



THE WAY FORWARD

# GEMADEPT NEWS

*"Docking for Information"*

MAY 2024



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## CONTAINERSHIPS ABSORB RED SEA DIVERSIONS

Four months into the Red Sea diversions, liner shipping seems to have absorbed the disruptions with the major container carriers showing the first upward movement in five months for schedule reliability. Analytics company Sea - Intelligence in its later report on container carrier schedules reports the first monthly improvement achieving nearly 56 percent reliability in March which puts the industry back on par with the emergence from the pandemic. Late-arriving ships also reduced their waits by more than half a day to levels similar to November 2023. Carriers adjusted schedules, changed routings, and brought back into service additional tonnage helping to absorb the impact of the diversions on their operations.



“As the round-Africa (Cape Hope) routings normalize, and the carriers’ service networks stabilize, schedule reliability has started to improve,” reports Alan Murphy, CEO of Sea-Intelligence, “That said, reliability is still not on par with pre-crisis.”

Amid persistent and widespread geopolitical conflicts, the number of ships diverting to the Cape Hope route is increasing, with total capacity expected to exceed 5 million Teu in the coming weeks. The shortage of ships and containers is forcing carriers to increase vessel speeds once again, with the current average being between 18 and 20 knots.

The charter market accelerated last week, with prices and durations both increasing in tandem. The demand for tonnage is still not fully met although new ship deliveries are high due to the strong growth of global market, with charter rates increasing in all size segments except 1,400 teu and smaller sizes.

CMA CGM, Hapag-Lloyd, Maersk and SeaLead are among the most positive new charter rates in the past 2 weeks. In contrast, MSC continues to focus on the used vessel market, with 3,398 teu BOMAR RENAISSANCE joining earlier this month, at least 6 ships from 2,000 teu to 7,000 teu purchased, expected to join MSC in the next 2 months. MSC is continuing to expand the gap with Maersk to more than 1.5 million teu and will soon reach 5.8 million teu in total operating capacity, accounting for 19.5% of the global fleet.

*Source: The Maritime Executive & Linerlytica*

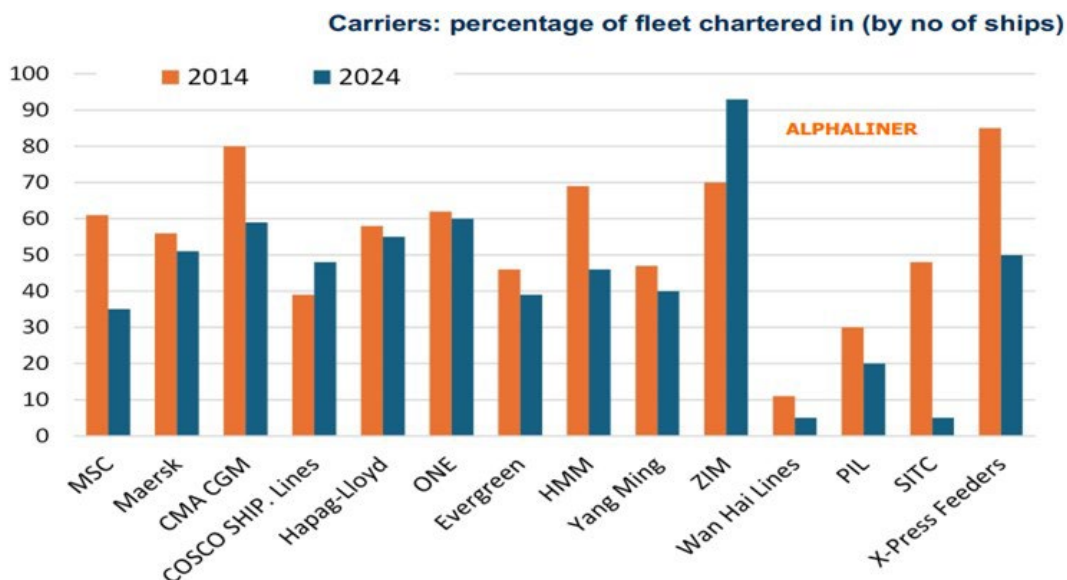
# WORLD NEWS

## OWNERSHIP VS CHARTERING

Carriers have been increasingly buying tonnage to expand their fleets, with chartering in retreat. The exceptional profits made in the aftermath of the Covid Pandemic have been key to the trend. MSC, CMA CGM, HMM, SITC and X-Press are the most striking examples. While ZIM is the only major exception with its chartered tonnage at its highest ever.

In the last 4 years, MSC has embarked on a huge vessel acquisition spree, including 88 newbuildings and a mind-blowing 355 used vessels. While the Geneva-based carrier had over 60% of its fleet on charter 10 years ago, the number of that having fallen to around 36% only. Considering the numerous purchase options or obligations that MSC is believed to use extensively, the proportion of vessels owned by MSC could even be higher than 70%. A huge figure considering that MSC now operates a fleet of 5.7 M Teu, versus 2.4 M Teu ten years ago.

CMA CGM has also massively boosted its ownership. While ten years ago the French carrier was the owner of roughly 20% of its operated fleet, its much bigger fleet is today 40% owned. Just like MSC the French line has embarked on an ambitious fleet expansion spree, ordering in excess of 80 new ships and buying no fewer than 112 used vessels in the last four years.



After 2016, HMM fully reset its business model, including moving out of expensive charters and building a modern fleet of large vessels for its own account. Today HMM only charters 45% of its fleet versus around 70 % ten years ago.

Chinese regional carrier SITC has seen an even more spectacular shift, with 95% of the fleet deployed by SITC now owned by the carrier, only got 5% left on charter. Another interesting evolution is X - Press Feeders (Sea Consortium), the Singapore-based firm. While 85% of the X-Press Feeder fleet was on charter ten years ago, it has gone down to only 50% in 2024.

Maersk, Hapag-Lloyd, ONE, Evergreen, Yang Ming, Wan Hai and PIL have meanwhile also all seen a growing share of owned tonnage in their respective fleet expansions.

A big exception to the trend is the Israeli carrier ZIM, decided to be “asset light”, massively opted for charter tonnage, 70% of ZIM's fleet was on charter in 2014, it has gone up to a staggering 93% today.

COSCO SHIPPING Lines has also seen a rising proportion of ship on charter, with 30 Seaspan's vessels. However, the merger with China Shipping container line (CSCL) carries grey areas in terms of vessel status, with likely more vessels actually owned by COSCO than it first appears, including a significant orderbook of large vessels that it will own.

Source: Alphaliner

# WORLD NEWS

## EFFORTS TO APPLY SUSTAINABLE AVIATION FUEL (SAF)



Cargo and passenger flights release an average of 1 billion tons of carbon into the environment each year, accounting for about 3% of global emissions. This has made the aviation industry one of the significant contributors to climate change. To address this issue, countries around the world have been researching cleaner and more sustainable aviation fuel. Sustainable Aviation Fuel (SAF) is a type of aviation fuel that generates around 80% less CO<sub>2</sub> emissions compared to conventional fuel. This alternative fuel is produced from waste plastics, used cooking oil, agricultural by-products, animal fats, or biomass from wood, algae, or sawdust.

Currently, many countries and regions worldwide are aiming to increase the proportion of SAF in the total annual fuel consumption of airlines. To promote sustainable aviation fuel, the European Union has set a target of using 2% SAF by 2030 and 5% by 2050 under a common agreement within the block. In Asia, the Japanese government has set a target to raise the proportion of SAF in the total annual fuel consumption of domestic airlines to 10% by 2030. Singapore Airlines has announced plans to use 1,000 tons of SAF in 2024, with the goal of reducing 2,500 tons of carbon emissions.

However, the use of SAF worldwide is still limited due to its high cost. Estimated production costs range from \$1.4 to \$11.5 per liter, which is 2-16 times more expensive than traditional jet fuel. Nonetheless, the International Air Transport Association (IATA) forecasts that SAF could account for 2% of global aircraft fuel by 2025, 17% by 2035, and 65% by mid-century.

Vietnam is also gradually embracing this sustainable energy solution.

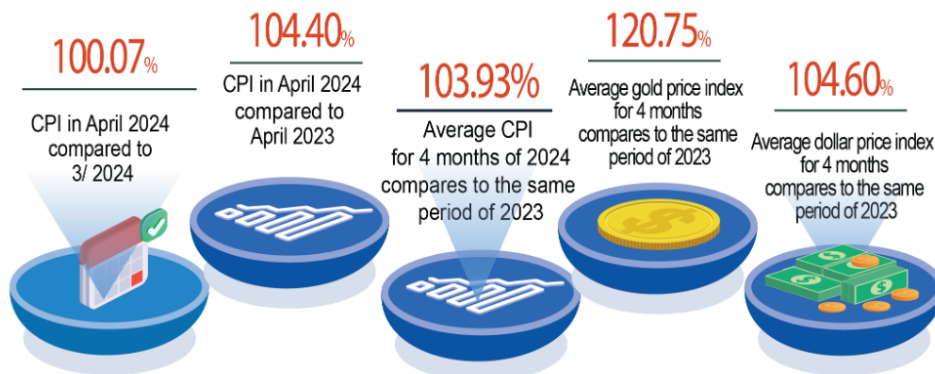


## IMPORT – EXPORT FIGURES FOR THE FIRST 4 MONTHS OF 2024

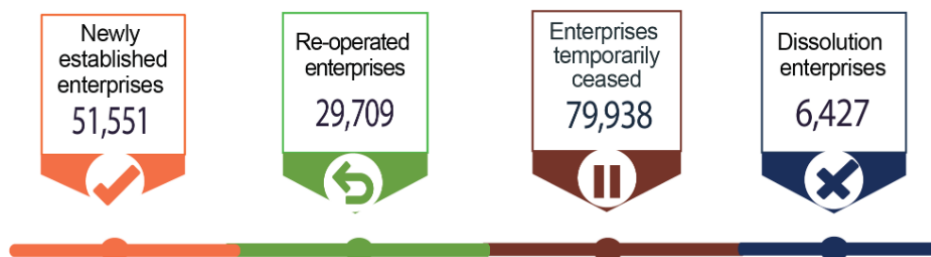
### EXPORT AND IMPORT OF GOODS FOR THE FIRST 4 MONTHS OF 2024



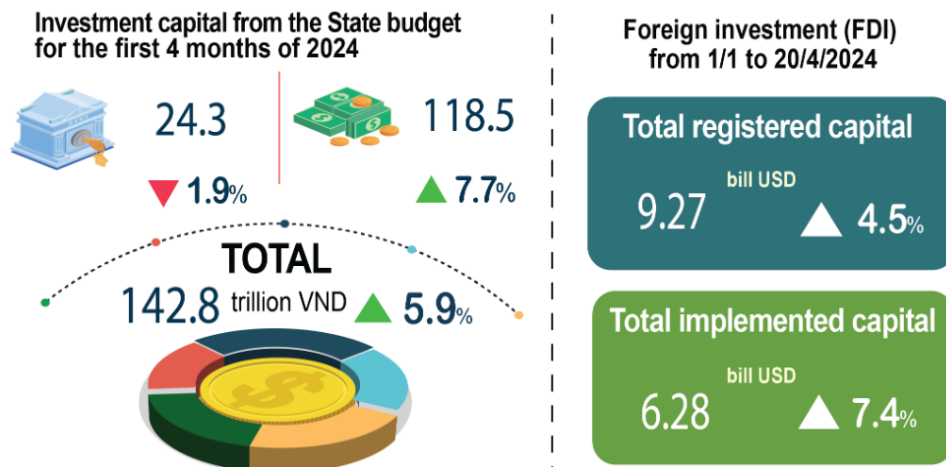
### PRICE INDEX



### ENTERPRISE REGISTRATION STATUS FOR THE FIRST 4 MONTHS OF 2024



### INVESTMENT



## FOREIGN DIRECT INVESTMENT (FDI) IN VIETNAM IN FIRST 4 MONTHS OF 2024

### Foreign Investment:

- Total newly registered, adjusted, and contributed capital and share purchase (GVMCP) capital of foreign investors (FDI) reached about 9.27 billion USD, an increase of 4.5% compared to the same period in 2023.
- Newly registered investment capital increased by 73.2%, while adjusted capital and capital contribution for share purchase decreased by 25.6% year-on-year.
- Disbursed capital of FDI projects is estimated at around 6.28 billion USD, an increase of 7.4% compared to the same period in 2023.

**Investment Partners:** 50 countries and territories investing in Vietnam in the first 4 months of 2024. Among which:

- Singapore continued to lead with a total investment capital of 2.93 billion USD (accounting for 31.5% of total capital), an increase of 33.3% compared to the same period in 2023.
- Hong Kong ranked second with over 898.6 million USD, accounting for 12.6% of total investment capital, nearly 2.3 times higher than the same period last year.
- Followed by Japan with 814.1 million USD (11.4%), China with 740.2 million USD (10.4%), Turkey with 730.1 million USD (10.3%), and Taiwan with 512.3 million USD (7.2%).

### Investment Destinations:

- Hanoi, Bac Ninh, Quang Ninh, Thai Nguyen, Ho Chi Minh City, Dong Nai, Ba Ria-Vung Tau, Hung Yen, Bac Giang, Hai Phong: accounted for 74.8% of the number of new projects and 79.1% of total investment capital in the country.

### Overseas Investment and Import-Export Activities:

- Total capital: 98.9 million USD, a decrease of 35.6% compared to the same period in 2023.
- The FDI sector had a trade surplus of over 15.89 billion USD (including crude oil) and 14.94 billion USD (excluding crude oil).
- Domestic enterprises had a trade deficit of over 8.6 billion USD.



## VIETNAM GOODS EXPORTS ARE ACTIVELY RECOVERING

Thanks to the recovery of the world market, increased orders have helped Vietnam's goods exports achieve positive results after 4 months, earning about 123.64 billion USD, up 15% over the same period last year.

Statistics from the Ministry of Industry and Trade show that goods export turnover in April 2024 is estimated to reach 30.94 billion USD, up 10.6% over the same period last year. Overall, in the four months, goods exports earned about 123.64 billion USD, up 15% over the same period last year.

The highlight is that exports grow strongly and evenly in all three commodity groups, specifically, the agricultural products group is estimated to reach 11.98 billion USD, up 26% over the same period in 2023, accounting for 9.69% of the total export turnover.

Notably, export prices increased so most products in this group achieved high double-digit export turnover growth rates compared to the same period last year, such as: coffee increased by 57.9%; rice increased by 36.5%; Tea of all kinds increased by 25.5%; vegetables and fruits increased by 32.1%; Cashew kernels increased by 21.2%; Cassava and products from cassava increased by 19.2%.

Meanwhile, exports of processed and manufactured industrial goods also promote their advantages, with an estimated result of 104.65 billion USD, an increase of 14.5% over the same period in 2023.

The Ministry of Industry and Trade assessed that Vietnam's key markets and major trading partners all had a good recovery. For example, exports to the United States are estimated to reach 34.12 billion USD, up 19.1% over the same period last year (same period decreased 21.6%); Next is the Chinese market estimated at 17.96 billion USD, up 14.4% (same period in 2023 down 13%); EU market is estimated at 16.35 billion USD, up 15% (same period down 10.8%); Korea is estimated to reach 8.36 billion USD, up 10.2%; Japan is estimated to reach 7.66 billion USD, an increase of 4.6%.

On the contrary, in April, about 30.26 billion USD was spent to import all kinds of goods. First 4 months of 2024, import turnover is estimated to reach 115.24 billion USD, up 15.4% over the same period last year.

Accounting for 89% of total import turnover is machinery, equipment, tools, spare parts and raw materials for domestic production, with an estimated turnover of 102.4 billion USD, an increase of 17.2% over the same period in 2023, showing signs of positive recovery of production and export when the demand for imported machinery, equipment and tools, spare parts and raw materials for production increased quite high.

Thus, in April 2024, Vietnam continues to have a trade surplus of about 0.68 billion USD. Accumulated for 4 months, the trade balance of goods is estimated to have a trade surplus of 8.4 billion USD (same period last year, trade surplus was 7.66 billion USD).

In order to achieve higher export results in the coming time, leaders of the Ministry of Industry and Trade have asked functional units to support and remove difficulties for businesses, closely monitor market developments and changes in related policies to propose appropriate solutions and develop a variety of traditional and new export markets.



## THE PROGRESS OF HA NAM CHANNEL PROJECT



**PICTURES OF HA NAM CHANNEL AND DREDGING OPERATIONS**

*After more than 3 months of construction, the project to upgrade the navigation channel of Hai Phong, led by Nam Dinh Vu Port - a subsidiary of Gemadept Corporation, has entered the final phase to ensure timely delivery according to schedule.*

As of the beginning of May 2024, the total volume of dredging has been reaching 79% of the planned target, with the intention to commence operations from June of this year.

Currently, Nam Dinh Vu Port is actively monitoring the progress of dredging as well as necessary administrative procedures for maritime depth notification.

The upgrading of the port's entrance channel will continue to enhance the capacity of Nam Dinh Vu Port in the near future, enabling it to accommodate vessels up to 48,000 DWT (fully loaded) with a maximum draft of -11.5m.

As one of leading enterprises operation Port and Logistics ecosystem from North to South, Gemadept is deeply aware of the roles and responsibilities of businesses, accompanying the Ministry of Transport and the Maritime Administration in the progress of developing maritime channel infrastructure in Hai Phong, contributing to promote Vietnam's supply chain connection with the world.

## NAM DINH VU PORT ENHANCES PRE-FRONTAL EQUIPMENT TO IMPROVE OPERATIONAL CAPACITY



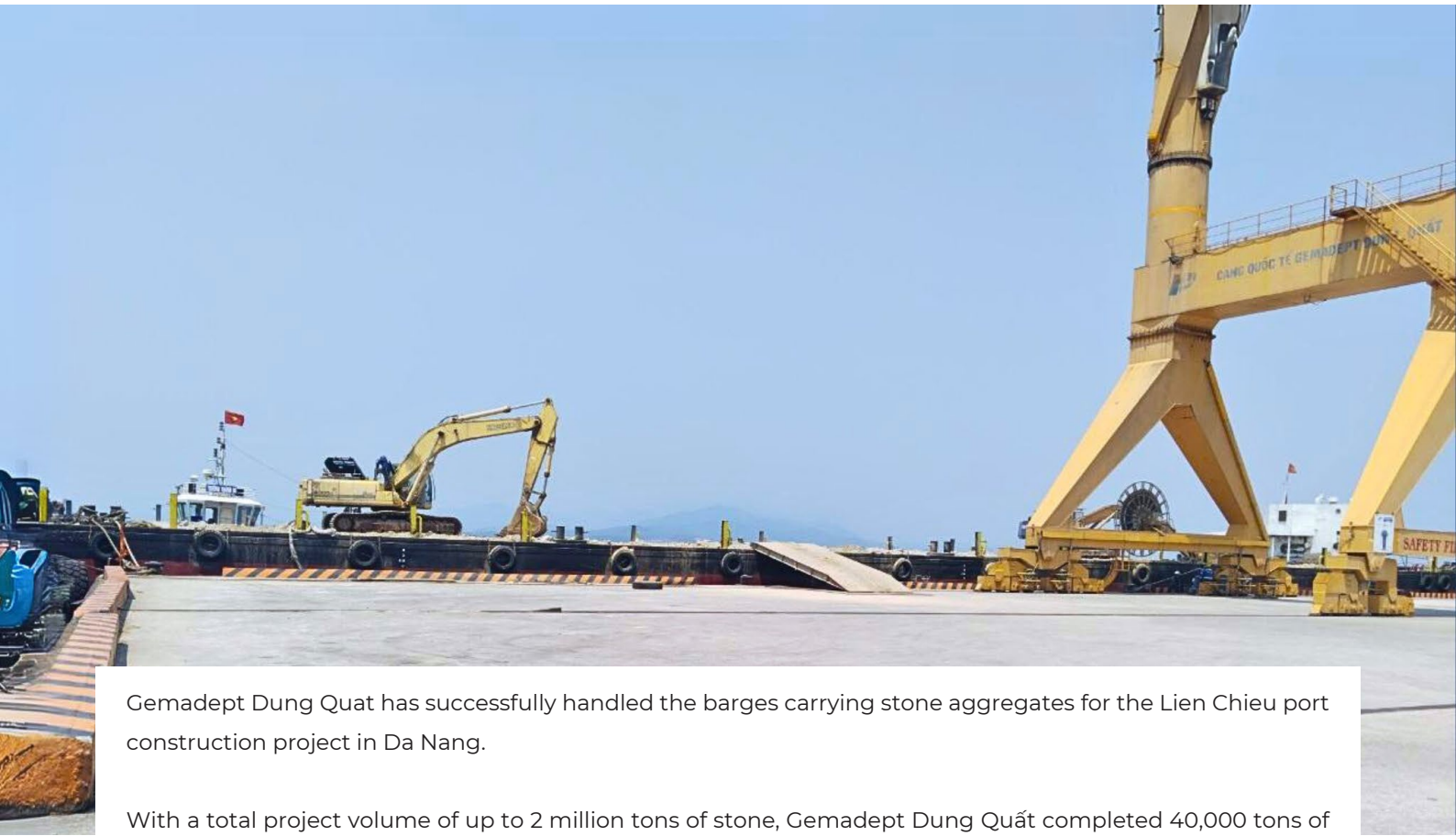
*After 01 month of installation and testing, Nam Dinh Vu Port has officially put into operation the 6th generation Konecranes Gottwald mobile crane on April 29, 2024.*

The Gottwald crane from Konecranes, with its outstanding capabilities, has a maximum lifting capacity of 125 tons and outreach of 49 meters (equivalent to 15 rows), to serve container vessels size up to Panamax class. Additionally, the equipment is equipped with modern diesel. The crane is powered by a modern diesel engine with optimized fuel consumption to minimize emissions.

With the upgrading and supplementation of handling equipment, along with the ongoing channel upgrade project, Nam Dinh Vu Port continuously delivers better service quality to customers, enhancing its exclusive competitive advantage in the market.



## GEMADEPT DUNG QUAT EXPANDS SERVICES FOR KEY PROJECT



Gemadept Dung Quat has successfully handled the barges carrying stone aggregates for the Lien Chieu port construction project in Da Nang.

With a total project volume of up to 2 million tons of stone, Gemadept Dung Quất completed 40,000 tons of stone in April, ensuring safety and achieving high productivity of 5,000 to 6,000 tons per day. This achievement contributes to accelerating the construction progress and backfilling the foundation for the Lien Chieu port construction project in Da Nang.

With a team of enthusiastic and experienced employees, Gemadept Dung Quất is confident in meeting all requirements for cargo transportation and bulk cargo handling and is committed to continuously improving the capacity to provide safe and efficient services to customers.





# GEMADEPT NEWS

## ANNOUNCEMENT ABOUT NAM HAI PORT



Dear esteemed customers,

Gemadept would like to express our sincere gratitude to all valued customers who have trusted and supported our services at Nam Hai Port so far.

**We would like to inform that on 16th April, 2024, Gemadept Corporation successfully divested all of the company's shares in Nam Hai Port.**

This information has been published on our website: <http://www.gemadept.com.vn> since **17th April, 2024.**

Gemadept is honored to continue accompanying and providing our customers with the best quality service experiences from the Gemadept Port and Logistics ecosystem:



Sincerely Yours!



## THE WAY FORWARD



GEMALINK INT'L PORT



PHUOC LONG ICD PORT



BINH DUONG PORT



PACIFIC MARINE EQUIPMENT



BINH DUONG TRANSPORT



GEMADEPT CONSTRUCTION



PACIFIC MARINE CO., LTD.



GEMADEPT CENTRAL



GEMADEPT DUNG QUAT



NAM DINH VU PORT



NAM HAI ICD



GEMADEPT ASL CO., LTD



GEMADEPT PORT SERVICES



PACIFIC STEVEDORING



Mekong Logistics



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