



Competitive Telecoms Services as an enabler for improving business efficiency in Bahrain

presentation to Bahrain Businessmen's Association

Bahrain exhibition Center (Al Fanar Hall)

13th June 2008

Telecommunications Regulatory Authority

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General Director

- Importance of ICT
- TRA
- What has been achieved
- What needs to be done
- Conclusions

The importance of ICT

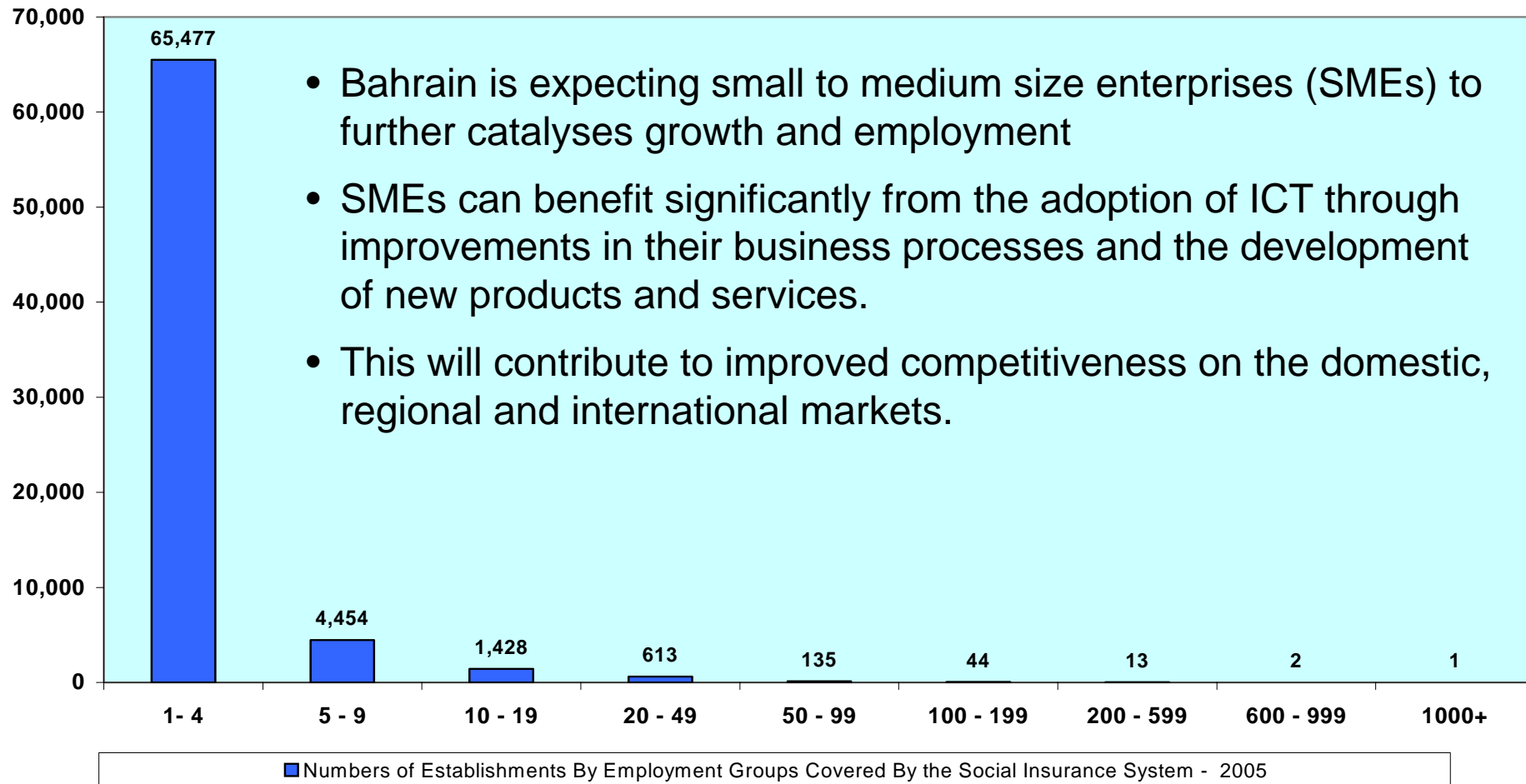
- Information and communication technologies' ("ICT") sector constitutes a growing and significant % of GDP and supports growth of the economy as a whole.
- Between 30% to 45% of productivity growth is attributed to ICT in such regions as the European Union ("EU"), the USA and Japan
- Government and Industries ability to take further advantage of opportunities provided by ICT sector could significantly influence growth of the economy of Bahrain, and growth in prosperity of all citizens.

The move from oil and gas based industries



- Targeted efforts of the Government of Bahrain is progressively giving us one of the most diversified economies in the region.
- In 2005, the services sector, led by financial services, contributed 74.3% to the Kingdom's real GDP, and employed over 50% of the workforce
- Bahrain's real GDP grew at an annual average rate of 5.9% during 2000-06
- Benefits of economic prosperity needs to be felt by all citizens.
- In 2006 Bahrain ranked 39 (out of 177 countries) on the United Nations Development Programme's Human Development Index

Numbers of Establishments By Employment Groups Covered By the Social Insurance System - 2005



- Bahrain Development Bank (“BDB”) provides variety of financial and advisory/counselling/training services
- BDB established an information technology training centre - Bahrain Institute of Technology (BIT)
- Bahrain Business Incubator Centre (“BBIC”) was created as a promotion and development institution, improving the performance and efficiency of SMEs
- The Economic Development Board (“EDB”) co-ordinates with relevant government bodies to help to resolve difficulties that an investor may encounter during the approval and registration processes.

International agreements

- The Kingdom is demonstrably one of the most open and liberal economies in the Gulf Region.
- It was the first Gulf state to sign the Free Trade Agreement with the USA in September 2004.
- 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.

- A new Commercial Companies Law was enacted in 2001 to pave the way for foreign investment
- In July 2004 the one-stop-shop, Bahrain Investors' Centre, was established to facilitate the setting up of business
- No foreign ownership restrictions for companies, operating in the ICT sector
- Bahrain has no personal, corporate or withholding tax
- no restrictions on capital repatriation, currency exchange and transfer of dividends
- Bahrain was the first in the Gulf region to fully liberalize its' telecommunications market in July 2004.
- The Telecommunications Law of 2002 established a regulatory framework for liberalised telecommunications market as well as set up an independent Telecommunications Regulatory Authority (TRA)

1. Protect the interests of customers and users in respect of:
 - the tariffs charged for services;
 - availability and provision of service;
 - quality of services; and
 - protection of Personal particulars and privacy of services;
2. Promote effective and fair competition among new and existing Licensed Operators; and
3. Ensure, when assessing applications involving provision of Public Telecommunications Services, that any applicant shall be able to provide those services

1. issue regulations, orders and determinations;
2. monitor and investigate compliance;
3. give final decisions as to applications for Licences;
4. monitor and enforce compliance with Licence terms;
5. set and collect fees (Surplus goes to Ministry of Finance);
6. co-ordinate Telecommunications Frequency Assignments;
7. examine complaints and resolve disputes arising between Licensees, Subscribers and any others involved in the Telecommunications industry,

TRA has to balance different interests

- All
 - Maximise shareholder value
 - protect investments
 - High prices
 - Lock in customer
 - Growing demand
- Batelco
 - Protect customer base
 - Put up barriers to access of network
- New Operators
 - Gain customer base
 - Utilise Batelco's infrastructure at cost based prices

- World class international communication highways at international best prices and always available supporting:
 - mobile and fixed voice communications
 - mobile and fixed data communications
 - internet access
- Ability to change supplier if not satisfied
- Availability of the latest handset, business and network technologies
- E-Commerce practices adopted by all major purchasers and suppliers

What has been achieved?

Individual Mobile Telecommunications Licence	2
International Telecommunications Facility Licence (IFL)	10
International Telecommunications Services Licence (ISL)	33
Individual National Fixed Service Licence	8
Individual National Fixed Licence	2
VSAT Licence	9
Individual Paging Services Licence	1
Value Added Services Licence (VAS)	43
Individual Public Access Mobile Radio Service Licence	1
Internet Exchange	1
Internet Service Provider Licence (ISP)	20

Services offered by new licensed operators



• Licensee (Examples)

- 2 connect
- Business Communications Network
- Etisalcom
- Fastelco (TeleGulf)
- Kalaam Telecom
- Light Speed Communications
- Mena Telecom
- North Star Communications
- Nuetel Communications
- Swiftel International
- Viacloud

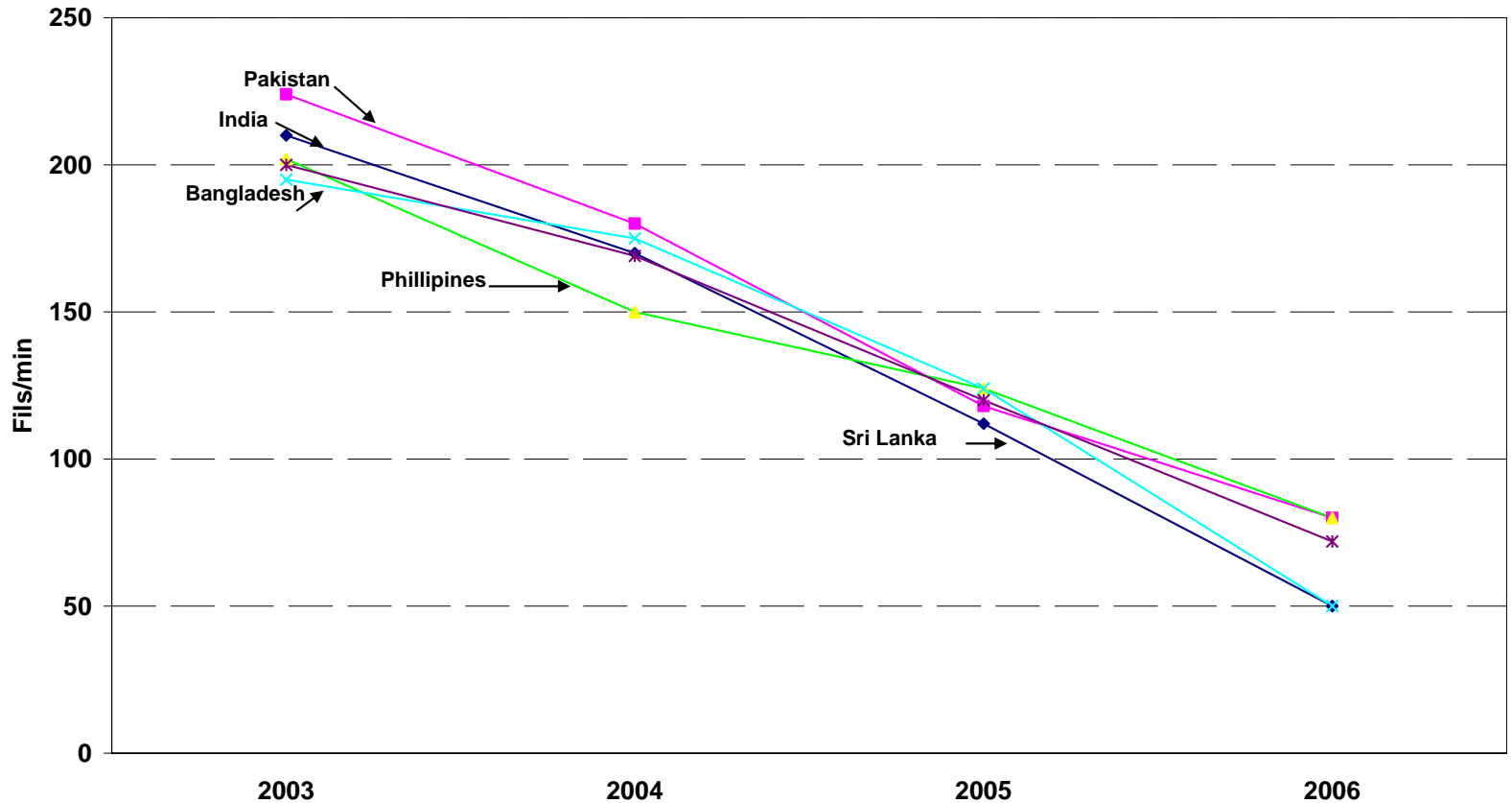
• Service provided

- Fixed internet access includes both broadband and dial-up
- Wireless broadband service
- Domestic Direct Dialing
- Carrier pre-select (International)
- International Direct Dialing
- International Direct Dial Pre pay calling card
- International Pre pay calling card
- International private leased line circuits (IPLCs) and MPLS.

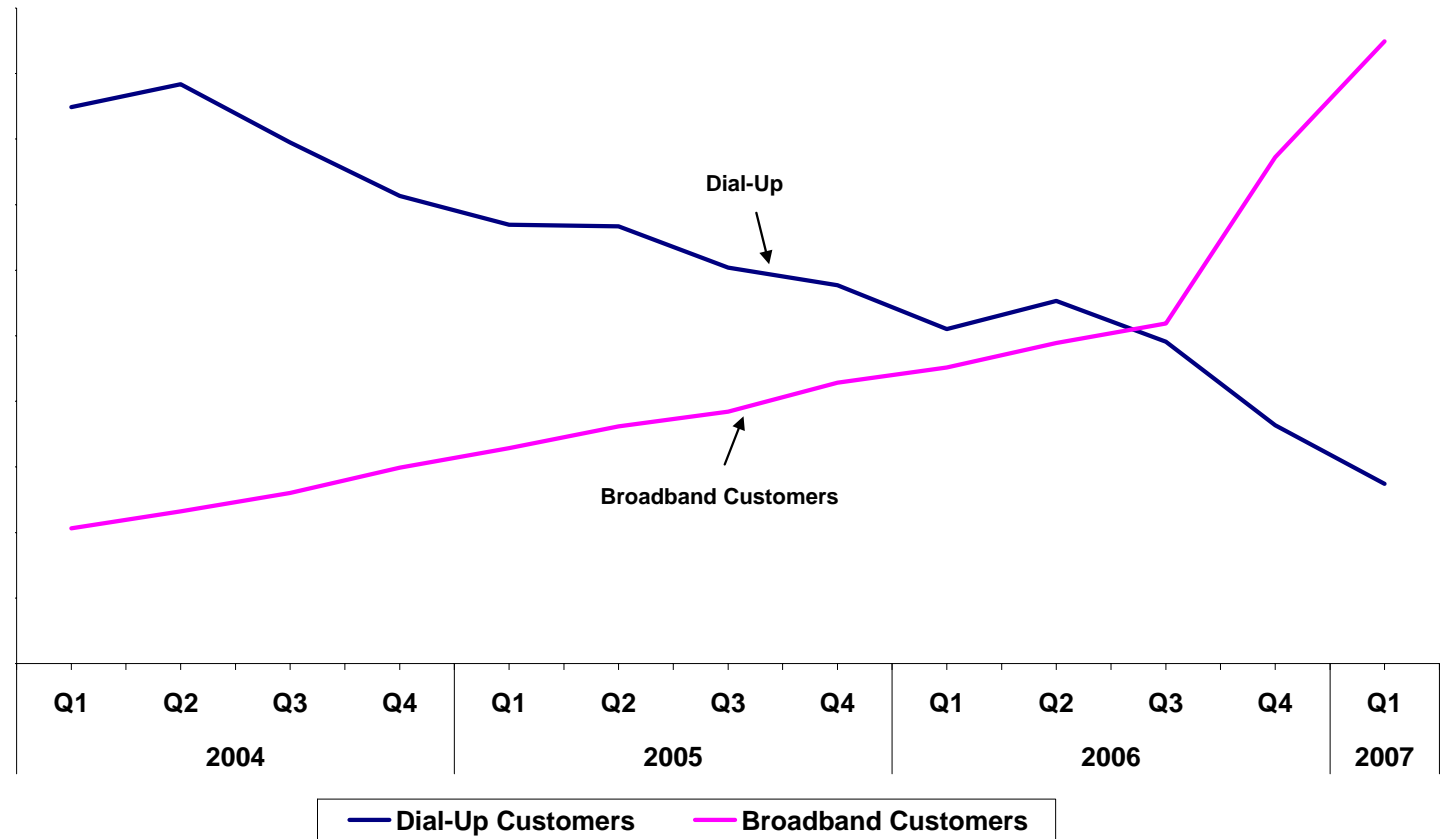
- Product Approvals - Circa 1000 products have been approved (287 in 2006) to be placed on the market over the last 4 years covering:
 - PBXs
 - Fixed and mobile Handsets
 - Routers and multiplexers
 - Anything which transmits
- Mergers and acquisitions

International retail charges have fallen where there is competition

International Call Prices - 5 Major Destinations



Broadband and Dial-up subscribers - Q1 2004 to Q1 2007



But is this enough?

- NO
- Real choice is required in all services
- At least three providers offering similar packages to select from PLUS
- Higher speeds and less restrictions on data volumes
- Choice in quality and price
- Choice in levels of resilience
- Choice in pricing packages to suit needs
- Availability of innovative services
- Proactive providers offering tailored business solutions to suit different sectors of the community

So what needs to be done by the TRA?

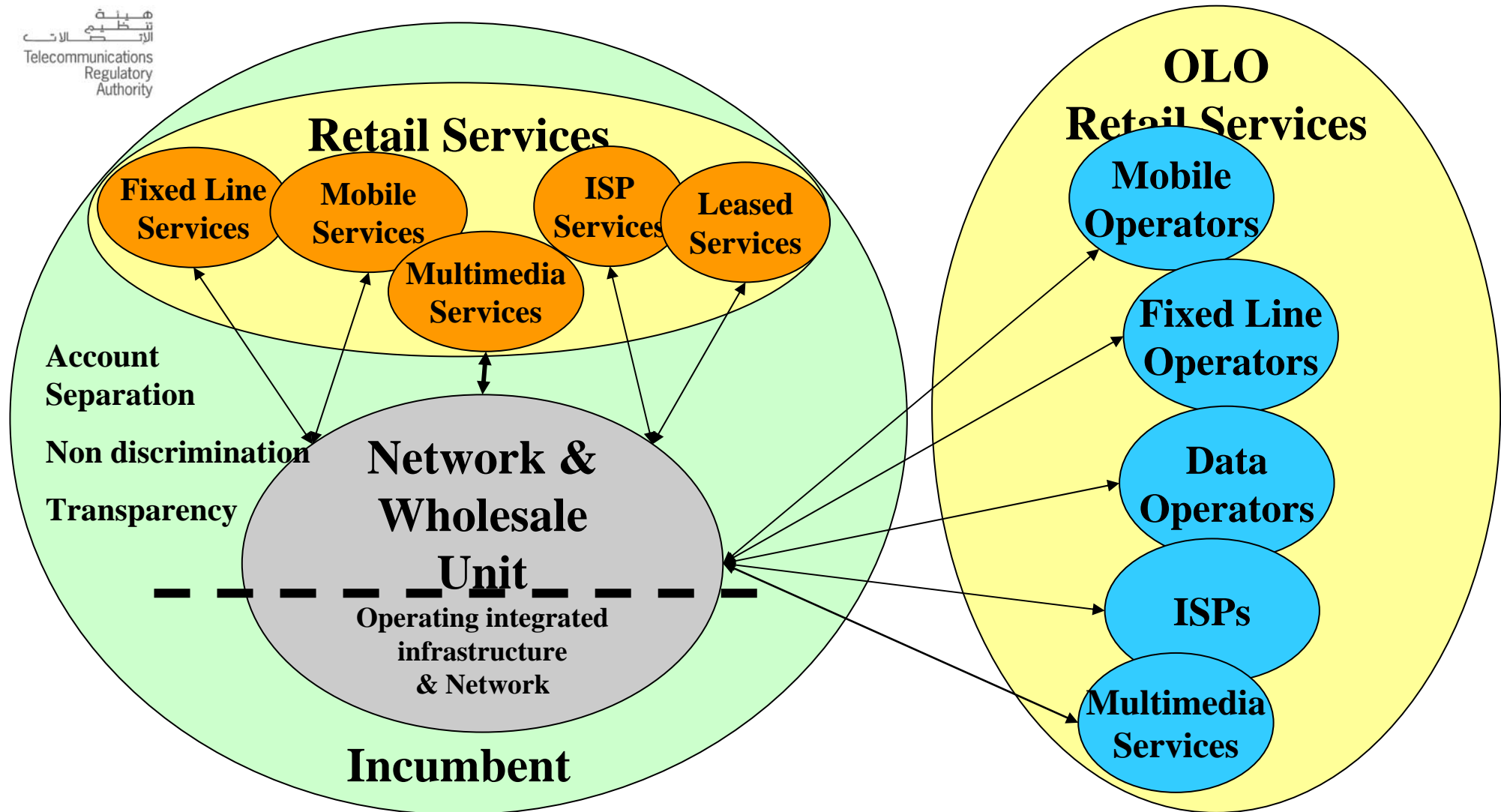
- Market review – to understand the real and perceived position
- Move toward calculating wholesale access and interconnection charges based upon forward looking and efficient costs
- Access to and ability to install ducts/cables by all operators
- Establish new standards of working and materials
- Number Portability
- Making the local loop available to other operators (LLU)
- Carrier Selection
- Per second billing
- Re-balancing of tariffs
- Low user schemes
- Services for the disabilities
- Improved consumer protection conditions
- Unified Licence giving operators greater flexibility to use any technology and offer any type of service
- Opening up the spectrum and review of prices

What needs to be done by the Operators?



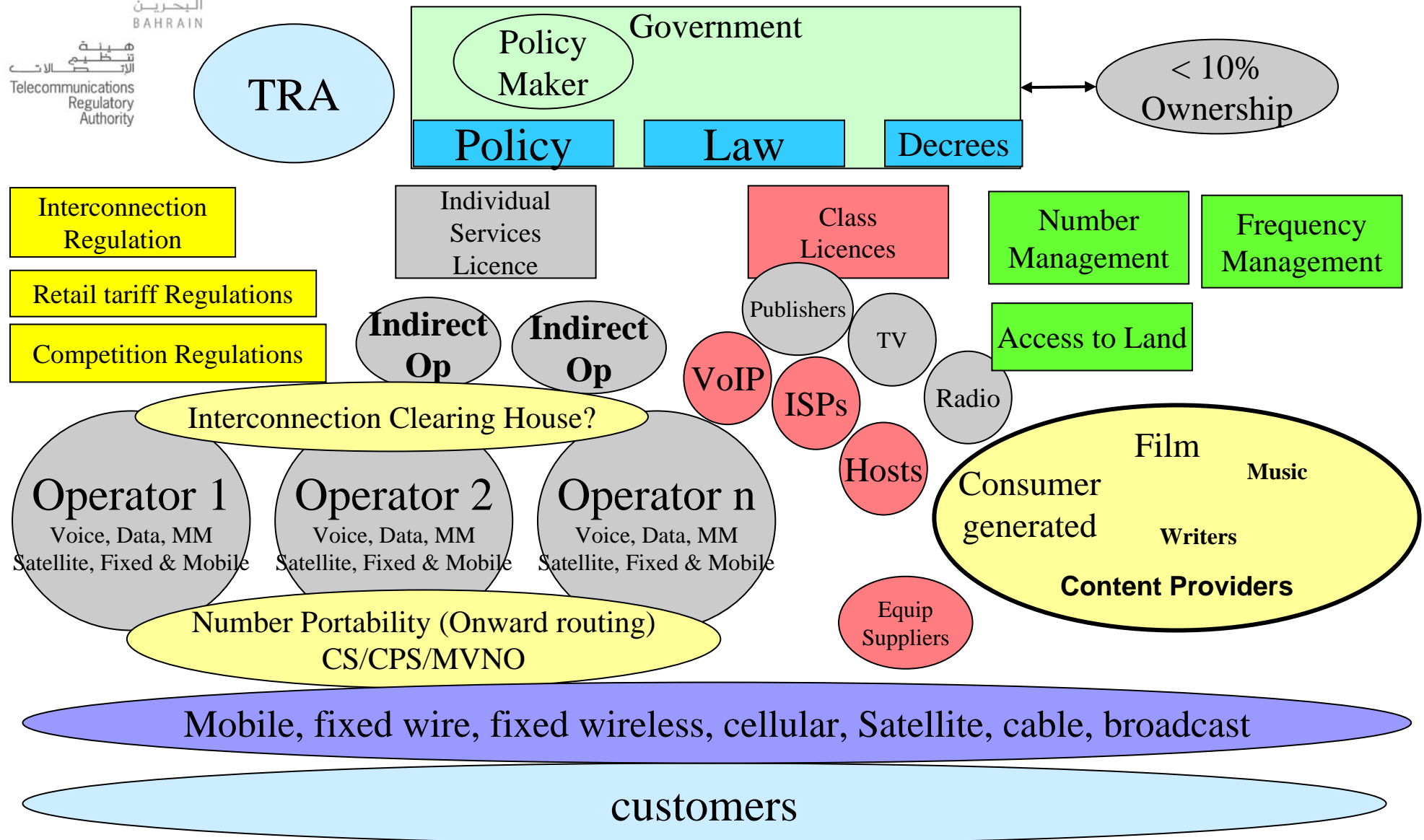
- Work closely with users to understand their needs better
- Work closely with TRA in defining new regulations and their implementation
- Work in a constructive and positive way to try to achieve a win win position
- Be a part of or be a Regional player bringing economies of scale as well as scope
- Identify high quality services to satisfy niche requirements which demand a high price but gives high value to consumer

Incumbent - Network/Carrier Services





Future - 2007 - 2009



What are the constraints?

- Size of market and viability of multiple service providers
- But where there is dominance then TRA can step in and take measures that are a substitute for competition i.e. retail price controls
- Rate at which the rules can be agreed with limited expertise
- Rate at which services can be implemented by operators
- Ability for companies to re-adjust their businesses to take account of the proposed regulations

What can Businesses do to assist?

- Develop an ICT Policy:
 - Ecommerce dealing with external clients - Internet
 - Information Management System (IMS) managing internally - Intranet
 - Review how new converged technologies can assist efficiency and service
- Major construction projects
 - develop an ICT infrastructure plan:
 - Publicise requirements and consult widely
 - Decide upon the investment level
 - » Trench
 - » Ducts
 - » Cables
 - » Electronic highways
- Regularly go out to tender for planning and communication services
- Provide written submissions to TRA if Operator fails to satisfy

And how about Government?



- Pro-development policy approach, whereby Government:
 - Act as a catalyst and enabler rather than market player and service provider;
 - Dispose of the shares of ICT companies;
 - Go out to tender for planning and communication services;
 - Where feasible, aim to rely on the market to satisfy needs of public authorities for the ICT services;
 - Maintain appropriate level of independence of an ICT regulator;
 - Ensure that public interests, representing cultural values of the society of the Kingdom are properly considered.

Future National ICT Policy?

- Enabling ICT institutional framework, comprising of:
 - National policy champion
 - Regulator
 - Expert representative of public interest
- Review of legislative framework with a view to:
 - Revise the regulation of electronic communications networks, i.e., the Telecommunications Law;
 - Establish appropriate legal framework for broadcasting and other content related services;
 - Establish data protection framework;
 - Establish framework for ensuring cyber security, including enabling fighting cyber-crimes.

- Essential to have regular meetings with TRA stakeholders:
 - TRA Consumer Advisory group
 - TRA Business Users Advisory Group
 - Licensees group

If you are interested in participating please email to
consumer@tra.org.bh

- Never has there been a more exciting time in our industry
- In reviewing the next phase of regulation we need:
 - to have open and frank dialogue;
 - put the interests of the Nation first;
 - to take advantage of new technologies to improve the customer experience;
 - understand how can we assist in the growth in the economy
 - regulators and regulation to assist and not hinder in the process

- Businesses and Government should:
 - have clear ICT Policies;
 - publicise requirements at an early stage;
 - go out to tender for supply.
- Businesses and consumers to actively participate in debates and provide feedback to TRA and Operators
- The availability of competitive Telecoms Services stimulates innovation and is an enabler for improving business and government efficiency in Bahrain
- Only collectively will we achieve our goals of economic growth