

**SPEECH BY MR RAYMOND LIM, MINISTER FOR TRANSPORT
AND SECOND MINISTER FOR FOREIGN AFFAIRS, AT
SINGAPORE MARITIME FOUNDATION'S NEW YEAR COCKTAIL
RECEPTION, 08 JANUARY 2009, 6:15 PM AT SENTOSA
PAVILION, THE GOLF CLUB**

Mr S S Teo, Chairman, Singapore Maritime Foundation,

Distinguished Guests,

Ladies and Gentlemen,

I am happy to be here today, to join our partners in the maritime industry to welcome the New Year.

Port and Maritime Performance in 2008

1. 2008 will be mostly remembered for the onset of the global financial crisis. Similarly to many of our trading partners, our economy is facing a difficult year ahead. The maritime industry is also affected by the economic downturn. In November 2008, Singapore experienced its first decline in month-on-month container throughput traffic since 2001. Less cargo is being shipped due to the falling demand for goods and services. Tightening liquidity available to businesses is also affecting our shipowners and operators.

2. But not all is doom and gloom - Singapore remains an attractive hub port vis-à-vis our competitors, notwithstanding the downturn. In 2008, Singapore maintained its leadership position in container throughput, having handled very close to 30 million TEUs. This is an increase of 7.1% over 2007. Over the same period, total vessel calls at our port in terms of shipping tonnage grew by 11.1% per cent to 1.6 billion gross tons and bunker sales volume grew by 10.7% to 34.9 million tonnes.

3. Our continuous investment in enhancing Singapore's attractiveness as an international maritime centre is also paying off. Over the year, the Singapore Registry of Ships grew by 10.4% to reach 43.7 million gross tons. An increasing number of international shipping groups are establishing their presence in Singapore under our Approved International Shipping (AIS) scheme. We now have more than 100 AIS companies with projected committed local business spending of about \$3 billion annually.

4. Ancillary maritime services have grown in both breadth and depth, to support our port operations and the needs of ship owners and operators. In 2008, many leading shipbroking companies, banks with shipping portfolios, marine mutuals and Lloyd's Syndicates set up new offices or expanded their operations, in Singapore. These companies include shipbroker Barry Rogliano Salles, banks such as Commerzbank and Deutsche Bank, and marine insurers QBE Marine and Energy Services. North of England, one of the key international P&I[1] Clubs, also upgraded its presence from a representative office to a branch office.

Key Initiatives in 2008

5. The Maritime and Port Authority (MPA) has had a busy year supporting the growth of the industry with many key initiatives. Steps were taken to further enhance our port competitiveness. Key initiatives in 2008 include the introduction of WISEPORT, bringing convenience to ships by allowing them access to broadband services up to 15km from Singapore's southern coastline. Singapore is now the world's first mobile WiMAX ready seaport. To enhance Singapore's reputation as a top bunkering port with the highest standards, we unveiled a new national bunker supply chain standard, the Singapore Standard 600, or SS 600. The new standard helps to ensure the safe and efficient delivery of the correct quality and quantity of bunkers. We also introduced BunkerNet, an online automation platform, to boost the efficiency of Singapore's bunker supply chain. To support Singapore's growth as a major

refuelling hub and one-stop centre for the international maritime fleet, we opened a new purpose-built lighter terminal at Penjuru. Work on the Pasir Panjang Terminal, or PPT, is also making good progress. Targeted to be completed in 2013, PPT's increased capacity will help to sustain Singapore's long-term growth and connectivity.

6. Last October, MPA hosted the iconic Singapore Maritime Week. The event, which attracted thousands from the world over, helped liven up the local maritime scene and contribute to the maritime buzz. The preparations are already on-going for this year's Singapore Maritime Week which will be held from the 20th to 24th of April. For the first time, the biennial SeaAsia Conference and Exhibition, which is co-organised by the Singapore Maritime Foundation and Seatrade, will be held in conjunction with the Singapore Maritime Week. I look forward to a week that promises not only vibrant events, but one that will anchor Singapore as a meeting point for the international maritime community.

7. On maritime careers and manpower, the first online careers-portal dedicated to the maritime industry was launched in 2008 to facilitate talent attraction. To help our businesses, enhancements were made to the various maritime incentive schemes. For example, the Maritime Finance Incentive scheme was expanded to include partnerships and container leasing activity. Forex and hedging gains were included as qualifying income under the various schemes.

8. In addition, I am happy to announce that the waiver of withholding tax on overseas interest payments to finance the purchase of Singapore flag vessels under the Block Transfer Scheme (BTS) of the Singapore Registry of Ship (SRS) will be extended for another 5 years. At the same time, the BTS has also been enhanced. Instead of the existing criteria of requiring at least two ships to qualify, the BTS will now allow a single vessel of 40,000 net tons or more to qualify. This will enhance the attractiveness of the Singapore flag and help our

shipowners lower their business cost, which is of immediate concern in the current economic climate.

Looking ahead

9. We recognize that the months ahead will be difficult with the global economic crisis rearing its head. The Singapore government will continuously explore ways to assist companies and stakeholders in the near term. We will announce suitable assistance measures at the appropriate time.

10. The government remains committed to Singapore's long-term maritime growth strategy. To ensure that we emerge stronger when the economy picks up, we will keep up our investment for the long-term in areas such as Research & Development, manpower training, and new infrastructure.

11. Looking ahead, the long-term fundamentals of the maritime industry remain strong. There is no substitute for shipping as more than 90 per cent of world trade is transported by sea. Once the global economy improves, we can expect the maritime sector to resume its steady growth.

Conclusion

12. I look forward to the continuous and win-win partnership between the government and industry to collectively grow Singapore's maritime sector in 2009 and beyond. With your support, I am confident that we will be able to ride through this challenging time and enjoy many more years of smooth sailing ahead. On this note, I wish you a pleasant evening.

Happy New Year.