



# **ITU Workshop on Policy and Regulations for Newly Established Regulators in the Asia Pacific Region**

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## **MANAGING SIGNIFICANT MARKET POWER ENTERPRISES IN VIETNAM'S TELECOM MARKET**

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# Content

1. Regulatory and policy in managing competition
2. Vietnam Telecom Current Market
3. Difficulties and Challenges
4. Conclusion



# **1.Regulatory and policy in managing competition**

## Legal foundation

- Competition Law approved in November 2004
- Decree 116/2005/ND-CP of the Government dated 15 Sep 2005 on detailed provisions for Implementation of the Law on Competition
- Decision 39/2007/QD-TTg of the Prime Minister on management of cost and tariff of post, telecom services
- Circular No.02/2007/TT-BTTTT of MIC on guiding the implementation of cost and tariff of post, telecom services
- Decision 1622/QD-BTTTT of MIC dated 29 Oct 2008 on promulgating the list of business services and telecommunications enterprises or groups of significant market power.

## SMP definition

1. Enterprises shall be considered to hold the dominant position on the market if they have market shares of 30% or more on the relevant market or are capable of restricting competition considerably.
2. Groups of enterprises shall be considered to hold the dominant position on the market if they take concerted action to restrict competition and fall into one of the following cases:
  - a/ Two enterprises having total market share of 50% or more on the relevant market;
  - b/ Three enterprises having total market share of 65% or more on the relevant market;
  - c/ Four enterprises having total market share of 75% or more on the relevant market;

## **Prohibited acts of abusing the dominant position**

1. Selling goods, providing services at prices lower than the aggregate costs in order to eliminate competitors.
2. Imposing irrational buying or selling prices of goods or services or fixing minimum re-selling prices causing damage to customers;
3. Restricting production, distribution of goods, services, limiting markets, preventing technical and technological development, causing damage to customers;
4. Imposing dissimilar commercial conditions in similar transactions in order to create inequality in competition;
5. Imposing conditions on other enterprises to conclude goods or services purchase or sale contracts or forcing other enterprises to accept obligations which have no direct connection with the subject of such contracts;
6. Preventing new competitors from entering the market.

Services of regulation and SMP operators List  
(according to Decision 1622 of MIC)

	Services of regulation	SMP operator	Form of tariff regulation	Additional Information
1	International call	VNPT	Notify	
2	Long distance call	VNPT	Notify	
3	International leased line	VNPT, Viettel, EVN Telecom	Register	SMP group of operators
4	Domestic leased line	VNPT, Viettel, EVN Telecom	Notify	SMP group of operators
5	Mobile phone	Viettel, Mobiphone, Vinaphone	Register	SMP group of operators
6	Wireless local phone	EVN Telecom	Register	
7	Internet (leased line and ADSL)	VNPT, FPT, Viettel	Register	SMP group of operators

## Current Competition regulation

- From the monopoly to the market mechanism
- State only control the retail tariff of SMP
- All other operators set their own retail tariff base on market mechanism
- The list of SMP operators are issued annually.
- SMP operators should submit a proposal for their changes of the retail tariff before issuing the tariff.
- Basic and important interconnection charges which greatly affect to the telecom market should be decided by the MIC.

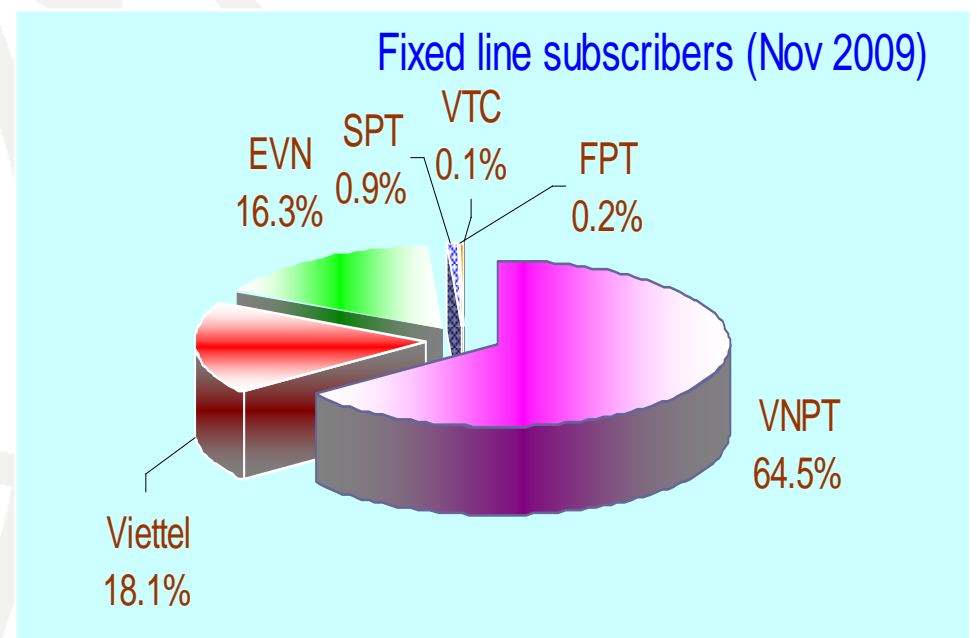
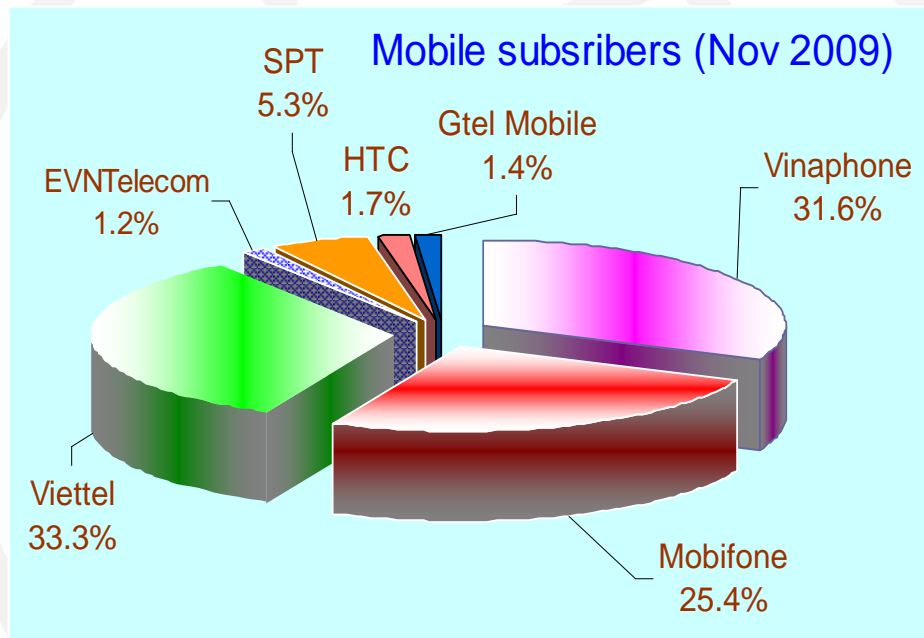
## Current Competition regulation

- 2 key elements
  - Market share threshold
  - Scale of enterprise formed
- Regulation:
  - No requirement:
    - Market share less than 30%, or
    - Enterprise formed remains Small to Medium size Enterprises (SMEs)
  - Pre-Notification
    - Market share from 30%



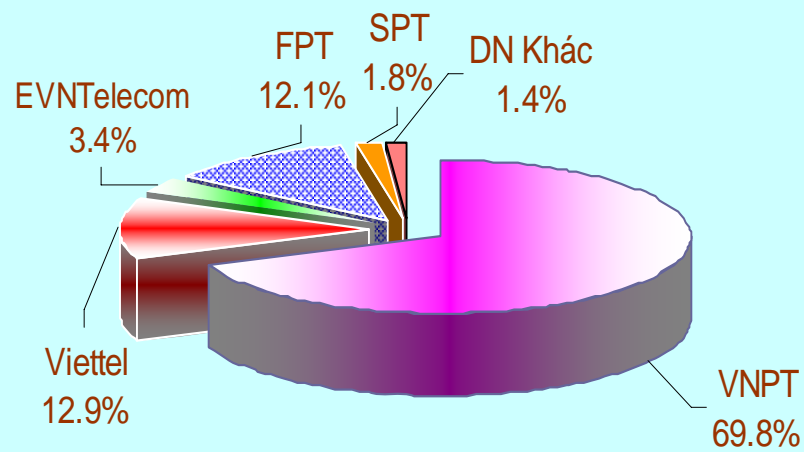
## **2. Viet Nam Telecom Current Market share**

# Vietnam Telecom Current Market

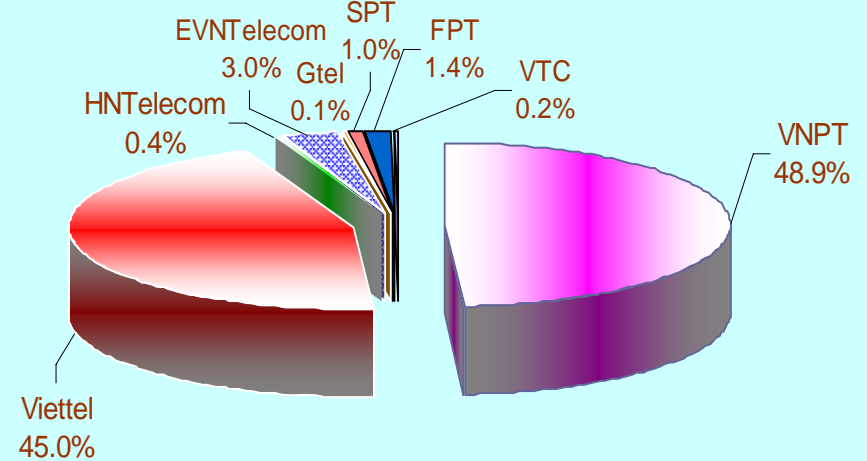


# Vietnam Telecom Current Market

Internet bandwidth Subscribers(Nov 2009)

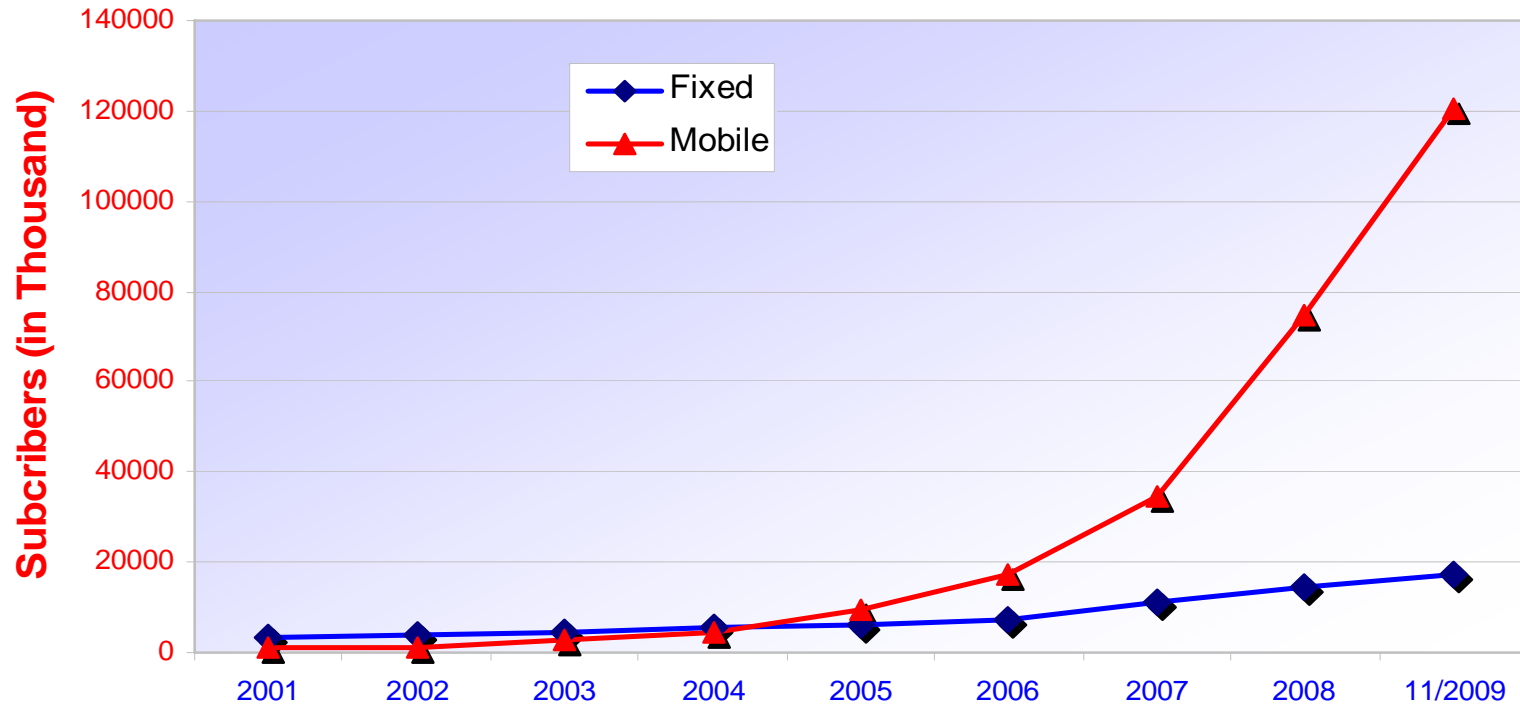


Revenue (Nov 2009)



# Vietnam Telecom Current Market

## Telephone Subscribers Development (Fixed & Mobile)





# 3. DIFFICULTIES AND CHALLENGES

## Challenges

- Long time in monopoly makes the authority as well as the incumbent hesitate to face to liberalization or competition.
- Lack of experiences and skills in regulation and administration competition
- Public awareness
- Converge trend: technology and services.
- Liberalization trend: all the economical sectors can participate in the telecom market.



## 4. CONCLUSION

# Policy and Regulatory measures

- Promote **Competition** with the participation of all kind of resources, include Private Sector. The Government will regulate carefully the universal services.
- Strengthening the **Competition Regulation** in the Telecom market. Promoting the **infrastructure sharing**, e.g. site sharing.

# Policy and Regulatory measures

## ■ **Tariff:**

- Cost-based
- Unbundling of commercial and universal service; to set up USO mechanism and Funds
- Enterprises which have dominant market share (upper 30%) are subject to tariff control by the Government
- Other enterprises are free to set tariff for their services

## ■ **Market liberalization:**

- To improve competition, anti-monopoly
- To provide favorable conditions to new entrants
- To set up appropriate interconnection mechanism
- For Telecoms sector:
  - Facilities-based Operator (FBO): state owned or golden share of State
  - Service-based Operator (SBO): open for all kind of economic sector
- To 2010: new entrants are to take up 40~50% market share



Thank you for your kind attention !