

Telkom deal with KT may bring benefits

The R4,7-billion offer from South Korea-based KT Corporation to buy a 20% stake in Telkom has been welcomed by analysts as being "good news" for the local fixed-line telecommunications company.



Business Live quotes Absa Investments' analyst Chris Gilmour as saying that Telkom needs a major international partner in order to move forwards but warns that the company could run into problems with labour unions if the deal goes ahead.

The Congress of South Africa Trade Unions has already raised its stiff opposition to the deal according to *The New Age*, which quotes the union as saying that it is opposed in principle to further privatisation of the local telecommunications company.

Union spokesman Zwelinzima Vavi says that Telkom is an example of what can go wrong with privatisation as it has reversed all the gains it made as a public entity by falling into private hands.

If the deal with KT goes ahead, it is expected to boost Telkom's convergence strategies particularly as KT is not only involved in fixed-line telephone but also has mobile, broadband, satellite and IPTV operations.

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