

# Malaysia's Maritime Industries Report (July 2024)

| No. | Category      | Outline                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
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| 1.  | Projects info | <p><b><u>Current project</u></b></p> <p><b>a) Marine Police Force 24m Catamaran PTV project (Total 6 nos)</b></p> <ul style="list-style-type: none"> <li>▪ <b>Sabah (1nos):</b> Awarded to LSE. (LSE opted for local ship-designer)</li> <li>▪ <b>Sarawak (1nos):</b> Currently under final commercial negotiation; pending contract award. Highly potential LSE will get awarded.</li> <li>▪ <b>Peninsular (4nos):</b> Tender closed. Several potential shipyards (MSET, Muhibbah, Gading etc) submitted the proposals. Based on market rumors, peninsular based yards highly preferred by the client. Thus, LSE might not pursue this remaining 4 vessels.</li> </ul> <p><b>b) MMEA 63m SAR vessel project</b></p> <ul style="list-style-type: none"> <li>▪ Currently, MMEA still considering for new-build or retrofit options due to limited budget by the government.</li> </ul> <p><b><u>Future project</u></b></p> <p><b>a) Petronas OSV Safina Phase 2 project:</b></p> <ul style="list-style-type: none"> <li>▪ The project entails the building of up to <u>100 vessels over the next 4-5 years</u> to phase out old OSVs that are reaching the end of their productive and efficient age of 15 years.</li> <li>▪ <b>Petronas plan to proceed upcoming production operations vessels (POV) tender, for which awards have been delayed since end-2023.</b></li> <li>▪ <b>These (the POV awards) are expected to <u>be 3+3 years' contract awards for around 145 vessels across different sub-segments</u>, with total contract value of more than RM2 billion per year.</b></li> <li>▪ <b>The first phase in 2021 saw contracts with a <u>long-term charter period of 7+3+3+2 years</u> (a total of 15 years) awarded. However, <u>only 11 vessels were built locally under the first phase</u>, out of the 16 tendered (and 100 projected across the entire five-year programme), suggesting that there is still a big slice of the pie to be given away.</b></li> <li>▪ <b><u>Phase two of Safina is expected to be tendered as early as the third quarter of this year (3Q2024).</u> Industry estimates for the awards range from the teens to <u>more than 20 vessels up for grabs.</u></b></li> </ul> <p><b>b) Green ships:</b></p> <ul style="list-style-type: none"> <li>▪ Green ships are <u>designed, built and operated in a way that minimizes the environmental impact through transition fuel ships or alternative fuel powered by hydrogen, ammonia, methanol and electric propulsion system.</u></li> <li>▪ <b>MOSVA and the Association of Marine Industries of Malaysia (AMIM) are <u>revisiting the prospects of greener vessels, as well as fuel efficiency in larger vessels such as the anchor handling tug supply (AHTS) vessels and platform supply vessels (PSVs), especially for Safina phase two.</u></b></li> <li>▪ <b><u>While financing for greener vessels is easier to access and cheaper</u>, the vessel itself could be up to <u>20% more expensive.</u></b></li> </ul> |

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|    |                      | <p>c) <b>Harbour tug boat:</b> Continuous demand for Eco-friendly harbour tug from port operators. LNG-fueled tug boat highly preferable by major clients.</p> <p>d) <b>Modern fishing boat:</b> The fishing industry in Malaysia is expected to flourish from the development of new fishing technologies especially for deep sea application.</p> <p>e) <b>High speed boat:</b> Due to South China sea conflict, we foresee there will be continuous demand for high-speed boat from enforcement agencies (RMN, MMEA, Police Marine).</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| 2. | Maritime market info | <p><b><u>Malaysia Maritime Week 2024 (MMW24)</u></b></p> <ul style="list-style-type: none"> <li>Participated MMW24 which was held from 30<sup>th</sup> July till 1<sup>st</sup> Aug 2024 at Kuala Lumpur City Centre (KLCC) hosted by the esteemed Ministry of Transport (MoT) and organized by the Malaysia Shipowners' Association (MASA).</li> <li>There were various companies set up their booth for this year event such as MISC, Port Klang Authority (PKA), Tanjung Langsat Port (TLP), Port of Tanjung Pelepas (PTP), Johor Port, Jasa Merin and many others marine machinery OEMs and vendors.</li> </ul>   <ul style="list-style-type: none"> <li>The Malaysia Maritime Week 2024 serves as a <u>platform to highlight the importance of shipping, the surrounding community and marine environmental protection.</u></li> <li>It also provides industry players with updates on the latest International Maritime Organisation (IMO) developments, facilitated through strategic partnerships with the Malaysia Shipowners' Association (MASA) and other</li> </ul> |

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|    |                      | <p>industry stakeholders.</p> <ul style="list-style-type: none"> <li>▪ The theme, <b>“Navigating the Future: Safety First!”</b> commemorates the 50th anniversary of the International Convention for the Safety of Life at Sea (SOLAS 1974), a cornerstone of international maritime safety regulation.</li> <li>▪ The <u>Malaysian Maritime Week 2024 includes two major conferences</u>: The two-day Malaysia Maritime Week Conference, <u>focusing on safety and security; and the one-day Green Shipping Conference</u>, addressing sustainable practices in line with the IMO’s GHG Strategy and other international climate agreements.</li> </ul> <p><b>Marine alternative fuels</b></p> <ul style="list-style-type: none"> <li>▪ In response to the IMO’s 2023 Greenhouse Gas (GHG) Strategy, <u>Malaysia is advancing towards net-zero emissions in international shipping</u>.</li> <li>▪ The <u>country is exploring alternative fuels, including liquefied natural gas (LNG), methanol, hydrogen and biodiesel</u>, to meet these environmental goals.</li> </ul> <p><b>OSV market info</b></p> <ul style="list-style-type: none"> <li>▪ Malaysia currently has around <u>250 to 270 local-flagged vessels serving the O&amp;G industry</u>, says Malaysia OSV Owners’ Association (Mosva) president Jamalludin Obeng.</li> <li>▪ This compares with the <u>local requirement of over 300 vessels under the current market environment</u>.</li> <li>▪ The existing fleet is also shrinking. About 80% of all <u>Malaysian vessels supporting the O&amp;G industry are old vessels, aged above 11 years</u>, according to Mosva data. It is noted that Petronas in 2022 extended vessel operating life to up to 20 years, from 15 previously, as demand exceeded supply owing to sustained activity levels.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                               |
| 3. | Related news article | <p>1) <b><u>PM calls on Transport Ministry to strengthen maritime synergy</u></b></p> <ul style="list-style-type: none"> <li>▪ Prime Datuk Seri Anwar Ibrahim has urged the <u>Transport Ministry to lead coordination efforts to help the maritime industry to emerge</u> as a stronger force and be more resilient.</li> <li>▪ The prime minister also believes that <u>Port Klang and Tanjung Pelepas have the potential to become among the top 10 largest seaports in the world</u>.</li> <li>▪ Prime Minister said the implementation of the <u>Malaysia Maritime Single Window as a central digital database and common data source</u> is an important step forward in the digitalisation of the industry.</li> </ul> <p>2) <b><u>Open waters to welcome all maritime investments</u></b></p> <ul style="list-style-type: none"> <li>▪ Keep <u>Malaysian waters open for all maritime industries</u> that wish to trade with Malaysia, said Prime Minister (PM) Datuk Seri Anwar Ibrahim.</li> <li>▪ Prime Minister Anwar Ibrahim says <u>Malaysia has the potential to become a maritime hub for Eastern and Western countries</u>, given the nation’s relations with many of them.</li> <li>▪ He said Malaysia would continue to be neutral on geopolitical issues while prioritising trade and partnerships instead.</li> <li>▪ Malaysia is having excellent engagements with the US and Europe, and now increasing bilateral trade relations with China, and in PM in meeting with the Russian foreign minister, indicating our interest to be a part of BRICS.</li> </ul> <p>3) <b><u>MMEA to receive Ex-USCGC Steadfast next year</u></b></p> <ul style="list-style-type: none"> <li>▪ Malaysian Maritime Enforcement Agency (MMEA) is set to receive the <u>Ex-United States Coast Guard Cutter (Ex-USCGC) Steadfast once its preparation in Baltimore, USA, is completed</u> and the vessel is transported back to Malaysia in the first quarter of next year.</li> <li>▪ MMEA acting director-general Vice Admiral Datuk Saiful Lizan Ibrahim, said the cutter will be a <u>key asset in enhancing the security of Malaysia’s Maritime Zone, particularly in the South China Sea</u>.</li> </ul> |

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|  |  | <ul style="list-style-type: none"> <li>▪ The endurance cutter measures 64.16 metres in length, 10 metres in width and weighs 1,100 tons. It can accommodate up to 12 officers and 63 other ranks, with a top speed of up to 18 knots.</li> <li>▪ Saiful Lizan said the <u>tender process for MMEA's new flagship vessel, with a procurement budget of RM330 million</u>, is expected to be finalised by the end of this year.</li> <li>▪ He added that the <u>specifications for the ship are anticipated to be completed by the end of this month, and the project is expected to commence in the first quarter of next year</u> with the appointed company.</li> </ul> |
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