



Working Together to Make Trade Work

NAEGA 2 Model FOB Contract Revisions Effective March 30, 2018

Beginning on March 30, 2018 the North American Export Grain Association will be implementing revisions to the NAEGA 2 Model FOB Contract. Over the past two years, the NAEGA Committee on Contracts has been working to update the May 1, 2000 NAEGA 2 Model FOB Contract and its addendums to modernize the contract terms and provide for enhanced arbitration services.

Why did NAEGA Choose to Revise the NAEGA 2 Model FOB Contract?

NAEGA has not updated the main body of the NAEGA 2 Model FOB Contract since May 1, 2000. In addition, Addendums to the contract have not been updated since the introduction of Addendum 2 in 2003. The March 30, 2018 revisions to the contract seek to:

- Provide for modernized language to improve clarity and transparency throughout the contract.
- Update language to better reflect changing industry needs and practices.
- Introduce enhanced dispute settlement processes and provide for clarity in Clause 20 applications.

What did NAEGA Revise in the March 30, 2018 NAEGA 2 Model FOB Contract?

The March 30, 2018 NAEGA 2 Model FOB Contract includes revisions to improve clarity, enhance transparency and introduce new arbitrator proceedings. Changes to the March 30, 2018 edition included:

Revisions to Clause 30 to allow for new arbitration procedures

Addendum 2 was deleted and incorporated into body of the contract as Clause 30, the arbitration clause and Clause 10 in Addendum 1. The arbitration clause was amended to incorporate new arbitration procedures that will reduce the costs and increase the speed of arbitrations. The new revisions allow parties to choose chairpersons for three-person arbitration panels from the AAA list of International Arbitrators (as allowed for in the May 1, 2000 version) or from a new, NAEGA provided list of Special Grain Arbitrators. NAEGA will now supply AAA with a list of Special Grain Arbitrators who will be eligible to be selected as chairpersons and be subject to NAEGA's guidelines and fees.

Improved clarity and transparency to contract terms

The contract was improved in multiple places to modernize terms and clarify structure. In particular, Clauses 7 and 26 were revised to reinforce that quality and condition are final at the port of loading and to clearly define liability after discharge end of loading spout. In addition, language was updated, modified or clarified in the following clauses:

- Clause 1
- Clause 2
- Clause 5
- Clause 6
- Clause 15
- Clause 17
- Clause 20
- Clause 21
- Addendum 1, Clause 4

Addition of Terms of Use

Usage of the contract is now subject to its terms of use. Use of the term NAEGA 2 is limited to the entire model contract. However, the terms of use authorize the use of contracts and riders not titled NAEGA 2.