



Promoting Broadband Internet Competition on Fixed Network in the UAE

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UAE fixed network market environment 1/2

Duopoly market – Etisalat (incumbent) and du (competitor)
(both operators licensed to provide telecom services over fixed and mobile networks across the UAE)

Fixed network – geographical presence

Etisalat network built across all the UAE, except in some new developments in Dubai

du network built only in some new developments in Dubai

UAE fixed network market environment 2/2

Limited competition for fixed network services

Etisalat and du compete only on voice call services through Carrier Select (national calls and international calls)

no competition so far in providing fixed broadband Internet services to residential (and most of business) customers

Broadband Internet infrastructure competition on fixed network 1/5

Initiative on infrastructure sharing – mid 2009:

1. Bitstream Access Services
2. Passive Facilities Access Services

Broadband Internet infrastructure competition on fixed network 2/5

Bitstream Access Services – reciprocal interconnection charges

Two operators propose different approaches in setting interconnection charges:

- Retail minus approach
- Cost-based approach

TRA invited to determine interconnection charges

TRA's views:

- Difficulties in adopting retail minus approach
- Difficulties in adopting cost-based approach
- Use of international benchmarking as the most appropriate approach

Broadband Internet infrastructure competition on fixed network 3/5

Retail minus approach – difficulties observed

Etisalat offer standard fixed broadband Internet services (“*Al Shamil*”), for example:

- 8 Mbps (unlimited usage) – AED 499 per month
- 16 Mbps (unlimited usage) – AED 549 per month

Etisalat recently introduced double play services, landline/voice + broadband Internet (“*eLife*”) over its FTTH network, for example:

- 8 Mbps (unlimited usage) – AED 299 per month (includes free landline rental AED 15/month + free 20 minutes/month of national or international calls)
- 16 Mbps (unlimited usage) – AED 359 per month (includes free landline rental AED 15/month + free 20 minutes/month of national or international calls)

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Cost-based approach – difficulties observed

Designated Licensed Operator (Etisalat) required to prepare and submit separated accounts on a Historic Cost basis and a Current Cost basis and to derive a LRIC costing model.

First submission (in 2007) – not approved by TRA

Second submission (in 2009) – not approved by TRA

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International benchmarking

- two options in data selection adopted – 1) cost-based and 2) retail minus based Bitstream Access charges (EU + Middle East countries)
- Shared Access charges selected (vs. Standalone charges)
- Question on mark-up for:
 - contribution to cost of LL in the UAE
 - use of IPTV over Bitstream Access - examples observed: Italy (commercial negotiation) and Slovenia (regulated charges)