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**ADDRESS BY MR YEO CHEOW TONG,
MINISTER FOR HEALTH
AND MINISTER FOR THE ENVIRONMENT
AT HITACHI ZOSEN SINGAPORE LIMITED'S
NATIONAL DAY OBSERVANCE CEREMONY 1997
ON TUESDAY, 12 AUGUST 1997, 8.00 AM**

Introduction

The marine industry is one of the pioneering clusters in Singapore's manufacturing sector. Starting from very simple activities in the 60's, the marine sector has today, developed into a world class industry. Hitachi Zosen Singapore has played an important role in this industry development, and I congratulate the company for its valuable contributions. The sector is also an important pillar of our continuing efforts to reinforce Singapore's role as a major international maritime hub.

The marine industry has grown steadily over the years. Today, its activities range from sophisticated design and conversion work, to the building of oil rigs and specialised vessels. The industry's track record and highly competent capabilities have made Singapore one of the world's leading ship repair and rig building nation.

However, we are now facing intense international competition, especially from the Middle East and China. This has impacted on our market share, and squeezed profit margins. As a result, the output and value added per worker for 1996 declined compared to 1995. Business in the first half of 1997 remains slow. However, I am encouraged that the local shipyards, even as they actively compete against each other for regional and international business, are co-operating closely to re-position the marine industry in an effort to overcome these challenges.

To sustain Singapore's leading position in the marine sector, the industry must shift its focus towards higher value added activities like shipbuilding, rig building and ship conversions. It must intensify efforts to leverage on technology and automation to improve productivity and efficiency.

Re-Positioning Towards Higher Value Added Activities

To maintain our competitive advantage, we must broaden our business scope beyond the current staple activity of ship repair into activities with higher engineering content. The marine sector would then be able to more effectively leverage on Singapore's strong technical workforce, R&D resources and infrastructural support.

I commend Hitachi Zosen Singapore for pro-actively venturing into these higher value-added activities. Besides strengthening its technical workforce in anticipation of more ship conversion projects, the company has also invested in upgrading its facilities, infrastructure and ship design technology to boost its ship

building capabilities. By 1999, Hitachi Zosen Singapore would have delivered four 19,150 dwt (dead weight tonne) multi-purpose dry cargo / container carriers.

Workers Skill Upgrading And Productivity

Another priority must be to upgrade worker skills and enhance their productivity. This will help our workers and their employers remain competitive internationally. This upgrading effort is even more crucial in the marine industry, where the workers are steadily getting older. For example, the average age of the union members in the SMEEU is now 46 years of age. Most of them have a primary school education. I would urge all companies in the marine sector to strengthen their efforts to enhance the skills and capabilities of their workers, so that they can continue to compete successfully in the international market place as we enter the next millenium.

The marine industry relies very heavily on sub-contractors. It is vital to also upgrade the skills of the subcontractors and their workers if the industry as a whole is to make further progress. To achieve this, the EDB has established a Marine Group Local Industry Upgrading Program (LIUP). Activities under the Marine Group LIUP include upgrading and training programs in the broad areas of safety, trade skills, on-the-job training, management skills upgrading and technology upgrading. I am glad that Hitachi Zosen Singapore is also a partner in the Marine Group LIUP. I strongly encourage Hitachi Zosen and other companies in the marine group to continue to leverage on the resources and programs administered by the

LIUP. This would help to improve the quality and productivity of their sub-contractors.

New Technologies And R&D Initiatives

In conjunction with the LIUP programme, the Marine Technology Program (MTP) is also designed to develop the marine industry. Phase II of the MTP, riding on the success and strong foundation of Phase I, was launched in June 1997. The MTP aims to help shipyards develop and enhance their technical and R&D capabilities, use automation and develop new processes for enhanced safety and productivity. These new engineering capabilities and R&D initiatives, when realised through MTP Phase II, would enable us to respond to new market demands and challenges of increasing competition.

Conclusion

Before I end, let me congratulate Hitachi Zosen Singapore on its recent official ISO 9001 accreditation by the American Bureau of Shipping. This attests to the company's high quality standards. Another commendable achievement is the company's excellent industrial accident track record. The number of accidents has been on a consistently downward trend over the years. 1996 saw a 28 per cent reduction in the number of accidents, compared to 1995. This reflects the strong management commitment to provide a safe working environment for your workers.

With that, let me end by wishing the management and staff of Hitachi Zosen Singapore "Happy National Day", and continued success in all their endeavours.

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