

Contract No.120

Copyright
THE GRAIN AND FEED TRADE ASSOCIATION

FOB CONTRACT FOR THAI RICE IN BAGS OR BULK FOB TERMS

**delete/specify as applicable*

..... Date

1 **SELLERS**.....

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

5 **BUYERS**.....

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

8 **1. GOODS**.....
in bulk or in bags.

11 **2. QUANTITY** 5% more or less at Buyers'
option at contract price. The quantity required to be declared 2 days before commencement of loading. In the
event of more than one delivery being made, each delivery shall be considered a separate contract, but the
margin on the mean quantity sold shall not be affected thereby. Each mark/parcel shall stand as a separate
parcel.

17 **3. PRICE US\$** (US Dollars) per tonne of 1000 kilograms
FOB stowed and trimmed Bangkok net shipped weight, 1 or 2 Safe Berths. Buyers have the option of
requesting all or part of the quantity FOB Kosichang stowed and trimmed, in which case a premium of
US\$2.00 per tonne shall be added for the quantity so loaded.

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

29 **5. QUALITY**
Rice broken of crop/s year.
The rice shall be of fair average quality and free from live infestation at the time of shipment. The rice shall
strictly conform to the specifications as per Thai format standards.
Condition. Delivery shall be made in good condition.

35 **6. PERIOD OF DELIVERY**
Delivery during..... at Buyers' call.

Nomination of Vessel. Buyers shall serve not less than consecutive day's notice of the
name and probable readiness date of the vessel and the estimated tonnage required.

Buyers have the right to substitute the nominated vessel, but in any event the original delivery period and
any extension shall not be affected thereby. Provided the vessel is presented at the loading port in
readiness to load within the delivery period, Sellers shall if necessary complete loading after the delivery
period and carrying charges shall not apply. In case of re-sales a provisional notice shall be passed on
without delay, where possible, by telephone and confirmed on the same day in accordance with the Notices
Clause.

In any month containing an odd number of days the middle day shall be accepted as being in both halves of
the month, except for pricing purposes the middle day shall be considered to be in the first half of the month.

48
49 **7. EXTENSION OF DELIVERY**

50 The contract period of delivery shall be extended by an additional period of not more than 21 consecutive
51 days, provided that Buyers serve notice claiming extension not later than the next business day following the
52 last day of the delivery period. In this event Sellers shall carry the goods for Buyers' account and all charges
53 for storage, interest, insurance and other such normal carrying expenses shall be for Buyers' account, unless
54 the vessel presents in readiness to load within the contractual delivery period.

55 Any differences in export duties, taxes, levies etc, between those applying during the original delivery period
56 and those applying during the period of extension, shall be for the account of Buyers. If required by Buyers,
57 Sellers shall produce evidence of the amounts paid. In such cases the Duties, Taxes, Levies Clause shall not
58 apply.

59 Should Buyers fail to present a vessel in readiness to load under the extension period, Sellers shall have the
60 option of declaring Buyers to be in default, or shall be entitled to demand payment at the contract price plus
61 such charges as stated above, less current FOB charges, against warehouse warrants and the tender of such
62 warehouse warrants shall be considered complete delivery of the contract on the part of Sellers.

63
64 **8. INSPECTION AND FUMIGATION**

65 The inspection and supervision in respect of the quality, weight, condition, and packing of the rice shall be
66 carried out by an independent superintendent registered in Thailand, in the port warehouses or at the
67 wharves

68
69 prior to loading, by the at the expense of Sellers.

70
71 Quality, weight, condition and packaging shall be final at port of loading according to the certificate issued by ...
72 **Fumigation** shall be carried out at the rate of at least 2 grams of phosphine per cubic metre.

73
74 **9. SHIPMENT AND CLASSIFICATION**

75 Shipment by first class mechanically self-propelled vessel(s) classed in accordance with the Institute
76 Classification Clause of the International Underwriting Association in force at the time of shipment, excluding
77 tankers and vessels which are either classified in Lloyd's Register or described in Lloyd's Shipping Index as
78 "Ore/Oil" vessels. Buyers shall arrange for fully geared ocean going vessels to lift the rice purchased under
79 this contract.

80
81 **10. LOADING**

82 Vessel(s) to be clean and fit to receive the goods and to load in accordance with the custom of the port of
83 loading unless otherwise stipulated.

84 Sellers shall load, stow and trim the rice into the vessel's holds at the port of shipment, free of expense to the
85 vessel, at the average rate of 1,200 tonnes, basis 5 workable hatches, or pro rata per weather working day of
86 24 hours, Saturday afternoons, Sundays, and public holidays excluded even if used. Notification of the vessel's
87 readiness to load at the port of loading shall be served on Sellers at their office at the port between 08.00 and
88 17.00 hours on any day except Sundays and holidays and between 08.00 and 12.00 hours on Saturdays.
89 Vessel(s) to load in accordance with the custom of the port of loading unless otherwise stipulated. Bill of
90 lading shall be considered proof of delivery in the absence of evidence to the contrary.

91 If vessel is unable to berth upon arrival on account of congestion the vessel shall be permitted to present NOR
92 at the customary place, Wipon, Wibon, Wicon, Wicon, Wifpon and laytime to count accordingly but time from
93 berth becoming available until vessel's arrival in berth and time used obtaining necessary passes is not to
94 count as laytime.

95 In case no berth is available in Bangkok Sellers shall have right to load the entire contract goods at Kosichang
96 at Buyers' expense. However the premium of US\$ 2 per tonne shall not be added for the quantity so loaded.
97 Time actually used for loading before the commencement of laytime shall not count as laytime. The term
98 holiday means those dates declared by port authorities as official port holidays.

99 If required matting, dunnage and ventilation to be for Buyers' account. Opening and closing of hatches shall be
100 done by owners of the vessel at their own time and cost. Loading and stowage shall be free of charge to the
101 vessel but the vessel shall give lights and use of winches at any time without additional payment. Any
102 overtime shall be for the account of the party ordering it, but crew overtime shall be for account of owners.
103 Time for on board fumigation, if any, not to be counted as laytime. Shifting between berths and top off
104 anchorage shall not count as laytime.

105
106 **Demurrage/Despatch**, if any, shall be as per Charter Party of the vessel, with a maximum of per day.
107 Rate of demurrage/despatch to be declared at time of nomination. Despatch half demurrage.
108 Any time lost at Port of Loading through riots, strikes or any cause whatsoever beyond Sellers' control, not to
109 count as laytime. In the event of the vessel and/or cargo being lost before completion of loading or if loading

be stopped for any reason beyond Sellers' control, Buyers shall pay Sellers for any quantity loaded on presentation of bill(s) of lading or mate's receipt or other proof of shipment which Buyers shall accept as final.

11. INSURANCE

Marine and War Risk insurance including strikes, riots, civil commotions and mine risks to be effected by Buyers with first class underwriters and/or approved companies and/or National or State Insurance companies. Buyers shall supply Sellers with confirmation thereof at least five consecutive days prior to expected readiness of vessel(s). If Buyers fail to prove such confirmation Sellers shall have the right to place such insurance at Buyers' risk and expense.

12. PASSING OF RISK

Goods to be at Buyers' risk upon delivery over the ship's rail.

13. PAYMENT

(a) Buyers shall open an irrevocable, confirmed letter of credit payable at sight, for 100% of invoice value, in

favour of Sellers not later than business days after the date of the Contract,

and to be valid at least until the 30th day after expiration of the delivery period. The Letter of Credit shall include provisions to cover the extension clause of the Contract including carrying charges and payment against warehouse warrants. All opening, negotiating and confirming bank charges shall be for Buyers' account. Letter of credit shall be drawn and negotiation at Sellers' nominated Bank in Bangkok against Sellers' sight draft supported by the following documents:

(i) Full set of Sellers' commercial invoices.

(ii) Full set of negotiable, clean on board, ocean vessel bill(s) of lading.

(iii) Certificate of weight, quality, condition and packing of the rice at time of loading.

(iv) Certificate of origin.

(v) Certificate of fumigation.

(vi) Phytosanitary certificate.

(b) The bill of lading shall be available to Sellers within 2 business days of completion of loading, if not Buyers to be responsible for all extra expenses incurred thereby, which may include interest.

(c) No clerical error in the documents shall entitle the Buyers to reject them or delay payment, but Sellers shall be responsible for all loss or expense caused to Buyers by reason of such error, and Sellers shall on request of Buyers furnish an approved guarantee in respect thereto.

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

14. DUTIES, TAXES, LEVIES, ETC.

Sellers shall customs clear the goods for export. All export duties, taxes, levies, etc., present or future, in country of origin, or of the territory where the port or ports of shipment named herein is/are situate, shall be for Sellers' account.

15. EXPORT LICENCE - if required, to be obtained by Sellers.

16. WEIGHING

The terms and conditions of GAFTA Weighing Rules No. 123 are deemed to be incorporated into this contract. Final at time and place of loading, as per GAFTA registered superintendent certificate at Sellers' choice and expense. Buyers have the right to attend at loading.

17. SAMPLING, ANALYSIS AND CERTIFICATE OF ANALYSIS

The terms and conditions of GAFTA Sampling Rules No. 124 are deemed to be incorporated into this contract. Samples shall be taken at time and place of loading. Unless otherwise agree the parties shall appoint superintendents, for the purposes of supervision and sampling of the goods, from the 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.

172
173 **19. PREVENTION OF DELIVERY**

174 "Event of Force Majeure" means (a) prohibition of export or other executive or legislative act done by or on
175 behalf of the government of the country of origin or of the territory where the port or ports named herein
176 is/are situate, restricting export, whether partially or otherwise, or (b) blockade, or (c) acts of terrorism, or (d)
177 hostilities, or (e) strike, lockout or combination of workmen, or (f) riot or civil commotion, or (g) breakdown of
178 machinery, or (h) fire, or (i) ice, or (j) Act of God, or (k) unforeseeable and unavoidable impediments to
179 transportation or navigation, or (l) any other event comprehended in the term "force majeure".
180

181 Should Sellers' performance of this contract be prevented, whether partially or otherwise, by an Event of Force
182 Majeure, the performance of this contract shall be suspended for the duration of the Event of Force Majeure,
183 provided that Sellers shall have served a notice on Buyers within 7 consecutive days of the occurrence or not
184 later than 21 consecutive days before commencement of the period of delivery, whichever is later, with the
185 reasons therefor.
186

187 If the Event of Force Majeure continues for 21 consecutive days after the end of the period of delivery, then
188 Buyers have the option to cancel the unfulfilled part of the contract by serving a notice on Sellers not later than
189 the first business day after expiry of the 21 day period.
190

191 If this option to cancel is not exercised then the contract shall remain in force for an additional period of 14
192 consecutive days, after which, if the Event of Force Majeure has not ceased, any unfulfilled part of the contract
193 shall be automatically cancelled.
194

195 If the Event of Force Majeure ceases before the contract or any unfulfilled part thereof can be cancelled, Sellers
196 shall notify Buyers without delay that the Event of Force Majeure has ceased. The period of delivery shall be
197 extended, from the cessation, to as much time as was left for delivery under the contract prior to the
198 occurrence of the Event of Force Majeure. If the time that was left for delivery under the contract is 14 days or
199 less, a period of 14 consecutive days shall be allowed.
200

201 The burden of proof lies upon Sellers and the parties shall have no liability to each other for delay and/or non-
202 fulfilment under this clause, provided that Sellers shall have provided to Buyers, if required, satisfactory
203 evidence justifying the delay or non-fulfilment.
204

205 **20. CIRCLE**

206 Where Sellers re-purchase from their Buyers or from any subsequent Buyer the same goods or part thereof, a
207 circle shall be considered to exist as regards the particular goods so re-purchased, and the provisions of the
208 Default Clause shall not apply. (For the purpose of this clause the same goods shall mean goods of the same
209 description, from the same country of origin, of the same quality, and, where applicable, of the same analysis
210 warranty, for delivery from the same port(s) of loading during the same period of delivery). Different
211 currencies shall not invalidate the circle.

212 Subject to the terms of the Prevention of Delivery Clause in the contract, if the goods are not delivered
213 invoices based on the mean contract quantity or having been delivered invoices based on the delivered
214 quantity, shall be settled by all Buyers and their Sellers in the circle by payment by all Buyers to their Sellers
215 of the excess of the Sellers' invoice amount over the lowest invoice amount in the circle. Payment shall be due
216 not later than 15 consecutive days after the last day for delivery, or, should the circle not be ascertained
217 before the expiry of this time, then payment shall be due not later than 15 consecutive days after the circle is
218 ascertained.

219 Where the circle includes contracts expressed in different currencies the lowest invoice amount shall be
220 replaced by the market price on the first day for contractual shipment and invoices shall be settled between
221 each Buyer and his Seller in the circle by payment of the differences between the market price and the relative
222 contract price in currency of the contract. All Sellers and Buyers shall give every assistance to ascertain the
223 circle and when a circle shall have been ascertained in accordance with this clause same shall be binding on
224 all parties to the circle. As between Buyers and Sellers in the circle, the non-presentation of documents by
225 Sellers to their Buyers shall not be considered a breach of contract. Should any party in the circle prior to
226 the due date of payment commit any act comprehended in the Insolvency Clause of this contract,
227 settlement by all parties in the circle shall be calculated at the closing out price as provided for in the
228 Insolvency Clause, which shall be taken as a basis for settlement, instead of the lowest invoice amount in
229 the circle. In this event respective Buyers shall make payment to their Sellers or respective Sellers shall
230 make payment to their Buyers of the difference between the closing out price and the contract price.
231

232 **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. For the purpose of serving notices in a string, any notice received after 1600 hours on a business day shall be deemed to have been received on the business day following. In case of resales/repurchases all notices shall be served without delay by sellers on their respective buyers or vice versa. 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 delivery 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 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 the 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.

24. INSOLVENCY

24.1 If before the fulfilment of this contract, either party shall:

(a) suspend payments;

(b) 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;

(c) convene, call or hold a meeting of creditors;

(d) propose either:

(i) a voluntary arrangement; or

(ii) a restructuring plan under Part 26A Companies Act 2006;

(e) be subject to a moratorium pursuant to Part A1 of the Insolvency Act 1986;

(f) be subject to either:

(i) a notice of intention to appoint an administrator; or

(ii) a notice of appointment of an administrator;

(g) have an administration order made;

(h) be subject to a winding up petition;

(i) have a winding up order made;

(j) have a receiver or manager appointed;

(k) convene, call or hold a meeting to go into liquidation (other than for re-construction or amalgamation);

(l) become subject to an interim order under Section 252 of the Insolvency Act 1986; or

(m) 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 office-holder or other person representing the party committing the Act of

Insolvency) that such notice was 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.

24.2 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.

24.3 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 re-purchase 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.

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.

27. 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.

28. PHYTOSANITARY CERTIFICATE

Where the provision of a phytosanitary certificate has been agreed between the parties, Sellers shall use their reasonable endeavours to supply, at their own cost, a phytosanitary certificate in circumstances where:

357 (a) After the date on which the contract has been entered into the named country of import changes its
358 phytosanitary requirements or
359 (b) As at the date on which the contract has been entered into Sellers are not aware of the named country
360 of import.
361
362 **29. METHODS OF ANALYSIS**
363 Unless otherwise agreed, the terms and conditions of GAFTA Methods of Analysis No. 130 are deemed
364 to be incorporated into this contract.

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

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