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## INSTRUCTION No. (1) of 2007

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### EITC Compliance with License Obligations

Document Date: 11<sup>th</sup> April 2007

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## 1. BACKGROUND

- 1.1 Federal Law by Decree No. 3 of 2003, as amended, is the governing law for the Telecommunications Sector in the United Arab Emirates. Article 3 of the Telecom Law gave the Supreme Committee the authority to issue Licenses to network and service providers.
- 1.2 On 12<sup>th</sup> February 2006, the Supreme Committee granted to the Emirates Integrated Telecommunications Company PJSC (“EITC”) a License (“the License”) to install, operate and manage a Public Telecommunication Network and provide Telecommunication Services. Included in the License is an obligation to commercially offer national and international call services via Carrier Selection (CS) and Carrier Pre-selection (CPS) interconnection service, in accordance with a Rollout Schedule.
- 1.3 Taken together, Article 2.2 and Appendix 1 of the License outline the scope of the Rollout obligations. Measured by percentage of population, these are:

	Effective Date plus 12 months	Effective Date plus 18 months	Effective Date plus 24 Months	Effective Date plus 30 months
National and International Calls via Carrier Selection	40%	70%	75%	100%
National and International Calls via Carrier Pre-Selection	30%	50%	75%	100%

- 1.4 The Effective Date mentioned above was the date of grant of the License, in this case 12<sup>th</sup> February 2006. Therefore, EITC was required to meet its first set of rollout obligations 12 months later, or 12<sup>th</sup> February 2007.
- 1.5 On 8<sup>th</sup> February 2007, EITC made a request of the Supreme Committee for an extension of the time specified for the rollout obligations.
- 1.6 On 14<sup>th</sup> March 2007, the Supreme Committee approved EITC’s request. In so doing, it delegated to the TRA the power to outline, specify and oversee the detail of implementing this approval. In particular, the TRA is to put in

place extended dates for the rollout obligation together with such terms and conditions as it considers necessary for the performance of that obligation.

- 1.7 On 9<sup>th</sup> April 2007, EITC clarified to the TRA that 12<sup>th</sup> April 2007 for CS interconnection service implementation "...would be the date on which the commencement of a staggered implementation of CS occurred, rather than the date on which a simultaneous nationwide launch of CS took place."

## 2. ANALYSIS

- 2.1 In issuing this Instruction, the TRA takes into account the difficulties which have arisen between Etisalat and EITC in reaching agreement on the implementation of CS and CPS interconnection service. Moreover, the TRA is aware of many delays EITC has experienced within its own network and billing systems.
- 2.2 The TRA also notes the provisions of the Interconnection Agreement negotiated between EITC and Etisalat. In particular, Clause 4.6 of that Agreement specifically imposes an obligation on EITC and Etisalat to use their reasonable endeavors to finalize negotiations of the relevant "regulatory, technical, legal and commercial issues" in relation to CS and CPS interconnection service.
- 2.3 Leaving aside the allegations raised by EITC and Etisalat in relation to CS and CPS interconnection service, the TRA notes that the Interconnection Agreement has been relatively recently negotiated and it imposes contractual obligations on the parties to use reasonable endeavors to finalize their negotiations of the relevant issues. This is in line with the views of the TRA that licensees should attempt to resolve their differences by commercial negotiation before regulatory intervention is considered.
- 2.4 Therefore, the TRA considers it would be inappropriate at this stage to rule on the merits of the arguments advanced by EITC and in particular, on where the balance of the fault lies for the failure to meet the rollout obligations for offering national and international call services via CS and CPS interconnection service. The TRA might return to this point were EITC to fail to meet the new obligations imposed under these Instructions and would further regulatory intervention then be appropriate. In that case, the TRA may examine not only the history of the discussions but also the manner in which parties have negotiated on the issues.

- 2.5 Therefore, the matter before the TRA pertains solely to the date by which EITC shall offer national and international call services via CS interconnection service. In EITC's license, Appendix 1, EITC was given thirty (30) months from the Effective Date to offer national and international call services via CS interconnection service to 100% of the population. Nearly half of that time has passed. Nonetheless, the TRA holds the view that the technical work required for CS interconnection service implementation is nearly complete. Accordingly, the full period of time is not necessary, which is to the ultimate benefit of consumers in the UAE. Therefore, an accommodation shall be made for both the beginning point and the end point of time.
- 2.6 With regard to the meaning of "...staggered implementation of CS..." as referred to by du, the TRA is relying on the present use of this term within the CS and CPS Industry Forum to mean staggered implementation in accordance with the time frames contained in the TRA's Decision of 14<sup>th</sup> September 2006 in regard to Case CS/D/22Apr06/04.

### 3. INSTRUCTIONS

- 3.1 This Instruction is issued under the Federal Law by Decree No. 3 of 2003, as amended, and implement the decision of the Supreme Committee to approve in principle EITC's request for extension of its obligations, as well as the matters delegated by the Supreme Committee to the TRA required to put this extension into effect. The obligations put in place by these Instructions supersede the corresponding obligations in Appendix 1 of EITC's License.
- 3.2 In accordance with the Supreme Committee's Resolution No. (1) of 2007, the TRA recognizes the Supreme Committee's extension of the rollout dates for national and international call services via CS and CPS interconnection service set out in Appendix 1 of EITC's License.
- 3.3 The TRA instructs EITC to ensure that EITC is technically ready in sufficient time and to use its reasonable endeavors to negotiate with Etisalat in good faith to attempt to reach agreement on issues relevant to CS and CPS interconnection service implementation.
- 3.4 EITC is instructed to notify the TRA by each date stipulated above, or earlier, of its compliance with the TRA's Instruction.

3.5 EITC is now instructed to commercially offer national and international call services via CS and CPS interconnection service as follows:

3.5.1 Carrier Selection

- (a) Abu Dhabi urban and Dubai urban by 12<sup>th</sup> July 2007;
- (b) In Sharjah urban and Al Ain urban by 30<sup>th</sup> August 2007;
- (c) In Ras Al Khaimah urban, Fujairah urban, Ajman urban and Umm Al Qaiwain urban by 30<sup>th</sup> September 2007;
- (d) In Abu Dhabi rural by 31<sup>st</sup> October 2007; and
- (e) In the remainder of the UAE by 29<sup>th</sup> November 2007.

The TRA encourages EITC to expedite this schedule in order that consumers may realize the benefits of competition.

3.5.2 Carrier Pre-Selection

One hundred percent (100%) of the population served by switches technically capable of providing CPS interconnection service by 12<sup>th</sup> February 2008. The remaining population by a date later determined by the TRA.

11<sup>th</sup> April 2007

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