

The Theory and Practice of Telecom Wholesale Access Service Price Regulations
— Analysis on the Methodology of Vertical Price Squeeze Test

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Abstract

After the telecom market liberalization, the telecom wholesale service regulation is the main issue of the telecom competition framework. This research analyzes the theory and practice of telecom wholesale services in EU, Australia and Taiwan. Compared to the EU and Australia, we find that some kinds of telecom regulations and practices should be improved in Taiwan. The wholesale services and their pricing of dominant market players should be reviewed periodically. And the price squeeze test needs to be taken ex-ante by NCC in Taiwan. The telecom cost accounting mechanism should be amended to show the costs of any service and its network components of dominant market players. We think that the FTC may review the pricing behaviors by competition law, which the prices aren't ex-ante regulated by NCC. If the FTC thinks that the pricing behaviors are anti-competitive, it should notice the NCC to review the prices. When the issue cases happened, the FCC may investigate for the cases and not yield to NCC. For the ex-post regulations, we think that some market power abusing behaviors, such like “the essential facilities abusing”, “price squeeze” and “discrimination behaviors”, should be monitored by FTC. To coordinate the legal opinions and the regulation tools, we think the cooperative

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mechanism should be established between the NCC and FTC.

Keywords: Telecom Wholesale Service, Price Regulation, Price Squeeze, Network Interconnection and Access, Local Loop Unbundling, Telecom Dominant Market Player.