

**SPEECH BY MR RAYMOND LIM
MINISTER FOR TRANSPORT AND SECOND MINISTER FOR
FOREIGN AFFAIRS
AT THE
SINGAPORE INTERNATIONAL MARITIME AWARDS 2006
TUESDAY, 26 SEPTEMBER 2006, 7PM
SHANGRI-LA HOTEL**

Distinguished Guests

Ladies and Gentlemen

Good evening.

It is with great pleasure that I welcome you to the third Singapore International Maritime Awards ceremony hosted by MPA. The maritime community is an international one, and I am pleased that this is reflected in your participation at this event.

2 The maritime industry has enjoyed a period of strong growth in recent years. The positive global outlook and the continued rise of Asian economies, including China and India, have brought about many growth opportunities for the maritime industry, especially in Asia. This has benefited Singapore's development as an International Maritime Centre or IMC.

Partnership for Growth

3 The strong partnership we have with the local and international maritime community is crucial for Singapore's success. Indeed, it has been through your support and contributions that Singapore has gained international recognition as a premier IMC. Here in Singapore, we are

committed to developing an environment which is conducive to your efforts to grow your business regionally and globally. We believe firmly in a consultative partnership, where views and suggestions from key stakeholders are important inputs for our planning and policy considerations. MPA's commitment to this is evidenced by their regular dialogues with members of the community. These dialogues enable MPA to explore ways to enhance infrastructure and the business framework, in order to provide you with better support.

Singapore Registry of Ships

4 Through our combined efforts, we have managed to locate a core group of ship owners and operators in Singapore to form the cornerstone of our IMC. Your presence has increased the global prominence of our maritime cluster. This can be seen in the growth of our ship registry. Ten years ago, the Singapore Registry of Ships, or SRS, was ranked the 10th largest registry in the world. The SRS has since doubled its size, and moved up in ranking to become the 4th largest registry in the world. It is the largest in Asia, with a fleet of more than 3,200 vessels, totalling over 34 million gross tons, flying the well-respected Singapore flag. With so many vessels entrusted to our care, we will continue to work closely with our ship owners to ensure that their fleets comply with international rules and standards for quality shipping.

Approved International Shipping Enterprise and Approved Shipping Logistics Schemes

5 We have also been developing a business-friendly environment for the maritime sector. One of our earliest incentive schemes, the Approved International Shipping Enterprise Scheme, or AIS Scheme, which was introduced 15 years ago, has attracted more than 70 shipping groups from diverse industry segments to base their

operations here. In particular, the last 2 years have seen very strong growth. In 2005 alone, we registered a strong 50% increase in the number of AIS shipping groups. This year has been another good year, and we are happy to welcome 18 companies who will be receiving the AIS awards later tonight, in addition to the 2 that have successfully renewed their AIS status for another 10 years. This brings a total of more than 80 shipping groups under our AIS scheme.

6 The Approved Shipping Logistics, or ASL Scheme, was launched in 2003 to encourage ship management companies and ship agencies to undertake more activities from Singapore. I am happy to note that another 3 companies have taken up the scheme this year, adding to the existing stable of 11 ASL companies.

7 Collectively, the AIS and ASL companies contribute substantially to Singapore's economy, generating local business spending in excess of S\$2.6 billion last year. Thank you for your support and confidence. It spurs us to develop an even more comprehensive framework to support the growth of your businesses

Opportunities ahead

8 Shipping remains a highly competitive and fast-paced industry. Undoubtedly, one of the most important factors in determining the success of any maritime hub is its ability to add value to its shipping community amidst the industry's changing business needs. Singapore is well-positioned to leverage on its strengths as a hub for professional and business services to cater to the needs of ship owners and operators who demand better access to maritime ancillary services. This year, we have been active in nurturing the risk management and ship finance sectors through two recent initiatives, namely the launch of

SGX AsiaClear and the Maritime Finance Incentive.

SGX AsiaClear

9 The SGX AsiaClear facility for the clearing of Over-the-Counter or OTC freight and oil derivatives was launched in May this year to enhance Asian OTC trading and risk management activities. I understand that the SGX AsiaClear is progressing well, and that the Singapore Exchange's intensive marketing efforts in both Asia and Europe have received keen interest and positive results. In addition to their Tanker and Dry Bulk Forward Freight Agreements or FFAs, market participants can also clear their bunker transactions via the facility. This complements Singapore's role as a global trading and maritime hub.

10 Tonight, I am pleased to announce that the SGX AsiaClear will be introducing a new TC5¹ tanker FFA to its portfolio of products on 28th September. The introduction of this new freight index for the Arabian Gulf-Japan route is a result of close consultation with the industry and reflects the Singapore Exchange's ability to respond quickly to market demands. In a volatile market where risk management plays an increasingly important role, I urge companies involved in shipping, chartering and commodity trading to leverage on Singapore's sound infrastructure and clearing network to manage their market and credit risks.

Maritime Finance Incentive

11 Over the past year, we have also worked closely with the industry on innovative ship financing solutions. In recent times, we have witnessed an evolution in the financing techniques of the top shipping

¹ Freight index for a 55,000mt refined product tanker on the Arabian Gulf-Japan route.

companies, led by a new breed of management who are keen to embrace the latest financing products. This growing demand for alternative financing options, coupled with the surge in investor interest in the shipping market, served as the impetus for us to work towards creating an environment which promotes and encourages the use of structured financing alternatives from Singapore.

12 The Maritime Finance Incentive, or MFI, was launched in February this year to target alternative ship financing structures such as ship leasing companies, shipping funds and shipping trusts. It provides tax exemption for ship investment vehicles and a 10% concessionary tax rate for ship investment managers. As many of you know, the first shipping trust was successfully listed by Pacific International Lines, or PIL, on the Singapore Stock Exchange in May this year. Tonight, in addition to PIL, we will also recognise three more MFI award winners who have tapped on the MFI scheme to develop new products and offer greater financing options to the market.

13 Looking ahead, Singapore will continue to strengthen its value proposition as a location of choice for maritime companies to base their operations close to the market. We will continue to ensure a stable, conducive operating environment and at the same time support flexible and innovative market-oriented schemes such as the MFI, AIS and ASL. This will distinguish Singapore as a vibrant IMC in the years to come.

Generating a Maritime Buzz

14 Our collective achievements would not have been possible without your support and valuable market advice. As mentioned by Chairman MPA, Mr Peter Ong, the Singapore IMA will, for the first time,

honour worthy individuals and companies in five new Award Categories. These new awards are our tribute to you, for your continued and valued support of Singapore as an IMC. It is our recognition that our IMC can only be successful with the contributions from a very diverse community in the maritime sector.

15 Tonight's IMA is part of a series of events under Singapore's inaugural Maritime Week, brought to you by MPA and its partners. More than 3,000 people, including 1,000 from overseas, are expected to attend Maritime Week. Adding to the level of activity are official functions, including board meetings of corporate entities such as J Lauritzen and ExxonMobil. I am happy that they have decided to hold their key meetings this week to leverage on the congregation of the international shipping community in Singapore, and further adding to our maritime buzz. This, to me, is already a measure of success for Maritime Week, which will become an annual feature in future.

16 The maritime buzz will not end with Maritime Week. On the cards is a high-level international maritime event called *Sea Asia 2007*. To be held in early April next year, *Sea Asia* will serve as a platform for business networking and as a stage for thought leadership, with a conference focusing on the "Asian Voice in World Shipping". This is timely, given Asia's increasing importance and prominence in world shipping, with Asian ship owners accounting for over 40% of the world's shipping tonnage and with 13 of the world's top 20 container ports located within Asia.

17 With its position as *the* comprehensive maritime event to be held in Asia, *Sea Asia* will feature prominent Asian personalities who will share their perspectives on maritime issues and trends, such as marine insurance, shipping finance, and LNG shipping. It is my pleasure to

invite all of you here tonight to join us at *Sea Asia* next April.

18 Through events such as the Singapore Maritime Week and Sea Asia, we hope to create opportunities for industry players to meet and network. It also serves to give you more reasons to gather in Singapore, to stay connected and be updated on maritime developments.

Conclusion

19 In closing, let me once again extend my heartiest congratulations to those receiving your awards this evening. Tonight's event is in your honour, and also in appreciation of all of you here, for your strong support for and confidence in Singapore. I am sure that our partnership will be an enduring one that will grow from strength to strength.

20 On this note, let me wish you continued success in the years ahead. Thank you and have an enjoyable evening.