



TRA Open Meeting with Licensees' CEOs

Date: January 22, 2007
Time: 10 am – 12:30 pm

Introduction

The meeting began with a welcome speech from the TRA's Chairman of the board of directors Dr. Mohammed bin Jasim Alghatam. He introduced the new General Director .Mr. Alan Horne to the licensees

Mr. Alan Horne explained TRA's approach of having an open dialog with all the TRA stakeholders assisted through regular meetings

He proceeded to explain the objectives of the meetings as being:

- assisting the TRA develop and maintain appropriate regulations and guidelines to support the provision of sustainable competitive services at international best prices and quality;
- better understanding the needs and issues of licensees and potential licensees in improving competitiveness;
- supporting the Consumers and Businesses in co-ordinating their own views as to the telecommunications services they are receiving;

Mr. Horne shared some of the comments and concerns of the Business users Advisory Group to both licensees and TRA:

Comments and concerns to the licensees:

- Lack of competitiveness of the prices especially for internet and mobile services;
- High cost of leased line and delay in providing service;
- Improvements required in the continuity of services which are critical to international businesses;
- Improvements required in quality and speed of internet in some geographical areas especially the new ones such as Tubli
- The choice of suppliers and services should be increased throughout the Kingdom;
- Operators should do more to increase consumer awareness especially for new services;
- Significant improvement is required in response times to queries and faults (SLAs);

- The billing details and information need to be transparent. There is concern about accuracy;
- There is a need to improve contact with consumer societies.

Comments and concerns regarding TRA:

- improve public awareness of TRA's role;
- publish a detailed forward looking plan;
- support the education & awareness of services to consumer;
- work closely with the government to ensure that the minimization of red tape and ease of procedures needed for investment promotion in all telecommunications sectors;
- support the simplification of regulation in Bahrain so that it does not delay the launch of new technologies and services
- improve the time to issue Licences for Spectrum, Services and Type Approval of equipment;
- Improve its invoicing process;

Mr. Horne then invited licensees to present their opinions in relation to:

- Licensee vision for the Telecommunications Sector in Bahrain in relation to:
 - Bahrain being a location of choice and investment for international businesses;
 - The provision of universally available and affordable services in Bahrain.
- The key issues licensees are facing in trying to provide sustainable competitive services at international best prices and quality by trying to focus on what they need more of and what they need less of.
- What they see as being the top priorities for the TRA and how they feel the TRA can better assist the growth and competitiveness of the market.

Mr. Horne concluded by stating that the output from the meeting will be used as input for the production of the TRA's three-year work plan (2007 – 2009).

A- Licensees Vision for Telecommunication sector:

The following points were raised by individuals and present their personal opinions:

Universal Services

- Availability of universal services would definitely depend on the availability of the access.
- To provide Universal Accessibility to world class affordable Telecom services in Bahrain

Access:

- Currently wired access can only be obtained from Batelco while wireless access through WiMAX would be available in the future from both MTC and Mena Telecoms.
- Due to the size of Bahrain Customer will not be left without some sort of access
- New real state projects tend to have their own infrastructure to have access in place as part of the project development

Market liberalizing and competition

- Protecting the investment of licensed operators
- Telecommunications culture to be generalized and distributed (TRA to have exhibitions & seminars for awareness on telecommunications)
- Regular review of Telecommunications market indicators to improve deficiencies
- Effective communication with the telecommunications operators (through meetings)
- Sustainable competition by looking into long term objectives rather than quick gains
- Delivering best-in-class, reliable and competitively priced communications services and solutions
- Some operators felt that with high Mobile penetration, the market will be going to lower growth phase
- Prices will be challenged by customers & profit margins will decline therefore Infrastructure investment will be at risk
- Batelco faces “One sided” Regulation and they expect to see mobility commercial model
- The TRA to assist through meetings with the sector at different levels not only the CEOs and for different topics eg. Frequencies.
- Protects the interests, and adds value to, all stakeholders (customers, operators, government) by giving the opportunity to participate in the TRA vision
- Attract potential investments by liberalizing all the sectors
- Affordable and reliable communication services that help corporations efficiently conduct business
- Keeping the Bahraini customer at the forefront of global telecommunication revolution by providing latest services through the latest technologies.
- To generates abundant skilled work force
- To see Bahrain as the regional hub where:
 - Connectivity
 - content delivery
 - operators come to trade traffic with regional operators
- To see the market as liberalized as possible and as little regulation as possible
- To facilitate further competition in mobile sector through resellers or MVNOs as they see there is room for further competition
- Very competitive environment, more than 100 licensees and many VoIP operators focus on high margins

Services and Technologies:

- Encourage new services/ technologies to transform Bahrain into a technology driven society
- Provision of Continuous Converged services (Data, Voice and Video) through various mediums:
 - Fixed: DSL, Fiber
 - Wireless: 3G Mobile, WIFI, WIMAX, etc
- Information delivery to multi-functional personal devices such as PDA's and Handhelds
- Advanced infrastructure, all operators required to invest in the infrastructure and to provide innovative services,
- Technological shift which will be disruptive impact to business model and to look for 5 - 10 years where telecom will move to ICT and to Multimedia, content delivery and content packaging

Customers

- Telecom policies should be customer centric rather than operator centric
- Customers keep suggesting lower prices and look for better values either it is price, services, innovation or support
- Customer demand for better mobile coverage in all parts of Bahrain
- Customer Demand internet value similar to that offered in big markets where the access in term of proposition and price so attractive, but here the investment require different approach of providing more responsive service

B- Key issues faced by Licensees

The following points were raised by individuals and present their personal opinions:

Access

- Need more cooperation from the incumbent operator when it comes to providing access to a customer in certain services and get cooperation from wireless provider in future. Where licensees are required by Bateclo to submit a large bank guarantee resulting in a financial burden.
- Full Local Loop Unbundling
- Some operators stated that a favorable 'bitstream' service is needed as the current bitstream offer is very weak
- Ducts should not controlled by one operator
- The TRA should be part of the CPU not Batelco
- To look into the very high per-meter duct rental
- To look into all submarine cable landing stations that is controlled by one operator where the lacks of international connectivity in the market lead to poor quality connectivity. There is also a requirement to bring in international fiber

- To look into the high prices and latency problem of the satellites connectivity
- Frustration faced in international connectivity where more flexible basis are required to get connected especially during spikes in traffic

Internet & Broadband

- Broadband, to promote ISPs and to have fiber to homes to promote trading of traffic and to promote new businesses to Bahrain.

CPS

- To have interconnect regime or process for the CPS services to speed up connecting consumer
- Need to address CPS for national calls as well.

Competition

- Competition is certainly good for business as it gives customers choice, quality and efficiency.
- Collaboration of service provider to be part of services with new vision and concept with respect to
 - Business
 - Network
 - Customer/Partner agreement model
- To promote satellites sector and to coordinate frequencies
- Promote Bahrain as hub for e transactions
- ".bh" domain should be controlled by a neutral entity not one operator.
- Wholesale margins above cost can be "fair and reasonable", providing they are not excessive.
- Reward investment incentives and sustainable market entry, not short term market entry.
- One operator thinks that they face unwieldy and out-dated retail price control regime where they cannot meet the competition fairly and effectively. At the same time other operators think that they still have advantages in the current competition environment.
- Competition needs a favorable regulatory environment
- The regulatory model allowed Batelco to enter the market preemptively ahead of the competition where this had an impact on the new entrant to compete properly eg. Reduction in calling cards by 70% and launching of broadband BD 10 package.

Regulation

- Need more regulation on the service providers to stop companies destroying the market for quick profit rather than long term objectives.
- Need more regulation of service quality provided to the end user.
- To regulate the Anti-competitive conduct of some operators with SMP (Significant Market Power)

- To regulate the over crowded market resulting in fierce competition and reduced profit margins
- The incumbent operator calls for spreading the regulatory burden where they are now facing all the regulatory downside and no prospect of regulatory upside (universal service, public obligations, below cost line rentals but uncertain and hostile access regulation, OLO market power not addressed and very little regulatory forbearance in areas where competition exists).
- Prior approvals under licenses numerous and in some cases not necessary – e.g. moving licensed activities intra-group, minor changes to subscriber terms and conditions.

Quality of services

- Need Service Level Agreements (SLA) with the incumbent operator to have quantified quality access and the SLA should be approved by the TRA.
- To stop the interference from incumbent in terms of access to the infrastructure and subsequently to the consumers

C- Priorities for the TRA

The following points were raised by individuals and present their personal opinions:

Access services

- Review the RAO as it is currently hindering the service provider from offering alternative services to the corporate sector.
- Enforce Local Loop Unbundling on all access providers.
- Building a Tele-House that connect every new entrant to boost the growth and competitiveness of the market
- Address Local Access deficit now, not in 3-4 years in order to allow OLOs to compete with unsubsidised prices
- Duct prices to be reviewed
- Central Planning Unit to be neutral and not to be chaired by one company
- Allow access submarine cable, currently the cable is only accessible by one operator
- Allow digging to have infrastructure by other operator
- Geo- Station mapping should be controlled by neutral entity
- To review the RIO specifically the requirements imposed by incumbent such as bank guarantees, forecasts and speeds for the leased lines
- To set processes technically and commercially for bitstream DSL services and the incumbent should change its application form.

Licenses

- Decide on the 3rd GSM and/or MVNO operator.
- To have more licenses for spectrum

- TRA license should be compulsory to the service providers which own the infrastructure and the connectivity

Technology

- Decide on the WiMAX 'e' standard.
- Decide on other high speed wireless links frequencies.

Internet & Broadband

- To have open policy for internet prices that consider both consumers and ISPs
- There should be entry level for internet eg. BD 5 for 128 kbps to be accessible by everybody to promote eGovernment

Infrastructure

- To improve the infrastructure to have alternative access options

Regulation

- Creation of Fair Competition regulation in the Bahraini market while taking into account the profit and RIO of new entrants
- Firm hand on anti-competitive conduct of SMP operators
- Introduce Proportionate regulation
 - Recognise Bahrain is a smaller economy with characteristics that require less burdensome regulation – suggest national dynamics are studied in greater depth
 - National interest significant underlying factor in TRA's duties to promote competition and protect consumer interests – Bahrain as regional hub, world class services, Batelco as contributor to national infrastructure and wider community
- Reduce regulatory micro-management on mobile tariffs to increase competition and not risk existing and new entrants' mobile investments and to lift the approval restriction to let Batelco compete before deciding on additional operators
- Retail tariff reform and USO reviewed within 6 months
- Review Dispute Resolution mechanism between TRA & OLOs
- In next three years hopes to have regulation that tackles multimedia solution, content, broadcasting and IPTV under the power of the TRA.
- To implement a policy that controls illegal operators or internet cafés that operate illegally and take the business from legal operators
- To bring in some best practices with regard to competition

Other priorities

- One operator suggested that the incumbent should empower the wholesale department to generate more money
- The TRA should be more proactive and to study pitfall and success stories in similar markets eg. Spain the second fixed line operator who provide DSL services it took them a while to achieve

good segment and had a difficult time to launch their service although they have bitstream access and RIO up to best class efforts.

- To reward by incentive to the incumbent operator, eg. If they provide access.
- To solve the industry challenges collectively and hope that the TRA have a long term vision to solve all the issues.
- The TRA should collect market indicators information from licensee and make sure that the information received (costing or technical) is accurate especially from the incumbent to be confident the wholesale prices are fair.

D- TRA Next Step:

Mr. Horne concluded by thanking all participants for their contribution. He said that the next actions would be:

- To establish a formal Licensee Group;
- To setup working groups from licensee to input views on different issues;
- Summary of the meeting input to be placed on TRA web site www.tra.org.bh;
- Consumers Group meeting to be held on the 31st January
- Input from Businesses users Group, Consumer Group and licensee meeting to be used as an input to modify draft TRA Work Program
- Issue the TRA proposed work plan for Public consultation in February 2007
- The final work plan will be influenced by resources at TRA and the final version published by early March 2007