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**DOCUMENT:**The National Telecommunications Plan

# The National Telecommunications Plan

Prepared by the Minister of Transportation and approved by the Council of Ministers in accordance with the terms of section 15 of the Legislative Decree no.48 promulgating the Telecommunications Law

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## The National Telecommunications Plan

**Purpose:** To provide background to the National Telecommunications Plan for the Kingdom of Bahrain

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*This is an unofficial translation of the Plan. It is provided for information purposes only. Reliance may only be placed upon the official Arabic version of the published in the Official Gazette of the Kingdom of Bahrain. Any comments on this translation will be gratefully received by the Authority. Please email any comments to: [contact@tra.org.bh](mailto:contact@tra.org.bh)*

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## The National Telecommunications Plan

### 1 The National Telecommunications Plan

#### 1.1 Background and general intentions of policy

The Kingdom of Bahrain has embarked upon a process of further liberalisation within several sectors of the economy. Telecommunications is a key sector that is to undergo comprehensive change. Most notably the de facto monopoly of supply by Bahrain Telecommunications Company (Batelco) will cease.

Government policy seeks to rapidly create a free market environment that will be attractive to new private sector entrants to the telecommunications sector. At the same time it is Government's policy that Batelco should be encouraged to thrive by responding constructively and fairly to competition and through the pursuit of greater efficiency and new business opportunities. To these ends, and in the further interests of transparency, Government will separate its role as policy maker for the sector from its present role as a shareholder in Batelco.

A regulatory body, the Telecommunications Regulatory Authority (TRA) has been established for the telecommunications sector. The TRA is independent, and will award licences to operate, and use radio spectrum, through fair and transparent procedures.

Through these policy initiatives Government seeks to gain an extended and value oriented set of services for consumers and business users, and thus ensure that Bahrain continues to lead in the Gulf Region as an attractive venue in which to live, work and invest.

The liberalisation policy is effected through, and supported by the Telecommunications Law.

#### 1.2 The liberalisation package

Government seeks to encourage the development and availability of the widest possible range of information and communications technologies and services within Bahrain. It is the intention that these services will be provided in an open environment, which encourages investment and allows private sector companies the necessary flexibility to best meet user needs. Government has determined the following liberalisation timeframe:

**2002** has seen:

- The bringing into effect of the Telecommunications Law on 23 October, 2002
- The creation of a telecommunications regulator called the 'Telecommunications Regulatory Authority', headed by a General Director.

**2003** is to see the availability of:

- A second licence to provide mobile telecommunication services.

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- Multiple licences in Internet service provision and value added service provision.
- The Bahrain Internet Exchange.

2004 is to see the availability of:

- Multiple national fixed services licences.
- Multiple International Telecommunications Services and International Telecommunications Facilities licences
- Multiple licences in the radio based areas of Very Small Aperture Satellite Terminal services (VSAT), Paging and Public Access Mobile Radio (PAMR)

### 1.3 Telecommunications Regulatory Authority

It is the policy of Government that the processes of liberalisation and competitive development of the sector be overseen by the TRA, an independent regulatory body. The TRA is also the licensing body.

The TRA is established under the terms of the Telecommunications Law. The structure, powers and responsibilities of the TRA are primarily stated within Chapter II of the Telecommunications Law.

The powers and responsibilities of the TRA are substantially exercised by a General Director.

Determinations, orders and regulations made by the TRA have the force of law.

### 1.4 Licensing

It is the policy of Government that participation in all areas of the sector, particularly by private sector entities, should be encouraged.

TRA will accordingly ensure that the licensing regime shall be transparent and non-discriminatory. There will be two types of operating licences to provide services and to establish and operate telecommunications networks:

- **Individual licences** for networks and services which require access to scarce resources, (such as radio frequency spectrum or numbers) or which fall into one of the license categories specified in section 39(a)(1)-(9) of the Telecommunications Law (i.e., a national fixed service licence, a mobile telecommunications licence, a mobile virtual network operator licence, a VSAT licence, a paging licence, a public access mobile radio licence, an international facilities licence, an international services licence and an Internet Exchange licence). In general, the TRA must be satisfied that an applicant for an individual licence has sufficient resources, skills and expertise to put the scarce resources underlying an individual licence to efficient use. Individual licences must also be awarded in manner that will facilitate the promotion of competition among licensed operators and serve the interests of subscribers and users in Bahrain.

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- **Class licences** for all other licences, such as an Internet Service Provider licence and a value added service licence. In general, the application process in relation to these fully liberalised services, which do not involve scarce resources, must be minimal and facilitate ease of entry into the market.

The TRA may establish licence fees that are reasonable in relation to

- (a) the cost of administration and regulation of the licensed service, and
- (b) the value of the licences in the market, with due regard to the fact that scarce resources must be used efficiently.

It is Government policy that the TRA will not impose unreasonably high licence fees that may deter market entry or unduly prejudice licensees' ability to invest in infrastructure and other resources that will facilitate the rapid deployment of telecommunications services.

### 1.5 Domicile of licensees

Government policy is that licensees shall be Bahrain domiciled or appropriately registered branches of foreign entities. Bahrain domiciled entities may be, however, foreign owned.

A licensee shall locate substantially all infrastructure associated with the provision of services in Bahrain, within Bahrain. It shall further maintain all operational activities associated with the provision of services within Bahrain, in Bahrain. The licensee shall be free to outsource or sub-contract to third parties any of the above elements, provided that such elements are provided or carried out, within Bahrain. TRA shall have the power to waive the requirements only in the event that direct benefit to users of service can be evidenced and assured.

### 1.6 Number of licences

Government policy is the progressive elimination of the de facto monopoly of supply that has been enjoyed by Batelco.

In recognition of this policy, the TRA is directed by section 39 of the Telecommunications Law to award a series of Licences in accordance with the liberalisation package described in paragraph 2 above.

Batelco will, for the first time, be subject to a series of licences that provide, amongst other matters, safeguards against abuse of its market power and anti-competitive conduct.

Except in the instance of mobile telecommunications services and the Bahrain Internet Exchange, multiple licences will be offered in each area of telecommunications service provision.

In the mobile area, one licence will be issued to Batelco, and one further licence will be issued to a market entrant on the basis that, in normal circumstances, further licences would not be issued for a minimum of two years from date of award.

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The Bahrain Internet Exchange is considered in a further section of this Plan.

### 1.7 Licensing of Batelco activities

It is Government policy that Batelco should be awarded licences, in relation to the provision of all telecommunications services, upon condition that it so organises its business operations into units that specifically address lines of activity that require to be separately licensed. These units shall account separately for their activities, using generally accepted accounting principles, and shall do business with each other on the same terms as apply to other licensed operators.

In order that the liberalisation policy may be practically implemented, Batelco shall have amongst other rights and obligations, the requirement to provide some services at wholesale rates, provide access to and interconnection with other licensees, to assume universal service obligations and to connect its network to a Bahrain Internet Exchange, such that it may be accessed on a cost effective and technically efficient basis by ISPs.

### 1.8 Universal Service Obligation

Government policy requires that all citizens be afforded access to basic public telephone services, which enable any person in Bahrain requesting such service to make and receive local and international calls that support

- speech,
- facsimile and
- data.

Government policy also requires that the universal service obligation, that has been described, should apply to all public telecommunications operators that enjoy significant market power (as that term is defined in the Telecommunications Law) and that the services should be provided at the prevailing standard rates of the operator. While the final determination of when a licensed operator has “significant market power” vests with the TRA, a market share of 25% of the relevant market is a widely recognised level at which a licensed operator is said to have significant market power.

Government policy must recognise that universal service is a concept that develops over time as the telecommunications industry, technology and the requirements of Bahrain and its people change. TRA is accordingly tasked to monitor the continued adequacy and fairness of the applicable universal service obligations, and if necessary, refine the universal service obligation in a manner that will equitably serve both the needs people of Bahrain and a vibrant telecommunications industry.

### 1.9 Bahrain Internet Exchange (BIX)

Government considers that Bahrain would be advantaged were an Internet Exchange provided in the Kingdom. Government is willing to play a facilitating role in the establishment of an initial exchange facility, but seeks that the facility be, in due course, acquired and operated by an entity that represents a wide range of telecommunications sector interests. The entity shall operate on a ‘not for profit’ basis.

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Owing to the existence of established Internet Exchanges in the region, the licence issued to enable the establishment of the Bahrain Internet Exchange should provide a period of exclusivity that is sufficient to enable the licensee to be competitive on a regional basis.

#### 1.10 Government as shareholder and corporate governance of Batelco

Government policy is that it shall perform no role, nor take any action with regard to Batelco, that would prejudice the desired separation of Government's duties of policy oversight for the telecommunications sector, and, its rights and obligations as a shareholder in Batelco.

To these ends, whilst Government retains a shareholding in Batelco, it shall be represented on the Board of Batelco only by its Investment Management arm.

#### 1.11 Status of the National Telecommunications Plan

The Plan is prepared and approved in accord with the terms of section 15 of the Legislative Decree no. 48 promulgating the Telecommunications Law. Nothing in the Plan shall be construed to conflict with, or amend, the Telecommunications Law.

The Plan articulates the strategic and policy vision of Government with regard to the telecommunications sector. It is intended as a tool to inform and guide sector participants, including TRA. The Plan does not seek to address the detailed implementation of the vision, or, the associated regulation of the sector. Those roles lie with TRA.

The Telecommunications Law calls for the publication of further versions of the Plan at defined intervals, in order that all interested parties may always be aware of prevailing Government policy for the sector.