Liquefied natural gas trading

Dr Alexander Ressos, TEP
Of Counsel, KGP Legal LLC
Attorney-at-Law (Switzerland and Germany), Solicitor (England & Wales and Hong Kong)

From pipeline imports to an LNG terminal

Singapore has no gas fields of its own. From the 1990s it imported natural gas by pipeline from Malaysia and later from Indonesia, which allowed its power stations to switch from fuel oil to gas.[1] The dependence on two neighbours for almost the entire fuel of the electricity system was a strategic risk, which the government addressed by deciding to build a terminal for liquefied natural gas. Natural gas still accounts for around 95 per cent of Singapore's electricity generation, according to the Energy Market Authority.[2]

The terminal, built and operated by the state-owned Singapore LNG Corporation on reclaimed land on Jurong Island, received its first commercial cargo on 7 May 2013. It opened with two tanks and a throughput capacity of 3.5 million tonnes a year. The first cargo came from BG Group, which held an importer's licence allowing it to import and sell up to 3 million tonnes a year. At the opening, the minister responsible said that the terminal would contribute to the development of Singapore as a regional gas hub, while SLNG described its vision as establishing Singapore as the LNG hub for the region.[3]

The terminal as trading infrastructure

The terminal has grown in stages. It now comprises three storage tanks of 180,000 cubic metres each and a fourth tank of 260,000 cubic metres, with two jetties and an annualised average gas supply capacity of 10 million tonnes a year.[4] In October 2023 the government approved the development of a second terminal by SLNG with a capacity of up to 5 million tonnes a year.[5] The second terminal will be based on a floating storage and regasification unit chartered from Mitsui O.S.K. Lines and berthed at Jurong Port, with about 200,000 cubic metres of storage and a regasification capacity of 5 million tonnes a year. Steel cutting for the unit began at a Korean shipyard in October 2025, with entry into service planned by the end of the decade.[6]

For a trading hub, the significance of the terminal goes beyond the security of supply. Storage and reloading services allow a trader to bring a cargo into Singapore, hold it in a tank and reload it onto a smaller vessel or a vessel bound for another market. Break-bulk and bunkering services allow LNG to be supplied to ships, a business that Chapter G.III discusses in the context of alternative marine fuels.[7] A physical asset of this kind gives a trading community a reason to be present in the place where it stands. It also creates a reference point for prices, since cargoes can be priced as delivered to or loaded from Singapore.

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The trading community

The government combined the terminal with fiscal incentives. In 2007 it introduced a special tax rate of 5 per cent for LNG trading income under the Global Trader Programme. The special rate lapsed after 31 March 2021, since when LNG has been treated like other qualifying commodities, as Chapter G.I explains.[8] The result was a concentration of LNG trading desks. In 2023 Enterprise Singapore reported that more than 60 companies had established LNG operations in Singapore. It added that the city had traded LNG worth about US$240 billion in 2022, a figure equivalent to about half of Singapore's gross domestic product, and that LNG trade volumes had almost doubled between 2018 and 2022.[9]

These figures measure trade managed from Singapore, most of which never passes through the terminal. A Singapore desk may buy a cargo loaded in Qatar, Australia or the United States and sell it to a buyer in Japan, China or India. The value of such trades dwarfs the volume that Singapore consumes. The LNG hub therefore follows the model of the oil hub described in Chapter G.II, in which the physical market of Singapore is the anchor for a much larger book of offshore transactions.

The participants include the trading arms of the oil majors, the independent trading houses, Japanese and Korean utilities and trading companies, and portfolio players that hold long-term contracts with producers and resell volumes to buyers in the region. The portfolio of Pavilion Energy, until 2025 a Temasek company, illustrates the last category. In March 2025 Shell completed its acquisition of Pavilion Energy, whose portfolio included contracted supply of about 6.5 million tonnes a year, regasification capacity at the Isle of Grain terminal in the United Kingdom and an LNG bunkering business. The pipeline gas business in Singapore was excluded from the transaction.[10] The sale moved a significant Singapore-built portfolio into a global major, which continues to manage it from Singapore.

Prices and benchmarks

A trading hub aspires to set prices. In LNG, the leading Asian spot benchmark is the Japan Korea Marker, a price assessment published by the price reporting agency Platts since 2009, which reflects cargoes delivered to North-East Asia.[11] Its assessment process, like Platts' oil assessments, draws on bids, offers and trades reported by market participants, many of whom sit in Singapore. The benchmark is therefore produced with the help of the Singapore trading community, although its delivery points lie elsewhere.

Singapore attempted to develop a benchmark of its own. In October 2015 the Singapore Exchange, through its subsidiary Energy Market Company, launched a weekly LNG price index for cargoes loaded free on board in Singapore, commonly called the Singapore Sling, followed in early 2016 by futures and swaps referenced to it.[12] The index attracted limited use. The episode shows that a terminal and a community of traders do not by themselves create a benchmark, since liquidity concentrates where the largest buyers take delivery and where the most widely used price reporting agency publishes its assessments.

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Centralised procurement: Singapore GasCo

The newest development concerns Singapore's own consumption. Until 2025 each power generation company procured its gas independently. On 7 May 2025 the Energy Market Authority announced the establishment of Singapore GasCo Pte Ltd, a fully government-owned entity that centralises the procurement and supply of natural gas to the power sector. The aim is to obtain economies of scale, more favourable contract terms, diverse sources and longer-term contracts, and thereby more stable supply and prices.[13]

The legal basis is the Energy Transition Measures and Other Amendments Act 2024, which amended the Electricity Act, the Energy Market Authority of Singapore Act and the Gas Act. The provisions on centralised gas procurement came into force on 1 September 2025. Prescribed generation companies must now buy their gas from the centralised entity unless the Authority allows otherwise, while centralised procurement has become a licensable activity under the Gas Act.[14]

For the trading hub the reform has two sides. A single state buyer with a long-term mandate is a counterparty of high quality, and its tenders may attract sellers who also trade from Singapore. At the same time, a part of the domestic market that was once open to competing importers is now served by one entity. The trading community remains oriented towards the region and the world, where the volumes lie.

Notes

1. Singapore began importing piped natural gas from Malaysia in 1991 and from the West Natuna fields of Indonesia in 2001, followed by South Sumatra in 2003; see Energy Market Authority, *Singapore Energy Statistics* (various years).
2. Energy Market Authority and Singapore GasCo, joint media release "Establishment of Singapore GasCo", 7 May 2025 (ema.gov.sg, PDF read November 2026): "Natural gas today accounts for around 95% of Singapore's electricity generation."
3. Ministry of Trade and Industry, Energy Market Authority and Singapore LNG Corporation, joint press release "Singapore's LNG Terminal Starts Commercial Operations", 7 May 2013 (slng.com.sg, PDF read November 2026): the terminal "receives its first commercial cargo and commences commercial operations"; "initial throughput capacity of 3.5 million tonnes per annum (Mtpa) with two tanks"; same release: BG Group was "awarded an LNG importer's licence to import and sell up to 3 Mtpa of LNG"; S Iswaran: the terminal "will also contribute to the development of Singapore as a regional gas hub"; SLNG's vision to "establish Singapore as the LNG Hub for the region".
4. Singapore LNG Corporation, "SLNG Terminal Overview" (slng.com.sg, accessed November 2026): "three storage tanks of 180,000m3 each, a fourth storage tank of 260,000m3"; the terminal "currently operates with two jetties"; "annualised average gas supply capacity of 10 Mtpa"; it "began commercial operations in May 2013".
5. LNG Prime, "Singapore LNG wins approval for second terminal", 25 October 2023 (lngprime.com): approval announced by Deputy Prime Minister Lawrence Wong at SLNG's tenth anniversary; capacity of up to 5 mtpa.
6. Singapore LNG Corporation, press release "SLNG inks agreements with MOL, Jurong Port and Wood for development of second LNG terminal in Singapore", 23 October 2024 (slng.com.sg, accessed November 2026): FSRU chartered from the MOL group and hosted at Jurong Port, 200,000 m^3 storage and 5 MTPA regasification, operational "by the end of the decade". Singapore LNG Corporation, "Construction of the FSRU for Singapore's

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second LNG terminal begins", 24 October 2025 (slng.com.sg, accessed November 2026): steel cutting at Hanwha Ocean's shipyard in Geoje; storage capacity there given as 204,000 m^3; FSRU "on track to enter into service by the end of the decade".

7. Singapore LNG Corporation, "SLNG Terminal Overview" (above), listing among the terminal's services "Storage & Reload Services" and "Break-bulk / LNG Bunkering Services".
8. Lim Hng Kiang, Minister for Trade and Industry, speech at the Global Trader Summit 2007, 24 May 2007 (meti.gov.sg, accessed November 2026): the programme was enhanced "to allow a special tax rate of 5%, specifically on LNG trading income". Nexia, "Singapore extends incentives for international trading businesses", Global Insight, March 2020 (nexia.com, accessed November 2026): the concessionary rate of 5 per cent on qualifying LNG transactions lapses after 31 March 2021, after which LNG is treated like other qualifying commodities.
9. Lee Pak Sing (Enterprise Singapore), "Singapore – a vital link in the global energy supply chain", *The Business Times*, 4 September 2023, republished by JTC on 10 November 2023 (jtc.gov.sg, accessed November 2026): "more than 60 such companies have established LNG operations in Singapore"; "We traded about US$240 billion worth of LNG in 2022"; volumes "almost doubling between 2018 and 2022".
10. MarineLink, "Shell Completes Acquisition of Pavilion Energy", 31 March 2025 (marinelink.com, accessed November 2026): Shell Eastern Trading acquired 100 per cent of Pavilion Energy under an agreement of 18 June 2024 with Carne Investments, an indirect wholly owned Temasek subsidiary; "contracted supply volume of approximately 6.5 million tonnes per annum"; about 2 mtpa regasification capacity at Isle of Grain; "Pavilion Energy's pipeline gas business in Singapore was not included".
11. Reuters, "Oil like gas: S&P Global Platts bags Asian LNG price benchmark", Singapore, 26 February 2018 (via Yahoo Finance, accessed November 2026): "Platts started its JKM in 2009"; the report cites the Singapore Exchange as a rival that had struggled to gain market share.
12. SGX LNG Index Group (SLInG), launched in October 2015 through Energy Market Company, with derivatives referenced to it from early 2016.
13. Energy Market Authority and Singapore GasCo, joint media release of 7 May 2025 (above): Singapore GasCo is "a fully Government-owned entity" set up "to centralise the procurement and supply of gas to power generation companies to reap economies of scale and negotiate for more favourable gas contracting terms, procure natural gas from diverse sources as well as enter into longer term gas contracts"; Alan Heng appointed Chief Executive Officer.
14. Rahmat Lim & Partners, "Provisions of Energy Transition Measures and Other Amendments Act 2024 on centralised gas procurement in force from 1 September 2025" (rahmatlim.com, accessed November 2026): prescribed power generation companies must buy gas only from "a centralised gas entity ('Gasco')" unless EMA allows otherwise; the amendments "provide for centralised gas procurement as a licensable activity"; the Act is now fully in force.

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