

3G auction not favoured: PM

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Govt likely to issue licence to the most suitable telco

KUALA LUMPUR: Malaysia is unlikely to adopt the auction approach to award third generation (3G) licences as the bidding war for such licences in Europe had left many foreign telcos struggling under heavy debts.

"We are not likely to auction the licence but we want to make sure that once a telco gets the licence, they can make money out of it," Prime Minister Datuk Seri Dr Mahathir Mohamad told reporters after officiating at the CEO Summit yesterday.

Mahathir said the country will choose to issue the licence to one telco with the best capability at a cost that will make it profitable for the company to operate the 3G communication services.

The service allows for high-speed and large-capacity wireless access to voice, text, data mobile services, CD-quality music and streaming video.

The current WAP (Wireless Application Protocol), which allows mobile users to access the Internet, is the first step towards the full commercialisation of 3G in the country.

Mahathir said the government is not in a hurry to get any huge upfront money from the telco industry by auctioning the licences and is more interested in the long-term benefits.

The government had earlier indicated that it will finalise guidelines on awarding 3G licences by year-end.

The global demand for 3G has weakened considerably since telcos bid billions of dollars for licences in the European market last year, prompting the Singapore government to call off its own auction programme in April.

Mahathir said the government will get tough with some telcos that are reluctant to invest in new wireless technology after making huge investments in land lines.

"We discussed this in the Cabinet meeting yesterday (Wednesday) and we have decided that it is necessary to speed up the implementation of wireless technology in the industry," he said.

He said the government has protected the telcos' investment all this while but pointed out that those with heavy investments in land lines must be prepared to bear losses as the industry moves towards wireless communication or risk being left behind.

However, he said the government has yet to estimate the actual losses telcos might incur if it pushes through with the speedy implementation of wireless technology.

"Technology is moving so fast that if we are held back by outdated infra-

structure, we cannot move forward. If we stick to land lines, that will cramp our capacity," he said.

Mahathir urged telcos to embrace wireless technology by upgrading their network services as this will benefit businesses in the country in the future.

He added that wireless technology is also cheaper to install and maintain compared with land lines.

The country's five telcos - Telekom Malaysia Bhd, DiGi.Com Bhd, Time dotCom Bhd, Technology Resources Industries Bhd and Maxis Communications Bhd - have raced to roll out new technology in a bid to capture more market share.

However, the huge capital outlay involved has deterred some from launching new services. All five offer WAP services but Time dotCom is the only one which has introduced the GPRS (General Packet Radio Services) or a 2G-plus technology.

The bit rate for data

transmission is 9.6 kilobit per second (kbps) on WAP, 115kbps on GPRS while 3G supports a transmission rate of 2,000kbps.