



REGIONAL SEMINAR SERIES

ASIA PACIFIC 2012

Mobile: Igniting investment into Asia Pacific

Wednesday 29 February 2012

WELCOME AND INTRODUCTION

Chris Perera, Director of Spectrum and Regulatory Affairs, Asia Pacific, GSMA

Chris welcomed and thanked all government officials and other industry experts present. She also shared some of the stats for the APAC region. In her short presentation, she mentioned that the Asia Pacific region is a major driving force behind the global mobile sector and accounts for half of the world's mobile connections. Mobile penetration in Asia Pacific will reach a landmark three billion connections in Q1 2012. She also stressed upon how critical it is to securing access to harmonised, properly priced, predictably regulated and timely available spectrum. These issues were reiterated by our distinguished panellists later during the seminar.

PRESENTATION: HOW THE APPROACH TO AWARDING SPECTRUM AFFECTS THE REVENUE COLLECTION

Dr Dan Maldoom, Co-Founder, DotEcon

The keynote presentation was given by Dr Dan Maldoom, DotEcon on 'How the approach to awarding spectrum affects the revenue collection'. His main points included:

- There is a mismatch issue of short run- long run impacts of auction prices
- Competition defines prices in the market
- We need effective downstream competition, but it reduces value of spectrum. But if spectrum is in hands of few players, this would increase the value.
- Indian Government had the clear objectives of revenue for 3G/BWA auctions
- Spectral efficiency is inversely proportional to the revenue
- Plenty of measures available to promote efficiency and revenue at the same time. Really no conflict between these two, except when there is a weak competition.
- Auction process like Sealed bid might not raise revenue and competition
- Go for relatively non-distorting format where auction prices are set by the competition and there is fixed annual license fees.



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PANEL 1: HOW TO SELL SPECTRUM

Ronnie Tay, CEO, IDA Singapore

Dr Mohammed Yaseen, Chairman, PTA, Pakistan

Rema Devi Nair, Head of Group Regulatory Affairs, Axiata, Malaysia

Rajat Mukarji, COO, Idea Cellular Ltd, India

Moderator: John Guisti, Head of Spectrum, GSMA

On being asked by John that what policy factors do the Regulator/Industry take into account before spectrum auctions and on the issue of Harmonization/700; the following were the responses:

Ronnie Tay:

- Technology neutrality
- Clarity
- Confidence
- Discuss through consultation before auctions

Dr Mohammed Yaseen:

- Market to decide
- Consistency
- Efficiency
- Look into socio-economic/PPP situation of country

Rema Devi Nair:

- Transparency/open process
- License renewal in one market
- At license renewal, there is legitimate expectations that it would be renewed
- Best practices, certainties, future roadmap is required.
- Seamless harmonization of 700 in Asia is required.
- Delink spectrum from overall taxation structure of the country.

Rajat Mukarji:

- Quantity (Small chunks increases cost of deployment; leads to inefficiency)
- Harmonization (what technology is to be deployed)
- Cost (Fine line between profits and revenue)
- Auction is not the only route; it is one of the route (If competition is there in the market and all technologies are allowed; there can be a beauty parade)
- Large amount of USO funding is available in India, which is not being utilized.



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PANEL 2: CREATING A POSITIVE ENVIRONMENT FOR TELECOMMUNICATIONS INVESTMENT

Masahiro Yoshizaki, DG, Ministry of Internal affairs & Comm, Japan

Stephanie Huf, Head of Public Affairs & Mktng, Ericsson

Hugh Bradlow, Chief Technology Officer, Telstra

Dr Suthiphon Thaveechaiyagarn, Office of the NBTC, Thailand

Moderator: Herman Schepers, Head of Market Interventions, GSMA

This session explored the factors needed to ensure a thriving telecommunications sector that encourages investment and maximises its socio-economic benefits. On being asked by Herman about the factors that the panellists consider to be key enabler and major inhibitor for encouraging investment in the region; following were the responses-

Masahiro Yoshizaki:

- Creation of interconnection between operators
- Need to activate competition to provide quality services
- Globalized harmonized plan.
- Securing spectrum is essential
- Security risk management is also required in view of smartphones
- R&D promotion- Use of Government funds.
- We have top international fixed/wireless broadband plan

Hugh Bradlow:

- Technology neutrality
- Harmonization

Stephanie Huf:

- APAC investment attractive market
- Data demand is increasing; voice tariffs reducing
- National Broadband networks being planned
- Backhaul is increasingly becoming an issue
- We need 'service' based regulation and not 'technology' based regulation

Dr Suthiphon Thaveechaiyagarn:

- Size of Thailand is 60 million with three operators and most subs are pre-paid
- Demand for 3G is increasing
- NBTC new ACT/law passed two years back says Auction is best.



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Seminar summary

- Asia Pacific is the largest mobile market in the world, and is continuing to show strong growth and is very attractive market in terms of investment and has huge potential.
- The following are the important elements required in any market:
 - Harmonization
 - Technology neutrality
 - Transparency
 - Amount of spectrum made available in a timely manner
 - Clarity and predictability in the regulatory policies.