Metals and minerals

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A hub without mines

Singapore produces no metal ores and refines almost none. Its role in metals is that of a place where trading companies locate their Asian desks, where banks finance shipments of ores and concentrates and where exchanges clear derivatives. The physical flows run directly from mines in Australia, Brazil, Indonesia, the Philippines and Africa to smelters and steel mills in China, India, Japan and Korea. What Singapore offers is proximity to those buyers, a time zone that covers the Asian trading day and the legal and financial infrastructure examined in Parts E and F.

The largest independent traders all have significant Singapore operations. Trafigura, founded in 1993 by a group of partners around Claude Dauphin and Eric de Turckheim in Geneva, gives its headquarters address as the Ocean Financial Centre in Singapore, while retaining major hubs in Geneva and elsewhere. Metals and minerals form one of its core trading divisions, and the group reported revenue of US$240.3 billion for the 2025 financial year.[1] The location of the formal headquarters says less about the place where metals are traded than the distribution of desks across the group. Singapore hosts the functions that face Asian buyers and sellers, as Chapter G.V describes for the trading houses in general.

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Iron ore and the clearing of swaps

Iron ore illustrates how Singapore became a pricing centre for a commodity that never touches its shores. Until 2010 iron ore was sold under annual benchmark prices negotiated between the leading miners and steel producers. In early 2010 the three largest miners moved to index-based quarterly pricing, which the literature describes as the end of a forty-year tradition of annual benchmark pricing.[2] Index pricing created exposure to price movements that mills and traders needed to hedge, which opened a market for derivatives.

The Singapore Exchange had positioned itself for this demand. After launching its over-the-counter clearing service AsiaClear in May 2006, it introduced the world's first clearing and settlement of iron ore swaps and has since become the largest clearer of iron ore swaps in the world.[3] The contracts are cash-settled against price indices published by price reporting agencies, and they allow a Chinese mill, an Australian miner and a trading house in Singapore to hedge the same exposure. China's domestic futures market in Dalian offers a competing reference, open to foreign participants only within limits. The Singapore contract benefits from its accessibility to international participants, its denomination in US dollars and the legal certainty of a clearing house under Singapore law.

A second exchange, the Singapore Mercantile Exchange, owned by the Indian group Financial Technologies, received approved exchange status from the Monetary Authority of Singapore in August 2010 and offered contracts on metals, agricultural products, energy and currencies. It also launched an iron ore futures contract based on a Metal Bulletin index.[4] Liquidity has since concentrated in the SGX contracts.

Base metals, warehouses and the London Metal Exchange

For copper, aluminium, nickel, zinc and tin, the global reference remains the London Metal Exchange, owned since 2012 by Hong Kong Exchanges and Clearing.[5] The LME's contracts are settled by delivery of warrants for metal held in approved warehouses, and Singapore and the neighbouring Malaysian port of Johor have long

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been among the Asian locations where such warehouses operate.[6] Warehousing creates physical business: storage, logistics, inspection and financing against warrants.

The nickel crisis of March 2022 showed the risks of this market for Asian producers and traders. When the price of nickel rose with extreme speed, the LME suspended trading and cancelled trades executed on 8 March 2022. The English High Court upheld the exchange's decision in November 2023, while the Financial Conduct Authority fined the LME £9.2 million in March 2025 for failing to prevent the disorder.[7] The episode had a Singapore dimension because much of the Asian exposure was held through banks and brokers active in Singapore. It also strengthened the arguments of those who favour a stronger Asian venue for metals pricing.

The policies of producer states add a further layer. Indonesia, the world's largest producer of nickel, first banned the export of unprocessed ores in January 2014 in order to attract smelting investment. After relaxing the ban in 2017, it closed nickel ore exports again from January 2020.[8] The ban shifted the trade from ore to intermediate products such as nickel pig iron and matte, which Chinese-owned smelters in Indonesia produce. Singapore-based traders and banks finance and market these products, although the industrial investment itself flows from China into Indonesia. Chapter I.IV examines the relationship with Indonesia in more detail.

Precious metals

Gold has a longer history in Singapore than any of the industrial metals. Before 2012 the goods and services tax applied to the import and supply of gold bars, which put Singapore at a disadvantage against Hong Kong and Switzerland. Since 1 October 2012 the importation and local supply of investment precious metals that meet prescribed purity standards has been exempt from the tax.[9] The exemption is listed among the exemptions of the tax, whose standard rate has been 9 per cent since 1 January 2024.[10]

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The exemption attracted refiners, vault operators and dealers. The Singapore Bullion Market Association, which represents the industry, states its vision as making Singapore a leading precious metals hub in the Asia-Pacific region. Its website has publicised reports of a national plan to develop a gold trading hub and of the possibility that Singapore could become the first Asian country to provide gold vault services for foreign central banks.[11] The project would serve central banks that wish to hold gold outside the jurisdictions whose sanctions they fear. Singapore's offer combines a reliable legal system with a careful neutrality, which Chapter K.V discusses in its geopolitical context.

Notes

1. Wikipedia, "Trafigura" (accessed November 2026): headquarters "Ocean Financial Centre, Singapore"; formed in 1993 "by six founding partners", including Claude Dauphin and Eric de Turckheim, in Geneva; regional hubs in Geneva, Houston, Montevideo and Mumbai; revenue "US$240.3 billion (FY2025)". ↩
2. Wikipedia, "Iron ore" (accessed November 2026): until 2006 prices were set in "annual benchmark negotiations"; in early 2010 the three largest miners moved to index-based quarterly pricing, "breaking a 40-year tradition of benchmark annual pricing". ↩
3. Wikipedia, "Singapore Exchange" (accessed November 2026): shortly after launching AsiaClear in May 2006, SGX "launched the world's first clearing and settlement of iron ore swaps" and has become "the world's largest clearer of iron swaps". ↩
4. Wikipedia, "Singapore Mercantile Exchange" (accessed November 2026): owner "Financial Technologies Group"; "granted 'Approved Exchange' (AE) status by the Monetary Authority of Singapore" in August 2010; trading in "Precious metals, base metals, agriculture commodities, energy, currencies and commodity indices". Wikipedia, "Iron ore" (accessed November 2026): the Singapore Mercantile Exchange "has launched the world's first global iron ore futures contract", based on the Metal Bulletin Iron Ore Index. ↩

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5. Wikipedia, "London Metal Exchange" (accessed November 2026): the exchange "was purchased by Hong Kong Exchanges and Clearing in 2012". ↩
6. Singapore and Johor (Malaysia) have been listed among the good delivery locations of the London Metal Exchange; see the LME list of approved warehouses and locations (lme.com). ↩
7. Wikipedia, "London Metal Exchange" (accessed November 2026): Elliott Management sued over the cancellation of nickel trades made on 8 March 2022; in November 2023 the High Court ruled in the LME's favour; in March 2025 the Financial Conduct Authority fined the LME £9.2 million. ↩
8. Wikipedia, "Nickel mining in Indonesia" (accessed November 2026): "Indonesia is the largest nickel producer in the world"; ban on exports of mineral ores including nickel from January 2014; ban rolled back in 2017; nickel ore exports to end from January 2020 ("Indonesia to ban nickel exports from January 2020"). ↩
9. Goods and Services Tax Act 1993, Fourth Schedule, and the Goods and Services Tax (Investment Precious Metals) regulations; IRAS, e-Tax Guide "GST: Guide on Investment Precious Metals (IPM)". The exemption applies from 1 October 2012 to gold of at least 99.5 per cent purity, silver of at least 99.9 per cent and platinum of at least 99 per cent. ↩
10. Wikipedia, "Goods and Services Tax (Singapore)" (accessed November 2026): exemptions include "importation and local supply of investment precious metals"; the rate rose "to 8% on 1 January 2023 and 9% on 1 January 2024". ↩
11. Singapore Bullion Market Association, website (sbma.org.sg, accessed November 2026): vision "Singapore to emerge as a leading precious metals hub in the Asia Pacific region"; news item "Singapore unveils plan to become gold trading hub, build stronger ecosystem": "Singapore could become the first Asian country to provide gold vault services for foreign central banks". ↩

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