

# THE BRITISH COFFEE ASSOCIATION

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**Minutes of the Trade & Logistics Meeting,  
Tuesday 7<sup>th</sup> April 2020  
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                         |
| Daryl Kryst    | Equatorial Traders Ltd                |
| Paul Wynne     | Henry Bath                            |
| Toby Brandon   | ICE                                   |
| Marcus Martin  | RicCoffee                             |
| Cleiton Papke  | RicCoffee                             |
| Richard Harris | Zygo Ltd                              |

**2020/013      Apologies**

|                 |                            |
|-----------------|----------------------------|
| Alex Rogers     | AGC (Commodity Store) Ltd  |
| Chris Rogers    | AGC (Commodity Store) Ltd  |
| Iain Williamson | CWH Johnsons International |
| John Williamson | CWH Johnsons International |
| Jason Cross     | CWT Commodities (UK) Ltd   |
| Alan Davies     | Finlay Beverages Ltd       |
| Rob Hare        | ICE                        |

**2020/014      Competition Law Compliance**

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

MW asked if the competition rules have been relaxed/suspended due to the current situation, PR noted with certain elements have been relaxed, around things like logistics etc, but not around the wider aspects like pricing etc.

**2020/015      Minutes of Meeting held on 4<sup>th</sup> February 2020**

The minutes of the last meeting were duly approved.

**2020/016      Warehouse Inspections/Procedures/Insurance/Surveying – Covid-19 Impacts****Warehousing****Report from Paul Wynne**

PW noted that obviously we are in exceptional circumstances, but the good news from a warehousing and logistics perspective is that ports are still open and movement of goods are moving through the individual ports.

PW noted that Henry Bath are of course utilising social distancing. At this time there does not seem to be too much disruption. For Henry Bath business seems to be very resilient under these remarkable circumstances. Expecting that there will be more coffee going into warehousing but as yet we are not seeing large volumes of coffee, the origin ports obviously have their own issues of coffee coming out of those ports. Conversely in regard to the difficulty of the situation there may be certain opportunities for Warehousekeepers, they certainly are ready to provide the service required and are seeing no drop off in business at this time.

MW asked how was space within warehouses currently, PW noted as discussed previously space is tight and this is one of the challenges. At this point from a Henry Bath perspective they are not looking to secure additional space at this time, but will continue to assess.

MW noted that documentation does seem to be slow, PW noted that digital documents are fine but otherwise things do seem to be slower.

**Insurance**

No update for this meeting.

**Surveying**

No update for this meeting.

MW noted that due to Covid-19 there are various lock down measure in certain ports, and Indian ports claiming force majeure for 21 days we might see an impact.

CP noted that other origins seem to be moving quite slow now, shipping lines are trying to push people to accept CW Bills instead of originals for express release.

PW noted from a warehousing perspective we will likely see an impact from the origin countries in the next weeks and will see some disruption.

**2020/017      Transport – Covid-19 Impacts*****Report from Mike Watson***

CP noted that he had heard there was a shortage of truck drivers on the continent. There also seems to be a move to charge a premium price due to the crisis.

PW noted that even before Covid-19 this had been an issue, but it will depend on your suppliers.

PR noted that through the ECF on Friday, some issues of drivers not wanting to cross borders in case they could not get back seem to have abated somewhat.

MW noted that impact from ports is not too big, but there are some blank sailings from shipments from the Far East. There are issues with documents through banks, but overall, it is still progressing as normal as it can be at this stage. But we are not sure that the long-term impact on the shipping industry will be at this time, due to fact they are already heavy in debt converting their ships to run under low sulphur emissions.

CP noted that blank sailing has increased, so we might see from Asia some containers being left behind.

MW added that there are situations in West Africa, and Nigeria in lock down which is affecting the vessels calling at the Ivory Coast.

MW noted that with Brazil there has been the odd cancellation, but they have been rolled over to the next vessel, so not too much of an impact. US warehouses still seem to be working away currently, so not too much of an impact.

MW noted that the ECF Logistics Committee are producing an update on transport and container availability in the EU, and gives a good overview.

**2020/018      The European Contract Committee*****Report from Angus Kerr***

PR asked AK if there much to add, he had heard about the force majeure being enacted.

AK noted that he is now on the ECF Contracts Committee, but it is currently without a Chair, AK was asked to be Chair, but offered to be Vice Chair if Marinella from Lavazza took the Chair.

AK noted that the ECF are in a bit of a quandary in regard to Postings sent through from the BCA. The office having moved from the Netherlands to Belgium, they are not sure under Belgium law if they can notify their Members of a posting, AK noted that the rules are very clear and the parties have signed the contract. However, the ECF are seeking advice from lawyers in Belgium if they can.

AK noted that force majeure is an extremely difficult to uphold. AK added that if any Arbitrators who may be faced with a force majeure case, they need to be aware in trying to enforce a force majeure, that no cargo has left the port or any port that shipment could have been made from in the country of origin, this would be a very difficult thing to uphold. If there are force majeure cases that come to arbitration it would be unlikely that they would succeed.

PR added, that with force majeure people really need to go back and review their contracts in what it says about origin and restrictions in place. With the Indian situation it is more likely to with total lock down, force majeure may hold, but agreed this is a difficult situation to navigate through.

**2020/019      ICE Futures Europe – Covid-19 Impacts**  
**Report from Toby Brandon**

TBran noted from the Exchange perspective they have spent a lot of time and energy dealing with Covid-19.

From the functioning of the Exchange and Clearing house from a trading and clearing perspective we are unaffected, they can function with 100% of the company working from home, and at times have been close to that number.

The Exchange have been focusing on the delivery process is functioning smoothly, fortunately there are currently high levels of Arabica and Robusta stocks within Europe at the moment, but this will of course this depend on the impact from origin over the coming months, stocks could be drawn down.

What we have done is to make sure that the grading rooms can still operate in Basildon, which is quite fortunate not having the difficult of travel restrictions within central London. The site at Basildon is huge with a segregated area for grading, with a separate entrance and even sperate parking for the graders. So, from a grading perspective we don't see any disruption. In New York it is a different story, due to the high levels of Covid-19 seen there and the tighter restrictions. ICE have contingency plans and sites, and has managed to carry on so far, but there has been some difficulty in getting the samples. Trade have been reminded via public notice to allow more time for grading.

TBran noted that in London they have temporarily reduced the delivery limits on the Robusta contract, the delivery limits only apply at the time of expiry, i.e. on the 1<sup>st</sup> notice day of the contract as we enter the last day of the contract to trade. Under normal circumstances those limits are 7,500 lots i.e. 75,000 tonnes that can be taken from delivery. ICE have temporarily reduced this to 1000 lots, 10000 tonnes. Traders can deliver and receive more than 1000 lots but they have to apply for an exemption and prove a good commercial reason to take that level of stock. This is in place until the May expiry.

AK asked could getting samples from the European warehouses to the grading room under supervision be an issue? TBran noted they are mindful of this, but currently that they are not aware of any issues at this time, but of

course this could change over the coming weeks. TBran noted that at this time there had not yet been a problem of securing supervisors. TBran noted in New York there had been an issue of getting and allowing external staff into warehouses, which is why notices were issued.

TBran noted that volumes have been incredibly strong in March up by 40%, this could have been a reaction to the crisis, but this might change over the coming months.

TBran noted that the other point of function for the Exchange, paper warrants are lodged with a depository and withdrawn from the depository at Citi Bank, discussions have been had with Citi Bank on how they will perform that function under current restrictions, they are going to be reducing their opening hours from this week it should not pose a problem for Members, but they should be aware.

#### **2020/020      Brexit**

MW noted that negotiations appeared to have been largely suspended with everything that is currently going on.

#### **2020/021      Arbitration Overview**

AK noted that not a lot to say on this at this time. There had been a difficult time with both a claimant and respondent, but hopefully things have now quietened down.

AK noted that force majeure will be discussed at the Arbitration & Contracts Committee following this. At this time, we do not believe that any advice should go out to Members.

#### **2020/022      BCA Strategy – OGSM**

##### ***Update from Paul Rooke***

PR noted that he was lucky although not in post to join the Strategy Day on 21<sup>st</sup> January, run by our Chair, Thomas Blackwall.

Out of this strategy day came the 3 objectives.

- **Objective 1**  
Increase Value for Money – how we reduce the reliance on membership subscriptions.  
Running additional educational training and events to generate additional income.
- **Objective 2**  
Increase Market Share – add visibility to Trade & Public  
Looking at Member segmentation and a recruitment drive with a new Member Committee.  
PR added that a big part of his role will be around the recruitment of new members.
- **Objective 3**  
Obtain & Demonstrate Relevance – to enable the BCA to be the Voice of the Coffee Industry.  
Looking at working more closely with organisations such as the ECF, SCA, NCA, SCTA etc.

PR noted that he is already having conversations with some of these external organisations.

PR added that a lot of the activity is around 2020/2021, some of the milestones for this year will likely now need to be a bit more flexible due to the current crisis.

#### **2020/023      Education (Training/Seminars)**

TB confirmed as previously agreed with the Board, the next Educational Seminar would not run until 2021.

PR noted that obviously things are still a little bit up in the air in regard to the dinner, and we are waiting to understand what the relaxation of restrictions might be over the coming weeks. The current aim is to run a pre-dinner seminar on Sustainability, around the 3 pillars that the Sustainability Committee had been working on over the last couple of years. We are looking at having speakers from outside and within the UK. We may of course have some difficulty if some restrictions are still in place, in having speakers from outside the UK. The draft programme has been developed, and will be sent to the Sustainability Chairs for review.

There was some discussion with the Members Services Committee prior to this meeting, if the dinner could not go ahead if we could perhaps look to run a less formal event with reduced numbers, but again this will depend on what restrictions might be.

#### **2020/024      Social**

##### **BCA Golf Day 2020 – Update**

TB confirmed that the golf day has been moved back from the 3<sup>rd</sup> July to the 25<sup>th</sup> September, if due to restrictions we are not able to run then, we will look to push back until 2021.

##### **BCA Coffee Dinner 2020 – Update**

TB noted that currently the dinner is due to run on the 27<sup>th</sup> November, but as yet it was felt not appropriate for applications to both the Golf Day and the Dinner to be sent out to the Membership.

In regard to the dinner we will continue to monitor as to what restrictions might be

AK asked that if any of the people on this Committee have any news or views on what is happening in the world that could be shared with the BCA and then the wider community, it would be very much appreciated.

#### **2020/025      Dates of 2020 Meetings**

**Wednesday 8<sup>th</sup> July 2020 – 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

**Tuesday 6<sup>th</sup> October 2020 – 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

Whenever possible the meetings will be held at **Epworth Street**, until this facility is no longer available. If Epworth Street not available they will move back to the **FDF, 10 Bloomsbury Way**.