



# OCCASION

This publication has been made available to the public on the occasion of the 50<sup>th</sup> anniversary of the United Nations Industrial Development Organisation.

TOGETHER

for a sustainable future

#### DISCLAIMER

This document has been produced without formal United Nations editing. The designations employed and the presentation of the material in this document do not imply the expression of any opinion whatsoever on the part of the Secretariat of the United Nations Industrial Development Organization (UNIDO) concerning the legal status of any country, territory, city or area or of its authorities, or concerning the delimitation of its frontiers or boundaries, or its economic system or degree of development. Designations such as "developed", "industrialized" and "developing" are intended for statistical convenience and do not necessarily express a judgment about the stage reached by a particular country or area in the development process. Mention of firm names or commercial products does not constitute an endorsement by UNIDO.

## FAIR USE POLICY

Any part of this publication may be quoted and referenced for educational and research purposes without additional permission from UNIDO. However, those who make use of quoting and referencing this publication are requested to follow the Fair Use Policy of giving due credit to UNIDO.

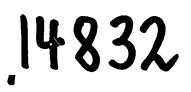
## CONTACT

Please contact <u>publications@unido.org</u> for further information concerning UNIDO publications.

For more information about UNIDO, please visit us at <u>www.unido.org</u>



E.





Distr. LIMITED ID/WG.443/2 4 Julv 1985 ENGLISH

#### United Nations Industrial Development Organization

Expert Group Meeting on Guidelines for the Import, Assembly and Manufacture of Agricultural Machinery and Training Vienna, Austria, 9 - 13 September 1985

COMPARISON OF SAMPLE CLAUSES FOR CONTRACTS FOR THE INITIAL MANAGEMENT OF A FACTORY FOR THE ASSEMBLY OR MANUFACTURE OF AGRICULTURAL MACHINERY AND THE RENDERING OF TECHNICAL ASSISTANCE ANCILLARY THERETO\*

Prepared by

Ruth Fitz Gerald UNIDO Consultant

\* This dc iment has been reproduced without formal editing.  $V.85{-}28946$ 

The purpose of this document is to draw together the various types and versions of the clauses contained in drafts and precedents of the dontract under consideration. It is essentially a research document, drawing on existing material and not seeking to furnish any new ideas on the possible approaches to issues in contractual relations.

The headings of the contract clauses dealt with in this document appear in the middle column of the "Contents" on the next page. The clause numbers are given in the right hand column. Reference is then made in the left hand column to the "Status" of the clauses considered. The letters "N", "R" and "O" stand for "Necessary", "Recommended" and "Optional" respectively. This classification indicates the degree of importance attached to the inclusion in the contract of a clause dealing with the issue raised in the corresponding clause heading. Thus, it is felt, a clause whose heading is assigned the status "Necessary" should appear in some form in the contract, even if it is not included in terms of any of the examples provided in this document.

On the page following the "Contents" there is an example of the preamble sometimes included in contracts. The recitals contained in a preamble serve to describe, if very briefly, the setting and conditions in which the agreement between the parties has been concluded. Under legal systems which take preambles into account, these can be of assistance in interpreting the clauses of contracts should a dispute later arise. Some legal systems, however, ignore the recitals contained in the preamble to a contract.

The major part of this document is given over to samples of the clauses which can be included in the contract under consideration. The examples appear in tabulated form. In some instances only one example is given of the possible terms of a clause dealing with the issue raised in the clause heading (left hand column of the table), in others two or three examples are provided. The fifth column, headed "Additions", contains extra material which supplements rather than replaces the examples given of a particular clause. The last column of the tables indicates, in abbreviated form, the sources from which the examples and additions have been generally drawn. The sources referred to above are set out in full in the last page of this document.

As recommended by the Second Consultation on the Agricultural Machinery Industry, the sources drawn from include the documentation considered by that Consultation, the views expressed on it, other relevant national and international material, the views of the participants in the Consultation and other interested parties and the experience gained by the Secretariat in work on contractual agreements.

| Clauses    | Headings                              | Status |
|------------|---------------------------------------|--------|
| 1          | Definitions                           | R      |
| 2          | Substantive Transaction               | N      |
| 3          | Entry into Force                      | R      |
| 4          | Preliminary Obligations               | N      |
| 5          | Supplier's Obligations                | N      |
| 6          | Orders                                | 0      |
| 7          | Packing                               | R      |
| 8          | Technical Documentation and Tool Kits | R      |
| 9          | Dispatch, Transport and Delivery      | N      |
| 10         | Delays in Delivery                    | N      |
| 11         | Delays in the Purchaser's Acceptance  |        |
| ••         | of Delivery                           | 0      |
| 12         | Verification of Apparent Conformity   | R      |
| 13         | Prices                                | N      |
| 14         | Payment                               | N      |
| 15         | Warranties                            | N      |
| 16         | Guarantee                             | 0      |
| 17         | Purchaser's Undertaking               | R      |
| 18         | Third Party Indemnity                 | R      |
| 19         | Import and Export Licences and Taxes  | 0      |
| 20         | Ownership of Document:                | R      |
| 21         | Change Orders                         | R      |
| 22         | Assignment                            | R      |
| 23         | Notices                               | N      |
| 24         | Termination                           | N      |
| 25         | Rights at Termination                 | N      |
| 26         | Force Majeure                         | R      |
| 27         | Limitation of damages                 | R      |
| 28         | Language                              | R      |
| 29         | Resolution of Disputes                | R      |
| 30         | Applicable Law                        | N      |
| 31 '       | Duration of the Contract              | 0      |
| · <b>-</b> |                                       |        |

Spare parts

۰,

æ.

00

-

-

THIS AGREEMENT is made BETWEEN of (hereinafter called "the purchaser") and of (hereinafter called "the supplier")

WHEREAS: -

1. The purchaser is desirous of commencing a business in the supply of spare parts for, and the maintenance and repair of, agricultural machinery;

2. The supplier has, for a considerable number of years, carried on the business of the manufacture and supply of spare parts for, and the maintenance and repair, of agricultural mahcinery and -

(a) possesses substantial valuable knowledge of a specialized nature relating to the methods and techniques in the operation and management of the business of the supply of spare parts for, and the maintenance and repair, of agricultural machinery, and continues to acquire information, skills, expertise and reputation relative to the supply of spare parts, for and the maintenance and repair of, agricultural machinery
(b) has acquired substantial knowledge, skill and expertise in the efficient and proper management and operation of the business of supplying spare parts for, and the maintenance and repair of, agricultural machinery and, in particular, in the most efficient and optimum methods of initiating and establishing such a business;
(c) has acquired expertise in the training of personnel for the management and operation of such a business;

3. The purchaser is desirous of acquiring spare parts for agricult ral machinery from the supplier and of acquiring and having the advantage of all the supplier's said and future technical knowledge, expertise, information and skill in the management and operation of the business of the supply of spare parts and the maintenance and repair of agricultural machinery.

4. The supplier is mindful that the purchaser has available to him/her in his/her own country a lesser tradition in industry, trade and business than has the supplier and that the consummation of this agreement is intended to aid and be in the interests of the industrial, trade and economic development of the purchaser's country.

Now, in CONSIDERATION of the premises and of the mutual covenants and conditions hereinafter contained, the parties hereto have agreed and do by these presents agree as follows:-

| <b></b> . | EXAMPLE I   | EXAMPLE 11 | EXAMPLE 711 | ADDITIONS | SOURCE                                   |
|-----------|---|------------|-------------|-----------|--|
|           |   |            |             |           | Rx+ 1 3<br>10/₩0,400/2<br>• ADB/±*A08/₩* |
|           | "essemblies and submaraemblies" -<br>their ments of the products which are<br>associated by the supplier or, in the case<br>is such or used rosponents, for nim/her, and<br>which are supplied in an assembled form and<br>associated unter one heading to the<br>supplied's catalogue.   |            |             |           |  |
|           | <pre>isition.rel components" = spare parts,<br/>ass blog and sub-assemblies manufactured by<br/>a person other than the supplier for the<br/>supplier of the distribution by him/her and<br/>which are included in the supplier's catalogue</pre>   |            |             |           |  |
|           | <pre>'conformicy' - the presence in the spare<br/>wears of all the conditions of quality,<br/>tithese, merchantability and compliance with<br/>the specifications as warranted in this<br/>contract.</pre>  |            |             |           |  |
|           | construct" - this agreement including all<br>the appendices and accachments hereto and all<br>documents referred to in this contract  |            |             | · ·       |  |
|           | <u>products</u> - all the equipment, machinery,<br>successories and other apparatus present in<br>the purchaser's country which incorporates or<br>uses the space parts.  |            |             |           |  |
|           | ""space raris" those parts, including<br>assemblies, submassemblies, and authorized<br>components, of equipment, machinery,<br>accessories and other apparatus now listed in<br>the suppler's catalogue, and manufacture by<br>him/ner or, in the case of authorized  |            |             |           |  |
|           | components, ditructued by him/her, together<br>wirh any other parts manufactured by the<br>supplier in the future or in the case of<br>authorized components, distributed by<br>him/her, together with any other parts<br>manufactured by the supplier in the future or<br>in the case of authorized components,<br>distributed by him/her during the currency of |            |             |           |  |
|           | this contract.<br>- " <u>specifica:ions</u> " - The standards and<br>performance indicators of the spare parts<br>particularized in Appendix  |            |             |           |  |
|           | "Specifications" also refer to the<br>descriptions of the spare parts, their<br>characteristics, quality and performance<br>capacities is stated by the supplier.   |            |             |           |  |
|           |   |            |             |           |  |
|           |   |            | ļ           |           |  |

. . 🗸 👄 -

ł

| n. Alex Mis                     | EXAMPLE I   | EXAMPLY 11   | EXAMPLE III  | ADDIT THIS | SOURCE  |
|---------------------------------|---|--|--|------------|---|
| SUBSTANTIVE<br>RANSALTION       | 2.1 Subject to the terms of this contract,<br>the supplier shall sell and deliver to the<br>purchaser at the latter's request the spare<br>parts the subject matter of this contract and<br>shall afford the purchaser the advice<br>hereinafter specified in consideration of the<br>psyment by the purchaser of the purchase<br>prices from time to time applicable in<br>accordance with this contract in respect of<br>the said spare parts (where applicable add:<br>and in consideration of the<br>purchaser's undertaking hereinafter given).  | 2. Subject to the terms of<br>this contract, the supplier<br>will sell and deliver to the<br>purchaser at the latter's<br>request the spare parts the<br>subject matter of this<br>contract and will provide the<br>purchaser with technical<br>assistance to enable the<br>purchaser and his/her<br>employees to fit, adapt and<br>repair the products and the<br>spare parts in consideration<br>of the payment by the<br>purchaser of the purchase<br>prices form time to time<br>applicable in accordance with<br>this contract in respect of<br>the said spare parts (where<br>applicable add: and in<br>consideration of the<br>purchaser's undertaking<br>hereinafter given). |  |            | ₹x. 11 7<br>1D/WG,400/2   |
| NTRY INTO<br>ORCE R             | 3.1 This contract shall enter into force on its cignature by the parties or, if signed separately, on the signature of the last subscribing party.  |  |  |            |   |
| PRELIMINARY<br>OBLIGATIONS<br>R | 4.1. Within a period of days/weeks of the<br>entry into force of this contract the<br>supplier shall investigate the stock of<br>products and spare parts present in the<br>purchaser's country and shall determine the<br>type ind number of spare parts to be held by<br>the purchaser in order to establish a level<br>of stock which would be considered necessary<br>in good trading practice in the husiness of<br>the supply of spare parts having regard to<br>the products present in the pruchaser's<br>country, any orders for products as yet<br>unfulfilled of which the supplier is aware,<br>the existing stock of spare parts in the<br>purchaser's country and the time required for<br>the fulfillment of orders for spare parts. |  | 4.1. Within days/weeks of<br>the entry into force of this<br>contract the supplier will<br>recommend to the purchaser, by<br>notice in writing, the number<br>and type of spare parts which<br>the supplier judges are<br>necessary to be held by the<br>purchaser in order to<br>constitute a stock level which<br>in good trading practice in<br>the business of the supply of<br>spare parts would be<br>considered necessary having<br>regard to the number of<br>products present in the<br>purchaser's country and the<br>stock of spare parts existing<br>in the purchaser's country. |            | Ex. I 4.1<br>ID/4G.400/~<br>Ex. II'. 4.1<br>Japan                   |
|                                 | 4.2. The supplier shall, within a period of<br>days/weeks from the entry into force of this<br>contract:  | 4.2. The supplier shall,<br>within a period of<br>days/weeks from the entry into<br>force of this contract;  | 4.2. The supplier shall, with<br>all reasonable speed after<br>receipt of the purchaser's<br>first order deliver the spare<br>parts thus ordered by the<br>purchaser and, further, shall<br>furnish the purchaser with   |            | Ex. I+II 4.2<br>ID/WG.400/2<br>Ex. III 4.2<br>YDE Co.L.d.,<br>Japan |

10 20 CM

| EADINGS                       | EXAMPLE 1  | EXAMPLE 11   | EXAMPLE 111   | ADDITIONS | SOURCE                                  |
|-------------------------------|--|--|---|-----------|---|
|                               | <ul> <li>(a) deliver to the purchaser, in accordance with the provisions hereinafter appearing, the spare parts required to establish the necessary stock level referred to in sub-paragraph 1, and</li> <li>(b) g.ve to the purchaser advice and information to enable the purchaser to evaluate the said stock level and his/her future requirements.</li> </ul>   | <ul> <li>(a) deliver to the purchaser, in accordance with the provisions herainafter appearing, the spare parts required to establish the necessary strck lev. I referred to in sub-paragraph 1, and</li> <li>(b) concurrent with or within days/weeks of the said delivery of spare parts the supplier shall, at his/her own expense, send to the purchaser's country the skilled staff specified in Annex of this contract which staff will, at the supplier's expense, spend a period of weeks/months in the purchaser's business training the purchaser and his/her employees in the skille necessary for the management and operation of a business for the maintenance and repair of the spare parts.</li> </ul> | advice and information to<br>enable the putchaser to<br>evaluate his/her additional or<br>furture requirements. |           |   |
|                               | <ul> <li>4.3. The supplier will, within days/weeks of the entry into force of this contract furnish to the purchaser the documentation listed in Appendix of this contract.</li> <li>4.4. During the period of months from the date of delivery of the spare parts referred to in subparagraph 2 the purchaser shall be entitled to return all and any of the said spare parts then not used, sold or damaged by the pruchaser and the supplier shall accept such a return paying to the purchaser or crediting the purchaser with the prices of the said returned spare parts.</li> </ul> | 4.4. During the period of<br>months from the date of<br>delivery of the spare parts<br>referred to in sub-paragraph 2<br>the purchaser shall be<br>entitled to return all and any<br>the spare parts then not sold,<br>used or damaged by the<br>purchaser and the supplier<br>shall accept such a return<br>paying to the purchaser the<br>total of the purchaser the<br>total of the purchaser parts<br>of the said returned spare<br>parts and the costs and<br>expenses paid by the purchaser<br>in their regard.  |   |           | Ex. I+11 4.3<br>ID/WG.400/2             |
| SUPPLIER'S<br>OBLIGATION<br>N |  |  |   |           | Ex. I 5<br>ID/WG.400/2<br>+ Netherlands |

<u>ң</u>Г

| at an ands       | EXAMPLE I   | EXAMPLE II | EXAMPLE III | ADDITIONS | SOURCE                 |
|------------------|---|------------|-------------|-----------|------------------------|
|                  | referred to as "the currency of this<br>contract") from the entry into force of the<br>contract.  |            |             |           |                        |
|                  | 2. (a) The supplier shall not during the<br>currency of this contract discontinue the<br>supply of any of the spare parts listed in<br>his/her catalogue at the date of the<br>purchaser's signature of this contract save<br>and unless he replaces the said spare part<br>with one having an identical function and<br>meeting the specific-tions detailed in<br>Annex of this contract.  |            |             |           |                        |
|                  | (b) Shouid the supplier, during the<br>currency of this contract, manufacture or<br>disttibute spare parts in addition to or in<br>replacement of the spare parts appearing in<br>the supplier's catalogue at the date of the<br>purchaser's signature of this contract, the<br>supplier shall inform the purchaser thereof<br>immediately such new or replacement spare<br>parts are marketed.   |            |             |           |                        |
|                  | (c) The provisions in this contract<br>regarding the prices of spare parts shall<br>apply in respect of any new or replacement<br>spare parts.  |            |             |           |                        |
|                  | 5.3. The supplier shall, at his her and cost,<br>furnish the purchaser with a detailed list of<br>the spare parts comprised in any product<br>manufactured by him/her and exported to the<br>purchaser's country and shall provide the<br>purchaser with assistance in establishing a<br>necessary stock level in respect of each new<br>type of product manufactured by the supplier<br>and exported by him/her to the purchaser's<br>country.   |            |             |           |                        |
|                  | 5.4. The supplier will grant the purchaser<br>the benefit of the status of most favoured<br>customer.   |            |             |           |                        |
| <i>י</i> ≴,2.5 / | 6. In the usual course the purchaser shall<br>p'ace orders by remitting the same to the<br>supplier by registered post. Should the<br>ourchaser require the delivery of any spare<br>part as a matter of urgency, the pruchaser<br>shall be entitled to use the fastest means<br>available to inform the supplier thereof but<br>will follow-up such an order with one<br>delivered by registered post. The supplier<br>indertakes to give the purchaser what<br>assistance he/she can render in ensuring a<br>speedy delivery of such spare parts as are |            |             |           | ₩x. 7 6<br>ID/WG,400/2 |
|                  | required urgently.  |            |             |           |                        |

| HILX: UN-1             | EXAMILE 1   | EXAMPLE 11  | EXAMPLE 111 | ADDITIONS | í sorea   |
|------------------------|---|---|-------------|-----------|---|
| PALKING R              | 7.1. The references to the prices of spare<br>parts in this contract include the packing of<br>the said spare parts in accordance with this<br>Clause.  | 7.1. The supplier shall pack<br>the spare parts in accordance<br>with his/he. standard<br>conditions of sale. The cost<br>of any additional packing<br>required will be borne by the<br>purchaser. The purchase<br>prices of the spare parts<br>quoted in this contract<br>include only such packing as<br>is indicated in the supplier's<br>standard conditions of sale. |             |           | Ex. 1 7<br>ID/WG,400/2<br>Ex. II 7<br>YDE Co.Ltd.,<br>Japan |
|                        | 2.2. The supplier shall pack the spare parts<br>in the manner required to prevent their<br>damage or deterioration during transit to<br>their final destinatination. The packing<br>shall be sufficient to withstand, without<br>limitations, rough handling, exposure to<br>extreme temperatures, salt and precipitation<br>and open storage during transit, and the<br>possibility that the spare pirts will be<br>stored for a longthy period at their port of<br>unloading. | 7.2. The requirements of the<br>packing of the spare parts<br>will be decided by the<br>supplier and the purchaser<br>jointly.  |             |           |   |
|                        | 7.3. The markings within and outside the<br>packages and the instructions, if any, of the<br>packed spare parts must be indicated by<br>diagrams and accompanied by instructions in<br>the purchaser's language.  | 7.3. The instructions, if any,<br>of precautions to be taken in<br>the handling of the packed<br>spare parts and the markings<br>within and outside the<br>packages will be in an<br>international language.  |             |           | ן<br>ג<br>ג   |
|                        | 7.4. The supplier will be liable for any<br>damage caused to the spare parts by reason of<br>any fault in the materials or design of the<br>packing, marking or instructions.   | 7.4. Once the source of any<br>damage caused to the spare<br>parts by reason of any fault<br>in the material or design of<br>the packing, the markings or<br>instructiona, has been<br>identified, the parties will<br>negotiate a settlement of the<br>purchaser's claim in respect<br>of such damage.   |             |           |   |
| DOCUMEN-<br>TATION AND | 5.1. The supplier shall ensure that each<br>batch of any one spare part is accompanied by<br>a free copy of the descriptive and<br>instruction manual necessary for the fitting<br>and operation of the said spare parts and,<br>where appropriate, by a copy of the technical<br>data sheet relating to the said spare parts<br>in the purchaser's language (or in the<br>language).   |   |             |           | Ex. I 8<br>ID/WG.400/2                                      |
|                        |   |   |             |           |   |

ŧ.

| HEADINGS                             | EXAMPLE 1   | EXAMPLE 11  | EXAMPLE III | ADDITIONS | SOURCE                           |
|--------------------------------------|---|---|-------------|-----------|----------------------------------|
| DISPATCH<br>TRANSPOR<br>AND DELIVERY | <ul> <li>8.2. The supplier will also provide, free of charge with each batch of any one spare part, a tool kit containing such implements or tools as are necessary for the proper fitting, operation, maintenance and repair of each type of spare part and of which the purchaser could not reasonably be expected to be in possession.</li> <li>8.3. The supplier will furnish the purchaser with the documents listed in Appendix of this contract all intervals.</li> <li>9.1. On receipt of orders from the purchaser the supplier shall, with due speed and efficiency, dispare the spare parts</li> </ul> |   |             |           | Ex. I 9<br>YDE Co Ltd.,<br>Japan |
| N                                    | ordered to the pruc aser.<br>9.2. Delivery of the spare parts shall be<br>made FOB, CIF etc. as may from time to time<br>be agreed between the parties and the<br>supplier shall notify the purchaser in good<br>time of the quantities of spare parts to be<br>delive ad, their packed size and weight and<br>of the proposed method of transport and<br>detai s thereof.  |   |             |           | 2x. II 9<br>ID/WG,400/2<br>'     |
|                                      | 9.3. The provisions recarding transport, the payment therefor, delivery, insurance and passing of risk laid down in INCONTERMS will apply to this Clause.   | 9.3. The supplier will arrange<br>for and bear all the costs and<br>expenses of the transport of<br>the spare parts from his/her<br>factory to the deemed delivery<br>of the products.  |             |           |                                  |
|                                      | 9.4. Where the supplier is required to affect<br>delivery under terms not dealt with in<br>INCOTERNS, the supplier shall be required to<br>meet all transport, storage and insurance<br>expenses until delivery.  | 9.4. The supplier s<br>arrange and pay for the<br>insurance of the spare parts<br>to the point of their deemed<br>delivery and, if necessary,<br>will name the purchaser the<br>beneficiary of the policy.<br>The spare parts will be<br>insured in a freely<br>convertible currency against<br>loss and damage incidental to<br>mvnufacture or acquisition,<br>transportation, storaga and<br>delivery. The insurance shall<br>be in an amount equal to 110%<br>of the CIF value of the spare<br>parts from "warehouse to<br>warehouse" on an "all risks"<br>basis, including war risks and<br>strike clauses. |             |           |                                  |

| Had IN.s                | EXAMPLE I  | EXAMPLE []   | EXAMPLE III | ADDITIONS | Source  |
|-------------------------|--|--|-------------|-----------|---|
|                         | 9.5. Delivery of the spare parts will not be<br>deemed unless and until all the necessary<br>documentation relating to them and their<br>transport has been received by the<br>purchaser. Should the spare parts arrive at<br>their final destination before the said<br>documentation has been received by the<br>purchas: c, the supplier will be responsible<br>for any consequent loss.  | <ul> <li>9.5. Delivery of the spare<br/>parts shall be deemed on the<br/>arrival of the said spare<br/>parts at the purchaser's<br/>address specified in Annex<br/>of this contract provided that<br/>delivery of the spare parts<br/>will not be deemed unless and<br/>until all the necessary<br/>documentation relating to them<br/>and their transport has been<br/>received by the purchaser.<br/>Should the spare parts arrive<br/>at their final destination<br/>before the said documentation<br/>has been received by the<br/>purchaser, the supplier will<br/>be responsible for any<br/>consequent loss.</li> <li>9.6. The spare parts shall<br/>remain at the risk of the<br/>supplier until delivery</li> </ul> |             |           |   |
| DELAYS IN<br>DELIVERY N | <ul> <li>10.1. In the usual course delivery of spare parts will be effected by the supplier within days/weeks of his/her receipt of the purchaser's order. In the case or urgent orders, the spare parts will be delivered within days/weeks of the supplier's receipt of the purchaser's notification of his/her order.</li> <li>10.2. Should the supplier fail to make delivery of the spare parts within the time fixed therefor there shall be granted to the supplier an extension of the delivery period</li> </ul>  | thereof has been completed.  |             |           | Ex. I 10<br>ECE/574,<br>ADB/I-ADB/WB<br>+ ID/WG.400/2 |
|                         | of days.<br>10.3. If the supplier fails to deliver the<br>spare parts within the fixed time for<br>delivery or within the extension thereof<br>mentioned at subparagraph 2 of this Clause,<br>the purchaser shall be entitled, upon giving<br>to the supplier within a reasonable time<br>notice in writing, to claim a reduction of<br>the prices payable under the contract, unless<br>it can be reasonably concluded from the<br>circumstances of the particular case that the<br>purchaser has suffered no loss. Such a<br>reduction shall equal X of the prices<br>payable under the contract which are property<br>attributable to the spare parts which cannot,<br>in consequence of the said failure, be put to<br>the use intended for each compelte week of<br>delay commencing on the due date of delivery,<br>but shall not exceed the maximum of X of | <ul> <li>10.3. If the supplier fails to make delivery within the said period of grace then the said delay in the performance of the supplier's delivery obligations will render the supplier liable to the following sanctions: <ul> <li>the imposition of liquidated damages;</li> <li>termination of the contract for default (if applicable add and forfeiture of its performance security).</li> </ul> </li> </ul>   |             |           |   |

.

| EACINGS     | EXAMPLE 1   | EXAMPLE: 11 | EXAMPLE II. | ADDITIONS | SOURCE              |
|-------------|---|-------------|-------------|-----------|---------------------|
|             | the purchase prices altiibutable to the spare parts so delayed.   |             |             |           |                     |
|             | 10.4. Such a reduction shall be allowed when<br>a payment becomes due or after delivery.<br>Save as p-owided in subparagraph 5 of this<br>Clause such a reduction shall be to the<br>exclusion of any other remedy of the<br>purchaser in respect of the supplier's<br>failure to deliver as aforesaid.   |             |             |           |                     |
|             | 10.5. If any portion of the spare parts in<br>respect of which the purchaser has become<br>entitled to the maximum reduction provided by<br>subparagraph 3 of this Clause or in respect<br>of which he/she would have been entitled had<br>he/she given the notice referred to therein,<br>remains undelivered, the purchaser may by<br>notice in writing to the supplier, require<br>him/her to deliver and by such last mentioned<br>notice fix a final time for delivery which |             |             |           |                     |
|             | shall be reasonable taking into account such<br>delay as has alread occurred. If for any<br>reason whatever, the supplier tails within<br>such time to do everything that he/she must<br>do to effect delivery, the purchaser shall be<br>entitled by notice in writing to the supplier<br>to terminate the contract in respect of such<br>portion of the spare parts as are not<br>delivered.  |             |             |           | ן<br>המי<br>ו       |
|             | 10.6. The purchaser shall, upon such<br>termination, be entitled to receive from the<br>supplier any loss suffered by the purchaser<br>by reason of the failure of the supplier<br>aforesaid up to an amount not exceeding the<br>purchase prices and purchaser's expenses,<br>properly attributable to such portion of the<br>spare parts, as could not in consequence of<br>the supplier's failure, be put to the use<br>intended.  |             |             |           |                     |
| AC DEPTANCE | 11.1. Should a delay in delivery be caused by<br>an act $o^{-}$ omission of the purchaser, and<br>whether $ru^{-h}$ cause shall occur before or<br>after the time or the extended time for<br>delivery there shall be granted, subject to<br>sub-maragraph 3 of Clause 10. such extension<br>of the delivery period as is reasonable<br>having regard to all the circumstances of the<br>case.  |             |             |           | Ex. I 11<br>EGE/730 |
|             | 11.2. If the purchaser fails to accept<br>delivery on the due date he/she shall<br>nevertheless make payment conditional upon   |             |             |           |                     |

×.

| nead I Nos                                     | EXAMPLE 1   | EXAMPLE II   | EXAMPLE III | ADDITIONS | SOURCE                               |
|--|---|--|-------------|-----------|--------------------------------------|
|  | delivery as if the spare parts had been<br>delivered. The supplier shall arrange for<br>the storage of the spare parts at the cost<br>and risk of the purchaser provided that if<br>the supplier is in a position to store the<br>spare parts in his/her premises without<br>prejudice to his/her business, the cost of<br>storing the spare parts will not be borne by<br>the purchaser.   |  |             |           |                                      |
|  | 11.3. The supplier may require the purchaser<br>by notice in writing to accept delivery<br>within a reasonable time. Should the<br>purchaser fail to do so within such a time,<br>the supplier shall be entitled by notice in<br>writing to the purchaser to terminate the<br>contract in respect of such portion of the<br>spare parts as is by reason of the failure<br>aforesaid not delivered and thereupon to<br>recover from the purchaser any loss suffered<br>by reason of such failure up to an amount<br>equal to the prices payable under the<br>contract which are properly attributable to<br>such a portion of the spare parts.                     |  |             |           |                                      |
| VERIFICATION<br>OF APPARENT<br>CONFORMITY<br>R | <ul> <li>12.1. The purchaser and, where appropriate, a representative of the supplier shall inspect each consignment of spare parts on its arrival at the point of delivery in order to verify the contents of each consignment. If any such consignment does not contain the spare parts ordered by the purchaser then:</li> <li>(a) the purchaser shall pay the prices of the spare parts ordered and delivered or, if payment has already been made, shall be credited with that sum by which the payment exceeds the total of the prices of spare parts ordered and delivered.</li> </ul>   |  |             |           | Ex. I 12<br>ECE/730<br>+ ID/WG.400/2 |
|  | <ul> <li>(b) the provisions of Clause 10 shall apply<br/>in respect of spare parts ordered but not<br/>delivered.</li> <li>12.2. During a period of weeks/months<br/>from the date of delivery of the spare parts<br/>the purchaser shall be entitled to reject any<br/>spare part which does not conform to this<br/>contract (excepting any defect caused after<br/>the passage of risk) provided that before the<br/>purchaser can exercise his/her right of<br/>rejection he/she shall afford the supplier an<br/>opportunity of inspecting the said spare part<br/>and to make good any defect at his/her<br/>expense within a reasonable period.</li> </ul> | 12.2. The spare parts will be<br>inspected to confirm their<br>conformity with this contract<br>on the occasion that each such<br>spare part is put into use.<br>The purchaser shall be<br>entitled to reject any spare<br>part which does not conform to<br>this contract (excepting any<br>defect caused after the<br>passage of risk) provided that |             |           | Ex. II 12.2<br>ID/WG.400/2           |
|  |   |  |             |           |                                      |

| READINGS  | EXAMPLE I  | EXAMPLE II   | EXAMPLE III | ADDITIONS | SOURCE |
|-----------|--|--|-------------|-----------|--------|
| READ INUS | <ul> <li>12.3. The purchaser's right of rejection shall also apply to spare parts which, although delivered and accepted after the time allowed for rejection, cannot properly be used without the spare parts mentioned at sub-paragraph 2 hereof.</li> <li>12.4. The supplier shall be entitled to have rejected spare parts returned to him/her at his/her own risk and expense.</li> <li>12.5. The spare parts shall be deemed to have been finally accepted when the period for rejection provided in this Clause has passed without the purchaser exercising his/her right in that regerd.</li> <li>13.1. (a) The spare parts will be sold and delivered to the purchaser at the prices appearing in Annex of this contract subject to the provisions for price revision herein contained.</li> <li>(b) Any spare part introduced by the supplier by way of replacement of any spare part included in the list of spare parts appearing in Annex of the spare part appearing in Annex of the contract shall be sold and delivered at the price of the spare part which it replaces prevailing on the date of such replacement subject to the provisions regarding price revision hereinafter appearing.</li> <li>(c) Any new spare part introduced by the supplier other than as hereinbefore provided shall be sold and delivered at the price fixed by the supplier on its introduction and shall be sold and delivered at the price</li> </ul> | EXAMPLE II<br>before the purchaser can<br>exercise his/her right of<br>rejection he/she shall afford<br>the supplier an opportunity of<br>inspecting the said spare part<br>and to make good any defect as<br>his/ner expense within a<br>reasonable period. | EXAMPLE III | ADDITIONS | SOURCE |
|           | supplier other than as hereinbefore provided<br>shall be sold and delivered at the price<br>fixed by the supplier on its introduction and<br>subject to the provisions regarding price<br>revision hereinafter appearing.  |  |             |           |        |
|           | subject to the provisions regarding price<br>revision hereinafter appearing.<br>13.2. The price of any spare part may be<br>increased in accordance with sub-paragraph 3<br>hereof by the supplier on the lat of January<br>of each year during the currency of this<br>contract provided that any price so increased<br>will remain fixed for a period of 12 months.  |  |             |           |        |
|           |  |  |             |           |        |

| HEADINGS  | EXAMPLE I  | EXAMPLE 11   | EXAMPLE III | ADDITIONS  | SOURCE  |
|-----------|--|--|-------------|--|---|
| PAYMENT N | <ul> <li>13.3. Any increase in the price of any spare part in accordance with sub-paragraph 2 hereof shall not exceed the average percentage for the year in question of the full range of general export prices for the products, spare parts, assemblies and sub-assemblies annufactured by the supplier.</li> <li>13.4. The price of any spare part may be reduced at any time.</li> <li>13.5. Any increase in the price of spare parts which the purchaser consideres excessive shall be justified and reconsidered by the supplier.</li> <li>13.6. Spare parts sold and delivered to the purchaser shall be justified and reconsidered by the supplier.</li> <li>13.6. The price of any spare part as placed.</li> <li>13.7. The purchaser shall be entitled to the rebate specified in Annex of this contract.</li> <li>14.1. The purchaser shall pay the prices for the spare parts sold and delivered in accordance with this contract within days of the submission of an invoice by the supplier.</li> <li>14.2. The supplier shall submit an invoice to the purchaser only on the delivery of spare parts.</li> </ul> | 14.2. The supplier shall<br>submit an invoice to the<br>purchaser only on the dispatch<br>of the spare parts from the<br>supplier's place of business<br>provided that payment on foot<br>of the said invoice will not<br>become due until such time as<br>the purchaser has received all<br>the documents relating to the<br>spare parts in question and<br>their transport to enable<br>delivery to be effected. |             | 13. Notwithstanding anything<br>hereinbefore contained in this<br>regard the supplier shall be<br>entitled to increase the<br>prices of spare parts if a<br>violent change in the<br>international economic<br>situation occurs. A violent<br>change in the international<br>economic situation will be<br>deemed to exist only when the<br>cost of living index in both<br>the supplier sid the<br>purchaser's country has, at<br>the end of a six month period,<br>increased by an amount in<br>excess of 5. | Add.I 13<br>YDE Co.Ltd.,<br>Japan :<br>:<br>:<br>:<br>:<br>:<br>:<br>:<br>:<br>:<br>:<br>:<br>:<br>:<br>:<br>:<br>:<br>:<br>: |
| ľ         | I  | 1  | ·           | ,  |   |

\_\_\_\_

| <ul> <li>b.1. Payment shall be effected by the perchaser in thecorrespondy by wy cl;</li> <li>b.2. Start of creating on the factor of the application has been factored in the calculation of the construct of the application has been factored in the construct of the application of the construct of the c</li></ul> | - 12 - |
|---|--------|

| HEADINGS   | EXAMPLE 1   | EXAMPLE II  | EXAMPLE III | ADDITIONS | 1979-1<br>4  |
|------------|---|---|-------------|-----------|--|
| WARRANTIES | N 15.1. The supplier warrants that the spare<br>(parts to be delivered to the purchaser:-   |   |             |           |  |
|            | (a) will be new, unused, of the most recent<br>or current models and will incorporate all<br>recent improvements in design and materials;   |   |             |           | Ex. I 15.1(a)<br>ADB/I-ADB/WB  |
|            | (b' will have no defect arising from the<br>design, workmanship or materials or from any<br>act or omission of the supplier that may<br>develop under normal use of the supplied<br>products in the conditions obtaining in the<br>purchaser's country;                                     |   |             |           | Ex. I 15.1(5)<br>ADB/I-ALB/WB  |
|            | (c) are fit for the purposes for which spare<br>parts of the same description would<br>ordinarily be used in the conditions<br>obtaining in the purchaser's country;  |   |             |           | Ex. I 15.1(c)<br>+(d)<br>A/CONF.97/18<br>Ex. I 15.1.0p<br>YDE Co.Ltd., |
|            | (d) are fit for the particular purposes and<br>in the conditions expressly or impliedly made<br>known by the purchaser to the supplier;   |   |             |           | japan<br>  |
|            | (e) possess the qualities of spare parts<br>which the supplier has held out to the<br>purchaser as samples or models;   |   |             |           | Ex. I 15.1(+)<br>A/CONF.97/18  |
|            | (f) are of a standard and quality fit for the<br>purpose or purposes for which spare parts of<br>the kind sold and delivered under this<br>contract are commonly bought as is reasonable<br>to expect having regard to the prices,<br>descriptions and all other relevant<br>circumstances; |   |             |           | Ex. I 15.1(:)<br>Common law<br>("mechantable '<br>quality") "          |
|            | <ul> <li>(g) conform with the specifications; and</li> <li>(h) are free from any right or claim of a third party.</li> </ul>  |   |             |           | Ex. I 15.1(g)<br>ID/WG.400/2<br>Ex. I 15.1(***<br>A/CONF.97/18         |
|            | 15.2.(a) The supplier further warrants that<br>the spare parts will conform with the<br>standards and rules following from the laws<br>and regulations of the purchaser's country<br>that are in force at the time when each  | 15.2. The spare parts supplied<br>under this contract from time<br>to time shall conform to the<br>standards mentioned in the<br>specifications and, where no                                       |             |           | Ex. I 15.2<br>ID/WG.400/2<br>Ex. II 15.2                               |
|            | <ul> <li>that are in force at the time of the each consignment of spare parts leaves supplier's the factory.</li> <li>(b) It shall be the duty of the purchaser to inform the supplier of any changes in the said rules and standards as soon as they occur.</li> </ul>                     | applicable standard is<br>mentioned, to the<br>authoritative standard<br>appropriate to the supplier's<br>country. The said standards<br>shall be the latest issued by<br>the concerned institution |             |           | ADB/I-ADB/WB   |
|            |   | immediately prior to the date<br>of dispatch of the spare parts.  |             |           |  |
|            |   |   |             |           |  |
|            |   |   |             |           |  |

V

| Sex. IN       | Example 1  | .X.MPLE 11   | EXAMPLE 111 | ADDITIONS  | SOURCE  |
|---------------|--|--|-------------|--|---|
| GI ARANTEE IN | <ul> <li>16.1. The supplier guarantees that the sparc parts to be sold and delivered to the putchaser will be and remain as warranted for a period of months ("the guarantee period") trom the date on which each spare part is first used.</li> <li>5.2. The purchaser shall notify the supplier forthwith of the occasion of the first use of each share part.</li> <li>16.3. The supplier undertakes to remedy any defect or non-conformity appearing in the spare parts contrary to the warranties hereinbefore given during the guarantee period.</li> <li>16.4. Where the purchaser wishes to avail him-/heraelf of the guarantee, he/she shall conting without delay</li> </ul> | ISAMPLE II<br>i6.1. The supplier guarantees<br>that the some parts to be<br>sold and delivered to the<br>purchaser will be and remain<br>as warranted for a period<br>of months/years from the<br>date of delivery of each spare<br>part.                    | EXAMPLE 111 | ADDITIONS<br>lo. A fresh guarantee period<br>equal to that stated<br>sub-paragraph in this Clause<br>shall apply, under the same<br>terms and conditions as those<br>applicable to the original<br>spare parts, to spare parts<br>replacement of defective spare<br>parts and to parts renewed in<br>rusuance of this Clause.<br>This provision shall not apply<br>to the remaining spare parts<br>the guarantee period of which<br>shall be extended only by a<br>period equal to the period<br>during which such spare parts<br>of a defect covered by this<br>clause. | SOURCE<br>Ex. I+II 10.1+2<br>ID/WG.400/2<br>Add. 16<br>ECE/574<br>Ex. I 16.3, 4<br>5+6<br>ID/WG.400/2<br>ECE/730<br>+ ECE/574 |
|               | notity the supplier in writing without easy<br>of any defect which has appeard. On receipt<br>of such notification the supplier shall, if<br>the defect is one that is covered by this<br>Clause, at his/her option:<br>(a) repair the detective spare part on site;<br>or<br>(b) have the defective spare part returned<br>to him/her for repair; or<br>(c) replace the defective spare part.   |  |             |  |   |
|               | 16.5. The supplier shall bear all the<br>expenses and costs arising out of and<br>incidental to the implementation of this<br>guarantee.   | 16.5. Unless otherwise agreed,<br>the purchaser shall bear the<br>cost and risk of transport of<br>defective spare parts returned<br>to the supplier and of spare<br>parts supplied in replacement<br>thereof between the place<br>where the spare parts are |             |  |   |

V

| READINGS | EXAMPLE I  | ENAMPLE II  | EXAMPLE III   | ADDITIONS   | SOURCE  |
|----------|--|---|---|---|---|
|          | <ul> <li>16.6. In addition to the costs and expenses referred to in sub-paragraph 5 hereof, if the defective spare part has been fitted or adapted for use in a product, the supplier shall pay or credit to the purchaser a sum of in respect of each spare part to cover the cost of disembling the defective spare part from the product and of re-fitting or re-adopting the repaired or replaced spare part.</li> <li>16.7. If the supplier, having been notified, fails to remedy any defect or non-conformity in the spare parts within a resonable period, the purchaser may proceed to take such remedial action as may be necessary, at the supplier's risk and expense, and without prejudice to any other rights which the purchaser may have against the supplier under this contract.</li> </ul> | situated and the place where<br>delivery of spare parts is to<br>be effected under this<br>contract.<br>16.6. In addition to the costs<br>and expenses referred to in<br>sub-paragraph 5 hereof, if the<br>defective spare part has been<br>fitted or adapted for use in a<br>product the supplier shall pay<br>the purchaser the expenses and<br>costs arising out of the<br>disassembly of the defective<br>spare part and the re-fitting<br>or re-adapting of the repaired<br>or replaced spare part.                                      |   | 16.8. The purchaser may,  | Ex. I 16.7+8<br>ADB/I-ADB/WB<br>+ ECE/574<br>Add. 16  |
|          | 16.8. The said guarantee shall only apply to<br>defects which appear under proper use. It<br>does not cover defects due to causes arising<br>after the risk in the products has passed.<br>In particular, it does not cover defects<br>arising from the purchaser's faulty<br>maintenance, from alterations carried out<br>without the supplier's consent in writing or<br>from repairs carried out improperly by the<br>purchaser save such repairs ary be carried<br>out by the purchaser under this Clause.   |   |   | 10.8. The purchaser may,<br>without prejudics to any<br>remedy for breach of contract,<br>by written notice of default<br>sent to the supplier,<br>terminate the contract in<br>whole or in part if the<br>supplier fails to perform<br>his/her guarantee obligations<br>under this contract and does<br>not cure that default within<br>days after receipt of the<br>default notice from the<br>purchaser. | ADB/I-ADB/WB  |
|          | 16.9. The guarantee hereinbefore given shall<br>not be interpreted so as to limit the<br>purchaser's remedies, either in time or scope<br>of relief, in respect of any breach of<br>warvanty by the supplier. In particular, the<br>supplier will remain liable in respect of any<br>defect in the products or parts thereof<br>rendering them unmerchantable which would not<br>be apparent on a reasonable examination.  | 16.9. The supplier is liable<br>in accordance with this<br>contract for any lack of<br>conformity which exists at the<br>time when the risk passes to<br>the purchaser, even though the<br>lack of conformity becomes<br>apparent only after that<br>time. The supplier is also<br>liable for any lack of<br>conformity which occurs after<br>the time indicated in the<br>proceeding sentence and which<br>is due to a breach of any of<br>his/her obligations including<br>a breach of the guarantee that<br>for a period of time the spare | 16.9. Should a latent defect<br>in the design, manufacture,<br>materials, workmanship or<br>assembly of the spare parts or<br>any part thereof become<br>apparent, the purchaser may at<br>any time, whether within or<br>outside the guarantee period,<br>require the supplier to remedy<br>the defect in the said spare<br>parts or part at his/her own<br>expense whether on site or at<br>his/her nwn factory. Should<br>the supplier fail to remedy<br>such a latent defect within<br>days of his/her receipt of |   | Ex. I 16.9<br>Ccumon law<br>"letent deject")<br>Ex. II 13.9<br>A/CONF.97/18<br>Ex. II 13.9<br>ID/WG.400/2 |
|          |  |   | ļ   |   |   |

| niki tha    | EXAMPLE 1  | EXAMPLE 11   | EXAMPLE 111   | ADDITIONS | 51.JA.                  |
|-------------|--|--|---|-----------|-------------------------|
|             |  | parts will remain fit for<br>their ordinary purpose or for<br>the particular purpose<br>required by the purchaser<br>and/or that the spare parts<br>will retain specified<br>qualities or characteristics. | nutification thereof from the<br>purchaser, the purchaser shall<br>be entitled to terminate the<br>contract in so far as it<br>relates to those defective<br>spare parts and any spare<br>parts whose use is dependant<br>on such defective spare parts<br>whereupon the supplier shall<br>take back the said spare parts<br>in respect of which the<br>contract is terminated at the<br>prices paid and in addit on,<br>pay to the purchaser all the<br>emass, costs, duties and<br>twee parts of such spare parts.<br>A latent defect shall, in this<br>contract, be taken to mean any<br>defect in the design,<br>manufacture, material,<br>workmanship or assembly of any<br>spare part which reduces or<br>impedes the spare part's<br>performance, whether by<br>immobilizing the spare part or<br>rendering it less efficient,<br>appearing several times in the<br>same spare parts of the same kind. |           | - 16 -                  |
| UNDERTAKING | <ul> <li>17.1. While this contract is in force or, where part of this contract is not in force in accordance with this contract, as regards the part hereof remaining in force, the purchaser shall not buy spare parts fulfilling a function or capable of fulfilling a function which those available from the supplier fulfill from any other supplier of spare parts.</li> <li>18.1. The supplier shall indemnify and save harmless the purchaser in respect of any claim by third parties relating to industrial property rights in the spare parts.</li> <li>15.2. The supplier shall indemnify and save namless the supplier against any claim made by a user, third party or assign against the purchaser arising out of any damage resulting from a latent defect in any of the spare parts.</li> </ul> |  |   |           | Ex. I 18<br>ID/WG.400/2 |

. 7

| HEALIN (S                                       | EXAMPLE I  | EXAMPLE 11 | EXAMPLE 111 | ADDITIONS | SOURCE                   |
|---|--|------------|-------------|-----------|--------------------------|
| LMPORT AND<br>SXPORT<br>LICENSES AND<br>TAXES O | 19.1. The supplier shall be entirely<br>responsible for all taxes, stamp duties,<br>licence fees and other such levies imposed<br>outside the purchaser's country. The<br>supplier shall ensure the fulfillment of the<br>formalities and shall obtain the<br>authorizations necessary for the export of<br>the spare parts to the purchaser's country.<br>19.2. The purchaser shall be entirely<br>responsible for all taxes, stamp duties and<br>other levies imposed inside the purchaser's<br>country. The purchaser shall ensure the<br>fulfillment of the formalities and shall<br>obtain the authorizations necessary for the<br>import of the spare parts to the purchaser's<br>country. |            |             |           | Ex. [ ]9<br>Adb/I-Adb/Wb |
| OWNERSHIP OF<br>DOCUMENTS R                     | 20.1. All the documents, drawings and other<br>informative materials furnished by the<br>supplier to the purchaser within the context<br>of this contract will become the property of<br>the purchaser.  |            |             |           | Ex. I 20<br>ID/WG.400/2  |
| • <b>• • • • • • •</b> • • • • • • • • • • •    | 21.1. The purchaser shall be entitled to<br>alter or amend any order placed by him/her at<br>no additional cost to him/her, provided that<br>the supplier receives notificiation of the<br>alteration or amendment before dispatching<br>the spare parts originally ordered. Should<br>the purchaser desire to alter or amend any<br>order after the ordered goods have been<br>dispatched by the supplier he/she shall pay<br>to the supplier all the costs and expenses of<br>the delivery of the spare parts no longer<br>wanted by the purchaser and shall return such<br>unwanted spare parts at his/her own cost and<br>risk.  |            |             |           | Ex. ( 2)<br>ADB/I-ADB/WE |
| λ (*** ΑΦΝΣ)<br>8                               | 22.1. The supplier shall not assign, in<br>whole or in part, his/her obligations to<br>perform under this contract, except with the<br>purchaser's prior written consent.  |            |             |           | Ex. I 22<br>ADB/I-ADB/WB |
| <b>、</b> <sup>+ −</sup> - : <b>` ₹</b>          | 23.1. Any notice given by one party to the<br>other pursuant to this contract shall be sent<br>in writing or by telegram or telex cable and<br>confirmed in writing to the address specified<br>for that purpose in Annex of this<br>contract. A notice shall be effective when<br>delivered or on the notice's effective date,<br>which ever is later.  |            |             |           | Ex. I 23<br>ADB/I-ADB/WB |
|   |  |            |             |           |                          |

V

| HEADINGS    | CXAMPLE: 1   | EXAMPLE 11  | EXAMPLE III | ADDITIONS   | SOURCE   |
|-------------|--|---|-------------|---|--|
| TERMINATION | <ul> <li>24.1. Termination for default of the supplier<br/>The purchaser may, without prejudice to any<br/>other remedy for breach of contract but<br/>subject to the other terms of this contract,<br/>by written notice of default sent to the<br/>supplier, terminate this contract in whole or<br/>in part:</li> <li>(a) if the supplier fails to deliver any or<br/>all the sysre parts within the time periods<br/>specifieed in the contract or any extension<br/>thereof granted by the purchaser pursuant to<br/>Clause 10; or</li> <li>(b) if the supplier fails to perform any<br/>other obligations under the contract; or</li> <li>(c) if the supplier, in either of the above<br/>circumstances, does not cure his failure<br/>within a period of thirty days (or such<br/>longer period as the purchaser may authorise<br/>in writing) after receipt of the default<br/>notice from the purchaser.</li> <li>In the event that the purchaser terminates<br/>the contract in whole or in part pursuant to<br/>this subparagraph, the purchaser may procure,<br/>upon such terms and in such manner as he/she<br/>deems appropriate, spare parts similar to<br/>those undelivered, and the supplier shall be<br/>liable to the purchaser for any excess costs<br/>of such similar spare parts. However, the<br/>supplier shall continue performance of the<br/>contract to the extent it is not terminated.</li> </ul> | 24.1. <u>Termination for default</u><br>of the supplier. The purchaser<br>may terminate the contract in<br>whole or in part by giving<br>notice in writing to the<br>supplier, should the supplier<br>fail to deliver spare parts<br>within the time periods<br>specified in this contract or<br>any extension thereof granted<br>by the purchaser pursuant to<br>Clause 10 hereof. The said<br>termination will apply, at the<br>election of the purchaser, to<br>the spare parts undelivered<br>and the apare parts which,<br>although delivered, cannot be<br>properly used without the<br>undelivered spare parts.<br>Where the purchaser so<br>terminates the contract he/she<br>shall be entitled to recover<br>any payment which he/she has<br>made, both in respect of all<br>the spare parts undelivered<br>and in respect of the spare<br>parts which, although<br>delivered, cannot be properly<br>used without the undelivered<br>and in respect of the spare<br>parts which, although<br>delivered, connot be properly<br>used without the undelivered<br>spare parts, to reject the<br>spare parts delivered which<br>are unuseable and to recover<br>any expenses properly incurred<br>in performing the contract in<br>respect of such spare parts. |             |   | Ex. I 24.1,<br>2+3<br>ADB/I-ADB/WB<br>Ex. II 24<br>ECE/574 |
|             | <ul> <li>24.2. <u>Termination for insolvency by the purchaser</u> The purchaser may at any time terminate the contract by giving written notice to the supplier, without compensation to the supplier, if the supplier becomes bankrupt or otherwise insolvent, provided that such termination will not prejudice or affect any right of action or remedy which has occured or will accrue thereafter to the purchaser. 24.3. <u>Termination by the supplier</u> The supplier may terminate this contract or part thereof by giving notice in writing to the purchaser, should the purchaser fail to accept delivery of spare parts within a reasonable time of their being ready for delivery. Such termination shall only apply to those spare parts of which the purchaser fails to accept delivery. Upon such termination the supplier will be entitled to</li></ul>   |   |             | 24. Add. I<br><u>Termination by the supplier</u> .<br>The supplier may terminate the<br>contract or part thereof by<br>giving notice in writing to<br>the purchaser, should the<br>purchaser fail to pay for the<br>spare parts or any part<br>thereof within the time<br>poriods specified in this | Add.I 24<br>ECE/574  |

 $\overline{\mathcal{A}}$ 

ł

| HEADINGS                       | EXAMPLE 1   | EXAMPLE II  | EXAMPLE III | ADDITIONS   | SOURCE   |
|--------------------------------|---|---|-------------|---|--|
|                                | recover from the purchaser any loss suffered<br>by reason of the purchaser's said failure up<br>to the amount equal to the prices payable<br>under the contract which are properly<br>attributable to such spare parts.   |   |             | contract or any extension<br>thereof granted by the<br>supplier pursuant to Clause 14<br>hereof. Where the supplier so<br>terminates this contract<br>he/she shall be entitled to<br>recover any payment due in<br>respect of delivered spare<br>parts and all expenses<br>properly incurred by him/her<br>in the performance of the<br>contract.<br>24. Add.II<br><u>Termination for the</u><br><u>purchaser's convenience</u> . The<br><u>purchaser's convenience</u> . The<br>purchaser may, by written<br>notice sent to the supplier,<br>terminate the contract, in<br>whole or in part, at any time<br>for his/her convenience. The<br>notice of termination is<br>for the purchaser's<br>convenience, the extent to<br>which performance under the<br>contract is terminated, and<br>the date upon which such<br>termination becomes<br>effective. The spare parts<br>which are ready for shipment<br>within thirty days after the<br>supplier's receipt of notice<br>of termination shall be<br>purchased by the purchaser st<br>the contract terms and prices. | Add.II 24<br>ADB/I-ADB/WB                        |
| -1.0072 AT<br>TERMENATION<br>N | 25.1. Termination of the contract, from<br>whatever cause arising, shall be without<br>prejudice to the rights of the parties<br>accrued under this contract.   |   |             |   | Ex. 1 25<br>ECE/574                              |
| FORCE<br>MAJEURE N             | 26.1. Any circumstances beyond the control<br>of the parties intervening after the<br>formation of the contract and impeding its<br>reasonable performance shall be considered as<br>cases of relief. For the purposes of this<br>Clause circumstances not due to the fault of<br>the party invoking them shall be deemed<br>beyond the control of the parties. | 26.1. Notwithstanding the<br>provisions of Clauses 10 and<br>16 the supplier shall not be<br>liable for forfeiture of<br>his/her performance security,<br>if any has been given,<br>liquidated damages or<br>termination for default, if<br>and to the extent that his/her<br>delay in performance or other<br>failure to perform his/her<br>obligations under the contract<br>is a result of an event of<br>force majeure. |             |   | Ex. I 26<br>ECE/730<br>Ex. II 26<br>ADB/I-ADB/WB |

| the second s   |   | t XANATA (1) | ADD17108S   | 500 A                |
|--|---|--------------|---|----------------------|
| The facty wishing to claim relief by<br>some of any of the said circumstances shall<br>entify the other party in writing without<br>friay on the intervention and on the<br>cosmaction thereof.  | 20.2. For the purposes of this<br>Clause "force majeure" means<br>an event beyond the control of<br>the supplier and not involving<br>the supplier's fault or<br>negligence. Such events may<br>include but are not restricted<br>to, acts of the purchaser,<br>wars or revolutions, fires,<br>floods, epidemics, quarantine<br>cestructions and freight<br>imbargoes.  |              |   |                      |
| 20.3. Where by reason of any of the<br>intrust another referred to at subparagraph 1<br>intrust subset the performance of the<br>space within a reasonable time becomes<br>another by eacher party shall be enticled to<br>to intrust the contract by notice in writing<br>intrust the contract by notice in writing<br>into the such restitution, it any, whether by<br>any or repayment of more return of goods,<br>intrustances referred to at subparagraph 1<br>it is flause may perfect | 26.3. If a force majeure<br>situation arises the supplier<br>shall promptly notify the<br>purchaser in writing of such a<br>condition and the cause<br>thereof. Unless otherwise<br>dilected by the purchaser in<br>writing, the supplier shall<br>continue to perform his/her<br>obligations under the contract<br>as far as is reasonably<br>practical, and shall seek all<br>reasonable alternative means<br>of performance not prevented<br>by force majeure. |              |   |                      |
|  |   |              | 26. If the party's failure to<br>perform is due to the failure<br>of a third party whom he/she<br>has engaged to perform the<br>whole or part of the contract,<br>that party shall be exempt<br>from liability only if:   | Add,<br>A/CONP.97/11 |
|  |   |              | <ul> <li>(a) he/she is exempt</li> <li>under subparagraph 1 of this</li> <li>Clause, and</li> <li>(b) the person whom</li> <li>he/she engaged would be so</li> <li>exempt if the provisions of</li> <li>that subparagraph where</li> <li>applied to him/her.</li> </ul> |                      |
| -<br>-<br>-  |   |              |   |                      |
|  |   |              |   |                      |
|  |   |              |   |                      |

 $\sqrt{2}$ 

ł

1 2 1

| HEADINGS                       | EXAMPLE 1   | EXAMPLE 11  | EXAMPLE 111 | ADDITIONS | SOURCE  |
|--------------------------------|---|---|-------------|-----------|---|
| LINITATION<br>OF DANAGES<br>R  | 27.1. Damages for breach of contract by one<br>party shall consist of a sum equal to the<br>loss, including loss of profit, suffered by<br>the other party as a consequence of the<br>breach. Such damages may not exceed the loss<br>which the party in breach foresaw or ought to<br>have foreseen at the time of the conclusion<br>of the contract, in the light of the facts<br>and matters which he/she then knew or ought<br>to have known, as a possible consequence of<br>the breach of contract. |   |             |           | Ex. 1 27.1<br>A/CONF.97/18                        |
|                                | 27.2. The party who sets up a breach of the contra: : shall be under a duty to take all necessary measures to mitigate the loss which has occurred provided that he/she can do so without unreasonable inconvience or cost. Should he/she fail to do so, the party guilty of the breach may claim a reduction in the damages.   |   | -<br>-      |           | Ex. I 27.2<br>ECE/574                             |
| LANGUAGE R                     | 28. All the documents, information and other<br>written materials to be furnished user this<br>contract by the supplier shall be so<br>furnished in the language.   |   |             |           |   |
| RESOLUTION<br>OF DISPUTES<br>R | 29.1. The purchaser and the supplier shall<br>make every effort to resolve amicably by<br>direct informal negotiation any disagreement<br>or dispute arising between them under or in<br>connection with this contract.   | 29.1. Any dispute arising out<br>of or in connection with the<br>contract, which the parties<br>have been unable to settle by<br>agreement shall be settled<br>finally out of rourt by<br>arbitration by the a. itral<br>body specified in Annex of<br>this contract. |             |           | Ex. I 29<br>ADB/I-ADB/WB<br>Ex. II 29<br>ECE/574  |
|                                | 29.2. If, after thirty days from the<br>commencement of such informal negotiations,<br>the purchaser and the supplier have been<br>unable to resolve amicably a contract<br>dispute, either party may require that the<br>dispute be referred for resolution to<br>arbitration in accordance with the UNCITRAL<br>Arbitration Rules.  |   |             |           |   |
| APPLICABLE<br>LAW N            | 3G. This contract shall in all respects be<br>governed by and be interpreted in accordance<br>with the laws of the purchaser's country.   | 30. This contract shall, in<br>all respects, be governed by<br>and be interpreted in<br>accordance with the laws of<br>the supplier's country.  |             |           | Ex. I 30<br>ADB/I-ADB/WB<br>Ex. II 30<br>UNCITRAL |
|                                |   |   |             |           |   |

| ala21Nes     | EXAMPLE 1   | EXAMPLE 11 | EXAMPLE III | ADDITIONS | SOURCE.                 |
|--------------|---|------------|-------------|-----------|-------------------------|
| THE CONTRACT | 31. This contract shall continue in<br>accordance with the terms hereof for a<br>minimum period of years from the date of<br>entry into force. At the conclusion of the<br>said period of years the parties will<br>continue to trade in accordance with the<br>terms of this contract unless one party<br>notifies the other of his/her desire to<br>terminate the contract. Such notice of<br>termination shall be effective on the expiry<br>of a period of months from the date of its<br>receipt by the other party. |            |             |           | Ex. I 31<br>ID/WG.400/2 |
|              |   |            |             |           | - 22                    |
|              |   |            |             |           |                         |
|              |   |            |             |           |                         |
|              |   |            |             |           |                         |

۰.

Ľ.

| SOU | RCES | : |
|-----|------|---|
|-----|------|---|

| ID/WG.400/2            | Items to be included in Model contracts for the Import,<br>Assembl, and Manufacture of Agricultural Equipment,<br>Including Training; Model Licensing Agreement                |
|------------------------|--|
|                        | UNIDO, 21 July 1983  |
| ADB/I - ADB/WB         | Sample Bidding Documents: Procurement of Goods   |
|                        | Asian Development Bank, Inter-American Development Bank,<br>the World Bank, September 1983   |
| YDE Co. Ltd.,<br>Japan | Opinion of Specialists from Japan submitted through<br>Yanmar Diesel Engine Cc., 15 February 1983  |
| Netherlands            | Opinion of Specialists from the Netherlands submitted<br>through the Permanent Mission of the Kingdom of the<br>Netherlands to the United Nations (Vienna), 22 Febrary<br>1984 |
| ECE/S74                | General Conditions for the Supply of Plant and Machinery for Export,   |
|                        | UNECE, December 1955   |
| ECE/730                | General Conditions of Sale for the Import and Export of<br>Durable Consumer Coods and of Other Engineering Stock<br>Articles, No. 730  |
|                        | UNECE, March 1961  |
| A/CONF.97/18           | Final Act of the United Nations Conference on Contracts<br>for the International Sale of Goods   |
|                        | UN General Assembly, 10 April 1980   |

- 23 -

--- ---

•

•