

Telecommunications - Taiwan

No ITS Pricing Rights for Chunghwa Telecom until 2010

May 28 2008

On November 15 2005 Taiwan opened up the internet telephony service (ITS) by including E164 subscriber numbers (for further details please see "[Numbers Issued to VoIP Operators](#)"). However, to date none of the licensed ITS providers has launched services due to ongoing network interconnection negotiations with Chunghwa Telecom. Chunghwa is the dominant local network operator and has 13 million subscribers, representing a 97% market share. On May 1 2008 the National Communications Commission (NCC) determined that Chunghwa Telecom will have no pricing rights to the ITS until the end of 2010. The NCC regards this regulatory involvement, which largely reflects its stance on dominant players, necessary in order to introduce competition to this emerging market.

Four ITS providers have 070-prefix numbers: Sparq, Chief Telecom, Taiwan Fixed Network and Seednet Telecom. Of these licensed providers, Chunghwa is the largest shareholder of Chief Telecom, while Sparq is the major shareholder of Seednet Telecom. In addition, Chunghwa has submitted an application for a new ITS licence. Thus, the ITS market is expected to become competitive among the three big telecommunications conglomerates.

NCC spokesman Commissioner Shyr indicated that the policy of giving pricing rights to the local calling party for local calls to mobile phones will be implemented from 2011. Other phone services, including ITS calls to mobile phones, will continue to apply the 'calling party pays' principle (for further details please see "[Radical Changes Expected Following Call Pricing Overhaul](#)"). Due to substantial price difference between ITS calls and ordinary local calls, it is expected that once Chunghwa launches its ITS, many business calls initiated from fixed lines to mobile users will be routed via Chunghwa's ITS. The NCC is concerned that the launch of Chunghwa's Voice over Internet Protocol service would result in Chunghwa being handed pricing rights long before 2010. Therefore, the NCC has stated that the 'calling party pays' principle will not apply to Chunghwa's ITS until the end of 2010.

The NCC has further stated that Chief Telecom, which is largely owned by Chunghwa, must lease local loops from Chunghwa, as the other ITS providers do, in order to ensure a level playing field. Under the same ruling, Chunghwa must not implement any discriminatory pricing practices on its leased line services for all ITS providers.

For further information on this topic please contact [Arthur Shay](#) or [David CL Yeh](#) at Shay & Partners by telephone (+886 2 8773 3600) or by fax (+886 2 8773 3611) or by email (arthur@elitelaw.com or davidyeh@elitelaw.com).

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Authors

[Arthur Shay](#)



[David CL Yeh](#)



