

## Vietnamese ocean shipping: Potential, Orientation, and Application

X. Nam Chu<sup>1</sup>, X. Phuong Nguyen<sup>2</sup>, V. Vang Le<sup>2</sup>, T. H. Van Nguyen<sup>2</sup>

<sup>1</sup>*Ho Chi Minh College of Transport*

*No.189, Kinh Duong Vuong, District 6, Ho Chi Minh city, Vietnam*

<sup>2</sup>*Ho Chi Minh University of Transport*

*No.2, D3 Road, Binh Thanh District, Ho Chi Minh city, Vietnam*

---

**Abstract:** The plan for developing Vietnamese ocean shipping sets out specific objectives for maritime transport and fleets, including: Improving the quality and efficiency of maritime transport services, meeting the needs of inland shipping; To concentrate on exploiting to the utmost the advantages in the domestic and nearby sea routes. The volume of cargo shipped by the Vietnamese fleet will be about 85 to 91 million tons by 2015, from 140 to 152 million tons by 2020, between 237 and 270 million tons by 2030, the number of passengers reaching Approximately 5 million turns of people by 2015, from 8 to 9 million by 2020. To develop Vietnam's fleet in a modern and effective manner, attaching special importance to the development of specialized ships, by 2015, the total tonnage of the fleet will be about 4.7 - 5.2 million tons and from 6.8 to 7.5 million tons by 2020.

**Keywords:** Vietnamese ocean shipping, maritime transport, ship fleet.

---

### 1. Introduction

Sea economy was selected as one of the key industries, the construction and development of the national seaport system has a great role, contributing worthily to the country's achievements. The Fourth Conference of the Central Committee of the Xth Party has issued a resolution on the Vietnam Sea Strategy until 2020 with the aim of making our country a strong country in the sea, enriched by the sea, Firm sovereignty and national sovereignty over the sea and islands, making an important contribution to the cause of industrialization and modernization. In particular, the Resolution clearly defined: By 2020, successful development, breakthrough in marine and coastal economy with marine economy ranked second in the marine economy (after mining and processing Oil and gas) and after 2020, the maritime economy will lead the maritime economy. Thus, the development of maritime economy has been considered by the Party and State as a breakthrough in marine economic development in particular and in the country's socio-economic development in the coming period.

To successfully implement the resolutions of the Party, the Ministry of Transport has been directing the development of seaport infrastructure in accordance with planning directions, concentrating and not spreading; To organize a comprehensive and modern management of seaport infrastructure; Development of logistics services, infrastructure of maritime industry, contributing to assert and maintain the sovereignty, sovereign rights of the sea and islands.

The implementation of the master plan of the national seaport system has achieved certain achievements, but there are also some shortcomings that need to be adjusted and updated to suit the new situation. The Prime Minister has approved the master plan for the development of Vietnam's seaport system in the period up to 2020 and orientation to 2030. In 2015, the national seaport system should meet the cargo traffic through 500 - 600 million tons per year, about one billion tons per year by 2020 and 1.6 - 2.1 billion tons per year by 2030. Ministry of Transport has completed the detailed plan approved 6 seaport groups in the system. There are 39 seaports, of which 3 are 1A seaports (Van Phong international transshipment port, two international gateway ports of Hai Phong and Cai Mep - Thi Vai port), 11 ports of type 1. ..

With the advent of the entire political system, 2016 cargo through Vietnam's seaport system is estimated at 456 million tons, an increase of 7% over 2015, reaching 98% of the 2016 target, of which Containerized cargoes reached 13.3 million TEUs, an increase of 11% compared to 2015, reaching 106% of the yearly plan.

Currently, the country has 44 seaports (250 wharfs) with 59,405m long berths, total designed capacity of 470-500 million tons per year. Vietnam's seaport system has met the requirements of rotation of cargo transported by sea, actively serving the process of socio-economic development in the coastal zone and the whole country. To create motivation to attract and promote related economic sectors and industries.

Most seaports are owned and operated by state-owned and private-owned enterprises. Only four new ports have been invested with state budget funds. In the recent period, the state still owns ownership of infrastructure and rents. The Vietnam Maritime Bureau is the agency assigned to act as a representative to sign contracts for the

lease of 5, 6 and 7 ports of Cai Lan (Quang Ninh), Thi Vai ODA Port, Cai Mep ODA Terminal (Ba Ria - Vung Tau) and An Thoi harbor (Phu Quoc).

Vietnam's seaport system consists of 6 groups, including 3 international transit ports and gateways (Class 1A), 11 regional hub ports (Class 1), 21 local ports and a number of specialized ports. In particular, type 1 and 1A ports are the main port in the national port system. The overall layout is reasonable, in line with the Strategy for Marine Economic Development, which is typical of the natural topography and function of the Vietnamese port system.

Basically, the seaport system is approved to ensure the good import-export goods and exchanges between regions in the country, meeting the needs of socio-economic development. However, the greatest current exists is the asynchrony between seaports and connected infrastructure. The inequality in scale, especially in the implementation process between the investment projects to build the technical infrastructure connecting to the port (including the port inlet and the logistics hub) greatly affect. To the operational capacity and investment efficiency of the port. This is one of the main reasons leading to the shortage of port in Cai Mep - Thi Vai area; Port hangs at Hiep Phuoc, Phu Huu (Ho Chi Minh City) ports; Limited operation at terminals / terminals in the Mekong Delta does not bring into full play the capacity of Dinh Vu (Hai Phong) and Cai Lan (Quang Ninh) wharves.

Specifically, for the Nghi Son seaport (Thanh Hoa), to date there have been 20/20 general berths in Nghi Son seaport area have been approved for investment, but only 5 new wharves are invested. Some tunnels are under construction, others are demarcated.

Vietnam currently has 39 seaports divided into six groups.

Group 1: The northern seaport from Quang Ninh to Ninh Binh.

Group 2: North Central from Thanh Hoa to Ha Tinh;

Group 3: Central Coast from Quang Binh to Quang Ngai;

Group 4: South Central Vietnam from Binh Dinh to Binh Thuan;

Group 5: Southeast;

Group 6: Mekong Delta.

Ports are also designed specifically for use, classified into three categories:

- General National Port
- Local port (which has attractive scope and functions primarily within that locality)
- Specialized ports (in direct service of specialized industrial establishments, ports through specialized ports such as crude oil, coal and ores).

According to the Vietnam Seaport Association, the growth rate of cargo and especially containerized cargo transported by sea is growing at an extremely high rate of over 20% per year in the period 2001-2008. However, the distribution of cargo through the port system is uneven, mainly in Hai Phong, Quang Ninh and Ho Chi Minh City. Meanwhile, other ports in the area are operating under capacity due to lack of cargo loading and unloading. In addition, the pace of upgrading of major ports has not kept up with the pace of commodity development, leading to severe overload on seaports.

In addition, Vietnam's seaports have some limitations and challenges such as:

- Due to historical factors, Vietnam's major ports are located near big cities and deep in estuaries where tides and tides are affected. Therefore, large vessels with deep drafts cannot access these port systems to load cargo.
- The narrow area of the urban area makes the expansion of the warehouse system as well as the development of the related infrastructure system more difficult.
- The unloading facilities and limited warehouse system have reduced the speed of cargo through the port.
- The domestic logistics distribution system has not developed, is poor and inefficient, contributing to the increase in total freight.

- Few services related to port and shipping. Vietnam currently does not have a regional transshipment port, which makes exports to Western Europe and North America transshipment at Singapore and Malaysia ports, increasing transport costs up to 20%.

## 2. Some difficulties

### Inland transportation is difficult

Viet Nam Maritime Administration said that the domestic fleet only accounts for 10-12% of Vietnam's market share in sea transport.

More than 80% of the registered fleet of international voyages in Vietnam operates only on near routes. The container fleet is mostly domestic and in Southeast Asia, China, Hong Kong and Taiwan. Oil tankers mainly transported petroleum from Singapore, Malaysia and the Middle East.

With inland shipping operations, the flag fleet has basically taken over 100% of inland shipping. However, inland shipping is still difficult due to low freight rates, scarce resources and imbalances between the north and south.

### High logistics costs

Regarding logistics activities, Vietnam now has over 1,200 domestic and foreign enterprises with an average annual growth rate of 20-25%. According to the World Bank's national logistics capacity ranking, Vietnam ranks 48/155.

The reason for such a low ranking, according to the Maritime Bureau, although the number of enterprises is large but mostly small scale, the registered capital is under 1 billion. The organizational structure is simple, lacking in depth, meeting only 25% of domestic demand, but mainly serving foreign companies.

With such logistics premises, as soon as Vietnam concludes negotiations and prepares to sign Free Trade Agreements (FTAs), representatives of the Maritime Bureau in the negotiating mandate of the Government have actively negotiated the negotiations. Content related to shipping services and shipping support.

Representatives of the Vietnam Association of Logistics Service Enterprises said that 90% of Vietnam's exports and imports through sea transport. Meanwhile, the biggest limitation of logistics industry in our country is high cost, equivalent to about 21% of GDP. The quality of service delivery does not meet the requirements of customers, the service price is high, thus limiting the competition in providing services.

### It is necessary to step up activities towards integration

In the time to come, the Maritime Administration should guide and disseminate contents related to maritime shipping trade in Vietnam's international commitments in treaties to which Vietnam is a contracting party. This includes commitments on the roadmap for ASEAN market opening to implement the AEC, commitments on the ASEAN maritime transport service package.

The Maritime Administration should continue to reform the administrative procedures at the seaports in the delivery of goods, means of transport to and from the port of loading and the one-stop shop and maritime information. To take aggressive state management measures to limit the increase in port service charges, to prevent congestion at ports and to effectively manage the State with activities of foreign ship owners in shipping business.

The new Maritime Code will come into force on July 1, 2016, in which shipping and maritime services are adjusted to favor maritime transport; To protect the inland shipping rights of Vietnamese shipping companies in accordance with international practices; Encourage the development of logistics; Socialization of maritime services that the State does not need to directly implement.

## 3. Planning and orientation to 2030

On 26 August 2014, the Prime Minister approved the master plan for the development of Vietnam's sea transport until 2020, with a vision to 2030 in Decision No. 1517 / QD-TTg.

The planning on development of Vietnam's sea transport up to 2020, with orientations to 2030, consists of the following principal contents:

### 1. Planning type, size of transport:

Ships operating on international routes: Using bulk carriers of 100,000 tons to 200,000 tons (DWT) to import coal, ships of a tonnage of 5,000 to 50,000 tons carrying department stores, general cargo and ship Loading 30,000 to 50,000 tons to export coal, ore, alumina, import fertilizer and clinker ...

Ships operating on domestic routes: using ships with a tonnage of 1,000 to 10,000 tons; Specialized sea-going barges of 5,000 to 10,000 tons for transporting imported coal from the transshipment hub to the wharves of the plant.

2. Master plan for development of Vietnamese shipping fleet

Total tonnage of the Vietnamese fleet will reach between 140 and 152 million tons by 2020, of which international shipping will be from 40 to 46 million tons. Domestic shipping will be between 100 and 106 million tons. million tons

3. Development planning of Vietnam seaport system

To comply with the master plan for the development of Vietnam's seaport system up to 2020 with orientation to 2030 already approved by the Prime Minister in Decision No. 1037 / QD-TTg of June 24, 2014.

4. Master plan for development of Vietnam's shipbuilding industry

To follow the master plan for development of Vietnam's shipbuilding industry up to 2020 with orientation to 2030 approved by the Prime Minister in Decision No. 2290 / QD-TTg dated November 27, 2013.

5. Orientation planning development of shipping support services and logistics

To implement the project on development of logistics services in the field of transport and communications in Vietnam up to 2020 with orientation to 2030 approved by the Prime Minister in Decision No. 169 / QD-TTg dated 22 January 2014.

6. Orientations for development of shipping human resources: By 2020, to train and foster up to 42,000 officers and crew members; Of which new training is about 15,000 people, including 7,000 additional people required for fleet development and 8,000 replacing existing forces; The training structure is about 6,000 officers and about 9,000 crew members, technical marine workers. Enhance coherence between shipping enterprises and crew training and training institutions.

Total investment capital for fleet development from now to 2020 is about 20,000 to 30,000 billion VND (about 1.0 to 1.5 billion USD). France.

#### **4. Some main solutions and policies**

1. To review, amend, supplement and perfect the system of relevant legal documents in the maritime sector and create a stable and favorable legal corridor for sea transport activities. In the immediate future, to supplement and amend legal documents on mechanisms and policies to assist shipping enterprises in overcoming difficulties and maintaining production.

2. Promote administrative reform in the field of maritime transport, especially administrative procedures at seaports and ship registration procedures;

3. Strengthen the inspection and supervision of the implementation of Vietnamese law and international conventions related to the assurance of maritime safety, maritime security and environmental protection.

4. To encourage all economic sectors, including foreign organizations, to invest in the development of Vietnam's sea-going fleet.

5. To step up the restructuring process so as to build and develop Vietnam National Shipping Lines as the core in the ocean shipping sector and the Shipbuilding Industry Corporation as the core in the building industry. Ship repair.

6. Promote the socialization of human resource training, including training at home and abroad; To consolidate the development of specialized universities and colleges in the three northern, central and southern regions.

7. Promote international cooperation on the sea.

8. Shipping companies should closely monitor the evolution of the domestic and international markets in order to seek and take advantage of the opportunities and take the initiative in developing and implementing a flexible fleet development plan. Planning orientation to ensure business efficiency; Enhance the management and operation of the fleet. To intensify the coordination and cooperation with importing and exporting enterprises in

order to take initiative in seeking contracts for transportation of goods; To improve the quality of services to attract owners, develop a network of qualified agents abroad, step by step create a closed, professional, effective and reputable branded logistics service system. Private to business.

### 5. Conclusion

According to the plan to develop Vietnam's ocean shipping to 2020, basically meet the demand of sea transport of the national economy with high quality, reasonable price and minimize environmental pollution. The master plan is to improve the quality of sea transport services to handle domestic cargo, to reduce the load on road transport; Undertakes to transport most of the volume of export and import goods by sea; Involved in cargo transportation on the distant sea lanes, the Nordic region, South America.

### References

- [1] <http://www.baomoi.com/ha-tang-hang-hai-thuc-day-kinh-te-bien-phat-trien/c/22149509.epi>
- [2] <http://business.gov.vn/tabid/99/catid/384/item/13594/quy-ho%E1%BA%A1ch-v%E1%BA%ADn-t%E1%BA%A3i-bi%E1%BB%83n-vi%E1%BB%87t-nam-%C4%91%E1%BA%BFn-2020-t%E1%BA%A7m-nhin-2030.aspx>
- [3] <http://tuoitre.vn/tin/can-biet/20151231/van-tai-bien-trong-hoi-nhap/1030348.html>
- [4] <http://chinhphu.vn/portal/page/portal/chinhphu/noidungquyhoachnganh?docid=3116&substract=&strutsAction=ViewDetailAction.do>
- [5] <http://vinaplus-logistics.com/phat-trien-van-tai-bien-viet-nam-den-nam-2020-va-dinh-huong-2030/>
- [6] <http://baocongthuong.com.vn/quy-hoach-phat-trien-van-tai-bien-den-nam-2020.html>
- [7] <https://goldensealogistics.com/dinh-huong-phat-trien-cang-bien-viet-nam.html>
- [8] [http://www.daibieunhandan.vn/ONA\\_BDT/NewsPrint.aspx?newsId=325671](http://www.daibieunhandan.vn/ONA_BDT/NewsPrint.aspx?newsId=325671)