

Making Sri Lanka's telecom sector #1 (or at least #2) in the region

What will it take?

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This presentation

- Assesses causes of declining performance vis-à-vis Pakistan
- Recommends what Sri Lanka can do to regain its position behind Maldives



How has Sri Lanka done with present level of liberalization?

- Sri Lanka has been doing well, but is now falling behind Pakistan
 - Pakistan, despite low GDP per capita, has overtaken LK in mobile SIMs/100 and will overtake LK in F+M/100 this year
 - PK (as well as BD) do better on mobile price basket (what affects the largest number)
 - LK further pulled back by 10% mobile levy imposed in September 2007 (basket includes tax)
 - May also affect mobile SIMs/100



Connectivity in relation to SAARC peers, end 2006

Country	Population (millions) ^[1]	GDP per Capita	Fixed per 100	Mobile per 100 ^[3]	F+M per 100 ⁴
Bangladesh	144.35	429	0.61	12.71	13.32
Pakistan	159.00	810.24	4.33	31.07	35.40
India	1109.81	816.60	3.64	13.52	17.16
Sri Lanka	19.77	1363.97	9.55	27.27	36.75

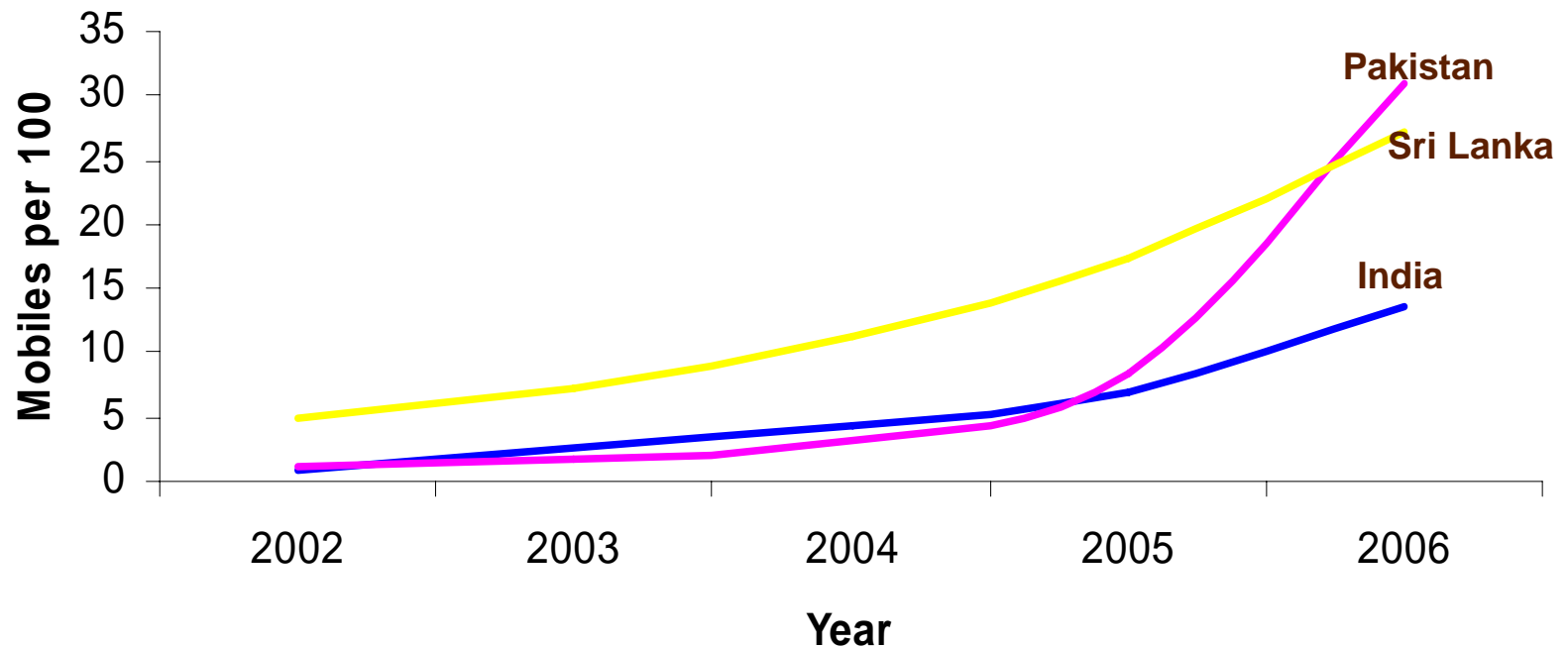
Lowest

Highest



Connectivity: Mobile/100, 2002-06

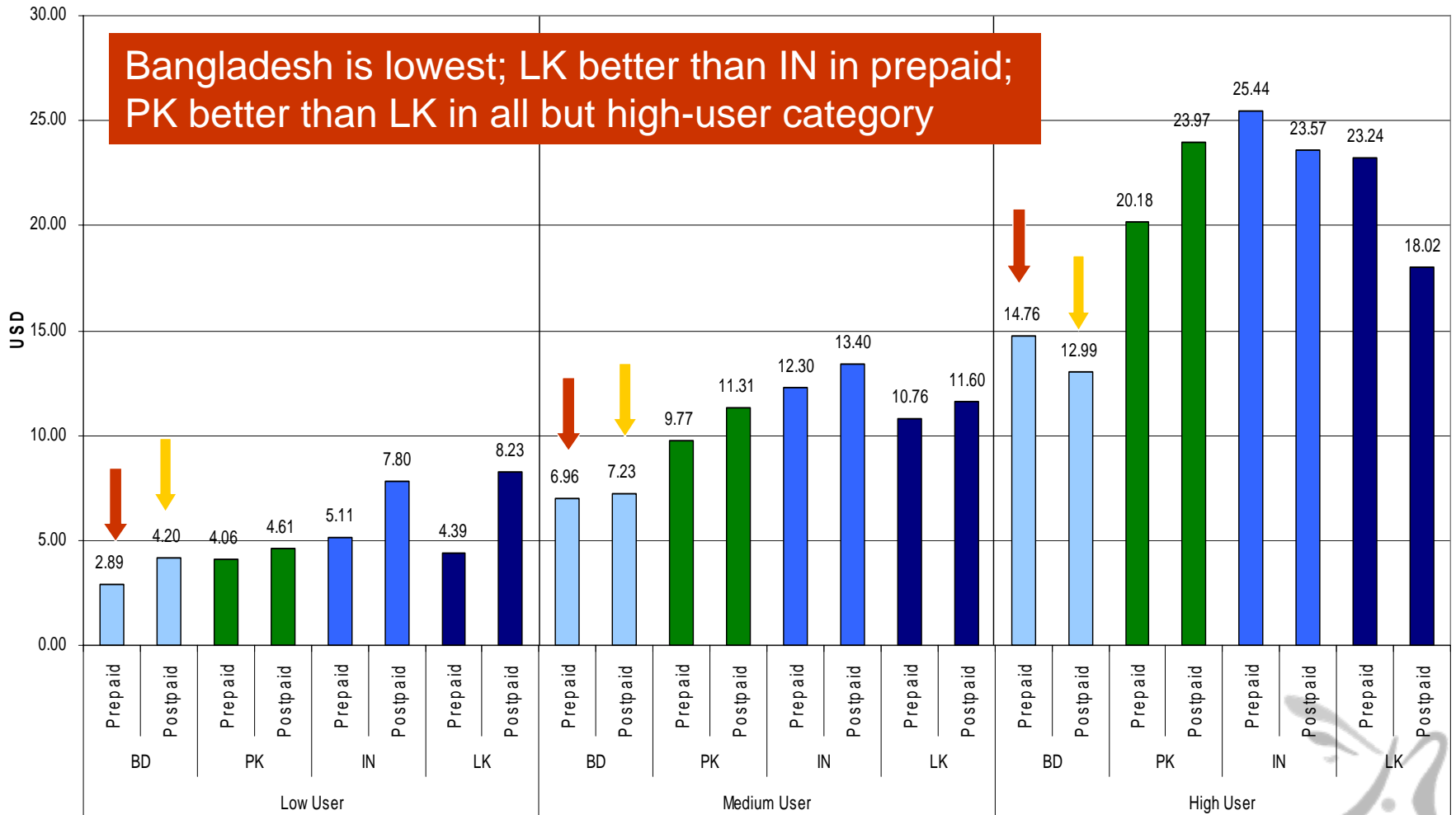
Cellular phones per 100 inhabitants



Source: LIRNEasia, PTA, TRAI



Mobile price baskets: Sri Lanka and its peers



Per-minute mobile price comparisons

In USD	BD		PK		IN		LK	
	Prepaid	Postpaid	Prepaid	Postpaid	Prepaid	Postpaid	Prepaid	Postpaid
Incoming	0	0	0	0	0	0	0.053	0
Outgoing (fixed)	0.029	0.022	0.041	0.042	0.050	0.025	0.062	0.053
Outgoing (m, on net)	0.029	0.022	0.030	0.033	0.030	0.025	0.062	0.035
Outgoing (m, off net)	0.029	0.022	0.041	0.054	0.050	0.025	0.062	0.053
SMS	0.022	0.022	0.017	0.017	0.030	0.025	0.018	0.018

Bangladesh has lowest prepaid and postpaid call charges (red), while Sri Lanka has highest prepaid and postpaid call charges (blue) of the four countries.



Why is PK doing better than LK in telecom sector performance?

- Greater investment in past few years
- Better regulatory environment
 - Good framework and better implementation
 - Especially licensing



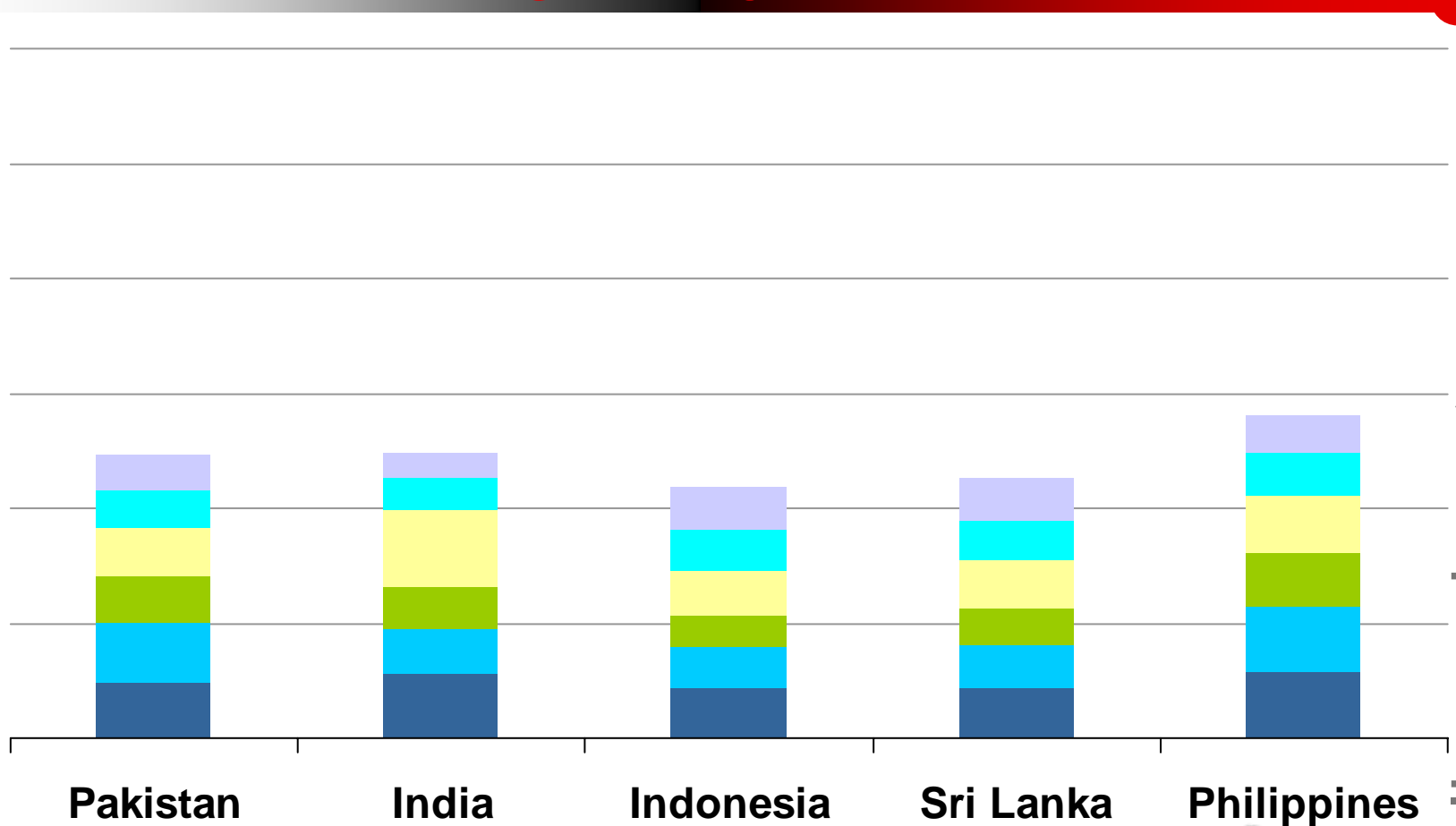
fixed

Overall Telecom Regulatory Environment scores

Maximum score

Mid-point

Minimum score



- Market Entry
- Interconnection
- Anti-comp practices

- Access to Scarce Resources
- Tariff Regulation
- Universal service



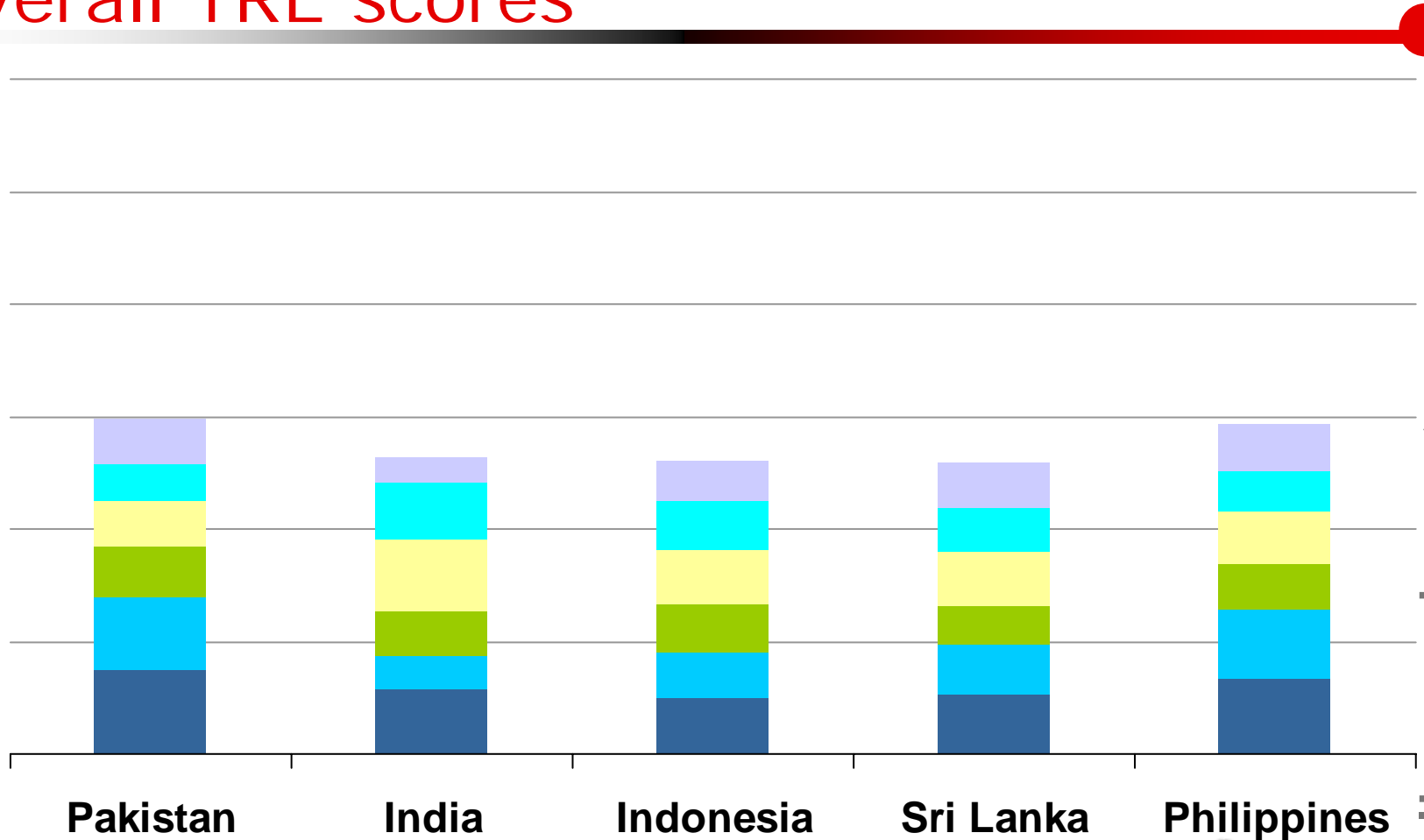
Mobile

Overall TRE scores

Maximum score

Mid-point

Minimum score



■ Market Entry
■ Interconnection
■ Anti-comp practices

■ Access to Scarce Resources
■ Tariff Regulation
■ Universal service



Sri Lanka's decreasing momentum

- 1991 Act is obsolete
- 1997 GATS commitments were weak
 - Merely restated status quo existing in 1997
 - Overtaken by subsequent reform actions
- The only commitment of substance was to Regulatory Reference Paper
 - Has not lived up to the commitment
 - Weak regulatory agency that is short on independence, capacity and will



Example: Licensing

- Has the Minister/TRC lived up to the commitment re licensing with regard to
 - “Non-voice telephony services over cable and satellite” (announced July 2006)
 - “3G services” (June 2006)
 - “Facility-based network service providers” (June 2006)?
- What was the basis of
 - Issuing the fifth mobile license to Bharti Airtel for USD 4 million?
 - WiMax licenses, if they have indeed been issued?



GATS commitment re licensing

□ Public availability of licensing criteria

- Where a licence is required, the following will be made publicly available:
 - (a) all the licensing criteria and the period of time normally required to reach a decision concerning an application for a licence and
 - (b) the terms and conditions of individual licences.
- The reasons for the denial of a licence will be made known to the applicant upon request.



GATS commitment re scarce resources

- Any procedures for the allocation and use of scarce resources, including frequencies, numbers and rights of way, will be carried out in an objective, timely, transparent and non-discriminatory manner. The current state of allocated frequency bands will be made publicly available, but detailed identification of frequencies allocated for specific government uses is not required.

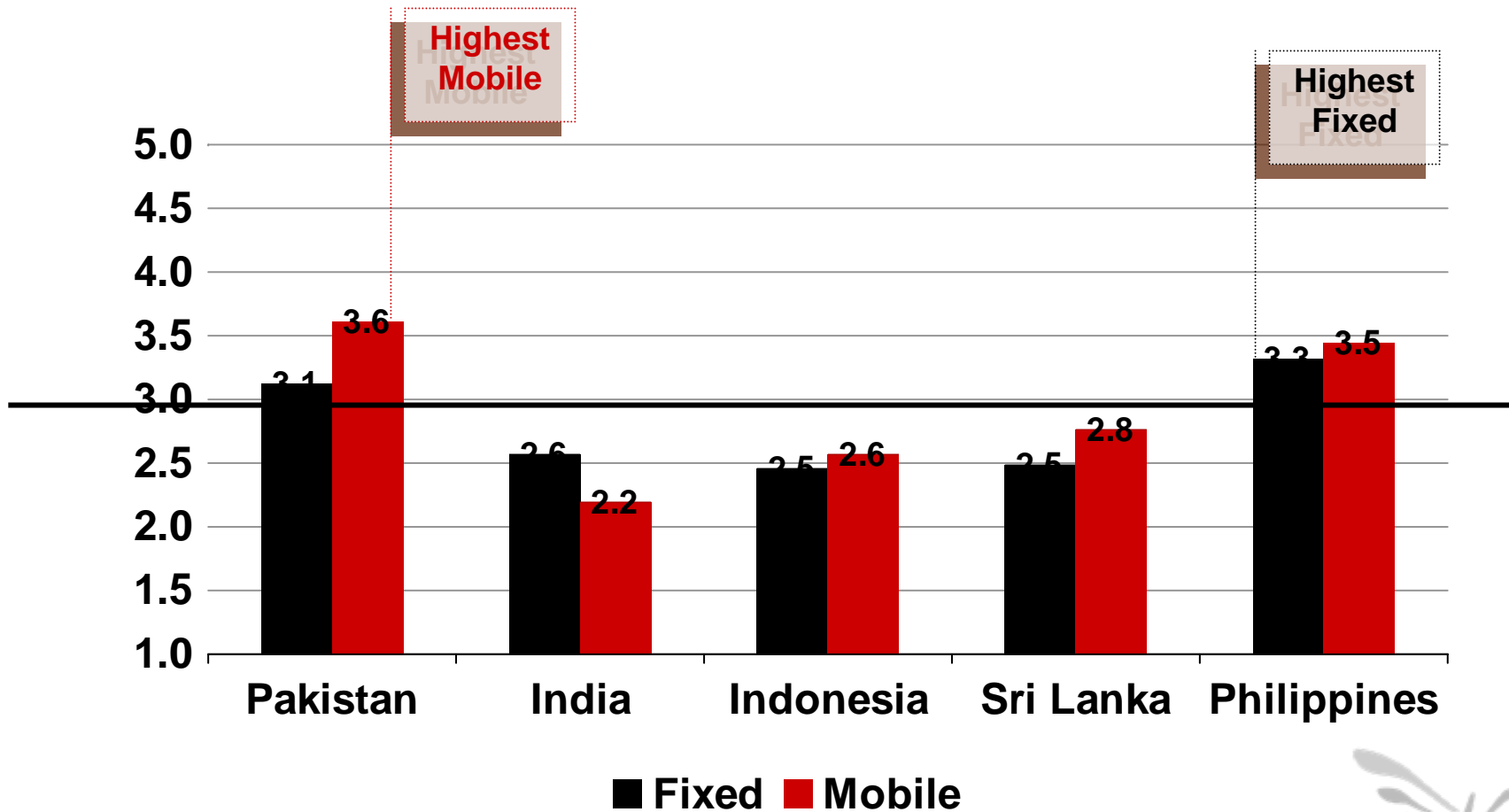


Are Sri Lanka's procedures objective, timely, transparent and non-discriminatory?

- Administrative assignment of frequencies; no auctions or market-based mechanisms
- Only available measure is Telecom Regulatory Environment



Access to scarce resources



GATS commitment re scarce resources

- Any procedures for the allocation and use of scarce resources, including frequencies, numbers and rights of way, will be carried out in an objective, timely, transparent and non-discriminatory manner. The current state of allocated frequency bands will be made publicly available, but detailed identification of frequencies allocated for specific government uses is not required.
 - Underlined part is easily verifiable



On making assignments public

- Rationale is transparency
- Insubordination from TRC officials when the Commission ordered that the Master Register of Frequencies be made public in 2003
 - Why the desperate need to keep this information confidential?
- Here's how it is done in Australia . . .



Other Radiocommunication Licence searches

- ◆ [Spectrum Licences by Category](#)
- ◆ [Spectrum Licence Image Search](#)
- ◆ [Site search by Latitude/Longitude](#)
- ◆ [Assignment/Frequency range search](#)

Use

The register is intended to be a handy source of reference information on radiocommunications services. Information gathered via this interface is on a realtime basis. Each search is generally limited to **50** results per page, with an overall limit of approximately **5000** results per search, depending upon the particular options used. If you find that many of your queries exceed this number of records then it may be useful to [purchase a copy of the ACA's CD-ROM](#).

Legislative Basis

The Register has been prepared in accordance with Part 3.5 of the [Radiocommunications Act 1992](#). The contents of the Register are set out in the [Radiocommunications \(Register of Radiocommunication Licences\) Determination No. 1 of 1997](#).

Feedback

We hope that you find the register a useful source of information. We are happy to answer any questions you may have regarding the register. Please direct questions and comments to BSIT@aca.gov.au

800 MHz Lower Band Licences

[List Licences for this Category](#) | [Spectrum Licences by Category](#) | [auction.aca.gov.au](#) | [Paired Spectrum Table](#)

	ADELAIDE	ALBURY	BRISBANE	CAIRNS	CANBERRA	DARWIN	DUBBO	GRAFTON	MACKAY	MARYBOROUGH	MELBOURNE	PERTH	REGIONAL WEST	REMOTE CENTRAL	REMOTE NSW
0000 MHz	8100116	8100116	8100123	8100123	8100116	8100114	8100116	8100123	8100123	8100123	8100130	8100117	8100117	8100131	8100116
0000 MHz	8100105	1137818	8100113	1137818	1137818	1137818	1137818	1137818	1137818	1137818	8100130	8100115	1137818	1137818	1137818
0000 MHz	1136524	1136524	1136524	1136524	1136524	1136524	1136524	1136524	1136524	1136524	1136524	1136524	1136524	1136524	1136524

Communications (Australia) Ltd
 Limited

PRINTING NOTES: The colour coding used in these Licences may not show in your printed copy if you are using early versions of Internet Explorer or Netscape Navigator (versions 3 or earlier). In later versions of Internet Explorer (4, 5 and 6), these settings are often not activated and need to be enabled first before you can print material with background colouring. To determine whether the relevant settings are enabled in your version of Internet Explorer, go to File/Print Preview. If you cannot see the coloured cells in Print Preview (i.e. you can only see black text against white), click on the Tools menu, select Internet Options, then click on the Advanced tab. Scroll down to find the Printing heading and check the box called Print Background Colors and Images.

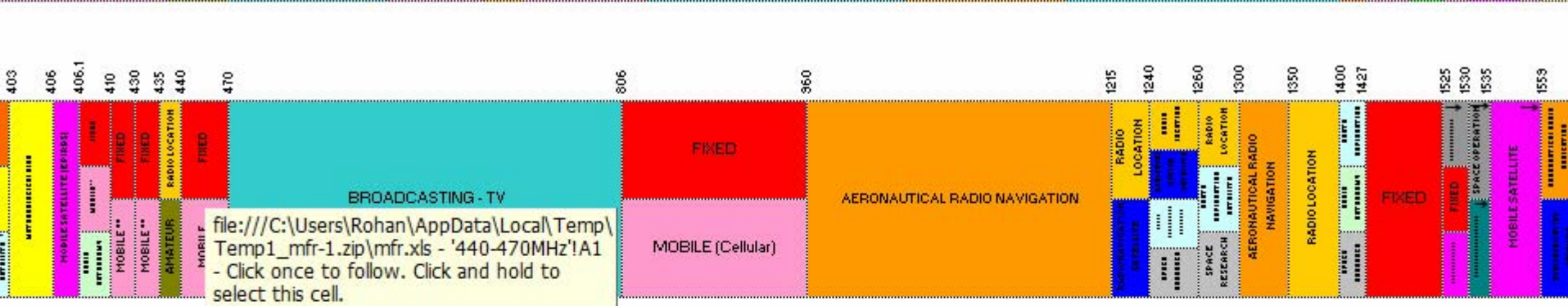
RENDERING NOTES: Large complex tables displayed in this page may render slightly incorrectly in certain browsers such as Netscape Communicator v4.7 - v6.2. **Unavailable** in a cell means the frequency-area combination has not been

Is Sri Lanka compliant?

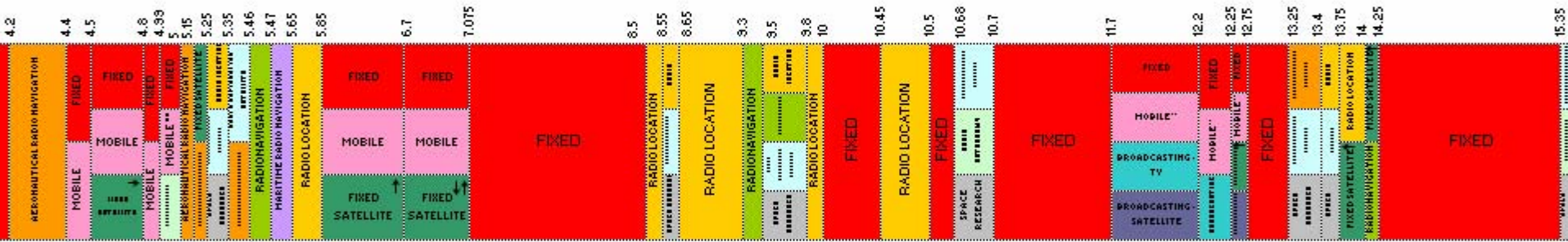
- Less user-friendly presentation than Australia
 - No excuse, technology is easily available
- Has not been updated
 - E.g., frequencies now used for CDMA still listed as being licensed to previous holder
- But better than situation prior to 2003
 - Can be much improved



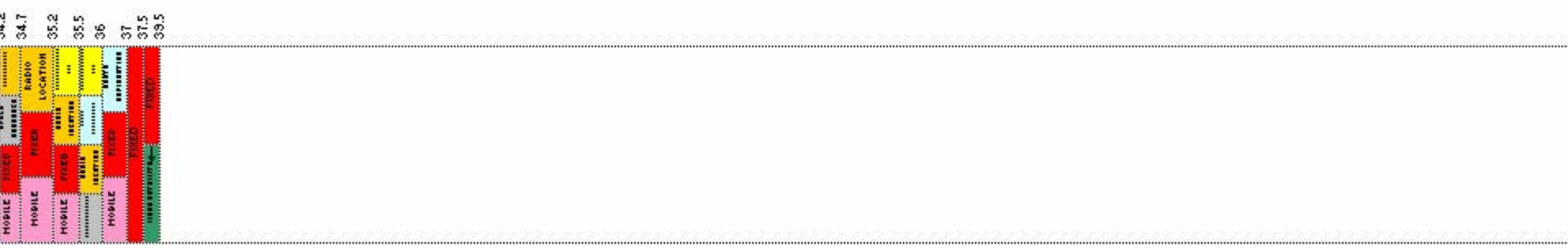
WXYZABCDEFGHIJKLMN OPQRSTUVWXYZ AAAAAAAAAAAAAAAAAA BBBBBBBBBBBBBBBBBB CCCCCCCCCCCCCCCCCC DDDDDDDDDDDDDDD EEEEEEEEEEEEEEEEEEE FFFFFFFF



file:///C:/Users/Rohan/AppData/Local/Temp/Temp1_mfr-1.zip/mfr.xls - '440-470MHz'!A1
 - Click once to follow. Click and hold to select this cell.



ISM - 5800 7± MHz



In conclusion . . .

- End objective of any policy action has to be benefits to citizens
 - Prior to liberalization of telecom services, Sri Lanka had low connectivity, high prices (when bribes, inflation, exchange rates factored in), low quality and no choice
 - After liberalization, sector performance and benefits to citizens have improved
- Performance has improved, primarily because of increased investment and competition
 - GATS commitments greatly contributed to holding back government interference in decisive period immediately after 1997 partial privatization
 - Famous comment by SLTL CEO: “WTO? What WTO?”



In conclusion . . .

- While Sri Lanka pulled ahead of SAARC peers in late 1990s, doing well is not good enough in 21st Century South Asia
 - Pakistan, with significantly lower per capita GDP, is overtaking Sri Lanka
 - Unilateral improvement of GATS commitment
 - Living up to commitments
 - Better regulatory environment
 - Higher investment
- Sri Lanka should emulate/exceed Pakistan in telecom reforms, including GATS commitments
 - But it should at least live up to commitments already made

