Workshop on Strengthening Transport Operational Connectivity among Cambodia, Lao, Myanmar, Viet Nam and Thailand

Country Report of Vietnam

DRYPORT DEVELOPMENT PLAN TO ENHANCE LOGISTICS AND CONNECTIVITY IN VIETNAM

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1. OVERVIEW OF CURRENT LOGISTICS IN VIETNAM

- Vietnam’s Logistics Cost about 20-22 billion USD/year, account for 21% GDP; Transport cost about 40-60% of it.

- Currently, Vietnam’s LPI is 64th in 160 and ranked 4th in ASEAN (after Singapore, Malaysia, Thailand). With annual growth rate of 16-20%, this is one of Vietnam's most stable growth services in recent years.

- There’re 1,300 logistics enterprises in Vietnam, mostly Vietnamese enterprises.

- Most of Vietnamese enterprises only take over some component services such as delivery, warehousing, customs, consolidation,... and take over 20% market share.

- Number of big Foreign enterprises only about 25-30, but they control whole logistics chains so that take over 80% market share.
1. OVERVIEW OF CURRENT LOGISTICS IN VIETNAM

- Recently, the Government has been focusing on logistics development.

- Decision No. 200/QD-TTg of February 14, 2017 of the Prime Minister on approving the Action Plan for Improving Competitiveness and Development of Logistics Services Vietnam by 2025, affirms that logistics is one key service sector of the economy.

- Accordingly, by 2025:
  - The proportion of logistics services contributing to GDP is 8% -10%,
  - Service growth rate is 15% -20%,
  - Logistics service outsourcing rate is 50% - 60%,
  - The cost of logistics decreases to 16% -20% of GDP,
  - LPI Ranking of 50+ (maybe 40-45) in the world.
1. OVERVIEW OF CURRENT LOGISTICS IN VIETNAM

- In fact, NO government agency liable for all components related to logistics; and Viet Nam has not National Master Plan of Logistics Development yet.
  - MOT for Transport
  - MOIT for Logistics services, Warehouses and Yards
  - MOF for Customs
- In the view of Logistics, Viet Nam set up:
  - Master Plans of ALL transport sectors including road, rail, seaport, IWT and airways. **It would be great if they were fully implemented.**
  - MP of logistics centers
    - MP of Dryports
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 2016:**
- Road Transport 75,69%,
- River: 17,78%,
- Sea 5,03%,
- Air: 0,02%
- Rail: 0,58%.
Connectivity among transport modes:

- 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...

Dryport system seems to be big solution.
2. MAIN ISSUES ON INLAND CONNECTIVITY TO PORTS

- Seaports:
  - Includes 32 seaports divided in 6 groups with total capacity of 550 million tons/year.
  - Total throughput in 2016 about 460 million tons/year, 13 million TEUs
  - Main: Cai Mep (Vung Tau), Lach Huyen (Hai Phong)
In the North:

- Main Ports: Haiphong port (85%) and Quang Ninh ports (15%).
- Transportation: truck (95%), railway (~5%).
- ICD: 3 - 5%

In the South:

- Main Ports: Ho Chi Minh City and Vung Tau
- Transportation: Truck (~65%), River (~35%).
- ICD: 40%
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)

- Connectivity: Road mainly, except ICD Lao Cai with Rail. Some with IWT but not in real operation.
- Area: 120 ha in total; ICD Gia Lam (1 ha). unavailable land for expansion.
- ICD throughput: less than 150.000 TEU/year (~3% container throughput via Hai Phong port)
3. Existing Dryport Network the South

- 11 dryports, Hochiminh city (6), Binh Duong (2), Dong Nai (2);
- Distance from sea port: 20-70 km
- Connectivity: 7/11 ICD connected to waterways

Area: 300 ha in total; from 1.3ha (Tan Tao) to 150 ha (Long Binh). Unavailable/unreserved land for expansion.
- ICD throughput: 35% - 40% of total container throughput via ports
3. Main Constraints of Existing Dryports

- 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 2011, 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
- 13 dryports (30-150 ha) by 2020

From 2014, the Government has approved some Regulations on Dryport Operation:

- Dryport specifications
- Dryport investment, management and operation procedures.

Notably, many of existing dryports are out of the Plan
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 Development Plan built after, not synchronized with other Master Plan of Transport Sectors
- 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.
6. Policy Recommendations

- Amending dryport development Master Plan
- Accelerating dryport development detailed planning to indicate optimal locations, land-use, transport connectivity, etc.
- Integration/Combination of dryports and logistics centers.
- Provision of rail connection to dryports
- Involvement of the Vietnam Railways Corporation (VRA) in dryport projects
- Fostering PPP model in Dryport investment
THANK YOU FOR YOUR ATTENTION