

# European Coffee Federation



Eileen Gordon, PSCB 19<sup>th</sup> September 2018

## Advantages of Standard Contracts

- Allow users to take advantage of terms and conditions **based on practical experience**.
- Terms/conditions need to be **balanced and fair** to buyer and seller.
- **No need** for individual market participants to **develop their own 'small print'**.
- Following the making of the contract, **confirmations can be simple**, specifying:
  - Quality
  - Quantity
  - Delivery/shipment period
  - Terms: Spot, Future Delivery, FOB, CIF
  - Price mechanism

In a string: We may buy and sell under the same conditions

## Scope of Standard Contracts

The various issues covered by standard contracts will generally include such terms and conditions as:

- Quantity
- Weights and supervision
- Packing (bags, big bags, bulk)
- Quality
- Sampling
- Declaration of destination/delivery point
- Advice of shipment/delivery
- Insurance
- Documentation
- Import/export duties/taxes and licences
- Payment
- Force majeure
- Jurisdiction/arbitration
- Time limits and procedures for claims, late/missing documents, inferior quality, weight losses, insolvency and defaults



# ECF Standard Contract for Coffee



European Coffee Federation

## European Standard Contract for Coffee(ESCC) 2018 Edition

General conditions adopted by the European Coffee Federation (ECF)  
Annual General Meeting on the 19<sup>th</sup> June 2018  
and effective as from 1<sup>st</sup> September 2018

Lodged with the various arbitral bodies in Europe

Published in June 2018 by  
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## A little history (more in the preamble to the ESCC)

### The European Contract for Coffee (ECC).

September 1956 the Committee of the European Green Coffee Merchants Associations (CEGCMA) published the first European Contract for Coffee (ECC). It was primarily intended for use between producer exporters and the trade in Europe. Individual trade associations had been using, and continued to use, their own standard contracts. Gradually though, with an increasing amount of trading within Europe, the ECC became the recognised default contract

### The European Spot Contract (ECSC)

January 1983 the Committee of the European Coffee Associations (CECA), the successor to the CEGCMA, brought into effect the ECSC

### European Delivery Contract for Coffee (EDCC)

*Published in year 2012 by ECF* (result of the merger of CECA, EUCA and AFCASOL) to cover future delivery within Europe

### Free Carrier Contract (FCA)

*Published in year 2012 by ECF* to cover free carrier origin contracts



# European Standard Contract for Coffee (ESCC)

1. **The European Contract for Coffee (ECC)**
  - Covers FOB, C&F and CIF Contracts
2. **The European Free Carrier Contract for Coffee (FCA)**
  - Covers FCA Origin Contracts
3. **The European Contract Spot Contract (ECSC)**
  - For spot Europe contracts
4. **The European Delivery Contract for Coffee (EDCC).**
  - For future delivery within Europe



## **AMALGAMATED ESCC, 3 SECTIONS**

1. Shipment (FOB, C&F, CIF and FCA)
2. Spot/Delivery
3. General

Focus on amalgamation rather than a review, although some amendments were adopted.

# ESCC Approval Procedure

**1. Approval was made by the ECF Council on 19<sup>th</sup> June 2018**

**2. Pre-approval circulation:**

✓ ECF: ExCie, ECFLC & Members

Minutes, ICO PSCB – Mexico, 11 April 2018

✓ Producers/Exporters:

16. An update was provided by a member on a new draft European Coffee Contract that would be up for approval by the European Coffee Federation (ECF) Board in June and come into effect on 1 September 2018. The new contract would replace four different existing contracts. It was pointed out that some parameters of the contract, such as time limits for claims, would change. This may have implications for exporters. The ECF had suggested that the member invite other exporting Members of the ICO to provide feedback on the draft contract. Any exporting Members interested in this issue should contact Mr Mick Wheeler, delegate of Papua New Guinea, to discuss further steps.

Note: The PSCB Minute refers to “Members”. For the avoidance of doubt, ECF has never had any discussions with representatives of ICO Members. All of our contacts have been with representatives of producers/exporting associations.

**3. Post-approval circulation: ICO, arbitral bodies, news agencies, ICE.**



# Changes, ESCC (1)

## 1. SHIPMENT SECTION

### ✓ **Art. 3 Weights**

Under Coffee in Bags/Big Bags and Coffee in Bulk the coffee shall be weighed at the buyers' expense **not later than 21** (before 14) days from the final date of discharge at the port of destination

### ✓ **Art. 8 Samples**

Samples for arbitration purposes shall be drawn and sealed **not later than 28** (before 21) days from final date of discharge

### ✓ **Art. 24 Claims**

Quality claims to be made **not later than 28** (before 21) days from final date of discharge

**Explanation.** The ECFC's understanding is that there have been regular occurrences of *congestion in Germany and Italy* making it difficult to meet the weighing time limits. A further consequence is that limits for claims and sampling are extended

## 2. TERMINOLOGY (WEIGHTS)

✓ **The ECC referred to “shipped” or delivered (at destination)/landed weight”**

✓ **The FCA contract referred to “delivered weight” (at origin)**

✓ The new **ESCC** refers to  
**“landed weight”** for FOB, C&F and CIF contracts  
and  
**“loaded weight”** for FCA contracts

In effect, references to **“delivered”** weight have been deleted

✓ For **spot** and **delivery** basis contracts there is **no change**. Each refers to **“reweights”** or **“landed/warrant weight”**



## Changes, ESCC (2)

### 3. SPOT/DELIVERY SECTION

- ✓ **Art. 9 Sale as per Sample**
- ✓ **Art. 10 Sale on Description**
  - The sampling conditions and quality requirements are now identical for spot and delivery contracts.
  - The relevant time periods for sellers to dispatch samples and for the buyers to require samples are now counted from the **date of tender**.
  - The time period for buyers to inform sellers of their wish to accept/reject coffee is extended from 2 to **4 working days** from receipt of sample.

**Explanation.** The time limits were a little tight in practice.

- ✓ **Art. 11 Samples**

Arbitration samples must now be drawn **not later than 21 days** from date of tender (previously 14 days from date of contract for spot or 14 days from date of tender for delivery)

**Explanation:** it gives the parties a little more time to negotiate before the necessity of drawing arbitration samples.

### 4. GENERAL

#### Insolvency Clause (New)

Should a **party become insolvent, all outstanding contracts are discharged** at the current market price and damages shall be set off.

The practical effect of this is that when a party is in financial difficulties and has outstanding commitments well into the future, **the other party does not have to await until the time for performance arrives** to see whether the contract will be performed.

### 5. MISC

Of necessity, some articles rearranged, cross references revised, wording amended for clarity.



## Cooperation: ECF and Producers/Exporters

- Previous ECC stated:  
*The ECF recognises and thanks representatives and associations of producing countries for their cooperation in the ongoing revision of its standard contracts.*
- **The ECF is committed to a continuation of this cooperation in contractual conditions and associated issues.**







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