

Take balanced gains from 3G auction

Telenor CEO Jon Fredrik Baksaas discusses the importance of internet for Bangladesh

MD FAZLUR RAHMAN, from Barcelona

BDHANGLADESH must strike a balance between its ambitions to have higher telecom and internet penetration and earn as much money as possible from the upcoming 3G auction to attract investors, the head of Telenor said.

If the government cannot ensure the balance then there will be no investment, said Jon Fredrik Baksaas, chief executive officer of Telenor.

He was talking to a group of Bangladeshi reporters in Barcelona last week.

The head of the world's one of the top telecom service providers was in the Spanish tourist destination to attend the GSMA Mobile World Congress, the largest gathering of international mobile companies and operators.

His comments came as reports suggest that the Bangladesh government plans to raise a total of \$1 billion from the 3G (third generation) auction, which many operators claim to be too high.

In Barcelona, the industry is discussing what kind of ambitions the industry should have by bringing connectivity for internet through much higher degree than it has today, said Baksaas.

The internet and data connectivity is the need of the hours for the billions of users around the world, as voices and SMS services have already met their demand and increased expectations, he said.

He said voice and SMS services were important when those services were not there. "And when it is there then everyone takes it for granted."

"Now internet is going to take the same development curve. This is as important for Norway as it is for Bangladesh. That is why Telenor is so eager at building the internet connectivity capacity in its networks all around the world."

For internet penetration, 3G technology is important, as it is a better platform to offer better services than 2G.

"3G is something that we want also for Bangladesh to happen."

He thanked the government for announcing the 3G auction date, scheduled for June this year. Baksaas also called for flexible regulations for a thriving telecom sector.

"If you go the extreme way, you do not get the satisfactory balance between the two. At the Leadership Summit [in Barcelona] this issue was addressed."

"Regulation does play a role all the time. If you regulate too much, the market forces will no longer be interested to bring more efficient solutions and greater value to the end-users over time. That is my solid belief."

Penetration has proved to develop much faster if the licence process is structured in the right way, he said.

The best example, for the time being, is the US, which made strong decision on 4G three years ago. As a



Jon Fredrik Baksaas

result, the fourth generation mobility in the US stands out as a global reference, Baksaas said.

"There are very strong links between the government decisions and market development."

"The government needs to strike

the right balance from their perspective to see investment happen and thus create a possible industry that is capable of bringing the extensive investment into the network."

He said, in 2000 Europe was too

aggressive in pricing. As a result, innovation did not happen for five years, he said.

Baksaas also talked about the recent Grameen Bank Commission report, which has raised some critical questions, baffling many in the industry.

"The interim report that implicated GP is a big concern to Telenor. We are also surprised because we, through GP, have presence in Bangladesh for 15 years. We have invested \$2 billion to \$2.5 billion. GP has contributed more than \$3 billion in taxes and revenues over the years."

"GP has been stock-listed as a very important company. I think there is a solid history of how GP has developed. GP is also planning to take 3G step. Then we cannot have surprising reports, raising questions about the history of the company."

He said Telenor is not part of Grameen Bank. Telenor has been the majority owners of GP all the way. "We have supported and developed the company at the period of time when things did not look promising than it is today."

"In that sense, we are surprised because we are long-term. Of course, that is what we want to continue to be."

He said the ownership of GP is very clear. It is the Grameen Telecom which is holding the 34.2 percent shares into the GP.

"The relationship between the GP and Grameen Bank is not a subject relevant to Telenor," he said.

He declined to comment on the government's claim that Grameen Bank is a government bank.

"Telenor is not part of it."

He said Telenor is a long-term industry investor in Bangladesh and plans to continue that journey into the internet space.

"It is the government responsibility on how to develop the framework for the investment to happen. For us to be there, it has to be transparent. Then we will do the job on investment."

Baksaas also talked about the Commission's claim that Telenor had agreed to reduce its stake into GP to 35 percent from the initial 51 percent after six years' of operation in 2003.

"This is a preliminary report and the claim is an annexure to the preliminary report. It has been claimed before."

"After six years of operation in 2003, there was no one willing to stand up to provide the necessary financing for the next steps of GP. Telenor did that. There were other financiers who partnered at that time and said Telenor should be a majority."

"So, there is a clear history path here where we have supported the company and built the company. We also want to continue to build Grameenphone in the internet connectivity space, which is right around the corner."

Telenor now owns 55.80 percent into the GP.

fazlur.rahman@thedailystar.net

Western brands corner Pakistan middle class

AFP, Karachi

AMERICAN fast-food and Western fashion outlets are taking Pakistan's growing middle class by storm, defying stereotypes about a conservative Muslim country plagued by Al-Qaeda and Taliban-linked violence.

The rupee may have nose-dived, a third of the population may live in poverty and sectarian violence may be at a record high, but remarkably, consumer spending is up among a resilient elite fond of imported luxuries.

In a smart corner of Karachi, a new mall offers wealthy clientele the chance to lunch on an American burger, buy French cosmetics, shop for cocktail dresses, sip an afternoon cappuccino or wolf down a cinnamon roll.

Female sales assistants dressed in jeans and T-shirts buck the idea that "service industry" jobs are unsuitable for women, even if many of them commute into work heavily veiled to avoid being harassed or insulted.

"It is time when Pakistanis are getting branded. It is a new phenomenon," says Samiullah Mohabbat, the chief executive who brought American franchise Fatburger from Beverly Hills to Karachi, a city troubled by shootings and kidnappings.

"The world has just started coming to Pakistan and this trend will grow."

While the economy has stagnated in the last five years, a business and foreign investment boom after the 9/11 attacks widened employment opportunities. Television was liberalised in 1999 and public sector salaries were increased.

As a result, the middle class has grown over the last decade. Karachi, the country's financial hub, Lahore and the capital Islamabad have all seen a surge in Western-style coffee shops, fast-food franchises and new malls.

Karachi's Dolmen Mall, where expatriates and wealthy Pakistanis stalk the gleaming, air-conditioned halls, stocking up in French hypermarket Carrefour before their driver comes to collect them, is the newest and flashiest.

There is Spanish fashion favourite Mango, US beauty and home firm Crabtree and Evelyn and British high street staples Mothercare and Debenhams.

But when it comes to food, Mohabbat says "American is best". Regardless of the political tensions in Islamabad's relations with Washington, many wealthy Pakistanis are attracted to American films, clothes, music and of course food.

Mohabbat has invested \$7 million in



Pakistani pedestrians walk past a Fatburger outlet in Karachi.

opening Pakistan's first Fatburger restaurant last month on the second floor of Dolmen Mall, with plans for another in Karachi, two in Lahore and a fifth in Islamabad.

Far from seeing the country's troubles as a bar to business, Mohabbat says a \$5.50 burger is the perfect antidote.

"Food is the only entertainment in Pakistan," he said. "People are certainly frightened because of the law and order situation, so they don't go anywhere except food outlets."

At lunch time, his 130-seat restaurant is buzzing. In Beverly Hills, there may be nothing exciting about going out for a burger, but in Karachi the novelty and the relative expense make it a sought-after privilege.

The walls are plastered with large notebook papers scribbled with the experiences of the clients.

"Yummilicious," screeches out one. There is a scrum at the counters as customers wait their turn. A dozen workers cut and cook imported American beef, slathering it with spices and vegetables, shoving it in a bun and handing it to the waiters.

"It's certainly quite expensive for the average Pakistani, but I prefer it because I can afford it," says businessman Masroor Afzal, 44, who works round the

corner and says he frequently pops over.

"The beauty of Karachi is that it has everything for everyone. There are many people who can't afford to eat or shop here, but they have other bazaars."

Analysts say there is enormous potential in Pakistan as a market for global consumer goods, despite the structural problems in the economy.

According to the finance ministry, 104 million people are aged 15 to 59 and by 2030, 30 percent of the population will be younger than 30.

Khurram Schehzad, head of research at investment firm Arif Habib Securities in Karachi, says consumer spending has grown 26 percent in Pakistan since 2010, compared to seven percent for Asia as a whole.

Business mogul Abid Umer says there is "tremendous potential" for retail.

His Al-Karam Group brought its first foreign franchises -- Babyshop from Bahrain and Splash from the United Arab Emirates -- to Pakistan in 2005. Today his portfolio has extended to Mango.

"Pakistan is full of aspirational customers," said Umer.

"Sure, Pakistan has its share of issues but in most cases, day to day life is not affected, plus the tremendous customer response and low cost of operations

makes it worthwhile."

On Saturday, a woman and a security guard were shot and wounded when men opened fire in the Dolmen Mall car park, police said.

The motive for the attack was not immediately clear. Witnesses said the woman was accompanied by her daughter and maid. The attackers escaped.

Helen Lacey, Debenhams' senior PR manager, told AFP the company had carried out extensive market research and had "no current security concerns".

"International brands in Pakistan in general are performing strongly. This is a large and growing market and there is a clear appetite for British brands here and growth potential with a rapidly growing middle class," she said.

But Mohabbat admits it can be difficult persuading foreigners to invest in a country plagued by terrorism, political and sectarian murders and a grave energy crisis. Most Western governments advise against travel to Pakistan.

"The most challenging thing for us is to convince people about Pakistan. We put our case and show them the true picture, which does not show Pakistan as a totally dangerous country," said Mohabbat.

World's top tech fair pins hopes on Asia, social media

AFP, Berlin

THE world's biggest high-tech fair, the CeBIT, kicks off Tuesday, pinning its hopes on growing tech regions Asia and Africa and the hot topic of social media to beat competition from other high-profile fairs.

More than 4,000 exhibitors from some 70 countries are expected to set up shop in the northern German city of Hanover, about the same number as last year despite the weak economic environment, organisers said.

"CeBIT is becoming increasingly international as we see countries in Asia and Africa developing more and more into IT nations," said Hartwig von Sass, a spokesman for organisers Deutsche Messe.

However, even with stable exhibitor numbers, the CeBIT is a far cry from its glory days at the height of the dot-com boom, when 8,000 firms would scrap for places in the hanger-like halls of the sprawling fair grounds.

CeBIT is battling competition from the swanky Consumer Electronics Show in Las Vegas and the just-finished Mobile World Congress in Barcelona but Sass insisted that Hanover was still top of the tree.

"No matter what other fair you look at, they're all half as big as us," said Sass, who said 350,000 visitors swarmed through the stands last year.

CeBIT is also the only fair catering to the whole IT sector rather than a specific part, he added, announcing that tech giants like IBM, Microsoft, SAP and Google would be present at this year's event.

The IT industry enters the CeBIT in relatively bullish mood, with German industry group BITKOM forecasting in the run-up to the fair that global tech spending was poised to rise by 5.1 percent to 2.7 trillion euros (\$3.5 trillion) this year.

This year's CeBIT theme is "shareconomy", the increasing trend of users sharing data and things, with examples being "carsharing" and of course social media sites like Facebook, Twitter and Instagram.

Several exhibits will be devoted to shifting the way office communications are run, moving from email -- which some experts see as increasingly obsolete -- to internal social media platforms.

Innovative ways to process vast amounts of data as well as the perennial issues of cloud computing -- storing data remotely -- and Internet security will also be major topics at this year's event.

But as ever with the CeBIT, it is not all work and no play as there will be the usual display of head-spinning gadgets and pointless but fun applications to entertain the punters.

For those who despair of finding the right items in massive supermarkets, a firm has developed a trolley that communicates with the shelves, points the hapless shopper in the right direction and ticks things off the list.

And for the strains of daily life, a communications firm has created an app that gives you a read-out on your stress levels just from testing your voice.

Another firm has pioneered the must-have piece of furniture for those accused of being couch potatoes.