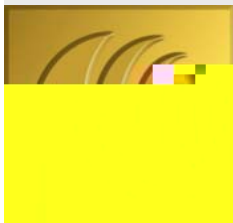


Challenges, Approach and Achievements

A decade's Retrospection of Telecommunications
in the Separate Customs Territory of
Taiwan, Penghu, Kinmen and Matsu

*Mr. Po-Chou Liang
Senior Engineer, NCC*

BTA Symposium, 20-21 February 2008, Geneva, Switzerland



The Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu

Outline

First Reform – From Monopoly to Competition

Objectives

Challenges

Approach

Achievements

Second Reform – Creating a Competent Regulator

Objectives

Challenges

Approach

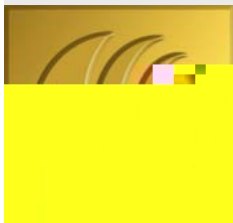
Achievements

Conclusion



First Reform

1996 - 2001



The Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu

First Reform (1/4)

Why?

To Create a Liberalized and Competitive Telecom Market
To Plan for Access to WTO

Objectives:

WTO Accession

First Reform (2/4)

Challenges:

Proceeding from Monopoly to Competition

Establish independent regulatory authority

First Reform (3/4)

Approach:

Learned from peer regulators worldwide

Adopted phased approach for liberalization

Achievements:

Overhaul of the Telecommunications Act – Feb 1996

Several Amendments were made subsequently

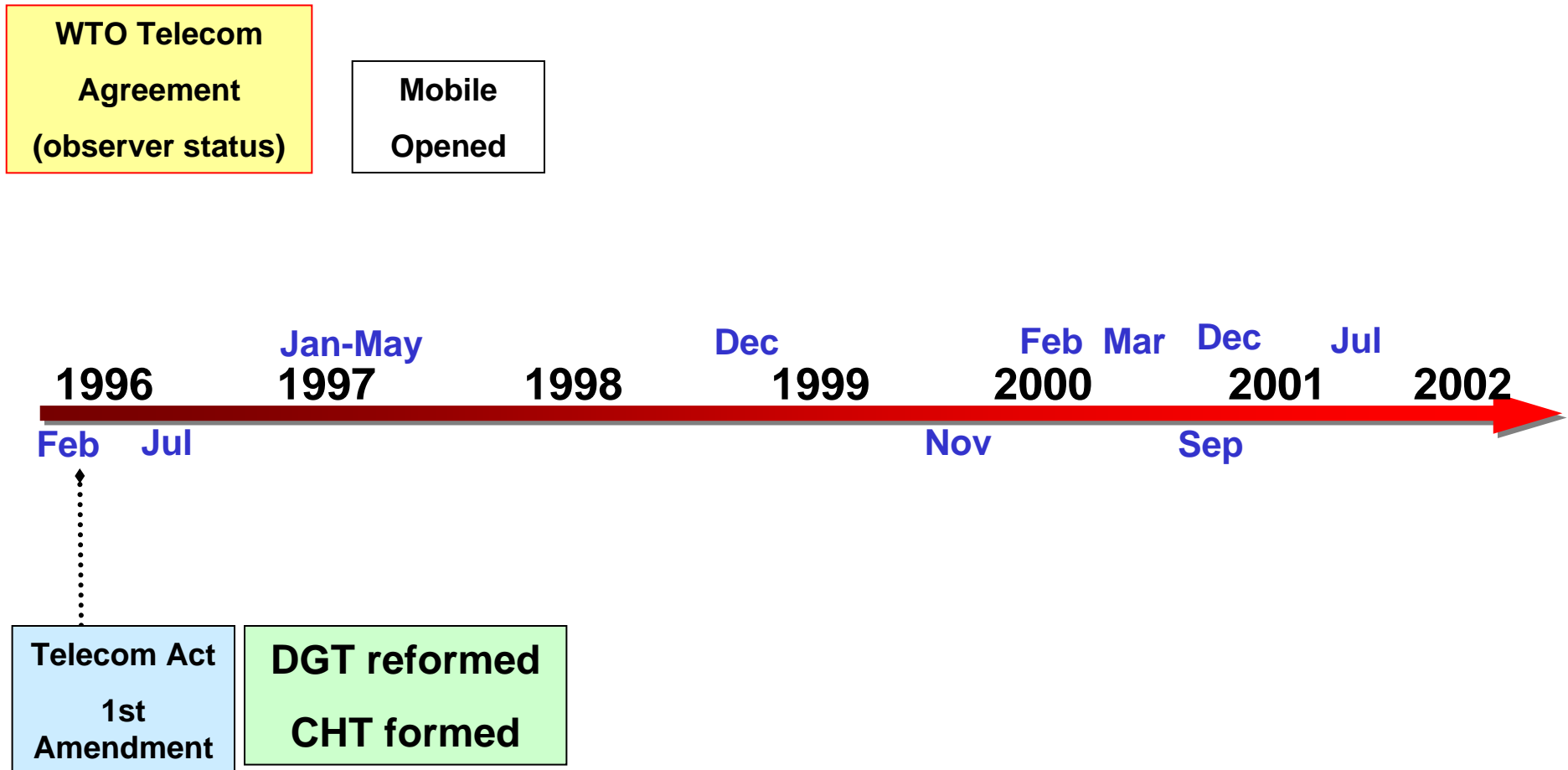
Establishment of the independent regulator, DGT – Jul 1996

Enactment of regulations for network interconnection – Oct 1997

Enactment of regulations for governing tariffs – Sep 2000

Enactment of regulations on universal services – Jun 2001

First Reform Milestones 1996 - 2001



Checklist – Key WTO commitments

Mode 3: None except:

- A service supplier shall be a Company Limited by Shareholding

Mode 3: The chairman and a majority of the board of directors shall be Chinese Taipei nationals.

Mode 4: Unbound except as indicated in the horizontal section.

VALUE-ADDED
TELECOMMUNICATION
SERVICES

Mode 4: Unbound except as indicated in the horizontal section.

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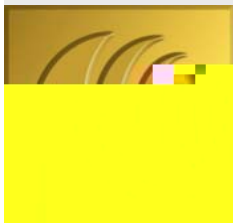
First Reform (4/4)

*Achievement - full compliance with
WTO Telecommunications Reference
Paper !*



Second Reform

2002 - present



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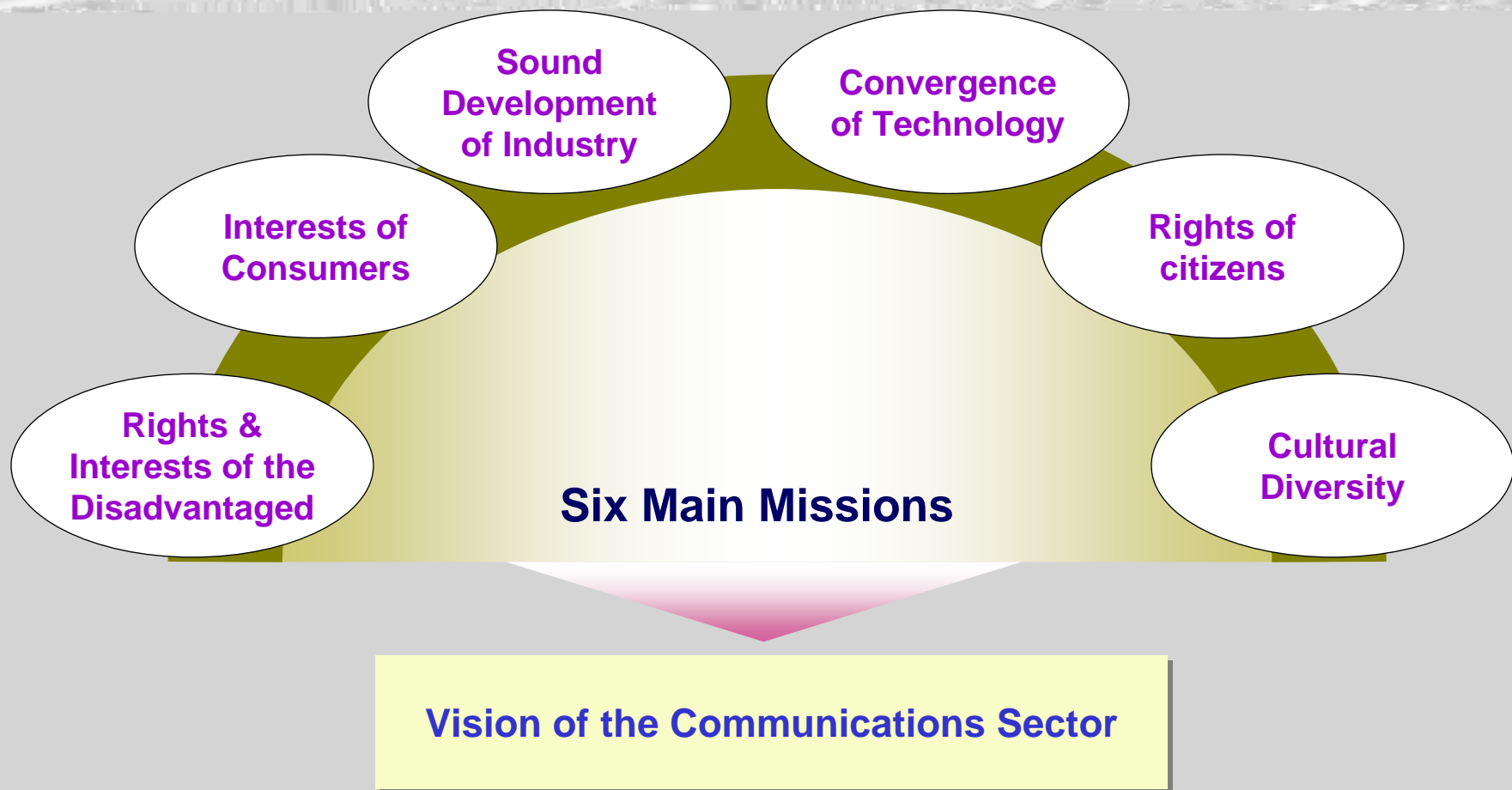
Second Reform (1/19)

Why?

To establish a more effective and restructured *independent* regulator to ensure impartiality and accommodate the trend of *convergence* between telecommunications and broadcasting

Second Reform (2/19)

Objective: to establish a Competent Regulator



Second Reform (3/19)

Challenges:

Converging laws and regulations

The outmoded regulatory framework:

The authorities for telecommunications and broadcasting affairs originally belonged to different departments and were governed by different laws

This led to a lack of consistency and efficiency in management for regulators

Second Reform (4/19)

Approach:

NCC

Second Reform (5/19)

Achievement:

The NCC became operational on February 22, 2006

Laws and regulations dealing with communications came under the official responsibility of the NCC

The corresponding powers originally under the MOTC, GIO, and DGT were transferred to the NCC

This was also the case for other laws and regulations that have come under the official responsibility of the NCC.

~ Article 2 of the NCC Organization Act

MOTC: Ministry of Transportation and Communication

GIO: Government Information Office

Second Reform (6/19)

NCC Legal Framework

Fundamental Communications Act

- Defines the principles for the division of responsibilities between NCC and the Executive Branch
- Sets common regulatory principles for communications services

Telecommunications Act Radio & TV Broadcasting Act

- Substantive Laws:
Explicitly provide regulation over telecommunication & broadcasting businesses

NCC Organization Act

- Organization Act :
NCC's Authorities & relevant operating rules

Second Reform (8/19)

The NCC's Challenge 2:

Amending relevant laws and regulations in a transparent and consistent manner

Policies & regulations need amending

Approximately 10 Acts and hundreds of regulations and directions need amending

The alteration of regulation framework may affect the rights and interests of operators

A change of traditional perspective is required

Second Reform (9/19)

The NCC's Approach :

Act according to decisions made by a collegial system

Make best use of multi-level regulation

Self-regulation, Co-regulation, Regulation

Set 3 stages for Convergence

- 1. Abolish or revise unnecessary regulatory legislation***
- 2. Respond to urgent industry needs, complete revision of laws on small scale***
- 3. Respond to the needs of digital convergence, complete a comprehensive revision of the Telecommunications Act and the three radio and television laws***

Second Reform (10/19)

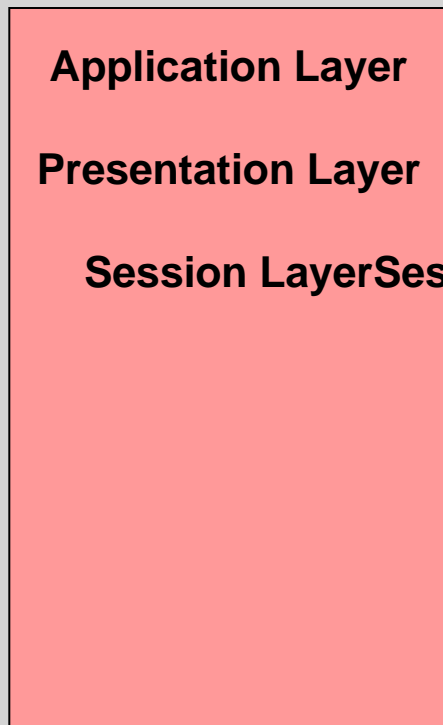
The NCC's Approach: the Transparent Policy Planning System

Input	Method
Internal	Hold Discussions among Sub-Groups within the Commission.
External	Conduct Public Consultation, Public Opinion Survey.
International	Refer to International Benchmarks

Second Reform (11/19)

The NCC's Achievements:

Communications Management Bill was drafted for future 3-layer Regulation Framework



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Second Reform (12/19)

The NCC's Challenge 3:

Managing emerging telecom technologies and services sensibly

Continually evolving services require updating knowledge and awareness

Much effort and increased budget and authorization are required

Greater understanding of projected scope of new services is necessary

Second Reform (13/19)

The NCC' s Challenge 4:

Easing restrictions on telecom equipment imports and cross-certification agreements

Requires greater international cooperation

Needs active participation in international meetings

Calls for a multilateral or plural agreement on both conformity assessment procedures and common criteria recognition arrangement for electronics and IT products

Second Reform (15/19)

The NCC's Challenge 6:

Accelerating Digital TV development

Create incentives

Enhance diversity of channels and consumers' choices

Approach:

Become a strong advocate of Digital TV

Establish correct objectives – draft proposals, etc.

Second Reform (16/19)

The NCC's Challenge 7:

Becoming a formal member of international organizations

Second Reform (17/19)

The NCC's Approach:

Promote advanced telecommunication networks

Increase significance and role in the region by becoming regional telecom hub

Participate in international events under the multilateral mechanism

Ensure interconnecting the global network of networks and interoperability through joint efforts

Second Reform (18/19)

The NCC's Challenge 8: Providing Access to Universal Services

Achievements:

The first economy to achieve the goal of “Every rural community has broadband internet service”

45 rural areas affected

Second Reform (19/19)

The NCC's Challenge 9:

Implementing Asymmetric Regulations- Wholesale prices for telecom services

Achievements:

Dominant Type I telecom enterprises shall formulate wholesale prices and refrain from unfair competitive practices

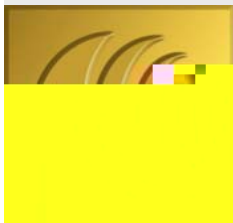


The Effects of Liberalization

Item	Category	1997	Sep 2003	Nov 2007
Operators	Type I (facilities-based)	1	95	97
	Type II	80	436	557
Subscribers (Millions)	Local Phone	10.86	13.29	13.31
	Mobile Phone	1.49	25.28	24.15
	Internet (users)	1.66	8.77	14.76*
	Broadband Internet	...	2.72	4.62
Penetration	Local Phone	49.96%	58.86%	58.02%
	Mobile Phone	6.86%	111.97%	105.26%
	Internet (pop)	8.00%	39.00%	64.4%*
	Broadband/Internet	...	30.96%	70.19%
Total Revenues	NT\$ Billions	176.2	333.7 (2002)	371.6 (2006)
	Fixed Network Telephony	74%	26%	20%
	Mobile Phone	22%	56%	56%
	Data	4%	18%	24%
Average Price of IDD per minute (NT\$)		29.94	6.22 (Nov 2003)	5.28 (Sep 2007)



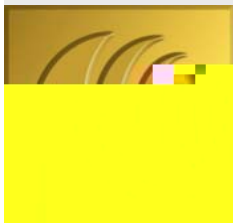
Conclusion



Conclusion



Thank you for Your Attention



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