

"Germania 1998" General Terms and Conditions

adopted by The Finnish Forest Industries Federation (FFIF), The Swedish Wood Exporters Association (SWEA) and Verein Deutscher Holzeinfuhrhäuser e.V. (VDH).

§ 1 PRICE BASIS

The prices are based on cubic meter. Lengths, widths and thicknesses are given in metric measure.

§2 DELIVERY TERMS AND CHARTERING

For this contract INCOTERMS ruling of the time are in force.

1. Delivery by ship

1.1 Delivery

When the goods are delivered by ship, the delivery term free alongside ship (INCOTERMS FAS) is applied. For the other delivery terms, the following conditions are in force:

1.2 Chartering

Necessary shiproom to be provided in due time by Buyers. Immediately after chartering Buyers have to send a copy of the Charterparty to Sellers. Buyers undertake that a notice of estimated arrival of each ship is given to Sellers and that the names of the ship and the Buyers are informed at the same time. This notice together with loading orders have to reach the Sellers at least 14 calendar days before arrival of the ship. If fair carefulness is not applied in giving notice of the arrival date of the ship, Buyers are responsible for wagon rents caused by the late arrival of the ship. Buyers are also responsible for storage rent in the port caused by the same reason. Sellers have to prove the irregular notice and the cost caused by it.

Buyers are bound to get inserted in the Charterparty a clause that latest on arrival at port of loading Master has to give a written notice of the approximate quantity of cargo.

Sellers have to deliver the goods alongside ship as fast as the ship can load in a normal working day, but taking into consideration the custom of the port.

Goods loaded on deck, also according to INCOTERMS' delivery groups C and D, have to be carefully covered with tarpaulins. Goods may not be loaded or discharged during rain or snowfall. This condition shall be mentioned in the Charterparty.

Sellers have to inform Buyers by telegram, telex or fax either directly or through Agents the arrival and leaving of each ship.

1.3 Number of Bills of Lading

The number of Bills of Lading shall not exceed 10 per 500 cubic metres. Otherwise additional cost caused by it have to be mutually agreed.

If Master calls for margin after ships arrival or during loading according to the margin for chartering, Sellers can load such margin on a separate Bill of Lading.

The cargo shall be handed over alongside ship in such manner as to enable Master to keep separate the cargo under each Bill of Lading. 250 m³ and smaller parcels, for which a separate Bill of Lading is required, shall be delivered to the vessel at one time so as to enable Master to make one stowage of that Bill of Lading unless part is stowed on deck.

1.4 Dead Freight

Sellers guarantee to pay all dead freight and demurrage proved to have been caused at the loading port. In case of strike or lockout in the loading port or Sellers timber yard, Sellers are not responsible as long as the strike or lockout lasts.

1.5 Freight advance

Master has no right to demand freight advance. Corresponding note has to be included in the Charterparty.

2. **Rail or road transport**

2.1 Responsibility for transportation

Responsibility for transportation according to INCOTERMS.

2.2 Loading

Buyers have to order the goods within the delivery period. The order and loading orders have to reach Sellers at least 14 calendar days before the intended delivery date.

Loading must not be done during rain or snowfall. Shippers shall inform Buyers by telefax the loaded specification and the number of the wagon/trolley immediately after completion of loading. The remaining goods have to be carefully protected.

2.3 Ordering of wagon/trolley

Ordering of wagon/trolley has to be done according to the Contract either by Buyers or by Sellers. The minimum load has to be agreed in the Contract. Waiting costs, which are caused by delayed loading are the responsibility of Sellers.

2.4 Covering

Goods which are delivered in open wagons have to be covered by railway tarpaulins according to the trade practice. If Buyers have other wishes as far as the number or size of tarpaulins are concerned, these have to be informed at the time of ordering. Rent of tarpaulins is the responsibility of Buyers.

2.5 Lack of railway wagons/lorries

The blame of delay, which is caused by lack of railway wagons/lorries cannot be put on Sellers. They have, however; to be able to prove the lack during the loading time. Sellers are responsible to inform Buyers until passing of transportation responsibility about the lack of wagons/lorries by telegram/telex/telefax, otherwise they are responsible for all damage caused by the delay to Buyers.

2.6 Cancellation of Notice

If Buyers cancel the notice of loading afterwards, they have to compensate Sellers for all the damage caused by the cancellation.

§ 3 **Bracking and ends**

The sawn timber has to be Sellers' usual bracking, average length and fair length distribution.

Ends (1,80-2,40m) shall not exceed 10 % of the total quantity of a item (same dimension and quality).

Ends are included in the total quantity of the Contract but disregarded in calculation of average length.

If no special price is agreed for ends (1,80-2,40m) in the Contract, Sellers may deliver up to 3 % of ends of the total quantity in an item at full price. If this quantity is exceeded, all ends (including the first 3 %), are invoiced at 2/3 Contract price. Buyers cannot make a claim if the percentage is below the agreed percentage. When calculating price reduction, FAS price applies for ocean delivery, price ex loading station for railway delivery and price ex sawmill for road delivery.

Ends are always invoiced at full price for planed goods.

§ 4 **PACKAGED GOODS**

Goods have to be length-packaged and each package has to be numbered with a serial number for identification and to point out the length specification.

Packaging has to be done in a way, that proper handling does not cause breaking of packages and changing of package form, so that proper stowing and storing of packages is possible. Each package has to be securely bound with metal bands.

Length-packaging means that a package contains only a single length, dimension and quality. Truck-bundling means that a package contains different lengths of the same quality and dimension and that the other end of the package is fair-ended

If by packaging the remainder of a length, the amount (number of pieces) is insufficient for a complete package, maximum three lengths nearest each other may be combined in one rest package. The percentage of rest packages per species, dimension and quality has to be defined in the Contract.

§ 5 MOISTURE CONTENT AND ACCURACY OF MEASUREMENTS

The goods to be delivered can be divided into 4 moisture content alternatives:

- shipping dry
- machining dry
- special dry
- unseasoned

1. Shipping dry

The goods have to be delivered at a moisture content, which guarantees that no moisture damage will occur during careful loading, delivery or transporting as well as storing in a covered storage by Buyers.

2. Machining dry

16 % \pm 2 %, however 15 % of the number of pieces may exceed these margins by 1 %. If 0,5 % of the number of pieces show a moisture content which exceeds even these wider margins, there cannot be any claim due to uneven moisture distribution. Due to this definition line 3 in Table II of Annex 1 is not in force.

3. Special dry

The approved moisture contents including possible acceptable deviations have to be negotiated by the parties and included in the Contract.

4. Unseasoned

Special conditions related to unseasoned timber, such as e.g. delivery times, approximate invoicing, claims etc., will be handled separately in each paragraph.

5. Recommendation for measurement of moisture content (see Annex 1)

6. Measurements

The nominal measurements of the Contract are minimum measurements in reference moisture content of 20 %. Regardless of this, machining dry goods (see § 5 paragraph 2) have to fill measurements of the Contract. Regarding this, paragraph 10 in Annex 1 has to be taken into account.

§ 6 DELIVERY PERIODS/TIME FOR APPROXIMATE INVOICE

According to INCOTERMS' delivery groups C and D, Sellers have the right to decide about the delivery time. According to the rules they have to agree upon this with the Buyers within the delivery period. The following delivery periods are otherwise in force:

- | | |
|---------------------------|------------------------|
| - for shipping dry goods | 30 calendar days |
| - for machining dry goods | 30 calendar days |
| - for special dry goods | 14 calendar days |
| - for unseasoned goods | According to agreement |

Delivery period starts from the ready date, which has to be agreed in the Contract. Sellers are responsible to inform in due time, if they are not able to deliver at ready date. If the

goods are not ready at the agreed date, the shipment period starts from the actual date when the goods are ready, which has to be informed to Buyers.

If Buyers don't call for the goods within the beforementioned delivery period, Sellers are justified at the expiration of the delivery period to present Buyers with an approximate invoice. When presenting the approximate invoice, the goods have to be ready for delivery.

If the delivery period is exceeded, the moisture content requirements of the Contract are not in force. In that case the following provisions are in force:

- the goods have to be in any case shipping dry, if they have not been sold as unseasoned timber.
- machining dry timber has to be shipping dry.
- special dry timber has to machining dry.

Sellers are delayed, if the goods are not ready at the ready date stipulated in the Contract. Buyers are obliged to give an appropriate extension of term for fulfilling the Contract, only after this are they entitled to require compensation for not fulfilling the Contract and to engage themselves in substitutive purchases.

§ 7 MARGINS IN SELLERS' OPTION

Sellers have the option to vary by 10 per cent more or less every item (the margin for one item is, however, maximum 100 m³., for items 10-50 m³ maximum 5 m³). All this provided that the total quantity is not varied except under the provisions of § 8. Such an option shall apply also to overlaying goods.

§ 8 SPECIAL RULES FOR OCEAN TRANSPORT

1. Margin for chartering

A margin of 10 per cent more or less of the total contract quantity, but not exceeding 250 cubic metres is to be allowed for convenience of chartering, however, for machining dry goods 5 per cent more or less, but not exceeding 125 m³.

If several vessels are chartered for one contract, the margin for chartering applies only for the last vessel. The overshipment according to this margin has to contain dimensions of the contract, if possible in relation to the qualities of the contract; overshipment shall not exceed 50 per cent for any dimension.

If Master requires during loading an increase or decrease of the ordered cargo, this will be done within the last Bills of Lading. Sellers have in this case, after discussing it with Buyers, the right to deliver the increase as truck-bundled goods.

The margin for chartering is not in force if the quantity is stipulated as min/max in the Contract. In that case chartering must follow min/max principle.

No margin is allowed for overlaying goods.

2. Over-shipment and under-shipment

In the event of over-shipment of any item or the contract exceeding the allowable margin Buyers shall not be entitled to reject the entire shipment. They have, however, the option of taking up the Bills of Lading and paying only for the contract quantity with the margin and rejecting the balance. The same condition shall apply if the excess is not apparent from the Bills of Lading but is discovered only on arrival of the goods at the ultimate destination. Sellers shall pay all extra expenses whatsoever incurred by Buyers in consequence of the over-shipment.

In the event of under-shipment of any item or the contract, Buyers are to pay the quantity shipped. They have, however, the right to claim compensation or require later delivery for the under-shipment.

§ 9 **FORCE MAJEURE**

1. In case the manufacture and/or shipment of the goods specified in the contract should be delayed or hindered by reason of flood, drought, ice, through accidents to mill and/or timber yard or loading place, strike, lock-out or through any other cause beyond Sellers' control, with the exception of those mentioned in § 9 paragraph 2, Sellers, provided they give prompt notice by telegram, telex or telefax of the hindrance, shall not be responsible for any damages resulting therefrom. In this case Sellers can postpone ready date with up to 42 days.

Should Sellers, however, be unable to deliver the contract within such extended time, they shall promptly or latest 14 calendar days before the end time extension inform Buyers. On receipt of Sellers information Buyers shall have the option, to be promptly declared, of cancelling the contract or postponing the same to such date of delivery as may be mutually agreed upon.

If, however, the mills destruction is so severe, that production has to be interrupted and cannot be started within 42 calendar days from the ready date, Sellers have the right by promptly informing Buyers to cancel the contract without being responsible for the costs incurring therefrom. Sellers have to prove the reasons for cancellation in an appropriate way.

If Sellers don't cancel the contract in this case, they have to agree upon a new delivery date with Buyers, provided they accept it.

Should Sellers' delivery be delayed, they cannot plead force majeure as an excuse if the damage could have been avoided by delivery in the appropriate time. Sellers' delivery is delayed when the goods are not ready at the ready date agreed in the contract.

2. Should prohibition of export or import or blockage at any time before the agreed drawing date or postponed drawing date according to § 11 prevent Sellers from manufacturing and/or delivering or Buyers from lifting the goods, the contract shall be cancelled for any undelivered goods.

§ 10 **INSURANCE OF DELIVERY**

The insurance during transportation shall be arranged according to Incoterms. For CIF and CIP contracts, Sellers have to take in favour of Buyers an insurance covering all risks, which corresponds with the minimum insurance for CIF and CIP of Incoterms'. As far as responsibility of transportation and insurance are concerned, Incoterms' ruling of the time are in force.

§ 11 OVERLAYING GOODS

Should the goods or any part of them not be removed at the drawing date payment to be made against a dispatched approximate invoice taking the contract terms of payment into consideration.

Sellers are under obligation to insure at their expense overlaying goods against fire. The number of insurance policy must be mentioned in the approximate invoice. Buyers shall be entitled, provided they don't give up this right, to receive a guarantee of a respectable Bank which guarantees the delivery or loading. It has furthermore to guarantee, provided that the goods will be lifted before the 1st day of August the next year, that the price of undelivered goods will be paid back to Buyers if the goods or part of them cannot be delivered because of other reasons than fire. The cost of this kind of guarantee, however maximum 1½ % of the amount of guarantee, shall be paid by Buyers. In case an order for delivery of the goods has not been given before the 1st day of August the next year, the guarantee ceases to be in force, but the contract will still bind Sellers.

Buyers' liability to pay against approximate invoice will, however, be postponed if the failure to deliver or load the goods is caused of any of the reasons in § 9, with the exception of ice. The drawing date shall then be postponed for a period equal to the duration of the delay. If the delivery of goods after the agreed postponement is impossible because of ice, the beforementioned drawing date will be postponed until the next 1st April.

If the goods or part of them are not removed before the drawing date, Buyers have to pay a rent from the said date at the rate of 0,75 per cent of the value of the goods per cubic metre and month (shorter periods pro rata).

If, however, a cause beyond Buyers' control, other than ice prevents the lifting of the goods at any time after the rent has become payable, Buyers shall pay rent at half of the above rate until such cause ceases to operate.

In case goods sold ready for shipment per 15th December or later during the season and chartered for loading within a week after the ready date cannot be lifted on account of ice hindrance the rent provisions shall not apply before the 1st April.

Instead of overlaying goods Sellers can deliver the goods or part of them from new sawing. The later sawn goods have to fulfil the requirements of the contract.

When delivering overlaying goods Sellers shall not be responsible for any such deterioration of the goods, which is normal for appropriately protected goods at that time of the year.

As far as overlaying goods are in question Sellers can either require payment against an approximate invoice or by approving a 30 calendar days' extension with a cancellation threat cancel the contract and require compensation for breaking the contract. In case a contract which has been paid against approximate invoice is cancelled, Sellers shall pay back to Buyers the amount invoiced approximately deducted with rents and other cost according to the contract but without interest.

§ 12 OWNERSHIP

All deliveries remain in the ownership of Sellers until all Sellers outstanding debts have been paid, according to this principle also in the case that certain goods have been separately paid. In question of running accounts, the seized property will be a security for Sellers outstanding debts.

Sellers have the right, when Buyers are delayed or if Sellers interests are endangered because of Buyers economic position or attitude, to take into possession the deliveries under Sellers ownership from the Buyers or their Customers and be free to dispose of them. Sellers can request that the goods have to be sent back to the loading place free of freight at Buyers expense. Sellers have also the right to fetch the goods from Buyers and transport them back at Buyers expense. When using the right to fetch the goods back, the Contract is cancelled only if Sellers have informed about it by writing. Buyers have to compensate Sellers the cost for the non-fulfilment of the Contract.

Distrain or other damage caused by a third party has to be immediately informed by Buyers to Sellers. Machining and further processing belong to Sellers, which excludes stipulation concerning acquisition according to § 950 GBG (Bürgerliches Gesetzbuch) without any obligation on Sellers.

Further processed goods are Sellers security up to the invoice value of seized goods.

In case of further processing together with goods which don't belong to Sellers, Sellers are part owners of the further processed goods in relation of the value of seized goods to the total value of goods before further processing. For new goods originating from further processing the same is valid as for seized goods, they are seized in the relation of these claims.

Buyers are allowed to further process and sell goods, which are the property of Sellers, only within normal business transactions and only as long as they are not delayed in payments and no seizing has taken place; pledging, lodging as security etc. are forbidden. Buyers are entitled and authorized to sell seized goods only provided that the sales price of the goods is stipulated to be paid to Sellers according to following rules:

Buyers receivables from the third party due to the resale of seized goods or other legal basis are transferred to Sellers already beforehand regardless of whether the goods have been sold as unprocessed or processed goods or whether they have been sold to one or more buyers or whether the demand upon the third party is based on other reasons. Buyers are entitled also after the transfer of receivables to the income from the receivables as long as they act according to the Contract and there is no question of any financial difficulties. The transferred receivables are Sellers security to the amount of the value of the seized goods. In the case, the seized goods are sold by the Buyers with other goods not belonging to Sellers, either in processed or unprocessed form, the transfer of receivables is valid up to the value of seized goods, which they had together with the other goods as part or object of this contract.

Buyers have to inform Sellers about conveyances of the transfers and about debtors, about all facts affecting the income and have to give them all the documents related to the transaction. On Sellers request the Buyers are obliged to inform the third party about the payment to Sellers. If the Buyers don't follow Sellers' directions, Sellers have the right to inform about the transfer to the debtors and request for the payment to be made to them.

If the value of receivables exceed Sellers' security with more than 20 %, Sellers have on request of Buyers to release securities up to that amount at Buyers' option .

§ 13 EXPORT AND IMPORT LICENCES

The obligation to make application for export and import licences shall be upon Sellers and Buyers respectively. The cost of this as well as export and import duties, charges and taxes payable in respect of export and import of the goods shall be upon Sellers and Buyers respectively

If either party having made an application for licence has failed to obtain the licence by the date stated in the contract, they shall have the right to cancel the contract, provided that prompt notice is given to the other party.

If a party has not notified the other party, despite inquiries from the other party, that the requisite licence has been obtained, the last mentioned party has the right of cancelling the contract without being liable for compensation subject to prompt notice being given.

If any requisite licence has been refused to a party or if a licence although granted is subsequently cancelled prior to delivery, such party shall forthwith advise the other party by telegram, telex or telefax. Both parties have in this case the right of cancelling the contract in writing.

§ 14 REJECTION OF THE GOODS

Buyers have the right to place the goods at Sellers disposal and refuse to pay the payments according to the contract, only if the delivery contains other species or a specification (sizes and qualities) other than what has been agreed in the contract. Buyers refusal to pay can only apply such part of the delivery which is faulty.

§ 15 CLAIMS

In order to be in force, claims have to be informed to Sellers or their agents immediately after discovery of failures, but latest within 30 calendar days, for railway and road transport of contract quantities under 200 m³ within 14 calendar days. For hidden defects, to which defects inside closed packages belong, which cannot be detected during handling, the time limit is 90 calendar days. Informing shall take place immediately after discovery, otherwise the goods are accepted as far as these faults are concerned.

The time limit starts when the vessel, lorry or railway wagon is completely discharged; for shipments to ports along river Rhein or other inland ports, determining factor is the time when the barges are completely discharged.

For special dried goods, the time limit concerning drying is 7 calendar days, for quantities above 1000 m³ 14 days.

Each claim has to contain particulars of the sizes in question, the quality and amount of failures and an estimate of the amount of Sellers claim. Buyers have to store the goods exercising proper care.

If the contract contains unseasoned goods, Buyers have no right to claim for moisture content or discolouration caused by it, provided that Sellers have immediately after producing the goods informed about the readiness for delivery.

Claims concerning quality can be presented both for items and part items of the cargo. Item means one Bill of Lading, part-item such goods of one Bill of Lading which are of

the same size, quality and description. Items and part items which are under claim shall not be broken into. An item or part item is considered to be intact if it can be produced to the Arbitrator(s) and Umpire in its entirety as discharged.

On any claim for moisture content or discolouration Buyers are at liberty to deal with any portion of the goods on which there is no claim. The claim can be confined only to the quantities which the Buyers can produce to the Arbitrator(s) and Umpire.

§ 16 ARBITRATION CONCERNING LOADED OR DELIVERED GOODS

All disputes concerning loaded or delivered goods shall be settled by arbitration, if the parties cannot reach an amicable settlement concerning claims and/or other disputes within 15 calendar days from the day the claim was received or the day when the other party informed about questions which have to be clarified. The parties can agree upon an extension of the time limit. If an amicable solution is not reached within this time limit, the parties shall within 7 additional calendar days refer the dispute either to a mutually agreed sole Arbitrator or if they cannot agree upon sole Arbitrator, each party shall select their own Arbitrator and inform the name of the Arbitrator to the other party. According to the spirit of this rule, the two parties are Sellers or their representative on the other side and Buyers or their representative on the other side.

If Buyers fail to appoint their Arbitrator during the time limit, Verein Deutcher Holfeinfuhrhäuser e.V. (VHD) shall appoint the Arbitrator on request of the other party, which are not delayed in their appointment. If the Sellers fail to appoint their Arbitrator within the time limit, the Swedish Wood Exporters Association (SWEA) shall appoint for the Swedish Sellers and the Finnish Forest Industries Federation (FFIF) shall appoint for the Finnish Sellers the Arbitrator on request of the other party, which are not delayed in their appointment. The Associations are entitled to require compensation from the failed party for their work of nominating the Arbitrator. The Associations bind themselves not to inform the names of the parties to any outsider.

The Arbitrators shall immediately but latest within three days after receiving information about their appointment inform whether they accept their appointment or not.

If an Arbitrator refuses to accept the appointment as Arbitrator, or if he later refuses to perform the duty of the Arbitrator, or if he dies or is otherwise prevented from performing the duty, the party who has appointed him shall appoint another Arbitrator instead of him; the practice of chapter 2 of this paragraph will apply also in this case.

The Arbitrators have to be professionals of the timber trade, if the dispute concerns matters which require professional experience.

Inspection of the goods by the Arbitrators, unless it is considered unnecessary, shall take place as soon as possible but latest 14 calendar days after their nomination and either give and award or if they cannot reach a mutual agreement, they shall appoint an Umpire. If they fail to agree as to such appointment, then each party shall select one name from the list of Umpires, and both Arbitrators or their representatives shall select the person to act as Umpire by drawing lot between the two persons and inform him about the appointment. This information is at the same time the official nomination. If either of the Arbitrators fail to fulfil this duty, the association of the other party shall take care of the appointment as well as the allotment. If the appointed Umpire is not available, the Arbitrator who has won the allotment, or respective Association shall appoint the Umpire from the list of Umpires.

The list of Umpires is drawn up by SWEA and FFIF on the one side and VHD on the other side and it shall contain 15 names of which both Sellers Associations nominate 5

names and VDH 5 names. The list of Umpires may be revised before the 1st day of May each year.

In arbitrations concerning Finnish goods the list drawn up by the German and Finnish Associations is used and in arbitrations concerning Swedish goods the list drawn up by the German and Swedish Association is used.

The Umpire shall make his decision within 14 calendar days from his appointment and shall inform both parties immediately.

The Arbitrators and the Umpire shall release the goods under dispute for use as soon as possible but latest when the award is completed.

§ 17 ARBITRATION CONCERNING UNLOADED AND UNDELIVERED GOODS

Any dispute arising out of this contract, which does not belong to questions under § 16, and which the parties have not been able to settle amicably shall also be referred to arbitration. The procedure is the same as that presented in § 16, however, with the following exceptions:

If the Arbitrators cannot agree upon the Umpire, they have to decide by a lot which of the Associations of the parties appoints the Umpire. The Umpire must be especially suitable for settling the claim, and it is not necessary for him to belong to the list of Umpires mentioned in § 16.

The Umpire has the right to engage himself in all measures needed to clear up the question, e.g. to arrange a mutual meeting with the Arbitrators, to get impartial experts opinions, decide about local time limits etc.

§ 18 ARBITRATION CONCERNING BOTH LOADED OR DELIVERED AS WELL AS UNLOADED OR UNDELIVERED GOODS

Claims concerning both delivered and undelivered goods will be settled according to the rules in § 17.

§ 19 SOLO ARBITRATION

If the claim does not concern more than one double wagon or two lorryloads, the arbitration will be done by one solo Arbitrator. If the parties cannot agree upon a mutual Arbitrator, the Arbitrator will be appointed from the list of Arbitrators by VDH and SWEA for Swedish Sellers and VDH and FFIF for Finnish Sellers respectively. The list of Arbitrators will be drawn up by VDH together with SWEA and FFIF and it contains at least 6 names. For cost reasons, the Arbitrator in solo arbitrations should be an impartial Arbitrator who should live in the country, where the arbitration is going to take place. If the Associations cannot agree upon the Arbitrator, he will be selected by lot. Otherwise the rules of § 16 are in force.

§ 20 LEGAL VALIDITY

The arbitration awards made under §§ 16-19 are final and binding upon both parties. The court of justice of §§ 1039 and 1045 of the civil procedure statute is the Land Court of Bremen (Bremen Lansgericht) (register of association of VDH), except for arbitration procedures and awards according to Germania 1998 taking place in Sweden and Finland.

§ 21 DIVISION OF ARBITRATION COST

The Arbitrators are entitled and obliged to decide about the division of arbitration cost. The costs will be divided to the parties in per centages according to the justification of the claim. When deciding as to the division of cost the Arbitrators have to consider the parties respective efforts to arrive at a fair settlement.

§ 22 PAYMENT OF CLAIMS

The liability to pay resulting from claims, which are determined in amicable agreements or arbitrations, have to be settled within 10 calendar days after the party has received an invoice concerning the amicable settlement or after they have received the arbitral award.

§ 23 PAYMENT

1. The time limits for payments will be calculated from the last date of the transportation document. As far as approximate invoices are concerned, the determining date is the date as postmark.
2. All invoices have to be paid net invoice value per 30 calendar days.
3. If the payment is effected within 12 calendar days, the payment is granted 2,5 % discount. The discount is calculated from FAS price for ocean delivery, from price ex loading place for railway delivery and from price ex sawmill for road delivery
4. The payments have to be effected two days before the time limit in order to reach the receiver within the time limit.
5. For all overdue payments the guilty party has to pay an interest, which is 5 per centage units above the discount rate of the Deutsche Banck or the future Central Bank of Europe.
6. Claims do not justify to withhold payments.

Annex 1: Recommendation for measuring moisture content

1. This Annex defines a method for determining whether softwood sawn timber lots have been dried according to the contract.
2. According to the recommendation, the moisture content is determined by an electric moisture content meter, because it is an economic way to determine the moisture content of wood. If Buyers and/or Sellers require determination of moisture content by dry weight method the system described in ISO/DIS 4470 will be used.
3. The following determinations contain an inspection by sample, which is based on statistical probability.
4. When inspecting a sawn timber package the outside pieces of the package are ignored.
5. When defining moisture contents, a resistance type of electric moisture content meter with minimum 25 mm long insulated shanks will be used. The power of the moisture content meter must correspond with the requirements of species in question and the temperature must be within the given limits in order to guarantee that no moisture content reading deviates more than 2 % from the actual moisture content, i.e. if the actual moisture content is 16 per centages, the moisture content meter should always give readings which are between 14 and 18 per centages.
6. The packages to be measured from a lot and pieces from the package shall be selected by random system. The number of packages per lot are given in table I and pieces per package are given in table II. A relatively even number of pieces should be taken from each package.

Table I

Number of packages in the lot	Number of packages to be opened
1	1
2 - 5	2
6 - 11	3
12 and more	4

Table II

Number of pieces in the lot	Number of test pieces	Number of pieces which may exceed the allowable M.C.
N	n	
20 - 32	19	1
33 - 50	30	2
51 - 77	40	3
78 - 120	51	4
121 - 198	62	5
199 - 386	72	6
387 - 1500	83	7
1501 and more	94	8

7. Four measurements are taken from each piece: two from each face. The both measurements from the both faces have to be taken approximately from the middle of the piece and at a distance of 10 -15 mm from each other. Measurements shall not be taken near knots or defects.
8. When measuring, the electrodes have to be in a depth which equals 20 % of the thickness of the piece. When controlling the depth of the electrodes with a measuring device, the device has to be of such material, e.g. rubber or plastic, which does not affect the measurement reading.
9. The highest and lowest measurements are ignored. The average of the last two measures, rounded to the nearest full figure, is considered to be the moisture content of the piece.
10. It has to be taken into consideration that when the moisture content of softwood sawn timber is under 20 %, the measures are smaller than those mentioned in the contract, because the cross section measures are based on 20 % moisture content. The measure deviation caused by the deviating moisture content is recommended to be calculated according to the ISO 739-1981 (E): "Coniferous sawn timber - Sizes - Permissible deviations and shrinkage".