

Opening Address By Mr Tharman Shanmugaratnam, Deputy Prime Minister and Minister for Finance At The Opening of SEA Asia 2013

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Venue: Marina Bay Sands Singapore - Expo and Convention Centre

Speaker: Mr Tharman Shanmugaratnam

Mr Lui Tuck Yew, Minister for Transport,

Mr Lucien Wong, Chairman, Maritime and Port Authority of Singapore,

Mr Michael Chia, Chairman, Singapore Maritime Foundation,

Mr Chris Hayman, Chairman, Seatrade,

Ladies and Gentlemen,

It gives me great pleasure to join you for the opening of the 4th edition of Sea Asia. We take some pride in the way Sea Asia has grown since its inception in 2007, to become the premier maritime event in Asia. We are expecting a record 14,000 participants this year.

Asia's Emerging Voice in World Shipping

2 The past year has been challenging for the maritime industry. There were some bright spots in the offshore and marine sector, but many shipping companies have had to grapple with depressed freight rates due to overcapacity, and tight margins caused by high fuel and manpower costs. The industry has also faced the challenge of meeting increased environmental standards, and a global shortage of skilled maritime manpower.

3 These challenges are likely to persist in the months ahead and will imply continued uncertainty globally for the maritime industry this year.

4 The Asian maritime industry has not been spared these challenges. Nevertheless, there are reasons for cautious optimism about shipping prospects in the region. The International Monetary Fund (IMF) has projected trade volumes in Asia to grow in excess of 9% annually until 2016, significantly higher than the global average of more than 5%. Container volumes in the Far East-Europe trade routes are expected to grow by over 4% annually from now to 2016, while the intra-Asia container trade grows even faster at over 6%.

5 This increasing importance of China-anchored, intra-Asia trade is fundamentally changing global trade patterns and the maritime industry.

6 It is not surprising too that today, Asian shipowners control about 40% of the world's fleet across container, bulk carrier and tanker segments. 8 of the world's 10

largest container ports are located in Asia. And over 90% of the world's shipbuilding is also taking place in Asia, with Chinese shipyards alone holding about estimated 44% of the current global order book for new ships. Asia's market share of shipbuilding is likely to increase further in coming years.

7 There is therefore good reason why Sea Asia 2013 has adopted the theme, "The Asian Voice in World Shipping – Here to Stay".

Growing Singapore as a Leading International Maritime Centre

8 Singapore's International Maritime Centre (IMC) has benefitted from Asia's growing role in world shipping. Our maritime ecosystem is a key pillar of our economy, contributing about 7% to our GDP. We are home to about 130 international shipping groups, and 5,000 maritime companies employing over 170,000 people.

9 While the industry globally faces great challenges, the Singapore Government takes a long-term view and we remain committed to developing the maritime sector. Let me share with you three key areas in which we will collaborate with our industry partners to continue to build a dynamic maritime sector and create good jobs for Singaporeans.

(A) Investing in Maritime Research and Development

10 First, to enable our maritime industry to meet future challenges and tap on future growth opportunities, the Maritime and Port Authority of Singapore (MPA) works with industry partners to invest in maritime research and development (R&D).

11 One of MPA's key initiatives for promoting maritime R&D is the Maritime Innovation and Technology (MINT) Fund. This S\$100 million Fund was established in 2003 for a period of 10 years, and has since committed some S\$93 million to 13 R&D programmes and 220 R&D projects. These projects include development of ballast water treatment systems, environmentally friendly anti-fouling additives for coatings on ships, and automated guided vehicles to enhance port productivity. To continue developing our maritime R&D capabilities, MPA will extend the MINT Fund for another 5 years with a top-up of S\$50 million.

(B) Raising Productivity

12 Second, given our limited land and manpower resources, our maritime industry must make a major push for productivity-driven growth. Productivity improvements are indeed critical not only for Singapore's maritime sector but also across the global maritime industry, given the universal challenges of cost pressures and shortage of skilled manpower.

13 To support the industry's productivity efforts, MPA will introduce a S\$25 million Productivity Programme under its Maritime Cluster Fund [1] (MCF). From 1 June 2013, this Programme will offer co-funding support for productivity initiatives by maritime companies such as ship owners and operators, ship managers and agents, port operators and maritime technology providers.

14 The harbour craft sector is one key segment of the maritime industry that can benefit greatly from the MCF-Productivity Programme. In the coming months, MPA will work with industry players to review the sector's market structure, which is currently highly fragmented, and identify opportunities for productivity improvement. These may include re-defining business models, developing new harbour craft designs, re-designing jobs and upskilling harbour craft workers. For example, our harbour craft operators can be more responsive and productive by using IT systems to track and assign job orders to their vessels in real-time, instead of today's common practice of manually pre-assigning jobs to these vessels.

15 I encourage your companies to make full use of the MCF-Productivity Programme so that we can achieve productivity gains across the maritime sector.

(C) Enhancing Manpower Development

16 The third and perhaps our most important strategy is to grow skills and quality manpower for our IMC. MPA will continue to work closely with the industry, unions and educational institutions to achieve this.

17 For example, to attract talent to the maritime sector, MPA will introduce a Global Internship Award. This complements existing maritime scholarships, and offers high-achieving local undergraduates a fully sponsored maritime-focused internship with local and overseas attachments. The interns will benefit from a deeper appreciation of the global nature of shipping and its significance to Singapore's economy. MPA plans to set aside S\$2 million to grant this Award to some 100 interns over the next 5 years.

18 I am glad that some 15 international maritime companies have expressed interest to participate in this internship programme as host companies. This is a good start and I am confident that the initiative will prove to be a win-win – beneficial to both the prospective maritime professionals and employers.

19 To equip our students with maritime knowledge and skills and to help those making a mid-career switch into the maritime sector, MPA also works closely with our universities, polytechnics and the Institute of Technical Education to develop our maritime education landscape. Over the years, our tertiary institutions have offered an increasing number of maritime-related modules, courses and professorships.

20 We will continue to do more to enhance maritime education. For instance, the Singapore Management University (SMU) will strengthen its maritime curriculum this year. Today, SMU uses the MPA Professorship in Maritime Business Economics to

engage visiting professors to teach modules such as Maritime Industry Economics and Shipping Finance. From August this year, SMU will launch a new Maritime Economics concentration under the School of Economics. Economics and Finance undergraduates can pursue a structured curriculum comprising maritime-related modules, internships, overseas study missions and talks by industry experts. Upon graduation, these students will be well-placed to take up shore-based positions in the industry.

21 On the technology front, MPA and the American Bureau of Shipping (ABS) will jointly establish the MPA-ABS Maritime Technology Professorship (MTP) at the Singapore University of Technology and Design (SUTD). This Professorship will initiate and build up SUTD's capabilities in maritime education and R&D. ABS will commit US\$2 million over 2 years to support this Professorship, and this will be matched by MPA's commitment of up to S\$2.5 million in funding over the next 5 years.

22 I encourage the industry to support these initiatives by providing internship opportunities and sharing your professional expertise. We must grow a core of local maritime talent, who will drive the next chapter of Maritime Singapore.

Conclusion

23 Ladies and gentlemen, economic uncertainties around the world continue to weigh on the global maritime industry. But it is not all gloom. The medium to long-term outlook for the industry, particularly in Asia, remains positive.

24 By working together to raise productivity and to invest in maritime talent and R&D, the Government and the industry can enable Maritime Singapore to overcome the rough seas ahead, and indeed to chart a bright future for the global maritime industry.

25 On this note, I wish you a fruitful conference and a rewarding experience at the 8th Singapore Maritime Week.

[1] The Maritime Cluster Fund also has two other programmes to support manpower development (S\$50million budget) and business development (S\$45 million budget).