

## Shippers' Council

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28 February 2024

11:00 – 13:00

Online Meeting

### 1. Welcome, introductions & conduct of meetings policy.

- The Chair, Ryan Allender, welcomed members to the meeting and reminded members of the conduct of meetings policy.

### 2. Roundtable discussion including the Windsor Framework, Border Target Operating Model (BTOM), Red Sea disruptions, EU Emissions Trading System and EU Entry/Exit System.

#### Windsor Framework

- N. Mallon (NM) gave an overview of Windsor Framework developments to date, including the UKG/DUP Command Paper, imminent dates for further changes and Logistics UK's key asks of government. DEFRA's consultation on UK wide implementation of 'Not for EU' labelling is live and closes on 15 March.  
**Action: Members to provide individual feedback to N. Mallon on business and trading implications to inform Logistics UK's submission. Members were also encouraged to directly respond to this consultation given the significant impact of this proposed change.**

#### Members discussion:

- A number of members shared their experiences to date. There was shared frustration at the continuing lack of detail and timely, easily digestible and centralised guidance from government to enable member businesses, and their customers/suppliers, to plan, prepare and be complaint in time. Members also emphasised the importance of a pragmatic transitional phase from 30 September 2024 and the need for contingency planning given the reliance on the interfacing of systems.  
**Action: NM to follow up with one member offline about exempted commodities under the Windsor Framework and a lack of understanding and staffing capacity within Border Force and DEFRA.**

#### Border Target Operating Model

- NM gave an overview of key outstanding decisions and details including the Common User Charge, Port Health Authority charges, commercial Border Control Post costs and operations at Sevington BCP. Concern was also highlighted about the true state of EU and UK readiness and compliance given the 'calibrated approach' to enforcement since 31 January 2024.

#### Red Sea disruption and surcharges

- NM gave a summary of two special ad hoc meetings held in January and February with Shippers' Council members on escalations in the Red Sea and surcharges being applied by Shipping Lines. Since January, Logistics UK has twice met Minister Ghani MP at the Department for Business and Trade and has also met with the UK Competitions Market Authority on the need for greater transparency and scrutiny of Red Sea Surcharges, Peak Season Surcharges and the wider issue of surcharges, particularly given the backdrop of increasing geopolitical instability and climate change.

#### EU ETS and EES

- NM gave a brief overview of the state of play and Logistics UK's position on the EU Emissions Trading Scheme, extended to maritime from January 2024, and ongoing campaigning in respect of the new EU Entry and Exit System due to be introduced in October 2024.  
**Action: NM is giving evidence to the Westminster European Scrutiny on EES on Wednesday 6 March 2024. Impacted members to provide feedback to inform this oral evidence.**

### 3. Harnessing Demand for Zero Emission Shipping: Zero Emission Maritime Buyers Alliance (ZEMBA) – presentation by Alex Hueser, Operation Lead for ZEMBA, Aspen Institute Shipping Decarbonisation Initiative followed by Q&A.

#### Summary of slides

ZEMBA is a collective purchasing power initiative for cargo owners utilizing economies of scale to accelerate zero emission maritime solutions. This voluntary action by shippers is necessary as policy requirements are likely to be too little too late. 28 cargo owners signed up to the first tender round. Round 2 is being prepared.

Members of ZEMBA receive verified Zero Emission Certificates from participating carriers for Scope 3 GHG reductions. The programme is operated through a 'Book and Claim System'. This allows members to decarbonise, even if their containers are not transported on ZE vessels – i.e. you are not paying a green premium for your cargo flow but for a cargo flow – contributing to a reduction in overall global emissions from shipping which differs from a carbon credits scheme which writes off shipping emissions.

There is no limitation on who can join, and membership is free until at least 2025 as the Aspen Institute is a philanthropically funded organisation. For more information about ZEMBA, members should email Meera Kallupura ([Meera.Kallupura@aspeninstitute.org](mailto:Meera.Kallupura@aspeninstitute.org)) - Program Manager at the Aspen Institute Shipping Decarbonization Initiative.

#### Members Q&A

Q – How are carriers responding?

A – Initially not a good reaction but there is an increasing appetite. 8/10 top carriers wanted to receive the Request for Proposal (RFP) for Round 1 and five bids were received.

Q – How much is the green premium?

A – This depends on where the fuel is produced and deployed. It can be somewhere between 0-70% on top of fossil service costs, depending on the fuel source. Biomethane is cheaper to obtain but not as good for the environment as e-fuel, such as e-methanol. E-methanol therefore falls towards the higher percentage costs in the green premium.

Q – Where are we currently in the journey to achieve the 1% target by 2025?

A – Currently shipping is at 0%, further reinforcing the need for the ZEMBA programme.

Q – Are new ships being built able to operate with alternative fuels?

A – Most new ship orders are dual fuel – LNG and fuel or methanol and fuel oil – and are therefore technologically capable of operating with zero emission fuel. Immediate plans by carriers are not zero emission.

Q – What years will the second RFP cover?

A – It is likely to start in 2027 and run until 2029.

Q – Who will verify the zero emission certificates issued by carriers to cargo owners?

A – This is yet to be finally determined but it will be an independent and experienced body, such as Lloyd's Register. Further down the line, there could be the potential for validation to be included in ZEMBA programmes from the point of use.

### 4. Update on UK Consortia Block Exemption Regulation.

NM set out the timeline to date and Logistics UK's repeated engagement with the UK Competition Markets Authority (CMA) to make the case that this exemption of Shipping Lines from normal competition rules is not warranted.

- 19 January 2023 – CMA publishes for consultation its recommendation that UKG **replace** the retained CBER with a UK Liner Shipping Consortia Block Exemption Order when it expires on 25 April 2024. Logistics UK responded opposing this recommendation.
- 10 October 2023 – European Commission publishes its decision **not** to extend the EU CBER and to let it expire on 25 April 2024.
- 17 November 2023 – CMA publishes a consultation on its **provisional decision** that it will **not** recommend replacement. Logistics UK met with the CMA and responded to this consultation supporting this decision.
- 9 February 2024 – CMA publishes its **final decision** that it **will not** recommend replacement of the CBER. Logistics UK welcomes this decision which we campaigned for.

## **5. Update on Container Cleanliness.**

- Council Chair, Ryan Allender, gave an update on container cleanliness and an IPPC initiative to strengthen rules around container cleanliness, and pest control in particular.
- The World Shipping Council (WSC) and some other parties have proposed new joint industry guidelines which advocates the principle of 'custodial responsibility' (which requires each stakeholder in the supply chain to inspect and clean the container before passing the box on to the next stakeholder). There is a strong emphasis on shippers to maintain internal and external cleanliness plus ensure there are no pests in containers.
- The Global Shippers Forum, which Logistics UK is a member of, is currently in discussions with WSC to reach a more balanced apportionment of responsibility across shippers and the Shipping Lines who own the containers. There is still a lot of work to do to reach the right outcome.

## **6. EU Deforestation Regulation - EUDR**

- The Chair, Ryan Allender gave an update on EUDR.
- Under this regulation manufacturers and traders will be required to prove goods do not originate from deforested areas (designated as of 31/12/2020). The EUDR is likely to cover cocoa, coffee, palm oil, rubber, soya, wood and cattle. Proof includes a requirement to provide Geo-Location Data (Lat/Long or Polygon) of raw materials.
- It is proved by creating Due Diligence Statements (DDS) which must be used for import, domestic production, trade and exports from the EU.
- It is being phased in. It started in July 2023 and will come into force in the EU on 30th December 2024
- Further information can be found on the EU Landing page on EUDR - [Implementation of the EU Deforestation Regulation - European Commission \(europa.eu\)](#)
- Similar to BTOM and the Windsor Framework, official guidance is coming out far too slowly.
- The UK is looking at something similar via Schedule 17 of the Environment Act 2021. Included commodities are non-dairy cattle products (beef and leather), cocoa, palm and soy. Organisations likely to be in scope will have a global turnover of over £50 million, unless they do not exceed an annual volume of 500 tons in which case they can apply for an exemption. Further information is available here - <https://www.gov.uk/government/news/supermarket-essentials-will-no-longer-be-linked-to-illegal-deforestation>

## **7. Dates for diaries & AOB**

- 20 March 2024 – Supply Chain Resilience Conference, 09:00–16:00, America Square Conference Centre, London, EC3N 2LB.
- 5 June 2024 – Joint Shippers' & Water Council, DFDS, Immingham.
- 30 October 2024 - Shippers' Council, 11:00 – 13:00. **Action: Members preference is for a hybrid meeting in Logistics UK's London Office.**

No AOB was raised.

**Meeting concluded.**

### **Attendance:**

Ryan Allender (Chair) – Nestle  
Nichola Mallon (Secretary) – Logistics UK  
Josh Fenton – Logistics UK  
Tony Beadle – M&S  
Claire Nicolas – DPD Group  
Emanuela Palmeri – Pernod Ricard

Graham Packer – CHEP UK Ltd  
Julie Young – UK Flavour Association  
Lisa Robertson – Chemical Business Association  
Paul Dean – Holmen Iggesund Paperboard Workington Limited  
Paul Prosser - Airbus Operations Ltd  
Senga Creighton – Co-operative Group Ltd  
Alex Hueser (guest speaker) - Aspen Institute Shipping Decarbonisation Initiative

**Apologies:**

Bernadette Smith – Nestle  
Tracy Ferris – Sibelco UK Ltd.