

Singapore builds up local expertise for commodity trading sector

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Singapore

EVERY two or three minutes, a ship arrives or leaves from Singapore carrying everything from cocoa to electronics, making Singapore the busiest port in the world by tonnage, according to a 2014 Global Trade Review (GTR) Asia report.

Meanwhile, local talent supply remains slow off the mark, especially since Singaporeans make up only about 60 per cent of the more than 14,000 workers in the industry, according to CTR Asia.

A lack of talent with the right skillsets may also pose a challenge for commodity trading companies.

For global agri-commodity firm Olam, positions in dairy farming, plantations, agronomy, manufacturing as well as trading and supply chains "require very specialised skillsets that are not always immediately available in the local market", said Olam president and global head of human resources Joydeep Bose.

As a result, the company is taking a "long view" on its talent. The group has operations in 65 countries, including many emerging markets.

To create a talent pipeline for its trading roles, Olam ensures that employees get a minimum of five to six years of experience in managing complex supply chain operations in one or more of the firm's operating countries. It also fosters employee development along five to 10-year time horizons.

This duration, however, may be shortened with the expansion of Singapore's tertiary education scene. Local programmes with a focus on international trade are springing up, equipping more graduates with the skillsets to thrive in the commodity trading industry.

Nanyang Technological University (NTU), for one, is rolling out a new International Trading Programme (ITP)

that will adopt a multidisciplinary approach to commodity trading, said professors at the university in an exclusive interview with *The Business Times*.

"If you look at trading, especially in the mining area and the commodity area, you need to understand the geology of it – often, these commodities have to be extracted, stored, shipped, and finally, priced, before they are distributed to customers," said Shaw Chair professor and dean of NTU's Nanyang Business School K Ravi Kumar.

Describing the physical commodity trading industry as a "value chain", Prof Ravi said: "All the way – from the geology side of it to the selling and finance side of it – we must have it all together, otherwise we really can't be successful in this industry."

Professor and dean of NTU's College of Engineering Ng Wun Jern added: "In physical commodity trading, you need somebody who possesses two sets of skills – one, of course, would be the engineering skills, and the other, the business skills."

At Olam, employees should have an "entrepreneurial spirit, ownership to deliver, and a customer and supplier focus" among other principles, said Mr Bose.

He also noted that "the next level of assessment would be more technical – on their mathematical and financial abilities as well as commercial adeptness and inclination".

Touching on the strengths of the ITP, Prof Ng highlighted the university's "unusual set of circumstances".

"We're able to bring together two very strong schools at NTU, and merge their strengths in such a way that we create a new person – a person that carries two sets of skills."

Prof Ng also emphasised the importance of the commodity trading industry, especially at a time when India and China, two economic giants in



Prof Ng (left), dean of NTU's College of Engineering, and Prof Ravi, dean of the Nanyang Business School. The two schools are jointly rolling out the International Trading Programme this year that aims to equip students with the unique skills to be successful in the trading industry. PHOTO: ARTHUR LEE

close proximity to Singapore, are rapidly developing.

"Look at Singapore's geographical position – it sits in between two economic giants that are taking off. For India and China to fully develop, they need commodities, which is where trading comes in," he said.

As the trading industry sometimes "falls between the cracks", people may overlook the career prospects in the industry, said Prof Ravi.

"We're looking at how we can create awareness – we all know that there are high-tech industries, and that good jobs are there.

"But people don't realise that the trading sector falls in between a lot of these industries – banks have trading areas, manufacturing companies have trading areas. People may not

see that there are clear opportunities in a career in the trading industry."

Jointly helmed by the university's Nanyang Business School and the College of Engineering, in collaboration with International Enterprise (IE) Singapore and industry partners, the programme offers freshmen a variety of options.

Starting this August, undergraduates will be able to choose from ITP tracks and specialisations.

Business students will be able to take the ITP track if they choose to specialise in banking and finance, while engineering students can opt for the track within a second major in business.

The ITP will also be available as a specialisation for students doing maritime studies, those in maritime stud-

ies with a second major in business, and as a second specialisation for single degree accountancy and business students.

The programme includes courses in international tax and trading law, commodities trading and risk management, and commodities' geology and metallurgy.

It will begin with a modest intake of 50 students this academic year, before increasing this number over the years across the business and engineering schools.

The programme will be hosted under the university's new Centre of Excellence in International Trading, which will oversee its curriculum as well as hands-on learning in the form of internships and study missions under the programme's tripartite agreement.

NTU is not the only institution here that has been encouraging students to enter the physical commodity trade.

In 2007, the Singapore Management University (SMU) set up the International Trading Institute (ITI) in collaboration with IE Singapore and industry partners.

The institute, aimed at developing talent in the arena of international trading, has produced more than 300 graduates thus far under its international trading concentration, offered to students majoring in finance.

Education gives Singapore's physical commodity trade a competitive edge "as local talent is a very sticky factor in building comparative advantage for any country", said professor of finance (practice) and academic director of ITI, Annie Koh.

When ITI was established seven years ago, many of the 200 global trading firms operating in Singapore were "asset light", said Prof Koh.

"Most of the trading talent were not home-grown but recruited from head offices as far away as the US, Europe, Africa and other parts of the world where there are commodities and resources."

This landscape has changed as many of these firms are setting up their Asian headquarters in Singapore, said Prof Koh.

Riding on the industry's growth, the International Chamber of Commerce (ICC) is now no stranger to the local education scene as well.

Launched last month in partnership with IE Singapore, the ICC Academy involves a digital platform that will cater to "distance learning", granting users around the world access to ICC Academy courses.

The academy will draw on ICC expertise in specialist fields, featuring around 70 online courses and two global certificates in trade finance. Following its initial trade and finance focus, it will also broaden its scope to include new competencies from international law to anti-corruption.