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| **ITU Centres of Excellence Network for Asia and the Pacific**  **State Radio Monitoring Center - China**  **Training on**  **SPECTRUM ENGINEERING AND CROSS-BORDER RADIO FREQUENCY COORDINATION**  **Xi’an, Shanxi Province, China (Peoples Republic of)**  **11 – 15 September 2017** |
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Group 2 Exercise: Spectrum Pricing

**Background**

To deliver affordable, high quality mobile broadband services, operators require fair access to sufficient radio spectrum. As a result, governments and regulators carefully manage mobile spectrum, which in turn supports a vibrant digital economy. Sometimes this includes charging a price for access to spectrum to encourage efficient use. However, evidence shows that when prices are too high, consumers can suffer from more expensive, lower quality mobile services.

Globally, spectrum prices reached all-time highs with the 3G auctions at the start of the millennium, before falling gradually until 2007. From 2008-2016, when 4G auctions became common, the average final price paid for spectrum sold at auction increased significantly – by 3.5 fold.[[1]](#endnote-1) This average rise was largely due to the increase in awards of sub-1GHz bands, which tend to attract more value, higher reserve prices[[2]](#endnote-2), as well as a number of outlier auctions where final prices were extremely high.

The issue of spectrum pricing has never been more vital. Additional spectrum is central to expanding and upgrading mobile broadband services – and will be core to the success of 5G. However, instances of spectrum licences being sold for extremely high prices, or going unsold due to the cost, are becoming more common. These outcomes can undermine consumer mobile services and the wider digital economy. The cause of these extremely high prices are often policy factors that appear to prioritise maximising short-term state revenues above long-term support for the digital economy through improved mobile services.

Spectrum is a valuable state asset and governments have the option to use it to raise revenues to fund vital state activities. However, the primary goal in all awards should be to encourage the most efficient use of spectrum through investment in widespread, high quality networks. Efficient spectrum awards maximise access to affordable mobile broadband services, which in turn have a major impact on the digital economy.

**ASSIGNMENT**

Please give your views on how governments and regulators should approach the issue of spectrum pricing. This should include explaining:

* What goals do regulators and governments need to balance when setting policies and rules which impact spectrum prices? What is your assessment of the challenges?
* In what ways can governments and regulators impact spectrum prices?
* What is the impact of the available mobile spectrum and spectrum roadmap on this issue?

**Your response should be in the form of presentation delivered by maximum 3 persons nominated by the group. The maximum time is 15 minutes. Views within group can be divergent and all views should be presented.**

1. ‘[*Effective Spectrum Pricing: Supporting better quality and more affordable mobile services*’ by NERA Economic Consulting (2017)](https://www.gsma.com/spectrum/effective-spectrum-pricing/) [↑](#endnote-ref-1)
2. Reserve prices increased over five-fold in this period [↑](#endnote-ref-2)