

SPEECH BY MR LUI TUCK YEW, MINISTER FOR TRANSPORT AND SECOND MINISTER FOR DEFENCE, AT THE OPENING OF SEA ASIA 2015, AT THE SANDS EXPO AND CONVENTION CENTRE, MARINA BAY SANDS SINGAPORE, ON TUESDAY, 21 APRIL 2015, AT 9.15 AM

Your Excellency Henrik Sass Larsen,
Danish Minister for Business and Growth,

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

Ladies and gentlemen,

I am very pleased to join you at the opening of Sea Asia 2015, and to see the overwhelming attendance. Sea Asia continues to grow more strongly with each edition. We see more participants and more exhibitors. I was told by Chris Hayman, Chairman of Seatrade, that the exhibitors have grown by some 30 per cent this year compared to the fourth edition two years ago. The strong turnout is testimony to the abiding interest in and the long term prospects of the maritime sector, despite the present challenges that we face. Perhaps because of the uncertain times, Sea Asia is even more appealing because it provides a very important platform for those of us here in Asia and from around the world to come together to exchange ideas, to explore scenarios in the years to come, as well as to refine the strategies in whatever respective

fields we may be operating in. Sea Asia's growing appeal also reflects the interest that Asia holds for the maritime sector and the recognition that Asia will continue to play a key role in the years to come.

Asia as engine of global growth

2 Indeed, all signs suggest that Asia will drive global shipping in the coming years. Shipping patterns have shifted, and will continue to move towards Asia. In 2014, Asia accounted for almost 80% of global container throughput handled by the world's top 30 ports, and this share is projected to grow further¹.

3 This growth has been driven by the strength of Asia in the global economy, and especially in manufacturing. Asia is expected to grow 6.3% this year², the fastest growing region in the world. Asia's share of world GDP is expected to increase from 30 percent today to 41 percent by 2023³. Already, Asia supplies almost half of the world's goods. It is thus not surprising that the centre of gravity of global demand for commodities and raw materials, like manufacturing, has likewise shifted to Asia.

¹ "Top 30 ports handled 366 teu in 2014, more than half of world box-handling activity," *Lloyd's List*, March 12, 2015, <http://www.lloydslist.com/ll/daily-briefing/?issueDate=2015-03-12&expandId=458355>.

² "ADB Forecasts Steady Growth For Developing Asia," *Hellenic Shipping News*, March 25, 2015, <http://www.hellenicshippingnews.com/adb-forecasts-steady-growth-for-developing-asia/>.

³ Alison Stuart, "A Turn to Asia," *International Monetary Fund*, June 2014, <http://www.imf.org/external/pubs/ft/fandd/2014/06/stuart.htm>.

4 Asia's rapidly growing wealth has also created an insatiable demand for goods – much of which will need to be transported by shipping. Asia today is home to 500 million middle class consumers – about a third of the global middle class population⁴. By 2030, it is expected that two-thirds of the world's middle class could live in Asia⁵. Given rising aspirations and affluence, we see Asia accounting for an increasing share of global consumption.

5 The centre of gravity for the maritime sector has steadily moved eastwards as a result of these seismic economic shifts. Nine of the 10 busiest container ports are in Asia⁶. Moving on to global shipping centres, last year, the Baltic Exchange and China's Xinhua News Agency published an International Shipping Centre Development Index⁷. Of the top ten global shipping centres, five are in Asia. As Asian economies continue to grow, this confluence of factors – increasing inflows of raw materials flow of goods to and from Asia and the growing concentration of Ship Owners, Managers and their demand for maritime

⁴ Kishore Mahbubani, "The Expanding Middle Class in Asia," *Huffington Post*, January 24, 2014, http://www.huffingtonpost.com/kishore-mahbubani/the-expanding-middle-class-in-asia_b_4659416.html.

⁵ Alison Stuart, "A Turn to Asia," International Monetary Fund, June 2014, <http://www.imf.org/external/pubs/ft/fandd/2014/06/stuart.htm>.

⁶ "Top 30 ports handled 366 teu in 2014, more than half of world box-handling activity," *Lloyd's List*, March 12, 2015, <http://www.lloydslist.com/ll/daily-briefing/?issueDate=2015-03-12&expandId=458355>.

⁷ "Baltic and Xinhua launch shipping centre index," The Baltic Exchange, August 21, 2014, <http://www.balticexchange.com/news/press-announcements/article/baltic-xinhua-launch-shipping-centre-index/3057/>.

services means that the shipping industry must focus more attention on Asia.

Positioning ourselves for Asia's growth

6 It is therefore timely and fitting that the theme for Sea Asia 2015 is "Charting Asia's Future Growth". The maritime community needs to respond to the growth of shipping in Asia, and prepare itself to ride on the many opportunities this will bring.

7 Likewise, Singapore, as we aspire to be a maritime hub, will need to prepare ourselves to ride on Asia's wave of growth. Let me just quickly share three areas that we are looking at very carefully.

Develop infrastructure and technology

8 First, we need to ensure we have sufficient capacity to meet the growth in shipping demand, and support the proliferation of mega-vessels. Singapore has invested significantly to increase our port capacity to cater to the growth in container shipping in Asia. When fully operational at the end of 2017, Pasir Panjang Terminal Phases 3 and 4 will increase our current port capacity by more than 40%, to some 50 million TEUs. We have also begun efforts to consolidate our container operations at Tuas, at the western part of Singapore. When fully

operational, the new Tuas Terminal will have a capacity of up to 65 million TEUs annually, about slightly less than double our container throughput today.

9 Infrastructure aside, we also believe in investing in technology as a multiplier of capacity, by using it to boost productivity and optimise port operations. The Tuas Terminal which is a green-field site will allow us to test-bed as well as to embed new technologies to further port automation.

Pursue growth in a sustainable and responsible manner

10 Beyond “what” infrastructure and technology we build, “how” we grow is also important. This brings me to our second thrust which focuses on ensuring that Maritime Singapore grows in a sustainable and responsible way. Sustainable growth is important in helping to mitigate the environmental impact of shipping, and the sector has made some progress in this regard. According to the “Third IMO GHG Study 2014”, the maritime industry generated 2.2% of GHG emissions in 2012, down from 2.8% in 2007.

11 Singapore not only supports, but we are fully behind these efforts. The Maritime Singapore Green Initiative promotes clean and green

shipping in Singapore by encouraging and incentivising shipping companies to undertake environmentally-friendly shipping practices above and beyond what IMO mandates.

12 MPA has also been working to introduce LNG bunkering to Singapore by 2017, in line with global efforts to introduce cleaner and sulphur-free fuels. In this regard, we see it as very important we work with like-minded ports to harmonise LNG standards in consultation with the industry.

Grow a quality maritime workforce

13 Our third thrust is about investing in human capital. Today, there is a global shortage of both seafaring and shore-based maritime manpower, even in nations with a rich seafaring heritage.

14 Singapore has taken steps to attract, develop, and retain our maritime talent in a holistic way. This means working with employers to develop a skilled workforce needed for the sector, but also empowering individuals to take ownership of their careers, to constantly learn and re-learn as part of a culture of lifelong learning.

15 In this regard, the Maritime and Port Authority of Singapore (MPA) will be rolling out a career conversion scheme for locals who wish to undertake mid-career switches into the maritime sector. MPA also co-funds training courses to allow individuals to gain relevant maritime qualifications to work in the sector. For instance, the Training@Maritime Singapore scheme provides 70% co-funding support for locals to attend in-house or examinable maritime courses. This funding is not restricted to Singapore companies. Any company, of any nationality that is based here in Singapore, with such training schemes in mind, you can get in touch with MPA. MPA subsidises the costs incurred by employers to upskill Singaporean seafaring cadets.

Co-creating new ideas

16 Even as Singapore prepares ourselves to take advantage of the many opportunities arising from Asia's ascent, we are mindful that the complex challenges faced by the maritime sector require global solutions. Therefore, the international maritime community needs to come together and co-create solutions that transcend geographical and organisational boundaries. Platforms that gather leading industry voices together are valuable in allowing the exchange and cross-pollination of ideas. I believe it is through such exchanges that we can generate

solutions or possibilities that will bring the maritime sector to new heights.

17 Sea Asia is one such platform. Since its inaugural edition in 2007, Sea Asia has grown to cement its place as one of Asia's premier maritime events. This 5th edition is its largest ever, both in terms of number of participants and exhibition space. But it is one of the many offerings in the Singapore Maritime Week (SMW), which is in its 10th edition. The theme of maritime week is *People, Ideas and Opportunities*. SMW offers a diverse range of events that will cater to different needs. For example, the Singapore Maritime Technology Conference will bring together maritime industry and technology solution providers to boost collaboration on R&D, while leading industry experts will speak on next-generation strategies and technologies for managing marine pollution at the International Chemical and Oil Pollution Conference (ICOPCE).

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18 One of the most important events taking place this week is the Singapore Maritime Lecture. We are indeed very proud and privileged to have Mr CC Tung Chairman of the Orient Overseas (International) Ltd (OOIL). Of course we all know he is one of the titans in the shipping industry and OOIL is one of the best performing liners around the world.

I am sure you will be very interested to know his perspectives on what is going to take place in the maritime sector in the years to come.

Conclusion

19 Let me conclude. Singapore was important to Sir Stamford Raffles our founder and to the British, because of an immense potential that they saw as a trading hub back in the 1819. He had great foresight.

20 This year, Singapore celebrates our 50th year of nationhood. The maritime sector ever since the beginning, has been of immense importance to Singapore. So it is apt for the Singapore Government on this very significant year, to reaffirm our commitment to growing Maritime Singapore. We will continue to ensure that Singapore remains a prime location. We will ensure that the capacity, the infrastructure keeps pace in meeting the needs of the industry. We will also ensure that the pro-business policies that have defined Singapore for such a long time, continue to be the hallmark of Maritime Singapore in the years to come, so that maritime companies which are already here, or are looking for a landing spot in Asia, can continue to look to Singapore as a potential base to tap immense opportunities in Asia and beyond.

21 So I look forward to partnering you and your companies to strengthen the competitiveness of Maritime Singapore as we chart our next lap of growth. I wish all of you an engaging and rewarding time at the Singapore Maritime Week.

22 Thank you.

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