



## Legal Action against two mobile operators Alfa and MTC in Lebanon

**Beirut, Lebanon, April 11, 2011.** Cedarcom confirms the facts regarding its position on broadband and 3G services in Lebanon: Cedarcom supports the implementation of the latest technologies in Lebanon, including VoIP, VDSL, fiber to the home, 3G, 4G, WiMAX (e & m), etc. and is supportive of implementing transparent regulations and enforcing fair competition on all operators as stated in Telecom Law 431/2002. Cedarcom is against the creation of a new monopoly in wireless broadband services.

Telecom Law 431 transferred the powers of licensing, regulating and monitoring the telecommunications market, including but not limited to the licensing of frequencies from the Ministry of Telecom to the Telecommunications Regulatory Authority (TRA). Article 19.1 states that 3G services are licensed through a decree issued by the Council of Minister's. Article 15 states that radio frequencies for any service, including 3G are licensed by the TRA. As of today, Alfa and MTC do not have a license from the Council of Ministers, and do not have licensed frequencies for 3G from the TRA.

The Law is enacted said Cedarcom's spokesperson; "No question about that. As a matter of fact, the TRA previously licensed GSM frequencies for both operators Mobile Interim Company no. 1 SAL (Alfa managed by Orascom Telecom) and Mobile Interim Company no. 2 SAL (MTC managed by Zain) in 2008 upon the written request of the previous Minister Gebran Bassil and point to point frequencies in 2009 upon written request of Alfa". The TRA also licensed frequencies to the Lebanese Army, Electricite du Liban, Ogero Establishment and the numerous private sector data operators. All of these decisions can be found on the TRA's website ([www.tra.gov.lb/Decisions](http://www.tra.gov.lb/Decisions)).

In numerous occasions in 2009 and 2010, the Lebanese Telecom Association, which members include internet providers: Cyberia, IDM, Terranet, Wise, Broadband Plus, and data operators: Cable One, Cedarcom, GDS and Pesco, sent letters to the Minister of Telecommunications and the TRA, warning of the increasing threat of creating a new monopoly in wireless broadband services by introducing 3G services in the absence of 3G licensing, un-equal taxation, and fair competition among government owned and private operators.

On 31<sup>st</sup> of March the TRA issued a public Circular no. 1/2011 reminding all operators of the need to adhere to Law 431 and warning them from using any frequencies without properly licensing from the TRA. We believe this reminder did not come from a void but because of the impending violation of the law by some operators.

Despite not having 3G license or 3G frequencies, both Alfa and MTC have taken active steps by cooperating with the suppliers to build the 3G networks. The two new 3G networks are estimated to cost 80 million USD and will be paid for in total by the Lebanese citizens' tax money, i.e. by public funds.

The market is already suffering from fixed line and mobile GSM monopolies and is suffering from unfair and unjust competition in the DSL. We got licensed to offer DSL, installed the DSL equipment in 35 central offices since October 2007, yet till date the Ministry prohibits us from selling DSL services while allowing this to Nine private companies and to Ogero establishment. Unfair competition is plaguing the industry, for example: Private ISPs and Data Operators are prohibited from increasing their DSL capacities and the

coverage from 35 to 171 Central as the ministry of telecommunication did , prohibited from getting long term licenses and are kept on in interim transitory yearly licenses, and are forced to pay up to 60% of direct and indirect taxes, while Alfa, MTC and Ogero do not. All of this is anti-law 431. How can the private sector invest in advanced networks? How can there be any competition? Is it not the consumer that loses due to monopolies? The private sector employs around 950 Lebanese professionals – are we supposed to ask them to leave and look for jobs elsewhere? “We asked Alfa and MTC to publish their 3G licenses and their licensed 3G frequencies without any reply till date, and we challenge them again now in front of the public : Did you get 3G licensed by the Council of Ministers? Did you get 3G frequencies licensed by the TRA?” asked the spokesperson on behalf of Cedarcom .

Based on the above infringements, several licensed operators took legal actions against both operators Alfa and MTC as well as the MoT. By accepting to manage and operate 3G networks without a license issued by a decree of Council of Ministers and without frequencies licensed by the TRA.

A spokesperson stated: “We want Lebanon to be back on the forefront of technology and innovation . We were very disappointed to realize that Lebanon ranks last among 186 Countries in the world in internet speed! We believe the main reason behind this is “monopolistic price fixing practices and unfair competition”. We can never improve our internet sector if every company with power decides to violate the laws and regulations and establish their own domains. All operators, private and government owned should respect the Law and abide by it. Without fair competition and transparent regulations this sector is headed towards a monopoly in wireless broadband services. “The only telecom sector with competition is the internet and wireless broadband sector and with these violations this sector will die. We want 3G services all over Lebanon, yet we are against breaking the law and against creating a new monopoly in the wireless broadband service controlled by Alfa and MTC. Why don’t they get a license like every other operator in Lebanon? Can it be that Orascom and Zain manage operators that are above the Law? ”.

We believe it is time for the Telecom Regulatory Authority to take a decisive transparent regulatory role, enforce the implementation of Law 431, and enforce fair competition and equal taxation on all operators ; while Alfa and MTC need to acquire 3G licenses from the Council of Ministers, and acquire for frequencies from the TRA.