A Study on Barriers and Solutions for Promoting Digital Convergence Policies

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Abstract

This study focuses on digital convergence in the telecommunications and cable television industries in Taiwan. The research outcomes reveal that for three markets with evidence of the digital convergence effect: i) there was no significant statistical test effect during the period from Q4 2004 to Q1 2014 for CABLE and MOD in the video market, with the significant test effect only being demonstrated in the substitutionary relationship and digital convergence effect in Q2 2015; ii) there was a close substitutionary relationship between Cable Modem and ADSL in the network market during the period examined, demonstrating a strong digital convergence effect; and iii) there was no digital convergence effect in the fixed line communication service market because there were only a limited number of cable television operators entering the telecommunications market.

The issue of there being no significant digital convergence in the early stages of the video market was related to the commercial strategy barrier whereby the main cable television news channels could not be shown on MOD. Then, the legal barriers imposed by political parties and the government and military interference needed to be excluded as well so as to remove the barrier for MOD operators to enter the video market. In relation to this, the competent authorities for cable television operators should consider amending Article 21 of the current Cable Television Law, which regulates the limitations facing one-third of television households resulting in unfair competition following the emergence of digital convergence, by excluding the legal barriers to enable cable television operators to compete with telecommunications operators from the same standpoint.

Keywords: Digital Convergence, Video Market, Network Market, Telecommunications Market, Legal Barrier.