

# Contract No.81



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THE GRAIN AND FEED TRADE ASSOCIATION

## GENERAL CONTRACT CIF/CIFFO/C&F/C&FFO TERMS

*\*delete/specify as applicable*

Date.....

1 **SELLERS** .....

2  
3 **INTERVENING AS BROKERS**.....

4  
5 **BUYERS**.....

6 have this day entered into a contract on the following terms and conditions.

7  
8 **1. GOODS** .....

9  
10 **2. QUANTITY** .....

11  
12 **3. PRICE AND DESTINATION**

13 At the price per tonne of 1,000 kilograms gross weight of .....

14  
15 \*cost, insurance and freight to .....

16  
17 \*cost, insurance and freight free out to .....

18  
19 \*cost and freight to .....

20  
21 \*cost and freight free out to .....

22  
23 **4. BROKERAGE**.....per tonne, to be paid by Sellers on the mean contract quantity, goods lost or  
24 not lost, contract fulfilled or not fulfilled unless such non-fulfilment is due to the cancellation of the contract  
25 under the terms of the Prevention of Shipment Clause. Brokerage shall be due on the day shipping documents  
26 are exchanged, or if the goods are not appropriated then brokerage shall be due on the 30th consecutive day after  
27 the last day for appropriation. Any disputes arising out of this clause shall be referred to arbitration in  
28 accordance with the arbitration clause.

29  
30 **5. QUALITY**

31 Specifications .....

32 **Condition.** Shipment shall be made in good condition.

33  
34 **6. PERIOD OF SHIPMENT**

35 As per bill(s) of lading dated or to be dated .....

36 The bill(s) of lading to be dated when the goods are actually on board. Date of the bill(s) of lading shall be accepted  
37 as proof of date of shipment in the absence of evidence to the contrary. In any month containing an odd number of  
38 days, the middle day shall be accepted as being in both halves of the month.

39  
40 **7. SALES BY NAMED VESSELS**

41 For all sales by named vessels, the following shall apply:-

42 (a) Position of vessel is mutually agreed between Buyers and Sellers;

43 (b) The word "now" to be inserted before the word "classed" in the Shipment and Classification Clause.

44 (c) Appropriation Clause cancelled if sold "shipped".

45  
46 **8. SHIPMENT AND CLASSIFICATION**

Shipment from.....  
direct or indirect, with or without transshipment by first class mechanically self-propelled vessel(s) suitable for the carriage of the contract goods classed in accordance with the Institute Classification Clause of the International Underwriting Association in force at the time of shipment.

## **9. NOMINATION OF VESSEL(S) FOR CONTRACTS CONCLUDED ON C & F TERMS**

(a) At a date agreed between the Parties but in any event prior to the commencement of loading, Sellers shall nominate the intended carrying vessel(s) to Buyers.

(b) Sellers are entitled to substitute the nomination(s) provided that the substituting vessel(s) complies with the terms of this clause.

## **10. EXTENSION OF SHIPMENT**

The contract period for shipment, if such be 31 days or less, shall be extended by an additional period of not more than 8 days, provided that Sellers serve notice claiming extension not later than the next business day following the last day of the originally stipulated period. The notice need not state the number of additional days claimed.

Sellers shall make an allowance to Buyers, to be deducted in the invoice from the contract price, based on the number of days by which the originally stipulated period is exceeded, in accordance with the following scale: -

1 to 4 additional days, 0.50%;

5 or 6 additional days, 1%;

7 or 8 additional days 1.50% of the gross contract price.

If, however, after having served notice to Buyers as above, Sellers fail to make shipment within such 8 days, then the contract shall be deemed to have called for shipment during the originally stipulated period plus 8 days, at contract price less 1.50%, and any settlement for default shall be calculated on that basis. If any allowance becomes due under this clause, the contract price shall be deemed to be the original contract price less the allowance and any other contractual differences shall be settled on the basis of such reduced price.

## **11. APPROPRIATION**

(a) Notice of appropriation shall state the vessel's name, the presumed weight shipped, and the date or the presumed date of the bill of lading.

(b) The notice of appropriation shall within 10 consecutive days from the date of the bill(s) of lading be served by or on behalf of the Shipper direct on his Buyers or on the Selling Agent or Brokers named in the contract. The Non-Business Days Clause shall not apply.

(c) Notice of appropriation shall, within the period stated in sub-clause (b) be served by or on behalf of subsequent Sellers on their Buyers or on the Selling Agent or Brokers named in the contract, but if notice of appropriation is received by subsequent Sellers on the last day or after the period stated in sub-clause (b) from the date of the bill of lading, their notice of appropriation shall be deemed to be in time if served: -

(1) On the same calendar day, if received not later than 1600 hours on any business day, or

(2) Not later than 1600 hours on the next business day, if received after 1600 hours or on a non-business day.

(d) A notice of appropriation served on a Selling Agent or Brokers named in the contract shall be considered an appropriation served on Buyers. A Selling Agent or Brokers receiving a notice of appropriation shall serve like notice of appropriation in accordance with the provisions of this clause. Where the Shipper or subsequent Sellers serves the notice of appropriation on the Selling Agent, such Selling Agent may serve notice of appropriation either direct to the Buyers or to the Brokers.

(e) The bill of lading date stated in the notice of appropriation shall be for information only and shall not be binding, but in fixing the period laid down by this clause for serving notices of appropriation the actual date of the bill of lading shall prevail.

(f) Every notice of appropriation shall be open to correction of any errors occurring in transmission, provided that the sender is not responsible for such errors, and for any previous error in transmission which has been repeated in good faith.

(g) Should the vessel arrive before receipt of the appropriation and any extra expenses is incurred thereby, such expenses shall be borne by Sellers.

(h) When a valid notice of appropriation has been received by Buyers, it shall not be withdrawn except with their consent.

(i) In the event of less than 95 tonnes being tendered by any one vessel Buyers shall be entitled to refund of any proved extra expenses for sampling, analysis and lighterage incurred thereby at port of discharge.

## **12. PAYMENT**

(a) **Payment** ..... % of invoice amount by cash in .....

\* In exchange for and on presentation of shipping documents.

\* In exchange for shipping documents on or before arrival of the vessel at destination, at Buyers' option.

Sellers, however, have the option of calling upon Buyers to take up and pay for documents on or after ..... consecutive days from the date of the bill(s) of lading.

109 **(b) Shipping documents shall consist of: -**

110 1. Invoice. 2. Full set(s) of on board Bill(s) of Lading and/or Ship's Delivery Order(s) and/or other Delivery Order(s)  
111 in negotiable and transferable form. Such other Delivery Order(s) if required by Buyers, to be certified by the  
112 Shipowners, their Agents or a recognised bank. 3. For CIF/CIFFO terms Policy (ies) and/or Insurance Certificate(s)  
113 and/or Letter(s) of Insurance in the currency of the contract. The Letter(s) of Insurance to be certified by a  
114 recognised bank if required by Buyers. 4. Other documents as called for under the contract. Should documents be  
115 presented with an incomplete set of bill(s) of lading or should other shipping documents be missing, payment shall  
116 be made, provided that delivery of such missing documents is guaranteed, such guarantee to be signed, if required  
117 by Buyers, by a recognised bank. Acceptance of this guarantee shall not prejudice Buyers' rights under this contract.  
118 No clerical error in the documents shall entitle Buyers to rejection or to delay payment provided that Sellers furnish  
119 at the request of Buyers a guarantee, to be countersigned by a recognised bank, if required by Buyers. Sellers shall be  
120 responsible for any loss or expense incurred by Buyers on account of such error. Buyers agree to accept documents  
121 containing the Chamber of Shipping War Deviation Clause and/or other recognised official War Risk Clause.

122 (c) **Interest.** If there has been unreasonable delay in any payment, interest appropriate to the currency involved  
123 shall be charged. If such charge is not mutually agreed, a dispute shall be deemed to exist which shall be settled  
124 by arbitration. Otherwise interest shall be payable only where specifically provided in the terms of the contract  
125 or by an award of arbitration. The terms of this clause do not override the parties' contractual obligation under  
126 sub-clause (a).  
127

128 **13. DUTIES, TAXES, LEVIES, ETC.**

129 Sellers shall customs clear the goods for export. All export duties, taxes, levies, etc., present or future, in country of  
130 origin, shall be for Sellers' account. All import duties, taxes, levies, etc., present or future, in country of destination,  
131 shall be for Buyers' account.  
132

133 **14. DISCHARGE**

134 (a) **For CIF/C&F terms**, discharge shall be as fast as the vessel can deliver in accordance with the custom  
135 of the port, but in the event of shipment being made under liner bill(s) of lading, discharge shall be as fast  
136 as the vessel can deliver in accordance with the terms of the bill(s) of lading. The cost of discharge from  
137 hold to ship's rail shall be for Sellers' account, from ship's rail overboard for Buyers' account.

138 (b) **For C&FFO/CIFFO terms**, the cost of discharge shall be for Buyers' account.  
139

140 Discharge shall be at the average rate of ..... tonnes per Weather Working Day, Saturdays, Sundays,  
141 Holidays Excepted, Unless Used, (WWD SSHEX UU), in which case actual time used to count. Notice of  
142 Readiness (NOR) shall be tendered during ordinary office hours on arrival, Whether In Port Or Not,  
143 (WIPON), Whether In Berth Or Not, (WIBON), Whether In Free Pratique Or Not, (WIFPON), Whether  
144 Customs Cleared Or Not (WCCON) and laytime shall commence at 0800 hours on the next working day.  
145 Rate of demurrage/despatch as per Charter Party. In the event of a time charter, the daily hire rate shall be  
146 taken as the rate of demurrage, half despatch.

147 (c) If documents are tendered which do not provide for discharging as above or contain contrary  
148 stipulations, Sellers shall be responsible to Buyers for all extra expenses incurred thereby. Discharge by  
149 grab(s) shall be permitted unless specifically excluded at time of contract. If shipment is effected by lash  
150 barge, then the last day of discharge shall be the day of discharging the last lash barge at the port of  
151 destination.  
152

153 **15. WEIGHING**

154 The terms and conditions of GAFTA Weighing Rules No. 123 are deemed to be incorporated into this contract.  
155 Unless otherwise agreed, final settlement shall be made on the basis of gross delivered weights at time and place  
156 of discharge at Buyers' expense. If the place of destination is outside the port limits, Buyers agree to pay the  
157 extra expenses incurred by Sellers or their agents for weighing. No payment shall be made for increase in weight  
158 occasioned by water and/or oil during the voyage. If final at time and place of loading, as per GAFTA registered  
159 superintendents' certificate at Sellers' choice and expense, (in which case the Deficiency Clause will not apply).  
160

161 **16. DEFICIENCY**

162 Any deficiency in the bill of lading weight shall be paid for by Sellers and any excess over bill of lading weight  
163 shall be paid for by Buyers at contract price.  
164

165 **17. SAMPLING, ANALYSIS AND CERTIFICATES OF ANALYSIS**

166 The terms and conditions of GAFTA Sampling Rules No.124 are deemed to be incorporated into this contract.  
167 Samples shall be taken at the time of discharge on or before removal from the ship or quay, unless the parties  
168 agree that quality final at loading applies, in which event samples shall be taken at time and place of loading. The  
169 parties shall appoint superintendents, for the purposes of supervision and sampling of the goods, from the  
170 GAFTA Register of Superintendents. Unless otherwise agreed, analysts shall be appointed from the GAFTA

Register of Analysts.

## **18. FUMIGATION**

Where fumigation has been agreed, the terms and conditions of GAFTA Fumigation Rules No. 132 shall be incorporated into this contract.

## **19. INSURANCE**

**19.1 For Contracts Concluded on CIF/CIFFO terms** Sellers shall provide insurance on terms not less favourable than those set out hereunder, and as set out in detail in GAFTA Insurance Terms No.72 viz.: -

Cargo Clauses (W.A.), with average payable, with 3% franchise or better terms - - Section 2 of Form 72

War Clauses (Cargo) - Section 4 of Form 72

Strikes, Riots and Civil Commotions Clauses (Cargo) - Section 5 of Form 72

**19.2 For Contracts Concluded on C & F/C&FFO terms** Buyers shall be responsible for obtaining insurance cover as per Clause 19.1 above and shall, if required by Sellers, provide evidence to Sellers prior to the commencement of loading that they have obtained suitable cover. If Buyers refuse or fail to provide evidence Sellers are entitled (but not obliged) to cover insurance on the same terms at the Buyers' expense.

## **20. PREVENTION OF SHIPMENT**

"Event of Force Majeure" means (a) prohibition of export or other executive or legislative act done by or on behalf of the government of the country of origin or of the territory where the port or ports named herein is/are situate, restricting export, whether partially or otherwise, or (b) blockade, or (c) acts of terrorism, or (d) hostilities, or (e) strike, lockout or combination of workmen, or (f) riot or civil commotion, or (g) breakdown of machinery, or (h) fire, or (i) ice, or (j) Act of God, or (k) unforeseeable and unavoidable impediments to transportation or navigation, or (l) any other event comprehended in the term "force majeure".

Should Sellers' performance of this contract be prevented, whether partially or otherwise, by an Event of Force Majeure, the performance of this contract shall be suspended for the duration of the Event of Force Majeure, provided that Sellers shall have served a notice on Buyers within 7 consecutive days of the occurrence or not later than 21 consecutive days before commencement of the shipment period, whichever is later, with the reasons therefor.

If the Event of Force Majeure continues for 21 consecutive days after the end of the shipment period, then Buyers have the option to cancel the unfulfilled part of the contract by serving a notice on Sellers not later than the first business day after expiry of the 21 day period.

If this option to cancel is not exercised then the contract shall remain in force for an additional period of 14 consecutive days, after which, if the Event of Force Majeure has not ceased, any unfulfilled part of the contract shall be automatically cancelled.

If the Event of Force Majeure ceases before the contract or any unfulfilled part thereof can be cancelled, Sellers shall notify Buyers without delay that the Event of Force Majeure has ceased. Sellers shall be entitled, from the cessation, to as much time as was left for shipment under the contract prior to the occurrence of the Event of Force Majeure. If the time that was left for shipment under the contract is 14 days or less, a period of 14 consecutive days shall be allowed.

The burden of proof lies upon Sellers and the parties shall have no liability to each other for delay and/or non-fulfilment under this clause, provided that Sellers shall have provided to Buyers, if required, satisfactory evidence justifying the delay or non-fulfilment.

## **21. NOTICES**

All notices required to be served on the parties pursuant to this contract shall be served rapidly in legible form. Methods of rapid communication for the purposes of this clause are defined and mutually recognised as: - either telex, or letter if delivered by hand on the date of writing, or telefax, or E-mail, or other electronic means, always subject to the proviso that if receipt of any notice is contested, the burden of proof of transmission shall be on the sender who shall, in the case of a dispute, establish, to the satisfaction of the arbitrator(s) or board of appeal appointed pursuant to the Arbitration Clause, that the notice was actually transmitted to the addressee. In case of resales/repurchases all notices shall be served without delay by sellers on their respective buyers or vice versa, and any notice received after 1600 hours on a business day shall be deemed to have been received on the business day following. A notice to the Brokers or Agent shall be deemed a notice under this contract.

## **22. NON-BUSINESS DAYS**

Saturdays, Sundays and the officially recognised and/or legal holidays of the respective countries and any days, which GAFTA may declare as non-business days for specific purposes, shall be non-business days. Should the time

limit for doing any act or serving any notice expire on a non-business day, the time so limited shall be extended until the first business day thereafter. The period of shipment shall not be affected by this clause.

### 23. DEFAULT

In default of fulfilment of contract by either party, the following provisions shall apply: -

(a) The party other than the defaulter shall, at their discretion have the right, after serving a notice on the defaulter to sell or purchase, as the case may be, against the defaulter, and such sale or purchase shall establish the default price.

(b) If either party be dissatisfied with such default price or if the right at (a) above is not exercised and damages cannot be mutually agreed, then the assessment of damages shall be settled by arbitration.

(c) The damages payable shall be based on, but not limited to, the difference between the contract price and either the default price established under (a) above or upon the actual or estimated value of the goods, on the date of default, established under (b) above.

(d) In all cases damages shall, in addition, include any proven additional expenses which would directly and naturally result in the ordinary course of events from the defaulter's breach of contract, but shall in no case include loss of profit on any sub-contracts made by the party defaulted against or others unless the arbitrator(s) or board of appeal, having regard to special circumstances, shall in his/their sole and absolute discretion think fit.

(e) Damages, if any, shall be computed on the quantity appropriated if any but, if no such quantity has been appropriated then on the mean contract quantity, and any option available to either party shall be deemed to have been exercised accordingly in favour of the mean contract quantity.

(f) Default may be declared by Sellers at any time after expiry of the contract period, and the default date shall then be the first business day after the date of Sellers' advice to their Buyers. If default has not already been declared then (notwithstanding the provisions stated in the Appropriation Clause) if notice of appropriation has not been served by the 10th consecutive day after the last day for appropriation laid down in the contract, the Sellers shall be deemed to be in default, and the default date shall then be the first business day thereafter.

### 24. INSOLVENCY

If before the fulfilment of this contract, either party shall suspend payments, notify any of the creditors that he is unable to meet debts or that he has suspended or that he is about to suspend payments of his debts, convene, call or hold a meeting of creditors, propose a voluntary arrangement, have an administration order made, have a winding up order made, have a receiver or manager appointed, convene, call or hold a meeting to go into liquidation (other than for re-construction or amalgamation) become subject to an Interim Order under Section 252 of the Insolvency Act 1986, or have a Bankruptcy Petition presented against him (any of which acts being hereinafter called an "Act of Insolvency") then the party committing such Act of Insolvency shall forthwith serve a notice of the occurrence of such Act of Insolvency on the other party to the contract and upon proof (by either the other party to the contract or the Receiver, Administrator, Liquidator or other person representing the party committing the Act of Insolvency) that such notice was thus served within 2 business days of the occurrence of the Act of Insolvency, the contract shall be closed out at the market price ruling on the business day following the serving of the notice. If such notice has not been served then the other party, on learning of the occurrence of the Act of Insolvency, shall have the option of declaring the contract closed out at either the market price on the first business day after the date when such party first learnt of the occurrence of the Act of Insolvency or at the market price ruling on the first business day after the date when the Act of Insolvency occurred. In all cases the other party to the contract shall have the option of ascertaining the settlement price on the closing out of the contract by repurchase or re-sale, and the difference between the contract price and the re-purchase or re-sale price shall be the amount payable or receivable under this contract.

### 25. DOMICILE

This contract shall be deemed to have been made in England and to be performed in England, notwithstanding any contrary provision, and this contract shall be construed and take effect in accordance with the laws of England. Except for the purpose of enforcing any award made in pursuance of the Arbitration Clause of this contract, the Courts of England shall have exclusive jurisdiction to determine any application for ancillary relief, (save for obtaining security only for the claim or counter-claim), the exercise of the powers of the Court in relation to the arbitration proceedings and any dispute other than a dispute which shall fall within the jurisdiction of arbitrators or board of appeal of the Association pursuant to the Arbitration Clause of this contract. For the purpose of any legal proceedings each party shall be deemed to be ordinarily resident or carrying on business at the offices of The Grain and Feed Trade Association, (GAFTA), England, and any party residing or carrying on business in Scotland shall be held to have prorogated jurisdiction against himself to the English Courts or if in Northern Ireland to have submitted to the jurisdiction and to be bound by the decision of the English Courts. The service of proceedings upon any such party by leaving the same at the offices of The Grain and Feed Trade Association, together with the posting of a copy of such proceedings to his address outside England, shall be deemed good service, any rule of law or equity to the contrary notwithstanding.

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**26. ARBITRATION**

- (a) Any and all disputes arising out of or under this contract or any claim regarding the interpretation or execution of this contract shall be determined by arbitration in accordance with the GAFTA Arbitration Rules, No 125, in the edition current at the date of this contract; such Rules are incorporated into and form part of this Contract and both parties hereto shall be deemed to be fully cognisant of and to have expressly agreed to the application of such Rules.
- (b) Neither party hereto, nor any persons claiming under either of them shall bring any action or other legal proceedings against the other in respect of any such dispute, or claim until such dispute or claim shall first have been heard and determined by the arbitrator(s) or a board of appeal, as the case may be, in accordance with the Arbitration Rules and it is expressly agreed and declared that the obtaining of an award from the arbitrator(s) or board of appeal, as the case may be, shall be a condition precedent to the right of either party hereto or of any persons claiming under either of them to bring any action or other legal proceedings against the other of them in respect of any such dispute or claim.
- (c) Nothing contained under this Arbitration Clause shall prevent the parties from seeking to obtain security in respect of their claim or counterclaim via legal proceedings in any jurisdiction, provided such legal proceedings shall be limited to applying for and/or obtaining security for a claim or counterclaim, it being understood and agreed that the substantive merits of any dispute or claim shall be determined solely by arbitration in accordance with the GAFTA Arbitration Rules, No 125.

**26. INTERNATIONAL CONVENTIONS**

- The following shall not apply to this contract: -
- (a) The Uniform Law on Sales and the Uniform Law on Formation to which effect is given by the Uniform Laws on International Sales Act 1967.
- (b) The United Nations Convention on Contracts for the International Sale of Goods of 1980.
- (c) The United Nations Convention on Prescription (Limitation) in the International Sale of Goods of 1974 and the amending Protocol of 1980.
- (d) Incoterms.
- (e) Unless the contract contains any statement expressly to the contrary, a person who is not a party to this contract has no right under the Contract (Rights of Third Parties) Act 1999 to enforce any term of it.

**27. METHODS OF ANALYSIS**

Unless otherwise agreed, the terms and conditions of GAFTA Methods of Analysis No. 130 are deemed to be incorporated into this contract.

Sellers.....Buyers.....

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**GAFTA**  
**THE GRAIN AND FEED TRADE ASSOCIATION**  
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