

# 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**.....

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

**3 BUYERS**.....

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

**1. GOODS: Rice** .....  
in bulk or in bags.

**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.

**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.

**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 Performance 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 30<sup>th</sup> consecutive day after the last day of the period for presentation of the vessel. Any disputes arising out of this clause shall be referred to arbitration in accordance with the arbitration clause.

**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 delivery. The rice shall strictly conform to the specifications as per Thai format standards.  
**Condition.** Delivery shall be made in good condition.

**6. PERIOD FOR PRESENTATION OF THE VESSEL**

**Presentation of the vessel** ..... at Buyers' call.

**Nomination of Vessel.** Buyers shall serve not less than.....consecutive days' 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 period for presentation of the vessel and any extension shall not be affected thereby. Provided the vessel is presented at the loading port in readiness to load within the period for presentation of the vessel, Sellers shall if necessary complete loading after the period for presentation of the vessel 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.

## **7. EXTENSION OF PERIOD FOR PRESENTATION OF THE VESSEL**

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

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

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

## **8. INSPECTION AND FUMIGATION**

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

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

Quality, weight, condition and packaging shall be final at port of loading according to the certificate issued by

**Fumigation** shall be carried out at the rate of at least 2 grams of phosphine per cubic metre.

## **9. SHIPMENT AND CLASSIFICATION**

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

## **10. LOADING**

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

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

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

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

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

**Demurrage/Despatch**, if any, shall be as per Charter Party of the vessel, with a maximum of ..... per day.

Rate of demurrage/despatch to be declared at time of nomination. Despatch half demurrage.  
Any time lost at port of loading through riots, strikes or any cause whatsoever beyond Sellers' control, not to 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 period for presentation of the vessel. 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 loading 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

171 **18. FUMIGATION**

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

174  
175 **19. PREVENTION OF PERFORMANCE**

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

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

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

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

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

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

208  
209 **20. CIRCLE**

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

216 Subject to the terms of the Prevention of Performance Clause in the contract, if the goods are not delivered  
217 invoices based on the mean contract quantity or having been delivered invoices based on the delivered quantity,  
218 shall be settled by all Buyers and their Sellers in the circle by payment by all Buyers to their Sellers of the excess  
219 of the Sellers' invoice amount over the lowest invoice amount in the circle. Payment shall be due not later than  
220 15 consecutive days after the last day for presentation of the vessel, or, should the circle not be ascertained  
221 before the expiry of this time, then payment shall be due not later than 15 consecutive days after the circle is  
222 ascertained.

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

Buyers of the difference between the closing out price and the contract price.

## **21. NOTICES**

(a) All notices required to be served on the parties pursuant to this contract shall be served in legible form by E-mail, or by other mutually recognised electronic method of rapid communication, always subject to the provision 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.

(b) 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, for the purpose of passing onto their sub buyers and sub sellers, to have been received on the business day following.

(c) 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 for presentation of the vessel 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 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, (Gafat), England. 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 Gafat 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 Gafat 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:

(a) After the date on which the contract has been entered into the named country of import changes its phytosanitary requirements or

(b) As at the date on which the contract has been entered into Sellers are not aware of the named country of import.

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**29. 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.....

Printed in England and issued by

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