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SPEECH BY MR HOH SUI SIEN, MINISTER FOR FINANCE, AT THE OFFICIAL
OPENING CEREMONY OF HITACHI ZOSSEN ROBIN DOCKYARD AT BERCI ROAD,
JURONG, ON SATURDAY, 29 JUNE 1974 AT 12 NOON

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The commissioning of this shipyard today adds to the booming shipbuilding and repair industry in Singapore yet another modern facility equipped particularly to serve the VLCCs, or Very Large Crude Carriers, carrying the bulk of the international oil trade in the coming years.

Within the relatively short span of 9 years since 1965 when Jurong Shipyard's 90,000-ton drydock was first commissioned, the shipbuilding and repair industry has rapidly developed into a leading industrial sector. It is currently employing 10 per cent of the total manufacturing work force and, with around 50 registered shipyards in Singapore, is grossing a total sales revenue of over \$500 million which it attained in 1973. The up-trend of the shipbuilding and repair industry in Singapore has been maintained over the past half decade.

Historically, our shipbuilding and repair industry dates back from before the turn of the century. In the beginning it was mainly an activity complementary to the operations of the Port, and helped to support Singapore's role as the strategic centre in Southeast Asia for international trade and communications. Our advantageous geographical position, our role as a leading international port and the sustained efforts by both the Government and private enterprises in developing this industry have made us the second most important centre east of Suez, after Japan, for the repair of ships. The expanding offshore oil exploration, drilling and production activities in this region have also given an added stimulus to this related industry. This new yard being officially opened today, with its newly completed drydock of

300,000 tons capacity, will increase substantially the overall capacity for repairs of VLCCs and large marine structures in this part of the world.

The business in ship repair and support of offshore oil activities will continue to expand with projected increases in demand. New shipbuilding in Singapore will also increase from the present 20 per cent of the total annual output of the industry. This is expected especially with the full implementation of some of the recent projects which place more emphasis on new shipbuilding. The discernible trend in this sector is towards specialist and higher tonnage vessels. A number of these shipbuilding projects are planning to enter into the construction of middle tonnage vessels. This development, coupled with the existing high capacity and capability in smaller vessels construction, will further enhance Singapore's position as a major regional shipbuilder.

However, to ensure the successful and worth while development of the shipbuilding sector, it is essential that we promote a further integration of the industry. We should proceed, as soon as they appear economically feasible, towards the production of steel materials, ship components, ship machinery and equipment and the provision of related software and supporting services in Singapore. With a higher degree of integration, the shipbuilding sector will then be less dependent on imported material and equipment, while the higher local value added will enable the industry to make an even more important contribution than at present to the national economy. Furthermore, the present wide fluctuations in the prices of imported raw materials and ship components, and the frequent shortages and uncertainties of supplies, will be alleviated by a more ready, because locally originated, source of material and

equipment inputs. This should enhance our shipbuilding industry's efforts to compete in the international markets.

Ship propulsion machinery and equipment generally account for between one-third and half of the total cost of a new ship. Most of such machinery and equipment are at the moment imported from Europe, the United States and Japan. However, some marine equipment manufacturers have already started operations in Singapore and active interest has been generated among many European and Japanese ship machinery and navigational equipment manufacturers to establish projects in Singapore. It is significant that these projects are being planned not to cater for the demand for machinery and equipment required by Singapore's own shipbuilding and repair industry alone, but also for the requirements of the industry in the entire Asian region, including Japan, and for international markets. Apart from the export potential of such equipment, many manufacturers see Singapore as a sophisticated centre for efficient equipment backup services in Southeast Asia, an effort which will contribute significantly to their sales efforts in this region.

With the full scale implementation of the recently proposed shipyard projects and the expansion plans by existing yards, a corresponding growth in the ship support equipment sector can be expected. Demand for a wide variety of ship machinery, diesel engines and navigational equipment will increase as more shipbuilding is undertaken in Singapore. Already some standard ship items such as deck winches, towing gear and hatches are being manufactured locally and used in tugs and barges constructed by Singapore yards. Much interest has already been shown in this sector and projects are under consideration at present for, among other things, the local manufacture of marine diesel engines.

There is already a highly developed service and maintenance capability in marine diesels with some parts and components manufacture and this important capability will be more fully integrated when local manufacture of these engines come about.

With the rapid development and the general trend towards more sophisticated ship repair and ship construction work, the development of skills and expertise has to be continued in step with manpower requirements. To further this development, my Ministry is presently encouraging the establishment of more extensive ship design and consultancy services in Singapore with special emphasis on regional requirements, particularly those which can contribute towards the development of knowhow and software needed in support of our shipbuilding and repair industry.

To ensure that skilled workers are available for the continued growth of the shipbuilding and repair industry, it is clear that a major programme of manpower training for the local yards is needed. With around 20,000 workers presently employed in the industry and the increasing demand for more skilled workers with the implementation of several large shipyard projects, it is essential that a concerted training programme be undertaken. Steps are currently being taken to co-ordinate the various training programmes in use at the established yards. All major shipyards which have training facilities and requiring large numbers of skilled workers over the next 10 years will be encouraged through industrial training grants instituted by the Government to build up their training capabilities to cater for their own requirements as well as small shipyards and sub-contractors. Through this co-ordinated effort, skills for both new shipbuilding and repair will be taught and with the consequent increase in productivity and skills, workers in this industry will be more effective in

their job contribution and in turn justify greater personal benefits as a result of their higher industrial skill levels.

By its very nature, the shipbuilding and repair industry is capital intensive with large fixed investments committed to land, drydocks and shipyard equipment. To further stimulate the growth of the local shipyards, especially in the construction of new ships, oil rigs as well as ship machinery and equipment, there is a need to expand financing facilities not only for fixed investments, but also to provide long term credit to purchasers. Some financing is being provided by the Government through the Development Bank of Singapore. With the development of Singapore as a financial centre, and the availability of Asian Dollar funds, private financial institutions alone or through various consortia are also already providing competitive credit financing facilities. But more sophisticated marine financing operations are being actively considered by the private sector for the increasingly larger future requirements. The Government would specifically encourage the formation of more specialised merchant banks or marine mortgage banks to finance ships, oil rigs, tankers and carriers in the hope that this will pave the way for even more competitive credit financing in the marine industry.

Despite our short history, Singapore's shipbuilding and repair industry has not only been able to expand rapidly, but also to diversify and, to some extent, integrate its activities. The next few years should see Singapore building more sophisticated and bigger ships and offering a wider and more comprehensive range of repair services to the international shipping community.

It is now my pleasant duty to declare the Hitachi Zosen Robin Dockyard open and to wish it every success in its operations.