



# Vietnam Market for Telecommunications Equipment and Services

By U.S. Commercial Service – Vietnam  
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## Overview

<b>Telecommunications Equipment</b>	2010	2011	2012 (estimates)
Total Market Size	3,348	3,850	4,620
Total Local Production	1,196	1,375	1,650
Total Exports	49	56	67
Total Imports	2,194	2,523	3,027
Imports from the U.S.	276	317	380

<b>Telecommunications Services</b>	2010	2011	2012 (estimates)
Total Market Size	5,200	5,980	7,176
Total Local Production	5,363	6,167	7,400
Total Exports	576	662	794
Total Imports	373	429	514
Imports from the U.S.	147	169	202

*The above statistics are in \$ million and are unofficial industry estimates)*

Vietnam's telecommunications sector is among the world's fastest growing telecommunications markets. The Government of Vietnam (GVN) has articulated its commitment and ambition to boosting the Information and Communications Technology (ICT) industry to "shift Vietnam to the level of strong countries in the world's ICT industry."

It is estimated that Vietnam's posts and telecommunications sector's net revenue in 2011 reached approximately \$9 billion.

To meet tough competition and increasing market demand, Vietnamese telecommunications operators understand they need to enhance their competitiveness by adopting new technologies and by enhancing their human resource capabilities. They are seeking considerable transfer of technologies and know-how via foreign involvement in the telecommunications sector, although they have been opening up the market only at a gradual pace in line with Vietnam's WTO commitments since accession in 2007.

In 1988, just after the "doi moi" (renovation/open door) policies carried out by the GVN, Vietnam had less than 200,000 phone subscribers with a teledensity of 0.18 lines/100 inhabitants. In 2000, Vietnam grew to approximately 2.6 million fixed-line subscribers and 640,000 mobile subscribers. In 2006, new phone subscribers in Vietnam more than doubled the total number of subscribers added in the 25-year period of 1975-2000, and the number of 18.5 million new telephone subscribers added in 2007 tripled that of the period of the previous 3 years. According to Vietnam's Ministry of Information and Communications (MIC), as of December 2011, Vietnam has approximately 160 million telephone subscribers (20 million fixed line subscribers and 120 million cell phone subscribers), with a teledensity of 190 lines/100 inhabitants. Also, the number of Internet subscribers reached 30,552,417 with a teledensity of

35.07%.

The major technologies used in Vietnam include cable, satellite, and wireless cable. Major broadband networks are deployed via ADSL (asymmetric digital subscriber line), VDSL (very high rate digital subscriber line), and leased lines. Wi-Fi is deployed in the major cities. In terms of network convergence, voice/data networks are available nation-wide, while “triple play” networks (voice/data/video) and broadband services have been growing in the big cities. VoIP (Voice over Internet Protocol) services are expanding. Telecommunications companies own the Internet infrastructure and provide VoIP services. There are also several privately owned VoIP providers, all of which lease lines from major telecom carriers.

As a recent member of the WTO, Vietnam will continue to implement tax cuts as part of its commitments under the Information Technology Agreement. Specifically, categories formally in a 10 percent bracket have declined to 0 percent in 2012 and those in a 20-30 percent bracket will go down evenly reaching 0 percent in 2014.

Vietnam’s National Assembly passed the new Telecommunications Law and the Ratio Frequency Law that opens up new opportunities for trade and investment in the telecommunications sector. Notwithstanding, a major outstanding issue is a requirement for foreign companies to partner with SOEs for facilities-based services, which the Ministry of Information and Communications has indicated it will address via a regulatory circular prior to the implementation of the new law.

Excessively rapid growth, including price competition, problems with network connectivity and indifference to the fixed telephone market could cause some bumps in the road affecting the development of Vietnam’s telecommunications industry.

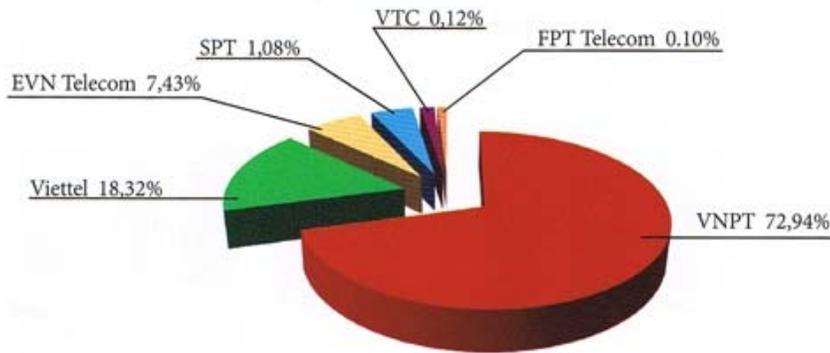
Selection of a local partner is not only essential to maximizing business development opportunities but also for the provision of certain services, as required pursuant to Vietnam’s limitations to its WTO telecommunications market access commitments.

As the hi-tech industry continues to develop in Vietnam, prices will continue to go down, investment capital will increase and the business environment will become more competitive. As local telecommunications companies go through the equitization/privatization process, foreign telecommunications companies can approach this emerging market in a step-by-step fashion by taking up equity shares of local companies.

## **Best Prospects/Services**

American suppliers should find excellent opportunities in almost every sub-sector, from equipment for telecommunications infrastructure to value-added services. Below is an analysis of the major best-prospect sub-sectors of the telecommunications sector in Vietnam.

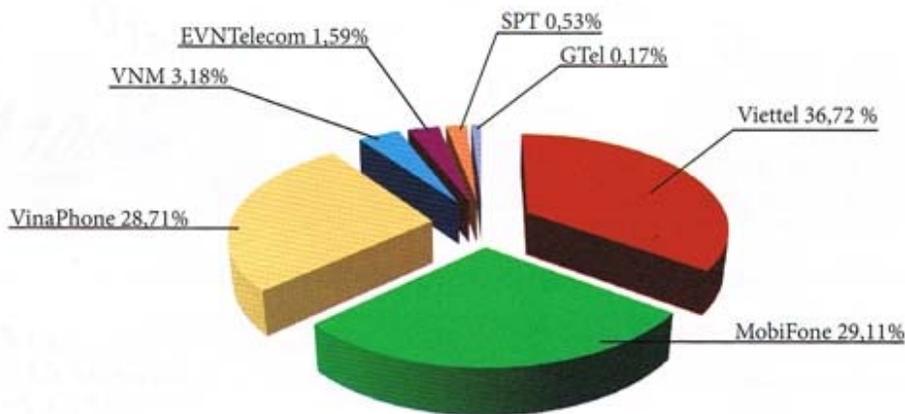
### Fixed Telephone Networks:



Source: Ministry of Information and Communications  
<http://www.mic.gov.vn>

As of December 2011, Vietnam has approximately 20 million fixed telephone lines. Telephone access is currently available to all communities nationwide. State owned VNPT is the major landline telephone carrier in this market with market share of 73 percent in 2010. Ministry of Defense owned Viettel is second with 18 percent market share. As the traditional PSTN (public switched telephone network) fixed telephone service is no longer a “cash cow” subsector, Vietnam’s telcos are instead developing wireless fixed telephone service solutions.

Mobile Phone Networks:



Source: Ministry of Information and Communications  
<http://www.mic.gov.vn>

At present, there are 6 licensed cell phone network operators in Vietnam, not to mention the virtual and infrastructure-leased service providers. The nearly 90 percent of the mobile phone market share in Vietnam is currently divided amongst three major network operators: Viettel Mobile, MobiFone, and Vinaphone. According to official figures reported by network operators to Vietnam’s Ministry of Information and Communications (MIC), as of 2011, with a 90 million population, the total number of actual mobile phone subscribers in Vietnam was nearly 120 million of which more than 90 percent were pre-paid subscribers. A VNPT senior representative recently announced that Vietnam is listed in the top 10 countries in the world that have highest number of cell phone subscribers, ranked 7<sup>th</sup>, even before Japan and Germany.

In terms of the technologies used in Vietnam’s mobile phone networks, there are six licensed mobile network operators currently running five global systems for mobile communications

(GSM) networks (VinaPhone, MobiFone, Viettel, Vietnamobile, and Beeline), and one running code division multiple access (CDMA) networks (S-Fone). At the peak period of CDMA in Vietnam there were four operators using CDMA technology for their networks: VNPT, SPT, Hanoi Telecom, EVN Telecom. However, EVN Telecom was acquired by Viettel from January 1, 2012 and SPT (S-Fone) is applying to the relevant authority to change to 3G technology. That means CDMA technology will no longer exist in Vietnam in the coming years. One or two potential new entrants, including Indochina Telecom and VTC Telecom, plan to run their services based on other operators' existing networks.

At present, Viettel, Mobifone, Vinaphone and VietnamMobile provide 3G (third generation) wireless technology service. According to industry estimates, Vietnam will have approximately 4.5 million 3G subscribers by 2013. In terms of 4G technology, after one-year of pilot tests of 4G LTE (long term evolution) by five service providers namely VNPT, Viettel, FPT Telecom, CMC and VTC, the Ministry of Information and Communications announced that 3.5G and 4G would only be considered for licensing after 2015 and 2018 respectively.

Internet: The Internet market has also developed rapidly in recent years. Internet usage has increased in popularity as evidenced by the entry of many Internet service providers (ISPs) into the market.

#### Statistics on Internet Development as of December 2011

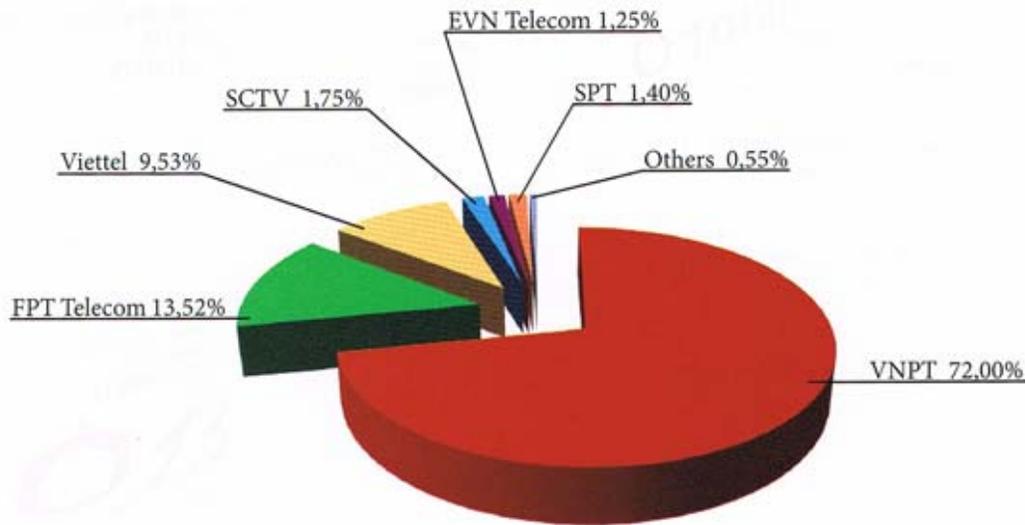
Users	30,552,417
Users per capita	37.07%
Total international connection bandwidth of Vietnam	311,331 Mbps
Total domestic connection bandwidth	394,766 Mbps
Total broad bandwidth subscribers	4,084,616

Source: Vietnam Internet Network Information Centre (VNNIC)

(<http://www.vnnic.vn>)

As of December 2011, the number of Internet subscribers in Vietnam stood at 30.55 million, with 37.07 percent of the population using the Internet regularly. Presently, the country's total international and domestic connection bandwidth are 311,331 Mbps and 394,766 Mbps, respectively. However, Internet density is not equally spread throughout the country and is concentrated in the urban centers, especially Hanoi and HCMC. Broadband market demand has increased so rapidly that current market supply is not sufficient to meet demand. The broadband market is shared among 3 major ISP's: VNPT, FPT and Viettel. Below are the charts reflecting the market share of broadband subscribers in Vietnam as of December 2011.

#### Internet Market Share



Source: Ministry of Information and Communications (<http://www.mic.gov.vn>)

### Broadband Market Share

Service Providers	Market share ( percent)
VNPT	67.07
Viettel	17.25
FPT Telecom	9.08

Source: Ministry of Information and Communications (<http://www.mic.gov.vn>)

Satellites: Vietnam's first communications satellite called Vinasat-1 (<http://www.vinasat.com.vn>) was launched in 2008, providing roughly 15 years of service. This \$200 million satellite was designed and manufactured by Lockheed Martin and has a lifespan of 15 years. Vinasat is a geostationary satellite, employing eight extended C-band channels and 12 Ku-band channels to provide broadcast and telecommunications service (video, data, voice) to countries in the Asia-Pacific region such as Vietnam, Laos, Cambodia, India, Australia, Japan, Korea, part of China, and other East Asia countries. It has the capacity to provide around 120 digital television channels and tens of thousands of Internet data transmission and telephone channels. Vinasat-1's principal ground station is in Northern Vietnam (Que Duong, Ha Tay), and back-up ground station is in Southern Vietnam (Binh Duong Province). The satellite has a transmission site in Hanoi and terrestrial networks in Hanoi, Ho Chi Minh City and Da Nang City. Vinasat-1 is connected with Intelsat, Thaicom and others.

On November 05, 2010, VNPT and Lockheed Martin signed a contract for the package of providing satellite, control station and launch services under the Vinasat-2 project. It is planned that Vinasat-2 will be launched into the Earth's orbit in April 2012. Vinasat 2 is planned to be launched at 107oE position. The total investment capital of the Vinasat 1 (with 20 emitters) was about \$200 million, while Vinasat-2 (24 MHz emitters) is about \$280-300 million. It is expected VNPT will recover the investment capital for Vinasat 2 in 10 years, while the capital recovery schedule for the Vinasat 1 has been shortened from 11 years to approximately 10 years. The Vinasat-2 satellite is planned to be launched into orbit from Kourou Space Center in Guyana, a French territory in South America. Arianespace, the French company that successfully launched the first satellite of Vietnam, has been selected to launch the Vinasat 2 satellite as well. Vinasat 2 applies state-of-the-art technology that takes advantages of the Vinasat 1 but will have a larger capacity of the 24 MHz Ku-band (36MHz bandwidth). This satellite will cover the Southeast Asia and some neighboring countries. The satellite's lifespan is designed to be in service for 15 years.

Vietnam is expected to launch additional satellites, e.g. Vinasat-3, as Vinasat-2 is expected to reach 70-80 percent of its capacity 2-3 years after launch. However, these future projects will depend on actual market demand.

Apart from telecommunications satellites, Vietnam also has plans for a natural resources, environment and disaster monitoring small satellite (referred to as VNREDSat-1) satellite. VNREDSat-1 would be a small-sized earth observation satellite, 150 kilograms in weight with a five-year life expectancy. The satellite is scheduled to be operational in 2014 and will be used to help Vietnam map its natural resources and provide information about the environment and natural disasters. The project would cost an estimated \$60-100 million and help free Vietnam from reliance on satellite images provided by other countries. Any contractor that meets the requisite conditions for technology and capital will be allowed to participate in Vietnam's satellite projects.

Broadcasting: Vietnam's broadcasting industry has developed rapidly in recent years. At present, Vietnam has one national television station (VTV), one national radio station (VOV) and four inter-provincial broadcasting stations. Additionally, each of the country's 63 provinces and cities has its own local broadcasting station. Apart from these broadcasters, other new entrants include cable television, satellite (DTH/Direct-to-Home) and on-line television providers. In terms of network convergence, as noted above, voice/data networks are available nation-wide and "triple play" networks (voice/data/video) and broadband services have been developing in the large cities. Moreover, 40 percent of the country's broadcasting facilities have been digitalized. Vietnam aims to digitalize all of its broadcasting networks by 2020. Market growth in 2011 reached 17 percent and is expected to reach 20 percent in the next three years. Market size in 2011 was valued at \$3 billion.

## Opportunities

American exporters will find tremendous opportunities in almost every sub-sector of the ICT, telecommunications and broadcasting industry.

Below are listed major buyers for equipment and services in this industry:

Telecommunications service providers:

- VNPT (Vietnam Posts and Telecommunications Group)

Address: 57A Huỳnh Thúc Kháng, Láng Hạ, Đống Đa, Hanoi.

Tel: (84-4) 3577 5104; Fax: (84-4) 3934 5851

Web site: <http://www.vnpt.com.vn>

- Viettel (Military Electronics Telecommunications Group)

Address: 1 Giang Văn Minh, Kim Mã, Ba Đình, Hanoi.

Tel: (84-4) 6255 6789; Fax: (84-4) 6299 6789

Web site: <http://www.viettel.com.vn>

- VDC (Vietnam Data Communications Company)

Address: Lot 2A, Thăng Long International Village, Cầu Giấy, Hanoi

Tel: (84-4) 3793 0599; Fax: (84-4) 3793 0506

Web site: <http://www.vdc.com.vn>; <http://home.vnn.vn>

- VTC (Vietnam Multimedia and Communications Group)

Address: 65 Lạc Trung, Hai Bà Trưng, Hanoi

Tel: (84-4) 44512468; Fax: (84-4) 36367728

Web site: <http://www.vtc.com.vn>

- FPT Telecom Company

Address: 48 Vạn Bảo, Ngọc Khánh, Ba Đình, Hanoi

Tel: (84-4) 7300 2222; Fax: (84-4) 7300 8889

Web site: <http://www.fpt.net>

- Saigon Postel/SPT (Saigon Posts and Telecommunications Service Corporation)

Address: 199 Điện Biên Phủ, Bình Thạnh, HCMC

Tel: (84-8) 5404 0608; Fax: (84-8) 5404 0609

Web site: <http://www.spt.vn>

- G-Tel (Global Telecommunications Corporation), and its subsidiary, G-Tel Mobile (G-Tel Mobile Company)

Address: 19 Floor, Ladeco Building, 266 Đội Cấn, Ba Đình, Hanoi

Tel: (84-4) 3767 4846; Fax: (84-4) 3767 4854

Web site: <http://www.beeline.vn>

- Vishipel (Vietnam Maritime Communications and Electronics Company)

Address: 2 Nguyễn Thượng Hiền, Hồng Bàng, Hải Phòng City

Tel: (84-31) 3746464; Fax: (84-31) 3747062

Web site: <http://www.vishipel.com.vn>

- Global Data Service Joint Stock Company (GDS)

Address: Room 204 A, Thăng Long Building, 105 Láng Hạ, Đống Đa, Hanoi

Tel: +84-4-3562 6996; Fax: +84-4-3 5626998

Web site: [www.gds.vn](http://www.gds.vn)

e-mail: [gdsinfo@gds.vn](mailto:gdsinfo@gds.vn)

- Đông Dương/Indochina Telecommunications Company

Address: C001 Building- The Manor Tower, Mỹ Đình, Từ Liêm, Hanoi.

Tel: (84 4) 3794 0481; Fax: (84 4) 3794 0480

Web site: <http://www.itelecom.vn>

- Hanoi Telecom (Hanoi Telecommunications Company)  
Address: 2 Chùa Bộc, Đống Đa, Hanoi  
Tel: (84-4) 3572 9833; Fax: (84-4) 3572 9834  
Web site: <http://www.hinet.net.vn>

- CMC Telecom Service Joint Stock Company (CMC Telecom)  
Address: 15 Floor, CMC Tower, Lot 1CA, Cầu Giấy, Hanoi  
Tel (84-4) 3722 6688; Fax (84-4) 3722 6868  
Web site: <http://www.cmctelecom.vn>

Internet Services Providers:

*Below are Top 3 among 87 licensed ISPs:*

- VNPT (Vietnam Posts and Telecommunications Group)
- Viettel (Military Electronics Telecommunications Corporation)
- FPT (FPT Group)

Below are the major buyers for broadcasting equipment and services:

- VTV (Vietnam Television)
- VTC (Vietnam Multimedia and Communications Corporation or Vietnam Television Group)
- AVG (An Vien Group or Audio Visual Global)
- VOV (Voice of Vietnam)
- 63 local provincial broadcasting stations, and other local cable TV, satellite, and on-line broadcasters.

Source: MIC ([www.mic.gov.vn](http://www.mic.gov.vn))

## Resources

**Ministry of Information and Communications (MIC)**

<http://www.mic.gov.vn>

**Ministry of Industry and Trade (MOIT)**

<http://www.moit.gov.vn>

**Ministry of Science and Technology (MOST)**

<http://www.most.gov.vn>

**Ministry of Planning and Investment (MPI)**

<http://www.mpi.gov.vn>

For further information, please contact the following persons/agencies:

Nguyen Dzung, Commercial Specialist  
U.S. Embassy Hanoi, Vietnam  
E-mail: [nguyen.dzung@trade.gov](mailto:nguyen.dzung@trade.gov)

Huynh Triet, Commercial Specialist  
U.S. Consulate General in Ho Chi Minh City  
E-mail: [triet.huynh@trade.gov](mailto:triet.huynh@trade.gov)