

THE BRITISH COFFEE ASSOCIATION

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**Minutes of the Trade & Logistics Meeting,
Tuesday 9th July 2019, 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:

Tracy Brown	BCA Secretariat
Mike Watson	Tristao International (T&L Chair)
Andrew Kerr	OCR Commodities (BCA Vice Chair)
Chris Rogers	AGC (Commodity Store)
Angus Kerr	Coffee AG Ltd
Philip Searle	DRWakefield
Helen Shewan	DRWakefield
Connor Barnes	Equatorial Traders
Paul Wynne	Henry Bath
Richard Harris	Zygo Ltd

2019/025

Apologies

Mark Ayling	Complete Coffee
Iain Williamson	CWH Johnsons International
John Williamson	CWH Johnsons International
Jason Cross	CWT Commodities (UK) Ltd
Alan Davies	Finlay Beverages Ltd
Rob Hare	ICE Futures Europe
Cleiton Papke	RicCoffee

2019/026 Competition Law Compliance

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

2019/027 Minutes of Meeting held on 9th April 2019

The minutes of the last meeting were duly approved.

2019/028 Warehouse Inspections/Procedures/Insurance/Surveying

Warehousing

Report from Chris Rogers

CR reiterated the huge influx of coffee shipments between Christmas and end of March was still placing pressure on warehouse space. Whilst the intakes had normalised, the additional stocks were still in place.

This has created more administration and audit control, with stock reporting and inspections which are disruptive and time consuming. There has been, as a result, a substantial increase in warehouse space, staffing and equipment.

CR has returned to full time to oversee the situation which has put some pressure on finances in general.

During this period the shipping lines had capitalised on demurrage and quay rent charges, which added to client and warehouse costs. CR noted that this might be an issue for all. Furthermore, shipping line accounting is, in some instances, poor and historical.

CR raised the issue of recycling and waste disposal. The volume of dunnage from containers, kraft paper and cardboard and 'Dri-bags' has become critical. Shipping lines insist that this is removed after discharge of coffee, or they will charge up to £200 per container for 'cleaning'. In consideration of the 'green' aspect and carbon footprint requirements of some customers, CR stated that their recycling had now achieved 54% recycled waste. This had incurred a cost, but should show benefits to the coffee industry. CR noted that this cost will need to be addressed with the industry.

Insurance

Report sent in from John & Iain Williamson

"The insurance markets are consolidating after 2 years of heavy losses in Marine Business which includes storage risks – those have been the big and damaging losses to the market!

We understand that insurance premium rates are increasing"

MW noted that he agreed that he is also aware that premiums are increasing. MW added that there have been increased general average claims, which is problematic.

MW added that the largest ship to come out of Korea is now at 23,500 containers. If this comes into London Gateway, again this could put pressure on the port and trucks out of the port.

Surveying

Report sent in from John & Iain Williamson

"We have had surveys on:

- Wet/mould damage to bags of Indian and Arabica Coffee shipped in containers some of the wetting was exacerbated due to the presence of desiccant inside the containers

- High moisture to a part container of Indian Robusta Coffee accepted after resampling
- Infestation to 1 container of Nicaragua Coffee
- Infestation to 1 container to Guatemala Coffee
- Wet and mould damage to Vietnam Robusta Coffee due to holes in container
- A warehouse error during de bagging which resulted in 2 high value different origin coffees being mixed therefore not acceptable to customer and consequently very much downgraded in value."

2019/029 Transport **Report from Mike Watson**

MW stated a noted before the largest ship of 23,500 containers has now come online. The previous record was around 21,500- so the size of ships continues to grow with the problems that brings when they come into port -distorting the trucking market whilst docked.

MW noted that some ships are being retrofitted due to the IMO charge coming in.

MW added that there are some trials going on in respect to Blockchain, to avoid the need for physical bills of lading

The top 10 lines now have 83% of the market, which as we know means lack of flexibility.

2019/030 The European Contract Committee **Report sent in from Mark Ayling**

"Please see below the relevant minutes from the recent ECF Council Meeting on 17.06.19.

This covers results coming from the Contracts Committee Meeting held on 20.05.19 in Amsterdam.

As a follow up to the approval of the European Standard Coffee Contract (ESCC), Mrs. Eileen Gordon presented the key changes at the ICO PSCB held in London on 19/9/18. As a follow up, ECF received two producer comments, from Federación Nacional de Cafeteros (FNC) that opposed extension of the time limits for weighing and sampling and Brazilian CECAFE that also opposed the extension of time limits but made additional proposals including bank charges, shipping documents, packing, quality, LCL/FCL, and FOB terms. An amicable meeting was held with CECAFE with the Contracts Committee further looking into some of their suggestions.

As a first step the Secretariat requests that the wording of Article 25 (Shipment) is introduced into Article 17 (Spot Delivery) making the two articles identical. A minor correction is also requested as in current Article 25(b) the wording "If the other party fails to pay....." is an error. The Article should read "If it fails to pay.....".

The Council approves the correction to be made immediately effective.

In addition, one of the suggestions coming from the CECAFE meeting was that we agreed to make it clear that weighing in bags takes place at the time of stripping the container."

MW noted that weighing is a difficult one, dependent on when the coffee arrives and when unloaded.

AK noted that you can only start your count when you get your hands on the container and the coffee. CS noted that it is a very tight schedule to get the coffee out with the 5 days.

2019/031 ICE Futures Europe

Report to be provided at the next meeting.

2019/032 Brexit Implication

MW noted that still we do not know where we are! But it appears that more preparation is going into a no-deal scenario.

As previously mentioned, the departure of CS will leave a communications gap on this important topic with members and it has been proposed that the BCA consider using Public Affairs Consultant, Matthew Orman, to keep members informed when there are relevant developments for the coffee industry concerning our EU exit. This proposal was put to The Board on the 4th June, and they decided that until there is any decisive action on Brexit this would be a watching brief.

As we know the Government announced a delay to the Withdrawal Bill until the 31st October. Since then the PM has announced her resignation and started the process to find a new tory leader, we are now down to either Boris Johnson or Jeremy Hunt. With the limited amount of Parliamentary time likely to be available between now and the October deadline most pundits are suggesting that a further delay to the UK departure from the EU is inevitable. The results of the EU elections will be playing heavily on the minds of those that would wish to put a meaningful vote in front of Parliament. Whilst the political fun fair has been running Defra have continued to develop their thoughts on no deal impacts and the BCA have been involved in generating trade statistics around non-EU trade to help inform the process of developing new trade agreements.

No Deal Import / Export Practicalities

Following a recent FDF Customs Working Group meeting updates were received on Operation Brock, using the M20 with space/parking for approximately 12,000 vehicles is still in plan, although currently inactive. Further/latest information can be found at Highways England.

<https://highwaysengland.co.uk/OperationBrock/>

- Additional ferry capacity is being sourced and it was believed to be with – **although not confirmed** – with Stenna.
- Additional port near to Hull (details to be confirmed) to take anticipated backlog in Dover.
- Dover expecting a 40-60% reduction in capacity for the first 6 months.
- Ashford and Ebbsfleet likely to be used as clearing to help with any backlog at Dover.
- It was expected that declarations will see a 4- or 5-fold increase. Could be up to 300m entries per annum.

- Lack of trained staff in customs clearance, there could be a requirement of up to 20,000 staff currently there are around 3,000.
- There will be several touchpoints where declarations are required. Suggestion that companies may need a broker to assist, as this can be extremely confusing. A concern that there is no certification required and anyone could set up as a broker.
- Companies will need to consider additional export charges; it is expected that companies may choose to do one larger shipment than several smaller ones to save on costs.
- TSP registration, less than 27% have signed up.
- Huge increase in AEO status applications.
- It has been noted that Border Force will take a gentler approach/easement for the first 6 months, but don't take this as read.
- 'Common Transit' is a bit of a 'get out of jail card', to get the goods out of the port and pushed upstream to the likes of Ashford and Ebbsfleet.
- It was noted that there might be food only trucks as delays would likely been seen with a mixed load.
- A question was asked if exporters were ready in the EU, more prepared than us, it was noted they were not, even though they might say they are!

The Channel Strait Crossing in a No-Deal – Border Delivery Group (Dover)

- If there are any relaxations in control on the French side, it would not be for a long period of time. They like the UK do not have capacity to hold non-Brexit ready trucks.
- Truck drivers will be notified en-route if they get a green or orange light. If orange they will be required to have further checks. But this means everything has to be IT ready. The Channel Tunnel appears to be ahead in this technology, ferry companies a bit behind.
- The French and UK are both promoting the use of TSP.

Please see attached slides for full update from the last FDF – Customs Working Group meeting on 3rd July.

MW noted for the next meeting on the 8th October TB has invited along:-

**Pardeep Nijjar - Policy Adviser – WTO and International Organisations -
Farming & Food Sectors and Trade - Agri-Food Chain Directorate -
Department for Environment Food & Rural Affairs.**

TB asked if Members could provide questions in advance, to allow Pardeep to prepare and provide as much of a detailed response as possible. TB to look at the possibility of also holding this as a webinar

Action: TB/Andy Kerr/ALL

Update new story post meeting – “Ferry companies warn of gridlock in no-deal Brexit - <https://www.bbc.co.uk/news/business-49019511>

2019/033 Arbitration Overview

AK noted that we have a considerable increase in Arbitrations, all proceeding in order. Nothing further to report at this time, apart from the market is trying to pick itself up at the moment.

2019/034 Education (Training/Seminars)

TB noted that at the Member Services meeting this morning it had been agreed that we look to hold the next Educational Seminar in 2021.

2019/035 Social**BCA Golf Day 2019 – Update**

The Golf Day will be held on Friday 20th September at The Hertfordshire. Save The Date and Application details have been sent out. So far, we have 9 teams confirmed, it would be great to have a 10th team. Please contact the Secretariat if you wish to participate.

Action: ALL

BCA Dinner Dance 2019 – Update

TB noted that following the update to those Members who had booked a table(s) this year, the decision was made to continue with the booking at The Dorchester for 2019, and that a new venue to be secured for 2020, likely The Ballroom at The Grosvenor House Hotel. Currently we only have 1 table available for the event this year, but not an issue if not sold as this will create more space within the venue. The Sound & Lighting Company, Cabaret and The Sensation Band have already been confirmed for the event this year.

TB noted that the only availability in 2020 that The Grosvenor House has around the time we hold the dinner is for 4th December 2020. TB to write asap to those that regularly book tables at the dinner to explain the situation, and ascertain Members preference for the 2020 event, as a decision on The Grosvenor House needs to be made by **5th August 2019**.

Potential Seminar/Industry Event

With the retirement of BCA ED, Chris Stemman, the Communications Committee and Ian Bryson had previously agreed that without a figure head in place that this event be delayed to later in the year, hopefully by then we will have a new ED in place. A decision on when to run this to be finalised by the Executive Committee/Board following the scheduled conference call on 26th July, there is some nervousness in holding without having an ED in place.

2019/036 Date of Next Meeting**Remaining Date for 2019**

- **8th October 2019**

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**.