

Shipping finance

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The financing of ships is a specialised branch of banking that combines asset finance with the particular risks of the shipping market. A ship represents a large and mobile asset whose value fluctuates with freight rates and with the cycle of new construction and scrapping. Banks that finance ships take security in the form of ship mortgages, which must be registered in the ship register of the flag state, while also requiring assignments of insurance and earnings. Under Swiss law, ships registered in the Swiss register can be encumbered with ship mortgages under a specific regime that departs from the general rules on movable property.¹

Inland vessels on the Rhine are financed on a smaller scale. A typical Rhine barge or tanker costs a fraction of an ocean-going vessel. Many are owned by small family companies, often in the Netherlands, Belgium and Germany, who finance them with loans from regional banks. The industry has faced increasing pressure to invest in new engines and alternative propulsion to reduce emissions, while the low-water years have shown the value of vessels designed for shallow draught. Public programmes in the Netherlands and Germany, together with the CCNR's work on a roadmap for reducing emissions, have tried to address the financing gap that results.²

Swiss banks play a limited role in Rhine shipping finance. Geneva and Zug nevertheless host trading houses whose commodities move by water, and some Swiss banks finance commodity trade transactions in which barges and tankers carry the goods. In Basel, the finance of shipping appears mainly in the form of trade finance, documentary credits and warehouse receipts used to finance stocks in the ports. These instruments link the port with the banking business discussed in earlier Parts of this book and with the legal questions of customs warehousing to which this chapter returns.³

Insurance completes the financial infrastructure of the port. Hull insurance for Rhine vessels, cargo insurance for goods carried on the river and

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liability insurance for terminal operators are offered by Swiss and foreign insurers, while marine insurance has a long tradition in Basel. Part I examines the insurance industry in more detail, including the reinsurers whose portfolios cover the catastrophic risks to which transport and logistics are exposed.⁴

1 Notes

1. On ship mortgages under the Federal Act of 28 September 1923 on the Register of Ships (SR 747.11) and the Maritime Navigation Act (SR 747.30), see the commentaries on Swiss maritime law. To be verified. ↩
2. On the financing of the inland fleet, the CCNR roadmap for reducing emissions from inland navigation (adopted 2021) and national support programmes for the modernisation of inland vessels, see the CCNR market observation reports and the publications of the competent national ministries. To be verified. ↩
3. On commodity trade finance in Switzerland and the role of documentary credits and warehouse receipts, see the publications of the Swiss Trading and Shipping Association (STSA) and the literature on trade finance. To be verified. ↩
4. See Part I on the insurance industry in Basel, including transport and marine insurance and reinsurance. Cross-reference to be confirmed. ↩

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