

GENERAL CONDITIONS OF THE INTERNATIONAL FREIGHT FORWARDERS

ASSOCIATION OF CROATIA (2005)

I. APPLICABILITY

Article 1

These General Conditions of International Freight Forwarders (hereinafter referred to as “the General Conditions”) govern the relationships between the Freight Forwarder and his Customer.

The General Conditions shall apply to all forwarding operations, unless their application is expressly excluded by the parties to the contract.

Article 2

The Freight Forwarder is organizer of dispatch and delivery of goods by all means and routes of transportation.

By a forwarding contract, the Freight Forwarder assumes the obligation to conclude, in his own name and for the account of the Customer or in the name and for the account of the Customer, a contract for the transport of goods and other contracts necessary to carry out transport, as well as to carry out all other customary operations and actions, and the Customer undertakes to pay him remuneration.

Freight forwarding services include:

- expert advice and participation in negotiations concerning the conclusion of international sales contracts relating to transport, insurance, customs issues, etc.;
- identification of the most favorable transport routes and clauses to be applied to the international sale and the international transport of goods in order to protect the interests of the Customer;
- obtaining the preferences, refractions and other benefits from local and foreign transport operators and other participants;
- organizing transport of groupage consignments;
- organizing the multimodal and integral transport of goods and the physical distribution of the goods on a door-to-door basis;
- conclusion of transport contracts for any type of transport;
- conclusion of contracts for loading, unloading, transshipment, sorting and packing of goods and/or performing such or similar services;
- conclusion of warehousing contracts and/or warehousing of goods;
- conclusion of insurance contracts for goods;
- representing and performing activities relating to the customs clearance of goods (customs agency);

- sampling of goods;
- determination of the quantity of goods without issuing a certificate;
- participating in the collection of payments for delivered goods;
- issuance of forwarding certificates of receipt and other Freight Forwarder's documents (own, FIATA or other documents);
- issuance or obtaining transport and other documents;
- control of calculations in transport documents and settlement of transport and other costs;
- taking measures for indemnification in cases of loss, damage or delayed delivery of goods;
- obtaining transit permits for goods and other documents;
- taking actions to ensure steady freezing temperature, and feeding and watering of live animals;
- performing services at international fairs, independent and specialized exhibitions and similar events in the country and abroad;
- domestic forwarding;
- other activities customary in the international forwarding business.

II. OFFER

Article 3

The Freight Forwarder's offer shall include only the services expressly specified therein.

Article 4

The offer shall remain valid only till the date fixed for its acceptance.

Article 5

The offer in the form of a lumpsum rate covering all forwarding operations (which may include transport, customs clearance, storage and other similar costs) is valid under the circumstances existing at the time when the offer is made.

The costs not covered by the lumpsum rate shall be payable by the Customer to the Freight Forwarder separately.

The accepted lumpsum rate may not be transferred by the Customer to a third party without Freight Forwarder's consent.

III. ORDER (DISPOSITION)

Article 6

The dispatch and delivery of goods, including all operations relating thereto, shall be performed by the Freight Forwarder on the basis of the order given by the Customer.

The order shall contain all necessary details about the goods and their properties, the exact instructions about their dispatch and all operations related to the dispatch, as well as any other details as may be required for the proper and timely fulfillment of the order.

Article 7

The Customer is obliged to inform the Freight Forwarder of the properties of goods which might threaten the safety of persons or property or cause damage.

When a consignment contains valuable objects, securities or other articles of value, the Customer shall be bound to inform the Freight Forwarder of such objects and their respective value at the time of their handing over to the Freight Forwarder for dispatch.

Article 8

The Freight Forwarder shall follow strictly the Customer's order.

The Customer shall inform the Freight Forwarder without delay if the Customer transfers its rights under the transport contract to a third party.

Unless otherwise agreed, the Freight Forwarder shall, within the limits of his liabilities to the Customer, be liable to the third party referred to in paragraph 2 of this Article.

Article 9

Where the Freight Forwarder has been given the order, he shall also be deemed to have been given the authorization to pay the freight, duties and other costs.

The Customer shall timely put at the Freight Forwarder's disposal the funds necessary for the payment of the costs referred to in paragraph 1 of this Article. Otherwise, any resulting consequences shall be borne by the Customer.

If the Freight Forwarder is instructed by the Customer to request the funds referred to in paragraph 2 of this Article from a business partner of the Customer, the Customer shall previously instruct his partner to do so.

In the case referred to in paragraph 3, the Freight Forwarder shall make the payment at the expense and risk of the Customer and the Customer shall remain liable to the Freight Forwarder for such funds if for any objective reasons the Freight Forwarder cannot collect the costs from the Customer's business partner.

Article 10

In general, the order shall be given in writing.

The order given orally or by telephone shall obligatorily be confirmed in writing.

If the order given in any of the ways specified in paragraph 2 of this Article is not confirmed subsequently in writing, the Freight Forwarder shall not be responsible for any harmful consequences.

Where the order is apparently incomplete, unclear or contradictory, the Freight Forwarder shall request necessary explanations from the Customer in time.

If the circumstances of a case are such that the necessary explanations cannot be obtained by the Freight Forwarder, and the case admits no delay, the Freight Forwarder shall act as a good businessman protecting the interests of the Customer and also immediately notify the Customer thereof.

Article 11

Any consequences resulting from an incorrect, incomplete, unclear, contradictory and late order shall be borne by the Customer.

Article 12

The Customer shall ensure the timely submission to the Freight Forwarder of all documents necessary for the fulfillment of the order.

The Customer shall also be deemed late with the submission to the Freight Forwarder of the necessary documents when the Customer's business partner fails to furnish such documents on time to the Freight Forwarder.

The Freight Forwarder shall not be liable for any hidden errors in documents.

Any consequences resulting from incorrect documents or untimely submission thereof to the Freight Forwarder shall be borne by the Customer.

The Freight Forwarder shall not be obliged to deliver the goods or to take them over by giving the guarantee.

Article 13

In performing the order with regard to the collection of the Customer's claims from the consignee, the Freight Forwarder shall not verify the justifiability of such claims nor assume any guarantee.

If the consignee refuses to accept the goods, the Freight Forwarder shall notify this to the Customer and at the same time take necessary measures to protect such goods until further order.

For the services referred to in the preceding paragraphs, the Customer shall pay to the Freight Forwarder a separate remuneration and shall compensate to the Freight Forwarder all costs of collecting claims for the Customer.

Article 14

If an order the performance of which has already started is changed by the Customer, the Freight Forwarder shall, if possible, act according to such changed order, without the responsibility for any consequences caused by such change of the order.

Article 15

In the case that the Customer withdraws the given order, the Customer shall pay to the Freight Forwarder remuneration for the already provided services and compensation for the caused costs.

IV. RECEIPT AND DELIVERY OF GOODS

Article 16

The Freight Forwarder shall be deemed to have received the goods when he has taken charge of the goods for dispatch.

The handover of goods to the carrier shall mean that the goods have been delivered.

Unless otherwise agreed, the Freight Forwarder may perform transport by himself in whole or in part.

The Freight Forwarder who performs transport by himself shall have the rights and obligations of a carrier.

Article 17

The Freight Forwarder shall keep the Customer informed regularly of the progress of transport of the Customer's goods.

Article 18

If the Customer has entered into a contract for the transport of goods by sea, the Customer shall also agree on the conditions of loading and discharge as customary in the respective ports.

All costs resulting from the failure of the port organization or the carrier to fulfill the loading and discharge conditions customary in the respective ports shall be borne by the Customer.

The Customer shall also bear the costs resulting from congestion in the port, the quay, switching and collecting yards and other traffic points, lack of storage space and means of transportation, waiting for ships in ports and for other means of transportation at quays or railway stations, overtime work, waiting on holidays and nonworking days, as well as interruption of work due to bad weather or other events of force majeure.

Article 19

The Freight Forwarder shall not be liable for information obtained from the shipping company and its agent concerning the voyage and arrival of the ship, nor for the information from other carriers.

The Freight Forwarder shall verify the particulars concerning the operation of the ship, especially those concerning the calculation of the time spent on laydays and demurrage, and he shall be responsible for such particulars.

Article 20

The demurrage for conveyances associated with consignments whose transport documents identify the Freight Forwarder as the consignee, where such demurrage has not arisen from a proven fault on the part of the Freight Forwarder, shall be borne by the Customer. However, the Customer shall have the right to claim compensation from the organization responsible for such demurrage.

V. TRANSPORT AND ACCOMPANYING DOCUMENTS

Article 21

Regarding the documents required for the transport of goods, the Freight Forwarder can use the existing standard documents – forms such as customary in individual branches of the transport business.

If the documents referred to in paragraph 1 of this Article contain the clauses by which the liability of the carrier is reduced or excluded, the Freight Forwarder shall not be liable for such excluded obligations.

Where the Customer wants to exclude certain clauses from the standard transport documents, he shall notify it explicitly to the Freight Forwarder in writing and in time. The Freight Forwarder shall warn the Customer if it is evident that such exclusion or addition of clauses in transport documents may have harmful consequences.

Article 22

The Freight Forwarder shall not examine the validity of the authorization given to the bearer of the accompanying documents, nor of the signatory of the order.

For the received order, the Freight Forwarder shall not investigate whether there are any legal or other hindrances for the dispatch of the goods or any import, export or transit restrictions. Hence, and any costs arising in this respect shall be borne by the Customer.

VI. ARRIVAL OF DAMAGED CONSIGNMENT AND THE PROCEDURE

Article 23

When a consignment arrives at the destination apparently damaged or with an evident deficiency in the number of packages, the Freight Forwarder shall, if at this place he represents the consignee, inform the Customer without delay of such damage or shortage and of all events significant for the Customer, and he shall take all necessary measures against the responsible person to protect the Customer's rights.

Article 24

If, in the opinion of the Freight Forwarder, certain actions should be taken in the interest of the Customer but he cannot previously obtain instructions from the Customer, the Freight Forwarder shall be authorized to take such actions for the account and at the risk of the Customer.

When at the place of transshipment the Freight Forwarder acts on behalf of both the consignor and the consignee, he shall protect the interests of both of them with the diligence of a good businessman and keep them informed of his work.

Article 25

In the case of a general average, the Freight Forwarder shall inform the Customer of all facts he has become aware of.

VII. SELECTION OF APPROPRIATE MODE OF TRANSPORT

Article 26

Where the order contains no instructions concerning the transport route, means of transportation and forwarding procedure for the goods, the Freight Forwarder shall be entitled to choose or to combine the options most favorable for the Customer.

Article 27

Where the goods are forwarded by rail and the Customer has indicated only the consignee's domicile, without indicating the station of destination, the Freight Forwarder shall, if necessary explanations cannot be obtained from the Customer in time, forward the consignment to the station that is suitable for the Customer.

In such case, the Freight Forwarder shall not be responsible for the choice of the station.

Article 28

Part-load consignments may be dispatched by the Freight Forwarder in groupage transport, unless a specific different order in writing is received.

The Freight Forwarder shall, if requested so by the Customer, issue to the Customer the standard Freight Forwarder's Certificate of Receipt to evidence the dispatch and handover of goods.

The Freight Forwarder shall be entitled to the difference in freight due to groupage dispatch.

Article 29

In the sales contract, the Customer shall, in accordance with the delivery terms stipulated in such contract, ensure that, with regard to the transport of the goods, his partner follows strictly the instructions given to the partner by the Freight Forwarder.

The Freight Forwarder shall not be liable for any transport damage arising from the failure of the Customer's partner to follow his instructions.

VIII. TIME FRAMES

Article 30

The Freight Forwarder shall be responsible for the dispatch or delivery time only if he has undertaken expressly to respect it, but always within the limits of the responsibility of the carrier and other participants in the transport of goods engaged by the Freight Forwarder.

Article 31

At the place of transshipment, the Freight Forwarder shall act conscientiously and carefully to ensure that transshipment is carried out in the best possible way.

The Freight Forwarder shall not be responsible for hindrances and delays in the transshipment of goods resulting from a fault on the part of the carrier, transshipment organizations and other organizations involved, or force majeure.

Furthermore, the Freight Forwarder shall not be responsible for the untimely provision of the means of transportation by the carrier, nor for the untimely arrival of the goods due to traffic jams and other difficulties.

IX. INSPECTION OF PACKING

Article 32

The Customer or his partner shall pack the goods taking into account their nature, characteristics and the requirements of the route and means of transportation.

The Freight Forwarder shall not be responsible for any consequences resulting from failure by the Customer, or his partner, to comply with the provisions of the contract.

If the Freight Forwarder notices that the goods are not properly packed or otherwise not prepared for transport, the Freight Forwarder shall inform the Customer of such shortcomings.

Should waiting for the Customer to remove the shortcomings cause damage to the Customer himself, the Freight Forwarder shall remove such shortcomings at the expense of the Customer.

X. DETERMINATION OF QUANTITY

Article 33

Unless otherwise agreed, the Freight Forwarder shall take part-load consignments according to the number of packages only, and bulk cargos according to the particulars given by the Customer or indicated in the transport documents, without any responsibility of the Freight Forwarder for the weight, content, or nature of the goods.

The goods shall be weighed, measured or counted only by order or in case of evident damage or deficiency in the quantity. In such case, the Freight Forwarder shall receive compensation for his costs and services.

The Freight Forwarder may have the goods weighed by an organization specialized for such activity.

XI. SAMPLING

Article 34

The Freight Forwarder shall take samples and dispatch them as directed by the Customer.

The costs of sampling, sample dispatch and additional remuneration shall be borne by the Customer.

The Freight Forwarder shall be responsible for taking samples from the part of the consignment that has been indicated for such action.

XII. CUSTOMS CLEARANCE

Article 35

The given order shall be deemed to include also the order for customs clearance of goods, unless otherwise agreed expressly and in writing.

In the customs clearance procedure, the Freight Forwarder shall act in the name and for the account of the Customer (direct representation) or in his own name and for the account of the Customer (indirect representation).

The customs documents presented by the Freight Forwarder shall be based on the particulars provided by the Customer or his business partner.

The Freight Forwarder shall not be held responsible if the particulars in the documents differ from the actual state. The Customer shall compensate to the Freight Forwarder any damage caused thereby.

For performing customs agency services, the Freight Forwarder shall be entitled to extra remuneration.

The order for customs clearance shall not include the liability of the Freight Forwarder to pay customs duties for the account of the Customer.

Where the place of customs clearance is not indicated in the order or provided for by regulations, it shall be determined by the Freight Forwarder.

XIII. INSURANCE

Article 36

The goods shall be insured by the Freight Forwarder on the basis of a specific order for every single dispatch.

The indication of consignment value in the order shall not be considered an order for the insurance of goods.

The insurance by the Freight Forwarder of one consignment shall not create the obligation for him to insure all subsequent consignments of the same Customer.

Where the insurance order does not indicate any specific risks to be covered, the Freight Forwarder shall be obligated to cover the basic risks only.

If no insurance order is given by the Customer, or he has given an order for partial coverage, any damage arising therefrom shall be at the expense of the Customer.

XI. REMUNERATION FOR SERVICES AND COMPENSATION OF COSTS

Article 37

The Freight Forwarder shall be entitled to remuneration for his services and to the compensation of his costs.

The remuneration shall be determined on the basis of the tariff or by a separate agreement.

The Customer shall remain liable to the Freight Forwarder even if the Freight Forwarder has been instructed by the Customer to collect the amount due to him from third parties.

For the services provided to a foreign Customer, the Freight Forwarder shall be entitled to remuneration for his services and the compensation of his costs in the currency of the country where such Customer's head office is located, or, by agreement, in another currency.

When the Freight Forwarder, asked prior to the limitation date, has paid an amount for undercharged freight, customs duties, storage fees, demurrage and similar costs, the Customer shall, provided such expenses have not been included in the lumpsum rate, compensate to the Freight Forwarder any such amount.

No rights of the Freight Forwarder towards the Customer shall be affected by any bans or other measures, and the former's right to remuneration and compensation shall at all times remain untouched.

Unless otherwise agreed, the Freight Forwarder's invoices shall be payable within eight days after the receipt thereof.

Any objections to the invoices shall be notified within the same period of time.

If such an objection refers to a part of the invoice only, the undisputed portion thereof shall be payable within eight days.

Where, in the performance of the order, the Freight Forwarder advances his own funds, the Freight Forwarder shall be entitled to special remuneration for such advanced funds, the amount of which shall be determined on the basis of the tariff or by agreement with the Customer.

XV. FREIGHT FORWARDER'S LIABILITY

Article 38

The Freight Forwarder shall, in every situation, act in the interest of the Customer and with the diligence of a good businessman.

Where the forwarding contract specifies a lumpsum rate for the performance of the entire forwarding order, such sum shall include remuneration for all services and the costs of forwarding, transport and all other costs.

In the case referred to in paragraph 2 of this Article, the Freight Forwarder shall be liable also for the work of the carrier and other service providers whose services have been included in the lumpsum rate referred to in paragraph 2 of this Article.

In other cases, the Freight Forwarder shall be liable for the choice of the carrier and other persons with whom he has entered into contracts (storage of goods, etc.), for the performance of the order, but not for their work, unless such liability has been assumed by him under the contract.

In the cases referred to in paragraph 4 of this Article, the Freight Forwarder shall take all measures necessary to ensure the Customer's right to indemnification.

If, in lieu of performing the order himself, the Freight Forwarder entrusts the performance thereof to another Freight Forwarder, the Freight Forwarder shall be responsible for the work of such other Freight Forwarder.

Where the Freight Forwarder also performs other operations required under the order, customary practices or these General Conditions, he shall have all rights and obligations arising from such operations.

If the order contains an explicit or implicit authorization for the Freight Forwarder to entrust the performance of the order to another Freight Forwarder, or if the interest of the Customer requires so, the Freight Forwarder shall be liable exclusively for the choice of such other Freight Forwarder, unless he has also assumed responsibility for the work of the other Freight Forwarder.

The Freight Forwarder shall be liable for the number of pieces and marks on the packages, provided they are visible.

The Freight Forwarder shall not be liable for the weight, measure, quality, content and value of goods.

The Freight Forwarder's service shall be considered properly performed if the consignment has been forwarded in the same condition as received.

The Freight Forwarder shall not be liable for damage caused by force majeure or the nature of goods.

The Freight Forwarder shall not be held liable for incorrectly calculated freight, customs and other public duties. The Freight Forwarder shall be bound to make a complaint only if expressly requested to do so by the Customer. In such case, the Customer shall furnish the Freight Forwarder with all transport, customs and other documents necessary for making the complaint. The Freight Forwarder shall send documents to the Customer within three days of receiving them.

If the Customer has requested so and if it is realistically possible, the Freight Forwarder may, at the expense and for the account and risk of the Customer, claim damages and conduct a litigation against the persons with whom he has entered into a contract during the performance of the forwarding order.

XVI. RETENTION AND LIEN

Article 39

In order to secure the settlement of his claims against the Customer, the Freight Forwarder shall be entitled to retain the Customer's goods until all his claims are fully paid by the Customer.

Article 40

In order to secure the settlement of his claims (the current and past ones) against the Customer, the Freight Forwarder shall have a lien on the goods handed over to him for and in connection with dispatch as long as such goods are in the Freight Forwarder's possession or the Freight Forwarder has a document entitling him to dispose of such goods.

Article 41

Where, at Customer's request, goods have been placed at the disposal of a third party or are to be delivered to a third party, the Freight Forwarder may use lien for his claims against third parties only if such claims refer to the goods held by the Freight Forwarder on the aforesaid basis.

XVII. DISPUTE RESOLUTION

Article 42

The Freight Forwarder and the Customer who have agreed on the application of these General Conditions may also agree on the competence of the Permanent Arbitration Court at the Croatian Chamber of Economy for the resolution of their disputes.

If jurisdiction as defined in paragraph 1 of this Article has not been agreed by the parties for the settlement of disputes, then, by accepting these General Conditions, the parties agree that disputes arising from a forwarding contract shall be settled:

- when both parties to the contract have their head offices or places of business in the Republic of Croatia: by the competent Croatian court with jurisdiction according to the location of the Freight Forwarder's head office;
- when one of the parties has its head office or place of business outside the Republic of Croatia: by the competent court as defined in the contract between the parties, or, if no jurisdiction has been agreed, by the court competent according to the location of the Croatian Freight Forwarder's head office.

XVIII. FINAL PROVISIONS

Article 43

By the adoption of these General Conditions, the General Conditions of International Freight Forwarders Association of Croatia dated January 20th 1993 and published in the Journal of the Croatian Chamber of Economy no. 39/1993 shall cease to be valid.

The contracts already entered into under the General Conditions of International Freight Forwarders Association of Croatia dated January 20th 1993 shall remain valid.

Article 44

These General Conditions shall become effective and apply as of the date of their adoption. They will be published on the web site of the Croatian Chamber of Economy.

No.: VII-6320/1-2005.

Zagreb, November 28th 2005

(Translation only - without prejudice)