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Common Market for Eastern
and Southern Africa

CCC Merger Inquiry Notice No. 27 of 2021

Notice of Inquiry into the Formation of a Joint Venture involving VodaFamily Ethiopia Holding Company Limited, Sumitomo Corporation, and CDC Group Plc

It is hereby notified in terms of Article 26(6) of the COMESA Competition Regulations (the “**Regulations**”) that the COMESA Competition Commission (the “**Commission**”), after receiving a notification in terms of Article 24 of the Regulations regarding the formation of a joint venture involving VodaFamily Ethiopia Holding Company Limited (“**Voda Family**”), Sumitomo Corporation (“**Sumitomo**”) and CDC Group Plc, intends to embark on an inquiry in terms of Article 26 of the Regulations.

The proposed transaction entails the formation of a full-function joint venture by a consortium consisting of Voda Family, Sumitomo and CDC Group Plc for the purposes of holding a full-service telecommunications licence awarded by the Ethiopian Communications Authority (the “**ECA**”) under the Ethiopian telecommunications regulatory framework. It was submitted that the consortium is led by Safaricom Plc (“**Safaricom**”), a partner member of the Vodafone Group, which has established a new operating company in Ethiopia with the aim to start providing telecommunications services from 2022 onwards. In addition to Safaricom, the partnership includes Vodacom Group Limited; Vodafone Group Plc; Sumitomo; and, as a non-controlling shareholder, the CDC Group Plc.

It was submitted that the award of the licence is pursuant to the Communications Services Proclamation No. 1148/2019, which opened the Ethiopian telecommunications sector for private sector participation (including domestic and foreign investors) and established the ECA as the institution tasked with the regulation and liberalisation of the telecommunications sector.

Sumitomo is a global trading and investment company based in Japan, conducting business activities across a wide range of industries (including media/digital; metal products; transportation and construction systems; real estate; and mineral resources, energy, chemical and electronics) in 66 countries and regions. In the Common Market, Sumitomo’s business interests include:

- i. Import of metal products (tubular products (OCTG and Line Pipe)), automobile and related products (motor vehicles and tyres) and other products (including pesticides and household insecticides, animal health science, plastic materials and graphite electrodes) to Egypt;
- ii. Procurement and sale of completed vehicles and forklifts (including parts) to distributors in Kenya;
- iii. Import and wholesale of Toyota vehicles and parts in Libya; and

- iv. Engineering, procurement and construction contract with Société Tunisienne de l'Electricité et du Gaz for a gas-fired combined cycle power plant in Tunisia.

Voda Family is a newly-incorporated entity for the purposes of the joint venture and has no other activities. The activities of the (indirect and direct) shareholders of Voda Family in the Common Market are as follows:

- i. Safaricom is a telecommunications operator in Kenya;
- ii. Vodacom Group Limited has shareholding in Vodacom Congo (RDC) SA, a telecommunications operator in the DRC; and
- iii. Vodafone Group Plc has shareholding in Vodafone Egypt Telecommunications S.A.E., a telecommunications operator in Egypt.

The Commission will, in accordance with the provisions of the Regulations, determine, among other things, whether or not the proposed transaction is likely to substantially prevent or lessen competition within the Common Market and whether the proposed transaction is or would be contrary to the public interest as provided for under Article 26 of the Regulations.

In view of this, the Commission hereby gives notice to all interested stakeholders, including competitors, suppliers and customers of the parties to the proposed transaction to submit written representations to the Commission with regard to the subject matter of the proposed inquiry by emailing them to: sbooluck@comesa.int. All written representations should be sent to the Commission not later than **19th October 2021**.

If you wish to seek further details and/or clarifications on any aspect of this proposed transaction or need assistance you may get in touch with **Ms. Sandya Booluck, Senior Analyst, Mergers and Acquisitions** on Tel: +265 (0) 1 772 466 or sbooluck@comesa.int.

All written representations submitted to the Commission will be treated with the strictest confidentiality and will only be used for the purpose of this inquiry.