NON CONFIDENTIAL VERSION

(Excluding details of offer and counter-offer before submission
to ictQATAR for Determination)

Determination

**Supreme Council for Information and Communications Technology
('ictQATAR')**

**Interconnection and Access Dispute between Vodafone Qatar QSC
(Interconnection and Access Seeker) and
Qatar Telecom (Qtel) QSC (Interconnection and Access Provider)**

INTERCONNECTION SERVICE CHARGES

Interconnection and Access dispute notified on 9 November 2008 with a request for assistance from ictQATAR pursuant to Sub-clause 1.7 of Annexure F of Licence for the provision of Public Mobile Telecommunications Networks and Services issued to Vodafone Qatar QSC

10 February 2009

Background

1. On 9 November 2008, Vodafone Qatar QSC (**Vodafone**) submitted a request for ictQATAR to make a determination pursuant to sub-section 1.7 of Annexure F of its Public Mobile Telecommunications Networks and Services Licence in respect of a number of interconnection and access matters including a dispute with Qatar Telecom (**Qtel**) QSC regarding the recurring charges for particular interconnection services.

2. The notification and request from Vodafone stated it had been negotiating in good faith with Qtel on interconnection service charges but it did not believe commercial agreement could be reached on the level of those charges.

3. Vodafone listed the charges allegedly offered by Qtel on 30 October 2008 for the following wholesale interconnection services:

Interconnection Service	Charge and charging increment
Mobile Termination Rate ("**MTR**")	[redacted] QAR / minute billed in per second increments
Fixed Termination Rate ("**FTR**")	[redacted] QAR / minute billed in per second increments
SMS Termination Rate ("**SMS termination**")	[redacted] QAR / message billed per message
MMS picture termination Rate ("**MMS picture**")	[redacted] QAR / message billed per message
MMS video message termination Rate ("**MMS video**")	[redacted] QAR / message billed per message
Video calling termination Rate ("**video calling**")	[redacted] QAR / minute billed in per second increments

Table 1 Interconnection services and charges offered by Qtel to Vodafone on 30 October 2008

4. Vodafone suggested ictQATAR consider holding-off on introducing an interconnection service charging regime until the completion of the process for Qtel to implement a Regulatory Accounting System (**RAS**) that would effectively separate Qtel's costs and result in an accurate cost base from which to determine interconnection charges.

5. Vodafone also suggested ictQATAR consider setting the interconnection services charges at a zero rate for a period of time.

6. On 10 November 2008, ictQATAR sent the list of interconnection services and their charges, as shown in Table 1 above, to Qtel and asked *inter alia* whether the tariffs were offered as stated and if Qtel wished to provide some comment or further information on the alleged offer made to Vodafone.

7. On 19 November 2008, ictQATAR sought clarification from Vodafone on the service descriptions and specifications of the relevant interconnection services.

8. On 23 November 2008, Vodafone submitted information and reiterated its request for ictQATAR to set interconnection service charges at zero for a defined period. As an alternative, Vodafone submitted the interconnection service charges it would accept for the relevant interconnection services.

Interconnection Service	Charge and charging increment
MTR	[redacted] QAR (per minute calculated per second)
FTR	[redacted] QAR (per minute, calculated per second)
SMS termination	[redacted] QAR (per message)
MMS picture	[redacted] QAR (per message)
MMS video	[redacted] QAR (per message)
video calling	[redacted] QAR (per minute calculated per second)

Table 2 Interconnection services and charges proposed by Vodafone on 23 November 2008

9. On 24 November 2008, Qtel confirmed that it had offered Vodafone the interconnection service charges listed in Table 1 above. It also submitted further information on the interconnection services charges.

10. On 16 December 2008, Vodafone confirmed its determination request and submitted the following:
    - Mobile Termination Rate charges are a priority;
    - Fixed Termination Rate charges are also a priority and Vodafone seeks this charge as comprising a blended fixed rate and not differentiated in local / single transit / double transit);
    - SMS termination charges are a priority; and
    - MMS voice, MMS video and video calling were considered by Vodafone to be less important services.

11. Under its Public Mobile Telecommunications Networks and Services Licence, Vodafone is required to launch commercial services to the public on or before 1 March 2009.

12. On 27 January 2009, ictQATAR sent a draft determination to both Qtel and Vodafone for their comments. Responses were received by ictQATAR from both parties by the deadline of 3 February 2009.

    - Qtel challenged various aspects of the determination and figures contain therein. These are addressed within the revised text of this document.
    - Vodafone indicated that it had decided not to challenge the proposed interconnection rates although it did not necessarily agree with the proposed rates. Vodafone stated it reserved the right to change its position in the event Qtel sought to lobby ictQATAR for different interconnection rates

13. After taking into account the submissions made by both Qtel and Vodafone to date, ictQATAR now issues this Determination with immediate effect.

Legal Basis

14. ictQATAR is empowered to make this Determination under the Telecommunications Law 34 of 2006 and the Licence for the provision of Public Mobile Telecommunications Networks and Services issued to Vodafone Qatar QSC on 29 June 2008, and pursuant to the Notice and Orders designating Qtel as a dominant service provider in specified relevant markets dated 24 June 2008.

15. Under the Telecommunications Law, ictQATAR is empowered to determine the rights, obligations and terms of interconnection and access for service providers and to ensure such rights, obligations and terms are complied with (Article 18). Such rights and obligations include the right to interconnection and access to services or installations of another service provider, and the obligation to provide it, as well as obligations on the provision of such interconnection and access where the service provider is a dominant service provider.

16. Article 19 of the Telecommunications Law places a legal duty upon ictQATAR to ensure the terms and conditions of interconnection and access agreements meet the requirements of the law and any orders made pursuant to the law. ictQATAR must also undertake to determine any additional obligations regarding interconnection and access that are applicable to dominant service providers.

17. Article 61 of the Telecommunications Law empowers ictQATAR to resolve disputes between service providers and any decision of ictQATAR will be final and binding.

18. The designation of Qtel as a DSP in certain relevant markets makes Qtel subject to provisions, obligations and remedies imposed by ictQATAR pursuant to the Applicable Regulatory Framework, including those in its licences concerning interconnection and access (Notice and Orders Part F). ictQATAR may also take decisions during periods of negotiation between service providers and impose accelerated timelines in respect of matters set out in Annexure F of an individual licence (Notice and Orders Part F).

19. Annexure F of Vodafone's licence permits ictQATAR to accept an interconnection or access request from a licensee, and establish the price, terms and conditions on which interconnection or access services must be provided. It may set prices based on actual costs, international benchmarks, retail-minus or other appropriate cost methodology (Sub-clause 1.7). Where parties cannot resolve disputes through good faith negotiations and reasonable efforts, the dispute may be resolved pursuant to the Applicable Regulatory Framework and by ictQATAR (Sub-clause 3.2 and 3.3).

20. ictQATAR may also implement accelerated procedures to facilitate the establishment of interim terms and conditions for interconnection and/or access in a market in which any other licensed service provider has been designated as dominant (Annexure J Clause 3).

21. Qtel raised an issue as to whether Vodafone had validly referred a dispute between it and Qtel for determination on the grounds that both parties continued to negotiate in good faith. It is clear, however, from the terms of

Annexure F of the operator licenses that if the parties do not reach an agreement on all or certain aspects of the requested service within 60 (sixty) days of delivery of the interconnection or access request, either party may request ictQATAR to establish the rates, terms and conditions on which interconnection or access must be provided. There is no prohibition on continued negotiations while such matters are being determined.

Scope of Analysis and Determination

<u>Relevant products</u>

22. On 9 November 2008, Vodafone submitted a request for ictQATAR to make a tariff determination for the recurring charges of the wholesale interconnection services MTR, FTR, SMS termination, MMS picture, MMS video and video calling.

23. On 19 November 2008, ictQATAR asked Vodafone to provide product descriptions and product specifications for MMS picture, MMS video and video calling.

24. On 23 November 2008, Vodafone gave brief product descriptions for MMS picture, MMS video and video calling as follows:
    - "MMS Picture Message – Pictures or images delivered by Multimedia Messaging Service between customers of Vodafone Qatar and Qtel."
    - "MMS Video Message – video delivered by Multimedia Messaging Service between customers of Vodafone Qatar and Qtel."
    - "Video calling – face to face conversation using video on mobile."

25. On 16 December 2008, Vodafone clarified its priorities in its request for a determination were for MTR, FTR (as a blended rate) and SMS termination. Vodafone confirmed it considered the products MMS voice, MMS video and video calling to be less important services.

26. On 27 January 2009, taking into account Vodafone's requests and submissions from both Vodafone and Qtel, ictQATAR has taken the decision to determine the recurring wholesale charges for the following interconnection services:
    - MTR;
    - FTR; and
    - SMS termination.

27. Submissions on the Confidential Draft Determination were received from Qtel and Vodafone on 3 February 2009.

28. Taking into account all submissions received from both parties to date, ictQATAR now issues this Determination on reccurring wholesale charges for the interconnection services listed above.

<u>Tariffing regime</u>

29. In its request for a determination, Vodafone submitted ictQATAR hold-off on the introduction of an interconnection charging regime for a certain period and implement zero-level interconnection rates. Alternatives to the 'zero-rate' submission were submitted by Vodafone on 23 November 2008 (see Table 2 above).

30. The zero rates requested by Vodafone should not be confused with a so-called 'Bill and Keep' regime at the wholesale level whereby operators do not charge each other for terminating services on each other`s networks. Such a Bill and Keep regime at the wholesale level requires *inter alia*:
    - balanced traffic between the operators; and

- a Receiving Party Pays (RPP), or both parties pay, regime at the retail level, whereby both end-customers pay for "their" network.

None of these conditions are currently met in Qatar or will be met in the foreseeable future.

31. Under a termination rate regime, the originating operator (the network from which the customer is originating the service, i.e. making a call) pays a termination charge on a wholesale level for terminating the service (e.g. MTR, SMS termination) on the other operator's network (the terminating network). The termination charge is settled at the wholesale level between the two operators.

32. A termination rate regime bears *inter alia* the following chara*cteristics*:
    - it is internationally widely accepted and well established;
    - it provides transparency in terms of wholesale and retail cost information and, hence, reduces information asymmetry;
    - it helps to detect anti-competitive conduct (e.g. price-margin squeeze); and
    - it is compatible with the Applicable Regulatory Framework.

33. Qtel confirmed in its submission of 24 November 2008 that the interconnection service charges as submitted by Vodafone to ictQATAR on 9 November 2008 were stated correctly according to a termination rate regime.

34. Neither Qtel nor Vodafone raised the case for a tariffing regime different from a termination rate regime.

35. A termination rate regime is also in line with the Applicable Regulatory Framework and international best practice. A properly calculated termination rate ensures the recuperation of the network's costs.

36. Based on the above, ictQATAR has based this determination on a termination rate regime.

<u>Deriving the wholesale interconnection service charges</u>

37. Vodafone cited in its request of 9 November 2008, the MTRs of Bahrain, Saudi Arabia and the EU-average MTRs.

38. In its submission of 23 November 2008, Vodafone submitted its proposals for acceptable interconnection service charges. However, Vodafone did not give any reasoning, calculation or benchmarked figures or details as to how these service charges had been derived.

39. In contrast, Qtel stated in its response of 24 November 2008, how the offered interconnection service charges, as listed in Table 1 above, had been derived. For some of the interconnection service charges quoted, Qtel referred to a costing exercise that had been carried out by external consultants for Qtel. It provided no further cost details. Qtel also listed the MTRs from the other five GCC countries. This cost model is based on Qtel's financial year 2006. During this period Qatar has experienced a massive growth in especially mobile subscribers and minutes on the network. The total mobile subscribers have grown from approximately 900'000 in 2006 to over 1'700'000 by the end of 2008. In its response of 3 February 2009, Qtel indicated that it undertook further investment in its network between 2006 and 2008. This was to acquire, build and equip more than 100 additional mobile base stations in order to

maintain customer service and national coverage. ictQATAR will take account of any such investment when current figures are utilized in respect of the Regulatory Accounting System (RAS) which Qtel is required to introduce.

40. According to Article (29) of the Telecommunications Law, the tariffs for services provided by a dominant service provider must be based on the cost of efficient service provision. Annexure F Article 1.7 of the licenses states that ictQATAR may set prices based on actual costs, international benchmarks and (in the case of wholesale services) retail-minus or any other appropriate cost methodology.

41. It is ictQATAR's objective to base the interconnection service charges on costs, which can only be done with a reliable and audited cost model in place. However, a cost modelling exercise is a lengthy process. As a start, ictQATAR has initiated a process to set-up a Regulatory Accounting System that identifies cost elements and how they can be accurately measured.

42. In its submissions of 9 November and 23 November 2008, Vodafone does not give any indication of how cost based tariffs can be derived in this case or how a benchmarking exercise could be conducted. Vodafone does not supply any reasoning or calculations for how its proposed charges were derived.

43. In the absence of any substantiation for cost indicators or figures, ictQATAR can consider Vodafone's proposals but must base its determination on the best available, reliable evidence.

44. Further, while Qtel has referred to its proposed interconnection service charges being based on a costing exercise carried out by external consultants, ictQATAR cannot base its determination on this information alone and without details or supporting evidence from the costing exercise or related work.

45. Neither Qtel nor Vodafone requested or submitted that a determination be made by applying 'retail minus' methodology or other appropriate cost methodology as can be applied according to Annexure F Article 1.7 of the licences.

46. In its response of 3 February 2009, Qtel reiterated that cost models are a more robust, reliable basis of decision-making than benchmarking. While ictQATAR would generally agree with this statement, ictQATAR has not seen a model used by Qtel or the resulting data. Qtel provided ictQATAR an oral presentation on the general methodology used by the operator; however documents or data were not provided. In addition, the data used related to the year 2006.

47. ictQATAR has issued a direction to Qtel in relation to a Regulatory Accounting System (RAS) which included the establishment of various cost models on a current basis in relation to various aspects of Qtel's operations. These models are based on current best practice and would lead to determining Qtels' real costs based on the principles of an "efficient operator". Under the current circumstances, ictQATAR is unable to accept figures that are the basis of a cost exercise carried out by Qtel on a unilateral basis with no documentation or data being provided to ictQATAR.

48. In absence of any reliable cost data provided by either party, ictQATAR has based its determination on benchmarking for setting the recurring interconnection service charges. This is provided for in the ARF and is in line

with international best practice. When selecting the appropriate benchmarking data, ictQATAR has taken into account the benchmarking that most appropriately reflects the current circumstances in the State of Qatar.

Mobile Termination Rate (MTR)

49. Vodafone cited the MTRs of Bahrain, Saudi Arabia and the EU-average in its submission of 9 November 2008. Vodafone also submitted its own proposed acceptable interconnection service charges on 23 November 2008.

50. Qtel stated in its response of 24 November 2008, that the proposed MTR of [redacted] QAR was a direct output of a costing exercise carried out for Qtel by independent external consultants. Qtel did not give any further (cost) information on how the MTR was calculated.

51. Qtel supplied the MTRs of the other five GCC countries and the MTRs of Vodafone companies and affiliates in order to support the reasonableness of its proposed MTR.
Qtel stated that Bahrain has a population density which is 15 times higher than Qatar and, therefore, rebuts Bahrain as a valid benchmark country. It also rebutted Kuwait as a valid benchmark country.
The characteristics of the GCC countries in terms of population, geography and MTRs are given in Table 3 below.

52. Qtel reconfirmed this position in its submission of 3 February 2009.

53. This Table 3 lists in columns [A]-[E] geographic and demographic characteristics of the GCC countries. Column [I] gives the respective MTRs in QAR. Column [J] and [K] show average MTRs.

[A]	[B]	[C]	[D]	[E]	[F]	[G]	[H]	[I]	[J]	[K]
Country	Population [#]	Area [km²]	Urbanisation rate [%]	Population density [#/km²]	Currency	MTR [local currency]	Exchange rate to QAR	MTR [QAR]	MTR benchmark (SA, OM, UA) [QAR]	MTR benchmark (all GCC countries) [QAR]
Saudi Arabia	28'146'656	2'149'690	81%	13	SAR	0.2500	0.9723	0.2431	0.2431	0.2431
Oman	3'311'640	212'460	72%	16	OMR	0.0209	9.5067	0.1987	0.1987	0.1987
United Arab Emirates	4'621'399	83'600	78%	55	AED	0.2400	0.9927	0.2382	0.2382	0.2382
Kuwait	2'596'799	17'820	98%	146	KWD	0.0060	13.3021	0.0798		0.0798
Bahrain	718'306	665	89%	1'080	BHD	0.0073	9.7183	0.0713		0.0713
Qatar	1'556'426	11'437	96%	136	QAR				**0.2267**	**0.1662**

Table 3 Characteristics and MTRs of the GCC countries

Sources

Population:	www.cia.gov/library/publications/the-world-factbook as per 04 Dec 2008. For Qatar the latest available figures were taken into account
Area:	same as population
Urbanisation rate:	www.unpopulation.org 2007 figures as per 04 Dec 2008
MTR:	RIOs, Regulator's annual reports, Qtel and Vodafone submissions
Exchanges rates:	www.oanda.com as per 23 Dec 2008

These figures suggest an average MTR of:

- 0.2267 QAR (column [J]) if Saudi Arabia, Oman and the United Arab Emirates are selected as benchmarking countries
- 0.1662 QAR (column [K]) if the MTRs of all five GCC countries are taken into account.

54. In its submission of 24 November 2008, Qtel refers to population density as an important factor when selecting a benchmark partner.

55. In its 3 February 2009 submission, Qtel stated ictQATAR had not given enough attention to the relative importance of interconnection rates of each GCC country within the benchmark data presented. Qtel claimed that the MTR in Kuwait was "peculiar" and should not be included in the benchmarked countries.

56. Costs in telecommunication networks are *inter alia* influenced by economies of scale, economies of scope and economies of density. Population density, reflected in economies of density, is one factor when selecting benchmarking countries, but not the only factor to be taken into consideration.

57. Qatar has (with 96%) the second highest urbanisation rate in the GCC - very close to Bahrain and only topped by Kuwait. Most of the population lives in Doha and close to 90% of the population live in the two biggest cities. The overall population density is with 136/km^2 nearly on par with Kuwait, which is the second most densely populated country in the GCC.
Qtel dismissed Bahrain as a suitable benchmark country on the grounds that it has a population density which is 15 times larger than Qatar's. When using Qatar's latest population figures, Bahrain's population density is actually 8 times higher than Qatar's. This decreases an implicitly assumed a cost advantage of Bahrain in contrast to Qatar.
Qtel did not dismiss Saudi Arabia, which population density is about 10 times lower than Qatar's and therefore Saudi Arabia is likely to have a higher MTR.

58. When considering the latest Qatari population figures, there does not appear to be a strong case for rejecting Bahrain as a benchmark country.

59. In its response of 3 February 2009, Qtel suggested that the MTRs of the benchmarked countries should be weighted by population, rather than using a simple average. It is the case, however, that any number of weightings might be applied, each of which giving a different result. The view of ictQATAR is that

the countries chosen represent a fair distribution of different populations and other characteristics, and therefore a simple average is sufficient.

60. Qtel in its response refers to the peculiarities of the Kuwait mobile charging approach, which has changed very recently and argues that Kuwait should be excluded. ictQATAR recognizes that Kuwait did not yet have a fully developed regulatory regime at the time these rates were used, but in this case the rates were agreed upon between the existing mobile operators and can, therefore, be regarded are market rates.

61. ictQATAR could base its benchmarking on other countries. However, in terms of general macro economic factors, liberalisation process and cost characteristics, the GCC countries are the most comparable benchmark partners with Qatar at this point in time. When referring to benchmark information, both Qtel and Vodafone rely predominantly on the other five GCC countries.

62. For these reasons, ictQATAR believes it is reasonable to base the MTR benchmark on the MTRs of all the five GCC countries, as displayed in Table 3 above.

63. The MTR is set at 0.1662 QAR per minute. The billing increment is undisputed and set per second.

<u>Fixed Termination Rate (FTR)</u>

64. In its submission of 23 November 2008, Vodafone did not provide FTR benchmarking data or argumentation to support its proposed acceptable interconnection service charges.

65. Vodafone has requested a determination based on a blended termination rate (not differentiated rates for local, single or double transit). Vodafone does not give any indication on the mix of local and/or single and/or double transit termination or on peak/off-peak.

66. Qtel stated in its response of 24 November 2008, that its FTR was derived from a costing exercise and was a composite rate of the unit cost and included a local access deficit (**LAD**). Qtel does not give any further cost information on the FTR or the LAD or the proportion of the LAD in the FTR.

67. Qtel listed the FTRs of Morocco, Oman and Saudi Arabia and states that these countries have not rebalanced their tariff structure. Qtel proposed that in absence of tariff rebalancing, the LAD was funded via FTRs. Qtel did not give any indication of the mix of local and/or single and/or double transit termination. Qtel did not provide any indication of peak/off-peak charging.

68. The availability of data on GCC FTRs is limited. Accordingly we have looked further at the MENA Region.

69. Below are benchmarked fixed termination rates for the MENA region in Qatari dirhams per minute:

COUNTRY	BLENDED RATE	LOCAL	SIMPLE TRANSIT	DOUBLE TRANSIT
Algeria	-	10.12	12.66	14.19
Bahrain	2.62	-	-	-
Egypt	4.37	-	-	-
Jordan	-	-	0.47	2.44
Lebanon	2.44	-	-	-
Oman	-	8.01	11.64	21.47
KSA	9.72	-	-	-
Tunisia	6.88	-	-	-
Yemen	10.92	-	-	-

Sources: Arab Advisors, Telegeography and Ovum.

These figures suggest that on average the FTR in these countries is equivalent to 7.4 Qatari Dirhams per minute.

70. In its response of 3 February 2009, Qtel raises issues relating to a number of the MENA countries, including:

- Algeria: different rates shown by Qtel are a result of the use of different exchange rates
- Jordan: there is no indication to ictQATAR that the rates for this country have changed
- Morocco: Qtel has shown data for Morocco, but ictQATAR has been unable to verify the data
- Tunisia: Qtel assumed a 50/50 single transit and double transit split, and a 70/30 split between peak and off-peak. The information available to ictQATAR suggests that double transit is around 33%. The data available to ictQATAR suggests a 50/50 – 60/40 split for peak/off-peak seems more reasonable.

71. Qtel stated in its response of 24 November 2008 that the composite FTR contained the unit cost as one component. Qtel did not provide any further cost information on how this unit cost was calculated or what the share of this unit cost was of the total FTR.
This does not fulfil the requirements of Article (29) of the Telecommunications Law, is in contrast to the stipulations of the RAS and is not in line with international best practice including the WTO agreement on basic telecommunication services.

72. Qtel stated in its response of 24 November 2008, that its FTR included a LAD. ictQATAR acknowledges the existence of a potential LAD. The decision on how to handle a potential LAD is not a simple one and cannot be taken lightly in the

absence of the most basic cost information and a structured discussion of that. For this reason, ictQATAR takes the view that the treatment of the LAD should await the further progress of the cost model in the process of setting up the Regulatory Accounting System (RAS) within Qtel.

73. ictQatar confirmed it was prepared to institute a separate exercise to determine the amount of the local access deficit (LAD) and how this should be handled as regards cost allocation and also what the effects might be on wholesale and retail pricing levels.

74. In its submission of 3 February 2009, Qtel accepted that a separate exercise to determine the existence of a LAD should be initiated in due course.

75. The FTR is set at 0.074 QAR per minute. The billing increment is undisputed and set per second.

<u>SMS termination rate</u>

76. Vodafone submitted its proposed acceptable interconnection service charges for this service on 23 November 2008. Vodafone did not provide any benchmarking data or argumentation to support the proposed charges.

77. Qtel stated in its response of 24 November 2008 that the proposed SMS tariff gives consideration to unit cost, but is primarily designed as a deliberate deterrence to SMS spam messaging. It cited Pakistan as a case in point.

78. Qtel did not provide further cost information or SMS benchmarking data.

79. In its submission of 3 February 2009, Qtel suggested if ictQATAR reinstated Qtel's initial MTR proposed rate of [redacted] QAR/min, the resulting implied SMS termination rate would be [redacted] QAR/message which was close to Qtel's proposed SMS termination rate of [redacted] QAR/message.

80. The wholesale SMS termination rate is typically agreed on a commercial basis and not as a (cost) regulated product. In July 2006, the French regulator ARCEP was one of the first NRAs to impose obligations on the wholesale market for SMS termination. In GCC countries, SMS termination rates for Bahrain, Oman and Saudi Arabia are available in the relevant RIOs.

81. The available SMS wholesale termination rates for the GCC and EU-15 countries are given in Table 4 below.

[A]	[B]	[C]	[D]	[E]	[F]	[G]
Country	Country	MTR (average) [local currency]	SMS termination [local currency]	SMS-MTR coefficient (EU-15)	SMS-MTR coefficient (GCC)	SMS-MTR coefficient (EU-15 and GCC)
DK	Denmark	0.6200	0.2000	3.1000		3.1000
FR	France	0.0650	0.0300	2.1667		2.1667
GR	Greece	0.0786	0.0300	2.6200		2.6200
IE	Ireland	0.0959	0.0317	3.0247		3.0247
NL	Netherlands	0.0900	0.0570	1.5789		1.5789
PT	Portugal	0.0724	0.0499	1.4510		1.4510
ES	Spain	0.0783	0.0600	1.3050		1.3050
SE	Sweden	0.4280	0.3000	1.4267		1.4267
UK	United Kingdom	0.0553	0.0300	1.8437		1.8437
BH	Bahrain	0.0073	0.0005		16.0789	16.0789
OM	Oman	0.0209	0.0005		41.8000	41.8000
SA	Saudi Arabia	0.2500	0.1000		2.5000	2.5000
	Average			**2.06**	**20.13**	**6.57**

Table 4 SMS termination rates

Sources

MTR:	Ovum, Q4 2008, average as available
SMS termination	EU-15: Cullen International Cross-Country 01 September 2008 Bahrain, Oman and Saudi Arabia: RIOs and Regulator's annual report

These figures suggest an SMS-MTR coefficient of:

- 2.06 taking data from the EU-15 into account (column [E]). This means that for each minute of MTR 2.06 SMS can be sent;
- 20.13 taking available data from the GCC countries is taken into account (column [F]); and
- 6.57 when all available data from the GCC and EU-15 is used (column [G]).

82. Qtel's proposed SMS termination tariff is primarily designed as a deliberate deterrence to SMS spam messaging. ictQATAR remains to be convinced that setting a high SMS wholesale termination rate now is the appropriate approach to deal with a potential spam problem.

83. SMS termination tariffing data is not widely available. Neither Qtel nor Vodafone supply SMS benchmarking data. Some data is available for the EU-15 countries and for some GCC countries (see Table 4 above).

84. ictQATAR strives to use a consistent methodology within this determination. In absence of reliable cost data and to follow a consistent methodology, ictQATAR bases this determination of the SMS termination rate in Qatar on the available EU-15 SMS termination rates.

85. To align the EU-15 SMS termination rates to Qatar, a SMS-MTR coefficient between the SMS termination rate and the MTRs is established. The benchmarking data suggests that the SMS termination rate is on average 2.06 times lower (Table 4 above column [E]) than the average MTR. This SMS-MTR

coefficient is used in a second step to calculate the Qatari SMS termination rate.

86. The SMS termination is set at 0.0808 QAR per message. The billing increment is undisputed and set per message.

87. Based on the information provided concerning this dispute, including all submissions from the parties, and given that it is not fully clear whether the technical, legal and the other commercial aspects of this matter have been fully settled, and given ictQATAR's power to make a determination on this matter, ictQATAR issues the following Determination.

88. Qtel states that ictQATAR does not have the legal discretion to issue, what Qtel regards as an interim determination, in relation to interconnection service charges. ictQATAR does not see any legal basis for this assumption. ictQATAR has full discretion to determine interconnection and access disputes in whatever manner it decides to be appropriate. There is also no restriction on any licensed operator making a new interconnection or access request which may include a new price at any stage. This is evident from Annexure 7 of the mobile operators' licenses.

Determination

ictQATAR determines that the following interconnection service charges shall apply between the parties, effective immediately and until such other rates are agreed between the parties and approved by ictQATAR or may be determined by ictQATAR following a request from either party following the completion of a costing exercise carried out by a party or carried out at the direction of ictQATAR:

Interconnection Service	Charge and charging increment
Mobile Termination Rate (“MTR”)	0.1662 QAR / minute billed in per second increments
Fixed Termination Rate (“FTR”)	0.074 QAR / minute billed in per second increments
SMS Termination Rate (“SMS termination”)	0.0808 QAR / message billed per message

Table 5 Interconnection services and charges determined by ictQATAR

Regulatory Authority

ictQATAR

10 February 2009