



**Welcome Address by Mr Teo Eng Cheong
Chief Executive Officer, International Enterprise (IE) Singapore
SGX Singapore Iron Ore Week 2013
8 May 2013, 0930hrs
Resorts World Sentosa**

Mr Lim Hng Kiang, Minister for Trade and Industry,
Distinguished Guests,
Ladies and Gentlemen,

1. Good Morning. It is a pleasure to see so many market participants in the iron ore and metals sector at the inaugural Singapore Iron Ore Week Forum today.

Significance of the Singapore Iron Ore Week

2. International Enterprise Singapore, or IE Singapore, is the government agency driving Singapore's external economy. We promote international trade and assist companies in their expansion overseas. As part of our role to promote trade, IE Singapore aims to develop Singapore as a global trading hub for commodities trading, specifically in the energy, agri-commodities, as well as metals and minerals clusters.

3. Singapore is currently the 4th largest oil trading hub in the world and the largest in Asia, capable of processing 1.3 million barrels of crude oil a day. The agri-commodity and metals and minerals sectors are relatively smaller in comparison, but these are areas which we hope to grow further. I am therefore very glad that SGX has created the Singapore Iron Ore Week to bring together global industry leaders for dialogue and exchange of ideas. I hope that from this dialogue, we will gain more insights into the workings of this sector and develop new ideas on how we can further support its development in Singapore.

Developing the trade infrastructure in Singapore

4. To become a leading trade hub for any sector, be it energy, agri-commodities or metals and minerals, it is essential for us to build a comprehensive and strong trade ecosystem. Without such an ecosystem, the sector will not be rooted or sustainable.

5. There are several dimensions to such an ecosystem. The critical mass of trading companies and trading professionals is in itself an important part of the ecosystem. These companies and individuals thrive on the sharing of knowledge and insights with one another, not to mention the ease of trade within the community. In addition, the financial services that cater to the trading community, the manpower experienced in trading and risk management and the price discovery mechanism are all key components of such an ecosystem. I will highlight just two of these: financial services and manpower.

Development of Financial Sector

6. Recognising our strength as a financial centre, several commodities companies have successfully undertaken bond issuance and loan syndication out of Singapore to finance their trading activities. For instance,
 - a) In September 2012, Louis Dreyfus tapped into the debt market in Singapore to source for funding. This was the first time it has done so in its 160-year history, and they chose SGX to list their US\$350 million perpetual bond.
 - b) In April this year, Trafigura, one of the world's largest independent metals and oil trader also launched its first perpetual bond on SGX, raising US\$500 million.

These bond issuance are the latest signs that the commodity trading industry is increasingly tapping new sources of capital and some have chosen Singapore's capital markets to finance their needs.

7. Our commodities trading houses are also able to tap into a diversified base of financial institutions. Singapore's local banks - DBS, UOB and OCBC - are among the banks here that support the financing needs of trading companies, alongside other global and regional banks. In 2012, DBS's commodity trade finance loan book reached S\$25 billion in less than 2 years after it entered the business. It was also recently ranked the top arranger for syndicated finance in Asia-Pacific (ex-Japan) ahead of Chinese and Australian banks.

8. In the area of risk management, SGX has developed new commodity derivative contracts, especially those tailored to Asian trade flows. An example is SGX's suite of iron ore derivatives, which has provided iron ore producers, steel mills and traders a convenient tool to manage risks. We look forward to having more of such contracts developed and launched out of Singapore. IE Singapore will continue to engage the industry to develop new and innovative risk management tools for Asia-centric commodity products.

Talent Development

9. To drive the growth of our commodity sector, talent development is another key priority for us. Successful professionals in the trading sector require skills that include trade finance, international trade law, risk management and shipping.
10. Recognising the importance of nurturing the right human capital for the industry, IE Singapore partnered the Singapore Management University (SMU) and the industry to establish the International Trading Institute or ITI in 2007. This has been a successful initiative to nurture graduates with specialised skill-sets catered for the commodity trading sector.
 - a) Last month, ITI celebrated its 5th anniversary. To date, close to 200 students have been trained under this programme. Every year, about 50 students graduate from this programme.
 - b) From 2014, the programme will extend its outreach to students from the Singapore University of Technology & Design, who will be able to attend parts of SMU's commodity trading curriculum through an exchange programme. About 20 students from Singapore University of Technology and Design (SUTD) will benefit from the first run of the programme.

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Closing

11. In closing, let me emphasise again that Singapore welcomes key trade players from all over the world to establish their presence and anchor their core business activities here. We recognise that the ecosystem is important for these trading companies. IE Singapore will therefore continue to work with partners to strengthen our supporting services for traders here.

12. I wish the Singapore Iron Ore Week a huge success and may it grow into a flagship event for the iron ore trading community in Asia. Have a rewarding conference ahead. Thank you.

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About International Enterprise Singapore

International Enterprise (IE) Singapore is the government agency driving Singapore's external economy. For the past 30 years, we have been spearheading the overseas growth of Singapore-based companies and promoting international trade. Our vision is a thriving business hub in Singapore with Globally Competitive Companies (GCCs) and leading international traders.

IE Singapore attracts global commodities traders to establish their home base in Singapore. Today, Singapore is a thriving trading hub for the energy, agri-commodities and metals & minerals trading clusters.

Through our Global Company Partnership, we work with Singapore-based companies to customise total solutions in capability building, market access and financing for their internationalisation.

Our global network of overseas centres in over 35 locations provides the necessary connections in many developed and emerging markets.

Visit www.iesingapore.com for more information.

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