

THE BRITISH COFFEE ASSOCIATION

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**Minutes of the Trade & Logistics Meeting,
Tuesday 23rd October 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
Iain Williamson	E L Johnson's Sons & Mowat Ltd
Alan Davies	Finlay Beverages Ltd
Paul Wynne	Henry Bath
Toby Brandon	ICE Futures Europe
Marcus Martin	RicCoffee (UK) Limited
Cleiton Papke	RicCoffee (UK) Limited
Mike Watson	Tristao International
Richard Harris	Zygo Ltd

2018/037

Apologies

Kathryn Costello	Bewley's Ltd
Mark Ayling	Complete Coffee Limited
Angus Kerr	Coffee AG Ltd
Jason Cross	CWT

2018/038 Competition Law Compliance

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

2018/039 Minutes of Meeting held on 10th July 2018

The minutes of the last meeting were duly approved.

2018/040 Warehouse Inspections/Procedures/Insurance/Surveying

Warehousing

Report from Chris Rogers

CR noted that in general terms the speciality market seems to be very buoyant.

However, there are some significant issues with the shipping lines, and charges for key side demurrage increasing, delivery/haulage of containers is proving an absolute nightmare and the lines are just not reliant to do the haulage.

CR asked if it due to the large ships now coming in are not able to be handled. PW agreed there are significant issues. RH added there are also significant issues at Felixstowe. CR noted that lead-times a number of the shipping lines are giving, is just horrendous, is there anything that the BCA could help with?

Action: MW

RH noted the issue is with the size of the ships, whereas there used to be 1,000 containers coming off a ship there are now around 4,000.

MW noted that as everything is electronic now, there is no personal interaction with the lines or flexibility.

IW stated that if there is an issue with a shipment, the bureaucracy in trying to inspect the goods is proving a nightmare.

AD added that from a roaster perspective, just in time delivery is now out of the window.

CS asked if there are also these specific issues in Europe, PW noted yes exactly the same problems there.

Insurance

Report by James Laudrum

No report for this meeting, the BCA to try and obtain update asap.

Action: BCA

Surveying

Report from Iain Williamson

IW noted that Antwerp is quite busy at the moment, with damage to bags. 20 containers with around 10 tonnes of damage, live infestation, loose coffee beans etc.

IW noted another issue to a shipment arriving in the South today which was confirmed as 2 x Containers of Peruvian Arabica Coffee Beans.

Entire bottom layer of bags were found to be heavily water damaged. Bags were disintegrating, and presenting mouldy black beans; containers have possibly been in standing water.

Following discharge, 1 container found with 36 damaged bags, 1 container found with 34 damaged bags.

Issues do seem to be around the delays in shipping and trans-shipments. CR noted that coming up to winter the condensation will be a problem, IW totally agreed. IW added that most of these issues could be avoided.

AD noted that his year has been the worst year for infestation that he has ever known, CR added and not just from one origin! AD stated that the shippers are good shippers, so not sure why this year has been so bad.

2018/041 Transport
Report from Mike Watson

MW noted that there have been massive problems with Brazil especially with the drivers' strike and now due to the record crop getting space is an issue

With the new Low Sulphur Emissions due to come into effect in Jan 2020 shipping lines have to become compliant with this. Shipping lines have been sending out circulars with their indications on how they are proposing to deal with this in their bunker charges. For sure their fuel bills will rise significantly and however they are using this as an excuse for passing on other charges which they have not hitherto passed on before.

There are 3 ways for ss co to comply: -

1. Keep using the current fuel but retro fit the ships with filters (scrubbers), however this costs about usd 5-10 million to retro fit and takes the vessel out of service for a few weeks.
2. Pay for the low sulphur fuel but this will add significantly to the yearly fuel bill — e.g. Maersk their current fuel bill us USD 3.5 billion - this would rise by about USD 2 billion.
3. Use LNG ships - these would have to be new builds - there are some of these coming on stream.

With the mergers – lines are becoming less customer focused as CR mentioned in the warehousing section.

2018/042 The European Contracts Committee
Report sent in by Mark Ayling

- **ECF Final Contract (ESCC)**

CS noted that there had been significant discussion recently at the ICO, as it was deemed unfair to some parties. CS added that criticisms raised by the BCA (and others) to the ECF were noted but nothing actioned so far.

2018/043 ICE Futures Europe
Report from Toby Brandon

Volumes down by about 12% this year. Although down on the year, they were up on August. Things are OK just not as good as last year. September 30,000 tonnes delivered. Grading has recovered this year, 9000 tonnes graded in September. Although stocks were at their lowest a few months ago now back up to about 80,000 tonnes.

Changes coming from the Exchange, 100% supervision from the sampling of coffee will now be introduced in January 2019. The 100% supervision on cocoa proved to be successful and did not cause any significant delays.

TBra noted that the Robusta delivery contract has the delivery point in the UK defined as 'London and the Home Counties', even though all warehouses are currently in Essex, spreading out from Tilbury. delivery area will now be re-defined as 'sufficiently close' to London, Port of Tilbury, London Gateway. Felixstowe remains a separate delivery point. This will come in during the next few months. TBra stated if someone wants to set up a new warehouse, please do talk to the exchange first to make sure within the boundaries of 'sufficiently close'.

TBra noted that they had also seen a bit more infestation than in previous years.

TBra noted that 2 warehousekeepers in Spain had been suspended pending investigations. TBra added any breach of regulations and rules are taken very seriously by the Exchange.

2018/044 Brexit Implication

Report from BCA Executive Director, Chris Stemman

CS noted that yesterday he was at the FDF Roundtable meeting, attendees from DexEU, Defra etc. were in attendance. The overall tone was definitely, from everyone except DexEU, about preparing for a hard Brexit and planning for such. DexEU are definite that there will be a deal! The Government plan sees us moving into tariffs, not WTO but GSP (the current EU scheme).

There was much discussion about the benefits of being a trusted trader. CS noted that there was a survey of 140,000 businesses who deal with Europe recently undertaken.

There will be a requirement to track goods all the way through the supply chain, and the Treasury believe that there are systems already out there to do this.

A trusted trader would not be an AEO, but they would have a different criteria (not yet defined) for acceptability. AEO's however would be advantaged in the process as they have received scrutiny from HMRC.

The Defra update was mainly around the legislation, because of food fraud. We have been involved with this previously, but our criteria/category is well defined and we are satisfied with the current legislation.

There are around 3.4m Europeans working in the UK mainly in the food and agricultural sector. Northern Ireland has around 60,000 working in such sectors and around 18,000 have already left.

For the movements of goods backwards and forwards between Europe, it would be treated as a third country so this will give you an idea of the paperwork required.

CS noted that if there was likely to be a deal, it is very unlikely to be until the very last minute.

TBra confirmed that at this time no further meetings had been planned by ICE with the ECF.

CS noted that the next EU Council meeting is December 13th-14th, but if anything significant arises before then he will of course let Members know. There is the prospect of a November emergency summit to try and make progress on the negotiations.

RH added that with a no deal, the customs system will increase to 250 million declarations! There are currently not the customs personnel available to handle this huge increase.

2018/045 Arbitration Overview

TB noted that Arbitration Registrations have been extremely quiet this year, the quietest year that she has known since 2009.

With the new BCA website to be launched which will hopefully promote the service.

For note it also appears that London Arbitration is not the only one that has had a quiet period this year.

2018/046 Education (Training/Seminars)

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

TB noted the event is progressing, due to the ICO change of date for their meeting in Kenya a couple of our speakers are no longer able to present. We have found alternative speakers and hope to have this finalised in the next couple of weeks. We are currently looking at 12 attendees confirmed, with around a further 8 expressing interest, we like to have around 25 – 30 attendees, so more bookings would be appreciated. CS asked Members to please feel free to circulate the details on the Educational Seminar.

2018/047 Social

BCA Golf Day 2018 Accounts – Friday 29th June 2018

TB noted we had a surplus this year of £342.44. It was noted that the numbers were lower this year, perhaps people could no longer spare the time out of the office. But added everyone who attended enjoyed the day, the only criticism was the lack of driving range facilities.

BCA Swingers Networking Golf Event 2018 Accounts – Wednesday 12th September 2018

TB noted that this was our first 'toe in the water' for organising a networking event as previously asked for by the members. It was noted that we have a slight deficit of £95.48.

TB added that the event seemed to go off well, the food was very good but the drinks were expensive, especially the cocktails,

TB noted that we will look to try to run another event as this was well received, but do we try and get a sponsor for the event to make the ticket price cheaper, would this perhaps encourage more to attend. Member Services will be discussing this over the next couple of months.

TB asked if anyone has any ideas as to what sort of event we look to run next and what time of year, please do let the Secretariat know.

Action: ALL

CS added that we may have a networking opportunity in early December with the El-Salvador Embassy, it will partly consist of a cupping and tasting session. Further details to follow asap.

Action: CS

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

After a few changes both in regard to tables and Members, the event is again sold out and progressing well.

The block booking of hotel rooms at The Dorchester has been exceeded this year.

TB to continue chasing names for the hotel guest list and the guest booklet.

TB sent out a note to table hosts to ask them to politely remind their guests that this is a strict black-tie event.

2018/048 Dates of Next Meetings

- **22nd January 2019**
- **9th April 2019**
- **9th July 2019**
- **8th October 2019**

Currently all these meetings are booked at the **FDF, 10 Bloomsbury Way**, we are awaiting an update from TBra at ICE if the facilities at Epworth Street will still be available in 2019, if they are, we will look to hold the meetings there.