



## **TRA orders Batelco to comply with the law and refund monies paid by customers in respect of an unapproved service**

***Move aims at protecting customers from registering for a package that has not been fully approved and to ensure that the company complies with the Law***

**Manama, 14 June 2006** – Today, the TRA issued an Emergency Order to Batelco to stop pre-registering customers for its advertised Broadband BD 10 package. The order also compels Batelco to refund monies to all customers who have already registered.

The package was approved subject to conditions by the TRA. Batelco has yet to meet the conditions placed on its introduction and therefore cannot offer the service to customers. This order comes as a result of the fact that Batelco started advertising in local newspapers for customers to register immediately for the 10BD package, despite the TRA's repeated warning that it cannot do so until all conditions imposed have been met. The promised activation date for the package is stated by Batelco to be 6 July 2006. There is no legal basis for this statement by Batelco.

Therefore, the TRA is issuing this Order to protect customers from paying for a service that has yet to be fully approved by the TRA and that Batelco is in no legal position to offer until acquiring the TRA's full approval. By registering for such a package, the TRA was concerned that customers are being charged for a service that may not become available and would certainly not be provided to them on the promised activation date by Batelco. At the same time, the Order ensures that Batelco respects its obligations under the law and its licence.

It is worth noting that the proposal submitted by Batelco for the BD10 package could not be approved without conditions by the TRA, since it did not comply with a number of aspects of the Telecommunications Law of the Kingdom. While the TRA recognized and continues to recognize the need for this lower tariff package, the TRA could not approve it until and unless certain conditions were first met. This was to ensure compliance with the Law and the licence of Batelco. The TRA, since the conditional approval of the 10 BD package in early March, has in its correspondence with Batelco on the matter offered a number of options and solutions that Batelco could implement to

meet the TRA's conditions and therefore offer the service to customers legally. Batelco, however, failed to come up with an acceptable solution and instead decided to start registering customers for the service even though it had not met its conditions and the service had not been approved.

In addition to the harm that this sort of action by Batelco can cause customers, by introducing the package without obtaining the full approval of the TRA Batelco is also in breach of the Telecommunications Law. The TRA is concerned that Batelco is using its dominance in the telecommunications market to prevent or delay competitors wishing to offer competing packages.

This is of particular concern to the TRA because, while it may appear to customers that Batelco is offering a low-price internet package that currently meets their needs, delaying competition may ultimately prevent any further reductions of internet prices in the longer term. It has the effect of stopping choice from developing in Bahrain. The TRA is keen to avoid this risk and considers that consumers will benefit from having more than one internet provider to choose from and select the right package for them in terms of service, price and quality. The TRA, in this respect, must not only protect the interests of consumers in the short term, but also in the long run. The TRA is mandated by the law to protect and encourage competition as a means of enhancing long-term consumer choice and/or safeguarding the interests of consumers.

The emergency order published today requires Batelco to do the following:

- To cease with immediate effect to offer, sell or promote the BD 10 package until Batelco has fulfilled the conditions imposed by the TRA and the proposal has been approved;
- to issue a press release by 15 June 2006 explaining and communicating to all affected customers that Batelco wrongfully launched this package as it had not obtained the requisite approval, and is therefore taking the necessary action to rectify the situation and comply with its obligations and the Law; Batelco is also required to apologize to customers for misleading them through its advertisements for this package;

-within 10 working days of the date of the order to make a full refund or return deposits and/or any and all other payments collected in respect of this package to all customers and potential customers.

In issuing this order the TRA is taking the necessary action to ensure that licensed operators comply with both the Telecommunications Law and their license conditions.

The General Director of the TRA, Mr. A. Andreas Avgousti, commented on the issuance of the emergency order as follows:

“Batelco by its own actions gave us no option but to issue this emergency order today to protect customers from paying for a service that is illegal, since Batelco has not complied with the law. In spite of repeated warnings, Batelco chose to ignore the law and its obligations and offer a service that it knew it was not permitted to offer. However well motivated it may be, Batelco, like all other licensees, is not above the Telecommunications Law or its licence obligations. If it felt so strongly in offering the service to consumers it could have done so by meeting the conditions of the TRA. It chose not to do so.

The TRA has to make sure that all licensees operate within the law so that consumers are protected both in the short and the long term. The TRA was concerned, in line with international practice, that the actions of Batelco could have the effect of preventing any competitor in the internet sector from emerging. That is clearly wrong and illegal not just in Bahrain but also in all other countries that have introduced liberalization into their telecommunications sectors. In the long term Bahrain would end up with one operator, no choice of services, no downward pressure on prices and no pressure to meet the needs of consumers. This is not acceptable to the TRA.

Batelco, like all other operators, is encouraged to compete robustly but fairly. Disregarding the law is not the way forward.”

The text of the emergency order can be viewed on the TRA’s website [www.tra.org.bh](http://www.tra.org.bh).

### **Notes to Editors:**

#### About the TRA

The Telecommunications Regulatory Authority (TRA) was established by Legislative Decree No. 48 of 2002 promulgating the Telecommunications Law. The TRA is an independent body and its

duties and powers include, among other things, protecting the interests of subscribers and users and promoting effective and fair competition among existing and new licensed operators. More information regarding the TRA can be viewed at [www.tra.org.bh](http://www.tra.org.bh)