

Government expecting up to \$2 billion inflows

Pakistan is expecting up to \$ 2 billion inflows through likely resolution of government-Etisalat (PTCL privatization) dispute and renewal of cellular licenses in the current fiscal year 2018-19. According to official documents available with Business Recorder, the government has constituted an Inter-Ministerial Committee.

The committee was to deliberate and resolve the issues of renewal of cellular licenses and PTCL privatization issue, besides devising a resolution mechanism for all outstanding matters including payment of "outstanding" \$800 million after a high level agreement was reached with a UAE delegation. According to documents, rationalization of \$800 million deal is expected to yield around one billion rupees benefit to PTCL annually.

In response to Business Recorder query about agreement with Dubai-based Etisalat, Finance Minister Asad Umar replied, "agreement still being discussed". Federal Minister for Information Technology and Telecommunication Dr Khalid Maqbool Siddiqui said the government is expecting a major breakthrough with Etisalat to resolve the much-awaited \$800 million outstanding "dues" on account of privatization of PTCL. The recent engagements with Etisalat remained very positive and likely to reach some conclusion very soon, he added.

The licenses of three cellular mobile operators were awarded by Pakistan Telecommunication Authority (PTA) under the Cellular Mobile Policy for a period of 15 years in 2004 and are due for renewal in May 2019. Process has been started to meet the license renewal deadlines and due inflows to the exchequer in 2018-19 fiscal year.

Two operators -Mobilink and Ufone- have renewed their license at \$291 million in the past for GSM services after the expiry of 15 year period. The 15 year licenses of three mobile operators - Telenor, Zong and Warid Telecom - are due to expire in 2019. The remaining two mobile operators, Jazz (Mobilink) and Ufone are not due for renewal until 2022 and 2029 respectively.

According to documents, efficient completion of renewal process will help maintain certainty in the industry. As per reports and options for renewal furnished by PTA to Ministry of Information Technology and Telecommunication, license renewal may generate \$1-2 billion to the national exchequer.

Chairman PTA told Business Recorder that process for renewal of cellular operators license have been initiated and would be completed before the due time.

An assessment study has been conducted that will examine the renewal period of license awarded to cellular operators along with utilization of their allocated spectrums. Operators such as Telenor, Zong and Mobilink (Warid) will be required to apply for such renewals licenses again.

Warid, Zong and Telenor Pakistan, under license clause 1.2.2 approached PTA, for renewal of license. Warid and Zong have given their consent without any condition; however, Telenor has proposed a few changes in license renewal process including terms & payment issues.

However, it depends on the new framework of the licenses regime by the telecom authority especially after the award of licenses and spectrum of 3G/ 4G technologies to various operators. PTA has tasked a consultant to conduct study/assessment in detail on the existing licensing framework of Pakistan and international best practice on license renewal. This will be done through consultation with the relevant stakeholders particularly MoITT to assess the telecom market, regulatory, financial and technical challenges in Pakistan. The telecom authority describes this assessment study as part of its vision to create a fair regulatory regime to promote investment, encourage competition, protect consumer interest and ensure high quality Information & Communication Technology (ICT) services in the country.

Clause 8.11 of Telecomm-unications Policy 2015 states that: "Renewal of license and associated spectrum at the end of a license period will be as per the policy of the Government. PTA will in timely manner initiate the process in accordance with terms and conditions of the license"

In case the renewal of licenses PTA will make recommendations to federal government (MoIT), within the timelines stipulated in the respective licenses. Other spectrum not subject to license renewal terms will be priced in accordance with the applicable spectrum pricing methods specified. Where spectrum payments for microwave and mobile spectrum have been introduced subsequent to the initial assignment of mobile spectrum, the spectrum fees associated with the mobile spectrum will be determined under the terms of the applicable license. Any microwave spectrum will then be charged using the AIP method in place."

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