



# Spectrum license assignment in the Asia-Pacific region

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# Approaches to license assignment



- Traditionally, licenses assigned on first-come, first-served basis or in beauty contests - since 1990s move to market-based mechanisms

## Advantages and disadvantages of auctions

### Efficiency

- Regulator at informational disadvantage
- Auctions require interested buyers to put their money where their mouth is

### Transparency

- Beauty contests opaque and results can appear to advantage certain parties (favoritism and corruption)
- Reduces scope for legal challenge

### Revelation of market price for scarce resource:

- Scarcity rent goes to the public - “distortion-free tax”
- Not charging market price for a scarce resource could be construed as state aid

### Outcome uncertainty

- Regulator ‘loses’ control over process
- Can regulatory objectives still be achieved?

### Implementation risk

- Loopholes in the auction rules
- Bids need to be committing

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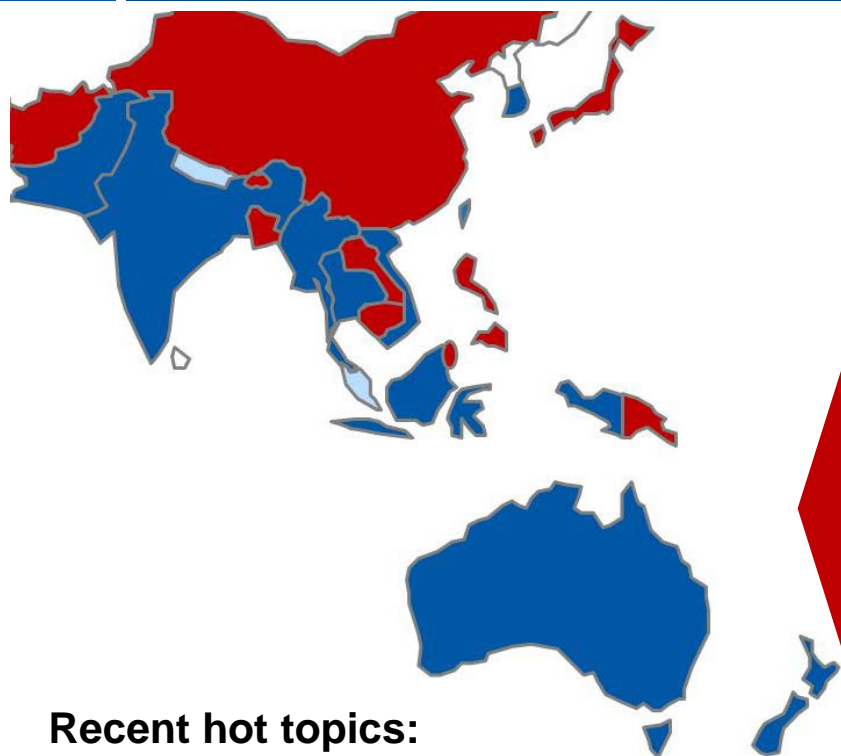
A well-designed and competitive auction provides greatest scope for an efficient allocation

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# Approaches in the region



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## No spectrum auction to date:

- Brunei
- Cambodia
- China
- Japan
- Laos
- Papua NG
- Philippines

## On the fence:

- Malaysia
- Nepal

## Spectrum auction held to date and likely to continue to allocate licenses in auctions:

- Australia
- Bangladesh
- Hong Kong
- India
- Indonesia
- Myanmar
- New Zealand
- Singapore
- South Korea
- Thailand
- Vietnam

## Recent hot topics:

- High reserve prices in India
- Thailand 900 MHz
- Myanmar aggressive timetable for 2.6GHz auction
- Allocation mechanism unclear in Malaysia

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APAC region moving towards market-based assignments  
Huge potential to learn from each other

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# Details matter



	Thailand 900 MHz and 1800 MHz (2015)	Singapore multiband auction (planned 2016)
Background	<ul style="list-style-type: none"> <li>• Traditional BTO license scheme with CAT and TOT controlling access to spectrum replaced by auctions</li> <li>• Significant legal uncertainty - CAT and TOT threat of injunctions right before the award</li> <li>• Uncertainty around future awards</li> <li>• NBTC and bidders under time pressure to complete award with threat of intervention from CAT and TOT (33 and 66 hours of around-the-clock bidding)</li> </ul>	<ul style="list-style-type: none"> <li>• Clear legal framework with IDA being responsible for spectrum management</li> <li>• Extensive consultation process with views of stakeholders taken into account in a transparent, objective process</li> </ul>
Auction design	<ul style="list-style-type: none"> <li>• Standard SMRA (open format to allow for price discovery)</li> <li>• Two 2x10MHz licenses in 900 MHz</li> <li>• Two 2x15MHz licenses in 1800 MHz</li> <li>• Sequential auctions (1800MHz first, followed by 900MHz)</li> </ul>	<ul style="list-style-type: none"> <li>• Standard auction format (Clock-Plus, with similarities to the formats proposed for the FCC incentive auction and the Ofcom PSSR auction)</li> <li>• 2x5 MHz block size in 700 MHz and 900 MHz band</li> <li>• 5 MHz block size in 2.3 GHz and 2.5 GHz bands</li> <li>• Spectrum caps to safeguard competition</li> </ul>
Reducing financial exposure	<ul style="list-style-type: none"> <li>• Minimal upfront deposit (5% of reserve price)</li> <li>• No further top-ups required</li> <li>• Guarantee of \$18.7m to secure eventual \$2.1bn winning bid for 900 MHz</li> </ul>	<ul style="list-style-type: none"> <li>• Careful vetting process of new entrants (financial standing, technical capabilities)</li> <li>• Financial safeguards in place (bank guarantees)</li> </ul>

All-or nothing bids  
Difficult to manage substitutability and complementarity

Competition for incremental spectrum  
Easier to manage substitutability and complementarity



# Contact Us

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