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Kristina Glushkova
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CONFIDENTIAL

19 February 2008

Dear Ms Glushkova,

Hutchison 3G UK Limited (“H3G”) response to Ofcom consultation “Draft Annual Plan 2008/09” (the “Consultation”)

H3G is a converged operator, providing a range of 3G services. In previous responses H3G has set out the wide range of innovative services it already provides over its converged network and the contribution which mobile broadband can make to the provision of next generation access and in ensuring digital inclusiveness.¹ Products such as Pay as You Go mobile broadband have an important part to play in developing the UK’s communications infrastructure and bridging any digital divide.

In this context, H3G considers it vitally important that in “regulating for convergence” Ofcom ensures that there is an appropriate framework for innovation, investment and the promotion of competition. Ensuring a level competitive playing field between mobile broadband operators and a consistent regulatory framework between the different forms of network must be a key objective for Ofcom. Over the coming year, when issues such as the liberalisation of mobile spectrum and the Competition Commission Inquiry into mobile call termination rates will be considered, this is particularly important. The European dimension (including the work of both the Commission and the European Regulator’s Group on call termination) will also be central to the development of this framework.

As such, H3G welcomes Ofcom’s recently announced Mobile Sector Assessment and hopes that this work will provide a strong platform for the evolution of a consistent approach to promoting appropriate and sustainable competition in the mobile broadband sector. H3G will, of course, engage with this process fully and looks forward to providing its detailed views to

¹ See, for example, H3G’s response to Ofcom’s draft annual plan last year (letter of 20 February 2007 responding to Ofcom’s Draft Annual Plan 2007/08) and recent response of 30 November 2007 to Ofcom’s consultation “Application of Spectrum Liberalisation and Trading to the Mobile Sector” (see sections 1.3 and 1.4 of that response) .



Ofcom on this important project. It is important to note that the development of a level competitive playing field and the promotion of competition between networks is about more than simply numbers of networks. Ensuring that the approach to be adopted for the refarming of GSM spectrum bands does not damage competition and does not further entrench the distortions created by legacy assignments will be crucial. Ofcom will also need to ensure that its programme of spectrum awards (especially the proposed award of the UMTS Expansion Bands in the 2.6GHz band) promotes and underpins the future development of mobile broadband across Europe. A future regulatory approach to mobile call termination rates should be developed which will ensure all operators are able to compete on an equal footing. Ofcom must also build on its work last year to improve the UK system of mobile number portability, reducing switching costs and improving competition in mobile markets. H3G urges Ofcom to defend its decision in this last area vigorously.

All of these particular work areas fit within Ofcom's proposed three year work programme of developing a regulatory framework for convergence. H3G urges Ofcom to be even more proactive in ensuring that there is a converged set of principles by which it regulates. Supporting the evolution of the legal and economic framework for regulation in converging electronic communications markets should be about more than simply supporting the important European work in this area. Ofcom must recognise the role which mobile broadband can play in the current and next generation of broadband access networks and the importance of supporting strong and fair competition to achieve this promise. All of Ofcom's major work areas and its top priorities therefore overlap and feed into each other. In the context of the role which mobile can play, and the regulatory framework for the mobile sectors, Ofcom's Mobile Sector Assessment will therefore be important. H3G urges Ofcom to ensure that there is sufficient resource for this assessment and that it can provide a robust regulatory base for the ongoing development of this vitally important sector for the UK economy.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Tim Lord'. The signature is written in a cursive, flowing style with a prominent initial 'T' and a long, sweeping underline.

Tim Lord
Regulatory Director