

**OPENING SPEECH BY MR CHEE HONG TAT
SENIOR MINISTER OF STATE,
MINISTRY OF TRANSPORT AND MINISTRY OF FOREIGN AFFAIRS
AT THE SINGAPORE MARITIME FOUNDATION'S
NEW YEAR CONVERSATIONS 2021
ON 13 JANUARY 2021, 4.50PM, FOUR SEASONS HOTEL, SINGAPORE**

Mr Andreas Sohmen-Pao, Chairman of Singapore Maritime Foundation,
Ms Caroline Yang, President of the Singapore Shipping Association,
Mr Simon Kuik, President of the Association of Singapore Marine Industries,
Mr Niam Chiang Meng, Chairman of Maritime and Port Authority of Singapore,
Colleagues and friends, ladies and gentlemen,

Introduction

1. Good afternoon and happy new year!
2. 2020 is an unprecedented year of disruption and suffering for many people around the world. Singapore is not spared from the COVID-19 pandemic, but we count our blessings as we are in a safer and more stable situation than many other countries.

Maritime Singapore has performed well despite COVID-19

3. After a steep decline in early 2020 when COVID-19 first struck, international sea trade volumes have shown signs of recovery from the second half of last year. This has helped Maritime Singapore to stay resilient in 2020, even though our economy contracted by 5.8%.
4. We have kept our port open throughout the pandemic. There were significant disruptions to supply chains that have caused congestions at different ports around the world. This has affected our vessel waiting times and our port productivity too, though we continue to facilitate the flow of essential goods and cargo through Singapore.
5. Compared to 2019,
 - a. Singapore's container throughput in 2020 registered 36.9 million TEUs, a slight drop of 0.9% compared to 2019.
 - b. Cargo throughput dropped by 5.8% from the previous year to 590.3 million tonnes, mainly due to the decline in oil cargo volumes handled;

- c. Vessel arrival tonnage increased by 1.7% to a record of 2.9 billion gross tonnes; and
 - d. Singapore remained the world's top bunkering hub with sales amounting to 49.8 million tonnes, an increase of 5.0% year-on-year.
6. Maritime Singapore also continued to fare well in global rankings.
- a. Singapore retained our top position in the Xinhua-Baltic International Shipping Centre Development Index for the 7th consecutive year.
 - b. The Port of Singapore was named the best Asian seaport for the 32nd time, at the Asian Freight, Logistics and Supply Chain Awards.
7. In 2020, our international maritime centre, or IMC for short, grew in scale and diversity. We welcomed 19 new international shipping groups and maritime companies, under MPA's Maritime Sector Incentive scheme. Existing companies with an established presence in Singapore also expanded their operations here.
8. These trends reflect a vote of confidence in Singapore's stability, connectivity and capabilities. When the seas are rough and dark clouds are looming in the horizon, Singapore has differentiated ourselves as a trusted hub and a safe harbour for maritime companies.
- a. For example, **Yang Ming** chose Singapore as its regional base for its container shipping business to provide liner services across Asia, Middle East, North Europe and the Mediterranean.
 - b. **Swire Bulk**, previously the dry bulk shipping division of **China Navigation**, has established its new headquarters in Singapore.
 - c. **Wilhelmsen Ships Services** embarked on a joint venture with German engineering conglomerate **thyssenkrupp**, to manufacture 3D printed maritime spare parts in Singapore.

Navigating the 3Ds – Disruption, Digitalisation and Decarbonisation

9. We have done well, but we must not rest on our laurels. We should continue to work hard and plan ahead. MPA has previously identified three driving forces affecting the maritime industry – disruption, digitalisation and decarbonisation, what we call the three “D”s. Let me now briefly touch on each “D”.

Disruption

10. First, **disruption**. The impact of shifting global supply chains started even before the pandemic, but COVID-19 has accelerated the pace of change.

11. Companies are re-assessing their operations and deciding where to situate different parts of the production process to enhance resilience and mitigate trade barriers.

12. I believe globalisation will continue, but we can expect supply chains to become more complex and customers will place greater premium on factors such as reliability and flexibility.

13. These trends are not necessarily bad for a hub port like Singapore, which competes on superior connectivity and quality of service, rather than low cost and having access to large domestic markets.

14. But we need to continually review our policies and plans, to move in tandem with industry needs and market requirements, so that we can seize new opportunities and stay ahead of the competition.

Digitalisation

15. Second, **digitalisation**. COVID-19 has accelerated the digital revolution and new technologies are transforming the way we live, work and play.

16. Digital information and data are being generated, stored, shared and analysed at an ever-increasing scale and pace. These will open up new possibilities to raise our productivity and enhance the value-add to customers.

17. At the same time, we recognise that technology must go hand-in-hand with skills development so that our workers can keep up with the new business models and operating environment. To be effective, high-tech requires high-touch and high-trust. Technology does not replace the need for human workers, but it complements and enhances the effectiveness of our workforce.

Decarbonisation

18. Third, **decarbonisation**. Developments surrounding maritime decarbonisation are set to alter the *modus operandi* of our industry over the coming decades.

19. The International Maritime Organization has set an ambitious target to halve greenhouse gas emissions from international shipping by 2050, based on 2008 levels, and to phase them out entirely within this century.

20. To achieve this, existing ship designs, fuel types and port infrastructure must evolve. And we need to start making the investments now, to be ready to meet the IMO targets in this new operating environment.

Focussing on 3Ts – Trust, Transformation and Talent

21. So, ladies and gentlemen, these three “Ds” will present new opportunities and challenges for Maritime Singapore. We will build on our strong foundations and work with our tripartite partners to grow the maritime industry and create more jobs for Singaporeans.

22. The Government will support the industry in this effort, by focussing on three “Ts”. These are: trust, transformation and talent.

Trust

23. The first “T” is **trust**. This includes both trust in Singapore as a maritime hub, as well as trust amongst our stakeholders in Singapore.

24. Over the years, the Government, industry and unions have established strong partnerships anchored on trust. This close relationship between our tripartite partners has helped us to weather many storms together.

25. Last year, there was a period when hundreds of thousands of seafarers globally were stranded at sea, as a result of border closures and the stoppage of air travel.

- a. When I met the Singapore Maritime Officers’ Union and Singapore Organisation of Seamen shortly after I joined MOT, the union leaders raised their concerns with me and MPA colleagues.
- b. We discussed what steps to take to facilitate crew change, while ensuring safety and preventing the virus from spreading in our community.
- c. Our tripartite partners banded together and introduced innovative solutions to facilitate safe crew change for vessels calling at the Port of Singapore.
- d. With support from the IMO and other international organisations, we also launched the COVID-19 Singapore Crew Change Guidebook. We set up a Crew Facilitation Centre, and established the Singapore Shipping Tripartite Alliance Resilience Fund to enhance upstream measures in the home countries where the crew originate from.

- e. These initiatives allowed Singapore to play our role in tackling a humanitarian crisis for the crew, and showing the way forward for the global maritime industry, like a lighthouse that guides ships in a thick fog.
- f. In the fight against COVID-19, one important next step for the maritime sector is to vaccinate and protect our workers in Singapore, starting with those who have to go on board vessels such as seafarers, pilots, surveyors and cargo officers. I am confident that the trust we have built up amongst the tripartite partners will help us with the vaccination exercise.

26. Another example of the strong collaboration arising from the high-trust environment in Singapore is the enhancement of inter-modal connectivity.

- a. As a cargo solution, inter-modal connectivity is cheaper than full air freight, and faster than full sea freight. It is not required in all situations, but it is useful as an additional logistics option for companies to move their supplies and products.
- b. We previously worked with the industry to develop inter-modal connectivity solutions for specific goods such as chilled meat, and to meet increased e-commerce volumes.
- c. In January 2021, government agencies partnered industry stakeholders to roll out a new inter-modal express cargo solution between Batam and Singapore.
- d. High-value, time-sensitive cargoes such as electronic components manufactured in Batam are first transported by sea to our port, before being trucked to the airport, to be flown to other countries.
- e. The entire shipment process occurs within a single day, and benefits manufacturers and logistics companies in Batam and Singapore by enabling a quicker, more efficient and cost-effective distribution of cargo. It also enables Singapore-based companies to leverage on cost efficiencies through extended production bases in Batam.
- f. We will build on the successes of the solution, and continue working with industry partners to explore other novel inter-modal solutions to boost Singapore's cargo connectivity, and buttress our position as the logistics hub of the region.

27. Going forward, the Government will continue to keep Singapore as a trusted hub for maritime operations – one that is underpinned by stability, adherence to the rule of law and pro-business policies.

Transformation

28. The second “T” is **transformation**. This includes reviewing our rules and processes, and supporting new innovations in technology and business models.

29. The need to transform was most evident when COVID-19 struck. We had to relook, we had to change various familiar processes, to reduce the spread of the virus and keep our community safe.

- a. Within the maritime sector, MPA and our terminal operators introduced new protocols that allowed visiting ships to call and undertake contactless operations.
- b. This reduced the need for shore-based maritime personnel to board ships that call at our terminals, thereby lowering the risks of COVID-19 transmission without compromising operational safety.
- c. MPA is also leveraging technology to improve the safety of maritime operations. Later this week, we will introduce SafeEntry@Sea at our piers, where shore-based personnel boarding vessels will scan a unique QR code to provide information on the ships they are boarding.
- d. This reinforces the existing Safe Management Measures and facilitates contact tracing of shore-based personnel, who board and work on ships in our anchorages.

30. Singapore is continuing with the long-term investments to transform our port, to secure our pole position as the world’s top transshipment hub. We partner our port operators, PSA and Jurong Port, to co-fund R&D to automate manpower-intensive and manual processes, to improve port efficiency and productivity.

- a. For example, PSA is looking into automating quay crane and quay-side operations such as coning and deconing systems for containers.

31. We are enhancing our digital connectivity, to better serve customers at our port, and with ports around the world.

- a. digitalPORT@SG™ will be upgraded to facilitate the booking of marine services in the Port of Singapore. It can support digital exchanges across multiple stakeholders such as arriving vessels, marine pilots, and marine service providers.
- b. This will enable Just-In-Time operations and increase the efficiency and productivity of activities that occur in our port waters.

- c. In a similar vein, we will also expand this digital effort beyond the Port of Singapore under the digitalOCEANS™ initiative, to harness global port-to-port and system-to-system digital connectivity.
 - d. Singapore will do our part as a global maritime standards bearer to help Member States of the IMO to build Maritime Single Windows to enhance interoperability between systems of ports around the world.
32. The Government will also continue to support transformation efforts by maritime firms in Singapore.
- a. Small and medium enterprises can tap on the Maritime Digitalisation Playbook, as a guide to develop and implement digitalisation plans.
 - b. Companies can also apply for grants under MPA's Maritime Cluster Fund, should they wish to set up new business lines, upskill their workforce, or implement productivity-improving solutions.
 - c. We welcome first movers and pioneers to testbed and develop new innovations under our PIER71 initiative and the MPA Living Lab, with the hope that these continue to draw in innovative firms and talent from all around the world.
 - d. My target for the team is to grow Singapore into the world's number one hub for maritime high-tech start-ups, leveraging on our strengths in both digital technology and maritime. We should aim to become the Silicon Valley of maritime start-ups.
33. Similarly, we are taking steps to realise a greener maritime future.
- a. At present, LNG is widely seen as a viable and clean transitional marine fuel to reduce carbon emissions from ships.
 - b. Ship owners and charterers like **CMA CGM** and **BHP** are investing in LNG-fuelled vessels, both container ships and bulk carriers.
 - c. Singapore has been developing LNG bunkering capabilities under the LNG bunkering pilot programme.
 - d. We partnered port administrations to establish a global network of LNG bunker-ready ports, co-funded the construction of LNG-fuelled vessels, and continue to promote LNG as a cleaner, interim fuel.

- e. On 4 January this year, Keppel Offshore and Marine delivered Singapore's first LNG bunkering vessel, *FueLNG Bellina*. And with this, the Port of Singapore is now ready to support ship-to-ship LNG bunkering in our waters.
 - f. In anticipation of future demand growth, MPA is evaluating proposals to award up to two additional LNG bunker supplier licences.
34. But there is scope to do more beyond LNG, such as in the areas of setting new standards and developing green solutions, associated with zero or low carbon fuels.
- a. Through the \$40 million Maritime Green Future Fund, MPA is working with the industry and academia to develop technologies and pilot the use of alternative marine fuels, such as methanol and biofuels, and electric vessels.
 - b. We are starting with our harbour craft sector. \$9 million has been set aside to support up to three consortiums over the next 5 years, under a R&D grant call to decarbonise the domestic harbour craft fleet.
 - c. We have set up an International Advisory Panel which brings together thought leaders from around the world. This is chaired by Andreas, and co-chaired by Weng Sun, the panel will recommend strategies to chart the way forward for decarbonisation in the shipping industry. I look forward to receiving their recommendations during the Singapore Maritime Week in April this year.
 - d. We have strong research capabilities, and will build on this to establish Singapore as the Centre of Excellence for R&D for decarbonisation. We will do this by supporting institutes of higher learning, technology companies, and industry partners, and strengthening the R&D collaboration with international organisations.
 - e. In the longer term, our target is to equip the Port of Singapore to supply a wide range of future, cleaner, fuels types, to meet the diverse needs of ships that choose to call here.
 - f. These endeavours will not only help secure Singapore's lead as a top bunkering hub, but also support the vision for a greener and more sustainable maritime ecosystem.

Talent

35. And this brings me to the third and final "T", which is **talent**. Because we know without talent, nothing happens. Talent development is key.

36. Currently, Maritime Singapore employs over 170,000 people across a diverse range of jobs.

- a. With the three that I mentioned earlier “D”s, demands of the traditional maritime job roles are shifting quickly.
- b. We are seeing the rise of cross-disciplinary skills in areas such as data analytics, automation and robotics, and sustainability will feature more prominently going forward.
- c. This bodes well for Singapore as a global and inclusive hub for talent. The expanding range and diversity of maritime careers will open up many new and fulfilling career opportunities.

37. Notwithstanding the pandemic, maritime companies are actively hiring to meet their growing operational needs. We have seen strong interest by locals in taking up roles within the maritime sector.

- a. For example, PSA Singapore and its service providers have hired about 600 locals since August 2020. They cover frontline operational roles such as prime mover drivers and crane operators, and also engineers and IT executives.

38. Moving forward, we will continue to invest in and build a future-ready maritime workforce.

- a. A key priority will be to create more opportunities for individuals to gain a wider exposure to business networks locally and abroad, to strengthen their leadership capabilities and global perspectives.
- b. We are also exploring ways to better support and nurture youths who have keen interests in pursuing a maritime career – be it in shore-based or seafaring roles.
- c. We will do so in partnership with our tripartite partners and the various institutes of higher learning, who currently administer the MaritimeONE and Tripartite Maritime Scholarships, and the maritime education programmes.
- d. MPA will also support companies in their ongoing efforts to upskill and reskill workers, by making available resources and guidance to support job re-design.

Conclusion

39. Ladies and gentlemen, to wrap up, 2020 has certainly not been an easy year, but Maritime Singapore demonstrated true grit, resilience and versatility. As a united and cohesive team, we put our hearts and our minds together, to focus on the issues at hand, and overcame difficult challenges while developing new capabilities.

40. So, as we step into the new year – one which points to hope for a gradual recovery, let us adopt this same approach, but with a renewed focus on the 3 “Ts” – trust, transformation and talent.

41. I have no doubt that if we work closely together, Maritime Singapore will continue to grow from strength to strength.

42. Let me end by wishing everybody a happy and healthy new year.

43. Thank you very much.