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## **UAE in Lead**

### **Mideast Fiber-to-Home Said Hampered by Lack of Rules, Awareness of Benefits**

Interest in fiber appears to be higher in the Middle East than in Europe, Fiber-to-the-Home Council Europe Director General Hartwig Tauber said in an interview. With several Mideast countries building up to decisions about broadband deployment in the next few years, now is the time for fiber proponents to tell players about the technology's benefits, he said. But deployment of FTTH is being slowed by the absence of a regulatory framework like the EU's, he said.

A study for the council showed that there were more than 68,000 FTTH or fiber-to-the-box subscribers in the Mideast in December, most in the United Arab Emirates, where the incumbent Etisalat and alternative operator Du have connected more than 1 million buildings and homes. Many networks are still in the early stages — only seven of 30 projects counting at least 2,000 homes. There are also fiber users in Bahrain, Egypt, Jordan, Kuwait, Lebanon, Qatar and Saudi Arabia, but none in Iran, Iraq, Oman, Palestine, Syria or Yemen, the survey found.

The region offers a major opportunity for FTTH, Tauber said. The creation of a middle class requires broadband connections, and, in the absence of infrastructure, there's a good chance they will invest in fiber, he said. The council expects as many as 1 million homes to be fiber-connected in coming years, he said.

The council launched a Middle East group last year at the request of several companies engaged in fiber backbone activities there, Tauber said. As governments prepare to make decisions on broadband rollout, these businesses wanted stakeholders to know about the benefits of FTTH, he said. The group held its first conference last year and has a second scheduled for Nov. 30-Dec. 1 in Beirut, he said. The ME council, now managed by the European organization, is expected to go independent next year, he said.

Part of the reason for the lag in FTTH deployment is the lack of broadband infrastructure, which makes mobile technology very important, Tauber said. But particularly in the larger cities, businesses and the wealthier classes are unhappy with their Internet services because many telephone networks can't support DSL technologies, he said.

But FTTH development is slow, and regulation is handled on a national basis and sometimes dependent on the decisions of royal families or sheiks, Tauber said. There are no regional rules, as in Europe, for unbundling or requiring incumbents to give new players network access, because in many places networks don't exist, he said.

The council is "realistic" about FTTH deployment in the Mideast, Tauber said. Decision makers need basic education and information-sharing, he said. Tauber said he has "never heard a negative comment about fiber" from Mideast regulators. Interest seems to be stronger than in Europe, though deployment only makes sense in cities and regions where people can take advantage of broadband, he said.

Almost all major broadband equipment vendors have shipped decent amounts of FTTH equipment to the Middle East, said Ovum analyst Kamalini Ganguly, who forecasts FTTx markets. One of the strongest drivers is the huge amount of construction activity, particularly of new cities and new residential developments in them, she said. If operators have to lay down fixed infrastructure, they're opting for fiber, she said.

Etisalat says it intends to cover the entire UAE with fiber by 2011, with Abu Dhabi the first capital city to have complete FTTH coverage by the end of this year, Ganguly said. The company needs to reduce its reliance on mobile revenue, which is reaching saturation, and fixed lines, which are declining, and needs to ramp up broadband lines and services, she said. FTTH would allow Etisalat to offer IPTV and other wholesale services, she said.

Stronger competition is also behind the move toward FTTH, Ganguly said. Etisalat rival Du has 30 percent of the UAE telecom market and "more competition may be in the offing," she said. The World Trade Organization required the UAE to liberalize its market and introduce a third telecom operator by 2015, she said. Du has also been targeting business customers for broadband and is using its growing fiber network to offer higher speeds and more services, she said. — *Dugie Standeford*