

Making Saarc real

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ROHAN SAMARAJIVA

WE have been talking regional cooperation for a long time; Saarc itself is over 20 years old. There must be some real results now; something that citizens can feel. This article makes a proposal that is easy to implement, and which helps in providing the lowest-cost mobile services in the world.

Then, we can refute the cynics who claim Saarc is a useless talk shop. Talk is what we do well; why not talk more, and cheaply, across the borders that divide Saarc? That would be a way to make Saarc real.

Minimal manifestations of regional cooperation

It is easier to do some things within a regional-cooperation area than outside. If one is a citizen of a country that belongs to the European Union, going to or doing business with another EU country is easier than doing so with a non-EU country.

Regional cooperation will feel real if it's easier to go to a Saarc country than to a non-Saarc country, or if it is easier/cheaper to communicate with a Saarc country

than with one that is not.

The easiest ways to go from/to Colombo, Dhaka, Kathmandu or Thimphu are via non-Saarc hubs such as Doha, Dubai, Singapore, or Bangkok. Part of the problem is that the transit points are in India, where the airports are not set up to be transit hubs. The other problem is the draconian Indian visa regime that most people navigate only out of sheer necessity.

With telecom, relationships may be maintained without actually crossing borders. Telecom operators in Bangladesh, Pakistan, India, and Sri Lanka are the lowest-cost mobile providers in the world.

In a rare collective action, Saarc countries that were members of the WTO entered an exception to the Most Favoured Nation (MFN) principle in the General Agreement on Trade in Services in 1997 for "different accounting rates for different neighbouring countries covered by Telecommunication Agreements entered into by [each Saarc country] with governments of neighbouring countries [other SAARC countries]." This exception (which no longer has legal validity) is good evidence that Saarc not only believes that it

should be cheaper to call from one Saarc country to another than to a non-member; it has actually tried to do something about it.

What is the ground reality? Is it really cheaper?

International telecom prices

The cheapest prices from Pakistan are \$0.03 (fixed) and mobile (m), offered to many non-Saarc destinations. The lowest Saarc prices are to Bangladesh, \$0.12 (m) and India, \$0.12 (f). The cheapest intra-Saarc price is four times that of the cheapest extra-Saarc price.

The cheapest prices from Sri Lanka are \$0.10 (m) and \$0.21 (f) to non-Saarc destinations. The lowest Saarc prices are \$0.14 (m to India) and \$0.32 (f to most of Saarc). The neighbouring Saarc countries cost 40-50 percent more than the distant US.

BSNL, the dominant fixed operator in India makes an exception for Sri Lanka, offering its lowest price of \$0.17 (same as to the US, UK, and Canada). All other Saarc countries are charged \$0.28, which is considerably higher than even to South East Asia. On the mobile side, no such exceptions are made:

lowest prices to non-Saarc are \$0.15, while Saarc pays an extra 50 percent surcharge (\$0.22).

It was possible to locate price information only for mobile in Afghanistan, which has a competitive mobile market but an almost moribund fixed operator. Here, the major mobile operator appears to treat Asia the same, offering a price of \$0.49 to the Saarc as well as other Asian countries, which is lower than what it offers to more distant destinations.

Maldives and Bhutan have mobile duopolies and fixed monopolies. Maldives offers the lowest prices to destinations such as Singapore and China (\$0.23 f and m). Lowest prices to Saarc are \$0.30 (f and m). Bhutan offers the lowest price of \$0.31 (f and m) to the country's most important trade and political partner, India, and charges the rest of the Saarc \$0.59, almost double.

Bangladesh has many mobile and fixed operators, but maintains a de jure international monopoly that is being changed into a joint, regulator-managed monopoly. It was reported to have more bypass than legitimate traffic; the fixed monopolist also offers VoIP based lower price services in order to fend off the bypass threat. These facts make the utility of published rates a little problematic. However, according to published prices, Saarc and nearby South East Asian countries enjoy lower prices than to other locations.

In Nepal, where the least reforms have occurred, the lowest published prices are offered to India; the next best prices are offered to Saarc countries and much higher prices to non-Saarc destinations. It is possible that the real prices from bypass operators deviate significantly from the above.

Understanding international prices

In Pakistan, India, and Sri Lanka, reforms have gone the furthest and the overall price levels are the lowest. Costs of international calls are determined by the termination charges imposed by the foreign operators who receive the calls.

Prices to the US and Hong Kong are low because those markets are highly competitive and the governments there do not keep termination prices artificially high. Pakistan offers a fixed/mobile minute to the US and Hong Kong, among others, at the extraordinarily low price of \$0.03. Sri Lanka comes next with a mobile minute to the US and Hong Kong at \$0.10, followed by India at \$0.15 for a mobile minute to the same countries.

It is unlikely that the US and Hong Kong operators charge higher prices from the other Saarc countries. Most likely, these Saarc operators do not pass on the low costs to their customers because of the lack of competition in the local markets. The fact that Indian and

Sri Lankan mobile operators offer lower retail prices to the cheap destinations than do their fixed counterparts supports the above explanation.

The proposal

Two actions are needed to make Saarc real to the citizens of the constituent nations, at least to a degree, by ensuring that calls within Saarc are cheaper than calls to non-Saarc destinations.

First, Saarc must direct its regulatory authorities to lower termination charges for Saarc-originated international traffic, ideally to domestic levels. This would mean, for example, that Bharti Airtel must pay Sri Lanka Telecom approximately \$0.015 only to terminate a minute on its network. That also means that the government of Sri Lanka must exempt Saarc-originated traffic from the universal-service levy (which is being collected without any use being made of it anyway).

There is a problem with the above recommendation: it violates the General Agreement on Trade in Services if the lower termination prices and the exemption from the universal service levy are limited to Saarc countries. This was, however, the unrealised spirit of the unimplemented MFN exemption the Saarc members insisted on back in 1997.

There are two ways around the problem:

a) Charge domestic termination



charges from all incoming international calls and exempt international calls from all levies. This will eliminate the bypass business at one stroke and end the corrosive effects of the black money it generates.

b) If that is too radical a move, the regulators can at least insist that operators from Saarc countries seeking to terminate traffic in other Saarc countries must be offered the lowest termination charges on offer. This will not bring down intra-Saarc call charges to domestic levels except perhaps in the case of calls to Pakistan, but it will at least eliminate the current Saarc surcharges.

The above analysis showed that low termination charges are not enough by themselves to bring down retail prices. In the countries lacking in domestic competition

(all except Pakistan, India and Sri Lanka), it would also be necessary to compel the operators to pass on the savings from lowered termination charges to their customers.

If these two relatively simple actions can be taken, we will make more progress toward making Saarc real for its people than all the declarations combined. And once the people start talking and interacting and doing business, who knows what could follow? Real regional cooperation, even?

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Whose friend?



FOZIA AKHTAR

THE World Bank claims that its goal is to help low-income countries by lending money for development works that will help reduce poverty and spur development, but it is, in fact, meant to increase the profits of multi-national corporations and to ensure that trade imbalances favour the wealthy countries over the poor ones.

The World Bank, IMF, and the WTO pressure low-income countries to adopt measures ("structural adjustment") to reform their economy. Yet, in countries which adopt such measures, the economy often lands up in worse shape than before they were adopted. The question is whether the formula works, and if not, why is the World Bank so eager to push it?

For many years, the one success cited by the World Bank and IMF was Argentina -- that is, until its economy crashed. Rather than blindly following the proposed measures, a government should consider whether such a move would be wise -- or whether it would be wiser to refuse their loans and advice.

Consider the case of the United States, which makes recommendations for privatisation, but does not follow them itself. The US government owns over \$2.85 trillion of assets. After adding the assets of state and local governments, the total investment in public enterprise is far greater than the stock market, making the US one of the most socialised nations.

Joseph Stiglitz, former chief

economist of the World Bank, has an insider's view on the activities of the World Bank and its partner agencies. According to Stiglitz, the World Bank analyses each nation's economy during in-country investigations, then hands them virtually the same program it gives to every country in which it operates. So much for carefully-tailored advice based on the characteristics of the countries in which it operates.

Step one in the process universally recommended by the World Bank is privatisation, which Stiglitz says could more accurately be labeled "briberisation." This consists of selling national assets at discount prices. Why the discount prices? US and other foreign companies offer "commissions" to government officials in return for shaving a few billion dollars off the price of the assets. In the case of Russia, "US-backed corruption stripped Russia's industrial assets, cutting national output nearly in half, causing economic depression and starvation."

The second step is capital market liberalisation. This involves repealing any law that taxes money crossing borders. The reason, supposedly, is to allow money to enter as well as leave; the idea is that investment will suddenly pour in. However, in many cases, the money simply flowed out.

In the era of modern banking, the process need not take much time. A nation's fiscal reserves can be drained in days or even hours. When this happens, to bring money back in, the IMF demands that the gov-

ernment raise interest rates to 30%, 50% or even 80%. The result is demolition of property values and industrial production, and draining of national treasuries.

The third step is "market-based pricing." This means raising the price of food, water, and domestic gas. Unsurprisingly, this leads to step 3.5: what Stiglitz calls "the IMF riot," whereby the populace revolts due to its inability to access basic needs. Examples include riots in Indonesia in 1998 after subsidies ended, riots in Bolivia over water price hikes in 2000, and riots in Ecuador in 2001 over an 80% increase in the price of cooking gas.

The result is a depreciation in prices of assets, so that the sale price to foreign companies drops even further. Meanwhile, there is always plenty of money to bail out the banks. One particularly grotesque example of how this works occurred in Ethiopia, where the US ordered the government to divert European aid money to the US treasury, at 4% interest, while borrowing at 12% to feed the starving.

The IMF and World Bank required Tanzania to start charging for previously free hospital appointments; never mind that 1.3 million people have Aids, many of whom cannot afford to pay. After that condition was imposed, the number of patients treated in Dar es Salaam's three public hospitals dropped by 53%.

Following orders by the IMF and the World Bank to start charging school fees, school enrollment dropped from 80% to 66%. Thanks to the interventions of the IMF and World Bank, in just 15 years, Tanzania's GDP fell from \$309 to \$210 per capita, literacy also fell, and the number of the abjectly poor rose to 51% of the population.

The World Bank, confused that Tanzania's suffering population did not appreciate its contribution, said in 2000: "One legacy of socialism is that most people continue to believe the state has a fundamental role in promoting development and providing social services."

Other measures include drastically reducing the workforce and cutting wages for those still employed, which are sure to increase hardship -- and exactly the sort of thing the US would never do in times of economic downturn.

The final step is the creation of a

poverty reduction strategy -- the goal of which, apparently, is rarely to reduce poverty. According to observers, PRSPs "undermine democracy," as they are not instituted democratically and often have nothing to do with poverty. In fact, they are the new term for the former "structural adjustment programs" that have proved, deservedly, so unpopular.

The World Bank's concept of poverty reduction is encapsulated in two words: free trade. Of course free trade does not mean open, unrestricted trade among countries, but trade governed by the rules of the World Bank and the WTO. Under their ideas of free trade, Europe and America prevent countries in Asia, Latin America and Africa from imposing barriers to sales, while blocking their own markets against agricultural imports from the low-income countries.

Another example of not-so-free trade is the property rights treaty, which protects the research and development costs of drug companies. Why those costs need protecting is a good question, given the incredible wealth of the pharmaceutical companies and their minimal investment in R&D; in fact, most of their research is on slight modifications to existing drugs, and on drugs for mostly cosmetic conditions. Little do they spend developing drugs for the diseases that create the most illnesses and deaths in low-income countries.

Meanwhile, high drug prices translate into death for all those that cannot afford them -- yet governments are prevented from allowing anyone to make generic versions of those drugs at prices their population could afford. (Cuba, which refuses to give the World Bank a presence in its country, makes its own Aids drugs and, hence, is able to treat its HIV-infected population cheaply and effectively.)

But the World Bank is always available with its easy loans, which usually require only (!) 114 conditions, dictated, odd though it may seem, by the WTO and IMF. And the IMF lays down even stricter conditions than the WTO. Which is very strange if the goal of the World Bank were truly to help the poor, rather than to increase the profits of a very few multi-national companies.

Sorry, it's about cricket

Rather, which is alarming, the standard of cricket in Bangladesh is showing a saddening downslide, and with that, hopes, emotions and enthusiasms of its fans. Cricket in Bangladesh is becoming a sad national story, breaking the hearts of the millions.

M. SHAH ALAM

I don't exactly remember the occasion when I saw Sachin Tendulkar in an after-match TV interview to remind us that "it is only a game, and has to be taken in that spirit." There is nothing to disagree with Sachin. Cricket is a game, and for that matter any other game is a game, and is to be played in that spirit. However, many other factors creep in.

Games are played between two sides. There would naturally be winners and losers. In any game emotion of the supporters as well as the players is a big factor. Sometimes spirit soars sky high, sometimes it dips deep down. Any international tournament brings together different national teams to demonstrate their competitive skill and merit. It then becomes a matter of national emotion and sentiment, pride and prestige, and we find in the game great national cohesive power. Performance of the teams becomes a factor.

In the recently concluded European Championship, as in any other major international or regional tournament in the past, one could really see and feel the intensity of national sentiments and emotions projected on and off the field. It then suddenly struck my mind to lead me to wonder why the much-trumpeted constitution for the European Union failed to receive general people's endorsement. Perhaps I got partial answer to my wondering and could better understand the fear of the Europeans of losing their national identities in a closer union under the proposed constitutional scheme which purported to turn the Union into United States of Europe.

If you are a great lover of any game and a patriot, and if your country is playing with other countries, stakes are very high

indeed. Somehow cricket made some inroads into my body, mind, and soul. If body has been relieved by now, mind and soul are still greatly staked. So every time Bangladesh plays cricket with some other countries, my mind and heart are put on real test. In recent times, I have repeatedly failed in my resolve to keep away from TV when Bangladesh was playing international cricket, and when not able to keep away, to remain unaffected by our boys' performance.

What is wrong with Bangladesh cricket? Our competitive presence in sports at international level is almost non-existent. Cricket seemed to have made the only exception. Although played by limited number of countries, cricket has genuinely become one of the major games of the world, and with its different versions, which is very unusual for any game, is making further strides to make the game truly universal. So our getting cricket-mad is understandable.

Judging in terms of tradition, love and enthusiasm for the game, facilities and opportunities created for playing the game and experiences of its controlling authorities, cricket ought not to make a bad case in Bangladesh. Then why it is not developing in the way and at a pace it was supposed to? Rather, which is alarming, the standard of cricket in Bangladesh is showing a saddening downslide, and with that, hopes, emotions and enthusiasms of its fans. Cricket in Bangladesh is becoming a sad national story, breaking the hearts of the millions.

High standard in any game or sport depends on many factors and conditions, all of which may not be equally ideal for cricket in Bangladesh. However, the progress Bangladesh had already made in cricket should have continued, which unfortunately it



has not. Soul searching and discreet attempts to find out the reasons are indeed necessary.

In whatever its version, Bangladesh defeated at least once each of almost all the world cricket stalwarts. There are also individual achievements of our boys which have become enviable records in the history of the game. Bangladesh cricketers have shown more promise at comparatively young age. Skills and talents of the Bangladesh cricketers have been frequently and lavishly praised by the internationally reputed expert cricket commentators. Then where are the problems? Why do the talents evaporate when they are to further mature and be more consistent in performance? Why they cannot be nourished and sustained?

It needs to be remembered that despite the utmost importance of physical fitness, skills, technique and practice, cricket is a mind game involving elements of nerves, temperament, pressure, sensitivity and uncertainty. It requires great deal of planning and management, which depends more on national guardians of the game. Training of the players must not be limited only to training in the field for skills, technique and physical fitness, but also extend to temperament and psychological training to enable them to take on the pressure the peculiarity of the game imposes. And, of course, national players of all age groups must come throughout the country.

Any game is primarily for

enjoyment. Competition provides its glamour. Alarmingly, our boys do not seem to be enjoying the game anymore while playing the cricket giants. Their faces specially when batting do not always present a cheerful picture. This explains why they fail to play to their potential. This is the pressure -- pressure of expectation of the millions. And now is the 'pressure' of 'so-called' test-status in cricket. Has it become a liability for Bangladesh, rather than an asset?

I clearly remember many of us criticising and even scolding, if not condemning, Gordon Greenidge, the former national coach, when he dared to comment that giving test status to Bangladesh might prove premature and hence counter-productive. Pre-mature birth may also leave its weakening marks on a child, from which it is not always easy to recover. However, there must be remedies.

Cricket is really a funny game, not only for its great uncertainties. It is funny for its very nature and duration. Five-day test, one day international, and now Twenty20. So many versions are unthinkable in any other game. Why are we to keep this test status system like keeping many traits of the English conservatism?

Barons of cricket will say it is not only a game, it is a tradition, a life-style, and a finer culture. But are not the costs too high for a modern life? Grandeur of cricket can be kept without test system. Cricket needs to be freed from its conservative test fetish in order to universalise it. Greatness of the game needs its democratisation and universalisation.

Let us choose the right version of cricket and eliminate its status fetish; let all participate in the qualifying rounds and then get together in the final round in the World Cup, as it is done in football as well as in many other games. This I sincerely believe will provide true enjoyment to the players and the fans, for which all games and sports have been created, and have become part of our life.

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Superstar Obama in Berlin

The greatest danger of all is to allow new walls to divide us from one another. The walls between old allies on either side of the Atlantic cannot stand. The walls between the countries with the most and those with the least cannot stand. The walls between races and tribes; natives and immigrants; Christian and Muslim and Jew cannot stand. These now are the walls we must tear down.

NAZMUN NESA PIARI writes from BERLIN

BEFORE Obama came to Berlin, the serious, well-reputed German political weekly "Der Spiegel" put on its

cover page "Deutschland trifft Superstar Obama" which means "Germany meets the superstar Obama."

It proved to be so. More than 200,000 people came to meet Obama in the space between

Victory Column and the Brandenburg Gate. Here, recently, huge German crowds greeted their national soccer stars. The crowd turned out to be much bigger than expected. It was the biggest crowd the presidential

candidate Obama ever talked to.

Obama charmed the Berliners by quoting from a historic speech given by Mayor Reuter in 1948 when the Soviets started the blockade against West Berlin, and the US and its allies started an airlift to save the survival of the city: "Peoples of the world look at this city."

Obama chose Berlin for his speech and not London or Paris because Berlin is a city of change

and a symbol of the victory of freedom since 1989 when the reunification of Berlin and Germany started the reunification of Europe and the breakdown of the Soviet Union.

Obama started his speech by saying that he had not come as a candidate but as a proud citizen of the US and a citizen of the world. This tone was a motif throughout his speech when he talked about global problems like

climate change and terrorism.

Obama even mentioned Bangladesh when he talked about the people of the forgotten corners of the world who yearns for dignity and opportunity. He asked: "Will we lift the child in Bangladesh from poverty?"

The impact of his speech on the American voters will still have to be seen. A survey showed that in Germany 76% of the people would vote for Obama.

