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ETHIOPIAN
COMMUNICATIONS AUTHORITY

**Determination of Significant Market Power (SMP)
in Relevant Markets
Determination No. 1 of 2024**



April 2024

1. Introduction

The Ethiopian Communications Authority (ECA) is publishing this determination on Telecommunications Operators with Significant Market Powers in relevant market areas following the market review study undertaken on the Telecommunications market in Ethiopia.

2. Legal Background

Pursuant to article 47 of the Communications Service Proclamation No. 1148/2019, the Authority is fully mandated to regulate market competition in the telecommunications sector. Notwithstanding the provisions of any other law, the Authority shall have exclusive power to determine, pronounce upon, administer, monitor and enforce compliance of all persons with competition laws and Directives, whether of a general or specific nature, as it relates to the Ethiopian Communications Service market.

Pursuant to sub article 1(c) of Article 5 of the Telecommunications Interconnection Directive No. 791/2021, the Authority shall monitor competition in Telecommunication Services, and from time to time, define relevant markets, and designate operators with Significant Market Power in those markets;

Pursuant to Sub-Article (1) of Article 7 of Telecommunications Competition Directive No. 798/2021, the Ethiopian Communications Authority shall endeavor to perform a Market Review every three (3) years to define markets susceptible to regulation, and designate operators as having SMP in those markets.

Pursuant to Sub-Article (2) of Article 7 of Telecommunications Competition Directive No. 798/2021, the purpose of a Market Review shall not be to define all telecommunications markets. Instead, the Market Review shall define only markets that shall be susceptible to regulation.



3. Ethiopian Telecommunications Market Review Study

In line with the powers provided in the Telecommunications Competition Directive No. 798/2021, ECA has conducted market review study of the Ethiopian Telecommunication sector based on the above legal and regulatory frameworks.

The objectives of the study are:

- a. To identify relevant markets in the mobile telecommunications value chain and assess whether they are susceptible to ex ante regulation.
- b. For those markets susceptible to ex ante regulation, to examine the existing competition dynamics in order to understand whether any of the existing operators hold a position of SMP.
- c. Where SMP exists, to identify corrective action or pro-competitive remedies required to encourage effective competition in the markets identified.

The approach used in this market review study is in line with articles 10-14, 16, 26(2) of the Telecommunications Competition Directive No. 798/2021, as well as with international best practices.

The Telecommunications Operators - Ethio Telecom and Safaricom Telecommunications Ethiopia PLC were actively participated in providing input data for the Market review study. This involvement entailed sharing essential information and insights relevant to the telecommunications sector, contributing significantly to the study.

Furthermore, stakeholder consultations on the draft market review study were conducted with Ethio Telecom and Safaricom Telecommunications Ethiopia PLC.

These consultations were instrumental in gathering feedback, addressing potential concerns and ensuring that the perspectives of the stakeholders were considered. Such engagement with industry stakeholders enhances the study's



validity, relevance, and effectiveness in informing regulatory decisions and promoting fair competition within the telecommunications market.

4. Relevant Markets

The Market Review Study has identified the following five relevant markets and found them to be susceptible to ex ante regulation.

- i) Wholesale Transmission Markets;
- ii) Wholesale access to cell site passive infrastructure market;
- iii) Wholesale mobile and fixed termination services market;
- iv) Wholesale mobile access and call origination market;
- v) Retail mobile services market.

5. Designation of Significant Market Power (SMP)

For each relevant market illustrated in the above section, telecommunications operators with significant market power are designated as indicated in tables below.

5.1 Wholesale Transmission Markets

Defined Relevant Market(s)	Susceptible to ex ante regulation	Designation of Operator with SMP	Theories of Harm	Proposed Remedies
Wholesale Transmission Markets: (a) Wholesale market for the provision of national transmission services over access/terminating connections (comprising the terminating segments of leased lines and microwave links)	No	N/A		N/A



Defined Relevant Market(s)	Susceptible to ex ante regulation	Designation of Operator with SMP	Theories of Harm	Proposed Remedies
(b) Wholesale market for the provision of national transmission services over trunk connections (comprising the trunk segment of leased lines).	Yes	Ethio Telecom	<ul style="list-style-type: none"> Refusal to supply Excessive pricing Margin squeeze Undue discrimination 	<ul style="list-style-type: none"> Obligation to supply Wholesale price control Mandatory filing of access agreements Reference offer Potential accounting separation Non-discrimination obligation Access to information (including infrastructure audit)

5.2 Wholesale access to cell site passive infrastructure market

Defined Relevant market(s)	Susceptible to ex ante regulation	Designation of Operator with SMP	Theories of Harm	Proposed Remedies
Wholesale access to cell site passive infrastructure market: Wholesale access to mobile passive infrastructure	Yes	Ethio Telecom	<ul style="list-style-type: none"> Refusal to supply Excessive pricing Margin squeeze Undue discrimination 	<ul style="list-style-type: none"> Obligation to supply Wholesale price control Mandatory filing of access agreements Reference offer Potential accounting separation Non-discrimination obligation Access to information (including infrastructure audit)

5.3 Wholesale mobile and fixed termination services market

Defined Relevant market(s)	Susceptible to ex ante regulation	Designation of Operator with SMP	Theories of Harm	Proposed Remedies
Wholesale mobile and fixed termination services market: (a) Wholesale fixed voice termination services on Ethio Telecom's fixed network	Yes	Ethio Telecom	<ul style="list-style-type: none"> Refusal to supply Excessive pricing Margin squeeze Undue discrimination 	<ul style="list-style-type: none"> Obligation to supply Wholesale price control Mandatory filing of interconnection agreements Reference offer Potential accounting separation Non-discrimination obligation



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Defined Relevant market(s)	Susceptible to ex ante regulation	Designation of Operator with SMP	Theories of Harm	Proposed Remedies
(b) Wholesale mobile voice and SMS termination on individual mobile networks	Yes	Ethio Telecom Safaricom (each singly dominant)	<ul style="list-style-type: none"> • Refusal to supply • Excessive pricing • Margin squeeze • Undue discrimination 	<ul style="list-style-type: none"> • Obligation to supply • Wholesale price control • Mandatory filing of interconnection agreements • Reference offer • Potential accounting separation • Non-discrimination obligation

5.4 Wholesale mobile access and call origination market

Defined Relevant market(s)	Susceptible to ex ante regulation	Designation of Operator with SMP	Theories of Harm	Proposed Remedies
Wholesale Mobile and Fixed Termination Services Market: Wholesale mobile access and call origination services	Yes	Ethio Telecom	<ul style="list-style-type: none"> • Refusal to supply • Excessive pricing • Margin squeeze • Undue discrimination 	<ul style="list-style-type: none"> • Obligation to supply • Wholesale price control • Reference offer • Mandatory filing of roaming agreements • Potential accounting separation • Non-discrimination obligation

5.5 Retail mobile services market

Defined Relevant market(s)	Susceptible to ex ante regulation	Designation of Operator with SMP	Theories of Harm	Proposed Remedies
Retail Mobile Services Market: Mobile retail services	Yes	Ethio Telecom	<ul style="list-style-type: none"> • Margin squeeze • Undue discrimination • Predatory pricing 	Implementation of wholesale remedies



6. Enforcement of Proposed Remedies

Operators with significant market power shall have the duties to comply with the specific measures indicated under the proposed remedies.

Regarding remedies on Potential account separation, Telecommunications operators shall Separate the account by type of service in accordance with the criteria and procedures for telecommunications accounts reporting on type of service which shall be prescribed in due course by the Ethiopian Communications Authority.

DONE AT ADDIS ABABA on the 15th DAY of APRIL 2024



BALCHA REBA (ENGINEER)

DIRECTOR GENERAL

ETHIOPIAN COMMUNICATIONS AUTHORITY