

**OPENING ADDRESS BY
MR YEO CHEOW TONG
MINISTER FOR TRANSPORT
AT THE 13TH SINGAPORE INTERNATIONAL BUNKERING
CONFERENCE (SIBCON) 2004
THURSDAY, 23 SEPTEMBER 2004, 9.00 AM
SHANGRI-LA HOTEL**

I am happy to join you here this morning for the 13th Singapore International Bunkering Conference, or SIBCON 2004, organised by the Maritime and Port Authority of Singapore. This year's Conference has attracted over 500 delegates from more than 37 countries. First, let me extend a warm welcome to all of you, especially to the participants from abroad. I wish you all a fruitful and interesting stay in Singapore and I hope that you will find some time to enjoy the sights and sounds of Singapore.

2 Bunkering is an important sector of Singapore's maritime industry, generating revenues of up to S\$13.6 billion¹ (US\$8 billion) annually. Last year, a record of 20.8 million tonnes of bunker was delivered here, ensuring that Singapore once again retained its position as the world's top bunkering port. Our performance for the first eight months of this year has been very positive. As at the end of August, bunker volumes totalled 15.4 million tonnes, up 13.3% compared to the same period last year. This achievement has been made possible because of the strong industry support and our commitment to maintaining high standards of bunker and service quality.

3 Despite our success, we cannot rest on our laurels. We need to continuously improve on our services, as well as cooperate closely with the industry to ensure that Singapore remains the bunkering port of choice. To this end, there are three key underlying principles that serve to guide the development of our bunker industry. These are – one, assurance of the quality of bunkers; two, adherence to international standards; and three, cost competitiveness. Let me elaborate on each of these points.

¹ Department of Statistics, 2002

Assurance of Quality of Bunkers

4 Firstly, the assurance of the quality of bunkers sold in Singapore.

One of our top priorities is to provide assurance to our global customers that the bunker fuel supplied in our port is of a high standard. We cannot afford malpractices to smear the good reputation of our industry. This explains the Singapore Government's tough stance towards recalcitrant offenders and substandard bunker suppliers.

5 We have taken proactive steps to maintain the high quality of bunkers supplied in port. Measures such as the Accreditation Scheme for Bunker Suppliers and the Code on Quality Management for Bunker Supply Chain are some recent examples. This year, to further enhance quality assurance on bunkers supplied in port, the MPA has also restricted Outside Port Limit (OPL) bunkering and prevented cargoes of unknown quality and sources from being brought into port. These moves to tighten control on bunker quality has garnered much support from the shipping and bunkering industry. They have had a positive effect on our bunkering business, as evidenced by our continued strong growth in bunker sales this year.

Adherence to International Safety Standards and Conventions

6 **Secondly, the adherence to international standards.** Singapore believes in the importance of subscribing to international standards, especially in the area of safety standards for bunkering. Adhering to international norms will give our customers the confidence and assurance that our processes are safe and consistent with international practice, and that our products are of high quality.

7 We regularly review our standards to ensure that they remain relevant to the industry. In this regard, I am pleased to announce that further improvements will be made to the Singapore Standard for Bunkering, or SSCP60, by the second quarter of 2005. The new revisions include a new section on Health, Safety and the Environment, aimed at promoting safer bunkering in the port. It also tightens the bunker delivery process to enhance the accuracy of the delivered quantity.

‘Gate System’ for bunker tanker licences

8 One major development in the area of safety is the International Maritime Organization’s revised regulations to phase out single-hulled tankers and ban the carriage of heavy grade oil (HGO) by such tankers. The impact of these regulations on the Singapore bunkering industry will be significant, as most of the bunker tankers operating in the port are ageing, single-hulled tankers.

9 To bring our licensing requirements in line with those of the IMO, the MPA, in consultation with the industry, will launch a ‘Gate System’ from 1 January 2005, for licensing bunker tankers operating in the port. This system will set age limits and other conditions for the issuing of new bunker tanker licences and for the phasing-out of existing harbour craft carrying heavy grade oil.

10 Under the ‘Gate system’ MPA will only issue new harbour craft licences to tankers of 600 deadweight tonnes (DWT) and above that are double-hulled. For tankers below 600 DWT, new licences will only be issued to those that are less than 5 years old. In addition, from 1 April 2006, single-hulled bunker tankers of 25 years and above will only be allowed to carry heavy grade oil in the port for a maximum of two years, provided the tanker owners are able to show that they have firm plans to build new bunker tankers and scrap the old ones.

11 This ‘Gate System’ strikes a balance between meeting our international obligations on maritime safety on the one hand, and ensuring sufficient bunker tanker capacity to serve the industry, on the other. In this way, we can ensure the long-term business continuity and growth of the Singapore bunkering industry.

Phasing Out of Singapore Registered Single Hull Tankers

12 As for Singapore-registered single hulled tankers, the MPA will allow these tankers to operate for up to 25 years or 2015, whichever is earlier. This is in line with international requirements set by IMO. In addition, to encourage the operation of more environment-friendly double-hull bunker barges in port, MPA will consider raising the limit for pilotage exemption of such vessels.

Annex VI of MARPOL and IMO Bunker Convention

13 The IMO revised regulations on single-hull tankers will impact the bunkering industry over the coming years. Other regulatory changes include the entering into force of Annex VI of MARPOL in May 2005, and the new IMO Bunker Convention. Singapore believes that such international regulations and conventions would be beneficial in raising the overall standard of bunkering practices globally and introduce common standards in the industry.

14 I am therefore pleased to announce that, as a party to the MARPOL Convention, we are now preparing the regulations to give effect to Annex VI. At the same time, in consultation with the local shipping and bunkering industry, we are also currently laying the groundwork to accede to the IMO Bunker Convention.

Cost Competitiveness

15 **Third, cost competitiveness.** To attract more ships to buy bunkers here, we are looking into various ways to keep the cost of bunkering in Singapore low. For example, the Special Bunkering Anchorage scheme was extended in March this year to the western sector of the port. Under this scheme, vessels of 20,000 gross tons and above that use the special bunkering anchorages and stay in port for less than 24 hours will enjoy more than 50% in port dues concession. MPA is currently reviewing port dues charges for bunkering at anchorages other than the special bunkering anchorages. More details will be announced when the review is completed.

Conclusion

16 Ladies and gentlemen, Singapore has, over the years, continuously nurtured and promoted the bunkering industry in Singapore. Moving forward, we will continue to make every effort to meet the growing bunker competition by enhancing service standards and providing value-added facilities. You are our partners. We value your views and opinion on how we can continue to build up the bunker industry here in Singapore.

17 This morning, I am happy to see such a good turnout of participants. Conferences such as SIBCON 2004 play an important role to help the industry learn about the trends and opportunities in the bunkering industry, and allow industry players to network and exchange views. I hope the papers presented over these two days will be useful. I wish all of you a very fruitful and successful conference.

18 On this note, it is now my pleasure to declare SIBCON 2004 open.
