

**Kingdom of Bahrain**

**Assisting growth in the economy through an effective  
competitive Telecommunications environment in Bahrain**

**28<sup>th</sup> June 2007**

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Your Excellencies, Ambassadors, Ladies and Gentlemen, it is a pleasure to address you today. In my address I will cover the current state of competition in the telecommunications market in Bahrain, the attractiveness to further investment and the steps that businesses can take in assisting the growth of the competitive market.

In respect to the current state of the market we can be proud of the fact that Bahrain was the first country in the region to open up its market to competition with the publishing of the Telecommunications Law in 2002. The Law established the Telecommunications Regulatory Authority (TRA) and set out a programme of liberalisation. The National Telecommunications Plan set out the key Policies for the sector covering such aspects as the separation of policy, ownership, operation and regulation.

The TRA is an independent body and its duties and powers include protecting the interests of businesses and consumers, and promoting effective and fair competition among established and new licensed operators.

Bahrain was the first in the Gulf region to fully liberalize its' telecommunications market in July 2004. Since then TRA has issued licences to more than 50 companies. Notably MTC-VB became the second mobile operator competing with Batelco. Since liberalisation mobile customers have more than doubled to over 700,000 active handsets. There are more than 30 companies offering some form of international services where competition has been most fierce. The use of pre paid calling cards and VoIP technology have resulted in per minutes rates falling by more than 60% to popular destinations.

We are now seeing an explosive growth in broadband internet access, a charge led by Batelco. In recent weeks we have seen an increasing level of competitive activities and promises of aggressive price cutting. This is competition starting to work in this important area. A range of economically attractive high speed and high quality Broadband services are critical in supporting eGovernment, eCommerce and the eSociety in general. The TRA has worked long and hard with Batelco in agreeing the wholesale rates for other licensed operators to use the local access and backbone networks. The results of the latest Reference Offer, containing the new rates, is stimulating growth and confidence in OLOs developing competitive services. Customer choice will be further enhanced with the launching of the two country wide WiMax services later this year, by MTC

and MENA Telecom. This new secure wireless technology will enable high speed voice, data and multi media services to be offered, by passing the traditional ground based copper cables to homes and businesses. Due to the scarcity of radio spectrum and the need for diversity there will always be a place for ground based systems. Not only is installing new ground based infrastructure expensive but it is also complex. The TRA is working with telecommunications industry, the Central Planning Unit and the Ministry of Municipalities to unlock the constraints, which have been present for so long, in enabling all OLOs to construct new ducts and lay cables to customers premises.

There are a growing number of multi billion \$ investments in new developments in Bahrain. From Amwaj Islands in the east to Riffa Views and Al Areen in the centre of the island; Durrat Al Bahrain in the south to Bahrain Bay Development off Manama together with the major developments of the World Trade Centre and the Financial Harbour. In addition there are many new villa compounds housing the growing expat and higher income Bahrain families and the new government Northern City of social housing which aims to provide state of the art communications.

Government sources have indicated that upon completion 20% of the population will be resident in the new housing developments. All these business and housing developments are needing state of the art communications facilities, planned and built at the same time as electricity, water, sewage and roads. The Government requires there to be no digital exclusion, every citizen from all areas of society must have access to the electronic highways and world wide information society.

Such developments are challenging the TRA, developers and Operators. We are reviewing such issues as rights of access, regulatory holidays, co-existence in the installation of ducting, cables, passive optical fibres and meet me rooms. The key issue is to encourage investment in state of the art communications systems whilst still giving consumers choice. We do not wish to create further monopolies and at the same time, where ever possible, we wish to lighten our touch in respect to regulations. It is also important to find remedies to enable the low income households to have affordable access. Finding a solution for these new developments as well as access to existing infrastructure and ensuring they are all properly interconnected, not only within Bahrain but also internationally, are key issue we are addressing today.

The Kingdom is demonstrably one of the most open and liberal economies in the Gulf Region. In September 2004 Bahrain was the first Gulf state to sign the Free Trade Agreement with the USA. In total Bahrain has signed bilateral economic and trade agreements with more

than 24 countries. Other free trade agreements including with the EU, the European Free Trade Area and Japan, are in the pipeline.

Bahrain not only offers a key location in the region to invest in ICT services but also provides investors with confidence that there is a known regulatory regime and competitive ICT services in place to support regional and international business activities. We can also be confident that the competitive suppliers will be increasing their range of services over the next 24 months with a growing improvement in affordability and quality.

Critical in supporting Government policy to develop the Kingdom of Bahrain as the region's most modern communications hub and to facilitate the development of the market, is the approach being taken by the major purchasers of information and communications technology (ICT) services.

To support economic growth within the Kingdom all stakeholders have a key role to play. In the case of the purchaser of ICT services and systems it is important that organisation have an ICT Policy, which includes a definition of the access to key information required to manage and grow the business and the key stakeholders that need to share that information.

Such a policy will drive the requirements for the capabilities, diversity and capacity of the communications technology systems and services. The acquisition of such services and systems should be acquired through competitive tender in order to achieve the most economic solution.

Through widespread adoption of such policies in particular those of Government such as eGovernment, eHealth, eEducation, will drive up the demand for services and strengthen the competitive supply of communications related services.

The TRA has a key role to play in working with businesses and consumers in supporting their needs for communications systems and services and creating the environment for sustained and competitive supply.

However the good results achieved so far do not mean that further actions aimed at increasing continuous wellbeing of the people of the Kingdom of Bahrain are not necessary. In contrary, rising regional and global competition as well as further decreasing ability to rely on income from natural resources means that the pace of growth and prosperity could only be maintained if necessary sweeping actions are taken.

The main objective is to ensure that development of telecommunications and information technologies sector fosters economic development of the Kingdom of Bahrain, in particular by supporting consolidation of Bahrain's position as the hub for free trade and services, in particular financial, in the Region. It is also essential to ensure that all citizens of the Kingdom have a fair opportunity to share benefits of economic prosperity.

However it is important to ensure that future policies take into account the regional and global developments in ensuring that Bahrain is not offering "more of the same", but rather uses its' position of a small and one of the most liberal, open and easy-to-invest-in countries within a significant and increasingly important region, which shares common history, traditions, culture and language.

Therefore it is incumbent upon us to ensure that:

- 1) Bahrain establishes itself as a hub for ICT services provided on a regional and even global basis;
- 2) Bahrain establishes itself as a centre for ICT related research and development as well as market and technological activities;
- 3) ICT sector supports development of other sectors, where the Kingdom already has a lead or is able to gain it, in particular banking and financial sector;
- 4) Bahraini citizens are empowered to participate in the development of ICT sector and are able to reap benefits of the developments.

To achieve these four goals TRA believes that every business has a role to play in reviewing its use of ICT systems and seeking creative ways of working smarter. Open dialogues with all the competing suppliers of ICT and challenge them to find new solutions for your own businesses. Such activities will assist the growth in sustainable competing services and in supporting Government and Industry in furthering ICT as an enabler and a contributor to economic development benefiting the Kingdom and all Bahraini citizens.

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