THE BRITISH COFFEE ASSOCIATION

PRIVATE & CONFIDENTIAL
NOT FOR PUBLICATION

Minutes of the Trade & Logistics Meeting,
Tuesday 10th April 2018, ICE London Suite 1 Conference Room
Intercontinental Exchange | ICE Data Services
Fitzroy House, 13-17 Epworth Street, London, EC2A 4DL
Time 12.30pm – 2.00pm

PRESENT:

Chris Stemman	BCA Executive Director
Tracy Brown	BCA Secretariat
Chris Rogers	AGC (Commodity Store) Ltd
Angus Kerr	Coffee ag Ltd
Alan Davies	Finlay Beverages Ltd
Mark Ayling	Complete Coffee Ltd
Paul Wynne	Henry Bath
Capucine Andrade	ICE Futures Europe

2018/013 Apologies

Kathryn Costello	Bewley's Ltd
Dean Warriner	Commodity Centre
Andrew Osborne	Commodity Centre
Iain Williamson	E L Johnson's Sons & Mowat Ltd
John Williamson	E L Johnson's Sons & Mowat Ltd
Toby Brandon	ICE Futures Europe
Rob Hare	ICE Futures Europe
James Laudrum	Oxford Insurance Brokers
Cleiton Papke	Riccoffee (UK) Ltd
Mike Watson	Tristao International S/A (T&L Chair)

2018/014 Competition Law Compliance
It was agreed that the Meeting would be held under FDF Competition Law Compliance as per the Golden Rules circulated previously.

2018/015 Minutes of Meeting held on 23rd January 2018
The minutes of the last meeting were duly approved.

2018/016 **Warehouse Inspections/Procedures/Insurance/Surveying**

Warehousing

Report from Chris Rogers

CR noted that after the last meeting, since the issue of getting coffee out of the port, things have not improved due to the Easter Bank Holidays, and Warehousekeepers are having to take their own actions.

Warehouses still remain fairly full.

Insurance

Report sent in by James Laudrum

Apart thefts of Cocoa from bulk containers being shipped from Tin Can Island, there is not anything new to add.

Surveying

Report sent in by John & Iain Williamson

There are no major issues at present although we have been consulted on some serious condensation damage to green robusta coffee beans in containers.

2018/017 **Transport**

Report sent in by Mike Watson

CMA-CGM - final profit for 2017 – usd 701m- which means it has taken the Top slot of most profitable ss co from Maersk.

CMA-CGM also ordered back in Nov - 9 x Liquid Natural Gas-powered ships of 22000 each - as part of the continued dash for larger cost competitive ships.

SS cos are looking forward to the 2020 deadline for global 0.5% sulphur limit on bunker Fuel - currently there are low sulphur emission zones of north west continent and eastern USA but this going to be rolled out globally by 2020. Since low sulphur fuels are much more expensive - ss co having to plan to take this into account to remain competitive.

Maersk results – usd 521m for 2017 - its results were hit quite badly by the computer virus it suffered over the summer last year.

Hyundai MM reported a loss if usd 1.1bn for 2017.

SS co are now also investing more now in blockchain technologies to facilitate trade – and although development has been going on for a few years now - it looks like it will accelerate over the next few years along with cloud-based technologies. Given the more beaurocratic nature of ss cos since they are becoming so big this is welcome.

There are also moves towards a crypto currency referred to as "TEU tokens" also using blockchain.

Will advise more on this in the next few months.

2018/018 The European Contracts Committee
Report from Mark Ayling

- **ECF Draft Contract**

AK noted that he had sent a comment back to Kevin Furley, why this has been limited to Europe. KF noted that there were some complexities involved. MA noted that any points are valid points, and we need to make sure that this document is right.

PW noted his comment would be around Brexit and how this might be effect the contract. AK noted that he did not believe it would, but also why he believed that this should be a global contract.

PW noted that he would be happy to discuss any matters further with the EWF, should this be required.

MA asked if we had been given a deadline to reply back, CS noted not specifically, but it appears it is due to be ratified at the ECF AGM in June 2018 and effective from 1st September 2018.

MA and CS noted that they had some comments on certain aspect of the contract.

MA noted that he feels the document would benefit from having an index at the beginning to save having to search through the whole document for anything specific. MA noted any other comments would be gratefully appreciated as this is a one-time chance to get this right.

Action: ALL

2018/019 ICE Futures Europe
Report from Capucine Andrade

CA sent her apologies from Toby Brandon and Rob Hare.

1. **Volumes, Stocks**
   - February saw the launch of the Robusta Calendar Spread Options Contracts
   - Total volumes for London Robusta Coffee futures for 2018 Q1 were around 930,000 lots, marginally down on 2017.
   - Certified Robusta stocks at Q1 2018 are around 80,000MT, down from over 160,000MT this time last year.
   - There has been limited grading activity on the first quarter.
2. **Supervision**
   - The Exchange is working on implementing 100% of supervision of coffee sampling by the end of 2018 in line with the 100% cocoa supervision.
3. **2018 Changes to the Robusta Contract**
   - Changes are effective starting with the July-18 expiry. Reminder Circulars were sent in February and March 2018 in that respect.
   - In summary, the changes are as follow:
     - Shortened settlement time (from 14 to 4 days)
     - Load out charges included in the future price. Delivery is now Free on Truck (FOT)

- Rent changes:
  - Rent now included up to the end of the delivery month in the future price
  - Implementation of a Global average adjustment. The Global average rent was published in February 2018.

- Several presentations and webinars to market participants and warehousekeepers have been organised and the Exchange will continue to offer additional webinars prior to July 2018. We invite you to join our webinars to get a more detailed presentation of the changes. If needed a webinar for the BCA Committee members could be organised.
- Guardian will at the time be reflecting all Robusta Contract changes for the July 2018 expiry.

4. **MIFID II**
   TB will provide a MIFID II update at the next meeting.

2018/020 **<u>Brexit Implication</u>**
Report from BCA Executive Director, Chris Stemman
CS noted that we are just 50 weeks from leaving the European Union, however everything stays the same for a further 20 months when we will finally leave the EU. During this time it seems that nothing will change, apart from we are not able to vote on any EU decisions during this transition time or arrange any other trade deals. It is probable that we will revert to WTO terms, and this does have implications for businesses transacting with Europe. Everything apart from traded Green Coffee will likely have tariffs. If you need further information please drop the Secretariat a line.

CS noted that when reviewing the latest Intra and Extrastat data, it seems we are more than ever dependent on trade with Europe.

We will be meeting with Defra again in early May, if you have any questions that you would like to be raised please do let the Secretariat know asap.
Action: ALL

CS noted that there are things happening with some smaller deals/tariffs with other parts of the world, including a no tariffs on decaf green coffee from Canada.

An example of tariffs are Cheddar cheese from Southern Ireland into Northern Ireland, it could attract 58% duty.

CS again reiterated that if anyone has any questions or queries, whether warehousing or trade and logistics issue, please do let the BCA know asap prior to meeting with Defra.

2018/021 **<u>Arbitration Overview</u>**
AK noted that it is very quiet on the Arbitration front, not surprising when there is a downward market over the last year, and nothing in the pipeline at this time.

AK added that we will look to possibly have perhaps once a month or every other month, having an Arbitration Workshop, people can get together, not just for the Arbitration Panel if other people are interested they can attend. It would be a general update and networking opportunity.

Networking opportunities were often one of the drivers for membership to the BCA. If anyone has any ideas for networking opportunities please do let the BCA know.

Action: ALL

CR noted that he would be very happy to host Members at his warehouse, should anyone have any interest in how coffee is stored or how a warehouse operates.

2018/022 **<u>Education (Training/Seminars)</u>**

AK noted that 2019 will be the next Educational Training Seminar, around the London Coffee Festival. On the Educational Training Seminar side it is all about the journey of the coffee bean, comments from the previous Educational Seminars will be taken into account and the programme amended accordingly.

AK added that the Member Services Committee were also looking at additional modular training sessions or webinars on other subject matters such as Acrylamide Legislation (comes into force on 5th October) there is still much debate a Governmental level on this and companies may need to consider mitigation methods such as changing roasting profiles, Furan, Diacetyl.

2018/023 **<u>Social</u>**

BCA Golf Day 2018 – Aldenham Golf & Country Club, Watford – Date Friday 29th June 2018

TB noted that the golf day will be held this year on Friday 29th June, at the Aldenham Golf and Country Club.

TB added that the price for this event has been held at the same price as in 2017.

If Members wish to submit a team this year please contact TB for further information.

Pre-Dinner Dance Seminar 2018 – Friday 23rd November 2018

TB noted that this is in discussion, further updates to follows.

BCA Dinner Dance 2018 – The Dorchester – Friday 23rd November 2018

TB confirmed that the request for applications will be sent out to Members by w/e 13th April. TB confirmed that she had already received a number of provisional requests for tables.

If Members would like to become a sponsor this year please contact TB for further information.

BCA Education Seminar 2019 – Venue & Date TBC (will be around the London Coffee Festival)
TB confirmed that we will look to run the 3-day Educational Seminar around the time of the London Coffee Festival 2019.

Members Services are currently reviewing the programme and speakers for the seminar.

The BCA will send out booking details in the next couple of months, but please feel free to register interest now with the BCA.

2018/024 **<u>Dates of Next Meetings</u>**
Tuesday 10th July 2018 – Trade & Logistics Meeting – 12.30p.m.-2.30p.m. - FDF, 6th Floor, 10 Bloomsbury Way, London, WC1A 2SL – Room Machin

Tuesday 23rd October 2018 – Trade & Logistics Meeting – 12.30p.m.-2.30p.m. - FDF, 6th Floor, 10 Bloomsbury Way, London, WC1A 2SL – Room Machin