

# A new Era for telecommunications in Lebanon

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### **I. The urgent need for reform**

### **II. Investment opportunities**

### **III. Regulatory framework**

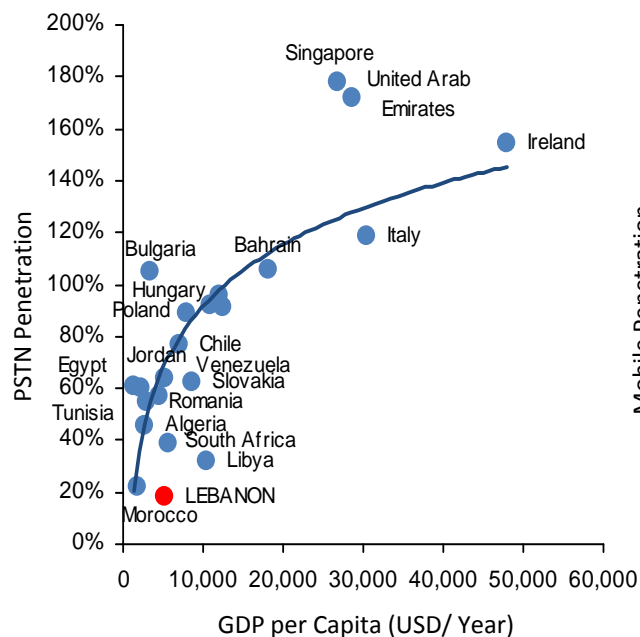
**Although reform has started with the establishment of the TRA, most telecommunications markets in Lebanon are stagnant and suffer from lack of competition**

Indicators	Penetration	Number of SP	Private / State-owned	Level of Competition
Mobile Market	30%	2	State-Owned	Monopoly
Fixed Market	63% (*)	1	State-Owned	Monopoly
Internet Market	32.5% (*)	~ 16	Private	Competition
ADSL Market	~ 4% (*)	~ 8	Private through MoT Local Loop / Ogero	Limited Competition

(\*) per household

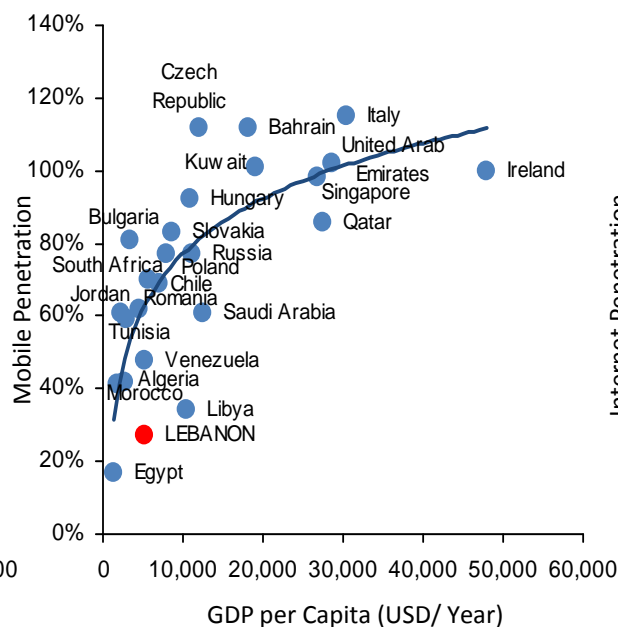
# The telecommunications market is still underdeveloped when compared to other countries

**Fixed Line Penetration vs. GDP per Capita (2005)**



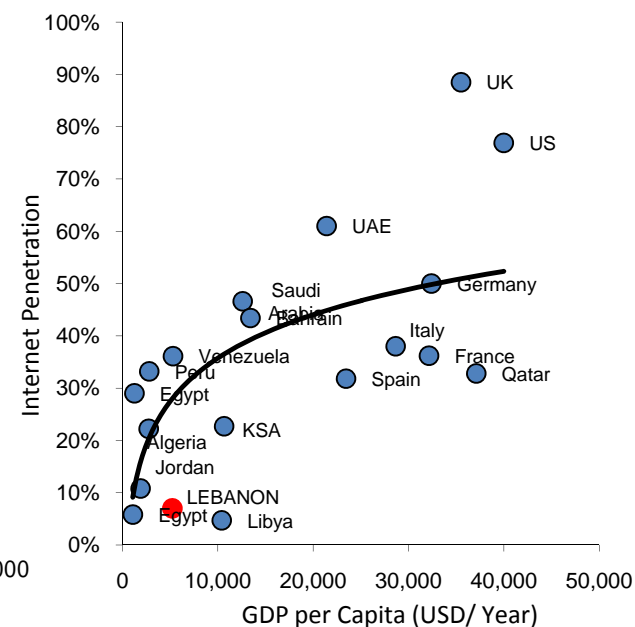
With its GDP per Capita, Lebanon should be at around 55% penetration rate in Fixed Lines.

**Mobile Penetration vs. GDP per Capita (2005)**



With its GDP per Capita, Lebanon should be at around 60% penetration rate in Mobile Lines.

**Internet Penetration vs. GDP per Capita (2005)**



With its GDP per Capita, Lebanon should be at around 22% penetration rate in Internet.

# There is a wide range of benefits stemming from liberalization that TRA hopes to achieve

## Benefits the Customer

### Increase Penetration

- ▶ Increase service penetration

### Lower Prices

- ▶ Increase customer choice
- ▶ Improve price to quality ratio
- ▶ Introduce new technologies and services

### Increase Customer Choice

- ▶ Reach underserved areas

## Benefits the Telecommunications Industry

### Efficient Industry

- ▶ Keep up with technological advances
- ▶ Ensure more effective infrastructure

### Attract Investments

- ▶ Improve sector productivity
- ▶ Increase overall telecom revenues

### Leading Edge Technology

- ▶ Attract private and foreign capital
- ▶ Improve connectivity and penetration of ICT

## Benefits the Economy

### Trade Integration ( OMC, UM)

- ▶ Generate revenues from privatization and from licenses
- ▶ Spur job creation throughout the economy
- ▶ Join international trade organizations (e.g. Union for the Mediterranean) and global trading systems (e.g. EU association)

### Job Creation

- ▶ Catalyze growth of information economy

### Increase Growth

- ▶ Improve global competitiveness of the economy
- ▶ Improve general economic performance




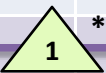





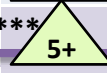


## Table of Contents


I. The urgent need for reform

**II. Investment opportunities**

III. Regulatory framework

## The TRA's draft Liberalization Roadmap proposes introducing competition across all telecommunications markets while allowing LibanTelecom some exclusivity over some services for a limited period of time

		2008	2009	2010	2011	2012
Mobile	Network Operator					
	Virtual Network MNVOs					
PSTN/ Basic Telephony	Network Operator					
	Reseller					
Broadband	Access					
	National					
International Access	Facilities Service Provider					
	Reseller					

 Open licensing

 Market Review

 License Award

### Notes

\* Liban Telecom expected

\*\* TRA is still considering the appropriate number of NBLs to issue

\*\*\* Two for the mobile licenses, one for Liban Telecom and two others for the NBLs for data traffic only

**The combination of new licenses will compete with Liban Telecom in deploying a nationwide high-speed network, international gateway and access to customers**

### **Liban Telecom License**

- 20 year license
- All services, including mobile
- Nationwide core/metro/access coverage
- International gateway
- Awarded under the Telecommunications Law

### **Two National Broadband Licenses**

- 15 year license
- All services except mobile and LT's exclusivities
- Nationwide core/metro/access coverage
- International gateway
- Awarded through auction if competing applications

### **Unlimited Broadband Access Licenses**

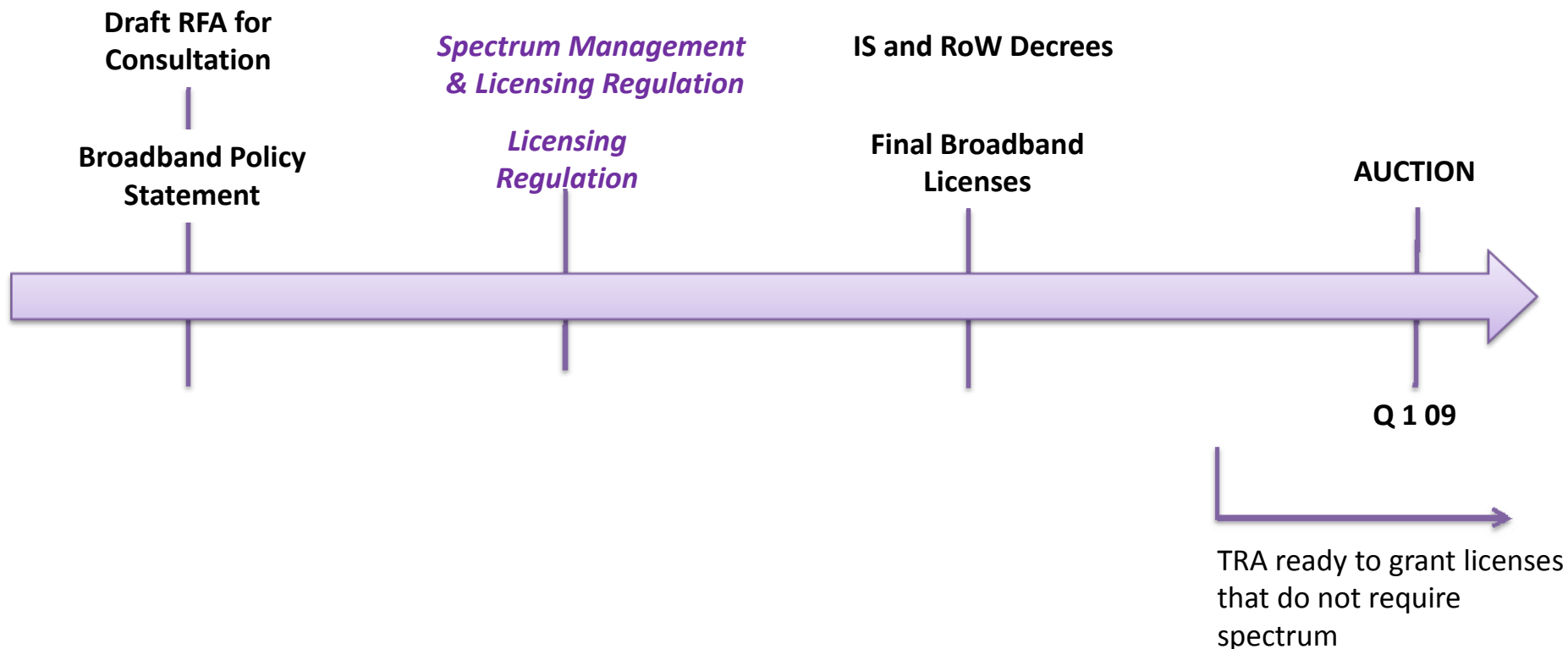
- 10 year license
- All services except mobile and LT's exclusivities
- Only metro/access for 3 years (core permitted thereafter)
- No international gateway for 3 years
- Awarded through auction only for scarce access spectrum

The Ministry of Telecom and the CoM have a major role to play to reduce the cost, and increase the speed, of deploying the appropriate infrastructure for the NBLs:

- **Decree for Access to Public Property and Rights of Way**
- **Approve Decree on Fibre-Enabled Building Code**

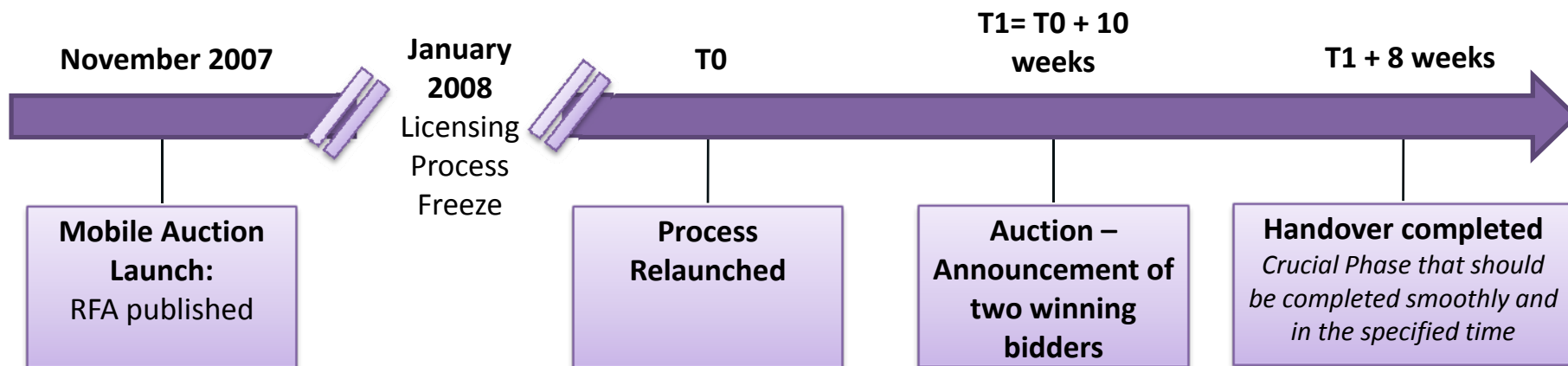


## The TRA plans to launch the licensing of national broadband networks in Q1 2009



The TRA is making steady progress in developing a regulatory framework to introduce competition in the provision of broadband services. The auction for the National Broadband Licenses and the Broadband Access Licenses will take place at the end of Q1 2009

## The Mobile Auction has been suspended in January 2008, but could be held within 8 weeks from a Government of Lebanon GoL decision



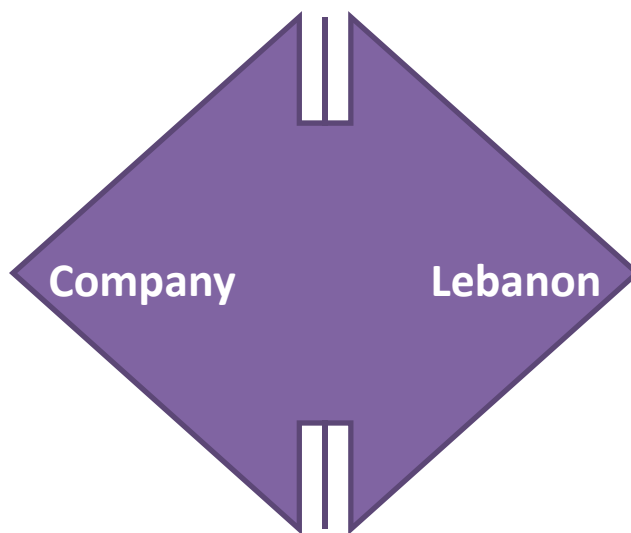
- Most of the preparatory work for the auction has been completed
- Until now, and despite the delay encountered, around 10 major regional and international players of the telecommunications sector have shown interest in the auction

In order to relaunch the process (T0) the following steps should be completed:

- **Agreement on the revised transaction structure**
- **Draft Law authorizing the selling of the assets and revised RFA approved by the CoM**
- **Law authorizing the selling of the assets enacted by the Parliament**

## Outsourcing call centers in Lebanon presents an opportunity of cost reduction for foreign companies and of economical growth for the Lebanese economy

- Multi Lingual and diverse culture
- Highly educated resources
- Skilled technicians and engineering workforce
- Low salaries compared to Developed Countries



- Employment Opportunities for medium level jobs
- A single contact center will employ at least 500 in the case multi time zone support
- The employment opportunities could be located in rural areas slowing the internal migration from the villages to the large cities

## Table of Contents

- I. The urgent need for reform
- II. Investment opportunities
- III. Regulatory framework**

As a first step in assuming its duties as per Law 431, the TRA has defined its mission statement and objectives

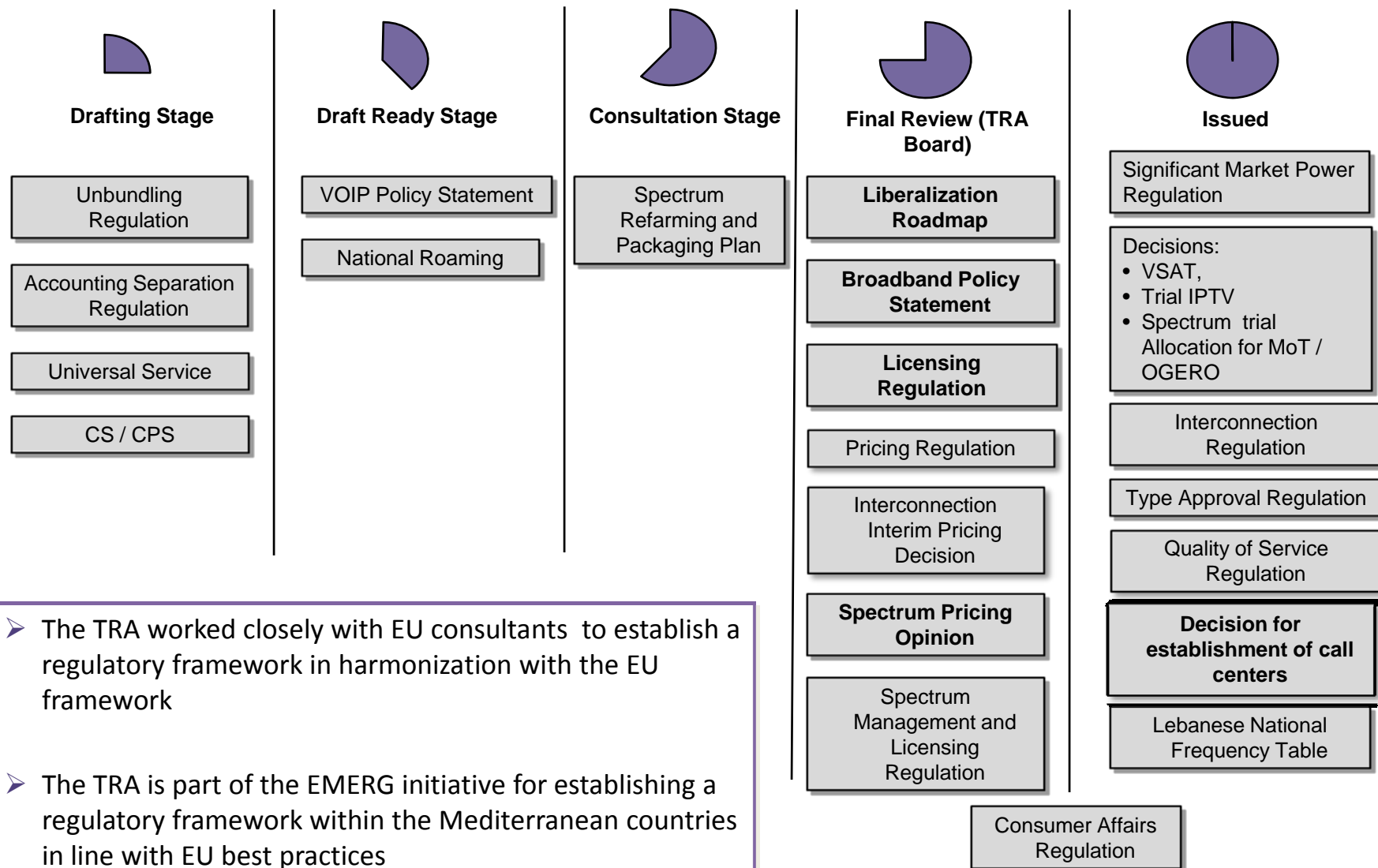
### TRA Prerogatives ( Non-exhaustive list)

- Issue regulations and draft Decrees (Art 5)
- Liberalize the market and take any necessary measure to reach a competitive market (Art 30)
- Manage Radio Frequency, Interconnection agreements, numbers, equipment import, etc.. (Art 29)
- License telecommunications service providers and radio frequency bands (Art 20)
- Resolve disputes between service providers (Art 43)

### *Mission Statement*

***To establish a regulatory environment that enables a competitive telecommunications market to deliver state-of-the-art services at affordable prices to the broadest spectrum of the Lebanese population***

# In line with EU's best practices, the regulatory framework adopted by TRA ensures the success of liberalization



- The TRA worked closely with EU consultants to establish a regulatory framework in harmonization with the EU framework
- The TRA is part of the EMERG initiative for establishing a regulatory framework within the Mediterranean countries in line with EU best practices

## Our Commitment

- ✓ The TRA is committed to bringing the country back to the international telecommunications scene through market liberalization
- ✓ The TRA is committed to reconnecting the Lebanese population with the world. We intend to accomplish this by building a thriving, innovative, and competitive telecommunications market place, driven by a technologically advanced infrastructure-based sector and offering services at internationally competitive prices and quality
- ✓ The TRA is committed to promoting the interests of telecom Lebanese consumers in the market to make sure they are getting good quality of service at affordable and competitive prices and that their right to safe, secure and confidential access to telecommunications is safeguarded