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Nautilus

A Maritime and Port Authority of Singapore Quarterly



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CONNECTIVITY

One-fifth of the world's containers connect here.
The world's largest transshipment hub. 200 shipping lines.
600 ports. 123 countries. This is Singapore. This is PSA.

GREAT Expectations!

Welcome to a new year and the second issue of *Singapore Nautilus*. The Singapore Maritime Story unlocks the genetic code of Maritime Singapore: People and partnerships underpin a unique ecosystem characterised by a pro business culture that nurtures industry growth. It traces Singapore's growth and development from *entrepôt* to its current prominence as a global maritime centre - a page turner that embraces change and celebrates innovation.

The story is still unfolding and we feature the people who help shape the plot. Many of whom descended on our shores for fellowship and dialogue during the second Maritime Week. We present the close camaraderie in a montage of images. We also profile the heroes among us who contribute to the development and branding of Maritime Singapore.

2007 culminated in the establishment of the Cooperative Mechanism for the Straits of Malacca and Singapore, bringing to life the shared vision of the drafters of UNCLOS towards shared responsibilities and cooperation between users and coastal States in straits used for international navigation.

It was the best of times. Cheers to a 2008 *magnum opus*!

Matt



Singapore is World's Busiest Port

SINGAPORE HAS MAINTAINED the top position as the world's busiest port in shipping tonnage, bunkering and container throughput.

Vessel arrivals in terms of shipping tonnage reached 1,459 million gross tons (GT) in 2007. This represents some 11 per cent increase from the 1,315 million GT record set in 2006.

Container traffic in 2007 hit 27.9 million TEUs, a 12.7 per cent increase on 24.8 million TEUs handled in 2006. The total volume of bunkers sold in the Port of Singapore also scaled new highs last year, crossing the 30 million mark for the first time to reach 31.5 million tonnes.

These achievements were announced by Minister for Transport and Second Minister for Foreign Affairs Mr Raymond Lim at the Singapore Maritime Foundation's New Year Cocktail Reception.

Singapore re-elected to IMO Council

SINGAPORE WAS RE-ELECTED to the Council of the International Maritime Council (IMO) for an eighth term at the 25th session of the IMO Assembly held in London last November.

Singapore has been a member of the council since 1993.

On Singapore's re-election, Minister for Transport and Second Minister for Foreign Affairs Mr Raymond Lim said: "With our renewed responsibility as a Council member, Singapore will continue to play an active role in the IMO to ensure that international shipping remains safe, secure and environmentally responsible."

Council membership is for a two year term, and the next IMO Assembly in 2009 will elect a new Council.

MPA and ITOPF set up pioneering oil spill agreement

THE SETTling OF CLAIMS arising from oil pollution in Singapore waters will be expedited following the signing of a Memorandum of Understanding (MOU) between the MPA and the International Tanker Owners Pollution Federation Ltd (ITOPF).

Singapore is the first country to establish such an agreement with ITOPF. The MOU came into effect in October 2007 and will be in force for three years with a review in 2009.

Hugh Parker, ITOPF Technical Team Manager, said the MOU provided greater certainty that oil spill claims would be dealt with promptly while reassuring shipowners that effective spill response arrangements were in place in Singapore.

Cluster Fund extends industry reach

THE \$80 MILLION Singapore Maritime Cluster Fund (MCF) aimed at developing manpower for the maritime industry and enhancing the competitiveness of Singapore's port has been extended for another five years starting from May 2007.

To date, some 750 companies have drawn on the MCF to co-sponsor over 2,000 employees for a wide variety of maritime education and training programme. These range from seminars and courses, to local and overseas post-graduate studies.

The MCF has also extended the application of the funds to include seafaring courses.

Courses go online

JOINTLY DEVELOPED by the Singapore Maritime Academy and Teledata Marine Solutions (TMS), seafarers will now be able to access their course modules online. Appropriately dubbed the Certificate Of Competency (COC) E-Learning Programme, the initiative combines the Academy's strength in personnel training and Teledata's technological expertise to advance an entirely new approach to seafaring qualification requirements. The Singapore Maritime Academy has worked in partnership with TMS for the last four years in moving towards the new online product, and TMS has already invested over S\$2.5m in bringing this innovative concept to reality. A key benefit of this online course from the student perspective is that the COC courses can now be completed in half the time. The online course allows seafarers to complete a large part of their course before attending college which will reduce the overall cost.

Recognising Seafarers's Contributions

SINGAPORE CELEBRATED World Maritime Day in early September with the presentation of hampers containing food and entertainment goodies to seafarers onboard ships in port.

Minister of State for National Development Grace Fu officiated at the hamper distribution ceremony held at the Marina South Pier.

Attended by guests from the International Labour Office, International Transport Workers' Federation and International Committee on Seafarer's Welfare, the event was held in appreciation of the services of those who man the ships that carry 90 per cent of the world's trade.



Minister of State for National Development, Ms Grace Fu handing over a hamper to a Master from one of the recipient vessel

In total, seafarers onboard some 600 ships received hampers during the week following the Maritime Day organised by the Maritime and Port Authority of Singapore, Singapore Maritime Officers' Union and Singapore Organisation of Seamen.

Singapore has also been organising International Sport's Week for Seafarers since 1974, as part of its seafarer's welfare initiative.

Singapore tops World Bank shipping survey

SINGAPORE HAS come out top of the league of major ports and global logistics hubs, according to a voting poll conducted via a World Bank Shipping Survey.

In the survey, it identified Singapore's highly efficient and reliable supply chain combined with competitive costs as its leading edge.

The use of infocommunication technology to simplify, synchronise and integrate complex processes such as moving and tracking of cargo was another factor that contributed to the efficiency of the port.

The survey polled 800 operators in the international freight sector and compiled the Logistics Performance Index (LPI) to gauge each country's effectiveness. The LPI ranked performance in seven areas, such as customs procedures, logistics costs and infrastructure quality.



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Singapore Nautilus presents

Singapore's Minister Mentor Lee Kuan Yew delivers the first Singapore Maritime Lecture



Arrival of Minister Mentor Lee Kuan Yew (centre), accompanied by Mr Raymond Lim, Minister for Transport and Second Minister for Foreign Affairs



ABOVE
The Singapore Maritime Lecture attended by more than 300 delegates from the global maritime industry



Fr L to R: Mr Patrick Phoon, Honorary Secretary & Chairman, General Affairs Committee, SSA and Capt Segar, Director(Port)/ Port Master, MPA



Minister Mentor Lee Kuan Yew (right) presented with a painting by Mr Peter Ong, Chairman, MPA (left)



RIGHT
Fr L to R: Mr Peter Ong, Chairman, MPA, Mr Lee Kuan Yew, Minister Mentor, Minister Raymond Lim, Minister for Transport and Second Minister for Foreign Affairs, Mr Teo Siong Seng, Chairman, Singapore Maritime Foundation, Mr Andreas Sohlen-Pao, MD, BW Shipping Managers Pte Ltd and Mr Choo Chiau Beng, Chairman & CEO, Keppel Offshore & Marine Ltd

a Maritime Week 2007 montage

Launch of Maritime Week 2007 at Singapore Shipping Association's 22 Anniversary Gala Dinner



LEFT

Fr L to R: Mr Teo Siong Seng, President, SSA, Mrs Lim Hwee Hua, Minister of State for Finance and Transport and BG (NS) Tay Lim Heng, Chief Executive, MPA

RIGHT

Mr. Chan Leng Sun and Mr. Loo Dip Seng (2nd & 3rd from left), Ang & Partners, and their guests



BELOW

Mr. Kenichi Kuroya, Managing Director, "K" Line Pte Ltd (centre), Mrs. Kuroya (far right) and other colleagues from "K" Line



BELOW
Guests toasting to a successful D&D and a prosperous new year

Exhibition at ICOPCE 2007



LEFT

Fr L to R: Minister of State Lim Hwee Hua meeting with Mr Declan O'Driscoll, Regional Director, Oil Spill Response and East Asia Response Limited at ICOPCE 2007

BELOW LEFT

Mr John S. Brinkman, President, Imbibitive Technologies, giving an explanation of his product capabilities to Minister of State Lim Hwee Hua while touring the exhibition at ICOPCE 2007. With her are, fr L: BG(NS) Tay Lim Heng, Chief Executive, MPA, Mr Peter Ong, Chairman, MPA and Capt Khong Shen Ping, Group Director(Hub Port) and Capt Segar, Director(Port)/ Port Master



Singapore IMA Awards 2007



ABOVE
Fr L to R: Mr Bjarne Rieber, Vice-Chairman, Bjarne Rieber Gruppen and Mrs Lim Hwee Hua, Minister of State for Finance and Transport



Winners of the IMA Awards together with BG (NS) Tay Lim Heng, CE, MPA (far L), Mr Peter Ong, Chairman, MPA (4th fr L), Mr Raymond Lim, Minister for Transport and Second Minister for Foreign Affairs (6th fr L) and Mrs Lim Hwee Hua, Minister of State for Finance and Transport (5th fr R)

BELOW
Fr L to R: Capt Khong Shen Ping, Group Director (Hub Port), MPA and Mr Lam Shun On, Chairman, OSM Ship Management



Fr L to R: Mr Morits Skaugen Jr., President & CEO, I.M. Skaugen ASA and Minister Raymond Lim



Mr Pang Toh Pin, MD, Matrix Line Pte Ltd and Mrs Pang



and Second Minister for Foreign Affairs, Mr Axel Eitzen, CEO, Camillo Eitzen & Co ASA and Mrs Nina Eitzen



Fr L to R: Ms Tan Beng Tee, Group Director (IMC), MPA and Mr Hans Thomas, MD, Torvald Kalveness Group



Fr L to R: Mr Gary Brocklesby, Director, Navig8 Pte Ltd and Mr John Lu, Chairman, Singapore National Shippers' Council



Fr L to R: Mr Khatani Manohar, Assistant MD, EDB, Mr Peter Ong, Chairman, MPA and Mr Yudhi Khatau, INSA



MTEC 2007

RIGHT

(Right) Mr Parry Oei, Chief Hydrographer, MPA with guests at MTEC

BELOW

Fr R: Minister for Transport and Second Minister for Foreign Affairs, Mr Raymond Lim and Mr Tong Chong Heong, MD & COO, Keppel Offshore & Marine Ltd



ABOVE

Fr R: Mr Hans-Dieter Bott, MD, Siemen Pte Ltd and Mr Sven Ullring, Chairman of The Fridtjof Nansen Institute, Norway

LEFT

Mr Kuah Boon Wee, CEO, PSA Southeast Asia and Singapore Terminals

BELOW

Fr L to R: Mr Peter Ong, Chairman, MPA, together with Mrs and Mr Peter Tang-Jensen, Senior VP, Technology, American Bureau of Shipping and Mr Petter Mollema, Director Strategy Port Infrastructure and Maritime Affairs, Port of Rotterdam during the MTEC Conference Dinner at the Marina South Pier



ABOVE

Fr L to R: Mr Wilhelm Wilhelmsen, Chairman, Wilhelmsen ASA and Mr Lim Boon Wee, Deputy Secretary, Ministry of Transport

LEFT

Fr L to R: Mr Diego Aponte, VP, Mediterranean Shipping Company S.A and Mr Felix Scheder-Bieschin Jr, MD, MACS Maritime Carrier Shipping (Pty) Ltd



LEFT

Fr L to R: Mr Philip Clausius, President & CEO, FSL Trust Management Pte Ltd and Tan Sri Frank Tsao, Group Chairman, IMC Group of Companies





The Singapore

ABOVE
Minister Mentor Lee Kuan Yew with Professor Kishore Mahbubani at the inaugural Singapore Maritime Lecture

Singapore's Minister Mentor Lee Kuan Yew delivered the inaugural Singapore Maritime Lecture at Maritime Week, covering the growth of the city state's maritime and port business and the strategic issues affecting the industry

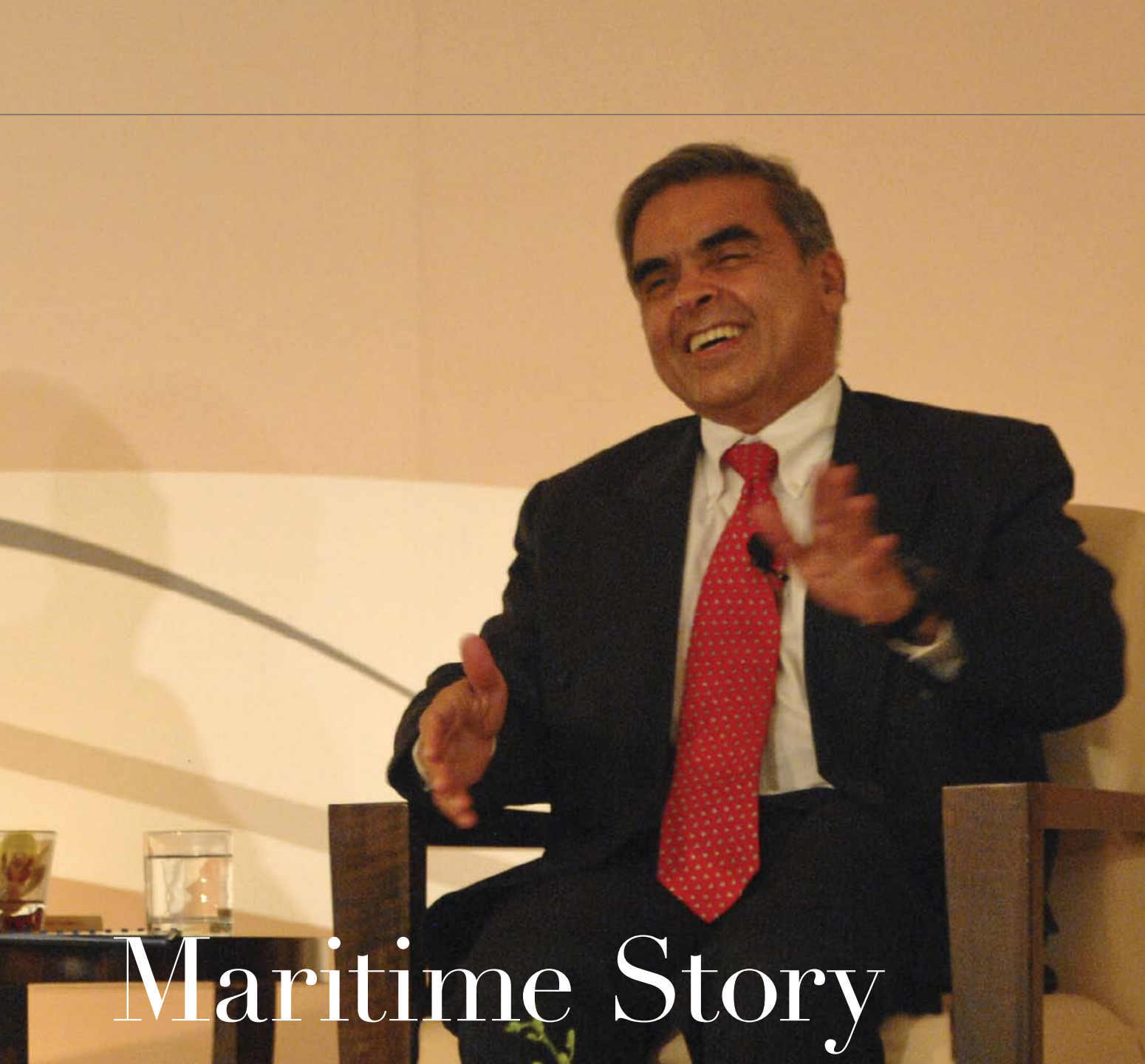
By Paul Richardson

The first chapter of Singapore's maritime success story could easily be titled "Ahead of the Curve". It is the strategic vision of the city's leaders that has seen the Southeast Asian nation propel itself from a small shipping port into the main league.

"Singapore must strive to remain a major hub port," the Minister Mentor told top maritime executives from around the world.

"We face competitive pressures from other aspiring maritime centres, and must continually better our business propositions or risk becoming overtaken," he said.

Looking back through the decades provides



Maritime Story

ample evidence of how responding quickly to emerging maritime business streams have enabled the city to successfully direct its development into these new areas.

The containerisation of cargo had barely begun when the city decided to build its first container port at Tanjong Pagar in 1969. It was a bold investment back then, but the port is now the busiest container handler in the world with 27.9 million TEUs passing over its wharves last year.

“Singapore was the first Asian port of call for the Emma Maersk, the world’s largest container ship, demonstrating Singapore’s readiness for the era of mega container ships,” the Minister Mentor

“Singapore’s raison d’être was its Port. Singapore must strive to remain a major hub port.”

— Minister Mentor Lee Kuan Yew

said. “We are continuing our investment in new facilities and infrastructure to be in time for the future.”

In the technology field, Singapore’s use of cutting edge IT systems has given it a first-mover

“We can expect more Asian voices to enrich the deliberations at international forums to tackle issues that cannot be solved unilaterally or regionally.”

— Minister Mentor Lee Kuan Yew

advantage that continues to pay dividends, and in shipbuilding and repair, and in ship financing and brokering, it has few regional rivals.

The first oil refinery was opened on Pulau Bukom in 1961, which gave Singapore a firm foothold in the business that has seen the city become Asia’s largest refining centre with a multi-billion dollar petrochemical hub on Jurong Island. The port

is now the world’s busiest bunkering port.

The city is also a world leader in rig construction and vessel conversion that forms the core of its burgeoning offshore and marine sector.

For the Minister Mentor, the port has always played a central role, ever since he became a legal advisor to the Singapore Port Workers’ Union in the 1950s.

“In my first elections in 1955, I chose Tanjong Pagar constituency because it was home to a few thousand port workers,” he said. “And I have retained my links with port workers and the development of PSA ever since.”

A large measure of Singapore’s success as a maritime hub can be ascribed to its geographic position – it sits at the crossroads of the vitally important trade lanes serving Europe, the United States and the Oceania regions. Singapore is also between the world’s two fastest-growing economies, China and India, and this had proved a great attraction to maritime and related companies.

The Minister Mentor said with China and India leading the ‘Asian renaissance’, Singapore offered companies a central location to plug into the growth of Asia and Asian shipping.

“The presence and comprehensive suite of maritime ancillary services, and our extensive air connectivity, make Singapore a convenient base of operations for the Asia market. This is our value proposition to the maritime community,” he told the gathering of maritime decision makers.

This rapidly expanding maritime community now comprises more than 5,000 companies.

Regional growth will be a major engine of global economic growth and trade, the Minister Mentor said, with the Chinese and Indian economies expected to grow at 10 to 11 percent and 8 to 9 percent respectively over the next two years, and at relatively high levels for the next few decades.

The shift in the economic and maritime centre of gravity to Asia would give Asian countries the opportunity and an increasing interest in assuming a bigger role in global



“The presence and comprehensive suite of maritime ancillary services, and our extensive air connectivity, make Singapore a convenient base of operations for the Asia market. This is our value proposition to the maritime community.”

— Minister Mentor Lee Kuan Yew

maritime affairs at international forums.

However, he warned that Asia would have to safeguard its maritime interests and ensure they were accommodated in the ongoing Western-driven development of a global framework of rules and standards governing international shipping.

“Because of its diverse maritime constituencies, its location at the crossroads of major trade routes and its status as both a major port and flag state, Singapore has always sought to provide a balanced perspective to such deliberations.

“The efficiency of seaborne trade contributes to the world’s economic growth. With the growth of manufacturing in Asia, the shipping business in Asia will grow. We can expect more Asian voices to enrich the deliberations at international forums to tackle issues that cannot be solved unilaterally or regionally.”

This Asian voice would also be needed to address trade issues building between the West and its Asian trading partners.

“There are some potential hindrances to trade looming in the background, with strained relations between the United States and China, a degree of protectionism in the West, and intensified concerns over maritime security and environmental protection,” the Minister Mentor cautioned.

“There is also the danger that unilateral measures on maritime and cargo security, such as the recent requirement that all US-bound containers be scanned in foreign ports by 2012, will slow down the flow of trade. A balance must be struck between ensuring security and facilitating trade if we are to preserve the efficiency of shipping and cargo operations and allow global trade to flourish.”

Going forward, the Minister Mentor said Maritime Singapore would have to go beyond its

status as a major hub port to become an international maritime centre providing a full suite of services.

“To compete effectively, we have to become a complete maritime cluster by adding our core group of shipowners and operators, maritime support services such as maritime finance, insurance and legal services,” he said.

Two of the latest initiatives aimed at meeting the needs of the maritime community are the launch of the Maritime Finance Incentive Scheme in 2006 to attract assets under a range of financial options, and SGX AsiaClear that will help companies hedge freight risks through derivative tools.

“Singapore will live up to its reputation for stable pro-business policies that provide certainty,” the Minister Mentor said. “We avoid back tracking and U-turns, and we set out to make companies feel welcome and a valued part of the Singapore maritime ecosystem.

“We have sought to foster the interaction and networking that is critical to the success of any business enterprise through forums such as the Singapore Maritime Lecture.”


The many initiatives undertaken by maritime authorities and the private sector continue to pay huge dividends. As a maritime hub, the solid status of Singapore is anchored in the concrete of its busy quays.

But the port has many rivals competing for a bigger slice of the shipping pie, and for an industry so inextricably linked to Singapore’s economic development, this means looking beyond the horizon and to continue anticipating the future.

This would be central to future chapters of the Singapore maritime story. For as the Minister Mentor said: The port is Singapore’s *raison d’être*, its very reason for being.

Contingency plans form the centrepiece of the MPA's emergency response strategy, leaving nothing to chance.

By Greg Knowler



Large volumes of oil, gas and chemicals enter and leave the bustling hub port of Singapore every day, so being prepared is not just a slogan for the Maritime Authority of Singapore (MPA); it is a carefully planned strategy.

More than 17,000 tankers call at the port every year, making it vitally important that Singapore has the ability to prevent accidents and manage spills.

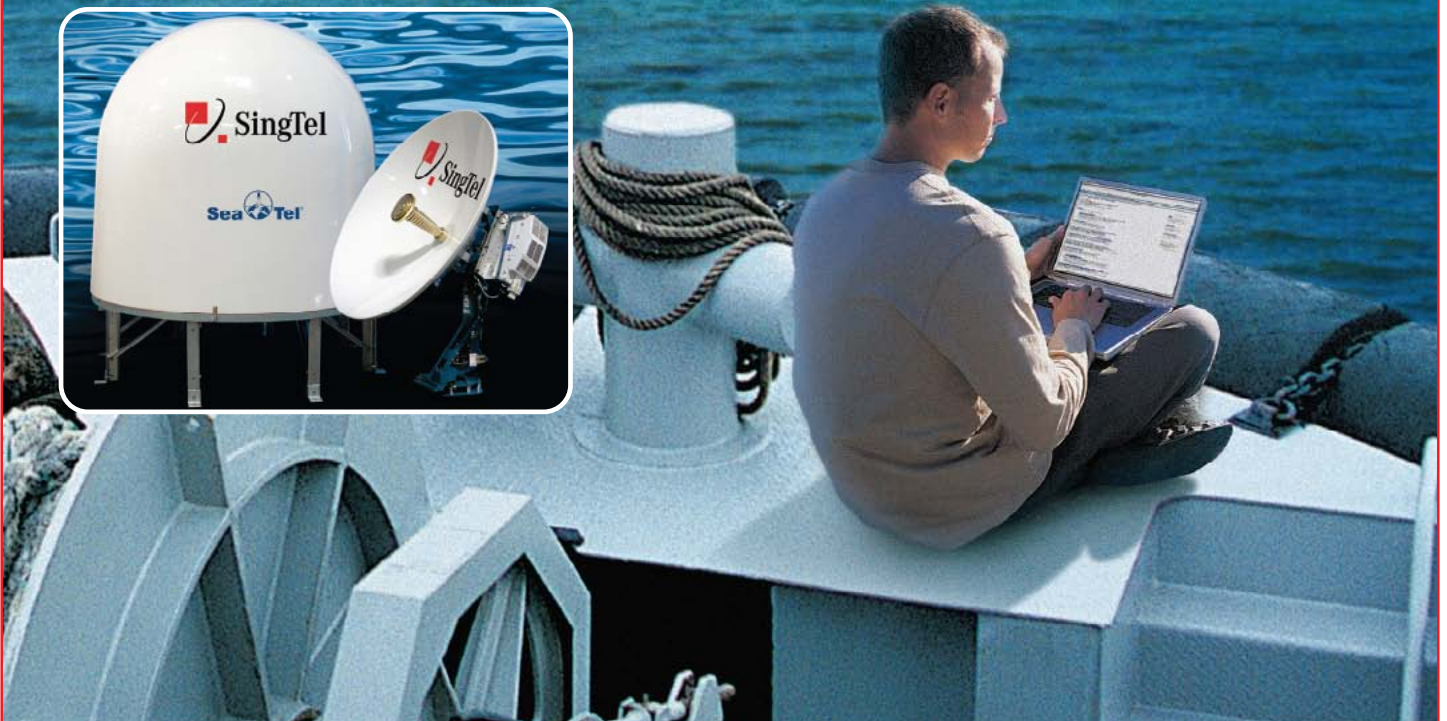
This is where LTC (NS) Krishnan Emayavaramban comes in. As the man in charge of MPA's emergency planning, he is tasked with implementing and managing the emergency strategy that is carried out in a three-step process involving prevention, preparedness and response.

The Straits of Singapore is monitored 24/7 by the MPA's vessel traffic system and this gives a clear picture of the ships in the area.

"Chemical tankers are required to provide advance information of what is on board, so at any one time we have a good snapshot of a vessel – where she is, whether she complies with regulations, what is on board," Krishnan said.

"All tankers passing through the Straits of Singapore are closely monitored and if there is any deviation from their route we will be in contact with the vessel very quickly."

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ABOVE
LTC (NS) Krishnan Emayavaramban, the man in charge of MPA's emergency planning

The MPA contingency plans have a tiered response to emergencies and this enables other government agencies to be brought in as required by the situation.

“But for a busy place like Singapore, there is no point in having a plan if you don't test it. We ensure that the plan is not merely on paper but works in practice,” Krishnan said.

Every year, the MPA conducts a Chemical Spill Exercise, and recently put its contingency plans to the test in Chemspill 2007. More than 150 personnel were involved in the hour-long exercise that used 12 boats and involved 13 agencies. These included the Singapore Armed Forces, the Police Coast Guard, the Ministry of Health and Ministry of Transport and the National Environmental Agency.

The Chemspill scenario was this: More than 100 tonnes of chemicals were spilled into the sea when a tanker carrying hazardous chemicals collided with a barge. The main priority in all accidents is the safety of the crew and for the first time in the annual drill a helicopter was deployed to airlift an injured seaman to safety.

Krishnan said the objective of the exercise was to test and demonstrate the deployment of resources in accordance with the MPA's Chemical Contingency Plan (Marine). The drill tested the capabilities and effectiveness of the resources and equipment used by various agencies to contain the spill and protect the shoreline.

“We prepare ourselves. Nothing is left to chance,” he said.

Marine Emergency Action Procedure:

The response to maritime emergencies is outlined in the MPA's marine emergency action procedure (MEAP). The various types of emergencies covered under the MEAP include collision and grounding, fire, oil pollution as well as chemical or dangerous goods spills. The primary objectives of MEAP are to save lives, protect and minimise damage to properties, safeguard the marine environment, and restore normality of affected port operations as quickly as possible.

Under the MEAP, all major marine emergencies must be reported immediately to the MPA's marine environment and safety department.

In the event of a marine emergency, the MPA has prior arrangements with various companies and facilities that allow the MPA to mobilise their resources. These companies include Exxonmobil Singapore Pte Ltd, Shell Eastern Petroleum Pte Ltd, Caltex group of companies, Singapore Oil Spill Response Centre Pte Ltd, East Asia Response Pte Ltd, Semco Salvage & Marine Pte Ltd And PSA Corporation, among others.

Within the MEAP is the chemical contingency plan (marine) that covers response to vessels handling dangerous chemicals and petroleum gases.

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A WISE port

Singapore ramps up its info-comms capabilities with the latest technology

By Paul Richardson

Singapore's maritime sector is to experience a major breakthrough in modern info-communication technology early this year as it becomes the first ever port to adopt a wireless broadband system, allowing instant and real time communications between ships and shore-based locations, for its port waters.

Through an initiative adopted between the Maritime and Port Authority of Singapore (MPA) and the Infocomm Development Authority (IDA), all shipping in Singapore waters will be able to access broadband wirelessly without going via satellites. This will not only provide important communication facilities, but also allow real time access to local navigational information

Up until now, inter-ship and ship to shore communication in Singapore waters has mainly been conducted via VHF radio or GSM telephone, or even by fax.

The MPA and IDA have provided S\$12m in support for various Infocomm projects through the Infocomm@SeaPort Programme, which was first launched by Singapore's Minister for Transport and Second Minister for Foreign Affairs Mr Raymond Lim back in September 2007. The Infocomm@SeaPort Programme is part of MPA's initiatives to use maritime R&D and technologies to benefit the industry.

Such initiatives have led to the launch of the WISEPORT (WIREless-broadband-access for SEaPORT) Programme, a unique system which adopts an emerging wireless technology called WiMAX. The system to be set up by QMAX Communications Pte Ltd will undergo a trial run in March 2008. Full commercialisation and marketing is expected in March 2009.

But even before the trial is conducted, more than 290 users from more than 20 companies and organisations have expressed interest in participating in the trial. The number of participants is expected to double during the trials.

So what are the benefits of WISEPORT?

WISEPORT facilities and online applications will offer more efficient and cost effective communications between ships and between ship and shore.

WISEPORT will benefit users such as ocean going vessels, harbour craft, terminal operators, shipyards and marine engineering companies, government and even those on the islands.

WISEPORT is part of the overall Infocomm@SeaPort Programme that is in turn an integral unit of the IDA's iN2015 plan to enhance the economic competitiveness of Singapore through the use of the Infocomm initiatives.

The MPA's Chief Executive, BG (NS) Tay Lim Heng, believes that technology is critical to a leading global seaport.

"The Infocomm@SeaPort Programme will extend our current efforts to develop and promote the use of industry wide infocomm technology systems," he said.

Likewise, IDA Chief Executive RDM (NS) Ronnie Tay believes WISEPORT and the overall Infocomm@SeaPort Programme is an integral part of enhancing the economic competitiveness of Singapore.

"Infocomm can entrench our reputation as a global transshipment hub and improve port community infrastructure to further strengthen our position as a global supply chain nerve centre," he said.

Ben Lee, Business Systems Manager - Shell Marine Products, said WISEPORT represented a significant development for the marine industry as it will form the telecommunications backbone in the port to better harness info-comm technology.

"Shell plans to leverage this initiative to accelerate our quest for higher automation onboard vessels and barges to provide supply chain efficiencies and real-time information," he said.



Not Business as Usual

Innovative finance solutions from banks based in Singapore are catching the eye of shipowners around the world

By Chris Davis

Traditional financing models are no longer enough to sustain the rapidly growing shipping sector and rising prices of its floating assets are placing huge demand on banks.

In a move to ensure reliable and secure funding for the shipping business, a growing number of Singapore-based banks and financial institutions have expanded their ship financing activities and devised innovative alternatives to traditional debt financing.

“The successful banks will be those that understand the demands of the sector and can work with their clients to assist them to facilitate growth,” said Soh Hang Kwang.

The ABN AMRO Singapore Executive Vice-President, Commercial Client Segment and Global Clients, said the demand for finance from the traditional shipping sector had increased as global trade grew and asset prices escalated. In addition to this, there were increasing demands from the oil



“The successful banks will be those that understand the demands of the sector and can work with their clients to assist them to facilitate growth.” — Soh Hang Kwang

services sector for specialist vessels and drilling rigs to support the growth in oil exploration and production.

“The financial requirements of these floating assets have provided banks that have an innovative approach to financing with enormous opportunities in the future,” he said.

The innovative financing solutions include structured products, leasing, off balance sheet treatments, sale and leaseback, derivative and hedging structures and residual value insurance (RVI).

Soh said the marine-shipping sector was a key growth area for ABN AMRO’s commercial business, specifically in Singapore.

“We have dedicated expertise locally to develop and grow this portfolio to take advantage of the enormous opportunities that the shipping sector has to offer.” Asian shipping companies own more than 40 percent of the world’s shipping tonnage.

For Tom Zachariassen, Singapore was an obvious place to base a financial institution specialising in the shipping sector. The relationship manager with Nordea Bank Shipping and Oil Services at the Asia Nordea Bank’s Singapore Branch said ship financing was a fast growing sector, driven by an estimated US\$300 billion worth of global financing for newbuildings and secondhand acquisitions.

“Shipping finance activities are more pronounced in Singapore than anywhere else in Asia,” he said. “Singapore has taken the steps to create



world-class financial infrastructure and expertise to maximise the growing opportunities created by the changing needs of the shipping community.”

Zachariassen said other factors, such as having a good and transparent banking and financial sector, an efficient telecommunications network, a reliable transportation network, a stable government and a skilled and disciplined workforce, contributed to Singapore’s success as a port.

He said Singapore played an important and strategic role in the global shipping industry. Strategically located, the city’s port is the largest in the world in terms of shipping tonnage. With links to more than 600 ports worldwide, it was also the focal point for more than 400 shipping lines.

Today, Singapore has over 5,000 maritime companies, providing a broad range of services, employing some 100,000 people and contributing more than seven percent of Singapore’s GDP.

For ABN AMRO’s Soh, the growing popularity of leasing and shipping trust structures tied in well with Singapore’s Maritime Finance Incentive (MFI) scheme, which was launched in 2006 to meet the growing financing needs in the shipping/maritime sector.

The growth in this sector has fuelled demand for new and innovative financing products and instruments instead of relying on owner’s equity and traditional financing models.

The MFI scheme allowed players in the



“What is important for our clients in today’s market is how we can help them to grow so they can take advantage of the increasing opportunities in the market.”

— Colin McGinnis

shipping industry to access Singapore’s established financing sector and its expertise to take advantage of growing opportunities. The MFI scheme is targeted at ship leasing companies and shipping funds or trusts that provided financing for all types of vessels (including those used for the offshore oil and gas sector).

Under the MFI Scheme, qualifying income earned by a vessel owned by an Approved Ship Investment Vehicle (ASIV) enjoys tax exemption



for the entire economic life of the vessel. For instance, if an ASIV acquired a vessel with an economic useful life of 20 years, chartered it for 20 years and disposed of it thereafter, lease income on the charter would enjoy tax exemption for the entire 20 years.

The tax certainty provided by this unique feature will increase the attractiveness of such investments to potential investors and spur ship investment management companies to set up such investments in Singapore.

“We are very positive about the growth of this sector and we have positioned ourselves well to take advantage of the opportunities with a strong team of local relationship managers and global product expertise,” Soh said.

HSH Nordbank, the world’s largest ship financier, is another financial institution enjoying the benefits offered by Singapore’s favourable maritime environment.

After catering for Asian Shipping companies out of Hamburg for many years, HSH Nordbank established a shipping desk in Singapore in 2001.

“Nordbank’s Asian Shipping desk manages an exposure of US\$3.69 billion, which includes commitments, but the true figure is significantly higher than this because financing included in HSH Nordbank’s total shipping portfolio of 37 billion Euros is generated from Singapore,” said a Nordbank company spokesman.

The spokesman said Nordbank offered a wide range of ship finance products from senior loans to tailor-made complex ship financings, from operating and tax lease structures to risk management advisory with products such as fuel-linked deposits, FX, interest rates and bunker hedging.

Nordea Bank’s Zachariassen said in addition to local and international banks, financial institutions were setting up equity-type shipping financing operation in Singapore to provide alternative ways to raise cash.

“While banks will always be the main source of financing, these new alternatives are providing additional capital financing. As values for new shipbuildings have gone up, developers need more financing,” he said.

In the wake of the US sub-prime fallout, Zachariassen pointed out that a number of high profile banks with a tradition of providing shipping finance had reduced their lending exposure.

On average, banks’ have reduced their lending

“While banks will always be the main source of financing, these new alternatives are providing additional capital financing.”

— Tom Zachariassen



from US\$50-70 million to US\$30-50 million. “Six months ago borrowers held the upper hand and were able to generate higher margins. Now the pendulum is swinging back towards the financiers,” he said.

Colin McGinnis, ABN AMRO executive director and head of Transport and Logistics Structured Finance, Global Markets, said the bank had devised various ways to provide integrated shipping financing solutions.

These include tax lease structures, advisory, derivatives, export credit agency finance, project finance (non-limited recourse), syndicated-bilateral loan facilities, capital markets and private placements and securitisation structures such as shipping trusts.

“We structure effective solutions on a case-by-case basis depending on clients’ requirements and objectives,” McGinnis said. “While the product offerings are standard across most banks, it is important from the client’s perspective how these offerings are combined and presented as a solution rather than as a debt package.”

The innovation lies in the solutions rather than the products. “What is important for our clients in today’s market is how we can help them to grow so they can take advantage of the increasing opportunities in the market,” he said.

And the award goes to...

The development of Singapore as a global hub port and international maritime centre would not be possible without the contributions of top executives and companies based in the city. At the Singapore International Maritime Awards 2007, seven awards were given to these outstanding individuals and organisations. *Singapore Nautilus* features the winners

SS Teo



The Singapore IMC (Individual) Award 2007 was presented to Mr Teo Siong Seng, Managing Director, Pacific International Lines (PIL), Chairman, Singapore

Maritime Foundation and President, Singapore Shipping Association, for his contribution to Singapore's development as an international maritime centre.

"I am honoured to have won the award, but it is also in recognition of all the people I work with at the Singapore Maritime Foundation (SMF) and the Singapore Shipowners' Association (SSA)," said Teo.

"The SSA and SMF have done much work in the development of the city as an international maritime centre and I will ensure that momentum continues."

The private sector led SMF works in partnership with the marine sector and various government agencies to promote and develop Singapore's marine capabilities. As its Chairman, Mr Teo has been instrumental in promoting cooperation between the various maritime sectors and tackling challenges to the industry, such as in manpower development.

(Singapore Nautilus gets up close with S.S. Teo in the Maritime Personality on Page 30)



The Singapore IMC (Corporate) Award 2007 was presented to PSA Corporation which has contributed significantly towards the development of Singapore as an International Maritime Centre.

"This achievement was made possible by the unwavering commitment of our staff and unions and the continuing support of our global customers," a PSA spokesman said.

With over 5,000 local employees, PSA is a pillar of Singapore's development as a seaport and maritime centre. The port operator works closely with the many maritime organisations in Singapore and has been a supporter of numerous local maritime events.



The Maritime Service Provider Award 2007 was presented to DnB NOR Bank for its professional performance and contribution to the maritime sector.

"Winning the award makes us proud and is motivation for our staff to strive to excel to higher standards and expectations," said a DnB NOR Bank spokesman.

"We hope to directly contribute to Singapore's development as an international maritime centre by being a capital and financial services provider, as well as by promoting this both internally in our organisation and among our clients worldwide."

DnB NOR Bank is a leading Norwegian financial services group, and one of the world's largest ship financiers. The Singapore branch is the bank's Asia-Pacific headquarters and its shipping desk manages a large diversified shipping portfolio. It has been involved in several local shipping finance deals, such as listing of Pacific Shipping Trust and PT Berlian Laju Tankers.



The Excellence in Training & Development Award 2007 was presented to Neptune Shipmanagement Services Pte Ltd for its commitment and excellence in training and development.

“The award is shared by all our staff we have trained as well as the trainers themselves, and is a significant milestone in our pursuit of excellence,” said Captain Yeow Kok Kean, Director of Training at Neptune Shipmanagement Services.

“A ship can be built in a year, but it takes 10 years to train a good captain. Our primary aim is ensure our officers, crew and shore staff can improve their knowledge and execution of their jobs, and our holistic approach to training also prepares them for career development opportunities throughout our global network.

“We are confident Singapore’s status as a key maritime training centre will be further enhanced over time,” Yeow said, adding that the company’s comprehensive programmes involve both onboard and shoreside training.

NSSL has been a strong supporter of maritime manpower development initiatives in Singapore for many years. The company is well recognised for its training quality of merchant marine officers. Besides providing numerous scholarships to local academic institutions such as the Singapore Maritime Academy, the company is also actively involved in student industry outreach events such as the Maritime Youth Day.



Prosafe

The Outstanding Maritime R&D and Technology Award 2007 was presented to Prosafe Production Pte Ltd for contributing significantly towards the development of the Offshore & Marine Engineering sector.

“This award provides an incentive for us to

continue our efforts in research and development (R&D) while giving recognition and reward to the R&D team,” said Roy Hallas, President of Prosafe Production.

“With the focus shifting to more complex and technically challenging offshore projects, Singapore is now harnessing the resources of its R&D background,” he said.

“Our R&D technology developments in 2007 have focused on improvements in our fluid swivel technology and turret mooring concepts. Of these, the most demanding has been the development of a ‘disconnectable turret mooring system’ for vessels operating in harsh environments.”

Prosafe has been delivering high quality value added services, cutting edge technology, and engineering solutions to the offshore oil and gas industry for more than three decades with a solid 20 years of extensive experience in converting and operating floating production storage and offloading (FPSO) vessels. It has over 500 qualified technical personnel.

A.P. MOLLER SINGAPORE

The SRS Owner of the Year Award 2007 was presented to AP Moller Singapore Pte Ltd for being an outstanding owner of quality Singapore-registered ships.

“The accolade is a strong validation of the hard work and dedication of the staff at AP Moller Singapore,” said Jesper Praestensgaard, Chief Executive for Maersk in Southeast Asia.

“We are honoured and privileged at this industry wide recognition. It symbolises the company’s commitment to quality and efficient service to customers.”

A.P. Moller Singapore is the ship owning arm of the A.P. Moller – Maersk Group in Singapore. The company was established in 1978 and today owns and operates a fleet of 50 vessels under the Singapore flag. The company employs over 1,900 seafarers. Today the A.P. Moller Singapore fleet includes containers vessels, pure car and truck carriers (PCTC), very large crude carriers (VLCC), product tankers, chemical tankers, LPG carriers and very large gas carriers (VLGC).



The Bunker Award 2007 was presented to BP Singapore Pte Ltd for being an outstanding bunker supplier and for demonstrating commitment to quality standards, quantity assurances and customer satisfaction.

“The company is honoured to win this award. Singapore is top bunkering hub in the world and the bunkering business in Singapore has seen 3-7% growth annually in recent years,” said Clarence Chang, Regional Fuels Manager, BP Singapore.

“We expect the Singapore market to continue expanding in 2008, with ship-owners continuing to add bigger new tonnage with new vessels on delivery every month from shipyards.”

In Singapore, BP Marine supplies DMA (Marine Gas Oil), and 380cSt /500cSt heavy fuel oil, which meets the stringent ISO 8217:2005 specifications. In July 2007, the company achieved the new Singapore Standard on Quality Management for Bunker Supply Chain (SS 524:2006).

BP Marine has a strong reputation for safety, quality and reliability. It has its regional office in Singapore and has committed to increasing its current storage capacity in the port. The company has also recently introduced double hull tankers into its fleet.

Keppel Offshore & Marine

The Offshore & Marine Engineering Award 2007 was presented to Keppel Offshore & Marine Ltd for contributing significantly towards the development of the Offshore & Marine Engineering sector.

“Winning the award is in recognition of our contribution to the industry,” said Choo Chiau Beng, Chairman and Chief Executive Officer, Keppel O&M.

“We seek to play our part in developing Singapore into a truly international maritime

centre. We will continue to stay focused on our strategic directions of creating value for our stakeholders by investing in R & D, forming alliances with trendsetters and nurturing talents to drive business success,” he said.

“In 2007, we offered more than 45 scholarships bringing the total number of scholarships offered to date to 500,” Choo said. “We will continue to attract and invest in talent management and development.”

“Keppel O&M’s leadership position with substantial market share in rig design and building, complex ship conversions and specialised ship design and building will continue to attract international oil and gas services companies and shipping firms to set up shop in Singapore”, Choo said.

Keppel O&M operates a global network of 20 yards, and is a leader in the design and construction of rigs and FPSO conversions.



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Swire Pacific and the search for black gold

The demand for oil is leading Swire Pacific Offshore deeper into some of the world's most inhospitable places

By Greg Knowler

It is a little-known fact is that the vast majority of the world's oil reserves are in the hands of state-run companies or nations and not the big oil majors. This may put the reserves out of reach of the majors but it has also driven the oil exploration business into increasingly hostile environments in search of black gold.

For Swire Pacific Offshore (SPO), this is great news. The Singapore-headquartered company has built its reputation as a service provider to the offshore oil and gas industry and has a network that spans the globe.

"The oil majors are struggling to replace reserves in a marketplace that is no longer flat for them," said J.B. Rae-Smith, Managing Director of SPO.

"This creates a great opportunity for us, as they are now forced to explore in a much wider range of environments. That means our business now is in more inhospitable places - more ice, deeper water, worse weather, poor political climates - but that's okay because it's what we do."

In addition to working with the oil majors, the company also has very strong relationships with a wide range of national oil companies developed over the last thirty years.

The company owns and operates 65 vessels that include anchor handlers, platform supply vessels, seismic survey ships, safety standby vessels and dive support vessels. It is a large global player, with vessels in service from Russia's far eastern

Sakhalin Island to Trinidad in the Caribbean. It has shore support provided by a network of outport offices in Aberdeen, Baku, Brunei, Doha, Douala, Dubai, Fremantle, Kuala Lumpur, Lagos, Luanda, Malabo, New Plymouth, and representative offices from Africa to China.

With such global coverage, Rae-Smith said Singapore was a good choice as a company base. "We don't have substantial business in the US, but we have a lot of business in Australia, New Zealand and in Sakhalin and the Middle East and West Africa, so from a time zone perspective this is a good place for us to be.

"Singapore has a great infrastructure, and if you are in the oil business you can get on a plane and fly non-stop to most of the oil capitals. With an international business, if you can fly direct to just about everywhere from here, you can't complain."

Something the marine industry can complain about, however, is the shortage of manpower, especially with the type of job list handled by SPO. The need to operate in extreme climates or politically unstable regions is costly and requires experienced staff that is in short supply.

"It is very difficult to get people, and anyone who grows their company needs to have a good handle on how they are going to man their vessels," Rae-Smith said.

The demand for people in Singapore has risen dramatically in the past 10 years with the rapid economic development of the city, and while the quality of the manpower is high, the demand means they are snapped up quickly.

To address the company's staffing needs, SPO has built a state-of-the-art training facility in Singapore that includes a full mission bridge and engine control room simulator.

"Once we flash up the screens you wouldn't

know that you were not on a ship. We put every officer through there for five days every three years. The industry has a lot of courses that are mandatory, but, in addition to these, we now require all our officers to do five days of non-mandatory, company-specific training.

“We focus on how to push them to the limit in various situations, especially those involving safety because the offshore industry is a dangerous one. Last year about five offshore supply vessels sank out of a fleet of around 3,000, so that is a fairly high number.”

Rae-Smith said the company searched for staff all over the world, with its 1,400 seafarers on the books coming from the Philippines, the UK, Australia, New Zealand, South Africa and Russia. But he had noticed a new trend among young seafarers.

“In the past people went to sea for life, but that has changed. People now entering the workforce do not believe they are joining a company for life, they believe they are joining the company for their next life experience. We realise that our employees, when they step off their ships, may be looking for their next opportunity. In their formative years with the company we have got to train them and allow them to see that their next best opportunity still lies with us.”

With business booming, SPO has embarked on a vigorous expansion plan, investing heavily in a new-

The company owns and operates 65 vessels that include anchor handlers, platform supply vessels, seismic survey ships, safety standby vessels and dive support vessels.



















building programme that has seen almost 40 ships entering service since 1997. It has 16 offshore supply vessels on order that will be delivered from this year until 2011. They will replace the older tonnage in SPO's fleet, which comprises 18 vessels that were built before 1984. With most of its work in tough conditions, its vessels are modern, technologically advanced and rigorously maintained to cope with the challenges of the demanding offshore industry.

In addition to the vessel side of the business, the company also has an active















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 Chandris USD 116,000,000 Sole Bookrunner & Sole MLA Senior Secured Credit Facility	 Genco Shipping & Trading USD 1,377,000,000 Sole Bookrunner & Joint MLA Senior Secured Credit Facility	 Seadrill USD 1,500,000,000 Joint Bookrunner & Joint MLA Senior Secured Credit Facility	 Seaspan USD 920,000,000 Sole Bookrunner & Joint MLA Senior Secured Credit Facility	 Northern Offshore USD 300,000,000 Joint Bookrunner & Joint MLA Senior Secured Credit Facility	 Seadrill X ASA USD 800,000,000 Sole Bookrunner & Joint MLA Senior Secured Credit Facility
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Corporate Finance & Debt Capital Markets

 Commercial Paper Issue USD 200,000,000 Sole Arranger DnB NOR Markets	 Commercial Paper Issue NOK 275,000,000 Sole Arranger DnB NOR Markets	 Commercial Paper Issue NOK 600,000,000 Sole Arranger DnB NOR Markets	 Bond Loan USD 100,000,000 Joint Arranger DnB NOR Markets	 Senior Notes EUR 1,000,000,000 Co-Manager DnB NOR Markets	 Initial Public Offering USD 142,500,000 Co-Manager DnB NOR Markets
 Acquisition of Cheng Lie Navigation USD 160,000,000 Sole Financial Advisor DnB NOR Markets	 Initial Public Offering USD 247,000,000 Co-Manager DnB NOR Markets	 Acquisition of Chembulk Tankers LLC USD 850,000,000 Sole Financial Advisor DnB NOR Markets	 Sale of company to Bear Stearns Merchant Banking USD 284,000,000 Sole Financial Advisor DnB NOR Markets	 Equity Offering USD 297,000,000 Co-Manager DnB NOR Markets	 Acquisition of Petrojarl ASA USD 850,000,000 Sole Financial Advisor DnB NOR Markets

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DnB NOR Shipping, Offshore & Logistics

production division, Swire Production Solutions (SPS). SPS is a specialist service provider in the upstream oil and gas industry, providing floating production for medium sized oil fields and innovative marine solutions for stranded assets and marginal offshore fields. SPS undertakes design, engineering, procurement and installation activities, providing customers with turnkey, cost-effective solutions that minimise front-end risks for its clients.

Another challenge for SPO is the cyclical nature of the offshore oil exploration industry, and a recent 50:50 joint venture with Greek salvor Five Oceans Salvage Consultants is an attempt to establish a larger stake in the salvage market which has shown early promise.

Rae-Smith explained: "We have boats that are very well suited to the salvage business. We are professional salvors, but we haven't appreciated how much more we can do with that side of the company and that is why we entered into the joint venture.

"Swire Ocean Salvage will enable us to build up a revenue stream that is independent of the oil exploration cycle."

Swire Ocean Salvage will be able to mobilise salvage equipment based in warehouses in Singapore, Dubai, West Africa and Greece, and is equipped to respond to all types of marine casualties.

Expanding into other areas will be important for SPO as the offshore business is facing a difficult future. Rae-Smith is predicting a "cold period" with too



HISTORY

Swire has been a big name in deep sea shipping for more than a century. The company's involvement in the offshore oil industry began in 1975 when Swire Pacific established a joint venture with Northern Offshore Ltd, a UK-based offshore support company.

Swire Pacific Offshore (SPO) was established that same year as a wholly owned subsidiary of Swire Pacific Ltd to hold the Swire Group's interest in the Swire Northern Offshore (Pte) Ltd.

Initially, Northern Offshore was responsible for developing offshore support operations west of the Suez Canal while the new Singapore-registered joint venture, Swire Northern Offshore, handled similar operations to the east of the Suez. An outpost office was established in Dubai to support vessels working in the Middle East.

In 1980, SPO acquired full control of the business and the assets of the joint venture.

SPO has a majority shareholding in Offshore Solutions in New Zealand. The company provides comprehensive marine logistics support to oil exploration companies in New Zealand.

SPO also owns a 50% shareholding in Prisco Swire Offshore Pte Ltd, which operates three ice-class platform supply vessels in Sakhalin in the Russian Far East.

SPO is part of the Swire Pacific group of companies.

much tonnage providing excess capacity that will be difficult to man. But he said the company's balance sheet was strong and its strategy was focused.

"We are not strangers to tough business conditions, either on shore or at sea. We have been here before and we can handle it," he said.

SPO's experience and ability to take on the most difficult jobs will stand the company in good stead in the future, and may ease the pain of any overcapacity in the market.

"Our motto is 'difficult jobs, difficult places, safely', and we have made huge investments in training and in equipment to take on the work," Rae-Smith said.

"If you just want to go to a flat bit of water and pump some oil, we are probably not the right people to talk to. But if you want to find oil in areas with political instability or harsh environments, and if you want to focus on best in class safety, then you'll talk to us."

A man with dark hair, wearing a light blue and white vertically striped button-down shirt, is seated in a wooden chair. He is smiling slightly and looking towards the camera. The background is a large window overlooking a vast shipping yard filled with colorful containers and industrial structures. The sky is overcast. On the left side of the image, the word "PERSONALITIES" is written vertically in a light blue, serif font. At the top left, there is a small blue square graphic element.

PERSONALITIES

Growing up in shipping and
not for medicinal reasons

S. S. Teo

Managing Director, Pacific International Lines

S.S. Teo grew up hearing about shipping. "I would always listen to my father talking about the business over the dinner table," the managing director of Pacific International Lines (PIL) said.

There was a lot for Teo's father to talk about. YC Chang (Chang is the Mandarin pronunciation for Teo, who is Hockien) was busy laying the groundwork for PIL, a company that 40 years after being founded has a fleet of 106 vessels and makes port calls around the world.

But Teo's love for shipping was not obvious at first. His mother thought he would embark on a career in medicine and at one time he did consider it. "If I had gone in that direction, life would certainly be a lot less hectic," he laughed.

At 15 years old, the youngster would work at PIL during school holidays, but it was a year later as a deck cadet that the shipping bug bit hard.

"My greatest impression of the shipping business was when I sailed to Guangdong in southern China on one of my father's cargo passenger ships, the Kota Panjang," he said.

"At that stage, the Singaporean government did not allow locals under 55 to visit China, but seafarers were exempted from that rule. I received a taste of marine life and I loved it. The ship carried 500 passengers and few thousand tons of break-bulk cargo and was like a self-contained little city.

"To a 16-year-old, it was all very dynamic, especially the captain. He was the king of the ship and I was very impressed."

Teo arrived in the southern China port of Huangpu in late 1970 at the height of the Cultural Revolution, and though he was apprehensive, he came back to Singapore with a love for China and a belief that the country would become an important part of his future.

He was right. Today, more than 35 percent of PIL's revenues comes from China trade and the line offers customers 18 container line sailings a week out of China. Its mainland network includes 10 fully licensed branch offices and 13 representative offices.

With his mind now firmly focused on shipping, Teo left for Glasgow after his national service and completed a degree in naval architecture.

But if Teo thought he could simply walk into the family business, he was mistaken. His father attended the graduation ceremony and sat him down for an interview afterwards.

He got the job but it wasn't all smooth sailing. "You think you know everything as a 20 year old and I would be annoyed when my father told managers under me things without informing me first," he said.

But the father and son soon found a balance and became a strong team. PIL today earns revenues approaching US\$3 billion and is the world's 19th biggest shipping line.

The road to Singapore began for Teo's father when he fled to Malacca from the island of Jinmen in the Taiwan Strait after the Japanese invaded China in 1937, working as an assistant to his uncle in trading. He set up his own business after the war but that business failed and Chang joined friends in a Singapore shipping company that later became Kie Hock, one of the city's largest carriers.

He left Kie Hock after 18 years at the age of 50 to start his own shipping line with four coastal vessels. The line grew rapidly, buying scores of "tween deckers" (multi-decked cargo ships) and breakbulk, multi-purpose and livestock ships. Before long, his carriers were plying the seas to China, the Red Sea and East Africa.

But it was with the advent of containerised shipping that Chang's astuteness really came to the fore. Unlike other, now defunct, local operations, Chang swiftly converted his shipping line from a break-bulk operator to container carrier and has never looked back.

"Many small lines depended on the near sea trade and didn't change when the trade became containerised. There was intense competition and a lot of them went under," said Teo.

PIL has also diversified its operations into logistics related activities such as supply chain management, consolidation-distribution facilities, warehousing, container depot operations and trucking. It also has interests in ship-agencies worldwide, container manufacturing, marine engineering and real estate.

The line has an orderbook of over 30 container

vessels with a total capacity of 90,000 TEUs that will be delivered by early 2011.

In addition to his PIL responsibilities, Teo is also the president of the powerful Singapore Shipping Association (SSA) and chairman of the Singapore Maritime Foundation (SMF). He sits on many boards and is deeply involved in the development of the city as an international maritime centre (IMC).

“Singapore has the infrastructure, the stability and the long-standing maritime tradition. It has transformed itself from a mainly transshipment hub into a major maritime hub. The port is in the centre of the Asian economic boom with India on one side, China on the other and Vietnam up the road.”

He said unlike being a shipping hub, an international maritime centre had all the associated services that once established are hard to lose – software, insurance, banking, logistics, legal services. There are scores of agents and consultants.

“Singapore is an important oil and chemical hub, it is the world’s busiest container port and many big trading houses have their logistics arms based here. More than 20 shipbrokers have set up shops in Singapore in the last two years, so it is indeed an ideal IMC location.”

Teo has two sons, aged 13 and 16, and although he follows a punishing work schedule, he carefully manages his time to create the best work-family balance he can under the circumstances.

“I have a major event calendar and on it I have highlighted my sons’ school holidays. I always make sure I drop them off at school on the first day of the term and pick them up on the last.”

As a second generation Chinese he wants his children to have the options that were harder to come by in the old days. “When my father founded

S.S. Teo

Awards

- Golden Eagle Award, Dec 28, 2000
- International Maritime Centre Award (Individual), Sep 26, 2007

Appointments

- Managing Director, Pacific International Lines (Private) Limited (PIL)
- CEO and President, Singamas Container Holdings Ltd Hong Kong (PIL subsidiary)
- Council member of the Singapore Chinese Chamber of Commerce & Industry
- Board member of Maritime and Port Authority of Singapore
- Board member of Through Transport Mutual Insurance Association Limited
- Board member of Centre for Maritime Studies
- President of Singapore Shipping Association
- Chairman of Singapore Maritime Foundation, Lloyds Register Asia Shipowners, The Standard Steamship Owners’ Protection & Indemnity Association (Asia) Ltd, and Class NK Singapore.

Teo also holds executive directorships with several PIL subsidiaries and joint venture companies, whose activities include shipowning, liner shipping, ship agency, freight forwarding, container manufacturing, depot-warehousing, logistics parks, supply chain management and travel.

the business, he needed someone to help him. My sons are fortunate to have choices.”

It appears that the shipping blood that runs through two generations of the family may not be in the veins of his children. One wants to become a doctor – “finally we may get a doctor in the family,” he sighs – and the other a chef.

Teo’s father – now 89 – taught him much about managing people. Chang has a calm and patient manner and seldom loses his temper, and this approach to people has rubbed off on his son.

“When you manage people, you have to put yourself in their position and treat them with respect. How much that person gives to you and the company depends on how much he shares in the mission.”

A principled stand was another crucial part of business, he said. “It is important to be honest, especially now when many are interested in short term gain.”

Asked if he has any regrets in life, Teo paused for a moment, then chuckled: “I should have been more serious about golf when I was young. I only started four years ago.”



A New High in Straits Cooperation

Last September, the international maritime community gathered in Singapore to witness the historic launch of the Co-operative Mechanism for the Straits of Malacca and Singapore. In this article, Professor Tommy Koh, who was intimately involved with the history and evolution of the UNCLOS, takes us through the journey of this milestone achievement.

By Professor Tommy Koh

The Straits of Malacca and Singapore are among the world's important sea lanes. Fifty per cent of world trade and a third of the world's oil supply pass through these two Straits. Countries in Asia, as well as those further afield, in Europe and the Middle East, benefit from using the straits, as do the shipping industry and other stakeholders. Ensuring open, safe and secure navigation and the cleanliness of the marine environment is a shared responsibility of the three littoral States of Indonesia, Malaysia and Singapore, the user States, the shipping industry, and other stakeholders. However, negotiating an agreed framework for the littoral States and the user States and other stakeholders to cooperate remained elusive for many years.

A historic breakthrough was recently achieved. The littoral States, user States, and other stakeholders, met under the auspices of the



Owing to the initiative of the IMO, the cooperative attitudes of the three littoral states, the user States, and the shipping industry, we have finally been able to, for the first time, implement Article 43 of UNCLOS.

— Professor Tommy Koh

Singapore's Ambassador-At-Large

International Maritime Organisation (IMO) in Singapore, from 4 to 6 September 2007. The meeting adopted an agreement to establish a cooperative mechanism. The Singapore meeting was part of the IMO Secretary-General Mitropoulos' visionary "Protection of Vital Shipping Lanes" initiative. The Singapore meeting was preceded by successful meetings in Jakarta in 2005 and Kuala Lumpur in 2006.

The launch of the Cooperative Mechanism was a very happy occasion for the veterans of the Third United Nations Conference on the Law of the Sea. We had spent over a decade negotiating and

crafting the 1982 UN Convention on the Law of the Sea (UNCLOS). One of the difficult issues we had to resolve was the demand by coastal states to extend the breadth of the territorial sea to 12 nautical miles and the impact this would have on the straits used for international navigation.

Part III of the Convention, on Straits Used for International Navigation, was a delicate compromise, balancing the rights of the littoral states, on the one hand, with the rights of the international community, on the other. The compromise was to accept an extension of the breadth of the territorial sea to 12 nautical miles and to create a new regime of passage for ships and aircraft passing through and over straits used for international navigation. The new regime is called “transit passage” and is a stronger regime than the regime of “innocent passage”. The Straits of Malacca and Singapore are two examples of such straits. Article 43 of UNCLOS, which is incorporated under Part III of the Convention, states that “States bordering a strait and user States should by agreement cooperate in the establishment and maintenance of navigational safety or other improvements in aid of international navigation, and also for the prevention, reduction and control of pollution from ships”.

UNCLOS entered into force in 1994. Two years later, I had a discussion with the then Secretary-General of the IMO, Mr William O’Neil, who encouraged me to convene an international conference to see if we could implement Article 43 in respect of the Straits of Malacca and Singapore. The Institute of Policy Studies in Singapore and the IMO co-convened an international conference on the said Straits for this very purpose. The conference, held in 1996, brought together the littoral States, user States and other stakeholders for the first time.

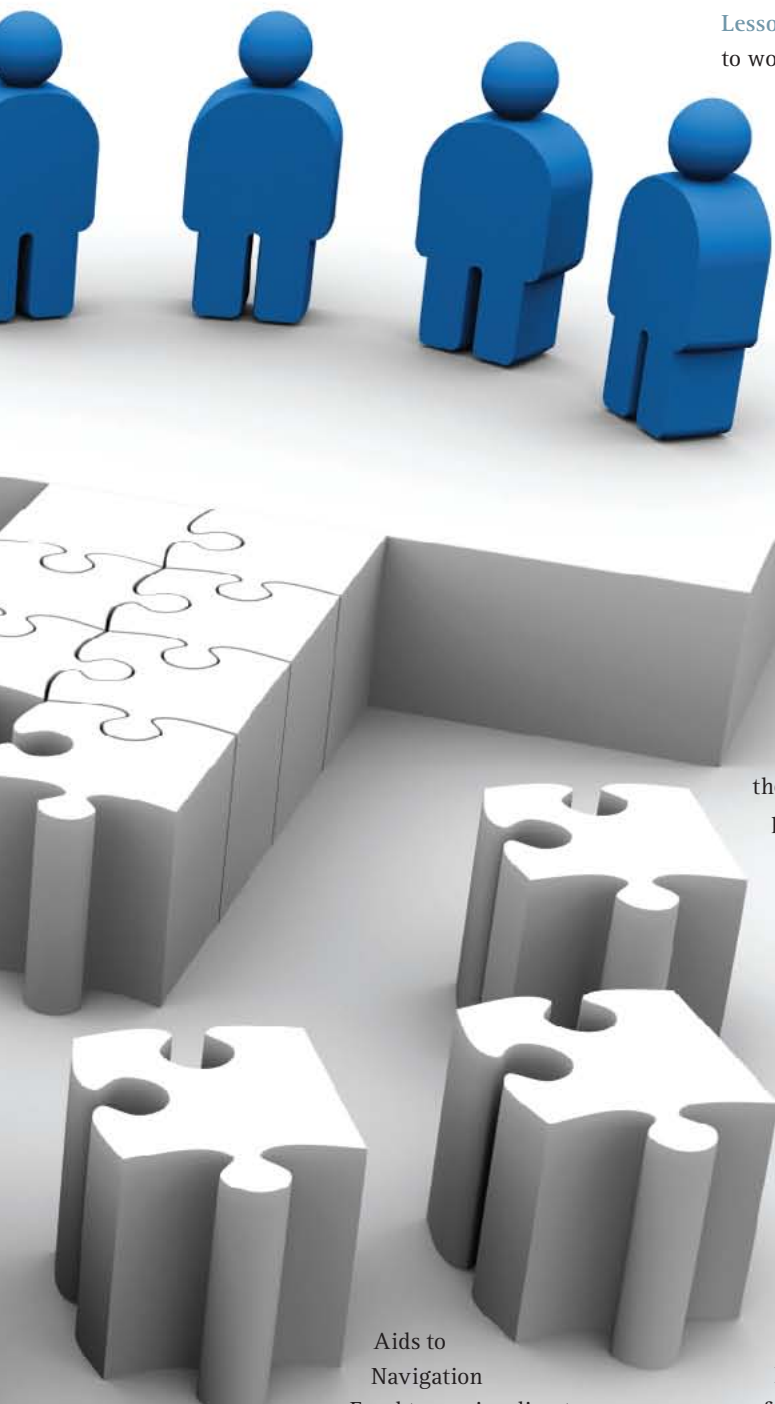
Participants of the 1996 conference had a full and frank

discussion on how we could work together, in line with Article 43, to ensure the safety of navigation and the control of pollution in the Straits. They were, however, not ready to implement the provision. A follow-up conference was held in 1999. Unfortunately, we were still ahead of our time, and neither the littoral States nor the user States were ready for the cooperation envisaged by Article 43.

I was therefore very happy when the current Secretary-General of IMO, Mr Mitropoulos, launched the “Protection of Vital Shipping Lanes” initiative in 2004, which aimed to promote a comprehensive approach to addressing the safety, security and pollution control in critical shipping lanes around the world. The IMO decided to begin its initiative with the Straits of Malacca and

Singapore.

At the first meeting held in Jakarta, in 2005, it was agreed that a Cooperative Mechanism be established for the three littoral States to meet on a regular basis with user States, the shipping industry and other stakeholders to enhance safe and sustainable navigation through the Straits. The conceptual framework of the Mechanism was subsequently presented at the Kuala Lumpur Meeting in 2006. The Mechanism consists of three components: (i) the Cooperation Forum for open dialogue and discussion, (ii) the Project Coordination Committee to oversee projects that addressed the immediate needs of the Straits, and (iii) the



learnt from this fruitful process.

Lesson 1: The three littoral states have been able to work together. We have been cooperating on improving navigational safety and environmental protection in the Straits, through the Tripartite Technical Experts Group (TTEG), since the 1970s.

Lesson 2: The three littoral states are committed to upholding and applying the relevant international law in the Straits of Malacca and Singapore.

Lesson 3: The three littoral states share a mindset which can be best described as open and inclusive. We assert our sovereignty over our Territorial Seas in the Straits of Malacca and Singapore. At the same time, we acknowledge the rights and interests of the user States, shipping industry and other stakeholders.

Lesson 4: The IMO has played a vital role in the process. Without the positive, helpful and pro-active role of the IMO, we would not be celebrating this successful outcome.

Lesson 5: There is a convergence of interest between the littoral States and the user States in enhancing the navigational safety and environmental protection of the Straits. For a long time, Japan was the only user State which was willing to help the littoral States. More recently, other user States, such as China, Korea, the United States and others, have emulated Japan's example. I would like to thank the user States and the shipping industry for their positive attitude and their willingness to cooperate with the littoral States.

Aids to
Navigation

Fund to receive direct financial contributions for the renewal and maintenance of critical aids to navigation.

Owing to the initiative of the IMO, the cooperative attitudes of the three littoral states, the user States, and the shipping industry, we have finally been able to, for the first time, implement Article 43 of UNCLOS. This is very welcome news for the world.

I would like to share the five lessons that I have

It is my hope that Article 43 can be successfully implemented in other straits used for international navigation. I know that this is no easy task. Indeed, it has taken more than a decade for conditions to ripen in respect of the Straits of Malacca and Singapore. As we celebrate, we must be soberly aware that this is but the first step in a long voyage towards effective cooperation between the littoral States, the user States, and other stakeholders to keep the Straits safe, secure and clean.

Maritime leaders reflect on the past year and share their hopes and wishes for the sector for 2008



I look forward to 2008 as another year of growth for the maritime cluster in Singapore, with the government working in partnership with industry. On the international front, I also look forward to Singapore contributing actively to the international maritime community to bring about safe, secure and sustainable shipping.

Mr Raymond Lim, Minister for Transport & Second Minister for Foreign Affairs

Over the years, I have been heartened by the increasing number of international maritime companies in Singapore, and by their readiness to contribute to our growth as an International Maritime Centre. I look forward to nurturing our relationships with the industry, and I wish one and all a good year ahead in 2008.



Mrs Lim Hwee Hua, Minister of State for Finance and Transport



2007 was another good year for the maritime industry. It is gratifying to note that our efforts continue to bear fruit. For 2008, I wish the maritime industry another successful year taking Maritime Singapore to a new high.

Mr Peter Ong, Chairman, Maritime and Port Authority of Singapore

Successful partnerships underpin Singapore's development as an international maritime centre. I hope that our partnership with the industry grows from strength to strength.



BG (NS) Tay Lim Heng, Chief Executive, Maritime and Port Authority of Singapore



2007 has been a hectic year for shipping, marked with increased competition and upward spiraling costs. Yet, the emerging economies have ensured that global trade has been vibrant and expanding. We hope this resurgence in shipping will continue through 2008 and we extend our best wishes for the continued success of our industry.

Mr Teo Siong Seng, Chairman, Singapore Maritime Foundation

From the arrival of new industry players to the successful hosting of maritime events, 2007 will be a year to remember, and has further solidified the foundation for growth in the years to come.



Mr Andreas Sohmen-Pao, Managing Director, BW Shipping Managers Pte Ltd



2007 will be remembered as another good year for shipping, and of course, the first SeaAsia. More groundwork was also laid in making Singapore an attractive IMC, especially in the services sector. I am confident that 2008 will be another rewarding year for the prudent, and I am hopeful of more progress being made in attracting shipping companies and maritime service providers into Singapore.

Dato' Jude Benny, Managing Partner, Joseph Tan Jude Benny, Advocates & Solicitors

The Singapore maritime industry has scored well in 2007 through the collaborative efforts of the MPA, the SMF and the various maritime partners. I'm confident that we will create greater waves in 2008 with more good years for everyone in the maritime industry.



Mr Kenichi Kuroya, Executive Chairman, "K" Line Pte Ltd



2007 witnessed an unprecedented arrival of marine insurance practitioners setting up offices in Singapore which recognizes Singapore's ever growing attraction as the place to be in the shipping world.

Mr Richard Loo, Chief Executive Officer, LCH (S) Pte Ltd

2007 proved to be another successful year for the Singapore maritime industry. I am confident that the Singapore maritime industry can weather the challenges ahead and experience another fruitful year.

Mr Lucien Wong, Managing Partner, Allen & Gledhill LLP



2007 was a good year for shipping and the Port of Singapore. Singapore continued to differentiate itself from the competition in terms of the level of proactive focus on the needs of the carriers and the shipping community. Best wishes for continued success and even greater achievements in 2008.

Mr Ronald D Widdows, Chief Executive Officer, APL Co Pte Ltd

The Singapore Maritime Academy will contribute and further strengthen Singapore's capabilities as an IMC for many years to come. We wish all in the maritime fraternity continued success and may the Year 2008 bring greater joy and success for all.

Mr Roland Tan, Director, Singapore Maritime Academy, Singapore Polytechnic



Fortune continues to smile for shipping in 2007 with various shipping sectors experiencing unprecedented market boom. Shipping outlook remains positive and its benefits and contributions towards the Singapore economy are set to increase.

We wish all our friends and acquaintances the very best for 2008. May it bring good health, prosperity, happiness and peace.

Mr Kuok Khoon Kuan, Managing Director, Pacific Carriers Ltd (PCL)



2007 was an exciting and hectic year for the shipping industry's financial community in Singapore. As the republic continues to grow as a leading IMC, it will attract greater attention from banks worldwide. I wish the maritime industry every success in the new year for all its efforts in the promotion of the maritime community at large.

Mr Erik Borgen, Regional Director, Head of Asia, DnB NOR Bank ASA

In 2007, Singapore maritime players have successfully come together to raise the profile of Singapore among the global maritime and shipping community that is integral to the republic's development and growth. We send our best wishes for a peaceful and buoyant year together with success in achieving your goals and aspirations.

Mrs Gina Lee-Wan, Partner, Allen & Gledhill Advocates & Solicitors



2007 has been a challenging year for the maritime industry, particularly with increased competition regionally and globally. Yet, we have managed to emerge from these challenges to ensure that our position as a world-class maritime centre remains intact. The progress we have made will stand us in good stead and ensure that 2008 remains another successful year for us.

Mr Bahren Shaari, Executive Director, UBS AG



The combination of commercial acumen with rigidity in maintaining high standards in safety and environment has been the recipe for Singapore's success in attracting the best of the Maritime players to this region. We wish the Maritime Cluster in Singapore continued success based on these values in 2008 and the years to come.

Captain Vijay Rangroo, Managing Director, Eurasia International (S) Pte Ltd



An industry-friendly government and a dynamic private sector have enabled a flourishing maritime industry environment in Singapore. The challenge for 2008 will certainly be for all to build on this premium to further enhance Singapore as an International Maritime Centre for the years to come.

Mr George Joseph, Assistant News Editor, The Business Times, Singapore Press Holdings



While the industry looks forward with cautious optimism to the future in 2008 and beyond, I am confident that Singapore's position as a global maritime centre will only move from strength to strength with the support of the Singapore government.

Mr Rohet N. Tolani, Managing Director, Tolani Shipping (S) Pte Ltd

Singapore's reputation as an International Maritime Centre is the result of the cohesive commitment and great work of the maritime community. 2008 will see continued growth in the maritime sector.



Mr Patrick Phoon, Deputy Managing Director, Evergreen Shipping Agency (S) Pte Ltd

The Marine and Offshore Industry continued to see record levels of production revenue and increasing orders in year 2007. Recognized as a basic industry for Singapore essential to her economic well-being, the continued growth and transformation of Singapore as an IMC augers well for the marine and offshore sector.



Mr Michael Chia, President, Association of Singapore Marine Industries



2007 has been a brilliant year for Singapore shipping. It is heartening to know that seafarers are similarly recognised for their role in the vibrant Singapore maritime industry. Here's looking forward to another good year for Singapore shipping.

Mr Leow Ching Chuan, General Secretary, Singapore Organisation of Seamen



2007 has been an extremely busy and challenging year for Singapore's Marine Industry. There are ample work and new contracts despite the increasing competition from existing and new players in China, Middle East, Vietnam and Korea. 2008 is expected to be another very busy year and I wish all members of the Maritime, Marine and Offshore Industries a safe, healthy, successful and Happy New Year!

Mr Choo Chiau Beng, Chairman & Chief Executive Officer, Keppel Offshore & Marine Ltd

2007 was yet another good year for the international maritime community. With increasing vibrancy in the maritime industry, Singapore is one step closer towards realising its IMC ambition. The year ahead will pose fresh challenges but the trend towards a free market in shipping will provide new grounds for co-operation between shipping lines and shippers.



Mr John Lu, Chairman, Singapore National Shippers' Council



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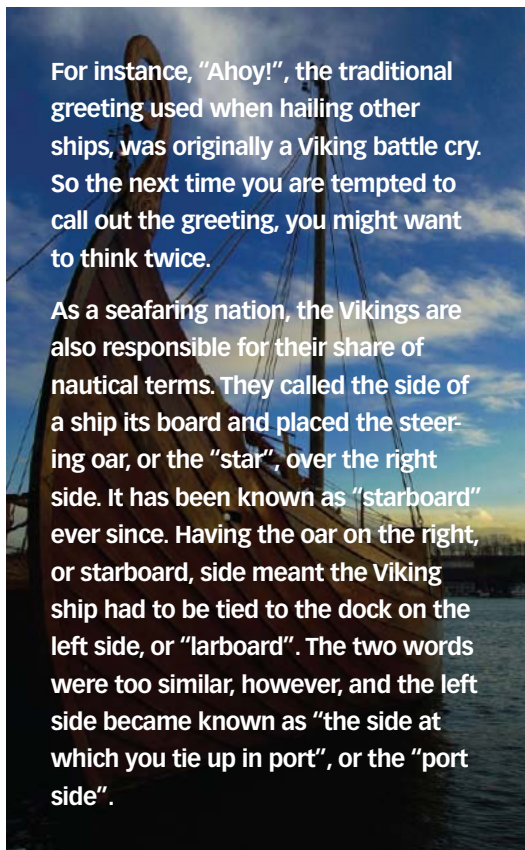
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Many words and phrases in common use today have their origins in the navies of the past. Some words are obvious, such as “pipe down”, or “sickbay”. But the everyday phrases below should raise an eyebrow



For instance, “Ahoy!”, the traditional greeting used when hailing other ships, was originally a Viking battle cry. So the next time you are tempted to call out the greeting, you might want to think twice.

As a seafaring nation, the Vikings are also responsible for their share of nautical terms. They called the side of a ship its board and placed the steering oar, or the “star”, over the right side. It has been known as “starboard” ever since. Having the oar on the right, or starboard, side meant the Viking ship had to be tied to the dock on the left side, or “larboard”. The two words were too similar, however, and the left side became known as “the side at which you tie up in port”, or the “port side”.

Then there is the “three-mile limit”, the recognised distance from a nation’s shore over which that nation has jurisdiction. It was the longest distance a gun could reach in those days. Today, the “high seas” border stretches 12 nautical miles out from a nation, as established by the 1982 UN Convention on the Law of the Sea (UNCLOS).

Contrary to popular belief, the term, “SOS”, does not stand for “Save Our Ship”, or “Save Our Souls”. In Morse code, the letters for this distress call combine to create an unmistakable sound pattern.

“Took the wind out of his sails” which mean getting the better of someone in a disagreement has its origins from a battle manoeuvre of sailing ships. One ship would pass close to its adversary on the windward side, literally taking the wind out of its sails and robbing the ship of its ability to manoeuvre.

In its modern usage, “he knows the ropes” is the exact opposite of what the phrase originally meant. On being discharged, the phrase was written on the sailor’s papers to suggest that he knew nothing more than the names and uses of the ropes. These days, of course, it means a person knows something very well.

If you were “feeling blue” back in the old sailing ship days, you would be on a ship that had lost a captain or its officers during the voyage. The vessel would fly blue flags as it returned to its homeport.

Then there is the “slush fund”, which refers to money obtained by the cook selling slush ashore and used for the benefit of the crew (or the cook).

“Port holes” originated through the insistence of King Henry VI of England (1485) on mounting guns too large for his ship. A French shipbuilder named James Baker was commissioned to solve the problem and he put small doors in the side of the ship then mounted the big guns inside. The doors were opened when the guns were used. The French word for door is “porte” and it was later anglicised to port and came to mean any opening in a ships’ side.

Most people associate “jeans” with cowboys and the American West, but in the 1600s sailors in Southern Europe were already wearing pants made from a blue fabric called “blue de Genes”, or “blue of Genoa”. The raw material was from the city of Nimes in France, or de Nimes, i.e. denim.

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