

CCP welcomes government's decision

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The Competition Commission of Pakistan on Wednesday welcomed the government's decision of abolishing controversial International Clearing House (ICH) agreement that would not only reduce the rate of incoming calls to Pakistan from abroad but also the government's revenue.

Finance Minister Senator Ishaq Dar on Tuesday, in his budget wind-up speech, announced the abolition of the International Clearing House (ICH) mechanism and said that government would review the policy. Finance minister said that government has decided to manage incoming international calls through the telecom operators

discourage the grey traffic as imposition of tax worth Rs8.80 per minute had increased call rates manifold. He said a ceiling and upper limit has been fixed between Rs1 to 3 to ensure a competition among the telecom operators and the decision would be applicable from August 2014.

"This is a public service and government has taken the decision by considering the interests of general people despite the fact the decision will reduce the government's revenue", Ishaq Dar said.

The controversial International Clearing House

(ICH) Agreement, which came into force in September 2011, created a cartel of all 14 Long Distance & International (LDI) operators to terminate all incoming international call traffic exclusively on the network of PTCL. The agreement suspended all interconnection capacities of all LDIs except for PTCL. LDIs also agreed to terminate all incoming international traffic at a fixed settlement rate of 8.8 cents/minute. Under the agreement, LDIs shared revenue amongst themselves as per the agreed quota allocated to each LDI.

The anti-competitive effects of ICH were first highlighted in August 2012, when CCP issued a Policy Note to Ministry of IT (MoIT) and PTA highlighting the serious competition concerns in the ICH Agreement and recommended its withdrawal. However, CCP's recommendations were not implemented. In April 2013, CCP passed an order condemning the arrangement as it was a blatant violation of the Competition Act, in the form of cartelization by all LDI operators. In fact the arrangement was more egregious than a simple price fixing cartel in that all LDIs except for PTCL shut their networks and it was only PTCL, which was carrying the traffic. CCP held that the ICH was anti-competitive as it fixed prices, reduced choice, foreclosed the market, removed incentive for bet-

ter quality of service and incentives for investment in improvement of infrastructure and was thus a clear threat to consumer welfare and a total negation of the Telecom Deregulation Policy, 2003.

The CCP declared the ICH agreement illegal and imposed a penalty of 7.5% of annual turnover of each LDI. It also advised PTA to ensure restoration of competition amongst LDI operators as it existed prior to the implementation of ICH agreement. LDIs filed a petition in the Sindh High Court (SHC) against CCP order and the SHC suspended the operation of the order. However, the federal government has abolished the ICH agreement.

Commending the withdrawal of the policy by the Government, Chairman CCP Dr Joseph Wilson noted that CCP is a specialized agency whose job is to curb anti-competitive practices and foresee the effects of concentrations on the competitiveness of the market. Time has proved that the decision given by CCP in April 2013 was correct. Had that been heeded to earlier there would have been less harm to the consumer welfare and the economy, noted Dr. Wilson.

The government's policy of abolishing ICH agreement would not only curb the grey trafficking and but also making the expatriate Pakistanis happy over the reduced rate of incoming calls from abroad.

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ICH Agreement
withdrawal**CCP chairman
hails govt's
decision**

ISLAMABAD: The Chairman of Competition Commission of Pakistan (CCP), Dr Joseph Wilson has welcomed the government's decision to withdraw the controversial International Clearing House (ICH) Agreement.

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CCP welcomes decision to withdraw ICH agreement

Staff Report

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LDI operators eyeing higher revenue after ICH withdrawal

By Our Staff Reporter

ISLAMABAD: With the abolition of the international clearing house (ICH) mechanism, long distance international (LDI) operators, including mobile telecom companies, and the government are expecting higher revenues and profits.

"The most immediate impact of abolishing the ICH is that it will eradicate grey traffic as there will be no financial attraction when taxes are eliminated on incoming international calls," said Tariq Sultan, Member Finance of the Pakistan Telecommunication Authority (PTA).

Grey traffic is the use of illegal exchanges for making international calls, bypassing the legal routes and exchanges in which the government loses revenues.

Abolishing the ICH, which was announced by the PTA on Tuesday, would also reduce costs of Pakistani callers, mostly in the United States, the UK, the Middle East, and is likely to increase revenues for long distance international operators (LDIs) and income of the government through increased taxes.

Sultan said all incoming international call traffic would now come in through legal channels.

Initially, all international calls dropped or terminated at Pakistan Telecommunication Company (PTCL) gateway, said Convener Internet Protocol Service Providers Pakistan, Wahajus Siraj.

"That monopoly ended after the government introduced the Telecommunication Deregulation Policy in 2005 and sold licences to 14 LDI operators. All operators had separate gateways where international calls terminated," he said.

A PTA source said that international calls were being re-routed through local, often illegal, exchanges to avoid local taxes and keeping track of such incoming calls or grey traffic became difficult.

In August 2012, the PTA managed to convince the 14 LDI operators to agree to the setting up of the ICH, a project that had been pending since 2008.

However, the source said that under the ICH mechanism, the PPP government in 2012 asked all LDI operators to not to terminate international incoming traffic on their networks.

Instead, the PTCL became the main beneficiary as it was authorised to bring Pakistan's international incoming traffic on behalf of all operators.

PTA then set new international termination rate at \$0.08 (8.8 cents) per minute, an increase of approximately 400 percent over the competitive market rate of \$0.02 per minute that existed before the ICH.

Under the ICH, all LDI operators were required to re-route incoming traffic back into PTCL gateway where they would terminate.

However, the policy failed to achieve the desired results of keeping track of incoming international calls and generate more revenues, said Mr Sultan, the PTA official.

After the ICH, international calls from legal channels dropped from more than two billion minutes per month to 450 to 500 million minutes and the international call started coming in from illegal channels and was defined as grey traffic.

Meanwhile, Competition Commission of Pakistan (CCP) chairman Joseph Wilson welcomed the government's decision to withdraw the ICH.



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متنازعہ انٹرنیشنل کلیئرنگ ہاؤس کے معاہدے کو ختم کرنا خوش آئند واہجر جوزف

معاہدے کے تحت بیرون ممالک سے پاکستان کی جانے والی ٹیلی فون کالز کے نرخ 8.8 امریکی سینٹ فی منٹ مقرر کئے گئے تھے

لاہور (کامرس رپورٹر) سابقہ کمیشن پاکستان کے چیئرمین ڈاکٹر جوزف ولسن نے حکومت کی جانب سے متنازعہ انٹرنیشنل کلیئرنگ ہاؤس کے معاہدے کو ختم کرنے کے فیصلے کو خوش آئند قرار دیا ہے۔ متذکرہ معاہدہ ستمبر 2011ء میں ملک کے 14 لانگ ڈیسٹس انٹرنیشنل (ایل ڈی آئی) آپریٹرز کے مابین بین الاقوامی ٹیلی فون کالز پر نی سی ایل کے نیٹ ورک کے ذریعے لانے کے لئے کیا گیا تھا۔ اس معاہدے کے تحت بیرون ممالک سے پاکستان کی جانے والی ٹیلی فون کالز کے نرخ 8.8 امریکی سینٹ فی منٹ مقرر کئے گئے تھے، جس کی وجہ سے بیرون ممالک مقیم پاکستانیوں کے لئے ٹیلی فون کالز کے نرخوں میں ساڑھے تین سو فیصد کے لگ بھگ اضافہ کیا گیا تھا۔ ڈاکٹر جوزف ولسن کے مطابق سابقہ کمیشن نے اگست 2012ء میں اس معاہدے کے نتیجے میں گھٹ جوڑ کی نشاندہی کی تھی اور اس حوالے سے وفاقی وزارت انفارمیشن ٹیکنالوجی اور پی ٹی اے کو یہ معاہدہ واپس کروانے کے لئے پالیسی نوٹ جاری کیا تھا، لیکن اس پر عملدرآمد نہیں کیا گیا۔

جہانِ پاکِستان

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آئی سی ایچ ختم کرنے کے حکومتی فیصلے کا خیر مقدم

سفارشات پر پہلے عمل کیا جاتا تو معیشت کو کم نقصان پہنچتا، ڈاکٹر جوزف ولسن

اسلام آباد (سٹاف رپورٹر) مسابقتی کمیشن آف پاکستان کے چیئرمین ڈاکٹر جوزف ولسن نے حکومت کی جانب سے تنازعہ انٹرنیشنل کلیئرنگ ہاؤس معاہدہ (آئی سی ایچ) کے

ختم کرنے کے فیصلے کا خیر مقدم کیا ہے۔ آئی سی ایچ کا معاہدہ ستمبر 2011 میں نافذ العمل ہوا تھا جس کے تحت تمام 14 لانگ ڈسٹنس آپریٹرز (ایل ڈی آئیز) کا کارڈل وجود میں لایا گیا جس کے تحت آئندہ سے باہر ممالک سے آنے والی تمام کالز پی ٹی سی ایل کے نیٹ ورک کے ذریعے آیا کریں گی۔ معاہدے کے تحت تمام ایل ڈی آئیز اس ذریعے سے حاصل ہونے والے خطیر منافع کو آپس میں طے شدہ کوٹے کے مطابق بانٹ لیا کریں گے۔ مسابقتی کمیشن آف پاکستان نے اگست 2012 میں اس غیر مسابقتی معاہدے کا نوٹس لیتے ہوئے آئی ٹی کی وزارت کو اور پی ٹی اے کو ایک پالیسی نوٹ کا اجرا کیا تھا۔ جس میں آئی سی ایچ معاہدے پر تحفظات اٹھائے گئے تھے اور اس کی واپسی پر زور دیا گیا تھا۔ لیکن اس پر عمل نہیں کیا گیا۔ مسابقتی کمیشن نے اپریل 2013 میں فیصلہ دیا جس میں ایل آئی ڈی آپریٹرز کے گلے جوڑ کرنے اور مسابقتی کمیشن قانون کی صریح خلاف ورزی کرنے کی مذمت کی گئی۔

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مسابقتی کمیشن کی جانب سے آئی سی ایچ ختم کرنے کے حکومتی فیصلے کا خیر مقدم

اسلام آباد (ایکسپریس نیوز) مسابقتی کمیشن آف پاکستان کے چیئرمین ڈاکٹر جوزف ولسن نے حکومت کی جانب سے متنازع انٹرنیشنل کلیئرنگ ہاؤس معاہدہ (ICH) کے ختم کرنے کے فیصلے کا خیر مقدم کیا ہے۔ آئی سی ایچ کا معاہدہ ستمبر 2011 میں نافذ العمل ہوا تھا جس کے تحت تمام 14 لانگ ڈسٹنس آپریٹر Long Distance Operator (LDIs) کا کارٹل وجود میں لایا گیا جس کے تحت آئندہ سے باہر ممالک سے آنے والی تمام کالز PTCL کے نیٹ ورک کے ذریعے آیا کریں گی۔ معاہدے کے تحت تمام LDIs اس ذریعے سے حاصل ہونے والے خطیر منافع کو آپس میں طے شدہ کوٹے کے مطابق بانٹ لیا کریں گے۔

CCP secures removal of cartel-like telecoms agreement

Thursday, 19 June 2014 (14 hours ago)

Faaez Samadi

Pakistan's government has confirmed it is abolishing the country's controversial International Clearing House (ICH) telecoms arrangement, which the Competition Commission (CCP) condemned for creating a cartel in the industry.

The move vindicates the CCP's investigation of the ICH, which was established in September 2011 as a mechanism for handling all incoming foreign calls at one central point – the network of PTCL, Pakistan's largest telecoms company.

The CCP has been an outspoken critic of the ICH since its inception and in February 2012 put out its first of many policy notes opposing the venture. In November 2012, Lahore's High Court approved an interim order challenging the ICH, saying the CCP and others had provided enough substance in their complaint that the agreement may violate competition law.

Following an investigation, the CCP found that PTCL and 13 other long distance and international operators used the ICH to collude and fix the price of international incoming calls, allocate and foreclose the market to new entrants and remove any incentives to improve services.

The authority fined the 14 companies a record 9 billion rupees (€69 million) in April last year, and recommended to the government that the ICH be dissolved. The agreement also had representatives from the Ministry of Information Technology and Pakistan Telecommunication Authority as observers.

The companies appealed against the ruling, claiming they had consulted with the government and telecoms regulator before entering into the ICH, but Lahore's High Court dismissed the case. Subsequently, the government announced its decision to withdraw the ICH yesterday.

Joseph Wilson, CCP chairman, welcomes the move. “The CCP is a specialised agency whose job is to curb anti-competitive practices and foresee the effects of concentrations on the competitiveness of the market. Time has proved that the CCP’s decision in April 2013 was correct. Had it been heeded earlier there would have been less harm to consumer welfare and the economy.”