

# Internet Diffusion: Egypt case study

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Internet Summit, Oman,  
28-30 May 2001**





# ***Egypt case study: Agenda***

- **The Context**

- ⇒ **ITU Internet diffusion case studies**

- **The Country**

- **Telecommunication Sector Structure**

- **Internet market development**

- ⇒ **History and development**

- ⇒ **Pricing**

- ⇒ **Premium rate service**

- ⇒ **IP Telephony**

- **Recommendations**



# *ITU Internet Diffusion Case Studies*

- **2000**

- ⇒ **6 studies covering Bolivia, Egypt, Hungary, Nepal, Singapore, Uganda**

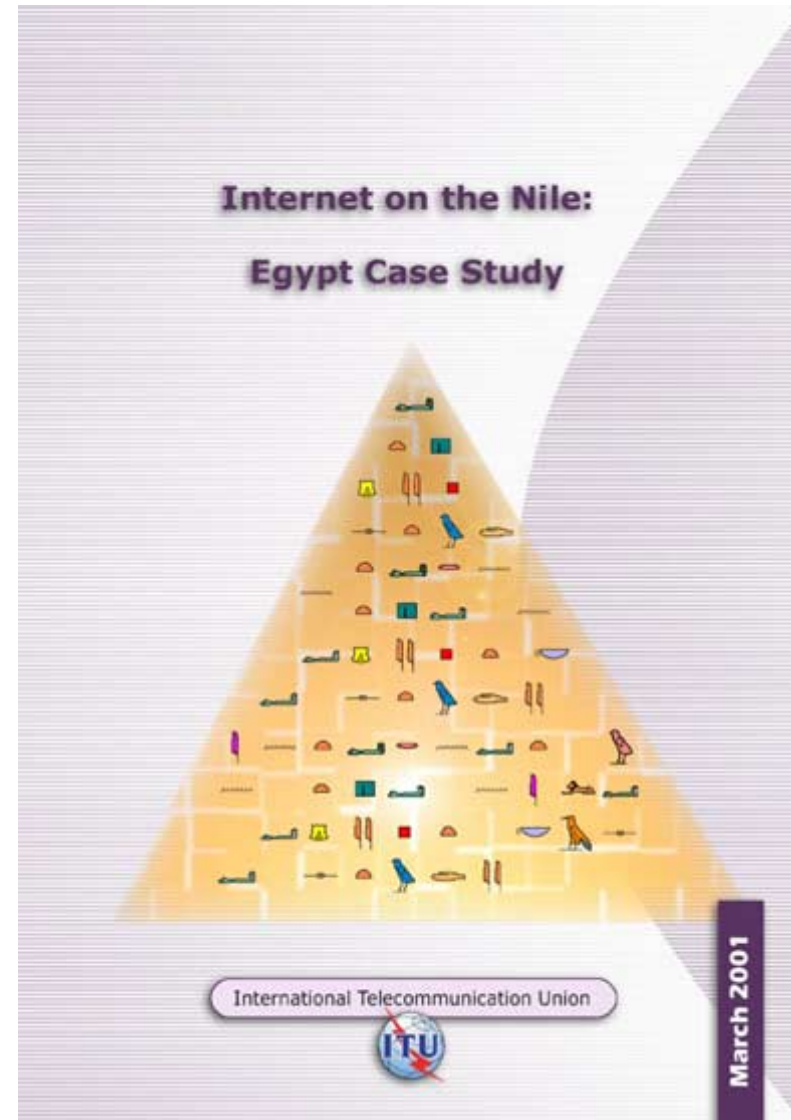
- **2001**

- ⇒ **Regional focus on ASEAN**

- **Purpose:**

- “To understand the factors that may promote or retard the development of the Internet in different countries”**

[www.itu.int/ti/casestudies](http://www.itu.int/ti/casestudies)



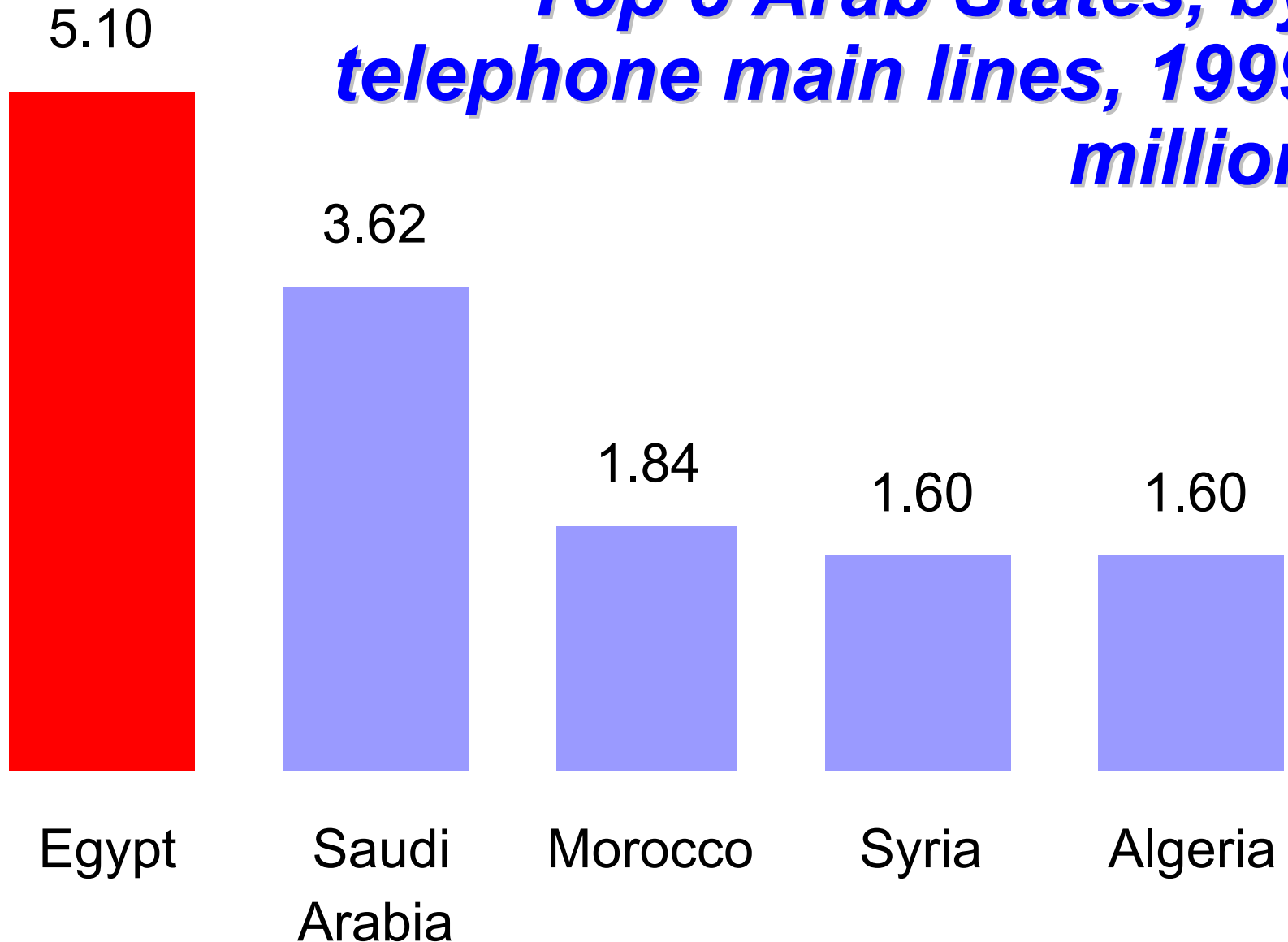


# Egypt: the country

Population (1999)	62 million
Life expectancy, in years (1998)	66.5
Urban population (1999)	45 %
GDP per capita (1999)	US\$ 1'400
Households with electricity	90.4 % (in 1996)
Households with a telephone	>20 %
Level of adult illiteracy (1999)	33.9% (male) 57.2% (fem.)



***Egypt's position among the  
Top 5 Arab States, by  
telephone main lines, 1999  
million***





## ***Telecom structure: key dates***

- **1854: first telegraph services, Alexandria**
- **1982: Arab Republic of Egypt Telecom Organisation (ARENTO) created**
- **19 March 1998: New law establishes Telecom Regulatory Authority (TRA)**
- **April 1998: ARENTO becomes Telecom Egypt**
- **1998: Orascom (MobiNil) & Misrfone (ClickGSM) acquire digital mobilephone licences (GSM)**
- **1999: Ministry of Communications and Information Technology (MCIT) created**
- **2001: New Law?**
- **2001: Partial Privatisation of Telecom Egypt?**

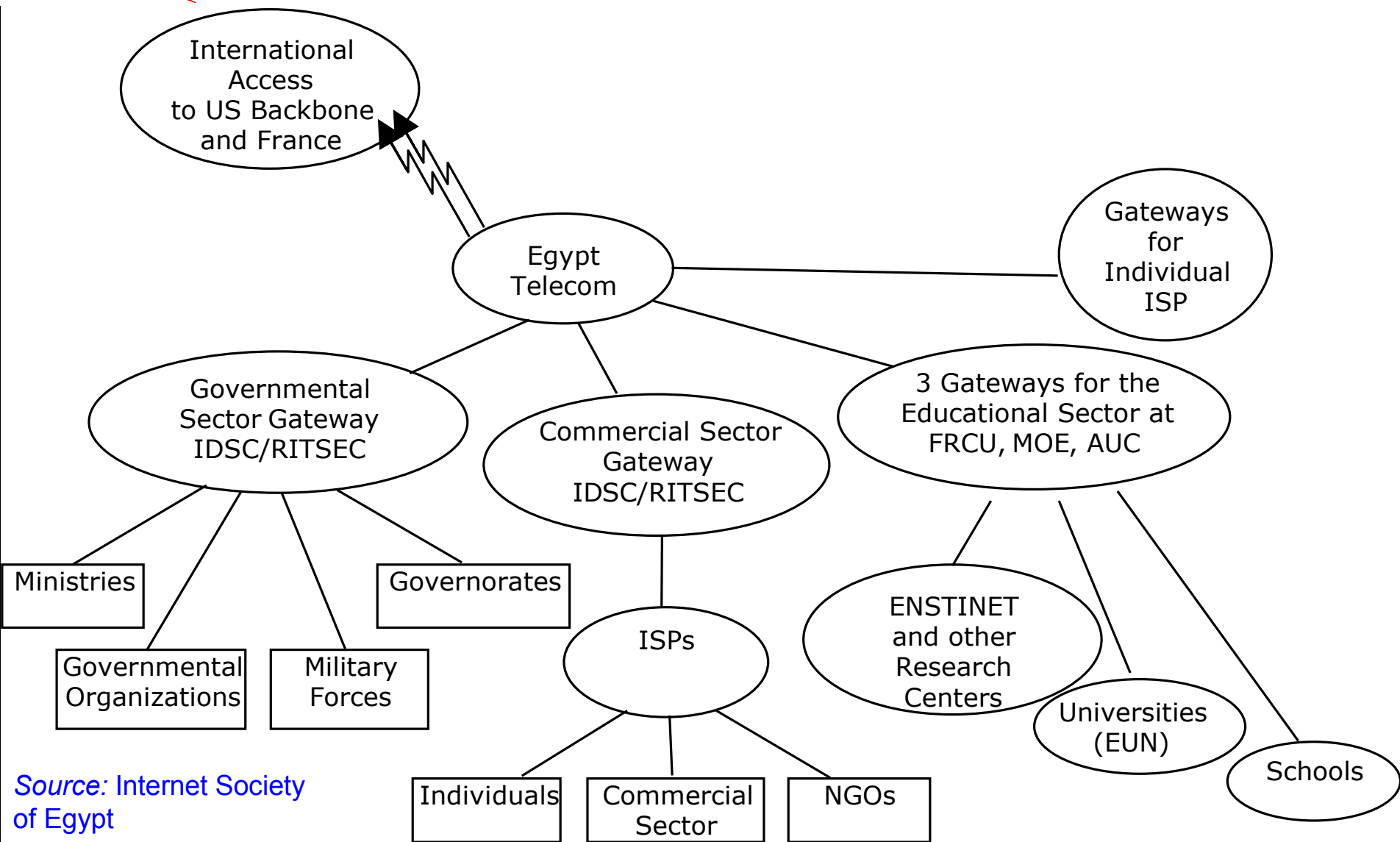


# ***Development of the Internet in Egypt***

- **First recorded use, October 1993, Egyptian Universities Network >> 9.6 kbit/s link**
- **Sept. 94, International Conference on Population and Development, >> 64 kbit/s link**
- **IDSC and RITSEC created to provide gateway**
- **Dec. 95, ISP market liberalised**
- **Bandwidth grows from 256 kbit/s in Oct '96 to 2 Mbit/s in April '99 to 26 Mbit/s Oct '99**
- **While Telecom Egypt still holds international backbone monopoly, a new market entrant, Nile Online, is providing a national backbone network**
- **60 ISPs active by May 2000**



# Egypt's Internet gateway

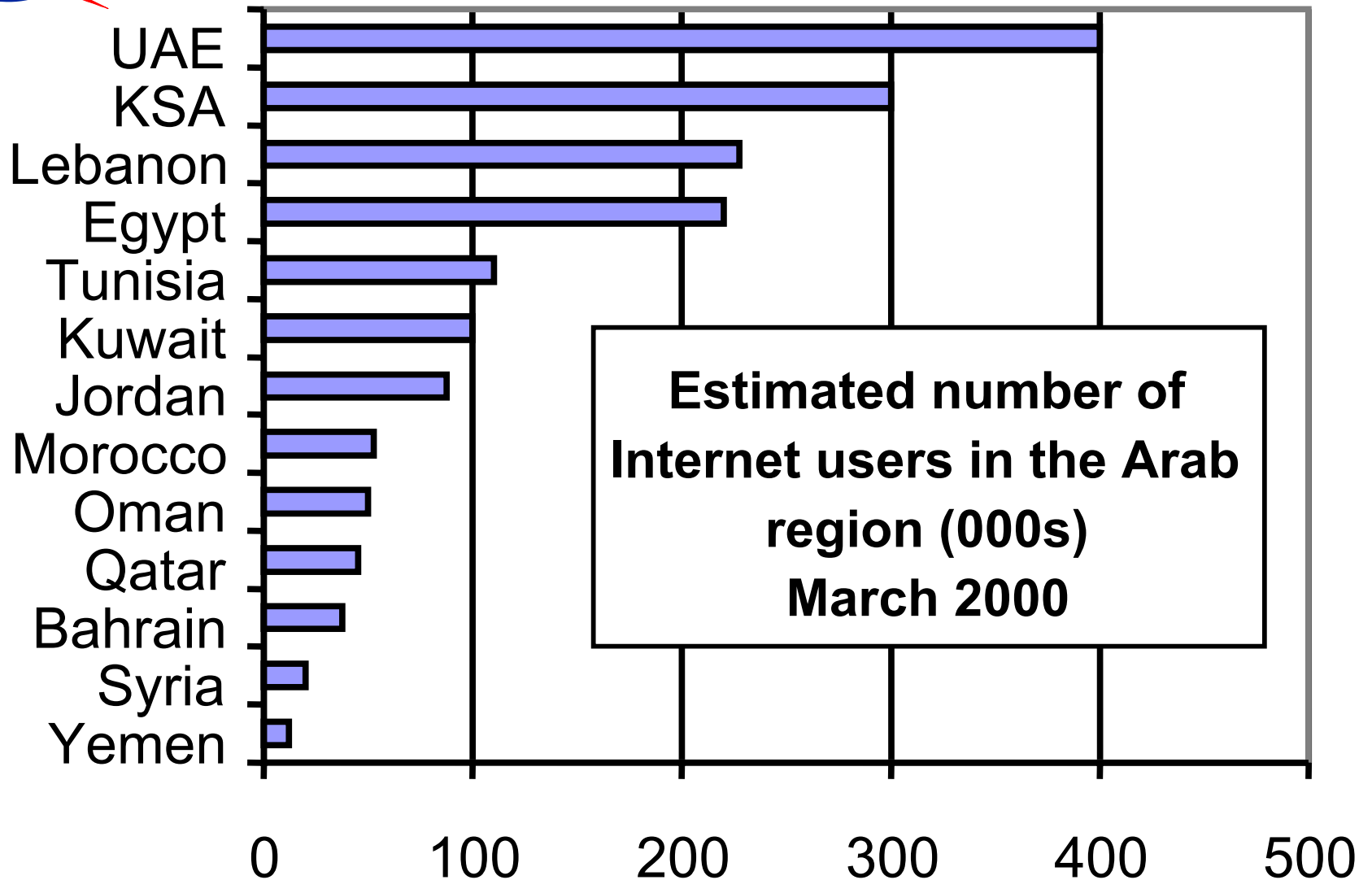


Source: Internet Society of Egypt



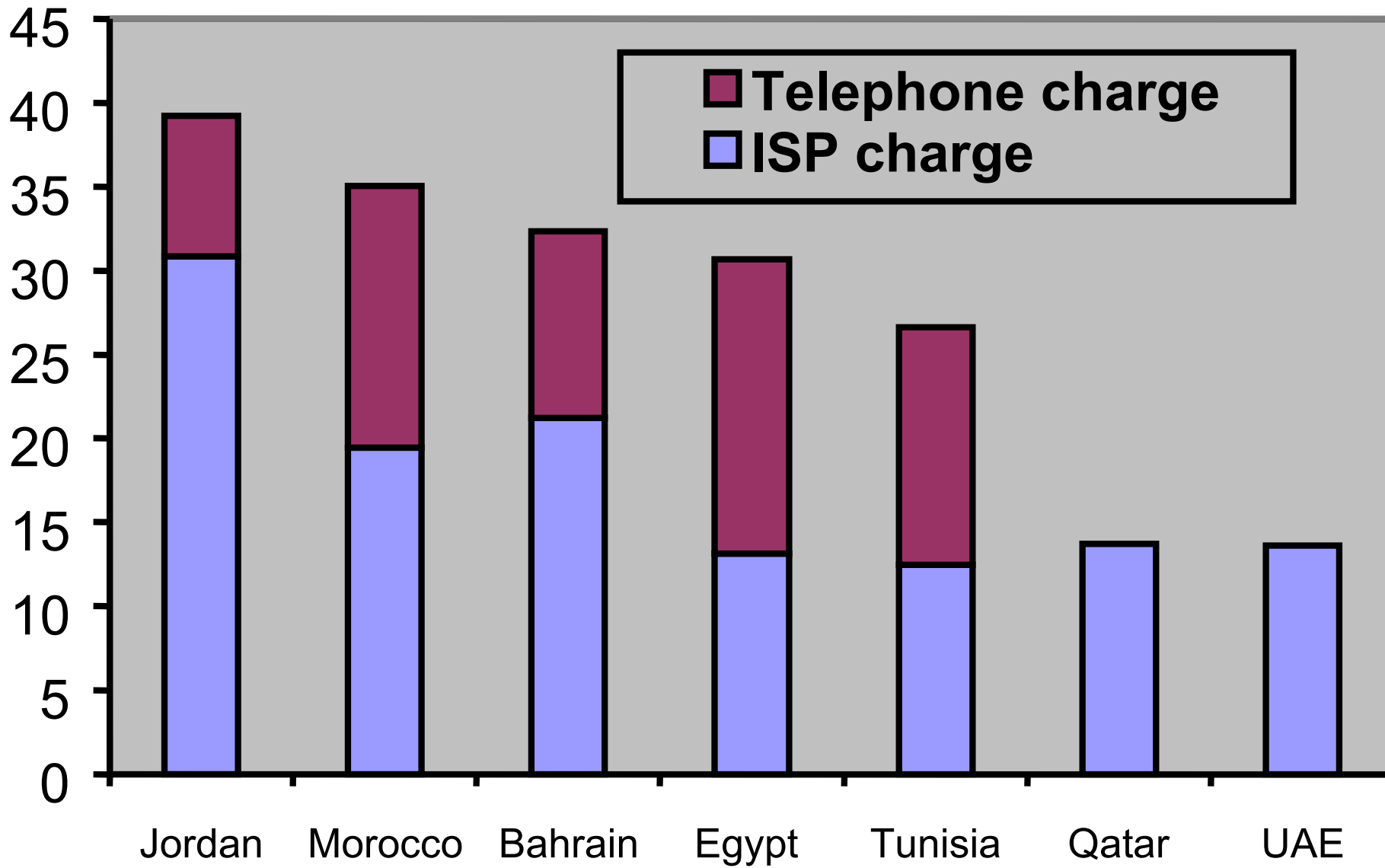


# ***Egypt's place among the Arab States***





# ***Pricing of 10 hours Internet access (in US\$ per month)***

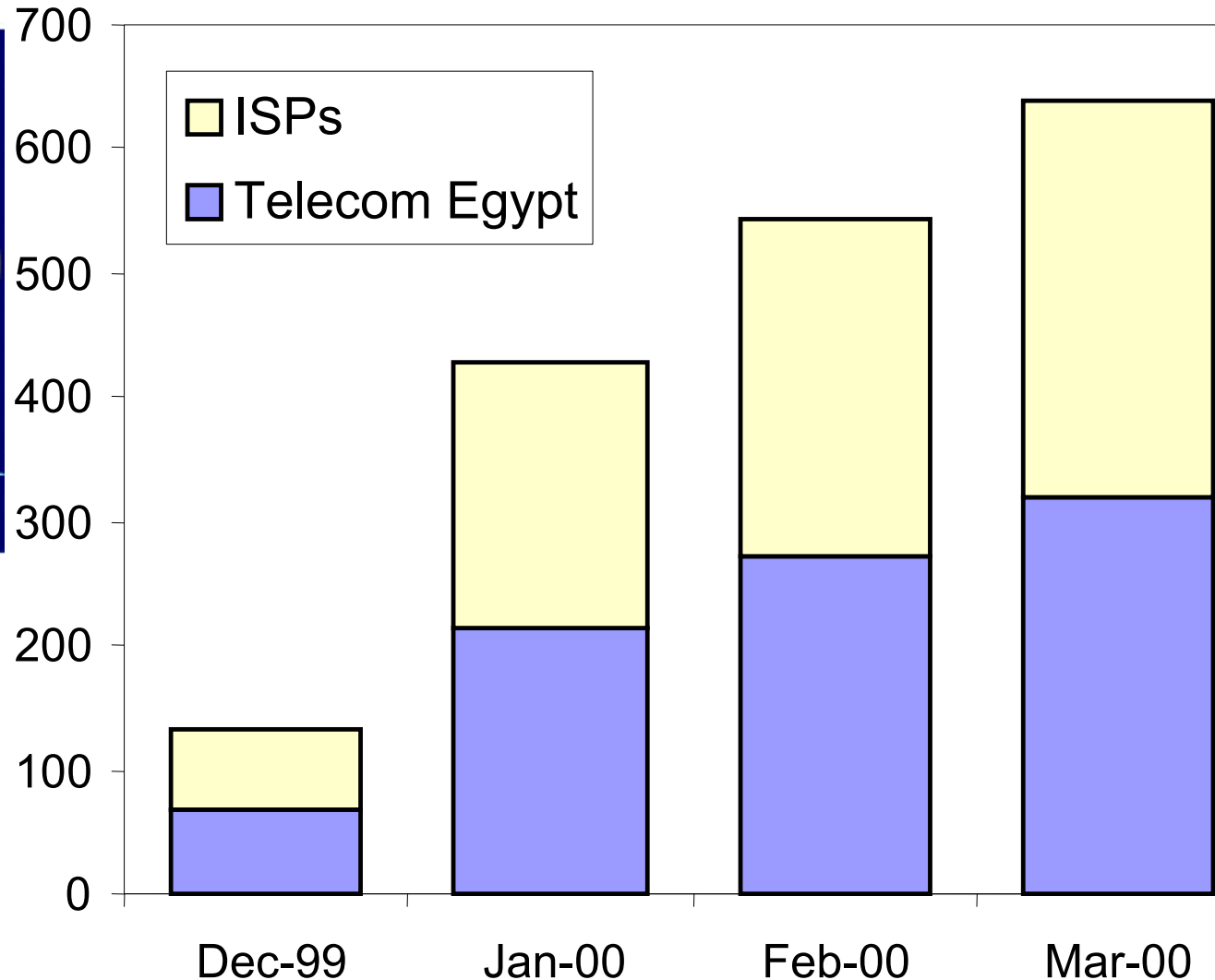


# Revenues from Egypt's "Internet-900" dial-up Internet access

**In US\$ 000s, since launch**

Subscription Internet 900  
Sign up fee  
User-ID or Password  
Just Dial  
**0908-0908**  
For Immediate Internet Access  
Internet Now...  
Pay Later  
For more details, call: (02)33 11 800

**Price:  
US\$3.50 per  
hour peak  
and US\$1.75  
off-peak**



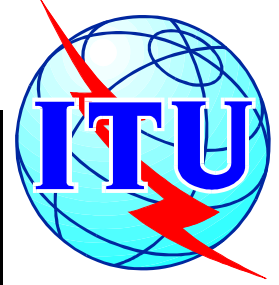
Source: Revenue data from Telecom Egypt, Advert from [www.intouch.com](http://www.intouch.com)

# ***Egypt Telecom's Voice over IP service***

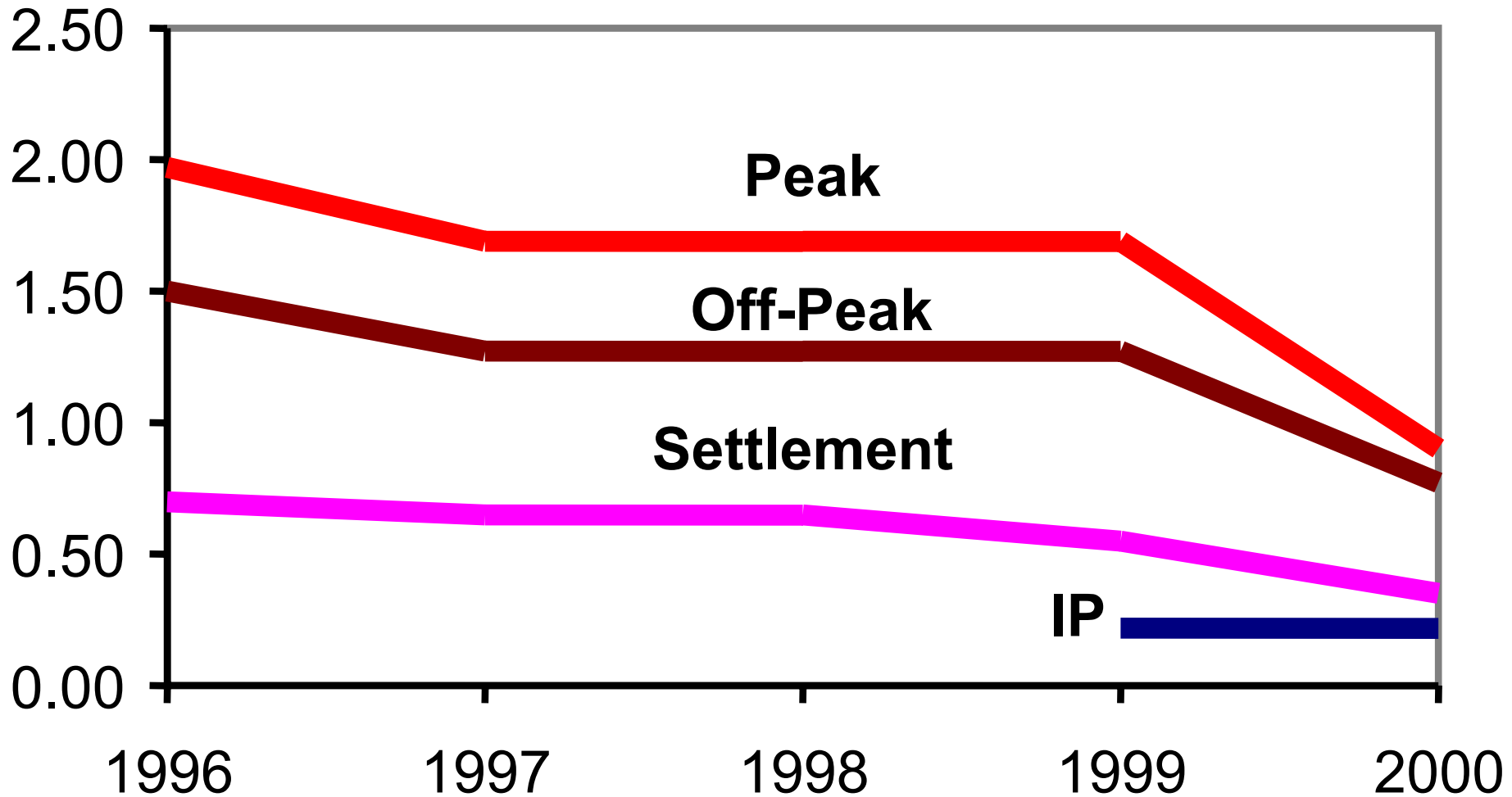
- Alliance formed with eGlobe (US)
- Marketed through ISPs (including Egypt Telecom's own ISP); ISPs get 10% of revenues
- Marketed via pre-paid cards
- Majority of calls are incoming
- Long-term plan to move whole network to IP platform



- **Calls to US cost US\$0.23 per minute, compared with US\$1.32 for PSTN**



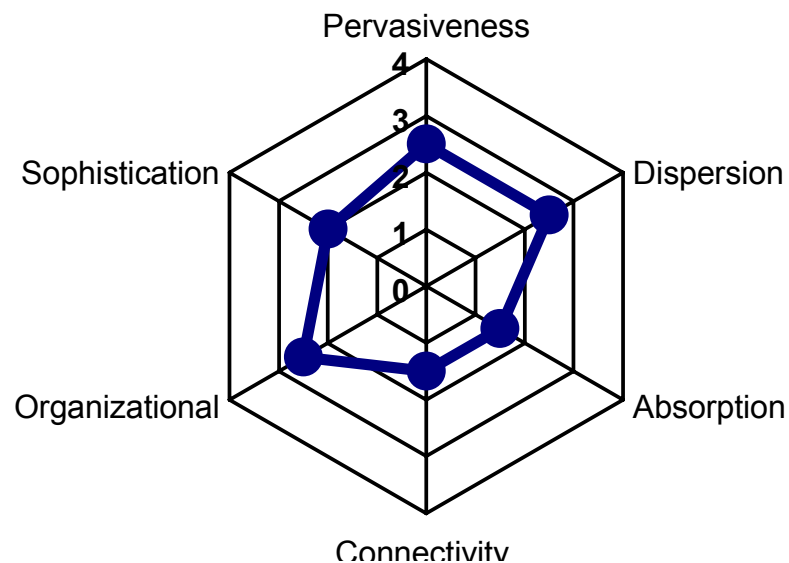
# ***Pricing of Voice over IP relative to other tariffs, for calls to US, in US\$ per minute***





# Egypt in Internet diffusion framework

DIMENSION	VALUE
Pervasiveness	2.5
Geographic Dispersion	2.5
Sectoral Absorption	1.5
Connectivity Infrastructure	1.5
Organizational Infrastructure	2.5
Sophistication of Use	2.0
<b>Total</b>	<b>12.5</b>



**Note:** The higher the value, the better (0 = lowest, 4 = highest).

**Source:** ITU adapted from Mosaic Group methodology.



# ***Recommendations 1: Telecoms***

- 1. Continue the path of progressive liberalisation**
  - **Full liberalisation of market for data communications**
  - **An accelerated liberalisation timetable for IP Telephony**
  - **Continuation of liberalised regime for ISPs**
  - **Avoid awarding exclusive licences**
  - **Becoming signatory to WTO agreements**
- 2. Ensure accounting separation**
- 3. Publish all licences in the public domain**
- 4. Give priority to tariff rebalancing for Telecom Egypt**
- 5. Separate the regulator fully from Telecom Egypt**
- 6. Make Internet available nationally at local call rates**
- 7. Establish a timetable for issuing 3G licences**
- 8. Continue the policy dialogue**



## ***Recommendations 2: IT and Internet***

- 9. Promote awareness**
- 10. Separate out commercial operations of IDSC from its government functions**
- 11. Create an e-commerce task force**
- 12. Promote public access to the Internet**
- 13. Develop an Arab regional strategy**
- 14. Invest in the next generation**
- 15. Support human resources development**
- 16. Put government online**
- 17. Conduct more market research**