

Session 10

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Market and price regulation development in Thailand


▶ 1

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Agenda

- ▶ Telecommunication sector role in Thai economic
- ▶ Development of Thai telecommunication markets
- ▶ Price regulation development
- ▶ Toward convergence sector


▶ 2



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Telecommunication sector role in Thai economic

▶ 3

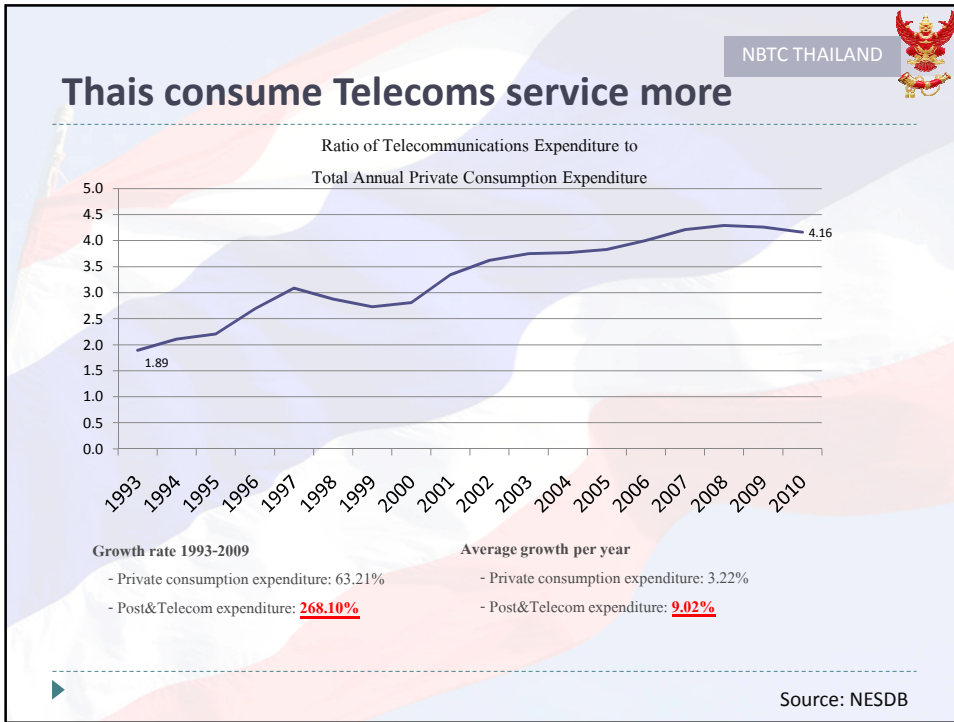


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Telecoms sector plays vital role in Thais economic

- ▶ Telecoms service is necessary services
- ▶ Consumption in Telecoms contributes 0.12% of GDPs
 - ▶ $\ln(\text{GDP}) = 12.65 + 0.12\ln(\text{Private Telecoms expenditure})$
- ▶ 4.16 % of Total expenditure spend in telecoms sector
- ▶ Telecoms contribution 3.73% of total GDP

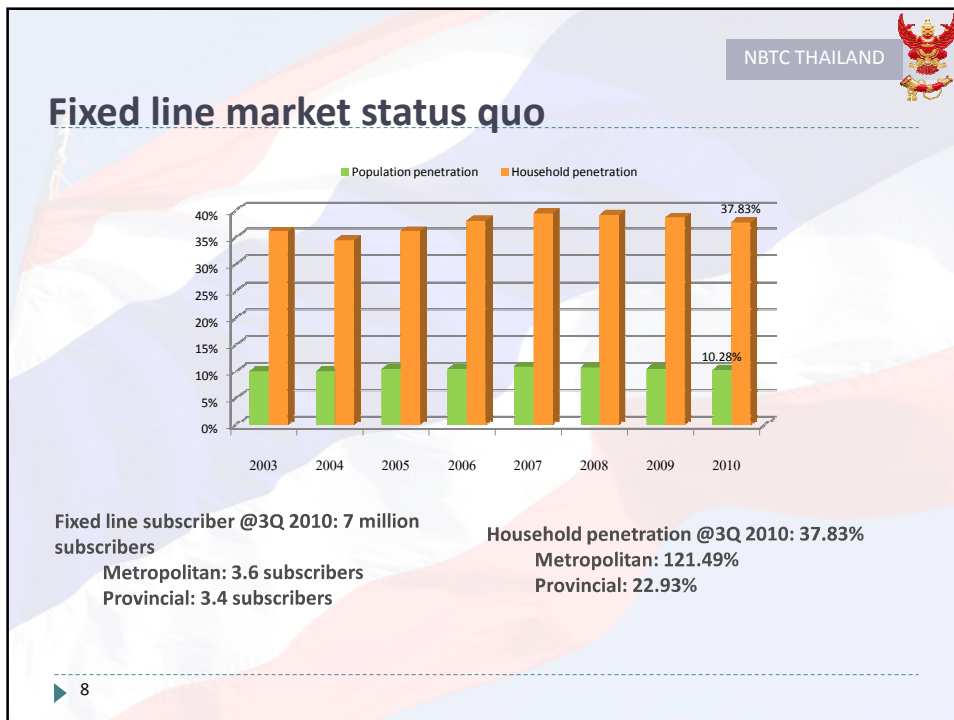
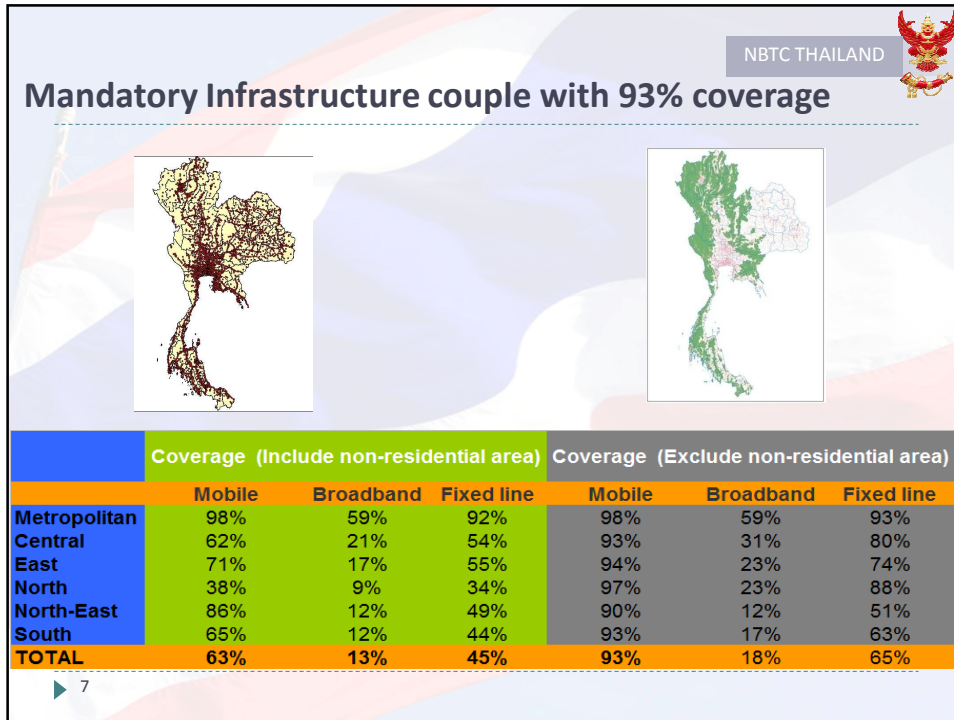
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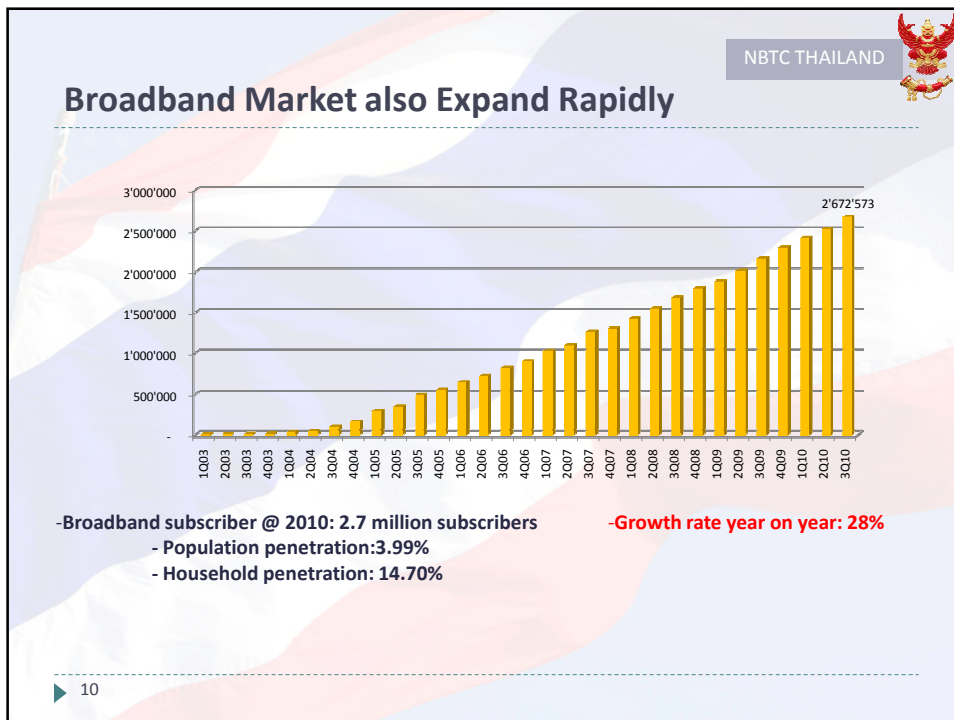
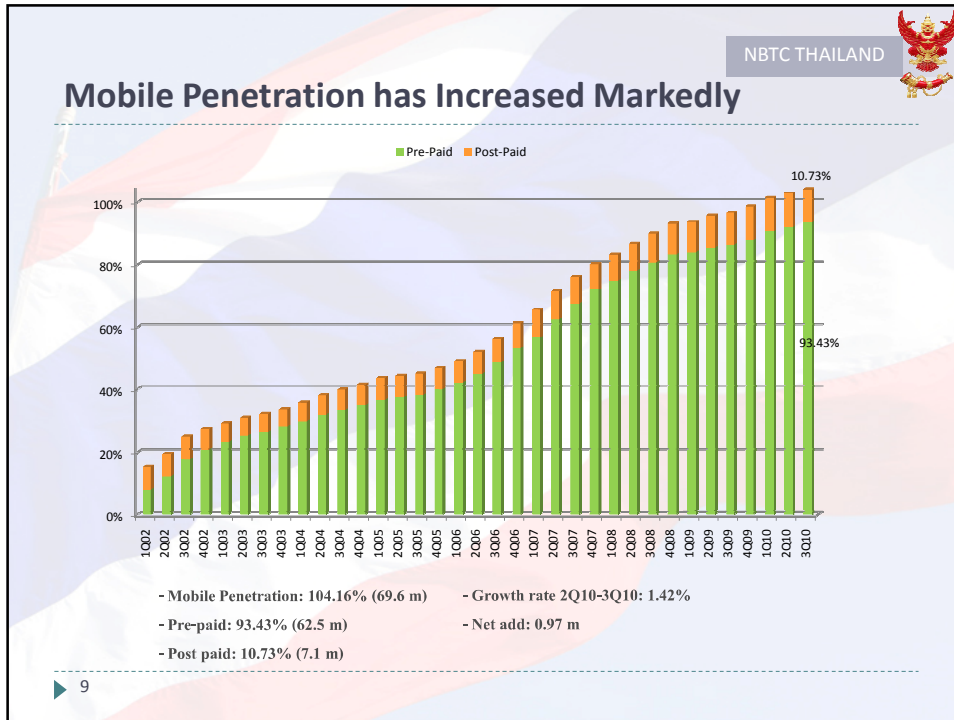


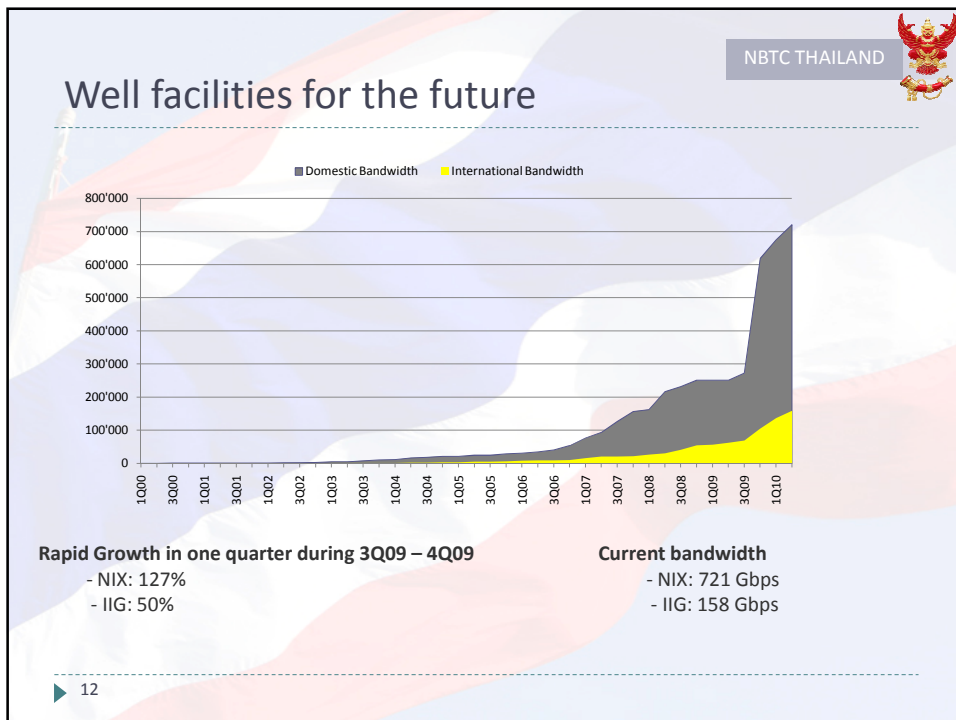
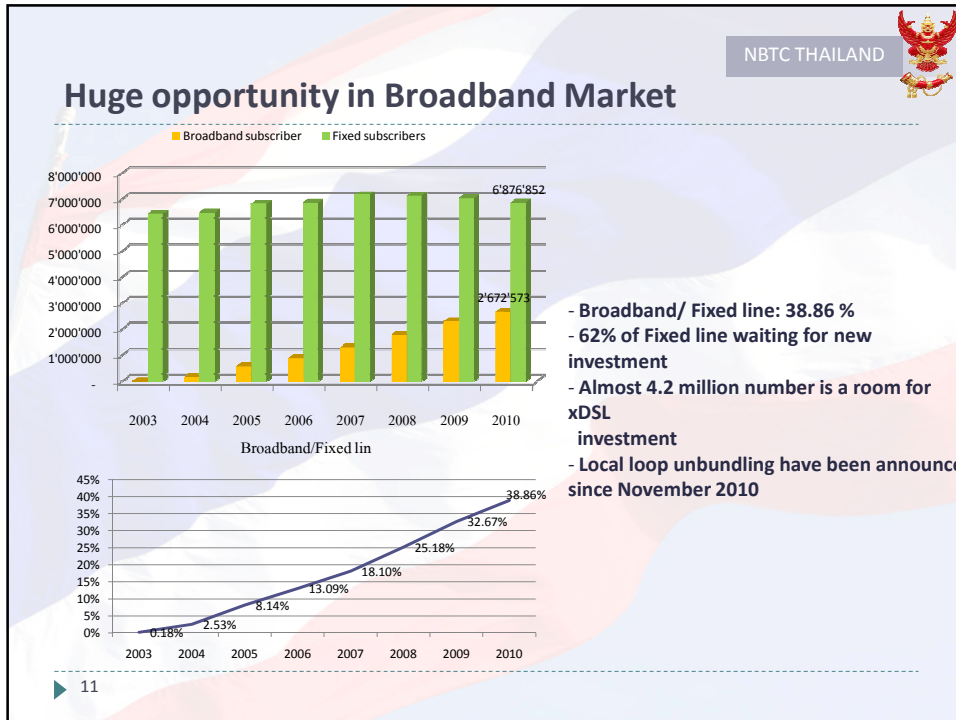
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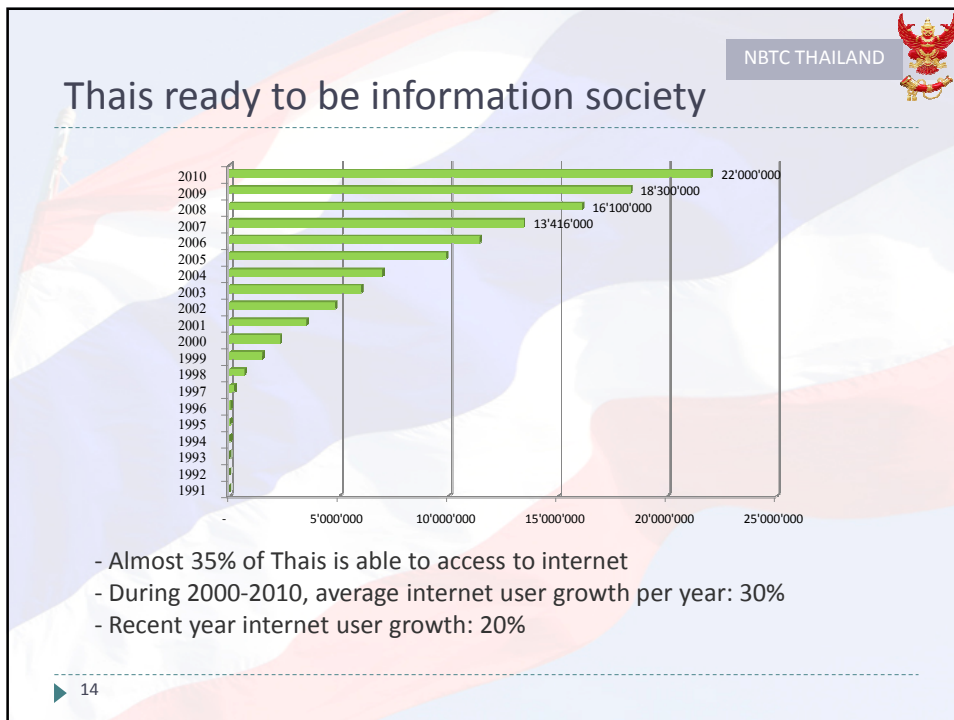
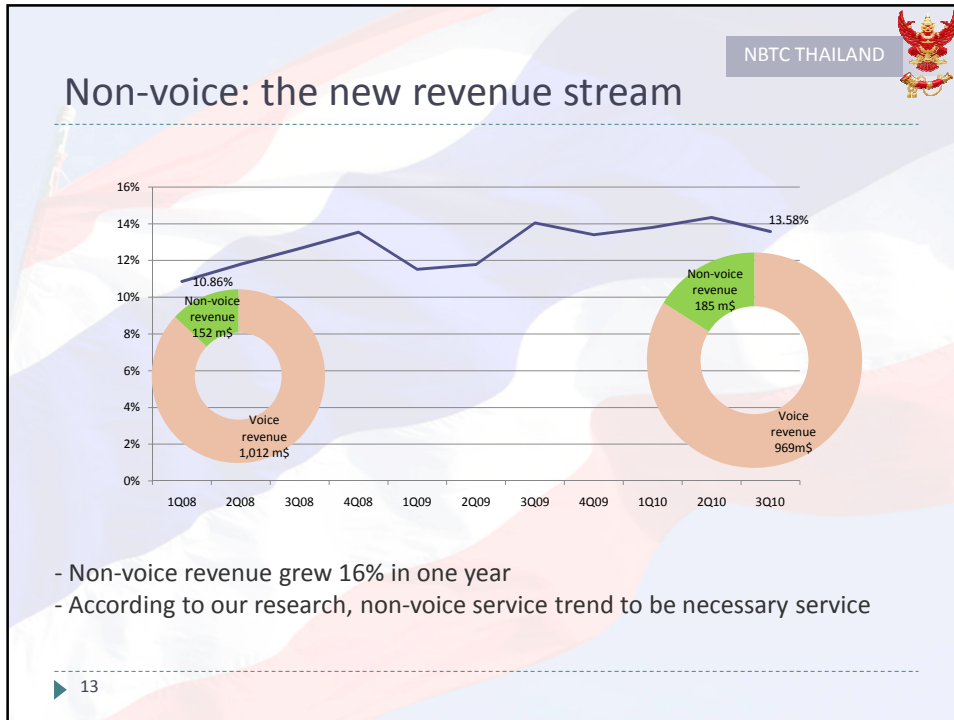
Market development - Growing Telecommunication Sector

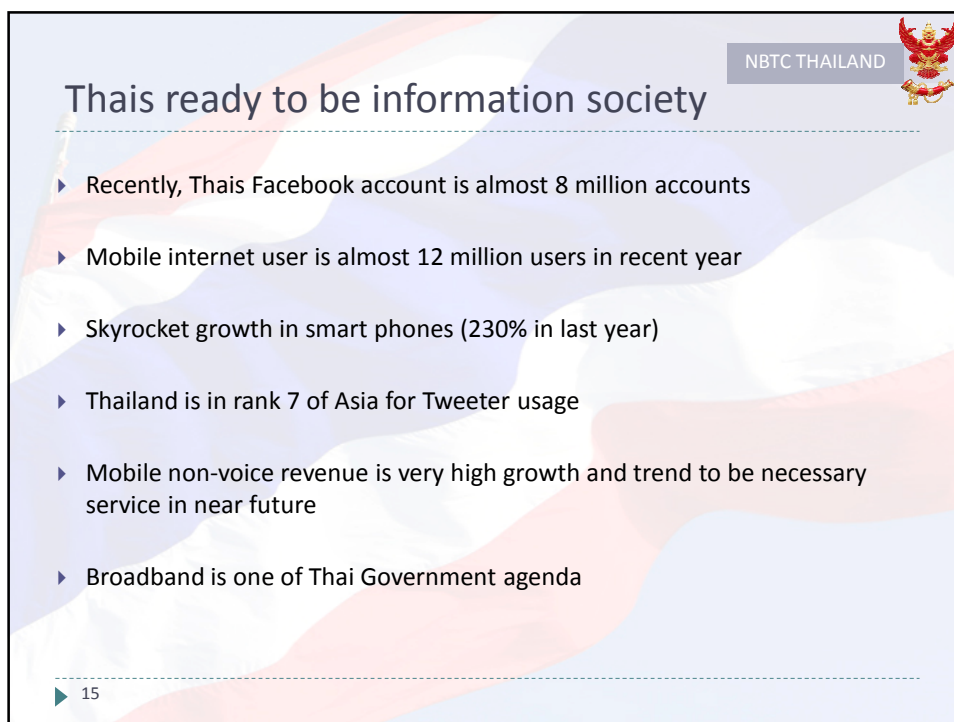
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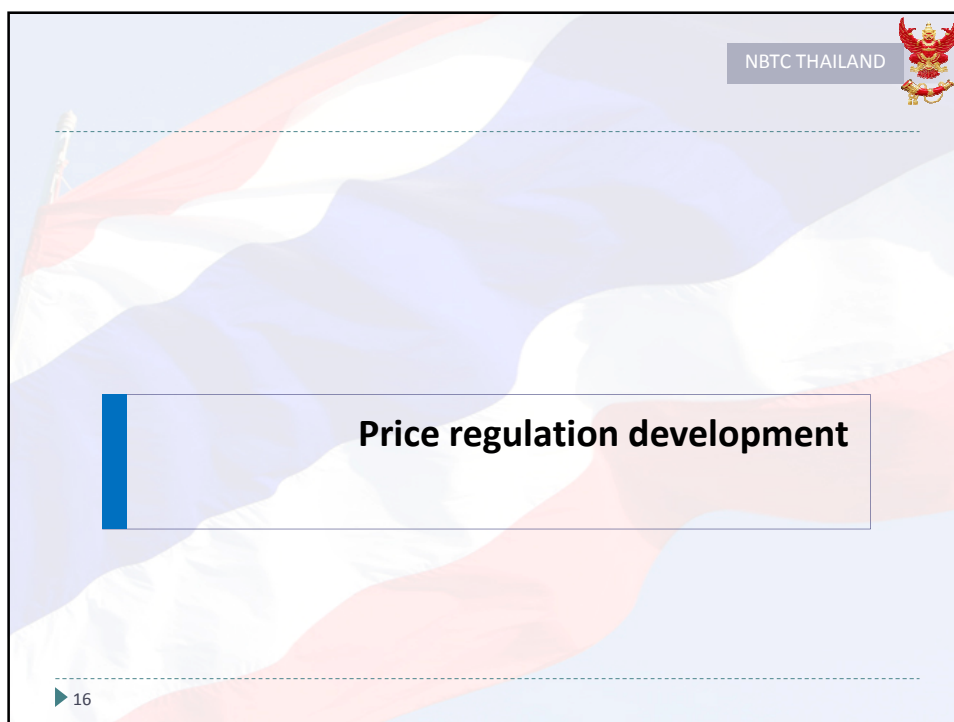



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Thais ready to be information society

- ▶ Recently, Thais Facebook account is almost 8 million accounts
- ▶ Mobile internet user is almost 12 million users in recent year
- ▶ Skyrocket growth in smart phones (230% in last year)
- ▶ Thailand is in rank 7 of Asia for Tweeter usage
- ▶ Mobile non-voice revenue is very high growth and trend to be necessary service in near future
- ▶ Broadband is one of Thai Government agenda

▶ 15



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Price regulation development

▶ 16

Retail price regulation development

Maximum rate notification


Discretionary **Rate of Return** Price cap Deregulate

Present

Steps of regulation

- (1) Regulate all telecom services
- (2) Focus only basic services – Fixed, Mobile, International, Internet
- (3) Focus on SMP operators
- (4) Begin with ROR regulation to ensure cost-based and fair rates of early stage of regulation
- (5) Moving toward price cap and deregulation approach

▶ 17

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Price trends in Fixed line service

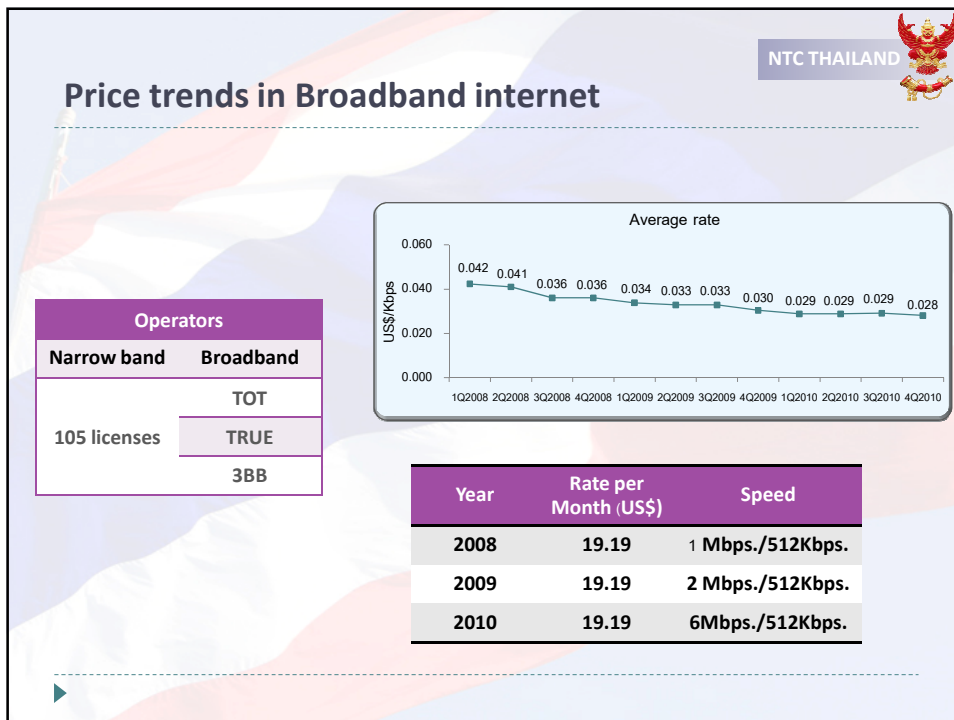
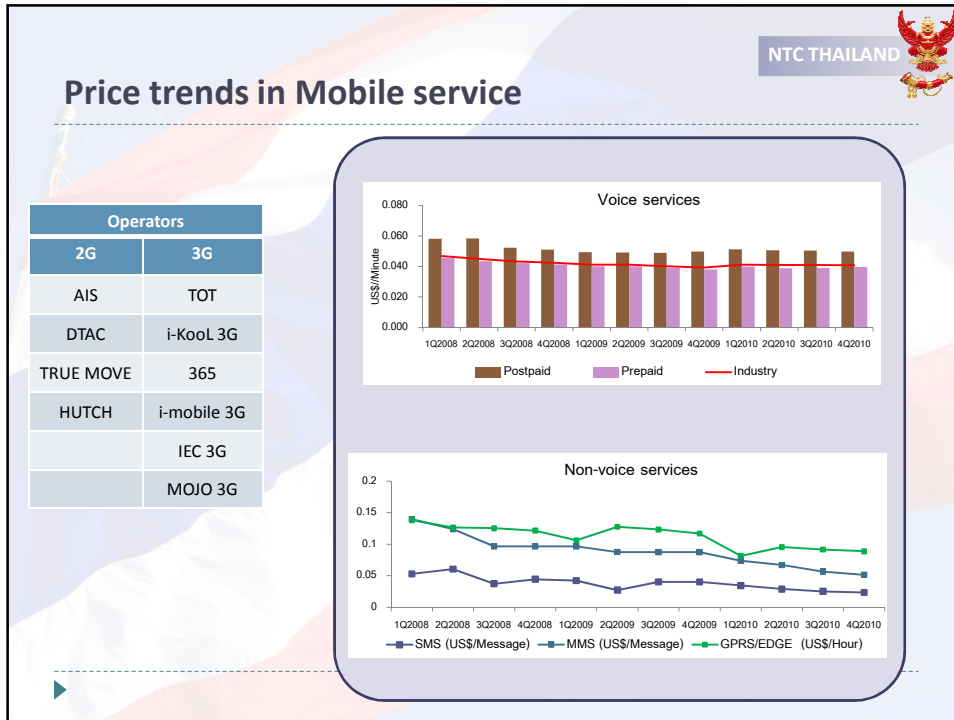
Operators	
TOT	Nation wide
TRUE	Bangkok and Metro
TT&T	Regional

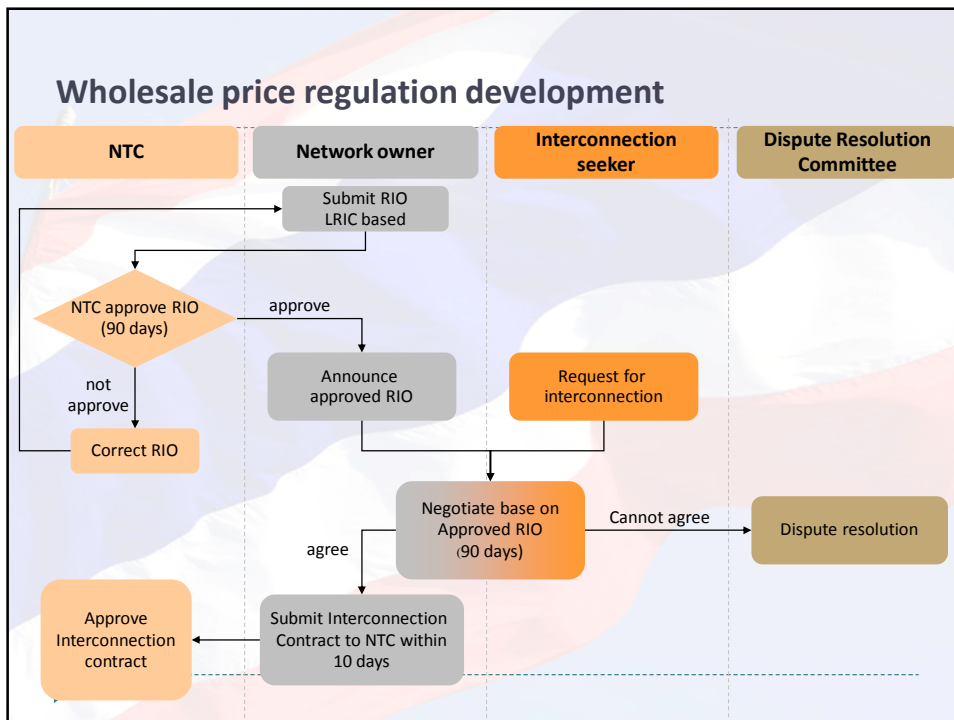
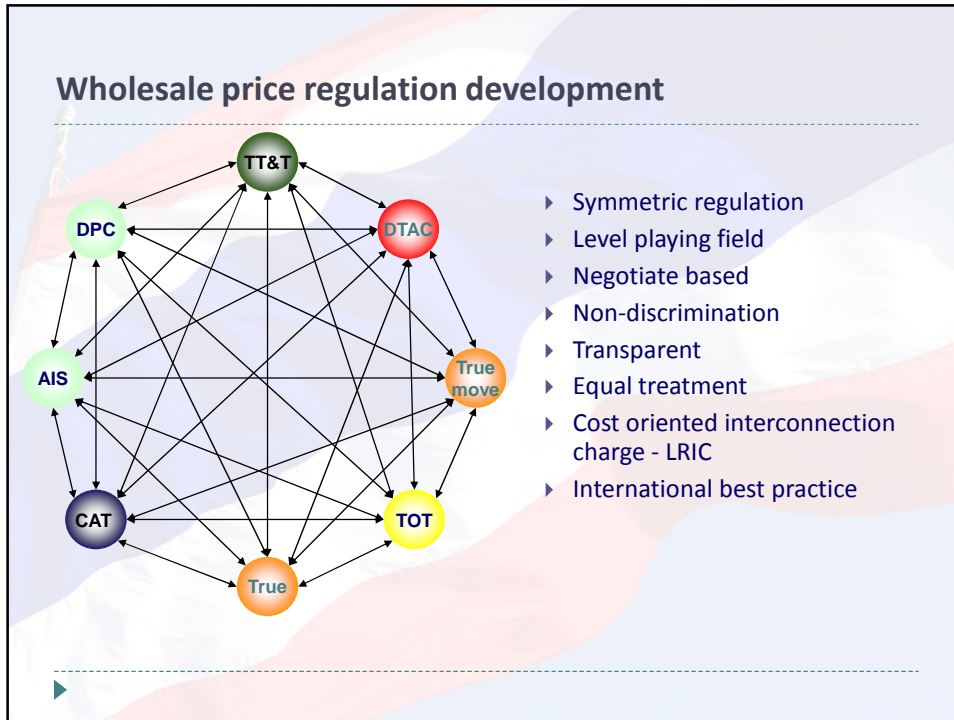
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ARPU

Quarter	ARPU (US\$ per Month per Users)
1Q2008	11.06
2Q2008	10.96
3Q2008	10.67
4Q2008	10.41
1Q2009	9.92
2Q2009	9.92
3Q2009	9.80
4Q2009	9.92
1Q2010	9.40
2Q2010	9.24
3Q2010	9.34

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Wholesale price regulation development

Interconnection charge (\$US)

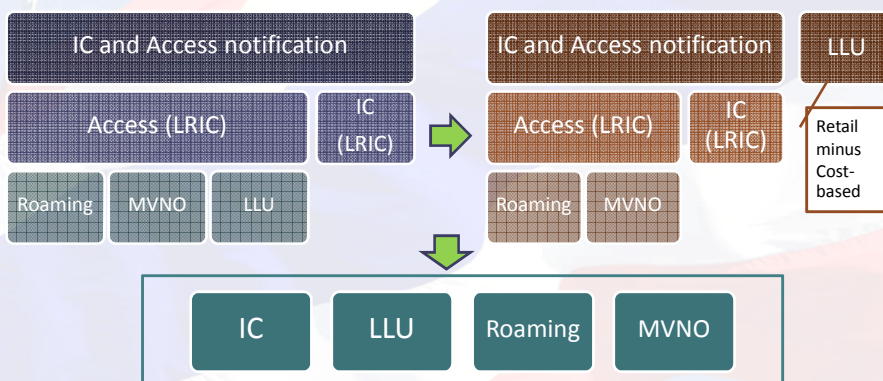
	RIO (2006)	Interim (2010)	% decrease
Fixed			
Termination	0.042	0.012	71%
Origination	0.100	0.016	84%
Transit	0.017	0.003	84%
Mobile			
Termination	0.036	0.017	53%
Transit	0.017	0.007	60%

Standard LRAIC calculation

- Efficient investment
- Current cost
- Economic asset life times
- Annualisation methodology (Tilted annuity)
- Suitable Opex and Common costs allowed




Wholesale price regulation development




More specific regulation
 Promote competition
 Balance between reduce barriers to market entry and encourage investment in network infrastructure
 Capture technology development and international best practice of regulation



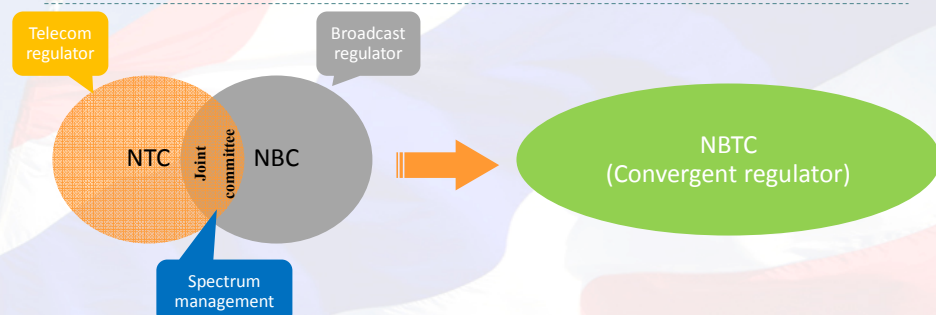
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Toward Convergent Regulator

▶ 25

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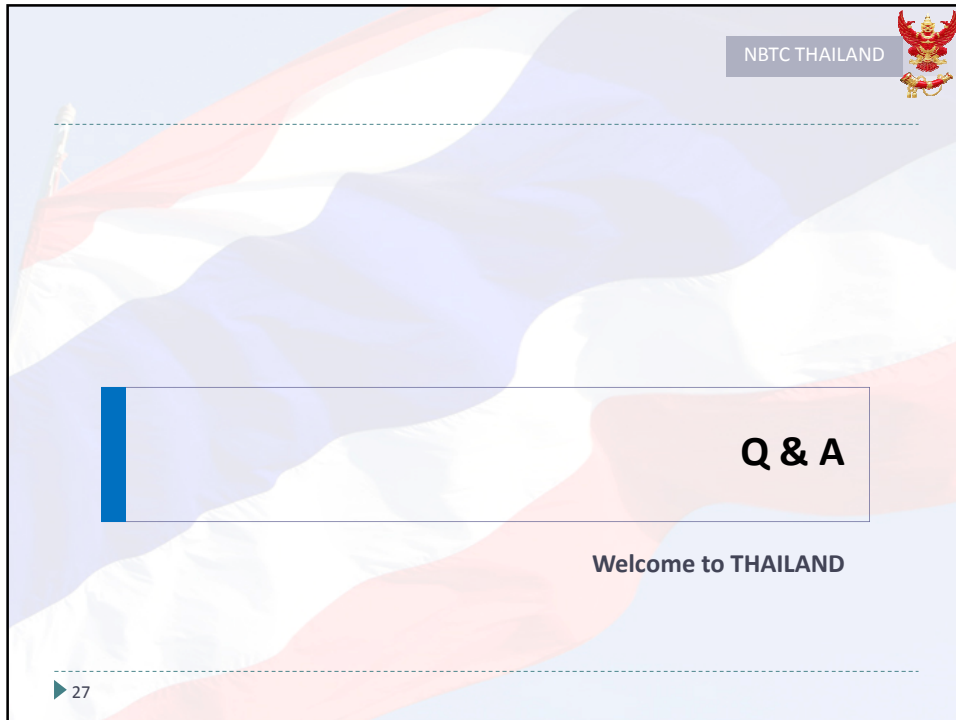
Toward convergent regulator




- NBC has not been established since 2000
- NTC has been established since 2004
- No new spectrum assignment for 10 years
- Broadcasting sector has not had independent regulator

- All in one organization
- Spectrum management
- Telecommunication regulator
- Broadcasting regulator

▶ 26



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Q & A

Welcome to THAILAND

▶ 27