



**SINGAPORE**  
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## Standardized Trade Contract

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## STANDARDIZED TRADE CONTRACT

- Process of consultation and discussion on creation of a contract template for FOB/CFR-CIF business for dry bulk fertilizers and fertilizer raw materials.
  - In the future, if the need arises, other shipment models might be developed.
- Active participation of members.
  - Drawn up by IFA members to suit trade practices as they change for the benefit of the industry and ALL the players.
- Guidance from lawyers to ensure proper and concise contract language.
  - IFA would engage in facilitating training and educational activities on all aspects of the IFA Trade Contract.

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## USE OF STANDARDIZED TRADE CONTRACTS

- BIMCO-GENCON (Charter parties for sea voyages)
- GAFTA (Grain and Feed Trade Association)
- FOSFA (Federation of Oil, Seeds and Fats associations)
- SCOTA (Standard Coal Trading Agreement)
- NAEGA (North American Export Grain Association)
- ARA (Agricultural Retailers Association)
- ICA (International Cotton Association)
- ASSUC (European Association of Sugar Traders)
- Fertilizer Industry Trade Rules and Standard Contract Form (Fertilizer Australia)

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## PRECONDITIONS FOR ACCEPTANCE



- Practical, logical and fair
- Transparent and clear (clear definitions on terms)
- Balanced interests of both Sellers and Buyers
- Clear allocation of responsibilities
- Uniform
- Fully voluntary use of contract
- Enforceable

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## WHAT SHOULD A TRADE CONTRACT LOOK LIKE



- It should contain:
  - those terms that the parties must negotiate such as product name, specifications, quantity, shipment or delivery terms, shipment or delivery period, price, payment terms, applicable arbitration and law, place of jurisdiction, etc.
  - Standard performance terms, which should address most contractual rights and obligations of both parties
  - «What if» clauses such as force majeure, default, strikes, prohibition, insolvency, compliance, etc.
- it should be constructed in such a way that it is easily readable and understandable to all staff involved in our business, i.e. a practical and logical format

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## WHAT ARE THE MAIN ADVANTAGES OF A STANDARDIZED TRADE CONTRACT



- Easier and more efficient to conclude business because the main terms are standardized and focus can be on discussing the variables
- Identical main terms reduces the chance of being caught between differences in contract terms of purchase and sales contract
- Terms and conditions balance interests of both parties and do not change with varying market circumstances

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## WHAT ARE THE MAIN ADVANTAGES OF A STANDARDIZED TRADE CONTRACT *(continued)*



- Execution of contracts less labor intensive as staff deal with same format contract
- Recurring terms that could become standard for worldwide trade would mean less disputes and in the case of disputes over time more case law to help settle disputes
- Standardization of applicable law and arbitration with optional clauses on jurisdiction and mediation will lead to a more efficient process with enforceable outcome at lower cost and eventually contribute to a higher performance standard across the industry

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# Thanks

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## SECOND SESSION

### Fertilizer Trade and Logistic Facilitation

Session Chair: Anthony WILL, CF Industries, USA  
and Chairman of the IFA Production & International Trade Committee

- **Charlie PERKINS**  
CSBP Ltd, Australia
- **Henk van DALFSEN**, Trammo Inc., USA  
and **Monica BENAVENTE**, Keytrade AG, Switzerland
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