

## Telecommunications - Taiwan

Operators delay plans for tier-pricing mechanism for mobile internet users

Contributed by [Shay & Partners](#)

August 17 2011

According to statistics released by the National Communications Commission (NCC) in June 2011, the mobile phone subscriber base in Taiwan was 27.33 million or 117.9 subscribers per 100 people as of the end of May 2011 – a 4.9% increase as compared with the end of the same month in 2010. Mobile operators have been proactive in encouraging second-generation (2G) network subscribers to upgrade to third-generation (3G) networks, and in promoting 3G mobile internet access. The 3G subscriber base has reached 19.57 million, which is around two and a half times the size of the 2G subscriber base, making 3G the mainstream mobile communications service on the Taiwan market. All four licensed GSM operators in Taiwan – Chunghwa Telecom, FarEasTone, Taiwan Mobile and Vibo – plan to expand part of their networks and base stations to High Speed Packet Access Plus (HSPA+) in order to provide 21 megabits per second (Mbps) high-speed internet access to accommodate ever-growing mobile internet access demands. Meanwhile, they are also seeking to remove the tight tariff cap imposed by the NCC (currently, the monthly all-you-can-eat tariffs for High Speed Packet Access (HSPA) internet access approved by the NCC range from NT\$700 to NT\$850) in order to prevent heavy mobile internet users from occupying too much bandwidth. The operators are seeking to introduce differential pricing while increasing mobile data revenues.

According to statistics released by Chunghwa Telecom, around 10% of heavy mobile internet users occupy over 80% of network resources. As part of a plan to move away from the existing system, where one fixed price is payable for unlimited mobile internet access service, towards a differential pricing structure, Chunghwa Telecom – the largest mobile operator in Taiwan with a market share of more than 35% – proposes that mobile internet subscribers that download more than 5 gigabytes (GB) per month be deemed to have exceeded a reasonable scope of mobile internet access and thus be charged a higher all-you-can-eat tariff, while subscribers that download less than 5GB of data will be deemed to engage in reasonable use and will pay the original all-you-can-eat monthly tariff.

In contrast to Chunghwa Telecom's proposed tariff increase for heavy internet users, rival operator Taiwan Mobile has suggested introducing a system whereby access speed is automatically reduced when all-you-can-eat subscribers cross a certain data volume threshold, so that heavy mobile internet users access the Internet at lower speeds; the greater the volume of data downloaded, the slower the access speed.

It is obvious that both Chunghwa Telecom and Taiwan Mobile intend to break away from the current system, in which no differentiation is made between heavy and light users; they aim to establish a tier-pricing mechanism to encourage reasonable usage behaviour.

In response, the NCC has stated that operators should guarantee internet access speed and improve service quality without exceeding the current tariff level. It claims that the argument that a minority of subscribers consume the majority of resources is groundless until the facts can be backed up with actual data. The NCC has also warned that consumer complaints would surge if operators were to charge higher tariffs for internet access, but failed to guarantee bandwidth.

On a social networking website, thousands of Chunghwa Telecom's subscribers criticised the fact that Chunghwa Telecom's 3G Internet access is so slow. The dissent was so strong that the story was covered by the national media. As a result, Chunghwa Telecom tabled its plan to increase the all-you-can-eat tariff for heavy internet users. Chunghwa also announced that all 2G and 3G subscribers would be provided with 30 hours of WiFi internet access – beginning in August until the end of next year – and that an 80% discount would apply to the all-you-can-eat monthly tariff for mobile internet subscribers whose data transmission volume does not exceed 1GB.

Authors

[Arthur Shay](#)



[David CL Yeh](#)



Nevertheless, operators continue to seek to negotiate with the NCC so that the HSPA+ service can be deregulated in order to reduce the internet congestion currently experienced by urban subscribers. Once that goal has been achieved, the operators will continue to seek the NCC's approval to implement a tier-pricing mechanism for higher mobile internet tariffs.

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

---

#### Online Media Partners



© Copyright 1997-2010 Globe Business Publishing Ltd