



中国联通  
CHINA UNICOM

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Office of the Telecommunications Authority  
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Attn.: Senior Telecommunications Engineer (Technical Regulation) 2

China Unicom Limited would like to thank the Hong Kong Office of the Telecommunications Authority (OFTA) for the opportunity to comment on its March 19, 2004 second consultation paper related to the *Licensing of Mobile Services on Expiry of Existing Licenses for Second Generation Mobile Services*.

In the first response letter dated October 2, 2003 to OFTA, China Unicom Limited (UNICOM) expressed the view that Hong Kong should adopt mobile communications provisioning policies that will support multiple and open radio air interfaces as well as compatible with key technologies deployed around the world as a principle. In addition, we also mentioned that OFTA should create a framework that will allow CDMA users and operators around the world the provision and usage of key services as well as roaming options within Hong Kong. These regulatory strategies would serve Hong Kong well to strengthen the roles of an international financial center as well as a regional hub for economic and trade developments.

In this second response letter, we would like to further express our views on the current consultation and in particular relating to the future usage, development and licensing in the 800MHz band for the CDMA 1X advanced mobile data technology. Our views are summarized below:

1. UNICOM supports OFTA stated objective that ensuring choice of service to consumer and business is important and hence the effective allocation of spectrum in the 800MHz band to allow the

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development and deployment of CDMA 1X technology for advanced mobile data services including international roaming.

2. UNICOM believes that granting the "Right of First Refusal" to existing 800MHz (CDMA/TDMA) licensees should be encouraged to ensure continuity and minimal disruption of services (local and international roaming customers). New licensees will need time to build up a new network and develop new services which will affect existing customers and in addition establishing a seamless roaming service with global mobile carriers could take months or years and therefore important international roaming services will definitely be disrupted. However, we suggest that new terms and conditions, such as minimal network rollout/coverage and upgrading of the existing technology platform to allow advanced data service deployment (e.g. CDMA 1X) should be imposed upon granting the "Right" to these existing licensees to ensure better utilization of the spectrum, a scarce public resource, which will benefit the community at large as another OFTA stated objective. We encourage OFTA to start discussing with existing licensees on these new terms and conditions as soon as possible.
3. UNICOM agrees with OFTA that if the two existing 800MHz licensees decide to give up their "Right of First Refusal" the best way forward is to re-license the spectrum to one or more interested new parties. However, UNICOM is of the view that the method of awarding the new license for the vacated 800MHz band should not follow the 3G auction practice as in the case of 2001. UNICOM would like to point out that in most countries where 3G licenses have already been awarded, 3G licensing is generally referring to the allocation of spectrum in the 1.9/2.1 GHz band. In addition, we believe that using the similar 3G auction process as well as the existing 3G SUF (Spectrum Utilization Fee) structure will inevitably increase the uncertainty and risk level of the potential business case of the new licensee. As a result, we propose that OFTA should consider using existing 2G licensing regime for the new license in the 800MHz band. UNICOM opines that under a 2G licensing scenario, the chance of a CDMA operator achieving a viable and sustainable business case and at the same time developing and deploying unique and practical advanced mobile



data services leveraging the 1X technology is much higher. This is indeed what we have observed in the case of KDDI (Japan) and SK Telecom (Korea) leveraging the power of CDMA 1X technology.

4. UNICOM agrees with OFTA intent to impose the ONA (Open Network Access) obligation on all new mobile licensees requiring them to open at least 30% of their network capacity to the non-affiliated service providers. We believe this open platform approach could stimulate content and application development business in Hong Kong.

UNICOM believes that the above comments are in line with OFTA stated objectives of ensuring choice of service, efficient use of spectrum and maintaining technology neutrality as the key attributes to an effective mobile communications policy in Hong Kong. UNICOM appreciates the chance to comment on this second consultation paper and we trust that OFTA will take into consideration of what is best for Hong Kong, its mobile operators, consumers, as well as related industries such as content and application developers, to come up with a mobile communications policy that is sustainable and value creating.

Should you have any questions regarding the above or require additional clarification or information, please do not hesitate to contact the undersigned.

Best regards,

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