

## 2G LICENCE RENEWAL

## Let us uphold fairness

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The guidelines and especially the fees proposed by the Bangladesh Telecommunications Regulatory Commission (BTRC) to renew the 2G licences of four operators (GP, Robi, Banglalink and Citycell) have come under severe scrutiny and criticism from all quarters, some even remotely related, immediately after their publications.

The concerned operators were understandably very perturbed and lost no opportunity to portray the guidelines as unfriendly to the industry and even detrimental to the establishment of 'Digital Bangladesh'. They described the fees as unprecedented and too exorbitant for even the banking system of the country to support. This was followed by a visibly well orchestrated campaign and lobbying of anyone and everyone of who is who in telecoms in Bangladesh.

Predictably, a chorus followed from various think tanks and experts, local and international, condoning this view and by now, public perception is well established in their favour. The posts and telecommunications ministry has also taken note of these arguments and has decided to slash the renewal fees by about Tk 4,000 crore recently. This is good news for the mobile operators and so, we may expect smooth sailing in the days to come towards our journey to a digital future.

However, it is also pertinent to take a look at the underlying guidelines and fee structure followed in determining the new renewal fees and ensures that these are based on the universal principles that guide all telecom regulators, which are, simplicity, flexibility, consistency, predictability, non-discrimination, fairness and transparency. The fundamental aim is to create an enabling operational environment where the interests of all the stakeholders, especially the subscribers, the operators and the government are equitably served. Let us take a critical look at the guidelines as they stand now.



A woman on the phone. Mobile operators said proposed high spectrum charges will hurt the growth of the telecoms sector.

In preparing the guidelines, BTRC has appreciably been guided by the principle of unbundling the licence fee into its constituent elements, in order to make it logical and transparent to all the stakeholders. Important among the constituent elements are regulatory charges, spectrum charges, and revenue sharing.

Regulatory charges cover the administrative costs incurred by the telecom regulator and other government organs in supporting the activities of the operator. The proposed charges are reasonable and well-founded.

Spectrum charges cover the costs for the frequency resources provided to the operator by the government. Spectrum is a very valuable resource and its price should be set at international levels and at the very least, on par with our neighbouring countries, and not below any benchmark that we have already established in our country.

BTRC has rightly proposed a differentiation in the spectrum assignment fee for the primary band 900 MHz GSM/EGSM band spectrum over the 1800 MHz GSM band. This is due to the superior radio propagation characteristics of the 900 MHz spectrum and we must note here that it takes roughly 2.5 to 3 times fewer base stations to build a network.

The telecom ministry's decision to equate the spectrum assignment fee for both the 900 MHz and 1800 MHz bands is fundamentally flawed as it goes against the principle of fairness and it has the potential to create serious misgivings now and in the future.

In regards to the argument that the fee of Tk 300 crore per MHz of 900 MHz spectrum is unprecedented and too exorbitant, I would submit that the detractors compared the fee paid by the Indian operators for 5 MHz of 3G spectrum in the Delhi circle alone. It was above Rs 3300 crore for each operator,

which calculates roughly to Tk 1000 crore per MHz. I am certain that the total Bangladesh market for 2G mobile services has better potential than 3G services for the Delhi circle alone.

**Spectrum utilisation factor:** The BTRC proposal to multiply the spectrum assignment fee by a factor based on an operator's subscriber base is not rational. It amounts to punishing the most successful operator by levying a higher fee per MHz of spectrum compared to an operator who has not been equally successful even though it had the same spectrum resource at its disposal. This guideline is fundamentally flawed and goes against the principle of fairness, non-discrimination and level playing field for all operators. It is unfortunate that the telecom ministry has also condemned this proposal.

Revenue sharing by the mobile operators with the regulator is cur-

rently fixed at 5.5 percent of AGR and the same should be maintained in the future as well.

**Social obligation fund:** The BTRC proposal to share 1.5 percent of AGR to create a Social Obligation Fund came under heavy criticism from the operators. They argued this fund was unnecessary as 98 percent of Bangladesh territory has already come under mobile network coverage and it would serve no valuable purpose.

I would argue that the creation of such a fund would be very beneficial to the nation if it is utilised for the proliferation of broadband internet across the country so that the vision of building a 'Digital Bangladesh' is implemented fast. However, special care should be taken to administer this fund so that it is used transparently and it generates maximum benefit to the nation. The telecom ministry's decision to retain this fund, thought at 0.5 percent contribution, is appreciable.

**Non telecom issues:** The operators have objected certain non-telecom issues in the guidelines. Their arguments are valid for the IPO issue, but as regards MNP, SMP, Universal Licence etc, we may certainly argue that these are legitimate BTRC concerns.

Finally, I would submit that if we maintain the differentiation in spectrum assignment fee and reduce charges to Tk 250 crore and Tk 125 crore for the 900 MHz and 1800 MHz bands and not apply the spectrum utilisation factor, the total applicable fee for all operators comes to about Tk 8,400 crore initially, which is roughly equivalent to the ministry's figure. The government will receive the same amount of money but it will be distributed among the operators in a fair and equitable manner. Currently, it appears the most successful operator is being punished unduly and inefficiency is encouraged.

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## Taiwan tries 'soft power' to make its mark

AFP, Taipei

From chic styles to cuisine, from cinema to comics, Taiwan is trying to project its soft power across the globe in an effort to step out of China's shadow.

The island of 23 million people is forced to keep its endeavour at a modest level, but it is crucial for its long-term prospects of being seen as an entity in its own right, analysts said.

"Soft power is Taiwan's weapon of the weak given its limited military, economic and political resources," said Lu Yeh-chung, political scientist at Taipei's National Chengchi University.

"It's very important for Taiwan to employ soft power as a tool to attract support from other countries."

The term "soft power" describes how a nation can succeed not only through the use of coercion or economic power but by appearing attractive in the eyes of the world, through its people, brands or values.

Taiwanese examples include Yani Tseng, who at the tender age of 22 is number one in the Women's World Golf Rankings, Hollywood director Ang Lee -- the maker of "Brokeback Mountain" -- and the world-famous Cloud Gate Dance Theatre.

For Taiwan, it makes sense to use soft power as an increasingly powerful China shows no sign of relenting in its efforts to wipe out the island's international presence, experts say.

Beijing regards self-ruled Taiwan as part of its territory awaiting reunification, by force if necessary.

"Soft power is paramount to Taiwan's efforts to pursue its diplomatic objectives," said Elizabeth Larus, an expert on Chinese and Taiwanese soft power at University of Mary Washington in Virginia.

"Taiwan's soft power helps keep it from being marginalised in the international community."

Humanitarian aid is one area where Taiwan is becoming a force to be reckoned with.

President Ma Ying-jeou, who often refers to the value of soft power, said this month Taiwan had pledged about Tw\$5.7 billion (\$190 million) for quake and tsunami-hit Japan in a record donation of foreign aid by the island.

"Taiwan is a mighty-mouse in its humanitarian work," said Larus, adding that the direction of its efforts has changed in recognition of the over-



A visitor checks the information from the official tourism desk on arrival at Taoyuan airport, northern Taiwan.

whelming Chinese presence.

"Taiwan has re-directed aid that once built government buildings and stadiums for diplomatic partners to humanitarian aid," she said.

China's soft power efforts are partly focused around the offer of a societal model that combines a free economy with a conservative political system. Here Taiwan can present a viable alternative, analysts argued.

"While dictators and other authoritarian-leaning regimes may favour China's model, many democratic-leaning leaders in developing countries favour the Taiwan method," said Larus.

"I would suspect that Taiwan's model is being more closely studied given the turmoil in the Middle East. Observers of that turmoil can see that stifling politics can lead to a powder keg."

Paradoxically, some observers believe that Taiwan is not really pushing its soft power as much as it could do, due to a feeling that the odds are stacked against it, and any effort is in vain in the face of crushing Chinese rivalry.

"There's a kind of collective shrug at the shoulders. The inclination towards proactive behaviour seems to be lacking in Taiwan," said Gary Rawnsley, a China specialist at the University of

Leeds.

It may be hard to measure the benefits of soft power, but it is still worth pursuing, according to experts.

"It's always difficult to know how the intangibles will translate into tangibles, but I think what Taiwan needs to get first is attention. It needs to get some voice in the world," said Rawnsley.

"Just get the media's attention, get the public opinion's attention, so people start to recognise what Taiwan is, where Taiwan is, recognise that it is a democracy, that it is not the People's Republic of China."

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