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Shipping industry leaders upbeat on sector outlook ahead of SEA ASIA 2013

Global shipping markets continue to face fundamental problems such as vessel over-supply and uncertainty in the USA and European economies, a CEO roundtable to preview Sea Asia 2013 heard.

But despite these challenges, senior industry executives delivered an upbeat message about the future of shipping and in particular, shipping in Asia at the roundtable discussion.

The roundtable was organised to preview crucial themes at the forthcoming Sea Asia 2013 Conference and Exhibition in Singapore (April 9-11, Marina Bay Sands).

The speakers were Mr Lam Yi Young, Chief Executive of the Maritime and Port Authority of Singapore, Mr Michael Chia, Chairman of the Singapore Maritime Foundation (SMF) and Managing Director (Marine & Technology) of Keppel Offshore & Marine, Mr S.S. Teo, Managing Director of Pacific International Lines (PIL), Mr Khalid Hashim, Managing Director of Precious Shipping and Mr Erik Borgen, Head of Asia, DNB Bank.

The panellists were unanimous in the view that the shipping industry in Asia will continue to grow in the long term fuelled by economic growth in countries like China and India.

This was reflected in the fact that Sea Asia 2013, an event specifically designed to give a voice to Asian shipping, has grown strongly since it was launched in 2007.

Lam Yi Young said: "MPA is happy to welcome Sea Asia once again as one of the anchor events in the Singapore Maritime Week. Sea Asia 2013 has more than doubled in exhibition space since its first show in 2007 and we are glad to have witnessed the growth of Sea Asia over the years."

Michael Chia said Asia would come to play a more prominent role in world shipping which was why it was vital to provide a platform like Sea Asia so the voice of the industry could be heard more clearly.

"We hope that through the discussions at Sea Asia, we can spell out initiatives for the global maritime community. We want Sea Asia to propel the voice of Asian shipping and promote Singapore as a thought leader in the industry," he said.

Continuing his upbeat message, he also noted that Singapore's yards had been relatively free of the global economic downturn because they had taken the decision to focus on niche areas like offshore oil and gas.

"We are not just in ship repair. We now focus more on oil and gas and conversions for FPSOs and the construction of drilling rigs.

"Oil prices have been high and this underpins the amount of exploration and production expenditure the oil companies are putting in this year which is a 7% increase in E&P budget compared to last year."

Speaking from a container sector perspective, S.S. Teo said the market was the "least worst" of the three major shipping sectors (dry bulk and tankers being the other two).

“Despite the huge new capacity being delivered these two years, what we see is better US figures, more housing starts. So while the budget deficit is still there, the TransPacific volume will be better than last year.”

He noted that in Europe “nothing has improved, so at worst, the Far East-Europe trades will be the same”.

He predicted that volume would grow on the intra-Asia trades, in particular from China and India. “The signs are encouraging from China and there is a real recovery in exports,” he said.

He said he was “not convinced” by the arrival of the 14,000-18,000teu boxships in terms of their viability but that rate stability was the absolute priority of the mainline operators.

He also expressed doubt that some eco-ships are as fuel-efficient as shipyards indicated.

“Quantitative Easing III and the availability of cheap money also encouraged the set-up of some shipping funds looking to build ships in this depressed market. This would create a further glut in ship capacity,” he added.

As a major dry bulk fleet operator, Khalid Hashim told the roundtable that China had underpinned the global market in the past few years.

The Chinese government’s economic “steel intensive” stimulus measures in 2009 had saved the dry bulk market from collapse.

And he predicted good news for the sector – at least in the short term.

“For the next two years (2013 and 2014), the excess supply is finally being absorbed. I think 2013 will be challenging, 2014 will offer some relief, especially at the end of the year, 2015 will be smiles for owners, but 2016 will see the return of irresponsible vessel ordering again and so the cycle will continue,” he said.

Erik Borgen gave a finance perspective when he said the biggest concern among bankers was the continuing oversupply of vessels.

“We hope vessels which are not needed are not ordered, but there is still ordering going on.”

He also gave an upbeat message: “There are some bright spots – offshore is an interesting area where the banks are active and so too is the gas market.

“The banking sector is also under severe pressure from regulators and their owners; they have to meet new rules by increasing their equity base and gain more liquidity – so each time there is a crisis, when the banks are supposed to be there for their clients, they are under pressure from regulators to change.”

He added: “I think banks will stick with those companies that are able to come up with a good business case and we shall support them; we are there for good restructurings, too. It is important that banks are patient – they have to be patient and not panic.”

Sea Asia, which is co-organised by Seatrade and the Singapore Maritime Foundation, kicks off at Marina Bay Sands on Tuesday April 9. It will be opened by Singapore’s Deputy Prime Minister and Minister of Finance, Mr Tharman Shanmugaratnam.

Seatrade Chairman Chris Hayman, who chaired the roundtable, said Sea Asia 2013 was expected to be the largest edition of the show yet.

“There has been substantial growth in the show; we have seen 16.5% growth in exhibition size between 2011 and this year and it is much more international than ever before,” he said.

There are 10 international pavilions this year against seven in 2011 and organisers are anticipating 14,000 participants over the three show days – more than ever before.

Chris Hayman added: "These figures reflect the importance of Singapore as an international maritime centre.

"Sea Asia is **the** platform for the Asian voice in shipping and that remains as important and relevant today as it was back in 2007 when we launched this event," he said.

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About the Organisers:

Seatrade

Covering the maritime globe: www.seatrade-global.com

Established over 40 years ago, Seatrade is a leader in maritime and cruise publications, conferences and exhibitions, training, awards and other special projects. Regular events include international trade exhibitions and conferences across all maritime sectors including Sea Asia and Seatrade Middle East Maritime, management training courses for shipping professionals, training seminars for travel agents and maritime award schemes, including the prestigious Seatrade Awards held at the Guildhall in London. Seatrade publications include magazines, supplements and yearbooks, whilst daily maritime news is provided online by Seatrade Asia Online (www.seatrade-asia.com).

About the Singapore Maritime Foundation

Established in 2004, the Singapore Maritime Foundation (SMF) is a private sector-led organisation that seeks to develop and promote Singapore as an International Maritime Centre (IMC). As the representative voice for the commercial players of the maritime industry, SMF seeks to forge strong partnerships with the public and private sectors of the maritime industry. SMF spearheads initiatives to promote the diverse clusters of the maritime industry in Singapore and at international frontiers, and to attract young talents to join the sector. SMF is directed by its Board of Directors which comprises prominent leaders in the Singapore maritime community. For details, visit www.smf.com.sg

About Singapore Maritime Week

Singapore Maritime Week (SMW) is the leading maritime event in Singapore. Driven by the Maritime and Port Authority of Singapore (MPA), SMW gathers the international maritime community in Singapore for a week of conferences, dialogues, exhibitions and social events in celebration of all things maritime. The range of activities and events organised by MPA, the industry, and research and educational institutions, as well as the cosmopolitan profile of participants, reflect the vibrancy and diversity of Singapore as a major international maritime centre.

SMW has grown in size and significance since the inaugural event in 2006, and is attracting more participants and event organisers from around the world. Participants can experience something new every year, as activities are added to the line-up, and as eminent speakers share their insights and participate in dialogues on topical maritime issues. This dynamism and the good range of issues discussed during SMW are major draws for maritime decision-makers, as are the many business networking platforms.

This is why Singapore Maritime Week is all about PEOPLE, IDEAS and OPPORTUNITIES for the maritime community.

For more information and the full calendar of events, please visit www.smw.sg

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