

REQUEST FOR

EXPRESSIONS OF INTEREST IN THE LICENCES TO OPERATE A 3RD MOBILE TELECOMMUNICATIONS NETWORK

Request for expressions of interest in the award of telecommunications and frequency licences for the establishment of a 3rd mobile telecommunications network in the Kingdom of Bahrain

Issued by the Telecommunications Regulatory
Authority

3 April 2008

Purpose: Information collected through responses to this document will be used by TRA to assist in the design and scheduling of the licence award process for a 3rd mobile telecommunications network operator in the Kingdom of Bahrain.



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1. Background

In the Report on the Strategic and Retail Market Review, published on 28 February 2008, the Telecommunications Regulatory Authority of the Kingdom of Bahrain (“TRA”) announced that it “has decided to allow the entry of a third mobile network operator in the Kingdom of Bahrain”.¹

TRA is now seeking expressions of interest for the granting of the appropriate frequency and telecommunications licences for a third mobile telecommunications network operator (“MNO”).

Amongst the duties assigned to TRA under the Telecommunications Law are the duties to protect the interests of subscribers and to promote fair and effective competition among new and existing licensed operators. Since freedom of entry is a characteristic of competitive markets, TRA is of the view that a continuation of the current duopoly would be contrary to the fulfilment of these duties. It would also conflict with the Government’s guidance outlined in the Second National Telecommunications Plan.²

The entry of another MNO to compete with the existing incumbents can be expected to stimulate the competitive dynamics of the mobile market and to deliver economic efficiency gains as well as consumer benefits through further retail price reductions and innovation.

2. The Role of this Document

This Request for Expressions of Interest will allow TRA to more accurately gauge the level of interest from potential MNOs, and also take into account inputs from potential licensees into the design of the award process and conditions within the Licence to be awarded. The information gathered will also be used by TRA to assess the resources required to ensure an efficient award and assignment process.

TRA is, in particular, seeking the following from potential applicants:

- 1) Expressions of Interest in becoming the 3rd MNO in the Kingdom of Bahrain;

¹ Strategic and Retail Market Review: A report issued by the Telecommunications Regulatory Authority of the Kingdom of Bahrain,

28 February, 2008, is available at: <http://www.tra.org.bh/en/pdf/FINALStrategicandRetailMarketReviewReport.pdf>.

See also the accompanying Draft Statement on the Strategic and Retail Market Review available at:

<http://www.tra.org.bh/en/pdf/FINALDraftStatementonStrategicandRetailMarketsReviewv0.2.pdf>.

² The Second National Telecommunications Plan was approved on 13 February 2008. It contains a wide range of policy initiatives. It is available at <http://www.tra.org.bh/en/pdf/TheSecondNationalTelecommunicationPlanEnglishFinal.pdf>

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- 2) Opinions regarding the preferred spectrum band(s) to be assigned to any potential 3rd MNO;
- 3) Opinions regarding the amount of spectrum required by any potential 3rd MNO;
- 4) Any additional measures (infrastructure sharing, national roaming, exclusivity period) which are considered essential for the entry of a 3rd MNO;
- 5) TRA wishes to maximise the transparency of the process and therefore seeks views on the preferred licence award mechanism such as single stage process of either a beauty parade or an auction, or a sealed bid; or a multi- stage process including a technical pre-qualification and auction or sealed bid.

This Request for Expressions of Interest does not constitute an offer or invitation to participate in any award or assignment process for an appropriate telecommunications licence and/or a frequency licence, which would enable operations of the 3rd mobile telecommunications network in the Kingdom of Bahrain, nor does it constitute the basis of any contract which may be concluded in relation to any bidding exercise or in respect of any assignment of spectrum. This Request for Expressions of Interest shall not bind TRA to assign any spectrum or to grant any licence.

3. Confidentiality

Individual responses to this Request will not be disclosed to the public, and the identities of any parties/companies responding will be kept confidential.

4. Legal Framework

The Telecommunications Law of the Kingdom of Bahrain (issued under Legislative Decree No. 48 in October 2002) (the “Law”) is the law that regulates telecommunications markets in the Kingdom of Bahrain. The Law established TRA as an independent regulatory authority that oversees the telecommunications sector.

Section 3 of the Law describes the duties and powers of TRA.

The Law requires TRA to promote effective and fair competition. It gives TRA the authority to issue licenses. In particular, the Law states that the granting of additional Mobile Telecommunications Licenses is at the discretion of TRA (Section 39(b) 1 of the Law).

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5. Proposed Indicative Time Line

The decision to make available the appropriate licences to enable the operation of a 3rd mobile telecommunications network in the Kingdom of Bahrain, is one of a range of regulatory measures that TRA will implement as outcomes of the Strategic and Retail Market Review. The on-going consultation on the Draft Statement on the Strategic Retail Market Review focuses exclusively on the proposed timeline for the implementation of its regulatory measures.

In this Draft Statement TRA indicated that it anticipates awarding such a licence by 31st December, 2008. In line with this commitment, TRA has set **4th December, 2008** as the target date for awarding the 3rd MNO licence.

Based on this date, TRA proposes to publish an Information Memorandum (IM), for public consultation, in Q2 of 2008. The IM will contain a detailed proposal of how the relevant licences to the 3rd MNO will be awarded. Interested parties will be allowed to comment on the proposal and all feedback received will be used by TRA to draft a final Invitation to Tender (ITT). TRA intends to publish the ITT in Q3 of 2008. The ITT will be the definitive document detailing exactly how the award process will be undertaken.

However, it should be noted that the time lines for the implementation of all regulatory measures arising from the Strategic and Retail Market Review including the entry of the 3rd MNO, are currently under consultation¹. Consequently respondents are advised that this consultation process may impact on the proposed timeline outlined above.

6. Responses to this document

Respondents should send any Expressions of Interest to:

The General Director,
Telecommunications Regulatory Authority (TRA),
P.O. Box 10353,
Manama,
Kingdom of Bahrain.

Alternatively, e-mail responses may be sent to TRA's email address at consult@tra.org.bh

The deadline for responses is **4.00 p.m. on Wednesday 4 May, 2008**.

¹ This consultation document is available at:

<http://www.tra.org.bh/en/pdf/FinalRequestforComments.pdf>