



Radio Spectrum Issues in Hong Kong

Plus

What can be done to avoid another cable blackout?

8th February 2007

**European Suite, Pacific Place Conference Centre
Level 5 One Pacific Place, 88 Queensway, HK**

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Telecoms InfoTechnology Forum

Radio Spectrum Issues in Hong Kong

In the coming years no issue will be more strategically important to the telecommunications industry than the availability, price and use of radio spectrum. What should be the guiding principles going forward?

The 2006 debate in Hong Kong over licensing Broadband Wireless Access (BWA) raised some of the issues, notably the role spectrum policy will have on incumbents, competitors and potential new entrants in an age when technologies increasingly offer opportunities to by-pass existing investments. For example, BWA offers the potential to by-pass the fixed-line customer access network, and WiMax is seen by some as a potential rival to 3G, while no-one is quite sure whether city-wide WiFi networks will strengthen or weaken the position of the fixed line operators vis-à-vis the mobile operators.

A related licensing issue is how far to maintain technology neutrality or to abandon it in respect of technologies used in Mainland China where roaming with Hong Kong is involved, and whether to introduce service neutral licences. In the latter case, there will need to be safeguards against radio interference issues and possibly safeguards for certain community services that cannot compete on a commercial basis. The logic behind service neutrality is a market-led use of frequencies, and that implies some form of spectrum pricing and secondary market spectrum trading.

In cases where there is sufficient spectrum to meet commercial demand, the Consultation Paper proposes Administered Incentive Pricing (AIP – a form of spectrum utilization pricing or SUP) using the ‘least cost alternative’ method of opportunity cost pricing to determine AIP, and auctions where demand outstrips supply. But how well can markets work when the supply-side is constrained by spectrum allocations of the WRC (World Radio Conference)? And does spectrum trading fundamentally threaten that system of allocation, or is it to be confined to in-band trades? How can the regulator ensure against spectrum hoarding under such a quasi-free market mechanism? The ‘use-it-or-lose-it’ approach sounds good but seems impossible in practice. The CP suggests spectrum caps or advanced clearance for trades, mergers and acquisitions. But is this likely to work any better?

Note the Special Session: *the break of international submarine cables in the Luzon Straits caused widespread and delayed outrages. Can anything be done to minimize the consequences of such occurrences in the future?*

**European Suite, Pacific Place Conference Centre
Level 5 One Pacific Place, 88 Queensway, HK
9.00am – 12.30 pm, Thursday, 8th February 2007**

Session One: 9.00 am – 9.30 am

Special Session on the International Submarine Cable Crisis: statements from OFTA, HKTUG, Andrew Kwok of HGC (head of International), Ricky Wong of HKBN (Chairman), a leading bank.

Session Two: 9.30 am – 10.30 am

Keynote Speakers

Amit Nagpal and Amrish Kacker (respectively lead the work on spectrum management issues and on wireless and multimedia business for Analysys): New market approaches to spectrum management - valuing spectrum and the coming of WiMax: what are the lessons so far? (40 minutes)

Mr M.H.Au, Director General, OFTA: Hong Kong's future spectrum policy review (20 minutes)

Coffee Break: 10.30 am - 11.00 am

Session Two (continued): 11.00 am – 12.30 pm

Speakers:

Dr John Ure, Director, TRPC: Spectrum pricing and spectrum trading: what kind of market can there be? (15 minutes)

Panel Discussion: PCCW, HKBN, Peoples Telephone, and tba: fixed, mobile and satellite industry speakers.