

Telecom Dialed with good intentions

Benefits of reform tangled between telecom ministry and the TRA

Lebanon's telecommunications industry has seen some progress in the last year, mainly due to efforts aimed at reforming the sector. One of the most positive developments is that Law 431 has actually begun to be applied. The law, in theory, lays out a roadmap for how the telecommunications sector should be reformed by giving it a corporate style structure, the goal of which is to prepare the sector for possible privatization.

Law 431 also created an entity responsible for carrying out and overseeing the reforms, called the Telecom Regulatory Authority (TRA). Recently the TRA's mandate has put it in conflict with the Ministry of Telecommunications, with both sides struggling to assert their authority over the regulation of the telecom industry. It doesn't help that the ministry and the authority appear to be backed by parties from opposing sides of the country's political divide.

The conflict came to a head earlier this year when the TRA made two decisions that the ministry perceived as overstepping its mandate.

Simply called "Decision Number 1," the TRA ordered that all mobile numbers for MTC start with the prefix "71" and all numbers for Alfa would start with "72." The point of the decision was to shed light on the actual cost of calls between networks, since it's more expensive to call an Alfa number from an MTC Touch phone, or vice versa, than to call a number on the same network.

"Decision Number 1 gives transparency to the end-users and makes it easier to know whether they are

calling a subscriber who is on the same network or on a different network, because there is a difference in terms of tariffs," said Kamal Shehadi, chairman of the TRA.

Also included in "Decision Number 1" was a TRA order to issue one million mobile numbers to each of the two mobile network operators. The decision went directly against the ministry's policy of approving and handing out numbers for MTC and Alfa in batches of 100,000, thus giving the ministry control over the amount of mobile numbers in the market and keeping the operators on a tight leash. The Ministry of Telecommunications contested both parts of "Decision Number 1" on grounds that the TRA was overstepping its authority, and Alfa went ahead and started issuing 71 numbers. The Ministry of Telecommunication and Alfa declined to comment for this article.

The dispute was brought before Lebanon's highest court, the Shura council, and in mid-July the court issued a ruling backing the TRA decision. The court said that under Law 431 the TRA was within its legal mandate to issue "Decision Number 1."

The allocation of the numbers is part of the implementation of a "National Numbering Plan (NNP)." The numbering plan would, in theory, allow for better management of the mobile networks, and is part of the planned reforms of the sector. But the numbering plan's budget comes from government coffers, and is called the "numbering fee."

The second decision made by the Shura council was to suspend the implementation of the numbering

fee that would be paid to the TRA to implement the national numbering plan. In May, the current care-taker Telecommunications Minister Gebran Bassil issued a policy paper for the plan, where he envisioned the TRA to be "guided to work on an NNP," thus outlining his support for the plan but not allocating the task to the TRA.

If Bassil's policy paper is anything to go by it seems that these decisions won't be the last points of contention between the minister and the TRA. The section of the paper that deals with the TRA uses language that asserts the ministry's authority over the TRA. The paper then states that the "TRA is bound to fulfill all its duties and responsibilities under the minister's supervision, following all 'general rules for the Regulation of Telecommunications Services in Lebanon' set out by the minister."

While all this may seem like the TRA and the ministry are in a state of perpetual tug-of-war, Shehadi insists that this is not the case.

"This is not a turf war," he said. "The TRA's position is based on its desire to have a full partnership between the TRA and the Ministry of Telecommunications... based on the law and the respect of the TRA's independence."

Liban Telecom

Liban Telecom is intended to be a government-owned body with a corporate framework that eventually replaces the telecommunications ministry. According to Bassil's policy paper, when launched, 40 percent of Liban Telecom shares will be offered to the Lebanese public (33 percent minimum) through an initial public offering in the Beirut Stock Exchange.

"The delay in establishing Liban Telecom is creating a delay for the overall package of reforms that is called for in law 431," Shehadi said.

For this to happen, however, a new cabinet will first have to ratify the decision — and this cabinet has yet to be formed. 