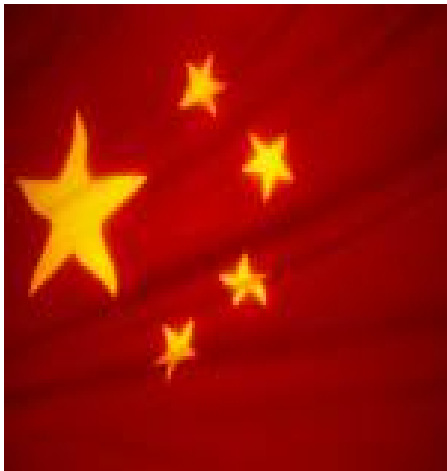




MARITIME INSTITUTE OF MALAYSIA

“THE EAST HAS ARISEN!” THE GROWTH OF THE MARITIME SECTOR IN EAST ASIA



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PRESENTATION OBJECTIVES

- ➡ To highlight the strategic initiatives adapted by China, S. Korea & Japan in developing their maritime sectors.
- ➡ To emphasize the virtues of having long-term strategies to develop maritime capacity & competitiveness.
- ➡ To draw lessons from the strategic approaches of the three nations for other aspiring maritime nations.

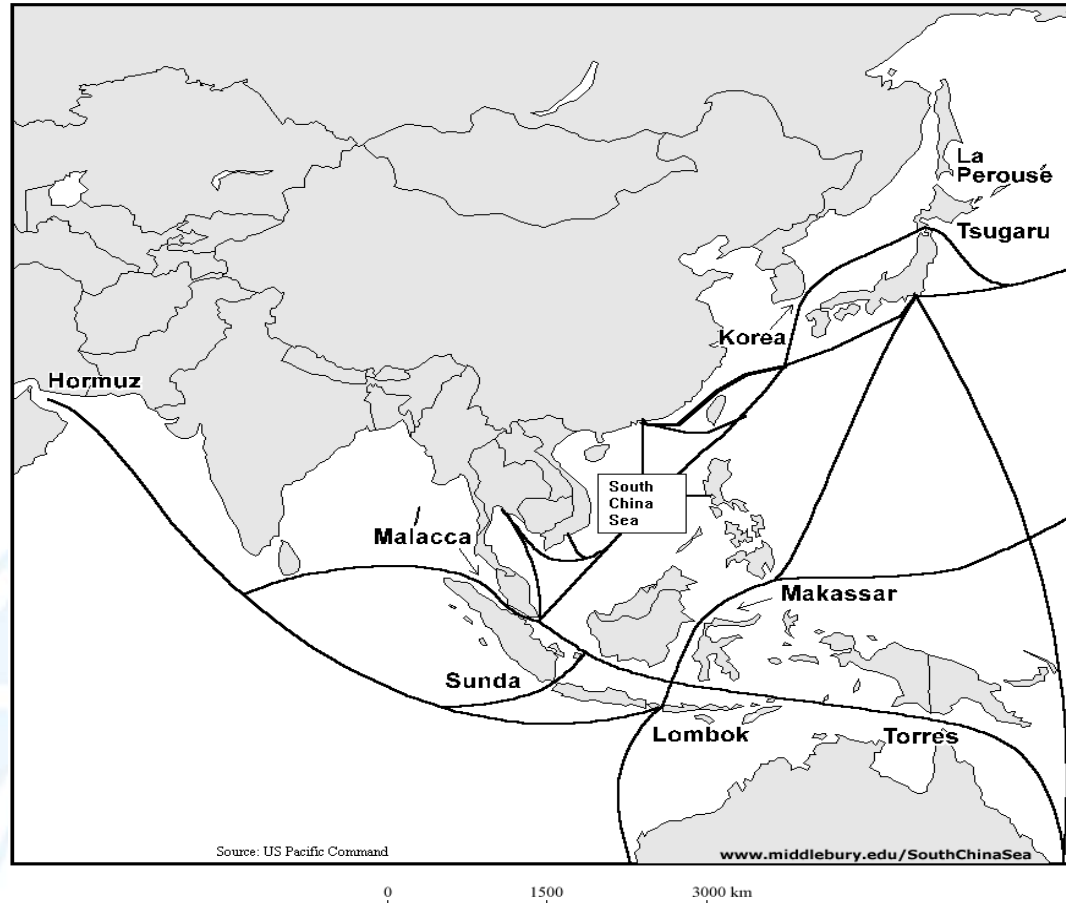
PRESENTATION OUTLINE

- ➡ Overview of East Asia as a maritime powerhouse.
- ➡ Experiences of China, S. Korea & Japan in developing their maritime sectors.
- ➡ Lessons drawn from the three nation's strategic approach for other aspiring maritime nations.

E. ASIA : MARITIME GROWTH CENTER

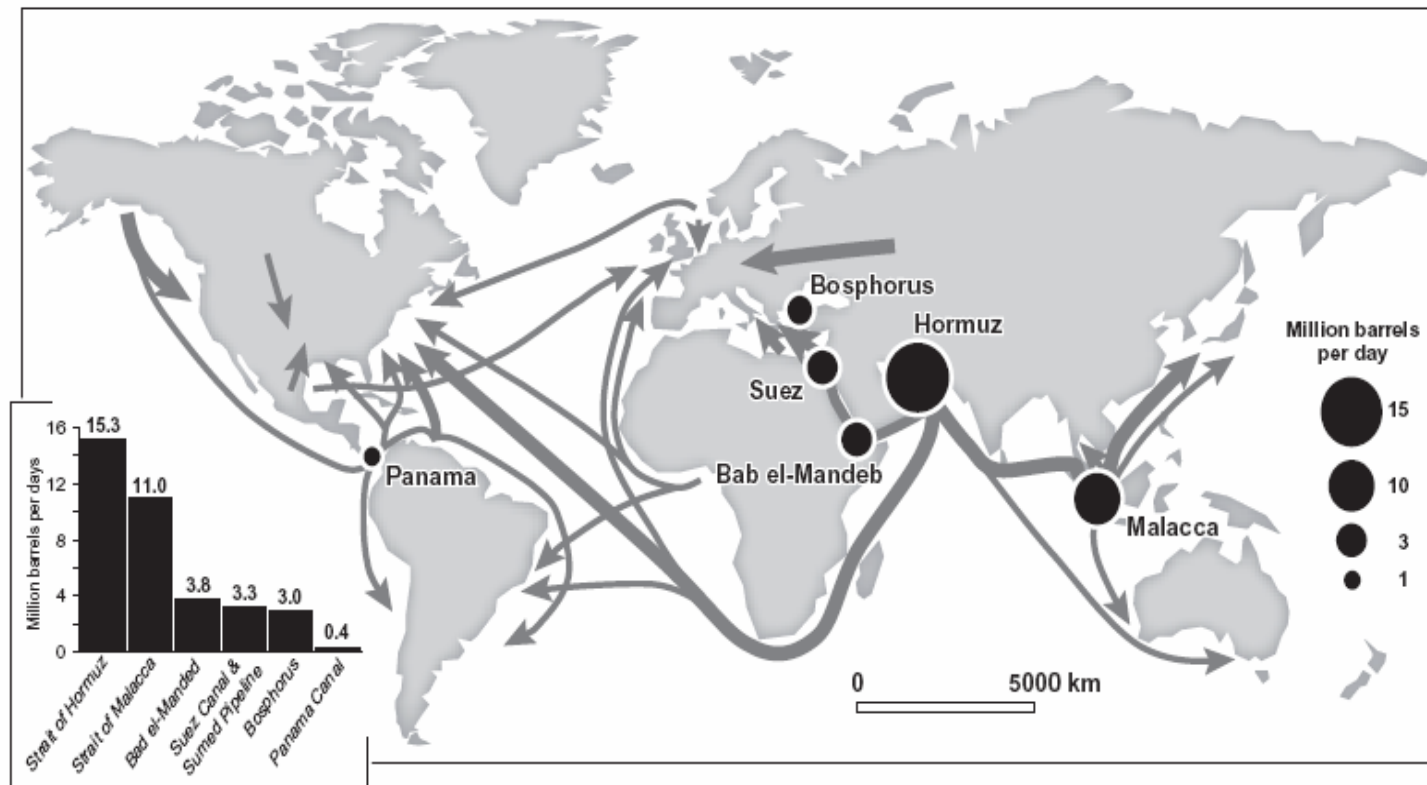
- ➡ Tremendous maritime capacity development in E. Asia in the last decade to support booming trade.
- ➡ E. Asia has the biggest ports & shipyards and leads in maritime trade volume largely powered by China.
- ➡ E.Asia's rise as a maritime powerhouse is largely due to strategic planning.

MAJOR ASIA-PACIFIC SEALANES



Source : Southchinesea.org

MAJOR OIL FLOWS & CHOKEPOINTS



Source : US EIA (2003)

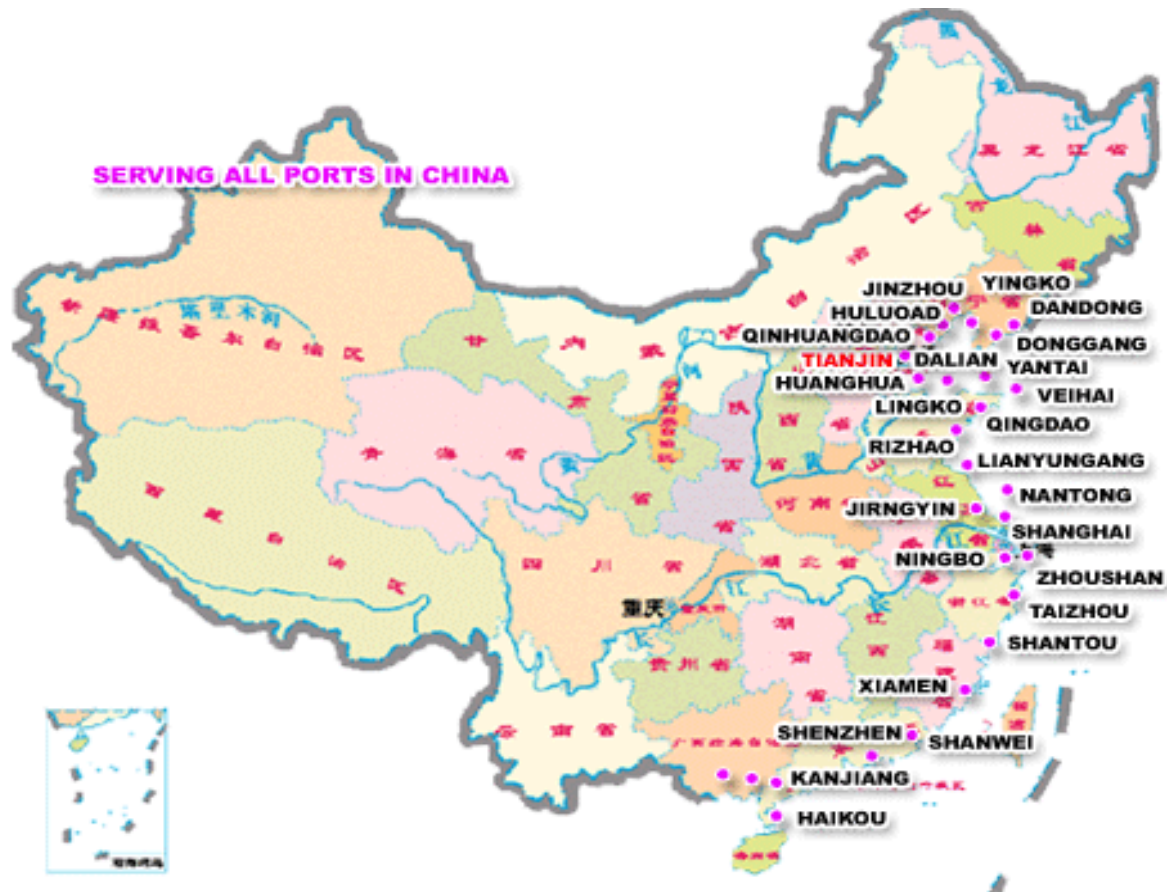
CHINA'S MARITIME GROWTH

- ➡ China's ascent as an economic power is due to tremendous growth of its trade.
- ➡ Emphasis on maritime development to support growing maritime trade volume.
- ➡ Maritime sector employs 30 mil. people
([Fairplay - Nov 2007](#)).
- ➡ 1,400 ports handled over 100mil. TEU in 2007 (93 mil. TEU 2006)
([China-Briefing.com](#)).

CHINA'S 11th FIVE-YEAR DEVELOPMENT PLAN

- ➡ Strategic plan launched in March 2006.
- ➡ Focuses on port development / shipping capacity expansion to support trade.
- ➡ Creation of port clusters in Fujian & Hainan to encourage maritime activities.
- ➡ China expected to spend US\$485 bil. by 2010 on transport infra to boost trade competitiveness.

CHINA'S MAJOR PORTS



Source : Heroline.com

CHINA'S PORT THROUGHPUT (mil. TEU)

Port	2004	2005	2006
Shanghai	14.57	18.04	21.72
Shenzhen	13.65	16.20	18.47
Guangzhou	3.31	4.68	7.23
Dalian	2.08	2.65	3.21
Tianjin	3.81	4.81	5.90
Ningbo	4.00	5.19	7.07
Qingdao	5.14	6.31	7.70

Source : UNCTAD, InvestHK, China Daily

CHINA'S MARITIME HIGHLIGHTS

- ➔ Shanghai Port is the world's busiest port (560 mil. tons of cargo in 2007).
- ➔ China projected to hit 250 million TEU in 2020 ([Cargonews Asia, Dec 2007](#)).
- ➔ China built 19% of newbuildings in 2006. Has plans to be the world's biggest shipbuilder by 2015.
- ➔ ZPMC is the world's largest crane maker (74% global share in 2006).

CHINA'S MARITIME ADVANTAGES

- ➔ Long coastline with excellent features.
- ➔ Economies of scale.
- ➔ Huge, diligent workforce.
- ➔ Low cost structure i.e cheap land, relatively low cost of living & labor.
- ➔ Big influx of FDI in maritime sector.
- ➔ Increasing maritime logistics capacity.
- ➔ Growing global port connectivity.

SHENZHEN PORT



Source : graphics.jsonline.com

YANGSHAN TERMINAL, SHANGHAI PORT



Source : Shanghai.gov.cn

THE KOREAN STORY

- ➡ Export-oriented industrialization policy post-Korean war led to rising trade.
- ➡ Growing trade drives expansion of maritime sector.
- ➡ Strong institutional support in developing maritime industry led by Ministry of Maritime Affairs.
- ➡ Various incentives / initiatives to spur growth in maritime sector.

KOREA'S MARITIME HIGHLIGHTS

- In 2007, Hanjin is world's 9th largest containership operator. Hyundai is 20th.
- Contributes 3.3% to world merchant fleet in 2007 (UNCTAD).
- Hyundai Heavy Industries is the world's biggest shipyard. Samsung is the 2nd.
- World's top shipbuilder with 35% share.
- World leader in building hi-tech ships.

KOREAN PORTS



Sources : tossco.com, korea.net, en.gangwon.to

1ST FIVE-YEAR DEVELOPMENT PLAN

Under the plan, the following were set up :

- ➡ Korean Shipping Corp. – national liner.
- ➡ Ministry of Maritime Affairs.
- ➡ Shipbuilding financing program.
- ➡ Pro-maritime monetary policies.
- ➡ Korea Maritime & Port Administration.
- ➡ Korean Maritime Research Institute.
- ➡ Korea Maritime University.

OCEAN KOREA 21

- ➡ Established in 2000 to boost Korea's maritime competitiveness.
- ➡ Main thrusts :
 - i) Creating 'living' oceans
 - ii) Establish knowledge-based maritime industries
 - iii) Develop marine resources in a sustainable manner.

INITIATIVES TO SPUR KOREA'S MARITIME SECTOR'S GROWTH

- ➡ Direct subsidies / special funds
- ➡ Tax incentives
- ➡ Special ship financing scheme
- ➡ Investment in maritime transport infrastructure
- ➡ Cargo reservation policy to promote growth of national fleet

JAPAN'S PORTS



Sources : cosmotransline.co.jp, hyogobcc.org

JAPAN'S EXPERIENCE

- ➡ Leads in R&D and technology in maritime development.
- ➡ Dependence on maritime trade as its economic lifeline provides impetus to develop maritime sector.
- ➡ Strong institutional support and public-private sector linkage in maritime sector.
- ➡ Focus on production efficiency.

JAPAN'S MARITIME HIGHLIGHTS

- ➡ 2nd largest contributor (14.5%) of global merchant fleet (in DWT) in 2007.
- ➡ Three liners in world's top 20 containership operators in 2007 i.e. NYK (10th), MOL (11th) and K-Line (13th).
- ➡ Contributed 5% of global sea trade.
- ➡ World's 2nd top shipbuilder (25% share).

JAPAN'S MARITIME DEVELOPMENT

- Lead agency : Maritime Bureau of Land, Infrastructure & Transport Ministry.
- Industry groupings :
 - i) Shipbuilders Association of Japan
 - ii) Cooperative Association of Japan Shipbuilders
 - iii) Ship & Ocean Foundation
- Strong government-industry linkage.

LESSONS LEARNED

- ➡ Strategic planning provides platform for orderly development and efficient management of maritime sector.
- ➡ With coherent development plans in place, resources can be properly allocated and optimally utilized.
- ➡ Strong public-private sector is needed in realizing objectives / meeting targets of maritime development strategies.

LESSONS LEARNED

- ➡ Adequate and trained manpower must be developed to support growth of maritime sector.
- ➡ Strategies should be built on pillar of sustainable development resources.
- ➡ Financing makes or breaks strategies.
- ➡ Strategies must be flexible to adapt to changing dynamics in maritime sector.

“TO FAIL TO PLAN IS
TO PLAN TO FAIL!”



謝謝



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