



Vietnam Market for Telecommunications Equipment and Services

By U.S. Commercial Service – Vietnam
June 2014

Overview

	2012	2013	2014 (estimated)	2015 (estimated)
Total Market Size	4,600	5,000	5,750	6,600
Total Local Production	1,650	1,750	2,000	2,300
Total Exports	65	75	85	95
Total Imports	3,000	3,250	3,750	4,300
Imports from the U.S.	380	480	580	650
Exchange Rate: 1 USD				

(The above statistics are in US\$ millions and are unofficial industry estimates)

Driven by growing income per capita of sophisticated customers and Government of Vietnam's plan to develop its e-government and e-commerce, the country's telecommunications market is forecast to grow at 15.5 percent in 2014 and 2015. To meet this continued market growth, Vietnam imports a huge amount of telecommunication network equipment and terminal devices as Vietnamese manufacturers are still relatively new and may not be able to offer the same range of solutions and services as foreign suppliers. This trend is expected to continue to offer good sales opportunities for U.S. suppliers for many years to come.

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 technology transfer and know-how via foreign involvement in the telecommunications sector, while opening up the market at a gradual pace in line with Vietnam's WTO commitments since accession in 2007.

According to Vietnam's Ministry of Information and Communications (MIC), as of December 2013, Vietnam has approximately 105 million telephone subscribers (88 million cell phone subscribers and 17 million landline phone subscribers), recording a teledensity of 1.16 lines/inhabitant.

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 declined to zero percent in 2012 and those in a 20-30 percent bracket will go down evenly reaching zero percent in 2014.

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 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 telecommunications infrastructure equipment to terminal device. Below is an analysis of the major best-prospect sub-sectors of the telecommunications sector in Vietnam.

Fixed Telephone Networks:

As of December 2013, Vietnam has approximately 17 million fixed telephone lines. Telephone access is currently available to all communities nationwide. State-owned VNPT was the major landline telephone carrier in this market with market share of nearly 70 percent in 2013. Ministry of Defense-owned Viettel was second with 22.31 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:

At present, there are five licensed cell phone network operators in Vietnam. 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 MIC, as of 2013, with a population of 90 million, the total number of actual mobile phone subscribers in Vietnam was nearly 88 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 the highest number of cell phone subscribers, ranked 7th, even above Japan and Germany.

In terms of the technologies used in Vietnam's mobile phone networks, all 5 licensed mobile network operators (VinaPhone, MobiFone, Viettel, Vietnamobile, and GMobile) adopt global systems for mobile communications (GSM) technology.

At present, Viettel, Mobifone, Vinaphone and VietnamMobile provide 3G (third generation) wireless technology service. According to industry estimates, Vietnam had approximately 5.17 million 3G subscribers in 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, MIC 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.

By the end of 2013, the number of Internet subscribers in Vietnam stood at 31 million, with 34 percent of the population using the Internet regularly. Presently, the country's total international and domestic connection bandwidth are 390,720 Mbps and 500,910 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.

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 satellite was designed and manufactured by Lockheed Martin. 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.

In November 2010, VNPT and Lockheed Martin signed a contract for the package of providing satellite, control station and launch services under the Vinasat-2 project. In May 2012, the second satellite Vinasat-2 was launched into orbit from French Guiana's Kouru launch pad. Vinasat-2 applies state-of-the-art technology that takes advantage of the Vinasat-1 but will have a larger capacity of 24 MHz Ku-band (36MHz bandwidth). This satellite will cover the Southeast Asia and some neighboring countries. The satellite is designed to be in service for 15 years.

Vietnam is also expected to launch 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. According to industry experts and top executives of Vietnamese telcos, Vinasat-3 will not be launched by 2017.

Apart from communications satellites, Vietnam also has plans for a natural resource, 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 and has been funded by French official development assistance (ODA).

Opportunities

American exporters will find tremendous opportunities in almost every sub-sector of 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>

- 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>

- 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)

Resources

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

U.S. Commercial Service in Vietnam: www.buyusa.gov/vietnam

For further information, please contact the following persons:

Ha Anh, Commercial Specialist
U.S. Embassy in Hanoi
Email: Ha.Anh@trade.gov
Website: www.buyusa.gov/vietnam

Huynh Triet, Commercial Specialist
U.S. Consulate General in Ho Chi Minh City
Email: Triet.Huynh@trade.gov
Website: www.buyusa.gov/vietnam