

Road & Rail Transport Market Outlook for Vietnam

Since joining the World Trade Organisation in January 2007, Vietnam's economic growth has increased dramatically. In recent years, the country's Gross Domestic Product (GDP) has consistently hovered at around the 8% mark, with Foreign Direct Investments (FDI) in 2007 hitting its highest level in 20 years.

Vietnam's robust economic growth is accompanied with an urgent need for good transportation networks and infrastructure. As a result, major projects are underway to build more ports, highways, railways, roads, bridges, tunnels, interchanges, overpasses, car parks and other auxiliary facilities.

Reflecting this trend, **Viet Traffic 2008** answers the need for an international platform for buyers and sellers to meet.

About Vietnam

Geography

- Area: 329,560 sq km (same as Malaysia)
- Extending 1,650 km north to south, the country is only 50 km across at its narrowest point
- National Capital: Hanoi
- Commercial Centre: Ho Chi Minh City
- Terrain: low, flat delta in south and north; central highlands; hilly, mountainous in far north and northwest
- Region: Greater Mekong Sub-Region,



Demography

- Population: 85 million (3.5 times of Malaysia)

Economy

	1993-1997	1997-2004	2005	2006	Jan-Sept'07
GDP growth rate	9%	6.80%	8%	8.17%	8.30%
2006	Component of Economy		Contributes to GDP growth		
Agriculture, forestry and fishery	20.40%		0.67%		
Industry & Construction	38.08%		4.16%		
Service Industry	41.52%		3.34%		

Ranking	Country	PPP per capita (USD)
22	Singapore	31,400
57	Malaysia	12,900
68	Thailand	9,200
129	Vietnam	3,100
134	Cambodia	2,700
149	Laos	2,100
155	Burma	1,800

- Jan-Sept 2007, FDI = USD 9.6 billion, 38% ↑
- 2006 GDP = USD 60.9 billion, 40% of Malaysia, Revenue of Toshiba
- Vietnam joined the WTO in January 2007

Overview of Vietnam's Current Road & Rail Transport System

Current Status of Land Transport in Vietnam

- Little investment has taken place since end of French regime
- Hardly any express ways and railway track network has deteriorated badly
 - Vietnam has 210,000 km of road, but 35% unpaved
 - Vietnam has no expressway, and only 17,300 km national highway
 - Only ¼ of the road network has more than one lane
- Traffic on the road is increasing @ 13% per annum, No. of cars are growing by more than 20% per annum
- Urgency: build up national transportation network, connect local economic and logistics hubs

Network Size and Ownership Structure for Infrastructure and Service Providers

Sector	Scale	Construction		Maintenance	Operations
		Management	Implementation		
Roads					
National	17,300 km	MoT's PMUs	SOEs under MoT's Ciencias, provincial SOEs, private sector companies.	Road Management and Maintenance Companies (RMMCs) under VRA's 4 RRMUs and PDOTs	Trucking services provided by SOEs and private sector companies.
Provincial	17,449 km	Provincial PMUs;	Provincial/District SOEs and private sector construction companies	Provincial/District SOEs and private sector construction companies.	
District	36,372 km	MoT's PMUs for			
Commune	131,455 km	ODA supported projects.		Commune labor used for maintenance of commune roads	
Total					
Urban Transport	Hanoi: 691 buses, capacity: 40,500 (2004) HCM: 2961 buses (June 2005)	PMUs under TUPWS and cities.	SOEs attached to MoT, TUPWS and cities.		Bus services are provided by TRANSERCO, a state owned operator under Hanoi's People's Committee, and by private operators in HCMC (the largest two operators are Saigon Bus, an SOE and Saigon Star, a joint venture). HPC is about to introduce private operators.
Railways	2,632 km 300 locos	Railway PMU implements investment projects	SOEs under VRC.	Railway companies under VRC	Vietnam Railways Corporation (VRC) operates two passenger companies and one freight company

System: Vietnam's road system includes: national roads administered by the central level; provincial roads managed by the provincial level, district roads managed by the district level, urban roads managed by cities and towns, and commune roads managed by the commune level.

Current Capacity: The total length of the Vietnam road system is about 222,179 km with 19.0% paved, mainly national roads and provincial roads (source: Vietnam Road Administration, 2004). The national road system length is 17,295 km with 83.5% of its length paved. The provincial road system is 27,762 km of length with 53.6% paved.

Expressway: Expressways are a rather new concept for Vietnamese. [Vietnam Expressway Corporation \(VEC\)](#), a fully state-owned company, was established in October 2004 as an institution to develop the expressways in Vietnam. It is the only expressway company of the Ministry of Transport (MOT).

Current Status of Urban Mass Rapid Transit in Vietnam

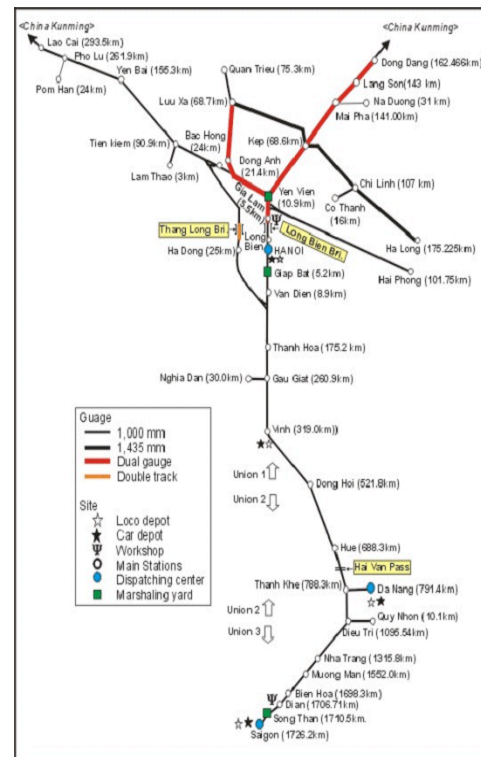
Urban Mass Rapid Transit (MRT): It is in master plan for Ho Chi Minh City and Hanoi. There will be 6 MRT lines with a possible total budget of over USD\$5 billion in HCMC according to a press release from ADB. The urban subway project in Hanoi is estimated at USD\$1 billion.

Current Status of Railway Transport in Vietnam

System: The railway system in Vietnam is operated by the state-owned [Vietnam Railways Corporation \(VRC\)](#). The principal route is the thousand-mile single-track line, running north-south between Hanoi and Ho Chi Minh City. There are also standard gauge lines running from Hanoi to the People's Republic of China, eventually leading to Beijing, and some mixed gauge in and around Hanoi. Hanoi is the pivot of railway network (see [Map of Vietnam Railway Network](#)).

Notwithstanding the poor state of the country's road network, the railway system does not make a great contribution to the national transport infrastructure, carrying only about 7% of all freight.

A parliamentary resolution of 2005 proposed that foreign lenders be invited to invest in Vietnam Railways. The lines into China have benefited from Chinese investment and, more recently, Japanese investment was spent on the Hai Van Tunnel project, a new road tunnel alongside the north-south rail line near Da Nang.



Vietnam's Business Opportunities for the Road and Rail Industry

Vietnam has a master plan for road, rail and urban transport projects that is heavily supported by Government industries and trade associations. The country, at the forefront of development, offers significant opportunities for companies wishing to tap into its vast business potential, a sample of which is below:

Proposed Investment in Transport Infrastructure				
(Billion of Current Vietnamese Dong)				
	2002-2010 period	2011-2020 period	Annual average 2002-2010	Annual average 2002-2020
Road:	245,990	328,530	30,749	31,918
In which: Expressway	56,570	158,530	7,071	11,950
National Highway	139,420	125,000	17,428	14,690
Provincial Road	50,000	45,000	6,250	5,278
Railway:	218,661	393,576	27,333	34,013
In which: Express Railway	204,000	361,500	25,500	31,417
Normal Railway	14,661	32,076	1,833	2,596
Maritime	20,387	65,000	2,548	4,744
Inland Waterways	4,673	4,507	584	510
Civil Aviation	17,880	36,330	2,235	3,012
Urban Transport (Hanoi & HCMC)	195,886	423,595	24,486	34,416
In which: Road	129,385	221,448	16,173	19,491
Railway	56,501	193,147	7,063	13,869
Supporting public trans.	10,000	9,000	1,250	1,056
Rural Transport	86,500	77,850	10,813	9,131
Total	789,977	1,329,388	98,747	117,744

Source: Submission by MoT to Prime Minister, December 2002.

Source: World Bank

Road Transport Projects

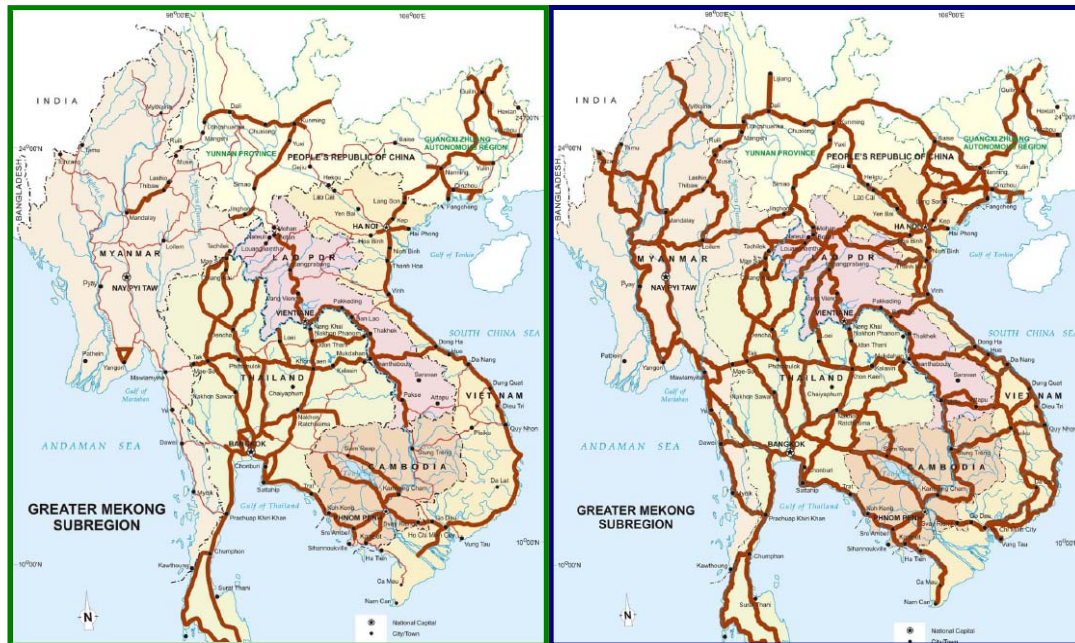
- Vietnam plans to build 6,000km of expressways by 2025, an estimated 261km of expressways designed for high-speed travel will be built each year until 2025 at an estimated total cost of US\$22.8 billion
- North to South Expressway Axis: Composed of 2 sectors with the total length of 3,621km: North to South (eastern wing) Expressway Alignment & Western wing North to South Expressway Alignment
- Northern Expressway Network,: Consisting of 6 centripetal sections linked with Hanoi with the total length of 1,074km
- Regional Central and Highland Expressway Network: Consisting of 4 sections with total length of 524km
- Southern Regional Expressway Network: Consisting of 8 sections with total length of 1,094km
- Kumming-Haiphong Corridor: Construction of about 264km of the Hanoi-Lao Cai Expressway is expected to start in June 2007 finishing by 2010 @ US\$1 billion. Transportation Designing Corporation

- Lang-Hoa Lac Highway: 29.46km upgrade to 6 lanes @ US\$336 million, link Hanoi with North An Khanh new urban area, which cost US\$2.3 billion, built by JV of POSCO E&C and Vinaconex
- Hanoi-Haiphong Highway: Cost US\$1.45 billion, 102km, 1st stage complete by 2009-2010. BOT Vietnam Transport Consultation & Design Company
- Central Highlands Region: Investment of US\$222 million in constructing a 700km road linking localities in the central region and Tay Nguyen - Truong Son Dong expressway
- Southern Focal Economic Area: Ho Chi Minh city - Long Thanh – Dau Giay Expressway , 54.9km, 4 lanes in the first phase with 29 bridges crossing rivers include 13 big and 16 medium bridges. Cost @ US\$600 million
- Nhieu Loc – Thi Nghe Canal Elevated Highway: 8.2km, US\$218 million
- Trung Luong – Minh Thuan – Can Tho Expressway: 81.9km, with the construction of facilities in the alignment including 7 interchanges, 13 bridges and auxiliary building such as main and minor toll gates, project management office, etc. Estimation of total cost in phase 1: US\$745 million
- Ho Chi Minh City – Long Thanh – Dau Giay expressway: 54.9km @ US\$600 million with the construction of facilities in the alignment including placing a viaduct from Ring road II intersection to Tac river, 29 bridges crossing rivers (13 big and 16 medium bridges), petrol filling stations, service areas, telephone points and etc.
- Noi Bai – Mai Dich Expressway: 24km @ 54024 km @ US\$540 million, with the construction of facilities in the alignment including interchanges, 3 overpasses, a viaduct and auxiliary facilities such as bus stops and enlargement of toll plaza

Vietnam Road Infrastructure Plans (2006 and 2015)

2006

2015



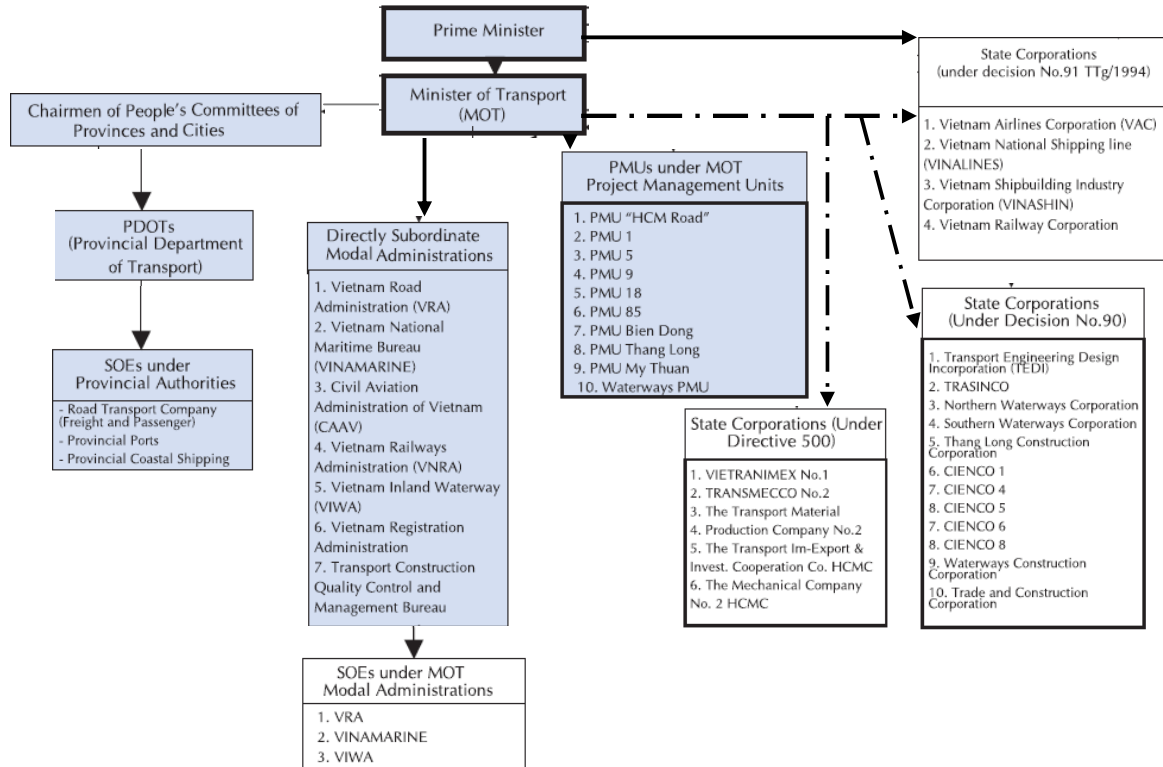
Urban Transport Projects

- Hanoi: 6 urban subways, 128.9km @ US\$2.25 billion, to be completed by 2020
- Hanoi: Construction of four metropolitan belt roads with a total length of about 290km, 12 bridges across the Red River and traffic knot extensions
- Hanoi's total investment into transportation projects is estimated at about US\$13 billion
- HCMC: 6 MRT lines, 107km @US\$5 billion, to be completed by 2020
- HCMC: Project plans for road system include laying down major intra-city streets, four metropolitan beltway roads, four overpasses, 14 bridges, a tunnel through Sai Gon River and a car park system
- HCMC: Total estimated investment capital needed for road, railway and waterway projects planned will be US\$13.9 billion

Railway Transport Projects

- Operated by the state-owned Vietnam Railways Corporation (VRC)
- Principal route is the thousand-mile single-track line, running north-south between Hanoi and Ho Chi Minh
- Hanoi is the pivot of railway network
- Standard gauge lines running from Hanoi to Yunnan, PRC
- Some mixed gauge in and around Hanoi
- Carrying only about 7% of all freight.
- Hanoi – HCMC takes 30-40 hours, targeting to reduce to 10 hours with new high-speed connection
- VRC plans to construct the nation's 1st 880km express railway route @ US\$30 billion over 2010-2015. Including Hanoi-Vinh, HCMC-Nha Trang, HCMC-Vung Tau City, Hanoi-Haiphong Japan government provide loan for Hanoi-Haiphong railway; Tedi South (JV) for HCMC Nha Trang @ US\$6.5 billion
- VRC plans to upgrade 1000km railway from Vinh City – Nha Trang Province, complete by 2010, including upgrading tracks, facilities & 24 stations
- Saigon-My Tho railway route, US\$445 million, 2010-2015
- Hanoi: 6 urban subways, 128.9km @ US\$2.25 billion, complete by 2020, partial funding by WB
- HCMC: 6 MRT lines with US\$5 billion for 107km by 2020
- ADB will support private sector operations in transport, including urban mass-transit systems

Vietnam's Ministry of Transport Administrative Structure



- **Vietnam Expressway Corporation**
 - Develop, finance, manage and maintain expressways; collect toll revenues; invest in off road construction and services
- **Vietnam Road Administration**
 - Plan and manages development of the national road network; maintains the national road network.
 - Regional Road Management Units
 - Designated Provincial Departments of Transport
- **Urban Transport:** Transport and Urban Public Works Services under the Peoples Committees
- **Peoples Committees**
 - Major Projects Management Unit (MPMU)
 - Transportation and Urban Public Works Services
 - Urban – Transportation Projects Management Board
 - Transportation and Urban Public Works Services Project Management Board
- **Railway**
 - Vietnam Railways Administration (VNRA)
 - Plans, manages the development of sub-sectors, regulates the sub-sectors