



CHAPTER 3

INTERNATIONAL TRADE

Objectives:

After studying this chapter you should be able to understand:

- 3.1 Introduction in international trade**
- 3.2 Contracts**
- 3.3 Financial documents**
- 3.4 Commercial documents**
 - 3.4.1 Internal documents***
 - 3.4.2 Shipping documents***
 - 3.4.3 Insurance documents***
 - 3.4.4 Other commercial documents***

3.1 Introduction in international trade

We will discuss the most simple methods of payment and we will focus on the needs of importers and exporters, who are often more complex. Bankers need to understand the additional risks the international trade involves, how these risks may be diminished and the procedures for financing and settling international payments.

First time exporters and importers, in particular, will be looking for advice and guidance as well as finance and you will have to be prepared to provide this information or to point them in the right direction. International businesses will require an effective mean of dealing with the documentation and settlement, competitive finance, insurance against a variety of risks, new markets reports and status reports on new customers and suppliers.

The two main problems, except exchange risk, the importer and exporter are facing are time and distance. Bearing in mind these two major constraints of time and distance, businesses should consider the potential problems under four main headings:

- a) the market;
- b) the buyer or supplier;
- c) transportation;
- d) payment method.

a) The Market

Exporters need as much information as possible about overseas markets. They should consider:

- language;
- local trade standards and technical specifications;
- law system;
- import duties and restrictions;
- local and international competition.

b) The buyer or supplier

The exporter wishes to ascertain whether the buyer is trustworthy and reliable. If the transaction is based on credit terms, the credit worthiness of the buyer will have to be assessed. Importers need reassurance as to the reliability of suppliers and the quality of their goods.

c) The transportation

Both the importer and the exporter are concerned not only about the method of transportation to be used and its cost, but also who is going to pay the bill and the insurance.

d) The payment

The method of payment will have to be agreed between the buyer and the seller.

The impact of any exchange control restrictions on the transaction, the foreign exchange risk must also be taken into account, because they may delay or prohibit payment.

So, even experienced international companies have a constant need for information about markets, customers, rules and regulations in foreign countries. But they will have the advantage of knowing where to seek information. Many of the larger banks have their own economic information department, which provides reports on a wide variety of countries and industries. Banks are also able to obtain status reports on prospective buyers or suppliers and provide letters of introduction to branches of their own or their correspondent banks abroad.

3.2 Contracts

A **sales contract** is an agreement whereby the ownership of property is transferred from one person to another, for a sum of money, or price. The sales contract may assume the form of a verbal understanding subsequently confirmed in writing or not. The contract comes into force only when it bears the signatures of both parties, the seller and the buyer.

When goods or services are being bought or sold on an international basis, the transaction is subject to a contractual agreement between the buyer and the seller. Under the United Nations Convention on the international sales contract of goods (Vienna 1980), the international character of the contract is determined *by the fact that the contracting parties have the headquarters in different states.*

Generally, **the international sales contract of goods represents** the agreement between two parties, having the *headquarters* in different states, by which one of the parties (the exporter) is obliged to transfer to the other party (the importer) the ownership of property of a good or service, against the payment of a price.

Taking into consideration the object of a commercial transaction, contracts can be: contract for works execution; deposit contract; mandate contract; transport and international shipping contract; tourism contract etc.

The contract includes a description of the items being bought or sold, the method of payment agreed upon and where responsibility lies for arranging transport and insurance.

The contract will also stipulate what documents should be delivered to the buyer and what these documents should contain.

A contract¹ includes the following elements:

- title and preamble;
- contract clauses (e.g.: parties involved, object, price);
- annexes containing judicial, financial and technical details.

The draft of a contract includes (see *Annex no. 1* which include different *models of contracts*):

1. *Contracting parties*: the buyer and the seller;
2. *Contract object*: description, quality, quantity, specifications, origin, packing;
3. *Price*: unit price, total price, legal tender/currency of the price;
4. *Terms of delivery*;
5. *Terms of payment*: at sight/term/on time. Means of payment: L/C, collection, bill of exchange etc.;
6. *Law*: seller's/ buyer's or a third party law, the Vienna Convention, arbitration;
7. *Validity*;
8. *Signatures*.

¹ Popa Ioan – Tranzacții comerciale internaționale Ed. Economica, București, 1997, p. 137

The object of a contract is the good or service. Negotiating the contract represents the identification of the goods by determining the quantity, quality, packaging, mark as well as the duties of the two parties concerning the goods. In Annex no. 1, you can also notify the difference between a loan contract and a sales contract. In the first case, the object of the contract is the loan, money, and in the second the goods or services.

The quantity of the goods is stipulated using the standard units of measurement. In the contract there is stipulated also the place where the quantity will be determined as well as the document that indicates the quantity of goods delivered by the exporter. The commercial practice and the nature of the goods govern the selection of measuring units. Quantity is generally expressed in units of measure: long measure, area square measure, volume, cubic measure, weight, in number of pieces etc.

There are some traditional measures still in wide use. E.g.: cotton is sold by the bale; timber by the standard or cu.m.; coffee by the bag (of 70 kilos); crude oil by the barrel; flour by the sack (of 100 kilos); grain by the bushel or by the ton etc. A tolerance of 3 to 10 per cent more or less is frequently allowed.

In international commercial use there are several ways of determining *the quality of goods*, such as:

- *By description* (raw materials, machinery and installations etc.) meaning details of the technical features of the goods;
- *By sample*: the seller gives to the buyer a sample. The goods delivered must be the same like the sample;
- *By trade mark* etc.

The contract stipulates the *type of packaging*: whether the packaging will become the property of the buyer or not. Concerning the packaging there are some clauses: “net” (free) – the cost of packaging is included in the cost of goods; “net plus packaging” – the seller establishes a separate price for the packaging.

The price is an important element of the contract. Price is the money expression of the goods value. It represents the importer’s obligation of payment. It can be expressed per unit or as a global amount. Under a contract of sale, the price may be:

1. a specified price set forth in figures and applying to a specified amount of goods (a unit of weight, long measure square measure etc.);
2. a determinable price, the contract specifying only the elements that serve to calculate the price, e.g.: the average price the goods have fetched in a specified market in the last three months.

The contracting parties establish the place and the moment when the goods together with the risks of delivery should be exchanged and the moment when payment should be made. The place of delivery is the place where the property of the goods and the risks are transferred from the seller to the buyer. The place of delivery is established in the contract. The moment or the time of delivery is the date when the seller is to deliver the goods and the buyer is to take delivery of the goods, which are the object of the commercial transaction. Deliveries may be:

1. prompt deliveries – which require the goods to be delivered immediately on the conclusion of the contract;
2. forward (future) deliveries may be:
 - a) on a stated date (e.g.: on the 15th of March);
 - b) within a certain time (e.g.: by the end of...);
 - c) on the occurrence of a certain event (e.g.: within 45 days from the date of the export license etc.).

The seller may also establish in the contract whether the delivery is partial or total. Non-observance of the terms of delivery (time or place) ensures material prejudices called penalties.

Therefore, the delivery clause should be clearly stated in the contract to avoid misinterpretation or disputes which are likely to arise during the carrying out of the contract.

The price for the goods paid by the importer will include the cost of production and an element of profit but it could include other costs as well (handling, transportation, and insurance).

The sales contract between the exporter and importer should specify what costs are actually being included in the price quotation and what costs are to be borne by the importer.

The International Chamber of Commerce from Paris published some international terms in 1936. They were called **Incoterms** 1936, and they were reviewed in 1953, 1967, 1976, 1980, 1990 and 2000.

The purpose of Incoterms trade is that different countries have different interpretations of the same contract wording, and this problem can only be solved by creating a set of internationally agreed terms.

Incoterms are not incorporated into national or international law, but they can be made binding on both buyer and seller, provided the sales contract specifies that a particular Incoterms will apply.

There are 14 different Incoterms² and each term sets out the obligations of the seller/exporter, and the responsibilities of the buyer.

Sending goods from one country to another, as part of a commercial transaction, can be risky for both parties involved. If the goods are lost or damaged, or in the case of non delivery caused by some other reason, the trust between the two parties could deteriorate and result in Court action.

When drawing up a contract, if the buyer and the seller specifically include one of the ICC Incoterms, they make sure that their respective responsibilities are simply and clearly defined, thereby eliminating any possibility of misunderstanding and disputes, that can often lead to expensive and time wasting litigation.

Incoterms 2000 include 4 groups (see the *Annex no. 2*):

Group E	Departure
<i>Exw</i>	<i>Ex Works (...named place)</i>
Group F	Main carriage not paid by seller
FCA	Free Carrier (...named place)
FAS	Free Alongside Ship (...named port of shipment)
FOB	Free on Board (...named port of shipment)
Group C	Main carriage paid by seller
CFR	Cost and Freight (...named port of destination)
CIF	Cost, Insurance and Freight (...named port of destination)

²International Chamber of Commerce – ICC publication No. 614, 2000.

International Trade

CPT	Carriage Paid To	(...named place of destination)
CIP	Carriage and Insurance Paid To	(named place of destination)

Group D

Arrival

DAF	Delivered at Frontier	(...named place)
DES	Delivered Ex Ship	(...named port of destination)
DEQ	Delivered Ex Quay	(...named port of destination)
DDU	Delivered Duty Unpaid	(...named place of destination)
DDP	Delivered Duty Paid	(...named place of destination)

Group E: - under this term *the seller minimises his risk by only making the goods available at his own premises* (works or factory or warehouse).

Group F: - under this term the seller arranges and pays for the pre-carriage in the country of export.

Group C: - under his term the seller arranges and pays for the main carriage but without assuming the risk of the main carriage. In the case of CIF and CIP terms, the seller arranges the insurance of the goods.

Group D: - under this term the seller's cost/risk is maximised because he must make the goods available upon arrival at the agreed destination.

The documents required for any international transaction will be determined by the individual needs of the contracting companies concerned, export/import requirements and other local problems such as Customs and Exchange Control.

These documents generally fall under the heading Financial or Commercial and can be used separately or together in support of a trade transaction.

The preparation of trade documents is one of the most common problem areas for exporters often resulting in non-delivery of goods; delays in custom clearance; non-payment for goods by buyers and rejection of documents by banks under letters of credit (L/C).

Bank staff involved in international trade operations has a responsibility to familiarise themselves with the purpose and characteristics of these documents in order to protect the interests of the bank and its customers.

Financial documents mean Bills of Exchange; Promissory Notes; Payment Receipts; Cheques or other similar instruments used for obtaining the payment of money.

Commercial documents mean: invoices, shipping documents, documents of title, insurance documents or any other documents whatsoever, not being financial documents.

3.3 Financial documents

The **Bill of Exchange and the promissory note** are negotiable instruments, the cheque is an instrument of payment.

Parties to the transaction:

There are three parties involved: the drawer, the drawee and the payee/beneficiary.

The bill of exchange is made out by the drawer (creditor), who gives an order to his debtor called the drawee, to pay a certain amount of money, at a determinable future time either to a payee or to the order of this payee.

In Romania, the Bill of Exchange is regulated by the provisions of the *Law no 58/1934 concerning the Bill of Exchange and the Promissory Note*.

Under this law, there are some mandatory items of the Bill of Exchange (see Annex No.3):

- the denomination “bill of exchange” in the title of the text;
- an unconditional order to pay a certain amount of money;
- the drawee;
- the maturity date;
- the place where the payment will be made;
- the drawer;
- the date and place where the bill was issued;
- the signature of the drawer;

Under *the British law*³ *the Bill of Exchange* (see different types of the Bill of Exchange in the Annex No. 4), *or the Draft* (the two words are synonymous) is:

- ❑ an unconditional order in writing;
- ❑ addressed by one person (the drawer);
- ❑ to another (the drawee);
- ❑ signed by the person giving it, meaning the drawer;
- ❑ requiring the person to whom it is addressed (the drawer);
- ❑ to pay;
- ❑ on demand or at a fixed or determinable future date;
- ❑ a certain sum of money;
- ❑ to, or to the order of, a specified person (the payee), or to Bearer.

The words “on demand” mean “at sight”, requiring the drawee to honour the bill when it falls due.

The bill could be payable on a fixed future date or a determinable future date.

For instance, a bill payable at “90 days sight” means that it is payable 90 days after presentation.

- The drawee “accepts” the bill by signing on its face, thus agreeing to pay at that future time.
- The bills can be transferred by endorsement. Endorsement is the signature of the person who transfers the bill. (It is written on the back of the bill).
- The Bill of Exchange drawn on the advising bank can be discounted.

The bank (exporter) can purchase the bill at less than its face value, giving the proceeds to the exporter. The bank can hold the bill until maturity, or rediscount it.

³ Bills of Exchange Act 1882

The Bill of Exchange is an instrument of credit and an instrument of payment; it is used under a L/C or bill of collection.

The Promissory Note

There are two parties involved: the issuer and the beneficiary/payee. The Promissory Note is created by the issuer as a debtor who is obliged to pay a certain amount in money at a certain time or at the presentation of the payee called creditor.

Under the provisions of the Law no 58/1934, the *Promissory Note includes the following elements*:

- The denomination promissory note in the title of the text;
- The unconditional promise to pay a fixed amount of money;
- The maturity;
- The place where the payment will be made;
- The name of the person who gives the order to pay;
- The date and place of the issuing of the Promissory Note;
- The issuer's signature.

3.4 Commercial documents

The main commercial documents⁴ are:

- **Internal:**
 - The invoice;
 - The packing list.(these documents are issued by the exporter)
- **Shipping documents:**
 - Documents of title: bills of lading ;
 - Airway bill/air consignment note;
 - Rail consignment note/ railway bill;
 - Lorry-way bill.

⁴ Popa Ioan – Tranzacții comerciale internaționale Ed. Economica, București, 1997, p. 147

- **Insurance documents:**
 - Insurance policy;
 - Certificate of insurance.
- **Other commercial documents:**
 - EUR 1 (movement certificate);
 - Certificate of origin;
 - Certificate of age;
 - SAD (Single Administrative Documents).

3.4.1 Internal documents

The main internal documents utilized in the international trade are:

Commercial invoice – it is usually produced on the exporter's headed paper, and gives details of the goods, details of the payment, and delivery terms, together with the details of freight, measurements etc., as required. The export invoice is a document issued by the exporter (in the Annex No. 5 you can see the model of a British invoice).

The *main details which appear on invoices* are:

- Name and address of the exporter;
- Name and address of the importer;
- Reference number, place and date of issue;
- Terms of delivery (Incoterms);
- Shipping marks;
- Description of goods;
- Breakdown of the cost of freight and insurance;
- Quantity of goods;
- Total amount payable by the importer;
- Signature of the exporter.

The functions of the invoice:

- ❑ it shows that the goods were sold;
- ❑ it shows the transfer of property from the seller to the buyer;
- ❑ it is used to collect the money for the goods sold;
- ❑ it is used for custom duties.

There are different types of invoices such as:

1. *Pro Forma invoice* – it's issued before concluding the contract; it is a document required for the importer in order to obtain some previous formalities (e.g. import license). A pro forma invoice is very similar to a commercial invoice, except that it will not include any shipping marks, and it will be clearly stamped **pro forma**.
2. *Consular invoice* – the invoice is on the form required by the country concerned, rather than supplier's invoices. It is a document required by the Custom of some importing countries in order to establish the custom duties. The forms can be obtained from the embassy or the consulate of the importer's country. The exporter completes the details on the form and the document is then authenticated by the consulate of the importer. This consulate will be located in the exporter's country.

The main purpose of consular invoices is to certify that the exporter is not **dumping** goods at artificially low prices.

3. *Legalised/visaed invoices* – In this case, the exporter presents his invoices together with the evidence of shipment to the embassy of the importing country. They will check for example that the goods can be imported and that they represent a fair market price and will stamp the invoices to this effect.
4. *Customs invoice* – It is a special invoice required by customs in various countries (Commonwealth) for import purposes. (To establish the price structure on the market of the country of origin). The format varies from country to country.

Packing list – It is an internal document of the companies, it gives details of the packed goods and contains the marks, invoice numbers as well as the weight of goods.

3.4.2 Shipping documents

The main shipping documents⁵ utilised in the international trade are:

Bill of Lading – It is issued when goods are transported by sea. Usually two or three originals are issued and signed on behalf of the shipping company or its agents. A Bill of Lading has four major functions, such as:

1. A bill of lading acts as a receipt of the goods from the shipping company to the exporter;
2. The bill of lading is an evidence of a contract of carriage between the exporter and the carrier;
3. A bill of lading is a quasi negotiable document. Any transferee for value who takes possession of an endorsed bill of lading obtains a good title to it, provided the transferor had a good title in the first place.
4. A bill of lading acts as a document of title for goods being shipped overseas – it allows to the final beneficiary of the goods to take the goods at destination only against production of one of the original bills of lading.

Copies (unsigned) Bills of Lading do not represent a title to the goods.

A bill of lading normally embodies the following details (see the Annex No. 6):

- The name of the shipping company, sometimes known as the carrier;
- The name of the shipper, who is usually the exporter, or the exporter's agent;
- The name of the consignee. If the word **order** appears here, then the shipper/exporter must endorse the bill of lading. When the bill of lading has been endorsed in this way, then it is transferable by delivery. Once the goods arrive at their destination, they will be released to the bearer of one original bill of lading. Normally bill of lading are made out to order and endorsed by the exporter.
- The **notify party** is the person whom the shipping company will notify on arrival of the goods;
- The name of the carrying vessel;

⁵ Twells Harry – Exporters' checklist, a step-by-step guide to successful exporting, National Westminster Bank, Lloyd's of London Press Ltd, 1992, p. 154

- The port;
- The marks and numbers which appear on the cases in which the goods are contained;
- A brief description of the goods;
- The number of cases;
- It is stipulated whether the freight costs have already been paid, or whether payment of freight is due on arrival at the destination;
- It is stipulated if the bill of lading represents an original;
- Etc.

A Bill of Lading can be of two basic types:

- “Received for shipment” or “shipped on Board”. This can be normally seen from the small print at the bottom of the face of B/L although this can vary between shipping companies.
- A “dirty” B/L, or “claused” B/L is one that has a clause relating to the condition of the goods, e.g. “3 cartons – damaged”.

The parties to a B/L:

1. *Shipper* – the party (i.e. exporter) with whom the contract of carriage has been concluded by the carrier. It may show the actual Shipper or the Shipper’s forwarding agent.
2. *Consignee* – completed either with the name of the consignee or the words: “to order” which means that the goods are to the order of the shipper and delivery will be made in accordance with his instructions.

These instructions are given by the Shipper’s endorsement on the B/L, either:

- specific: e.g. “Delivery to ABC LTD”. The carrier would only release goods to ABC limited against the surrender by them of an original B/L.
 - blank: this would make the B/L a ‘bearer’ document and the carrier would release the goods to the holder of the bill.
3. *Notifying party* – the party to be notified on arrival of the goods (when B/L consigned to order).

Other types of Bills of Lading:

Short form B/L – operates like an ordinary (Long form) B/L except that the terms and conditions of the contract are not printed on the reverse side of the form. The terms and conditions (normally identical to those on a long form B/L) under which the goods are being shipped are, instead, available for inspection at the Shipping Company's office and reference to this is made on the reverse side of the B/L.

Common short form B/L – the main difference between this and the ordinary short form B/L is that the shipping company's name is not pre-printed on the top right-hand corner. The shipper would insert this before the bills were presented for signing. The prime purpose of this document is to avoid the need for shippers to keep suppliers of B/L for each carrier they use.

Through B/L - B/L which covers the shipment of goods on two separate vessels, i.e. where no direct service is available and the goods have to be transhipped during the voyage from one vessel to another.

LASH (Lighter Aboard Ship) B/L – issued when goods are loaded on a lighter that sails to a specially designed carrying vessel where the lighter is loaded on board. At the destination, the lighter is unloaded and sails to the dock area where the goods are unloaded.

Liner B/L - issued when goods are being carried on a vessel sailing a regular trade defined route, having reserved berths at scheduled ports of call.

Combined transport B/L – covers transports of goods on two or more different modes of transport, e.g. Road-Sea-Road.

Fiata combined transport B/L - operates like the standard combined transport B/L, except that it is issued by a forwarding agent acting as a carrier, and it is a document of title of the goods. FIATA = The International Associations of Freight Forwarders.

Transshipment B/L - These are used when the goods have to be transferred from one ship to another at a named transshipment port.

Charter Party B/L - This bill of lading is issued by the hirer of a ship to the exporter. The terms of the bill of lading are subject to the contract of hire between the ship's owner and the hirer. Such bills are usually marked **subject to charter party**.

Other shipping documents

- ◆ **Air waybill (air consignment note)** – completed and signed by the shipper, or its agents. When the goods are delivered to the airline, the bill is signed as a receipt for the goods. It may further indicate the “dispatch” of the goods with the addition, by the airline of a flight stamp indicating the date, time and number of the flight. It is not a document of title.
- ◆ **Rail consignment note (Rail waybill)** – issued by the railway authorities covering the transport of goods by rail. It is not a document of title.
- ◆ **Lorryway bill (consignment note)** – issued by a road haulier. CMR = Convention de Merchandise par Route. A set of rules agreed at an international convention covering international road haulage. It only covers goods, which travel by road between countries. The goods must remain on the lorry all the time, i.e. not offloaded onto another means of transport and back in to a truck again.
- ◆ **Parcel Post Receipt** – a receipt issued by the post office. It usually bears a date stamp including the branch name of the post office.

3.4.3 Insurance documents

Every consignment runs the danger of loss or damage from a variety of risks: fire, theft, explosions, leakage, spoilage, etc.

Therefore it is normal for either the buyer or the seller (depending on the terms of the contract) to take out insurance cover against any risks that are likely to be encountered. Written evidence of insurance is provided in two main forms:

- ◆ **Insurance Policy** – it is the main legal document, issued only by an insurer and it must be signed by or on behalf of the insurer. It must show the name of the assured and endorsed by him so that the right to claims can be transferred to another party. It contains: the goods insured, the insured value (110% of the goods value), covered risks etc.
- ◆ **Insurance Certificate** (see the Annex No. 7) - a single Insurance Policy is taken out by the Assured to cover all his export-import shipments. It is made out in 3 copies: one travels with the goods, one remains with the insurance company and one goes to the importer/exporter.

Insurance documents usually show the following details:

- The name and signature of the insurer;
- The name of the exporter;
- The risks covered;
- The sum insured is, normally, expressed in the same currency as that of the invoice, and is normally for the invoice value plus 10%.
- The description of the goods;
- The place where the claims are payable together with the details of the agent to whom claims are to be directed.
- The signature of the exporter which is required to validate the certificate.
- The date of issue.

As goods are shipped, the assured (exporter/importer) issues certificates in accordance with the main policy.

Certificates are more common than policies but do not give full detail of terms and conditions. They can be assigned by endorsement. It contains: name and signature of the insurer, covered risks, the value insured (*in the same currency as of the invoice*), goods description, date of issue.

There are three basic levels of cover that can be obtained to cover Marine/Air/Parcel Post risks as applicable. In descending order of the extent of cover provided, there are:

- Institute Cargo Clauses (A);
- Institute Cargo Clauses (B);
- Institute Cargo Clauses (C).

Two specific types of cover are also available:

- a. Institute War Clauses;
- b. Institute Strike Clauses.

All of these clauses can be tailored by the insurance company to individual customers' needs. However, the important point to bear in mind is that there is no type of insurance available which covers "all risks" likely to be encountered on the voyage.

3.4.4 Other commercial documents

Other commercial documents utilised in the international trade are:

- ❖ **Movement certificate EUR 1** – an EU document signed and filled in by the exporter and counter-signed by the Customs of the exporting EU country. Export is made to a country with which EU has a preferential trade agreement. This would allow the importer to pay a preferential rate of import duty.
- ❖ **Single administrative document (SAD)** – replaces about 100 Customs export, import and transit forms used in the EU. This document shows that the goods are moving between member states without the need to pay duties.
- ❖ **Certificate of origin** (see the Annex No. 8) – is signed by a Chamber of Commerce certifying the origin of the goods. It is required by the Custom Authority of the importing country.
- ❖ **TIR book** – it goes with the goods during the transport. It is used for the non-EU countries. It certifies the seal of the lorry by the Customs of the exporting country and assures the non-payment of other custom duties in other countries of transit.



Progress Test

1. What information can a bank provide to a prospective exporter?
2. What is it a sale contract? But, what is it an international sales contract?
3. What are the elements included in a draft of a contract?
4. What are the main methods used in order to determine the quality of goods?
5. Enumerate the four groups of Incoterms 2000.

6. Where goods are FOB, who pays the freight?
7. List the financial documents.
8. What are the parties involved in the bill of exchange?
9. What is a promissory note?
10. List the main elements of the promissory note, under the Law no. 58/1934.
11. What is a commercial invoice?
12. What are the functions of the invoice?
13. List and define different types of invoices.
14. What is a bill of lading?
15. Enumerate the parties to a bill of lading.
16. List types of bills of lading.
17. Describe an airway bill.
18. What is an insurance policy?
19. What is an insurance certificate?
20. What other commercial documents do you know?
21. Describe a movement certificate EUR 1.
22. What is a TIR book?

DATED _____ **199**__

Draft

**LUBRICANT SALES AGREEMENT
BETWEEN TEXACO LIMITED
AND**

THIS LUBRICANT SALES AGREEMENT is made the __ day of __ 2002,

BETWEEN:

(1) **TEXACO LIMITED**, an English company with its registered office at 1 Westferry Circus, Canary Wharf, London E14 4HA, (“Texaco”); and

(2) ___ a ___ company with its principal place of business at _____ (“Buyer”)

Texaco and Buyer are sometimes referred to herein individually as “Party” and collectively as “Parties”.

RECITALS

(A) Texaco is engaged in the world-wide distribution and marketing of Texaco-branded petroleum and petroleum by-products including automobile lubricants, including, but not limited to, those listed on Schedule 1 (the “Products”).

(B) Buyer desires to purchase Products for distribution to its customers in Ukraine (the “Territory”).

NOW THEREFORE, Texaco agrees to sell Products to Buyer on the following terms and conditions:

ARTICLE 1 - SCOPE OF AGREEMENT

1.2. The terms and conditions set forth in this Agreement shall govern and apply to all sales of Products By Texaco to Buyer and no other terms and conditions or any amendments hereto shall apply to such sales unless agreed to in writing by Texaco.

1.3. Texaco may, in its sole discretion, elect not to sell Products to Buyer and nothing herein shall be construed at any time to obligate Texaco to sell Products to Buyer. No offer By Buyer to purchase Products from Texaco under the terms of

International Trade

this Agreement shall be binding up Texaco, unless and until said offer is accepted by Texaco in Writing.

1.4. Texaco expressly reserves the right to sell Products to any other person or entity for use or distribution in the Territory and Buyer is not and shall not hold itself out to be Texaco's exclusive distributor of Products in the Territory.

1.5. Buyer shall not sell Products outside the Territory without the prior written consent of Texaco, not transport, sell or trade Products in contravention to any United States, Ukrainian or European Union law or regulation.

1.6. Texaco reserves the right to amend the listing of available Products in Schedule 1, by adding or deleting a Product or Products from the list.

ARTICLE 2 - TERM

2.1. This Agreement shall commence as of the date first set forth above and shall terminate upon the earliest to occur of the following:

2.1.1. six (6) months from the date first set forth above;

2.1.2. on the date specified in a notice of termination in writing given by one Party or the other; or

2.1.3. a Party ceases or threatens to cease to carry on business.

ARTICLE 3 - PRICES

3.1. The prices for Product to be sold to Buyer by Texaco under this Agreement shall be as set forth in Schedule 1.

3.2. Product prices shall be in U.S. Dollars.

3.3. Unless otherwise agreed, the prices are exclusive of VAT and other governmental taxes and possible costs of insurance, transport and packing.

Texaco has the right upon thirty (30) days prior written notice to Buyer to change the price of the Products.

ARTICLE 4 - DELIVERY AND STORAGE

4.1. The delivery conditions, time of delivery, and ordering procedures for deferent classes of Products are as set forth in Schedule 2 attached hereto and made a part hereof, which Schedule 2 shall be subject to amendment by Texaco from time to time upon ten (10) days written notice to Buyer.

International Trade

4.2. All Products delivered to Buyer must be resold in the original packages in which received by Buyer; refilling and replacing of Texaco products is explicitly forbidden.

4.3. Risk of damage to and loss of Products shall pass to Buyer at the moment that the Products are made available to Buyer at the delivery location. Upon delivery, Buyer shall discharge the Products immediately and Buyer shall compensate Texaco all costs and damages suffered by Texaco as a consequence of any delayed discharge.

4.4. Buyer shall be obliged to take delivery of the Products. If the Buyer does not take delivery of the Products when made available by Texaco, costs incurred by Texaco including all further costs of transport, keeping and storage shall be for account of Buyer.

4.5. The Products shall be stored in compliance with recommendations contained in applicable Product information provided to Buyer by Texaco, or otherwise in such a manners will ensure no deterioration in the packing of the Products.

4.6. Buyer shall not mix any Products with products of any type and shall not store, transport, pump, or otherwise handle any Products supplied by Texaco in facilities which do not comply with all applicable government or regulatory requirements. Buyer agrees to indemnify Texaco in respect of any failure by Buyer to adhere to the provisions of this Article 4.

4.7. Buyer shall permit Texaco or Texaco's appointed representative to enter Buyer's place of business at any time to obtain samples of Products stored or conduct such tests or inspections as may in Texaco's judgement be reasonably required to determine that Buyer is complying with the obligations contained in this Agreement.

ARTICLE 5 - PAYMENT

5.1. Payment for all Products purchased by Buyer hereunder shall be made in advance by wire transfer in immediately available funds to a bank account to be designated in writing by Texaco.

5.2. Payment for all Products shall be in U.S. Dollars.

5.3. All expenses and commissions of Texaco's bank in connection with the performance of this Agreement shall be at Texaco's expenses and commissions at Buyer's bank shall be at Buyer's expense.

ARTICLE 6 - TRADEMARKS AND ADVERTISING

6.1. This Agreement does not grant any rights to use of the Texaco name or trademarks on products, in advertising or otherwise. Such rights can be granted only by means of a separate trademark license agreement.

ARTICLE 7 - FORCE MAJEURE

7.1. Texaco shall not be liable for failure to perform in whole or in part any of its obligations under this Agreement to the extent that such performance is prevented or impeded by reason of events of Force Major.

7.2. For the purpose of this Agreement, the term “Force Major” means any event or circumstance that could not reasonably have been prevented (without limitation) Act of God, official strike or other official industrial action, war declared or undeclared, threat of war, terrorist act, blockade, revolution, riot or other civil disturbance, flood, fire, enactment of any legislation or regulation the effect of which is to prevent the carrying out of either in whole or in part of the obligations of one or both of the parties to this Agreement.

ARTICLE 8 - CONSEQUENCES OF TERMINATION

8.1. Upon termination of this Agreement for any reason:

8.1.1. Buyer shall cease to promote, market, advertise, or sell Products; and

8.1.2. Buyer shall make no claim against Texaco for compensation for loss of agency rights, loss of good will, or any other loss whatsoever, and shall indemnify Texaco against similar claims made by any third parties.

ARTICLE 9 - FOREIGN CORRUPT PRACTICES ACT

9.1. In carrying out its responsibilities under this Agreement, Buyer shall not pay or agree to pay, directly or indirectly, any funds or anything of value to any public official in the Territory influencing such official’s acts or decisions.

9.2. Buyer represents and warrants that no owner, partner, officer, director, or employee of Buyer or an owner, partner, officer, director or employee of Buyer becomes an official of any foreign government during the term of this Agreement, Buyer shall immediately so notify Texaco.

9.3. If Buyer directly or indirectly offers, pays, promises, gives or authorises payment of any money or anything of value to any government or public official for the purpose of influencing any official act of such official in the course of

International Trade

carrying out this Agreement, then Texaco shall have the right to terminate this Agreement forthwith, and Buyer shall then forfeit any claim for payment under this Agreement, and shall refund any payments received under this Agreement.

9.4. Buyer shall, if so requested by Texaco, cooperate with Texaco in obtaining an opinion of local counsel in the Territory prior to performing any services to the effect that the entering into and performance of this Agreement is permitted under the law of the Territory. Payments to officials of the Territory are prohibited by law.

ARTICLE 10 - DEFECTS AND LIABILITY

10.1. If Buyer feels that the Products delivered by Texaco do not meet the agreed quality, the Buyer shall give Texaco notice thereof within twenty-four (24) hours after having established the alleged defect and give Texaco the opportunity to investigate any alleged deficiency by making a sample of the product available to Texaco's representative. In no case shall Texaco be liable for any defects in Products which are mixed with other products or which are improperly stored in contravention of Article 3.

10.2. If Buyer feels that the Products delivered do not meet the agreed quality, Buyer shall give notice thereof to Texaco within forty-eight (48) hours after having established the alleged deficiency.

10.3. Buyer warrants that it will only supply Product for the purposes recommended by Texaco and will indemnify Texaco for any liability or costs arising whereby Buyer, its agents, servants or employees have supplied Product for other usage.

10.4. Notwithstanding any other provisions in this agreement, neither party shall have any liability to the other in respect of consequential or indirect damages howsoever caused and irrespective of negligence.

ARTICLE 11 - MISCELLANEOUS PROVISIONS

11.1. Governing Law and Language. This Agreement shall be governed and construed in accordance with the laws of England and the English Courts shall have exclusive jurisdiction over any disputes relating to or arising out of this Agreement and each of the Parties hereby submits to the jurisdiction of the English Courts. This Agreement has been negotiated and executed in English and if translated into any other language the English version shall prevail in the case of any conflict between the English version and any other version.

11.2. Assignment. Buyer shall not assign all or any part of this Agreement without the prior written consent of Texaco in its sole discretion.

11.3. No agency. Buyer shall purchase from Texaco and shall resell to its customers in its own name and for its own account, and shall not represent itself as an employee or agent of Texaco and shall have no authorisation, express or implied, to undertake any commitments on behalf of Texaco, nor to bind Texaco in any manner whatsoever unless otherwise expressly agreed in writing.

11.4. Notices. Any notices required to be given by either Party shall be given in writing and delivered by messenger, by mail, by telex, or by facsimile with mail confirmation at the addresses set out in this Agreement (or such other address as shall have been notified to the other Party in writing), as follows:

To Texaco: Texaco Limited
 1 Westferry Circus
 Canary Wharf
 London E14 4HA

Attention: Manager - Lubricant Sales

To Buyer:

If sent by messenger, notices are deemed served upon receipt. If sent by first class mail, notices are deemed served on the fifth day after posting. If sent by telex, notices are deemed served upon receipt of sender's answer back. If sent by facsimile, notices are deemed served upon receipt of the sender's confirmation, provided that such facsimile notice is followed by confirmation by first class mail.

11.5. Entire Agreement. This Agreement represents the entire agreement between the Parties with respect to the subject matter hereof and expressly supersedes any previous agreement or understanding relating thereto.

11.6. Severability. In the event that any one or more of the provisions contained in this Agreement shall for any reason be held to be unenforceable, illegal, or otherwise invalid in any respect, such unenforceability, illegality, or invalidity shall not affect any other provisions of this Agreement and this Agreement shall then be construed as if such unenforceable, illegal, or invalid provisions had never been contained herein.

11.7. Authorisation. Buyer warrants that the person representing Buyer for purposes of this Agreement is authorised for representation in foreign trade operations.

IN WITNESS WHEREOF, the Parties have executed this Agreement effective on the date first herein above written.

TEXACO LIMITED

By: _____
Name: _____
Title: _____

BUYER

By: _____
Name: _____
Title: _____

SCHEDULE 2

1. Products will be ordered by Buyer from Texaco by fax using number
Telephone orders must be confirmed by Buyer by facsimile. Each order should contain following information:

- Number of packages of product required by package type;
- Quantity of cartons/drums;
- Total liters/kilos required;
- Delivery date requested;
- Any special requirements.

2. Product will be made available to Buyer ex-works at Texaco' Lube plant at Ghent, Belgium.

3. Lifting of the Products at, and transportation thereof from, the delivery points stated in 2 above, shall be responsibility of and arranged and paid for by Buyer.

4. Product cartons to be labeled as follows:

- Package size;
- Product code;
- Product name;
- Batch number;

5. Address of consignee:

6. Pro-forma invoice accompanying the carrier will carry the following information:

International Trade

- ◆ Quantity of shipped carton boxes;
- ◆ Net and gross weight;
- ◆ Day of shipment;
- ◆ All details pertaining the order.

7. Deliveries will include the following documents:

- Certificate of quality;
- Packing lists (special instruction);
- Certificate of origin;
- Bills of goods;
- Customs documents;
- Pro-forma invoice (copy will be faxed to Buyer Ltd).

SALES CONTRACT No/200_

MASSEY FERGUSON S.A.
60026 BEAUVAIS CEDEX
FRANCE

(hereinafter referred to as the **Seller**)
and

SOCIETATEA AGRICOLA AGROTEL
Jud. Teleorman
Romania

(hereinafter referred to as the **Buyer**)

Whereas the **Buyer** wishes to purchase goods as defined hereunder and has accepted the **Seller's** offer, a copy of which is attached and forms part of this Contract, for the sale of such goods, now this agreement witnesses that:

Subject of Contract

The **Seller** agrees to sell and the **Buyer** agrees to purchase agricultural machinery to specifications described in Appendices I and II (Proforma Invoices MF-ROM 351/96 and Standard Specifications).

Delivery Terms

The contractual point of delivery is CIP Alexandria, Romania

CIP Prices

The **Seller** agrees to sell and the **Buyer** agrees to purchase goods described in Appendices I and II at the following prices CIP Alexandria, Romania:

* Deutschemarks DEM 55 250 (DEM fifty five thousand two hundred and fifty);

*French Francs FF 457 034 (FF four hundred and fifty seven thousand and thirty four).

Total Contract Value

The total Contract value of the above items delivered CIP Alexandria, Romania is Deutschemarks DEM 55 250 (DEM fifty five thousand two hundred and fifty) and

International Trade

French Francs FF 457 034 (FF four hundred and fifty seven thousand and thirty four).

Time of Delivery

Delivery CIP Alexandria, Romania will be effected in accordance with the Schedule of Availability attached (Appendix III).

Terms of Payment

In consideration of goods supplied, the Buyer agrees to pay the Seller by means of an irrevocable letter of credit or wire transfer, payable at sight at the counters of and confirmed by a first class international bank, which must:

- 1) Be in favor of beneficiary:
MASSEY FERGUSON S.A.
60026 BEAUVAIS CEDEX
FRANCE

Seller's Bank:

MASSEY FERGUSON S.A.
Account No....
SOCIETE GENERALE
Beauvais - France

- 2) Be opened under the uniform customs and practice for documentary credits (ICC-UCD 500, effective January 01,1994).
- 3) Be confirmed by a prime international bank with all charges for the account of the opener.
- 4) Stipulate an expiry date no earlier than three months from date of opening.
- 5) Permit partial shipments, and trans-shipment.
- 6) Permit presentation of documents within 21 days after the date of issue of the bill of lading.

Warranty

All goods will be subject to Massey Ferguson Standard Warranty Terms (Appendix IV).

General Terms of Business

This Agreement is made subject to the General Terms of Business for Massey Ferguson Direct Sale of Farm Machinery. (Appendix V).

Effective Date

The agreement becomes effective upon the date of signature by both parties.

Arbitration

All disputes and differences which may arise out of the present contract or in connection with the same are to be settled under French law in the French Courts.

Appendices

The following appendices form an integral part of this agreement:

- I) Performa Invoice Ref: MF-ROM 351/96
- II) Bulletins confirming the Romanian Standard Specifications of the goods.
- III) Schedule of Availability.
- IV) Standard Warranty Schedule.
- V) Massey Ferguson General Terms of Business for Direct Sale of Farm Machinery.

..... Date
Signed on behalf of the Seller

..... Date
Signed of behalf of the Buyer

APPENDIX III - SCHEDULE OF AVAILABILITY

The goods subject of the present Contract are available for shipment ex-factory, according to the following time periods commencing from the date of receipt by MASSEY FERGUSON S.A. of the corresponding Letter of Credit or wire transfer, as follows:

- *MF 8160 4WD Cab Tractor: ex-factory Beauvais, France, 10-12 weeks
- * MF 725 7-F Reversible Plough: ex-factory Sweden. 10-12 weeks

Sales Contract

No. 1234/2002

Made this 4 day of January 2002 between the undersigned:

- **GENERALEX1M SRL**, residing at Blvd...., Bucharest, sect.1, Romania, (registered in the Trade Register under no. A/1200/1992 " J29/1300/1995), represented by Mr...., hereinafter referred to as the "Seller of the one hand, and
- **THE UNIVERSAL TRADE INC.**, residing at 15 Ave, 100 Suite Bayside New York 11100 USA (registered in the Trade Register under no. 5000/1980), represented by Mr...., hereinafter referred to as the 'Buyer' of the other hand, whereby it is agreed as follows:

Subject to the terms and conditions specified herein, the Seller has sold and agrees to deliver to the Buyer, and the Buyer has purchased and agrees to accept the following items:

Art.1. Object

Aluminium- 99.5%Al.- lingots in size of 400*100*100mm and 500*100*100mm.

Art.2. Quantity

1000 tons of lingots- total quantity, say 500 tons of 400*100*100mm, hereinafter referred to as the "goods".

- 2.a. The seller is to deliver the goods at no more than a $\pm 5\%$ allowance of each size.
- 2.b. Partial deliveries not allowed.

Art. 3. Quality

Aluminum A5 - according to DIN (Germany). The quality is supported by a Certificate of Quality annexed, issued by SLATINA SA, (the Producer that accompanies the goods to destination).

The quality certificate shall be issued in triplicate as follows:

- one copy will be enclosed with the payment documents;
- one copy will be enclosed with the documents accompanying the transport;
- one copy will be sent to the Buyer by airmail registered, the moment the goods are dispatched or handed over to the transport agent.

Upon Buyer' s request, the control of goods can be made by the Buyer or his representative in the factory of the Producer, according to the main manufacturing phases of the respective goods. This control does not affect in any way the Seller' s responsibility concerning non corresponding quality of the delivered goods.

Art. 4. Price

The price is to be understood US\$1000/ to (for each size) says a total value of US\$ 1miliion FOB Constanza, packing included.

Art. 5. Packing

The Seller is to take every precaution to have the goods properly packed. The packing consists of RC wooden pallets and must ensure the goods integrity and protection all throughout transportation to the end user.

Art. 6. Delivery

Delivery terms are to be FOB Constanza/ Romania, according to INCOTERMS 1990, The Seller undertakes to deliver the goods in the quantity and quality as stipulated herein in the Contract with the properties of the sample which was submitted to the Buyer.

The time of delivery is deemed to be 15 April, 2001, the date of the B/L.

The Seller shall notify the Buyer by fax or telex until 15 March 2001, at the latest, that the goods are ready for loading.

The Seller shall notify the Buyer by fax or telex within 48h. from the time of delivery the following shipping details: Contract no., destination, the ship' s name, delivery/ loading date, goods description, number of packages for each size and quality, gross/net weight, the goods value and the number of injunctions from Navlomar (the forwarding agent of the Seller).

The delivery of the goods is considered to be effected in accordance with the instructions of **Navlomar** -Forwarding Co.-Bucharest, received from their correspondent at the port of unloading. Should the Seller fail to deliver the goods on board of the vessel on the advised position all expenses resulted from the (demurrage, ship' s detention, dead freight, warehousing, additional handling etc.) shall be on the Seller' s account.

The Buyer shall notify by fax or telex 7 days before the vessel' s arrival and the final notification shall be 24 hours before the vessel's arrival.

In the event of failure to notify or of a delay in the vessel' s arrival as against the notified time, the Seller is entitled to extend the time of delivery thereon and the Buyer must bear all the supplementary costs and the vessel shall operate without demurrage to be considered.

Art. 7. Payment terms

Payment is to be made by an irrevocable documentary (DL/C) opened 15 days from the date of the Seller's notification by telex or fax that the goods are ready for shipment.

The DL/C shall be valid 30 days from the day of its opening for the delivery and 45 days for the presentation of the documents.

The same time shall be applied to any amendments to the DL/C or to any increase in its value.

The documentary L/C shall be paid at sight against the presentation of, the following documents:

- A) Commercial Invoice in duplicate in favor of UNIVERSAL TRADE INC., New York;
- B) The Specification of the goods delivered;
- C) Packing List in duplicate;
- D) B/L in 3/3 full set original, 'clean on board', 'under deck' issued to the order of... and endorsed to the order of the Romanian Foreign Trade Bank Bucharest, loaded in Constanza Port, freight prepaid (B/L and C/P allowed; transshipments allowed; partial deliveries not allowed);
- E) Certificate of Quality in copy issued by the Producer.
- F) Export License in photocopy or in duplicate/ the Seller's Statement in the Commercial Invoice that no Export License is needed;
- G) The Seller's confirmation certifying that at the date of loading a duplicate of the Invoice and of the Certificate of Quality were airmailed to the Buyer;
- H) Fax or telex notification in copy within 48 hours from the date of shipment, according to art.6 above mentioned.

The bank charges for opening and utilizing the DL/C shall be on the Buyer's account.

The Buyer shall bear the costs incurred in amending the DL/C only if the delay has been caused by an erroneous opening or because of an increase in the DL/C value.

All other terms shall be as to ICC Brochure 500/1993, cone. DL/C.

Art. 8. Reception

The Quantitative and Qualitative reception of the goods is to be made in maximum 5 days as from the date of the goods arrival at the Buyer, according to the Contract:

- a) Reception as to quantity shall be made by weighing and stated in a Statement of Delivery/ Reception; all findings certificates of weighing or shortages shall be ascertained by the Buyer' s and Seller representatives;
- b) Reception as to quality shall be made by a Control Certificate issued by a neutral organization.

The Quality check is to be made according to the quality clause stipulated in the Contract.

The goods or that part of goods found as unsuitable delivery on qualitative reception shall be at the Seller' s disposal in maximum seven days as from the date of Reception at the latter' s expense, or those goods can be made use of but only with the Seller' s consent.

The a/m delay can be extended by the agreement of both sides.

Art. 9. Claims

The Claims can be filed by the Buyer against the Seller as follows:

- a) Quantitative claims- within 15 days as from the date the goods will have been received at final destination under the statement stipulated in the Art.6.a.
- b) Qualitative claims- within 30 days as from the date of the goods arrival at the final destination under the control certificate issued by a neutral organization, according to Art.6.a.
- c) In the event of quality deficiencies caused by hidden vices during the normal period of utilization, the claims are to be filed within 15 days from their appearance and shall be supported by one of the following documents issued by an authorized organization;

Inspection Certificate, Control Certificate or Analysis Bulletin, photos, and samples as required. Within 15 days from the date the claim has been received, the Seller has the obligation to notify his point of view, his opinion against the claim filed by the Buyer.

Within the same period, the Seller will choose to inform if he wants to see the goods claimed, and in this case, the inspection shall be made within the reasonable period the goods are kept at his disposal.

The time allowed for the settlement of claims is 30 days from the date they have been filed, and will consist either in guaranteeing a discount in the value of the goods claimed, in replacing the defective goods or in reimbursing the counter value of the short shipment. Or in other manner, if agreed upon.

If the Buyer fails to notify the Seller of the selected claim within a period under the Contract, shall be entitled to claim as in the case of a non-fundamental breach of the Contract.

In addition to the settlement of the claims already stipulated, the Buyer shall be entitled to compensation for damage and to penalties.

Art. 10. Penalties

The parties have agreed upon the following penalties to be applied in the event of failure in observing the obligations set forth hereinafter.

- In the event of considerable quantitative/ qualitative claims, in addition to discount or replacement of the goods claimed, the Seller undertakes to pay penalties for non-delivery in due course of time in the percentage agreed under the Contract for any delays in delivery.

The penalties shall be calculated from the date of delivery according to the Contract until the discount has been granted or the goods have been replaced.

- For delays in delivery the following penalties are calculated and written of the amounts which were to be paid to the Seller:
- For the first 15 days 0.05% per day,
- For the following 15 days 0.08% per day;
- For delays over 30 days 0.12% per day.

The- penalties are calculated on the value of the late shipments and are irreducible. For delays over 30 days the Buyer is entitled to call off the non-delivered goods and ask for damages from the Seller.

- For failure to deliver the Quality Certificates according to the Contract provisions/the seller shall pay the same penalties required for late deliveries.

At the Buyer' s first request such penalties shall be paid by the Seller or they are to be written off any amounts owed by the Buyer to the Seller. However this clause does not rule out total coverage of the damage occurred to the Buyer.

Art. 11. Force Majeure

- a) Force Majeure represents all facts and/ or circumstances beyond the control of that side who invokes Force Majeure, and they are un for thought, un removable and they arise after the Contract has been concluded; thus preventing or delaying totally or partially the fulfillment of the obligations deriving from this Contract (casualties, energy penury, fire, floods, civil commotion, governmental acts, natural phenomena, wars, revolutions, delays in transportation etc.).

International Trade

- b) Should any circumstances arise which could be considered as Force Majeure and which prevent or delay entirely or partially the fulfillment of the Contract provisions, the side affected shall be released from any liability of the period such circumstances last.
- c) Either party shall make every effort to cut as much as possible the delays caused by Force Majeure.
- d) The party for whom it became impossible to meet his obligation under this Contract, shall immediately advise the other party thereof by telex or fax, following which, within 5 days he is to notify the other party by a registered letter about the
- e) Circumstances qualified as Force Majeure, at the same time, sending out a Certificate issued by the Chamber of Commerce or by any other competent authority which shall be sufficient proof of such circumstances and their duration.
- f) The same procedure and manner of notification is also applied for the termination of such circumstances as Force Majeure within the stated period, is held liable for the prejudices caused to the other party.
- g) When receiving the a/m notification and confirmation, the two parties are to consult each other and agree within 15 days, upon the actions and arrangements to be made in the interests of both parties, in order to prevent the effects of such circumstance considered as Force Majeure.
- h) In the event that Force Majeure was rightly notified and well grounded to the other party, the rights and obligations of both parties would be extended for a period equal to that during which such circumstances lasted.
- i) Should the parties fail to come to an agreement within 30 days from the notification of the Force Majeure the advised party is entitled to call off the Contract by registered letter, no formality whatsoever, is considered.
- j) The parties will establish the consequences of the Contract's cancellation as to their will and/ or the legal provisions that govern the Contract.
- k) For any delay and/ or non fulfillment of the obligations by either party to The Contract as an aftermath of the Force Majeure notified and Justified accordingly, neither of the parties has the right to make a demand upon the other party for penalties, interests and compensation of any possible damages.
- l) Force Majeure circumstances shall not release either party from its liability to make payments for the goods supplied and services rendered by such time of Force Majeure occurrence.

Art. 13. Other Terms

- a) The Seller must provide at his own expense the Export License (if needed) to allow him to fulfill on time and in good order and condition, his contractual obligations to avoid the payment of any damage.
- b) The Contract can be amended in writing before or during its carrying on with the agreement of both parties;
- c) The Buyer has the right to reexport the goods that are the object of the present Contract.
- d) This Contract takes effect and is enforceable only upon its confirmation by the Buyer within 15days from the date of its signature.
- e) The negotiations and correspondence prior of the date of signing this Contract, and contrary to its provisions are null and void,
- f) The correspondence between the parties to this Contract, following its conclusion will be uncharged in the language used in the Contract or, in special cases, in a language widely used in the international trade.
- g) The present Contract has been concluded in three copies equally valid in Bucharest, Romania.

Seller

Buyer

LOAN AGREEMENT
(Agreement No.....)

This loan agreement is made on the 19th of December, 200_ between TOMEN CORPORATION, a company duly organised and existing under the laws of Japan having its principal office at 14-27, Alaska 2-chome, Minato-ku, Tokyo 107 Japan (hereinafter referred to as “Lender”) and TOMEN TELECOM PROJECT (ROMANIA) CO., SRL., a company duly organised and existing under the laws of Romania having its principal office at “Diplomat Hotel” Apt. 401, St Sevastopol 14-17, Sector 1, Bucharest, Romania (hereinafter referred to as “Borrower”).

Wherwas, the Lender has agreed to make available to the Borrower loans up to a maximum amount of equivalent amount in Japanese Yen to US Dollars 7,530,000- upon the terms and conditions of this Agreement.

Now it is hereby agreed as follows:

Section 1. Definitions:

For the purpose of this Agreement, the following expressions have the meanings set forth below:

- (a) “Commitment”: the obligation of the Lender to make loans fixed in Japanese Yen to the Borrower pursuant to Section 2 hereof and the “amount of the “Commitments” shall mean aggregate amount which the Lender is obliged to advance hereunder;
- (b) “Effective Date”: the date of this Agreement;
- (c) “Rate of Exchange”: Applicable rate of exchange shall be determined by the Lender at the

Section 2. The Loans:

- 2.1. Subject to the terms and conditions of this Agreement, the Lender agrees from and after the Effective Date down to and including December 5, 2006 to make advance in US Dollars or in any other agreed currency to the Borrower by the way of loan up to but not exceeding the amount of Commitments.
- 2.2. The Borrower may draw any portion of the amount of the Commitments at any time, provided that in the event that the Borrower has not borrowed hereunder the whole amount of Commitments on or before December 5, 2006, any unused portion of the Commitments shall forthwith terminate.

International Trade

- 2.3. The Borrower shall give at least ten business days prior authenticated telex notice of each Borrowing Date (each of which shall be Working Date) and confirmation of the amount in Japanese Yen advanced by the Lender shall be determined by the Lender within ten days after Borrowing Date.
- 2.4. The Borrower shall reply each Loan in Japanese Yen not later than June 5, 2007 at latest. The Borrower shall be entitled to prepay the whole of any Loan at any time subject to availability of cash at the Borrower and prior mutual agreement.
- 2.5. Interest and Commitment fee shall not be applicable.

Section 3. Interest:

- 3.1. The Interest rate shall be the rate of zero percent.

Section 4. Convenience:

- 4.1. The Borrower convenience and agrees that from and after the Effective Date and so long as any amount payable or repayable hereunder remains outstanding.
 - (a) The purpose of Loan is to invest the borrowed amount to MobilROM S.A., to pay corresponding expenses related to the investment or any other purpose separately agreed between the parties.

Section 5. Miscellaneous

- 5.1. The Borrower agrees to indemnify and hold harmless the Lender from any present or future claim or liability for any stamp or any other similar taxes (including without limitation, any interest equalisation tax) and any penalties or interest.
- 5.2. This Agreement shall be deemed to be a contract under, and this Agreement and the rights of the parties hereunder shall be governed by, and construed and interpreted in accordance with the laws of Japan.
- 5.3. The Borrower hereby submits to the non-exclusive jurisdiction of the.....

In witness, the parties hereto have executed this Agreement in two originals for each party on the date first above written.

TOMEN CORPORATION
General Manager
Communications&Projects

TOMEN TELECOM PROJECT
(ROMANIA) CO., SRL.

INCOTERMS⁶ – Transport obligations, costs and risks

TERMS	TRANSPORT	COST TRANSFER	RISK TRANSFER
<p>EXW Ex Works (named place) <i>Note: Carriage to be arranged by the buyer</i></p>	ANY	<p>Cost transfer from the seller to the buyer <i>when the goods are at the disposal of the buyer</i></p>	<p>Risk transfer from the seller to the buyer when the goods are at the disposal of the buyer</p>
<p>FCA Free Carrier (named place) <i>Note: Carriage to be arranged by the buyer or by the seller on the buyer's behalf.</i></p>	ANY	<p>Cost transfer from the seller to the buyer when the goods have been delivered to the carrier of the named place</p>	<p>Risk transfer from the seller to the buyer when the goods have been delivered to the carrier at the named place.</p>
<p>FAS Free Alongside Ship (named port of shipment) <i>Note: Carriage. to be arranged by the buyer</i></p>	Sea or Inland Waterway	<p>Cost transfer from the seller to the buyer when the goods have been placed alongside the ship.</p>	<p>Risk transfer from the seller to the buyer when the goods have been placed alongside the ship</p>
<p>FOB Free on Board (named port of shipment) <i>Note: Carriage. to be arranged by the buyer</i></p>	Sea or Inland Waterway	<p>Cost transfer from the seller to the buyer when the goods pass the ship's rail</p>	<p>Risk transfer from the seller to the buyer when the goods pass the ship's rail.</p>

⁶ ICC Publication No. 614/2000

International Trade

<p>CFR Cost and Freight (named port of destination)</p> <p><i>Note: Carriage. to be arranged by the seller</i></p>	<p>Sea or Inland Waterway</p>	<p>Cost transfer at port of destination, buyer paying such costs as are not for the seller's account under the contract of carriage.</p>	<p>Risk transfer from the seller to the buyer when the goods pass the ship's rail.</p>
<p>CIF Cost Insurance and Freight (named port of destination)</p> <p><i>Note: Carriage. and insurance to be arranged by the seller</i></p>	<p>Sea or Inland Waterway</p>	<p>Cost transfer at port of destination, buyer paying such costs as are not for the seller's account under the contract of carriage</p>	<p>Risk transfer from the seller to the buyer when the goods pass the ship's rail.</p>
<p>CPT Carriage Paid To (named place of destination)</p> <p><i>Note: Carriage. to be arranged by the seller</i></p>	<p>ANY</p>	<p>Cost transfer at place of destination, buyer paying such costs as are not for the seller's account under the contract of carriage</p>	<p>Risk transfer from the seller to the buyer when the goods have been delivered to the carrier</p>
<p>CIP Carriage and Insurance Paid to (named place of destination)</p> <p><i>Note: Carriage and insurance to be arranged by the seller</i></p>	<p>ANY</p>	<p>Cost transfer at place of destination, the buyer paying such costs as are not for the seller's account under the contract of carriage</p>	<p>Risk transfer from the seller to the buyer when the goods have been delivered to the carrier.</p>
<p>DAF Delivered at Frontier (named place)</p> <p><i>Note: Carriage. to be arranged by the seller</i></p>	<p>ANY</p>	<p>Cost transfer from the seller to the buyer when the goods have been delivered at the frontier</p>	<p>Risk transfer from the seller to the buyer when the goods have been delivered at the frontier.</p>

International Trade

<p>DES Delivered Ex Ship (...named port of destination) <i>Note: Carriage to be arranged by the seller</i></p>	<p>Sea or Inland Waterway</p>	<p>Cost transfer from the seller to the buyer when the goods are placed at the disposal of the buyer on board the ship.</p>	<p>Risk transfer from the seller to the buyer when the goods are placed at the disposal of the buyer on board the ship.</p>
<p>DEQ Delivered Ex Quay (named port of destination) <i>Note: Carriage to be arranged by the seller</i></p>	<p>Sea or Inland Waterway</p>	<p>Cost transfer from the seller to the buyer when the goods are placed at the disposal of the buyer on the quay</p>	<p>Risk transfer from the seller to the buyer when the goods are placed at the disposal of the buyer on the quay.</p>
<p>DDU Delivered Duty Unpaid (named place of destination) <i>Note: Carriage to be arranged by the seller</i></p>	<p>ANY</p>	<p>Cost transfer from the seller to the buyer when the goods are placed at the disposal of the buyer.</p>	<p>Risk transfer from the seller to the buyer when the goods are placed at the disposal of the buyer.</p>
<p>DDP Delivered Duty Paid (named place of destination) <i>Note: Carriage to be arranged by the seller</i></p>	<p>ANY</p>	<p>Cost transfer from the seller to the buyer when the goods are placed at the disposal of the buyer</p>	<p>Risk transfer from the seller to the buyer when the goods are placed at the disposal of the buyer.</p>

BILL OF EXCHANGE

No.

For
.....

..... of this FIRST OF EXCHANGE (Second of the same tenor and date being unpaid)

Pay to the order of the sum of
.....

Value received and charge the same to account of

Drawn under

L/C No. dated

To

.....
MANAGER

BILL OF EXCHANGE

No.

For
.....

..... of this SECOND OF EXCHANGE (First of the same tenor and date being unpaid)

Pay to the order of the sum of
.....

Value received and charge the same to account of

Drawn under

L/C No. dated

To

.....
MANAGER

International Trade

Due:	Date:
USD:	Ref NO:
AT..... OF THIS FIRST OF EXCHANGE (SECOND UNPAID)	
PAY TO THE ORDER OF I TRADE FINANCE INC.	
THE SUM	
OF	
.....	
.....	
UNITED STATES DOLLARS	I TRADE FINANCE INC
FOR VALUE RECEIVED	
To:
.....

PER AVAL	FOR ACCEPTANCE	Amount
FOR ACCOUNT		(Place and Date of Issue)	
OF THE DRAWEE			
.....		At/On	for value received, please pay against this Bill of
.....		Exchange to the order of	the sum of
		(in words)	
		Effective payment to be made in	(currency USD/DEM etc)
		Without deductions for and free of any taxes, duties or impost of any nature.	
		This Bill of Exchange is payable at	(Name of Domicile Bank)
		Drawee	Drawer:
	
	

International Trade

SPACE BELOW FOR ACCEPTANCE STAMP	FORM 1442 (11-90)	DRAWER'S OR FORWARDING BANK'S NUMBER
Drawn under Korean Commercial Bank L/C 6702 / 6789 Royal Bank of Canada International TRade Centre L/C 1234567	Due..... <i>January 21</i> 19.....	6702 / 6789
AT SIGHT FOR VALUE RECEIVED PAY TO THE ORDER OF THE ROYAL BANK OF CANADA THE SUM OF		
<i>Fifty Thousand U. S.</i>	DOLLARS \$ <i>50,000.00</i> U.S.	RECEIVING BANK'S NUMBER 1234567
TO <i>Royal Bank of Canada</i> <i>International Trade Centre</i> <i>Any City, Any Province</i>	BCD Exports Ltd. <i>J. Brown Export Manager</i>	

SPACE BELOW FOR ACCEPTANCE STAMP	FORM 1442 (11-90)	DRAWER'S OR FORWARDING BANK'S NUMBER
Drawn under Bank of Singapore L/C 234 / 1657 Royal Bank of Canada International TRade Centre L/C 24689	Due <i>April 21, 19-</i> <i>January 18</i> 19.....	234 / 1657
AT 90 DAYS SIGHT FOR VALUE RECEIVED PAY TO THE ORDER OF THE ROYAL BANK OF CANADA THE SUM OF		
<i>Seventy five thousand Canadian.</i>	DOLLARS \$ <i>75,000.00</i> CAN.	RECEIVING BANK'S NUMBER 24689
TO <i>Royal Bank of Canada</i> <i>International Trade Centre</i> <i>Any City, Any Province</i>	TYM Trading Inc. <i>R. Smith Vice President</i>	

SPECIMEN INVOICE (Names are fictitious)


① **QUALITY WOOLLENS LTD.**

PO BOX 71, FARTHING LANE, KEIGHLEY, WEST YORKSHIRE BD1 9X
Telephone Keighley (0535) 9461

②
Harper-Simon Incorporated
Fifth Avenue
New York
U.S.A.

③
Date 11th August, 1987

Invoice No. 124

QUANTITY	DESCRIPTION	AMOUNT	
100	Ladies Sheepskin Coats ④ 25 each of Models: Moorland, Dalesman, Fells and Wensleydale		
	Ex-works price £80 each ⑤ All freight charges and export packing Insurance from warehouse to warehouse	£8000 210 30	00 00 00
	⑥ C.I.F. New York	⑦ Total	£8240 00
Marks & Nos.	⑧ Packed in 10 cardboard cartons - 10 per carton		
QW ⑪ H-S INC. NEW YORK 1-10	⑩ Import Licence No. LHDL 22 1987		
	per pro Quality Woollens Ltd.		
	⑫ 		

INVOICE


An invoice gives details of the goods which are the basis of the transaction between the exporter and the importer. It is usually completed on the exporter's own headed invoice form, and several copies are normally required for use by Customs and Excise authorities overseas.

The invoice must carry a description of the goods, stating prices and terms exactly as specified in the credit, as well as shipping marks.

The following details are usually required and the inclusion of other information may be necessary (numbers correspond to those in the example)

1. Exporter's name and address
2. Importer's name and address
3. Place and date of issue
4. Description of the goods
5. Cost of freight and insurance (if specifically requested)
6. Shipment terms
7. Total amount payable
8. Number and type of packages
9. The contents of individual packages
10. The export and/or import licence numbers
11. Marks and numbers on packages
12. Signature of the exporter.

SPECIMEN BILL OF LADING (Names are fictitious)

Shipper ^② QUALITY WOOLLENS LIMITED FARTHING LANE KRIGHLEY WEST YORKSHIRE		B/L No. 529 Shippers Ref. 5W/4629 F/Agents Ref. 8/291		
Consignee (If 'Order' state Notify Party) ORDER ^③		① <div style="border: 1px solid black; padding: 5px; text-align: center;"> Atlantic Shipping Co  </div> Water Street Liverpool L47 2XX Tel: 051-626848 Telegraphs: Atlanco Liverpool Telex: 9978381		
Notify Party ^④ HARPER-SIMON INCORPORATED FIFTH AVENUE NEW YORK USA				
*Local Vessel	*From (Local Port of Loading)			
Ocean Vessel CONCORDIA ^⑤	Port of Loading LIVERPOOL ^⑥			
Port of Discharge NEW YORK ^⑥	*Final Destination	Freight payable at BRADFORD ^⑦	Number of original Bs/L THREE ^⑧	
Marks and Numbers QW ^⑨ H-S INC. NEW YORK 1 TO 10	Numbers and kind of packages: Description of goods 10 ^⑩ CARTONS SHEEPSKIN COATS ⑦ FREIGHT PAID		Gross Weight KILOS 127	Measurement M ³ 0.510 cubic metres per carton
SHIPPED on board in apparent good order and condition the within mentioned Merchandise stated to be marked, numbered and described in this Bill of Lading (weight, measure, brand, contents, quality and value unknown) to be conveyed via any port or ports (for loading or discharging or for any other purpose), and as otherwise provided herein. In accepting this Bill of Lading the Shipper, Consignee, owner of the goods and the holder of the Bill of Lading expressly agree to all its terms, conditions and exceptions, whether written, printed, stamped or incorporated. Weight as shown in this Bill of Lading as declared by Shippers and the Master is unable to check same.				
Number of Packages (in words) TEN ^⑪		AC Drake. ^⑫		
		Dated in Liverpool	1st August, 1987 ^⑬	

BILL OF LADING


A bill of lading is a receipt given by the shipping company upon shipment of the goods. It is a document of title and as such is required by the importer to clear the goods at the point of destination.

A bill of lading normally embodies the following details (numbers correspond to those in the example)

1. The name of the shipping company
2. The name of the exporter (shipper)
3. The name and address of the importer (consignee) or ORDER
4. The name and address of the notify party (the person to be notified on arrival of the shipment, usually the importer). This only applies when the bill has been made out to ORDER
5. The name of the carrying vessel
6. The names of the ports of shipment and discharge
7. Where freight is payable and whether it has been paid
8. The number of originals in the set
9. The marks and numbers identifying the goods
10. A brief description of the goods (possibly including weights and dimensions)
11. The number of packages
12. The signature of the ship's master or his agent
13. The date on which the goods were received for shipment and/or loaded on the vessel (this must not be later than the shipment date indicated in the credit)

SPECIMEN INSURANCE CERTIFICATE (Names are fictitious)

① **LLOYD'S**

 Lloyd's Agent at New York is authorised to adjust and settle any claim which may arise on this Certificate. ⑥

Certificate of Insurance No. C238462

This is to certify that there has been deposited with the Committee of Lloyd's an Open Cover effected by British National Insnce Brokers of Lloyd's acting on behalf of

② Quality Woollens Ltd. dated the 4th day January, 1987 with Underwriters at Lloyd's and British Marine Insurance Companies who have undertaken to issue to Quality Woollens Limited Policy/Policies of

Marine Insurance to cover up to £100,000 in all by any one steamer ③
 leather and woollen goods to be shipped on or before
 the 31st day December, 1987 from any port or place in United Kingdom
 to any port or place in U.S.A.
 and that Quality Woollens Limited
 are entitled to declare against the said Open Cover the shipments attaching thereto.

Blum
 Dated at Lloyd's, London 4th January, 1987

④ £8,240.00 Stg.

We hereby declare for insurance under the said Cover Eight thousands two hundred and forty Pounds sterling on interest as specified hereon, so valued per Concordia at and from Warehouse U.K. to Warehouse New York subject to the terms of the Standard Form of Lloyd's Marine Policy providing for the settlement of claims abroad and Standard Form of Companies Policy with the inclusion of similar provision for the settlement of claims abroad and to the special conditions stated below.

⑤ 100 Sheepskin Coats
 10 Cartons marked QW
 H-S INC
 NEW YORK
 1 TO 10
 p.p. Quality Woollens Limited

Signed ⑦ *Joe Hickunglit*

This Certificate not valid unless the Declaration be signed by Quality Woollens Limited

Dated at London 30th July, 1987 ⑧

Underwriters agree losses, if any, shall be payable to the order of Quality Woollens Ltd. on surrender of this Certificate.
 In the event of loss or damage which may result in a claim under this insurance, immediate notice should be given to the Lloyd's Agent at the port or place where the loss or damage is discovered in order that he may examine the goods and issue a survey report.

Brokers: British National Insurance Brokers
 British National House, 28 City Street, London EC3

INSURANCE CERTIFICATE


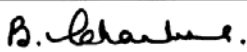
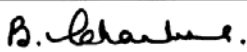
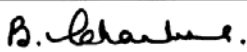
The Documentary Credit will indicate what insurance cover is required and will call for either an insurance policy or insurance certificate.

Regular exporters, as in the specimen, normally arrange an open contract to cover all exports during a specific period. This provides insurance cover at all times within the agreed terms and avoids having to obtain separate cover and a new policy for each shipment.

Insurance documents normally show the following details (numbers correspond to those in the example)

1. The name and signature of the insurer
2. The name of the assured
3. A description of the risks covered
4. The sum or sums insured expressed in the same currency as that of the credit
5. A description of the consignment
6. The place where claims are payable together with details of the agent to whom claims may be directed
7. The declaration of the assured
8. The date of issue. This must be the same or earlier than the date of the document evidencing despatch except where warehouse to warehouse cover is indicated

SPECIMEN CERTIFICATE OF ORIGIN (Names are fictitious)

Consignor: Quality Woollens Limited Farthing Lane Keighley West Yorks	B 629546															
Consignee: Harper-Simon Limited Fifth Avenue New York, USA	CERTIFICATE OF ORIGIN															
Consignment by: Ship - CONCORDIA	THE BRADFORD CHAMBER OF COMMERCE AND INDUSTRY															
THE UNDERSIGNED AUTHORITY certifies that the goods shown below																
Serial No.	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th colspan="2" style="text-align: center;">Packages</th> <th rowspan="2" style="text-align: center;">Description of goods</th> <th colspan="2" style="text-align: center;">Weight</th> </tr> <tr> <th style="text-align: center;">Number and kind</th> <th style="text-align: center;">Marks and numbers</th> <th style="text-align: center;">gross</th> <th style="text-align: center;">net</th> </tr> </thead> <tbody> <tr> <td style="text-align: center; padding: 5px;">10 cartons</td> <td style="padding: 5px;"> QW H-S INC NEW YORK 1-10 </td> <td style="padding: 5px;">Sheepskin Coats</td> <td style="text-align: center; padding: 5px;">127K8</td> <td></td> </tr> </tbody> </table>	Packages		Description of goods	Weight		Number and kind	Marks and numbers	gross	net	10 cartons	QW H-S INC NEW YORK 1-10	Sheepskin Coats	127K8		
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Bradford, 3rd August 1987 Place and date of issue		<table style="width: 100%;"> <tr> <td style="text-align: center; padding: 5px;">  </td> </tr> <tr> <td style="text-align: center; padding: 5px;"> The Bradford Chamber of Commerce and Industry (Name, signature and stamp of competent Authority) </td> </tr> </table>				The Bradford Chamber of Commerce and Industry (Name, signature and stamp of competent Authority)										
																
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CERTIFICATE OF ORIGIN

This is a signed declaration stating the country of origin of the goods. It is required by the customs authority of certain countries for the purposes of assessing import duty. Generally it has to be authenticated by a UK chamber of commerce.