



Towards World-class Telecom through

TRANsparency

in Market Operations.

A key policy of the Government in the Kingdom of Bahrain is to stimulate the national economy through liberalization. The Government recognized that the telecommunications sector has an important place in the programme, not only to benefit the sector itself but also in supporting the liberalization programme across other sectors through an improved range of services and more competitive prices.

In setting a policy for the telecommunications sector the Government needed to take into account the market dominance of the incumbent monopoly operator, the Bahrain Telecommunications Company (Batelco) and the relatively small size of the Bahraini market.

The Government set out clear objectives and expectations of liberalization in the telecommunications sector. The principal objectives identified were essentially macro-economic in nature, and included:

- Stimulation of economic activity
- Rapid creation of a free market environment that would attract private investment into the telecommunications sector
- Enhancing the effectiveness of Bahrain as a business centre by becoming a regional communications hub
- Creating opportunities for the incumbent operator to adapt and grow by balancing the mechanisms which ensure it competes fairly with the stimulation provided by competition to innovate and develop new services and markets
- Giving consumers - both business and

residential - access to a wide range of the most modern telecommunications services which are continually improving

- Generating employment in the sector mainly through the separation of retail and wholesale channels, which creates new enterprises, and through the entry of new operators.

The establishment of a regulatory body which is both independent and has sufficient power to act was seen as crucial for the effective liberalization of the market. The regulator can then oversee the introduction of fair competition, give private investors confidence in a market with a dominant supplier and ensure competition is sustainable.

In October 2002, The Telecommunications Regulatory Authority (TRA) of the Kingdom of Bahrain was established by Legislative Decree No. 48, putting into effect the Telecommunications Law. The Authority was established as an independent public body. While initially funded by the Government, after the first year its running costs are met through license fees collected from telecommunications operators.

The Government determined early on in the liberalization process that once it had developed the sector policy it would entrust the TRA with its implementation.

Background and formation of the TRA



The Authority shall be a financially and administratively independent juridical entity that shall assume the regulation of telecommunications services in the Kingdom in accordance with the provisions of this Law.

SECTION (2b)