



News Release

TRA Determines Batelco and Zain Dominant in the Provision of Termination Services on their Mobile Networks

Manama – Kingdom of Bahrain, Wednesday 3 February 2010

The Telecommunications Regulatory Authority (TRA) has issued recently its Determination declaring both Batelco and Zain dominant in their mobile termination services markets. TRA also issued a Position Paper on the regulation of mobile termination rates. Mobile termination is a wholesale service, used by operators to terminate calls, Short Messaging Services (SMS) and Multimedia Messaging Services (MMS) on mobile networks.

According to this determination, Zain's wholesale mobile termination rates i.e. the amount charged to other operators to terminate a call, will be regulated consistent with the provisions of the Telecommunications Law applying to operators declared dominant. Batelco rates will continue to be regulated.

Before issuing this Determinations Zain termination rates were not regulated and are subject to commercial agreements. TRA considers that it is now time to address this differential treatment between Batelco and Zain, given the significant growth of Zain since its entry 6 years ago, and at a time when the third mobile operator is expected to launch soon. This will provide additional certainty to existing licensed operators as well as the third mobile operator with regards to mobile termination rates.

Dr. Mohammed Al Amer TRA's Chairman and Acting General Director said "This determination is not only important to operators who terminate communications on the mobile networks but also to consumers of one network trying to communicate with consumers on other mobile networks. In fact, termination rates are ultimately recovered through retail prices charged to consumers. Regulating termination rates are consistent with TRA's mission to protect the interest of consumers and to promote competition."

Dr. Mohammed went on to say "Regulators have the duty to step in when the normal operation of market forces is deficient. Termination on mobile networks is one such example of market failure. Termination constitutes a bottleneck on which there is structurally limited room for competitive pressures. If left unregulated, mobile termination rates would be set above the competitive level which will be detrimental to consumers. The Determination launched recently will pave the way for equal treatment between Batelco and Zain, and provides clear direction for the third mobile operator."

The Determination on Mobile Termination can be viewed on TRA's website www.tra.org.bh.

Notes to Editors

Mobile Termination Rates are the rates charged by one mobile operator to other licensed operators for the termination of traffic on his network.

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

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