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The Chairman
Myanmar Investment Commission
Naypyitaw

Your Excellency,

2600 MHz Frequency Auction

We are writing jointly to bring to Your Excellency's attention actions proposed by the Ministry of Communications and Information Technology (MCIT) that, if allowed to continue to proceed as planned, may have a substantial and negative effect on the perception of international investors of the reliability of the investment climate in Myanmar.

On 28 January, 2016 Ooredoo Myanmar Limited (OML) and Telenor Myanmar Limited (TML) each received information from MCIT regarding a planned auction of radio frequencies in the 2600 MHz band. According to the information provided, the MCIT is planning to issue six new nationwide licences to provide broadband wireless service via an auction to be held in haste, before the end of March of this year. OML and TML have the following concerns about the proposed process:

- The proposal to issue six new licences to provide broadband wireless service will essentially create six new nationwide mobile telecommunications licences, contrary to MCIT's statement prior to issuance of the OML and TML licences:

The Union Government is committed to ensure a sound and rapid development of the telecommunications market. With that perspective in mind, it has been decided that the market will comprise of no more than four nationwide mobile telecommunications Operators. The Union Government reserves the right to adjust its policy to favour the long term development of the telecommunications sector, after due consultation with the Licensees.
(Invitation to Tender Questions and Answers - May 13, 2013)

While the proposed auction framework would initially restrict authorised services to "fixed wireless service," the stated intention is to allow mobile services after the first five years. As well the proposal clearly favours the use of LTE, which is a mobile technology, for which handsets are widely available. Unless the MCIT requires licensees to intentionally cripple the new services for the benefit of the



existing mobile licensees, and to the detriment of Myanmar customers, the Government will effectively be granting nationwide mobile broadband wireless services licences.

- The proposal to issue licences in the 2600 MHz band at this time is also inconsistent with international practice, which favours prioritisation of commonly used available spectrum, such as the now vacant 1800 MHz band. Moreover, despite the commitment above to ensure “due consultation with the Licensees,” prior to taking action to issue new licences, MCIT is moving forward with this licensing process while it is in the midst of the general planning process for radio spectrum licensing. Indeed, the MCIT recently announced to the industry it would seek comment on its proposed “Spectrum Roadmap”, which is intended to guide future spectrum licensing decisions in consultation with industry. To commence frequency licensing now prior to this consultation is inexplicable and not in line with international best practice.
- The proposal to exclude existing licensees from acquiring spectrum as a part of this auction process blatantly discriminates against the established licensees without any apparent benefit for telecommunications consumers. While it is clear that the established players possess the infrastructure and resources to deploy services in this band at lower costs and higher quality of service, restricting the availability of licences serves only to benefit a small number of potential local investors at the expense of existing licensees and telecommunications customers.

The Union Government has received near universal praise for its record of reform of the telecommunications market in a predictable, transparent and straightforward manner. We are concerned about the negative impact of the irregular nature of the MCIT’s proposed spectrum auction on this strong record and the significant questions such action could raise among potential investors. We are hopeful that the MCIT can allay these concerns to avoid such a negative impact.

As two of the largest sources of foreign direct investment in Myanmar, OML and TML would like to thank Your Excellency at this point in time for Your Excellency’s role in facilitating the government’s success in the reform of the telecommunications market and look forward to Your Excellency’s continued support.

Sincerely,

Petter Furberg
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