



# **BAHRAIN TELECOMMUNICATIONS REGULATORY AUTHORITY**

*Telecommunications Regulation – Vision for Bahrain*

*Licensees - CEOs' meeting*

*22 January*

*2007*

*10.00 am – 1.00 pm*

Telecommunications Regulatory Authority  
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***General Director Designate***

1. Introduction by TRA
2. CEOs' Presentations
3. Open Discussion
4. TRA Work Programme – Next Steps

- TRA approach to increase meetings with all stakeholders prior to issuing of consultation documents
- Objective to:
  - assist the TRA develop and maintain appropriate regulations and guidelines to support the provision of sustainable competitive services at international best prices and quality;
  - better understand the needs and issues of licensees and potential licensees in providing competitiveness;
  - support the Consumers and Businesses in co-coordinating their own views as to the telecommunications services they are receiving;

## Initial output from Business Group - Licensees

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- Lack of competitiveness of the prices especially for internet and mobile services;
- High cost of leased line and delay in providing service;
- Need improvements in the continuity of services which are critical to international businesses;
- The quality and speed of internet needs to be improved in some geographical areas especially the new ones such as Tubli
- The choice of suppliers and services should be increased throughout the Kingdom;
- Operators should do more to increase consumer awareness especially for new services;
- Significant improvement is required in response times to queries and faults (SLAs);
- The billing details and information need to be transparent – concern about accuracy;
- There is a need to improve contact with consumer societies.

## Initial output from Business Group - TRA

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- TRA needs to:
  - make widely known its role;
  - publish a detailed forward looking plan;
  - support the education & awareness of services to consumer;
  - work closely with the government to ensure that the minimization of red tape and ease of procedures needed for investment promotion in all telecommunications sectors;
  - support the simplification of regulation in Bahrain so that it does not delay the launch of new technologies and services
  - improve the time to issue Licences for spectrum, services and Type Approval of equipment;
  - Improve its invoicing process;

- Your vision for the Telecommunications Sector in Bahrain in relation to:
  - Bahrain being a location of choice and investment for international businesses;
  - The provision of universally available and affordable services in Bahrain.
- The key issues your company is facing in trying to provide sustainable competitive services at international best prices and quality. Please try to focus on what you need more of and what you need less of.
- What you see as being the top priorities for the TRA and how you feel the TRA can better assist the growth and competitiveness of the market.
- The output from the meeting will be used as input for the production of the TRA's three-year work plan (2007 – 2009).

- Presentations each of 10 minutes long from ( in alphabetical order) :
  - 1.Batelco
  - 2.Etisalcom
  - 3.Kulacom
  - 4.MTC Vodafone Bahrain
  - 5.Orbit Communications
  - 6.Smart Marketing
- Followed by an open discussion

## **Batelco**

## **Industry Vision**

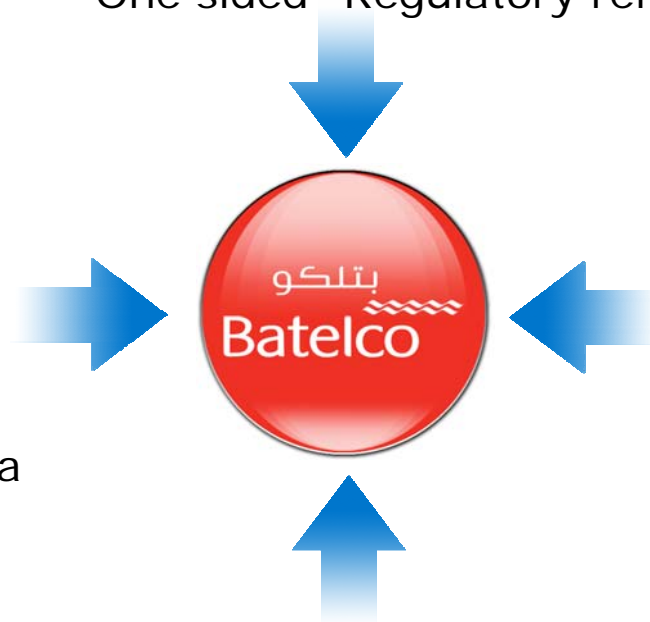
- Advanced Infrastructure,
- Innovative Services,
- Sustainable Competition...
- Delivering best-in-class, reliable and competitively priced communications services and solutions

## INDUSTRY

- High penetration, Low growth phase
- Declining prices & margins
- Infrastructure investment at risk
- "One sided" Regulatory reform

## TECHNOLOGY

- V/D/M convergence
- F 2 M substitution
- Broadband over 3G
- Disruptive biz impact
- Telecom to ICT to Media



## COMPETITORS

- > 100 licences..
- High margin focus
- Massive leverage
- Many VOIP operators.
- Local & Regional consolidation in progress

## CUSTOMERS

- Seeking... lower prices...
- ...better mobile coverage
- ..."big markets" internet value
- ...more responsive service

## **Key Regulatory Challenges**

- **Spread the regulatory burden**
  - ...Batelco now has all the regulatory downside and no prospect of regulatory upside (universal service, public obligations, below cost line rentals but uncertain and hostile access regulation, OLO market power not addressed and very little regulatory forbearance in areas where competition exists).
- **Wholesale margins above cost can be “fair and reasonable”**
  - ...providing they are not excessive.

## Key Regulatory Challenges

- **Reward investment incentives and sustainable market entry, not short term market entry** – otherwise Batelco will shift infrastructure investments
- **Unwieldy and out-dated retail price control regime** – Batelco cannot meet the competition fairly and effectively.
- **Prior approvals under licences numerous and in some cases not necessary** – e.g. moving licensed activities intra-group, minor changes to subscriber terms and conditions.

## **Priorities for the TRA**

- **Introduce Proportionate regulation**

- ...Recognise Bahrain is a smaller economy with characteristics that require less burdensome regulation – suggest national dynamics are studied in greater depth
- ...National interest significant underlying factor in TRA's duties to promote competition and protect consumer interests – Bahrain as regional hub, world class services, Batelco as contributor to national infrastructure and wider community

- **Reduce regulatory micro-management on mobile tariffs** to increase competition and not risk existing and new entrants' mobile investments

## **Priorities for the TRA**

- Address Local Access deficit now, not in 3-4 years...
- Retail tariff reform and USO reviewed within 6 months...
- Review Dispute Resolution mechanism between TRA & OLOs

## **Etisalcom**

## **Universal Services**

- Availability of universal services would definitely depend on the availability of the access.
- Currently wired access can only be obtained from Batelco while wireless access through WiMAX would be available in the future from both MTC and Mena Telecoms.
- Due to the size of Bahrain, we do not expect to see customer left without some sort of access.
- New real state projects tend to have the access in placed as part of the project development.

## **What does competition need ?**

- Competition is certainly good for business as it gives them choice, quality and efficiency.
- Need more cooperation from the incumbent operator when it comes to providing access to a customer.
- Need Service Level Agreements with the incumbent operator.
- Need more regulation on the service providers to stop cowboys destroying the market for quick profit.
- Need more regulation of service quality provided to the end user.
- Need efficient anti-competition acts regulations.

## **TRA Priorities**

- Redo the RAO as it is currently hindering the service provider from offering alternative services to the corporate sector.
- Enforce Local Loop Unbundling on all access providers.
- Decide on the 3rd GSM and/or MVNO operator.
- Decide on the WiMAX 'e' standard.
- Decide on other high speed wireless links frequencies.

## **Kulacom**

## **Deregulation**

- The Three Key Areas of Focus necessary to ensure future growth and investment in Bahrain through its communications sector are;
  - Recognising Our Customer's and their needs
  - Manage Change
  - Collaboration of Operator's
- Operator's must learn to work together to enhance their future's

- It is easy to enter a methodology of price erosion as being a principle to deregulation and customer satisfaction; “It’s NOT”
- To ensure future growth in Bahrain it is about recognising the “Customer” and their needs:
  - Our Principle Customer is;
    - » The Kingdom of Bahrain
  - It’s needs are;
    - » The future development and Investment in the Kingdom
- The TRA needs to ensure that the Operator’s are focussed on creating an environment that will attract investment into the Kingdom through a reputation for Communications that sets a standard that other regional territories aspire too;
  - Breadth of Services and Quality to a High Standard is Paramount.

## Change Management

- It is easy for existing incumbents to react to a deregulating market by cutting costs and to drive out competitor's or retain consumer's;
- It is more important to manage restraint across the incumbents and ensure fair and reasonable integration between them and new operator's.
- By adopting a mature approach to deregulation and competition, we should all embrace the challenges that inspire innovation, therefore raising the communications capability bar throughout the Kingdom.
- Therefore promoting the removal of incumbent exclusive environments is imperative and the charges between operators' for services should be provided at a cost base principle.
- Through a mature approach of this kind, a natural price efficiency can be achieved whilst creating improved services and standards.
- This will satisfy the principle customer needs; therefore increasing the consumer base for Bahrain.

## **Collaboration**

- Promoting the collaboration of Operator's we can reduce the cost and investment necessary to develop the communications within Bahrain.
  - Site and Duct Sharing, throughout the Kingdom should be promoted and governed with joint practice and policy created to protect the parties as well as ensure that time efficient collaboration is given.
  - Unbundling of the Local loop connections to the residential environments should be encouraged and services usage at cost between operators should be provided to ensure that the environment remains balanced and fair, thus providing the consumer with choice.

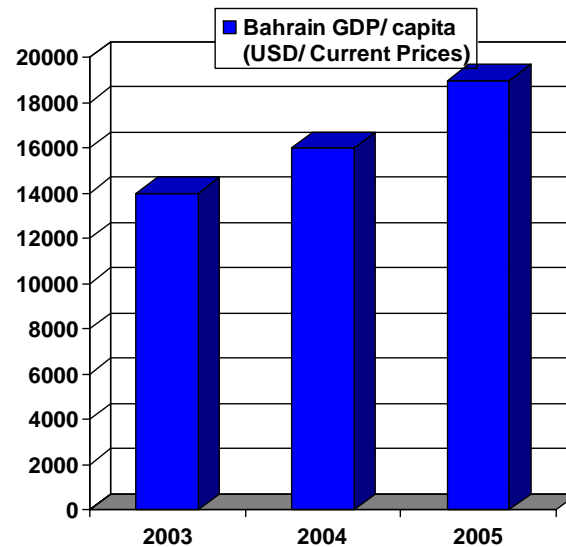
## Collaboration

- Policing of the services and standards by the TRA to ensure that the quality and service standards of the operators is being provided to the consumer and the ability to fine or revoke licence should be introduced, and results of Quality and Standards published.
- Without operator's working together; and the with the TRA, the development of Communication Services within the region shall be hindered.
- Laws and Policies need to be created and enforced to encourage communications growth for us to meet our customers' need.

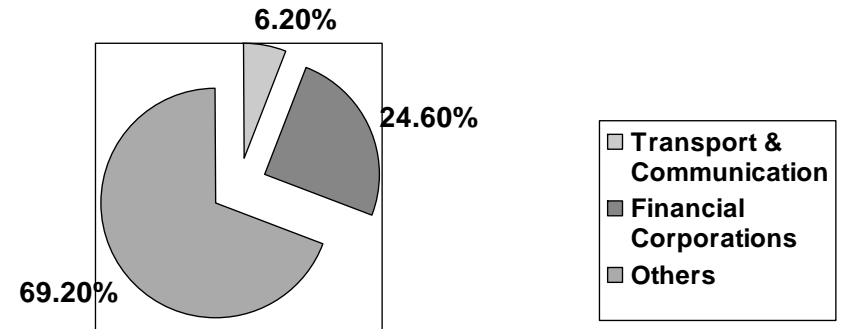
## **MTC Vodafone Bahrain**

## “Vision for Bahrain”

## MTC Vodafone Bahrain



Sources: Ministry of Finance Annual report 2004  
BMA Annual report 2005



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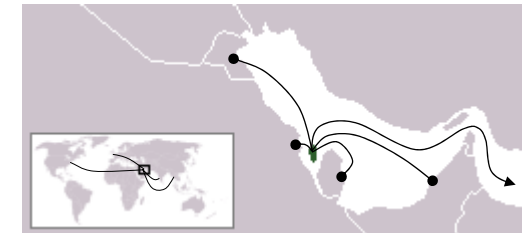
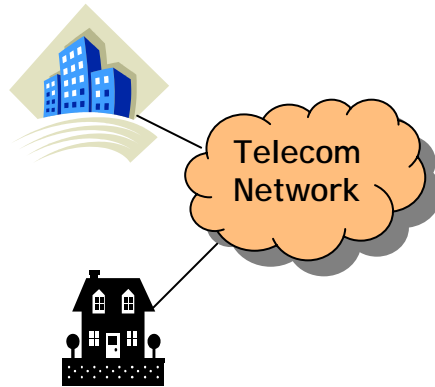
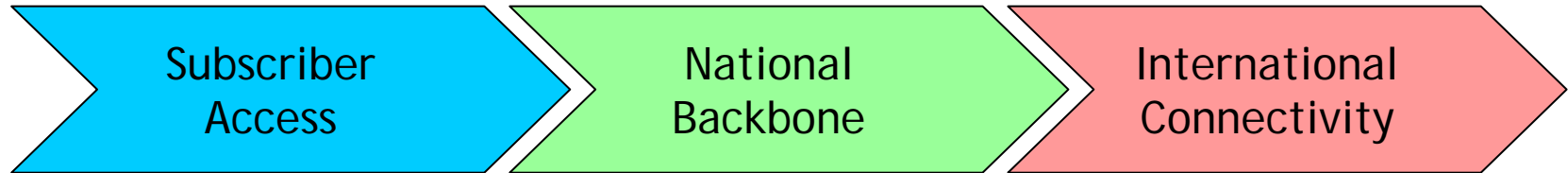
- A truly liberalized telecommunication sector, which:
  - Protects the interests, and adds value to, all stake holders: customers, operators, government
  - Attracts potential investments
  - Affordable and reliable communication services that help corporations efficiently conduct business
  - Keeps the Bahraini customer at the forefront of global telecommunication revolution by providing latest services
  - Generates abundant skilled work force

## Vision for TRA

- Contributes to the “Vision for Bahrain”
  - A mature, flexible, and contemporary legislation environment
  - Encourage new services/ technologies to transform Bahrain into a technology driven society
  - Comprehensive liberalization of telecom sector

## Maintain a mature telecom market

- ✓ Protecting the investment of licensed operators
- ✓ Protecting the value in the market
- ✓ Telecommunication culture to be generalized and distributed
- ✓ Regular review of Telecommunications market indicators
- ✓ Effective communication with the telecommunications operators



- No Local Loop Unbundling
- Unfavorable 'bitstream' service
- TRA has awarded 2 licenses to liberalize access to customer

- Ducts controlled by 1 operator
- Very high per-meter duct rental

- All submarine cable landing stations under 1 operator's control
- Satellite option available - but with high prices and latency problem

## **Orbit**

## Vision for Bahrain

- Universal Accessibility to world class affordable Telecom services in Bahrain
- Provision of Continuous Converged services (Data, Voice and Video) through various mediums:
  - Fixed: DSL, Fiber
  - Wireless: 3G Mobile, WIFI, WIMAX, etc
- Information delivery to multi-functional personal devices such as PDA's and Handhelds

## Regulatory Challenges

- Interference from incumbent in terms of access to the infrastructure and subsequently to the consumers
- Anti-competitive conduct of some operators with SMP (Significant Market Power)
- Over crowded market resulting in fierce competition and reduced profit margins



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تنظيم  
الاتصالات  
Telecommunications  
Regulatory  
Authority

## Role of the TRA

- Creation of Fair Competition in the Bahraini market while taking into account the profit and ROI of new entrants
- Firm hand on anti-competitive conduct of SMP operators

## Smart Marketing

## Problems faced :

- Collaboration of service provider to be part of services with new vision and concept with respect to
  - Business
  - Network
  - Customer/Partner agreement model

## What is required from the TRA ?

- TRA license should be compulsory to the service providers which own the infrastructure and the connectivity
- Building a Tele-House will assist to boost the growth and competitiveness of the market

## **General Discussion**

## TRA Work Programme – Next Steps

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- Summary of to-days input will be placed on TRA web site [www.tra.org.bh](http://www.tra.org.bh);
- Consumers Group meeting on the 31<sup>st</sup> January;
- Input from Businesses Group, Consumer Group and to-day to modify draft TRA Work Programme;
- Issued for Public consultation in February 2007;
- Work plan influenced by resources at TRA;
- Aim to have final version published by early March 2007;

## **Any Other Business**