

## **3G Licensing in Hong Kong and China**

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The emerging 3G technology has significant implications for economies. Consequently, issuing the 3G licenses has been a process with broad economic contexts. Due to differences in economic contexts in different countries and regions, different governments have taken different approaches in formulating their 3G licensing schemes.

In Hong Kong, instead of auctioning the upfront payment for the spectrum to be used for 3G services, as did by regulators in many other economies, the Office of Telecom Authority (OFTA) took a unique approach by auctioning the royalty, e.g. the percentage of 3G revenues that the bidders are willing to pay. Licensees are also obliged to open at least 30% of their network capacity to Mobile Virtual Network Operators (MVNOs).

In China, the principal issue concerning 3G licensing lies in the choice of 3G standard. This is because 3G is not just important for Chinese operators, but is also critical for the Chinese telecommunications manufacturing industry.

This presentation will provide a general review of debates and concerns in formulating the 3G licensing schemes in Hong Kong and China. The economic implications of these two approaches will be discussed.