



THE EAST ASIAN SEAS CONGRESS 2015

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Setting the Sustainable Development Agenda
for the Seas of East Asia beyond 2015

16-21 November 2015 • Danang, Vietnam

Contribution of the Maritime Sector to Malaysia's Economy and Future Opportunities

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Presentation outline

- Economic importance of the oceans
- State of play of the maritime industry *vis-a-vis* its contribution to Malaysia's economy
- Vital statistics of selected activities
- Investment opportunities
- Conclusion

Workshop 3.3: Blue Economy Development: Where are we now? Where are we headed?

Economic importance of the oceans

- Host shipping routes
- Facilitate intra-regional and global trade
- Provides for living and non-living resources
- Hosts various economic activities i.e., transportation, tourism, shipbuilding/repairing, port operations
- Feature key infrastructures; population, commerce and business centers; and economic regions along the coasts.
- Generates economic multiplier effects.

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State of play

- Growing population, economies, globalisation, liberalization, and trade interdependence among nations giving rise to seaborne trade volumes.
- Growing global demand for living and non-living marine resources.
- All these, along with supportive policies and institutional/regulatory framework, have seen the oceans becoming a platform for many economic activities.
- Opportunities abound for economic prosperity, but issues and challenges aplenty.
- The paucity of reliable and updated empirical valuation of the industry has hampered efforts to measure its worth and contribution to the nation's economy.

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Related studies

- National Port Plan (EPU, 1982)
- Malaysian shipping sector study (Lloyd's , 1992)
- Study on input-output perspective of the maritime sector (MIMA-UPM, 1997)
- Fisheries sector studies (MOA, 1985; Ishak et al, 1991; Ibrahim, 1991)
- Port competitiveness in Sabah/Sarawak (MIMA, 2006)
- Port Klang Master Plan (GHK/Orion, 2010)
- Roadmap on the devevelopment of freight logistics sector (MLC, 2010)
- Study on transportation & logistics (Frost Sullivan, 2010)
- Promoting marine tourism in Malaysia (EPU, 2010)
- Shipbuilding/repairing Strategic Plan (MIGHT, 2011)
- Study on the importance of the maritime sector in a Southeast Asian perspective (MIMA, 2012)

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Classification scheme for the maritime sector

1. Agriculture products, livestock, plantation, etc.
2. Forestry and logging products
3. **Marine fishing**
4. Other fishing
5. **Crude petroleum and natural gas production**
6. Other mining
7. Oils and fats
8. **Processing, canning and preservation of fish, etc.**
9. Other foods
10. Beverages and tobacco
11. Textiles and wearing apparel
12. Wood and paper products
13. Chemical products
14. **Petroleum refineries**
15. **Manufacture of miscellaneous petrol and coal products**
16. Rubber products
17. Non-metallic products
18. Metal products
19. **Manufacture of marine engines**
20. Other non-electrical machinery

21. Electrical machinery
22. Motor vehicles and other transport equipment
- 23. Manufacture of fishing equipment and requisites**
24. Other manufactured products
25. Utilities
- 26. Ship building and repairing**
27. Other construction and maintenance
28. Wholesale and retail trade
- 29. Pipeline transport**
- 30. Ocean and coastal water transport**
31. Other transport services
- 32. Supporting services to water transport**
33. Communication
34. Hotel and restaurants
- 35. Marine insurance**
36. Other insurance
37. Finance, dwelling and business services
- 38. Beach resorts, sea sport and recreation**
39. Other cultural and recreational services
40. Other private services
- 41. Marine administration**
42. Other public administration
- 43. Maritime education**
44. Other government education
45. Other government services
46. Other services

Output and final demand estimation for selected maritime sectors (RM' 000)

Industry	Output (RM' 000)
Marine fishing	1,733,584
Catching of marine fish from estuary, coastal or deep waters	1,676,720
Catching of freshwater and diadromous fish	9,083
Breeding and cultivation of fish	9,483
Crude petroleum and natural gas production	8,142,507
Canning, preserving and processing fish	339,557
Petroleum refineries	3,386,336
Ship building and repairing	377,825
Repair and maintenance of boats of all kind	114,343

Maritime sector Gross Output 2000 (RM Million)

Industry	Gross Output Share (%)
Marine fishing	0.71
Crude petroleum and natural gas production	3.31
Processing, canning and preservation of fish, etc.	0.14
Petroleum refineries	4.24
Manufacture of miscellaneous petrol and coal products	1.00
Manufacture of marine engines	0.20
Manufacture of fishing equipment and requisites	0.18
Ship building and repairing	0.10
Pipeline transport	1.04
Ocean and coastal water transport	1.05
Supporting services to water transport	0.18
Marine insurance	0.02
Beach resorts, sea sport and recreation	0.06
Marine administration	0.65
Maritime education	0.33
Maritime subtotal estimate	13.21
Non-maritime subtotal estimate	86.79
TOTAL	100.00

Maritime share in primary inputs and imports (%) based on imports, import duties and commodity taxes values

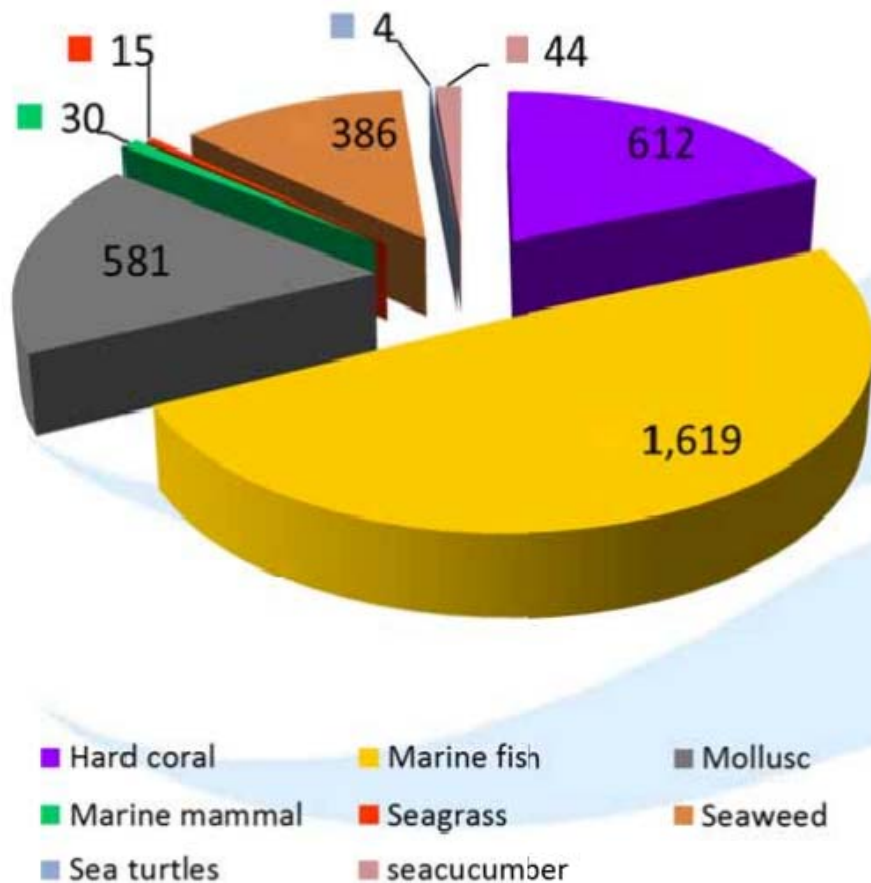
Industry	Value Added
Marine fishing	1.09
Crude petroleum and natural gas production	6.21
Processing, canning and preservation of fish, etc.	0.05
Petroleum refineries	5.54
Manufacture of miscellaneous petrol and coal products	0.39
Manufacture of marine engines	0.11
Manufacture of fishing equipment and requisites	0.12
Ship building and repairing	0.05
Pipeline transport	1.31
Ocean and coastal water transport	1.32
Supporting services to water transport	0.22
Marine insurance	0.04
Beach resorts, sea sport and recreation	0.08
Marine administration	0.92
Maritime education	0.46
Maritime subtotal estimate	17.90
Non-maritime subtotal estimate	82.10
TOTAL	100.00

Ecosystem services

- Coral reefs are a valuable economic and ecological resource. The estimate for Malaysia's reefs with a cover of about 4,000 sq. km is at a value of RM145 billion per year (Reef Check Malaysia, 2014).
- Coral diversity is estimated at over 550 species in East Malaysia, while Peninsular Malaysia has over 360 species of coral. Coral reefs represent an economically important ecosystem and are the foundation of a significant percentage of the country's tourism industry.
- Economically, coral reef-related businesses in Malaysia are worth approximately US\$635 million annually in food, fisheries, tourism and pharmaceuticals.

Significance

An estimate of 4,006 km² coral reef areas recorded in the Malaysian waters



Tourism contributes significantly to the economy and foreign exchange earnings:

- Average ~ 500,000 tourists annually to marine parks in Malaysia.

Tourism value for the Redang Island Marine Park, 2003	RM 10.1 million annually
Potential economic value of well managed reefs (Status of Coral Reefs in Southeast Asia, 2008)	RM 12.7 billion (Malaysia = RM635 million annually)
Total Ecotourism Value for the Payar Island Marine Park, 2011	RM 174 million annually

Source: Adapted from the Department of Marine Park Malaysia

Conclusion

- Given the importance of the maritime sector to the nation's socio-economic well-being, the need for the maritime industry in Malaysia to get continuous support from the Government to help it develop in an orderly manner is essential.
- Astute planning, optimal resource allocation and good policies to address current and future challenges in the maritime sector.

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Thank you

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