



3rd December 2019

Mr. Paul Zalai
Director and Co-Founder / Freight & trade Alliance (FTA)
Secretariat / Australian Peak Shippers Association (APSA)
Director / Global Shippers Forum (GSF)

REF : TERMINAL INFRASTRUCTURE SURCHARGES

Dear Paul,

We would like to highlight the impacts to the supply chain costs that Wilmar International and our associated companies are incurring with the increasing fees applied by container terminals in relation to infrastructure surcharges / levies.

About us:

Wilmar Gavilon is a 50/50 Joint Venture between Wilmar International and Gavilon LLC, a 100% owned entity of Marubeni Corporation

Operations in Australia and New Zealand

Part of a vertically integrated feed ingredients supply chain group.

Importing edible oils, Palm Kernel Meal, Specialty Fats and Molasses into Australia and New Zealand.

Exporting Fats, Protein Meals, Grains, Oilseed and Pulses from Australia and New Zealand

Own and operate a dry bulk, bulk liquid and container packing facility in Brisbane called Queensland Bulk Terminals.

Wilmar International also own Goodman Fielder International – brands include White Wings, Pampas, Ernest Adams, Helgas, Wonder White, Praise, Cornwells, Meadow Lea, Gold n Canola and Crisco Oils; and Sugar Australia – CSR Sugar brand.

In Australia, our group handles in excess of 20,000 containers annually, import and export through the five main container ports. Current infrastructure fees represent additional costs exceeding AUD1.5million p.a., with further increases advertised from 1-JAN-2020 at some terminals.

With our integrated vertical supply chain, commodities and ingredients supplied to Goodman Fielder milling and production facilities are exposed to all incremental costs. Currently these infrastructure charges represent additional AUD4-5 per metric tonne which are passed through the cost of production and ultimately the retail price of these staple foods in Australia, and the wider Pacific region.

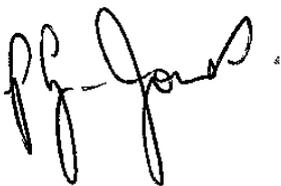
From a trading perspective the Australian Agricultural sector are now faced with higher landside supply chain costs further diminishing our international competitiveness on top of a crippling drought. Historical markets in the Asia / PNG / Pacific Rim now have capability of sourcing agricultural products from competing Black Sea and North America regions. With blue water supply chains from these origin countries now established, these markets, historically sourced from Australia agriculture could be lost permanently to Australian producers. The only way our Australian sector can regain these markets once we return to an exportable harvest is to then buy our way back into the market at the expense of the producer. **These infrastructure charges are harmful to the Australian Agriculture sector.**

Another point that needs raising is the “double-dipping” these landside infrastructure charges represent to Australian cargo owners. Terminal Handling Charges, vastly higher than our nearest Asian trading partners, are already recovered from shippers and importers by shipping lines along with ocean freight. Cargo owners are paying stevedore’s charges twice.

For decades Australian cargo owners have been subjected to the duopolistic practices that existed on the Australian waterfront from the two main stevedores. The addition of a third terminal operator on the main east coast ports has resulted in this new practice designed to increase stevedore revenue through cargo owners by avoiding discussion with their contracted customers – the shipping lines. Cargo owners have no direct consultation as to which terminal the carriers use, and shipping lines deny any responsibility in regards to these additional costs. The result is that the cargo owners have no recourse against terminal operators and despite claims of increases in efficiencies with quayside operations, the cost of shipping through Australian container ports continues to escalate with no real benefit to cargo owners.

A summary of the latest infrastructure charges around the main Australian ports are attached for your reference. Without regulation, there is every sign these charges will continue to be increased in pursuit of stevedoring profit without accountability.

Sincerely

A handwritten signature in black ink, appearing to read "Paul Goodman-Jones".

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Paul Goodman-Jones
Shipping Manager
Wilmar Gavilon Pty Ltd