



*Press Release*

## **TRA publishes independent price benchmarking study of telecommunications services in Arab countries**

**-- Study shows that Bahraini consumers enjoy comparatively good prices for fixed and mobile telephony, but broadband and leased lines are still expensive --**

Sunday, 8 June 2008

The Telecommunications Regulatory Authority of the Kingdom of Bahrain (TRA) released today a price benchmarking study undertaken by Teligen, an independent consulting firm specialized in tariff comparison. The study was commissioned by TRA as Chair of AREGNET (the Arab Regulators Network) in order to fill a gap, as no comprehensive price comparison exists for Arab countries.

The study compares baskets of telecommunications services for different consumer's profile (e.g. low, medium, high usage). It is comprehensive in terms of services and geographic coverage: fixed voice, mobile services, broadband and leased lines in Arab countries are covered and put in perspective with results for OECD countries. Residential and business tariffs are analysed.

At the regional level, the main findings of the study are:

- **Fixed voice tariffs.** Tariffs for fixed telephony services tend to be more expensive in the region than in OECD countries, though some countries are well below OECD averages. Results show that there is a wide spread of rates across the region. Rates are not rebalanced with relatively high usage cost (especially international calls) relative to fixed cost.
- **Mobile tariffs.** This is one area where the region is doing relatively well by international standards. In the majority of countries, tariffs compare well with the OECD average for low and medium usage baskets. Prices are rather uniform in the region.
- **Leased lines tariffs.** Rates appear on the high side compared to OECD countries.
- **Broadband.** Broadband rates faced by customers in the region are high, especially for high speed (1-4Mbit/s), compared to European benchmarks. High rates are likely to inhibit broadband penetration.

For Bahrain, the main insights of the study are:

- **Fixed voice tariffs.** In terms of overall ranking, Bahrain compares very well with other Arab and OECD countries. However, these good results mask a problem with Batelco's current tariff structure in which the prices of services are out of line with underlying costs (with international direct dial rates well above cost). As outlined in the recently issued Statement on the Strategic and Retail Market Review, a

gradual rebalancing of rates is required to improve economic signals and facilitate competition for the benefits of consumers.

- Mobile tariffs. Batelco and Zain are doing well compared to their peers in the region and in OECD countries. This demonstrates the benefits of competition. Further improvements are expected following the entry of a third mobile operator.
- Leased lines tariffs. By international standards, leased lines tariffs are not competitive. This is an area where ameliorations are required in order to ensure Bahrain remains an attractive business location with competitively priced services for business users.
- Broadband. This is another area where improvements are needed. Broadband prices remain high, especially for high speed services (1-4Mbit/s). Compared to the European average, the price of high speed broadband is 4 times more expensive. High rates have a flow-on effect on broadband penetration and use and hence Bahrain's ability to embrace the knowledge economy. The reform of the tariff regulation framework and the introduction of local loop unbundling outlined in the Strategic Review Statement as well as continuous improvements to other access products of the broadband value chain will help remedy this disappointing performance.

TRA's Chief Economist and project manager of the study Dr Alexandre Serot said: "The results confirm the measures which flow from the Strategic and Retail Market Review. Price benchmarking is an essential tools for regulators which enable the tracking of progress and areas requiring attention. These results are very interesting and highlight the relative strengths and areas for improvements in the sector. Rapid and significant improvements for broadband and leased lines are required. They will deliver major economic benefits for the nation."

TRA's General Director, Mr. Alan Horne commented on the results saying: "The results are encouraging. It is good to see that Bahrain is doing well in some areas. In a world where nations compete to attract businesses to promote economic development, it is paramount to offer competitively priced services. We should aim to be a leader not only within the region but also amongst the most advanced countries in the world. Meeting this aspiration necessitates continuous improvements to products and services offered and a sound regulatory approach."

In addition to the Report, TRA released today a document setting out the methodology underlying the results. All documents released today are available on TRA's website at <http://www.tra.org.bh/>

### **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 operators 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)

### **Media Contact**

Dana Chehab  
Director of Communications & Consumer Affairs  
Tel: 17 520000  
Mobile: 3971 0033  
Fax: 17 532125