

SPEECH BY MR S ISWARAN, SENIOR MINISTER OF STATE FOR TRADE AND INDUSTRY, AT THE OPENING CEREMONY OF OSEA2008 THE 17TH INTERNATIONAL OIL & GAS EXHIBITION AND CONFERENCE ON TUESDAY , 02 DECEMBER 2008, 10:10 AM AT THE SUNTEC INTERNATIONAL CONFERENCE & EXHIBITION CENTRE

Your Excellencies,

Distinguished guests,

Ladies and gentlemen,

**Introduction**

1. Good morning to all of you. I am very happy to be here today to launch OSEA2008.
2. I understand that this year, the exhibition has expanded significantly. There is a 80-per cent increase in floor area, with a total of 1,300 exhibiting companies. It is heartening to see that OSEA continues to grow and serve as a unique platform for industry leaders, technical experts and government officials in this region to share their insights on the oil and gas industry.
3. Singapore is well-suited to host OSEA2008 because we have a comprehensive oil and gas equipment manufacturing and services sector, coupled with a vibrant marine and offshore cluster which actively supports the oil and gas industry. We are also centrally located in the heart of Asia, a region with growing significance for the oil and gas industry.

**Singapore is a major integrated oil and gas hub in the region**

4. The oil and gas industry has achieved continuous growth in the last few years. However, like most sectors, the industry has also been affected by the current global financial and

economic crisis. After years of high double-digit growth, the industry now faces some near term uncertainties. At the launch of OSEA in 2006, oil prices were around US\$65 per barrel. It more than doubled to a record high of US\$147 per barrel in July this year, and has lowered to about US\$50 today.

5. Notwithstanding these short term uncertainties, the long term outlook for the oil and gas industry remains positive. The fundamentals have not changed. The prospect for sustained demand for energy from both the developed and emerging economies remains intact.

6. Hence, this is an ideal time for the industry to deliberate on how to cope with the short-term challenges ahead, so as to position itself for the long term opportunities. This way, the industry will emerge stronger when the global economy turns around.

7. In Singapore, we have worked on building up a comprehensive cluster of companies serving the oil and gas industry. They include the surveyors, oil rig builders, oilfield equipment manufacturers and service providers, drilling and production operators, and Engineering, Procurement, Construction and Commissioning (EPCC) firms. These companies engage in a wide range of activities from manufacturing, headquarter services, training, research and development, engineering, procurement, to regional distribution.

8. Last year, the oil and gas equipment manufacturers and service providers continued to grow, and expand their activities in Singapore. In 2007, their combined manufacturing output grew 23% to S\$2.5 billion compared to the previous year. Our shipyards continue to maintain

their global leadership in the construction of offshore oil rigs, and in the conversion of tankers to Floating Production, Storage and Offloading platforms (FPSOs). Total output from the marine and offshore sector grew by 27% and recorded an impressive output of S\$12.8 billion in 2007.

### **Singapore continues to invest in infrastructure and its people**

9. Singapore is optimistic about the future of this industry and we are committed to growing the sector here. For example, leading logistics service provider Toll Offshore Petroleum Services or TOPS has recently announced the S\$400 million upgrade of the Loyang Offshore Supply Base, providing crucial logistics support for offshore development work. The base currently hosts more than 200 renowned oil and gas companies. With this redevelopment, Singapore is well-positioned to offer a world-class integrated logistics solution for the oil and gas industry.

10. To address the challenges of deepwater exploration and production activities, we have expanded our research and development activities. To this end, we injected an additional S\$10 million in the Centre for Offshore Research & Engineering at the National University of Singapore last year. To date, the Centre has worked with 16 major oil and gas companies and classification societies on joint industry projects. The Centre is also building an Oil-Water-Air Test Facility, the first of its kind outside the USA and Europe. This will assist R&D in multiphase flow technologies relating to oil and gas. This test facility is being developed in consultation with key industry players.

11. To augment the industry talent pool, our universities and polytechnics are now conducting final-year specializations and Degree or Diploma courses in Marine & Offshore Engineering or Oil & Gas Technology. Our youth are responding very well to the opportunities in this industry. In the National University of Singapore, the Offshore Oil and Gas Technology course is now one of the most popular courses in Mechanical Engineering.

12. These are examples of some of the efforts that we are undertaking in Singapore to position ourselves for the future, and to ensure that oil and gas companies have an attractive environment to operate in.

### **Conclusion**

13. The oil and gas industry is an important growth area for Singapore. The OSEA conference reinforces this by creating the commercial buzz for the sector. I am glad to hear that over 16,000 business and thought leaders, industry professionals and government officials from over 60 countries are expected to attend this event. I congratulate all of you on your accomplishments so far and hope that you will continue to grow from strength to strength in the years to come.

14. On this note, I wish all of you here a very successful OSEA2008, as well as a pleasant stay in Singapore. I would also like to encourage the overseas delegates to take some time off to experience Singapore and enjoy the festive atmosphere of 'Christmas in the Tropics'.