Content

- Recap
- Industry Performance
- Action Taken
- Challenges
- Way Forward

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▪ Way Forward
Since the last forum held in 2010, shipbuilding / ship repair sector of the maritime industry has gone through several key milestones.
Recap

SBSR Strategic Plan 2020 - our vision is to be a major player in the small to medium-sized shipbuilding market; substantially contributing to the nation’s economy

OBJECTIVES

- to capture 80% of local new build market
- to capture 2% of global new build market
- to capture 3% of Selat Melaka repair market
- to capture 80% South China Sea offshore repair market
- to focus development initiatives on niche market involving <120m vessels
SBSR Strategic Plan 2020 - in our quest to achieve the set objectives, seven (7) Strategies and forty (40) Action items have been identified

STRATEGIES

1. Establish business friendly policies that support the growth of the industry
2. Strengthen institutional framework
3. Reinforce regulatory framework to assure the integrity of SBSR companies and quality of their products
4. Attract and prepare adequate and capable workforce
5. Apply local design and adopt new shipbuilding / ship repair technologies
6. Improve financial & incentive packages and promote inward investment
7. Upgrade competency and level of sophistication of the industry
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In 2011, SBSR industry generated RM7.05 billion in revenue, provided more than 30,000 jobs & attracted investments worth ~RM6 billion approved by MITI

- Number of vessels imported by local shipowners is reducing in the last 3 years - good sign to local shipbuilders

- Downtrend in exports indicates that local shipyards have not been able to capture foreign new build market due to global economic slowdown - capturing domestic new build market is therefore essential

Source: MITI
Number of vessel build by local yards is relatively consistent in the last 3 years whilst gross tonnage is on an uptrend

- Although the size of vessels is increasing, the complexity of the product may not necessarily be in accordance with our target
- Out of RM2.4 billion worth of vessels built last year, 14% are OSVs - slightly lower than the previous year
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Several action items identified in SBSR Plan 2020 are currently implemented through an EPP under Business Services NKEA.

**Emerging Malaysia as Shipbuilding / Ship Repair Hub**

**Policy**

1.3 imports of raw material and marine equipment

**Human Capital**

4.2 enhancement of blue collar training
4.3 bridging program for graduate engineers
4.4 establishment of apprentice programs

**Design & Technology**

5.2 developing indigenous OSV design

**Industry Enhancement**

7.4 improve river draft around SBSR clusters
MITI is positively responding to the industry’s request to ease the process of importing raw materials (Action 1.3)

- raw materials certified by internationally recognized Classification bodies are exempted from SIRIM sample testing
- applicable to all materials for use in SBSR and marine equipment manufacturing activities
- propose introduction of ‘Certificate of Recognition’ (COR) to replace Bona-Fide scheme

1. Exporter send invoice & mill cert / Cert of Origin to local companies
2. Companies submit above documents, relevant forms & ‘COR’ to Customs
3. Goods allowed out from port
Action Taken

Adequate supply of capable workforce (both white & blue collars) is key to the growth of SBSR industry (Actions 4.2, 4.3, 4.4)

- MOHR and MARA are currently engaged to develop National Occupational Skill Standard (NOSS) for specific skills of high demand

- Suitable shipyards are being identified to participate in SLDN apprentice program

- MIGHT-Meteor has been tasked to undertake bridging programs for graduate engineers through TeSSDE / LEADER Series

- AMIM has been appointed by MOHR as Industrial Lead Body (ILB) to chart the direction of HCD for SBSR industry
Indigenous OSV design is essential to maximize local content in the targeted niche market (Action 5.2)

- Discussions with local design houses and system designers / providers are on going
- Project duration - 2 years from design to prototype
- Boustead to formalize a group of design team
- Specification of OSV required by OSV owners and Petronas are being compiled
Permanent solution to siltation problem at Kuala Baram will further grow SBSR activities in Miri (Action 7.4)

- State Government and Authorities are reviewing various options proposed by the consultant & technical experts - channeling siltation out to deeper water & maintaining draft at least 8m
- Project funding option is yet to be finalized - 100% PFI & joint funding are being considered
In intensifying global marketing, MATRADE is collaborating with AMIM members to facilitate international trade for SBSR industry

- Specific Marketing Mission (SMM) - MATRADE’s Business Trade in Singapore during Asia Pacific Maritime Exhibition (Action 2.4)

- Business Partnership Program with Gyeongnam Province of South Korea - potential collaboration with renowned Korean shipbuilders & equipment manufacturers (Action 7.2)
Discussions with MOT and Marine Department are underway to tighten Cabotage Policy and reinforce regulatory framework

- In response to request made by East Malaysia traders to use more foreign flagged vessels, MIGHT insisted MOT not to further relaxed the Cabotage Policy - to date, remain status quo (Action 1.1)

- Apart from resolving CoA issue, proposal to use ‘Certificate of Recognition’ (COR) scheme to promote certain level of industry standard is well received by Marine Department (Action 3.2)
A proposal is to be tabled to MoF & MIDA to stimulate industry growth by incentivising DDI and FDI (Action 6.3)

<table>
<thead>
<tr>
<th>Sector</th>
<th>Activities</th>
<th>Incentive</th>
<th>Justification</th>
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<tbody>
<tr>
<td>Shipbuilding</td>
<td>Ship design engineering &amp; R&amp;D</td>
<td>PS/ITA &amp; RA</td>
<td>Promote growth in high value marine design and engineering business through DDI and FDI</td>
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<tr>
<td></td>
<td>Eqpt manufacturing &amp; assembly</td>
<td>PS/ITA &amp; RA</td>
<td>Promote growth of local content in shipbuilding activities through DDI and FDI</td>
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<tr>
<td></td>
<td>Ship construction</td>
<td>RA</td>
<td>Increase capability and capacity of local shipyards in capturing international and domestic market through DDI only</td>
</tr>
<tr>
<td>Ship Repair</td>
<td>Repair / Conversion / Upgrade / MRO</td>
<td>RA</td>
<td>Increase capability and capacity of local shipyards in capturing international and domestic market through DDI only</td>
</tr>
<tr>
<td></td>
<td>Component MRO</td>
<td>PS/ITA &amp; RA</td>
<td>Promote growth in equipment / sub-system MRO activities through DDI and FDI</td>
</tr>
<tr>
<td>Training</td>
<td>Seafarers training</td>
<td>PS/ITA &amp; RA</td>
<td>Promote private sector investment in fulfilling the demand of marine industry workforce requirement through DDI and FDI</td>
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<tr>
<td></td>
<td>Technicians training</td>
<td>PS/ITA &amp; RA</td>
<td></td>
</tr>
<tr>
<td>Certification</td>
<td>Design approval, marine product</td>
<td>RA</td>
<td>Encourage locally established classification bodies to deepen their activities beyond basic survey services</td>
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New Build & Equipment Market - specific actions have to be taken to overcome the following challenges

- Replacing foreign vessels currently serving the local O&G sector - TERAJU’s target to increase Bumiputera participation
- Shipyards capability to satisfy shipowners’ quality, cost and delivery expectation
- Capability of local players to market its own products without going through third party / broker
- Component and equipment manufacturers to qualify their products into marine standard and meeting classification requirement
- Foreign market penetration as a result of FTAs entered by Malaysia
Ship Repair Market - specific actions have to be taken to overcome the following challenges

- Capturing repair and conversion markets from vessels plying the Straits of Malacca
- Capability of local players to be responsive and achieve the required turn around time
- Availability of service providers in East Coast to avoid OSVs resort to Batam facilities
- East Malaysia shipyards to expand their capabilities to offer repair services apart from new building
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Cooperation of all stakeholders are requested to enable the following urgent initiatives to be undertaken next year

- Financial contribution by the industry to enable more 6G welders to be produced to fulfill current demand of skilled fabricators based on MARA-Petronas model (Action 4.1)
- Introduction of Export Rebate, income tax exemption for OSV seafarers and import tax exemption for shipowners (Action 6.2)
- Improving industry data capture system between local companies, Classification Bodies, Marine Department, Royal Customs and MIGHT (Action 3.5)
Thank You

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