## **Better Competitiveness of the Internet** and Telecommunications Service as a **Way of Improving the National Competitiveness**

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t's monopoly that hinders the eco-nomic development while competition is its dynamic. Success or failure in the international arena is determined by the competitiveness of a company or a country.

The competitiveness shows itself at three levels: of the whole country, of a company and of a service or commodity. The competitiveness of a country is the ability of an economy to gain sustainable growth rate, attract foreign investment, ensure socioeconomic stability and improve the living standard. The competitiveness of a company is estimated through its ability to maintain and expand its market share and increase its profit in face of local and foreign competition. The competitiveness of goods and services means their market shares.

In the international integration trend, the competitiveness of a country becomes a decisive factor of increases in the gross investment, economic growth and development. Many organizations, such as the World Economic Forum (WEF), Harvard University, the OECD or Swiss IMD, conduct investigations every year and rank countries in terms of competitiveness. This ranking is meaningful to governments because it serves as a basis for decisions on investment.

The WEF works out its ranking based on eight groups of factors comprising 155 items From 2000 on, the WEF estimates the competitiveness of a country in terms of macroeconomic environment, public



institutions and technol-

In 2004, the Vietnam's Growth Competitiveness Index ranked 77 among 104 economies, and in 2005 it ranked 81 among 117 countries. In recent years, Vietnam's place fell down steadily, as shown in Table 1.

The data show that Vietnam's place is always low in the GCI rankings. In 1998, its place was im-

proved, up 10 grades, because the 1997 financial crisis made many Asian economies fall. Thus, this improvement was not due to its own effort. In 2003, Vietnam occupied the 60th place, higher than 42 economies, because the legal infrastructure in Vietnam was improved remarkably (the Companies Law was introduced, many unnecessary procedures were revoked, etc.), which made it

more attractive in the eyes of both foreign and local investors. In 2004, how-ever, the Vietnam's place fell by 15 grades. The WEF warned Vietnam about this fall making everybody feel depressed.

To understand the fall of Vietnam in 2004, we had better examine factors that were estimated as less competitive in the Table 2.

The Table 2 shows that many less competitive factors are in the internet and telecommunication vice. Although this sector has made good progress in recent years, its popularity in Vietnam is still low in comparison with regional countries. To get accession to the WTO, Vietnam has to open this market to foreign rivals, which will make the competition fiercer in the coming years. So many strong and consistent measures should be taken to beef up the competitiveness of this sector. We suggest here some of them.

Table 1: Vietnam's place in the GCI ranking by the

Year	Vietnam's place/Total	Distance from the bottom
1997	49/53	4
1998	39/53	14
1999	48/53	5
2000	53/59	6
2001	60/75	15
2002	65/80	15
2003	60/102	42
2004	77/104	27
2005	81/117	36

Table 2: Vietnam's less competitive factors

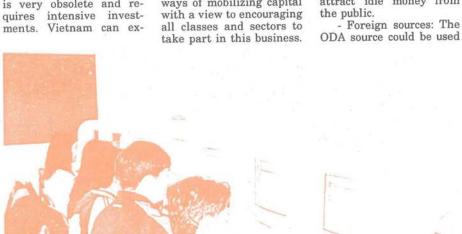
Less competitive factors	Vietnam's place among 104 economies	
Macroeconomic environment     Country credit rating     Waste in public expenditures     2003 inflation	68 68 52	
	32	
2. Public institutions	100	
- Bribes paid for import and export permits - Bribes paid in connection with tax payment	97	
- Bribes paid in connection with public utilities	91	
- Property laws	66	
- Organized crime	61	
Independence of the judiciary	59	
- Partiality of officials' decisions	55	
o Tartarlam		
Technology     Prevalence of foreign technology licensing	99	
- Internet hosts in 2003	99	
- Quality of competition among Internet service providers	96	
- ICT-related laws	94	
- 2003 mobile phone per capita	89	
- 2003 PC per capita	84	
<ul> <li>Collaboration between businesses and universities</li> </ul>	82	
- Readiness for technology	81	
- Secondary enrollment	81	
- Foreign investment and technology transfer	79	
- 2003 employment of patents - 2003 fixed line telephone per capita	79	
- R&D spending by business	79	
- 2003 Internet users	71	
- Internet access at schools	69	
	55	

(1) Generating and employing effectively sources of capital: The service-supplying network in Vietnam is very obsolete and re-

ploit many sources of capi-

- Domestic sources: Authorities must diversify ways of mobilizing capital The stock exchange is one of useful channel. Local and central governments could issue project bills to attract idle money from

Photo by Huỳnh Thơ



developing the for telecommunications services in depressed and rural areas. Foreign companies should be allowed to take part in this business as required by international trade agreements entered by Vietnam.

The supervision must be done properly in order to reduce and prevent waste and embezzlement which have been very common among public and foreign-financed projects.

(2) Developing the human resource: The telecommunications business requires laborers who could absorb new technologies and invent new ones when necessary, and managers who could compete successfully against for-eign rivals. This means that existing training centers should be modernized and new textbooks introduced regularly. Sending officials to make studies abroad is also an effective approach.

(3) Researching and applying new technologies and services: Vietnam had better adopt new technologies appropriate to the convergence of telecommunications, Internet and informatics; and invest intensively in the broadband network. As for services, full attention must be paid to transmission of data (instead of voice only) in large quantities, which serves as a basis for new services.

(4) Improving the state control: The Ministry of Post and Telecommunications could be divided into a Ministry of Post and a Ministry of Telecommunications (controlling telecommunications, Internet and information technology) in order to enhance their specialization. The Ministry of Telecommunications should create a good business climate that ensures fair competition and openness by adopting new and transparent policies. The monopoly in this business must be removed and international cooperation is much needed.