical partner. It is a non-controlling shareholder. Fewer than 30 MTN seconded expatriate staff are employed at Irancell, out of around 2000 people.

"The CEO and chief technical officer are Iranian shareholder appointees.

"Whilst MTN's operational role was significant in the initial stages of the development of Irancell, this has been reduced over the years as skills transfer has taken place," Dabengwa said.

'Fanciful' allegations

He continued: "Some more fanciful allegations concern some of the software and equipment provided to Irancell by MTN.

"I can emphatically state that whatever equipment MTN has acquired for Irancell was for normal business reasons. This equipment is of identical specification to that used in our other MTN operations.

"To suggest that we intended to acquire such equipment with the purpose of enhancing the Iranian government's capacity to monitor its citizens outside the law or restrict their access to services is offensive.

"For example, some of the equipment was purchased to develop our 'homezone' offerings, which allows reduced rates within specific areas and thus expands the offering to more customers.

"Moreover, contrary to allegations made by some in the media, Irancell is not in a position to cut off Skype or any other Internet site as we do not own or control the international gateway.

"Similarly, Irancell's data warehousing software was acquired to perform customer analytics, a normal activity in our industry.

"When MTN entered Iran there were only around 4 million mobile subscribers in total. Today, mobile penetration is almost 100% and more than 60% of Irancell's 35 million subscribers are under 25 years old.

"They are using our services to communicate with each other in ways that were unimaginable five years ago.

"Mobile telecoms have been a powerful force for social and economic liberation in the developing world.

"We are proud of the part we are playing in this change. New markets bring new challenges. There are new ethical dilemmas presented by this new technology and the potential for their manipulation by governments and citizens for unethical means. We do not shrink from these debates. However, discussion has to be founded on facts not fantasy.

"Our core belief is that people, irrespective of the governments they live under, gain from being participants in this technological revolution.

"Excluding them from the benefits of this new technology because of their government's policy is no answer. My role is to drive forward our business for the benefit of customers, communities and shareholders.

"Nothing in the current media focus will distract us from pursuing the huge opportunities for the company to build on our past success, and reinforcing our position as the developing world's leading telecoms company," Dabengwa added.

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