The withdrawal of British forces

Dr Alexander Ressos, TEP
Attorney-at-Law (Switzerland and Germany),
Solicitor (England & Wales and Hong Kong)
Of Counsel, KGP Legal LLC
alexander.ressos@kgplegal.com.sg
www.ressos.com.sg

The announcements of 1967 and 1968

On 18 July 1967 the British government announced that it would withdraw its forces from Singapore and Malaysia by the mid-1970s, because the British economy could no longer bear the cost of maintaining its bases in the Far East. Six months later, London accelerated the timetable. On 17 January 1968, as recorded in Singapore, Britain announced that its armed forces would leave by 1971.[1] The decision ended Britain's military role east of Suez. For Singapore, it removed both its principal defence and one of its largest employers.

Lee Kuan Yew was reported to be stunned by the news. Winsemius, by contrast, regarded the withdrawal as an opportunity and later described it as "a ripple in the water".[2] His assessment proved closer to the outcome than the fears of 1968. At the time, however, nobody could be sure that the economy would absorb the loss.

Measuring the shock

Contemporary and later estimates of the weight of the bases diverge, which is why the gap deserves to be set out. The official account of the Singapore government states that the military accounted for about 20 per cent of the economy and more

© 2026 Dr Alexander Ressos. General information only, not legal, tax or investment advice. No client relationship is created. All Singapore law advice is provided by a duly licensed and regulated firm of Singapore advocates and solicitors only on the basis of an express written letter of engagement. More information at SingaporeIQ.com and ressos.com.sg.

than 30,000 jobs. It adds that the British forces spent about S$450 million in 1966 alone and that the bases occupied about 15,000 acres, 11 per cent of Singapore's land. Stoelinga records a range of figures for the share of the economy: 14 per cent in a retrospective estimate by Goh Keng Swee in 1976, about 20 per cent according to an EDB official in 1967, and 25 per cent according to Winsemius himself.[3] The differences result partly from whether indirect effects are counted, such as the spending of servicemen and their families in the local economy.

Goh Keng Swee, once again Minister for Finance, translated the shock into a target. He estimated that the withdrawal would require the creation of 18,000 additional jobs a year. Two years later he could report that British military spending had fallen from S$489.9 million in 1967 to S$415.4 million in 1969, while the expansion of trade and industry had "more than" offset the reduction.[4]

Conversion: Sembawang, land and the Bases Economic Conversion Department

The government created a Bases Economic Conversion Department to manage the handover of the British facilities. It was led by Hon Sui Sen and retrained retrenched workers, with British support, for shipyards and manufacturing. Britain also offered financial assistance of £50 million, a quarter as a grant and three quarters as a loan to be spent on British goods and services.[5]

The naval dockyard at Sembawang was handed over to Singapore on 17 December 1968 and converted into a commercial shipyard. The British shipbuilder Swan Hunter managed it under a five-year contract, while the government held a majority of the new company. Changi air base later became the site of the international airport, while the island of Blakang Mati was developed into the resort of Sentosa. The government also founded Keppel Shipyard in September 1968 and the national shipping line Neptune Orient Lines in December 1968.[6] Chapter III of Part G examines how the shipyards and the port laid the foundation for Singapore's position in bunkering.

© 2026 Dr Alexander Ressos. General information only, not legal, tax or investment advice. No client relationship is created. All Singapore law advice is provided by a duly licensed and regulated firm of Singapore advocates and solicitors only on the basis of an express written letter of engagement. More information at SingaporeIQ.com and ressos.com.sg.

From crisis to catalyst

The historian Loh Kah Seng has observed that the official vocabulary of the event, with words such as "withdrawal", "pull-out" and "run-down", implied contraction, whereas the event actually prompted development, conversion and mobilisation. The statistics support this reading. Some 16,500 new jobs were created in 1968, 26,000 in 1969 and 20,000 in 1970, while manufacturing employment rose from 47,344 in 1965 to 120,509 in 1970. The unemployment rate fell from 7.3 per cent in 1968 to 4.9 per cent in 1971.[7]

The withdrawal also strengthened the political argument for discipline. The government could present every measure on labour, land and investment as a response to an external emergency. That framing, which the next section examines, made it easier to pass laws that would have provoked fierce resistance in calmer times.

Notes

1. SG101, "British Military Withdrawal: From Crisis to Catalyst for Growth" (accessed November 2026): a 1967 British White Paper announced the withdrawal; the bases cost an estimated "£70 million a year"; F. Stoelinga, *Albert Winsemius*, op. cit., p. 333: announcement of 18 July 1967; Wikipedia, "1968 in Singapore" (accessed November 2026): on 17 January 1968 "Britain announced plans to withdraw its armed forces from Singapore by 1971". ↩
2. F. Stoelinga, *Albert Winsemius*, op. cit., p. 336, citing Loh Kah Seng, "The British Military Withdrawal from Singapore and the Anatomy of a Catalyst", in Derek Heng and Syed Muhd Khairudin Aljunied (eds), *Singapore in Global History*, Amsterdam, 2011, pp. 195–215, at 199, and the oral history interview with Winsemius (reel 11). ↩
3. SG101, "British Military Withdrawal: From Crisis to Catalyst for Growth", op. cit.: about 20 per cent of the economy and more than 30,000 jobs; S$450 million in 1966; about 15,000 acres, or 11 per cent of the land; F. Stoelinga, *Albert Winsemius*, op. cit., pp. 10 and 335, citing Rodan, *The Political Economy of*

© 2026 Dr Alexander Ressos. General information only, not legal, tax or investment advice. No client relationship is created. All Singapore law advice is provided by a duly licensed and regulated firm of Singapore advocates and solicitors only on the basis of an express written letter of engagement. More information at SingaporeIQ.com and ressos.com.sg.

Singapore's Industrialization, p. 87, the budget speech for 1970 and Chua Soo Tian, "How MNCs helped Start-Up SMEs", in *Heart Work*, op. cit., pp. 54–59, at 55. ↩

4. Mothership, "Goh Keng Swee's 1967 Budget prepared S'pore for British military withdrawal", February 2018: Goh's estimate of 18,000 more jobs annually; British military expenditure of S$489.9 million in 1967 and S$415.4 million in 1969; quotation from Goh's 1970 budget statement. ↩

5. SG101, "British Military Withdrawal: From Crisis to Catalyst for Growth", op. cit.: the BECD managed the handover of the bases, was led by Hon Sui Sen and retrained retrenched workers for shipyards and manufacturing; F. Stoelinga, *Albert Winsemius*, op. cit., pp. 337–338, citing the Foreign and Commonwealth Office file FCO 24/114, "Negotiations on Aid with Malaysia and Singapore", 8 March 1968. ↩

6. Wikipedia, "1968 in Singapore" (accessed November 2026): "17 December: Sembawang Shipyard was handed back to Singapore"; SG101, "British Military Withdrawal", op. cit.: the naval dockyard became a commercial shipyard; F. Stoelinga, *Albert Winsemius*, op. cit., p. 338: Sembawang Shipyard Pte Ltd with 75 per cent government participation and management by Swan Hunter under a five-year contract; SG101, "British Military Withdrawal", op. cit; Wikipedia, "1968 in Singapore" (accessed November 2026): Keppel Shipyard (1 September 1968); Neptune Orient Lines formed on 30 December 1968. ↩

7. F. Stoelinga, *Albert Winsemius*, op. cit., p. 338, quoting Loh Kah Seng, "The British Military Withdrawal from Singapore and the Anatomy of a Catalyst", op. cit.; SG101, "British Military Withdrawal", op. cit., quoting Loh Kah Seng (2011); F. Stoelinga, *Albert Winsemius*, op. cit., p. 368, citing the *Singapore Year Book* 1964–1968 and the *Yearbook of Statistics Singapore*; Kim Seah Teck Kim, "Singapore's National Wages Council", op. cit., at 52, citing *Singapore Annual Key Indicators 1968–1977*, Department of Statistics, 1978. ↩

© 2026 Dr Alexander Ressos. General information only, not legal, tax or investment advice. No client relationship is created. All Singapore law advice is provided by a duly licensed and regulated firm of Singapore advocates and solicitors only on the basis of an express written letter of engagement. More information at SingaporeIQ.com and ressos.com.sg.

Disclaimer

This article is provided for general information only. It is based on publicly available sources as at its date of publication. These sources have not been independently verified against licences, regulatory registers or the records of the entities concerned. It is not legal, tax, financial or investment advice. Nor is it a recommendation to invest in, transact with or use the services of any entity mentioned. Law and regulation change frequently, so the content may be incomplete or outdated. To the fullest extent permitted by law, Dr Alexander Ressos and the publisher of SingaporeIQ exclude all liability for loss or damage arising from the use of or reliance on this article. Readers should obtain advice on their specific circumstances before acting or refraining from action.

Names and trademarks of the entities discussed belong to their owners and are used for identification only. Their mention implies no endorsement, affiliation or allegation of wrongdoing. All Singapore law advice is provided by a duly licensed and regulated firm of Singapore advocates and solicitors only on the basis of an express written letter of engagement. Corrections and updates: contact@ressos.com.

© 2026 Dr Alexander Ressos. This article may be quoted with attribution to SingaporeIQ (SingaporeIQ.com). Reproduction in full and any commercial use require prior written consent. The Legal Terms at https://singaporeiq.com/legal-terms apply.

Author contact: Dr Alexander Ressos, TEP · contact@ressos.com