

DEVELOPMENT OF SERVICES PROVIDERS FOR HO CHI MINH CITY BECOME A LOGISTICS CENTER IN VIETNAM - OBJECTIVES AND SOLUTIONS

Tran Chanh Nghia^{1,2*}, Mai Thi Dieu¹, Nguyen Chi Khang¹, Nguyen Minh Luat¹, Dinh Thi Hoai Nhi^{1,3}, Do Doan Trang⁴, Vo Trong Cang⁵

¹ Ho Chi Minh city University of Technology (Hutech), Ho Chi Minh city, Viet Nam,

² *cnghiatran1607@gmail.com*

³ *hoainhi.lgs@gmail.com*

⁴ Binh Duong University, *doantrang.bolt@bdu.edu.vn*

⁵ Binh Duong University, *vtcang@bdu.edu.vn*

Abstract. Vietnam is considered as a potential and attractive market for the development of the logistics industry. Economic integration has also opened a period of accession to the global common playground with unified regulations and institutions in the field of international trade and services. However, currently, most logistics service providers in Ho Chi Minh City has not been able to grasp this development opportunity. Noticing the above-mentioned problem, many research projects have been proposed to find goals and solutions suitable to the current situation, by analyzing expert opinions, collecting data and studying documents to clarify problems and objectives to be studied. The results were found through media channels such as newspapers and magazines; social networking sites and logistics forums still have a backlog of limitations but are really positive. In addition, the research team also has a few proposals with the hope of contributing to the logistics provider development solution in Ho Chi Minh City.

Keywords: Objectives; Solutions; Service provider; Logistics; Ho Chi Minh City.

1. Overview

Today, people are no stranger to the phrase "Logistics", when it has been proving its role not only for businesses but also for the economy of a country. With its advantages and dynamic, Vietnam has achieved certain successes and attracted the attention of the whole world in the context of the US – China trade war. According to the General Statistics Office of Vietnam, the number of logistics enterprises in Vietnam in the period of 2013 - 2019 has increased sharply, from 1200 enterprises (Thu-Thuy, 2013) in 2013 to 4000 one (Thanh-Chung, 2019) in 2019, proving that the Logistics industry in Vietnam has a great attraction.

The highlight is that up to 70% of logistics enterprises are concentrated in Ho Chi Minh City and it

neighborhoods (Thanh-Chung, 2019) due to the advantages of Ho Chi Minh City in terms of source of goods with import and export activities of Ho Chi Minh City and the southern key economic region, and Ho Chi Minh City is located between freight routes from north to south and from east to west, connecting international transport routes through Tan Son Nhat airport as well as port clusters in the south of the country, especially Cat Lai port and Cai Mep – Thi Vai port cluster. It can be said that TP. Ho Chi Minh City is a widely open door for Vietnam to reach out to the world. Therefore, the Logistics development of Ho Chi Minh City plays an important role in the overall development of Vietnam's Logistics industry.

To better explain the objectives and solutions, we have following diagrams as shown in figure 1 and figure 2.

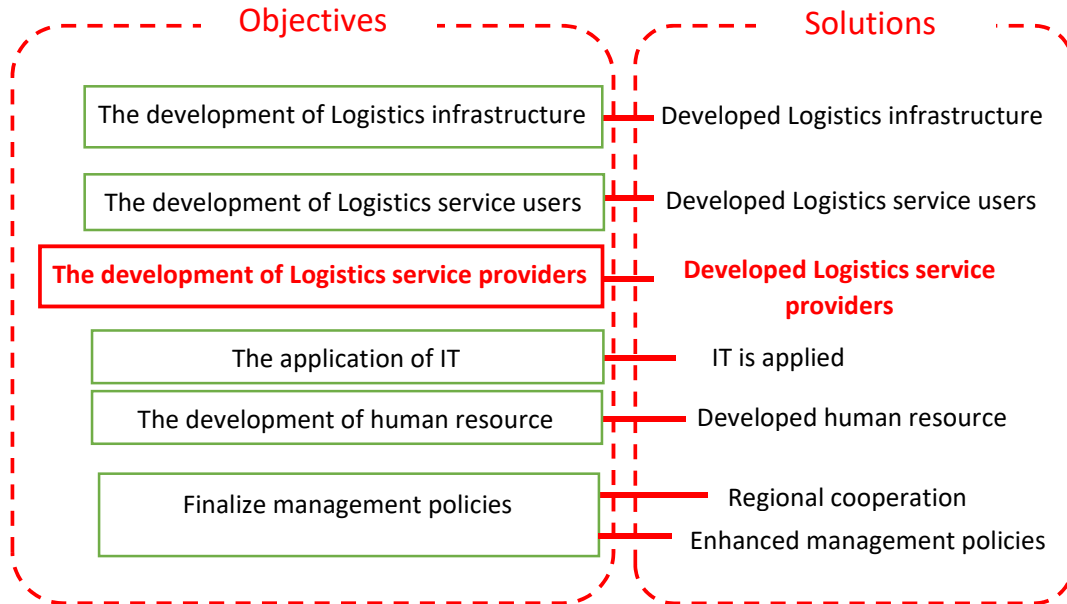


Figure 1. Overall objectives and solutions for the development of Vietnam Logistics industry

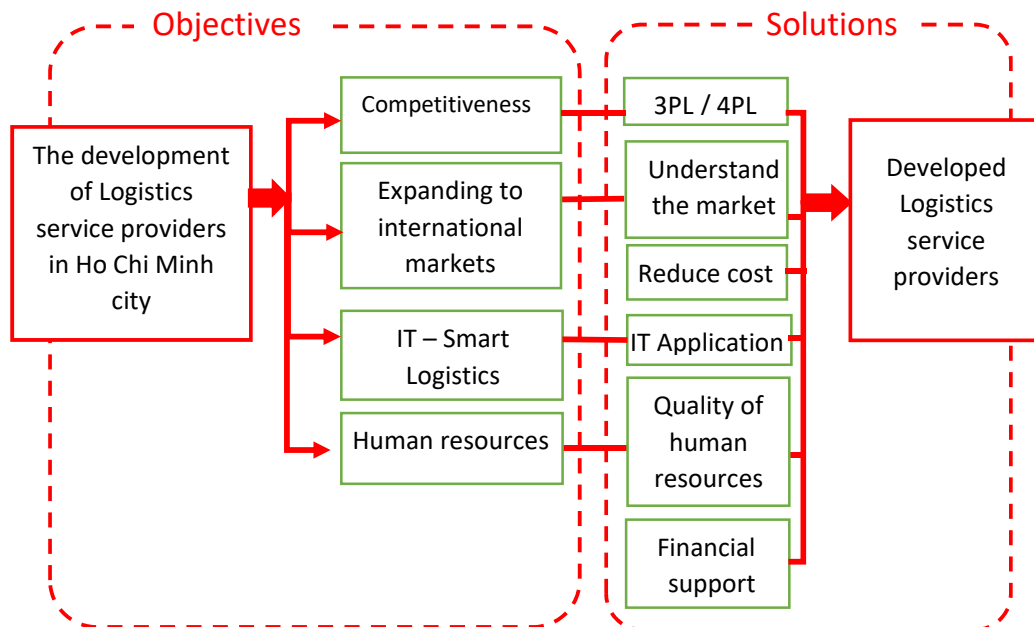


Figure 2. Specific objectives and solutions for the development of Logistics service providers in HCMC

2. Objectives

2.1. Concentrate on improving the competitiveness of Logistics service providers

The goal of developing Logistics service providers in the coming time in Ho Chi Minh City market is promoting the offer of all - inclusive services, connecting supply chains to customers, enhancing

the expansion of overseas agents for door-to-door goods delivery to customers. In addition to price competition, the top priority of Logistics companies should be their service quality; meet customers' needs for delivery time, quality of goods guaranteed, error - free paperwork, simple & quick procedures and handle customers' complaints professionally.

2.2. Expanding the customer group of enterprises internationally and deeply participating in supply chain of key industries of Ho Chi Minh City and neighboring provinces

Currently, the growth rate of Vietnam's Logistics industry is approximately about 16 – 20% per year (Vietnam Logistics Business Association – (VLA), 2018). Integrating businesses with diverse services requires close cooperation between enterprises to become professional 3PL and 4PL ones. In addition, companies also set higher targets to raise the outsourcing rate of manufacturing enterprises to over 60%.

2.3. Focusing on the investment of IT applications to improve service delivery efficiency and towards smart logistics

Logistics companies in the coming time should pay attention to investing in advanced I.T applications to improve logistics chain efficiency, such as: Internet of Things, cloud computing, Big Data and blockchain technology that foreign companies currently apply very widely. These technologies promise a lot of benefits, for example, the Internet of Things (IoT) connects all elements of Logistics together in real time, helping businesses respond to incidents almost immediately; and Big Data can analyze a huge amount of stored data, helping us maximize profits, accurately forecast demand, (Vietnam Logistics Research and Development Institute – (VLI), 2019) Therefore, Logistics companies need to make the most of the ability that these technologies bring to offer application products, saving investment costs.

2.4. Improve the quality of human resources at all levels: executive, management and operational; links enterprises with training institutions closely

Professionally train experienced human resources and is fully equipped with professional knowledge, knowledge of domestic and international laws. In order to meet integration age, foreign languages are a strongly important factor; it is necessary to formulate foreign language output standards for students, ensuring that only students who meet foreign language qualifications are considered for graduation.

Additionally, there should be close coordination between the training institutions and businesses, aiming at the goal of students having access to real-life situations while still on their education. Finally, enhancing the quality of the management team, as

this is a very important force, contributing to improving the quality of Logistics services.

Above is the analysis of objectives selection from the point of view of the research team. Here we will propose solutions to solve this objectives problem.

3. Solutions

3.1. Developing Logistics companies capable of providing 3PL and 4PL integration services

The potential of small businesses is very tiny, so only joint ventures can develop their capacity. According to the orientation of the Vietnam Association of Logistics Service Enterprises, businesses need to cooperate with each other. Logistics service providers need to rebuild the supply chain for each separate industry, because each industry has its own unique characteristics. For example:

Agro-fishery products need a cold supply chain and are quickly brought to the market to keep their freshness when they reach the customer's table. Currently, the demand for cold supply chains is very large due to the variety of product groups, but the supply is quite limited, only meet 10% of the market demand. Logistics service providers need to develop a cold chain model with standards for certain goods. For wooden household goods, there is no need for a fast shipment, but high precision and care when transporting are required.

That is an example of a number of industries that are growing with strong support from logistics services. Enterprises need to standardize the logistics process from the beginning, clearly stipulate the obligations and responsibilities of each individual involved in the process of providing services.

3.2. Market developing

Associated Logistics Companies: Ho Chi Minh City urgently needs to mobilize seaport enterprises, shipping lines and logistics companies in the area to organize business links with the operators of ICD, warehouses and transportation service providers in order to build a chain of services that support shippers in transporting, storing, and distributing products.

Prioritizing trade, large-scale import and export: Conducting promotional activities calling on commercial traders, large importers and exporters to study solutions to organize freight forwarding at ports and Logistics centers in Ho Chi Minh City.

Proactively attract Authorized Economic Operator (AEO): to transship goods through Ho Chi Minh City ports or to move investment into the desired area, improving the level of customs compliance, security, safety and quality of goods traded with the EU market, taking advantage of large quantities (due to large ships), thus providing fast, quality and affordable services.

3.3. Financial support

The tax incentive program will apply preferential tax rates to attract ship owners, shipping companies, agents and other related companies operating in the territory of Vietnam, as well as companies providing freight and logistics services in Ho Chi Minh City. International shipping companies; shipping agents; forwarding service companies with a global network using Ho Chi Minh City's infrastructure and committed to expanding their operations in Ho Chi Minh City will greatly benefited.

Benefits: Prioritized companies will be tax exempted for 10 years or enjoy a preferential tax rate of no more than 10% for 5 years. The extension will be subject to certain conditions.

Also, the preferential loan program for carriers and container owners will encourage companies to use preferential lending services to rent and buy vehicles and containers. Specifically, companies leasing ships or containers and investment funds enjoy preferential tax of up to 5 years on service revenue; enjoy a tax rate of less than 10% for corporate income tax. Companies with good business results, clear plans and a commitment to provide/use financial support services for ships and containers.

3.4. Enhancing the quality of human resources

Logistics vocational training policies, skills courses such as customs declaration, warehouse operation, ... should be strongly invested in, because the situation of "excess teachers, shortage of workers" is a very serious problem of Vietnamese human resources in general. The lecturers need to be fully equipped with in-depth knowledge and experience in the field of Logistics to have enough equipment to guide students.

It is necessary to invest in building online Logistics training platforms (e-platforms) so that students can research and self-study. Basic and advanced logistics training courses should be organized more often so that the enterprises managers can improve their workmanship and management skill.

3.5. Focusing on the investment of IT application

The Ho Chi Minh City Government should set up a digital map of Logistics points to serve the need of search, statistics, search and Logistics planning in the city area.

Investing in IT application to improve operational efficiency. Towards smart logistics on technology platform 4.0; building technology research and application centers for Logistics and supply chains: developing solutions with low cost and high application range to provide widely to the business community.

3.6. Reducing the cost of Logistics

One of the most costly costs for businesses is tolls, road maintenance and hidden costs such as "tips" for workers or "tips" for customs declaration. Cutting these costs down will help businesses save a fortune to reduce product cost.

Improve the efficiency of management and use of investment capital in infrastructure construction and transport infrastructure development; well exploit the existing transport infrastructure; strengthen the connection between modes of transport, prioritize investment in construction and upgrading of important and urgent works.

Focus on improving logistics infrastructure associated with e-commerce, combining Logistics with e-commerce according to current development trends in the world and the region. Through activities to improve business capacity, we need to focus on implementing Logistics activities on IT platforms and new technologies in Logistics.

The use of software and optimized platforms will help domestic Logistics companies in perform warehouse management, transport management and connection, and delivery management activities more effectively.

Finally, there should be researches and implementation of business cooperation models of Logistics services in Vietnam, including the use of free, easy-to-install applications on mobile devices to support cooperation in order to exploit and utilize the facilities of enterprises. (Nguyen-Hong-Van & Nguyen-Thi-Thuy-Hong, 2021)

4. Judgments and Conclusions

4.1. Judgments on the situation after implementation

Since the implementation of Decision (200/QĐ-TTg, 2017), the logistics industry in general has made significant progress. In early 2021, the government issued Decision (221/QĐ-TTg, 2021) to amend and reaffirm the target by 2025, the proportion of Logistics services' contribution to GDP reached 5% - 6% (compared to 8% - 10% GDP contribution in Decision 200) due to the impact of Covid - 19; the remaining goals are basically achieved. Vietnam's LPI index in 2018 increased by 25 places, ranking 39/160 compared to 64/160 of 2016 (WB, 2018).

However, there are some following limitations. Firstly, Vietnamese Logistics enterprises have not yet exploited their full potential. Secondly, regulations and procedures are still overlapping, causing time consuming. Thirdly, the cost of Logistics services of Vietnamese enterprises is still high (14.5 to 19.2% of GDP, while ASEAN average is 12.7% (VLA, 2018) due to poor Logistics infrastructure connection and severe container shortage in Q4/2020 and Q1/2021.

4.2. Conclusions

Through the process of studying the topic of the discussion and the results obtained, it can be concluded that although there are still many limitations mentioned above, the solutions offered by VLI are reasonable. Besides, researchers also have the following proposals:

- To promote research and development of supporting technologies, improve the rate of use of domestic logistics services of manufacturing companies; Enterprises need to be more proactive in approaching investment in new technology applications software packages like Warehouse Management System (WMS) and Transport Management System (TMS).
- Continue to promote administrative procedure reform in the direction of transparency and shorten the process to reduce costs equal to other countries in the region; According to Decision No. 221/QĐ-TTg of the Prime Minister, to develop Logistics human resources advisable to promote logistics training at the university level and Connect training organizations and logistics enterprises in Vietnam with other organizations foreign training institutions.

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PHÁT TRIỂN CÁC NHÀ CUNG CẤP DỊCH VỤ ĐỂ THÀNH PHỐ HỒ CHÍ MINH TRỞ THÀNH TRUNG TÂM LOGISTICS VIỆT NAM - MỤC TIÊU VÀ GIẢI PHÁP

Tran Chanh Nghia^{1,2*}, Mai Thi Dieu¹, Nguyen Chi Khang¹, Nguyen Minh Luat¹, Dinh Thi Hoai Nhi^{1,3}, Do Doan Trang⁴, Vo Trong Cang⁵

¹ Trường Đại học Kỹ thuật công nghệ TpHCM, Tp Hồ Chí Minh, Việt Nam,

² *cnghiatran1607@gmail.com*

³ *hoainhi.lgs@gmail.com*

⁴ Trường Đại học Bình Dương, *doantrang.bolt@bdu.edu.vn*

⁵ Trường Đại học Bình Dương, *vtcang@bdu.edu.vn*

Tóm tắt. Việt Nam được đánh giá là thị trường tiềm năng và hấp dẫn để phát triển ngành logistics. Hội nhập kinh tế cũng đã mở ra thời kỳ gia nhập sân chơi chung toàn cầu với các quy định và thể chế thống nhất trong lĩnh vực thương mại và dịch vụ quốc tế. Tuy nhiên, hiện nay, hầu hết các doanh nghiệp cung cấp dịch vụ logistics tại TP.HCM vẫn chưa thể nắm bắt được cơ hội phát triển này. Nhận thấy vấn đề nêu trên, nhiều công trình nghiên cứu đã được đưa ra nhằm tìm ra mục tiêu và giải pháp phù hợp với hiện trạng, bằng cách phân tích ý kiến chuyên gia, thu thập số liệu, nghiên cứu tài liệu để làm rõ vấn đề và mục tiêu cần nghiên cứu. Kết quả được tìm thấy thông qua các kênh truyền thông như báo và tạp chí; các trang mạng xã hội, diễn đàn logistics tuy còn tồn tại những hạn chế nhưng thực sự tích cực. Ngoài ra, nhóm nghiên cứu cũng có một vài đề xuất với hy vọng đóng góp vào giải pháp phát triển nhà cung cấp dịch vụ logistics tại TP.HCM.

Từ khóa: Mục tiêu; Các giải pháp; Nhà cung cấp dịch vụ; Logistics; Thành phố Hồ Chí Minh