

Telecommunications - Taiwan

NCC requires functional separation in Chunghwa Telecom

Contributed by **Shay & Partners**

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Further to its efforts to introduce functional separation in Chunghwa Telecom in the latest amendments to the Telecommunications Act, the National Communications Commission (NCC) reaffirmed its decision on February 20 2013 and again submitted a legislative proposal to the Executive *Yuan* for approval.

In May 2012 the NCC disclosed an amendment to the existing Telecommunications Act for public comment which will grant the NCC a mandate under the act to compel Chunghwa Telecom to separate some of its functions, so that its network access arm becomes an independent business unit providing rental services to all telecommunications operators – including, of course, its rivals (for further details please see "[Chunghwa Telecom opposes amendments to the Telecommunications Act](#)").

The draft failed the review conducted by the Executive *Yuan* in October 2012. At the time, the government held a direct shareholding of around 30% in Chunghwa Telecom. When a new commission was appointed and took office in August 2012, it was widely suspected that the NCC might take a very different view towards Chunghwa Telecom's dominant power in the fixed-line market. It now seems that the story is not new at all, however.

In its recent decision the NCC has reiterated its commitment to imposing antitrust measures on Chunghwa Telecom. It proposes alternatively that Chunghwa Telecom should always offer equal prices for the provision of access and circuit leases among its business units, as well as to rival competitors, if functional separation is not approved by the Executive *Yuan*.

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