

Contribution of Oman TRA at GSR 2004-December 8th -10th, 2004 Licensing Options-Panel II

Introduction:

The Sultanate of Oman, in its endeavor to bring about accelerated telecommunications development has put a comprehensive program of reform to trigger various policy driven initiatives for the telecommunications sector, these include:

- Increase service choice of telecommunication services at competitive and affordable rates.
- Promote infrastructure development that will increase teledensity and spread of telecommunication services in all market segments (including voice, data and cellular etc.)
- Increase private investment in the sector.
- Accelerate expansion of telecommunication infrastructure to extend telecommunication services to un-served and under-served areas.
- Liberalize the sector by encouraging fair competition amongst service providers.
- Maintain an effective and well defined regulatory regime that is consistent with international practices.

These core objectives are inline with Oman WTO commitments which places an obligation on the government to provide an impetus for sector development through a liberalization process that allows for entry and participation of private sector players.

The government resolve has been outlined by allowing for a regime that encourages investment through licensing approach that would spur competition in the sector which has been run by monopoly incumbent.

The WTO commitments have further provided impetus to initiate a series of measures on various fronts these included allowing –cross border supply- weaving the exclusivity right for the incumbent, i.e. Omantel, and allowing commercial presence of foreign suppliers in addition to commercial presence of foreign –owned subsidiaries within appropriate frame work.

Background:

The Omani market showed during the past few years a considerable untapped demand for not only voice services but also for data communications. This growing demand is expected to grow more rapid in the coming future due to social and economic alterations. To further enhance this growth in demand the Telecommunications Regulatory Authority of Oman adopted a technology neutral policy.

Fixed Phone Market:

Over the past 33 year, there has been increase in the fixed telephone density from less than 1 % in 1970 to 10 % in 2004. Fixed line subscribers reached 241,259 by the end of September 2004.

Mobile Phone Market:

Mobile service was first introduced in Oman in 1996 by Omantel and since then the number of subscribers have been growing rapidly. Mobile penetration was approximately 25% by the end of 2003 and it has now surpassed the fixed line teledensity.

Internet Service:

The internet service was first introduced in 1997. The number of Subscribers increased from 12,348 in 1998 to 51, 769 by the end of year 2003.

Licensing Options:

In accordance with Oman WTO commitments, the Telecommunications Regulatory Authority of Oman adopted the following licensing regime for different service categories:

Licensing Regime by Service Category

Class-I License	
Individual operator licence(s) Limited entry	License awarded by a Royal Decree proposed by H.E. The Minister of Transport and Communications after approval by TRA subject to pre - qualification and selection phases.
	<ul style="list-style-type: none">i. Basic Public Fixed Telecommunication Network Servicesii. Basic Public Mobile Telecommunications servicesiii. Basic Public Rural Telecommunications servicesiv. Public Data Networks
Class-II License	
Unlimited entry services	License awarded by H.E. The Minister of Transport and Communications after approval from TRA based on eligibility criteria
	<ul style="list-style-type: none">i. Internet Service Provision (ISP)ii. Voice Resaleiii. Audiotex Servicesiv. Short Messages Services (SMS)v. Public Voice Mailvi. Calling Cardsvii. All other Value Added Services
Class-III license	
Unlimited entry networks	License awarded by TRA based on eligibility criteria.
	<ul style="list-style-type: none">i. Leased Lines Provision for private closed user groupii. Private Telecommunications Networks not connected through public network.

Future Potential:

The Omani government views the foreign investments as a vital component in the overall strategy of the structural transformation in the economy; therefore, overseas companies in numerous fields including telecommunications are welcomed and encouraged. The Omani telecommunications market is expected to unfold its growth potential during the coming year. The Omani mobile market is also expected to see transition from 2G to 3G service. In this regard, ITU is initiating a case study titled "The Migration From 2G To The 3G in Oman". As far as the spectrum allocation is concerned, Oman avoided the 3G auction approach to prevent any perverse effect of spectrum pricing on the 3G license. Thus in keeping with the government visions and resolve, licensing options for telecommunications services are sought to accelerate the reform process and ultimately provide benefits of world class services to its citizens.