



GSMA
12/F Suites 1207-10
Great Eagle Centre
23 Harbour Road
Wanchai
Hong Kong
Tel + 852 3960 5000
Fax +852 3960 5005
Web www.gsma.com

Office of the Communications Authority
29/F, Wu Chung House
213 Queen's Road East
Wan Chai, Hong Kong
Attention: Principal Regulatory Affairs Manager (R22)

13 October 2020

RE: GSMA's comments to the consultation paper on the "Arrangements for Assignment of the Spectrum in the 600 MHz and 700 MHz Bands for the Provision of Public Mobile Services and the Related Spectrum Utilisation Fee"

Dear Sir/Madam:

The GSMA would like to thank the Hong Kong Communications Authority (CA) and the Secretary for Commerce and Economic Development (SCED) for the opportunity to comment on the consultation for the *Arrangements for Assignment of the Spectrum in the 600 MHz and 700 MHz Bands for the Provision of Public Mobile Services and the Related Spectrum Utilisation Fee*.

In response to the questions raised in the consultation paper, we would like to provide the following comments, where applicable and appropriate, for your kind consideration.

Question 1: Do you have any views on the proposed changes of frequency allocation to mobile service for the entire 614- 806 MHz band?

The GSMA supports the proposed change to allocate the entire 614-806 MHz range to MOBILE primary service. We also note that in addition of countries in Region 2, APT already taken the step to harmonise the 600MHz band plan fro Region 3, which can be found in APT Rep 79¹.

We would encourage the CA to conduct further coordination with the Mainland authorities and to consult with industry to explore regulatory and technical options to open the 600 MHz band for outdoor use to expand the practical availability of sub-1 GHz spectrum that will be important to both coverage and in-building penetration.

Question 2: Do you have any views on assigning the spectrum in the 600/700 MHz bands by way of auction and allowing all interested parties to apply for participation in the auction?

¹ https://www.apr.int/sites/default/files/Upload-files/AWG/APT-AWG-REP-79_APT_Report_Arrangement_470-698_MHz.docx



GSMA
12/F Suites 1207-10
Great Eagle Centre
23 Harbour Road
Wanchai
Hong Kong
Tel + 852 3960 5000
Fax +852 3960 5005
Web www.gsma.com

The GSMA supports, in principle, market-driven spectrum assignment methods that are designed based on thorough public consultation and stakeholder feedbacks especially when demand is expected to exceed supply, and welcomes fair and transparent access to spectrum.

Question 3: Do you have any views on the proposal that the spectrum in each of the 600 MHz and 700 MHz bands be divided into seven frequency blocks each with a bandwidth of 2 x 5 MHz?

The GSMA would urge the CA to consider relocating the 738-748/793-803 MHz that is reserved for Government applications and consequently make this portion of the spectrum available at this auction to the industry to fully comply with the 2x45 MHz APT band plan (703-748/758-803 MHz), which will further improve efficient use of spectrum, reduce harmful interference potential, and afford the industry with much needed additional sub-1 GHz spectrum. The relocation of Government applications will then enable a total of nine blocks of 2x5 MHz each in the 700 MHz band.

Question 4: Do you have any views on the proposed spectrum cap of 30 MHz in each of the 600 MHz and 700 MHz bands to be imposed on each bidder?

The GSMA is, in principle, against the setting of spectrum caps, and would instead consider that potential competition risks can be best mitigated by a functioning and competitive market as the case would be in Hong Kong for these premium spectrum bands.

Question 5: Do you have any views on the adoption of the SMRA auction format for the assignment of the spectrum in the 600/700 MHz bands?

MNOs are better placed to respond to this question.

Question 6: Do you have any views on the network and service rollout obligations proposed to be imposed on the successful bidders of the spectrum in the 600/700 MHz bands and the associated performance bond proposed for guaranteeing compliance?

The GSMA would like to highlight that, while it is important to prevent spectrum hoarding, any network and service rollout obligation will need to be considered in the context of the overall MNO commitments across different spectrum holdings and their operational practicalities.

We would discourage the practice of performance bond because the amount will be better spent in network deployments than in a static bond, that will in turn better serve the government's policy objective to increase coverage. Compliance to licence obligations can be managed through established regulatory tools, e.g. penalties or incentivised licence payments.



GSMA
12/F Suites 1207-10
Great Eagle Centre
23 Harbour Road
Wanchai
Hong Kong
Tel + 852 3960 5000
Fax +852 3960 5005
Web www.gsma.com

Studies show that reasonable spectrum prices, long-term technology-neutral licences and the early assignment of sufficient amounts of spectrum have a major impact on coverage by driving greater network investment². Reduced red tape for new base stations, faster approval processes and regulatory support for infrastructure sharing also improve coverage³.

Question 7: Do you have any views on the proposal in relation to the setting and collection of SUF as specified in paragraphs 32 and 33 above?

The GSMA would encourage, in principle, the SCED to adopt a reserve price that is set at a low and reasonable level to facilitate the discovery of market price. Reserve price that is set to reflect any pre-determined fiscal target is counterproductive and goes against the market-based principle as instructed in the Radio Spectrum Policy Framework. GSMA Intelligence has studied spectrum fees' impact and concluded that high prices negatively affect investment capacity, quality of service, coverage and user affordability⁴.

Once again, the GSMA appreciates the opportunity to comment on this consultation issued by the CA and the SCED. We are keen to continue the close dialogue with the CA and the SCED on the above matters, and look forward to working closely to facilitate successful 5G development in Hong Kong.

Yours sincerely,

A handwritten signature in blue ink, appearing to be "Joe Guan".

Joe Guan
Head of Policy, Greater China
GSMA
jguan@gsma.com

Copy to:
Mr Chaucer Leung
Director General
Office of the Communications Authority
Hong Kong SAR

² e.g. Policy Tracker study for the European Commission (2017) and 'The impact of spectrum pricing on consumers' GSMA intelligence (2019)

³ "Unlocking Rural Coverage: Enablers for commercially sustainable mobile network expansion", GSMA, 2016

⁴ <https://www.gsma.com/spectrum/resources/effective-spectrum-pricing/>



GSMA
12/F Suites 1207-10
Great Eagle Centre
23 Harbour Road
Wanchai
Hong Kong
Tel + 852 3960 5000
Fax +852 3960 5005
Web www.gsma.com

About the GSMA

The GSMA represents the interests of mobile operators worldwide, uniting more than 750 operators with almost 400 companies in the broader mobile ecosystem, including handset and device makers, software companies, equipment providers and internet companies, as well as organisations in adjacent industry sectors. The GSMA also produces the industry-leading MWC events held annually in [Barcelona](#), [Los Angeles](#) and [Shanghai](#), as well as the [Mobile 360 Series](#) of regional conferences.

For more information, please visit the GSMA corporate website at www.gsma.com. Follow the GSMA on Twitter: [@GSMA](#).