

Technology, media and telecoms trends to watch in 2022

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ARTHUR SHAY

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The covid-19 pandemic is transforming businesses and industries. In the technology, media and telecoms market, change has been happening at a fast pace both in terms of business models and regulation reforms, with this trend likely to continue in 2022. This article identifies the key changes to be followed closely in the coming year.

Regulator's role change

A new bill to establish the Ministry of Digital Development (the Digital Ministry) is expected to be passed soon in the Legislative Yuan. This Digital Ministry will replace the National Communications Commission (NCC) in the regulation of business development in the IT, cybersecurity, telecoms and internet sectors. The NCC's influence would begin to shrink upon the establishment of the Digital Ministry and its functions would decrease in order to carry out media surveillance functions.

With the benefits of planning spectrum resource and an abundant budget, the Digital Ministry should be able to ensure that regulations and the competition frameworks remain applicable and fit for purpose in the rapidly changing environment. The Digital Ministry will eventually employ up to 1,000 staff with a specific focus on the development of a cybersecurity industry that can integrate with 5G, digital transformation and national security.

Competition issues during transition

A few competition issues will be left to the NCC for resolution despite its authority under the existing telecoms laws being reduced by the upcoming Digital Ministry and the competition regulator.

Significant market powers in telecoms

The NCC conducted a second public consultation in August 2021 to regulate significant market powers in telecoms. The NCC plans to identify the dominant entity subject to ex ante regulatory obligations under asymmetric regulation (for further details, please see "[NCC imposes special obligations on designated telecoms service providers](#)") in each of the five telecoms service markets:

- fixed-line voice resale;
- fixed-line broadband resale;
- fixed-line wholesale;
- fixed-line voice interconnection; and
- mobile voice interconnection.

On the other hand, the Fair Trade Commission adopts ex post regulation but not necessarily in adherence to the market definition priorly made by the NCC. Once distinct sectors, the lines between them today continue to blur due to digital convergence.

So far, no collaboration or coordination has yet been achieved between the two regulators on the same issue, which implies that the market players involved in this matter will be forced to double their efforts in order to achieve full regulatory compliance.

5G deployment

The government subsidy scheme for 5G network deployment available from 2021 will continue in 2022. In 2021, a subsidy of nearly NT\$10 billion (approximately US\$360 million) has driven stiff competition between the five 5G operators to construct the 5G network following the announcement of the subsidy. According to the NCC, the subsidy scheme accelerates the deployment of 5G base stations to up to more than 33,500 stations (as expected by the end of 2021) with a penetration rate of 85% of the national population. Nonetheless, users of 5G are reported to account for less than 20% of total mobile broadband subscribers in 2021, rather than 30% as previously estimated at the beginning of 2021.

The rate regulation could become a concern; consumer advocates have been arguing that the NCC should enforce a top-down rate plan on 5G services, setting a ceiling price of no more than NT\$1,399 (around US\$51) for monthly unlimited use package.

The other pending issue is the further delay of the final specific regulation to be made by the NCC for 5G vertical applications in the designated frequencies from 4.8GHz to 4.9GHz in order to promote vertical enterprise use of 5G services.

Spectrum sharing arrangement

Further to the first application for 5G spectrum sharing approved by the NCC on 3 March 2021, in 2022 it is expected that FarEasTone and Asia Pacific Telecom will continue to apply for permission on 4G spectrum sharing in the bands of 700MHz and 2600MHz, based on the strategic alliance agreement entered into by both operators in September 2020.

On the other hand, 4G Voice over LTE has never been largely implemented in Taiwan despite the extremely high penetration. Their disadvantages remain their use of circuit switched fallback on 3G network for voice communication. All the major mobile operators – Chunghwa Telecom, Taiwan Mobile and FarEasTone – are planning to shut their older 3G networks in 2024. T Star, with its relatively small roll out of the 3G network, has a different plan. It will keep the older 3G network for shared use of the big three in the near future, which will be open to collective bargaining among the involving mobile operators and will be subject to the NCC's corresponding amendment to relevant mobile communication rules (for further details please see "[NCC considers share use of 2100MHz band for 3G voice service](#)").

Landing use beyond 5G satellite communication

The Ministry of Transportation and Communications is actively preparing amendments to the radio frequency supply plan by bringing forward the use of next-generation satellite communication in the following frequency bands in phases:

- 10,700 – 12,700MHz;
- 14,000 – 14,500MHz;
- 17,800 – 19,300MHz;
- 27,500 – 27,900MHz; and
- 29,500 – 30,000MHz.

At the same, the NCC is drafting rules in order to extend its welcome to international satellite broadband providers landing in Taiwan – Starlink, Kuiper, OneWeb and Telesat are among those that were mentioned. If all goes well, the first licence of a satellite broadband service provider would be available in the first half of 2022. The licence will have a two-year term subject to renewal approval of the regulator. In order to prevent possible conflicts of use in the 27,900 –29,500MHz band that was allocated to 5G services, frequency coordination will be strictly required.

Absolute control of cable channel line-up

Paradigm shifts in the local industry, from the existing regulatory environment to the unregulated free land, happened dramatically amid the significant moves of major international channel operators and multiple system operators. In response to this obvious trend, although the NCC is not going to make any legislative proposals to amend current media laws where the Cable TV Act lags far behind market demand, it will tweak its regulatory measures against anti-competitive conduct.

The legislators do not share the same view that the NCC has been insisting upon. While the NCC exercises its absolute control of cable channel line-up under its exclusive interpretation of the Cable TV Act, and therefore formulates the line-up in a substantially similar way nationwide, the legislators of the ruling party have proposed a radical change to break the NCC's absolute control on cable channel line-up by offering local cable system operators more freedom and flexibility in dealing with this matter. The NCC firmly defends its authority but promises to compromise by the end of June 2022.

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