

2nd Shipping Finance Services Committee Meeting Summary

The 2nd Shipping Finance Services Committee meeting began at 3:10pm, with the Chairman welcoming attendees and outlining the agenda. Two main topics were set for discussion: updates on the Banker's Guarantee and follow-up on challenges from the previous meeting.

The Secretariat provided updates regarding the Maritime and Port Authority (MPA)'s credit management policies and digitalization efforts. A significant development was the Transport Minister's announcement of the removal of the Banker's Guarantee, formalized by an MPA circular on 16 January 2024. The removal of this requirement allows companies to replace security deposits and banker's guarantees with GIRO payments, freeing up capital for reinvestment. This policy applies if a company has no more than three consecutive failed transactions between 1 April 2023 and 31 March 2024, providing notable benefits for smaller firms.

MPA's transition away from security deposits is underway and further digitalization initiatives are being rolled out. The eGuarantee@Goc and InvoiceNow systems, supported by IMDA, are key digital efforts expected to be implemented over the next five to eight years. Videos demonstrated the advantages of these systems. eGuarantee allows for electronic documentation, reducing both environmental impact and costs. InvoiceNow, already adopted by companies like Sheng Siong, has improved efficiency and minimized fraud, with notable time savings in warehousing and physical operations.

These digitalization efforts have been positively received by the maritime community, and there is optimism about the earlier-than-expected implementation of these initiatives.

The committee also discussed about the upcoming "Maritime Conversations" event, scheduled for 26 March 2024, to be held in collaboration with the Legal & Insurance Committee. This event will cover rising risks, increasing decarbonization costs, and high interest rates in shipping finance. The presentations will:

- Educate members on bank financing decisions.
- Address documentation for sustainability-linked loans.
- Recent legal developments on ship arrests.

The event has seen overwhelming interest, with more registrants than the venue can accommodate. In response, the Chairman invited committee members to suggest additional topics and presenters for upcoming events in 2024 and early 2025.

The Chairman outlined eight potential topics for future events, including:

1. Green Maritime Finance for Asia-Pacific: Focused on supporting small and medium-sized enterprises (SMEs) with financing needs, this session may feature Ocean Assets Group and fall under the \$5 billion Healthy Oceans plan by the Asian Development Bank.
2. Shipping Legal 101: Covering arbitration and ship financing structures.

3. Shipping Finance 101: A proposed structured and certified course to address talent gaps in Singapore's shipping finance sector, aimed at attracting new professionals.
4. Alternative Fuel of the Future: A collaborative session with the Marine Fuels Committee to explore the financial feasibility of alternative fuels like ammonia.
5. Carbon Trading – EU ETS: Standard Chartered's Climate Impact X team may lead a session on carbon trading, specifically focusing on EU ETS.
6. Optimizing Capital Structures: This session would cover balance sheet management, tax issues, and capital advisory, with possible participation from firms like Deloitte or KPMG.
7. Impact of Basel Regulatory Changes on Ship Finance: A discussion on Basel regulations and their implications for shipping and aviation, though potential speakers are still being sought.
8. Poseidon Principles 101: Heng Chih Chwen, a member of the Poseidon Principles steering committee, has offered to discuss the latest updates and impacts following MEPC 80's revisions in July 2023.

The Chairman urged members to suggest speakers for these topics and aims to finalize the schedule by April 2024.

With no other business raised, the meeting concluded at 4:40pm. The Chairman expressed gratitude to all participants and encouraged ongoing collaboration in shaping the committee's future activities.

Singapore, 12 Mar 2024
