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<td>Author(s)</td>
<td>Dang, Ngoc Dinh.</td>
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MINISTRY FOR SCIENCE, TECHNOLOGY AND ENVIRONMENT
HOA LAC HI-TECH PARK PROJECT

INTERNET IN VIETNAM
(INITIAL FINDINGS FROM THE 100-USER INTERVIEW)

by Prof. Dang Ngoc Dinh
Hoa Lac Hi-Tech Park Project

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PART A. VIETNAM ECONOMIC OVERVIEW

Over 10 years of innovation ("Doi moi"), Vietnam has achieved significant successes. The economy has been stabilized and reached a high economic growth rate due to macroeconomics reform. The average income per capita increased 5 percent per annual; the production productivity increased rapidly, the inflation has significantly decreased (from 17.6 percent per annual in 1992 to 3.6 percent in 1997). The export also increased rapidly, more than 22 percent per annual. The economic achievement has led to a significant improvement of living conditions for the Vietnamese people.

However, Vietnam is only at the beginning of a long and difficult transition process from low-income economy to an equal position to other countries in ASEAN. Vietnam has still been a poorest country with an average income per capita per annual of over 300 US$. The financial crisis in the region has caused the short-term economic reform program in Vietnam to be more difficult.

I. Agriculture
The Vietnamese population is made up of more than 70 percent of rural population and two third of the labor force is working in agricultural sector. Due to the change in the Government policies for agriculture and rural development, since 1993 approximately 20 million-farmer households have increased the output and the quality of food production. Total output of food production during the period of 1993 - 1995 has increased in 17.5 percent and rice export - 31 percent in comparison with that of during 1989 - 1992. At the present (1998), Vietnam had an exportation of 3.5 million ton of rice per year and is one of the biggest rice export countries. The price of the exportation rice has also increased from 170 to 200 US$ per ton. The national food security has been met; the living conditions of the farmers have significantly been improved.

II. Industry
Over recent years, the industrial production has been on the top of the economic growth in Vietnam. Although 6 months of the first half of 1997 the industrial production increases in 13.6 percent, there clearly appears the slow down signs of the industrial growth.

The growth in the industrial sector (not including construction) has been made due to the increase in approximately 20 percent by the firms having foreign investment while the growth
in the government and non-government sectors have been slow down from 13 percent in 1996 to 10 percent in 1997. The slow down tempo of the industrial growth in the government sector showed difficulties faced by the state-owned enterprises as a result of a redundant workers, out of date technologies, ineffective production, poor management skills, unsatisfactory protection policies (high taxes, illegal import, counterfeit goods ...). Small firms and households, the main factors of the private sector, reflect the limitation for participating in the various development programs of the Government.

III. Services

The growing trend of service sector has increased over 6 years from 1990 to 1996. However this trend has been on the decrease since 1997, particularly in 1998 and 1999. An important trend in the service sector is to slow down growth in banking and insurance. The growth reflects a dramatically increase in the number of new financial organizations after a period of time and not increase in the later period. Since 1996, construction activities: hotel, office and apartment construction, have been delayed. Price of housing rental has been decreased.

Market of information technology in Vietnam has dramatically grown, as 10 times as that of during last 5 years and 100 times during 10 years (1985 - 1995). The number of Information Technology progresses has been applied that contributed to improve the quality of service network, effectiveness of production and business.

IV. Investment

The investment has nearly been triple from 11.6 percent of GDP in 1989 to about 28 percent of GDP in 1996. The driving force for promoting investment is mainly based on non-state investment and FDI.

At present Vietnam has been in much more difficult conditions than that of in the last few years. This results in domestic and international factors. The permanent difficulties are the lack of capital, unemployment, little saving, and low competitive ability. In addition the financial crisis in the region has significantly impacted financing, banking, import-export activities, tourism, foreign investment, employment, and the growth rate of every economic sector and the whole economy.
PART B. GENERAL ISSUES ON INTERNET IN VIETNAM

I. INTRODUCTION - INTERNET SERVICES

One of the most important events of technology renovation in Vietnam during a time of 1997 and 1998 is that Vietnam has formally connected to international Internet system and participated in “Super Way of Global Information System” on November 19, 1997.

The national axis of this information net is called Vietnam Net (VNN) which linked with the Internet and the LANs installed over a country. The Vietnamese General Company of Post and Telecommunication (VNPT) has completed the build-up and installation of VNN and transferred it to Vietnam Datacommunication Company (VDC) for management and exploitation.

This VNN includes two main components:

+ Internal Axis Net; and
+ Two gates for international connection installed in Hanoi and Ho Chi Minh cities.

At Hanoi gate, there has two international ways, one connects to Australia with a 256 Kb/s speed through communication satellite and the other connects to Hongkong with a 256 Kb/s speed through ocean-communication cable. At Ho Chi Minh City gate, there also has two international ways and both connects to United States through ocean-communication cable, but one having a 64 Kb/s speed and the other 2 Mb/s speed.

From December 1, 1997, the Internet Services Providers (ISP) in Vietnam officially provided the clients with the services through Vietnamese Internet Net (i.e. Vietnam Net - VNN), such as:

- Information searching service, including WWW (World Wide Web), WAIS (Wide Area Information Server) etc.
- Email service.
- File Transfer Protocol (FTP) which is a way to transmit or receive a file among different nets under the Internet system. And
- News searching service.

II. MAIN PARTICIPANTS AND USERS OF INTERNET SYSTEM IN VIETNAM

II-1. Main participants of Internet system.

1. The Internet Accessing Provider (IAP).

The Vietnam Datacommunication Company (VDC) of Vietnamese General Company of Post and Telecommunication (VNPT) is the main unit which provides the services for
connecting and accessing the Internet system (called the IAP of the Internet Service Provider - ISP) while the ISP provides the Internet services for private use as well as for the individuals who like to use the Internet system.

VDC is State Company and operates on national and international - wide scope in various fields such as informaticon technology, data transmission, Internet services and others related.

Specifically, VDC provides the following services:
* VIETPAX - National Center for providing Package Transmission Service through X25 and X28 channels etc.
* VNMAIL - Electronic Mail Service.
* VNN - Internet Service.
* WEB - Web page.
* Development of Application Program.

The Vietnam Net Information Center (VNNIC) is a body to manage the addresses of vn area name and sub-area name, organize and exploit the main server containing the area names, take a focal point of international connection, make a registration of inter-networks protocol (IP) area address as well as control and distribute such addresses over the country.

2. Internet Services Provider (ISP).

It is the enterprise which is authorized to set up the computer information transmission systems using some IP addresses and provide several services such as electronic mail, file transmission, off-side accessing by different methods for the entities, organizations and individuals who like to use the Internet services.

At this time, Vietnam has 4 enterprises providing such Internet services. They are:
* Vietnam Datacommunication Company - (VDC).
* lnformaticon Technology Investment and Development Company - (FPT).
* Saigon Joint - Stock Telecommunication Services Company.
* Institute of Information Technology - (IOIT).

a) The VDC is the State Company providing the following services:
+ Electronic Mail (E-Mail).
+ File or information transmission among the computers of Internet system by using File transfer Protocol service.
+ Participation in the “electronic consultation” through Usenet.
+ Electronic discussion or conversation.
+ Access to WWW

b) FPT is one of the top Information Technology Companies in Vietnam. Its operations typically focus on software area. The FPT Net Technology is considered as the master of “Vietnam Intelligence Net” component in the Internet system. The information shown in this component includes information of trade and technology, economic news, culture and sport operations. The type of information consists of oral, picture, chart and music etc.

The source of information of FPT to be transferred through the Internet is the news that have been officially pronounced in the public media instruments, the science and technique information, the education and training issues etc.

c) Institute of Information Technology - IOIT - is the National Research and Development Center for Information Technology. It is the owner of the nets of VAREnet, VINANET and NETNAM.
Like FPT, IOIT is the provider who providing the Internet services such as E-mail, file transfer, access of Web page etc.

The VAREnet of IOIT is mainly used for transferring E-mail.

The VINANET is the trade information system, which is specialized in compiling the business information from the sources of AP or AFP. This information will be translated into Vietnamese and updated five times a day. The VINANET has gained several successes in business. However, this system is only used within Vietnam, so it has been invested by the Government an advanced technology standard, namely VITRANET.

The NETNAM has attracted about 400 participants of foreign Governments and Non-Government Organizations. It is a relative successful system in terms of business area. In addition to the E-mail service as others, NETNAM also has the English Usage Forum service and can provide the facilities for conversation of many persons at the same time.


Up to the data as of March 30, 1998 there was 3097 accounts (about 10,000 users) in the whole country of which in Hanoi (as 100%) there was the following usage proportion:

- Foreign Representative Offices - 39%
- Private Companies - 11%
- Government Agencies - 25%
- Individuals (for study, business etc) - 25%

It was still a big problem that almost of these 10,000 users at that time were mainly in Hanoi and Ho Chi Minh cities.

Vietnam General Department of Post has estimated approximately those 200 computers of total 400,000 ones in Vietnam have used the Internet services since beginning of 1998. Among the services provided by the Internet system, Vietnamese users mainly used E-mail service, but it met only about 20% of the total capacity.

There were around 20,000 Internet subscribers nationwide by the end last year (1998), one predicts this number will be increased up to 40,000 by the end the year 1999. But the current situation of Internet usage in Vietnam is facing some difficult issues and one of these is the home page concept (Vietnam Economic Times, May 4, 1999):

In fact, at present (May, 1999) the sum total of home page in the whole of Vietnam not even reach four figures. According to VDC, which is in charge of local connection to the Internet, there are only some hundreds of home pages nationwide. FPT Internet, the country's second biggest ISP, has set up about 100 home pages for its subscribers, a third of them for small and medium-size private companies. Very few businesses have the money to advertise their goods and services abroad. A home page is a cheaper way to advertise on the Internet so the potential market in Vietnam should be very large indeed, considering the country has tens of thousands of business. In Hanoi alone, there are over 8,000 private and state-owned enterprises. The home page concept has enormous potential for a small country like Vietnam, where some 90% of enterprises are small and medium-size enterprises with tiny advertising budgets. However, this lucrative market remains largely untapped due to the minuscule number of Internet users, coupled with general ignorance about the home page concept. Few company directors have their own Internet accounts; instead, many have logged on purely because they see e-mail as a way to replace taxes and thus save on minor operating expenses.

Introducing local companies to the world market would be a logical first step, and the home page concept may well be the best way to do it.
III. Control and security of information, the copyright issue, and cultural aspect

This is the organization and implementation of the control plans on information to be transferred through computer systems that connected to the Internet; the application of technical tools required by the Ministry of Interior for the safety, security and confidence of information exchanged through the Internet system.

The entities and individuals are not prohibited to connect indirectly or directly their PCs or computer systems to the Internet through the public telephone line.

In addition, though the Law of Copyright Protection has been issued in Vietnam, but it is not yet implemented effectively and efficiently.

The Government has a full right to manage and control the networks and services related to the Internet. National Coordination Board of Internet has been set up under the Decision No 136/TTG dated March 5, 1997 of the Prime Minister. This body has a responsibility to regulate and coordinate the management and development activities of the Internet services and systems in Vietnam.

All activities relating to connection, providing and use of Internet services should be consistent with the temporary Regulation on Management, Establishment and Use of Internet which was issued together with the Decree 21/CP dated May 5, 1997 of the Government.

Up to now almost two years passed since Vietnam was hooked to the Internet, but the problem of security ion the Net is still not seriously thought about. Security threats like hacking have already begun to affect some Net users, and both industry and government experts are seeking solutions.

In Vietnam, using firewall software or hardware socially coded to block Internet sites at the ports where they enter is considered the only solution to security on the Net, but it is regarded by experts as ineffective. The government uses a firewall to block a number of Internet sites, and companies use it to protect business information or company secrets. But the firewalls are also contributing to a 30% decrease in Internet speeds. In fact, there are thousands of files going through the two Internet gates in Hanoi and HCMCity every hour and it is impossible for anyone to review all the content. Monitoring the content would make it much slower. If the Net gets too slow, there is possibility that people may stop using it altogether. Complaints from users, especially from foreign companies, have already begun.

Regarding to cultural aspect, the Internet itself also has a negative side, which relates to the prudential matter of information, the diffusion of information making a harmfulness to personal dignity and children education etc. These problems are causing a challenge to every country that the mankind should 'act upon a globalization approach, but his thinking should be consistent with a national identity. It is also a most important challenge for the development task of all society at this time. To solve this, we need to come back the standards of education, virtue and academic degree of the people in each country.

Once, many cultural societies become the members of Internet system, it will be a very great demand of the fairness of information in order to act upon a globalization strategy, and maintain cultural heritage of the nation.

Seeking for the national identity is now emerging as a direction of each country in order to confirm itself and recover its picture. The Internet together with telecommunication revolutionary is pulling the mankind to the integrated global competition, and also providing him an opportunity to affirm his national identity.
In a context of such strong and deep change of the community, he recognizes that a management of Internet will be most effective when it can meet with the following requirements:

- To support a development of the enterprises.
- To encourage an intelligent contribution of each individual.
- To help the individuals understanding and distinguishing a concept of globalization and an issue of national identity so that they can have useful reaction for development process.

PART C. INITIAL FINDINGS AND CONCLUSIONS

Based on results from the Interview of 100-Internet users in Vietnam on July 1999 the initial findings can be summarised as follows.

I. Demographics

The majority of interviewees are male (79%); young (60% has the age less than 30); have above average formal education (98% of them has baccalaureate degree or higher). They have average income; most of time speak Vietnamese and the second working language is English (69% of them used it in the work). They are living in a family with the average number of 3.9 people.

II. Internet Usage

Almost interviewees (93%) are using Internet preferring sent email and received email. First associations with Internet of all users were the searching information and sending/receiving email. Majority of users primarily use Web for gathering information for personal needs (62%), for communication with other (68%), and for education (51%). They almost don’t (cannot) use it for business (8%), for shopping (1%).

The Web is a versatile tool, but for the Vietnamese case the majority of Internet users have not used yet very useful and interesting categories, such as: instead of watching TV (only 5%); to access online chat groups (5%); to access online job listings; to access online home/rental listings (6%); to access online telephone listings (2%); to access online maps (2%).

The number of Navigation/Search that interviewees have used is very few, only Vietnamese http://www.vnn.vn (78%) and Yahoo (80%).

About all interviewees (87%) think that the single most critical issue facing the Internet in Vietnam is now taxation (cost, price) of services, and they also (60%) consider slow speed of connection to Net as negative experiences with Internet in the country at present.

III. User’s Opinion on Internet development

Almost every interviewee (96%) advocates greater usage of Internet among Vietnamese. They think that it is a very useful tool for information exchange, knowledge improvement; and for promoting of socio-economic development.

The overall majority of interviewees (94%) have positive personal views about the future of Internet in Vietnam. In the context of global competition and integration environment, of economy as well as culture, Internet should be promoted and it will be developed rapidly in coming years in Vietnam. The users also want following conditions should be realised: i/ The cost (price) of access to network should be decreased; ii/ There are more Internet Services Providers for improvement of competition environment; and iii/ Living
standard of Vietnamese people and information infrastructure of the society should be improved.

IV. Technology usage and technological innovation

In the economic transition context in Vietnam, the interviewees have the following attitudes to technological innovations and progress.

A lot of interviewees (43%) think that “change is more important than continuity”, but at the same time these people (45%) also are not agreed that they have to leave what is old behind them as quickly as possible, what is old is retrograde.

It can be understand that Vietnamese highly estimates the values of national tradition. About 60% of total interviewee number gives fully applies statement on that they should never forget the wisdom their ancestors and grandparents have handed down to us. But they (79%) also have the opinion that it is needed more courage for technological innovation in Vietnam.

The majority of interviewees (56%) have fully applies statement on that technical progress brings social improvements for the people; and a poor technological standard only makes Vietnam dependent on the rich countries.

The interviewees (79%) have the perception of innovations that Vietnam needs more technological process because otherwise the country will remain a poor one and will not be able to catch up with other countries in the Southeast Asian region. They (63%) also think that there are more advantages than disadvantages to technological progress.

All interviewees would like innovation of Information Technology (as in the first priority rank) to see being made urgently in Vietnam.

Regarding to the attitudes to technology it can be understood that the interviewees appreciate highly advantages of technological progress. They (56%) think that a modern society provides the people with more opportunities for developing their leisure activities; 70% of total number of interviewees gives fully applies to statement that technology should be promoted in Vietnam at all costs so that the people will be better off. They (89%) would like a modern society for their children and grandchildren, but they (84%) also do not consider Vietnam’s cultural heritage hinder technological progress.

V. Cultural Dimensions

1. Reaction with foreign countries.

A lot of interviewees (53%) would like to work abroad, most likely in US, Australia and in European countries, but they (88%) don’t like to emigrate to another country because of the main reason on cultural differences. They don’t like (33%) or have not relevant (62%) to the willing of their son/daughter to marry a foreigner.

About 50% of interviewees has studies abroad, but the number of interviewees usually reading foreign newspapers/magazines is few (30%), maybe because of language difficulties and of information/documentation shortage in Vietnam.

2. Leisure Activities.

The overall majority of interviewees are enjoying their free time in almost passive ways, such as: Reading books and magazines (94%); Listening to music at home (78%); Doing practical hobbies (82%); visiting people/receiving visits from people (82%); and surfing the Internet (80%). It seems that they don’t like very much more active ways of leisure, like: Going to the cinema (27%); Going for walk (34%); Going to sport events (32%); Volunteer work for organisations (13%).
3. Attitudes to family and community.

The majority of interviewees (more than 60%) describe their attitudes with high rank towards the statement that “old people are important”. They are agreed (87%) with that to live to build up and achieve something. In everyday life a lot of interviewees (59%) prefer to reach decision with others.

It seems that Vietnamese would like to live in “traditional” and “conservative” family. The majority of interviewees (51%) often or very often have stories, fables and tales in their home; and only sometimes or not at all they work in their profession in the evening or at weekends (68%). Regarding to issue of talking to children about sexual/body functions the interviewees (56%) have their attitude towards the statement “Carefully” and “Not at all”.

4. Internet Impact to the Culture

The majority of interviewees (55%) have their opinion that Internet will destroy Vietnamese Culture because in the Net there are a lot of information that is harmful to children, and to the traditional ethics of Vietnamese people. But there is also not small number (37%) of interviewees who thinks that Vietnamese culture couldn’t be destroyed by the Internet, because Culture has always sustainable values that can be kept if people is educated. Culture should be protected by the open way to the Word’s culture.

A lot of interviewees (71%) has agreed that certain information should not be published. This is information related to national secrets; to defense security; to privacy; and to terrorism-violence.

5. Perceptions of Western and Eastern Culture

It seems that interviewees (78%) have highly appreciated Western culture, they think that it provides people with modern, creative and industrial style of life. It is related to science and technology development. But Eastern culture are also certainly gone up in the estimation of interviewees (78%). It brings itself a lot of traditional characters, values of community/nation benefits and the rules of society. It provides people with the capability to sacrifice one’s personal interests to common interests.

In this context, we can use the following opinion as the last conclusion of the Report: “Cultural differences between the word’s regions and states will not disappear thanks to the global homogenisation of standards, methods, institutions and norms. On the contrary, such cultural differences constitute creative potential in the realm of global economic competition. A global economic civilisation draws up its dynamic strength above all the multiplicity of its culture. Culture, therefore, is not a disruptive element in an economy, but an essential precondition for its dynamism” (Becker J., The social usage of Internet in Asia- An INCO-DC-Project with the support of the European Union, May 1999).