CB/22/3 14 May 2010

Original: ENGLISH Distr: RESTRICTED

CONSULTATIVE BOARD ON THE WORLD COCOA ECONOMY

Twenty-second meeting ICCO Offices, London, Monday, 13 September 2010 at 10.00 a.m.

GUIDELINES ON BEST KNOWN PRACTICES IN SHIPPING OF COCOA

Note by the Secretariat:

The attached document, containing Guidelines on Best Known Practices in Shipping of Cocoa has been kindly made available by Mr. Philip Sigley in his capacity as Chief Executive of the Federation of Cocoa Commerce Ltd.



GUIDELINES FOR SHIPMENT OF COCOA IN CONTAINERS

FEDERATION OF COCOA COMMERCE LTD Cannon Bridge House 1 Cousin Lane London EC4R 3XX

Tel: +44 (0) 20 7379 2884 Fax: +44(0) 20 7379 2389 E-mail: <u>fcc@liffe.com</u> Web: www.cocoafederation.com

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These Guidelines aim to provide informal, non-statutory guidance about FCC Contract Rules. These Guidelines do not form part of any FCC Contract Rules whatsoever or any contract subject to any such FCC Contract Rules and shall not affect the construction or interpretation of any such FCC Contract Rules or any such contract.

1. GENERAL

1.1 SCOPE

These Guidelines are intended for use by the international cocoa trade and its members of staff and the agents and operators engaged in the process of shipping cocoa beans in containers in order to encourage the successful completion of international cocoa contracts.

1.2 OBJECTIVE

To promote best practice in the shipping of cocoa beans in containers with particular regard to the use of efficient means for inspection and handling of the equipment used and the storage and stowage of such equipment before and after shipment.

1.3 BACKGROUND

Under FCL/FCL terms, the shipping line is not responsible for the packing, loading and contents in the container they supply or deliver. They are only responsible for the container.

The FCC has issued guidance to members (published on the website) on these issues and introduced a Superintendents Scheme to encourage the cocoa supply chain to respond to the challenge in a positive way and one which retains the support of the insurance market upon whom we rely to provide cost effective and comprehensive insurance cover for physical cocoa transportation.

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2. FREIGHT, MONITORING AND ROUTING

It is vital that the Shipper, or the person responsible to the Shipper for booking the freight, should:

- check schedules and voyage times of the vessel
- seek to book the shortest possible voyage time
- where possible, ensure that trans-shipments are avoided
- take all possible measures in conjunction with the Shipping Lines to ensure that stuffed containers are not left for undue length of time either at the port of loading, port of transhipment or port of discharge
- work with the Shipping Line to obtain all possible information which is necessary for the proper monitoring and tracking of vessels and containers to minimise delays in loading and discharge
- ensure that the Shipping Lines' responsibilities set out in Section 3.1 below are incorporated into the freight booking note

The routing of a container is never guaranteed by the Shipping Line especially when one or two trans-shipments take place. At the time of booking it is possible to ask for a special service but if a vessel is delayed or cancelled, there is a risk that containers will be rescheduled with a different routing without advising the freight booking counterparty.

3. STUFFING OF CONTAINERS

Whilst it is recognized that shippers (or receivers giving instructions to shippers) often have their own preferred methods for preparing cocoa and containers for shipment, for the purposes of these Guidelines we set out below a set of generic conditions that shippers may find useful and which by inclusion in the freight booking are likely to be acceptable to underwriters although it must be clear that it is the responsibility of the shipper to confirm this point within his own insurance arrangements.

3.1 Shipping Lines' Responsibilities

The Shipping Line shall notify the Shipper of all information as to the estimated date and time of arrival of the vessel and/or containers which is necessary for the Shipper to prepare cocoa for shipment or to make alternative arrangements if there is a change in the schedule of the vessel.

The Shipping Line should note that this information is important as delays in loading may impact adversely on cocoa quality if stuffed containers are left at the load port container terminal or on the quay.

The Shipping Line shall make available to the Shipper, at the location and within the time scale agreed with the Shipper to meet the shipping schedule, a sufficient number of containers to load the agreed quantity of cocoa. Such containers are to be:

- clean and dry and suitable for the transportation of foodstuffs
- in good operational order having been inspected by Shipping Line staff and/or their agents for such defects as (including but not limited to) rust, gaps and holes which may lead to ingress of water, foreign/malodours which could taint the cocoa
- free from all residues in respect of previous cargo
- free from insects and gas residues if treated with a fumigant (in which case the Shipper shall be provided with a certificate of treatment)

The Shipping Line will supply sufficient good quality 2 ply corrugated cardboard and/or Kraft Paper and 2 kilo desiccant bags to prepare a sufficient number of containers to fulfil the load contract quantity in accordance with Section 3.3 below.

Stuffed containers should be stowed on board below the waterline and away from boilers and other heat sources.

When stuffed containers are held at the container terminal or quay they shall be stacked away from direct sunlight.

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When the Shipping Line undertakes the preparation of the container on behalf of the Shipper then it shall be liable to the Shipper for any failure to prepare the containers in accordance with the Container Preparation Guidelines. When such failure results in damage to the cargo on arrival at the Place of Final Delivery the Shipping Line will accordingly reimburse the Shipper for losses and expenses incurred in relation thereto as evidenced by an Independent Surveyor's Report.

3.2 Shippers' Responsibilities

Ensure that the Shipping Line has thoroughly cleaned the container floors, brushed and dusted to remove dirt and any foreign matter therein, before containers are accepted. If they are not in an acceptable condition then the representative must notify the shipping line immediately of the situation to negotiate a solution to remedy the problem.

All containers received for stuffing should be inspected by an experienced representative of the shipper, to assess, in all respects, that they comply with the requirements specified in Section 3.1.

Container doors must be checked to ensure that they are watertight and can be closed effectively and firmly before acceptance of the container.

After loading, Shippers should ensure that container doors are sealed correctly and a record of the seal(s) is kept.

Shippers must endeavour to ensure that cocoa to be loaded is properly dry with a maximum moisture level of 8%. Rapid drying at port of loading is also to be avoided in view of the hygroscopic nature of cocoa.

3.3 Container Preparation Guidelines

Ensure that 2 ply corrugated cardboard/Kraft paper is fixed on the container sides right up to the door with a layer placed on top of the bags,[and optionally] a layer on the floor. Kraft paper covering the top of the stow should run down over the rear of the stow between bags/doors.

Twines must be used to tie the Kraft paper firmly to the walls. Use of adhesive is not recommended.

2 ply corrugated cardboard and/or Kraft paper should not be allowed to cover any vent holes, if any, of the containers.

2 ply corrugated cardboard and/or Kraft paper should not be used for bulk in container shipments as this becomes moist during the voyage and then breaks up so hampering the discharging of the container.

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Bags of cocoa should not be in direct contact with exposed steelwork of container walls/doors and if possible, ample space should be allowed between the rear of the stow of bags and the container doors.

A minimum of 12 x 2 kg desiccant bags must be hooked inside a 20' container. They must not be in contact with the cocoa bags.

For long transit time shipments (e.g. West Africa to Asia) it is recommended that a minimum of 20 x 2 kg desiccant bags be placed per 20' container.

Desiccant bags should not be used for bulk in container shipments.

Appointed agents must hand over to shippers a complete loading report, i.e. independent Superintendents Report, for each container/shipment, which should be kept in case of dispute or claim.

4. VOYAGE

The Shipping Line will endeavour to make available information for the tracking of its vessels and containers but no information provided in this respect shall obviate the need for the Shipping Line to notify the Shipper of key information pursuant to Section 3.1 above.

The Shipping Line will use its best endeavours to minimise the need for, or impact of, transhipment on the cargo and will at all times give priority to cocoa containers to minimise the time spent in intermediate container terminals. The Shipping Line will (in so far as it is within its control) give priority for onward carriage to destination from the transhipment port and will promptly notify the Shipper and/or Receiver of any delays in transhipment.

The Shipping Line should accept responsibility for any losses incurred from damage to the cargo arising from delays in the overall voyage time where the delay is within the control of the Shipping Line.

5. ARRIVAL

It is the Receiver's responsibility to ensure that:

 containers are cleared from the Port of Discharge, delivered to the Place of Final delivery and unstuffed/stripped at the Place of Final delivery as quickly as possible and without undue delay.

The recommended target for unstuffing of containers is 7 days from being made available by the Shipping Line.

containers are returned empty to the Shipping Lines.

The Shipping Line will provide assistance to ensure that the containers are discharged promptly from the vessel at the port of discharge and that access is given to the containers in order for them to be cleared promptly by the Receiver or his agents.

In order to protect cargo interest position, it is commonplace that the receivers of the containers (acting on behalf of cargo owners) issue Letters of Reserve to the carriers/their agents following arrival of the vessel saying: .."In the event of damage / loss, you are held/we hold you fully responsible for same and all consequences arising...."