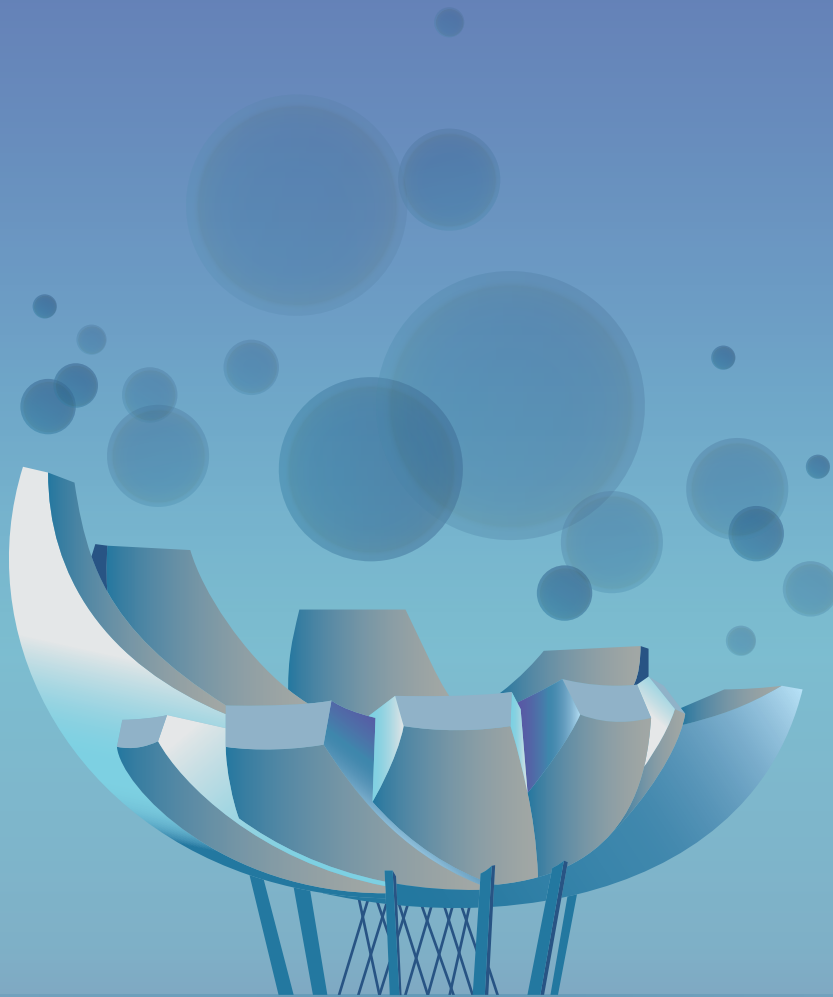


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INDUSTRY EXPLORATIONS



SINGAPORE CHEMICALS 2018



*Chemicals - Sustainability
Production - Logistics - Distribution - Technology*

Image courtesy of Bahn Meyer



China is a vibrant, exciting market and our understanding of it is greatly benefited by being based in Singapore. [...] Singapore is finely balanced between East and West and can play a key role in bridging and understanding the relationships between the United States and Northeast Asia as well as the Middle East and North-East Asia. China is still challenging in some aspects and recently we have noticed a growing number of traders setting up camp in Singapore," said Fyffe.

The Importance of Free Trade Agreements

In a time of increased populism, protectionism, and ramped up tariffs from the United States, nations continue to underline their commitment to free-trade agreements (FTA) and collaboration with other jurisdictions. At the time of writing, the EU and Japan had just signed a landmark trade deal, which included the free flow of personal data between both parties, creating the world's largest area covered by mutual agreement on data protection standards.

Singapore has benefited tremendously from trade ever since it signed its first FTA in 1992 – the ASEAN Free Trade (AFTA). The opportunity for a jurisdiction of its size to

export bilaterally or multilaterally with no tariffs is a massive advantage – transferring its market of less than six million to more than 580 million in the ASEAN. Since then, the city-state has signed 18 FTA agreements and is the EU's largest trading partner in the ASEAN according to the European Commission. The EU-Singapore FTA, which completed goods and service negotiations in 2012 and investment protection in 2012, is still in the process of being ratified – it is expected in 2019. The current EFTA-Singapore Free Trade Agreement eliminates tariffs on 99.8% of Singapore's domestic exports to the European Free Trade Area. Moreover, Singapore's key end-user markets are India, with the India-Singapore Comprehensive Economic Cooperation Agreement (CECA), and China, with the China-Singapore Free Trade Agreement (CSFTA). Together, these two agreements cover tariff elimination of 82% and 95% of Singapore's domestic exports, respectively (Enterprise Singapore).

Riding the LNG wave

Singapore previously relied on gas imports via pipelines from Malaysia and Indonesia to serve its energy needs. Since 2013, however, Singapore's liquefied natural



Singapore's fortuitous geographical location puts us in a highly advantageous position to develop as an LNG trading hub, using the SLNG Terminal as platform and leveraging on our already well-established economic and financial infrastructure. We see the services that we offer, especially LNG storage, breakbulk and reload, as helping to facilitate traders access the regional market. However, Singapore cannot become an LNG hub on its own. What is needed is an entire ecosystem of LNG terminals and players to build up trade flows within the region. As such, we welcome any development in the region that would lead to greater LNG trading activities and greater market liquidity, as they would consequently lead to greater demand for our terminal's services.

- John Ng,
Chief Executive Officer (CEO),
Singapore LNG Corporation



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Gina
Fyffe

Executive Director
INTEGRA

Can you tell us which global trends are having the strongest impact on trading operations nowadays?

We have particularly been looking at the United States and China as we believe there is a strong relationship, product wise, between the two. The USA in particular needs China and North-East Asia, and North-East Asia definitely needs the USA and Europe. Trade wars apart, we see a great deal of synergy. At Integra we are currently increasing our numbers in Houston. It is going to start getting busy as the balances are changing, especially between the USA and the rest of the world. Europe is going slightly lighter as it imports U.S. ethane and LPG. Given the emergence of new crackers with a polyethylene, polyolefin or general ethane base, the balance will change even more.

With respect to Asia, it is still a naphtha and condensate-dominated market. Taiwan and South Korea are looking at ethane and propane and are slowly lighting their feedstock to LPG. China is also looking at ethane but also has coal to olefins and methanol to olefins. These are unique to China and that has its own set of balances. We are seeing seismic changes in the USA and China. Despite the excitement over U.S. shale, very few are talking about it in China. Singapore is finely balanced between the west and east and can play a key role in bridging and understanding the relationship between the USA and North-East Asia and the Middle East and North-East Asia. China is still challenging in some aspects and recently

we have noticed growing number of traders setting up camp in Singapore.

With such dynamic shifts in the market, how have Integra's operations adapted?

We need to continue to diversify and reinvent ourselves. We are looking at how we work in the Middle East and at increasing our regional presence. Other than the United States, we have opened a new office in Zug, Switzerland. Most importantly, we are looking at how we relate to China from Singapore. We have been very successful in China, but the market is becoming more and more diverse and complicated. There are new producers all the time and more domestic traders entering the market. Any company working in China now needs to develop an expertise to survive.

What is your vision for Integra in the coming year or two?

We have been in the industry for over 30 years. Our vision is increasing growth across all regions. China is transforming and we are changing to accommodate. There is more we can do in Eastern Europe, as there is a great deal of localized business there. Moreover, we are expanding our product portfolio, especially with respect to LPG. We see LPG as a logical step in our progress as it fits into propylene dehydrogenation units, and butane fits into on-purpose projects. LPG is a very diverse market, and we are not interested in becoming an LPG trader but having LPG as part of our portfolio. ■



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