

Telecommunications - Taiwan

Relaxing Entry Criteria for the Fixed-Network Market

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The National Communications Commission continues to focus on relaxing the criteria for entry to the telecommunications market. The new framework of horizontal communications regulation which is incorporated into the draft Communications and Broadcasting Regulation divides communications businesses into three categories:

- the infrastructure layer;
- the operation and management layer;
and
- the content and service application layer.

Participants may choose to pursue only their core business, in which case the threshold for market entry is substantially reduced. In view of the considerable time required to draft and enact new legislation, the commission plans to amend the existing Regulation on Fixed-Network Telecommunications Business.

The commission held a public hearing on September 12 2007 to consult on the new policy of liberalizing entry to the fixed-network telecommunications market; new measures will be implemented by 2008.

The commission's short-term plan is to establish a reasonable threshold for entry to the telecommunications market and for construction capacity. In light of technological advances, the minimum paid-in capital and performance bond (equal to 10% of the minimum paid-in capital) will be carefully reviewed in response to the decline in equipment costs. As part of the plan, the limitations on minimum paid-in capital and performance bonds would be removed after two years and the government would allow existing or potential operators to produce their own construction plans in line with their financial circumstances.

The commission also plans to establish an independent auditing mechanism to ascertain the revenues and costs of each service and promote the standardization of revenue and cost calculations from 2008.

The first step is to relax entry criteria for the fixed-network market. Under the commission's aggressive market liberalization policy, the plans to lower the minimum paid-in capital and performance bond would apply to incumbents as well as new entrants, as shown in the tables below.

Sector	Minimum Paid-In Capital Since 2004 (Billion NT\$) ⁽¹⁾	Minimum Paid-in Capital from 2008 (Billion NT\$) ⁽²⁾
Integrated	16	6.4
Local telephone	12 x operation weight	4.8 x operation weight
Long distance	2	0.8
International	2	0.8
International submarine cable	0.8	0.32

Sector	Minimum Paid-In Capital of Existing Operators (Billion NT\$)	Minimum Paid-In Capital from 2008 (Billion NT\$)
Integrated	40	21
Local telephone	12 x operation weight	8.4 x operation weight

Authors

Arthur Shay



David CL Yeh



International	2	1.05
International submarine cable	0.8	0.42

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).

Endnotes

- (1) These thresholds apply to two local operators and one international operator.
- (2) These thresholds apply to potential operators.

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