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SINGAPORE GOVERNMENT PRESS STATEMENT

SPEECH BY MR. BOH SUI SEN, MINISTER FOR FINANCE, AT
THE OPENING OF SHELL'S THIRD REFINERY AT PULAU BUKOM
ON WEDNESDAY, 9TH SEPTEMBER, 1970, AT 5.00 P.M.

It is indeed a great pleasure for me to be here today to officiate in the Opening of the third refinery of the Shell Eastern Petroleum (Ptd) Ltd. in Pulau Bukom. Pulau Bukom has been synonymous with Shell since 1880 when Shell started business with a storage centre for packed kerosene, used for lighting in those days. Since then, it never looked back and its commercial enterprise resulted in the steady expansion of the company's activities.

My own connection with these activities, apart from an occasional purchase of petrol, began in 1960 with Singapore's industrialisation programme, and the negotiations with Shell for tax incentives which led eventually to the award of Pioneer Certificate No. 1 for its third refinery project. The Shell refinery, therefore, may well be considered as the pace setter in the Singapore industrialisation programme. At about the same time as my predecessor, Dr. Goh Keng Swee, was felling a tree to start the construction of the first refinery in Singapore, bull-dozers were poised to go into action in Jurong to start the transformation of that area into a vast industrial estate. The pace Shell set was swift. Within a year of starting work, the refinery was completed, thereby setting a record for the completion of similar plants anywhere in the world. The phenomenal growth of the company had begun. By 1967, a second refinery was completed by Shell, in anticipation of a larger market, both local and foreign, to produce seven million tons of petroleum products per year. Finally, the opening of this third refinery which increases the total capacity of all the Shell refineries to twelve million tons a year, ushers in an era of new Shell expansion. Mr. Gerson has announced another large investment in the construction of a \$70-million plant to produce base oils for lubricants blending. And I hope I am not letting any secrets out by saying that Shell is presently seriously considering a 4th refinery at a cost of \$70 million. It will be yet another tremendous stride forward for Shell, of which Singapore can be proud.

I do not know whether the Shell pioneer who selected Pulau Bukom had the gift of foresight when he chose Pulau Bukom. I suppose that whatever the advantages he could have seen then, it would have taken a lot of imagination to anticipate the size of the present-day

mammoth tankers of 200,000 tons and over, and to see the need for the deep water around the island which would make it possible for tankers of these sizes to berth and discharge their oil cargoes to feed the hungry refineries in Pulau Bukem. Pulau Bukem itself has grown by reclamation of mangrove swamps and the annexation of Pulau Bukem Kechil so that from 250 acres of dry land only, it will now form an eventual 500 acres. At night, it becomes a fairy island of lights which can be seen from Mount Faber and many parts to the West.

The locational advantages which Shell recognised so early and the deep water which Singapore also offers elsewhere near other islands have attracted the attention of other international oil companies, and today we are seeing activity which without yet challenging Shell's pre-eminence, will establish Singapore as the undisputed petroleum distribution centre for this part of the world. It is estimated that within the next few years, Singapore's refinery capacity could be in excess of 35 million tons per annum. If the exploration and drilling activity results in any big strikes in the oil concession areas of the Malacca Straits, the Java Sea, the China Sea and the Gulf of Thailand, even this refinery capacity would be clearly inadequate.

The contribution which the petroleum industry makes to our economy is not immediately apparent from our official statistics. For some curious reason, the present statistics on domestic exports exclude petroleum products. For example, the increase of our domestic exports for 1960 to 1968 is generally given as \$233 million in value, and 108% in percentage terms. If we include petroleum products, the increase becomes truly remarkable - \$810 million in value and 373% in percentage terms. Domestic exports as a percentage of total exports would become, instead of only 11.6%, some 26.4%. As a percentage of Gross Domestic Product, domestic exports including petroleum would, instead of 10.6%, become 24.1%. Clearly, such a difference arising from Statistical treatment would become further exaggerated with the very considerable increase in refinery activity in the next few years, and our friends in the petroleum industry may be pleased to know that domestic exports statistics will in future include petroleum products. There is little doubt that petroleum exports will far outstrip all other domestic exports. Already in 1968, domestic exports of petroleum products were \$577 million in value while other domestic exports totalled \$458 million in value.

On the credit side of the petroleum industry balance sheet, therefore, the figures are most satisfactory. On the debit side, however, it is usual to put the ecological effects of the combustion of fossil fuels.

In many of the developed countries of the world and especially in and near their biggest cities, there is no doubt of the consequences for ill on our environment by the discharge of carbon monoxide and carbon dioxide into the atmosphere, and by the effect of oil spillages upon the sea on fish and other marine life and on our beach amenities. Fortunately, the problem in Singapore is nowhere near as serious and we have not yet been as adversely affected as other countries by pollution on the sea and in the air. The cost of prevention in the early stages is a fraction of the cost of curing the disease once it has taken hold. I am, therefore, heartened by Mr. Garzon's statement of Shell's concern with the general well-being of the community, and of the investments which Shell is making for the purpose of minimising or eliminating pollution. I am sure that other oil companies will be equally concerned, and will make similar investments in early prevention. The future of the petroleum industry may well depend upon the success of such prevention. In Singapore, while we cannot afford to be complacent, the benefit/cost balance is still healthily on the credit side. Let us hope it will always remain so.

May I conclude by congratulating Shell for their enterprise and foresight in making this investment in a third refinery and by wishing all those concerned every success in its operation and in the export marketing of its products.

DATED: 9th September, 1970.