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(English version only)

# Spectrum Policy Framework

6 Feb 2007



# Analogous to land auction



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- ★ Frequency spectrum cannot be compared to land auction :
  - High cost of building construction vs. Low cost for telecom service provision, especially in cases of service provision to limited small area
  - Limiting new technology development and market competition if spectrum paid but not in use
  - Supply of land would be more sufficient, whilst spectrum is very limited
- ★ If spectrum allocated on “First-come-first-served” basis, license period should be shorter, for not more than 2 years

# Auction as default mechanism




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- ★ Auction should not be the default assignment mechanism
  - ★ This mechanism, normally, would not be used for culture, art, **design or creative** related business
  - ★ For example, the development of “Western Kowloon Cultural District”
  - ★ Auctions should include criteria such as, % use in the provision of new services, performance commitment at levels higher than other countries
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# Renewal of Spectrum




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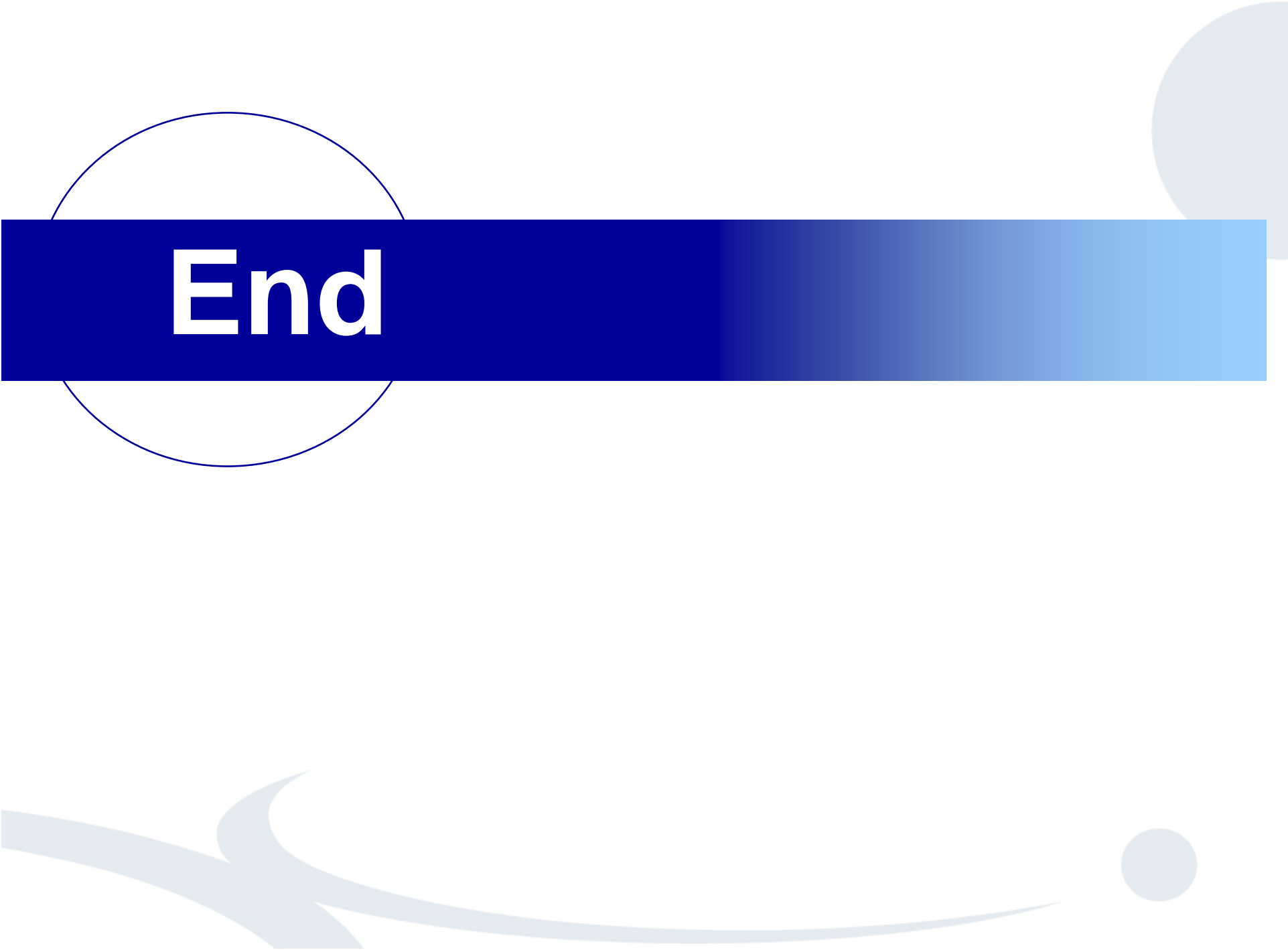
- ★ Same as commercial land, the spectrum should be re-auction upon license expiry
  - ★ Ensuring innovation and new technology
  - ★ If spectrum allocation has gone through an auction when first released, but not a “beauty contest”, same principle should apply on its renewal
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# Spectrum Trading



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- ★ Deserved thorough consideration
  - ★ Same as transfer of license, must be regulated
  - ★ Issues related to Anti-Competition legislation
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**End**