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SPEECH BY MR HON SUI SEN, MINISTER FOR FINANCE, ON THE
OCCASION OF NEPTUNE ORIENT LINES LIMITED 10TH ANNIVERSARY
DINNER AT THE ISLAND BALLROOM, SELANGRI-LA HOTEL ON
SATURDAY, 18 NOVEMBER 1978 AT 8.00 PM

It gives me much pleasure to be here this evening to join in celebrating the 10th Anniversary of Neptune Orient Lines. In view of my past association with the Company, it should not be surprising that I have continued to follow with keen interest the growth and development of the Company.

The incorporation of Neptune Orient Lines in 1968 saw the beginning of Singapore's active participation in international shipowning and worldwide chartering. With the vigorous growth over the last few years, NOL now has a diversified fleet of over three-quarter million deadweight tons. I am informed that NOL now owns and operates a modern fleet of 26 ships comprising containerships, ro-ro ships, tankers and general dry-cargo ships. I am also told that NOL has five 1600-TEU containerships under construction which will increase its fleet to 31 ships totalling over 900,000 deadweight tons. This represents a growth rate of about three ships per year, which by any yardstick is a commendable achievement for a young company in a trade which is highly competitive and international in character.

The importance of shipping to Singapore can best be explained by the fact that the bulk of the Republic's total external trade is seaborne. About 150 shipping lines flying the flags of more than 80 nations call here and provide services to over 240 ports around the globe. Being a small island economy without natural resources, shipping and trade continue to be important for our livelihood.

To promote shipping, the open registry system was introduced in 1969. This policy has given an impetus to growth in shipping as can be observed by the way in which ships registered under the flag of Singapore

has grown - from 252,000 gross registered tons (or 357 vessels) on 31 January 1969 to over 7,800,000 gross registered tons (or 1,750 vessels) as at 31 October 1978. Singapore's merchant fleet now ranks 14th in the world in terms of gross registered tonnage.

An official survey of our shipping companies owning three or more vessels reveals that almost 60% of the Singapore-owned vessels are older than 15 years, and out of these 34% are older than 20 years. Only about 36% of the ships are less than 10 years old. The scope for modernising and expanding Singapore's fleet, if it is to sustain its contribution to the economy, is obvious. Moreover, in view of the rapid changes which are taking place, over which shipowners have little or no control, it leaves the industry with little choice but to modernise and close ranks in order to cope with what may be an uncertain future. Any attempt to tackle this situation will immediately raise two problems. The first is to find the funds to finance the acquisition of new tonnages. To assist shipowners, there is the recently introduced Shipbuilding Finance Scheme. The initiative lies with shipowners to take advantage of the Scheme. It has been reported to me that their response to the Scheme to-date has been disappointing. May I stress that I am prepared to listen to any constructive suggestions which shipowners may have. The second problem is more serious and critical, and that is the lack of modern management and operating know-how. Whilst the Government stands ready to offer any training assistance that may be needed to overcome this hurdle, the effort must come from the shipowners themselves. Unless a start is made, and initiative taken by the shipowners, this situation will remain unchanged. The acquisition of management expertise in shipping, as in any other industry, takes time.

There is an unequivocal commitment by all the countries concerned to increase ASEAN trade. It is in the interest of all those engaged in shipping to promote and explore, both at Government and private sector level, all areas of co-operation to develop inter-ASEAN trade and shipping. There are undoubtedly problems but given the potential benefits and a spirit of co-operation this goal should not be beyond realisation.

Considering the difficulties NOL has had to face in its short history of 10 years, its performance has been creditable. It is particularly encouraging that the financial results in the last two years indicate that

the Company has now achieved profitability, and hopefully, this will remain true for the future.

I am confident that given the dedication, persistence, and an intelligent response to problems, the Company will rise to the challenges emerging during the next decade.

Finally, I extend my congratulations and best wishes to you, Mr Chairman, the Board of Directors, the Management and Staff of NOL, on your 10th Anniversary, and call on all of you to keep up the good work.

I wish Neptune Orient Lines every success.
