



PRIVATE & CONFIDENTIAL
NOT FOR PUBLICATION

**Minutes of the Trade & Logistics Meeting,
 Wednesday 15th February 2023**

London Suite 2 Meeting Room - Intercontinental Exchange |
 ICE Data Services, Fitzroy House, 13-17 Epworth Street, London, EC2A 4DL
& Via Teams
Time 12.30pm – 2.00pm

PRESENT:

Paul Rooke	BCA Executive Director
Tracy Brown	BCA Secretariat (Via Teams)
Chris Rogers	AGC (Commodity Store) Ltd
James Paling	Commodity Centre
Gina Lopes	DRWakefield (Via Teams)
Helen Shewan	DRWakefield (Via Teams)
Carole Liminiana	Filhet-Allard Maritime
Paul Wynne	Henry Bath (Via Teams)
Richard Hankinson	ICE Futures Europe (Via Teams)
Tom Gammer	InterAmerican Coffee (Via Teams)
Isobel Giles	Lavazza (Via Teams)
Lee Lockyer	Lockton Companies LLP
Cleiton Papke	RicCoffee (UK) Ltd
Richard Harris	Zygo

1. Apologies

Mike Watson	TRC Specialty (T&L Chair - Retrospective Apologies)
Angus Kerr	Coffee ag Ltd
Iain Williamson	CWH Johnsons International
John Williamson	CWH Johnsons International
Jason Cross	CWT Commodity Logistics UK Ltd
Simon Wakefield	DRWakefield
Martin Osbourne	Finlay Beverages Ltd
Katrine Biret	Trade in Space
Kevin Carrington	Vollers UK Limited

PR noted that in the absence of T&L Chair - Mike Watson he would Chair the meeting.



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 19th October 2022

The minutes of the last meeting were duly approved.

4. Matters Arising from the Previous Meeting Minutes

No matters arising.

5. Transport/Ports

• IPPC Container Movements & Pest Control – Next Steps

PR noted that we talked about this at the last meeting and had circulated a short paper on the international movement of containers and the issue that had cropped up under the IPPC. They had concerns around containers possibly transferring pests from one country to another, pests being introduced that were not present in that arriving country.

CP attended and gave a presentation at the meeting last September, since then CP and PR have been working on something to address this that will work for the industry, a guidance or code of practice document. PR noted that he had pulled on some existing codes of practice at ECF level, especially the one around mould and we have used this as a starting point. PR stated that he has put some headings together and a structure and CP has updated with his thoughts, PR added that this is not just an issue for the UK but a global one, and we will look wider parties such as the ECF, NCA etc. for their inputs.

CP noted that the intention is to prepare a guide of good practices for coffee to prevent the pest movement in containers. We would like to work with others in the industry to gain their input to make this a complete guidance as possible. PR asked those on the call if they had any people/colleagues within their organisations that could assist with developing and getting more input into this document from across the whole industry, sourcing, transportation, warehousing etc, putting the steps in place required that we could then take to the wider industry for their input to then take back to the IPPC.

CR asked if this guidance would it be a BCA document, along with certification and inspections? Normally the first in line to see if there was any infestation would be the warehousekeepers, who then would immediately separate and isolate that container and treat accordingly. PR noted that the initial aim would be that the BCA would be a signatory to it, but it would require other organisations to be a part of this as it was a global issue. PR noted that the aim was to get something that Members were comfortable with and to not have it enforced on them. CR added that any infestation/mould forms just a very small percentage of shipments. CP noted that the operator was responsible for the container and checks, and we need to create awareness with the operators that all containers are clean and suitable for shipment, if not they need to be returned and replacement requested. PW added that he would be happy to support and had someone in mind at Henry Bath that could assist with this project. PR and CP noted that the IPPC could be looking to introduce some form of certification, but there was some disagreement between different bodies around the world as it could add additional costs. JP noted that they have their



own standard procedures, and they work through BRC so their policy is very robust, but Commodity Centre would be happy to assist.

RH noted that he was not sure how far the IPPC could reach. PR added that they are not aware how far down the line the IPPC now are regarding any sort of certification, but really, we are looking at heading this off at the pass.

CR noted the ISPN pallet system which we are all required to use now, which seems to work if the source of the ISPN pallets is there. But that there is another problem with the input of containers and some of pallets at the bottom of the container, these must be destroyed as can be from spurious sources and are not allowed to be imported into the UK. RH noted that it is a box ticking exercise if the pallet is marked as ISPN. PR added that non-treated pallets can be used within the EU but now we are outside we are not able to use.

PR reiterated that if anyone was interested in becoming involved, please do come back him, we aim for this to be an email working group.

Action: ALL

- **Consider any response to Government Consultation on Shipping Block Exemption Regulation**

PR noted that this came up at a meeting recently on block exemptions overall. The Competition and Markets Authority are running a consultation are looking at replacing the previous EU block exemption with a UK equivalent. The proposal from the CMA is to replicate the existing block exemption. They have consulted a number of bodies in advance of putting the consultation out, and some have raised the impact that the block exemption would have made during the last couple of years, and not having a block exemption in place would have smoothed out some of the peaks in pricing. PR asked the Committee if they wish the BCA to make any submission to this consultation, do you feel that there is anything that we need to be saying or is this not relevant. The consultation is a short one, so we only have around 1 or 2 weeks to submit. No comments received at the meeting, please come back to the BCA if you have any further thoughts.

Action: ALL

6. Warehousing

CR noted that coffee inventory was increasing - in part seeming to be a left over following the lockdown period. There has to be more communication/relationship between those importing into the UK and warehousekeepers as to quantities being imported and storage required in advance, as space will otherwise become critical.

PW noted that CR makes a good point about space requirements, suitable space is being greatly reduced. Additionally, following the port strikes in Liverpool the ports are looking to recoup costs from those such as warehousekeepers for that warehousing space.

RH asked if this was the move from just in time to just in case or is it any evidence of increased demand in the UK. Looking at the stats the UK seems to export 5,000 tonnes a month and this seems to be remaining static, does this show that people are now willing to store in the UK again. CR noted that he was not sure, but if coffee from some origins becomes available companies have been buying all of it.



CR added that receiving coffee in one go, warehousekeepers need to be made aware in advance. Good working space is around 15-20% but currently this working space is not there at the moment, and added it is just in time in and out of the warehouse certainly!

PW noted that there does not seem to be a slowdown of commodities coming in but a slowdown in consumption of commodities overall.

RH asked if there were any significant changes from the UK out to the EU, PW and CR noted no significant changes.

RH noted that the markets have been very volatile and perhaps people are taking their risk out of origin and put it at destination.

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

PR noted that we had this on the last agenda, but we ran out of time. The question was, essentially, whether the industry saw the need for action. Previously we had the BCA Guidelines for Warehousekeepers Questionnaire, and a question was asked if the BCA should be doing more around this. CR noted that we used to inspection procedure, and it was never a problem, but now this is very much a self-certification procedure. PR asked is there an audit from another body, CR noted that manufacturers and major importers will come in from time to time and make inspections.

PR asked would there be any benefit in reviewing this document and could it be used to put in front of customers to alleviate some of the inspections that they might do? LL noted regarding insurance that there is much more focus on the warehouse and the suitability of that warehouse, the underwriters are now asking these questions, and thought that this might serve a purpose for those underwriters. CR noted that he felt that the document would need to be a bit more robust, specific and in depth. PR asked would it be worth working up something with insurance as the focus rather than a customer audit. HS noted that inspectors do ask a lot of questions (especially around organics), should the warehouses already have standard guidance that is already available. CR noted that they have no option from the organic associations who do come and thoroughly inspect each warehouse every year.

MF noted that the warehouse inspection goes back quite a long time, under the old CTF contract when coffee was landed it had to be landed in a recognised coffee warehouse. These warehouses were recognised by an annual and bi-annual inspections, these then become joint inspections with the terminal markets. Eventually the CTF went self-certification, with the warehouses certifying themselves. MF noted that he does not believe any of the large European coffee warehouses they do not have inspections by anyone except their clients.

PR stated that as an Association we would be guided by Members' view on whether it adds value to their companies, if there is not a value is there a reason to do this. MF noted that if people are in the Trade, they know the warehouses to use. PR added that he felt it would be a document drawn up by the Association but for self-certification, but it is then the question who the audience is, is it insurance only rather than the customer point of view. CR noted the coffee in the warehouses is not actually owned by the warehousekeepers, and as such as to be insured by the



owners, obviously warehousekeepers need their own liability insurance if they make any errors such as causing a fire. CR added that it would only take around 30 minutes to complete the document with all the relevant information. LL added that it comes down the value of coffee being stored in the warehouses, if its £2m they could get the warehouse approved for the client if £50m they would probably need something more comprehensive. MF asked if insurers are happy with self-certification does it mean anything to insurance companies, LL noted certainly it would give some comfort if the details on fire and theft protection of the warehouse and the coffee.

CP asked that perhaps there needs to be standard information pack produced for the warehouse, that could be ready for any inspection. CR added that information relies on the integrity of the warehousekeepers, and there could not be too much issue with integrity and experience of the major warehouses storing coffee in the UK.

PW noted that he could see a benefit of the owner of the coffee but is struggling to see the benefit of a warehousekeeper, are there is some competitive information that they would not want to have documented that would separate them out from their competitors. He would possibly not be a fan but could possibly see the need and the benefits for other people.

JP added that he was not sure of the relevance for his organisation but would try and support if there was a consensus.

CR noted that he felt that the information could be basic, not in-depth just to show that fire and safety procedures are in place.

LL noted that there have been several high-profile losses in the commodity sector, and due to the losses, several syndicates that have closed in the last 5 years. There are now a number of standard questions that are asked to onboard a warehousekeeper operator, so when the insurers take on that risk, they can show the information that has been provided.

PR noted that he gets the sense that the world has moved on and there does not seem, currently, a need for an industry wide approach. We could however review this again in a couple of years' time.

7. Insurance

LL noted that there were a couple of points of interest, not coffee specific, more of a general market aspect. After the last T&L meeting in October insurers had their discussions with the re-insurers around their portfolios going forward with a number of challenges in sectors such as aviation, terrorism and property with heavy losses for the insurers who then by reinsurance. LL noted that they have seen them trying to push down the cost down to the insurance companies who are in turn trying to push down to the clients, the brokers are pushing back on that.

One thing that the re-insurers are insisting on is War Exclusion Clause, which will likely become compulsory as time moves on throughout the year. If there is an outbreak of war arising from UK, China, Russia and the USA then there will be immediate exclusion of war cover while goods are on the high seas. Brokers have pushed back on this, if there is vessel in Taiwanese waters and poses a threat to China or whoever, does this constitute an outbreak of war or intent of, at which point would clients then have that cover removed while water borne from their products.



CP asked if they could withdraw cover already taken while water borne, what is the legality of doing this. LL noted this is what they are challenging, under current insurance contracts insurers can give 48 hours' notice, but this will come immediate effect as soon as there is an announcement of a conflict that has escalated, but we are trying to understand if this notification is from a governmental body. CP asked if insurers sell war cover with a policy, and then that becomes invalid if a war arises and the insurers cancel the policy what is the legality of this. LL added that this is what they are trying to establish.

PR noted that there would likely be an escalation before we got to that point, and therefore the important point was getting a clear understanding as to what the trigger point for withdrawal of cover would be so that companies could plan accordingly.

CL noted that there is also the exclusions of Russia, Ukraine and Belarus.

LL noted that any clients who have goods who might be passing close to those areas, this has to be passed through compliance, sanctions to be screened and approved and likewise to underwriters for them to screen as well.

8. Surveying

JW & IW confirmed nothing for coffee to report.

9. ICE Futures Europe (Report Provided Post Meeting)

Grading and Warehousekeeping Amendments

Amendments to Grading and Warehousekeeping Procedures (GWPs) with proposed effective date of 01 June 2023 (as of the next nominated warehousekeeper registration cycle).

- [Circular 23/014 Grading and Warehousekeeping Procedures - Introduction of Loading Out in Bulk Container Definition and Requirements for ICE Futures Robusta Coffee and London Cocoa Futures Contracts](#)
- [Attachment](#)

And

Along with the below Circular which includes both a reminder of warehousekeeper obligations to minimum load out rates and **an introduction of minimum requirements for the loading out of Robusta Coffee.**

- [Circular 23/026 Nominated Warehousekeeper Service Provision and Minimum Loading Out Requirements for London Cocoa and Robusta Coffee](#)
- [Attachment 1](#)
- [Attachment 2](#)
- [Attachment 3](#)



Recent IFEU and IFUS Circulars relating to the Proposed EU Regulation 2021/0366(COD) on Deforestation

- [Circular 23/030 - London Cocoa and Robusta Coffee Futures Contracts - potential implications of the proposed EU regulation 2021/0366\(COD\) relating to 'certain commodities and products associated with deforestation'](#)
- [NOTICE OF POTENTIAL AMENDMENTS TO THE COFFEE "C"® FUTURES CONTRACT IN RESPONSE TO NEW EUROPEAN UNION REGULATIONS OF CERTAIN COMMODITIES ASSOCIATED WITH DEFORESTATION AND DEGRADATION](#)

The Exchange has a growing interest in incoming regulation and potential impacts from the mid-2023 implementation time through to the impact date of circa Nov/Dec 2024. From a UK perspective we are keen to understand from committee members the impact to UK Warehousekeeping (business/transit between the UK-EU-UK) as well as, from a broader perspective, the likelihood that the UK will align directly or in kind with the regulations.

If the Committee would like to submit any questions ahead of the next meeting, please let the Secretariat know.

10. ECF Update

PR noted that there will be an ECF a contract seminar and this will be held on the 28th March. Further details to follow in the weekly newsletter.

Action: BCA

PR noted from a trade point of view, an awful lot of term and effort is focussed on deforestation from an EU perspective, no guidance from the Commission has been forthcoming, and it is not sure if there will be any guidance in terms of how people are supposed to operate. The ability to access all the information to the extent that is require and verify and pass on is proving extremely challenging. The concern is for those trading coffee that comes into the UK and then shipped to the EU would fall under the new EU rules, even though the UK will have a more pragmatic set of rules. It may kick in 2025, but there is a question mark if there might be more delay. But there is also a lot of consumer related pressure driving some of this.

PR added that Due-Diligence Legislation is going to be a big chunk as to what will happen legislatively over the next few years, and we will need to pay close attention to what is going to be asked for.

11. Arbitration Overview

TB noted that there are no new arbitrations or appeals, and those that were lodged have now been completed.

12. AOB

RH noted that ports are getting creative which their price increases this year including their Energy Adjustment Mechanism (or similar), these costs have gone up from £4 to £45 per container at Thames Gateway, other ports are due to follow, Felixstowe are due to make their changes later in the year.



CR added that all port charges, including clearances have gone up massively this year.

13. Dates of the Next Meetings in 2023

Date	Meeting	Location
Wednesday 24 th May 2023	Trade & Logistics Committee 12.30p.m. – 2.00p.m. Hybrid Meeting	London Suite 2 Meeting Room, Intercontinental Exchange ICE Data Services, Fitzroy House, 13-17 Epworth Street, London, EC2A 4DL
Wednesday 18 th October 2023	Trade & Logistics Committee 12.30p.m. – 2.00p.m. Hybrid Meeting	London Suite 2 Meeting Room, Intercontinental Exchange ICE Data Services, Fitzroy House, 13-17 Epworth Street, London, EC2A 4DL