

Telecoms merger could see major shakeup in Ghana

Ghana's telecommunications sector could be in for a major shake up as two major players Bharti Airtel, owners of Airtel Ghana, and rival company Millicom International Cellular, operators of tiGo Ghana, embark on merger talks according to CitiFm online.



According to [The Economic Times](#) (ET), the merger will see the newly formed entity become the second largest operator in Ghana replacing Vodafone. The merger will see the new company fall only behind South Africa's MTN, in an extremely competitive market.

Bharti Airtel is embroiled in a brutal tariff war back home in India, and this has seen their focus on their expansion in the African market all the more important. They are now thus trying to find ways to improve African operations that since entering the continent in 2010 has yet to make a profit.

"The two companies are in discussions for a possible joint venture wherein both companies could hold equal share," said a source who confirmed the talks to ET, a reputable Indian telecoms newspaper.

Both companies declined to comment on the merger when asked by the ET, but another source has been quoted in the paper as saying consolidation possibilities were on the table, one of the options being considered was similar to what Airtel stitched together with Malaysia's Axiata in Bangladesh. Airtel has just concluded merging its operations with Axiata in the neighbouring country, under which the Indian telco owns a 25% stake in the combined entity with the partner holding more

than 68 per cent.

Airtel Ghana contributes 6-7% to Bharti Airtel's Africa revenue, which totaled close to US\$900 million for the July-September quarter. Net loss for Airtel's Africa operations narrowed during the quarter to US\$91 million from US\$170 million a year earlier.

Although MTN Ghana continues to dominate the market the merger could see the newly formed company start competing and considering the huge financial pressure placed on Airtel due to its price war in India, turning around Africa is all the more important for the company.

Besides exploring consolidation possibilities in Africa where it has already sold most of its towers and operations in Burkina Faso and Sierra Leone to France's Orange Telecom, Airtel is looking to raise funds by selling stake in its tower unit.

In spite of a possible merger talks ongoing in India, the industry regulator in Ghana, National Communications Authority (NCA) claims it is unaware of the deal. "We have not been informed about the supposed merger between the companies that is Airtel and tiGO", William Tevie, director-general of NCA told the [Graphic Business](#) last year.

According to the director, the companies can hold talks because they are multinationals but should a deal be agreed the deal will have to be consummated in Ghana in order to gain legal backing. "Should such a move come to our attention, we will have to subject it to a thorough assessment at the management level and then at the board before we approve or otherwise", Tevie reportedly said, but added that "for now we have not received anything and therefore, we cannot say much".

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