



PRIVATE & CONFIDENTIAL
NOT FOR PUBLICATION

**Minutes of the Trade & Logistics Meeting,
Tuesday 13th July 2021
Via Video & Conference Call
Time 12.30pm – 1.30pm**

PRESENT:

Paul Rooke	BCA Executive Director
Catriona Balfour	Communications & Public Affairs Manager
Tracy Brown	BCA Secretariat
Mike Watson	TRC Specialty Commodities (T&L Chair)
Chris Rogers	AGC (Commodity Store) Ltd
Angus Kerr	Coffee ag Ltd
James Paling	Commodity Centre
Mick Flynn	Complete Coffee
Jordan Smith	Complete Coffee
Jason Cross	CWT Commodity Logistics UK Ltd
Gina Lopes	DRWakefield
Mantvydas Trainavicius	DRWakefield
Daryl Kryst	Equatorial Traders
Hannah Jeffrey	Finlays
Fergus Wilson	Group Sopex
Paul Wynne	Henry Bath
Richard Hankinson	ICE Futures Europe
Ben Dickson	Origin Commodities
Cleiton Papke	RicCoffee UK Ltd
Richard Harris	Zygo

Introductions were made round the room for the benefit of Catriona Balfour the BCA's new Comms & Public Affairs Manager.

1. Apologies

Iain Williamson	CWH Johnsons International
John Williamson	CWH Johnsons International
Kevin Carrington	Vollers

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 13th April 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

Report from Chris Rogers

CR noted things seemed to have started to turn a corner in the last 3 months, and things becoming much more active with loads of coffee going out of the warehouses.

CR added as we are all aware there are still problems with both with incoming shipments and the continued shortage of haulage drivers, with the UK Government saying that there is a shortage of around 71,000 drivers.

This has impacted out take from the warehouse, but things seemingly have started to improve over the last month.

In turns of intake, it is very much hit and miss, if using local haulage on a merchant basis it is OK, but getting haulage out of Felixstowe remains a problem, although it has improved, and more coffee is starting to arrive.

CR added that he is keen to see the results of the Defra survey largely to do with national haulage, but on speaking with hauliers they just do not have the drivers that they had 6-8 months ago.

CR added regarding demurrage as per last meeting, currently they are not seeing huge demurrage or quay rent charges coming through, and not actually sure why.

MW noted that he has seen demurrage bills coming in up to a year later. MW added shipping lines see demurrage as a nice little earner.

CR added that for some containers that have been stuck in the port or delayed shipping for various reasons, some condensation damage has been seen.

Regarding Covid, CR added that most of his team from the 1st July are back in working, and they have stopped general furlough as things have started to become more active and things starting to become more 'normal'.

PW noted that regarding the congestion in Liverpool that has been experienced, the situation has got worse since the last meeting, they have been struggling with handling the volumes and now switching to 24/7 and 7 days a week working to cope with the increase.

One of the potential issues will be if the Covid cases start to rise this could cause further disruption with people having to self-isolate.

MW added that some capacity was moved up to Liverpool to alleviate Felixstowe and Thames Gateway, has this had an impact, PW noted it has as they have not been able to handle this.

PW noted that Peel who operate the port have at least now acknowledged that there is an issue, and keep people updated.

Insurance & Surveying

Report sent in from Iain & John Williamson

Suffice to say that Coffee has been quiet for us in terms of claims and surveys in recent months, although we are aware of a recent flood in Brazil, and which has apparently resulted in damage to coffee stocks in store....we are awaiting further details.

MW added that with ships becoming so much bigger and with stacking, and if they hit a bit of bad wind, containers are falling into the sea, with potential environmental issues this causes with the hundreds of containers a year falling into the sea.

6. Transport/Ports

Report from Mike Watson

MW noted that shipping continues to experience problems with shipping lines cancelling bookings, often because of last minute container shortages which cannot always be resolved.

South America to North America is seeing the worst delays and capacity is moving further up the West Coast, but they also experiencing delays and congestions.

Far East to anywhere, shipments get cancelled and then shipping lines want you to pay the premium rate which is 3 or 4 times the rate you have on your books.

MW reported on suggestions it could be the Chinese New Year 2022 before things ease.

ME noted that he attended the ECF Trade & Logistics meeting about 4 weeks ago, and attendees were also experiencing the same problems and frustrations.

At this meeting there was talk of an approach with a letter to the EU Commission to complain about anti-trust rules, as the Rice Association are considering, but it was agreed that more engagement be had with the shipping lines rather than the previous approach.

The Federal Maritime Commission in the States are also looking at anti-trust competition not just from the shipping lines but the tracking companies as well.

This will not solve anything anytime soon, but this is what is bubbling away in the background.

MW added you just can't predict or confirm when things are going to be able to ship or in fact at what the rates will be.

RH noted that the exchange tracks the freight rates from particular ports quite closely to monitor the cash convergence principle for robusta and cocoa. Speaking with freight providers they suggest that improvements will not happen into the New Year or Chinese New Year 2022, is that correct. MW added that is exactly what he is

hearing, and that current situation will not start to change until after the Chinese New Year.

7. The European Contracts Committee

Report from Angus Kerr

AK noted that we are still refining the wording regarding posting for those who do not take up arbitration awards, PR has been working on this with wording that will be acceptable to the ECF. PR added that hopefully we are getting there with this.

AK noted that we rely on the ECF for posting of defaulters under the articles within the ECF coffee contract.

AK noted that we have received a few questions coming in to both the BCA and the ECF, regarding freight rates. People are concerned with the freight rate increases and who have sold on a forward basis on a cost and freight and CIS basis who pays the freight rate increases, the ECF is clear in the contract if it is prior to being loaded onto the vessel it is the seller's responsibility to pay that extra freight rates. The BCA answer is that the BCA or the ECF does not comment or give answers on contractual matters.

8. ICE Futures Europe

Report from Richard Hankinson

Robusta combined futures and option volumes and open interest have shown to be tracking closely to recent years performance. June volumes were a recent record for that month as activity increased in line with the arabica contract. Interestingly open interest has been more stable.

During the previous committee it was noted that there had been no Brexit related issues reported to the Exchange. Some enquiries had been seen since regarding export documents for UK certified stocks with EU destinations in mind. Participants had been advised to seek advice as to how to best orientate their operations to accommodate EORI requirements.

PR noted that one or two EU companies had been struggling to get EORI numbers but believes that this had now been resolved.

The Exchange notes that Green Coffee exports to the EU which can be viewed as a proxy for ex certified coffee movements are at recent record levels with Belgium being the major destination.

Robusta coffee gradings at the grading room slowed during May and there have been no gradings in June. Whilst the Grading room continues to operate covid related protocols we are no longer requiring grading teams to be in bubbles.

9. ECF Update

Report from Paul Rooke

PR noted that focus has been on the issue of Glyphosate, and concerns that if the EU residue levels are cut as part of the MRL review, there is the potential of 30% of imports could be above that figure.

There is work going on in Brazil to try and establish evidence for an import tolerance, but the only problem is this data will not be available until 2023/2024, so there a potential of a 2-year hiatus with the residue levels being cut and not import tolerance data available.

The UK position is currently that that nothing changes for a 3-year period as from the 31st December 2020. This would leave a potential imbalance in regard to trade with imports via the EU.

It is still not clear why Glyphosate residues are such a big issue, and on speaking with the Brazilians, we will try do more work with them to understand this.

The ECF are also looking to recruit a Technical & Regulatory person to be Brussels based.

This year is the 40th Anniversary of the ECF, they were hoping to do something in person, but this has gone by the by. As part of this the ECF are also looking towards an honorary membership of the ECF, and we will shortly be seeking nominations, more details to follow.

10. Arbitration Overview

Report from Angus Kerr

AK noted that things are very quiet, with the last Arbitration that was registered having now been completed.

But time will tell if we receive any further Arbitrations especially in regard to these hugely increased freight rates.

11. AOB

• Samples

PR asked if Members has seen any issues in regard with invoice values and samples coming in. A procedure that people had been done for several years without any issues, now causing an issue with one set of officials at Gatwick. Have Members come across any other issues or challenges with no regulatory base, please do let us know?

Action: PR/ALL

MW noted that they had issues of samples from UK to Germany that were held up for additional customs clearance, one required a code number inserting, and since then things seem to be running fine.

• Networking Event 2021

PR noted that Members will be aware the Executive Committee took the decision to cancel the Dinner for 2021. But we are investigating if we should put on a more informal event that brings people together and have identified a venue at The Oval Cricket Ground that has a roof terrace that is open to the sides, for an event late summer early Autumn. It is a networking event more a business event, rather than a sit-down dinner although food would be available, would this be of interest to Members. CB will be sending out a survey in due course to establish if there would be support for something like this.

12. Dates for Next Meetings in 2021

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