

# UMTS in Poland

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# Programme

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- ◆ EC Directive regulations
- ◆ Telecommunications law in Poland
- ◆ Beauty contest or auction
- ◆ Present situation

## The main legal requirements for UMTS development in Europe (1)

- ◆ Directive 97/13/EC - April /97 on a common framework in most Member States for general authorisations and individual licenses in the field of telecommunications services supplementing the rules set out in Directive 90/388/EEC

## The main legal requirements for UMTS development in Europe (2)

- ◆ Decision 128/1999/EC - Dec.98 on the coordinated introduction of a third-generation mobile and wireless communication system (UMTS) in the Community

# The development of UMTS in Poland before and after 1<sup>st</sup> January 2001 (1)

- ◆ Telecommunications Act of November 1990
- ◆ Ordinance of the Minister of Posts and Telecommunications on the amount and manner of payment of license fees for the provision of telecommunications and postal services and on making tender documentation available of October 1995

# The development of UMTS in Poland before and after 1<sup>st</sup> January 2001 (2)

- ◆ Ordinance of the Minister of Post and Telecommunications on frequency allocation, frequency bands on the territory of Poland and the conditions for the use of frequency bands of December 1996
- ◆ Ordinance of the Minister of Posts and Telecommunications on the manner and conditions of tenders to determine which entities will be granted licenses for the provision of telecommunication services and permits for building and using telecommunications network and equipment of April 1998

## The development of UMTS in Poland before and after 1<sup>st</sup> January 2001 (3)

- ◆ Ordinance of the Minister of Posts and Telecommunications on the national numbering plan for public telecommunications network of June 2000
- ◆ Act of July 21, 2000 Telecommunications Law



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# Suggested tender procedures

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- ◆ Beauty contest
  - candidate qualifications
  - technical proposals
  - economic & financial offer
- ◆ Auction
  - the best price wins



## Beauty contest; preconditions of participation – assumptions (1)

- ◆ five participants
- ◆ validity of licenses – 15 years
- ◆ scope: provision of telecommunications services, including telephony services, in a mobile network on the basis of UMTS standard
- ◆ payments:
  - basic – 750 mln euro
  - possible additional payment (higher than basic) in the next stage of the tender



## Beauty contest; preconditions of participation – assumptions (2)



- ◆ Schedule of releasing frequencies - before December 31, 2001
- ◆ Schedule of handing over numbering resources— before November 1, 2001

## Beauty contest; preconditions of participation – assumptions (3)

- ◆ Allowed degree of cross-ownership (direct or indirect cross participation between tenderers taking part in the same UMTS tender) has been set at the level of 5%
- ◆ The system standards should be conform with the assumptions provided for by the ETSI documents and its working party –3rd Generation Partnership Project

## Beauty contest; preconditions of participation – assumptions (4)

- ◆ Operators of the 2G network taking part in the tender are obliged to provide roaming services to the UMTS operators who do not have 2G license
- ◆ The UMTS operators who have 2G license are not entitled to roaming between their UMTS networks

## Tender schedule (1)

- ◆ October 2, 2000; tender announcement
- ◆ October 3-5, 2000; purchasing tender documentation
- ◆ October 15, 2000; questions from entities purchasing tender documentation
- ◆ October 25, 2000; meeting of the tender committee and entities purchasing tender documentation

## Tender schedule (2)

- ◆ November 6, 2000; acceptance of offers
- ◆ November 27, 2000; final evaluation of offers
- ◆ November 29, 2000; announcement of the results of tender by the Minister of Post and Telecommunications
- ◆ Licenses issued before the end of December 2000

# Annulment of the beauty contest, December 2000 – reasons (1)

- ◆ Negative changes in international UMTS markets and unsuccessful tenders:
  - Italy - 23 October 2000; 10 billions euro; half of the sum expected by the government
  - Austria - 3 November 2000; 0,5 billions euro; one fourth of the sum expected by the government
  - Switzerland - 6 December 2000; 0,1 billions euro; 50 times less than the government expectation )



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## Annulment of the beauty contest, December 2000 – reasons (2)

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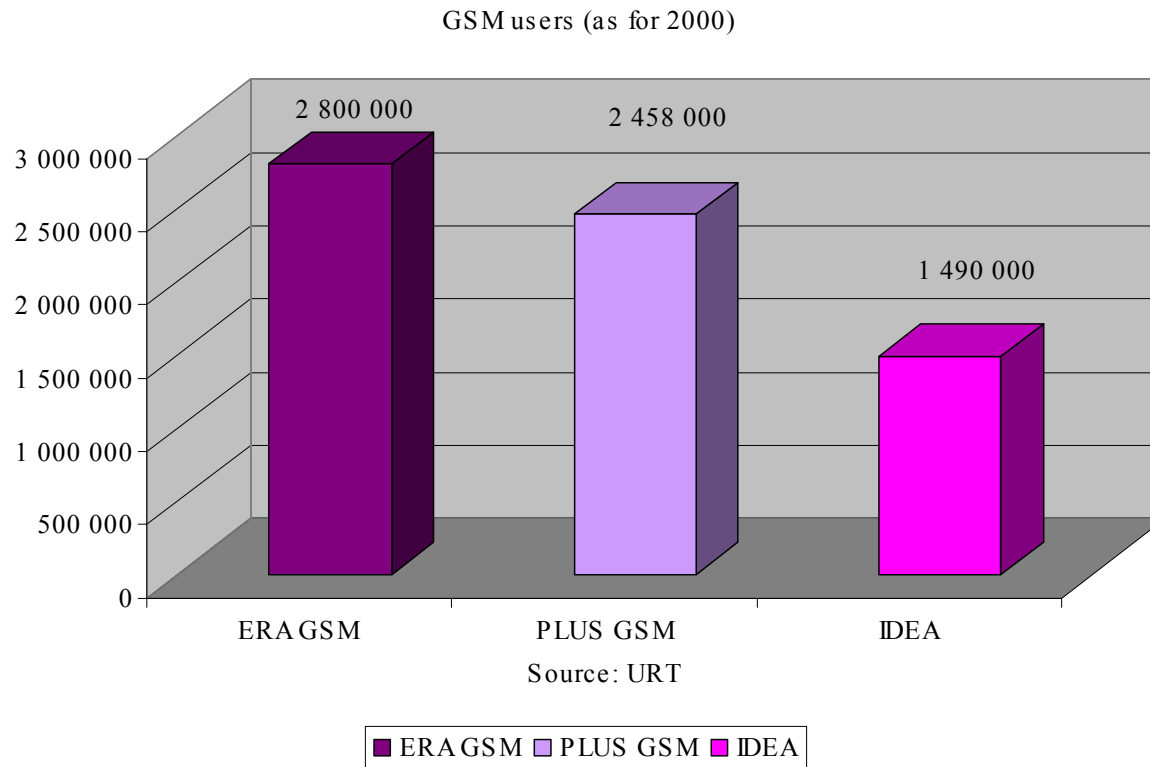
- ◆ Exceeding limits of operators borrowing
- ◆ Limiting the level of debts available for the financing of 3G projects



# Annulment of the beauty contest; results

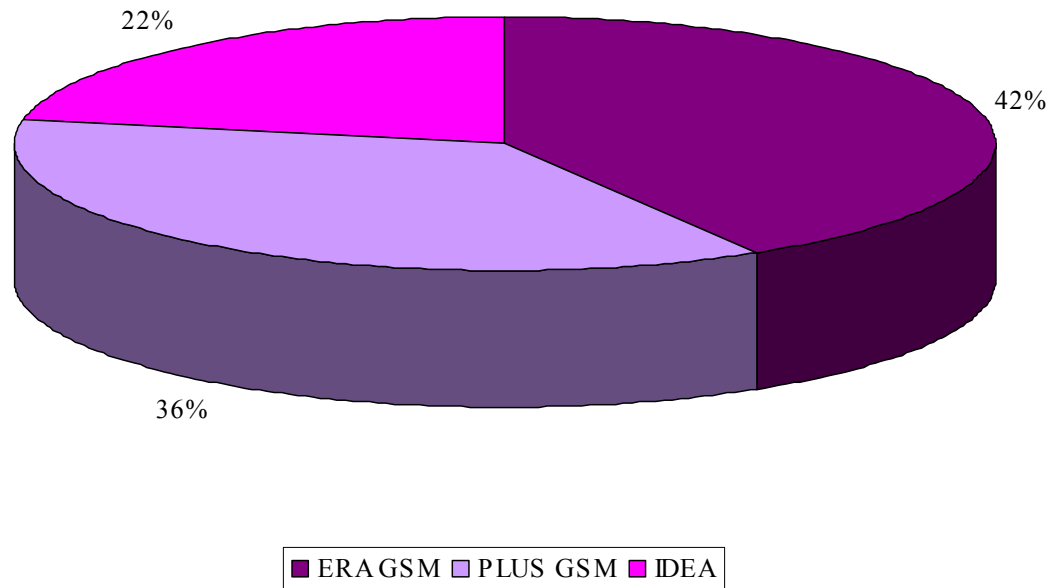
- ◆ Consequence
- withdrawal of all foreign operators from beauty contest, without the tender, and granting UMTS license to the existing GSM operators:
  - ERA GSM
  - IDEA
  - PLUS GSM
- one additional license can be issued at a later stage

# General background of GSM market (1)



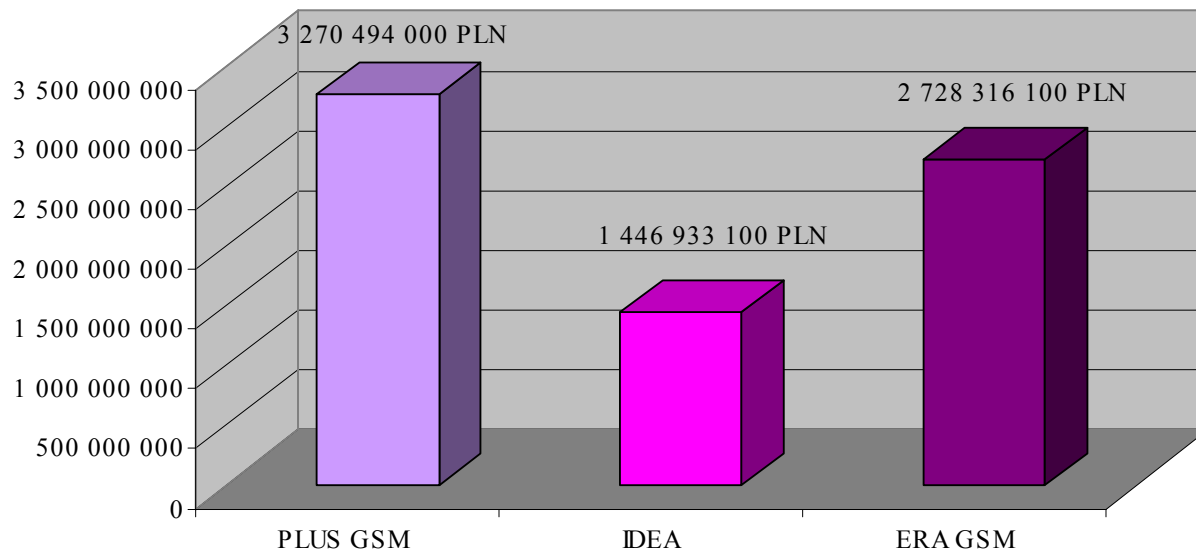
# General background of GSM market (2)

GSM users (as for 2000)



# General background of GSM market (3)

GSM operators income (as for 2000)

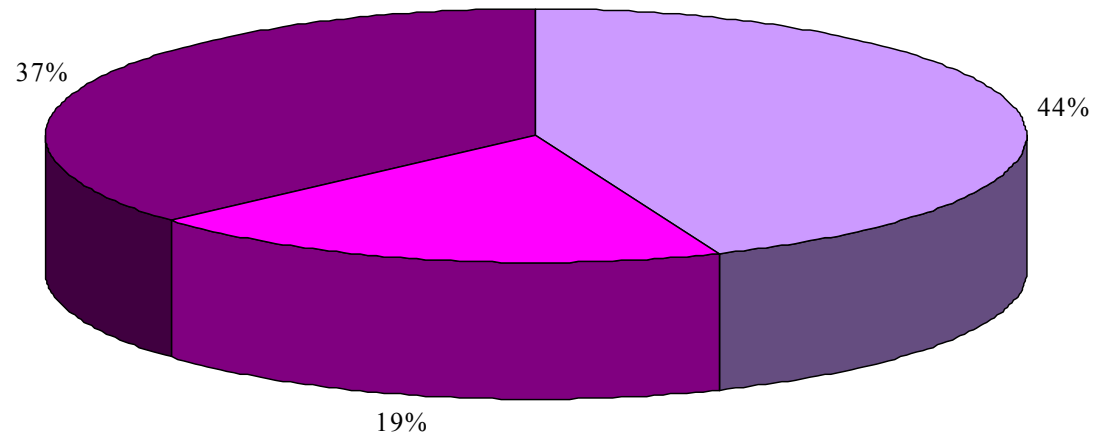


Source: URT

■ PLUS GSM ■ IDEA ■ ERA GSM

# General background of GSM market (4)

GSM operators income



■ PLUS GSM ■ IDEA ■ ERAGSM

# General background of GSM market (5)

## GSM users

<b>Operator</b>	<b>Users</b>	<b>Market share</b>
<b>ERA GSM</b>	<b>2 800 000</b>	<b>41,50%</b>
<b>PLUS GSM</b>	<b>2 458 000</b>	<b>36,42%</b>
<b>IDEA</b>	<b>1 490 000</b>	<b>22,08%</b>
<b>Total</b>	<b>6 748 000</b>	<b>100,00%</b>

# General background of GSM market (6)

## GSM operators income

<b>Operator</b>	<b>Income (PLN)</b>	<b>Market share</b>
<b>PLUS GSM</b>	<b>3 270 494 000</b>	<b>43,92%</b>
<b>IDEA</b>	<b>1 446 933 100</b>	<b>19,43%</b>
<b>ERA GSM</b>	<b>2 728 316 100</b>	<b>36,64%</b>
<b>Total</b>	<b>7 445 743 200</b>	<b>100,00%</b>

# General license conditions – final (1)

- ◆ fee for one license – 650 mln euro paid in 22 installments
- ◆ validity of single license – 22 years
- ◆ contents
  - provision of telecommunications services based on the European UMTS standard
  - permission for installation and the use of a telecommunications network
  - allotment of frequency in the 2 GHz frequency band



## General license conditions – final (2)

- ◆ License covers provision of telecommunications services through a cellular telephony network based on the European UMTS standard
- ◆ The permit covers installation and the use of a public telecommunications network which is a cellular telephony network based on the European UMTS standard

## General license conditions – final (3)

- ◆ Operations shall be performed in an area limited to the territory of the Republic of Poland
- ◆ The Operator shall commence operations:
  - of providing telecommunications services not later than 1 January 2004 but the operator has the right to start operating on 1 January 2003.
  - of installation and the use of the UMTS network on the date of receiving the UMTS license



THANK YOU



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