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## Development of maritime industry in the integrated periods

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### Abstract

In the marine economic development strategy, the maritime industry plays an important role, in which the seaport is the development nucleus, the focal point of receiving, transporting import and export goods and circulating to all regions of the country. Shipping currently accounts for 90% of import and export cargo and a part of cargo to regions, which is the main artery in the economy's transportation and distribution system. Determining the importance and necessity of the study to formulate a marine development strategy to take advantage of and exploit the potential of the sea to serve the country's development, February 9 In 2007, the Party Central Committee issued Resolution No. 09-NQ/TW on the Vietnam Sea Strategy to 2020, aiming to make our country a strong nation in the sea, enriched from the sea, on the basis of uphold the potential from the sea, comprehensively develop maritime industries and professions with a rich and modern structure, creating a fast, sustainable and effective development speed with a long-term vision, with goals and orientations.

**Keywords:** ship industry, marine economy, integrated period

### 1. Introduction

Marine-related business is expected to account for 50% of Vietnam's economic output by 2020, as the volume of seaborne trade will triple as expected. Under the new master plan on Vietnam's seaport system development to 2020, with a vision to 2030, the Vietnamese Government is promoting participation from foreign investors in the development of seaports. And encourage businesses to invest in the industry. The government recently announced plans to develop the country into a strong maritime nation by 2030, in areas such as security, tourism and fishing. The maritime economy has made significant progress, the output value of the shipping industry, port services and shipbuilding has continuously increased, with the growth rate in the period of 2007-2010 being 22% /year, the period of 2011-2015 is 13% / year. However, the overall contribution of the maritime economy to the national GDP is still very small and tends to decrease, with 1.05% in 2010, 0.98% in 2015 and 0.97% in year. 2017. Domestic shipping fleet as of the end of November 2017 has a total tonnage of about 7.8 million tons, ranking 4th in ASEAN and 30th in the world. The output of goods through the seaport system has steadily increased over the years (427.3 million tons in 2015, about 511.6 million tons in 2017). After 10 years of implementing the Sea Strategy, the whole sector has made great efforts in investment in infrastructure development and logistics services, ensuring the demand for goods transport by sea with the growth of goods, annual merchandise from 10-20%. Many seaports are capable of accommodating 200,000 tons of ships, Vietnam's human resources are lacking in quantity and weak in quality, the structure of human resources is still imbalanced, the management team is weak in professional skills, major. Crew members can only meet the limited domestic demand and export capacity such as the Philippines, Indonesia, South Korea, China, ... The number of creative research personnel is still low, the quality is not high so marine scientific and technological achievements in service of marine activities have not yet met the requirements. The main reason is that the investment in the development of marine manpower is still inadequate; lecturers are still weak and weak; training institutions, research institutes, equipment and facilities, qualifications of personnel in service of human resource training

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and development ... are both lacking and weak while international cooperation in the field of training on The sea has not been strongly promoted. After a long period of crisis, Vietnam's shipbuilding industry is recovering. However, there are still many difficulties and challenges as the world's shipbuilding market has not really escaped from the depression. The point is that the only advantage of Vietnam's shipbuilding industry is its cheap labor (however, this factor is difficult to compete with China). Left, according to those who understand this field, Vietnam's shipbuilding industry has small capacity, backwardness, fragmented and fragmented investment and no comparative advantages in the industry that are increasingly demanding. High art and become capital intensive. In addition, the supporting industries are almost impossible to develop, resulting in low localization rates, insignificant added value and very modest margins (less than 2% of the value of the ship)... Just a small change in input prices, profit easily shifted from positive to negative. Even the above-mentioned profits may not include depreciation costs and the cost of investing in shipyards, which can average \$ 6-10 million for a ship.

## 2. Characteristics of maritime industry

Currently, Vietnam's shipbuilding industry is facing with many difficulties and constraints. The worldwide shipbuilding market is currently fierce as demand for shipbuilding is decreasing, and prices in all segments of the ship Are relatively low and shipbuilders in general are competing fiercely in all areas such as ship type, price, financial, service. On internal constraints, the construction capacity of Vietnam's shipbuilding industry is currently only 30-40% of designed capacity. Support industry is very important for shipbuilding industry, but the pace of development of supporting industries is slow, the investment is scattered and the target of localization ratio has not been achieved. In terms of manpower, shipbuilders with international certificates are far less than required. In terms of design, according to experts, the technical design stage only meets the requirements for small, popular vessels. Vietnam does not have an international standard model test tank to develop new designs, the entire technical design of the ship is still bought overseas. This is the weakest point of Vietnam's shipbuilding industry today and will remain a weakness in the future if there is no priority investment policy, training engineers design. Shipbuilders are also facing financial difficulties when it is almost impossible to obtain bank loans for production. Although the plan to develop shipbuilding with an ambitious target has been approved, but looking at the advantages that Japan and South Korea have had and China has to develop shipbuilding, Vietnam is almost no advantage. There are also other shortcomings such as: Lack of a strategic vision and concrete action plan towards the development of the shipbuilding industry in line with the cyclical developments of the world shipbuilding industry is going on. Low efficiency of shipbuilding infrastructure; Investment spread, equipment is not synchronized. The efficiency of IT management and application for system administration (design-production-finance) is low. R & D (Research and Development) capacity is weak; R & D spending in the maritime industry and shipbuilding industry is negligible; Skill and staff have not been strengthened to meet the development requirements of the industry. Many factories

have not completed investment, patchwork through many stages, few factories meet international standards. Lack of organic linkages between other economic sectors such as transportation, oil and gas, tourism and fisheries with shipbuilding is going on. Domestic supporting industries have developed spontaneously and are not synchronized, depend too much on equipment manufacturers in China and other countries. Domestic shipping companies have difficulty in finding capital to invest in expansion of the fleet. The Vietnamese shipbuilding industry has been heavily invested since 2002 and is in the process of being transferred from major shipbuilding centers in Asia. Currently, in addition to Vinashin, which was established in 2006 (now the Shipbuilding Industry Corporation - SBIC) plays a pivotal role, Vietnam's shipbuilding industry has shipyards owned by the corporation. Marine Vietnam (Vinaline), Vietnam National Oil and Gas Corporation and other state corporations and corporations, shipyards under management of Ministry of Defense, local businesses and FDI enterprises. According to statistics, Vietnam now has about 120 shipyards, repairing ships with a tonnage of over 1,000 tons, with 170 launching and launching works. Total designed capacity of the plants is about 2.6 million tons per year, but actual capacity is only 800,000 - 1 million tons per year ". Along with the crisis of global shipbuilding, Vietnam's shipbuilding industry has gone through ups and downs. The breakdown of Vinashin has caused the shipbuilding industry, together with tens of thousands of workers, to fall into ruin as many small and large shipyards in Vietnam were canceled, lacking jobs. Determining the importance of this industry, the Government is determined to direct the restructuring of the shipbuilding industry vigorously. For Vinashin (now SBIC), from 2010 to 2015 is the period the corporation must focus on restructuring, handling bad debt and also the period encountered many difficulties due to foreign partners cancel the contract. The traditional customers of Vinalines also halt the project of packing dozens of vessels ... So far, with great support from the Government, SBIC has been carrying out the rebuilding project. Structure and have escaped the risk of bankruptcy. Over time, a number of shipbuilding projects including rebuilding or reopening of shipyards have been restarted, in particular the SBIC and its member companies have signed foreign shipbuilding contracts that hopefully recover. More basic. According to the SBIC leadership, in 2015, the whole company has deployed 254 products, including 15 fishing vessels, 20 fishing vessels, 143 other products and inland waterway vehicles ..., has delivered 178/254 products Products and profits of the whole company reached more than 1,000 billion. Although the shipbuilding industry has not yet completely overcome the difficult but hidden challenges, it is also the opportunities. This is the time for enterprises operating in the shipbuilding industry to evaluate and perfect the organizational structure, strengthen the brand name, continue to maintain and aim for long-term and sustainable development. To be able to "revive" the ship industry in Vietnam needs: Forming three shipbuilding clusters in the North, Central and South; Building three low-to-middle ship repair centers concentrated in geographically advantageous locations near major seaports and / or international maritime routes; Improve localization on the basis of ensuring the linkage between the shipbuilding industry and supporting industries in the country and encourage the attraction of foreign

investment into supporting industries for shipbuilding, First of all, priority should be given to the number of vessels having domestic and foreign consumption markets and having competitive advantages; Institutional structure, legal documents for the sector, development of product types, product size, R & D capacity building.

### 3. Orientation for development

It is a long coastline country with an EEZ of more than 1 million square kilometers, and is one of the 10 countries with the highest coastline in the east, south and southwest. Vietnam has always been identified as a country with a favorable position to develop shipbuilding. In addition, the Marine Strategy of Vietnam until 2020 has identified the marine economy as a driving force to attract and promote other areas to develop, making a fundamental and comprehensive transformation of the marine economic structure towards the public. Industrialization, modernization and an important solution for the implementation of the Marine Strategy to 2020 are the development of the shipbuilding and repair industry. With the increasing demand for transportation in the process of Vietnam's deep integration into the international economy, these are opportunities and potential for the shipbuilding industry to recover and develop sustainably. By the end of 2014, the Government issued the Shipbuilding Industry Development Action Plan on the basis of strategic cooperation with Japan. Accordingly, it will focus on the production of a number of products suitable to the development conditions of Vietnam and establish trust in the world market. Vietnam is a country with high quality shipbuilding industry. The increase in the output value of the whole industry reached 5-10% per year. In the face of such advantages, the Party and State have clearly defined that our shipping industry focuses on building and repairing ships. Therefore, the restructuring of Vinashin has been strongly directed by the Government and the ministries have joined in solving the difficulties and establishing the Shipbuilding Industry Corporation (SIBC). And in parallel with this action is the tasks that Vietnam needs to address after the establishment of SIBC, that is: Restructure (rearrangement, reorganization ...) of the existing shipyards in the whole country in the direction of concentrated use of existing infrastructure and human resources; Develop supporting industries for the shipbuilding industry (specialized machinery, equipment, small diesel engines, small generators, screwshafts, steel plates, sections, etc.) and security Ensure a supply-cooperation relationship between these sectors. By 2020: Focus on all kinds of marine engine parts, equipment, deck fittings, specialized electrical and mechanical pipes; Step by step to form the hull steel industry for low to medium class ships; Develop domestic market and export ship and ship repair services; Priority is given to a number of cruise ships that have a market share and competitive advantage. To perform common tasks in the development strategy of Vietnam's aquatic products up to 2020: "To consolidate and develop the fishing ship mechanic's engineering industry with a suitable timetable for quickly transferring ship- new material..."; To train highly qualified and professional human resources at all levels from management, engineers to workers, especially to the ship designing engineers and shipbuilding project managers; R & D capacity building, serving three clusters in the North, Central and South

During the implementation of the Plan, if any difficulties or problems arise, agencies, organizations and enterprises shall reply to the Ministry of Communications and Transport and the Strategy for Industrialization for consideration and settlement. The Ministry of Communications and Transport will coordinate with the Strategy Team for Industrialization and relevant ministries and sectors to synthesize and evaluate the implementation results by 2016 as well as relevant experience of the Japanese side. It will revise the Action Plan that will be implemented from 2017.

On November 27, 2013, the Government issued Decision No. 2290 / QĐ-TTg approving the Master Plan for the Development of Vietnam's Shipbuilding Industry to 2020 with orientation to 2030. Planning defines the objectives of building and developing Vietnam's shipbuilding industry up to 2020 and development orientation to 2030 in order to meet the requirements of marine economic development in line with the Vietnam sea strategy up to 2020. , Serving the needs of socio-economic development; it contributes to the consolidation of national defense and security and the protection of national sovereignty over the sea and islands of Viet Nam. Some main contents of the master plan are as follows: About boat building establishments: Maintaining ship building centers; Ship repair establishments: Ship repair establishments are built and developed in association with construction plannings, development of new ship building establishments and planning on development of national seaport systems; Regarding demolitions of old ships: To develop old demolition ships in Hai Phong and some central provinces with appropriate natural and socio-economic conditions on the principle of utilizing them. Maximum available infrastructure of shipbuilding and shipbuilding factories are shown; regarding the development of supporting industries in service of the shipbuilding industry: To plan the building of a network of industrial factories in service of the shipbuilding industry in association with the planning on supporting industries nationwide. To build centers for treatment of solid waste, heavy metals and industrial wastes in industrial parks in association with ship building and repair centers; Training, job training and boat designing and research institutions: To step by step build up a system of training technical workers, intermediate and college levels, and university degrees in service of the industry. Shipbuilding industry is associated with the existing system of schools, training institutions and vocational training institutions; Shipbuilding industry development orientation up to 2030: From 2020 to 2030, continue intensive investment in factories, industrial facilities and training in the shipbuilding industry in Vietnam to improve The exploitation rate of the invested factories; Consider investing in a number of potential plants of suitable size to meet market demand.

Moreover, Vietnam is a country with a large sea area, so the development of shipping is very important. Not only that, the promotion of maritime development also promotes the industrialization and modernization of the country and solves the problem of employment for many people. But in this development cannot fail to mention the ship industry in Vietnam. Despite its previous billion dollar mistakes, but with the strict and close direction of the Party and the State, the industry is redevelopment to match that of Southeast Asia. The world in general. Looking to China and

neighboring countries, Vietnam needs to draw some lessons to be able to develop the shipbuilding industry such as: To build and organize the implementation of the planning and development strategy for the development of Vietnam's shipbuilding industry; Develop and promulgate legal documents to create the relevant legal framework for state management of Vietnam's shipbuilding industry; To formulate and implement policies to support the development of Vietnam's shipbuilding industry; Develop financial policies as well as human resource development to maximize the momentum for the development of the shipbuilding industry in Vietnam. It is necessary to prioritize the rearrangement of ship building and repairing plants in line with the restructuring projects of Vietnam Shipbuilding Industry Group and other enterprises operating in the field of ships; Selecting strategic partnerships for the shipping industry and promoting the participation of multinational corporations in the value chain; To step up the development of supporting industries in service of the shipbuilding industry; Promoting the renewal of shipbuilding and repair technology; To formulate mechanisms and policies on capital and tax to meet the needs of shipbuilding industry development under plannings; Mechanisms and policies for consumption of products, shipbuilding and ship repair services in the country; To set aside appropriate land funds in localities in service of the development of the shipbuilding industry; Shipbuilding and repairing establishments shall be entitled to use capital from the conversion of their functional capacity when relocating under planning; To apply the same policy as for bonded warehouses to the import of materials and equipment of export shipyards.

#### 4. Conclusion

This poses a great responsibility for Vietnam's maritime industry to further improve the effectiveness of specialized state management, in order to contribute to promoting the maritime economy and the marine economy in general according to Resolution 09 / NQ-TW dated 9/2/2007 on the Vietnam Sea Strategy to 2020, striving to make our country become a strong nation in the sea, enriched from the sea. In recent years, the Vietnam Maritime Administration has well performed the function of advising the Minister of Transport, and simultaneously effectively performing the function of state management of maritime including: Developing and improving the market. part of the Vietnamese shipping fleet; building modern maritime infrastructure to compete - international integration; focus on restructuring the state shipping enterprises, renovating institutions and policies, promoting the development of the industry. Recognizing that role and importance, the Vietnam Maritime Administration has constantly promoted creativity, technical improvement, unanimous solidarity, efforts of leaders and employees to always achieve excellence. an important political task, to build a comprehensive, efficient and sustainable Vietnam Maritime Industry, towards a comprehensive international integration. In addition, Vietnam actively and regularly participates in maritime working groups of Southeast Asian nations and the Asia-Pacific Economic Cooperation Forum (APEC); participating in Asean industry associations such as Association of Asean ship owners, Asean Port Association, Asean Logistics Association ... Besides, there are bilateral maritime cooperation with Belgium, Laos,

Cambodia, Thailand and Japan. , Australia, USA, Germany. Through negotiation and signing of a maritime agreement, it has opened opportunities for cooperation in maritime trade and shipping, creating favorable conditions for shipping businesses to transport goods by sea, create favorable conditions for Vietnamese seagoing vessels and crew members to enter and leave seaports of the Contracting States.

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