



Hong Kong and Singapore: Two models of telecommunications regulations?

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ABSTRACT

This article examines how telecommunications regulation in Hong Kong and Singapore has evolved since 1970s and in particular, how the boundaries between the telecommunications and broadcasting sectors have been increasingly blurred as the two cities have responded to technological convergence. By analysing the telecommunications regulation development in Hong Kong and Singapore, this article argues that technological convergence has not necessarily led to identical models of telecommunications regulation. Rather, the authors demonstrate the differences existing in the areas of sector-specific regulation, multiple regulators and competition law, in spite of the fact that in recent years, the government role has become increasingly similar in these two Asian cities.

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1. Introduction

Technological convergence, in the form of digitalization and integration of communications services, has increasingly emerged as a global phenomenon in the communication industries (Mueller, 1997). Although over the past decade it has been regarded as a buzzword lacking clear definition (OECD, 1992; Lind, 2004), technological convergence has, nevertheless, become one of the most important driving forces transforming the global communications landscape with an unprecedented speed and scale and, according to some academics, representing the crux of the information society (Marsden and Verhulst, 1999).¹ Other scholars have defined technological convergence as an advancement of digital technologies which would eventually lead to the elimination of borders across industries and to various forms of market convergence (Fransman, 2000; Lind, 2004). Within the telecommunications sector, the perception of technological convergence has been equally diverse since many operators have used the concept to describe a variety of changes taking place in technology, service, industry structure and government policy without really understanding its exact meaning (Nystrom, 2007).

However, the OECD (1992) defined technological convergence as a continuing process which includes technological integration, content integration, the creation of new services, and subsequent organizational and 'cross-sectoral' convergence. These technological changes have resulted in the blurring, or even breakdown, of natural boundaries separating the telecommunications, broadcasting and internet industries.

Alongside these changes at the levels of technology and industry, scholars are also concerned with the implications for government policy and regulation. Some studies (Mueller, 1997; European Commission, 1997) have predicted that a

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¹ See for example, Marsden et al. (1999). Convergence in European Digital Television Regulation. Blackstone Press Ltd., UK, p. xxv and several discussion papers published by European Commission.

convergence of communications industries creates regulatory problems and policy conflicts because communications regulations in many countries are still under 'sector-specific' models in which telecommunications and broadcasting operators are regulated under different principles, policies and laws.

With this ongoing development on technological convergence, studies have envisaged that the developed countries will move towards a greater policy harmonization in the long run especially under the forces of international competition, globalization, regional integration and the de-regulation of domestic economies on national structure (Ohmae, 1990; OECD, 1992; KPMG, 1996; Berger and Dore, 1996; European Commission, 1997; Drucker and Gumpert, 2000). Technological convergence has, therefore, acted as the 'push' factor while the promise of an information economy was the 'pull' factor which has encouraged the nation-states to take 'pro-active' steps to remove all regulatory barriers in order to facilitate a complete convergence of the communications industries (European Commission, 1997; OECD, 1992). Those people holding an optimistic view have argued that nation-states will formulate similar policy objectives and responses when dealing with similar policy issues (Narula, 1998, p. 101; Presner, 1991, p. 153). As Levy (1999, p. 123) has pointed out, even developed jurisdictions count on the policy directives of the more powerful nations, that is, international best practices, and international cooperation, having foreseen that telecommunication liberalization will also extend to the wider communication sector.

However, Humphreys and Simpson (2005) argued that the nature and direction of regulatory change are only major 'dependent' variables that are subject to the influence of various 'independent' variables like the state policy towards liberalization, state responses towards international regulatory competition and the presence of 'intervening' variables such as strong regional institutions like the European Union which actively promotes a 'harmonized' European regulatory response to the challenge of technological convergence.

This topic of regulatory harmonization is worthy of exploration because several questions are relevant: firstly, how did different places interpret and respond to the phenomenon technological of convergence? Secondly, has regulatory harmonization occurred in such Asian cities as Singapore and Hong Kong? Thirdly, what aspects of the regulatory regime of these two cities places have converged and what other aspects have remained separate?

In attempting to answer these questions, this article compares and contrasts the policy responses of these two Asian cities in dealing with the regulatory issues arising from technological convergence. While certain issues of policy assimilation have arisen and the regulatory gap between the two places has become narrower than before, we argue that technological convergence has not led to an overall policy harmonization or an identical mode of regulatory paradigm. Rather, technological convergence needs to be negotiated with the special political, economic and social conditions of the two cities.

Hong Kong and Singapore invite comparison as both are free-trade centres with 'pro-market' characteristics in their economic systems. Having similar size and population, both are former British colonies, sharing an English tradition of law and public administration but with a predominantly Chinese population. Without any natural resources to count on, these two 'Little Asian Tigers' needed to integrate deeply with the world economic system and respond swiftly to the global market. Moreover, both cities were hard hit by the Asian Financial Crises of 1997 and 1998, during which they faced similar pressures to join the global bandwagon of information technology development in order to 'revitalize' their economies. The regulatory challenges posed by technological convergence were particularly relevant here as both cities needed to revamp their regulatory regimes to promote the development of an information society (Burdon, 2006). They thus faced similar pressures of liberalization and de-regulation of local communications markets in order to remain competitive in the global economy.

However, these cities also represent two 'ideal' but different types of government-market relationship: one favours minimal government intervention and the other prefers high-handed government involvement because of different governance styles and political traditions. In other words, Hong Kong is executive led and enjoys access to a high degree of information, whereas Singapore is characterised by an authoritarian regime with a tight control of information flow (Rodan, 2004). As a result, it will be interesting to contrast their divergent responses in dealing with similar global techno-economic challenges.

Despite these differences, the two cities, as already indicated, are close to each other economically. They are both trading partners as well as regional competitors.² As the former Singapore's Consulate General in Hong Kong once stated, Singapore would see how Hong Kong dealt with governance problems, and, in turn, Hong Kong would keep a close eye on how Singapore tackled regulatory issues. Thus few significant policy and legislative changes took place without cross-reference being made (Metcalfe, 1998).

Thus, the development of telecommunications regulation in Hong Kong and Singapore in the convergent era can be analyzed under four headings: the role of government, multiple regulators, sector-specific regulation, and general competition law since all these four dimensions are under strong pressure of reform. As argued by the globalization theorists, liberalization and de-regulation along these dimensions, are regarded as 'international best practice' by the 'pro-active' regional institutions like the already quoted European Commission (1997) when dealing with technologies and market convergence. Therefore, jurisdictions concerning international competitiveness in the telecommunication industries will embrace similar degrees of regulatory harmonization. We will therefore use these four areas in a comparative analysis of the regulatory reforms undertaken in these two Asian cities.

² For example, the fight for the ownership control of the previous incumbent telecom operator, Hong Kong Telecom was one remarkable open rivalry between these two cities. See The Editorial (2000). *Hong Kong Economic Journal*, 8 March, p. 1 (in Chinese).

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