

FOREIGN TRADE CHAMBER OF BOSNIA AND HERZEGOVINA
SECTOR FOR TRANSPORT AND COMMUNICATIONS
ASSOCIATION OF INTERNATIONAL FREIGHT FORWARDERS

**GENERAL BUSINESS CONDITIONS OF INTERNATIONAL FREIGHT
FORWARDERS OF BOSNIA AND HERZEGOVINA**

Sarajevo, December 2002

I – TERM OF CONDITIONS

Article 1

These General Conditions apply to all freight forwarding business.

The contracting parties shall be considered to agree upon the implementation of the general conditions if a freight forwarder has indicated in writing to its principal that it operates in line with these Conditions, and the principal has not excluded the implementation explicitly and in writing.

Article 2

The freight forwarder organises dispatch and delivery of goods by all means and routes of transportation.

In line with a forwarding contract, the freight forwarder shall undertake, for the transport of goods, to conclude on their own behalf and for the account of the principal, or on their own behalf and for their own account, a contract on transport and other contracts required to carry out transport, and to carry out other customary operations and actions, while the principal shall pay them certain remuneration.

The freight forwarding businesses include the following:

- providing professional advices and participating in negotiations for the conclusion of international sales contracts in the view of transport, insurance, customs, etc.;
- identifying the most favourable transport routes and clauses to be applied to international sale and international transport of goods for the protection of the principal's interests;
- gaining preferences, refractions and other benefits from foreign and local transport operators and other participants;
- organising of the group transport;
- organising multimodal transport of goods and distributing on a door-to-door basis;
- concluding transport contracts in all transport branches;
- concluding contracts on loading, unloading, transshipment, sorting and packing, and/or performance of these and similar services;
- concluding contracts on storage of goods;
- storing;
- concluding goods insurance contracts;
- representing and carrying out activities with reference to customs clearance of goods (customs representation);
- sampling, determining quantity of goods without certificate issuing;
- participating in the collection of payments for delivered goods;
- issuing forwarding certificates, as payment instruments in a foreign trade of goods, and issuing of FIATA documents
- issuing or obtaining transport and other documents;
- controlling the calculated correctness of transport documents, and calculating transport and other costs;
- taking measures for indemnification in cases of loss, damage or delayed delivery of goods;
- obtaining transport permits for goods and other documents;

- providing steady freezing temperature and feeding and watering of live animals;
- carrying out services at international fairs, independent and specialised exhibitions and similar events in the country and abroad;
- organisation domestic forwarding;
- carrying out other businesses customary in international forwarding.

II – O F F E R

Article 3

The offer of the freight forwarder shall only include operations explicitly specified therein.

Article 4

The offer shall be valid only until the date set for its acceptance.

Article 5

The offer in the form of a lump-sum (complete forfeit rate for all stages of forwarding and/or transport), which among other things, includes freight, customs representation costs storage and other similar costs, is valid under the circumstances existing at the time when the offer has been prepared.

The costs not covered by the forfeit rate shall be payable by the principal to the freight forwarder.

The Principal cannot transfer the accepted forfeit rate to a third party without the consent from the freight forwarder.

III – ORDER (DISPOSITION)

Article 6

The freight forwarder shall dispatch goods and other business related to it, based on the order (disposition) of the principal.

The order (disposition) shall contain all the necessary data on goods and its properties, specific instructions with respect to dispatch, and all other data necessary for proper and timely execution of the order.

Article 7

The principal shall inform the freight forwarder on the properties of the goods which might threaten the safety of persons or property or cause damage.

When a shipment includes valuables, securities or other articles of value, the principal shall inform the freight forwarder of such items and their respective value at the time of their handing over for dispatch.

Article 8

The freight forwarder shall follow the disposition of the principal.

The principal shall inform the freight forwarder if the principal is transferring its rights under the contract on forwarding to a third party.

Unless otherwise agreed, the freight forwarder shall be liable to a third party within the limits of their obligations to the principal.

Article 9

Where the freight forwarder has been given the disposition, it shall also be deemed to have been given the authorisation to pay the freight, duties and other costs. The principal shall provide to the freight forwarder, in a due time, the funds necessary for paying the costs referred to in paragraph 1 of this Article. Otherwise, the principal shall bear the consequences.

Should the freight forwarder be instructed by the principal to request the funds referred to in paragraph 2 of this Article from a business partner of the principal, the principal shall previously instruct its partner to do so. In these cases, the freight forwarder shall make the payment at the expense and risk of the principal, in the manner that the principal shall remain liable to the freight forwarder should for any reason beyond their scope the freight forwarder fail to collect the costs from a business partner.

Article 10

Generally, the order (disposition) shall be given in writing.

The order given in writing, by telephone, telegraph or fax shall be confirmed possibly on the same day and no later than the following work day.

Should the order be given verbally, by telephone, telegraph, fax and e-mail, and has not been confirmed subsequently with reference to the paragraph above, the freight forwarder shall not be responsible for any harmful consequences.

Where the order is evidently incomplete, unclear or contradictory, the freight forwarder shall request necessary clarifications from the principal in due time. If the freight forwarder, under the given circumstances, is not able to provide the necessary explanation, and the case admits no delay, it shall act as a good entrepreneur by protecting the interest of the principal and immediately inform the principal thereof.

Article 11

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

Article 12

The principal shall submit to the freight forwarder in a timely manner all documents necessary for execution of the order (disposition).

The principal shall be considered that it has not submitted to the freight forwarder the necessary documents also when a business partner of the principal fails to submit such documents to the freight forwarder in time.

The freight forwarder shall not be liable for any hidden irregularities in documents.

Any consequences arising from incorrect documents or untimely submission thereof to the freight forwarder shall be borne by the principal.

The freight forwarder shall not have the obligation to deliver the goods or them it over with providing a guarantee.

Article 13

The freight forwarder executing the order (disposition), in terms of collecting the principal's claims from the consignee, shall not verify the justifiability of such order or assume any guarantee.

Should the consignee refuse to accept the goods, the freight forwarder shall notify the principal thereof and at the same time take necessary measures to store such goods until further order.

For the services referred in the paragraph above, the principal shall pay to the freight forwarder separate service remuneration and compensate all costs it had in collection of claims.

Article 14

When the principal changes a disposition, the performance of which has already began, the freight forwarder shall, if possible, act according to such changed order, without the responsibility for any consequences caused by such change of the disposition.

Article 15

When the principal withdraws the given disposition, it shall pay to the freight forwarder the remuneration for the already performed services and compensation for the incurred costs.

IV – RECEIPT AND DELIVERY OF GOODS

Article 16

The freight forwarder has received the goods when it had taken charge of the goods for dispatch.

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

Unless otherwise agreed, the freight forwarder can perform transport themselves in whole or in part.

Should the freight forwarder perform transport, it shall have the rights and obligations of a carrier.

Article 17

The freight forwarder shall keep the principal informed of the main transport stages of its goods.

Article 18

If the principal has entered into a contract for the transport of goods by sea, they shall also have the obligation to agree on the unloading and loading conditions customary in the respective ports.

All costs resulting from the failure of the port company or carrier to fulfil the unloading and loading conditions customary in the port shall be borne by the principal.

The principal shall also bear the costs resulting from congestion in the port, 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 non-working days, as well as interruption of work due to bad weather.

Article 19

The freight forwarder shall not be liable for information obtained from a ship and its agent concerning the voyage and arrival of the ship, or for the information from other ships.

The freight forwarder shall verify details on the ship operation, particularly information regarding the calculation of the time spent on lay-days and demurrage and they shall be responsible for this information.

Article 20

The demurrage for delay of transportation means, 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 principal with the right to claim compensation from the organisation responsible for such demurrage.

V – TRANSPORT AND SUPPORTING DOCUMENTS

Article 21

In terms of documents required for the transport of goods, the freight forwarded can use the existing standard forms customary in individual transport branches. Should these documents contain clauses by which the liabilities of a carrier is reduced or excluded, the freight forwarder shall not be liable for such clauses.

When the principal wants to exclude certain clauses from the standard transport documents, it shall explicitly notify the freight forwarder thereof in writing and in due time.

The freight forwarded shall warn the principal should it be evident that such exclusion or addition of clauses in transport documents may have detrimental consequences.

Article 22

The freight forwarder shall not examine the validity of the authorisation to the bearer of the supporting documents or the signatory of the disposition.

For the received disposition, the freight forwarder shall also not examine whether there are any legal or other hindrances for the dispatch of goods and any import, export or transit restrictions, etc.

Any potential costs arising in this respect shall be borne by the principal.

VI – ARRIVAL OF DAMAGED SHIPMENT AND THE PROCEDURE

Article 23

When a shipment arrives at the destination clearly damaged or with an evident deficiency in the quantity, the freight forwarder shall, if in this case they represent the consignee, inform the principal without any delay of such damage and all events of significance for the principal, and take all necessary measures against the responsible person to protect the rights of the principal.

Article 24

Should in the opinion of the freight forwarder certain actions be taken in the interest of the principal, but they cannot obtain instructions from the principal beforehand, the freight forwarder shall be authorised to take such actions for the account and at the risk of the principal.

When, at the place of transshipment, the freight forwarder acts on behalf of both the consignor and the consignee, they shall protect the interests of both of them with the diligence of a good entrepreneur and keep them informed of their work.

Article 25

In the case of a general average, the freight forwarder shall inform the principal of all facts they have become aware of.

VII – SELECTION OF APPROPRIATE MODE OF TRANSPORT

Article 26

Where the disposition contains no instructions on the transport route, means of transportation and forwarding procedure for the goods, the freight forwarder shall be authorized to choose or combine the options most favourable for the principal.

Article 27

Where the goods are dispatched by rail and the principal has indicated only the permanent residence of the consignee, without indicating the station of destination, the freight forwarder shall, if necessary explanations cannot be obtained from the principal in time, forward the shipment to the Station that is suitable for the principal.

In such case, the freight forwarder shall not be responsible for the choice of the station.

Article 28

Part-load shipments may be dispatched by the freight forwarder in groupage transport, unless a specific different order in writing is received.

The freight forwarder shall, if so requested by the principal, issue to the principal 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, but in this case they shall not be entitled to required additional compensation.

Article 29

The principal shall, in a separate contract and in line with the parity of the contract, ensure that its partner complies with the instructions given by the freight forwarder with respect to the transport of goods.

The freight forwarder shall not be liable for the damage arising from the failure of the principal's partner to comply with the instructions.

VIII – TIMEFRAMES

Article 30

The freight forwarder shall be responsible for the dispatch or delivery timeframe only if they have expressly undertaken this obligation, but always within the limits of 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 the transshipment is carried out in the best possible manner.

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 companies and other companies involved, or force majeure.

Furthermore, the freight forwarder shall not be responsible for the untimely provision of the means of transportation by the carrier, or for the untimely arrival of the goods due to traffic jams and other difficulties.

IX – INSPECTION OF PACKING

Article 32

The principal or its partner shall pack the goods taking into account their nature, properties and requirements of the route and means of transportation.

The freight forwarder shall not be responsible for any consequences arising from a failure by the principal, or their partner, to comply with the provisions of the contract.

Should the freight forwarder notice that the goods are not properly packed or otherwise not prepared for transport, the freight forwarder shall inform the principal of such shortcomings.

Should waiting for the principal to remove the shortcomings cause damage to the principal, the freight forwarder shall remove such shortcomings at the expense of the principal.

X – IDENTIFYING QUANTITY

Article 33

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

The goods shall be weighed, measured or counted only if so ordered or in case of evident damage or deficiency in the quantity.

In such case, the freight forwarder shall receive compensation for their costs and services. The freight forwarder may have the goods weighed by a company specialised for such activity.

XI – SAMPLING

Article 34

The freight forwarder shall take samples and dispatch them as directed by the principal. The costs of sampling, sample dispatch and additional remuneration shall be borne by the principal.

The freight forwarder shall be responsible for taking samples from a part of the shipment that has been indicated for such action.

XII – CUSTOMS CLEARANCE

Article 35

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

In the customs clearance procedure, the freight forwarder shall act on behalf and for the account of the principal. The customs documents presented by the freight forwarder shall be based on the particulars provided by the principal or their business partner.

The freight forwarder shall not be held responsible if the particulars in the documents differ from the actual situation. The principal shall compensate the freight forwarder for any damage caused thereby.

For performing customs agency services, the freight forwarder shall be entitled to an 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 principal. Where the place of customs clearance is not indicated in the disposition or provided for by regulations, it shall be determined by the freight forwarder.

XIII – INSURANCE

Article 36

The freight forwarders shall insure the goods under the explicit disposition for every single dispatch. The indication of shipment value in the disposition shall not be considered an order for the insurance. In addition, the insurance by the freight forwarder of one shipment shall not create the obligation to insure all subsequent shipments of the same principal.

Should specific risk to be covered by insurance not be specified in the contract, the freight forwarder shall insure the goods only against basic transport risks. Should no insurance order be given by the principal, or should they give an order for partial coverage, any damage arising thereof shall be at the expense of the principal.

XIV – STORAGE OF GOODS

Article 37

The freight forwarder shall store the goods if required so by the customer. The freight forwarder can store the goods without separate order in their warehouse or warehouse of a third person, in case further dispatch of the goods should require sorting, packing, distribution or other handling.

Article 38

The freight forwarder shall store the goods in an adequate storage area, guided by information from the customer or their knowledge of the goods.

Article 39

The freight forwarder shall notify the customer of a storage company where the goods have been stored. This notification shall not be required when the goods of the same customer are stored at the same warehouse or with a customary storage company.

Article 40

At the warehouse of a third person the goods shall be stored in accordance with the rules applicable for the warehouse or in line with the existing practice.

Article 41

The freight forwarder shall store the goods at own warehouses in line with information received by the customer, or information included in the transport and supporting documents. Damage incurred due to incorrect and incomplete information shall be borne by the customer. In case of shortage of such information, the information specified by the freight forwarder on the goods shall be relevant. Should the freight forwarder observe damage on the goods stored in their own warehouse or on its packing, they shall take all required measures, at the expense of the customer, to protect the goods or packing. The freight forwarder shall not perform special supervision of the stored goods, unless explicitly requested by the customer or unless such supervision is necessary by the nature of the goods.

Article 42

The customer may inspect the stored goods, accompanied by the authorised representative of the freight forwarder, in line with the rules of the warehouse and customs regulations in case of customs clearance goods.

Article 43

The customer shall be authorised exclusively through the freight forwarder to manage the stored goods.

Should the customer transfer this right to another person, they shall inform the freight forwarder in writing, pay their liabilities to the freight forwarder and provide instructions in terms of further proceedings with the goods.

Article 44

The following goods shall be stored under special conditions:

- a) explosives, self-igniting and highly flammable items,
- b) goods spreading unpleasant odour,
- c) goods that might continually affect other stored goods,
- d) perishable goods easily ruined or decayed,
- e) radioactive substances
- f) bulky goods, pursuant to provisions of the customer or warehouse operator,
- g) other hazardous goods.

Should any of the goods specified in the paragraph above be handed over for storage, and the freight forwarder has not been warned of the nature of the goods, the customer shall be responsible for the damage incurred. In addition, the freight forwarder shall be authorized to remove these goods at the expense and responsibility of the customer before informing the customer, or sell it at a public auction pursuant to the practice of the location where the goods are stored.

Article 45

The freight forwarder shall be liable for deterioration or damage of goods stored at their warehouse, in case the goods have not been treated with a proper storage care. When the goods or packing is damaged through the fault of the freight forwarder, they shall remove the damage incurred at their own expense. Should this not be possible, the freight forwarder shall reimburse the damage incurred.

Article 46

The freight forwarder shall not be liable for the damage made because it has not been packed or not sufficiently or appropriately packed.

Article 47

Should the damage incur due to storage in an open warehouse of the freight forwarder, it is customary that such goods are stored in the open warehouse, or such storage was performed pursuant to the order of the customer, the damage shall be borne by the customer.

Article 48

The freight forwarder shall not be liable for the damage caused by force majeure. The freight forwarder shall also not be liable for the damage due to natural order of things, and due to leakage, mould, rust, defilement, etc.

The freight forwarder shall inform the customer of the damage referred to in the paragraph above without any delay.

Article 49

The goods stored in own warehouse or a warehouse of a third person shall be insured by the freight forwarder only upon a written order of the customer.

Article 50

When an insurance order does not include detailed information, the freight forwarder shall insure the goods in their warehouse only in case of fire and flood.

Article 51

The customer shall determine visible shortage and damage of the goods or its packing at the warehouse of the freight forwarder immediately after the takeover. For shortages and damage not visible and those that cannot be identified externally, a complaint to the freight forwarder

shall be made by registered mail within eight days upon the receipt of the goods. The goods shall not be removed from the place where the damage has been identified until the freight forwarder inspects the goods, determine the damage and its causes. The freight forwarder shall perform this inspection within seven days after the date of becoming aware of the damage.

XV – REMUNERATION OF SERVICES AND COMPENSATION OF COSTS

Article 52

The freight forwarder shall be entitled to remuneration for their services and to the compensation of their costs. The remuneration shall be determined on the basis of the Tariff or by a separate agreement. The principal shall remain liable to the freight forwarder even if the freight forwarder has been instructed by the principal to collect amount due to him from third parties.

For the services carried out to a foreign principal, the freight forwarder shall be entitled to remuneration for their services and the compensation of their costs in the currency of the country where such principal is seated, or, by agreement, in other currency.

Unless otherwise stipulated, an invoice of the freight forwarder shall be payable within eight days after receipt. Any objections to the invoices shall be notified within the same period of time. When such an objection refers to a part of the invoice only, the undisputed portion thereof shall be payable within eight days after its receipt.

Where, in the performance of the order, the freight forwarder advances their 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 principal.

XVI – LIABILITY OF FREIGHT FORWARDER

Article 53

In every situation the freight forwarder shall act in the interest of the principal and with the diligence of a good entrepreneur. Where the forwarding contract specifies a lump-sum rate (covering all forwarding and logistics operations, i.e. transport) for the performance of the entire forwarding order, it shall include remuneration for all services and the costs of forwarding, transport and all other costs.

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

In such cases, the freight forwarder shall take all measures necessary to ensure the right of the principal to claim compensation for damages.

Should, in lieu of performing the order himself, the freight forwarder entrust 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 General Conditions, they shall have all rights and obligations arising from such operations.

Should the order contain an explicit or implicit authorization for the freight forwarder to entrust the performance of the order to another freight forwarder, or if the evident interest of the principal requires so, the freight forwarder shall be liable exclusively for the choice of such other freight forwarder, unless they have also assumed responsibility for the work of the other freight forwarder.

Article 54

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 service of the freight forwarder shall be deemed properly performed if the shipment 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.

Article 55

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 principal. In such case, the principal 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 principal within three days of receiving them.

Article 56

Should the principal request so and should it be objectively possible, the freight forwarder may, at the expense and for the account and risk of the principal, claim damages and conduct a litigation against the persons with whom they have entered into a contract during the performance of the forwarding order.

XVII – RETENTION AND LIEN

Article 57

In order to secure the collection of their claims against the principal related to the forwarding contract, the freight forwarder shall have the right of lien regarding the objects handed over for forwarding and in relation to forwarding, while they keep them in their possession or while they are in possession of the document entitling them to dispose of them. Should another agent participate in effecting the forwarding, they shall be obliged to handle the collection of claims and realise the right of lien of the previous forwarding agents. Should other agent pay off the forwarding agent's claims against the principal, such claims and the forwarder's right of lien shall be transferred by law. The same shall apply should the other freight forwarder pay off claims of the carrier.

Article 58

Where, at the request of the principal, 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 their claims against third parties only if such claims refer to the goods held by the freight forwarder on the aforementioned basis.

Number: VTK / STK – 492/02
Sarajevo, December 2002

CHAIRMAN
Mustafa Ahatović, *signed in person*