

Session 3

**Port Competition and
Competitiveness.**

**How Singapore Faced these
Continual Challenges to its
Premier Hub Position**

PORT DEVELOPMENT AND COMPETITIVENESS

Session 3

Port Competition and Competitiveness

How Singapore faced these continual challenges to its premier hub position

Speaker: *Mr. Teo Woon Hun*

Self Introduction Who am I?



Teo Woon Hun

Teo Woon Hun started his career as an Engineer in PSA Corp Ltd in 1993. In his 11 years with PSA, he was rotated to Commercial, International Business, and Operations divisions.

He left PSA in 2004, to join a stevedoring company, as their Deputy Managing Director.

In 2009, he ran an engineering company providing port-related engineering services His company is presently active in Singapore and in Jakarta.

Through these years, he was involved in a few port related consultancy projects in Italy (1996), in Libya (2009) and in Indonesia (2013).

In 2017, he started a manufacturing company for LED lamps in Jakarta.

Woon Hun is also the Deputy Honorary Secretary of the Singapore Logistics Association and represented the Association in the Workplace, Safety and Health Council (logistics and transport) Committee.

Outline

- Strengths and Weakness of the Singapore Port.
- Current position of Singapore in Global Shipping and Trade.
- Business Opportunities for the Port in the near future
- Competition from Regional Ports
- Competition from Global Ports
- Competition from Alternative Trade Resources

Strengths of Singapore Ports

- Premier location
- Stable political environment
- Excellent connectivity with regional and global destinations 200 shipping lines to 600 ports in 120 countries
- Up-to date infrastructure and equipment
- Established operations systems that improved efficiency and productivity
- Ample personnel trained and developed through the years in Port and Maritime related courses
- Comprehensive and competent supporting industries and services, such as shipbuilding & repair centre, oil bunkering hub, banking, legal, manufacturing centers, 3PL hubs.

Weaknesses of Singapore Ports

- A Maturing and In Transition Economy : from high growth to slower growth
- Small domestic economy and lack of a natural hinterland is affecting our growth potential.
- High operating costs etc. high land costs and high labour costs
- Territory Limitation for affecting future port expansion, causes congestions in ports and sea accesses.
- Greater assertiveness of sovereignty and control of sea-lanes accesses by countries around Singapore
- Severe shortage of manpower : insufficient local residents and the curb on foreign workers into the country.

Current position in Global Shipping and Trade

- Ranked 1st logistics hub by the World Bank
- 2nd busiest in term of shipping tonnage
- 2nd busiest in terms of container volume
- Largest transshipment hub in the world. Handles about 11% of world's transshipment volume.
- Best airport in the world for the eighth time since 2000
(<http://www.straitstimes.com/singapore/transport/changi-airport-named-worlds-best-airport-for-5th-year-running>,
<https://www.singaporepsa.com/about-us/core-business>)

Business Opportunities for the Port in the near future

- Internal considerations
 - Domestic Economic Transformation : Focus on manufacturing output, development of new technologies, refurbishment of critical infrastructures. (<https://www.population.sg/articles/why-is-economic-growth-slowing-in-singapore>)
 - Improved productivity through advancement and adoption of technology, so that we continue to play a useful role in global shipping.
 - JVs with major shipping lines in Terminal Ownership
 - Every larger ships means bulk of containers shipped has to be handled by mega terminals with the necessary facilities and equipment.
- Regional Economic Growth
 - Economic integration and collaborations within ASEAN : common markets, cross-borders links, simplification of custom processes increased our reach to more cargoes from the region.
 - ASEAN has great growth potential with 630 million people and a young population. Indonesia for example has population with average age at 26 year-old. (<https://www.usasean.org/why-asean/quick-facts>)

Competition from Regional Ports

- Major regional Ports in Malaysia, Indonesia are becoming serious competitors as they grow in volume.
- Traditional competitors such as Hong Kong, Shenzhen and Shanghai are consolidating and developing capabilities. In fact, Shanghai never looked back after 2010.
- Growing intra-asia trades and direct shipping eroding role of transshipment through a mega hub.
- The implementation of Cabotage Laws curbing outflow of cargo from host countries

Competition from Global Ports

- The development of ports that challenge the position of Singapore as a megahub along the Far East – Europe Trade route.
- Major shipping lines operating ports to handle their own transshipment boxes. E.g PTP, Salalah
- Development of other port facilities to rival Singapore, such as Bunkering Services, Ship Repairs, Container depots, Liquid Bulk Terminals etc.

Competition from Alternative Trade Resources

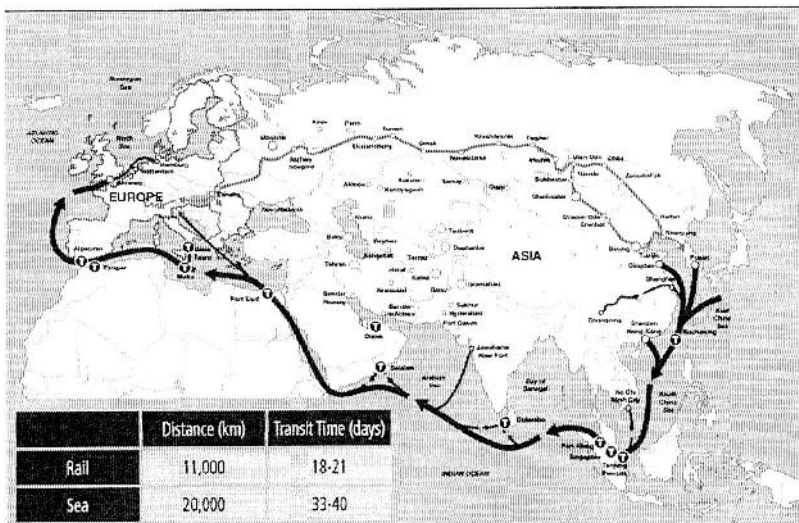
- Kra Canal through the Isthmus of Kra in Southern Thailand
- Through the Straits of Sunda or the Makassar Straits, bypassing the Straits of Malacca.
- Arctic Route to North America and Europe
- Land route through the silk route.
- Development of gateway ports in the west bypassing Singapore, for example, Port Gwadar in Pakistan and ports in Myanmar or in Bangladesh.

Outlook of Singapore Port Tackling Competition

- Build on our strength as we have done for the last two centuries
- Invest, improve and exploit innovations to remain relevant in the global logistics supply chain
- Mitigate weaknesses through productivity improvement and value creation to port users such as streamline business solutions through collaborations with government agencies and trade and industries associations
- Manage threats through sufficient internal preparation and facilitate and promotion of free trade

Question?

Premier location to conduct trade

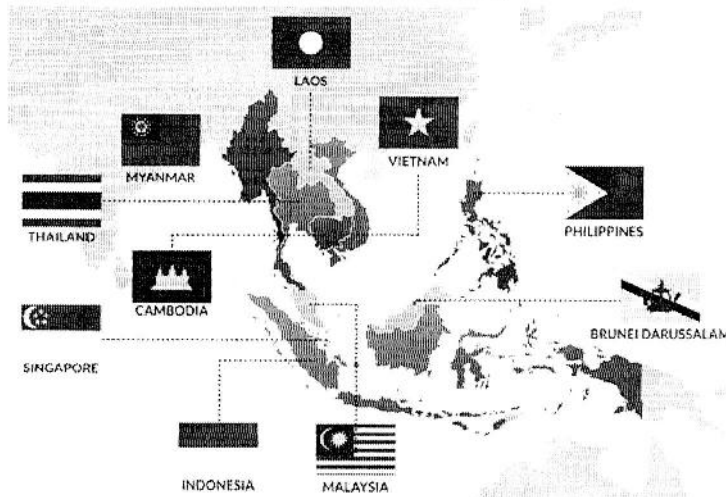


Source: <http://www.mkik.hu/en/magyar-kereskedelmi-es-tparkamara/infrastructure-and-transport-2631>

Since the dawn of history... the sea route between China and India, ME and Europe would pass by the Straits of Malacca. Singapore sits along this route. Of course, there are many other ports lying along this sea route...to name a few, are Klang, Columbo, Yemen, Salalah, Port Said etc..

So Premier location is an important factor, but not the only one..

Stable Political Environment



Source: https://www.roboticsbusinessreview.com/uncategorized/awakening_tiger_south_east_asian_robotics/

- Internally, we have a stable political situation for more than 50 years.
 - Allowed rapid growth of economy
 - Long-term planning and development
 - Retaining of talent
 - Development of processes and system
- Externally, ASEAN has been relatively stable over long periods of times during the last 50 years. There may be upheavals in some countries within ASEAN, but they are mainly contained.

Excellent Connectivity

- We had a strong head start over the rest in the region. A paragraph from “A Short History of the Port of Singapore” published in 1922, stated that ‘...5,674 merchant vessels representing a tonnage of 8,538,853 tons, entered the Port of Singapore in the year 1929...’ (from “50 Years of Transportation in Singapore, Achievements and Challenges”, edited by Fwa Tien Fang, 2016).
- After independence, we built on this strengths and now we are not only a regional port. We are a global port. Besides connecting to 600 ports in 120 countries, PSA has 60 daily and scheduled sailings to SE Asia, USA, Europe, ME, NE Asia and S Asia!
- 85% of PSA volume handled is transshipment. That translate to about 25-26 million TEUs per year !

PSA Infrastructure and equipment



- > 62 Berths
- > 223 Quayside Cranes
- > 42m TEUs Capacity

The lease for Tanjung Pagar Terminal, Keppel Terminal and Brani Terminal run out By 2027.

Pasir Panjang Terminals by 2040.

Tuas Terminal eventual capacity if 65 m TEUs

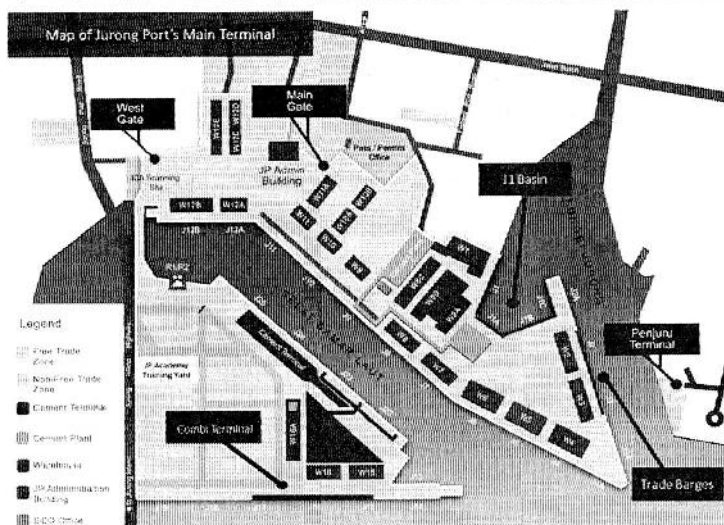
The port will occupy 1,339ha of land – about the size of two Ang Mo Kio New Towns

Amount of land to be reclaimed 1,085ha

First set of berths ready by 2021

<http://www.trp.sg/news/business/psa-early-mover-leads-jurong-pagar-may-spark-quicker-project>

Jurong Port Infrastructure and Equipment



Singapore's Gateway for other cargoes besides Containers

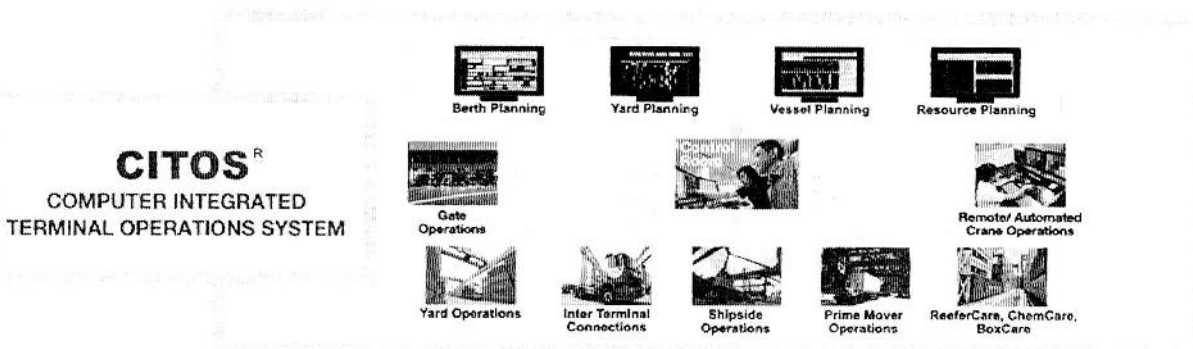
- Cement Terminals
- Multi-purpose Terminals
- Liquid Bulk Terminal
- Lighter Terminals

32 Berths
483,800 sq m storage yard
178,100 sq m warehouse space

PORTNET



CITOS



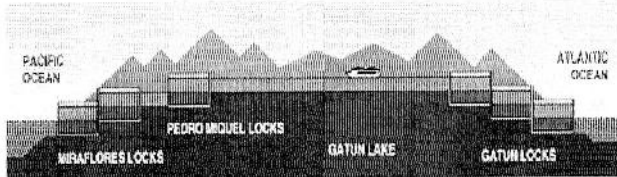
Human Resource Training

- PSA Training Institute – Trained over 600,000 since 1962. Specialized in Port related training ranging from port operations, equipment maintenance, IT related training and Management training
- Singapore Maritime Academy – Situated in Singapore Polytechnic, provides training on maritime courses since 1952.
- Tie up with Singapore universities and higher learning institutions such as PSA will jointly develop curriculum and programmes with the NUS School of Computing and NUS Faculty of Engineering, where students will have opportunities to advance their knowledge in a wide range of areas, including data analytics, cyber security, automation and intelligent systems. Problem statements and case studies provided by PSA will help NUS students better understand how new technologies and intelligent systems are applied to modern port operations and equipment.

A Maturing and In-Transition Economy

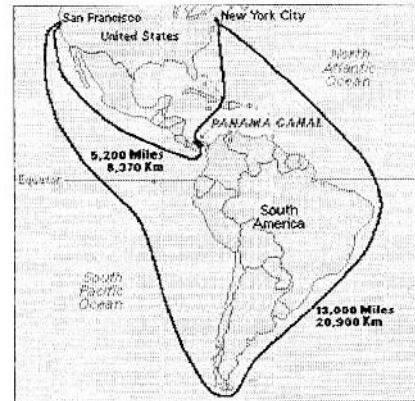
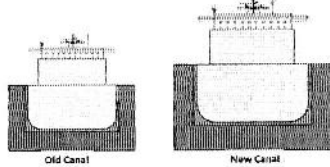
- Domestic volume contribute to about 4 to 5 million TEUs for PSA and most of Jurong Port's volume. We need to maintain sufficient cargo load to attract ships to call our ports.
- 'Official estimates tip growth of around 2.5 per cent this year (2017) – a sedate pace compared to 7.7 per cent in 2007, and also a far cry from 8.5 per cent two decades ago.' - National Population and Talent Division, Strategy Group, Prime Minister's Office (<https://www.population.sg/articles/why-is-economic-growth-slowing-in-singapore>)
- "Achieving even 3 per cent growth on average will be an increasing challenge, as our labour force slows down in the years to come," Deputy Prime Minister Tharman Shanmugaratnam said in a 2015 May Day speech.
- Therefore, to prevent near-stagnant economy is for Singapore to make a breakthrough in productivity growth. A transition we must make...

Panama Canal

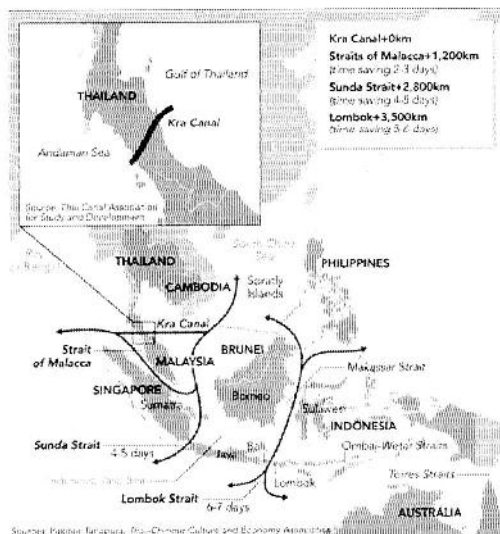


Comparison of old and new canal and ship's allowed to pass through it.

32.13 meters	Beam	49 meter
794.88 meters	Length	366 meter
32.04 meters	Draft	33.2 meter
Lock gate system	Gate type	New rolling gate system



Proposed Kra Canal



Kra Canal saved 1200km
 Suez Canal saved 7000km
 Panama Canal saved 13000km

The Arctic Route

China's New Shipping Frontier

How the new Northern Sea route compares to the traditional Suez Canal route

NORTHERN SEA ROUTE

- Travel time: 35 days
- Dangers: icebergs
- Travel window: July to November
- Container-carrying vessels: One this year

SUEZ CANAL ROUTE

- Travel time: 48 days
- Dangers: Access to Suez Canal under question with upheaval in Egypt
- Travel window: Year-round
- Container-carrying vessels: 17,000 last year

