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| Uppgjord (även faktaansvarig om annan) - Prepared (also subject responsible if other) |                 | Nr - No.             |     |      |
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Based on the industry consultation paper issued by TA on the licensing framework for Third Generation Mobile Services dated 21<sup>st</sup> March 2000, Ericsson has the following comments.

**Part One (Information is considered commercially confidential)**

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## Part Two (Ericsson responses on the industry consultation paper)

2.9 It is important that the World Trade Organization (WTO) Agreement on Technical Barriers to Trade requires members to use international standards is fulfilled. Therefore, Ericsson agrees with TA to leave the choice of the ITU family to prospective operators. Given the fact that, from day one, dual mode terminal (GSM and FDD WCDMA) will be available and offer customer convenience by allowing roaming services. By using FDD WCDMA, it will be able to maximize customer benefit.

3.8 Ericsson agrees that it is the natural evolution path for 2G operators to evolve to 3G services by utilizing their existing spectrum.

3.12 Ericsson agrees TA's point of view to follow ITU IMT-2000 Band plan. The allocation of US PCS bands will deprive the full utilization of the GSM 1800 at IMT 2000 bands. The conflicts in transmit and receive directions will also cause service interference problems. Even with significant amount of guard bands, the IMT 2000 mobile station to US PCS mobile station interference will still require exclusion zones between these handsets to be maintained.

3.19 From technology point of view, the amount of required spectrum depends on the number of subscribers, their traffic profiles, operators' service offerings and etc. From business viability point of view, flexibility in network deployment is also important. 2x10 MHz is not good enough for implementing 3 layers (HCS) radio planning with flexibility according to traffic and business demands. In such cases, maximum bit rate will be affected. The most desirable scenario is to have 2x15MHz for providing 3G service. Careful considerations should be given when it comes to spectrum allocation per operator. On one hand, 2x15MHz will be cost efficient and HCS will provide both good coverage and enough capacity. On the other hand, 2x10MHz for existing GSM operator means they have to refarm the 900 and 1800 frequency band for 3G. Ericsson considers 2x15MHz being minimal per 3G operator.

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In the situation of spectrum refarming for the existing 2G operators, 2x10MHz could be sufficient if spectrum refarming is done within a reasonable timeframe.

3.21 Ericsson agrees with TA's assessment on TDD spectrum which will be made available in time for commercial deployment when there is a need.

4.4 Ericsson agrees with TA's assessment.

4.6 We support licensing options 1, 2 in that order of preference for reasons stated in 3.19.

4.14 With the success of the present cellular mobile service in becoming part of everyday business and private life in Hong Kong, it is imperative that we provide the best opportunity for this new platform, and for it to deliver, as the TA observed, a full range of multimedia and e-commerce services which are vital to the economic well being of Hong Kong in the Information Age. Ericsson therefore supports the TA's assessment that Merit Evaluation provides better certainty for this to be realized.

In addition to the TA's assessment, we considered the following factors to be also relevant:

- Radio spectrum is not a commodity with a value only residing in the commodity itself, but a tool with the value in what you can do with it. Merit Evaluation more directly addresses this point.
- Provision of network infrastructure is not a one-off exercise, but driven by considerations to provide the coverage, and traffic and service capacity desired at a particular time. A high up-front fee and the accompanying financial burden often inhibit timely investments in this area.

5.7 Given that the competition is becoming more fierce than today (6 GSM networks plus 4 to 6 3G network.), competition is regulating the market. There's no

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need for additional regulation on top of the regulatory framework as for the mobile telephone services at present. In future, regulation should be extended to cover the interconnection of services.

5.12 Fixed and wireless had been in the converging trend, so therefore, both FTNS and mobile operators should have the same rights and obligations.

5.13 Due to the fierce competition, it is believed that domestic roaming will be achieved among 2G/3G operators based on commercial agreement.

5.14 IMT 2000 standard provides clear and open interfaces between the elements within the architecture for interconnection between different players. The arrangements for these connections should be left to commercial negotiation.

5.18 IMT 2000 standard provides clear and open interfaces between the elements within the architecture for interconnection between different players. The arrangements for these connections should be left to commercial negotiation.

5.19 Ericsson has no objection in mandating MNP in 3G licensing.