OPERATION PHAKISA: OCEANS ECONOMY
EXPLORING OPPORTUNITIES TOWARDS A NATIONAL MARITIME CLUSTER

RECAP OF DAY ONE:
6 JUNE 2016
SESSION A: OPENING SESSION

• Prof. Malek Pourzanjani
  – Welcomed the partnership represented of academia, business and government
  – Industrial clusters are not a new phenomenon
  – Maritime clusters are growing
  – Key success factors included involvement and collaboration by all members
  – Gave examples of European Network of Maritime Cluster (17 members), job creation- 5 million jobs
  – Called on use of the opportunity provided by the experiences from Norway
SESSION A: OPENING SESSION

• Opening Address by Ambassador of Norway: HE Ms Trine Skymoen
  — Indicated that the Ocean Economy as a pillar in the bilateral relations
  — Norwegian Background
    • Norway has developed a strong Maritime Cluster Industry as is a global leader
    • Norwegian welfare depended on the oceans- i.e. Sea food such as Norwegian salmon
    • 4th largest fleet in the world and 8 out 10 ship owners claim that Support from the cluster was an important critical factor in their growth and sustainability
  — African Outlook
    • 70% of the world surface is covered by oceans but the world has made little use
    • Oceans hold potential resources that could unlock economic growth
    • About 90% of African trade is seaborne
    • Illegal and unregulated fisheries crime
  — Norway and SA Bilateral
    • Norway-NMMU MoU on combating : Fishforce
    • Cooperation on the ocean Economy
    • How high should we aim for this bilateral relationship?
    • “For Whosoever commands the seas commands the trade, and whoever commands the trade, commands the world
    • Norwegian maritime cluster approach is based on collaboration and compete only where it is necessary
SESSION A: OPENING SESSION

• An Overview of South Africa’s Ocean Economy Development Programme: Operation Phakisa
  – Ms Judy Beaumont, Acting Director-General, DEA/ Mr André Share, Head; oceans Economy secretariat
    • Apologies for the DG
    • Thanked the Norwegian government and especially Ambassador Skymoen and the NMMU
    • Noted that the collaboration on the Ocean Economy was one of the many collaborative programmes between Norway and South Africa
    • South African readiness to learn, be inspired and to be challenged by the Norwegian experience
  – Presentation from Mr André Share
    • Operation Phakisa – a Presidential Project, part of the NDP and the 9-Point plan
    • Unpacked Operation Phakisa: Oceans Economy  6 focus areas and 2 enablers
    • High Impact indicators
    • South African Eight Commercial Ports from Richards Bay to the unknown Port Nolloth
    • Focus Areas: (i) Offshore Oil and Gas (ii) Aquaculture (iii) Maritime protection Services and Ocean Governance (iv) Transport and Manufacturing (v) Small Harbour (vi) Coastal and Marine Tourism and Enablers
SESSION B: AN INTRODUCTION TO CLUSTERS, HEIR UTILITY IN ECONOMIC DEVELOPMENT, INNOVATION, GROWTH AND THE COMPETITIVENESS OF AN INDUSTRY AT A NATIONAL AND REGIONAL LEVEL

- Presentation from Mr Peter Myles,
  - Anchored the presentation on several quotations but the resonance of one such quote echoes in my mind: *Cooperate where we can - Compete where we must*“ Innovate or die *Maritim21*- Norway
  - Explored the example of the European Network of maritime Clusters and gave 2 South African examples: eThekwini Maritime Cluster- EMC -a top-down public sector approach and the NMBMC -a bottom-up private sector approach.
  - Provided a definition of a maritime Cluster and Explored the structure of an Eastern Cape maritime Cluster-
  - What is the economic specialization of potential Eastern Cape maritime clusters, i.e. Nelson Mandela Bay Maritime Cluster, and East London Maritime Cluster posed Questions on the future of NMBMC:
    - Asked six questions relevant to the establishment of an Eastern Cape Maritime Cluster?

- Panel Discussion
  - Discussion of the Triple Helix and moving to the quadruple helix to include communities
  - From eThekwini lessons are that the issues are complex and wide but require integration, identification of key areas for focused intervention
  - Role of University as a catalysts and lobbyist
  - Voice of the NMB Metropolitan Council on the relationship with the University, the need to sit down with the maritime sector

- Way Forward
  - NMB Metropolitan readiness between the quadruple helix needs a lot of work
  - University’s role as lobbyist and catalysts need to be enhanced
  - A bottom-up approach may not fit the pace and scope of Operation Phakisa- Possible role of Operation Phakisa: Oceans Economy_ where does such intervention fit in Operation Phakisa?
  - What should be the appropriate approach for the Eastern Cape Maritime Cluster?
SESSION C: THE NEED FOR A MARITIME CLUSTER TOWARDS A SUSTAINABLE COMPETITIVE INDUSTRY

- Address from Mr Sobantu Tilayi, Acting CEO, South African Maritime Safety Authority (SAMSA)
  - Backdrop to the fragmented approach and a historical background- challenges noted
  - Different of the Maritime Cluster- SAMSA viewed the sector as comprising (i) Industrial as in manufacturing (ii) Resources i.e oil and gas (iii) tourism and leisure and (iv) transportation
  - The challenges:
    - Sector does not have track in
    - How to get Industry to engage with government and other stakeholders
    - How does industry take its place in the partnership
  - Need for collaboration between Industry and Government-
  - Lessons to be learnt from the Norwegian experience

- Panel Discussion
  - Success factors: (i) competence building (ii) Influencing policy by bring the needs of the industry to public space
  - Need to diversify beyond automotive industry and development of Maritime Cluster must be inclusive
  - Sustainability of the industry and financial constraints
  - Growing the base for the industry to be based on local based activities
  - Create capability in the value chain
  - Role of Transformation in local sourcing and localisation
  - Caution on availability of suppliers/resources versus building capacity- basic skills development such as welding
    - Work place training and continuous training
    - Operation Phakisa envisages a SA with competencies to compete regionally

- Way Forward
  - Growing the Industry base
  - Use Transformation and localisation
  - Innovation in Education
  - A mixture of bottom-up and top-down approaches for NMBM
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SESSION C: THE NORWEGIAN CLUSTER PROGRAMME

- Address from Dr Aase Kaurim, Research Council, Norway
- Gave a comprehensive account of the three tier research system that undergirds the cluster system
  - The Arena programme that was regional, based on local initiatives, with a narrow geographical surroundings
  - The Norwegian Centres of Experts- with a national scope, more mature clusters with a proven record with a time span of 3-4 yrs
  - Global Centres of Experts with a 20 yrs support base
  - It is a competitive model with stringent selection criteria with independent panels of adjudicators
  - Based on a shared funding model of 50?50 with Industry
  - Monitoring and evaluation of the deliverables to ensure alignment and implementation- it is not free money.
  - Cross sector collaboration
  - International Partner building
  - Impacts of the Cluster Programmes
    - Regional development
    - Drivers of new education
    - Drivers of Research and Innovation
    - Business participation as a result of appreciation of benefits
SESSION D: BUILDING AN INDUSTRY

- Two presentations:
- 1. Mr Sveinung Fjose, Menon Economics, Norway Industry Growth and Productivity: The Norwegian Case of Business Cluster
  - Favourable conditions for Norway
  - Success factors:
    - Must have demanding customers
    - Must have competitors as that makes you better
    - Based on research- science should be combined with practice
    - Suppliers should be competitive
    - The Owners should be competitive and strong
    - Access to finance
    - Competent employees
- 2. Mr Owe Hagesaether, CEO, GCE Subsea,
  - He is in the stealing industry, he likes squeezing suppliers, and he enjoys beating his competitors and does not mind them stealing his ideas as the ideas are part of the past anyway
  - The Cluster system is about creating winners those that are good at copying ideas
  - Players are complex and you need a complete support team from lawyers
  - Presented six work packages
  - Create mobility in competence- accreditation accross
  - Focus on Ocean Innovation

- Panel Discussion
- Entrepreneurship and business development
- Need to get better to bring innovation into commercialisation
- Role of experienced members to introduce markets- Norwegian companies working together
- Importance of availability of capital- Funding mechanisms
- Role of Tax incentives
- In South Africa the missing link is the private sector
  - “Give business what it wants and it will come to the table
  - “making South Africa visible for investment
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- In South Africa the missing link is the private sector
- “Give business what it wants and it will come to the table
- “making South Africa visible for investment
- Profile South African attractive competencies
- Working together to find unique solutions
- How do we build small companies?
- How can we build on the South African- Norwegian relationship?
SESSION E: WORKING TOGETHER IN CLUSTERS AND BUSINESS NETWORK

- Three presentations:
  - 1. Mr PRASHEEN Maharaj, CEO, SA Shipyard, “Fueling Marine Manufacturing, Innovation, Technology, Collaboration and Competitiveness”
    - South African capability to build ships is part of its heritage
    - Ability to compete globally
    - Armscor saga and preferential procurement
    - Role of Operation Phakisa in unlocking bottlenecks
    - Operation Phakisa is not a pipe dream as its plans are reasonable and down to earth
    - Principles stressed: collaboration (difficult in SA as they believe in killing competition)
    - Innovation and technology localisation- the CSIR and the DST
    - Building a skilled labour force- Nvy architecture etc
    - Game Changers;
      - World class capacity
      - Normalise the industry to world international standards
      - Reduce the cost of doing business
      - Develop a government fleet and manufacturing strategy for 20-25 yrs, acquisition planning and sustainability
      - Common designs, common technology, equipment
      - Industry can combine to capitalise on government planning
      - Our people cannot wait so we must keep to the vision of Operation Phakisa
  - 2. Mr Ing Alf Jensen, CEO, FiReCO, Norway Application of Composite material and structures into new business markets
    - Small company but in operation for over 10 years, small labour force
    - Unique space of producing military vehicles and the challenges in finding markets and especially American markets
    - Success in use of lobbyists and demonstration of technology
    - Dangers of recessions to the industry
    - Questions of Innovation in a volatile situation
    - Learning from failures- never became a member of a cluster for a long time
    - Application of the technologies to other fields of work from the military vehicles

- Panel Discussion
SESSION E: WORKING TOGETHER IN CLUSTERS AND BUSINESS NETWORK

3. CDO Jorgen Dronmen “Öffshore Simulators Centres”
   - Profiled the need for simulators
   - Gave different types of simulators
   - An example of a simulation centre
   - Provider of facilities and training
     - Simulators sites all over the world.
     - Norway, France, Kotor, Singapore, Australia, Brazil.
   - Panel Discussion