



PRIVATE & CONFIDENTIAL
NOT FOR PUBLICATION

**Minutes of the Trade & Logistics Meeting,
Tuesday 10th July 2018, ICE London Suite 2 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 Limited
John Williamson	E L Johnson's Sons & Mowat Ltd
Chris Leavy	DRWakefield
Philip Searle	DRWakefield
Paul Wynne	Henry Bath
Rob Hare	ICE Futures Europe
Marcus Martin	RicCoffee (UK) Limited
Cleiton Papke	RicCoffee (UK) Limited
Mike Watson	Tristao International

2018/025

Apologies

James Laudrum	Besso Ltd
Kathryn Costello	Bewley's Ltd
Mark Ayling	Complete Coffee
Jason Cross	CWT
Alan Davies	Finlay Beverages Ltd
Capucine Andrade	ICE Futures Europe
Maire Reier	Twin
Natasha Smitter	Twin

2018/026

Competition Law Compliance

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

2018/027 Minutes of Meeting held on 10th April 2018

The minutes of the last meeting were duly approved.

2018/028 Warehouse Inspections/Procedures/Insurance/Surveying**Warehousing*****Report from Chris Rogers***

CR noted that in general terms not too much to report, good throughput of coffee currently, and good rotation. CR noted from his perspective there does not seem to be too many quality issues at this time.

CR noted that in some areas there seemed to be a slight increase of infestation, but in the last 2 weeks nothing further seems to be have been seen/reported.

PW noted from his perspective and reiterating what CR stated things do seem to be quiet, no specific issues.

Insurance***Report sent in by James Laudrum***

JL noted from his perspective there does not seem to be problems with Coffee shipments at this time. But it has been discovered with a Cocoa that bulk containers being transported by road to Tincan Island are having their seals broken. The Cocoa being taken ranges from between 2-7 tons per container (from around 60 containers), and repainted seals are being placed instead. For note these are customers seals and not the shipping lines seals that are attached upon entry into the container yard. Investigations are still on going.

JW added that with these seals you have to look extremely closely to notice they have been broken.

MW noted that there are more tools becoming available to monitor containers whilst in transit – i.e. if the doors are opened, temperature changes etc. But it was discussed that there were concerns that perhaps this data could be manipulated. RH noted that manipulation of the containers is not a new topic.

MW also noted that insurance companies are generally becoming more hesitant about cargo insurance market due to lower profitability, and especially with a higher proportion of Ultra Large Container Vessels. When there is a general average incident there are a lot more cargo owners.

Surveying***Report from John Williamson***

JW noted that he believes the problem of infestation is likely associated with longer shipping times.

JW noted that recently they have seen a couple of containers have been sitting in water in port, also wet pallets been used for the storage of coffee.

JW noted that with other bulk commodities not coffee, there seems to be issues with the bulk weight certificates.

MW noted in the light of the Maersk Honan incident – which was a 15,262 capacity vessel that caught fire. There are still concerns about validity of what was being declared as contents of the containers, since indications are that the fire was caused by flammable cargo not declared as such being stored near heat source.

JW noted that shipping lines such as Maersk have door to door insurance, but what happens if the shipper loses the commodity. JW added that blockchain is definitely a concern.

2018/029 Transport
Report from Mike Watson

MW noted that with fuel price rises recently, you may have seen bunker charges increase.

It is noted that the shipping industry seems to be struggling again this year, after a fairly profitable year last year. The industry is forecast to break even at best this year after having an overall profit of around usd 5bn in 2017.

MW noted that the global low sulphur emissions coming into force on Globally from 1st Jan 2020 (currently there are low sulphur emission zones in force in English Channel, North Sea, Baltic and East Coast North America and West Coast North America). To upgrade a vessel, it costs in the region of usd 5m- usd 14m and involves the ship being in dry dock for a few months.

In regard to new orders for ships, there are still significant orders going in for more efficient and larger ships. For e.g. Hyundai has placed orders for 12 x 23000 teu ships to be delivered Q2 2020 and 8 x 14000 teu ships to be delivered 2Q 202.

Idle fleet stands at just 0.9% (205,829 teu capacity which is still low by historical standards. It is interesting to note that the Maersk Honan which was mentioned earlier along with a couple of other ships – one of which caught fire and the other one had to dock due to being damaged in a storm are included in these figures, these 3 x ships total capacity was 38,958 teu.

MW noted that there have been a number of issues in Brazil with the truckers strike which was in place for around 2 weeks at the end of May which has Caused substantial disruption to the normal operations

MW noted that the issue with truck drivers is global- there have been truck drivers strikes in China and in Europe and USA tuckers are pulling out of the market due to increasing red tape and costs. PW added yes definitely an issue in the USA.

2018/030 The European Contracts Committee**Report sent in by Mark Ayling**

- **ECF Draft Contract**

Please see below update on the European Standard Contract for Coffee (ESCC).

- 1) The ESCC has been approved by the ECF council on 19 June 2018 and has a start date of 01 September 2018.
- 2) The current ECC refers to "shipped" or "delivered/landed weight"
The current FCA contract refers to "delivered" weight
The new ESCC will refer to "landed" weight for FOB, C&F and CIF contracts
The new ESCC will refer to "loaded" weights for FCA contracts
- 3) There is an INDEX!!

The Committee did not intend to carry out a full scale review of the current contracts. The emphasis was to produce one single document. However, some important amendments are incorporated into the new contract.

General Section, Insolvency Clause:

This is something new. Members will be aware that the laws in various jurisdictions covering insolvency differ and therefore enforcement of the article may vary.

Shipment Section, Weights, Articles 3(c) and (d)

The time limit for weighing has been increased from 14 to 21 calendar days.

Shipment Section, Samples, Article 8(a)

The time limit for drawing arbitration samples has been increased from 21 to 28 calendar days.

Shipment Section, Claims, article 24(a)(i)

The time limit for making quality claims has been increased from 21 to 28 calendar days

Spot /Delivery Section, Article 9 (Sale as per Sample) and Article 10 (Sale on Description)

The sampling/quality conditions for delivery coffee have been brought into line with those for spot coffee.

The relevant time periods for the sellers to despatch samples and for the buyers to require samples are all now counted from the date of tender. The time period for buyers to inform sellers of their wish to accept/reject coffee is extended from 2 to 4 working days from receipt of sample. Of necessity, some articles have been rearranged, cross references have been revised and some wording may have been amended for clarity but, all in all, the above outlines the situation.

**2018/031 ICE Futures Europe
Report from Rob Hare**

RH noted that we have now had the launch of the new 'C' contract, under the Guardian system. It seems to have all gone without issue.

RH noted that there were a number of presentations/webinars in regard to this change, which seemed to have helped with a smooth transition.

Volumes are down, but this seems more to do with low selling at origin.

RH noted that very little live infestation seen at the grading room.

RH added that the new contract changes have no implication on MIFIDII.

**2018/032 Brexit Implication
Report from BCA Executive Director, Chris Stemman**

CS noted that following the Brexit huddle at Chequers at the weekend, this does not seem to have produced harmony the Prime Minister hoped for, with David Davies and Boris Johnson having now resigned.

CS noted that the Michele Barnier will likely be softer now, as they will be worried about possible outcome if any leadership challenge or possible re-election. The situation is a complete and utter mess.

CS noted that separating good and services, to keep London at the heart of things is very much still on the table.

Since the meeting the government has published the Brexit white paper – it can be found here: [The future relationship between the United Kingdom and the European Union](#)

2018/033 Arbitration Overview

AK noted that Arbitration has been very quiet, and believes this is likely due to the market being on the downward turn. Also due to changes of the trade organisations becoming much larger and therefore being more heavily involved at origin level.

AK noted that we are looking at holding Arbitration Workshops, informal discussions, to talk about the Arbitration process.

MW asked if AK believed that people were concerned about using a service that could possibly be outside the EU. AK did not think that this would be an issue.

2018/034 Education (Training/Seminars)

BCA Education Seminar 2019 – 26th to 28th March – Montcalm Tech City Shoreditch

TB confirmed that we will run the 3-day Educational Seminar around the time of the London Coffee Festival 2019 (28th – 31st March 2019), seminar would therefore be 26th – 28th March 2019.

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

Save the Date flyer to be sent out asap.

Action: TB

TB noted pricing to see a slight increase in charges, this is due to increased costs from the hotel.

2018/035 Social

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

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

We had a fantastic day for the weather, yet again, but we were down a little on numbers.

TB asked those present for any suggestions for future venues.

Action: ALL

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

TB confirmed that the dinner is a sell-out, the cabaret now finalised and everything progressing well.

2018/036 Dates of Next Meetings

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

TB ASKED TO SEE IF THE ICE MEETING ROOM WOULD BE AVAILABLE AGAIN FOR THE ABOVE MEETING.