



VIETNAM DISCOURAGES MOBILE PHONE IMPORTS

Thom Thi Mai Nguyen

T: +84 4 3772 5607

E: maithom.n@tillekeandgibbins.com

In the face of escalating inflation, the Vietnamese government is eagerly trying to reduce the imports of luxury goods to slow down the erosion of its foreign currency reserves. As a result, the Ministry of Information and Communications has recently updated the regulation on the importation of certain goods directly under its supervision, particularly mobile phones. The new Circular No. 14/2011/TT-BTTTT (Circular 14) was issued on June 7, 2011, replacing the earlier Circular No. 02/2006/TT-BBCVT dated April 24, 2006 (Circular 02). This new regulation, set to come into effect on August 1, 2011, will introduce a number of notable changes.

Changes

Circular 14 retains its predecessor's requirement of a license to import various radio transmitters and transceivers. However, while Circular 02 was silent on the validity of the issued import license, Circular 14 expressly states that the license to import radio transmitters and transceivers may be used multiple times. It should be noted, though, that this is only valid until the authorized number of goods has been imported.

The new regulation adds a provision exempting foreign consular offices and diplomatic missions, representative offices of international organizations, and foreign journalists from having to obtain a license to bring radio transmitters and transceivers to Vietnam. However, these organizations and individuals are still required to apply to the Authority of Radio Frequency Management for a permit to use such equipment. Circular 14 also eliminates an exemption for fishing boat radio equipment operating on frequencies 26,96–27,41 MHz and with transmitting power not exceeding 25 watts.

Disincentives

One of the most important changes introduced by Circular 14 is the addition of the requirement of the import license for a range of goods belonging to the heading 8517 of the Harmonized System. The affected goods include such devices as mobile phones, cellular base stations, modems, wireless routers, scanners, and laptops.

Not only did the Vietnamese government start to require an import license for mobile phones, but it also placed them on the import-discouraged list, which was promulgated with Decision No. 1380/QD-BCT of the Ministry of Industry and Trade (MOIT) dated March 25, 2011. The purpose of this decision was to restrain inflation and stabilize the economy, according to the Official Dispatch No. 4388/BTC-CST of the Ministry of Finance dated April 5, 2011. All goods on the import-discouraged list already have tariffs set at or near the ceilings declared by Vietnam in its WTO commitments on goods in 2011.

Extra barriers

To further control the inflow of mobile devices and similar radio frequency transmitting or transceiving devices, the MOIT released Announcement No. 197/TB-BCT on May 6, 2011. The Announcement raises extra barriers to the importation of mobile phones, effective June 1, 2011. In order to clear customs, the entity or person bringing the goods to Vietnam must now present a legalized letter of appointment or authorization as a distributor, importer, or agent issued by the manufacturer of the products. The purpose of the Announcement was to eliminate grey market goods, so-called *Hàng Xách Tay*, to ensure quality and keep counterfeit products out of the market. Since June 1, an importer may only clear customs at three designated seaports of entry: Hai Phong, Da Nang, and Ho Chi Minh City. This is a serious limitation because importers are precluded from using border crossings and airports, which can lead to longer processing times and higher costs.

Conclusion

The combination of the new rules creates a number of procedural and financial barriers to the importation of mobile phones. However, it remains to be seen how effective these rules will be in practice.

© Tilleke & Gibbins Consultants Limited

HAREC Building, 4th Floor, 4A Lang Ha Street, Ba Dinh District, Hanoi, Vietnam