

## Media & Entertainment - Taiwan

### NCC policy on converged digital services

Contributed by [Shay & Partners](#)

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The Digital Convergence Development Policy, announced by the Executive Yuan in July 2010, identified goals to be reached by 2015 in order to turn Taiwan into a leading market for converging digital broadband services not only in the Asia Pacific region but globally. Under the policy, by 2015 Taiwan expects 80% of national households to be equipped with broadband service coverage at 100 megabits per second and to have achieved 50% nationwide coverage of digital cable television (for further details see "[Taiwan to implement digital convergence policy](#)"). This target appears to be overly ambitious given that the national digital cable television rate is currently 5%. There are around 6 million households with televisions in Taiwan and 85% of those have cable television. Chunghwa Telecom - Taiwan's largest telecommunications provider – has so far connected to around 10% of households with televisions by offering its wall-gardened Internet Protocol television (IPTV), multimedia-on-demand service. As such, not enough pressure has been created under the existing market conditions to encourage customers to upgrade to digital cable television and thereby move into a digital era.

Presently there are 51 small cable television franchise areas in Taiwan, most of which are controlled by monopolies. In order to implement the dual policy goals of market competition and digitalisation, the National Communications Commission (NCC) plans to cut the number of cable television franchise areas to match the number of local administrative areas (ie, counties and metropolises) in 2011. The commission intends to introduce more competition into the converging television service market, not only through the rezoning of digital cable television franchises, but also through the introduction of tiered service packages. At present, cable subscribers must pay a monthly fee of between NT\$500 and NT\$600 for over 100 analogue television channels. The NCC aims to introduce a system of tiered digital cable television services, whereby the basic package is cheaper and offers between 40 or 50 popular channels (to be selected by the respective local administrations), while various other packages including different combinations of the remaining channels are available to subscribers.

Existing multiple system operators have cautiously welcomed the NCC's policy-driven measures, but have requested further deregulation on price capping and on limitations on business expansion. In contrast to Chunghwa Telecom's deployment of its IPTV services in the national market, digital cable television operators are subject to a statutory limitation whereby they can do business with a maximum of one-third of Taiwan's cable subscribers. Digital convergence is driving digital cable television operators in Taiwan to offer triple-play services: television, broadband and cable telephony. As yet, no profit has been derived from offering such services. The NCC is playing hardball against digital cable television operators in order to achieve its stated goals but has given market players little incentive to promote digital deployment in the converging communications infrastructure.

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