THE MINERAL INDUSTRY OF

SINGAPORE

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With limited natural resources, Singapore promoted itself throughout the world as a place with political stability, a well-developed infrastructure, and high-quality skilled labor in the Asia-Pacific region. The country's market strategy focused on Singapore as a regional hub for advanced electronic, aerospace, financial service, and oil refining. Singapore became one of most important financial centers in the world because the country is situated at a strategic location in the strong economic growth in the Southeast Asia region. The Government hoped to replace Hong Kong as regional headquarters for many international companies' operations in the Asia-Pacific region after Hong Kong becomes part of China in 1997.

Singapore imposed very few tariffs on imports, such as cigarettes, alcoholic beverages, automobiles, and gasoline. The Government enacted strict, comprehensive copyright protection legislation in 1987 and strengthened the Trademark Law in 1991. Enforcement of the relevant laws continued to improve in 1994.

In 1994, Singapore's economic growth rebounded to 10.1% more than that of 1993. The Singaporean Government kept its inflation rate low, at 3.1%, in 1994. The Government introduced a 3% Goods and Service Tax in April 1994, which only increased the Consumer Price Index to 3% in 1994.

Petroleum products were Singapore's second most important manufacturing output after electronics. Petroleum products and mineral fuels were the country's largest exports, accounting for about 12% of the total exports in 1994. Because of its geographical location, at the center of the supply chain from Middle East to Asian countries, Singapore was the world's third largest refining center after Rotterdam and Houston. Major international oil companies, such as Exxon, Mobil, and Shell, began building their refineries in Singapore in the early 1960's. In 1994, five refineries in Singapore had a total refinery capacity slightly more than 1 million barrels per day (Mbbl/d). These refineries had the capability to process more than 40 different kinds of crude oil, ranging from low-sulfur crude oils, mainly from the Middle East, to high-sulfur crude oils from Asian countries, such as China, Malaysia, and Indonesia. Singaporean refineries became the most versatile and technologically advanced in the Asia and Pacific region.

Singapore's refiners invested heavily in expanding and upgrading their facilities through Government incentives, such as tax reduction, investment allowances, and accelerated depreciation for refinery products. Therefore, refiners planned to increase total crude oil refining capacity by 15% to 1.27 Mbbl/d in 1995. In October 1994, Royal Dutch Shell, a subsidiary of Royal Dutch Petroleum Co. of the Netherlands and the Shell Transport and Trading Co. Plc. of the United Kingdom, and Mitsubishi Corp. of Japan began constructing a $800 million[2] petrochemical plant at Pulau Seraya. Upon completion in 1997, the plant would produce styrene, propylene, and other derivatives used to make plastics for electronic and household appliances.[3]

Singapore Aromatics Co., a joint venture of Esso Singapore Private Ltd., a subsidiary of Exxon Oil Co. and Amoco Corp., both of the United States, and China American Petroleum, began construction of a $900 million aromatics complex to produce 350,000 metric tons (mt) of paraxylene and 900,000 mt of benzene. The plant was expected to be in operation by 1997.[3]

Mobil Oil Co. invested $760 million to build a petrochemical plant, including a continuous catalytic reformer and an aromatic complex, that commenced in production in early 1994.[4]

The United States continued to be Singapore's largest trading partner and also the largest foreign investor in Singapore. The Singaporean economic outlook depends on the U.S. economic recovery. Owing to the transportation and communication infrastructure, and skilled labor force, Singapore has become an excellent gateway to the rapidly growing markets of Southeast Asia. However, Singapore still needed to move to higher-valued manufactured products, such as electronics, to maintain its competitive position in the region.

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[1]Text prepared July 1995.
[2]Where nescessary, values have been converted from Singapore dollars ($) to U.S. dollars at the rate of S$1.40=US$1.00 in 1994.
[3]Asia-Pacific Chemical (London). Oct. 1994, p. 12.
[4]South-East Asia Mining Letter (London). Nov. 25, 1994, p. 11.