The Global Trader Programme

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The Approved Oil Trader and the Approved International Trader

The modern incentive framework began in 1989. In that year the Ministry of Trade and Industry introduced the Approved Oil Trader programme, which the Trade Development Board launched to attract oil majors and trading firms to conduct their trading in Singapore.[1] The programme built on the refining industry. Companies that marketed the products of the Singapore refineries or supplied them with crude oil were offered a reduced rate of tax on their trading income if they based their trading operations in the city.

A year later the government extended the approach beyond oil. The Approved International Trader programme of 1990 complemented its predecessor by attracting companies trading in other commodities and goods.[2] The framework began modestly. In 1989 the oil trader programme covered 25 major international trading companies.[3] Some of the companies admitted at that time, among them Shell, BP and Vitol Asia, were still under the programme twenty years later.

The merger of 2001

In June 2001 the two programmes were merged into the Global Trader Programme.[4] The new programme was administered by the Trade Development Board, the trade promotion agency later renamed International Enterprise Singapore, which some practitioner guides name as the body that launched it.[5] The merger replaced the distinction between oil and other commodities with a single framework for all international trading companies. It also signalled a change of ambition. The predecessors had been designed to support the refining industry and the port. The new programme aimed to make Singapore a hub for the trading of commodities worldwide, whether or not the goods ever passed through Singapore.

The timing was significant. The early 2000s brought the commodity boom driven by Chinese demand, which shifted the centre of gravity of commodity trading towards Asia. The Geneva volume describes how Swiss trading houses opened offices in Singapore, Shanghai and Beijing during this period to organise the flows of raw materials from Africa, Latin America and Australia to Asia.[6] Singapore was ready to receive them with an established programme, a functioning agency and a community of traders that had grown around the oil industry for a decade.

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Refinements: the entry-level award, derivatives and LNG

The government adjusted the programme repeatedly in its first decade. In 2003 it announced a concessionary rate of 10 per cent for an initial, non-renewable period of three years, designed for medium-sized trading companies with strong growth that could not yet meet the full criteria. Companies that demonstrated sustainable growth could then apply for the renewable five-year award.[7] The entry-level award widened the funnel of the programme and allowed smaller traders to grow into it.

The second refinement concerned derivatives. Traders hedge their physical positions with futures, swaps and options. Many also take positions in derivatives that have no direct link to a physical cargo. Under the original rules, income from over-the-counter derivative trades qualified for the concessionary rate only if the trades were connected with and incidental to the company's physical trades. From the year of assessment 2007, that condition was removed, so that such income could qualify for the 10 per cent rate in its own right.[8] The change acknowledged that a trading desk manages a book of physical and paper positions as a whole.

The third refinement targeted liquefied natural gas. In May 2007 the Minister for Trade and Industry announced a special rate of 5 per cent on LNG trading income, applicable for ten years with immediate effect.[9] At the time, LNG was traded mostly under long-term contracts between producers and Asian utilities. The government anticipated the development of a spot and short-term market and sought to place Singapore at its centre, a strategy that Chapter IV of this part examines. The special LNG rate lapsed after 31 March 2021, when LNG was brought into line with other qualifying commodities.[10] Singapore's LNG trade reached about US$240 billion in 2022, a figure equivalent to about half of its gross domestic product.[11]

Consolidation in 2020

Budget 2020 extended the programme, which had been due to lapse on 31 March 2021, to 31 December 2026, with certain refinements and consolidations.[12] The most important consolidation concerned structured commodity financing. Since 2010, a separate incentive had applied to qualifying companies that provided structured commodity financing, treasury services or advice on mergers and acquisitions to trading groups. From 19 February 2020 these activities were incorporated into the Global Trader Programme itself, so that an approved trading company no longer needed a separate award for them.[13]

The consolidation reflected the reality of the industry. Besides buying and selling goods, large trading houses finance their suppliers through prepayments, provide working capital to customers, manage their own treasury and acquire mines, terminals and refineries. The incentive now covered these activities within a single award, which simplified administration and recognised that financing is part of the trading business. Part H of this book examines the risks of this financing activity, which became visible in the collapses of 2020.

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Rate tiers, the minimum tax and the extension to 2031

The most recent changes respond to the global minimum tax. From 17 February 2024, a third tier of 15 per cent was added to the existing rates of 5 and 10 per cent for global trading companies approved on or after that date.[14] The law also allows the Minister or an authorised body to substitute the rate applicable to an existing award, with effect from a date that may not be earlier than 1 January 2024. The purpose of the new tier is evident. A large multinational group that pays 5 or 10 per cent on its Singapore trading income may face a top-up tax under the rules described in the next section. A rate of 15 per cent removes that exposure while preserving the other benefits of approval.

On 12 February 2026 the Budget announced a further extension of the programme, which was scheduled to lapse after 31 December 2026, to 31 December 2031. The same Budget expanded the list of qualifying commodities to include Environmental Attribute Certificates from 13 February 2026.[15] The addition extends the programme to instruments such as renewable energy certificates and connects the trading hub with the carbon and environmental markets that Chapter IV of this part and Chapter II of Part K examine.

Notes

1. Lim Hng Kiang, speech at the Global Trader Networking Dinner 2009, 26 May 2009 (meti.gov.sg, accessed November 2026): “Twenty years ago, the Ministry of Trade and Industry introduced the Approved Oil Trader (AOT) Programme”; Lee Pak Sing, *The Business Times*, 4 September 2023, republished by JTC on 10 November 2023 (jtc.gov.sg, accessed November 2026): the Trade Development Board, now Enterprise Singapore, “launched the Approved Oil Trader programme in 1989” to attract oil majors and trading firms.
2. Lim Hng Kiang, speech at the Global Trader Networking Dinner 2009, 26 May 2009: “the Approved International Trader (AIT) Programme, which complemented the AOT by attracting non-oil companies”; Rikvin, “Singapore’s Global Trader Programme (GTP)” (rikvin.com, accessed November 2026): the AOT and AIT “started in 1989 and 1990 respectively”.
3. Lim Hng Kiang, Minister for Trade and Industry, speech at the Global Trader Summit 2007, Shangri-La Hotel, 24 May 2007 (meti.gov.sg, accessed November 2026): “From 25 major international trading companies in 1989, we now have over 200 companies under the GTP based in Singapore.” Lim Hng Kiang, speech at the Global Trader Networking Dinner 2009, 26 May 2009: “Some of these companies, such as Shell, BP and Vitol Asia, have been under the Programme since its inception.”
4. Rikvin, “Singapore’s Global Trader Programme (GTP)” (rikvin.com, accessed November 2026): launched in June 2001 as a merger of the AOT and AIT programmes; Lee Pak Sing, *The Business Times*, 4 September 2023, republished by JTC: “The Global Trader Programme was later introduced in 2001 to further grow the pool and diversity of global trading companies.”
5. Kaizen CPA, “Guide to Singapore Global Trader Scheme” (kaizencpa.com, accessed November 2026): the programme was launched in June 2001 by International Enterprise Singapore, an agency under the Ministry of Trade and Industry, to promote Singapore as an international trading hub.
6. Ressos, *Genève, place financière internationale*, partie G, chapitre I: Chinese demand for raw materials “explose à partir des années 2000”; Geneva traders route raw materials from Africa, Latin America and Australia to Asia and open offices in Singapore, Shanghai and Beijing.

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7. Kaizen CPA, "Guide to Singapore Global Trader Scheme" (kaizencpa.com, accessed November 2026): in 2003 the government announced a 10% concessionary rate for a starting, non-renewable three-year period for medium-sized, fast-growing trading companies, after which companies could apply for the renewable five-year scheme.
8. Inland Revenue Authority of Singapore, *Annual Report 2005/06*, "Highlights of Tax Changes", "Enhancement to the Global Trader Programme (GTP)": "GTP companies no longer need to show that their OTC derivative trades are in connection with and incidental to their physical trades before their income from such derivative trades can qualify for the concessionary rate of 10%. This enhancement takes effect from YA2007."
9. Lim Hng Kiang, speech at the Global Trader Summit 2007, 24 May 2007 (meti.gov.sg, accessed November 2026): the government would "allow a special tax rate of 5%, specifically on LNG trading income", which "is applicable for 10 years with immediate effect".
10. Nexia International, "Singapore extends incentives for international trading businesses", *Global Insight*, March 2020 (nexia.com, accessed November 2026): the 5% rate for LNG income "will lapse after 31 March 2021", after which LNG is treated like other qualifying commodities.
11. Lee Pak Sing, *The Business Times*, 4 September 2023, republished by JTC: "We traded about US$240 billion worth of LNG in 2022, equivalent to about 50 per cent of Singapore's gross domestic product."
12. Grant Thornton Singapore, *2020 Singapore Budget Highlights*, 18 February 2020: "The Global Trader Programme has been extended to 31 December 2026 with certain refinements and consolidations." Nexia International, *Global Insight*, March 2020: the programme was originally set to end on 31 March 2021.
13. Income Tax Act 1947, s. 43I(1)(a)(iii) and (b), (1B), as reproduced on lawplayer.com from Singapore Statutes Online (accessed November 2026): income of an approved global trading company derived on or after 19 February 2020 from prescribed structured commodity financing, treasury activities or M&A advisory services; approved qualifying company income derived on or after 21 May 2010; no approval of a qualifying company after 31 March 2021. Nexia International, *Global Insight*, March 2020: structured commodity financing "was incorporated into the current GTP scheme with effect from 19 February 2020".
14. Income Tax Act 1947, s. 43I(1AA)(a)–(c) and (1AC), as reproduced on lawplayer.com from Singapore Statutes Online (accessed November 2026): rates of 5%, 10% or, for a global trading company approved on or after 17 February 2024, 15%; power to substitute the rate by notice on or after 17 February 2024; s. 43I(1AA)(d): the substituted rate applies from a date set by the Minister or authorised body, not before 1 January 2024.
15. Ministry of Finance, *Budget 2026*, Annex H-1, "Tax Changes", item 6, "Extend and enhance the Global Trader Programme ('GTP')" (cms.singaporebudget.gov.sg, accessed November 2026): the scheme, "scheduled to lapse after 31 December 2026", "will be extended until 31 December 2031"; "The list of qualifying commodities will be expanded to include Environmental Attribute Certificates from 13 February 2026"; Enterprise Singapore to provide details by 2Q 2026. Inland Revenue Authority of Singapore, "Budget 2026: Tax Changes and Enterprise Disbursements" (iras.gov.sg, accessed November 2026): Prime Minister and Minister for Finance Lawrence Wong delivered the FY2026 Budget Statement on 12 February 2026.

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