

LC Paper No. CB(1)1318/09-10
Meeting of the Information Technology and
Broadcasting Panel of the Legislative Council

Landing of Submarine Cables

8 March 2010



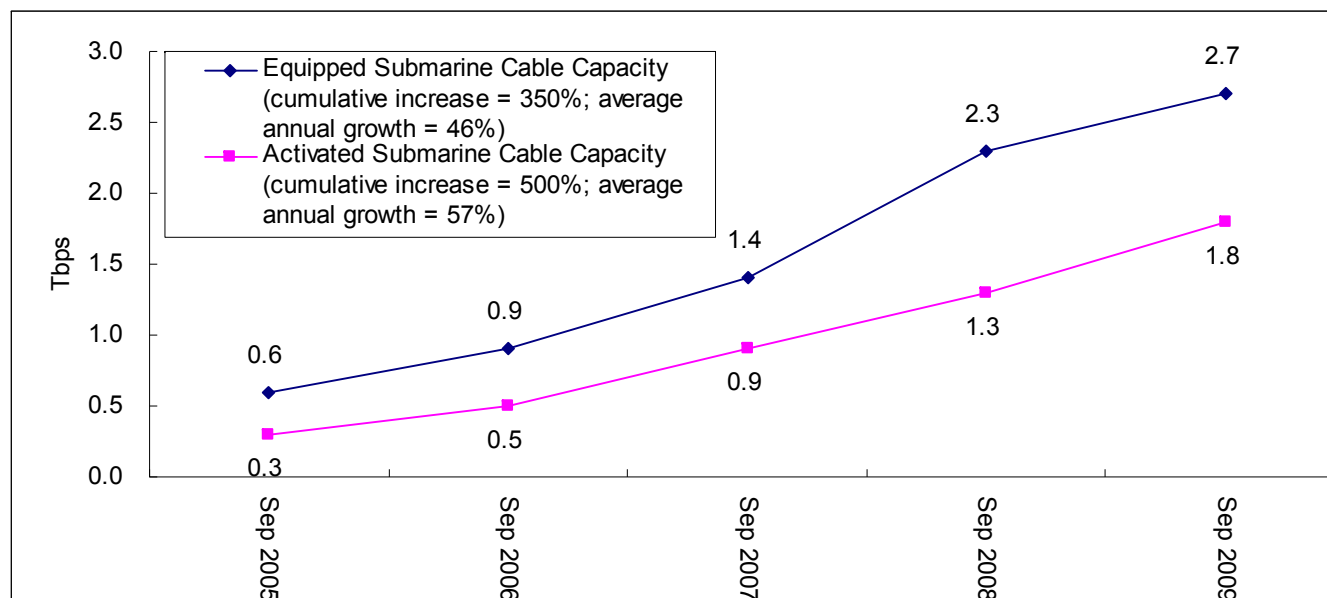
Introduction

- **Submarine cables are a major component of external telecommunications networks**
- **External telecommunications networks provide necessary connections for:**
 - ▶ IDD, international private leased circuits, email, social networking portal and Internet surfing
 - ▶ Daily operation of financial, trading, logistics, tourism and data-intensive industries
- **In Hong Kong, over 70% of external telecommunications capacity is provided by submarine cables (with overland cables and satellite links accounting for the rest)**

Need for More Submarine Cables (1/3)

(1) To meet increasing demand for submarine cable capacity

- ▶ increasing bandwidth requirements for business
- ▶ popularity of bandwidth-hungry applications over the Internet
- ▶ rapid growth of external traffic between the Mainland and Southeast Asian countries routing through Hong Kong





Need for More Submarine Cables (2/3)

(2) Additional submarine cables running along diversified routes will enhance network redundancy and resilience

Frequent natural disasters

December 2006

Strong earthquakes occurred in the Luzon Strait

- 6 out of 7 submarine cables were damaged

August 2009

Underwater landslides caused by typhoon Morakat and strong earthquakes in the Luzon Strait

- 6 out of 8 submarine cables were damaged



Need for More Submarine Cables (3/3)

(3) To strengthen Hong Kong as a telecommunications hub in the region

- **Other economies in the region (e.g. Malaysia and Singapore) have been aggressively developing themselves as telecommunications hubs in the region**
- **Attracting multinational content providers for setting up regional centres in Hong Kong**



Consultancy Study

- In his Policy Agenda in 2009-10, the Chief Executive indicated that the Administration would review the procedure for landing submarine cables in Hong Kong with a view to making it simpler and speedier for interested parties to install new cables with or without affiliated data centres.
- OFTA engaged a consultant in late 2009 to identify measures that would be required to facilitate the landing of new submarine cables



Factors that Submarine Cable Owners will consider in choosing Landing Points

- **Strategic factors**

- ▶ regional demand for bandwidth
- ▶ geographical location and business environment of the landing point
- ▶ presence of other submarine and overland cable systems for interconnection

- **Regulatory factors**

- ▶ government policies and regulatory framework
- ▶ user-friendly administrative processes

Strengths, Constraints, Opportunities and Threats of Hong Kong

Strengths <ul style="list-style-type: none">• Geographical location• Pro-business environment• Financial hub• Technology savvy consumers	Opportunities <ul style="list-style-type: none">• High growth of Mainland and Southeast Asia• Interconnection with more overland cables from the Mainland
Constraints <ul style="list-style-type: none">• Time to deal with various government departments• Limited choice of cable landing stations	Threats <ul style="list-style-type: none">• Competitive landing points in the Mainland, Singapore and Taiwan



Recommendations (1/5)


Increasing the transparency of application processes

- **OFTA plans to launch a dedicated web page providing the industry with relevant information**
 - ▶ existing submarine cable landing stations (SCLS) in Hong Kong and potential sites for SCLS
 - ▶ Information note on necessary statutory approvals
 - ▶ Contacts of relevant government departments and parties
- **OFTA will offer a single-point-of-contact service**
 - ▶ applicants may submit their applications together with necessary information to OFTA which will coordinate with relevant government departments



Recommendations (2/5)


Enhancing coordination within Government to expedite approval processes

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- **Establishing an ad-hoc working group with representatives from relevant government departments and parties to deal with applications**
 - ▶ Enhancing collaboration and coordination among various parties
 - ▶ Reducing the time required to process the applications



Recommendations (3/5)

Ensuring close and timely collaboration to facilitate cable repairs

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- OFTA has issued an information note aiming to help the submarine cable operators to understand more about the application procedures and requirements
 - OFTA will closely liaise with the relevant departments with a view to speeding up the vetting process of temporary operating licence for cable repair vessel and employment visa for personnel on board the vessel



Recommendations (4/5)

Considering relaxation of lease conditions of existing SCLS in TKOIE

- OFTA is working with Hong Kong Science and Technology Parks Corporation, for exploring shared use of existing SCLS and any new SCLS at TKOIE

Recommendations (5/5)

Use of the designated land in Chung Hom Kok Teleport

- Coastal lots will be introduced to parties interested in landing new submarine cables in Hong Kong



Way Forward

- **OFTA will review the consultancy report and further study with the relevant stakeholders as to how the recommended measures should be taken forward**
- **Views from Members are sought**



Thank You