



Growing **Enterprises** <sup>SG</sup>

# Singapore, Your Global Trading Hub

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**16 Oct 2018**

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[www.enterprisesg.gov.sg](http://www.enterprisesg.gov.sg)



# Enterprise Singapore: Statutory Board of Ministry of Trade & Industry

Enterprise  
Singapore



**Enterprise  
Singapore**



Grow stronger Singapore enterprises by building capabilities and accessing global opportunities, thereby creating good jobs for Singaporeans.

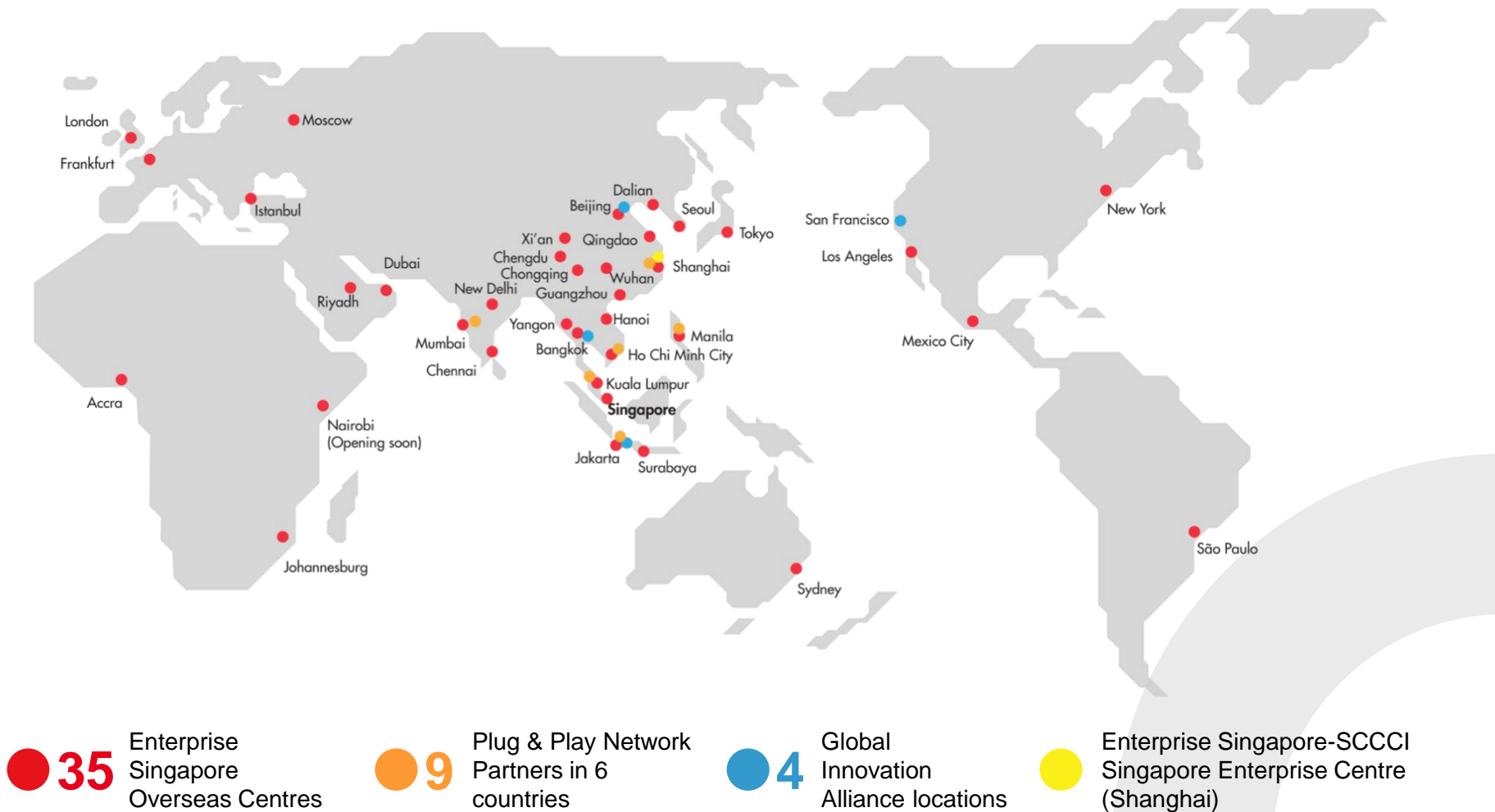
Foster world-class scientific research and nurturing scientific talent to develop a vibrant knowledge based Singapore

Inward investment and overall development of the enterprise ecosystem in Singapore

Develop industrial infrastructure to catalyze the growth of new industries and transform existing enterprises

# Enterprise Singapore's Presence & Objective: International Trade and Internationalization

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# Singapore, Your Global Trading Hub

# Some Facts about Singapore

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**Area**

**707**

sq km

**Population**

**5.67**

million

**GDP**

**US\$ 292.7**

billion

**GDP Per Capita**

**US\$ 52,900**

**Total Trade  
(in 2016)**

**US\$ 894.7**

billion

**Global Rank in  
International Trade**

**10<sup>th</sup>**

**Global Rank in  
Trade % to GDP**

**2<sup>nd</sup>**

*Source: Enterprise Singapore, Department of Statistics, World Bank, CIA Factbook*

# General Business Environment

Singapore is a globally competitive location for international businesses...



## Doing Business 2018

Reforming to Create Jobs

## The Global Competitiveness Report 2017–2018

### Ranking

### Country

1	New Zealand
2	Singapore
3	Denmark
4	South Korea
5	Hong Kong

### Ranking

### Country

1	Switzerland
2	United States
3	Singapore
4	Netherlands
5	Germany

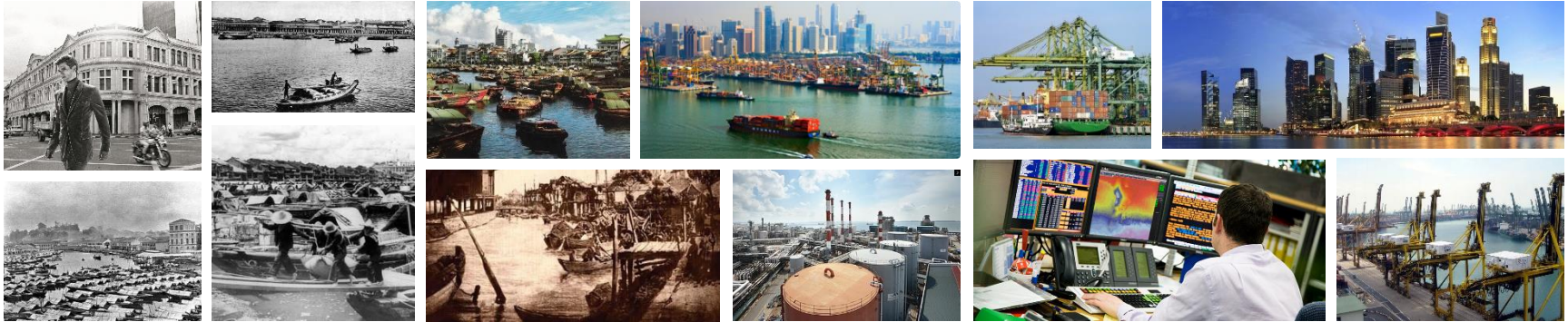
Source: World Bank "Doing Business Report" 2018

Source: World Economic Forum "The Global Competitiveness Report" 2017-2018



# Singapore's History as a Trading Nation can be Traced Back to the 14th century

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## Before 14<sup>th</sup> Century

Located at the natural meeting point of sea routes at the tip of the Malay Peninsula, Singapore has had numerous visits from Chinese junks, Indian vessels, Arab dhows and Portuguese battleships to Buginese schooners.

## 14<sup>th</sup> Century

Singapore became part of the mighty Sri Vijayan empire and was known as Temasek ("Sea Town").

## 19<sup>th</sup> Century

Sir Stamford Raffles established Singapore as a trading station as the British saw the need for a strategic "halfway house" to refit, feed and protect the fleet of their growing empire, as well as to forestall any advances by the Dutch in the region.

The policy of free trade attracted merchants from all over Asia and from the US and Middle East.

The opening of the Suez Canal in 1869 and the advent of the telegraph and steamship increased Singapore's importance as a centre for increased trade between East and West.

## 20<sup>th</sup> Century

In the 1970s, multi-million dollar investments by Exxon, BP, Mobil, Caltex and Singapore Petroleum Company resulted in Singapore becoming the world's 3rd largest refining centre after Houston and Rotterdam.

In the 1980s, Singapore became Asia's 3rd largest financial centre after Tokyo and Hong Kong.

Singapore was transformed into a global hub for oil refinery with Jurong Island created by merging seven smaller islands during the early 1990s.

## Present

Singapore is currently known as a leading hub for international trade. It is one of the world's major oil refining and distribution centres as well as the regional trading centre for agri-commodities and metals.

# Singapore is now a globally recognized Commodity Trading Hub

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## Singapore tops global trade rankings

🕒 PUBLISHED DEC 1, 2016, 5:00 AM SGT

One of the world's most open, says World Economic Forum report



COMMITTED TO  
IMPROVING THE STATE  
OF THE WORLD

Insight Report

## The Global Enabling Trade Report 2016



**NEW ENERGY REALITIES**  
**24 - 28 OCTOBER 2016**  
**MARINA BAY SANDS**

**SINGAPORE**  
**IRON**  
**ORE**  
**FORUM**

FT



**FT COMMODITIES**  
ASIA SUMMIT 2016



**CWC**  
**WORLD LNG & GAS SERIES**  
**9TH ASIA PACIFIC SUMMIT**  
26 - 29 SEPTEMBER 2017 | SINGAPORE



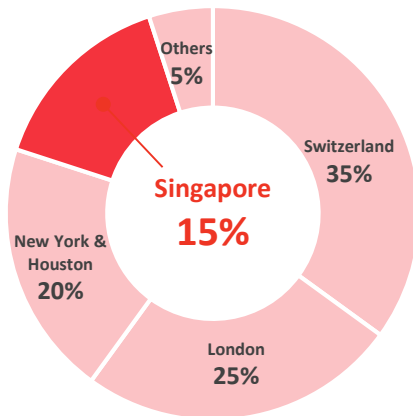
# And is also a leader in all major commodity sectors

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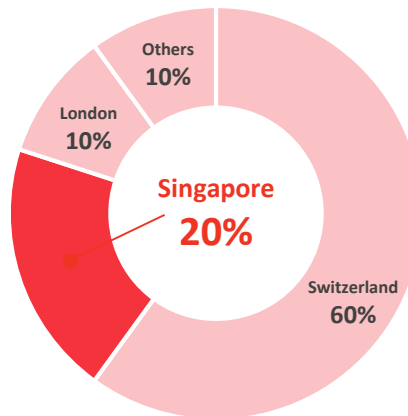
## Energy

(4<sup>th</sup> largest trading hub)



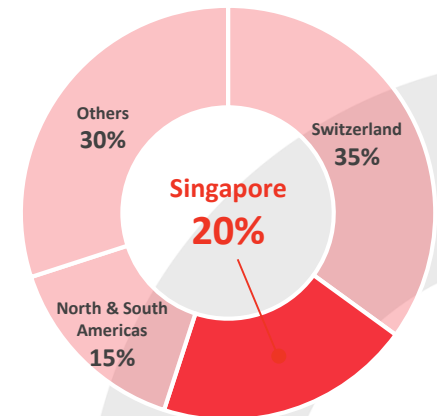
## Metals

(2<sup>nd</sup> largest trading hub)



## Agriculture

(2<sup>nd</sup> largest trading hub)



Source: Financial Times, 2013

# 1 – Participant Network

Singapore has a vibrant trading community...

## Singapore has...

- ...9 of the Top 10 global energy players
- ...4 of the Top 10 Chinese energy companies
- ...7 of the Top 10 grains trading companies
- ...All of the Top 3 iron ore producers globally (65% market share)
- ...7500 Chinese and 7000 Indian companies



Directly  
administering more  
than **400** companies  
with local offices



Responsible for  
**US\$978 billion**  
worth of global  
trading turnover



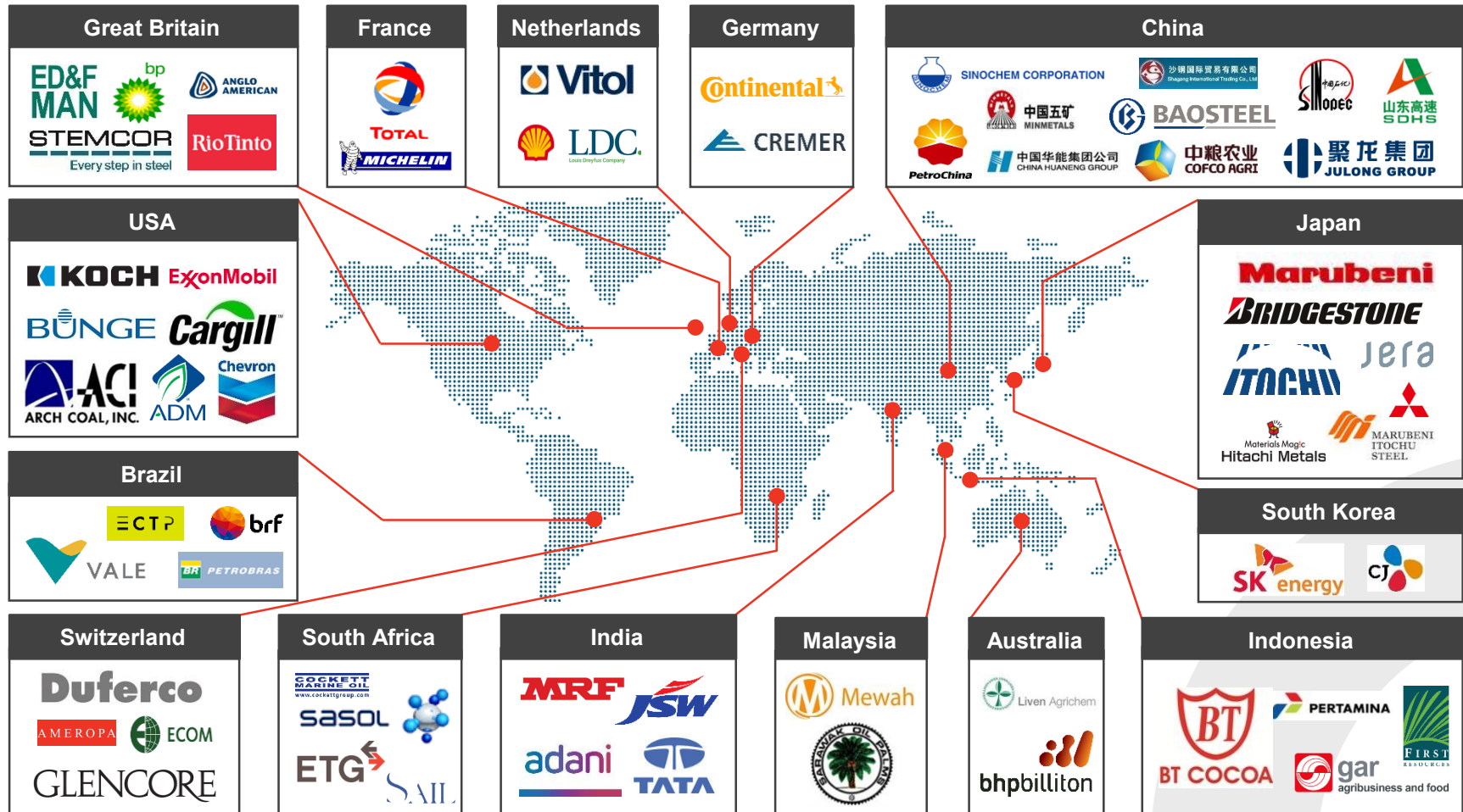
More than **15,000**  
jobs created, with  
more than **4,400**  
trading  
professionals



Local traders  
generate more than  
**50%** of Asia's total  
volume in OTC  
commodity  
derivatives

# 1 – Participant Network

Trading companies from all over the world have set up offices and HQs in Singapore...



# 1 – Participant Network: Energy Cluster

Singapore is a critical location for many oil majors and independent traders, and is a key hub for various energy & chemical products...

## Asia's Oil Pricing Centre

The Asian prices of fuel oil and refined oil products are discovered out of Singapore.



## ExxonMobil



ExxonMobil expanded from a kerosene trading business to owning a multi-billion dollar manufacturing and marketing presence in Singapore today. Singapore is the Asia Pacific hub for its Downstream and Chemical businesses.



## LNG

As of today, more than 35 companies are involved in LNG trading and business development activities in Singapore.



## Crude Oil

45% of global crude cargoes are expected to flow through the Straits of Malacca and Singapore by 2035.

Trafigura Group is one of the world's top independent commodity trading groups and trades in multi commodities, including oil and petroleum products as well as metals and minerals. It is the first of the top global independent traders to make Singapore its centre for global trading, finance & treasury, and shipping functions. The company had also established its global holding company in Singapore, which holds the Group's investments in global businesses, including logistics, warehousing and petroleum retail businesses.



# 1 – Participant Network: Agri-Commodities Cluster

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Singapore's value proposition for this cluster is gaining traction...



## Global / Diversified Players



## Palm Oil



## Rubber



## Fertilizer



## Coffee, Cocoa & Sugar





# 1 – Participant Network: Metals & Minerals Cluster

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Singapore is one of the top 3 metals & minerals hubs in the world and experienced a 21.9% CAGR growth in large metals & minerals companies from 2006 to 2015...



Miners



VALE



adaro



bhpbilliton



ANGLO  
AMERICAN



Traders

Duferco



中国五矿  
MINMETALS



STEMCOR  
Every step in steel



Producers



ThyssenKrupp



ArcelorMittal



End-users / Fabricators

Jera

adani



HYDRO



Materials Magic  
Hitachi Metals



中国华能集团公司  
CHINA HUANENG GROUP

## 2 – Human Capital Pool

Singapore has a talented workforce...

### Pool of Trading Talents

- Singapore has the largest physical trading community in Asia and 4<sup>th</sup> largest in the world, after New York, London & Houston, according to KPMG <sup>1</sup>
- An open immigration policy has served to enhance Singapore's talent pool. This gives companies the opportunity to source for the best personnel from anywhere in the world



### World's Top Labour Force

- The multi-cultural Singaporean workforce is highly educated, highly motivated and highly productive
- Proficient in English – the language of international business
- Top labour force in the world <sup>2</sup>
- 2<sup>nd</sup> in global labour market efficiency ranking <sup>3</sup>
- Top in Asia and top 10 in World for ability to develop, attract and retain talent <sup>4</sup>

Singapore

**Singapore tops talent competitiveness index in Asia Pacific for the 4th year running**

Globally, Singapore is ranked second behind Switzerland, also for the fourth consecutive year.

Source: <sup>1</sup> "Clarity on Commodities Trading" (KPMG), <sup>2</sup> Labour force Evaluation Measure 2014 (Business Environment Risk Intelligence), <sup>3</sup> Global Competitiveness Report 2018 (World Economic Forum), <sup>4</sup> IMD World Talent Report 2017

## 2 – Human Capital Pool

...and a high quality of life has attracted many global talent to Singapore

### Best Quality Of Living In Asia

*Mercer Quality of Living Survey 2016*

### Asia's Top City To Be Born In

*The Economist, Where-To-Be-Born Index 2013*

### Best Place To Live For Asian Expatriates

*ECA International Location Ratings 2016*

### #2 For Labour Market Efficiency

*WEF Global Competitiveness Report 2017 – 2018*

### Best Place to Live, Work and Raise a Family Abroad

*HSBC Expat Explorer Global Report 2016*



# 3 – Financial and Trading Infrastructure

Singapore's strong credit rating and banking environment provides easy access to financing and related services...

## Affirmed Strong Sovereign Credit Rating

### Stable outlook for Singapore, says S&P

PUBLISHED APR 6, 2016, 5:00 AM SGT

Jacqueline Woo

**Singapore's Aaa rating reflects government's very strong credit fundamentals: Moody's**

By Angela Tan angelat@sph.com.sg

JUN 29, 2016 4:59 PM

### Fitch affirms AAA rating for Singapore

PUBLISHED DEC 1, 2015, 5:00 AM SGT

## 2<sup>nd</sup> Global Financial Hub

Bloomberg Markets Tech Pursuits Politics Opinion Businessweek

### Watch Out London, Singapore is Next in Line as Best Financial Hub

by David Roman  
dromanber

September 7, 2016 – 7:01 AM SGT



- ▶ Singapore rises to No.2 spot on PwC index, overtaking New York
- ▶ City state benefits from low taxes, good infrastructure

## Strong Banking Network





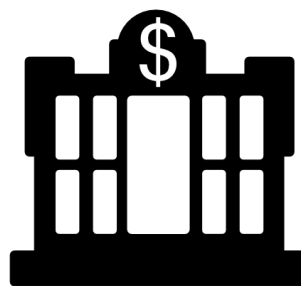
### 3 – Financial and Trading Infrastructure

...and there are diverse sources of funding for global commodity houses to tap into



#### Deep market for **equity** fund-raising

SGX is Asia's most international listing venue with 754 listed companies (37% overseas) and market capitalization of US\$697 billion (as of Feb 2017)



#### Choice venue for international **debt** offerings

SGX has listings of more than 2,200 debt securities with more than US\$850 billion outstanding amount in 19 currencies



#### Leading **wealth** **management** hub of Asia

US\$1.8 trillion of assets under management, of which 80% is from outside Singapore (Annual growth of 9% vs global rate of 1%)



### 3 – Financial and Trading Infrastructure

Global commodity houses are looking to diversify their funding in Asia, which makes up a substantial portion of their operations...

#### Recent Deals



US\$750 million  
revolving credit  
facility in 2016



US\$350 million  
perpetual bond in  
2012 (4 times  
oversubscribed)



Offshore Renminbi  
1 billion bond in  
2016 (9 times  
oversubscribed)



US\$110 million  
perpetual bond  
in 2014



US\$500 million  
perpetual bond in 2013  
(5 times oversubscribed)  
US\$200 million  
perpetual bond in 2014



US\$650 million  
revolving credit  
facility in 2016

***“Singapore has grown to become the centre for commodity fund-raising in the region, cornering more than 80% of the market...”***

**Boey Yin Chong**  
DBS Head of  
Syndicated finance

### 3 – Financial and Trading Infrastructure

On the risk management front, Singapore has a robust commodity derivatives ecosystem with all the majors present...

#### Exchanges



#### Derivatives/Physical Traders



Singapore's  
Commodity  
Derivatives  
Ecosystem

S&P Global  
Platts



Price Reporting Agencies



Brokers

## 3 – Financial and Trading Infrastructure

Singapore Exchange (SGX) has a suite of derivatives catered to traders' hedging and risk management requirements...

### Existing Products



#### Iron Ore

In 2016, SGX cleared 1.7 billion metric tonnes of iron ore derivatives, accounting for 90% of the international market for cleared iron ore derivatives.



#### Freight

SGX increased their market share for freight forward agreements (FFAs) from less than 10% to more than 40% in a year.



#### Rubber

SGX's rubber contract is the benchmark price today due to significant participation from physical traders and corporate hedgers.



#### Oil

With price assessment methodologies such as the FOB Straits index, Mean of Platts (MOPS) indices here, Singapore has become the global pricing centre for the oil suite of products.

## 3 – Financial and Trading Infrastructure

...and there are also various new and upcoming product offerings that will further enhance Singapore's exchange-traded competency

### New Products (Launched in 2016)

### Upcoming Products



#### Gold

SGX launched a 25kg deliverable spot gold contract in early 2016, catering to the wholesale market, targeting larger institutional players.

#### LNG

SGX launched the Sling LNG derivatives contracts in Jan 2016 and later introduced North Asia to the Sling suite to serve the key destination ports in North Asia.

#### Petrochemical

In 2016, SGX launched contracts for Benzene, Paraxylene, Polypropylene and Polyethylene to hedge against petrochemical price risks.

#### Coking Coal

SGX's coking coal derivative will become increasingly relevant as the industry shifts towards market-based spot pricing and index-linked pricing. SGX projects that they will clear over 20 million metric tonnes in 2017

#### Agriculture

With significant regional production and consumption flows, petrochemicals (benzene, etc) and agricultural products (sugar, coffee, etc) present potential new opportunities for exchanges to capture those flows.

## 4 – Legal, Regulatory and Tax Framework

Singapore's efficient and reliable legal system has attracted many companies and businesses to set up offices here...

### Singapore top Asian nation in rule of law ranking, and 13th globally

PUBLISHED FEB 2, 2018, 5:00 AM SGT



K.C. Vijayan Senior Law Correspondent

Singapore is ranked 13th globally for the rule of law, the top Asian nation out of 113 countries in the 2017-2018 Rule of Law Index compiled by the World Justice Project (WJP), an independent advocacy group based in the United States.

#### Singapore

### Singapore 6th-least corrupt country in the world: Annual index

22 Feb 2018 09:55AM

(Updated: 22 Feb 2018 01:51PM)

17,012 shares



### Global Rule of Law Rankings

	<u>Score</u>	<u>Ranking</u>
Denmark	0.89	1
Norway	0.88	2
Finland	0.87	3
Sweden	0.86	4
Netherlands	0.86	5
Germany	0.83	6
Austria	0.83	7
New Zealand	0.83	8
<b>Singapore</b>	<b>0.82</b>	<b>9</b>
United Kingdom	0.81	10
Australia	0.81	11
Canada	0.81	12
Belgium	0.79	13
Estonia	0.79	14
Japan	0.78	15
Hong Kong	0.77	16
Czech Republic	0.75	17
United States	0.74	18
Republic of Korea	0.73	19
Uruguay	0.72	20

Source: World Justice Project, 2018



## 4 – Legal, Regulatory and Tax Framework

...and our firm legal structure allows for effective arbitration support to mitigate contractual risks

ICC names Singapore as fourth most preferred seat of arbitration in the world

Hogan Lovells

Singapore | June 9 2016

June 3, 2016 12:03 am

Singapore is becoming a world leader in arbitration

Jane Croft

ICC report confirms Singapore as leading Asia arbitration hub

By The Independent - June 7, 2016

Neutral playground using English, common law based system

Strong legislative framework based on UNCITRAL Model Law

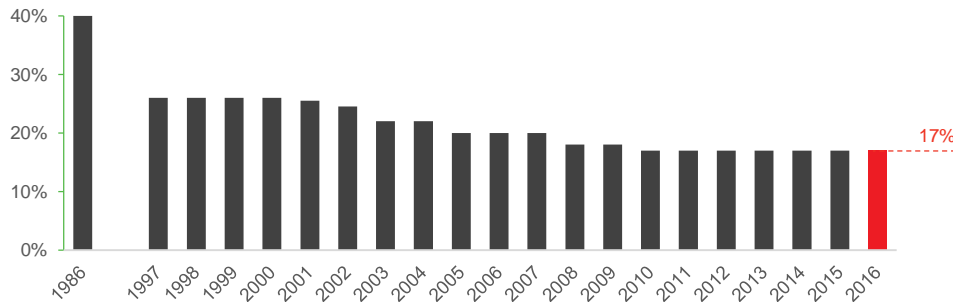
Home to top arbitral institutions:

1. *International Court of Arbitration of the International Chamber of Commerce (ICC)*
2. *Singapore International Arbitration Centre (SIAC)*
3. *International Centre for the Settlement of Investment Disputes (ICSID)*
4. *International Centre for Dispute Resolution (ICDR) of the American Arbitration Association*

## 4 – Legal, Regulatory and Tax Framework

Singapore also has a transparent and competitive tax framework...

Singapore's Historical Corporate Tax Rate



- Corporate Tax Rate: 17%
- Capital Gains Tax Rate: (None)
- Withholding Tax Rate on:
  1. Dividends (None)
  2. Royalties 10%
  3. Interest 15%
- Unlimited carry forward of tax losses & capital allowances
- Group relief system
- Tax exemption for foreign dividends, branch profits and service income
- Tax and grant incentives to encourage companies to grow their businesses

Overview of Global Corporate Tax Rates

	<u>2016</u>	<u>2017</u>
Hong Kong	16.5%	16.5%
<b>Singapore</b>	<b>17%</b>	<b>17%</b>
Switzerland	17.92%	17.92%
United Kingdom	20%	20%
Thailand	20%	20%
Global Average	23.87%	23.63%
South Korea	24.20%	24.20%
OECD Average	24.86%	24.85%
China	25%	25%
Indonesia	25%	25%
Japan	33.06%	32.26%
United States	40%	40%

Source: KPMG

# 4 – Legal, Regulatory and Tax Framework

...with 83 double-tax agreements and 20 free trade agreements to help minimize tax barriers and facilitate trade for international businesses here

## Double Tax Agreements



## Bilateral Free Trade Agreements

*Between Singapore and a single trading partner*

China-Singapore Free Trade Agreement (CSFTA)  
India-Singapore Comprehensive Economic Cooperation Agreement (CECA)  
Japan-Singapore Economic Partnership Agreement (JSEPA)  
Korea-Singapore Free Trade Agreement (KSFTA)  
New Zealand-Singapore Comprehensive Economic Partnership (ANZSCEP)  
Panama-Singapore Free Trade Agreement (PSFTA)  
Peru-Singapore Free Trade Agreement (PeSFTA)  
Singapore-Australia Free Trade Agreement (SAFTA)  
Singapore-Costa Rica Free Trade Agreement (SCRFTA)  
Singapore-Jordan Free Trade Agreement (SJFTA)  
United States- Singapore Free Trade Agreement (USSFTA)

## Regional Free Trade Agreements

*Between Singapore and a group of trading partners*

ASEAN-Australia-New Zealand Free Trade Area (AANZFTA)  
ASEAN-China Free Trade Area (ACFTA)  
ASEAN-India Free Trade Area (AIFTA)  
ASEAN-Japan Comprehensive Economic Partnership (AJCEP)  
ASEAN-Korea Free Trade Area (AKFTA)  
ASEAN Free Trade Area (AFTA)  
EFTA-Singapore Free Trade Agreement (ESFTA)  
GCC-Singapore Free Trade Agreement (GSFTA)  
Trans-Pacific Strategic Economic Partnership (TPSEP)

## 5 – Physical Flows and Infrastructure

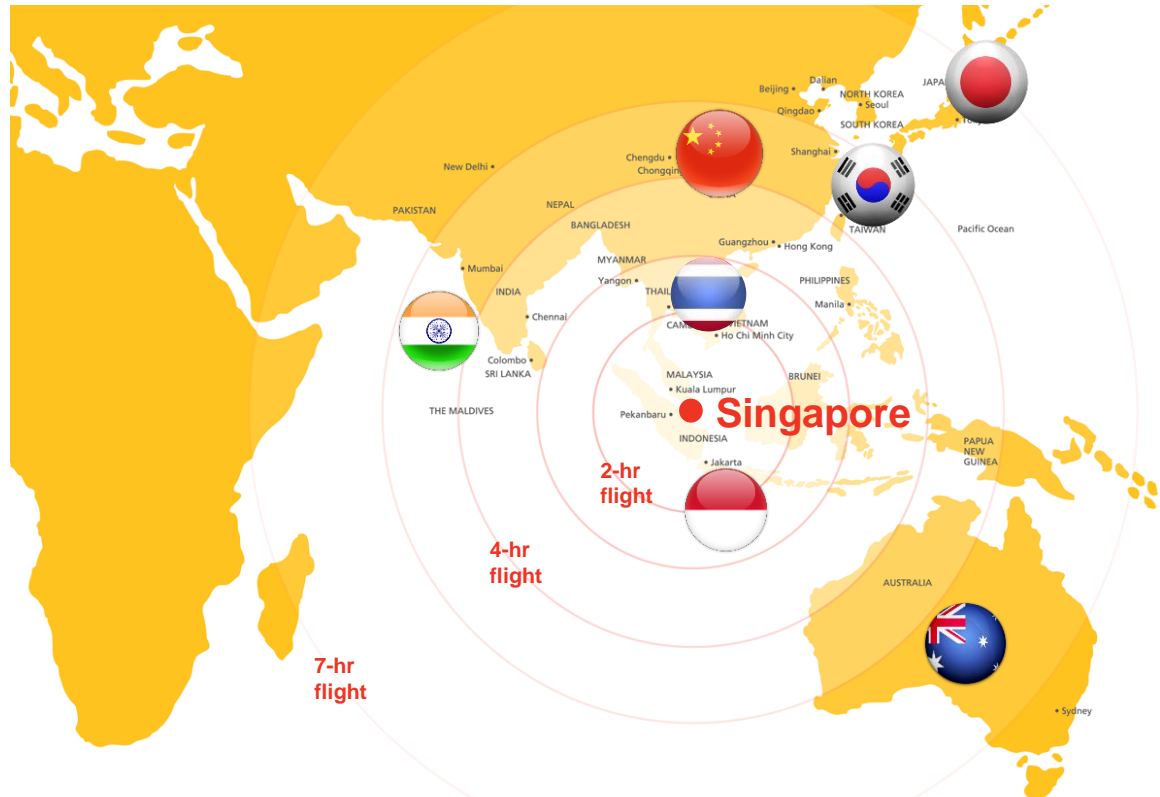
Singapore's strategic location makes it a significant air and sea hub in the region...

### Air

- 16<sup>th</sup> busiest airport in the world
- Most connected airport in Southeast Asia
- 116 airlines flying to 329 cities in 79 countries
- 6,972 flights every week

### Sea

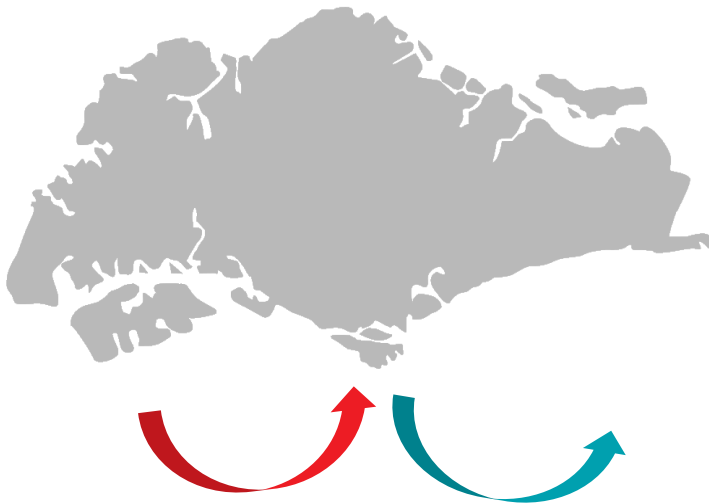
- Largest transshipment hub in the world
- 200 shipping lines with links to 600 ports in 120 countries
- 56 daily shipping routes to Asia, of which 33 are to Southeast Asia



*"Singapore is just a 7-hour flight away from key commodity markets..."*

# 5 – Physical Flows and Infrastructure

Singapore has historically been equipped with the necessary advantages and physical attributes to facilitate trading...



## Strategic Location

Ideally located at the heart of Asian trade routes close to many of the world's major growth economies

Developed info-communications infrastructure



### Oil & Gas Refining Capabilities

Shell Eastern Petrochemical Complex  
ExxonMobil Singapore Chemical Plant  
Jurong Rock Caverns (2014)  
Jurong Aromatics Complex



### Oil, LNG & LPG Storage Capabilities

Largest independent oil storage capacity in Asia (12 million cubic metres)  
6 million tonnes per annum of LNG storage capacity in 2015, with plans to increase to 11 million tonnes by 2018



### Bunkering

Largest bunker market in the world with sales volume of 45.2 million tonnes recorded in 2015



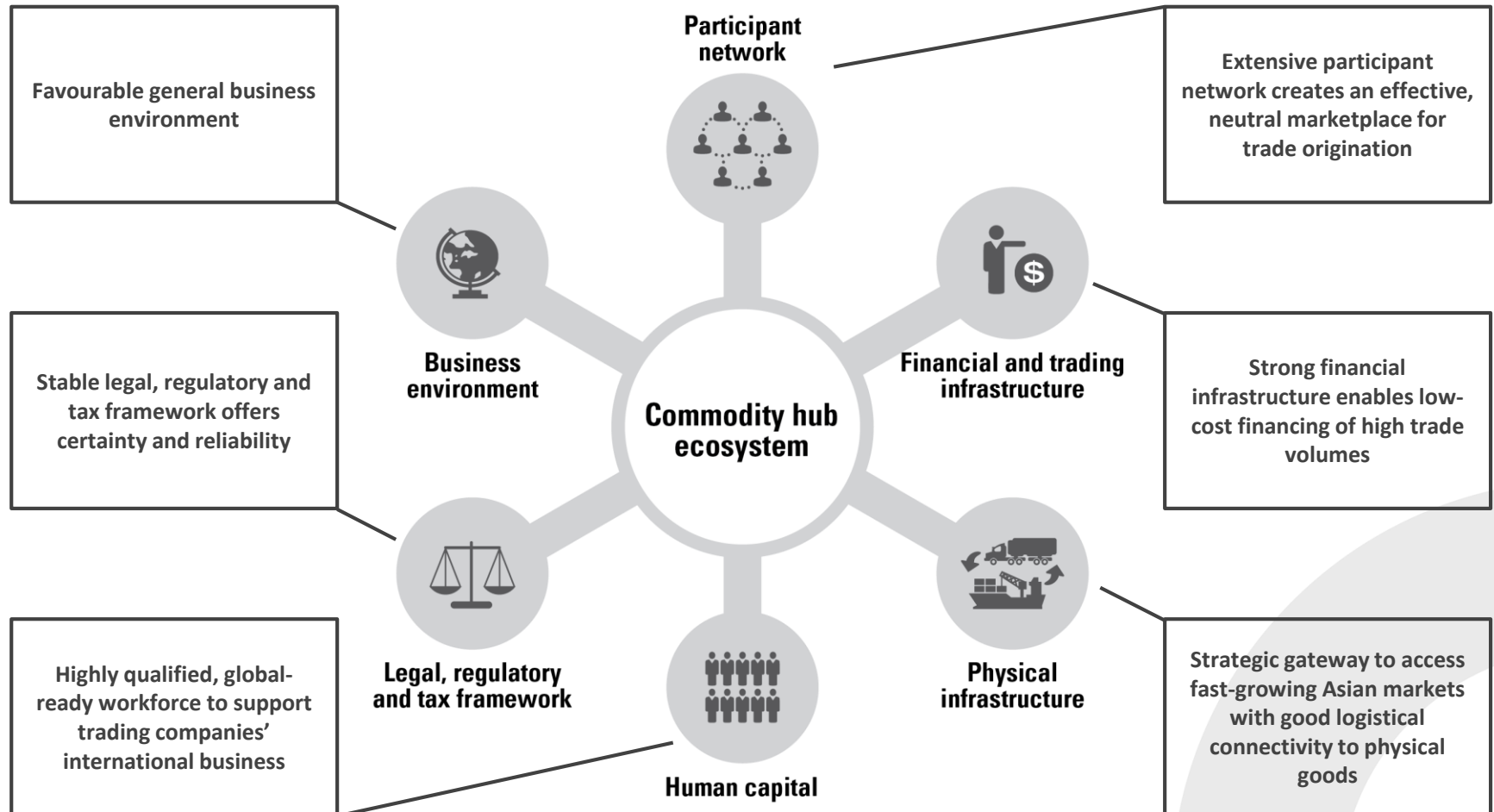
### Steel Warehousing Capabilities

8 out of 47 LME warehouses in Asia providing 245,000 sqm of storage space



# Singapore's status as a Global Commodity Trading Hub comes from it having the right mix of attributes

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**Thank You**

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