


CAPITAL SOLUTIONS TO PROMOTE FLEET INVESTMENT IN SHIPPING IN COUNTRIES SUCH AS VIETNAM

Vu Thi Hoang Yen^A



ARTICLE INFO	ABSTRACT
<p>Article history:</p> <p>Received 26 September 2022</p> <p>Accepted 25 November 2022</p>	<p>Purpose: Research on capital solutions to develop the fleet in Vietnam's shipping enterprises from 2022 to 2030.</p> <p>Originality/value: The research sample is the fleet of boats that Vietnamese shipping enterprises registered at the Vietnam Maritime Administration from 2011 – 2018.</p> <p>Design/methodology/approach: Using Qualitative Research (Statistical Analysis Methods; System analysis; Expert interview methods) and quantitative research methods (Comparative methods; Methods of analysis of indicators).</p> <p>Findings: Based on the research, the author offers several discussions and recommendations on capital solutions to promote investment and development of the fleet in Vietnam's shipping.</p>
<p>Keywords:</p> <p>Fleet investment; Vietnam's Marine Economy; Shipping Enterprise Capital.</p> <div data-bbox="172 898 480 1144" style="text-align: center;">  </div>	<p>Doi: https://doi.org/10.26668/businessreview/2022.v7i5.e738</p>

SOLUÇÕES DE CAPITAL PARA PROMOVER O INVESTIMENTO DA FROTA NO TRANSPORTE MARÍTIMO EM PAÍSES COMO O VIETNAM

RESUMO

Objetivo: Pesquisa sobre soluções de capital para desenvolver a frota nas empresas de navegação do Vietnã de 2022 a 2030.

Originalidade/valor: A amostra da pesquisa é a frota de barcos que as empresas de navegação vietnamitas registraram na Administração Marítima do Vietnã de 2011 a 2018.

Design/metodologia/abordagem: Utilização de pesquisa qualitativa (Métodos de análise estatística; Análise de sistema; Métodos de entrevista de especialistas) e métodos de pesquisa quantitativa (Métodos comparativos; Métodos de análise de indicadores).

Descobertas: Com base na pesquisa, o autor oferece várias discussões e recomendações sobre soluções de capital para promover o investimento e o desenvolvimento da frota no transporte marítimo do Vietnã.

Palavras-chave: Investimento da Frota, Economia Marítima do Vietnã, Capital de Empresas de Navegação.

^A Doctor. Department of Environmental and Resource Economics. Hanoi University of Natural Resources and Environment - Vietnam. E-mail: Vuhoangyen.tm@gmail.com Orcid: <https://orcid.org/0000-0002-2539-8161>

SOLUCIONES DE CAPITAL PARA PROMOVER LA INVERSIÓN DE LA FLOTA EN EL TRANSPORTE MARÍTIMO EN PAÍSES COMO VIETNAM

RESUMEN

Objetivo: Investigar soluciones de capital para desarrollar la flota en las empresas navieras de Vietnam de 2022 a 2030.

Originalidad/valor: La muestra de la investigación es la flota de barcos que las empresas navieras vietnamitas registraron en la Administración Marítima de Vietnam entre 2011 y 2018.

Diseño/metodología/enfoque: Utilización de la investigación cualitativa (métodos de análisis estadístico; análisis de sistemas; métodos de entrevistas a expertos) y métodos de investigación cuantitativa (métodos comparativos; métodos de análisis de indicadores).

Resultados: Sobre la base de la investigación, el autor ofrece varias discusiones y recomendaciones sobre soluciones de capital para promover la inversión y el desarrollo de la flota en el transporte marítimo de Vietnam.

Palabras clave: Inversión en la Flota, Economía Marítima de Vietnam, Capital de la Empresa Naviera.

INTRODUCTION

In 2016, the International Maritime Organization (IMO) proposed the theme for World Maritime Day as "The world is indispensable for maritime industry." Today, the trend of globalization is exceedingly strong; nations are pushing the export of their commodities to every country around the globe, and every economy is interested in determining the best means of transportation. Shipping by the sea with characteristics and advantages such as transporting large volumes of goods, large sizes; cheap shipping costs...compared to other modes of transportation (air, railway, road...) has become the primary mode of transporting goods between continents. Therefore, if it is possible to develop the shipping industry, especially in countries with geographical advantages, this can become one of the critical sectors of the economy because this industry creates a considerable amount of jobs; not only that, but it is also an export industry that does not consume many resources but brings much foreign currency to the country.

With more than 3,260km of coastline, Vietnam has excellent potential to develop economic sectors related to the sea. Recognizing the importance and potential for marine economic development, our Party and State have attached importance to the orientations and strategies for marine economic growth outlined in the Party Congress Documents from the Ninth session so far. Specifically, the IXth Party Congress stated: "Strongly develop and promote the strategic role of the marine economy in combination with marine protection: expanding aquaculture and fishing, processing seafood, going to the sea distant; oil and gas exploitation and processing; develop shipbuilding and shipping industry, tourism and services; develop residential areas at sea, maintain maritime security" (Pham Van Cuong, 2013). Towards the 11th Party Congress, the author became increasingly aware of the importance of

the marine economy: "Developing coastal, marine and island economies in line with the Maritime Strategy to 2020. A reasonable construction of seaports, industrial parks, economic zones, coastal urban areas associated with the development of shipbuilding and repair industry, oil and gas exploitation and processing, shipping, and marine tourism." (Pham Van Cuong & Hoang Van Hung, 2012). In the orientation and strategy of marine economic development, it can be seen that sea transport is mentioned quite thoroughly, which shows the importance of sea transport for the maritime economy in particular and the economy as a whole.

Recognizing the benefits that sea transport brings plus the advantages of geographical location, in recent years, our Party and State have adopted strategies as well as policies to promote the development of Vietnam's shipping. When it comes to shipping, the first and most important factor is the shipping fleet because this is the vehicle used to transport goods on transport routes. With many potential and conditions for exploitation and receiving significant attention from the State, Vietnam's shipping fleet is still not developed but still has many limitations. Firstly, Vietnam's transport fleet's volume of import and export cargo transport is still deficient. Despite the growth, according to the Maritime Administration, the domestic fleet currently only meets 10-12% of Vietnam's demand for goods transported and imported by sea, of which more than 80% of Vietnam's fleet registered to operate international routes only works on nearby highways, mainly in Southeast Asia, China. Currently, Vietnam has only a few large enterprises with integrated cargo ships capable of operating on routes to the Americas and Europe. The rest fell into the hands of foreign shipping carriers.

Even orders of state-owned import-export corporations (such as coal transportation for thermal power plants of Electricity, Oil and Gas, and Mineral Coal...) also fall into the hands of foreign shipping lines. Secondly, the fleet is primarily invested but inefficient and does not improve competitiveness. Although the number of ships held has gradually decreased over the years, and the Vietnamese fleet is classified as an "allowlist" by Tokyo-Mou, the number of boats kept is still quite significant. In addition, when the afterglow from the world economic crisis in 2008 has not entirely disappeared, the political uncertainties or the trade war between the US and China will cause more negative impacts on the world shipping industry that has just shown signs of recovery after a series of bankruptcies of major shipping lines in the world. And Vietnam is not outside that sphere of influence. The amount of import and export goods in the world decreased, and the market had a large surplus of ships without cargo to transport, making it even more difficult for the domestic fleet to compete for goods. Thirdly, shipping enterprises achieve very low business efficiency, financial difficulties, and the risk of mass bankruptcy. Most businesses operate very fragmented and small, with poor management capacity and

comprehensive weakness compared to foreign shipowners. In addition, most Vietnamese shipping enterprises now use loans from commercial banks to invest in ships, which will cause businesses to bear a considerable burden of paying interest.

Along with that, the abnormal increase in gasoline prices also affects the business efficiency of shipping enterprises. Fourth, Vietnam's shipping fleet is currently weak regarding necessary input resources such as human resources, science, and technology. Shipping enterprises have to hire foreign seafarers at high prices. At the same time, Vietnamese seafarers gradually quit their jobs due to too low income to cover their lives. These paradoxes are causing businesses and workers in Vietnam's shipping sector to suffer. In addition, the state has not adopted appropriate policies and management measures to orient shipping enterprises to invest in developing their fleets following the world trend, leading to the fact that Vietnam's shipping fleet is still mainly small ships, few large ships, container ships and the level of modernization is very low. The above shows that Vietnam's shipping in general and the fleet, in particular, have not taken advantage of their availability, and many points need to be overcome. The investment of resources is still spread out, lacking focus, thereby not bringing high results from investment, causing wasteful losses for the state. There are many other difficulties that Vietnam's maritime industry and Vietnamese shipping enterprises are facing, making the development of Vietnam's shipping fleet not highly effective. In addition, in the context of the current Industrial Revolution 4.0 and Vietnam's deep international economic integration, the maritime industry will suffer specific impacts.

Theoretical overview

Overview of the domestic research situation

Over the years, the investment in the development of the shipping sector in general and the fleet in shipping, in particular, has been an issue that has received more and more attention from the state as well as scientific researchers. Researching specific development investments for Vietnam's seaport system, the thesis "Investment in *seaport development of Vietnam in the period of 2005 - 2020*" by Nguyen Thi Thu Ha (National Economics University) in 2013 went into a very detailed analysis of the seaport investment situation in Vietnam in the period of 2005 - 2011. According to the author, "investment in seaport development is the use of capital and other resources to build seaports, create assets that are necessary works and equipment for the operation of seaports, to meet the requirements of transportation through the port." Capital used to invest in seaport development can be state budget capital, Official Development Assistance (ODA), Foreign Direct Investment (FDI), port enterprise capital, and private capital. The author

has provided a reasonably complete and detailed system of assessment indicators, especially those from a macro perspective, such as investment rate, the ratio of realized investment capital to assets, the coefficient of port exploitation, increasing the volume of transported goods, and promoting exports, reduce transportation costs and transit time, thereby increasing the competitiveness of Vietnamese goods in the international market, creating jobs and increasing labor productivity, contributing to economic growth and investment capital efficiency of the seaport industry and port enterprises. It can be seen that the author has attached development investment to the specific object of seaports and offered a set of evaluation standards based on the unique characteristics of the seaport system.

The ministerial-level project "*Solutions to improve seaport investment efficiency*" was implemented by the Department of Infrastructure – Ministry of Planning and Investment in 2009 (Department of Infrastructure, 2009). improve the planning of Vietnam's seaport system, increase the mobilization of investment capital for seaport development and improve the capacity of seaport management. However, the new topic only analyzes the current situation of seaport investment in a general way, is not detailed and precise, and has not yet provided a system of indicators to evaluate the effectiveness of seaport development investment. The solutions offered by the author only pay much attention to investment capital mobilization solutions. However, they have not delved into solutions to effectively use that capital.

The report "*Promoting Trade through Competitive and Low-Emission Transport: Inland and SeaWays in Vietnam*" by Luis C. Blancas and M.Baher El-Hifnawi in the World Bank's "Orientation for Countries and Regions" program points out that, In more than 15 years of development, the economic condition and environmental sustainability of the shipping mode are being weakened due to the lack of adequate investment to expand, improve and maintain the transport network and critical locations such as seaports despite the rapid development of Vietnam's economy (Luis C. Blancas &M. Baher El-Hifnawi, 2014). This has reduced the efficiency of cargo transport by waterways, less encouraging carriers to invest in larger vessel purchases. The report has relied on both qualitative and quantitative results to identify institutional, regulatory, and infrastructure bottlenecks that reduce the efficiency of marine transportation; analyze the root causes of those entanglements, and evaluate proposed policy and infrastructure-based interventions to address them. The report also found that to improve the efficiency and attractiveness of marine transport, a multidimensional approach based on targeted interventions are required to (1) sustainably upgrade and maintain corridors and critical nodes in the leading waterway network, (2) facilitate the development of multimedia transportation and logistics services (e.g., loading and unloading), (3) bring greater awareness

to shipping companies – tiny and medium-sized enterprises – about considering modes of transport, and (4) introduce mechanisms to promote maritime industry modernization.

The doctoral thesis "*Development of container ports in the southern region*" by Nguyen Van Cau (Hang Lai University) in 2011 focused on research on container ports in the southern region (Nguyen Van Ca, 2011). In his dissertation, the author first laid out some fundamental theories about terminal container port development. The author assesses the container port system in the Southern region according to the criteria for developing a focal container port. In addition, the author also considers the policy mechanism for developing container ports in recent years. Stemming from the situation, the author has made important proposals for developing container ports. The author has developed a model, calculated the demand for Cai Mep wholesale container port area, and proposed the operating model and container delivery options at Cai Mep New Port. Since then, the author has offered essential solutions such as developing transport infrastructure and ICD systems in the attractive domain of the port, developing multimodal transport and logistics services, and expanding port and ICD services. It can be said that the author's research has gone quite deep and quite extensive about the container port system and specifically in the southern focal area.

Overview of the foreign research situation

Based on Keynesian thought, in the 40s, with independent research, two economists, Roy Harrod in the UK and Evsay Domar in the US came up with a model that explains the relationship between growth and employment in developed countries (Sato, 1964). This model is also widely used in developing countries to examine the relationship between development and capital needs.

This model considers the output of any economic unit, whether a company, industry or the economy as a whole, depending on the total amount of capital invested in it.

If call g the growth rate of the output; s is the cumulative rate in the investment; k is the ratio of increase between capital and production (also known as ICOR coefficient)

$$g = \frac{s}{k}$$

We have:

Currently, developing countries are still applying this model quite commonly in growth

planning and investment capital mobilization because the current growth model in these countries mainly relies on broad investment to exploit resources that have not been used up.

The Harrod-Dorma model has shown the role of capital and capital efficiency in economic growth.

However, this model is only computational and has not yet solved the problems that remain in developing countries. Therefore, when applying this model, there are several points to keep in mind:

Firstly, the domestic and world economies are increasingly at a high level of development, and more economic growth is affected by many factors. Economic growth may occur not for increased investment or vice versa. If the investment is not practical, there is still no growth.

Second, developing countries cannot accumulate high capital. Therefore, the Government must use a planned capital accumulation strategy and imperative mechanism to limit consumption or set aside investment funds before consumption. At the same time as using that mechanism, the Government must brace itself by borrowing foreign debt and applying for aid to have enough investment capital. This means that developing countries need the help of developed or capitalist countries.

Research Methodology

The article uses some of the following specific methods:

+ System analysis: The author uses the system analysis method to identify fleet development investment in shipping in an organic relationship with the development of the economy with the development of other types of transport (railways, roads, waterways, air routes), the development of foreign trade relations between Vietnam and other countries in the world.

+ Statistical analysis method: the author use the technique to collect statistics and process input data for analyzing and evaluating investment efficiency in sea transport development.

+ Comparison method: The author uses the comparison method to compare Vietnam's fleet with the world fleet and compare it to the criteria set out in the planning.

+ method of analysis of indicators: The author uses needles to evaluate the results of investment and development of the fleet in shipping.

+ Expert interview method: The author will ask some questions to leading experts in the Vietnam shipping field to collect accurate and efficient assessments.

- Metric sources: The author will use two references, secondary figures, and preliminary figures.

+ Secondary data: The author collects data from the Annual Maritime Administration Report, the Annual Report on World Shipping (UNCTAD), and The annual data on shipping enterprises (General Statistics Office and stock exchange websites).

+ Primary data: The author uses the method of interviewing experts to collect experts' opinions in the shipping field. (Expert interview questionnaire in Appendix)

Research results

Diversification of investment capital for fleet development in shipping

One of the biggest reasons Vietnam's shipping fleet is still small is that shipping enterprises have not accessed enough money to invest in large, high-quality ships to meet international needs. As is known, the investment capital for fleet development in the shipping of Vietnamese shipping enterprises mostly comes from 2 sources: domestic bank loans and the own capital of enterprises. Therefore, the diversification of capital sources allows enterprises to have more capital mobilization channels, thereby creating better conditions for investment in the development of Vietnam's shipping fleet. As follows:

- *Raising capital through bond issuance.* A large amount of money required for fleet development can be obtained through direct government funding for re-lending international bonds and corporate bonds issued by shipping enterprises. This method of raising capital has the advantage of getting a large amount of money in a short period with a low-interest rate repaid in the long run. This is a primary method of raising capital for investment in shipping development, reducing pressure on capital supply from the banking system, in line with international practices.

- *Mobilize investment capital through preferential loans to foreign credit institutions.* This is a suitable solution for developing countries to overcome the situation of tight investment capital but require developing infrastructure works as a foundation for the country's economic development. However, in foreign currencies, the risk of interest and exchange rates is relatively high when paying interest and principal. Therefore, if the loan is inefficiently used, the investment is not at the correct key address, and it is challenging to pay interest.

- *Increase the application of financial leasing.* Modernize the fleet through financial leasing. Financial leasing is a popular service business, especially in developed countries. Financial leasing is a medium and long-term capital channel that is considered quite effective in creating conditions to attract capital for production and business units. This economic source

has excellent potential without limiting the size of money mobilized. Currently, our state is encouraging the development of financial institutions and promoting business activities in this field, thanks to which the financial leasing market in our country is developing strongly. On the other hand, thanks to economic integration with the world and the region, many financial institutions in our country have joint ventures with foreign financial institutions; at the same time, many foreign financial institutions have participated in activities in the financial market of our country. All those financial institutions are creating a vast financial market in scale. They have significant capital sources to supply businesses and shipping enterprises in particular. This method highlights the following advantages: Enterprises can look to any supplier or shipbuilding facility to choose the vehicle according to the established production and business project requirements. Businesses do not have to worry about capital because it is easy to find a financial institution or a bank to finance with a financial lease paid gradually in the future. With the project calculated correctly, with entirely suitable means, the return of capital and interest on time, and the project quickly reaching the target, the desired efficiency is altogether reliable. On the other hand, with this form, enterprises are also very assured of the supply of spare parts and repair and maintenance services following technical standards because those have been agreed upon in the contract with the supplier. However, this has made it difficult for businesses to acquire foreign assets or even buy new assets from asset trading companies. In the process of reviewing financing for lease contracts as well as in the process of using charter ships, lessors are always interested in checking the effectiveness of the exploitation of leased assets. Therefore, businesses cannot use leased assets for the wrong purpose or use them inefficiently. For small businesses, the ability to build production and business projects is limited, and lessors can provide consulting services for this issue. Financial corporations often have rich and diverse sources of market information, and the consultants there are carefully selected and highly qualified, so they can provide consulting services to shipping businesses quickly and reliably. Shipping enterprises must organize production and business projects well and train highly skilled and professional staff in project formulation and analysis.

In addition to the above solutions, there are also several solutions for businesses to earn money for reinvestment and development, such as:

- Liquidation or sale of scrap iron of old ships: The solution here is to urgently disband old ships, liquidate, cede or sell scrap iron... the concentration of investment capital in new and modern yachts. Looking broadly across the entire shipping industry, we see many boats that are too old, inefficient, and low safety... if all those ships are sold, the maritime sector will also concentrate a significant amount of capital.

- Selling and driving charters: this is a solution to change ship ownership so that large amounts of capital can be obtained relatively easily. The ship of the enterprise can be sold to the financial company in terms of documents verifying ownership; without transferring the boat, the enterprise retains the right to operate the vessel. The money for the sale of the ship acquired by the business is the money owed by the financial company that bought the boat. The enterprise has obligations, fixed in the lease agreement established immediately after the contract for the sale of the ship, to pay the principal and interest incurred. Until the debt is paid, ownership of the boat returns to its former owner. This method is easier to convince the investor than the ship mortgage method because the investor's legal status with the ship is more secure; the investor can also interfere with using the boat for the proper purpose. On the other hand, if you take out a mortgage by ship, the loan capital usually accounts for a meager percentage, only about 30% to 50% of the mortgage value.

Enhance the role of the state in promoting investment in fleet development in Vietnam's shipping

Although shipping enterprises carry out investment in fleet development as decision-makers, the reality shows that currently, businesses are very confused in this, leading to rampant and fragmented investment, making the structure of the national shipping fleet unreasonable, and does not meet the needs of the market. Therefore, it is necessary to enhance the state's role in promoting investment in fleet development in Vietnam's shipping. In most countries, state regulation of the economy is significant. The state acts as a strategic guide, prescribes the legal framework, sets common goals for development, and unifies the reconciliation of standard and individual interests.

Currently, Vietnamese shipping enterprises are facing many challenges; the shipping market has gone down, and there are no signs of recovery. In addition, due to the impact of the US-China trade war, import and export goods worldwide decreased. The market had a large number of ships surplus, making it difficult for the domestic fleet to compete for transport sources. During the containerization period, Vietnam's container fleet is mostly small ships, mainly running domestically and feeder in Southeast Asia; Vietnamese enterprises do not have enough financial resources to upgrade their fleets, and borrowing capital from commercial banks is difficult due to high-interest rates, so it is difficult to compete with large fleets, modern in the world. Over the past, Vietnam's shipping has received almost no incentives and support in terms of bidding, taxes, and fees... from the central and local governments; it is difficult to make a breakthrough and recover from the impact of the prolonged economic crisis. In this

context, the state must promptly develop policies and support mechanisms. As follows:

*** *Support policy in capital mobilization***

Although shipping enterprises must be proactive in mobilizing capital, the state also needs support mechanisms according to the roadmap suitable to the financial situation of shipping enterprises in each period to financially support shipping enterprises to overcome difficult periods, so businesses can more easily access capital sources.

- The State shall adopt policies to support initial investment, preferential credit loans in the purchase and sale of ships, or the construction of new large and modern specialized ships. Especially for large tonnage fleets, container ships and specialized ships are the types of ships that currently have a deficient proportion in the fleet structure. It is necessary to have tax incentives for the purchase and sale of specialized ships with large tonnage in the direction of modernizing Vietnam's shipping fleet.

- The State should create conditions for enterprises to be supported to borrow working capital at preferential interest rates, especially for investment projects of ships running international routes, participating in the transport of import and export goods of Vietnam, enterprises are supported to borrow working capital at preferential interest rates from state banks or tax reduction with transport import and export goods.

- The State can guarantee loans to businesses or apply for grants from international financial institutions such as the World Bank and the Asian Development Bank at preferential interest rates and long-term loan periods. The state may also seek sources of loans by signing bilateral agreements and treaties with other countries based on State guarantees.

- The State should adopt policies to develop several banks and financial companies in the maritime industry. These banks and companies were born to create investment capital for the development of the fleet and operate under the support of the state. Joint ventures with foreign countries or encouraging foreign capital investment are also feasible solutions. However, the state must strictly manage and support the Vietnamese side in joint ventures because foreign partners often take many measures to misappropriate Vietnamese capital.

- The State encourages all economic sectors to participate in the shipping business. However, it is necessary to build orientations and closely organize these units, directing them according to the general development strategy of the industry. Thus, it is possible to both take advantage of the significant capital of enterprises of economic sectors and avoid the long-standing mayhem.

*** *Policies in managing investment in fleet development in shipping***

Currently, Vietnamese shipping enterprises are in an intense situation, making it

necessary for the state to be stricter in management.

- The State should establish a specialized agency to manage investment activities for developing sea transport, including the fleet of shipping vessels. This agency will provide planning, strategies, and orientations for how shipping enterprises should invest and simultaneously combine with units to support capital for businesses in the investment process. The agency will also closely follow investment projects from the process of project formulation and appraisal until the investment decision and then will evaluate the investment's effects. This will help the investment process take place transparently and openly, avoiding the case that many projects are only formal but do not bring benefits to businesses and society. At the same time will also draw business lessons for future investment activities.

- The State should create a healthy competitive environment and encourage enterprises in the industry to compete equally and freely following the law. Currently, for domestically transported goods, thanks to the support policy of the State, Vietnamese shipping enterprises are almost fully undertaken, which also makes these enterprises less competitive. Therefore, the state needs to create an environment for shipping enterprises to be forced to improve their competitiveness so that what needs to be directed is that Vietnamese shipping enterprises will be able to compete for internationally transported goods.

*** *Support policies in business activities of shipping enterprises***

Currently, the business activities of most Vietnamese shipping enterprises are experiencing constant losses, leading to a series of bankrupt businesses or on the verge of bankruptcy. Therefore, it is also necessary for the state to have policies to support enterprises in business activities.

- The State can provide support mechanisms so that enterprises can minimize costs in business activities such as:

+ reduction of fuel tax (import tax, excise tax, environmental tax). Currently, the cost of fuel is 40% of the cost of the shipping fleet; in recent years, fuel prices have been unstable and continuously rising. Vietnamese shipping enterprises must buy domestic fuel prices higher than many other countries. To support reducing costs for shipping fleets and improving the competitiveness of Vietnam's shipping fleet, the state should have policies to support enterprises, such as buying fuel at preferential prices. Dung Quat oil refinery or oil temporarily imported for re-export at preferential prices or tax reductions.

+ Time-limited tax reduction for goods that are ship supplies and equipment for the repair and maintenance of ships, for revenues from freight transport on sea transport routes, for investment projects of ships participating in cargo transportation, tax reduction, and application

of preferential tax rates, can be about 0%.

+ Reduce transport fees such as port entry and maritime fees, especially for ships with large tonnage in and out of large ports such as Van Phong, Cai Mep - Thi Vai, and Lach Huyen.

- The State should adopt policies to support shipping enterprises raising market share for import and export goods. Currently, Vietnamese shipping enterprises' competitiveness is still low; without the help of other ministries and departments, It is difficult for Vietnam's shipping fleet to gain market share with other countries' fleets. Therefore, it is necessary to enable the state to help Vietnamese shipping enterprises overcome difficult periods and simultaneously create motivation for businesses with upward momentum.

In fact, in recent years, to ensure resources and keep the development of the shipping industry stable, the Ministry of Transport has also reported to the Government to consider directing ministries, branches, corporations, and Import-Export Corporations with State capital (such as coal transportation for thermal power plants of Electricity Corporations, Oil and Gas, Mineral Coal...) conduct domestic bidding with appropriate criteria to improve the winning bid ability of Vietnamese shipping enterprises, in particular, in case of having to organize international bidding, request ministries and sectors to consider having a solution for shippers to win about 30% of the output at a price equal to the winning bid to assign to the domestic fleet to implement, the minimum performance contract is three years. The Ministry of Transport has also proposed that the Government transfer the State Bank of Vietnam to study solutions for shipping enterprises to borrow investment capital from the development investment fund or have a policy mechanism on investment capital to invest in new generation ships, competitive enough in the market. In addition, the Ministry of Transport also reported to the Government to assign the Ministry of Finance to consider and give corporate income tax incentives at a tax rate of 10% for 15 years; Exemption and reduction of value added tax for domestic transport for a period of 3 years; Reduce personal income tax to 0% on the salaries of officers and seafarers; Duty-free import of materials, spare parts, and equipment for ship repair.

On August 7, 2019, the Government issued Official Letter No. 975/TTG-Cn to research solutions to overcome difficulties and support shipping enterprises (Prime Minister, 2019). Concrete:

The Prime Minister assigned the Ministry of Transport to coordinate with the Ministry of Industry and Trade, the State Capital Management Committee at enterprises and related agencies and units to continue to actively work with industries, especially units with large volumes of import and export transport for exchange, agree on specific measures to prioritize and facilitate domestic shipping enterprises to raise the market share of import and export goods

under the direction of the Prime Minister in document No. 118/VPCP-KTN dated January 7, 2014, of the Government Office.

At the same time, the Ministry of Transport shall coordinate with the Ministry of Planning and Investment, the Ministry of Finance, and the State Capital Management Committee at enterprises and related agencies in guiding enterprises to use investment capital sources for fleet development; urge to accelerate the equitization process, strengthen joint ventures and linkages with domestic and foreign partners to diversify capital sources, increase the efficiency of investment in fleet development in Vietnam's shipping.

The Prime Minister requested in the long run, according to the Resolution on the Strategy for Sustainable Development of Vietnam's Marine Economy to 2030, with a vision to 2045; At the same time, based on the policy of encouraging maritime development (specified in Article 7 of the Vietnam Maritime Code in 2015), the Ministry of Transport shall assume the prime responsibility for, and coordinate with the Ministry of Planning and Investment, the Ministry of Finance, the Ministry of Justice, the State Bank of Vietnam, The State Capital Management Committee at enterprises and related agencies and units shall conduct research and formulate mechanisms and policies to encourage the development of maritime transport; report to the Prime Minister in the first quarter of 2020.

Thus, based on research, the article has focused on analyzing and evaluating the investment in developing Vietnam's shipping fleet to propose capital solutions to promote Vietnam's shipping investment. The answers are built based on perfecting input resources and using them reasonably so that Vietnam's shipping can develop strongly and sustainably.

REFERENCES

- Luis C.Blancas, & M.Baher El-Hifnawi. (2014). Promoting Trade through Competitive and Low-Emission Transportation: Inland and SeaWays in Vietnam.
- Nguyen Van Approx. (2011). *Development of the Southern Regional Focal Container Terminal*.
- Pham Van Cuong. (2013). *Management of investment projects in shipping*: Transport Publishing House.
- Regmi, R. H. (2022). Remittances and trade balance: A new transfer problem. *Remittances Review*, 7(1), 3-19.
- Pham Van Cuong, & Hoang Van Hung. (2012). *Application of mathematical methods in shipping management*.

Sato, R. (1964). The Harrod-Domar model vs the Neo-Classical growth model. *The Economic Journal*, 74(294), 380-387.

Prime Minister. (2019). *V/v research solutions to overcome difficulties and support shipping enterprises*. Government

Infrastructure department. (2009). Solutions to improve the efficiency of seaport investment.