

Telecommunications - Taiwan

Huawei's 4G dilemma

Contributed by **Shay & Partners**

June 11 2014

On April 30 2014 the National Communications Commission (NCC) issued 4G licences to three mobile broadband (4G) operators – Chunghwa Telecom, Taiwan Mobile and FarEasTone. Taiwan Star Telecom and Asia Pacific Telecom also received construction permits. Ambit Microsystems Corp, which is the only operator still waiting for the outcome of the NCC's review, applied to use base stations and 4G system equipment produced by Huawei on March 11 2014, but the application was shelved by the NCC pending consultation with national security agencies.

The Transportation Committee of the Legislative Yuan resolved on October 17 2013 to request that the NCC impose a comprehensive ban on all China-made network equipment proposed by 4G operators for system construction.

The NCC has openly urged 4G operators that branded companies from China should not be the only sources of base-station equipment, and that not using Chinese brands will not affect the construction schedule of operators.

So far, it is known that:

- Chunghwa Telecom uses equipment produced by Ericsson and Nokia;
- Taiwan Mobile primarily procures equipment from Nokia;
- FarEasTone's 4G equipment is supplied by Ericsson;
- Asia Pacific Telecom uses Alcatel-Lucent equipment; and
- Taiwan Star procures equipment from Nokia.

Ambit Microsystems plans to complete the construction of 6,000 base stations and develop the network infrastructure within two years to commence operation by the third quarter of 2015. However, it is also the only operator which has specifically indicated in its application that it will use 4G equipment supplied by Huawei of China.

Ambit Microsystems is a telecommunications enterprise invested in and operated by the Hon Hai/Foxconn Technology Group. According to Hon Hai, the NCC prohibited only the procurement of China-made products for core mobile broadband network equipment and did not restrict the use of China-made products for base stations. On May 8 2014 Terry Gou, chairman and founder of Hon Hai, openly complained that the NCC had failed to provide a detailed written explanation regarding the legal basis for prohibiting Ambit Microsystems' use of base-station equipment manufactured by Huawei. He has said that the government cannot prohibit his company from using Huawei's products simply by insinuating national security concerns. He emphasised that it is confusing why Huawei's equipment cannot be used, given that the equipment's chips are supplied by Taiwan Semiconductor Manufacturing Corp and are assembled in Taiwan.

In response to Gou's challenge, the NCC has stated that the review of Ambit Microsystems' application for base-station construction permits will be extended by two months, and a decision on whether to issue the permits is expected by July 11 2014.

*For further information on this topic please contact **Arthur Shay** at Shay & Partners by telephone (+886 2 8773 3600), fax (+886 2 8773 3611) or email (arthur@elitelaw.com). The Shay & Partners website can be accessed at www.elitelaw.com.*

The materials contained on this website are for general information purposes only and are subject to the [disclaimer](#).

ILO is a premium online legal update service for major companies and law firms worldwide. In-house corporate counsel and other users of legal services, as well as law firm partners, qualify for a free subscription. Register at www.iloinfo.com.

Author

Arthur Shay



Online Media Partners

© Copyright 1997-2014 Globe Business Publishing Ltd

