

Government subsidy scheme for 5G network deployment available from 2021

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On 9 September 2020 the National Communications Commission (NCC) announced that the government will allocate NT\$26.65 billion from 2021 to 2025 to subsidise the 5G network deployment of five telecoms operators under the premium bid prize collected from the 5G spectrum auction in January 2020 (for more details please see "[5G spectrum auction ends and real competition begins](#)"). The subsidy for the next five years would be allocated as follows:

- 2021 – NT\$9.92 billion;
- 2022 – NT\$5.57 billion;
- 2023 – NT\$5.56 billion;
- 2024 – NT\$2.59 billion; and
- 2025 – NT\$3 billion (as of 5 November 2020, the exchange rate of US dollar versus new Taiwanese dollar is 1:28.5).

Only five 5G operators are eligible for application of the above subsidy. The government intends to reach a penetration rate of 50%, 60% and 70% of the 5G population in non-remote areas by 2021, 2022 and 2023, respectively. It will be 80% in 2024 and 85% in 2025 but local or domestic supply must take up more than 40% of the newly built networks (including base stations). According to the draft application guideline which will be available at end of December 2020, the actual cost directly relevant to each base station will be subsidised 49% by the state and 51% by the respective 5G operators. The subsidies will fund rural areas and also metropolitan and densely populated areas, where the first wave of 5G networks are currently being constructed.

The success of a subsidy scheme to encourage the early deployment of advance communications technology was not foreign to Taiwan. Previously in the 4G era, the government planned details of the subsidies to be shared among 4G operators, which were encouraged to undertake smart city projects initiated by six metropolitan areas throughout Taiwan.

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