



Singapore Shipping Association

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FOR IMMEDIATE RELEASE**

OUTLOOK FOR THE SHIPPING INDUSTRY IS ONE OF CAUTIOUS OPTIMISM

The Singapore Shipping Association (SSA) held its 14th Annual General Meeting at the Marina Mandarin Singapore yesterday (21 June 2010). In his report, SSA President Mr. S.S. Teo noted the small but gradual improvement of the shipping industry, due to the picking up of the global economy. Nonetheless, this emerging ray of hope after a storm could still be hampered by other concerns such as over-capacity and maritime safety issues.

The global economy of 2009 started off bleak, as the effects of the global economic downturn in the 2nd half of 2008 continued to plague the global shipping industry. This could be seen from the decline in cargo flow, low freights and charter rates, attributed to an overall lack of business confidence and trust, especially in the banking industry.

However, towards the closure of 2009 the shipping industry began to show signs of recovery with improved cargo volume and freight rates. Even so, Mr. S. S. Teo cautioned that, "There is still the threat of over-capacity arising from new buildings coming on-line over the next two years."

Mr. Teo added, "The debt crisis among some of the European countries and that of the United States, if not well contained, can also affect world financial system and trade. Ongoing pirate attacks and ship hijacks off the coast of Somalia, Gulf of Aden and the Indian Ocean are also serious issues of grave concern."

2009 saw a hike of 38.6% in piracy and armed robbery attacks on ships around the world from the previous year. More than half of these 406 attacks took place off the east coast of Africa. The Association believes that the final solution to the Somali piracy problem must be addressed on land and not at sea. In comparison, the piracy problem in South East Asia has been under control. However it still deserves constant monitoring, as attacks had happened last year and early this year in the South China Sea.

The Association continues to play a part in striving to keep the shipping industry one that is eco-friendly to our planet Earth and her environment. This is especially so in the area of reducing Greenhouse Gas emissions from ships, through the advocacy and development of pro-active legislation at the International Maritime Organisation (IMO). The “Rotterdam Rules”, an international convention that governs the carriage of goods, has also seen the active involvement of the Association’s Legal and Insurance Committee, over the years before it was approved by UNICITRAL¹ last year.

With all these significant changes and developments in international shipping, Mr. S. S. Teo urged the Association’s members that, “We must all be prepared to cope with these changes when they are implemented.” With the gradual recovery of the global economy coupled with Singapore Government’s efforts in providing a conducive and business-friendly environment, the local maritime industry can expect to enjoy a continued steady growth.

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Encl:

- a. President’s Report delivered by Mr S.S. Teo at SSA’s Annual General Meeting on 21st June 2010
- b. President’s Speech delivered by Mr. S.S. Teo at SSA’s AGM Cocktail on 21st June 2010

¹ UNICITRAL – United Nations Commission on International Trade Law



Singapore Shipping Association

PRESIDENT'S REPORT 2009/2010



Mr. S. S. Teo
President
Singapore Shipping Association

21 June 2010

2009 continued to be affected by the global economic downturn which started in the 2nd half of 2008. It was another very difficult year for the global shipping industry, affected by a decline in cargo flow, low freights and charter rates. An overall lack of business confidence and trust, particularly among the members of the banking industry, led to a general weakness in international trade and shipping.

Signs of global economic recovery began to show from end of 2009 with improved cargo volume and recovery of freight rates. The general mood of the shipping industry today is, I would say, one of cautious optimism. There is still the threat of over-capacity arising from new buildings coming online over the next two years. The debt crisis among some of the European countries and that of the United States, if not well contained, can also affect world financial system and trade. Ongoing pirate attacks and ship hijacks off the coast of Somalia, Gulf of Aden and the Indian Ocean are also serious issues of grave concern.

The International Scene

Issues of maritime safety have been in the limelight of late, with industry expressing deep concern at the ever-increasing magnitude of piracy and armed robbery attacks on ships around the world. There were 406 attacks around the world in 2009, a significant increase of 38.6 % from 2008, with over half the attacks taking place off the east coast of Africa.

Increased naval patrol in the Gulf of Aden has also driven the Somali pirates further into the Indian Ocean. More firm and effective action need to be taken to combat the piracy problem!

Nonetheless, we continue to believe that the final solution to the Somali piracy problem may only be found on land and not at sea.

In South East Asia, the piracy problem, although under control, deserves to be constantly monitored as there were a number attacks on slow moving tugs towing barges in the South China Sea last year and early this year.

Environmental issues have also been of major concern to the industry. Your Association continues to promote the role of the International Maritime Organisation (IMO) as the forum that should develop pro-active legislation aimed at reducing Greenhouse Gas emissions from ships so as to avoid the introduction of unilateral regulations by individual States and regions.

At the United Nations Commission on International Trade Law (UNCITRAL), a new regime governing the carriage of goods, the “Rotterdam Rules”, has been adopted for ratification. Whilst the “Rotterdam Rules” are intended to achieve a global harmonisation of the various laws on carriage of goods into a new international Convention, our Legal and Insurance Committee, which has been actively involved in the development and drafting of the Rotterdam Rules, nonetheless maintains that careful study is required.

What I had just mentioned are some of the significant changes and developments in international shipping. We must all be prepared to cope with these changes when they are implemented.

The Singapore Scene

With the gradual recovery of the world economy, the Singapore economy managed to enjoy steady growth. Singapore Government’s ongoing efforts to provide a conducive and business-friendly environment for international shipping companies and other maritime-related companies continue to bear fruit.

The Singapore merchant fleet rose marginally to 45.6 million Gross Tons (GT) in 2009. During the same period, vessel arrivals in terms of shipping tonnage reached 1.78 billion GT with total seaborne cargo carried close to 472.3 million tonnes, a decline of 8.34 % from 2008.

The container throughput at the port registered 25.9 million TEUs, a drop of 13.5 % whilst bunker liftings continued to increase to 36.4 million tonnes, an increase of 4.2% from 2008.

Your Association

The SSA had a very active year in 2009. Despite the difficult market, SSA's member-ship achieved a steady increase of 30 new members last year. Our membership roll saw another 10 new members admitted and 6 members resigned this year. As at 20 June 2010, our membership stood at 379 members. The SSA Council, Operational Committees and Sub-Committees had their fair share of the workloads in the Association throughout the year.

On the SSA Council at the end of last year and February this year, we saw the departure of two dedicated Council Members, namely Mr. Kenichi Kuroya of "K Line" and Mr. Ragnar Nielsen of Masterbulk. Mr. Kuroya has returned to Japan to take on a senior appointment in "K Line" whilst Mr. Ragnar Nielsen has retired from Masterbulk. I thank them for their strong support and contributions in the Council and wish them well in their new endeavours.

To fill Mr. Kuroya's elected seat, "K Line" appointed Mr. Makoto Hashizume, General Manager of its Liner Trade Management Division to the Council. The Council also appointed Mr. Brian Townsley, Managing Director of Swire Pacific Offshore Operations (Pte) Ltd on 26 March 2010, and Mr. Nicholas

Sansom, Director, Charles Taylor Mutual Management (Asia) Pte Ltd as managers of The Standard Steamship Owners' P&I Association (Asia) Ltd on 10 May 2010.

I take this opportunity to welcome them aboard and look forward to their contributions in the Council and the Association.

The Association's four Operational Standing Committees, led by SSA Councillors, were fully engaged in their area of expertise. In view of the increased priority given to issues of maritime security, the Maritime Security Sub-Committee has been reactivated to address the numerous maritime security issues of concern to the industry.

Another Working Group, the SSA Competition Working Group, has also been reactivated in anticipation of renewed interest in competition legislation both in Singapore and the region.

At its Council meeting on 10 May this year, the Council decided to form an Offshore Services Committee which will be headed by Mr Brian Townsley to oversee and promote the development of the offshore shipping industry in Singapore.

The Association continues to work closely with the relevant organisations such as the Ministry of Transport (MOT), Maritime & Port Authority (MPA), the Ministry of Manpower (MOM), Workforce Development Authority (WDA), Singapore Maritime Academy (SMA),

Association of Singapore Marine Industries (ASMI), the Singapore Chamber of Maritime Arbitration (SCMA), the Singapore Maritime Foundation (SMF) and the Asian Shipowners Forum Permanent Office.

In particular, the Association has been closely engaged with stakeholders, at both the policy and operations levels, relating to issues aimed at addressing the chronic shortage of seafarers facing the industry.

SSA as a member of the Federation of ASEAN Shipowners' Associations (FASA) is a member of the Asian Shipowners Forum (ASF). As a member of FASA, the SSA continues to chair the ASF Safe Navigation and Environment Committee (SNEC).

Internationally, the SSA is a member of the International Chamber of Shipping (ICS). We are honoured to have hosted the Annual General Meetings of the International Chamber of Shipping and the International Shipping Federation in Singapore at Resorts World Sentosa during Singapore Maritime Week in April 2010.

We also continue to maintain good working relationships with various international

organisations such as the International Maritime Organisation (IMO), the International Association of Independent Tanker Owners (INTERTANKO), the Baltic and International Maritime Council (BIMCO), International Association of Dry Cargo Shipowners (INTERCARGO), the International Group (IG) of P & I Clubs and the International Association of Classification Societies (IACS).

Conclusion

Over the past year, I have received tremendous support from my fellow Council Members, Committees and Sub-Committees. I would like to take this opportunity to thank them for their hard work, dedication and excellent support in promoting the interests of the Association. They have worked tirelessly for the larger interest of the SSA, making my work as President that much easier.

I would also like to thank all our members whom I am deeply grateful for the continued support given to our Association.

Last but not least, I would also like to thank the Secretariat for the efficient discharge of their duties.

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Singapore Shipping Association

**WELCOME ADDRESS BY MR. S.S. TEO, PRESIDENT
SINGAPORE SHIPPING ASSOCIATION
21 JUNE 2010. MARINA MANDARIN HOTEL**

SSA members, friends, ladies and gentlemen, good evening! A warm welcome to all of you to this evening's cocktail.

For those of you who were unable to attend the Association's 14th Annual General Meeting just a while ago, you might be interested to know that besides maintaining a strong balance sheet last year, your Association has confirmed an amendment to the SSA constitution. From the next SSA Council election in June 2011 onwards, both Singapore citizens and permanent residents are eligible to run for the office of SSA President.

We hope that this amendment will expand the potential pool of candidates, and to better reflect the increasingly international nature of Singapore's shipping industry. This is my last term and I will be stepping down as President of the SSA Council next June. I hope that some of you will seriously consider coming forward to serve on the Council and taking up this challenging yet fulfilling role to lead our Association into the next lap.

On a lighter note, I am pleased to announce that our Deputy Prime Minister, Mr Teo Chee Hean will be joining us at our 25th Anniversary Gala dinner on 30th September to be held at Marina Bay Sands. The organising committee has prepared an exciting evening of entertainment, so book your table early to ensure that you will not miss this memorable evening.

On that evening, we will be showcasing our Association's 25th Anniversary commemorative book. We are in the midst of finalizing the book but it is in need of your advertisements sponsorship to cover the cost of this project. I hope that you will answer the appeal with your usual generosity.

During the AGM just a while ago, we introduced 2 familiar faces newly co-opted into the SSA Council, Mr. Brian Townsley, Managing Director of Swire Pacific Offshore Operations (Pte) Ltd, and

Mr. Nicholas Sansom, Director of Charles Taylor Mutual Management (Asia) Pte Ltd as managers of The Standard Steamship Owners' P&I Association (Asia) Ltd

Please welcome them on board. With them, our Council has a full team of 12 members. We can now form a football team with 1 reserve!

Before I end, let me thank our 3 SSA members –

- L.C.H (S) Pte Ltd,
- Masterbulk Pte Ltd and
- PSA Marine (Pte) Ltd

for their generous sponsorship of this evening's event. I would also like to thank all our members for the strong support – being on our SSA committees and attending our events and courses.

Have a pleasant evening ahead, especially those who are off to catch the World Cup matches tonight!

End