



News Release

TRA sets the fair and reasonable charges of Batelco's wholesale services.

Manama, Kingdom of Bahrain - Wednesday 26 January 2011

The Telecommunications Regulatory Authority (TRA) has issued an order to Batelco setting the fair and reasonable charges of the regulated access and interconnection services offered by Batelco to Other Licensed Operators (OLO) in Bahrain. This Order ends Batelco's Reference Offer review initiated in April last year.

Commenting on this Order, TRA's Deputy General Director, Mr. Rob Middlehurst said "A sensible wholesale offer to OLOs is a key regulatory instrument supporting competition and choice in the telecommunications sector. The charges set in this order are evidence-based, fair, reasonable and non-discriminatory and allow Batelco to earn a fair and reasonable return on its investment."

He went on to say "Following the implementation of these new charges on 1 February, it is anticipated that there will be adjustment to the price retail offerings of Batelco and OLOs. In particular these new prices should allow retail price reductions for broadband services. This will support economic development, and consumers will enjoy the benefits of competition and greater choice."

Following the review of Batelco's Reference Offer submission, TRA was not satisfied that the proposed charges were in line with the Telecommunications Law. Consequently, TRA issued a draft and final Order setting revised charges and the basis for the adjustments made.

The key highlights of the new charges are:

- Bitstream and Wholesale DSL charges are decreasing by between 4% and 31% compared to current charges. This decrease will support the provision of cheaper and faster broadband offers in the retail market.
- Interconnection links, charges are decreasing by between 9% and 32% compared to current charges. The minimum contractual period is reduced from 10 years to 3 years, thereby addressing a major problem faced by OLOs.
- Interconnection charges are stable with the exception of SMS and MMS termination charges which are increasing due to the correction of the costing approach. The increase should not impact retail prices.
- Duct access remains broadly stable with TRA rejecting the 45% increase proposed by Batelco. This will support the on-going deployment of network by OLOs using Batelco's existing duct infrastructure.

- Low speed local leased lines charges are frozen at the prevailing rates with TRA rejecting the 30% to 50% increases proposed by Batelco pending the resolution of a problem with Batelco's data.
- New high speed local leased lines services (above 2Mbps) are introduced for the first time in Batelco's reference offer. They can be used as to support the imminent launch of local loop unbundling and the introduction of alternative offer to large corporate users by OLOs. Instead of setting the absolute charges for these services, TRA approved a price ceiling mechanism that takes into account the diversity of situations for high speed leased lines services. However Batelco is subject to regular reporting to ensure no price discrimination and cost orientation.
- International low speed leased circuits charges are decreasing by between 20% and 60% and international high speed circuits to GCC Countries (above 2Mbps) are introduced. The same price ceiling and reporting approach that has been used for leased lines services to ensure cost-orientation and no-price discrimination has been mandated

The public version of the Order can be viewed on TRA website at www.tra.org.bh. TRA will shortly publish the detailed reasoning underpinning its conclusions.

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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