

THE PALM OIL REFINERS ASSOCIATION OF MALAYSIA
801C/802A, 8th FLOOR, BLOCK B, EXECUTIVE SUITES,
KELANA BUSINESS CENTRE 97, JALAN SS7/2,
47301 KELANA JAYA, SELANGOR, MALAYSIA

CIF CONTRACT FOR
PROCESSED PALM OIL PRODUCTS IN DRUMS

ORIGIN:

Revised and Effective
1st August 2022

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Seller :

Buyer :

Broker :

Reference No:

* An asterisk denotes alternative wordings and those not applicable should be deleted.

The Seller has agreed to sell and the Buyer has agreed to buy the following products on terms and conditions as stipulated hereunder:

Contract No:		Date:	
Product:			
Quantity in MT	Shipment Period	Destination	Price (CIF) PMT
Packaging:		Type of Drum:	
Product Specifications:		Special Conditions:	
<p>The specifications shall be those established by The Palm Oil Refiners Association of Malaysia (PORAM) as standard for the export of these products and in force at the date of contract and always provided they are not in contradiction with the above.</p> <p>The FFA content shall be expressed as follows:</p> <p>If as palmitic acid, calculated on a molecular weight of 256; If as oleic acid, calculated on a molecular weight of 282.</p>			

Payment at Seller's Bank in Malaysia

- * (i) in accordance with the provisions of paragraph (a) of the Payment Clause;
- * (ii) in accordance with the provisions of paragraph (b) of the Payment Clause;
- * (iii)

1. **QUANTITY**

Seller has the option of shipping 1% more or less of the contract quantity. Such variance shall be settled at the contract price.

2. **QUALITY**

At time and place of sampling the oil shall be of good merchantable quality within the meaning of the description and specifications stated in the preamble. Unless so stated, or otherwise agreed between the parties and confirmed in writing, the oil is not warranted to be suitable for any specific end-use or to conform to any particular analytical criteria not mentioned above.

3. **SHIPMENT AND CLASSIFICATION**

Shipment in good condition, direct or indirect, with or without transshipment in ship/s (tankers excluded), classified not lower than Llyods 100A1 or equivalent class in any other recognised register. In the event of more than one shipment being made, each shipment is to be considered as a separate contract but the margin on the mean contract quantity shall not be affected thereby. For the purposes of this contract, the word 'ship' or 'ships' shall mean any full-powered engine-driven ship. In the event shipment is by container, fit and suitable containers and freight space shall be provided at the port of loading.

4. **DECLARATION OF SHIPMENT**

Notice stating the ship's name, date of Bill(s) of Lading, and quantity shipped shall be despatched by Seller to Buyer not later than 10 calendar days from the date of the Bill(s) of Lading. The date of the "on board" Bill(s) of Lading shall be considered proof of the date of shipment in the absence of conclusive evidence to the contrary. Notice shall be deemed to be under reserve for errors and/or delays in transmission. Any slight variation in the ship's name shall not invalidate the declaration. A valid declaration cannot be withdrawn except with Buyer's consent. Should the ship arrive before receipt of declaration of shipment, any extra expenses as incurred shall be borne by Seller.

5. **EXTENSION OF SHIPMENT / CONTINUOUS LOADING**

Where the shipment period does not exceed 31 calendar days the period of shipment shall, at the request of Seller, be extended by an additional period not exceeding 15 calendar days provided notice is given to Buyer of the intention not later than the first business day following the last day of the original shipment period. Seller shall at the same time nominate the ship he intends to load and shall provide, together with shipping documents satisfactory evidence that the ship was originally booked for shipment within the original shipment period. Should Seller not claim the above extension and fails to ship within the shipment period, Seller shall be deemed to be at default.

In the event that Seller claims for the extension and fails to ship within the extended period, Seller is deemed to be in default.

6. **SHIPPING INSTRUCTIONS**

Buyer shall provide Seller with the following instructions within 7 calendar days of the date of contract:

- (a) Shipping marks and numbers
- (b) Notifying party
- (c) Buyer's banker's name and address in event of payment being cash on presentation of documents.

7. **INSURANCE**

Sellers shall cover Marine Insurance with first class underwriters against All Risks (warehouse to warehouse basis) in accordance with the Institute/FOSFA Trade Clauses (A) including the risk of contamination and risks of war, strike, riots and civil commotion.

Insurance in accordance with the Institute/FOSFA Trades Clauses (A) and the Institute War Clauses (FOSFA Trades) to be effected at Sellers' option with first class underwriters or companies but for whose solvency the Sellers shall not be responsible.

8. **WAR RISKS INSURANCE**

War Risks Insurance shall be effected on the terms and conditions in force and approved at the time of shipment by the Institute of London Underwriters. Any expense for covering war risks insurance in excess of 1/2% shall be for account of Buyer. The rate of insurance shall not exceed the rate ruling in London at the time of shipment or date of ship's sailing whichever may be adopted by Underwriters. Notice of extra expenses to be borne by Buyer shall be given by Seller at the time of declaration under this contract or not later than 3 business days after the rate has been agreed with Underwriters whichever is the later. Failure to give such notice shall invalidate Seller's claim unless in the opinion of arbitrators the delay is justifiable.

9. **SAMPLING AND ANALYSIS**

Representative samples of the oil shall be drawn from 10% of the total quantity of the packed drums selected at random by independent surveyors at Seller's premises.

The sample so drawn shall be in quadruplicate (1 for contractual analysis, 1 for the shipper and 2 to be retained by the surveyors) of the oil packed, at time of weighing.

Buyer has the right to be represented at his own cost at time of sampling at Seller's premises to draw samples conjointly with Seller's representatives. If Buyer is so represented, only samples drawn and sealed conjointly shall be accepted as official contract samples for analysis purposes.

In the event of any dispute on quality analysis, the samples retained by the surveyors shall be referred to the Malaysian Palm Oil Board (MPOB) laboratory, whose analysis shall be final.

10. PAYMENT

Payment shall be made as stipulated in the preamble for 100% of the invoice value against a complete set of shipping documents.

*(a) by irrevocable and confirmed Letter of Credit unrestricted for negotiation established in Seller's favour through a recognized bank for 101% of the mean contract quantity. Unless otherwise agreed between the parties, such credit shall be advised and available to Seller not later than 10 calendar days from date of contract. Should the credit be opened on terms inconsistent with the contract, Seller may demand amendments which shall be arranged by Buyer and notified to Seller through the credit opening bank within 7 calendar days of the demand being received. The Letter of Credit shall provide for the following:

- (i) Telegraphic Transfer reimbursement allowed
- (ii) Partial shipment allowed
- (iii) Shipment on Deck allowed

*(b) by cash on presentation of documents.

Seller shall present documents to Buyer through a bank nominated by Buyer. All bank charges at Seller's bank are for Seller's account and all bank charges at Buyer's bank are for Buyer's account. Buyer shall arrange payment by telegraphic transfer (TT) at Buyer's cost.

Unless otherwise agreed shipping documents shall consist of the following in triplicate:

1. Commercial invoice;
2. Full set of clean and prepaid 'on board' Bill(s) of Lading;

If Bill(s) of Lading is signed by parties other than the Master, the Bill(s) of Lading shall be accompanied by photostat copy of written authority from shipowner or Master authorising the signatory to the Bill(s) of Lading;
3. Policy of Insurance Certificate in the currency of contract;
4. Certificate of quantity of drums loaded on board ascertained at port of loading and issued by a recognised independent surveyor;
5. Survey report issued by a recognised independent surveyor, certifying the weight and particulars as to time and place of weighing and sampling;
6. Certificate of analysis, issued by a recognised independent laboratory;
7. Certificate of Origin.

Buyer is to accept certified photostatic copies of items (4), (5) and (6) relating to the shipment.

Should documents be presented with incomplete set(s) of Bill(s) of Lading, payment shall be made provided that delivery of such Bill(s) of Lading be guaranteed by Seller. Such guarantee to be endorsed, if required by Buyer by a recognised bank. Acceptance of this guarantee shall not prejudice Buyer's rights under this contract.

Should Seller fails to present shipping documents on arrival of the ship at destination, Buyer shall take delivery under an indemnity provided by himself and shall pay for the documents when presented.

Any reasonable expenses as incurred including costs of such indemnity and extra handling charges incurred by reason of failure of the Seller to provide such documents shall be borne by Seller.

SAMPLE

11. INTEREST

If payment is not made by due date, interest shall be payable at the rate of 10% per annum.

Nothing in this clause shall affect a party's right to invoke the provisions of the Default Clause in a case where a failure to effect timely payment could give rise to a claim under that clause.

12. DUTIES, TAXES ETC.

All export duties, levies etc., present or future in country of origin/port of shipment shall be for Seller's account.

All import duties, taxes, levies, licenses etc., present or future in port of discharge/country of destination shall be for Buyer's responsibility and account.

Where the goods are entitled to free entry into or preferential duty in the port of destination named in this contract, Seller shall furnish together with the shipping documents a Certificate of Origin and/or necessary document(s) in the form valid at time of shipment, otherwise Seller shall be responsible for any extra duty incurred by Buyer through the non-production of such certificate and/or documents.

13. NOTICES

Where the terms of the contract require notice to be given, such notice shall be despatched by cable, telegram, telex, facsimile, email, post or courier service or delivered by hand within the time limit specified in the contract. All notices shall be under reserve for errors and omissions in transmission or delivery. Any notice received after 1600 hours Malaysian time on a business day shall be deemed to have been received on the following day.

14. NON-BUSINESS DAYS

Should the time limit for doing any act or giving any notice expire on a Saturday, Sunday or any National Gazetted Public Holiday in Malaysia, the time so limited shall be extended until the first business day thereafter. All business days shall be deemed to end 1600 hours Malaysian time Monday to Friday inclusive. This clause shall however not be applicable to the contract period.

15. ODD DAYS

In any month containing an odd number of days, the middle day shall be reckoned as belonging to both halves of the month.

16. DEFAULT

In default of fulfilment of the contract by either party, the other party at his discretion shall, after giving notice, have the right either to cancel the contract or the right to sell or purchase, as the case may be, against the defaulter who shall on demand make good the loss, if any, on such sale or purchase. If the party liable to pay shall be dissatisfied with the price of such sale or purchase, or if neither of the above right is exercised, the damage if any, shall, failing amicable settlement, be determined by arbitration. The damages awarded against the defaulter shall be limited to the differences between the contract price and the market price on the day of the default but if the Arbitrator(s) consider the circumstances of the default justify it, they may at their absolute discretion, award additional damages.

17. **BANKRUPTCY**

If before the fulfilment of this contract either party shall suspend payment, commit an act of bankruptcy, notify any of his creditors that he is unable to meet his debts or that he has suspended payments or that he is about to suspend payment of his debts, convene, call or hold a meeting either of his creditors or to pass a resolution to go into liquidation (except for voluntary winding up of a solvent company for the purpose of reconstruction or amalgamation) or shall apply for an official moratorium, have a petition presented for winding up or shall have a Receiver appointed, he shall be deemed to be and shall be treated as being at default and the contract shall forthwith be closed, either at the market price then current for similar goods or, at the option of the other party, at a price to be ascertained by repurchase or resale and the difference between the contract price and such closing-out price shall be the amount which the other party shall be entitled to claim or shall be liable to account for under this contract. Should either party be dissatisfied with the price, the matter shall be referred to arbitration. Where no such resale or repurchase takes place, the closing-out price shall be determined by a Price Settlement Committee of The Palm Oil Refiners Association of Malaysia.

18. **PROHIBITION**

In the event, during the contract period, of prohibition of export or any other executive or legislative act by or on behalf of the Government of the country of origin or of the territory where the port(s) of shipment name herein is/are situated, or of blockade or hostilities, restricting export whether partially or otherwise, any such restriction shall be deemed by both parties to apply to the contract and to the extent of such total or partial restriction to prevent fulfilment whether by shipment or by any other means whatsoever and to that extent the contract or any unfulfilled portion thereof shall be extended by 30 calendar days.

In the event of shipment during the extended period still proved impossible by reason of any of the causes in this clause the contract or any unfulfilled part thereof shall be cancelled. Seller invoking this clause shall advise Buyer with due despatch. If required, Seller must produce proof to justify his claim for extension or cancellation under this clause.

19. **FORCE MAJEURE**

Should the performance of the contract be prevented by reason of fire, strikes, lockouts, riots, civil commotion, floods and/or any cause comprehended in the term force majeure, the contract period shall be extended for a period equal to the duration of the disabling event but not exceeding a period of 60 calendar days. If the force majeure event ends within 21 calendar days preceding the end of the extended period, then a further 21 calendar days shall be allowed after the termination of the force majeure event.

Should the fulfilment of the contract not be possible within the extended period, the contract or any unfulfilled part thereof shall be deemed to be null and void at the end of such extended period.

20. **DOMICILE**

The contract shall be deemed to have been made in Malaysia and the construction, validity and performance thereof shall be governed in all respect by Malaysian Law, which shall have exclusive jurisdiction wherever the domicile, residence or place of business of the parties to the contract may be or become.

21. **ARBITRATION**

Any dispute arising out of this contract, including any question of law arising in connection therewith, shall be referred to arbitration in Malaysia (at the PORAM Secretariat or elsewhere if so agreed), in accordance with the PORAM Rules of Arbitration and Appeal in force at the date of the initiation of the arbitration with the parties hereby agreeing that the arbitration shall be deemed an International Arbitration. The seat of the arbitration shall be Malaysia and the Malaysian Arbitration Act 2005 ("the Act") or any reenactment thereof shall apply to any arbitration under this contract. The parties hereto further agree that Part III of the Act shall not apply to any arbitration under this contract.

Neither party hereto, nor any persons claiming under either of them shall bring any action or other legal proceedings against the other of them in respect of any such dispute until such dispute shall first have been heard and determined by the Sole Arbitrator/Panel of Arbitrators/Appeal Board (as the case may be), in accordance with the PORAM Rules of Arbitration and Appeal and it is hereby expressly agreed and declared that the obtaining of an award from the Sole Arbitrator/Panel of Arbitrators/Appeal Board (as the case may be), shall be a condition precedent to the right of either party hereto or of any person claiming under either of them to bring any action or other legal proceedings against the other of them in respect of such dispute.

As Seller:

As Broker:

As Buyer: