



PRIVATE & CONFIDENTIAL
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**Minutes of the Trade & Logistics Meeting,
Tuesday 5th October 2021
Via Video & Conference Call
Time 12.30pm – 1.30pm**

PRESENT:

Paul Rooke
Catriona Balfour
Tracy Brown
Mike Watson
Jordan Smith
John Williamson
Jason Cross
Chris Leavy
Philip Searle
Paul Wynne
Richard Hankinson
Kevin Carrington

BCA Executive Director
Communications & Public Affairs Manager
BCA Secretariat
TRC Specialty Commodities (T&L Chair)
Complete Coffee
CWH Johnsons International
CWT Commodity Logistics UK Ltd
DRWakefield
DRWakefield
Henry Bath
ICE Futures Europe
Vollers

1. Apologies

Angus Kerr

Coffee ag Ltd

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 July 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 Warehousekeepers

JC noted that there are still problems with transport especially out of Felixstowe. Even if you want to arrange your own transport there is still a week delay. Communication with both ports and shipping lines continued to be challenging, and September was a very busy month for coffee intakes. Thames Gateway and Tilbury were less problematic but not without their challenges. MW confirmed from his own experience the communication difficulties with shipping lines and the meeting noted this was compounded by the range of charges being incurred in relation to container availability.

MW noted that he has an ECF meeting later this week, he will again stress these points, and added that the shipping lines have you over a barrel.

PR noted that the ECF Exec meeting was held a couple of weeks ago. There are some attempts in the US to look at increasing hours, but the ports are heavily unionised and if it does happen it will not happen quickly. Some shipping lines have announced no further increases in spot rates but with no capacity available it is an empty gesture.

Suggestion that some shipping lines that are looking to extend their activities into storage and logistics – door to door operator, replicating something like Amazon does by buying into smaller IT etc. operations (e.g. Maersk).

The ECF has previously rated shipping lines and was looking to repeat the exercise, potentially linking level of service to fees being charged.

PR noted from conversations with other organisations around the FDF table, who are mainly focussed on the import side, there does not seem to be the desire earlier in the year to try and push hard to do anything either with CMA or Department of Transport etc. PR added that nearly a year later we are indeed still awaiting a response from the BCA's MP who is a Maritime Minister, and there seems to be no interest in engaging.

MW noted that in the US they are heavily unionised and reluctant to mechanise, with some earning around \$170k a year, why would they want to change!

MW added that they are looking at 24/7 working as of now the coast off California looks like the coast of Normandy in 1944 with ships waiting to dock and behind those ships who can't anchor just sat drifting out there.

The meeting discussed further some of the consequences of the port issues for the UK coffee industry and examples were given of changes in business practice that had negatively impacted the volume of coffee being stored in the UK and, ultimately, UK balance of trade. The meeting felt there were elements which fell to Government and continued approaches were necessary to highlight the problems and challenges.

In order to develop the information needed, members were asked to feedback information to CB to allow BCA to develop an industry position to Government.

Action: BCA/ALL

Insurance & Surveying

Report from John Williamson

JW noted from an insurance perspective most people would have noticed that their premiums have increased, in regard covid some insurers are prepared to cover but at an additional cost of course, there has been around 15-30% increase in premium rates.

In terms of surveying nothing particular to coffee related issues in the last few months. Regarding The Evergiven, due to long transit delays, people are finding that their insurance does not cover delay and there is no claim under the policy, people need to discuss this with their brokers. All these situations make situation harder for traders, as more awareness due to covid and the likes of the The Evergiven. JW noted that he is not sure what would be the situation with all those ships sitting outside the US waiting to dock, and when could delay thought to be incurred.

MW noted that he sees many shipments stuck at trans-shipment ports, sitting there for a couple of weeks.

JW noted a shipment from West Africa to North Europe which was 113 days!

JW noted that the whole situation is made much worse by the ever-larger vessels, with many of these not being able to dock in many ports and noting that delays are excluded from shipping lines liability. He . JW added that you should always inform your insurers of everything that is outside the norm or you are unsure of anything.

JW added that they have found access to ports in the UK is becoming more difficult for Surveyors, even ports such as Liverpool where access previously had been good.

6. Transport/Ports

Report from Mike Watson

MW noted that SPOT rates have levelled out, but at a high level. But there is some light on the horizon that China has suspended manufacturing due to energy consumption control limit. So, several manufacturing plants have shutdown and therefore not exporting meaning a surplus of containers, but whether they get distributed around other areas is yet to be seen. We are also at the backend of the Christmas shipping season and moving things over for Christmas should have already been done, again this could therefore mean extra capacity. It is also expected that capacity will improve after the Chinese New Year.

MW added that customer service from the shipping lines has been atrocious, and they have lost all sense of customer service.

7. The European Contracts Committee

Report from Paul Rooke

PR noted that the Committee has not met recently. We are doing some work with them around Posting of Arbitration Awards and procedures to be set up for that, but that this will be discussed at the next ECF Executive Committee Meeting.

PR added that ECF have asked if we could put on a webinar on Arbitration and Contracts and we have agreed to do that, which should happen around December time, further details to follow.

8. ICE Futures Europe

Report from Richard Hankinson

Combined ICE Robusta Futures and Options Volumes have been lower in September at 281,000 lots vs the previous monthly average of the year being 475,000 lots per month, Open interest however remains comparatively high.

Gradings remain at zero since May 2021 however 3000 lots of ICE futures Robusta Certified Coffee have been decertified since then.

We would like to draw the Committees attention to the following Circular covering changes to the Robusta Coffee Futures Contract Rules:

Circular 21/081 May 2021 <https://www.theice.com/publicdocs/circulars/21081.pdf>
"Multiple Changes to the Grading and Warehousekeeping Procedures related to document requirements for delivery and bag markings for Robusta Coffee"

RH noted one he wanted to start with, for all coffee that has been tendered from now, up to and including the November 2022 contract, the Warehousekeeper is required to hold a bill of lading which is nothing new. But they are also obliged if requested by the new owner or warehousekeeper that the coffee has been transferred too, to provide a bill of lading and this needs to be in redacted format.

RH added the new one that is coming in, that for all coffee tendered for the 1st time from the January 2023 contract, the warehousekeeper must confirm prior to that coffee being tendered January forward, not only an unredacted copy of a bill of lading but a phytosanitary certificate and certificate of origin. There should be functionality in the Guardian system at that point for warehousekeeper to tick that they are holding all these documents.

This rule change was developed in consultation with the Robusta Coffee Contract Advisory Committee with the aim, in part, of improving traceability of coffees.

9. ECF Update

Report from Paul Rooke

PR noted other than the earlier points nothing further to report, but a further ECF Exec Meeting is due to take place next week, but this will mainly be around Arbitration.

10. Arbitration Overview

Report from Paul Rooke/Tracy Brown

TB acknowledge that after what has been a quiet period, we have recently had 2 Arbitrations registered with the BCA

11. Dates for Next Meetings in 2022

TBC.

PR noted that we are reviewing the number of Committee meetings, perhaps some might drop to 3 a year rather than 4. PR added that we are looking at either running hybrid meetings or if possible, a physical in person meeting. MW added that it would be good to get back to in person meetings.

Meeting dates for 2022 will be confirmed as soon as possible.