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**SPEECH BY MR ONG TENG CHEONG, SECRETARY-GENERAL, NTUC AND
DEPUTY PRIME MINISTER AT THE SINGAPORE REFINING COMPANY
EMPLOYEES' UNION DINNER & DANCE 1992 ON 20 JUNE 1992 AT
ORCHARD HOTEL AT 7.45 PM**

Thirty-five years ago, Singapore had no proper oil refining facilities to talk about. Today, Singapore has become the third largest oil refining centre in the world. This is no mean feat, considering that Singapore has no oil resources; in fact, no natural resources of any kind. Every drop of oil we refine has to be imported.

2 It has never been an easy ride for Singapore refiners. Proper oil refining facilities were first built in Singapore by Shell in 1961. Mobil entered the market in 1963. Slowly, the other major oil companies also established their presence on the island. The Singapore Refining Company, a joint venture between Singapore Petroleum Company, British Petroleum and Caltex, first began operations in 1979.

3 Fluctuations in the price of crude and the oil crises of the 70's and 80's created difficult conditions for our refiners. The early 80's, in particular, brought a series of challenges for the oil refining industry. Indonesia expanded its own refining capacity, and terminated its processing contracts with our refiners. This was a big blow to our refining industry. Indonesia used to refine about 220,000 barrels of crude oil per day in Singapore. This is equivalent to the total capacity of the SRC now. Imagine your company losing all its refining contracts.

4 In the 80's, new refineries also began emerging in the Middle East oil-producing countries and started exporting 1.5 million barrels of oil products to this region each day. This was another entirely new competition for which Singapore was not prepared. By 1987, Singapore's refineries were processing only 750,000 barrels a day, out of an operating capacity of more than a million.

5 Today, there is a general optimism about long-term prospects for the oil refining industry. Our petroleum products industry grew by 3% in the first quarter of 1992. The refineries are operating at full capacity to satisfy regional demand. Oil companies in Singapore are upbeat about future prospects. Analysts predict that oil demand in the Asia-Pacific will grow steadily. Many companies, including the SRC, are pressing ahead with plans to step up their refining capacity and to upgrade their plants through the use of new process technology. Figures released by the US Department of Commerce indicate that our oil

sector is likely to benefit from planned investments worth US\$410 million from the US alone this year.

6 Singapore was able to withstand the challenges of the last two decades, and our refining industry has emerged as one of the most profitable in the region today. I understand that our refineries have the capacity to handle some 40 different types of crudes, and could switch from one type of crude or product to another at very short notice. We were therefore better equipped to meet the competition and to respond to the market compared with other regional refineries which were mainly designed to handle only indigenous crudes. The key to our success therefore lay in our ability to adapt and react to changing circumstances quickly. And that is the strength of Singapore.

7 In today's volatile world markets, adaptability and competitiveness are the deciding factors for success. We must therefore ensure that we are able to adapt and respond to challenges. In this age of rapid technological changes, the borderline between specialisations has become increasingly blurred. Some specialisations are being replaced, new specialisations are constantly being created, and new combinations of skills are required. To be adaptable, to be competitive, to be able to fully exploit any opportunity, workers need to learn new skills, and better skills.

8 Some firms and the nations in which they are located benefit from certain "God-given" competitive advantages, such as natural resources, size, climate, and so on. But I believe that competitive advantages are by no means only God-given; it can be created by a nation through collective action of its people, and through prudent economic planning by government in close collaboration with business and labour. And to remain competitive, we must always stay ahead. This is how one Singaporean can produce about as much as a Spaniard or New Zealander and six times as much as a Brazilian, even though these countries are endowed with abundant natural resources, land and manpower.

9 But we must not become complacent. Our oil refining industry still faces many challenges. Just last week, BHP of Australia and Elf Aquitaine of France separately announced plans to pump a total of some US\$2 billion into two new oil refineries at Lumut and Bintulu in Malaysia. South Korean refiners have revved up their processing business recently. The Japanese have also started to bring onstream previously mothballed capacities. Unless another "Desert Storm" breaks out in the Gulf, these developments are likely to affect refining margins and growth in the industry here. The SRC has invested heavily in the most up-to-date equipment and has a comprehensive programme for enhancing workers' skills through cross-training. I am told that more than a million dollars have been spent on training so far. You must make full use of such opportunities to upgrade yourselves so as to better meet any new challenges.

10 It has been four years since the SRCEU formed your own house union. Over these last few years, your leaders have gained experience in handling the day to day affairs of your union, and in union-management negotiations. They have done a commendable job. Union membership has increased and the union now represents some 95% of eligible employees. This first Dinner & Dance is timely to consolidate the camaraderie and cohesion built up among your members and leaders over the years.

11 I wish all of you a memorable first Dinner & Dance, and continued success in your future endeavours.

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