



Media Release
For immediate release
4 October 2017

COMMISSION LAUNCHES ABUSE OF DOMINANCE INVESTIGATION AGAINST VODACOM

The Commission has initiated an investigation against Vodacom Group (Pty) Ltd (Vodacom) for abuse of dominance after the company secured an exclusive contract with National Treasury to be the sole provider of mobile telecommunication services to the government.

Before Vodacom entered into the exclusive four-year agreement with National Treasury, all government departments could purchase mobile telecommunication services from any mobile network operator.

The Commission has information that there are 20 government departments which will be subjected to the new Vodacom contract. Other departments, including state owned entities and municipalities, will be incentivised to adopt the new contract.

The Commission has reasonable grounds to suspect that the exclusive contract may constitute an exclusionary abuse of dominance by Vodacom in contravention of the Competition Act.

The Act prohibits a dominant firm from abusing its dominance by (1) requiring or inducing a supplier or customer to not deal with a competitor and (2) engaging in an exclusionary act that impedes or prevents a firm's entry or expansion within a market, unless the firm concerned can show technological, efficiency or other pro-competitive gains which outweigh the anti-competitive effect of its act.

The Commission is of the view that the contract will:

- Further entrench Vodacom's dominant position in the relevant market;
- Raise barriers to entry and expansion in the relevant market;
- Distort competition in the market; and
- Result in a loss of market share for other network operators.

Background

In March 2016, National Treasury issued a tender for the supply and delivery of mobile communication services to National and Provincial Government Departments for the period 15 September 2016 to 31 August 2020. Vodacom was the preferred supplier after the other bidders were eliminated at different phases of the bidding process.

[ENDS]

For more information.

Sipho Ngwema, Head of Communications

On behalf of: The Competition Commission of South Africa

Tel: 012 394 3493 / 078 048 1213 / 081 253 8889

Email: SiphoN@compcom.co.za

Find us on the following social media platforms:

Twitter:	@CompComSA
Instagram:	Competition Commission SA
Sound Cloud:	Competition CompComSA
Facebook, LinkedIn and YouTube:	The Competition Commission South Africa