Message

Telecommunications technology has evolved rapidly in recent years. The increasing use of optical fibres and digital technology has enabled the telecommunications industry to provide higher quality, more reliable and innovative services at reasonable costs to consumers.

As Hong Kong continues its shift towards a service-oriented economy, the importance of the telecommunications sector which underpins many of our service industries has grown. On its own, the telecommunications sector has witnessed healthy growth as Hong Kong marches on in the direction of market liberalisation.

Looking ahead, technological developments will continue to blur the distinction between telecommunications, broadcasting and information technology services. Increasingly, these services will be re-grouped under an integrated structure of content, service and infrastructure provision. Our future prosperity will hinge on our ability to obtain, exchange and make intelligent use of information with maximum efficiency. This in turn depends on the provision of a world class local and external telecommunications infrastructure.

Our policy is to facilitate the building of the telecommunications infrastructure and the provision of services to the community by the private sector. We will continue to provide a favourable investment environment and an open, fair and predictable regulatory framework to help establish Hong Kong as a world class telecommunications centre.

(K C Kwong)
Secretary for Information Technology
and Broadcasting

Telecommunications

Our policy objective is to facilitate the development of the telecommunications industry and enhance Hong Kong's position as a telecommunications hub.

Our targets in pursuing this policy objective are to –

- Enable Hong Kong to be recognised as a world-class telecommunications centre for doing business
- Ensure Hong Kong has available high quality telecommunications services at competitive prices
- Ensure Hong Kong has high performance in telecommunications as measured against OECD economies

Key Result Areas (KRAs)

To ensure that this Policy Objective can be achieved, we must deliver results in a number of key areas, that is, we must –

The following sections of this booklet explain the importance of these KRAs, describe the broad thrust of our efforts, and outline the indicators which we are using to assess progress. Each section lists the new key initiatives being taken to achieve our objectives and pinpoints the agency accountable for each initiative and the specific targets which we intend to meet.

I | Provide the necessary regulatory framework and set standards for telecommunications in Hong Kong

As Hong Kong's telecommunications services and facilities are provided by the private sector, a pro-competition and pro-consumer regulatory framework is essential to provide a good investment environment for the telecommunications industry. We aim to adopt international best practices in this regard.

Hong Kong's open operating environment and the adoption of a technology-neutral approach has assured us access to the most modern technology. This has benefited telecommunications services operators, equipment manufacturers and consumers. We aim to develop and implement standards appropriate to Hong Kong, in conjunction with regional and international bodies. Hong Kong has joined APEC's multilateral arrangement for mutual recognition of conformity assessment for telecommunications equipment. This will facilitate our manufacturers' access to markets in other economies and ensure our access to advanced telecommunications equipment.

Indicators

The indicators we will use to measure progress in this area are –

- the extent to which Hong Kong's telecommunications regulatory framework adopts international best practices
- the timely revision and implementation of new or revised regulations and standards

Initiatives	Targets
To complete the consultation on the Telecommunication (Amendment) Bill to strengthen pro-competition powers of the Telecommunications Authority *(Information Technology and Broadcasting Bureau)**	To introduce the Telecommunication (Amendment) Bill into the Legislative Council in 1999
To develop and implement standards appropriate to Hong Kong so that the industry can adopt the most modern technology to improve services *(Office of the Telecommunications Authority)*	To take an active part in the development of new standards in multilateral fora in 1999, with Hong Kong's requirements in mind

*   the brackets denote the agency with lead responsibility for the initiative

II   Create an open and competitive telecommunications market

Hong Kong's telecommunications market is one of the most open in the world. Our telecommunications services and facilities are not subject to foreign ownership restrictions and we are committed to a level playing field in telecommunications. Greater and more effective competition gives consumers greater choice and increases market efficiency. Telecommunications services also underpin all other business and commercial services. The provision of quality telecommunications services at competitive prices will enhance Hong Kong's overall competitiveness.

We are committed to further liberalisation in the telecommunications sector. A significant step in this direction was made earlier this year with the surrender on 31 March 1998 of Hong Kong Telecom International's licence which contained exclusive rights to certain external telecommunications services and circuits. As a consequence, services-based competition in external telecommunications will be introduced from 1 January 1999 and facilities-based competition will be introduced from 1 January 2000.

In the 1998 Review of Fixed Telecommunications, we have proposed to allow open entry to an unlimited number of service and facilities suppliers in the external market. In the local fixed telecommunications market, we have sought industry views on commitments they would be prepared to make on the roll-out of competitive networks in Hong Kong. We will examine these commitments before making a firm decision on the moratorium on the issue of further licences in this sector.   Subject to the outcome of the public consultation exercise, Hong Kong will be amongst the most liberalised regimes in fixed telecommunications.

Mobile telecommunications within Hong Kong are already unrestricted, subject only to spectrum availability.

Indicators

Our indicators of progress in this area are –

- the number of local and external fixed telecommunications networks service operators
- the number of mobile telecommunications operators
- the number of paging operators
- the number of public external telephone services operators
- the number of licensees for International Value Added Network Services (IVANS)
- the number of licensees for International Simple Resale (ISR) of fax and data
- the number of Internet Service Providers

Initiatives	Targets
To implement a regulatory framework for fair and effective competition to facilitate further development in the local and external fixed telecommunication services market *(Information Technology and Broadcasting Bureau)*	To complete a review of the regulatory framework for fixed telecommunications by end 1998
To improve the efficiency of telecommunication licensing and offer a customer friendly service by making use of the Internet for licence applications *(Office of the Telecommunications Authority)*	To implement a pilot project on licence applications via the Internet in 1999

III Facilitate the development of an open, integrated broadband telecommunications network

An important consideration in designing the regulatory framework is that it should encourage the provision of broadband services which are widely available at reasonable cost to the consumer. This will facilitate the development of an open information infrastructure, accessible throughout Hong Kong, through which Government, businesses and individuals can exchange information and conduct transactions easily. In this Information Age, the emergence of a networked society in Hong Kong will enhance our overall competitiveness, promote efficiency in the delivery of public services and improve the social and personal life of individuals.

We aim to improve access for telecommunications services so as to facilitate the development of an open, integrated broadband network to provide the necessary infrastructural support for IT and broadcasting development and upgrading.

Indicator

Our main indicator of progress in this area is the percentage of households or businesses covered by broadband telecommunications networks.

Initiative	Target
To consult the public on how to improve access for telecommunications services, in particular – • measures to improve access to tunnels, shopping malls and the like for mobile telecommunications services • measures to encourage roll-out and interconnection to the workplace and homes for broadband services *(Information Technology and Broadcasting Bureau)*	To complete public consultation by end 1998 and introduce necessary legislative amendments into the Legislative Council in 1999

IV Establish Hong Kong as a world-class telecommunications centre

Hong Kong is already a key regional telecommunications hub. We have the largest capacity of submarine cable and satellite communications links in the region. Through maintaining an open and competitive telecommunications market, we will encourage private sector investment and innovation necessary for Hong Kong to maintain its position as a world-class telecommunications centre.

We aim to strengthen our position by establishing Hong Kong as the Internet hub for the Asia-Pacific Region. We shall, in addition, develop a world class teleport for external telecommunications and broadcasting services, which will enable external facilities providers and broadcasters to provide sufficient capacity for satellite links to and from Hong Kong to cope with demand in the coming years.

Indicators

Our indicators of progress in this area are –

● the timely development of a world class teleport

● the level of improvements to fixed line penetration, mobile telephone penetration and access to broadband telecommunications networks

Initiative	Target
To develop a world-class teleport at Chung Hum Kok to facilitate the installation of external telecommunications links *(Information Technology and Broadcasting Bureau)*	To make the teleport site ready for use by operators to enable external facilities competition to commence from 2000