

Lebanon lagging in broadband despite healthy cellular sector

WORLD BANK URGES NATIONS TO BOLSTER ICT SECTOR'S REGULATORY POLICIES

Dana Halawi
Daily Star staff

BEIRUT: Lebanon's ICT market grew by 30 percent at the retail level over the past two years, but, like many other Arab countries, it is unfortunately still lagging behind in broadband, said a senior World Bank official Tuesday.

"Lebanon was able in the past couple of years to narrow its mobile penetration gap with other countries where it has reached a 70 percent penetration rate," said Hedi Larbi, country director of the Middle East department at the World Bank in the MENA region.

But as of June 2010, he said, Lebanon had only 225,000 broadband subscribers and therefore the potential of market growth was huge in this country.

Larbi said Lebanon was blessed with skilled human resources, a sophisticated and multilingual human capital, a strategically geographic location and a competent and well-educated diaspora. "This is a unique mix that gives the country a competitive advantage in the ICT sector, especially since Lebanon is heavily dependent on the services economy."

Larbi's remarks came during a session held in the framework of the EMERG conference at the Movenpick Hotel in Beirut to discuss the future of the ICT sector in the Middle East and North Africa Region (MENA) region and the measures that must be taken to improve its performance in the coming years.

Larbi gave an overview of the worldwide evolution of the ICT sector over the past two decades.

He said that ICT revenues in 1994 reached \$517 billion, but that 10 years later, the figure had topped \$1.2 trillion and is estimated to increase to \$2.4 trillion by the end of 2010. "This quick look at our recent past provides the strongest evidence of the dramatic explosion of the ICT sector," he added.

He continued by saying that the number of mobile-telephone subscribers and internet users more than doubled from



Nahhas speaks at the EMERG conference held at the Movenpick Hotel in Beirut Tuesday.

2008 to 2012. "Mobile subscribers increased from 700 million in 2000 to 1.75 billion in 2004, while we are expected to reach around 2.5 billion subscribers by the end of 2010."

As for the number of internet users, he added, these also increased from 400 million users worldwide to 800 million in 2004 and are expected to reach around 2.5 billion internet users.

"In terms of economics, it is estimated that ICT contributed to between 0.6 percent and 1 percent growth of GDP for every 10 percent additional penetration," he added. "Moreover, in terms of jobs, ICT contributed to between 3 percent and 5 percent of the employed labor force, while the cost per additional job is one of the lowest compared to other sectors."

Larbi urged nations to work on enhancing and further bol-

stering the regulatory policies of the ICT sector and to exploit the tremendous potential growth that this sector will provide.

"This is essential to maximize the returns of an economically viable and stable sector which stands out in our world today where volatility and uncertainty slowed the global economy," he said.

He also noted that a recent study prepared by the World Bank showed that the only sector that would sustain in a way and overcome the global crisis today was the ICT sector and this was mainly due to the progress seen in the mobile-phone sector. "We are far behind in terms of new technologies and broadband in addition to our capabilities of exploiting the growth wealth and reserves that lie in this sector, and this surely affects the growth of a wide range of economic sectors," he said.

For his part, Telecommunications Minister Charbel Nahhas stressed the need for a wise formulation of suitable IT regulations in order to better serve national interests. He said the progress seen in the ICT sector was having a very positive impact on the social level, especially that it provided many Lebanese living abroad a way of keeping in contact with their relatives everywhere.

But Nahhas warned against the misuse of telecommunications in a way that could harm the people's freedoms or national sovereignty, noting that this sector has been previously subject to constant spying operations by Israel. Nahhas was hinting to the arrest in June 2010 by Lebanese security authorities of a senior executive at state-

GROWTH IN MENA 'BELOW POTENTIAL'

BEIRUT: A recent note released by the World Bank indicated that economic recovery is under way in the Middle East and North Africa (MENA) but it remains below historical trends and the economic potential of the region. The report was carried by Bank Audi's *MENA Weekly Monitor*. The region's economic prospects depend on global developments and continued strengths in emerging-market demand and oil price trends. Experts at the World Bank suggested that sound macroeconomic management and a prudential approach to financial sector regulation have helped MENA countries escape a severe recession. Today, the key challenge is to sustain growth after the rebound, so the region can exploit the strong human and physical resource base it has invested in over the past decades. The note suggested that while the MENA region is recovering, the pace has been less vigorous than the recovery in other developing regions. Growth in the region is expected to average 4 percent in 2010, lower than the increases of 5.6 percent in advanced economies and 4.5 percent in developing nations. Growth is expected to return to the

average rates achieved prior to the economic and financial crisis only by 2011 and 2012, according to the World Bank. The factors constraining the regional recovery are present to different extents in the three major groups of countries in the region: the oil-exporting countries of the Gulf Cooperation Council (GCC), developing oil exporters and the oil importers, according to the World Bank. The report went on to address GCC countries in particular and indicated that the well-integrated GCC economies of Saudi Arabia, Kuwait, Bahrain, Qatar, the UAE and Oman were hardest hit by the global economic and financial crisis, but they recovered quickly as oil demand rebounded – driven by the rapid recovery in emerging markets – and the financial sector stabilized. In 2010, growth has been constrained by weak credit expansion, and by the fact that some GCC countries restrained output of crude oil to support oil prices. In 2010, economic growth for the GCC group is projected at 4.2 percent, and is expected to increase to 5.0 percent in 2011, before falling back to 4.8 percent in 2012. – *The Daily Star*

owned mobile telecom firm Alfa on suspicion of spying for Israel. Meanwhile, Charge d'Affaires of the delegation of the EU to Lebanon Cecile Abadie said that ICT played a strategic role everywhere, accounting for 40 percent of EU productivity growth, driving innovation and creating jobs throughout the economy. "The EU ICT sectors are now worth around 8 percent of EU GDP – double the value of the early 1990s – and employ over 13 million

people," she said.

Abadie noted that the EU was supporting the modernization of electronic communications regulations in the region. "The EU delegation to Lebanon has been providing since 2007 over 2 million euros (\$2.78 million) in technical assistance and equipment to reinforce the capacities of the Lebanese Telecom Regulatory Authority and allow them to fully develop their mandate according to national law."

Photo by Mahmoud Kheir