

Dear Members,

Please be informed about the following.

Petition for retention of the CIF Rotterdam market for tropical fats

Parties trade tropical oils (palm, palm kernel and coconut) on the CIF Rotterdam futures market. The CIF Rotterdam market is an important price benchmark for the global market for these products. This means that the CIF Rotterdam price for these raw materials is used by companies throughout the tropical oil supply chain as input for their price calculations and as a hedging mechanism. A tropical oil processor thus has a liquid and transparent market on which it can purchase raw materials, possibly with the intention of receiving or using physical product to compensate for a physical delivery elsewhere.

The increasingly restrictive quality and legislative environment in the EU is causing the CIF Rotterdam market to lose its liquidity. Refineries in Europe must provide guarantees that they comply with EU legislation. They must carefully consider which crude products comply with EU regulations and (re)organise their supply chains accordingly. Under the current conditions of the futures contracts of the CIF Rotterdam market, this is not sufficiently guaranteed. This results in the current situation where refineries are reluctant to purchase crude products that are ultimately tendered on the CIF Rotterdam market. With the possible disappearance of the raw materials market in palm, palm kernel and coconut and thus the disappearance of an important price benchmark mechanism and hedging mechanism for (South) America and Europe.

The disappearance of the benchmark will also have serious consequences for the competitive position of food producers in Europe. Companies that will directly experience this problem are producers/suppliers, buyers and commodity brokers. The latter will see their business models

disappear and with them their livelihoods. Moreover, producers and buyers will be confronted with the disappearance of a transparent benchmark, which makes determining a cost price very difficult. Therefore, in Europe it is expected that food and feed manufacturers will demand additional margins on their sales prices to consumers to take into account their increased risk.

NOFOTA takes the initiative to maintain liquidity in the CIF Rotterdam. This is done by looking at the conditions under which this could be done and how it can be implemented sector-wide. They intend to fulfil the sectoral regional role in this, in collaboration with FOSFA and MVO.

Request

NOFOTA asks you, as a member and directly involved parties in the sector, for your support in this initiative. Do this by signing this petition and indicating that you agree that NOFOTA should take action to investigate possibilities to resolve this issue.

Please feel free to pass the petition on to relevant parties in the trade that are not a member of NOFOTA.

The deadline for signing the petition is 20 January 2024.

[Sign](#)

Best regards,

Ron van Noord Jan Aalberts
Secretary General President



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