



Egypt: Computers & Communications

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Overview

In line with the reform programme agreed upon with the IMF, the government has gradually introduced liberalisation in the telecommunications sector. Accordingly, in 1998 the government formally unbundled the regulatory and operational aspects in ARENTO and established Telecom Egypt (operator) and Telecommunication Regulatory Authority (regulator).

Telecom Egypt (TE) launched in April 1998 as a joint stock company, and is by law the monopoly operator for fixed long distance and international services in the country.

Cellular services are, however, more competitive, with a five-year duopoly. TE therefore has a monopoly in the provision of international and national fixed line connectivity and has undergone significant transformation of the former ARENTO over the last 20 years to better face the challenges of modern-day demands. To foster this transformation, the government has in the process reviewed the mandate of TE and increased the decision-making capacity of the company.

In response to the local pressures for value-added services and in line with international trends, the government has responded with the introduction of phased competition in certain market segments. In 1998, competition for cellular was introduced with the licensing of two operators. Increased competition has resulted in a higher customer base that is now expected to hit 1 million in early 2000, making Egypt the next largest market in Africa after South Africa. Government has also liberalised payphones services.

Two companies - Menatel and Nile Telecom - were licensed in 1998 to provide payphone and have to date installed 5 130, representing slightly more than 50% of the payphone market share.

Other services in the market include paging (28 800 customers), fax (34 194 customers) and rural service (894 customers).

At a teledensity of 10, the market is still capable of supporting a higher telecommunications penetration. More growth is therefore expected in future.

In a bid to spur development, the government is now in the process of reforming the telecommunications sector, preparing for a multi-operator environment and also privatising the telecom company.

As a start, the government is to sell 20% of TE in an IPO and considering a sale of up to 51% as a strategic sale within the first half of 2000 or soon thereafter. In preparation, the government has appointed UK-based law firm Denton Hall to advise on telecommunications regulations, including licensing of multiple operators and rationalising and reregulating the use of the radio-frequency spectrum. Denton Hall is teaming up with Radio Spectrum International and The Smith Group, NERA and ICC specialists on frequency and satellite respectively.

TELECOMMUNICATIONS KEY PERFORMANCE INDICATORS (PTO)

	1999	2000*
Lines connected (PTO)	3 971 000 (1998)	5 000 000
Equipped capacity (PTO)	6 200 000	
Waiting list (PTO)	N/A	
Teledensity	6.0	
Digitisation Switching (PTO)	95%	
Total mobile subscribers (GSM + Analogue)	637 000	1 000 000
Public telephones (Telecom Egypt + private)	10316	13 000
Internet accounts	50 000	60 000
X.25 subscribers/frame relay	1847	

* these are best effort estimates based on the market growth and sector pronouncement