

To become a sea power - Van Phong Port's rich potentials

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The construction and operation of Van Phong port (Khanh Hoa), which is in an extremely convenient location, can help push Vietnam's sea ports to the position as a logistics hub of the regional countries and the world in near future.

According to maritime experts, Van Phong Bay is located in the East pole of Vietnam's coastline, close to the junction of international maritime route and next to the Asian-Northern Asian, Australian-Northeastern Asian and Southeastern-Northeastern Asian Lines. In the maritime aspect, Van Phong Bay is, along Vietnam's coastline, closest to the international maritime route. Moreover, it is an average distance from Van Phong Bay to Vietnam's sea ports and the regional big transit port centers. For this reason, Van Phong Bay is an ideal place calling the sea ports of the Indochinese Peninsula and the Pacific Asia. In addition to the above advantages, Van Phong Bay is near the National Highway 1A and trans-Vietnam railways.

As said by Mr. Pham Anh Tuan, the Project Manager of Portcoast Consultant Corporation (Portcoast – Vietnam's sea port system master planning Unit), Dam Mon located in Van Phong Bay, Khanh Hoa province has a geographical position and natural conditions greatly advantageous to the construction of large-scaled deep water ports for vessels of up-to 200.000 DWT. This is also a deeply ideal place to shape and develop international container transit ports against the transit port centers in the regional countries such as Singapore, Hongkong, Kao-Hsiung (Taiwan), Tanjung Pelepas (Malaysia), etc.

An about-100-USD reduction/teu

According to Mr. Tuan, Vietnam's sea port system is currently not capable of accommodating transoceanic large container vessels. Hence, roughly 30% of exports/imports transported to Europe and North America have to be transited in Singapore or Hongkong, resulting in the average cost increase of about 94USD/TEU and time extension of 6-7 days as well.

Upon the construction completion of Van Phong port, a huge number of exports/imports of Vietnam and the regional countries which are to be shipped on transoceanic routes to Europe and North America shall be transited at Van Phong port instead of being shipped via the existing transit port centers such as Hongkong, Singapore, etc. In addition, a large number of containers of Van Phong Economic Zone and the surroundings which are to be shipped on near marine routes shall be transited at Van Phong port. As for domestic cargos, Van Phong port functions as assistance to vital gateway ports in order to accommodate container cargos to be shipped on far marine routes by large vessels which vital gateway ports find it impossible to accommodate or satisfy throughput capacity.

Taking full advantage of cheap labor cost

At present, Vietnam is in a pressing hurry to kick off the construction of two 690m long berths in the start phase in Van Phong. Meanwhile, Singapore has prepared the construction plan of additional 18 berths for large vessels as to raise cargo throughput capacity of from 24.8 million TEUs in 2006 to 50 million TEUs in 2018. Also, Hongkong has planned to construct more 12 berths in order to lift cargo throughput capacity to 40 million TEUs in 2020, significantly challenging the development of Van Phong international transit port and its attraction of container cargos of neighboring countries transited at Van Phong port, definitely. In such circumstance, a speed-up in the construction implementation of Van Phong port is of utmost importance to grasp the opportunity and demand of marine transport. One more pivotal problem is to take account of Van Phong port's competitive advantages upon the port operation.

As analyzed by an economic expert, Van Phong port shall compete not only with Hongkong and Singapore ports (in the construction expansion) but also with other large-scaled international transit ports such as Busan (South Korea), Shanghai (China), Kao Hsiung and Keelung (Taiwan), Klang and Tanjung Pelepas (Malaysia), Laem Chabang (Thailand). According to Mr. Pham Anh Tuan, in order to foster the competitiveness, the key factor is that the transport cost at Van Phong port must be lower than that in other ports. The results of analysis and calculation in transport route each and transport cost comparison indicate that Van Phong port can attract container cargos to be shipped from Cambodia (via Sihanoukville port), Brunei (via Muara port), and Philippines partially (via Manila port). This is also an extremely important factor to which Van Phong should pay more attention for the port operation.

According to a marine specialist, due to the fact that Klang, Tanjung Penepas, and Laem Chabang ports are not as capable of effectively exporting/importing cargos and connecting the international maritime routes such as Singapore, Van Phong should attach special importance to the investment in the port operation area and cheap labor cost. Besides, material facilities are an influential factor on the port's export/import capacity. And, large shipping agents shall obviously take their interest in such factors upon the marine route selection.

The project of Van Phong international transit port with the total investment capital of more than USD 3.6 billion owned by the Vietnam National Shipping Lines Corporation is divided into 04 phases.

- The start phase: two berths with a total length of 690m are to be constructed upon the project. The port area is of 41.5 hectares. The port can accommodate container vessels with a capacity of up-to 9.000 TEUs, satisfying cargo throughput of 0.71 million TEUs/year. The two berths are scheduled to come into operation by 2013.
- The phase I (2015): the port can satisfy cargo throughput of 1.05 - 2.1 million TEUs/year. 04 berths for container vessels with a capacity of up-to 9.000 TEUs and 05 berths for cargo transit vessels are to be constructed upon the project. The total area of port is of about 118 - 125 hectares. The total length of berths is of 1.680 - 2.260m.
- The phase II (2020): the port can satisfy cargo throughput of 4.0 - 4.5 million TEUs/year. 08 berths for container vessels with a capacity of up-to 12.000 TEUs and 08 berths for cargo transit vessels are to be constructed upon the project. The total area of port is of 405 hectares. The total length of berths is of 4.450 - 5.170m.
- The potential phase: the port can satisfy cargo throughput of about 14.5 - 17 million TEUs/year. 25 berths for container vessels with a capacity of up-to 15.000 TEUs and 12 berths for cargo transit vessels are to be constructed upon the project. The total area of port is of 750 hectares. The total length of berths is of 11.880 - 12.590m. Also, an internal road system connecting the national network with a length of nearly 20 km is to be constructed at the port.

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(Translated by Portcoast)