

Circular

Number : **09/08**
Subject : **CONTRACTS OF DELIVERY REGARDING BLUE WHITING**
To : **Fishing vessels and buyers of blue whiting for consumption.**
Place : **Bergen**
Date : **04.03.2008**

From February 29th buyers and fishermen are allowed to enter into contracts of delivery regarding blue whiting for consumption. The permission to enter into contracts applies to Norwegian as well as vessels from other countries, and for Norwegian buyers as well as buyers from other countries. Furthermore, the following conditions apply:

1. Minimum period of a contract is two months. A contract is mutual binding for the parties.
2. The contract shall contain agreed price and quantity of blue whiting for a minimum period of two months.
3. A vessel can only deliver blue whiting to the buyer (buyers) it has a contract with. It is possible for two buyers to enter into a contract with one vessel. Vessels with a contract of delivery are not in a position to sell blue whiting for consumption at the auction. But, in special cases exceptions can be made by Norges Sildesalgslag.
4. Vessels with a contract of delivery of blue whiting for consumption purposes may during the contract period sell catches of blue whiting for meal and oil purposes at the ordinary auction.
5. Application for approval shall be dealt with within 7 days after being received by Norges Sildesalgslag. Contracts entered into by foreign vessels shall be dealt with by Norges Sildesalgslag within 1 day after being received by Norges Sildesalgslag.
6. The Parties are mutual responsible to observe that fishing and deliveries following contract are planned in accordance with the buyer's state of credit. In the event of a vessel getting a catch when the buyers do not possess sufficient payment guarantee, the contract is regarded broken and the vessel's remaining quota must be sold through the ordinary auctions. The Parties are themselves responsible for clearing/settling any claims following such breach of contract.
7. It is hereby expressly emphasised that all first hand prices noted at the contract receipt are the last and final price unless differently stated in the Business Rules or the Sales Regulations.

The minimum price for blue whiting for consumption is NOK 1.20 pr kg for all sizes.

When reporting blue whiting for consumption the vessels are obliged to give information about:

- the share of Group 1 (length 25 cm and over) and
- the share of Group 2 (length below 25 cm)

Furthermore, the average weight per fish in each entire catch shall also be determined and reported on the basis on sampling on bord.

Enclosed you will find a formula regarding contract of delivery with the detailed conditions. If you have any questions do not hesitate to contact us.

Kindly regards

NORGES SILDESALGSLAG

Magne Fagerland

Roald Oen

APPLICATION TO NORGES SILDESALGSLAG (NSS)
(NORWEGIAN FISHERMEN'S' SALES ORGANISATION FOR PELAGIC FISH)

FOR APPROVAL OF FIRM CONTRACT OF DELIVERY OF BLUE WHITING (consumption)

Fisherman (ship owner - receiver of payment)

Vessel Reg.no./sign

BuyerPort.....

Quantity

Contract period (min. 2 months).....

Agreed price in NOK/KG for blue whiting:

P (NOK):

Vessel's total quota this year related to the actual species

Remaining part of vessel's quota upon entering the contract

The undersigning parties of this application recognize as follows :

1. Delivery according to the contract cannot take place before Norges Sildesalgslag (NSS) has approved this contract of delivery. Application for approval shall be dealt with within 7 days after being received by Norges Sildesalgslag. Contracts entered into by foreign vessels shall be dealt with by Norges Sildesalgslag within 1 day after being received by Norges Sildesalgslag.
2. The contract shall be valid for at least 2 months. During this period new contracts cannot be entered into by the parties in respect of the same species. Nevertheless, upon shift of the year (new annual quota) new contracts may be accepted less than two months after being entered into by the parties.
3. During the period agreed to in the contract/until agreed quantity being delivered, the vessel as a main rule cannot deliver catches of the species in question for consumption to any other buyer than the one/those covered by the contract. Norges Sildesalgslag may however, based on application, grant exemption for sale for consumption on the auction during the contract period. Application must be forwarded and exemption granted before catching. Upon wrecking or following any other serious and extraordinary circumstances, the sales manager may grant exemption to get the catch to auction without prior application. It is accepted that max. 2 buyers jointly enter a contract.
4. The provisions of the contract shall be second to possible decisions made by NSS in respect of directing vessels, turn quotas, provisional catch stop or any other decision made due to receiving constraints. Ref. is made to letter dated 18. March 2005 from the Norwegian Coastal- and Fishery Ministry concerning directing vessels and other regulations.

5. All catches are to be reported to Norges Sildesalgslag in proper and usual manner when the vessel leaves the fishing ground to unload.
6. The principle of getting turn for unloading following time of arrival at delivery port, shall apply as normal also for vessels making delivery according to firm contract. This means that any vessel delivering according to such agreement has no right to deliver prior to any other vessel basing her delivery on auction at the same spot, unless arriving earlier.
7. NSS will take care of invoicing and due payment as normal. It is not allowed to pay directly to the fisherman or to provide any repayment from fisherman to buyer. This applies to any cash payment as well as to any merchandise or services. Any possible advance payment can only be paid when prior agreed by Norges Sildesalgslag. Upon request from Norges Sildesalgslag the fisherman and/or buyer must be able to present a statement confirmed by auditor ensuring no economic transactions have taken place between the parties linked to settlement relative to delivered/bought catch.
8. The guarantee clause operated by Norges Sildesalgslag is valid as normal. This means that any delivery can be stopped if the guarantee is not considered appropriate. The parties are mutually responsible for planning both catching and delivery in accordance with buyers creditworthiness. If a vessel gets a catch and the buyer has no valid payment guarantee, the contract is considered broken and the vessel's remaining quota must be sold through ordinary auction.
9. Contract prices are not binding if minimum prices set by NSS are raised above contract prices during the season. Contract prices shall not be lower than applicable minimum prices at any time. The min. period of 2 months also apply for possible renegotiated contract prices. Catches delivered according to contract, shall be treated in respect of possible reclaims in the same manner as any claim following ordinary auction sales.
10. All other rules and regulations set by NSS shall apply as normal.
11. In case of breach of the contract or any provisions under it not being properly kept, approval of this contract can be withdrawn at any time.
Alterations or adjustments made to the contract are not valid unless approved by Norges Sildesalgslag.
12. Possible dispute or conflict between the parties consequent to breach of contract is irrelevant to Norges Sildesalgslag unless otherwise stated by Norges Sildesalgslag's Business Rules or regulations following these rules.

Site

Date

.....
Fisherman

.....
Buyer

Approved by Norges Sildesalgslag

...../..... 2008

.....
Phone no.: +47 55 54 95 00
Fax no.: +47 55 54 95 55
Phone / fax sales dept.: +47 55 54 95 50 / 65
E-mail

sildelaget@sildelaget.no