Sector Analysis

The Marine and Offshore Industry

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Singapore continued its position in 2014 as the world’s busiest port with a record vessel arrival tonnage of 2.37 billion gross tonnes, a container throughput of 33.9 million TEUs, and 42.4 million tonnes in total bunker sales. There is constantly about 1,000 ships in the Singapore waters and with some 140,000 vessel calls annually. The port and maritime sector is a sizeable contributor to the economy in Singapore, providing 170,000 jobs and accounted for 7% of the country’s total gross domestic product in 2014. The growth is forecasted to continually grow due to the plan about developing and expanding the maritime and offshore activities in Singapore.

The major ship building yards in Singapore are responsible for close to 70% of new rigs built globally. They have their own proprietary designs that enable them to win orders despite strong international competition. Beside rig building Singapore’s long history in ship building history and the efficiency of the ship yards stand them in good stead in securing other ship building and offshore fabrication work.

Singapore is also an interesting market for companies offering services to container ships and oilrigs. Because of the ease in operations from Singapore, many companies choose to establish here and offer their services throughout the whole region.

3. MARKET SIZE INDICATORS

Ship repair & conversion sector

The ship repair and conversion sector is the backbone of the industry. In spite of the economic recession and corresponding decline in seaborne trade the local shipyards enjoyed a steady base load of ship repair projects. This sector consists of a comprehensive ecosystem of shipyards, marine engineering companies, equipment suppliers and contractors.
In 2013, the total turnover for the ship repair and conversion sector was S$4,744 million, accounting for 31% of the total industry’s turnover. More vessels called in Singapore for repairs in 2013 compared to the year before. Port statistics from the Maritime and Port Authority of Singapore (MPA) showed there were 6,881 vessel calls for repairs in Singapore in 2013, which was an increase of 3.36% from the year before.

However, the total gross tonnage of the vessels that called in Singapore for repairs was lower at 34.076 million grt. This was 0.81 million grt or 2.32% lower than the total gross tonnage of 34.886 million grt in 2012.

Eight FSO (Floating Storage and Offloading) conversion and upgrading projects were completed in Singapore in 2013. Singapore is the world’s leading centre for conversion of FPSOs.

**Shipbuilding sector**

Singapore is a niche player in the global shipbuilding market, focusing on customised and specialised vessels such as offshore supply and support vessels, and anchor handling tug and supply (AHTS) vessels.

In 2013, the shipbuilding sector generated a total turnover of S$841 million, which is S$285 million or 25.3% lower than the turnover in 2012 of S$1,126 million. Port statistics from the MPA showed a total of 111 vessels launched in 2013, one vessel more than in 2012. The majority of the vessels launched in 2013 were offshore support and supply vessels, followed by barges, workboats, ferry boats and fast crew & supply boats. Other vessels launched included several tugs, dredgers, yachts, motor launches, a container ship and a research vessel.

**Offshore rigbuilding sector**

The offshore sector included the construction, repair, upgrading and conversion of all types of offshore drilling rigs and offshore platform units. This sector is the largest contributor to the industry’s total turnover and account for a significant volume of work undertaken by the industry today. The rigbuilding and offshore sector has led the industry’s output since 2007 as it moved towards higher value add projects.

The offshore rigbuilding sector generated a total turnover in 2013 of S$9,717 million, a contribution of 63.5% of the total industry turnover. This was an increase of 7% from the turnover generated in 2012.

2013 was a milestone, as Singapore delivered an all-time high record number of newbuild rigs and offshore platforms to customers globally. A total of 31 new rigs including offshore platforms were delivered.

**Marine services**

Singapore is more than a container hub, it is also the world’s third-largest petrochemical refiner and operates the most technically advanced and efficient shipbuilding and ship-repair facilities in Southeast Asia. Currently it holds about
70% of the world’s jack-up rig-building market and over 65% of the global floating production storage and offloading (FPSO) conversion market.

Being one of the world’s premier hub ports, there is also a great demand for advanced marine services that few can match. Modern rigs and platforms can accommodate up to 200 crew members. The quality of life on board, the productivity and safety are of primary importance. Companies with the solutions that could enhance these important requirements should find a ready market.

The MPA manage incentives and funds that could assist technology companies and start-ups engaged in innovative maritime research and development (R&D). These companies should be based in Singapore to avail themselves to the support. For example, MPA will give financial aid during the early stages of product development and testing, and if the trials prove successful, MPA will provide help in bringing the idea or invention to market.

4. MARKET TRENDS AND OPPORTUNITES

Outlook for the Singapore marine and offshore industry is challenging due to the global economic climate. However the fundamentals driving the industry remain good. This includes higher demand for oil, increased exploration.

Singapore is situated at a strategic geographical location along one of the busiest waterways in the world. The Singapore Registry of Ships (SRS) is amongst the top five ship registries in the world. It is the preferred choice of quality flag for many international ship owners. As many as 20% of the local register, approximately 200 vessels, are from Danish shipping companies.

Singapore is a premier global hub port, connected to more than 600 ports in over 120 countries and in a developing region whose young economies have high growth potential. Singapore is the main transhipment hub for these countries that include Indonesia, Thailand, and the Philippines etc. The NGP 2030 Master Plan is a plan for developing the port of the future in Tuas, located on the western side of Singapore, with the aim of double the capacity to 65 million containers per annum. This master plan enables Singapore to have the necessary capacity to service the growth and ship goods worldwide.

A potential growth area is in meeting demands for offshore structures to operate in more challenging locations. The depletion of oil and gas reserves has driven the search for new sources such as hydrocarbons, and exploration into further frontiers with harsher environments and ultra-deep waters. Singapore rig builders are leaders in this area.

The marine and offshore supporting industries have grown in tandem with the shipyards. There are now over 3,000 companies comprising manufacturers and suppliers of marine equipment, components and engineering workshops. They include companies providing consultancy, design as well as inspection & surveying. Their combined presence makes Singapore a convenient and comprehensive hub for the marine and offshore sector.
5. TRADE FAIRS

✓ **Singapore Maritime Week**: is the leading maritime event in Singapore and gathers once a year the international maritime community in Singapore for a week of conferences, dialogues, networking, exhibitions and social events within the whole maritime sector. In 2015 the main official sponsor of the SMW was the Danish company Hempel. ([Website here](#))

✓ **Sea Asia**: is the region’s leading conference and exhibition event for the international maritime industry. This event is held every second year in conjunction with the Singapore Maritime Week. In 2015 this event confirmed its place as Asia’s largest maritime event with a 23% increase in attendance. The Sea Asia 2015 was attended by 16,185 participants from 85 different countries. ([Website here](#))

✓ **Asia pacific Maritime**: is the one-stop market for the region’s maritime community, showcasing the latest in marine engineering and port technology. The trade fair takes place every second year and on the fair you will meet 15,000 decision makers, ship owners, ship builders and other key players from the Asian maritime and offshore industry in three days. ([Website here](#))

6. CONCLUSION AND RECOMMENDATIONS

Singapore is a major global marine hub and a good base to market Danish products, equipment and solutions in the marine and offshore sector. Currently there is an emphasis on green shipping and green port activities. There are also possibilities for companies to further develop and to be a test-bed for solutions in Singapore.

Many local marine related companies work in cooperation with the major shipyards and offshore oil & gas companies to perform sophisticated fabrication work. There are hence many opportunities for Danish companies and their local business partners to work not only with the shipyards but also these local players in the marine and offshore sectors.

There is high quality and reliable infrastructure as well as sufficient funding for research and development activities in Singapore. Test-bedding of new solutions is also available. These are also reasons why Singapore should be an attractive location for Danish marine related companies.
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