

Agritrade International

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Agritrade International, a Singapore trader in coal and palm oil, collapsed in early 2020 with liabilities of about USD 1.5 billion to some 15 banks. ING alleged in court that the group had committed "a massive and pre-meditated fraud", including the issue of "overlapping" bills of lading to obtain financing from several banks for the same shipment. Commerzbank suspected that coal shipments it had financed did not exist.¹ On 9 December 2022 a Singapore court sentenced the group's former chief financial officer to 20 years' imprisonment on eleven counts of cheating and one count of falsifying accounts, which had caused losses of some SGD 619 million to 16 financial institutions. According to the report of the sentence, she had sent falsified financial statements to banks and had transferred loan proceeds to shell companies disguised as suppliers. At the time, investigations into the group's chief executive were still continuing.²

1 GP Global and the Geneva banks

GP Global, the trading arm of the Dubai-based Gulf Petrochem group, collapsed in mid-2020. Its lenders included Credit Suisse, UBS, Natixis, Rabobank and BNP Paribas. The Geneva daily *Le Temps* reported that Swiss banks risked losing about 270 million in the case.³ In proceedings brought in England in December 2024, BNP Paribas alleged that the group had begun issuing forged invoices in early March 2020. According to BNP Paribas, customer payments were redirected to accounts other than those designated for loan repayment, and the bank discovered the forgery in mid-July 2020. The bank had already obtained a judgment of some GBP 97 million in the United Arab Emirates in October 2023 and claimed about GBP 108 million in London.⁴ These allegations had not been finally decided at the time of the report and are stated here as the bank's claims. Other cases of the same year included the Phoenix Commodities group in Dubai and Singapore and Coex Coffee International.⁵

Case Collapse Reported debts Main technique alleged Agritrade early 2020
c. USD 1.5 bn, 15 duplicate bills of lading, International banks falsified
accounts (Singapore) Hin Leong Trading April 2020 c. USD 3.5 bn, 23
hidden losses, false (Singapore) banks documents and LOIs GP Global /
Gulf mid-2020 Swiss banks c. 270 forged invoices, diverted Petrochem
(Dubai) m at risk payments

2 The retreat of the banks

The banks' reaction was swift. In the summer of 2020 ABN AMRO announced that it would withdraw from commodity trade finance altogether. Société Générale closed its commodity finance unit in Singapore, Rabobank reviewed the business and Natixis reduced its financing of energy and natural resources trade. ING remained active with an exposure of more than EUR 20 billion but became more selective.⁶ In August 2020 BNP Paribas halted new deals in its Geneva commodity trade finance team, and in September 2020 it decided to close the Swiss business, which employed about 120 people and had been among the top ten providers of commodity finance. The business had been shrinking since 2014, when BNP Paribas paid a fine of USD 8.9 billion in the United States for violations of sanctions.⁷ The cash.ch news service reported that revenues from commodity trade finance had fallen by 29 per cent in the first half of 2020. A former head of metals finance at Rabobank predicted that commodity finance as it was then known would play no significant role within five to ten years. The chief financial officer of Glencore commented that banks had become much more selective, "as they probably always should have been".⁸

The large traders were hardly affected, because they had access to syndicated facilities, bond markets and their own balance sheets. The burden fell on the small and medium-sized traders that relied on transactional lines from the banks that withdrew. In Geneva, a trader warned that small Swiss companies would suffer if banks left the sector.⁹ Lugano felt the same pressure with a delay. After 2022 the war in Ukraine and the sanctions against Russian suppliers caused a second retreat, which Chapter F.I described from the traders' perspective. The result is a market with fewer lenders, higher margins, more collateral, stricter reporting and a preference for larger and better-capitalized clients. Specialized banks with foreign shareholders and non-bank lenders such as trade finance funds have filled part of the gap, at higher prices and often with less experience of Swiss law.

3 Lessons drawn by the industry

In October 2021 the Swiss Trading and Shipping Association (STSA, now Suisssenégoce) published a best practice guide for mitigating risk in commodity trade finance. It had been prepared with ten banks: Arab Bank, Banque de Commerce et de Placements, Banque Internationale de Commerce, CA Indosuez, Credit Suisse, ING, Sberbank, Société Générale, UniCredit and UBS. The association described the exercise as a return "back to basics".¹⁰ The guide recommends that banks avoid financing circular transactions designed to create liquidity and verify bills of lading randomly. They should use vessel tracking technology to confirm voyages and should not finance against copies of bills of lading for more than ten days after shipment, or thirty days for crude oil. Where they finance against copies, they should obtain the originals. Warehoused goods should be inspected periodically by third parties, banks financing inventory at the same location should use the same inspection company, and borrowing base facilities should be reserved for larger clients.¹¹

Singapore's regulator went further. After thematic inspections of banks in 2024, the Monetary Authority of Singapore published on 10 April 2025 an information paper on governance and risk management of commodity financing. It sets out supervisory expectations for customer-level and transaction-level controls, including checks for duplicate financing and the verification of trade documents, and it encourages the digitalization of documents.¹² No comparable paper by FINMA had been published at the time of writing. The next section examines what Swiss supervision requires instead.

4 Notes

1. Free Malaysia Today, 28 February 2020 (above) (liabilities of USD 1.5 billion; ING USD 96.9 million, Maybank USD 107.6 million, MUFG USD 77.3 million; Natixis and Commerzbank among the lenders). ↩
2. Mothership, "S'pore commodity firm ex-CFO, 63, jailed 20 years for cheating, causing over S\$619 million in losses", 19 January 2023, <https://mothership.sg/2023/01/agritrade-cfo-jailed-20-years//amp> (sentence of 9 December 2022 on Lulu Lim Beng Kim; S\$619.1 million; 16 financial institutions; investigations into the chief executive and the founder continuing). ↩
3. The lenders named in the text are those listed in GTR, 15 January 2025 (below). ↩

4. GTR, "BNP Paribas alleges forged invoices in claim against Gulf Petrochem owner", Global Trade Review, 15 January 2025, <https://www.gtreview.com/news/global/bnp-paribas-alleges-forged-invoices-in-claim-against-gulf-petrochem-owner/>. ↩
5. Dupont, Geneva Solutions, 27 August 2020 (above). ↩
6. Cash.ch, "Europäische Banken wenden sich von den Rohstoffhändlern ab", 24 August 2020, <https://www.cash.ch/news/top-news/europaische-banken-wenden-sich-von-den-rohstoffhandlern-ab-442026>. ↩
7. BNN Bloomberg, 23 September 2020 (above). ↩
8. Cash.ch, 24 August 2020 (above) (Walter Vollebregt; Steve Kalmin). ↩
9. Dupont, Geneva Solutions, 27 August 2020 (above). ↩
10. GTR, 3 November 2021 (above) (Swiss Trading & Shipping Association; the ten banks named in the text; a return to basic practices). Change of name of the STSA to Suissenégoce (see Chapter F.I). ↩
11. GTR, 3 November 2021 (above). ↩
12. Linklaters, "MAS Information Paper on Governance and Risk Management of Commodity Financing", 10 April 2025, <https://www.linklaters.com/knowledge/articles/alerts-newsletters-and-guides/2025/april/10/mas-information-paper-on-governance-and-risk-management-of-commodity-financing>. ↩

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