



L-Għaqda tal-Konsumaturi – Malta Consumers' Association - Malta

Ing H Pizzuto
Chairman
MCCAA

Vodafone/Melita merger

I refer to the announcement made by Vodafone Malta and Melita Ltd and reported on various sections of the media that they intend to merge pending approval by the MCCA.

I would like to draw MCCA's attention to the fact that the number of operators in Malta in the communications sector is already very limited and practically there is no competition in Malta since the market is dominated by three suppliers who tend to offer similar products with similar high prices and the same shoddy service. It should be noted that both from our experience and from the published data, most of the complaints lodged by local consumers are concerned with this area.

Local consumers not only do not have a real choice but to add insult to injury have got to pay very high prices when compared with the prices other consumers have to pay in other EU countries.

Just to emphasise this point one has only to remember that the normal rate for a local mobile phone call is 50c per minute while the new rate which will soon be enforced for roaming is 3c per minute! This is just one example.

Reducing the number of suppliers will make the situation much worse.

At this stage we are not aware and we are not informed if notification has taken place in terms of the Control of Concentrations Regulations. However, should this take place or should the Competition Office investigate this transaction on its own initiative we would like to register that the Consumers' Association is against this merger as of now. Therefore we would like to register ourselves as objectors to the said proposal and expect the Competition Office to keep us informed on the process including keeping us informed on its market analysis which we assume in the light of the media declarations would have already kick-started.

We believe that the Competition Division in its evaluation should give special importance to the impact such a merger would have on consumer choice which is already in a weary situation. Consequently, we expect that with its decision, the Competition Division, would also publish a consumer impact assessment study especially the impact such a merger would have on ordinary consumers especially the prices that these consumers would have to

pay for telephony, internet and tv services. Such a study would have to compare the prices that consumers would pay under the present and the suggested scenario.

In the event that the MCCA would approve this merger, we expect that the MCCA to give those consumers under contract with Vodafone to opt out free from their contract. The reason for this recommendation is that when choosing to subscribe to a service offered by this company consumers chose the services offered by Vodafone over those provided by either Go or Melita. From available information it seems that "Vodafone" would simply be a brand name as Melita will have a 51% majority shareholding in the new setup. Therefore in reality consumers who chose Vodafone will end up having a contract with Melita something which they chose not to in the first place. This is why we are making this proposal.

We also strongly recommend to the authority to offer the public the opportunity to react to this proposed merger and be allowed to react to the Competition Office. Since this sector concerns thousands of subscribers we do recommend that this opportunity for public participation is widely publicized.

We also expect that the MCCA would then assume its responsibilities by making bi-annually market study to ensure that none of the remaining operators are exploiting the resultant dominant position to the detriment of the consumer. Needless to say, we expect that such studies should be made public.

Best regards,



Benny Borg Bonello
Għaqda tal-Konsumaturi
26th May 2017

c.c. Mr Godwin
Diretor General (Competition)