ADDRESS BY THE PRIME MINISTER AT THE OFFICIAL OPENING OF JURONG SHIPBUILDERS PRIVATE LIMITED – WEDNESDAY, 29 MARCH 1972

Jurong Shipbuilders Limited was incorporated in December 1968 as a joint venture between I.H.I., Jurong Shipyard Limited, and the Singapore government. I have pleasure to declare it officially open on the day the first vessel built by JSBL in Singapore -- a 14,000 ton Freedom type vessel -- is being launched. This is a modest beginning, and there is considerable room for expansion and diversification. We have always been a ship repairing centre. We have also been a shipbuilding centre. But the shipbuilding was confined to small boats, craft, tugs and coastal vessels. This is the first ocean-going vessel built in Singapore.

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Shipbuilding is a much tougher business than ship repairing. To be builders of ocean-going vessels, we have to be internationally competitive. The future of shipbuilding in Singapore depends on several factors, some outside, and others within, our control. The demand for 14,000 ton general cargo vessels to take the place of the aging Liberty ships will depend on the rate of increase of

world trade, how much of it will be carried by containers, and how much by general cargo vessels.

If world trade expands in this decade, as it did in the last, at 8.6% per annum, and if wages in both Western and Eastern Europe and Japan go up as they have done in the last; then if our wages go steadily up but still less than half that of the Japanese, then JSBL will be kept busy. But our workers must be as efficient and productive as the workers of the I.H.I. Shipyards in Japan.

Then it will soon be worthwhile to install automatic machines in the shipyard to increase the speed of production.

Shipbuilding is high on labour content. In some advanced countries, wages are going up faster than automation can cut down in total wage costs. In America, where wages rates are very high, ships cannot be built without substantial subsidies from their government. In Germany, they have stopped building general purpose cargo vessels. Shipbuilders concentrate on specialised vessels like containers, where the design or innovative content is so high that they can carry the higher wage costs.

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In the course of the next two decades, Japan's economic growth will carry the wages of her shipbuilders up. She may find herself in the position the Germans are in, concentrating on specialised vessels where the brain contribution is especially high. In standardised vessels, automation, computerisation and cybernation will be used to cut down the need for labour. But there is a limit to what automation, computerisation and cybernation can do. So the building of standard vessels will move to those countries, like South Korea, Taiwan and Singapore, where wages are lower than those of the industrialised countries and where the workers are diligent and can be trained to high skills.

NOL orders can give this shipyard a start. But JSBL's future depends on good management and technology, skills and productivity of the workers, and the reputation it must build for itself as a dependable shipyard which meets it contracts on time and up to specifications.

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