

**Speech by Ms Low Yen Ling
Parliamentary Secretary, Ministry of Education & Ministry of Trade
and Industry, at
4TH Annual Supply Chain Finance Summit 2016
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Maxwell Chambers, Singapore**

Mr Thierry Senechal, Senior Director and Co-Founder, International Chamber of Commerce (ICC) Academy

Mr Alexander Malaket, Co-Chair Academic Committee, ICC Academy Trade Finance Faculty

Mr Teo Siong Seng, Chairman, ICC Singapore

Distinguished Guests,

Ladies and Gentlemen,

Introduction National Archives of Singapore

1. Good morning. I am pleased to join you today at the 4th Supply Chain Finance (SCF) Summit. This year marks the first time that the Summit is being held in Asia – a reflection of the increasing opportunities for supply chain finance in the region.

SCF Opportunities in Asia

2. Asia is expected to lead the growth of supply chain finance in the years to come. Commodity trading is expected to become increasingly Asia-centric, with roughly two thirds of all commodities produced, consumed, and traded within the region¹. With the world's major supply chains increasingly anchored in Asia, these trends will have a strong hand in shaping the development of regional supply chain finance.

3. Supply chain finance will help to provide working capital and improve liquidity, which will further increase business and trade volumes in the region. In this regard, we welcome the ICC's release of the Standard Definitions for Techniques of Supply Chain Finance at the Summit later today. This is an initiative by six sponsoring industry associations, including the ICC, which addresses the need to develop a consistent and common understanding of supply chain finance. This will allow diverse market participants to better communicate and understand their international counterparties, which will help to streamline business operations.

¹ Source: IE Singapore (2016). Commodity Trading Hubs, Singapore's role and proposition. [online] Available at: <http://www.iesingapore.gov.sg/Trade-From-Singapore/Commodity-Trading-Hubs/~media/IE%20Singapore/Images/Trade%20From%20Singapore/Commodity%20Trading%20Hubs/CommodityTradingHubs.pdf>

Singapore's key role in regional SCF

4. Leveraging on our strengths as Asia's leading trading and financing hub, Singapore has the ability to shape the developments of regional supply chain financing.

a. Singapore is Asia's key trading hub and is home to a vast majority of the world's largest commodities companies, generating USD1.3 trillion in annual turnover. As one of the most connected cities at the heart of Asia, Singapore is well connected to an extensive network of buyers and suppliers around the world. Our strong business environment and legal infrastructure, as well as excellent physical infrastructure and logistics capabilities are key reasons why companies choose to establish key supply chain functions in Singapore.

b. As a global financial hub, many global banks have also established commodity financing and trading functions in Singapore. Singapore has the ability to finance almost one third of all Asian trades. We are the 3rd largest foreign exchange market globally, which allows us to provide buyers and suppliers with the ability to diversify their currency portfolios to

better manage foreign exchange exposure in their transactions. Singapore offers the best USD liquidity in Asia, and we have also grown to become the largest offshore RMB hub after Hong Kong. As such, global traders can tap on our deep liquidity to finance high trade volumes at the best prices.

5. In addition, Singapore has been developing innovative supply chain finance solutions to better differentiate ourselves. Last year, Singapore demonstrated the world's first application of distributed ledger technology in trade finance, which aims to prevent duplicate invoicing in trade finance. The proof of concept was jointly developed by the Infocomm Development Authority of Singapore, Standard Chartered Bank, and DBS Bank. Leveraging blockchain technology², it allows banks to digitise invoices onto a distributed ledger. This provides users with access to a single source of information regarding the status of financing invoices across all participating banks. In the future, neutral third parties will also be able to participate and verify the authenticity of related trade finance documents.

² Blockchain technology is a type of distributed database that maintains a continuously growing list of data records. It is the basis behind crypto-currencies such as the Bitcoin and is tamper-proof.

Efforts in developing trade finance talent

6. To complement our physical and financial infrastructure, Singapore is also committed to developing experts in trade and supply chain finance.

a. In March last year, together with the ICC, IE Singapore launched the ICC Academy. A world first, the Academy institutionalises the ICC's education and training programmes. Its courses allow professionals within the sector to keep up with the continuously changing international trading environment. It also provides opportunities for other mid-career professionals interested in entering trade and trade finance sectors to be equipped with industry knowledge. The Academy is expected to train and certify at least 5,000 professionals per year globally by 2020.

Firms such as DBS and the Commonwealth Bank of Australia are industry partners of the Academy, ensuring that its programmes are relevant to industry needs.

b. IE Singapore also launched the International Trade Associate Programme (ITAP) in November last year. ITAP aims to build a sustainable talent pipeline from the

Polytechnics for Singapore's trade sector. The programme is supported by the ICC Academy, industry players such as DBS, OCBC, and Bank of China, just to name a few, and four polytechnics³. It comprises the Global Trade Certificate programme conducted by the ICC Academy, and is supplemented by practical experience provided by the industry through internships. To date, there are close to 80 internships available for students.

Closing

7. In closing, we look forward to working closely with the ICC and industry partners to further tap supply chain finance opportunities in the region. I would like to thank the ICC Academy for hosting the SCF Summit in Singapore, and wish everyone a fruitful summit ahead. Thank you.

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³ They are: Nanyang Polytechnic, Ngee Ann Polytechnic, Singapore Polytechnic, and Temasek Polytechnic.