

# Official Contract Form (Copyright)

Drawn up by the International Council of Hides, Skins & Leather Traders' Associations and the International Council of Tanners

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## INTERNATIONAL CONTRACT No. 7 — FINISHED LEATHER



*Note: When used for C.I.F. transactions Clauses 8 and 19.3 are to be regarded as deleted. When used for (CFR) (C&F) transactions Clauses 8, 13 and 19.3 and any references to Insurance in Clause 14 are to be regarded as deleted. When used for F.O.B. transactions Clauses 9, 13, 14.8 and any references to Insurance in Clause 14 are to be regarded as deleted.*

**SELLER**

**BUYER**

**DATE OF CONTRACT:**

**1. PARTICULARS**

We, the above-mentioned seller, and we, the above-mentioned buyer, have today contracted a sale/purchase on the terms and conditions of this contract.  
State here: Terms (insert CIF, CFR(C&F), FOB, Carriage Paid to (CPT), Carriage and Insurance Paid To (CIP), Delivered Ex Ship, (DES), Delivered Ex Quay (DEQ) Delivered Duty Unpaid, (DDU), Delivered Duty Paid, (DDP), Ex Works (EXW) Etc.

State here: Weight and Measurement Terms, Period of Shipment/Place of Shipment and Loading/Place of Acceptance, Afloat, Port of Destination/Place of Delivery, Place of Weighing, Institution for Check Measurement, Insurance, Payment, Applicable Health, Safety and Environmental Requirements, INCOTERMS 1990 to apply. Any other particulars.

**INSPECTION:**

**ARBITRATION:**

**& APPEAL**

**STATE ARBITRATION AUTHORITY:**

<b>2. DEFINITIONS</b>	2.1	Leather is defined in accordance with the International Glossary of Leather Terms issued by the International Council of Tanners.
	2.2	Days or months mean calendar days or months.
	2.3	The first day for shipment to be the day following the date of this Contract unless otherwise stated.
	2.4	All references to conveyance(s) in the contract shall include steamer(s) or, where applicable, any other principal means of conveyance by water, air and/or land. When conveyance refers to a sea-going vessel, steamer to mean any vessel classified Lloyds 100A1 (or the equivalent of other Registers) which issues the bill of lading and is suitable for the stowage and transportation of goods.
	2.5	Bill of lading to mean steamer bill of lading or, where other means of shipment are used, the applicable equivalent shipping documents.
	2.6	All trade terms (Such as FOB, CIF Etc) shall be interpreted according to Incoterms 1990 (and possible subsequent revisions, if any) of the International Chamber of Commerce.
	2.7	One kilogram equals 2,2046 lbs English. One square metre equals 10,7643 square feet English. One square foot equals 30.48 cms x 30.48 cms. One square foot equals 12 inches x 12 inches.
	2.8	Force majeure to be defined as Acts of God, strikes, lock-outs, labour disturbances, trade disputes, wars, government actions, riots, civil commotions, fires, floods, epidemics.
	2.9	Notice is properly given by telephone (provided it is confirmed promptly by letter) or by despatch of telegram, telex, telefax or electronic transmission.
<b>3. QUALITY</b>	3.1	Goods to be of Fair Average Quality of the mark and/or description. Fair Average Quality means that the goods must conform to the quality standards that are normal for the products of the origin indicated in the contract. For any inferiority of quality an allowance to be made.
	3.2	Unless otherwise stated in Clause 1, Seller does not guarantee the goods to be fit for the purpose for which they may be required or used, neither is he responsible for any defects appearing after the goods have been put into work, nor for any damage arising in the course of manufacture or otherwise from their use.
<b>4. SAMPLING</b>	4.1	If the leather is sold on sample, the sample should reflect a fair average quality of the bulk. If sample is intended to represent the selection, it must include all grades contained in the bulk shipment unless otherwise stated.
	4.2	If Contract is subject to acceptance of sample by buyer, such sample should be submitted and approved or rejected within the periods stated in Clause 1.
<b>5. QUANTITY</b>	5.1	To be within five per cent more or less, but in the case of default this margin not to be taken into account.
	5.2	Proportions of grades may not vary more than 10% of each grade unless otherwise agreed.
<b>6. COLOUR INSTRUCTIONS</b>	6.1	Colour instructions and/or approval of seller's counter samples must be given as specified in Clause 1 but in any case not later than 45 days before shipment is due, unless otherwise agreed. If such instructions and/or approval of seller's counter samples are delayed by buyer beyond this period seller has the right to cancel the contract or extend it without prejudice to his rights to claim default.
<b>7. MARKING</b>	7.1	Leather to be packed allowing identification in accordance with the specification shown in Clause 1 and the packages to be clearly marked showing contents stating relevant details in accordance with a packing list to be supplied with documents.
	7.2	When leather is sold by area the area to be marked on each piece so as to be legible at destination, unless otherwise agreed.
	7.3	If leather of different categories arrive insufficiently marked, any re-sorting charges thereby incurred to be for seller's account
<b>8. DESTINATION AND FREIGHT (F.O.B. only)</b>	8.1	Buyer to declare the destination within eight days of receipt of seller's request to do so, but not to be obliged to do so earlier than eight days before the first day allowed for shipment.
	8.2	If the seller arranges to book the freightspace he does so as buyer's agent at current rate to the best of his ability. The seller may not be responsible for late shipment if freightspace is unobtainable. As soon as seller knows the freightspace is unobtainable within the shipment period he shall give notice asking for agreement to ship by the first available steamer to the declared port of destination; failing such agreement the buyer to take delivery as port of shipment/place of acceptance.
	8.3	If buyer books the freightspace, buyer to give notice of the name of identification of the conveyance and departure/sailing dates in due time. Should departure/sailing be delayed beyond the stipulated shipping period or should the conveyance be unable or refuse to receive the goods or part of them for shipment or close for cargo earlier than the advertised date, the buyer has no claim on seller for late shipment.
<b>9. FREIGHT VARIATIONS</b>	9.1	Freight variations for account of the party responsible for paying the freight.
	9.2	If contract is concluded for shipment by seafreight, and buyer subsequently requires leather to be shipped by air, he shall be responsible for payment of the difference between the seafreight and airfreight and any other relevant expenses incurred as a result.
<b>10. SHIPMENT</b>	10.1	Shipment to be made by conveyance and to be evidenced by bill of lading, forwarding agent's certificate of receipt or airway bill as applicable, delivery may be direct and/or indirect with liberty to tranship.
	10.2	Dates of bills of lading are proof of dates of shipment in the absence of conclusive evidence to the contrary.
	10.3	On board bills of lading to be supplied where customary. Container shipment bills of lading may be dated when the goods are delivered to the place of acceptance/port of shipment, such date to be that on which delivery of any invoiced lot is completed.
	10.4	Unless otherwise stated in Clause 1, each part shipment against this contract shall be in conformity with all terms and conditions of this contract.
	10.5	Leather sold for shipment on basis subject to availability of freightspace shall be deemed to be shipped in time provided the space was booked in good time on a steamer scheduled to sail within the shipping period and shipment by the booked steamer occurred within one month of the last day allowed for shipment. A seller wishing to claim protection to give prompt notice and to present proof of the original booking and sailing date with the shipping document.
	10.6	Should a shipment be prevented by force majeure, the period allowed in Clause 1 for that shipment to be extended by seven weeks. after which the contract shall be null and void for the shipment, unless a further extension be agreed.
	10.7	Seller must advise buyer of any delay beyond shipment date as soon as possible and in any event before the last day allowed for shipment. No penalty shall arise if shipment is delayed by up to 28 days provided such notification is given.
<b>11. NOTICES OF SHIPMENT</b>	11.1	Notices of shipment, with the information necessary to establish the value of the leather, stating the name or identification of the conveyance or, if by container, intended conveyance, number of containers and, if possible, name of agent, to be made by seller as early as possible. Name of conveyance or identification if different from that stated, to be notified by seller as soon as known.
<b>12. RISK AND TITLE</b>	12.1	The goods are at the risk of the seller until they have been delivered on board a steamer, or, where applicable, to the place of acceptance as in clause 1. If a specific trade term (such as CIF, FOB etc) is agreed, the transfer of risk will take place according to the INCOTERMS rules applicable to such term. Thereafter buyer is at risk for all loss or damage provided all seller's other obligations have been fulfilled, and notwithstanding that the property in the goods shall not have been passed to the buyer.
	12.2	The leather supplied shall remain the property of the seller until the entire purchase amount payable therefor has been paid in full, including debts directly and strictly arising out of this specific contract.
	12.3	The buyer shall be entitled to manipulate, use or otherwise dispose of the said leather during the time that it remains the property of the seller in such event the buyer shall be under a fiduciary duty to account to the seller for the proceeds of such sale to the extent of the total of all monies owing by the buyer to the seller.
	12.4	This reservation of the title clause shall not entitle the buyer to return the leather and refuse or delay payment on the grounds that the property has not yet passed, nor shall it constitute an agency.
<b>13. INSURANCE</b>	13.1	Seller to provide policies/certificates of marine insurance including Institute Commodity Trades Clause (A), Institute War Clauses (Commodity Trades) and Institute Strikes Clauses (Commodity Trades) covering the leather at the contract price plus twenty per cent and, where applicable, to state: 'On deck cargo held covered at a premium to be arranged' (any additional premium for seller's account) and to provide for payment of all agreed claims in the currency of the contract.
	13.2	War risk is only to be covered with customary clause of notice. Any variation in the cost of war risk cover after the date of this contract to be for buyer's account.
<b>14. DOCUMENTS</b>	14.1	To consist of invoices and full sets of bills of lading or satisfactory guarantees for missing copies and/or ship's delivery orders (the latter to be countersigned by a banker, shipbroker, the captain or the mate if so required) policies/certificates of insurance and, where required, weight and/or quantity and/or measurement specifications or certificates.
	14.2	If sanitary certificates, certificates of origin and/or other certificates are required and are obtainable in the country of shipment and/or origin, these to be provided at seller's expense. Consular invoices (if requested by buyer after date of contract) and their legislation fees for buyer's account. Buyer to give seller in good time a detailed list of the documents required.
	14.3	Should bills of lading and/or policies/certificates of insurance and/or other documents required as per Clause 14.2 not be supplied, buyers to be put in the same position as if they had been supplied.
	14.4	Documents travel at seller's risk until presented to buyer or his mandatory.
	14.5	Buyer to accept documents containing the Chamber of Shipping War Deviation Clause and/or any other recognised official war risk clauses.
	14.6	Seller to be responsible for all extra expenses incurred through late presentation of the documents unless the delay is not due to him.
	14.7	If transshipment means the drawing up of fresh bills of lading, payment to be made against the fresh documents. If called upon, seller to produce proof that shipment was made within the time stipulated in this contract.
	14.8	In the case of CFR(C&F), transaction seller either to provide buyer with freight paid bills of lading, or, if freight is payable at destination, to make arrangements for payment which will not involve buyer in any disbursements which are contrary to the provisions of this contract.
<b>15. INVOICING</b>	15.1	Invoices to be based on seller's specification of the number of pieces and/or weights and/or measurement.
	15.2	The number of pieces and, if applicable, measurement or weight, in each package to be shown on the specification.
	15.3	In the case of total loss seller's invoice to be final.
	15.4	In the case of part shipments, each shipment to be settled individually.
<b>16. PAYMENT</b>	16.1	Drafts on banks to be drawn for account and risk of buyer, who guarantees their payment.
	16.2	If payment is against documents on arrival, payment must take place not later than the dates on which the conveyance/container would have arrived at the port of destination/place of delivery if the duration of the transit had been as scheduled at the time of shipment, but in no case later than 90 days from the date of the bill of lading, case of transport by air, road or rail not later than 30 days.
	16.3	If buyer fails to make payments in accordance with the terms of this contract, and such failure is fairly attributable to government restrictions imposed after the signing of this contract, seller may cancel this contract at any time before tender of payment in full by buyer and after giving seven days' notice to buyer. The contract forthwith to be closed with the like option to seller as is given in Clause 24 to either party on the other's bankruptcy and damages to be as thereinstated, but such failures to pay not to give rise to any other claim.
	16.4	If conveyance is officially reported lost, payment as defined in Clause 1 is due on first presentation of documents.

- 16.5 If buyer fails to take up documents after arrival of leather at place of destination, he becomes liable for any storage charges or other expenses arising from his failure to arrange prompt clearance.
- 16.6 If the buyer refuses or neglects to clear a shipment through customs to take delivery for an extended period, resulting in seizure of the leather by customs, the buyer shall be liable for the full invoice value plus any accrued charges, irrespective of whether he can take possession of the merchandise or not.
- 17. MEASUREMENT**
- 17.1 In the case of goods sold by area, unless otherwise specified, buyer to be entitled at his expense, to have the area checked by an institution from the list agreed between The International Council of Tanners and The International Council of Hides Skins and Leather Traders Associations and lodged on 1st January each year of this contract at the headquarters of the two Councils. Drawing of samples may be done under the supervision of the sellers representative if so required. The area to be ascertained by suitably calibrated pinwheel machine, areameter, electronic measuring machine or other agreed means.  
Goods to be conditioned as specified in the appropriate annex. Measurement of goods by the pinwheel machine shall be carried out as specified in the Code of Practice for the Measurement of Leather lodged at the offices of both the International Council of Tanners and The International Council of Hides Skins and Leather Traders Associations. As an alternative seller and buyer by agreement, may specify in Clause 1, use of ISO 11646 1993 Leather, Measurement of area.
- 17.2 In the event of a dispute on measurement of area and/or substance, a minimum sample of five per cent or less by agreement, which sample to be representative of the whole, to be drawn from the original packages, conditioned and measured as specified in the ICT Code of Practice for the area measurement of leather by the mechanical pinwheel measuring machine.
- 17.3 No adjustment to be made for differences in measurement of area equal to or less than 2% for firm leather and 3% for softer, stretchier leather, as specified in the ICT Code of Practice (on the whole parcel and not on individual hides or skins), but in the case of a greater discrepancy such adjustment to be made on the actual discrepancy.
- 17.4 Measurement of area shall be as defined in Clause 2.7, unless otherwise stated in Clause 1.
- 18. WEIGHT**
- 18.1 Leather sold by weight shall be invoiced on net tannery weights.
- 19. INSPECTION**
- 19.1 Unless otherwise agreed place of inspection to be place of delivery.
- 19.2 If inspection is prevented by force majeure, the buyer retains his rights.
- 19.3 (F.O.B. ONLY) Unless it is agreed that the leather must be approved by the buyer before shipment, the appropriate place for the inspection of the leather by buyer, unless otherwise agreed, to be the port of destination/place of delivery declared by buyer.
- 20. CLAIMS**
- 20.1 Any missing or damaged packages must be notified to the insurers or their agent and to the carrier of the leather by the buyer, in accordance with the terms of the policy.
- 20.2 Quality, description, measurements, weight and/or conditions of the leather to be considered as approved unless final buyer gives notice of a claim within 14 Working days of the leather arriving at the place of inspection or being stored under buyer's control (intermediaries shall have an additional four Working days) but in no case later than 28 days, after the last day of landing at port of destination/place of delivery.
- 20.3 Buyer must keep the shipment in its original state, subject to necessary inspection, but at least 80% of quantity to be in condition clearly identifiable to its original state, unless seller has agreed otherwise.
- 20.4 In the case of shortages of leather greater than the tolerance specified in Clause 17.3, no claim for measurement will be considered unless supported at the time or subsequently by a certificate based on the mechanical pinwheel measuring machine and issued by an independently agreed institution.
- 20.5 A dispute on account of inferiority of quality, description, measurement, quantity, weight and/or condition may in no case be the motive for refusal of payment. Buyer to accept the documents provided they are in good order without prejudice to his rights.
- 20.6 Seller to respond to claims promptly but within 5 working days.
- 21. REJECTION**
- 21.1 In the event of an allowance for inferiority of quality for which seller is liable and which amounts to or exceeds Ten Percent of the contract price buyer may either take the leather with the allowance or reject it without prejudice to his rights, this clause does not prevent arbitration awarding rejection if they consider the delivery is not a fair tender.
- 21.2 In the event of an allowance for inferiority of quality for which seller is liable and which amounts to or exceeds Ten Percent of the contract price buyer may either take the goods with the allowance or reject them without prejudice to his rights. This clause does not prevent arbitrators awarding rejection if they consider the delivery is not a fair tender or if they deem that due to the particular circumstances of the case that it would be unreasonable for the buyer to keep them.
- 21.3 If the leather is rejected, buyer shall not be obliged to accept a replacement.
- 21.4 If rejection be awarded the buyer should put the leather at seller's disposal at the place of inspection.
- 22. DEFAULT**
- 22.1 In the case of default the defaulter to make good the loss.
- 22.2 In the case of default by seller - The loss to be the difference between the contract price and the market value of the goods on the seventh day after the date of default is made, unless the Arbitrators decide that the above price difference is not sufficient to cover the actual damage incurred by the buyer.
- 22.3 In the case of default by buyer - seller, at his own and absolute discretion, has liberty to take any action he may deem fit in the interest of the leather, at buyer's risk and expense and he shall be entitled to close the contract with damages, if any, within seven days after the date of default. Damages to be limited in accordance with clause 22.2.
- 22.4 Failure by the buyer to make payments according to the terms specified, and/or to give shipping instructions, and/or to accept delivery at the times agreed, shall entitle the seller to cancel any balance remaining undelivered against this contract, or any other contract with the same buyer, without prejudice to the rights of either party to claim default.
- 23. NOTICE OF FORCE MAJEURE**
- 23.1 A party claiming force majeure to give notice as soon as possible and, if required, to furnish satisfactory evidence of force majeure.
- 24. BANKRUPTCY**
- 24.1 If before 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 payment 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) 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 in default.
- 24.2 The other party, by giving notice, notwithstanding any bankruptcy or liquidation, shall be entitled to close out the contract against him as if he were in default by re-selling or re-buying as the case may be and such re-sale or re-purchase shall be the closing out price.
- 24.3 Should either party be dissatisfied by such re-sale or re-purchase price, the matter shall be referred to arbitration. Where no such re-sale or re-purchase takes place, the closing-out price shall be the market price of the leather on the day following that on which one of the afore-mentioned circumstances arises. Failing agreement the market price shall be fixed by arbitration.
- 25. ARBITRATION AND APPEAL**
- 25.1 Any dispute arising out of this contract to be settled by private treaty, if possible, failing which it shall be referred to arbitration according to the International custom of the trade and subject to the rules for arbitration and appeal obtaining in the places specified for that purpose in Clause 1.
- 25.2 No party may begin an action in the courts under this contract until the dispute has been determined by arbitration as hereby provided (except as hereinafter mentioned) and then only for the purpose of enforcing the award.
- 25.3 If the country of the place of arbitration has no machinery for arbitration, the dispute to be dealt with in accordance with Clause 26.
- 25.4 Payments under awards are due immediately and to be settled within fourteen days unless an appeal be lodged or arbitration/appeal board extend this period.
- 25.5 If any party to an arbitration or appeal held as a result of a dispute on this contract neglects or refuses to carry out or abide by the award of arbitrators or umpire or board of appeal made following the dispute, the Association, whether representing buyers or sellers of leather, in the country in which the award is issued may, if allowed by the law of that country, notify the International Council of Hides, Skins and Leather Traders' Associations and the International Council of Tanners who may in their turn notify their member Associations of the failure to implement the award. The reporting Association and any member Association of the International Council of Hides, Skins and Leather Traders' Associations or the International Council of Tanners, if allowed by the law of the country concerned, may post the information on their notice boards and/or inform their members to this effect in any way thought fit. The parties to this contract hereby consent to the action aforementioned.
- 26. PROPER LAW OF THE CONTRACT**
- 26.1 For the purpose of arbitration, appeal and any other legal proceedings and for the purpose of establishing formal and essential validity, this contract shall be deemed to have been made in the country of the place of arbitration and to be performed there so that the law of such country shall be the proper law of the contract, any correspondence or reference to the offer, the acceptance, the place of payment, the place of appeal or otherwise notwithstanding.
- 26.2 Any party to this contract residing or carrying on business in a country other than the place of arbitration shall, for the purpose of legal proceedings, be considered as ordinary resident or carrying on business at the consulate of the country of his residence or place of business, situated in or nearest to the place of arbitration.
- 26.3 The service of legal proceedings upon a party shall be deemed good service (any rule of law or equity to the contrary notwithstanding) if such proceedings is left with the said consulate and if a copy of such notice is posted in a registered cover to the address of the party involved.
- 26.4 The United Nations Convention on Contract for the International Sale of Goods (Vienna 1980) shall apply to this Contract.
- 27.**
- 27.1 The English text is the definitive text.

**SELLER** ..... **BUYER** .....

**AT:** ..... **AT:** .....

**On:** ..... 19 ..... **On:** ..... 19 .....