

THE BRITISH COFFEE ASSOCIATION

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NOT FOR PUBLICATION

**Minutes of the Trade & Logistics Meeting,
Tuesday 13th April 2021
Via Video & Conference Call
Time 12.30pm – 2.00pm**

PRESENT:

Paul Rooke	BCA Executive Director
Tracy Brown	BCA Secretariat
Mike Watson	TRC Specialty Commodities (T&L Chair)
Angus Kerr	Coffee ag Ltd
James Paling	Commodity Centre
Jason Cross	CWT Commodity Logistics UK Ltd
Hector Turner	Daarnhouwer
Henry Clifford	DRWakefield
Matthew de Gale	DRWakefield
Philip Searle	DRWakefield
Fergus Wilson	Group Sopex
Paul Wynne	Henry Bath
Richard Hankinson	ICE Futures Europe
Pietro Mazza	Lavazza
Ben Dickson	Origin Commodities
Cleiton Papke	RicCoffee UK Ltd
Richard Harris	Zygo

1. Apologies

Chris Rogers	AGC (Commodity Store) Ltd
Iain Williamson	CWH Johnsons International
John Williamson	CWH Johnsons International
Hannah Jeffrey	Finlays

2. Competition Law Compliance

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

3. Minutes of Meeting held on 12th January 2021

The minutes of the last meeting were duly approved.

4. Matters Arising from Previous Meeting Minutes

No matters arising.

5. Warehouse Inspections/Procedures/Insurance/Surveying **Warehousing**

PW noted that there has been significant disruption at the Liverpool port, unable to get containers from the port, it just goes with the congestion seen with other ports, things have started to improve a bit, better than a couple of months ago.

The availability of getting goods from the quay, significant demurrage charges, it has been a challenge but from a warehousing and logistics perspective things have improved but not quite where we want to be just yet.

MW asked if the shipping lines have been flexible on demurrage and detention, PW noted it certainly depends on who you speak to, some are more flexible or accommodating than others, but this is a continuing issue.

MW noted that the Federal Maritime Commission in the States are really looking into this now with those shipping lines being inflexible regarding demurrage and detention. Their argument with the shipping line is if the importer has everything in place and ready to go then the importer should not be liable within a reasonable sense to increased demurrage and detention if because of congestion. MW noted that perhaps this is something that he will need to take up with the ECF as an industry to hammer home that shipping lines need to be more flexible. PW agreed that this is certainly an issue that needs addressing and hopefully we can get people to listen.

PW noted there were ongoing challenges in obtaining and maintain insurance cover with a number of insurance providers having exited parts of the market. Liability cover for warehousekeepers and Directors & Officers cover were 2 areas which had become more difficult in recent months.

It was agreed that other members experiencing similar challenges should feed them back to BCA to enable a broader picture to be built up.

Action: ALL

MW added that there have been instances of getting marine insurance cover it has been difficult to get hold off due to vessels getting bigger with a general average it becomes a mammoth job to manage.

MW asked PW if they had been hit with any Covid issues. PW stated not a huge amount, some issues internally, but have managed to cope with all the Covid protocols in place.

Insurance & Surveying

Report sent in from Iain & John Williamson

"In the UK we have seen some issues with Brazil Coffee arriving presenting 'damp' issues which we are investigating at this time; they arrived in 20ft containers – issues similar to this have not been recorded of late and it is most likely the slow-down or 'blockages' in transiting goods at the moment which has seen a drop in claims... that said, they could equally increase dramatically with the re-opening of shops and increasing demand now people are venturing back out.

In Europe we have seen an instance of Hawaii coffee with a 60-day transit time so likely this is the cause of damages seen.

Ongoing issues in Antwerp with a warehouse roof collapse storing coffee some months ago and this is being mitigated."

MW noted that there have been several incidents mainly in the Far East, with lost containers going overboard from some of these large ships incurring rough weather, perhaps this might be due to containers having not been stacked properly etc.

CP noted that in regard insurance, in the last few weeks there have been further requests, on the warehousing insurance part they have wanted to introduce new standard forms that are on the market, where for misappropriation you must have with the warehouse a stock managers agreement in place with collateral otherwise, they will not insure for misappropriation anymore. On quality they will not increase the standards of the companies providing the surveys in the region, this might bring some difficulties for exporters especially in the poorer companies to comply with.

MW summarised that to get insurance you need to provide a quality certificate from origin, and you need it to be collateralised with the bank.

6. Transport/Ports

Report from Mike Watson & Paul Rooke

MW noted that overall things have been a nightmare the last few months, in the first place it is difficult to get a booking, when you get a booking then you find out that the shipping lines have no containers, so you then must start a booking with another shipping line, they may then cancel you then have to try further lines. To ship just in time deliveries is proving to be extremely difficult, that said the shipping lines last quarter have made around \$9bn in profit.

The Suez Canal crisis issue has added to things, MW noted that he did a conservative estimate with these ships stuck with side and there were around 2m containers that were stuck. MW added that with this you are now going to start see problems with equipment issues from the Far East.

MW added that SPOT rates especially are going through the roof at this time, and shipping lines are making lots of money.

PR noted regarding the note on IFFS previously sent round, something that the BCA has signed up to. Flagging the three issues firstly recognising that this is a global issue, with the action that US are starting to take, but is there anything that we the BCA can do to get the UK Government to assist. Is there a bigger infrastructure issue around shipping, and is this something that the UK should also be looking at now we are an independent nation.

PR added that the Maritime Minister is in fact the BCA's MP, we could therefore look to engage with him further to raise these issues.

MW noted that ports really do need to have their infrastructure invested in. Also, the EU have been seen to effectively be blocking the shipments of vaccine to the UK, and the EU are extremely protectionist body. With that in mind the UK really needs to have infrastructure in place so that it can shorten its supply lines, not just on coffee but everything. As we know London Gateway has opened up, quite a modern port that can take in the biggest container ships, but that said we have seen a huge amount of congestion at other UK ports, especially in Felixstowe. MW noted that perhaps this is something that can be addressed with the constituency MP that there are these issues and need to be considered.

PR suggested that Government needed to view this from a more comprehensive perspective rather than the usual piecemeal approach and noted a recent example where the UK Government was offering support to the shipping sector for cleaner fuels or electric shipping and charging points in ports. MW added that many of the shipping lines have been retrofitting ships over the past 2 or 3 years to be able to use the low sulphur fuels.

AK noted on the question of infrastructure, that perhaps having a paper put to the Minister or Ministry on how many of these larger ships are now floating around the place and how many ports can handle these. MW added only a few ports in Europe can handle these ships, and feeder ships then need to be sent out to the smaller ports.

MW noted that he will give some thought to letter/paper and touch base with PR. PR added that if any Member had any thoughts on getting the Minister out to a Port for a visit to see the issue first-hand, then please contact the Secretariat.

Action: MW/ALL

7. The European Contracts Committee

Report from Angus Kerr

AK stated that the new contract is out, and all amendments have now been put into a correct format, the version on the ECF website now is the correct version, '2018 Amended'.

AK noted that the BCA is having a small issue with the ECF regarding posting. AK noted that in our Arbitration Rules we do not have a specific posting rule, but we however rely on the wording of the contract, such as the ECF contract which has a clear posting procedure. The ECF were nervous about posting, having moved the HQ office from the Netherlands to Belgium they

were concerned how it would stand in Belgium law and took legal advice. The legal advice stated that they can post, but the ECF are unsure how or if they wish to post. This will be discussed at the BCA's A&CC meeting later today. Hopefully, we can look to get a resolution on this with the ECF in the not-too-distant future.

8. ICE Futures Europe

Report from Richard Hankinson

The combined monthly volumes for ICE Futures Robusta Coffee Futures and Options are keeping pace with recent years. After a comparatively slow start to 2021 open interest has picked up and specifically options open interest is at a recent high, predominantly driven by calendar spread options.

Regarding Brexit impacts or similar we understand that coffee movement from deliverable London locations in the first quarter have generally gone ahead without any issues being reported by participants.

Coffee grading has continued at a pace in the first quarter of 2021. Courier transit times from the continent appear to have been somewhat impacted due to additional Brexit related formalities. IFEU continue to operate Covid related protocols at the grading room.

ICE Futures Europe are in the process of recruiting for a Junior Analyst to join the Commodity Operations team in London but with time spent at the Basildon office. The details are on the ICE page on LinkedIn - [LinkedIn Junior Analyst Role](#)

9. ECF Update

Report from Paul Rooke

PR noted from a trade perspective, there are just a few issues that are Brexit related. It is largely around composite products, those made from both plant and animal, such as the ready to drink products, and the paperwork required to predominantly to get products from the UK to the EU. The procedure changes again on the 21st April, and we are still awaiting further updates on this.

PR noted that the ECF now has a new system in place with collating warehousing statistics that everyone now seems to be buying into, the ECF are now using an independent person to collate this data for confidentiality reasons.

PR added that the ECF is in a pretty good position regarding their data gathering, across many aspects not just on warehousing stocks.

PR added that we do not have Brexit as such on the agenda but noted on the call today things are starting to settle back down to some extent. There are some trade issues with some EU Member States, PR added that we have raised some specific issues that have arose with Defra. If Members are still struggling with some EU Member States, please do let us know and we can see what we can do with Defra.

Action: ALL

10. Arbitration Overview

Report from Angus Kerr

AK noted that it is still very quiet on the Arbitration front.

AK added that the BCA recently worked in conjunction with NextGen to run a webinar on BCA Arbitration Service, which seems to have been received very well. It was a good move to work with NextGen, who are very closely aligned to the SCTA and for us to raise the profile of the BCA Service.

11. Education (Training/Seminars)

Report from Paul Rooke

2021

PR noted that we are in the process of moving to or expanding our educational offering to an online environment. We are working with another association who has such infrastructure to licence this and be able to get training and seminars online. This will likely come to fruition a bit later in the year.

PR added that this will not replace the physical 3-day educational seminar that normally runs every other year, but to enhance or educational offerings.

AK noted that Cocoa have also used this infrastructure, and any information Members may have on how it is working would be of assistance.

Action: ALL

MW asked if any decision had been made on the coffee dinner yet. PR added that it was discussed with the Member Services Committee earlier today, and it was agreed that we would look to put out a survey to Members as to how comfortable they would be in attending such an event. Perhaps it might have to be a UK event due to vaccine rollout programmes in other countries being a bit behind ours, and we do not as yet know what the guidance will be on holding large indoor events.

PR added that we do also have a monetary commitment regarding the dinner, and we are trying to ascertain what the implications might be if we do need to postpone until 2022.

PR added that we are getting closer in having to decide one way or the other.

12. Dates for Next Meetings in 2021

Next meeting to be set as **13th July 2021**, again subject to ICE being able to allow visitors into their premises.

Tuesday 13th July 2021 – Member Services Committee Meeting – 10.30p.m. - 12.00p.m.
 - London Suite 2 Meeting Room, Intercontinental Exchange | ICE Data Services, Fitzroy House, 13-17 Epworth Street, London, EC2A 4DL

Tuesday 5th October 2021 – Trade & Logistics Meeting – 12.30p.m. - 2.00p.m. - London Suite 2 Meeting Room, Intercontinental Exchange | ICE Data Services, Fitzroy House, 13-17 Epworth Street, London, EC2A 4DL or FDF, 6th Floor, 10 Bloomsbury Way, London, WC1A 2SL – Rooms Cleminson & Bodinnar