



**Keynote Speech by Mr Teo Eng Cheong  
Chief Executive Officer, International Enterprise (IE) Singapore  
6<sup>th</sup> Annual Asia Trade & Export Finance Conference  
9 September 2014, 0905Hrs  
Raffles City Convention Centre, Singapore**

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Mr Rupert Sayer, CEO of Exporta,  
Mr Peter Gubbins, Managing Director of Exporta,  
Mr Simon Constantinides, Conference Chairman,  
Distinguished guests,  
Ladies and Gentlemen,

1. Good morning. A very warm welcome to Singapore. I am delighted to see a large representation from different countries here for this Conference. As the government agency promoting international trade and overseas growth of Singapore enterprises, International Enterprise (IE) Singapore welcomes such quality conferences here.

**Positive growth for world economy and trade in 2014**

2. The world economy has begun to improve after sluggish growth for the past two years. World trade is expected to grow by 4.7% this year<sup>1</sup>, which is more than double the growth rates of 2012 and 2013. The World Trade Organisation projects that world trade growth will be back to the 20-year average of 5.3% by 2015.
3. Asia is at the forefront of this growth and it will continue to grow, led by China, India and ASEAN. And Singapore is located in the centre of this dynamic region.

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<sup>1</sup> World Trade Organisation, [http://www.wto.org/english/news\\_e/pres14\\_e/pr721\\_e.htm](http://www.wto.org/english/news_e/pres14_e/pr721_e.htm)

**Singapore is a premium trade hub for the region**

4. We in Singapore, are committed to facilitating global trade activities here.
5. We have grown in the past decade to become the premium hub for trade. Singapore is a major hub for actual physical movements of cargo, we are also a major hub for global trading firms to set up their trading and risk management operations here, especially for the commodity sector.
6. Today, we have more than 400 global traders with significant operations in Singapore. Together, these companies trade a total of US\$1.3 trillion from their Singapore offices in 2013.
7. There are many reasons why these global traders choose to come to Singapore.
8. We have a strategic location at the centre of major shipping routes. Singapore has also signed more than 75 Avoidance of Double Taxation Agreements and 20 Free Trade Agreements with various partners. Our neutral marketplace is supported by a pro-business environment with strong legal framework and financial infrastructure.
9. Singapore is also host to a significant number of critical trade service providers in the areas of finance, arbitration and insurance, among other areas. Today, I'll focus on these three key areas - finance, arbitration and insurance.

**Singapore is Asia's important financial hub**

10. First, Singapore is an important financial hub in Asia. Our pro-business, yet effective regulatory environment creates a stable and robust financial system. Our economic policies provide stability and confidence to our financial sector. Singapore is the only country in Asia with triple 'A' ratings from all rating agencies.
11. Last year, Singapore overtook Japan as the largest foreign exchange centre in Asia. Average daily forex turnover volume here has grown by more than 40% compared to three years ago.
12. One of the latest trends in trade is the increase in RMB transactions. Singapore's RMB clearing activities have expanded significantly. A total of RMB6.9 trillion was cleared in Singapore as of first quarter 2014. More than 73 banks in Singapore have opened RMB clearing accounts to service clients covering 33 countries and

regions<sup>2</sup>. RMB deposits in Singapore increased by over 90% to RMB220 billion in March 2014.

13. To serve the trading cluster better, several banks in Singapore have grown their trade finance activities. They have developed sophisticated structured trade finance products to better cater for the increasingly complex operation flows of global traders.
14. Our established bond market and strong investor base also make us an attractive location for traders to raise capital through our debt market.
15. Following bond issuance from major commodity houses like Baosteel, Gunvor and Louis Dreyfus, Trafigura tapped into the Singapore bond market again early this year. In June, China's largest privately-owned aluminium producer, China Hongqiao Group raised US\$400 million through bonds in Singapore; this was oversubscribed by 15 times. Singapore-based rubber producer and merchandiser, Halcyon Agri, also successfully issued a S\$125 million five-year bond in July; this was oversubscribed by 16 times.

#### **Resolving trade dispute through arbitration**

16. The second important area is arbitration.
17. Established in 1991, the Singapore International Arbitration Centre or SIAC, provides arbitration services for our trading cluster in Singapore. It has over the years, gained recognition among business communities globally. SIAC arbitration awards are enforceable in 149 countries. And it has a strong track record in handling commodity trading disputes with about 40% of their cases related to the trading sector.

#### **Insurance for traders to mitigate risks and catalyse growth**

18. Third, Singapore's insurance sector is well developed to provide for the changing needs of trade finance. The ICC Global Trade and Finance Survey 2014 reported that commercial Letters of Credit have continued to see double-digit percentage contraction in volume. As trade finance activities gradually shift towards open account terms-of-payment, exporters will increasingly need other forms of

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<sup>2</sup> <http://business.asiaone.com/news/icbc-spore-sees-jump-yuan-clearing-volumes>

mechanism to protect against counterparty risks. This will in turn lead to higher demand for credit and related insurance products.

19. As Asia's leading reinsurance hub, Singapore is well-positioned to meet the insurance needs of our businesses. Several of the world's top reinsurers and more than 70 insurance brokers are based in Singapore.

**Schemes of IE Singapore will support traders with growth commitment in Singapore**

20. Financing, arbitration and insurance are all important components of our trading ecosystem. We are committed to developing and enhancing our trade infrastructure and ecosystem.
21. For instance, in December last year, we launched the IE Trade Facilitation Scheme, or TFS. This is done in collaboration with the Asian Development Bank and Swiss Re Corporate Solutions. Under this scheme, IE Singapore shares the risk on credit guarantees issued under ADB's Trade Finance Programme, which protects against the non-payment risks of overseas issuing banks.
22. As a result of the scheme, capacity of the credit guarantees available under the ADB-Trade Finance Programme has now been expanded for Singapore exporters. This enlarged capacity has the potential to support additional exports of US\$1 billion annually into emerging Asia.

**Conclusion**

23. Singapore will continue to enhance our role as a facilitator for trade within Asia and beyond. We are committed to developing our supporting services and enhancing our infrastructure for the trading community. We hope to see the industry use Singapore as the platform to conduct regional and global trading operations.
24. I urge you to engage IE Singapore to exchange ideas on how we can work together for mutual growth. And I wish you all a productive and enjoyable conference.

Thank you.

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**Note to Editor**

Please use 'IE Singapore' or 'IE' if an acronym for 'International Enterprise Singapore' is required. In addition, unless otherwise stated, the use of statistics cited in our media releases, website or Statlink, should be attributed to IE Singapore.

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**About International Enterprise Singapore**

International Enterprise (IE) Singapore is the government agency driving Singapore's external economy. It spearheads the overseas growth of Singapore-based companies and promotes international trade.

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

Renowned worldwide for their dedication to quality and innovation, Singapore-based companies make ideal business partners. With its global network in over 35 locations spanning many developed and emerging markets, IE Singapore connects businesses with relevant Singapore-based companies for their business expansion.

Visit [www.iesingapore.com](http://www.iesingapore.com) for more information.

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