

Seaport: Need to fix the model quickly

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Choose a preminent and advanced seaport organization model that is able to “patch” the current model with too many shortcomings is the urgent problem posed to the maritime industry managers.

Port fragmentation – organization model error?

Over the past period of time, seaport investment although having been in compliance with specialized planning but was still unable to avoid fragmentation and lack of long-term vision. Although with more than 160 ports but we still lack berths for large vessels, especially wharfs for long-distance container ships. Except for terminals that have recently been built and put into operation, most terminals still use normal shipping equipments, management and operation of the shipping process, maintenance and freight of goods with outdated technology.



Organizational model of Vietnamese seaport system currently exist too many shortcomings.

One of the important reasons leading to this situation, according to maritime experts, is because port organization and management model is still insufficient. Currently, the public port infrastructure system (stream flow, maritime signals and ancillary building invested from the state budget and maritime charges) is invested, managed, maintained and operated by the Ministry of Transport, the Maritime Administration of Vietnam, and State Owned Enterprises.

Port infrastructure includes wharves, wharves waterfront, warehouses, workshops...etc, are invested and managed according to many models, at one place the Government invests and entrusts SOEs to manage operations, at another place Enterprises invests and manages operations. There's also the case of private Enterprises directly investing and operating or the State invests and leases to Enterprises to operate...etc.

According to Mr. Do Hong Thai - the Deputy Minister of the Maritime Administration of Vietnam, the aforementioned management has led to the state of separated planning, causing fragmentation, lacking of synchronicity in port development. Furthermore, with the State investing in warehouses, workshops, cranes, vehicles, shipping equipments...etc, causes dispersion in resources as well as not being able to take advantage and attract private capital investment in port construction.

Port Authority: Preeminent

It's confirmed that Port Authority (Port Authority – PA) is the current preeminent model chosen by many advanced countries; Mr. Thai gave specific examples at seaports such as Rotterdam (Netherlands), Antwerp (Belgium) and Leamchanbang (Thailand) are applying PA organization model in seaport management. The organizational structure and functions of PA are regulated by separate legal documents. The PA operates on the model similar to that of the SOEs. Contributed funds to the PA are at places 100% from the Central Government (particularly Thailand), and at places mainly from local authorities (the port of Rotterdam has 70% funds belonging to local authorities, 30% belonging to the Central Government).

The PA is assigned to manage the entire land and port waters, have the rights to invest in construction and to lease berth operations and land inside the port after having the approval of local authorities, professional management and the Government. The annual profits of PA (including lease for berth operations, port land, port charges and ancillary services provided by the PA) after deducting the cost of management and operation is directly forwarded to the budget according to the rate of funds contributed.

The Deputy Minister of the MOT Mr. Nguyen Van Cong said, the Port Authority organization model has many advantages, in which will ensure the construction and development of seaport in accordance with the planning and strategic direction; Able to overcome the spread of investment, supply exceeding demand thereby maximizing efficiency in the operation of seaport and port land.

According to Deputy Minister Mr. Cong, if this organization model is applied we will be able to mobilize private funds from inside and outside of the country investing in the construction of seaport, promote the advantages and flexibilities in the management and operation of seaports, especially from the private sector at the same time recover all seaport charges and fees, seaport fees and value obtained from the special advantage of seaport.

Other advantages that need to be mentioned for this model as according to Deputy Minister Mr. Nguyen Van Cong is to ensure the ability to choose competent and efficient port operators with optimal hiring price; Step by step forming and developing the supply chain of goods with seaport as kernel, contributing in the reduction of costs and increase in the value of goods...etc.

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(Translated by Portcoast)