Integrating South Asia: The case of telecom

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This work was carried out with the aid of a grant from the International Development Research Centre, Canada and the Department for International Development, UK.

One common-sense test of South Asian regional integration . . .

- Must be cheaper/easier to communicate within region than to points outside
 - Intra-SAARC fixed calling charges must be lower
 - Intra-SAARC mobile calling charges must be lower
- Roaming charges within SAARC for SAARC citizens must be lower/more transparent than when they are roaming outside
 - Affects less people, but the people affected are those who knit the region together



Colombo Declaration of 15th SAARC Summit, Para 6

"The Heads of State or Government observed that an effective and economical regional telecommunication regime is an essential factor of connectivity, encouraging the growth of people-centric partnerships. They stressed the need for the Member States to endeavour to move towards a uniformly applicable low tariff, for international direct dial calls within the region."



Intra-SAARC fixed voice: Percentage reductions since 15th Summit

Reduction in prices in February 2012 relative to July 2008					Calling from			
		Bangladesh	Bhutan	India	Maldives	Nepal	Pakistan	Sri Lanka
	Afghanistan	31%	17%	13%	15%	-7%	24%	77%
	Bangladesh		45%	13%	25%	46%	60%	51%
to	Bhutan	26%		13%	16%	33%	24%	70%
ng t	India	44%	67%		25%	46%	54%	89%
Calling	Maldives	-85%	45%	-191%		-78%	8%	-141%
	Nepal	17%	45%	13%	16%		24%	51%
	Pakistan	44%	45%	13%	14%	46%		51%
	Sri Lanka	44%	45%	14%	25%	46%	24%	

Calling MV from BD, IN, NP and LK has become more costly



Intra-SAARC mobile voice: Percentage reduction/increases since 15th Summit

		Calling from											
Country		Afghanistan	Bangladesh	Bhutan	India	Maldives	Nepal	Pakistan	Sri Lanka				
	Afghanistan		37%	-	-39%	15%	14%	24%	5%				
	Bangladesh	7%		38%	7%	25%	57%	27%	40%				
	Bhutan	7%	33%		7%	16%	46%	35%	6%				
Ig to	India	7%	50%	67%		25%	46%	59%	62%				
Calling	Maldives	7%	-66%	38%	-317%		-44%	-164%	-205%				
	Nepal	7%	25%	38%	7%	16%		24%	4%				
	Pakistan	7%	50%	38%	-11%	14%	57%		40%				
	Sri Lanka	7%	50%	38%	-11%	25%	57%	47%					

Calling MV from BD, IN, NP, PK and LK has become more costly



Roaming is complex

- Includes many functionalities, including
 - Making a local call in roamed-in country
 - Making a call back home from roamed-in country
 - Receiving a call while roaming
 - Sending an SMS in roamed in country



Making a local call whilst roaming: Expensive and opaque

		Home Country									
		Afghanistan	Bangladesh	Bhutan	India	Maldives	Nepal	Pakistan	Sri Lanka		
	Afghanistan		0.66	-	0.61	3.29	0.76	0.90	0.72		
	Bangladesh	1.50		-	0.61	3.29	0.75	0.90	0.78		
htry	Bhutan	-	0.66		1.22	3.29	1.51	-	1.47		
Country	India	2.50	1.02	1.29		1.25	1.58	-	1.32		
_	Maldives	1.50	0.42	-	0.31		0.47	0.90	0.34		
Visiting	Nepal	2.50	0.66	-	0.43	3.29		0.90	0.64		
	Pakistan	1.50	0.66	-	-	3.29	0.9		0.41		
	Sri Lanka	3.00	0.66	-	0.33	0.39	0.57	1.49			

Source: LIRNEasia, International Roaming Benchmarks (February 2012)

- Indian operators rip off roamers the most; followed closely by Bhutan
- Afghan roamers treated the worst by all SAARC countries
- Opaque except for AF, BD, MV and PK where the customers have a fighting chance of understanding the roaming charges they will experience



Lessons on simplicity from European Union, a real regional grouping

		Roaming from															
All tariffs in USD: Making a Local roaming call (European countries)		Belgium	Bulgaria	Cyprus	Czech Republic	Estonia	Finland	Germany	Greece	Ireland	Lithuania	Luxembourg	The Netherlands	Romania	Spain	Sweden	UK
	Belgium		0.59	0.56	0.64	0.60	0.60	0.58	0.48	0.59	0.60	0.55	0.58	0.49	0.49	0.63	0.58
	Cyprus	0.49	0.59		0.64	0.60	0.60	0.58	0.48	0.59	0.60	0.55	0.58	0.49	0.49	0.63	0.58
Roaming in	Estonia	0.49	0.59	0.56	0.64		0.60	0.58	0.48	0.59	0.60	0.55	0.58	0.49	0.49	0.63	0.58
	Germany	0.49	0.59	0.56	0.64	0.60	0.60		0.48	0.59	0.60	0.55	0.58	0.49	0.49	0.63	0.58
	Hungary	0.49	0.59	0.56	0.64	0.60	0.60	0.58	0.48	0.59	0.60	0.55	0.58	0.49	0.49	0.63	0.58
	Latvia	0.49	0.59	0.56	0.64	0.60	0.60	0.58	0.48	0.59	0.60	0.55	0.58	0.49	0.49	0.63	0.58
	Portugal	0.49	0.59	0.56	0.64	0.60	0.60	0.58	0.48	0.59	0.60	0.55	0.58	0.49	0.49	0.63	0.58

Source: International Roaming Benchmarks (July 2010)

No matter where a telco customer in an EU country roams within Europe, same price is paid



Sample of the multiple that a roamer pays to make a local call (MV roamer pays local call x 345 in BD)

			Home Country										
		Afghanistan	Bangladesh	Bhutan	India	Maldives	Nepal	Pakistan	Sri Lanka				
	Afghanistan		11	-	10	54	12	15	115				
	Bangladesh	158		-	64	345	79	95	82				
ntry	Bhutan	-	46		85	33	106	-	103				
Country	India	123	50	90		61	78	-	65				
Visiting	Maldives	15	4	-	3		5	9	3				
Visit	Nepal	97	26	-	17	128		35	25				
	Pakistan	85	37	-	-	185	51		23				
	Sri Lanka	137	30	-	15	26	26	68					

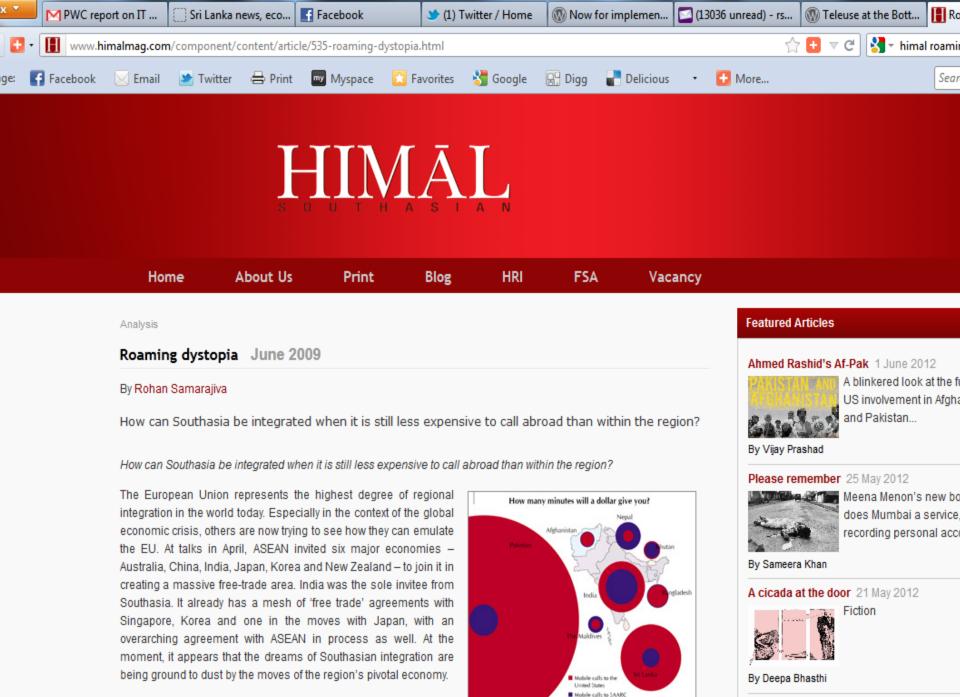
Source: LIRNEasia, International Roaming Benchmarks (February 2012)



What LIRNEasia is doing to assist

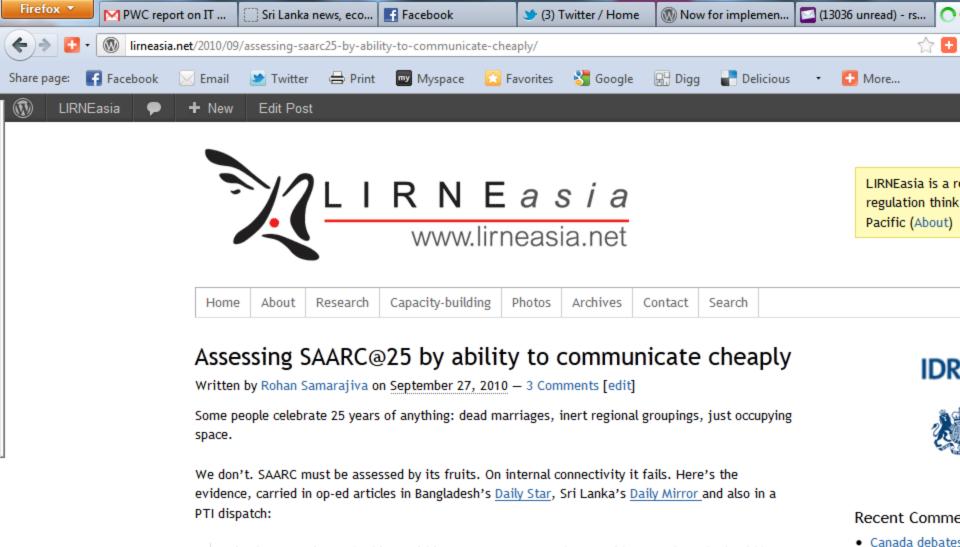
- Published international call prices and roaming prices (making a local call in roaming country, calling home from roaming country, receiving a call, sending an SMS) at <u>http://lirneasia.net/projects/ict-indicators/</u>using standard methodology
 - Roaming data collection started at request of TRAI Chair/SATRC Chair in 2008; would be happy to hand over to any organization once the methodology is stable
 - It is stable and our funders priorities have changed, so this is the end
- Pushed it out to media in almost all S Asian countries
- When invited presented case for action to S Asian entities





Economic integration is not achieved by pious declarations. Rather

nountries (average



It is always easier to do things within one's own country than outside, or at least it should be. One does not need a passport or a visa to travel inside one's country, but those formalities are required when one ventures out. Telephone calls within one's own country are cheaper than to foreign countries. The same logic can be extended to a regional grouping such as SAARC which is celebrating its 25th anniversary this year.

If none of these conditions are satisfied, one has to conclude that the regional grouping is not real; that it has been more an opportunity for mutual ego-stroking for the region's leaders, than

 Rohan Samaraj coverage for LI licensing move

in telecom and

Canada debates

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Low and uniform telecom tariffs across SAARC nations will help improve trade relations between member countries, as well as bolster regional cooperation, says a study.

"The government must, through telecom operators, provide low and uniform telecom tariff across SAARC nations. As of now one is spending 64 times more if using the roaming phone within the SAARC nations," Sri Lanka-based non-profit research organisation LIRNEasia said in a report on Information and Communication Technologies and Services Trade within the South Asian Association for Regional Cooperation (SAARC).

"The roaming market is very expensive...," LIRNEasia Chairman and CEO Rohan Samarajiva said. The SAARC grouping includes Afghanistan, Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan and Sri Lanka.

When there is a lot of trade, people need to coordinate and low tariffs will facilitate the trade among the SAARC nations, Samarajiva added. "By making uniform tariff among the SAARC nations... government in a way are encouraging people to use their own phones with international roaming instead of local phones here," Samarajiva said.

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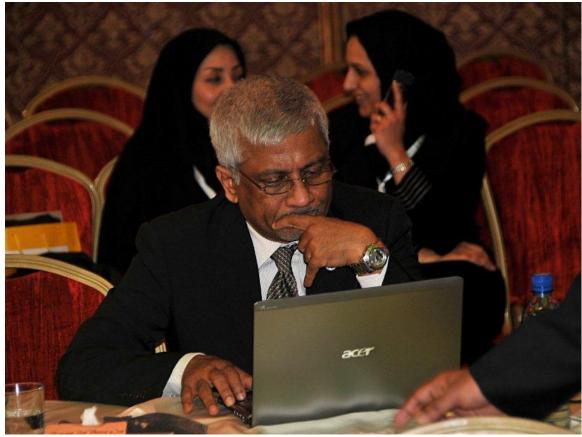
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Evidence based presentation to S Asian regulators meeting in Tehran in 2011 March

What more can be done?

By whom?

Is this a worthwhile cause?

Integrate first and talk later?

Should we improve physical connectivity & then only get to telecom?