

China Mobile Peoples Telephone Company Limited

("PEOPLES")

Response to

**Consultation Paper on
Proposed Spectrum Policy Framework**

("Consultation Paper")

Date of submission: 31 January, 2007

PEOPLES would like to submit its views on the Consultation Paper issued by Commerce, Industry and Technology Bureau in October 2006.

All abbreviations have the same meaning as in the Consultation Paper.

Do you agree that the above considerations, i.e. future shape of radiocommunications, international developments, encourage investment, strategic considerations and fair compensation for the community, should be factored in Hong Kong's spectrum policy framework and the supporting spectrum management arrangements? Are there any other factors or considerations that should be taken into account?

PEOPLES suggest that the TA add 'consumer interests' to the considerations. Sometimes, there may be overriding consumer interests which are more important than investor interests. Apart from certain anti-competition law incorporated in the Telecommunications Ordinance, there is no clearly stated guidance on how to uphold consumer interests.

Do you agree with the proposed spectrum policy objectives? Are there other spectrum policy objectives that the TA should take into account when making spectrum management decisions?

PEOPLES agree.

Do you agree with the proposed guiding principle in spectrum management, especially that market-based approaches should be considered first for spectrum where there are competing commercial demands?

PEOPLES agree to the extent that market-based approaches should be considered first for spectrum assignment for new services. However, the TA should set out a proper procedure for the assignment of available spectrum to existing services on a need basis with reference to a spectral utilization threshold. In particular, the available 4.9MHz x 2 PCS spectrum has not yet been fully assigned and is apparently being kept in reserve.

Do you agree with the proposal to prescribe the circumstances under which spectrum assignment may be varied or withdrawn before the assignment expires? Are there other circumstances for variation or withdrawal of spectrum assignment before expiry that should be taken into account? What are your suggestions on the appropriate minimum notice periods?

PEOPLES suggest that the TA should only exercise its power under the law to vary or withdraw assigned spectrum before the expiry of the spectrum assignment in exceptional situations where there is very strong overriding public interest.

Do you agree with the proposal of status quo for spectrum right after the expiry of a spectrum assignment, i.e. no legitimate expectation for renewal? What is your suggestion of the minimum notice period for the intention to change or not to renew the spectrum assignment of a licence where substantial investment in the underlying infrastructure is required?

PEOPLES agree that there should be no legitimate expectation for renewal after expiry of a spectrum assignment. However, if the licensee is utilizing the spectrum in an efficient way to serve customers, the licensee should be given a Right of First Refusal to a renewal of its spectrum assignment.

PEOPLES suggest that the minimum notice period for the intention to change or not to renew the spectrum assignment of a licence should be at least 2 years.

Do you agree that the TA should be required undertake impact appraisals before initiating spectrum refarming exercises? What other arrangements should be put in place for spectrum refarming exercises?

PEOPLES agree and further suggest that the impact appraisals should include opinions from independent professionals.

For non-licensees under the TO, do you have demand for spectrum rights? If so, what kind of spectrum rights would you seek? For licensees under the TO, what are your views on our proposal not to cover spectrum rights for non-licensees in the spectrum policy framework?

PEOPLES, as a licensee under the TO, agree with the proposal not to cover spectrum rights for non-licensees in the spectrum policy framework.

Do you support the proposal to publish 3-year rolling spectrum release plans for spectrum to be released to the market through open, competitive bidding processes? What types of information would you propose to include in the plans?

PEOPLES support the proposal and suggest that HK should consider the practice of other advanced economies such as the UK, US and Australia.

Do you agree that the introduction of secondary trading of spectrum in Hong Kong can improve the efficient use of spectrum? How should potential anti-competitive behaviour in the spectrum market be addressed? How should gains in spectrum trading be treated? What are your views on other implementation issues identified by the consultant?

PEOPLES agree to a broad direction to introduce secondary trading of spectrum in Hong Kong, subject to a separate and thorough consultation on the framework and implementation issues.

Do you agree that we should further monitor developments in other jurisdictions regarding spectrum liberalisation before considering whether we should introduce it to Hong Kong?

PEOPLES agree.

Do you agree that the command and control approach for spectrum management should continue to be applied to spectrum for government services?

PEOPLES agree.

Do you agree that SUF should be applicable to commercial use of spectrum irrespective of whether there is competing commercial demand? Do you agree that SUF for spectrum not released through auction should be set to reflect the opportunity costs of the spectrum?

PEOPLES agree.