

INTERNATIONAL RUBBER ASSOCIATION

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International Contract for Technically Specified Rubbers (Hevea Brasiliensis)

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<ASSOCIATION NAME>

We have this day SOLD upon the terms of this Contract, TO: _____,
BOUGHT FROM

Specification:

Packing:

From (Port):

Destination:

Contract Type (CIF/C & F/FOB):

Price per kilogramme or lb:

Freight: Prepaid
 Payable at destination

Shipment Period/Vessel:

Broker/Intermediary:

Brokerage/Commission:

Payment:

Arbitration: Regional Centre (Otherwise at)

Remarks:

Subject to the Regulations and Conditions governing the International Contract for Technically Specified Rubbers and to the Special Trading Terms and Conditions of the <Association Name> in force at the date of this Contract.

1. Quantity:

Contracts made under these Conditions shall be for specified quantities only. Shipment quantities shall be as agreed by Buyer and Seller in the Contract. Disputes arising over variances between specified quantities and quantities actually shipped shall be settled between Buyer and Seller, or, failing such agreement, subject to arbitration. The word 'ton' shall mean a metric ton of one thousand (1,000) kilogrammes. If the contract weight is expressed in avoirdupois two point two zero five (2.205) lbs shall equal one (1) kilogramme. The expression 'about' when used to define quantities contracted for, shall mean that no excess or deficiency between contracted and shipped weights shall be greater than one half ($\frac{1}{2}$) per cent of the contract quantity or Bill of Lading quantity or any monthly portion of a contract. The excess or deficiency over one half ($\frac{1}{2}$) per cent up to and including 1 per cent shall be invoiced or invoiced back as the case may be, at the market price at Bill of Lading date. If the excess or deficiency be greater than one (1) per cent and failing agreement between Buyer and Seller, the whole of the excess or deficiency over the contract quantity or any monthly portion thereof shall be invoiced or invoiced back, as the case may be, at a price fixed by arbitration at the Regional Centre where the contract is domiciled.

2. Weighing:

The Buyer shall have the option to weigh the Rubber at port of destination or in consumer's factory.

2. (a) Any difference so ascertained between shipped and landed weights (excluding theft, pilferage and damage in transit) shall be for Seller's account and be invoiced back at contract price. Landed Weights, if taken, shall be certified by a sworn weigher, or similar authority (weights of samples to be included). These weights shall be furnished to the Seller within seventy-five (75) days of date of discharge, whether the rubber is weighed at port of discharge or in factory.

2. (b) For shipments effected in containers, each container load shall be treated as a separate contract and for shipments effected by conventional break-bulk each Bill of Lading shall be treated as a separate contract.

In the case of blocks shipped individually 10 per cent of the blocks shall be weighed. Nett landed weights shall be obtained by weighing the blocks so taken after the tare has been removed.

In the case of shipments in palletised units ten (10) per cent (to the nearest higher whole number) of the units shall be unpacked and the rubber nett weighed after removal. All weighing shall be done and recorded to an accuracy of one (1) part in one thousand (1,000) (equivalent to one (1) gramme in one (1) kilogramme).

If a weight deficiency is found which exceeds one half ($\frac{1}{2}$) per cent of the invoiced weight the cost of weighing (and of re-assembling the palletised units where necessary) shall be borne by the Seller, otherwise it shall be borne by the Buyer.

2. (c) Excess or deficiency of the weight of a bale shall not be greater than three (3) per cent of the standard weight stipulated in the contract, even if the total quantity delivered is within the allowance provided in Clause 1 'Quantity'. This stipulation shall not apply to sampled bales clearly marked as such.

3. Insurance:

Terms of Insurance shall be as agreed between Buyer and Seller at the time of contract.

4. (A) Shipment:

To be shipped by vessel or vessels loading or commencing to load in port of shipment (and loading continuously therein till date of shipment), per terms of contract, with transit direct, and/or indirect, with liberty to call and/or transship at other ports and/or via coast ports and thence by rail.

The Rubber must be shipped by a vessel scheduled to sail to the Continent of destination, or in the case of transshipment must be on a through Bill of Lading, or otherwise the Bill of Lading

must be endorsed by, or a certificate obtained from the Shipping Company that transshipment has been effected and that the rubber is actually on board a vessel scheduled to sail as above.

When Rubber is sold for monthly shipment or for a specified part of a month's shipment, each month's or specified part of a month's shipment to be treated as a separate contract and carry an individual Bill of Lading.

Bill of Lading date will be proof of time of shipment in the absence of conclusive evidence to the contrary.

A Bill of Lading dated in the month immediately following the contractual month(s) shall be a good tender provided that it contains the following warranty endorsed on the Bill of Lading and signed by the Shipowners or on their behalf by their authorised Agents:

Warranted that the vessel commenced loading in the port of shipment in (month) and has been continuously loading therein until date of shipment which is the date of this Bill of Lading.

A Bill of Lading dated in the month immediately preceding the contract month(s) shall be a good tender provided that it contains the following warranty endorsed and signed as above:

Warranted that the vessel has been continuously loading in the port of shipment since the date of this Bill of Lading and that the date of its final departure from the port was (This date must be within the contract month(s)).

Such warranty shall, as between Buyer and Seller and, in the absence of fraud, be conclusive evidence of the facts so stated.

Shipment of more than one grade and/or of more than one country of origin on one Bill of Lading is not permitted.

For shipments effected in containers, each container load shall be treated as a separate contract and for shipments effected by conventional break-bulk each Bill of Lading shall be treated as a separate contract.

If under the terms of this Contract, the Buyer has the obligation to declare a port of destination and/or nominate a vessel and fails to do so by the fifth (5th) business day prior to the month of shipment, then the Rubber may be shipped to a port in the country of destination or if no country of destination has been stated, to a port customarily serving the country in which the Buyer is domiciled, at the Seller's option, but Buyer to be notified by receipt-acknowledged telefax or e-mail not later than three (3) business days after the fifth (5th) business day prior to month of shipment.

A Seller who has the option to ship from more than one port must declare the port from which he intends to ship on or before the sixth (6th) business day prior to the month of shipment to enable the Buyer to fulfil his obligation as stipulated in the previous paragraph.

4. (B) (i) Specified Period of Shipment:

In the case of contracts calling for shipment through a specified period, where cargo is shut out, or a vessel omits ports specified in the Contract, and when no other vessel is available during the shipment period, the Buyer or the Seller shall be entitled to claim shut out and invoke Clause 9 upon production of an appropriate certificate issued by the Shipping Line or Representative.

4. (B) (ii) Named Vessel:

If the Rubber has been sold for shipment on a Named Vessel, and this vessel, through change of schedule, should omit ports specified in the Contract or the Rubber should be shut out of said vessel, the party responsible for supplying the space shall, within five (5) working days after being informed, nominate another vessel scheduled to sail no earlier than the scheduled sailing date of the Named Vessel. Should the loading date for the substituted vessel be more than one (1) week after the loading date for the original nominated vessel, all expenses accrued or incurred shall be for account of the party responsible for supplying the space.

5. Packaging Specification:

Packaging to be agreed by Buyer and Seller at the time of entering into this contract and in all cases to be fit for export. Faulty and dirty packing is not permitted.

6. Quality:

6. (a) Quality to conform to the latest published technical specification at time of contract of the grade of rubber sold, or as agreed between Seller and Buyer. In each case, every lot is to be accompanied by a Specification and/or Test Certificate, which must be dated not earlier than nine (9) months prior to the date of the Bill of Lading of the ocean-going vessel.
6. (b) The rubber must be essentially free of mould but traces of dry mould on block surfaces shall not be objected to. White flecks scattered in the rubber shall not be objected to but virgin rubber is not permitted. In case of complaints in respect of excessive mould or virgin rubber, samples shall be submitted in accordance with Clause 7(c) (iii).

7. Sampling:

7. (a) The sample or samples drawn in support of a claim on the quality of the rubber shall be cut with a clean knife through the entire block normal to the largest surface area and unless the piece is to be tested immediately, it shall be placed in an airtight container, which shall be sealed immediately and kept sealed until it is tested. Such sample or samples may be drawn by a recognised sampler or jointly by buyers and sellers representatives either at the Port of Destination or at the consumer's factory, or at a point otherwise mutually agreed upon between Buyer and Seller.

7. (b) If the Seller has not named his representative, the labels of the samples shall be signed and sealed by Buyer in conjunction with an independent recognised sampler and shall be accepted by the Seller.

Where there are sub-marks, Seller shall be entitled by giving notice on the final declaration form to call for separate sampling, provided such sampling is possible, for each sub-mark. Additional expense in sampling, if any, to be for account of Seller.

7. (c) Any shipment may be sampled for quality either in respect of individual blocks or for the container quantity or whole Bill of Lading quantity.

7. (c) (i) If sampling is in respect of individual blocks a sample of rubber weighing between six hundred (600) grammes and one thousand (1,000) grammes shall be taken from the block.

7. (c) (ii) (a) If sampling is in respect of the container or Bill of Lading quantity as a whole, and is in single blocks, then ten (10) per cent of the total number of blocks, subject to a minimum of two (2) blocks and a maximum of twenty (20) blocks, shall be taken at random.

7. (c) (ii) (b) For sampling of palletised units, the samples shall be taken at random from ten (10) per cent of the units (to the next higher whole number if necessary) with a minimum of one block from each of two separate units. Not more than four (4) blocks may be taken from any one unit sampled.

7. (c) (ii) (c) In each instance a piece weighing not less than one hundred and fifty (150) grammes shall be taken from each sampled block as in Clause 7. (a) above. When testing for quality all such pieces shall be blended and homogenised together by the analyst agreed upon and tested in duplicate.

7. (c) (iii) In testing for volatile matter only, a sample weighing one hundred and fifty (150) grammes may be taken as a continuous piece from any part of the bale and need not be sampled as specified under Clause 7. (a). For rejection of a palletised consignment a minimum of four (4) samples (weighing 150 grammes each), from four (4) separate blocks from at least two (2) units should be drawn and tested individually. The average

results of the testing on these samples for volatile matter shall be used to determine the acceptance of the consignment.

8. (A) Claims in respect of the Technical Specification:

8. (A) (i) In the event of claim failing amicable settlement, samples shall be tested by an analyst agreed between Buyer and Seller. This analyst shall be one of the Regional Laboratories chosen from the latest list recognised by the Management Committee of the International Rubber Association. If the analysis is to be final and binding on other parties then their agreement must also be obtained. In the case where this agreement is not possible then the Co-ordinating Test Laboratory shall perform the analysis which shall be final and binding.

For the purpose of this clause the Standards Laboratory of the Rubber Research Institute of Malaysia is appointed as the Co-ordinating Test Laboratory.

8. (A) (ii) If the quality of any block, container or Bill of Lading quantity is below the Technical Specification, then that block, container or Bill of Lading quantity shall be deemed to be a *non-bona fide* shipment, and Buyers shall have the option to claim rejection of that block, container or Bill of Lading quantity. This option is to be exercised within five business days after receipt of the analyst's report by the Buyer.

8. (B) Claims in respect of Packaging Conditions:

If any block, container or Bill of Lading quantity does not conform to the Packaging Specifications Clause of this Contract, such rubber shall be surveyed by recognised surveyors as agreed between Buyers and Sellers or jointly between Buyer's and Seller's representatives. The Survey Report to include a Clause relating to external damage to packing.

Where the Report shows that condition is caused by factors not related to handling in transit then such rubber shall be accepted and, failing an amicable settlement, an allowance shall be decided by the appropriate Regional Centre of Arbitration, provided Arbitrators are of the opinion that the rubber as shipped was a *bona fide* fulfilment of the contract. If Arbitrators decide that any block, container or Bill of Lading quantity is a *non-bona fide* shipment in respect of packaging condition, Buyers shall have the option to claim rejection of that block, container or Bill of Lading quantity. This option is to be exercised within five (5) business days after receipt of the Award.

8. (C) Claims – General:

8. (C) (i) For shipments effected in containers, each container load shall be treated as a separate contract and for shipments effected break bulk/conventionally each Bill of Lading shall be treated as a separate contract.

8. (C) (ii) Sample or samples in support of the claim must be produced by Buyer to Seller or his authorised representative, within seventy-five (75) days of the date of discharge at the port of destination named in the contract. This period may be extended by agreement between the parties or at the discretion of the Arbitrators, if the delay is due to circumstances over which the final Buyer has no control.

The cost of sampling, supervision, analysis, despatch of samples promptly by air and all reasonable expense and charges of Buyer's representatives shall be paid by the Seller if a claim is sustained except in the case where such charges equal or exceed the amount of the Award when Arbitrators shall have the discretion to award these charges against either party.

8. (C) (iii) Final notice in writing of the claim, stating the grounds of the complaint, must be given by Buyer to Seller or his authorised representative within five (5) business days of the expiry of the period stipulated above for the production of sample or samples otherwise the claim will be null and void.

8. (C) (iv) Factory in this Contract shall include premises used for storage by the proprietor of the factory whether or not the same shall be in the curtilage of the factory.

8. (C) (v) Seller further agrees that the destination for the purpose of inspecting the goods shall be deemed, if Buyer so wishes, to be the factory or factories instead of the Ports named in the contract, provided always that the cost of transport and insurance from vessel to factory shall be for Buyer's account. While in the factory, the goods shall be at the factory Buyer's risk.

8. (C) (vi) In the event of rejection the Seller shall, within ten (10) business days of the receipt of the approved analyst's report or the Award, notify the Buyer by receipt-acknowledged telefax or e-mail, naming the warehouse to which the rubber is to be returned together with any instructions regarding sampling, weighing and insurance. The Buyer shall carry out such instructions without undue delay and also insure the goods in transit. Buyer shall be entitled to debit Seller with the cost of returning the goods to warehouse, including insurance in transit. The cost of receiving the Rubber into warehouse and of working and sampling shall be for Seller's account.

Where goods are delivered to a factory or factories without passing through a warehouse, or when part of the goods is delivered to warehouse and the remainder is delivered to a factory or factories without passing through a warehouse neither the onward movement of the goods from the Port nor the breaking of bulk by distribution of one (1) contract quantity between two (2) or more factories shall be deemed an acceptance by the Buyer so as to cause the Buyer to lose thereby his right of claim to rejection.

9. Frustration of Contract:

Should Seller be prevented from fulfilling his obligations hereunder during the period stipulated herein by reasons of act of God, act of Sovereign, government or parliament, consequences of hostilities or warlike operations, blockade, political or civil disturbances or insurrections, riots, strikes, lock-outs, combination of workmen or any other cause beyond his control which he could not reasonably have been expected to anticipate and such cause or causes continue for a period of twelve (12) calendar months from the commencement thereof, any obligations hereunder relating to shipments or deliveries the fulfilment of which is thus prevented and payment therefore shall be cancelled and no claim shall lie by either party against the other in respect of loss or damage arising out of such cancellation.

Should such cause or causes continue for a period of less than twelve (12) calendar months any outstanding shipments shall be shipped and any outstanding obligations hereunder shall be fulfilled as soon as possible after such cause(s) cease(s) to operate but in no event later than six (6) calendar months after such cessation.

10. Declaration:

Seller shall give Buyer the following:

10. (A) Declaration of Shipment:

Declaration of Shipment must be issued by the Seller or his authorised representative and must state the Contract reference, leading mark, number of packages, weight, name of vessel and Bill of Lading date.

10. (A) (i) The Declaration of Shipment must be issued by receipt-acknowledged telefax or e-mail, within nine (9) calendar days of the date of the Bill of Lading or the date of first transshipment into ocean-going vessel as marked on the through Bill of Lading (subject to the provisions of para. 10. (A) (iii) below).

10. (A) (ii) Failure by the Seller to issue the Declaration of Shipment within the period specified in 10. (A) (i) shall entitle the Buyer to claim for such damages as he shall prove to have sustained.

10. (A) (iii) In no case shall a Declaration of Shipment be issued by the Seller or his authorised representative later than the twenty-first (21st) calendar day following the last day of the period of shipment. Failure to issue the Declaration of Shipment within this period shall constitute a default.

10. (A) (iv) Without the consent of the Buyer, a Declaration of Shipment, which on the face of it complies with the contract, shall not be withdrawn or altered except in the case of a *bona fide* error, of which the Seller must furnish adequate proof.

10. (B) General:

Any notice to be given under this Contract must be made with due despatch to the last known place of business of the party to whom it is addressed.

When an act has to be done on or before a given day, and such day shall happen to be a non-business day, such act must be done on or before the next following business day, unless provision is made to the contrary in these Conditions.

11. Freight:

Freight under C. & F. and C.I.F. Contracts to be for Seller's account. Any alteration in freight resulting from circumstances which, under Tariff rules, entitle a Shipping Conference to vary their freight rate without notice shall if made after the date of contract and before the date of the Bill of Lading be shared equally between Buyer and Seller.

12. Arbitration:

12. (a) When either party to this Contract claims that a default has occurred, then, failing an amicable settlement, the dispute shall be placed before arbitrators and, if the latter decide that a default has occurred, the Contract shall be closed out at a price and weight, which price shall be the estimated market value of the rubber contracted for on the day the default has occurred or is established within the discretion of the Arbitrators with a penalty of not less than one (1) per cent of the value of the Contract in the currency of the Contract or the equivalent thereof in the currency of the injured party.
12. (b) All arbitrations shall be held in accordance with the provisions of the Constitution of a Member Association in the designated Centre of Arbitration given in 12. (c) below and, unless Arbitrators otherwise direct, all differences due under any Arbitration Award, whether arising out of claims for default, or claims on quality, or otherwise, shall be paid in cash within seven (7) business days from the receipt of the Award. In the event of an appeal, payment may be suspended pending the result of the appeal; but should the Award be upheld the amount due shall be increased by interest at bank rate for the contract currency in the country of the sustained party and payment shall be due within three (3) days of the result of the appeal being made known to the losing party.
12. (c) Any dispute arising out of this Contract shall be settled at the designated Centre of Arbitration mentioned below, unless otherwise agreed upon between Buyer and Seller:

Regional Port of Destination

Regional Centre of Arbitration

Central and North America

New York

Europe including Russia & Turkey

London

Australasia, Asia, Africa and South America

Singapore or Kuala Lumpur or Jakarta or Bangkok at the choice of the party whose application for arbitration is first received at that Regional Centre of Arbitration. If applications are received from both parties at different Regional Centres of Arbitration on the same date, Sellers choice of Regional Arbitration Centre shall prevail.

Japan

Tokyo

This Contract shall be construed according to the Laws of the Country wherein Arbitration shall take place whatever be the residence or nationality of the parties, and its performance shall, in every part and incident, be considered due in that country for the purpose of jurisdiction, and the Courts and Arbitrators in that country shall have absolute jurisdiction over all disputes which may arise under this Contract, and decisions shall be enforceable as final judgements in any Country.

12. (d) In the event of there being more than one contract existing between the same parties, which shall be closed in pursuance of an Association's Constitution, an account shall be taken of what is due from the one party to the other in respect of such contracts, and the sum due from the one party shall be set off against the sum from the other party, and the balance of the accounts and no more shall be claimed or paid on either side respectively.
12. (e) When the subject matter and terms of contracts are identical or identical except as to date, quantity or price, all arbitrations in respect of quality or condition shall be held between First Seller and Last Buyer or their authorised representatives and the award made in pursuance thereof, subject to the right of appeal to the Association, shall also be binding on all intermediary parties providing that the terms of the contract have been duly fulfilled so far as they are concerned.

13. **Terminology:**

In these Conditions, unless the context otherwise requires, words importing the singular number only shall include the plural number, and words importing the plural number only shall include the singular number, and words importing persons shall include firms and corporations.

14. Minor typographical errors in the printing of an individual contract shall not be deemed to void the contract.
15. Disputes arising from different interpretations of the terminology of this Contract shall be referred back to the Management Committee of the International Rubber Association.

All special clauses proposed by any Member Association using this Contract shall be notified to the Management Committee of the International Rubber Association prior to their adoption. If in the opinion of the Management Committee any such clauses should properly form part of this Contract rather than of the special trading terms of an individual Association, the Management Committee shall inform the Association concerned accordingly, and users of this Contract shall not be bound by such special terms. The terms and conditions of the International Contract shall take precedence until the matter is resolved. The Management Committee shall be responsible for notifying all Member Associations of any special terms sent to them.

No Member Association using this Contract shall be bound by the special trading terms of another Association until they have received and acknowledged a copy of such terms.

Glossary:

'Weights recorded to the nearest' means that weights can be taken upwards as well as downwards. Where the weight recorded is exactly halfway it will be taken upwards.

For the present, recognised Regional Laboratories include the test laboratories of:

Rubber Research Institute of Cambodia – Phnom Penh, Cambodia
National Rubber Quality Supervision Testing Center – Haikou, Hainan, China
CIRAD – CP Chimie Technologie Hevea – Montpellier, France
Rubber Consultants, c/o Tun Abdul Razak Research Centre – Hertford, Great Britain
Processing & Quality Control Division – Kottayam, Kerala, India
Pusat Pengajian Mutu Barang Eksport Import – Jakarta, Indonesia
Malaysian Rubber Board – Kuala Lumpur, Malaysia
Philippine Rubber Testing Centre - Kabacan, Cotabato, Philippines
TUV SUD PSB Pte Ltd - Singapore
Rubber Research Sub Institute – Hatyai, Songkhla, Thailand
Rubber Research Institute of Vietnam – Ho Chi Minh City, Vietnam

'Through Bill of Lading' shall mean a Bill of Lading issued by a local carrier with authorisation to act on behalf of the ocean-going carrier calling for shipment into a specific ocean-going vessel scheduled for continent of destination.

Such Bill of Lading should be that of the final carrier and the authorisation should be registered – through the Secretariat – with all members of the International Rubber Association. (It is understood that the above definition is subject to appropriate amendment as necessary).

A 'recognised sampler' is one which is included in the list of recognised samplers maintained by the Secretariat of the International Rubber Association.

For the purposes of Clause 4(B)(i) endorsement to certificates may be made by any member of the International Rubber Association, Chamber of Commerce, Port Authority, or other independent trade body.

Under the terms of an FOB Contract:-

- (a) **THE SELLER MUST** deliver the goods on board the vessel named by the Buyer, at the named port of shipment, in the manner customary at the port, at the date or within the period stipulated, and notify the Buyer, without delay, that the goods have been delivered on board.
- (b) **THE BUYER MUST** at his own expense, charter a vessel or reserve the necessary space on board a vessel and give the Seller due notice of the name, loading berth of and delivery dates to the vessel.
- (c) Nevertheless should Buyer nominate a vessel sailing during the first ten (10) calendar days of the month of shipment the Shipping Instructions should be issued twenty-one (21) days prior to the month of shipment.
- (d) However, should Shipper request for an alternative vessel within the contracted period of shipment, this request must be made within forty-eight (48) hours of receipt of the Shipping Instructions. This request must suggest a vessel upon which Seller wishes to effect shipment.
- (e) All Shipping Instructions and/or request for alternative vessel must be passed on within two (2) hours of receipt during the course of a normal business day. Should the Instructions and/or request be received outside the normal business hours, of the Buyer/Seller, it shall be deemed to have been received at the commencement of the next business day.

Shut Out:

A shut out is deemed to occur when loading of rubber is not permitted by a shipping company on a vessel for which space had previously been booked.

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