Making Bangladesh a regional internet hub

Abu Saeed Khan

BANGLADESH simultaneously exports and imports international internet bandwidth to and from the same country – India. Such unique-in-the world bandwidth trading started with import when Bangladesh was linked with the single submarine cable: SEA-ME-WE4 (South East Asia–Middle East–Western Europe 4). High risk of outages has prompted the government to grant six international terrestrial cable (ITC) licences in 2012 as the lone submarine cable's backup.

The ITCs have connected Bangladesh across its western border with India. But the latency of the ITC networks remains higher than what the SEA-ME-WE4 submarine cable offers because the traffic via the cable's landing station at Cox's Bazar travels lesser distance to Singapore as opposed to the ITCs' terrestrial traffic being routed via India's Chennai or Mumbai gateways.

Bangladeshi carriers have accepted this shortcoming in exchange of crucial backup during outage. The arrival of second submarine cable -- SEA-ME-WE5 -- in late 2017 has diminished the ITCs' lifesaving role. Yet, the latter provides budget bandwidth to cater certain segment of the industry.

Meanwhile, India keeps struggling with fragmented domestic transmission networks. State-owned Power Grid Corporation of India (PGCIL) and RailTel Corporation have deployed optical fibre along respective nationwide power grid and railway tracks.

PGCIL's optical ground wire (OPGW) network spans over 42,000 route-kilometres while RailTel runs 45,000 route-km of optical fibre network. Both the networks connect over 4,500 cities and towns including several rural areas. But their poor networks could not attract India's telecoms majors, notably the mobile industry. The latter rolled out own fibre mostly across the profitable regions instead.

Indian policymakers have not learned from the Mexican example of the world's first 100G capacity OPGW network of CFE Telecom and the world's largest (75,000 running kilometres with a 1.5 Tbps capacity) optical fibre network of Russia's TransTeleCom. PGCIL and RailTel could mirror their Mexican and Russian counterparts.

As a result, the historically backward "Seven Sisters" remained digitally isolated due to Indian policymakers' negligence. The states of Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim, and Tripura could not reach the digital hubs like Chennai, Hyderabad and Mumbai.

State-owned carrier Bharat Sanchar Nigam Ltd (BSNL) decided to import international connectivity from Bangladesh to digitise northeast India. Under a deal signed in June 2015, BSNL annually pays Bangladesh Submarine Cable Company Ltd (BSCCL) about Tk 9.6 crore (or $1.2 million) for 10 Gbps of international bandwidth.

Terrestrial optical fibre link of Bangladesh Telecommunication Company Ltd (BTCL) from Cox's Bazar landing station to BSNL's Agartala node via Akhaura was commissioned in November 2015. BSCCL began exporting bandwidth from February of 2016. A similar link to Meghalaya is being discussed.

REUTERS/FILE

Bangladesh can become its neighbours' preferred destination for global connectivity.

BSCCL sells only the Singapore-bound transport capacity to BSNL. The Indian carrier procures IP transit and international interconnection from there. Bangladesh should offer what Singapore supplies in order to retain its position as an emerging exporter of international connectivity. But that requires fundamental overhauling at the policy front.

International carriers are currently forbidden to directly sell their services among the Bangladeshi carriers. State-owned BSCCL retains the unwritten monopoly of international submarine connectivity. It is a huge barrier to the nation's digital competitiveness.

Global carriers' presence, at the carrier-neutral facilities, will make Bangladesh identical to Singapore or Hong Kong in terms of international connectivity. The country will become its neighbours', including India's, preferred destination of global connectivity.

Meanwhile, Nepal broke the taboo of being landlocked when it plugged China to end the Indian carriers' historical monopoly of international connectivity on January 12, 2018. "This will give us an alternative to India for cyber connectivity and ensure uninterrupted connections," a Nepal Telecom spokeswoman, told Reuters. "Consumers can now look forward to a reliable service."

But the Nepalese traffic travels long way to Hong Kong for international interconnection because China prohibits western carriers and internet majors to operate in its territory. Therefore, Nepal still deals with high latency despite newly activated route across its northern border. In other words, China is the new India in terms of Nepal's global connectivity.

This is where Bangladesh is uniquely positioned to mitigate Nepal's problem.

The narrow land corridor between India and Bangladesh – also known as "Chicken neck" – has been the biggest hurdle for Nepal and Bhutan to directly export electricity to Bangladesh. The Indian government has finally removed this barrier in December 2018.

Now the power transmission grid, embedded with OPGW, from Nepal and Bhutan will directly connect Bangladesh. Using that infrastructure, Bangladesh can reciprocate with exporting internet bandwidth to both the landlocked Himalayan neighbours.

This landmark decision of New Delhi positions Bangladesh as an emerging regional internet wholesaler.

Initially, Bangladesh may offer Nepal the passage to Singapore or Hong Kong through its submarine routes. Subsequently it should reform the domestic and international telecommunication policies to localise the services that Southeast Asian city states currently offer. Eventually Bhutan, which still struggles with the Indian carriers' monopoly, will also come to Bangladesh for international connectivity.

But Bangladesh must overhaul its telecommunication policies to achieve that goal.

The writer is senior policy fellow at LIRNEasia. He can be reached at abu@lirneasia.net.

Huawei underestimated impact of US ban: CEO

Reuters, *Hong Kong*

Huawei Technologies Co Ltd's founder and CEO Ren Zhengfei said the impact of a US ban on the Chinese company was more severe than expected and warned that revenue would dip to around $100 billion this year and the next.

This is the first time that Huawei has quantified the impact of the U.S. action against the company and Ren's downbeat assessment comes after weeks of defiant comments from company executives who maintained Huawei was technologically self-sufficient.

Huawei had not expected that US determination to "crack" the company would be "so strong and so pervasive", Ren said, speaking at the company's Shenzhen headquarters on Monday.

The United States has put Huawei on a blacklist that effectively bans American companies from doing business with the Chinese firm, alleging that Huawei's products could allow China to spy on US communications. The ban has forced companies, including Alphabet Inc's Google and British chip designer ARM, to limit or cease their relationships with Huawei.

Huawei's international smartphone shipments will drop 40 percent, Ren said on Monday, without specifying a period. Bloomberg reported on Sunday that the tech giant was preparing for a 40 percent to 60 percent decline in international smartphone shipments. Huawei had reported revenue of 721.2 billion yuan ($104.16 billion) last year and said a few months ago it expected revenue this year to jump to $125 billion.

Huawei Founder and CEO Ren Zhengfei

"We did not expect they would attack us on so many aspects," Ren said but added that he expects a revival in the business in 2021.

"We cannot get components supply, cannot participate in many international organisations, cannot work closely with many universities, cannot use anything with US components, and cannot even establish connection with networks that use such components." Ren, however, said Huawei will not cut research and development spending despite the expected hit to the company's finances and would not have large-scale layoffs.

China pulls WTO suit over claim to be a market economy

Reuters, *Geneva*

China has halted a dispute at the World Trade Organization over its claim to be a market economy, a panel of three WTO adjudicators said on Monday, meaning Beijing must accept continued EU and US "anti-dumping" levies on cheap Chinese goods.

One trade official close to the case said so much of the ruling had gone against Beijing that it had opted to pull the plug before the result became official.

"They lost so much that they didn't even want the world to see the panel's reasoning," the official said.

Without a WTO ruling in Beijing's favour, the EU and United States can keep imposing duties on cheap imports from China while disregarding its claim that they are fairly priced. China had insisted that they treat it as a "market economy", countering their view that the price of Chinese exports could not be taken at face value due to state interference in the economy.

It took legal action saying that under its 2001 WTO membership terms it must be recognised as a "market economy" after 15 years. "China believes that there can be no other plausible reading of this simple and unambiguous treaty language," China's WTO ambassador Zhang Xiangchen said at a WTO hearing in 2017, calling the text "crystal clear".

But the United States and the EU disagreed. They said Chinese goods -- especially commodities such as steel and aluminium -- were still heavily underpriced because of subsidies and state-backed oversupply, giving Chinese exporters an unfair advantage.

Businesses clamour for Trump's ear as $300b in new China tariffs loom

AFP, *Washington*

WASHINGTON is planning another tidal wave of tariffs on Chinese imports that represent a worst-case scenario for markets and major industries on both sides of the Pacific.

And on Monday, seven days of public hearings are due to begin as major businesses issue their loudest warnings yet about layoffs, lost business and America's waning industrial predominance.

Some industries, such as steel and aluminum producers, have benefitted from President Donald Trump's trade policies and strongly support tariffs.

But the lion's share so far are pleading with his administration to spare the imports they depend on -- if not to step back from the brink of an unprecedented all-out trade conflict that economists say would prove dire for global growth.

Should they take effect, the newest $300 billion round of tariffs -- which follow last month's sudden crackup in trade negotiations with Beijing -- would mean stinging duties cover just about all of the more than half trillion dollars in goods that Americans buy from China every year.

Major trade bodies share Trump's principle grievances with Beijing, accusing it of rampant industrial espionage and massive state intervention in markets.

But in a letter to Trump on Thursday, hundreds of US companies large and small, including retail giants Target and Walmart, warned Trump the new tariff round could cost two million jobs and cut US GDP growth by a full percentage point.

So far, Trump has imposed tariffs on more than $250 billion in Chinese goods but this has spared most consumer items from major price increases.

Still, William Reinsch, a trade policy expert at the Center for Strategic and International Studies, told AFP the new tariffs were likely to pinch ordinary consumers far more.

"Unlike the previous times, I think there'll be a sharp negative reaction from the public," he said.

"If these things go into effect in July, what you're going to see is fairly immediate price increases on a whole bunch of things right at the point where people are gearing up to shop for the fall season, for winter clothes and for Christmas." Trump has pinned hopes for resolving the impasse on a planned meeting with his Chinese counterpart Xi Jinping later this month at the Group of 20 summit in Japan.

Should Xi fail to attend, Trump told CNBC this week, he could impose the new tariffs "immediately" -- although the period for public comment on the tariffs extends beyond the conclusion of the summit.

At the hearings, more than 300 people are scheduled to testify. And the US Trade Representative's office has collected more than 1,200 written comments and requests to appear in person.

"We are not able to quickly or simply shift all manufacturing to other sourcing countries, resulting in price increases for the average US consumer," wrote Patrice Louvet, CEO of Ralph Lauren Corporation. "This ultimately undermines American competitiveness." Oilfield services giant Halliburton warned of job cuts and decreased US oil-and-gas exploration if duties rise to 25 percent on barite, a key mineral used in drilling fluids for which China has the world's largest reserves.

Smaller businesses also came forward.

"We would like it to be known that the retail segment of the economy is preparing for a big hit and pray that the present administration consults God," said an anonymous retailer in western Kentucky that imports outdoor seating and artificial Christmas trees, among other items, but supported Trump's trade policies overall.

AFP

US President Donald Trump arrives at the White House in Washington, DC on June 16 after golfing at his Trump National Golf Club in Virginia.

US chipmakers quietly lobby to ease Huawei ban

Reuters, *San Francisco/Washington*

HUAWEI'S American chip suppliers, including Qualcomm and Intel, are quietly pressing the US government to ease its ban on sales to the Chinese tech giant, even as Huawei itself avoids typical government lobbying, people familiar with the situation said.

Executives from top US chipmakers Intel and Xilinx Inc attended a meeting in late May with the Commerce Department to discuss a response to Huawei's placement on the black list, one person said.

The ban bars US suppliers from selling to Huawei, the world's largest telecommunications equipment company, without special approval, because of what the government said were national security issues.

Qualcomm has also pressed the Commerce Department over the issue, four people said.

Chip makers argue that Huawei units selling products such as smartphones and computer servers use commonly available parts and are unlikely to present the same security concerns as the Chinese technology firm's 5G networking gear, according to three people.

"This isn't about helping Huawei. It's about preventing harm to American companies," one of the people said.

Out of $70 billion that Huawei spent buying components in 2018, some $11 billion went to US firms including Qualcomm, Intel and Micron Technology Inc.

Qualcomm, for example, wants to be able to continue shipping chips to Huawei for common devices like phones and smart watches, a person familiar with the company's situation said.

The Semiconductor Industry Association (SIA), a trade group, acknowledged it arranged consultations with the US government on behalf of the companies to help them comply and brief officials on the impact of the ban on the companies.

REUTERS/FILE

A Huawei company logo is seen at a shopping mall in Shanghai, China.

"For technologies that do not relate to national security, it seems they shouldn't fall within the scope of the order. And we have conveyed this perspective to government," said Jimmy Goodrich, vice president of global policy at SIA.

The ban came soon after the breakdown of talks to end the months-long trade spat between China and the United States, spurred by U.S. allegations of Chinese corporate espionage, intellectual property theft and forced technology transfer.

Google, which sells hardware, software and technical services to Huawei, has also advocated so it can keep selling to the company, Huawei Chairman Liang Hua told reporters in China earlier this month.

The online search company, a unit of Alphabet Inc, said in a statement that it works with Commerce to ensure it is in compliance with the new rules.

A Commerce Department representative said the agency "routinely responds to inquiries from companies regarding the scope of regulatory requirements," adding that the conversations do not "influence law enforcement actions." Intel, Xilinx and Qualcomm declined to comment. Huawei did not respond to a request for comment.

In an interview in Mexico, Andrew Williamson, vice president of Huawei's public affairs, said the company had not asked anyone specifically to lobby on its behalf.

"They're doing it by their own desire because, for many of them, Huawei is one of their major customers," he said, adding that chipmakers knew that cutting Huawei off could have "catastrophic" consequences for them.

China watchers say US suppliers are essentially trying to thread the needle - not wanting to be seen as aiding an alleged spy, thief and sanctions violator, but fearful of losing a good client and encouraging it to develop supplies elsewhere.

Huawei itself, which is also a top smartphone maker, has done very little traditional lobbying in Washington on the matter, but has considered sending a letter to the Commerce Department, two people familiar with Huawei's thinking said.