



ASSOCIAZIONE GRANARIA MILANO
ITALIAN CONTRACT
FOR RICE AND BROKEN RICE «C.I.F.»

N. 15

Made in duplicate, at on

Sold by to

Through at all the following conditions either written or printed, to be interpreted, if needed according to the uses and customs of the Milan market and to the Statute and Rules of the Associazione Granaria of Milan, and, for negotiations of the official type of Rice, also according to the provisions that by law regulate both the denominations and the official types of Rice for exportation.

Commodity

Quality: sound, loyal, merchantable at time and place of shipment:

— as per sample

— as per type sample

— as per above denomination, fair average quality for the crop

— as per official type of the national brand for exportation

Samplings: at shipment

Quantity: tons (5% tolerance more or less, 2% of which at contract price and 3% at price ruling on the day the goods are put on board).

Price: freight and insurance included per 100 kilos gross weight.

Shipment: In good condition, per steamer or steamers and/or motor vessel and/or motor vessels, classed not lower than 90 A 1 of Lloyd Register (or B. S. of the British Corporation or equal classification in Italian, American, French, Norwegian or other equal Register) direct and indirect and/or with eventual transshipment from one or more Italian ports to Unless otherwise arranged, when port of destination is left to buyer's option, buyer must give his seller written or telegraphic advice of the port chosen, at least fifteen days before the period of time fixed for shipment begins.

Time of shipment It is in seller's faculty to ship from the first day to the last of the period foreseen.

Weight: Unless it is otherwise expressly agreed, the gross shipping weight shown on the B/L is to be considered as final. Each bag must have the uniform weight of 100 kilos gross.

Bags: Goods are to be delivered in the usual single new jute and/or hemp and/or jute/hemp bags.

Bags are to be well sewn by rule of art, with at least eight cross-stitches and when it has been agreed to deliver the goods in double bags, the inner bag must be sewn separately from the outer one.

In addition to seller's usual mark, the bags must bear the indication made compulsory by law of «rice as per sample» — «semi-refined rice», and when rice is sold as per official type representing the national brand for export, they will also be provided with the prescribed official brand.

Payment: in on first presentation of shipping documents (bill

of lading, insurance policy or certificate of insurance, commercial invoice) by

Special conditions:

GENERAL CONDITIONS

I - Unless otherwise expressly established in writing, the following conditions are valid and binding for both contracting parties.

II - Each shipment is to be considered as a separate contract.

III - TERMS OF SHIPMENT — Terms of shipment are to be understood as follows:

- a) shipment by named steamer: when sales are per named steamer eventual variations in the date of the readiness of the ship to load do not entitle either seller or buyer to any right, claim or protest. The contract is considered fully valid even when the shipowner substitutes with another steamer the one originally scheduled, but in this case seller must notify the buyer of the substitution effected immediately he hears of it.
- b) prompt shipment: Goods must be shipped within the 21st working day following the date of contract.
- c) shipment within the first or second half of the month: the 16th day of the odd month is considered as belonging both to the first half and to the second half or fortnight of the month.
- d) shipment in several consecutive periods: — the shipment of two or more quotas by the same steamer is tolerated, provided separate bills of lading be issued and these be dated in conformity with the single quotas that it has been decided to execute.

The terms of loading are definite and must be observed, the following exceptions being made:

In respect of sales for a determinate shipment, should the steamer chartered by the seller for the fulfilment of contract delay in arriving to load and should in the meantime the loading term expire, seller has the faculty to extend the term of shipment for a length of time strictly necessary for loading by the said steamer, provided he gives his buyer a telegraphic communication at least on the last day of the term arranged, giving therein the name of the steamer. This notice must be passed on «in due course» by telegram. The steamer thus designated cannot be replaced, unless it be by the shipowner as per paragraph a). Should buyer request it, seller is bound to justify the steamer's delay by producing a declaration from the shipowner or his agent at the port of shipment or from the Port Authorities or any other acknowledged authority.

Apart from the above specified cases and with the exception of sales per specified steamer or for prompt shipment seller is entitled to extend by eight working days the time limit fixed for shipment, giving his buyer telegraphic notice thereof at least on the day prior to the expiry date of the said time limit. This notice must be passed on «in due course» by wire. Seller exercising this faculty shall make an allowance on his invoice to the buyer of one-half percent of the contract price.

IV - BILLS OF LADING — Bill of lading for goods on board to be proof of date of shipment in absence of evidence to the contrary. Buyer is bound to accept all the general conditions of bill of lading of the Steamship Companies' whose services will be used for the execution of this contract.

V - APPROPRIATION — Each shipment must be communicated telegraphically by the shipper to his buyer or to his agent in the country of destination within the fifth day from date of bill of lading.

This communication must give the name of the steamer, the date of bill of lading and the quantity loaded. Notice of appropriation is always subject to reserve for telegraphic errors or delays which can be rectified even after documents have arrived, and cannot entitle buyer to refuse the appropriation, exception being made in proved cases of bad faith.

Sellers in file must send on in due time the appropriation received, it being thereby understood that the appropriation received before noon will be forwarded on the same day, while if received in the afternoon, it will be forwarded before noon of the following working day.

VI - PRESENTATION OF DOCUMENTS — Seller cannot be held responsible for delayed presentation to buyer of shipping documents, provided the delay is not due to negligence. Presentation of the documents to the Bank the buyer has named or to the bank where his credit has been established, must be considered to all effects, as a presentation made to the buyer himself.

If on arrival of the goods at port of destination documents have not been presented to the buyer, the latter is bound all the same to take delivery of the goods under bank's guarantee, when by aid of particulars furnished by seller he is enabled to identify his lot.

VII - PAYMENT — When it has been agreed to effect payment by letter of credit, this has to be notified in accordance with the exact conditions of contract, to seller by the Italian bank with which the credit has been established; this notice is to be given fifteen days before the time valid for shipment begins, unless otherwise expressly arranged. Should seller decide to effect shipment of the goods even if letter of credit has reached him delayed, he is entitled to a number of days of extension equal to the delay occurred in his being notified the opening of credit, and at seller's request, buyer is bound to rectify the credit accordingly.

All those conditions concerning the opening of credit must, in any case, be considered as imperative and essential. The invoice amount is payable in exchange for the complete set of documents, i.e. full set of B/L, insurance policy and certificate of origin, when this is required by the buyer; but the latter is under the obligation to effect payment even when bill of lading or policy or certificate of insurance, are respectively substituted with a delivery order and a letter of insurance duly certified by the holder of the original documents; but the seller remains responsible for the final Good result of the said delivery order and letter of insurance.

In any case the insurance policy can be substituted with a certificate issued by the Company. Buyer is also bound to effect payment when only one copy of B/L is presented, provided this is accompanied by a letter guaranteeing the subsequent delivery of the other copies of B/L.

When it has been agreed that payment will be made against documents on steamer's arrival at port of destination, it remains understood that in the eventuality of transhipment, the payment itself must be made in proportions adequate to each portion of the goods as it arrives. It is further agreed and accepted that, at any event, payment must be made or completed within the 60th day from date of B/L.

Should seller present documents before ship's arrival at port of destination, buyer is bound to acknowledge acceptance on his part of said documents, when it is foreseen that seller emits drafts on the bank or bankers of the buyer. The drafts themselves are considered as emitted for account of the buyer and under his guarantee.

VIII - INSURANCE — Seller must insure the goods with a leading Insurance Company (but he cannot be held responsible for the solvency of the same) under the terms of the Italian policy, with particular average, for an amount equal to the invoice value increased by 10%.

Seller must also insure the goods against the risks of war, mines, torpedoes, strikes and civil commotions; but any expense in excess of 0.50% to cover such risks, is to buyer's charge.

IX - FREIGHT — Freight must be paid on arrival and/or balance of freight to be paid on arrival, if deducted from invoice, will be settled ready cash by the buyer on ship's arrival for account of the seller on B/L terms, or, if there is one, on the terms of the charter party, a copy of which must be in good time lodged with the seller's agent in the Country of destination.

X - DISCHARGE AND DEMURRAGE — Discharge of goods is for buyer's account and must be made according to the customs of the port or to the provisions contained in the B/L. The removal of goods from the hold is to ship's charge.

Eventual charges for lighterage at port of discharge are for buyer's account. Lay-days are those established by B/L or charter party, and eventual demurrages are for buyer's account.

XI - SALE ON THE «LANDED WEIGHT» TERM —: a) When goods are sold on the term of «landed weight», buyer must have the goods weighed at his care and to his charge in the presence of seller's representative.

The weighing operation must be simultaneous with the discharge of the goods. When owing to the conditions of policy or to existing customs at the port of destination or to other lawful obstacles, these to be proved by the buyer, goods are discharged in lighters without being weighed, the weighing must be seen to at the moment the goods are discharged from the lighters, but in any case within and not later than the 12th day after the goods have left the ship. Seller has the right to have the lighters guarded day and night by watchmen of his trust, respective charges being for buyer's account.

When seller omits to give in time the name of his representative at discharge for ascertainment of weight, the ascertainment itself must take place with the aid of sworn checkweighers, duly acknowledged by the proper authorities at the port of destination, and the respective weight notes must be certified by the said authorities. Shortweights must be, in this case, notified to seller within ten days from the weighing, and the official certificates relating thereto and a proper weight note must be sent to seller within the fore-said time. A deficiency of 2% on the shipping weight is allowed in favour of the seller.

b) Outturn: for goods sold «landed weight» any weight deficiency on the weight indicated in Bill of Lading is for seller's account and any excess is to buyer's charge. For lots that are not separately loaded, averages, and sweepings, are divided in due portion amongst the different receivers.

c) Final invoices: in respect of sales made «landed weight» the settlement of invoices must be made within a reasonable lapse of time, and in any case not later than 21 days from the date when landed weight was agreed upon between buyer or his representatives and the representatives of the seller who attended the discharge.

In case of delay debtor must pay interests of delay at the official rate of exchange of the Bank of Italy, plus 4% as well as all lawful expenses eventually sustained by the creditor to obtain payment of his due.

In case of controversy over the amount of final invoices, the debtor has the right to deposit in bond with a Bank, the sum under dispute until the controversy has been arranged, thereby being exempted from making any refund for delayed payment.

XII - RISKS IN TRANSIT — In all cases, the goods travel at buyer's own risk. Any average, whether or not recoverable from the insurers, is to buyer's charge, and consequently, it will be his care to take whatsoever action be necessary either against the insurers or the carriers or against whomsoever concerned, to obtain eventual refund of damage. Should the buyer entrust the seller to settle eventual damages with the Insurance Companies concerned, it is understood that in this case seller acts solely for account and in the interest of the buyer. The seller will act in full conscience, to the best of his knowledge, but without any responsibility on his part.

XIII SAMPLING — For rice sold according to the official types of the national brand for export, sampling is made according to the forms and in the places foreseen by the Rules of the proper Authorities and in force at the time of delivery.

In all other cases and on buyer's request, samples must be jointly sealed by the seller's representative and buyer's representative, so as to show exactly the bulk of the goods received.

Samples must be sealed in three specimens, one of which will be kept by the seller and the other two handed to the buyer.

Any sealed sample that is not opened in the presence of both the contracting parties, or of their representatives duly authorised, is to be considered as destroyed.

XIV - QUALITY — Goods sold by real samples must always correspond to the sample on the basis of which the sale has been made perfect. Goods sold by type-sample must correspond to the essential characteristics of the quality negotiated. Should there be a difference in quality through causes other than those foreseen under paragraph «foreign matter», the buyer is bound to receive the goods without allowance provided said difference does not exceed 1% of the value of the goods.

Goods sold on specification must correspond to the quality indicated by the denomination, with the exceptions foreseen under paragraph «extraneous matter». It is seller's faculty to deliver goods of a better quality than negotiated, provided they are of the same variety and make.

Goods are not guaranteed to be exempted from defects that are not evident to a reasonable examination.

XV - EXTRANEOUS MATTER - TOLERANCE - ALLOWANCES. For sales by type-sample or on description, eventual impurities (extraneous matter) tolerated must not exceed altogether:

- for rice 0,15%
- for «corpetto» and «mezzagrana» 0,25%
- for «risina bianca» 1,—%

XVI - OBLIGATION TO TAKE DELIVERY OF THE GOODS - CLAIMS — Always and in all cases the buyer must receive the goods, as he is not entitled for any motive or reason whatsoever, to reject or leave them at seller's disposal.

Goods that at discharge should be found damaged through their own defect shall also be withdrawn by the buyer; in this case, however, seller is responsible for the eventual loss in value, this to be established by arbitration on samples duly sealed as per these terms of sale.

Eventual claims for difference in quality shall be telegraphically notified by the buyer to the seller within five days from actual discharge of goods.

XVII - CASES OF « FORCE MAJEURE » — If through riots, civil commotion, strikes or lock-outs at port of loading, or during the operation on any of the railway lines connecting that port, shipment is prevented:

- a) for any length of time during the last 28 days of guaranteed time of shipment;
- b) or at any time during guaranteed time of shipment if this be less than 28 days;

the shipper is entitled at the termination of one of the foresaid causes of force majeure to as much time for shipment as was left at the outbreak of the case of force majeure.

In the case of fulfilment of contract subject to these conditions, the date of its resiliation will be likewise delayed.

To request the application of clause mentioned in the previous paragraph, shipper must give immediate telegraphic communication to seller, he must state the port or ports of shipment he intends to load from, amongst those as per contract, within two working days from the expiration of the original date of shipment and, anyhow, he is under the obligation to execute only from the ports he has thus indicated.

All these communications will have to be passed on in due course to all whom concerned « in filière ».

The shipping documents must be accompanied by a certificate from an Official Body of the Country of the port wherefrom the goods will be shipped, said certificate to state the existence of one of the foresaid cases of force majeure that justified seller's request for an extension of the shipment term arranged

In the eventuality of ban on exports, blockade, war, revolt, hostilities or of other case of force majeure preventing the total or partial loading of the goods under this contract, seller has the right to cancel contract totally or for such part of it, where the case of force majeure is accountable for the non-loading.

XVIII - UNFULFILMENT — With the exception of the foresaid cases of force majeure, the eventual unfulfilment of this contract or of a part of it will give place, but only in respect of the portion unfulfilled, to the rescission of the contract at the current price ruling in Milan on the first market reunion following the day of unfulfilment. The rescission can be demanded by the fulfilling party only to the prejudice of the unfulfilling one.

The contracting party who is declared bankrupt or in a state of moratorium, or who calls the meeting of creditors for the purpose of obtaining a friendly or a judicial agreement, or who, in any way, notoriously stops payments, will be considered outright a defaulter.

In these cases, it will be in the faculty of the other contracting party to proceed immediately to the purchase or resale of the contracted goods, or to the determination of price of rescission in conformity with first comma of this paragraph, for that part that was still unexecuted at the time of that particular situation arising, and said party is entitled to file in the liquidation or the bankruptcy, the eventual credit thus resulting.

XIX - ARBITRATION — All disputes arising over the fulfilment or the interpretation of this contract, have to be obligatorily deferred to the decision of friendly arbitrators who give their award « ex bono et aequo », without any legal formality, in conformity with the Regulations for Arbitration of the Associazione Granariva of Milan.

Arbitration must be applied for by registered letter and/or telegram which the interested party will address to the opposite party:

- a) within the subsequent ten days following the date of claim for difference as to quality and/or condition of the goods.
- b) within six months from contract term of delivery or from date when the difference arose, in all other cases.

Once these terms have elapsed, it will be for the arbitrators to judge whether arbitration by merit is still permissible, provided the delay in making the request is justified. Should one of the contracting parties refuse to adhere to such form of friendly settlement, the diligent party is entitled to apply to the Associazione Granariva for an ex-parte arbitration in conformity with the Regulations for Arbitration of the said Associazione.

XX - SUPPLEMENTARY CONDITIONS — No legal action can be started by either one or the other of the contracting parties, unless such action is required to enforce payment of invoices and to make the arbitration award executory.

The general conditions of this contract have been stipulated amongst the categories concerned and with the assistance of a paritibetic Committee; the type contract so approved has been deposited with the Chamber of Commerce of Milan.

Any addition or alteration made to this contract by one of the parties without the express consent of the other party, is of no value. From this moment both seller and buyer accept the sole competency of the Judicial Authorities of Milan.

The undersigned contracting parties approve all the conditions and clauses, whether written or printed, contained in this contract and in particular those relating to paragraphs - VII (Payment) - XV (Allowances) - XVIII (Unfulfilment) - XIX (Arbitration) - XX (Competency of Judicial Authorities).

The printed text of this contract simply being a translation of the official form of the Associazione Granariva of Milan, which bears the same number, the original text in Italian will be the exclusive basis in every case and for any interpretation of this text as hereby printed in English.

BUYER

AGENT

SELLER

Stamp