



TRA 2007 Achievements and Annual Report

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Introduction

- Today we are releasing our 2007 Annual Report and Accounts
- Highlights of 2007
- How does Bahrain Compare with other countries
- Latest News of year to date 2008
- Next steps
- Conclusions



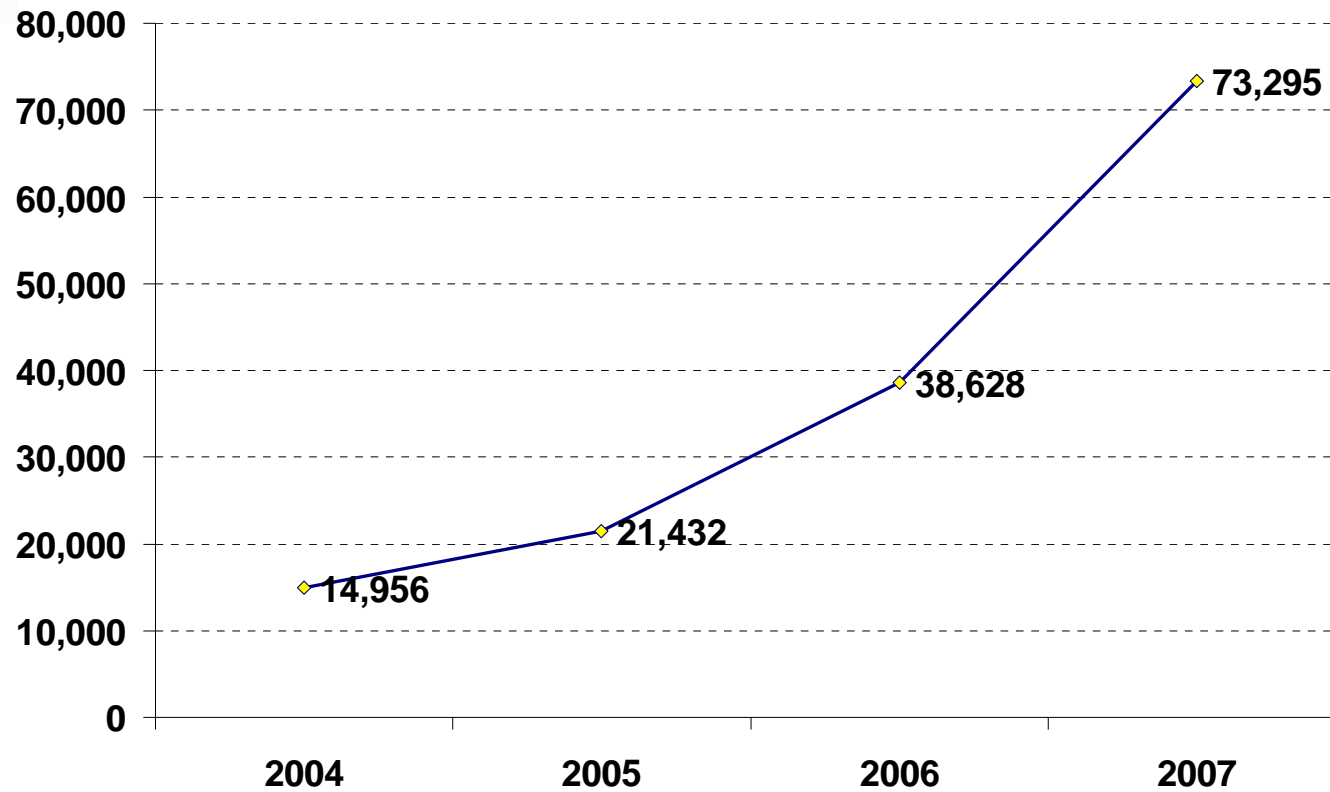
Telecommunications Supporting Economic Development

- The Telecommunications sector has a significant responsibility to support economic growth in Bahrain and it did just that throughout 2007
- Telecommunications Licensees have worked hand in hand with developers, who are massively investing in new residential and commercial properties, laying the foundations for modern telecommunications infrastructure to be available
- Telecommunications Licensees are progressively providing the most competitive and international best quality and speeds of internet connection to all Businesses in particular the growing number of SMEs – the future life blood of the Bahrain economy
- The responsibility in developing the market is a shared one - between TRA, Batelco and other licensed Operators – it cannot be shouldered by one party alone
- I am pleased to say that 2007 continued to show the fruits of the Kingdom's liberalisation policy
- Consumer choice....

Services offered by Licensees

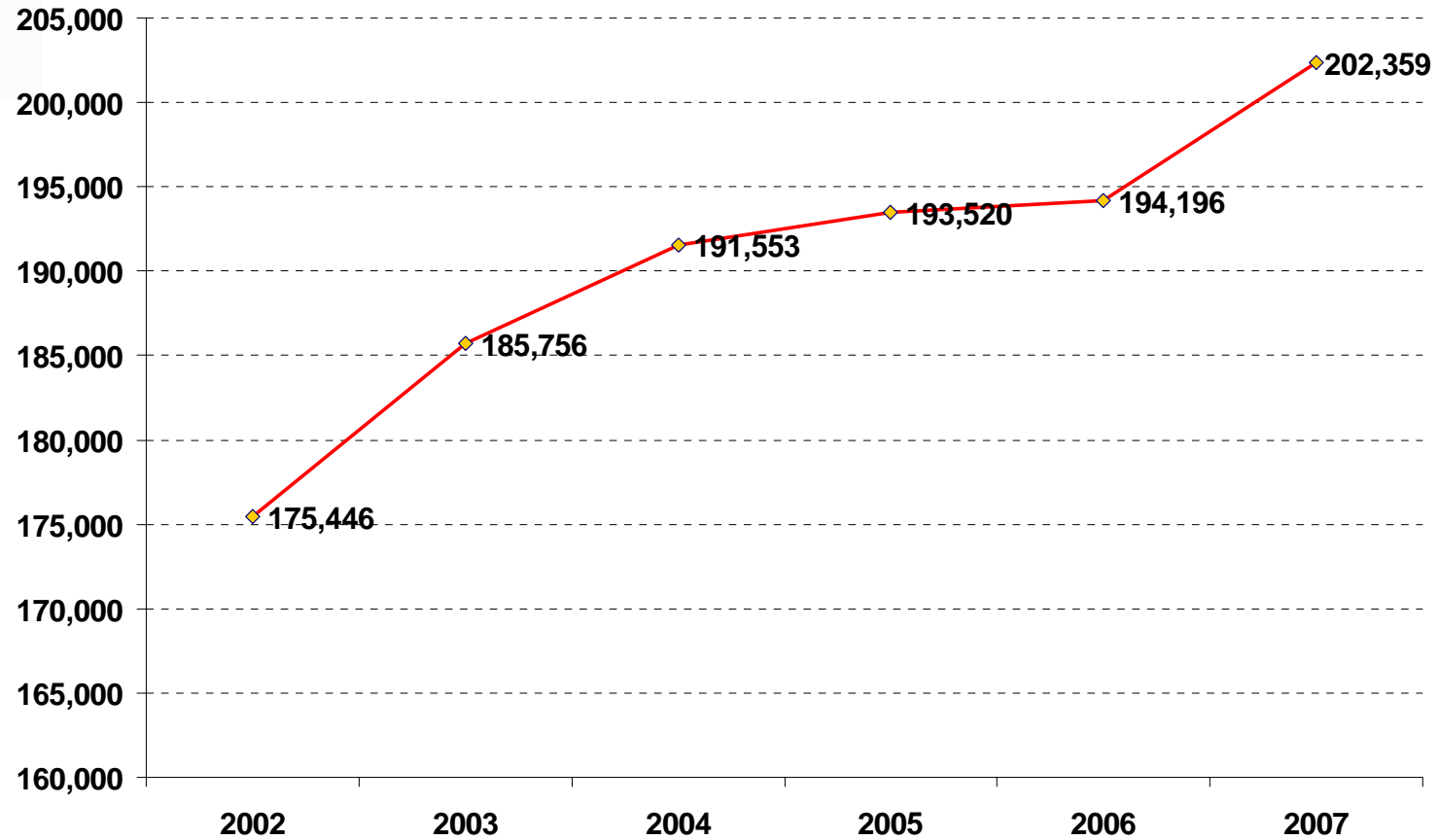
	Operator Name	National Fixed	International Calls	Mobile	Internet	Leased line	Other data services
1	2Connect	√	√		√	√	√
2	ANIS		√				
3	Batelco	√	√	√	√	√	√
4	BT Solutions LTD						√
5	Business Communication Networks		√				
6	Etisalcom	√	√		√	√	√
7	Fakhro IT Services		√				
8	Fastelco (TeleGulf)		√				
9	Kalaam Telecom	√	√		√	√	√
10	Light Speed	√	√		√	√	√
11	Mena Telecom		√		√		
12	Northstar		√		√		
13	Nuetel Communications	√	√		√	√	
14	Orbit		√		√		
15	Viacloud		√				
16	Zain (Bahrain)	√	√	√	√		
	Total	7	15	2	10	6	6

Broadband Subscribers



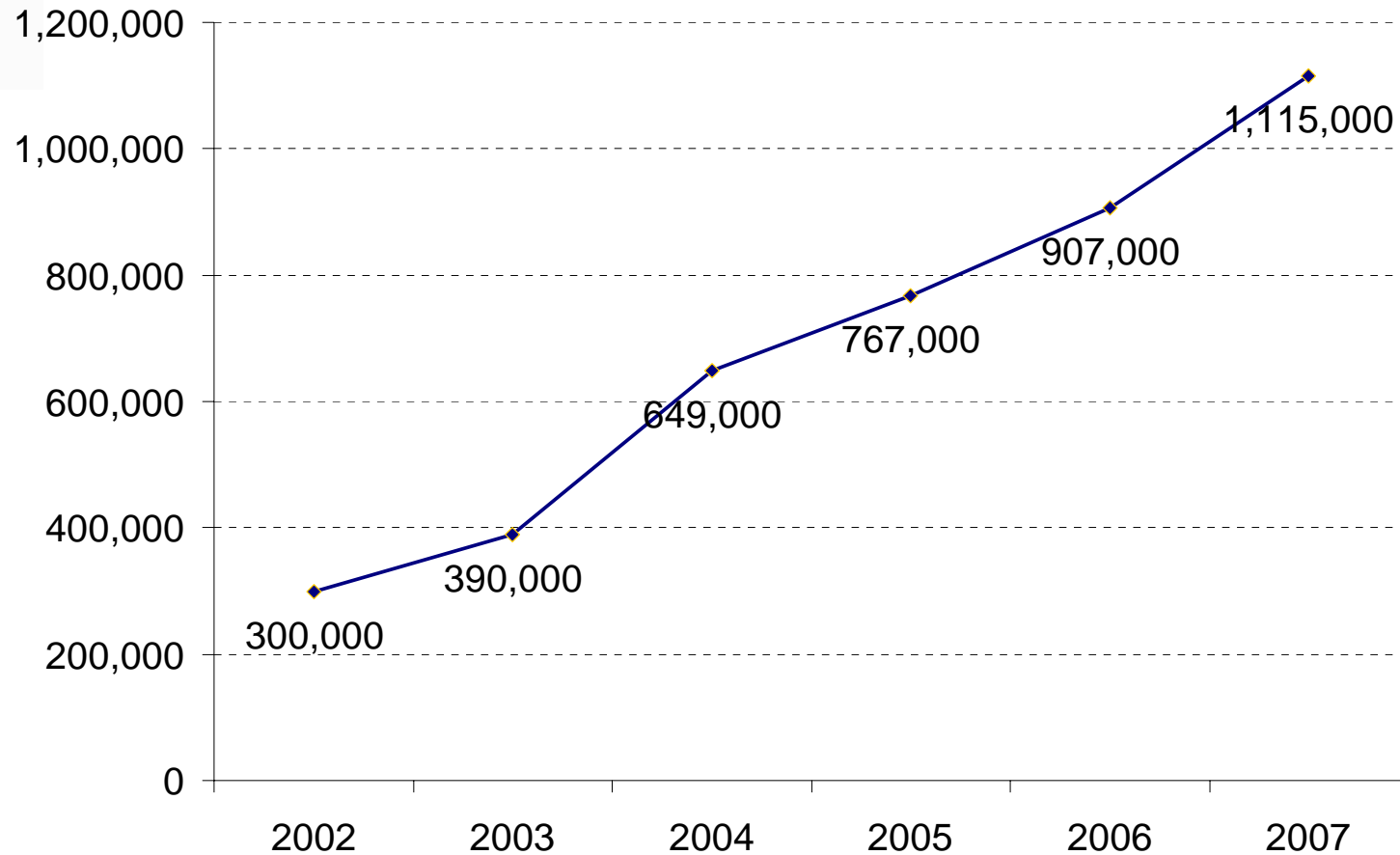
90% growth in broadband subscribers between 2006 and 2007

Fixed Line Subscribers



5% growth in fixed line subscribers between 2006 and 2007

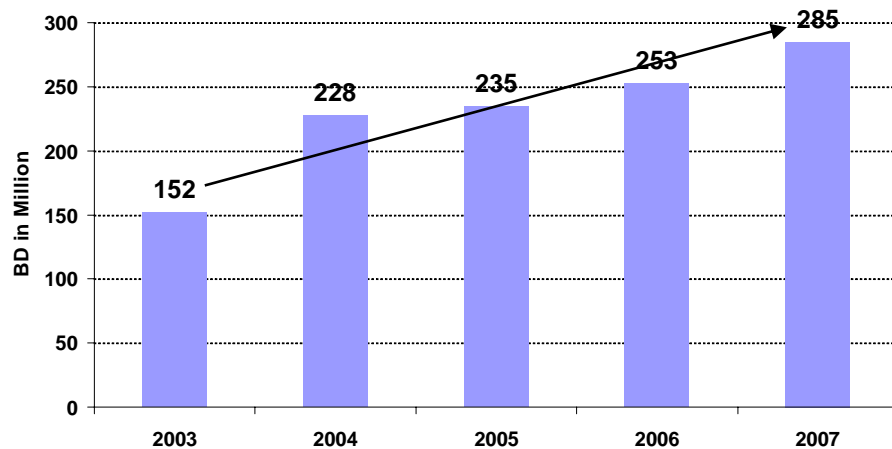
Mobile Subscribers



23% growth in Mobile subscriber between 2006 and 2007

Growth in Revenues and Employees in the Telecom Sector

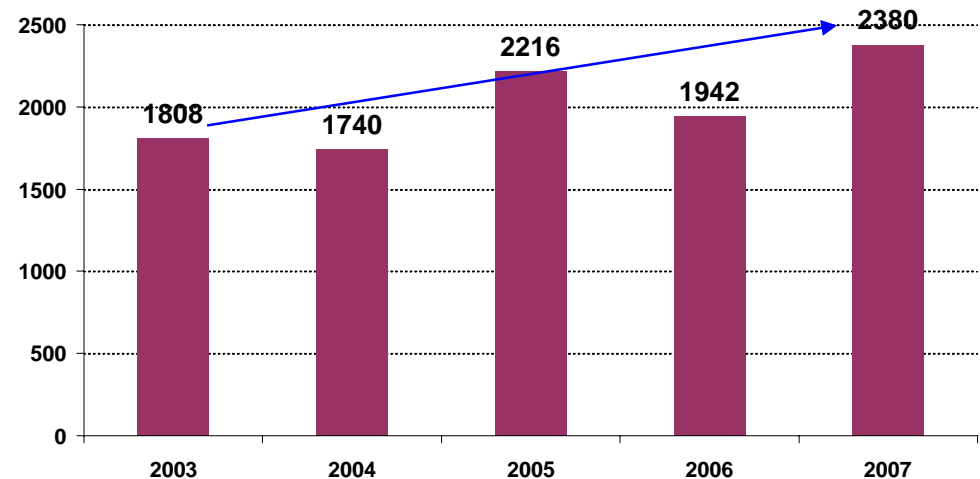
Growth in the telecommunications sector revenues (2003 - 2007)



13% Growth in revenues between 2006 and 2007

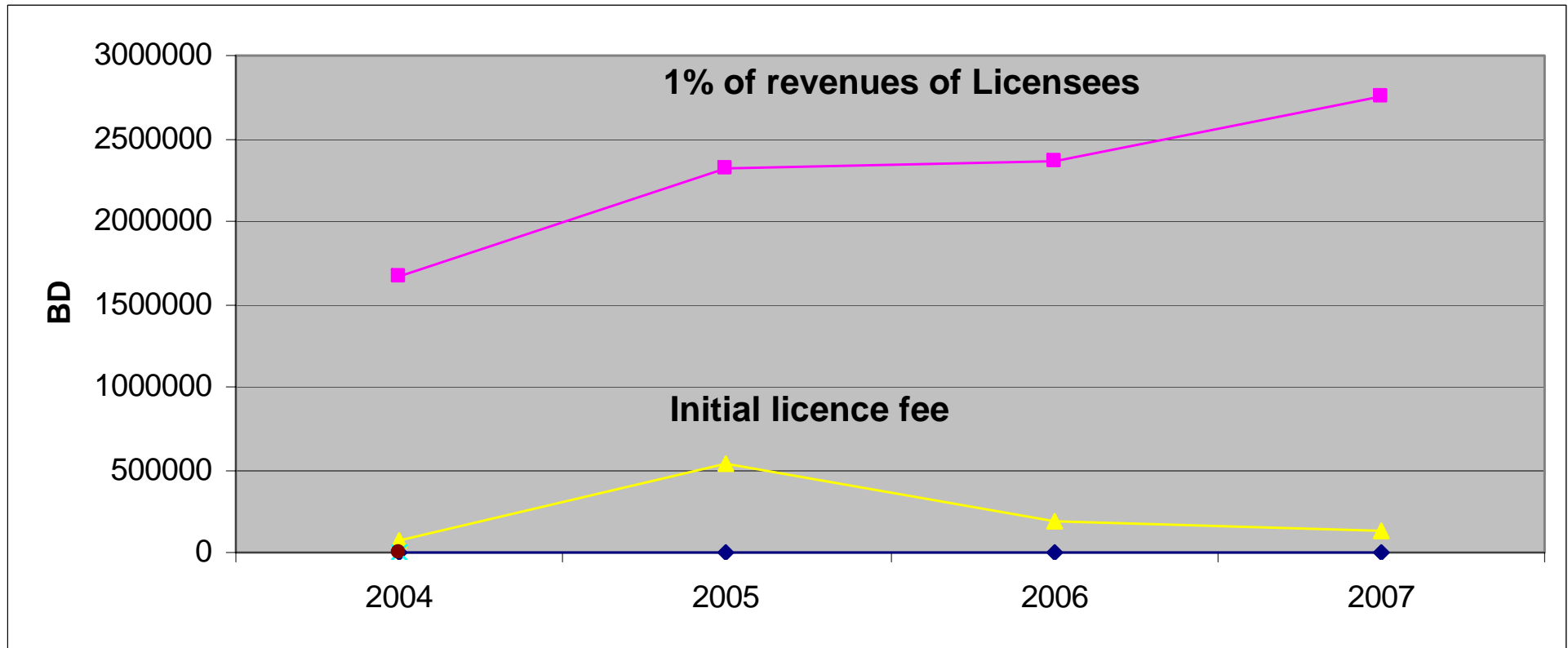
87% growth from 2003 level at time of liberalisation

Number of employees in the telecommunications operators (2003 - 2007)

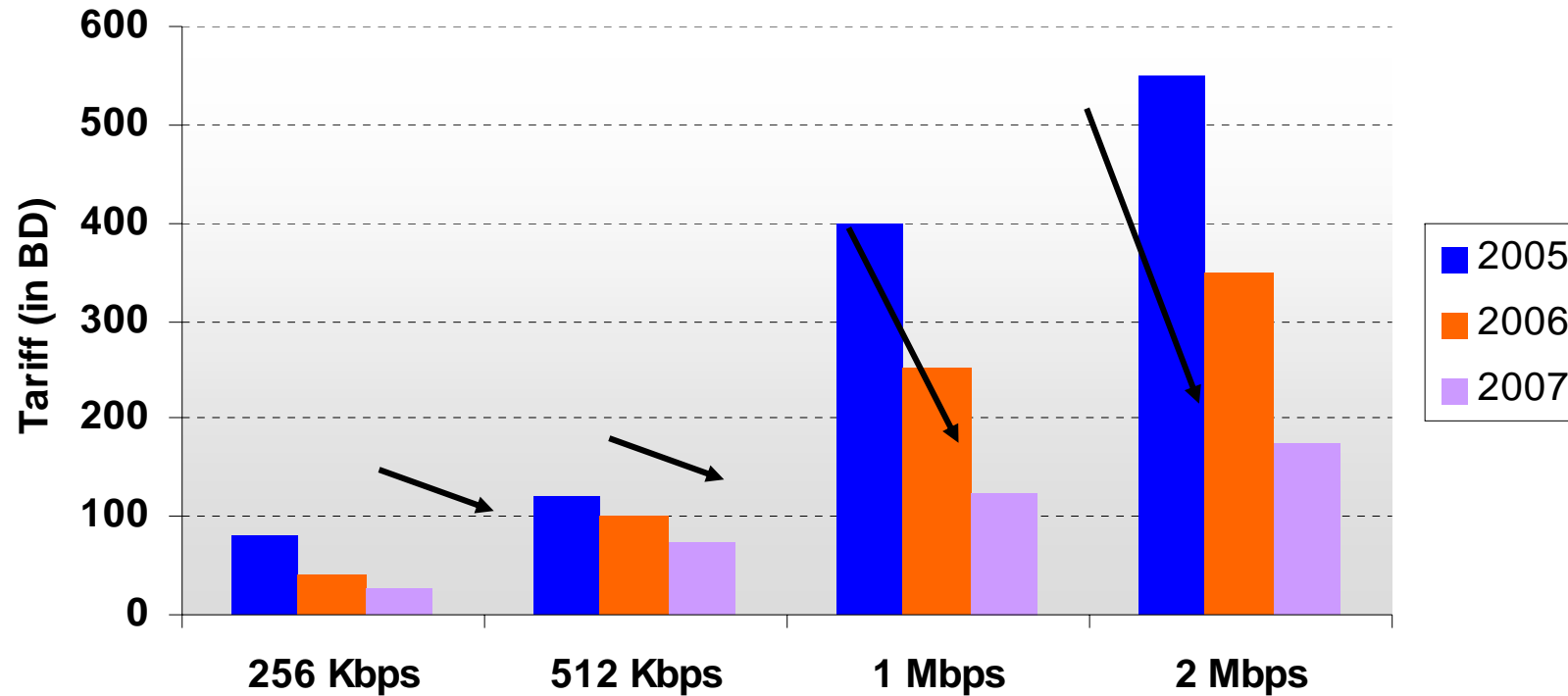


23% growth in number of employees between 2006 and 2007

31% growth since liberalisation



Business Broadband Tariff Reduction



Up to 50% reduction in business broadband monthly charges



Residential Broadband

- Consumer now have more options (fixed, Mobile, satellite and wireless technologies)
- Increase in the speed (2 Mbps)
- Increase in the threshold (Usage)
- Bundled Broadband services (Free on net national calls)

But

Still we are driving more reduction and encouraging migration to higher speed packages

Through

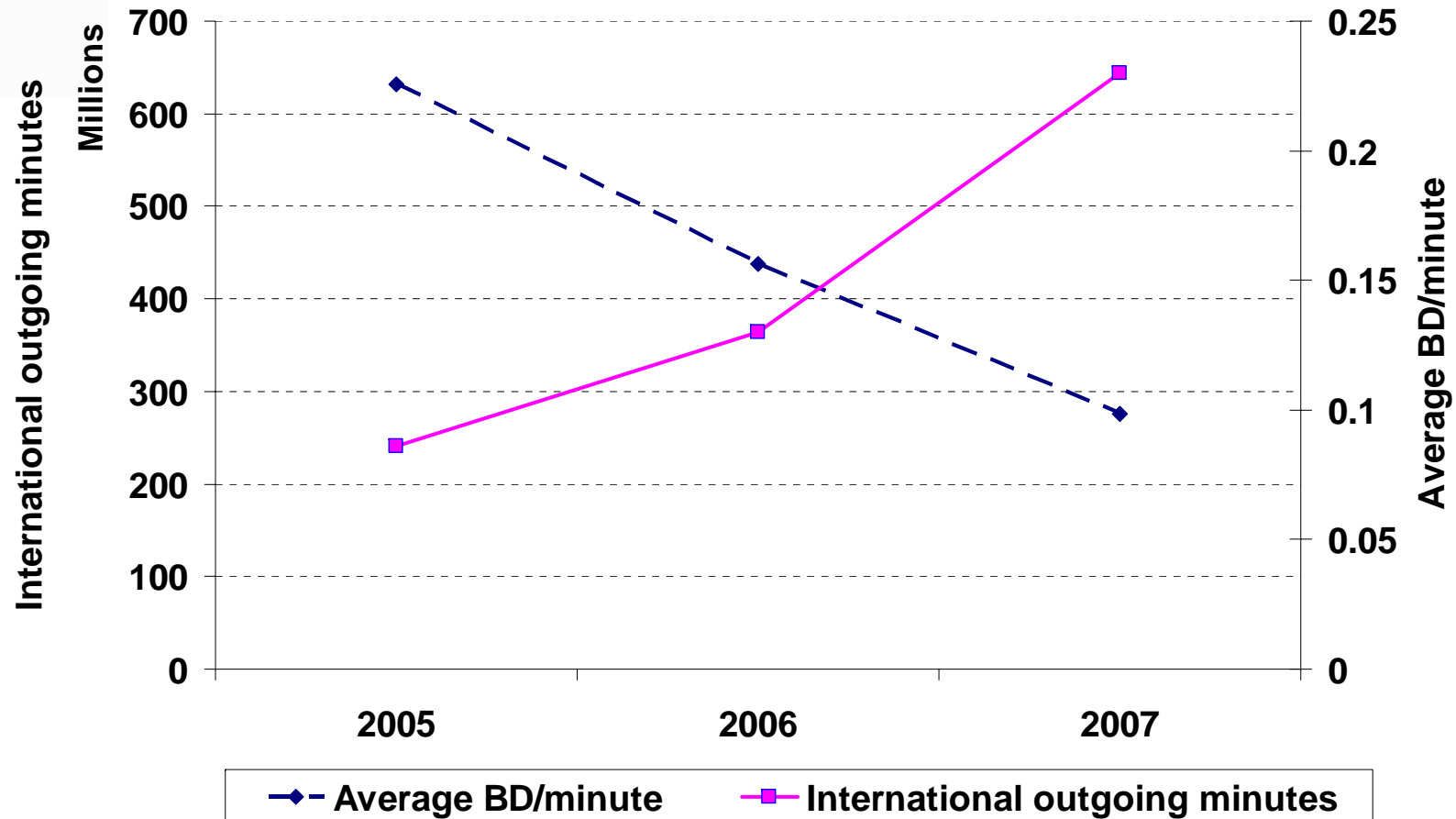
Batelco's newly approved Reference Offer and WiMax.....



Higher Speeds and More Reliable Connections

- Improved wholesale International Connectivity in the RO:
 - It's essential that Bahrain has High Availability and Diversity of international bandwidth at international best prices
 - Batelco new reference offer has resulted in a 30% reduction in IPLCs, we need to go further but at the same time we need to strike a balance so as to encourage investment in new alternative International Connectivity
 - Increased capacity is becoming available and more is planned
- New wireless services from Zain, and MenaTelecom is about to launch
- Next: local loop unbundling will provide access to OLOs through Batelco exchange to connect to copper pair and offer any service (Consultancy firm to support TRA)

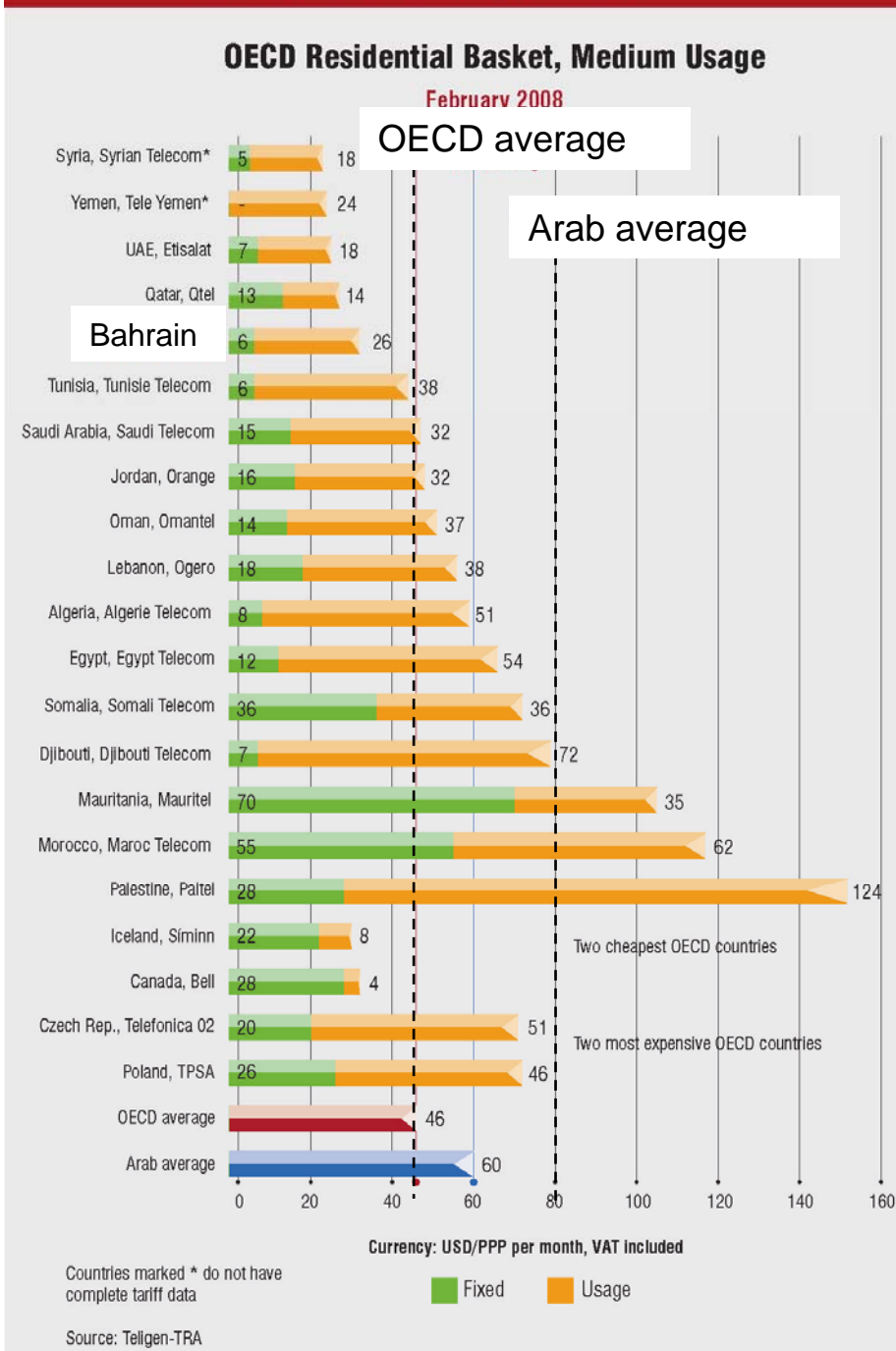
International Calling



Average of 56% drop in international call charges (2005 to 2007)

77% Growth in the international outgoing minutes between 2006 and 2007

Fixed line medium usage basket



Fixed Line Cost Comparison

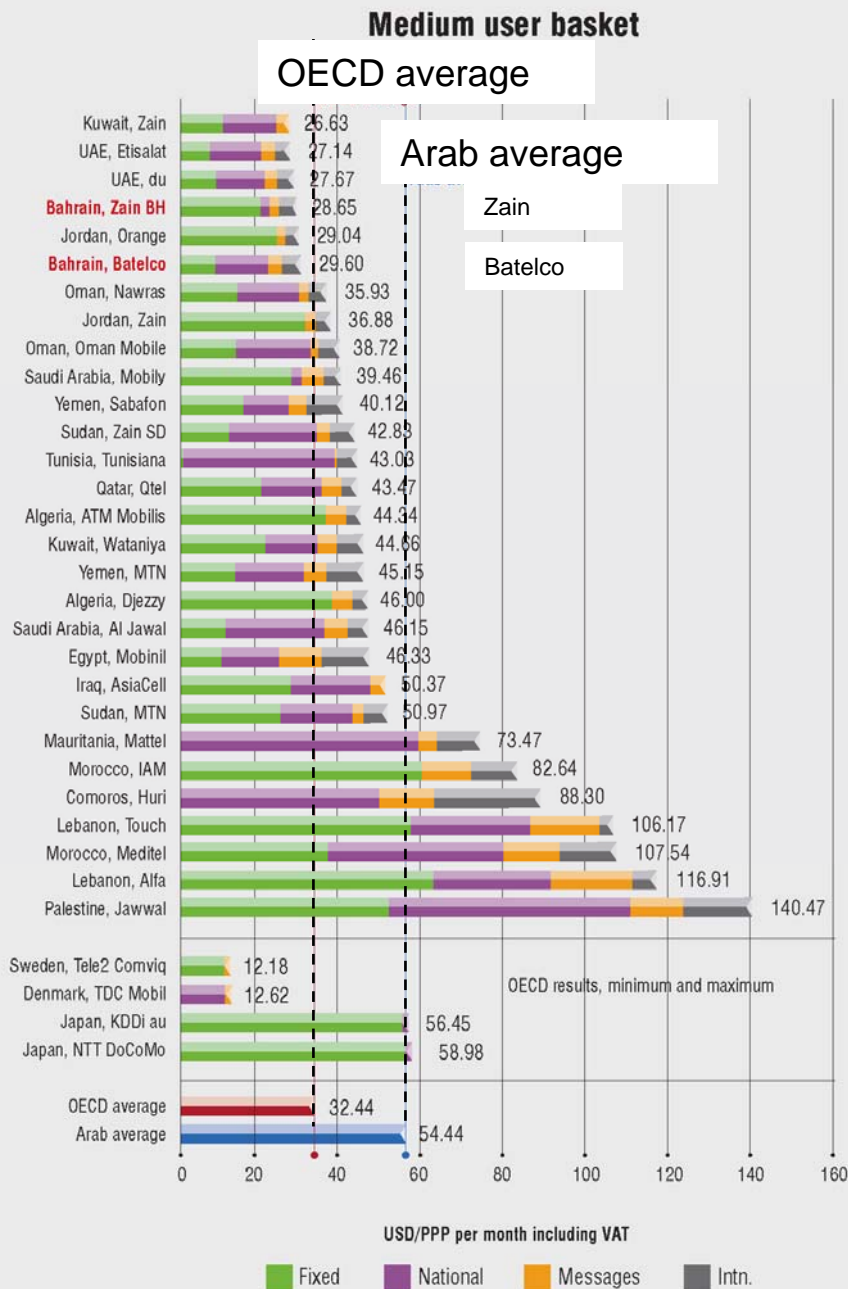
Fixed Voice (PSTN) basket includes:

- Fixed charges for installation and rental
- Usage charges e.g. :
 - national calls
 - calls to mobiles
 - international calls

Bahrain is one of the cheapest countries

Most Arab countries have fixed line costs well below the OECD countries due to a lack of rebalancing, causing the usage element to dominate.

Medium usage mobile basket



Mobile Cost Comparison

Medium user Mobile basket includes:

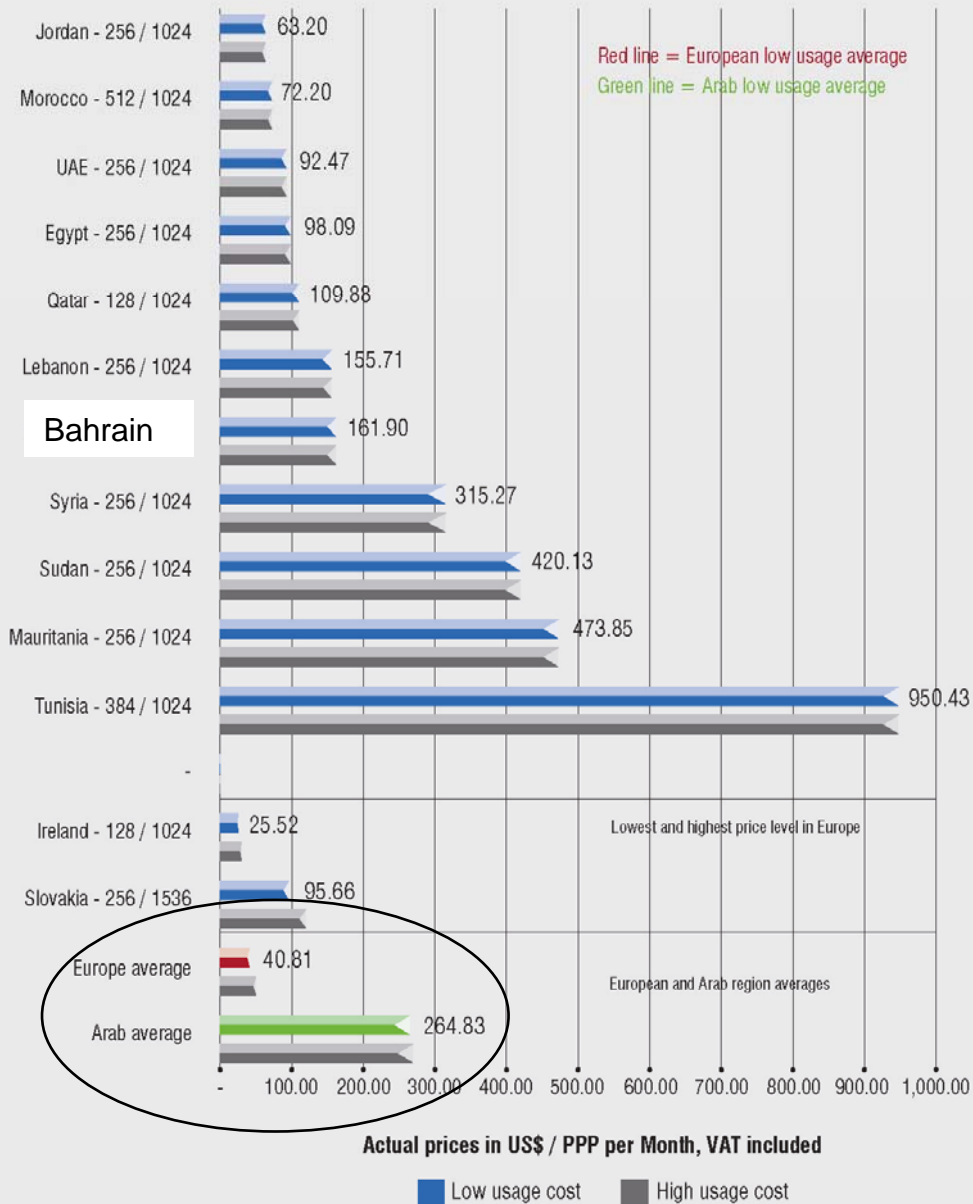
- fixed charges for connection and rental
- Usage charge e.g.:
 - calls to fixed networks,
 - on-net and off-net mobile
 - international calls
 - SMS, MMS and voicemail calls

Bahrain is one of the cheapest countries

Most Arab countries are around or above the OECD average.

Residential high speed Broadband (1 – 4 Mb/s)

High speed residential Broadband services



Source: Teligen-TRA

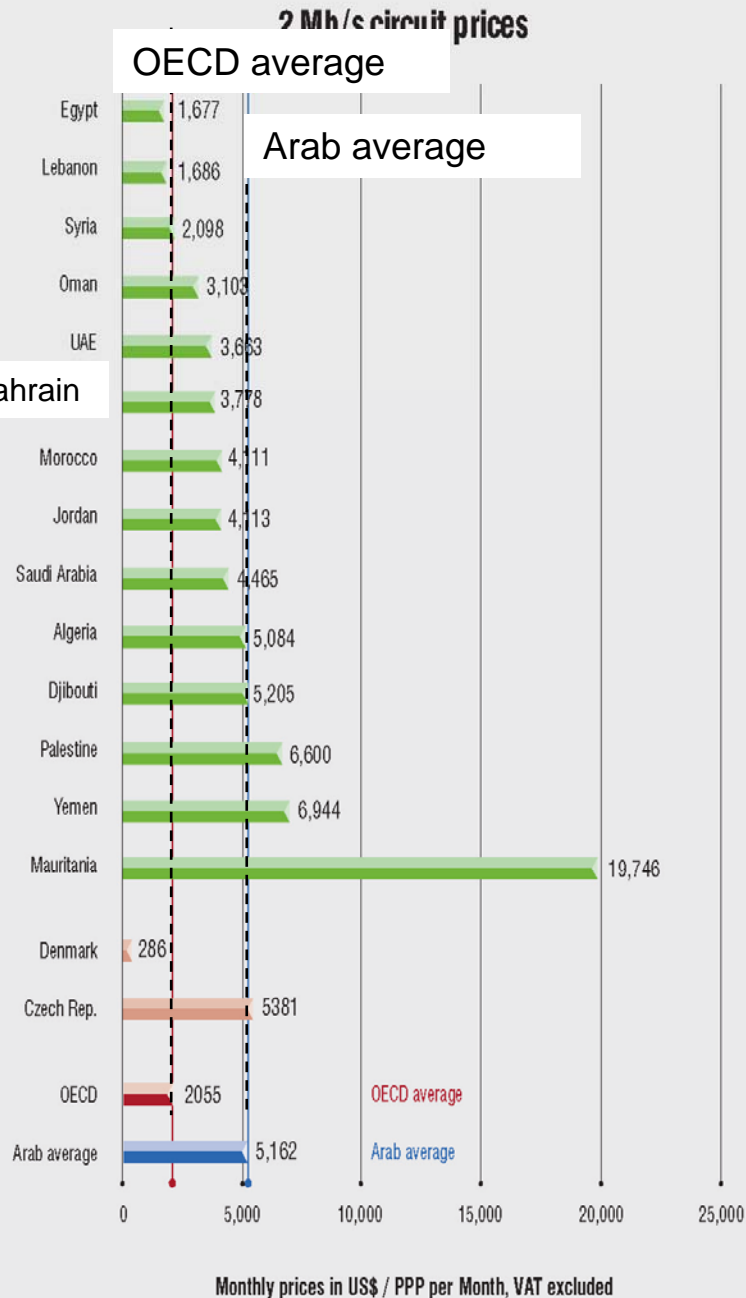
Broadband Cost Comparison

Broadband basket covers ADSL services with the speeds offered by each provider

The tariff data comprises:
 installation charge,
 modem cost (if applicable),
 monthly rental,
 usage allowances and any usage charges

Prices of high speed broadband in Bahrain are around 4 times higher than in Europe but lower than the Arab average

2 Mb/s Leased Lines basket



Source: Teligen-TRA

Leased Line Comparison

Leased Lines basket covers speeds 64kb/s, 2 Mb/s and 34 Mb/s for the national circuits

Bahrain is nearly 2 times higher than OECD average but around 20% lower than the Arab average

Improvements are required in order to ensure Bahrain remains an attractive business location with competitively priced services for business users.



3rd Mobile Operator

- More competition in mobile market: 3rd mobile Operator
 - Aiming to bring full range of innovative mobile services through a strong international player
 - TRA appointed consultancy Firm (TMG)
 - TRA with the consultancy firm is designing the award process to grant the Licence by the end of the year



Spectrum Licences

- TRA is in the process of streamlining the management of telecommunications spectrum
- We issue around 1000 Licences a year ranging from Taxi Transceivers to back haul microwave systems
- The growth in the use of spectrum is significant and care is needed in managing interference
- We are working on an integrated spectrum management system to assist us in this process
- We are working on Spectrum Migration and Recovery procedure to ensure efficient use of frequencies allocated by TRA



Reducing the Barrier for Consumers to Change Providers

- Number Portability (the ability of consumers to keep their number while moving to other service provider)
 - Consultancy Firm Appointed to assist in designing practical and economical method
- Carrier Selection (provide consumer with the opportunity to divert their international call to the cheapest network)

- Throughout 2007 Batelco Retail has continued to innovate and raise its game in order to provide diverse services and progressively moving towards internationally competitive prices on more routes
- The Batelco wholesale arm is of vital importance to the Nation. In particular as the cable network, it inherited when it was corporatised, provides the highways to consumers, government and businesses throughout the Kingdom
- This access network, by law, has to be made available at cost based prices to the Other Licensed Operators
- Batelco is well placed to adopt new technologies and offer converged telecommunications and information services. The role out of its NGN is a core strategy vital to achieving this goal
- To achieve both the wholesale and retail services required by the Kingdom and in particular the many new developments it has to continue to invest in new technologies and in its staff in order to operate in a highly efficient manner



Other Licensed Operators

- 2007 saw an improved dialogue between all stakeholders – Other Licensed Operators, Batelco and TRA. The industry has moved forward together assisting in the growth in the market with all main parties growing in revenues
- Consumers spent more on telecommunications through greater usage against a backdrop of falling unit prices
- The new operators or Other Licensed Operators (OLOs) have to continue to invest not only in winning customers but also maintaining them – being creative offering just that little more and exceeding expectations
- Other Licensed Operators need to invest in new infrastructure where commercially sensible backed up by a willing supplier of wholesale connectivity in order to offer ubiquitous services across the Kingdom



Consumers

- The consumer survey we undertook in 2007 was a significant milestone in the industry. Significant data was collected that has assisted us set out our plans for 2008 and beyond
- I can only applaud the work of the Business and Consumer advisory groups. Their dedication is and will increasingly assist TRA and operators ensure the right products and services are available on the right terms to support industry growth and the residential consumer
- In this year and next we have to extend the reach of our consultations we have to ensure that every telecommunications user knows that they have a friendly watchdog in TRA – if they have any problems which have not been solved by their operator then TRA is there to assist them



- The TRA team has strengthened in expertise and diversity
- We have taken on top class graduates who have come on in leaps and bounds in contributing towards the regulatory environment
- We have attracted experienced engineers with a sound understanding of the technology and emerging new technology systems
- We have enhanced the local knowledge with a few international experts who bring a wealth of experience in developing competitive markets from the Government, Regulatory, incumbent and New Entrant point of view
- Further, we now have new Board Members who bring a diverse set of skills and experiences to support our work
- Your regulator – TRA is, I believe now one of the leading independent institutions in the Kingdom



- Over 2007 I have been delighted to see the level of knowledge within the media grow. Your role is critical to communicating to the general public what is happening in the telecommunications sector which might affect them
- Communicating in non technological terms and in a way complex subjects can be clearly explained
- Thank you all



Conclusion

- We are very fortunate to have HH the King, HH the Crown Prince, HH the Prime Minister, and the leaders in Government who have a clear vision for the Kingdom
- The establishment of an independent Telecommunications Regulatory Authority TRA, is a result of that vision
- We have been assigned with establishing the framework in which a healthy competitive sector can develop, providing high quality, high speed, competitive services at international best practices to:
 - Consumers
 - Businesses
 - Government
- I would like to think we have shouldered that responsibility well
- But rest assured we will not rest, we will work hard with all stakeholders to ensure that Bahrain stays ahead of the region and can offer the very best in communications service – the very arteries supporting economic activity and growth in the economy and employment