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Brief Outline 1 Telecom deregulation 1 Telecom for development 2 Reality vs. Theory: Bangladesh 3 Conclusions NET 2000 Anderson, Camp

The Economic Orthodoxy Privatize National Telecom Unemployment and resulting human suffering Most competition in international long distance Capital flows into services least used by the population Slowly increase competition to the local loop Residents in most need last one to see services NET 2000 Anderson, Camp



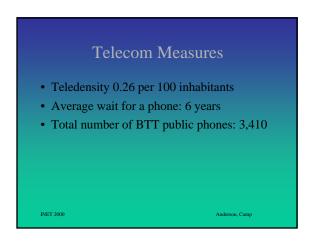
Telecommunications for Development Strategies • Connect distant jobs to local people - E.g. India • Connect internal markets more effectively - E.g. Bangladesh via Grameen • Connecting local goods to distant buyer - E.g. Uganda, via peoplink.com • Attract multination investment - E.g. Malaysia

Sector Improvements • Health • Education • Efficacy of poverty alleviation programs

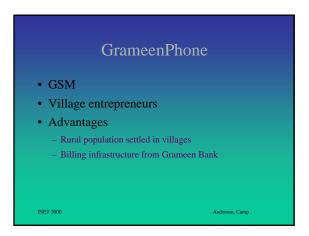
The Road Less Chosen Bangladesh, India, and Pakistan have most competition in the local loop Only these countries and China Consider the results in Bangladesh Observe conditions for success Conclusions

Bangladesh As a Nation 1,800 miles of railway 8,500 miles of road In comparison Wisconsin has 110,000 Per capita annual income: ~\$350

Bangladesh Telecom Infrastructure • State-run Bangladesh Telegraph and Telephone (BTT) Controls three long distance monopolies: - domestic wired - international (its own lines) - fixed satellite



Enter Competitors • Pacific Bangladesh Telecom Ltd., • GrameenPhone (since 1997), • Bangladesh Rural Telecommunications Authority • TMIB (since 1997), • International Communication Technologies • Sheba Telecom (since 1998). • AKTel mobile (since 1999) INET 2000 Anderson, Camp



GrameenPhone Competes in urban and rural areas Rural outreach increases competitive in the cities Avoids dependence on BTT Excluding international long distance

Grameen Phone Assets • Railway fiber (1,800 miles) • Billing infrastructure • Proven credit risks among landless

Required Assets • Billing network is most difficult - Ag extension, community banks, tribal networks • Fiber railroads signaling networks not uncommon - Copper subject to theft



Conclusions Incompetent state-run PTT's need not be immediately destroyed Human cost can be considerable Competitors can do far better than state run PTTs State-run PTTS not competitive Require investment in new infrastructure in order to compete

Conclusions Continued • Alternative long distance infrastructure is an alternative to dismantling monopoly upfront • Deregulating the local loop funnels capital into the local loop • Cheery-picking remains a problem, -wiring cities is an improvement -infrastructure expansion widely needed

Recommendations

- Telecommunications for development deregulation is not an end in itself
- Let goals dominate over orthodoxy
- WTO and ITU should increase flexibility and forget orthodoxy

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