



LNG Market Review: At the Halfway Stage, Singapore is Powering LNG Moves in 2019

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With a large proportion of Asia-Pacific LNG market growth expected to come from China, which is on course to become the world's largest importer over the next five years, Singapore is now rapidly emerging as a key hub for LNG, having positioned for an uptick by expanding storage infrastructure and facilities for breaking bulk.

More and more energy trading companies are setting up LNG trading desks in Singapore, attracted by demand coming out of not just China, but also Korea and Japan. Similarly, both European producers and Asian regional buyers are looking to capture a slice of the LNG market. With the Singapore government also actively moving to attract LNG players through its Global Trader Programme, which offers tax breaks to qualifying companies on financial trades, it is no surprise that our hiring figures reveal that Asia, and specifically Singapore, has accounted for more than 60% of global LNG moves since the start of 2018.

Despite the burgeoning growth in Singapore's LNG market, hiring in the city-state continues to be supplemented significantly by overseas talent. This is particularly the case for front office roles, where 33% of LNG hires in Singapore this year have so far come from overseas, but expansion of the front office is increasingly having a domino effect and driving a similar talent squeeze for back-up and support staff.

Local talent remains in high demand, but the supply is struggling to keep up with the rapid expansion in the number of new players setting up shop to take advantage of the country's tax incentives. Instead, we have seen the arrival of candidates from centres including London, Australia, Japan and China to bolster the Singapore talent pool.

Gender diversity

What is particularly notable from an analysis of H1 2019 hiring trends is the way in which LNG is clearly waving the flag for the commodities industry when it comes to gender diversity, particularly when compared to the oil markets. Still, while light years

ahead of other commodity markets, gender diversity in the LNG space is nevertheless lacking, with only 20% of commercial LNG roles going to female professionals globally since the start of this year.

Asia has fared better than the global average, with 33% of LNG front office hires being female. This figure shows a 5% improvement on the same figure for 2018 and is welcome evidence of the trend heading in the right direction.

It is not immediately obvious why LNG is making better progress than other commodities on the gender diversity front, but certainly the work of some key role models is making a difference. In particular, a number of senior women from ExxonMobil are championing gender diversity in LNG through the inaugural Power Play Awards at the Gastech Exhibition and Conference in Houston in September this year.

Power Play has been a longstanding series of networking events to help bring together women from across the industry to network and do business. The Power Play awards look to recognise and celebrate the accomplishments of both men and women who flag the importance of supporting and empowering women across the LNG value chain, ensuring that LNG remains a place for highly capable people to lend their talents and perpetuate a cycle of inclusion and collaboration.

On the ground, we are also seeing initiatives at every level to encourage women into the business, with LNG Canada recently announcing that it will offer free training to entice women to come and work on its site at Kitimat. The LNG Canada Project will cover the cost of four weeks of on-the-job tuition, safety gear and learning materials, plus airfares and accommodation, to those considering entry-level roles in LNG.



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Growth in LNG shipping moves

Globally, the majority of commercial LNG hires that we have seen have been in trading this year, which has accounted for 40% of the moves that have taken place. This is followed by origination, accounting for 26% of hires, and shipping and operations, at 24%.

In Asia, shipping has been more significant and has so far accounted for 33% of LNG moves recorded this year. There has been a 9% decrease in trading hires compared to 2018 in Asia, and we now anticipate more demand for LNG shipping talent - in chartering, freight trading and operations - with the freight market especially in the spotlight as exposure to volatility in freight rates increases.

Global miner BHP recently put out a tender for part of its over freight requirement to be transported via LNG-powered ships and, in July, brokerage Affinity Shipping said arranged the first LNG freight derivatives trade, highlighting the rapid pace of change in that space.

The Global Context

Having seen the recent exponential growth, in Europe and Asia specifically, of commercial trading and shipping-related LNG teams, the inevitable squeeze on associated commercial functions and support desks is now well underway. Global talent markets across operators, contract administrators, analysts and freight traders in LNG have rarely, if ever, been this tight, and as a direct result there has been a growing trend for oil professionals to move into LNG. We have seen this trend initially impacting front office roles, however now this is now translating across various functions.

From what we see, it is going to take a number of years for talent pools across LNG commercial support functions around the world, and particularly in Singapore, to catch up to the rapidly expanding global demand. In the intervening period, salaries are already rising and will continue to do so.

We expect to see a proliferation of commodity experts transitioning from alternative product backgrounds into LNG. There is also a growing recognition that LNG talent will become increasingly harder to hold on to in the long term, as it becomes the norm for individuals to move on to new roles quickly given the heated recruitment climate.

Gastech

The Human Capital global gas and LNG team will be attending Gastech in Houston, 17-19 September, 2019. Please reach out to let us know if you plan to attend the conference. Additionally, we will be hosting a networking happy hour, with further

details to be shared imminently. We look forward to seeing you there.

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