

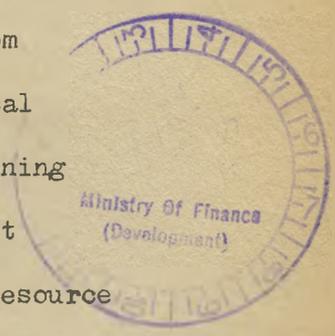
SPEECH BY MR HON SUI SEN, MINISTER FOR FINANCE, AT
"OFFSHORE SOUTH EAST ASIA" CONFERENCE ON 17 FEB 76
AT 9.00 A.M. AT HYATT HOTEL

First of all, on behalf of the Singapore Government, I would like to extend a very warm welcome to all of you present here for the first Offshore South East Asia Conference - particularly the representatives of the governments and special agencies of our neighbour countries in ASEAN and the oil industry experts who have travelled half-way across the globe for this meeting.

Although Singapore, like many other large cities in the world, has been a venue for many regional and international conventions, I am particularly happy to see the realisation of this one after many months of planning and work on the part of the organisers for three specific reasons:

First, the Conference, with participation by well over 300 international companies related to the oil industry, marks a significant point in the growth and development of the oil exploration and production activity in Southeast Asia.

Second, the Conference, with its many specialised sessions dealing in technological disciplines ranging from geology and geophysics to naval architecture and mechanical engineering, fulfils Singapore's own objective of functioning as a regional technological centre, channelling the latest available technology in the world for manufacturing and resource development to Singapore as well as all other countries in South East Asia.



Ministry of Finance
(Development)

Third although the Conference is over only four days, it gives Singapore an opportunity to acquaint participants with the wide range of financial, commercial and technical services existing in the Republic which may be able to support and enhance their activities in the region.

Although your very presence at this Conference confirms the confidence the international oil industry and its affiliated ancillary industries have in the Southeast Asian region as a major international oil and gas exploration area, perhaps I should comment here on how Singapore sees the potential as one of the service centres supporting this effort particularly in the light of the international recession and recent slow downs in drilling activity.

We believe that Southeast Asia's long-term potential for oil and gas is enormous. The region's approximately 10 million square ^{kilo}metres of sedimentary basins according to a latest study contain about 10% of world total offshore recoverable reserves. This is about twice the amount available from the Gulf of Mexico. Both because Southeast Asia offshore exploration is new and the area of sedimentary basins extensive, the region is presently "underexplored". For example, per unit area of exploration, the North Sea has 16 times the number of wells compared to Southeast Asia. Another important advantage of our region is its lower exploration costs, compared to other offshore areas in the western world. Because explorers do not have to contend with the climatic extremes of places like the North Sea and Alaska, considerable savings in costs

have been reflected in both capital equipment and labour. In specific terms, I am told that it is possible to explore and develop a field in Southeast Asia for 50% or even less of the cost of an equivalent field development in the North Sea - surely a most important consideration in an endeavour requiring continuing large inputs of capital.

Taking the above factors and others into consideration, a recently revised study of the Southeast Asian oil potential forecasts that, by 1985, total regional production of oil in Southeast Asia could reach some 11.5 million barrels per day. The investments required to develop and maintain this output, however, are substantial - US \$33 billion according to one estimate.

Needless to say, the question in most people's minds today is whether Southeast Asia will be able to attract this vast amount of capital to work with its own in realising this potential. There is every indication that it will. I believe it will be quite some time beyond 1985 before the world finds economically acceptable substitutes for oil. In the meantime, both industrialised and industrialising countries will continue to depend on it as an energy source. Southeast Asia, with its geographical, geophysical and economic characteristics, possesses a decisive competitive edge over other offshore areas in the world. What is further required is the continued collaboration and joint endeavours of Government and private enterprise to bring about the attendant benefits of such a large scale economic activity to all.

One should not forget, in determining the economic benefits of a continued offshore exploration and production programme in Southeast Asia, that these do not end as soon as oil and gas are found and produced. This is only the very beginning. Ultimately, capital, organisational and technical knowhow will all be required in the region for a multitude of down-stream activities, including refining, petrochemical and chemical production and their distribution. At each stage of this development, new and specialised economic activities will emerge and the region as a whole can only benefit from the seeds of exploration activity sown today.

I am confident that the technical exchanges and the business consultations fostered by Offshore Southeast Asia will be a significant contribution to this regional development. I would like to congratulate the sponsors of the first Offshore Southeast Asia in Singapore and I wish the Conference every success.