



VIETNAM'S POLICY FOR TELECOMS DEVELOPMENT

by LÊ NAM THẮNG

This article presents fundamental viewpoints of the General Department of Post and Telecommunications about the Vietnam's telecoms industry, targets for telecoms development and finally the General Department of Post and Telecommunications's policies to reach the planned targets.

I. TARGETS FOR VIETNAM'S TELECOMS DEVELOPMENT

Telecommunications are considered as important infrastructures of the national economy. They are also effective instruments serving the Party and the Government's instructions. As a result, the Vietnam Government gives priority to the telecommunications development and make favorable conditions for them to get access to the world's evolu-

tion with the following targets:

1. The growth rate of the telecommunications industry has to double that of the national economy in the next 10 years. The industry should attain the achievements below:

- By 2000, the country should reach 3.8 to 4 telephone lines per 100 persons. Most of villages across the country have been installed with telephone lines. The telecoms industry's revenue will total US\$1 billion.

- By 2010, the above figure is 12-15 telephone lines, over 50% of households are equipped with telephones. The income amounts to US\$2 to 3 billion.

- By 2020, there are 20-25 telephone lines per 100 persons, over 75% of households have telephones. The telecoms services will satisfy customers every time and every

where from cities to remote areas and islands.

2. The General Department of Post and Telecommunications also plans to build national communications infrastructures meeting the following requirements:

- High technology and large bandwidth to support multimedia applications and meeting requirements of electronic commerce.

- High availability and access capacity in terms of economics and physics (that is the users can get access to the national communications network everywhere at reasonable costs).

- High security to support electronic commerce and the trend of globalizing the world's economy. It should generate good climate for enterprises to do their businesses.

- High integrity and compatibility with the regional and the interna-

tional communications infrastructures. The users can get access to local and foreign services easily. In other words, they are borderless services.

II. POLICIES FOR TELECOMS EVOLUTION

1. Open-door policy

The market opening is an extremely important policy since Vietnam officially joined regional and international organizations such as ASEAN and APEC and it is preparing for the participation in the World Trade Organization. Most of members of these organizations are following market economy with high competition. Their companies have a lot of experience in competition. Given current situation, Vietnam should allow competition in telecoms industry in order that its enterprises try to compete and develop in competition. We should take the initiative

in developing our resources, especially human resource, and enhance our competitiveness to succeed in the integration in the regional and the world's economies.

However, the market opening should be carried out in accordance with a road map suitable for each development stages and conditions of Vietnam. The open-door road map observes the principle: competition between local services, then international ones. The same is competition between added value services, then fundamental ones, at the same time the mobile services are supplied first and then fixed services.

To implement this policy, the General Department of Post and Telecommunications are now opening markets for domestic telephone lines, mobile phones and Internet, for example, in addition to the Vietnam Post and Telecommunications Corporation (VNPT), it gives a green light to telecoms companies as SPT and VIETEL, one Internet access provider and five Internet service providers.

2. Equitization policy

To fully utilize its internal forces, the Vietnam Government has encour-

aged the participation of every economic sector in the telecoms development. To mobilize the investment capital from different economic sectors, the Government allowed equitization of state-owned companies in the post and telecoms industry. The workers of these companies are given priority to purchase stocks issued by their companies. This has made conditions for them to become the enterprise's owners and thus improve their business performance.

In the process of equitization, the General Department of Post and Telecommunications also stimulates various economic sectors to build the national communications infrastructures. The resources and investment capital should be attracted from the public and foreign investors for the development of communications network, applications and services.

The Vietnam's Government wishes to integrate its economy into the regional and the world's economies. By promulgating Decree 44 on equitization and Decree 109 on post and telecoms, the Government has detailed its equitization policy in the telecoms industry. Ac-

cording to these decrees, except for enterprises managing the national telecommunications backbone lines that will not go public, other enterprises will be equitized in the principle: the Government will hold majority or special shares (that is the Government will have right to control all operations of the joint stock companies).

3. Policy of services popularization

As mentioned above, one of targets of Vietnam's telecoms development is to create a series of telecoms services with abundant forms, informative contents and good quality meeting the customers' requests every time, everywhere from cities to remote areas. To reach this target, all telecoms enterprises have responsibility for contributing to the development of telecommunications infrastructures in remote areas where the business may not gain profits.

The policy generates equality and secures healthy competition between post and telecoms enterprise, at the same time guarantees the users' benefits that they can use

telecoms services everywhere across the country.

In the past only VNPT has to supply public utility services. In line with current regulations, all telecoms companies now take charge of popularizing services through licensing mechanism and division of connection costs.

The General Department of Post and Telecommunications is considering to devise a policy of general services popularization suitable for each growth stage as well as the market opening level including the establishment of a service popularization fund.

The twentieth century is passing by, leaving mammoth achievements that the human being attained in technological evolution, creating new industries and occupations and improving the living standard. All of us are ready and happy to enter the new millennium. We really hope a bright future of global information economy and electronic commerce. The Vietnam telecommunications sector is welcoming all cooperation from local and foreign investors.

Report delivered in the workshop ComNet Vietnam'99 held in Hà Nội on Dec.2-3, 1999.

