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Common Market for Eastern
and Southern Africa

Staff Paper No. 2016/06/JB/02

**Decision¹ of the Twenty Second Meeting of the Committee Responsible
for Initial Determination Regarding the Proposed Acquisition of Oasis SA
and Mobile Cash RDC by Orange Middle East and Africa**

ECONOMIC SECTOR: Telecommunications and Mobile Banking

23rd June 2016 – Johannesburg, South Africa

¹ In the published version of this decision, some information has been omitted pursuant to Rule 73 of the COMESA Competition Rules concerning non-disclosure of business secrets and other confidential information. Where possible the information omitted has been replaced by ranges of figures or a general description.

Information and Relevant Background

1. On 1st April 2016, the COMESA Competition Commission (hereinafter referred to as the "Commission") received a notification for approval of a merger from Bowman Gilfillan on behalf of their clients Orange Middle East and Africa (hereinafter referred to as "OMEA"), Oasis SA hereinafter (referred to as "Oasis") and Mobile Cash RDC (hereinafter referred to as "Mobile Cash").
2. The transaction was notified with the Commission under Article 24(1) of the COMESA Competition Regulations (hereinafter referred to as "the Regulations"). Pursuant to Article 26 of the Regulations, the Commission is required to assess whether the proposed transaction between the parties would, or is likely to have the effect of substantially preventing or lessening competition; or would be contrary to public interest in the Common Market.
3. The Committee of Initial Determination (hereinafter referred to as "the CID") noted that the parties operate in two or more COMESA Member States. This therefore, means that the regional dimension requirements under Articles 23(3) and 23(5) of the Regulations are met and asserts jurisdiction of the Commission to assess the transaction. The parties to the transaction are currently operating in the Democratic Republic of Congo, Egypt, Madagascar and Mauritius.
4. Further, the CID observed that the parties met the merger notification thresholds prescribed under Rule 4 of the COMESA Competition Rules on the Determination of Merger Notification Thresholds and Method of Calculation. The aforementioned Rule provides that:

"Any merger, where both the acquiring firm and the target firm, or either the acquiring firm or the target firm, operate in two or more Member States, shall be notifiable if:

- a) *the combined annual turnover or combined value of assets, whichever is higher, in the Common Market of all parties to a merger equals or exceeds COM\$² 50million; and*
- b) *the annual turnover or value of assets, whichever is higher, in the Common Market of each of at least two of the parties to a merger equals or exceeds COM\$ 10 million,*

unless each of the parties to a merger achieves more than two-thirds of its aggregate turnover or assets in the Common Market within one and the same Member State".

The Parties

OMEA

5. OMEA is a company incorporated in accordance with the laws of France which is part of the Orange Telecommunications Group. The parent company of both OMEA and Orange is Orange SA, also incorporated under the Laws of France.

² One COM\$ is equivalent to one US\$

Oasis

6. Oasis is the third largest mobile network operator with operations only in the Democratic Republic of Congo ("DRC"), under the Tigo brand and offering voice, SMS and data services.

Mobile Cash

7. Mobile Cash operates as a separate undertaking through which Oasis offers mobile financial services in the DRC and operates under the Tigo Brand called Tigo Cash. Tigo Cash allows for safe disbursement of cash which includes salaries.

Nature of the Transaction

8. OMEA intends to acquire sole control of Oasis and the business of Mobile Cash by way of acquisition of the issued share capital. The shares of Oasis and Mobile Cash are held by X-COM Holdings, Sahara Ventures Limited and Millicom Congo B.V.

Competition Analysis

9. The CID defined the relevant product markets as the provision of mobile telephony and mobile banking services in the Democratic Republic of Congo.
10. The CID observed that the markets are highly regulated by the sector specific regulator, the L' Autorite' de Re'gulation de la Poste et des Te'lecommunications du Congo (ARPT) and therefore it is unlikely that the parties would engage in anti-competitive conduct particularly as it relates to tariffs.

Determination

11. The CID determined that the merger is not likely to substantially prevent or lessen Competition and is compatible with the Treaty Establishing the Common Market for Eastern and Southern Africa. The CID therefore decided to approve the transaction.
12. This decision is adopted in accordance with Article 26 of the COMESA Competition Regulations.

Dated this 23rd day of June, 2016.


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Commissioner Thabisile Langa (Chairperson)


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Commissioner Patrick Okilangole (Member)
(Member)


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Commissioner Chilufya Sampa