

Development of Logistics Vietnam Services: Situation and Solutions



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ABSTRACT: Through the method of document research, analysis, and synthesis, the article has reviewed the current situation of logistics services in Vietnam during the period of 2017 to 2022. Accordingly, this service is developing at a relatively high rate but still some limitations such as incomplete legal policies, desynchronized infrastructure or small-scale Vietnamese logistics enterprises, lack of human resources and international operational experience. The article also points out that the cause of the above existence is the lack of an overall development strategy, the lack of inter-sectoral coordination, and Vietnam's current weak logistics human resources. Based on the existence and identified causes, the authors have proposed a number of solutions to remove difficulties for logistics service activities in Vietnam. Completing institutions and policies, developing infrastructure in a synchronous manner and increasing connectivity, improving business capacity and service quality, and training and developing logistics human resources are the solutions that have been proposed given in the article. Through these solutions, the authors hope that Vietnam's logistics service will have a breakthrough development in the future.

KEYWORDS: Solution; Logistics; Develop; Reality; Vietnam

1. INTRODUCTION

Vietnam has many potentials and advantages in developing logistics services. The Vietnamese government have focused on building and developing logistics services on the basis of taking advantage of potentials and advantages and turning logistics services into a spearhead economic sector, making positive contributions to improving productivity overall competitiveness of the economy. The development of logistics services in Vietnam in the period of 2017 - 2022 has achieved results such as a relatively high growth rate of service revenue of 14% - 16%/year, the quality of logistics services is improved. In addition to the achieved results, Vietnam's logistics services at this stage still have shortcomings and limitations such as the development of logistics services is not commensurate with the potential and advantages, the logistics infrastructure is not synchronized. Therefore, the article will analyze the situation of logistics service development in Vietnam in the period of 2017 - 2022, point out the achieved results, shortcomings, limitations and causes, on that basis, propose solutions development of logistics services in Vietnam by 2030.

2. REAL SITUATION OF DEVELOPMENT OF LOGISTICS SERVICES IN VIETNAM IN THE PERIOD OF 2017 – 2022

2.1. Result

Development of logistics services in Vietnam in the period of 2017 - 2022 has achieved the following results:

Firstly, the growth rate of logistics service revenue is quite high. In the period of 2017 - 2022, the growth rate of logistics service revenue is quite high at 14% - 16%/year, with a scale of about 40 - 42 billion USD/year.

Secondly, logistics infrastructure is invested and developed quickly, initially promoting efficiency. Many large and modern works have been put into operation. Related infrastructures such as roads, railways, waterways and airways have had a breakthrough and strong development. The focus on investment in developing transportation infrastructure with focus has contributed to the rational restructuring of the transport sector, ensuring the harmonious connection between modes of transport, and promoting the strengths of each mode., reducing transportation costs, improving efficiency and quality of transportation services, thereby enhancing the competitiveness of the economy.

Third, logistics enterprises increase in number and gradually improve in capacity. The number of logistics enterprises in Vietnam has grown an average of 8.16%/year, from 25,414 enterprises in 2017 to 37,406 enterprises in 2022. Vietnam's logistics performance index increased and reached 3.27 points per year 2018 compared to 2.98 points in 2016. Vietnamese logistics

Development of Logistics Vietnam Services: Situation and Solutions

enterprises increased to number, gradually improved their capacities and actively participated in supporting production, domestic circulation, import and export of goods. Enterprises participate in many stages in the logistics service chain, gradually moving to the stages with high added value. Have gradually formed a number of large enterprises and corporations in the field of logistics, applying modern technology, capable of competing with foreign enterprises such as Saigon Newport, capable of competing with other enterprises. Foreigners operating in Vietnam.

Fourth, the quality of logistics services is improved. The quality of logistics services of Vietnamese enterprises is increasingly improved. Currently, there are about 5,000 Vietnamese enterprises providing 3PL services. Vietnam has a full range of services in the logistics industry, many of which are developing according to advanced models in the world such as forwarding and delivery services, inland port/inland clearance (ICD) services. These services have applied many advances in science and technology, artificial intelligence (AI), and the management team is increasingly qualified. Some large-scale domestic enterprises have provided logistics services to Southeast Asian countries. Currently, there are quite a few logistics enterprises that are researching markets in Asia and Africa to provide international logistics services.

Fifth, the logistics service market is expanding. Vietnam's logistics service market is increasingly expanding. According to the Agility Ranking 2022, Vietnam's logistics service market is ranked 11th in the group of 50 emerging global logistics service markets. Rankings, scores, international opportunities, and business fundamentals tend to increase between 2017 and 2022 (Table 1).

Table 1. Ranking of Vietnam's Logistics Index in Emerging Markets 2017 - 2022

Year	Ranking	Score	Domestic opportunity	International opportunity	Business fundamentals	Digital transformation readiness*	Ranking in Southeast Asia
2017	19/50	5,33	5,73	5,32	4,87		5
2018	19/50	5,46	5,99	5,38	4,89		5
2019	10/50	5,48	4,88	6,12	5,31		3
2020	11/50	5,52	4,94	6,17	5,37		4
2021	8/50	5,67	5,04	6,41	5,44		3
2022	11/50	5,55	5,02	6,01	5,48	5,75	4

Source: Agility, <https://www.agility.com/>; * Only this criterion will be evaluated in 2022

Vietnam's logistics service industry has shown an important role in promoting production, business, import and export of goods, contributing to the implementation of new-generation free trade agreements (FTAs). The volume of goods transported by modes of transport will grow at an average rate of 8.16%/year in the period 2017 - 2022, from 1,383.2 million tons in 2017 to 2,009.6 million tons in 2022.

2.2. Existence, limitations and causes

In addition to the achieved results, the development of logistics services in Vietnam in the period of 2017 - 2022 still has some shortcomings and limitations as follows:

Firstly, the development of logistics services has not been commensurate with the potential and advantages of the country. Vietnam has potential and advantages in the development of logistics services, in the period of 2017 - 2022, Vietnam's logistics services develop rapidly, but it is still not commensurate with the potential and advantages of the country. Logistics costs are still high, competitiveness is low. Some targets of the Action Plan to improve competitiveness and develop logistics services in Vietnam by 2025 have not been achieved: The proportion of logistics services' contribution to annual GDP is at 4% - 5% GDP (the target in the Plan is 5% - 6% GDP); logistics costs are equivalent to 20.8% of GDP while the world average is 14% (the target is 16% - 20% of GDP). In recent years, Vietnam's logistics service industry seems to have only focused on developing the domestic market, has not developed commensurate with the country's potential advantages, high logistics costs, limited competitiveness, and connection with export industries is not tight...

Second, policies and laws on logistics services have not been completed. The legal framework system, policy documents, and legislation on logistics are many but incomplete. Currently, Decree No. 163/2017/ND-CP dated December 30, 2017 regulating logistics service business is a document that directly regulates conditions for logistics service business, but service businesses Logistics must also comply with the provisions of many other specialized legal documents. These regulations only focus on related aspects such as import and export business, customs warehousing. Some provisions of policies and laws on logistics services are still overlapping, generating many inappropriate administrative procedures and specialized inspections. Although, the governing bodies have issued many documents to guide the remedy, but there has not been an assessment of the implementation of policies

Development of Logistics Vietnam Services: Situation and Solutions

on management and development of the logistics service industry in an overall way to promptly amend to suit the characteristics of logistics activities in practice.

Third, logistics infrastructure is not synchronized, scattered and lacks connectivity. Vietnam's logistics infrastructure has been significantly improved in the period of 2017 - 2022 from the system of roads, highways, airways, railways, inland waterways, seaports, inland ports, airports logistics centers, warehouses, and yards, but are still incomplete and synchronous, not facilitating logistics activities to reduce circulation costs and develop sustainably. The road system, especially the expressway between localities and the planning of seaports and warehouses, is scattered and lacks connectivity. Our country has about 90 logistics centers but under 10 hectares, with this area just like a "dry port". Therefore, it has hindered the sustainable development of industries and localities, especially the logistics industry. Currently, 90% of exports are by sea, but we only receive 10% of the demand for logistics services, the remaining 90% are due to foreign countries. These are barriers to the development of activities of transporting goods, materials, warehousing, and comprehensive supply chain management in Vietnam today.

Fourth, logistics enterprises are mainly small and medium enterprises, limited in terms of capital, human resources as well as international operation experience. As of 2022, Vietnam has 37,406 enterprises registered to operate in the field of logistics services with industry code 5229. Domestic logistics enterprises account for 89% of the total number of logistics enterprises, but only account for about 30% of the market share. While, foreign-invested logistics enterprises only account for 11% of the total number of logistics enterprises, but with large scale, they account for about 70% of the market share. Vietnam's logistics enterprises are mainly small and medium enterprises (accounting for 95% of the total number of logistics enterprises), limited in terms of capital, human resources as well as international operation experience, there is no link between the stages in logistics supply chain and between logistics enterprises and import and export enterprises, so the competitiveness is weak, most of them work in small supply chains, lack professionalism, service costs are still high, the quality of providing some services is still low service is not high... In fact, Vietnamese logistics enterprises are only hired to transport to domestic ports by customers, after the port is decided by foreign enterprises. Therefore, in both buying and selling dimensions, domestic logistics enterprises are limited in terms of "playing ground".

Fifth, the logistics services market lacks transparency. The logistics services market lacks transparency, unfair competition, and has not brought into full play its internal resources and advantages for sustainable development. Logistics costs are high, economic linkages between localities and territories are still not tight... Logistics activities of goods transported and transported by road still account for a very large proportion (about 70%). While other modes such as railway, sea and waterway, the proportion is still small.

The above shortcomings and limitations stem from the following main reasons:

The logistics services industry still does not have an overall strategy for developing logistics services.

The inter-sectoral coordination mechanism in the field of logistics services is sometimes not effective and synchronous.

The implementation and coordination of national logistics service development tasks still face many difficulties due to the characteristics of the logistics industry, which includes many fields under the management of many different ministries and branches.

The coordination in research and implementation of planning by ministries, branches and localities has not really brought into play its effectiveness and efficiency. Most of the strategies and master plans for the development of logistics services of the Government just stop at the strategic level, long-term vision, no detailed planning for logistics services.

The ability of localities to coordinate in performing tasks in Decision No. 200/QĐ-TTg dated February 14, 2017 on approving the Action Plan to improve competitiveness and develop logistics services in Vietnam to 2025 and the coordination between localities and logistics enterprises is still limited.

Limitations in business size and ability to call and mobilize capital, experience and management qualifications, ability to apply information technology as well as human resource qualifications that have not yet met the requirements of international operations and another important reason is that there is no source of goods because Vietnam mainly exports FOB and imports CIF.

Currently, Vietnam's logistics human resources are still lacking and weak, not meeting the requirements, especially there is a lack of good logistics specialists capable of applying and deploying at enterprises. Human resources are lacking in quantity, weak in qualifications, lack of experience and professionalism. Professionally trained experts in this field are too few compared to the development requirements of the logistics service industry. Currently, only about 30% of human resources in logistics are trained in logistics, the rest are self-taught right in the working process.

Development of Logistics Vietnam Services: Situation and Solutions

3. RESEARCH METHODS

The article uses two research methods: data collection method and meta-analysis method. With the data collection method, the research team searched for documents in the form of articles and reports on the topic of logistics services in Vietnam. After excluding documents of unknown origin and controversial information published in the study, the documents that met the requirements were retained and included in the analysis in the article. From the appropriate documents, the authors have compiled the necessary information to clarify the current situation of Vietnam's logistics service development in the period of 2017 - 2022 and the limitations that still exist in this service. Next, the research team uses the method of analysis and synthesis to divide the information and results collected from documents on logistics services into specific groups and sets. Based on that, the authors identify the causes of existence, limitations and provide key solutions to develop logistics services in Vietnam by 2030.

4. SOME KEY SOLUTIONS TO DEVELOP LOGISTICS SERVICES IN VIETNAM BY 2030

In the period to 2030, the global economy and trade tend to recover in the context of great and unpredictable changes in the world, strategic competition between major countries, protectionist trends, and trade conflicts continue to increase; The fourth industrial revolution took place strongly, changing production structure, transportation methods, upgrading technology in the field of logistics; Digital transformation (digitization) of the supply chain is the application of technology solutions to optimize the supply process, making this process faster, proactive and responding to a larger transaction volume; The logistics service industry has received more and more attention from the Party, State, Government, ministries, branches, localities, associations, enterprises, and training institutions; Vietnam integrates more deeply into the regional and world economy, besides having to fulfill commitments to open the market, opening up many opportunities to develop trade and logistics services... International context and in the country with many opportunities and challenges intertwined that will affect the development of logistics services in Vietnam in the coming years.

4.1. Improve institutions and policies on logistics services

Promote administrative reform, improve business investment environment, create a competitive environment; accelerate reform of customs procedures, reduce and simplify specialized inspection procedures, standardize dossiers, implement commitments in the Agreement on Trade Facilitation of the World Trade Organization (WTO). ; increase the index of "Cross-Border Trade Transactions" of Vietnam, minimizing administrative procedures related to logistics activities.

Reviewing policy and legal documents related to logistics services, amending and promulgating new policies and laws governing logistics services in general and each specific industry (transportation, warehousing, forwarding and forwarding) , inspection ...), internalizing international commitments on logistics services, creating a favorable legal basis for logistics activities.

Review of international commitments on logistics services at WTO, Association of Southeast Asian Nations (ASEAN) and FTAs. Proposing measures to ensure compatibility in logistics commitments at international forums, between international commitments on logistics and domestic laws.

Adjusting and supplementing policies and laws on logistics services to facilitate the development of logistics service activities as well as domestic logistics enterprises.

To amend and supplement policies to support logistics enterprises, especially small and medium enterprises, to facilitate access to domestic and foreign capital sources, market development, training and access to information.

Completing financial mechanisms and policies, including mechanisms and policies on taxes, capital sources, interest rates, etc., to meet the needs of logistics service development. Create favorable conditions for logistics enterprises, especially small and medium enterprises, more convenient in accessing domestic and foreign capital sources.

It is necessary to have policies to encourage and promote enterprises towards green logistics development, especially small and medium enterprises; have a tax and fee mechanism to create incentives and reduce costs for businesses; encourage the use of alternative energy sources in road transport, encourage the change of modes of transport.

4.2. Developing logistics infrastructure in the direction of synchronization and increasing connectivity

Develop a master plan on infrastructure development of Vietnam's logistics industry in the period up to 2030, with a vision to 2045; to elaborate detailed plans on the establishment and modernization of national and international transport corridors; planning the system of seaports, inland ports, airports, railways and roads synchronously; planning synchronous logistics centers, associated with the general planning, with the development goals of the local, regional, regional and national...

Developing synchronous and modern logistics infrastructure, including transport infrastructure, technology infrastructure and connection infrastructure: Developing transport infrastructure including roads, railways, and inland waterways , sea and air routes along with a system of auxiliary works such as railway stations, airports, seaports, warehouses...; develop technology

Development of Logistics Vietnam Services: Situation and Solutions

infrastructure including information technology, digital platforms...; developing connection infrastructure including logistics centers and large-scale, modern and environmentally friendly inland ports/ICDs.

Building and completing logistics infrastructure for agriculture. Deploying to build a system of warehouses and logistics centers serving agriculture in large-scale agricultural commodity production areas and connecting from these regions to logistics centers and seaports, airports and border gates.

Investing in the development of synchronous transport infrastructure, ensuring connectivity and facilitating the development of logistics services; develop seaport infrastructure, including wharves and navigational channels of national seaports in accordance with seaport development planning; invest in building roads connecting to seaports, creating favorable conditions for port operations and logistics services; develop a road system connected with economic corridors and belts in accordance with the approved development planning.

Focus on technology development, innovation in the field of logistics services; accelerating the digital transformation process, applying information technology to change stagnation, create breakthroughs, improve competitiveness, and reduce costs.

Establishing a network of modern multi-level logistics centers and connecting transport routes with major cities and key economic regions in the country; improve the operational efficiency of logistics centers.

There should be policies to attract investment in the development of logistics centers through tax incentives, loan guarantees, credit insurance, low-interest financing, etc. In addition, the Government needs to improve the main system policies and mechanisms for attracting investment and doing business in exploiting and using seaports in line with the integration process and international practices.

4.3. Improve business capacity and service quality

To promulgate policies to support logistics enterprises, especially small and medium enterprises, to facilitate access to domestic and foreign capital sources, market development, training and access to information; Support start-up for logistics service businesses and enterprises to research and develop technology applied for logistics activities.

Prioritize budget allocation to support research, application, technology transfer and technical progress for logistics service development, and socialization of resources for logistics service development. Research and application of new technologies, technical advances in management, operation, training in supply chain and logistics services.

It is necessary to have mechanisms and policies to encourage and create favorable conditions for logistics enterprises and shipping enterprises to proactively enter into joint ventures and associate with railway, inland waterway and road transport enterprises to provide transport services multimodal transport services, as well as package logistics services.

Support the logistics service industry with capital to develop technology and digital transformation within the framework of the National Action Program on logistics. Currently, logistics enterprises in the new context need to have the ability to manage international goods flows and to be able to compete, they need to soon deploy high-tech comparison systems to better participate in the forwarding platform. Global transportation is in operation.

Developing strong 3PL, 4PL and 5PL logistics enterprises to be the locomotive for logistics enterprises in the industry, improving added value for the supply chain. Accelerating the application of technology, digital transformation, improving the quality of human resources and expanding international cooperation will help 3PL logistics enterprises strengthen and form 4PL logistics enterprises, even small and large enterprises. In the medium term, 4PL logistics enterprises that strengthen together with e-commerce platforms will form 5PL logistics enterprises.

4.4. Developing the logistics service market

Developing logistics enterprises in both quantity and size, focusing on developing 3PL, 4PL, 5PL enterprises and improving logistics service supply capacity to create logistics service supply for the market.

Develop production, import and export enterprises and promote trade, import and export of goods to increase demand for logistics service market.

Promote the development of outsourcing logistics services: Promote propaganda for manufacturing, import-export and domestic trading enterprises about the use of outsourced logistics services in the direction of specialization and reasonable division of labor. in the supply chain.

Developing strong logistics groups / leading enterprises, promoting overseas investment and exporting logistics services, creating orientation and driving force for market development; Form a network of large-scale logistics enterprises in Vietnam, capable of leading the market.

Implement the connection of logistics service chains to gradually meet the needs of the market, improve the efficiency of logistics service business; Mobilize social resources, including financial resources, to develop logistics service supply chains.

Development of Logistics Vietnam Services: Situation and Solutions

Review and finalize policies and regulations on transit and transshipment of foreign goods through Vietnam. Review and finalize policies and regulations on transit and transshipment of foreign goods through Vietnam in a way that is open, convenient and consistent with Vietnam's international commitments to exploit its geographical advantages in logistics service provision.

Developing the Vietnamese logistics service market in a competitive and transparent manner so that enterprises using logistics services can really enjoy quality logistics services at reasonable prices, forming a system of discounts and flowers reasonable remuneration in accordance with the forms of supply. Thereby creating the custom of outsourcing logistics services, supporting production, import and export enterprises to focus on performing basic and core functions, contributing to improving management efficiency and production and business efficiency business in the context of deepening integration into the regional and world economy.

Promote trade promotion for development of logistics services: Host and organize international logistics seminars, forums, fairs and exhibitions; organize research groups to go abroad and invite foreign business delegations to Vietnam to exchange investment opportunities and cooperation in the development of logistics services; supporting enterprises to open representative offices, invest abroad in the field of providing logistics services.

Expanding international cooperation in logistics services: Strengthening links with logistics associations and enterprises in ASEAN and in the world; attracting foreign logistics enterprises to invest and cooperate with Vietnamese logistics enterprises.

4.5. Training and developing logistics human resources

Develop a strategy for training and developing logistics human resources in the period to 2030, with a vision to 2045.

Promulgating and implementing policies to develop logistics human resources to meet the needs of logistics service supply chain development. Developing logistics human resources is not only good at professional skills and foreign languages, but also able to update new technologies and have good situational handling skills. Take advantage of external resources to develop logistics human resources.

Forecasting human resource demand in the logistics service industry, proposing support policies, prioritizing the development of high-quality human resources.

Improve the quality of logistics human resources through training human resources for the logistics service industry in a methodical and intensive way to build a team of logistics human resources with professional manners, professional knowledge, foreign languages, well apply information technology, understand the legal system and practices of the host country, understand international law and have wide relationships in the world.

Promote the training of logistics human resources at all levels, especially the training of high-quality human resources, equipped with the necessary knowledge and skills to meet the requirements of the domestic and foreign logistics market facing challenges from the Fourth Industrial Revolution - this is a key factor to improve competitiveness and quality of logistics services.

Improve the efficiency of logistics human resource training; focus on training logistics human resources for both state management agencies and enterprises to meet the fast development needs of the industry; basic training in logistics for state managers and business managers to be able to perform well the state management of logistics and management and development of logistics enterprises.

Develop and implement human resource training programs for the logistics service industry, especially high-quality human resources, industry experts with skills in applying and implementing logistics and supply chain management practices keep pace with industrialized countries.

Diversify logistics training forms such as online training, classroom training combined with practical training, on-the-job training at enterprises. Promote joint training, credit recognition, international diploma training in logistics. Support investment in infrastructure for training of the logistics service industry (logistics simulation room, information technology application center to handle and coordinate logistics activities...).

5. CONCLUSION

Vietnam logistics services in the period 2017 - 2022 have developed quite rapidly, achieving results such as the growth rate of logistics service revenue is quite high, the quality of logistics services has been improved, the logistics service market has been expanded. ... In addition to the achieved results, the development of logistics services in Vietnam in this period still has some shortcomings and limitations such as the development of logistics services is not commensurate with the potential and advantages of the country, policies and legislation. The law on logistics services has not been completed, the logistics infrastructure is not synchronized, it is scattered and lacks connectivity. In the period to 2030, the international and domestic context will create many opportunities and challenges for the development of logistics services in Vietnam. To develop logistics services in Vietnam by 2030, it is necessary to implement a number of solutions such as perfecting institutions and policies on logistics services,

Development of Logistics Vietnam Services: Situation and Solutions

developing logistics infrastructure in a synchronous manner and increasing connectivity, improving business capacity and service quality.

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