



REPUBLIC OF ALBANIA
-COMPETITION AUTHORITY-
Competition Commission

D E C I S I O N

No. 54, Dated 13 . 07. 2007

On

**The notification of concentration realized through the purchase of
76 % of shares of Albtelekom sh.a., by Çetel S.A.**

The Competition Commission, on its meeting held on 13 . 07. 2007, with the participation of:

- | | |
|----------------------------|-----------------|
| ▪ Mrs. Lindita Milo (Lati) | Chairwoman |
| ▪ Mr. Lush Përpali | Deputy chairman |
| ▪ Mrs. Servete Gruda | Member |
| ▪ Mr. Koço Broka | Member |

Discussed the following issue:

Subject: The notification of 25 June 2007 of the concentration realized through the purchase of 76 % of shares of Albtelekom sh.a., by Çetel S.A.

Legal basis: Law No. 9121, dated 28.07.2003, titled "On Protection of Competition", Article 24, letter "d", Articles 10-12, in particular Chapter III "Concentrations of Companies", Articles 53-56, 58, the Regulation "On the implementation of procedures for the concentration of enterprises", Guideline "On the method of notification of the concentration and the option for simplified notification method" and the Form "On the notification of concentration".

Upon review of the notification of concentration, the Competition Commission,

NOTED THAT:

1. **Albtelekom**, the seller of 76 % of the share of the owners' capital, is a joint-stock company, with its headquarters in Tirana, Albania, with sole owner the Ministry of Economy and Energy of Albania. Albtelekom operates in compliance with the Albanian legislation, and owns a license for performing public services in telecommunications for a 15-year period. The Ministry of Economy and Energy is the sole owner and beneficiary from the packet of 11.400.00 shares of "Albtelekom" company, with a nominal value per share equal to 1 000 Lek, and indirectly, also of Eagle Mobile company. Albtelekom is the public operator that operates in the market of land telecommunication services. Albtelekom sh.a. is licensed by the Regulatory Entity for Telecommunication for providing local, national and international telecommunication services to its clients; to interconnect and support other operators in the telecommunication market; to provide Internet connection services as national ISP, and as backbone operator. Albtelekom sh.a. has entered into interconnection agreements with the mobile telecommunication operators AMC and Vodafone, with the operators providing the teleinformation services, and Prepaid Card Service Providers.

Eagle Mobil, branch of Albtelekom, is a joint-stock company, fully owned (100%) by Albtelekom, founded by Albtelekom, registered upon Decision No. 30436, dated 24 October 2003, issued by Tirana Court, and holder of license No. 253/03/04 dated 1 March 2004, which enables it to provide mobile and land telecommunication services to the public, pursuant to GSM standard. The license of "Eagle Mobile" has been renewed three times, for a 12-month period each. The current license expires on March 2008.

2. **ÇETEL A.S**, represented by Mr. Ahmet Çalik, is the shareholder/buyer of 76 % share of the whole capital, composed by 11.400.000 shares of Albtelekom, with a nominal value per share equal to 1 000 Lek.
ÇETEL A.S. is a joint-stock company, founded in compliance with the applicable legislation in the Republic of Turkey, and is part of Çalik Holding Group.

Çalik Holding, through Çalik Seker, is present in the Albanian banking market as shareholder/owner of 60% of the owner's capital at the National Commercial Bank.

ÇETEL A.S has no economic activity in Albania. ÇETEL has entered into partnership and management agreements with Turk Telekomunikation.

Turk Telekomunikation A.S was founded in compliance with the applicable legislation in the Republic of Turkey, and has its headquarters in Ankara, Turkey. It operates in the telecommunication market, through offering retail and wholesale products. Turk Telekomunikation A.S shall assist ÇETEL with regard to the management of Albtelekomit, on the performance of line

telecommunication services and GSM services, the functioning and management of the telecommunication infrastructure for all the land line segments in the national market.

3. On the year 2006, the annual turnover of the parties participating in the transaction, was as follows:

▪ In the international market, the annual turnover of Çalik Group was 103.946 billion Lek, from which:

- **Çalik Holding** **99.002 billion Lek**
- **Çalik Seker** **4.944 billion Lek**
- **ÇETEL S.A** **0 USD / 0 Lek**

▪ In the national market, the annual turnover of Albtelekom sh.a. was 11.424 billion Lek.

1. The market share in the national market of Çalik Holding (Çalik Seker and Çetel, part of Çalik Holding Group), prior to the concentration is 60%. While after the concentration, the market share of Çalik Holding Group, represented by Çalik Seker and Çetel, shall be, respectively, 60% dhe 76%.

2. The transaction realized through the purchase of 76% of the shares of Albtelekom sh.a by Çetel S.A., constitutes a concentration in the meaning of Article 10, Paragraph 1, letter "a" of the Law, as well as accomplishes the conditions of becoming subject of review by the Competition Authority, in conformity with the Article 12, Paragraph 1 of the Law.

4. Relevant market

a) *Product market:*

➤ **The telecommunication market:**

- Automated telephone services;
- Internet services;
- Telegraphy services;
- ISDN services;
- Prepaid card services;
- Interconnection services;
- Leasing to third parties of telephonic circuits and lines;
- Postal services;
- Maintenance of clients' telephonic lines;

➤ **The banking market** (offering of banking services)

b) *Geographical market*: The national market.

The company Albtelekom sh.a. has its headquarters in Tirana, covers 13 regions that in turn, include 25 areas in the whole territory of Albania.

The National Commercial Bank operates through its branches located in 16 main cities of Albania.

Although the parties participating in the concentration operate at the same services market level, at the national market, their services belong to different markets (financial services market and telecommunication market). Therefore, the markets do not intersect, and for this reason, the parties are neither integrated vertically, nor horizontally in the service market.

6. Assessment of the impact on competition

1. The land line telecommunication services market is highly concentrated. Albtelekom holds a dominant position in this market. If we refer to the market structure of the year 2006, it results that Albtelekom owns 88% of the land line telecommunication market share. The remaining 12% of the market is owned by 49 rural operators that are licensed by the Regulatory Entity for Telecommunication. The Competition Authority, in cooperation with the Regulatory Entity for Telecommunication, shall continue to monitor the behaviour of the company, because of its dominant position in the market, so as to enforce the Law No. 9121 "On the Protection of Competition".
2. In the mobile telecommunication services market Albtelekom sh.a is represented through Eagle Mobile, which has not started to operate as yet. The realization of concentration and the activation of "Eagle Mobile" is expected to increase considerably the competition in this market.
3. In the Internet service provision market, ADSL and modem, Albtelekom shall be monitored in relation to its behaviour in the wholesale market. With regard to the retail market (the Internet users) , Albtelekom owns only 25% of the market share, and such market is open to competition as a result of the licensing of several companies and the low level of the penetration of Internet services in the Albanian market.
4. CETEL, the company that acquires the control of Albtelekom, and Albtelecom itself, both parties to the concentration, are not integrated vertically or horizontally in the services market.
5. The parties operate in separate product and geographical markets, and do not have common clients, to which they provide their services.
6. The purchase of the shares of Albtelekom is expected to increase the capital investment, extend the network, expand towards the rural areas, and also to

increase the efficiency of Eagle Mobile Company, thus increasing its competitiveness in the mobile telecommunication market.

7. The Competition Authority shall continuously monitor the telecommunication market, with respect to the following: the market structure, because the concentration ratio of the land line telecommunications is very high; and the behaviour of the providers that have considerably dominant position in the market, in order to prevent the eventual abuse with dominant positions or coordination practices that restrict competition between the current operators and the potential ones.
8. As a conclusion, the notified transaction consists on the acquisition of control over 76% of the owners' capital of Albtelekom, by ÇETEL, and it does not create or enforce any dominant position of the new company resulting after the concentration.

FOR THE ABOVE REASONS

Based on article 24, letter d, and the article 56 Paragraph 1 of Law No. 9121, dated 28.07.2003, titled "On the Protection of Competition"

DECIDED:

1. To authorize the concentration realized through the purchase of 76% of the owners' capital of Albtelekom sh.a., by Çetel S.A., with headquarters in Istanbul, Turkey.
2. This decision enters into effect immediately.

COMPETITION AUTHORITY

Lush Përpali
(_____)
Deputy Chairman

Servete Gruda
(_____)
Member

Koço Broka
(_____)
Member

Lindita Milo (Lati)
CHAIRWOMAN