in interest to customers, that is, the bank makes a profit of 2.8 billion (14 billion - 11.2 billion) minus the running cost of 2.4 billion ( that is 800 billion x 0.3%), and its net profit is 0.4 billion".

He thought that the running cost equalled to 0.3% of 800 billion (amount the bank lent to customers), instead of 0.3% of 1,000 billion (bank deposits), and made the running cost reduced easily.

In any cases, if the bank can't employ 80% of bank deposits, it has to reduce the borrowing rate paid to depositors.

Another expert from the State Bank said that the difference of 0.35% was acceptable because in foreign banks the running cost was limited to 2.5% for a year (or 0.208% a month) in comparison with the difference of 4.2% for a year (or 0.35% a month) in Vietnam. Saying so, he didn't take the small-scale business activity of Vietnamese banks into consideration. The running cost of 0.208% of a foreign bank is enough to cover all running cost of tens of Vietnamese commercial banks.

*The fourth lesson*: the policy-marker has to provide for future happenings.

Taking wrong measures to carry out a right policy never produces intended results. Learning about a sudden reduction in interest rate, many bankers saw that they would suffer losses, but a lot of experts from the State Bank didn't share this opinion, and then 9 HCMC-based banks have suffered losses since April 1996. The facts speak for themselves.

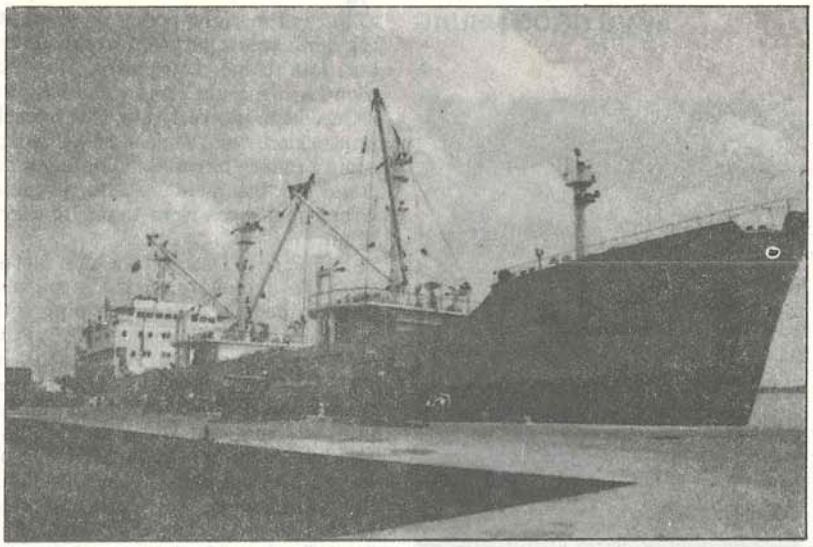
*The fifth lesson*: don't go to extremes.

In the period 1994-1995, the interest rate was allowed to move freely and after Jan.1,1996 it was kept too well under control. Another fact was that in 1995 exporters (or importers) could easily require banks to open an L/C, but until recently, they had to made a deposit of 80% before an L/C was opened.

One of great achievements in the first half of the year was that the inflation rate was kept under 3.8%. To maintain this rate, the interest rate must be kept lower and not far from the average rate of return, otherwise another shock will come. The same thing is coming to exporters and importers when they are required to make a 80-per-cent deposit before opening an L/C.

Lessons drawn from the sudden reduction in interest rate may help us achieve greater results and keep us away from unnecessary damaging side-effects■

# PORT SPECIALIZED IN RICE EXPORT FOR THE MEKONG DELTA



By MINH TÂM

Being a rice exporter ranking fourth worldwide, but with the same quality as Thai rice, Vietnam has to sell its high grade rice at US$50-60 per tonne lower than Thai rice and low grade rice US$20-30 per tonne lower. The obvious reason is our rice is not well preserved when transported from the harvesting place to ship for export. As mentioned by Prof. Dr. Lê Quả, Director of the Transport Economic Science Center in the south (TESC), "To secure the quality of rice exports, we must install the system of humidity treatment, husking, and packing right at the port". This requirement has not been met yet since Vietnam has no port specialized in this field.

In May 1996, a project on rice export specialized port of the TESC was completed and submitted to the HCMC People's Committee. As planned, the rice port will be located at 11° 39' 15" NL and 106°45'15" WL, on the area of 332.5 hectares in Bình Khánh commune, Cần Giờ District, HCMC. The new port's capacity is over 23 million tonnes of exports, imports, working time is 18 hours a day and 300 days a year. Dr Lê Quả said the whole Bình Khánh Port (proposed name) includes three quays: (1) rice quay with a network of rice storage, husking and preser-

vation, serving for the rice bank, (2) fertilizer quay with a network of warehouses, (3) container quay with a network of warehouses used for taking goods out of containers. After earning certain profits from the exploitation of the port, a 575 m wide bridge across the river and a 3,940 m long expressway leading to the bridge will be built.

As compared with the Saigon Port, it is 27 km shorter from the Cần Thơ Port to Bình Khánh Port. The Saigon Port currently has four shortcomings: lacking river wharfs, so goods must be transported by road, high density of traffic entering and leaving the port, affecting the city communication; having no site for building a plant for husking, packing rice at the port, so the quality of rice exports will be reduced due to transport via intermediary means; otherwise, the capacity of loading here can only reach 800-1,000 tonnes per day.

The Cần Thơ Port lies at the center of the Mekong Delta, but the 7000 DWT ship can land when there is a tide (because the Định An mouth is not stable). Thus the competitive advantage is not considerable with a 7000 DWT ship.

The comparison of existing rice ports shows the Bình Khánh Port, upon completion, will have four outstanding advantages: (1) near Road 34, interprovincial road 15, 15B and belt road (being built). This is basically favorable for a container port; (2) river lines to Bình Khánh Port do not meet sea lines; (3) the river wharf is parallel to the sea wharf, helping reduce transport fee in the inner port; (4) the natural depth of the Bình Khánh sea wharf is from -20m to -9.5m, along the length of 2,650 m, therefore the two wharfs at the river lower section can receive 30,000 DWT ship when they are dredged.

The total cost of Bình Khánh Port is estimated at US$570,345,543, with annual turnover of US$167,798,742 (including charges of wharfs, loading and unloading containers, storing containers, unloading rice, piling rice bags, unloading fertilizer, piling bags of fertilizer). As proposed by Dr. Lê, upon completion, the Bình Khánh Port will have full power to compete with other ports. Its profits will guarantee the payment of principal and interest of loans for port construction. Thus, apart from proposal that we should not joint venture with foreigners in the Bình Khánh project, Dr Lê said:"Rice is necessary for the country's political stability, so we cannot form joint venture in this area". Receiving overseas loans and mobilizing domestic capital under the form of joint stock company are certainly feasible for the Bình Khánh project, and according the project planners, the birth of Bình Khánh Port will contribute to building the first industrial complex in Cần Giờ District, where the residents earn the lowest incomes in HCMC and always face with the hunger problem every year■

**ESTIMATION OF GOODS VIA HCMC PORTS BY THE YEAR 2000 (unit: tonne)**

| Year | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 |
|---|---|---|---|---|---|---|
| Capacity | 12,152,000 | 15,059,000 | 18,663,000 | 23,130,000 | 28,665,000 | 35,524,000 |
| Including | | | | | | |
| Rice | 1,196,000 | 1,483,000 | 1,838,000 | 2,278,000 | 2,824,000 | 3,556,000 |
| Fertilizer | 407,000 | 505,000 | 626,000 | 776,000 | 962,000 | 1,194,000 |
| Container | 492,743 | 637,245 | 824,046 | 1,065,657 | 1,378,107 | 1,782,000 |

**COMPARISON OF TECHNICAL CHARACTERISTICS OF MAJOR PORTS**

| Technical characteristics | Saigon Port | New Port | Bến Nghé Port | Thị Vải Port | Bình Khánh Port |
|---|---|---|---|---|---|
| Wharf | 2,222 m | 530 m | 528 m | 1,680 m | 2,650 m |
| Wharf depth | -10.8 m | -9.5 m | -10.5 m | -15 m | -9 m to -20 m |
| Warehouse | 68,344 $m^2$ | 19,800 $m^2$ | 11,400 $m^2$ | | |
| Yard | 129,709 $m^2$ | 154,500 $m^2$ | 46,000 $m^2$ | | |
| Entering flow | 85 km | 88 km | 80 km | 41 km | 61 km |
| Depth of flow | -8.5 m | -8.5 m | -8.5m | -10.6 m | -8.5 m |
| Ship received | 25,000 DWT | 15,000 DWT | 20,000 DWT | 30,000 DWT | 30,000 DWT |
| Barge wharf | | | | 2,500 m | 7,635 m |
| Natural surface | | | | 97.6 ha | 332.5 ha |
| River edge | | | | +0.7 m | +1 m |
| Calm limit | 44.6 m | 44.6 m | | | |
| From Cần Thơ | 220.5 km | 223.5 km | 215 km | 221 km | 193.5 km |

Source: Project on rice specialized port for the Mekong Delta of the Transport Economic Science Center in the South.