

**SPEECH BY MR MICHAEL CHIA, CHAIRMAN, SINGAPORE MARITIME FOUNDATION
AT THE SMF NEW YEAR COCKTAIL RECEPTION, HELD AT SHERATON TOWERS
SINGAPORE
THURSDAY, 12 JANUARY 2012, 7PM**

Mr Lui Tuck Yew
Minister for Transport and Second Minister for Foreign Affairs

Mr Choi Shing Kwok
Permanent Secretary for Ministry of Transport

Mr Lucien Wong
Chairman of Maritime and Port Authority of Singapore

Distinguished guests

Ladies and gentlemen

Good evening and a very warm welcome to the Singapore Maritime Foundation (SMF)'s annual New Year Cocktail Reception.

Celebrating the New Year as one maritime family

1. I am happy to see many familiar faces and wish to thank all of you for attending this annual reception organised by SMF. As one of the key networking events for the local maritime community, the SMF New Year Cocktail Reception brings together maritime leaders, both in the public and the private sectors, on this joyous occasion to usher in the New Year as one maritime family.

Notable achievements in 2011 – *Sea Asia 2011*

2. As we do so, we cannot help but recall some of the highlights that SMF achieved during the past year, 2011. Amidst a somewhat tumultuous year that was threatened by a second financial crisis, SMF managed to anchor its footing and continue to push forth initiatives to make Singapore a leading international maritime centre. The third edition of our flagship event, *Sea Asia 2011*, held in April saw a record number of more than 12,000 participants, with a total of over 340 exhibiting companies. Through *Sea Asia*, we hope to cement Singapore's standing as an international maritime centre in this region and make the next show in 2013 an even greater success.

Notable achievements in 2011 – Singapore Ship Sale Form (SSF)

3. 2011 also marked the official launch of the Singapore Ship Sale Form (SSF). Since the launch, many of our friends in the legal sector have written commentaries and these efforts have certainly helped to raise the awareness of the form among fellow lawyers and shipowners, in Singapore and overseas. In October last year, SSF was formally adopted by the Asian Shipowners' Forum (ASF) as their recommended Sale and Purchase (S&P) document for use by its members.
4. To date, there are 70 known S&P transactions that have adopted or are currently using the SSF. These would not have been possible without the strong support from the Maritime and Port Authority of Singapore (MPA), Singapore Shipping Association, ASF and many of our maritime partners. I am happy to announce that two renowned lecturers from the University of Southampton's Institute of Maritime Law, Mr Filippo Lorenzon and Mr Charles Debattista, will co-author a publication on the SSF. The publication seeks to provide practical annotation which carefully examines the use of the form. The launch of this more than 300-page publication will mark another important milestone for the SSF.

Notable achievements in 2011 – Growing our maritime talent pool

5. Nurturing talents to grow the maritime sector continues to be a key endeavour of SMF. We need to continue to attract the best talents to steer the Singapore maritime sector forward, in good times and bad. In 2011, the MaritimeONE Secretariat gave out a record number of 34 MaritimeONE scholarships, valued at approximately one million dollars. This is a giant leap forward compared to three scholarships given out in the inaugural award ceremony in 2007. Despite the economic uncertainties, we hope that maritime partners would continue to pledge your strong support to the MaritimeONE scholarship programme so that we can continue to grow the maritime talent pool in Singapore.

Renewal of leadership at SMF Board

6. It has been eight years since SMF was first founded in 2004. This year, I would like to welcome two maritime leaders into the SMF Board; Mrs Gina Lee-Wan, Partner of Allen & Gledhill Advocates and Solicitors, and Mr Henry Mytton-Mills, Managing Director of Aries Shipbroking (Asia) Pte Ltd. Both Gina and Henry are no strangers to SMF as they are our Advisory Panel members and have been instrumental in the development of the Singapore Ship Sale Form.
7. I would like also to express my gratitude to the two outgoing SMF Board Members, Mr Kuok Khoon Kuan, Managing Director of Pacific Carriers Ltd, and Mr Christopher Lau, Senior Counsel, Chartered Arbitrator of Christopher Lau SC (Singapore), and thank them for their dedication and guidance to SMF all these years.

Facing the economic downturn

8. This year, we are celebrating the new year against the backdrop of the European and US debt crisis, rising oil prices fuelled by the political unrest in the Middle East and depressed chartering and freight rates. 2012 presents a highly challenging economic environment for all sectors. The maritime industry will naturally not be spared given its inherent global and volatile nature.

Bracing ourselves for the storm ahead

9. Many companies, especially those in the container shipping and dry bulk sectors, would need to streamline their operations, take bold moves to restructure their business strategies to ensure their commercial viability. Many shipping analysts have indicated that the outlook for the shipping sector in 2012 will remain weak due to the lacklustre global economic environment. There is also a strong likelihood of a capacity overhang unless global economic conditions improve.
10. However we must not take all this as gloom and doom. Shipping remains the key facilitator of world trade. Today, Asian shipowners own more than 50% of the world's merchant fleet and Asia is fast emerging as the new centre of shipping. Cyclical as it is, many investors and maritime companies believe strongly in the long term prospects of the industry. It is only a matter of time before the good times return especially when the global economy works through its financial woes and regains its pace of recovery – as it surely will. Meanwhile, the ride ahead will become tougher before it turns for the better.

Bright spots in the industry

11. However, there are also bright spots in the maritime industry. The outlook of the shipyards and offshore engineering sector is quite opposite to that of shipping and can expect to see strong activities, underpinned by the high oil price. With the bumper of contracts that were placed in the last two years, shipyards will continue to have a busy year with a record breaking number of rig deliveries in 2012. The challenge for the sector is to increase productivity and invest in innovation, design and development in order to maintain its world leadership position.

United as one maritime family

12. Despite the cycles of ups and downs, the Singapore maritime sector remains a resilient community of maritime experts from diverse nationalities and specialisations. With the strong tripartite partnership between the government, maritime players and the associations and the stable maritime infrastructure, I am confident that the Singapore maritime community will be able to ride through this challenging period and emerge from the rough waters, stronger than ever.

13.To conclude, I hope that the Year of the Dragon will bring new business opportunities and inspire all to be courageous and unyielding like the dragon. SMF will strive to spearhead new initiatives to serve the maritime community better. Once again, thank you for your strong support to SMF and I wish you all a good year ahead.

Thank you.