

**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 whosoever 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 Skymoene 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, THEIR 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: eThekweni 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 eThekweni 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?
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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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- Panel Discussion
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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.
 - Interconnection between simulator centres. Joint operations. Realtime.
- Panel Discussion