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NOT FOR PUBLICATION

Minutes of the Trade & Logistics Meeting,
Wednesday 19th October 2022
Via Teams
Time 12.30pm – 2.00pm

PRESENT:

Paul Rooke	BCA Executive Director
Tracy Brown	BCA Secretariat
Susan Brown	BCA Communications & Membership Manager
Mike Watson	TRC Specialty Commodities (T&L Chair)
Chris Rogers	AGC (Commodity Store) Ltd
Ratnakar Mishra	Allanasons Private Ltd
Angus Kerr	Coffee ag Ltd
Kate Granger	Commodity Centre
Mick Flynn	Complete Coffee Ltd
Jordan Smith	Complete Coffee Ltd
John Williamson	CWHJI Ltd
Jason Cross	CWT Commodity Logistics UK Ltd
Matthew De-Gale	DRWakefield
Helen Shewan	DRWakefield
Elizabeth Barry	Equatorial Traders
Martin Osbourne	Finlay Beverages Ltd
Andrew Stephenson	Henry Bath
Rob Hare	ICE Futures Europe
Lee Lockyer	Locton Companies LLP
Cleiton Papke	RicCoffee (UK) Ltd
Ricardo Santos	RicCoffee (UK) Ltd
David Peach	TRC Specialty Commodities
Kevin Carrington	Vollers UK Ltd
Richard Harris	Zygo Ltd

Mr. Philip Oetker, Chief Commercial Officer at Hamburg Süd
Ms Eva Von Taube, Hamburg Süd

1. Apologies

Kristine Breminer Isgren	Complete Coffee Ltd
Scarlett Fishburn	Equatorial Traders

Marek Glowa	Equatorial Traders
Marie Maffei	Filhet-Allard Maritime
Paul Wynne	Henry Bath
Richard Hankinson	ICE Futures Europe

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 29th June 2022

The minutes of the last meeting were duly approved.

4. Matters Arising from Previous Meeting Minutes

No matters arising.

5. Transport/Ports

- **Presentation from Hamburg Süd (Attached Separately)**

MW introduced Mr. Philip Oetker, Chief Commercial Officer at Hamburg Süd.

PO went on to introduce his colleague Eva Von Taube, who heads up the German Coffee sector and much more of a coffee expert than himself.

PO said he was happy to share the presentation given today.

PO noted that he has been in the liner industry for some 17 years in an operational capacity. Shipping is exciting, volatile, and difficult to predict.

The global fleet as of June 2022 (source AlphaLiner) is forecasting to have 26m TEU of nominal capacity not effective capacity. There has been a small growth from 2021 to 2022, following the Covid pandemic lows of 2020.

There continues to be issues with congestion in some ports, issues with strikes, crews infected with Covid etc, which meant some of the capacity noted in 2022 did not become active. Cargo demands combined with a decrease in effect cargo capacity has meant a substantial increase in freight rates, but we are now starting to see the reverse happening going into 2023.

RS asked if capacity demand has been forecast for next year. PO noted that they have seen reduced bookings and negative growth for Q4 and Q1, as there are lower forward bookings and warehouse utilisation is rising with gluts of inventory.

MO asked regarding negative growth in Q4 into Q1, with the downturn of demand on the East-West trade routes, as you are ware there has been pressure out of South America with lack of capacity and vessels to slot into the services, does this mean that some tonnage will be moved across to South America to relieve the presume out of South America? PO noted that with volumes coming down on the East-West trades, there is a network review on bringing tonnage back to increase volumes form South America/Caribbean. But this will depend on the inter-operability of equipment as all not suitable for that region.

PO acknowledged that schedule reliability had not been good enough over the past 2 years and was some 40% down on what they were able to achieve in 2018/2019. It is their aim to improve this to ensure they have a significant buffer should there be any future major issues, to be able to stick as close to their schedules and service quality, although there is no easy quick fix.

PO noted that they wanted to be completely open regarding ocean freight rates, but this was a complex reality, with inflation, increase in interest rates, Ukraine/Russian war, new vessel capacity entering the market, port congestion, staffing concerns and labour shortage and the IMO 2023 regulation.

Stronger demands for decarbonisation from 2023, is likely to see journey times increase as speeds are reduced to cut fuel use and lower greenhouse gas production.

PO noted that whilst freight rates were generally expected to fall in 2023, there were a range of factors which would influence this across different routes.

Further background information on the IMO decarbonisation rules will be provided and in regard Hamburg Süd's commitment to decarbonisation.

RS asked regarding carbon footprint, would PO be able to provide a contact to discuss this. PO noted that he will coordinate this with PR.

MO asked regarding fuel and the conflict with Ukraine and Russia, and potential rationing in Europe, how will this effect bunker oil should things get worse? PO noted that at this time he does not attribute a significant amount of risk to this as bunker oil can be refuelled in many other parts of the world, especially low sulphur fuel.

MO asked from a coffee point of view, there are challenges with capacity when there is demand for other commodities being booked for shipment, are there going to be any pinch points going forward, PO asked if this was into South America into Europe, MO for him yes, PO will follow up on this.

PO noted that he and Hamburg Süd are very happy to discuss anything from issues or services offered going forward.

PR noted that one of the issues noted by many Members previously was that regarding communication with the shipping lines, and PO's candid views today was very much appreciated.

- **IPPC Container Movements & Pest Control – Paper Re-Attached**

PR noted the document circulated ahead of the meeting and referencing the potential introduction of additional certification for containers, for the absence of pests and diseases. Cleiton Papke had very kindly attended this workshop and presented from an industry perspective such as contractual and legal requirements. PR asked CP for his view of the workshop.

CP noted that one of the main points of the meeting after many years of collecting data, was regarding pests/containers, and how to stop them moving from one container to another. A solution was to increase checks, with more certification to be done by 3rd parties, this might become an ISPN in the future. The views of most of the people from the industry including the carriers, was to continue with self-regulation but to continue to collect data and improving on what we are doing that would have better effect than regulation.

PR noted that there is a much wider drive and concern on this, and how as an industry we tackle this, do we wait to see what demands are placed on us, or do we take the initiative and work with other organisations to develop a best practice approach. PR noted that we would appreciate views from around the table.

AK noted that the reference to the European Coffee Contract and advised there was an existing code of practice linked to the contract, this was originally for OTA but also how containers should be cleaned etc. AK asked if CP would be willing to look at this to see what changes might be required as this goes back to 2002. CP noted that he would be happy to review this and that we might be able to suggest, CP added that the IPPC focus group were due to meet again in the future.

AK noted that perhaps a sub-group should be set-up to review this. PR noted that one of the steps after today would be to go back to the ECF and the NCA as to what came of the workshop and the drivers and how we might work together as to what is already there and if suitable to amend of have something to sit alongside. PR added that there is certainly a need to broaden out the group to review. MF asked why this is not passed over to the ECF would this mean that they would have more influence. PR noted that it is something that all the organisations may have a view on and to have a coordinated message with a multi-pronged approach.

MW asked what the warehousekeepers thought and could this be just an extra layer.

JW noted that most pests found in coffee are generally found in tropical commodities in warehouses in origin, this is generally where the pests get into the coffee and the containers, and the conditions in the containers during shipment for the pests is ideal. There are several ways to ship including a liner bag put into the containers, and these liner bags should have a vacuum created, then sealing the bag, where pests would very rarely survive, going forward this could be an option.

CP noted that if the container is found to be dirty or have pests even on the outside of the container, this could cause issues, and for checks should be completed inside and out of the container before they are stuffed. JW noted that it does heavy involvement from the shipping lines themselves.

JC noted that the liner bag may well protect the product inside, but it will not necessarily protect the inside of the container if there might be eggs inside the container even if not in the bag.

JW noted that some shipping lines deem that some containers are termed as food grade containers, but again what they are cleaned/disinfecting which could contaminate other products going in it.

PR noted that we have some points to take forward from today, and this is a much bigger issue than coffee, but coffee plays its part rather than its part forced on it. We will keep people informed as to the next steps.

6. Warehousing

CR noted that they are finding the administration with even some of the largest shipping lines it still something to be desired with many still working from home making communication more difficult than it should be. But there does seem to be more continuity and catching-up now, getting goods in when we need to get goods in! There seems to be more coffee coming in than going out, but obviously there will be a break point at some stage.

CR noted regarding liners for containers, he recently had a demonstration of some very sophisticated equipment coming through, whether these are going to be cost effective we await to hear, some will be reusable and some have ability to be vacuumised.

JC noted that one of the biggest issue is the continuation of port strikes, especially in Liverpool, with rumours of one over Christmas unless there is any compromise between the union and the ports. The potential impact for coffee movement should action persist and/or spread.

- **Certification & Inspection – Review of Need for BCA Guidance**

CR noted that he has always been in favour of having this, having a basic set of controls within the warehouse, many inspections look at the real issues within warehouses.

PR noted that we will roll this over to the next committee meeting due to a shortage of time.

7. **Insurance**

LL re-introduced himself to the Members as he has recently joined a new brokerage Locktons.

LL noted that they are the worlds largest privately owned insurance broking house, with a team of cargo and commodity specialists.

The cargo market since 2019 has seen some challenges with rate increases, the cargo market was not making any money of the previous 7 years, we have come out the backend of this cycle now. There are some new entrants into the market place, around 8 new syndicates creating some competitiveness.

LL noted that there is slight incline in rates, but depending on any attritional loses clients may have had there is the potential to maintain a flat position, which is quite encouraging especially for Traders.

8. Surveying

JW noted that we have seen the usual wet damaged bags due to holes in containers.

There was also a bulk shipment of Vietnam coffee in containers with extensive mould damage, to some containers only, there was no clear cause of damage!

9. ICE Futures Europe

RH reminded the Committee, about a circular issued back in May 2021 regarding documentation effective from January 2023. The other change related to documents from this point going forward will be non-redacted, this is not retrospective but from everything delivered from January 2023.
RH noted that if anyone has any questions or queries, please feel free to contact him directly.
MW asked if this set of documents needs to include certificate of origin, RH confirmed that it did.

RH noted that he will send across to the BCA for circulation to the Committee. Attached separately.

Action: RH/TB

RH noted that the grading room has been reasonably busy the last few months, and ICE continue to receive grade samples in a timely manner and have been well placed in the last 2 years to have not been too impacted by Covid.

10. ECF Update

PR and MW noted that there were no significant updates at this time.

PR noted that a lot of ECF effort has been around deforestation.

Issues remain around maximum levels and Glyphosate.

PR added that Glyphosate is also being looked at from a UK perspective.

11. Arbitration Overview

AK noted that we have had a few Arbitrations and Appeals come through recently, which has meant involvement of most of the Arbitrators on the Panel.

12. Dates of Next Meetings in 2023

PR noted that dates for 2023 have yet to be confirmed but will likely be in line with those this year.

PR asked if any Member would be interested or happy to host a future meeting at their premises, please do let us know, and we could look at building this into the diary. We are looking at having both Hybrid and Teams only meetings.

Action: ALL