

**THE SUGAR ASSOCIATION OF LONDON**

**RULES TO REGULATE**  
**CANE AND BEET RAW SUGAR CONTRACTS**  
**CIF FREE OUT AND**  
**COST & FREIGHT FREE OUT**

**GENERAL**

101. Specimen copies of contract forms are set out in section 6 of these Rules.

**QUANTITY AND DESCRIPTION**

102. The contract shall state the quantity and a general description of the sugar contracted for, as agreed between the Buyer and the Seller.
103. When the crop is not stated in the contract it shall be the current crop at the time of shipment and the sugar shall be a fair average quality of such crop.

**PACKING**

104. When shipment is made in bags the Seller shall ensure that the sugar is packed in sound bags suitable for export. Bag marks, if any, shall not be contrary to the terms of the contract.

**PRICE**

105. The price shall be expressed in the contract.

**SETTLEMENT**

106. Settlement of degrees above and below 96 degrees mean shipping/outturn polarisation shall be calculated on the contract price on the appropriate scale as follows:-

**CANE AND BEET RAW SUGAR CONTRACTS  
CIF FREE OUT AND COST & FREIGHT FREE OUT**

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**(a) UNITED KINGDOM SCALE**

For every full degree:-

above 96° to and including 97° add	1.40%
above 97° to and including 98° add an additional	1.40%
above 98° to and including 99° add an additional	1.40%
below 96° to and including 95° deduct	1.50%
below 95° to and including 94° deduct an additional	2.00%
below 94° to and including 93° deduct an additional	2.00%

Fractions of a degree shall be calculated in the same proportion.

**(b) INTERNATIONAL SCALE**

For every full degree:-

above 96° to and including 97° add	1.50%
above 97° to and including 98° add an additional	1.25%
above 98° to and including 99° add an additional	1.00%
below 96° to and including 95° deduct	1.60%
below 95° to and including 94° deduct an additional	2.00%
below 94° to and including 93° deduct an additional	2.50%

Fractions of a degree shall be calculated in the same proportion.

107. Where the destination declared under the contract is one of the following countries final settlement, unless agreed otherwise between the Buyer and the Seller, shall be settled on the basis of landed weights and outturn polarisations:-

<u>Europe</u>	<u>Asia</u>	<u>Australasia</u>	<u>The Americas</u>
Belgium	Japan	New Zealand	Canada
Eire	Malaysia		United States
Finland	Singapore		of America
France			
Germany			
Netherlands			
Portugal			<u>Africa</u>
Sweden			Morocco
United Kingdom			

CANE AND BEET RAW SUGAR CONTRACTS  
CIF FREE OUT AND COST & FREIGHT FREE OUT

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LICENCES

108. The Buyer shall be responsible for obtaining and maintaining in force any necessary import licence(s) and the Seller shall be responsible for obtaining and maintaining in force any necessary export licence(s). The failure to obtain and or to maintain in force such licence(s) shall not be sufficient grounds for a claim of force majeure if the regulations in force, at the time when the contract was made, called for such licence(s) to be obtained.

SHIPMENT

- 109 (a) The Contract shall clearly state the period within which shipment is to be effected.
- (b) Subject to any express terms in the contract itself shipment(s) shall be effected by vessels which must comply with the requirements of the International Safety Management (ISM) code and must be classified as 100 A1 at Lloyd's or as of equal class in another recognised register; which register is a full member of the International Association of Classification Societies (IACS). Any additional insurance premium payable on the cargo by reason of age, flag or classification of the vessel declared shall be for the Seller's account. In C & F contracts the additional premium payable by the Seller shall not exceed that currently quoted by Lloyd's and/or first class insurance companies in London.
110. The contract quantity may be shipped on one or more vessels and any shipment may be made either as a full cargo or a part cargo.
111. If the contract clearly states that the tonnage is subject to a latitude for chartering purposes only on the quantity

CANE AND BEET RAW SUGAR CONTRACTS  
CIF FREE OUT AND COST & FREIGHT FREE OUT

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shipped by chartered vessels then, unless otherwise agreed, the following provisions shall apply:-

- i) where the contract quantity is shipped on one vessel as a full cargo, unless otherwise stated in the contract, the quantity specified in the contract shall be subject to a latitude of five per cent more or less.
  - ii) where the contract quantity is shipped on more than one vessel, the quantity shipped on the last vessel to load shall, unless otherwise stated in the contract, be subject to a latitude of five per cent more or less if that shipment constitutes a full cargo but not if it is a part cargo.
  - iii) where the contract quantity is shipped on one vessel as a part cargo, the quantity shall not be subject to any latitude.
  - iv) where the quantity loaded on one vessel includes sugar shipped under more than one contract, no latitude shall be allowed even if the total quantity loaded constitutes a full cargo.
  - v) where the quantity loaded on one vessel includes sugar shipped under more than one contract by one or more Sellers to one or more Buyers, no latitude shall be allowed.
- 112.(a) When a contract stipulates for a delivery period, then the contract quantity must be shipped within the contract delivery period and the Bill of Lading date must conform to the contract, and:
- i) in the case of shipments in one or more specially chartered vessels, such vessel or (in the case of more than one vessel) each of such vessels must complete loading all the sugar within the time stipulated by the contract.

**CANE AND BEET RAW SUGAR CONTRACTS  
CIF FREE OUT AND COST & FREIGHT FREE OUT**

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- ii) In the case of shipments by liners or in part cargoes, the sugar shall be loaded on board within the stipulated time.
  - (b) Where the contract stipulates a period for arrival at the port of discharge the contract quantity must be shipped to ensure that, in the ordinary course of events, the sugar will arrive at the port of discharge within the contract period.
- 113. The Buyer shall have the benefit of and responsibility for exercising any options under the Charter-party and/or Freight Booking Note and/or Bills of Lading which are related to the destination and port of discharge stated in the contract.
- 114. All extra costs resulting from overtime including Supervisor's overtime when incurred shall be for account of the party ordering the overtime work. In cases where overtime is ordered by the Port Authority all extra costs resulting therefrom shall be for account of the Seller at loading port and the Buyer at discharge port.
- 115. Where a contract provides for shipment by instalments, each instalment shall be deemed a separate contract. In case of delay or failure in delivery of any one or more instalments the Buyer shall not be entitled to cancel the entire contract or any outstanding instalment in respect of which there is no such delay or failure. However, should the Buyer fail to make payment for any instalment in accordance with the contract, the Seller shall be entitled to withhold further deliveries without prejudice to his rights under the contract.
- 116. Unless otherwise stated in the contract laytime at discharge shall commence in accordance with the Sugar Charter-party 1999.

**CANE AND BEET RAW SUGAR CONTRACTS  
CIF FREE OUT AND COST & FREIGHT FREE OUT**

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**INSURANCE**

117. (a) For CIF contracts Marine, Strikes and War Risk Insurance shall be effected by the Seller from warehouse to warehouse at the contract price plus five per cent on the full shipping weight with Lloyd's and/or first class insurance companies on:-

Institute Commodity Trades Clauses (A)  
Institute Strikes Clauses (Commodity Trades)  
Institute War Clauses (Commodity Trades)

as set out in Section 5. of these Rules.

- (b) The Seller shall be liable for the Marine, Strikes and War Risk Insurance surcharge, if any, combined up to one-half per cent and any rate at which this insurance is effected in excess of one-half per cent shall be for account of the Buyer and in such case the Seller shall immediately inform the Buyer.
- (c) For C & F contracts Marine, Strikes and War Risk Insurance shall be effected by the Buyer fully in accordance with (a) above. The policy shall be for the Seller's as well as the Buyer's protection until payment is made in full, pending which the Buyer shall, as regards the Seller's interest, hold the Policy and the proceeds of any claims in trust for the Seller. The Buyer shall furnish documentary evidence of compliance with the above if requested by the Seller. Should the Buyer fail to comply with such request the Buyer shall be responsible for the Seller's proven costs if the Seller arranges for equivalent insurance protection.
- (d) Any claims under the policy shall be payable in the currency of the contract.

**CANE AND BEET RAW SUGAR CONTRACTS  
CIF FREE OUT AND COST & FREIGHT FREE OUT**

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118. In case of total loss of a consignment where the contract provides for settlement on landed weights and outturn polarisations, the Buyer shall be invoiced at the contract price for the full shipped weight of that consignment plus five per cent.
119. Where part of a consignment is landed in damaged condition and the contract provides for settlement on landed weights and outturn polarisations, then:-
- (a) in the case of bulk shipments, the Buyer shall be invoiced for the damaged sugar on the basis of the actual landed weight of the damaged sugar and the average polarisation of the sound sugar.
  - (b) in the case of bagged shipments, the Buyer shall be invoiced for the damaged bags at the average landed weight and outturn polarisation of the sound bags.

Insurance proceeds in respect of loss of weight shall be for the Seller's account in the case of bulk shipments and for the Buyer's account in the case of bagged shipments. Insurance proceeds in respect of depreciation in value shall be for the Buyer's account in either case.

120. (a) Where the whole of a consignment is landed in damaged condition and the contract provides for settlement on landed weights and outturn polarisations, payment shall be made against a provisional invoice based on the net landed weight at the contract price and tel quel. Insurance proceeds in respect of loss of weight shall be for the Seller's account and insurance proceeds in respect of depreciation of value shall be apportioned between the Seller and the Buyer having regard to the outturn polarisation which

## CANE AND BEET RAW SUGAR CONTRACTS CIF FREE OUT AND COST & FREIGHT FREE OUT

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could reasonably have been expected if such damage had not occurred.

- (b) In the case of bulk shipments, loss in weight or shortage arising from an insured peril shall be subject to the deduction of an ordinary or normal loss based on the previous outturns of a representative number of previous sound shipments. In the event that there is no representative number of sound shipments then the deduction of one-half per cent of the total Bill of Lading weight or other amount as agreed between the Buyer and the Seller in the contract shall be applied.

### DESTINATION AND DISCHARGE

121. In the case of shipments by chartered vessel(s), the Buyer may order the vessel(s) to any usual and safe berth at port of discharge where the vessel may always lie safely afloat. Discharge terms shall be clearly stated in the contract and shall conform to the custom of the port.

### DOCUMENTS

122. (a) The following basic documents are to be presented by the Seller:-
- i) A complete set of signed clean "on board" Bills of Lading which shall, except as provided for in Rule 124(c), evidence freight as having been paid.
  - ii) Certificate of Origin or, in the case of shipments of Preferential Sugars to EU, an EUR 1 Form.
  - iii) Certificate of Weight and Quality (for contracts where shipping weights and tests apply).
  - iv) Commercial Invoice.
  - v) Certificate or Policy of Insurance (for CIF contracts).

CANE AND BEET RAW SUGAR CONTRACTS  
CIF FREE OUT AND COST & FREIGHT FREE OUT

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- (b) In addition to the above documents the Seller shall, if requested not later than seven days prior to the commencement of loading of the vessel, include in the presentation for payment other documents customarily required by, and acceptable to, the Authorities in the country of destination. Any such additional documents requested with less than the above notice shall be supplied by the Seller as soon as possible but absence of such additional documents due to short notice shall not preclude payment.
  
- (c) If requested by the Buyer, the Seller shall have any documents referred to in (a) (ii), (iii) or (iv) or in (b) above visaed in accordance with the requirements of the country of destination. Any costs incurred in obtaining additional documents in accordance with (b) above and any visa charges shall be for the Buyer's account. The Seller shall not be responsible if, for reasons, beyond his control, any additional documents referred to in (b) above or any visas are unobtainable and inability by the Seller to obtain such documents or visas shall not preclude payment.

PRESENTATION OF DOCUMENTS  
AND PAYMENT

- 123. (a) The terms and conditions of payment as agreed between the Seller and the Buyer shall be clearly stated in the contract.
  
- (b) Notice of intention to present documents for payment must be given to the Buyer not later than 12.00 hours local time on business days at the place of presentation of documents.

**CANE AND BEET RAW SUGAR CONTRACTS  
CIF FREE OUT AND COST & FREIGHT FREE OUT**

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(c) Documents for payment on the same business day as the notice at (b) above shall be presented to the Buyer not later than 14.00 hours local time at the place of presentation of documents. The Seller shall not be liable for charges incurred as a result of the goods arriving at the port of discharge prior to the receipt of documents provided the documents have been passed on by the Seller without delay.

124. (a) Documents evidencing proper fulfilment of the terms of a contract and tendered for payment in accordance with Rule 123(b) and (c) above shall be paid for on presentation. In all cases, unless otherwise stated in the contract, payment shall be made without any deduction and/or set-off whatsoever and such payment shall not prejudice any claim or dispute to be referred to arbitration. Should the Buyer fail to pay on presentation of documents the Seller may resell the sugar for account of whom it may concern.

**International**

- (b) i) Payment shall be made in accordance with Rule 123 above for ninety-eight per cent of the provisional invoice amount made out on the net Bill of Lading weight at the price stated in the contract. The balance shall be settled promptly against final invoice.
- ii) When settlement is on the basis of shipping weight and polarisation, unless otherwise stated in the contract, payment shall be made in accordance with Rule 123 above for one hundred per cent of the invoice amount made out on the net Bill of Lading weight at the price stated in the contract.

CANE AND BEET RAW SUGAR CONTRACTS  
CIF FREE OUT AND COST & FREIGHT FREE OUT

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- (c) In the case of shipment by a chartered vessel where only part of the freight has been paid in advance or where freight is payable on discharge the amount of the provisional invoice shall be subject to a reduction of ninety-eight per cent of the freight remaining unpaid.

United Kingdom

- (d) For shipments to the United Kingdom payment shall be made by cash in London against documents.

i) on arrival of the vessel in discharge berth at port of discharge, or

ii) seven days after the vessel has arrived in discharge port whether in berth or not,

whichever is the earlier.

- (e) For the purpose of (d)(ii) above, a vessel shall be deemed to have arrived in the discharge port when she gets within that part of the port in which vessels customarily lie whilst waiting to go to a discharge berth.

- (f) In the case of shipment by a chartered vessel where only part of the freight has been paid in advance or where freight is payable on discharge the amount of the provisional invoice shall be subject to a reduction of ninety-eight per cent of the freight remaining unpaid.

- (g) The foregoing paragraphs (d) and (f) of this Rule shall apply subject to the following provisions:-

**CANE AND BEET RAW SUGAR CONTRACTS  
CIF FREE OUT AND COST & FREIGHT FREE OUT**

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- i) where a vessel has arrived at the discharge port and delay in berthing and/or commencement of discharge is caused by strikes in the port of discharge then payment shall be made immediately the strike is over for vessel(s) already lying at their discharge berth. For vessels awaiting discharge berth payment shall be made as soon as the vessel goes on her discharge berth or seven days after the strike ends, whichever is earlier.
  
- ii) in the case of a total loss of a cargo of sugar, payment shall be made within seven days after the time when the vessel would have arrived at its destination as estimated by the shipowner, less freight (unless freight has been paid in advance or is due to be paid under the terms of the governing Charter-party) and less the collecting commission.

**TITLE**

125. Title to goods shall not pass until Seller has received payment for goods in accordance with Seller's instructions.

**FORCE MAJEURE**

Where the contract specifies the place of origin of the sugar and, in the case of any other contract, once the Seller has declared an origin, the following Rules shall apply:-

126. Should war, strikes, rebellion, insurrection, political or labour disturbances, civil commotion, fire, stress of weather, act of God or any cause of force majeure

**CANE AND BEET RAW SUGAR CONTRACTS  
CIF FREE OUT AND COST & FREIGHT FREE OUT**

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(whether or not of like kind to those before mentioned) beyond the Seller's control prevent directly or indirectly within the contract delivery period specified in the contract as defined in Rule 112.

- a) the supply to or delivery at shipping port in whole or in part of the sugar allocated by the Seller against the contract and/or
- b) the vessel(s) declared from loading the sugar and should the Seller or his agent be unable to supply other tonnage of similar character to enable him to effect shipment or to ensure arrival at the port of discharge within the contract delivery period

the Seller shall immediately notify the Buyer (in accordance with Rule 131) of such fact and the quantity so affected. If the Seller is prevented from notifying the Buyer immediately through circumstances beyond his control, he shall notify the Buyer as soon as possible. Upon giving such notice, the contract delivery period shall be extended as follows:

- i) where the force majeure event(s) prevents performance for up to 3 days, the contract delivery period shall be extended by 7 days.
- ii) where such event(s) prevents performance for more than 3 days, the contract delivery period shall be extended by 45 days.

The Seller shall notify the Buyer immediately that the force majeure event(s) terminates.

CANE AND BEET RAW SUGAR CONTRACT  
CIF FREE OUT AND COST & FREIGHT FREE OUT

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If delivery is still prevented at the end of the 45 day extended contract delivery period, the contractual rights and obligations of the parties shall be cancelled, save only that the sugar shall be invoiced back at the prevailing market price at the end of the extended period or at such price as an arbitration tribunal in its absolute discretion decides.

If the invoicing back price is higher than the contract price, the difference shall be paid by the Seller to the Buyer. If the invoicing back price is lower than the contract price, the difference shall be paid by the Buyer to the Seller. The provision shall apply notwithstanding the occurrence of events which would otherwise frustrate the contract.

If performance of the contract is prevented by a force majeure event more than once during the contract delivery period (as extended in accordance with these Rules) the provisions of these Rules shall apply to each such event. However, in no circumstances shall that contract delivery period be extended for more than 45 days.

The party claiming force majeure shall within fourteen days from the initial notification of the facts relied upon deliver to the other party evidence of the existence of those facts. If evidence is not delivered in accordance with this provision, the right to invoke force majeure shall be forfeited unless an arbitration tribunal in its absolute discretion decides otherwise.

### TAXES AND LEVIES

127. (a) Any existing or future taxes, or levies in the nature of taxes, whether on sugar, freight or shipping imposed by the country of origin shall be for the account of the Seller.
- (b) Any existing or future taxes, or levies in the nature of taxes, whether on sugar, freight or shipping imposed by the country of destination shall be for the account of the Buyer.

CANE AND BEET RAW SUGAR CONTRACT  
CIF FREE OUT AND COST & FREIGHT FREE OUT

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ARBITRATION

128. Any dispute arising out of or in connection with a contract which is subject to these Rules shall be referred to arbitration before The Sugar Association of London for settlement in accordance with the Rules Relating to Arbitration. Such arbitration shall be conducted in accordance with English Law. The Contract Rules of the Association in force at the time the Contract was made shall apply to any reference to arbitration.

GOVERNING LAW

129. The Contract and these Contract Rules shall be governed by and construed in accordance with English Law.

EXCLUSIONS

130. Unless the contract contains any statement expressly to the contrary, the provisions of neither the Convention relating to a Uniform Law on the International Sale of Goods, of 1964, nor the United Nations Convention on Contracts for the International Sale of Goods, of 1980, shall apply thereto. Unless the contract contains any statement expressly to the contrary, a person who is not a party to the contract has no right under the Contract (Rights of Third Parties) Act 1999 to enforce any term of it.

NOTICES

131. Any notice to be served by the Seller or the Buyer under these Contract Rules shall be delivered by courier or transmitted by cable, telex or facsimile.

GENERAL

132. Where any Clause in the contract is at variance with a Rule of the Association such Clause shall prevail.

RULES 133-200 NOT YET IN USE

**THE SUGAR ASSOCIATION OF LONDON**  
**RULES TO REGULATE**  
**CANE AND BEET RAW SUGAR CONTRACTS**  
**FOB & STOWED AND FAS**

**GENERAL**

201. Specimen copies of contract forms are set out in Section 6 of these Rules.

**QUANTITY AND DESCRIPTION**

202. The contract shall state the quantity and a general description of the sugar contracted for, as agreed between the Buyer and the Seller.
203. When the crop is not stated in the contract it shall be the current crop at the time of delivery and the sugar shall be a fair average quality of such crop.

**PACKING**

204. When shipment is made in bags the Seller shall ensure that the sugar is packed in sound bags suitable for export. Bag marks, if any, shall not be contrary to the terms of the contract.

**PRICE**

205. The price shall be expressed in the contract.

**SETTLEMENT**

206. Settlement of degrees above and below 96 degrees mean shipping/outurn polarisation shall be calculated on the contract price on the appropriate scale as follows:-

**CANE AND BEET RAW SUGAR CONTRACTS  
FOB & STOWED AND FAS**

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**(a) UNITED KINGDOM SCALE**

For every full degree:-

above 96° to and including 97° add	1.40%
above 97° to and including 98° add an additional	1.40%
above 98° to and including 99° add an additional	1.40%
below 96° to and including 95° deduct	1.50%
below 95° to and including 94° deduct an additional	2.00%
below 94° to and including 93° deduct an additional	2.00%

Fractions of a degree shall be calculated in the same proportion.

**(b) INTERNATIONAL SCALE**

For every full degree:-

above 96° to and including 97° add	1.50%
above 97° to and including 98° add an additional	1.25%
above 98° to and including 99° add an additional	1.00%
below 96° to and including 95° deduct	1.60%
below 95° to and including 94° deduct an additional	2.00%
below 94° to and including 93° deduct an additional	2.50%

Fractions of a degree shall be calculated in the same proportion.

207. Where the destination declared under the contract is one of the following countries final settlement, unless agreed otherwise between the Buyer and the Seller, shall be settled on the basis of landed weights and outturn polarisations:-

<u>Europe</u>	<u>Asia</u>	<u>Australasia</u>	<u>The Americas</u>
Belgium	Japan	New Zealand	Canada
Eire	Malaysia		United States
Finland	Singapore		of America
France			
Germany			
Netherlands			
Portugal			
Sweden			<u>Africa</u>
United Kingdom			Morocco

CANE AND BEET RAW SUGAR CONTRACTS  
FOB & STOWED AND FAS

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LICENCES

208. The Buyer shall be responsible for obtaining and maintaining in force any necessary import licence(s) and the Seller shall be responsible for obtaining and maintaining in force any necessary export licence(s). The failure to obtain and or to maintain in force such licence(s) shall not be sufficient grounds for a claim of force majeure if the regulations in force, at the time when the contract was made, called for such licence(s) to be obtained.

DELIVERY

209. PERIOD OF DELIVERY

- (a) The contract shall clearly state the period within which delivery is to be effected. The Seller shall have the contracted sugar ready to be delivered to the Buyer at any time within the contract delivery period.
- (b) The Buyer having given notice in accordance with the terms of Rule 210 (b) below shall be entitled to call for delivery of the sugar between the first and last working day inclusive of the contract delivery period. If the vessel(s) has presented in readiness to load within the contract delivery period, including any extension thereof allowed under Rule 211(d) and loading has not been completed by the last day of the period, the Seller shall be bound to deliver and the Buyer bound to accept delivery of the balance of the cargo or part cargo up to the contract quantity.

210. PORTS

- (a) The Seller shall have the option of delivering at one or two berths, one safe port, in the country of origin of the sugar or the country from which sugar of that origin is normally shipped unless otherwise agreed between the Seller and the Buyer. The

CANE AND BEET RAW SUGAR CONTRACTS  
FOB & STOWED AND FAS

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berth(s) nominated by the Seller shall be customary safe berth(s) at which vessels can load sugar always afloat.

- (b) The Buyer must give notice (see contract Rule 230) to the Seller of the name(s) of the vessel(s) on which the sugar is to be shipped, the vessel(s) expected time of arrival at the loadport or of the contracted range of loadports and the tonnage to be loaded. Such vessel(s) must comply with the requirements of the International Safety Management (ISM) code and must be classified as 100 A1 at Lloyd's or as of equal class in another recognised register; which register is a full member of the International Association of Classification Societies (IACS). Such notice shall be given by 17.00 hours on a business day at the Seller's place of business, and unless otherwise stated in the contract, not less than ten days before the vessel(s) expected time of arrival at loadport or off the contracted range of loadports. The Buyer shall forward to the Seller a copy of the Charter-party or, if the sugar is to be shipped under liner terms, the Buyer shall so inform the Seller. If requested by the Seller, the Buyer will provide details of vessel(s) characteristics, flag and Charter-party, demurrage/despatch rates prior to the tendering of the vessel's notice of readiness to load.
- (c) The Buyer shall have the right to substitute the vessel declared in accordance with Rule 210 (b) and such substitution shall not be considered as a new declaration provided that the substitute vessel arrives before or no later than 5 days after the expected time of arrival of the originally declared vessel. Should the substitute vessel arrive before the expected time of arrival of the originally declared vessel the notice period effective from the original declaration shall apply. Should the substitute vessel arrive more than 5 days after the expected time of arrival of the

**CANE AND BEET RAW SUGAR CONTRACTS  
FOB & STOWED AND FAS**

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originally declared vessel it shall be considered as a new declaration made on the date of the declared substitution. Should the Buyer call for a greater tonnage to be loaded on the substitute vessel than the originally declared vessel the additional tonnage shall be considered a new declaration made on the date of the declared substitution.

- (d) The Seller must give notice (see contract Rule 230) to the Buyer of the port(s) of loading and such notice shall be given by 17.00 hours on a business day at the Buyer's place of business, and unless otherwise stated in the contract, not less than seven days before the date stated in the notice of the vessel(s) expected time of arrival off the contracted range of loadports and shall advise the Buyer accordingly.
- (e) Unless otherwise stated in the contract laytime shall commence in accordance with the Sugar Charter-party 1999
- (f) The Seller shall not be obliged to commence loading until the expiry of the notice period in 210 (b) or as otherwise agreed in the contract. However, should the Seller choose to commence loading prior to expiry of this notice period then laytime shall count from the next regular working period after the commencement of loading.

**211. POINT OF DELIVERY**

**(a) FOB & Stowed**

The Seller shall deliver the sugar on board stowed and trimmed in the vessel's hold, free of charge, risk and expense to the Buyer, in accordance with the terms of the contract.

CANE AND BEET RAW SUGAR CONTRACTS  
FOB & STOWED AND FAS

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- (b) FAS  
The Seller shall deliver the sugar alongside the vessel(s), free of charge, risk and expense to the Buyer, to within reach of the vessel's tackle and in accordance with the terms of the contract.
- (c) Where shipment is by liner(s), the Seller shall supply cargo to vessel(s) on liner terms in accordance with the custom of the port.
- (d) Should the Buyer fail to declare vessel(s), in accordance with Rule 210(b), to commence loading within the delivery period of the contract (except as provided in Rule 225), the Seller shall have the option, exercisable by notice to the Buyer not less than seven days before the last day of delivery, of either:-
- i) delivering the sugar to the Buyer in suitable warehouse(s), the Buyer being bound to accept such delivery and to reimburse the Seller for the proved additional cost of holding over the sugar. The sugar shall be at the Buyer's risk from the point at which the sugar is delivered in suitable warehouse(s). The Seller shall insure the sugar in store against fire, lightning, strikes, riots and civil commotion at the Buyer's expense for a minimum period of fifteen days, or
  - ii) extending the delivery period by fifteen days, the Buyer being bound to reimburse the Seller for the proved additional costs of holding over the sugar.
- (e) Should the Buyer still fail to declare vessel(s) in accordance with Rule 210(b) to load within the extended delivery period referred to in (d)(ii) above, (except as provided in Rule 225) the Seller shall have the right of either:-

**CANE AND BEET RAW SUGAR CONTRACTS  
FOB & STOWED AND FAS**

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- i) delivering the sugar in warehouse(s) as in (d)(i) above, or
  - ii) re-purchasing the sugar at the contract price, less the proved additional cost of holding over the sugar, or
  - iii) re-purchasing the sugar at the market value ruling on the last market day of the extended contract delivery period, less the proved additional cost of holding over the sugar.
- (f) Should the vessel(s) declared by the Buyer, in accordance with Rule 210(b) or a substitute declared in accordance with Rule 210 (c) fail to arrive at the loadport(s) within the delivery period (except as provided in Rule 225) the Seller shall have the choice, exercisable by notice to the Buyer the next business day following the end of the delivery period of either option specified in (d)(i) and (ii) above. Should the vessel(s) still fail to present in readiness to load within the extended delivery period referred to in (d)(ii) above the Seller shall have the right to choose one of the options specified in (e)(i), (ii) and (iii) above.
- (g) Should the Seller fail to exercise his option under (d) above within the period specified therein, he shall be deemed to have exercised it in favour of (d)(ii) above.
- (h) Where delivery is effected in accordance with (d)(i) transfer of the sugar from the suitable warehouse(s) to the Buyer's vessel FOBS/FAS shall be undertaken by the Seller without extra charge.
- (j) Where delivery is made into warehouse(s), the contract quantity must be adhered to without latitude.

CANE AND BEET RAW SUGAR CONTRACTS  
FOB & STOWED AND FAS

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- (k) The short delivery of any portion of a contract shall in no case entitle the Buyer to reject the quantity delivered, but he shall not be debarred from claiming damages in respect thereof.
212. The contract quantity may be shipped on one or more vessels and any shipment may be made either as a full cargo or a part cargo.
213. If the contract clearly states that the tonnage is subject to a latitude for chartering purposes only on the quantity shipped by chartered vessels then, unless otherwise agreed, the following provisions shall apply:-
- i) where the contract quantity is shipped on one vessel as a full cargo, unless otherwise stated in the contract, the quantity shall be subject to a latitude of five per cent more or less.
  - ii) where the contract quantity is shipped on more than one vessel, the quantity shipped on the last vessel to load shall, unless otherwise stated in the contract, be subject to a latitude of five per cent more or less if that shipment constitutes a full cargo but not if it is a part cargo.
  - iii) where the contract quantity is shipped on one vessel as a part cargo, the quantity shall not be subject to any latitude.
  - iv) where the quantity loaded on one vessel includes sugar shipped under more than one contract, no latitude shall be allowed even if the total quantity loaded constitutes a full cargo.

**CANE AND BEET RAW SUGAR CONTRACTS  
FOB & STOWED AND FAS**

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- v) where the quantity loaded on one vessel includes sugar shipped under more than one contract by one or more Sellers to one or more Buyers, no latitude shall be allowed.
214. All extra costs resulting from overtime, including Supervisor's overtime when incurred, shall be for account of the party ordering the overtime work. In cases where overtime is ordered by the Port Authority all extra costs resulting therefrom shall be for account of the Seller at loading port and the Buyer at discharge port.
215. Where a contract provides for shipment by instalments, each instalment shall be deemed a separate contract. In case of delay or failure in delivery of any one or more instalments the Buyer shall not be entitled to cancel the entire contract or any outstanding instalments in respect of which there is no such delay or failure. However, should the Buyer fail to make payment for any instalment in accordance with the contract, the Seller shall be entitled to withhold further deliveries without prejudice to his rights under the contract.
- 216.(a) Marine, Strikes and War Risks Insurance shall be effected by the Buyer at the contract price plus five per cent with Lloyd's and/or first class insurance companies on:-

Institute Commodity Trades Clauses (A)  
Institute Strikes Clauses (Commodity Trades)  
Institute War Clauses (Commodity Trades)

as set out in Section 5 of these Rules.

**CANE AND BEET RAW SUGAR CONTRACTS  
FOB & STOWED AND FAS**

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- (b) The Buyer shall be responsible for covering insurance from warehouse to warehouse upon declaration of vessel(s). The policy shall be for the Seller's as well as the Buyer's protection from point of delivery, as defined in Rule 211 (a),(b) and (c), until payment is made in full, pending which the Buyer shall, as regards the Seller's interest, hold the Policy and the proceeds of any claims in trust for the Seller. The Buyer shall furnish documentary evidence of compliance with the above if requested by the Seller. Should the Buyer fail to comply with such request the Buyer shall be responsible for the Seller's proven costs if the Seller arranges for equivalent insurance protection.
- (c) Any claims under the Policy shall be payable in the currency of the contract.
217. In case of total loss of a consignment where the contract provides for settlement on landed weights and outturn polarisations, the Buyer shall be invoiced at the contract price for the full shipped weight of that consignment plus five per cent.
218. Where part of a consignment is landed in damaged condition and the contract provides for settlement on landed weights and outturn polarisations, then:-
- (a) in the case of bulk shipments, the Buyer shall be invoiced for the damaged sugar on the basis of the actual landed weight of the damaged sugar and the average polarisation of the sound sugar
- (b) in the case of bagged shipments, the Buyer shall be invoiced for the damaged bags at the average landed weight and outturn polarisation of the sound bags.

CANE AND BEET RAW SUGAR CONTRACTS  
FOB & STOWED AND FAS

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Insurance proceeds in respect of loss of weight shall be for the Seller's account in the case of bulk shipments and for the Buyer's account in the case of bagged shipments. Insurance proceeds in respect of depreciation in value shall be for the Buyer's account in either case.

219. (a) Where the whole of a consignment is landed in damaged condition and the contract provides for settlement on landed weights and outturn polarisations, payment shall be made against a provisional invoice based on the net landed weight at the contract price and tel quel. Insurance proceeds in respect of loss of weight shall be for the Seller's account and insurance proceeds in respect of depreciation of value shall be apportioned between the Seller and the Buyer having regard to the outturn polarisation which could reasonably have been expected if such damage had not occurred.
- (b) In the case of bulk shipments, loss in weight or shortage arising from an insured peril shall be subject to the deduction of an ordinary or normal loss based on the previous outturns of a representative number of previous sound shipments. In the event that there is no representative number of sound shipments then the deduction of one-half per cent of the total Bill of Lading weight or other amount as agreed between the Buyer and the Seller in the contract shall be applied.

DOCUMENTS

220. (a) The following basic documents are to be presented by the Seller:-
- i) a complete set of clean "on board" Bills of Lading
  - ii) Certificate of Origin or, in the case of shipments of Preferential Sugars to the EU, an EUR 1 Form.

CANE AND BEET RAW SUGAR CONTRACTS  
FOB & STOWED AND FAS

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- iii) Certificate of Weight and Quality (for contracts where shipping weights and tests apply).
- iv) Commercial Invoice.
- (b) In addition to the above documents the Seller shall, if requested not later than seven days prior to the commencement of loading of the vessel, include in the presentation for payment other documents customarily required by, and acceptable to, the Authorities in the country of destination. Any such additional documents requested with less than the above notice shall be supplied by the Seller as soon as possible but absence of such additional documents due to short notice shall not preclude payment.
- (c) If requested by the Buyer, the Seller shall have any documents referred to in (a)(ii),(iii) or (iv) or in (b) above visaed in accordance with the requirements of the country of destination. Any costs incurred in obtaining additional documents in accordance with (b) above and any visa charges shall be for the Buyer's account. The Seller shall not be responsible if, for reasons beyond his control, any additional documents referred to in (b) above or any visas are unobtainable and inability by the Seller to obtain such documents or visas shall not preclude payment.

PRESENTATION OF DOCUMENTS AND PAYMENT

- 221. (a) The terms and conditions of payment as agreed between the Seller and the Buyer shall be clearly stated in the contract.
- (b) Notice of intention to present documents for payment must be given to the Buyer not later than 12.00 hours local time on business days at the place of presentation of documents.

CANE AND BEET RAW SUGAR CONTRACTS  
FOB & STOWED AND FAS

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- (c) Documents for payment on the same business day as the notice at (b) above shall be presented to the Buyer not later than 14.00 hours local time at the place of presentation of documents. The Seller shall not be liable for charges incurred as a result of the goods arriving at the port of discharge prior to the receipt of documents provided they have been passed on without delay.
222. (a) Documents evidencing proper fulfilment of the terms of a contract and tendered for payment in accordance with Rule 221 (b) and (c) above shall be paid for on presentation. In all cases, unless otherwise stated in the contract, payment shall be made without any deduction and/or set-off whatsoever and such payment shall not prejudice any claim or dispute to be referred to arbitration. Should the Buyer fail to pay on presentation of documents the Seller may resell the sugar for account of whom it may concern.
- (b) For shipments to the United Kingdom payment shall be made in accordance with Rule 221 above by cash on first presentation of documents to the Buyer for ninety-eight per cent of the provisional invoice amount made out on the net Bill of Lading weight at the contract price stated in the contract. The balance shall be settled promptly against the final invoice.
223. In the event of the Seller delivering the sugar to a suitable warehouse(s) as provided in Rule 211 (d) (i), the Buyer shall pay:-
- (a) in the case of a shipping weight contract one hundred per cent of the invoice amount, and

CANE AND BEET RAW SUGAR CONTRACTS  
FOB & STOWED AND FAS

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- (b) in the case of an outturn weight contract ninety-eight per cent of the provisional invoice amount (based on the net weight delivered in the warehouse(s) at the contract price stated in the contract).
- (c) in the event that the destination has not been declared then the Seller shall be entitled to be paid in accordance with (a) above.

Payment shall be made against presentation of proven documents of title in warehouse in lieu of Bill of Lading. In the event of an outturn weight contract, the balance shall be settled without undue delay against the final invoice.

TITLE

- 224. Title to goods shall not pass until Seller has received payment for goods in accordance with Seller's instructions.

FORCE MAJEURE

Where the contract specifies the place of origin of the sugar and, in the case of any other contract, once the Seller has declared an origin, the following Rules shall apply:-

- 225.(a) Should war, strikes, rebellion, insurrection, political or labour disturbances, civil commotion, fire, stress of weather, act of God or any cause of force majeure (whether or not of like kind to those before mentioned) beyond the Seller's control prevent directly or indirectly within the Contract delivery period specified in the contract the supply to or delivery at shipping port in

CANE AND BEET RAW SUGAR CONTRACTS  
FOB & STOWED AND FAS

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whole or in part of the sugar allocated by the Seller against the contract, the Seller shall immediately notify the Buyer (in accordance with Rule 230) of such fact and the quantity so affected. If the Seller is prevented from advising the Buyer immediately through circumstances beyond his control, he shall notify the Buyer as soon as possible. Upon giving such notice, the contract delivery period shall be extended as follows:

- i) where the force majeure event(s) prevents performance for up to 3 days, the contract delivery period shall be extended by 7 days.
- ii) where such event(s) prevents performance for more than 3 days, the contract delivery period shall be extended by 45 days.

The Seller shall notify the Buyer immediately that the force majeure event(s) terminates. If delivery is still prevented at the end of the 45 day extended contract delivery period, the contractual rights and obligations of the parties shall be cancelled, save only that the sugar shall be invoiced back at the prevailing market price at the end of the extended period or at such price as an arbitration tribunal in its absolute discretion decides. If the invoicing back price is higher than the contract price, the difference shall be paid by the Seller to the Buyer. If the invoicing back price is lower than the contract price, the difference shall be paid by the Buyer to the Seller.

The provision shall apply notwithstanding the occurrence of events which would otherwise frustrate the contract.

CANE AND BEET RAW SUGAR CONTRACTS  
FOB & STOWED AND FAS

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- (b) Should the Buyer be prevented from accepting delivery of the whole or part of the sugar within the contract delivery period by reason of loss or delay of the vessel(s) declared due to war, strikes, rebellion, insurrection, political or labour disturbances, civil commotion, fire, stress of weather, act of God or any cause of force majeure (whether or not of like kind to those before mentioned) beyond the Buyer's control the Buyer shall immediately notify the Seller (in accordance with Rule 230). If the Buyer is prevented from notifying the Seller immediately through circumstances beyond his control, he shall notify the Seller as soon as possible. Upon giving such notice, the contract delivery period for the affected quantity shall be extended, without extra charge to the Buyer, as follows:
- i) where the force majeure event(s) prevents the Buyer from accepting delivery for up to 3 days, the contract delivery period shall be extended by 7 days.
  - ii) where such event(s) prevents the Buyer from accepting delivery for more than 3 days, the contract delivery period shall be extended by 21 days.

The Buyer shall notify the Seller immediately that the force majeure event(s) terminates. If the Buyer is still prevented from taking delivery at the end of the 21 day extended contract delivery period then the Seller shall deliver and the Buyer shall accept delivery in a suitable warehouse(s) or, by mutual agreement at some other convenient point. The

CANE AND BEET RAW SUGAR CONTRACTS  
FOB & STOWED AND FAS

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Seller shall insure the sugar in store against fire, lightning, strikes, riots and civil commotion at the Buyer's expense for a minimum period of fifteen days and the Buyer shall reimburse the Seller for the whole of the proven cost of holding over the sugar during the extended period of twenty-one days, but transfer of the sugar from a suitable warehouse(s) to the Buyer's vessel FOBS/FAS shall be undertaken by the Seller without extra charge.

- (c) If performance of the contract is prevented by a force majeure event more than once during the contract delivery period (as extended in accordance with these Rules) the provisions of these Rules shall apply to each such event. However, in no circumstances shall that contract delivery period be extended for more than the periods allowed under Rules 225 (a) ii) and 225 (b) ii).
- (d) The party claiming force majeure shall within fourteen days from the initial notification of the facts relied upon deliver to the other party evidence of the existence of those facts. If evidence is not delivered in accordance with this provision, the right to invoke force majeure shall be forfeited unless an arbitration tribunal in its absolute discretion decides otherwise.

TAXES AND LEVIES

- 226. (a) Any existing or future taxes, or levies in the nature of taxes, whether on sugar, freight or shipping imposed by the country of origin shall be for the account of the Seller.
- (b) Any existing or future taxes, or levies in the nature of taxes, whether on sugar, freight or shipping imposed by the country of destination shall be for the account of the Buyer.

CANE AND BEET RAW SUGAR CONTRACTS  
FOB & STOWED AND FAS

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ARBITRATION

227. Any dispute arising out of or in connection with a contract which is subject to these Rules shall be referred to arbitration before The Sugar Association of London for settlement in accordance with the Rules Relating to Arbitration. Such arbitration shall be conducted in accordance with English Law. The Contract Rules of the Association in force at the time the Contract was made shall apply to any reference to arbitration.

GOVERNING LAW

228. The Contract and these Contract Rules shall be governed by and construed in accordance with English Law.

EXCLUSIONS

229. Unless the contract contains any statement expressly to the contrary, the provisions of neither the Convention relating to a Uniform Law on the International Sale of Goods, of 1964, nor the United Nations Convention on Contracts for the International Sale of Goods, of 1980, shall apply thereto. Unless the contract contains any statement expressly to the contrary, a person who is not a party to the contract has no right under the Contract (Rights of Third Parties) Act 1999 to enforce any term of it.

NOTICES

230. Any notice to be served by the Seller or the Buyer under these Contract Rules shall be delivered by courier or transmitted by cable, telex or facsimile.

GENERAL

231. Where any Clause in the contract is at variance with a Rule of the Association such Clause shall prevail.

RULES 232 -300 NOT YET IN USE.