

Telecommunications - Taiwan

NCC invites public consultation on solutions to fix network monopoly

Contributed by **Shay & Partners**

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To prepare a new Communications Convergence Act (for further details please see "[New Communications Convergence Act Planned for 2014](#)"), the National Communications Commission (NCC) conducted a public consultation on its website between December 25 2013 and January 8 2014 regarding issues such as fixed-line bandwidth competition and last-mile equal access. On January 13 2014 the NCC organised a hearing to which all relevant telecommunications operators were invited to convey their opinions.

The NCC released a 26-page document on background and pending issues which sets out all kinds of operation figures for the fixed-line communications market in the past decade and provide competitive analysis. This document also outlines regulatory issues against the background of broadband service competition arising from cable television digitalisation in order to solicit feedback from relevant operators and consumer groups.

The NCC has summarised the main factors behind the failure of regulatory measures to promote competition in the fixed-line communications market. Since the local voice-service market for fixed-line communications is saturated, there is no incentive to attract new operators to invest in infrastructure to participate in competition.

In spite of service differentiation in the broadband-access market, which has encouraged new operators to invest in and develop relevant infrastructure to provide faster broadband services, new operators are still not granted free right of way under the Telecommunications Act. In addition, few government resources have been committed to last-mile network construction and there has been no government assistance with eliminating difficulties in last-mile network construction. Significant difficulties also face new operators in developing their own subscriber lines, pipelines and networks (due to lengthy application and deployment times and high sunk costs). They are therefore unable to compete with Chunghwa Telecom, which is the dominant market player in the broadband leased-line market.

Although cable television digitalisation can facilitate high-speed broadband services, it cannot compete with Chunghwa Telecom on all fronts due to the legal restriction on franchise areas imposed to prevent market concentration. Due to the lack of more reasonable equal access mechanisms to accompany co-location, new entrants are unwilling to increase their investment in network deployment. Therefore, Chunghwa Telecom continues to monopolise the local-fixed line network market.

The NCC continues to propose that Chunghwa Telecom implement functional and structural separation as a solution to this issue and recommends that Chunghwa Telecom consider the arrangements that it will voluntarily provide. However, Chunghwa Telecom does not support the proposal or recommendation and its labour union representatives and management voiced opposition to the NCC's proposal during the January 13 2014 hearing.

The NCC has yet to confirm whether it will submit a complete draft convergence act to the Executive Yuan in February 2014.

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