



UMTS  
Forum

Russell Square House  
10-12 Russell Square  
LONDON WC1B 5EE  
UNITED KINGDOM

Tel: +44 20 7331 2020  
Fax: +44 20 7331 2040  
E-mail: [umtsforum@fei.org.uk](mailto:umtsforum@fei.org.uk)

**Dr Bernd Eylert**  
**Chairman**

**GSM +49 171 523 0000**

Office of the Telecommunications Authority – OFTA  
29/F., Wu Chung House  
213 Queens Road East  
Wan Chai  
HONG KONG

Attention: Senior Telecommunication Controller, Competitive Services

22<sup>nd</sup> May 2000

Dear Sir,

**Response of the UMTS Forum to OFTA's Licensing Framework for  
Third Generation Mobile Services in Hong Kong**

Following the submission of our responses to consultation processes in this field which have been conducted by other regulatory administrations, the UMTS Forum appreciates the opportunity to comment on OFTA's industry consultation paper issued on 21<sup>st</sup> March 2000 on the licensing framework for third generation (3G) mobile services.

In the interest of our members the Forum offers its comments on the document in total, question by question.

The UMTS Forum very much welcomes this consultation process and sees this is a major step towards OFTA's stated goal for commercial 3G mobile services to be available in 2001.

The recommendations of the UMTS Forum contained in this submission are based on our Reports, as agreed by members through decisions taken at our General Assemblies. It should be noted, however, that regulator Members of the Forum are not bound by these recommendations. The UMTS Forum reports and other information are downloadable free of charge from the UMTS Forum web site [www.umts-forum.org](http://www.umts-forum.org) which I invite you to visit.

Kind Regards,

**Dr Bernd Eylert**  
**Chairman UMTS Forum**



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**LICENSING FRAMEWORK FOR THIRD GENERATION (3G)  
MOBILE SERVICES IN HONG KONG**

**Response by the UMTS Forum to  
OFTA Issues Consultation Paper on Third Generation Mobile  
Services (21<sup>st</sup> March 2000)**

22<sup>nd</sup> May 2000

Enquiries to:  
The UMTS Forum  
Russell Square House  
Russell Square  
LONDON WC1B 5EE  
UNITED KINGDOM  
Tel: +44 20 7331 2020  
Fax: +44 20 7331 2040  
[umtsforum@fei.org.uk](mailto:umtsforum@fei.org.uk)

## 1. INTRODUCTION

The UMTS Forum is pleased to offer its comments to the Issues Consultation Paper on Third Generation Mobile Services published on 21<sup>st</sup> March 2000 by OFTA – the Office of the Telecommunication Authority of Hong Kong.

The UMTS Forum congratulates OFTA on its consultation paper, which demonstrates a clear understanding about IMT-2000 and the issues to be considered for its successful introduction to the Hong Kong marketplace.

When reviewing the differences between 3G IMT-2000/UMTS and second generation mobile services, 3G services clearly offer increased flexibility and capacity as well as broadband Internet access capabilities, video communications and multimedia, with the potential for a high degree of interactivity. The OFTA consultation paper illustrates these points most clearly.

The UMTS Forum calculates that more than 100 3G licences will be awarded by 2002 worldwide, with the majority being in Europe initially and quickly followed in Asia. We are encouraged to read in the consultative document that OFTA expects commercial services to be available in Hong Kong in 2001.

## 2. OPINIONS OF THE UMTS FORUM ON SPECIFIC ISSUES

OFTA's consultation paper raises specific questions, to which we submit our comments as follows (using OFTA's paragraph numbering):

*2.9 The TA intends to open to the prospective operators to use any IMT-2000 standards within their assigned 3G frequency bands for 3G mobile services, subject to the TA being satisfied that the various technical standards are compatible with each other from the users' point of view. The main consideration is to ensure that customers can easily switch from one network to another to obtain similar services and to maximise convenience in using roaming services without having to change the mobile terminals. The TA invites views from the industry on his proposal.*

Following the success of international roaming on GSM, international roaming between 3G operators should be encouraged. Please see our comments to Questions 5.13 and 5.14 on the issue of national (domestic) roaming between 2G and 3G networks.

*3.12 Taking into consideration paragraphs 3.9-3.11, the TA is of the view that Hong Kong should adopt a 3G band plan that is in compliance with the ITU IMT-2000 allocation. Any comment on this issue is welcome.*

The UMTS Forum absolutely supports the ITU IMT-2000 frequency plan and welcomes the TA approval on this particular subject.

*3.19 Based on the considerations in paragraphs 3.13-3.18, the TA is of the view that a new 3G operator will need 2x15 MHz paired spectrum in order to allow the implementation of three-layer hierarchical cell structure and the provision of full range of 3G services including the high speed multimedia services at 2 Mbps in an indoor environment. For incumbent 2G operators, the TA considers that less spectrum would be required because they can upgrade their 2G systems and use them to provide the*

*macro layer. In this case, the minimum spectrum per existing operator is 2x10 MHz. If the foregoing spectrum allocation is adopted, between four to six licences can be issued for 3G services, depending on the licensing model adopted (see paragraph 4.5 below). The TA invites comments from the industry on the proposed minimum 3G spectrum allocation to new and existing operators.*

On balance the UMTS Forum can accept the TA proposal, as long as incumbent 2G operators can re-use their spectrum. However, referencing the recommendations contained in the UMTS Forum's Report #5 which deals with the Minimum Spectrum Demand per Public Terrestrial UMTS Operator in the initial phase, we would suggest that all 3G operators are granted a minimum of 2x15MHz paired and 5MHz unpaired spectrum.

*3.21 The TA therefore considers that there may be no immediate need to make a decision on the allocation of the TDD spectrum. However the TA will reserve the TDD spectrum in the 3G band for use by the licensed 3G operators and will further consult these operators when it is timely to allocate this spectrum. The TA invites views from the industry on the proposed allocation of TDD spectrum.*

Referencing again the Forum's Report #5, we believe that allocated spectrum will shortly be used by creative operators.

*4.4 The TA is therefore of the preliminary view that there are benefits in allowing incumbent operators to bid for the 3G services, but they should not be given any priority over new entrants in the bidding process. Views and comments are sought on this issue.*

The UMTS Forum supports the idea of a level playing field for all players. Many 2G operators are already taking or planning for the first steps towards the introduction of 3G multimedia services by deploying GPRS packet-switched technologies in their networks. The boom in SMS and i-Mode messaging services (Japan) show that people want more than just voice – the mobile Internet and messaging has already taken off. For them it is important to deliver value added services to their customers, which is definitely multimedia.

*4.6 The TA has not yet formed a view on the preference for any one of the above licensing options and would like to seek comments from the industry prior to making a final decision.*

Following the argumentation presented in 3.19, the UMTS Forum would prefer a strategy based on Option 1 or Option 3.

*4.14 The TA invites comments from industry on his intention to select 3G licensees by evaluation based on merit.*

The UMTS Forum notes that the TA has identified very clearly the pros and cons of the different licensing methodologies which are in line with our own studies and recommendations as described in UMTS Forum Reports 3 and 4.

*5.7 The 3G mobile systems have the capability of providing broadband multimedia services. It is expected that the scope of services that will be provided by 3G platforms will be substantially more extensive than that of the 2G platform. As the operation and*

*the scope of the 3G services are significantly different, the TA would like to seek the views of the industry on whether the 3G services should be regulated under a similar regulatory framework as that for the mobile telephone services at present. In particular, the TA invites views on whether any safeguarding measures should be introduced or strengthened to preserve effective competition in the 3G market.*

Some experience can be seen in Europe, where regulators have proposed that the basis for licensing of 3G services should be the Licensing Directive. No additional licensing regime at the European level is foreseen as necessary for licensing of 3G/UMTS services.

*5.12 The TA would like to seek views and comments from the industry on the necessity to maintain a regulatory distinction between the fixed services and the mobile services and whether there is a need to maintain separate forms of licences for the FTNS and mobile telephone services.*

As discussed in UMTS Forum Report #4, the UMTS Forum believes that no additional regulatory measures are required for FTNS.

*5.13 The TA invites views from the industry before deciding on whether such an obligation should be imposed on the 2G network operators if they are successful in obtaining 3G licences, and if so, whether such an obligation should be a short-term one and the applicable charging principles.*

The UMTS Forum believes that this particular subject has been very well established in 2G networks by leaving it to operators to negotiate, driven by market forces. In our opinion there is no need for mandatory regulation in this area.

*5.14 The TA invites views from the industry on whether such a roaming arrangement from 2G networks to 3G networks should be implemented. The TA would also like to seek views on the technical and commercial implications of such a roaming arrangement and whether there are technical and operational difficulties in roaming from 2G to 3G networks.*

See the answer given to Question 5.13 above.

*5.18 The TA invites views and comments from the industry on the concept of separating service provision from network operation and whether it should be implemented in the 3G mobile services.*

Based on our studies, the UMTS Forum believes that this issue could jeopardise the business for network operators.

*5.19 The TA intends to set out MNP as a mandatory requirement in the licensing conditions of the forthcoming 3G licences.*

The UMTS Forum does not have a specific view on MNP. It should be left to each regulator to decide based on customers' demands competition considerations.

The UMTS Forum has however, identified the need to ensure adequate numbering and addressing space for the Wireless Internet in a 3G mobile multimedia services environment and is working with other organisations that are active in this field. The UMTS Forum will contribute a reflection paper on this subject later this year.

### **CONCLUDING REMARKS**

The UMTS Forum applauds this initiative from OFTA to consult with investors, industry and experts to obtain inputs to its policy-formulation processes for 3G licensing. The consultation document demonstrates clear understanding and thinking, and political commitment to the successful introduction of 3G services in Hong Kong.

The UMTS Forum welcomes this opportunity to put forward our views on the important questions that have been raised. We would refer you to our reports for detailed explanations and justifications supporting more than 100 recommendations that we have made so far concerning UMTS, as contained in the earlier-referenced reports. We are of course ready to provide further explanations should this be required.

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