

01 October 2012

## Reform the system of seaports to develop

The Ministry of Transport (MOT) recently held a conference on planning, managing the operation of seaports and logistic. At the conference, presentations pointed out numerous existing shortcomings, inadequacies in the operation of the system of seaports of Vietnam. But, the most notable are the plans to reform the operation of this system presented by the MOT and the measures to overcome the inadequacies presented by the associations.



*Loading and unloading of goods at CMIT Port (Ba Ria - Vung Tau province). Picture: Cao Thang*

### Manage strictly to avoid fragmentation of investment

Scattered and small investment, small dock interleaving with large dock unreasonably is one of the oldest existing and perhaps the biggest problem of the system of seaports of Vietnam. Currently, Vietnam has 30 seaports operating with 166 docks, 350 wharfs with the total length of 45,000m. The throughput capacity of about 350 – 370 million tons/year. However, except for a few docks that have been built recently and put into operation from 2006 are equipped with modern loading and unloading equipments, the rest are mostly still using normal equipments with outdated technology. On average, the loading and unloading capacity of general goods in Vietnam is only 50% - 60% of the average capacity compared to other advanced ports in the region.

This small and outdated fragmentation, according to Mr. Nguyen Van Cong, the Deputy Minister of the Ministry of Transport in charge of maritime, is mainly caused by provisions: The Ministry of Transport manages specialized planning but local agencies implement the granting of land and investment license for projects. Sometimes the coordination between the two agencies isn't good so the granting of land and the license for seaport investment, although complies with the specialized plan but fragments; still small and isn't according to the long-term planned vision. To solve this inadequacy, the Ministry of Transport will propose to the Government to assign MOT to coordinate with local agencies to manage land for constructing seaports and service areas for seaports. The Ministry of Transport will review the seaport areas that have been and are in construction, will reassess the needs as well as the feasibility of the port, especially the port areas that hasn't started construction.

The Ministry of Transport and agencies from local regions will firmly revoke the investment license for seaport projects investment not made in accordance with the regulations and will only grant land, investment permission for seaports that have confirmed the need, port throughput of goods and investment efficiency. The procedure for handing land and water areas to individual wharf investors as present is also the cause for port planning tear, the lack of synchronization and the lost of opportunity of receiving large ships into the port.

### **Logistics action planning**

Vietnam has about 800 businesses involved in logistics (services such as transportation, loading and unloading, warehousing, logistics...etc) but most are small businesses with limited capital and abilities. Furthermore, the majorities are employed by foreign countries and bring little added value for the country. The costs for logistics in Vietnam are rather high, accounting for about 25% of GDP (while for a few other countries it's only 9% - 15% of GDP) causing difficulties for logistics businesses in Vietnam in competing with foreign businesses. Meanwhile, the opportunity for logistic business is very large: more than 90% of imports and exports of Vietnam are transported by sea and is forecasted that the amount of goods through the ports of Vietnam in 2015 will reach 500 – 600 million tons, in 2020 will reach about 900 – 1.100 million tons. Especially, container goods through the ports of Vietnam in 2015 will reach 12.3 – 15.2 million TEU, in 2020 will reach 20.6 – 29.2 million TEU.

Therefore, an emergency action plan for logistics has been proposed by the Freight Forwarder Association of Vietnam. According to the association, there should be a logistic inter-ministerial committee in which there must have a Deputy Prime Minister as General Director, unifying the coordination of logistic activities. The immediate work is the complete upgrade of the connection system of roads, waterways, railways to the seaports, especially deep water seaports, international gateway port, international transit port. Select and prioritize the development of synchronous development of transport infrastructures in key areas and areas identified as goods distribution center. Form the storage system at large ports and goods throughput locations of imports and exports to meet the demands of imports and exports until 2020. The People's Committee of Ba Ria – Vung Tau in particular, where there is the Cai Mep – Thi Vai deepwater port system which is the most modern in Vietnam, proposed the allowance for the planning to convert the province center into national logistic center not only for the country but can also serve neighboring countries.

The Shipowners Association of Vietnam and The Seaports Association of Vietnam agreed and proposed that there should be an evident, clear legal environment and a policies system to promote development, enhance competitiveness for businesses in Vietnam. According to the representatives attending the seminar, to achieve the goal: "Strive until 2020 so that marine economy and coastal economy contributes about 53% - 55% of total GDP of the country, in which oil and gas economy ranked first, maritime economy ranked second and striving to rank first after 2020" as stipulated in Resolution 09-NQ/TW about maritime strategy of Vietnam until 2020, the seaports system of Vietnam must change anew, must overcome the current shortcomings.

Unified management of investment activities through the port authority model is the solution preferred by the Ministry of Transport. Deputy Minister Mr. Nguyen Van Cong said, the Ministry of Transport will complete as soon as possible the establishment project of port authority to submit to the Government for approval.

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*(Translated by Portcoast)*