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New Wheat Tendering Requirements

Report Categories:

Grain and Feed

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Report Highlights:

The new tendering terms favor U.S. wheat due to the single loading port and Panamax vessel size requirements. As a result, American wheat exports to Egypt are expected to increase in the upcoming tenders.

General Information:

After the Government of Egypt (GOE) rejected several shipments of Black Sea wheat, growing public concerns over the quality of imported wheat led to the detention and sieving of a number of other wheat shipments at Egyptian ports.

As a result, Minister of Trade and Industry announced new measures aimed at improving inspection and quality control of imported wheat. The measures include requiring a state inspection certificate,

doubling the financial guarantee deposited by international cargo firms, heightened penalties on firms that are found violating Egyptian wheat standards. The penalties include the loss of the deposited surety and barring them from conducting business with the GASC in the future. Furthermore, GASC required pre- inspection for wheat shipments at the loading ports by a team from Egypt's Central Authority on Plant Quarantine (CAPQ). However, the pre-inspection requirement was strongly resisted by the trade and governments of some exporting countries, including the United States. CAPQ also did not want to supply the personnel for inspection of the dozen or more wheat vessels loading for Egypt each month. GASC recently changed this provision to be seller optional.

The new specifications for GASC tenders require that wheat shipments should be at least 55,000 MT per vessel and that the vessel must be loaded at only one port. These new terms tend to favor U.S wheat. As a result, American wheat sales to Egypt may well increase in the upcoming tenders.

The complete new tender requirements are below:

Ministry of Trade and Industry
General Authority for Supply Commodities

Tender Number

(....) for the year (2009/2010)

dated .../.../.....

For purchasing Wheat

Ministry of Trade and Industry

General Authority for Supply Commodities

Invitation for submitting offers for Wheat

Offers should be submitted in closed envelopes addressed to the head of central

Department for Importation at General Authority for Supply Commodities (99) El Kasr El Eini Street – Cairo.

On, ... /.../..... and offers to be valid till, ... /.../.....
at 16:30 hrs. Local time.

For importing: - 55/60000 mt +/- 5% for the U.S. and Canadian Wheat.

- 60000 mt +/- 5% for Australian/ German/ Argentine/

Kazakhestanian/ French/ Russian/ English from last crop

Offers must be according to all GASC's conditions as follows:-

1. The bidder submitting the offer should sign on these terms and this to be presented with the original offer of the supplier.
2. The name of the supplier and his address which will be mentioned in the opened l/c should be mentioned in details.
3. The offered quantity to be in m/t (1000 kg)with a margin of 5 pct more or less at Buyer's option.
4. The offered quantities to be of U.S/ Australian/ French/ German/ Russian/ English/ Syrian/ Argentine/Kazakhestanian/ Ukrainian/ Canadian Origin.

5. Offers should be submitted basis one loading port.
6. A price for each origin separately and offers basis "Option" (one price for more than one origin) are rejected.
7. Offers to be basis F.O.B. country of origin and to determine the port/ports of loading for each origin and to stick to the loading rates, draught and length of the vessel. And loading port to be from country of origin.
8. The supplier has the right to present his freight offer separately than the cargo offer for his whole quantity and the confirmation will be basis on the cheapest offered freight prices in the freight tender for the cheapest cargoes prices. and Suppliers have the right to disagree on taking their freights for other suppliers but have no right to object on taking the freight of any of the maritime companies for their cargoes in case they are cheaper i.e. the offer for the cargoes should be clear and true.

8- In the case of a successful bid by the supplier in wheat tenders, as well as in the freight tender, the successful bidder is obligated to respect the fixed shipment period in ensuring that the cargo is in place and ready to be loaded.

In case of delay, one percent (1%) will be deducted from the FOB price per week for a maximum allowable period of 3 weeks (total 3%) from the end of the contracted shipment period– in addition to freight penalty which is described in the separate freight notification issued by MARTRANS which shall be also applies Furthermore, the contract will be cancelled automatically and the commercial laws and penalty of law No. 89 for year 1998 will be applied, the deduction will take place directly on payment/withdrawal of shipping documents.

Shipment program:

Ministry of Trade and Industry

General Authority for Supply Commodities

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Name and address of the buyer:

General authority for supply commodities (99, kasr el ainy st. Cairo) and for the account of the general co. For silos and warehousing

The wheat should be according to the following specifications and conditions:-

1) Test weight: 77 kg/ hl min. Acceptable up to 76 kg/hl min. With deduction of 1% from the price for each 1 kg/ hl And pro-rata.

For the u.s. origin: should not be less than 58.5 LB/BU. And acceptable up to 58 LB/BU. with deduction from the price 1:1 and pro-rata

2) Moisture: 13% max. Acceptable up to 14% max. With deduction of 0.2% from the price for each 0.1% over than 13% and pro-rata.(i.e. 2:1 and pro-rata)

For the u.s. origin: 13% max. And acceptable up to 13.5% with deduction (2:1 and pro-rata.)

For the Australian origin: 12% max.

3) Protein: Min. 11.5% protein on dry matter for Russian/Kazakhestanian

&Ukrainian Wheat.

Min. 11% protein on dry matter for

French/Argentine/German/English & Syrian Wheat.

For the u.s. origin: soft white & red/ Canadian origin/ Australian

white origin: Protein min. 9.5% on moisture basis (12% moisture

basis)

For the hard wheat u.s./ Australian : Protein min. 11% On

moisture basis

4) Total shrunken grain, broken, Infected and damaged kernels grains and foreign materials 5% max. As follows:-

A. Shrunken grains: which are whole grains passing through a standard sieve.

With rectangular opening of 1.63 x 9.53 mm and broken grains should not exceed 5% max.

B. Infected and damaged kernels Grains: 4% max. including 1% Max. for the grains infected by Bug Damaged which include grains and parts infected by moisture, weather conditions, diseases, fungus, heat, fermentation and germination.

C. Foreign materials: max. 0.7% (including everything other than wheat) that remain after removing the impurities, shrunken and broken grains & other grains.

D. Impurities: accepting a percentage of Impurities (which is the first to be separated from Inspection Sample) up to 0.8% max. With deduction 0.1 from the price for each 0.1% up to max. 0.8% including stalks, straw, hat, seeds of grasses, dusts, pieces of pebble, mud etc... in addition to other grains than wheat that can be separated by sieves and proper equipment.

5) Vomitoxin: max. 2 parts per million (ppm)

6) falling number: Min. 200/ sec.

7) CADMIUM: MAX. 0.2 Milligrams for each KG.

8) LEAD: MAX. 0.2 Milligrams for each KG.

9) RESIDUES OF PESTICIDES HYDROGEN FOSPHIDE: MAX. 0.1Milligram for each KG.

Wheat should be as follows:-

- From last crop.

- Free from injuries, insects, pests, diseases and cotton seeds.

- Completely free from Iron filings.

- Fit for human consumption according to the Egyptian Standard Approval No: 1601 for the year 2005 and its amendments.

- Sound completely ripe in full grain.

- Free from putrefaction with natural color and smell.

- Free from fungus and insects infestation in all stages and rodent residuals.

- The pesticides left over to be within international permitted limits.

- The percentage of poisoned seeds to be within the International permitted limits.

- The percentage of Noxious seeds in plants to be according to the Egyptian Quarantine Legislations issued in this respect.

- The percentage of Ergot to be according to the Egyptian Quarantine Legislations issued in this respect.
- The percentage of blights ,diseases and viruses in grains should be according to the Egyptian Agricultural Quarantines legislations and Health conditions in this respect.
- The percentage of Aflatoxine to be within the International permitted limits.
- suitable for milling and merchandise .

In case of better quality the buyer will not pay any difference in the price.

Origin:

Wheat (French/ English/ Australian/ Canadian/ Russian/ German/ Syrian/ Argentine/ Kazakhestanian/ Ukrainian/ and all U.S. origins) from latest crop.

Destination port:

Any Egyptian ports

Price:

To be in metric ton (1000kg) basis fob stowed and trimmed.

Supplier must state in the offer:

1. Loading ports.
2. The loaded quantity from each port and which should not be less than one complete vessel.
3. the draughts at loading ports & they should not be less than 32 feet for vessels capacity 30000 mt and 42 feet for vessels capacity 60000 mt.

Loading rates for vessels capacity 55-60 thousands MT:

10000 mt/ day for vessels U.S./ Australian/ Canadian Origin.

8000 mt/ day for vessels French, English, German/ Argentine and Kazakhestanian origin.

6000 mt/ day for vessels Russian / Ukrainian origin.

Loading rates for vessels capacity 30 thousands MT:

6000 mt/ day for vessels English origin.

4000 mt/day for vessels Syrian Origin.

Carrying charges:

Must be mentioned in the offer and not to exceed 20 us cent per m/t per day.

And in Case of vessel arrival during the specified shipment period and Cargo is not ready for loading , 1% will be deducted for each week delay with max. 3 weeks and after that the contract will be canceled automatically and the Supplier will bear all damages arising due to that including damages due to vessel's delay.

Demurrage and dispatch:

- Demurrage and dispatch at loading port. And to be settled between GASC and supplier . according to the statement of facts.
- Demurrage rate at loading ports as per Charter Party and Dispatch half Demurrage.

Notices of Readiness and Laytime calculations:

- Seller will receive pre-advice within min. 7 days prior vessel arrival by the vessel eta at loading port and this pre-advice should be presented during official working hours.

Before 16:30 it is considered presented same day.

After 16:30 or during holiday it will be considered presented at 8:00 hrs. next working day.

- Hence, N.O.R. is accepted the following day to the ending date of the Pre-advice except if the supplier renounced the period of the pre-advice.
- And Time to count starting from 8:00 hours a.m. next working day even if the vessel berthed or not. And in case of two loading ports time start to count immediately upon vessel arrival (without second N.O.R.)
- And N.O.R. to be presented to the seller or to his silos from the buyer or his agents or from the shipper or his agent at or before 16:00 hrs. In the normal working day
- And at or before 12 hrs. noon on Saturday. (Except for the Russian Origin there is no N.O.R. to be presented on Saturday.) and the vessel should have passed by the inspection (for the Russian origin the inspection is by the superintending co.)
- And in case Concerned Authorities rejected the vessel at loading berth, Time not to count in case of its rejection until its acceptance)
- Time and cost of shifting between ports on shipper's account and not to count.
- Cost of shifting between berths on shipper's account and time to count.
- Overtime in loading to be settled directly between Supplier and Shipper.

For the French Origin:

- Time to count starting from:
- 14:00 hrs. (same day) if N.O.R. tender presented before 12 hrs.
- 8:00 hrs. (next day) if N.O.R. tender presented after 12 hrs.

Payment:

Through irrevocable confirmed un-transferable and divisible l/c against the following documents:-

1. Commercial invoice in one original and five copies signed by the supplier, indicating quantity, specifications, unit price, total amount, discount rates and their value, and l/c no.

Ministry of Trade and Industry

General Authority for Supply Commodities

2. Certificate of origin in one original and five copies showing the country of origin specifically and issued from producer, supplier, or the chamber of commerce, approved by the concerned official authorities at country of origin and legalized by one of the Egyptian consulates in country of origin of the cargo.

3. Certificate stating that the shipped wheat is from last crop and showing the date of production and issued from the exporter or from the chamber of commerce and authenticated from the official authorities in the country of origin and legalized from one of the Egyptian consulates in the country of origin.

4. Full set of clean on board bill of lading in three originals and three copies in the name of General Authority for supply commodities and favor the general co. For silos and Storage, indicating that the freight is prepaid and the arbitration will take place in Cairo.

5. Inspection certificate in one original and five copies issued by a superintending co. nominated by the buyer (one certificate for each port) mentioning quantity,

weight, specifications, packing, condition, kind of wheat, time of loading, and also stating that the holds of the vessel are clean and free from any living or dead insects and suitable for loading wheat and the inspection certificate should also include the following:-

- That the shipped quantity is in conformity with the terms and specifications of the contract.

- The way of taking samples.

- That the sample is fully representing and it should be divided into three quantities and to be stamped by the supplier. And the superintending co. Stamps and that one sample is kept with the supplier, the second one with the superintending co. And the third is sent to GASC.

- To mention the analysis method and the equipment used for the analysis.

For the u.s. origin the inspection certificate is issued from USDA in addition to a Certificate showing the percentage of heavy metals Issued from USDA or from any official authority approved by USDA.

6. Certificate of weight from one original and five copies signed from a licensed weigher or the superintending co. At loading port.

7. Phytosanitary certificate in one original and two copies issue by the official authority at Exporting country indicating that the wheat is completely free from any diseases, pests, and that it is completely free from cotton seeds and in accordance with the Quarantine legislations and health conditions at Importing country.

8. A copy of the letter sent to the buyer indicating the loaded quantity, name of the vessel, and the date of sailing.

9. A certificate stating that three copies of the commercial invoice, bill of lading, fumigation certificate, Certificate of Origin, Phytosanitary Certificate & Crop year Certificate to be sent after loading completion and before vessel arrival by express mail to General Authority for Supply Commodities. 99, Kasr El Ainy st., Cairo

10. Fumigation certificate showing that the wheat have been fumigated after loading by re-circulation method.

And for the U.S. Wheat It's a must to present the following:-

- One copy of a statement of fumigate applicator compliance signed by the certified applicator including certification that the cargo was fumigated by re-circulation method in accordance with F.G.I.S. regulation and Instructions.

- One copy of a statement of official letterhead issued by the F.G.I.S. field office or the state agency designated / delegated by F.G.I.S. to perform inspection services stating that the fumigation was witnessed by official personnel of F.G.I.S. or the state agency.

11. Certificate showing that the wheat is free from radiation or within the international permitted limits for all origins except the U.S. / Canadian & Australian Origin.

12. Certificate issued from the superintending co. Appointed from gasc showing that the percentage of vomitoxin is 2 ppm max. and for the U.S. origin issued from

USDA.

13. Certificate issued from the superintending co. appointed by GASC showing that the vessel is capable to load the cargo and transport it clean and pure and free from any insects or infections or any traces of other materials which might cause damage to the shipped cargo or change in its specifications and that it is free from iron filings.

And for the U.S. Origin, copy of Holds Cleanliness Certificate issued from (National Cargo bureau.)

14. For the Russian Origin, Certificate of Quality issued from the Russian Ministry of Agriculture (General directorate for Phytosanitary and Veterinary)

Letters of Guarantee:

Offers must be accompanied by an unconditioned bid bond issued in favor of the General Authority for Supply Commodities and accepted by the said company, and to be issued from one of the 1st class banks outside Egypt and confirmed by an Egyptian bank amounting 250 thousands USD for each cargo of 55-60000 mt and valid 30 days from the due tender date. And all the submitted bid bonds for all the non-awarded offers will be released after the announcement of the result.

The bid bond of the accepted offers will not be released unless the successful bidder present a performance bond issued favor general co. For silos and Storage for his confirmed quantity (within the bid bond validity and with max. ten days from award) amounting 5% from the whole value and to be valid sixty days from the last date in the shipment period and to be unconditioned and guarantying the execution and the specifications and to be received and accepted by the buyer.

In case the supplier didn't present the performance bond within max. ten days from the date of informing him with the award, the buyer has the right to confiscate the bid bond and to bear the supplier all damages that result from his non fulfillment of the contract.

Arbitration:

Any dispute arising from the execution of the previous terms and specifications and on which the quantities were confirmed, should be according to the international law. And arbitration to be in Cairo.

Ministry of Trade and Industry
General Authority for Supply Commodities

Notes:

- 1) Offers must be submitted on f.o.b. basis, indicating the loading ports and the price in u.s. dollars/mt.
- 2) All banking charges and commissions outside Egypt including confirmation fees

for the correspondent banks on seller's account.

3) The buyer has the right to nominate a party who represents him during the inspection at the loading or discharging ports.

4) In case GASC appointed a superintending co. one USD/mt (instead of 0.50 USD/mt) will be deducted from the price.

And for the U.S. Wheat 0.50 USD will be deducted from the price.

5) The contract will be according to the terms and specifications of GASC.

6) In case supplier wants a delegation from the Agricultural Quarantine, He will be responsible for all procedures (including visa issuance) and costs necessary for the travel of this delegation and presenting all facilities.

7) GASC has the right to cancel the tender without declaring the reasons.

8) If Consignment Inspection at loading port, showed that It is not in conformity with GASC specifications and conditions (tender book), the cargo will be rejected immediately and the performance bond will be confiscated and the contract will be canceled.

9) Offers should be presented on f.o.b. basis only.

10) In case the Egyptian Supervision Authority at discharging port decided to fumigate or sieve the cargo, the supplier will be obliged to pay 50 cents per ton in case of fumigation and one USD/mt (instead of 0.50 USD/mt) will be paid for the quantity mentioned in the Bs/L.

11) The law no. 89 for the year 1998 and its penalties apply on this tender except which has been approved in the Cabinet book?

12) The Quarantine legislations and their amendments are un-separated part of these specifications.

13) The bidder should do the following:-

- Present the offer based on separate offer for each origin.
- Determine Only one loading area for each quantity.
- Should not include any conditions in the Offer (ex: GASC buy only one cargo) or any other conditions.
- The shipping period should be according to the shipment period mentioned in the tender invitation.

I read all conditions and accept to supply on their basis.

Signature

Ministry of Trade and Industry

General Authority for Supply Commodities

QUOTE:

Date: 23/11/2009

From: General Authority for supply commodities

The Wheat tender book conditions have been amended to be as follows:-

- Quantities:
- 55/60000 mt +/- 5% for the U.S. and Canadian Wheat.
- 60000 mt +/- 5% for other origins.
- Sieving Costs:

If Control Authorities at Destination Port took the decision to sieve the cargo, one USD/mt (instead of 0.50 USD/mt) will be paid for the quantity mentioned in the Bs/L.

In order to cover the expenses of the Agricultural Quarantine in purifying the cargoes.

- Inspection Companies costs:

If GASC appoint the inspection Co., one USD/mt (instead of 0.50 USD/mt) will be deducted from the price.

And for the U.S. Wheat 0.50 USD will be deducted from the price.

In order to cover the expenses of inspection by the Agricultural Quarantine.

UNQUOTE: