Verizon’s Pursuit of Vodafone Stake Could Put Canada on the Back Burner

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Thursday’s report that Verizon is actively pursuing Vodafone’s 45 percent share of Verizon Wireless could have implications for Verizon’s Canadian aspirations.

With the valuation of Vodafone’s stake being floated around $130 billion [1], it’s lead many to believe Verizon might lack the extra funds to enter the Canadian market, whether via a spectrum buy or acquisition. As Barron’s points out [2], Verizon might see trying to break into Canada as an unneeded distraction from its higher-priority plans to secure Vodafone’s share of Verizon Wireless.

Verizon had reportedly expressed interest in entering the Canadian wireless market by purchasing small Canadian carrier Wind Mobile and participating in the country’s spectrum auctions scheduled for next year. Certain Canadian government loopholes would give a foreign entrant like Verizon unique advantages over large incumbent carriers like Rogers, Telus and Bell.

Bell, in response to news of Verizon’s possible Vodafone buyout, issued a press release reiterating Canada’s desire for a level playing field in the auctions and used the reported buyout figure as leverage against special treatment for Verizon.

“A company like Verizon with the scale to consider an acquisition of approximately $130 billion dollars does not need any handouts from Ottawa to compete in the Canadian wireless market,” Bell said in the statement [3].

Verizon has never made concrete its intentions with regards to the Canadian wireless market but it has long stated its desire to buyout Vodafone and own Verizon Wireless completely. Verizon unsuccessfully tried to do so in 2006 but if the reports are correct, the carrier could be close to finally closing the deal. It stands to reason then if Verizon is so close to realizing a long-gestating dream like this, it might set aside other aspirations like creating in-roads to the Canadian wireless market.

Source URL (retrieved on *12/05/2013 - 10:16pm*):
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