

**Telecom Regulatory Environment (TRE) 2006 survey results:
*Pakistan among the leaders in Telecom Regulatory Environment, a regional study reveals***

14 June 2007, Islamabad.

Pakistan has a better regulatory environment for mobile telecom than India, Indonesia, Sri Lanka and the Philippines. On the fixed side, Pakistan comes a close third, behind the Philippines and India.

The results of the first Telecom Regulatory Environment (TRE) survey conducted in five Asian countries, including Pakistan, were presented in Islamabad on June 14 2007. The survey, which was conducted in August-October 2006 has been subsequently improved through statistical methods.

The TRE instrument, originally developed by LIRNEasia and piloted in Sri Lanka, is being implemented in Latin America, the Caribbean and Africa. It is a perceptual index which gauges regulatory performance across six dimensions, based on internationally accepted elements of regulation identified by the WTO telecom regulatory Reference Paper (Market entry, management of scarce resources, interconnection, universal service, and enforcement of competition and regulatory rules) with an additional dimension: tariff regulation. It is based on perceptions of efficacy by four sets of representative and informed respondents, statistically balanced to improve comparability and reduce bias.

The results of the 2006 TRE survey, carried out in India, Indonesia, Pakistan, Philippines, Sri Lanka and Thailand as part of a multi-component study, provide a useful diagnostic tool for assessing regulatory efficacy. Thailand was subsequently removed from the analysis because of low number of respondents and problems with timing (overlap with the Thaksin Scandal). Overall, Pakistan scored particularly well on market entry and on the management of scarce resources (spectrum) in mobile.

Pakistan and the Philippines, emerged as having the best regulatory environments in mobile, with Pakistan marginally ahead. Pakistan's performance was particularly impressive because it is the country with the lowest GNI per capita in the set. India had the next best scores, with Indonesia and Sri Lanka following. Pakistan scored higher than India on four out of the six dimensions in the mobile sector (market entry, management of scarce resources, interconnection, and universal service), with India being significantly ahead in tariff regulation.

On the fixed sector TRE assessments, the Philippines topped the ratings, and Pakistan came in third, marginally behind India. However, Pakistan topped India on four of the six dimensions on fixed: management of scarce resources, interconnection, regulation of anti-competitive practices, and universal service. India's success was due to its wise policy of forbearing from tariff regulation for the most part. This allows the firms the greatest flexibility. The low levels of market concentration that India enjoys (the lowest in the



region), combined with forbearance, has given Indian consumers the lowest telecom prices in the world.

Commenting on the results of the survey, LIRNEasia Executive Director and former Director General of Telecommunications of Sri Lanka, Professor Rohan Samarajiva said that ‘Pakistan, which overtook both India and Sri Lanka in basic telecom measures (that is fixed plus mobile per 100 inhabitants) within the last two years, demonstrates that correct “big-bang” reforms (that is, transparent and broad market entry, as well as privatization) followed by credible, effective implementation by a motivated regulatory agency can make a huge difference.’

The surveys were conducted in each country among panels consisting of organizations or individuals with direct or indirect knowledge of the sector for the entire period of the study. This included a mix of operators, industry associations, equipment suppliers, financial institutions, private investment houses, banks and credit rating agencies, educational/research organizations, telecom consultants, law firms, journalists, telecom user groups, civil society and former members of regulatory/other government agencies.

LIRNEasia plans to conduct annual TRE surveys and publicize them in order to help improve regulatory environments, possibly in an expanded set of countries. Similar TRE studies have also been completed in Latin America and Caribbean and being conducted in Africa.

LIRNEasia is a regional, non-profit ICT policy and regulation capacity-building organization incorporated under the Companies Act of Sri Lanka, No. 17 of 1982, in 2004. At present it is funded primarily by the International Development Research Centre of Canada. Additional information is available at <http://www.lirneasia.net>.

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