

<b>National Telecommunications Plan</b>
---

**Council of Ministers**

**Decision No. (33) of 2003**

**Regarding the National Telecommunications Plan Approval**

The Prime Minister:

After reviewing the Telecommunications Law issued by Legislative Decree No. (48) of 2002, in particular Section (15/a) of the Law, and based on the recommendation of the Minister of Transportation after consulting with the Telecommunications Regulatory Authority (TRA),

After approval of the Council of Ministers,

**Determines the following:**

**The First Article**

The National Telecommunications Plan attached hereto is deemed to be approved and takes effect for three years.

**The Second Article**

The Minister of Transportation shall monitor the implementation of this Decision, which shall take effect on the date of its issuance and be published in the Official Gazette.

**The Prime Minister**

**Khalifa bin Salman Al Khalifa**

Issued on: 20<sup>th</sup> July 2003

# NATIONAL TELECOMMUNICATIONS PLAN

## Table of Content

1	Public objectives of the plan.....	3
2	The liberalization package .....	4
3	Telecommunications Regulatory Authority .....	4
4	Licensing .....	4
5	Domicile of licensees.....	6
6	Number of licenses .....	6
7	Licensing of Batelco's activities .....	7
8	Universal Service Obligations.....	7
9	Bahrain Internet Exchange (BIX) .....	8
10	The Government role as shareholder and corporate governance of Batelco.....	8

# NATIONAL TELECOMMUNICATIONS PLAN

## The National Telecommunications Plan

### 1 Public objectives of the plan

The Kingdom of Bahrain has embarked upon a process of further liberalization within several sectors of the economy. Telecommunications is a key sector that is to undergo comprehensive change. Most notably the de facto monopoly of supply by Bahrain Telecommunications Company (Batelco) will cease.

Government policy seeks to rapidly create a free market environment that will be attractive to new private sector entrants to the telecommunications sector. At the same time, it is the Government's policy that Batelco should be encouraged to thrive by responding constructively and fairly to competition and through the pursuit of greater efficiency and new business opportunities. To these ends, and in the further interests of transparency, the Government will separate its role as policy maker for the sector from its present role as a shareholder in Batelco.

As part of this, the Telecommunications Law was issued by Legislative Decree No. (48) of 2002, which sets out the basic principles and general policy recently declared by the Government regarding the telecommunications sector. The Telecommunications Regulatory Authority (TRA) has been established as a regulatory body for the telecommunications sector. The TRA is independent, and will grant and issue licenses to operate, and use spectrum, through transparent procedures.

Through these policy initiatives the Government seeks to gain an extended and value-oriented set of services for all subscribers and individual and business users alike, and thus ensure that Bahrain continues to play a leading role in the Gulf Region as an attractive option for living, working and investing.

In implementation of the provision of Section (15/a) of the Telecommunications Law, this plan, which sets out the Government's public strategy and policy regarding the telecommunications sector, was prepared for the additional purpose of directing the TRA and other relevant parties in relation to realizing the Government's objectives for this sector. The plan provides that the TRA shall carry out its duties and

# NATIONAL TELECOMMUNICATIONS PLAN

exercise its powers under this Law as regards regulatory issues and details of the plan's implementation.

The plan shall take effect for three years from the date of its issuance. It comprises the following articles:

## **2 The liberalization package**

The Government seeks to encourage the development and availability of the widest possible range of information and communications technologies and services in an open environment, which encourages investment and allows private sector companies the necessary flexibility to best meet subscribers' and users' needs. The Government has determined a timeframe in order to introduce competition in the telecommunications market in accordance with the provision of Section (39) of the Telecommunications Law.

In pursuance of this, the TRA will, during the current year, grant Internet Service Provider licenses, Value Added Services Licenses and Bahrain Internet Exchange (BIX) licenses. It granted the second mobile license in April 2003 and , during 2004, will grant National Fixed Services licenses, International Telecommunications Service Licenses, International Telecommunications Facilities licenses, Public Access Mobile Radio Service licenses, VSAT licenses and Paging Service licenses.

## **3 Telecommunications Regulatory Authority**

The policy of the Government regarding the regulation of the telecommunications sector is based on the duties and powers assigned to the TRA by the Law, which shall be carried out and exercised efficiently, effectively, regularly, reasonably and in a non-discriminatory and transparent manner in accordance with the independence of the TRA under the provisions of the Law.

## **4 Licensing**

The policy of the Government regarding licensing lies in attracting new parties, such as establishments and private sector companies, to invest in the telecommunications sector through opening the telecommunications market in a non-discriminatory and transparent manner for license applicants. The Government policy regarding licensing will be as follows:

# NATIONAL TELECOMMUNICATIONS PLAN

- **For individual licenses:**

These licenses are granted for the operation of telecommunications networks and the provision of telecommunications services which require access to scarce national resources, (such as frequency spectrum or numbers in accordance with the National Numbering Plan), as well as the provision of mobile telecommunications services, mobile virtual network operators, VSAT services, paging services, public access mobile radio services, national fixed services, international telecommunications services, international telecommunications facilities and Internet exchange.

In this context, the TRA must be satisfied that an applicant for an individual license has sufficient resources, skills and expertise to ensure efficient and competent use of radio frequency spectrum. The TRA must also ensure that the available numbers facilitate the promotion of competition among licensed operators and serve the interests of subscribers and users in Bahrain.

- **For class licenses:**

These licenses are granted for the provision of all other telecommunications services which do not require the use of scarce national resources (frequency spectrum and numbers), such as Internet services and value-added services.

The TRA should try to ensure the simplicity of the procedures for obtaining such licenses, without any limitation to the number of licenses it grants. The standards established by the TRA in this regard, and stated in the Telecommunications Law, should be complied with in a manner that facilitates entry into the telecommunications market.

All the license fees established by the TRA should be reasonable in relation to the cost of its monitoring and supervision of the licensed service and the value of the licenses in the telecommunications market, with due regard to the fact that scarce national resources must be used efficiently. The TRA must not impose unreasonably high license fees that may deter telecommunications market entry and the licensees' ability to invest in infrastructure and other necessary components that facilitate the provision of effective telecommunications services.

# NATIONAL TELECOMMUNICATIONS PLAN

## 5 Domicile of licensees

The Government policy is that the license applicant shall be a juristic entity incorporated in the Kingdom of Bahrain, or a branch of a foreign company licensed to operate in the Kingdom in accordance with the Commercial Companies Law.

In order for the national economy to benefit from opening and liberalizing the telecommunications market, all the infrastructure and personnel associated with the provision of licensed telecommunications services shall, substantially, be located in the Kingdom.

The TRA may waive the above requirements in the event that there is a large need for a telecommunications service which can only be effectively provided through infrastructure and personnel which are outside the Kingdom, provided that the direct benefit to users and subscribers of such a service can be clearly determined by the TRA.

## 6 Number of licenses

The Government policy is the progressive elimination of the de facto monopoly that has been enjoyed by Batelco in the field of operating telecommunications networks and providing telecommunications services. In pursuance of this policy, the TRA, in accordance with the provisions of Section (39) of the Telecommunications Law, must grant a series of Licenses as part of the liberalization package described in paragraph 2 above, in addition to the licenses that will be granted to Batelco, which must state that the company shall not abuse its significant market power or resort to anti-competitive conduct.

With the exception of mobile telecommunications services, multiple licenses will be issued by the TRA in each area of telecommunications services.

In the mobile area, the TRA will grant one further license besides the license granted to Batelco, in pursuance of the provisions of the Telecommunications Law. This will be carried out by the TRA in accordance with paragraph 2 above. The TRA shall not grant any additional licenses of the same type within two years of the grant of the second license, unless Batelco and the other licensee engage in anti-competitive conduct during that period.

# NATIONAL TELECOMMUNICATIONS PLAN

## **7 Licensing of Batelco's activities**

It is Government policy that Batelco should be granted licenses in relation to the provision of all telecommunications services, upon condition that it organises its business operations into units that specifically address lines of activity which require separate licenses. These units shall account separately for their activities, using generally accepted accounting principles, and shall conduct business with each other on the same terms as those applied to other licensed operators.

In order that the liberalization and opening policy may be practically implemented, Batelco shall have, amongst other rights and obligations, the obligation to provide certain services at wholesale rates, to provide access to and interconnection with other licensees, to assume universal service obligations and to connect its network to the planned Bahrain Internet Exchange, so that it may be accessed on a cost-effective and technically efficient basis by ISPs.

## **8 Universal Service Obligations**

Government policy requires that all citizens have access to basic public telephone services, which enable any person in Bahrain requesting such services to make and receive local and international calls that support speech, facsimile and data.

In pursuance of this policy, Section (64) of the Telecommunications Law requires that all public telecommunications operators with significant market power shall provide the telephone services mentioned to any person requesting them in the Kingdom of Bahrain at the prevailing standard rates.

The Government policy recognises that universal service is a concept that develops over time as the telecommunications industry and technology progress and the needs of Bahrain and its people change. The TRA is accordingly tasked with monitoring the continued adequacy and fairness of the applicable universal service obligations from time to time, and with refining the universal service obligation in a manner that will equitably serve both the needs of the people of Bahrain and a vibrant telecommunications industry.

# NATIONAL TELECOMMUNICATIONS PLAN

## **9 Bahrain Internet Exchange (BIX)**

The Government considers that the existence of an Internet Exchange in Bahrain would facilitate the provision of Internet services in and through the Kingdom. Therefore, the Government will take the necessary actions in order to establish a non-profit Internet Exchange in pursuance of Section (41) of the Telecommunications Law and shall provide the initial funding required for the establishment of the Internet Exchange, provided that the Exchange shall aim to become self-funding as soon as is practicable. The Government will seek to ensure that the Exchange shall, in due course, be acquired and operated by an entity that represents a wide range of the telecommunications sector's interests.

The Government considers that it is necessary to require licensees to offer Internet services by using the facilities provided by the Bahrain Internet Exchange for two years from the date of the Exchange's license issuance, in order to enable the Exchange to be competitive on a regional basis, given the existence of other Internet Exchanges in the region.

## **10 The Government role as shareholder and corporate governance of Batelco**

The Government's policy is that it shall perform no role, nor take any action with regard to Batelco, that would prejudice the desired separation of the Government's duty to monitor the telecommunications sector from its rights and obligations as a shareholder in Batelco.

To this end, whilst the Government retains a shareholding in Batelco, it shall be represented on the Board of Batelco only by its Investment Management arm.