

2. Telecommunication Equipment and Services

Overview

Telecommunications Equipment	2004 (actual)	2005 (estimated)	2006 (estimated)
Total Market Size	1,050	1,155	1,650
Total Local Production	354	453	589
Total Exports	18	21	24
Total Imports	678	854	1,085
Imports from the U.S.	72	97	135

Telecommunications Services	2004 (actual)	2005 (estimated)	2006 (estimated)
Total Market Size	1,995	2,197	2,571
Total Local Production	1,690	2,282	2,669
Total Exports	190	228	285
Total Imports	115	144	187
Imports from the U.S.	44	56	73

The above statistics are in US\$ millions and are unofficial estimates.

The telecommunications industry (including equipment, services, and related sectors) is one of the top priorities for development by the Government of Vietnam. In 2005, 4.1 million new phone subscribers were added in Vietnam. According to the Ministry of Post and Telematics of Vietnam (MPT), as of December 2005, Vietnam had about 14.69 million telephone subscribers, of which 55.9% were cell phone subscribers. Telephone access is currently available to 99.4 percent of communities in the country, with a teledensity of 17.91 lines/100 inhabitants.

Presently, the number of Internet subscribers in Vietnam stands at 2.47 million, with an estimated 9.21 million people or 11.1% of the population using the Internet regularly. In 2005, there were more than 200,000 broadband subscribers, four times more than in 2004. As of December 2005, the country's international bandwidth increased to 3,307Mbps.

Also in 2005, Vietnam's "Strategy for Development of ICT Industries to 2010 with Orientation to 2020" was approved by Prime Minister Khai. The Government predicts that by 2010 Vietnam's ICT industries will achieve an annual growth rate of 20-25% and annual revenue of \$6-7 billion. In 2010 teledensity is expected to reach 32-42 lines (including 14-16 fixed telephone lines)/100 inhabitants; Internet subscribers would reach 8-12/100 inhabitants (of which 30% are predicted to be broadband subscribers) with 25-35% of the population using the Internet; and new telecom providers (non-VNPT – the dominant stated-owned provider) will achieve a 40-50% market share.

Competition among mobile network operators in Vietnam is intensifying, as more players enter the market. In terms of the technologies used in Vietnam's mobile phone networks, six licensed mobile network operators are running or will operate three GSM

mobile networks operators and three CDMA mobile networks. The market share in Vietnam is currently divided among four network operators Vinaphone (by GPC of VNPT) at 48.72%, Mobifone (by VMS, a VNPT's BCC) with 35.63%, Viettel with 11.41%, and S-Fone with a 4.24% market share (a SPT's BCC with a Korean consortium). Hanoi Telecom and EVN Telecom will launch their CDMA mobile phone networks soon. Vietnam's Internet market is shared by VNPT/VDC (48.05%), FPT (29.7%), Viettel (11.02%), SPT (5%), Netnam (4.7%), OCI (1.05%), Tienet (0.31%), and Hanoi Telecom (0.13%). Among the licensed telcos, VNPT is still the dominant player over most areas of Vietnam's ICT industries. In March 2005, the Government of Vietnam approved a pilot project to restructure VNPT Corporation into the so-called "VNPT Group". The newly restructured model is expected to enhance this company's competitiveness by making full use of its resources. This company has been preparing to officially announce the new restructure by the second quarter of 2006.

Opportunities

To meet the defined goals in its approved strategy, Vietnamese telecom operators need to enhance their competitiveness by adopting new and enhancing their human resource capabilities. Vietnam is seeking considerable transfer of technology and know-how via foreign involvement in the telecom sector, although the market is likely to open at a gradual pace in line with Vietnam's commitments under the Bilateral Trade Agreement. Under the BTA, starting in December 2005, U.S. companies can establish joint-ventures with up to 49 equity ownership to provide basic telecommunications services. However, joint ventures may not construct their own long-distance and international circuits, but must lease them from Vietnamese operators. U.S. companies can establish up to 49 percent equity joint-ventures with Vietnamese partners to provide voice telephone services beginning in December 2007.

The major buyers for the telecom equipment and services are listed below:

Fixed telephone service operators:

- Vietnam Posts and Telecommunications Group (VNPT)
- Electricity of Vietnam's Telecommunication Company (EVN Telecom)
- Military Electronics Telecommunications Corporation (Viettel)
- Saigon Posts and Telecommunications Service Corporation (SPT)
- Hanoi Telecom Company (Hanoi Telecom)

International telecommunications service operators:

- Vietnam Posts and Telecommunications Group (VNPT)
- Electricity of Vietnam's Telecommunication Company (EVN Telecom)
- Military Electronics Telecommunications Corporation (Viettel)

Long distant and International telephone service based on IP protocol operators:

- Vietnam Posts and Telecommunications Group (VNPT)
- Electricity of Vietnam's Telecommunication Company (EVN Telecom)
- Military Electronics Telecommunications Corporation (Viettel)
- Saigon Posts and Telecommunications Service Corporation (SPT)
- Hanoi Telecom Company (Hanoi Telecom)
- Vietnam Maritime Communications and Electronics Company (Vishipel)

Mobile communications service operators:

- Vietnam Posts and Telecommunications Group (VNPT)
- Military Electronics Telecommunications Corporation (Viettel)
- Electricity of Vietnam's Telecommunication Company (EVN Telecom)
- Saigon Posts and Telecommunications Service Corporation (SPT)
- Hanoi Telecom Company (Hanoi Telecom)
- Vietnam Airlines Corporation

Best Products and Services

American suppliers will find tremendous opportunities in almost every sub-sector, from equipment for telecom infrastructure to many value-added services.

Resources

- **Vietnam's Ministry of Posts and Telematics**
www.mpt.gov.vn
- **Vietnam Post & Telecommunications Group**
www.vnpt.com.vn