Malaysia's Maritime Industries Report (June 2023)

Major Maritime / Shipping news

(a) Economy

❖ MOT: Shipping industry to aim for sustainable energy transition

- The Transport Ministry (MoT) will focus on sustainable energy transition for the shipping industry as part of the effort to achieve net zero emissions by 2050, said Deputy Transport Minister Datuk Hasbi Habibollah.
- He said the shipping sector is important for international trade as 80 to 90% of global trade occurs through shipping and an estimated 3% of the total Global Greenhouse Gas (GHG) emissions.
- As an International Maritime Organisation (IMO) member state, our hope as a committed council member is to continue collaborating through a shared long-term mission to promote safe, secure, environmentally sound, efficient and sustainable shipping for all nations," Hasbi said in his opening speech during **Malaysia Maritime Week 2023** exhibition and conference.
- Being one of the biggest yearly events in the Malaysian maritime industry, the exhibition this time will focus on being environmentally friendly such as reducing carbon emissions and transitioning to greener energy in the shipping industry. The three-day event carries the theme of "*International Convention for the Prevention of Pollution from Ships (MARPOL) at 50 -- Our commitment goes on.*"

❖ PM rolls out nation's energy transition roadmap

- The **National Energy Transition Roadmap (NETR) and Hydrogen Economy and Technology Roadmap (HETR),** expected to be launched in the second half of the year, are aimed at ensuring Malaysia achieves long-term energy security, with environmental and economic sustainability in mind.
- NETR would be complemented by the HETR, which will pave the way for the achievement of an environmentally sustainable, long-term energy security in Malaysia, driven by technological innovation.
- Malaysia continues to see natural gas as playing an important role in the energy mix and as one of the cleanest burning hydrocarbons, to transition towards a lower carbon economy.

❖ Ministry of Economy: Malaysia to roll out energy transition roadmap in phases

- Malaysia is set to roll out its Energy Transition Roadmap in phases starting next month, putting the country's net zero ambition into action by identifying key impact initiatives and implementation plans for the next two decades.
- Economy Minister Rafizi Ramli said the roadmap outlines the government's move to achieve its renewable energy (RE) capacity target of 70% by 2050. Rafizi said a roadmap is an important step in putting money in strategic growth areas, not merely paying environmental sustainability lip service and no longer seeing economic growth and carbon emissions as incompatible goals.

(b) Investment / Partnership

❖ PTP spearheads Malaysia's decarbonisation in maritime industry

- Port of Tanjung Pelepas (PTP) has been chosen to participate in the government-to-government (G2G) partnerships for infrastructure (P4I) to spearhead Malaysia's decarbonising effort in the maritime industry and adapt inclusive growth through sustainable infrastructure in South-East Asia.
- The news was shared during **Malaysia Maritime Week 2023**, attended by Kitack Lim, Secretary-General of the International Maritime Organization (IMO), Dato' Jana Santhiran Muniayan, Secretary General of Malaysia Transport Ministry and Captain Mohamad Halim Ahmed, Director General of the Marine Department of Malaysia.
- PTP is committed to assist Malaysia's effort in decarbonising the country's maritime industry and therefore catalysing Malaysia's and global commitments. PTP also received recognition from the Malaysia Marine Department to pilot a special project in Malaysia through the **Green Tug and Pilot Boat initiatives**.

❖ Malaysia has potential to be regional green fuel bunkering hub

- Malaysia has the potential to develop into a regional green fuel bunkering hub with the support of both industry and government, according to a study by the Australian Government through Partnerships for Infrastructure (P4I).
- The Australian High Commission in Malaysia said this was the initial finding of the ongoing study shared by P4I maritime specialist Dr Jonathan Beard at the **Green Shipping Conference**, held in conjunction with Malaysia Maritime Week recently.
- The study also found that methanol is the green fuel option receiving the most investment from shipping lines. Port of Tanjung Pelepas (PTP) participated as a partner in the pilot study.
- Following the conference, a panel discussion was held on green fuel bunkering, with representatives from Australia's largest container port, Port of Melbourne, and PTP to discuss the technical and commercial considerations of methanol bunkering and Port of Melbourne's broader sustainability initiatives.

❖ PETRONAS, MOL and SDARI acquire approvals for LCO2 transport

- Petronas, Mitsui OSK Lines Ltd (MOL) and Shanghai Merchant Ship Design and Research Institute (SDARI) have attained four Approvals-in-Principle (AiPs) by DNV and ABS for their jointly developed liquefied carbon dioxide (LCO2) carriers and LCO2 floating storage and offloading unit (FSO).
- Petronas executive vice president and CEO of upstream Datuk Adif Zulkifli said the LCO2 carriers for CO2 transportation play a key role in the Carbon Capture and Storage (CCS) value chain.
- Petronas further shared that the two AiPs from DNV are for a short-haul LCO2 carrier with the capacity of 14,000 cubic meter (m3) and a long-haul LCO2 carrier with the capacity of 87,000 m3. The other two AiPs from ABS are for an 87,000m3 LCO2 carrier with Dynamic Positioning System, and a 96,000-m3 LCO2 FSO for intermediate storage.

(c) Project development

I. Offshore Support Vessel (OSV) / Fast Crew Boat for offshore project

❖ RMS Synergy eyes listing in 2026 to fund fleet expansion

- RMS Synergy Sdn Bhd aims to list on Bursa Malaysia's Main Market or ACE Market as early as 2026, for vessel fleet expansion to cater to the growing demand for offshore support vessel (OSV) by oil and gas (O&G) operators in Malaysia.
- CEO Mohamad Asraf Abdul Ghafur said that since vessel chartering is the group's core business, more funds are required to increase its vessel capacity to fulfil the OSV market demand.
- Petronas Activity Outlook 2023-2025, which implied that it will require 204 vessels to support drilling and projects (wells) and 147 vessels to support its production operations this year.
- Last year, it registered a revenue of RM70.2 million from 13 projects. This year, Mohamad Asraf hopes to increase its revenue as well as projects.
- Recently, the company entered into a JV with Vietnam-based OSV service provider Hai Duong Petroleum and Marine Corporation (Haduco) to form Haduco RMS Sdn Bhd, whereby the former will be the majority stakeholder with a 51% stake while the remainder will be held by the latter.
- In addition, the company has recently acquired one vessel under a joint venture (JV) and plans to add five or six vessels to its fleet, which he reckoned would take three years. At the moment, the company is focused on purchasing anchor handling tug supply (AHTS) vessels because of its multifunctional capabilities.

❖ Southeast Asia's "First" Hybrid CTV Handed Over to HST Marine at Strategic Marine New Shipyard

- Shipbuilder Strategic Marine on Wednesday unveiled a new shipyard featuring a 5,000-DWT dry dock and a 6,000-DWT slipway. The company said it had also handed over Southeast Asia's first hybrid crew transfer vessel (CTV) to HST Marine, and unveiled the Gen-4 One fast crew boat (FCB).
- As part of the opening ceremony, the hybrid CTV, HST Swansea, will be handed over to its new owner, UK-based HST Marine, along with its sister vessel, HST Tynemouth. This pair of vessels are the first two of four units ordered by HST Marine earlier this year.
- Both vessels are designed for offshore windfarm operations and feature hybrid technology.

❖ Perdana Petroleum narrows net loss to RM8.3mil in Q1

- Perdana Petroleum Bhd (PPB), an upstream offshore marine service provider for oil and gas (O&G) companies, saw its net loss narrow to RM8.3 million for the first quarter ended March 31, 2023. (Q1 FY2023).
- The monsoon season during the first quarter of this year led to a much lower vessel utilisation rate, which was at 31% compared to the 60% utilisation rate in the last quarter of the previous year.
- PPB owns and operates 15 vessels which support the exploration, development facilities' installation, hook-up and commissioning as well as production, operations and maintenance activities for greenfield and brownfield O&G projects.
- Its parent company, Dayang Enterprise Holdings Bhd owns a 63.6% stake as per the group's annual report 2022.

II. High Speed Boat (FIC / FCB) & Naval vessel

❖ RMN Western Fleet needs new assets to face demand, challenges of security landscape

- Western Fleet Command Headquarters' Strategic Communication Division said the presence of new assets would meet the demands that come about due to an uncertain regional security landscape, growing challenges and responsibilities.
- RMN is always committed to increasing competence by intensifying training which is seen as a 'show of presence' activity of maritime assets in the waters of the Straits of Malacca.
- However, the biggest challenge faced throughout the exercise is, of course, operating the ageing assets. The management of these ageing ships require large resources to meet the growing operational and training needs in addition to high maintenance costs.

❖ Ex-Navy chief: Review defence expenditure as security landscape has changed

- Former Navy chief Admiral Tan Sri Mohd Reza Mohd Sany has requested the unity government to review defence expenditure in the 2023 Budget due to changes in the global and regional security landscape.
- Reza underlined three different aspects that the government should accomplish.
  a) The government must ensure that the Royal Malaysian Navy's (RMN) littoral combat ship (LCS) projects be sustained and carried out to completion.
  b) The government provide appropriate allocation from the 2023 Budget to complete the Littoral Mission Ship Batch 2 Project (LMSB2).
  c) The government reconsider the expenditure for the Malaysian Armed Forces in the context of the current security situation.

❖ Malaysia adds funds to troubled littoral combat ship (LCS) program

- Malaysia is pumping more money into its troubled Littoral Combat Ship (LCS) program, despite reductions in capabilities and scheduling delays.
- The government announced the total cost of the LCS project has been revised to RM11.2 billion, up from RM9 billion previously. This comes after BNS signed a sixth supplemental contract for the project with the government.
- Boustead Holdings Bhd (BHB) chairman Datuk Nazim Rahman said the agreement covers the project handover and governance in repairing the LCS project, among other things.
- This latest contract will see Malaysia pay an additional $430 million for the ships, which are based on the Gowind-class frigate by France's Naval Group. Malaysia will also reduce the number of ships it will receive under the revised contract from six to five, and accept an additional delay to the ships' deliveries.
- Under the new delivery schedule, Boustead Naval Shipyard (BNS) will deliver the lead ship — KD Maharaja Lela — in 2026, seven years after the originally planned date. The company will deliver the final ship, KD Tok Janggut, in 2029, five years later than initially planned.
- Malaysia's Finance Ministry (MOF) will take over the shipbuilder by setting up of a special-purpose vehicle (SPV) to acquire Boustead Naval Shipyard (BNS) from its parent company, Boustead Heavy Industries Corp (BHIC).