

Comments on Umniah's responses to the Public Consultation on Mobile Markets

1. Orange Mobile agrees with Umniah's view that Zain has a dominant position in the mobile market. This is because of:
 - A high market share, which according to the most recent TRC figures is almost 45% measured in subscribers;
 - High market shares up to 60% in most profitable market segments (postpaid, Amman);
 - Zain's advantages such as largest spectrum holding, network coverage, brand recognition;
 - Zain's higher profitability;
 - Zain's on-net/off-net price discrimination and the resulting club effect, putting Zain at a disadvantage;
 - Lack of mobile number portability, impeding switching.
2. Orange Mobile also agrees that to improve competition, mobile number portability should be introduced as soon as possible. In the absence of MNP, consumers are reluctant to switch the provider, as they will then have to take a new mobile number. This means that they will need to communicate the new number to all their private and business contacts, facing a risk of losing some of the contacts. Therefore, this is a serious impediment to switching on the side of consumers. This is particularly the case for the postpaid subscriptions, as consumers take such subscriptions for a longer period and share their number with many people.
3. Currently, Zain has a 60% market share in postpaid subscriptions. In the absence of MNP, it can charge higher post-paid price or provide lower quality knowing that consumers will be reluctant to switch. Introducing MNP would make it much easier for these consumers to switch to other operators, improving competition. t.
4. We however disagree with Umniah's view on
 - SMS termination
 - The glide path.
5. On SMS-termination, we disagree with Umniah's view that it should be based on cost. The most effective way to avoid the risk of increased termination rates is to

uphold the Bill&Keep regime. This is also the most efficient way as it would minimize the administrative burden both to TRC and operators. Increasing SMS-termination rates above zero will give Zain an opportunity to introduce on-net/off-net price discrimination on SMS traffic in addition to voice, which will exacerbate the club effect and strengthen Zain's dominant position.

6. On the glide path, we disagree with Umniah's view that the termination rates should fall to the LRIC level immediately, without a glide path. We consider that a glide path is required to assure that operators can adjust their business models to lower termination rates. Furthermore, we stress that to ensure that smaller operators can effectively compete against Zain and reduce the club effect, voice termination rates should be kept asymmetric, with smaller operators allowed higher rates.