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Lebanese American University
School of Business
Beirut

An Assessment of Establishing a Chatting TV Channel in Lebanon
“Ughniya TV”
A Feasibility Study

By
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**By
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**Submitted in Partial Fulfillment of the Requirement for the degree of Masters in
Business Administration**

Lebanese American University
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"Ughniya TV"
A Feasibility Study

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As a result of the state of the art advances in technology the classical description / requirements so that to open a TV station are no longer valid. This project will cover the possibility/feasibility of opening a Chatting TV located in Beirut Lebanon and that covers the entire Arab World (Saudi Arabia – Lebanon- Egypt – Jordan – UAE – Qatar – Bahrain ...). Aspects to be covered in this project are: Technological requirements (description, usage, source, cost), Legal structure, Marketing strategies and the Marketing Mix, Role of management and the different departments, Geographical coverage, the anticipated internal Strengths and Weaknesses, as well as, the external Opportunities and Threats, the Competitive environment (Major and lesser competitors), Financial analysis (Projected Balance Sheet and Income Statement).....

Chapter One

Television in Perspective

1.1 The Invention of Television

"The word television is created from both Greek and Latin. Tele- means "far" in Greek, while -vision is from the Latin word visio that means "vision" or "sight". The word television is often abbreviated as TV or the telly".¹

As a result of the inventions and discoveries of many men and scientists the Television was created. At the start the produced television sets were not electronic. At that time the background of the TV screen was made up of a small motor with a spinning disc and a neon lamp that worked together to give a small blurry picture.

1.1.1: The Television's Electromechanical Era

The first commercially sold TV sets were radios with TV screens that consisted of a neon tube and a mechanical spinning disk, they gave birth to a very small picture that was enlarged by a magnifying glass. These sets were sold in the United States, United Kingdom and Russia from 1928 to 1934. The Televisor that was produced and sold from 1930 and 1933 is the first mass-produced set, around a thousand Televisor sets were produced and sold during this period.

¹ www.nyu.edu/classes/stephens/Ms_Home.htm.

Telefunken in Germany is the first company to produce and market electronic TV sets (fitted with a cathode ray tube). This was in 1934, others companies from Britain (in 1936) and America (in 1938) followed its footsteps. The first mass produced TV sets were sold in the United States at a unit price of 125 USD the equivalent of 1,863 USD today, this was the price for a 3 inch TV. The 12-inch TV sets were sold at a unit price of 445 USD, the equivalent to 6,633 USD today.

Before the start of World War II around 19,000 electronic television sets were manufactured and sold in Britain, 1,600 in Germany and 8,000 in the U.S. The War Production Board freezed manufacture in 1942 and allowed it to resume again in 1945.

After World War II, Television production/purchase/usage in the United States increased tremendously. This was due to the lifting of the manufacturing freeze, technological advances, the development of the television networks, the drop in TV set prices (caused by mass manufacturing), availability of leisure time, and the increase in income. Around 90% of U.S. households had a Television set in 1962, compared to only 0.5% in 1946, and 55.7% in 1954. In Britain, 15.1 million TV sets we sold in 1968 compared to 15,000 sets in 1947 and 1.4 million in 1952".²

² <http://histv2.free.fr/rignoux/rignoux1909.htm>.

Figure 1.1 TV in the 1950s

Source: www.images.search.yahoo.com

1.1.2: The Move toward Encryption

Once “Satellites” were introduced, TV signal broadcasters had to change the way they transmitted their signals. CANCOM (the Canadian Satellites Communications Inc.) was the first TV network to encrypt the work of four of their TV stations that were broadcasted via Canada’s Anik D1 satellite. By the end of 1985, more than one million satellite TV systems were installed and operating across North America.

Home Box Office was the first U.S. pay TV station to use encryption while broadcasting its HBO and Cinemax programs. Other stations, such as CNN Headline News, Showtime and the Movie Channel also followed later on.

1.1.3: The Technology of Encryption

Each broadcast TV encryption system has three components: an encoder, an authorization center, and a universe of low-cost, individually addressable decoders. The encoder encrypts the TV signal and is located at the satellite uplink facility; it also controls all decoders in the system by assigning an IRD (Integrated Receiver / Decoder code) to each decoder. Through the encoder the authorization center can turn on or off any IRD/decoder. The decoder decodes the received encoded signal thus allowing it to be displayed on the TV screen.

1.1.4: DTV.

The new DTV (Digital Television) system allows the broadcast and display of television signals with an audio and visual quality that is far superior to the NTSC system. DTV high picture quality is due to the fact that it offers more than twice the number of lines than the usual TV standards. It also masks all external interference such as external noises or electrical parasite. It displays original images and colors without the manual intervention of viewers in an attempt to adjust their TV sets.

1.2 The Technology of Satellite TV

The usual purpose of any satellite is to relay communication signals or transmit scientific data. Satellites used by TV stations are in either highly elliptical (with an orbital period of about 12 hours) or geostationary orbit 37,000 km (22,300 miles) above the earth's equator.

Satellite television systems consist of the following:

- A transmitting antenna that is located at an uplink facility.
 - The Uplink satellite dishes are usually very large so that to allow for a better aiming and increased signal strength. The uplink dish is pointed toward a specific satellite and signals are transmitted via a specific frequency,
 - The transponder placed on board the satellite receives the signal and forward it back to earth via a different frequency so that to avoid interference.
-
- The signal transmission from the satellite to earth is called downlink.
 - A parabolic receiving dish receives the down linked signal for relay to its final destination. The received signal is usually amplified by a feedhorn that is mounted in the center of the receiving dish.³

³ <http://www.pcta.com/about/history.php>

1.2.1: Forms of Satellite TVs

There are three types of satellite television systems: Systems that allow direct reception by viewers, others that are used as a feeding platform by local television affiliates and systems that receive signals for re-distribution across terrestrial cables.

Systems that allow direct reception by viewers are called direct broadcast satellite or DBS and television receive-only or TVRO. In some DBS systems transmitted data is encrypted and requires specific decoding/reception equipment so that to be viewed. (ex: Pay TV). Only paying subscribers are allowed to view the transmitted signal⁴.

⁴ <http://www.pcta.com/about/history.php>

1.3 Televisions and Satellite Television in Lebanon

There are around 28 TV stations that are based in Lebanon. Apart from Tele Liban (which is state owned), Lebanese TV stations are privately owned. Most TV stations, if not all, develop/broadcast a multitude of entertaining programs for commercial purposes. A very small number of the broadcasted programs address the major day-to-day issues that are of high importance to the average Lebanese viewer. Most of the broadcasted cultural programs are imported, thus does not cover the local situation. Even the news section focuses on the news of politicians and not the social issues that are of main concern to the Lebanese public. A small number of the programs directed to children are in Arabic, whereas, the majority of the kids programs do not even have Arabic subtitles. Lebanese TV stations should make an effort, through the development of their internal know-how so that to provide the Lebanese viewers with material that satisfy their need for information about issues that concern their livelihood while taking into account the local culture, social norms and values in an attempt to promote national unity and cohesion.

1.3.1: Satellite Broadcasting in Lebanon

During the 1990s, the popularity of satellite broadcasting greatly increased in the Arab world and in Lebanon. The first Lebanese station to broadcast via satellite was Future Television (Future TV launched Future International SAT in 1994) followed by the Lebanese Broadcasting Corporation, Tele Liban and Al-Manar.

1.3.2: TV Stations in Lebanon

Below is an overview of the Lebanese TV Stations:

1.3.2.1: Future television.

Future Television (Arabic: تلفزيون المستقبل, Telviziyon Al Mustaqbal) is one of the most popular and high rated television stations in Lebanon and the Arab World. It was founded in 1993 by the late Rafik Hariri, a former Prime Minister of Lebanon. Future TV is also available via satellite in Europe, the United States, and Canada. Their biggest competitor in Lebanon is LBCI.⁵

⁵ www.futuretvnetwork.com

Figure 1.2 Future TV Logo

Source: www.Futuretvnetwork.com

1.3.2.2: Murr television.

Murr TV was among the most successful television stations in Lebanon. It was offering an attractive variety of educational, societal, political and entertainment programs. In addition to these programs the TV offered a very popular program for children everyday between four and six PM. Murr Television was shutdown in September 2002.⁶

Figure 1.3 MTV Logo

Source: www.mtv.com.lb

⁶ www.mtv.com.lb

1.3.2.3: The Lebanese Broadcasting Corporation (LBC).

The Lebanese Broadcasting Corporation (LBC) was founded by the Lebanese Forces in August 1985. LBCSAT, a free satellite channel was launched in April 1996. The staff's eagerness and skills ensured instant and growing success for LBCSAT among audiences throughout the Arab world. So much so, that the channel has been broadcasting 22 hours a day since January 1997 and continues to rank number one in the Middle East. Shortly after that, and in a period of only three months, LBC launched three new encrypted channels: LBC Europe, LBC America, and LBC Australia. It is through such continual achievements that LBC International & LBC Al Fadaia Al Lubnania fulfill their ambition to be a world-class TV network.⁷

Figure 1.4 LBC TV Logo

Source: www.lbcgroup.tv

1.3.2.4: Al-Manar television.

Al-Manar (Arabic: المنار; The Beacon) is the satellite television station of Hezbollah, broadcasting from Beirut, Lebanon and offering a number of news programs, commentary, and entertainment programs.

⁷ www.lbcgroup.tv

The station was launched by Hezbollah in 1991, by 2004, Al Manar was estimated to hold 10-15 million viewers daily worldwide.⁸

Figure 1.5 Al-Manar TV Logo

Source: manartv.com.lb

1.3.2.5: New TV.

New TV Sat; usually short-handed NTV is a 24-hour PAN Arab station broadcasting from Lebanon and offering general interest programs in the Arabic language. NTV was launched on October 4, 2001 in Lebanon and the Arabic world. On May 9, 2005 NTV Sat. was launched in America, reaching Arab-speaking emigrants in the United States, South America and Australia.

NTV tries to always differentiate itself from other TV stations by offering a wide range of programs that satisfy all tastes. Its diverse programs include news, political programs, talk shows, comedy, drama, music and sports.

These programs include some recent local productions for families, children and teenagers as well as a selection of Arabic series and films. NTV targets all sectors

⁸ www.manartv.com.lb

of the society: intellectuals and the average household members including housewives and children.⁹

Figure 1.6 New TV Logo

Source: www.newtvsat.com

1.3.2.6: The National Broadcasting Network s.a.l.

NBN is a Lebanese private company founded in 1996s. In September 2000, NBN launched its satellite channel via Arab Sat and Nile Sat to cover the Arab World, Africa and Europe. Since 2004, NBN is available in the USA through Reach Media Inc. It's worth mentioning that NBN is broadcasting the same channel on both terrestrial waves and through satellite.¹⁰

Figure 1.7 NBN TV Logo

Source: www.nbn.com.lb

⁹ www.newtvsat.com

¹⁰ www.nbn.com.lb

1.3.2.7: Orange television.

OTV or Orange TV is the first publicly traded television station in Lebanon. It started broadcasting on July 20 - 2007, on the Arabsat -BADR 3 satellite using the 11823 MHz frequency. It now also broadcasts on NLESAT 10873 MHz Vertical.

It may also broadcast on IO digital cable, which will make the channel the first Middle Eastern channel to be broadcast on American cable.¹¹

Figure 1.8 Orange TV Logo

Source: www.otv.com.lb

¹¹ www.otv.com.lb

1.4 TV SMS/chatting in Perspective by Habib Battah

“Arab television has reached a new milestone. Now that the satellite revolution has “liberated” the airwaves from the grip of state control, business and technology have come together once again to stimulate change in the Middle East. Just as Arab regimes have come under political pressure thanks to the emergence of Pan-Arab all-news networks, conservative elements of Arab society are now under threat from a lucrative new broadcasting model known as interactive television.

For a number of reasons, both social and economic, the phenomenon of interactive television has taken off in the Middle East like few other regions in the world. It has sparked uproar among religious authorities across the Islamic world, driven multinational brands out of multi-million dollar contracts, and even caused an unprecedented tug-of-war between heads of state in the region. It has seen young people across the Middle East communicate in ways never before imaginable, crushing age-old taboos with languages of their own creation. This cataclysmic movement is powered by a technology known by its three-letter acronym: SMS, Short Message Service. SMS runs an endless stream of messages from viewers along an ever-increasing number of screens in households across the Arab world.

Over the past five years, SMS text messaging has become one of the most popular means of communication in the region. In Saudi Arabia, for example, over 60 percent of mobile subscribers now send text messages, with the majority of users aged 18 to 24, according to a recent survey by AC Nielsen.

SMS fills a gap, especially for young people, in a region marked by poor Internet infrastructure and low connectivity rates. In fact, mobile phone companies in the Middle East often enjoy larger customer bases and much higher growth rates than Internet service providers.

Much of that growth stems from the recent liberalization of the region's telecommunications sector. Much like the Arab world's burgeoning television industry, the telecommunications industry only became open to private investment over the last decade. It was just a matter of time before entrepreneurs managed to link the two, creating a new synergy to fuel one of the world's fastest growing communications industries. In purely economic terms, the move could not have come at a better time.

With regional governments eager to get on the media map, the growth in the number of Arab TV channels, now hovering well over 200, has far outpaced the region's growing advertising market, valued at under \$300 million, according to industry estimates. Stations now realize that tapping into SMS may close the gap, if not increase the pie altogether.

The SMS trend originally was popularized by the controversial reality show *Star Academy*, which brought together a group of young pop star hopefuls—unmarried men and women from across the Arab world—to live under one roof and have their lives filmed. The unprecedented experience was then shared by audiences across the region, which not only determined the outcome by voting off candidates, but also pushed some

boundaries of their own by carrying out a series of personal conversations on the bottom of the screen.

Often flirtatious in nature, the messages were pouring in even as the contestants slept (the show is broadcast 24-hours per day), challenging cultural restrictions and sparking a bonanza of revenues. Even politicians were hooked. The late Palestinian leader Yasser Arafat, Jordan's King Abdullah and Libyan president Muamar Qaddafi were all reported to have reduced national telecom rates to help bolster their respective native son's chance of winning. Saudi authorities, however, were less amused.

As clerics across the region issued religious edicts against the show for its unorthodox mixing of the sexes, telecom authorities in the Kingdom – the biggest source of SMS traffic – attempted to ban its citizens from participating by cutting off access to Star Academy's local hotlines. But just as Arab autocrats find themselves unable to stop the often-embarrassing Al Jazeera signal from reaching the homes of their citizens, Saudi Arabia's infamous religious police were powerless when faced with the technology of SMS.

Despite the ban, young Star Academy fans in Saudi Arabia managed to vote for their favorite candidate by using a multitude of Web sites that offer SMS sending services. The authorities' worst nightmare seemed to come true when a Saudi candidate won. A never-before-seen level of pop hysteria hit the Kingdom as crowds of young men and women flocked to greet the victor at a local mall. The SMS ban was re-imposed during subsequent seasons of the show, and Nescafe even pulled out of a multi-million dollar

sponsorship deal to avoid upsetting the region's biggest consumer market. Yet the rise of SMS was just beginning.

In the three years since Star Academy was first broadcast, around 60 new music video and chatting channels have hit the airwaves, according to senior officials at Egyptian satellite operator Nilesat. Most, if not all, rely on a variety of SMS chat bars and related services as a primary revenue stream. In addition to casual banter, viewers can now play an array of on-screen games, match mates with a "heart meter" or determine compatibility based on SMS horoscope readings.

"SMS is a brilliant way to cover costs and generate profits for a station," says Ziad Batal, who has created and produced a number of new Arab reality shows including Street Smarts, which will be airing on Dubai's Infinity TV. Batal worked on Dance Makers, a belly-dancing talent show, as well as Hoop Challenge, a basketball-themed reality show for Washington's Alhurra. Viewer participation and text messaging will be an important aspect of all these shows. "The SMS component is as important as media buying," he says in reference to traditional television advertising.

In keeping with the tradition of non-disclosure in the region, however, stations and telecom service providers are unwilling to go on the record with revenues or the volume of calls. Privately though, sources close to Arab broadcasters say some of the major music stations generate just under \$1 million per month from SMS. More serious productions such as Star Academy and its rival show Superstar are estimated to generate far more. Indeed, with the help of SMS revenues, budgets for the two shows were so

large that they actually set new precedents in the industry. "SMS allows for the development of larger and more sophisticated productions as some of the production costs can be covered by SMS revenues," said a source with Lebanon's LBC, which produces Star Academy.

Apart from meeting big budget standards, the latest SMS channels have increased profitability by sticking to library material and relatively cheap programming. With an average of half the screen devoted to text bars (streamed in English, Arabic, French or a mix of all three), the new channels either feature music videos, which have become increasingly sexually suggestive, or scaled-down game shows, where a lone female host lures audiences to phone or text-in for a chance to win. In a sign of the moneymaking potential, a handful of channels have even gone so far as forsaking programming altogether, devoting the entire screen to text messages, and creating the equivalent of a live TV chat room.

Messages continue to originate mainly in conservative countries like Saudi Arabia and often deal with physical appearance, with some overtly soliciting personal information, or even proposing marriage—racy stuff in a region where dating is often restricted or forbidden. Recent messages in English on Nagham, a popular music video channel include:

"Hany we love you so much. We want to know which school you were in and which university- Vida, Egypt"

"Hey sweety it's been a while you are not replying to me I miss you a lot"

"Barbie, we should do something really, I'm thinking about you a lot, love Georges"

"Fady you are a jagal (gigolo) I love you"

"Hany Hany Hany My love, Fatima Algeria"

Realizing that viewers are more interested in the SMS dialogue than watching the actual content on screen, stations are now employing massive call centers to screen the thousands, if not millions, of SMS messages received on a daily basis. Once a computer automatically removes phone numbers, email addresses, and profanities, a second or third layer of human editing is necessary to decipher coded messages that may disguise phone numbers through riddles or poetry. Of course, some messages inevitably fall through the cracks. The emergence of MMS, multimedia messaging service, which allows the sending and receiving of personal videos, will undoubtedly raise the stakes even further.

Stations feel they must walk a delicate line. Now, in addition to avoiding potential conflicts with political power holders, they must also head off a possible conservative backlash. As SMS revenues continue to grow and more content goes interactive, the filtration process could become more controversial. Industry insiders say that SMS-related services already generate an equal if not greater amount of revenues than television advertising. Will the region's biggest broadcasters, leading news networks such as Al Jazeera and the MBC-owned Al Arabiya, feel the need catch up and tap into this new cash cow by soliciting a greater level of participation from their viewers? Will audiences of controversial political and news programs be allowed to text any message of their choosing, even politically controversial ones?

SMS already has proven to be a valuable tool among young people in organizing recent anti-government protests in Egypt, Kuwait and Lebanon. As interactive television becomes a critical revenue stream for regional broadcasters, it too may help in providing new avenues for challenging authority. After all, future generations of Arab youth are likely to expect and demand much more control over the images flashing across their screens".¹²

¹² <http://www.tbsjournal.com/Battah.html>

1.4.1 Objective of the research work:

To conduct an in-depth feasibility study on the usage of the latest technology so that open a chatting TV in Beirut Lebanon that will cover the entire Arab world.

1.4.2 Sources, other than field data, to be used:

Journals, Websites, Manuscripts, interviews and other documents that will cover the subject in question and the related technology.

1.4.3 Analytical approaches:

Qualitative and quantitative analysis of the possibility / potential of opening a Chatting TV that will cover the entire Arab world and that will be located in Beirut - Lebanon.

Chapter Two

The launching of Ughniya TV

2.1 Description of the Business/Service

It is clear that television is currently undergoing a complete revolution. Analog TV is giving way to digital TV, providing better quality and many more channels. At the same time, an evolution towards interactive television is taking place. Interactive TV enables the end user to interact with the broadcaster via SMS or through applications such as quizzes, voting and games

This project covers the technological needs, financial implication, as well as, the structure and know-how needed so that to open a Music broadcasting/chatting TV channel “UGHNIYA TV” that covers the Arabic speaking region.

Ughniya TV will enable viewers to interact with TV programs while using their mobile phones. SMS2TV helps viewers vote, chat, participate in TV contests or even share messages with other viewers by sending SMS to the short code assigned to Ughniya channel. Ughniya's target audience is Arabic speaking individuals between the age of 16 and 35.

New technologies anchored on media convergence may be slowly sweeping the alienation blues away as new communications applications make television more interactive. At Ughniya TV, the ubiquitous mobile phone will help bring about Text (or

SMS) TV, a phenomenon that first invaded mainstream programming, but has now graduated to channels offering pure texting experience.

Even though the viewer is still stuck in his seat, he no longer has to just sit there and take whatever the blinking box is beaming at him. With cell phone in hand, he can now text and get texted back to share his opinions with the rest of the viewers.

Music TV channels occupy a significant share of television watching time and that share is considerably larger for the younger groups. Moreover, young adults are already familiar with interactive content and may be more receptive to new applications, which are coupled with their favorite entertainment content: music.

For this purpose this Music TV Station will be a specialized channel which follows the regional music scene in an authentic way while respecting the positive programming standards of world music channels, even though it will be fundamentally concerned with popular music genres it will provide the highest and best quality in music, graphics, messaging, sms chatting, and picture resolution.

Ughniya will be committed to enhancing the daily life of viewers making mobile chatting easier, more versatile and always a rewarding experience.

Ughniya's vision is to enrich the lives of people in the Arabian Countries through high quality music videos and chatting medium. Furthermore, Ughniya's mission is to be the best entertainment channel.

2.2 Organizational Structure

Four departments are needed in order to operate in an effective and efficient manner:

- The Art and Graphic department
- The marketing department
- The technical and filtering department
- The finance/accounting department

2.2.1: Description of Departments and their Responsibilities

2.2.1.1: The arts and graphics department.

In charge of developing the Graphics that surround the Music videos and chatting messages. This department will also develop the promotional material to be used in marketing campaigns.

2.2.1.2: The marketing department.

In charge of developing all marketing strategies and promotional campaigns that promote Ughniya TV to target audiences.

2.2.1.3: The technical and filtering department.

Responsible for maintaining equipment and advising on the latest technology to be used. It is also in charge of filtering all inbound messages so that to make sure that incorrect messages are not broadcasted.

2.2.1.4: The finance/accounting department.

In charge of booking all financial entries, collecting revenues from the local telephone operators, paying expenses and providing management with financial statements (Balance Sheet, Income Statement, Cash Flow Statement, Bank Reconciliation).

2.3 Marketing

The primary purpose of marketing is to attract the attention of the target audience to the product/service offered by a specific firm.

2.3.1: Marketing Mix

Controllable marketing variables: price, product, promotion and place.

2.3.1.1: Product.

The product sold is the service of offering target audience (people aged between 16 and 35 in Lebanon, Saudi, Jordan, Kuwait, UAE) the possibility of interacting/chatting with each other in a musical surrounding (i.e.: while listening / watching the latest and trendiest music video clips).

- **Package:** The package is made up of song request by sms, the sms chatting scroll bar, and the games on the side of the screen. The quality and presentation of each of these elements will be continuously updated so that Ughniya's package is viewed as the perfect combination that easily penetrates the Lebanese and Arab market in addition to being viewed as the up to date hit channel.
- **Brand:** This is a new start up business, the brand / channel name is new. The ultimate mid term aim is to make Ughniya TV a benchmark for quality in the world of Arabic chatting/music TVs.
- **Warranty and service:** In all industries, consumers are concerned about the quality of the offered product or service. At Ughniya TV, management will make sure that picture resolution, music programs, side screen games, and the sms display will be all of the highest quality. A chatter that is not satisfied with quality will not use Ughniya TV to chat again. Ughniya TV

turnover/profit is mainly based on the volume of displayed sms, if viewers stop sending sms due to bad quality this will definitely lead to the channel closure.

- Level of involvement: At Ughniya TV, management will make sure that viewers are involved in selecting the music programs/video clips to be displayed and the chatting topics. This will be achieved through frequent market research to assess music trends and hot topics of interest. Ughniya TV will be also involved in a multitude of corporate social responsibility programs, such as the creation of special music teaching programs to underprivileged kids...

2.3.1.2: Price.

The price to be paid per broadcasted sms at Ughniya TV will be similar to the price charged by other/existing chatting channels (i.e.: 0.5 to 0.6 USD ~~per~~ sms depending on the country of origin of the sms. 0.5 USD per sms is an affordable price that can be paid by all target viewers. Ughniya TV will differentiate itself from the remaining channels based on quality.

2.3.1.3: Place.

Ughniya TV headquarters will be in Beirut-Lebanon. Arabsat will be the platform to be used to broadcast Ughniya TV signal, Ughniya TV will reach all Arabsat subscribers in Saudi Arabia, Kuwait, United Arab Emirates, Oman, Qatar, Bahrain, Libya, Jordan, Lebanon, Syria, Iraq, Algeria, Egypt, Tunisia, Morocco, Mauritania, Sudan

2.3.1.4: Promotion

Taking into account:

- The substantial size of the target market.
- The fact that different countries within the region apply different laws that regulate promotional activities.
- The logical approach that major promotional activities should be conducted in countries with the biggest potential (i.e.: Saudi Arabia, Gulf countries, Egypt, Lebanon, Syria and Jordan),

Here is a short listing of the short term promotional / communication activities to be conducted:

- Billboard advertising: As Ughniya TV is about to go on air, a billboard teasing campaign will be implemented in the Gulf countries. The Gulf

countries combined are the second largest potential market after Saudi Arabia.

- Magazine advertising: An attractive advertisement of Ughniya TV will be placed on the back page of a couple of highly read Arabic magazines. Magazines that attract young Arabic readers between the age of 16 and 35 will be selected. (Ex: Sayidati, Nadine)
- Bulk SMS: An introductory sms will be send to thousands of people in the Arabic region through an sms database company. This sms will introduce Ughniya TV and its Arabsat broadcasting frequency
- Restaurants and coffee shops advertising: Coffee shops are currently the biggest attraction for youth in Saudi Arabia, the Gulf countries, Egypt, Lebanon and Jordan. Ughniya TV will be promoted in some of the trendiest restaurants and coffee shops in these countries through the placement of LCD TVs that continuously broadcast Ughniya TV channel.

At a later stage, after a year, Ughniya TV might start sponsoring beach parties. This will be in addition to the above promotional / communication campaign.

Through this extensive advertising campaign plus the innovative graphics, games, sms chatting, and quality resolution, the aim is to capture 5% market share as of

the first year of Ughniya TV launch. (Of course, this market share will increase with time).

2.3.2: The Level of Competition

The level of competition in this industry is rising since the music video/chatting business is still in a booming phase, demand is high and continuously increasing. A number of competitors are already operating in this field, among which one could mention Rotana, Melody, Mazzika, Dream TV, and Nagham.

Volatility of competition: In this industry specifically volatility is limited since not many can afford the relatively substantial initial investment.

2.3.3: Type of Competition

In general, competition can be classified into four main categories: perfect (or pure) competition, monopolistic competition, oligopoly, and monopoly. Ughniya will be operating in an oligopoly competitive environment. An oligopoly exists when there are a few sellers in a certain industry. This occurs mainly when large investments are needed to enter a specific market, which makes it difficult to enter or leave. Music television channels are not many taking into account the market size. The investment required to open a television station is relatively big therefore it is not easy to enter this market and succeed.

2.3.4: Competitive Barriers

Already existing channels are well established and they have already acquired and managed to retain a big percentage of customer viewer ship.

Customer loyalty to these channels is high. Some stations have signed exclusivity contracts with singers and artists, this will prohibit Ughniya TV from broadcasting the video clips of these singers and therefore will ultimately lose potential target customers that are big fans of these specific artists.

2.3.5: Competitive Advantage

The latest trend in songs, music videos will be assessed through continuous market surveys. During low SMS periods, TV chat rooms will be created that covers topics of high interest.

2.3.6: Major and Lesser Competitors

The major competitors of Ughniya TV are Rotana, Melody, and Mazzika. These three stations are the best established in this industry. Rotana is a production house that owns six TV stations that broadcast different forms of music videos and entertainment programs. Melody is also a production house that owns its own series of TVs. Mazzika is only a TV channel but still it managed to acquire a generous percentage of viewer ship. The lesser competitors are Nagham, Dream TV, Al Jaras, Khalijiya, Dandana.....and others. These channels have also managed to acquire a good number of viewers but not as

high as Rotana, Melody, and Mazzika plus they are not as powerful and they don't have production houses.

2.3.7: Factors that differentiate Competitors

The main source of power for Rotana is the huge investment that was made by the billionaire prince Walid Bin Talal (the owner) and the Rotana production house that binds over 100 singers and entertainers. These factors helped Rotana spread its name and take control of most of the music market in terms of cassettes and CD sales and video clip monopoly. The same applies to Melody but to a lesser extent (Rotana is number one). Last comes Mazzika, it doesn't have a production house but still it managed to capture a good market share.

2.3.8: Target Market

Ughniya TV primary target audience is young individuals aged between 16 and 35 (males and females) in all Arabic speaking countries. The secondary target market of Ughniya TV will be the older generation aged between 36 and 45. Isn't music for every one?

2.3.9: Competitors

In the Arab World, there are a good number of players in the music channel industry. Some were able to acquire a good market share due to their owned production houses/exclusivity contracts with singers such as Rotana, others due to the wide variety of played top list video clips.

I conducted an informative assessment of these music channels so that to have a better understanding of their differentiating factors, as a result:

2.3.9.1: Rotana TV.

Rotana is the best-established music video/chatting TV station in the Arab world. It is owned by HRH Prince Al Walid Ben Talal Ben Abdel Aziz Al Saud.

Currently, Rotana's family is made up of more than 100 stars from the entire MENA region, Rotana owns the exclusive rights of producing /distributing /advertising / promoting these stars music tapes, CDs, DVDs and Video Clips. Rotana has around 70% market share of the entire Arabic music industry.

With the finest selection of top artists in the Arabic world, Rotana is the largest producer of Arabic Music Videos with a portfolio that includes the works of stars like: Kazem Al Saher, Amr Diab, Nawal Al Kuwaitiya, Najwa Karam, Georges Wassouf, Wael Kfoury, Abdullah Rweished, Abdulmajeed Abdullah... and the family keeps growing while Rotana keeps investing in quality artists and quality production.

Rotana's first TV station was launched in 2003, the company expanded at a very fast pace to include today a bouquet of 6 free-to-air TV channels: Rotana Musica,

Rotana Clip, Rotana Tarab, Rotana Khalijiyya, Rotana Cinema and Rotana Zaman. The latter channels are internationally acclaimed as the market leaders in the fields of Arabic music and film, dedicated to Arabic pop music, Arabic classical music, Interactive games, Gulf music, Cinema: featuring the biggest and latest blockbuster releases and old classical movies. Rotana has the biggest Arabic film library in the world.

In less than two years, Rotana has successfully penetrated the satellite TV market with its leading TV Channels, 2 of which are ranked among the top 5 satellite channels, and 4 among the top 10 viewed channels in the Arab world.¹³

Figure 2.1 Rotana TV Logo

Source: www.lyngsat-logo.com

2.3.9.2: Mazzika TV:

Mazzika music channel belongs to Mr. Mohsen Gaber who is the president of Alam el Phan recording company based in Cairo. Alam El Phan supervises,

¹³ www.rotana.net

manages, and produces Arabic music CDs and video clips to renowned Arab singers.¹⁴

Figure 2.2 Mazzika TV Logo

Source: www.lyngsat-logo.com

2.3.9.3: *Nagham TV:*

Nagham belongs to the LBC group that is based in Adma-Lebanon. This music channel broadcasts a wide variety of music videos including the videos made by the stars of the very popular music talent program "Star Academy".¹⁵

Figure 2.3 Nagham TV Logo

Source: www.lyngsat-logo.com

¹⁴ <http://www.mazzikatv.com/home.asp>

¹⁵ <http://www.lyngsat-address.com/in/LBC-Nagham.html>

2.3.9.4: Layalina TV.

Innovation is one of the major competitive advantages for any company in any industry. Layalina is the first Arabic music/chatting channel to broadcast weddings, private parties and events at the request of viewers. By providing viewers with tailor made programs, Layalina TV became one of the leading chatting TVs in the Arab region with many appealing programs.¹⁶

Figure 2.4 Layalina TV Logo

Source: www.lyngsat-logo.com

2.3.9.5: Escape TV.

Escape is one of the leading chatting TV channels, offering daily horoscopes, interactive games and online chatting. As a competitive advantage, Escape offers US viewers' free subscription.

¹⁶ <http://www.layalina.tv/meet/>

2.3.9.6: *Melody TV.*

Melody Arabia is one of the leading 24-hour music video channels in the Arabic world, featuring contemporary and classic video clips since the 1980's through the present. Melody Arabia is the first channel to offer full interactivity and multi platform integration. Melody is part of the ART group. It is currently available at no extra cost to DISH Network customers who receive their signal from the 121-degree orbital slot.¹⁷

Figure 2.5 Melody Hits TV Logo

Source: www.lyngsat-logo.com

2.3.9.7: *Dandana TV.*

Dandana TV is a music television channel that produces and broadcasts culturally relevant premium shows. With studios and offices in the United States and Egypt, Dandana is a true international network. Dandana TV has exclusivity rights to the latest music videos it broadcasts. Dandana was founded in 2004 as a private network. Dandana's administration offices are in Cairo, Egypt. Their Studios and headquarters are in Rochelle Park, New Jersey. Dandana is focused on providing

¹⁷ <http://www.melodyhits.tv/index.asp>

both Arabs and the Arab-Americans with an exciting array of entertainment programs. Dandana has approximately 350 million viewers from all over the world. Dandana's broadcast is unencrypted, anyone with a satellite receiver can view Dandana without restriction or subscription.¹⁸

Figure 2.6 Danana TV Logo

Source: www.lyngsat-logo.com

2.3.9.8: *Hawas TV.*

Hawas T.V. is a 24/7 music channel that offers local and regional Arabic music as well as enjoyable and interactive features such as horoscopes, chatting, and matchmaking. Hawas T.V. is now free to the U.S. satellite subscribers, this feature will allow US viewers to take part of Hawas chatting service.¹⁹

Figure 2.7 Hawas TV Logo

Source: www.lyngsat-logo.com

¹⁸ <http://www.dandana.tv/>

¹⁹ <http://www.hawas.ae/>

2.4 Management

Management by definition is the planning, organizing, leading, and controlling of human and other resources to achieve organizational goals effectively and efficiently. Through this definition we conclude that it is of extreme importance to conduct a healthy managerial layout to attain the proper productive organizational performance.

2.4.1: Commitment to Measurement (Efficiency and Effectiveness)

At Ughniya TV, management will be continuously engaged to plan, lead, organize and control resources (both human and non human) so that to achieve organizational goals effectively and efficiently.

Table 2.1 Efficiency Versus Effectiveness²⁰

		EFFICIENCY	
		LOW	HIGH
E F F E C T I V E N E S S	HIGH	Low efficiency/High effectiveness Manager chooses the right goals to pursue, but does a poor job of using resources to achieve these goals. Result: A product that customers want, but that is too expensive for them to buy.	High efficiency/High effectiveness Manager chooses the right goals to pursue and makes good use of resources to achieve these goals. Result: A product that customers finds attractive at a quality and price that they can afford.
	LOW	Low efficiency/ Low Effectiveness Manager chooses wrong goals to pursue and makes poor use of resources. Result: A low quality product that customers do not want.	High Efficiency/Low effectiveness Manager chooses inappropriate goals, but makes good use of resources to pursue these goals. Result: A high-quality product that customers do not want.

²⁰ Jones, R.G. and George, M.J. (2003). *Contemporary Management*. 3rd edition, New York: McGraw Hill Companies.

2.4.2: Allocation of time and Resources to Act on Employee Feedback

Management at Ughniya TV will make sure to spend time going through employees feedback, interpreting them, developing and implementing action plans and communicating outcomes. These steps take time and require proper prioritization of the management time, schedule and resources. Even positive feedback from employees will not be taken for granted, but discussed with employees to know what went well so that to be repeated and if there is still room for improvement.

2.4.3: Alignment of Incentives to the Objectives

Pay including employee's base salaries, pay raises, and bonuses are determined by a number of factors including characteristics of the organization, the job and levels of performance.

At Ughniya TV salaries pay level will be medium (Pay level is the relative position of an organization's pay in comparison with other organizations in the same industry employing similar kind of workers). Differential pay structure will be applied (i.e.: Jobs will be arranged into categories reflecting their relative importance to the organization and its goals, level of skill required, and other characteristics).

2.4.4: Communication with Employees

Effective communication is necessary to increase efficiency, quality, responsiveness to customers' needs and innovation and thus gain competitive advantage for the organization.

Management at Ughniya TV will increase efficiency by training workers to operate the new technologies and expand their skills. Similarly, improving quality hinges on effective communication, Management at Ughniya TV will communicate to all members of the organization the meaning and importance of high quality and the routes to attaining it. Subordinates will be motivated to communicate quality problems and suggestions for increasing quality to their superiors, and members of self-managed work teams will be liberated to share their ideas for improving quality with each other.

2.4.5: Involvement of Employees in the Design and Implementation of the Solution

Employees need to hear first-hand not only that the managers have heard their concerns, but also that they have a clear plan to improve the situation and that they will be involved in the development and the implementation of the related action plan. They are the ones who really know about the details of the problem and who can help develop and implement the ultimate corrective measures.

2.5 Logistics

Hardware / Software / Connections

Below is a detailed listing of the needed hardware, software and satellite connection so that to operate in an effective and efficient manner:

2.5.1: SMS Server

SMS server (Rackmount) hardware, it includes:

- SMPP (Short Message Peer to Peer Protocol) software (collects sms)
 - Web server such as IIS (Internet Information Server)
 - Install SQL database (Store the SMS)
 - SMS controller software
-
- Fire wall (ISA server)

Figure 2.8 Server

Source: www.images.search.yahoo.com

2.5.2: Filtering PCs

Filtering PCs that includes:

- Filtering software
- Video server (Lietch)
- Decokast
- SMS broadcasting software

Figure 2.9 Uplink Station

Source: [www. images.search.yahoo.com](http://www.images.search.yahoo.com)

2.5.3: Uplink Station

(We need two items one as a backup)

2.5.4: Internet Connection

2.5.5: Video Clips

2.5.6: Satellite Connection

Table 2.2 Usages of the Hardware and Software

Hardware description	Usage	Source
SMS server (rackmount) hardware	Collects the SMS sent by chatters	Dell
SMPP short message peer to peer protocol software	Protocol to receive / collect SMS	Liban Call (Lebanon) / ITP (Jordan)
Web server such as IIS (internet information server)	Protocol to receive / collect SMS. Some audio text companies who are a third party, brokers (like Liban call) who are also mobile operators they send the SMS through URL, in order to set up a URL, a web server should be installed on the SMS server.)	Dell
Install SQL database	Save the collected SMS in order to filter them before broadcasting	Microsoft
SMS controller	Sends the collected SMS to the filtering software and after manual filtering the SMS is sent back to the SMS controller, it is then saved in the database for broadcasting.	Liban Call (Lebanon) / ITP (Jordan)
Fire wall (ISA server)	Protects from external manipulation of programs/messages, it will be installed prior to internet connection.	Hardare: Dell / Software: ISA
2 filtering PCs	To view / filter messages	Dell
Filtering software	Filtering software to be installed on the two PCs	Liban Call
Video server (lietch)	It contains the video material ex: video clips, promos, spots ...	Litch or Sony

Decokast	Graphic server that receives the video material from the video server and displays all the graphics ex: logo SMS scroll, games, and all the content that must be displayed on the screen. It will broadcast and send the material to the uplink station	Decokast or Liban Call
SMS broadcasting software	To be installed on the graphic server to broadcast the filtered SMS	Liban Call
2 Uplink station	It sends the TV signal to the satellite for broadcasting	Satcom
Internet connection	To receive SMS via internet	Cyberia
Video clips	To attract viewers attention	Rotana / Melody / Mazikka / Free lancers
Satellite Connection	To broadcast music videos + filtered SMS	Arabsat

Figure 2.10 The A to Z of the SMS

Process

A message composed by the viewers
will be sent to the short code assigned
by the operator

Receipt of SMS via internet (Http) or
(SMTP) to the phone operator and
automatically the SMS will be
transmitted to my server

**The server collects
the SMS and**

sends it to the Filtering computers

**The SMS will be checked by the
Filtering Team and sent to the server
again to uplink it to the satellite**

From the satellite to the viewers

Table 2.3 Costs of the Hardware and Software

Description	Fixed cost to be paid upon business set up (USD)	Repeated cost to be paid per year (USD)
SMS Server (Rackmount) hardware	10,000	
SMPP (short message peer to peer protocol) software	3,000	
Web server such as IIS (internet information server)	2,000	
Install SQL database	1,500	
SMS Controller	5,000	
Fire wall (ISA server)	5,000	
2 filtering PCs	2,400	
Filtering software	4,000	
Video server	20,000	
Decokast	38,000	
SMS broadcasting software	2,000	
2 Uplink station	200,000	
Internet connection	800	30,000
Video clips		30,000
Satellite Connection		240,000
Broadcasting License		20,000
Total	293,700	320,000

2.6 Legal Environment

Laws and policies: The main legal barrier in the music/chatting television business is the state censorship. In the Arab world each country has its own sensitive issue that affects the degree of banning. For example Islamic movements, border conflicts, women liberalization... These taboos force a certain level of censorship that is higher than that of the west yet the satellite and Internet intrusion are paving the way for ease of these censorships.

Chapter Three

Geographical Coverage

The vision, at Ughniya TV, is to become the leading Arabic music /chatting TV station that offers viewers in Saudi Arabia, Kuwait, Libya, Qatar, Emirates, Jordan, Lebanon, Bahrain, Syria, Iraq, Algeria, Yemen, Egypt, Oman, Tunisia, Morocco, Mauritania, Sudan and Palestine the possibility to view the latest Arabic music videos and to interact with other Arabic speaking individuals who have the same areas of interest. Among the existing broadcasting satellites Arabsat was the most suitable satellite to help achieve the above.

Figure 3.1 Downlink Footprint of Arabsat

Source: www.arabsat.com

3.1 Arabsat Satellite

In 1967 Ministers of Information and Culture in the Arab League adopted the principle of establishing a satellite communications network to integrate the cultural and social activities of the Arab States. Nine years later, on April 14, 1976, the Arab Satellite Communication Organization (ARABSAT) was established by the member states of the Arab League with a broader goal; to serve the needs of Telecommunication, Information, Culture and Education sectors. ARABSAT was given a mandate to design, configure and operate a satellite system, as well as to define and deliver a portfolio of satellite-based, public and private telecommunications services to the Arab States in accordance with the International Standards.

Figure 3.2 Coverage of Arabsat

Source: www.arabsat.com

ARABSAT covers the following countries: Saudi Arabia, Kuwait, Libya, Qatar, Emirates, Jordan, Lebanon, Bahrain, Syria, Iraq, Algeria, Yemen, Egypt, Oman, Tunisia, Morocco, Mauritania, Sudan, Palestine, Djibouti, and parts of Somalia, Senegal, Mali, Niger, and Chad. It also covers Portugal, Spain, France, UK, Ireland, Switzerland, Luxembourg, Belgium, Germany, Austria, Yugoslavia, Albania, Italy, Malta, Greece, Cyprus, Hungary, Czech Republic and Slovak, Bulgaria, Turkey, and parts of Romania, Poland, and Denmark.²¹

Figure 3.3 Arabsat Satellite Coverage

Source: www.arabsat.com

The statistical indicators of the major markets to be serviced and that are covered by Arabsat are covered in Appendix A.

²¹ <http://www.arabsat.com/Arabsat/English/default.htm>

²²Table 3.1 Market Potential

Country	Population	Mobile users	# of TV	Tgt age %	Potential Market	Languages	Literacy
Sudan	39,379,358	4.683 Million	3	56%	2.62 Mill	Arabic official	Age 15 and over can read and write
Algeria	33,333,216	20.998 Million	46	67.9%	14.26 Mill	Arabic official	Age 15 and over can read and write
Morocco	33,757,175	16.005 Million	35	63.9%	10.23 Mill	Arabic official	Age 15 and over can read and write
Syria	19,314,747	4.675 Million	44	60.1%	2.81 Mill	Arabic official	Age 15 and over can read and write
Iraq	27,499,638	8.7 Million	21	57.6%	5.01 Mill	Arabic, Kurdish official	Age 15 and over can read and write
Egypt	80,335,036	18.001 Million	98	63.2%	11.38 Mill	Arabic official	Age 15 and over can read and write
Oman	3,204,897	1.818 Million	13	54.6%	0.99 Mill	Arabic official	Age 15 and over can read and write
Bahrain	708,573	898,900 Thousand	4	69.5%	0.62 Mill	Arabic, English, Farsi, Urdu	Age 15 and over can read and write
Jordan	6,053,193	4.343 Million	20	63%	2.74 Mill	Arabic official	Age 15 and over can read and write
UAE	4,444,011	5.519 Million	15	78.5%	4.33 Mill	Arabic official	Age 15 and over can read and write
Qatar	907,229	919,800 Thousand	1	72.9%	0.67 Mill	Arabic official	Age 15 and over can read and write
Kuwait	2,505,559	2.536 Million	13	70.5%	1.79 Mill	Arabic official. English widely spoken	Age 15 and over can read and write
KSA	27,601,038	19.663 Million	117	59.4%	11.68 Mill	Arabic official	Age 15 and over can read and write
Lebanon	3,925,502	1.103 Million	15	66.7%	0.73 Mill	Arabic official	Not Available

²² <https://www.cia.gov/library/publications/the-world-factbook/>

Chapter Four

Project Assessment

4.1 SWOT Analysis an overview

SWOT has been used since a long period of time as an important tool to provide direction and develop marketing plans. It highlights the organization strengths (what an organization does best) and weaknesses (what an organization need to improve), as well as, the opportunities (the new potential markets/businesses) and the threats (the barriers that might be faced). Strengths and weaknesses are internal factors, whereas, the opportunities and threats are external.

SWOT is a simple tool that is under-estimated, till present no one knows who invented this tool, nevertheless, it is featured in business books since the 1970's and is considered as a strategic tool that help provide the degree of fit between an organization and its environment. It ultimately helps the organization to benefit from its internal strengths and the external opportunities while protecting itself from the external threats while working on improving its weaknesses.

Table 4.1 SWOT Analysis of Ughniya TV

<u>Strengths</u>	<u>Weaknesses</u>
<ul style="list-style-type: none"> - Good insight/knowledge of Market - Robust know- how - Usage of state of the art Tech. - High quality resolution and transmission - Creative graphics - Innovative games for entertainment - 24hr/24hr monitoring - Professional television DJ for music programming. - Tailor made promotional/marketing campaigns. 	<ul style="list-style-type: none"> - New entrants - Limited capital (affecting cash flow) -Do not have a production house (i.e.: can not competed with the big networks)
<u>Opportunities</u>	<u>Threats</u>
<ul style="list-style-type: none"> - Servicing a wide market - Good market potential, no overload of competitors, music video industry is not saturated, continuous demands. - Usage of this TV channel as a platform to introduce new profit generating applications (ex: TV horoscope) 	<ul style="list-style-type: none"> - Established competition - New Market entrants - More governmental restrictions on chatting

4.2 Ughniya's Chatting Channel SWOT Analysis

4.2.1: Strengths/Weaknesses

As detailed in the previous table the major strength of Ughniya TV will be the implementation of Tailor made promotional campaigns that attracts individuals with different social, cultural and religious backgrounds and that adhere to the different limiting legislations usually set by the conservative markets (Ex: Saudi and the Gulf countries).

To have a proper knowledge of the market, an in depth market research was conducted. Through this research, I was able to assess market accessibility, the competitive environment, the entry risk, the market dynamics and to finally offset the weakness of being a new entrant to this market.

At Ughniya TV, all key positions will be held by experienced individuals who will be head hunted from other similar TV stations, as a result these members of staff will have the robust know-how to handle their assigned tasks.

The state of the art technology will be used in order to provide viewers with the highest resolution, graphics and speed of SMS transmission.

Creativity and innovation will be also differentiating factors of Ughniya TV, graphics will be creative and layouts will be colorful. Played games will meet the taste of people

from different age brackets (Mazes and treasure hunts for the young, riddles and puzzles for the middle aged).

Messages will be monitored around the clock so that to make sure that unacceptable messages are not broadcasted and that the chatting scroll is properly functioning with no delays in message posting.

A professional DJ will assure the broadcasting of the trendiest music TV videos.

In order to offset the weakness of not having a production house and not being able to broadcast the video clips of singers who have exclusivity contracts with specific chatting channels like Rotana and Melody, Ughniya TV will broadcast the public singing of these artists in public parties and concerts.

Last but not least, the receipt and payment of cash will be planified so that not to be negatively affected by the limited cash flow.

4.2.2: Opportunities / Threats

Ughniya TV market will consist of all the countries that are covered by the Arabsat signal (Saudi Arabia, United Arab Emirates, Kuwait, Oman, Qatar, Bahrain, Lebanon, Egypt, Jordan Morocco, Algeria, Tunisia....., more than 300 million inhabitant), companies that already compete in this market are well established and they control a big market share but the number of these companies is relatively limited taking into account the size of the

market. Never the less, new competitors are entering the TV chatting market at a fast paste.

Additional services to be introduced with time, such as fortune telling and advertising prime real estate, these services will constitute additional opportunities for growth.

Last but not least, the possibility that Gulf countries and mainly Saudi Arabia might decide to apply additional restrictions on the viewing / broadcasting of such channels constitute an uncontrollable external threat to be closely monitored.

4.3 Porter's 5 Forces Model in Perspective

Porter's analysis defines the external factors that affect the internal status of a company or business. Any business that aims to succeed should understand the dynamics of the industry and market in order to be able to compete effectively.

Porter's five forces are:

- Rivalry Among Competitors
- Threat of substitutes
 - Forms of substitution:
 - Product-for-product substitution
 - Generic substitution
 - Substitution that relates to something that people can do without
- Buyer Power
- Supplier Power
- Barriers to Entry/ Threat of Entry

4.4 Ughniya's Porters 5 Forces Analysis

4.4.1: Industry Rivalry

Taking into account the potential size of the market, the number of competitors in the TV chatting industry is relatively limited. Day by day, new TV channels are entering this market, which is further intensifying the level of competition. Still the entry and exist fees to and out of this market are somehow substantial that is why the number of channels entering or exiting this market will remain limited.

All TV channels have the same price structure for the offered product/service (increasing or lowering the price of an SMS by a couple of cents will not impact the volume of received/broadcasted messages). Innovative programs, speed of message display and state of the art graphics will be the main factors to differentiate Ughniya TV from the remaining competitors.

The TV chatting market is growing at a very fast paste, more people are getting hooked to chatting via TV screens, and this is an additional motivating factor to enter this market. The switching cost for viewers/chatters from one TV station to another (if they are already subscribed to ARABSAT) is zero, as a result they can easily start chatting through Ughniya TV with no additional cost.

Ughniya's TV main rivals:

Ughniya TV major competitors are Rotana, Melody, and Mazzika. These three TV stations control most of the market. Rotana is a music production house that owns six TV channels that broadcast different forms of music video clips and entertainment programs. Melody also owns a multitude of TV stations in addition to its own production house. Mazzika is one channel but it still managed to acquire a generous percentage of viewership. The lesser competitors are Nagham, Dream TV, Al Jaras, Khalijiya, Dandana....and others.

4.4.2: Threat of Substitution / Market Entry

In the TV chatting industry, chatters / viewers can easily shift from one TV station to another. The price to be paid per broadcasted message per station is the same and chatters can change channels on their TV screens by the press of a button.

At Ughniya TV the main factors to attract chatters will be the quality of graphics, the speed in which messages are displayed and the number of available chatters online. Ughniya will attempt to maximize the number of chatters through tailor made promotional campaigns, this will offer customers the possibility to interact with a big number of people.

4.4.3: Buyers / Chatters Power

The number of potential chatters is counted by millions, as a result, each individual chatter have limited impact in shaping the industry. However, the global changes in customer tastes (ex: music taste) or shifts in mediums of chatting due to technological discoveries can influence the TV chatting industry.

4.4.4: Supplier / Ughniya TV Power

The increasing number of suppliers in the TV chatting industry, as well as, the conformity in SMS pricing and service quality and, last but not least, the zero switching cost from one TV station to another has negatively impacted the influencing power of suppliers. Never the less, TV stations that have exclusive rights on the works of the some popular Arabic singers are able to secure a small advantage over the others (ex: Rotana TV and Melody TV).

4.4.5: Barriers to Entry / Threat of Entry

The number of new TV stations entering this market is increasing on daily basis, however the relatively substantial investment needed to open a TV station is limiting their number. Also, not all companies have the proper technical know-how to enter this market.

Chapter Five
Financial Results
5.1 Financial Analysis

Financial management is concerned with the maintenance and creation of economic value and wealth. The company financials are based on a systematic calculation of the cost elements leading to the extrapolation of the balance sheet, the expenses, the revenue, the income statement, the Cash Flow and the various analysis tools for profitability assessment.

Table 5.1 lists the expenses to be covered by Ughniya TV. This table is divided into two types of expenses: the start up expenses to be paid in year 1 only and the recurrent expenses to be paid on yearly basis.

Table 5.1 Expenses for Year One

Description of expense	Fixed Expenses (Paid in year 1 only)	Recurrent expenses
SMS Server (hardware)	10,000	
SMPP (short message peer to peer protocol) software	3,000	
Web server such as IIS (internet information server)	2,000	
Install SQL database	1,500	
SMS Controller	5,000	
Fire wall (ISA server)	5,000	
2 filtering PCs	2,400	
Filtering software	4,000	
Video server	20,000	
Decokast	38,000	
SMS broadcasting software	2,000	
2 Uplink station	200,000	
Internet connection	800	30,000
Video clips		30,000
Satellite Connection		240,000
Broadcasting License		20,000
Total Hardware/Software	293,700	320,000
Registering a company in Lebanon	2,000	
Business License	4,600	
Rent		24,000
Furniture	5,000	
Television	500	
Dish	500	
Photocopier	300	
Fax	200	
Switchboard	300	
Telephones (5)	200	
Surveillance Camera	200	
Air Conditions (2 Units)	600	
Fridge	300	
Telephone Line		340
Telephone Charges		12,000
Water and Electricity Charges		15,000
Total Admin. Expenses	14,700	51,340
Salaries		
General Manager		24,000
Graphics Manager		18,000
Marketing Manager		18,000
Technical Manager		18,000
Supervisor		12,000
Control Crew (Six individuals)		43,200
Secretary		6,000
Office Boy		3,600
Cleaning Lady		3,600
Traveling expenses		20,000
Total Salaries		166,400
Total Marketing Expenses		50,000

5.2 Year 1 to 4 Revenue

5.2.1: Year 1 Revenue

Estimated Number of SMS	Gross Revenue per SMS	Total Revenue
1,865,500 SMS	0.40 USD per SMS	746,200 USD

Quarter 1: 2500 SMS/day x 91days = 227,500 SMS

Quarter 2: 4000 SMS/day x 91days = 364,000 SMS

Quarter 3: 6000 SMS/day x 91days = 546,000 SMS

Quarter 4: 8000 SMS/day x 91days = 728,000 SMS

5.2.2: Year 2 Revenue

Estimated Number of SMS	Gross Revenue per SMS	Total Revenue
3,102,000 SMS	0.40 USD per SMS	1,240,800 USD

Semester 1: 8000 SMS/day x 183 days = 1,464,000 SMS

Semester 2: 9000 SMS/day x 182 days = 1,638,000 SMS

5.2.3: Year 3 Revenue

Estimated Number of SMS	Gross Revenue per SMS	Total Revenue
3,832,000 SMS	0.40 USD per SMS	1,532,800 USD

Semester 1: 10,000 SMS/day x 183 days = 1,830,000 SMS

Semester 2: 11,000 SMS/day x 182 days = 2,002,000 SMS

5.2.4: Year 4 Revenue

Estimated Number of SMS	Gross Revenue per SMS	Total Revenue
4,562,000 SMS	0.40 USD per SMS	1,824,800 USD

Semester 1: 12,000 SMS/day x 183 days = 2,196,000 SMS

Semester 2: 13,000 SMS/day x 182 days = 2,366,000 SMS

Table 5.2 Projected Income Statement (US\$)

	Year 1	Year 2	Year 3	Year 4
Revenue	746,000	1,240,800	1,532,800	1,824,800
Expenses				
Dep. exp. Hardware	58,740	58,740	58,740	58,740
Dep. Exp. Assets.	2,940	2,940	2,940	2,940
Total Dep. Exp.	61,680	61,680	61,680	61,680
Hard./Soft./Sat. Conn. Exp.	320,000	320,000	320,000	320,000
Admin. Exp.	51,340	57,000	63,000	70,000
Salaries	166,400	183,000	202,000	222,000
Mark. Exp.	50,000	55,000	60,000	66,000
Total Exp.	649,420	676,680	706,680	739,680
Gross Inc. Before Taxes	96,580	564,120	826,120	1,085,120
Taxes (30%)	28,974	169,236	247,836	325,536
<u>Net Income</u>	<u>67,606</u>	<u>394,884</u>	<u>578,284</u>	<u>759,584</u>

Table 5.3 Projected Balance Sheet

	Year 1	Year 2	Year 3	Year 4
<u>Assets</u>				
Current Assets				
Cash	54,686	461,770	1,072,534	1,864,598
Current Receivables	74,600	124,080	153,280	182,480
Non-Current Assets				
Hardware	293,700	293,700	293,700	293,700
Less Acc Dep.	- 58,740	- 117,480	- 176,220	- 234,960
Furniture/Utilities	14,700	14,700	14,700	14,700
Less Acc. Dep.	- 2,940	- 5,880	- 8,820	- 11,760
Total Assets	376,006	770,890	1,349,174	2,108,758
<u>Liabilities + OE</u>				
Liabilities				
Accounts Payable	0	0	0	0
OE				
Capital	308,400	308,400	308,400	308,400
Retained Earnings	67,606	462,490	1,040,774	1,800,358
Total Liab. + OE	376,006	770,890	1,349,174	2,108,758

Table 5.4 Projected Cash Flow Statement

	Year 1	Year 2	Year 3	Year 4
Retained Earnings	67,606	462,490	1,040,774	1,800,358
Receivables	74,600	124,080	153,280	182,480
Acc, Dep.	61,680	123,360	185,040	246,720
Payables	0	0	0	0
Cash Flow	54,686	461,770	1,072,534	1,864,598

5.3 Notes to the Financial Statements

Depreciation Expense: It is calculated based on the straight-line method with no Residual Value with an Estimated Useful Life of 5 years.

Receivables: They are set at 10% of total yearly revenue.

Payables: There will be no notes payable, all expenses will be settled immediately upon taking place.

5.4 NPV and IRR

Table 5.5 NPV and IRR

NET PRESENT VALUE and IRR	
Rate (I)	15%
IO	(\$308,400)
YEARS	CASH FLOW
Year 1	\$54,686
Year 2	\$461,770
Year 3	\$1,072,534
Year 4	\$1,864,598
NPV	\$2,168,015.98
Actual NPV (NPV-OI)	\$1,859,615.98
IRR	118%

NPV Analysis: The net present value method (NPV) of evaluating a major project allows you to consider the time value of money. Essentially, it helps you find the present value in today's dollars of the future net cash flow of a project. Then you compare that amount with the amount of money needed to implement the project. If the NPV is greater than the cost then the project is profitable.

IRR Analysis: The IRR (internal rate of return) is a capital-budgeting decision criterion that reflects the rate of return that a project earns. Mathematically, it is the discount rate that equates the present value of the inflows with the present value of the outflows.

The calculated IRR for Ughniya TV is in 118% (greater than 15%) this means that this project is highly profitable and the related rate of return is higher than the norm.

The income statement measures the amount of profits generated by a firm over a given time period.

Ughniya TV's projected Income Statement (table 5.2) lists the revenues, expenses, depreciated expense for hardware and assets, hardware/software/satellite connection expense, administrative expenses, salaries and marketing expenses. This adds up to the Gross Income before Taxes from which 30% taxes are deducted to get the NET INCOME. This income statement covers the first 4 years of business

Balance sheet (table 5.3) is a statement that provides a snapshot of the firm's financial position at a specific point in time, presenting its assets, liabilities and owner-equity.

With Ughniya TV, as of year 1 the total retained earning will amount to 0.07 Mill USD and the total cash flow will amount to 0.05 Mill USD. In year 4 the total retained earning will amount to 1.8 Mill USD and the total accumulated cash will amount to 1.8 Mill USD. Free cash flow (table 5.4) is the amount of cash available from operations after paying for investments in net operating working capital and fixed assets.

Chapter Six

Conclusion and Recommendations

6.1 Conclusion

The TV chatting market is growing at a very fast pace, more people are getting hooked to chatting via TV screens, and this is an additional motivating factor to enter this market. The switching cost for viewers/chatters from one TV station to another (if they are already subscribed to ARABSAT) is zero, as a result they can easily start chatting through Ughniya TV with no additional cost.

Target customers are Arabic speaking individuals between the age of 16 and 35 and that own a mobile, it is approximately 70 Million people.

Through the implementation of Tailor made promotional campaigns Ughniya TV will attract potential viewers with different social, cultural and religious backgrounds.

In the TV chatting industry, chatters / viewers can easily shift from one TV station to another. The price to be paid per broadcasted message per station is the same and chatters can change channels on their TV screens by the press of a button.

At Ughniya TV the main factors to attract chatters will be the quality of graphics, the speed in which messages are displayed and the number of available chatters online. Ughniya will attempt to maximize the number of chatters through tailor made

promotional campaigns, this will offer customers the possibility to interact with a big number of people.

The number of firms that operate in this market is relatively limited taking into account the size of the market.

Ughniya TV major competitors are Rotana, Melody, and Mazzika. These three TV stations control most of the market. Rotana is a music production house that owns six TV channels that broadcast different forms of music video clips and entertainment programs. Melody also owns a multitude of TV stations in addition to its own production house. Mazzika is one channel but it still managed to acquire a generous percentage of viewer ship. The lesser competitors are Nagham, Dream TV, Al Jaras, Khalijiya, Dandana....and others.

As of year one Ughniya TV will generate 0.07 Mill USD in Net Income, in year two 0.4 Mill USD, year three 0.6 Mill USD and year four 0.75 Mill USD. Ughniya TV can be used as a platform to introduce new profit generating applications (ex: TV horoscope).

The possibility that Gulf countries and mainly Saudi Arabia might decide to apply additional restrictions on the viewing / broadcasting of such channels constitute an uncontrollable external threat to be closely monitored.

6.2 Recommendations

- Start the business as soon as possible.
 - Concentrate in promotion on Markets with the highest potential (i.e.: KSA, Algeria, Morocco, Gulf countries and Egypt).
 - Use Arabsat as the broadcasting platform for Ughniya TV signal, it offers better coverage then other satellites like Nilesat
 - As of year 1, the total needed capital (300k USD) should be available in order not to disrupt the business.
-

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Appendix A

Demographic and Statistical Data of

Target Markets

1: Lebanon

Population: 3,925,502 (July 2007 est.)

Age structure: 0-14 years: 26.2% (male 525,199/female 504,240) 15-64 years: 66.7% (male 1,255,624/female 1,361,265) 65 years and over: 7.1% (male 125,904/female 153,270) (2007 est.)

Sex ratio: at birth: 1.05 male(s)/female under 15 years: 1.042 male(s)/female, 15-64 years: 0.922 male(s)/female, 65 years and over: 0.821 male(s)/female. Total population: 0.944 male(s)/female (2007 est.)

Ethnic groups: Arab 95%, Armenian 4%, other 1%. Note: many Christian Lebanese do not identify themselves as Arab but rather as descendents of the ancient Canaanites and prefer to be called Phoenicians

Religions: Muslim 59.7% (Shi'a, Sunni, Druze, Isma'ilite, Alawite or Nusayri), Christian 39% (Maronite Catholic, Greek Orthodox, Melkite Catholic, Armenian Orthodox, Syrian Catholic, Armenian Catholic, Syrian Orthodox, Roman Catholic, Chaldean, Assyrian, Copt, Protestant), other 1.3%. Note: 17 religious sects recognized

Languages: Arabic (official), French, English, Armenian.

Economy - overview: The 1975-90 civil war seriously damaged Lebanon's economic infrastructure, cut national output by half, and all but ended Lebanon's position as a Middle Eastern entrepot and banking hub. In the years since, Lebanon has rebuilt much of its war-torn physical and financial infrastructure by borrowing heavily - mostly from domestic banks. In an attempt to reduce the ballooning national debt, the Rafiq HARIRI government began an austerity program, reining in government expenditures, increasing revenue collection, and privatizing state enterprises, but economic and financial reform

initiatives stalled and public debt continued to grow despite receipt of more than \$2 billion in bilateral assistance at the Paris II Donors Conference. The Israeli-Hezbollah conflict caused an estimated \$3.6 billion in infrastructure damage in July and August 2006, and internal Lebanese political tension continues to hamper economic activity.

GDP (purchasing power parity): \$22.86 billion (2006 est.)

GDP (official exchange rate): \$20.64 billion (2006 est.)

GDP - real growth rate: -2.8% (2006 est.)

GDP - per capita (PPP): \$5,900 (2006 est.)

GDP - composition by sector: agriculture: 5.1%, industry: 18.4%, services: 76.5% (2005).

Labor force: 1.5 million. Note: in addition, there are as many as 1 million foreign workers (2005 est.)

Budget: revenues: \$5.448 billion, expenditures: \$7.878 billion; including capital

Exchange rates: Lebanese pounds per US dollar - 1,507.5 (2006), 1,507.5 (2005), 1,507.5 (2004), 1,507.5 (2003), 1,507.5 (2002).

Telephones - main lines in use: 681,400 (2006).

Telephones - mobile cellular: 1.103 million (2006)

Telephone system: general assessment: repair of the telecommunications system, severely damaged during the civil war, now complete. Domestic: 2 commercial wireless networks provide good service; political instability hampers privatization and deployment of new technologies.

Radio broadcast stations: AM 20, FM 22, shortwave 4 (1998).

Television broadcast stations: 15 (plus 5 repeaters) (1995).

Internet hosts: 5,635 (2007).

Internet users: 950,000 (2006).

Figure 1 The Map of Lebanon

Source: www.go.hrw.com

2: Saudi Arabia

Population: 27,601,038. Note: includes 5,576,076 non-nationals (July 2007 est.)

Age structure: 0-14 years: 38.2% (male 5,369,285/female 5,162,585), 15-64 years: 59.4% (male 9,316,694/female 7,089,370), 65 years and over: 2.4% (male 348,827/female 314,277) (2007 est.)

Sex ratio: at birth: 1.05 male(s)/female, under 15 years: 1.04 male(s)/female, 15-64 years: 1.314 male(s)/female, 65 years and over: 1.11 male(s)/female, total population: 1.196 male(s)/female (2007 est.)

Ethnic groups: Arab 90%, Afro-Asian 10%.

Religions: Muslim 100%

Languages: Arabic

Literacy: definition: age 15 and over can read and write.

Economy - overview: Saudi Arabia has an oil-based economy with strong government controls over major economic activities. It possesses 25% of the world's proven petroleum reserves, ranks as the largest exporter of petroleum, and plays a leading role in OPEC. The petroleum sector accounts for roughly 75% of budget revenues, 45% of GDP, and 90% of export earnings. About 40% of GDP comes from the private sector. Roughly 5.5 million foreign workers play an important role in the Saudi economy, particularly in the oil and service sectors. The government is encouraging private sector growth to lessen the kingdom's dependence on oil and to increase employment opportunities for the swelling Saudi population. The government is promoting private sector and foreign participation in the power generation, telecom, natural gas, and petrochemical industries. As part of its effort to attract foreign investment and diversify the economy, Saudi Arabia acceded to the WTO in December 2005 after many years of negotiations. With high oil revenues enabling the government to post large budget surpluses, Riyadh has substantially boosted spending on job training and education, infrastructure development, and government salaries. The government has announced plans to establish six "economic cities" in different regions of the country to promote development and diversification.

GDP (purchasing power parity): \$371.5 billion (2006 est.)

GDP (official exchange rate): \$282 billion (2006 est.)

Investment (gross fixed): 17% of GDP (2006 est.)

Oil - production: 9.475 million bbl/day (2005 est.)

Oil - consumption: 1.845 million bbl/day (2004).

Oil - exports: 8.554 million bbl/day (2004).

Oil - proved reserves: 264.2 billion bbl (2006 est.)

Economic aid - donor: since 2000, Saudi Arabia has committed \$307 million for assistance to the Palestinians; pledged \$230 million to development in Afghanistan; pledged \$1 billion in export guarantees and soft loans to Iraq; pledged \$133 million in direct grant aid, \$187 million in concessional loans, and \$153 million in export credits for Pakistan earthquake relief; pledged a total of \$1.59 billion to Lebanon in assistance and deposits to the Central Bank of Lebanon in 2006 and pledged an additional \$1.1 billion in early 2007.

Exchange rates: Saudi riyals per US dollar - 3.745 (2006), 3.747 (2005), 3.75 (2004), 3.75 (2003), 3.75 (2002).

Communications:

Telephones - main lines in use: 4.5 million (2006)

Telephones - mobile cellular: 19.663 million (2006)

Telephone system: general assessment: modern system. Domestic: extensive microwave radio relay, coaxial cable, and fiber-optic cable systems. International: country code - 966; microwave radio relay to Bahrain, Jordan, Kuwait, Qatar, UAE, Yemen, and Sudan; coaxial cable to Kuwait and Jordan; submarine cable to Djibouti, Egypt and Bahrain; satellite earth stations - 5 Intelsat (3 Atlantic Ocean and 2 Indian Ocean), 1 Arabsat, and 1 Inmarsat (Indian Ocean region)

Radio broadcast stations: AM 43, FM 31, shortwave 2 (1998)

Television broadcast stations: 117 (1997)

Internet country code: .sa

Internet hosts: 18,369 (2007)

Internet users: 4.7 million (2006)

Figure 2 the Map of KSA

Source: www.go.hrw.com

3: Kuwait

Population: 2,505,559, note: includes 1,291,354 non-nationals (July 2007 est.)

Age structure: 0-14 years: 26.7% (male 340,814/female 328,663), 15-64 years: 70.5% (male 1,128,231/female 636,967), 65 years and over: 2.8% (male 44,542/female 26,342) (2007 est.)

Sex ratio: at birth: 1.04 male(s)/female, under 15 years: 1.037 male(s)/female, 15-64 years: 1.771 male(s)/female, 65 years and over: 1.691 male(s)/female, total population: 1.526 male(s)/female (2007 est.)

Ethnic groups: Kuwaiti 45%, other Arab 35%, South Asian 9%, Iranian 4%, other 7%

Religions: Muslim 85% (Sunni 70%, Shi'a 30%), other (includes Christian, Hindu, Parsi) 15%

Languages: Arabic (official), English widely spoken

Literacy: definition: age 15 and over can read and write

Economy - overview: Kuwait is a small, rich, relatively open economy with self-reported crude oil reserves of about 96 billion barrels - 10% of world reserves. Petroleum accounts for nearly half of GDP, 95% of export revenues, and 80% of government income.

Kuwait's climate limits agricultural development. Consequently, with the exception of fish, it depends almost wholly on food imports. About 75% of potable water must be distilled or imported. Kuwait continues its discussions with foreign oil companies to develop fields in the northern part of the country. High oil prices in recent years have helped build Kuwait's budget and trade surpluses and foreign reserves. As a result of this positive fiscal situation, the need for economic reforms is less urgent and the government has not earnestly pushed through new initiatives.

GDP (purchasing power parity): \$55.96 billion (2006 est.)

GDP (official exchange rate): \$60.77 billion (2006 est.)

GDP - real growth rate: 12.7% (2006 est.)

GDP - per capita (PPP): \$23,100 (2006 est.)

Investment (gross fixed): 18.9% of GDP (2006 est.)

Oil - production: 2.418 million bbl/day (2005 est.)

Oil - consumption: 335,000 bbl/day (2004 est.)

Oil - exports: 2.2 million bbl/day (2004)

Oil - proved reserves: 101.5 billion bbl (2006 est.)

Exchange rates: Kuwaiti dinars per US dollar - 0.29 (2006), 0.292 (2005), 0.2947 (2004), 0.298 (2003), 0.3039 (2002).

Communications:

Telephones - main lines in use: 510,300 (2005)

Telephones - mobile cellular: 2.536 million (2006)

Telephone system: general assessment: the quality of service is excellent. Domestic: new telephone exchanges provide a large capacity for new subscribers; trunk traffic is carried by microwave radio relay, coaxial cable, and open-wire and fiber-optic cable; a cellular telephone system operates throughout Kuwait, and the country is well supplied with pay telephones. International: country code - 965; coaxial cable and microwave radio relay to Saudi Arabia; linked to Bahrain, Qatar, UAE via the Fiber-Optic Gulf (FOG) cable; satellite earth stations - 3 Intelsat (1 Atlantic Ocean, 2 Indian Ocean), 1 Inmarsat (Atlantic Ocean), and 2 Arabsat

Radio broadcast stations: AM 6, FM 11, shortwave 1 (1998)

Television broadcast stations: 13 (plus several satellite channels) (1997)

Internet country code: .kw

Internet hosts: 2,013 (2007)

Internet users: 816,700 (2006)

Figure 3 The Map of Kuwait

Source: www.go.hrw.com

4: Qatar

Population: 907,229 (July 2007 est.)

Age structure: 0-14 years: 23.1% (male 106,853/female 102,713), 15-64 years: 72.9% (male 455,631/female 206,099), 65 years and over: 4% (male 26,689/female 9,244) (2007 est.)

Sex ratio: at birth: 1.05 male(s)/female, under 15 years: 1.04 male(s)/female, 15-64 years: 2.211 male(s)/female, 65 years and over: 2.887 male(s)/female, total population: 1.852 male(s)/female (2007 est.)

Ethnic groups: Arab 40%, Indian 18%, Pakistani 18%, Iranian 10%, other 14%

Religions: Muslim 77.5%, Christian 8.5%, other 14% (2004 census)

Languages: Arabic (official), English commonly used as a second language

Literacy: definition: age 15 and over can read and write.

Economy - overview: Oil and gas account for more than 60% of GDP, roughly 85% of export earnings, and 70% of government revenues. Oil and gas have made Qatar one of the world's faster growing and higher per-capita income countries - in 2006 per-capita income equaled that of the EU. Sustained high oil prices and increased natural gas exports in recent years have helped build Qatar's budget and trade surpluses and foreign reserves. Proved oil reserves of more than 15 billion barrels should ensure continued output at current levels for 23 years. Qatar's proved reserves of natural gas exceed 25 trillion cubic meters, more than 5% of the world total and third largest in the world. Qatar has permitted substantial foreign investment in the development of its gas fields during the last decade and is expected to become the world's top liquefied natural gas (LNG)

exporter in 2007. Qatar is also trying to attract foreign investment in the development of its non-energy projects by further liberalizing the economy.

GDP (purchasing power parity): \$26.37 billion (2006 est.)

GDP (official exchange rate): \$30.76 billion (2006 est.)

GDP - real growth rate: 7.1% (2006 est.)

GDP - per capita (PPP): \$29,800 (2006 est.)

Investment (gross fixed): 38.7% of GDP (2006 est.)

Industrial production growth rate: 10% (2003 est.)

Oil – production: 790,500 bbl/day (2005 est.)

Oil - consumption: 80,000 bbl/day (2004 est.)

Oil - proved reserves: 15.2 billion bbl (2006 est.)

Exchange rates: Qatari rials per US dollar - 3.64 (2006), 3.64 (2005), 3.64 (2004), 3.64 (2003), 3.64 (2002).

Communications:

Telephones - main lines in use: 228,300 (2006)

Telephones - mobile cellular: 919,800 (2006)

Telephone system: general assessment: modern system centered in Doha. International: country code - 974; tropospheric scatter to Bahrain; microwave radio relay to Saudi Arabia and UAE; submarine cable to Bahrain and UAE; satellite earth stations - 2 Intelsat (1 Atlantic Ocean and 1 Indian Ocean) and 1 Arabsat

Radio broadcast stations: AM 6, FM 5, shortwave 1 (1998)

Television broadcast stations: 1 (plus 3 repeaters) (2001)

Internet country code: .qa

Internet hosts: 19 (2007)

Internet users: 289,900 (2006)

Figure 4 The Map of Qatar

Source: www.go.hrw.com

5: UAE

Population: 4,444,011, note: estimate is based on the results of the 2005 census that included a significantly higher estimate of net in migration of non-citizens than previous estimates (July 2007 est.)

Age structure: 0-14 years: 20.6% (male 467,931/female 447,045), 15-64 years: 78.5% (male 2,558,029/female 932,617), 65 years and over: 0.9% (male 24,914/female 13,475), note: 73.9% of the population in the 15-64 age group is non-national (2007 est.)

Sex ratio: at birth: 1.05 male(s)/female, under 15 years: 1.047 male(s)/female, 15-64 years: 2.743 male(s)/female, 65 years and over: 1.849 male(s)/female, total population: 2.19 male(s)/female (2007 est.)

Ethnic groups: Emirati 19%, other Arab and Iranian 23%, South Asian 50%, other expatriates (includes Westerners and East Asians) 8% (1982). Note: less than 20% are UAE citizens (1982)

Religions: Muslim 96% (Shi'a 16%), other (includes Christian, Hindu) 4%,

Languages: Arabic (official), Persian, English, Hindi, Urdu

Literacy: definition: age 15 and over can read and write total population:

Economy - overview: The UAE has an open economy with a high per capita income and a sizable annual trade surplus. Despite largely successful efforts at economic diversification, about 30% of GDP is still directly based on oil and gas output, and the fortunes of the economy fluctuate with the prices of those commodities. Since the discovery of oil in the UAE more than 30 years ago, the UAE has undergone a profound transformation from an impoverished region of small desert principalities to a modern state with a high standard of living. The government has increased spending on job creation and infrastructure expansion and is opening up its utilities to greater private sector involvement. In April 2004, the UAE signed a Trade and Investment Framework Agreement (TIFA) with Washington and in November 2004 agreed to undertake negotiations toward a Free Trade Agreement (FTA) with the US. Higher oil revenue, strong liquidity, and cheap credit in 2005-06 led to a surge in asset prices (shares and real estate) and consumer inflation. Rising prices are increasing the operating costs for businesses in the UAE and degrading the UAE's allure to foreign investors. Dependence on a large expatriate workforce and oil are significant long-term challenges to the UAE's economy.

GDP (purchasing power parity): \$129.5 billion (2006 est.)

GDP (official exchange rate): \$109.3 billion (2006 est.)

GDP - real growth rate: 8.9% (2006 est.)

GDP - per capita (PPP): \$49,700 (2006 est.)

Investment (gross fixed): 20.2% of GDP (2006 est.)

Oil – production: 2.54 million bbl/day (2006 est.)

Oil - consumption: 400,000 bbl/day (2004 est.)

Oil - exports: 2.54 million bbl/day (2004 est.)

Oil - imports: 137,200 bbl/day (2004)

Oil - proved reserves: 97.8 billion bbl (2006 est.)

Economic aid - donor: since its founding in 1971, the Abu Dhabi Fund for Development has given about \$5.2 billion in aid to 56 countries (2004)

Exchange rates: Emirati dirhams per US dollar - 3.673 (2006), 3.6725 (2005), 3.6725 (2004), 3.6725 (2003), 3.6725 (2002). Note: officially pegged to the US dollar since February 2002

Communications:

Telephones - main lines in use: 1.31 million (2006)

Telephones - mobile cellular: 5.519 million (2006)

Telephone system: general assessment: modern fiber-optic integrated services; digital network with rapidly growing use of mobile cellular telephones; key centers are Abu Dhabi and Dubai. Domestic: microwave radio relay, fiber optic and coaxial cable.

International: country code - 971; satellite earth stations - 3 Intelsat (1 Atlantic Ocean and 2 Indian Ocean) and 1 Arabsat; submarine cables to Qatar, Bahrain, India, and Pakistan; tropospheric scatter to Bahrain; microwave radio relay to Saudi Arabia

Radio broadcast stations: AM 13, FM 8, shortwave 2 (2004)

Television broadcast stations: 15 (2004)

Internet country code: .ae

Internet hosts: 6,001 (2007)

Internet users: 1.709 millions (2006)

Figure 5 The Map of UAE

Source: www.go.hrw.com

6: Jordan

Population: 6,053,193 (July 2007 est.)

Age structure: 0-14 years: 33% (male 1,018,934/female 977,645), 15-64 years: 63% (male 2,037,550/female 1,777,361), 65 years and over: 4% (male 117,279/female 124,424) (2007 est.)

Sex ratio: at birth: 1.06 male(s)/female, under 15 years: 1.042 male(s)/female, 15-64 years: 1.146 male(s)/female, 65 years and over: 0.943 male(s)/female, total population: 1.102 male(s)/female (2007 est.)

Ethnic groups: Arab 98%, Circassian 1%, Armenian 1%

Religions: Sunni Muslim 92%, Christian 6% (majority Greek Orthodox, but some Greek and Roman Catholics, Syrian Orthodox, Coptic Orthodox, Armenian Orthodox, and

Protestant denominations), other 2% (several small Shi'a Muslim and Druze populations)
(2001 est.)

Languages: Arabic (official), English widely understood among upper and middle classes

Literacy: definition: age 15 and over can read and write

Economy - overview: Jordan is a small Arab country with insufficient supplies of water, oil, and other natural resources. Poverty, unemployment, and inflation are fundamental problems, but King ABDALLAH, since assuming the throne in 1999, has undertaken some broad economic reforms in a long-term effort to improve living standards. Since Jordan's graduation from its most recent IMF program in 2002, Amman has continued to follow IMF guidelines, practicing careful monetary policy, and making substantial headway with privatization. In 2006, Jordan reduced its debt to GDP ratio significantly. The government also has liberalized the trade regime sufficiently to secure Jordan's membership in the WTO (2000), a free trade accord with the US (2001), and an association agreement with the EU (2001). These measures have helped improve productivity and have put Jordan on the foreign investment map. Jordan imported most of its oil from Iraq, but the US-led war in Iraq in 2003 made Jordan more dependent on oil from other Gulf nations, and has forced the Jordanian Government to raise retail petroleum product prices and the sales tax base. Jordan's export market, which is heavily dependent on exports to Iraq, was also affected by the war but recovered quickly while contributing to the Iraq recovery effort. The main challenges facing Jordan are reducing dependence on foreign grants, reducing the budget deficit, and attracting investment to promote job creation.

GDP (purchasing power parity): \$30.03 billion (2006 est.)

GDP (official exchange rate): \$12.53 billion (2006 est.)

GDP - real growth rate: 6.4% (2006 est.)

GDP - per capita (PPP): \$5,100 (2006 est.)

Industrial production growth rate: 4.6% (2006 est.)

Oil - consumption: 107,000 bbl/day (2005 est.)

Oil - imports: 106,400 bbl/day (2004 est.)

Oil - proved reserves: 1 million bbl (1 January 2005)

Exchange rates: Jordanian dinars per US dollar - 0.709 (2006), 0.709 (2005), 0.709 (2004), 0.709 (2003), 0.709 (2002)

Communications:

Telephones - main lines in use: 614,000 (2006)

Telephones - mobile cellular: 4.343 million (2006)

Telephone system: general assessment: service has improved recently with increased use of digital switching equipment, but better access to the telephone system is needed in the rural areas and easier access to pay telephones is needed by the urban public. Domestic: microwave radio relay transmission and coaxial and fiber-optic cable are employed on trunk lines; considerable use of mobile cellular systems; Internet service is available.

International: country code - 962; satellite earth stations - 3 Intelsat, 1 Arabsat, and 29 land and maritime Inmarsat terminals; fiber-optic cable to Saudi Arabia and microwave radio relay link with Egypt and Syria; connection to international submarine cable FLAG (Fiber-Optic Link Around the Globe); participant in MEDARABTEL; international links total about 4,000

Radio broadcast stations: AM 6, FM 5, shortwave 1 (1999).

Television broadcast stations: 20 (plus 96 repeaters) (1995)

Internet country code: .jo

Internet hosts: 2,500 (2007)

Internet users: 796,900 (2006)

Figure 6 The Map of Jordan

Source: www.go.hrw.com

7: Bahrain

Population: 708,573. Note: includes 235,108 non-nationals (July 2007 est.)

Age structure: 0-14 years: 26.9% (male 96,217/female 94,275), 15-64 years: 69.5% (male 284,662/female 207,555), 65 years and over: 3.7% (male 13,451/female 12,413) (2007 est.)

Sex ratio: at birth: 1.03 male(s)/female, under 15 years: 1.021 male(s)/female, 15-64 years: 1.372 male(s)/female, 65 years and over: 1.084 male(s)/female, total population: 1.255 male(s)/female (2007 est.)

Ethnic groups: Bahraini 62.4%, non-Bahraini 37.6% (2001 census)

Religions: Muslim (Shi'a and Sunni) 81.2%, Christian 9%, other 9.8% (2001 census)

Languages: Arabic, English, Farsi, Urdu.

Literacy: age 15 and over can read and write

Economy - overview: With its highly developed communication and transport facilities, Bahrain is home to numerous multinational firms with business in the Gulf. Petroleum production and refining account for over 60% of Bahrain's export receipts, over 70% of government revenues, and 11% of GDP (exclusive of allied industries), underpinning Bahrain's strong economic growth in recent years. Other major segments of Bahrain's economy are the financial and construction sectors. Bahrain is actively pursuing the diversification and privatization of its economy to reduce the country's dependence on oil. As part of this effort, in August 2006 Bahrain and the US implemented a Free Trade Agreement (FTA), the first FTA between the US and a Gulf state. Unemployment, especially among the young, and the depletion of oil and underground water resources are major long-term economic problems.

GDP (purchasing power parity): \$17.91 billion (2006 est.)

GDP (official exchange rate): \$12.07 billion (2006 est.)

GDP - real growth rate: 7.1% (2006 est.)

GDP - per capita (PPP): \$25,600 (2006 est.)

Investment (gross fixed): 17.5% of GDP (2006 est.)

Oil - production: 188,300 bbl/day (2005 est.)

Oil - consumption: 27,000 bbl/day (2004 est.)

Oil - proved reserves: 121 million bbl (2006 est.)

Economic aid - recipient: \$150 million; note - \$50 million annually since 1992 from the UAE and Kuwait (2002)

Exchange rates: Bahraini dinars per US dollar - 0.376 (2006), 0.376 (2005), 0.376 (2004), 0.376 (2003), 0.376 (2002)

Communications:

Telephones - main lines in use: 193,300 (2006)

Telephones - mobile cellular: 898,900 (2006)

Telephone system: general assessment: modern system. Domestic: modern fiber-optic integrated services; digital network with rapidly growing use of mobile cellular telephones. International: country code - 973; tropospheric scatter to Qatar and UAE; microwave radio relay to Saudi Arabia; submarine cable to Qatar, UAE, and Saudi Arabia; satellite earth stations - 1 (1997)

Radio broadcast stations: AM 2, FM 3, shortwave 0 (1998)

Television broadcast stations: 4 (1997)

Internet country code: .bh

Internet hosts: 2,413 (2007)

Internet users: 157,300 (2006)

Figure 7 The Map of Bahrain

Source: www.go.hrw.com

8: *Oman*

Population: 3,204,897. Note: includes 577,293 non-nationals (July 2007 est.)

Age structure: 0-14 years: 42.7% (male 698,461/female 670,793), 15-64 years: 54.6% (male 1,026,686/female 723,712), 65 years and over: 2.7% (male 47,534/female 37,711) (2007 est.)

Sex ratio: at birth: 1.05 male(s)/female, under 15 years: 1.041 male(s)/female, 15-64 years: 1.419 male(s)/female, 65 years and over: 1.26 male(s)/female, total population: 1.238 male(s)/female (2007 est.)

Ethnic groups: Arab, Baluchi, South Asian (Indian, Pakistani, Sri Lankan, Bangladeshi), African.

Religions: Ibadhi Muslim 75%, other (includes Sunni Muslim, Shi'a Muslim, Hindu) 25%

Languages: Arabic (official), English, Baluchi, Urdu, Indian dialects.

Economy - overview: Oman is a middle-income economy in the Middle East with notable oil and gas resources, a substantial trade surplus, and low inflation. Sustained high oil prices in recent years have helped build Oman's budget and trade surpluses and foreign reserves. Oman joined the World Trade Organization in November 2000 and continues to liberalize its markets. It ratified a free trade agreement with the US in September 2006 and, through the Gulf Cooperation Council, seeks similar agreements with the EU, China and Japan. To reduce unemployment and limit dependence on foreign labor, the government is encouraging the replacement of foreign expatriate workers with local workers. Oman actively seeks private foreign investors, especially in the industrial, information technology, tourism, and higher education fields. Industrial development

plans focus on gas resources, metal manufacturing, petrochemicals, and international transshipment ports.

GDP (purchasing power parity): \$44.53 billion (2006 est.)

GDP (official exchange rate): \$27.25 billion (2006 est.)

GDP - real growth rate: 6.6% (2006 est.)

GDP - per capita (PPP): \$14,400 (2006 est.)

Investment (gross fixed): 16.9% of GDP (2006 est.)

Oil - production: 740,000 bbl/day (2006 est.)

Oil - consumption: 60,000 bbl/day (2004 est.)

Oil - exports: 733,100 bbl/day (2004)

Oil - proved reserves: 4.917 billion bbl (2006 est.)

Economic aid – recipient: \$76.4 million (1995)

Exchange rates: Omani rials per US dollar - 0.3845 (2006), 0.3845 (2005), 0.3845 (2004), 0.3845 (2003), 0.3845 (2002).

Communications:

Telephones - main lines in use: 278,300 (2006)

Telephones - mobile cellular: 1.818 million (2006)

Telephone system: general assessment: modern system consisting of open-wire, microwave, and radiotelephone communication stations; limited coaxial cable. Domestic: open-wire, microwave, radiotelephone communications, and a domestic satellite system with 8 earth stations. International: country code - 968; satellite earth stations - 2 Intelsat (Indian Ocean), 1 Arabsat.

Radio broadcast stations: AM 3, FM 9, shortwave 2 (1999)

Television broadcast stations: 13 (plus 25 repeaters) (1999)

Internet country code: .om

Internet hosts: 3,763 (2007)

Internet users: 319,200 (2006)

Figure 8 The Map of Oman

Source: www.go.hrw.com

9: Egypt

Population: 80,335,036 (July 2007 est.)

Age structure: 0-14 years: 32.2% (male 13,234,428/female 12,631,681), 15-64 years: 63.2% (male 25,688,703/female 25,082,200), 65 years and over: 4.6% (male 1,576,376/female 2,121,648) (2007 est.)

Sex ratio: at birth: 1.05 male(s)/female, under 15 years: 1.048 male(s)/female, 15-64 years: 1.024 male(s)/female, 65 years and over: 0.743 male(s)/female, total population: 1.017 male(s)/female (2007 est.)

Ethnic groups: Egyptian 98%, Berber, Nubian, Bedouin, and Beja 1%, Greek, Armenian, other European (primarily Italian and French) 1%

Religions: Muslim (mostly Sunni) 90%, Coptic 9%, other Christian 1%

Languages: Arabic (official), English and French widely understood by educated classes

Literacy: definition: age 15 and over can read and write

Economy - overview: Occupying the northeast corner of the African continent, Egypt is bisected by the highly fertile Nile valley, where most economic activity takes place. In the last 30 years, the government has reformed the highly centralized economy it inherited from President NASSER. In 2005, Prime Minister Ahmed NAZIF reduced personal and corporate tax rates, reduced energy subsidies, and privatized several enterprises. The stock market boomed, and GDP grew about 5% per year in 2005-06. Despite these achievements, the government has failed to raise living standards for the average Egyptian, and has had to continue providing subsidies for basic necessities. The subsidies have contributed to a growing budget deficit - more than 10% of GDP each year - and represent a significant drain on the economy. Foreign direct investment remains low. To achieve higher GDP growth the NAZIF government will need to continue its aggressive pursuit of reform, especially in the energy sector. Egypt's export sectors - particularly natural gas - have bright prospects.

GDP (purchasing power parity): \$334.4 billion (2006 est.)

GDP (official exchange rate): \$85.37 billion (2006 est.)

GDP - real growth rate: 6.8% (2006 est.)

GDP - per capita (PPP): \$4,200 (2006 est.)

Investment (gross fixed): 18.7% of GDP (2006 est.)

Oil - production: 700,000 bbl/day (2005 est.)

Oil - consumption: 590,000 bbl/day (2004 est.)

Oil - exports: 152,600 bbl/day (2004 est.)

Oil - proved reserves: 3.8 billion bbl (2006 est.)

Economic aid - recipient: ODA, \$1.12 billion (2002)

Exchange rates: Egyptian pounds per US dollar - 5.725 (2006), 5.78 (2005), 6.1962 (2004), 5.8509 (2003), 4.4997 (2002)

Communications:

Telephones - main lines in use: 10.808 million (2006)

Telephones - mobile cellular: 18.001 million (2006)

Telephone system: general assessment: large system; underwent extensive upgrading during 1990s and is reasonably modern; Internet access and cellular service are available.

Domestic: principal centers at Alexandria, Cairo, Al Mansurah, Ismailia, Suez, and Tanta are connected by coaxial cable and microwave radio relay. International: country code - 20; 5 coaxial submarine cables; satellite earth stations - 2 Intelsat (Atlantic Ocean and Indian Ocean), 1 Arabsat, and 1 Inmarsat; tropospheric scatter to Sudan; microwave radio relay to Israel; a participant in Medarabtel (1998).

Radio broadcast stations: AM 42 (plus 15 repeaters), FM 14, shortwave 3 (1999)

Television broadcast stations: 98 (September 1995)

Internet country code: .eg

Internet hosts: 5,363 (2007)

Internet users: 6 million (2006)

Figure 9 The Map of Egypt

Source: www.go.hrw.com

10: Iraq

Population: 27,499,638 (July 2007 est.)

Age structure: 0-14 years: 39.4% (male 5,509,736/female 5,338,722), 15-64 years: 57.6% (male 8,018,841/female 7,812,611), 65 years and over: 3% (male 386,321/female 433,407) (2007 est.)

Sex ratio: at birth: 1.05 male(s)/female, under 15 years: 1.032 male(s)/female, 15-64 years: 1.026 male(s)/female, 65 years and over: 0.891 male(s)/female, total population: 1.024 male(s)/female (2007 est.)

Ethnic groups: Arab 75%-80%, Kurdish 15%-20%, Turkoman, Assyrian, or other 5%

Religions: Muslim 97% (Shi'a 60%-65%, Sunni 32%-37%), Christian or other 3%

Languages: Arabic, Kurdish (official in Kurdish regions), Assyrian, Armenian

Literacy: definition: age 15 and over can read and write

Economy - overview: Iraq's economy is dominated by the oil sector, which has traditionally provided about 95% of foreign exchange earnings. Iraq's seizure of Kuwait

in August 1990, subsequent international economic sanctions, and damage from military action by an international coalition beginning in January 1991 drastically reduced economic activity. Although government policies supporting large military and internal security forces and allocating resources to key supporters of the regime hurt the economy, implementation of the UN's oil-for-food program, which began in December 1996, helped improve conditions for the average Iraqi citizen. Iraq was allowed to export limited amounts of oil in exchange for food, medicine, and some infrastructure spare parts. In December 1999, the UN Security Council authorized Iraq to export under the program as much oil as required to meet humanitarian needs. The military victory of the US-led coalition in March-April 2003 resulted in the shutdown of much of the central economic administrative structure. Although a comparatively small amount of capital plant was damaged during the hostilities, looting, insurgent attacks, and sabotage have undermined efforts to rebuild the economy. Attacks on key economic facilities - especially oil pipelines and infrastructure - have prevented Iraq from reaching projected export volumes, but total government revenues have been higher than anticipated due to high oil prices. Despite political uncertainty, Iraq is making some progress in building the institutions needed to implement economic policy and has negotiated a debt reduction agreement with the Paris Club and a Standby Arrangement with the IMF. An International Compact with Iraq is being established to integrate Iraq into the regional and global economy, while recognizing the need to resolve destabilizing security and political conflicts. Additionally, the Iraqi government is seeking to pass laws to strengthen the economy; this legislation includes a hydrocarbon law to encourage contracting with foreign investors and a revenue sharing law to equitably divide oil

revenues within the nation. Controlling inflation, reducing corruption, and implementing structural reforms such as bank restructuring and developing the private sector, will be key to Iraq's economic prospects.

GDP (purchasing power parity): \$87.9 billion (2006 est.)

GDP (official exchange rate): \$40.66 billion (2006 est.)

GDP - real growth rate: 1.9% (2006 est.)

GDP - per capita (PPP): \$1,900 (2006 est.)

Oil – production: 2.13 million bbl/day; note - prewar production in 2002 was 2.2 million bbl/day (2006 est.)

Oil - consumption: 377,000 bbl/day (2006 est.)

Oil - exports: 1.5 million bbl/day (2006 est.)

Oil - imports: 98,330 bbl/day (2004)

Oil - proved reserves: 112.5 billion bbl (2006 est.)

Economic aid - recipient: \$13.5 billion pledged in foreign aid for 2004-07 from outside of the US, over \$33 billion pledged total (2004)

Exchange rates: New Iraqi dinars per US dollar - 1,466 (2006), 1,475 (2005), 1,890 (second half, 2003), 0.3109 (2001)

Communications:

Telephones - main lines in use: 1.547 million (2005)

Telephones - mobile cellular: 8.7 million (2006)

Telephone system: general assessment: the aftermath of the liberation of Iraq in 2003 severely disrupted telecommunications throughout Iraq including international connections; USAID repaired switching capabilities and constructed a mobile and

satellite communication facility; landlines now exceed pre-war levels. Domestic: repairs to switches and lines destroyed during 2003 have been completed, but sabotage remains a problem; additional switching capacity is improving access; cellular service is widely available in major cities and centered on 3 regional GSM networks, improving country-wide connectivity; there are currently 8.7 million users of cellular services. International: country code - 964; satellite earth stations - 2 Intelsat (1 Atlantic Ocean and 1 Indian Ocean), 1 Intersputnik (Atlantic Ocean region), and 1 Arabsat (inoperative); coaxial cable and microwave radio relay to Jordan, Kuwait, Syria, and Turkey; despite a new satellite gateway, international calls outside of Baghdad are sometimes problematic (2006)

Radio broadcast stations: after 17 months of unregulated media growth, there are approximately 80 radio stations (types NA) on the air inside Iraq (2004)

Television broadcast stations: 21 (2004)

Internet country code: .iq

Internet hosts: 3 (2007)

Internet users: 36,000 (2004)

Figure 10 The Map of Iraq

Source: www.go.hrw.com

11: Syria

Population: 19,314,747. Note: in addition, about 40,000 people live in the Israeli-occupied Golan Heights - 20,000 Arabs (18,000 Druze and 2,000 Alawites) and about 20,000 Israeli settlers (July 2007 est.)

Age structure: 0-14 years: 36.5% (male 3,633,562/female 3,423,435), 15-64 years: 60.1% (male 5,952,275/female 5,664,236), 65 years and over: 3.3% (male 303,346/female 337,893) (2007 est.)

Sex ratio: at birth: 1.06 male(s)/female, under 15 years: 1.061 male(s)/female, 15-64 years: 1.051 male(s)/female, 65 years and over: 0.898 male(s)/female, total population: 1.049 male(s)/female (2007 est.)

Ethnic groups: Arab 90.3%, Kurds, Armenians, and other 9.7%

Religions: Sunni Muslim 74%, other Muslim (includes Alawite, Druze) 16%, Christian (various denominations) 10%, Jewish (tiny communities in Damascus, Al Qamishli, and Aleppo)

Languages: Arabic (official); Kurdish, Armenian, Aramaic, Circassian widely understood; French, English somewhat understood

Literacy: definition: age 15 and over can read and write

Economy - overview: The Syrian economy grew by an estimated 2.9% in real terms in 2006 led by the petroleum and agricultural sectors, which together account for about one-half of GDP. Higher crude oil prices countered declining oil production and exports and led to higher budgetary and export receipts. Total foreign assets of the Central Bank and domestic banking system rose to about \$20 billion in 2006, and the government strengthened the private sector foreign exchange rate by about 7% from the start of the

year. The Government of Syria has implemented modest economic reforms in the past few years, including cutting lending interest rates, opening private banks, consolidating some of the multiple exchange rates, and raising prices on some subsidized items, most notably, gasoline and cement. Nevertheless, the economy remains highly controlled by the government. Long-run economic constraints include declining oil production and exports, weak investment, high unemployment, and increasing pressure on water supplies caused by heavy use in agriculture, rapid population growth, industrial expansion, and water pollution.

GDP (purchasing power parity): \$78.04 billion (2006 est.)

GDP (official exchange rate): \$24.26 billion (2006 est.)

GDP - real growth rate: 4% (2006 est.)

GDP - per capita (PPP): \$4,100 (2006 est.)

Investment (gross fixed): 25.9% of GDP (2006 est.)

Oil – production: 405,000 bbl/day (2006 est.)

Oil - consumption: 230,000 bbl/day (2006 est.)

Oil – exports: 175,000 bbl/day (2006)

Oil - imports: NA bbl/day

Oil - proved reserves: 2.5 billion bbl (2006 est.)

Economic aid - recipient: \$180 million (2002 est.)

Exchange rates: Syrian pounds per US dollar - 51.689 (2006), 50 (2005), 48.5 (2004), 52.8 (2003), 52.4 (2002). Note: data for 2004-06 are the public sector rate; data for 2002-03 are the parallel market rate in 'Amman and Beirut; the official rate for repaying loans was 11.25 Syrian pounds per US dollars during 2004-06,

Communications:

Telephones - main lines in use: 2.903 million (2005)

Telephones - mobile cellular: 4.675 million (2006)

Telephone system: general assessment: fair system currently undergoing significant improvement and digital upgrades, including fiber-optic technology. Domestic: coaxial cable and microwave radio relay network. International: country code - 963; satellite earth stations - 1 Intelsat (Indian Ocean) and 1 Intersputnik (Atlantic Ocean region); 1 submarine cable; coaxial cable and microwave radio relay to Iraq, Jordan, Lebanon, and Turkey; participant in Medarabtel .

Radio broadcast stations: AM 14, FM 2, shortwave 1 (1998)

Television broadcast stations: 44 (plus 17 repeaters) (1995)

Internet country code: .sy

Internet hosts: 119 (2007)

Internet users: 1.5 million (2006)

Figure 11 The Map of Syria

Source: www.go.hrw.com

12: Morocco

Population: 33,757,175 (July 2007 est.)

Age structure: 0-14 years: 31% (male 5,339,730/female 5,140,482), 15-64 years: 63.9% (male 10,750,240/female 10,815,470), 65 years and over: 5.1% (male 740,686/female 970,567) (2007 est.)

Sex ratio: at birth: 1.05 male(s)/female, under 15 years: 1.039 male(s)/female, 15-64 years: 0.994 male(s)/female, 65 years and over: 0.763 male(s)/female, total population: 0.994 male(s)/female (2007 est.)

Ethnic groups: Arab-Berber 99.1%, other 0.7%, Jewish 0.2%

Religions: Muslim 98.7%, Christian 1.1%, Jewish 0.2%

Languages: Arabic (official), Berber dialects, French often the language of business, government, and diplomacy

Literacy: age 15 and over can read and write

Economy - overview: Moroccan economic policies brought macroeconomic stability to the country in the early 1990s but have not spurred growth sufficient to reduce unemployment that nears 20% in urban areas. Poverty has increased due to the volatile nature of GDP, Morocco's continued dependence on foreign energy, and its inability to promote the growth of small and medium size enterprises. However, GDP growth rebounded to 6.7% in 2006 due to high rainfall, which resulted in a strong second harvest. Despite structural adjustment programs supported by the IMF, the World Bank, and the Paris Club, the dirham is only fully convertible for current account transactions and Morocco's financial sector is rudimentary. Moroccan authorities understand that reducing poverty and providing jobs is key to domestic security and development. In 2004,

Moroccan authorities instituted measures to boost foreign direct investment and trade by signing a free trade agreement with the US, which entered into force in January 2006, and sold government shares in the state telecommunications company and in the largest state-owned bank. Long-term challenges include preparing the economy for freer trade with the US and European Union, improving education and job prospects for Morocco's youth, and raising living standards, which the government hopes to achieve by increasing tourist arrivals and boosting competitiveness in textiles.

GDP (purchasing power parity): \$152.5 billion (2006 est.)

GDP (official exchange rate): \$58.13 billion (2006 est.)

GDP - real growth rate: 9.4% (2006 est.)

GDP - per capita (PPP): \$4,600 (2006 est.)

Investment (gross fixed): 24.1% of GDP (2006 est.)

Oil - production: 300 bbl/day (2005 est.)

Oil - consumption: 170,000 bbl/day (2004 est.)

Oil - exports: 21,890 bbl/day (2004 est.)

Oil - imports: 186,100 bbl/day (2004 est.)

Oil - proved reserves: 100 million bbl (2006 est.)

Economic aid - recipient: ODA, \$706 million (2004)

Exchange rates: Moroccan dirhams per US dollar - 8.7722 (2006), 8.865 (2005), 8.868 (2004), 9.574 (2003), 11.021 (2002)

Communications:

Telephones - main lines in use: 1.266 million (2006)

Telephones - mobile cellular: 16.005 million (2006)

Telephone system: general assessment: modern system with all important capabilities; however, density is low with only 4 main lines available for each 100 persons. Domestic: good system composed of open-wire lines, cables, and microwave radio relay links; Internet available but expensive; principal switching centers are Casablanca and Rabat; national network nearly 100% digital using fiber-optic links; improved rural service employs microwave radio relay. International: country code - 212; 7 submarine cables; satellite earth stations - 2 Intelsat (Atlantic Ocean) and 1 Arabsat; microwave radio relay to Gibraltar, Spain, and Western Sahara; coaxial cable and microwave radio relay to Algeria; participant in Medarabtel; fiber-optic cable link from Agadir to Algeria and Tunisia (1998)

Radio broadcast stations: AM 27, FM 25, shortwave 6 (1998)

Television broadcast stations: 35 (plus 66 repeaters) (1995)

Internet country code: .ma

Internet hosts: 137,187 (2007)

Internet users: 6.1 million (2006)

Figure 12 The Map of Morocco

Source: www.go.hrw.com

13: Algeria

Population: 33,333,216 (July 2007 est.)

Age structure: 0-14 years: 27.2% (male 4,627,479/female 4,447,468), 15-64 years: 67.9% (male 11,413,121/female 11,235,096), 65 years and over: 4.8% (male 752,058/female 857,994) (2007 est.)

Sex ratio: at birth: 1.05 male(s)/female, under 15 years: 1.04 male(s)/female, 15-64 years: 1.016 male(s)/female, 65 years and over: 0.877 male(s)/female, total population: 1.015 male(s)/female (2007 est.)

Ethnic groups: Arab-Berber 99%, European less than 1%. Note: almost all Algerians are Berber in origin, not Arab; the minority who identify themselves as Berber live mostly in the mountainous region of Kabylie east of Algiers; the Berbers are also Muslim but identify with their Berber rather than Arab cultural heritage; Berbers have long agitated, sometimes violently, for autonomy; the government is unlikely to grant autonomy but has offered to begin sponsoring teaching Berber language in schools.

Religions: Sunni Muslim (state religion) 99%, Christian and Jewish 1%

Languages: Arabic (official), French, Berber dialects

Literacy: definition: age 15 and over can read and write

Economy - overview: The hydrocarbons sector is the backbone of the economy, accounting for roughly 60% of budget revenues, 30% of GDP, and over 95% of export earnings. Algeria has the eighth-largest reserves of natural gas in the world and is the fourth-largest gas exporter; it ranks 18th in oil reserves. Sustained high oil prices in recent years, along with macroeconomic policy reforms supported by the IMF, have helped improve Algeria's financial and macroeconomic indicators. Algeria is running

substantial trade surpluses and building up record foreign exchange reserves. Algeria has decreased its external debt to less than 10% of GDP after repaying its Paris Club and London Club debt in 2006. Real GDP has risen due to higher oil output and increased government spending. The government's continued efforts to diversify the economy by attracting foreign and domestic investment outside the energy sector, however, has had little success in reducing high unemployment and improving living standards. Structural reform within the economy, such as development of the banking sector and the construction of infrastructure, moves ahead slowly hampered by corruption and bureaucratic resistance.

GDP (purchasing power parity): \$249.8 billion (2006 est.)

GDP (official exchange rate): \$89.91 billion (2006 est.)

GDP - real growth rate: 2.9% (2006 est.)

GDP - per capita (PPP): \$7,600 (2006 est.)

Investment (gross fixed): 22.2% of GDP (2006 est.)

Oil – production: 1.373 million bbl/day (2005 est.)

Oil - consumption: 233,000 bbl/day (2004 est.)

Oil - exports: 1.724 million bbl/day (2004 est.)

Oil - imports: 12,390 bbl/day (2004 est.)

Oil - proved reserves: 14.56 billion bbl (2006 est.)

Economic aid - recipient: \$313 million (2004 est.)

Exchange rates: Algerian dinars per US dollar - 72.647 (2006), 73.276 (2005), 72.061 (2004), 77.395 (2003), 79.682 (2002)

Communications:

Telephones - main lines in use: 2.841 million (2006)

Telephones - mobile cellular: 20.998 million (2006)

Telephone system: general assessment: telephone density in Algeria is very low, not exceeding 5 telephones per 100 persons; the number of fixed main lines increased in the last few years to nearly 2.6 million, but only about two-thirds of these have subscribers; much of the infrastructure is outdated and inefficient. Domestic: good service in north but sparse in south; domestic satellite system with 12 earth stations (20 additional domestic earth stations are planned). International: country code - 213; submarine cables - 5; microwave radio relay to Italy, France, Spain, Morocco, and Tunisia; coaxial cable to Morocco and Tunisia; participant in Medarabtel; satellite earth stations - 51 (Intelsat, Intersputnik, and Arabsat) (2005)

Radio broadcast stations: AM 25, FM 1, shortwave 8 (1999)

Television broadcast stations: 46 (plus 216 repeaters) (1995)

Internet country code: .dz

Internet hosts: 2,077 (2007)

Internet users: 2.46 million (2006)

Figure 13 The Map of Algeria

Source: www.go.hrw.com

14: Sudan

Population: 39,379,358 (July 2007 est.)

Age structure: 0-14 years: 41.6% (male 8,371,628/female 8,016,880), 15-64 years: 56% (male 11,080,025/female 10,956,458), 65 years and over: 2.4% (male 504,957/female 449,410) (2007 est.)

Sex ratio: at birth: 1.05 male(s)/female, under 15 years: 1.044 male(s)/female, 15-64 years: 1.011 male(s)/female, 65 years and over: 1.124 male(s)/female, total population: 1.027 male(s)/female (2007 est.)

Ethnic groups: black 52%, Arab 39%, Beja 6%, foreigners 2%, other 1%

Religions: Sunni Muslim 70% (in north), Christian 5% (mostly in south and Khartoum), indigenous beliefs 25%

Languages: Arabic (official), Nubian, Ta Bedawie, diverse dialects of Nilotic, Nilo-Hamitic, Sudanic languages, English. Note: program of "Arabization" in process

Literacy: definition: age 15 and over can read and write

Economy - overview: Sudan has turned around a struggling economy with sound economic policies and infrastructure investments, but it still faces formidable economic problems starting from its low level of per capita output. From 1997 to date, Sudan has been implementing IMF macroeconomic reforms. In 1999, Sudan began exporting crude oil and in the last quarter of 1999 recorded its first trade surplus, which, along with monetary policy, has stabilized the exchange rate. Increased oil production, high oil prices, revived light industry, and expanded export processing zones helped sustain GDP growth at about 10% in 2006. Agricultural production remains Sudan's most important sector, employing 80% of the work force and contributing 35% of GDP, but most farms

remain rain-fed and susceptible to drought. Chronic instability - resulting from the long-standing North/South civil war as well as the Darfur conflict, adverse weather, and weak world agricultural prices - ensure that much of the population will remain at or below the poverty line for years. In late 2006, the government announced its intention to introduce a new currency, the Sudan Pound, from January 2007 at an exchange rate of \$1.00 equals 2 Sudanese Pounds.

GDP (purchasing power parity): \$97.19 billion (2006 est.)

GDP (official exchange rate): \$25.43 billion (2006 est.)

GDP - real growth rate: 9.3% (2006 est.)

GDP - per capita (PPP): \$2,400 (2006 est.)

Investment (gross fixed): 25.4% of GDP (2006 est.)

Oil - production: 344,700 bbl/day (2004 est.)

Oil - consumption: 66,000 bbl/day (2004 est.)

Oil - exports: 279,100 bbl/day (2004)

Oil - imports: 7,945 bbl/day (2004)

Oil - proved reserves: 1.6 billion bbl (2006 est.)

Economic aid - recipient: \$172 million (2001)

Exchange rates: Sudanese dinars per US dollar - 217.2 (2006), 243.61 (2005), 257.91 (2004), 260.98 (2003), 263.31 (2002)

Communications:

Telephones - main lines in use: 636,900 (2006)

Telephones - mobile cellular: 4.683 million (2006)

Telephone system: general assessment: large, well-equipped system by regional standards and being upgraded; cellular communications started in 1996 and have expanded substantially. Domestic: consists of microwave radio relay, cable, radiotelephone communications, tropospheric scatter, and a domestic satellite system with 14 earth stations. International: country code - 249; satellite earth stations - 1 Intelsat (Atlantic Ocean), 1 Arabsat (2000)

Radio broadcast stations: AM 12, FM 1, shortwave 1 (1998)

Television broadcast stations: 3 (1997)

Internet country code: .sd

Internet hosts: 21 (2007)

Internet users: 3.5 million (2006).

Figure 14 The Map of Sudan

Source: www.go.hrw.com

Approval of all attachments to the Quality Agreement Janssen-Cilag
International N.V, Janssen-Pharmaceutica N.V and Janssen-Cilag NEWAAT
– Lebanon represented by V.H.P. Hadjipanayis LTD 7A Androcleous -Cyprus

Signed on behalf of	Name	Signature	Date
Contract Giver	Mike Murphy		
EU-QP	Stefan Bouckaert		
Local Importer	Fady Khayat		

Change History

Version	Changes/Rationales
1.0	New

ATTACHMENT 1

Product

IONSYS

(Fentanyl hydrochloride)

Marketing Authorisation holder in EU:

Janssen – Cilag International N.V., Turnhoutseweg 30, Beerse, Belgium

Manufactured by :

ALZA Corporation, 700 Eubanks Drive, Vacaville, CA 95688 USA

Packaged by :

ALZA Corporation, 700 Eubanks Drive, Vacaville, CA 95688 USA

EU QC tested by :

Janssen-Pharmaceutica N.V., Turnhoutseweg 30, Beerse, Belgium

QP Released within the EU by :

EU-QP on the manufacturing licence of Janssen-Pharmaceutica N.V.,
Turnhoutseweg 30, Beerse, Belgium

Locally released in Cyprus by:

Qualified Person of V.H.P. Hadjipanayis LTD 7A Androcleous Street 1060
Nicosia- Cyprus representing Janssen-Cilag NEWAAT- Hazmieh, Rihaniyeh
Postal code 29026716 Lebanon

Locally distributed in Cyprus by:

Qualified Person of V.H.P. Hadjipanayis LTD 7A Androcleous Street 1060
Nicosia- Cyprus

ATTACHMENT 2

Shipment instructions for the product

IONSYS

Temperature-monitoring devices will be added to commercial shipments.

Temperature range for shipment $\geq 2^{\circ}\text{C}$ and $\leq 25^{\circ}\text{C}$; $\geq 25^{\circ}\text{C}$ and $\leq 30^{\circ}\text{C}$ for up to one month with no more than 14 days at 31°C to 40°C and no more than 7 days at 41°C to 50°C

ATTACHMENT 3

PRODUCT SHIPMENT INFO

PRODUCT : _____

Product code : _____ Batch number : _____

Quantity : _____

Importing country : _____

PRODUCT RECEIPT NOTIFICATION

The Local Importer of V.H.P. Hadjipanayis LTD 7A Androcleous Street 1060 Nicosia- Cyprus representing Janssen-Cilag NEWAAT- Hazmieh, Rihaniyeh Postal code 29026716 Lebanon

hereby declares that the above batch of pharmaceutical product has been imported into my country from outside the EU.

I do confirm that the delivery :

- contained the product and the quantities listed above
- was not damaged or tampered during transportation
- that the temperature conditions were compliant (tick **all** where applicable)

☐ 2- 25°C

☐ 25- 30°C, duration not more than one month, cumulative duration is <= ____ day

☐ 31- 40°C, duration not more than 14 days, cumulative duration is <= ____ day(s)

☐ 41- 50°C, duration not more than 7 days, cumulative duration is <= ____ day(s)

☐ excursion outside the ranges above, provide detail and attach temperature file

Name: _____ Title: _____

Signature: _____ Date: _____

Email this document to EU-QP site at jcresens@gpsbe.jnj.com ,
ivannuff@gpsbe.jnj.com, jvkersch@gpsbe.jnj.com

ATTACHMENT 4

* List of procedures shared between Local Importer and EU-QP

IQP 4	Control of change in pharma operations Europe
IQP 5	Complaint handling
IQP 17	International Group Recalls

ATTACHMENT 5

List of Qualified Persons approved to perform EU release on behalf of Janssen-Pharmaceutica N.V. of the products imported from outside the EU.

- Stefan Bouckaert, EU Qualified Person, Janssen-Pharmaceutica N.V.

List of Qualified Person – Local Importer

- Georges Tseriotis (on behalf of Qualified person of V.H.P. Hadjipanayis)
Regulatory Affairs, V.H.P. Hadjipanayis LTD 7A Androcleous Street 1060
Nicosia- Cyprus.