

SOME OPINIONS ABOUT ELECTRONIC COMMERCE

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According to the definition of the United Nations Organization, electronic commerce is a form of trade by electronic means, and exchange of trade information via electronic technologies.

"Information" in that concept can be understood as anything transmitted by electronic technique, including letters, files, database, worksheets, drawings, maps, advertisements, orders, price quotations, contracts, reports, video, audio, etc.

"Commerce" can be explained as everything arising from trade relations with or without contract. Trade relations include:

- Business transaction, goods exchange, and services.
- Distribution agreement.
- Trade representatives, agents, and commission mandate.
- Long-term lease.
- Construction of projects, consultancy, and project technique.
- Investment, and funding.
- Banking, and insurance.
- Exploitation agreement or rent.
- Joint venture, industrial and business cooperation.
- Airway, railroad and road transport

The electronic commerce is estimated at 1,300 areas of application

including trade in goods and services. Due to its nature, it is also called on-line trade, cybertrade, paperless trade.

The electronic commerce is conducted in such major forms as e-mail, electronic payment, electronic data interchange - EDI, retail of tangible goods by means of telephone, fax machine, computer, system of electronic payment equipment, Intranet, Extranet, and Internet, in which Internet is a foundation of international electronic commerce.

To conduct electronic commerce and join activities of the world electronic business, each country should meet major conditions as follows:

- *Infrastructure*: being eligible for information technology, including computers and means of communications, obtaining high electronic technology to guarantee the information technology to operate efficiently and smoothly, having information secrecy keeping technology for the operation of electronic commerce.

- *Human resource*: in addition to information technological experts, most of staff involving in business should have skills to apply information technology efficiently.

- *Legislation*: the country should have a legal frame securing safety for the electronic commerce, protecting consumers and entrepreneurs, intellectual property and national benefits.

The electronic commerce is widespread in the world, mainly in the U.S., Canada, European Union, Japan, China, Australia, Malaysia, Singapore, Thailand, Philippines, Brunei, Indonesia, Myanmar, Saudi Arabia, ASEAN, and APEC. The world's sales in electronic commerce reached US\$18 billion in 1997, US\$31 billion, and estimated at US\$31 billion in 1999 and according to the APEC forecast, US\$1,000 billion by 2002. How does the electronic commerce operate in Vietnam? Currently, our country's infrastructure for electronic commerce is still inadequate and weak, the number of computers across the country amounts to only 500,000, or 5 computers per 1,000 persons. We have just logged in the global network since November 1997, there are currently only 30,000 Internet subscribers, or 0.4/1,000. These figures are too low to the requirements of economic development and e-commerce activities. However, the telecommunications have seen a

rapid growth, telecommunications by fiber-optic cables and satellites have been in use. There are two links to the world, each has one satellite line and one fiber-optic cable line, recently a submarine fiber-optic cable station (SMW-3) has been completed in Đà Nẵng. This is one of 30 state-of-the-art stations in the world, with the speed of 40 Gbps allowing the transmission of 60,480 two-way calls at the same time. Nevertheless, the cost remains too high, not popular. The electricity sector has faced many challenges, the supply is lacking, not stable and does not satisfy the local consumption. The system of automatic payment is not available.

The army of information technology experts across the country now includes 20,000 persons who have been trained domestically and overseas. They have capability and are sensitive to the development of information technology. However, due to lack of infrastructure, this force does not have enough condition to manage large application systems. In addition to these experts, the technology information is attracting the people's interest but the number of persons adept at computer work remains low. Most of them are not used to working with computers. The factors of electronic commerce have not yet been mirrored fully in the national legal frame and taxation.

Although the infrastructure, manpower and legal environment are deficient, not meeting the e-commerce requirements, but Vietnam has prepared initial conditions for joining the international business network as follows:

- Using such means as telephones, fax, e-mail, computers in trade transaction.

- Joining the process of electronic data interchange between enterprises, and conducting trade activities via Internet.

- Participating in international workshops and commitments to electronic commerce in ASEAN and APEC.

- Establishing some organizations studying electronic commerce: the e-commerce task force under the National Steering Committee for Information Technology, the E-commerce Board under the Ministry of Trade.

The electronic commerce takes shape and develops with advanced methods, thus requiring management task to change in line with current e-commerce operational forms. Documents

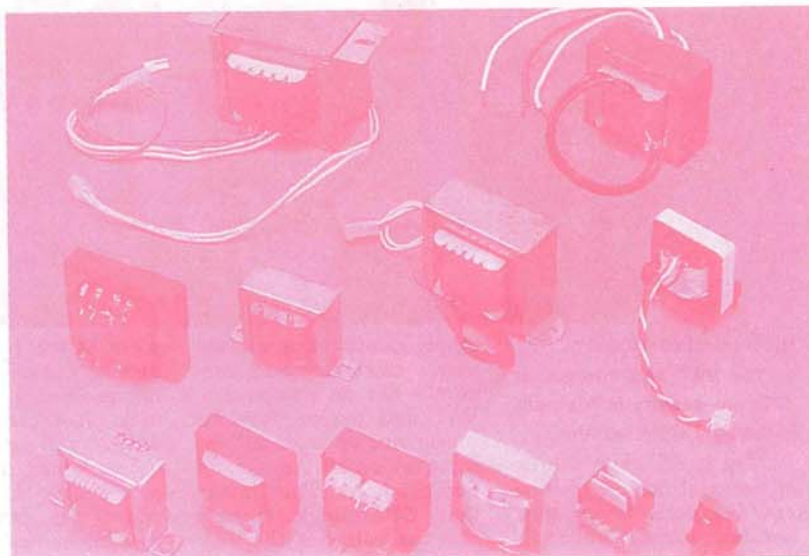
are determined as legal base for economic transaction, book-keeping and inspection. However when using on-line commerce, a kind of paperless trade, the practice of documents will no longer exist. As a result, which does the electronic commerce depend on so that economic deals are carried out properly in terms of objective and time; so as to document that each deal has been generated and finished for book-keeping and inspection? In my opinions, there should be another foundation to replace it, that is "electronic signature" in encryption, this signature must be legalized not only in the country but also in the region and the world and should be kept secret.

The trade process in electronic commerce is realized mainly via data interchange and digital information system, virtual shops and supermarkets. The buyers cannot directly contact goods so that they will easily commit mistakes because of inadequate database or being

bertrade factors. Moreover, to ensure e-commerce activities, legislation on liabilities of each trade partner must be issued. Financial officials should be competent for information technology so as to assess and check taxable items. Those engaging in electronic commerce have to observe national and international rules and common practice.

Accounting - an important instrument of economic management - should encrypt factors in e-commerce deals, specify forms of electronic signature, build an accounting standard system in line with the international criteria and e-commerce conditions, and organize an army of e-commerce accountants who must be skilled at computer work.

To codify accounting factors, especially products and enterprises, not only serves corporate accounting and management but also abides by local and foreign regulations. It should thus comply with institutions and forms of international codifi-



tricked. The periodical warehouse inventory cannot be based on actual goods but available information system. So legal and technological frames are needed to secure this trade and management process.

E-commerce is deemed as a form of borderless trade, operates mainly via Internet and electronic payment system. There are no actual goods in sales between enterprises in different countries, the concept "border gate", "FOB", "CIF" in the traditional foreign trade may not be valid. Therefore, conditions of transaction, delivery, payment, taxation...should be provided with cy-

cation. At present, products and services are codified by a number including 13 digits and enterprises by a code from 100 to 100,000 digits.

The electronic commerce has many benefits such as: reducing a lot of business costs, grasping information about markets and partners on time, generating relations with clients fast and integrating into the global economy. As a result, the country should soon set up preconditions necessary for the efficient application of electric commerce.