“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.
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: Southchinasea.org
MAJOR OIL FLOWS & CHOKERPOINTS

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)

<table>
<thead>
<tr>
<th>Port</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shanghai</td>
<td>14.57</td>
<td>18.04</td>
<td>21.72</td>
</tr>
<tr>
<td>Shenzhen</td>
<td>13.65</td>
<td>16.20</td>
<td>18.47</td>
</tr>
<tr>
<td>Guangzhou</td>
<td>3.31</td>
<td>4.68</td>
<td>7.23</td>
</tr>
<tr>
<td>Dalian</td>
<td>2.08</td>
<td>2.65</td>
<td>3.21</td>
</tr>
<tr>
<td>Tianjin</td>
<td>3.81</td>
<td>4.81</td>
<td>5.90</td>
</tr>
<tr>
<td>Ningbo</td>
<td>4.00</td>
<td>5.19</td>
<td>7.07</td>
</tr>
<tr>
<td>Qingdao</td>
<td>5.14</td>
<td>6.31</td>
<td>7.70</td>
</tr>
</tbody>
</table>

*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.
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!”

谢谢

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