

# Establishment of regulatory mechanisms and policy

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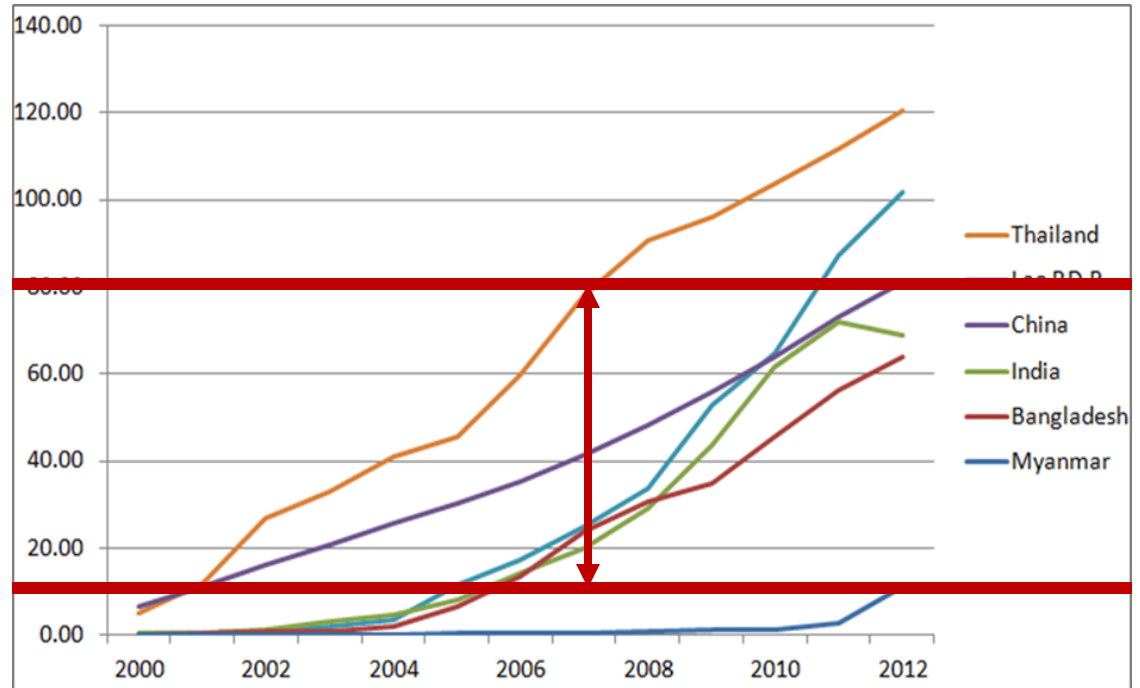
PTC 2014, Honolulu, 20 January 2014



# Goal of Myanmar ICT policy

10 [SIMs per 100 people] to 80 [SIMs per 100 people] in 5 years

## Position end 2012



# What Myanmar Government wants, inferred from commitments

## Telenor

- 83% voice coverage & 78% data coverage by five years
- 70,000 SIM sales points
- 95,000 sales points for prepaid top-ups
- Peak prepaid voice < 25 MMK/mt
- SIM < 1500 MMK
- 200 community centers with Internet
- Free central government SMS channel

## Ooredoo

- 84% voice & data coverage by five year
- 240,000 SIM sales points
- 720,000 sales points for prepaid top-ups
- Peak prepaid voice < 35 MMK/mt (on-net) & 45 MMK (off-net)
- SIM < 1500 MMK
- 10,000 telecenters + schools & hospitals
- 99.9% employees Myanmarese by five years

MMK 1 = USD 0.001

[http://www.mcit.gov.mm/sites/default/files/press\\_conference\\_with\\_successful\\_applicants\\_20130710.pdf](http://www.mcit.gov.mm/sites/default/files/press_conference_with_successful_applicants_20130710.pdf)

# Four suppliers

- Myanmar Post & Telecom is current monopoly supplier
  - Rumored to be likely to take KDDI & Sumitomo as strategic partners; details not known
- Yatanarpon Teleport (current ISP)
  - Used to be majority government owned
  - Now said to have less than 5% government ownership; remainder unknown though local investor Elite Tech Co was one of original owners
    - Possibility of military backing

# Current status of law, policy & regulation

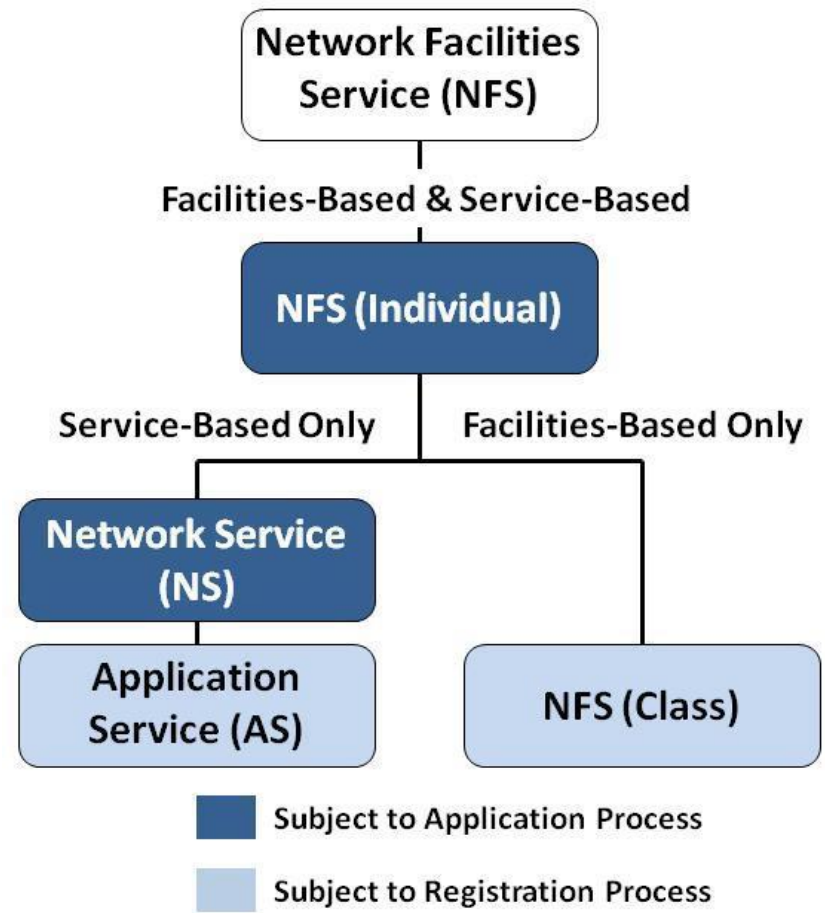
- Law enacted in 2012 October
  - Much improved over previous drafts
  - But will require an amendment within a year or two for optimal policy and regulatory environment
    - Ideally before establishment of regulatory agency in 2015
  - A statement of broad principles
- Policies presented for comments in Nov 2013
  - Outcome not yet known
- Licenses to Telenor and Ooredoo
  - Behind schedule

# Selected policy/regulatory issues

- Licensing
  - Most important at the present time
- Spectrum
- Access
- Regulatory agency

# Licensing

- Three categories, following Malaysian model
  - Network facility business
  - Network service business
  - Application service business



# Problem 1: Scope of Application Service License

- Includes
  - public payphone services
  - public switched data services
  - audiotext hosting services provided on an opt-in basis
  - directory services
  - Internet service provider services
  - public access center services
  - messaging services
  - private line voice and/or data services
  - value-added services
- Open-ended list wherein even described services have elastic definition (e.g., value-added services)
- Possible that a control-minded policy maker/regulator could interpret the scope of the AS license broadly and include, for example, mobile apps such as Facebook and Twitter



# Problem 2: Too many actors in licensing process

- The Department publishes procedures; receives applications; submits comments to Ministry
- The Ministry issues the license when the applicant is from within Myanmar; it issues license with Union Government approval when applicant is foreign
- The explicit authority given to the Ministry to clarify technical terms in the law appears to position it as a supra regulator even after the promised creation of the independent regulatory authority
- Causes delay
- Increases transactions costs
- Creates conditions for influence and its corollary corruption

# Problem 3: No exit rules

- No mention of exit regulations in the draft Rules
- Nothing about mergers and acquisitions other than a vague provision re transfer and assignment

# Spectrum

- Inadequate spectrum offered to potential new licensees
  - May not be a level playing field
  - Military may be sitting on too much
- Ministry responsible for decisions is also current owner of MPT
- No roadmap announced
  - Significant shortcomings in draft rules

# Access

- Largest SE Asian country, with lowest population density → providing nationwide coverage will be costly
- One cable station
  - One undersea cable (SEA-ME-WE 3) almost at end of design life
- Several limited capacity terrestrial links to China & Thailand
- Government is said to be building nationwide fiber cable with NEC/NTT help
- No open access regime proposed yet

# Regulatory agency

- Promised for 2015, an election year
- Appointment procedures, financing, responsibilities, etc. not specified
- Will require amendment/new law from lame-duck government?

# 10 to 80 in 5 years

- An be achieved, but critical that policy-regulatory environment is optimal
  - Important to utilize late-comer advantage and learn from the mistakes of others