

## PORT AND SHIPPING REPORT

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### **1. Port Dues' Costs**

A discount of 40% for navigation aid dues, tonnage dues and 50% for pilotage have been applied for, for mother vessels calling in the Cai Mep-Thi Vai range of terminals since 1/1/2012 based on Circular 41.

There is an understanding that Vinamarine has submitted a proposal for a discount of 75% for navigation aid dues and tonnage dues applied for vessels calling at the terminals at Cai Mep-Thi Vai, in order to encourage shipping lines to introduce more vessels calling in that range.

Whilst there may have been a focus on the Cai Mep-Thi Vai range of terminals for a reduction in Port Dues, in order for Vietnam to remain competitive with other Ports in different Countries, there remains the need for a reduction with all vessel sizes and all ports within Vietnam.

No official information has been received from either MOT or Vinamarine regarding to the additional discount, but it seems that a further reduction of navigation aid dues and tonnage dues will be given in the next 2-3 months.

An overall update on Port Dues' Costs is requested by the Group.

### **2. Development of Transshipment Hub in South Vietnam**

There is a great opportunity now, for Vietnam to develop a container terminal hub for the Country in the Cai Mep-Thi Vai region. In order to create the scale required, it is proposed that an international hub should be developed. As a direct consequence of that scale and development, the hub for local Vietnamese cargo is created.

The prospect of a strong hub in this region will support the exporters and importers (North and South Regions), as they seek to reduce transit times to their markets (exporters) and seek to reduce inventory levels (importers), in addition to seeking reduced overall transport costs. In this way, the direct costs for both exporters and importers will be reduced. The development of a hub will therefore directly reduce costs for these industries in Vietnam.

In order to capitalize on this opportunity, it is suggested that the making and the activating of a small number of decisions, will maximize the benefits for Vietnam.

Current discussions continue, demonstrating the benefits to Vietnam of operating CMIT and the adjacent ODA facility as one entity.

#### **a. Port Dues**

As described above and if reduced, immediately increases the competitiveness of any hub, thereby attracting business away from other hubs in Asia (eg Singapore and Hong Kong).

**b. Cabotage Law**

The recent announcement to allow 4 foreign flagged vessels to be able to carry empty and laden containers to and from Vietnamese ports for a period of 6 months from 1st April is a welcomed one and is seen as a development in the right direction.

However, in order for a sustainable plan to be introduced by the Lines, there needs to be a longer period of validity. In effect, Vietnam continues to lose an opportunity if the period is not extended.

In addition, since there is a need to deploy at least 3 vessels on the required port rotation, (thus entering the market), the permission to allow only 4 vessels, effectively prevents a meaningful solution.

The Port and Shipping sub-group continues to seek a further relaxation of the cabotage law, for a much longer period (eg at least 2 years); still with the ability to carry empty and laden containers. There also needs to be permission for any Line to be allowed to ship containers from one Vietnamese port to another, rather than simply a specific number vessels across the whole industry.

Failing to make a significant relaxation, will at the very least slow down the development of a hub and may even block the idea all together.