

## Telecommunications - Taiwan

New fixed and mobile service pricing plans about to launch

Contributed by [Shay & Partners](#)

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On March 30 2011 the National Communications Commission confirmed a unified rate of telephone calls from offshore islands (including Kinmen, Matsu, Wuciou and Penghu) to anywhere on the Taiwanese mainland as proposed by Chunghwa Telecom – the largest local and long-distance telephone company in Taiwan. This is the first step in achieving the goal of 'unified rate' calls nationwide, which means that there will be no more long-distance calls in Taiwan. The commission announced that the new measure will come into effect from January 1 2012.

In February 2011 the commission mapped out the latest pricing plans including the second phase of its price-cutting policy (for further details please see "[NCC to implement tariff cuts regime](#)") and nationwide unified pricing plan to reduce or eliminate the difference between the cost of local-to-mobile, local-to-local and local-to-long-distance calls. The commission will revise the Regulations Governing Fixed Network Business and the Regulations of Telecommunication Numbers to adapt to the new measure. After the implementation of a nationwide unified pricing plan, the commission will cancel the current long-distance rates and raise local call rates.

Chunghwa has 12.4 million local phone subscribers, which account for 97% market share and an annual turnover of NT\$30 billion for local calls and NT\$7 billion for long-distance calls. According to a report submitted by Chunghwa to NCC, the new measure will impact Chunghwa's annual revenue by about NT\$3.5 billion. The commission has thus proposed several programmes to the Executive *Yuan*, including investment tax credits and subsidies or grants, to compensate for losses that Chunghwa could suffer.

The fixed-network telecommunication business pricing plan is shown below:

	Old plan	New plan
<b>Local calls</b>	NT\$0.53/per minute NT\$0.33/per minute off-peak	NT\$0.53/per minute NT\$0.33/per minute off-peak
<b>Long-distance calls</b>	NT\$1.98/per minute	This category will be cancelled and there will be no difference between local and long-distance

In addition, the commission has formulated an annual rate-reduction plan, which covers the three dominant market players (Chunghwa, Taiwan Mobile and Far Eastone), in order to cut nationwide mobile telephone service rates above 4.04%, while fixed-network communication service fees shall be cut at least 3.86% as opposed to 4.826% the commission has previously required from April 1 2011. This price-cutting scheme will be followed by a price cap formula for which the commission sets the adjustment rate and calculates the value of the Production Efficiency Index.

The decreasing amplitude of mobile and fixed-network communication service rates is shown below:

	<b>Chunghwa</b>	<b>Taiwan Mobile</b>	<b>Far Eastone</b>
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ADSL circuit fee	3.89-4.04%		
Long-distance calls	3.86-4.26%		
Post-paid (2G to different networks and local calls)	4.043-4.145%		
Pre-paid (2G to different networks and local calls)	4.063-4.167%		
SMS (2G post-paid and pre-paid)	4.041-4.044%	4.04%	
Post-paid (mobile-to-local calls)		4.04%	4.041-4.255%
Post-paid (mobile to different networks)		4.04%	4.041-4.255%
Pre-paid (mobile to different network and local calls)		4.07%	4.050-4.150%
SMS (post-paid to pre-paid)			4.041-4.048%

In addition to the voice rate, some mobile telephone players have argued that mobile Internet access fees should be further relaxed. Currently, most mobile companies adopt the 'all-you-can-eat' rate of mobile internet without any differentiation of Internet speed. According to the chief operating officer of Taiwan Mobile, mobile operators would like to provide tiered pricing plans in light of different internet connection speeds while they actively construct the HSPA+ networks. However, mobile companies will not implement a tiered pricing mechanism before obtaining prior approval by the commission.

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