



# Internet Industry Point of View on Bandwidth Tariffs

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by  
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# Teleglobe's Prices on SMW4

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- London-Karachi STM1 full circuit including backhaul in London, 15 years IRU basis: \$1,450,000 + \$55,000 (O&M)
- Monthly cost comes to \$ 13,527.00/STM1 full circuit to Karachi (6,000 km)
- Karachi-upcountry ring network 4,000 km, so price should not be more than 2/3<sup>rd</sup> of the London-Karachi price, i.e., \$9,018
- Total price of London-Karachi-Domestic-Local Loop comes to \$22,545 (IPLC)
- Add \$3,000 for IP Port Tier 1 Carrier, so STM1 IP price shouldn't be more than \$25,545



# Internet Penetration

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- 160 million population
- 3-5 million Internet users
- 50,000 broadband users
- Internet growth has been almost zero during last three years.
- This has adverse effects on national ICT industry and plunges international benchmarking of the country.



# Objective of bandwidth prices reduction

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- To increase broadband penetration in the country
- To make Pakistan an attractive destination for global business process outsourcing business.



# Case in Point

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- Ovex Technology Pakistan has moved part of its business to Tianjin (near Beijing) as Xin'an Technology Co., Ltd.
- Tianjin Netcom, a subsidiary of China Telecom is providing 10 Mbits of IP bandwidth at RMB 7,500 or US\$950 per month. For 2 Mbits, the price comes to \$190 and for 155 Mbits, price comes to \$14,725



# Case in Point

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- TRG has shifted parts of its operations to Manila as Callworx, Inc.
- Cost of 2 Mbits IPLC full circuit including domestic and local loops at both ends Manila-LA is \$1,800 per month
- Cost of DS3 (45 Mbits) IPLC full circuit including domestic and local loops at both ends Manila-LA is \$14,817 per month.



## Case in Point

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- This comes to \$673.5 per 2 Mbits per month IPLC full circuit for distance of 11,500 km versus PTCL ½ circuit price of \$2,400-3,000 for a distance of 6,300 km.



# Rejoinder on PTCL's comments on Consultation Paper

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## Digital Access Index 2002 – High Access

Sweden	0.85
Denmark	0.83
Iceland	0.82
Korea (Rep.)	0.82
Norway	0.79
Netherlands	0.79
Hong Kong, China	0.79
Finland	0.79
Taiwan, China	0.79
Canada	0.78
United States	0.78
United Kingdom	0.77



## Digital Access Index – High Access

Switzerland	0.76
Singapore	0.75
Japan	0.75
Luxembourg	0.75
Austria	0.75
Germany	0.74
Australia	0.74
Belgium	0.74
New Zealand	0.72



## Digital Access Index – Medium Access

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India	0.32
Philippines	0.43
China	0.43



## Digital Access Index – Low Access

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Zimbabwe	0.29
Honduras	0.29
Syria	0.28
Papua New Guinea	0.26
Vanuatu	0.24
<b>Pakistan</b>	<b>0.24</b>
Azerbaijan	0.24
S. Tomé & Príncipe	0.23
Tajikistan	0.21
Equatorial Guinea	0.20
Kenya	0.19
Nicaragua	0.19
Lesotho	0.19



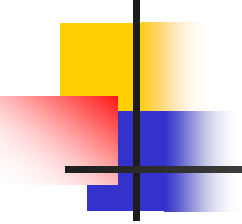
## Digital Access Index – Low Access

Nepal	0.19
Bangladesh	0.18
Yemen	0.18
Togo	0.18
Solomon Islands	0.17
Cambodia	0.17
Uganda	0.17
Zambia	0.17
Myanmar	0.17
Congo	0.17



## Digital Access Index – Low Access

Haiti	0.15
Nigeria	0.15
Djibouti	0.15
Rwanda	0.15
Madagascar	0.15
Mauritania	0.14
Senegal	0.14
Gambia	0.13
Bhutan	0.13
Sudan	0.13

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- PTCL has been offering STM1 capacity prior to 01 July 06. Statement at 18.2 is not correct.
  - FLAG doesn't operate in Pakistan.
  - Even reduction of 01 July 06 was not applied by PTCL to FLAG VPOP rates.



# Answers to Consultation Paper's specific questions

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- IPLC can be priced either way, i.e., up to landing stations or including DPLC and local loop. But total rate should be lower than the countries where BPO business is moving out of Pakistan
- International practice of offering higher discounts on bulk bandwidth should be adopted.





# Answers to Consultation Paper's specific questions

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- IPLC for voice and data – Voice is governed under RIO which is under revision. So IPLC for voice should be revised under RIO consultation process.
- Shared Internet bandwidth is a history. Today even home customers want CIR!!

Thank you for your attention..

