WORKSHOP ON STRENGTHENING THE INSTITUTIONAL FRAMEWORK FOR THE DEVELOPMENT OF DRY PORTS IN CLMV COUNTRIES AND THAILAND

Country Report of Vietnam

THE CHALLENGES OF HARMONIZING THE DRY PORT MASTER PLAN WITH THE LONG-TERM PLANS FOR THE DEVELOPMENT OF OTHER SUB-SECTORS IN VIET NAM

Bangkok, 25/6, 2019
1. Overview of Current Transport in Viet Nam
2. Main Issues on Inland Connectivity to Ports
3. Existing Dryport Network
4. Vietnam Dryport Development Master Plan
5. Challenges in Implementation of Dryport Development Plan
Viet Nam has 5 modes of transport: Road, Rail, Sea, Inland waterways and Air.

Most important routes: North-South, Lao Cai-Ha Noi-Hai Phong, Ho Chi Minh City- Vung Tau

**Road**: Total length of 244,000 km; Expressways: 13 routes of 950 km; Highways (National roads): 145 routes of 24,000 km;

**Railways**: 7 routes with total length of 3,100 km (mainroutes of 2,500 km),

**Seaports**: Includes 32 seaports divided in 6 groups with total capacity of 550 million tons/year.

**Inlandwaterways**: Total length 17,200 km in operation; Number of riverports: 306 ports

**Airways**: Total number of 21 airports, includes 8 internationals; Total capacity of 82 million pассeger/year and 1 million tons
From the point of view of transport, Vietnam's transportation system is facing the following major issues:

- Road transport is still a major mode
- The connection between transport modes is very weak
- Lack of storage

**Market share 2017:**
- Road Transport 75.69%,
- River: 17.78%,
- Sea 5.03%,
- Air: 0.02%
- Rail: 0.58%.
In the North:
- Main Ports: Haiphong port (85%) and Quang Ninh ports (15%).
- Transportation: truck (95%), railway (~5%).
- Dryports Throuput: 3 - 5 %

In the South:
- Main Ports: Ho Chi Minh City and Vung Tau
- Transportation: Truck (~65%), River (~35%).
- Dryports Throuput: 40%
2. MAIN ISSUES ON INLAND CONNECTIVITY TO PORTS

❖ Connectivity to the Seaports:
  • It’s one of weakness of Vietnam transport system.
  • No main seaport connected to railways except Haiphong Port but not in main terminals
  • Inland waterways is rather good in the South with container transport to seaports but in the North is not yet
  • Lack of dryports, logistics centers, warehouse...
  • In the South, connect to seaports were influenced by rural traffic seriously

❖ Dryport system seems to be big solution
3. Existing Dryport: Regulations on dry ports in Vietnam


- Decree 38/2017/NĐ-CP on investment, construction, management and exploitation of dry ports.

- Master Planning for development of Vietnam's dryport system up to 2020 and orientation to 2030 (Decision 2072/QĐ-TTg dated 22/12/2017)

- Detailed Planning for development of Vietnam's dryport system up to 2020 and orientation to 2030 (Decision 1201/QĐ-BGTVT dated 11/06/2018)
3. Existing Dryport: Conditions for forming dry ports

- **Role of dryports:**
  - Dry ports supports the reasonable and efficient transport between seaports and cargo sources
  - Dry ports must support seaports, in order to raise seaport capacity: warehouses, customs clearance, traffic organizations and ports without obstruction.
  - Dry ports support cross-border transport

- **Criteria for forming:**
  - Dry ports must be easily connected to inland waterways (priority), or railways (future) or expressway.
  - Dry ports must be located close to IPs and EPZs
  - Ensure land fund for long-term development (minimum 5 hectares)
3. Existing Dryport: Network

In the North

- 11 dryports: Ha Noi, Lao Cai, Phu Tho, Hai Duong, Ninh Binh, Nam Dinh
- Distance from seaport: 50 km (Hai Duong) - 400 km (Lao Cai)

In the South

- 11 dryports, Hochiminh city (6), Binh Duong (2), Dong Nai (2);
- Distance from seaport: 20-70 km
- Connectivity: 7/11 ICD connected to waterways
3. Existing Dryports: Main Constraints

- Most are Inland Clearance Depot in fact
- Poor planning: plenty in numbers but small size and capacity.
- Inappropriate locations: land unavailability, traffic congestion, pollution.
- None of hub multimodal terminals/logistics parks
- Road-dependent connectivity; disconnected railway and/or inland waterway (especially in the North)
- Incomplete functioning: mostly yard and warehouse services.
4. Vietnam Dryport Development Master Plan

In 2018, the Government has approved a Master Plan on Development of Dryport Network upto 2020, 2030:

- Main goals: enhancing connectivity between port and inland, transport modes
  - Up to 2025: 45 dryports with total capacity from 5.7 - 8.6 millions Teus
  - Up to 2030: 61 dryports with total capacity from 13.8 - 19.1 millions Teus
  - Proportion: North 26%; South: 71%; Middle: 3%
4. Dryport Development Master Plan

**Northern Region**
- Coastal area;
- Ha Noi - Lao Cai Corridor
- Ha Noi - Lang Son Corridor
- North West of Hanoi
- South East of Hanoi

**Central Region**
- EZ Nghi Son;
- NR8, 12A Corridor
- NR 9 Corridor
- NR14B Corridor
- NR19 Corridor

**Southern Region**
- North East of Hochiminh City
- South West of Hochiminh City
- Mekong Delta Region
5. Challenges in Implementation of Dryport Development Plan

- Dryport and Logistics Center seems to be a new concept in Viet Nam for many people, even governmental and local planners.
- Lacks of regulations, mechanisms, and priority policies for dryport development.
- Huge investment: How to mobilize?
- Conflict between existing and planned dryports.
- Difficult exercise to identify optimal locations of dryports: land, connectivity, etc.
- Lack of resources, know-how, experiences in effective and efficient operation and management of dryports.
5. The challenges of harmonizing the dry port master plan with the long-term plans for the development of other sub-sectors

- Dryport Development Plan built after all MOT’Master Plans:
  - Master Plan of Road:
  - **Master Plan of Railways**
  - **Master Plan of Inland Waterways**
  - Master Plan of Seaports
  - Master Plan of Airways

- Dryport Development Plan built before MOIT’Master Plans
  - **Master Plan of Logistics Centers**

- Dryport Development Plan built after:
  - **Local Land Use Plans**
5. The challenges of harmonizing the dry port master plan with the long-term plans for the development of other sub-sectors

- **Dryport Development Plan in harmonizing with Master Plan of Railways:**
  - **Problems:**
    - Most of existing rail routes not connected to seaports
    - Existing stations not suitable for forming dryport because of small area, and the connecting road not fit for container transport
    - Planned Rail routes are very slowly projected because lack of investors, including railways connecting to seaport
    - Container transport ability of Rail very weak
    - Existing regulations is very difficult for outsider enterprises taking part into rail business
5. The challenges of harmonizing the dry port master plan with the long-term plans for the development of other sub-sectors

- **Dryport Development Plan in harmonizing with Master Plan of IWT:**

  - **Problems:**
    - If dryport is planned as a river dryport, it must be planned a river port before. It is not a fact presently.
    - Many container berth in seaport is difficult for river vessels berthing at the same time for reshipment.
    - In the North there are many riverports, but lack of container ones
5. The challenges of harmonizing the dry port master plan with the long-term plans for the development of other sub-sectors

- **Dryport Development Plan in harmonizing with Master Plan of Logistics centers:**
  - **Problems:**
    - Master Plan of Logistics centers made by Ministry of Industry and Trade (MOIT)
    - Many of Logistics center is planned at same location with dryport, but there is no significant consideration.
    - That is a waste of resources.
5. The challenges of harmonizing the dry port master plan with the long-term plans for the development of other sub-sectors

- **Dryport Development Plan in harmonizing with Local Plan of Land Use:**
  
  - **Problems:**
    
    - It is not easily to seek a location that meet the dryport criteria but in Local Plan of Land Use
    
    - It needs many supports from local governments
5. The challenges of harmonizing the dry port master plan with the long-term plans for the development of other sub-sectors

- **Dryport Development Plan in PPP mode:**
  - **Problems:**
    - Dryport not yet attractive for investors because of huge investment, complication in relation to many matters.
    - PPP suitable with dryport investment, but not yet properly concerned
5. Policy Recommendations

- Integration/Combination of dryports and logistics centers in some cases.
- Combination of dryports and riverport
- Provision of rail connection to dryports
- Fostering PPP model in Dryport investment
THANK YOU FOR YOUR ATTENTION