



*News Release*

## **TRA to Remove Controls on Mobile Retail Tariffs**

### **TRA is proposing a new framework for regulating the tariffs of operators with significant market power and inviting Batelco to prepare a rebalancing plan for fixed line services**

Manama, Kingdom of Bahrain - Monday 1 June 2009

The Telecommunications Regulatory Authority (TRA) has issued today for public consultation a set of documents revamping the way retail tariffs are regulated and monitored by TRA in line with its Strategic and Retail Market Review published last year.

Presently Batelco's retail tariffs generally require TRA's approval prior to launch. With the increasing competitive market for telecommunications services it is important that Batelco has sufficient flexibility to develop more innovative offers and introduce price changes while providing appropriate competition and consumer safeguards. Under the new rules, Batelco will no longer require approval prior to launch, although it must certify its compliance with specific rules designed to protect competition and consumers.

Under the new proposal Batelco will notify TRA of a proposed change in advance and will be free to introduce new tariffs, such as bundles of services, provided it complies with the rules defined. The new framework provides clear guidance to SMP operators with regards to the practices that are compatible with the interests of consumers and the development of competition.

The completion of this reform represents a another milestone for TRA as once it is in place, TRA will remove the requirement for Batelco to submit its tariffs for approval for its mobile services and for fixed originated calls to some international destinations where there is sufficient competition.

Along with the retail tariff regulation, TRA has issued a draft rebalancing paper for the fixed line service, inviting Batelco to submit, for TRA approval, a proposal of how Batelco intends to tackle the rebalancing of the fixed line service.

Batelco's fixed line rental has not been changed for more than 17 years and is most probably out of line with costs.

TRA's General Director Mr. Alan Horne said "An important objective in supporting the 2030 economic vision for Bahrain is the improvement in Bahrain's internet connectivity and international telecommunications infrastructure. The private sector is expected to invest to achieve this objective. However the Government and the Telecommunications Regulator must ensure that the appropriate regulatory environment and conditions are in place."

Fixed line access to customers' homes and businesses at subsidised prices does not support investment in new infrastructure e.g. optical fiber and broadband services, required to achieve the objective. Distortions of retail prices lead to incorrect price signals for market entry, investment and the development of competition. Ultimately this is damaging for the long term interest of end-users, particularly because if prices are not balanced new operators will not enter the market. In line with the Second National Telecommunications Plan, TRA is therefore seeking proposals from Batelco for a

progressive alignment of its line rental and national call charges to the cost of provision of these services and therefore meeting legal obligations.

If the rental and / or the national call charges do increase in this review then it is expected that much of this increase will be off set with the introduction of customers only paying for the time they use (elapsed time charging) and by further price reduction in the price of other services they consume (e.g. broadband) and wider benefits in terms of new innovative services introduced. Bahrain remains one of the few countries still charging for a 3 minute call even though the call may only take seconds.

Mr. Horne stressed that “TRA will be carefully monitoring the overall costs of a range of telephone baskets of services, e.g. low, medium and high usage.”

Mr. Horne concluded “TRA will work with Batelco, the relevant Government bodies and our Consumer Advisory Group, to ensure that in introducing these new measures the long term interests of consumers are taken into account and in particular how to mitigate the impact of any increase in costs for low income households-. This measure will directly support the achievement of Government Policy and in particular the 2030 economic vision.”

Consultations papers can be found on TRA’s website at [www.tra.org.bh](http://www.tra.org.bh). Interested parties are advised to review and provide feedback by 4:00 pm on 30 June 2009.

### **About TRA**

The Telecommunications Regulatory Authority (TRA) was established by Legislative Decree No. 48 of 2002 promulgating the Telecommunications Law. 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 TRA can be viewed at [www.tra.org.bh](http://www.tra.org.bh)

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