

## Minutes of the Shippers Council

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30 October 2024

11:00 – 13:00

Online Meeting

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

- Nichola Mallon (NM) and Council Chair, Ryan Allender, welcomed attendees to the meeting.
- The Chair reminded members of the need to comply with the code of conduct and competition law at all times.

### 2. Roundtable industry discussion.

- NM set out significant changes to timelines (see slide pack), since the last council meeting, for implementation of the Windsor Framework, Border Target Operating Model, EU Entry & Exit System and EU Deforestation Regulation and the persistence of information/communication gaps from authorities.
- Members discussed these issues alongside the impact of ongoing diversions away from the Red Sea, surcharges including Peak Season Surcharges, Chinese Golden Week, the double impact of container shortages (including the need for greater provision of 20ft containers) and lack of vessel space, the Alliance reshuffle in 2025, shippers' concerns about industrial relations and geopolitical instability.
- One attendee suggested inviting a carrier to a meeting to discuss concerns.

**Action: NM and Chair to discuss this after the meeting.**

### 3. Labour government – what might that mean for trade?

- NM gave an overview of key expectations ahead of the budget announcement today (30 October 2024), the government's commitments in respect of improving the UK-EU trading relationship, continuation in the approach to Free Trade Agreements, and how Logistics UK is assessing the degree to which trade is underpinning new government strategies.
- Ahead of this meeting, NM approached the Department for Business and Trade (DBT) for key questions they would like UK Shippers to consider. DBT has requested member feedback on the following:

**Q1. What are the key priorities that you want government to address over the next five years?**

- To assist Logistics UK in its ongoing engagement with DBT on behalf of members, we would welcome feedback on the following questions:

**Q2. What more could the UK government do to support members in (i) exporting and (ii) importing?**

**Q3. What top three interventions would create more resilient supply chains for the UK?**

- During the discussion members highlighted the complexities of country-of-origin rules given the reality of complex supply chains, the increasing levels of information that businesses are being asked to share across supply chains and commercial sensitivity, the need to simplify GB to NI trade, and the need to accelerate digitalisation of borders and trade.

**Action: NM to circulate all three questions to members with the minute of this meeting and request feedback via nmallon@logistics.**

#### 4. Container Shipping Global Performance Report for Q3 2024 - MDS Transmodal.

Mike Garratt from MDST gave a detailed presentation on the following themes:

- An overview of UK trade, global shares, and port throughputs
  - Container Shipping Global Performance KPIs with zoom down to the UK level.
  - Capacity deployment analysis
  - Emerging key issues
- A discussion followed on the end of the Consortium Block Exemption Regulation and the impact on Shipping Lines and alliances; the Red Sea diversion and the impact on shipping capacity, the shift of emphasis towards 'direct' services leaving transshipment strategies more vulnerable, the introduction of the EU Emissions Trading System (ETS) and why this is being charged as a surcharge and not a basic cost? There was also a discussion on the relationship between market disruption and freight rate spikes, UK port capacity post DP World's announcement on London Gateway and the ongoing challenge of maritime decarbonization.

**Action: NM to circulate this presentation as part of the master slide deck to members.**

#### 5. Update on industrial relations at US Ports - Lori Fellmer, Vice President Logistics and Carrier Management, BassTech International.

- The Chair thanked Lori Fellmer (LF) for joining from the US, particularly given the time difference.
- LF set out the background to the industrial dispute between the International Longshoremen's Association (ILA) and US Maritime Alliance (USMX) which lead to three days of strike action at 14 major ports along the east and gulf coast from 1 October to 3 October 2024. Issues at the centre of this dispute include wages, automation at ports, healthcare and bonus issues.
- On 3 October the strike ended as the ILA was offered a 61.5% salary increase over 6 years. This offer by USMX was accepted tentatively.
- Following the end of industrial action, port activity resumed to normal levels quite quickly.
- Both sides have resumed negotiations ahead of the extended contract date of 14 January 2025. There remains the potential for strike action on 15 January if both sides do not find agreement. Vessels are being overbooked as some Shippers plan to get freight in ahead of this date.
- In good news for Shippers, the US Department of Transport Secretary issued a press release calling for the withdrawal of any surcharges/congestion charges being applied 'opportunistically'. And the Federal Maritime Commission (FMC) announced that it was reviewing surcharges and asked Shippers experiencing unfair surcharges to come forward.
- It is now clear that cargo sitting at peers will not be subject to demurrage charges while a port is shut down. It is less clear as to whether pre-existing demurrage charges will continue to apply during the period that a port is shut down.
- LF highlighted the need for force majeure clauses, as well as surcharges, to be addressed going forward.
- In response to a question from a member on the probability of industrial action on the 15 January, LF said to prepare is to be cautious, if many Shippers take a cautious approach this could result in port congestion before this date and a lot will depend on who is in office after the US Presidential Election.

#### 6. AOB & dates for diaries.

- Following a discussion with members present, the following dates have been selected for Council meetings in 2025.
  - o Wednesday 26 February 2025 – 11:00 to 13:00
  - o Thursday 22 May 2025 - 11:00 to 13:00
  - o Wednesday 15 October 2025 - 11:00 to 13:00

Members are keen to have at least one meeting per year hosted by a member.

**Action: Members willing to host a meeting are asked to contact NM.**

**Action: Members to contact NM with suggestions on topics and speakers for future council meetings.**

The Chair thanked those who attended and closed the meeting at 1pm.

## Attendees

Ryan Allender (Chair) – Nestle  
Senga Creighton – Co-op  
Riikka Mitchell – Pernod Ricard  
Julie Young – UK Flavour Association  
Mike Garratt – (Guest Speaker) MDS Transmodal  
Lori Fellmer (Guest Speaker) – BassTech International  
Nichola Mallon (Secretary) – Logistics UK  
Phil Roe – Logistics UK  
Alexandra Herdman – Logistics UK  
Josh Fenton – Logistics UK