

5G spectrum auction planned for July 2018

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5G spectrum release Price competition

The National Communications Commission (NCC) released its 2017 Taiwan Communications Market Report in April 2018. The report disclosed the progress being made in preparation for the 5G spectrum auction, during which the NCC will identify that the 28 gigahertz (GHz) band, as well as the 3.4GHz and 3.6GHz bands, should be available for auction in 2020, aiming for large-scale 5G application.

5G spectrum release

NCC chair Nicole Chan responded to a legislative enquiry in the congressional session, stating that given the rapid deployment of 5G planned in Japan and South Korea, Taiwan should not hesitate to actively pursue everything possible for 5G spectrum release in 2020. As soon as the Executive Yuan approves the spectrum release in July 2018, the NCC will kick off preparation of the auction rules. The legislative enquiry considered the effects of the high cost of spectrum bidding, as well as the separate frequency-use fees imparted on the mobile network operators. The NCC will adhere firmly to the auction approach for 5G spectrum licences, rather than a 'beauty contest'. Nevertheless, according to Chan, the NCC will try to find measures which would reasonably drive down the cost for securing spectrum use.

Price competition

In previous auctions for 4G spectrum licences, the mobile network operators have thus far paid a total of NT\$174.84 billion (approximately US\$6 billion). However, the revenue received by the telecoms operators has decreased from US\$12.916 billion in 2011 to US\$11.145 billion in 2016. It cannot be disguised that price competition is fierce among the mobile network operators in their attempt to take a piece of the pie in the 4G service market. Currently, the monthly subscription fee for unlimited 4G data services can be as low as US\$17.20 and the mobile network operators are suffering from price competition which seems to have no end. The NCC has clarified that it has no authority to intervene and adjust the pricing plan further. However, on April 21 2018 it decided that mobile network operators must provide the 4G data service at a guaranteed minimum speed of 2 megabits (MB) per second, regardless of the price package. The NCC emphasised that its intentions regarding consumer protection cannot be challenged.

The 2017 Taiwan Communications Market Report provides background information regarding the decision. The number of landline subscribers has dropped dramatically by around 15% in the past few years. However, demand for broadband services provided by the fixed-line network has increased rapidly and more than half of users subscribe to the service at speeds of 10 MB and above. Mobile broadband services have coverage of more than 92%. Taiwan's mobile broadband traffic has grown rapidly from 0.18 exabytes (EB) in 2012 to 2.37 EB in 2016, with an average annual growth rate of 90.49%. Based on 2016 data, the NCC concluded that, according to the report, each mobile broadband subscriber consumed an average of 110 gigabits in 2016.

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