

Speed up telecom licence renewal

The Grameenphone chairman says in an interview with The Daily Star

ABDULLAH MAMUN

THE operating licences of four telecom players in Bangladesh will expire in November. Time is short; speed up the licence renewal process, urges Grameenphone Board Chairman Sigve Brekke.

Brekke pleads for clear cellular phone renewal process guidelines. In a recent visit to Dhaka, he insisted that the government give up ambiguity relating to the renewal process and do it in under free and fair competition.

Criticising the so-called utilisation factor (UF) in the renewal policy that was proposed by Bangladesh Telecommunication Regulatory Commission (BTRC), he said, "We have never seen such policy where Grameenphone (GP) is supposed to pay 60 percent more than the rest. This is not fair. This is not a level playing field."

The UF has punished Grameenphone as the biggest operator that invested the most in the past years, he says. Spectrum fees should not put a huge burden on operators because at the end of the day, there should be a business scope for the long term, he adds.

"We have been investing here since 1997. For many years, we have reinvested all our earnings and profits for network expansion. If the government is concerned about the competition, then it is fine. In that case, please issue competition guidelines and a framework. But you cannot punish us by asking us to pay 60 percent more than the rest," he said.

The telecom ministry proposed a total of Tk 7,824 crore as spectrum charge for the four operators -- Grameenphone, Banglalink, Robi and Citycell. On the other hand, BTRC proposed a total of Tk 12,118. The basics of the total fees are currently under consideration by the finance ministry.

"We have quite a heavy tax burden. For every Tk 100 we earn, we pay Tk 50 to the government, if you summarise all the taxes we pay. And I am not complaining about that," he said. "But the business has to be profitable."

"We have come to know that the finance minister is looking into finalising the fees and it will come out very soon," Brekke says.

According to Grameenphone's estimates, there is a mismatch between the mobile penetration rate and the real number of subscribers. The number of people with mobile phones is around 34 to 35 percent, he goes on to explain. "Every person has 1.7 SIM cards. The penetration rate is not 40 plus what should be 60 plus. All the growth seen in the country in the past few years is just half the way."

The government's vision to create a 'Digital Bangladesh' is possible with wireless broadband, he says. "There is no other way to roll it out, not through fibre or fixed network. So you have to do that by 3G."

Grameenphone will continue investing in its network to reach out to every single small village of Bangladesh; it is ready to continue contributing to the government's 'Digital Bangladesh' agenda.

Telecom operators in Bangladesh cannot appeal against any decision by the regulator after amendments to the telecom law last year. Brekke said they had been vocal against this decision. "There has to be a way so that one can appeal."



Sigve Brekke

"We appreciate the regulator being independent and having power."

But the Bangladesh market is unpredictable, he says. "Telenor, as a foreign investor, need some predictability. Things are changing, ups and downs."

In comparison to other countries, the board chairman said other markets have a framework for competition. "You can have significant market power regulation. Grameenphone will welcome any move where BTRC imposes such regulations for competition in Bangladesh."

There are three kinds of regulatory issues in Bangladesh, such as a lack of predictability, that make it difficult for the operators to plan. Secondly, operators are confused about the differences in responsibility between the telecom ministry and BTRC.

As an operator in the Bangladesh market, he says, "All the challenges are related to regulation."

"But I don't see any challenge here. We have good market growth. Of course it is challenging to bring down the price level because affordability is a factor with more market penetration. But that is a normal commercial challenge that we have. We are ready to face that challenge."

The SIM tax of Tk 650 is a too high a barrier for some rural customers, and so the operators subsidise it, he says. "Of course we want the SIM tax to go away. But I won't complain so much about that as it is a normal commercial challenge."

Telenor in India did not participate in the 3G auction process. In explaining the differences

between the two markets, he says, "The Indian market is different because we entered there as number 13 -- as a new comer. But in Bangladesh, Grameenphone has a market plan for continuous growth in the voice service."

"As soon as the government provides licences for 3G, though it will depend on licensing conditions, Grameenphone will roll out 3G services."

Brekke suggests the government looks for a model that refers to private-public partnership for 3G, to implement the digital agenda. In this case, the mobile companies can work as instruments where government policy and business can run hand on hand, he adds.

For example, he says, a part of the population that has a long distance to go for medical attention can get service through the mobile phone or a 3G data solution. "It can also help the millions of un-banked people. Education services can even be enhanced -- that many countries have done with wireless broadband services."

"We can sit with the government regarding technical assistant that we can provide the kind of regulatory framework that can be provided in this issue. We will bring the ideas."

In the last few months, Grameenphone subscribers are suffering from network disruption as the company is swapping its equipments. "We are almost done with it and now the people will get very developed services in both voice and data."

Grameenphone is going to invest more in the country as decided recently in a board meeting, he adds.

There will be no changes in Grameenphone

after the share transfer of Orascom's concern Wind Telecom to VimpelCom, a Russian telecom giant, he says. "There is absolutely no relationship between Wind telecom, Telenor and Orascom. Telenor is not influencing VimpelCom as such. And VimpelCom is not influencing Banglalink too."

"Grameenphone and Banglalink are really tough competitors in Bangladesh, and that will continue. And we are going to win everyday."

On Grameenphone's strategy to be the top operator in Bangladesh, Brekke says, "GP is not so concerned about the large number of subscribers. We need to be the customer's choice, otherwise, in the long run you will not sustain. I want to see GP's customers happy with the price and network."

Grameenphone wants to be seen as the choice of the employer too -- there are 5,000 people working with the operator. At the same time it wants to be the large with the stakeholders. "We need to be seen as a Bangladeshi company that pays something back to the society."

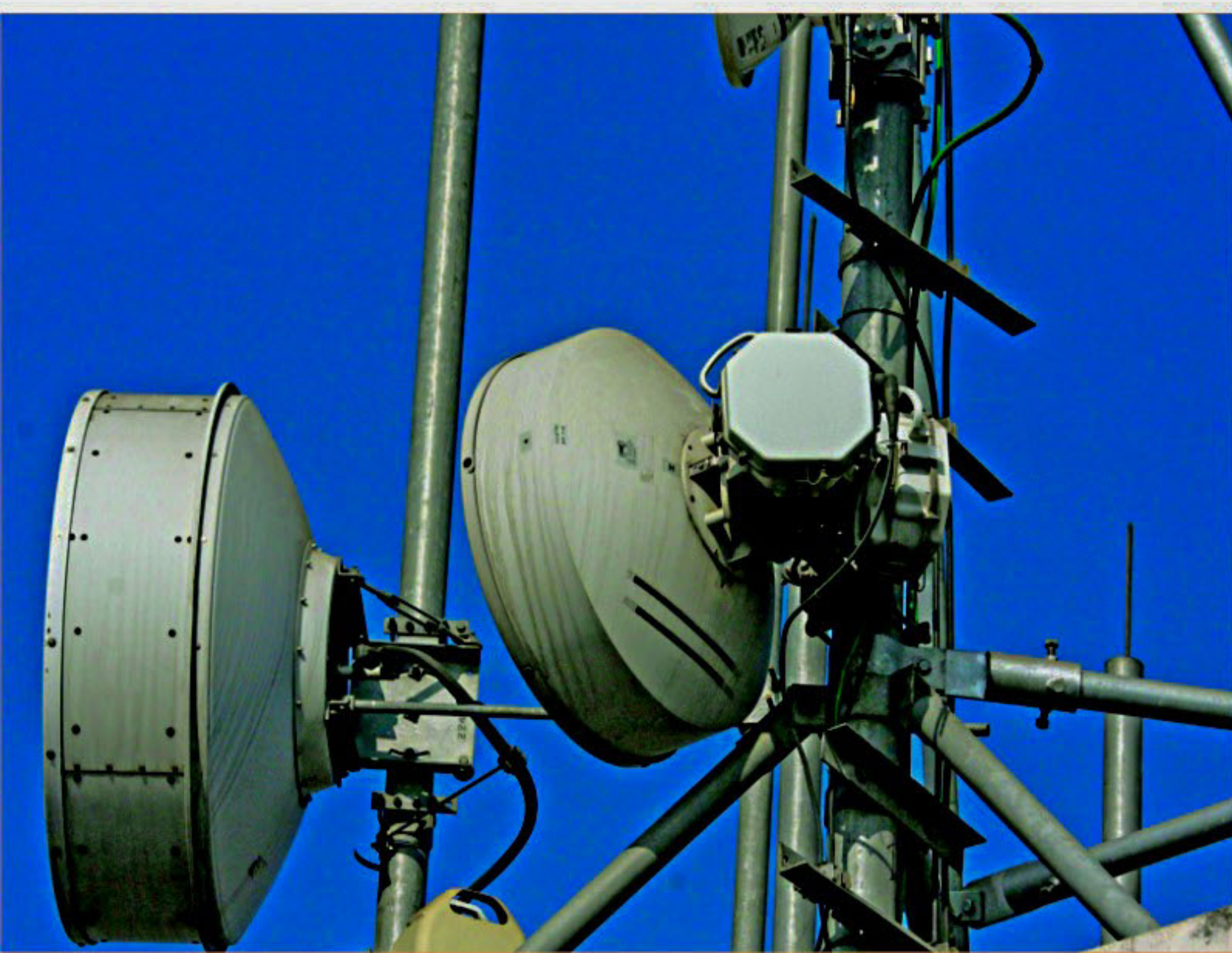
Grameenphone is looking to form partnerships with local banks to offer financial services, he adds.

On special roaming arrangements in this region where Telenor has operations, he says, "We have arrangements between Bangladesh and West Bengal of India. We are also looking for the same facility with Malaysia, where a number of Bangladeshi migrant workers are present."

abdullah.mamun@thedailystar.net

The utilisation factor has punished Grameenphone as the biggest operator that invested the most in the past years. Spectrum fees should not put a huge burden on operators because at the end of the day, there should be a business scope for the long-term

Spectrum fees by mid-August



ABDULLAH MAMUN

THE financial basics of the licence renewal guidelines for the telecom operators are expected to come in by mid-August.

The financial issues that will affect the licence renewal process of four Bangladeshi operators is hanging mid air as Finance Minister AMA Muhith is currently out of the country.

The procedure is currently awaiting approval, said ministry officials.

Furthermore, Telecommunications Minister Rajiuddin Ahmed Raju and Secretary Sunil Kanti Bose are also out of the country.

The finance ministry is responsible for fixing the financial matters, such as spectrum price, revenue sharing and social obligation fund. The ministry has previously declared that it would finalise the charges by mid-June, but that did not happen.

The telecom ministry submitted the licence renewal guidelines to the finance ministry by revising the Bangladesh Telecommunication Regulatory Commission's (BTRC) draft proposal in May.

The telecom ministry proposed for a total of Tk 7824 crore for the four operators --

Grameenphone, Banglalink, Robi and Citycell as spectrum charge, while BTRC had proposed a total of Tk 12,118.

Revenue sharing and the social obligation fund charges were reduced by the telecom ministry.

In this situation, the three GSM and one CDMA operators are in a pressing situation, as they will have to complete the whole renewal process by November 10 this year. The renewal will be valid for the next 15 years.

Industry experts said after the finance minister approves the financial aspects, the telecom ministry will take sometime to complete the guidelines. There will be a time limit for the application procedure and money submission.

But before money collection, the operators will have to obtain internal approval from their own parent companies, as those are all foreign entities. It would take another 6 to 8 weeks to get internal approval for the renewal, said Mahmud Hossain chief corporate officer of Grameenphone.

It will be cumbersome for the operators to organise the formalities of the renewal process and arrange the funds by November 10.

abdullah.mamun@thedailystar.net

The finance ministry is responsible for fixing the financial matters, such as spectrum price, revenue sharing and social obligation fund. The ministry has previously declared that it would finalise the charges by mid-June, but that did not happen