

Japan International Cooperation Agency (JICA)
Ministry of Transport, Socialist Republic of Vietnam (MOT)
Transport Development and Strategy Institute (TDSI)

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

**Technical Report No. 3
TRANSPORT COST AND
PRICING IN VIETNAM**

July 2000

**ALMEC CORPORATION
PACIFIC CONSULTANTS INTERNATIONAL**

PREFACE

During the period of the Study on the National Transport Development Strategy in Vietnam (VITRANSS), various technical papers have been prepared by different Study Team members in various occasions to facilitate the discussions with counterpart team, concerning subsector agencies and to document major findings and outputs produced in the process of the Study. These papers have been organized into a series of technical reports (See Table A below) which intend to provide more detailed background information for descriptions and discussions made on key study components and issues. These technical reports are working documents of the Study which, however, will be useful for further reference, by the counterpart team and related subsector agencies.

Table A
List of Technical Reports

No. 1	Transport Surveys and Database
No. 2	Main Commodities Analysis and Freight Transport
No. 3	Transport Cost and Pricing in Vietnam
No. 4	Transport Sector Institutions
No. 5	Road and Road Transport
No. 6	Railway
No. 7	Inland Waterway
No. 8	Port and Shipping
No. 9	Air Transport
No. 10	Rural Transport and Cross Border Transport
No. 11	Environment
No. 12	Transport Sector Funding

Technical Report No. 3

TRANSPORT COST AND PRICING IN VIETNAM

Table of Contents

	<u>Page</u>
1 INTRODUCTION	
1.1 Objective.....	1-1
1.2 Structure of the Technical Report	1-2
2 OFFICIAL TRANSPORT TARIFF AND USER CHARGES FOR TRANSPORT	
2.1 Road	2-1
2.2 Railway	2-7
2.3 Port and Shipping	2-12
2.4 Inland Waterway	2-18
2.5 Air	2-23
3 ACTUAL PASSENGER FARES AND FREIGHT CHARGES	
3.1 Passenger Transport	3-1
3.2 Cargo Transport	3-4
3.3 Comparison of Official Tariff and Actual Charges for Passenger and Cargo Transport	3-11
4 ANALYSIS OF OPERATING COST OF TRANSPORT SERVICES AND COST OF INFRASTRUCTURE	
4.1 Road	4-1
4.2 Railway	4-6
4.3 Coastal Shipping	4-10
4.4 Inland Waterway	4-14
4.5 Air	4-15
5 ANALYSIS OF TRANSPORT PRICING, COSTS AND SERVICE QUALITY	
5.1 Comparison of Transport Tariff, Actual Charges and Costs.....	5-1
5.2 Economic Transport Cost	5-8
5.3 Passengers and Cargo Time Cost	5-9
5.4 Service Quality of Existing Transport Service Based on VITRANSS Survey.	5-10
6 COUNTRY COMPARISON OF OFFICIAL TARIFF FOR TRANSPORT SERVICES AND USER CHARGES	
6.1 Passenger Transport.....	6-2
6.2 Cargo Transport.....	6-7
6.3 User Charges.....	6-15
7. CONCLUSION AND RECOMMENDATION	

APPENDICES

Appendix A	Types of Transport Fee and Charge.....	A-1
Appendix B	Maritime Charges.....	B-1
Appendix C	Transport Fees and Charges for Inland Waterway.....	C-1

LIST OF TABLES

Table 2.1.1	Official Road Tariff	2-3
Table 2.1.2	Import Duty on Road Vehicle and Fuel	2-4
Table 2.1.3	Other Taxes and Fees on Transport	2-5
Table 2.1.4	Road and Bridge Toll Fees for Bac Thang Long-Noi Bai Airport and Bridge Fee for Loung and Gie on National Highway No. 1	2-6
Table 2.1.5	Road Toll Fees	2-6
Table 2.2.1	Rail Fares Relative to Minimum Fare for Basic Service	2-7
Table 2.2.2	Basic Cargo Tariff for a Fully Loaded Wagon	2-8
Table 2.2.3	VNR Passenger Fares for Selected Sections	2-9
Table 2.2.4	Commodities and Transport Charge Levels on Vietnam Railway	2-10
Table 2.3.1	Port Tariff for International Vessels	2-14
Table 2.3.2	Port Charges for Domestic Vessels	2-16
Table 2.3.3	Cargo Handling Charge (Typical Cases)	2-17
Table 2.3.4	Container Handling Charge (Typical Cases)	2-18
Table 2.4.1	Cargo Transport Charge for River Class 1	2-19
Table 2.4.2	Inland Waterway Official Freight Charge	2-19
Table 2.4.3	River Port Tariff	2-20
Table 2.4.4	Cargo Handling Charge	2-22
Table 2.4.5	Cargo Groups	2-22
Table 2.4.6	Rules in Weight Conversion	2-23
Table 2.4.7	Container and Vehicle Handling Charge	2-23
Table 2.5.1	Domestic Fares	2-24
Table 2.5.2	Cargo Charges	2-25
Table 2.5.3	Landing Charges	2-25
Table 2.5.4	Air Navigation and Air Traffic Service Charges	2-26
Table 2.5.5	Parking Charge	2-26
Table 2.5.6	Passenger Service Charge	2-27
Table 2.5.7	Airfare on Domestic Business Class	2-27
Table 2.5.8	Airfare on Domestic Economy Class	2-27
Table 3.1.1	Inter-city Bus Fares to/from Hanoi and Ho Chi Minh City.....	3-1
Table 3.1.2	Passenger Boat Fares in Selected Routes	3-3
Table 3.2.1	Actual Domestic Cargo Freight by Road, 1999.....	3-5
Table 3.2.2	Actual Domestic Cargo Freight by Railway, 1999.....	3-5
Table 3.2.3	Actual Domestic Cargo Freight by Water, 1999	3-6
Table 3.2.4	Actual Unit Haulage Charge by Road, 1999.....	3-7
Table 3.2.5	Actual Unit Haulage Charge by Railway, 1999	3-7
Table 3.2.6	Actual Unit Haulage Charge by Water, 1999	3-7
Table 3.2.7	Transshipment and Port-related Charges, 1999.....	3-8
Table 3.2.8	Actual Domestic Container Transport Cost, 1999.....	3-8
Table 3.2.9	Tariff for Container Transport on Coastal Shipping	3-9
Table 3.2.10	Actual Railway Container Transport Rates, 1997	3-11
Table 3.2.10	Actual Transshipment Cost of Domestic Containers, 1999.....	3-11

Table 3.3.1	Route Distance Categories and the Average Passengr Fare in VND/km.....	3-12
Table 3.3.2	Analysis of Average Rail Fare	3-13
Table 3.3.3	Inland Waterways Fares - Conventional Boat and Express Boat, 19993-14	
Table 3.3.4	Inland Waterways Freight Charges	3-15
Table 3.3.5	Proportion of Other Roads' Tariff to Road 1 Tariff	3-17
Table 3.3.6	Relative Increase in Tariff for Succeeding Road Categories	3-18
Table 3.3.7	Analysis of the Ave. Quoted Trucking Rates by Forwarders, 1999	3-19
Table 3.3.8	Analysis of Cargo Tariff Relative to Distance and Type of Goods.....	3-20
Table 3.3.9	Average Rail Freight Rates Quoted by Freight Forwarders, 1999.....	3-21
Table 3.3.10	Average Shipping Freight Rates Quoted by Freight Forwarders, 19993-22	
Table 3.3.11	Minimum Air Freight, 1999	3-22
Table 3.3.12	Comparative Air Freight Rates per Kilo	3-23
Table 3.3.13	Comparative Analysis of Haulage Cost by Mode, 1999	3-24
Table 4.1.1	Economic VOCs on Pave Road	4-1
Table 4.1.2	Economic VOCs on Unpaved Road	4-2
Table 4.1.3	Operating Revenue and Expenditure of Selected Trucking SOEs, 1997	4-3
Table 4.1.4	Summary of Road Maintenance Requirements and Financing Services	4-3
Table 4.2.1	VR Operating Cost, 1998	4-6
Table 4.2.2	Income and Expenditure of VR	4-7
Table 4.2.3	Comparison of Railway Cost with VOC of Road Vehicles	4-9
Table 4.2.4	Infrastructure Maintenance (10 ⁹ VND)	4-9
Table 4.2.5	Infrastructure Investment (10 ⁹ VND).....	4-9
Table 4.2.6	Ideal Railway Operating Cost	4-10
Table 4.3.1	Assumptions in Calculating Vessel Operating Cost, 1999	4-10
Table 4.3.2	Vessel Operating Cost (Domestic), 1999	4-11
Table 4.3.3	Operating Revenue and Expenditure of Selected Shipping Companies, 1997	4-12
Table 4.3.4	Integrated Report of Business Plan of 1998	4-12
Table 4.3.5	Vinamarine Revenue and Expenditure	4-13
Table 4.3.6	Plan for Revenue and Expenditure of Maritime Safety Public Enterprise	4-13
Table 4.4.1	Riverboat Operating Cost, 1999	4-14
Table 4.4.2	Vietnam Inland Waterways Administration	4-15
Table 4.5.1	Estimate of Operating Costs per Pass-Km	4-16
Table 4.5.2	Flee Plan of Vietnam Airlines	4-16
Table 4.5.3	Hanoi-HCMC Route Cost Per Pass-Km	4-17

LIST OF FIGURES

Figure 2.1	Relative Difference in Vietnamese and Non Vietnamese Rail Fares	2-8
Figure 2.2	Cargo Freight for Inland Waterway Transport by Cargo Type	2-20
Figure 2.3	Economy Class and Business Class Fares	2-24
Figure 3.1	Route Distance Categories and Average Fare in VND/km	3-12

Figure 3.2	Relative Difference in Vietnamese and Non-Vietnamese Rail Fares ..	3-14
Figure 3.3	Inland Waterways Fares, 1999.....	3-15
Figure 3.4	Cargo Freight by Type of Good and Distance	3-15
Figure 3.5	Official Road Tariff by Road Type.....	3-17
Figure 3.6	Road Tariff by Distance and Type of Road	3-17
Figure 3.7	Actual Trucking Rates by Route as Quoted by Freight Forwarders	3-19
Figure 3.8	Trucking Freight Rates by Route, by Type of Forwarder, 1999.....	3-20
Figure 3.9	Cargo Tariff by Cargo Type	3-20
Figure 3.10	Actual Rail Freight Rates	3-21
Figure 3.11	Shipping Freight Rates, 1999	3-22
Figure 3.12	Minimum Air Freight Rates, 1999	3-23

Glossary

AIP	Annual Investment Plan
CAAV	Civil Aviation Administration of Vietnam
GOP	Government of the Philippines
GPC	Government Pricing Committee
GRT	Gross Registered Tonnage
IWB	Vietnam Inland Waterway Bureau (former name of VIWA)
LAD	Least Available Draft
MARINA	Maritime Industry Authority
MOT	Ministry of Transport
NM	Nautical Mile
ODA	Official Development Assistance
PAL	Philippine Airlines
PPA	Philippine Ports Authority
SOE	State-owned Enterprise
TDSI	Transport Development and Strategy Institute
UNDP	United Nations Development Program
VAC	Vietnam Airlines Corporation
VAT	Value Added Tax
VATM	Vietnam Air Traffic Management
VINALINES	Vietnam National Shipping Lines
VIWA	Vietnam Inland Waterway Authority
VOC	Vehicle Operating Cost
VR	Vietnam Railway

1 INTRODUCTION

1.1 Objectives

The Technical Report on Transport Cost and Pricing in Vietnam presents the official tariff of the Government for passenger and cargo transport, and user charges for transport infrastructure. Further, this also covers actual charges on transport services and actual operating costs and estimates of maintaining the infrastructure for each transport sub-sector. A comparative analysis of fares and freight rates in other countries such as the Philippines is likewise presented.

The objectives of this Report are to:

- (1) Provide a summary of the different official passenger and freight tariff for different transportation modes based on various Government Decrees, and compare these with actual charges of commercial transport operators and identify reasons for any variation.
- (2) Provide an estimate of the actual costs of providing transport services by both SOEs and private sector transport operators and the cost of infrastructure which the Government is mainly responsible at present.
- (3) Determine the extent of recovery of operating costs of transport services based on the current passenger fares and freight charges. For infrastructure, determine the charges that relate to the provision and maintenance of different transport infrastructure facilities.
- (4) Provide a comparative analysis of Vietnamese official transport tariff and user charges with transport tariff structure of other Asian countries.

1.2 Structure of the Technical Report

The report is organized in seven chapters, as follows:

- | | | |
|-----------|---|---|
| Chapter 1 | - | presents the objectives and coverage of the Report; |
| Chapter 2 | - | summarizes the Government official tariff for the transport of passengers and cargoes for road, inland waterway, coastal shipping and air as well as user charges for road, seaport, inland waterway, port and airport; |
| Chapter 3 | - | presents the actual passenger fares and freight charges for road, shipping and inland waterway transport; and a comparative analysis of official tariff with actual charges; |
| Chapter 4 | - | presents the parameters used in estimating operating costs of providing transport services by mode and estimates of present infrastructure costs; |

- Chapter 5 - a comparative analysis of pricing transport service and the costs of providing the service in Vietnam;
- Chapter 6 - a country comparison of official transport tariff and user charges between Vietnam, Philippines and other ASEAN countries for which data is available.
- Chapter 7 - Conclusion.

It is noted that estimates of operating cost of transport services and the maintenance cost of transport infrastructure are based on range of cost figures obtained from discussions with concerned government agencies, actual survey of transport operators and freight forwarders and “estimates” in previous transport sector project studies undertaken in recent years, such as:

- Study of Investment and Maintenance Strategy for National and Provincial Roads: Vietnam, July 1996 (ODA UK)
- Red River Waterways Project Vietnam, January 1998 (ADB)
- Transport Master Plan for the Central Region of Vietnam (French Government), September 1998
- Master Plan Study on the Coastal Shipping Rehabilitation and Development Project in Vietnam, JICA, March 1997
- Vietnam Moving Forward, Achievements and Challenges in the Transport Sector, World Bank, April 7, 1999.
- Master Plan Study on Transport Development in the Northern Part of Vietnam , JICA, June 1994
- Master Plan for Mekong Delta – Feasibility Study on Rehabilitation and Improvement of the Main Waterway in Mekong Delta, UNDP, May 1993
- Master Plan for Red River Delta, UNDP, June 1995
- Feasibility Studies on Rehabilitation and Improvement of the Railway in Vietnam, JICA, February 1996.
- The Study on the Port Development Plan in the Key Area of the Central Region in Vietnam, JICA, August 1998

It is noted that the analysis of transport cost and pricing for each mode faced several limitations as a result of the limited (and sometimes conflicting) data on costs of operations and infrastructure maintenance and capital expenditures based on the current management structure of the different sub-sectors (revenue sources and expenditures by type of account of each regulatory agency and SOEs are not available).

Thus, the cost estimates herein presented, particularly for transport infrastructure are based on “best” approximation of actual level of expenditures by government agencies concerned considering the current levels of service and existing physical condition of infrastructure facilities.

2 OFFICIAL TRANSPORT TARIFF AND USER CHARGES FOR TRANSPORT

The Government, in some sub-sectors and in various forms, still retains control of transport pricing by providing an official tariff for the following: (1) trucks' transport of goods in mountainous areas and payment by state budget funds; (2) Provincial People's Committees setting the maximum fares for inter-provincial routes; (3) railway fares and freight charges; (4) rail freight for food transported from South to North Vietnam and fertilizer from South to North Vietnam; (5) inland waterway passenger and cargo services; (6) airfares ; and (7) user charges (road, seaport, inland waterway port and airport).

Thus, for each sub-sector, the Government's official tariff is presented for passenger and cargo transport and user charges for infrastructure.

2.1 Road

2.1.1 Passenger Transport

The Central government does not set official passenger fare for inter-city bus services; it is the provinces that set the guidelines in determining inter-city bus fares. Following are the current practices in setting passenger tariff by provinces:

- The province sets a "guideline" for charging passengers by bus operators and this serves as the maximum fare. These guidelines differ by province according to the physical road conditions, other route characteristics (terrain type, surface condition, etc.) and service offered (e.g., air-conditioned or ordinary service).
- A bus operator who wants to provide service in a particular route is required to obtain "permission to operate" from the provinces in both ends of the route (origin and destination). In case he wants to stop en route to load/unload passengers in certain locations, he must seek another permission from these provinces.
- Prior to issuing a route license, the "origin" province and "destination" province normally negotiate to ensure both provinces mutually share the benefit from the service. It is noted that the amount paid to "intermediate" provinces is generally higher than the agreed rate (determined per passenger loading or seating capacity of bus).
- In 1999, the VRA has instructed the provinces to use the basic agreed tariff as a base to calculate the value added tax (VAT) to ensure uniform charging in transport operation.
- Further, a suitable fee level at the regions based on agreed fare levels on provincial levels is likewise decided. In the Northern Region, the agreed passenger fees (between transport operators, bus stations, VRA and MOT and Legal Department of Hanoi Public Transport Service) are: VND 145/ pass-km for ordinary bus and VND 170/ pass-km for bus with 30 seats or more.

2.1.2 Cargo Transport

Decision 36/VGCP – CNTDDV of 8 May 1997 by the Chairman of the Government Price Committee (GPC) provides the principles and procedures for calculating the cargo freight rate of trucks in the transport of goods for the following: (i) the State pays the transport charges with state funds; and/ or (ii) goods are transported in mountainous areas. A “guide” rate to calculate the freight tariff for trucking (hauling) is also provided by the GPC which may be used in any cargo tariff negotiation between the shipper and trucking company.

The cargo freight tariff is given on a per kilometer basis, for each of the five categories of roads (as per Ministry of Transport road classification) and for each of the three categories of goods, as follows:

- Category 1 - stone, sand, gravel, and earth.
- Category 2 - tile, food in bag, construction materials, timber, coal, ore, and metals. Category 2 tariff = Category 1 tariff plus 10%.
- Category 3 - food in bulk, cement, limestone, salt, fertilizer, gasoline and petroleum, insecticide, paper, medicines, health care equipment, seeds, machines and special equipment. Category 3 tariff = Category 1 plus 30%.

Further, the Decision provided general provisions to estimate the freight tariff based on the following parameters:

(1) Weight of the goods to be transported and freight rate.

- If the gross weight of the goods is less than 50% of the truck’s registered payload, the weight used to calculate the fare is 80% of the registered payload;
- If the gross weight of the goods falls between 50% and 90% of the truck’s registered payload, the weight used to calculate the freight tariff is 90% of the registered payload;
- If the gross weight of the goods is greater than 90% of the truck’s registered payload, the weight used to calculate the freight rate shall be the actual weight of the goods transported.

(Note: the minimum weight of the goods is thus set at 80% of the registered payload of the truck).

(2) Distances to calculate cargo freight charges:

- Actual distance traveled is used and is expressed in kilometer;
- In case several routes are selected for the transport of goods, the freight rate is calculated based on the shortest route, except when there is a prior agreement to take a longer distance but safer route;

- If the haulage distance covers different road categories, the freight rate is then equal to the sum of individual freight charges for each road category, which is multiplied by the distance traveled;
- Standard charges apply to Category 1 goods for each of the five road categories and for 41 haulage distance ranges. If the roads are classified as “very bad condition”, the hauling charge is based on Category 5 road tariff plus 20%.

Table 2.1.1 presents a sample of the road tariffs based on the tariff table of Decision 36/VGCP–CNTDDV.

Table 2.1.1
 Official Road Tariff

(VND/ton–km)

Hauling Distance	Road Categories				
	1	2	3	4	5
15	794	865	1,150	1,438	1,869
56 – 60	460	518	725	979	1,371
61- 70	453	510	714	967	1,354
91 - 100	438	493	692	938	1,314
101 and above	435	489	686	930	1,304

Source: Decision 36/VGCP – CNTDDV of May 8, 1997.

(3) Additional charges are also imposed which include:

- For a trip which includes a return (round-trip), a 10% discount is applied on the freight rate for the return trip;
- Cargo freight tariff excludes the costs of loading, unloading and handling. If the truck has its own crane, an additional 15% charge applies;
- If the distance is less than 3 km between the truck’s parking area and the customer’s cargo location, there is no additional charge. A “waiting” fee amounting to VND 15,000/ton is paid by all cargo vehicle types;
- Cargo freight rate of container transport is based on standard charges for goods under Category 3 and the weight used to calculate the freight charge is the container’s registered capacity.

Thus, both the pricing regulation reflecting “maximum fare and freight rate” which are set by the Provincial People’s Committees (PPCs) apparently are based on existing local and operational conditions and actual transportation expenses. If the PPCs see the need for tariff increase, they seek an approval from the GPC and provide a justification for proposed rate of increase over existing tariff.

2.1.3 Road User Charges and Other Road Transport Fees

The road user charges¹ herein summarized are contained in various Decisions of the Ministry of Transport, Ministry of Finance and the Government Pricing Committee. These charges may not be defined as road user charges in a strict sense, but to the extent they affect pricing of transport services, they are presented here.

¹ Road user charges as strictly defined includes only those that apply to road users and exclude those payments that are standard taxes that apply to all. However, the above table presents all taxes and fees that road users pay (which include those under general taxation).

Further, there are other fees that apply to owners of road vehicles such as vehicle registration fee, periodic vehicle inspection fee and permission (Special Operation Permits by VRA) for oversized vehicles for cargo transport. The general fees are described in **Appendix A**. The following tables present major road user charges (extracted from the April 1999 World Bank Transport Sector Report) and are updated to reflect new rates set by the Government:

Table 2.1.2
Import Duty on Road Vehicles and Fuel

Fuel	Percentage of CIF Border Price					
	FBU	SKD	CKD1	CKD 2		IKD
Gasoline		55				
Diesel (all types)		25			Reduced to 5% in January 2000	
Fuel oil		0				
Kerosene		20			Reduced to 5% in January 2000	
Other types of petrol		15-20%				
Others (aviation, etc.)		20				
	FBU	SKD	CKD1	CKD 2		IKD
Passenger Vehicles						
> 24 seats	50	40	12	6		3
15 – 24 seats	55	40	25	10		7
5 -15 seats	55	45	40	20		5
< 5 seats	55	50	50	30		5
Trucks						
> 20 tons	5	20	8	4		2
5 – 20 tons	30	40	16	8		4
< 5 tons	60					
Tank and Reefer Vehicles	10					
2 & 3-wheeled Vehicles						
Sport Bicycles	5					
Others	70					
Motorcycles	60		50	45		IKD 1: 30 IKD 2: 15 IKD 3:10
Spare parts			5 – 55% depending on level of assembly			

Source: Ministry of Finance; Decision 1233/TC/TCT – QD 0 December 1995 and 280/TCT QD 28 May 1994.

The Government through the General Tax Collection Office collect other taxes and fees from different road users as shown in Table 2.1.3 below:

Table 2.1.3
Other Taxes and Fees on Transport

Tax	Basis	Rate
Value Added Tax ²	Transportation and loading/unloading services; Exempted are equipment, machinery and specialized transport not manufactured in the country.	10% of revenues (turnover)
Property Transfer Tax (Circular 778/TC)	Buying, Selling, Exchanges, or Gift Inheritance	3% of Value 5% of Value
Transport Fee on fuel (Decree No.186-CP amended in 1997)	Petrol, diesel importers and processors.	Petrol: VND 300/ liter Diesel: VND 300/ liter
	For Vietnamese (VND)	For Foreigner (US\$)
Vehicle Ownership Registration with:		
4 or more wheels	150,000	40
2 or 3 wheels	50,000	15
Semi tractor	100,000	30
Reissuing Certificate	50,000	15
Periodic technical Safety Inspection (Decision 01/VGCP, 8 February 1996)		
Trucks		
GW > 10 tons.	200,000	35
GW 5 – 10 tons.	180,000	35
GW < 5 tons.	170,000	30
Buses		
Passenger bus > 40 seats.	200,000	35
Passenger bus 10 - 40 seats.	180,000	35
Passenger bus 6 – 9 seats.	150,000	30
Passenger bus < 6 seats.	120,000	30
Small trucks, tractor and similar vehicles	100,000	
Lambro, Motorcycle	50,000	
Driver's License		
Motorcycles >70 cm ³	107,000	
Comprising Training	50,000	
Testing	50,000	
Documents	7,000	
Truck, Bus (9 months for training)	1,900,000	
Cars, Tourist car (6 months for training)	1,000,000	
Lambro, Tractor (3 months for training)	500,000	

Source: Government Pricing Committee; Ministry of Finance.

Further, existing tolls on roads are similar for each type of vehicle, as shown in Table 2.1.4 and Table 2.1.5 below. For Bac Thang Long-Noi Bai Airport the toll is for the use of the road and the bridge and is double the toll charged for the use of Luong bridge.

² VAT under Decree No. 28/1998/ND-CP of May 11, 1998 of the Government for the implementation of the Law on Value Added Tax. VAT replaced the transport business taxes for transport services (Decision 470, 10 September 1991).

Table 2.1.4
Road and Bridge Toll Fees for Bac Thang Long-Noi Bai Airport and Bridge Fee for Luong, Met and Gie on National Highway No.1

Vehicle Type	Bac Thang Long-Noi Bai Airport Highway (Including Thang Long Bridge and Bac Thang Long – Noi Bai Airport Highway) (Decision No. 3043/QD – DBVN, 14 November 1996)	Bridge Fee for Luong, Met and Gie on National Highway No.1 (Decision 3043/QD TCKT, 14 November 1996)
Trucks	VND / one way	
Gross Weight < 4 tons	20,000	10,000
Gross Weight 4 – 10 tons	24,000	12,000
Gross Weight over 10 tons	36,000	18,000
Buses		
Passenger buses		
Tourist bus < 12 seats	12,000	6,000
12 – 30 seats	20,000	10,000
> 30 seats	24,000	12,000
Urban Bus	8,000	4,000
Small Vehicles		
Car	12,000	6,000
Lambro, Tractor	5,000	2,500
Others, Motor Vehicles	1,000	500
Motor vehicle of State Employee, and Student	VND 10,000 /Month	5,000

Toll fees charged to road vehicles are based on the following: (1) distance of the toll highway and (2) type of vehicle. Smaller vehicles such as cars which do not cause much damage to the roads are charge lower, while heavy vehicles such as trucks (carrying 4-10 tons and more) are charged double.

Table 2.1.5
Road Toll Fees

Vehicle Type	From Km 14 to Km 78 of National Highway No.6 (Decision 4559/1997/Qd BGTVT, 28 November 1997)	Fee of Binh Bridge and National Highway No. 183 (Decision No. 4739/1997/QD/BGTVT, December 17,1997)	Phu Ly to Nam Dinh Section (~ 30 km) of National Highway No. 21 (Decision No 13/1998/ QD-BGTVT, 21 January 1998)
Motorcycle	VND 1,000 / each way	VND 1,000 / each way	VND 1,000 / each way
Monthly fare for state employee and school student	VND 10,000 / month	VND 10,000 / Month	VND10,000/ Month
Lambro, Tractor	4,000	4,000	4,000
Car	7,000	7,000	7,000
Buses			
< 12 seats	10,000	10,000	10,000
12- 30 seats	15,000	15,000	15,000
30 – 49 seats	20,000	20,000	20,000
> 50seats	25,000	25,000	25,000
Urban Bus	10,000	-	10,000
Trucks			
Gross Weight < 4 tons	15,000	15,000	15,000
Gross Weight 4–10 tons	20,000	20,000	20,000
Gross Weight 10–15 tons	30,000	30,000	30,000
Gross Weight > 15 tons	50,000	50,000	50,000
Container Vehicle of 20 feet	60,000	60,000	60,000
Container Vehicle of 40 feet	100,000	100,000	100,000

2.2 Railway

2.2.1 Passenger Transport

Vietnam Railway (VR) sets the passenger tariff but still subject to government approval. There is no fare setting formula provided but the calculation of rail fare considers the type of train, seat and nationality (Vietnamese or foreigner). Total fare for a specific route is equivalent to the sum of unit fare per km, according to type of train and seat, multiplied by travel distance plus an insurance premium. It is noted that fare per pass-km decreases gradually as the travel distance increases. Student fares are discounted – or are currently subsidized by the government. There is a fare schedule (all-inclusive fare) displayed in each station by train type and destination.

On 11 November 1998, based on Decision No. 1039 CV/KHDT, Vietnam Railways implemented an increase in passenger fare on the Hanoi-Ho Chi Minh City passenger trains and LH 2/3 and the fares are summarized in Table 2.2.1. Other charges include:

- A baggage tariff of VND 55 per 100 kg-km is charged for Vietnamese passengers and VND 100/100 kg-km for non-Vietnamese passengers.
- Grapes are charged VND 60/100kg-km.
- Insurance for Vietnamese passengers is VND 200 and VND 11,000 for non-Vietnamese.

It is noted that based on the rail fare table, the difference in the fare between Vietnamese and non-Vietnamese becomes larger as the service quality becomes higher. In the case of S1/2 train, the difference is 1.87 times for “hard seat”, 1.92 times for “soft seat”, 2.24 times for “soft seat air-conditioned” and 2.48 times for “soft sleeper air-conditioned” (excluding insurance).

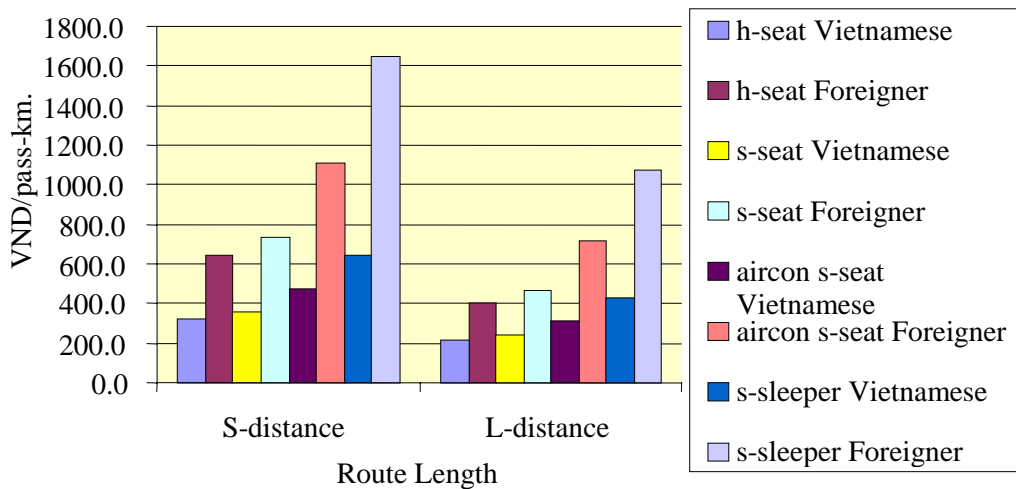
This fare structure implies a minimum fare is charged for “basic” service standard (hard seat) and an incremental amount per km is applied with an increase in service quality. This is shown in Table 2.2.1, for S1/2 train, there is a relative increase in the fare per pass-km relative to “basic service (hard seat)” fare.

Table 2.2.1
 Rail Fares Relative to Minimum Fare for Basic Service

Service Quality – S ½ train	Relative to price of lowest service (hard seat)	
	Vietnamese	Foreigner
Hard seat	1.0	1.0
Soft seat	1.1x	1.1x
Soft seat, aircon	1.5x	1.7x
Soft sleeper, aircon	2.0x	2.6x
Service Quality – S ½ train	Foreigner Fare relative to Vietnamese Fare	
Hard seat	1.9x	
Soft seat	2.0x	
Soft seat, aircon	2.3x	
Soft sleeper, aircon	2.5x	

Thus, the fare charged for highest service (soft-sleeper) is double the fare for basic (lowest) service in the case of Vietnamese passengers; however, non-Vietnamese, even pay much more which is 2.6x the fare for lowest service (hard seat). To start with, the lowest service fare of non-Vietnamese is already 1.9x the current Vietnamese fare for lowest service. Thus, such differential rates between and non-Vietnamese implies a cross-subsidization of Vietnamese passenger services by non-Vietnamese passengers. This is illustrated in Figure 2.2.1 below for short-distance and long-distance trips.

Figure 2.2.1 Relative Difference in Vietnamese and Non-Vietnamese Rail Fares



2.2.2 Cargo Transport

Based on Decision No. 26 QD/KHDT, dated 14 January 1999 the cargo tariff of VR was amended to apply value-added tax (VAT). The basic cargo tariff of VR is calculated on the basis of a fully loaded wagon (effective since 1995) and includes VAT, as shown in Table 2.2.2 below.

Table 2.2.2
 Basic Cargo Tariff for A Fully Loaded Wagon

Charge level	Unit: VND/ton-km			
	1-100 km	101 – 700 km	701–1,300 km	≥ 1,301 km
1	270	210	195	180
2	310	250	235	220
3	350	290	275	260

Source: Decision No. QD/KHDT (Jan. 1999)

Other considerations in calculating rail freight charges include:

- VR applies differential rates according to the type of goods transported (refer to Table 2.2.3);
- A minimum transport distance of 30 km. is used;
- Charges are rounded off to the nearest VND thousand;
- Total charge is the sum of the charges per section;

- Charge for fast freight train (e.g., HBN ½) is 1.05 times higher than ordinary trains;
- A discount of 10% is applied if the wagon used does not belong to VR;
- Excess cargoes (i.e., more than the standard wagon capacity) are charged 30% higher than the rate;
- “Long” cargoes which are loaded in two wagons are charged based on the actual weight but must not be lower than 50% of the wagon’s technical weight;
- Oversized cargoes are charged 1.3 times more than charge level 1, 1.5 times more than charge level 2 and 2.0 times more than charge level 3;
- Cargoes which are transported by HBN head wagon are charged VND 125/ ton km.; and
- Cargoes which are transported by passenger trains or mixed trains are charged 1.2 times more than the regular rate.

Further, for freight transport in Union 1, an increase in the freight charge is applied particularly for “difficult sections” such as:

- Bac Hong-Lao Cai section (incl. Pho Lu-Pom Han): an additional VND 50/ ton-km is applied to current charge.
- Dong-Mo-Dong Dang section (incl. Yen Trach-Na Duong): an additional VND 270/ ton-km is applied to the charge.
- For cargoes transported over very short distances (if ≤ 50 km): an additional VND 80/ ton-km is applied to the charge.

For transport of break-bulk cargo, tariff is equivalent to 1.5 times the charge for fully loaded wagon and for the transport of containers, a uniform tariff is charged which is regardless of the type of wagon and cargo:

- For 20-foot containers: based on actual weight but not under 15 tons;
- For 40-foot containers: based on actual weight but not under 25 tons;
- For empty containers: 30% of full container charge (there is no charge for VR-owned containers).

Table 2.2.3
VNR Passenger Fares for Selected Sections

(Unit: VND 000)

Train	Seat type	Hanoi – Vinh 319 km	Hanoi - Danang 791 km	Hanoi- Nha Trang 1438 km	Hanoi- Saigon 1726 km	Danang - Saigon 935 km	Vinh – Danang 472 km	Unit fare per Passenger – Km ₂)
S1/2	Hard seat	68 (139)	169 (327)	308 (586)	370 (701)	200 (385)	101 (200)	0.214 (0.400)
	Soft seat	77 (158)	190 (375)	345 (672)	414 (805)	225 (441)	113 (228)	0.240 (0.460)
	Soft seat air-con'd	101 (237)	250 (571)	455 (1029)	546 (1233)	296 (673)	149 (345)	0.316 (0708)
S3/4	Soft sleeper air-con'd	138 (352)	341 (856)	620 (1547)	744 (1854)	403 (1010)	204 (515)	0.431 (1.068)
	Hard seat	60 (128)	150 (301)	272 (537)	326 (643)	177 (353)	89 (184)	0.189 (0.366)
	Soft seat	68 (139)	169 (327)	308 (586)	370 (701)	200 (385)	101 (200)	0.214 (0.400)
	Soft seat air air-con'd	86 (217)	213 (522)	387 (940)	464 (1126)	252 (615)	127 (316)	0.269 (0.646)

Train	Seat type	Hanoi – Vinh 319 km	Hanoi - Danang 791 km	Hanoi- Nha Trang 1438 km	Hanoi- Saigon 1726 km	Danang - Saigon 935 km	Vinh – Danang 472 km	Unit fare per Passenger – Km ₂)
S5/6 ¹⁾	Soft sleeper air-con'd	128 (328)	317 (797)	575 (1440)	691 (1727)	374 (940)	189 (480)	0.400 (0.994)
	Hard seat	54 (119)	135 (278)	245 (497)	294 (594)	159 (327)	80 (171)	0.170 (0.338)
	Soft seat	65 (128)	161 (301)	292 (537)	351 (643)	190 (353)	96 (184)	0.203 (0.366)
	Soft seat air-con'd	75 (197)	185 (473)	337 (851)	404 (1019)	219 (557)	111 (287)	0.234 (0.584)
	Soft sleeper Air-cond.	120 (319)	298 (775)	541 (1400)	649 (1678)	352 (914)	178 (467)	0.376 (0.956)
LH2/3	Hard seat	-	-	-	-	159 (327)	-	0.170 (0.338)
	Soft seat	-	-	-	-	190 (353)	-	0.203 (0.366)
	Soft seat air-con'd	-	-	-	-	219 (557)	-	0.234 (0.584)
	Soft sleeper air-con'd	-	-	-	-	352 (914)	-	0.376 (0.956)
DN ½	Hard seat	60 (128)	150 (301)	-	-	-	89 (184)	0.189 (0.366)
	Soft seat	68 (139)	169 (327)	-	-	-	101 (200)	0.214 (0.400)
	Soft seat air-con'd	86 (217)	213 (522)	-	-	-	127 (316)	0.269 (0.646)
	Soft sleeper air-con'd	128 (328)	317 (797)	-	-	-	189 (480)	0.400 (0.994)

Source: Decision No. 1039 CV/KHDT

Note: 1) same as S7/8, S9/10, S11/12 and S13/14

2) Excluding insurance. Figures in parentheses for non – Vietnamese passengers.

Table 2.2.4
Commodities and Transport Charge Levels on Vietnam Railway

Ordinal	Commodities	Charge Level
	Coal	
1.	Peat coal, fat coal, coal-dust, coal cinder	1
2.	Treatment-coal, coke-coal, charcoal, coal, briquette, Na Duong coal	2
	Petrol, oil, grease, and gas	
1	Crude oil	2
2	Kinds of grease, lubricant, mazut, FO	2
3	Kinds of petrol, kerosene, flammable gas contained in specialized bottle	3
	Ore	
1	Cromite, manganese, iron, tin, other metal, origin-apatit	1
2	Apatit, plaster, feldspar, sandstone, penpat, chosen ores	2
	Metal, machine, tools	
1	Petty metal (praise, planes and petty wastes)	1
2	Rolling means on railway (rolling stocks, cars, wagons, rail-car)	1
3	Masts, pipes (made of iron, reinforced concrete and other material)	2
4	Waste iron and steel (rail, switch, bridge beam, house beam, steel sleeper, supplemental materials of railway, road, types of pipes, the body of machines, equipment and other spare parts)	2
5	Black metal, non-black metal (bare thread, covered thread, bar, stick, panel)	2
6	Rail and switch	2
7	Kinds of tool, primitive tools, spare parts of machine, equipment, accumulator, battery, electric soldering stick, other types of metal	2
8	Types of beam, house beam, crane beam, frame, body of machine, equipment, metal boxes, containers and railway's supplemental materials	2
9	Types of construction machine, geologic machine (digging machines, bulldozer, tractors, pressers, hydraulic pressers, cranes, driving machines, beam machines, geologic drilling machines, geodetic machines, windlasses and halberds and, etc.)	2
10	Body and axle of wheel, accessory (means of transport, construction machines, geodetic machines, other transport machines, and primitive means of transport...)	2
11	Mechanical machines (Lathe, praise, planer, calender, cutting machine, drilling machine, mechanical pumps, dynamo, electromotor, electric generators, internal combustion engines, ordinary machines and portable machine, machine-hammers...)	2
12	Military goods (all kinds of guns and ammunition, tanks, armored car, planes, specialized car using in military goods)	2

Ordinal	Commodities	Charge Level
13	Exact machines and equipment (measurable machine, measurable speed machine, pressure gauge, thermometer, measurable electric machine, camera, film-projector, transmitters, optical machines, X-ray machine, computer, printer, typewriter, photocopier, musical instrument, medical instrument and other exact machines...)	3
14	Means of transport (motorbike, car, plane, canoe, barge, folk-lift truck)	3
15	Household machines and appliances (sewing machines, washing machines, television, air-conditioning, fridge, vacuum machines, power-loom radio, cassette-player, video, hi-fi, drier, heater, electric cooker, electric cooking-stove, gas-stove and clock)	3
	Chemicals	
1	Acid contained in boxes, cans and bottles	1
2	Insecticide, dye, tanned medicine, soaked medicine against rotteness, medicine against termite and wood-borer, sodium hydroxides sulphur and other medicals...	2
3	Acid transported by specialized wagons	2
4	Rubber, process product and rubber goods, tar, paints, medicine against rust, metal polish, wooden polish, glass polish, and plastics...	2
	Fertilizer	
1	Urea, potassium, phosphate, nitrogenous, microorganic fertilizer and others...	2
	Cement	
1	Clinker	2
2	Bulk and bagged cement	2
	Soil, stones, sand and pebbles	
1	Sand, pebbles, macadam, stone just-quarried and other stones...	1
2	Stone-dust, soft and color powder	2
3	Split stone, saw-stone, ashlar facing stone,...	2
	Lime, brick, tile, and glass	
1	All kinds of brick, petty brick and tile, petty glass and porcelain	1
2	Fire-brick, all kinds of tile, lime, oil paper, fibro cement	2
3	Enameled tile, tile, decorated tile, glass, other kinds of glass using in means of transport, machines and equipment..., high grade construction materials made of pottery, porcelain and other materials	2
	Wood and wooden materials	
1	Timber branch, fire wood	1
2	Wood propping mines and concrete frames	2
3	Rough timber, wooden sleepers, wooden products (timber, planks, wooden bars)	2
4	All kinds of veneer logs, pomica, the kinds of wooden frame and door.	2
	Agricultural and forestry products	
1	Rice stubble, straw, fresh grass, dry grass, shell of arca, snail and corbicula and tree-skin, pericarp, root, trunk, (except jute and ramie)	1
2	Bamboo, small and strong reed, thornless bamboo, tinctorial yam, fresh bamboo shoot, fresh tea, betel leaf, strobil leaf, palm leaf, phrynum leaf and rattan	2
3	Rubber sap	2
4	Soapberry, Australian locust, fruits, fresh root, sugar-cane, pea-nut, ground nut, sesame, beans, tobacco leaf, dry bamboo shoot, poultry, cattle, (buffalo, ox, pig, chicken, duck, goose,) hide, tan...	2
5	Coffee nut, breeding tree, breeding bamboo frame, seeding and other agricultural seeds	2
6	Coffee powder, fresh areca, dry areca, dry tea, pepper, cashew nut, lotus seed, sesame-finished agricultural and forestry products	3
7	Cinnamon, Chinese-anise, lac, aquilavia, stag's horn, deer's horn, buffalo and ox's horn, rhinoceros's horn, alive animals, ivory, bone, feather	3
8	Modern medicine, traditional medicine, Chinese medical herbs	3
	Food	
1	Paddy, rice, maize, potato, manioc, grain, power food, and bagged food...	2
	Foodstuff	
1	Salt, industrial salt, residue of tofu, wine, trunk, water and ice	1
2	Vegetables, tomato, pea, cabbage...	1
3	Sugar cane's honey, meat, fresh fish and shrimp, frozen and dry foodstuff, eggs,...	2
4	Fish sauce, soya bean sauce, mari contained in box, can, and bottle	2
5	Refreshments contained in tank, can and bottle, sugar, vegetable oil, sodium glutamate,	2
6	Fish sauce, soya-bean sauce, mari transported by specialized car	3
7	Confectionery milk, canned food stuff, canned fruits	3
8	Animal oil, glutamate, wine, beer, alcohol, salaugane mushroom, ear-wood, rare forest- animal and sea product	3
	Cotton, fiber and knit materials	
1	Cotton	2
2	Fibers, knitting fiber (silk, jute, ramie...)	2
3	Silk, woolen, artificial feature	3
	General cargo	

Ordinal	Commodities	Charge Level
1	Bottle, gas tank, plastic casts	1
2	Waste paper	2
3	Raincoat, canvas, nylon bag, mixed can bubble house, plastic and soft material	2
4	Products of wood, bamboo, rattan, leaf and rush such as wardrobe, table, chair, baskets...	2
5	Blankets and mattress	2
6	Pillow, pillowcase, table and bed sheet, textile product, glove, needle, knitting, hat...	2
7	Mat, carpet, string, rope and other	2
8	Sport gears	2
9	Stationary, paper, book, newspaper, glasses, pen, fake gold, candle...	2
10	Detergent, toothpaste, shampoo, shoes, sandals, matches, fire-stone, light, notebook...	2
11	Sauce pan, basket, jar, glass, bottle and other metal, plastic products...	2
12	Lamp, vacuum flask and other electric appliances...	
13	Products of porcelain, pottery and glass	2
14	Woolen blanket, suitcase, bag, handbag, belt, other other high-grade household appliances	3
15	Cigarette, cigarette packet.	3
16	Antique, crystal	
17	High-grade wooden products (wardrobe, bed, table, salon...)	3
18	Fine art ware, jewelry...	3
19	Sculptured, carved, lacquer wares	3
20	High-grade textile products (clothes, woolen products...)	
21	High-grade cosmetic (shampoo, comb, mirror, lip-stick, perfume...)	3
	Other items	
1	Containers loaded with goods	1
2	Ornamental tree, bird, fish, animals and flowers	3
3	Remaining	3
4	Statues	3
5	Currency, money-equal value cards	3

Source: Decision No. QD/KHDT (Jan. 1999)

2.3 Port and Shipping

Vietnam port charges are controlled by the Government according to general regulations on sea port charges and fees based on Decisions No. 127, 128, 129/VGCP-CNTD.DV dated October 28, 1997 by the Government Pricing Committee. It was noted that the seaport charges and fees are calculated following ESCAP's prescribed procedure for charging and adjusted based on actual conditions in Vietnam.

It is the policy of the Government "to protect and encourage the development of Vietnam vessel fleet", which is a similar practice in other countries. Thus, there are different charges set for foreign and domestic vessels. The reasons for that policy is to make the port costs cheaper for Vietnamese vessels in order that transport costs will be low and thus make domestic vessels competitive (since port costs normally account for about 20 to 25 percent of the vessel operating costs). Further, domestic and foreign cargoes are likewise charged different rates in order "to make locally produced goods competitive."

It is noted that the State no longer sets the transport tariff and maritime service tariffs for passengers, cargoes and luggage. The enterprises are free to set tariffs depending on market forces – i.e. supply and demand in the maritime transport sector. However, foreign liner vessels which unload goods in Vietnam sea ports, "a floor price" is set and these vessels must request permission from VINAMARINE to operate on certain routes.

2.3.1 Port Tariff (Import/Export)

The Government Pricing Committee sets the port tariff for both international trade (import/ export) and domestic trade. Decision No. 127/VGCP – CNTD.DV dated 28 October 1997 sets forth the port tariffs for international cargo vessels as presented in Table 2.2.6. The port charges are collected by the port authorities in the different ports and the fees normally are distributed according to the purpose for which the fee is intended.

Following are the general working conditions prevailing in the port:

- Daily working hours: 07:00 – 17:00 (weekdays)
- Overtime charge is applied if the operations are outside the normal working hours and the charge depends on certain considerations:
 - (1) 05:00-07:00 and 17:00 - 22:00 - 20% increase
 - (2) 22:00-05:00 - 40%
 - (3) Sundays, holidays and New Year - 50%
(January 1, April 4, May 1, September 2 and 1st, 2nd, 3rd days of Lunar New Year)
- Zoning of ports
 - (1) 1st Zone – lat. 20°N northwards (Northern Region)
 - (2) 2nd Zone – between 20°N and 11.5°N (Central Region)
 - (3) 3rd Zone – lat. 11.5° N southwards (Southern Region)
- GRT (Gross Registered Tonnage):
 - (1) Oil tanker – 85%
 - (2) Passenger vessel– 50%

The port tariff for international vessels is paid in US dollar and there are discounts given based on the regularity or frequency of call at the port by the vessel.

Table 2.3.1
 Port Tariff for International Vessels

Port Charges		Basis/ Unit Rate (in US\$)	
(1) Tonnage Fee – the fee is used for dredging the channels			
In - US \$ 0.1 x GRT			
Out - US \$ 0.1 x GRT			
- For the second Vietnamese port and onward , the rates are discounted at US\$ 0.05 x GRT.			
- If a carrier ship calls the same port for more than 8x in a month, a discount of 50% discount is applied on the tonnage fee on the 9th call.			
- Discounts are given for partial loading/unloading, repair calls, fuel, etc.			
(2) Maritime Safety Fee			
For 1st and 3rd zones:			
In - US\$ 0.282 x GRT			
Out - US\$ 0.282 x GRT			
For 2 nd zone:			
In - US\$ 0.209 x GRT			
Out - US\$ 0.209 x GRT			
The fee is intended for the maintenance of seaway including maintenance of navigational aids. Discounted by 50% under similar conditions for tonnage fee.			
(3) Pilotage Fee			
Distance (NM)	US\$/ GRT/ NM	Minimum fee (US\$)	
Within 10 NM	0.0032	100	
Within 30 NM	0.003	120	
Within 60 NM	0.00276	150	
Within 60 NM	0.00232	170	
(4) Towing Fee			
HP of Tugboat	Rate (US\$ x HP x hours)		
≤ 500	US\$ 0.34 x HP x hours		
501 – 1000	US\$ 170 + US \$ 0.26 x (HP – 500) x hours		
1001 –1500	US\$ 300 + US \$ 0.15 x (HP – 1000) x hours		
≥ 1501	US\$ 375 + US \$ 0.05 x (HP – 1500) x hours		
Tug usage starts from the time the tugboat leaves its berth and ends with its return to berth. Minimum tug usage is one hour. If the tugboat waits at the requested position, 50% of the fee is charged for waiting time.			
If it has to return to its berth, 50% is also charged for actual operating time. If the ship is equipped with bow thrusters, 30% is charged.			
(5) Mooring/Unmooring Fee			
GRT of Ship	At Buoy	At Berth	
≤500	US \$ 30	US \$ 10	
501 – 1000	50	17	
1001 – 4000	83	33	
4001 – 10000	116	50	
10001 - 15000	132	66	
15001	149	83	
(6) Berthing/ Dockage Fees			
Basis:	Berthing	After Leaving Notice	
At Berth	US\$ 0.0035/GRT – hour	US\$ 0.0060/GRT – hour	
At Buoy	0.0012	0.0026	
At Bay	0.0006	-	
(7) Procedure Charge			
600 GRT or below		US\$/ call	
		20	
601-1000 GRT		50	
1001 GRT or above		100	

Port Charges	Basis/ Unit Rate (in US\$)	
(8) Wharfage Fee : cargo and passenger		
Cargo:		
At Berth	US\$ 0.30/ton	
At Buoy/ Bay	US\$ 0.15/ton	
For self-driven equipt. eg.forklift and crane	US\$ 3/unit	
For passenger vehicles of 15 seats or less and cargo vehicles of 2.5 tons or less	US\$ 2/unit	
For other vehicles	US\$ 1/unit	
For liquid cargo	US\$ 1/unit	
Passenger:		
Incoming	US\$ 2/person	
Outgoing	US\$ 2/person	
Tourists travelling to islands by water transport	US\$ 1.5/person	
(9) Charge for Opening and Closing Hatch Covers		
Ship's GRT	Simple Opening/ Closing	Including Removing/ Fixing Beams/ Partitions
≤5000	US\$6.50/time	US\$13.00/time
5001 – 10000	11.5	23
Above 10001	18	36.5
The above rates apply if ship crane is used. If port crane is used, an additional 50% applies.		
(10) Charge for Cleaning Cargo Hold (after unloading)		
Ship's GRT	General Cargo	Dangerous cargo
≤5000	US\$33 for cleaning	US\$53 for cleaning
5001 – 10000	41	83
Above 10001	56	116
If the cargo hold has several layers, each layer is considered one cargo hold. The ships provides the cleaning tools, materials and water.		
(11) Charge for Cleaning Deck		
Using water of the vessel	US\$0.17/m ²	
Using water of the port	US\$0.20/m ²	
Minimum charge	US\$50	
(12) Garbage Removal		
Cargo Vessel:		
At Berth	US\$20	
At Buoy/ Bay	US\$50	
Garbage is removed every two days. For ships ≤200 GRT, garbage removal is done every three days at a cost of US\$ 4 at berth or US\$ 8 at buoy and bay.		
Passenger Vessel:		
At Berth	US\$1/ person	
At Buoy/ Bay	US\$1.30 / person	
(13) Water Supply Charge		
At Berth	US\$2.50/m ³	
At Buoy/ Bay	US\$3.50/m ³	
(14)Cargo Tallying Fee		
Bagged, break bulk cargoes &plank	US\$0.25 / ton	
Metal, steel and iron	US\$0.35 / ton	
Frozen cargo	US\$0.50 / ton	
Others	US\$0.50 / ton	
Means of Transport: Barge	US\$1.50 / unit	
Vehicle, wagon, etc.	US\$4.00 / unit	
(15) Storage Fee		
General Cargo (except container)		
At warehouse	US\$ 0.20/ton-day	
At yard	US\$ 0.10/ton-day	
For vehicles, cranes, etc.	US\$ 4.00/ton-day	
Dangerous cargo	Surcharge of 50% is applied.	

Port Charges	Basis/ Unit Rate (in US\$)
(16) Container (at port)	
Dry container	
- 20" and less	US\$ 2.00/day (stuffed), US\$1/day (empty)
-40"	US\$ 3.00/day (stuffed), US\$1.50/day (empty)
-over 40"	US\$ 4.50/day (stuffed), US\$2.30/day (empty)
Container unloaded from ship is charged from the 6 th day and other container from the 4 th day.	
Reefer container – the fee includes the use of power and other service charges.	
- 20"	US\$ 22.00/day or US\$1.10/hour
-40"	US\$ 40.00/day or US\$1.60/hour
In ports of the 2 nd zone, the container storage fee is discounted by 20%.	
(17) Other	
-	Water transport charge in port
-	Charge for hiring labor
-	Charge for hiring various equipment
-	Charge for occupying berth (not for handling cargo)
-	Charge for repairing package of cargo

2.3.2 Port Tariff (Domestic)

Decision No. 128/VFCP – CNTD.DV dated 28 October 1997 provides the port tariff for domestic cargo vessels and stipulates the method of calculating port tariff for special cases, supplementing Decision No. 128.

The general port conditions are as follows:

- Daily working hours: 7:00 – 17:00 (weekday)
- Overtime charge excluding Tonnage Fee:
 - 5:00 – 7:00 and 17:00 – 22:00 - 20% increase
 - 22:00 – 5:00 - 40% increase
 - Sundays, holidays and New Year - 50% increase
- For oil tanker, GRT is 85%.

Table 2.3.2
 Port Charges for Domestic Vessels

Port Charges	Basis/ Unit Rate
(1) Tonnage Fee	
In - VND 200 x GRT	
Out - VND 200 x GRT	
Ships anchoring at buoy and entering ports to get fuel, food, etc. are discounted.	
(2) Maritime Safety Fee	
For vessels ≤ 2000 GRT or less:	
In - VND 200 x GRT	
Out - VND 200 x GRT	
For vessels more than 2000 GRT:	
In - VND 400 x GRT	
Out - VND 400 x GRT	
Annual and quarterly fee is at VND 6480/GRT and VND 1620/GRT, respectively. Vessels of less than 50 GRT are exempted from this charge.	
(3) Pilotage Fee	
To/From ports	VND 15/GRT –NM
Moving inside port area	VND 50/GRT
Minimum charge is VND 150,000 to/from ports and VND 100,000 for moving inside the port area. Some lines have their own regulated tariffs.	
(4) Procedure Fee	
- Small boats/ships	VND 10,000/call
- Sea vessels of 200 GRT or less	VND 30,000/call
- Sea vessels of 201 – 1000 GRT	VND 50,000/call
- Sea vessels of 1001 – 5000 GRT	VND 100,000/call
- Sea vessels of 5001 GRT or more	VND 200,000/call

Appendix B presents the detailed maritime charges.

2.3.3 Cargo Handling Tariff

The calculation of handling charges depend on the following factors:

- (1) packaging type - general cargo or containerized;
- (2) cargo type
- (3) handling movements

For handling general cargo, the handling fees are shown in Table 2.3.3 below.

Table 2.3.3
Cargo Handling Charge (Typical Cases)

Type of cargo	(US\$/ton)			
	From Ship-hold onto vehicles, barges or vice versa	From shiphold or barge onto warehouse, CY or vice versa	Transshipment at buoy or bay	From warehouse or CY onto vehicles, wagons or vice versa
Bulk cargo: ores, macadam, lump stone, bulk cement, foodstuff, fertilizer, salt, bulk sugar cut wood, bulk sulfur, plaster soil, sand, coal...	2.00	2.90	2.30	0.73
Cargo packaged in cloth bag, sack, paper bag, gunnysack, nylon bag, jute bag, bottle contained in pallet, carton, and covered by nylon, lump stone.	2.75	3.66	3.08	0.90
Cargo packaged in box, trunk; whole wood, bamboo, thornless bamboo, small yellow bamboo.	3.65	4.75	4.13	1.27
Machinery, accessory; iron and steel in sheaf, case, bar; Non-ferrous metal in case and roll.	3.86	5.14	4.52	1.32
Cargo in case such as cotton, jute, ramie, paper, cloth, fiber, plastic seed; textile goods, household appliance, miscellaneous goods, rubber, tire, fired brick, medical equipment.	4.06	5.41	4.78	1.47
Sawed wood, floor board wood; wooden tool, handicraft and fine arts ... Cargo in basket, wicker basket...	4.36	5.81	5.17	1.60
Cargo in bottle, jar, porcelain, glass; Breakable goods; Electronic accessory; Motor bike.	4.60	6.13	5.49	1.69
Fresh fruit, alive animal; Frozen goods	4.85	6.46	5.81	1.79
Types of mean including:				
- Cars (Except freezer truck)	40/unit	50/unit	45/unit	30/unit
- Specialized cars: freezer truck, chain-wheel car, showeller, roller, forklift, crane.	55/unit	70/unit	55/unit	35/unit
- Self-mobile vehicles (except chain-wheel car) going on berth or into wharf and warehouse (Included expenditure of driver).	55/unit	25/unit	55/unit	35/unit

Source: Decision No. 127/ VGCP – CNTC. DV (Oct. 1997).

Note: 1) Cargo handling in the same shiphold or in the same ship is discounted.

2) Handling of dangerous or broken cargo is surcharged.

3) Cargo of other countries in transit of Vietnamese port is discounted by 15%.

4) When cargo is handled by port crane, the charge increases by 20%.

5) Overweight and oversized cargoes and cargoes requiring additional labor or equipment are surcharged.

For the handling of containers, the handling fees are presented in Table 2.3.4

Table 2.3.4
Container Handling Charge (Typical Cases)

(in US\$)

Zone	No.	Type of Container	Being handled from shiphold onto automobiles, wagons, barges or vice versa	Being handle from shiphold or barges onto warehouse, CY or vice versa	Being handled from warehouse, CY onto automobiles, wagons or vice versa.
1	01	20' or less 20' unit - stuffed	37.00	57.00	23.00
		- empty	25.00	37.00	15.00
	02	40' unit - stuffed - empty	55.00 36.00	85.00 55.00	35.00 23.00
2	01	20' or less 20' unit - stuffed	26.00	50.00	20.00
		- empty	16.00	30.00	12.00
	02	over 40' unit - stuffed - empty	40.00 23.00	76.00 44.00	31.00 18.00
3	01	20' or less 20' unit - stuffed	30.00	57.00	23.00
		- empty	20.00	37.00	15.00
	02	40' unit - stuffed - empty	45.00 29.00	85.00 55.00	35.00 23.00
3	03	40' unit - stuffed	67.00	127.00	53.00
		- empty	44.00	83.00	34.00

Source: Decision No. 127/ VGCP – CNTC. DV (Oct. 1997).

Note: 1) Discount or surcharge is applied to the cases listed above.

2) When port crane is used, the charge increases by 38%.

2.4 Inland Waterway

For inland waterway transport, following are the different Government Decrees and Decisions that relate to charges on inland waterway transport sector. **Appendix C** presents the inland waterway fees and charges set by Government Pricing Committee based on decision dated July 15, 1995.

<ul style="list-style-type: none"> - Document No. 1016 /CDS - Decision No. 1138 of MOT - Decision No. 2056 /QD/PC of MOT - Decision No.1035 	<ul style="list-style-type: none"> - on issuance of transport license for water transport; - on the management and issuance of license for operating ferry berths; - on the regulation on registration of inland water transport means; - on the regulation on transportation and handling cargo of inland waterway transport;
<ul style="list-style-type: none"> - Decision No. 709 of VIWB - Circulation No.53 of MOT 	<ul style="list-style-type: none"> - on river port fee; - on the guidance on collection, payment and management of fees on inland water transport safety measure.

2.4.1 Passenger Transport

For passenger transport by inland waterway, the Government does not set tariffs and passenger service operations can charge passenger according to the service standards.

2.4.2 Cargo Transport

The cargo freight rates for inland waterway transport are regulated based on Decision No. 36/VGCP-CNTD.DV dated 6 July 1995. The rates differ according to designated river class (classes 1, 2 and 3) and cargo category (categories 1, 2 and 3). There is a minimum charge which is based on a minimum distance of ≤ 30 kms for transport of cargo along river class 1, as shown in Table 2.4.1 below. Beyond the minimum distance, a charge per ton-km is applied.

Table 2.4.1
 Cargo Transport Charge for River Class 1

Cargo Category	Cargo	Charge by Distance	
		Distance < 30 kms (VND/ton)	Distance ≥ 31 km (VND/ton km)
1	Coal, sand gravel, bricks	19,700	135
2	Tile, bagged food, petrol, oil, stones, medicine against termite and wood-borer	21,600	148
3	Fertilizer, insecticide, cement, salt	23,900	162

Source Decision No. 36/VGCP-CNTD.DV (July 1995)

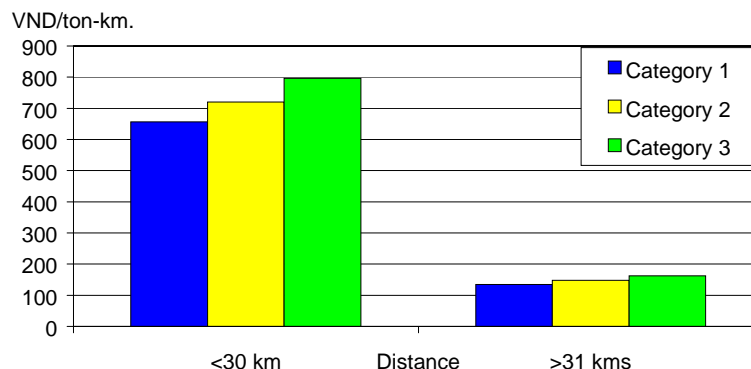
Thus, category 1 goods are charged the lowest with a minimum charge of VND19,700 for a distance of up to 30 kms. For cargoes transported in river class 2, 1 km of river class 2 is equivalent to 1.5 km of river class 1 and for a 1 km of river class 3, it is equivalent to 3.0 km of river class 1. The difference in the rates reflect “difficulty” of navigating river class 3.

Based on the above rates, it is shown that short-distance cargo freight rate in VND/ton-km is about 4.9x the long-distance freight per ton-km (≥ 31 kms) for all cargo categories, as shown in Table 2.4.2 shown in Figure 2.4.1

Table 2.4.2
 Inland Waterway Official Freight Charge
 in VND/ton-km

Cargo type	Distance	
	≤ 30 km	> 31 kms
Category 1	657	135
Category 2	720	148
Category 3	797	162

Figure 2.4.1 Cargo Freight for Inland Waterway Transport by Cargo Type



The official tariff for cargo transport in Hanoi-Haiphong route is VND 311/ ton-km and the quoted (actual) charge is higher or even double the official tariff.

2.4.3 River Port Tariff

According to the Decision No.2873/1997/QD-BGTVT of the Ministry of Transport, the inland waterway port authorities of Vietnam Inland Waterway Bureau (VIWB) collects the inland port fees and keeps a portion of revenue for its expenditures and the balance is contributed to the State budget ; and in case of a deficit, the Government provides the shortfall (subsidy) to VIWB. Based on MOF's Circular No.53 TC/TCT (August 16, 1997), it is stated that the Office that directly collects inland waterway fee is allowed to keep 30% of the fees to ensure order and safety of inland waterway and the 70% goes to the State budget.

With respect to the inland port operations, daily working hours are from 06:00 am – 21:30 pm (weekday) and outside the working hours, i.e. from 21:30 pm – 06:30 am, there is an additional 30% increase charged on the rates. During Sundays, holidays and New Year, a 40% increase is applied.

The river port tariff are set by the Government based on Decision No. 709/PC – VT dated 28 July 1995 and consist of the following charges:

Table 2.4.3
 River Port Tariff

River Port Tariff	Unit Rate (in VND)	Remarks
(1) Tonnage Fee	In - VND 150 x GRT Out - VND 150 x GRT	Note: A 30% discount is given to boats anchoring at buoy or entering ports for fuel, food, etc. . Boats carrying cargoes weighing ≤ 5 tons or ≤ 13 passengers are free of charge. For passenger boats, one seat is equivalent to one GRT (Decision No. 265/DS/TCKT, 9 March 1999)
(2) Pilotage fee - For entering and leaving river ports.	VND 15 / DWT-km (This applies to regions) Minimum Charge – VND 100,000	For pilot's waiting time, VND 12,000/ hour is charged.
(3) Procedure Fee - Decision No. 709/PC– VT (July 1995)	Boat Type	(VND/call)
	< 50 GRT or ≤ 12 passengers	5,000
	≤ 51 GRT-200 GRT, or 13–50 passengers	10,000
	≤201-500 GRT, or 51-100 passengers	20,000
	501 GRT, or more or ≥101 passengers, or sea vessels < than 200 GRT	30,000
	Sea vessels ≥ 200 GRT or more	40,000
(4) Storage Fee - based on ton stay time in warehouse or yard.	General cargo (except containers) At warehouse At yard For vehicles, cranes, etc. Container Vans: - 20' stuffed - 20' empty - 40' stuffed - 40' empty	- VND 200/ ton-day - VND 100/ton-day - VND 5,500/ton-day - VND 2,000/ container-day - VND 1,000/ container-day - VND 3,000/ container-day - VND 1,500/ container-day

River Port Tariff	Unit Rate (in VND)	Remarks
<p>(5) Wharfage</p> <p>a. Wharfage Applied to Boats: VND 6/GRT – hour At wharf VND 3/GRT – hour At buoy VND 1.5/GRT – hour At other port area</p> <p>Boats of less than 40 GRT without weight registration should pay VND 20,000/call. After receiving departure notice, boats have to pay an additional VND 10/GRT – hour at wharf and VND 6/GRT – hour at buoy.</p> <p>b. Wharfage Applied to Cargo and Passenger: Cargo – VND 800/ton to/from wharf. VND 800/ton boat to boat</p> <p>c. Passenger - VND 500/person. Other Charges</p> <p>d. Maritime Safety Fee Navigational Aid Fee erroneously referred to as navigational aid fee</p>	VND 2,500/HP-hour	
<p>(3) Wharfage Fee (applies to ports with berths and mechanical handling equipment) Decision No. 709/PC– VT (July 1995)</p>	<p>(a) Ships that berth at wharf Or anchor at water area of the port</p> <ul style="list-style-type: none"> - At wharf - At buoy - At water area of the port 	<ul style="list-style-type: none"> - VND 6/ DWT-hour - VND 3/ DWT-hour - VND 1.5/ DWT-hour
	<p>(b) For ships ≤ 40 tons w/o Certificate of registration</p>	Shipowner has to pay VND 20,000 /turn (in and out)
	<p>(c) If the ship berths at 2-3 locations, total time & fees are added up.</p>	Fee is calculated from the time the ship enters the port until it leaves the port.
	<p>(d) Barges: Barge & self-propelled barges ≤ 300 tons Barge & self-propelled barges 301-500 tons Barge & self-propelled barges ≥ 501 tons</p>	<p>Maximum time for calculation of fee is 96 hours. Maximum time for calculation of fee is 120 hours. Maximum time for calculation of fee is 144 hours.</p>
	<p>e) If the ship still occupies the berth & it has received order to leave the port</p>	VND 10/ DWT-hour
	<p>f) If the ship still occupies the buoy & it has received order to leave the port</p>	VND 6/ DWT-hour
	<p>(g) For passenger (in/out)</p>	VND 500 / person
	<p>(h) Cargo To/from wharf</p>	VND 800 / ton
	<p>(i) Cargo from boat to boat</p>	VND 400 / ton
<p>(1) Maritime Safety Fee - Decision No. 709/PC– VT (July 1995)</p>	Vessels entering and leaving wharves or operating on river routes with aid.	<p>VND 2,500 / HP-hour</p> <p>Maximum time for calculation – 1 hour In case of emergency, storm or flood – Additional 30% increase in fee.</p>

2.4.4 Cargo Handling Charges and Other Charges

The cargo handling charge differ between general cargoes, container and vehicles. The handling rates are based on seven cargo groups shown in Table 2.4.4 and the handling movements:

Table 2.4.4
Cargo Handling Charge

(VND/Ton)

Group of Cargo	Ship, barge ↔ storage	Ship, barge ↔ truck, car	Barge ↔ Barge	Storage ↔ truck	Storage ↔ car
1	7500	5600	5000	4300	5800
2	9000	6700	6000	5200	7000
3	12900	9600	8600	7400	10000
4	15200	11400	10100	8700	11800
5	19200	14400	12800	11050	14900
6	25300	18900	16900	14500	19600
7	28500	21300	1900	16300	22000

Note: Dangerous cargo or those requiring additional processing is surcharged.

Source: Decision No. 709/PC – VT (Jul. - 1995)

Table 2.4.5
Cargo Groups

Cargo Group	Description
Group 1	-Dust coal, sand, gravel, and broken stone
Group 2	-Coal with a diameter of ≤ 35mm, coal sheet, peat coal, coal cinder
Group 3	-Packaged food and foodstuff such as rice, grain, maize, bean, pea, peanut, potato, manioc, sugar, ore, broken brick, clinker, brick stone, fertilizer
Group 4	-Packaged cargo such as chemical substance, salt, cement, fertilizer, ore Coal with a diameter of > 35 mm, gypsum, rock stone
Group 5	-Iron, steel (piece, sheet, roll), cast iron pipe, steel pipe, iron sheet, steel sheet, concrete pipe, aluminum (piece, sheet, roll) -Cargo in boxes made from iron and wood with a weight of ≤ 300 kilos -Cargo in package with a weight of 301-500 kg. -Wood -Bamboo, tree branches, tree roots.
Group 6	-Cargo in tanks or barrels such as: asphalt, petroleum, oil, calcium carbide, chemical substance. -Animals -Cargo in boxes with a weight of 301-2,000 kgs. -Baskets of food stuff, fruit (fresh and dry), beer, wine, refreshment. -Goods such as household appliances, sporting goods, stationers, soap, health care equipment, goods made from bamboo, cane and asphalt goods.
Group 7	Cargo in wooden and iron boxes with a weight of ≥ 2,000 kg (except for container, car and cargo with a length of more than 12 m, a width of more than 3 m, a height of more than 2.5 m, or a weight of more than 15 tons) -Wood -Handling fees of cargo that are not mentioned above will be calculated based on standard of package, quality and capacity of handling.

Table 2.4.6
Rules in Weight Conversion

No.	Cargo	Unit	Converted Weight for Fee Calculation
1	Aluminum, cane, bamboo and wooden goods	1 ton	2 tons
2	Wool, duck feature	1ton	4 tons
3	Wood, bamboo	1m ³	1 ton
4	Large basket	1m ³	0.2 ton
5	Buffalo, horse, goose, sheep, pig	1	0.2 ton
6	Animal in cage	1m ³	1 ton

Source: Decision No. 709/PC – VT (Jul. - 1995)

Container and vehicle handling charges are shown in Table 2.4.7.

Table 2.4.7
 Container and Vehicle Handling Charge

Cargo Type	Ship, barge ↔ Yard	Ship, barge ↔ truck, car	Yard ↔ Truck, car	Stuffing and Stripping	
				Yard ↔ car	Yard ↔ barge
1. Container 20'					
- Stuffed	250,000	165,000	130,000	198,000	300,000
- Empty	125,000	83,000	65,000		
2. Container 40'					
- Stuffed	370,000	248,000	190,000	300,000	455,000
- Empty	185,000	124,000	95,000		
3. Vehicle					
- ≤ 5 tons	210,000	168,000			
- > 5 tons	400,000	330,000			

Source: Decision No. 709/PC – VT (Jul. - 1995)

Other charges include (1) the transport license that relate to the technical standard and safety equipment of the vessel, based on Decision No.2048/QD-PC dated August 6, 1996; (2) registration of inland waterway transport boats (with/without engines and small boats) based on Decision No.2056 /QD-PC dated August 6, 1996.

2.5 Air

2.5.1 Passenger Transport

Airfares are decided based on Decision No. 818-TTg of 13 December 1995 of the Prime Minister on the Management of Air Fares of the Vietnam Civil Aviation.

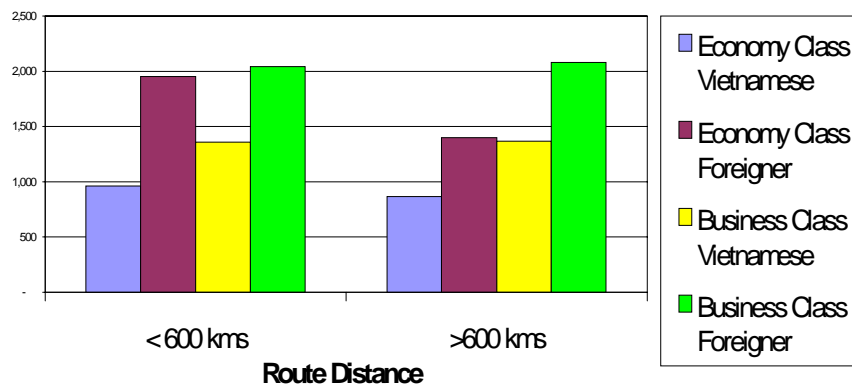
There was no adjustment in airfares since December 1995. For International airfares, they are set based on international treaties which Vietnam is a part of or are likewise based on proposed airfares by international airlines and approved by CAAV. Domestic airfares have been categorized by nationality – Vietnamese citizens and foreigners (include overseas Vietnamese). CAAV decides on the domestic airfares of foreigners which must be in line with domestic airfares in neighboring countries. The domestic airfare schedule for foreigners, thus “have some form of distortion” is thus distorted without any rationale for differentiating Vietnamese from non-Vietnamese considering that there is no difference in air passenger service provided.

Further, as shown in Figure 2.3, for short-distance routes, the foreigners economy fare per passenger-km that is twice the Vietnamese economy fare and for longer routes it is 1.6x Vietnamese fare. Refer to Table 2.5.1. For business class, in both short-distance and long-distance routes, non-Vietnamese fare is 1.5x the Vietnamese fare. Thus, the amount paid by foreigner of 2,000 VND/pass-km, is for economy service while the Vietnamese, for a much lower amount of 1,360 VND/pass-km, is given provided a business class service. Foreigners pay a smaller incremental fare per passenger-km for a business class service which is 1.05x and 1.5x the economy fare, for short-distance and long-distance routes, respectively. The reason for smaller incremental increase in business fares is the already high economy “fares” for foreigners which is double the Vietnamese air fares. Refer to Figure 2.5.1

Table 2.5.1
Domestic Fares – in VND/passenger-km

Route	Economy Class			Business Class			
	Distance	Vietnamese	Foreigner	Foreigner/ Vietnamese	Vietnamese	Foreigner	Foreigner/ Vietnamese
50							
< 600 kms		964	1,953	2.0x	1,357	2,044	1.5x
>600 kms		868	1,397	1.6x	1,369	2,081	1.5x

Figure 2.5.1 Economy Class and Business Class Fares in VND/pass-km by
Route Distance



The airfares for Vietnamese citizens on domestic flights must cover at least the average cost of air transportation on domestic flights, considering the differential rate between foreigner and Vietnamese passengers.

2.5.2 Cargo Transport

Cargo freight services and handling are carried out by Vietnam Airlines Corporation (VAC). The existing airfreight and cargo charges are shown in Table 2.5.2.

Table 2.5.2
Cargo Charges

Items	Charges (USD)
Handling Charge:	
Minimum handling charges per kg	0.08
Storage:	
<i>General Cargo</i>	
For the first 3 days, per kg.	0.02
From the 4 th day, per day, per kg.	0.05
From the 8 th day, per day, per kg.	0.08
Minimum storage charge per airway bill	3.00
<i>News Media Cargo</i>	
Minimum storage charge per airway bill	1.00
Others:	
<i>Service Charge for Handling Air Way Bill</i>	
Authorized agent, per kg.	0.50
Maximum charge per HAWB.	10.00

Source: <http://www.vietnamair.com.vn> (as of April 1999)

The above charges will be applied to handling, transshipment/transit and export.

2.5.3 Aeronautical Fees and Other Charges

Landing charges, parking charges and passenger service charges are collected by airport authorities, while the air navigation charges are collected by (VATM).

- (1) Landing Charges the basic charges are estimated based on the maximum take-off weight of aircraft as shown in Table 2.5.3.

Table 2.5.3
Landing Charges

Maximum Take-off Weight of Aircraft (Ton)	Charges per Landing (USD)	Additional Charge for each Succeeding Ton (USD)
Up to 20	65	
From 20.1 to 50	65	3.5
From 50.1 to 100	170	4
From 100.1 to 150	370	5
From 150.1 to 190	620	6
From 190.1 to 240	800	7
Above 240	1140	8.5

Source: AIP Vietnam FAL 3-1, 25 March 1996

An additional 50% on the basic charge is added for nonscheduled flights and 25% for using landing lighting system during nighttime or in case of bad weather upon request by the aircraft crew.

- (2) Charges for the Use of Air Navigation Facilities and Air Traffic Services. The basic charges are based on the maximum take-off weight of aircraft as shown in the Table 2.5.4.

Table 2.5.4
Air Navigation and Air Traffic Service Charges

Maximum Take-off Weights of Aircraft (Ton)	Charges for Arrival Flight (USD)		Charges for Overflight (USD)	
	Flown Distance	Flown Distance		
	Under 400 km	400 km and above	Under 500 km	500 km and above
Less than 20	254	310	115	129
From 20 to less than 50	388	474	176	197
From 50 to less than 100	564	689	255	286
From 100 to less than 150	730	893	330	370
From 150 to less than 190	850	1040	384	431
From 190 to less than 240	956	1171	420	460
From 240 to less than 300	1072	1313	450	490
300 and above	1132	1387	480	520

Source: AIP Vietnam FAL 3-2, 25 Mar. 1996.

An extra 20% of the basic charges will be added for nonscheduled flight and 30% for flight to/from Vietnam airports during Vietnamese public holidays.

- (3) Parking Charges: Basic charges are based on the maximum take-off weight of aircraft as shown in Table 2.5.5.

Table 2.5.5
 Parking Charge

Number of parking hours	Charges for each ton (USD)
Above 03 hours to 05 hours	2.8
Above 05 hours to 08 hours	3.5
Above 08 hours to 12 hours	3.8
Above 12 hours to 18 hours	4
Above 18 hours	4.2

Source: AIP Vietnam FAL 3-3, 25 Mar. 1996.

The maximum parking charge amounting US\$2.80 is charged for unexpected hours.

- (4) Discount for Vietnamese Air Carriers: An agreement exists between the Government and Vietnam Airlines Corporation, effective from 1 May 1995, that Vietnam Airlines will pay only 80% of current landing and air navigation charges set in the AIP for international flights and 50% of the rate for domestic flights. It also agreed that a lump-sum fee for aircraft parking and terminal rental fee will be paid to airport authorities. Similar conditions apply to Pacific Airlines.
- (5) Passenger Service Charges: Passenger service charges are shown in Table 2.5.6.

Table 2.5.6
 Passenger Service Charge

Airports	International Passenger (USD)	Domestic Passenger (VND)
Tan Son Nhat International Airport	8.00	20,000
Noi Bai and Da Nang International Airport	7.00	20,000
Other Airports		10,000

Source: AIP Vietnam FAL 3-3, 25 Mar. 1996

The maximum airfare for Vietnamese passengers on domestic flights between Hanoi and Ho Chi Minh City is decided by the CAAV and GPC and approved by the Prime Minister. Based on this maximum airfare between Hanoi and HCMC, airfares on other routes are proposed by the airlines and CAAV evaluates and approves the proposed rates. Table 2.5.7 and 2.5.8 present the domestic airfares for business class and economy class and a comparison of the fares between foreign passengers and Vietnamese passengers and airfares by distance.

Table 2.5.7
 Airfare on Domestic Business Class

Route	Distance	Class	Airfare (VND)			Airfare/km	
			Foreigner	Vietnamese	Ratio	Foreigner	Vietnamese
Hanoi - Danang	607	C	1,200,000	850,000	1.412	1,977	1,400
Hanoi - Hue	549	C	1,200,000	750,000	1.600	2,186	1,366
Hanoi - Ho Chi Minh	1,138	C	2,450,000	1,500,000	1.633	2,153	1,318
Ho Chi Minh - Danang	603	C	1,200,000	850,000	1.412	1,990	1,410
Ho Chi Minh - Haiphong	1,112	C	2,450,000	1,500,000	1.633	2,203	1,349
Ho Chi Minh - Hue	631	C	1,200,000	850,000	1.412	1,902	1,347
Average					1.517	2,068	1,365

Source: Vietnam Airlines, as of April 1999.

Table 2.5.8
Airfare on Domestic Economy Class

Route	Distance	Class	Airfare (VND)			Airfare/km	
			Foreigner	/Vietnamese	Ratio	Foreigner	/Vietnamese
Hanoi - Danang	607	Y	1,000,000	500,000	2.000	1,647	824
Hanoi - Dien Bien Phu	301	Y	650,000	330,000	1.970	2,159	1,096
Hanoi - Hue	549	Y	1,000,000	480,000	2.083	1,821	874
Hanoi - Nasan		Y	550,000	120,000	4.583		
Hanoi - Nha Trang	1,040	Y	1,450,000	780,000	1.859	1,394	750
Hanoi - Ho Chi Minh City	1,138	Y	1,900,000	1,000,000	1.900	1,670	879
Ho Chi Minh City - Buon Ma Thuot	261	Y	650,000	250,000	2.600	2,490	958
Ho Chi Minh City - Dalat	214	Y	450,000	230,000	1.957	2,103	1,075
Ho Chi Minh City - Danang	603	Y	1,000,000	570,000	1.754	1,658	945
Ho Chi Minh City - Haiphong	1,112	Y	1,900,000	1,000,000	1.900	1,709	899
Ho Chi Minh City - Hue	631	Y	1,000,000	570,000	1.754	1,585	903
Ho Chi Minh City - Nha Trang	317	Y	650,000	290,000	2.241	2,050	915
Ho Chi Minh City - Phu Quoc	301	Y	700,000	400,000	1.750	2,326	1,329
Ho Chi Minh City - Pleiku	383	Y	700,000	400,000	1.750	1,828	1,044
Ho Chi Minh City - Quy Nhon	430	Y	700,000	330,000	2.121	1,628	767
Ho Chi Minh City - Rach Gia		Y	700,000	400,000	1.750		
Danang - Ban Me Thuot	375	Y	550,000	330,000	1.667	1,467	880
Danang - Nha Trang	436	Y	550,000	290,000	1.897	1,261	665
Danang - Pleiku	227	Y	550,000	200,000	2.750	2,423	881
Danang - Vinh City	401	Y	700,000	400,000	1.75	1,746	998
Danang - Quy Nhon		Y	550,000	150,000	3.667		
Rach Gia - Phu Quoc		Y	450,000	220,000	2.045		
Average					2.170	1,831	927

Source: Vietnam Airlines, as of April 1999.

Short-distance route's average fare/passenger-km is higher than long-distance route fare only for economy service, which is 1.1x and 1.4x the long-distance average fare per pass-km., for Vietnamese and foreigner, respectively, or that the average fare/pass-km in the long-distance route is lower by 10% and 28% for Vietnamese and foreigners, respectively.

While for business class, there is no downward adjustment in fare for long distance routes (and it is even higher by about 1-2% than short-distance routes), hence increase in distance traveled is considered not a factor in calculating the business class rates. Since there is no downward adjustment in business class fare/ pass-km, as distance traveled increases, it is noted that business class passengers (regardless of nationality) are being overcharged, by more or less 10% than economy class passengers.

It is further noted that such distortion in domestic airfares, in both economy and business classes, provide VAC substantial profits if there are more foreigners traveling by air than Vietnamese, without any additional cost involved. Vietnamese, on the other hand, is "subsidized" by the foreigners in terms of covering a major part of costs of providing the service. It can thus be considered that what Vietnamese pay is the minimum or basic airfare to cover average cost of domestic flight. The rationale for discrepancy in the airfares between Vietnamese and foreigners is the consideration of "capability to pay" of Vietnamese, which is much lower than foreigners. Further, the government may have been promoting use of air travel by Vietnamese, particularly those traveling on business trips.

3. ACTUAL PASSENGER FARES AND FREIGHT CHARGES

This Chapter discusses the actual passenger fares and freight charges that are presently imposed on transport users and shippers by commercial transport operators in road, coastal shipping and inland waterway transport. The data presented in this report were obtained through field surveys, shipper interviews and cost quotations of various freight forwarders that are based in Hanoi and HCMC.

In the case of air transport, the official tariff are imposed on passengers and shippers, respectively. For rail transport, passengers are charged the official tariff, but for cargo freight, the actual freight charges differ from the official freight tariff, particularly for short distance routes, where actual rail freight charges are much higher than the official tariff per ton-km.

3.1 Passenger Transport

3.1.1 Road

Table 3.1.1 shows the actual inter-city bus fares which are being charged for routes connecting Hanoi and Ho Chi Minh City. Some of the survey team's observations include:

- Most bus routes charge passengers fares which amount to VND 100 – 150 per km.
- Small buses (with 14-24 seating capacity) charge higher fare than the ordinary buses (with 40–45 seating capacity), and which are operating in the same route.
- Most buses go directly to their destination without stopping en route.

Table 3.1.1.
 Inter-city Bus Fares to/from Hanoi and Ho Chi Minh City
 (As of May 1999)

Terminal	Destination	Distance (km)	Fare (VND)	Fare/distance (VND/km)	Note
Hanoi (Phia Nam)	Ninh Binh	93	12,000	129	Stopping en route
	Nho Quan (Me)	80	15,500	194	"
	Nho Quan (Ria)	119	16,000	134	"
	Kim Son	152	15,500	102	"
	Nghia Hung	113	17,000	150	
	Giao Thuy	136	17,000	125	
	Lieu De	113	14,000	124	
	Truc Cuong	113	17,000	150	
	Cho Con	144	17,000	118	
	Hai Thinh	148	19,000	128	
	Hai Trung	145	16,000	110	
	Kim Bang	68	8,000	118	
	Phu Ly	58	8,500	147	
	Nam Dinh	89	11,000	124	
	Truc Ninh	95	16,000	168	
	Dien Bien	474	85,000	179	
Son La	308	45,000	146		
Thai Nguyen	80	11,000	138		

Terminal	Destination	Distance (km)	Fare (VND)	Fare/distance (VND/km)	Note
	Hue	654	65,500	100	
	Danang	761	76,000	100	
	Nha Trang	1281	135,000	105	
	Ho Chi Minh	1728	185,000	107	
	Kontum	1052	143,000	136	
Hanoi (Phia Nam)	Thai Binh	108	15,000	139	
	Thanh Hoa	153	15,000	98	
	Sam Son	169	18,000	107	
	Vinh	291	29,000	100	
	Vinh	291	36,000	124	24-seater
	Do Luong	285	29,000	102	
	Nghia Dan	263	29,000	110	
	Ha Tinh	441	29,000	66	
	Ly Nhan	72	10,000	139	
	Cau Khong	80	12,000	150	
	Binh Luc	72	10,000	139	
	Hai Hau	124	16,000	129	Stopping en route
	Hanoi (Kim Ma)	Doan Hung	137	20,000	146
Hai Phong - Tam Bac		103	18,000	175	
Am Thuong		141	20,500	145	Stopping en route
Viet Tri		85	11,000	129	
Dien Bien		474	85,000	179	Stopping en route
Phu Tho		100	16,000	160	
Vinh Yen		63	8,000	127	
Lao Cai		294	53,000	180	
Tuyen Quang		165	24,000	145	
Yen Bai		155	27,000	174	
Tuan Giao		394	60,000	152	Stopping en route
Son La		308	45,000	146	
Hat lot		279	32,000	115	
Moc Chau		190	21,000	111	
Cam Pha		178	29,000	163	
Cam Pha		178	33,000	185	24-seater
Son Tay		45	5,500	122	
Ninh Binh		93	13,500	145	
Ha Giang	318	46,000	145		
Ho Chi Minh	Ba Ria	102	13,000	127	
	Ba Ria	102	17,000	167	Express
	Xuan Son	132	14,000	106	
	Xuan Son	132	18,000	136	Express
	Vung Tau	124	15,500	125	
	Vung Tau	124	21,000	169	Airconditioned
	Vung Tau	124	21,000	169	14-seater
	Da Lat	304	32,000	105	
	Da Lat	304	43,000	141	Express
	Da Lat	304	46,000	151	Airconditioned
	Buon Ma Thuot	320	47,000	147	
	Buon Ma Thuot	320	57,000	178	24-seater
	Qui Nhon	692	71,500	103	
	Qui Nhon	692	81,500	118	Express
Ho Chi Minh	Hue	1075	112,500	105	
	Dong Hoi	1236	130,000	105	
	Ha Tinh	1375	148,000	108	
	Vinh	1424	152,500	107	
	Thanh Hoa	1562	164,000	105	
	Ninh Binh	1622	172,000	106	
	Ha Noi	1730	182,500	105	
	Hai Phong	1757	183,500	104	

Source: Obtained from bus operators at the terminals.

3.1.2 Inland Waterway

The actual passenger boat fares presented in Table 3.1.2 are based on VITRANSS May 1999 survey in selected routes in the Red River Delta, and Mekong Delta. It was noted that in the Red River, majority of conventional passenger boats operating in Hanoi had stopped passenger operations about 7 to 10 years ago.

At present, there are express boats operating in the routes connecting Hai Phong, Hon Gai and HCM city. These express boats charge passengers very high fares which are about 3x to 10x more than actual fares charged by conventional boats in the same route. "Express" fares range from a minimum VND 700/ km to VND1,000/ km. The conventional river boats charge much lower fares which range from only VND 70/ km to VND300/ km. For long distance routes, the boat fare per km decreases as the travel distance increases.

Table 3.1.2
 Passenger Boat Fares in Selected Routes
 (As of May 1999)

Route	Fare (VND 000)	Distance (km)	Unit Fare (VND/ km)	Type of Boat
Hai Phong - Cat Ba	6	60	1,000	sea/river express boat
- Cat Ba	35	60	583	sea/river conventional boat
- Hon Gai	22	68	324	"
Hon Gai - Mui Ngoc	100	133	752	Sea express boat
- Mui Ngoc	30	133	226	Sea conventional boat
- Cat Hai	20	N.A	N.A	N.A
HCM City - Can Tho	140	196	714	Express boat
- Tien Giang	70	84	833	"
- Vung Tau	80	86	930	"
Can Tho - Ca Mau	14.5	197	74	Conventional boat
- Song Doc	18	237	76	"
- Vinh Thuan (Kien Gia)	11.5	105	110	"
- Tra On (Vinh Long)	3	15	200	"
- Binh Minh (Vinh Long)	1.5	5	300	"
- Tan Que (Vinh Long)	2	N.A	N.A	"
- Cau Quang (Tra Vinh)	6.5	N.A	N.A	"
- Cau Ke (Tra Vinh)	6	35	171	"
- Tam Binh (Tra Vinh)	4.5	27	167	"
- Phong Phu (Tra Vinh)	6	N.A	N.A	"
- Hua Thanh (Tra Vinh)	5	N.A	N.A	"
- Ngai Tu (Vinh Long)	3	N.A	N.A	"
- Ngang Dua (Bac Lieu)	11.5	N.A	N.A	"
- Thu muoi mot (Kien Gia)	13	116	112	"
- Long Phu (Soc Trang)	6	77	78	"
- Vi Thanh (Can Tho)	5.5	45	122	"

Source: Telephone interviews with boat operators.

3.2 Cargo Transport

3.2.1 General Cargo

The actual freight rates charged for the transport of various types of commodities are based on quotations from twenty (20) consignors/ freight forwarders, for selected routes using different transport modes for various types of commodity. Tables 3.2.1, 3.2.2 and 3.2.3 summarize the quotations which were provided by ten (10) forwarders (about six (6) from Hanoi and four (4) from HCMC).

Some forwarders appear to have little experience in goods transport on some routes or by other modes. Most forwarders did not provide the basis of their quotation. As a result, quoted rates vary greatly among different forwarders. This situation implies that: (1) the transport market for cargo freight is “in the development stage” and (2) that quoted prices still have a large room for negotiation between shipper and transport operator.

Presumably, the lowest quoted price may approximate the actual cost of providing the transport service. However, it is noted that forwarders are well equipped with modern facilities (truck fleet, warehouse, branch office, etc.) and they tend to offer higher prices. Thus, the basis for charging transporting cargoes for each mode seem to differ among transport operators. However, the following conditions are observed:

- (1) Water transport comprising of inland waterway and coastal shipping usually charge the cheapest freight rate. However, the difference in the rates with the other modes is not significant for short distance routes such as Hanoi-Haiphong; and in the case of difficult waterways (e.g., on the Hanoi-Lao Cai route) transport is relatively expensive and most forwarders would not provide service because of the apparent difficulty in navigation, and it is impractical to transport goods via this route.
- (2) Railway is in general, the second cheapest mode of cargo transport. However, the freight charge does not differ much from trucking charge, particularly in short-distance trips. For long-distance trips, such as HCMC-Hanoi route, some freight forwarders offer higher prices than road transport and the price include as in the case of one forwarder “escorting charge” and “packing charge” amounting to about VND 50,000/ ton.
- (3) Road transport (truck), despite being the most expensive mode of cargo transport, is the most widely used by shippers. Based on the 1997 modal split by zone, for short distance trips, particularly in the south, trucking is most used. For cross-border routes, such as to Kunming and Phnom Penh, the hauling charge increases considerably due to “unclear” cross-border procedures which forwarders normally encounter.

Table 3.2.1
Actual Domestic Cargo Freight by Road, 1999

Route	Forwarder										Average
	A*	B*	C	D	E	F*	G*	H	I	J*	
1. Offshore Haiphong-Hanoi	175	130	-	168	126	182	-	252	610	-	235
2. Haiphong (berth) -Hanoi	150	91	130	154	88	182	210	224	284	210	172
3. Haiphong (warehouse) -Hanoi	140	91	120	154	-	168	210	181	244	218	170
4. Hanoi-Lao Cai	450	290	300	-	-	490	700	419	392	-	434
5. Lao Cai-Kunming	800	-	-	-	-	-	-	407	-	-	604
6. HCMC-Hanoi	750	749	750	840	714	-	1,540	1,336	787	1,190	962
7. Saigon (berth) -Hanoi	750	749	760	840	-	-	1,540	1,336	813	1,260	1,006
8. Saigon (berth) -Tay Ninh	600	130	250	-	-	-	210	364	288	168	287
9. Saigon (berth) -Phnom Penh	-	-	-	-	-	-	1,120	-	-	-	1,120

Note: 1) Rates apply to general bagged cargoes such as rice, dry food and fertilizer. Frozen food is usually charged 20-100% higher, and steel and electric/electronic products in box 10-30% higher.

2) * is state-owned enterprise.

3) Excluding VAT.

Source: Quotations from selected forwarders in HCMC and Hanoi.

Table 3.2.2
Actual Domestic Cargo Freight by Railway, 1999

Route	Forwarder										Average
	A*	B*	C	D	E	F*	G*	H	I	J*	
1. Off-shore Haiphong-Hanoi	135	119	-	126	122	140	-	210	-	166	145
2. Haiphong (berth) -Hanoi	125	82	-	112	76	140	168	252	-	166	140
3. Haiphong (warehouse) -Hanoi	135	77	-	112	-	-	168	162	-	174	138
4. Hanoi-Lao Cai	-	-	-	-	-	-	-	444	-	-	444
5. HCMC-Hanoi	580	449	-	-	442	-	700	1,166	711	-	675
6. Saigon (berth) -Hanoi	545	449	-	-	-	-	700	1,166	608	-	694

Note: 1) Rates apply to general bagged cargoes such as rice, dry food and fertilizer. Frozen food is usually charged 20-100% higher, and steel and electric/electronic products in box 10-30% higher.

2) * is state-owned enterprise.

3) Excluding VAT.

Source: Quotations from selected forwarders in HCMC and Hanoi.

Table 3.2.3
Actual Domestic Cargo Freight by Water, 1999

Route	Forwarder										Average
	A*	B*	C	D	E	F*	G*	H	I	J*	
1. Off-shore Haiphong-Hanoi	155	130	-	-	-	-	-	252	-	-	179
2. Haiphong (berth) –Hanoi	120	77	120	-	-	-	210	252	-	158	156
3. Haiphong (warehouse) -Hanoi	110	77	110	-	-	-	210	-	-	158	133
4. Hanoi-Lao Cai	200	232	220	-	-	350	-	370	483	-	309
5. Lao Cai-Kunming	-	-	-	-	-	-	-	423	-	-	423
6. HCMC-Hanoi	680	599	700	-	-	-	2,100	1,061	815	-	993
7. Saigon (berth) -Hanoi	665	599	710	-	-	-	2,100	1,061	813	-	991

Note: 1) Rates apply to general bagged cargoes such as rice, dry food and fertilizer. Frozen food is usually charged 20-100% higher, and steel and electric/electronic products in box 10-30% higher.

2) * is state-owned enterprise.

3) Excluding VAT.

Source: Quotations from selected forwarders in HCMC and Hanoi.

(a) Comparison with Official Tariff

Based on forwarders' quotations of which cost breakdowns are presented, haulage charges were estimated for road, railway and water as shown in Table 3.2.4, 3.2.5 and 3.2.6, respectively.

- (1) The official road tariff is VND 435/ton km (Road Category 1) for transporting cargo more than 100 km. However, the quoted prices were very high except for the long-distance Hanoi-HCMC route. This is due to the fact that the quotations were taken from forwarders operating nationwide. It is reported that local trucks are operated at a lower rate than the official tariff.
- (2) The official railway tariff for transporting general bagged cargo is VND 210-250/ton km for Hanoi-Haiphong and Hanoi-Lao Cai, and VND 180-220/ton km for Hanoi-HCMC. The quoted prices are high, though the difference is small for the long-distance route of Hanoi-HCMC.
- (3) The official tariff of inland waterway is VND 311/ton km for Hanoi-Haiphong. The quoted price is again very high compared to this official rate. There is no official tariff for coastal shipping but rates are competitive on the Hanoi-HCMC route.

Table 3.2.4
 Actual Unit Haulage Charge by Road, 1999

Route	Distance (km)	Unit Haulage Charge (VND/ton km)	
Hanoi-Haiphong	105	1,000 – 2,000 (Bagged)	14,700 (Frozen)
HCMC-TayNinh	105	930 – 2,000 (Bagged)	2,100 – 13,300 (Frozen)
HCMC-Phnom Penh	260	4,300 (Bagged)	9,200 (Frozen)
Hanoi-Lao Cai	295	1,300 – 2,400 (Bagged)	7,100 (Frozen)
Hanoi-HCMC	1,730	400 – 900 (Bagged)	1,400 – 1,600 (Frozen)

Note: 1) Excluding VAT.
 Source: Quotations by selected forwarders in HCMC and Hanoi

Table 3.2.5
 Actual Unit Haulage Charge by Railway, 1999

Route	Distance (km)	Unit Haulage Charge (VND/ton km)	
Hanoi-Haiphong	102	500 – 2,000 (Bagged)	650 (Frozen)
Hanoi-Lao Cai	295	513 (Bagged)	
Hanoi-HCMC	1,726	263 – 1,214 (Bagged)	

Note: 1) Excluding VAT.
 Source: Quotations by selected forwarders in HCMC and Hanoi

Table 3.2.6
 Actual Unit Haulage Charge by Water, 1999

Route	Distance (km)	Unit Haulage Charge (VND/ton km)
Hanoi-Haiphong	105	1,600 (bagged)
Hanoi-HCMC	1,730	146 – 405 (bagged)

Note: 1) Excluding VAT.
 2) Distance was assumed to be the same as road distance.
 Source: Quotations by selected forwarders in HCMC and Hanoi

(b) Transshipment

Table 3.2.7 summarizes the obtained information on transshipment and port-related charges.

- (1) Individual fee and charge seem to be collected according to the official port tariff. A Japanese shipping company also reported that the official port tariff is actually followed.
- (2) However, some freight forwarders quoted about 50-70% higher than the amount calculated as the sum of individual charges. This is due to the margin of forwarders and, more significantly, to the “tea money” often claimed unofficially by port officials.
- (3) The cost of transshipment to/from truck or railway was quoted at VND 8,000-16,000/ton. It is considered to fall in the similar price range as inland waterway’s.

Table 3.2.7
 Transshipment and Port-related Charges, 1999

	Charge (VND 000/ton)	
	Domestic	Import/Export
1. Port Related Charges		
- Transshipment (ship to barge/berth)	14 – 34	28 – 68
- Transport (Offshore to port, Haiphong)	21 – 38	53 – 84
- Wharfage at berth	2	4
- Wharfage at buoy, bay	1	2
- Transshipment (to truck)	8 – 10	16 – 21
Entire process from ship to truck*		
- from ship offshore	78 – 135	156 – 270
- from ship at berth	35 - 53	70 – 106
2. Transshipment Inland		
Loading or unloading from truck*	8 – 16	
Loading or unloading from railway*	8 – 16	

Source: TDSI and forwarders' quotation (with *)

3.2.2 Containerized Cargo

(a) Transport Charge

Cost quotations for transporting containers were likewise requested from some freight forwarders. Table 3.2.8 summarizes the result.

Table 3.2.8
 Actual Domestic Container Transport Cost, 1999

Mode	Route	Distance (km)	(VND 000)			
			20'		40'	
			Loaded	Empty	Loaded	Empty
Road (2-way)	Haiphong-Hanoi	105	1,100 – 1,270		1,500 – 1,700	
	Haiphong-Thanh Hoa	254	2,090 – 2,200		2,550 – 3,000	
	Hanoi-Ho Chi Minh City	1,730	12,000 – 14,000		14,000 – 18,500	
Coastal Shipping (1-way)	Haiphong-Danang	690	3,500 -4,000	2,400 -2,800	5,000 -5,500	3,500 -3,850
	Haiphong-HCMC	1,730	5,000 -7,000	3,500 -4,900	8,000 -13,000	5,600 -9,100

Note: Excluding transshipment cost but including VAT.

Source: Quotations by selected forwarders in Hanoi

Container transport in domestic shipping routes of Vietnam is monopolized by Vietnam National Shipping Lines (VINALINES), which is composed of state-owned enterprises (SOEs) and foreign-invested SOEs. The transport charge by coastal shipping is generally cheaper than that by truck. However, coastal shipping faces fierce competition from trucks due to the following reasons:

- Trucks can deliver door-to-door transport while coastal shipping requires loading/unloading at ports.
- Trucks often offer considerable discount, particularly on one-way trips.

Table 3.2.9
 Tariff for Container Transport on Coastal Shipping

A. Route from Hai Phong to HCMC and v.v.

Charge category	Charge price (VND)		Condition	In US\$	
	20'	40'		20"	40"
Special goods					
- Frozen goods	12,000,000	16,000,000	CY/CY COC	857	1,142.9
- Hazard goods	8,000,000	11,000,000	CY/CY COC	571.4	785.7
Category I	6,000,000	8,000,000	CY/CY COC	428.6	571.4
Category II	5,000,00	7,500,000	CY/CY COC	357.1	464.3
Category III	4,500,000	6,500,000	CY/CY COC	285.7	428.6
Category IV	4,000,000	6,000,000	CY/CY COC	214.3	
Category V ^{1/}	3,000,000	-	CY/CY COC		
Empty container	US\$ 180	US\$ 270	CY/CY COC		

^{1/} When the transport of empty container is required

B. Route Quang Ninh/Hai Phong to Can Tho and v.v.

The shipping charges include the charge from the route from Hai Phong to HCMC plus transshipment fee from HCMC to Can Tho and vice versa as follows:

- 20' : VND 1,800,000/container ~ US\$ 128.6
 40' : VND 3,000,000/container ~ US\$ 214.3

C. The route of Hai Phong/HCMC to Da Nang/Qui Nhon and v.v.

Charge category	Charge price (VND)		Condition	In US\$	
	20'	40'		20"	40"
Special goods	6,000,000	9,000,000	CY/CY COC	428.6	642.9
Category I and II	3,000,000	6,000,000	CY/CY COC	214.3	428.6
Category III and IV	2,500,000	5,000,000	CY/CY COC	178.6	357.1
Category V ^{1/}	2,200,000	-	CY/CY COC	157.1	
Empty container	US\$ 150	US\$ 250	CY/CY COC		

^{1/} When the transport of empty container is required

D. Operating Conditions

1. Demurrage and storage charge

- Free time:
 - At loading storage yard: 7 days
 - At unloading storage yard: 5 days

- Storage Fee:
 - 20' : VND 70,000/container/day (US\$ 5)
 - 40' : VND 140,000/container/day (US\$ 10)

 - Demurrage and storage charge (only applies to imported goods):
 - 20' : VND 100,000/container/day (US\$ 7.14)
 - 40' : VND 150,000/container/day (US\$ 10.71)
2. The shipping charges which apply to forwarders who do not belong to the VINALINES shipping rate are based on category goods (all goods except special goods).
- a. Route from Hai Phong to HCMC and vice versa
 - 20' : VND 6,000,000/container/day (US\$ 428.6) CY/CY COC
 - 40' : VND 8,000,000/container/day (US\$ 571.4) CY/CY COC

 - b. Route of Hai Phong/HCMC to Da Nang/Quy Nhon and vice versa
 - 20' : VND 4,000,000/container/day (US\$ 285.7) CY/CY COC
 - 40' : VND 7,000,000/container/day (US\$ 500) CY/CY COC
3. The above charges include 5% of VAT.
4. Rates are valid until March 1st 2000.

VINALINES' current shipping charges are shown in Table 3.2.9

The charge for transporting containers by railway was not quoted. Forwarders say that railway cannot be used because of longer transport time and additional costs for loading/unloading at stations. Container transport by inland waterway is difficult too, because there is no regular service at present and consignors have to charter a vessel. According to forwarders interviewed by the VITRANSS containers currently transported by railway are, if any, under special arrangements between VR and consignors. The "Transport Master Plan for the Central Region of Vietnam" (French ODA, 1998) reported the actual container transport rates by railway as shown in Table 3.2.10. The rates seem to be considerably more expensive than the 1999 actual rates by truck and coastal shipping.

Table 3.2.10
Actual Railway Container Transport Rates, 1997

Route	Distance (km)	Total Cost (VND)		Total Cost (US\$)	
		20' Container	40' Container	20'	40'
Haiphong-Hanoi	107	2,300,000	3,791,000	164.3	270.8
Haiphong-Thanh Hoa	282	1,100,000	1,650,000	78.57	117.9
Haiphong-Vinh	426	2,000,000	3,000,000	142.86	214.3
Haiphong-Danang	898	8,450,000	13,000,000	603.6	928.6
Hanoi-HCMC	1,726	13,665,000	13,665,000	976.0	978.1

Note: excluding transshipment cost but including VAT

Source: Transport Master Plan for the Central Region of Vietnam, 1997, French ODA

b) Transshipment Cost

Table 3.2.11 summarizes the transshipment cost of containers quoted by forwarders. The rates are more or less with the official tariff for handling domestic containers. The quoted cost of transshipment to rail wagon at station vary widely compared to other types of transshipment. Since the lowest price was quoted by an SOE under VR, there might be some special arrangement between them.

Table 3.2.11
Actual Transshipment Cost of Domestic Containers, 1999

	20'		40'	
	Loaded	Empty	Loaded	Empty
Ship to barge	243 - 295	115 - 150	356 - 460	178 - 240
Ship to berth	313 - 400	159 - 200	459 - 620	247 - 310
Ship to truck or warehouse	234 - 290	115 - 148	356 - 458	178 - 235
Warehouse to truck	140 - 160	70 - 90	228 - 270	100 - 135
Station to rail wagon	154 - 400	77 - 250	228 - 700	114 - 350

Note: including VAT

Source: Quotations from forwarders

3.3 Comparison of Official Tariff and Actual Charges for Passenger and Cargo Transport

3.3.1 Passenger

Road - Bus Services

A maximum fare for each route is set by the respective provincial people's committees and the fare serves as a guide for bus operators in charging passengers. It is noted that actual bus fares are competitive and in some high traffic routes, actual fares are reportedly even lower than the maximum fare. Service quality is a major consideration of passengers based on VITRANSS survey. It may be deduced that bus operators only consider the direct cost of operating the service and does not impute the depreciation cost and some contribution to fund future fleet replacement.

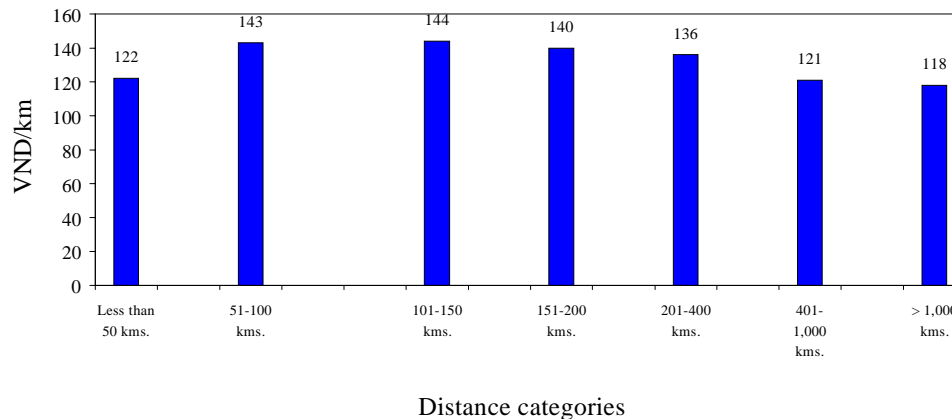
For bus services, the passenger fares are the same for Vietnamese and non-Vietnamese. As of May 1999 VITRANSS survey, it is shown that the average VND/ per km decreases as the distance traveled increases. Table 3.3.1 is an analysis of

routes according to distance categories based on the detailed matrix of intercity bus fares presented earlier and further illustrated in Figure 3.1.

Table 3.3.1
 Route Distance Categories and the Average Passenger Fare in VND/km.

Distance	Min.-Max. VND/km (average VND/km.)	No. of routes
Less than 50 kms.	122 VND/km	1
51-100 kms.	118-194 VND/km (143 VND)	14
101-150 kms.	106-175 VND/km (144 VND)	20
151-200 kms.	98-185 VND/km. (140 VND)	7
201-400 kms.	100-180 VND/km (136 VND)	15
401-1,000 kms.	66-179 VND/km (121 VND)	7
> 1,000 kms.	105-108 VND/km (118 VND)	11

Figure 3.3.1 Route Distance Categories and Ave. Fare in VND/km



Thus, based on the above table it is shown that shorter routes of less than 50 kms to 200 kms register higher average VND/km of about 145 VND while longer routes from 201 kms to more than 1,000 kms charge lower - below 140 VND/ km and even less than 120 VND/km.

Rail

Vietnam Railway (VR) sets the passenger tariff but still subject to government approval. There is no fare setting formula provided but the calculation of rail fare considers the type of train, seat and nationality (Vietnamese or foreigner). Total fare for a specific route is equivalent to the sum of unit fare per km, according to type of train and seat, multiplied by travel distance plus an insurance premium. It is noted that foreigners pay double the fares of Vietnamese passengers and it is even higher for airconditioned or higher service (2.5x Vietnamese fare) eg. soft seat air-conditioned service, regardless of train type and route length.

There is no automatic fare adjustment mechanism to take into account increases in operating expenses (inflation) and other cost considerations. Since foreigners are charge higher fares than Vietnamese regardless of quality of service (for higher service quality, the larger the difference in their fares).

By type of train, S ½ fares are higher than S^{3/4} trains (13% for hard seat and soft seat and 17% higher for soft seat air conditioned; and 8% higher for soft sleeper air conditioned). S^{5/6} train, S ¾ rates are higher by 11% for hard seat, 4.6% for soft seat, 14.7% higher for soft seat air conditioned and 6.7% higher for soft sleeper air conditioned. The fare rate structure is based on basic service standard and this fare is increases with an increase in service quality. Refer to Table 3.3.2.

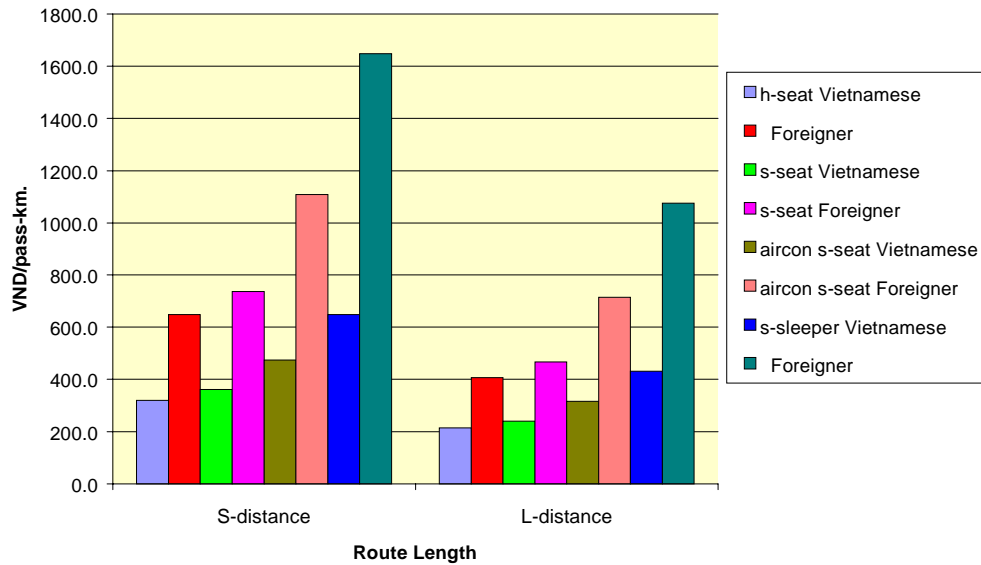
Table 3.3.2
 Analysis of Average Rail Fare (VND/pass-km)

Service Quality – S ½ train	Ave. fare (VND/pass-km.) as percentage of price of highest service	
	Vietnamese	Foreigner
Hard seat	50%	38%
Soft seat	56%	44%
Soft seat, aircon	73%	67%
Soft sleeper, aircon	100%	100%
Relative to price of lowest service (hard seat)		
Service Quality – S ½ train	Vietnamese	Foreigner
Hard seat	1.0	1.0
Soft seat	1.1x	1.1x
Soft seat, aircon	1.5x	1.7x
Soft sleeper, aircon	2.0x	2.6x
Service Quality – S ½ train	Foreigner Fare relative to Vietnamese Fare	
Hard seat	1.9x	
Soft seat	2.0x	
Soft seat, aircon	2.3x	
Soft sleeper, aircon	2.5x	

The difference in fare between Vietnamese and non-Vietnamese becomes more significant as service quality becomes higher. In the case of S1/2 train, the difference is 1.87 times for “hard seat”, 1.92 times for “soft seat”, 2.24 times for “soft seat air–conditioned” and 2.48 times for “soft sleeper air–conditioned” (excluding insurance). Refer to Figure 3.3.2

Even for baggage, non-Vietnamese pays double the tariff (VND 100/100 kg/km) for Vietnamese (VND 55/100 kg/km). Likewise, for insurance, Vietnamese pay only VND 200 while non-Vietnamese pay VND 11,000.

Figure 3.3.2 Relative Difference in Vietnamese and Non-Vietnamese Rail Fares



3.3.2 Inland Waterway

(a) Passenger

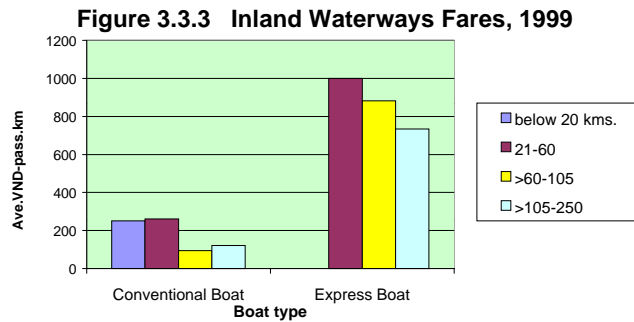
Based on the analysis of the actual passenger boat fares (May 1999) in selected routes in the Red River and Mekong Delta for both conventional and express boats, it is noted that express boats charges fares which are 3.8x to 9.4x the fares of conventional boats depending on distance.

Short-distance fares per pass-km are higher than long distance fares, but the percentage increase differs between conventional and express boats. Conventional boats charge double for short distances (up to 60 km) and express boats charge about 20-30% higher than long-distance route fare per pass-km. For routes with distance below 60 kms fare is 3.8x the conventional fare, for 60-100 kms., the express boat fare is 9x the conventional fare, and for routes above 100 kms., express fare is 6x the conventional boat fare. Refer to Table 3.3.3 below and Figure 3.3.3.

Table 3.3.3
 Inland Waterway Fares – Conventional Boat
 And Express Boat, 1999

Route length	Conventional Boat (Ave. VND/pass-km)	Express Boat (Ave. VND/pass-km)	Short Distance Fares Relative to Long-Distance Fares		“Express” Boat Fare Proportion to “Conventional” Boat Fare
			Conven.	Express	
below 20 kms.	250		2.05		
21-60	261	1000	2.14	1.36	3.8
>60-105	94	882	.77	1.20	9.4
>105-250	122	733	1.00	1.00	6.0

It is noted that the fare rate structure is based on the type of boat service and distance traveled and fare does not differentiate between Vietnamese and non-Vietnamese passengers. Hence, for inland waterways, the rate differentials between conventional boat and express boat is principally based on the boat configuration, higher capital cost (depreciation and interest payments), higher operating costs, higher fuel consumption, and travel time and comfort to passengers.



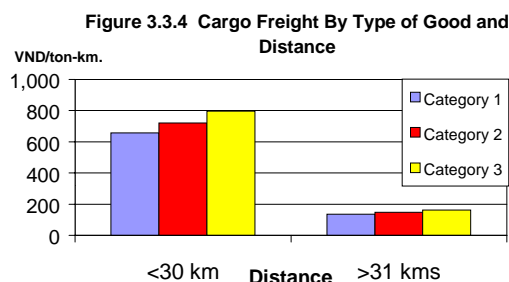
Since the fares are deregulated, there is an incentive to improve passenger services such as providing express service for higher density routes since passengers can be change higher acceptable. It is assumed that operators practice there an automatic fare adjustment to take into account fuel price, inflation, increase in river port charges and other factors which directly impact on operating costs.

(b) Cargo

Cargo freight rates for inland waterways are likewise regulated (Decision No. 36/VGCP – CNTD.DV, 6 July 1995) by type of cargo and based on river class 1, with a minimum charge based on the minimum distance of ≤ 30 kms., as shown below. The short-distance charge is 4.9x the long-distance rate (>31 kms), as follows:

Table 3.3.4
 Inland Waterways Freight Charges, in VND/ton-km

Cargo type	≤ 30 km	>31 kms
Category 1	657	135
Category 2	720	148
Category 3	797	162



If the goods are to be transported via river class 2 and 3, the following applies: (1) 1 km river class 2 = 1.5 km of river class 1; (2) 1 km river class 3 = 3km of river class 1.

Official tariff of inland waterway for Hanoi-Haiphong route is VND311/ ton-km and this quoted price is higher or double the official tariff.

3.3.3 Cargo Transport Analysis

This Section of the Report provides the freight rate structure of the different transport modes. It is noted that for intermodal transport particularly for trucking-shipping-trucking connection from origin-destination, the estimates are based only on a limited sample of freight forwarders interviewed.

Further, a comparative analysis of similar freight rates (based on comparative local conditions) with the Philippines is undertaken and the freight rates for other countries are likewise presented.

It is noted that in Vietnam, there are official tariffs set but the actual tariffs differ and in most cases, are higher. There is no single body that monitors the rates (for overcharging) nor compare the characteristics of each mode in transporting goods.

Road Transport

Decision 36/VGCP – CNTDDV of May 8, 1997 of the State Price Committee sets the principles, methods and guidelines for calculating trucking rates in the case of (i) payment coming from state budget funds or (ii) transport of goods in mountainous areas. Further, road freight hauling charges were given based on the following parameters:

- Five types of roads¹
- Three categories of goods²
- Weight of the goods to be transported and the fare to be applied.³

Road tariff is given per km for different categories of roads and different types of goods. Further, with respect to type of goods, category 1 tariff is set as the minimum or base tariff, and for category 2 goods, its tariff is category 1 plus 10% and for category 3 goods, tariff is category 1 plus 30%. It is noted that the goods for category 1 including the heaviest cargoes such as sand, gravel and earth and in terms of value, may have the lowest value compared to other goods. Hence, the additional 10% for category 2 goods factor in value and similarly for category 3 goods which is 30% higher over tariff of category 1, and this category comprise relatively the higher value goods.

¹ Road types are five based on the Highway Design Standards which include the technical design standards, road base, road surface. Likewise, average daily traffic is given: Category 1 - >6,000 vehicles, Category 2 – 3,000-6,000, Category 3 – 1,000-3,000, Category 4 – 300-1,000 and Category 5 – 50-300 vehicles.

² 3 categories – category 1 (stone, sand, gravel, and earth), Category 2 (food in bag, construction materials, timber, coal, ore, and metals), Category 3 (food in bulk, cement, limestone, salt, fertilizer, gasoline and petroleum, insecticide, paper, medicines, health care equipment, seeds, machines and special equipment).

³ On gross weight (GW), if GW is <50% of registered pay load of the truck, weight used is 80% of registered pay load. If GW is between 50% - 90% of the registered pay load of the truck, weight used is 90% of registered pay load. If GW is more than 90% of the registered pay load of the truck, actual weight of the goods is used.

Based on the average tariff per road category (Chapter 2, Transport Cost Analysis), the tariffs are compared to road category 1 tariff to determine the range of increase and the results are given in Table 3.3.5, below. It is shown that road 2 tariff is 1.1x road tariff 1 regardless of distance, while for road categories 3, 4 and 5, distance is considered i.e. for very short hauling distance, tariffs are 1.4x, 1.8x and 2.4x road tariff 1, respectively. While for longer distances, i.e. from 56 kms to more than 100 kms, the tariffs are 1.6x , 2.1x and 3x road tariff 1, for road categories 2, 3 and 4, respectively. Refer to Figures 3.3.5 and 3.3.6.

Table 3.3.5
 Proportion of Other Roads' Tariff to Road 1 Tariff

Distance (kms)	Road 2/1	Road 3/1	Road 4/1	Road 5/1
15	1.1	1.4	1.8	2.4
56-60	1.1	1.6	2.1	3.0
61-70	1.1	1.6	2.1	3.0
91-100	1.1	1.6	2.1	3.0
101 and above	1.1	1.6	2.1	3.0

It is likewise shown that tariff VND/ton-km decreases as the hauling distance increases, but the decrease is not much. Only the shortest distance are charged the highest. Further, road category 1 is charged the lowest tariff (since it has the best road condition), and roads 4 and 5 the higher tariff which means that the Government considers the road conditions, and thus increasing the tariff may encourage trucking operators to go to more remote areas (where road categories 4 and 5 are located) and where traffic density is much lower (since there are much lesser goods to transport and there might not be back haul cargoes to transport). However, this also means that since the tariff is much higher, the consignee can just charge higher price for the goods transported and this is passed on to consumers.

Figure 3.3.5 Official Road Tariff by Road Type

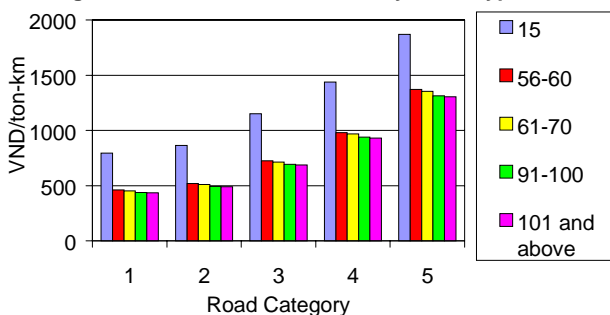
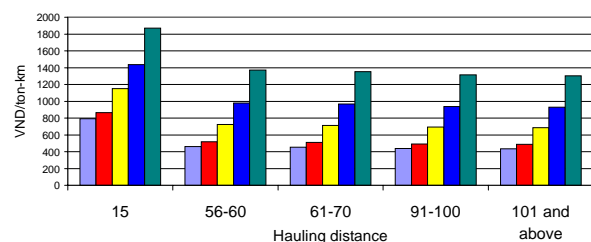


Figure 3.3.6 Road Tariff by Distance and Type of Road



Estimation of the total tariff to be charged is quite complicated considering that specific categories for roads and goods are taken into account. On top of this, the weight is included ; however, actual weight is used only if the gross weight of the goods is greater than 90% of registered payload of the truck. Below 90% (50-90%)

of the registered payload GW used is 90% of registered payload and if GW is below 50% of registered payload, weight used is 80% of the registered payload.

Based on this schedule, the minimum weight is thus 80% of registered pay load. There is therefore an incentive for truckers to maximize its load (or in some cases, overload) since the minimum weight considered is already 80% of the registered payload even if the weight is below 50% of registered load capacity. Thus, it pays shippers to maximize the truck’s load capacity, rather than be overcharged if the GW of the goods is less than 50% since the GW used in computing the freight is 80% of the truck’s registered load capacity.

Hauling distance used is the actual distance traveled. And if there are several road categories for road sections, the tariff for each road category is used which is then multiplied by the length of the section. However, in the official tariff it is noted that increasing charges are based on the relative road conditions. If the road condition is much worst than Road 5, then the tariff is Road Category 5 tariff plus 20%. Shown in Table 3.3.6 is the relative tariff for succeeding road category relative to tariff of the previous road category. Thus, road 2 tariff is 10% higher than road 1 tariff regardless of distance while tariff for roads 3, 4 and 5 are 30-40% higher than road 2 tariff, road 3 and 4 tariffs, respectively.

Table 3.3.6
 Relative Increase in Tariff for Succeeding Road Categories

Distance	1	2	3	4	5
15	1.0	1.1	1.3	1.3	1.3
56-60	1.0	1.1	1.4	1.4	1.4
61-70	1.0	1.1	1.4	1.4	1.4
91-100	1.0	1.1	1.4	1.4	1.4
101 and above	1.0	1.1	1.4	1.4	1.4

It was reported in the survey that trucking companies experience fierce competition (but probably not for all routes, only for high traffic density routes) and the high financing cost of acquiring new vehicle. The trucking rates must likewise take into account a reasonable return on services provided to enable them to improve service.

Apparently, the fare regulation considers actual transport expenses (in providing service), and if the maximum fares set need to be increased, the provincial peoples’ committees can propose to Government Pricing Committee to approve such increase.

Although it is not indicated how much time is required for the Government to study proposed increases, it is noted that with such complicated system, and no transparent and existing differential rates between provinces (considering actual transport conditions), it is difficult to determine and monitor the merits of proposed increase in tariff.

It is noted that actual rates as quoted by freight forwarders show large variation and there is always room for negotiation. In terms of the average cost, SOEs quoted prices almost approximate the average cost for all surveyed, and in some cases even lower such as in Haiphong-Hanoi route but higher in the Hanoi-Lai Cai and Lao Cai – Kunming routes. Further, the private forwarders' quoted rates are higher than SOE and average rates in the Hanoi-Haiphong route (shorter distance) and lower in the long-distance rates such as Hanoi-HCMC by about 15% and in difficult routes which is even half the SOE rate (may be because private rate is only for one-way).

It can be assumed that the lowest quoted price might approximate the actual trucking cost for that route (refer to Figure 3.3.7). It was noted that forwarders equipped with modern handling facilities and larger truck fleet, warehouse, branch offices quoted higher rates, but there is no clear or systematic calculation of approximate actual cost of trucking by both SOEs and private truckers.

Based on the survey, trucking is most expensive but is widely used since this is the most convenient cargo transport mode (i.e. no double handling, no clearing for goods required, goods are directly loaded from the origin (warehouse) and transported directly to destination (warehouse)).

Table 3.3.7
 Analysis of the Ave. Quoted Trucking Rates
 by Forwarders (Private and SOEs), 1999

Route	Ave. (10 FFs)	Ave. SOEs	Private	Private/Ave.	SOE/Ave.	Private/SOE
1. Offshore Haiphong-Hanoi	235	162	289	1.23	0.69	1.78
2. Haiphong (berth) –Hanoi	172	169	176	1.02	0.98	1.04
3. Haiphong (warehouse) – Hanoi	170	165	175	1.03	0.97	1.06
4. Hanoi-Lao Cai	434	483	370	0.85	1.11	0.77
5. Lao Cai-Kunming	604	800	407	0.67	1.32	0.51
6. HCMC-Hanoi	962	1,057	885	0.92	1.10	0.84
7. Saigon (berth) –Hanoi	1,006	1,075	937	0.93	1.07	0.87
8. Saigon (berth) -Tay Ninh	287	277	301	1.05	0.97	1.09
9. Saigon (berth) -Phnom Penh	1,120	1,120		-	1.00	-

Figure 3.3.7 Actual Trucking Rates by Route As Quoted by Freight Forwarders

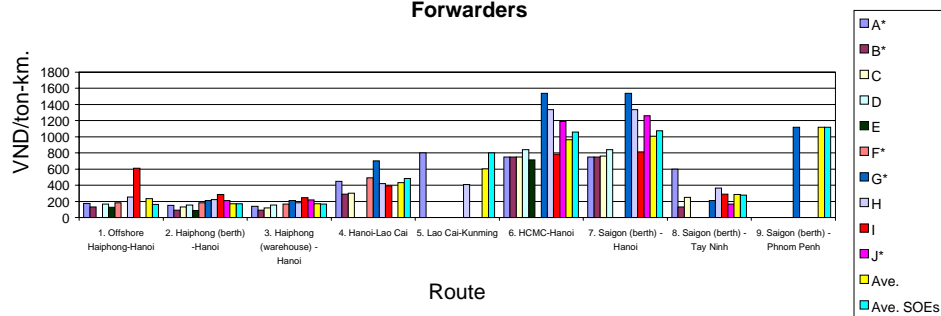
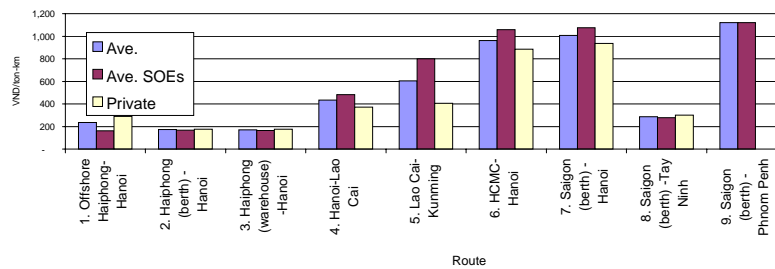


Figure 3.3.8 Trucking Freight Rates by Route By Type of Forwarder, 1999



3.3.4 Rail Cargo Transport

VR determines the cargo on the basis of a fully loaded wagon and since 14 January 1999, cargo tariff was amended to include VAT and revenue tax on enterprise (Decision No. 26 QD/KHDT). VR's cargo tariff (effective since 1995) is determined mainly on the type of cargo on a fully loaded wagon plus VAT. Thus, cargo tariff is based on type of goods transported and the (minimum distance of 30 km). As in trucking, the total charge is sum of all charges by section.

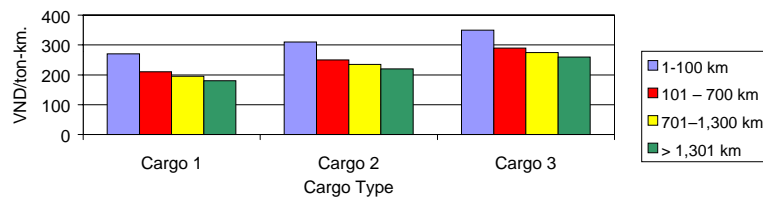
Fast freight train (e.g., HBN ½) charge is 1.05x higher than ordinary trains. As distance increases, tariff is 33% lower than the short-distance tariff for category 1, 29% lower for category 2 and 26% lower than category 3 goods. Refer to Table 3.3.8 and Figure 3.3.9.

Table 3.3.8
 Analysis of Cargo Tariff Relative to Distance and Type of Goods

Cargo Tariff Relative to Shortest Distance Tariff				
Cargo Type	1-100 km	101 – 700 km	701–1,300 km	≥ 1,301 km
Cargo 1	1.00	0.78	0.72	0.67
Cargo 2	1.00	0.81	0.76	0.71
Cargo 3	1.00	0.83	0.79	0.74
Cargo Tariff Relative to Cargo 1 Tariff				
Cargo Type	1-100 km	101 – 700 km	701–1,300 km	≥ 1,301 km
Cargo 1	1.00	1.00	1.00	1.00
Cargo 2	1.15	1.19	1.21	1.22
Cargo 3	1.30	1.38	1.41	1.44

Tariff rates increase according to category of the goods, with category 3 goods having the highest tariff per ton-km.

Figure 3.3.9 Cargo Tariff by Cargo Type



It is noted that based on the matrix table of commodity types and respective goods, category 3 goods have the highest value and this considered in freight charging, not only the weight of the goods. It was not indicated, however the respective “weights” of factors used to calculate freight charges: cargo type, distance, wagon, weight and value of the goods, but there is a separate schedule for each cargo type and hauling distance. Thus, any increase in tariff entails another set of calculation – there seems to be no automatic adjustment mechanism once there are increases in fuel price, and increase in operating costs due to inflation and the basis for proposed increases.

Based on the actual rail freight rates quoted by freight forwarders, both private-owned and SOE, shown in Table 3.3.9 and Figure 3.3.10, for long routes, SOE quoted rates are higher by about 20% but for shorter routes, private sector freight forwarders quotations are 1.8x and 1.3x the SOE quoted rates, mainly in the Hanoi-Hai-Phong route and in the difficult route, Hanoi-Lao Cai, private freight rate is 1.4x the SOE rate.

Figure 3.3.10 Actual Rail Freight Rates

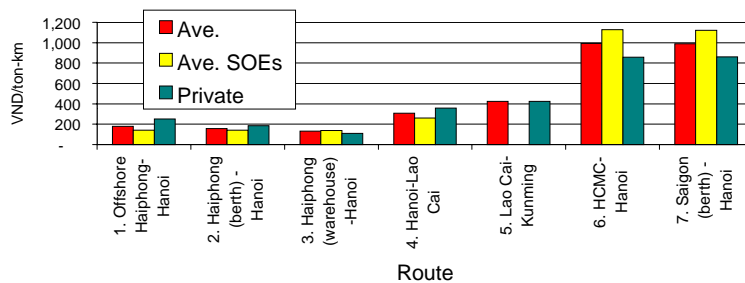


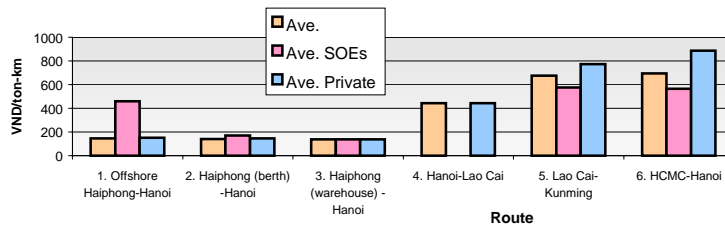
Table 3.3.9 Average Rail Freight Rates Quoted by Freight Forwarders, 1999

Route	Ave.	Ave. SOEs	Private	Private/Ave	Private/SOE
1. Offshore Haiphong-Hanoi	179	143	252	1.4	1.8
2. Haiphong (berth) –Hanoi	156	141	186	1.2	1.3
3. Haiphong (warehouse) -Hanoi	133	139	110	0.8	0.8
4. Hanoi-Lao Cai	309	261	358	1.2	1.4
5. Lao Cai-Kunming	423	-	423	1.0	-
6. HCMC-Hanoi	993	1,126	859	0.9	0.8
7. Saigon (berth) –Hanoi	991	1,121	861	0.9	0.8

3.3.5 Shipping

There is no official tariff for coastal shipping, however based on the quoted rates by freight forwarders (both private and SOE), it is shown that for shorter routes quoted rates were almost the same for private and SOE except in route 1, where the average SOE rate is much higher.

Figure 3.3.11 Shipping Freight Rates, 1999



For longer routes, it is noted that the average private quoted rate is much higher than the average total and average SOE quoted rates. In Table 3.3.10, the proportion of private rates to SOE rates are calculated, private rates for HCMC-Hanoi route is 1.6x SOE rate and 1.3x over total average.

Table 3.3.10
 Average Shipping Freight Rates Quoted by Freight Forwarders, 1999

Unit: VND/ton-km

Route	Ave.	Ave. SOEs	Ave. Private	Private/Ave	Private/SOE
1. Offshore Haiphong-Hanoi	145	459	153	1.1	0.3
2. Haiphong (berth) -Hanoi	140	170	147	1.0	0.9
3. Haiphong (warehouse) - Hanoi	138	139	137	1.0	1.0
4. Hanoi-Lao Cai	444	-	444	1.0	
5. Lao Cai-Kunming	675	576	773	1.1	1.3
6. HCMC-Hanoi	694	565	887	1.3	1.6

3.3.6 Air Cargo Transport

VAC provided the freight rates differentiated between foreign companies/ persons (quoted in USD/kg) and Vietnamese (in VND/kg.) The total freight charge is calculated as follows:

$$\text{Total freight charge} = \frac{\text{basic freight charge} + \text{fixed fee of 10.000 VND} + 5\% \text{ tax on total charge}}{\text{Total Charge}} \text{ Gross Charge}$$

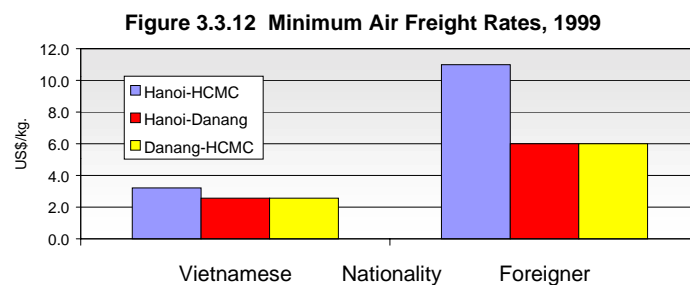
Below are the minimum rates (for 10 kgs.) for specific routes in US\$/kg. for Vietnamese and foreigner and illustrated in Figure 3.3.12. Thus foreigners are

charged 3.4x Vietnamese for longer route such a Hanoi-HCMC and for shorter routes, 2.3x Vietnamese rates.

Table 3.3.11
 Minimum Air Freight, 1999

Unit: US\$/kg

Minimum Rates	Vietnamese	Foreigner	For./Viet.
Hanoi-HCMC	3.2	11.0	3.4
Hanoi-Danang	2.6	6.0	2.3
Danang-HCMC	2.6	6.0	2.3



Comparing the air freight rate per kilo, incremental rate exceeding the minimum of 10 kgs. is given in Table 3.3.12 for the three routes. It is noted that the foreigners are charged higher than the Vietnamese rates but in decreasing proportion if the weight of the goods is <45 kgs. to >1000 kgs. For Hanoi-HCMC route if weight is < 45 kgs., foreigner freight rate is 3.1x Vietnamese rate while for succeeding kilos, it is about 1.8x the Vietnamese freight rate, and increasing to almost 2x the Vietnamese rate if weight exceeds 1,000 kgs.

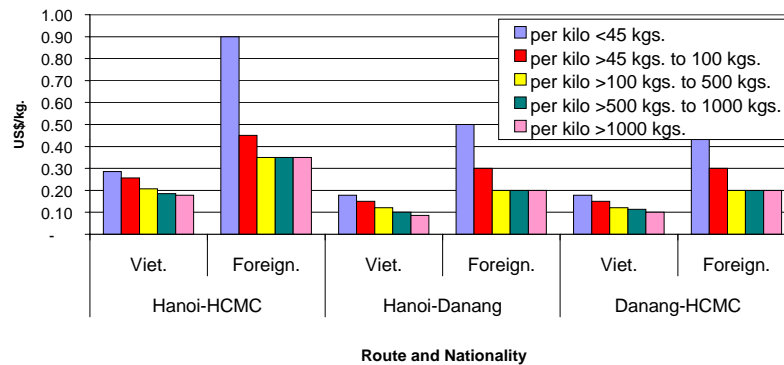
For shorter routes, if the weight of the goods is 45 kgs. and below, the foreigner freight rate is 2.8x the rate for Vietnamese, and if weight is above 45 kgs. foreigner rate is about 2x the rate for Vietnamese. Hence, foreigners pay double the Vietnamese freight rate.

Again, the distortion in air freight rates unduly penalizes foreign companies, since there is no extra cost incurred on the part of VAC in transporting the goods. Since there is no indicative average cost of transport, it is difficult to estimate the amount of subsidy by foreigners. But if Vietnamese rate is taken as the ave.cost of transport, the difference in the amount between Vietnamese and foreigner rate may be the amount of subsidy on a per kilo basis. Refer to Table 3.3.12 and Figure 3.3.13 below.

Table 3.3.12
 Comparative Air Freight Rates per Kilo, in US\$/kg. By Route and Nationality

Kilograms	Hanoi-HCMC		Hanoi-Danang		Danang-HCMC	
	Vietnamese	Foreigner	Vietnamese	Foreigner	Vietnamese	Foreigner
per kilo <45 kgs.	0.29	0.90	0.18	0.50	0.18	0.50
per kilo >45 kgs. to 100 kgs.	0.26	0.45	0.15	0.30	0.15	0.30
per kilo >100 kgs. to 500 kgs.	0.21	0.35	0.12	0.20	0.12	0.20
per kilo >500 kgs. to 1000 kgs.	0.19	0.35	0.10	0.20	0.11	0.20
per kilo >1000 kgs.	0.18	0.35	0.09	0.20	0.10	0.20
	Foreigner/ Vietnamese Rates					
per kilo <45 kgs.		3.15		2.80		2.80
per kilo >45 kgs. to 100 kgs.		1.75		2.00		2.00
per kilo >100 kgs. to 500 kgs.		1.69		1.65		1.65
per kilo >500 kgs. to 1000 kgs.		1.88		2.00		1.75
per kilo >1000 kgs.		1.96		2.33		2.00

Figure 3.3.13 Air Freight Rates per kilo, above minimum 10 kgs.
 (in US\$/kg.)



3.3.7 Comparative Freight Rates – Road, Rail and Shipping

Based on the actual unit haulage charge quoted by the forwarders for the three routes (Hanoi-HCMC, Hanoi-Danang and Danang-HCMC), for road, rail and shipping in transporting bagged (break bulk) goods, it is shown that shipping rates are the cheapest. It is noted that different pattern emerges if we consider the minimum and maximum haulage rates quoted.

For Hanoi-Haiphong route, based on the maximum rate quoted, shipping is the cheapest but in Viet of minimum rate quoted, shipping rate is the most expensive

Figure 3.3.14 Maximum Haulage Rates by Mode

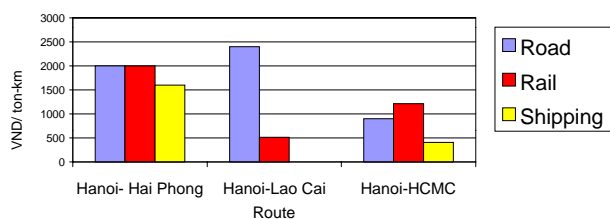
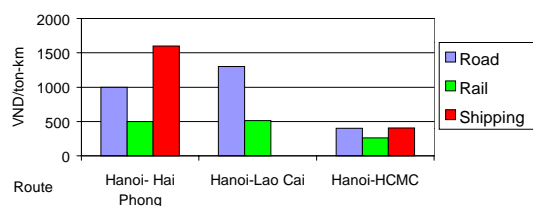


Figure 3.3.15 Minimum Freight Rates by Mode, 1999



and rail is the cheapest. For Hanoi-Lao Cai, it is cheaper to transport by rail. In the case of Hanoi-HCMC, rail is the most expensive and shipping is the cheapest (shipping has no minimum-maximum rate) and based on the minimum rates quoted, rail is the cheapest. But for analysis purposes it would be better to use the maximum haulage rates quoted.

Table 3.3.13
Comparative Analysis of Haulage Costs by Mode, 1999

Route	Rail/Road	Rail/Shipping	Road/Shipping
Hanoi- Hai Phong	1.0	1.3	1.25
Hanoi-Lao Cai	0.2	-	-
Hanoi-HCMC	1.3	3.0	2.2

If we use the maximum rate quoted for comparison purposes, for both shorter and longer routes, shipping is the least expensive mode, with road and rail being 1.3x and about 2.2-3x of the shipping rate, respectively (refer to Table 3.3.13 and Figure 3.3.14).

4 ANALYSIS OF OPERATING COST OF TRANSPORT SERVICES AND COST OF INFRASTRUCTURE

4.1 Road

4.1.1 Vehicle Operating Cost

Vehicle operating costs (VOC) are the main parameter in the assessment of benefits, and include physical consumption and time value. Financial costs (market costs) are used to explain user's behavior, i.e. modal split and traffic assignment. Economic costs, on the other hand (exclude taxes and subsidies) represent the real cost to the economy of ownership and operation.

The National Transport Sector Review (UNDP, 1994) and the Study of Investment and Maintenance Strategy for National and Provincial Road (UK's ODA, 1996) studied in detail the vehicle operating cost (VOC) in Vietnam. The Transport Master Plan for the Central Region of Vietnam (French ODA, 1998) decided to use the VOC values of the latter study after reviewing the methodology and confirming that there was no inflation in terms of the American dollar in the past few years. This conclusion is also applicable for this particular study because consumer price indices (CPIs) have been increasing recently in parallel to the dollar: Between December 1995 and December 1998, the CPI grew by 21% while the Vietnam dong depreciated against the dollar by 24%.

The economic VOCs are presented in Table 4.1.1 and 4.1.2. These costs took into consideration the ongoing fleet replacement.

Financial VOCs were assumed to be 30-50% higher than economic VOCs (after VAT). For bus, assuming a financial VOC 30% higher than the economic VOC and an average occupancy of 19.1 passengers/bus (VITRANSS Survey in March-April 1999), the financial VOC per passenger-km is VND 122 for paved, fair and flat road. This is almost comparable to the actual inter-city bus fares (refer to Table 4.1.1).

For trucks, assuming a financial VOC 30% higher than the economic VOC and an average loading of 4.0 tons/truck (VITRANSS Survey in March-April 1999), the financial VOC per ton-km is VND 710 for paved, fair and flat road. The financial VOC considerably higher than the official maximum rate but lower than the commercially quoted rates (refer to Chapter 3).

Table 4.1.1
Economic VOCs on Paved Road

(VND/vehicle-km)

Condition	Terrain	IRI	Car	Truck	Bus
Good	Flat	3	735	1,942	1,553
	Hilly	3	746	2,094	1,620
	Mountainous	3	760	2,591	1,868
Fair	Flat	6	924	2,184	1,799
	Hilly	6	924	2,345	1,875
	Mountainous	6	938	2,843	2,127
Poor	Flat	9	1,162	2,488	2,145
	Hilly	9	1,176	2,653	2,232
	Mountainous	9	1,194	3,167	2,513
Very poor	Flat	12	1,484	2,864	2,666
	Hilly	12	1,498	3,045	2,792
	Mountainous	12	1,904	3,725	3,018

Note: 1) Mid-term economic cost considering replacement of vehicles (e.g. ex-USSR-made veh.)
2) Travel speed at 60 km/h

Source: Transport Master Plan for the Central Region of Vietnam (French ODA, 1998) converted from US\$ to VND at VND 14,000 /US\$).

Table 4.1.2
Economic VOCs on Unpaved Road

(VND/vehicle-km)

Condition	Terrain	IRI	Car	Truck	Bus
Good	Flat	7	973	2,247	1,813
	Hilly	7	977	2,402	1,884
	Mountainous	7	991	2,905	2,138
Fair	Flat	10	1,218	2,542	2,125
	Hilly	10	1,225	2,706	2,205
	Mountainous	10	1,239	3,226	2,472
Poor	Flat	14	1,680	3,073	2,780
	Hilly	14	1,694	3,262	2,894
	Mountainous	14	1,729	3,812	3,228
Very poor	Flat	17	2,027	3,472	3,273
	Hilly	17	2,045	3,679	3,409
	Mountainous	17	2,097	4,252	3,794

Note: 1) Mid-term economic cost considering replacement of vehicles (e.g. ex-USSR-made vehicle)
2) Travel speed at 60 km/h

Source: Transport Master Plan for the Central Region of Vietnam (French ODA, 1998) converted from US\$ to VND at VND 14,000/US\$).

4.1.2 Cost of Freight Transport by Truck Calculated from Expenditure of Selected SOEs

Table 4.1.3 presents the revenues and expenditures of some selected trucking SOEs together with the unit operating cost per truck-km and ton-km.

- Unit operating cost per truck-km corresponds to the financial VOC by truck. The value calculated for selected SOEs seems to be very low compared to financial VOCs. This may be attributed to the low-value old trucks and the cheap labor cost.
- Unit operating cost per ton-km (on average, VND 428 or VND 471 after VAT) seems to be significantly lower than financial VOCs estimated in the previous subsection.

In conclusion, the VOCs explained in the previous subsection can be applied to the situation in Vietnam. The VOCs may be higher than the actual operating cost of trucks at present (presumably by about 50%), but will apply to the future situation in Vietnam where old fleet would be replaced with modern trucks and vehicles would be better maintained.

Table 4.1.3
Operating Revenue and Expenditure of Selected Trucking SOEs, 1997

	Company					Total (Average)
	A	B	C	D	E	
No. of Trucks Owned	116	160	105	335	118	834
Ave. Capacity of Truck (tons)	5.5	7.1	7.1	6.5	5.7	6.4
Ton-km Carried (million)	15.7	22.2	14.0	41.5	17.5	110.9
Truck-km (000)	3,864	5,433	N.A	5,108	4,187	-
Revenue (VND million)	7,415	9,123	6,274	17,002	9,228	49,042
Operating Cost (VND mil.)	7,099	8,850	6,299	16,437	8,823	47,508
Unit Operating Cost (VND/truck-km)	1,837	1,629	N.A	3,218	2,107	-
Unit Operating Cost (VND/ton-km)	452	399	450	396	504	428

Source: TDSI

4.1.3 Cost of Road Infrastructure and Maintenance

The World Bank 1999 Report has calculated the present level of funding requirements for the annual and periodic maintenance of road network in Vietnam which is estimated at US\$189.52 million. The amount is broken down into annual maintenance of US\$43.4 million and periodic maintenance cost (annualized) is US\$ 146.09 million (refer to Table 4.1.4.).

Table 4.1.4
Summary of Road Maintenance
Requirements and Financing Sources

Item	US\$ million/ year
a. Maintenance Requirements	
- Annual Maintenance	US\$ 43.43
- Periodic Maintenance	146.09
Total	189.52
b. Proposed Financing	
- User Charges	US\$ 156.12
- Local Revenues	31.60
Total Financing Required	187.72
c. Current User Revenues	US\$ 93.46
d. Shortfall (a-c)	
e. Optimal User Revenues	US\$ 154.57

It was proposed that the current user charges be increased for all types of vehicles to approximate the road damage costs, and in addition, impose an axle loading fee for trucks (comprising medium, heavy and articulated truck).

A more detailed presentation of the financing needs for road maintenance and proposed increases in user charges per type of vehicle are in Table 4.1.5 as presented in the WB April 1999 report.

Table 4.1.5 Details of Financing Needs and Increases in User Charges

(a) Needs and Financing

Road Network	Road Type	Length (Km)	Vehicle Utilization (Million vehicle km/yr)	Agency Needs							Proposed Financing Table		
				Maintenance					Investments & Others (\$M/yr.)	Total (\$M/yr.)	User Charges (\$M/yr.)	Local revenues (\$M/yr)	Total (\$M/yr)
				Annual Maintenance		Periodic Maintenance							
				Fixed Variable (US\$ million/yr.)		Fixed Variable (US\$ million/yr)							
National Roads	Paved	9,160	2,478	9.16	0.42	9.58	31.14	14.95	46.09				
	Gravel	5,200	332	2.60	2.91	5.51	4.73	2.22	6.95				
	Earth	760	14	0.19	0.24	0.43	0	0	0				
	Total	15,120	2,824	11.95	3.57	15.52	35.87	17.16	53.03	0	79.75	79.75	0
Provincial and District Roads	Paved	8,249	903	8.25	0.20	8.45	17.50	12.89	30.39				
	Gravel	25,847	891	6.46	5.23	11.69	23.50	5.38	28.88				
	Earth	19,725	180	2.47	1.72	4.18	0	0	0				
	Total	53,821	1,975	17.18	7.14	24.32	41.00	18.27	59.27	0	85.39	71.95	11.63
Urban Roads	Paved	3,211	4,258	3.21	0.38	3.59	16.76	4.03	20.79				
	Gravel	0	0	0	0	0	0	0	0				
	Earth	0	0	0	0	0	0	0	0				
	Total	3,211	4,258	3.21	0.38	3.59	16.76	4.03	20.79	0	24.38	4.41	19.97
All Roads	Paved	20,620	7,639	20.62	1.00	21.62	65.40	31.87	97.27				
	Gravel	31,047	1,224	9.06	8.14	17.20	28.22	7.60	35.82				
	Earth	20,485	194	2.66	1.96	4.61	0	0	0				
	Total	72,152	9,057	32.34	11.09	43.43	93.62	39.47	133.09	0	189.52	156.12	31.60

(b) User Revenues

Vehicle Type	Number of Vehicles (veh.)	Vehicle Utilization veh-km/yr (million)	Loading Impact ESA-km/yr. (million)	Current Total User Revenues				Optional Total Road User Revenues				Proposed financing Table User Charges (US\$M/yr.)
				Fuel Levy	Standard License Fee	Axle Loading License Fee	Total	Fuel Levy	Standard License Fee	Axle Loading Lic. Fee	Total	
				US\$ million/year				US\$ million/year				
Car Gasoline	92,937	1,524	0	4.88	0	0	4.88	8.99	0	0	8.99	
Car Diesel	39,830	637	0	2.55	0	0	2.55	3.28	0	0	3.28	
Motorcycle Gasoline	4,158,989	20,795	0	24.95	0	0	24.95	45.99	0	0	45.99	
Taxi Diesel	0	0	0	0	0	0	0	0	0	0	0	
Utility	96,656	967	1	3.87	0	0	3.87	4.97	0	0	4.97	
Light Truck	23,300	699	70	4.19	0	0	4.19	5.39	0	0	5.39	
Medium Truck	70,000	2,100	2,625	16.8	0	0	16.80	21.61	0	8.51	30.12	
Heavy Truck	15,000	600	1,800	6.00	0	0	6.00	7.72	0	4.38	12.09	
Articulated Truck	10,000	450	2,250	6.30	0	0	6.30	8.10	0	4.86	12.97	
Bus	53,152	2,392	1,196	23.92	0	0	23.92	30.77	0	0	30.77	
Total	400,875	30,164	7,942	93.96	0	0	93.46	136.82	0	17.75	154.57	156.12

Note: There are 4.2 motorcycles and 400,875 other motorized vehicles.

(c) Unit User Charges

Vehicle Type	Current Total User Revenues				Optional Total Road User Revenues			
	Fuel Levy	Standard License Fee	Axle Loading License Fee	Total	Fuel Levy	Standard License Fee	Axle Loading License Fee	Total
	c/veh-km				c/veh-km			
Car Gasoline	0.32	0.00	0.00	0.32	0.59	0.00	0.00	0.59
Car Diesel	0.40	0.00	0.00	0.40	0.51	0.00	0.00	0.51
Motorcycle Gasoline	0.12	0.00	0.00	0.12	0.22	0.00	0.00	0.22
Taxi Diesel	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Utility	0.40	0.00	0.00	0.40	0.51	0.00	0.00	0.51
Light Truck	0.60	0.00	0.00	0.60	0.77	0.00	0.00	0.77
Medium Truck	0.80	0.00	0.00	0.80	1.03	0.00	0.41	1.44
Heavy Truck	1.00	0.00	0.00	1.00	1.29	0.00	0.73	2.02
Articulated Truck	1.40	0.00	0.00	1.40	1.80	0.00	1.08	2.88
Bus	1.00	0.00	0.00	1.00	1.29	0.00	0.00	1.29
Total	6.04	0.00	0.00	6.04	8.01	0.00	2.21	10.23

(d) Vehicle Operating Costs
Excluding Tax (as of Sept. 1999)

Surface		Vehicle Type	Running Costs (P/km)	Fixed Costs (P/km)	R+F Costs (P/km)	Time Costs (P/km)	Total Costs (P/km)	
Type	Condition							
PAVED	Very Bad	Car/Van	5.344	0.252	5.596	2.219	7.815	
		Jeepney	3.104	1.721	4.825	4.184	9.009	
		Bus	13.471	3.929	17.400	21.804	39.204	
		Truck	11.400	1.213	12.613	0.000	12.613	
		Motorcycle	0.912	0.205	1.117	0.895	2.011	
		Tricycle	1.104	3.055	4.159	3.085	7.244	
	Bad	Car/Van	4.676	0.189	4.865	1.664	6.529	
		Jeepney	2.716	1.291	4.007	3.138	7.145	
		Bus	11.344	2.947	14.291	16.355	30.646	
		Truck	9.600	0.910	10.510	0.000	10.510	
		Motorcycle	0.798	0.153	0.952	0.671	1.623	
		Tricycle	0.966	1.528	2.494	1.542	4.036	
	Fair	Car/Van	4.008	0.126	4.134	1.109	5.244	
		Jeepney	2.328	0.861	3.189	2.092	5.280	
		Bus	9.217	1.935	11.152	10.739	21.891	
		Truck	7.800	0.597	8.397	0.000	8.397	
		Motorcycle	0.684	0.061	0.745	0.268	1.014	
		Tricycle	0.828	0.873	1.701	0.881	2.582	
	Good	Car/Van	3.340	0.108	3.448	0.951	4.399	
		Jeepney	1.940	0.738	2.678	1.793	4.471	
		Bus	7.090	1.662	8.752	9.225	17.977	
		Truck	6.000	0.513	6.513	0.000	6.513	
		Motorcycle	0.570	0.051	0.621	0.224	0.845	
		Tricycle	0.690	0.764	1.454	0.771	2.225	
	GRAVEL	Very Bad	Car/Van	6.346	0.444	6.790	3.904	10.694
			Jeepney	3.686	3.028	6.714	7.361	14.075
			Bus	16.307	6.822	23.129	37.860	60.990
			Truck	13.800	2.106	15.906	0.000	15.906
			Motorcycle	1.083	0.205	1.288	0.895	2.182
			Tricycle	1.311	3.055	4.366	3.085	7.451
Bad		Car/Van	5.344	0.263	5.607	2.318	7.926	
		Jeepney	3.104	1.798	4.902	4.371	9.273	
		Bus	13.471	4.053	17.524	22.489	40.012	
		Truck	11.400	1.251	12.651	0.000	12.651	
		Motorcycle	0.912	0.153	1.065	0.671	1.736	
		Tricycle	1.104	1.528	2.631	1.542	4.174	
Fair		Car/Van	4.342	0.187	4.529	1.648	6.178	
		Jeepney	2.522	1.279	3.801	3.108	6.909	
		Bus	10.635	3.072	13.707	17.047	30.753	
		Truck	9.000	0.948	9.948	0.000	9.948	
		Motorcycle	0.741	0.077	0.818	0.336	1.153	
		Tricycle	0.897	1.018	1.915	1.028	2.944	
Good		Car/Van	3.841	0.140	3.981	1.236	5.218	
		Jeepney	2.231	0.959	3.190	2.331	5.521	
		Bus	8.863	2.161	11.024	11.992	23.016	
		Truck	7.500	0.667	8.167	0.000	8.167	
		Motorcycle	0.655	0.061	0.717	0.268	0.985	
		Tricycle	0.793	0.764	1.557	0.771	2.329	

(e) Basic Cost (excluding tax)

Vehicle Type	Running Costs (P/km)	Fixed Costs (P/km)	Time Costs (P/km)
Car/Van	3.340	0.140	1.236
Jeepney	1.940	0.959	2.331
Bus	7.090	1.441	7.995
Truck	6.000	0.445	0.000
Motorcycle	0.570	0.051	0.224
Tricycle	0.690	0.509	0.514

4.2 Railway

4.2.1 Current Railway Operating Cost

This subsection intends to estimate the railway operating cost of the Transport Division of VR (i.e., excluding capital and maintenance costs for infrastructure), as similar to calculating the VOC of road vehicles. However, it is difficult to calculate accurately VR's operating cost separately for passenger and freight due to the unavailability of detailed data such as locomotive-km, car-km, wagon-km, loco usage by train type, spare parts expenditure by loco type, and others. Therefore, it was assumed that all expenses were allocated to passenger and freight in proportion to revenues from these two sources. The result is similar to calculating the share of pass-kms to transport unit (which is combined pass-kms and cargo-kms). The result is shown in Table 4.2.1.

Table 4.2.1
 VR Operating Cost, 1998

Expenditure	Expenditure (VND billion) ²			Unit Operating Cost	
	Total	Passenger	Freight	VND/pass-km	VND/ton-km
Total Expenditure ¹	954.0	576.9	377.1	227	285
Excluding Infrastructure Charge (Financial) ³	838.0	506.8	331.2	200	250
Excluding Other Taxes (Economic)	800.0	483.8	316.2	190	239

Note: ¹ Before VAT (effective January 1999)
² Baggage income is included in passenger income.
³ After January 1998, 10% VAT must be added.

The details of the financial performance of VR based on its income and expenditure is presented in Table 4.2.2.

Revenues of VR are generated from three sources: passenger and baggage income (55-60%), freight income (40-45%). Approximate income of VR is VND 1 trillion per year and it is estimated that the charge for using railway infrastructure is VND 1 billion/year. On the average, the annual increase in income of VR is only 2 percent, from 1996 to 1998 and this relatively poor performance is due to a decrease in ton-kms handled and no upward adjustment in freight rates (which were in effect since 1995). The cargo tariff was restructured on January 14, 1999 to include VAT and tax on enterprise revenue.

Table 4.2.2
 Income and Expenditure of VR
 (unit in 10⁹ VND)

	1990	1994	1995	1996	1997	1998
Income:						
Passenger income	74.0	271.8	427.2	466.1	424.9	537.9
Freight Income	59.1	301.3	343.8	407.1	496.4	369.0
Baggage income	6.1	26.9	30.0	26.0	26.7	26.8
Others	3.9	5.9	7.8			
Total Income (1)	143.1	606.0	808.7	899.3	948.0	933.8
Expenses:						
Salary	33.7	245.7	171.4	193.4	200.9	201.2
Social Insurance		19	9.2	13.5	17.6	17.7
Materials	26.4	156.2	129.6	139.9	143.1	141.3
Fuel	23.3	71.2	94.7	105.2	121.6	114.2
Electricity		6.3	6.3	9.6	25.9	35.9
Sub-Total Direct Operating Expenses (2)	83.4	498.4	411.2	461.6	509.1	510.3
Operating Income (3) = (1)-(2)	59.7	107.5	397.6	437.6	438.9	423.4
Basic Depreciation	12.0	20.0	81.5	99.1	139.0	119.8
Large Repair	26.3	97.7	72.0	82.1	65.7	59.4
Others		77.8	99.7	100.1	101.6	118.3
Sub-total Indirect Expenses (4)	38.3	195.5	253.2	281.3	306.3	297.5
Income after Indirect Expenses (5) = (3)-(4)	21.4	-88.0	144.4	156.3	132.6	125.9
Capital Tax		19.0	35.3	36.4		
Infrastructure Tax			80.9	89.9	94.8	116.0
Sub-total Contribution to Government (6)	0	19	116.2	126.3	94.8	116
Income after Contribution to Government (7)	21.4	-107.0	28.2	30.0	37.8	9.9
Less: Revenue Tax (8)	6.3	17.9	23.5	26.6	29.4	30.0
Net Income after Rev. Tax (10) = (7)-(8)	15.1	-124.9	4.7	3.4	8.4	-20.1

Source: VR

Based on the above table, it is noted that when the net income in 1994 was negative, and very minimal in the succeeding years of 1995 and 1996, VR paid the government capital tax presumably for the subsidy (capital or operational) provided by the Government amounting to VND 19 billion, VND 35.3 billion and VND 36.4 billion, respectively during these years. Expense accounts relate to operating and non-operating expenses but the manner of reporting at present does not separate expenses according to operating and/ or non-operating, direct and indirect. Likewise, even the contribution to the government such as capital tax revenue tax and infrastructure tax are treated as part of the direct expenses.

For analysis purposes, direct operating expenses include salary, social insurance, materials, fuel and electricity which comprise about 58 percent of total income. Indirect expenses consist of basic depreciation¹ (13 percent of total revenues), large repair² (6-7 percent of total revenues), and other expenses,³ (13 percent of total revenues) and combined, these indirect expenses constitute about 31 percent of total income.

¹ Basic depreciation of VR includes depreciation of stations, rolling stock, building, traffic signaling and telecommunications equipment. Excludes depreciation of tracks and bridges which are reflected in the Central Government accounts (according to Dr. D.Thi Phin, Head of VCT).

² Large repair includes the repair of buildings, stations, rolling stock (and it is the Government that defines the schedule and the extent of the repair work to be undertaken, eg. once every four years).

³ Other expenses include management fee for advertising, marketing expenses, public relations, communications and other related expenses.

Other indirect expenses, consists of VR's contribution to the Government include capital tax which is paid once capital subsidy is provided⁴, infrastructure tax which VR pays to the tax collector for the maintenance work, and the revenue tax which is currently equivalent to 10 percent VAT on the net income.⁵ The revenue tax is calculated by the VR Financial Department and is paid to the tax collector and is then remitted to the Ministry of Finance as part of its overall revenue collections. With respect to their shares to total revenues in 1998, revenue tax is 3.2 percent of total revenues, infrastructure tax is 12 percent while capital tax is 4 percent of total income in 1996. On the aggregate, these three accounts comprise about 15 percent of the total income of VR.

Thus, VR's operating income after depreciation, repair expenses and its contribution to the government, is only 1 percent of total revenues in 1998, the lowest since 1995 to 1997 (operating income then used to be 3 to 4 percent of total revenues). The decrease in net income is attributed to an increase in direct operating expenses, other expenses and the infrastructure tax collected by the Government. In the future, it is projected that without any or minimal increase in operating revenues (or no increase in cargo and passenger rates) combined with a large increase in direct and indirect operating expenses, VR will again have a deficit, in which case, an operational subsidy is required to sustain VR's operations.

4.2.2 Comparison of Railway Operating Cost with Road VOCs

The railway operating cost estimated above is *higher* than the VOC road for passenger transport and *lower* for freight transport. However, VR's cost allocation was done somewhat arbitrarily in proportion to its revenue. Table 4.2.3 shows VR's economic operating cost per ton-km if its cost is allocated in a way that the economic operating cost per passenger-km becomes the same as the VOC of bus per passenger-km. The calculated value at VND 424/ton-km is about 20% lower than that of truck. This calculation shows that the economic performance of the railway subsector is similar to that of the road subsector as a whole.

⁴ Capital tax is charged by the government to VR and other enterprises if there is capital subsidy provided, according to government regulation. The basis of calculation is to be requested.

⁵ Still to be clarified with the Financial Department of VR.

Table 4.2.3
Comparison of Railway Cost with VOC of Road Vehicles

	Railway				Road ²	
	1999		Cost allocation charged ¹		Bus VND/ pass.-km	Truck VND/ ton-km
	VND/ pass.-km	VND/ ton-km	VND/ pass.-km	VND/ ton-km		
Economic	190	239	94	424	94	546
Financial	220	275	109	487	122	710

Note: ¹ Cost allocation of VR for passenger and freight was changed so that the economic cost per passenger-km of VR becomes the same as the VOC of bus.

² Refer to Section 4.1.

However, further detailed data and updated information are needed to clearly evaluate two sub-sector; it seems true, at least, that railway is not so economical for long-distance transport (VR's average transport distance for passenger and freight is already long) as pointed out in past studies

4.2.3 Cost of Railway Infrastructure

The Government is responsible for the maintenance and investment of railway facilities. On maintenance, there are 20 SOEs under VR (budgetary allocation needs to be determined) that are responsible for maintaining railway infrastructure and their expenses for the past four years are as follows:

Table 4.2.4
Infrastructure Maintenance (10⁹ VND)

Year	1995	1996	1997	1998
Expense of 20 SOEs	295	265	289	297
VR payment	79	86	99	112
Government payment	226	179	190	185

The Government provides for the difference (shortfall) between the expense and payment, which is approximately VND 200*10⁹ a year. On investment, the PMU (Project Management Unit) is responsible for the needed infrastructure investment. Its budget in recent years is shown in Table 4.2.5. Thus, the government's investment on railway infrastructure is approximately VND 200 billion a year.

Table 4.2.5
Infrastructure Investment (10⁹ VND)

Year	1995	1996	1997	1998
Government budget	200	142	119	120
ODA				100
Total	200	?	?	220

4.2.4 Future Railway Operating Cost

Under the circumstances discussed above, it is extremely difficult to determine the future railway operating cost (i.e., long-run economic cost). The problem here is whether the optimum operation of railway is attained after a huge investment on rehabilitation and improvement (upward) and/or after reduction in the number of employees and rationalization of operation and organization (downward). Of course,

both upward and downward approaches (increasing capital investment and cost-cutting, respectively) are necessary. However, the upward approach (putting investments) will be ineffective until the downward approach (cost-cutting measures) is taken, because huge investment tends to cover inefficient operation and to even exacerbate the overlaps in the operation and organization.

Considering VR's current low productivity (e.g., labor and utilization of locomotive), there exists a potential to absorb greater traffic using its existing capacity and resources. The maximum traffic was recorded in 1987 at 4.854 million passenger-km and in 1995 at 1,751 ton-km. If these volumes can be transported at 1998 costs, then the unit railway operating cost becomes lower, as shown in Table 4.2.6. These rates should be understood as the target operating cost of VR to enable it to compete with the bus and to produce profit to cover, even partially, the infrastructure cost. This can be attained primarily through reduction in the number of employees and rationalizing current structure operation/organization with minor investments on rehabilitation and maintenance, then by major investments to upgrade the railway system and service to attract more customers.

Table 4.2.6
 Ideal Railway Operating Cost

	Passenger (VND/passenger-km)	Freight (VND/ton-km)
Economic	99	181
Financial ¹	116	208

Note: ¹ Including VAT

4.3 Coastal Shipping

4.3.1 Vessel Operating Cost

The Master Plan Study on Coastal Shipping Rehabilitation and Development (JICA, 1997) studied the operating cost of vessel. Table 4.3.1 and 4.3.2 show the updated calculation of vessel operating cost for 1,000 DWT and 3,000 DWT ships assuming a voyage of 1,000 km.

The financial cost of these ships is calculated at VND 188/ton-km and VND 108/ton-km, respectively. These costs, however, considerably change depending on vessel type and transport distance. In general, larger ships transporting goods for longer distances are more efficient.

Table 4.3.1
Assumptions in Calculating Vessel Operating Cost, 1999

Vessel Characteristics		
DWT	1,000	3,000
GRT	868	2,000
HP	900	2,500
Cargo carried (ton)	600	1,800
Second-hand price (12 years old, VND million)	11,000	17,000
Fuel oil consumption/day (thousand liters)		
At sea	0.0	6.0
At port	0.0	0.0
Diesel oil consumption/day (thousand liters)		
At sea	4.0	0.6
At port	0.4	0.6
Speed (knots)	8	8
Seafarers		
Captain/engineer	2	2
Officer	8	8
Rating	13	13
Voyage parameters		
Voyage distance (km)	1,000	1,000
Days at sea	2.8	2.8
Days at port	3.0	6.0
Price		
Fuel oil (VND/liter) ¹	1,740 (1,590)	1,740 (1,590)
Diesel oil (VND/liter) ¹	3,400 (1,680)	3,400 (1,680)
Salaries (VND 000/month)		
Captain/engineer	3,000	3,500
Officer	2,500	2,500
Rating	1,800	1,800
Annual fixed cost as % of vessel price		
Repair	5.0	5.0
Depreciation	12.0	12.0
Vessel registration/tax	2.6	2.6
Insurance	1.1	1.1
Operating days/year	300	300

Note: ¹ Figures in parentheses show economic prices

Source: Master Plan Study on Coastal Shipping Rehabilitation and Development (JICA, 1997), updated.

Table 4.3.2
Vessel Operating Cost (Domestic), 1999

	Financial		Economic	
	1,000 DWT	3,000 DWT	1,000 DWT	3,000 DWT
Fuel oil	-	29,232	-	26,712
Diesel oil	42,160	17,952	20,832	8,870
Other voyage costs	3,000	6,000	3,000	6,000
Salaries				
Captain/engineer	1,440	2,520	1,440	2,520
Officer	4,800	7,200	4,800	7,200
Rating	5,616	8,424	5,616	8,424
Repair	11,000	25,500	11,000	25,500
Depreciation	26,400	61,200	26,400	61,200
Vessel registration/tax	5,720	13,260	-	-
Insurance	2,420	5,610	2,420	5,610
VAT	10,256	17,690	-	-
TOTAL VOYAGE COST¹	112,812	194,588	75,508	152,036
Cost per ton (VND 000)	188	108	126	84
Cost per ton-km (VND)	188	108	126	84

Note: ¹ Excluding cost for transshipment and port charges

Source: Master Plan Study on Coastal Shipping Rehabilitation and Development (JICA, 1997), updated.

The economic cost of 1,000 DWT and 3,000 DWT ships is calculated at VND 126/ton-km and VND 84/ton-km, respectively. Port charges are excluded because they are relevant to port infrastructure (the same basis as road and railway).

The unit costs thus calculated are considerably lower than road and railway.

4.3.2 Cost of Freight Transport Based on Expenditure of Selected Shipping Companies

Table 4.3.3 shows the unit freight transport cost by vessel calculated from the expenditure records of selected shipping companies, mostly operating long international routes. Thus, the unit operating cost per ton-km is extremely low. Only Company A, which is operating domestic and regional routes, gives a unit operating cost relatively near that of coastal shipping.

Table 4.3.3
Operating Revenue and Expenditure of Selected Shipping Companies, 1997

	Company				Total (Average)
	A	B	C	D	
No. of vessels owned	10	6	12	20	48
Total GWT of vessels	48,736	7,765	155,849	262,150	474,500
Ton carried (000)	543	1,153	967	2,881	5,544
Ton-km carried (million)	962	4,366	5,092	10,973	21,393
Average voyage distance (km)	1,772	3,788	5,268	3,809	3,858
Average load factor (%)	61	91	63	N.A.	-
Revenue (VND million)	71,941	129,730	191,894	443,038	836,603
Operating cost (VND million)	71,841	123,222	200,459	414,713	810,235
Unit operating cost (VND/ton-km)	75	28	39	38	38

Source: TDSI

4.3.3 Cost of Infrastructure Maintenance

Based on the summary of business plan of VINALINES for 1998 and actual 1997, presented in Table 4.3.4 for its maritime and domestic operations, its major port, shipping and handling services are profitable, in particular cargo handling services. It has contributed about VND 166.278 billion to the state budget in 1997 and its total profit is VND157.34 billion. Thus, this implies that its costs of operations are fully covered (there were no details provided on the cost components of its operations, (refer to Table 4.3.4.).

Table 4.3.4
Integrated Report of Business Plan of 1998
(Vietnam National Shipping Lines)

Target	Unit	98's plan	1997	Estimated fulfillment in 1998	Porportion %	
					1997	1998
A. OUTPUT						
<i>1. Maritime transportation</i>	ton	6,580,000	6,152,238	7,987,959	107.72	115.21
a. Oversea transport	ton	5,057,000	4,753,908	4,981,039	98.50	104.78
- Export crude oil	ton	1,000,000	1,073,313	600,204	60.02	55.92
b. Domestic transportation	ton	1,478,000	1,349,075	2,066,025	139.79	153.14
- Inland waterways	ton	45,000	49,255	40,895	90.88	83.03
- Container	TEU	100,000	48,780	105,000	105	215.25
* Domestic container	TEU	15,000	3,994	17,500	116.67	438.16
<i>2. Throughput at ports</i>	thro.	14,100,000	13,311,347	15,064,190	106.84	113.17
- Export	thro.	4,623,000	4,284,363	4,494,223	97.21	104.90
- Import	thro.	6,630,000	6,131,399	6,828,489	102.99	111.37
- Domestic cargo	thro.	2,847,000	2,895,585	3,741,487	131.42	128.21
* Container	TEU	300,000	307,564	335,032	111.68	108.93
B. TOTAL TURNOVER	mio	2,156,000	2,042,738	2,271,245	105.35	111.19
1. Transportation	mio	1,133,300	1,058,898	1,213,545	107.08	114.60
2. Handling	mio	731,700	708,375	743,018	101.55	104.89
3. Services	mio	291,000	275,465	314,682	108.14	114.24

Target	Unit	98's plan	1997	Estimated fulfillment in 1998	Porportion %	
					1997	1998
C. TOTAL PROFIT	mio	171,147	157,342	175,943	102.80	111.82
1. Transportation	mio	13,220	7,942	14,055	106.32	176.97
2. Handling	mio	113,000	105,696	114,076	100.955	107.93
3. Services	mio	44,927	43,704	47,812	106.42	109.40
D. TOTAL BUDGET CONTRIBUTION	mio	166,901	166,278	178,876	107.17	107.58
1. Transportation	mio	34,200	32,768	38,759	113.33	118.28
2. Handling	mio	79,880	79,453	80,813	101.17	101.71
3. Services	mio	52,821	54,057	59,304	112.27	109.71

In the case of VINAMARINE, it registered surplus income, its expenditures are covered by its current charges, particularly maritime safety fees. Total revenues comprise of (1) VND 165 billion for maritime safety fees, (2) VND 115.52 billion for pilotage fees and (3) VND 112 billion for its port authority's collections or a total of VND 392.5 billion. Thus, total contribution to the State Budget is a total amount of VND 155.5 billion in 1998.

Table 4.3.5
Vinamarine Revenue and Expenditure

	1998			1999			
	Total revenue	Total expenditure	Payment to state budget	Total revenue	Total expenditure	Other Expenditure	Payment to state budget
Port authority	112,000	23,000	89,000	132,715	25,837	88,340	18,537
Pilot	115,520	29,708	59,892	128,957			79,982
Maritime safety	165,000	158,350	6,650	201,147			10,132

Source: VINAMARINE

It is noted that VINAMARINE's major expenditure is maritime safety activities comprising of dredging, navigational aids and waterway maintenance. A more detailed classification of its expenditures are shown in Table 4.3.6.

Table 4.3.6
Plan for Revenue and Expenditure of Maritime Safety Public Enterprise

	Unit: VND million	
	1998	1999
1. Revenue	200,000	196,000
2. Total expenditure	175,030	169,204
- Salary and allowance	25,008	25,226
- Basic depreciatiron	12,152	13,452
- Large repair for fixed property	27,300	15,213
- Dredging	60,120	57,520
- Expenditure for lights	19,145	13,758
- Periodical repair	8,805	13,963
- Transport safety	3,900	4,300
- Management & other expenditure	18,600	20,332
- Insurance equipment for offshore channel		3,000
- Management of lights at Mui Don & new channels		2,500
3. Imbalance in revenue and expenditure	24,970	26,796
- Allocation to the 3 resources above	11,930	14,292
- Payment to state budget	13,040	12,504

Source: VINAMARINE

4.4 Inland Waterway

4.4.1 Boat Operating Cost

The Red River Waterways Project (ADB, 1998) made an in-depth study regarding the operating cost of inland waterway vessels (barges). According to the study, the calculated financial cost changes between US\$ 0.0147 and 0.0237 per ton-km (VND 206-332/ton-km) depending on river characteristics (Least Available Draft, river flow velocity, etc.) and convoy structure (HP of tugboat, barge size, number of barges, etc). The economic cost, on the other hand, is estimated at US\$ 0.0098 to 0.0159 per ton-km (VND 138-223/ton-km), if using the same ratio as was used in getting the financial cost of the 1,000 DWT coastal vessels (using diesel). These values are comparable to the Master Plan Study on Coastal Shipping Rehabilitation and Development (JICA, 1997). In the VITRANSS, the Study Team decided to use these values. However, the financial cost should be increased by 10% due to the introduction of VAT in January 1999.

For passenger transport, it is extremely difficult to determine the operating cost due to the existence of many types of passenger riverboats by size, speed, service, fare level, and age. However, for the conventional riverboat (with 15-60 seats), the operating cost was estimated based on the following assumptions:

- The financial operating cost per passenger-km of boats was assumed to be 90% of the typical fare observed in Mekong Delta (VND 80-110/passenger-km), considering that nearly 100% of passenger boats are operated by the private sector under keen competition.
- The economic operating cost of boats was assumed at 67% of the financial cost (the same ratio as 1,000 DWT sea vessel using diesel).

Table 4.4.1
 Riverboat Operating Cost, 1999

	Passenger ¹ (VND/passenger-km)	Freight ² (VND/ton-km)
Economic	48-66	138-223
Financial	72-99	227-365

Note: ¹ Conventional river boat
² 135-HP tugboat + 4 x 200t barges

4.4.2 Cost of Waterway Maintenance

VIWA is responsible for the waterway management and maintenance of inland waterways. VIWA has three separate budgets: for operation and maintenance, for new construction (channels, ports and landing).

The cost of maintenance of inland waterway is estimated based on the historical operation and maintenance budget of VIWA for the period 1997 to 2000 and actual figures for the years 1991 to 1996 stages and other budget.

It is noted that the navigation aids maintenance as well as its water registration surveys are included in the Operation and Maintenance Budget and waterways management. VIWA spent about US\$ 1,758 per km of waterway in 1996 and the estimated amount for 1997 is about US\$ 2,111 per km of waterway and projected to be US\$ 2,530 per km in 1998 (refer to Table 4.4.2.).

Table 4.4.2
Vietnam Inland Waterways Administration
Annual Expenditures 1991-1996 and Budget 1997-2000

(10⁶ VN Dong)

Items	Historical						Budget			
	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Operation and Maintenance Budget (OM Budget), incl:	8,800	15,000	18,000	32,000	44,000	55,000	80,000			
- Annual repair	4,200	7,200	9,200	14,700	23,100	27,000	36,000			
- Buildings Office Maintenance	2,900	5,000	4,700	9,300	9,900	12,000	20,000			
- Nav aids Maintenance	1,400	1,800	3,500	7,000	9,800	13,000	19,000			
- Waterway Registration Surveys	300	1,000	600	1,000	1,200	3,000	5,000			
New construction Budget (Upgrading & New Building), incl:	9,700	8,800	14,900	22,500	66,700	46,600	60,000	80,000	100,000	130,000
- Channels	9,500	6,987	8,960	14,900	23,350	28,320	31,000	36,500	45,000	60,000
- Port and Land Stages	-	1,664	5,490	7,500	11,770	13,880	25,000	37,000	50,000	70,000
Other Budget (Medicare, Education)	-	149	450	100	1,580	1,100	4,000	6,500	8,000	10,000
Total Annual Budget (x 10 ⁶ VND)	18,500	23,949	33,350	54,600	82,280	102,700	144,000	186,590	238,000	290,000
Length of Waterways in Management (KM)	3,515	3,750	3,750	4,051	4,510	5,309	6,200	6,700	7,300	7,800
Average Expenditure per Km (10 ⁶ VND/km)	5.26	6.39	8.89	13,480	18.24	19.35	23.23	27.23	32.60	37.18
or USD/lkm	478	581	810	1,225	1,658	1,758	2,111	2,530	2,966	3,370
Average Maintenance Expenses (Excluding Const. Budget)										

Source: MOT

4.5 Air

4.5.1 Aircraft Operating Costs

For purposes of estimating the extent to which current airfares recover the current operating cost of providing air passenger service, the aircraft operating costs have been calculated for aircrafts used in the Hanoi-HCMC route and in Hanoi-Da Nang route. A detailed estimation of current operating costs – comprising fuel, maintenance, aircraft lease, maintenance, crew costs and catering are based on “realistic” operational performance of the aircraft, load factor of 78.6 percent based on the analysis of flight schedule and actual passenger traffic statistics. These are summarized in Table 4.5.1.

Thus, under the scenario that aeronautical charge is not included in the expense, the current financial operating cost per pass-km is US\$ 0.063 (VND 884) for the Hanoi-HMC route using B767-300 aircraft and US\$ 0.050 (VND 794) per pass-km for A320 aircraft and these costs include the 10% VAT and overhead of 10%. If aeronautical charge is considered, then operating cost per pass-km becomes higher at VND 968 per pass-km for B767-300 aircraft and VND 871 for A320. F-70 aircraft has higher of US\$ 0.055 per km per seat in the Hanoi - Hui route. Below is a summary of the calculations on aircraft operating costs based on the detailed calculations in Table 4.5.1.

Table 4.5.1
Estimate of Operating Costs Per Pass-Km

Route	HAN-HCM		HAN-HCM		HAN-HUI		HAN-HUI
Aircraft	B767-300		A320		F70		ATR72
Operating Cost per Flight [US\$]	10,327	100.00%	6,306	100.00%	2,386	100.00%	1,526
Operating Cost per Hour [US\$]	7,401		4,389		2,606		1,166
Operating Cost per km [US\$]	9.93		6.06		4.35		2.78
Operating Cost per km per seat [US\$]	0.045		0.040		0.055		0.040
Operating Cost per seat [US\$]	46.73		42.04		30.21		21.80
Average Load Factor in 1998	78.64%		78.64%		75.62%		75.62%
Operating Cost per Passenger [US\$]	59.42		53.46		39.95		28.83
Including Overhead (10%) Price	65.36		58.81		43.94		31.71
Including VAT (10%) Price	71.90		64.69		48.34		34.88
Airfare for Vietnamese Y Class [US\$]	71.43		71.43		34.29		34.29
In VND, financial cost	1,006,599		905,662		676,699		488,386
In VND, economic cost	915,090		823,329		615,181		443,987

Cost of Air Passenger Service

The current operating costs of providing passenger service is based on the B767 and A320 and F-70 aircrafts operating costs. With reference to Air Transport sub-sector, Vietnam Airlines has 10 A320 (lease) with seating capacity of 150 passengers and three (3) B767 aircraft with 221 seating capacity. Based on the aircraft operating cost per pass-km, operating costs are relatively higher using F-70 aircraft (refer to Table 4.5.2.).

Table 4.5.2
Fleet Plan of Vietnam Airlines

Aircraft Type	Seat Capacity	Number of Fleet	Ownership
B767	221	3	Dry lease
A320	150	10	Dry lease
F70	79	2	Owned
ATR72	64	5	Owned

4.5.2 Cost of Infrastructure Maintenance

Detailed financial accounts were not available and it is difficult to estimate the contribution of fees collected to actual maintenance of airport facilities and infrastructure. Further, the airports are jointly used by both commercial aircraft and military.

Cargo

There are no scheduled cargo freight services at present but in 1997, Vietnam Airlines in co-operation with Asiana Airlines, Korean Air launched weekly B767-300, A300 freight services between Seoul and Ho Chi Minh City. Cargo cooperation agreement with Air France, Cargolux, etc. are also in service. Vietnam Airline operates few cargo charter service by TUI34 on domestic and regional routes (Cambodia, Thailand, Laos, China, and Singapore).

Table 4.5.3
Hanoi - HCMC Route Cost Per Pass-Km

Route : Hanoi –HCMC	B767-300	A320
	In US\$	
Seat capacity	221	150
Distance (kms)	1,040	1,040
Flight time (hours)*	1.40	1.44
Average load factor	78.6%	78.6%
Operating cost per flight		
Ave. no. of passengers	174	118
Operating Costs per flight:		
Fuel cost per flight (US\$)	3,969	3,173
Maintenance	3,098	1,006
Aircraft lease per flight	1,555	952
Staff cost-cockpit crew	99	101
Flight attendant	272	218
Aeronautical charges	892	557
Catering (US\$ 2/persons)	442	300
Total Operating Cost	10,327	6,307
Operating Costs per Flight Without Aeronautical Charge		
Total Operating Costs (2)	9,435	5,750
+ 10% overhead	944	575
Sub-total	10,379	6,325
10% VAT	1,038	633
Grand-total	11,416	6,958
Financial cost per pass-km:		
Cost per pass-km (US\$)	0.063	0.057
Cost per pass-km (VND)	884	794
Economic cost per pass-km (less VAT, fuel tax)		
Cost per pass-km (US\$)	0.056	0.050
Cost per pass-km (VND)	789	704
Passenger Fare	962	962
Operating Cost per Flight With Aeronautical Charge		
Total Operating Costs (1)	10,327	6,307
+10% overhead	1,033	631
Sub-total	11,360	6,938
10% VAT	1,136	694
Grand-total	12,496	7,631
Financial cost per-km:		
Cost per pass-km (US\$)	0.07	0.06
Cost per pass-km (VND)	968	871
Economic cost per pass-km (less VAT)		
Cost per pass-km (US\$)	0.06	0.06
Cost per pass-km (VND)	880	774

Thus, comparing the airfare of VND 962 per pass-km using B767 - 300 and A320 aircraft of VND 968 and VND 871 per pass-km, it is shown that using A320 aircraft is more profitable. In terms of economic cost, A320's VND774 per pass-km is much lower than the VND 880 per pass-km for B767 - 300 aircraft.

5 ANALYSIS OF TRANSPORT PRICING, COSTS AND SERVICE QUALITY

5.1 Comparison of Transport Tariff, Actual Charges And Costs

5.1.1 Passenger Transport

(a) Official Tariff and Actual Charges

Shown in Table 5.1.1 is a summary of charges for passenger transport, and based on the rates for official tariff and actual charges for passengers by mode, it is shown that:

- Actual minimum bus fare is almost the same amount of official tariff but maximum fare is 36% higher than the official rate;
- For rail, official tariff is actually followed;
- For inland waterway, since there is no official tariff charged, actual charges range from a low VND 80 to VND 110 per pass-km;
- For air transport, actual fares are the same as official tariff, in most cases.

The percentage differences are shown in Table 5.1.1.

Table 5.1.1
 Charges for Passenger Transport, 1999

VND per pass-km.

Mode	Official Tariff	Actual Rates	Operating Costs ¹⁾		Infrastructure Costs ⁹⁾		Total Costs	
			Financial	Economic	Financial	Economic	Financial	Economic
Bus	110 ²⁾	100-150 ⁴⁾	122	94 ⁶⁾				
Railway	170-214 ³⁾	Same as	220	209	222.2	195.6	442.2	404.6
	192	Official tariff			88.9	78.2	308.9	287.2
Inland waterway	-	80-110 ⁵⁾	72-99	48-66			72-99	48-66
Air ⁸⁾	868-964	962	794	704			794	704

1) The operating cost excludes the cost of infrastructure and maintenance. Financial cost includes VAT and taxes on fuel, etc.;

2) MOT Guideline (based on interview with bus operators; inter-city bus fares set by the provincial government).

3) Service standard for hard seat and insurance premium of VND 200/ passenger;

4) Typical ordinary bus, not air-conditioned;

5) Conventional river boat used in Mekong River Delta;

6) Econ. Cost (VOC) considered the ongoing fleet replacement.

7) Target operating cost based on increased productivity and minimum resources required to meet demand.

8) Based on the operating costs of A320 plane in Hanoi-HCMC route with average load of 78.64%; economic exclude VAT.

9) For railway, the infrastructure cost is based on the traffic unit (combined passenger and cargo transport) and the cost per traffic unit-km. Estimated for the northern line (Lang Son-Bac Giang route) and for southern line (Hanoi-HCMC).

(b) Comparison of Actual Charges with Operating Costs

Based on the absolute figures presented in Table 5.1.1, the percentage difference between actual fares with operating costs, both in financial and economic terms are calculated and shown in Table 5.1.2 below.

- In terms of financial costs, the actual fares for bus and rail transport are lower than the financial operating costs while inland waterway and air transport are relatively higher (11% and 21%, respectively) than their financial operating costs;
- In terms of economic costs, the actual fares for bus, inland waterway and air transport are relatively much higher than their economic costs. Rail transport passenger fares, however, are much lower than economic costs. Thus, there

is a need to reconsider increase in rail fares to cover the economic operating costs which still exclude the costs of infrastructure.

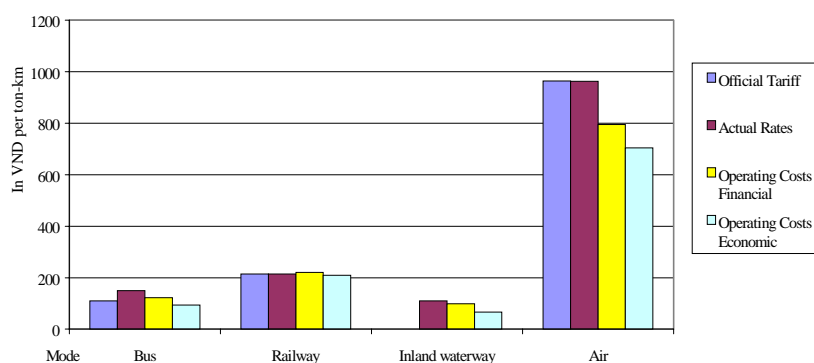
- Official fares for rail are thus much lower than both financial and economic costs while air passenger fares more or less are higher but the difference may not be sufficient to cover both operating and maintenance costs.

Table 5.1.2
Ratio of Passenger Fares with Operating Costs

Mode	Actual Fare / Official Fare	Operating Costs/Official Tariff		Actual Fare/ Operating Costs		Official Fare/ Operating Cost	
		Financial	Economic	Financial	Economic	Financial	Economic
Bus	0.91	1.11	0.85	0.82	1.06	0.90	1.17
Railway	1.00	1.29	1.23	0.77	0.81	0.77	0.81
Inland waterway				1.11	1.67	-	-
Air	1.11	0.91	0.81	1.21	1.37	1.09	1.23

Source: Calculated based on Table 5.1.1.

Figure 5.1.1 Passenger Fares and Operating Costs by Mode



(c) Comparison of Actual Fares with Operating and Infrastructure Costs (Total Costs)

Based on the absolute figures presented in Table 5.1.1, the cost of maintaining the infrastructure is included in total transport costs and is then compared with the passenger official tariff and actual passenger fares. The percentage difference between official tariff and actual fares with operating and infrastructure costs, both in financial and economic terms are shown in Table 5.1.3 and graphically shown in Figure 5.1.2.

- For both financial and economic total costs, both bus and rail passenger fares (official and actual fares) do not cover the costs of transport. Bus fares are 25% of total costs while rail is about half.
- For inland waterway and air transport, it is difficult to calculate the cost of maintenance of these modes, considering the relative difference in configuration of inland waterways and include a combination of sea and river channels and maintenance costs of the channels are not lodged in a single

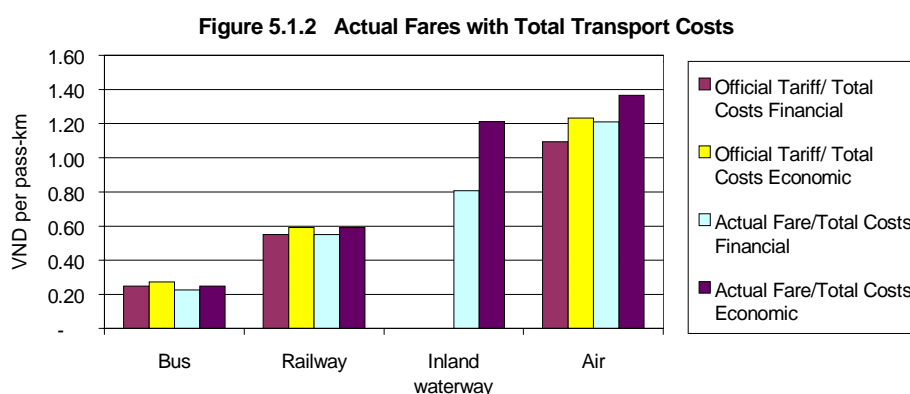
agency while for air transport, both commercial and military planes use the air transport infrastructure such as the runway, etc. and costs of maintenance cannot be solely attributed to commercial use. Thus for these modes, total costs include only the operating costs.

- Nevertheless, it is shown that it is likely that actual passenger fares for air and inland waterways do not cover the maintenance cost of infrastructure and it is proposed that the Government of Vietnam should look closely into determining the “real cost” of transport services by different modes, particularly the cost of fleet replacement.

Table 5.1.3
Ratio of Passenger Fares with Operating and Infrastructure Costs

Mode	Official Tariff/ Total Costs		Actual Fare/ Total Costs	
	Financial	Economic	Financial	Economic
Bus	0.25	0.27	0.23	0.25
Railway	0.55	0.59	0.55	0.59
Inland waterway			0.81	1.21
Air	1.09	1.23	1.21	1.37

Source: Calculated based on Table 5.1.



Based on VIWA records, it spent only about US\$1,758 per km of waterway in 1996 and in 1997 about US\$2,111 per km of waterway and for 1998, it projected US\$2,530 per km. There were no VIWA passenger traffic handled to relate these figures to cost of maintenance per pass-km. and besides, the cost of maintenance should be shared equally by passenger and cargo vessels which used these waterways.

(d) Other Transport Mode

Although not commonly used as a means of transport, the motorcycles serve as the vehicle used by people, and cars are becoming an alternative means of transport in urban and even for inter-provincial trips. Thus, shown in Table 5.1.4 is a summary of the typical fares of all modes, including cars.

Table 5.1.4
Typical Actual Fares of Passenger Transport

Mode	Passenger Fare (VND/Passenger-km)	Remark
Car	396	• Financial VOC divided by 3.5 (average occupancy)
Bus	100-150	• Ordinary bus
Railway	170-214	• Hard seat • Fixed insurance premium of VND 200/passenger
Inland Waterway	80-110	• Conventional riverboat
Air Transport	800-1,000	• Economy class

Car is the most expensive mode, even with more or less four passengers in a car and the fare is twice the fare of the rail fare. Thus, cheapest mode is in general, inland waterway followed by the bus. Rail fare is considerably higher than bus and inland waterway transport even for the lowest standard which is “hard seat”. However, there is a limited inland waterway connection and quite inconvenient to passengers. The financial cost of cars is about twice that of the “hard seat” fare of railway. Although airfare is the highest, it becomes comparable to the car fare if the latter is used by only one or two passengers.

5.1.2 Cargo Transport

(a) Official Tariff and Actual Charges

Shown in Table 5.1.5 is a summary of charges for cargo transport, and based on the rates for official tariff and actual charges for cargo transport by mode, it is shown that:

- Actual trucking and rail freight charges are much higher than the official tariff;
- Official tariff for inland waterway may be high in comparison to actual freight charges in some routes and lower in other routes depending on supply and demand for inland waterway freight transport services;
- Coastal shipping rates per ton-km. have been recently deregulated to allow for operators to meet demand particularly during harvest season;
- For air transport, actual fares are the same as official tariff, in most cases.

Table 5.1.5
Summary of Charges of Freight Transport, 1999

Mode	Official Tariff	Actual Haulage Rates ³⁾	Operating Costs for Freight (exclude handling)		Infrastructure Costs		Total Costs	
			Financial ⁴⁾	Economic ⁵⁾	Financial	Economic	Financial	Economic
Truck	435 ²⁾	900-1,300	710	546				
Railway	250	300-500	275	263	222.2	195.6	497.2	458.6
Inland waterway	311 ⁶⁾	250-400	227-365	138-223 ⁷⁾	88.9	78.2	453.9	301.2
Coastal shipping	-	150-400	108	84	n.a.	n.a.	n.a.	n.a.
Air Transport ⁸⁾	-	VND 8.12 million/ton		-	n.a.	n.a.	n.a.	n.a.

Note:

- 1) Excluding transshipment cost. Assuming transportation of bagged cargoes under usual conditions (such as paved, flat and fair road) for long distance route;
- 2) Based on road category 1, distance of more than 100 kms.; Official road tariff range from 435-1,869 VND depending on road type and hauling distance;
- 3) Typical quotation from freight forwarders, both SOEs and privately-owned;
- 4) Financial cost including VAT (after January 1998) but excluding cost of infrastructure (capital and maintenance costs);
- 5) Exclude cost of infrastructure and taxes and considered the ongoing fleet replacement;
- 6) For Hanoi-Haiphong route; official tariff is usually lower than actual tariff;
- 7) Economic operating cost of boats is assumed at 67% of financial cost (for 1,000 DWT vessel using diesel);
- 8) No existing air freight service.

(b) Comparison of Actual Charges with Operating Costs

The ratios calculated based on the figures in Table 5.1.5 are shown in Table 5.1.6 comparing the actual freight charges and official freight tariff with actual operating costs and infrastructure costs (available only for rail transport, expressed in traffic unit-km.). Compared with the actual operating costs, it seems that actual freight charges can cover the operating costs with trucking and coastal shipping charges relatively with higher ratios of freight charges to operating costs, in both financial and economic terms.

However, compared with the official tariff, actual operating costs are relatively much higher and the official tariff covers only 60-90 percent of the actual operating costs. In the case of inland waterway transport, due to competitiveness in this mode, depending on the route, it seems that official tariff prescribed by the Government allows operators to cover majority of their operating costs and leave some profit margin for maintenance and future fleet replacement.

However, due to supply and demand or market forces, inland waterway transport operators find it difficult to charge the official tariff (probably due to existence of a large number of operators) and thus charge lower than official tariff, in which case, they recover only a portion of operating costs.

Table 5.1.6
Ratio of Actual Freight Charges with Operating
and Total Transport Costs

Mode	Actual Freight/ Official Tariff	Actual Freight / Operating Costs		Official Tariff/ Operating Cost		Actual Freight/ Total Costs	
		Financial	Economic	Financial	Economic	Financial	Economic
Truck	2.07	1.27	1.65	0.61	0.80	1.27	1.65
Railway	1.20	1.09	1.14	0.91	0.95	0.60	0.65
Inland waterway	0.80	1.10	1.81	1.37	1.81	1.10	1.81
Coastal shipping		1.39	1.79	-		1.39	1.79

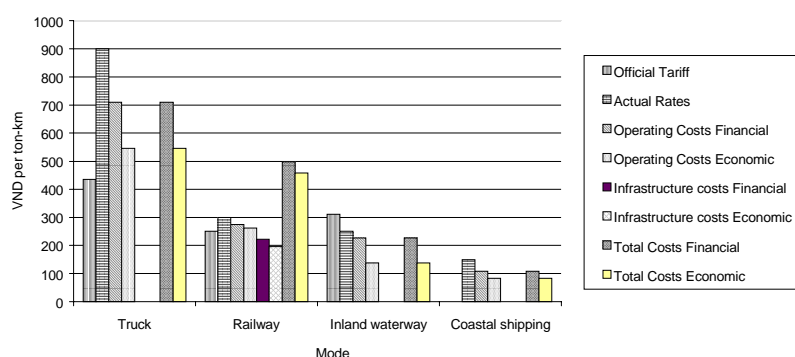
Source: Table 5.1.5

Comparing the actual freight charges with the total transport costs which include the cost of infrastructure, it is shown that estimates of infrastructure cost was only possible for rail transport in terms of estimated traffic unit-km (combined passenger and cargo traffic in 1997).

It is noted that actual freight charges for rail cargo transport can cover only 60 percent of the total transport cost and there is a need to consider increasing the official tariff which serves as guide to railway companies to charging cargo transport by rail. In the future, with increasing operating and maintenance costs and with the policy of maintaining, the rail freight, at such low levels, will result in much larger repair expenditures which are capital expenditures and might require larger funding from the Central Government. To avoid subsidizing the rail services with capital expenditures, there is a need to reconsider tariff setting policy for both passengers and cargoes.

The differences between actual freight charges, operating and infrastructure costs are presented in Figure 5.1.3. Thus, for all the modes, if infrastructure costs are considered part of the total transport costs, it is noted that actual freight charges at present are not sufficient to recover both the operating and maintenance and infrastructure costs of transport, which thus require considering inputting the cost of infrastructure by the concerned state-owned management companies such as in the case of railway and even for air transport. VRA should provide a mechanism for recovering majority of the infrastructure capital investment (although in most roads even local roads are charging tolls to road users even motorcycles to recover cost of maintenance).

Figure 5.1.3 Comparison Actual Freight Charges and Actual Transport Costs



(c) Economic Cost of Cargo Transport

For road, since this is relatively market-determined rate, economic cost is calculated to be lower for passenger and similar for cargo transport, considering the old trucks and buses that still ply the routes. For cars, the economic cost is relatively lower than the financial cost.

However for railway, it is estimated that the economic cost almost approximates the financial cost, ranging 170-214 VND/pass-km. For inland waterway, economic cost is much lower, even lower than the minimum financial cost of the service. For air transport, there is no available data on the financial operating cost of the air transport service and thus difficult to determine the magnitude of the economic cost, a simplified method is to remove the VAT tax component of the air transport.

Table 5.1.7 shows the simplified actual charges of cargo transport for various modes, and included in the overall costs are related costs such as handling for loading and unloading of cargoes at both ends of the route (origin and destination).

Table 5.1.7
Typical Actual Charges of Cargo Transport

Mode	Cargo Transport Charge (VND/ton-km)	Loading/Unloading and Other Mobilization Charge ¹ (VND/ton)
Truck	900-1,300	55,000
Railway	300-500	91,000
Inland Waterway	250-400	104,000
Coastal Shipping	150-400	199,000
Air Transport	VND/8.12 million/ton ²	³

Note: ¹ Estimated based on forwarders' quotation

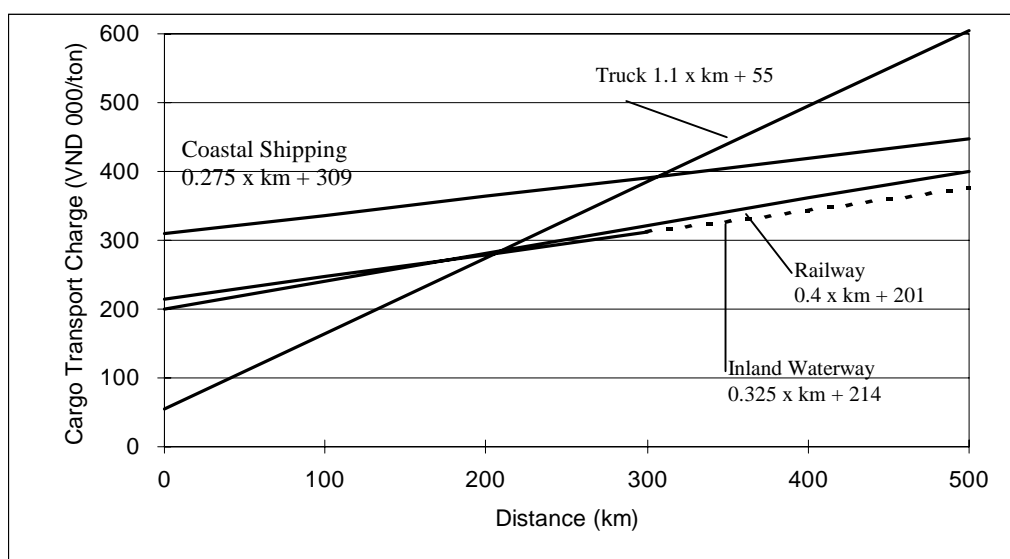
² Minimum charge

³ Included in the cargo transport charge

Figure 5.1.4 shows how the overall transport charge changes depending on the transport distance (excluding air transport which does not provide regular freight service at present).

- Trucking serves as the cheapest mode for freight transport for short distance of up to about 210 km. For medium distance routes between 210 and 310 km, trucking rate is higher than the freight charges of both inland waterway and railway. For distance of more than 310 km, trucking becomes the most expensive mode with rates higher than coastal shipping freight charges.
- For a distance range of 210-860 kms, railway and inland waterway are the cheapest modes of transport, if they are available.
- Coastal shipping likewise follows a similar trend in costs of railway and inland waterway freight transport. Due to the relatively high cost of loading/unloading and transshipment costs, coastal shipping charges are considered expensive mode for the short distance routes but it becomes the cheapest mode of transport for distances of more than 860 kms as shown in Figure 5.4 below and presents the relative increase in the rates as the travel distance increases.

Figure 5.1.4
Cargo Transport Charge by Distance



Note: Railway, inland waterway and coastal shipping assume a short-distance feeder transport with truck on both ends.

5.2 Economic Transport Cost

This economic transport cost calculations were presented in the Interim Report and are thus presented here for analysis.

5.2.1 Passenger Transport

Table 5.2.1 shows a simplified economic cost of passenger transport for various modes (excluding air transport). These costs are only operating costs and exclude the cost of infrastructure maintenance.

Table 5.2.1
Typical Economic Cost of Passenger Transport

Mode	Economic passenger Transport Cost (VND/passenger-km)	Remark
Car	264	Economic VOC divided by 3.5 (average occupancy)
Bus	94	
Railway	209	
Inland Waterway	48-66	Conventional riverboat

Inland waterway provides the most economical means of transport (in the case of conventional riverboat). Bus and railway offer a passenger transport service at a considerably higher economic cost than inland waterway, although it is much more economical than car.

5.2.2 Cargo Transport

Table 5.2.2 shows a simplified economic cost of cargo transport for various modes (excluding air transport). These costs are only operating costs and exclude the costs of infrastructure, but include other related costs such as handling, loading and unloading charge.

Table 5.2.2
Typical Economic Cost of Cargo Transport

Mode	Economic Cargo Transport Cost (VND/ton-km)	Economic Loading/Unloading and Other Mobilization Charge ¹ (VND/ton)
Truck	546	55,000
Railway	263	91,000
Inland Waterway	138-223	104,000
Coastal Shipping	84	199,000

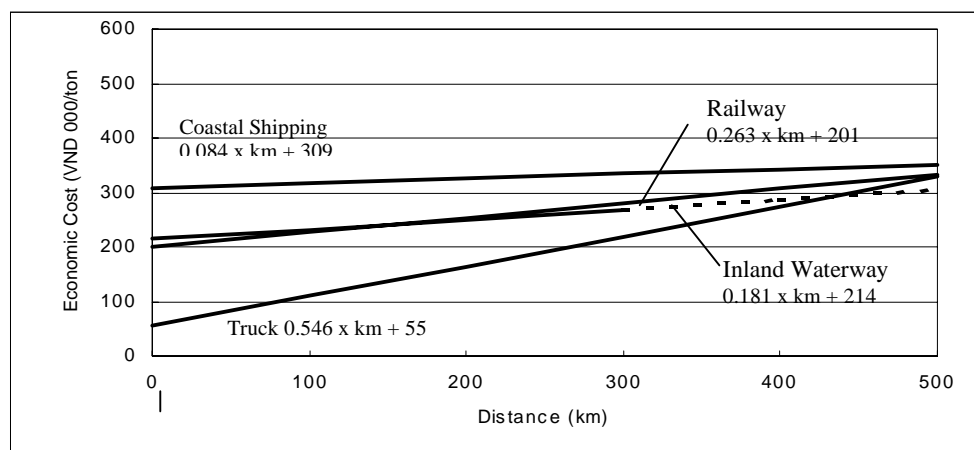
Note: ¹ Estimated based on the forwarders' quotation.

Graphically, the economic cost of cargo transport, as distance increases, indicates that:

- For short distance routes of up to 440 km, truck is considered the most economical mode,
- For medium distance of 440-600 kms, railway or inland waterway are the most efficient modes.
- For long distance routes which are more than 600 km, coastal shipping is the most efficient mode.

It is noted however, that these costs are mainly direct costs and to analyze the overall economic efficiency of each mode, cargo time cost based on the total time involved in transporting cargoes must be considered which is a factor that needs to be assessed further.

Figure 5.2.1
Economic Cost of Cargo Transport by Distance



Note: Included in the railway, inland waterway and coastal shipping cargo charge is the cost of a short-distance feeder transport by truck on handling, loading and unloading on both ends of the trip.

5.3 Passenger and Cargo Time Cost

5.3.1 Passenger Time Cost

Intermodal transport comparison considers not only the cost of transport but also travel time cost as well as the levels of service. For purposes of analysis in this study, passenger time cost has been determined by the income approach as shown in Table 5.3.1. It is noted, however, that these values are not directly used for economic evaluation which requires that a passenger time cost be weighed according to trip purpose.

Table 5.3.1
Passenger Time Cost¹

	1997	1999	Low case			High case		
			2005	2010	2020	2005	2010	2020
Average Income (VND/hour)	2,940 ²	3,180	4,189	5,097	7,691	4,511	5,757	9,558
Growth rate of Per Capita GDP (%/y)	4.0	4.0	4.7	4.0	4.2	6.0	5.0	5.2
Passenger Time Cost (VND/hour)								
- for bus, railway and inland waterway (100%)	2,940	3,180	4,189	5,097	7,691	4,511	5,757	9,558
- for car and air (200%)	5,880	6,360	8,378	10,194	15,382	9,022	11,514	19,116

Note: ¹ Passenger time cost by income approach (not for economic evaluation).

² Average of state sector employees under local governments (assuming 160 working hours/month).

Based on the average income VND/hour in 1997 and 1999 and the GDP per capita growth, the relative passenger costs for bus, inland waterway and railway are basically similar except passengers taking the car and air transport. Their costs are double the costs of the former modes considering that those that take cars and air transport have relatively higher income.

5.3.2 Cargo Time Cost

Cargo time cost can be quantified based on the value of the cargo measured in terms of interest cost during transport, which assumes an interest rate of 12% per year and the assumed average values of cargoes transported.

The Study Team has thus calculated the cargo time cost based on these parameters as shown in Table 5.3.2 below.

Table 5.3.2
 Cargo Time Cost¹

Cargo	Assumed Value (VND million/ton)	Cargo Time Cost (VND/hour/ton)
1. Paddy/Food Crop	3.0	41
2. Sugar/ Sugar cane	7.1	97
3. Wood/ Forestry	0.6	8
4. Steel	5.6	77
5. Sand/Stone/Ore	0.2	3
6. Cement	0.7	10
7. Fertilizer	3.0	41
8. Coal	0.4	5
9. Petroleum	4.5	62
10. Industrial Crop	3.5	48
11. Manufactured Goods	28.0	384
12. Fishery Products	20.0	274
13. Animal Meat, etc.	20.0	274

Note: ¹ Assumes an interest rate of 12%/year.

5.4 Service Quality of Existing Transport Services Based on VITRANNS Survey

This Section presents the shippers' concerns based on the VITRANSS survey results and the results related to service quality of existing transport services are summarized here.

5.4.1 Road Transport

Following are some of the shippers' perceptions on the constraints that hinder the provision of better transport services:

- Poor roads and bridges are not conducive for driving at nighttime by truckers. Large trucks and container trailers are hampered by the loose wires that cross some road sections and there are road sections that become inundated and damaged during the rainy season. Thus, these physical constraints result in poor road safety and reliability of road transport.
- A full-loaded container trailer is not allowed to pass through on certain roads due to vehicle weight limitations except for vehicles that obtained special permit. Charging penalty on over-loaded trucks at nearby bridges often hinder daily truck operation. Between Hanoi and HCM City there are around 25 roadside inspection points and at each point, a trucker must show a route or area license equivalent to a special permit to pass through.

- The cost of trucking service is very low, i.e., US Cents 3 per ton km on the average. Although these tariff rates are offered under severe competition, these rates are difficult to find in other countries. Consignors in Vietnam usually prefer cheaper services over fast and punctual services at relatively expensive rates.
- Many truck owners subcontract marketing to drivers who usually collect all the revenues, and only pay owners an amount (lease) for the monthly use of the truck, and shoulder the running expenses and keep the balance from operations.
- A chartered truck is widely available but there are no scheduled trucking services for small consignment, since there are no public truck terminals in operation even in the large cities. Truckers face some difficulty in consolidating small consignment. When truckers receive small volume of cargo which is less than the truck cargo capacity they usually drop by at certain areas or detour on the way to fill their truck capacity. Otherwise, drivers must charge shippers higher rates or refuse to carry such cargo.

5.4.2 Rail Transport

For rail transport, shippers find these services more unreliable than road transport and following are some of the reasons indicated:

- There is a relatively small number of wagons and a single-track alignment in most railway sections, and thus, the rail freight service can not satisfy its potential demand for freight services. For instance, consignment volume usually require a larger space. Transport of agricultural products are hampered by insufficient wagon space and shippers compete heavily for space particularly during harvest seasons.
- Shipping out small consignment is not acceptable or very expensive because the minimum space allotment is not actually small.
- In the Hanoi – HCM City main line, Vietnam Railway (VR) provides freight service without a fixed timetable. Thus, a shipper finds it difficult to use rail freight service since there is no definite schedule when the train leaves since it must wait until the wagons are fully loaded by cargoes. At the other end, a consignee does not know when this train arrives because scheduled passenger trains are given priority to run on a single track and a freight train must give his way on a sidetrack.
- Today consignors can book for cargo space thru phone but VR never inform them where their cargoes are. Since VR does not provide door-to-door delivery service, consignors have to bear lengthy and unscheduled freight services, and manage delivery and do their own delivery and their pick-up of cargoes by themselves.

5.4.3 Coastal Shipping

- Despite of increasing traffic volume, it was observed that there exists no serious capacity constraint in coastal shipping. Shipping operators normally assign

additional vessels that are used to engage in overseas shipping whenever there is a need for more domestic cargo volume space and/or these overseas vessels are idle due to less international trade volume to be transported.

- For small consignment, liner container operation commenced in 1998 among the cities of HCMC, Haiphong and Danang.
- Cheap shipping tariff is attractive among shippers of non-perishable cargoes that ship in bulk. Use of shipping services and port operations have not gained good reputation due to the usual cases of damaged cargo and pilferage. There are only a few liner ships that can assure punctual and reliable port operations.
- Interconnections and transfers between inland waterways and railways are difficult for any inter-modal transport operations. Therefore shippers/consignees usually rely on road transport in port connection/ access. The concept of operating an ICD (Inland Container Depot) may relieve this cumbersome process. However, in the case of Hanoi ICD which charges a higher land transport rate than cost incurred by shippers/consignees if they directly hire trucks to pick up and deliver their containers.¹

5.4.4 Inland Waterway Transport (IWT)

- Inland waterway operators usually keep long-term contracts or maintain long term relationships with their shippers, e.g., large state owned enterprises (SOEs) for state operations and local communities for small private operators. Forwarders indicated that they avoid contracting some inland waterway operators who have the reputation of causing damage to cargoes or those doing tramper operations. IWT's attractiveness so far is only its low freight setting, and forwarders are encouraged to provide reliable services such as reliable scheduled delivery and freight / cargo security.

5.4.5 Air Transport

- In contrast to people's perception of airfreight service, being an expensive mode of transport, Vietnam's airfreight tariff seems to be competitive with other modes, especially for small consignments of less than one ton. For instance, the freight tariff between Hanoi and HCM City, which is around VND 3,000 per kg, is quite attractive.
- The relatively cheaper tariff is partly due to limited available small consignment freight service by other modes eg. shipping, rail and road transport. These modes usually offer much higher prices to small consignors than the bulk consignors in terms of tonnage. Ironically, the same reason hinders the efficient transport access to airports.

¹ It is reported that Hanoi ICD offers US\$200 per container for the land transport to Haiphong Port (as of August 1999). Truckers usually offer US\$120-150 for similar service between Hanoi and Hai Phong.

- All domestic air cargo volumes are carried by belly-hold aircraft and air carriers do not provide reliable airfreight schedule to customers. It is true that Vietnam Airlines sends a notice of cargo arrival to its individual customers. However, due to very limited and fluctuating cargo hull space, Vietnam's air freight transport can not take advantage of the fast freight haulage.
- Cargo handling space is not scarce at Noi Bai and Tan Son Nhat airports. There may be adequate space for future expansion. The monopolized ground-handling operators such as TCS at Tan Son Nhat are allowed to levy relatively high handling and service charges.

5.4.6 Overseas Shipping

- There are two Vietnamese international gateway ports - Haiphong and Saigon which were developed facing rivers and vessels have to navigate shallow navigational channels that are vulnerable against silt sedimentation. High demurrage costs are incurred by shipping operators to wait for high tide thus discouraging shipping operators to assign relatively larger and modernized vessels.
- Cargo handling services are available anytime at ports but cargo handling equipment is insufficient and relatively outdated with few exceptions such as VICT. With old equipment, cargo handling work is generally inefficient with low productivity. At present, however, this is not a serious problem due to relatively smaller port traffic that is being handled at the ports.
- Unloading containers to a barge by ship gear at anchorage is more common phenomenon in Vietnam to avoid paying exorbitant port charges. Port operations, are likewise inefficient and cargoes are liable to suffer damage. It was noted that foreign operators and forwarders do not use new containers in Vietnam due to inefficient container handling operations.
- With limited container demand at present, shipping operators assign smaller and older container ships at Vietnamese ports², serving minor feeder routes to connect with Singapore, Hongkong, Laem Chabang, Port Klang and Kaohsiung. Vietnamese ports ship out many LCL containers and LCL/FCL (stuffing work from LCL to FCL) is undertaken with other countries' cargoes at the above international transshipment ports. These operations result in higher container charges.

Custom Clearance

- Custom clearance in Vietnam is time-consuming and hinders smooth trade activities and incurs high unregulated costs. Forwarders noted the following problems:
 - inspection of all goods instead of just a sample;

² Average container ship size assigned at Vietnamese ports in 1999: HCM City ports 622 TEU, Haiphong 312 TEU, Danang 250 TEUs.

- attachment of Vietnamese translated documents for submission;
 - doubtful competency of custom officers and insufficient guidelines and manual for them to follow; and
 - unregulated collection of “speed money.”
- All companies engaged in trading activities must obtain trading licenses from customs offices. When a company registered in Hanoi Custom Office is going to receive import goods at Saigon Port, this company must request a Hanoi custom officer to inspect clearance procedures at the port. What makes this process worse in Vietnam, is that this custom clearance should be done in principle by consignees themselves but this company in Hanoi is forced to send both company staff and custom officer to a distant port and eventually bear such bureaucratic costs which takes a lot of time. There are three practical solutions:
 - Certification of customs clearance officers at the receiving port;
 - Allowing forwarders to act in behalf of or to represent consignors, and
 - integrated area-wide custom jurisdiction into a single national customs clearance system, computerized operations in receiving international ports.

6 COUNTRY COMPARISON OF OFFICIAL TARIFF FOR TRANSPORT SERVICES AND USER CHARGES

This Chapter presents a comparison of official tariff for passenger and cargo transport services between Vietnam and other Asian countries¹ (whenever data is available) such as the Philippines as well as existing user charges for the use of transport infrastructure.

The data presented in this Chapter were obtained from different government transport sector agencies, some shipper and freight forwarder interviews and from recent transport studies in the Philippines and other countries¹.

In this Section, most of the materials were obtained from the Philippines and to provide an understanding of the pricing levels of transport modes in the Philippines it is necessary to provide an overview of existing regulatory and management of transport services and infrastructure. The transport industry in the Philippines consists of four modes: road, rail (limited), coastal shipping and air. In recent years, there were major policy changes implemented by the Government for greater efficiency, integration and consistency in the shipping, air and road transport sector.

The physical integration of Philippine archipelago has been more or less completed with major north-south and east-west transportation links and the local networks are linked to a national network. Inter-island travel is facilitated by an all-weather network of roads, bridges, sea and air lanes. There is an existing multi-modal transport of goods that is convenient (door-to-door), reliable, and competitively-priced according to different levels of service.

It is noted that “functional relationship among different modes” exists and fairly clear. The markets of each mode comprise different types of traffic which are readily defined in terms of distance, bulk, value, income, trip purpose, etc. There is little overlap between the modal markets and relatively little scope for competition between the modes.² The framework of the Government of the Philippines is coherent and clear and the concepts of deregulation, decentralization, democratization and privatization are the central thrusts of the policy.

The Medium Term Development Plan advocates full cost recovery “*Full cost recovery is simply a criterion of efficiency; it means, first of all, that government should ensure that the outlays for its programs are justified by commensurate social benefits.... Unless prevented by considerations of social equity, the government must seek to charge full cost for the services it provides.*”

Further, the National Economic Development Authority of the Philippines promotes: “Deregulation of entry and fare setting is being promoted to encourage efficiency and competition and raise levels of services.” But regulation is still necessary for aspects which cannot be well governed by market forces, in particular safety, environmental impacts and monopolistic practices.

¹ The official tariff for the Philippines for all modes is provided but for other countries, only air transport charges are available for Thailand and the airfares for Indonesia, Malaysia, Thailand and Japan. Rail tariff for other countries are available but the service may not be comparable to Vietnamese service conditions.

² Philippine Transport Strategy Study, Halcrow Fox for the ADB, 1997.

6.1 Passenger Transport

6.1.1 Road

Land passenger transport services in the Philippines are regulated by the Land Transportation Franchising and Regulatory Board (LTFRB) which is an agency under the Department of Transportation and Communication (DOTC) and still regulates entry, routes and bus and road transport fares in coordination with the Provincial Bus Operators Association of the Philippines (PBOAP) and a jeepney association of drivers and operators.

Passenger fares are regulated nationwide for regular/ standard service - a minimum fare is equivalent to US\$ 0.0625 per passenger for a minimum distance of 4 kms. or US\$ 0.0156 per pass-km..³ An incremental fare is levied on a per-km basis. Discounts are given to students, disabled and the elderly. It is noted that for any fare increase, there is a public hearing conducted between the government agencies and representatives of representative transport operator groups.

For inter-provincial trips, for bus fares, there is a prescribed minimum fare for a minimum distance of 1st 5 kms. and incremental rate per km. for the succeeding kms. between the three major islands - (1) Luzon, and (2) Visayas and Mindanao as shown in Table 6.1.1, and these fares were implemented since 1997. However, due to a substantial increase in fuel prices (deregulated since 1996), in recent months, the minimum fare was increased by 20% to US\$.075 (₱3.00) per passenger or US\$0.0188 per pass-km. For passenger air-con service, a minimum charge of ₱8.00 (US\$0.20) per passenger applies for a minimum distance of 4 kms. and a succeeding rate of US\$ 0.05 per pass-km. with an increase in travel distance.

Table 6.1.1
 Road Transport Fares in the Philippines, as of Jan. 2000

Basis	In Pesos	In US\$
1. Urban – Metro Manila: For Jeepneys: Minimum Fare (1 st 4 kms.) Succeeding km. Discount to elderly, disabled & Students.	₱3.00 0.50 20%	US\$.075 .0125
2. Provincial Services: For Jeepneys: Minimum Fare (1 st 4 kms.) Succeeding km.	₱3.00 0.50	US\$.075 .0125

³ Exchange rate is ₱40.00=US\$1.00 in year 2000.

Basis	In Pesos	In US\$
For Buses: Regular Service		
<u>Luzon:</u>		
Minimum Fare (1 st 5 kms.)	₱3.00	US\$.075
Succeeding km. – regular	0.57	.01425
Succeeding km. – elderly, disabled, etc.	0.456	.0114
<u>Visayas and Mindanao:</u>		
Minimum Fare (1 st 5 kms.)	₱3.00	US\$.075
Succeeding km. – regular	0.575	.014375
Succeeding km. – elderly, disabled, etc.	0.46	.0115
For Air-Con Buses:		
Minimum Fare (1 st 5 kms.)	₱8.00	US\$0.20
Succeeding km. – regular	0.50	.0125

Source: DOTC and LTFRB Regulation.

Thus, comparing the bus fares of minimum charge of US\$.0625 for 4 kms. (US\$.0156 per pass-km) with Vietnamese bus fares at *US\$.007 to US\$.0107 per km. (VND 100-150 per km)*, it can be concluded that Philippine bus fares are about 50% to 120% more than Vietnamese bus fares. Service standards between these two countries are similar although buses in the Philippines are relatively new and with much larger passenger capacity even for inter-provincial trips.

Thus, bus operators input the cost of fleet modernization in their costing of passenger services which the GOP regulatory agency approved. It is noted that operating problems are similar to some respect such as there are existing routes with poor road condition and in urban areas there is heavy traffic or road congestion, which result in very slow passenger travel.

It is noted that the bus fare charging policy differs between these two countries:

- In the Philippines there is a single agency for land transport fare regulation nationwide and there are organized bus and jeepney operators that coordinate with this regulatory agency for possible fare increases due to increase in fuel price and other considerations while in Vietnam route fares are fairly “regulated” with maximum fare guidelines by the different provincial peoples committees;
- The regulatory agency in the Philippines (LTFRB) maintains a database of existing routes, market conditions (no. of operators), road and vehicle characteristics for any specific route. These are used to determine existing transport services nationwide and facilitate action on application of any transport operator to provide service in a particular route.

6.1.2 Rail

Compared to Vietnam management of rail transport, a similar arrangement exists in the Philippines, where railway is government-owned and managed by the Philippine National Railways (PNR) which regulate and at the same time operate the railway transport system. Although in terms of service coverage, Vietnam Railways has a national coverage while the PNR has a limited railway network, which is within Metro Manila and much smaller inter-provincial connections down south of Manila. The

PNR sets the passenger fares for long distance routes, non-express and commuter service.

The railway passenger traffic comprise of long-distance passengers to and from Manila and commuters in Manila. It is noted that PNR has not been commercially oriented and thus its operations resulted to annual losses which averaged about P300 million or US\$7.5 million or ₱60 (US\$ 1.50) per passenger trip or ₱1.50 (US\$.0375) per pass-km.

It was noted in a Transport Master plan Study of the Philippines that the cost of running the railway is about 6 to 7 times the alternative cost of carrying passengers by bus. Shown below are the current fares being charged to passengers:

Table 6.1.2
 Rail Fares, Effective December 1996

Type of Service	In Pesos	In US\$
1. Long Distance		
a. Express		
De Luxe	0.619	.0155
Tourist	0.579	.0145
Regular	0.474	.0118
b. Non-Express		
De Luxe	0.592	.0148
Tourist	0.552	.0138
Regular	0.447	.0111
Student	0.383	.0096
c. Commuter Service		
Regular	0.40	.01
Student	0.35	.0088

Source: Philippine National Railways, 1999.

The comparable service to Philippine rail service is the Vietnamese regular “hard seat” service which is charged an average fare of VND214 per pass-km or US\$.01528 and in the Philippines, the fare for similar service is US\$.0111 (regular, non-express).

Thus, it is noted that Vietnam Railways charges relatively higher fare, for Vietnamese passengers, which is 38% higher than Philippine rail fare. Comparing the Philippine rail fare with rail fares for non-Vietnamese which is VND 400 or US\$0.0286 per pass-km., non-Vietnamese fare is 157% higher than rail fare in the Philippines.

It is noted that in the Philippines, there is no distinction between foreigners and local passengers for each transport mode.

6.1.3 Water Transport

Coastal Shipping

In the Philippines, there is an inland waterway passenger transport, but very limited and is just to cross a very short distance river and is not comparable to Vietnamese inland water way passenger transport which is a regular means of transport for local people. Thus travelling between different islands in the Philippines is by using coastal shipping providing much larger capacity vessels and in short distance routes are the modern passenger ferry craft (hydrofoil) which provide regular services during the day, but these vessels travel in the open sea and not through river channels.

In 1996, the Government has deregulated the inter-island shipping industry which proved to be effective and resulted to better passenger services at affordable fares, as well as providing fastcraft / ferry services connecting major islands, thus promoting greater economic integration and even tourism development.

MARINA has encouraged the development of fast-craft ferries by deregulating both the route entry and the fares for these special passenger services. Comparing the passenger fares between Vietnam and Philippines, the comparable rates are for short-distance ferry routes of about 150 nautical miles. In Vietnam, the route is in kms and to convert kms to nautical mile which is the unit distance used in shipping in the Philippines, conversion factor used is 1 nautical mile = 1.58 kms.

Thus, based on the existing routes for both countries, comparable routes are Can Tho-Song Doc with conventional boat service with distance of 150 n.m. or 237 kms. for Vietnam and Dumaguete-Iloilo route with 154 n.m. distance or 243 kms with conventional boat. The passenger fare is US\$.019 per pass-km. in Vietnam and US\$.023-US\$.025 per pass-km in the Philippines.⁴

Based on these fares, *it is noted that Philippine water transport fare is higher by 20-32% than the Vietnamese water transport passenger fare*, although service levels may differ according to the route. Philippine passenger shipping fares become lower as travel distance increases and for longer distance routes, Vietnamese and Philippine water transport fares may be comparable.

6.1.4 Air

For air transport, VITRANNS was able to obtain airfares from other Asian countries and are presented here for comparison with Vietnamese airfares in domestic routes of about 500 kms and 1000 kms., and shown in Tables 6.1.3 and 6.1.4, respectively. For routes with distance of about 500 kms., the price varies from lowest fare of US\$ 0.07 per pass-km. for Vietnamese passengers to a high of US\$0.27 per pass-km. in Indonesia. It is only in Vietnam that there is a distinction between Vietnamese and non-Vietnamese passengers or of foreign nationality. Non-Vietnamese fare is

⁴ In the Dumaguete-Iloilo route, passenger fare is 223.15 pesos to a maximum of 243 pesos and this is divided by the passenger-kms. of 243 kms to get pesos 0.91 pesos minimum per pass-km.

comparable to other countries such as Philippines, but higher than domestic fares in Thailand and Malaysia.

Thus, if we use the Vietnamese airfare as the benchmark or figure for comparing the airfares, it is shown that non-Vietnamese airfare is 1.75x, in Thailand and Malaysia is about 1.13 to 1.18x the Vietnamese airfare and in Philippines, 1.88x, Japan 2.37x and Indonesia 3.68x.

Vietnamese domestic airfare is thus the lowest in the figure and may merit a potential increase of about 15 percent to be comparable in other Asian countries. Non-Vietnamese airfare when compared with airfares in these Asian countries (see Table 6.1.3, last row), it is shown that it is higher than domestic airfares in Thailand, Malaysia but still lower compared to air fares in the Philippines, Japan and Indonesia (refer to Figure 6.1.1).

Table 6.1.3
Comparison of Domestic Airfares of 500km in Regional Countries

Country	US\$ per pass-km						
	Vietnam	Vietnam	Thailand	Philippines	Indonesia	Malaysia	Japan
Route	Hanoi – Hue (Vietnamese)	Hanoi – Hue (Foreigner)	Bangkok – Phuket	Cebu - Davao	Jakarta - Pankalpinang	Kuala Lumpur - Langkawi	Narita – Akita
Distance [km]	549	549	544	461	522	468	519
Local Price	570,000	1,000,000	1,625	-	-	-	-
Local Currency	[VND]	[VND]	[Bahts]				
Exchange Rate	14,042	14,042	0.028	-	-	-	-
Price in US\$	40.59	71.21	45.5	64	142	41	91
Price per km in US\$	0.07	0.13	0.08	0.14	0.27	0.09	0.18
Ratio (Vietnamese Price =1.00)	1.00	1.75	1.13	1.88	3.68	1.18	2.37
Ratio (Foreigner Price =1.00)	0.57	1.00	0.64	1.07	2.10	0.68	1.35

Note: Economy class one way full fare price, date of 20 January 2000

Table 6.1.4 shows the comparison between airfares in Vietnam with airfares in other Asian countries for longer distance routes of more than 1,000 kms.

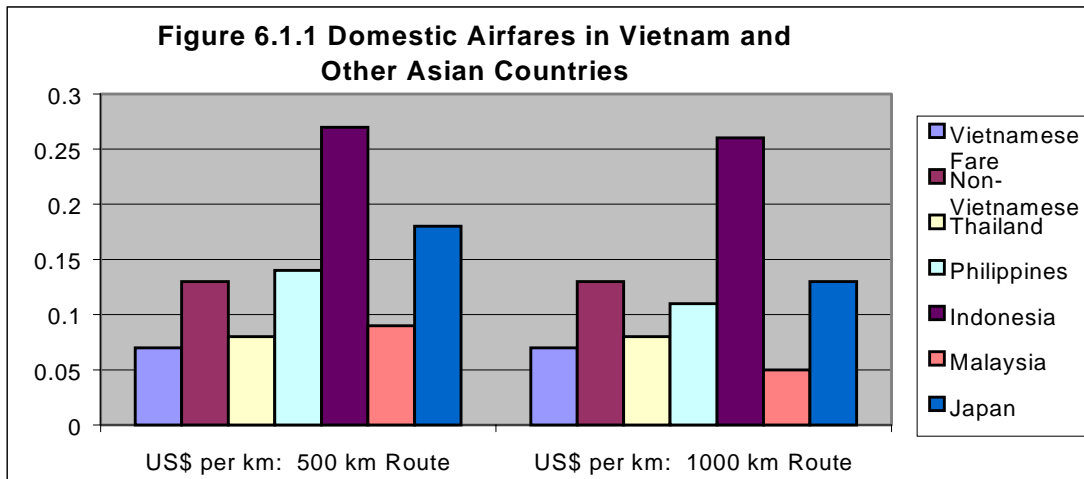
Table 6.1.4
Comparison of Domestic Airfares for Routes of 1,000 km
Vietnam and Other Asian Countries

Country	US\$ per pass-km						
	Vietnam	Vietnam	Thailand	Philippines	Indonesia	Malaysia	Japan
Route	Hanoi – Ho Chi Minh City (Vietnamese)	Hanoi – Ho Chi Minh City (Foreigner)	Bangkok – Phuket	Manila – Davao	Jakarta - Padan	Kuching – Kuala Lumpur	Narita - Kagoshima
Distance [km]	1,040	1,040	795	1105	1065	1145	1113
Local Price	1,000,000	1,900,000	2,300	-	-	-	-
Local Currency	[VND]	[VND]	[Bahts]				
Exchange Rate	14,042	14,042	0.028	-	-	-	-
Price in US\$	71.21	135.31	64.4	122	272	57	148
Price per km in US\$	0.07	0.13	0.08	0.11	0.26	0.05	0.13
Ratio (Vietnamese Price =1.00)	1.00	1.90	1.18	1.61	3.73	0.73	1.94
Ratio (Foreigner Price =1.00)	0.53	1.00	0.62	0.85	1.96	0.38	1.02

Note: Economy class one way full fare price, date of 20 January 2000

As compared with the airfare per kilometer in 1,000km routes for Vietnamese citizens and other regional countries, the price is cheapest in Malaysia, Thailand, Philippines,

and Japan except Indonesia. While airfare for foreigner, which is almost double price of Vietnamese, is more expensive than that of Thailand, Philippines and Malaysia and almost as same as Japan.



It can be noted that:

- Airfare per pass-km in domestic routes of 500 km - is cheapest in Thailand, Philippines Malaysia and Japan.
- Airfare per pass-km in 1,000 km route are almost the same for Vietnam and Thailand.
- More expensive airfares are applied for shorter distance route in Philippines, Indonesia, Malaysia and Japan.

Thus, VITRANNS aviation specialist noted that in general, aircraft operating cost consists of aircraft leasing or depreciation cost, aircraft fuel cost, staff cost, aeronautical charges, ground handling, catering, etc. Most of these costs are related to the route distance. If price per distance is based on the longer distance, airfare for short distance routes becomes cheaper and airlines will encounter difficulty to cover the cost of the operation by cheaper fares.

Similar to Vietnam, air transportation industry was previously run by the Government but was privatized in the early 1990s; but since 1994, the sector was further deregulated to promote private sector investments in the fleet, greater competition and better service to passengers. Airline deregulation is proving to be effective.

6.2 Cargo Transport

The cargo freight transport industry in the Philippines consists of four modes: road, rail (limited), coastal shipping and air. There is no inland waterway transport but there are river channels which some coastal vessels can navigate such as in the Visayas.

6.2.1 Road and Shipping (Inter-Modal Transport)

The trucking rates are deregulated and in most cases integrated with shipping services, i.e. to and from the port or warehouse and the rate is part of an over-all rate or “door-to-door” cost of transport. This is the typical manner of charging shippers, since most of the shipping companies also own trucking fleet or provide trucking services. It is thus convenient to shippers to just pay an integrated rate for trucking and shipping – thus, door-to-door transport has become competitive and resulted to introduction of RORO (roll-on, roll-off) vessels where containers can thus be transported between islands or cargoes on other smaller cargo trucks can thus be transported without the need for unloading and loading.

Shown in Tables 6.2.1 and 6.2.2 are the prevailing rates for shipping both 10-footer and 20-footer containers from Manila Domestic Port (North Harbor) to major ports of destination such as Bacolod, Butuan, Cagayan de Oro and Cebu.

Table 6.2.3 summarizes the transport rates for 10-footer and 20-footer containers and transporting 20-footer containers is relatively costly considering that larger capacity trucks are needed to transport them and the cargo handling charges are likewise higher than transporting and handling 10-footer containers. Thus, on the average, US\$ per ton-km of 10-footer container is about US\$ 0.07 while the rate for a 20-footer container is about US\$.12 per ton-km. For longer distance routes of more than 1,000 kms, it is noted that the rates are 40% lower.

Thus, computing for the relative difference in the door-to-door rates of both 10-footer and 20-footer containers, it is noted that the percentage difference varies according to the port of destination and it is highest in the ports of Cebu, Butuan and Cotabato, and this may be due to the cost of trucking and handling services which are relatively higher in these ports, which may be due to the relative distance from the port.

Table 6.2.1
 Door to Door Costs of 10-footer Container in the Philippines

PORTS OF DESTINATION	BACOLOD		BUTUAN		CAGAYAN DE ORO		CEBU	
	Costs In Pesos	₱/ton-km	Costs In Pesos	₱/ton-km	Costs In Pesos	₱/ton-km	Costs In Pesos	₱/ton-km
Ton-kms (80% load)		2,688		4,440		4,032		3,136
FREIGHT	5,736.08	2.13	8,356.18	1.88	7,577.78	1.88	6,272.98	2.00
A F R A	302.82	0.11	441.14	0.10	406.84	0.10	331.24	0.11
G R I	657.02	0.24	957.60	0.22			718.76	0.23
E-VAT	669.59	0.25	975.49	0.22	798.46	0.20	732.30	0.23
STAMPS	10.00	0.00	10.00	0.00	10.00	0.00	10.00	0.00
WHARFAGE MANILA	21.05	0.01	21.05	0.00	21.05	0.01	21.05	0.01
ARRASTRE MANILA	346.45	0.13	346.45	0.08	346.45	0.09	346.45	0.11
TRUCKING MANILA	1,872.73	0.70	1,872.73	0.42	1,872.73	0.46	1,872.73	0.60
VAT	187.27	0.07	187.27	0.04	187.27	0.05	187.27	0.06
WHARFAGE DESTINATION	21.05	0.01	21.05	0.00	21.05	0.01	27.00	0.01
ARRASTRE DESTINATION	288.80	0.11	254.26	0.06	251.08	0.06	263.30	0.08
TRUCKING DESTINATION	1,223.64	0.46	1,020.00	0.23	1,020.00	0.25	1,177.27	0.38
VAT	122.36	0.05	102.00	0.02	102.00	0.03	117.73	0.04
TOTAL	11,458.86	4.26	14,565.22	3.28	12,614.71	3.13	12,078.08	3.85
US\$/ton-km		0.11		0.08		0.08		0.10
VND/ton-km		1,492		1,148		1,095		1,348

Table 6.2.2
 Comparative Door-to-Door Costs
 for 10-footer and 20-footer Container, as of January 2000

From Manila to Destination	10-footer container			20-footer container	
	Distance (kms.)	US\$/ ton-km	VND/ton-km	US\$/ ton-km	VND/ton-km
Bacolod	531	0.07	944	0.12	1,727
Butuan	877	0.05	727	0.15	2,152
Cagayan de Oro	504	0.08	1,095	0.15	2,030
Cebu	619	0.06	853	0.18	2,481
Cotabato	1,024	0.05	694	0.15	2,066
General Santos	1,367	0.04	503	0.07	949
Note: US\$/ton-km is converted to VND at VND14,000=US\$1.00					

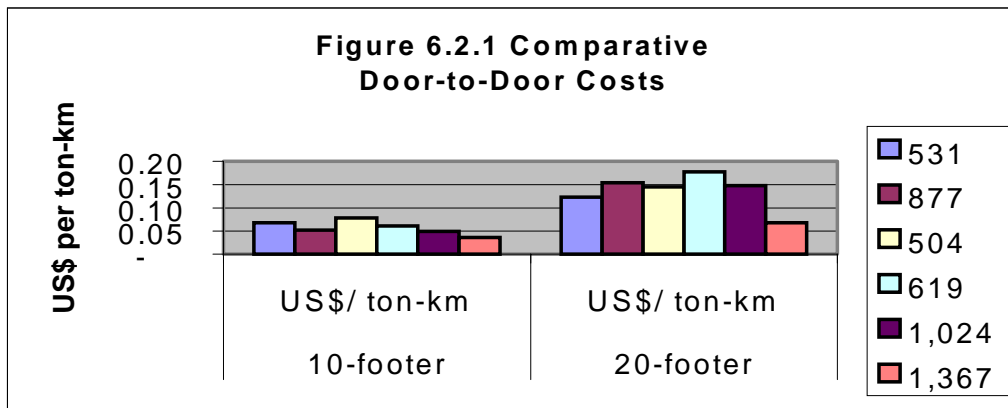
Table 6.2.3
 Door to Door Costs of 10-Footer Container in the Philippines

PORTS OF DESTINATION	BACOLO D		BUTUAN		CAGAYAN DE ORO		CEBU	
	Costs In Pesos	₱/ton-km	Costs In Pesos	₱/ton-km	Costs In Pesos	₱/ton-km	Costs In Pesos	₱/ton-km
Distance from Manila								
Ton-kms (80% load)	16	2,688	16	4,440				3136
FREIGHT	11,472.16	4.27	16,712.36	3.76	15,155.56	3.76	12,545.96	4.00
A F R A	605.64	0.23	882.28	0.20	803.68	0.20	662.48	0.21
G R I	1,314.04	0.49	1,915.20	0.43			1,437.52	0.46
E-VAT	1,339.18	0.50	1,950.98	0.44	1,596.92	0.40	1,464.59	0.47
STAMPS	10.00	0.00	10.00	0.00	10.00	0.00	10.00	0.00
WHARFAGE MANILA	42.10	0.02	42.10	0.01	42.10	0.01	42.10	0.01
ARRASTRE MANILA	692.90	0.26	692.90	0.16	692.90	0.17	692.90	0.22
TRUCKING MANILA	2,672.73	0.99	2,672.73	0.60	2,672.73	0.66	2,672.73	0.85
VAT	267.27	0.10	267.27	0.06	267.27	0.07	267.27	0.09
WHARFAGE DESTINATION	42.10	0.02	42.10	0.01	42.10	0.01	55.00	0.02
ARRASTRE DESTINATION	577.61	0.21	508.53	0.11	502.15	0.12	526.60	0.17
TRUCKING DESTINATION	1,745.45	0.65	1,455.00	0.33	1,455.00	0.36	1,681.82	0.54
VAT	174.55	0.06	145.50	0.03	145.50	0.04	168.18	0.05
TOTAL	20,955.73	7.80	27,296.95	6.15	23,385.91	5.80	22,227.15	7.09
US\$/ton-km		0.19		0.15		0.15		0.18
VND/ton-km		2,728.6		2,151.8		2,030.0		2,480.7

It is likewise noted that in areas where port-road connection as well as trucking services are relatively available due to a more competitive transport environment in these areas, the percentage difference of transporting a 10-footer compared to the rate for transporting a 20-footer is relatively smaller than those destinations where ports are relatively inaccessible from the center of the city, resulting in trucking rates relatively much higher (refer to Figure 6.2.1 and Table 6.2.4 below).

Table 6.2.4
 Percentage Difference in Door-To-Door Costs

Manila To Destination Port	10-footer		20-footer	% difference
	in kms.	US\$/ ton-km	US\$/ ton-km	
Bacolod	531	0.07	0.12	83%
Butuan	877	0.05	0.15	196%
Cagayan de Oro	504	0.08	0.15	85%
Cebu	619	0.06	0.18	191%
Cotabato	1,024	0.05	0.15	198%
General Santos	1,367	0.04	0.07	89%



Thus, the relative costs of transport according to distance vary where it is shown that as distance increases, the door-to-door costs of transport decreases. Sea freight is just a part of the overall door-to-door costs and account, on the average, 50% (shortest sea freight distance) to 70% (longest sea freight distance) of the door-to-door costs. Trucking costs is on the average about 20% of the overall transport costs (from origin to warehouse of destination). The cargo handling costs at the port are about 5% of the door-to-door costs.

Based on the interview of some truckers, trucking rates vary which is more than US\$ 120-US\$ 200 for transporting containers from the shipper's container facility to the port within Metro Manila.

6.2.2 Rail

The rail provides express freight carried in a parcel van of long-distance passenger trains and freight carried on freight-only trains. Traffic has declined due to strong competition from road transport and partly to the deteriorating service from PNR in both quality and quantity. Freight traffic has become negligible. Existing freight per ton-km is set by PNR is shown in Table 6.2.5:

Table 6.2.5
 Rail Freight Rates

Freight	Peso Rate Per Ton-Km.
Container Load Freight	0.75 (US\$.018)
LCL Freight	1.25 (US\$.031)
Express freight	2.00 (uS\$0.05)
Minimum charge for LCL and express shipments shall be P10.00 and P12.00, respectively. P12.00 minimum for express applies to letters and other printed matters. These rates are since 1991.	

Source: Philippine National Railways.

6.2.3 Coastal Shipping

In addition to the door-to-door transport rates for transporting 10-footer and 20-footer containers, the Maritime Industry Authority in the Philippines has approved set of freight rates for specific sea routes according to commodity classification i.e. there are Class A, B and C categories to reflect the relative differences in handling and transporting these goods.

There are hundreds of franchised domestic shipping routes linking the various ports and a larger proportion of the cargo on the main liner services are containerized, mainly 10 foot and 20 foot containers. The services are dominated by a few larger shipping lines (three companies merged) and there is a “genuine” competition on the main routes. Larger shippers organized themselves in an influential association – Distribution Management Association of the Philippines to prevent any form of cartel in the industry.

Table 6.2.6
 Interisland Shipping Rates for Routes, October 1999 In US\$ per km

PORT LINKS	NM	KM	F R E I G H T					
			CLASS A		CLASS B		CLASS C	
			MIN.	MAX.	MIN.	MAX.	MIN.	MAX.
MALAY - ODIONGAN	30	47	0.081	0.105	0.065	0.084	0.053	0.068
ODIONGAN - MALAY	30	47	0.081	0.105	0.065	0.084	0.053	0.068
ROMBLON - SAN FERNANDO	31	49	0.079	0.103	0.063	0.082	0.052	0.067
Below 50 kms.			0.128	0.166	0.103	0.133	0.083	0.108
JAGNA - TAGBILARAN	32	51	0.077	0.100	0.062	0.080	0.050	0.065
ODIONGAN - ROMBLON	32	51	0.077	0.100	0.062	0.080	0.050	0.065
BUTUAN - SURIGAO	63	100	0.047	0.060	0.037	0.048	0.030	0.039
51-100 kms			0.063	0.077	0.050	0.065	0.041	0.053
CEBU ORMOC	65	103	0.046	0.059	0.037	0.047	0.030	0.038
ILOILO - SIPALAY	65	103	0.046	0.059	0.037	0.047	0.030	0.038
BATAN - ODIONGAN	66	104	0.045	0.058	0.036	0.047	0.029	0.038
CAPIZ - ROMBION	69	109	0.044	0.057	0.035	0.045	0.029	0.037
CE8U - DUMAGUETE	70	111	0.043	0.056	0.035	0.045	0.028	0.037

CEBU - JAGNA	92	145	0.037	0.047	0.029	0.038	0.024	0.031
CEBU - LILOAN	94	149	0.036	0.047	0.029	0.037	0.024	0.030
101-150 kms			0.041	0.053	0.033	0.043	0.027	0.035
CALBAYOG - CEBU	97	153	0.036	0.046	0.028	0.037	0.023	0.030
CAGAYAN - DUMAGUETE	98	155	0.035	0.046	0.028	0.037	0.023	0.030
OZAMIS - TAGBILARAN	103	163	0.034	0.044	0.027	0.035	0.022	0.029
CULASI - PULUPANDAN	114	180	0.031	0.040	0.025	0.032	0.020	0.026
SURIGAO - TAGBILARAN	125	198	0.028	0.036	0.022	0.029	0.018	0.024
151-200 kms			0.032	0.041	0.026	0.033	0.021	0.027
CATBALOGAN - CEBU	127	201	0.028	0.037	0.022	0.028	0.018	0.023
CAGAYAN - CEBU	135	213	0.026	0.034	0.021	0.027	0.017	0.022
CEBU - ILIGAN	135	213	0.026	0.034	0.021	0.027	0.017	0.022
CEBU - KOLAMBUGAN	135	213	0.026	0.034	0.021	0.027	0.017	0.022
CEBU - NASIPIT	140	221	0.026	0.033	0.021	0.027	0.017	0.022
CEBU - SINDANGAN	140	221	0.026	0.033	0.021	0.027	0.017	0.022
DIPOLOG - ZAMBOANGA	156	246	0.025	0.032	0.020	0.025	0.016	0.021
201-250 kms			0.026	0.034	0.021	0.027	0.017	0.022
POLLOC - DADIANGAS	159	251	0.024	0.031	0.019	0.025	0.016	0.020
BACOLOD - ROMBLON	166	262	0.024	0.031	0.019	0.025	0.016	0.020
MANILA - MARGARIN	172	272	0.024	0.030	0.019	0.024	0.015	0.020
CEBU - ILOILO	175	277	0.023	0.030	0.019	0.024	0.015	0.020
ODIONGAN - PULUPANDAN	184	291	0.023	0.030	0.018	0.024	0.015	0.019
CORON - PTO, PRINCESA	190	300	0.023	0.029	0.018	0.023	0.015	0.019
251-300 kms			0.024	0.030	0.019	0.024	0.015	0.020
CEBU - LAOANG	192	303	0.023	0.029	0.018	0.023	0.015	0.019
CORON - MANILA	192	303	0.023	0.029	0.018	0.023	0.015	0.019
SAN FERNANDO L.U. - MANILA	208	329	0.022	0.028	0.018	0.023	0.014	0.018
BUTUAN - CALBAYOG	210	332	0.022	0.028	0.017	0.023	0.014	0.018
TAGBILARAN - ZAMBOANGA	218	344	0.022	0.028	0.017	0.022	0.014	0.018
301-350 kms			0.022	0.029	0.018	0.023	0.014	0.019
PTO. PRINCESA - SANN JOSE	223	352	0.021	0.028	0.017	0.022	0.014	0.018
BORONGAN - CEBU	224	354	0.021	0.028	0.017	0.022	0.014	0.018
BACOLOD - BATANGAS	253	400	0.021	0.027	0.016	0.021	0.013	0.017
DUMAGUETE - MASBATE	253	400	0.021	0.027	0.016	0.021	0.013	0.017
351-400 kms.			0.021	0.027	0.017	0.022	0.014	0.018
MANILA - MASBATE	260	411	0.020	0.026	0.016	0.021	0.013	0.017
CATEEL - CEBU	263	416	0.020	0.026	0.016	0.021	0.013	0.017
CAGAYAN - MASBATE	264	417	0.020	0.026	0.016	0.021	0.013	0.017
COTABATO - DAVAO	272	430	0.020	0.026	0.016	0.021	0.013	0.017
ILIGAN - MASBATE	282	446	0.020	0.026	0.016	0.021	0.013	0.017
401-450 kms			0.020	0.026	0.016	0.021	0.013	0.017
ESTANCIA - MANILA	288	455	0.020	0.026	0.016	0.020	0.013	0.017
CAGAYAN - DUMAGUIT	292	461	0.020	0.025	0.016	0.020	0.013	0.017
MALAY - ZAMBOANGA	311	491	0.019	0.024	0.015	0.019	0.012	0.016
CAGAYAN - SIPALAY	313	495	0.019	0.024	0.015	0.019	0.012	0.016
451-500 kms			0.019	0.025	0.015	0.020	0.012	0.016
DAVAO - SURIGAO	318	502	0.018	0.024	0.015	0.019	0.012	0.015
DUMAGUETE - POLLOC	318	502	0.018	0.024	0.015	0.019	0.012	0.015

DAVAO - ZAMBOANGA	319	504	0.018	0.024	0.015	0.019	0.012	0.015
CEBU - MATI	344	544	0.017	0.022	0.014	0.018	0.011	0.014
MANILA - PALOMPON	344	544	0.017	0.022	0.014	0.018	0.011	0.014
MANILA - SIPALAY	344	544	0.017	0.004	0.014	0.018	0.011	0.014
ILOILO - SUBIC	345	545	0.017	0.022	0.014	0.018	0.011	0.014
ODIONGAN - ZAMBOANGA	345	545	0.017	0.022	0.014	0.018	0.011	0.014
CATBALOGAN - MANILA	346	547	0.017	0.022	0.014	0.017	0.011	0.014
501-550 kms			0.017	0.021	0.014	0.019	0.011	0.014
MANILA - PULUPANDAN	353	558	0.017	0.022	0.013	0.017	0.011	0.014
MANILA - SAN CARLOS	354	559	0.017	0.022	0.013	0.017	0.011	0.014
MANILA - VIRAC, CATANDUANES	355	561	0.017	0.022	0.013	0.017	0.011	0.014
CEBU - PUERTO PRINCECA	356	562	0.017	0.022	0.013	0.017	0.011	0.014
MANILA - LEGASPI	357	564	0.017	0.022	0.013	0.017	0.011	0.014
DAVAO - MAASIN	360	569	0.017	0.021	0.013	0.017	0.011	0.014
MANILA - PTO. PRINCESA	363	574	0.017	0.021	0.013	0.017	0.011	0.014
CEBU- PAGADIAN	374	591	0.016	0.021	0.013	0.017	0.011	0.014
MANILA - ORMOC	375	593	0.016	0.021	0.013	0.017	0.011	0.014
BACOLOD - COTABATO	378	597	0.016	0.021	0.013	0.017	0.011	0.014
COTABATO - ILOILO	379	599	0.016	0.021	0.013	0.017	0.011	0.014
551-600 kms			0.017	0.021	0.013	0.017	0.011	0.014
BAYBAY - MANILA	382	604	0.016	0.021	0.013	0.017	0.011	0.014
CAGAYAN - COTABATO	382	604	0.012	0.021	0.013	0.017	0.011	0.014
CEBU - COTABATO	388	613	0.016	0.021	0.013	0.017	0.011	0.014
CEBU - MANILA	392	619	0.016	0.021	0.013	0.017	0.011	0.014
OADIANGAS - ILIGAM	435	687	0.016	0.021	0.013	0.017	0.010	0.013
MANILA - TAGOILARAN	435	687	0.016	0.021	0.013	0.01	0.010	0.006
JAGNA - MANILA	443	700	0.016	0.021	0.013	0.016	0.010	0.013
601-700 kms.			0.016	0.021	0.013	0.017	0.010	0.013
MANILA - NONOC	461	728	0.016	0.020	0.013	0.016	0.010	0.013
CAGAYAN - MANILA	504	796	0.016	0.020	0.012	0.016	0.010	0.013
701-800 kms			0.016	0.020	0.013	0.016	0.010	0.013
BUTUAN - MANILA	555	877	0.015	0.020	0.012	0.016	0.010	0.013
DAVAO - ILOILO	562	888	0.015	0.020	0.013	0.016	0.010	0.013
BACOLOD - DAVAO	567	896	0.015	0.020	0.012	0.016	0.010	0.013
BISLIG - MANILA	586	926	0.015	0.020	0.012	0.008	0.009	0.013
DADIANGAS - MANILA	723	1142	0.015	0.019	0.012	0.015	0.010	0.012
DAVAO - MANILA	829	1310	0.015	0.019	0.012	0.015	0.009	0.012
801-1500 kms			0.015	0.019	0.012	0.015	0.009	0.012

Source: MARINA, 1999.

It is noted that seafreight for Class A cargoes (with higher value) are charged higher rates compared to Class B and Class C cargoes. As sea freight distance increases, the rates are lower. Further, the shipping operators are given a range by which to charge shippers – i.e. there is a minimum and maximum freight charges according to the type of cargo and route distance. Refer to Figure 6.2.2 and Table 6.2.7 which summarizes the minimum and maximum rates based on distance ranges for a total of 346 shipping routes in the Philippines.

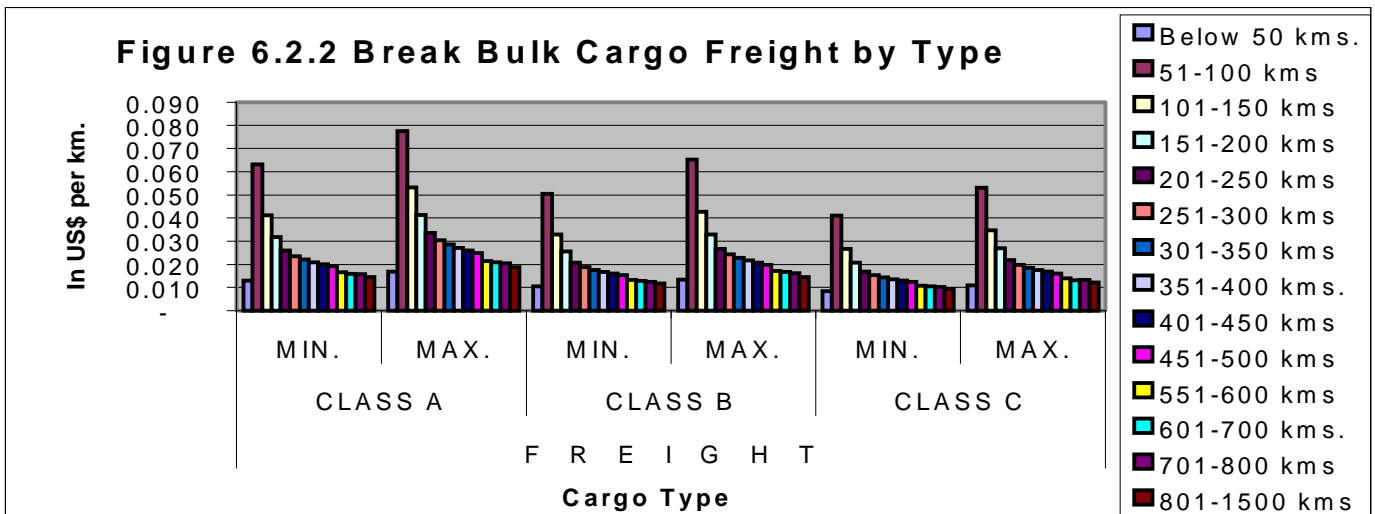


Table 6.2.7
 Interisland Sea Freight Rates for Break-Bulk Cargoes for Certain Route Distances in US\$ per km.

Distance in kms.	F R E I G H T					
	CLASS A		CLASS B		CLASS C	
	MIN.	MAX.	MIN.	MAX.	MIN.	MAX.
Below 50 kms.	0.013	0.017	0.010	0.013	0.008	0.011
51-100 kms	0.063	0.077	0.050	0.065	0.041	0.053
101-150 kms	0.041	0.053	0.033	0.043	0.027	0.035
151-200 kms	0.032	0.041	0.026	0.033	0.021	0.027
201-250 kms	0.026	0.034	0.021	0.027	0.017	0.022
251-300 kms	0.024	0.030	0.019	0.024	0.015	0.020
301-350 kms	0.022	0.029	0.018	0.023	0.014	0.019
351-400 kms.	0.021	0.027	0.017	0.022	0.014	0.018
401-450 kms	0.020	0.026	0.016	0.021	0.013	0.017
451-500 kms	0.019	0.025	0.015	0.020	0.012	0.016
551-600 kms	0.017	0.021	0.013	0.017	0.011	0.014
601-700 kms.	0.016	0.021	0.013	0.017	0.010	0.013
701-800 kms	0.016	0.020	0.013	0.016	0.010	0.013
801-1500 kms	0.015	0.019	0.012	0.015	0.009	0.012

Source: Interisland Shipping Rates, Table 6.2.6

6.2.4 Air

In the Philippines, there are no schedules cargo freight services but there are available cargo carries based on shippers' transport requirements. Airfreight charges are as follows:

Table 6.2.8
 Air Freight Charges per Kg.

Kilograms	Pesos per Kg.	US\$ per kg.
1 to 5 kilos (minimum)	103.35	2.58
6 to 49 kilos	20.67	0.52
50 to 200 kilos	19.10	0.48

There is a minimum charge based on the minimum freight volume of 5 kilograms which is US\$2.58 or US\$0.51 per kilogram. This is lower than the Vietnam airfreight charge per kilogram of US\$0.58 or VND8120 per kg. which is based on the VND8.12 million per ton of cargo airfreight charge of Vietnam Airlines.

6.3 User Charges

This Section presents the current levels of user charges in the Philippines for each mode of transport and these rates are then compared with the existing user charges in Vietnam.

6.3.1 Road

The term “road user charges” should be understood to mean payments that motor vehicle owners make when they are specifically associated with the purchase and ownership of their vehicles and with their use on public roads. The principal payments are:

- Specific charges on the purchase of vehicles and vehicle parts;
- Annual registration charges specifically related to vehicle ownership; and
- Specific charges on the fuel (diesel and gasoline) consumed on public roads.

Not all tax payments in these categories are considered road user charges because these include payments made as standard indirect taxes in the Philippines, such as the 10% value-added tax (VAT) and import duties. For example, the standard import duty in the Philippines is 14.3%, so a large truck charged 20% import duty is assumed to bear an import duty of 5.7% as a net road user charge.

Table 6.3.1 shows the actual and standard tax rates applied to the components making up road user charges. In some cases, such as small trucks, the standard import duties are shown to be less than 14.3%. This is because trucks sold in the Philippines include local components, which carry no import taxes. The standard tax rate for these vehicles therefore depends on judgments about the mix of imported and local elements.

Table 6.3.1
Indirect Tax Rates on Vehicles, Parts, Tires, and Fuel, 1997 (in Percentage)

Vehicle Type	Actual Rates (%)				Standard Rates (%)				RUC (1-2)	RUC (as % of actual)
	1	2	3	4	5	6	7	8		
	Import Duty	Excise	VAT	Overall	Import Duty	Excise	VAT	Overall		
Light	2	15	10	29.0	9	0	10	19.9	9.1	31.5
Medium	2	35	10	51.5	9	0	10	19.9	31.6	61.3
Heavy	2	100	10	124.4	9	0	10	19.9	104.5	84.0
Utility Vehicles										
Jeeps	2	0	10	12.2	9	0	10	19.9	-7.7	-63.1
Vans	2	0	10	12.2	9	0	10	19.9	-7.7	-63.1
Jeepneys	2	0	10	12.2	9	0	10	19.9	-7.7	-63.1
Buses										
Small	2	0	10	12.2	9	0	10	19.9	-7.7	-63.1
Large	2	0	10	12.2	9	0	10	19.9	-7.7	-63.1
Trucks										
Small	2	0	10	12.2	9	0	10	19.9	-7.7	-63.1
Medium	2	0	10	12.2	9	0	10	19.9	-7.7	-63.1
Large	20	0	10	32.0	14	0	10	25.4	6.6	20.6
Articulated	10	0	10	21.0	14	0	10	25.4	-4.4	-21.0
Other										
Motorcycles	2	0	10	12.2	9	0	10	19.9	-7.7	-63.1
Gasoline	22.5	69.5	0	107.7	10	0	10	21	86.7	80.5
Diesel	26.4	24.8	0	57.7	10	0	10	21	36.7	63.6
Parts	3	0	10	13.3	14	0	10	25.4	-12.1	-91.0
Tires	11	0	10	22.1	9	0	10	19.9	2.2	10.0

Note: Assuming import duty of 2%, excise taxes of 15%, and VAT of 10%, overall taxes are computed as follows: $(100+2) \times 1.15 \times 1.10 = 129.03 - 100 = 29.03$, as shown for overall actual taxes for light cars

Thus, road user charges are only the excess of the total payments made by road users over the payments made at the standard rates applicable to all goods.

Table 6.3.2
Road User Charges Paid per Vehicle, 1997 (In Pesos)

Vehicle Type	Vehicle Purchase	Registration Charges	Parts	Tires	Gas	Diesel	Total	In US\$
Cars								
Light	3,404	1,008	-2,265	34	7,478	0	9,659	241
Medium	14,826	3,033	-2,846	75	9,488	448	25,024	626
Heavy	127,111	5,952	-2,846	75	9,683	0	139,976	3,499
Utility Vehicles								
Jeeps	-4,436	997	-3,583	69	6,370	1,232	649	16
Vans	-4,515	1,000	-4,332	51	8,274	1,517	1,994	50
Jeepneys	-2,365	480	-4,758	233	0	15,222	8,812	220
Buses								
Small	-14,809	700	-15,506	272	13,786	19,544	3,987	100
Large	-18,483	2,128	-27,253	1,651	0	39,258	-2,700	(68)
Trucks								
Small	-4,664	738	-3,860	512	4,290	7,299	4,315	108
Medium	-8,678	1,578	-7,218	191	0	10,235	-3,891	(97)
Large	10,113	3,141	-11,177	677	0	16,100	18,855	471
Articulated	-8,509	5,682	-15,595	1,102	0	22,932	5,612	140
Others								
Motorcycles	-415	146	-223	35	4,158	0	3,701	93

Source: AGILE, based on Better Roads Philippines data

Thus, it is shown that cars pay the highest user charges compared with utility vehicles and heavier vehicles such as buses and trucks. Motorcycles pay an estimated amount of US\$ 93 . It is noted that medium trucks and large buses are even subsidized by other vehicles particularly the lighter ones. The Government has recognized this situation of subsidizing the heavier vehicles which do not pay according to the damage imposed on the roads. Thus, there is a move of increasing the registration charges for heavier vehicles which are much lower compared to cars.

It is noted that the situation is similar in Vietnam where heavier vehicles are being subsidized to some extent, with lower diesel tax compared to gasoline-fed vehicles. Further, the charges are not based on the damage cost principle, hence, lighter vehicles pay more and are subsidizing the heavy vehicles. Road users as a group were subsidized by the Philippine Government to the extent of ₱3.6 billion or US\$ 90 million because the total expenditure of ₱23.3 billion or US\$ 582.5 million exceeded by that amount the ₱19.7 billion (US\$492.50 million) paid specifically as road user charges.

6.3.2 Port

In the Philippines, the Philippine Ports Authority (PPA) is the port agency which both regulates the sector (keeps tariffs far too low) and operates 123 public ports (there are about 1,250 ports in the country which comprise 220 private ports, 179 fishing ports and the rest are relatively very small ports), thus competing unfairly with the private sector.

It is receiving large income (23% of its revenues) from private ports and these are cross-subsidies that actually hide the poor financial performance of the sector. Since tariffs are low, the domestic berth space is used ineffectively – to lay-over ships as well as for loading and unloading. Thus, there is a need to increase tariffs (and tariffs which are not distorted) to allow port operations to be profitable and invest in new port capacity or adequately maintain existing public ports.

Tariffs have not progressively changed: distortion exists where domestic vessels pay much lower fees than international vessels and that users do not pay the full costs of services provided.

- Comparing Vietnam port tariff for international trade with the Philippines, it is shown in Table 6.3.3 the relative differences in charging as well as in the rates being charged for international vessels and presented in Table 6.3.4 are the rates for domestic vessels.

Table 6.3.3
 Comparative Port Charges in Vietnam and Philippines, 1999

Port Charges–International Vessels		
Vietnam	Philippines	Remarks
(1) Tonnage Fee		
In - US \$ 0.1 x GRT Out - US \$ 0.1 x GRT	US\$0.081/ GRT	Vietnam rates are higher by 120% than charges in the Philippines.
(2) Maritime Safety Fee		
For 1st and 3rd zones: In - US\$ 0.282 x GRT Out - US\$ 0.282 x GRT For 2 nd zone: In - US\$ 0.209 x GRT Out - US\$ 0.209 x GRT	No fee applies.	There is no charge for maritime safety in the Philippines.
(3) Pilotage Fee		
Distance (NM) Within 10 NM US\$/ GRT/ NM - .00032 Within 30 NM - .003 Within 60 NM-.00276 Within 60 NM- .00232	In US\$: Less than 500 GRT – 30.00 500-2,500 GRT – 43.33 2,501-5,000 GRT - 71.33 5,001-10,000 GRT – 133.07 10,001-15,000 GRT- 181.07 15,001-20,000GRT – 247.00 20,001-30,000 GRT – 300.00 30,001-40,000 GRT – 416.67 40,001-60,000 GRT – 483.33 60,001-80,000 GRT – 550.00 80,001-100,000 GRT – 616.67 100,001-120,000 GRT – 666.67 120,001-130,000 GRT – 716.67 130,001-140,000 GRT – 760.67	The base for charging pilotage fees differ between Vietnam and the Philippines. Philippine rates are based on the GRT of the vessel while Vietnam rates are based on a flat rate per GRT per n.m. for distances of 30 n.m. and 60 n.m. Comparing the rates on a per GRT basis, pilotage charges in Vietnam are much lower compared to rates in the Philippines. Minimum charge per GRT is US\$.06 in the Philippines and only US\$.003 in Vietnam. As GRT increases, the rate per GRT decreases and is US\$.01 per GRT in the Philippines and still US\$.003 per GRT in Vietnam. Thus Philippine charges by 81% to about 2000% higher than the pilotage charges in Vietnam.
Port Charges–International Vessels		
Vietnam	Philippines	Remarks
(4) Towage Fee		
HP of Tugboat - Rate (US\$ x HP x hours) ≤ 500 - US\$ 0.34 x HP x hours 501 – 1000 - US\$ 170 + US \$ 0.26 x (HP – 500) x hours 1001 –1500 - US\$ 300 + US \$ 0.15 x (HP – 1000) x hours ≥ 1501 - US\$ 375 + US \$ 0.05 x (HP – 1500) x hours	The towage fee is P7,837 (US\$196) based on 1.5 hours per tug service and in excess of 1.5 hours is P6,051 (US\$151) per hour.	The charging of towage fee differs – in Vietnam, the charge is based on the HP of the tugboat and the rate per hour while in the Philippines, the charge is based on a minimum service of 1.5 hours and a different is applied per hour exceeding 1.5 hours. Comparing the two rates, if for tugboat of less than 500 HP, the rate based on Philippine charging is US\$0.39 for 1.5 hours and in excess, US\$0.30 per HP per hour. Hence, Vietnam charges relatively higher rate (12% higher) even for minimum HP 500.
(5) Mooring/Unmooring Fee		
GRT of Ship – at Buoy (At Berth) ≤500 – US\$ 30 (US\$10) 501 – 1000 - US\$50 (US\$17) 1001 – 4000 – US\$83 (US\$33) 4001 – 10000 – US\$116 (US\$50) 10001 – 15000 - US\$132 (US\$66) 15001 US\$149 (US\$83)	US\$0.020/GRT	The rate in Vietnam for 500 GRT is much higher(by about 300%) which is US\$0.06 compared to the flat rate in the Philippines which US\$0.020 per GRT.
(6) Berthing/ Docking Fees		
At Buoy – US\$.0012 At Bay – US\$.0006		
(7) Procedure Charge		
600 GRT or below- US\$20/ call 601-1000 GRT – US\$ 50/call 1001 GRT or above – US\$ 100/call		

With respect to domestic vessels, it is noted that in the Philippines, there was no maritime safety charge being collected from vessels although the pilotage fees may have some contribution to maritime safety activities.

For wharfage fees on the port, both countries charges cargoes wharfage fees which are: (1) for Philippines, the wharfage fee for transshipment cargo is US\$0.833 per metric ton, for import and export are US\$0.92 and US\$0.46 per metric ton, respectively. (2) for Vietnam, both passengers and cargo are charged wharfage fees - at berth cargo charge is US\$0.30 per ton while at anchorage is only US\$0.15 per ton; and for container hauler, US\$3 per unit; for passenger vehicles, US\$2 per unit; international passengers incoming and outgoing are charges US\$2 per person.

Based on the above, it is noted that in the Philippines, wharfage fee for exports are 50% lower compared to wharfage fee for imports. Comparing with rates in Vietnam, Vietnam charges are just 1/3 of rates in the Philippines per metric ton for imports and 75% of Philippine wharfage rates for exports.

Table 6.3.4
 Port Charges for Domestic Vessels

Vietnam (VND)	Philippines (US\$)	Percent Difference
(1) Tonnage Fee In - VND 200 x GRT Out - VND 200 x GRT Discounts given.	Up to 6 GRT: No charge Up to 100 GRT: P30.10 per day (US\$0.75) Over 100 GRT – P0.263/GRT/Day Lay up fee is charged to domestic vessels: Up to 6 GRT: No charge Up to 100 GRT: P15.05 per day (US\$0.37) More than 100 GRT – P0.301 per GRT (US\$.007)	Philippines charges relatively lower rate of US\$.007 compared to Vietnam rate of US\$0.06 per GRT (similar to foreign vessels).
(2) Maritime Safety Fee For vessels ≤ 2000 GRT or less: In - VND 200 x GRT Out - VND 200 x GRT For vessels more than 2000 GRT: In - VND 400 x GRT Out - VND 400 x GRT Annual and quarterly fee is at VND 6480/GRT and VND 1620/GRT, respectively. Vessels of less than 50 GRT are exempted from this charge.	No fee applies.	
(3) Pilotage Fee To/From ports -VND 15/GRT –NM Moving inside port area-VND 50/GRT Minimum charge is VND 150,000 to/from ports and VND 100,000 for moving inside the port. This is about US\$10.7 and US\$7.14, respectively for minimum charge.	Pilotage charges are compulsory in government and private ports and for domestic vessels, following rates apply: ≤ 100 – 500 GRT ₱41.70 ≤ 500 GRT ₱ 55.60 ≤ 600 GRT ₱69.60 ≤ 1000 GRT ₱ 69.60 <3000 GRT ₱139.30 ≤ 5000 GRT ₱300 Philippine rates are thus higher for minimum GRT which is US\$0.01 per GRT compared to rate for 5,000 GRT or more which is US\$0.002 per GRT.	Vietnam rate for minimum charge of US\$.01 (assuming 500 GRT vessel) is similar to charge in the Philippines and rate becomes lower per GRT (US\$.002) for much larger vessels.

Vietnam (VND)	Philippines (US\$)	Percent Difference
(4) Procedure Fee Smallboats/ship-VND 10,000/call Vessels ≤200 GRT-VND 30,000/call Sea vessels of 201 – 1000 GRT VND 50,000/call Sea vessels of 1001 – 5000 GRT VND 100,000/call Sea vessels of 5001 GRT or more VND 200,000/call	There is a towage fee for tugboat assistance which is P6,900 (US\$173) for 1.5 hours (minimum) and P5,261 (US\$132) per hour in excess of 1.5 hours.	Vietnam has the same towage fees for domestic and foreign vessels. Philippine tugboat rates are higher for domestic vessels (US\$0.34 per hour per HP) and the rate is the same as Vietnam rates.

6.3.3 Air

in Vietnam, airport facilities are used by both commercial operators and the military. It is noted that the charges apply mainly for commercial operations. Table 6.3.5 presents the different aeronautical fees and charges in Vietnam and in the Philippines.

At present, in the Philippines, air passengers and freight operators do not pay the full cost of air services provided (and there is no rationale for subsidizing the relatively affluent users), and the use of airport facilities (fees are negligible).

- **Landing Charges:** Basic charges are estimated based on the maximum take-off weight of aircraft as shown in Table 6.3.5

Table 6.3.5
Landing Charges

Basis	Vietnam		Philippines	
	Charges per Landing (US\$)	Additional Charge for each Succeeding Ton (US\$)		US\$
Up to 20	65	Minimum of US\$3.25 per ton	Per 1,000 kgs. (1 ton) Up to 160 tons	2.50 US\$50 for 20 tons
From 20.1 to 50	65	3.5		2.50
From 50.1 to 100	170	4		2.50
From 100.1 to 150	370	5		2.50
From 150.1 to 190	620	6	P80.00	2.00
From 190.1 to 240	800	7		2.00
Above 240	1140	8.5		2.00

Comparing the landing charges between the two countries, Vietnam charges much higher landing charges (30% higher) than the Philippines for the minimum take-off weight of 20 tons. Further, the Philippine rate of US\$2.50 per ton applies to take-off weight up to 160 tons while in Vietnam, there is additional charge per ton exceeding 20 tons minimum weight and is even higher than the minimum charge of US\$3.25 per ton. In the case of the Philippines, the rates are flat up to take-off weight of 160 tons and in excess, the rate charged is even much lower US\$2 per ton which is much lower than the Vietnam rate (Vietnam rate is almost 3x per ton). Landing fees for domestic flights in the Philippines are even much lower or only US\$1.75 per ton up to 160 tons and only US\$1.25 per ton exceeding 160 tons. Much lower rates in the

Philippines may be compensated by much higher air traffic compared to Vietnam's air traffic which are relatively still low for domestic and international flights.

Further, for Vietnam charges, an extra 50% of the basic charges will be added for nonscheduled flight and 25% for using landing lighting system during nighttime or in case of bad weather upon request by the crew. Philippine rate for night landing fees are only 15% higher than normal takeoff hours.

- Charges for the Use of Air Navigation Facilities and Air Traffic Services. In Vietnam, the basic charges are based on the maximum take-off weight of aircraft as shown in the Table 6.3.6

Table 6.3.6
 Air Navigation and Air Traffic Service Charges

Maximum Take-off Weights of Aircraft (Ton)	Charges for Arrival Flight (US\$)		Charges for Overflight (US\$)	
	Flown Distance	Flown Distance		
	Under 400 km	400 km and above	Under 500 km	500 km and above
Less than 20	254	310	115	129
From 20 to less than 50	388	474	176	197
From 50 to less than 100	564	689	255	286
From 100 to less than 150	730	893	330	370
From 150 to less than 190	850	1040	384	431
From 190 to less than 240	956	1171	420	460
From 240 to less than 300	1072	1313	450	490
300 and above	1132	1387	480	520

Source: AIP Vietnam FAL 3-2, 25 Mar. 1996.

An extra 20% of the basic charges will be added for nonscheduled flight and 30% for flight to/from Vietnam airports during Vietnamese public holidays.

- Parking Charges: Basic charges are based on the maximum take-off weight of aircraft as shown in Table 6.3.7. It is shown that rates in the Philippines (US\$1.00 per hour) are relatively higher than parking charges in Vietnam(US\$0.20 to US\$0.60 per hour).

In the Philippines, the rates differ according to the type of pavement of the parking area while in Vietnam, the charges are more of time-based charge and is lower per hour as the aircraft is parked longer time. Further, there is a free parking charge for the 1st hour for jet aircraft in the Philippines. This is quite onerous considering that there is utilization of parking space and there is limited parking space available. Thus, investment in parking space for aircraft is not maximized with this kind of pricing policy for high-priced parking space for aircraft.

Table 6.3.7
 Parking Charge

Number of parking hours	Vietnam Charges for each ton (US\$)	Philippines Charges for each ton (US\$)
Above 03 hours to 05 hours	2.8 (0.6 per hour)	Parking for the 1 st hour for jet aircraft, and the 1 st 45 mins. For jet-propr aircraft shall be free of charge. An additional fee of 10% of landing fees will be charged for every add'l 15 mins. Fees for the use of the parking areas: US\$ 0.50 per 5 tons gross weight per hour or fraction thereof in paved areas or US\$1.00 per hour for 20 tons. At unpaved areas, a charge of US\$.125 per 5 tons per hour or fraction thereof or US\$0.5 for 20 tons.
Above 05 hours to 08 hours	3.5 (0.4 per hour)	
Above 08 hours to 12 hours	3.8 (0.3 per hour)	
Above 12 hours to 18 hours	4 (0.20 per hour)	
Above 18 hours	4.2 (0.20 per hour)	

Source: AIP Vietnam FAL 3-3, 25 Mar. 1996.

The maximum parking charge US\$ 2.80 will be charged for the unexpected hours. Discount for Vietnamese Air Carriers: There is an agreement, effective from 1 May 1995, that Vietnam Airlines will pay 80% of landing and air navigation charges set in the AIP for international flights and 50% of those for domestic flights. It has also been agreed that a lump-sum fee for aircraft parking and terminal rental fee will be paid to airport authorities. The same condition applies to Pacific Airlines.

- Passenger Service Charges for Vietnam are shown in Table 6.3.8. In the Philippines, passenger service charge is paid by each departing passenger, except transit passengers, children 2 years of age and below. For international passengers, the rate is US\$12.50, 25% higher than the Vietnam passenger charge of US\$10.00. Domestic passengers pay US\$1.00 equivalent for service charge in the Philippines while Vietnamese domestic charges pay more, US\$1.42 per passenger. In the Philippines, service rates are lower in other airports such as the secondary and feeder ports, 50% to 75% lower than rates in international airports (also used as domestic airports, refer to Table 6.3.8.)
- In both countries, terminal building space are rented out to serve domestic and international flights: (1) Philippines – ground level of terminal building, US\$1.5 per sq.m. per month for airlines and US\$2.5 per sq.m. for commercial establishments. In the upper floor, rental is lower, US\$1.25 to US\$2 per sq.m., respectively. For domestic flights at national airports, rates are about US\$1.00 per sq.m. per month. It is noted that the current rates do not cover the cost of investment and maintenance of the terminal building and thus, there are no funds that may be available for future expansion, since the rates to concessionaires are very low.

Table 6.3.8
 Passenger Service Charge

Airports	International Passenger (US\$)	Domestic Passenger (VND)
Tan Son Nhat International Airport	10	20,000
Noi Bai and Da Nang International Airport	10	20,000
Other Airports		10,000

Source: AIP Vietnam FAL 3-3, 25 Mar. 1996

- Concession privilege fee is also applied in the Philippines and this entitles a concessionaire to the privilege of conducting business or commercial activities in national airports subject to Air Transportation Office rules and regulations and shall be paid separately for each type of business/ commercial activity except airline companies. These fees are distinct and separate from the charges of rentals of building and land space and these fees are payable at the beginning of each calendar month. Following are schedule of concessionaire privilege fees which provide Vietnam potential airport establishments that can locate in the terminal building of its airports:

Table 6.3.9
Concessionaire Privilege Fees at NAIA

Passenger service concessions	in Pesos	in US\$
Banks	600	15.0
Travel agencies	100	2.5
Currency Exchange dealer	200	5.0
Commercial cable and telegraph	200	5.0
Insurance Agencies	200	5.0
Hotel Reservations	600	15.0
Food Service Concessions		
Restaurants	450	11.3
Cocktail lounges	250	6.3
Kitchenette and canteen	300	7.5
Coffee shop, snack bar	450	11.3
Food catering	100	2.5
Transportation Utilities Concessions:		
Taxicab services per unit	150	3.8
Limousine service per unit	150	3.8
Car rental per unit	150	3.8
Jeepney service per unit	150	3.8
Bus services (Passenger, tourist, etc.)	150	3.8
Gasoline/Diesel fuel station	300	7.5
Miscellaneous		
Duty Free shop	3% of gross sales per month	
Cargo Forwarder/Broker	300	7.5
Gift shop and novelty stores	150	3.8
Photo shop	150	3.8
Beauty salon	150	3.8
Barber shop	100	2.5
Cigar, Cigarette and confectionary	100	2.5
Vending machine per unit	75	1.9
Jukebox per unit	120	3.0
Art Gallery	100	2.5
Newspaper stand	75	1.9
Copying machine (per unit)	75	1.9
Movie filming (for 3 hours)	100	2.5
Advertising/documentary filming per u.	500	12.5
Shore cleaning services	50	1.3
Bookstore and office supplies	75	1.9
Public telephone booth	150	3.8

Source: Air Transportation Office, July 1999. (D.O.99E-002).

7 CONCLUSION AND RECOMMENDATION

Based on the analysis of the existing transport pricing strategy of the Vietnamese Government, it was shown that:

- Average pricing system for each mode is used which may cover operating costs but not the full cost of providing the service (which include infrastructure cost and externalities);
- Government provides (a) direct subsidy for the use of infrastructure (very low user charges); (b) cross-subsidies exist within mode (rail, port and air) and (c) other indirect subsidies (such as cargo transport in mountainous areas or paid by state funds);
- Setting maximum fare by people's committees does not promote provision of adequate service and better quality in areas with low traffic demand (VITRANNS survey indicated unreliable and infrequent service schedule of bus services in some provinces);
- Passenger tariffs have been kept artificially low (rail and air) as part of the anti-inflationary policy and cross-subsidies used (differential rates between Vietnamese and non-Vietnamese passengers) and this policy are causing financial shortfalls for the Vietnam Railways and government-owned carriers;
- Cross-subsidies in the port sector with higher charges for foreign vessels and very low charges for Vietnamese ships;
- Wide difference between taxes imposed on diesel and gas;
- As a result, transport prices per se have risen more slowly than inflation;
- Low fees and charges for the use of infrastructure such as port charges are not raising enough funds for adequate maintenance and needed investments.

Thus, to eliminate distortions in transport markets due to pricing restrictions, it is proposed that the Government must:

- Ease control over transport prices (as anti-inflation policy);
- Encourage market differentiated pricing that reflects the full, relative costs of various services, facilities and transport modes;
- Promote greater competition and inter-modal linkages.

(1) *Easing Control Over Transport Prices.* The government control of air and rail passenger fares as well as user charges for infrastructure must be eased and allow flexibility in individual pricing decisions by transport service providers. In suppressing prices for Vietnamese passengers and cross-subsidization by foreign nationals, the price controls on rail transport tend to depress service supply and thus increase the demand for more expensive modes such as air transport, such as in Hanoi-HCMC.

Similarly in cargo transport, under pricing of rail freight charges and coastal shipping resulted to lower efficiency and service quality resulting to greater use of road transport despite being a more expensive mode but offers better service (but this may result to higher price of the goods to consumers).

Thus, in market economy prices of all transport sub-sectors must be able to reflect changes in the costs of providing the service and infrastructure and permit the airlines or railway to raise fares and become profitable, eliminating the cross-subsidization within each mode.

- (2) *Encourage market differentiated pricing policies.* Price distortions are not solely due to anti-inflation policies but it was found that prices are neither cost-based nor designed to manage excessive transport demand in certain transport corridors (such as for air services). Further, the capital costs of infrastructure (and maintenance) are not fully accounted for. Some of the SOEs allow for depreciation of capital investments financed internally but exclude the interest payments and capital provided by Government grants or loans.

For roads, (a) the price differential between diesel and petrol taxes needs to be reduced; (b) road user charges be brought in line with road damage costs; (c) explore the use of *differential expressway toll rates* designed to reflect distance, congestion and highway wear imposed by each vehicle type for a more efficient use of expressway capacity; (d) encourage private sector investments on transport, after all the costs imposed by modes using public infrastructure are reflected in the charges are made directly by users.

- (3) Promote competition and inter-modal linkages – entry, price and service area/type regulations should be liberalized to allow more reliance on competition and market forces. Government intervention must be limited to quality, safety and environment and social consideration in few markets (such as bus services to remote and poor areas). Restrictions in private participation in the sector needs to be eased to attract private financing in the sector (eg. for toll roads).

Next Steps

To affect the above pricing policy reforms, it is proposed that the transport agencies should have:

- greater accountability and develop market responsiveness to requirements of transport markets; and
- the Government must relax restrictions and provide more freedom and responsibility to transport operators.

APPENDICES

Appendix A TYPES OF TRANSPORT FEE AND CHARGE

(1) GENERAL CHARGES

No	Type of fee/tariff	Legal basis (No., decided date)	Organizations to collect fee	Payable object.	Exempted object	Calculation basis	Current major tariff level
I	General traffic						
1	Vehicle import tariff	Decision No.1803/1998/QD designed by Ministry of Finance (MOF)	General Office of Tax	Imported means		Rate (%) of price of imported means	Unit as a whole (bus): 60 % CKD2: 5-7 % Unit as a whole (truck): 50 % SKD: 30 % SKD2: 3-5 %
2	Fuel and petroleum import tariff	Decision No.61/1999/QD designed by MOF	General Office of Tax	Imported fuel	Not exempted	Rate (%) of imported petroleum	Petrol: 60 % Diesel: 60 % Mazut: 10 %
3	Spare part import fee and tariff	Decision No.1083/1998/QD designed by MOF	General Office of Tax	Imported spare part		Rate (%) of imported spare part	Depended on each type of spare part: 20-60 %
4	Ship import tariff	Decision No.1083/1998/QD designed by MOF	General Office of Tax	Imported mean	Not exempted	Rate (%) of imported mean	Tug boat: 5 % Other: 5-10%
5	Revenue tariff: Transport service (Collecting VAT to replace for previous revenue tariff)	Decree No.28/1998/ND-CP dated 11 th May 98 concerning the VAT	General Office of Tax	Enterprises & individuals doing business in transport service	Transporting public passenger by bus Freight in transit, freight imported temporarily and re-exported	Rate (%) of VAT	Passenger transport: 10% Freight transport: 10%

II	Road transport						
1	Vehicle registration fee	Circular No.77/TC/TCT dated 29 th November 96 designed by Ministry of Finance	Transport Police Department of Police Service	Road vehicle	Foreign organizations and individuals are prioritized with diplomatic immunity stipulated in ordinance of preferential right	VND/unit/No. of registration	Automobile: VND 150,000 Motor cycle: VND 50,000 Trailer: VND 100,000
2	Periodical vehicle inspection fee	Decision No.50/1998/QD dated 24 th June 1998 of Pricing Committee	Registration stations attached to registration center of Vietnam Registration, transport service and Public transport service	Road vehicle (Automobile)	Not exempted	VND or USD/unit/reg.	Truck (2-7 tons), bus (25-40): 180,000 VND Truck (7-20T), Bus (>40 seats): 200,000 VND Car: 120,000 VND Foreign citizen: Truck (2-7T), bus (>40 seats): 35 USD; Car: 300 USD
3	Driving license fee (including law exam, practice exam, driving license issue)	Circular No.77/TC/TCT dated 29 th November 96 designed by Ministry of Finance	Centers and bases are allowed to train driver	The people who desire to have all types of driving license	Foreign organizations and individuals are prioritized with diplomatic immunity stipulated in ordinance of preferential right	VND/time	Automobile: 140,000 VND Motor cycle: 100,000 VND Foreign citizen: Automobile: 420,000 VND Motor cycle: 240,000 VND
4	Fuel fee (Transport fee)	Decree No.186/CP dated 7 th Dec. 1994 designed by Gov.	Organizations doing business in petroleum	Petroleum user (Diesel)	Not exempted	VND/litre	Petrol: 300 VND/litre Diesel: 300 VND/litre

5	Certificate issue fee for bus and truck operation	Circular No.77/TC/TCT dated 29 th November 1996 designed by Ministry of Finance	VRA, Transport Services and Public Work transport service	Organizations and individuals with the needs of doing business in bus and truck	Foreign orgs. & individuals are prioritized with diplomatic immunity stipulated in ordinance of preferential right	VND/certificate	Automobile: 30,000 VND Foreign citizen: Automobile: 90,000 VND
6	Toll	Circular No.57/1998/TT designed by Ministry of Finance	Toll collection stations attached to VRA and Transport Services and Public Work Transport Services.	Road vehicles using bridge and road have to be collected toll	Ambulance, mourning coach...(Look at the details at point 3-applied coverage)	VND/ticket	Maximum level: Motorbike: 1,000 VND/ticket Car: 15,000 VND/ticket Bus(<50): 26,000 VND/ticket Truck 2-4T: 26,000 d/ticket Truck <10T: 35,000 d/ticket
7	Overweight vehicle fee	Circular No.112/1998/TT of MOT of 29 th Apr.' 98 Decree No.78/1998/ND-CP dated 26 th Sep. 1998	General Office of Tax – Ministry of Finance	Means violating overweight transport	Not exempted	VND/time Besides, drivers will be forfeited their driving licenses in 60 days, have to unload and pay for arising costs	-Issuing permission: 30,000 d -Violation fine: 1,000,000-2,000,000 VND
8	Bus terminal fee and charge	Notice No.1043/DBVN of 21 st June 1999 of VRA Official report of consultative conference about pax. transport charge	Terminals under the management of Transport Services and Public Work Transport Services	Means transporting passenger in/out terminal	Not exempted	VND/seat	Northern part: Urban
9	Insurance level for passenger	Circular No.1800/CN/93 dated 20 th November 1993 of Vietnam Insurance Cooperation	Vehicle terminals and enterprises transporting public passenger by road	Passenger going by public passenger transport	Not exempted	VND/ticket	100VND/ticket

APPENDIX

No	Type of tariff or fee	Name of legal document	Page
I	General traffic		
1	Automobile import tariff	-Decision No.1803/1998/QDBTC concerning the freight import tariff (Transport equipment and spare part)	1
		-Decision No.590/QDBTC concerning minimum price at border gate to calculate import tariff	13
2	Fuel and petroleum import tariff	Decision No.61/1999/QD-Ministry of Finance concerning petroleum import tariff	41
3	Spare part import tariff and fee	-Decision No.1803/1998/QDBTC concerning the freight import tariff (Transport equipment and spare part)	1
4	Ship import tariff	-Decision No.1803/1998/QDBTC concerning the freight import tariff (Transport equipment and spare part)	1
5	Revenue tariff: Transport service	Decree No.28/1998/ND-CP dated 11 th May 1998 concerning VAT (Collecting VAT of business service to replace for revenue tariff)	42
II	Road transport		
1	Vehicle registration fee	Circular No.77/TC/TCT dated 29 th November 1996 concerning fee collection to ensure road transport safety and order.	56
2	Periodical vehicle inspection fee	Decision No.50/1998/QD dated 24 th June 1998 of pricing committee concerning the regulation on technical inspection charge of mean of road transport	68
3	Driving license fee (including law exam, practice exam, driving license issue)	Circular No.77/TC/TCT dated 29 th November 1996 concerning fee collection to ensure road transport safety and order.	56
4	Fuel fee (Transport fee)	Decree No.186/CP dated 7 th December 1994 of government concerning collecting transport fee through petroleum	65
5	Certificate issue fee for bus and truck operation	Circular No.77/TC/TCT dated 29 th November 1996 concerning fee collection to ensure road transport safety and order	56
6	Toll	Circular No.57/1998/TT-BTC concerning toll system Some regulations on toll of MOT	77 88
7	Overweight vehicle fee	Circular No.112/1998/TT of MOT dated 29 th April 1998 concerning management and issue of overweight and oversized vehicle, chain-wheel vehicle Decree No.78/1998/ND-CP dated 26 th September 1998 concerning the supplementation for decree No.49/CP on ensuring road transport safety and transport violation fine	96 104
8	Bus terminal fee and charge	Notice No.1043/DBVN dated 21 st June 1999 of VRA concerning passenger transport and terminal service Official report of consultative conference about passenger transport charge and terminal service	113 115
9	Insurance level for passenger	Circular No.1800/CN/93 dated 20 th November 1993 of Vietnam insurance cooperation	

APPENDIX B

MARITIME CHARGES

Type of Fee and Charge	Legal Basis for Fee and Charge Collection and Collecting Organization	Fee and Charge Collection Basis (unit/automobile, unit/liter, unit/ton)	Fee and Charge Collection Organization/Individual		Payable/Exempted Object
			Vietnamese (VND)	Foreigners (US\$)	
1	2	3	4		5
I. Types of Fee and Vessel Registration Fee					
1. Registration Fee					
a. Ownership Registration Fee	<ul style="list-style-type: none"> Decree No. 193/CP of 29 December 1994 issued by government on the regulation of registration fee Circular No. 140/1998/TT-BTC of 24 October 1998 amending and supplementing circular No.19 TT/TCT of 16 March 1995 issued by the Ministry of Finance on the implementation of Decree No.193/CP 	<ul style="list-style-type: none"> 2% of the current price of vessel upon registration. (The maximum registration fee should not be over VND 500 million/asset.) 	<ul style="list-style-type: none"> 2% of the current price of vessel upon registration. 		<ul style="list-style-type: none"> Payable object: Person under whose name the vessel is registered Exempted object: <ul style="list-style-type: none"> Vessel used for national defense and security purposes Vessel that has already paid its registration fee, but due to company reorganization must re-register or transfer to other parts of Vietnam without conversion in ownership
b. Conversion Registration Fee	<ul style="list-style-type: none"> Tax office 	<ul style="list-style-type: none"> 2% of conversion part 	<ul style="list-style-type: none"> 2% of conversion part 		
2. Vessel Registration Fee (Including new registration, re-registration, conversion registration, and Vietnamese flag hire registration)	<ul style="list-style-type: none"> Decree No. 91/CP of 23 August 1997 issued by government on vessel and crew registration Circular No.115 TC/GTDB of 16 December 1994 on the regulation of the collection system and use of vessel and crew registration fee. VINAMARINE (vessel and crew registration offices attached to VINAMARINE are responsible for fee collection.) Ministry of Aquatic Products is responsible for collecting vessel registration fee of fishing boats. 	<ul style="list-style-type: none"> For the 1st registration, re-registration and conversion registration, the fee is based on the GRT (VND/GRT). For Vietnamese flag vessels, the registration fee is paid annually based on the GRT (US\$/GRT/year) For towing and pushing boat, the fee is based on the rate: 1 HP = 1 GRT. For all types of barge, cargo vessel: 1 DWT = 1 GRT 		-	<ul style="list-style-type: none"> Payable object: Vessel owners of types of merchant vessel, governmental duty vessel, technical scientific research vessel and sport vessel. Exempted object: Specialized vessels used for military and security purposes under the management of Ministry of National Defense and Ministry of interior

Type of Fee and Charge	Legal Basis for Fee and Charge Collection and Collecting Organization	Fee and Charge Collection Basis (unit/automobile, unit/liter, unit/ton)	Fee and Charge Collection Organization/Individual		Payable/Exempted Object
			Vietnamese (VND)	Foreigners (US\$)	
1	2	3	4		5
a. First Registration and Re-registration (VND/GRT) – 501-1600 GRT vessel – 1601-3000 GRT vessel – more than 3001 GRT vessel			2,500 2,000 1,500		
b. Hiring Flag Vessels (USD/GRT)			40		
c. Registration Change and Renewal (VND/GRT)		• 30% of official registration	30% of official registration		
3. Registration Fee of Vessel Collateral, Mortgage and Capture	<ul style="list-style-type: none"> Decree No. 91/CP of 23 August 1997 issued by government on vessel and crew registration VINAMARINE 	• Not stipulated.			• People ask for pledge and mortgage registration
4. Confirmation Fee for Submission of “Maritime Protest”	<ul style="list-style-type: none"> Decision No. 1438/QD-PC of 8 September 1994 made by the MOT on the confirmation, organization, order, and procedure for submission of “Maritime Protest” VINAMARINE 	• Not stipulated.			• People ask for confirmation
5. Document Grant Fee	• Ditto				
6. Registration and Inspection Charge	• Ditto				
II. Crew Registration Fee					
1. Passport Fee (VND/issue) a. New Passport b. Renewal of Passport	<ul style="list-style-type: none"> Decree No.91/CP of 23 August 1997 issued by government on vessel and crew registration VINAMARINE 		40,000 10,000		• Payable object: Crews work for merchant vessels, governmental duty vessel, technical scientific research vessel and sport vessel
2. Registration Fee for Crew Directory	• Circular No.115/TC/GTDB of 16 December 1994 on the regulation of the management system of vessel and crew registration fee collection and use	• Based on the registration time (VND/1 time).	40,000		• Exempted object: Crews working for specialized vessels used for military and security purposes under the management of the ministries of National Defense and Interior.
3. Fee for Certificate Grant of Minimum Safety Permanent Crew			20,000		
4. All Types and Class of Captain Certificate			30,000		

Type of Fee and Charge	Legal Basis for Fee and Charge Collection and Collecting Organization	Fee and Charge Collection Basis (unit/automobile, unit/liter, unit/ton)	Fee and Charge Collection Organization/Individual		Payable/Exempted Object
			Vietnamese (VND)	Foreigners (US\$)	
1	2	3	4		5
5. Other Professional Certificates			20,000		
III. Fee for Maritime Operation Permission		Not collected			
IV. Seaport Fee and Charge					
1. Maritime Fee and Charge					
a. GRT Charge (US\$/GRT)	<ul style="list-style-type: none"> Decision No.127/VGCP-CNTD.DV of 28 October 1997 made by the chief of the Government Pricing Committee on seaport fee and charge Maritime port authorities are responsible for collecting and managing GRT charge. Decision No. 128/VGCP-CNTD.DV of 28 October 1997 made by the Government Pricing Committee on maritime fee and charge for vessels transporting cargo to Vietnamese seaports. Decision No. 129/VGCP-CNTD.DV of 28 October 1997 made by the chief of the Government Pricing Committee on the seaport charge for several special cases. 	<ul style="list-style-type: none"> Based on the number of vessel calls in the navigational area or seaport (USD/GRT/turn) 			<ul style="list-style-type: none"> Payable object: Vessels must pay GRT charge: Exempted object: <ul style="list-style-type: none"> - Vietnamese and foreign vessels calling in/out of seaport to avoid storm, to give first aid to a patient and to do research according to agreements with the government These vessels must strictly follow the orders of port authorities. - Daughter vessels which transport passenger from mother vessels in navigational area are allowed to go ashore (or vice versa).
<ul style="list-style-type: none"> - Calculation of each ship call <ul style="list-style-type: none"> ♦ Inward-bound turn ♦ Outward-bound turn - In case of calls in/out of many seaports: from the second seaport <ul style="list-style-type: none"> ♦ Inward-bound turn ♦ Outward-bound turn 			0.1		
			0.1		
			0.05		
			0.05		

Type of Fee and Charge	Legal Basis for Fee and Charge Collection and Collecting Organization	Fee and Charge Collection Basis (unit/automobile, unit/liter, unit/ton)	Fee and Charge Collection Organization/Individual		Payable/Exempted Object
			Vietnamese (VND)	Foreigners (US\$)	
<p>1</p> <ul style="list-style-type: none"> - Exemption of 30% of unit price for ships calling in/out seaports to: <ul style="list-style-type: none"> ♦ To get fuel, foodstuff, fresh water, changing crew, transshipping w/o cargo handling, loading and unloading passengers ♦ With volume of loaded and unloaded cargo at less than 50% of GRT - Exemption of 50% of unit price for ships calling in/out of seaports: <ul style="list-style-type: none"> ♦ To undergo repair or break ♦ To forward automobile and vehicles ♦ For more than 8 voyages/month (in the same navigational area and port authority) 	2	3	4		5
			30% less		
			30% less		
			50% less		
			50% less		
			50% less		
b. Maritime Safety Fee (US\$/GRT)	<ul style="list-style-type: none"> • Maritime port authorities collect maritime safety charge and transfer their collection to the maritime safety office, keeping 5% only of the total collection. 	<ul style="list-style-type: none"> • Based on each vessel call to seaport (USD/GRT/turn) 			The vessels which must pay maritime safety charge are Vietnamese and foreign vessels
<ul style="list-style-type: none"> - Each ship call <ul style="list-style-type: none"> ♦ Ship (except LASH) calls: <ul style="list-style-type: none"> - In region 1 and 3 - In region 2 - Out of region 1 and 3 - Out of region 3 ♦ LASH <ul style="list-style-type: none"> - Mother ship calls in region 1 & 3 - Mother ship calls out of region 2 - Daughter barge calls in region 1, 3 - Daughter barge calls out of reg'n 2 			0.209		
			0.282		
			0.209		
			0.10		
			0.076		
			0.15		
			0.095		
			50% less		

Type of Fee and Charge	Legal Basis for Fee and Charge Collection and Collecting Organization	Fee and Charge Collection Basis (unit/automobile, unit/liter, unit/ton)	Fee and Charge Collection Organization/Individual		Payable/Exempted Object
			Vietnamese (VND)	Foreigners (US\$)	
1	2	3	4		5
<ul style="list-style-type: none"> - Ships calling in/out of many seaports in 1 voyage: <ul style="list-style-type: none"> ♦ If the 2nd and succeeding ports of call are managed by a different port authority from the 1st port ♦ If the 2nd and succeeding ports of call are managed by the same port authority as the 1st 			50% less of the fee in the 1 st port of call	Free	
<ul style="list-style-type: none"> - For: <ul style="list-style-type: none"> ♦ Passenger ships in Vietnam's navigational anchorage area using another vessel to pick up and take tourist passengers to islands (daughter ship transporting passengers from mother ship is exempted) ♦ Cargo ships calling in/out of seaports with loaded and unloaded cargo less than 50% of GRT 			30% less than the unit price at point (a)		
<ul style="list-style-type: none"> - For ships calling in/out of seaport: <ul style="list-style-type: none"> ♦ To undergo or have a break ♦ To give first aid to patient (berthing allowed) ♦ To transport automobiles and vehicles ♦ With loaded and unloaded cargo less than 30% of GRT ♦ In more than 8 voyages/month (same navigational area and port authority), the charge on the 9th and succeeding voyages is discounted 			50% less than unit price at point (a)		
<ul style="list-style-type: none"> - For ships entering an allowable navigational area (w/o docking) to get lubricant, fresh water and foodstuff, change crew and give first aid to patient 			70% less than the unit price at point (a)		

Type of Fee and Charge	Legal Basis for Fee and Charge Collection and Collecting Organization	Fee and Charge Collection Basis (unit/automobile, unit/liter, unit/ton)	Fee and Charge Collection Organization/Individual		Payable/Exempted Object
			Vietnamese (VND)	Foreigners (US\$)	
1	2	3	4		5
– For foreign tanker arriving in Vietnam to have itself washed and overhauled at buoy no. 0 (not carrying oil for import/export)			80% less than the unit price at point (a)		
– Ship in transit to Phnom Penh			50% less		
<p>c. Pilot Charge</p> <p>– General rate is applied in all regions (except for some shipping lines)</p> <ul style="list-style-type: none"> ♦ Up to 10 nautical miles <ul style="list-style-type: none"> - Unit price/nautical mile (US\$/GRT) - Minimum collection rate (US\$/ship/time) ♦ Up to 30 nautical miles <ul style="list-style-type: none"> - Unit price/nautical mile (US\$/GRT) - Minimum collection rate (US\$/ship/rime) ♦ Up to 60 nautical miles <ul style="list-style-type: none"> - Unit price/nautical mile (US\$/GRT) - Minimum collection rate (US\$/ship/time) ♦ Above 60 nautical miles <ul style="list-style-type: none"> - Unit price/nautical mile (US\$/GRT) - Minimum collection rate (US\$/ship/time) 	<ul style="list-style-type: none"> • Pilot enterprises are responsible for collecting pilot charge. 	<ul style="list-style-type: none"> • Based on each vessel call to seaport or each movement in the seaport (USD/GRT/turn) 	<p>0.0032 100</p> <p>0.003 120</p> <p>0.00276 150</p> <p>0.00232 170</p>		<ul style="list-style-type: none"> • The vessels which must pay pilot charge are those using forced pilot system, in particular: <ul style="list-style-type: none"> - Foreign vessels without the distinction of size. - Vietnamese vessels more than 1000 GRT. However, managers of port authorities can exempt Vietnamese captains who have suitable navigational pilot certificate or captains of Vietnamese vessels of less than 1000 GRT can ask for pilot if necessary.
<p>– Vessels below 200 GRT, incl. fishing boat, w/c needs a pilot to make USD/unit):</p> <ul style="list-style-type: none"> ♦ Inward-bound turn ♦ Outward-bound turn 			30 30		

Type of Fee and Charge	Legal Basis for Fee and Charge Collection and Collecting Organization	Fee and Charge Collection Basis (unit/automobile, unit/liter, unit/ton)	Fee and Charge Collection Organization/Individual		Payable/Exempted Object
			Vietnamese (VND)	Foreigners (US\$)	
1	2	3	4		5
<ul style="list-style-type: none"> - Shipping lines <ul style="list-style-type: none"> ♦ From Dinh Anh to Hau River <ul style="list-style-type: none"> - Calling in/out of seaport <ul style="list-style-type: none"> ▪ Unit price/nautical mile (US\$/GRT) ▪ Minimum collection rate (US\$/unit) 			0.0035		
<ul style="list-style-type: none"> ♦ Dam Mon seaport (Khanh Hoa) <ul style="list-style-type: none"> - Calling in seaport <ul style="list-style-type: none"> ▪ Unit price/nautical mile (US\$/GRT) ▪ Minimum collection rate (US\$/unit) - Calling out of seaport <ul style="list-style-type: none"> ▪ Unit price/nautical mile (US\$/GRT) ▪ Minimum collection rate (US\$/unit) 			0.0045		
<ul style="list-style-type: none"> ♦ Xuan Chai channel (Cua Lo) <ul style="list-style-type: none"> - Calling in/out of seaport <ul style="list-style-type: none"> ▪ Unit price/nautical mile (US\$/GRT) ▪ Minimum collection rate (US\$/unit) 			0.0045		
<ul style="list-style-type: none"> ♦ Kien Giang region (Binh Tri, Hon Chong) <ul style="list-style-type: none"> - Calling in/out of seaport <ul style="list-style-type: none"> ▪ Unit price/nautical mile (US\$/GRT) ♦ Minimum collection rate (US\$/unit) 			0.0045		

Type of Fee and Charge	Legal Basis for Fee and Charge Collection and Collecting Organization	Fee and Charge Collection Basis (unit/automobile, unit/liter, unit/ton)	Fee and Charge Collection Organization/Individual		Payable/Exempted Object
			Vietnamese (VND)	Foreigners (US\$)	
1	2	3	4		5
<ul style="list-style-type: none"> ♦ Phu Quoc region - Calling in seaport <ul style="list-style-type: none"> ▪ Unit price/nautical mile (US\$/GRT) ▪ Minimum collection rate (US\$/unit) - Calling out of seaport <ul style="list-style-type: none"> ▪ Unit price/nautical mile (US\$/GRT) ▪ Minimum collection rate (US\$/unit) 			0.0045		
			180		
			0.008		
			0.008		
<ul style="list-style-type: none"> - Moving in the seaport <ul style="list-style-type: none"> ♦ Unit price/nautical mile (US\$/GRT) ♦ Minimum collection rate (US\$/unit) - Waiting time unit of pilot is 1 hr (US\$/pax) 			0.017		
			30		
			10		
<ul style="list-style-type: none"> - Extra pilot charges in case of: <ul style="list-style-type: none"> ♦ Testing ship engine ♦ No auto pilot due to technical error 			10% more than the fee at point (a)		
<ul style="list-style-type: none"> d. Support Tugboat Charge <ul style="list-style-type: none"> - General charge <ul style="list-style-type: none"> ♦ Up to 500-HP tugboat (US\$/HP/hr) ♦ From 501- to 1000-HP tugboat <ul style="list-style-type: none"> - For 500 HP (US\$/hr) - From 501 HP (US\$/HP/hr) ♦ From 1001- to 1500-HP tugboat <ul style="list-style-type: none"> - For 1000 HP (US\$/hr) - From 1001 HP (US\$/HP/hr) ♦ More than 1501-HP tugboat <ul style="list-style-type: none"> - For 1500 HP (US\$/hr) - From 1501 HP (US\$/HP/hr) 	<ul style="list-style-type: none"> • Enterprises providing tugboat services 	<ul style="list-style-type: none"> • Based on the capacity and the time of using the tugboat (USD/HP/hour) 	0.34		<ul style="list-style-type: none"> • Payable object: Vessels calling in/out of seaport or moving in the seaport using support tugboat according to regulation
			170		
			0.26		
			300		
			0.15		
			375		
			0.05		
<ul style="list-style-type: none"> - Extra charge during: <ul style="list-style-type: none"> ♦ Gales w/ intensity of 6-7 ♦ Gales w/ intensity above 7 			30% more		
			100% more		

Type of Fee and Charge	Legal Basis for Fee and Charge Collection and Collecting Organization	Fee and Charge Collection Basis (unit/automobile, unit/liter, unit/ton)	Fee and Charge Collection Organization/Individual		Payable/Exempted Object
			Vietnamese (VND)	Foreigners (US\$)	
1	2	3	4		5
e. Charge for Tying/Untying Mooring Rope – Below 500 GRT ♦ At buoy ♦ At berth	Enterprises tying/untying mooring ropes	Based on the GRT and number of times mooring rope is tied/untied (USD/GRT/time)	30 10		Payable object: Vessels that berthed or buoyed up in the bay and basin and using services of tying - untying mooring rope.
– From 501 to 1000 GRT ♦ At buoy ♦ At berth			50 17		
– From 1001 to 4000 GRT ♦ At buoy ♦ At berth			83 33		
– From 4001 to 10,000 GRT ♦ At buoy ♦ At berth			116 50		
– From 10001 to 15000 GRT ♦ At buoy ♦ At berth			132 66		
– More than 15001 GRT ♦ At buoy ♦ At berth			149 83		
2. Wharfage	• Ditto				
a. Vessels ♦ At buoy ♦ At berth ♦ At bay and basin	• Seaport enterprises	• Based on the GRT and the time of berthing or being tied at buoy, bay, basin (USD/GRT/hour)	0.0035 0.0012 0.0006		Payable object: Vessels berthed or tied at buoy, bay and basin

Type of Fee and Charge	Legal Basis for Fee and Charge Collection and Collecting Organization	Fee and Charge Collection Basis (unit/automobile, unit/liter, unit/ton)	Fee and Charge Collection Organization/Individual		Payable/Exempted Object
			Vietnamese (VND)	Foreigners (US\$)	
1	2	3	4		5
b. Cargo <ul style="list-style-type: none"> ♦ At berth ♦ At buoy, bay and basin c. Passenger <ul style="list-style-type: none"> ♦ At berth and wharf ♦ Transshipping at anchorage area 	<ul style="list-style-type: none"> • Port enterprises • Port enterprises 	<ul style="list-style-type: none"> • Cargo vessel: Based on the tons of throughput (USD/ton) • Passenger vessel: Based on frequency (USD/person) 	0.30 0.15 2.0 1.5		<ul style="list-style-type: none"> • Payable objects: <ul style="list-style-type: none"> - Consignor or person authorized by consignor has to pay the wharfage for cargo through wharf, buoy, bay and basin - Passenger through wharf have to pay wharfage • Exempted objects: <ul style="list-style-type: none"> - Foreign oil tankers arriving in Vietnam to wash their vessels and to overhaul outside buoy No. 0 (without oil import-export) - Vessel that cannot operate cargo handling because of bad weather condition lasting for more than 1 day (24 hours continuous) or has to give up its berth for another upon the order of the port authority.
3. Charge for Opening and Closing Cargo Hold	<ul style="list-style-type: none"> • Port enterprises 	<ul style="list-style-type: none"> • Based on vessel type and number of cargo hold 			<ul style="list-style-type: none"> • Payable object: Vessel owners asking for services to open and close cargo hold
a. Using crane to open cargo hold (US\$/unit/time) <ul style="list-style-type: none"> - Less than 5000 GRT <ul style="list-style-type: none"> ♦ Open/close cargo hold ♦ Including lifting/placing crossbeam - From 5001 to 10000 GRT <ul style="list-style-type: none"> ♦ Open/close cargo hold ♦ Including lifting/placing crossbeam - More than 10001 GRT <ul style="list-style-type: none"> ♦ Open/close cargo hold ♦ Including lifting/placing crossbeam 			6.5 13.0 11.5 23.0 18.0 36.5		

Type of Fee and Charge	Legal Basis for Fee and Charge Collection and Collecting Organization	Fee and Charge Collection Basis (unit/automobile, unit/liter, unit/ton)	Fee and Charge Collection Organization/Individual		Payable/Exempted Object
			Vietnamese (VND)	Foreigners (US\$)	
1	2	3	4		5
b. Using port crane			30% more than prices quoted above		
4. Charge for Cleaning Cargo Hold and Deck a. Cargo hold – Less than 5000 GRT ♦ After unloading general cargo ♦ After unloading hazardous cargo – From 5001 to 10000 GRT ♦ After unloading general cargo ♦ After unloading hazardous cargo – More than 10001 GRT ♦ After unloading general cargo ♦ After unloading hazardous cargo	• Port enterprises	• Cargo hold: Based on the type of vessel and number of cargo holds (USD/cargo hold)	33.0 53.0 41.0 83.0 56.0 116.0		• Payable object: Vessel owners asking for services to clean cargo hold and deck
b. Deck – Using water from vessel – Using water from port – Minimum charge rate/time (US\$/time)		• Deck: Based on the area to be cleaned (USD/m ²)	0.17 0.2 50.0		
5. Charge for Taking out Rubbish a. Cargo vessel – At berth – At buoy, bay and basin b. Passenger ship at berth – Normal charge and fee – Minimum collection rate – Maximum collection rate	• Enterprises providing this kind of service	• Cargo vessel: Based on the frequency (USD/unit/1trip) • Passenger vessel: Based on the number of passengers or time/vessel (USD/person or USD/time/vessel)	20.0 50.0 1.0 100.0 700.0		• Payable object: Vessels must take out rubbish according to regulation. For cargo vessels it is every two days and for passenger vessels it must be every day at least.
6. Charge for Fresh Water Supply a. At berth b. At buoy, bay and basin	• Enterprises providing this kind of service	• Based on the supplied m ³ of fresh water (USD/m ³)	2.5 3.5		• Payable object: Vessels asking for fresh water supply

Type of Fee and Charge	Legal Basis for Fee and Charge Collection and Collecting Organization	Fee and Charge Collection Basis (unit/automobile, unit/liter, unit/ton)	Fee and Charge Collection Organization/Individual		Payable/Exempted Object
			Vietnamese (VND)	Foreigners (US\$)	
1	2	3	4		5
<p>7. Charge for Cargo Checking, Accounting and Forwarding</p> <p>a. Bagged, bulk cargo and wood plank</p> <p>b. Metalwork, steel and iron</p> <p>c. Frozen cargo</p> <p>d. Other types of fee not mentioned above</p> <p>e. Means of transport</p> <p>– Barge</p> <p>– Types of automobile, roller, bulldozer</p> <p>f. Container</p>	<ul style="list-style-type: none"> Enterprises providing cargo forwarding services 	<ul style="list-style-type: none"> Based on the tonnage of cargo (USD/ton) 	0.25		<ul style="list-style-type: none"> Payable object: Person asking for cargo checking, accounting and forwarding
			0.35		
			0.5		
			0.5		
			1.5		
			4.0		
			1.0		
8. Cargo Operation Charge					
<p>a. Cargo Handling Charge (except container)</p> <p>– Bulk cargo group: ores, macadam, stone, bulk cast iron, bulk cement, food, fertilizer, salt, bulk sugar, plaster, bulk sulfur, soil, sand, coal, etc. Handling operation:</p> <p>(1) Cargo hold – deck, truck, barge or vice versa</p> <p>(2) Cargo hold, barge – warehouse and yard or vice versa</p> <p>(3) Handling at buoy, bay and basin</p> <p>(4) Warehouse and yard – deck, truck or vice versa</p>	<ul style="list-style-type: none"> Seaport enterprises 	<ul style="list-style-type: none"> Based on tonnage, cargo category and operation option (USD/ton) 			<ul style="list-style-type: none"> Payable object: Person asking for cargo handling
			2.0		
			2.9		
			2.3		
			0.73		
<p>– Cargo packed with cloth, paper, sack, nylon, jute bag; bottle in carton pallet and covered by nylon, etc. Handling operation:</p> <p>(1)</p> <p>(2)</p> <p>(3)</p> <p>(4)</p>			2.75		
			3.66		
			3.08		
			0.90		

Type of Fee and Charge	Legal Basis for Fee and Charge Collection and Collecting Organization	Fee and Charge Collection Basis (unit/automobile, unit/liter, unit/ton)	Fee and Charge Collection Organization/Individual		Payable/Exempted Object
			Vietnamese (VND)	Foreigners (US\$)	
1	2	3	4		5
– Cargo packed in wooden case and barrel, bamboo, round wood, thorn-free bamboo, etc. Handling operation: (1) (2) (3) (4)			3.56 4.74 4.13 1.25		
– Machinery, equipment, steel, and iron in case, roll, faggot (?), bar and plate, ferrous metal in case, roll, etc. Handling operation: (1) (2) (3) (4)			3.86 5.14 4.78 1.47		
– Cargo in bale as cotton, jute, ramie, paper, cloth, plastic, garment, household appliance, general cargo, rubber, tire, refractory brick, medical equipment, etc. Handling operation: (1) (2) (3) (4)			4.06 5.41 4.78 1.47		
– Sawn logs, wood plank, wooden tool; cargo packed in basket, etc. Handling operation: (1) (2) (3) (4)			4.36 5.81 5.17 1.6		

Type of Fee and Charge	Legal Basis for Fee and Charge Collection and Collecting Organization	Fee and Charge Collection Basis (unit/automobile, unit/liter, unit/ton)	Fee and Charge Collection Organization/Individual		Payable/Exempted Object
			Vietnamese (VND)	Foreigners (US\$)	
1	2	3	4		5
<ul style="list-style-type: none"> - Cargo packed in bottle, jar, glass, porcelain, breakable cargo, electronic parts, motorcycle, etc. Handling operation: <li style="padding-left: 40px;">(1) <li style="padding-left: 40px;">(2) <li style="padding-left: 40px;">(3) <li style="padding-left: 40px;">(4) 			4.60		
			4.13		
			5.49		
			1.69		
<ul style="list-style-type: none"> - Fresh fruits, live animals and frozen cargo, etc. Handling operation: <li style="padding-left: 40px;">(1) <li style="padding-left: 40px;">(2) <li style="padding-left: 40px;">(3) <li style="padding-left: 40px;">(4) 			4.85		
			6.46		
			5.81		
			1.79		
<ul style="list-style-type: none"> - Types of means including: <ul style="list-style-type: none"> ♦ Automobiles (except those for frozen goods) <li style="padding-left: 40px;">(1) <li style="padding-left: 40px;">(2) <li style="padding-left: 40px;">(3) <li style="padding-left: 40px;">(4) 			40.0		
			50.0		
			45.0		
			30.0		
<ul style="list-style-type: none"> ♦ Special equipment (roller, forklift, crane, etc.) <li style="padding-left: 40px;">(1) <li style="padding-left: 40px;">(2) <li style="padding-left: 40px;">(3) <li style="padding-left: 40px;">(4) 			55.0		
			70.0		
			55.0		
			35.0		
<ul style="list-style-type: none"> - Vehicles going to the berth, yard and warehouse (including cost of driver (2) *US\$/unit) 			25.0		
<ul style="list-style-type: none"> - Loading/unloading and rearranging cargo in the same cargo hold 			50% of cargo operation (1)		

Type of Fee and Charge	Legal Basis for Fee and Charge Collection and Collecting Organization	Fee and Charge Collection Basis (unit/automobile, unit/liter, unit/ton)	Fee and Charge Collection Organization/Individual		Payable/Exempted Object
			Vietnamese (VND)	Foreigners (US\$)	
1	2	3	4		5
– Loading/unloading and rearranging cargo from one cargo hold to another within the ship w/o going across the berth			70% of cargo operation charge (1)		
– In case of going across the berth			120% of cargo operation charge (1)		
– Frozen cargoes (incl. bagged cargo)			50% more of cargo operation charge (1)		
– Loading/unloading dangerous cargo			50% more of unit price (a)		
– Cargoes packed in bag, box, case that are broken and must be gathered			100% more of unit price of actual broken cargoes		
– International cargoes in transit in Vietnamese seaports			15% less than unit price of (a)		
– Scaled cargoes (US\$/ton) ♦ Manual scale, scale ♦ Weighing machine			1.0 0.4		
– Cargoes loaded/unloaded from yard or warehouse to deck (or vice versa) using truck			100% of handling operation charge (4)		

Type of Fee and Charge	Legal Basis for Fee and Charge Collection and Collecting Organization	Fee and Charge Collection Basis (unit/automobile, unit/liter, unit/ton)	Fee and Charge Collection Organization/Individual		Payable/Exempted Object																					
			Vietnamese (VND)	Foreigners (US\$)																						
1	2	3	4		5																					
<ul style="list-style-type: none"> - Excess and oversized cargoes compared with unit price as stipulated in (a):: <ul style="list-style-type: none"> ◆ Weight from 10 to 15 tons and length from 10 to 12 m ◆ Weight from 15 to 20 tons and length from 12 to 15 m ◆ Weight from 20 to 25 tons and length from 15 to 20 m ◆ Weight from 25 to 30 tons and length is over 20 m ◆ Weight is more than 30 tons 			30% more																							
			50% more																							
			100% more																							
			200% more																							
<ul style="list-style-type: none"> b. Container Handling Charge (using ship crane) (US\$/container) <ul style="list-style-type: none"> - Up to 20-foot container <ul style="list-style-type: none"> ◆ With cargo <ul style="list-style-type: none"> (1) (3) (4) ◆ Without cargo <ul style="list-style-type: none"> (1) (3) (4) 	<ul style="list-style-type: none"> • Seaport enterprises 	<ul style="list-style-type: none"> • Based on the type of container and operation option (USD/container) 	<table border="1"> <tr> <td>Reg'n 1</td> <td>2</td> <td>3</td> </tr> <tr> <td>37</td> <td>26</td> <td>30</td> </tr> <tr> <td>57</td> <td>50</td> <td>57</td> </tr> <tr> <td>23</td> <td>20</td> <td>23</td> </tr> <tr> <td>24</td> <td>16</td> <td>20</td> </tr> <tr> <td>37</td> <td>30</td> <td>37</td> </tr> <tr> <td>15</td> <td>12</td> <td>15</td> </tr> </table>	Reg'n 1	2	3	37	26	30	57	50	57	23	20	23	24	16	20	37	30	37	15	12	15		<ul style="list-style-type: none"> • Payable object: Person asking for container handling
Reg'n 1	2	3																								
37	26	30																								
57	50	57																								
23	20	23																								
24	16	20																								
37	30	37																								
15	12	15																								
<ul style="list-style-type: none"> - Up to 40-foot container <ul style="list-style-type: none"> ◆ With cargo <ul style="list-style-type: none"> (1) (3) (4) ◆ Without cargo <ul style="list-style-type: none"> (1) (3) (4) 			<table border="1"> <tr> <td>55</td> <td>40</td> <td>45</td> </tr> <tr> <td>85</td> <td>76</td> <td>85</td> </tr> <tr> <td>35</td> <td>31</td> <td>35</td> </tr> <tr> <td>36</td> <td>23</td> <td>29</td> </tr> <tr> <td>55</td> <td>44</td> <td>55</td> </tr> <tr> <td>23</td> <td>18</td> <td>23</td> </tr> </table>	55	40	45	85	76	85	35	31	35	36	23	29	55	44	55	23	18	23		<ul style="list-style-type: none"> • 			
55	40	45																								
85	76	85																								
35	31	35																								
36	23	29																								
55	44	55																								
23	18	23																								

Type of Fee and Charge	Legal Basis for Fee and Charge Collection and Collecting Organization	Fee and Charge Collection Basis (unit/automobile, unit/liter, unit/ton)	Fee and Charge Collection Organization/Individual		Payable/Exempted Object
			Vietnamese (VND)	Foreigners (US\$)	
1	2	3	4		5
<ul style="list-style-type: none"> - Container more than 40 feet <ul style="list-style-type: none"> ◆ With cargo <ul style="list-style-type: none"> (1) 82 59 67 (3) 127 113 127 (4) 53 47 53 ◆ Without cargo <ul style="list-style-type: none"> (1) 53 35 44 (3) 83 66 83 (4) 34 28 34 					•
<ul style="list-style-type: none"> c.Storage and Yard Charge <ul style="list-style-type: none"> - Cargo (except container) <ul style="list-style-type: none"> ◆ Storage ◆ Yard ◆ Assembled vessels ◆ Dangerous cargo 	<ul style="list-style-type: none"> • Seaport enterprises or units leasing the yard and warehouse 	<ul style="list-style-type: none"> • Cargo: Based on quantity and storage time (USD/ton/day) 		<ul style="list-style-type: none"> 0.2 0.1 4.0 50% more than unit price 	<ul style="list-style-type: none"> • Payable object: Person asking for storage
<ul style="list-style-type: none"> - Container <ul style="list-style-type: none"> ◆ Conventional container <ul style="list-style-type: none"> - Up to 20 feet <ul style="list-style-type: none"> ▪ With cargo 2.0 ▪ Without cargo 1.0 - Up to 40 feet <ul style="list-style-type: none"> ▪ With cargo 3.0 ▪ Without cargo 1.5 - More than 40 feet <ul style="list-style-type: none"> ▪ With cargo 4.5 ▪ Without cargo 2.3 		<ul style="list-style-type: none"> • Container and berthed vessels: Based on the type of container and storage time (USD/container/day) 			•

Type of Fee and Charge	Legal Basis for Fee and Charge Collection and Collecting Organization	Fee and Charge Collection Basis (unit/automobile, unit/liter, unit/ton)	Fee and Charge Collection Organization/Individual		Payable/Exempted Object
			Vietnamese (VND)	Foreigners (US\$)	
1	2	3	4		5
<ul style="list-style-type: none"> ♦ Frozen-goods container <ul style="list-style-type: none"> - Up to 20 feet <ul style="list-style-type: none"> ▪ With cargo ▪ Without cargo - Up to 40 feet <ul style="list-style-type: none"> ▪ With cargo ▪ Without cargo - More than 40 feet <ul style="list-style-type: none"> ▪ With cargo ▪ Without cargo 			22.0		•
			11.0		
			40.0		
			1.6		
			20% less of unit price (b) for region 2		
d. Cargo Transshipment Charge <ul style="list-style-type: none"> - Cargo <ul style="list-style-type: none"> ♦ Bulk, liquid cargoes, metalware, iron, steel <ul style="list-style-type: none"> - Up to 3 nautical miles - Above 3 nautical miles ♦ Bagged cargoes <ul style="list-style-type: none"> - Up to 3 nautical miles - Above 3 nautical miles ♦ Cargoes packed in case, box, machine, equipment <ul style="list-style-type: none"> - Up to 3 nautical miles - Above 3 nautical miles ♦ Other types of cargoes <ul style="list-style-type: none"> - Up to 3 nautical miles - Above 3 nautical miles 	<ul style="list-style-type: none"> • Enterprises providing cargo Transshipment service 	<ul style="list-style-type: none"> • Cargo: Based on the quantity and Transshipment distance (USD/ton or USD/ton/nautical mile) • Container: Based on the container with or without cargo (USD/ton or USD/ton/nautical mile) 	1.5		• The person has cargo transshipped
			0.05		
			2.0		
			0.06		
			2.2		
			0.07		
			2.4		
			0.08		

Type of Fee and Charge	Legal Basis for Fee and Charge Collection and Collecting Organization	Fee and Charge Collection Basis (unit/automobile, unit/liter, unit/ton)	Fee and Charge Collection Organization/Individual		Payable/Exempted Object
			Vietnamese (VND)	Foreigners (US\$)	
1	2	3	4		5
<ul style="list-style-type: none"> - Container <ul style="list-style-type: none"> ♦ 20 feet <ul style="list-style-type: none"> - with cargo <ul style="list-style-type: none"> ▪ Up to 3 nautical miles ▪ Above 3 nautical miles - without cargo <ul style="list-style-type: none"> ▪ Up to 3 nautical miles ▪ Above 3 nautical miles ♦ 40 feet <ul style="list-style-type: none"> - with cargo <ul style="list-style-type: none"> ▪ Up to 3 nautical miles ▪ Above 3 nautical miles - without cargo <ul style="list-style-type: none"> ▪ Up to 3 nautical miles ▪ Above 3 nautical miles ♦ Above 40 feet <ul style="list-style-type: none"> - with cargo <ul style="list-style-type: none"> ▪ Up to 3 nautical miles ▪ Above 3 nautical miles - without cargo <ul style="list-style-type: none"> ▪ Up to 3 nautical miles ▪ Above 3 nautical miles ♦ Overweighed and oversized Container 			10		
			0.4		
			7		
			0.25		
			20		
			0.8		
			14		
			0.5		
			23		
			1.0		
			16		
			0.8		
			increase 50% unit price		
<ul style="list-style-type: none"> e. Charge for Hiring Labor, Vessel and Equipment <ul style="list-style-type: none"> - Hiring Labor <ul style="list-style-type: none"> ♦ Technical labor ♦ Manual labor ♦ Driver - Hiring berth without handling purpose - Hiring means and equipment (including 	<ul style="list-style-type: none"> • Seaport enterprises or units leasing equipment and water vessels 	<ul style="list-style-type: none"> • Labor: Based on professional capability and working time (USD/person/hour) • Berth: Based on meter and working time (USD/m/berth/hour) 	3		<ul style="list-style-type: none"> • Payable object: Person hiring equipment, vessels, etc.
			1		
			35		
			0.065		

Type of Fee and Charge	Legal Basis for Fee and Charge Collection and Collecting Organization	Fee and Charge Collection Basis (unit/automobile, unit/liter, unit/ton)	Fee and Charge Collection Organization/Individual		Payable/Exempted Object
			Vietnamese (VND)	Foreigners (US\$)	
1	2	3	4		5
<ul style="list-style-type: none"> - Service cost) <ul style="list-style-type: none"> ♦ Tugboat ♦ Barge ♦ Crane <ul style="list-style-type: none"> - Floating crane (exclude tugboat) <ul style="list-style-type: none"> ▪ < 5 tons ▪ ≥ 5 tons - Crane (except gantry crane) <ul style="list-style-type: none"> ▪ < 5 tons ▪ 5 tons - < 10 tons ▪ 10 tons - < 25 tons ▪ 25 tons - < 40 tons ▪ ≥ 40 tons - Gantry crane <ul style="list-style-type: none"> ▪ 5 tons ▪ 10 tons ▪ 16 tons ▪ > 16 tons ♦ Other means <ul style="list-style-type: none"> - Canoe: < 5tons - Truck: < 5tons <ul style="list-style-type: none"> ▪ 5tons - < 10 tons ▪ ≥ 10 tons - Trailer: <ul style="list-style-type: none"> ▪ < 5 tons ▪ 5 tons - 10 tons ▪ > 10 tons - Special trailer for container transport <ul style="list-style-type: none"> ▪ < 20 feet ▪ ≥ 40 feet - Towing boat - Forklift <ul style="list-style-type: none"> ▪ < 5 tons 		<ul style="list-style-type: none"> • Vessel: Based on the type of equipment, payload or capacity and working time (USD/HP, USD/ton/day, USD/hour) 	<ul style="list-style-type: none"> 0.34 1.20 60 85 15 24 40 60 Negotiation 24 60 72 80 30 10 15 20 3 4 5 5 10 15 15 		

Type of Fee and Charge	Legal Basis for Fee and Charge Collection and Collecting Organization	Fee and Charge Collection Basis (unit/automobile, unit/liter, unit/ton)	Fee and Charge Collection Organization/Individual		Payable/Exempted Object
			Vietnamese (VND)	Foreigners (US\$)	
1	2	3	4		5
<ul style="list-style-type: none"> ▪ 5 tons - 10 tons ▪ 10 tons - 30 tons ▪ > 30 tons • Bulldozer • Other type of tool: <ul style="list-style-type: none"> ▪ Wind press for diver ▪ Grab of less than 5 tons ▪ Grab of more than 5 tons ▪ Cable ▪ VHF facilities of seaport – Package repair and cargo re-packaging <ul style="list-style-type: none"> ♦ General cargo ♦ Dangerous cargo 			23		
			45		
			80		
			15		
			15		
			2		
			3		
			1		
			1		
			2		
			3		
f. Procedure Fee <ul style="list-style-type: none"> – < 600 GRT ship – 600GRT to 1000GRT ship – > 1000GRT (including shipcall) 	• Maritime port authorities	• Based on payload and number of vessel call (USD/vessel call)	20		• Payable object: Vessels follow procedures in calling in/out of seaport
			50		
			100		

Note:

Region 1 includes seaports in the area from 20th parallel to the north

Region 2 includes seaports in the area from 11.5th parallel to the 20th parallel.

Region 3 includes seaports in the area from 11.5th parallel to the south.

APPENDIX C
TRANSPORT FEES AND CHARGES FOR INLAND WATER WAY

Type of Fee and Charge	Legal Basis for Fee and Charge Collection and Collecting Organization	Fee and Charge Collection Basis (unit/automobile, unit/liter, unit/ton)	Fee and Charge Collection Organization/Individual		Payable/Exempted Object
			Vietnamese (VND)	Foreign (US\$)	
1	2	3	4		5
I. River Navigational Fee					
1. Tonnage Fee	<ul style="list-style-type: none"> • Decision No.2873/1997/QD-BGTVT dated 13 October 1997 made by the MOT Minister concerning the temporary provisions on organization and operation of inland water port authority • Decision No.709/PC-VT dated 28 July 1995 made by VIWA Chief on inland water fee and charge • Inland water port authority 	<ul style="list-style-type: none"> • Weight fee is calculated based on each ship call to navigational area or river port water area (VND/DWT) 			<ul style="list-style-type: none"> • Payable object: Water means operating in the river port water area and navigational channel (Including berth and specialized channel) • Exempted object: Water means of the armed forces, police and subsector inspection and inland water safety units implementing their duties • Water means calling in/out of river ports to avoid storm, to give first aid without cargo handling and receiving passenger • Water means transporting less than 5 tons of cargo or less than 13 passengers
2. Pilot Charge	<ul style="list-style-type: none"> • Decision No.709/PC-VT • Pilot enterprises 	<ul style="list-style-type: none"> • Calculated according to DWT and pilot distance 			<ul style="list-style-type: none"> • Payable object: Water means sailing in inland waterway or calling in/out of river ports with pilot
3. Procedure Fee	<ul style="list-style-type: none"> • Decision No.709/PC-VT • Decision No.2873/1997/QD-BGTVT • Inland water port authorities 	<ul style="list-style-type: none"> • Calculated according to DWT and the number of procedure registration (VND/trip) 			<ul style="list-style-type: none"> • Payable object: Water means calling in/out of river ports must follow the procedures based on current government regulations

Type of Fee and Charge	Legal Basis for Fee and Charge Collection and Collecting Organization	Fee and Charge Collection Basis (unit/automobile, unit/liter, unit/ton)	Fee and Charge Collection Organization/Individual		Payable/Exempted Object
			Vietnamese (VND)	Foreign (US\$)	
1	2	3	4		5
II. Cargo Operation Charge					
<p>1. Cargo Handling Charge (except container) (VND/ton)</p> <p>a. Coal dust, macadam with the particle of 1-2</p> <ul style="list-style-type: none"> - Ship, barge – storage, yard or vice versa - Ship, barge – truck, deck or vice versa - Barge – barge - Storage, yard – truck or vice versa - Storage, yard – deck or vice versa <p>b. Old coal, coal with particle of 35 mm, peat coal, coal cinder (VND/DWT):</p> <ul style="list-style-type: none"> (1) (2) (3) (4) (5) <p>c. Food and foodstuff is packed in cloth, ramie bags and sack as rice, paddy, flour, maize, pea, peanut, manioc, sugar, ores, broken brick, clinker, sulfur, metal cinder, bulk fertilizer, bulk apatite (VND/DWT):</p> <ul style="list-style-type: none"> (1) (2) (3) (4) (5) 	<ul style="list-style-type: none"> • Decision No.709/PC-VT • Port enterprises or organizations, individuals engaged in cargo handling 	<ul style="list-style-type: none"> • Calculated according to operation option, type of cargo and loaded/ unloaded quantity (VND/Ton) 			<ul style="list-style-type: none"> • Payable object: Person requesting cargo handling
			7,500	7,500	
			5,600	5,600	
			5,000	5,000	
			4,300	4,300	
			5,800	5,800	
			9,000	9,000	
			6,700	6,700	
			6,000	6,000	
			5,200	5,200	
			7,200	7,200	
			12,900	12,900	
			9,600	9,600	
			8,600	8,600	
			7,400	7,400	
			10,000	10,000	

Type of Fee and Charge	Legal Basis for Fee and Charge Collection and Collecting Organization	Fee and Charge Collection Basis (unit/automobile, unit/liter, unit/ton)	Fee and Charge Collection Organization/Individual		Payable/Exempted Object
			Vietnamese (VND)	Foreign (US\$)	
1	2	3	4		5
<p>d. Cargoes are packed in paper, rush, straw and nylon bag such as insecticide, chemicals, salt; bagged cement, fertilizer, ore, stone-dust, coal with the size of 35 mm, plaster and ashlar (VND/DWT):</p> <p>(1)</p> <p>(2)</p> <p>(3)</p> <p>(4)</p> <p>(5)</p>			15,200	15,200	
			11,400	11,400	
			10,100	10,100	
			8,700	8,700	
			11,800	11,800	
<p>e. Iron and steel (Case, bar, roll, ...), cast iron and steel pipe, iron sheet, steel plate, bulk cast iron, concrete pile, aluminum (plate, roll and bar) (VND/DWT):</p> <p>(1)</p> <p>(2)</p> <p>(3)</p> <p>(4)</p> <p>(5)</p>			19,200	19,200	
			14,400	14,400	
			12,800	12,800	
			11,050	11,050	
			14,900	14,900	
<p>f. Cargoes packed in iron, wooden and carton box with the weight of 300 kg; cloth, nylon, ramie case and bag with the weight of 301-500 kg, sawlog, log, bamboo, thornless bamboo, branch and root of tree (VND/DWT):</p> <p>(1)</p> <p>(2)</p> <p>(3)</p> <p>(4)</p> <p>(5)</p>			25,300	25,300	
			18,900	18,900	
			16,900	16,900	
			14,500	14,500	
			19,600	19,600	

Type of Fee and Charge	Legal Basis for Fee and Charge Collection and Collecting Organization	Fee and Charge Collection Basis (unit/automobile, unit/liter, unit/ton)	Fee and Charge Collection Organization/Individual		Payable/Exempted Object
			Vietnamese (VND)	Foreign (US\$)	
1	2	3	4		5
g. Cargoes packed in wooden and iron box with the weight of more than 2000 kg (except container, automobile, and cargo with the length of more than 12m or the width of more than 3m and the height of more than 2.5m, weight of more than 15 tons), logs of tree made in raft of timber (VND/DWT): <ul style="list-style-type: none"> (1) (2) (3) (4) (5) 					
			28,500	28,500	
			21,300	21,300	
			19,000	19,000	
			16,300	16,300	
			22,000	22,000	
2. Container Handling Charge a. 20-foot container <ul style="list-style-type: none"> – With cargo (VND/container) <ul style="list-style-type: none"> ♦ Ship, barge – yard ♦ Ship, barge – truck, deck ♦ Yard – truck, deck ♦ Containerize and withdraw cargo in container (VND/container) <ul style="list-style-type: none"> - Yard – truck - Yard – barge – Without cargo (VND/container) <ul style="list-style-type: none"> (1) (2) (3) 	<ul style="list-style-type: none"> • Decision No.709/PC-VT • Port enterprises or organizations, individuals engaged in cargo handling 	<ul style="list-style-type: none"> • Calculated according to operation option, type of container (VND/Container) 			<ul style="list-style-type: none"> • Payable object: Person requesting container handling
			250,000	250,000	
			165,000	165,000	
			130,000	130,000	
			198,000	198,000	
			300,000	300,000	
			125,000	125,000	
			83,000	83,000	
			65,000	65,000	

Type of Fee and Charge	Legal Basis for Fee and Charge Collection and Collecting Organization	Fee and Charge Collection Basis (unit/automobile, unit/liter, unit/ton)	Fee and Charge Collection Organization/Individual		Payable/Exempted Object
			Vietnamese (VND)	Foreign (US\$)	
1	2	3	4		5
b. 40-foot container (VND/container) <ul style="list-style-type: none"> - With cargo: (1) <li style="padding-left: 20px;">(2) <li style="padding-left: 20px;">(3) <li style="padding-left: 20px;">(4) (a) <li style="padding-left: 20px;">(4) (b) - Without cargo: (1) <li style="padding-left: 20px;">(2) <li style="padding-left: 20px;">(3) c. Automobile <ul style="list-style-type: none"> - 5 tons: (1) <li style="padding-left: 20px;">(2) - 5 tons: (1) <li style="padding-left: 20px;">(2) 					
			370,000	370,000	
			248,000	248,000	
			190,000	190,000	
			300,000	300,000	
			455,000	455,000	
			185,000	185,000	
			124,000	124,000	
			95,000	95,000	
			210,000	210,000	
			168,000	168,000	
			400,000	400,000	
			330,000	330,000	
3. Storage and Yard Charge <ul style="list-style-type: none"> a. Storage (VND/ton/day) b. Container in Yard (VND/container/day) <ul style="list-style-type: none"> - 20-foot container: With cargo <li style="padding-left: 20px;">Without cargo - 40-foot: With cargo <li style="padding-left: 20px;">Without cargo 	<ul style="list-style-type: none"> • Decision No.709/PC-VT • Enterprises and organizations, individuals with warehouse and yard 	<ul style="list-style-type: none"> • Calculated according to cargo volume in storage or yard and storage time (VND/ton/day) 			<ul style="list-style-type: none"> • Payable object: Person having cargo in the storage or yard
			200	200	
			2,000	2,000	
			1,000	1,000	
			3,000	3,000	
			1,500	1,500	
III. Wharfage:					
1. Wharfage for Ships (VND/DWT/hr) <ul style="list-style-type: none"> a. At berth b. With buoy c. At river port water area d. Ships of less than 40 tons w/o weight registration certificate (VND/trip) 	<ul style="list-style-type: none"> • Decision No.709/PC-VT • Port enterprises, river wharf 	<ul style="list-style-type: none"> • Calculated according to DWT and the time spent in the port 			<ul style="list-style-type: none"> • Payable object: Water means berthed or buoyed up at port water area
			6	6	
			3	3	
			1.5	1.5	
			20,000	20,000	

Type of Fee and Charge	Legal Basis for Fee and Charge Collection and Collecting Organization	Fee and Charge Collection Basis (unit/automobile, unit/liter, unit/ton)	Fee and Charge Collection Organization/Individual		Payable/Exempted Object
			Vietnamese (VND)	Foreign (US\$)	
1	2	3	4		5
2. Wharfage for Cargo and Passenger a. Cargo (VND/ton) – At berth – Transshipment alongside ships b. Passenger (VND/person/frequency)	• Ditto	• For cargo: according to cargo volume (VND/Ton) • For passenger: according to frequency of passenger (VND/person/frequency)	800 400 500	800 400 500	• Payable object: Passenger and cargo through berth
IV. Other Charges					
1. Pilot charge a. Ships of less than 400 tons (VND/ship call) b. Ships of more than 400 tons c. Charge for waiting ships (VND/hr) 2. Support Tugboat Charge (VND/HP/hr) a. Normal condition b. Storm, flood	• Ditto • Enterprises operate service of support tugboat	• Calculated according to capacity of support tugboat and support implementation time	900,000 1,200,000 100,000 2,500 add'l 30%	900,000 1,200,000 100,000 2,500 add'l 30%	• Payable object: Water means calling in/out of port or berth or sailing in the river with support tugboat
V. Inland Water Safety					
1. Management Fee for Inland Water Means a. Ship registration certificate b. Transport permission (cargo, passenger and tourist) c. International transport permission d. Permission for newly built ater means	• Circular No.53-TC/TCT dated 16 August 1997 of the Ministry of Finance • VIWA and transport services	• Calculated according to permission or time (VND/1 permission, USD/ 1 permission or time)	70,000 30,000 100,000 100,000	35 15 50 50	• Payable object: Owner of water means need to register its means and organization, individuals ask for transport permission

Type of Fee and Charge	Legal Basis for Fee and Charge Collection and Collecting Organization	Fee and Charge Collection Basis (unit/automobile, unit/liter, unit/ton)	Fee and Charge Collection Organization/Individual		Payable/Exempted Object
			Vietnamese (VND)	Foreign (US\$)	
1	2	3	4		5
<p>2. Fee for Captain, Chief Engineer Examination, Issue and Renewal</p> <p>a. Captain examination fee</p> <ul style="list-style-type: none"> - Class 1 - Class 2 - Class 3 - Class 4 <p>b. Chief engineer fee</p> <ul style="list-style-type: none"> - Class 1 - Class 2 - Class 3 - Class 4 <p>c. Fee for captain, chief engineer grant and renewal</p> <p>d. Fee for boat permission</p> <p>e. Household mean control fee</p>	<ul style="list-style-type: none"> • Circular No.53 – TC/TCT • VIWA and transport services 	<ul style="list-style-type: none"> • Calculated according to permission or time (VND/1 permission, USD/ 1 permission or time) 	<p>700,000</p> <p>600,000</p> <p>500,000</p> <p>300,000</p> <p>500,000</p> <p>400,000</p> <p>300,000</p> <p>200,000</p> <p>50,000</p> <p>50,000</p> <p>50,000</p>	<p>350</p> <p>300</p> <p>259</p> <p>150</p> <p>250</p> <p>200</p> <p>150</p> <p>100</p> <p>25</p>	<ul style="list-style-type: none"> • Crew
<p>3. Inland Water Area Management Fee</p> <p>a. Permission of construction material exploited by primitive method</p> <p>b. Permission of construction material by mechanical method</p> <p>c. Permission for areas for sport training and competition, entertainment and marketplace</p> <p>d. Permission for temporarily using water area and wharf</p>	<ul style="list-style-type: none"> • Circular NO.53 – TC/TCT • Inland water port authorities 	<ul style="list-style-type: none"> • Calculated according to permission or time (VND/1 permission, USD/ 1 permission or time) 	<p>50,000</p> <p>200,000</p> <p>100,000</p> <p>40,000</p>	<p>50</p> <p>100</p> <p>50</p> <p>20</p>	<ul style="list-style-type: none"> • Organizations and individuals using inland water area

Type of Fee and Charge	Legal Basis for Fee and Charge Collection and Collecting Organization	Fee and Charge Collection Basis (unit/automobile, unit/liter, unit/ton)	Fee and Charge Collection Organization/Individual		Payable/Exempted Object
			Vietnamese (VND)	Foreign (US\$)	
1	2	3	4		5
VI. Maritime Safety Fee					
1. Weight Charge (VND/DWT)					
a. Inward bound turn			150	150	
b. Outward bound turn			150	150	
2. Pilot Charge (VND/DWT/km)			15	15	
3. Procedure Fee (VND/trip)					
a. Means up to 50 tons or 12 seats			5,000	5,000	
b. From 51 to 200 tons or from 13 to 50 seats			10,000	10,000	
c. Self-propelled barge from 201 to 500 tons or from 51 to 100 km/hr			20,000	20,000	
d. Towing and pushing boat fleet of more than 501 tons and 100 seats, sea-cum-river ship of less than 200 tons			30,000	30,000	
e. Sea-cum-river ship of more than 200 tons			40,000	40,000	