



**American Chamber of Commerce in Vietnam
Hanoi Chapter**

**VN - US ICT Dialogue Report of Meetings
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ICT Issues in general

There is global competition for inward ICT investment. To attract this to Vietnam, the following issues need addressing;

- Skills vital for the IT services sector – poor skills means no inward investment.
- ICT Skills awareness beyond K12, but not actual skills – build an inclusive framework for Vocational and University institutions.
- Industry is committed; Intel, IBM, Cisco and Microsoft have initiatives to train teachers, but max reached is around 60,000 out of 1 million
- Security and encryption vital for ecommerce - Internet services will be affected without
- IP and Piracy - new law positive, enforcement needs to be improved
- Procurement policies - need to adopt technology neutrality as agreed in APEC Digital Prosperity Checklist



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- Tax recommendation of 5% VAT for ICT products should be adopted – with no customs duties in line with many other APEC economies.
- Recommend to alleviate Digital Divide issues by using the USF to drive rural adoption
- Foreign employee recruitment – Caps and work permit issues; simplify the procedures ; 6 month visa need a longer term sponsor to reduce uncertainty and costs (Liaison with Ministry of labour)
- IT Consultancy and ICT Services – limitation on charges not required (too low) keeping best practice out and higher expertise.
- Open platform for new technologies - inc Social Technologies – bottleneck; or restrictions will have a negative impact on innovation and investment.
- Equality of licensing conditions for services providers
- Adopt APEC ‘Digital Prosperity Checklist’ guidelines
- eGovt goals will be fully enabled after the above are established



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Telecoms Specific Issues - Regulatory Independence and Transparency

Regulatory independence is a critical aspect of regulatory effectiveness

- We encourage the Government of Vietnam to strengthen regulatory independence and transparency because they are keys to creating an environment that fosters genuine competition in the ICT industry.
- The lack of a transparent rule-making process creates a high degree of uncertainty which often delays investment.
- Regulatory independence and transparency are also critical in providing the regulator with accurate and up-to-date information about the business environment. They also provide industry with an incentive to follow the rules of engagement and participate in regulatory activities.
- We applaud the MIC for allowing comments on new regulations, and we hope the MIC will continue this policy and keep the above issues in mind over the next year as it rolls out the draft implementing regulations for the Telecommunications and RF Laws



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Telecoms Specific Issues

Clear Policies and Procedures

Laws and regulations should be clearly defined, implemented and enforced in order to attract investment. It is essential that the team in charge of reform adhere to the primary purpose of liberalization of the market, which should be to provide both consumer and business users with more varied, efficient and less costly ICT services. The blueprint for liberalization of the market and subsequent reforms should be developed taking into account all interested parties in the ICT sector, using public consultation, government workshops and other ways to involve key stakeholders.

Successful Licensing

Licensing provides the basic certainty and legal security investors need to make significant investments in ICT infrastructure. Licensing criteria and conditions should be applied in accordance with regulations that are developed in a transparent and open manner. Licensing procedures should be streamlined for services not requiring scarce resources, such as spectrum or numbers. This is particularly the case for value-added services which can be provided in a relatively short period of time once the market is fully liberalized



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Telecoms Specific Issues

Timely and Robust Implementation of WTO Commitments and Principles

Adherence to the WTO Reference Paper is critical for an orderly and successful liberalization of the ICT sector. Industry encourages the Vietnamese government to establish competitive safeguards in order to prevent anti-competitive practices in the ICT sector, the adoption of interconnection requirements that ensure timely and cost-oriented interconnection with major suppliers of ICT services, and the adoption of universal service obligations that are transparent, non-discriminatory and competitively neutral. With respect to foreign ownership, industry recommends prompt and comprehensive reforms that exceed the spirit and letter of the commitments.

Consistent Global Products and Standards

Use of internationally accepted standards for ICT and consistent availability of communications services are essential to supporting global business customers.

To further the rapid development of the ICT market in Vietnam, the Government should encourage operators to adhere to global standards, such as those promulgated by the ITU, for network and protocol design.



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Telecoms Specific Issues

Encryption

For business customers relying on the ICT sector, the security of networks from malicious attacks or unlawful surveillance is a paramount concern. One of the most important tools to promote security is the use of strong encryption algorithms. As the MIC continues to implement Vietnam's E-Transactions Law we urge the MIC to ensure that corporate customers retain the ability to use strong encryption to protect their lawful business communications

Access to Submarine Cable Landing Stations

There is wide recognition among developing and emerging countries of the importance of access to low-cost, high speed international bandwidth in driving economic growth, education, social welfare and even national security. The lack of reasonable access to submarine cable landing stations significantly increases the costs of international bandwidth. Vietnam's WTO obligations require it to ensure reasonable, timely and non-discriminatory access submarine cable capacity. Industry encourages the Vietnamese government to take the appropriate steps to carry out that obligation.



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Telecoms Specific Issues

Improvement of ICT infrastructure

Many governments worldwide are embarking on structural improvements to their ICT infrastructure over a 5-10 year period in order to increase the capability of their economies to deliver high value-added products and services to the global market.

Network improvements include fiber, cable and wireless rollouts to meet broadband connectivity requirements in excess of 100 Mbps per capita.



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Telecoms Specific Issues

Timely release of wireless broadband spectrum

Open mobile broadband internet is strategic to Vietnam. There is a close correlation between broadband connectivity and GDP growth. Scarce wireless broadband spectrum resources should be employed as effectively and as soon as possible to enable Vietnam to quickly build nationwide wireless broadband infrastructure.

- Technology and Service neutrality within wireless broadband spectrum should be employed to allow market forces to determine the most effective means of deploying networks. License issuance should encourage candidates to use the spectrum immediately and the ability to deploy nationwide networks should be encouraged.
- Review current licensing regulations/fees for individual wireless broadband connectivity.
- The national spectrum plan should be public knowledge to foster awareness of spectrum allocation/ownership/availability and to encourage creative as well as efficient use of this scarce resource.
- We applaud the government for the issuance of 3G licensing



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Telecoms Specific Issues

Finalization of Broadband wireless access spectrum

- The Vietnamese Government already has a framework of the Spectrum Policy for Broadband Wireless
- Access for the 2.3 GHz and/or 2.5 GHz band. The timely and independent release of this policy and assignment of spectrum will accelerate broadband penetration in the country.
- Citizens and business including those in the rural areas will benefit from greater availability of broadband connectivity.
- It would be helpful to receive a copy of the framework and receive status updates on its adoption



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Telecoms Laws Implementing Regulations

- **Law Effective July 1 2010**
- **Implementing regulations to be drafted**
We are anxiously awaiting proposed implementing regulations. A number of these issues are still relevant, as you put together draft regulations, we hope that our highlighting of the foregoing policy issues will help enhance this process
- **Topics for continued discussion by industry with the MIC should include amongst other things;**
 - **State ownership in telecom network infrastructure services**
 - **Independent Regulator**
 - **Capitalization levels**
 - **Foreign ownership limitations**
 - **Interconnection issues**
 - **Classification of 'telecommunications services'**



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