

## **NOTES ON MEETING ON SEAPORT ISSUES**

*Time and Date: Jan 11, 2008, 14:00-15:30*

*Venue: Meeting Room 2D, Ministry of Transportation (MT), #80 Tran Hung Dao, Hanoi*

*Participants: Annex 1 – List of Participants*

### **PURPOSE**

- The Ministry of Transportation (MT) to present project selection priorities and portfolio for seaport and related landside projects;
- Discuss pending issues raised at the last Vietnam Business Forum (the Forum) i.e.
  - The obstacles in the access to the existing ports and in the construction of the potential ones in Cai Mep - Thi Vai;
  - The study on the traffics and solution to expedite cargo flow from the industrial zones (IZs) to port sites in HCMC and adjacent areas;
  - The access to cargo statistics, project information, and the plans where regularity and the measurement in tone and container units are strongly recommended;
  - The access to the Revised Master Plan on Port Group #5.

### **DISCUSSED ISSUES and RESPONSE**

Mr. Paul Hoogwawaerts, on behalf of the VBF Port Group (the Group), appreciated the opportunity to get more insights into the port-related infrastructure issues that are significant current concern for the businesses and the Gov't. The Group broad presence was highlighted - not only shipping companies but also exporters and port operators - all those engaged in moving the manufactured goods overseas. The meeting is to follow up the last Forum's discussion on the solutions to the issues. Main discussion follows.

#### **1. Solutions to short-term vital infrastructure and information updates**

Mr. Tran Doan Tho, Vice Minister listed the initiatives of the Gov't to improve the access to current ports and accelerate the construction of the potential ones. Some of the main points are:

- The MT follow-up meeting last Dec on port development and related-transport issues;
- Soai Rap channel access to Hiep Phuoc port: The channel was put through early January, and expected to serve the vessels of up to 20,000DWT. The Gov't intended to further dredge, in near future, the channel for higher-capacity vessel of 50,000DWT.
- The access to port construction sites in Cai Mep-Thi Vai: The Minister sent written instruction pushing 3 related agencies (DPMU 85 - the ODA projects coordinator, the MT Planning and Investment, and Vinamarine) on channel dredging. The pre-bid preparation was pushed for completion by Feb 2008, actual dredging was aimed for start in 4th quarter 2008, and completion - end 2009. The Group was suggested to work with Vung Tau People's Committee to get updated on the project progress. At Cai Mep-Thi Vai, to expedite pending port construction, the Gov't planned to split channel dredging and road access package from the potential port construction.
- Updates on projects and statistics: The MT Planning and Investment was instructed to update information on all important projects on MT website in 3-month time and Vinamarine - on Vinamarine website on ports and to measure in tone and container.

#### **2. The prioritized strategic projects till 2010**

Mr. Nguyen Ngoc Hue, Vinamarine Deputy General informed that there are 4 projects:

- 1) Cai Mep Thi Vai international gateway,
- 2) Hai Phong international gateway,
- 3) Van Phong international transshipment hub, and
- 4) Entrance channel access to Hau River via Quan Chanh Bo channel.

### **3. Status of port system and future development**

Vinamarine Deputy General outlined port status and development across regions. Under existing Port Master Plan, there are 8 port groups. The plans for Group #1, 3 5, 6 were approved by PM. The plans for the remaining Groups were approved by the MT except for the pending approval of Nghi Son port plan which is associated with the refinery plant #2. Some of his key points are:

#### *North of Vietnam*

- Hai Phong international gateway comprises of Hai Phong existing port, Dinh Vu (new) and Lach Huyen (planned) port. At Dinh Vu and Hai Phong port, one berth has been upgraded and the other 4 are currently constructed. As the access to Hai Phong port is limited for ships under 10,000DWT, a new channel was built with depth of 7.5m to Dinh Vu port. Lach Huyen port project proposal was submitted to PM with an aim for the construction of project first-phase at the end 2008.
- Cai Lan port: upgrading seems extremely difficult due to the air draft of Bai Chay bridge, and confined by the environmental preservation in Ha Long Bay.
- Cam Pha port specializes on coal export.

#### *Central Part*

- Tien Sa- Da Nang port: the (water) bar of 500m was completed so the port would extend function time and capacity.
- Dung Quat port is multi-purpose for oil export, container and general cargoes handling, and ship building.
- Van Phong port: Natural conditions (-16m to -20m natural depth, no sedimentation, almost no wave) are good for developing deep-water and international transshipment hub of container and oil ships, capable of receiving mother ships of 150.000DWT. Current port has handled oil transshipment of accumulatively 4.5ml tones. First phase of deep-water hub project will soon start with the construction of 2 berths with the capacity of 6000-9000TEUs container ships. Investment is called for currently.

#### *HCMC and extended area*

Among 30 existing ports the key ones are New Port, Sai Gon port, Ben Nghe port and VICT. The Gov't planned to relocate the existing ports in the inner of HCMC to 3 new locations i.e. Cat Lai-Nhon Trach, Hiep Phuoc (Soai Rap river), and Cai Mep – Thi Vai. Port facilities were in place at Cat Lai and the Soai Rap channel was put through this Jan. At Cai Mep-Thi Vai, to enable the construction of ports to soon start, the Gov't planned to split channel dredging and road access package from the potential port construction.

#### *Mekong Delta region*

There are lots of ports along Tien Giang and Hau Giang river. As an alternative for the existing sedimentary channels, the Gov't planned to build a new short-cut (dynamic) channel via Quan Chanh Bo channel to Dai An mouth. The channel pre-feasibility study was

completed. The channel construction will start by the end 2008 and the constructor and designer is looked for currently.

Other port projects that have also been in the Port Master Plan

- Vung Ang port (Ha Tinh province): the 1<sup>st</sup> berth for 45,000DWT ship was completed. The 2<sup>nd</sup> one is constructed.
- The Gov't intended to build a specialized port for coals and oil in Son Duong (opposite to Vung Ang port) that serves power plants.
- Chan May port, with the investment from Vinashin, is upgraded to serve master ships of 10,000 -15,000DWT. The berth for container ships is also built.
- Nhon Hoi port (Quy Nhon) will be built.
- Specialized port system for coal import with an aim to handle from 60 to 200ml tones of coal imports per year is subject to the EVN power supply plan whereby domestic coal supply lasts in the next 5 years and imports needs afterwards. This port system will be reflected in the amendment to the Port Master Plan.

**4. Port (or Marine) Master Plan**

According to Vinamarine Deputy General, the approved Master Plan with projection for 2010 and orientation for 2020 has been currently amended by Vinamarine with the help of international consultants. The amendment is expected to complete by the end of 2008. Some of the rationales for amendment include:

- Cargo volume in 2007: already close to the estimation for 2010 (187,000 tones vs. 200.000 tones).
- Container volume growth in 2007: from 3ml to 4.5 ml (31%) and cargo volume 70%.
- Capacity of Vietnamese fleet: increased by more 1ml DWT in 2007.

The amended Port Master Plan, according to the Vice Minister, is aimed for completion/approval by 1<sup>st</sup> quarter 2008. The Plan captures port projection for 2020 and orientation by 2030 based on the GDP annual growth projection of 8-10 per cent, and annual cargo growth projection of 15-20 per cent, and includes every container, specialized, and strategic port.

The Group suggested that in planning, besides absolute measurement in tone, cargo container units and empty containers should be reflected. Some of the rationales are:

- Containerization tendency: Some commodities that do not move in container today will soon move in containers in future;
- The influx of imports in the post-WTO accession in different equipment types and sizes which then gets out in the (air) empty containers. As consequence, there will be higher need for discharging, handling, and trucking of the empty containers, more road occupation, and more time afterwards. The container-unit-based-projection master plans ensure smooth and timely cargo handling and traffic.

Vinamarine Deputy General pledged to supply statistics expressed in tone and container.

**5. Other questions and suggestions raised by the Group and the answer of the Gov't**

1. What is the plan to solve cargo congestion in the South and expedite cargo movement?

Answer: The Vice Minister informed of the Gov't efforts in reducing road congestion in Cai Mep-Thi Vai. Highway #51 will be expanded from 4 to 6 lanes or 2.5m each side. A new

expressway from Bien Hoa to Cai Mep-Thi Vai and Vung Tau will be built. The MPI is now preparing the BOT guidelines for selecting project partners. Project feasibility study was completed and the selection of the project partner follows in March 2008. Highway 51 expansion project is due to complete early 2009.

2. Whether there is an integrated plan usable for various stakeholders? Such plan is a good tool to promote FDI in Vietnam and reduce the concern of the investors/manufacturers on the congestion in the South thus sharing information on the plan is strongly advised.

Answer: The Vice Minister informed that the “Strategic Development of the Transport Sector” Master Plan includes important projects in the whole transportation sector. Some examples of projects other than port ones that have been included in the Master Plan are:

- Two expressways are planned. One is from Hanoi to Hai Phong and due to start in June 2008. Another (in North Red River Delta) is from Noi Bai Airport to Mong Cai (Quang Ninh Province). A new bridge will link the expressway to Lach Huyen port.
- Upgrade railway: Kun Ming (China) to Lao Cai, via Hanoi, Hai Phong/Cai Lan port.
- New railway (planned) is from Ninh Binh province to Ha Noi and Lao Cai.
- Long Thanh International Airport: expected to serve 40 to 50 million passengers.

The Master Plan was submitted and is currently appraised by the MPI. Vice Minister pledged to announce the final master plan in 2-months time upon the PM approval.

3. The Group suggested dedicated lanes for traffic users lanes be separated from the cargo transportation expressways/highways. The separation is commercially justifiable and helps ensure safety for road users and efficient cargo flow from IZs to ports given high rate of road accident, large amount and types of road users that travels alongside cargo traffic and trucks on the same lane.

Answer: The Vice Minister informed that separation is difficult in Vietnam when a highway is 4 lanes and pledged for separation for Highway #51 upon the expansion. The MT future efforts are made to build expressways dedicated for cars and trucks only.

4. Clarify the status of the access to Cat Lai and VICT.

Answer: The Vice Minister informed that HCMC People’s Committee is responsible for all the roads inside Ring Road #2 and the MT – for all the roads built outside. The Group was suggested to work further with HCMC People’s Committee. For Sai Gon – Long Thanh – Giau Day highway, technical sketching is on-going. As a next step, the MT is considering to expand Highway to Da Lat. The Gov’t is also considering of building another expressway in junction of Cai Lai area.

### ***Conclusion***

The Vice Minister and the Port Group agreed that:

- The master plans will be shared with the Port Group when they are approved, and a meeting on the master plans will be held on an immediate date.
- To prepare for the next Forum/CG meeting in Mid 2008, the Group will have a follow-up meeting with the Ministry a month prior.
- The Group is welcomed to share feedback to the development of the plans or similar types of papers.

**Appendix 1: List of meeting participants**

No.		Full-name	Title	Dept/Org.
<b>Ministry of Transportation</b>				
1	Mr.	Tran Doan Tho	Vice Minister	Ministry of Transportation
2	Mr.	Truong Tan Vien	Director General	Planning and Investment Dept.
3	Mr.	Bui Thien Thu	Deputy Director General	International Cooperation Dept.
4	Mr.	Le Van Chinh	Senior Expert	Planning and Investment Dept.
5	Mr.	Tran Viet Ha	Senior Expert	International Cooperation Dept.
6	Mr.	Nguyen Ngoc Thuyen	Official	International Cooperation Dept.
7	Ms.	Nguyen Thu Hang	Official	Planning and Investment Dept.
8	Mr.	Nguyen Thach Cuong	Official	International Cooperation Dept.
<b>Vinamarine</b>				
9	Mr.	Nguyen Ngoc Hue	Deputy Director General	VINAMARINE
<b>Ministry of Planning and Investment (MPI)</b>				
10	Mr.	Ngo Cong Thanh	Manager	FIA Service Dept
<b>VBF &amp; Business Community</b>				
1	Mr.	Paul Hoogwaerts	General Director	Maersk Vietnam Limited
2	Mr.	Barry Akbar	Managing Director	APL
3	Mr.	Ho Kim Lan	Secretary General	Vietnam Ports Association
4	Mr.	Nguyen Quang Ut	Branch Manager	APL
5	Mr.	Nguyen Nam Son	Project Department Manager	Gemadep
6	Mr.	Michael Rasmussen	Management	Cai Mep International Terminal
7	Mr.	Nguyen Xuan Ky	Deputy General Director	Cai Mep International Terminal
8	Mr.	Nguyen Xuan Tho	Regional Manager	OOCL Vietnam Ltd.
9	Mr.	Le Manh Tien	Senior Officer	Mitsui & Co. Vietnam., Ltd
10	Mr.	Luong Ba Hung	Senior Officer	Mitsui & Co. Vietnam., Ltd
11	Ms.	Sheena Nguyen	General Director	ACM Co.
12	Mr.	Roy Cummins	CEO	Saigon Premier Container Terminal
13	Mr.	Nguyen Le Chon Tam		DP World
14	Mr.	Barry Akbar	Managing Director	APL
15	Mr.	Nguyen Tuan Anh		Evergreen Shipping Agency
16	Mr.	Tran Manh Hung	Partner	Baker&McKenzie
17	Ms.	Nguyen Thi Tuyet Mai	Trainee Solicitor	Baker&McKenzie
18	Mr.	Do Duc Hanh	Project Manager	Vinacapital
19	Ms.	Anne Tristine Nguyen	Associate Director	Vinacapital
20	Ms.	Pham Lien Anh	Secretariat	Vietnam Business Forum (VBF) Secretariat
21	Ms.	Vo Chau Giang	Secretariat	VBF Secretariat