



News Release

TRA Steps in and Fines Batelco for Failure to Meet its Obligations to Other Licensed Operators

Manama, Kingdom of Bahrain - Tuesday November 24, 2009

The Telecommunications Regulatory Authority (TRA) has today ordered Batelco to meet its obligations under its Reference Offer to enable Mena Telecom to purchase international capacity and directly interconnect with Reliance Globalcom at Batelco's premises in Telegraph House.

Mr. Alan Horne, TRA General Director, stated "Direct access to the international capacity of the FALCON sub-marine cable system has been identified as a key issue for the further development of competition within the telecommunications sector and the Kingdom's economy. Following the draft order issued by TRA to Batelco on September 29 2009 TRA had hoped that Batelco would take the opportunity to comply with its obligations to provide the services necessary to allow other licensed operators direct access to Reliance Globalcom and the FALCON cable system, sadly this has not happened. Consequently the ability of Bahrain to offer better value international and broadband internet services has been impacted. TRA considers the actions of Batelco have been to the detriment of Bahraini citizens, businesses and the economy."

Mr Horne continued to say "This Order will result in Mena Telecom having the ability to connect directly to international circuits and provide consumers with higher speeds, higher or indeed no download threshold and better value broadband communications. This will also pave the way for other operators to take up similar services. TRA firmly believes this Order and the opening up of international capacity on a competitive basis will be a watershed in the development of the telecommunications sector. Internet usage will grow, prices decrease and speeds increase."

Having considered the seriousness of the situation TRA imposed a substantial base fine of BD 5,038,088.000 on Batelco, which will increase by BD 100,000.000 each calendar day that Batelco does not comply with the due date in the order. However as an incentive for Batelco to comply with the order, the fine will be reduced by BD 100,000.000 for each working day that Batelco provides the services in advance of the due date.

Under the terms of its Reference Offer, Batelco is obliged to make available access to facilities, including access to available space in its building and the facilities necessary for Other Licensed Operators to install, operate and maintain telecommunications equipment. Batelco has refused to supply such space and facilities as requested by Menatelecom. TRA has determined that the reasons for rejection used by Batelco these are not justified and do not fall within the rules of its own Reference Offer. Consequently TRA considers the refusal to supply amounts to a material breach of Batelco's obligations and duties established in the Telecommunications Law and its Reference Offer.

Under the Telecommunications Law TRA has the power to take enforcement action, including issuing fines, requiring licensed operators to comply with the various provisions of the Telecommunications

Law, regulations issued by TRA and the obligations of the licenses granted to operators by TRA. Batelco has 30 working day to comply with the order. The Order can be viewed at www.tra.org.bh. TRA will publish the reasoning for the Order after Batelco has had an opportunity to seek redactions for any information it considers confidential.

Note to Editor

Flag is a licensed operator that offers international capacity on the Falcon submarine cable system through its Landing Station which is situated in a Batelco building. The Falcon cable system is owned and operated by Flag and is the only international capacity available in Bahrain in which Batelco has no controlling or other interest.

About TRA

Since its establishment in 2002 the Telecommunications Regulatory Authority of the Kingdom of Bahrain (TRA) has been working with government, consumers, operators and investors to develop the Kingdom of Bahrain into the region's most modern communications hub and to facilitate the growth of the market. As an exemplary Regulator for the region, TRA independently carries out its duties in a transparent and non-discriminatory manner. More information about TRA can be viewed at www.tra.org.bh

Media Contact

Abdulelah Abdulla

Communications Manager

Tel: +973 17 520000

Mobile: +973 36368555

Fax: +973 17 532125

Email: aabdulla@tra.org.bh