

E-COMMERCE AND POSSIBLE APPLICATIONS IN VIETNAM

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The e-commerce has made its appearance in recent years thanks to fast advances of the electronic and information technologies. In the 1990s, computers became smaller and cheaper. They have been found in all companies, banks and most families in developed countries. Through the Internet, companies, banks and individuals are connected together easily and they become a new world in which information is exchanged more quickly and cheaply than communication through the post and other means. With a computer, individuals and companies can:

- open a website to introduce their products, service or information of their own,
- open accounts at banks, require services from banks.
- ask advertising companies for information about goods and services advertised: prices, quality, terms of delivery and payment, etc.

Although Internet addresses are publicized as widely as possible, personal passwords to the Internet are kept secret, especially ones used for communicating with, or giving orders to banks. Passwords are checked by service providers before allowing users to enter the Internet. Banks also check the password before carrying out orders of customers. Thus, disclosure of customers' passwords means great losses to both companies and customers.

After production, trading adds more value to goods. Traders, to become more competitive, have to find out sources of goods at low prices and of high quality and market of users. For example, HCMC with its high economic growth has become a big market for fruits. This market has encouraged the production of fruits in the Mekong Delta and Eastern South. However, when the supply exceeds the demand, producers are immediately on the brink of ruin (this is happening to peasants who produce rice, coffee and many kinds of fruits). The main reason is peasants' failure to find new markets for their pro-



duce. The e-commerce can help them solve this problem instead of waiting for support from the government.

Suppose that Vietnamese peasants could inform prices and quantities of fruits ready for export through the Internet, importers from Western Europe and North America will be able to send ships to Vietnam to bring fresh fruits to their home countries within days. The Internet allows Vietnamese peasants to inform all importers in the world of prices of local fruits, available quantities and standardized items to assure importers of quality of products.

The e-commerce, thus, allows peasants to sell fruits within a few days after harvests and makes the market for local fruits expand instead of being limited to big cities in Vietnam or some Chinese provinces. The e-commerce allows the supply of high-quality goods at low prices and helps Vietnam export goods in large quantity and on a long-term basis. Prices of Vietnamese farm products are very competitive: local fruits that are sold at some thousands of the Vietnamese đồng could be sold at some dollars per kilo from foreign supermarkets.

Export of farm products also forces Vietnamese peasants to standardize their produce in order to meet requirements of foreign importers. The e-commerce thus helps increase the export of farm products, especially fresh fruits due to modern means of transport, and earnings from this business could reach some billion of dollars when the market for Vietnamese fruits becomes worldwide.

Generally, the e-commerce, as a broad access to potential buyers all over the world, can lead to a boost in export earnings because export prices are much higher than prices (from two to ten times) on the domestic market. If Vietnamese peasants could get a half of the earnings while the other half is spent on transport and export fees, their living standard and the GDP will experience great changes within several years.

The main reason why the Internet, and the e-commerce as well, isn't popular in Vietnam is the fact that most private persons couldn't afford computers and fees of Internet services. A middle-class family in HCMC with an average income of VND2 million a month could only spend some VND100,000 per month on e-mail and they usually refrain from other Internet services. A businessperson in HCMC said that he could spend some US\$1,000 a year on

a website by which he could advertise his goods and services. But he didn't do it because most of 150,000 users in Vietnam only enter the Internet to get or send e-mails, not to look for information about goods or services offered. The situation is totally different from that in developed countries where the telecommunication fee is very small in comparison with the personal income. And as a result, the e-commerce seems unsuitable and unprofitable to Vietnamese companies specializing on the domestic market.

To deal with this problem, export companies had better organize themselves into groups that open rep offices in foreign countries. An official from a big corporation said that a rep office in New York cost them some thousands of dollars a month but it's worth doing so because the rep office helped increase the export quickly. Some corporations have opened websites on Vietnamese goods and services for the American, Japanese and European markets. We hope that these websites will help promote the Vietnamese export in the near future.

In engaging in the e-commerce, local companies could not only inform potential buyers of prices and quantity of farm products ready for export but also avoid unnecessary competition between local suppliers. In 2001 while some companies were offering Robusta coffee at US\$500 a tonne, some others suggested the price of US\$480 or lower causing the price of Vietnamese coffee to fall to US\$375 a tonne. Big corporations could help solve this problem by distributing quotas to exporters after re-

ceiving orders from foreign importers.

Concentration of information about Vietnamese goods and services in an only website will help reduce cost and obtain the highest efficiency. Foreign buyers could get all information about Vietnamese market (exports, imports, tours, hotels, restaurants, stock market, fee of public services, labor cost, health care and education services, etc.) therefore they can quick make business decisions on trading with Vietnam.

Michael Nguyễn, a Vietnamese expatriate in Canada, has opened a website (www.eivietnam.com) to supply business information about Vietnam, including such dailies as *Nhân Dân* and *Vietnam News*, and it is connected with local networks (such as Cinet, Saigonet and VNPT). It has raised a lot of interest among business circle in foreign countries. In addition, the Vietnamdot.com and two other American companies have opened three websites (www.vietnam.com, www.vietnam.net, and www.vietnam.org) with the same purposes. The lowest fee charged by the www.eivietnam.com varies from US\$2,000 to 10,000 that must be paid when registering plus a monthly fee of US\$100. This fee is still high to Vietnamese companies. The best solution is that they pool money to open an only website for the whole Vietnamese business circle in order to reduce cost for individual companies.

At present, there is no condition for introducing the e-commerce to the domestic market, but it promises a very bright future for the export business. ■

