

**SM143 | 10.14.2023****Commodities in Asia | Episode 1**

Amreeta Eng, Executive Director, Enterprise Singapore

**This week, we kick off our new series, Commodities in Asia. In this series, we'll be exploring the current state and the future ambitions of the commodities markets in Asia. Across energy, metals, agriculture, and carbon, we'll be talking with the leading voices of the Asian commodity markets to help us better understand how we can work together to build the next generation of truly global smarter markets.**

**We kick off our series with Amreeta Eng, Executive Director at Enterprise Singapore. Enterprise Singapore is a government agency under the Ministry of Trade & Industry that champions enterprise development by partnering with companies and industry to build capabilities, innovate and internationalize, and by supporting the growth of Singapore as a hub for global trading and start-ups.**

**SmarterMarkets™ host David Greely sits down with Amreeta to discuss how Singapore has become a center for commodities trading and the broader commodities industry.**

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**Amreeta Eng (00s):**

For the commodity sector in particular, I think the strong participant network of companies is a big reason why companies are based here. It really enables the traders to have a good sense of the market, to find out what their counterparties need, and exchange views in person. That is why you also see companies from countries close to Singapore choosing to set up here.

**Announcer (23s):**

Welcome to SmarterMarkets, a weekly podcast featuring the icons and entrepreneurs of technology, commodities, and finance ranting on the inadequacies of our systems and riffing on ideas for how to solve them. Together we examine the questions: are we facing a crisis of information or a crisis of trust, and will building Smarter Markets be the antidote?

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**David Greely (01m 04s):**

Welcome to our new SmarterMarkets podcast series Commodities in Asia. I'm Dave Greely, Chief Economist at Abaxx Technologies. In this series we will be discussing the current state and future ambitions of the commodities markets in Asia across energy, metals, agriculture, and carbon. We will be talking with the leading voices of the Asian commodity markets to help us better understand how we can work together to build the next generation of truly global smarter markets. Our guest today is Amreeta Eng, Executive Director at Enterprise Singapore. Enterprise Singapore is a government agency under the Ministry of Trade and Industry that champions enterprise development, partnering with companies and industry to build capabilities, innovate and internationalize, and supporting the growth of Singapore as a hub for global trading and startups. We will be discussing how Singapore has become a center for commodities trading and the broader commodities industry. Hello Amreeta, welcome to SmarterMarkets.

**Amreeta Eng (02m 01s):**

Hi David.

**David Greely (02m 02s):**

I wanted to thank you so much for making time to kick off our new podcast series Commodities in Asia and thank you for making the time given your very busy fall schedule in Singapore that includes at least three major commodity conferences all hosted in Singapore S&P Global's APEC as well as Gas Tech were both held in September and the Financial Times Commodities Asia Summit is coming in November. But this is part of why we need to talk about commodities in Asia and talk with you about commodities in Singapore because it's become a center for commodities trading in the broader commodities industry. There are many reasons for this, the geography, the government, the people but let me ask you, why Singapore. What makes the commodities industry want to be in Singapore?

**Amreeta Eng** (02m 51s):

Thank you for having me on this series. Singapore is no stranger to trade, having been a trading nation of spices a few hundred years ago, followed by tin and rubber and oil, but let me first share a little about Singapore's role as a commodities trading hub. At present, there are about 400 global traders anchored in Singapore that use Singapore as a regional or global base to trade a variety of commodities. These companies manage trade flows, for instance, from Africa to India or from Southeast Asia to Europe, and the goods may or may not pass through Singapore. The global traders based here come from variety of regions such as Southeast Asia, the us, Europe, central Asia, Africa, and Latin America to name a few but to your question, why are they here. One key reason would be Singapore's connectivity to the growing Asia region. We also offer conducive a stable environment, strong governance, and a robust financial and legal ecosystem. But for the commodity sector in particular, I think the strong participant network of companies is a big reason why companies are based here. It really enables the traders to have a good sense of the market to find out what their counterparties need and exchange views in person. That is why you also see companies from countries close to Singapore choosing to set up here.

**David Greely** (04m 19s):

And one of the reasons why people choose to set up in Singapore is because of the work that you are doing at Enterprise Singapore to support the commodities industry in many ways and I was curious for your perspective on what does the commodities industry need and how do you at enterprise Singapore try to meet those needs?

**Amreeta Eng** (04m 37s):

So at present, there are many challenges, of course facing the sector from increased geopolitical tension, supply chain disruptions and inflationary pressures, but regardless I think commodities companies are seeking to value add to customers and to respond to the energy transition. So we want to be able to offer companies a base from which they can capture new growth opportunities as they innovate and vertically integrate along the supply chain. Maybe I will give you an example. So we have observed that agri commodities traders, for instance, they are moving downstream into areas like ingredients, formulation, functional foods, alternative protein. So given Singapore's strong innovation infrastructure, our robust intellectual property regime, we have worked with some of these traders to set up their food innovation labs in Singapore. So you have the food innovation labs alongside the trading outfits in Singapore and even beyond the agri traders, commodity traders across various asset classes as they seek out more innovative ideas, whether for products or processes we offer in Singapore open innovation platforms. So these corporates can put out their problem statements and they have startups. We have startups from all over the world responding to these problem statements. So this is what I mean by offering the infrastructure of commodities traders as they go beyond trading.

**David Greely** (06m 07s):

And how important are these types of public private partnerships. You talked about kind of creating these centers for innovation, which I imagine is something the public sector can support. Are there any other forms that these public private partnerships take in Singapore?

**Amreeta Eng** (06m 24s):

Sure. We firmly believe that having industry, government, and even academia working together is key because after all, no one has the monopoly on good ideas or expertise. So I'll share two examples. The first one is related to some of the points I made earlier about innovation partnerships in Singapore. So in late 2021, we launched a Singapore and food innovation lab. It's a partnership between enterprise Singapore and a local university. The Nanyang Technological University. So the Singapore AgriFood Innovation Lab or SAIL for short is where global AgriFood companies are brought together with tech companies or researchers. And the tech companies or researchers then provide solutions in areas such as AgriTech that could be deployed on farms or for food technology applications. So that's one example. Then another example of a public private partnership in Singapore is in the digital trade space. So the Singapore Trade Data Exchange SG products enables data sharing in a secure environment. So this helps to reduce the all the paper-based manual processes, the inefficiencies in the trading environment we know of. And through the ESG trade we hope to increase transparency in the whole process also, plus building confidence in trade financing.

**David Greely** (07m 49s):

And what are some of the challenges that you face in building these public-private partnerships?

**Amreeta Eng** (07m 54s):

So sometimes the biggest challenges in forming these partnerships is getting a clear problem statement and getting everyone on the same page because different firms have different priorities but that is where enterprise Singapore plays a role of a neutral party to bring together different parties and to corral the industry together because sometimes it takes a bit of effort to get everyone the same page, but that's where I see our role bring together the public domain, the private domain, and as I said, academia and one such example where I feel we've done this very well is in the talent space, which we may talk about a bit about later.

**David Greely** (08m 31s):

Oh, I would love to hear about that because you know, so much as you said, having the, the network effect, for lack of a better way to put it, where as you have more companies in the neighborhood, as you said, the traders can talk to each other, there's those shared resources and probably the greatest shared resource is the human expertise, the talent that can be available and that's something that every company's going to need no matter how good the geography and the, the regulation, if the people aren't there, you're not gonna be able to build your company there. And so I was curious, you mentioned working with Nanyang Technological University. Is that part of the program for building and supporting that expertise and talent to grow in Singapore?

**Amreeta Eng** (09m 13s):

The program I mentioned just now with the Nanyang Technological University was very much around agri food innovation. However, we do have other partnerships, be it with the Nanyang Technological University or other universities and vocational institutes in Singapore, specifically to build talent for the trade sector. Indeed, our approach to our talent strategy is twofold. One is to be build local talent, but second and very importantly is to continue to be open to international talent. So I can cover the two bits on local talent. I've spoken about how we've built programs with the universities, but industry involvement is critical. The commodity sector, the firms from the commodity sector, they're involved in these programs that we build with the, the universities and vocational institutes. How they often contribute to the curriculum. They, some of them speak as lectures for the students and they offer internships both locally and overseas for the students.

**Amreeta Eng** (10m 17s):

That's how we're building local talent, but we're also building talent in new areas such as carbon services and LNG trading. So recently launched a leadership development initiatives for LNG professionals. So global traders like Chevron to tell energies they have on boarded this two year program, which aims to nurture young talent into becoming traders through overseas attachments, mentorships, for example. But back to international talent, as I said, we continue to be very welcoming of international talents because we need that diversity in talent. In Singapore, we have diversity of firms, which I spoke of, but we need diversity in talent as well. And this is where we continue to be open and in fact, to give an example, carbon trading is one of several occupations we've identified to be of a strategic economic importance. So this means that companies who I'm applying for an employment pass for carbon traders, they'll be awarded bonus points that will better help them to secure employment pass for this carbon trader. So these are some of the things we're doing around local talent and international talent.

**David Greely** (11m 28s):

Yeah, and I first met you during a that type of an event with women in mining and natural resources in Singapore. It's a terrific event about a year ago, I think, at this point.

**Amreeta Eng** (11m 38s):

Yep.

**David Greely** (11m 38s):

I wanted to ask you one more question because I know there's quite a range of company sizes that you work with you know, talked a little bit about like the startup end and there's also these large established multinational resource companies. Is the way you interact or what those companies need from enterprise Singapore different and how do you address that range of needs?

**Amreeta Eng** (12m 04s):

Sure, of course it's different because firms of different sizes have different needs. Likewise, firms of different archetypes have different needs, but we actually find it very beneficial that we're working with large and small companies, startups through large multinational traders because earlier I had spoken about how Singapore Enterprise Singapore likes to be a base from which we establish partnerships and working across the spectrum of companies enables us to establish partnerships between the large companies and

the small companies. So for instance, in open innovation, many ideas, good ideas come from startups and many of the large traders we work with are looking for new ideas and this is where we hope to put them together through Singapore.

**David Greely** (12m 49s):

Right and you used a word, I was curious what it means to you, the, you said archetypes of companies. How do you think about that?

**Amreeta Eng** (12m 57s):

Well and I talk about archetypes of companies. I'm referring to large and small companies, companies who, who have different trading models, so maybe more third party trading traders. Others could be fully integrated. You have some who set up marketing and sales offices in Singapore, others set up procurement entities in Singapore. So there's a whole variety,

**David Greely** (13m 17s):

Right and that whole variety, I guess we, we should definitely expect that because Singapore has become a major commodity trading and financial hub and has the vision to extend that to be the place to go, the place to be for new markets. For example, the Singapore Green Plan 2030 has the vision of being the go-to location for carbon services expertise and a trusted carbon marketplace and I want to come back to that with you, but first I was just kind of wanted to get your sense of the, the way things are now for what commodities is Singapore now a major trading hub?

**Amreeta Eng** (13m 52s):

I'll say three main areas. One is the energy and chemicals, then there's the metals and minerals and the other, the agri commodities. So we are major global energy trading hub, and in fact one of the few locations worldwide we are refining storage, bunkering pricing and trading are co-located and the number of companies continues to grow. More recently we've got eco petrol from Columbia at NOC. We've built up their trading presence here. That's in the energy space. Metals, we have got companies along the steel, the non-ferrous value chain. So for instance, for steel, we have got the global miners, the BHPs Rios and Global Americans here, and as well as global steel producers who conduct their operations out of Singapore. And we are leading trading, agri trading hub for commodities such as cocoa and coffee or pulses and natural rubber. But it would be also remiss of me not to talk about other global traders who conduct the B2B trading of other products such as electronic components used hand phones and even fruit and vegetables. So when, when you started the podcast David, you spoke about APAC and gas tech in Singapore and this week we're having a global seafood trade conference here. So it really goes to show the range of products that are traded out of Singapore.

**David Greely** (15m 16s):

Absolutely and what are your plans within these current markets where you are a major trading hub to further develop those markets in Singapore?

**Amreeta Eng** (15m 23s):

So we see an evolution in many of the sectors or the commodities I articulated just now. So for example, the energy transition does affect or does actually provide more opportunities for newer and greener sort of products to be traded out of Singapore and I'd be happy to speak on, on some of these products for the, they include carbon credits, carbon biofuels, and EV materials.

**David Greely** (15m 50s):

Oh, I'd love to hear about them and maybe a great place to start is with carbon, certainly one of the commodities of the future and I was wondering if you could share what enterprise Singapore's doing to make Singapore the go-to location for those carbon services and carbon marketplace?

**Amreeta Eng** (16m 06s):

Growing the carbon services and trade sector is beyond enterprise Singapore. It's really a whole of government effort and it's been a significant growth in the carbon services sector in Singapore, especially over the past two to three years. We've got about a hundred companies now involved in carbon services and trading in Singapore. They trade, they finance carbon credits, they work with verification agencies for carbon projects in the region and they tap on carbon exchanges that we have here. So the exchange, for example, climate impact acts, it's just launched its global spot trading platform for carbon credits in Singapore. But as we know, trust is key for the carbon markets to function effectively and Singapore has been evolved in a few initiatives in this regard. So we are hosting the climate action data trust and that harmonizes major carbon registries so as to avoid double counting and on a G2G level, we've signed several MOUs with several countries to cooperate on carbon credits.

**David Greely** (17m 12s):

And in addition to the carbon credits I'm just curious, you brought up biofuels, what are you doing on the biofuel side?

**Amreeta Eng** (17m 18s):

Yeah, so in the way we've built up the various commodities clusters, we are taking the same approach for biofuels and EV materials growing the cluster of companies that are based here that trade those products but we are not starting from scratch. We're actually building on our existing strengths and community of traders. So why do I say that for example, the biofuels sector, it straddles the agri commodities sector and the energy cluster. So on the ag side, many of the agri commodities companies, they're procuring feedstock from our region and the energy companies purchasing this feedstock, processing the feedstock into a sustainable aviation fuel or renewable diesel and this is where we benefit because we have both groups of companies and their talent in Singapore and our established maritime and aviation hub status also facilitates biofuels adoption. So that's biofuels but similarly EV materials, many natural rubber and non-ferrous companies are expanding their operations here to trade materials required by electric vehicles, EVs, that's be it for tires or batteries. So we've got a good base from which to trade these new commodities.

**David Greely** (18m 34s):

Right and it sounds like you're really working across the supply chain at this point from kind of the raw materials to more finished goods. Is that part of the strategy?

**Amreeta Eng** (18m 45s):

Absolutely, from raw materials to finished goods and, and that's often been a way we approach the various sectors just like the steel value chain, which I spoke of earlier.

**David Greely** (18m 56s):

And you had mentioned before, you know, the idea of the energy transition that we're all seeing to a lower carbon energy system and it requiring many more in different commodities and spoke of biofuels and electric vehicle components. How big an opportunity do you think the energy transition creates for Singapore?

**Amreeta Eng** (19m 14s):

It's a huge opportunity and we see, we will see an evolution of the type of products being traded out of Singapore. So I touched on biofuels, carbon credits, EV materials, but besides these, the type of energy products traded in Singapore will evolve over time in line with this decarbonization trend. For example, I see the trade of LNG will continue given its role as a transition fuel, but we've also identified hydrogen as a major decarbonization pathway, hence besides biofuels and carbon credits, we're setting our sites on being a trade hub for ammonia and hydrogen in the mid to long term.

**David Greely** (19m 54s):

And I'm curious, when you think about these new markets, how do you choose what to focus on and where to apply your resources. What's that process like, there's so much,

**Amreeta Eng** (20m 05s):

So it's a combination of market research but also feedback from industry.

**David Greely** (20m 10s):

So close working relationships?

**Amreeta Eng** (20m 12s):

Absolutely.

**David Greely** (20m 13s):

I was curious, you know, what are the challenges that you see in growing new commodities markets and industries compared to attracting existing commodities markets and industries?

**Amreeta Eng** (20m 25s):

In some of the new commodities I've spoken of the growth is very much dependent on the regulatory environment across various countries. Liquidity might also be hampered due to the lack of common standards, for instance, in carbon credits or biofuels but we are making small steps in this regard. So for example, we're already working with the LNG industry to establish standards around carbon accounted LNG and we're currently seeking to understand the gaps in the biofuel supply chain on the standards front. So those would be some of the challenges. But similar to our traditional commodities, we will seek to build the community of traders and talent for the new commodities, but we would also need to grow other parts of the ecosystem for the new products we are keen to anchor. So for instance, the risk management or derivatives for the EV metal space is still very nascent. So the Singapore exchange is looking to grow its suite of hedging instruments such as cobalt and lithium futures. I understand Abaxx Exchange is also pending regulatory approval for nickel sulfate derivative contracts.

**David Greely** (21m 33s):

With that, I wanted to ask you, you know, we brought up APEC being in Singapore, Gastech, you know, some pretty major commodities conferences. How does that enter into the strategy of building the community in Singapore?

**Amreeta Eng** (21m 47s):

Yeah these events, and there are many more to come across the, the calendar across different.

**David Greely** (21m 52s):

Feel free to mention any, I know I should have mentioned the, the FT's Commodity Summit.

**Amreeta Eng** (21m 56s):

Yeah, they're critical because first of all, it brings people together. So again, you get that participant network, the networking effect, it establishes Singapore squad leadership in the sector. We are the place to be when new trends are discussed about the sector. But I think one key benefit of having these events in Singapore is that for the unconvinced, when you come to Singapore for these events, I think you really get a sense of the vibrancy of the second in Singapore. At the end of the day, seeing is believing.

**David Greely** (22m 29s):

Right and being with the, as you said, it's important. The community being with the other people is such a piece of it. You don't feel that unless you're there.

**Amreeta Eng** (22:38):

Yeah.

**David Greely** (22m 38s):

And having the interactions. Well that's great and I wanted to first off, thank you so much for sharing your time and introducing our series on commodities in Asia and as we wrap up, I was hoping you could share a little bit with us your vision for the role of Singapore and more broadly for Asia in the energy transition and the commodities markets of the future?

**Amreeta Eng** (23m 00s):

Well, we have a Trade 2030 strategy and vision to strengthen our position as a global trade hub and we want to do this by deepening trade and widening trade and in doing so, we hope to be able to plug into global supply chains to ensure the smooth flow of goods internationally, but let me elaborate on what I mean by deepening and widening trade. So on deepening trade, we want to make Singapore the hub of choice for global traders beyond their buy sell activities. This means supporting them, offering our infrastructure for activities related to the innovation activities or sustainability. We spoke of innovation earlier, but for sustainability for example, I see many global traders setting up regional sustainability teams to establish their sustainability strategies for the region and raise green financing. So that's a deepening trade supporting companies as they expand beyond trade. In Singapore, that's one area, but on widening trade, we want to diversify our network of global traders and encourage huge trade flows through Singapore, the trade flows of newer greener products. Ultimately, while the trade flows and types of good traded through Singapore may evolve, we've got strong fundamentals. So I'm confident we'll continue to be at the heart of trade.

**David Greely (24m 24s):**

Thanks again to Amreeta Eng, Executive Director at Enterprise Singapore. We hope you enjoyed the episode. Join us next week as we continue our series Commodities in Asia with Septian Hario Seto, Deputy Minister of the Coordinating Ministry for Maritime and Investment Affairs of Indonesia. We hope you'll join us.

**Announcer (24m 45s):**

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