

## **Development solution and orientation for Vietnamese ocean shipping**

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**Abstract:** Vietnam's sea economy has made significant progress. In addition to traditional industries, many marine economic sectors have been associated with modern technologies and technologies such as oil and gas exploration, offshore fishing, sea transport, sea and island tourism and search and rescue, salvage ... However, the key point in Vietnam's economic development strategy is international integration. The objective of implementing the Vietnam sea strategy to 2020 is to strive to make our country a strong country on the sea; To enrich from the sea, to comprehensively develop sea-going industries with a rich and modern structure, creating a fast, sustainable and high-speed development with a long-term vision. By 2020, the marine economy contributes about 53-55% of GDP, 55-60% of the country's export turnover, satisfies social issues and significantly improves the living standards of people in the sea. And coastal, in order to build a modern marine economic sciences, a strong marine nation with a long-term vision, Vietnam needs to deploy a range of marine research solutions, both strategic, policy and scientific – technology.

**Keywords:** Ocean shipping, development solution, development orientation

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### **I. INTRODUCTION**

Transportation is the lifeblood of the economy, transportation development will promote the development of other industries. In the age of globalization, transportation plays a very important role, especially shipping. Transport links economies, shorten geographic distance, reduce costs, reduce costs, boost trade, and benefit both producers and consumers. In international trade, shipping plays a particularly important role, with about 80 per cent of shipments being shipped by sea, which is particularly important for the shipping industry, Large-scale transportation, high transport capacity and low transportation costs. Therefore, the shipping industry becomes a potential service business. Vietnam has great advantages for developing ocean shipping such as its long coastline and many large seaports. In recent years, Vietnam's shipping industry has been constantly growing and expanding. Far, contributing not less to the development of the economy of the country. Besides, Vietnam shipping industry still have many problems to solve. For the shipping industry to develop smoothly, these are difficult problems posed to managers. Over the years, especially since Viet Nam's policy of opening up, Vietnam's shipping industry has been growing rapidly, Vietnam's shipping market is gradually expanding at the pace of the trend. Regional and global trade The innovation, open-door policy of Vietnam's integration with the international community has facilitated a rapid increase in the volume of Vietnamese exports and imports. Globalization of the region has become one of the major development trends of modern international relations. This trend will continue to flourish in the near future. Developing countries are increasingly adopting open and liberal trade and investment liberalization policies. In this context, any country must strive to integrate into the general trend, adjust its policy, reduce tariff barriers and eliminate non-tariff barriers, thus facilitating the exchange of goods and capital movements. , Labor, technology and technology in the whole world more and more open. Vietnam can not follow this trend. Under such conditions, the level of internationalization of manufacturing and service industries is increasing, the competition among enterprises, among nations in the economic field is more and more severe. The country's integration into the region and the world together with the developed economy, increased import and export has created a number of international shipping lines in the Vietnamese market to compete with each other, with Vietnam's maritime industry is still weak. In the meantime, we have not had a comprehensive research on the competitiveness of the maritime industry in Vietnam so as to come up with feasible solutions to meet the economic conditions of the country. To ensure the competitiveness of Vietnam's maritime industry in new conditions, the shipping industry is an international service industry. It not only includes the ability to operate a safe ship from port A to port B, which integrates many other business elements.

The first element is fuel. Fuel subsidies account for 30% of the cost, when world fuel prices are high, at times account for up to 65% of cost. Moreover, it is always cheated when buying oil abroad with a large amount of money during the inspection when buying oil. Next comes the cargo flow, transportation flows from Vietnam include rice, coal, cement, white stone in Nghe An, wood chips in central provinces, Binh Duong and Can Tho.

Value-for-money items such as rice are required to receive goods through backyard companies and brokerage costs are in excess of 10% of freight.

Vietnamese people with many qualifications and positions are full of people but their true capacity is very weak when dealing with disputes or incidents of ships on the international market. Recently, in 2014, a private transport company - run by a former director of a major shipping company in the Vietnamese maritime industry - was also tricked into a simple trick: Record the account details of the ship owner; After the completion of the new owner paid the amount of nearly \$ 140,000 into another account. They announce that they have paid the charge according to the fax of the owner's account and the facsimile has been changed in the course of sending faxes from Vietnam to their country. Not to mention a lot of trouble to lose the day at the foreign port that the ship owner Vietnam helpless. In order to have a good ability to operate the ship, the specialists are not only very good at the job but also have to be good at foreign languages and know the international customs and habits of the port of destination. It is a hard worker and pressured all year round. With the demand for labor capacity, it is hard to find people in Vietnam with the standard salary of Vietnam. Private owners may not be able to overcome these demands and pressures. Vietnam has a good time for shipping industry because of the advantage of Vietnam's freight rates in the region due to the embargo and the world afraid to take ships to Vietnam. Moreover, the subsidy period is not accurate for each business period that often takes profit in the past to compensate for the calculation period or to adjust the depreciation period. When fully charged at market prices then all fall apart. Previously there was a famous shipping company that was well known in the industry. But in further research, in the joint venture contract of the company with foreigners, there was a ban on companies in the industry to compete with it. Furthermore, when researching its initial funding, it found that they hired subordinate companies to operate. Borrowing public cabs to run a taxi can not afford not to be rich! In the early 1990s, maritime intellectuals saw this inadequacy, but believed it was the sacrifice required to receive advanced container shipping technology. But hope has become hopeless. Imitation of the elder generation, Duong Chi Dung, Mai Van Phuc from the labor export workers, uneducated also crept up the highest positions in the industry and the consequences of receiving the death penalty. It is hoped that the death penalty will be a warning and will not be enforced because they are merely an inevitable product of the current Vietnamese social system.

By the way, the foreign trade industry is formed by patriotic minds who are intelligent and willing to learn, represented by Ms. Truong Thi Nhan - General Director of Foreign Trade Company. Monopoly is good for maritime businesses, but for the society and for the business, it is the path of misery. The status of Vietnam's shipping fleet today is a testament to the mistake. Talking about the past is easy, but the past is the past that cannot be changed. So how Vietnam should plan with the fleet of shipping Vietnam?

In order to come up with a solution, we need to know production and services based on three basic factors: simple labor, intellectual work and resources. Capital denotes the scale of production and services. Because of the small size of the Vietnamese people, simple labor is limited. In order to have good intellectual work, it takes time and the school has enough teachers and teaching aids. Therefore, Vietnam's intellectual labor is limited. What's left is resources? Vietnam has a comparative advantage in establishing seaports in Southeast Asia.

## **II. OCEAN SHIPPING CHARACTERISTICS**

Shipping is a transportation activity related to the use of infrastructure and means of shipping, namely the use of land and water areas associated with sea lanes connecting countries, Territories, or areas within a country, and the use of sea-going ships, loading and unloading equipment, etc., for the movement of passengers and goods on sea lanes. Ocean transport was born relatively early in comparison with other modes of transportation. People have long known how to use the sea as a transportation route to trade between regions, territories and countries. Ocean loading becomes a modern transport sector in the international transportation system. Shipping can be used to transport all types of goods in international trade. Most of the sea transport routes are natural transportation routes. Transport capacity of sea transport is very large. In general, the transportation capacity of sea transport (fleet) is not restricted to the tools of other modes of transport.

### **Advantages of shipping**

Sea freight plays the most important role in the transport of foreign trade, accounting for 80% of the volume of goods in international trade. Annual transport volume reached 6,000 billion tons and circulation volume reached 25,000 billion tons per nautical mile

Shipping plays an important role in international trade because it has the following advantages: Sea-going vessels with high transport capacity: Means of transport in sea transport are vessels of very high capacity and can run multiple ships at the same time on the same route, At the ports reduced by the use of containers and modern loading and unloading facilities, the portability of a seaport is huge

Sea freight is suitable for transporting most kinds of goods in international trade. Especially suitable and effective are large bulk and low volume bulk cargoes such as coal, ore, phosphorus and rich beaver.

Cost of investment in the construction of low maritime routes: Maritime routes are mostly natural routes which do not require much capital, raw materials and labor to build, maintain, Except for the construction of canals and harbors.

The cost of shipping is very low: the shipping cost is the lowest in the means of transport due to the large tonnage of ships, the medium transport distance, High sea loading. As the scientific and technological advances in transport and information are applied, shipping costs tend to decline.

Fuel consumption per ton of low tonnage, only slightly higher than river transport

### **Disadvantages of shipping**

The speed of the ships is relatively low, the speed of the ship is only 14-20 nautical miles per hour. This speed is low compared to the speed of the plane or train. Technically, one can build ships of much higher speed. However, for cargo ships one must maintain an economic pace in order to reduce transportation costs

Sea transport is affected by natural conditions such as rain, storms, floods and tsunamis, because of long distance travel through many different climatic zones. The natural elements that occur do not follow a certain rule. So even though science and technology is growing and weather is predictable, risk can still befall us. Particularly in the current weather conditions are abnormal changes, natural phenomena occur more and more, especially the storm so maritime losses are more likely to occur.

In the course of transportation, sometimes the risks and technical malfunction due to errors in the design, manufacture and maintenance of the ship also occurs. Ships operate relatively independently in large space, and in the event of an emergency, rescue or salvage can be difficult. On the other hand, the maritime market is very large and especially now the number of vessels has been put into operation, the tonnage of ships is increasing and the value of goods is increasing, so if the risk of loss is unpredictable.

Long haul lines should stop at various ports of different countries, thus being affected by the country's legal policies. Especially countries with war, strikes diplomatic relations are not good for the country that owns the ship or cargo carried on board.

The carrier may also cause loss of goods due to errors. The vast majority of conventions on all kinds of cargo transported by sea and maritime law of countries around the world, including Vietnam's maritime, allow the carrier to limit liability. Therefore, importers and exporters do not compensate for actual losses. On the one hand, people are increasingly modernizing and improving the quality of their fleets. On the other hand, there is an effective way to deal with damages by offsetting economic losses. That is, through insurance - a form of community-based risk dispersion. Import and export insurance was born very early, recognized, supported and developed non-stop. Up to now, insurance of import and export goods transported by sea has had a long history and has become an international trade practice in foreign trade.

### **III. SOLUTION AND ORIENTATION FOR DEVELOPMENT**

Use ship size and type of ship to suit cargo type, distance, volume of shipment on each route: for bulk cargo to Asian countries mainly used by ships of 15,000 - 20,000 DWT, to North America, Europe Africa mainly uses 30,000 - 50,000 DWT vessels, domestic routes use 3,000-5,000 DWT ships; For cargoes in Asian countries, mainly ships of 10,000-15,000 DWT are used. North America, Europe and Africa mainly use ships with a tonnage of 20,000-30,000 DWT and take domestic routes using ships. Tonnage 1,000 - 5,000 DWT; For containers shipped to Asian countries mainly used by vessels carrying 1,500-3,000 TEU, to North America, Europe, Africa using large vessels, at least 4,000 - 6,000 TEU, domestic routes using ships 500 - 1,000 TEU; For oil used ships of 30,000-40,000 DWT for routes in Asia and 3,000-10,000 DWT for domestic routes, for crude oil using the tonnage of 100,000 DWT.

Strive to 2020 the national fleet with a total tonnage of 6-8 million DWT, in 2020 is 12-14 million DWT, of which the fleet of ocean trains account for 70-80%. The fleet reaches an average age of 12 years by 2020. In the immediate future, to concentrate on rebuilding the existing sea-going ships by purchasing and building new ships of appropriate age and gradually replacing ships which are too old. To attach special importance to the development of specialized vessels such as container ships, large bulk carriers, tankers, liquefied gas and Lash ships. To study the development of North-South, coastal and tourist passenger cruise ships.

For cargo fleets: By the end of 2007, the total fleet tonnage was 1.95 million DWT, accounting for 54% of the total fleet tonnage; In the 2008-2010 period, the total tonnage of 1.5-2.0 million DWT will be developed, in which 80% of the ships over 20 years old will be replaced with a total tonnage of 0.5 million DWT; In the period of 2011-2020, about 2.0-2.5 million DWT will be added, of which the tonnage used to replace the old

one is about 0.7-1.0 million DWT; The fleet's tonnage will account for 35-40% of the total fleet tonnage by 2020; To attach importance to the development of large ships of 10,000-20,000 DWT to go far away.

**Bulk cargo fleet:** By the end of 2007, the bulk of the fleet was 0.62 million DWT, accounting for 17% of the total fleet tonnage. In the 2008-2010 period, it is planned to increase by 0.7 - 1.0 million DWT and 2.0-2.5 million DWT in the 2011-2020 period; Freight carriers account for 22-25% of the national fleet tonnage in 2010 and about 30-35% by 2020.

**Container fleet:** By the end of 2007, the total container fleet was 0.25 million DWT (15,300 TEU), accounting for only 7% of the total national fleets, including 7 TEUs and 18 TEs from 250. -600 TEU. In the 2008-2010 period, to develop about 30-40 ships with the total capacity of 40,000 TEU; The size of the ship is mainly 1000 TEU for regional transport; In the 2011-2020 period, an additional 150,000 TEUs will be developed, with investments of some 2,000 to 3,000 TEU vessels to open direct shipping routes to Europe, America and Australia.

**Crude oil tanker fleet:** By the end of 2007, the fleet of crude oil tankers had only two 100,000 DWT vessels with a total capacity of 0.19 million DWT. In the 2008-2010 period, to develop 4-5 ships with a total tonnage of about 0.45 million DWT and 2011-2020, with an additional 15-20 ships with a total tonnage of around 2.5 million DWT, of which 3 -5 units over 200,000 DWT.

**Tanker fleet of products:** including gasoline, LPG, LNG tankers and chemical tankers. By the end of 2007, the fleet comprised of 80 vessels with a total tonnage of 0.77 million DWT; Of which 12 are LPG and chemical carriers; Currently, there are about 30 vessels with a capacity of 80,000 DWT to be replaced. In the period of 2008 - 2010, about 0.3-0.4 million DWT will be developed and 1.2 - 1.5 million DWT will be developed in the period 2011-2020. Over time, shipping activity has many big fluctuations. In 2007 and the first half of 2008, the market has many advantages. Growth indicators of the world economy and Vietnam have peaked making the world economy more exciting than ever. Demand for transportation has reached the maximum and exceeds the expectations of all the most experienced professionals. Shipping companies have benefited from this opportunity and achieved the highest business performance in the last five years.

In 2010, the world economy is showing signs of recovery but still low. The shipping market has also improved following this momentum. However, due to the large number of new ships handed over in 2010, the shipping market grew more slowly than the overall recovery of the economy. In fact, dry bulk shipping and domestic container shipping markets have shown positive signs, but the market for tanker products is still difficult due to the supply of ships is still much larger than the demand for transportation. However, we can affirm that 2010 has reduced the difficulties compared to 2009, shipping companies are gradually recovering profitable business and continue to grow. Vietnam has a prominent position in the Asian region, in the region with the most dynamic ocean freight network in the world. On the other hand, with more than 3,260km of coastline, Vietnam has great potential in developing ocean shipping and other ocean-related services. However, the reality is that our shipping has not developed properly, and also contains many challenges. Therefore, the development of a strategy for the development of the maritime transport network and related infrastructure for our country is an urgent and practical requirement to integrate Vietnamese maritime transport and occupation, worthy in the shipping network in Asia and around the world. Vietnam currently has 39 seaports divided into 6 groups

Group 1: Northern seaport from Quang Ninh to Ninh Binh

Group 2: North Central from Thanh Hoa to Ha Tinh

Group 3: Mid central from Quang Binh to Quang Ngai

Group 4: South Central from Binh Dinh to Binh Thuan

Group 5: South East

Group 6: Mekong Delta

To make full use of the advantage of geographic location and natural conditions for the comprehensive development of the seaport system, breakthrough into the modern one, to rapidly integrate with the advanced countries in the region in the port area, the sea aims to contribute to the achievement of the objectives of the Vietnam Sea Strategy until 2020, step by step bringing the maritime economy to become the leading spearhead of the five marine economic sectors and at the same time contributing to the consolidation of national defense and security of the country;

Appropriate development between national general ports, specialized ports, local ports, ensuring consistency throughout the system, to attach importance to the development of deep-water ports in all three northern, central and southern regions, creating large openings to reach out to the sea, attracting the neighboring countries in the region; Step by step consolidate, upgrade and expand other ports; To attach importance to maintenance work to ensure the synchronous and efficient exploitation;

To develop synchronously between seaports and port infrastructure, between seaport infrastructures and public infrastructures connected with seaports. Particular attention should be paid to the interconnection between seaports and national transport networks and logistic focal points in the area.

Developing a strong direction to the sea for quick access to the sea, minimizing obstacles to the access of vessels to ports; Combined to create the driving force for the development of economic zones, industry and coastal cities;

Mobilize all resources at home and abroad to develop seaports. Promote the socialization of investment in the development of seaport infrastructure, not only for wharves and harbors but also for public infrastructure connected to seaports (waterway access, seashore, sand barrier, road system Traffic, water and electricity connected to port ...)

To closely combine the development of seaport with the management of environmental protection, ensuring the sustainable development; Associated with the requirements of security and defense.

Expand the forms of training, retraining; To socialize the training to improve the level and capacity of management staff, civil servants, employees and laborers; Applying public recruitment through recruiting, probation.

To adopt wage policies and preferential regimes for laborers in the special working conditions of the communications and transport service, especially the maintenance of communications infrastructure in deep-lying and remote areas, heavy, dangerous work ...

It is necessary to invest in improving the capacity and equipment of training and training facilities, especially training pilots, officers and crew to improve the human resources. Strengthen the coordination and linkages between companies using human resources and training and training facilities to ensure that they meet the actual needs and effectively use the trained resources.

To develop the seaport system under a master plan and unified nationwide in order to meet the requirements of industrialization and modernization of the country; To create material and technical bases to quickly integrate our country and compete in port activities with other countries in the region and in the world, affirming the position and advantages of the country's marine economy. ; At the same time, contributing to ensuring security and defense of the country. To form important international economic exchanges as a motive force for the development of economic zones, urban centers and coastal industries.

#### **IV. CONCLUSION**

Vietnam has great advantages for developing ocean shipping such as long coastline geography and many large and small seaports. In recent years, Vietnam's shipping industry is constantly growing and expanding, contributing not less to the development of the economy of the country. Besides, Vietnam shipping industry still have many problems to solve. For the shipping industry to develop smoothly, these are difficult problems posed to managers. Over the years, especially since Viet Nam's policy of opening up, Vietnam's shipping industry has been growing rapidly, Vietnam's shipping market is gradually expanding at the pace of the trend, regional and global trade.

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