

Telenor Pakistan

Telenor Pakistan is a wholly-owned subsidiary of Telenor. On 14 April 2004, Telenor was awarded a GSM licence to build and operate a mobile network in Pakistan. On 15 March 2005, a full multimedia platform for commercial mobile services was launched under the name of Telenor Pakistan. As at 30 September 2009, Telenor Pakistan had 21.7 million mobile subscriptions. As at 30 September 2009 the mobile penetration and number of inhabitants in Pakistan were 58% and 167 million, respectively according to official estimates.

Network and licences

Telenor Pakistan currently holds a nationwide GSM 900 MHz/1800 MHz licence (excluding Azad Jammu and Kashmir (**AJK**) and the Northern Areas). This licence was awarded in April 2004 for USD 291 million. In June 2006, Telenor Pakistan was awarded a GSM 900 MHz /1800 MHz licence to build and operate a mobile network in AJK and the Northern Areas for USD 10 million. Both licences are valid for a 15 year period. Telenor Pakistan met its rollout obligations under both licences during January 2007 and March 2007, respectively. In addition to the two GSM licences, Telenor Pakistan holds a Long Distance and International licence through which it is providing nationwide and international call services. The licence expires in 2024. Since its inception, Telenor Pakistan has rolled out its GSM network at a steady pace and has become one of the fastest growing mobile networks in Pakistan based on its coverage and capacity. The network currently being rolled out is GPRS and EDGE enabled. As at 30 September 2009, Telenor Pakistan's EDGE coverage is the most extensive in Pakistan.

The Pakistan Telecommunication Authority (the **PTA**) has issued M-Banking regulations which envisage a bank-led model for mobile banking in Pakistan. In response, Telenor Pakistan worked to acquire a bank and was successful in acquiring a 51% share in Tameer Bank. While Telenor Pakistan has started working on the provision of mobile financial services via a bank-led model, it has also stressed the need for transition towards implementing a telecom-led model in the coming years.

Competition

As at 30 September 2009, Telenor Pakistan had a market share of approximately 22%. In addition to Telenor Pakistan, there are five other mobile operators in Pakistan: Mobilink, Ufone, Warid, Zong (formerly Paktel) and Instaphone. Based on PTA, numbers as at 30 September 2009, Mobilink was the largest mobile operator in Pakistan with a market share of approximately 31%, Ufone had a market share of approximately 21%, Warid had a market share of approximately 19%, and Zong had a market share of approximately 7%.

Regulatory matters

The PTA has broad regulatory power including power to grant licences, regulate market conditions, including the price of interconnection, and monitor and enforce the licence conditions pursuant to the Federal Government's telecommunication policy. The Frequency Allocation Board, a separate entity under the administrative control of the PTA, manages radio frequencies.

Certain regulatory issues are stated below:

The Government of Pakistan has communicated its intentions to issue 3G licences through an open auction in 2009. In light of the global recession, security situation, economic indicators and market situation the mobile operators have made a recommendation to the government to push the auction back for at least another year.

The SIM activation tax was first introduced in Pakistan in 2001. When it was introduced in 2001, the SIM activation tax was PKR 2,000. It has since then been reduced three times, to PKR 1,000 in 2004, to PKR 500 in 2005 and to PKR 250 effective from 1 July 2009.

The general sales tax level (GST) in Pakistan is 15%. In June 2008 a telecom sector specific GST of 21% was introduced, which from 1 July 2009 was reduced to 19.5%.

The PTA announced revised MTRs in April 2008. The MTR which was previously PKR 1.25 per minute was revised downwards after conducting a cost study. The rate was reduced to PKR 1.1 per minute from 1 June 2008, to PKR 1.0 per minute from 1 January 2009 and will be further reduced to PKR 0.9 per minute from 1 January 2010.