

- Spectrum pricing may be used as an incentive for efficient spectrum use, provided that these charges are fair, proportionate, transparent and competition neutral. They should mainly be motivated by cost-recovery and not by maximisation of revenue. The benefits, however, should be carefully weighed against the potential damage on the service.
- When selection of licensees is necessary because of lack of frequencies the administrative comparative approach should be preferred over auctions or lotteries. Auctions lead to high up-front fees, which will increase the tariffs for the consumers, slow down the development of new, innovative services, such as UMTS services, diminish the infrastructure investments and harm competition. Lotteries provide no assurance that a competent operator will be awarded a licence.
- Spectrum pricing as an instrument of taxation must be avoided, as it will have a direct negative impact on the growth of the telecommunications market and the general economy. Such a taxation will in the long run diminish the total income for the State. High market values should be an incentive for regulators to find more spectrum, which will benefit the public more than excessive transfers of money to the public funds.
- Taking into account that the UMTS market is still at a very early stage of development, any regulatory actions regarding UMTS spectrum should be aimed at encouraging investments in UMTS systems. The UMTS business case study indicates that high fees will have a negative impact. Large downpayments at the beginning of the licence period should be avoided, in favour of charges related to the use of the system, like royalty or annual fees.
- Due consideration should be given to the particular global nature of satellite systems when seeking to establish a suitable mechanism for defining licensing costs and spectrum pricing for the UMTS satellite component.