PCCW/HKT

3G Objectives :

- To be provider of network services to all licensees
- To be a provider of a wide variety of support and back office functions to all licensees
- PCCW now supports the competitive 2G market and seeks to achieve the same role in the 3G market

PCCW :

* Provides local network coverage which enables 2G licencees to speedily convert mobile cell sites
* Provides Mobile Number Portability database dipping service to facilitate PCCW's 3.7M fixed line customers to deliver calls to the called mobile network
* Invested substantial funds on interconnection capacity to ensure that calls between PCCW and all 2G operators can be effectively conveyed
* Design tailor made telecom solutions for 2G's special projects and facility management

PCCW/HKT Supports :

1. A market structure which maximises competition and network usage

    A merit award system would most likely to obtain this result (as noted by OFTA). An auction approach less likely to obtain this result.   Merit system successfully used by OFTA for 2G and other licences

2. A market structure which permits resale/MVNO entry

3. Limited OFTA intervention

    Reliance on market forces is important and produces benefits to users; regulatory intervention in all market segments should be the exception and not the rule

4. 6 Licences could be granted in a merit award approach for 3G

PCCW/HKT would also note :

- 2G licences do pay substantial spectrum and other fees (between $200m $300m per year); a merit award system is not a giveaway

- HK has highest (69%) 2G penetration rate in Asia and one of the highest penetration rates globally

- HK has some of the lowest usage rates to consumers for 2G

- Licence and infrastructure costs are not sunk costs. These are real costs which appear on real balance sheets and real income statements

- Auctions can adversely affect stock of service and equipment providers as well as the overall market stability. UK and Germany examples are not necessarily ones to emulate

- No clear budget/economic need for an auction

- WHAT IS THE POLICY GOAL :   Is policy goal to raise $ or benefit users/economy?

PACIFIC CENTURY CYBERWORKS 電訊盈科

2G Operator

3G Operator

Mobile Virtual Network Operator

Reseller

PCCW

- **Connectivity Provider**

- **Mobile Data Exchange**

Mobile Content Platform

- **PCCW and other web content providers**

Mobile Application Business

- **Mobile Application for Corporate Customer**

Functional Switches

- **MNP**
- **Roaming**