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Special thanks to

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How a Singapore brand is taking its business to the world.

With its origins in 2002, Pacific Radiance has grown into an established integrated solutions provider with a fleet of over 125 vessels. Today, our Singapore headquarters oversees operations across the globe centred on Asia, and encompassing Latin America, Africa, and Australia.

As an owner and operator that manages our ship building process, we have control of our supply chain — this ensures we have the flexibility to answer the ever-evolving needs of our customers, quickly and cost-effectively.

In our pursuit of even greater challenges, we are now enhancing integration across all our service offerings, and expanding our presence to growth markets across the world.

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The global energy pendulum is swinging towards Asia and as Southeast Asia pursues its road to modernity, the region is poised to play a central role in this seemingly inevitable shift. Over the next twenty years, the IEA anticipates Southeast Asia’s energy demand to surge by 80 percent. Furthermore, over the next five years, Southeast Asia is expected to receive record levels of offshore investment, fueling the expansion of the region’s upstream industry.
In a fiercely competitive and rapidly evolving environment, Singapore’s conventional position as the region’s premier offshore hub is in a state of flux. For senior executives, 2014 promises to be a decisive year. Today, both Singapore and a raft of oil and gas companies are assessing how best to ride the crest of the regional offshore wave. In the face of internal headwinds, the Lion City is choosing its battles wisely and leveraging its competitive advantages to remain the conductor of Association of Southeast Asian Nations (ASEAN) offshore orchestra. Whether Singapore can sustainably remain a ‘hardware’ player, providing large-scale offshore and oilfield storage, manufacturing and logistics capabilities, is a question that elicits mixed opinion.

**AN EMERGING ENERGY JUGGERNAUT**

Although Southeast Asia is rapidly emerging as an energy consuming giant, the confounding paradox remains: why does the region’s per-capita energy use stand at a relatively paltry level? With a growing population and surging urbanization, the region’s energy demand challenge is further compounded because over one fifth of the population - or approximately 134 million people - lack access to electricity. Furthermore, with indigenous production dwindling, the ASEAN states face a nexus of energy uncertainties, but are working in overdrive to tackle the challenge.

In assessing the seismic shifts in global energy demand, Craig McMahon, the lead Asia upstream analyst of consulting specialist Wood Mackenzie, does not mince his words: “The future global energy demand story is heavily focused in Asia Pacific.” In the face of colossal energy demand, high oil and gas prices, in addition to rising imports, the ASEAN states are striving to maximize the potential of their hydrocarbon reserves. According to BP’s 2013 Statistical Review of World Energy, the ASEAN states hold approximately 17 billion barrels of proven oil reserves and 7.2 trillion cubic meters of natural gas reserves, which equates to the total amount of proven natural gas in North America.

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**Fig. 1: SOUTHEAST ASIA UPSTREAM ACTIVITY BY COUNTRY**

1. **Myanmar**
   - Opening its energy doors with an impending tender award for over 30 (19 deep water, 11 shallow water) offshore blocks.
   - A queue of IOC and NOC investors are seeking a stake in this new energy frontier.
   - Potential deepwater and natural gas producing tract.

2. **Thailand**
   - Second largest energy consumer in ASEAN. LNG supply an increasing priority.
   - Thailand is a net importer of oil and natural gas, although the country is a growing producer of natural gas.
   - Proven natural gas reserves 9.04 TCF (Department of Mineral Fuels).

3. **Vietnam**
   - Oil production rising, averaging 340 mb/d, but upstream environment still dominated by NOC PetroVietnam.
   - Oil production stems from fields in the South China Sea off the country’s southern coast.
   - Mina Energy spearheaded the first PSC for a shale gas play in Southeast Asia, occurring onshore in the Hanoi Trough.

4. **Malaysia**
   - Hike in production driven by a number of first productions, and new PSC’s fuelled by targeted fiscal incentives.
   - Opportunity to assess fiscal system, given 27 from 68 PSCs will expire by 2018.
   - The world’s second largest LNG exporter, partly due to its Sarawak MUNG trains.

5. **Singapore**
   - No oil and gas reserves.
   - Headquarter playground for IOCs and increasingly NOCs operating in the region.
   - Singapore is the world’s third largest oil and oil products trading hub, behind New York and London.

6. **Philippines**
   - A target for ultra-deepwater potential, French giant Total is spearheading exploration.
   - The Reed Bank, a vast oilfield area disputed between China and the Philippines in an area of exploratory interest.
   - The world’s second largest geothermal producer.

7. **Brunei**
   - Brunei has produced oil for several decades, primarily from two large, mature fields—Southwest Ampa and Seria Champion—in the offshore Barat Delta.
   - After reaching a recent peak of 280 mb/d in 2006, Brunei’s oil production declined to 141 mb/d in 2012. (World Energy Council)

8. **Indonesia**
   - Significant unconventional potential. Estimated 570 TCF potential shale gas reserves.
   - Fiscal creativity needed to entice foreign investment and catalyze significant deep offshore potential.
Martin Kobiela, general manager and operations director at the international mooring and installation company InterMoor, explains the region’s desire to reinvigorate its offshore sector. “In Southeast Asia, there is a real hunger for new energy supplies because the region recognizes the scale of the challenge and is extremely focused on the need to establish new energy supplies and infrastructure.” To paraphrase the ancient Chinese philosopher Sun Tzu, in chaos comes opportunity, and the energy vitality of the region is certainly generating myriad growth opportunities for oilfield service companies like InterMoor.

To capitalize on the buoyancy of Southeast Asia’s oil and gas market, international oil companies (IOCs) are pivoting their strategic eye eastwards. Since 2007, to illustrate the upstream dynamism within the Tiger Community, exploration and appraisal drilling in Southeast Asia comprised of 12,000 wells. Although the low hanging fruit may have gone, the ASEAN region is blessed with an abundance of energy resources, deep offshore potential and with a variety of markets to choose from, oil and gas companies are eager to occupy a square on the ASEAN energy chessboard.

Total, the French IOC, prides itself on its pioneering and sophisticated deepwater capabilities and is certainly striving to spearhead the development of the region’s fledgling deep offshore industry. Jean-Marie Guillermou, senior vice president Total E&P Asia Pacific, “Generally Asia Pacific is evolving into a mature upstream area and as such we are increasingly pursuing hydrocarbons in frontier markets.” In Myanmar, the French E&P giant recently drilled a deep offshore well in the M-11 Block with its partner PTTEP and acquired an ultra-deepwater mar, the French E&P giant recently drilled a deep offshore well in the Philippines. The company also remains optimistic about discovering deep offshore oil in Brunei despite the initial exploratory results being rather disappointing.

Despite a desperate need to reinvigorate its offshore sector, Indonesia remains a hydrocarbon titan. In 2012, the world’s fourth largest amount of hydrocarbons were discovered in Malaysia and with its implementation of an array of fiscally enticing and creative policies, it is arguably the energy poster child of the region. Furthermore, upstream activities in Thailand, Vietnam, and the Philippines are gaining pace. Additionally, Myanmar’s opening of its energy doors has generated a buzz of corporate excitement, with NOCs and IOCs extremely keen to take part in its oil and gas growth story.

Singapore’s position within this upstream ecosystem has developed into an intriguing and central question for both industry decision makers and Singaporean authorities. Faced with a number of internal challenges, primarily squeezed land space and rising overheads, Singapore is seemingly reinventing its role in the region’s oil and gas theater and many offshore and oilfield service companies are adapting their utilization of Singapore.

Rick Shannon, managing director of specialist survey service provider C&C Technologies (Asia Pacific), aptly conveys this trend: “Due to geographic constraints, Singapore wants to become a high dollar per square foot country.” Clearly, such an economic transition caters for a significant proportion of Singapore’s oil and gas industry. Indeed, Singapore’s world-renowned commodity trading, trade finance platform and R&D capabilities require relatively little land usage. Yet Shannon goes on: “As an engineering focused company like C&C Technologies, which has space intensive activities, we have to question whether this approach is compatible to our business model.” Such sentiment is echoed by a number of senior executives in Singapore’s offshore and oilfield industry.

**CHANGING OPERATIONAL TIDE**

It is almost 50 years since Singapore was ousted from its transitory federation with Malaysia and began its startling transformation into a mega-metropolis. Yet, a number of headwinds are engendering business leaders of offshore and oilfield service companies to actively ques-
tion and debate whether Singapore is the best and most sustainable country to operate from.

Michael Chan, managing director of marine, offshore and engineering consultancy Braemar Offshore, is a longstanding pillar of Singapore’s small and compact offshore community. Along with Michael Chia, Marcus Chew and Choo Chiau Beng, he is one of an impressive lineage of Singaporean offshore heavyweights to have passed through Newcastle University’s prestigious Naval Architecture conveyor belt. Chan is under no illusions that Singapore’s place at the top of the offshore engineering and manufacturing table is under threat. “The sustainability of Singapore’s leading regional position is tough to predict,” says Chan. “Attracting business is all about money. Unfortunately for Singapore, it has developed into an increasingly expensive country with rising overheads. Cheaper regional competition is emerging, threatening to undercut Singapore’s leading offshore hub position and as a result, the rules of the game are changing.” Having witnessed first-hand the evolution of Singapore’s offshore industry, Chan’s insight certainly packs a punch.

Kishore Mahbubani, dean of Lee Kuan Yew School of Public Policy and one of the pre-eminent voices on Asia’s road to modernity states, “Arguably, Singapore’s greatest existential challenge is that it cannot stop running – it is on a treadmill. As soon as a competitor out-competes Singapore in a particular industry, we need to move on and do other things. Singapore will always be a price taker and never a price maker.” Such sentiment reflects the notion that the Little Red Dot’s oil and gas industry cannot compete on all fronts in a dynamic and changing world.

**NORTHWARD-BOUND**

The transition of Malaysia into an oil and gas powerhouse over the last 15 years has catalyzed a northbound gravitational shift of offshore and oilfield service companies away from Singapore. International service giants such as Technip, Mammoet and Wasco Energy have all chosen Kuala Lumpur as their HQ and operational stomping ground.

Baker Hughes, a top tier oilfield service company, was one of the pioneering companies that moved their regional management from Singapore to Kuala Lumpur. Citing the thought process behind the shift, Baker Hughes’ VP & managing director (Southeast Asia), Ajit Menon points out that the company wanted to be where the exploration and production action takes place. “Malaysia is a massive market for oil and gas: that itself draws the industry here. Coupled with impressive infrastructure, Malaysia is an attractive country to do business in.” Furthermore, Malaysia, through its Economic Transformation Policy, has worked to mold an increasingly enticing business environment for international companies. The country has developed a muscular infrastructure and, unlike Singapore, has a large skillful talent pool to draw upon. Finally and perhaps most crucially for offshore and oilfield companies, Malaysia’s substantial land-space caters for their operations.

Hallvard Hasselknippe, COO subsea & member of the group executive committee for Technip, pinpoints Singapore’s diluting offshore service competitive edge: “The fundamental difference between Malaysia and Singapore is cost. Operating an offshore logistics base from Malaysia is far less expensive. Furthermore, Malaysia has a lot more space
The transition of Malaysia into an oil and gas powerhouse over the last 15 years has catalyzed a northbound gravitational shift of offshore and engineering companies that moved their regional management from Singapore as their HQ and operational stomping ground. Giants such as Technip, Mammoet and Wasco Energy have all chosen oilfield service companies away from Singapore. International service providers believe that they can get an edge over competitors seeking to establish a local footprint and content. As the oil and gas industry cannot compete on all fronts in a dynamic and changing world, “Singapore will always be a price taker and never a price maker.” Such sentiment reflects the notion that the Little Red Dot’s oil and gas industry is far less expensive. Furthermore, Malaysia has a lot more space and one of the pre-eminent voices on Asia’s road to modernity states, “Arguably, Singapore’s greatest existential challenge is that it cannot compete on all fronts in a dynamic and changing world. Having witnessed first-hand the evolution of Singapore’s leading offshore hub position and as a result, the rules of the game are changing.”

Menon points out that the company wanted to be where the exploration and development is happening. “The fundamental difference between Malaysia and Singapore is that unlike Singapore, Malaysia, through its Economic Transformation Policy, has sought to transform itself into an increasingly expensive country with rising overheads. Cheaperness is all about money. Unfortunately for Singapore, it has developed bank databases; iea databases and analysis. Having a central core infrastructure is under threat. “The sustainability of Singapore’s leading offshore hub position is tough to predict,” says Chan. “Attracting business is under threat of development and debate whether Singapore is the best and most sustainable country to operate from.”

Building Success on Success

For decades, Baker Hughes has been an oilfield service company that has worked to mold an increasingly enticing business environment for its customers. The fundamental difference between Malaysia and Singapore is that unlike Singapore, Malaysia, through its Economic Transformation Policy, has sought to transform itself into an increasingly expensive country with rising overheads. Cheaperness is all about money. Unfortunately for Singapore, it has developed bank databases; iea databases and analysis. Having a central core infrastructure is under threat. “The sustainability of Singapore’s leading offshore hub position is tough to predict,” says Chan. “Attracting business is under threat of development and debate whether Singapore is the best and most sustainable country to operate from.”

Drilling and Evaluation

- Drill Bits
- Drilling Services
- Wireline Services
- Drilling and Completion Fluids

Completions and Production

- Completion Tools
- Intelligent Production Systems
- Fishing and Intervention Services
- Artificial Lift
- Tubular Services
- Upstream Chemicals

Pressure Pumping

- Cementing
- Coiled Tubing
- Production Enhancement

Industrial Services Portfolio

- Downstream Chemicals
- Process and Pipeline Services
- Aquaness
- Specialty Polymers

Reservoir Development Services

- Gaffney, Cline & Associates
- Subsurface Integrity and Evaluation
- Field Development
- Reservoir Software
than Singapore.” Technip made one of its biggest investments in recent years with the construction of the Asiaflex Products manufacturing plant at Tanjung Langsat, Malaysia. Ultimately, it would have been difficult to construct such a plant in Singapore due to land constraints.

The Achilles’ heel of Singapore as an offshore and oilfield services hub lies in the lack of land space, which in turn has ratcheted up costs. This challenge has become more pronounced as the Little Red Dot has become increasingly crowded and a playground for the world’s super rich. Indeed it appears that Singapore is growing its own money tree: a Boston Consulting Group study conservatively estimated that 11.4 percent of Singaporean households are millionaires, the largest proportion in the world.

Backed by top-down initiatives, such as the Global Trader Program (GTP), which subsumed the then Approved Oil Trader Program, fiscal incentives are drawing ‘software’ driven companies to the Lion City. In 2012, Singapore lured Trafigura to move its legal trading headquarters from Geneva. The Singaporean authorities launched the Global Trader Program in 2001, which offers a corporate tax rate of 10 percent to traders. Trading houses can qualify for a 5 percent rate if they commit to meeting certain local staff hiring levels and make significant use of Singapore’s banking services. Ostensibly, it appears oil and gas executives view Singapore as the perfect location to conduct regional business development and strategy; but its future as a base for manufacturing and storing large physical offshore and oilfield assets, although by no means dead, appears bleak.

On the pulse of this hardware and software dichotomy is Jaap Zwicker, vice president, commercial & business development (APAC), of Heerema Marine Contractors. Seizing the regional offshore momentum, the Dutch heavy lift and float-over company has picked up a number...
number of good projects. The largest, in Australia, is the Ichthys LNG Project for INPEX, in partnership with McDermott. Moreover, with the development of their new build vessel Aegir – a state of the art, multipurpose, deepwater construction vessel – they were able to secure the contract for the installation of Shell Malikai tension leg platform in Malaysia.

For Zwikker, Singapore is no longer the most suitable logistics hub for a business of Heerema’s nature. “It was challenging to bring our vessels into port at anchorage because they needed sizeable anchor spread. We found the Maritime and Port Authority of Singapore (MPA) very focused on commercial shipping, which hindered our logistical operations here.” Heerema inevitably shifted the logistics arm of their business to Batam, Indonesia, a strategic re-alignment that ultimately has its own unique challenges.

Nonetheless, Heerema, like more than 7,000 multinational companies (MNCs), have chosen Singapore – the smallest country in ASEAN – as their home. More than half of these MNCs are seeking to tap into the region’s economic ascent.

James Pang, managing director of commercial and business development at recently listed offshore services company Pacific Radiance, states: “Singapore does have an excellent brand name. In terms of corporate governance, it offers a certain level of comfort and it readily complies with key international standards, which reassures investors.” Indeed, it was not a surprise that in 2013 Singapore was ranked by the World Bank as the best country to conduct business in for the seventh consecutive year. As Pang declares, “Singapore business is synonymous with efficiency and predictability, which are crucial traits for a thriving business environment.”

Dockwise, a fully-fledged offshore contractor, is yet another example of a North Sea company using Singapore as a springboard into the region. The man responsible for spearheading Dockwise’s expansion into the region is area manager Jan Wolter Oosterhuis. “Clearly Singapore has no oil and gas resources, yet all our major clients have a presence here, either through a marketing or operational office, or both. Across the chain, from the platform construction companies like SembCorp and Keppel, to the drilling entities, like Transocean, to the ship brokers and offshore contractors.” Oosterhuis’ sentiment chimes with the bulk of oil and gas executives across the value chain: Singapore acts as an industry magnet, facilitating business and market intelligence for the region.

“We have regional and global clients and when one thinks of a hub, the value chain network first and foremost has to be there. Singapore, despite having no indigenous energy resources, is the pre-eminent hub for clients because of its infrastructure and well-connected regional platform,” emphasises Pek Hak Bin, the head of KPMG’s Energy & Natural Resources branch. In 2013, KPMG chose to locate their Global Energy Institute in Singapore. The institute is the first international expansion of the original institute in Houston and is both a clear indication of Asia and Singapore’s growing

A HEADQUARTER PLAYGROUND

Ever since Sir Stamford Raffles navigated the Singapore River and landed at Boat Quay in 1819, Singapore has crafted a reputation as a cradle of commerce. Today, Singapore is a fusion point for western and eastern companies seeking to tap into the region’s economic ascent.

A WORLD CLASS JOURNEY 1814 - 2014
importance in the global energy landscape. Despite rising overheads, a squeezed landscape and a constrained pipeline of talent, Singapore plays a greater role in the offshore industry than merely being the table of business negotiation. In typically forward thinking Singaporean style, the country has recognised a niche gap in APAC’s energy market: R&D.

**A LAND OF IDEAS**

To maintain a solid footprint in the offshore industry, Singapore is channeling a lot of effort into building its offshore and oilfield R&D capabilities. Singapore’s research centers are largely driven by academic institutions, government agencies and local companies such as SembCorp and Keppel. In 2010, Singapore’s A-STAR and local universities began to collaborate to develop R&D capabilities in the oil and gas equipment sector to the drilling entities, ship brokers and offshore contractors.

In 2012, DNV established their deepwater technology center in the city-state and a year later Halliburton launched their flagship regional technology center in Singapore. Such foreign investments align with the country’s gradual pivot from a ‘hardware’ to ‘software’ hub and mark another stepping stone towards Singapore becoming a land of innovation, idea generation and technical sophistication.

Swire Oilfield Services, an international leader in providing cargo carrying and innovative modular systems, has capitalized on Southeast Asia’s buoyant energy market, doubling growth year on year for the last two years. For the company’s director and regional general manager, Troy Brice, Singapore offers the company an array of functions. “Ultimately, Singapore is particularly important to us as a telecommunications safe haven. Some of the functions we have centralized regionally from our operating bases include IT and our server and Dart managing point. Additionally, our local procurement and financial management directives all stem from the Singapore office.”

Seemingly, Swire Oilfield Services’ use of Singapore exemplifies the country’s wide-ranging capabilities. It further uses Singapore as the regional center that supports its manufacturing supply points across Asia and is the distribution hub for equipment and asset transfers between operating companies.

Kongsberg Maritime, a Norwegian technology enterprise within the Kongsberg Gruppen, delivers systems for positioning, surveying, navigation and automation to merchant vessels and offshore installations. Although R&D remains firmly rooted in Norway, its Singapore outlet is taking a more hands-on approach to R&D and focuses on delivering a range of highly technical services to the FPSO, drilling rig, offshore and increasingly PSV and OSV markets. Furthermore, the Singapore branch offers clients a technical training setup. “The Singapore training facility has a simulator, where we are training operators on vessel and deepwater operations,” says Trond Brage Jakobsen, managing director of Kongsberg Maritime. The company’s presence here is validated by the fact that Singapore is the longstanding, regional hub for FPSO conversion. Indeed, in an effort to be a first mover and gain a competitive advantage, the island city-state selectively targeted a niche market and today occupies approximately 70 percent of the world’s FPSO conversion market share.

Ultimately, new ideas and initiatives can drive a first-mover competitive advantage. With the completion of Singapore’s first LNG Terminal, the LNG arena appears to be the latest niche market that the Lion City believes it can sink its teeth into.

**THINKING AHEAD OF THE PACK**

Situated on a 40-hectare plot at the Meranti seafront on Jurong Island, the Singapore LNG terminal is the first LNG terminal in Southeast Asia capable of importing and re-exporting LNG from multiple suppliers. For Singapore, the terminal, completed in May 2013, has a dual strategic importance. Firstly, it reinforces the country’s energy security status, diluting the reliance of pipeline gas contracts from neighboring states Indonesia and Malaysia. Secondly, it supplements Singapore’s well-
How is Pacific Radiance positioning itself for growth?

To ride strong demand in the sector, we are targeting high-growth and protected markets such as Malaysia, Indonesia, Mexico, Brazil, East Africa and Australia, where we will build up a presence through strategic partnerships. We will be adding more than 20 vessels over the next three years to enable us to meet the requirements of these markets. Also, we are actively acquiring larger and more sophisticated dynamic positioning vessels that will support deepwater exploration and production (E&P) activities.

How do you justify high levels of investment in an industry that is both cyclical and in danger of excess supply?

Globally, there may be a supply risk but our growth is focused on high-growth cabotage protected markets, which will dampen the effect of oversupply, if any. We have already carved out a solid foothold in two high-growth E&P markets – Indonesia and Malaysia – which are both seeing heavy upstream activity. Moreover, clients value our ability as an owner-operator to anticipate their needs by customizing solutions that will allow them to meet their targets as their businesses grow and evolve.

Given rising competition, can Singapore maintain its position as the leading offshore hub in the region?

Perhaps not across the whole offshore spectrum, but for ship repair, Singapore is certainly poised for further growth: that is why we are investing approximately 50 million USD in a ship-repair yard here. Singapore sits at the epicenter of the region’s most critical sea lanes, which gives it a huge natural advantage in this market.
Singapore’s reputation as a business utopia has partly been crafted through constant, open dialogue between authorities and business. One such authority is Singapore’s central bank, the Monetary Authority of Singapore (MAS). The MAS ultimately endeavors to support Singapore in its quest to be a global financial center and has fostered Singapore’s key competitive advantage in having an established trading and financial infrastructure located in a single location. It has played a central role in the proposal to incrementally transfer regulatory oversight of commodity derivatives under IE Singapore’s Commodity Trading Act (CTA) to the MAS (SFA Securities Futures Act). The MAS has paid diligent attention to the views and perspectives of the commodity trading arena and as a result of its consultation efforts, has received praise throughout the trading industry.

A longstanding issue for Asia’s economic growth has been the fact that Asian buyers are using oil indexing for LNG contracts because there is no LNG price index in the region. As a result, Asian gas prices in 2013 traded approximately five times the average of US and three times the average of UK. Clearly for the region to remain economically competitive there is a need for spot trading capabilities and Singapore can facilitate that need by providing an LNG pricing mechanism. Hence, it is no surprise that the likes of Shell, Chevron, BP, Conoco, Gazprom and Total are setting up LNG and gas trading arms in Singapore. The country also possesses first mover advantage. The city-state is already the region’s leading oil trading hub and SLNG came online earlier than Malaysia’s RAPID LNG project. Due to these factors and the Energy Market Authority’s proactivity to develop Singapore’s LNG infrastructure, Singapore is in a strong position to take a leadership role in establishing itself as the regional LNG pricing hub.
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TOGETHER WE’LL ACHIEVE IT.

Nothing is impossible when we put our minds to it. With the right power and passion we can move mountains. We have a proven track record of working closely with our clients, providing revolutionary vessels like our Dockwise Vanguard, and the skills and expertise, to deliver a safe and flawless project from start to finish. Redefining your total journey, from heavy marine transport to installation and managing complete logistical operations. Being part of Boskalis opens up a world of even more opportunities. A journey of a thousand miles starts with a single step. Let’s take it together.

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Energyboardroom: Since the 1960’s the ASEAN region has witnessed startling economic growth, rising living standards and thriving inter-intra trade: what factors have driven this regional ascent?

PROFESSOR KISHORE MAHBUBANI: Firstly, it is crucial that we immediately recognize that the return of Asia is a perfectly normal development. For two thousand years, the largest and most esteemed economies of the world resided in Asia. It is only in the last two hundred years that the western power imprinted their global dominance. Ultimately, the relatively recent predominance of the west has been a major historical aberration and of course, all aberrations come to an end.

The ASEAN community will play an increasingly important role in the management of the region’s ascent. Firstly, the ASEAN economic community will be launched in 2015, representing a positive and strong development. Secondly, ASEAN in the shape of a mediator, will play a central geopolitical role in the rise of APAC. As personified by events over disputed islands in the South China Sea, there are embedded fractures and tensions within the APAC community. Thus ASEAN territory, perceived as neutral ground, is one of the few places where leaders from across Asia and the world are comfortable meeting, as witnessed by the recent ASEAN Regional Forum and East Asian Summit. Ultimately, ASEAN can provide a table for negotiation to resolve regional disputes.

One area that could unhinge the rapid rise of Asia is in energy security. How can ASEAN states overcome these challenges?

Asia is confronting a number of energy challenges and Asian’s need to learn to grow through a moderation of their energy consumption. Furthermore, in many Asian countries, the level of energy efficiency is very low and it needs to markedly improve. Moreover, for the region’s own internal energy security, it needs to actively diversify its energy supply sources away from the dirty fossil fuels of coal and oil, towards gas and renewables.

As it has done in other fields, Singapore can take a regional lead in energy and be the role model for other Asian states to follow. For instance, in the domain of electric cars, Singapore has the capacity to leverage its small size and become the first country in the world to have an all-electric fleet of vehicles, setting a new precedent and positive chapter in human history.

EBR: For a small nation lacking natural resources, why does Singapore have such a thriving business environment and reputable soft-power brand?

PROFESSOR KISHORE MAHBUBANI: Singapore’s soft power can be drawn from many pillars. Perhaps most importantly is Singapore’s reputation for good governance; indeed, the country probably has the best public policy in the world.

As a result of good governance, people expect Singapore to be a country synony-
amous for stability, rational thinking and comfort. As a result, it is a natural base for businesses to grow their regional business from. In addition, Singapore is unique because on the one hand, it is by far the most westernized city in Asia; yet, simultaneously Singapore is the most Asian modern city in the world. The city is a fusion of different cultures, histories and creeds, working together in harmony.

**EBR:** In terms of maintaining its position as Asia’s financial center, what challenges do you believe Singapore faces?

**PROFESSOR KISHORE MAHBUBANI:** Lee Kuan Yew has always stressed to Singaporeans that they should not take their prosperity for granted. As Singapore is the most globalized city in the world – our total trade in 3.5 times the size of our GNP and therefore we are exposed to the fortunes of the rest of the world.

Arguably, Singapore’s greatest existential challenge is that it cannot stop running – it is on a treadmill. The country has got to keep on evolving and adapting, as the world is a dynamic and changing place. As soon as a competitor out competes Singapore in a particular industry, we need to move on and do other things. Singapore will always be a price taker and never a price maker.

**EBR:** Can you envisage Malaysia and Singapore ‘teaming up’, leveraging the manpower feed stock of the North and meritocracy of the south. Is this a realistic ambition?

**PROFESSOR KISHORE MAHBUBANI:** I believe Singapore and Malaysia will become increasingly integrated. Crucially, Singapore has neither space nor cheap labor but as discussed, has a huge amount to offer. As such, there will be a synergy with neighboring states because they will need each other. Singapore can grow with the likes of Malaysia and Indonesia, it is not a zero sum game. The more prosperous those countries become, the more beneficial it is for Singapore.

“Arguably, Singapore’s greatest existential challenge is that it cannot stop running – it is on a treadmill. The country has got to keep on evolving and adapting, as the world is a dynamic and changing place. As soon as a competitor out competes Singapore in a particular industry, we need to move on and do other things. Singapore will always be a price taker and never a price maker.”
Interview with: Pek Hak Bin, Partner - Head of Energy and Natural Resources and Tim Rockell, Director - Global Energy Institute KPMG

**Energyboardroom:** The Global Energy Institute in Singapore is the first international foray of the original institute outside the USA. What is its mission and purpose?

**TIM ROCKELL:** KPMG is trying to replicate the tremendous success of our Energy Institute in Houston, where we have had our global energy conference for the past 11 years. We launched the Global Energy Institute with the intention to provide our clients with a platform offering the latest industry thinking. We have various methods to reach our clients, including: conferences, shared industry forums, webcasts in addition to providing hard material such as publications, surveys and opinion pieces. One chief aim of the institute is to connect with clients and transfer relevant information into our client’s hands efficiently and quickly. Ultimately, the institute will serve as a knowledge-sharing platform, so that KPMG’s strong pool of energy specialists can reach out to the industry.

**EBR:** In a rapidly evolving energy landscape with many emerging competitors, why was Singapore chosen as the base to launch the Global Energy Institute in 2013?

**PEK HAK BIN:** On analyzing the global energy landscape, Asia Pacific represents the fastest growing region. It is no coincidence that Singapore was chosen to represent KPMG’s second Global Institute. We have regional and global clients and when one thinks of a hub, the value chain network first and foremost has to be there. Singapore, despite having no energy resources, is the pre-eminent hub for clients because of its infrastructure and well-connected regional platform.

Considering the surging demand needs of APAC now and in the future, the region needs gargantuan investment to meet such demand and bring energy to the consumer. Singapore has emerged as an excellent place for energy financing, with a mature financial infrastructure and developing capital raising market. Lots of our clients use Singapore to access capital and finance their regional projects.

**EBR:** With the development of Singapore’s new import terminal, can the country realistically achieve its ambition to become an LNG trading hub?

**PHB:** The demand for LNG in Asia Pacific is anticipated to increase by three-fold over the next 20 years. Many countries in the region are pivoting towards gas as their premier source of energy, primarily because it is cheaper and cleaner than its fossil neighbor’s coal and oil.

Singapore was far sighted in setting up the LNG import terminal. Initially, the primary purpose of the terminal was to bolster Singapore’s energy security and reduce the reliance on pipeline gas from neighboring countries.

Secondly, LNG has traditionally been traded on a bi-lateral basis. Typically LNG pricing is tied to the development of the specific gas fields as upstream entities are
naturally reluctant to invest significant capital unless they have a stable and fixed contract price for the gas produced. In addition, Asian buyers are using oil indexing for contracts because there is no LNG price index in the region. However, this process is evolving. We are beginning to see approximately 15 percent of the gas supply being traded on a spot basis. As such, there is a need for spot trading capabilities and Singapore can facilitate that need. Hence, we are witnessing many IOCs setting up LNG and gas trading arms in Singapore. The country also has a very strong foundation for commodity trading, particularly oil and oil products and can leverage this experience. Due to these factors, I believe Singapore is in a strong position to take a leadership role in establishing itself as the regional LNG pricing hub.

“On analyzing the global energy landscape, Asia Pacific represents the fastest growing region. It is no coincidence that Singapore was chosen to represent KPMG’s second Global Institute. We have regional and global clients and when one thinks of a hub, the value chain network first and foremost has to be there. Singapore, despite having no energy resources, is the pre-eminent hub for clients because of its infrastructure and well-connected regional platform.”

EBR: With the increasing presence and stature of NOC’s in the industry, how is the client base of KPMG evolving?

PHB: We have a blend of IOC and NOC clients. NOCs are in a very strong growing mode and are positioning themselves for impressive expansion. Importantly, their mandate is not only commercially driven. They have a responsibility to help countries deal with their internal energy security issues and safeguard their country’s interest. In addition, as IOCs strategically swivel towards Asia, we are seeing a greater number of IOCs coming to us and leveraging our support structure to overcome bespoke challenges.

EBR: In 2011, Asia was perceived as the M&A hotbed of the world. How do you assess ASEAN’s M&A outlook for 2014?

PHB: I see strong growth trajectory in the ASEAN M&A market. The fabrics of the energy industry differ acutely to other industries, and this is driven by inorganic growth – acquiring assets to propel expansion. If one assess the energy landscape: taking into consideration increasing energy demand, buoyant investment mood and the aspiration of companies to grow in Asia, one can only see more M&A activity in ASEAN.
Jean-Marie Guillermou, Senior Vice President, Asia Pacific - Total E&P

Energyboardroom: Drawing on the recent acquisition of a majority stake in two of Papua New Guinea’s gas discoveries, what role is Asia Pacific playing in spearheading Total’s gas production?

JEAN-MARIE GUILLERMOU: Total is an oil and gas company and as such our foremost objective is to be present where the hydrocarbon reserves are. Chiefly driven by an upstream approach, we are in Asia Pacific because there are oil and gas resources here, and secondly we enjoy here a blooming market which justifies the huge investment we have to do for the upstream developments.

In Asia Pacific, like everywhere, our first job is always to evaluate the resource potential of the countries, and to try to transform this potential into opportunities and translate these opportunities into development, which hopefully evolves into production. Total has been in the region for over 45 years and are thus lucky enough to expand around this strategic approach. Moreover, there is a strong drive and demand for gas in Asia Pacific and therefore we have a hungry energy market around our upstream doorstep. Furthermore, this remains an attractive region because currently the regional gas price is relatively high and this is primarily because the gas is indexed to the oil value, generating economic value.

Today, Asia Pacific represents 10 percent of Total’s global oil and gas production, 20 per cent of gas production and approximately 40 percent of Total’s overall operated gas production. As such, we are Total’s premier gas engine and we are well integrated into Asia’s fervent gas market.

In Asia Pacific, how is Total using ‘fast track’ methodologies to bring oil and gas fields on stream faster?

JEAN-MARIE GUILLERMOU: In the oil and gas business, perhaps more than in most industries, time is money and therefore fast track methodologies are very important. Nonetheless, times are changing in the industry. Today, managing large-scale projects are the most crucial challenges of the upstream sector. For instance, as seen by some high profile projects in Australia, the impact of a large project over-running can be economically crippling. With upstream costs rising profoundly, all the major oil and gas companies are striving to address

“Today, Asia Pacific represents 10 percent of Total’s global oil and gas production, 20 per cent of gas production and approximately 40 percent of Total’s overall operated gas production...
Jean-Marie Guillermou,
SENIOR VICE PRESIDENT, ASIA PACIFIC - TOTAL E&P

this issue. Today, we endeavor to deliver fast tracked projects but in a well-structured and cost-efficient way. If we want to remain competitive, we have to abide by this approach.

One area that sets Total apart from our peers, is that we spend much more time defining the best option of a particular project both in terms of design but also in terms of contractual strategy. Through the pre-project phase, we take the necessary time and effort evaluating different options until we find the best possible option. If a project is not clearly defined, the costs involved could be much greater than what was originally anticipated.

EBR: How do you evaluate Southeast Asia’s deepwater potential?

JEAN-MARIE GUILLERMOU: For a long time my dream has been to tap into the deepwater potential in Asia Pacific, particularly since Total is a world class player in deep offshore exploration and production. Due to our sophisticated deepwater technology and trackrecord, we are well poised to capitalize on any deep offshore potential in this region.

We were very optimistic about finding deep offshore oil in Brunei but the initial exploratory results have been rather disappointed. Nonetheless, exploration is a never ending process and through new approaches and ideas, the situation can change quickly. My expectation is still to have at least one FPSO in Brunei and hopefully that will materialize in the coming years.

We are looking at deep offshore opportunities in Myanmar. We recently drilled a deep offshore well in the M-11 Block with our partner PTTEP and I hope we will have further opportunities to have blocks in Myanmar. We also have a few deep offshore blocks in Indonesia and these are also in exploration.

Generally the Asia Pacific is evolving into a mature upstream area and as such we are having to be increasingly frontier in our pursuit of hydrocarbons. As such we are taking on more risk. For example, in 2013, we took a very interesting, ultra-deepwater (2,500m) block in the Philippines. Ultimately, if the deepwater resources are there, we have the full capabilities to extract their potential and develop the fields.

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Energyboardroom: With a longstanding background in the region, you have witnessed Baker Hughes’ presence in SEA grow significantly. What have been the three main engines driving the company’s strong growth?

AJIT MENON: Baker Hughes had a step change in 2009 when we reorganized the company under a geographic leadership structure known as GeoMarkets. This transition has been a central growth factor over the last few years.

Today, the Asia-Pacific region comprises 17 countries divided into five culturally aligned GeoMarkets. Through this approach, the company became integrated at the Managing Director and Director level. This structure is designed to strengthen our business relationship with our clients and offer a single, integrated face to our customers. Prior to 2009, the organizational structure was centralized with various entities and product lines within the company reporting directly to Houston.

Through GeoMarkets, decision making within the company has become decentralized and streamlined, enabling us to be more efficient and responsive to our regional customer base. Indeed, since 2009, our South East Asia business has more than doubled its revenue. In South East Asia, we now have eight countries under our remit. Furthermore, by contrast to our previous organizational structure, we are now able to forge strong alliances – such as our successful joint venture with Petrovietnam Drilling and have been able to implement flexible business models. Finally, we have seen a large increase in our local content, in terms of people, infrastructure and services.

EBR: What is your assessment of the upstream market in this region?

AJIT MENON: The regional energy appetite is gargantuan and this in itself will drive the market in the long term. Our impression of the market, based on what we know from our customer’s long term plans, is very bullish. The region needs to supplement its energy needs and economic growth, and is investing considerable amounts to ensure productivity is maintained. For instance, Vietnam has a surging local demand, in addition to burgeoning export demand.

EBR: Drawing on investments, how is Baker Hughes positioned to capitalize on these shifts?

AJIT MENON: Our supercenter in Malaysia is a 100,000 sqft facility on nine acres of land – this complex will be capable of supporting all our services. Also located in Malaysia, the initial phase of our manufacturing plant is 30,000 sqft. The IT hub facilitating the Eastern Hemisphere is located in Kuala Lumpur. We also recently established a regional real time operating center covering Asia. Ultimately, we are investing and upgrading a range of facilities throughout this GeoMarket: Malaysia, Singapore, Brunei, Vietnam, Thailand, Philippines and
Myanmar – which is a work in progress.

**EBR:** In a competitive market, how does Baker Hughes ensure that it attracts and retains the best talent?

**AJIT MENON:** Maintaining a highly competent work force is paramount to the company. To achieve this we run a number of initiatives. Firstly, we collaborate with many local universities, such as the University of Technology Petronas. Our involvement includes activities such as the sponsorship of students, the establishment of a company exhibition centre and we offer an internship scheme for students. We also have the LEAD programme which is effectively a fast track career development scheme. It is a highly comprehensive initiative that endeavours to enhance the leadership qualities of our employees and graduates. Indeed, in Malaysia and Vietnam we are blessed with a rich and increasingly competent talent pool.

**EBR:** What is Singapore’s strategic role in Baker Hughes’ regional operations?

**AJIT MENON:** Singapore traditionally was a hub for us and today, it maintains a number of important functions. In addition to being a logistical center, it is a hub for Assembly, Maintenance and Overhaul (AMO) for the wider APAC and Middle East region. We also have a state of the art manufacturing center located there. The regional management that used to be there are no longer in Singapore – the regional management is now positioned in Kuala Lumpur.

**EBR:** What is the Achilles heel of Malaysia; can Malaysia continue to attract offshore service players in the long run?

**AJIT MENON:** Malaysia is a massive market for oil and gas, that itself draws the industry here. Coupled with the impressive infrastructure here makes it an attractive country to do business in. In terms of setting up the business here, we did not bump into very many obstacles – the transition was very smooth. To be frank, unless something drastically changes I cannot see any standout Achilles heel.

Crucially, to maintain an upward growth trajectory, Malaysia must ensure it continues to produce a continuous pool of well trained, competent and hardworking workforce. Fortunately, through the Economic Transformation Programme (ETP), the government is spearheading the development of the certain industries, such as oil and gas.

“The regional energy appetite is gargantuan and this in itself will drive the market in the long term. Our impression of the market, based on what we know from our customer’s long term plans, is very bullish. The region needs to supplement its energy needs and economic growth, and is investing considerable amounts to ensure productivity is maintained.”
Interview with: Eric Simon, CEO - GDF SUEZ Trading Singapore

Energyboardroom: What really defines Singapore as an international trading hub? Why not base in other financial hubs such as Hong Kong?

ERIC SIMON: Since the very beginning, our goal was to establish a regional base of operations from where we could serve the entire Asia region. The ultimate location had to be a recognized hub and Singapore was the obvious choice.

Singapore possesses a consortium of oil and gas as well as coal trading capabilities. There is a concentration of professionals involved in these activities in Singapore whereas Hong Kong is more orientated as a financial services hub. This is clearly demonstrated by the scale of physical trades taking place in Singapore which is not the case in most other regional countries. For any destination seeking to develop itself as a trading hub, it must be able to back its financial activities with physical assets.

EBR: How will the establishment of GDF SUEZ Trading in Singapore impact and contribute to the Group’s regional operations?

ERIC SIMON: With many Group affiliates in the region (around 6,400 employees in Asia), one of our objectives in establishing a Singapore office was to support them as the main channel of the Group in terms of commodity derivatives and hedging solutions. The idea is to be closer to them in Asia and offer them a comprehensive set of risk management services as we do in Europe. Our presence will therefore reduce their risk profile through the services and expertise we provide.

When we created a trading platform in Singapore the goal was also to build up a third party offer and leverage our integrated platform. This platform consists of experienced front office personnel (traders and sales) and senior support staff (middle/back office, risk management and legal staff), which will draw upon the resources, tools and processes of our Europe based teams.

EBR: How would you rate the overall business environment here and what adjustments would you make?

ERIC SIMON: Frankly speaking, there is nothing I can think of that could be done better to get to improve the trading environment in Singapore. The government and all of the organizations around the trading and financial services domain are very pragmatic and comprehensive in their approach. Having previously worked in Australia and Europe, I have never experienced such a level of open dialogue with any of the relevant agencies.

EBR: Some in the industry have questioned the viability of this move citing the MAS’s lack of experience in the field as a cause for concern. What is your take on this view?

ERIC SIMON: As Singapore’s central bank, this is indeed a new avenue for the MAS since they are more accustomed to the regulation and oversight of banks more than physical traders. Nevertheless, they are eager to learn and the consultation papers they have
published since last year are a clear demonstration of that. In this regard, I am grateful they have adopted such a bilateral approach because it demonstrates their appreciation of our industry and willingness to support our collective development.

In addition to this, Singapore’s initiative to observe G20 rules and standards with regards to commodity trading is highly commendable. These measures will not grant the country any direct benefit; it is more a matter of providing protection to our business. The only thing we should be mindful of is to ensure that the new regulations are pragmatic enough and will suit with the physical trading activities we are developing.

**EBR:** What are the key trading activities of GDF SUEZ in Singapore?

**ERIC SIMON:** On the paper side derivatives make up our core activities for all sorts of energy products (whether crude oil, refined products or coal). On the physical side, we are more focused on the trading of coal to support our regional affiliates who operate a number of coal fired power plants in Asia Pacific.

As the Group’s window to the market, we ensure that we follow and support GDF SUEZ’s development strategies, as it continues to diversify its investments outside of Europe. With moves such as the company’s entering in E&P business in Malaysia, and in gas business in Indonesia, we will adapt our services in line with the Group’s expansion. For instance, we will handle the coal supply and transport of the Andhra Pradesh Meenakshi power plant in which GDF SUEZ acquired 74% in December 2013.

**EBR:** As CEO at GDF Suez Trading in Singapore, what is the next step and what are the goals you want to achieve?

**ERIC SIMON:** Given our platform’s relative infancy, there is still much to be done to develop the business. We will be looking to develop our derivatives office as well as our physical trading capabilities across the different forms of energy. We are currently in the ramp up phase of our business and the next three to five years will be focused on developing those businesses from the ground up.

We are on the right growth path, making steady progress acquiring new customers every day and constantly enhancing procurement through our affiliates. In doing so, we expect our business to progressively grow in terms of size and scope over the next few years.

“Frankly speaking, there is nothing I can think of that could be done better to get to improve the trading environment in Singapore. The government and all of the organizations around the trading and financial services domain are very pragmatic and comprehensive in their approach. Having previously worked in Australia and Europe, I have never experienced such a level of open dialogue with any of the relevant agencies.”
Craig McMahon, Lead Analyst - Asia Upstream Research, Wood Mackenzie
and Nicholas Browne, Senior Analyst - Asia Gas & Power, Wood Mackenzie

In assessing the upstream Southeast Asia environment, where are you currently seeing a lot of E&P activity and what markets have you earmarked as those with potential?

CRAIG McMAHON: The relatively mature markets of Indonesia, Malaysia, Vietnam and Thailand all face their own unique and common energy challenges. One shared challenge is that all these markets have rapidly rising domestic energy demand needs, which will profoundly inhibit their export potential.

Malaysia is the shining exploration success story in Southeast Asia. In 2012 Malaysia discovered the fourth largest amount of hydrocarbons – that is the first time a South East Asian state has been in the top 10 for many years. Indeed, Malaysia is a symbolic example that a mature hydrocarbon market does not mean a dead market. With the advancement in 3D seismic technology, previously dormant fields can be revitalized. Indonesia is almost the antithesis of Malaysia. It is a traditional hydrocarbon giant, with a vast deep-water basin which has been grossly underexplored. Unfortunately, the regulatory, government and fiscal environment is hindering the titanic exploration potential of Indonesia’s hydrocarbon market.

We are witnessing a ‘fire-sell’ of South-east Asia assets, particularly from US independent players such as Hess and Anardarko, who are retracting to areas where returns are higher. Institutional investors are becoming far more active in strategic decision making and capital allocation is unquestionably the buzz word across the sector, investors want justification on investments implemented.

What could be the impact of future US LNG export directives on Asia’s LNG market?

CM: As a consequence of the gas glut in the US market, the price of gas has been persistently low. Moreover, considering evolving technology continues to unlock new gas sources, gas prices at Henry Hub – the pricing point for natural gas futures – are arguably set to be relatively low. Ultimately, Asian demand requirements are gargantuan, Asian states are seeking to tap into cheap sources of LNG, such as from the US. Nonetheless, the core question is just how cheap is this gas by the time it reaches the Asian market. In a nutshell we believe: it will undercut the rest of the market for the next few years but by the end of the decade, the marginal costs would have increased and the competitive pricing advantage of Henry Hub gas would have narrowed.

We anticipate that by 2020 there will be a healthy spread of LNG supply options able to compete with US LNG delivered to Asia. The one regional supply growth story is Australia, indeed the country is emerging...
as an LNG powerhouse. They exploited a unique market window, when there was little supply competition, through managing to get a number of substantial projects sanctioned in a short period of time. Ultimately, a supply foundation has been laid and we believe, despite well documented domestic sector challenges, Australia by 2020 will be the largest global LNG exporter. In addition, Canada is a gas market of vast supply potential and is actively positioning itself to serve the burgeoning Asian demand market, particularly since it has a small domestic market. Moreover, East Africa is quickly emerging as a powerful exporting gas hub and Russia remains a potent supply player. Clearly an array of diverse competition is emerging in the gas market and therefore the competitiveness of US LNG is not as clear or straightforward as is widely perceived. Buyers have and will continue to have options and will play on these shifting dynamics.

“The one regional supply growth story is Australia, indeed the country is emerging as an LNG powerhouse. They exploited a unique market window, when there was little supply competition, through managing to get a number of substantial projects sanctioned in a short period of time. Ultimately, a supply foundation has been laid and we believe, despite well documented domestic sector challenges, Australia by 2020 will be the largest global LNG exporter.”

Can Singapore realistically fulfill its ambition of becoming the region’s leading LNG trading hub?

NICHOLAS BROWNE: Singapore has well-established ambitions to position itself as the LNG trading hub for the Asia Pacific region. The nation’s low tax incentives, established trading expertise, together with its transparent legal and regulatory environment have already helped to attract a host of companies to launch LNG trading offices in Singapore. Additionally, government-owned Singapore LNG Corporation has constructed a third storage tank that will provide excess storage capacity and is intended to support trading purposes. We certainly see some potential for Singapore to act as a physical trading hub, where traders could use excess storage capacity to manage supply and demand changes more efficiently and also potentially break bulk large cargoes for resale into smaller regional markets.

At the same time, it’s important to recognise that currently there are limitations to Singapore’s ambitions. These include a small domestic market, together with limited LNG supply competition into Singapore which acts to restrict liquidity. Furthermore, many global market participants remain wedded to pricing LNG based on oil prices which will hamper the potential for Singapore to develop as a LNG pricing point.
Michael Chan, Managing Director - Braemar Offshore

Energyboardroom: With an operational network spanning APAC, what have been some of Braemar Offshore’s core development milestones?

Michael Chan: From setting up office in Singapore, to setting up our first regional office, to what it is today, one of the core development milestones was to be part of Braemar Technical Services Group when we were acquired, in year 2007, by Braemar Shipping Services Plc, a company listed on the London Stock Exchange. Today, the company has evolved to become one of the preferred providers of marine, offshore engineering consultancy and marine warranty services in the Asia-Pacific region.

The desire to be a company of global scope making lots of money has never been our focus. Our foremost intention was to be recognised as a firm that produces conscientious, sincere work of the highest quality and that remains the crux of our philosophy today. The Company’s growth path is just a by-product of our intention and philosophy.

EBR: Southeast Asia is often described as a collection of micro-markets: each market is acutely different with different risks and challenges. How do you inculcate a cohesive corporate philosophy?

Michael Chan: It comes at a price and you must pay for it and be prepared to spend the necessary capital to inculcate and reinforce our corporate philosophy from time to time. Our area managers meet with central management around three times a year and we have frequent conference meetings over the internet too. Our area accountants meet with the group CFO once a year. We fly employees to the Singapore HQ here for extensive periods for training and team building purposes. A company is only as good as its people. We spare no effort to instil in our staff the working philosophy of the company - how we work hard and how we work for one another. Building up a cohesive team is a crucial strength of our company.

EBR: A number of energy analysts forecast offshore investment in Southeast Asia to double over the next three years. How are your services poised to capitalize on such unprecedented growth?

Michael Chan: We believe it will grow, but are not entirely convinced with the forecast of it doubling over the next three years. There is usually a gestation period between approval of investment and actual requirement for our type of services.

Although we have highly qualified and technical specialists, all highly motivated, manpower planning to meet the rate as forecasted is difficult. We are sometimes caught out by peaks in the market and find ourselves stretch for man-power required to do the job. Nevertheless, the management and operating systems we put in place are structured and geared accordingly to accommodate the peaks. Our employees are also trained to be more productive and efficient when called upon to produce.

One reason clients come to us is because we do more to safeguard the clients’ interests than just doing what is within the scope of work. The market may think of us
as the underdogs in the face of bigger competition, we are never affected by this – we strive to win each day as it comes and extract the best potential from the resources we hold.

We have grown strongly over the years but we must remember business growth can be abruptly cut short. As a result it is important to grow in a balanced and structured nature so that we are poised to react well to both boom and tough times. The true measure of how successful our team will be is how we respond to a challenging environment and difficult times. There is no end to man management and man motivation. My philosophy is that we operate like one big family and in tough times, we do not leave anyone behind – we do not leave anyone stranded.

EBR: How do you measure the state of Singapore’s Oil and Gas industry?

MICHAEL CHAN: Evolving. From the initial being hardware driven to include software side into the equation, Singapore has transformed rapidly into a metropolis and has achieved growth across various industry, in particular the oil & gas industry. However, the real measure of the country’s growth story is whether it will stand the test of time especially when faced with a severe global crisis. Personally, I thought the government did very well in handling the recent crisis.

As an independent state, Singapore is a relative fledgling although the country as a whole has performed outstandingly well thus far. Let us measure the benchmark of the country’s success, say, in 100 years’ time. I am a believer to this.

Some offshore executives have stated Singapore is losing its edge in oil and gas engineering because of the country’s shifting focus towards finance and IT. As a company with a strong emphasis on engineering, how do you respond to such a sentiment?

“The true measure of how successful our team will be is how we respond to a challenging environment and difficult times. There is no end to man management and man motivation. My philosophy is that we operate like one big family and in tough times, we do not leave anyone behind – we do not leave anyone stranded.”
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  - May 2013

- Mexico Oil & Gas report part 3
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