LNG, Metals and Agricultural Commodities: practical consequences

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For trading companies

The diversification of the hub creates opportunities and obligations for trading companies. An LNG desk in Singapore must understand the terms of access to the terminal and the role of Singapore GasCo as the domestic buyer. A metals desk needs access to the clearing services of SGX and to warehouse networks in the region. An agricultural trader must build traceability systems that satisfy European customers and Singapore lenders. A carbon desk must verify the authorisation and the integrity of each credit.

These requirements have common features. Each turns on documentation: of origin, quality, title and legal status. Each also requires cooperation between traders, lawyers, compliance officers and data specialists. The trading house of 2026 is as much an organisation for the management of information as an organisation for the movement of goods.

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For banks and lenders

Banks that finance these trades face new risks. LNG cargoes are worth tens of millions of dollars each and are often financed through structures described in Chapter H.I. Metals finance depends on the integrity of warehouse receipts, which the frauds discussed in Chapter H.II have shown to be vulnerable. Agricultural finance depends on the borrower's ability to demonstrate compliance with sustainability rules. Carbon finance depends on the legal status of the credits. In each case the lender must look through the transaction to the underlying asset and its documentation.

Checklist for practitioners

- For LNG, check the importer licensing and access rules under the Gas Act and the current role of Singapore GasCo as the centralised buyer for the power sector.
- For iron ore and other metals derivatives, identify the clearing house, the reference index and the margin rules, and assess whether the hedge matches the physical exposure.
- For warrants and warehouse receipts, verify the warehouse operator, the existence of the metal and the chain of title, especially where receipts are financed by several banks.
- For palm oil, rubber, cocoa, coffee, soya and wood destined for the European Union, collect geolocation data for the production plots and the information needed for the customer's due diligence statement under Regulation (EU) 2023/1115.
- Review the supplier base for exposure under the Transboundary Haze Pollution Act 2014, in particular where suppliers operate on peatland in Sumatra or Kalimantan.
- For carbon credits, confirm the project methodology, the vintage, the registry, the host-state authorisation and any corresponding adjustment, and check eligibility for use under the carbon tax.

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- Document the legal nature of carbon credits and of other registry-based assets in the contract, including title transfer, insolvency and governing law.
- Consider sanctions and export controls for every commodity and every counterparty, as described in Chapter H.IV.

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