

## Future of Telecom Industry Amid COVID-19 with Special Focus on Pakistan

The COVID-19 pandemic continues to prevail. No one knows how long we will be facing it. In this time of the pandemic, IT and Telecom industry is playing a central role as life saviour and facilitating other businesses to grow. This implies that special measures will have to be taken to enhance the pace of growth of this industry.

In Pakistan, the growth trajectory though has shown an upward trend during the last few years, there is a long way to go to harness the industry to meet the emerging demands.

In this context, experts at a webinar, organized by SDPI on August 11, 2021, discussed and addressed the following questions.

- Is our IT and Telecom Industry ready to meet the current and future challenges?
- Are we heading towards the right direction?
- If not, what policy and planning steps are needed to cope with the impending challenges?

In the light of the discussion, following recommendations were made for consideration by the government and policy makers.

### Policy Recommendations

1. Pakistan has been at the forefront of technology adoption since the sector was deregulated in 2004. What made us stand out during that period among the rest of the region was the fact that the telecom industry adopted cutting-edge technology that brought innovation in every field of society. Although, the challenges Pakistan is faced with are many, Information and Communication Technologies (ICTs) hold tremendous potential to help overcome these challenges. Unlocking untapped potentials require not only public sector leadership but also private sector commitments.

**Therefore, a Telecom working group should be formulated to frame a strategy to materialize the full potential of ICT for human development.**

2. COVID-19 has put mounting pressure on the telecom service providers to deliver high-quality, reliable, and fast connectivity data services. Telecom Industry played a key role in the provision of critical infrastructure and resources. Reliable high-speed data service is the key to ensuring that health sector has the access to global information networks and resources necessary to fight the virus. Broadband connectivity is also crucial for educational institutions and businesses to continue to provide essential services.

**Therefore, bold regulatory initiatives need to be taken immediately for increasing broadband capacity and speeds, and subsidized data services to support the cost to the consumers working and studying from home.**

3. Public policymakers in advanced digital economies, as well as our peer economies, respond swiftly to new mobile spectrum demands and distribute as much spectrum as possible as soon as number of broadband subscriptions goes up, and new technologies emerge. Enough spectrum, in the right frequency bands, is essential to deliver the affordable, high quality broadband services that consumers want, and businesses need to be competitive in the market. Pakistan has been left far behind in keeping pace with the ever-increasing spectrum needs of the mobile service providers to improve the deteriorating quality of service, reaching the far end of the country, and foremost contributing immensely for the economy.

**Therefore, MoIT and PTA must ensure that a sufficient amount of spectrum in the right mixture of the bands is made available to wireless/mobile broadband operators.**

4. Over-the-Top (OTT) services are no longer over-the-top in terms of their contribution to almost all the sectors of the economy, as they are all impacted by the ICT sector. Although, seen as disruptive to the previous business models and the markets, they have become an integral part of the ICT services. The nature and scope of the regulatory issues encompassed by the impact of app-economy on traditional telecommunications seem the most challenging. Given the regulatory complexity and ambiguity, adopting a reactive approach is considered inadequate and runs into a regulatory dead end.

**Therefore, MoIT and PTA should define a regulatory response to the app-economy to cater for post COVID-19 situations**

5. ICTs have an enormous role to play in helping the society to adapt to the challenges caused by COVID-19. As businesses, education and health sectors shift their activity online, they will require fast and high-capacity data services. It will be crucial to extend the infrastructure reach to urban and suburban areas.

**Therefore, additional capacity and resilience must be built into telecommunication infrastructure systems and services. Building fiber optics networks down to union council level, and within the cities down to *Mohallah* level, must be undertaken with an urgency.**

6. While the COVID-19 has had a sweeping impact on economic activity, it has also resulted in an exceptional surge in the use of digital solutions. This will have a lasting effect on the adoption of ICT in many areas, even beyond the crisis. There are also growing concerns about the unequal access to these digital technologies. Before the COVID-19 outbreak, there were already persistent differences in access between men and women, urban and rural, low and high skilled human resource, large and small firms, public and private schools and many more. The measures taken by the government to contain the pandemic has the potential to increase these existing inequalities.

**Therefore, for any policy review, the government must appreciate the adverse effects of digital inequalities and its importance to bridge the existing and emerging digital divides to allow all sectors of the population to take advantage of the digital technologies.**

7. Beyond telecommunication regulations, several areas of legislation reinforce consumer confidence and the business environment, especially to develop a viable e-commerce ecosystem.

**It is recommended that the government legislate electronic transactions accepting digital signatures to support online business-to-business services. Data protection legislation, especially to facilitate businesses in global value chains where the personal information is of the prime value must be expedited.**

8. COVID-19 pandemic has created the greatest challenge to the government, forcing it to rethink priorities from a new perspective that was unimaginable a few months ago. The strategies and policies currently in place will require major shifts and changes to be able to sustain the “new normal”.

**Therefore, it is recommended that the overall focus on digitalization - increased global connectivity, digital inclusion, digital capacity building, artificial intelligence and global digital cooperation, to mention the few - should form part of the new ICT roadmap/strategy.**

9. Despite substantial growth, majority of Pakistanis remain without access to the digital services particularly in the rural areas. By investing in the network roll out and quality of service improvements, mobile operators have the potential to further contribute to Pakistan’s growth. Studies by GSMA and World Bank have estimated that one per cent increase in internet penetration can lead to an increase of up to 0.077 per cent in GDP growth rate. Similarly, every 10 per cent increase in broadband penetration accelerates economic growth by 1.38 per cent. Other research suggests that for every new job, 11 are generated in the wider economies. Pakistan is among the highest taxed telecom markets in the world, while it ranks second highest in telecom taxation in South Asia.

**Although some tax relief has been given to telecom in the current fiscal’s budget, however, as people have moved to work remotely, and other online services (especially education) are also becoming widespread, there is an urgent need to further lower the taxes so that the industry might invest more in spectrum, infrastructure, and subsidized data services.**

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