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Phuoc Quy Phong Nguyen
Ho Chi Minh city University of
Transport, Vietnam

Manh Hung Nguyen
Ho Chi Minh city University of
Transport, Vietnam

A picture of Vietnamese ocean shipping and policy for development

Phuoc Quy Phong Nguyen, Manh Hung Nguyen

Abstract

According to the Vietnam Seaport Association, the growth rate of cargo and especially container shipping by sea is growing at an extremely high rate of over 20% per year in the period of 2001-2008. However, the distribution of goods transported through the system of ports is uneven, concentrated mainly in the areas of Hai Phong, Quang Ninh and Ho Chi Minh City. Meanwhile, ports in other regions are operating below capacity due to the lack of loading and unloading cargo. In addition, the speed of upgrading and building new ports does not keep up with the speed of cargo development, leading to serious overload for seaports. According to a report of the Vietnam Maritime Administration, in the past time, the shipping industry has maintained a good growth momentum, the volume of goods through seaports transported by Vietnam fleet reached more than 81 million tons, up 16% compared to the same period of 2018. In particular, the volume of containerized cargo through the port of Vietnam's shipping fleet reached 1.2 million Teus, an increase of 5% over the same period last year. For international shipping, currently transporting about 7% market share and mainly transporting routes such as China, Japan, Korea and Southeast Asia. The Vietnamese container fleet operates mainly on short routes in Southeast Asia and Northeast Asia, with a number of bulk carriers transporting goods on European routes.

Keywords: ocean shipping, maritime, characteristics, advantages, limitations

1. Introduction

Thanks to the restructuring in the right direction, Vietnam's sea transport has prospered, the total output of the Vietnamese fleet has continuously grown. It is expected that in the coming time, with the impact of both global and domestic trade developments, the volume of exchanged goods will continue to grow and bring some opportunities for Vietnamese shipping enterprises. As of December 2018, Vietnam's fleet had 1,593 ships (of which cargo ships were 1,128 ships) with a total capacity of 4.8 million GT and a total tonnage of about 7.8 million DWT. According to statistics of the United Nations Trade and Development Forum (UNCTAD), in 2018, Vietnam's fleet was ranked 4th in the ASEAN region and 30th in the world. The structure of Vietnam's fleet in recent years has improved significantly, the fleet has developed in the direction of specialization to meet the demand for domestic freight. Specifically, Vietnam's container fleet has grown quite well, the number of ships increased from 19 in 2013 to 41 in 2018, an average increase of about 20% per year. In 2018, the total transport volume carried out by the Vietnamese fleet was estimated at 144.6 million tons, the volume of rotating cargo was estimated at 153,079 million tons, up 10.9% over 2017, accounting for 55.6% of the total cargo turnover of all modes of transport. The Vietnamese national flag fleet has now been able to handle nearly 100% of inland transport by sea, except for some specialized vessels such as LPG, bulk cement ... Inland waterway means in 2018 is estimated to reach 171.6 million tons, an increase of 30.5% compared to 2017. Regarding the seaport system, according to the Planning on development of Vietnam's seaport system to 2020, with orientations to the year 2030 has been approved by the Prime Minister, Vietnam's seaport system is divided into 06 groups of seaports with 45 active seaports of which type IA port (including 02 ports): Hai Phong Port (Lach Huyen) and Vung Tau Port (Cai Mep - Thi Vai) for container vessels 4,000 - 8,000 TEU (equivalent to 50,000 - 100,000 tons), possibly p tonnage ships to 160,000 -180,000 tonnes; Type-I seaport

Correspondence:
Phuoc Quy Phong Nguyen
Ho Chi Minh city University of
Transport, Vietnam

(including 12 ports capable of receiving ships of a tonnage of between 10,000 and 50,000 tons, acting as a regional hub, through import and export goods on mid-range and close sea routes, is a port). satellites for ports of type IA; Type II seaports (including 18 ports) capable of receiving ships of up to 10,000 dwt tonnage, serving mainly gathering goods within the locality and adjacent areas, being satellite ports of international gateway ports (type IA) and regional hub ports (type I.) Currently, the total number of ports announced is 272 with around 92.2 km of wharves, with a total of with the capacity of over 550 million tons / year, Vietnam seaport system has been invested synchronously in infrastructure, meeting the requirements of transporting goods by road. g) Most seaports are currently owned and operated directly by state-owned enterprises and other economic sectors; 04 ports are invested with state budget and assigned to Vietnam Maritime Administration. Representatives of state agencies who signed operating leases include: Cai Lan Port (Bridge 5,6,7), Cai Mep ODA Container Terminal, Thi Vai International General Port and An Thoi - Kien Port Giang. Equipment for boat access and docking include: pier, canal, embankment, wave break, buoy, pilot station, information system, signal. Transportation, loading and unloading equipment include cranes, forklifts, suction pumps, loose goods, conveyors, cars, tractors, chassis, containers, pallets. Material and technical facilities for goods storage and storage include: warehouses, yards, bonded warehouses, oil tanks, CY, CFS, equipment for operating, managing ships and goods including information systems, signals. To assess whether a port is operating well or not, whether modern or not, the following criteria must be met: the number of vessels or gross registered tonnage (GRT) or

gross tonnage (DWT) entering or leaving the port in a year. This indicator reflects the magnitude and intensity of a port. The number of ships can be handled at the same time, the volume of cargo loading and unloading in a year. This indicator reflects the magnitude, modern level, productivity of a port. The port's loading and unloading level, ie the cargo handling capacity of a port, is expressed in terms of the volume of each type of cargo that the port can handle on one day. This indicator shows the level of mechanization, loading capacity of a port, capacity of the port warehouse. This indicator is expressed in terms of the area (m2) of the port warehouse, container yard (CY), freight forwarding station (CFS) ... reflecting the port's large extent. The loading and unloading charge, port charges, towage charges, pilotage, wharf, loading and unloading (THC) ... reflect labor productivity and management level of the port. Traditionally, seaports are the hub of traffic, where handling of cargo from sea mode to other modes of transport and vice versa. The basic role of seaports is cargo handling, support for import and export as a component of national infrastructure. From a modern point of view, seaports want to operate well to bring into full play their capabilities and need to have premises and large facilities to serve all activities of the business. Thus, apart from the role of loading and unloading, simple transshipment and logistic value creation, seaports also play the role of business chain, so its operation is closely linked to the operation of open economic zones and free trade zones, export processing zones ... seaports have transferred the entire volume of import and export goods, serving key economic zones and industrial parks, contributing to GDP growth.

Maritime Cargo Throughput in million tons, Vietnam, (2013 - 2018)

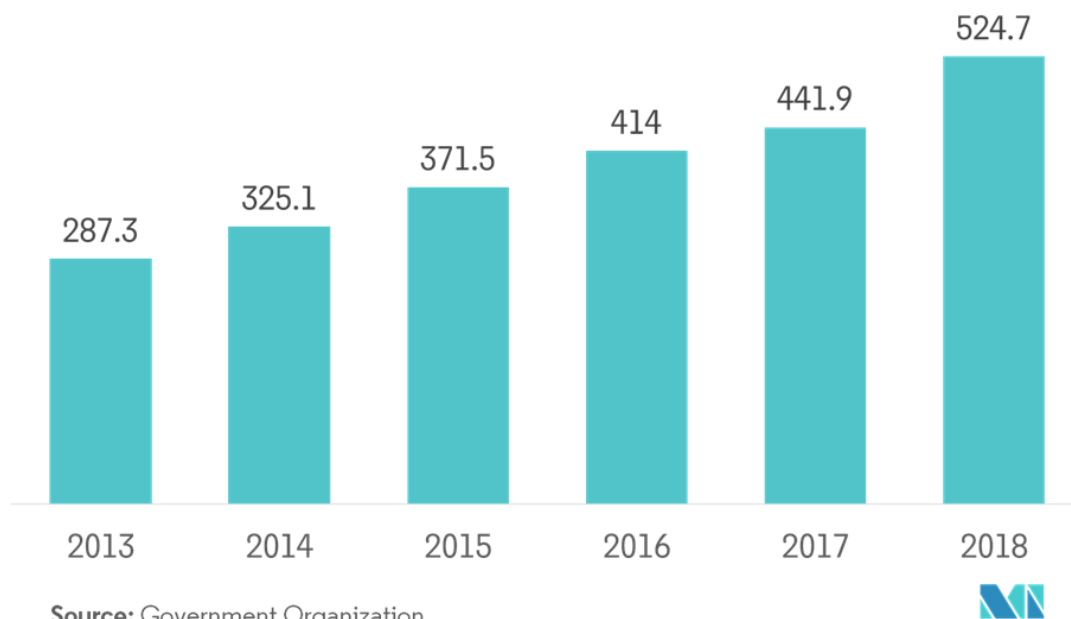


Fig. 1: Shipping freight

2. Characteristics and limitations

According to the Vietnam Maritime Administration, in 2016 the total volume of transport carried out by the Vietnamese fleet is estimated at 123.8 million tons, an

increase of 4% compared to 2015. Business situation of shipping enterprises Vietnam in the past year continued to face many difficulties due to excess supply of ships, low growth of cargo, and reduced freight rates. Many shipping

companies, including large ones, continue to suffer losses. The market share of import and export of Vietnam's fleet in recent years has remained at 10-12%. The export and import market of Vietnam's sea-going ships is mainly Middle East, South East Asia and Asia, and a small number of Vietnamese ships have exported to Eastern European countries. For dry-bulk import and export, the Vietnamese fleet occupies about 12% of the market. There are now direct trains to markets Eastern Europe, Middle East, South America but in small quantities. For export and import of crude oil for export, Vietnam's fleet only gained modest market share. The reason is that the fleet of Vietnam has not met the strict requirements of quality, safety standards, prevention of environmental pollution ... of the company export and import abroad. As such, strengthening the capacity of Vietnam's sea-going ships is an urgent and necessary matter.

Ships are means of transporting goods and passengers by sea. Within the scope of this paper we examine the role of ships in terms of the transport of goods traded between countries. As we all know, trade in goods among nations is growing, which means that the transportation of foreign goods also develops. There are many means used to transport goods including ships. From the benefits and the role of ocean shipping, we can also see that seagoing vessels play a very important role in ocean shipping, no ship cannot have sea transport. Ports are places of entry, anchorage of ships, places of service of ships and cargoes, and an important traffic hub of a country. Ports have two functions: Serving a ship: The port is the place of entry, anchorage of the ship, which provides services to shuttle ships to and from the tug, supply of grease, fresh water, ship repair Service of goods: The port must perform the tasks of loading and unloading, delivery and delivery, storage, storage, recycling, packaging and distribution of export and import goods. The port is also the place to carry out import and export procedures, where to start, continue or finish the transport process. To elaborate the port development planning and plans within the ambit of responsibilities; To coordinate activities of organizations and agencies performing the specialized state management in seaports; To inspect and supervise the observance of law provisions on port safety and port access; To coordinate with the agencies performing the search and rescue activities or the handling of environmental pollution incidents; To issue permits for ships arriving and departing ports and observing the requirements on maritime arrest or seizure; Requesting individuals and agencies to provide information and documents to perform the state management function of the port. Ports include: commercial port, military port, fishing port, oil port, chemical port, container port. Shipping plays the most important role in the transport of foreign trade, accounting for 80% of the volume of goods traded internationally. Annual cargo volume reached 6,000 billion tons and rotational volume reached 25,000 billion tons per nautical mile. Shipping plays an important role in international trade because it has the following advantages: Sea-going vessels with high transport capacity: Means of transport in sea transport are vessels of very high capacity and can operate more than one ship at the same time on the same route. At the ports reduced by the use of containers and modern loading and unloading facilities, the customs clearance capacity of a seaport is huge. Sea freight is suitable for

transporting most kinds of goods in international trade. Especially suitable and effective are large bulk and low volume bulk cargoes such as coal, ore, phosphorus and rich beaver. Costs of investment in the construction of low maritime routes: Maritime routes are mostly natural routes which do not require much capital, raw materials and labor to build, maintain, excluding the construction of canals and harbors. The cost of shipping is very low: the shipping cost is the lowest in the means of transport due to the large tonnage of the ship, the large average transport distance and low staffing. High sea loading. As scientific and technical advances in transport and information are applied, shipping costs tend to decline. The speed of the ships is relatively low, the speed of the ship is only about 14-20 nautical miles per hour. This speed is low compared to the speed of the plane or train. Technically, one can build ships of much higher speed. However, for cargo ships one must maintain an economic pace in order to reduce transportation costs. Sea transport is affected by natural conditions such as rain, storms, floods and tsunamis, because of long distances through many different climatic zones. Natural elements do not follow a certain rule. So even though science and technology is growing and weather can be predicted, risks can still occur. Especially in the current weather conditions are abnormal changes, natural phenomena occur more and more, especially the storm so maritime losses are more likely to occur. In the course of transportation sometimes the risks and technical malfunction due to errors in the design, manufacture and maintenance of the ship also occurs. Seagoing vessels operate relatively independently in large space, and in the event of an emergency, rescue or salvage can be difficult. On the other hand, the maritime market is very large and especially now the number of ships is much exploited, the tonnage of ships is increasing and the value of goods is increasing, so if the risk of loss is unpredictable.

On the one hand, people are increasingly modernizing and improving the quality of their fleets. On the other hand, there is an effective way to deal with damages by offsetting economic losses. That is, through insurance - a form of community-based risk dispersion.

Import and export insurance was born very early, recognized, supported and developed continuously. To date, insurance of export and import goods transported by sea has a long history and has become an international trade practice in foreign trade. Due to the demand forecasts of goods are relatively appropriate to the reality, so we have given a reasonable priority order, investment in upgrading, repair and construction of new seaports. Over the past years, our country has not experienced the situation of stagnant goods or ships waiting to dock at ports. The planning of ports is rational, the system of loading and unloading quickly convenient and attractive, exporters, importers at home and abroad. In each region other than the major general ports that carry national strategies, we also have satellite ports to support general shipping operations and address the demand for goods for development. Economic - social of each locality. The application of advanced scientific and technological achievements in the management and exploitation of seaports has brought into play the efficiency and effectiveness. Capacity building contractors in the country are constantly upgraded. The staff of seaport utilization and operation are improving. The Vietnamese shipping fleet consists of three main groups:

bulk carriers, container ships, oil tankers. Of the 1,840 ocean liners currently available, very few container ships (over 30) account for 3.8% (13% world average). As the world container shipping trend is increasing (7.7% per year), Vietnam has developed many bulk carriers and tankers. Bulk cargo holds a relatively high proportion of 26%, but its inefficiency is low. Oil and chemical tankers account for a high proportion of about 27%, but their ownership is not concentrated, and the market share is narrow. According to the Vietnam Maritime Bureau, there are 600 sea transport ship owners in the whole country, but there are only over 30 shipowners with a total tonnage of over 10,000 DWT; Over 560 owners of small tonnage, accounting for 27% of the total tonnage of the national fleet, belong to many small private sectors. Among the large shipowners, Vinalines and its subsidiaries have 122 vessels of 2.4 million DWT, accounting for 45% of

Vietnam's shipping capacity; next, the Petrolimex companies have 10 finished oil tankers with a total tonnage of 288,239 DWT, accounting for 7% of the total tonnage of the national fleet. Among the bulk carriers, the number of vessels with less than 10,000 DWT was the largest, accounting for only 13% of the total tonnage; vessels of 30,000-30,000 DWT accounted for 47%; 40,000 DWT vessels were very small, accounting for 21% of the total tonnage. The group of container vessels has a total capacity of about 20,600 TEUs, the age of the ship is high, the speed is slow compared to the ship of the foreign firm. Owned by the Petroleum Transportation Corporation, Vinalines ... but the demand for transportation of this commodity is not high and unstable so many small boat owners have to let their owners charter the ship for a fixed term, revenue is not high.

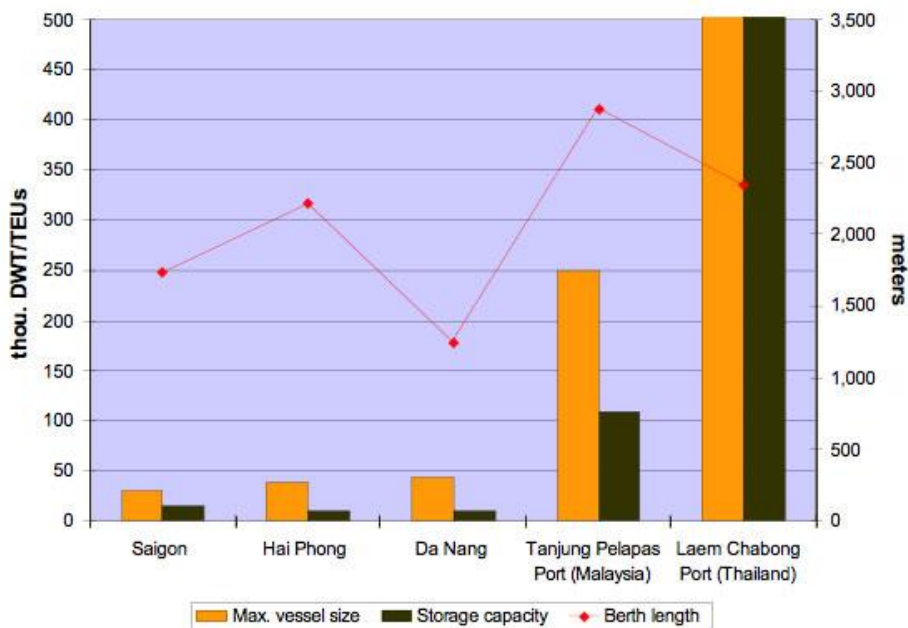


Fig. 2: 5 seaport in ASEAN

Vietnamese shipping operates mainly domestically with more than 90% market share and unbalanced (north to south about 60% from south to north), mainly transport of agricultural products and ores. Iron, fertilizer ... The international routes only exploit short distances around Southeast Asia and Northeast Asia. The few companies that operate far away from West Africa, South America, Eastern Europe, are less efficient. In terms of time, Vietnamese ships run on average 30-35% per year, empty time 13-15% per year, waiting time for cargo handling is about 20-25% per year. As a country of the sea, Vietnam has just two container shipping lines ranked in the Top 100 in the world are the South China Sea and Vinalines. In addition, the competitive pressure on Vietnam's container ships on the international route is very high. By 2015, over 40 foreign container liners will be present in Vietnam in three forms: agency, joint ventures or 100% foreign capital, transporting 85% of container exports and imports. The market share of international crude oil transportation of Vietnamese vessels is not significant due to the lack of ship size; Technical conditions have not met the requirements of the goods owners for transportation safety, avoid losses and protect the environment. The Vietnamese oil tankers that run

international routes are currently mainly engaged in petroleum imports from Singapore, Malaysia and the Middle East, with only a few large payloads involved in the charter market between foreign ports.

Vietnam's fleet is largely managed by the Vietnam National Shipping Lines and the Vinashin Group. Therefore, the topic focuses on Vinalines and Vinashin fleet analysis, including: general assessment of the advantages and disadvantages of the fleet; Evaluate the structure and technical condition of the fleet, drill down on vessel rating based on usage characteristics, age rating and fishing yield; assessed according to the criteria of sustainable development.

Vietnam is a country with a stable economy with high growth rates in recent years, so the volume of goods circulating domestically and import-export goods is increasing rapidly. Meanwhile, the market share of Vietnam's fleet for all new sea-going vessels accounts for less than 20%. The reality is that the technical state of the Vietnamese fleet is backward compared to other regional and world fleets. Particularly in the composition of the fleet of Vietnam, there is a lack of specialized vessels such as Liquid Natural Petroleum (LNP), Liquid Gas Petroleum

(LPG), Chemical, Cement Bulk Ciment, container ships while demand for practical transportation is needed. In particular, the container fleet, bulk carriers, crude oil and oil tanker fleet are small and their tonnage is small compared to the same fleet in the world. The labor force in the ocean shipping industry has not yet met the required qualifications, and the re-training capacity is still weak, which has limited the business efficiency of Vietnam's shipping fleet in recent years. The current status of trade shows that importers and exporters are still buying and selling FOB, not paying much attention to transporting Vietnam. The main reason is that exporters do not know much about charter and shipping, so they are afraid of risks and are not aware of the private interests and common interests of the economy can sue for the charter of Vietnam. The State has not had a strong policy to both force and encourage the purchase and sale of imported and exported goods using the national transport fleet to reduce the foreign currency which is the freight to be paid to foreign countries by foreign ships. . The State has not yet taken effective measures to protect the fleet, has not been able to invest or support the national fleet to develop in order to compete in the region. The seaport system generally exhibits defects as well as port authority, not for the common interests of shipowners and ship owners. In addition, the cost of port is relatively high compared to the region, despite many times reducing port fees. Local ports use workers with low loading and unloading techniques, causing a lot of damage to the cargo and prolonging the vessel's handling time at the port. Other maritime services, such as pilotage and towage, are almost exclusively monopolized, and harbors are at risk of harassment and harassment for shipowners who wish to use these services at ports. The massive penetration of regional and world fleets into Vietnam's export-import market has created a fierce competitive edge for Vietnamese shipowners over the years, especially in Vietnam. Container shipping, crude oil and oil products. Vietnam's participation in international maritime conventions and signing maritime agreements with countries as well as commitments with the WTO in recent times has been a great challenge for Vietnamese shipowners. Types of vessels are within the scope of application. The fact that many ships of our ship owners in recent years have a poor technical condition, the age of over 20 years, the level of crews is not enough to meet the requirements plus very limited financial capacity. Not meet the strict requirements of the Safety Management Code. Only the large fleets of the Vietnam National Shipping Lines and Vinashin can maintain offshore services, targeting the markets of countries where the local port authority's inspection regime is still loose. The fact that most of the ships operating offshore have not met the stringent requirements of the international safety management system, mainly defects in safety equipment, rescue births, firefighting, anti-pollution devices.

4. Conclusion

In the first 6 months of 2019, the volume of goods through Vietnam seaports was estimated at 308.8 million tons, up 13% over the same period in 2018. In particular, the volume of container goods through seaports in 2019 reached 9.1 million TEUs, an increase of 3% over the same period last year. The volume of cargo through the port handled by Vietnam's fleet reached more than 81 million

tons, up 16% over the same period in 2018. In particular, the volume of containerized cargo through the port of the Vietnamese fleet reached 1.2 million Teus, an increase of 5% over the same period last year. Notably, the fleet carrying the Vietnamese national flag has now been able to handle nearly 100% of inland freight by sea, except for some specialized vessels such as LPG, bulk cement, etc. The main geographic areas are household goods, food, coal, construction materials, machinery, containers, petroleum, and general goods. For international shipping, currently transporting about 7% market share and mainly transporting routes such as China, Japan, Korea and Southeast Asia. The Vietnamese container fleet operates mainly on short routes in Southeast Asia and Northeast Asia, with a number of bulk carriers transporting goods on European routes.

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