

Pakistan introduces competition in long-distance and international services.

On 12 July, the Pakistan Telecommunications Authority (PTA) issued the first long distance and international (LDI) license to private operator, Callmate. Eighteen other applicant companies have also qualified to receive an LDI license. The open licensing regime was introduced by the government's telecommunication deregulation policy, announced in July 2003. Applicants are required to pay an initial fee of US\$ 500,000 and submit a letter of credit for \$10 million to ensure compliance of network roll out requirements.

New entrants will compete with the incumbent and state-owned company, Pakistan Telecommunications Company Limited (PTCL), in the long distance and international public voice telephone services. They will be allowed to fix their own tariffs and use any technology to provide services. They are required to establish network connection points and provide service in all regions within three years. They must also own a portion of their network transmission facilities or lease infrastructure from PTCL for a minimum of 5 years.

As announced previously in the deregulation policy, PTA will regulate all international traffic agreements with foreign operators. This measure forms part of the new Access Promotion Contribution regime (APC), intended to utilize settlement rate revenues towards the development of telecommunications infrastructure. The regime will restrict LDI operators to a maximum of US\$ 0.06 of the approved settlement rate for incoming international traffic. The rest will be allocated to local loop operators or to the Universal Service Fund (USF) when traffic terminates in cellular networks. As other service providers, LDI licensees will be subject to an annual regulatory fee (0.5% of gross revenues), and contributions to the Research and Development Fund (1%), and the USF (1.5%).

Carlos Gomez
G-REX Advisor

Source: Pakistan Telecommunications Authority (PTA) www.pta.gov.pk