Complex regulatory regime may hinder 5G: Banglalink CEO

MUHAMMAD ZAHIDUL ISLAM

BANGLADESH'S current complex telecom regulatory regime, which has already prevented the sector from achieving its full potential, is not conducive for efficient functioning of 5G service, said the top executive of Banglalink.

The government is aiming to roll out the latest generation of cellular mobile communications by 2021 and has already carried out test runs in July last year, becoming the sixth country in the world do so.

"It will be almost impossible to deliver 5G service in a cost-efficient way with the current telecom regulatory regime," Erik Aas, chief executive officer of Banglalink, told The Daily Star in an interview on Tuesday.

There are so many telecom licences and regulations in Bangladesh that can't be found anywhere in the world.

"Regulations related to tariffs, penalties and so many other issues create complexity in the system. When the industry is trying to serve customers with a simple technology, the regulatory regime is still pushing us to use old-fashioned technology."

Like in many other countries, mobile operators in Bangladesh also want to offer free voice calls if users buy high volume of data.

"But the telecom regulator is not allowing that to happen. I think the complex regulatory regime has delayed the industry's development."

Aas, who has vast experience of working in Asia, the Middle East, South East Asia and Europe, said the way people are now using internet and voice is fundamentally different than what it was five years ago and the technology behind this is totally different.

Telecom services have also changed.

"But the regulation is still the same."

There are some unnecessary licences in the telecom system in Bangladesh and one of them is related to the international gateway operators (IGWs), which manage both incoming and outgoing international calls.

"The IGWs have nothing to do with the telecom business but 29 licences have been given out," said the Swede national, who took helm of Banglalink, the third-largest mobile phone operator in Bangladesh, in December 2015.

> There are so many telecom licences and regulations in Bangladesh that can't be found anywhere in the world

Similarly, the interconnection exchanges (ICXs), which manage local calls, are irrelevant and only raise the cost for customers, he said, adding that ICXs get Tk 0.03 for every minute of a voice call.

Some other challenges confronting the mobile operators include the world's highest spectrum price and a policy that bans them from laying fibre optic cable on their own and building towers.

The network ecosystem is already creating problems for 4G and it will become even more visible when 5G is rolled out, Aas said.

"We need three times more spectrum than we currently have but the price is so high that we can't afford it. Spectrum price needs to be in line with the country's economic position."

The quality of fibre connectivity is very poor in Bangladesh.

"And there is not enough competition on who will lay the cables. As a result, we are compelled to use the links of very bad quality. I don't understand why the telecom regulator has forbidden the operators from developing their own fibre connectivity."

About the restriction on mobile operators from setting up telecom towers on their own, he said the issue has reached a deadlock as only four players have received licences but they are not coming up with competitive prices and quality.

Aas, who was the CEO of Grameenphone from 2004 to 2007, said his former charge is the only profitable telecom operator in Bangladesh.

He went on to welcome the Bangladesh Telecommunication Regulatory Commission's move to slap Grameenphone with the tag of significant market power (SMP) -- a policy that prevents a dominant player from expanding.

About 85 percent of the countries have adopted the policy to enhance competition, he said.

"Controlling financial matters is the only solution to enhancing competition. But there is no need to control advertisement or some other stuff that are not relevant."

About Banglalink's service quality, Aas said the operator is not too worked up about call drops as the young generation, which form a major portion of its subscriber base, is not too bothered about it.

"They want quality data -- and ensuring the expected service is a challenge for the industry."

Aas, who has been observing Bangladesh since 2001 as the board member of Grameenphone, said the country has grown aplenty over the years and telecom services now help change the lives of users.

The turning point for the telecom sector came in 2004-05 when the price of handsets went down drastically, he said.

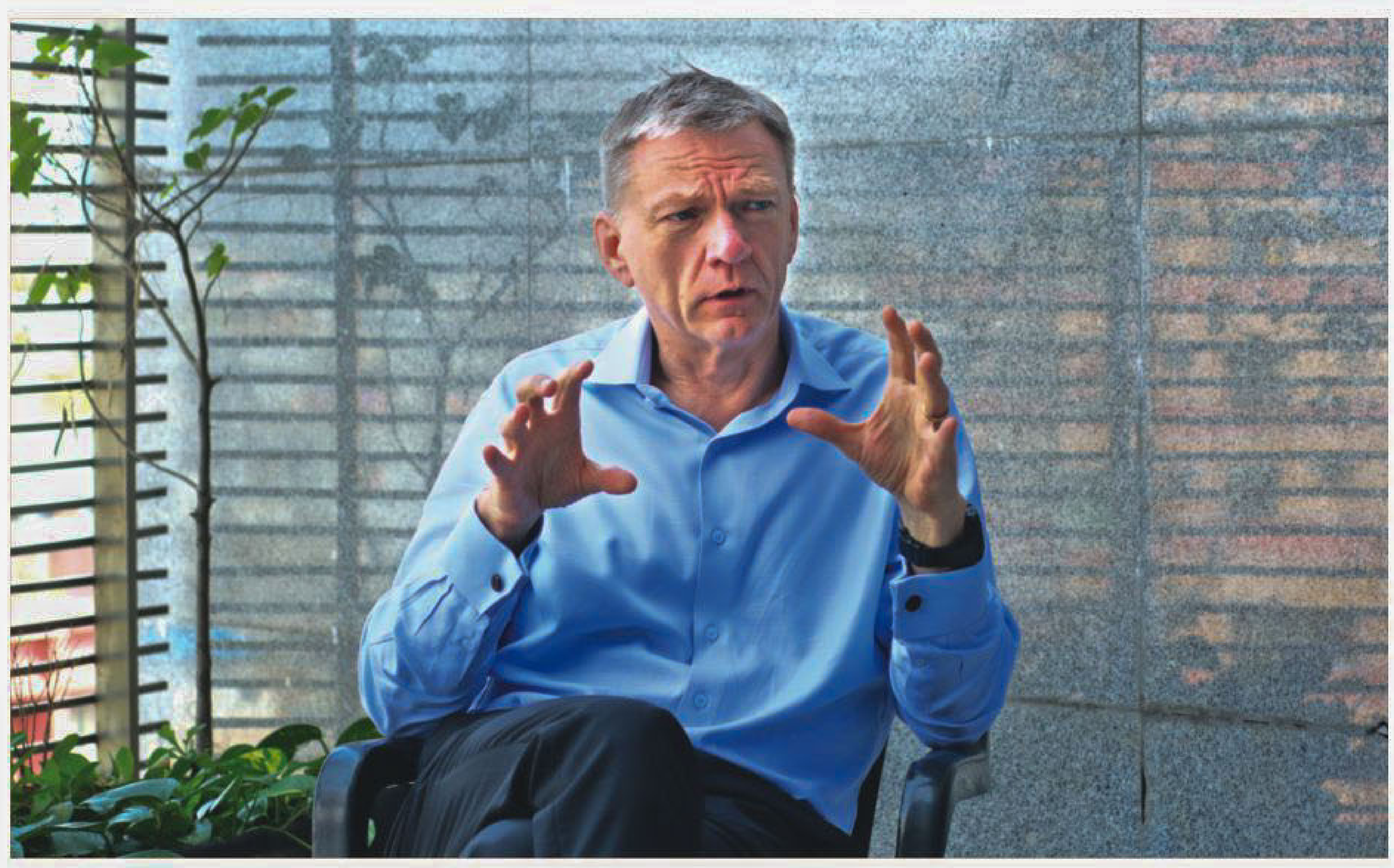
About the tax incidence, he said: "If a customer spends Tk 10 for telecom service, half of it goes to the national exchequer. This is something that has impacted the industry."

In 2018, Banglalink logged in Tk 4,365 crore in revenues, down 6.07 percent year-on-year. Its business has been growing since the last quarter of 2018.

The operator invested heavily from the last quarter of 2017 through to 2018, which is yielding positive results now.

When Aas joined Banglalink three years ago, it had about 2,400 employees. Now it employs 1,100 people as the operator engineers to reshape itself.

He also took the opportunity to deny a rumour that Banglalink was selling its business to India's Reliance Jio.



Erik Aas

GLOBAL FINANCIAL SYSTEM

UN-led organisations call for overhaul

STAR BUSINESS DESK

UNLESS national and international financial systems are revamped, governments will fail to keep their promises on critical issues such as combating climate change and eradicating poverty by 2030, said a new report.

Sixty-plus international organisations, led by the United Nations and including the International Monetary Fund, the World Bank Group and the World Trade Organization, jointly sounded the alarm in the 2019 Financing for Sustainable Development Report, said the Economic Commission for Asia and the Pacific (ESCAP) in a statement yesterday.

The international organisations find some good news: investment has gained strength in some countries and interest in sustainable investing is growing, with 75 percent of individual investors showing interest in how their investments affect the world.

And yet, greenhouse gas emissions grew 1.3 percent in 2017, investment in many countries is falling, and 30 developing countries are at high risk or already in debt distress. At the same time, global growth is expected to have peaked at around 3 percent.

"Changing the current trajectory in financing sustainable development is not just about raising additional investment. Achieving global goals depends on supportive financial systems and conducive global and national policy environments," the report said.

The report warns that creating favourable conditions is becoming more challenging. Rapid changes in technology, geopolitics, and climate are remaking the economies and societies, and existing national and multilateral institutions -- which had helped lift billions out of poverty -- are now struggling to adapt.

Confidence in the multilateral system has been undermined, in part because it has failed to deliver returns equitably, with most people in the world living in countries with increasing inequality.

"Trust in the multilateral system itself is eroding, in part because we are not delivering inclusive and sustainable growth for all," said António Guterres, secretary-general of the UN, in his foreword to the report.

"Our shared challenge is to make the international trading and financial systems fit for purpose to advance sustainable development and promote fair globalisation."

The international agencies recommend concrete steps to overhaul the global institutional architecture and make the global economy and global finance more sustainable.

It called for supporting a shift towards long-term investment horizons with sustainability risks central to investment decisions; revisiting mechanisms for sovereign debt restructuring to respond to more complex debt instruments and a more diverse creditor landscape; revamping the multilateral trading system; addressing challenges to tax systems that inhibit countries from mobilising adequate resources in an increasingly digitalised world economy; and addressing growing market concentration that extends across borders, with impacts on inequality.

At the national level, the report puts forward a roadmap for countries to revamp their public and private financial systems to mobilise resources for sustainable investment. It introduces tools for countries to align financing policies with national sustainable development strategies and priorities.

The ESCAP has produced a complementary report on "Financing for Development in Asia and the Pacific: Highlights in the Context of the Addis Ababa Action Agenda, 2019 Edition".

Among other findings, the ESCAP report emphasises the importance of raising public resources to finance urban infrastructure development in a context of breakneck urbanisation and enhancing capacity-building efforts in the area of infrastructure financing and public-private partnerships.

REUTERS/FILE

Antonio Guterres, the secretary general of the United Nations, attends a press conference about climate change in New York.

Global economy cooling: IMF

Coordinated stimulus may be needed

REUTERS, *Washington*

THE global economy is slowing more than expected and a sharp downturn could require world leaders to coordinate stimulus measures, the International Monetary Fund said on Tuesday as it cut its forecast for world economic growth this year.

The global lender's semi-annual World Economic Report pointed to the US-China trade war and a potentially disorderly British exit from the European Union as key risks and warned that chances of further cuts to the outlook were high.

Some major economies, including China and Germany, might need to take short-term actions, the IMF said.

"This is a delicate moment for the global economy," IMF chief economist Gita Gopinath said in a news conference to discuss the report.

Governments may need to open their pocketbooks at the same time "across economies" if the slowdown becomes more serious, Gopinath said, adding that loose monetary policy might also be needed.

The comments provided an eerie warning to the global officials gathering in Washington this week for the spring meetings of the IMF and World Bank. The world engaged in coordinated fiscal stimulus to counter the 2008 financial crisis.

In its third downgrade since October, the IMF said the global economy will likely grow 3.3 percent this year, the slowest expansion since 2016. The forecast cut 0.2 percentage point from the IMF's outlook in January.

The projected growth rate for next year was unchanged at 3.6 percent.

More than two-thirds of the expected slowdown in 2019 stems from troubles in rich nations, including members of the EU.

"In this context, avoiding policy missteps that could harm economic activity should be the main priority," the IMF said in its report.

One potential misstep lies in Britain's indecision over how to leave the EU. Despite looming deadlines, London has not decided how it will try to shield its economy during the exit process.

The IMF's new forecast assumes an orderly "Brexit," but the Fund said a chaotic process could shave more than 0.2 percentage point from global growth in 2019. It said the Bank of England should be "cautious" on its interest rate policy, an apparent tip to wait before hiking borrowing costs.

The EU's economic growth is already slowing substantially, though the IMF said it still expects the slowdown in Europe and some emerging market economies will give way to a re-acceleration in growth during the second half of 2019.

The outlook for Germany, one of the main drivers of European growth, suffered from weaker demand for its exports, softer consumer spending and new emissions standards that have depressed car sales.

Germany may have to quickly turn to fiscal stimulus measures, the IMF said, also calling on the European Central Bank to keep stimulating the regional economy. The IMF also cut Japan's growth outlook following a string of natural disasters.

The US economy, while seen outperforming other rich nations' economies, also got a downgrade on signs that a fiscal stimulus fuelled by tax cuts was producing less activity than previously expected.

US Treasury yields slid on concerns about the global economic outlook, which also weighed on US stocks. The Dow Jones Industrial Average index fell 0.7 percent and the S&P 500 and the Nasdaq Composite both closed about 0.6 percent lower as the growth forecasts and renewed trade worries sparked by new US tariff threats on European aircraft and food products weighed on sentiment.

US Treasury Secretary Steven Mnuchin disputed the IMF's assessment that US growth was slowing and told lawmakers he was not concerned about a recent inversion of the Treasury yield curve - often a harbinger of recession.

"There's no question that growth outside of the United States, whether it be Europe or China, has slowed significantly," Mnuchin told a US House Financial Services Committee hearing. "From everything we see, we see for the next few years still strong, robust US growth."

The IMF said it supported the US Federal Reserve's decision to pause its rate-hiking cycle, which the global lender said would support the US and world economies this year by easing financial conditions.

The IMF raised its forecast for US growth in 2020 by a tenth of a percentage point to 1.9 percent.

The global lender said it was slightly boosting its outlook for Chinese growth this year - to 6.3 percent - in part because an expected escalation in the US-China trade war had not materialized.

Still, America's ongoing tensions with China and other major trading partners continue to cloud the global economy.

US tariffs on Chinese imports are hitting Chinese growth and also weighing on Latin America and other parts of the world dependent on Chinese demand for commodities.

The IMF cut its 2019 growth forecasts for Canada and Latin America as well as for the Middle East and North African countries.

China was trying to rebalance its massive economy away from investment and exports when US President Donald Trump ordered higher tariffs on Chinese imports beginning in 2018. China responded with retaliatory tariffs on US goods.

In an ominous sign, the IMF said Beijing might need to unleash fiscal stimulus "to avoid a sharp near-term growth slowdown that could derail the overarching reform agenda."

Gopinath, the IMF chief economist, said the Chinese economy was showing some tentative signs of recovered growth, which she described as "green shoots."

REUTERS

The International Monetary Fund headquarters building is seen ahead of the IMF-World Bank spring meetings in Washington on April 8.