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BUILDING DIGITAL ECONOMIES

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Chairmen & CEO's Dinner

24th May 2012 - Hong Kong

Internet Policy Dynamics: Shaping the Future

"How consensus between The Policy Makers, Content Providers and Operators can lead us to Sustainable Digital Economies"

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EDITORIAL

The summer months are now here, we can put away any notion of a dry cool afternoon for another four to five months. The seasons transform with a regularity that if one stops and really thinks, is quite accurate and timely over the long road. The sensibility of planning and understanding the seasonal tide of metamorphosis of the temperature, humidity in the air and unwanted extra growth of algae in the sea really is quite amazing. One must always be ready to adapt.

The same goes for our industry. It seems every five to ten years or so, the technology foundation of our industry changes, either in fundamental needs of the end user (mobile phone itself, feature phone, smart phone or other), the technology in the network (copper, fiber, SDH, xWDM, GePON, switching bus structures (FDM, TDM, URL or other), wireless methods (TDMA, GSM, Edge, UMTS, LTE, or etc.), the advances of the Internet or the rules of engagement themselves such as the ITRs which come upon us it seems in cycle of thirty years or so. The instances of change are countless. Generally though, the service sets and revenue models remained fairly consistent.

However, something so big, so large is now upon us that is much much different than before that effects the one thing that makes all the investments, all the capabilities of yesteryear seem a bit weak in comparison. That is the revenue or the business model itself, which is the inner core of the industry which drives the revenue, which drives the ROI that fuels the ultra high speed broadband that every one is so much desiring is going through a mutation on a scale that in some cases, supersedes all others.

The inundation of data usage on the network and usage factors are simply inundating the service provider networks at a ratio of data to revenue that in some cases, may not be sustainable via the current business model for too much longer. The industry as always is looking and finding new ways to adapt, which is a must. The ability to adapt to change is a core operational value that is inherent in the ICT industry. If not, the industry would of failed years ago during one of the time honored industry shifts in technology. However, sometimes the adaptation required is much larger and much grander in scope. Such is the case of the content issue.

Yes, most definitely, the operators realize that data packages have helped the industry adapt to the decrease of voice revenues. This however seems to have only helped level revenues in most cases on a per user basis. However, the situation requires such CAPEX investment to keep up to the challenges of the exponential growth in data usage on the network, that in some cases, it truly would be very difficult for the return on investment to ever occur without some manifest change in the business model.

Whats in it for the investors / operators over the long term? This is a major question that must be answered. The ability for the operators to pay for all the fiber and wireless networking on both the core and access side of the network that is being invested so that more data, faster data rates can be attained has to be justified through economic means also. This is the major challenge amongst all challenges. The technology must find a way to be funded in such a way that allows for continued growth and continued ability to meet the consumer demand without throttling innovation or economic growth.

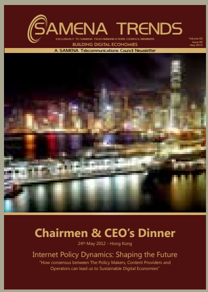
The need for change has truly arrived. The debate rages on with regard to how. There are many ideas and suggestions as to how to tackle the issue. The proper methodology must incorporate the ability to invest, the ability to serve the consumer and business efficiently and effectively, the ability to co-opt with other industry and governmental policy development to generate sustainable GDP growth and to drive innovation so that the future does not fail us. Some believe that proper pricing schemes could better position the operators in capturing revenue which is more inline linearly with CAPEX investment. This and other concepts are all being considered.

SAMENA is holding its annual CEO and Leadership Dinner this year in Hong Kong on May 24th at the Four Seasons Hotel (ironic that the seasons represent adaptable change), where the service provider leaders of our industry shall convene and discuss and debate and hopefully find measure in the new business model that will serve all stakeholders for the foreseeable future. This is not a temporary issue. The scenario is very focused with both the Sustainable Internet Business Model as well as the determination of the very rules that govern the industry both upon us at this very moment. It is SAMENA's wish as well as its partner groups such as ETNO in Europe, that they and the industry history shall see the industry congregate together and make a difference defining the way we do business together as well as see a definition of a new business model that delivers on the promise that billions of global citizens must count upon for its communications.

The time is now for development of the ability for industry as a whole, to move forward aligned on issues that truly are the foundation for today and tomorrow. The success of the industry has certainly allowed for the content explosion yet we must stay focused on the new sustainable business model that will bring the industry another fifty or more years of growth. Individually, we fail, together we rise!!!

Truly Yours,

Thomas Wilson
CEO & Managing Director
SAMENA Telecommunications Council



Editor in Chief
Thomas Wilson

Managing Editor
Bocar A. BA

Contributing Editors
Javaid Akhtar Malik
Ali Tahir

Mebmer Contributing
Davis Wright Tremaine LLP
Booz & Company
Arthur D. Little
Peppers & Rogers Group

Publisher
SAMENA Telecommunications Council

Subscriptions
subscriptions@samenacouncil.org

Advertising
ads@samenacouncil.org

Legal Issues or Concerns
legal@samenacouncil.org

SAMENA TRENDS
#304, Alfa Building, Knowledge Village
PO Box: 502544, Dubai, United Arab Emirates
Tel: +971.4.364.2700

CONTENTS

TOP REGIONAL & MEMBER NEWS

Nawras Launches WiFi Extender to Enhance WiFi Coverage for Broadband Customers

Nawras has introduced a new WiFi Extender to enhance the wireless internet service enjoyed by its growing base of broadband customers. This simple WiFi Extender strengthens the signal and connectivity to give an extended level of broadband internet service. Portable, compact and easy to use, the unit is simply plugged directly into any electrical socket. After pressing the 'WPS' button on the existing modem or router and doing the same on the WiFi Extender, the quick setup is complete. This small unit (which looks like an electrical adaptor) is compatible with both fixed and mobile routers and modems. Customers with an older style router or modem should follow the four simple steps shown in the quick set up guide on the company's website at www.nawras.om to activate their WiFi Extender.

Mobily Launches Mobile Health Application Featuring Harvard Health Content

Mobily in collaboration with AxeIn, has launched a mobile health application anchored on content from the publishing and media division of Harvard Medical School. This application provides users with a wide range of health and medical advice including important information on common diseases and conditions. Mobily mentioned that the application is currently being available for Blackberry users, and will soon be available on Nokia, iPhone and Android devices. The Harvard Health content is part of an Arabic language mobile application that provides answers to health related questions. It also covers a wide range of common diseases and offers tips and information about healthy living and well-being. In addition to Harvard Health content, the application also offers access to interactive chat rooms segmented by health interest. Many applications are offered on a free trial period where users have the option to try an application before subscribing to it.

VIVA Bahrain Receives "Growth Story of the Year" Award

VIVA Bahrain was awarded the prestigious "Growth Story of the Year" at the TMT Finance Middle East 2012 Awards in Dubai for its outstanding achievements during 2011. The TMT Finance Middle East Awards are designed to celebrate achievements by the region's leading telecom companies, investment banks and legal advisers and identify and reward those companies who have demonstrated an unparalleled ability to succeed and have continually set standards of excellence. VIVA Bahrain CEO said that VIVA has not only experienced phenomenal growth since its establishment but has become one of the mainstays of the telecom landscape in Bahrain and has greatly contributed to its evolution and growth. He further added that VIVA's victory at TMT Finance Middle East is the culmination of an aggressive expansion strategy with an objective to reinforce its position in both the local and regional scenes.

ZTE to Supply Power Systems for Telenor Base Stations

ZTE has signed a global frame agreement with Telenor to supply ZTE power systems for the operator's base stations. ZTE will provide nine Telenor business units in Norway, Sweden, Denmark, Hungary, Montenegro, Malaysia, Thailand, Pakistan and Bangladesh with DC power systems (rectifiers) through to the end of 2013. ZTE proposed high-efficiency DC power systems optimized according to the low TCO design concept set out in ZTE's Efficient Matrix. This solution combines high-efficiency modules with compact design, reducing both space requirements and power consumption. In addition, ZTE's advanced intelligent network management system can effectively lower the human resource requirements for product maintenance, further reducing TCO. ZTE was selected for the quality of its solutions and for its understanding of the requirements of different business units across the Telenor Group, which enables ZTE to provide customized solutions to each country.

PTCL Upgrades DSL and Wireless Services in Tough Terrains of Chitral

Pakistan Telecommunication Company Limited (PTCL) has upgraded its services in Chitral through a challenging team effort in the hilly and snow covered region. This past winter season saw an unusually high rate of snowfall and severe hail storms due to which PTCL's Lowari Hill repeater got damaged, affecting its DSL and Wireless services in different areas of Chitral. Covered in 10 feet of snow, the Lowari Hill top repeater is situated at a height of 10,256 feet and is in accessible by foot in winters. It serves as a nerve centre of PTCL's telecommunication services to Chitral. Despite the harsh weather condition in the area where wind speed is around 110km per hour, PTCL immediately undertook repair work with full diligence to streamline services to this important region. In the midst of heavy snow and storm, a team comprising eight people was dispatched. It managed to transport heavy-duty equipment to the site with the support of 30-40 locals on foot.

du Launches New VSAT Service Platform

Enhancing its Satellite data business offerings, du has launched a new "Very Small Aperture Terminal"(VSAT) services platform based on iDirect evolution technology. The addition of this new platform to the company's satellite data services portfolio brings even more value to its extensive bouquet of business offerings. Under its VSAT offerings, du provides integrated end-to-end solutions for corporate and enterprise customers, delivered over a redundant backbone infrastructure. du VSAT offerings include: IP VSAT; Managed Data Network services over satellite; Satellite Integration Solutions. Additionally, du will offer a complete line of high quality and high performance internet, intranet and Extranet solutions on VSAT, enabling customers to increase productivity and profitability through IP technology.

Etisalat Launches the Capital's First Public Telepresence Room

Etisalat unveiled Abu Dhabi's first Public Telepresence suite in collaboration with Tata Communications and Cisco, at a press conference held at Beach Rotana, Abu Dhabi. Located at Beach Rotana, the Etisalat Public Telepresence room will provide a high-definition, life-size virtual conferencing experience that emulates an in-person meeting. The new facility is available for hiring 24 hours a day and will enable local businesses to virtually connect with partners, customers and colleagues across the world. The Etisalat service provides clients in Abu Dhabi, the access to a global video network of 42 other Public Telepresence rooms deployed by Tata Communications in prime business capitals of the world, such as New York, London, Mumbai and Tokyo etc. Etisalat has developed an interactive, 24x7 online booking system (www.etisalat.ae/telepresence) that will enable businesses to book the Public Telepresence suite for their meetings, in advance.

STC Receives "Mobile Operator of the Year" Award

STC Group has received Best Mobile Operator of the Year Award at the 6th TMT Finance & Investment Middle East Awards Ceremony 2012 that held in Dubai, recently. The prestigious award is recognizing STC leadership in providing the best telecommunications services in the region and its international growth strategy. STC new regional achievement reflects the group abilities to further strengthen its position as one of the largest and most technologically advanced telecom operators both in domestic and international markets. This success materialized as a result of STC continued efforts to offer innovative and integrated products, and services and sustain its operational and financial performance. This award received on the 6th TMT Finance Middle East 2012, assures the position that STC group has achieved as one of the best broadband providers in the region, especially when STC group has earned the biggest share market in KSA throughout this year. This ongoing growth has extended to other international investments around the Middle East by owning a variety of market shares in Turkey, India, Southern East Asia and South Africa.

Qtel and Nepal Telecom Sign Agreement

Qtel and Nepal Telecom launched a new Multi-Service Point of Presence (PoP) for Nepal Telecom. Senior executives from Qtel and Nepal Telecom signed a Memorandum of Understanding (MOU) for launching of the new hub at a special ceremony at the Qtel headquarters here. The new Multi-service PoP in Doha links Nepal Telecom network to Qtel's world-class voice and global Internet network, ensuring a better and faster connection for customers in Qatar and the wider GCC region when they connect to Nepal. From Qtel's perspective, Nepal Telecom is the 12th global operator to place a PoP in Qatar, clearly indicating that more and more global communications companies consider Qatar as one of the top choices for positioning telecommunications hub infrastructure. With commercial links continuing to develop between Nepal and Qatar, this PoP is a step forward to provide economic and social benefits to the nationals of both the friendly countries.

Paul Berriman
Chief Technology Officer
PCCW

Operator Leader's Vision

Mr. Paul Berriman has been Chief Technology Officer since May 2007, leading the Group's product and technology roadmap strategic development. He has over 25 years of experience in telecommunications, especially in IPTV, mobile TV, media convergence and quadruple-play.

Prior to joining PCCW in 2002, Mr. Berriman was Managing Director of management consultancy Arthur D. Little in Hong Kong and was involved in telecommunications consultancy projects globally. Previously he also held executive, technical, engineering and operations management roles in several major Hong Kong service providers including the Hong Kong Telephone Company and Hongkong Telecom CSL.

Mr. Berriman holds a Bachelor of Science in Electroacoustics from the University of Salford in the UK, and a Master of Business Administration from the University of Hong Kong. He is a Chartered Engineer, and a member of the Board of Directors of the International Engineering Consortium and Intel's Communications Board of Advisors. He has been a member of OFTA's Technical Standards Advisory Committee for over 12 years.

Q. How do you look at the state of Internet governance globally? What steps should be taken in order to address the subject matter?

A. The problem is that everyone seems to know what is wrong with the Internet, but no-one either knows what to do about it or has the power to enforce change for the better. The problems vary depending on stakeholder and user but for me it is content piracy on the internet that threatens to jeopardize commercial business models from the viability of content production to the revenue protections for PayTV and genuine OTT operators. To tackle this we need a three cornered approach.

Q. How do you look at the broadband industry in terms of emerging trends in technologies, policy and regulation?

A. Clearly a move to single national broadband networks with multiple service providers, just like trains on railway lines or trucks on roads....a well proven model for service based competition without facilities based wastage. The network will need some form of regulation, but the service provision will be much freer to compete and only be regulated on competition issues.

Q. How consensus between the Policy Makers, Content Providers and Operators can lead us to sustainable digital Economies?

A. The Content Providers need to think about DRM and Encryption in a standard way (rather than competing regimes and technologies) with easily detectable fingerprints or watermarks on content and permitted rights. Regulators have to be able to say to content providers that if they do this, then they will mandate to ISPs, the use of detection methods such as deep packet inspection to root out unauthorized or illegal content, both on servers or in video streams. It has to be a mandate. If one ISP or service provider were to do it alone, customers would just flock to other providers who do not filter illegal content. This has to be a national mandate and could be enforced communally at the international gateway or IXC.

Q. Will having all traffic on "best effort basis" affect QoS and revenue streams for the operator? (Best effort basis traffic may include email applications and peer-to-peer traffic, among other types).

A. I think we always tend to look at the present day issues rather than future issues. TV and Video is the biggest consumer of internet bandwidth. Todays High Definition is tomorrows Standard Definition. Ultra High Definition or 4,000 line TV is on the horizon to give better images on ever growing larger screens, such as projectors or 100 inch Sharp TVs. Ultra-HD will be trialled by the EBU, BBC and NHK at this summer's Olympic games. U-HD requires somewhere upwards of 70-90Mbps per channel even with current MPEG-4 encoding. So, just as Standard definition TV over the Internet is getting more stable, the goalposts change and the requirements become more demanding. So yes, best-efforts will always be a challenge.

Q. How do you look at the future of internet in the SAMENA region in terms of policy? Do you agree that much is being done on the policy side of the internet?

A. I cannot comment too much in this area as I only cover the fringe areas of this region. I would hope that many of the newer broadband networks and regulator policy can leapfrog some of the mistakes made in the more broadband developed markets. Lets not build any more duplicated networks with multiple FTTB facilities going into every building. It is so wasteful.

Q. How do you look at the collaboration and knowledge sharing among different stakeholders, as appropriate, to facilitate internet policies?

A. This is absolutely essential for many of the reasons stated above. Knowledge sharing on technologies and standards as well as collaboration between content providers, regulators and service providers.

Q. What are the major areas that are important in shaping the future of communications industry?

A. There are many areas. Standards, migration to IPv6, business models between local service providers and content providers including OTT providers. Net Neutrality, Anti Piracy and copyright protection.

> The Content Providers need to think about DRM and Encryption in a standard way (rather than ompeting regimes and technologies) with easily detectable fingerprints or watermarks on content and permitted rights

Q. What are the future prospects of internet policy dynamics? Do you see sustainable internet business model in near future?

A. I do see a coming together of minds as OTT content providers realize that service providers can add value beyond the "dumb pipe" and that there are ways to collaborate on a win-win basis. Even if this does not happen I think that the local broadband service providers will find ways to derive additional revenues from the customer if not from the OTT provider. This might be from providing zero rate tariff for certain services which bypass data caps.

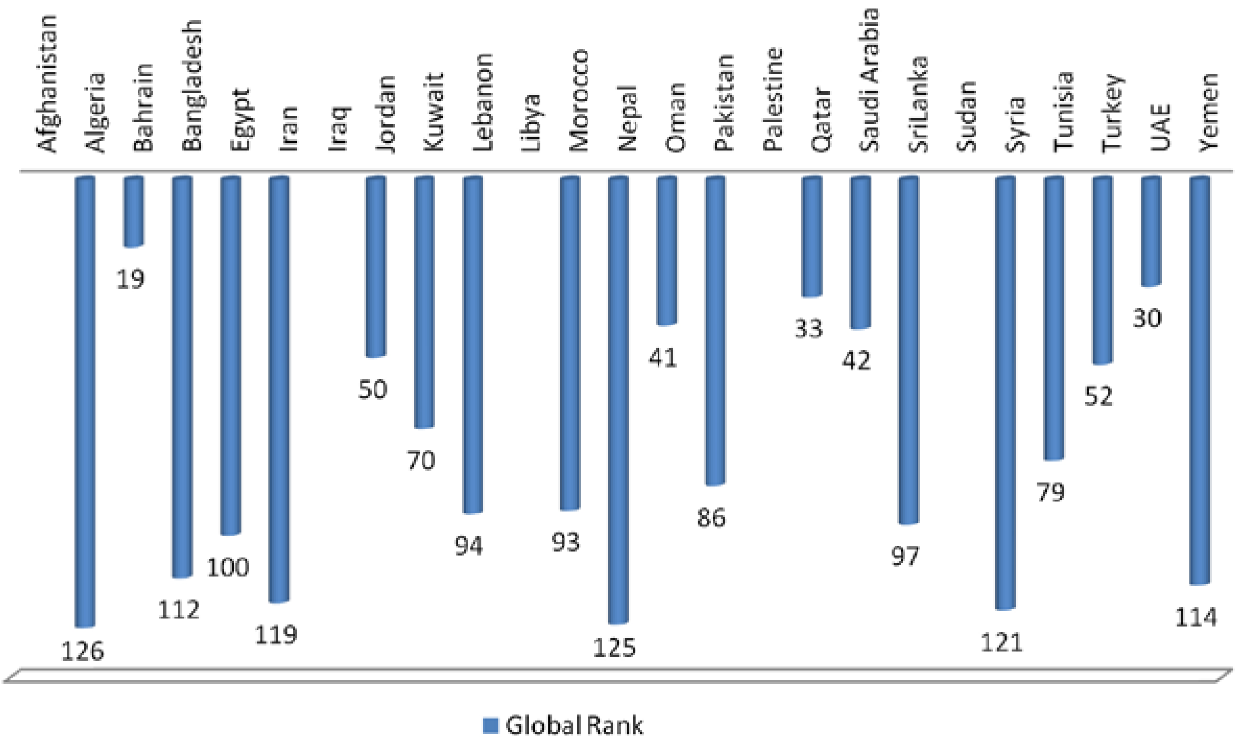
Q. What role do you think policy makers should play to be able to push the momentum of liberalization?

A. Don't try to over regulate. Focus only on regulating competition and bottlenecks. Bring some clarity into what is allowed and what is not allowed and allow operators and service providers to just get on with it.

Q. OTT traffic is increasing at an enormous rate. Do you think that the network operators will continue to upgrade their networks by investing more without getting much in return for the network usage?

A. I am expecting this to change over time. OTT providers will realize that by working with network operators they can get so much more out of them than just a dumb pipe. Network operators and local service providers bring so much more regarding knowledge of the customer, local sales and marketing, technical support as well as the ability to bungle and aggregate services. In short they have the ability to bring a much higher ARPU and more customers to the OTT provider than he could obtain himself by solely going OTT.

Global Rank of SAMENA Countries In Terms of "Intensity of Local Competition for Business and Innovation"

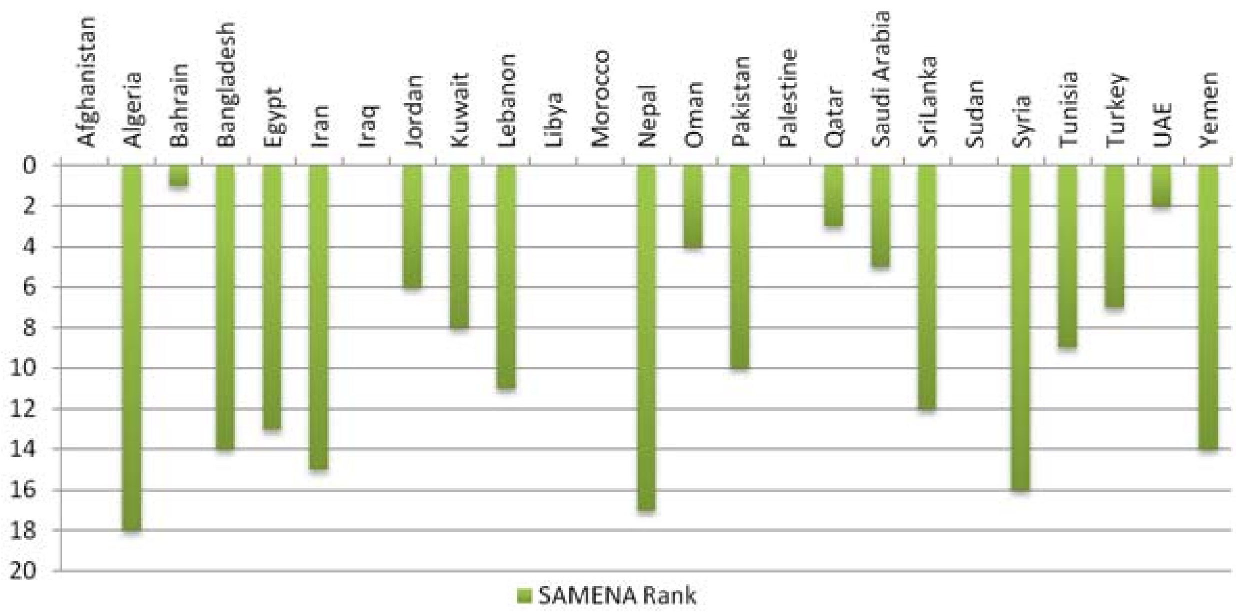


Research Note: Ranking done by SAMENA, based on data from "The Global Information technology report 2012". Within South Asia, Sri Lanka appears to have the highest intensity of local competition for business and innovation. Pakistan is 2nd among the countries having the highest intensity of local competition. In the Middle East, Qatar is at the top position in terms of intensity of local competition. Turkey and Saudi Arabia secured the 2nd and 3rd position in this region. In North Africa, Tunisia is at the top position whereas Morocco and Egypt are at 2nd and 3rd position respectively. This can be attributed to the fact that over the past few years huge investments have been made in addition to friendly regulations. The increased competition also brings reduced prices to the consumers thus increasing the end users demand.

Data Source: "The Global Information Technology Report 2012"

Image Source: SAMENA

Rank of SAMENA Countries In Terms of "Acccessibility of Digital Content"



Note: Ranking done by SAMENA, based on data from "The Global Information Technology report 2012". Within the SAMENA region, Qatar is at the top position terms of intensity of local competition for business and innovation. Turkey is at the 2nd position and Saudi Arabia Is at 3rd position in terms of intensity of local competition in business and innovation.

Data Source: "The Global Information Technology Report 2012"

Image Source: SAMENA

REGULATORY NEWS

Kenyan Govt Seeks to Build New Data Center

The Kenyan government is mulling putting up an upgraded National Data Center (NDC) to boost its internal efficiencies and complement the current one, which is already operating at full capacity. Information Permanent Secretary said the government is seeking input from the private sector for the country's second data center, which would expand the current capacity of 30 terabytes, CapitalNews reported. The NDC is part of the government's strategy to centralize the management of data from ministries and government agencies to cut operational costs, by launching three data centers. Efforts to digitize various ministries have made headway although hitches at the Lands Ministry have slowed the process. The PS said it will take almost USD 1 billion to fully digitize the ministry, but funding has been difficult to come by. Making the move to e-procurement, Ndemo added, would save the government USD 1 billion annually. NetApp is making an aggressive attempt to solidify its leading position in the region and seeks to set up an office in another four to five months to complement its reseller network. In efforts to improve end-user support and service delivery, NetApp has partnered with Business Connexion (BCX) to distribute NetApp products in the country.

NBTC Revises Foreign Dominance Rules

The telecom committee of the Thai communications regulator will submit a new draft of rules to prevent foreign dominance in the sector to its board. The National Broadcasting and Telecommunications Commission (NBTC) expects the new rules to take effect before the planned auction of 2.1 GHz licenses in the third quarter, The Nation reports quoting NBTC member Suthiphon Thaveechaiyagarn. The telecom committee is expected to reconsider two points in the draft: whether it is strong enough to prevent foreign dominance and whether to remove all ten defining characteristics of foreign dominance from the appendix of the draft. The new draft follows a public hearing on changes needed in the rules in December last year. The rules were first issued by the NBTC's predecessor in August 2011. The new draft replaces the term "controlling power" in the existing law with the term "dominance". "Dominance" would be determined based on a license holder's shareholding structure. The new draft also removes the NBTC's authority to consider exempting a license holder from the regulations on a case-by-case basis.

MCMC Expects Telecom Players to Rationalize With 4G Rollout

The Malaysian Communications and Multimedia Commission (MCMC) sees more infrastructure rationalization activities within the telecommunications industry with the impending roll-out of long-term evolution (LTE) or 4G services in the future. MCMC chairman said that in fact, they (industry players) are rationalizing and we are happy to see smart partnerships all over. Recently, MCMC named nine companies as recipients of the 2.6 GHz spectrum, to be used for the roll-out of LTE or 4G services. These are the four 3G players namely DiGi.Com Bhd, Celcom Axiata Bhd, Maxis Bhd and U Mobile Sdn Bhd and four WiMAX players Asiaspace, Packet One Networks Sdn Bhd or P1 (a subsidiary of Green Packet), REDtone International Bhd and YTL Communications Bhd. The frequencies are expected to be assigned at the start of 2013. MCMC chairman also said that the country's household broadband penetration rate was expected to increase from 62.9% last year to 65% this year.

BTRC Awarded Three Different Types of Licenses to 78 Companies

Bangladesh Telecommunications Regulatory Commission (BTRC) has awarded three different types of licenses to 78 companies to operate in Bangladesh. 22 organizations got licenses for International Gateway (IGW), as many received licenses for Interconnection Exchanges (ICX) and 34 organizations were given International Internet Gateways (IIG) license, according to a report in bdnews24.com. According to the regulations, the organizations paid Tk 150 million (US$ 1.82 million) each for an IGW license, Tk 50 million (US$ 0.609 million) for ICX license and Tk 0.5 million (US$ 0.0061 million) for IIG license. They will have to start operations six months into getting the licenses. The existing operators and BTRC itself have been opposing the government move to allow so many companies in the telecoms sector so this would upset the balance in the telecommunication market.

US Regulator Outlines Details for Rural Broadband Subsidies

The USA's Federal Communications Commission has outlined the details for competitive bidding procedures for Phase I of the Mobility Fund, the first-ever reverse auction for Universal Service support. Winning bidders must deploy either 3G services within two years or 4G services within three years of the award. The Mobility Fund will award up to US $300 million that was reserved out of savings from the Commission's Universal Service Fund (USF) reforms. As part of last year's reform and modernization of USF, the Commission for the first time made universal mobile service an express universal service goal, and created the Mobility Fund to help close the nation's gaps in mobile wireless service. The Commission will offer an additional US$50 million in one-time support to Tribal lands through a Tribal Mobility Fund Phase I. Phase II of the Mobility Fund will provide US$500 million annually for ongoing support of mobile services.

CCK Board Split Over 35 Percent Termination Fee Cut

The board of the Communication Commission of Kenya (CCK) is divided over plans to cut mobile termination rates by 35 percent in July 2012. Acting CEO Francis Wangusi said on 02 May that the termination rate would drop to KES 1.44 per minute in July from the current KES 2.21. However, Information Permanent Secretary Bitange Ndemo, who is a director at the CCK, said a fresh study must be done, arguing that Wangusi is going against President Mwai Kibaki's directive. Kibaki intervened in June 2011 and prevented the rate from falling then by freezing it for a year, after lobbying from Safaricom and Orange. The CCK has maintained that it will not carry a fresh study and that an internal assessment indicates that the price should fall - a move that has also been opposed by Safaricom. A CCK board meeting is set for May. The other CCK directors are Joseph Kinyua (PS Treasury), Francis Kimemia (PS Internal Security), John Omo (company secretary), Philip Okundi (chairman) and five others drawn from the private sector. Most of the directors from the government tend to side with Ndemo, so the votes from the private sector are likely to be the decisive factor if the fee is put to the ballot.

Sri Lankan Regulator to Encourage Broadband Roll Outs

Sri Lanka's Telecommunications Regulatory Commission (TRC) will now move on to focus on policies, standardization, and broadband deployment plans to increase internet penetration in underserved areas. The TRC has been conducting fixed internet speed tests since late 2010 and published these results regularly. Gradual but significant QoS improvements were seen as operators started to compete for higher speeds and made efforts to be at the top of the graphs published by the regulator. Now, the TRC is looking at encouraging deployments by lessening 'red tape' and similar barriers for operators to deploy broadband services. The TRC will provide guidance and encourage operators to deploy fiber networks to the customer premises and the regulator expects Sri Lanka's first fiber to the home (FTTH) network to start its operations this year with speeds of 25 Mbps.

Bangladesh to Open WiFi Services to Mobile Operators

The Bangladesh telecoms regulator has published a draft guideline allowing mobile operators to provide WiFi services in a bid to realize the government's pledge of building a digital Bangladesh. This guideline posted on the Bangladesh Telecommunication Regulatory Commission (BTRC) website said,"WiFi operators will not be charged for spectrum utilization but need only pay an application form fee of BDT 500 and a processing fee of BDT 5,000. Besides the mobile phone operators, any person, private, corporate, public or national entity can use the WiFi band for short range or high speed digital devices". In the guideline, the BTRC declares the 83.5 MHz and 150 MHz bands as WiFi bands. A total of 233.5 MHz bandwidth has been stored for WiFi services, according to the guideline. However access to the spectrum will be on a shared basis. No exclusive spectrum will allocated to any specific operator.

A SNAPSHOT OF REGULATORY ACTIVITIES IN SAMENA REGION

Active Consultations & Invitations for Feedback

UAE

The Telecommunication Regulatory Authority (TRA) intended to review and study the impact of regulatory instruments issued by it to keep abreast of developments to better involve all stakeholders. The TRA strives to meet the needs of the sector and seeks the views and feedback from the sector for the revision of the regulations. The purpose of this public consultation is to invite comments to review and revise the issued TRA Regulations in accordance with the Telecom Law for:

- Cordless Telephony Regulation
- Interference Management Regulation
- Spectrum Monitoring and Enforcement Regulations
- Earth Station regulations
- Amateur Regulations
- Cellular On Board Vessels Regulations

The last date to submit responses to this consultation has been fixed as May 31, 2012. The comments which are contained in any response to this consultation should be clearly identified with respect to the specific question in this consultation to which such comments refer. Any comments which are of a general nature and not in response to a particular question should be clearly identified as such. (April 2012) **www.tra.gov.ae**

Saudi Arabia

The Communication and Information Technology Commission (CITC) has launched a Public Consultation on the licensing process for Mobile Virtual Network Operators ("MVNO") and requested the stakeholders to participate in this process. Respondents are particularly invited to submit comments to the CITC on:

- The regulatory context and principles to be incorporated into the MVNO scheme in Saudi Arabia
- The proposed license for Mobile Virtual Network Operators ("MVNOs")
- The selection method proposed to select initial MVNO licensees; and
- The proposed Guidelines to assist the development of partnering agreements between MVNOs and mobile Facilities Based Host Providers ("Host FBPs").

The comments are to be submitted by April 2, 2012.
(January 18, 2012) **www.citc.gov.sa**

Lebanon

The TRA has issued a "Draft Emergency Communications Plan" for public consultation to check with the relevant stakeholders on the potential uses of telecommunications systems and services during national emergencies. This public consultation will gather the viewpoints of the providers of telecommunications services and the users of the mentioned services (citizens, public and private institutions, relief organizations, etc…) regarding their requirements and technical abilities for an efficient and reliable telecommunications infrastructure and services. This consultation will allow the TRA to determine the status of telecommunications networks and their ability to work during and after a disaster and the requirements of relief organizations toward realizing a telecommunications emergency plan. Consultation feedback is due by May 7, 2012. (April 5, 2012) **www.tra.gov.lb**

Bahrain

Bahrain's Telecommunications Regulatory Authority (TRA) has issued an invitation for expressions of interest in paired and non-paired radio spectrum within the band 1900 MHz–2170 MHz. Its purpose is to collect information to use in its analysis of the market demands for spectrum comprising 55 MHz within the band. The TRA proposes to offer unassigned spectrum in the band to the three existing licensed public mobile operators (Batelco, Zain and Viva). This spectrum amounts to a total of 55 MHz comprising 15 MHz of unpaired spectrum suitable for TDD applications and 40 MHz of paired spectrum with a separation of 190 MHz, suitable for FDD or TDD applications. It is intended that this spectrum will be included in a future tender for public mobile system licenses, which together with additional spectrum should be capable of facilitating advanced, post third generation mobile systems. Therefore the current planned release of un-assigned spectrum will be for a period of six months. The license may be renewed for further periods (currently of unspecified duration), expiring on the date that the future license award process commences, which will assign this spectrum to a successful bidder. This is envisaged to be within the period from Q4 2012 to mid-2013. (March 2, 2012) **www.telegeography.com**

Country-Wise Policy & Regulatory Developments

Afghanistan
Board Chairman: Mr. Abdul Wakil Shergul
[Afghanistan Telecommunication Regulatory Authority (ATRA)]

Afghanistan's telecommunications sector earned US$190 million in 2011, which is up US$30 million from a year earlier. The growth was largely due to the roll out of fiber links across the country. The fiber network crosses most provinces and generates US$5 million per month. Another growth driver is the introduction of 3G technology and he said that four more 3G licenses would be issued this year. (April 17, 2012) **www.telecompaper.com**

The Afghanistan Telecommunications Regulatory Authority (ATRA) has issued a tender for the country's first communications satellite in an effort to improve rural broadcast coverage and boost internet access, reports Rapid TV News. ATRA intends to make its ITU-allocated orbital slot at 50 degrees East available to an international partner to support both private and public communications services. The Minister of Communication and Information Technology, Amir Zai Sangin said that Afghanistan's limited internet connectivity would be greatly improved by a national satellite, adding that: 'It's our priority to solve broadcasting issues and bring all our districts under coverage.' Further, it was claimed that the orbiter would both help support a shift from analogue to digital television transmission (DTT) – required worldwide by the ITU in 2015. (April 12, 2012) **www.telegeography.com**

Afghan Minister of Communications and Information Technology said that country will accept bids from investors to build and place in orbit its first telecommunications satellite. Minister told RFE/RL's Afghan Service that the cost of the satellite will be approximately US $250 million and selection of the winning investor will be finalized within six months. Afghanistan has one assigned space in geosynchronous orbit for a satellite under international agreements but has never used it. He said the satellite's orbital position is attractive to investors because it allows for providing telecommunications services across the country. Afghanistan's telecommunications market has been expanding dramatically over the past 10 years, but much is still concentrated in the capital. The winning bidder will reportedly be allowed to earn back the initial investment by providing channels for businesses such as private television and telecommunications companies. (April 11, 2012) **www.cellular-news.com**

Algeria
Chairperson: Ms. Zohra Derdouri
[Regulatory Authority for Post & Telecommunication (ARPT)]

The Algerian government advisor on the local network operator, Djezzy, put the communication company's value at US$6.5 billion. Algeria is in talks to buy a stake in Djezzy from the Russian company that merged with Orascom Telecom last year. It is still discussing a purchase price for the 51 per cent stake. The negotiations between VimpelCom are still ongoing. The valuation is the latest episode in the Djezzy saga between the Algerian authorities and Orascom Telecom, ignited by violence following a soccer match between Egypt and Algeria in 2009. Last week, Vimplecom said it might seek international arbitration especially after an Algerian court fined Djezzy about US$1.3 billion for violating foreign-exchange. Last week OT shares plunged by 9.5 per cent to LE3.44, its largest daily decline since November 2008, on the back of statements by Algerian Finance Minister Karim Djoudi, who said that the negotiations might take months yet before completion. He added there is a "big disparity" between the price the government is willing to pay and that being sought by the seller. (April 16, 2012) **www.zawya.com**

International telecoms group Vimpelcom has announced that its subsidiary, Orascom Telecom Holding (OTH), has submitted a formal Notice of Arbitration against the Algerian government in respect of actions taken by Algiers against its cellular unit Orascom Telecom Algerie (OTA or Djezzy). The claim in the Notice of Arbitration is being made under the arbitration rules of the United Nations (UN) commission on International Trade Law.OTH asserts that since 2008 its rights under the 'Agreement on the Promotion and Reciprocal Protection of Investments between Egypt and Algeria' have been violated by actions taken by the Algerian government against OTA, including the recent court judgment against OTA and a member of its senior executive team imposing a total fine of DZD99.0 billion (US$1.33 billion) and a criminal sentence against a member of OTA's senior executive team. However, Vimpelcom claims that it continues to seek an amicable resolution with the Algerian government that is mutually beneficial to both parties. Throughout the transaction, which concluded on April 15, 2011, Algiers stated its intention to privatize the lucrative Djezzy unit, and then tried to force Orascom's hand by hitting the telecoms firm with substantial back taxes. (April 13, 2012) **www.telegeography.com**

The Algerian government is still in discussions with Russia's Vimpelcom group over the state's proposed acquisition of a 51% stake in Algerian mobile operator Djezzy. This is despite recent news that relations between the two parties had deteriorated after Djezzy was hit with fines totaling DZD99 billion (US$1.3 billion) for alleged breaches of foreign exchange regulations. Vimpelcom has said it will appeal the fines and is considering going to international arbitration. (April 11, 2012) **Reuters**

Algeria plans to award 3G licenses, once it has settled an agreement over the ownership of the country's largest mobile network, Djezzy with its current owner, Vimpelcom/ Orascom Telecom. Algeria's Minister of Post, Information and Communication Technologies told the state radio service that the government expects to secure a deal to buy a 51% stake in Djezzy within the next few weeks. Once the sale is completed, the Ministry will work on allocating 3G licenses to the country's three mobile networks. He also confirmed that there are no plans to award a fourth mobile operator license, saying that the three networks are adequate. There is some doubt as to whether a foreign investor would want to buy a fourth-license anyway due to the way the government has pressured Djezzy over taxes and regulations.
(April 2, 2012) **www.cellular-news.com**

Bahrain
Chairman & General Director: Mr. Mohamed Bubashait
[Telecommunication Regulatory Authority (TRA)]

The Bahrain eGovernment Authority has announced the details of a new batch of mobile applications providing services ranging from inquires and payments to obtaining data and results. The applications are available for download from the eGovernment portal, including apps especially made for the Bahrain International eGovernment Forum and the Bahrain IT Expo 2012. Another application provides interactive information and allows users to locate public health centers, hospitals and pharmacies by searching by either their names or locations. Another application allows users to find out which fuel is more suitable for their model of car. (April 11, 2012) **www.telecompaper.com**

In recognition of its role in developing the economy of the Kingdom of Bahrain, the Telecommunications Regulatory Authority (TRA) has been announced the winner of the 2012 eEconomy award hosted by the eGovernment Authority under the patronage of SCICT. This award is given to Public or Private Organizations that use information and communications technologies in an innovative manner to develop the economic sector in the Kingdom of Bahrain. The award praises organizations with a robust ICT infrastructure and competent staff that have unique approaches that contribute to the growth of Bahrain's economy. TRA won this award following an evaluation of its role in the development of Bahrain's Economy, contribution towards generating employment for Bahrainis, attracting foreign or local investors to contribute in the economy of Bahrain and implementing robust and mature ICT infrastructure and services. (April 9, 2012) **www.zawya.com**

Bangladesh
Chairman: Maj. Gen. Zia Ahmed
[Bangladesh Telecommunication Regulatory Commission (BTRC)]

The Bangladesh Telecommunication Regulatory Commission (BTRC) is planning to cut the off-net mobile call charge to BDT 0.50 per minute from the current BDT 0.65. BTRC has already sent a proposal in this regard to the telecom ministry for approval. The minimum and maximum on-net charges will remain unchanged at BDT 0.25 to BDT 2.0. The telecom regulator has also proposed a cut in SMS charges for operators. BTRC said currently an operator charges BDT 0.20 for receiving an SMS from other operators. The regulator has proposed bringing down the rate to BDT 0.10. (April 25, 2012) **The Daily Star**

The capacity of Bangladesh's only international submarine cable connection has been upgraded to 85Gbps from 40Gbps, but the new bandwidth cannot yet be utilized because the backhaul link from the landing station to Dhakar has not received the necessary upgrades. MD of Bangladesh Submarine Cable Company Ltd (BSCCL), said the capacity of the undersea fiber-optic link to the SEA-ME-WE-4 submarine cable will reach 200Gbps by September this year, while the active capacity of the terrestrial backhaul route from Cox's Bazar to the capital is currently 30Gbps, with a total useable capacity of 40Gbps, according to officials at state-owned Bangladesh Telecommunications Company Ltd (BTCL). A BTCL committee stated that the national operator currently earns BDT190 million (US$2.3 million) via the backhaul link, which it could increase to BDT320 million within two years as data and voice traffic increases.(April23, 2012) **The Daily Star**

A parliamentary body on telecommunications has asked the Bangladeshi government to withdraw tax on mobile SIM card to increase mobile subscriptions. Presently, the government takes BDT 600 tax on each mobile connection. The parliamentary standing committee on the telecom ministry also recommended the government lift the existing 12% import tax on mobile handsets and impose a flat rate tariff of BDT 100 for each imported handset. The government should also withdraw duty from the import of internet modem to facilitate the use of the internet in rural areas, the committee said. The recommendations came after the parliamentary watchdog held a meeting with the telecom ministry, the Bangladesh Telecommunication Regulatory Commission and different state-run telecom companies. (April 20, 2012) **The Daily Star**

The Bangladesh Telecommunication Regulatory Commission (BTRC) handed over 72 new gateway licenses, of which there were 22 international gateway (IGW) licenses, 21 interconnection exchange (ICX) licenses and 29 international internet gateway (IIG) licenses. In total 82 such licenses will be awarded, while 78 companies have so far deposited license fees. The recipients will have to start operations with the next six months. (April 13, 2012) **The Daily Star**

The Bangladesh Telecommunications Regulatory Commission (BTRC) seized about 83,000 counterfeit mobile phones worth BDT 200 million. BTRC chairman said legal proceedings would be initiated against the importers. According to the BTRC and business people, about 10 million mobile handsets are imported every year, 30% of which are fake and substandard. The law requires permission from the BTRC for mobile phone imports. (April 9, 2012)
www.bdnews24.com

According to data from the Bangladesh Telecommunication Regulatory Commission (BTRC) country ended February with 87.89 million mobile subscribers, up from 85.46 million in December. Grameenphone led with 37.35 million subscribers, up from 36.49 million at end-December, followed by Banglalink with 24.17 million customers, up from 23.75 million. Robi Axiata brought its subscriber base to 17.09 million from 16.14 million, and Airtel Bangladesh ended February with 6.23 million customers, up from 6.03 million in December. Citycell had 1.79 million subscribers, down from 1.82 million, and Teletalk ended the month 1.26 million customers, up from 1.22 million in December. (April 9, 2012) **www.telecompaper.com**

Egypt
Executive President: Dr. Amr Badawi
[National Telecommunication Regulatory Authority (NTRA)]

According to the Communication and Information Technology Ministry (MCIT) the number of mobile telephone subscribers in Egypt increased to 91.3 million in January 2012, marking a 28% increase compared to the same month last year,. That increase means that the penetration rate among the Egyptian population stands at almost 110%. The winner on this front was Etisalat Misr , whose Subscribers jumped by 132% to reach 21.7 million. Egypt's subscribers increased by 16%, year-on-year, to reach 36.9 million. The Egyptian Company for Mobile Services (ECMS) raised its mobile subscribers by only 8%, to reach a subscriber base of 32.7 million. CI Capital attributed the outstanding performance of Etisalat Misr to its "14 PT Begad" initiative, under which it offers on-net and off-net call tariffs at LE0.14/ minute anytime, and with no additional fees. (April 24, 2012) **www.zawya.com**

The financial market regulator, the Egyptian Financial Supervisory Authority (EFSA), has reportedly approved a tender offer in which European telecoms giant France Telecom-Orange is seeking to increase its stake in local cellco Egyptian Company for Mobile Services (ECMS), which trades as MobiNil. Following approval of the offer, the EFSA has said that shares in both MobiNil and Orascom Telecom Holdings (OTH), the latter of which is the other major shareholder in the Egyptian cellco, will resume trading on the Egyptian bourse after a two-day suspension. FT-Orange earlier this month announced plans to spend up toEUR1.5 billion (US$1.97 billion) to increase its stake in MobiNil to 95%. The move, which forms part of the French giant's bid to ramp up its presence in emerging markets, is the result of an agreement between the Paris-based group and OTH over the Cairo-listed mobile network operator, with FT-Orange having agreed terms to acquire all but 5% of MobiNil from Orascom at a price of EGP202.50 (US$33.64) per share. OTH currently holds a 20% direct stake in MobiNil, as well as an indirect 28.75% stake held through a joint venture with FT-Orange; the JV, MobiNil Telecom, has a 51% majority stake in MobiNil. FT-Orange has confirmed that, following the EFSA's authorization of its plans, it is preparing to launch a mandatory tender offer via its subsidiary MT Telecoms SCRL, in which it will offer to acquire ECMS shares atEGP202.50 per share. The offer will be open between April 24, 2012 and May 23, 2012. (April 23, 2012) **www.telegeography.com**

The Egyptian government's stated intention to take a stake in telecommunications companies operating in the country, has provoked a sharp reaction from stock investors as well as industry players and puts under threat France Telecom's plans to acquire Orascom Telecom. Egypt's communications and information technology minister Dr. Mohamed Salem said the ministry is preparing a law mandating the government to be a partner in mobile phone operators and major communications companies. The law will be presented to parliament, he said. There was intense selling pressure on Mobinil shares, which shed 10% intraday and 7% at the end of trading. (April 12, 2012) **www.zawya.com**

Proposed amendments to an Egyptian law requiring mobile telecom operators to give a percentage of their shares to Egyptians would apply only to new license operators, a communications ministry official said. The proposed amendments to the telecommunications regulatory law in parliament are limited to new licenses and won't be applied to existing operators. They will be applied to the fourth operator in case it exists. The official also denied that there would be a minimum level of Egyptian ownership fixed at 20 per cent. (April 11, 2012) **http://english.ahram.org.eg**

Iran
Minister of Communications & Information Technology: Dr. Reza Taghipour
[Communications Regulatory Commission (CRC)]

Minister of Information and Communications Technology Reza Taqipour has dismissed the news reports claiming that Iran will completely shut down access to the Internet once it launches 'national internet'. Claims that Iran plans to disconnect itself from the Internet by August and replace it with national internet has no basis in fact. "We have no national internet, and what we have been assigned to do according to the Fifth (Five-Year) Development Plan is to (establish) a national data network," Taqipour explained. Iran's Fifth Five-Year Development Plan (2010-2015) is part of the 20-Year Outlook Plan (2005-2025), which is the country's main blueprint for long-term sustainable growth. (April 19, 2012) **www.zawya.com**

Business Monitor International (BMI) says Iran has reached to 100% telecommunications penetration and expects the Iranian mobile market to cross the 100% penetration threshold in early 2012. "Iran's mobile market, by far the largest segment of the country's telecoms industry, exhibited considerably slower growth in 2011 compared with previous years, which reflects the market's maturity, with the penetration rate just shy of 100 percent at the end of the year", said BMI in its new Iran Telecommunications Report. Research and Markets said that the growth and market's maturity led BMI to revise down forecasts last quarter, which it holds in the Q212 update on Iran's telecommunications market. The country's second largest mobile operator, MTN Irancell, is still the only company to give any indication of how the market is progressing. The company's latest operational data for Q311 was stronger than Q211, but growth rates were still weak overall. The report noted that Iran's mobile market would slow inevitably, as major cities approach saturation and growth prospects are more limited to rural areas that are harder to reach and offer more limited revenue. BMI's mobile subscriber forecast for Iran expects the mobile sector expanding by over 8% in 2012, with the mobile customer base forecast to grow to 80.85mn by the end of the year. (April 12, 2012) **www.zawya.com**

Authorities in Iran have denied reports that the country is planning to block all access to foreign internet sites and that the only form of access will be via a government-controlled national intranet. The Ministry of Information, Communications and Technology (MICT) said the reports were 'completely baseless', although it did confirm that there are plans to establish what it called a 'national information network' which will be a closed system containing only Islamic sites deemed appropriate by censors. It is not known whether this closed system will function alongside the regular internet in Iran – which in any case is heavily censored – or will act as a replacement. (April 12, 2012) **www.telegeography.com**

Jordan
Chairman & CEO: Mr. Fadi Kawar
[Telecommunication Regulatory Commission (TRC)]

The Ministry of Information and Communications Technology has announced work on the US$500m regional cable network (RCN) project is under way and the network is expected to be launched during the third quarter of this year. The project, which started in late 2010, is being implemented by seven ICT operators from Jordan, Turkey, Syria, Saudi Arabia and the UAE. It involves the construction of the Middle East's longest redundant terrestrial communications infrastructure along a 7,750-kilometre round trip route. The cable network extends from the city of Fujairah in the UAE to Istanbul in Turkey and onward to Europe and will serve as a gateway to the internet for two billion people. The project is being implemented by a consortium of the UAE's Etisalat, Mobily (Saudi Arabia), Jordan Telecom/Orange Jordan, Mada-Zain Partnership (Jordan), Syrian Telecoms Est (Syria), and Superonline (Turkey). (April 9, 2012) **Jordan Times**

The Ministry of Information and Communications Technology will begin consultations to develop a new strategy for the country's ICT sector. The five-year strategy will include projects to revitalize the sector, increase Internet penetration and improve telecommunications infrastructure as part of ongoing efforts to make Jordan a regional ICT hub. A series of meetings will soon be held with representatives from the private sector along with an independent consultancy firm to start drafting the strategy. The Kingdom's most recent ICT strategy, which ended earlier this year, succeeded in increasing Internet penetration to 50.5% by the end of 2011. However, the strategy fell short in attracting investments and creating jobs, according to the ministry. (April 4, 2012) **www.zawya.com**

Lebanon
Acting Chairman & CEO: Dr. Imad Hoballah
[Telecommunication Regulatory Authority (TRA)]

The TRA has issued the "Draft Emergency Communications Plan" for public consultation to check with the relevant stakeholders on the potential uses of telecommunications systems and services during national emergencies. This public consultation will gather the viewpoints of the providers of telecommunications services and the users of the mentioned services (citizens, public and private institutions, relief organizations, etc...) regarding their requirements and technical abilities for an efficient and reliable telecommunications infrastructure and services. This consultation will allow the TRA to determine the status of telecommunications networks and their ability to work during and after a disaster and the requirements of relief organizations toward realizing a telecommunications emergency plan. The "Draft Emergency Communications Plan" is being currently launched for public consultation. Consultation feedback is due by May 7, 2012. (April 5, 2012) **www.tra.gov.lb**

Libya
Director General & CEO: Dr. Engineer AbuzeidGuma Almansuri
[General Directorate of Posts and Telecommunications (GDPT)]

A number of international telecoms giants are keen to enter Libya's underdeveloped communications sector, but will only discover how they can do so after the war-torn country's first free elections, which are set to be held in June. Communications Minister Anwar El-Feitori told that at least three or four [foreign operators have expressed interest in entering Libya], but we will leave it to the next government to decide on that. To date, UAE-based Etisalat, Qatar Telecom (Qtel) and Saudi Telecom Company (STC) have all expressed an interest in entering the market, which is widely acknowledged as one of the major business opportunities created by last year's uprising. El-Feitori has promised that Libya will open its telecoms market to fresh competition 'when we have the rules for the competition and when we have the right infrastructure for that as well'. El-Feitori estimates that around 20% of the mobile base stations operated by wireless incumbents Al Madar and Libyana were damaged during the conflict, with the most severe destruction occurring in Zlitan, Misrata and Sirte, all of which experienced scenes of heavy fighting during the eight-month war. He added: 'We worked on getting the services back to normal and now we're almost there. There is a big demand in telecom services'. Each firm is thought to have around 1,000 base stations in operation. The general manager of Libya's stock exchange, Ahmed Karoud, told Reuters last month that pre-war plans to list shares in Al Madar and Libyana would now go ahead in 2013. These listings may present an additional opportunity for foreign companies to buy into the two mobile state-owned operators. (April 10, 2012) **Reuters Africa**

Nepal
Chairman: Mr. Bhesh Raj Kanel
[Nepal Telecommunication Authority (NTR)]

Data published by the Nepal Telecommunications Authority (NTA) shows that the Kingdom was home to more than 14.215 million mobile subscribers at mid-March 2012, after net additions of 890,564 new connections in the preceding three-month period. At that date overall teledensity (fixed and mobile) stood at 60.34% (up from 56.46%), according to the NTA's latest Management Information System report, as fixed lines reached 849,786 (including 222,798 WiLL lines), compared to 845,542 and 227,116 lines respectively at mid-December. Nepal Telecom (NT) added a net 249,054 mobile subscribers in the three months to mid-March to boost its total to 6.751 million (including 848,944 CDMA users), while fellow GSM provider Ncell reported 7.463 million connections, having added the single largest net gain – or 611,510 users – in the three months under review. Meanwhile, the country's smaller players fared less well in terms of subscriber growth. United Telecom Limited reached 613,801 customers from 591,511 previously, Nepal Satellite Telecom upped its total from 111,905 to 146,319, Smart Telecom had 311,227 users, up from 203,040 at mid-December, and STM had 5,336 (5,263). At the same date the

NTA said the total number of data and internet subscribers stood at 4.437 million, up from 3.873 million three months earlier, with the overwhelming majority (over 4.106 million) arising from GPRS mobile internet connections. The number of ADSL connections topped 81,661 for NT, with cable modem, CDMA1x and other (wireless, fiber-optic) reaching 17,036, 180,958 and 32,279 respectively. (April 23, 2012)
www.telegeography.com

Minister for Information and Communications inaugurated the 13th meeting of the South Asian Telecommunication Regulators' Council (SATRC-13). Nine countries including Nepal, India, Afghanistan, Bhutan, Pakistan, Sri Lanka, Maldives are participating in the three-day meeting. According to Chairman of Nepal Telecommunication Authority the participating countries will discuss on rules and regulations related to the regulation of the telecom sector and problems and policy. The meeting is jointly organized by Nepal Telecommunication Authority and Asia Pacific Tele-community where the participating countries will also discuss on Asia Pacific Tele-community Strategy 2012-2014. Addressing the meeting, Minister said that new technologies are being developed in information and communication sector including the telecom sector since the past some years and added that there was challenge to make this technology accessible to the people
(April 19, 2012) **www.sananews.net**

The Nepal Telecommunications Authority (NTA) will expedite action against ISPs that are involved in offering illegal VoIP services. The regulator can revoke the ISPs' license and the NTA has already taken action against five ISPs. Currently, two cases against ISPs, Global Internet and Global Softnet, are before the courts. All ISPs involved in illegal activities will face action for not abiding by the provisions mentioned in the license. (April 11, 2012) **The Himalayan Times**

The Nepal Telecommunications Authority (NTA) has asked all telecommunications providers to vacate spectrum that is not in use. The regulator has sent a letter to operators following a directive from the parliamentary Public Accounts Committee (PAC). The committee has asked the regulator not to allocate any frequencies to any operator without preparing a clear policy for spectrum distribution first. The committee also recommended that the communications ministry refarm spectrum by making more efficient use of frequencies. The ministry of communications' Radio Frequency Policy Determination Committee is drafting an interim regulation and operators are asked to surrender the unused spectrum after the regulation is issued.
(April 9, 2012) **The Himalayan Times**

Oman
Chief Executive Officer: Dr. Hamed Al-Rawahi
[Telecommunication Regulatory Authority (TRA)]

Telecommunications Regulatory Authority (TRA) is inviting companies to become accredited registrars for providing web hosting services using the '.om' local domain name and a local domain name using Arabic characters. Until now, Omantel has been the sole entity providing this service. At the inauguration of the first phase of the domain management project, TRA CEO Hamad bin Salem Rawahi said the use of Arabic language in website addressing will not only lead to a rise in the number of internet users, it will also eliminate the language barrier. He said Arabic-language users will now be able to have seamless usage completely in Arabic from the moment they turn on their computers through to the point where they access required information on the web. Timothy Roy, senior specialist for technical planning at the TRA, said that using .com or .net is no longer unique. He said the idea is to involve local companies to become providers of the local domain names and promote their use, which not only adds to national pride but also gives any company a unique identity. He added that currently, about 1,489 entities are registered with the '.om' domain name. Siyabi said that the TRA would begin receiving applications from companies to become accredited registrars from 24 April. (April 25, 2012) **Muscat Daily**

Users in Oman have said a number of VoIP services have been unblocked last weekend. The move could pave the way for cheaper international communication and provide a boost for small and medium enterprises (SMEs). No official announcement has been made by the operators or the Telecoms Regulatory Authority (TRA), but users said services such as Google Talk, Viber, FaceTime and MSM Messenger have been unblocked since last Wednesday. (April 9, 2012)
Muscat Daily

Pakistan
Chairman: Dr. Muhammad Yaseen
[Pakistan Telecommunication Authority (PTA)]

Pakistan's often delayed plans to auction 3G licenses has been delayed again - this time indefinitely amid confusion about what is happening at the regulator. Bidders were expected to have expressed interest by this January under plans announced last year, but the formal invitations have not been sent out yet, so the auction cannot take place. Pakistan Telecommunication's (PTCL) Chief Executive Walid Irshaid, told that all the dates have been put on hold. "The first step was not even taken yet. No official notification has been received by us or any other operator" he added. A spokesman for Telenor said the government had postponed the auction until indefinitely until it hires an international consultant to supervise the process. The regulator has not posted any notices on its website explaining the delay, although suspicions of a delay did emerge in March when the regulator claimed that there had been higher than expected levels of interest in the auction. According to the initial plans, the 3G licenses will vary from 8 to 15 years in duration, and there will be a US$31.5 million deposit for any bidders. Any incumbent mobile networks awarded a 3G license will be able to offer services immediately, although new entrants will not be allowed into the market until March 2013. This is due to an agreement not to offer any new radio spectrum when the government sold a 26% stake in the state-owned Pakistan Telecommunications Company in 2006 to Etisalat.
(April 29, 2012) **Reuters**

The government is no longer expecting to receive the anticipated US$800 million windfall to be generated by the distribution of 3G licenses before the end of the fiscal year on June 30. Problems of transparency relating to the selection of a consultant to advise the auction process have marred the long-delayed sale of 3G concessions and are expected to set the tender back once again. Most recently, the Pakistan Telecommunication Authority (PTA) had set a closing date of end-March for the auction but once again, complications forced postponement. Nevertheless, officials had initially remained hopeful that the tender would take place in the current financial year, but have since revised their expectations. No new date has yet been slated for the auction. (April 24, 2012) **The Business Recorder**

The IT Committee of Pakistan's National Assembly has expressed reservations over the auction of a 3G license. The committee has established a sub-committee specifically for the auction to review the transparency as there are fears of corruption. The committee was not satisfied with the presentation of the Competition Commission of Pakistan (CCP) on the transparency of the auction due to a lack of facts and figures. However, CCP Chairperson told the committee to direct the Pakistan Telecommunication Authority(PTA) to provide the details on the auction.(April20, 2012)**The Daily Time**

Pakistan will soon finalize rules for base transceiver station (BTS) towers as per National Environmental Quality Standards (NEQS). The absence of rules is causing problems for the telecommunications sector with the rapid growth of mobile companies. The decision to establish the rules was made at a meeting with the Environment Protection Department with representatives from several mobile companies. The participants proposed that BTS with generators should be installed at a distance of 100 meters from hospitals, schools, and other silent zones, while the distance in residential areas should be at least 20 feet. It was also recommended that any generator installed with a BTS should have proper canopy to control noise. (April 19, 2012) **The Daily Times**

Teledensity in Pakistan crossed 70 mark by end of the February 2011 on the growing subscriptions of cellular mobile phone companies in urban and rural areas of the country, Pakistan Telecommunication Authority (PTA) latest data showed. The mobile phone connections have risen to 116 million on different networks, constituting the lion share in the field of telecom sector in terms of subscribers and their technology selection. Similarly, the wireless phone companies have increased their number of connections to 2.7 million by February whereas the landline connections decreased to stand at 2.9 million in the country. Hence, the teledensity of cellular phone stood at 67.2%; wireless sector teledensity reached at 1.8 and landline teledensity settled at 1.6, making overall teledensity at 70.6%. The teledensity is defined as number of customers per 100 individuals. Hence it is roughly said that 70% of the population own and avail telephony services through different technologies. However, a big section of population uses multiple services for their facility. In the cellular sector, Mobilink grabbed the largest subscribers' base with 35.2 million. It followed by Telenor and Ufone with 28.8 million and 22.4 million connections. The subscribers number of Zong and Warid stood at 14.9 million and 14.6 million users. In wireless sector, PTCL and TeleCard are market leaders with 1.43 million and 0.743 million. In landline sector, PTCL and NTC are market leaders with 2.7 million and 104 million connections. (April 17, 2012) **www.thenewstribe.com**

Pakistan ended February with 116.21 million mobile subscribers, up from 114.61 million in January, and total mobile teledensity stood at 67.2 versus 66.5%, according to figures from the Pakistan Telecommunication Authority (PTA). Mobilink led with 35.30 million subscribers, up from 34.70 million a month earlier, followed by Telenor which had 28.84 million customers, compared with 28.47 million in January. Ufone's subscriber base grew to 22.42 million from 22.02 million, and Warid ended the month with 14.69 million customers, down from 14.99 million a month earlier. Zong grew its customer base to 14.95 million from 14.42 million customers in the previous month. (April 16, 2012) **www.telecompaper.com**

According to figures from the Pakistan Telecommunication Authority (PTA) Pakistan's wireless local loop subscriber base was stable at 2.70 million in February compared with December last year,. Wireless local loop (WLL) teledensity stood at 1.6%. PTCL led in WLL customers with 1.43 million in February, up from 1.35 million in December, followed by Telecard with 746,685 customers versus 588,056 at the end of last year. WorldCall subscriber base shrank to 390,023 while Wateen grew its customer base to 278,889 customers. Sharp had 67,475 subscribers in February, Link Direct had 41,192 subscribers, and NTC ended the month with 11,823 customers. (April 16, 2012) **www.telecompaper.com**

The Pakistan Telecommunication Company Ltd (PTCL) is close to finalizing the transfer of assets owed to it as part of its partial privatization. The transfer will bring to a head the long standing dispute between Islamabad and the UAE's Etisalat, with the latter expected to pay outUS$800 million to the government. In January 2006 the government agreed to sell a 26% share in PTCL to a consortium led by Etisalat for US$2.6 billion. Etisalat would pay in seven staggered intervals, comprising a US$260 million down payment, followed by a further US$1.14 billion paid in March that year, at which point control of PTCL was handed to the UAE group, with the balance of the US$2.6 billion to be paid over five years. Part of the agreement included the transfer of ownership of some 3,000 real estate properties from the government to PTCL. With the government stalling, Etisalat withheld the final payment of US$800 million. The dispute has dragged on with little change to the stand-off, though it was reported in May 2011 that Pakistan's Interior Minister had failed to convince Etisalat to make an immediate payment of US$600 million, US$200 million less than was owed, in return for which the Pakistani government would consider writing off the remaining amount. In the most recent development, the CEO of PTCL announced on April 9, 2012 that the government was close to completing the long-promised asset transfer, with around 100 left to be signed over. (April 11, 2012) **www.telegeography.com**

Norwegian telecom giant Telenor has further raised its stakes in Vimpelcom after it struck a US$715-million deal with JP Morgan Securities last week, giving the group even more financial and voting rights in Vimpelcom. After buying 65 million common shares from the bank, Telenor now owns 35.66% of Vimpelcom up from 31.67%, and 39.51% of the votes up from 36.36% before. Telenor took back control of Vimpelcom from Russian oligarch Mikhail Fridman's Alfa Group after buying 234 million shares, boosting its ownership to 31% from just 25%. It may be recalled that Vimpelcom, through a deal finalized last year, holds 51.7% stakes in Orascom Telecom, the parent group of Mobilink. With 35.66% stakes in Vimpelcom, Telenor group holds 18.44% economic rights in Orascom or in Mobilink subsequently, a fully owned subsidiary of Orascom Telecom. This proposition translates into a situation where Telenor group has operations in Pakistan through Telenor Pakistan in addition to Mobilink in which it holds 18.44% economic stakes. In simpler words, 18.44% of profits from Mobilink go into Telenor's pockets, in addition to 20.43% voting rights in the firm through its holding. The situation can concern the competition operators in Pakistan or the competition commission of Pakistan. Even PTA would be worried of this outcome as Telenor's financial and voting ownership in Mobilink can restrict both firms from bidding in upcoming 3G license auction. (April 9, 2012) **www.propakistani.pk**

Qatar
Executive Director: Ms. Christa Cramer
[The Supreme Council of Information and Communication Technology (ictQATAR)]

In the World Economic Forum's recent report, "The Global Information and Technology Report 2012 (GITR): Living in a Hyperconnected World," Qatar maintained its strong global ranking, coming in as the 28th most networked nation out of 142 surveyed. The comprehensive report examines the networked readiness of countries across four primary indexes: environment, readiness, usage and impact. Qatar performed particularly well in terms of national prioritization of ICT, procurement of advanced technology, venture capital availability and mobile network coverage. Qatar is the second highest ranked country in the Arab world, one place behind Bahrain (27) and ahead of the United Arab Emirates (30) and Saudi Arabia (34). In 2011 Qatar ranked 25th overall. Qatar's prioritization of ICT as essential to achieving its 2030 National Vision was clearly reflected in its high ranking. Additionally, Qatar's 2015 National ICT Strategy is aligned with many of the key areas included in GITR 2012.
(April 12, 2012) **www.ictqatar.qa**

The Supreme Council of Information and Communication Technology (ictQATAR) has issued a VSAT License to Harris Salam WLL for the provision of Very Small Aperture Terminal (VSAT) networks and services in the State of Qatar. The license authorizes the operation of a VSAT network and the provision of VSAT services to Closed User Groups in Qatar. The License does not authorize the provision of public telecommunications services. Harris Salam is a joint venture between Harris Corporation and Salam International for the provision of the licensed VSAT services in Qatar. Harris (formerly CapRock) was selected as a VSAT service provider following a competitive license application process conducted in 2010 for the introduction of three VSAT operators in the market. QSAT Communications and RigNet Qatar received were awarded the other two licenses.
(April 11, 2012) **www.ictqatar.qa**

Saudi Arabia
Governor: Eng. Abdullah A. Al Darrab
[Communication & Information Technology Commission (CITC)]

Saudi Arabia occupied the first rank among the countries with the highest proportion of mobile phone users in the world with a ratio of 188%, followed by Vietnam and Oman in the second and third places respectively, according to a recent study. The study conducted by the United Nations Conference on Trade and development (UNCTAD) indicated that this percentage is by far the highest when compared to the other Arab Gulf states which in turn filled advanced positions in the list with Oman being ranked second with a rate of 165%, followed by Kuwait (160%) and the UAE (145%) respectively. The specialized report also revealed that the number of mobile phone users is escalating among teenagers and 9-year-old children, and that this trend is chiefly driven by the widespread use of the Internet in the Saudi community. (April 16, 2012) **www.zawya.com**

Sri Lanka
Director General: Mr. Anusha Palpita
[Telecommunication Regulatory Commission (TRC)]

Having focused on internet speeds previously, Sri Lanka's Telecommunications Regulatory Commission (TRC) will now move on to focus on policies, standardization, and broadband deployment plans to increase internet penetration in underserved areas. The TRC has been conducting fixed internet speed tests since late 2010 and published these results regularly. Gradual but significant QoS improvements were seen as operators started to compete for higher speeds and made efforts to be at the top of the graphs published by the regulator. Now, the TRC is looking at encouraging deployments by lessening 'red tape' and similar barriers for operators to deploy broadband services. The TRC will provide guidance and encourage operators to deploy fiber networks to the customer premises and the regulator expects Sri Lanka's first fiber to the home (FTTH) network to start its operations this year with speeds of 25 Mbps. (April 27, 2012) **www.telecompaper.com**

Sri Lanka is to host the Global Symposium for Regulators (GSR-12) & Global Industry Leaders Forum (GILF) of the International Telecommunication Union from October 03-05, 2012. The Global Symposium for Regulators (GSR) of ITU is a high level global event to share and exchange information among National Regulatory Authorities from both developed and developing countries. The International Telecommunication Union (ITU) is the UN Specialized Agency responsible for Telecommunication/ information and communication technology (ICT) and comprises 193 government and over 700 private companies. Sri Lanka had been unanimously elected to the Chairmanship of the Commonwealth Telecommunications Organization (CTO) at the 50th CTO Council meeting in 2010 and was re-elected until 2012. Around 500 participants from 192 Member States including Telecom Ministers are expected to attend this event. The Global Industry Leaders Forum (GILF) which runs parallel to GSR is an event of the Telecommunication Development Sector bringing together Chief Executives from the ICT Industry to debate the latest obstacles to ICT development. (TRCSL) at a meeting held on December 2011 has granted approval to host GSR and GILF. (April 19, 2012) **www.news.lk**

Tunisia
President: Mr. Hassoumi Zitoune
[National Telecommunication Commission (INTT)]

The ICT Minister has rejected Tunisiana's bid to acquire licenses for 3G and fixed line services. Tunisiana was the only eligible bidder for the concessions, entering a bid ofTND125 million (US$81.82 million) and TND36 million for the 3G and fixed authorizations respectively. However, the Qatar-backed operator appears to have fallen short of the ICT ministry's undisclosed minimum price: the ministry has kept its base price secret to avoid the telco entering the lowest acceptable price. Regardless of disagreement over the cost of the concessions, the ministry has accepted Tunisiana's technical proposals and rollout plans. Tunisana's Director said that the company will adjust and renew its offer. (April 23, 2012) **Tunisia Live**

Turkey
Chairman & CEO: Dr. Tayfun Acarer
[Information & Communication Technologies Authority (BTK)]

Turk Telekom has reported revenues of TRY2.960 billion (US$1.65 billion) for the three months ended March 31, 2012, up 3% compared to TRY2.887 billion in the same period a year ago. Operating profit for the first quarter dropped from TRY874 million to TRY817 million year-on-year, while Turk Telekom reported net income ofTRY772 million, up 27% y-o-y, from TRY609 million in 1Q11. CAPEX for January–March increased to TRY405million. The telco credits the improved figures to solid growth from its broadband and mobile units, supported by successful cross-selling activities; 1Q12 also saw partnerships established with a number of leading brands, offering voice customers product discounts in a variety of sectors, including travel, energy and home electronics. In operational terms, Turk Telekom's broadband customer base rose to seven million by 1 April 2012, up 5% from 6.72 million a year earlier. In contrast, fixed PSTN lines fell from just under 15.8 million to 15.0 million. Turk Telekom's mobile unit Avea saw its subscriber base grow 9% year-on-year to 12.9 million; of these, 7.2 million were on pre-paid plans. Post-paid subscribers are driving growth however, increasing by around 700,000 subscribers year-on-year, to 5.7 million. (April 19, 2012) **www.telegeography.com**

United Arab Emirates
Director General: Mr. Mohamed Nasser Al Ghanim
[Telecommunication Regulatory Authority (TRA)]

The incumbent telecoms operator Etisalat plans to offer international IP telephony services from the second quarter of this year. At present, only the UAE's licensed telecoms companies are permitted to offer VoIP services, although other firms, such as Skype, are authorized to join forces with one of the local operators to legally offer the service.
(April 20, 2012) **Arabian Business**

Regulatory Activities Beyond the SAMENA Region

ITU

At its most recent meeting April 11-19, ITU-T Study Group 5 – ITU's lead Study Group on electromagnetic compatibility (EMC) and electromagnetic effects – consented Recommendation ITU-T K.91: Guidance for assessment, evaluation and monitoring of the human exposure to radio frequency electromagnetic fields (RF EMF). Recognizing that a significant part of the infrastructure needed to bridge the digital divide involves wireless technologies, the K.91 guide was created in response to developing nation concerns with the risks of human exposure to RF EMF and local communities' growing resistance to the deployment of radio installations in their surrounds. The new Recommendation responds to Resolution 72 of the 2008 World Telecommunication Standardization Assembly in Johannesburg (WTSA-08) which called upon ITU-T, and in particular Study Group 5, to expand and accelerate its work in this domain. Specifically, SG 5 was urged to regularly update its guides on the use of ITU-T publications to achieve EMC and safety, with particular emphasis on those relating to measurement methodologies. Recommendation ITU-T K.91 acknowledges that a variety of methods exist to assess human exposure to RF EMF, that each carries different advantages and disadvantages, and that the choice of a method depends on the needs and circumstances of its user. K.91 therefore provides guidance on methods to assess and monitor human exposure to RF EMF in areas with surrounding radiocommunication installations; based on existing exposure and compliance standards in the frequency range of 9 kHz to 300 GHz. This includes procedures to evaluate exposure levels and to demonstrate compliance with exposure limits. While existing standards are product or service-oriented, K.91 is intended for the examination of areas accessible to people in the real environment of currently operated services with many different sources of RF EMF. It does however also make reference to standards and recommendations related to EMF compliance of products. (April 26, 2012) **www.itu.int**

GSMA

The GSMA stated that the TRAI's recommendations on the "Auction of Spectrum" will set India back in its goal to deliver "Broadband on Demand" to the citizens of India. The GSMA says that the proposals disregard international best practice in spectrum policy and jeopardize the investment of billions of US dollars in new mobile infrastructure in a sector that either directly, or indirectly, employs almost 10 million people and serves more than 900 million consumers. Reducing the ability of mobile operators to invest in network upgrades and expansion would undermine the ability of India to leverage its telecom infrastructure to empower citizens and businesses, especially those in rural communities, to participate equitably in the Internet economy. For example, the TRAI's proposed reserve prices for upcoming spectrum auctions are so prohibitively high that they will inevitably curtail mobile operator investment in Mobile Broadband infrastructure and increase prices to consumers. Given the strong correlation between mobile penetration and socio-economic development -- with a 10% increase in Mobile Broadband penetration delivering as much as US$80 billion (INR 3,506 billion) of extra revenue for India's transport, healthcare and education sectors by 2015 -- the GSMA added that the TRAI's recommendations will not serve the interests of the broader Indian economy. "Efforts to squeeze money out of mobile operators for some perceived short-term gain will only reduce investment in networks, inhibit growth of mobile services and drive up consumer prices -- limiting the value the public will derive from the spectrum resource in the long term," said Franco Bernabe, Chairman of the GSMA and Chairman and CEO of Telecom Italia Group. TRAI's recommendations would not only drive up the cost of the mobile spectrum, but would also create artificial scarcity of this critical resource. In advance of license renewal, TRAI has proposed to force current 900 MHz licensees out of the band into the 1800 MHz band. As a result, TRAI would limit the available spectrum in the upcoming 1800 MHz 2G auction and leave the remainder under-utilized for a significant period, creating unnecessary scarcity at a time when India has an opportunity to shape the future of the mobile industry. Earlier this month, the GSMA announced that India was positioned to surpass the US as the second largest Mobile Broadband market in the world within the next four years. In recognition of the threat to this potential, Anne Bouverot, Director General, GSMA, commented, "The GSMA's member operators in India have invested heavily and worked hard to deliver innovative services to consumers and positively impact the broader Indian economy. They are naturally very concerned about the TRAI recommendations, which have the potential to stifle investment in India's mobile sector. The GSMA and its members are seeking an open dialogue with the Government of India on the licensing of the critical spectrum with the aim of finding a solution that will drive investment and growth in mobile communications and more broadly in the Indian economy." (April 27, 2012) **www.cellular-news.com**

United States

FCC has launched a new 'Connect America Fund' (CAF), which was recently created as part of reforms of the Universal Service Fund (USF). Last October, the Commission unanimously voted to reform and modernizes USF to help connect every American to high-speed Internet by the end of the decade, just as the Fund did for telephone service in the 20th century. These reforms cut waste and imposed strict fiscal responsibility standards on the Fund, preventing it from growing beyond its current size. Now, up to $300 million in savings from these and prior reforms will be targeted to quickly extend high-speed Internet to up to 400,000 previously un-served homes, business and anchor institutions in rural America. This is the first phase of funding from the CAF. Companies have 90 days to accept the funding, as well as the aggressive build out requirements that must begin in the coming months. The Commission expects that carriers will likely supplement the CAF funding with private investment. While carriers are not required to participate, hundreds of thousands of Americans will gain access to broadband even if carriers only accept a portion of the money. In addition, the FCC has implemented additional reforms that will make more effective use of existing funding to increase support for broadband for over 2 million rural lines across the country. The regulator said that these reforms improve fairness and incentives for efficient operations in a specific type of universal service support called High Cost Loop Support, or HCLS. In order to help make service affordable for consumers, HCLS provides close to $800 million annually to help offset high capital and operating expenses faced by many small rural providers. However, HCLS lacked benchmarks for judging whether subsidies were warranted, while fully subsidizing high expense levels and punishing efficient operations. Today's reforms impose reasonable limits on subsidized expenses by comparing spending among similarly situated companies and setting benchmarks. Approximately 500 carriers serving over 2 million lines across the country will get more funding for broadband. About 100 carriers that have unusually high expenses will have to take steps to bring their operations more in line with their peers. Originally proposed last October, the benchmark methodology was improved with input from carriers and peer review. Changes will be phased in over time, and a waiver process will ensure that consumers do not lose service. (April 26, 2012) **www.cellular-news.com**

FCC has approved the transfer of spectrum in 128 markets from AT&T to T-Mobile USA. The transfer is a condition of the companies' failed merger and will bolster T-Mobile's LTE deployment plans. 'We applaud the FCC for acting swiftly to approve the transfer of these spectrum licenses,' said Neville Ray, chief technology officer for T-Mobile USA. 'Securing this additional spectrum was a key catalyst for our plans to launch LTE in 2013 and is therefore good news for our customers.' (April 26, 2012) **www.telegeography.com**

Canada

The Canadian Radio-television and Telecommunications Commission (CRTC) has launched a public consultation seeking views on whether the country's mobile market has changed enough to warrant regulatory intervention in the form of developing national guidelines for wireless services. The CRTC said the consultation is in response to receiving several applications suggesting that such guidelines be established. In 1994, the CRTC decided to deregulate services in the wireless sector, having concluded that there was sufficient competition in the marketplace to guide the industry's growth and 'provide Canadian consumers with a choice of innovative services.' 'Our practice has been to rely on market forces as long as we are convinced that the interests of consumers will be looked after,' said Leonard Katz, the CRTC's acting chairman, adding, 'In this case, we are seeking evidence that our intervention is necessary before considering the development of a national wireless code.' Those who wish to participate in the CRTC's proceeding are invited to submit their comments by May 3, 2012, as per Telecom Notice of Consultation. (April 5, 2012) **www.telegeography.com**

Brazil

National Telecommunications Agency (ANATEL) has confirmed that the much-anticipated 4G frequency auction will take place on June 5. By that date, ANATEL is to receive price proposals and qualification documentation from companies interested in participating in the auction of the 2.5 GHz (destined for 4G mobile telephony) and 450 MHz (dedicated to improving coverage in rural areas) frequencies. The bidding will be held in Brasilia and the bands to be auctioned off may be used for voice traffic and high speed internet. (April 25, 2012) **www.telecompaper.com**

ANATEL has approved plans to conduct an auction of radio frequencies suitable for fourth-generation (4G) wireless services in the country. Under the tender outline, carriers which secure 4G spectrum will be required to launch services in the six Brazilian cities hosting soccer's Confederations Cup by April 2013, and in the twelve host cities for the 2014 Football World Cup, by the end of 2013. The country's five leading cellcos – Telefonica Brazil (Vivo), TIM Participacoes (TIM Brasil), Telecom Americas (Claro), Telemar Norte Leste (Oi) and NII Holdings' Nextel Brasil – are all expected to participate in the auction, while Sky Brasil (part of the DirecTV group) may also take part. ANATEL intends to sell off frequencies in the 2.5GHz band and the 450MHz band, with the latter being deployed to boost rural coverage. (April 13, 2012) **Bloomberg**

Paraguay

Telecoms regulator Consejo Nacional de Telecomunicaciones (CONATEL) has called for a second public consultation regarding the distribution of frequencies in the 1700 MHz and the 2100 MHz spectrum band. Although the government has not yet set the date for the tender, proposals must be submitted to the watchdog in writing by April 13. The following paired spectrum blocks will reportedly be up for grabs at the auction: 'Block C': 1730 MHz-1740 MHz and

2130 MHz-2140 MHz; 'Block D': 1740 MHz-1750 MHz and 2140 MHz-2150 MHz; 'Block E': 1750 MHz-1760 MHz and 2150 MHz-2160 MHz; and 'Block F': 1760 MHz-1770 MHz and 2160 MHz-2170 MHz. The bidding rules stipulate that participating companies must have a market capitalization of at least US$10 million, with a minimum price tag of US$600,000 per spectrum block; bidders are limited to 40 MHz of spectrum apiece. (April 12, 2012) **RCRwireless.com**

European Union

The European Commission is seeking views on how to cut the costs of setting up new networks for high speed internet in the EU. In particular, the Commission wants to explore how to reduce the costs associated with civil engineering, such as the digging up of roads to lay down fiber, and which can account for as much as 80% of the total cost. The Commission believes it could cut the cost of broadband investments by a quarter. Input into its consultation is now being sought from all interested public and private parties including telecoms and utility companies for instance, investors, public authorities and consumers. European Commission Vice President Neelie Kroes said: "We need to cut the engineering costs of rolling-out broadband networks if we want to spread faster broadband across Europe. We need to test practical ideas on how to cut costs and how to make it easier to access, re-use and share this infrastructure. There is nothing more annoying for citizens than road-digging, and nothing more annoying to businesses than pointless red tape." Up to 80% of the total broadband investment cost is related to civil infrastructure works. The cost is so high because of a lack of coordination of civil engineering projects, insufficient re-use of existing infrastructure and lack of cooperation between the various actors. For example, water, energy, and railway companies often have their own infrastructure, and dig up roads without coordinating with telecoms companies. Faster roll-out is then further impeded by lengthy, non-transparent and cumbersome procedures for clearing rights of way and obtaining all necessary permits at national or local level. The public consultation runs until 20th July 2012. The results will contribute to reducing the costs of investments and ultimately the final retail price of broadband. (April 27, 2012) **www.cellular-news.com**

The European Commission has expressed serious doubts about the plans of the French telecoms regulator (ARCEP) to set higher mobile termination rates (MTRs) for Free Mobile, Lycamobile and Oméa Telécom. ARCEP has already fixed cost-based MTRs for existing mobile operators in France as from January 2013, in accordance with EU rules. ARCEP now proposes to set MTRs at a higher level to compensate these new mobile entrants for the prices they pay to use existing mobile networks and the claimed financial effects resulting from traffic imbalances. The Commission says that it has serious doubts about ARCEP's justification of higher MTRs on the grounds that it is more expensive for new companies to provide call termination services. For these reasons, the proposal might not comply with EU telecoms rules. ARCEP now has three months to work with the Commission and the body of European telecoms regulators (BEREC) on a solution to this case. (April 15, 2012) **www.cellular-news.com**

The European Commission has opened an investigation into the proposed joint venture in the UK between Vodafone, Telefónica and Everything Everywhere in the field of mobile commerce. The Commission's preliminary investigation indicated potential competition concerns in the nascent markets of mobile payment applications supply, mobile advertising and related data analytics services, where the joint venture may have very high market shares. The opening of an in-depth inquiry does not prejudge the final result of the investigation. The Commission now has 90 working days, until 27 August 2012, to take a final decision on whether the proposed transaction would reduce effective competition in the European Economic Area (EEA). (April 15, 2012) **www.cellular-news.com**

The European Commission has launched a consultation on the "Internet of Things" (IoT), to know what framework will be needed in a future where everyday objects such as phones, cars, household appliances, clothes and even food will be wirelessly connected to the internet through smart chips. The EC wants to know how to unleash the potential economic and societal benefits of IoT, as well as how to collect, share and store data while respecting individual rights. The information concerned includes user behavioral patterns, location and preferences. The public consultation is inviting all comments until July 12. Currently, the EC noted that an average person has at least two objects connected to the internet; this is expected to grow to seven by 2015, with 25 billion wirelessly connected devices globally. By 2020 the number could double to 50 billion. The results of the consultation will be presented by summer 2013.
(April 12, 2012) **www.telecompaper.com**

Outgoing mobile calls from EU countries cost Croats up to seven times more than they will when Croatia becomes a full EU member, and data transmission is up to twelve times dearer. The European Parliament, Commission and Council last week agreed a new, even lower ceiling for charges that EU operators can levy for EU roaming. Croatian operators will have to comply with these limits once Croatia becomes an EU member, but none of the three operators intend to adapt to the new circumstances before 01 July 2013, the date when Croatia is expected to join the EU. (April 10, 2012) **Daily Vecernji List**

France

Telecom regulator ARCEP has adopted a decision fixing the use of 1800 MHz frequencies by radioelectric installations to provide mobile communication services on ships present in French territorial waters. The decision passed into law by decree of the minister in charge of electronic communications. (April 11, 2012) **www.telecompaper.com**

Netherland

Telecom regulator OPTA has published the final addition to 2008's fixed telephony market analysis, following consultation in December 2011 and January of this year. In the decision, OPTA said that KPN and its group companies do have a significant market power on the business retail market for fixed telephony and wants the operator to set its rates at the lower end of the range, as imposed by regulation. In this way, KPN will be asking a minimum price for fixed telephony services. After taking into account the market consultation, OPTA has decided to change the calculation method for putting together KPN bundled retail offers. (April 24, 2012) **www.telecompaper.com**

Finland

The Ministry of Transport and Communications (MoTC) has announced that it has begun preparations for the sell-off of spectrum in the 800 MHz band which can be used to offer 4G services. In a press release the ministry confirmed that it had called for comments from interested parties on draft proposals for the frequency auction as it seeks to offer the spectrum earlier than it originally planned. Under the MoTC's latest plans it has said it aims to launch the initial stages of the sale process sometime this year, with a view to conducting the auction itself in 'early 2013'. The proposals include the sale of a total of 2×30 MHz, to be offered in 2×5 MHz frequency pairs, with the regulator having said that it hopes that the auction will generate at least EUR100 million (US$132 million) for the state's coffers. Those concessions offered are expected to be valid for 20 years, with the MoTC noting that the final cost of the license will be paid to the Finnish government over a five-year period. Objectives of the auction, the MoTC has said, include 'extending the availability of mobile broadband, especially in sparsely-populated areas', and it is understood that all concessions offered will include conditions stipulating network coverage requirements with a view to ensuring that new networks are constructed swiftly. One of the licenses that will be offered, the regulator confirmed, would include a condition requiring that the network must be constructed to cover 95% of the population of mainland Finland within three years and 99% within five years of the start of the license period. All other concession winners, meanwhile, will be expected to construct a network covering 97% of the Finnish population within five years. Commenting on the development, Minister of Housing and Communications Krista Kiuru noted: 'The license terms and conditions together with the schedule set forth in the draft mean that by 2019, 4G networks will be available to practically everyone in mainland Finland.

Austria

The Telekom-Control Commission (TKK) says that it will delay a radio spectrum auction due to the ongoing takeover of Orange Austria by Hutchison 3G (Three). The auction of frequencies in the 800, 900 and 1800 MHz bands was announced last April and was due to take place this September. The regulator added that it is currently impossible to predict whether the merger will be approved by the relevant competition authority. However, to exclude Orange from bidding on the principle that it would be bought by the other networks could theoretically reduce competition in the market if the takeover bid is later blocked. Given the current uncertainties regarding the duration of the merger proceedings, the TKK said that it has the option to restart the procurement process at any time. Earlier this year, Hutchison 3G Austria signed a deal to buy its local rival, Orange Austria for EUR1.3 billion. As part of the overall transaction, Hutchison will sell frequencies, base station sites, the mobile phone operator Yesss! Telekommunikation as well as certain intellectual property rights to Telekom Austria Group, immediately after the acquisition of Orange Austria. (April 23, 2012) **www.cellular-news.com**

Check Republic

The regulator CTU prolonged the public consultation on the conditions and rules for the auction of digital dividend frequencies by 21 days. The regulator aims to provide sufficient time for comments from all potential auction participants, as well as meet the request of the Ministry of Industry and Trade. The public consultation was launched on March 20, and comments may be submitted until May 11. (April 11, 2012) **www.telecompaper.com**

Romania

Telecoms regulator, ANCOM has posted a questionnaire aimed at finding the views of all interested parties concerning the future use of the 453-457.5 MHz/463-467.5 MHz frequency band (the 450 MHz band). The 450 MHz band is currently used by Telemobil, which has the right to operate a national cellular mobile network in this band until 24 March 2013. Under the license held in the 450 MHz band, Telemobil offers voice and data services. In order to be able to allot this frequency band to the most suitable networks and services, the regulator said that it is requesting the opinions of the interested entities with regard to the most adequate way to use this band, the types of networks which would operate in these frequencies and the type of electronic communications services which would have to be provided in the 450 MHz band, as well as with regard to the procedure on the awarding of the usage rights and the coverage obligations to be imposed on the licensed providers. Upon gathering the opinions from the industry and the market, ANCOM is to elaborate a draft decision to regulate the use of the concerned frequency band and the awarding of the corresponding usage rights. (April 29, 2012)
www.cellular-news.com

South Africa

The Independent Communications Authority of South Africa (ICASA), has unveiled its strategic plan for the next five years. The watchdog says its priorities for the period covering 2012-2013 include local loop unbundling (LLU), more choice for broadband access and fairer pricing, and the introduction of a wholesale network access product (bitstream) by November 2012. Meanwhile, the Department of Communications says it plans to give ICASA the green light in May 2012 to issue an invitation to apply for spectrum in the 800 MHz and 2.6 GHz bands, often used for 4G LTE services. (April 23, 2012) **mybroadband.co.za**

Russia

The Federal Antimonopoly Service filed a lawsuit against Telenor ASA and Egyptian billionaire Naguib Sawiris' Weather Investments. The regulator has said earlier that Telenor, which has increased its stake in VimpelCom Ltd. to 39.51% from 25.01% since the beginning of the year, has breached a law regulating foreign investments in companies the state deems strategically important. Should the lawsuit be accepted by the Moscow Arbitrage Court, and should the ruling go against Telenor, the deal with the Norwegian company could be annulled, according to the report. The Federal Antimonopoly Service and Weather Investments couldn't be immediately reached for comment.
(April 18, 2012) **Dow Jones Newswires**

Hutchison Telecommunications Lanka (Hutch) has launched commercial 3G services based on a HSDPA/HSUPA network covering Sri Lanka's Western province including capital Colombo. Hutch, which offered exclusively pre-paid services until a recent post-paid contract launch, won its 3G license in August 2006 for around US$5 million, and revealed plans to launch commercial W-CDMA-based services in 2008, but the target date came and went as it struggled against tough competition, making it the last of the island's five cellcos to deploy a 3G network. Announcing the launch late last week, Hutch, which is backed by Hutchison Whampoa of Hong Kong, declared that its 3.5G network will reach island-wide coverage with a total of 1,000 base stations by July 2012. It

offers mobile broadband internet with maximum theoretical download/upload speeds of 7.2Mbps/5.76Mbps for pre- and post-paid modem and handset users.
(April 23, 2012) **www.telegeography.com**

Australia

The Australian Communications and Media Authority (ACMA) has warned satellite operators to be prepared for spectrum searches. Andrew Kerans, head of ACMA's spectrum planning unit, said the search for new mobile broadband spectrum is narrowing to some lower-frequency bands that are currently used by the satellite industry. Kerans was speaking at the Australasian Satellite Forum and warned that international radio standards groups would be targeting up to 3.8 GHz and possible higher in the C-band frequencies (3.4GHz to 4.2GHz). "By the time we see the 2015 version of the mobile regulations, we'll probably see that it's got mobile all over it. It's certainly not a band where an industry would feel secure in, mainly because of what's happening in Europe, the US and the ITU (International Telecommunications Union)." ACMA has recently put an embargo on transmission services in the C-band up to 3.8 GHz. (April 17, 2012) **www.telecompaper.com**
The Australian communications Ministry has called for applications from service providers to deliver the third round of the Digital Hubs and Digital Enterprise programs. The Digital Hubs and Digital Enterprise programs help local communities better understand the opportunities provided through the National Broadband Network (NBN). The closing date for round three applications is May 10.
(April 13, 2012) **www.telecompaper.com**

The Australian Communications and Media Authority (ACMA) has published draft rules for the digital dividend spectrum auction. The proposals are made up of two core elements, with the first of those being the allocation instruments, which will provide the legal basis for the auction, including confirming what spectrum will be made available and setting out the rules for how the auction will be conducted. The allocation determination seeks to 'explicitly set out the procedures by which spectrum licenses in the 700MHz and 2.5GHz bands will be allocated by auction', while the processes outlined by the regulator in the proposals 'cover all parts of the allocation process, including application, registration of bidders, withdrawal of applications, payment of fees and spectrum access charges, rules and requirements for participating in the auction and other matters'. In addition, the ACMA also notes that there will be two marketing plans as part of the allocation instruments, one for frequencies in the 700MHz band and one for 2.5GHz spectrum. As part of the proposals it has been revealed that the communications minister has directed the ACMA to impose limits on the total amount of spectrum that any one entity can acquire in the auction process. Under the draft recommendations, the regulator has stipulated that would-be bidders will be able to acquire no more than 20MHz paired spectrum in the 700MHz band, and no more than 40MHz paired spectrum in the 2.5GHz band. Alongside the draft rules for the digital dividend auction, the ACMA has also published a consultation paper entitled 'Proposed updates to the spectrum license framework', which it says sets out the proposed changes to update and simplify the conditions applying to 15-year spectrum licenses. (April 11, 2012) **www.telegeography.com**

Malaysia

The Malaysian Communications and Multimedia Commission (MCMC) sees more infrastructure rationalization activities within the telecommunications industry with the impending roll-out of long-term evolution (LTE) or 4G services in the future. "In fact, they (industry players) are rationalizing and we are happy to see smart partnerships all over," said MCMC chairman at a talk organized by the Malaysian Industrial Development Finance Bhd. He said by doing that it allowed other new players to come in by latching on existing infrastructure using the mobile virtual network operator concept, rather than having duplication of four or five assets to provide the same kind of service by different operators. Recently, MCMC named nine companies as recipients of the 2.6 GHz spectrum, to be used for the roll-out of LTE or 4G services. These are the four 3G players namely DiGi.Com Bhd, Celcom Axiata Bhd, Maxis Bhd and U Mobile Sdn Bhd and four WiMAX players Asiaspace, Packet One Networks Sdn Bhd or P1 (a subsidiary of Green Packet), REDtone International Bhd and YTL Communications Bhd. The ninth player named was Puncak Semangat. Last year, in a landmark agreement, Maxis Bhd inked a deal with U Mobile Sdn Bhd to share its 3G radio access network (RAN), making it the country's first landmark network sharing and alliance agreement for an initial period of 10 years. RAN sharing is aimed at taking the costliest pieces of an operator's network the cell sites and towers, base station equipment, and the transmission network and sharing these infrastructures with competitors, hence generating savings from reduced duplication of network assets. In 2010, two of the country's mobile network operators, Celcom Axiata and DiGi had announced plans to collaborate on network and infrastructure sharing. The effort was largely geared towards bringing down operation and infrastructure maintenance costs while sharing and optimizing base stations. Chairmanalso said that the country's household broadband penetration rate was expected to increase from 62.9% last year to 65% this year. The household broadband penetration rate has risen steadily from 11% recorded in 2006 to 31.7% in 2009, and is expected to expand to 75% before reaching its saturation point. (April 17, 2012)
http://biz.thestar.com.my

Thailand

Thailand's mobile networks have responded favorably to the proposed 3G license auction from the National Broadcasting and Telecommunications Commission (NBTC). However, they have proposed a spectrum cap of 15 MHz to prevent any one network buying up a majority of the 45 MHz in the 2.1 GHz bands that is due to be auctioned. The 2.1 GHz band is due to be split into blocks of 5 MHz, although bidders would also be able to bid for a contiguous block of 15020 MHz. NBTC said that they aim to auction the spectrum in October. The networks are already offering limited 3G services, by reusing their 900 MHz spectrum. NBTC will conclude all conditions for the auction method within the next month. (April 27, 2012) **Bangkok Post**

The telecom committee of the Thai communications regulator will submit a new draft of rules to prevent foreign dominance in the sector to its board on April 25. The National Broadcasting and Telecommunications Commission (NBTC) expects the new rules to take effect before the planned auction of 2.1 GHz licenses in the third quarter. The telecom committee is expected to reconsider two points in the draft: whether it is strong enough to prevent foreign dominance and whether to remove all ten defining characteristics of foreign dominance from the appendix of the draft. The new draft follows a public hearing on changes needed in the rules in December last year. The rules were first issued by the NBTC's predecessor in August 2011. The new draft replaces the term "controlling power" in the existing law with the term "dominance". "Dominance" would be determined based on a license holder's shareholding structure. The new draft also removes the NBTC's authority to consider exempting a license holder from the regulations on a case-by-case basis. (April 25, 2012) **www.telecompaper.com**

The telecommunications regulator will set maximum tariffs for 3G voice calls and data services that will apply to future 2.1 GHz license holders. However, these rates will not be imposed until after operators complete their initial network investments. The rates will only apply to 3G operators with significant market power. The NBTC plans to auction off 2.1 GHz licenses in the third quarter of this year. (April 22, 2012) **The Nation**

Singapore

National Broadcasting and Telecommunications Commission (NBTC) is weighing new rules for the planned 3G auction. The regulator will scrap some of the conditions of the old 3G auction policy, such as the N-1 approach which makes the number of licenses available the same as one less than the number of bidders. "No country in the world used the N-1 method in auctions. It could not prevent collusion as intended because a nominee could be set up to join the bid," The Bangkok Post quotes Settapong Mulisuwan, chairman of the NBTC's telecom committee, as saying. Furthermore, the condition that required winning bidders to list on the Thai stock exchange before entering the auction will also be scrapped. Under the new policy, the winning bidders are required to be listed companies with appropriate registered capital. Also, the reserve price will be lowered from THB 12.8 billion to around THB 7 to 10 billion. Another condition requiring winning bidders to expand their 3G network by up to 80 percent within two years has also been scrapped. Operators will now be required to roll out 3G to around 50 percent of their footprint in the first two years.
(April 12, 2012) **www.telecompaper.com**

The Infocomm Development Authority of Singapore (IDA) plans to auction the 1800 MHz, 2.3 GHz, and 2.5 GHz spectrum bands in the upcoming 4G airwaves auction, with winning bidders expected to set up coverage as early as mid-2016. In a consultation paper issued IDA said it has decided to open the three spectrum bands for bidding due to their suitability for urban deployment to provide mobile data capacity and are the most commonly used spectrum for 4G rollout currently. The regulator did not specify when the auction will take place, although an earlier ZDNet Asia report noted that bidding could take place as early as 2012. Currently, QMax Communications has been assigned the 2.3 GHz bandwidth, while the 2.5 GHz band is shared between M1, PacketOne, SingTel Mobile and StarHub. As the 10-year licenses were granted on July 1, 2005, the rights will be expiring on June 30, 2015. The 1800 MHz bandwidth currently belongs to SingTel Mobile, StarHub Mobile, and M1, and will expire on March 31, 2017. For 4G services in the 1800 MHz band, IDA plans to allocate 140 MHz--which comprises of two 70 MHz of paired spectrum for FDD (frequency division duplex) LTE. For the 2.3 GHz band, IDA said 30 MHz will be allocated and will likely be for the deployment of TDD (time division duplex) LTE. With regard to the 2.5 GHz spectrum, IDA plans to allocate 150 MHz, including two 60 MHz of paired spectrum and 30 MHz of unpaired spectrum. It also stated that winning bidders that successfully bided for at least 30 MHz of spectrum in the 2.3 GHz and 2.5 GHz bands will be required to provide nationwide 4G systems and service coverage by June 30, 2016--one year after the existing licenses expire in 2015. IDA plans to set aside two 20 MHz of paired spectrum from the two 60 MHz capacity in the 2.5 GHz band solely for new entrants to bid on. The new entrant will also be given a longer time period to set up the required network coverage--by June 30, 2018--two years later than the deadline given to existing operators, the regulator said. (April 10, 2012) **www.zdnetasia.com**

India

Telecom regulator TRAI has given the Department of Telecommunications (DoT) its recommendations regarding a possible change in exit policy for telecoms license holders, in light of the Supreme Court's cancellation of 122 concessions in February. The TRAI reiterated its stance that, despite the change of circumstances, the license fee should continue to be non-refundable, and no separate exit policy is needed. The current rules, which require a licensee to give regulators and customers 60 days notice before shutting down operations, are adequate the watchdog added.
(April 20, 2012) **www.telegeography.com**

Telecom regulator TRAI has proposed that the Government Issue pan-India unified telecom service licenses – divorced from spectrum – at an entry price of 150 million rupees (US$2.9 million). The proposed entry fee is a discount on the 200 million rupees the regulator had first recommended, India's Economic Times reported. TRAI has been recommending since January that the government begin allocating technology neutral licenses allowing operators to provide any telecom-related service. These new licenses would be delinked from spectrum. Currently pan-India mobile permits come bundled with 4.4 MHz of GSM spectrum or 2.5 MHz of CDMA spectrum in each of India's 22 telecom circles. One of these licenses currently costs 16.58 billion rupees (US$321.3 million.) But following the controversy surrounding the 2008 allocation of 2G spectrum to eight operators on a first-come-first-serve basis, the government has been under pressure to transition to an auction model for allocating airwaves. A recent court verdict to revoke the 122 2G licenses also ordered the government to use auctions to allocate all natural resources such as spectrum. TRAI has also proposed that operators be able to apply for licenses at the equivalent of state level at a cheaper price of 10 million rupees each, or at district level for 1 million rupees. (April 17, 2012)
www.telecomasia.net

Javaid Akhtar Malik
Director Regulatory Affairs

SAMENA Telecommunications Council

ITRs Watch

Diplomatic Arm-Wrestling Over Scope of International Telecommunication Regulations Treaty

As the International Telecommunication Regulations (ITRs) treaty comes under review, some observers are warning that it could change the rules of the game in internet governance. Others are trying to give reassurance that the new ITRs aim at enabling better access to telecommunications everywhere. UN International Telecommunication Union Secretary General Hamadoun Touré said during the penultimate preparatory meeting in Geneva that internet governance was a topic not for the treaty negotiations, but rather for the 2013 World Telecom Policy Forum. Still there are proposals from several member states that try to extend the original regulation to the internet realm. The ITRs are the "only global treaty addressing international telecommunications," according to Malcolm Johnson, director of the ITU Telecommunication Standardization Bureau. Of the ITU's 193 members, 178 are bound to its general principles on phone interconnection. But as the treaty was adopted in 1988 many of its provisions are outdated due to privatization of the sector, globalization, and the triumph of the internet nearly worldwide.

WCIT-12 to Review Global ICT Treaty

International Telecommunication Regulations (ITRs) would undergo revision as it would be a catalyst for the future development of ICT to benefit all countries in the World Conference on International Telecommunications (WCIT-12). WCIT-12 will be held in Dubai from December 3rd to December 14th. European operators meeting at a joint International Telecommunication Union (ITU) and participants of European Telecommunications Network Operators' Association (ETNO) event expressed their conviction for the revision. European telcos propose constructive input to global ICT treaty. WCIT-12 would review the ITRs, which are widely credited for creating the basis of today's connected world, thus the international regulatory framework governing all ICT technologies. The ITRs opened the door in the 1990s for mobile and the Internet. WCIT-12 will express the common will of ITU's major stakeholders – its government and private sector membership – including many of ETNO's membership. Some of the proposals currently being discussed by ITU membership, governments and private sector companies from around the world, include the right to communicate; security in the use of ICTs and the protection of national resources; taxation, roaming; misuse and hijacking of international numbers and interoperability.

INTERNET POLICY DYNAMICS: SHAPING THE FUTURE

HOW CONSENSUS BETWEEN POLICY MAKERS, CONTENT PROVIDERS AND OPERATORS CAN LEAD US TO SUSTAINABLE DIGITAL ECONOMIES

The theme of this year's SAMENA Telecommunications Council Chairmen and CEOs Dinner, to be held at the Four Seasons Hotel in Hong Kong on Thursday, 24 May 2012— "Internet Policy Dynamics: Shaping the Future--How Consensus Between the Policy Makers, Content Providers and Operators Can Lead Us To Sustainable Digital Economies"—is more than a mere title, or even a unifying principle. It is a necessity for Operators and Governments alike, as the wireline voice telecoms paradigm of the past century rapidly yields to the converged mobile, data, video and all-information ICT platform that is already upon us. Although telecoms operators and their regulators have long functioned in relative harmony in the mission of providing ubiquitous and high quality services to their domestic markets, this traditional consensus has become strained and frayed in recent years, as both parties—and indeed all players in the new global information web—struggle and fumble in their efforts to find the optimal and most sustainable formula of innovation, investment, service differentiation and regulation for their still-developing digital economies. Indeed, all of the interested players can justifiably feel exasperation and anxiety, for they are chasing many rapidly moving targets. Above all, we must all recognize that policies and business models forged today may be obsolete within five years.

> Telecoms operators and their regulators struggle and fumble in their efforts to find the optimal and most sustainable formula of innovation, investment, service differentiation and regulation for their still-developing digital economies

> It is practicably impossible to establish policies and regulations that can adequately anticipate all future developments

In such a transformative and almost chaotic environment, it is practicably impossible to establish policies and regulations that can adequately anticipate all future developments. But it is possible to adopt policies that, at the least, are guided by a few basic, adaptable principles that have stood the test of time, and that can provide a measure of certainty as well

as confidence to operators and policy makers striving to optimize the disruptive innovation that characterizes today's global information age for their citizens and customers.
I submit that these timeless principles are:

1. Encouraging investment

No less today than a hundred years ago, policies that encourage investment yield the greatest innovation and commitment of capital to infrastructure development; conversely, policies that discourage investment—like imposition of undue taxes, fees, heavy regulation and other business restrictions—retard innovation and stunt research, development and growth. Policy makers should be partners in progress, not punishers of profitability.

2. Level playing field

Although obviously many would-be market entrants are always looking for new ways to game the system and get rich quick by avoiding the obligations that are borne by the more established players—namely the incumbent operators and other licensees—ultimately those kinds of "innovators" are destructive of a sustainable ICT ecosystem, because they have no accountability to their governments, their competitors or, ultimately, their peoples. Even the most entrepreneurial and creative new entrants—such as today's over-the-top providers— cannot justify playing by a different set of rules (which often means no rules) than their telecoms counterparts. So policy makers must temper their thirst for more and newer services and applications with the realization that providers of equivalent or fungible services should be subject to the same rules of the road as the corporate citizens who have established the network platforms and infrastructures in the first place.

> Policy makers should be partners in progress, not punishers of profitability

3. Freedom of speech and commerce

In the last analysis, all responsible enterprises and policy makers recognize that undue restrictions on speech and commerce—whether in traditional media or in the cybersphere—is not only harmful to political legitimacy; it is harmful to economic growth and prosperity. Simply put, it is impossible to constrict and filter e-speech and e-commerce without also constricting and filtering out technological creativity, innovation and economic opportunity. Accordingly, new restrictive regulation that might in any way curtail the Internet and e-commerce is to be avoided, and well-meaning policy makers should be vigilant to avoid introducing even seemingly innocuous or "light" regulation that could later morph into heavy-handed restrictions on Internet content, transit and business activity.

4. Protection of property rights

Consistent with a level playing field, there should be no "free riders" on ICT spectrum, facilities or infrastructures; and the fair rights of the owners of property—whether tangible or intellectual—should be respected and preserved. Among other things, this means fair and just—which does not mean disproportionate or discriminatory-- compensation for the utilization of the property of another.

> It is impossible to constrict and filter e-speech and e-commerce without also constricting and filtering out technological creativity, innovation and economic opportunity

Of course, consistent implementation of these laudable principles in national and international ICT policy is easier said than done; and indeed their application may in individual situations run into conflict with each other. But they should at least be guideposts for forging policies and models in the Internet Age, because they are timeless, proven and adaptable to changing circumstances. Perhaps most importantly, policy makers, established operators and new entrants alike can be satisfied in the conviction that such policies are the right thing to do.

James M. Smith
Partner

Davis Wright Tremaine LLP

Jim Smith is an international telecoms attorney and consultant based in Washington D.C. USA, with Davis Wright Tremaine LLP, and is an Advisor to the Board of Directors of the SAMENA Telecommunications Council. He has previously served as President of the Competitive Telecommunications Association (CompTel), as Vice President- Law and Public Policy of Excel Communications, Inc., and as an Aide to the United States Delegation to the World Administrative Radio Conference on the Uses of Space (Space WARC).

MAXIMIZING THE IMPACT OF DIGITIZATION

Policymakers today face an entirely different environment for information and communications technology (ICT) than the one for which they designed policies. More people now have access to a mobile phone than to electricity, powering exponential growth in global data generation. With ICT access approaching ubiquity, policymakers' next challenge is to ensure that individuals, businesses, and governments are making the best possible use of networks and applications, thereby encouraging digitization.

> Digitization has a positive impact on economic advancement, social well-being, and government effectiveness

Digitization—the mass adoption of connected digital technologies and applications by consumers, enterprises, and governments—has a positive impact on economic advancement, social well-being, and government effectiveness. Socio-economic benefits of digitization amplify as countries become more mature—countries at the most advanced stage of digitization derive 20 percent more in economic benefits than those at the initial stage. Digitization also enhances access to basic services, contributes to societal well-being and improves government transparency, making a comprehensive program to boost national digitization a policymaker imperative.

On average, a 10 percent increase in digitization yields 0.6 percent gain in per capita GDP. Digitization also has a significant impact on job creation in the overall economy. An increase of 10 percent in digitization reduces a nation's unemployment rate by 0.84 percent. This digitization upshot is especially critical for emerging markets which will need to create hundreds of millions of jobs in the coming decade in order to ensure that a booming population of young people can contribute to their national economies.

> Digitization also enhances across to basic services, contributes to societal well-being and improves government transparency, making a comprehensive program to boost national digitization a policymaker imperative

Increasing digitization also supports better access to basic services. In fact, as countries become more digitized, access to health and education improves, as do overall living standards. Digitization's impact on the measures of health, education, and living standards is more pronounced in constrained and emerging economies.

Another benefit of digitization is its positive effect on governance. Greater digitization enables a society to be more transparent, increasing public participation in the government's ability to disseminate information in an accessible manner. It also gives the population more insight into government policies and function.

> Greater digitization enables a society to be more transparent, increasing public participation in the government's ability to disseminate information in an accessible mannerpolicymaker imperative

A digitization index and analysis will be an invaluable tool for countries to understand their current level of digitization and how to build on it. Policymakers can play a pivotal role by focusing on five key imperatives—which are critical for all countries, whether mature or not.

First, policymakers must elevate digitization on their national agendas. This is achieved by ensuring that national policy and senior government stewardship provide the platform for progress. Policymakers should also create a plan for digitization that is tracked and monitored, with accountability residing at senior levels of government.

Evolving sector governance is the next imperative that policymakers should target. They can carry this out though segregating regulatory and policy roles as well as clarifying both ownership and accountability for ICT and digitization.

The third digitization imperative is to adopt an ecosystem philosophy. Policymakers must address the convergence of telecommunications, media, and information technology. They should also develop a strategy that addresses all stages of the value chain in a holistic way as well as consider the local ecosystem and potential export opportunities.

Policymakers must also enable sustainable competition. This is accomplished through the development of a competitive ICT model that stimulates both innovation and adoption, while ensuring sector sustainability and investments.

Lastly, stimulating demand is an imperative that policymakers must undertake to foster digitization. They should invest in boosting digitization usage and service adoption and ensure that public services are available through e-channels.

Depending on their current stage of digitization, countries will vary in how they can implement these imperatives. Nonetheless, it is crucial that each one to be given appropriate attention.

For several years, policymakers have recognized that digitization has the potential for dramatic economic, social, and political improvements. Anecdotal evidence abounds—water utilities have installed sensors that reduce leakage, saving water and money; healthcare organizations send text messages to pregnant women with advice on prenatal care, creating a healthier new genera¬tion before children are even born; fleets of trucks use digital GPS devices that direct them to shorter routes, cutting down on their greenhouse gas emissions.

The challenge for all stakeholders in the ICT eco¬system has been to quantify the impact of digitization. Numerous organizations, including the World Economic Forum with its evolution of the Networked Readiness Index, are taking steps in that direction.

However, realizing the opportunity that digitization presents will require more effort. Ultimately, policymakers need to undergo a shift in their thinking. They must go beyond considering ICT and focus instead on digitization, with an emphasis on ICT usage rather than just access.

> Policymakers must take into account their current level of digitization in order to ensure that they are focusing on the right investments to advance to the next stage

Policymakers must take into account their current level of digitization in order to ensure that they are focusing on the right investments to advance to the next stage. And they need to look with fresh eyes at policies that were developed a decade ago to understand how they can be updated for a new era. The steps policymakers' take in the coming years will determine whether they can translate opportunity into reality.

Karim Sabbagh
Senior Partner

Bahjat El-Darwiche
Partner

Milind Singh
Principal

Booz & Company

TOP TECHNOLOGY UPDATES

North America LTE Subscriptions near 11 Million

North America dominates the LTE market with 10.8 million LTE subscriptions, more than two-thirds of the global subscriber base as of March 2012. The U.S. has about 10.5 million LTE connections, while Canada contributes nearly 300,000 connections as of the first quarter 2012. There are now 221 commercial HSPA+ networks in 107 countries including 80 commercial HSPA+ Dual-Carrier networks in 46 countries with peak theoretical uplink rates of 42 Mbps. The Americas region will exceed 250 million 3GPP mobile broadband subscriptions by the end of 2012; that number is expected to more than double by 2015, and is forecasted to reach more than 700 million subscriptions by 2016. There are 6 commercial LTE networks in 4 countries in Latin America (Brazil, Colombia, Puerto Rico and Uruguay) and Informa expects about 300,000 LTE connections by the end of 2012. North America has 17 commercial deployments of HSPA: 7 in the U.S. and 10 in Canada. Of those, 5 have been upgraded to HSPA+ in the U.S. and 8 have been upgraded to HSPA+ in Canada. T-Mobile USA has deployed HSPA+ with Dual-Carrier. There are 8 commercial LTE networks in the U.S. and 3 in Canada.

458 Million Dual-Mode LTE Devices to Be Activated By 2016

There will be nearly 460 million dual-mode (TD-LTE + FDD-LTE) devices activated by 2016, according to research by Maravedis-Rethink. LTE is expected to account for 97% of the industry's total of 4G-enabled devices by 2016, reaching 572 million activated devices. By contrast, WiMAX devices activated will decrease by 52% over the next five years, accounting for only 3% or 17 million by 2016. Multi-mode devices supporting FDD-LTE+3G, and TD-LTE+WiMAX, emerged during 2011, accounting for 62% of the total LTE devices active at the end of that year. This occurred as more mobile operators sought to add LTE to their offering. We expect that 95% or 545 million devices will be multi-mode by 2016, commented Cintia Garza, author of the report. "By 2016, more than 80% of LTE devices activated worldwide will be dual-mode, meaning they will support both FDD and TDD duplexing modes. We however expect a far slower adoption of TD-LTE than anticipated in previous quarters, given that China might not deploy TD-LTE until at least 2014. By the end of 2016, we anticipate 89 million TD-LTE subscribers and 350 million FDD-LTE subscribers," added Garza. The report predicts tablets will grow from 55 million in 2011 to nearly 208 million in 2016.

Everything Everywhere Launches First 4G Trial

Everything Everywhere has launched a live 4G trial in the North of England. The trial centers on the area of Threlkeld in the Lake District in Cumbria. It will run for up to 50 local residents until end-July and is being conducted to test the network performance ahead of potential further roll-out by end-2012, subject to regulatory approval. It will run over existing 1800 MHz spectrum used by the Orange and T-Mobile mobile networks and will provide experience on the performance of LTE in rural areas. Cumbria's schools and educational opportunities will be revolutionized by this technology. Cumbria's record number of small businesses will be transformed by this next generation technology. 4G will bring jobs to rural areas and all the benefits of superfast broadband in education and health to its remote communities.

First Commercial 4G Services Go Live In Croatia

Croatia's first commercial LTE services are now available to subscribers in the cities of Zagreb, Rijeka, Osijek and Split. Hrvatski Telekom's customers can now access high-speed 4G mobile broadband, with data speeds ten times faster than 3G. Nokia Siemens Networks has provided the radio access network and related services for the operator's 4G services. Hrvatski Telekom is the first operator in Croatia to begin selling the new LTE data tariffs with speed data transfer to private and business customers. Nokia Siemens Networks is providing its Single RAN (radio access network) solution, which enables Hrvatski Telekom to provide GSM, 3G and LTE to its customers. The fast introduction of LTE services is enabled by using the 1800 MHz GSM band already available to the operator. The use of the 900MHz band is extended for GSM, and also for 3G coverage expansion in rural areas. In addition to offering new 4G services and improving the quality of GSM and 3G services, the modernization will allow the operator to reduce the overall energy consumption of its network.

Norway 2011 E-Com Income US$5.02 Billion, Roaming Margins High

Norwegian mobile phone operators are seeing healthy earnings thanks to the rise in customers using their phones in international roaming, a segment with a profit margin at 58 percent last year. Norway's telecoms regulator director said that he was concerned about the size of the roaming profit margin and that PT would closely monitor the development of that segment of the e-communications (e-com) market. He also added that mobile services now account for 60 percent of turnover from broadband, landline and mobile telephony put together, and more than 70 percent of telecoms traffic is generated by mobile devices, Total turnover from broadband, fixed line and mobile networks slipped back by 0.9 percent to NOK 29.3 billion (US$5.02 billion)in 2011. There was little change to market positions, with Telenor accounting for 50.3 percent of mobile subscriptions compared with 50.5 percent in 2010, and TeliaSonera had a 25.4 percent share at year-end, compared with 26.5 percent a year earlier. Network Norway/ Tele2 increased its share by 1.5 percent from 17 percent in 2010 to 18.5 percent in 2011.

LTE mobile devices in Australia to grow to 7 million by 2016

The number of connected LTE mobile devices in Australia is set to grow to 7 million units by 2016 from 100,000 in January this year, according to study by Telsyte. LTE will have a penetration of 19 percent of total mobile connections by mid-2016 and in many cases will provide an alternative service to fixed-line broadband. The availability of LTE devices will play an important role for LTE adoption in Australia. More than 25 percent of Australians with smartphones are regularly using voice or video call applications, with Skype being the main application. Mobile broadband in Australia is set for expansion with nearly 20 percent of all mobile connections to be LTE running at speeds of up to 40Mbps by mid-2016. 4G provides a more comparable speed, and therefore is considered as an alternative fixed-line broadband offering.

Ericsson Wins South Korean LTE Network Contract

Ericsson says that it has won a LTE deployment contract from South Korea's SK Telecom covering the country's major cities. The LTE network extension will be carried out by Ericsson's operating unit in Korea, LG-Ericsson and is scheduled to be completed within the first half of this year. Demand for LTE services in South Korea has increased rapidly since the commercial launch of the technology in the country in July 2011. By the end of April 2012, SK Telecom had reached 2.4 million LTE subscribers. President and CEO of LG-Ericsson, says that LG-Ericsson will provide the LTE network including LTE RAN and Evolved Packet Core as well as support services including engineering, design, deployment and support services. The LTE radio access network will make use of Ericsson's Operation Support System for Radio & Core (OSS-RC) and RBS 6000 base stations.

Brazilian LTE Spectrum Auction to Raise US$2 Billion

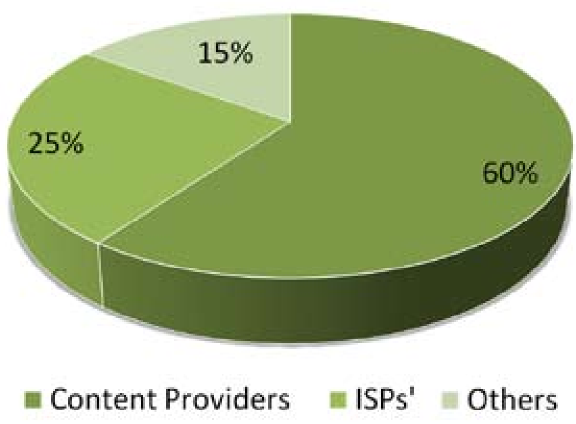
Brazilian telecom regulator Anatel on Friday revealed that it has set a minimum price target of 3.85 billion reais (US$2 billion) for the upcoming sale of mobile spectrum in the 450-MHz and 2.5-GHz bands. The 2.5-GHz band has been designated for LTE services in urban areas, while the 450-MHz spectrum will be used to provide voice and data coverage in rural areas. The auction is due to start in June. 450-MHz spectrum will be allocated to the companies that offer the lowest price proposal for services to end users. If no satisfactory proposals are received, or if no bidders come forward, the 450-MHz spectrum will be wrapped up into lots with the 2.5-GHz spectrum. Under the country's LTE rollout schedule, all municipalities with more than 100,000 inhabitants will have 4G coverage by 31 December 2016. The host cities of the football Confederation Cup will be covered by 30 April 2013, while the headquarters and branch offices of the World Cup will have service by 31 December 2014. By 31 December 2015 rural areas within 30km of municipality headquarters must have voice and data coverage in the 450-MHz band.

PAVING THE WAY FOR A SUSTAINABLE DIGITAL ECONOMY

> Information and communications technology (ICT) stands out as the main element which is not merely restricted to a better standard of living for people, but is likewise equally crucial for the economic development

Within the new global economic climate, information and communications technology (ICT) stands out as the main element which is not merely restricted to a better standard of living for people, but is likewise equally crucial for the economic development. The fundamental concept underlying the digital economy is actually how the development, diffusion, application as well as use of ICTs including computers, telecommunications, digital media and Internet have allowed the changes that are taking place over the past few years within the global socio economic structures, which includes the distribution of wealth as well as power. In this particular situation, the digital economy, whether already present or even envisioned, is viewed as the post-industrial heir to the commercial era. ICTs have emerged as the newest General Purpose Technologies (GPTs), following electricity, steam along with a few earlier technologies which have had transformational influences upon economies as well as communities. Fresh models are essential for the remuneration associated with content creators, distributors as well as network operators which can be best designed via partnership and consensus between policy-makers along with industry. Content providers grab the largest share of the revenue earned on the Internet. According to analysts, in 2011, 60 percent of the total revenue was earned by content providers, while Internet service providers cashed only 25 percent.

Revenue Earned on the Internet



> The digital economy signifies the pervasive utilization of ICT (hardware, software, services) in all the facets of the economic system

For most of us the digital economy relates to the economic activity carried out over the internet, however the digital economy is significantly broader compared to this. The digital economy signifies the pervasive utilization of ICT (hardware, software, services) in all the facets of the economic system, which includes internal operations of corporations, financial transactions in between organizations; as well as transactions in between people, performing both as consumers as well as citizens. The Internet stands out as the most effective method associated with information exchange of all time. Two billion individuals are currently linked, and at present growth rate everybody with access to the internet will probably become a member of the Internet community within a decade. With the exception of technological as well as political interferences, the world's human population will end up being on a single common digital platform. The global method can supply unrivaled personal well-being, financial development as well as an advantageous social transformation.

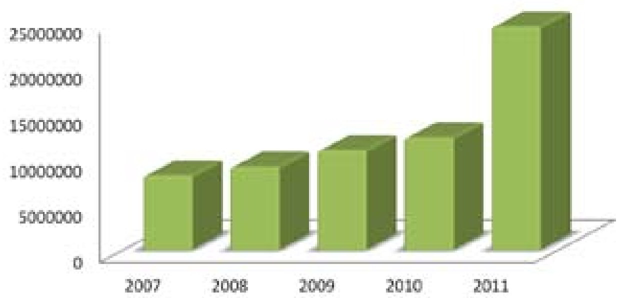
In the digital economic system, ICTs (in addition to being broadly diffused around all of the economic sectors) come up with a considerable indirect share in the country's prosperity. Economic study shows that, within the last twenty years, there has been an imperative correlation among the amounts of investment within ICTs to the benefits in productiveness. These kinds of influences tend to take time to work through economic systems, particularly within a national level. Plus they are not necessarily predictable: the advantages of ICT investments are only realized in the event that other systems conform to make effective utilization of them.

> The Internet continues to grow and spread incredibly fast around the world, and continues to deliver substantial benefits to financial systems as well as communities

The digital economic system is consequently a subset of wider ideas, such as the "information age" or "the universal information society," which make an effort to recognize the total set of changes which have been empowered by ICTs. The concept of digital economy revolves around the financial effect of ICTs. It focuses on the structures which may yield financial benefits through the manufacturing and trade of products and service. The nature of the digital economy is without a doubt such that resources such as digital literacy have a tremendous social as well as economic scope. Consequently, the comparatively sharp limitations which persisted in the 20th century among economic and social policy, as well as relating to the public and private spheres, have become indistinct. Outdated methods for performing things, which includes governance, will not be automatically sustainable. The Internet continues to grow and spread incredibly fast around the world, and continues to deliver substantial benefits to financial systems as well as communities. Individual innovators, as well as a good co-operative multi-stakeholder atmosphere, have performed substantial functions in this particular process.

The digital economy evidently brings up both challenges as well as opportunities. The important quest is that how the business models may be adopted in reaction to these challenges. To be able to realize the various possibilities open to companies, it truly is worth taking into consideration the various aspects of an organization's enterprise model in the current age. At its core, an effective business design should make it possible for a company to accomplish two things: generate something beneficial; as well as encourage consumers to buy it. For this purpose an internet policy needs to be developed. The transformation caused by the 'knowledge-driven economy' additionally entails that the policy should go over and above the established definitions, frameworks as well as models, and subsequentaly creates its progressive future. The policies for the accessibility of smaller businesses towards the digital economy essentially have to deal with diverse markets, business models, technological applications, specifications as well as legislation. Within the changeover towards the digital economy, the internet policy would need to foresee the socio-economic trends, rearranging a significant relationship among common goals - such as development, innovation, competition – as well as policy actions. To put it simply, policy precedence for the 'work to be done' need to be recognized.

SAMENA Broadband Growth



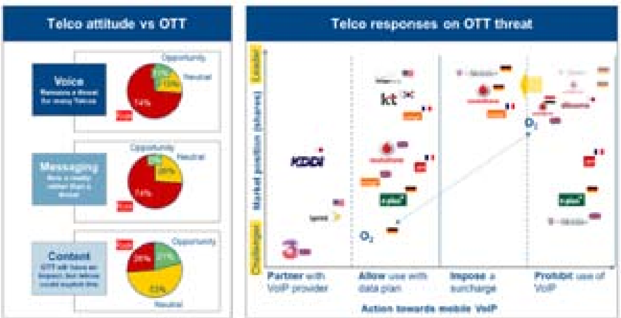
Broadband within the SAMENA region has grown tremendously and it is the need for the hour for the policy makers, content providers and operators to reach a consensus towards an internet policy which will lead to a sustainable digital economy. The influence of internet has expanded immensely and it appears to be the ideal time to explore the socio-economic advantages of the Internet.

Ali Tahir
Research Analyst (Telecoms & ICT)

SAMENA Telecommunications Council

INTERNET POLICIES TO EVOLVE NOW, IT'S URGENT

Arthur D. Little has recently analyzed the consequences of the move to "all IP" for telecom operators and asks the crucial question: How should Internet Policies evolve if the opportunity linked to innovative services is larger than the risk to legacy revenues?



The picture of the current market scenario suggests a call for fast action as, at least for Western European countries, we expect core revenues from European telecom services to continue decreasing by 1.8% per year on average until 2015e, including a CAGR of -2.4% in mobile, -3.4% in fixed-line and +5.8% in pay-TV. For incumbents in their domestic markets, we even model core revenues down 3.6% p.a., given their higher than average exposure to fixed telephony.

The result is partially but substantially due to the OTT phenomenon, because:

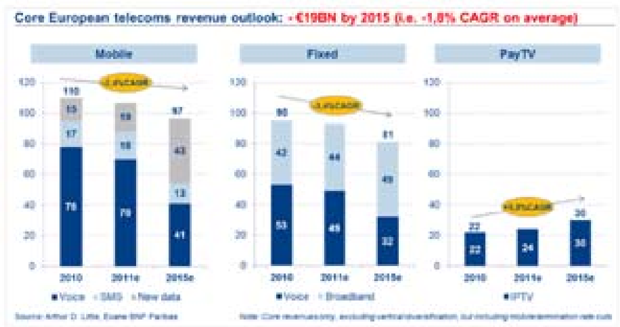
- The move to all-IP enables anyone to propose IP-based services over any network (i.e. OTTs).
- In the mobile segment, OTT represents a direct threat to legacy voice and SMS revenues as they can be displaced rapidly by independent and embedded applications .
- In fixed line, OTT TV is more of an opportunity for Telcos to gain market share in TV and accelerate super-fast broadband adoption.

> Telcos have different visions of OTT players and respond to OTT's threat in an increasingly pragmatic way (even changing their position according to their geographical market profile)

OTT applications mean both the main (symbiotic) driver for broadband demand and all-IP transformation but also a greater threat to voice and messaging revenues with no direct participation to Telcos investments and risks in updating broadband networks.

There is a yet-unsolved friend-or-foe dilemma: should a Telco fight against or co-operate with an OTT player? Telcos have different visions of OTT players and respond to OTT's threat in an increasingly pragmatic way (even changing their position according to their geographical market profile).

It's everywhere more common finding Telcos complaining about the absence of OTT players in the risky investment (especially, regarding next generation broadband access and core networks).



To our understanding, the overall debate is quite 'initial' as both Telcos, Regulators and OTTs themselves remain polarized on traditional and defensive positions without really framing the opportunity (or risk) at stake. Furthermore, the fragmentation among Telcos' initiatives doesn't help in finding a quick and effective way to new win-win propositions. Meanwhile, the market share war and the cannibalization process continue (at the pace we have highlighted above).

> The fragmentation among Telcos' initiatives doesn't help in finding a quick and effective way to new win-win propositions

According to our recent analysis and confrontation with industries representatives, a number of key actions have been already identified but they should be addressed properly and in a coordinated manner:

- The approach to OTT phenomenon requires a better definition of such a new segment and clear responsibilities to be assigned in the Telco organizations.
- The IP interconnection value chain needs a massive modernization process, with the traditional transit and peering agreements to be updated with more adequate volume-capped contracts.
- The claim of co-participation to NGA/NGAN investments should be followed by new (innovative) value propositions regarding Quality of Service in a tiering fashion, on the wholesale part.
- Regulation should better embrace the concept that all network users (both retail and wholesale) must contribute to network access, according to the service provided.
- The Net Neutrality obligations would not limit Telcos' action as long as when an operator introduces managed services, it also ensures i) full transparency of terms & conditions, ii) a minimum set of requirements, iii) free choice for the user between managed and unmanaged service (best efforts service) and iv) availability of tools to check service delivery.

> The Net Neutrality obligations would not limit Telcos' action as long as when an operator introduces managed services

- The Internet, as currently known, may soon leave the space to a richer, but always open and democratic, multi-layer platform where best-effort and advanced services are served in a coordinated manner.

We expect the most influential Incumbents worldwide to sit soon together - in coordination with Regulators, OTT and consumer representatives - and set the line between the old best effort world and the new advanced quality-differentiated all-IP future platform where not only everyone, but also everything will be connected (where surely all Telcos will benefit).

Karim Taga
Managing Partner

Arthur D. Little

THE DIGITAL ECOSYSTEM CHALLENGE

The telecommunications world has witnessed dramatic transformation over the past five years. Operators, CPE manufacturers, media companies, software vendors and Internet players have invaded each other's previously clear-cut turfs. Over-the-top (OTT) players have become a major source of revenue cannibalization. For example, players like Netflix and Hulu are directly cannibalizing telco and cable operators' TV revenues. Similarly, applications like Skype and WhatsApp have made serious dents in operators' voice and SMS revenues. To make matters worse, the bandwidth needs of these OTT players exponentially increase the cost of building and operating telecommunications networks. Alas, this exponential increase in bandwidth consumption is not accompanied by an equivalent increase in revenues for operators. The industry's fear is that the cost of providing connectivity could at some point outpace revenues generated. Many have tried to strike back with their own content platforms and services, with little success.

> A business model or service that works in one country might not work in another

Telco Operators vs. OTT Players – 0:1

Telecommunications operators' first wave of defense has been largely unsuccessful. Many fail to realize that it's not just technology that is required. Mounting an effective digital challenge requires:

- **New "digital skills."**
  To become truly competitive within this new reality, operators must excel at many new fields such as digital content creation, content management and editorial, UI/UX creation, software and hardware development, social media, user-generated-content, digital advertising, etc. Hiring outside talent or even acquiring digital or media companies have destroyed value with almost no exception.
- **Adopting a new pace of innovation in technology and services.**
  Product development lifecycles in the digital world last days or weeks – not months or years. The culture, mindset, people, processes and infrastructures required to embrace this new rate of change have proven impossible to replicate by legacy telecoms.
- **Development of new business models.**
  OTT players have tapped into new sources of revenue such as digital advertising with models such CPM, CPC, CPA and freemium models that are largely foreign to the telecommunications industry.

- Experimentation.
  No one – including the digital elite at the likes of Google, Apple and Facebook – have pinned down the best way to succeed in the digital world. A business model or service that works in one country might not work in another. Hence, it is important to be open to experimentation and expect some failure on the path to digital success.

> Operators must learn how to build a new kind of open digital ecosystem

Given these challenges, it should not be a surprise that quixotic forays into the latest "iPhone killer" or Yahoo/AOL/Facebook-clones by operators have failed to gain commercial traction. Even enviable global leaders have sunk hundreds of millions of dollars into digital Titanic projects and value-destroying acquisitions to counter the OTT threat.

Despite these challenges, operators are still in a position to carve out some sweet spots of their own. We know what hasn't worked in the past. Here's what can work going forward.

Creation of Digital Ecosystems

We believe that to sustainably fend off disintermediation threats, operators must learn how to build a new kind of open digital ecosystem. Such ecosystems have three fundamental principles:

- Digital orchestration
  Like orchestra conductors, operators must coordinate and cooperate with all players along the digital value chain. This requires two key skills: First, operators need to understand the craft of other digital players. That means that operators need to recruit people from different industries to gain diverse expertise, but then also foster an enterprising corporate culture to retain these new employees. Second, operators need to check their egos at the door, and enable the first violinist to play his or her solo. Operators should resist the urge to try to replicate all skills themselves, and clearly signal to other players that they are here to facilitate business and not compete directly with potential partners. In that way, operator ecosystems should be different from those of Apple and Google in that operators should take a more hands-off role and not attempt to get into the software development, content creation or CPE game.

> Shy propositions and over zealous protection of individual turfs do not spell happy endings

- Digital enablement
  Operators can unlock significant value by investing in and opening up core telco capabilities to all digital players, including payment, customer data (e.g. location), advertising, etc. Instead many operators still extort 50%+ in transaction fees from content companies for enabling basic payment via SMS or direct billing. While economically attractive to operators, it gives OTT players every incentive to find ways to bypass operators and dis-intermediate them instead of seeking constructive cooperation. Indeed, many more attractive alternatives in areas such as mobile payment have already emerged. We believe operators need to provide these digital enablers at fair rents to encourage cooperation.

> Operators should resist the urge to try to replicate all skills themselves, and clearly signal to other players that they are here to facilitate business and not compete directly with potential partners

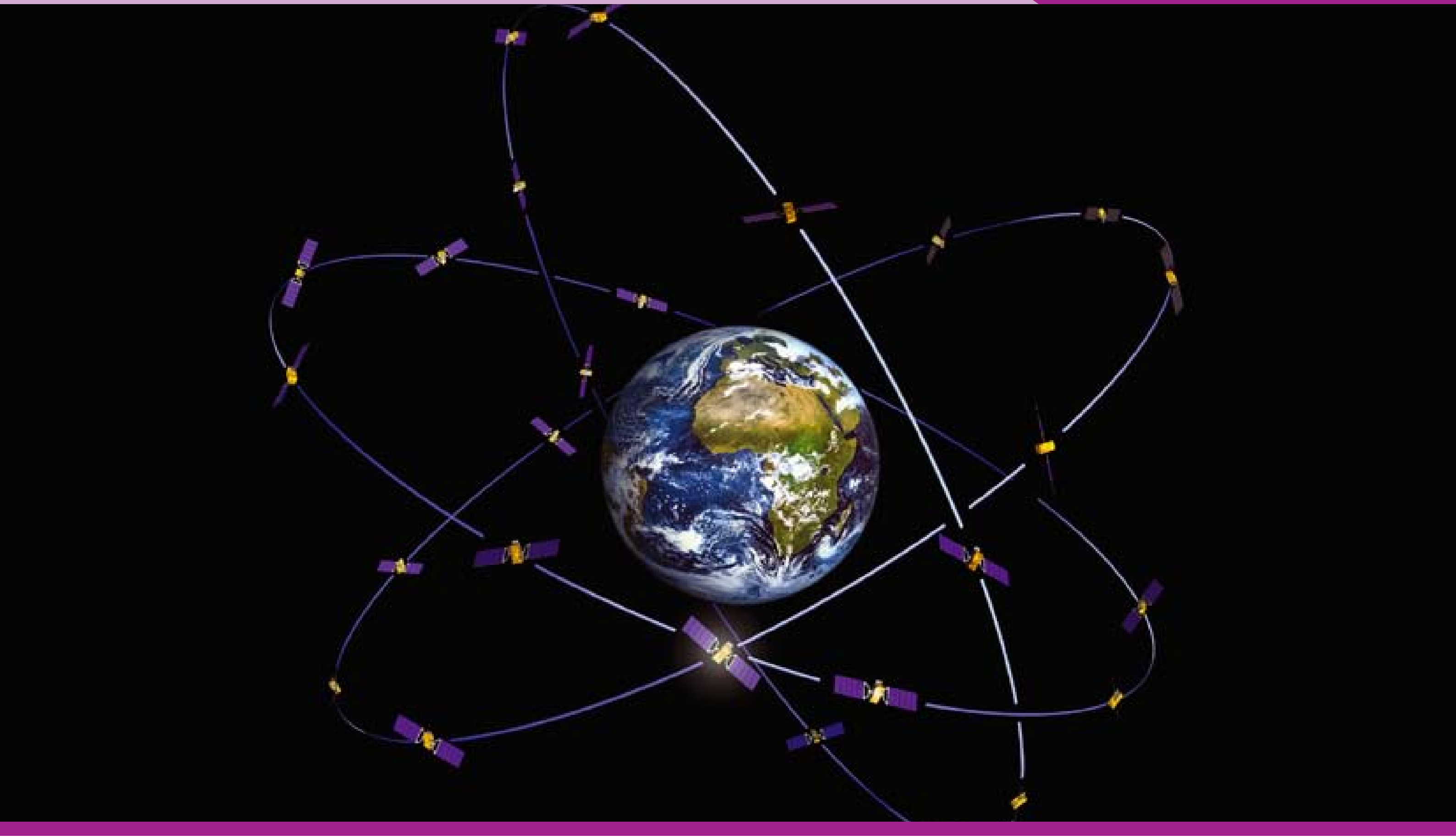
- Business model innovation
  As mentioned above, there is not one tried-and-true business model for cooperation. As such, the onus is on the ecosystem owner to constantly develop and facilitate multiple business models to keep the ecosystem alive.

The exact shape of this reshaped digital future is still up for grabs. One thing though is for certain: shy propositions and over-zealous protection of individual turfs do not spell happy endings. Players in this new game must revamp their mindsets and show the necessary audacity to write new and hopefully successful chapters of this still unfolding digital story.

Andre Popov

Luis Rezende

Peppers & Rogers Group



SATELLITE NEWS

Thuraya Picks Telespazio to Distribute Products Globally

Thuraya, the leading international mobile satellite services operator has recently signed a Service Partner agreement with Telespazio VEGA United Kingdom, a subsidiary of Telespazio SpA, a Finmeccanica/Thales company. Through this partnership, Telespazio VEGA will distribute Thuraya's integrated portfolio of satellite communications products which includes Thuraya IP, the worlds most compact satellite broadband solution supporting 384 streaming, Thuraya's handheld phones and maritime solutions. Through its global distribution network, Telespazio VEGA will enable consumers from sectors such as government, enterprise, broadcast media, energy and NGOs to enjoy the cutting-edge service offered by Thuraya that provides seamless coverage in more than 140 countries.

Entel to Launch Satellite Pay-TV Services

Chilean Telco Entel is to launch its own pay-TV service after the regulatory authorities of the country objected to its purchase of GTD. Thus, the company controlled by Almendral Telecommunications, has completed its offering of triple play bundled services, as the fixed and mobile telephony, now add digital subscription TV, are no longer delivered through cable (as planned with the purchase of GTD), but satellite technology and wireless networks. Entel's strategy is to offer this service in urban areas in certain niches in certain sectors. On sites where the service will be marketed, Antonio Buchi, corporate general manager, said that the company is looking at 'where there is opportunity, where you can get wireless and satellite networks', and said that at the end of the second semester will begin testing its clients with other services.In terms of content, Entel has just signed an agreement with Media Network, a wholesale provider of Spain's Telefónica Group, to deliver the channel's complete programming schedule.

Next Galileo Satellites to Launch after the Summer

The European Commission has announced the launch date of the next pair of ESA-procured Galileo satellites. These will be launched together on a Soyuz from French Guiana on 28 September, joining the two satellites already in orbit. The new launch will take place within a year of the first two Galileo In-Orbit Validation satellites, which reached orbit on 21 October 2011. Four navigation satellites are the minimum needed for satellite navigation - to measure latitude, longitude and altitude while checking ranging accuracy - so these four Galileo satellites can be used to assess the performance of Galileo's world-spanning ground system that serves to maintain the precision of the Galileo system. In addition European industry should be able to test their own prototype Galileo-based receivers and services realistically against actual satellite signals.

Vietnam to Launch Second Satellite

The Vietnam Posts and Communications Group (VNPT) will launch the satellite, Vinasat-2, in the middle of this month. VNPT, the project's investor, plans to hold a press conference on the launching on May 9. The Vinasat-2 satellite project is estimated to cost around USD300 million, and was approved by the PM in 2009. The technology was designed and manufactured by Lockheed Martin, the US aerospace giant, who also constructed Vinasat-1. The Vinasat-2 satellite is designed to have a life span of around 15 years, and will serve Southeast Asian region and the surrounding areas. The satellite itself is model Lockheed Martin A2100, the same as Vietnam's first telecommunications satellite, Vinasat 1. The Vinasat 1 was launched in early 2008, and is operating at about 80% capacity. It is expected to operate at full capacity this year. If launched on schedule, Vinasat 2 will enable VNPT to retain rights to the 131.8 degrees east orbital position. It will be equipped with 24 Ku-band transponders, a larger capacity than Vinasat 1, which carries 12 Ku-band and eight extended C-band transponders.

Beam Wins US$ 5 Million Order from Telstra

Beam Communications Pty Ltd, a wholly owned subsidiary of World Reach Limited, announced that it has received a commitment from Telstra to purchase a minimum of USD5.1 M of Iridium based satellite docking stations and product bundles over the next 12 months. The initial shipment (valued at USD1.65 M) is expected to be fulfilled by 30 June 2012, the balance being called upon as required over the 12 month period. With the release of Iridium Extreme, the toughest satellite handset ever made, Beam Communications has developed and manufactured a range of next-generation docking stations. Beam was the first company globally to receive certification from Iridium Satellite LLC for the docking solutions developed for this new Extreme Satellite Telephone. Beam docking solution extends the functionality of the Iridium Extreme Satellite Phones so they can be used for voice, data and tracking services indoors, in-vehicles, on vessels and in other remote locations where easy or enhanced access to satellite communications is required.

China Launches Two More Beidou Satellites

China successfully launched two satellites into space for its Beidou global navigation and positioning network. The Beidou-2 satellites, launched from the Xichang Satellite Launch Center in the south-western province of Sichuan, were lifted into space by a Long March-3B carrier rocket and have entered the scheduled orbit. It is the first time China has launched two navigation satellites, the 12th and 13th of its indigenous global navigation and positioning network, with one rocket. The launch centre has stated that the two satellites will help improve the accuracy of the Beidou, or Compass system. China will launch three more satellites for the Beidou network this year and its global satellite positioning and navigation system will be completed in 2020 with more than 30 orbiters. Beidou currently provides navigation services within China and the neighbouring regions. After completion, the project would become an equivalent of the US GPS, Russia's Glonass, and Europe's Galileo.

Russia to Expand Satellite Broadband Services

As satellite broadband continues its global expansion, Ka-band technology is on a tear. The Russian Satellite Communications Company (RSCC) plans to start offering broadband internet services from this summer, employing leased capacity on Eutelsat Ka-Sat 9A, operated by the Eutelsat daughter company Skylogic. The news was given by Evgenyi Buydinov, deputy DG for innovation at RSCC, and quoted by AKTR and ComNews. Evgenyi Buydinov further added that this follows the signing of a contract with Eutelsat for capacity on four transponders on the satellite covering the European part of Russia. Evgenyi Buydinov also stated that similar broadband services in the Ka-band would in due course be provided by the RSCC on the Express-AM5 and Express-AM6 satellites.

SES Introduces IP-Based Satellite Reception Technology

Satellite operator SES and leading industry partners have announced the introduction of SAT-IP, a new IP-based satellite reception technology. SAT-IP demodulates and converts satellite signals to IP for further in-home distribution to any IP-enabled device. The SAT-IP communications protocol is established as a new standard for satellite in-home distribution. It was presented to more than 200 industry experts from consumer electronics manufacturers to broadcast platform operators at the SES annual two-day conference Industry Days. In a SAT-IP environment, IP-enabled devices such as tablets, PCs, laptops, smart phones, connected TVs, game consoles and media players will be able to receive satellite programming. According to SES, this also will help consumers to watch TV programs on different devices and screens. SES hopes SAT-IP will become an open standard that allows manufacturers to realize innovative distribution solutions. The first SAT-IP based products are scheduled to be available later this year.

Vietnam to Launch Second Satellite

Vietnam will send its second satellite into orbit in May said Vietnam Post and Telecommunications Group (VNPT). VNPT said that after the first satellite VINASAT-1 was launched in 2008, VINASAT-2 is expected to promote Vietnam's telecommunication market to meet the requirements of clients, maintain orbital positions and build upon existing VINASAT-1 infrastructure, which is running out of capacity. It said with a total investment of 300 million U.S. dollars, VINASAT-2 which is constructed by U.S.-based Lockheed Martin is expected to boost local expertise and further develop Vietnam's satellite communications technology and communication among fishermen at sea, weather forecasts and defense security.

ROAMING NEWS

Chunghwa Telecom Proposes to Cut Telecom Rate all at Once

Taiwan's Chunghwa Telecom has proposed to replace the existing annual cut on telecom rate with a cut at the accumulated scale for the next three years, so that consumers can be more aware of the rate cut. The National Communications Commission (NCC) is evaluating telecom rates, in preparation for adjusting the X value, the co-efficient for telecom rates, next year. The new program of Chunghwa Telecom will be submitted to the NCC for approval after its new commissioners swear into office. The adoption of X value as the basis for determining the rates of fixed-line and mobile-phone telecom services was made in 2007. Based on the X value, telecom rates are cut annually over a three-year period. Mobile-phone rates were cut by 14% during 2007-2009 and 12.9% during 2010-2012. Due to the telecom rate cut during 2010-2012, the annual revenue of the three major telecom carriers drops by US$ 0.2724-0.34 (NT$8-10) billion, including US$ 0.1702 (NT$5) billion for Chunghwa Telecom.

Norway 2011 E-Com Income US$5.01 Billion, Roaming Margins High

Norwegian mobile phone operators are seeing healthy earnings thanks to the rise in customers using their phones in international roaming, a segment with a profit margin at 58 percent last year. Norway's telecoms regulator director said that he was concerned about the size of the roaming profit margin and that PT would closely monitor the development of that segment of the e-communications (e-com) market. He also added that mobile services now account for 60 percent of turnover from broadband, landline and mobile telephony put together, and more than 70 percent of telecoms traffic is generated by mobile devices,total turnover from broadband, fixed line and mobile networks slipped back by 0.9 percent to NOK 29.3 billion in 2011. There was little change to market positions, with Telenor accounting for 50.3 percent of mobile subscriptions compared with 50.5 percent in 2010, and TeliaSonera had a 25.4 percent share at year-end, compared with 26.5 percent a year earlier. Network Norway/ Tele2 increased its share by 1.5 percent from 17 percent in 2010 to 18.5 percent in 2011.

Vivacom Expands In-Flight Roaming with Megafon

Bulgarian operator Vivacom signed an agreement with Russian operator MegaFon which enables its customers to make mobile calls, send and receive text messages as well as surf the internet on board aircraft of the Russian airline company Aeroflot. The service is called 'Megafon in the air' and complements the existing opportunity to make calls and send or receive text messages that Vivacom customers have been enjoying using the OnAir international network for four years. Outgoing calls aboard Aeroflot cost US$ 1.93 per minute and incoming calls are US$ .47 (BGN 0.72) plus US$ 1.93 per minute. The cost of an outgoing SMS is US$ 0.33; receiving SMS is free, while the GPRS-connection in the air costs US$ 11.59 per MB. The service can be used on board Airbus A-321 planes on flights to Moscow, Krasnoyarsk, Istanbul, Munich, Milan, Paris, Vienna and others.

BH Telecom Reduces Roaming Fees Up to 70 Percent

Bosnia's BH Telecom is providing its customers with favorable prices for roaming traffic, including up to 60 percent cheaper SMS and up to 70 percent discounts on internet. An additional benefit for postpaid customers is the more favorable billing unit of 10 seconds (instead of 60) for calls, and data transfer of 1 KB instead of 100 KB. When in Croatia, Montenegro, Serbia, Austria, Bulgaria, Turkey, Macedonia or Slovenia, BH Telecom customers need to select the partner operator in order to communicate at preferential rates. For example, in neighboring countries calls are charged US$ 0.89 (BAM 1.35) per minute, SMS messages US$ 0.145 (BAM 0.22), and 1 MB of data traffic costs US$ 2.99 (BAM 4.52).

Clay Telecom Announces Lifetime Validity with World Travel SIM Card

India's Clay Telecom has announced that its World Travel SIM card will now come with lifetime validity. The step has been taken to make the Travel SIM Card cost-effective and more popular among the Indians who travel to foreign destinations more frequently. The Executive Director for Clay Telecom said that they are extremely delighted to announce that the Clay World Travel SIM card will now come with lifetime validity. The lifetime validity benefit on the card that will provide them relief from paying monthly fees to keep their SIM card valid, as from now on, all they will need to do is to recharge for the talk time and the World Travel SIM card will be ready for use anytime anywhere.

Telekom Launches Data Roaming Tariffs for Business Clients

Deutsche Telekom announced that it has launched new roaming options for its business customers. Customers can choose from packages including between 150 MB and 1 GB mobile internet. The Roaming Europe S plan included a data volume of 150 MB in 44 European countries is available for US$ 12.87 (EUR 9.95) per month; the Roaming Europe M plan, including 500 MB data, costs US$ 25.82 (EUR 19.95) per month; and the Roaming Europe L plan, including 1 GB data, costs US$ 38.76 (EUR 29.95) per month. The Roaming Global tariffs offer data packages that can be used worldwide. They are available starting from 64.65 (EUR 49.95) (Roaming Global S). Daily internet access is available with the DayPass, including 10 MB starting from US$ 2.12 (EUR 1.64) per day.

Kippra to Help Set Telephony Rates

The telecommunications industry regulator has engaged State think-tank" Kenya Institute for Public Policy Research and Analysis" (Kippra) to conduct a study that will determine whether to lower or to retain the mobile termination charges. The Communications Commission of Kenya (CCK) has given Kippra eight weeks to submit it findings as it expressed its bias for lower termination rates which has been opposed by Safaricom on grounds that it does not reflect the cost of doing business. The termination rate the amount an operator pays rivals if its subscribers call another network has fallen from US$0.0531 (Sh4.42) in June 2009 to US$.0266(Sh2.21) in July 2010 and was to drop to US$0.0168(Sh1.40) last June before President Kibaki froze it for one year following intense lobbying from Safaricom and Orange. The drop has given operators impetus to cut prices and operators fear that a further fall will worsen the ongoing price wars that have slashed the industry's earnings and made it difficult to recover the cost of handling out-of-network calls.

Orange Fights Interconnect Fraud, Revenue Leaks

The carrier has launched a fully integrated wholesale offer, called Anti Fraud Interconnect Roaming and Security of Transactions, designed to protect telecom operators from fraudulent interconnect and revenue leakage. This offer will guard against unsafe interactions with networks for both on-net and off-net calls, in addition to providing revenue assurance and secure transactions. The telecom industry may lend itself to fraud. The complexity of network infrastructure and the abundance of interconnection equipment between networks lack visibility over the route calls take, which has made the telecom industry a target for criminals who can find ways into the system. Fraud is affecting more than just the telecom industry's revenue. While fraud costs the industry billions of dollars annually, it also weakens operators' quality of service, which consequently weakens their reputations and customer loyalty.

Kenya CCK Insists Mobile Termination Rates Will Fall In July 2012

The Communication Commission of Kenya (CCK) has insisted that it is ready to lower the Mobile Termination Rate (MTR) by July. Acting Director Francis Wangusi said that lowering termination rates would have no effect on the cost of doing business, only that mobile providers would pay less to competing networks. Currently, the interconnection fee is KES 2.21 (US$0.027). It was due fall in July last year to KES 1.44 (US$0.017) and follow a glide path that would see it stand at KES 0.93 in 2013, but the rate was frozen by President Mwai Kibaki after lobbying from Safaricom and Orange Kenya. The CCK has commissioned a study of termination rates, which is due in June this year. The leading mobile company in Kenya said the current termination rates are based on an outdated model and asked CCK to carry out a fresh study that will reflect the cost of doing business in Kenya's voice market in line with Uganda and Tanzania.

SAMENA
TELECOMMUNICATIONS COUNCIL
BUILDING DIGITAL ECONOMIES

#304, Alfa Building, Knowledge Village, PO. Box: 502544, Dubai, UAE
Tel: +971 4 364 2700 | Fax: +971 4 369 7513

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