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“ The fact that access to international websites is restricted could be turned into an advantage if efforts are directed towards the creation of Vietnamese Internet content. A decent content industry could develop in Vietnam.”

—*Business analyst, Vietnam*

“ The government blocks many Internet service ports except for the popular ones... This prevents software companies from being able to test or sometimes develop certain software which requires access to service ports, such as those for academic library access.”

—*IT company executive, Vietnam*

Government suspicion about the negative consequences of the Internet stalled its entry into Vietnam until 1997. Since that time, wealthy and urban parts of Vietnamese society have been quick to embrace ICTs. Despite the economic slowdown caused by the Asian crisis, the ICT and telecommunications sectors in Vietnam have achieved high growth rates over the last few years. The government is torn, however, between a policy of active encouragement of ICT development on the one hand, and strict control over information exchange through the Internet on the other. The nation ranks seventy-fourth in overall Networked Readiness.

The 1990s were a decade of mixed results in the telecommunications sector in Vietnam. Heavy investment in building out the ICT infrastructure led to rapid growth in fixed-line telephone penetration (Ranking in Information Infrastructure micro-index: 73). Nevertheless, Vietnam Post and Telecommunication Corporation (VNPT), the state-run telecommunications monopoly, has maintained control of both fixed-line and mobile telephony. Telephone costs continue to be unaffordable to the majority of Vietnamese (Ranking in Effect of Telecommunications Competition: 67). Growth in the mobile telephony market has been less than many observers expected; unlike the situation in many other countries with similar income, Vietnam's mobile penetration remains significantly lower than its fixed-line teledensity.

Since the inception of the Internet in Vietnam, its use has grown impressively, but it has been limited primarily to the major cities, particularly Hanoi and Ho Chi Minh City. Offices of foreign firms make up a substantial portion of the client base of Vietnamese ISPs. Telecenters are becoming increasingly popular in the cities as ISPs fees continue to decline (Ranking in Effect of ISP Competition: 72). Some twenty villages have been given free Internet access through post offices and public

community centers¹ (Ranking in Public Access to the Internet: 68).

Several factors impede the more rapid diffusion of the Internet in Vietnamese society, however. Internet access to foreign websites is strictly guarded by government-owned Vietnam Data Communications (VDC), which provides the only access to the international Internet gateway. The creation of Web content in Vietnam is also carefully monitored. With limited competition in the ISP sector, ISP fees remain unaffordable for most Vietnamese.

Despite its reservations about content, the government has recently become keen to encourage e-commerce in Vietnam, particularly B2B e-commerce ventures to promote export industries. There is little B2B and almost negligible B2C e-commerce currently (Ranking in e-Commerce micro-index: 73). The financial sector is a leader within the country in the use of ICT, as several major banks have begun to offer some basic Internet banking services.

Vietnam's national ICT strategy places heavy emphasis on creating an export-oriented software industry. Several ICT parks have been created in urban locations with low-cost, high-speed Internet facilities to attract local and foreign ICT companies. However, substantial challenges remain, including the lack of sufficient competition in the telecommunications sector, a high piracy rate, and an inadequate ICT-skilled labor force. Although the Department of Posts and Telecommunications of Vietnam (DGPT) is a separate regulatory body in name, it has little independence in decision making.

Key Facts

Population	79,800,000
Rural population (% of total population) 1999	80.36 %
GDP per capita (PPP)	US\$1,974
Global Competitiveness Index Ranking, 2001–2002	60
UNDP Human Development Index Ranking, 2001 (adjusted to GTR sample)	64
Main telephone lines per 100 inhabitants	3.18
Telephone faults per 100 main telephone lines	NA
Internet hosts per 10,000 inhabitants	0.02
Personal computers per 100 inhabitants	0.88
Piracy rate	97.00 %
Percent of PCs connected to Internet	0.02 %
Internet users per host	793.65
Internet users per 100 inhabitants	0.13
Cell phone subscribers per 100 inhabitants	0.98
Average monthly cost for 20 hours of Internet access	US\$13.43

RANK

Networked Readiness Index **74**

Network Use component index **74**

Enabling Factors component index **72**

■ Network Access **74**

Information Infrastructure 73

Hardware, Software, and Support 75

■ Network Policy **67**

Business and Economic Environment 64

ICT Policy 70

■ Networked Society **63**

Networked Learning 69

ICT Opportunities 54

Social Capital 66

■ Networked Economy **69**

e-Commerce 73

e-Government 65

General Infrastructure 68