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Govt Seeks Final Telco Operator from Local Firms

By KYAW HSU MON / THE IRRRAWADDY | Monday, July 27, 2015 |

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A year after two foreign operators revolutionized Burma's mobile market, the government is seeking a local company to spearhead the fourth and final telco license. (Photo: JPaing / The Irrawaddy)

RANGOON — A year after two foreign operators revolutionized Burma's mobile market, the government has called on local companies to put forward bids to become the country's fourth telecom operator.

The Ministry of Communications and Information Technology announced on Monday that the government would issue the fourth and final telecom license—which will target bids from local companies in joint venture arrangements with foreign firms—with contenders to submit expressions of interest by Aug. 24.

Chit Wai, a director from the ministry, said that firms would be required to demonstrate possession of adequate financial capabilities and capital reserves to form a new public telecommunications company.

“We can't say that how much capital would be needed, but interested parties would need at least 3 billion kyats (US\$2.5 million) under our rules,” he told The Irrawaddy.

He added that the ministry expects to finalize the new operator before the end of the current government's term in November, and the initial license will be valid for 15 years.

Local companies interested in the tender will not be given the opportunity to choose their overseas counterparts, with the successful bidder expected to abide by a selection committee decision on any foreign partner. The local company would also be responsible for providing technical services, market strategies, and a share of both the license fees and consultancy fees to assist in the selection of a foreign joint venture partner.

Lwin Naing Oo, managing director of the Shwe Pyi Takon telecom company, said that his firm would apply for the fourth license and expected to be a leading candidate for the tender, on the back of its experience as a contractor providing mobile phone towers for other operators.

“It poses a big challenge for investors [at this stage], he said. “We have been a public company for

two years, so I hope we stand a chance.”

Late last year, rumors abounded that the fourth license would be issued to the Myanmar Economic Corporation (MEC), a sprawling military-owned conglomerate with interests in manufacturing, agriculture and alcohol production.

Chit Wai denied on Monday that MEC was in contention for the final license.

“It is not true that the government considered MEC as the fourth operator,” he said. “It has been our aim to call on local public companies to take a license since before licenses were issued to the previous three operators.”

State-owned Myanmar Post and Telecommunications (MPT) has retained its dominance over the local mobile phone market despite the introduction of foreign operators Telenor and Ooredoo in 2014.

MPT had reached 11 million subscribers in January, well ahead of Telenor’s 3.4 million customers and Ooredoo’s 2.2 million subscribers at the end of last year.

All three firms are concentrating their resources on expanding telecommunications infrastructure into the country’s northern hinterlands and border areas, with combined funding commitments currently totalling around US\$4 billion.

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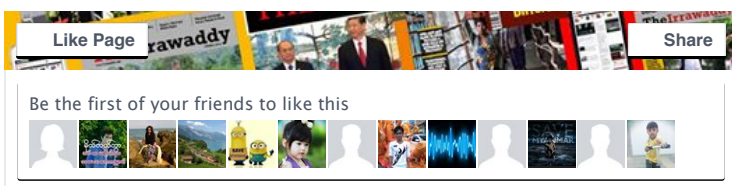
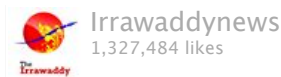
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