



**Speech by Mr Teo Eng Cheong**  
**Chief Executive Officer, International Enterprise (IE) Singapore ICC Banking ICC**  
**Banking Commission Annual Meeting 2015**  
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**Raffles City Convention Centre**

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Mr Samuel Tsien, Association of Banks in Singapore Chairman,  
Mr Tan Kah Chye, ICC Banking Commission Chairman,  
Mr Stefano Bertasi, ICC Policy and Business Practices Executive Director,  
Distinguished guests,  
Ladies and Gentlemen,

1. Good morning and to our foreign guests, welcome to Singapore once again. I am glad to see so many of you here, on Day 2 of the ICC Banking Commission Annual Meeting 2015. Many of you are not familiar with International Enterprise Singapore or IE Singapore. So let me briefly explain what we do. We are the government agency that is responsible for promoting international trade in Singapore. This includes trade in goods as well as trade in services. Besides this role, IE Singapore also supports Singapore companies as they take on overseas projects or invests abroad.
2. Singapore has been a thriving trading port since the early days of our independence. Over the years, we have transformed ourselves from a mere transshipment port to a global trading hub. Today, trade in goods is about 3 times our GDP. And trade in services is almost as big as our GDP. In addition, Singapore is home to a large number of trading companies, spanning the three traditional commodity clusters in Energy, Agriculture and Metals sectors. Together, these companies employ some 14,000 workers and form an integral part of our economy.

National Archives of Singapore

3. We have often asked ourselves how Singapore came to be the trading hub it is today. I would like to propose three reasons: one - a strategic location, two - a neutral position and three - a critical mass of related services.

4. First, location. Singapore is situated at the crossroads of major international shipping and air routes. For decades, components were shipped to Asia to be assembled into final products which were then exported to many developed markets. As industrial activities increased, commodities such as oil, metals and minerals were also transported from the resource-rich regions to these manufacturing hubs in Asia. Today, as consumption in emerging Asia increases, intra-Asian trade has become a big part of the trade flows through Singapore.

5. Location alone of course is not sufficient. Over the years, Singapore has invested heavily into our port, airport and other trade infrastructure such as our Single Electronic Window for trade declaration, TradeNet. Today, Singapore is one of the most connected cities by sea and air. The sheer volume of cargoes has also compelled us to be highly efficient in the handling of cargoes, be it import, export of transshipment. We will continue to invest in this infrastructure and maintain the attractiveness of the location of Singapore as a global trading hub.

6. The second factor is our neutral position as a trading nation. Singapore has practically no natural resources. Our manufacturing sector is well-diversified and we have a small domestic market. We import as much as we export. All these imply that Singapore has no inherent reason to favour high prices or low prices, neither for commodities or finished products. We are a strong advocate for free trade and fair competition. With our network of Free Trade Agreements, our tax treaties and our competition regime, we have a transparent and level playing field in the market place that assures traders that they will not be disadvantaged in any way in Singapore. This neutrality is also an important reason for many trading companies to choose Singapore as their regional headquarters.

7. Third, over the years, Singapore has built up a critical mass of related sectors that both support and benefit from the trading sector. Let me elaborate.

8. First, trade is interlinked with finance. And the two sectors have a mutually beneficial relationship. Singapore is an established financial centre with strong banking, trade finance, capital market and forex capabilities.

9. We are one of the largest corporate banking centres in Asia, with over 200 banks providing services such as trade finance, corporate finance, loan syndication, cash management and transaction services. This diversity of services effectively supports international companies domiciled in Singapore as they expand into the region.
10. To respond effectively to the financing needs of traders based here, several banks have based their global or regional commodity structured trade finance desks in Singapore. Many are also expanding their trade finance offerings. As an example, OCBC has set up a new Global Commodities Finance team last year to provide specialised structured commodity trade finance solutions. Bank of China has also made its Singapore branch the financing hub to centralise expertise to manage their new global Commodity Repo Trade Finance activities.
11. Beyond trade finance lines, traders can also leverage Singapore's capital markets to raise funds. Several global traders including Gunvor, Louis Dreyfus, Baosteel, China Hongqiao Group and Trafigura have raised bonds in Singapore. And these bond issuances were often oversubscribed.
12. On equity market, the Singapore Exchange, or SGX connects global corporates to investors seeking exposure to Asian growth. SGX is Asia's most international exchange with more than 40% of companies listed on SGX established outside Singapore. There are more than 40 companies in the Commodities and Resources sector listed on SGX.
13. Singapore is Asia's largest and the world's third largest foreign exchange trading centre. Singapore was also one of the first countries outside Greater China to be appointed with a RMB clearing bank. These highlight Singapore's abilities to offer international businesses a convenient location to manage their trading activities, as well as financing and treasury operations.
14. The second related industry is the insurance sector. Risk management is increasingly an important part of trade in today's volatile environment.
15. Singapore is recognised as one of Asia's leading reinsurance hubs for structured credit and political risk insurance. We are well-positioned to meet the insurance needs of our businesses with over 70 insurance brokers based in Singapore.

16. Singapore's role as a price discovery centre for commodity products also allows traders to manage their commodity price risks. Several commodity exchanges including ICE and CME, have substantial activities in Singapore. Responding to the increased demand for Asian-centric commodity derivatives to be traded in Asian market hours, ICE acquired the Singapore Mercantile Exchange in 2013. They have plans to begin operations later this year, starting with gold and Brent crude oil contracts. The Monetary Authority of Singapore has also given in-principle approval to Deutsche Bourse to establish a clearing house in Singapore. The clearing house, known as Eurex Clearing Asia, will clear European benchmark derivatives traded in Asian timezone from Singapore.
17. A third related area that supports trade is international organisations such as the ICC and the World Bank. These international organisations provide the capital, expertise and network needed by our trading sector. As the authoritative standards-setting body in the field of trade finance, the ICC Banking Commission is a valuable partner for us as we grow Singapore's trade finance capabilities.
18. Last month, ICC announced its partnership with IE Singapore to establish the ICC Academy in Singapore. The ICC Academy will help professionals develop skills required to address current and future business challenges.

## **Conclusion**

19. So, because of Singapore's strategic location, our neutral position in the world of trade and the support of our strong pool of complementary sectors, Singapore has grown into the global trading hub that it is today. And it is Singapore's interest to continue to support global economic growth through international trade. We will continue to engage the industry, enhance our trade offerings and reinforce our value propositions so that the global trading community can benefit from a conducive trading environment.
20. Let me now wish everyone a fruitful Day 2 of the conference and a most enjoyable stay in Singapore.
21. Thank you.