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The transportation market of domestic fleet: A case in Vietnam

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Abstract

Maritime is also the leading administrative reform to create the most favorable conditions for people and businesses. In a multifaceted effort, although the economy is recovering slowly, in 2014, cargo through Vietnam's seaports has reached 370 million tons, an increase of 14% over 2013, reaching 90% of the plan by 2015. In which containerized cargo was 10.3 million TEUs, up 20.1%. The total transport volume of the Vietnamese fleet is 98.5 million tons. It can be seen that the development planning of Vietnam's seaport system up to 2020, with orientation to 2030, has made strategic changes to develop international seaport systems, attracting attention of the world's leading shipping lines and port operators to invest and promote the development of Vietnam's maritime industry.

Keywords: policy, ship fleet, transportation market

1. Introduction

In addition to the long coastline, direct sea routes to the US and Europe, Vietnam also has locations and favorable conditions to develop the shipbuilding industry. Although the general situation is facing many difficulties, he believes that Vietnam is on the way to develop and especially shipbuilding industry in Ho Chi Minh City. The potential and opportunities for Vietnam's shipping and shipbuilding industry are not small. However, according to Do Xuan Quang, Chairman of the Vietnam Association of Logistics Services Enterprises (VLA) and Chairman of the Federation of Southeast Asian Forwarders Association (AFFA), Vietnam's fleet 25 years ago is still strong. , 15 years after opening the economy, Vietnamese fleets lost their dominance at home. Overseas fleets are completely overwhelming due to the superiority of technology, quality of service, price, and delivery time. In international shipping, the Vietnamese fleet is almost absent, particularly inland waterway transport, according to statistics of the Vietnam Maritime Administration, now foreign shipping lines account for 40% of the market share, the rest by the fleet. VN ships carrying. Losing market share in a long time, the Vietnamese fleet is lackluster in its own market. This is an opportunity for domestic enterprises to renew themselves and gain initiative. This move demonstrates the state's protection for the inland waterway transport industry. Many countries around the world also protect their domestic routes. The businesses of inland waterway transport of Vietnam are not less, such as Vinashin or Vinaline are the leading companies in Vietnam, they can concentrate the ships to dominate inland routes, but over the past time, they have expanded their business. Too much. As of June 2013, the Vietnamese shipping fleet has 1,788 vessels with total capacity of 4.3 million GT and total capacity of 6.9 million DWT, ranking 5 out of 10 ASEAN countries. In addition, Vietnam owns 80 flag-nautical foreign flag vessels with a total tonnage of 1.1 million DWT, accounting for about 15% of the total fleet tonnage. The average tonnage of Vietnamese vessels is relatively low at only 3,960 DWT/vessel at No. 9/10 of Asean, ships of less than 50,000 DWT account for nearly 80%, ships of 5 to 15 thousand accounts for 17% Over two thousand ships only 3.3%. About 600 owners of ships of all economic sectors, of which only 33 major owners of ships with a total tonnage of over 10,000 DWT, the rest are small fleets of private economic sectors, Of the 33 big shipowners, there are 25 shipowners belonging to 4 major economic groups: Vietnam National Shipping Lines (Vinalines), Vietnam National Shipping Lines

(Vinalines) Vietnam Oil and Gas Corporation (PetroVietnam), Vietnam Petroleum Corporation (Petrolimex). The fleet of Vietnamese vessels is in excess of small vessels, composite cargo vessels, while there is a shortage of large vessels operating on international routes and specialized ships carrying bulk cement, chemicals and gas. Liquefied. With the structure of such a fleet, the domestic fleet only accounts for 10-12% of the import and export market, of which the combined dry bulk market share accounts for 12%, containerized cargo accounts for 8%. %, liquid goods accounted for 8%. The export market of the Vietnam fleet is mainly China, Southeast Asia, Asia, some ships have exported to Eastern European countries but in very small numbers. Some Vietnamese ship owners have large vessels such as VTB Container Vinalines, East Sea Transportation Company, Gemadept Corporation and Vietnam Shipping Joint Stock Company. Most of the dry bulk carriers, mainly containerized feeder vessels are based in Singapore and Hong Kong, while other major markets such as the Americas are owned by foreign shipping lines. Before deciding to assign inland waterway transport rights to Vietnamese ship enterprises, foreign enterprises had certain reactions and proposed to consider inland transport licensing. Recently, the Ministry of Transport has decided to consider licensing for a period of no more than 6 months to foreign shipping lines that require a license to handle domestic container transport. Accordingly, about 5 shipping lines will be considered for licensing including foreign ships transporting export and import goods directly to mother ships in Cai Mep - Thi Vai area, ships transporting on the route without Vietnamese ships. Provide services, extend the license for a maximum of 7 ships (according to the first come first served criteria); some shipping lines are in need of genuine container shipping (COC). In addition, the Ministry will rely on the market situation, service capacity of shipping lines to make proposals and changes on licensing for foreign ships transporting domestic containers. Thus, despite the protection, the market share of domestic transport must share more or less. The move from the government is an opportunity for Vietnamese fleets to actively improve themselves to increase competitiveness on the domestic route.

2. Policy and plan

The reason for the low market share of Vietnamese shipping is primarily due to subjective factors such as improper fleet structure; the technical condition is poor, the ship is detained many times abroad; The organization of service delivery management of Vietnamese enterprises is weak, lack of linkage between ships, cargo owners, trade, insurance; difficult financial resources; Human resources are weak and lack; The habit of buying CIF, selling FOB to lose the opportunity to rent means. In addition, due to some objective reasons such as the global financial crisis; Oil prices, fuel prices are unstable and continuously rising; the mechanism of government policy is lacking and incomplete. In terms of business efficiency, due to the global economic crisis affecting the development of domestic and international shipping, ocean carriers are severely impacted, the source of the transportation is scarce. , freight rates fell sharply while input costs, fuel and maintenance increased. The business is not effective, the shipping business of Vietnam suffered a serious loss, a

series of small businesses in the local bankruptcy, large state enterprises also fall into losses, debt fatal. As for the foreign fishing fleet operating in Vietnam, up to now there are about 40 foreign shipping lines operating in Vietnam, including famous brands. Maark lines, NYK line, CMA CGM, MSC ... The major shipping lines import and export, accounting for nearly 90% market share of import and export goods in Vietnam. Some foreign shipping lines have started to form coalition companies, such as K-Line, COSCO, Hanjin Shipping, Yang Ming Line, The P3 Alliance includes Maersk Lines, MSC lines and CMA CGM. The world shipping lines with modern large tonnage fleet, strong financial potential, together with global combined logistics network, Vietnam shipping companies very difficult to compete for the transport market. In order to support shipping enterprises to overcome the difficult period, step by step increase the capacity and market share of cargo transportation of Vietnamese shipping enterprises, and at the same time the direction of the Government and the Ministry of Communications and Transport, VARANSAC researches and develops a project to improve the market share of export and import of Vietnamese shipping companies. The project focuses on two main objectives: In the period from now to 2015, supporting Vietnamese shipping companies to overcome the difficult period, restore production; In the period after 2016, to step by step raise the capacity and market share of export and import of Vietnam shipping enterprises. The scheme offers a number of solutions to gain market share for the Vietnamese shipping fleet in the import and export of state-owned commodities such as coal, minerals and foodstuffs. Suggest some of the financial tax, fees for businesses. The Government Office and a number of line ministries agreed that it is necessary to develop a mechanism to support Vietnam shipping enterprises to improve their market share in cargo transportation in accordance with the Resolution of the 4th Conference. On the Vietnam Marine Strategy to 2020. Up to now, the container fleet of Vietnam has 26 ships with a total tonnage of 230,000 DWT and 06 foreign-flagged vessels owned by Vietnam, fully capable of transporting domestic container instead of full capacity. Foreign-flagged ships owned by foreign nationals who have been licensed for domestic transportation before. In 2012, the Vietnam Ministry of Transport has submitted to the Ministry of Transport plans to replace foreign vessels transporting domestic container vessels by Vietnam, as from April 1, 2013, the Ministry of Transport has stopped licensing the flag state-owned ships. In addition to foreign ownership of inland transportation, only the license is granted to shipping companies to collect or distribute imported and exported goods to their parent ships in Cai Mep - Thi Vai area. After the implementation of the above policy, the market share of domestic container transportation of Vietnam's sea-going ships has increased sharply. In 2010, only 58%, by 2013, 80%, including 06 flagged ships. Foreigners owned by Vietnam domestic transport, the market share of transport has reached 90-95%, the coefficient of use of ships has increased on average from 80-90% compared to 50-60% before. Businesses have estimated that business performance has increased by about 10% over the same period in 2012, especially some container ships in previous years for long-anchored berths because of the scarcity of transportation supplies, this has now been brought back to domestic

mining. Regarding domestic freight rates, despite the increase in domestic transport volume even during the peak period for cargo transport during the Lunar New Year, Hai Phong - Saigon rates are trending. discounted to compete and attract goods due to the unbalance of goods between the two ends of North (Hai Phong - Saigon transport capacity is only 60% compared with Saigon - Hai Phong afternoon) Hai Phong is higher than Hai Phong but still lower than the peak of 2012, the freight rates change frequently according to market supply and demand. However, businesses have affirmed that there is no phenomenon of joint shipping lines. To raise rates arbitrarily. In order to improve service quality and market share of Vietnam's shipping fleet, VARANS has regularly and continues to hold seminars among shipowners and shippers for the purpose of proposing solutions. To improve the quality of services of Vietnam's sea-going ships, meeting domestic transportation demands, step by step proceeding to import and export transportation. At the same time, the competent authorities should propose measures to support enterprises such as the policy of gaining market share in transport, policies to support the mechanism of transferring the registration of flagging foreign nationality to flagging Vietnamese nationality; Financial bookings, taxes, fees.

Policy on management mechanism of state: The policy of encouraging the development of maritime transport is very limited, supporting policies on finance, taxation and outstanding premium does not promote efficiency. Typically, 2003, the Prime Minister issued Decision No. 149/2003/QĐ-TTg regulating a number of policies and mechanisms to encourage the development of Vietnam fleets. Over a period of 10 years to implement some provisions of the Decision has contributed a certain share in the development of maritime activities, to create conditions for the operation of businesses shipping Vietnam (as the main inland transport policy has been oriented implementation of Circular No. 04/2012 / TT-BGTVT 29/02/2012 of the Minister of transport regulations licensing procedures for foreign ships inland transport). The majority of the content in the decision has not brought much effect for enterprises because there is no guidance from the ministry (Ministry of Finance, Ministry of Industry and Commerce). So far, most of the content of Decision 149 no longer match the actual conditions, inconsistent with some existing legislation in the country and committed to the World Trade Organization (WTO). Therefore, it is necessary to develop and promulgate a new mechanism that is appropriate to the practical conditions and must be effectively applied to bring practical benefits to the enterprises. To concentrate on developing fast and efficient fleet of Vietnam towards rejuvenation, modernization and specialization, especially oil tankers, bulk carriers, container ships and passenger ships. In 2010, the total tonnage reached over 5 million DWT; by 2015 over 7 million DWT and by 2020 over 11 million DWT. To develop in the direction of modernization in terms of quantity and quality of specialized service vessels: public services, pilotage, towage, maritime security, search and rescue, marine salvage, construction of works marine, oil and gas exploration, marine scientific research, marine resources exploration, tourism, sports, recreation and other specialized service vessels, shipping development. To meet the domestic demand for transportation of goods and

passengers, paying special attention to the increase of the domestic transport volume of the Vietnamese sea-going fleet in order to reduce the overload of road, rail and road transport. Inland waterways with the goal of achieving over 35% by 2015 and over 45% by 2020 of the total volume of goods transported domestically. At the same time, to meet the demand for circulation of goods and passengers between regions, coastal areas and offshore islands. To effectively participate in the sea transport market in the region and the world in the direction of increasing the international transport volume; to increase market share in order to ensure reasonable economic benefits of foreign trade to achieve more than 25% by 2020 and over 35% of Vietnam's total export volume of export and import goods. To step up the development of the economy of key seaports in key economic regions: the Northeast, the North Central Coast, the Central Vietnam, the southern central Vietnam, the eastern South Vietnam and the western South Vietnam; Specialized ports, ports, wharves in economic zones, coastal industrial zones, islands and international transshipment ports. Ensure commodity throughput capacity is over 320 million tons by 2015 and over 550 million tons by 2020. To develop quickly, synchronously and competitively with various types of seaport auxiliary services with the target of achieving over 60% of the total turnover of port operation by 2020. Sea of the country. According to the Vietnam Sea Strategy to 2020 and the objective of marine economic development under the Resolution of the Xth Party Central Committee, the maritime sector has a great potential, role and internationalization. The goal of marine economic development up to 2020 is that the marine and coastal economies contribute 53-55% of the country's gross domestic product, of which the maritime sector is at the forefront. From now to 2010 and the following periods up to 2020, the development of shipping economy will be promoted with the following basic objectives.

Completing the development and promulgation of legal documents guiding the implementation of the Vietnam Maritime Code 2015 (amended). Organizing the review and amendment of existing maritime legal documents so that by 2020, the basic maritime law will be completed in a modern manner. Signing agreements with countries on the delimitation of FIR (FIR), Marine Search and Rescue Area (MSRZ), Maritime Search and Rescue Information (MCC), Nearshore Coastal Area (NCV) and other relevant issues in accordance with international treaties to which Vietnam is party. Signed maritime agreements with countries, including in 2010 with Singapore, Egypt, Myanmar and Turkey, and signed related agreements and agreements of ASEAN and agreements for the recognition of maritime professional certificates with other countries. To formulate synchronous development planning and policies: Regarding sea transport: To build synchronously the planning, mechanisms and policies for development of sea transport in conformity with the requirements of each period from now till 2020 and orientations for development till 2030. Port development: To review, update and synchronously adjust the planning, mechanisms and policies in order to promote the development of Vietnam's seaport system suitable to the requirements of each period from now to 2020 and Development orientation to 2030. - Shipbuilding industry: To review, update and synchronously adjust the planning, mechanisms and policies for development of

Vietnam's shipbuilding industry in conformity with the requirements of each stage from by 2020 and development orientation to 2030. Regarding other maritime services: To review, update and synchronously adjust the planning, mechanisms and policies for development of assorted services in support of sea transport, seaport exploitation and new heap - repair Sea-going vessels are in line with the requirements of each period from now to 2020 and the development orientation to 2030. Safety Security, Security, Natural Disasters, Suspension and Suspension - Developing and improving law on ensure maritime safety, maritime security and accede to relevant international treaties. To intensify the inspection, examination and supervision of the observance of the law on maritime safety, maritime security and the prevention of marine pollution. To attach importance to the implementation of programs, projects and schemes on the assurance of maritime traffic safety, especially in the fields of ship registration and registry; To train, train and certify seafarers and pilots; To manage the use and exploitation of sea-going ships; Arrange seaplane of Vietnamese seagoing ships; Conditions of operation of ports, wharves, navigable channels and newly built establishments - repairing ships, signaling systems and navigation information stations. To intensify the deployment of measures to limit marine accidents and minimize the detention of Vietnamese sea-going ships abroad; programs on propagation and popularization of Vietnamese law and related international treaties of which Vietnam is a member; Training, training, workshops, seminars on maritime safety and maritime security. Setting up a system of observation and control of information and data in order to detect, forecast and promptly report incidents of natural calamities, accidents, pirates and other dangerous incidents to ensure security Full of people and boats operating on sea, coastal, island. To improve the quality and expand the forms of training and training of marine human resources in the direction of ensuring the balance between theoretical training and practical training; To enhance international cooperation in training and training in order to fully meet the human resources for marine economic development and maritime economy in particular. To provide sufficient labor force to work in the fields of maritime industry and other related branches of the marine economy such as oil and gas, fisheries, tourism, variable research, survey and exploration of marine resources; rapidly increasing the number of seafarers and other maritime workers. However, in fact, in terms of service quality, technology, management, delivery time ... most customers do not like to take Vietnam train because of poor quality, high prices or late delivery. The Vietnamese fleet loses abroad in hardware infrastructure as ships, and management issues. Vietnam ship trading company is usually small, only a few ships. The fact that domestic water transport is more expensive than foreign countries, such as from Ho Chi Minh City to Hanoi is more expensive than Singapore, so it is not effective. Logistics costs or specifically transport costs are very important, pushing up the cost of services. One of the reasons for the high price is due to poor management and lack of freight balance between the South and the North. Goods transported from the South to the North more, while the goods from the North to the South were less, ships had to carry empty containers, so they had to make up for losses. Particularly, foreign ships have empty containers in many places and

own many international routes, if they have surplus in the North, they can export such containers from the North to foreign countries, then from abroad to transport them to Ho Chi Minh City. HCM. Protection of domestic fleets on the domestic route is a must, but besides that, it is necessary to have policies to force them to develop. Vietnamese enterprises must also gradually invest in their infrastructure, becoming more professional in technology, services and management. And should policymakers need to regulate the balance between southern and northern volumes?

3. Conclusion

In order for the domestic fleet to do well inland sea transport, the draft revised Maritime Code also supplements the provisions on policies to prioritize the development of shipping fleets through tax, interest and preferential treatment. Firstly develop crew members to meet domestic and international needs. According to the Vietnam Maritime Administration, in the past time, the shipping industry has maintained a good growth momentum, the volume of goods through seaports by Vietnamese fleets shipped more than 81 million tons, up 16% over the same period. In 2018. The average age of Vietnamese fleet is currently 15.6 years younger than 5.2 years of the world (20.8 years old). The structure of Vietnam's fleet has also grown towards specialization, in particular, Vietnam's container fleet has grown quite well from 19 ships in 2013 to 39 ships in 2019. It is expected that there will be 4 container ships of size. 1,000 - 5,000 TEUs, 3 handysize bulk carriers (15,000 - 35,000 DWT), 1 supramax ship (50,000 - 60,000 DWT (tons of length) invested by the Corporation in the form of purchase or hire-purchase to enhance the transport capacity loading across the corporation, increasing competitiveness when the shipping market recovers.

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