

**The European Union's Asia IT&C Programme**

# **Promoting Internet Policy and Regulatory Reform in Vietnam**

**Assessment Report, March 2004**

## **Status of Telecommunications Development in Vietnam**

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**PCMLP**



**IoIT**

## List of abbreviations

ANU	<a href="http://www.anu.edu.au">Australian National University</a> ( <a href="http://www.anu.edu.au">www.anu.edu.au</a> )
ASEAN	Association of Southeast Asia Nations
BCC	Business Cooperation Contract
CDMA	<a href="http://www.cdg.org">Code-Division Multiple Access</a> , a digital cellular technology ( <a href="http://www.cdg.org">www.cdg.org</a> )
DGPT	Department General of Post and Telecommunications, before MPT
ETC	<a href="http://www.etc.com.vn">Electricity Telecommunications Company</a> ( <a href="http://www.etc.com.vn">www.etc.com.vn</a> )
FPT	<a href="http://www.fpt.com.vn">Corporation for Financing and Promoting Technology</a> ( <a href="http://www.fpt.com.vn">www.fpt.com.vn</a> )
ICP	Internet Content Providers
Internet POPs	Internet points of presence
IOIT	Hanoi's Institute of Information Technology
ISP	Internet Service Provider
IXP	Internet eXchange Provider
MCI	Ministry of Culture & Information
MPI	<a href="http://www.mpi.gov.vn/default.asp">Ministry of Planning and Investment</a> ( <a href="http://www.mpi.gov.vn/default.asp">www.mpi.gov.vn/default.asp</a> )
MPT	<a href="http://www.mpt.gov.vn">Ministry of Post and Telematics</a> ( <a href="http://www.mpt.gov.vn">www.mpt.gov.vn</a> )
OSP	(Internet) On-line Service Provider
SPT	Saigon Post and Telecom share-holding company (Saigon Postel) ( <a href="http://www.saigonnet.vn">www.saigonnet.vn</a> )
VARENet	Vietnam Academic Research and Educational Network
VDC	Vietnam Data Communications Company ( <a href="http://www.vdc.com.vn">www.vdc.com.vn</a> )
Vietel	<a href="http://www.viettel.com.vn">Military Electronics and Telecom Company</a> ( <a href="http://www.viettel.com.vn">www.viettel.com.vn</a> )
VISHIPEL	Vietnam Shipping Communications and Electronics Company ( <a href="http://www.vishipel.com.vn">www.vishipel.com.vn</a> )
VNNIC	<a href="http://www.vnnic.vn/english/index.html">Vietnam Internet Network Information Center</a> ( <a href="http://www.vnnic.vn/english/index.html">www.vnnic.vn/english/index.html</a> )
VNPT	<a href="http://www.vnpt.com.vn">Vietnam Posts and Telecommunications Corporation</a> ( <a href="http://www.vnpt.com.vn">www.vnpt.com.vn</a> )
VTI	Vietnam Telecom International ( <a href="http://www.vti.com.vn">www.vti.com.vn</a> )
Wi-Fi	Wireless Fidelity, the technology used in wireless Internet
WLL	Wireless Local Loop

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# 1. STATE OF TELECOMMUNICATIONS INFRASTRUCTURE AND INTERNET DEVELOPMENT

## 1.1. TELECOMMUNICATIONS

### 1.1.1. Introduction

Vietnam, a major emerging market in the ASEAN region, is showing some of the fastest rates of growth in economic development and consumer demand. One of the underpinnings of this growth has been the expansion of telecommunication networks. Vietnam passed the critical threshold point of one fixed-line telephone per 100 inhabitants (teledensity) during 1994, about two years later than Indonesia. By the end of 2000, Vietnam had reached a teledensity of 3.2, surpassing Indonesia. Over the past few years, Vietnam has sustained an average network growth rate of 26.8 percent with particularly rapid expansion in the middle part of the last decade, which is slightly ahead of China, and one of the highest rates in the region. If this rate of growth continues, Vietnam is on target for reaching ten million phone lines installed in 2006 and a teledensity of thirty within a decade.

In this initial report, we provide a brief overview of the Vietnamese telecommunications sector in general and that of Internet in particular. We pay close attention to the legal framework the government has and is developing in this sub-sector. Our goal is to identify parts of the framework that need improving for the sake of having more Internet and a higher rate of economic growth.

### 1.1.2. Telephone carriers

The dominant telephone carrier in Vietnam is VNPT (Vietnam Posts and Telecommunications Corp. ([www.vnpt.com.vn](http://www.vnpt.com.vn))). Fully owned and operated by the Government, VNPT was officially established in 1995 along with MPT (Ministry of Post and Telematics), formerly DGPT (Department General of Post and Telecommunications), when the Government removed the operational activities from the policy and regulatory activities of the telecommunications sector. The functions of VNPT are set out in Decree No. 51 (Decree No. 51/CP ratifying the Statute on VNPT). VNPT is active in all aspects of telecommunications, including infrastructure ownership and operation, and provision of telecommunications services. VNPT operates through a number of subsidiary businesses.

### 1.1.3. Competitive structure

The structure of the Vietnam telecommunications sector is currently undergoing major change as new operators enter the market and existing operators increase the scope of their business activities. At present, the government owned incumbent operator, VNPT, dominates the sector. There are a number of “competitors,” even though many of them are at least in part or even predominantly under ownership of several government branches such as Military, Ministries of Industry, Transport, or local

government. The biggest problem is the obvious influence of the main incumbent operator VNPT over the Ministry of Post and Telecommunications, which highlights the need for strict structural separation and the creation of an independent regulatory authority capable of ensuring competition at the network level. Formally, VNPT proposes to MPT the system of prices in the industry, which is already an unfair practice, but what it does informally is even worse. VNPT influences the process of licensing by MPT, preventing any business that is a potential rival of firms under VNPT's umbrella from obtaining a license. The case of delaying SPT's CDMA mobile service is clearly an example of VNPT's monopolistic power. The following exhibit provides a brief overview of each operator and the scope of telecommunications services that they provide. As is clear, the private sector is nearly invisible in this industry.

**Table 1 - Service scope by operator**

<b>TT</b>	<b>Operator</b>	<b>Services Provided</b>	<b>Comments</b>
1	VNPT belongs to MPT	Full range of telecommunications services	VNPT is the market leader and has a substantial, informal influence on MPT.
2	Military Electronics and Telecom Company (Vietel or Viettel)  Belongs to Ministry of National Defense	VoIP GSM mobile Fixed leased lines (national and local) Radio trunk Wireless local loop ISP and IXP	The only active services are VoIP and radio trunk. However, network construction is underway and further services will become active in the near future.
3	Saigon Postal Corporation (SPT)  Belongs to HCMC's People's Committee	CDMA mobile VoIP ISP, IXP Wireless local loop Fixed Local	CDMA services are delayed.  WLL is not active.  Fixed local service is limited to new development and is not active.
4	Electricity telecommunications Company (ETC)  Belongs to Ministry of Industry	Fixed leased lines (national and local)  Fixed service (nationwide local, long distance and international)  VoIP ISP, IXP	Fixed leased line service is active.  VoIP should begin soon.
5	Vietnam Shipping Communications and Electronics Company (VISHIPEL)	Ship-to-ship and ship-to-shore communication services	Niche market player

Source: <http://www.mpt.gov.vn>

#### **1.1.4. Foreign penetration**

Today most of the top telecommunication companies in the world have already established offices in Vietnam, a majority of European and Asian companies have been in the country for at least four to five years. Nonetheless, only a tiny fraction of these companies has contracts to provide telephone operations in Vietnam. Under Vietnam's Investment Law of 1992 (supplemented by the revised Investment law of 2000), foreign companies are allowed to provide services to Vietnam's telecommunication market only if they enter into a Business Cooperation Contract (BCC). BCCs are cost and revenue sharing agreements under which the foreign partner generally provides the needed equipment and training for local operators. Foreign companies that have signed BCCs have encountered a number of difficulties:

- It usually takes more than two years to negotiate a BCC, and a foreign company must be present in Vietnam for a couple of years before it is allowed to enter into negotiations.
- Foreign companies cannot have any equity stake in the operation of the network or the company even though they provide financing. In principle, the revenue and costs sharing ratio is determined by negotiation between the parties. However, VNPT can always impose a ratio favorable to itself since it is almost the sole market holder of fixed telephone lines. Up to now, all BCCs that have been signed relate only to the operation of fixed telephone line networks in HCM City.
- The information VNPT supplies often is not adequate for meaningful feasibility studies and, therefore, good investment decisions.
- To close a deal, foreign companies must negotiate simultaneously with VNPT and regional/local authorities, which often create additional problems.

In short, BCCs put foreign companies in a disadvantageous position compared to their domestic partners, give them few incentives to make investments, and expose them to high business risks. However, the BCC limit may be ended this year, 2003. According to MPT's Vice-Minister Mai Liem Truc, the MPI (Ministry of Planning and Investment) is drafting its decision on the guidelines for the implementation of a Foreign Investment Law. The new draft law is expected to allow foreign investment in the area of telecommunications and some other services. Unlike the current framework of BCC, guidelines once adopted by the government will allow foreign investors to provide telecommunication services in Vietnam. It is expected that this policy will be effective by the end of 2003.

The Decree [27/2003/ND-CP](#) of the Government dated March 19, 2003 provided modifications of and amendments to the [Decree 24/2000/ND-CP](#) of the Government dated July 31, 2003 that provided guidelines for the application of the Law on Foreign Investment. International and local telecommunication networks are still a conditional business sector (only BCC form is allowed). Any decision or circular of the MPI or MPT may contradict the decisions of the Government listed above.

There is a Decree [27/2003/ND-CP](#) (Government) dated March 19, 2003 providing guidelines for the implementation of the Law on FDI. According to such a decree, telecommunication local networks and telecommunication services are allowed to be provided by foreign investors. However, any investment is necessarily under the form of a BCC.

## **1.2. INTERNET**

Vietnam was connected to the Internet only relatively recently. The country had its first permanent international connection in November 1997, after which the government felt the need to regulate and control content available on the Internet. At the same time, the Internet was recognized as a powerful tool for research and economic development. It was also perceived as a potential threat by opening up access to a variety of views and opinions that are not always consistent with that of the leadership in the Vietnamese government. The government has been careful not to upset political stability, which is of high priority. Part of its leadership insists on a strong control over activities related to Internet.

Although the Internet has grown at an impressive rate (the number of subscribers more than doubling each year since its inception) this tendency seems to be declining. The main reasons could be (1) the population that can afford the current commercial Internet is growing at a much lower rate, and (2) of a population of 80 million, a large majority speaks only Vietnamese, while English is dominant on the Internet, and (3) Internet content in Vietnam is regulated by the Press and Publication Law, which makes only limited local content available. In order to promote future growth, create sustainability, and enhance the sophistication of Internet usage in the country, the government will have to decide between strong regulatory control and the benefits of a freer more competitive market of Internet services.

### ***1.2.1. History***

Although Vietnam only permanently connected to the Internet in November 1997, it had been involved in various networking activities for more than five years before. This helped to build up the expertise needed to successfully launch Internet services in the country. In 1991, the possibility of an e-mail exchange with a German university was explored by Hanoi's Institute of Information Technology (IOIT) but this proved unfeasible due to poor connections and high costs.

In 1992, Hanoi's Institute of Information Technology (IOIT) established a dial up telephone connection with the Australian National University (ANU) to exchange e-mail. This pioneering service grew into Vietnam's first national computing network, which began with nine telephone lines, ending up at the ANU. The new network was called VARENet (Vietnam Academic Research and Educational Network), reflecting its intention to facilitate the exchange of academic communication

and research. By 1996, around 300 scientific, academic, and research organizations were connected to the IOIT.

Parallel to this, another IOIT related organization known as NetNam was launched with assistance from CIDSE (Coopération Internationale pour le Développement et la Solidarité), an EU NGO, and then Canada's International Development Research Center (IDRC) through its Pan Asia Networking (PAN) project. While VARENet provided basic connectivity to research and academic institutions, NetNam sought to address the needs of the NGO community in Vietnam. NetNam also used a UUCP connection to ANU in Australia to provide Internet mail to its predominantly NGO, academic, and research clients. In 1996, NetNam hosted a few hundred accounts, including 60 of the 75 foreign NGOs operating in the country, totaling more than 800 users. By the late eighties, a number of companies such as VDC of VNPT, FPT, and others were ready to do business on the Internet.

While Vietnam was probably ready to have a full time international connection to the Internet in 1996, this was delayed by the government due to a lack of suitable rules and regulations. A flurry of decrees and resolutions were issued in 1997 outlining how the Internet was to be used and controlled before its actual implementation. Finally, in November 1997, the government gave its seal of approval and the first ISPs began providing commercial access services.

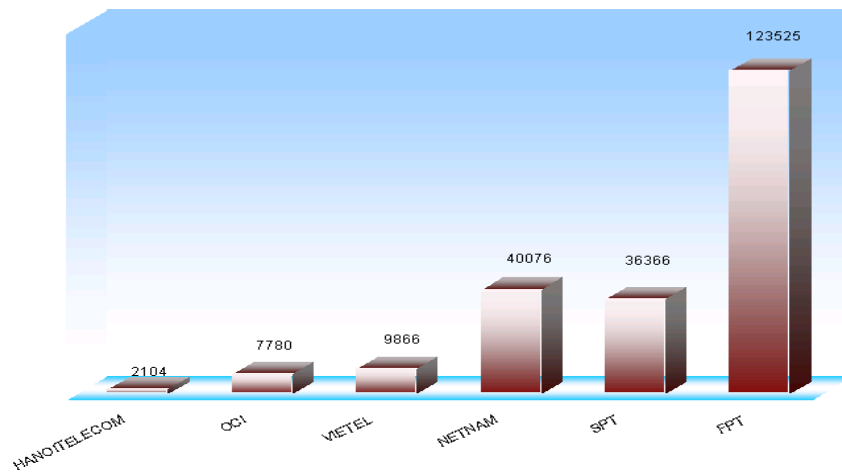
### **1.2.2. Current status**

According to statistics provided by the [Vietnam Internet Network Information Center \(VNNIC\)](#)<sup>1</sup>, at the end of October 2003, there were 634,359 Internet subscribers, and 2,578,236 Internet users. This corresponds to 3.16% of the Vietnamese population. Below is shown the number of Internet subscribers, according to figures from November 2003 (note that the biggest ISP, VDC of VNPT statistics are not available) Regarding the domain name with .vn, for the second half of 2003, the number of domain names with .vn increased from 3511 in June to 5409 in November 2003. The majority of domain names are second level .com.vn, which account for 79.8%

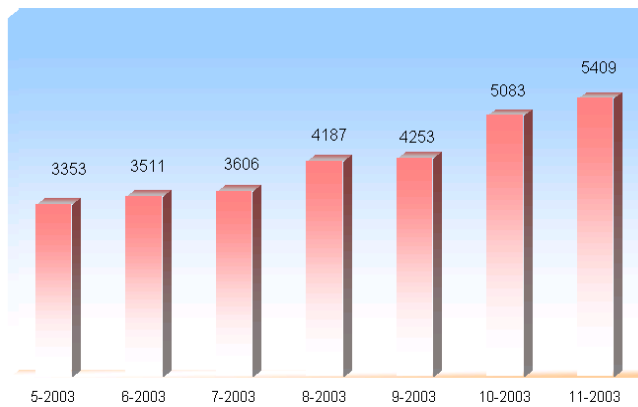
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<sup>1</sup> VNNIC is a non-profit affiliation to the Ministry of Posts & Telematics (MPT), established on February 28th, 2000 to carry out the functions of managing, allocating, supervising, and promoting the use of Internet domain names, addresses, and autonomous system numbers (ASN) in Vietnam. It also provides Internet-related guidance and statistics; and joins international activities on the Internet.

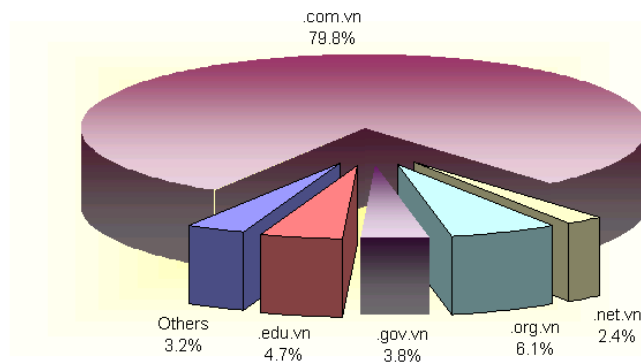
**Diagram 1. Internet Subscribers to ISPs**



**Diagram 2. Development of dotVN**



**Diagram 3. Second level domain name ratio**



Source: <http://www.vnnic.net.vn/english/statistics/index.html>

Procedures for registering a .vn domain name are not complicated. Any organization or individual is encouraged to register a .vn domain name for their enterprise. All guidelines and application forms are available on the website of VNNIC. Organizations who want to register a domain name .vn must submit a true copy of their business license or representative office license. Individuals need to submit a copy of their identity card or book of permanent residence.

Regarding the cost, the [Decision No. 84/2001/QĐ-BTC](#) dated 05 September 2001 of the Ministry of Finance states that the registration fee for a new domain name is 450,000 VND (29 USD) and the fee for maintaining it in the first year is 480,000 VND (30USD). Thus, from second year onward, each year the fee is 480,000 VND (30USD) (exchange rate 1USD = 15.500,00 VND). The VNNIC shall provide the domain names immediately if the domain name register completes all the required procedures and pays the required fee.

- The following cannot be chosen as domain names:
- Phrases jeopardizing national benefits or inappropriate to the social virtue of national habits and customs.
- Domain names bearing dirty meanings.
- Domain names bearing unhealthy purposes or illegal intentions.

VNNIC shall consider on a one by one basis domain names related to historical or tourism geographical indications; well-known men, leader-figures, an economic industry, commodity, pharmaceuticals, inter-governmental organizations, and socio-political bodies. The use of Internet resources against the Socialist Republic of Vietnam that jeopardizes national benefits, or is inappropriate to the social virtue, national habits, and customs of the people is strictly prohibited.

It needs to be noted that one of the main obstacles towards future growth and usefulness of the Internet in Vietnam is the lack of content available in Vietnamese. Given that a majority of the population cannot speak English, even if the cost of access was reduced, the general public would find most of the content of the Internet largely unrelated to their lives. The great advantage of the Internet, which is the low cost of providing information to a broad public, does not apply to this society. Furthermore, the provision of information via the Internet is subject to permission by the Ministry of Culture and Information, which makes the process complicated, and therefore undermines the advantage of the Internet.

Until recently, VDC has been the sole Internet Exchange Access Provider (IXP) and thus has a monopoly on delivering international Internet connections. The actual Gateway is managed by VNPT's subsidiary for international traffic, Vietnam Telecom International (VTI). Vietnam has six IXP, three of which have been providing services. There are twenty ISPs, five of which have actually been providing services. Until November 2003, the total international bandwidth figure of ISPs and IXPs of Vietnam reached 733.5 Mbps. See the table below.

## **Table 2. International bandwidth figures of IXP-ISP**

IXP – ISP	Connection	Bandwidth	Total
VNPT	KORNET (KOREA)	0.5 Mbps	602.5 Mbps
	SINGTEL (SINGAPORE)	155 Mbps	
	REACH (HONGKONG)	290 Mbps	
	KDD (JAPAN)	2 Mbps	
	SHANGHAI (CHINA)	155 Mbps	
VIETEL	DACOM (HONGKONG)	2 Mbps	38 Mbps
	SINGTEL (SINGAPORE)	4 Mbps	
	REACH (HONGKONG)	2 Mbps	
	INTELSAT (USA)	30 Mbps	
FPT	REACH (HONGKONG)	89 Mbps	89 Mbps
ETC	KORNET (KOREA)	2 Mbps	2 Mbps
SPT	REACH (HONGKONG)	2 Mbps	2 Mbps
<b>Total</b>			<b>733.5 Mbps</b>

Source: <http://www.vnnic.net.vn/english/statistics/index.html>

Until recently, the cost of Internet access in Vietnam has been considered very expensive. In a move to attract further foreign investment and to fulfill MPT's promise on the issue, MPT sharply decreased Telecom tariffs related to twelve telecommunications services on April 1, 2003.

According to MPT's decision, the cost for international calls via Voice over IP (VoIP) has fallen 37% and via direct public switching telephone networks (PSTN) it has fallen 32%. Mobile tariffs also fell 10% for intra-city calls and 32% for calls between provinces (VoIP is considered as basic telephone/telecommunication service. Only licensed telcos are allowed to provide VoIP). Other charges also dropped, including Internet access fees, which now cost 40VND (0.26USDcent) per minute from 120VND (0.8USDcent) per minute. It is hoped this decline in Internet costs will assist the development and popularity of the Internet in all sectors, including education, health, and student access. It is hoped that the number of Internet users will reach 5 million by 2005.

MPT claimed that Vietnam's tariff system is now equal to rates in China, South Korea, and some others in the region. However, given the fact that for Vietnamese customers, whose average income is in the bottom group of the region, Internet access is, therefore, more expensive than for the consumers in the countries mentioned above. Nguyen Quang A in one of his informal analysis about Internet services in Vietnam has mentioned: Internet charges did not change at all, however, local charges related to dial-up access have dropped to 40 VND/min.

Cost of ADSL access to the Internet (down-link speed can be up to 2Mb/s, up-link speed can reach 640 Kb/s if the distance to the switch is less than few km) consists of a monthly fixed subscriber fee of 181.818 VND (11.7 USD) and data charge (in terms of Mbytes, which quickly reaches the ceiling limit of data charge) of 909.091 VND/month, not including VAT, (65 USD/month). This, in absolute terms, is three to four times higher than the flat rate in the U.S, about 25 USD/month, and in China, 24 USD/month, independent of access time and amount of traffic received or sent. Concerning access quality, in the first few months when the number of subscribers was quite small, quality was good, but by October 2003, as the number of users increased, quality dropped markedly. A university professor in Vietnam must spend 30% to 50% of his monthly income to have ADSL access (in China 8-10%; in US 0.6%)! Internet is still not affordable to many in Vietnam.

Despite the low level of development, there are few government policies encouraging public Internet access. There is currently no provision for providing discounts to public facilities such as educational institutions (and Internet cafes, where students often work). On the other hand, a fifty per cent Internet access discount is available for software development centers in order to promote their industry. Government plans call for Internet density in Vietnam to be the same as the world average by 2010. However, it is expected that by this time the GDP per capita of the country will be substantially under the world average, which means the Internet tariff level of Vietnam should also be below average. Therefore, the government's goal of Internet density will be hard to meet.

There is a government plan to provide free Internet access to villages through post offices and cultural establishments. Around twenty communes currently receive free Internet access via dial-up, but this is still a pilot program. Provision Internet service for vast rural communities at this stage of development is economically infeasible for Vietnamese public and private sectors. Under the circumstance that technological and financial assistances from International communities are desirable, a number of such projects will be undertaken.

### **1.2.3. Internet Providers**

As stipulated in the Article 13 of the [Decree No. 55/2001/ND-CP](#), Internet providers include (1) Internet service providers (ISP); (2) Internet exchange providers (IXP); and (3) Online service providers (OSP). Internet Services Providers are enterprises (regardless of ownership) that are granted an Internet access service provision license by MPT and must conform to regulations of the [Decree No. 55/2001/ND-CP](#) and other regulations on Internet access service management by MPT. By the end of 2002, Vietnam had thirteen ISPs, however only five of them were operational ISPs. These all had extensive data communication experience, of which their ISP operations were essentially an outgrowth.

According to the Article 14 of [Decree No. 55/2001/ND-CP](#), Internet Content Providers (ICP) are organizations and enterprises granted Internet content service provision licenses by the Ministry of Culture & Information (MCI). The Statute on Management and Granting of Licenses for Provision of Information and Creation of Websites on the Internet requires that without the permission of MCI, no information shall be launched and no website shall be created on the Internet. The provided

information must not be "deviant from guiding principles, purposes, and scopes permitted by the MCI." In the drafted strategy for ICT Development of Vietnam, there is a suggestion to adjust this Decree. However, it is not mentioned clearly how the adjustment should be done. Web hosting tariffs are deregulated. Company web sites do not need a license, but they must be hosted by an ICP. Access to foreign content is controlled via firewalls. Sites that are considered offensive or contrary to the government's perspective are blocked. The Ministry of Police decides which sites are to be blocked and IXPs or ISPs implement the filtering on their gateways ([Circular 04/2001/TT-TCBD](#) of November 20th, 2001).

**Table 3 - Internet Services licensing**

Ord	ISPs, IXPs	Internet Exchange Service	Internet access service	Notes
1	VNPT	Licensed	Licensed	
2	Vietel (new name: Viettel)	Licensed	Licensed	
3	FPT	Licensed	Licensed	
4	SPT	Licensed	Licensed	
5	ETC	Licensed	Provided	Not yet providing services
6	NetNam	Not licensed	Provided	
7	Hanoi Telecom	Licensed	Provided	Not yet providing services
8	Internet OCI	Not licensed	Provided	
9	(Techcom JSC)	Not licensed	Provided	Not yet providing services
10	TIE Co.,	Not licensed	Provided	Not yet providing services
11	QTNNet	Not licensed	Provided	Not yet providing services
12	Viet Khang Service JSC	Not licensed	Experimental license up to June 7, 2003	Not yet providing services
13	ELINCO	Not licensed	Provided	Not yet providing services
14	Thanh Tam JSC	Not licensed	Waiting	Resolving
15	VIT Co., LTD	Not licensed	Waiting	Resolving

Source: Up to 2005, according to the [Decision No. 33/2002/OD-TTg](http://www.aseconnectvietnam.gov.vn/laws/kinds.asp?tenvd=post%20telecommunications)  
<http://www.aseconnectvietnam.gov.vn/laws/kinds.asp?tenvd=post%20telecommunications>

## 2. LEGAL AND REGULATORY FRAMEWORK

### 2.1. TELECOMMUNICATIONS

#### *2.1.1. General Policy*

The Vietnam government is actively pursuing a telecommunications policy that aims for significant structural and institutional reforms designed to achieve sustainable national growth and development. The policy backs aggressive development of modern infrastructure and services to match the achievements and performance levels of Vietnam's regional neighbors.

The government's telecommunications policy is formally set out in a decision of the Prime Minister [Decision No.158/QD-TTg](#) of October 18, 2001 ratifying Vietnam Post and Telecommunications development strategy until 2010 and Orientation until 2020. The policy Decision provides a comprehensive range of sector development objectives and targets, along with key underlying strategies for their achievement.

It is noted that the policy decision covers both the postal and telecommunications sectors. The implication of this is that the telecommunications policy per se is not readily separated from that of the postal sector. However, the following discussion focuses on the telecommunication contents of the policy.

- The three basic objectives of the telecommunications policy are the following:
- To build up and further develop the national information infrastructure with modern technologies;
- To provide society and consumers with modern, diversified, and abundant telecommunications service in all parts of the country;
- To increase the share of this sector in Vietnam's GDP and employment growth.

Simply stated, these policy objectives are very broad and address a wide range of inter-related issues. The need for infrastructure development is essential to the provision of services. Moreover, the relationship between telecommunications development and overall economic growth and development is a fundamental aspect of the policy.

The telecommunications policy sets out a number of key goals and targets. Among these, the following are important:

- By 2010 the number of telephone sets and Internet users per 100 people shall reach the regional average;
- By 2005 all provinces and cities throughout the country shall be linked together by broadband fiber optic cables;

- By 2010, the average telephone density shall reach 15-18 telephones per 100 people and 60% of households will have telephones.

Given the current state of telecommunication development in Vietnam, these represent ambitious development targets. For example, by the end of 2002, according to the annual report of the MPT, Vietnam had around 3.65 million main telephone lines (exact number: 3,664,752) giving a teledensity of around 4.56 per 100 people. The target penetration level requires the current teledensity to increase four fold in the 9-year period. That is, an additional 13 million lines. The estimated capital cost for achieving this target would be in the order of 13,200 million USD in total or 1,466.6 million USD per annum (assuming that the cost of installing each main telephone line is 1 USD). This estimation is a standard benchmark used to illustrate the cost of telecommunications infrastructure development around the globe. In conjunction, it makes sense to comment that Wireless Local Loop (WLL) systems should reduce this cost significantly. However, WLL systems have not generally been popular to the extent that a lower per line estimate is considered justified.

Several key strategies are set forth in the telecommunications policy. The following strategies are considered as important:

- Speeding up the development of the Ordinance on Posts and Telecommunications;
- Developing specific policies and measures to boost competition;
- Implementing the Vietnam – US Bilateral Trade Agreement (BTA);
- Renewing the charge rate policy in line with competitive market conditions;
- Effectively managing the radio frequency spectrum, numbering systems, zone and domain names, and addresses;
- Promoting productivity, quality, and efficiency within business enterprises;
- Creating policies for network development in rural and remote areas;
- Encouraging foreign direct investment;
- Promoting international co-operation in service development.

It is apparent that these strategies rely too much on the role of government, and too little on market mechanisms. For example, instead of removing the monopolistic characteristics of the current telecommunication market, the government plans to renew “the charge rate policy in line with competitive market conditions.”

### ***2.1.2. Regulatory framework***

The regulation of the telecommunications sector in Vietnam falls under the responsibility of MPT, which fulfils the dual role of policy maker and regulatory authority. Such a combination of functions is not common in the world of developed telecommunication markets.

The key functions and responsibilities of the organization of MPT are outlined in the Government [Decree No. 90/2002/ND-CP](#) of November 11, 2002. The Decree sets out a wide range of functions and responsibilities under four different groupings. It is noted that MPT exercises regulatory control over both post and telecommunications. However, only the telecommunications related functions of MPT are addressed here. These are summarized in the following exhibit.

**Table 4. Major functions of MPT**

Main functions	Sub Functions
Legal documentation	<ul style="list-style-type: none"> <li>▪ Draft laws, ordinances, policies on telecommunications</li> <li>▪ Issue decisions, directives, and circulars to implement laws and regulations</li> <li>▪ Issue regulations, rules, and technical standards</li> </ul>
Economic planning	<ul style="list-style-type: none"> <li>▪ Submit strategic plans and development plans and radio frequency spectrum plans</li> <li>▪ Set prices for telecommunications services</li> </ul>
Supervision over technical and professional issues	<ul style="list-style-type: none"> <li>▪ Issue and revoke permits in accordance with regulations</li> <li>▪ Decide the plan for numbering telecommunications networks</li> <li>▪ Manage the operation of national telecommunications lines</li> <li>▪ Issue regulations for dealers in telecommunications services</li> <li>▪ Make plans and policies for telecommunications research</li> </ul>
Coordinating international relations	<ul style="list-style-type: none"> <li>▪ Manage international treaties on telecommunications and radio frequency</li> <li>▪ Organize and participate in conferences and seminars</li> </ul>

Source: [Decree No. 90/2002/ND-CP](#) <http://db.vnpt.com.vn/legals.asp?ID=64&group=2>

<http://asemconnectvietnam.gov.vn/laws/kinds.asp?tenvd=post%20telecommunicatio NS>

Within this regulatory framework, MPT exercises a significant degree of control over the telecommunications sector. In particular, MPT exercises regulatory control through a wide range of mechanisms including the issuing of operator licenses and monitoring of license conditions. With respect to prices, in principle, MPT sets consumer tariffs for telecommunications services and applicable interconnection charges between operators. However, in practice, VNPT proposes its price system, and as it often happens, the ministry validates these prices.

### **2.1.3. P&T Ordinance, legal framework for telecommunications**

Before the establishment of MPT, the legal framework governing the telecommunications sector in Vietnam came from a set of various legal texts issued by the DGPT. Each of these legal texts is concerned with specific issues that had been made at different times. As such, the legal framework was fragmented and had never been consolidated into a single telecommunication law. However, the main reason behind this seems to be that the DGPT cannot keep pace with the speed of development in the telecommunications sector and deliver sensible regulation in an appropriate time.

The Government's telecommunications policy recognized the current weakness of the legal structure governing the telecommunications sector. In line with its policy, the Government ratified the Ordinance on Post and Telecommunications (the "Ordinance") on May 25, 2002. The Ordinance took effect on October 1, 2002 and has replaced the [Decree No.109/1997/ND-CP](#) dated November 12, 1997 on the network and telecommunication services.

The Ordinance is expected to achieve the primary aims as follows. First is the consolidation of the legal structure into a single law, which means the repeal of the set of contradicting laws and regulations. Second, the Ordinance shall modernize the legal structure and address the important issues that arise in a competitive market structure.

The main regulations relating to telecommunications in the Post and Telecommunication Ordinance include the following.

General provisions:

Article five sets out the State's policies on telecommunications. Amongst other provisions, the state aims to encourage enterprises of all economic sectors to engage in telecommunication activities in a fair, transparent, and competitive environment, in order to facilitate the application and promotion of telecommunications technology, and to enhance the standard of living. Nonetheless, Article 7 stipulates that priority of information provision must be given to emergency situations. The Article further provides that in emergencies, "part or the entire post and telecommunications network may be mobilized".

Telecommunications provisions:

The Ordinance abolishes the state monopoly over the network infrastructure. However, Article 38 limits network infrastructure providers to state-owned enterprises or enterprises in which the state holds controlling shares or special shares. On the other hand, enterprises of all economic sectors can provide telecommunications service to the public, and several different types of licenses are described.

Primary services are defined as the instantaneous transmission of information in the form of symbols, signals, data, writing, sounds, or images via a telecommunications network or the Internet without changing the format or contents of the information. Added value services are described as services that add more value to information for service users by improving the format or contents of information, or enabling storage or retrieval of information by use of a telecommunications network or the Internet.

Licensed network infrastructure providers can establish a public telecommunications network to provide directly, or re-sell telecommunications services in accordance with their licenses. Furthermore, licensed service providers can establish telecommunications equipment systems within the scope of their establishments and public service points, and provide benefit services, Internet access services, and re-sale telecommunications services in accordance with their license.

Envisioning potential detriment to smaller telecommunications enterprises, Article 39 was included to regulate the activities of enterprises with a large market share. It stipulates that enterprises having over 30 per cent market share in respect of one type of service in a licensed geographical area are not allowed to restrict or cause difficulties to the activities of other telecommunications enterprises.

#### Consumer Protection:

Although the Ordinance does not contain specific provisions that address consumer protection, references to the topic are found throughout. For example, Article 8(2) stipulates that enterprises providing telecommunications service must guarantee the quality of service and must levy charges that are in accordance with the regulations. Pursuant to Articles 31 and 56, where the providers of telecommunications services cause loss or damage to consumers, they must compensate consumers for the loss. In the case where enterprises providing telecommunications services do not provide the quality of service guaranteed, they must refund to consumers all or part of the charges paid by the consumer.

#### State Management:

Like the replaced documents, the Ordinance makes provisions for a postal inspectorate, whose duties include the inspection of implementation of the laws, resolving complaints lodged, punishing offenders, and suspending activities that are contrary to the laws. Article 77 provides that any person who breaches this Ordinance and other relevant legislation, depending on the severity of the breach, will be subject to administrative penalty or criminal prosecution.

#### Conclusion:

The Ordinance provides a comprehensive framework that allows for the expansion of the telecommunications industry, and the opening up of the market (with some limited exceptions) to enterprises of all economic sectors, thus establishing a competitive market environment. In this regard, it is anticipated that the quality of service will be enhanced, and fees and charges reduced. It is hoped the Ordinance will also pave the way for further detailed regulations to be implemented for the rapid development of telecommunications industry.

### ***2.1.4. Service charges***

As is apparent from the market structure, the market for telecommunication services in Vietnam is not sufficiently competitive, and therefore, one cannot expect to rely on its “invisible hand.” For this reason, some kind of price regulation is needed. However, it is debatable whether the

actual regulation by MPT is really the best solution or not. Currently service charges in the Vietnam telecommunications sector are regulated by the MPT. The particular regulations are stipulated in the [Decision No. 99/1998/QĐ-TTg](#) of May 26, 1998 on the management of Post and Telecommunication prices and charges. In fact, the Decision No 99/1998/QĐ-TTg has been replaced by [217/2003/QĐ-TTg](#) dated October 27, 2003.

Let us first consider the principles for setting charges. According to the Decision No. 99, the prices and charges for telecommunication services of the telecommunications sector shall be set in conformity with the socio-economic policies of the Party and the State, in conformity with international agreements signed or accorded to by Vietnam, to meet the requirements of developing the national telecommunications infrastructure.

- The telecommunication prices and charges shall be based on the product or service costs, ensuring that the enterprises can cover expenditures, make reasonable profits, and fulfill obligations towards the State budget. The prices should be reasonably limited to match users' affordability and encourage healthy competition.
- The international telecommunication prices and charges shall be determined in US dollars (USD), applicable to all Vietnamese organizations and individuals, foreign organizations, and individuals working in Vietnam. Charges shall be collected in USD converted into Vietnam dong at the official exchange rate announced by the State Bank of Vietnam at the time. There is no competition in the market, thus market forces do not really determine telecommunications prices.

The paragraph below describes the status of competence in the management of telecommunication prices and charges. At the highest level, the Prime Minister decides the strategies, policies, mechanisms, and principles for setting domestic and international telecommunication charges. The Prime Minister authorizes MPT and relevant State agencies to negotiate and sign multilateral or bilateral international agreements on telecommunication charges. In addition to telex and telephone charges, the head of the government also authorizes MPT to decide the domestic standard charges for ordinary mails of up to 20 grams in weight.

With direct authority from the Prime Minister, the Government Pricing Committee evaluates the projects of MPT on the policies, mechanisms, and principles for setting telecommunication prices and charges for submission to the Prime Minister. This Committee also evaluates the options on standard charges of telecommunication services prepared by MPT and submits them to the Prime Minister. In addition, the Government Pricing Committee decides charges for services that are paid for with government sources, after having consulted the Ministry of Finance and concerned branches.

MPT exercises a broad range of regulating responsibilities that include the following:

- Formulating policies, mechanisms, and principles for setting domestic and international telecommunication prices and charges and submitting them to the Prime Minister;
- Formulating options on the standard charges of services and submitting them to the Prime Minister;

- Being authorized by the Prime Minister to decide the domestic standard charges for telegraph and telephone services;
- Being authorized by the Prime Minister to negotiate and sign multilateral or bilateral international agreements on post and telecommunications prices and charges;
- After consulting the Government Pricing Committee, setting price and charge brackets or specific prices and charges for particular services (which are specified in the Decision No. 99);
- Setting the charge bracket or charges for the following services: mobile phone, charges for renting domestic or international long - distance telephone channels; Internet; domestic long-distance calls;
- Setting the prices or price brackets for payment between enterprises jointly engaged in the provision of post and telecommunications services;
- Laying down the principles for the exemption and/or reduction of post and telecommunications charges for service users after consulting the Government Pricing Committee;
- Laying down the principles and adopting the policies on international payment charges between Vietnamese telecommunications enterprises and international telecommunications organizations, ensuring national interests and the enterprises' interests in conformity with international practices and agreements which have been signed or accorded to by Vietnam;
- Defining the mechanism for management of telecommunications service charges with regard to organizations that are permitted to resell such services in accordance with the provisions of law.

In practice, VNPT, the biggest firm in the field, has a substantial impact on MPT when it makes decisions on prices. In theory, post and telecommunication enterprises must accept the prices and charge rates set by competent agencies. Companies are supposed to comply with the State's guidance on the management of telecommunication prices and charges. Enterprises are allowed to invent options on telecommunications prices, charges, and charge brackets and submit them to the Government Pricing Committee or MPT for approval. In addition, the enterprises may use price and charge brackets and guiding documents of MPT and the Government Pricing Committee, as benchmarks for offering specific prices and charge levels for telecommunications products and services. The Government Pricing Committee and MPT also decide and guide the application of prices and charges for telecommunication services outside the list prescribed by the State. Thus, price regulation is heavy.

Soon there will be a major change in the pricing policy for telecommunications and the Internet. The government [Decision 217/2003/QĐ-TTg](#) and the MPT guidance for the Decision deployment 16 /BBCVT-KHTC to be signed on January 6, 2004 stipulate tariffs only for companies

with dominant market share (understood as 30% or higher). According to the guidance, only these will be subject to tariff regulation:

- NPT (in long haul, domestic, and international telephone, VoIP, leased line, mobile telephone, Internet, and Immarsat),
- Viettel (in international telephone, VoIP),
- Vishipel (in Immarsat)

All other companies are free to decide their own service charges in respect to the Ordinance on price and relevant regulations.

## 2.2. INTERNET

### 2.2.1. Objectives and Plan for Internet development

According to [Decision No 33/2002/QĐ-TTg](#) dated February 8, 2002, the Prime Minister approved the Internet development plan of Vietnam for the period of 2001-2005. By the year 2005, as many as 3-5 IXPs (Internet eXchange Providers), 30-40 ISPs (Internet Service Providers) and a number of OSPs (Online Service Providers) will have been granted operating licenses. Many observers have expressed their doubts on whether or not these objectives will be achieved in the specified time limit. The Decision 33 also specifies measures to be implemented in order to achieve the above-mentioned objectives.

### 2.2.2. Regulatory framework

The direct regulatory body over the Internet activities in Vietnam is the Vietnam Internet Network Information Center (VNNIC). The VNNIC is a non-profit affiliation to the Ministry of Posts & Telematics, established under the [Decision No. 372/QĐ-TCBD](#) dated April 28, 2000 of the DGPT (which later became the MPT). The purpose of the VNNIC is to carry out the functions of managing, allocating, supervising, and promoting the use of Internet domain names, addresses, and autonomous system numbers (ASN) in Vietnam, VNNIC also provides Internet-related guidance and statistics related to international activities on Internet. More specifically, VNNIC's main functions are described in [Decision No 28/2003/QĐ-BBCVT](#) dated March 12, 2003 as the following:

- Planning, managing, and allocating IP address and ASN at the national level.
- Managing and allocating domain names for Internet-related activities at the national level including second level domain names under .vn and third level domain names under second level generic domain names.
- Setting up, utilizing, and maintaining the performance of domain name servers of .vn, participating in developing new technologies on Internet resources, DNS and IP technology, and Certification Authority system on the Internet.
- Inspecting, supervising the use of IP addresses and allocating an ASN and domain name to organizations and individuals engaging in Internet activities.
- Participating in State management in relation to activities of associations and non-governmental organizations in the Internet field.
- Being the Vietnamese Internet's official representative by taking part in international Internet organizations' activities regarding Internet resources and IP technology.
- Collecting fees and commissioning activities related to functions, tasks, and powers of the center, in accordance with current law.

- Cooperating with international organizations to develop stand-by DNS systems for national level domain names (.vn), registering and maintaining Vietnamese Internet resources, globally marketing the Internet of Vietnam and developing the use of .vn domain names.

For the past three years of operation, VNNIC has become a springboard to help integrate Vietnam within the international Internet community, promote domestic Internet development and Internet information, and guide Vietnamese Internet users. This body also does a good job educating Internet use to general population. In addition, the VNNIC website <http://www.vnnic.net> provides a good source of Internet statistics in Vietnam:

### **2.2.3. Legal Framework**

Numerous decrees and ordinances guide use of the Internet in Vietnam. They regulate everything ranging from who qualifies for an ISP license to tariffs. One of the most important is [Decree No.55/2001/ND-CP](#) dated August 23, 2001 on the management, provision, and use of Internet services. The new regulations under the Decree 55 have replaced the Provisional Regulations of 1997 on the management, establishment, and use of the Internet in Vietnam. This was the first time since Vietnam logged onto the Internet six years ago that there was an official legal framework in place for Internet activities. Let us look first at the requirements for licensing and registration.

What is most welcome under Decree 55 is that the business of Internet service provision is opened up to private sectors (Article 15) and foreign investors (Article 16). Internet service providers are defined in this document as businesses that provide user access to the Internet and other online applications or services. Unlike the Internet service provision, Internet exchange provision (IXP) business is still reserved only for state owned enterprises or share-holding enterprises in which the Vietnamese state holds controlling or special shares. Internet exchange providers are also defined as businesses responsible for Internet infrastructure, which are gateways to worldwide Internet and provide connection between local Internet service providers and with the worldwide Internet via their international gateways.

According to this document, foreign investors who wish to engage in Internet services must first obtain an investment license under the Law on Foreign Investment in Vietnam and then obtain an Internet service provision license from MPT. However, the Internet content provision services must acquire a license issued by the Ministry of Culture and Information (MCI). Given that the cost of using the Internet is high, and the content in Vietnamese is currently so poor, the content control by the MCI slows down the process of Internet development. The condition imposed by the MCI increases the cost of the content, and therefore limits the advantages of the Internet.

Based on the Government's [Decree No.55/2001/ND-CP](#), the Department General of Posts and Telecommunications' [Circular No.04/2001/TT-TCBD](#) of November 20, 2001 provides guidelines for implementation of management, provision, and use of Internet access service, Internet connection service and Internet application services in the sector of posts and telecommunications. According to

the Circular, an entity that wants to obtain the Internet exchange provider (IXP) license must satisfy all the following (rigorous) conditions:

- Be a State enterprise or joint-stock enterprise in which the State holds controlling or special shares.
- Have a minimum of three-year experience in the field of telecommunications or IT.
- The initial Internet equipment network of the entity must at least consist of Internet equipment providing both the IIG (International Internet Gateway) and NIX (National Internet eXchange) service, located in two different areas. The Internet equipment networks of the enterprises must be interconnected and connected to at least two international Internet directions. The initial telecommunication transmission capacity of each domestic and international circuit must be at least two Mb/s.
- The entity must have a feasibility plan for Internet equipment, network development, and business suitable to current regulations on connection, service charges, quality of service, and Internet resources.
- The Internet equipment networks of the entity must have back-up plans to ensure the safety of Internet connection, and service provision in case of technical incidents.
- The entity must have technical and professional plans for ensuring the safety and security of the Internet equipment systems and information on the Internet, especially in the case of an emergency that may affect national security. The Internet connection service provision can be ceased or limited at the request of competent State management bodies.

In a slightly less stringent framework, anyone who wants to get an Internet service provider (ISP) license must satisfy all the following:

- An ISP can be an enterprise of all economic sectors;
- Have a minimum of two-years experience in the field of telecommunications or IT;
- The initial Internet equipment network of the entity must at least consist of two Internet points of presence (Internet POPs), located in two cities or provinces. This condition will not be applied to mountainous and/or isolated areas;
- The entity must have a feasibility plan for Internet equipment, network development, and capability suitable to current regulations on connection, service charges, quality of service and Internet resources.
- The Internet equipment networks of the entity must have back-up plans to ensure the safety of Internet connection and service provision in case of technical errors.
- The enterprises must have technical and professional plans for ensuring the safety and security of the Internet equipment systems and information on the Internet at the request of competent State management bodies.

According to Article 17 of Decree 55, MPT shall, on the ground of Internet strategies and development projects in Vietnam, stipulate particular procedures and conditions for licensing ISPs and IXPs. The Ministry of Culture & Information shall stipulate procedures and conditions for licensing ICPs and relevant Ministries and other government branches stipulate conditions for licensing OSPs in according to their specialized fields of State management.

MPT issued the [Circular No.04/2001/TT-TCBD](#) dated November 20, 2001, which stipulates very clearly the procedures for license application. This concerns the set of application documents, processing durations, amendments and alterations, and the renewal and withdrawal of licenses. We shall look at each of them.

Licensing procedure requires that application documents of the firm be made in three sets of papers that include: application form, decision of business set-up, organizational structure and nature of business, and so on. For a company applying for Internet service provision licenses, documentation of the establishment of the company must be presented, with an indication that the company is approved to take part in Internet service provision activities. A company applying for a license to provide private Internet access service has to present a document that certifies the company has the function of organizing the provision of Internet access service for members. In addition, a document concerning the organizational structure or relation and activity of the company's members is required.

For projects in the first five years of service provision, the procedure requires the following major documents to be provided:

- Business plan (or service provision plan for private ISPs) covering the type of service, scale of service provision, service standards and quality, service charges, market and revenue forecasts, total investment capital and disbursement in each period, investment form, and workforce;
- Technical plan covering the network configurations for both the main and back-up systems; the capacity of the Internet equipment network and the capacity of the domestic and international telecommunications transmission circuits, Internet resources, and technical and professional measures to ensure the safety of the Internet equipment network and information security.

Within 30 days after the receipt of all lawful documents, MPT makes a decision to grant or refuse to grant the license. In case of refusal, MPT will reply in writing, clearly stating the reasons to the applying units and enterprises.

During the period a license is in effect, if the holding firm wishes to have its licenses amended and supplemented, it can do so by submitting to MPT a set of documents. This includes an application form for the amendments of and supplements to the license, a report interpreting in detail the contents of the amendments and supplements, along with related documents and a copy of the valid license. It takes 20 days to amend or supplement licenses. With a simple procedure, a renewal for up to another year is possible, If for one year after getting licensed, the company has not actually deployed the

contents stated in the granted license for a legitimate reason, the licenses for providing Internet services can also be revoked.

Part IV of the [Circular No.04/2001/TT-TCBD](#) stipulates that connections between IXPs, ISPs, private ISPs, and OSPs to the public switched telephone networks will be carried out in accordance with the connection contracts or agreements signed by related parties on the conditions of equality and reasonableness, and on the basis of effective use of Internet resources and technical infrastructure sharing, and ensuring the interest of Internet service users. In cases where related parties fail to reach an agreement, the MPT will consider and make due decisions based on the proposals of the units and enterprises.

The Circular does not allow ISPs, private ISPs, and OSPs to build telecommunications transmission circuits. If a firm (ISP or OSP) wants to lease a telecommunications transmission circuit, the MPT will provide specific regulations on a case-by-case basis. The IXPs are allowed to connect with each other, the international Internet, and the public switched telephone network. The policy does not allow private ISPs to connect directly with each other.

There is an apparent barrier to Internet growth in Vietnam, which is the control of undesirable content. A major advantage of the Internet is the ability to store large amounts of information. However, if the information is subject to control by the government, the resources of which is limited, then only a small part of information can be checked, and therefore, a large part (which includes valuable information) is not available on Internet. According to the Laws, information put in Vietnam online, transferred via Internet, or received from the Internet will be subject to the Press Law, Publishing Law, State Secrets Protection Ordinance, and intellectual property laws and regulations. Information containing materials that are against the interests of the State of Vietnam or the national security of Vietnam, or contrary to Vietnamese morals, culture, or customs, or in violation of laws and regulations, are strictly prohibited. It is understood that information banned from online publication includes, but is not limited to, anti-Vietnamese government materials, defamation of Vietnamese leaders and national heroes, distortions of Vietnamese history, pornography, sex materials, and others considered negative by the Vietnamese government. The laws of Vietnam define that entities or individuals who provide or use Internet service will be responsible for the information contents that they have put, stored, down-loaded, or transferred on line.

According to [Decree 55/2001/ND-CP](#) as of August 23, 2001 the Government shall consider the following as violations to Vietnamese regulations on management, provision, and use of Internet service.

- Disrupting or destroying equipment systems and obstructing the provision and use of Internet services;
- Stealing and illegally using organizations' and individuals' passwords, key words, and private information on Internet;

- Taking advantage of the Internet to oppose the State of the Socialist Republic of Vietnam, disrupting security and order, breaching ethics, customs and fine traditions, or committing other law violations.

These regulations seem strict. In reality, their implementation and enforcement are questionable. For example, the majority of existing websites in Vietnam would not fully comply with the rules. They do not have any license or their owner simply ignores the existence of the text.

The legal system for the protection of domain names is stipulated on Decision by Secretary of the Department General of Posts and Telecommunications (DGPT) [Decision No. 705/1998/QD-TCBD](#) dated November 17, 1998. According to this Decision, the regulations on domain name management and registration are as follows:

- MPT, specifically its affiliate Vietnam Internet Network Information Center (VNNIC) is the unique legal representative body of the top-level domain name “.vn” at international organizations and the management organ of “.vn”.
- MPT directly manages and controls the second level domain names (including domain names junior to network names of ISPs such as: vnn.vn, fpt.vn, netnam.vn, saigonnet.vn and domain names divided into categories such as: .com.vn, .edu.vn, .gov.vn, .net.vn, .org.vn, .int.vn). In their turn, ISPs manage and control third level domain names and further downward in the scope of the network names, and implement registration for entities in the scope of their own network.

Management organizations of the third level names (ISPs) allocate the fourth level domain names for entities in their own network scope. The fourth level domain name management units allocate the fifth level domain names for entities in their own network scope. Organizations responsible for providing sub- (third or lower level) domain names have to regularly submit reports to their immediate higher level of domain name management organizations.

Government policy requires that domain names must be registered in accordance with regulations on copyright and intellectual properties. For an international organization, if different from established (such as UN, UNESCO, ITU, ICANN) to be registered, its name on the Internet must be approved by authorized persons. A registered domain name must not contain any phrases that violate national interests, or is inappropriate to social morality and national cultural customs. To be accepted, the organizations registering for domain names shall explain clearly the relations between those domain names and activities in their organizations and shall totally bear legal responsibilities for those domain names. It takes no more than sixty days for a domain name to be officially registered.

Under the [Decree No.55/2001/ND-CP](#), private Internet access services such as cyber cafes, Internet access shops, etc. are no longer allowed. These businesses will be compelled to enter into agency contracts with licensed Internet service providers. Hotels that provide Internet access along with its facilities will be required to do the same. The Decree 55 has placed tough penalties and high fines for violation of the regulations and commitment of cyber crimes. The highest fine, which is approximately 5,000 USD, will be imposed on any act of establishing Internet systems or providing

Internet service without license. Virus proliferation via Internet may be fined up to 3,300 USD. Online pornography may be fined up to 1,300 USD. More serious cyber crimes or violation of the Vietnamese laws will be subject to criminal prosecution.

The Decree 55 contains only very general regulations on state management of Internet access providers, Internet service provisions, and the preparation of Internet content. It has provided general licensing procedures for Internet businesses and general rights and obligations of Internet service providers and users. As of May 2003, further guidelines and regulations of ministries and other governmental agencies on implementation of this new set of regulations have not been enacted. After the new legislation, dozens of applications from local businesses were filed at MPT for licenses, however, none have been granted due to the lack of implementation guidelines and regulations. Ministries are still debating the content of sub-laws and regulations.

#### **2.2.4. Internet connection charges**

Up until April 2003, it had been factual that while the average income of Vietnamese people was low, the costs of accessing Internet service in this country were significantly higher than the average of region (East Asia + ASEANs). Having recognized that it is holding back the development of Vietnam economy, the government seemed eager to solve the problem. Why is the price so high?

- Download time is too long due to weak infrastructure
- There is no optimized price
- The current price indicates imposition by functional authority

Recently, there has been a major change in pricing policy for telecommunications, and the Internet. The government [Decision 217/2003/QĐ-TTg](#) and MPT guidance for the Decision deployment [16 /BBCVT-KHTC](#) to be signed Jan 6, 2004 stipulate tariffs only for companies with dominant market share (understood as 30% or higher). According to the guidance, on the Internet only VNPT is subject of tariff regulation. All other companies are free to decide their own service charges in respect to the Ordinance on price and relevant regulations.

Access to the internet is not only a matter of pricing but also of speed. When bandwidth increases new applications become possible and overall online time might be used more efficiently. However, according to VDC, the biggest ISP, in July 2003 the overall connectivity via international links to the internet was just 290 Mb/s. At the same uptake of ADSL has increased remarkably, because it is promoted at a relative low price by VDC, but international bandwidth is not being increased. This has lead, in effect, to the internet becoming slower for every user, because more bandwidth is utilized by more users while the available bandwidth to the internets backbones stays the same. *Nguyen Quang A has demonstrated that if you divide the available bandwidth with the current number of users it results in just 600 bit/s/subscribe.*

And while it is expected that the number of broadband users will continue to grow, the quality of

internet access is expected to deteriorate further. This not only calls for increasing international bandwidth, but also for regulatory changes in internet infrastructure management. The existing ISPs, and in particular VDC, need to be required to set up faster internet connections to the international network in parallel to promoting broadband, because of the simple principle that ISPs make use of a limited amount of connectivity by passing it on to their subscribers. If either the customer base increases, or uptake of broadband in parallel the infrastructure needs to be upgraded, or the whole network runs risk of massive slowdowns.

### **2.2.5. Wireless Internet**

Wireless Internet is based mainly on unlicensed ISM (Industrial, Scientific, and Medical) bands of 2.4GHz and 5,725GHz, using Spread Spectrum Technology. Wireless Internet is considered as a quick and economic way for developing countries to narrow the digital divide. In Vietnam radio frequency is strictly controlled by Radio Frequency Department of MPT. The internationally unlicensed ISM band based applications, including wireless Internet such as Wi-Fi, have to be licensed by the department. This hinders considerably the expansion of wireless Internet.

Access to the Internet is not only a matter of pricing but also of speed. When bandwidth increases, new applications become possible and overall online time can be used more efficiently. However, according to VDC, the biggest ISP, in July 2003 the overall connectivity via international links to the Internet was just 290 Mb/s. In the same time, uptake of ADSL increased remarkably, because it was promoted at a relatively low price by VDC, but international bandwidth is not increasing. This has led, in effect, to the Internet becoming slower for every user, especially those of ADSL, because more bandwidth is utilized by more users while the available bandwidth to the Internet's backbone stays the same. In addition, in his unofficial analysis, Nguyen Quang has demonstrated that if you divide the available bandwidth with the current number of users it results in just 600 bit/s per subscriber.

Moreover, because it is expected that the number of broadband users will continue to grow, the quality of Internet access is expected to deteriorate even further. This not only calls for increasing international bandwidth, but also for regulatory changes in Internet infrastructure management. The existing ISPs, and VDC in particular, need to be required to set up faster Internet connections to the international network in parallel with promoting broadband, because of the simple principle that ISPs make better use of a limited amount of connectivity by passing it on to their subscribers. If either the customer base increases or uptake of broadband in parallel to the infrastructure needs to be upgraded, the whole network runs the risk of massive slowdowns.

### 3. PLANS FOR IMPROVEMENT

#### 3.1. PLAN FOR IMPROVING TELECOMMUNICATIONS DEVELOPMENT

The government of Vietnam recognizes the importance of ICT infrastructure for economic growth, and therefore has had a number of strategies for development of telecommunications and the Internet. Measures applied to improve telecommunications development are stated in the [Directive No. 09/2001/CT-TCBD](#) dated November 30, 2001 concerning the implementation of [Decision 158/2001/QD-TTg](#) of the Prime Minister approving the development strategy of the posts and telecommunications sector of Vietnam up to the year 2010 and orientations up to the year 2020.

As for the development in the telecommunications sector, the above-mentioned Directive specifies the plan for development planning of the telecommunications sector of Vietnam to the year 2010, with five-year, yearly plans, and major investment projects. The objectives of the plans and projects are the following:

- Establishing a national information superhighway that has a high bandwidth and speed, as well as widespread coverage, and will be accessible by the year 2010 to all districts across the country via wideband transmission means using modern technologies such as optical fiber, satellite communications, microwave, and wired and wireless access systems;
- Accelerating the speed of development and diversifying posts, telecommunications, and Internet services in the entire country so that by the year 2010 the level of accessibility of these services in Vietnam will reach the regional average, with charges lower than or equal to those in the region;
- The teledensity by the year 2005 will be 8-10 lines/100 inhabitants (including both fixed and mobile subscribers), or 10-12 subscribers/100 locals (if pre-paid users are taken into account); and these by the year 2010 will respectively be 15-18 sets/100 inhabitants and 20-25 lines/100 locals;
- Encouraging all economic sectors (domestic and foreign) to get involved in telecommunications development, strengthening the co-operation and exchange with and participation in the international labor division market, and conducting specialized production of a number of items in Vietnam.

Currently, the government is actively building ICT infrastructure, implementing a number of major national projects such as VINASAT telecommunications satellite, the domestic submarine optical cable network, the HCM Trail optical fiber network, the coastal communications system, new mobile phone systems, and upgrading and modernizing postal operation centers in Hanoi, Da-nang, and HCM city.

Recognizing the need for improvement of legal environment and development policies, the Directive calls for focusing on the compilation of the system of legal regulations and documents comprising ordinances, decrees, and guiding circulars to create a new legal framework for the period of integration and development. It also mentions the need for enhancing the competitiveness of Vietnamese telecommunications enterprises. It plans that by 2005, monopoly in the provision of telecommunications and Internet services will have been switched to competition, and between 25-30 percent of the market share will be obtained by new enterprises.

With respect to telecommunication enterprises, the Directive particularly singled out that the biggest firm in the field, VNPT has to enhance the renovation of the organization of business and production activities, and the competitive edge needed to increase the degree of independence in cost accounting. This (nearly monopolistic) firm has to up the pace of privatizing member enterprises, including service-providing enterprises.

The Directive also points out a plan for Human resource development. The State and enterprises will focus on investing in the modernization of specialized training centers, upgrading the material base and training equipment, renovating the curriculum and textbooks, keeping up with latest network developments, strengthening the training and retraining of the existing as well as future workforce suited to development targets, and diversifying forms of training and refreshing. Suitable incentive policies will be applied to attract human capital both at home and abroad to contribute to the development of this sector.

### **3.2. PLAN FOR IMPROVING INTERNET DEVELOPMENT**

The measures for facilitating Internet development in Vietnam are stated clearly in the Internet Development Plan, which gives priority to improving the Legal system and the State management capacity over the Internet (two major laws are in the final drafting phase: the Law on ICT by MPT and the Ordinance on e-commerce by Ministry of Trade). The Directive refers to the [Decree No. 55/2001/ND-CP](#) dated August 23, 2001 concerning the management, provision, and use of Internet services. The Decree urges the government to:

- Build systems of IT, Internet network, and service quality standards; standardize the Vietnamese fonts for computer networks and software in order to display Vietnamese fonts in Web pages;
- Improve technical tools to ensure information safety and security by preventing and fighting hackers and viruses in order to enhance Internet network and service quality;
- Have information network of the Government connected to the Internet.

For an effective management of Internet resources, the Directive sets the task of improving the capacity of the Vietnam Internet Network Information Center (VNNIC), modernizing resource management systems and domain name systems (DNSs), and ensuring the ownership and efficient use

of the resources of Internet domain names and addresses of Vietnam. In order to ensure an effective and economical use of the Internet, the government will be working out mechanisms to support electronics, IT, and telecommunications industries. The government also encourages the following:

- Domestic assembly and production of Internet terminal equipment;
- Scientific research agencies and organizations, educational and healthcare establishments to develop software industry;
- Use of Internet service by State and Party agencies as well as political and social organizations to make the most of IT benefits.

For developing the telecommunications infrastructure, the Decree asks the government to build national and sectional database systems serving the computerization of administrative management and instruction of the Government, and systematic building of electronic libraries and training establishments to set up a national public electronic information store. This government strategy gives priority to the creation of e-information content in Vietnamese to serve domestic Internet access demands, encourage agencies, enterprises, and Internet service providers to compile diversified sources of e-information data bases. The strategy calls for systematic socialization of the provision of information contents to the Internet, with special attention paid to information serving the industrialization of agriculture and rural areas, and especially farmer education.

The government of Vietnam is indeed making large investments in its plan of e-Government (see, for example program 112), primarily regarding services related to licensing, population and land management, automobile and motorbike registration, customs, and taxation. The Ministry of Trade has been preparing draft laws on e-commerce, and has at the same time programs for educating businesses and consumers on how to do e-trade.

Government branches such as the Central bank, Ministry of Finance, Department General of Taxation, Ministry of Science and Technologies, and some others have upgraded significantly in computerization by hooking up to Internet. Nevertheless, it is hard to compare these to government bodies in neighboring countries.

At present, there are many agencies involved in the drafting and preparation of legal framework for the ICT-Sector. Therefore, at this point we examine the process by which new ICT laws are made, showing which role different branches of the government play and how the overall process is coordinated. Since ICT crosses by definition several areas of government responsibility (trade, security, telecommunications, culture, and investment), at any given point in time at least several ministries are involved in preparing regulations, which potentially overlap or contradict each other.

This leads, as is our impression, to the situation of too many agencies involved in drafting legal documents and regulations in the ICT sector. From the point of view of state management, the Ministry of Post and Telematics is the primary agency that has the authority to submit to the Government initiatives to draft new laws, ordinances, and other legal documents. MPT at the same

time has the authority to appraise investment projects in ICT technology in general and Internet in particular<sup>2</sup>.

In fact, MPT is responsible for the management of the entire ICT infrastructure and associated services, but at the same time other ministries are responsible for other important parts of the ICT environment. This calls for a re-examination of authorities and for better organization of labor. The Ministry of Science and Technology is in charge of software technologies. The Ministry of Industry is in charge of state management of hardware, the Ministry of Trade is in charge of e-commerce, the Ministry of Police is in charge of confidentiality and security, the Ministry of Finance is in charge of budget management for ICT, the Ministry of Training and Education is in charge of human recourse development and extension of Internet in schools, the Ministry of Internal affairs takes part in applications of ICT in state management, and the Ministry of Culture and Information is in charge of management of Internet content and e-papers, etc.

All these agencies, based on their individual assessment, shall propose and initiate the drafting of new laws. Then, based on the subject, the process starts by inviting representatives from other relevant agencies to participate in the drafting committee. Alternatively, other relevant agencies could participate in the drafting process by sending written comments as requested. Even though this is not a problem in itself, because the participation of other relevant government stakeholders could contribute significant and particular expertise to the topic, this can hinder efficiency and effectiveness of the entire drafting process. In our opinion, and drawn from our experience, this is exacerbated by weak coordination among agencies. Therefore, the combination of a weakly structured process and bad management of scarce resources (qualified staff) leads to considerable time delays and asymmetries between parallel legal initiatives, which amount to legal stalemate. The limitations and reasons for this shall be analyzed below. In addition, limitations in regards to the creation of sensible and effective laws can be seen at different stages in the drafting process and are laid out below.

In our view, there is no systematical approach to initiating and drafting new laws at both the horizontal and vertical level. The main reason behind this seems to be the weak systematization of drafting a new law and defining its objectives and monitoring progress, or lack thereof. At the moment, there is no agency doing comprehensive statistics on the effectiveness, scope of adjustment, and content of such legal documents in this sector. Most of these documents have a general statement in the application procedure: "all previous regulations against this legal document shall be abrogated." However, in fact, there is no specific provision and process by which it can be determined which regulation is abrogated. This not only means it is nearly impossible for researchers to investigate the relationship between old and new laws in this area, or to identify weaknesses in a given law, but it creates a cloud of uncertainty for businesses wanting to operate in the ICT field.

Before promulgation of a legal document, only modest attention is paid by the drafting agency to the survey and examination of the exact need to promulgate it. Limited resources (time, human resources, and finance) as well as insufficient qualification in drafting law have lead to prolonged

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2. Regulation No. 2. [Decree No. 90/2002/ND-CP](#) dated November 11, 2002 on the functions, task, authority and organizational mechanism of the Ministry of Post and Telematics  
Status of Telecommunications Development in Vietnam - Assessment Report, March 2004  
Prepared by GIPI Vietnam

processes of drafting laws. This contributes to low quality and leads to conflicting scopes and subjects of legal documents as well as low effectiveness of enforcement.

Despite the fact it is regulated that the main legal document needs to be promulgated following a guiding protocol, in reality there are too many general protocols, which leads to a slow process of enforcement. The fact that too many agencies take part in the area of expertise prolongs the drafting processes. For example, [Decree 55/2001/ND-CP](#) on management, providing use of Internet was promulgated on 23 August 2001. On November 7, 2001, the Government promulgated the working paper [No.5342/VPCP- CN](#) (not found, need more detailed) requested that relevant ministries rapidly issue guiding protocols for this decree. The plan to develop Vietnam's Internet between 2001 and 2005 promulgated on February 8, 2002 requested that until the end of second quarter of 2002, all relevant ministries need to issue adequately guiding protocols for this decree. However, as of 2003, a guiding protocol for this decree has still to be promulgated. [Protocol 09/2003/TT-NHNN](#) of State Bank of Vietnam promulgated on August 5, 2003 guiding the implementation of Decree 55 on management, and providing use of Internet services in the banking sector).

It is true that the process of legal document building in general, and ICT specifically, have become more transparent. Experts from other relevant agencies (governmental and non-governmental) are invited to participate in the drafting process. However, the process is carried out in an ad hoc basis. It is a hard job to mobilize experts from various agencies. This is partly because these experts perceive participating in drafting committee as a part time job. Partly due to the sectorized focus, the participation of other agencies is for formality only. It can be said that any agency that is assigned to draft any legal document always pays the most attention to protecting the interest of its sector or ministry or at least tries to include in the document those regulations that are in favor for their own implementation. Opinions of experts from other agencies therefore sometimes receive lower attention. Thus, knowledge and experience of experts in various sectors are not completely explored in the drafting process.

The mechanism of assigning each agency to draft legal documents has many advantages but also creates the situation of 'everybody does it by his or her self'. There is no professional agency responsible purely for drafting legal documents. This is not a weakness of the ICT sector alone but of the whole state administration system.

It has been clear that there is inconsistency in legal documents relating to ICT and especially Internet in Vietnam. GIPI has a worldwide network of Internet policy and relevant issues. GIPI could provide some help in this regard as the following:

- Review existing efforts to analyze the legal frameworks relating to ICT in Vietnam.
- Analyze the findings of these analyses to find the gaps and areas that need further analysis.
- Prepare a project proposal to analyze the legal framework in Internet development in Vietnam and work with government agencies and organizations in charge of raising funds for implementing this project.

## 4. CONCLUDING REMARKS

The government of Vietnam has been eager to take advantage of Internet and telecommunications technologies to narrow the gap between Vietnam and more advanced countries in the region. The Government has made good efforts in developing a number of IT policies. However, the policies were designed by personnel with background shaped during the period of a centrally planned economy. The strategies and programs rely too much on the actions of government, and do not take into enough account the role of market. For example, the government tries to launch a number of expensive programs on computerization of public offices and upgrading IT infrastructure, however it overlooks real bottlenecks such as the monopolistic status of VNPT, or over-regulation of Internet content provision.

The infrastructure remains underdeveloped, and capacity is still low. Given the rate of penetration below 1.85 per cent, congestion on Internet traffic often happens, causing speed trouble for Internet users. This is a factor that restrains the growth of this market.

Another obstacle to growth in the demand for Internet is in limited attractiveness of Internet in Vietnam. That is the case mainly because of limited content in Vietnamese. For the people, this makes Internet restricted mainly to e-mailing, checking world and national news, and chatting. The attractiveness of the Internet can be enhanced if it were easier for people to contribute to this kind of mass media. Local people are interested in content in Vietnamese that is relevant to their daily life, business, and learning. The required application of Press and Publishing laws to Internet information constrains the advantages of the Internet.

Even though MPT claims it has equaled its Internet and Telecommunication costs to that of many countries in the region, costs remain expensive for the average consumer of this country, because the GDP per capita is lower than in the comparative countries. The low wage in Vietnam should be reflected in the input of Internet and communication services, and therefore, the output price (tariff) should be even lower. However, this cannot happen because the firms in this field are still less efficient than their counterparts in East Asia and ASEAN. Why are they inefficient? The main reason is lack of competition. State ownership prevents established firms from being efficient, while firms with private factors are inexperienced and often do not share an even playing field with the established public firms. The dominating firm VNPT effects MPT decisions on the price system.

E-Commerce in Vietnam is currently almost nonexistent. There are a few companies selling products to foreigners over the Internet, and there is small number of consumers who order commodities from abroad. The government is in the stage of educating businesses and people on how e-commerce works. A draft of policy on e-commerce is currently being prepared by the Ministry of Trade, though the process began back in 1999. It is not certain when the final draft will be ready to submit to the national assembly. One of the reasons for the delay is low development of payment modalities other than cash.

E-Government typed projects are in a mess. The expenditures for programs of government office computerization are sizeable. For example, a Program named “112” alone is allocated hundreds

of billion of VND, not counting the WB's aid to the State Bank of Vietnam's program of modernization. Experts' opinion is that this program has changed neither the way government communicates with its constituents, nor the way branches communicate with each other.

However, it is unfair to overlook the governmental commitment to the course of ICT development. This includes willingness to collaborate with international organizations and to learn from foreign experiences. This significant advantage can be easily observed in many working sessions GIPI had with governmental bodies in Hanoi. Thus, while the current status of ICT in this country is low, the potential is quite good. There is a good reason to believe that, within a decade, the sector of Internet and Telecommunication of Vietnam will emerge as average with the rest of the world.

## 5. ANNEXES

### 5.1. MAIN TELECOMMUNICATIONS SUBSIDIARY BUSINESSES

#### **VTN** ([www.vtn.com.vn](http://www.vtn.com.vn))

VTN (Vietnam Telecom National) of VNPT operates national long distance telecommunications transmission services and provides leased line services. VTN has national toll exchanges in Hanoi, Da-nang, and Hochiminh City.

#### **VTI** ([www.vti.com.vn](http://www.vti.com.vn))

VTI (Vietnam Telecom International) of VNPT operates international gateway services and is responsible for Vietnam's international voice and data traffic. International gateways are located in Hanoi, Da-nang, and Hochiminh City. VTI also operates seven satellite ground stations.

#### **GPC** ([www.gpc.vnn.vn](http://www.gpc.vnn.vn))

GPC (Vietnam Telecom Services Company) of VNPT operates nationwide GSM 900 mobile telecommunications services. GPC provides a full range of local, long distance, and international call services under the brand name "Vinaphone."

#### **VDC** ([www.vdc.com.vn](http://www.vdc.com.vn))

VDC (Vietnam Data Communication) of VNPT provides data communication services, Internet access and connectivity services, software applications, and other value added services.

#### **VMS** ([www.mobifone.com.vn](http://www.mobifone.com.vn))

VMS (Vietnam Mobile Telecom Services Company) is a financially independent business unit of VNPT operating GSM 900 mobile telecommunications services under the brand name "Mobifone." VMS operates under a Business Co-operation Contract (BCC) by which VMS shares revenue with foreign partner Millicom in exchange for investment capital and technological support.

#### **Provincial PTTs**

In addition to the subsidiaries discussed above, VNPT operates local access networks in each of Vietnam's 61 Provinces. Hanoi PTT and Hochiminh PTT are additional local networks operated by VNPT.

#### **Vietel** ([www.vietel.com.vn](http://www.vietel.com.vn)), recently changed to **Viettel** ([www.viettel.com.vn](http://www.viettel.com.vn))

The Military Electronics and Telecom Company (Viettel) is an arm of the Ministry of Defence. Viettel has a general telecommunications license and is allowed to provide a wide range of telecommunications services. However, the main activity undertaken by Viettel is domestic and international VoIP services.

#### **SPT** ([www.saigonpostel.com.vn](http://www.saigonpostel.com.vn))

Saigon Posts and Telecoms (SPT) also has a general telecommunications license permitting it to provide a wide range of telecommunications services. SPT planned to launch nationwide CDMA mobile telecommunications services by late 2002. This is the first joint-stock company in telecommunications of Vietnam. The international partner of this Business Co-operation Contract is a Korean company. However, at the time this report is written, the business has just been only in Hochiminh City and Hanoi. For the long delay of the CDMA business, operators blame VNTP's influence on MPT.

**ETC ([www.etc.com.vn](http://www.etc.com.vn))**

The Vietnam Electronic Telecommunications Company (ETC) is licensed to provide fixed domestic-leased line services and international and domestic VoIP services.

**VISHIPEL ([www.vishipel.com.vn](http://www.vishipel.com.vn))**

The Vietnam Shipping Communications and Electronics Company (VISHIPEL) is an arm of the Ministry of Transport. VISHIPEL provides niche market ship-to-ship and ship-to-shore communication services.

**Hanoi Telecom ([www.hanoitelecom.com.vn](http://www.hanoitelecom.com.vn))**

Hanoi Telecom Company is licensed to provide telecommunications services in Hanoi.

## 5.2. INTERNET SERVICE PROVIDERS

### **VDC** ([www.vdc.com.vn](http://www.vdc.com.vn))

The largest ISP is Vietnam Data Communications Company (VDC) of VNPT with 130,000 subscribers by May of 2002, accounting for almost 60 per cent of the market. VDC was established by VNPT in 1989 to provide data communication services. VDC is also the leading Internet eXchange Provider (IXP), being until recently the owner of the only international Internet Gateway. In conjunction with the nearly monopolistic status of its parent company VNTP, VDC has substantial privileges in this market. VDC also hosts web sites.

### **FPT** ([www.fpt.vn](http://www.fpt.vn))

The second largest ISP is the Corporation for Financing and Promoting Technology (FPT). In May 2003, the company had around 58,000 subscribers. It was founded in Hanoi in 1988 by the National Institute of Technologies, a government body, to carry out R&D in many fields, including ICT. It later expanded into systems development and integration and became the distributor for a number of international computer companies. It was granted an ISP and IXP license.

### **SPT** ([www.saigonpostel.com.vn](http://www.saigonpostel.com.vn))

Saigon Postel Corporation (SPT) is a joint stock company created in 1995. It provides Internet services through its SaigonNet subsidiary. SPT has about 10,900 subscribers. SPT is 87 percent state-owned (by eleven government organizations including VNPT), and 13 per cent by individuals, companies, and staff. There are around ten other offices throughout Vietnam in addition to the headquarters in HCM City. The majority of SPT's customers are in HCM City but a representative office was opened in Hanoi in 2000. SPT also operates a string of cyber cafés in HCM City. Recently SPT was awarded an IXP license.

### **NetNam** ([www.netnam.vn](http://www.netnam.vn))

The Institute of Information Technology created NetNam in 1994. With assistance from CIDSE, an EU NGO and Canada's IDRC, it started an e-mail and local Bulletin Board Service primarily used by developmental agencies, expatriates, and Vietnamese professionals. It was later awarded an ISP license. It operates in Hanoi and HCM City, offering both Intranet (access to Vietnamese sites) as well as full Internet services. NetNam is providing services to around 10,800 subscribers and hundreds of corporate networks.

### **Vietel** ([www.vietel.com.vn](http://www.vietel.com.vn)), newly changed to **Viettel** ([www.viettel.com.vn](http://www.viettel.com.vn))

The Military Electronics and Telecom Company (Viettel) was granted a license in 1998. Vietel has just developed the system of Internet services in late 2002.

The market shares of the above-mentioned Internet services provision companies are listed on the web site <http://www.vnnic.net.vn/english/statistics/index.html>

The following ISPs are preparing for operations in the near future: ETC (The Vietnam Electronic Telecommunications Company); Hanoi Telecom; OCI; Techcom JSC; TIE Co., QTNNet; Viet Khang services Corporation; ELINCO.

### 5.3. INTERNET CONTENT PROVIDERS

According to the Ministry of Culture and Information, there were about 16 ICPs at the end of 2002, including all ISPs, as well as several media organizations such as newspapers. The major ICPs are the following:

#### **VDC Media** ([www.media.vdc.com.vn](http://www.media.vdc.com.vn))

VDC Media is the online information network of the VDC. Information provided on the website [www.media.vdc.com.vn](http://www.media.vdc.com.vn) covers various sectors such as economic, political, social issues, culture, sports, sciences and technology, education, and other domestic and international information. Services of VDC Media consist of a newsletter, electronic magazine, e-book, virtual mall, electronic data, health consultancy, and investment consultancy. In addition, VDC Media has stores of video clips and digital photos available online about issues that deserve wide public attention.

#### **VASC Orient** (<http://www.vnn.vn>)

Besides rich contents relating to various sectors, VASC Orient sets up online forums such as a football club, English club, and IT online Internet forum where surfers can meet and exchange opinions. Furthermore, VASC also provides newly issued legal texts and other services. The interactive capability of the website is highly appreciated.

#### **VnExpress** (<http://vnexpress.net>)

VnExpress was constructed by the Vietnam Express Information Center, also known as the provider of up-to-date information. VnExpress was recognized as the first electronic press in Vietnam. However, VnExpress is purely an informative website. Interactive capability is limited.

#### **NetNam** ([home.netnam.vn](http://home.netnam.vn))

This is website of NetNam. It mainly focuses on local content, knowledge dissemination, and commentary/discussion of hot topics. No English version is available.

#### **MCI** ([www.cinet.vnn.vn](http://www.cinet.vnn.vn))

This is the official website of the Ministry of Culture and Information. The website contains information related to fields under the sphere of state management by the Ministry of Culture and Information. Surfers can find legal texts in the cultural and information section.

#### **MST** ([www.vista.gov.vn](http://www.vista.gov.vn))

This is a website of the Ministry of Science and Technology. The website contains information on sciences and technology of Vietnam. There are many items such as strategy, management policy, medicine, culture, education, energy, agriculture, and advanced technology. The website also provides daily and weekly newsletters and newly issued legal texts.

In addition to the limited number of ICPs, also around 2,500 licensed websites are permitted to provide information in Vietnamese on the Internet.

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Diagram 2. Development of dotVN <http://www.vnnic.net.vn/english/statistics/index.html>

Diagram 3. Second level domain name ratio [www.vnnic.net.vn/english/statistics/index.html](http://www.vnnic.net.vn/english/statistics/index.html)

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Local Papers, including electronic papers “vnexpress” [www.vnexpress.net](http://www.vnexpress.net)

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Table 2. International bandwidth figures of IXP-ISP [www.vnnic.net.vn/english/statistics/index.html](http://www.vnnic.net.vn/english/statistics/index.html)

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