

# Telecom renewal guidelines under fire



Rohan Samarajiva

STAR BUSINESS REPORT

The government should go by locally or globally recognised benchmarks or auction to sell spectrum instead of sticking to the draft renewal guidelines, to maintain the explosive growth of the telecom sector, experts and operators said yesterday.

"Exercising best practices available in the country or abroad or auction can give the authorities over \$3 billion in sales, which is double the amount the government has fixed," said Muhammad Aslam Hayat, director of corporate affairs of Grameenphone.

He was speaking at a workshop at Sonargaon Hotel in the capital.

Hayat said there are two possible options, both of which are commonly used for renewal worldwide -- administrative ways and auction.

"Through administrative ways, the government needs to use benchmarks from local precedent or other countries. The government needs to work its best if the recognised benchmarks are available."

"This is quick and cheap to implement, and promotes continuity of existing services," he said.

The government can also consider auction, Hayat said, which would free the

government from setting prices, and its outcome is transparent and legally robust.

He said the draft renewal guidelines consist of legal and financial uncertainties, non-licence elements and non-telecom issues, and lack stability, transparency and best practices.

According to the draft licence renewal guidelines, Grameenphone, the market leader, would have to pay \$754 million, Banglalink \$410 million, Robi \$411 million and Citycell \$85 million for 2G licence renewal, which will be expired in November this year.

Telecom companies have invested Tk 30,000 crore between 1997 and 2009, and now contribute 10 percent to the national budget.

Six mobile operators, with over 7

national territory coverage. Over 90 percent of the population say they have used a phone in the last three months, and there are more phones than radios in the households," he said.

Samarajiva, who helped Sri Lanka to have one of the finest telecom laws, said despite being a developing country, telecom tariffs in Bangladesh are among the lowest in the world, thanks to the result of budget telecom network business model.

He said the government vision for a Digital Bangladesh could only be met "by extending the budget telecom network model to broadband, building wireless access networks capable of handling data cost-effectively, backed up by non-discriminatory, cost-oriented access to

adhere to it," he said.

Syed Khan of Asian Tiger Capital Partners said if the government sticks to the draft guidelines, the operators would not be able to collect the money for the high spectrum fees, as local banks are not capable of financing such high investments.

"3G licence fee and capex will add more financial requirement," he said.

State-run Biman Bangladesh has received \$114.5 million, the highest ever syndicated loan in the country's history, financed by a number of banks. Banglalink could manage to issue bonds \$102 million, which is also the highest in the history.

If all banks operating in Bangladesh agree to finance the mobile operators, the amount they would be willing to pay could be about \$600 million, said Hayat.

Ifty Islam, managing partner of Asian Tiger Capital Partners, said the government must balance short-term goals with long-term revenues.

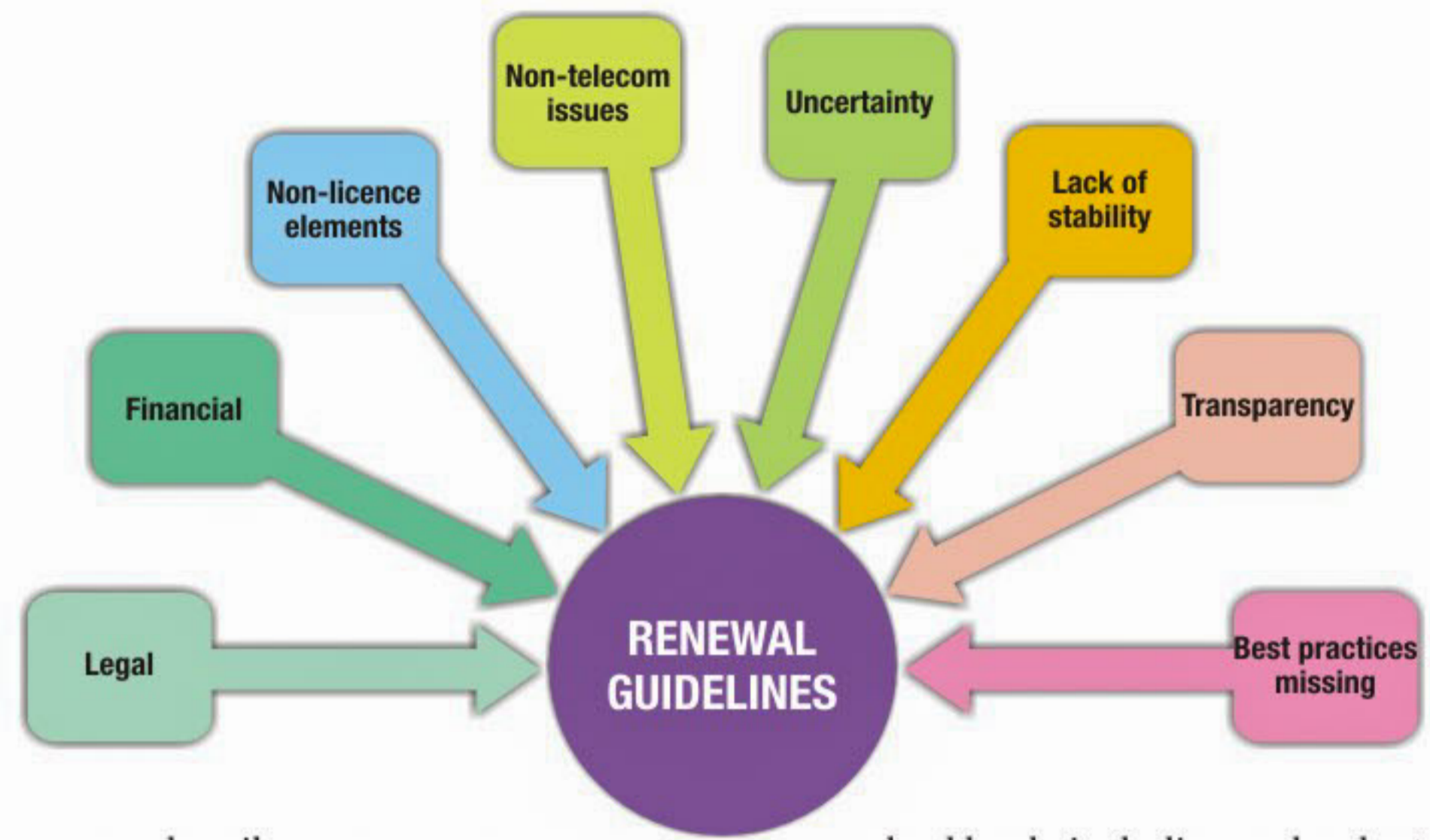
He said Bangladesh has the lowest internet penetration in the region, only ahead of Nepal. "We need to catch up with the regional countries and achieve 20 percent penetration as rapidly as possible."

"It will be possible if the regulators and the government give up short-term benefits for the sake of long-term opportunities," said Islam.

He said as one-third of the country's 16 crore population's age is below 30; technology could be an enabler to create employment opportunities, giving them a chance to participate in the global economic activities.

"The government's support remains vital in terms of cutting SIM tax, accelerating mobile penetration rates and clarifying regulatory uncertainties over licence renewal as soon as possible."

Islam said Bangladesh is already burdened with infrastructure bottlenecks such as power, energy and transports. "So, we do not want to create any further hold-up in the telecom sector."



crore subscribers, cover more than 90 percent of the territory and 99 percent of population in the country. Last year, the sector made up over 60 percent of the total foreign direct investments flow into Bangladesh.

Rohan Samarajiva, chief executive officer of LIRNEAsia, said nobody thought about nearly 100 percent territory coverage of telecom in Bangladesh when the country enacted telecom laws over a decade ago.

"Now we have almost 100 percent of

backhaul, including redundant capacity, and offering applications that are of value to consumers, giving them reason to use broadband."

He said to attract major investments in the sector and to reach the bottom of the pyramid, regulatory risks must be reduced; especially re-licences renewals and spectrum.

"The government must develop, in consultation with stakeholders, a roadmap on when and what spectrum will be made available, and they must



BEST AIR

Kazi Wahidul Alam, editor of The Bangladesh Monitor, and M Haider Uzzaman, managing director of Best Air, exchange documents after signing a title sponsorship deal yesterday on a tourism fair, the Best Air-Monitor Dhaka Travel Mart, which starts on March 31 at Sonargaon Hotel.

## New member of Linde AG executive board

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Sanjiv Lamba has been appointed as a new member of the Linde AG executive board.

Lamba, who is based in Singapore, will be responsible for the gases business of the Group in greater China, South and East Asia and in the South Pacific region, said a statement.

He will also assume responsibility for the Asian joint ventures and for the electronic gases product segment. Lamba's latest role in the group was managing Linde's business in the South and East Asia region, which forms part of the Asia and Eastern Europe operating segment.

"We are delighted that the supervisory board has appointed Sanjiv Lamba to the executive board. This appointment demonstrates our awareness of the growing importance of the emerging economies of Asia to our group," said Prof Dr Wolfgang Reitzle, chief executive officer of Linde AG.

Following the acquisition of UK based competitor BOC Group in 2006, Linde AG has become the



## Inflation puts social stability at risk: Standard & Poor's

STAR BUSINESS DESK

Inflation may put macroeconomic and social stability at risk in a number of Asia-Pacific countries, including Bangladesh, due to the challenges of strong capital inflows and rising inflationary pressures, said Standard & Poor's Ratings Services in a report recently.

"In our opinion, inflation has become -- or continues to be -- an important risk to macroeconomic and social stability in a number of countries," said Standard & Poor's credit analyst Elena Okorotchenko.

The report also put Vietnam, Sri Lanka, India, Indonesia, Mongolia, Cambodia, Cook Islands, Fiji and Pakistan on the list.

According to the report, Asia-Pacific Sovereigns in 2011: Generally Stable Credit Quality; Inflation, Capital Flows Make Policy Environment Tricky, the challenges of strong capital inflows and rising inflationary pressures bring in important credit risks. "Domestic politics and increasing geopolitical risks further complicate policy decisions."

In Asia, there are countries with ongoing political or social tensions and risks independent of recent events in the Middle East. "We have factored these risks into current ratings on these sovereigns," said Okorotchenko.

However, Asia continues to outperform other regions in terms of growth and sovereign credit trends. Despite generally stable credit quality, various factors have combined to make the policy environment tricky for sovereigns in the region, said the report.

"In our base-case scenario, strong growth will support credit quality in Asia-Pacific," said Okorotchenko. "Economic growth will enable the public sector of high-income economies to reduce fiscal deficits and resume fiscal consolidation and allow emerging market governments to speed up structural reforms."

But the downside risks to this scenario are growing beyond just a slower US economy or the eurozone debt woes. Food and energy price increases, the familiar bugbears, are providing a strong inflationary impetus across the board, and present low-income sovereigns in particular with difficult political and fiscal choices.

In addition to inflation, a number of sovereigns, such as Indonesia, Thailand, and Korea, could be facing problems with capital flows, either as a result of large inflows/outflows complicating exchange rate management or because of potential policy mistakes in trying to control such flows.

Recent developments in several Middle Eastern countries have raised questions about contagion effects. Such popular uprisings are highly unpredictable, although the risks appear to be more pronounced where high unemployment among the young, inflation, poverty or wide income gaps are combined with growing political disillusionment in an autocratic and often corrupt regime.

In a number of other countries, the risk of social unrest is present but mitigating factors are currently strong. These are China, Vietnam, Sri Lanka, Malaysia, and Cambodia, the report said.

"The risks in these countries are mitigated by some combination of strong growth, low unemployment, and a degree of popular support for the



STAR

Wonder Wang, chief executive officer of Huawei Technology, Bangladesh, speaks at a press conference at Bangabandhu International Conference Centre on the sidelines of the BCS Expo in Dhaka yesterday. The company unveiled its comprehensive ICT business solutions for the Bangladesh market.

## Huawei offers solutions to enterprises

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Chinese telecom equipment vendor Huawei yesterday launched its enterprise business solutions for Bangladesh market to provide ICT solutions to the government, finance, education and energy sectors.

The solutions are covering product areas such as data communication, contact centre, unified communication, data centre and video conferencing.

Wonder Wang, chief executive officer of Huawei Technology (Bangladesh), unveiled the comprehensive ICT business solutions at Bangabandhu International Conference Centre on the sidelines of the four-day BCS Digital Expo 2011, an ICT fair that began on Wednesday.

"We want to provide efficient and convenient ICT solutions to the enterprises of Bangladesh so that they can operate at lower costs but with higher efficiency," said Wang.

Wang said the government of Bangladesh has set a vision, Digital Bangladesh, to drive the growth of the ICT sector by 2021. So, Huawei wants to work with the government by offering cost-effective but efficient solutions to bridge the digital divide.

Huawei's digital enterprise solutions had been widely deployed worldwide and the company was looking forward to form a long-term strategic partnership

with the Bangladeshi enterprises amid their rapid transformation in adoption of technologies, he added.

In 2011, Huawei has already set up telecom network infrastructure, enterprise business and consumer business. Huawei enterprise business has a global presence. It is committed to providing efficient and convenient ICT solutions to various sectors such as government, finance, education and energy, said Jerry Shen, director, enterprise department of Huawei Bangladesh.

Huawei began its operations in Bangladesh in 1998. Over the years the company has grown to become one of the leading communication suppliers, providing comprehensive services to all the Bangladeshi telecom operators.

In Bangladesh, the company has become the biggest telecom and ICT solutions provider for Grameenphone, Banglalink, Robi, Citycell, Teletalk and BTCL, and the second biggest supplier to Airtel.

Huawei, which employs over 600 local staffs, is also involved with many corporate social responsibility projects in Bangladesh including donating network equipment to Bangladesh University of Engineering and Technology.

The company serves 45 of the world's 50 largest telecom operators and invests around 10 percent of its annual revenues in research and development.



DWCCI

Commerce Minister Faruk Khan cuts a cake at the launch of Dhaka Women Chamber of Commerce and Industry in the capital yesterday. Naaz Farhana Ahmed, president of DWCCI, Zhang Xianyi, Chinese ambassador, and AK Azad, president of FBCCI, were also present.

## New chamber for women launched

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A new trade body, Dhaka Women Chamber of Commerce and Industry (DWCCI), appeared on the scene yesterday to help women entrepreneurs explore business potential.

This is the third trade body raised particularly for women. There are two more chambers: Bangladesh Women Chamber of Commerce and Industry and Chittagong Women Chamber of Commerce and Industry.

The first president of the nascent trade body Naaz Farhana Ahmed said the mission of such chambers are to build up professional and intellectual teams of women leaders for a progressive Bangladesh, to help us attain economic solvency and freedom from all fears and ignorance.

Raising research centres for women, empowering women professionally, creating job opportunities, helping women to set up their own business, advancement in promoting business, industrial growth and infrastructure development are the objectives of the trade body, she said.

The current total number of members of the body is more than 250, she said. In future the number would be elevated to 10,000, Naaz added.

While inaugurating the chamber as the chief guest Commerce Minister Faruk Khan said women entrepreneurs would be able to exploit their business potentials through accessing the services offered by such a trade body.

He asked the leaders of the association not to confine the membership of the body only in the city's posh areas like Gulshan, Banani and Dhanmondi, but to expand its membership base in other areas of the city too.

The newly floated chamber should also focus on research activities to look into new and fresh ideas so that the women entrepreneurs can begin establishing innovative businesses, he added.

Defending the latest women development policy the minister said the policy would help cut the discriminations against women.

AK Azad, president of the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI), said such chambers will be helpful to create employments for the people.

Zhang Xianyi, Chinese ambassador in Bangladesh, was present among others at the ceremony.