

Telecommunications - Taiwan

Fourth-Generation Technology at a Crossroads: WiMAX or LTE?

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Taiwan's three dominant mobile operators - Chunghwa Telecom, Fareastone and Taiwan Mobile - have confirmed plans to incorporate Long-Term Evolution (LTE), an eye-catching new technology, into their second-generation and third-generation systems. However, the government and network-equipment manufacturers still seem positive about the prospects for the Worldwide Interoperability for Microwave Access (WiMAX) industry. Despite hesitation among those WiMax operators that received construction permits from the National Communications Commission (NCC), Tatung Telecom announced that it will launch WiMAX services by the end of 2008 - albeit in a remote area outside Taiwan island. The WiMAX industry is not yet well established and the cost of base stations is still high, according to FITEL Telecom, another licensed WiMAX operator, which recently filed for a court protection order and company restructuring due to financial difficulties. Capital funding shortages have been a serious problem and may be the only reason why most licensed WiMAX operators have postponed their schedule for service delivery until the third quarter of 2009. The NCC is showing little sympathy to WiMax operators, however (for further details please see "[NCC Bans WiMAX Business Spin-Off](#)"). Local industry has been alert to the possibility of a shift in the prevailing technology for the next decade.

Given that Chunghwa Telecom had previously made a conservative bid for a WiMAX licence and that the NCC had rejected its investment plan for Global Mobile Services (for further details please see "[NCC Rejects Chunghwa Telecom's Acquisition of New WiMAX Operator](#)"), the new chairman of Chunghwa's board, Mr Lu Shyue-ching, announced the accelerated deployment of next-generation technologies, including the next-generation network for the fixed-line infrastructure and fourth-generation (LTE) technology, between 2011 and 2013. It is expected that the investment needed to roll out an LTE network will total between US\$6.4 billion and US\$9.6 billion, a Chunghwa representative has indicated. Lu believes that this technological evolution will afford a real opportunity for Chunghwa to grow over time. Although the LTE system has not yet entered the pilot stage, Lu has emphasized that Chunghwa must ensure it has the technology ready. Fareastone and Taiwan Mobile have announced similar plans with regard to LTE in response to press enquiries.

The Taiwan government and Intel, the world's leading equipment vendor, have forged an alliance in developing WiMAX. However, players that have followed in their footsteps in developing WiMAX products are now approaching a crossroads at which they will need to re-evaluate their deployment strategy for fourth-generation technology. Incumbent telecommunications operators are turning their backs on WiMAX and seeking to embrace LTE - although the government is maintaining its position on WiMAX development and honouring its agreement with Intel.

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