

**Lightspeed Submission in Response to the Consultation Paper
issued by the Telecommunications Regulatory Authority
on**

**“The Regulation of Mobile Termination Services”
Draft Statement
Issued on 25 November 2008**

1 March 2009

Lightspeed submission in response to the TRA Consultation on the Regulation of Mobile Termination Services.

Lightspeed welcomes the opportunity to respond to the TRA's consultation on "The Regulation of Mobile Termination Services" hereinafter referred to as the "Consultation Paper".

Lightspeed supports further work by the TRA on mobile termination rates. There should be two aspects to this work: (i) setting a policy in the short term to deal with the competition distortions from high (that is, above cost) termination rates; and (ii) defining a new wholesale charging mechanism for the medium term. The competition problems caused by high termination rates are now well known. The recent market reviews conducted by the TRA has confirmed the disadvantages faced by smaller and new entrant operators when termination rates are above cost.

Lightspeed strongly supports the TRA in such a step to intervene for setting of a reasonable cost-oriented Mobile Termination Rate (MTR) in the Bahraini market and strongly believes that the TRA should carry out such a regulatory intervention in all markets where effective competition has not been established. Needless to state that such a step will lead to lower MTRs and shall pass the benefit of any reduction in MTR to the consumers in the form of lower tariffs. Thus, implementing cost-based MTR shall be beneficial to the market in two ways: one it shall create incentive for operators to improve efficiencies and two, it shall benefit subscribers through more competitive pricing of mobile service.

Mobile termination rates are still too high and the negative effects of this cannot be allowed to continue to prevail into the future to the continuing detriment of consumers and industry alike. Lightspeed especially feels that it is time for the TRA to adequately address the prevailing problem of excessive mobile termination rates, and hopes that the regulator will move to achieve that required rate reduction as a consequence of this Consultation Paper.

Lightspeed supports the achievement of that shared desire, but cautions against treating the pursuit of a competitive solution as an end in itself, particularly as the structure of the mobile market might result in an oligopolistic rather than truly competitive outcome. Therefore, in the absence of a truly competitive market, Lightspeed believes that the TRA should concentrate on ensuring *effective* controls are imposed on termination rates set by each MNO.

Lightspeed stresses that MNOs currently face an incentive to set their charges for voice call termination at the profit maximizing (monopoly) level – the TRA

should therefore play a major role in safeguarding the market and requiring charges to be cost oriented and fair and reasonable. Failing to do so will leave the market insufficiently motivated to address the problem of high termination rates and will hinder the establishment of effective competition in the mobile market. Again, Lightspeed believes that effective controls should be imposed to ensure reaching the main objectives of this Consultation Paper.

Lightspeed supports the proposed regulation, to include effective charge controls on mobile termination rates. Above all, it will be unacceptable for regulation to be withdrawn in the hope that a market-driven solution will appear. Only the emergence of **actual and effective** competition in the provision of mobile termination will justify the removal of price regulation.