

5G DEPLOYMENT IN NIGERIA: A COMPETITIVE DOMINANT OPERATOR DETERMINANT

by MOJISOLA Oluseun ILUPEJU, Esq.

1. INTRODUCTION

The Fifth Generation (5G) Technology is relatively new to the world, and promises to be the fastest of its earlier counterparts. It has an air latency of 8-12 milliseconds¹, with the potential to provide an improved internet experience for its users as well as the opening up of opportunities for accelerated growth and smart living. Albeit the concerns as to whether this technology is hazardous to humans and possibly overhyped, the truth remains that Information Technology is a rapidly developing industry and there is a constant race around the world to catch up with the trends. This race results in competition in the relevant markets, the Telecommunications industry, in particular.

Competition in any economy is geared at ensuring consumers are given an array of choices from which to make preferences, while prices, amongst other factors, are also regulated by competition. The capitalist nature of world economy and the Nigerian markets specifically however, tend to beam its focus on profit making at the expense of consumers, mainly for the benefit of investors and capitalist market operators. Nevertheless, these capitalist tendencies are not bereft of counterbalance. Consequently, statutory regulations and commissions are usually set up as the occasion demands, to monitor the activities and operations of marketers in sensitive sectors of the economy. These checks are to ensure operations in these markets are in tandem with the political and governmental goals of the state at large and comply with the demands of market forces, vis-a-vis the attainment of a win-win for all stakeholders in the particular sector. Some of these regulators include the Central bank of Nigeria as a regulatory body for the banking industry, the Department of Petroleum Resources for Crude oil industry, Federal Inland Revenue Services for the taxation industry, the Nigerian Communication Commission, for the telecommunications industry in Nigeria, to mention a few.

The questions to be answered are whether or not there still exists competition in the 5G race in the Nigerian Telecommunications Industry.

2. The Telecommunications Industry

The regulatory statute of the Telecommunications Industry is the **Nigerian Communications Act**, enacted in 2003. It creates and provides a regulatory framework for

¹ www.wikipedia.org retrieved, 12.03pm, Monday, 28 February 2022

the Nigerian communications industry and all related matters. This Act created a regulatory body called the **Nigerian Communications Commission (NCC)**. The NCC, established and empowered by the **Nigerian Communications Act, 2003**, makes regulations for the Telecommunications Industry. Of particular interest in this context is the fact that the NCC makes regulations to provide a framework for the promotion of fair competition in the communications sector and ensures protection against the misuse of market power or other anti-competitive practices.

3. Competitive Dominance Determinant in the Telecommunications Industry

The Telecommunications Industry is divided into several markets, such as Mobile Voice Market, Fixed Voice Market, Mobile Data Market, Fixed Data Market and the Upstream Market. These markets are dominated by different participants. The present focus are the Telcos, given multiple licenses. In 2014, the statistics available suggests a high operator dominance in the Nigerian telecoms industry, with MTN having almost 50 percent of the market share, while Airtel has just 20%; Globacom 19%; and Etisalat 15%) in the GSM segment². This competition is overseen by the NCC, established and empowered by the Nigerian Communications Act, 2003 to, inter alia, see to:

“the promotion of fair competition in the communications industry and protection of communications services and facilities providers from misuse of market power or anti-competitive and unfair practices by other service or facilities providers or equipment suppliers”³.

Similarly, the NCC is further permitted to determine whether or not a licensee is in a dominant position in any aspect of the Nigerian Communications market⁴ to the end that no entity, whether singularly or jointly, substantially lessens competition in any communications market⁵. This buttresses the NCC's mandate to promote fair competition in the Telecommunications Industry.

² Muhammed, I. & Oyinwola, K. A. 2019. AN EVALUATION OF THE IMPACT OF COMPETITION IN THE NIGERIAN TELECOMMUNICATIONS INDUSTRY] 1 LNS(A) Ixi Legal Network Series

³ Section 4

⁴ Section 92(4) of the Nigerian Communications Act, 2003

4. 5G Competitive Dominance in the Communications Industry

The NCC published its guidelines in an official *Gazette*⁶, as to the determining factors in the test of dominance and of particular relevance in this discourse, is the subsection (f), which identifies "the rate of technological or other change in the market..." as a criterion. Therefore, as Nigeria embraces the 5G network, alongside the entire globe, this criterion, (technological change), becomes an urgently relevant determinant in the market dominance phenomenon. The emergence of only two successful winners (MTN Communications Ltd, a major participant in the Telecommunications Industry and the second, Mafab Communications Ltd is barely known by this author as well as many other Nigerians⁷) at the 3.5 gigahertz (GHz) spectrum auction for the deployment of the Fifth Generation (5G) Technology (in an industry with four major known participants), in a "transparent auction,"⁸ calls for an urgent reminder of the NCC's Mission statement, which is "To support a market-driven Communications industry and promote universal access." Similarly, their shared Vision, being, to provide a dynamic regulatory environment that ensures universal access to affordable and equitable service and support to the nation's economic growth must remain sacrosanct, taking into consideration, the anticipatory demand of the technology, the numerous advantages of the deployment of the 5G technology and the need to foster market forces, necessary to birth a healthy competition to considerably lower prices and boost the economy.

The present nature of competition created by the NCC at the latest auction of only two slots worth \$273.6 million per lot, of 100MHz Time Division Duplex (TDD) available at 3.5GHz band of the 5G technology, (a salient dominance determinant, ie, technological advantage), is quite disturbing. The most worrisome is the fact that Mafab, a new entrant into the Telecommunications Industry, with barely six months of existence before the 5G auction emerged second place, discomfiting Airtel, an existing and popular member of the industry. Another concern is the lack of experience of this new entrant in the

⁵ Regulation 23 Federal Republic of Nigeria Official Gazette, No 101-Abuja-7th December, 2007, Vol 94.

⁶ Part IV Section 18 (2) (a-f)). Federal Republic of Nigeria Official Gazette, No 101-Abuja-7th December, 2007, Vol 94

⁷ <https://businessday.ng/technology/article/mafab-the-little-known-winner-of-5g-licence/>

⁸ As stated by the Minister for Communications and digital Economy, Professor Isa Ali Ibrahim Pantami - NCC Website - News Media Centre

Telecommunications sector. Would this new company be able to thrive, considering the obligations imposed⁹, thus:

- Within the first two years, from the date of license, licensees would be required to roll out service in at least one state in each geopolitical zone in Nigeria.
- Within the third and fifth year, licensees would need to add six states other than those in the first and second year, across the six geo-political zones.
- From the sixth to the 10th year, Operators are encouraged to roll out across all other States. Service roll-out in each state would mean a minimum of five sites in a state.

5. Update on the Position of the other Telecommunications Company in the 5G Race

Airtel Communications LTD pulled out of the 5G Auction, as a result of the high price. The network operating firm intends to explore affordable 5G services to meet the broadband demands of its subscribers.

Emerging Markets Telecommunications Network, (trading under the name, 9Mobile) on the other hand, has agreements in place with MTN, for a full roaming agreement with permission from the regulator, NCC. This is in consonance with its existing pilot-free roaming scheme in Ondo State which allows customers of MTN AND 9Mobile to switch to the network of the other where its own has no coverage, at no extra charge¹⁰.

Global Communications Network Limited (Glo) has entered into an agreement with Israeli network equipment supplier Ceragon Networks Limited to expand its nationwide broadband coverage across Nigeria. Thus, the network is similarly ready for the 5G race, as Ceragon Networks' solutions will provide Globacom with a 10-gigabyte-per-second (Gbps) network capacity over the air, with the ability to upgrade to 20 Gbps, if necessary¹¹.

⁹ The Director of Spectrum Administration, Nigerian Communications Commission (NCC), Oluwatoyin Asaju, in Lagos, disclosed the obligations of the Communication companies at the Stakeholders Consultative Forum on the Draft IM for the 3.5GHz Spectrum Auction. Source: www.guardian.ng, retrieved Wednesday, 23rd February 2022.

¹⁰ <https://www.theafricareport.com/62650/nigeria-mtn-and-9mobile-plan-a-mobile-network-sharing-agreement/#:~:text=A%20pilot%2Dfree,full%20roaming%20agreement>

¹¹ <https://africa.businessinsider.com/local/markets/globacom-limited-owned-by-nigerian-billionaire-mike-adenuga-signs-network-extension/f6dqsq1#:~:text=As%20part%20of,network%2C%E2%80%9D%20he%20said>.

6. Conclusion

In conclusion, this author, in consonance with many other authors encountered, is of the opinion that the form of competition herein described is one that would result in "Rivalry among current competitors¹²". Flowing from the aforementioned, this 5G race as a singular dominance determinant could result in a competitive struggle for market share between the companies in the Telecommunications Industry. While extreme rivalry among established firms poses a strong threat to profitability within an industry, a resultant benefit of price cutting, increased advertising, spending on service/product improvements and innovation on the consumers and by extension, the economy is envisaged¹³.

¹² based on Michael Porter's typology (a Harvard Business School of Management Researcher). He itemizes five models of competitive force, which in his opinion, determine the structure of an industry:

1. Threat of new potential entrants
2. Threat of substitute product/services
3. Bargaining power of suppliers
4. Bargaining power of buyers
5. Rivalry among current competitors

¹³ ibid