

TRA stresses need for competitive broadband market in Lebanon, outlines privatization plan

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BEIRUT: The notoriously inefficient Lebanese telecommunications industry is turning another corner. The government is set to begin the process of privatization and leasing of broadband internet frequencies to companies later this year. According to the chairman of the Telecommunications Regulatory Authority (TRA) the process will be gradual, but one that is vital to the Lebanese economy.

Internet usage in Lebanon grew by 1,176.8 percent from 2000 to 2008 according to Nabil Abu Khaled of the American University of Beirut, despite lacking a truly competitive market for broadband access. Experts agree that the implementation of a nation-wide, high-speed and affordable broadband network in Lebanon is vitally important to the vitality of Lebanese commerce.

The Lebanese banking sector's need for high-speed internet access and the potential for significant GDP growth are two of the reasons for broadband privatization cited by the director of the TRA, Kamal Shehadeh.

Under the terms of Law 431 of 2002, the TRA is charged with the privatization of Lebanese telecommunications in a timely, transparent, and efficient manner. The state-owned OGER, which operates the land

line infrastructure in the country, also has a monopoly on the broadband market distribution.

Speaking at the "Business Opportunities in Lebanon—Year VI" conference held at the Dbayyeh Convention Center on Tuesday, Shehadeh laid out the TRA's plan for the privatization of the broadband market.

"Today, Lebanon's broadband market is characterized by inefficiency, a lack of choice, and poor quality," he said.

"The problem with Lebanese telecommunications in general is a lack of competition," Shehadeh added. "The TRA's plan is two-fold. We are aiming to simultaneously restructure the market and the licensing system, and design a modern and impartial regulatory regime."

The views of Shehadeh and the TRA are echoed by the private sector. "If efficiency and quality are desired, there absolutely has to be competition," said Robert Grossman of Cisco Systems. He added that the implementation of broadband internet access is a very long and complicated process, but one certainly worth pursuing. "Developing countries sometimes expect a lot, in terms of services, equality, and economic growth, but the process is very slow, especially with the existence of telecommunications monopolies."

Yet, at the conference Shehadeh repeatedly stressed how

open to competition the Lebanese broadband market would soon be: "In the initial phases of the plan only three to four companies will be issued licenses for broadband frequencies, but after a year or two the market will be opened to more firms seeking entry."

Grossman also said that the government's effective use of the network could save large amounts of public money, and at the same time encourage its use in small businesses. "When the government demonstrates the effective use of broadband in providing online services to save citizens time and money, it at the same time promotes its use."

Grossman noted that Lebanon's small size and lack of existing infrastructure in the sector that might have to be replaced were both working in the TRA's favor, but warned that resistance from entrenched broadband providers and geographic problems can be serious obstacles to the creation of a widespread and competitive broadband market.

As the market opens and becomes more profitable, the market's physical infrastructure will have to grow, he said. Grossman also pointed to the remoteness of some of Lebanon's villages and towns and the large mountain range running down the middle of the country as potential problems for the building of that infrastructure.