State-owned and national trading companies

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The trading arms of national oil companies

The third group of firms in the Singapore hub belongs to states. National oil companies from China, the Gulf, India and Southeast Asia have established trading subsidiaries in Singapore. They market their parent's crude and products, buy feedstock for its refineries and trade on their own account. Unipec, the trading arm of Sinopec, is one of the Chinese state traders active in the Asian market.[1] The trading arms of Saudi Aramco, PetroChina, Pertamina and other national companies are also present in the city, although their dates of establishment and scale vary and are not always published.[2]

For a national oil company, a Singapore trading subsidiary performs several tasks at once. It provides access to the Asian price centre and to the Platts assessment process examined in Chapter II of this part. It allows the parent to market cargoes to a wide range of buyers and to optimise refinery supply. It also gives the parent a presence in a jurisdiction whose courts and arbitral institutions are accepted by counterparties around the world, a point to which Chapters II and III of Part F return. Finally, it

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allows the state company to recruit traders from the international market at international salaries, which a ministry-linked head office at home might find difficult.

PetroChina and Singapore Petroleum Company

Chinese state capital has also entered the Singapore hub by acquisition. Singapore Petroleum Company was founded on 19 May 1969 as Singapore Petroleum & Chemical Co. Pte Ltd and owns half of the Singapore Refining Company, whose Jurong Island refinery has a capacity of 285,000 barrels a day.[3] PetroChina acquired the company from Keppel Corporation in 2009. It was delisted from the Singapore Exchange on 22 October 2009, when PetroChina completed the takeover.[4] The transaction gave a Chinese national oil company a refinery, a retail network and a trading base in Singapore. It also showed the readiness of the Singapore government, through the sale by a Temasek-linked conglomerate, to let strategic energy assets pass into Chinese state ownership.

China Aviation Oil and the lesson of 2004

China Aviation Oil (Singapore) Corporation, a subsidiary of China National Aviation Fuel, has been listed on the Singapore Exchange since December 2001. It procures jet fuel for Chinese airports and trades oil products in the region.[5] In 2004 the company suffered losses of US$550 million on speculative oil derivatives. Its chief executive, Chen Jiulin, was arrested and pleaded guilty to charges including insider trading, failure to disclose losses and false financial statements. In March 2006 he was sentenced to four years and three months' imprisonment and a fine of S$335,000.[6] The company was rescued when BP, Temasek and its Chinese parent agreed to invest a total of US$130 million.[7]

The case became a reference point in Singapore. It showed that a state-owned parent did not guarantee prudent risk management in its foreign subsidiary, and that a Singapore listing imposed disclosure duties that a trader could breach with

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criminal consequences. It also showed the role of the Singapore state as a stabilising investor, since Temasek participated in the rescue. The governance lessons are taken up in the next section.

Temasek as an owner of trading businesses

Temasek, incorporated on 25 June 1974 under the Singapore Companies Act, is the most important Singapore state investor in commodity businesses.[8] Its majority holding in Olam has already been described. Through Pavilion Energy, Temasek also built a Singapore-based LNG trading business. In June 2024 it agreed to sell the company to Shell, which completed the purchase of all its shares on 31 March 2025. Pavilion's Singapore pipeline gas business was first transferred to Gas Supply Pte Ltd, another Temasek subsidiary, while its interests in Tanzania were excluded.[9] Chapter I of Part D describes Temasek's mandate and governance in general. In the trading sector it acts as a patient owner that supports national champions during their growth phase and sells when a strategic buyer offers a better home or a better price.

The sales of Pavilion Energy to Shell and of Olam Agri to SALIC point in the same direction. Singapore's state investor has accepted foreign ownership of trading businesses it helped to build. The policy priority is that the activity, the jobs and the market functions stay in Singapore. That objective is pursued through incentives and infrastructure, examined in Chapter I of this part, and through the quality of the legal and financial environment.

The Japanese general trading companies

The Japanese *sogo shosha* form a further group. Mitsubishi, Mitsui, Itochu, Sumitomo, Marubeni, Toyota Tsusho and Sojitz are general trading companies that trade a wide range of products and materials and hold large investments in resources and infrastructure.[10] They are private and listed in Tokyo, but they work closely with Japanese state agencies on resource security, which places them near the national trading companies in function. Several run their regional oil and metals trading from Singapore.

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Their Singapore subsidiaries have not been immune to control failures. In December 2024 Mitsubishi Corporation disclosed that its Singapore petroleum unit, Petro-Diamond Singapore, had incurred losses of about US$90 million, or 13.2 billion yen, from unauthorised derivatives trading by a trader who had allegedly manipulated its risk management system from January 2024. The company discovered the problem in mid-November 2024 during a routine middle office review.[11]

Governance questions for state-linked traders

State-linked traders raise particular questions for their counterparties and for the hub. Their decisions may follow policy objectives of the parent state, such as security of supply, the support of national refiners or, in some cases, the circumvention of foreign sanctions. Chapter IV of Part H examines how Singapore applies United Nations sanctions and how it responded to the Russian invasion of Ukraine, while Chapter V of Part K places these questions in the context of the rivalry between the United States and China.

For banks the state link has two sides. An implicit guarantee from a powerful parent can improve credit quality. At the same time, the trading subsidiary may be exposed to political direction, to sanctions targeting the parent state and to the risk that the parent withdraws support when a loss becomes embarrassing, as the China Aviation Oil case suggested. Lenders therefore assess the subsidiary on its own accounts and look carefully at the terms of any parent support.

Notes

1. Unipec (China International United Petroleum & Chemicals Co. Ltd), trading subsidiary of Sinopec, with a Singapore trading arm; Wikipedia, “Sinopec” (accessed November 2026), mentions Unipec as a subsidiary of Sinopec but not its Singapore operations. ↩
2. Aramco Trading Company, PetroChina International (Singapore) and Pertamina’s Singapore trading entities; presence in Singapore based on

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industry reporting. The Pertamina article on Wikipedia (accessed November 2026) lists Pertamina Energy Trading Limited only as a subsidiary. ↩

3. Wikipedia, "Singapore Petroleum Company" (accessed November 2026): founded on 19 May 1969 as Singapore Petroleum & Chemical Co. Pte Ltd; owns 50% of Singapore Refining Company with Chevron; capacity of 285,000 barrels per day; Jurong Island. ↩
4. Wikipedia, "Singapore Petroleum Company" (accessed November 2026): PetroChina acquired SPC from Keppel Corporation; delisted from the Singapore Exchange on 22 October 2009, when PetroChina "completed its takeover of the Singapore firm"; PetroChina parent. ↩
5. Wikipedia, "China Aviation Oil" (accessed November 2026): listed on the Singapore Exchange since December 2001; parent China National Aviation Fuel. ↩
6. Wikipedia, "China Aviation Oil" (accessed November 2026): derivatives trading "resulted in US$550 million loss"; Chen Jiulin pleaded guilty to "insider trading, failure to disclose losses, making false financial statements and conspiring to deceive" Deutsche Bank. Wikipedia, "Chen Jiulin" (accessed November 2026): sentenced on 21 March 2006 to four years and three months' imprisonment and fined S$335,000. ↩
7. Wikipedia, "China Aviation Oil" (accessed November 2026): BP, Temasek Holdings and CAOH "agreed to invest 130 million", staving off bankruptcy, without stating the currency. Contemporary press reports (Xinhua/China Daily, December 2005 to March 2006) give US$130 million, split between CAOHC, BP Investment Asia and Aranda Investments (Temasek). ↩
8. Wikipedia, "Temasek Holdings" (accessed November 2026): "Incorporated on 25 June 1974" under the Singapore Companies Act. ↩
9. MarineLink, "Shell Completes Acquisition of Pavilion Energy", 31 March 2025 (accessed November 2026): Shell Eastern Trading completed the acquisition of 100% of the shares in Pavilion Energy from Carne Investments Pte Ltd, an indirect wholly owned subsidiary of Temasek; agreement

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announced on 18 June 2024; Singapore pipeline gas business transferred to Gas Supply Pte Ltd, a wholly owned Temasek subsidiary; 20% interest in Tanzanian blocks 1 and 4 not included. ↩

10. Wikipedia, "Sogo shosha" (accessed November 2026): "Japanese wholesale companies that trade in a wide range of products and materials"; the seven major companies Mitsubishi, Mitsui, Itochu, Sumitomo, Marubeni, Toyota Tsusho and Sojitz. ↩

11. Wikipedia, "Mitsubishi Corporation" (accessed November 2026): Petro-Diamond Singapore incurred losses of approximately US$90 million (13.2 billion yen) from unauthorised trading; the trader allegedly manipulated the unit's risk management system from January 2024; discovered in mid-November during a routine middle office review; the trader was dismissed and reported to the police. ↩

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