

# **Research on Integrated Regulations of Digital Converging Related Industry (Telecommunication, Cable Television, Computer Network, and E-Commerce)**

## **Abstract**

Keyword(s): digital convergence, communication, competition of service platform

In recent years, the development of technology convergence is very speedy and is gradually transforming the independent technology of data, voice, and video to one which offers three kinds of service at the same time, which is so called digital convergence. Corresponding with such technology integration, the originally independent industries are possible to cross their original market extent to another one and further result in a more tensional market competition condition between these converging industries.

In this study, we study the developments of domestic digital converging related industries, the newly emerging business model under the trend of digital convergence, and the regulations imposing on the converging communication industry of the authorities of competition law and communications industry regulation in US, Europe and Japan to offer some precise and practical measures for our related authorities. We discovered that the groups which progressively participate in the competition of converge service platforms are the Chunghwa Telecom Co., Ltd, Taiwan Mobile Co., Ltd, Far EasTone Telecommunications Co., Ltd, and Wantwant Group. Besides, to encourage the competition of service platform in converging industries, the US, Europe and Japan firstly applied asymmetric regulations to construct a fair competition environment for the new entrant and later transformed to the regulations of general competition law. Furthermore, industries with digital convergence are easily to form a so

called two-sided market or multi-sided market, the definition and the measure of market extent should adjust accordingly. In Taiwan, the entrances of industries with digital convergence are regulated by a franchise or permission system, which is like the entry barrier for the new entrant. From the perspective of market competition, such highly entry barrier prevent the potential entrant from enter the market for react the speedy changes of market development with digital convergence, which might depress the market competition in the long term. After the digital convergence, the behaviors of firms that might result in the anti-competition phenomena in the market are: same direction of price change between different firms in communication industries, the collective buying and selling of contents by converging service platform owners and their boycott of new entrants.

Finally, we firstly suggest that the authorities of competition law and communications industry regulation in Taiwan should establish a regular conference or meeting (or mechanism) for cooperatively deciding the policies which are related to the digital convergence industries. In addition, the authorities of competition law should not only apply the concepts of product substitution and demand elasticity as measuring the market extent, but also have to consider the possibilities of new technology development. As for the “Fair Trade Commission Disposal Directions (Policy Statements) on the Business Practices of Cross-Ownership and Joint Provision among 4C Enterprises”, we also suggest some adequate modifications for reacting the changes of market and the revolutions of communication industry regulation.