



2005 Minerals Yearbook

SINGAPORE

THE MINERAL INDUSTRY OF SINGAPORE

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Known as the “Lion City,” Singapore has been transformed from an impoverished island in Southeast Asia with no natural resources into one of the richest economies in the Asia and the Pacific region. The city-state identifies itself as the place where Asia and the West meet. It is located at the entrance to the Strait of Malacca, which has become one of most important transshipping centers in the world. Singapore also is a leader in the development of new biotechnologies, the manufacturing of electronic components, and petroleum refining.

With a total population of about 4.2 million, the country was considered to be a politically stable and well-regulated place to do business (Singapore Department of Statistics, 2005, p. v). Singapore is consistently rated as having one of the best environments for investment in the world. The Singapore economy recovered well from the effects of Severe Acute Respiratory Syndrome (SARS) in 2003. The gross domestic product expanded by 6.4% to \$117.1 billion in 2005 after having increased by 8.7% to \$109.5 billion in 2004. The consumer price index changed by 0.5% in 2005 compared with 1.7% in 2004. The continuing surge in oil prices in the world market in 2005 contributed to the increase in consumer prices, although a decline in prices of information technology components helped offset the higher oil prices. Economic growth for the year, however, was mainly the result of recovery in the manufacturing and service sectors. Increased global demand for electronics (which is expected to continue to grow for the next 2 years) led to an increase in exports of electronics, which accounted for about 40% of Singapore’s total trade (Ministry of Trade and Industry, 2006, p. 117). The increase of external demand could encourage domestic companies to increase capital spending, which could boost domestic demand in the future. The construction sector declined for the sixth consecutive year.

Total foreign trade increased by 14% to \$431.1 billion in 2005, of which the value of exports was \$230.4 billion and imports was \$200.7 billion. The double-digit growth in total trade was generated by the strong economic growth in China and India, where Singapore’s nonelectronics and nonoil products were in demand. Malaysia remained Singapore’s leading export destination followed by the United States, Indonesia, Hong Kong, and China. Malaysia was the leading source of Singapore imports followed by the United States, China, Japan, and Taiwan. Electronics, chemicals, and petroleum were Singapore’s leading export products. On August 1, 2005, Singapore and India signed a comprehensive economic cooperation agreement that allowed Singaporean enterprises to expand their market access to the South Asian countries. As member of the Association of Southeast Asian Nations (ASEAN), Singapore was negotiating free trade agreements with such countries as Australia, China, Japan, the Republic of Korea, and New Zealand. Member countries of ASEAN agreed to accelerate the

movement toward free trade in the region by 2015 (Ministry of Trade and Industry, 2006, p. 149-165).

In 2004, NatSteel Ltd., which was the leading steel company in Singapore, agreed to sell its entire steel business to Tata Iron and Steel Co. of India for \$283 million. The company had a design output capacity of 600,000 metric tons (t) of crude steel from its 80-t electric-arc furnace (EAF) in Singapore. NatSteel had a 46% interest in Southern NatSteel (Xiamen) Ltd. in China, a 26% equity share in Southern Steel Bhd. in Malaysia, and other assets in Thailand and Vietnam. NatSteel was renamed NatSteel Asia Pte Ltd. in 2005. NatSteel was expected to import billet from Tata’s plants in India instead of using scrap for its EAF. Singapore consumed about 800,000 metric tons per year (t/yr) of steel products (Metal Bulletin, 2004).

In 2005, KJP International Pte Ltd. and Yunnan Tin Co. Ltd. of China jointly built a tin refining plant, Singapore Tin Industries Pte Ltd. (STI), in Singapore. The twin-production-line plant was designed to have an output capacity of 36,000 t/yr of tin. STI used the crystallization refining method, which was used in Yunnan Tin to remove impurities from crude tin mainly from Indonesia. STI planned to build a smelting plant in Banka, Indonesia, that would have a smelting capacity of 12,000 t/yr in 2006. STI also planned to produce such downstream products as tin dioxide, tin sulfate, and tin-based chemical products at its Singapore site in 2006 (Metal Bulletin, 2006).

Because the country has no mineral fuels, about 80% of Singapore’s electricity was generated by natural gas that was imported via pipelines from Indonesia and Malaysia. The demand for electricity was expected to increase, and the demand for natural gas was expected to exceed supply in the future. The Government considered importing liquefied natural gas (LNG) to meet future demand for gas. The Energy Market Authority contracted Tokyo Gas Engineering Co. Ltd. to undertake a feasibility study for the construction of an LNG terminal in Singapore (Energy Market Authority, 2005).

Singapore has become a major hub for the international chemical sector. Chemicals, petroleum, and petroleum products were Singapore’s leading exports and reexports after electronics. In 2005, the export value of petroleum and petroleum products totaled more than \$34.6 billion, which was about 15% of the total value of exports. The Government planned to increase the output share of the petrochemical products in the manufacturing industry to 30% in 2010. Petroleum refining accounted for 57% of the chemical sector’s production. Four oil refining companies that operated in the country—Exxon Mobil Corp., Royal Dutch/Shell Co., Singapore Petroleum Co., and Singapore Refinery Co.—had a combined output capacity of about 1.3 million barrels per day. Major multinational petrochemical companies, such as BASF Group, ChevronTexaco Corp., ExxonMobil, Mitsui Chemical Co., Royal Dutch/Shell, and Sumitomo Chemical Co., had set up plants on the island.

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Major Sources of Information

Economic Development Board
250 North Bridge Road
#24-00 Raffles City Tower
Singapore 179101

Ministry of the Environment
Environment Building
40 Scotts Road
Singapore 228231
Ministry of Trade and Industry
100 High Street,
#09-01 The Treasury
Singapore 179434
Singapore Trade Development Board
230 Victoria Street
#07-00 Bugis Junction Office Tower
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