RECOMMENDATIONS

of

# THE VPA ANNUAL MEETING 2018

**September 20, 2018 – Cam Ranh City**

for consideration by

THE STATE AND RELEVANT AUTHORITIES

1. To consider the sea ports infrastructure as the ***strategic lever*** for maritime trading and economic development and from that to have breakthrough policy and regulations for: rectifying the small scale port development and competition, increasing the overall efficiency in master port development planning and implementation, building administrative and regulatory capacity for a sound competitive market, promoting investment for the development of a sustainable, modern and internationally competitive port infrastructure.
2. To study and apply the reform system for sea port infrastructure development following the ***port authority model*** based on the Maritime Laws of 2015, ***for each focal economic area*** in combination with the Public Private Partnership (PPP) legislation to mobilize all potential resources to develop the key ports for each area in a more comprehensive and efficient manner. Through such system to promote the role of the State in regulating a more transparent and competitive market environment for port investment, port operations and maritime services, hence increasing the competitive advantages internationally to trading commodities and maritime services of Vietnam.
3. The history of port development in Vietnam with many small ports failed to meet the demand and trend of shipping using larger ships. Therefore, policy and measures are needed to consolidate capacity to increase competitiveness, by which port infrastructure should have sufficient capacity (***deep draft, good road/channel connections, modern handling facilities and efficient supporting logistic infrastructure and services***) capable of handling about 80% of the demand in import/export using large ships (*actual capacity can only meet 20% of the demand in container volume with an annual opportunity loss in billions of USD*). The restructuring, capacity building for having larger scale port infrastructure shall require additional ***orientation, legislation, measures to support the relocation, restructuring of the affected businesses (small ports).***
4. On ***port charges, maritime dues, port and maritime services tariffs***: port management body of each locality/area should be given the regulatory rights and responsibilities for the efficiency of port infrastructure development and operations taken into account the demand and potentials of each area. By which:
   * 1. On ***pricing of port charges, port infrastructure utilization fees and related maritime service tariffs***: to delegate more authority to municipalities to be responsible for port infrastructure development efficiency, such as the right to set/adjust fees (based on certain frame?) to attract funding to maintain, upgrade connecting roads/channels to the ports on a self sufficiency basis; gradually decentralize fee collection/allocation system; except the liability to be met to reimburse the project expenditure invested by and management fee payable to the Government.
     2. On port tariffs: the pricing should fully reflect the costs of building and maintain the ports and transport connections under the Master Plan. Attention should be paid to ensure the viability of large projects meeting the demand of world shipping market. On such basis, ***port tariff should be best based on the type of port / scope of investment under the Master Plan***.
     3. In particular, container handling tariff should be adjusted in line with the terminal handling charges (THC) payable by the importers/exporters to shipping lines. Container handling tariff for domestic shipping should be adjusted stronger on a priority basis for infrastructure development.
     4. ***The system of fees, port charges and handling tariff should be detailed and transparent*** to encourage fair and sound competition, to facilitate the accurate calculation of maritime transport costs in trade, in global supply chains management, in economic integration with the region and the world.
     5. To have mechanism and body in charge of joint investigation, monitoring, ***evaluation*** (with the opinions of the stakeholders through business associations) ***of the sound competition within each maritime market area*** following the Law on Competition, the international best practices, the trade protection requirements, to provide the basis for setting and adjusting the port charges, fees, port handling tariff and other appropriate market regulatory measures.
5. For the immediate future, to resolve the outstanding issues in port hinterland connections, to have solutions and measures to rectify shortfalls in port development incompatible with connecting infrastructure and supporting logistic services, ***speed up the construction/upgrading of the road, bridge, channel components connecting the ports****,* specifically:
6. ***Road connections***: to review for streamlining, upgrading, expansion of road connections to the ports, particularly large and potential ports; together with the master plan to develop the logistics services for each port group. For national gateway ports, there should be rail links with the North-South trunk lines and the international transport corridor with the region.
7. ***Channels***: similar to road connections, particularly with high priority for investment in main channels to main ports. With regard to Thi Vai channel to Cai Mep ports, maintenance dredging is needed, and plan to dredge deeper for larger vessels to existing terminals, including those upstream, thus creating sufficient capacity to attract transshipment cargoes in the near future. ***Master plans for channel dredging material disposal sites for each sea area should be in place (environment impact assessment studies and optional replacing environmental biodiversity projects to be invested/conducted by the government agencies) avoiding current apply for permit mechanism, disputes, passive wait and see attitude affecting the progress, development of national key port infrastructure.***
8. ***Cargo distribution system*** comprising of cargo distribution centers, inland ICDs and key port groups should be planned and developed with ***dedicated cargo traffic routes*** using ports as center. Connecting roads, channels should be reviewed and upgraded and/or routed so as to provide easier, safer transport, collection, distribution of containers of international standards (fully laden 40’, 45’).
9. ***On solutions, municipalities should be given more authority and responsibility for ensuring the integrity and efficiency in port development master planning, investment promotion, managing the implementation, maintenance of port and transport infrastructure, supporting services.***
10. For national gateway ports with high potentials, there should be strategy and policy to attract more investment for faster and more sustainable development, giving priority to warrant viability of investments in large port and supporting projects, facilitating the ***quick transition of the market toward using deep water ports to reduce costs to import/export commodities***. The basic condition for attracting investment is that port tariff should be comparable with the region, fair competition be encouraged and commitments, liabilities of the authorities in ensuring the long term interests of the investors.
11. In addition to port facilities for containerized cargoes which should have focus and priority for development, the ***master plan for development of ports handling other types of commodities*** (bulk, general, liquid cargoes***)***, particularly major commodities of the economic sectors under different ministries, is also needed to meet the traffic demand in production, distribution and import/export using the same land, rail and waterway transportation system as container.
12. Master planning is also needed with proper pricing to encourage investment in ***dedicated cruise/passenger terminals*** for areas having high potentials in tourism at all three regions, particularly in the Central provinces.
13. To strengthen the role of local port businesses at the national gateway ports. Important port projects with high potentials and long term viability should be reviewed to have proper assessment and support; avoiding local businesses from having to withdraw/reduce share from important projects due to initial losses reflected in consolidated financial statements.
14. To implement faster and deeper online customs clearances. To have simpler formalities to attract transshipment cargoes to deep water ports. To affect cooperation between Customs and ports, ICDs in standardization, exchange of information online, aiming at establishing and putting into operations information exchange gateway for the transport and maritime community in general. To encourage development of intra-network, e-commerce applications, ***increasing the options for users/consumers to rate and select shipping and port services and service providers.***
15. To strengthen ***intra-agency co-operation to enhance navigation safety, environment protection at the sea ports***, in particular in preventing oil spill incidences, in disposing ballast water and wastes in port areas. There should be reception, disposal facilities for wastes from maritime activities in the main port areas in conformity with international conventions, to be funded by soft loan or national budget as public utility services since investment in such services are normally not commercially viable.

Cam Ranh City, September 20, 2018

On behalf of the Executive Committee

Vietnam Seaports Association

Chairman

Le Cong Minh

To:

* + Relevant authorities “*để báo cáo*”
  + VPA ExCo Members
  + Member Ports
  + Office

Attachments:

* + Report & Recommendations in more details by each port group