

THE BRITISH COFFEE ASSOCIATION

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**Minutes of the Trade & Logistics Meeting,
Wednesday 8th July 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)
Chris Rogers	AGC (Commodity Store) Ltd
James Paling	Commodity Centre
Ian Breminer	Complete Coffee
John Williamson	CWH Johnsons International
Helen Shewan	DRWakefield
Fergus Wilson	Group Sopex
Paul Wynne	Henry Bath
Rob Hare	ICE
Cleiton Papke	RicCoffee

2020/026 Apologies

Jason Cross	CWT Commodities (UK) Ltd
Alan Davies	Finlay Beverages Ltd

2020/027 Competition Law Compliance

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

2020/028 Minutes of Meeting held on 7th April 2020

The minutes of the last meeting were duly approved.

2020/029 Warehouse Inspections/Procedures/Insurance/Surveying – Covid-19 Impacts

Warehousing

Report from Chris Rogers

CR noted that there were 2 main issues from middle of March, firstly would they run out of warehouse space and secondly that someone in the company would contract Covid-19 and they would have to shut down. CR noted that in previous minutes it was mentioned that space was an issue, but luckily so far, they have been able to contain the coffee that is coming in although things had not slowed down too much. However, in the last 2 months some of the origin businesses have been able to swap their origin shipments, especially the speciality coffee, which almost dried up in terms of outgoing deliveries. The major outtakes from the warehouse have been for the roasters that supply the supermarkets and this remains buoyant. Stock has gone up by a significant percentage and additional space was required on a temporary basis.

CR noted that they had a professional Covid-19 policy issued, with various addendums added by himself, to take account of social distancing etc. including the number of containers being able to be taken in. Intake schedules had to be slowed down. This resulted that on occasions an additional small demurrage had been incurred, the cost has had to be forwarded on, with most customers accepting this.

CR noted that all of their staff have been working from day 1, with the exception of one person who had to shield.

Visitors and drivers had to be restricted as to their movements on site, with separate personal facilities being supplied outside warehouses.

CR summarised things are ticking along with continued movement, and outtakes are getting busier. CR reiterated all precautions are continuing to be taken.

IB noted that high risk products are now going to see more checks, do we expect this to affect coffee or not really. CR added that samples are taken, with all precautions taken, but then these are sent by courier so we are not sure what happens after that as obviously many people could be handling this package. PR noted that high risk products for checks are those of animal origin etc.

PW added that the space issue is a risk, but a nice issue to have. The biggest problem would be someone testing positive within the operation, this is a challenge, but they were very fortunate with PPE as they are owned by a Chinese company who provided this. If there is a cluster of cases, what would be the implications for their customer facing aspects of their business.

CR noted that at the end of March it was exceptionally testing. CR thanked the BCA for the information that was provided, this proved extremely useful especially around the keyworker status. Warehousing is a physical business

and cannot be done from home. Decisions were taken to have staff in on a rota basis, and to accommodate those who might have keyworker partners.

Insurance

JW noted that under Marine Insurance Policies, delay is not covered by these policies including delays due to Covid-19, Members may wish to discuss this with their brokers/insurers.

Surveying

Report from John Williamson

JW noted that surveyors' access to warehouses has been extremely difficult, and even if access granted there were restricted timings, and of course wearing PPE was mandatory. Some locations have not been able to be visited, so an inspection has had to be done remotely with the use of photos and videos, which could end up being the new normal for the business. It was noted some other sectors already operated in this way.

Some instances of condensation damage in containers from Robusta from Vietnam, perhaps the moisture content was a bit too high at the time of shipment. Tanzania Robusta some problems with slack bags in containers most probably an issue when stuffing containers, resulting in loose coffee which causes issues for the warehousekeepers.

Infestation has again been a sensitive issue, this time of year when any infestation found is at the most lively and active in regard to new lifecycles, diligence on this, but not to overdo, one insect does not constitute an infestation.

There has unfortunately there has been a fire in an ICE approved warehouse in Belgium.

JW summarised that they have coped, as with others some staff have been furloughed, some have been isolating. We have had to make risk assessments wherever go and come back from, definitely challenging times, but levels of activities have now started to increase.

JW noted that some containers with various products are sitting on the dockside with no companies picking up, either the company may have gone out of business or not actually in the office.

CR added that in regard to infestation this has been an issue, isolating the container, getting in the fumigation people has been a long drawn out procedure, and especially as the product is organic, the bill for fumigation will be significant. JW noted that they have seen a similar situation for organic cocoa.

2020/030 Transport – Covid-19 Impacts

Post Meeting Report from Mike Watson

As social lockdowns in Europe and North America continue to be eased, ports in the regions face increased congestion as activity picks up.

According to the International Association of Ports and Harbours, major container ports in Europe and North America are having to contend with a higher number of moves per ship than ever before as a result of the wave of blank sailings.

Despite cancellation of large numbers of sailings over the past couple of months, pick-up in demand has meant that ships that have sailed have very high levels of utilisation, creating sudden peaks of activity at import ports. Some ports report that it takes days to return to normal at the yard and gates.

The workforce in some ports are under increasing pressure as these peaks impact resources on some days, followed by several days where there is nothing happening.

Due to the coronavirus restrictions still in place in many countries, some 200,000 seafarers are stuck on board ships for longer than the 11-month limit set in the labour convention. Complications with changing ship crews have not much improved with the recent easing of national lockdowns. Because of the high number of expired and extended crew contracts, some port inspectors have been detaining vessels.

Overall, it is predicted that the containers lines are looking at a collective loss of around \$10 bn this year which compares with around \$3 bn after the 2008 crash.

CR noted that they and other warehousekeepers have had problems with the lack of drivers and transport pre-covid. But now things seem to be improving, they are getting slots and haulage has not been a problem, even with delivery. The RHA have their requirements that drivers must be able to use your facilities, which we could not allow, but as previously stated a port-a-loo has been installed for haulier usage.

PR noted that issues with haulage could start to increase as we come out of lockdown.

2020/031 The European Contracts Committee
Report from Angus Kerr

AK noted that the BCA have submitted a couple of posting requests to the ECF under the ECC contract. The ECF are nervous about this and are seeking legal advice under Belgium law to see if this is allowed, Germany also has other restrictions in regard to posting.

AK noted that he is pleased announce that he is now the President of the European Contracts Committee. Do get in touch with AK if you do have any questions or queries in regards to the ECC.

2020/032 ICE Futures Europe – Covid-19 Impacts
Report from Rob Hare

RH noted that from the perspective of the exchange, most people are working remotely. The nature of our works for the deliveries has meant they

can continue without interruption, and with no problems, this is the new normal.

In regard to the warehouse fire in Antwerp, one of the Exchange representatives in Antwerp was able to walk round filming the following day to see the level of damage, this has been resolved and a circular issued.

RH noted that during lockdown regular weekly updates have been received from the warehousekeepers, everything has been handled very well with no interruptions in deliveries.

The grading rooms have been set-up so that grading panels could go in, split team working and restricted access, but grading has been completed.

RH noted that conversation and meetings with customers from their homes has continued, again the new normal.

RH stated that they have not seen the volumes being hugely impacted, just some slight interruptions at the start as everyone got used to working from home and managing everything remotely.

RH noted that they continue to have access to the warehouses for the supervision staff, with very little interruption, social distancing obviously in place. Supervision has always been able to be provided if required, and samples delivered to the grading room.

RH extended his thanks to the warehousekeepers as to how they have handled things, very professional throughout the market.

2020/033 Brexit

PR noted that obviously as the activity around Covid drops off, activities around Brexit now starts to increase. There is now confirmation that we will not have any extension beyond the end of the year – although a delay could still be possible if agreed by both parties. Most commentators believe that we will reach a deal of sorts, we could see a very scant outline agreement, with the detail being concluded in 2021/22. Both sides are sticking to their guns and not budging, but likely compromise will come as we move into the autumn. As you might be aware, they are meeting face to face more regularly, which is a better situation. One of the main points of disagreement continues to be fisheries. Whilst not economically significant to either side the sector does have strategic and political importance.

Likely the single market will not be in place and we will not have a completely free run into Europe, which seems to have been accepted by most. The question remains as to exactly what the level of disruption will be and in what form.

The BCA are part of an FDF roundtable that have been meeting twice a week in regard to Covid, so likely this will now switch focus onto Brexit, bringing in government departments.

PR noted that there seems to be a lot of coffee moving from the UK into Europe for processing, i.e. for decaffeination, there are potentially processing relieves available where tariffs can be avoided, what is still unclear and Defra have no view how this might operate, but would be interesting to understand and explore as we get closer towards the end of the year. If this is a reasonable expectation, we will pursue with Defra how we can put this into place, and how the industry is able to make use of it.

Labour is also another issue, and availability which has been felt at the retail level, there have been some changes by the Migration Advisory Committee, in regard to salary, but there is a salary and education level still required that could cause issues for many companies.

We are working through the FDF using their resource and expertise to work through these issues.

IB noted that the processing of decaffeinated coffee under inward processing relief was previously available and hopefully should not be a problem in getting an agreement. PR noted the inward and outward processing relief, is certainly available, but may have fallen into disrepair as they haven't been required since the single market was introduced. PR noted that the government has stated that this might be coming back, but we are not aware of the detail or what this might entail.

CR noted that the movement of coffee for decaffeination is currently still happening without issue, but we need to address this before any issues occur. PR noted that we will certainly look to follow-up on this.

Action: BCA

2020/034 Arbitration Overview

AK noted that things have been very quiet at the moment. We have had 3 posting requests, 2 have been approved by the BCA and are awaiting the ECF, the third is running through the process but will then need to be approved from the Board.

Several discussions have been had regarding Force Majeure; in case it hammers at the door for any future arbitration.

2020/035 Education (Training/Seminars) **2020**

PR noted that we had intended to have a workshop on the day of the dinner, but as you are aware the dinner has been pushed back to 26th November 2021. We are therefore looking to run a number of webinars in the 2nd half of the year.

There are several topics up for discussion:-

- Sustainability
- Brexit
- Technology / Block Chain – possibly looking at issues around Food Fraud

- ICO – Public/Private Partnerships – Addressing the wider global Issue on returns to the coffee producer.
- ICE Futures

PR asked those on the call if they felt there were any other topics that could be covered or should be covered.

RH noted that Toby Brandon has had further discussions with the training team at ICE, PR will pick up on this with Toby.

Action: PR

2021

PR noted that he and TB will be meeting at the office next week for the first-time since lockdown, and will be looking at mapping out the 3-day educational seminar, likely to be around the time of the London Coffee Festival in April 2021, if we are allowed to run such events! Further details to be forthcoming.

Action: BCA

AOB – Standard Terms and Conditions

PR raised the question of standard terms and conditions and whether there was a need for BCA to produce terms for the sector. These would be suggested terms which members were free to use, or not as appropriate. This was a point that had been raised in conversation with a couple of members.

IB noted that he felt most companies operate under the European Coffee Contract, and this is pretty all encompassing.

CR and PW both made reference to their membership of the UK Warehousing Association, who did provide standard Terms and Conditions. PW noted they also had in-house terms which provided full coverage.

It was concluded therefore there was no need for any further action on the point.

2020/036 Dates of 2020 Meetings

Tuesday 6th 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**.