HC INSIDER

GAS & LNG|WEEKLY NEWS IN REVIEW

Singapore LNG talent demand is high and rising

28 FEBRUARY 2019

Growing liquidity in the LNG spot market is driving high demand for trading talent in Singapore as companies set up and expand operations

A large proportion of Asia-Pacific LNG market growth is expected to come from China, which is set to become the world's leading importer over the next five years, adding to sustained long-term demand from Japan and South Korea. On the supply side, North American producers are preparing to become big exporters of LNG to Asia, and Australia's exports will grow over the coming years as new facilities come on line.

Singapore has been preparing for the coming hike in LNG trade by expanding storage infrastructure and facilities for breaking bulk so that smaller cargoes can be traded. The city state's development as a price-discovery and trading hub has also been accelerated by the Energy Market Authority introducing LNG spot prices in 2018.

Companies setting up trading desks in Singapore are an international group featuring Chinese state-owned and private firms, Japanese gas suppliers, European utilities and new market entrants. Chinese participants include CNOOC, ENN, Beijing Gas and GCL. Japanese companies include Tokyo Gas and Jera, whose joint venture with European utility EDF will give it the trading sophistication it will need to compete in an increasingly liquid market. Other companies looking to capture LNG trade from Singapore include Thailand's PTT and Saudi Arabia's Aramco Trading.

Companies setting up trading desks in Singapore are an international group featuring Chinese state-owned and private firms, Japanese gas suppliers, European utilities and new market entrants.

Push for local talent

With such a large group of companies preparing to trade LNG from Singapore, it is clear that talent demand will outstrip supply in the short-to medium-term. Today's LNG traders are very different to those seen a decade ago, as the focus has shifted to expertise in third-party trading and risk management from long-term marketing and origination.

While many overseas companies are building operations in Singapore by seconding expatriates, there is a big push to hire local talent. This is primarily because of their on-the-ground knowledge of Asian markets and buyers, but it also reflects companies' opportunity to qualify for a lower rate of corporate tax. Singapore's government is attracting LNG players through its Global Trader Programme (GTP), which offers qualifying companies a flat 5pc tax rate on physical or financial LNG trades, compared with a 10pc tax on other commodities. Aside from revenue and expenditure criteria, companies looking to secure GTP qualification must aid the development of trading talent in Singapore and hire at least three professional traders who are Singapore nationals or tax residents. The GTP has been in place since 2001, with the tax incentive for LNG market participants introduced in 2007 to reflect the government's recognition of the immense opportunity in Asia-Pacific LNG trading.

Companies preparing for growth in Singapore have several local hiring options open to them. These include: hiring local LNG marketers with product expertise and training them in third-party/spot trading and risk management; finding traders with backgrounds in correlated commodities such as oil or coal; or running training programmes aimed at preparing junior candidates for front-office roles. Companies taking the training route include BP, which has formed a four-year partnership with Nanyang Technological University and sponsors a programme that trains undergraduates for careers in the commodity trading sector. We have prepared for further growth in the Asia LNG market by reinforcing our global gas and LNG portfolio, which has a long track record of placing talent in all key trading hubs.

Contact Us

Amelia May

Asia

+65 3158 7417

amay@humancapital.global

Edward Gelling

EMEA

+44 20 7392 7719

egelling@humancapital.global

About Human Capital