

Taiwan to Grant Telephone Numbers to VoIP Services

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After a lengthy consultation period and discussion regarding initiation of regulations relating to Voice over Internet Protocol (VoIP) services, the Directorate General of Telecommunications (DGT) has finally decided to grant E.164 telephone numbers to qualified operators, i.e., mobile or fixed-network telecommunications operators, or Type II telecommunications operators engaged in the provision of VoIP services with nominal capital of at least one billion NT dollars (USD\$ 31.7 million) and issue related regulations. Dr. Kao Kai-Sheng, the Deputy General of the DGT, announced the latest VoIP policy in a public hearing on April 15, 2005.

VoIP services have been available in Taiwan since July 2001 and fall within the category of Type II telecommunications special business. However, VoIP service operators, which are mostly Internet Service Providers (ISPs), have mostly offered VoIP as a free service to promote Internet access business and consolidate subscribers. Many believe that the new policy of issuing telephone numbers for VoIP services will act as a trigger to accelerate growth of telecommunications business revenues and VoIP services will assume a growing market share, perhaps even replacing traditional telecommunications services, such as Public Switch Telephone Network (PSTN) as the primary telecommunications service.

Prior to reaching its recent decision, the DGT conducted two public consultations and numerous internal meetings to draw up plans for VoIP service management. The major measures for regulating VoIP services are as follows:

- Numbers Management – The DGT will grant E.164 telecommunications numbers to qualified operators for the purpose of offering VoIP services. Any Type II telecommunications operators engaged in VoIP service may rent the numbers from qualified Type I telecommunications operators if they have nominal capital of one billion NT dollars.
- Interconnection – VoIP operators shall request network interconnection to the network owned by other Type I telecommunications operators, who shall not decline such request.

- Tariff pricing – When VoIP service is linked to a mobile telecommunications network, the call-originating telecom operator shall determine the price of tariff. When the VoIP service links to local PSTN, the telecommunications operators engaged in international call services shall determine the price of tariff if the subscriber makes international calls by way of VoIP.
- Permit fee – VoIP service operators shall pay a permit fee in the amount of 1% of annual business revenue every year, instead of the current 0.5%.
- Universal service fund – VoIP service operators shall bear responsibility for contributing to the universal service funds according to prescribed amount.
- Communication records – According to new amendments of the Telecommunications Act promulgated on February 2, 2005, VoIP service operators shall provide the relevant communications records to any subscriber who requests his own communications records, after paying necessary charges, to the extent the technology of the telecommunications equipment and system allows.
- Emergency calls and quality of service – VoIP operators shall provide emergency calls with a service quality at least equal to that of mobile phones. The differences between VoIP services and traditional telecommunications services shall be clearly stated in the business articles and shall be notified to subscribers.
- Communications supervision – VoIP service operators shall submit a construction plan of communication supervisory system to meet the police administration's requirements.

Presently, the DGT is preparing five amendments of administrative regulations to streamline the measures for granting numbers to VoIP operators and is considering shortening the 10-year license period to establish the mechanism of market withdrawal. The proposed amendments include the following:

- Regulations on Type II Telecommunications Business;
- Regulations on Telecommunications Numbers;
- Regulations on Network Interconnection among Telecommunications Enterprises;
- Telecommunications Network Numbering Plan; and
- The draft of Type II Telecommunications Business Permit Fee Charge Standards.

Several ISPs have complained that the capital requirement for obtaining numbers could become a substantial barrier to entering the VoIP service market, because most ISPs are not qualified for the mandatory capital amount. In addition, ISPs would likely encounter difficulties negotiating the interconnection with other public telecommunications networks based on the unpleasant history between private fixed-line telecommunications operators and Chunghwa Telecom. Although the DGT promises to issue telecommunications numbers to VoIP service operators before the end of 2005, it has not announced a clear timetable. With regard to the rapid development of *Skype*, no matter the *Skype-Out* service for dialing to personal phone sets or the *Skype-In* equipped with local phone numbers belonging to foreign countries, such as U.S., U.K., or Hong Kong, to receive calls from others, the DGT is considering to incorporate those issues into the amendments of telecommunications laws and regulations.

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