

Thai Telecommunications Market

Sector Development

Thailand is ranked favorably in terms of ICT Development in comparison with its peers in the Asia and South-East Asia region. According to the ITU, In 2013 Thailand was ranked 81 out of total 166 with an ICT Development index ('IDI') score of 4.76, placing it ahead of Vietnam, the Philippines, Indonesia, Sri Lanka, Columbia, India, Laos, Bangladesh and Myanmar, but below Singapore, Brunei and Malaysia (see Table 2.2). The country had moved up almost 15 positions compared to the previous year's ranking.

Thailand is similarly ranked according to the ITU's ICT price basket when compared to other Asian and South-East Asian Countries (see Table 2.3). This is indicative of the success of Thailand's reform process over many years, including the facilitation of market entrants, the establishment of an effective spectrum management framework and a commitment to open and transparent processes.

Thailand's Telecommunications Licensing Framework

Mobile services in Thailand first started under the concession system in the early 1990s. The structure of the market was determined by the Build, Transfer and Operate (BTO) agreements negotiated between the private operators and the two state-owned enterprises CAT and TOT. Under the BTO regime, CAT and TOT would permit the private operators to build and operate a telecommunication network in order to provide services to the public, in exchange for concession payments to the state-owned enterprises. At the end of the concession period, ownership of the network would be transferred to CAT and TOT.

In 2005, the Office of the NTC was established as an independent regulator of the telecommunications sector. in an effort to liberalize the sector by introducing the licensing system. However, there was still no additional frequency allocation for mobile services then. Later on, the Act on Organization to Assign Radio Frequency and to Regulate the Broadcasting and Telecommunications Services B.E. 2553 (2010) was established, which stipulates that spectrum licenses must be issued via

auctions only. The Office of the NBTC (formerly the Office of the NTC) held the country's first spectrum auction, for the 2.1 GHz spectrum, in 2012. Around the same time, the different BTO contracts between the private operators and state enterprises began to expire starting in 2013. By law these spectrum must be returned to the NBTC to be re-allocated through the auction process.

Key Market Trends

Mobile services are the dominant form of telecommunications in Thailand, with mobile subscriber numbers and penetration rates continuing to rise. Fixed telephone services, while still prevalent in metropolitan and urban areas, are in decline, indicating that many households are moving away from fixed services in favor of mobile, particularly in rural and regional areas.

Since 2008, the number of mobile subscribers in Thailand has grown from 61.8 million to 97.1 million at the end of 2014 (a compound annual growth rate (CAGR) of approximately 7.8% per annum). Broadband services have experienced a similarly rapid rise. Broadband subscribers have increased from 2.4 million in 2008 to 5.7 million in 2014 (a CAGR of 15.3% per annum). On the other hand, fixed telephone subscriptions have fallen from 7.4 million in 2008 to 5.7 million in 2014 (a CAGR of -4.3% per annum)