

**THE STUDY ON THE
NATIONAL TRANSPORT DEVELOPMENT STRATEGY
IN THE SOCIALIST REPUBLIC OF VIETNAM
(VITRANSS)**

Final Report

MAIN TEXT

Volume 1

EXISTING CONDITIONS AND ISSUES

July 2000

**ALMEC CORPORATION
PACIFIC CONSULTANTS INTERNATIONAL**

PREFACE

In response to a request from the Government of the Socialist Republic of Vietnam, the Government of Japan decided to conduct the Study on the National Transport Development Strategy in Vietnam and entrusted the study to the Japan International Cooperation Agency (JICA).

JICA dispatched a study team headed by Dr. Shizuo Iwata of ALMEC between January 1999 and June 2000.

Besides, JICA established an Advisory Committee headed by Prof. Dr. Shigeru Morichi, University of Tokyo, to advise the Team technically.

The Study Team conducted the study with the Vietnam Counterpart Team and held a series of discussion with the officials concerned of the Government of Vietnam. After the Team returned back to Japan, further studies were made and then the report was finally completed.

I hope that this report will contribute transport sector in Vietnam.

I wish to express my sincere appreciation to the officials concerned of the Government of Vietnam for their close cooperation extended to the Study Team.

July 2000

Kimio Fujita
President
Japan International Cooperation Agency

July 2000

Mr. Kimio Fujita

President

JAPAN INTERNATIONAL COOPERATION AGENCY

Tokyo

Letter of Transmittal

Dear Sir,

We are pleased to formally submit herewith the final report of the “The Study on the National Transport Development Strategy in the Socialist Republic of Vietnam (VITRANSS) ”.

This report compiles the result of the Study which was undertaken both in the Vietnam and Japan from January 1999 to June 2000 by the Study Team, composed of ALMEC Corporation and Pacific Consultants International.

We owe a lot to many people for the accomplishment of this report. First, we would like to express our sincere appreciation and deep gratitude to all those who extended their kind assistance and cooperation to the Study Team, in particular the Ministry of Transport, the Transport Development and Strategy Institute and other government agencies of the Vietnam.

We also acknowledge the officials of your agency, the JICA Advisory Committee, and the Embassy of Japan in the Vietnam.

We wish the report would be able to continue significantly to Vietnam’s transport sector development.

Very truly yours,

A handwritten signature in black ink, appearing to be 'Shizuo Iwata', is written over a horizontal line. To the right of the signature is a vertical line.

Shizuo Iwata

Team Leader,

THE STUDY ON THE NATIONAL TRANSPORT DEVELOPMENT STRATEGY
IN THE SOCIALIST REPUBLIC OF VIETNAM (VITRANSS)

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GLOSSARY

ADB	Asian Development Bank
AFTA	ASEAN Free Trade Area
APEC	Asia Pacific Economic Cooperation Forum
ASEAN	Association of South East Asia Nations
ATN	Aids to Navigation
BOT	Building - Operate - Transfer
CAAV	Civil Aviation Authority of Vietnam
CEPT	Common Effective Reference Tariff
CIDA	Canadian International Development Assistance
CIENCO	Civil Engineering Construction Company
D/D	Detailed Design
DH	District Road
DT	Provincial Road
DWT	Dead Weight Tonnage
EIA	Environmental Impact Assessment
EIRR	Economic Internal Rate of Return
ESCAP	Economic and Social Cooperation for Asia-Pacific
EU	European Union
F/S	Feasibility Study
FDI	Foreign Direct Investment
GDMSC	General Department for Management of State Capital
GDP	Gross Domestic Product
GEMADEPT	General Forwarding and Agency Co., Ltd.
GMS	Greater Mekong Subregion
GRDP	Gross Regional Domestic Product
GSO	General Statistical Office
HCMC	Ho Chi Minh City
ICAO	International Civil Aviation Organization
ICD	Inland Container Depot
IMO	International Maritime Organization
JICA	Japan International Cooperation Agency
MFN	Most Favoured Nation
MOF	Ministry of Finance
MOT	Ministry of Transport
MPI	Ministry of Planning & Investment
NAFTA	North American Free Trade Area
NTSR	National Transport Sector Review

OD	Origin Destination
ODA	Official Development Assistance
OECF	Overseas Economic Cooperation Fund
PMO	Prime Minister's Office
PMU	Project Management Unit
PPC	Provincial People's Committee
PTA	Provincial Transport Authority
QL	National Road
RRMU	Regional Road Management Unit
SAPI	Special Assistance for Project Implementation
SCF	Standard Conversion Factor
SOE	State-owned Enterprise
TCEC	Transport Consulting Engineering Company
TDSI	Transport Development & Strategy Institute
TEDI	Transport Engineering & Design Incorporate
TESI	Transport Economic & Scientific Institute
UNDP	United Nations Development Program
VAC	Vietnam Airlines Corporation
VICT	Vietnam International Container Terminal
VINALINES	Vietnam National Shipping Lines
VINAMARINE	Vietnam National Maritime Bureau
VINASHIN	Vietnam Ship Industry Corporation
VISERITRANS	Vietnam Sea-river Transport Enterprise
VITRANSS	National Transport Development Strategy Study
VIWA	Vietnam Inland Waterways Administration
VMR	Vienam Maritime Register
VMSA	Vietnam Maritime Safety Agency
VND	Vietnam Dong
VR	Vietnam Railways
VRA	Vietnam Road Administration
VRU	Vietnam Railway Union
WTO	Word Trade Organization

1 INTRODUCTION

1.1 Background

The transport sector of Vietnam consists of the full range of transport modes: road, railway, inland waterway, coastal and sea-going shipping, and aviation, with the associated terminals. The transport sector grew significantly during the 1990s. Interprovincial traffic flow increased between 1992 and 1999 by factors of 2.1 for passengers and 2.9 times for goods. This was supported by the development of transport infrastructure during the 1990s and by partial transport deregulation. Development of the transport sector has been mainly aimed at rehabilitation and upgrading of roads, railway, inland waterways, ports, airports, as well as rural and urban transport. In addition to general reforms, the transport sector saw extensive commercialization. Various new services commenced such as container transport on road, rail and inland waterway, bonded transport, ICD operation, scheduled liner operation (even in coastal shipping), liberalized transit transport between Lao PDR, etc.

While transportation sector issues have become more complex, the basis for transport analysis and planning has remained weak. Hence, one of the principal objectives of the Study is to prepare a set of necessary databases for the analysis of the transport sector and for future planning. In this context, a series of transport surveys were conducted and existing studies and publications reviewed to delineate and assess current conditions facing Vietnam's transport sector and identify planning issues.

1.2 Purpose of the Report

Volume 1 of the Main Text contains the findings and results of the analysis on existing conditions and issues of Vietnam's transport sector, though further details are explained in separately prepared technical reports (unpublished). This Volume 1 report includes the following chapters:

Chapter 2: This chapter describes the characteristics of the study area with regard to natural and physical conditions, socio-economic profile covering population, GDP, employment, industry sector profile, trade, regional structure, and national transport network, among others.

Chapter 3: This chapter explains existing transport demand characteristics of passengers and goods. The analysis is based on a series of comprehensive traffic surveys conducted all over the country for the first time since NTSR in 1992. A comparative analysis with NTSR is also made.

Chapter 4: Subsector structure and performance are analyzed for road, railway, inland waterway, port and shipping, and air. Rural and cross-border transport was also highlighted. Each subsector is discussed with regard to administrative and institutional setting, infrastructure operation and management, traffic demand, industries etc. Key issues facing subsectors are also discussed.

Chapter 5: This chapter specifically looks into the aspects of transport institutions, in light of the increasing importance of the accelerated institutional improvement and capacity building of the transport sector in general and of each subsector in particular.

Appendices: Some supplementary data, such as details on passengers and goods movement, are included.