Telecommunications Privatization in Arab Countries: An Overview

Riad Dahel

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1. Introduction

In most countries, the telecommunications sector was traditionally owned and operated by a state entity and regulated by a ministerial department or agency. In countries with market economies, the main argument provided for such an arrangement was that the sector was a natural monopoly. As such, and considering the magnitude of telecommunications revenues, most governments chose to own the telecommunications operator rather than allow a private firm to run the sector and regulate its activities.

However, a number of developments that took place over the last two decades have led to major reforms in the telecommunications sector across the world. In developed countries, several sectors were deregulated and liberalized. In developing countries, macroeconomic reforms were broad-based and included infrastructure. This liberalization was driven by the need to enlarge the customer base and improve the quality of services provided in a context of limited government resources. Furthermore, rapid technological innovations in telecommunications have facilitated private sector participation. Izaguirre (1999) reports that more than 90 developing countries have liberalized their telecommunications sector and opened it up to private participation over the period 1990-1998, which resulted in transactions amounting to 214 billion U.S. dollars. In addition, the World Trade Organization (WTO) agreement on trade in basic telecommunications services reached by 69 countries in 1997 was expected to lead to further liberalization of the sector worldwide.[1]

Historically, the structure of the telecommunications sector in most Arab countries was similar to that of other developing countries; that is, the state was both the operator and the regulator of the sector. The tables presented in the appendix at the end of the paper provide some telecommunications indicators

for a large number of Arab countries. From the figures in the tables, it shows that the level of development of the telecommunications sector is not similar across Arab countries. For instance, telecommunications density ranges from 0.60 in Sudan to 33.19 in the United Arab Emirates (UAE) in 1999. In the same year, the size of investments in the sector ranges from 3 million U.S. dollars in Mauritania to 565 million U.S. dollars in the UAE.

In recent years, Arab countries have followed the world trend in telecommunications which consisted of liberalizing and privatizing the sector. The objective of this paper is to provide an overview of the privatization efforts undertaken by Arab countries in the telecommunications sector. The discussion will be limited to telephone services, both fixed and mobile. In this respect, Arab countries can be classified into three main groups: countries in which the government provides both fixed and mobile telephone services (fixed public - mobile public); countries in which the government provides fixed services but in which the private sector provides mobile services (fixed public - mobile private); and countries in which the private sector is involved in both fixed and mobile services (fixed privatized - mobile private). Although this classification does not exactly reflect the various ownership combinations encountered in the telecommunications sector across Arab countries, it does serve the purpose of the present paper.

2. Fixed Public – Mobile Public

Three of the Arab countries included in this study presently fall in this category: Oman, Saudi Arabia and Tunisia. However, as will be discussed next, all of them have taken measures aimed at restructuring their telecommunications sector.

[1] For a detailed discussion of the WTO agreement, see Council for Trade in Services, 1998.

Oman

With a telecommunications density of 9.5 in 1999, Oman ranks last among Gulf Cooperation Council (GCC) countries. Since its creation in 1980, the General Telecommunications Organization (GTO) has been the only national telecommunications operator.[2] There was no independent regulatory body in the sector, as GTO was government-owned and run by the Ministry of Post, Telephones, and Telegraphs (PTT). However, following a decree issued in July 1999, GTO was converted into a closed stock holding company renamed Oman Telecommunications Company (OmanTel).[3] Although changes in the regulatory framework have not yet taken place, this conversion will facilitate the process of privatization of the company once the decision to divest will be made.

Saudi Arabia

Until the first half of 1998, the Ministry of PTT was the operating as well as the regulatory entity for the telecommunications sector in Saudi Arabia. However, a major decision issued by the Council of Ministers in December 1997 called for privatization of several services including fixed-line and mobile services. Privatization was to be implemented by June 1998. Initially, the decision called for creation of the Saudi Telecommunications Company (STC) as a joint stock entity which would be privatized at a later stage. By June 1998, STC was operating as an independent entity. Within two years, STC had taken major steps in improving both telecommunications infrastructure and customer service. For instance, 800000 new fixed lines were added to the network and 500000 new GSM subscribers were connected.[4]

[2] Office Of Telecommunications Technologies.

[3] www.omanet.com.

[4] www.internationalspecialreports.com.

The decision to privatize telecommunications services constitutes a significant event for the Saudi Arabian economy, given that the sector represents the second largest source of government revenues after oil (over 1 billion U.S. dollars in 1997).[5] However, a number of issues related to privatization of telecommunications services have still to be clarified. The method of privatization of STC as well as the form and degree of foreign participation have not yet been determined. Furthermore, the regulatory framework in which the privatized company will operate as well as the type of market structure envisaged for the sector are issues that need to be settled (Miles, 1998).

Tunisia

The only supplier of telecommunications services in Tunisia is Office National des Télécommunications, also called Tunisia Telecom. It also owns Tunicell which is the mobile operator. Under the current five-year plan (1997-2001), restructuring of the sector involves separation of responsibilities between Tunisia Telecom as the public network operator and the Telecommunications Study and Research Center (CERT) as the regulator.[6]

The number of mobile subscribers has sharply increased over the last few years, from 39000 at the end of 1998 to about 100000 at the end of 2000.[7] In an effort to liberalize the sector, the Tunisian Telecommunications Ministry opened a tender in March 2000 for the sale of a second GSM license. The license was to be awarded for a period of 15 years, which could be extended for another 5 years. Two European operators made bids for the license, a consortium of Telefonica of Spain and Portugal Telecom, and Telcom Italia, the mobile division of Telecom Italia. The consortium was the higher bidder

[5] Burdette, 1998.

[6] www.bellanet.org.

[7] Office Of Telecommunications Technologies.

with 333 million U.S. dollars, an amount which it later raised to 381 millions U.S. dollars. However, when the Ministry asked the consortium to increase the offer which the latter announced it could not do, Tunisia abandoned the tender and decided to look for another way to establish a second GSM network in the country.[8]

3. Fixed Public – Mobile Private

Five Arab countries fall in this category: Algeria, Egypt, Kuwait, Lebanon and Syria. In this group, only Algeria has a state-owned GSM network along with a recently awarded second GSM license.

Algeria

Until very recently, the Ministry of Posts and Telecommunications was both the operator and regulator of all telecommunications services in Algeria. However, a significant law passed in August 2000 aims at reforming and liberalizing the sector. The main measures of the law include a separation of postal and telecommunications activities, the establishment of Algeria Telecom, the liberalization of the sector and the creation of a regulatory entity.[9]

With a telecommunications density among the lowest in Arab countries, a large waiting list for telephone lines and a low number of mobile subscribers, the telecommunications sector in Algeria necessitated a rapid and drastic reform. So, the telecommunications law provided the legal basis for such a reform.

[8] www.hatiftelecom.com.

[9] www.eu-esis.org.

With respect to mobile services, the ratio of applications to connections was 5 to 1 in the middle of 2001 (100000 subscribers).[10] Therefore, there was an urgent need for the government to satisfy the demand. Thus, the decision was made to sell a second GSM license to a foreign operator. After outbidding the French firm Orange, the Egyptian group Orascom Telecom was awarded the license in July 2001 for a fee of 737 million U.S. dollars. Orascom, which set up Orascom Telecom Algeria to run the network in Algeria, obtained the license for a period of 15 years, automatically renewable for five-year periods. Expected to be operational at the beginning of 2002, the company aims at satisfying about 500000 applications in its first year of operations, and reach about 10 million subscribers by 2015.[11] Both Algeria Telecom and Orascom Telecom Algeria have an exclusivity period for mobile services until the end of 2003. At that time, the Algerian government plans to award a second private mobile license.[12]

Egypt

Over the period 1995-1999, as shown in the tables presented in the appendix, Egypt made significant improvements in its telecommunications sector. Telecommunications density almost doubled, the waiting list for telephone lines decreased steadily, the number of mobile subscribers increased by 500000 over the last year and investment in the sector was high compared to other Arab countries.

Telecom Egypt is the only operator of basic telecommunications services and two private entities, MobiNil and MisrFone (renamed Click GSM), provide Mobile services. MobiNil, a consortium of Motorola, France Telecom and Orascom, dominates the Egyptian market with the number of

[10] awex.wallonie.be.

[11] www.middleeastwire.com.

[12] www.thestandard.com.

subscribers exceeding 1.7 million by the end of June 2001. [13] Click GSM is a consortium of Vodafone, Airtouch,, Alkan and EFG-Hermes. The exclusivity period for both operators expires at the end of 2002. At that time, Telecom Egypt is planning to establish a mobile network.

Egypt's revenues from the fixed-line network reached 1.85 billion U.S. dollars in 1999 (about 2% of GDP), which placed it in second position behind Saudi Arabia among Arab countries.[14] In light of the above figures, the announced sale a few years ago of 20% of Telecom Egypt has raised a lot of interest among investors. However, this sale has been delayed several times. In the meantime, the telecommunications institutional and regulatory framework has been modified in order to facilitate liberalization of the sector. In 1999, a new Ministry of Communications and Information Technologies was established. The Telecommunications Regulatory Authority was also created as the sector regulator.

Kuwait

The Ministry of Communications is the telecommunications regulatory authority and also the sole operator of basic telecommunications. As to mobile services, they are currently provided by two companies: Mobile Telecommunications Company (MTC) and National Mobile Telecommunications Company (NMTC). MTC, created in 1984 with a 49.2% government ownership, had a 15-year monopoly which ended in 1999. In that year, NMTC started providing mobile services. MTC is the dominant firm in the Kuwaiti mobile market with about 650000 subscribers out of a total of 700000 by July 2001.[15]

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[13] www.ahram.org.eg.

[14] www.amcham.org.eg.

[15] www.hatiftelecom.com.

In an effort to reactivate the privatization program which was halted in 1997, the government announced in early 2001 that it planned to sell half of its 49.2% stake in MTC at a discount. Shares were sold through a public subscription which remained open for about one month (May 14 to June 11). As expected, the demand for MTC shares exceeded by far the offer which amounted to 113 million shares at 1.453 dinars a share at a time when the MTC share was quoted around 1.8 dinars on the Kuwait Stock Exchange.

Lebanon

In the early 1990s, Lebanon's fixed telephone network required a major rehabilitation effort in order to meet customer demand. That situation was favorable to a rapid development of mobile services. In 1994, the government awarded 10-year BOT contracts to two companies, Cellis and LibanCell, to operate these services with their duopoly ending in 2002.[16] At the end of the contract period, 2004, the government would own the two networks unless an agreement was reached between the companies and the government to extend the contract period.[17]

The Ministry of Posts and Telecommunications (MPT) is the regulatory entity of the sector and Ogero, a government-owned organization, operates the fixed-line network. Over the years, Ogero significantly improved its network as telecommunications density in Lebanon almost doubled between 1995 and 1999 and the waiting list for telephone lines was reduced by close to 50%.

However, two events which both took place in June 2001 are expected to lead to major changes in the Lebanese telecommunications market.[18] The first was the decision made by the Higher Council for Privatization to terminate

[16] France Telecom owns 67% of Cellis while Sonera of Finland owns 14% of LibanCell.

[17] www.arabadvisors.com.

the BOT contracts with Cellis and LibanCell three years before their expiration. The government is planning to hold a mobile license auction before the end of 2001 to sell two 20-year licenses to replace the cancelled contracts. The second event was the approval by a government committee of a telecommunications draft law. This draft law calls for the creation of a committee to organize the Lebanese Telecommunications sector and the establishment of a company, Liban Telecom, while merging the employees of the MPT with those of Ogero. The law, when passed, will pave the way for privatization of the fixed-line operator.

Syria

The Ministry of Communications is the regulatory authority of the telecommunications sector while the Syrian Telecommunications Establishment (STE), a government-owned entity, is the operator of basic services.[19] At the beginning of 2001, Syria awarded two 15-year BOT contracts for mobile services. The first went to SyriaTel, a subsidiary of the Egyptian group Orascom Telecom and the second to Investcom, a Lebanese company. The contracts, which give the Syrian government the right to bring in a third operator after seven years, include a revenue sharing agreement.[20] Both companies are required to transfer to the Syrian government a percentage of their annual revenues, starting at 30% in the first three years, increasing to 40% in the next three years and then to 50% in the last nine years.

[18] www.hatiftelecom.com.
[19] Office Of Telecommunications Technologies.
[20] www.hatiftelecom.com.

4. Fixed Privatized – Mobile Private

The following Arab countries are included in this group: Bahrain, Jordan, Mauritania, Morocco, Qatar, Sudan, the UAE and Yemen.

Bahrain

The Ministry of Transport is the regulatory entity of the Bahraini telecommunications sector while Bahrain Telecommunications Company (Batelco) is the only operator of telecommunications services.[21] The company was established in 1981 as a Bahraini shareholding company in which the government has a 39% stake. An additional 20% of its shares are held by the British firm Cable & Wireless (C&W), and the rest are traded on the Bahrain Stock Exchange. In early 2001, the government announced that the Bahraini telecommunications sector would be opened to foreign companies before the end of the year, but did not provide any details on this issue.[22]

Jordan

In September 1995, the Jordanian Parliament passed a new telecommunications law which provided the legal basis for a reform of the sector.[23] The law established Jordan Telecommunications Corporation (JTC), the fixed-line operator, as a 100% government-owned corporation. It also established the Telecommunications Regulatory Commission as the entity responsible for all regulatory activities. JTC was given an exclusivity period for operating the fixed-line network until the end of 2004. With respect to mobile services, Fastlink (a subsidiary of Orascom Telecom) obtained a 15-

[21] Office Of Telecommunications Technologies.
[22] www.hatiftelecom.com.
[23] www.trc.gov.jo.

year license in 1995 to run a network.[24] According to the terms of the contract, the company had a monopoly on mobile services for a period of 4 years, and had to share 20% of its annual revenues with the government over the license period.

In 1996, the government announced that it planned to sell part of JTC to a strategic investor. In January 2000, 40% of the company's shares were sold to a group which included France Telecom (88% of the acquired shares) and Arab Bank (12%).[25] Prior to that, JTC started providing at the end of 1998 mobile services through its new company, Mobilecom.

Mauritania

The telecommunications sector in Mauritania was in need of a major development effort in order to support the achievements made by the country in its economic reform program. In this framework, the government adopted in March 1998 a program aimed at restructuring this sector.[26] The program included, among its main objectives, the establishment of an independent telecommunications regulatory authority and an autonomous telecommunications entity, as well as the liberalization of the sector through entry of strategic investors.

In Mid-2000, the postal and telecommunications services were separated; this separation allowed for privatization of the telecommunications entity, Mauritel.[27] Shortly afterwards, the government announced the sale of 51% of Mauritel. In early 2001, Maroc Telecom won the bid with an offer of 48 million U.S. dollars. Regarding the mobile segment of the sector, Mauritel

[24] Office Of Telecommunications Technologies.

[25] www.tradepartners.gov.uk.

[26] www.bellanet.org.

[27] www.arabdatanet.com.

started providing mobile services at the end of 2000 in the two major cities of the country.

Morocco

The Moroccan Parliament passed a law in June 1997 aimed at liberalizing the telecommunications sector.[28] The main provisions of the law were as follows: a division of the national operator, Office National des Postes et Télécommunications, into Ittisalat Al Maghrib (later renamed Maroc Telecom) for telecommunications services and Barid Al Maghrib for postal services; and the creation of a telecommunications regulatory authority, Agence Nationale de Réglementation des Télécommunications (ANRT). Establishment of Maroc Telecom constituted a step toward privatization of the national fixed and mobile network operator.

Privatization of the telecommunications sector was launched when the government awarded, in August 1999, the second GSM license to the international consortium Medi Telecom for 15 years at a price of about 1.1 billion U.S. dollars.[29] The process continued in the following year when the government sold, in December 2000, 35% of Maroc Telecom to the French group Vivendi Universal for an amount of 2.11 billion U.S. dollars.[30]

Qatar

The Ministry of Communications and Transport is the regulatory authority of the Qatari telecommunications sector while Qatar Public Telecommunications Corporation (Q-Tel) is the only operator of

[28] Office Of Telecommunications Technologies.

[29] Medi Telecom includes Telefonica of Spain (30.5%), Portugal Telecom (30.5%) and Moroccan institutions.

[30] www.arabia.com.

telecommunications services.[31] The company, established in 1981, was partially privatized at the end of 1998 through a 45% initial public offering.[32] In addition to the Doha Securities Market, the company is listed on the London Stock Exchange.

Sudan

Since 1942, the Sudanese telecommunications services were run by Sudan Telecommunications Public Corporation, a state-owned entity. However, in 1994, the government established Sudan Telecommunications Company (Sudatel) as the operator and the National Telecommunications Council as the regulatory authority.[33] In the same year, Sudatel was privatized and granted a 15-year lease.[34] In addition to the Sudanese government, Sudatel's shareholders include Etisalat of the UAE, Q-Tel of Qatar and investors from the GCC countries. Mobile services were introduced in Sudan in 1997 through Mobitel, a new company 40% owned by Sudatel and 60% by local investors.

In November 2000, Sudatel was listed on the Bahrain Stock Exchange (BSE) in addition to the Khartoum Stock Exchange.[35] Thus, it became the first Sudanese company listed outside Sudan, and also the first non-GCC company listed on the BSE.

[31] Office Of Telecommunications Technologies.
[32] www.qatarbank.com.
[33] www.bellanet.org.
[34] www.reach4sudan.com.
[35] www.hatiftelecom.com.

United Arab Emirates

From the indicators presented in the appendix, it clearly shows that the UAE has one of the most developed telecommunications sectors among Arab countries. Telecommunications services are provided by the Emirates Telecommunications Corporation (Etisalat), which is 60% owned by the government and 40% by UAE shareholders, while regulatory responsibilities are accomplished by the Ministry of Communications.[36]

Since its creation in 1976, Etisalat has grown drastically. From just 33000 fixed lines at the start of its operations, the company has reached 1.1 million lines in addition to 1.7 million mobile subscribers by the middle of 2001.[37] For a population of about 3 million, telecommunications density has thus exceeded 36 while mobile penetration currently stands at about 56%.

Yemen

In 1990, the Yemeni Public Telecommunications Corporation and the British firm C&W established a joint venture company, Teleyemen, to operate telecommunications services in Yemen.[38] C&W holds 51% of the shares and the Yemeni government 49%. The Ministry of Communications is the regulatory authority. In 1992, Teleyemen started operating mobile services.[39] Then, at the beginning of 2001, a new company called Sabafon entered the mobile segment of the telecommunications market.[40]

[36] Office Of Telecommunications Technologies.

[37] www.hatiftelecom.com.

[38] Office Of Telecommunications Technologies.

[39] www.y.net.ye.

[40] Sabafon is a consortium of four partners: Al Ahmar group of Yemen, Orascom Telecom, Hellascom Telecommunications Company and CICC.

5. Conclusion

A modern telecommunications network constitutes an important component of a country's infrastructure. It facilitates the conduct of domestic economic activity and helps the country compete in world markets, both as an exporter of goods and services and as a recipient of foreign capital. Over the last several years, developing countries began to consider infrastructure as just another sector of the economy that could also be subject to privatization. This view was reinforced by an assessment of the state of infrastructure in those countries. In effect, a low quality of services and a growing demand in a context of limited public financing made privatization necessary. Thus, the pace of infrastructure privatization, including telecommunications, accelerated over the decade of the 1990s.

With respect to Arab countries, the paper has provided an overview of the privatization efforts undertaken in the telecommunications sector by 16 of them. One common characteristic across all countries is that the fixed-line operator is a monopoly. Furthermore, up to date, only Kuwait has not established an independent operator although the government is planning to do so as part of an infrastructure privatization program. In terms of privatization of the basic telecommunications operator, three countries had private participation in the company since it was established (UAE, 1976; Bahrain, 1981; Yemen, 1990). Five countries partially privatized the operator over the last 7 years (Sudan, 1994; Qatar, 1998; Jordan, 2000; Morocco, 2000; Mauritania, 2001). Three other countries announced plans to privatize the company in the near future (Egypt, Lebanon and Saudi Arabia).

Regarding mobile services, the extent of private sector participation in this segment of telecommunications is significant. Except for Oman, Saudi Arabia and Tunisia where mobile services are provided by the public telecommunications company, all other countries have private involvement in

the segment. The latter is structured either as a monopoly (Bahrain, Mauritania, Qatar, Sudan and UAE) or as a duopoly (Algeria, Egypt, Kuwait, Lebanon, Syria, Jordan, Morocco and Yemen). However, this structure is expected to change in most countries as exclusivity periods granted to private firms under the terms of the contracts are relatively short. This will allow governments to sell other licenses, thus increasing competition in mobile services.

Overall, although most Arab countries have only recently made the commitment to privatize their telecommunications services, they have already made some progress toward reaching that objective. So far, a few countries have partially privatized their fixed-line operators while others are expected to follow suit in the near future. Private participation in mobile services, already important, is expected to increase in the coming years. Furthermore, most Arab countries have either adopted new telecommunications laws or modified the existing ones in order to provide an appropriate legal and regulatory framework for the expansion of the sector.

Appendix

Table 1
Telecommunications Density
(main lines per 100 inhabitants)

Country	1995	1996	1997	1998	1999
Algeria	5.15	4.29	4.60	4.83	5.46
Bahrain	24.39	24.04	24.52	24.61	24.96
Egypt	4.76	5.19	5.81	6.54	8.39
Jordan	5.83	7.76	9.04	10.73	12.27
Kuwait	22.60	22.40	23.12	23.60	23.80
Lebanon	10.85	14.57	17.08	18.23	19.28
Mauritania	0.61	0.60	0.58	0.72	0.78
Morocco	4.27	4.52	4.87	5.26	5.62
Oman	7.90	8.60	8.60	9.20	9.50
Qatar	22.30	23.90	24.90	26.00	26.70
Saudi Arabia	9.40	10.68	11.87	14.57	14.55
Sudan	0.25	0.32	0.36	0.50	0.60
Syria	6.78	8.04	8.70	9.38	9.93
Tunisia	5.83	6.44	7.10	8.06	8.88
United Arab Emirates	27.87	29.77	31.82	32.96	33.19
Yemen	1.22	1.29	1.34	1.46	1.53

Source: Unified Arab Economic Report, 2000.

Table 2
Waiting List for Telephone Lines
(in thousand)

Country	1995	1996	1997	1998	1999
Algeria	701	702	824	793	640
Bahrain	0	0	0	0	0
Egypt	1386	1367	1340	1275	900
Jordan	129	156	161	74	60
Kuwait	3	3	32	38	35
Lebanon	210	200	180	140	120
Mauritania	9	10	13	16	17
Morocco	93	48	29	18	15
Oman	3	3	4	3	3
Qatar	0.45	0.40	0.35	0.35	0.35
Saudi Arabia	1262	1118	1409	927	900
Sudan	300	310	320	340	350
Syria	2292	2945	2947	2904	2800
Tunisia	129	82	78	81	80
United Arab Emirates	1	1	1	1	1
Yemen	75	79	82	81	80

Source: Unified Arab Economic Report, 2000.

Table 3
Mobile Subscribers
(in thousand)

Country	1995	1996	1997	1998	1999
Algeria	9	9	18	18	78
Bahrain	28	40	59	92	117
Egypt	7	65	91	350	850
Jordan	12	16	42	70	81
Kuwait	118	151	210	250	280
Lebanon	120	200	425	500	598
Mauritania	-	-	-	-	-
Morocco	30	43	74	117	235
Oman	8	13	53	98	121
Qatar	18	29	43	66	85
Saudi Arabia	16	175	316	612	837
Sudan	-	2	4	9	13
Syria	-	-	-	-	-
Tunisia	3	5	8	39	40
United Arab Emirates	129	194	309	493	832
Yemen	8	9	9	18	18

Source: Unified Arab Economic Report, 2000.

Table 4
Investment in the Telecommunications Sector
(in million U.S. dollars)

Country	1995	1996	1997	1998
Algeria	77	128	99	146
Bahrain	48	61	54	72
Egypt	310	324	339	319
Jordan	13	49	96	147
Kuwait	46	253	42	193
Lebanon	68	83	97	112
Mauritania	12	17	7	3
Morocco	312	198	143	132
Oman	43	79	59	79
Qatar	22	22	22	19
Saudi Arabia	100	107	107	93
Sudan	0	22	61	56
Syria	120	318	366	406
Tunisia	134	199	139	156
United Arab Emirates	162	238	349	565
Yemen	41	18	13	13

Source: Unified Arab Economic Report, 2000.

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Abstract

The objective of this paper is to provide an overview of the privatization efforts undertaken by Arab countries in the telecommunications sector. The discussion is limited to telephone services, both fixed and mobile. Although most Arab countries have only recently made the commitment to privatize their telecommunications services, they have already made some progress toward reaching that objective. So far, a few countries have partially privatized their fixed-line operators while others are expected to follow suit in the near future. Private participation in mobile services, already important, is expected to increase in the coming years. Furthermore, most Arab countries have either adopted new telecommunications laws or modified the existing ones in order to provide an appropriate legal and regulatory framework for the expansion of the sector.