

6th International Committee Meeting Summary

Chairperson Mr. Jun Shibata opened the meeting with warm greetings. The quorum was met. The minutes from the 5th International Committee Meeting were then adopted without further comments.

Mr. Daniel Hall from the U.S. Department of Treasury presented on key compliance issues in the maritime industry, particularly around "dark ships," AIS spoofing, and the challenges posed by complex ownership structures. He emphasized the importance of due diligence to avoid inadvertently servicing sanctioned entities and warned of severe penalties for violating U.S. sanctions, as clarified by a December compliance note from five U.S. agencies. U.S. sanctions against Russia are less comprehensive than those on North Korea, requiring careful review of the SDN list for compliance. The evolving "shadow fleet" complicates risk management, necessitating robust, risk-based compliance programs. Financial institutions play a key role in due diligence, helping businesses navigate compliance complexities. Companies must proactively engage with regulatory bodies, conduct thorough due diligence, and ensure that no parties involved in a transaction are linked to illicit activities or listed on the SDN list to mitigate risks and avoid sanctions exposure.

Mr. Paul Collier from Clyde & Co Clasis Singapore discussed the EU Emissions Trading System (ETS) and FuelEU Maritime, comparing their frameworks and targets. The EU ETS, aiming for a 55% emissions reduction by 2030, includes shipping starting this year, with companies required to comply by 2026. This affects vessels over 5,000 gross tons on intra-EU voyages, requiring emission reports focused on CO₂, with methane and nitrous oxide to follow. Non-compliance could result in fines and port bans. The presentation highlighted challenges in charter parties regarding the allocation of emissions allowances, emphasizing the need for clear contracts to avoid disputes. Collier also addressed payment timelines and discrepancies in charter agreements, recommending reconciliation mechanisms. FuelEU Maritime, starting in 2025, aims for significant reductions in ship emissions in EU ports, with penalties for non-compliance. Collier concluded by stressing the importance of tailored agreements to manage evolving liabilities and cost-sharing under these new regulations.

Mr. Loh Sin Yong from the Infocomm Media Development Authority (IMDA) presented on TradeTrust, a blockchain-based digitalisation tool designed to securely exchange electronic trade documents, such as Bills of Lading. IMDA aims to address the longstanding issue of paper usage in international trade by leveraging technology, particularly in maritime logistics and trade finance. A recent pilot project between the USA and India demonstrated the potential for fully digital transactions, supported by both governments, with future iterations aiming for greater automation. TradeTrust facilitates the use of electronic transferable records, enabling digital negotiable instruments to be legally recognized across jurisdictions, thanks to amendments in Singapore's Electronic Transactions Act. The framework, using decentralised technologies, ensures document ownership and verification across platforms, promoting interoperability without a unified system. IMDA is actively contributing to global digital trade standards, with countries like France and Australia advancing similar initiatives, and encourages early adoption of TradeTrust for broader industry impact.

Mr. Cedric Tan, Chairperson of the Tax Work Group, provided an update on recent activities, including the May 20, 2024 meeting where the committee was informed of the Maritime and Port Authority's (MPA) plans to revise the Alternative Tonnage Tax Regime. In late September, MPA issued a circular outlining the new Net Tonnage Basis of Taxation (NTT). Following this, a closed-door meeting on October 11, 2024, was held with Ms. Caroline from MPA to discuss changes in tonnage tax calculations and address questions from the Tax Work Group. Mr. Cedric then briefed the international committee on the key changes under the NTT regime compared to the previous system and its impact on tax calculations in the industry.

Ms. Georgina Lim from X-Press Feeders discussed issues with fines imposed by Bangladesh Ports despite following protocols. Mr. Alex H was unable to address these at the 5th Committee Meeting, so the Secretariats followed up and gathered evidence. They contacted the Maritime and Port Authority (MPA) for assistance and the Bangladesh Shipping Agents' Association (BSAA) for a presentation, but visa issues prevented BSAA's attendance. The Secretariats will continue to work with Ms. Lim and encourage members facing similar issues to reach out for support.

Singapore, 5th November 2024.

Singapore Shipping Association

The Association was first formed as Singapore National Shipping Association (SNSA) on 29 January 1985 to represent its Members, who are basically shipowners and operators, shipmanagers, ship agents and shipbrokers. The Association will take the view of the shipping industry as a whole. It will play its due role to promote the interests of shipping in Singapore, ASEAN, Asia and the world. The Association will cooperate with governmental and non-governmental organisations to promote freedom of the sea, safety at sea and to protect the marine environment.