

Hanoi, 07 Sep 2010

To: EuroCham Office in Vietnam

Regarding two letters received from EuroCham office in Vietnam on 05 Apr 2010 and 18 Aug 2010 which mentioned about port fee for vessels calling Vietnam ports, Ministry of Finance has below comments:

1/ EuroCham mentioned that various fees at Cai Mep Thi Vai port are currently 2 to 4 times higher than those at other ports in the region. We consider that comparison of port fee among many countries is relatively for reference as each country has different port structures and fee policies. The level of port fee in Vietnam is currently in accordance with Decision no. 98/2008/QD-BTC promulgated by Minister of Finance, which is the same as that of Bangkok port, Thailand. However, the port fee in Vietnam is still higher than those of PSA □ Singapore and Tanjung Pelepas □ Malaysia, which are due to below reasons:

- Characteristics of Vietnam port system: port location with long channel and alluvial soil which leads to significantly higher costs of dredging, safety insurance and pilot than those of ports in other countries. The port and other maritime fees are currently main financial resources for our port management and maritime safety assurance activities. Therefore port fee adjustment could possibly cause imbalance between revenue and expenses, which should be taken into consideration along with various factors.
- Vietnam and other countries such as Singapore and Malaysia have considerably different port development, which leads to different port fee policies. PSA and Tanjung Pelepas are international transit ports with huge capital investment, excellent services attracting stably huge amount of vessels calling those ports every year, allowing them to reduce their fee. On the other hand, ports in Vietnam mostly are underdeveloped in terms of facility, support services and ability of attracting vessels. Those prevent Vietnam ports from adjusting their fee to a lower level.
- Vietnam and other countries have different port management structures, which leads to different port fee policies. In Vietnam, local authority determine only some of the fee, the rest is based on port developer. In other countries, those port fees are based on investors □ decisions.

2/ At the moment, local authority is considering port fee adjustment policies, which could be applied to all ports in Vietnam once approved. Meanwhile, in order to partly share the high costs and stimulate shipping lines establishing other routes in Vietnam, Ministry of Finance is preparing a proposal to reduce port and maritime fees for vessels whose DWT is more than 50,000 calling Cai Mep Thi Vai port. Those proposed fee would be lower than the current one which is applied based on Decision 98/2008/QD-BTC promulgated by Minister of Finance on 04 Nov 2008.

The proposal is currently in the process of collecting suggestion from other ministries, and related organization before being brought into execution.

This letter is to inform EuroCham and shipping lines regarding higher fee level of some ports in Vietnam compared to those in other countries. We look forward to all of your cooperation in order to adjust port policies and fee in Vietnam to a more reasonable level in the future.

On behalf of Minister of Finance

Hoang Xuan Vuong

(signed)