SINGAPORE: Singapore wants to be clean and green in more ways than one – it is now aiming to be a spot trading centre for liquefied natural gas (LNG) and emissions or carbon trading.

Developing countries with greenhouse gas-emissions projects and credits to sell, and developed countries who buy them to fulfil their Kyoto Protocol targets.

The result - a US$30 billion worldwide market in emissions trading.

And Singapore is seeking to establish itself as Asia's emissions trading hub.

"We are attracting emissions trading activities as, as well as supporting industries such as carbon related consultancies, verifiers and fund managers to Singapore," says Trade and Industry Minister Lim Hng Kiang.

The government announced on Thursday a special tax rate of five per cent for LNG trading income for the next 10 years, and concessionary tax for emissions trading.

This is welcome news for companies like Shell, which has been trading actively in Europe and sees opportunities in Asia.

"It's important in Asia because the environment in the compliance market... let's say in Europe... it causes the demand for the supply of carbon credits if you will, and about 65 per cent of that supply is coming from Asia right now...

"...Primarily China or India but increasingly also Vietnam, Indonesia, Malaysia and so on. So Asia stands to gain from this market development and to the extent that Singapore can provide a healthy trading environment, that's going to help too," says Garth Edward, Trading Mgr, Environmental Products, Shell.

As for LNG, Australia's Woodside Petroleum has already started spot trading out of Singapore, and Singapore hopes to grow a critical mass of LNG players doing just that, said the minister when he announced the initiatives at the bi-annual Global Trader Summit.

Some 250 global traders have converged here to discuss the key challenges facing the industry including managing freight risks, the very hot topic of emerging carbon trade, and commodities as an asset class - which led to a discussion sparked by Professor Annie Koh of Singapore Management University, on the possibility of an Asian commodities index.

The idea was greeted with much enthusiasm by the expert commodities panel, and Professor Koh says that will be her priority as the Faculty Director of the new International Trading Institute, which was launched on Thursday evening.

"Every one talks about Goldman Sachs commodity index, every one knows about a commodity index which has a lot of products, from a western world. Nothing wrong with that because global liquidity is needed, but many of the industry partners tell us, Singapore is where you have rubber trading, you have palm oil trading, you have rice consumed, produced, in a large way. So why aren't we coming up with our own IP?" says Professor Koh.

The Institute is a collaboration between IE Singapore, Singapore Management University and 14 industry partners, with a S$5 million investment that will go towards academic research, training and consultancy services. - CNA/yy