



News Release

## **Independent Price Benchmarking Study of Telecommunications Services in Arab countries shows that Bahrain still has room to improve its performance when it comes to broadband**

### **Results of the 2009 Price Benchmarking Study of telecommunications services in Arab countries released**

Manama, Kingdom of Bahrain – Monday 8 June 2009

The Telecommunications Regulatory Authority (TRA) has issued today the 2009 update of the Arab Basket price Benchmarking. The study was commissioned by TRA on behalf of AREGNET (the Arab Regulators Group). It was undertaken by Teligen, an independent consulting firm specialized in tariff comparison and aims 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 the 30 member countries of the Organisation for economic cooperation and Development (OECD). 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 (**Graph 1**). 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 (**Graph 2**). Prices are rather uniform in the region. However, compared to the previous year, the position of the region relative to the OECD has deteriorated as prices have declined more rapidly in the OECD
- **Leased lines tariffs.** Rates appear on the high side compared to OECD countries, although the gap with the OECD is now smaller (**Graph 3**).
- **Broadband.** The gap with European benchmark has narrowed between 2008 and 2009 for residential medium speed broadband (1-4Mbit/s) but broadband rates faced by customers in the region remain high (**Graph 4**). High rates are likely to inhibit broadband penetration and the ability of countries to harness the potential of ICT.

For Bahrain, the main outputs of the study are:

- **Fixed voice tariffs.** Although Bahrain appears to compare well with other Arab and OECD countries in terms of overall ranking, the results highlight a major problem with Batelco's current tariff structure in which the prices of services are out of line with underlying costs. As outlined in the Draft Statement on Rebalancing for Fixed Services and Price Monitoring issued recently by TRA, 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 very 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.

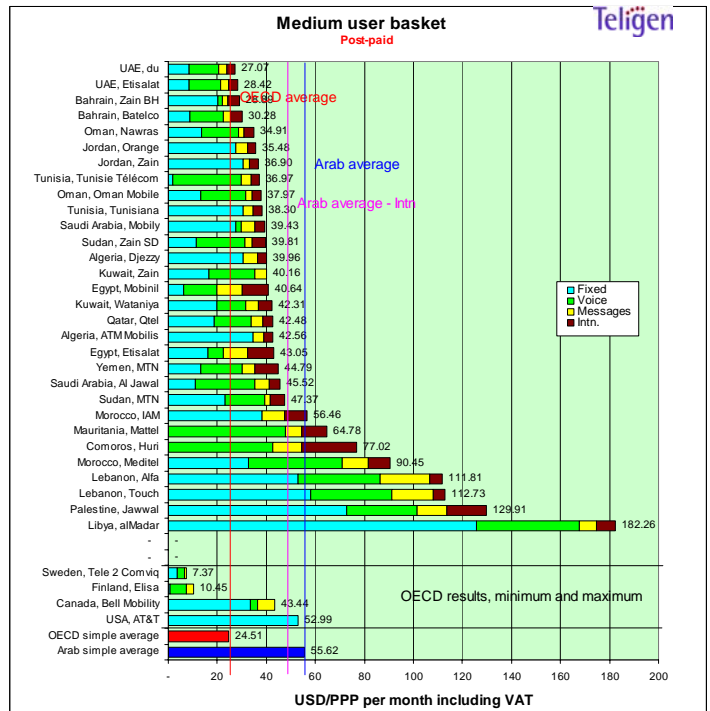
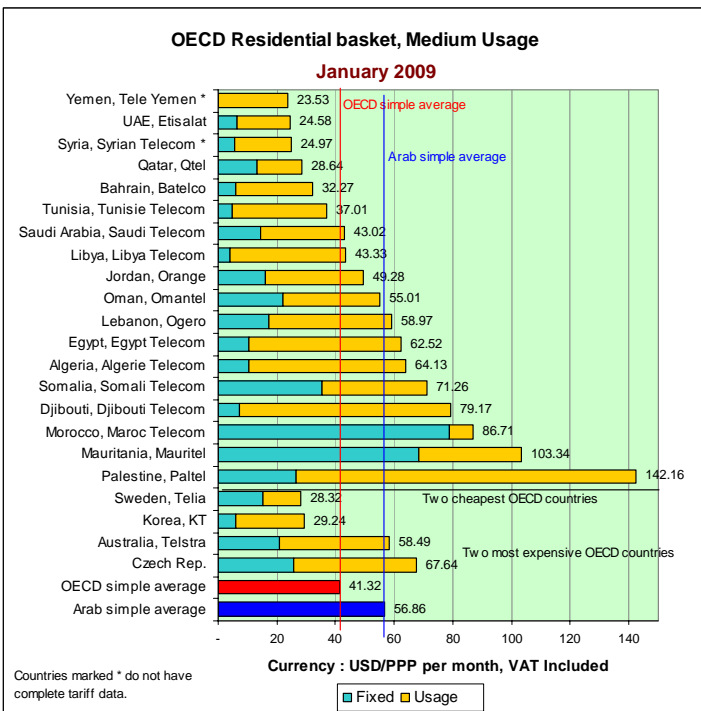
- **Leased lines tariffs.** By international standards, leased lines tariffs are still not competitive. No improvements were observed since the issue of the first study in June 2008. In order to ensure that Bahrain remains “Business friendly” and attractive to direct foreign investment it is essential that the retail prices for both domestic and international leased lines are more competitive.
- **Broadband.** The performance of Bahrain for broadband prices is still disappointing and does not compare well with the European average: the price of a residential medium speed broadband (1-4Mbit/s) is still 4 times greater than the European average. High rates have a flow-on effect on broadband penetration and use and hence on Bahrain’s ability to embrace the knowledge economy.

TRA’s General Director, Mr. Alan Horne commented on the results saying: "In a world where nations compete to attract businesses to promote economic development, it is paramount to offer competitively priced services. This study enables us to know how we compare. In particular it highlights that prices for broadband services which provide high speed internet access have remained unreasonably high during the study period. However since the study was completed I am pleased that there are forthcoming cuts in the price of Broadband services which will contribute to the attractiveness of Bahrain to investors and to established companies working on a regional and international basis."

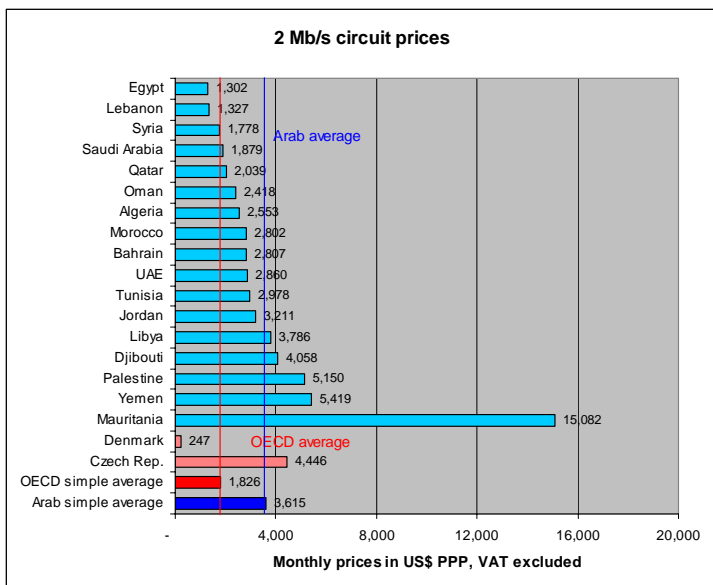
In addition to the Report, TRA released today a document setting out the methodology underlying the results. All documents released today are available on TRA’s website at <http://www.tra.org.bh/>

**Graph 1: Fixed PSTN Medium Residential Basket**

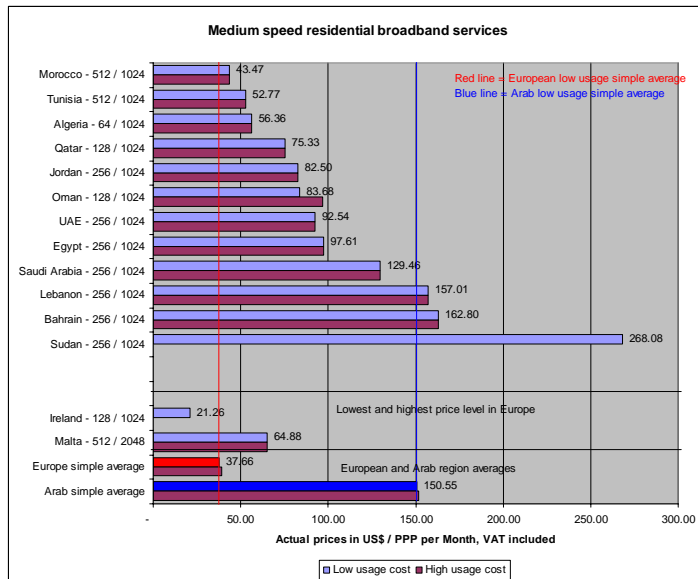
**Graph 2: Mobile Medium Basket**



**Graph 3: Leased lines**



**Graph 4: Residential broadband basket – Medium speed**



**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**

Abdulelah Abdulla  
 Communications Executive  
 Tel: +973 17 520000  
 Mobile: +973 36368555  
 Fax: +973 17 532125  
 Email: [aabdulla@tra.org.bh](mailto:aabdulla@tra.org.bh)