

## DRAFTING OF CHINA TELECOM LAW

Global Forum  
Rome, 2003

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### I Development of China Telecom Regulations

- 23 years of drafting the China Telecom law;
- No comprehensive rules governing the area until late 2000 when two rules were issued;
- Abolished two sets regulations that forbidden foreign direct investment in December 2001;
- Issued Regulations on Foreign Investment in Telecommunications Enterprises; became effective in January, 2002;
- Issued about 20 rules on telecom in 2002 and about 10 in 2003; and
- Speed up drafting China Telecom Law

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### II Development of the Telecom Market

- Different from other countries, China did not have its telecom law in place before going through the privatization of its telecom market.
- Monopoly until early 1990s;
- First creation of competition in 1994;
- China Telecom's 90% of the market until 1999;
- First split of China Telecom;
- Second split of China Telecom in May 2002;
- Four or five major players compete at current Market; and
- WTO entry has opened certain telecom market to foreign companies.

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### III Difficulties for Issuing the Telecom law

- Dramatic changing of the market;
- Reforming of the governing agencies;
- Conflict of interests of involved agencies;
- Government control v. free market economy;
- and other related issues.

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### IV. New Development of the Law Drafting

- It has been reported that the draft has been finalized and will be submitted to the Standing Committee of the People's Congress for approval;
- March 2004 may be the crucial date for the promulgating of the China Telecom Law;
- Uncertainties.

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### V. Major Issues of the Telecom Law

- Conversion: Combining three networks, telecom network, broadcasting network and Internet network;
- Interconnectivity: Fairness and equality
- Foreign Investment: Bidding v. Approval; Hong Kong v. Foreign; and
- Pricing.

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### VI. Looking Forward

- New MII minister Wang Xudong's appointment as the head of the Informatization Office of the State Council indicates that MII's position will continue to be strong;
- Expecting China Telecom Law to be issued in the near future; and
- Maturity of the China telecom market.