

13 November 2000

Senior Regulatory Affairs Manager (Services Licensing)
Office of the Telecommunications Authority
29/F, Wu Chung House
213 Queen's Road East
Wan Chai
Hong Kong

Dear Sir/Madam

Second Consultation Paper on Third Generation Licensing Framework

The Telecommunications Authority (TA) published the captioned consultation paper on 3 October to collect the views of the public. Nokia, as a major equipment supplier in Hong Kong, would like to comment on the technical issues regarding the "open network" requirement for the proposed licensing process.

In the consultation paper, the technical requirements for "open network" is proposed in paragraph 2.3.14 as excerpted below:

*The preliminary view of the TA on the percentage of network capacity to be open to any non-affiliated service providers (whether MVNOs or resellers) lies in the range of 30% to 50%. This availability of capacity to non-affiliated service providers would be assessed in the busiest cells during the peak traffic hours. **Industry feedback on what they consider as a reasonable percentage is sought to assist the TA in making a final decision.** The percentage should not be too low as to render the open network requirement meaningless; nor too high to discourage investment incentives.*

Nokia welcomes the "open network" concept as it is likely to encourage competition and service development which can benefit end-users. It might also mean a wider source of revenues for network operators. However, we can see that there are practical issues in measuring and controlling the proportion of network capacity to be open for the following reasons:

1. In the 3GPP standardisation, there is no technical approach specified to measure and control the resources allocated to a specific group of users at the cell level. In particular, users are only identified by temporary identities at the cell level such that the temporary identities are constantly reallocated to other users. Therefore, Nokia believes that it is technically not possible at this stage to have a standardised solution for measurement and control of user traffic from MVNO at the busiest cells.
2. It is technically not possible to define the capacity of a 3G radio network because the capacity is constantly subject to change due to changes in user traffic mix, distribution of mobiles, soft handover, and propagation environment, etc.
3. For different types of services, such as voice or packet data services, the peak traffic hours and the location of the busiest cells can be very different.
4. The busiest cells and their coverage area will change from time to time as the network of the mobile operator grows.

5. It can happen that the target customers of the service providers have very different usage patterns (e.g. in remote areas and during midnight/early morning). Therefore, the busiest cells and peak traffic hours for one service provider can be very different from those of the others.
6. Even if it is possible to define the busiest cells and measure the traffic during peak traffic hours, it can happen that the user traffic from non-affiliated service providers is too low to reach the threshold (say 30%) during measurement. Thus no fair conclusive results can be made on whether the network operator is breaching the "open network" requirement.

Considering all these practical problems and the lack of standardised solution, Nokia is thus in the view that the measurement and control of a definite percentage of open capacity at the busiest cells are currently not feasible. Nevertheless, Nokia welcomes arrangements to promote the development of 3G services.

Yours faithfully



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