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SPEECH BY MR HOON SUI SEN, MINISTER FOR FINANCE, AT THE
OPENING CEREMONY OF THE 4TH ANNUAL CONFERENCE OF THE
ASEAN COUNCIL ON PETROLEUM (ASCOPE) ON FRIDAY, 20 OCT 78
AT 10.00 AM AT THE JURONG ROOM, SHANGRI-LA HOTEL

The problem of ensuring economic supplies of energy, and particularly petroleum, is one which concerns everyone, domestic consumers, industries, national Governments and their oil companies alike. For decades, because it was thought comparatively cheap, convenient and abundant, petroleum has fuelled the economic expansion of the world. The quadrupling and more of oil prices between 1973 and 1974 was, accordingly, a traumatic experience. Since then, the world has entered an uneasy and confused transitional period, while the possibilities are examined for a switch to other energy use. The results in poor world economic performance brought about by high oil prices have been balanced by the encouraging development of new oil supplies from the North Sea, Alaska and the Gulf of Mexico, which together with conservation efforts, have replaced, at least for the time being, the earlier fears of an oil shortage in the early 1980s with suggestions of a present glut. Moreover, oil demand which grew by a historical 7 to 8% per annum has become accustomed and is now expected to grow at a slower rate, estimated at 2.2% per annum by the late 1980s. Nevertheless, the general consensus is that a more moderate economic growth merely serves to postpone the inevitable energy crunch to the late 1980s. Non-oil energy resources will play a greater role by the 1990s, but their impact will only be felt at the turn of the century. Petroleum will still form 40% of total energy needs in 1990 as compared to the present 54%.

Given such a scenario, the world must worry that increases in yearly petroleum consumption still exceed the current rate of discoveries. Unless the trend is reversed, oil output will likely taper off and reach a production plateau by 1990. Increased efforts are required in oil exploration as well as in the development of all economically efficient energy resources to ensure a smooth transition to a new pattern of energy usage. Considering the long lead time required in the development of any new supply, it is of the greatest urgency that exploration activities be accelerated. It is therefore heartening to note the upsurge in such activities in South-East Asian waters as evidenced by the increase in the number of oil rigs in operation.

The ASEAN countries have an apparently insatiable appetite for petroleum. In 1975, oil accounted for 39% of their total energy consumption. This ratio is expected to drop to 30% as ASEAN countries turn increasingly to other forms of energy. Like everyone else, the ASEAN countries have seen their growth rate reduced, but somewhat less drastically, from 8.9% per annum before the oil crisis to 6.5% in 1976. Nevertheless, the ASEAN group will still be among the fastest growing regions of the world. Correspondingly, ASEAN's energy requirements will increase, it is estimated, by 112% between 1975 and 1985. Oil consumption itself will grow by 39%. The ASEAN economies are therefore still very much dependent on petroleum for the next decade or so.

Though the energy problem ideally demands a global solution, ASEAN believes that collectively it can ensure the stability of petroleum supply within the region. The formation of ASCOPE in 1975 symbolises the confidence in this belief. ASCOPE is an example of a unique and successful cooperation between diverse economies, the oil producing countries of Indonesia and Malaysia, the potential oil producers of Philippines and Thailand and the non-producing large net importer, Singapore. Since its formation, ASCOPE has made its mark in regional cooperation. We all must welcome the broad agreement which has been reached on an emergency oil sharing scheme, which will be implemented during times of shortages or over-supply, and on a common policy for the exploitation of offshore petroleum resources. ASCOPE is, I understand, now studying the exchange of information on alternative energy sources and pricing, and has also completed a comparative study on fuel and lubricant specifications, stratigraphic correlation studies of the South China Sea and the Gulf of Thailand, and a geothermal potential gradient map of the same areas. ASCOPE must be commended for its work in regional cooperation.

We can be confident therefore that with parallel efforts in conservation and in the acceleration of oil exploration activities and the development of alternative forms of energy, the ASEAN countries can better than most meet any crisis in the transitional period before major changes of energy usage by mankind.

Though without hydrocarbon reserves, Singapore has invested heavily in the oil industry. The investment in the five petroleum refineries in Singapore is now close to S\$1.7 billion constituting a total crude refining capacity of over 1 million barrels a day. As a result of the worldwide recession and energy conservation measures, demand for heavy fuel oil has subsided. However, demand for distillates in the region has remained strong and is expected to continue so. To better serve the product requirements of neighbouring countries, the refineries in Singapore are putting in new investment in conversion facilities to increase production of lighter distillate products. In addition, Singapore has made considerable investments in infrastructural facilities such as single buoy mooring (SBM), deep berths, petroleum storage terminals and pipelines, which are readily available to serve the needs and requirements of other ASEAN countries.

With these facilities, Singapore looks forward to making its contribution to the solution of the energy problems in the region. Singapore is therefore happy to play host on this occasion to the distinguished gathering of ASEAN petroleum experts. I hope your discussions in the next few days will be most fruitful. It now gives me great pleasure to declare the 4th ASCOPE Council Meeting open.