

## **CFFO SHIPPING TERMS & CONDITIONS**

- i) The Seller shall deliver or cause to deliver this shipment of Iron Ore in the customary manner on CFFO basis to be discharged at Pakistan Steel Terminal (IOC Berth), Port Muhammad Bin Qasim, in the vessel supplied by the Seller, subject to the following conditions.

ii) **VESSEL'S DESCRIPTION**

- a) Single Decker, Bulk Carrier (SDBC), (maximum 25 years old).
- b) Vessel is classified as Lloyd's 100 AI or equivalent. The vessel having minimum 5/5 Ho/Ha. Seller shall be liable for any and all extra insurance, penalties of whatsoever nature or assessments if classification is not maintained.
- c) Vessel shall be a Gearless, self-trimming bulk carrier having the specifications as mentioned in Clause 25 (ii)(b), maximum 25 years old excluding flag(s) restricted by the Government of Pakistan i.e. Israel and North Korea etc.
- d) Vessel shall be suitable in all respects to enter and leave the Destination Port having clear and unobstructed holds without centre-line bulkheads and guaranteed suitable for grab discharge. Such nominated vessel shall be subject to the approval of the Buyer, which shall not be unreasonably rejected (giving justification) nor delayed which should be confirmed within 24 (PSM working) hours.

iii) **DESTINATION PORT RESTRICTIONS**

- a. Vessel's draft and dimensions shall always be according to Port Muhammad Bin Qasim Authority (PQA) requirements / notification covering this specific shipment as under:-

DESCRIPTION	LIMITS
LOA	230.00 M (max)
Beam	40.00 M (max)
Arrival draught	12.00 M (max)
DWT	75,000 Tons

- b. Vessel's draft on arrival at discharge port by no means to exceed the draft guaranteed by PQA at the discharging berth. Seller shall be held liable for all consequential losses and damages including lighterage and other associated expenses arising from vessel arriving with excess draft and her inability to berth for reasons.
- c. In case PQA refuses to berth the vessel arriving with excess draft / dimensions the Seller will be held responsible for the idleness of the designated berth and the berth hire charges as per prevailing PQA tariff for all time lost including turn time and holidays. In this case notice of readiness (NOR) will be considered accepted from commencement of discharging, subject to working hours as per relevant clauses.

iv)

**GENERAL CONDITIONS**

- a. No cargo is to be loaded in deep tanks, bunkers or any other compartments, not easily accessible to grabs. Any extra expenses and / or loss of time over and above the cost of normal grab discharge incurred at Destination Port for Iron Ore not easily accessible to grabs to be on Seller's account. All extra time lost under this clause to be added to the lay time. Deep tanks, and any other provisions within vessel's holds, are to be sheltered against damage by grab, failing which Seller shall be responsible for all consequences. Any disputes regarding stevedoring damages to be settled directly between Sellers / Owners and Stevedores and any time used for repairing damage not to count as lay time. Charterer (Buyers) may provide all possible assistance to settle Stevedore damage at Discharge port.
- b. Vessel to have minimum two hatches opened and the NOR will be accepted after berthing of vessel, hatch beam removed before commencement of discharging, failing which vessel not to be considered ready to discharge and time between discovery of such failure to her rectification not to count. The Master to close the hatches when the weather is wet or threatening (unless otherwise ordered by Buyer or their representatives) as well as after finishing discharging each day, and also to open same prior to commencement of the next working period. All these operations to be done at Seller's expenses and in their time, unless local regulations prohibit crew to do so, when same to be on Buyer's account.
- c. PAKISTAN STEEL Shipping Services, 1st Floor, Operations Building, PAKISTAN STEEL, Bin Qasim, Karachi shall be appointed Agents of the Buyer at Destination Port on Seller's/Owners account. As per regulations at discharge port, Seller to appoint their own protective agent.
- d. Any extra insurance due to vessels over 15 years age, flag, class or Seller / Ownership to be on Seller's account and adjustable from final payment.
- e. Vessel to supply lights on board whenever and wherever required by Buyer's.
- f. On sailing from load port, Seller shall arrange to send a sailing cable / e-mail / Fax to Agents "PAKISTAN STEEL Shipping Services", 1st Floor, Operations Building, PAKISTAN STEEL, Bin Qasim", Karachi advising time of sailing, quantity loaded per hold / the cargo stowage plan and estimated time of arrival at discharge port.
- g. Seller himself or through master or agent of the vessel shall send notices of expected time of arrival of the vessel at discharge port to "Shipping Department, 1st Floor, Operations Building, PAKISTAN STEEL, Bin Qasim", Karachi and Agents at discharge port 96 / 72 / 48 / 24 / 12 hours prior to her arrival at discharge port, any cancellation due to wrong notice (arrival time at O/A BQ), the cancellation and waiting charges etc shall be on Sellers/Owners account.
- h. In the event of failure to give any of the above-mentioned notices, Buyer will be allowed to add 24 hours extra to the lay time.
- i. The Seller shall at least 3 (three) working days prior to the commencement of loading or within 03 days of signing of the contract, notify the Buyer in writing particulars of the vessel, her ETA at discharge port and quantity of Iron Ore to be loaded (+10% at Seller's option) for the approval of the Buyer. Such nominated vessel shall be subject to the approval of Buyer, which shall not be unreasonably rejected (giving justification) nor delayed which otherwise should be confirmed within 24 (PSM working) hours. The Seller shall be at liberty to substitute any other similar vessel so nominated with the concurrence of the Buyer. The substituted vessel shall strictly follow the Laycan requirements / schedule date. The Seller shall promptly advise the Buyer of any change in the expected arrival date, quantity specified and the detail of the substituted vessel.

- j. The Seller shall ensure that the vessel / owner shall pay and bear all port charges, tonnage dues, light dues and other taxes, assessments and charges which are customarily payable on or with respect to the vessel whether in port or elsewhere.
- k. The Seller / owner shall ensured dispatch through fax / email of non-negotiable documents i.e. commercial invoice, bill of lading, cargo manifest, crew list, ship registry, ship particulars and stowage plan etc. Immediately after sailing vessel, for clearance custom formalities at discharge port. Failing which seller / owner shall be responsible for all consequences / delay and detention. These documents should reach buyers and at least two days before arrival of vessel at discharge port at following fax No & email address.

Fax No. (+92-21)34750170 / (+92-21)34750156

Email : paksteelshipping@gmail.com

v) **CONDITIONS AT DESTINATION PORT**

- a) Iron Ore (shall be discharged at the rate of 8000 Metric Tonne for gearless vessel and 7000 Metric Tonne for geared vessel (if acceptable to the buyer) per Weather Working Day (WWD) of twenty four (24) consecutive hours or pro-rata for fraction thereof, Saturdays, Sundays and holidays excluded (SSHEX) from time counting in accordance with Sub-Clause (c). In case of smaller ship (for less than 35000 MT cargo loaded) the discharging rate shall be further decreased by 1000 MT per weather working day.
- b) NOR to be tendered in writing (in original) on working days between 09.00 hrs. to 16.30 hrs. from Monday to Friday, in the office of Shipping Department, 1<sup>st</sup> Floor, Operations Building, PAKISTAN STEEL, Bin Qasim, provided vessel is in every respect ready to discharge with hatches opened and in free pratique. No time count prior to tendering of NOR.
- c) Half of the time between 16.30 hrs on Friday or on a day preceding a holiday to 09.00 hrs. Monday or the day following the holidays to count, if used. Time commences to count only 24 hours after acceptance of NOR, even if used.
- d) Upon the vessel's arrival at outer anchorage of the Destination Port or at the time of tendering NOR, if the Berth is vacant NOR shall be tendered on arrival alongside the designated berth as per relevant Clause. In case the berth is occupied, NOR shall be tendered during office hour as per above Clause (b) from the waiting place at or off the port, whether in free pratique or not. Once the berth becomes available lay time or time on demurrage shall cease until the vessel is in berth.
- e) However, if the vessel is at that time prevented from proceeding to the discharging berth due to her inefficiency, tidal conditions and bad weather, strikes of tugs or pilots or mandatory regulations, loss of such time shall not count as lay time.
- f) If, on vessel's arrival at discharging berth, free pratique is refused due to owner / vessel reason, all time from the moment free pratique is refused to the moment free pratique is granted not to count (even if vessel is already on demurrage), and Sellers to bear extra expenses connected with such refusal.
- g) Time used for shifting from outer anchorage not to count as laytime, even if vessel is already on demurrage. If through congestion at the Destination Port vessel is kept waiting off the Port lay time will commence to count as per above Clause (c).

- h) Any time lost due to weather effects at Destination Port / Berth, will not count as laytime. All stoppages shall not be counted as laytime (shall be deducted from calcs) unless vessel is on demurrage.
- i) If the vessel loses her turn due to any reason, attributable to the vessel, her Master, her crew or the Seller/Owners, time lost shall not count as notice time or as lay time or as time on demurrage and lay time to resume on vessel arrival alongside the designated berth subject to working hours as stipulated in the relevant clauses.
- j) In case, the original Bill of Lading is not available at Destination port on vessel's arrival, discharge of the cargo shall be made against submission of a letter of indemnity (LOI) in owner's PNI club wording duly signed by PAKISTAN STEEL and to be provided to the seller / Master of the vessel for commencement of the discharge. In such case, the seller shall be responsible that the cargo is promptly discharged by the Master provided the vessel has berthed and is in all respect ready for discharge. Any consequential loss of time due to non-availability of relevant documents shall be on seller's account unless such delay is caused by the Buyer. As soon as the original bills of lading are available to the buyer, the buyer shall return 1/3 original bill of lading to the seller for submission to the owner, in order to release the seller from its obligation under the letter of indemnity.
- k) Any time lost at Destination Port / Berth due to inclement weather breakdown of unloading equipment etc. not to count as lay time, even if the vessel is already on demurrage. Time counting shall cease on completion of discharging, however, in case of vessel's inability to vacate the berth after completion of unloading, all direct consequences, shall be entirely to Seller's account.
- l) In the event of discharging being impossible due to inefficiency, custom clearance, refusal by owner / seller or any other cause attributable to the vessel, her Master, her crew or the Sellers/Owners and such impossibility continuing for more than six consecutive hours, the Buyers shall have the right to order the vessel to vacate the berth and shifting from and back to berth shall be at Seller's expense and time or Buyer may charge idle berth fee at the rate of 0.08 US\$ per GRT per day / prorata subject to minimum of US\$ 300 per day or part thereof for 1<sup>st</sup> day and US\$ 0.02 per GRT per 6 hours or part thereof for more than 24 hours till commencement of discharging cargo.
- m) If the vessel due to above mentioned reasons, has to vacate the discharging berth, notice time or lay time or time on demurrage shall not count from that time until she be in all respect ready to discharge and notification has been given to the Buyers accordingly. If, due to above matters, the vessel loses her turn, time shall count again only when discharging has been resumed.
- n) Master is not to take on or pump ballast, oil or water at Destination Port without obtaining permission of Buyers or to switch oil or water from one tank to another in order to enable the Buyers to do a proper draft survey. Vessel to furnish a certified calibration scale for all tanks including fore and aft, peak and double bottom tanks and deep tanks. Plimsoll marks amid ships and draft marks on port and starboard side, bow and stern to be clearly cut and marked on shell plating.
- o) The Pilot, Chief Officer, Officers and Crew of the vessel and tow boat persons or facility assisting the vessel, shall not be Agents or employees of the Buyers and the Buyers shall not be liable for any loss, damage or claims resulting from or arising out of negligence or error of any of them while the vessel is proceeding to or lying at the Destination Port.

- p) Stevedores, although appointed by the charterer, Shipper(s) or receiver(s) or their agents, shall be under the direction and control of the Chief Officer. Charterer, Shipper(s) or receiver(s) shall not be responsible for the act and default of the Stevedores at Discharge Port. All claims for damage allegedly caused by the Stevedores shall be settled directly between Owners and Stevedores at the Discharge port. Owner or Master shall give written notice to Stevedores of damage claimed not later than 24 hours after occurrence.
- q) Stevedore damage effecting vessel's sea worthiness and/ or class to be repaired before sailing from the port where such damage was caused. In the event that Owner and Stevedores are not able to settle directly, then Charterer may assist with resolving any claim where possible.
- r) Statement of Facts at destination port shall be prepared and signed by Buyers or their Agents and owner's protective agent be countersigned by the Master.
- s) Buyers shall pay demurrage @ USD 12,000/- per day or prorata for all time lost at destination Port. Sellers shall pay dispatch at the 50% of the demurrage rate per day or prorata for all time saved at Destination Port.

vi) **FINANCIAL & OTHER CONDITIONS**

- a) Sellers/Owners are required to establish and maintain financial security or responsibility in respect of oil or other pollution damage as required by any Government including Federal State or Municipal or other Division or Authority thereof, to enable the vessel without penalty or charge to lawfully enter remain at or leave any port, place or Municipality in performance of this Contract without any delay. Undertaking will be at Sellers/Owners sole expense and the Sellers/Owners shall indemnify the Buyers against all consequences including loss of time for any failure or inability to do so.
- b) At the Destination Port, Seller shall pay on behalf of owners Harbour dues and all Port Charges, berth hire, pilotage, tugs handling times, and mooring, (Pilotage, Tugs and handling times, in and out once only) @ US\$2.35PMT of cargo loaded as per Bill of Lading quantity, which will exempt the vessel from following payments only:-
  - i. The Seller will deduct the aforesaid amount plus US\$ 5000/- (as shown at (c) below, from the invoice to be submitted through L/C for payment and shall draw net amount after such deduction.
  - ii. All above listed charges/payments are subject to change by PQA and Sellers to pay these charges as fixed/revised by the said authority as on the date of berthing.
  - iii. The Seller will deduct the aforesaid amount (i.e. US\$ 2.35PMT) plus US\$ 5000/- and US\$ 2000/- from the invoice to be submitted through L/C for payment and shall draw net amount after such deduction or such total amount shall be adjusted in the final adjustment sheet.
- c) Agency fee at Destination Port shall be charged from the Sellers/Owners at the rate of US\$ 5,000.00 per vessel.

- d) US\$ 2000.00 being the miscellaneous un-receipted expenses will be charged to the vessel at the Destination Port but excluding other charges whatever nature, e.g. NOC from Income Tax ( PC issued by FBR) to be obtained by the Master/Seller/Owners protective agents.
- e) Customs light dues of the vessel will be charged to the Sellers/Owners/Vessel separately at actual (to be paid through owners protective agents).
- f) In case Seller/Owners fails to provide funds mentioned in Clause other than the charges already paid by the Seller for Destination Port clearance, as mentioned in relevant clauses before Vessel's arrival at the Destination Port, NOR will not be accepted till the clearance of port dues.
- g) Any overtime on the Destination Port to be on account of the party ordering same, however, Ship's officers and crew overtime to be always on Owner's account.
- h) Buyers are entitled to work during the exempted period and at night if required. The vessel to supply, free of charge, the use of sufficient electric light as on board for night work including Saturdays, Sundays & holidays.
- i) Any communications received from source(s) other than Sellers/ Owners/ Master/Agent of the vessel and owner's protective agent will not be acceptable to the Buyers.
- j) PAKISTAN STEEL will not claim any amount from ship owners, which has already been paid by the seller.

vii) **PROSPECTIVE CLAUSES**

- a) Seller shall include in their agreement with Vessel's Owners following Clauses and payments, if any, against these Protective Clauses will be borne by the Sellers.

NEW JASON CLAUSE  
BOTH TO BLAME COLLISION CLAUSE  
P & I BUNKERING CLAUSE

- b) However, War Risk Clause Nos: 1 + 2 should appear as under:-

Any War risk insurance premium including additional and/or increase in war risk insurance premium for trading to areas where such additional and/or increase premium payable as designated by war risk underwriters for worldwide trading shall be on Sellers/Owner's account.