

**PORT ISSUES**

*Intervention for Vietnam Business Forum  
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*Presented by  
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**Welcome**

I am pleased to have the opportunity this morning to address key Vietnamese government officials and business leaders. Today I'm representing the views of the VBF's Ports Working Group. The members of this group include both shippers and carriers who are working hard to support the sustained economic growth across Vietnam. Vietnam's exports - ranging from manufactured goods such as textiles, footwear and furniture, to seafood and agricultural products - are possibly the single most important element of the country's overall economic development.

**Introduction**

Since the last meeting between the shippers group led by Nike in Hanoi in September 2006 and the Vietnam Business Forum discussions in May 2007, there have been a number of positive developments on the seaports sector over the past 6 months:

1. Existing container ports in HCMC, Cat Lai and VICT, continue to increase handling capacity. We believe the addition of new wharves and cranes at these terminals are critical given the high demand projections over the next 5 years.
2. In 2007, we have seen productivity improvements at the main ports of Cat Lai and VICT due to the additional investments in new equipment and new processes that have been adopted at these ports.
3. Saigon Port has also installed 2 second-hand quayside gantry cranes in the Tan Thuan terminal in late 2006. We welcome all further efforts to improve the handling capability of the existing ports.

This progress will assist the shippers to meet the growth of imports and exports in Vietnam in the short term.

However, a number of critical issues still remain to be addressed, and we would like to highlight the following three points:

- Firstly, the need for some vital infrastructure upgrades in the immediate short term.
- Secondly, the necessity of correct and comprehensive statistics and reports.
- Thirdly, the need for very clear priority setting in terms of investments.

**A. Short-term Vital Infrastructure**

*1. We would like to stress the need for an immediate upgrade of the roads to Cat Lai and VICT ports. This would position the two main gateways in/out Vietnam to achieve greater productivity.*

Referring to the Report on the 'Supervision of the Implementation of the Master Plan on Seaports in Hochiminh City', dated 19 July 2007, where it was mentioned in the General Comments that:

"There have been some stagnation in the planning and developing of seaports in HCMC namely: weak planning vision intensively and extensively; projection of throughputs is

lower than the actual; passive reaction to the reality; failure to catch up with the potentials and capacity of the local socio-economic development which is growing rapidly in the context of Vietnam being a full-member of WTO; delayed implementation of the plans, particularly, the removal of seaports in Saigon River and Ba Son Ship Building Plan as well as the slow-paced development of seaports in Cat Lai, Nha Be and Hiep Phuoc; unavailability of specific policy for the removal particularly for the financing and land usage in the removed site; lack of synchronized planning with roads, railways, passage, power and water supply and logistic site of the seaports and etc.”

We would like to urge for an update and a rapid implementation.

*2. We would like to emphasize the need to resolve any outstanding issues that are still preventing the Cai Mep port operators from beginning construction at those terminals. This would include the building of the roads and bridges necessary to ensure construction and traffic are not impeded by landside constraints. In addition, it will be important to enhance the channel dredging plan that will ensure a minimum draft of at least 14 meters for all of the ports at Cai Mep and Thi Vai. These are the only ports that would be able to accommodate non-feeder vessels that carry ~8000 containers or more. This would then link Vietnam directly with Europe and the U.S.*

Furthermore we would like to emphasize once more that it is of paramount importance that road infrastructure works start still this year if Vietnam wants to continue its high level of exports and economic growth into the future. The reason for this is, that it will take 24 months to construct any of these terminals due to extensive and complicated soil reinforcement procedures. 24 months is the timeframe that was confirmed by consultants. In addition, the road infrastructure needs to be in place by latest fourth quarter 2009. If the government is unable to adhere to timelines, the effects will have a serious impact on Vietnam’s long-term economic growth and development, which should be avoided at all cost.

*3. We recommend the authorities to appoint an independent consultant to conduct a study that reviews the potential commuter and container traffic flow to the Cai Mep and Thi Vai ports to provide a safe and timely flow of containers to the industrial sites in the Bien Hoa and northern HCMC industrial zones. This would include reviewing the earlier construction of the HCMC-Long Thanh Road and bridge and the Bien Hoa-Vung Tau Highway.*

This study should provide answers and not be limited to the following questions:

- By when will the new road infrastructure (i.e. highway 51) be in place?
- What plans are there in place to improve the current highway-infrastructure to cater for the increased cargo-flows between now and finalization of the new highway?
- While it is essential for the exporters to get the truck cargo back and forth between our factories and the port without any hindrances, we deem it equally essential that the dangers to the local public are kept to an absolute minimum. How will the authorities plan to ensure the safety on all roads?

## **B. Statistics and Reporting Needs: Receiving Information and Updates on Progress Made on an Ongoing Basis.**

*1. We would like to stress the need to receive official, government-generated and regularly updated statistics that are to be released on a regular basis. Collectively, we cannot manage what is not measured.*

2. Referring to the above, we recommend to split out statistics to both tons and containers.

Both of these items were discussed in previous meetings and recognized by the authorities as being important. We therefore look forward to these statistics.

Using tons to estimate future container throughput will be inadequate and underestimate the actual volumes. When investment decisions will thus be based on tons instead of actual throughput in containers, the Vietnam infrastructure will not be geared for the future demand.

3. We would like to request for regular updates on progress of infrastructure (land-side) and ports projects.

This was discussed at last meeting and acknowledged, where we were referred to the website. This website does not however fulfill the needs. We would like to see MOT and other ministries be more transparent and communicate proactively with stakeholders.

### **C. Prioritise and Clarify Investments – Ensuring Transparency on Which Decisions Are Made and Why They Are Made.**

1. We would like to seek clarification about private versus government funding in investment projects.

It appears that those projects that have been financed by state budget, show delay in progress versus the privately financed projects. We also believe the relevant authorities have not allocated adequate resources to infrastructure planning and construction. We would therefore like to urge the authorities to allow more private investments in Vietnam's infrastructure projects.

2. We would like to request more ownership and transparency from and within the government.

Having one clear entry point within the government would make it a lot easier and convenient for enterprises to do business with the Vietnamese authorities. It would therefore be in the interest of both the business community and Vietnam as a country to be very clear on this.

3. We want to request the authorities to reconsider the term 'strategic importance' when referring to which industries Vietnam needs to protect i.e. by not allowing more than a certain foreign share of investments.

4. We kindly request for a coordinated planning that focuses resources on a few large ports rather than having a lot of smaller ports that cannot serve the need for deep sea ports.

### **Closing**

We respectfully point out that the above only concerns with the short-term and medium-term needs. The ports that are planned today will be up to capacity by 2015, at which point a new generation of container terminals will already need to be in place.

On behalf of the many companies interested in this issue, we respectfully request the Vietnamese Government make this a very high priority. We are willing to continue to work closely with relevant entities and officials to ensure there is effective communication between the businesses that use the infrastructure and the

Government entities which manage the planning and implementation. If we are successful together in these efforts, we can ensure Vietnam's continued economic growth, and the accompanying job and wealth creation.

We would therefore like to urge the Vietnamese government to give us answers to the three main issues that were raised here today:

1. The vital need for access to both VICT and Cat Lai terminals within Ho Chi Minh City.
2. The removal of all obstacles that delay or prohibit the terminal development and construction in Cai Mep.
3. The need for an independent study that reviews the commuter and container traffic flows to the Cai Mep and Thi Vai ports.

Thank you for the opportunity to address this forum.