

# PRESS RELEASE

Release No.: 39/SEP

03A-1/97/09/16

97-MBT-23

**OPENING SPEECH BY MR MAH BOW TAN,  
MINISTER FOR COMMUNICATIONS,  
AT THE TERMINAL OPERATIONS CONFERENCE AND  
EXHIBITION IN ASIA 1997 (TOC ASIA '97)  
AT RAFFLES BALLROOM, WESTIN STAMFORD HOTEL  
ON TUESDAY, 16 SEPTEMBER 1997 AT 10.00 AM**

## Introduction

On behalf of the Government and people of Singapore, I would like to extend a very warm welcome to all participants, especially our overseas guests, who are here for the Terminal Operations Conference and Exhibition Asia 1997 (TOC Asia '97).

Singapore is pleased to be the venue for this major port conference, which is into its 21st year. The theme for this year's conference is "Analysing opportunities and risks for container terminal development in Asia." Over the next three days, we will have the opportunity to listen to and exchange views with leading experts on the past, present and future of container terminal development in Asia.

## **Regional Outlook for Container Terminals**

We are all aware that countries in South-East Asia are facing problems with their currencies and stock markets. While these problems will affect their growth and development plans in the short term, there is a general consensus that their economic fundamentals remain sound, and that they will

bounce back and continue on the path of growth. A recent World Bank report<sup>1</sup> projected that emerging economies of Asia and other developing economies will grow between five to six per cent a year between now and 2020, on the back of expected world trade growth of six to seven per cent per year. This is more than twice the 2.6 per cent growth rate of the past decade.

As a result of its fast growing economies, Asia's share of the world's container trade will continue to increase. East Asia alone, for example, is expected to contribute nearly half of the world's container volume by the year 2000. What this means for shipping lines operating in Asia and container ports in the region is abundant business and ample growth opportunities. Today, 12 of the top 20 busiest container ports in the world reside in Asia<sup>2</sup>.

According to the UK-based Ocean Shipping Consultants, ports in South-East Asia alone will handle some 40 million Twenty-foot Equivalent Units or TEUs of containers in the year 2000. This translates to a 65 per cent increase from the 25 million TEUs handled in 1996. While there will be competition among regional ports to increase their container throughput, what is important is that this competition will come amid strong growth. A rapidly growing pie means a bigger slice for everyone.

### **Regional Port Expansion**

In anticipation of the cargo growth, many countries in the region have embarked on programs to improve and expand their container port facilities. Existing ports are being expanded and upgraded. New ports are being built. Indonesia for example, is expanding its port facilities at Tanjung Priok. Malaysia has expanded Port Klang. Thailand is planning new facilities

---

<sup>1</sup> *Global Economic Prospects and the Developing Countries 1997.*

<sup>2</sup> *Port Development International.*

at Laem Chabang. Further away, in China, coastal ports are adding container handling infrastructure and equipment to handle the massive import and export volumes of the fast developing Chinese economy.

### **Privatisation of Regional Ports**

Besides port expansion, another phenomenon that is sweeping the region is port privatisation. While this has been a practice of many ports and terminals in Europe and the United States for many years, it is only recently that privatisation has caught on in a big way in Asia. In 1986, Malaysia privatised its first terminal - the Klang Container Terminal. This was followed by the privatisation of several other Malaysian ports including Johor, Penang and Bintulu. In Thailand, Laem Chabang commenced operations in 1991 with three of its container terminals contracted out to the private sector for management and operation. In China, several coastal ports have been privatised. Many more are being considered for privatisation, with foreign investors showing keen interest.

### **Pasir Panjang Terminal**

The Port of Singapore is a major player in the regional container business. Our container port operator, the Port of Singapore Authority (PSA), handled a throughput of nearly 13 million TEUs in 1996. On a typical day, PSA's 31 container berths handle some 40,000 TEUs of containers. Given the optimism in regional economic growth and container trade, we are bullish about the growth prospects of our container terminal business.

We have embarked on a major port expansion. Pasir Panjang Terminal, in its first two phases of development, will add 26 more berths. This is estimated to cost S\$7 billion. The first four berths will be operational next year, with another two coming on stream in 1999. Pasir Panjang

Terminal will be equipped with the latest equipment and state-of-the-art technology. Many ideas for the management and operation of the Terminal will come from forums like the TOC Asia '97. With the new terminal, the Port of Singapore is well positioned to handle the projected growth in container traffic in the region well into the 21<sup>st</sup> century.

### **Corporatisation of PSA**

Plans are also underway to corporatise and eventually privatise PSA. This will be achieved in three stages. The first stage took place in February last year, when the Maritime and Port Authority of Singapore, or MPA, was formed. MPA's mission is to protect Singapore's strategic maritime interest and promote Singapore as a major port and international maritime centre. In addition to taking over the statutory functions of PSA, MPA is responsible for regulating the port and maritime industry in Singapore. This separation and transfer of statutory and regulatory functions are necessary to enable PSA to focus on its commercial role as a container port operator.

The second step is corporatisation, whereby PSA will be transformed into a private company, initially with the government as the single shareholder.

The Bill to corporatise PSA has recently been passed by the Singapore Parliament. I am pleased to announce here today that PSA will be officially corporatised on 1 October 1997. The corporatised PSA will be known as PSA Corporation. Corporatisation will free PSA from the encumbrances of a government body and allow it to be more commercially focused and customer oriented. PSA will respond faster to changing needs of the industry and provide customised services for individual clients. Shipping lines can enjoy cost savings by not paying for services which they do not

require. The corporatised PSA will also have greater flexibility in seizing business opportunities with growth potential, leveraging on its experience and expertise acquired over the past decades and possibly sharing them with local and overseas partners.

PSA Corporation will eventually be listed on the stock exchange in stage three to complete its transformation into a privatised entity.

**Concluding Remarks**

Port expansion and port privatisation - these are just two ways for Asian ports to better prepare themselves to successfully handle the growth in regional container trade. To enhance their competitiveness and better respond to the increasingly sophisticated demands for port services, Asian ports will have to constantly keep abreast of the latest trends, developments and technological advancements in the industry. International events such as TOC Asia '97 play an important role in this area.

I am pleased to note that the organisers of TOC Asia '97 have brought together many industry experts to advise on the changes in Asia and how the region can respond to these important developments. I am confident that we will see and hear many thought-provoking presentations and stimulating discussions over the next few days. These exchanges of views and ideas will shape and mould container terminal operation and development in Asia and possibly the World. I wish all of you an enjoyable and fruitful conference and exhibition.

It now gives me great pleasure to declare the TOC Asia '97 open.

@@@@@@@@@@@@@@@@@@@@