

SINGAPORE GOVERNMENT PRESS STATEMENT

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Speech by Mr. Tang See Chin, Minister of State for Finance, at the Annual Dinner of the Singapore Timber Exporters Association on 10.7.71 at 8 p.m.

May I first of all thank you and your Association for inviting my wife and me to your Annual Dinner tonight, and for the hospitality extended to us.

2. Judging from the spirits of your members, the timber export trade seems to have had another good year. This is borne out by the timber export statistics. Export of graded and ungraded timber registered an 11.1% increase last year, from 389,000 tons in 1969 to 432,000 tons in 1970. The value increased 9.7% from \$76.6 million in 1969 to \$84.0 million last year. These increases were recorded in spite of certain difficulties experienced during the year, like higher freight charges and dislocation of certain markets.

3. These difficulties may be amplified in the coming years. Whether or not the timber export trade will continue to prosper will depend upon whether our timber exporters, together with our sawmillers, can adapt to changing situations. I see problems in these areas:-

- (1) the demand for our sawn timber;
- (2) the supply of logs from our neighbouring countries; and
- (3) the availability of shipping space and freight rates.

4. On the question of demand for our sawn timber, our exports have been to developed countries in Europe and Africa and also to Japan. It is more than likely, in the near future, that we will meet competition from other countries who are nearer to these markets and who produce an ample supply of logs of their own. These countries will be in a better position to supply these markets at more competitive prices than Singapore. Timber sawing is a low-technology industry. It is comparatively simple to turn logs into sawn timber so long as there is an available supply of logs. Less developed countries nearer to these markets will have an edge over us not only in terms of freight but also in terms of cost of production.

5. At present, Singapore draws her supply of logs from Malaysia, Indonesia, Cambodia and other neighbouring countries. It can be expected that with economic development in these countries, more and more of the supply of logs will go to feed their own sawmills and

plywood and other timber industries. Unless, therefore, our timber industries can make the best use of the logs and turn out high-quality and high-value timber products, they may soon find the cost of logs too expensive for them to continue in operation. Our present method of cutting timber produces a substantial amount of waste. This not only adds to the cost but also results in a tremendous amount of waste material which is burnt and adds to our air pollution.

6. Sawn timber is bulky and relatively low-valued. Shipping lines do not like carrying timber. They will only do so if they cannot find other high-value goods to carry. Looking for shipping space, therefore, is a problem for the exporter. Because of the relatively low value of timber, freight costs constitute a large percentage of the cif price of timber. Forming their own freight-booking centre or joining a shippers' council (yet to be established) appear to me to be only a temporary solution.

7. To my mind, the permanent solution lies in the production of high-quality and high-value timber products. With growing affluence in the developed countries, the demand is for higher-quality timber products. This will put Singapore in a competitive position vis-a-vis the other developing countries which supply timber products. It would also put us in a better position regarding the supply of logs. And with freight charges forming only a small part of the cif price of timber, freight rates and shipping space can be more easily handled.

8. These are the challenges ahead. I am confident that the exporters, in co-operation with the sawmillers, are resourceful and adaptable enough to meet these challenges; and will continue to prosper for the good not only of themselves but of our country.