

VIETNAM SEAPORTS ASSOCIATION (VPA)

REPORT OF THE 6TH. STANDING COMMITTEE

AT THE VPA ANNUAL MEETING 2009
September 09, 2009 – Phan Thiet City

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GENERAL SITUATION

Following the general assessment, last year, the economy of Vietnam grew at a slower pace due to global recession. GDP growth rate of 2009 is expected to be at 5%-6%, 2% down from 2007. Cargo volume imported/exported through the ports in 2008 and in early 2009 also grew at a slower pace compared to the previous years but sign of recovery appeared from Quarter 2, 2009.

Import/export volume through VPA ports in 2008 was 144 million tons, only 7% up (20% in 2007) lower than the average 13% of the previous years; containerized cargo volume reached 5 million TEU, 16% increase (25% in 2007) and continued to exert heavy pressure on port system and hinterland transport systems at the focal economic areas. In port area No. 5, with the appearance of some deep water ports in Ba Ria - Vung Tau area, there was movement of maritime activities using large vessels out of HCMC area. In the North, there had been similar trend to shift toward deeper water for larger vessels.

The main problem of Vietnam at the moment is transport infrastructure and the hot spots are the container terminals as predicted. New port projects has been carried out quite fast by local and foreign enterprises but hinterland connections as well as supporting utilities and services including maritime services, cargo clearance, information, finance services to be developed properly with integrated planning and specific implementation schedules. This issue was recognized by the Government with closer directives and supervision but the investment sources still depend on new mechanism, Public Private Partnership and implementation schedule remained the concern of the investors as well as lenders.

Nevertheless, Vietnam is still regarded as a highly potential market in shipping services. With its advantageous geographic location, the port system of Vietnam, if well developed with proper facilities at world standards, would create significant changes to the container shipping business of the region in the next decade.

STATUS OF THE PORT GROUP

1. Some outstanding issues

Vietnam still maintained substantial growth amidst global economic recession and for the first time, the decisive regulatory role of the Government was recognized in saving the troubling economy in market oriented mechanism by macro administration measures.

Although the economic growth rate for more than a year ago has been slowing down but the pressure of cargo volume on the ports particularly container has been 16% higher than the previous year and ***for the first time in Vietnam, large container vessels of APL and MOL have called SP-PSA port at Thi Vai and Saigon New Port for direct shipment to/from USA*** replacing smaller vessels and this transition is happening with quicker pace at the center point of Ba Ria - Vung Tau. Followed by other lines with demand to introduce large container vessels of more than 300M long and more than 100.000 DWT, exceeding the old master plan limits and hence not yet permitted. This shows that the limitation of vision and infrastructures is and continue to be obstructing the port and maritime development potentials in general and in the Southern focal economic area, in particular

The policy on maritime economic development strategy has brought about changes in vision and strategy as well as development plans of the whole sub-sector and enterprises individually. Provinces with advantageous natural conditions and market have chosen Maritime economy a development priority. Nevertheless, there are still many domains to be balanced and integrated between central and local to ensure development efficiency.

Seaport development master plan up to 2020 is being revised with the vision for 2030, using infrastructure as the lever for economic development. However, the basis for projections remains interpolation from past figures without adequate data on cargo flows, markets and development trends in the future on a wider scope. The implementation of the master plans from the Government standpoint has been slow and incomplete, not yet responding to the market demand and investment schedule of the businesses. In general, infrastructures are behind demand and not yet a leverage for economic development.

Port relocation in HCMC. In parallel with the seaport master plan for area No. 5, the plan to relocate the ports in inner city center of HCMC namely Saigon Port and Saigon New Port following the resolution of the Politburo approving the master development plan of HCMC up to 2020 is being implemented. The two ports have completed the major development steps serving the relocation. However, the relocation schedule of Saigon Port is not yet clear and pending mechanism to support relocation, particularly the financing mechanism and hinterland connections to the new port sites.

Foreign investment in container ports. To this moment, most of the world port operators and shipping lines have their presence in Vietnam and have had many container port development and operation projects. In the Southern focal economic area, there are more than 8 large foreign invested container terminal projects expected to be operational by 2009-2010. Within the total container throughput capacity of more than 16 million TEUs/year by 2010, foreign investors have had about 45% in equity where the right to operate exceeds 56% of total container capacity of Vietnam including ports in HCMC (SPCT), Cai Mep, Thi Vai (PSA, APMT, SSA, Hutchison, CMA-CGM).

Cần Thơ Port and Định An channel. The Mekong Delta with its role and contribution in agriculture production to the economy has been and is receiving Government funding for developing strategic port at suitable dimension for the whole delta area with Can Tho port being considered as centre port. Định An channel will later be rehabilitated through Quan Chanh Bo channel for ships up to 10.000 DWT hopefully will attract foreign ships calling the port.

Phu My bridge. The announced navigation restriction with less air clearance (37,75M) during the construction of Phu My bridge over Saigon river in HCMC has caused major concern on potential adverse impact on the business of upstream ports. Many lines had shifted their services to Cat Lai Port. During the first 6 months of 2009, the upstream ports Saigon Port, VICT, Ben Nghe had lost about 150,000 TEU to Cat Lai Port equivalent to USD 6 million in revenues.

Access channels to the ports in Hai Phong area is getting shallower due to unregular maintenance dredging for many years have affected the port operations in this area, increased the lighterage costs for the cargo and ship owners, decreased the investment viability of the port projects; with the channel to Dinh Vu Port designed for 20,000 DWT vessels but actually can accommodate only vessels of 10,000 DWT, while all the ports were designed and constructed for 20,000 DWT vessels.

2.2 Port operations and business

Regarding the activities of the member ports, statistics on cargo throughput of the ports in 4 years 2005-2008 grouped by area is summarized in **Annex A**.

The figures show total throughput of 49 member ports in 2008 reached more than 144 million tons, only 7.3% increase as compared to 2007 (20%), in which containerized cargo has higher growth of more than 15% (25% in 2007) and totaling nearly 5 million TEU with ports in HCMC account for more than 68% of total container volume country wide.

Ports in Northern area have an increase of +27% in cargo volume much faster than in 2007 (+16%) in which container increased by 28% with higher container throughput at Dinh Vu Port (+78%) and Doan Xa Port (+43%), Transvina (+26%), Hai Phong Port (+18%) in which container volume to deeper port such as Dinh Vu grew faster.

In the central area, cargo volume had not increased (previous year +21%) but container increased by 19% (previous year +28%).

In the Southern focal economic area but mainly HCMC area, cargo volume through the ports was 59 million tons, 13% down (previous year +21%) while containerized cargo reached 3.4 million TEU, 11% up (previous year 30%). Saigon New Port had more than 2 million TEU throughput.

In the Mekong Delta area, the cargo volume in 2008 experienced a jump of 226% and at a volume of more than 10 million tons going through Can Tho Port and new ports such as Tra Noc, Cai Cui. My Thoi Port had the highest container volume in the delta area.

The import and export figures through VPA ports in 2008 show higher growth in domestic shipping volume replacing import/export cargo. In 2008, export increased and exceeded import in volume more than 7 million tons excluding crude oil. Domestic shipping grew faster from 24% to 30% of total cargo throughput. In 2008, the trade of Vietnam had export surplus in volume, but import surplus in value was due to the higher value of import commodities than export.

In general in 2008, amongst 49 member ports of the association, there were 4 ports having more than 10 million of throughput, 28 ports having more than 1 million tons in which two ports breaking the level of 2 million tons/year from less than 1 million tons/year are Tra Noc Port and Cai Cui Port in Can Tho. Average throughput of 49 ports was nearly 2.9 million tons/port/year, on average an increase of 140,000 tons/port.

EVALUATION OF ACTIVITIES IN THE PAST

3.1 Main tasks achieved

Based on the resolution of the 6th Main Meeting, the standing Committee of the 6th term has directed the activities of the association in 2007-2009. Results can be summarized as follows:

Good execution of the Association tasks relating to membership, fees

Advising the State and sector on important matters relating to the ports

Reaching consent on measures to stabilize the port tariff

Dissemination of technical information

Maintaining and developing foreign relations including active participation in activities organized by APA

Successful publication of Shipping Times magazine

The report of activities and proposed activity plan will be presented in the Secretariat report.

3.2 Some outstanding matters

Beside some encouraging achievements mentioned above, the main outstanding matters can be summarized as follows:

1. The role of the Association in resolving the common issues, difficulties protecting the interest as well as providing support to member ports although being effective but remain limited in scope, particularly in stabilizing the market, standardize quality of port services, contributing to the master planning and supporting the implementation of the master plan.
1. The Standing Committee needs to meet more often and appoint responsible persons to be in charge of part of the activities of the Association. The sub working groups should be more active in executing its duties.

1. The participation of the member ports in the program of activities of ASEAN region is still limited. Following the current requirement and trend, the Association needs to promote cooperative relationship with the regional and international ports to facilitate the ports in developing human resources and for more active economic integration.

1. Activities such as human resources development, dissemination of technical materials, guiding information on marketing, foreign relations, advertisement for the association and its members could be improved.

1. Mobilizing more contribution from the experts, associates from the outside to the program of activities of the association.

1. Coordinating with other professional associations in tackling issues of common interest, in particular those pertaining to the maritime community.

Although with some results, the Association should be more active and concrete in fulfilling the objectives set forth in the Charter, meeting the aspiration and effective demand of all the members.

In general, VPA has been active and effective in more than 15 years in operation and realized its active role with the contribution of the Standing Committee and all member ports together with the consideration and support of the authorities.

ORIENTATION AND NEW PROGRAM OF ACTIVITIES

On one hand, VPA is to organize the better implementation of the tasks done in the past and find effective measures to actively resolve the restrictions, outstanding issues identified. Specifically, to have plan and concrete measures to do better the following tasks:

1. membership and fee;
2. Advising the State and maritime sector on important matters relating to the ports;
3. Agreeing to some measures to stabilize the port service tariff;

4. Seeking funding sources in combination of the own source to promote human resources development by training courses, seminars, visits for the ports;
5. Disseminating specialized information, strengthening cooperation, exchanges, on-line information on website and VPA magazine, preparing technical materials;
6. Collecting and disseminating and including inviting outside consulting experts to conduct study and evaluation with the aim to have standards on port management and operations comparable to international standards;
7. Maintaining and promoting foreign relations. Participating actively in activities of APA, IAPH;
8. Promote marketing information, business promotion to the ports;
9. Cooperating with other related associations inland and overseas to address issues of common interest, including the development of port community;
10. Having better statistics, assessment of port operation and development more frequently and in more details.

Detailed activities and estimated budget for 2010 costs are presented in the report of the Secretariat.

During the discussion, the Standing Committee proposes the delegates to deliberate and have input to the above sections including tasks carried out, the main outstanding issues identified as the basis for coming up with the program of activities of the association in the next term, in particular, inputs to the proposals to the State and other relevant authorities.

In addition, one important item in the agenda of the Meeting is to find ways of cooperation amongst member ports, organizing the successful implementation of the duties of the Association before the challenges the ports of Vietnam are facing during the period of international economic integration, pushing the ports up to the spearhead of the sea born economy of Vietnam.

PROPOSALS TO THE STATE AND MARITIME ADMINISTRATION

With regard to the orientation, policy, institutional measures for the ports of Vietnam and opinions received from the member ports, the association has the some main recommendation to be presented in the report of the Secretariat.

The Vietnam Seaports Association heartfully thanks the State authorities for effective directives and proper conditions provided to the association for its activities and fulfillment of its tasks in the past and wishes to continue receiving such consideration and support enabling the association

to perform its functions and duties towards the maritime sub-sector in general and to serve effectively the interest of its members in particular during the transition period, development and integration full of difficulties and challenges in the years to come.

CONCLUSION

Distinguished guests, delegates

Above are some assessment and proposals, details tasks to be executed in the next period presented by the Standing Committee. We propose the delegates to discuss, make adjustments, agree and participate actively to promote further the roles of VPA, in particular the advisory role to the State and maritime sub-sector, to serve more effectively the specific needs of the member ports in the years to come, creating major changes to be well prepared for the ports to comfortably enter into the era of economic integration and international competition.

On behalf of the Standing Committee, I would like to thank all the dignitaries from the Central Party Foreign Relations Agency, Government Office, Ministry of Interior, Ministry of Transportation, Vietnam Maritime Administration, Vietnam National Shipping Lines and related departments from the central and local agencies, other associations and entities, the mass media for having attention and support extended to the activities and development of the Association; my thanks to the member ports for trusting and supporting the Standing Committee and the Secretariat in resolving common matters and tasks of the Association in the past. It can be said that the strength of the Association should be reflected in the power to advise, to resolve the big issues the ports are facing based on the foundation of the solidarity and active participation of all the members.

My thanks to the leaders of the local government of Ninh Thuan, Phan Thiet City for providing the conditions to organize the annual meeting in the seaside city and to attend, address the meeting; my thanks to the Management and the Organizing Committee of Saigon New Port for thorough preparation and provide every possible condition to facilitate the proceeding of the VPA Annual Meeting 2009.

My sincere thanks to the sponsors of the VPA meeting this year with the Main Sponsor **Kock & Ardel of Kranunion** and other Sponsors: **Stinis Singapore Pte Ltd., Unico Handels GmbH / Gottwald Port Technology, Liebherr Werk Nanzing GmbH, Realtime Business Solutions Pty. Ltd., Total Soft Bank, Zebra Enterprise Solution, Wah Seong Corporation Berhad,**

Cai Mep International Terminal (CMIT), Eagle Pacific - Konecranes, China Merchants Group, Gensoft Company Ltd., Penta-Ocean Construction Co., Ltd., TOYO Construction, Tân Vĩnh Lộc, Vinashin International Shipping, Amytrans, Mr. Hoa Bao / Harley Marine Services amongst them there have been many companies having had close and long relationship with the ports as well as having precious and continued support for the activities of the Association for many years. My thanks to the staff of Shipping Times for their great effort within a short period to publish and circulate a specialized magazine in commemoration of the Annual Meeting 2009 of VPA.

Distinguished guests, delegates

VPA has had more than 15 years of effective operation under the attention and support of relevant authorities and the precious contribution of the member ports as well as many other organizations and individuals. We have created firm foundation in many aspects to facilitate the execution and achievement of the Association mandate in the next term and decade, a historical period of industrialization and modernization of the country with sea born economy in front. The more important role of the ports requires member to be more active, to contribute their most active part in developing the maritime sub-sector and participating in resolving common issues relating to the ports.

With such evaluation and expectation, once more, I would like to thank you all. My best wishes of very good health and success to all distinguished guests and delegates. Good success to the Meeting./

List of 49 VPA Member Ports

(2009)

Northern	Central	Southern

Quảng Ninh	Thanh Hóa	Đồng Nai
Cẩm Phả	Nghệ Tĩnh	Xăng dầu Cát Lái
Hải Phòng	Hà Tĩnh	Saigon Petro
Cửa Cấm	Cửa Việt	Tân Cảng Sài Gòn
Đoạn Xá	Quảng Bình	Sài Gòn
Vật Cách	Thuận An	Tân Thuận Đông
Transvina	Chân Mây	Bến Nghé
Xăng dầu B12	Đà Nẵng	Lotus
Đình Vũ	Nguyễn Văn Trỗi	Xăng dầu Nhà Bè
	Cầu 9 Sông Hàn	Phú Mỹ
	Hải Sơn	Rau Quả
	Kỳ Hà	Mỹ Tho
	Kỳ Hà – Quảng Nam	Đồng Tháp
	Qui Nhơn	Vĩnh Long
	Nha Trang	Cần Thơ
	Ba Ngòi	Mỹ Thới
	Thị Nại	Bến Đầm–Côn Đảo VTàu
		Thương cảng Vũng Tàu
		Trà Nóc
		Bình Dương
		VICT
		Cái Cui
		Bình Minh

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