The Strategic Development in Logistics in Vietnam

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Abstract—Vietnam transport and logistics activities are on the rise along with the increase in import and export activities. According to a recent announcement by the World Bank (WB), Vietnam is ranked at position 39 with a significant improvement in its LPI (Logistics performance index) 3.27, ranking 3 in ASEAN (after Singapore position 7 and Thailand position 32) ranking of 2018 logistics activities, is considered to have better logistics service performance than comparable income markets. Surveying enterprises of Vietnam Report transport and logistics industry shows that they expect that legal corridors, infrastructure and IT applications will be prioritized to improve enterprises' efficiency in transport services and logistics in Vietnam. Along with the development trend of e-commerce, the entry into Vietnam market of big foreign retailers increases the risk of acquiring local logistics channels, which makes domestic enterprises face many disadvantages. According to Vietnam Report, management agencies need to see this issue, supplement necessary legal corridors (such as regulations on the limit of foreign ownership ratios in e-commerce enterprises, logistics), appropriately adjust tax regulations to avoid price transfer and tax evasion, thereby creating a fair, competitive environment for logistics enterprises.

Index Terms—Logistics, Strategic Development.

I. INTRODUCTION

Currently, logistics costs are accounting for a large proportion of enterprise costs, making it the biggest barrier to the competitiveness of enterprises [1]. In order to reduce logistics costs, most experts and businesses in the industry said that it is necessary to synchronize transport infrastructure and connections between modes of transport, and at the same time develop a transport floor to connect well most shippers and enterprises providing logistics services, creating a basis for Vietnamese logistics enterprises to participate more in the supply chain, avoiding one-way transportation [2][3]. Vietnam logistics and transport industry still have plenty of room for development [4]. For businesses, in addition to focusing on investment in improving service quality, it is also important to build brand reputation [5][6]. For foreign manufacturing enterprises, when setting foot in Vietnam, seeking and cooperating with reputable logistics enterprises is an intermediary connecting safe transport of goods to partners and customers, contributing to completing Chain of production - distribution, adversely impact Vietnamese transport and logistics enterprises to participate more deeply and better positioning on global logistics maps [7]. The development of the transport and logistics industry will also create conditions for Vietnam to quickly become a new production center in the region capable of competing with China [8]. Industry players also showed growth confidence when more than 73% of enterprises surveyed by Vietnam Report said that the entire transport and logistics industry in Vietnam would achieve growth on two numbers, nearly 27 % predicted to be below 10% in 2019, and no business forecast "unchanged" or "worse than 2018". Most experts asked by Vietnam Report said that 2018 - 2019 would witness the explosion of transportation and logistics in Vietnam e-commerce. The increase in cargo traffic through online channels has led to a high demand for transportation and logistics, especially fast delivery services [9][10]. The scale of the e-commerce market in 2017 reached 6.2 billion USD, growing 24%, the number of orders through fast delivery companies increased by an average of 45% from 2015 to 2020 and could reach 530 million applications goods in 2020.

Many retail businesses such as Vincommerce, Mobile World, FPT, Lotte, Aeon ... are developing E-commerce, or the big e-commerce businesses such as Alibaba, Amazon ... have joined Vietnam. Making the logistics market more vibrant, accompanied by the need for technology investment and thoroughness in transport and logistics services. Vietnam has the policy to mobilize capital from the private sector to invest in infrastructure through the method of transferring the rights to exploit some infrastructure (logistics, airports, seaport ...), attracting many investors [11][12]. The big deal with deals that are expected to be worth billions of USD. Years of 2017 - 2018 witnessed many large M&A cases such as Gemadept transferring capital to CJ Logistics, Samsung SDS cooperating with Minh Phuong Logistics ... With the characteristic of many small and medium enterprises, mainly providing 1PL services and 2PL, the participation of foreign big names is expected to "patch the gap" in the capital, personnel, technology ... for domestic businesses,
II. SOME CHARACTERISTICS OF VIETNAMESE LOGISTICS

Vietnamese logistics services started developing in the 1990s based on freight forwarding and warehousing services. Currently, there are about 1,200 logistics service providers in the country (compared with the number of 700 before 2005), such as freight forwarding, warehousing, loading and unloading, transport agents, forwarding agents, and translation services. Logistics service companies mainly concentrated in the city area [8]. Ho Chi Minh and Hanoi. It is possible to classify the current Vietnam logistics service industry as follows:

- Transport operators: transport services (road, sea, air ...);
- Enterprises exploiting infrastructure at the nodes (ports, airports, stations ...);
- Enterprises exploiting warehousing, loading and unloading and logistics services;
- Freight forwarding companies, 3PL enterprises and other businesses such as software solutions, consulting, inspection, inspection, finance;
- Except for equitized state-owned enterprises, most of these enterprises are small and medium-sized, the current average charter capital is about VND 4-6 billion (compared to 1-1.5 billion before 2005) and human resources for logistics training are very low (5-7%). Vietnam’s logistics service providers mainly act as agents or undertake each stage as subcontractors in logistics transport lines for international logistics service providers [13]. There are over 25 multi-logistics enterprises. The country is operating in Vietnam but accounts for over 70-80% of our country’s logistics service market share. In recent years, thanks to the help of ministries and agencies, including the Ministry of Industry and Trade, Ministry of Transport .. our freight forwarding and logistics activities have developed both in terms of quality and quantity, initially achieved some encouraging results, assessed by the World Bank (WB) through the performance index (LPI) ranked 53/155 countries to study and ranked 5th in the ASEAN region (2012). The growth rate of logistics services reaches 16-20% / year. However, the competitiveness of logistics services is low; logistics costs are very high - the rate of 20-25% of Vietnam’s GDP, while that of China is 17.8% and Singapore is 9 % (2011). The connection between import and export enterprises and logistics service enterprises is still limited, not strict, and reliable. This is one of the reasons why our logistics services are less developed than required. The rate of logistics outsourcing is very low, from 25-30%, while that of China is 63.3% (2010), Japan and European countries, the US over 40%. According to the World Bank Report in April 2013, the main reason why logistics activities in Vietnam are relatively ineffective compared to other countries is the lack of reliability throughout the supply chain [14]. Vietnam with the rest of the world. The reason is due to inefficiencies in technology and implementation of logistics activities. Including law-related logistics adjustment is often not understandable obstructing; "lubrication" costs in transportation; the planning of transport infrastructure is not synchronous without a multi-modal corridor; Road transport has not met the requirements of cargo owners and seaports that have not been fully exploited, while about 90% of Vietnam's import and export goods are transported by sea [15]. The biggest limitation to the development of Vietnam’s logistics services in addition to transport infrastructure and related issues such as traffic safety, the regulation of road and bridge load is also the most administrative procedure. is customs clearance.

Vietnam has the Logistics performance index (LPI) according to the report that the World Bank in 2014 ranked 48/155 economies, up to five places compared to the ranking in the previous three reports (in 2007 and 2010), 2012 and lead logistics operations among low-middle income countries. Vietnam is considered as a country with a strong potential for developing logistics service business shortly. The number of enterprises established and operating in a rather large sector consists of many components, the whole country has about 1,300 enterprises providing logistics services (surpassing Thailand and Singapore), concentrating mainly in the city [16]. Ho Chi Minh City - which attracts over 70% of Vietnam's import and export goods. The leading multinational logistics companies in the world are also present in Vietnam such as FedEx, Maersk, DB Schenker, APL, DHL, NYK Logistics ... and operate in many forms, especially in service provision. 3PL with a modern and professional technology level as in developed countries. Vietnamese enterprises own a large part of warehouses, causing foreign enterprises to re-rent or link, joint ventures to serve logistics services [17].

Fig. 2. Vietnamese logistics report in 2018

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The growth rate of logistics market revenue is high, about 25% / year. Market size reached more than 20 billion USD and has not been fully exploited. Although the number is large, almost logistics companies in Vietnam are small and medium enterprises, logistics services are fragmented, inexperienced, and professional, provide basic services, or provide each service. A single case, price competition is mainly, less value-added, often plays the role of subcontractor or agent for foreign companies [18]. Transport infrastructure is weak, information technology application is not effective, so the cost of logistics in Vietnam is quite high, accounting for 25% of GDP (compared to developed countries only from 9 to 15%) in That is, transportation costs account for 30 to 40% of product cost (this rate is 15% in other countries). This reduces the competitiveness of services and goods of Vietnamese enterprises. Financial potential of Vietnamese logistics enterprises is weak (80% of established enterprises have legal capital of 1.5-2 billion VND), quality of human resources is limited, the ability to connect to organize the entire network demand, information system is not clear, the scale of operation has not gone beyond the scale of the country and the region. Vietnam still lacks centralized warehouses and areas with strategic positions, synchronous with port systems, airports, national highways and production establishments; Imbalance of supply and demand in Southern ports. Competitiveness of domestic enterprises is also low compared to FDI enterprises [19][20].

Along with the development process, Vietnam logistics industry is facing great opportunities as follows: The market size of Vietnam logistics services is small (about 2-4% of GDP) but the growth rate is high (20-25% per year). Import-export turnover and retail industry have a high growth rate. The volume of cargo through the seaport is expected to increase to 900-1,000 million tons by 2030, estimated at 1,600-1,100 million tons (about 600 million tons in 2015). Fuel prices are low, helping to reduce the input costs of the transport sector [21][22]. About two-thirds of the world’s export and import goods are expected to pass through the East Sea in the next 5-10 years, helping to improve transportation demand [23]. The recession cycle of shipping began in 2008, by the end of 2015, it was about 7 years. Therefore, a new growth cycle of the shipping industry has begun in the coming years. The interest from the Government through strategic planning such as Vietnam Sea Transport Development Plan to 2020, orientation to 2030 [24]. The State has planned and in fact with many capital sources being and will invest in developing Cai Mep deepwater port, Van Phong international transit port, Long Thanh international airport, East-West road corridor (EWEC), Hanoi corridor - Hai Phong - Ha Khau - Kunming, the system of expressways and railways across Asia ... Institutions continue to strengthen and facilitate, such as customs procedures, administrative reform, speeding up the process of deep integration into the region and the world.

The logistics industry, in general, logistic enterprises in Vietnam, in particular face many challenges. In the immediate future, the transportation infrastructure is weak, asynchronous, and has not created a multi-modal transport corridor while the demand for high-quality transshipment for goods among modes is growing [25][18]. The information system is lacking and ineffective. Human resources for logistics services have not been properly trained and are insufficient, weak, and unresponsive, especially the lack of good logistics professionals who are capable of applying and deploying in enterprises [26]. Activities of logistics enterprises are still limited in terms of the scale of operation, capital, human resources ... Besides, there is a lack of connection between export enterprises and Logistics enterprises due to CIF import habits and export, according to FOB. On the other hand, institutional and state policies with the logistics industry are not clear, asynchronous, inadequate, not creating favorable conditions to support young logistics development; High unofficial business costs.

III. SOLUTIONS FOR DEVELOPING VIETNAMESE LOGISTICS

With these challenges, logistics companies need solutions to promote and develop this potential service sector.

Improve the capacity and competitiveness of enterprises providing logistics services. Quality and service prices determine the competitiveness of enterprises providing logistics services. If the service quality is good, the price is reasonable; it is certain that domestic enterprises will have more advantages than foreign enterprises. These two criteria are the first criteria for customers to choose their logistics suppliers. Enterprises must improve their ability to meet shippers' requirements in terms of time, quality, and service prices. In order to aim at participating in the global logistics system, for logistics providers in general and especially in the maritime sector in particular, to be able to provide logistics in the right way, Vietnamese enterprises need to: Understand and properly understand the process of providing logistics services, especially during transportation; Training has an experienced human resource system and is fully equipped with professional knowledge and knowledge of domestic and international laws. Also, human resources should be improved in foreign languages to meet the integration of enterprises needing to invest in facilities, upgrading and expanding warehouse systems, loading and unloading equipment, and transportation. Specialized and other support services; Joint venture with domestic and foreign enterprises to connect and expand service network in the country and around the world to create foreign markets and enhance the professional capacity of officials from there. Improve competitiveness in business operations. By the end of 2020, Vietnam's import and export turnover is expected to reach about the US $300 billion, container cargo through Vietnam's seaport system will reach 67.7 million TEUs, so the potential of Vietnam logistics service development is very big. Predicting, in the near future, logistics service will become an important economic sector, can contribute up to 15% of the country's GDP. Also, logistics services also affect the competitiveness of Vietnamese goods, businesses, and the whole economy. Also, the signing of the CPTPP agreement and joining the AEC general economic community will also provide enterprises with a new playground with a lot of challenges and opportunities, more than ever before. Best efforts of the enterprises themselves and the support of the State, relevant ministries, and agencies.
Application of information technology, especially e-commerce in the business process of enterprises. Logistics providers should quickly promote and apply information technology to their business processes, exchange information and electronic data in commerce, e-customs declaration to take advantage of information technology to bring about high labor productivity, cost savings, minimize negative situation, fraud in trade, import-export and customs; Applying the achievements of information technology, exchanging data with computer systems with the support of communication networks and information processing technology plays an important role in the management of both logistics operations, especially managing the movement of goods and documents. Regulatory authorities should encourage businesses to adopt and develop integrated supply chain management systems in ASEAN to create a coherence of planning solutions, storage systems, and goods acquisition using wireless convenience. Application of information technology, especially e-commerce in the logistics operation process will save costs and smooth information to ensure a convenient, fast, and highly efficient operation process.

Promote linkage and equitization, to ensure the supply of a complete logistics chain like foreign enterprises; it is time for logistic service providers to cooperate and share resources to build a full-service chain. This helps them to be better competitive and especially able to invest deeply in logistics in both people and information systems - two outstanding strengths of foreign logistics service providers. The strong trend of equitization of state-owned enterprises has created a momentum for strategic cooperation capabilities to become very feasible. Co-operation is a process of integrating strengths and eliminating weaknesses. The process requires enterprises to implement the re-establishment to the root of their inherent business processes, and most of all; they need a professional consulting team to ensure successful integration.

Logistics-related associations include the Vietnam Logistics Association, Vietnam Shipowners Association, Vietnam Association of Maritime Brokers, Vietnam Seaport Association, Automobile Transport Association in the development process. Maritime logistics. These industry associations need to promote the role of building close links and cooperation among enterprises in the industry to improve logistics quality. It is necessary to promote the cooperation between Vietnam Seaport Association and Vietnam Logistics Association, strengthen cooperation in exchanging information related to cargo handling and cargo handling procedures of ports, types of seaport service charges, time of arrival and departure of ships, the transfer of transport means to receive goods to avoid congestion at ports, information on goods and logistics delivery, information about seaports and freight forwarding companies. At the same time, cooperation should be strengthened in ensuring cargo and seaport security; Cooperation in training on logistics services. The effective cooperation between the two associations and especially each member plays an important role in logistics development in the future, contributing to helping Vietnamese enterprises participate in the global logistics system.

IV. CONCLUSION
Capacity and professionalism of Vietnam logistics service enterprises, in recent years, have been increased, several domestic enterprises have conducted intensive investment, conduct 3PL package logistics services (integrated logistics), participating in most logistics processes in the supply chain of shippers, thereby establishing prestige with domestic and foreign partners and customers. On the basis of the political requirements and status of our logistics service industry as mentioned above, so that the logistics industry is really a key to improving competitiveness and increasing the value of trade, to removing difficulties - promoting logistics and import-export enterprises, we need to restructure the supply chain to improve added value, competitiveness of Vietnamese trade, especially export and actively participate in global supply chains. The restructuring of the supply chain进口 and export enterprises will link, facilitate, and strongly promote the development of logistics services. Vietnam logistics service enterprises are now capable and professional to advise customers on the best logistics solutions suitable to the specific supply chain of each customer. Modernizing the customs system, implementing one-stop customs, e-customs, including the strong development of customs agency by increasing the number of customs agents and building the preferential regime Proceeding with customs procedures for import and export shipments declared by customs agents, such as dossier exemption and goods inspection exemption for declarations signed and stamped by customs agents. Ensuring the consistency, transparency, and consistency of legal regulations governing logistics services business to better serve the facilitation and enhance the competitiveness of trade. Also, in addition to the efforts and initiative of enterprises, it is necessary to have a state-level organization to manage and direct the activities of the logistics industry serving trade throughout the country, including enterprises. Vietnam and foreign-invested enterprises. That is forming the National Logistics Committee. This organization is a bridge between businesses and the state in planning strategies, policies, and action programs to develop our country’s logistics sector in association with the development of production, trade and import and export.

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